Asahi Group Holdings, Ltd.

ANNUAL REPORT 2011

Still Refreshing

Asahi

CORPORATE PHILOSOPHY

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 the enrichment of society worldwide.

CORPORATE BRAND STATEMENT

Share the "Kando"*

Always creating new value moves people's hearts and forms a strong bond. Always imagining a fresh tomorrow moves people's hearts and helps them shine. Sharing these emotional experiences with as many people as possible—this is the mission of the Asahi Group.

*Kando is an emotion experienced in various ways. It can be an extreme satisfaction, an extraordinary feeling beyond one's expectations, and/or a sensitively touching and moving sensation.

CONTENTS

FORWARD-LOOKING STATEMENTS

The current plans, forecasts, strategies and performance presented in this annual report include forward-looking statements based on assumptions and opinions arrived at from currently available information. Asahi Breweries cautions readers that future actual results could differ materially from these forward-looking statements depending on the outcome of certain factors. All such forward-looking statements are subject to certain risks and uncertainties including, but not limited to, economic conditions, trends in consumption and market competition, foreign exchange rates, tax, and other systems influencing the company's business areas.

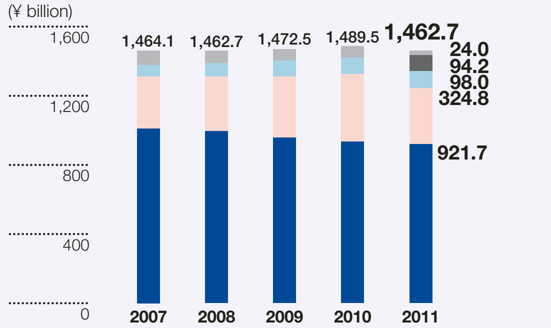
FINANCIAL HIGHLIGHTS

Asahi Group Holdings, Ltd. and Consolidated Subsidiaries
For years ended December 31, 2011, 2010 and 2009

	Millions of yen			%	Thousands of U.S. dollars
	2011	2010	2009	Change (2011/2010)	**2011**
For the year:					
Net sales	**¥1,462,736**	¥1,489,461	¥1,472,469	–1.8	**$18,815,745**
Alcoholic beverages*[1]	**921,657**	966,331	958,155	–4.6	**11,855,634**
Soft drinks*[1]	**324,782**	306,719	355,162	+5.9	**4,177,798**
Food (“Food and pharmaceuticals” in 2009)	**98,033**	95,440	92,399	+2.7	**1,261,037**
Overseas	**94,220**	97,674	–	–3.5	**1,211,989**
Others	**24,044**	23,297	66,751	+3.2	**309,287**
Operating income (loss)	**107,190**	95,349	82,777	+12.4	**1,378,827**
Alcoholic beverages	**101,025**	87,250	78,879	+15.8	**1,299,524**
Soft drinks*[1]	**11,389**	8,330	694	+36.7	**146,501**
Food (“Food and pharmaceuticals” in 2009)	**4,158**	3,594	2,744	+15.7	**53,473**
Overseas	**(2,913)**	(5,138)	–	–	**(37,471)**
Others	**760**	1,145	889	–33.7	**9,776**
Elimination and/or corporate*[2]	**(7,229)**	168	(430)	–	**(92,989)**
Operating income ratio (%)	**7.3**	6.4	5.6	+0.9 point	
Net income	**55,093**	53,080	47,645	+3.8	**708,683**
Net cash provided by operating activities	**108,513**	125,609	106,358	–13.6	**1,395,845**
Capital investments*[3]	**40,225**	36,737	62,376	+9.5	**517,430**
At year-end:					
Total assets	**¥1,529,908**	¥1,405,358	¥1,433,653	+8.9	**$19,679,804**
Interest-bearing debt	**390,092**	311,423	391,876	+25.3	**5,017,906**
Total net assets	**643,799**	612,670	577,703	+5.1	**8,281,438**
Per share data (in yen and U.S. dollars):					
Net income	**¥ 118.36**	¥ 114.10	¥ 102.49	+3.7	**$ 1.52**
Diluted net income	**118.28**	114.00	102.42	+3.8	**1.52**
Cash dividends applicable to the year	**25.00**	23.00	21.00	+8.7	**0.32**
Total net assets	**1,378.19**	1,315.51	1,233.25	+4.8	**17.73**
Key ratios:					
ROE (%)	**8.8**	9.0	8.7		
ROA (%)	**7.6**	7.1	6.6		
Total assets turnover (times)	**1.0**	1.1	1.1		
Equity ratio (%)	**41.9**	43.6	40.0		
Interest coverage ratio (times)	**32.4**	30.7	23.1		
Debt-to-equity ratio (times)	**0.61**	0.51	0.68		

*[1] Overseas operations results are included in these segments in fiscal 2009.
*[2] Due to a reorganization of business segments in 2011, figures for 2010 have also been restated in line with the new business segments.
*[3] Includes effects accompanying changes in accounting standards for lease transactions and trademarks of an Australian subsidiary at time of acquisition.

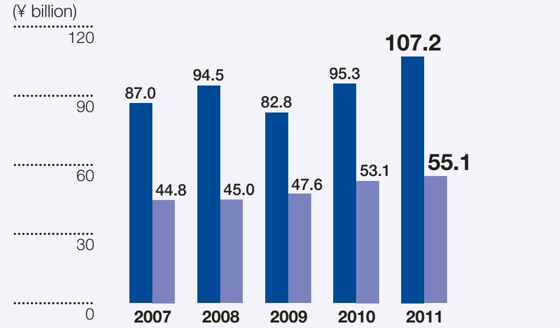
Net Sales



■ Alcoholic Beverages*1 ■ Soft Drinks*1 ■ Food*2 ■ Overseas ■ Others

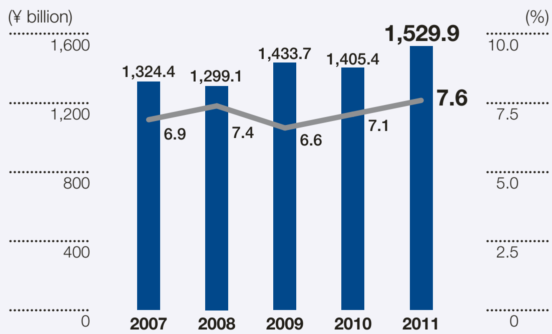
*1 Overseas operations results are included in these segments prior to 2011.
*2 For years up to and including 2009 this segment was called "Food and pharmaceuticals"

Operating Income/Net Income



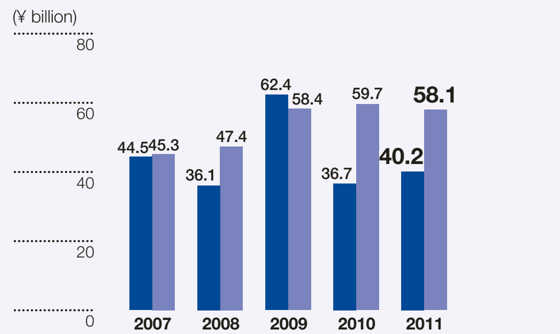
■ Operating Income ■ Net Income

Total Assets/ROA



■ Total Assets (Left Scale) ■ ROA (Right Scale)

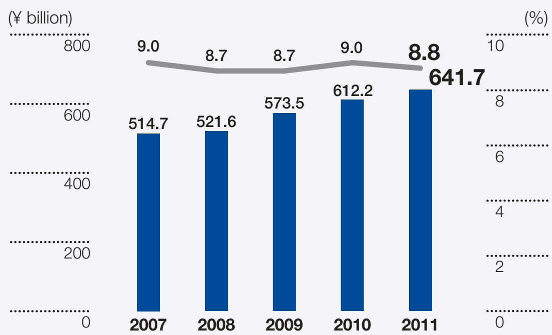
Capital Investments*/Depreciation*



■ Capital Investments ■ Depreciation

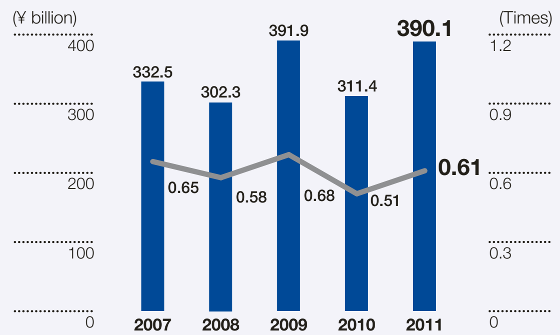
* Includes effects accompanying changes in accounting standards for lease transactions and trademarks of an Australian subsidiary at time of acquisition.

Shareholders' Equity/ROE



■ Shareholders' Equity (Left Scale) ■ ROE (Right Scale)

Interest-Bearing Debt/D/E Ratio



■ Interest-Bearing Debt (Left Scale) ■ D/E Ratio (Right Scale)

TO OUR SHAREHOLDERS AND FRIENDS

In the fiscal year ended December 31, 2009, the Asahi Group drafted its Long-Term Vision 2015 and assembled the Medium-Term Management Plan 2012 as a set of milestones for achieving this vision.

During the fiscal year ended December 31, 2011, the second year of the plan, the Japanese economy showed signs of improvement, spurred by spiking demand from recovery efforts in the wake of the Great East Japan Earthquake. The operating environment, however, remained challenging, largely due to sluggish global economic performance and the protracted strength of the yen. In this climate, we sought to push forward with the full-scale rollout of Group global management by transitioning to a pure holding company structure on July 1, 2011. In parallel, we saw steadily emerging benefits from efforts to boost profitability in the Group's existing businesses, which has the highest priority in our medium-term management plan, as well as from capital and business alliances overseas. For existing businesses, we moved to enhance and cultivate core brands. At the same time, we reviewed our framework for producing beer-type beverages in Japan, and improved production processes in the alcoholic beverages and soft drinks businesses. The resulting profit structure reforms exceeded our initial plan objectives. In overseas operations, we continued to streamline unprofitable operations in South Korea and China. Elsewhere, we moved in Oceania to acquire part of the operations of Australia's third-largest soft drinks manufacturer, and purchased New Zealand's top producer of ready-to-drink beverages. In Malaysia, we acquired the country's second-largest soft drinks maker. Through these actions, we effectively expanded the Group's business base in overseas operations.

Under Long-Term Vision 2015, we are striving for transforming the bounty of nature into the "Kando" of food while becoming a trusted company with global quality. This vision embodies our goals for the Asahi Group in 2015: to pursue customer satisfaction by leveraging our strong manufacturing capabilities that utilize natural ingredients, and to earn the trust of customers by striving to upgrade the quality of all products and activities to a world-class level.

In the final year of the Medium-Term Management Plan 2012, the Group will strive to steadily complete the plan by continuing to boost profitability in our existing businesses and develop our new growth portfolio. As we take decisive action, we hope you will continue to support the Asahi Group.

Hitoshi Ogita Naoki Izumiya

Hitoshi Ogita
Chairman of the Board (Left)

Naoki Izumiya
President and Representative Director (Right)

To achieve our Medium-Term Management Plan 2012, we steadily implemented our strategies and created an organizational structure to support full-scale globalization of management.

Long-Term Vision 2015

Striving for transforming the bounty of nature into the “Kando” of food while becoming a trusted company with global quality.

Medium-Term Management Plan 2012

- Improve profitability at existing businesses as a means to attain Long-Term Vision 2015
  - Aim for operating income ratio of around 8% (excl. alcohol tax, 12%).
  - Aim for net income of ¥65.0 billion
- Aim to achieve the Long-Term Vision 2015 by promoting capital and business alliances in and outside of Japan

[Progress on Medium-Term Management Plan 2012]

Q.1

Now that the second year of Medium-Term Management Plan 2012 is complete, what progress has there been in meeting the plan's objectives?

Boosting profitability in existing businesses is the plan's highest priority, and we have made steady progress there. At the same time, we are taking steps to enhance corporate value by making management reforms through our transition to a pure holding company structure.

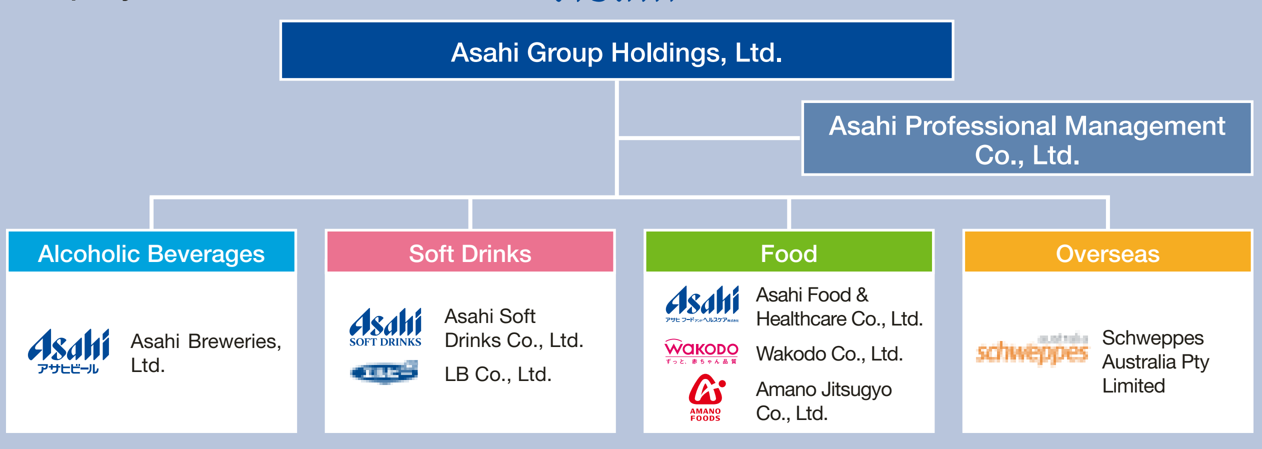
Today, the Asahi Group is enacting Medium-Term Management Plan 2012 (the 2012 Plan), scheduled to conclude on December 31, 2012, in a bid to realize Long-Term Vision 2015. Under the 2012 Plan, our top priority is to boost profitability in existing businesses, centered on the alcoholic beverages business in Japan. We are also quickening the pace of business and capital alliances in Japan and around the world, with the aim of developing a new growth portfolio.

In terms of results, we have streamlined unprofitable divisions in our overseas operations, and made steady strides in boosting profitability in existing businesses. Profit structure reforms across the entire Group, for example, have significantly exceeded our initial targets. Elsewhere, through assertive M&A activities in the Oceania region and in Southeast Asia, we have developed a new growth portfolio.

Furthermore, our transition to a pure holding company structure in July 2011 has led to faster decision-making at our operating companies, while allowing the holding company to work exclusively on formulating Group growth strategies. I am convinced that we now have the proper structure for achieving full-fledged Group global management.

Over the coming year, operating companies will remain focused on strategy development and execution, while the holding company will work quickly to achieve optimal allocation of Group management resources, new business investments, and other tasks. Our goal here, of course, is to raise the corporate value of the entire Group further.

Organization Chart of the Pure Holding Company Structure



[Overview of the Year Ended December 31, 2011]

Q.2

Can you give an overview of the year ended December 31, 2011, the second year of the Group's Medium-Term Management Plan 2012?

Sales were negatively impacted by the Great East Japan Earthquake, among other factors. Nevertheless, we posted record-high operating income thanks to greater-than-expected progress in achieving profit structure reform.

The operating environment in the year ended December 31, 2011, the fiscal year under review, was characterized by market weakness overall. In Japan, conditions were impacted by the Great East Japan Earthquake, which struck in March 2011, in addition to protracted low-level economic growth, a declining population and other negative factors. Outside of Japan, sovereign debt risk in Europe and a lackluster U.S. economy caused the economic situation to worsen in the world's advanced industrial nations. In contrast, China and other emerging markets in Asia continued to report strong market expansion.

In this climate, net sales for the Asahi Group declined 1.8% year on year, to ¥1,462.7 billion. This mainly reflected lower sales in the alcoholic beverages business due to the earthquake disaster, along with the sale of Haitai Beverage Co., Ltd. in South Korea. Operating income, however, rose 12.4% year on year, to a new record high of ¥107.2 billion. Income was lifted by greater-than-expected progress on profit structure reform across all business segments. We also posted record-high net income for an 11th consecutive year. Net income rose 3.8% year on year, to ¥55.1 billion, despite extraordinary losses booked as a result of the disaster.

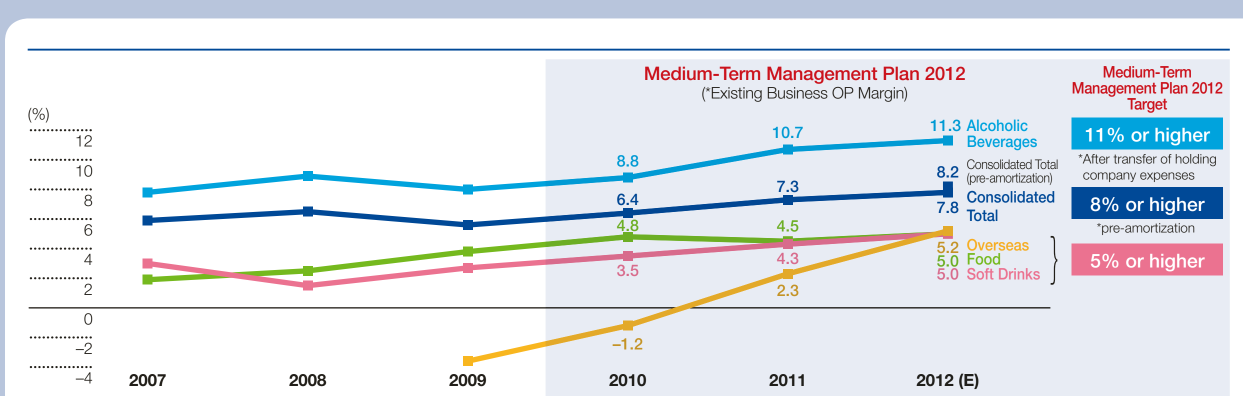
(Addressing Priority Issues)

1. Boosting profitability in existing businesses

Despite overall market weakness in the wake of the disaster, income growth was driven by two key factors: initiatives by Asahi Breweries and Asahi Soft Drinks to boost the value of their core brands, which led to steady growth in market share, and Group-wide profit structure reforms that surpassed initial targets.

Asahi Breweries channeled management resources into strengthening core brands *Asahi Super Dry* and *Clear Asahi*. For *Asahi Super Dry*, the

Rise in Profitability of Existing Businesses (Operating Margin Movements)



Despite falling short of sales targets due to the earthquake disaster and other factors, we are aiming for steady profitability improvement in each business company succeeded in enhancing brand power further through marketing centered on the "Extra cold" value proposition for enjoying the brand chilled below freezing point. For *Clear Asahi*, advertisement-linked consumer campaigns and other efforts led to sales volume expansion for a fourth consecutive year since the debut of the brand. At Asahi Soft Drinks, a focus mainly on strengthening mainstay brands *Mitsuya Cider*, *WONDA* and *Asahi Juroku-cha* resulted in strong sales. *Asahi Rokko no Oishii Mizu* mineral water, meanwhile, experienced dramatic growth on increased overall demand for mineral water. Consequently, Asahi Soft Drinks reported growth in total sales volume of 8.7%, far exceeding the industry average.

In terms of profit structure reform, our objective over the three-year duration of the 2012 Plan is to gain efficiencies of ¥30 to ¥35 billion across the entire Group. During the fiscal year under review, we managed to meet 2012 Plan objectives a year earlier than expected. This was due to progress in revising production processes, which included production structure realignment in beer-type beverages at Asahi Breweries and increased internal production of PET bottles at Asahi Soft Drinks. In parallel, we improved our efficiency in advertising and sales promotion expenses and overall fixed costs.

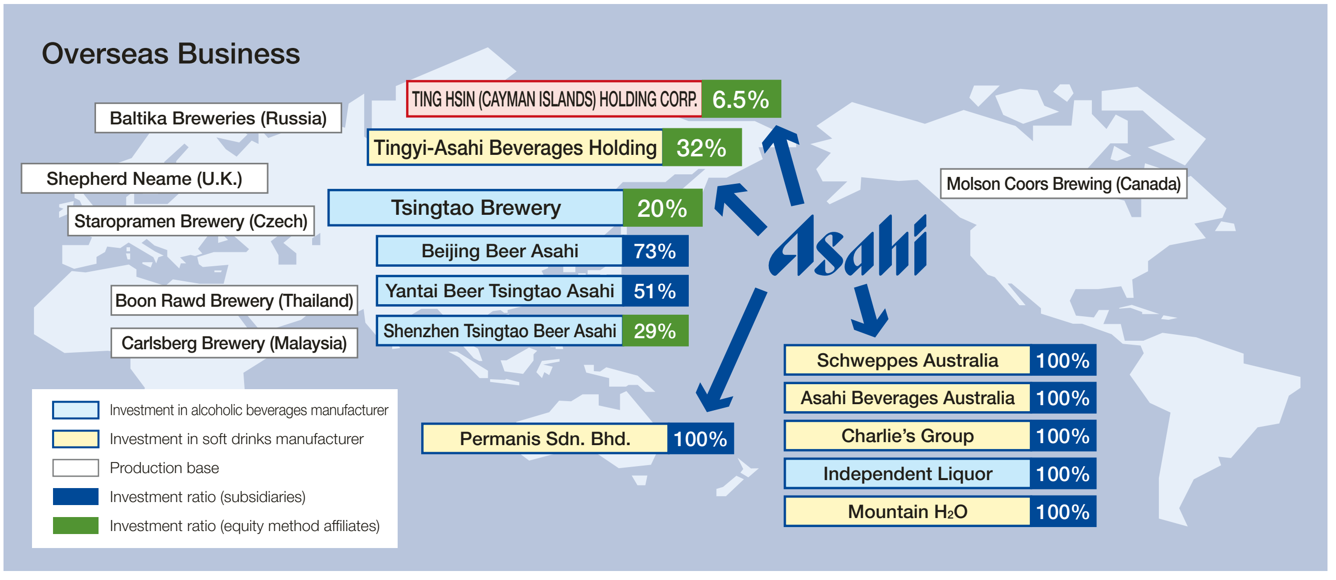
Furthermore, we continued to streamline unprofitable operations in South Korea and China. This and other efforts led to steady improvement in the profitability of overseas operations, so that we achieved improved profitability across all Group businesses.

2. Business and capital alliances in Japan and overseas

In the Oceania region, where consistent growth is projected going forward, we expanded our business base with four acquisitions, following on from our purchase of Schweppes Australia Pty Limited (Schweppes Australia) in 2009. The new acquisitions included three soft drink companies and an alcoholic beverages company, all with great potential for bolstering our product portfolio and sales channels. Consequently, our Group business scale in Oceania on a full business term basis for all relevant companies in 2011 was $1.4 billion (AUD), or approximately ¥110 billion. Similarly, EBITDA based on actual results was $182 million (AUD), or approximately ¥14.0 billion.

Elsewhere, we continued to build our operating base in Southeast Asia, where growth is expected to continue into the future on the back of population growth and economic progress. This included the acquisition of Malaysia's second-largest soft drink company, Permanis Sdn. Bhd.

Turning to China, equity-method affiliate Tingyi-Asahi Beverages Holding Co., Ltd. (Tingyi-Asahi Beverages) entered a strategic alliance agreement with U.S. beverage giant PepsiCo Inc. (Pepsi) in November 2011. This tie-up will give Tingyi-Asahi Beverages access to prominent brands in the carbonated beverages category, while making it the top soft drinks manufacturer in the Chinese market. For its part, the Asahi Group will provide even greater support to Tingyi-Asahi Beverages, with the aim of steadily growing its soft drinks business in China.



[Regarding the Upcoming Fiscal Year]

Q.3

The fiscal year ending December 31, 2012 is the final year of Medium-Term Management Plan 2012. What business policies are in place for successful completion of the plan?

We are striving to meet the medium-term management objective of ¥65.0 billion in net income by bolstering mainstay brands and continuing to reform our profit structure.

The current fiscal year, ending December 31, 2012, is the final year of Medium-Term Management Plan 2012. We intend to strengthen our key brands and deepen profit structure reform across all business segments to adequately address the plan's top priority—boosting profitability in existing businesses. Another policy will be to seek sustained growth by maximizing Group synergies, including with newly acquired operating companies.

In the alcoholic beverages business, Asahi Breweries will continue to concentrate investment in mainstay brands. The year 2012 is the 25th anniversary of the launch of *Asahi Super Dry*, and the company will move to enhance brand value further by rolling out its very first extension product—*Asahi Super Dry – Dry Black –*. In the growing market for beer-taste beverages, Asahi Breweries is aiming to raise its profile with the launch of a new product called *Dry Zero*.

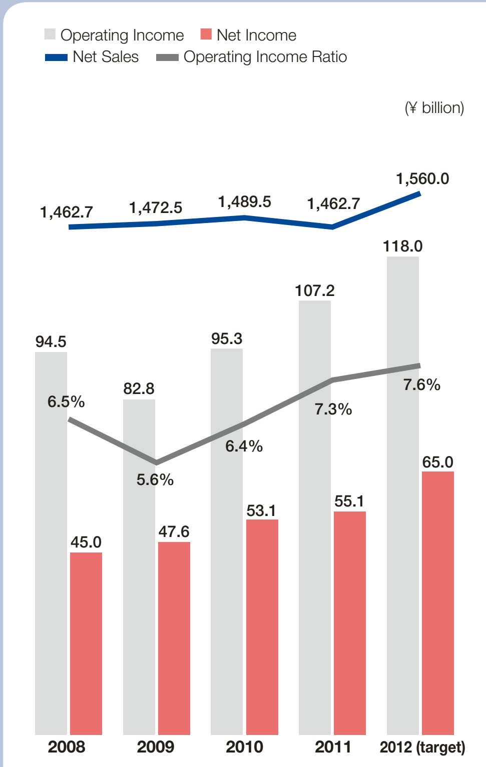
In the soft drinks business, the goal is to raise market share to over 10%, primarily by reinforcing core brands *Mitsuya Cider*, *WONDA*, and *Asahi Juroku-cha*, as well as *Asahi Rokko no Oishii Mizu* and

Qualitative Targets for Fiscal 2012*1

(¥ billion)

	2011 Results	YoY	2012 Target	YoY
Alcoholic beverages business	942.4	–5%	963.6	+2%
Soft drinks business	329.8	+6%	342.7	+4%
Food business	100.1	+3%	112.3	+12%
Overseas operations	94.2	–4%	147.7	+57%
Other and adjustment	(3.8)	—	(6.2)	—
Total Sales	1,462.7	–2%	1,560.0	+7%
Sales excl. alcohol tax	1,048.4	–1%	1,144.0	+9%
Alcoholic beverages business	101.0	+16%	109.2	+8%
Soft drinks business	14.2	+28%	16.5	+16%
Food business	4.5	–4%	5.6	+25%
Overseas operations	2.9	—	12.2	+322%
Other and adjustment	(6.5)	—	(12.3)	—
(Goodwill and other depreciation costs)	(8.9)	—	(13.2)	—
Total operating income	107.2	+12%	118.0	+10%
Equity method income	5.5	–44%	5.0	–8%
Ordinary income	110.9	+10%	119.0	+7%
Extraordinary profit (loss)	(20.5)	—	(6.0)	—
Net income	55.1	+4%	65.0	+18%

*1 Sales for each business segment include internal sales and transfers between segments. Operating income for each business segment is operating income before amortization of goodwill.



other long-selling brands. Asahi Soft Drinks has strong momentum as an organization, due mainly to nine consecutive years of sales growth following a successful earlier strategy of enhancing its mainstay brands. The company will retain its focus on these brands to boost its market presence going forward.

In the food business, we will take steps to build a stronger business base. Along with enhancing each company's key brands, we will also cultivate new businesses where future growth is anticipated, such as yeast extract and natural seasonings, and products for the elderly.

In overseas operations, our goal is to establish a base for growth in China and Oceania. Particularly in Oceania, our policy is to generate synergies in sales expansion and efficiency by centralizing the management of operating companies we have acquired under a locally based holding company. The plan is to draw together the strengths of the companies while complementing any weaknesses they might have. In Southeast Asia, we will actively seek out business investments that could further bolster our growth base in the region.

Through these initiatives, our business targets are sales of ¥1,560.0 billion (up 6.6% year on year), and operating income of ¥118.0 billion (up 10.1% year on year). As for net income, we are aiming for the 2012 Plan target of ¥65.0 billion (up 18.0% year on year), for a 12th consecutive year of record growth.

Q.4

Since becoming President, you have made human resource development a priority. What are your current thoughts on the subject?

For innovation and globalization—the growth engines of mature industries—one of the key factors for success is the extent to which human resource capacity can be raised across the entire company.

The Asahi Group recognizes that enhancing its greatest management resource—human resources—is the most critical element for advancing Group global management and realizing medium- to long-term growth. The Japanese market is maturing, so innovation and globalization are essential as growth engines. I believe that our ability to achieve these depends on the extent to which we can raise human resource capacity across the entire Group. So, we are intensely focused on our initiatives in this area.

Specifically, we are working continuously to enhance our internal HR development system. Efforts here include setting up an in-house university to train our next generation of managers, and overseas postings designed to develop globally capable human resources. Along the same lines, in addition to acquiring human resources from outside, we are developing a structure to enable our people to gain expertise in global management through actual work experience. Part of this includes active recruitment of the proper Group human resources to manage acquired companies.

The benefits of investment in human resources are not immediate. Nevertheless, by strengthening development of the personnel needed to support our next stage of growth as our business structure changes, we are laying the groundwork for becoming a corporate group that will continued to grow indefinitely.

Q.5

What are your financial and cash flow strategies given the Group's active business investment efforts?

While staying mindful of the need to balance financial soundness with the need to make further business investments, our policy is to ensure that comprehensive shareholder returns remain strong in order to meet the expectations of our shareholders.

Over the three years of the 2012 Plan, we initially anticipated generating a total of over ¥360.0 billion in cash flows through a combination of steady growth in operating cash flows and asset liquidation. Our progress to date, however, has already surpassed this planned target.

In terms of cash flow allocation, we have invested some ¥150.0 billion in M&As over the last two years. However, our policy remains to prioritize business investment, while being careful to maintain a good balance with financial soundness. The D/E ratio was around 0.6 as of December 31, 2011. However, should the demand for investment funds arise, we are prepared to temporarily relax this to around 1.0 to prioritize investment.

Regarding shareholder returns, we remain committed to our policy of stably increasing dividends, with a consolidated payout ratio of 20% or more. In a follow-up to the increase of ¥2 in dividends for the fiscal year under review, we are eyeing an increase of ¥3 for the fiscal year ending December 31, 2012 by meeting our net income target of ¥65.0 billion.

Going forward, along with striving to generate stable cash flows, we remain dedicated to meeting the expectations of our shareholders through comprehensive shareholder returns, including through improved performance made possible by business investments.

Financial and Cash Flow Policies

Operating Cash Flows + Asset Liquidation (Cumulative Total, 2010–2012) | **¥360.0 billion or higher**

Cash Flow Allocation Guidelines → Allocate flexibly taking into account management and operating conditions

Investments to strengthen the base for growth

Capital investments to strengthen the base for growth and enhance efficiency: approx. ¥100.0 billion

- Investments for constructing optimal production and distribution frameworks and increasing efficiencies in the soft drinks and food businesses
- Environmental investments for a low-carbon society

Aggressively promote capital and business alliances

- Make use of financial debt for capital demands in excess of internal funds

(The Asahi Group considers an appropriate D/E ratio level to be about 0.6, with temporary increases acceptable)

Shareholder returns

Consolidated payout ratio: Continue payment of stable dividends with a consolidated payout ratio of 20% or more

Purchase of treasury stock: Consider purchase of treasury stock as capital demands and financial soundness permit

→ Prioritize business investment and aim for shareholder returns through higher share prices

ROE target: Maintain current level of around 9%

Q.6

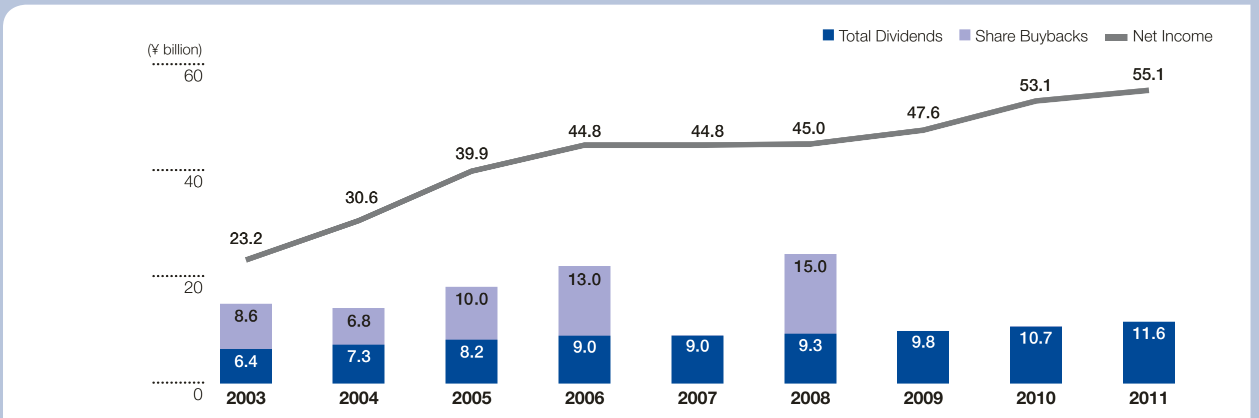
In closing, do you have a take-away message for the readers of this report?

We value input from all of our stakeholders, and will apply what we learn to our corporate activities. This will lead in turn to stable, long-term growth for the Group.

Nothing is more important to a company's sustainable growth than earning the trust of all its various stakeholders. For this reason, it is crucial that we go beyond achieving a higher shareholder value through better performance alone: we must also strive to create social value based on corporate fundamentals, such as highly transparent governance, appropriate information disclosure, and compliance. This is what will ultimately allow us to raise the corporate value of the Asahi Group going forward.

In the process we will gain input from conversations with our shareholders, investors and all other stakeholders. It is applying this input to our management choices that is the key to becoming a trusted company and realizing stable, long-term growth. We hope that our stakeholders will continue to share this vital input with us in the months ahead.

Net Income and Total Dividends



	2003	2004	2005	2006	2007	2008	2009	2010	2011
EPS	46.8	62.5	82.2	94.0	94.9	96.3	102.5	114.1	118.4
Dividend per share	13.0	15.0	17.0	19.0	19.0	20.0	21.0	23.0	25.0
Dividend payout ratio	27.8%	24.0%	20.7%	20.2%	20.0%	20.8%	20.5%	20.2%	21.1%

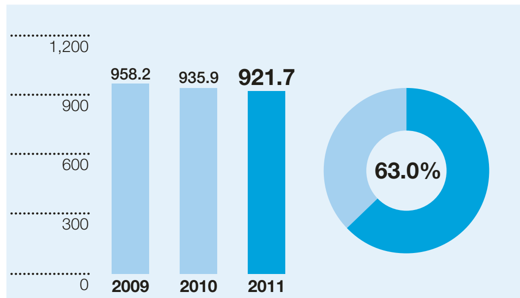
REVIEW OF OPERATIONS ASAHI GROUP AT A GLANCE

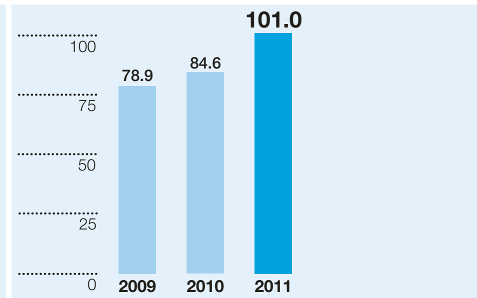
The Asahi Group's five business segments, as represented in consolidated accounting, are alcoholic beverages, soft drinks, food, overseas, and other businesses. In each business segment, the entities that generate major profits are: Asahi Breweries, Ltd. for the alcoholic beverages business; Asahi Soft Drinks Co., Ltd. for the soft drinks business; Asahi Food & Healthcare Co., Ltd. and Wakodo Co., Ltd. for the food business; Schweppes Australia Pty Limited for the overseas operations.

Net Sales (¥ billion) | Operating Income (Loss) (¥ billion)

Alcoholic Beverages

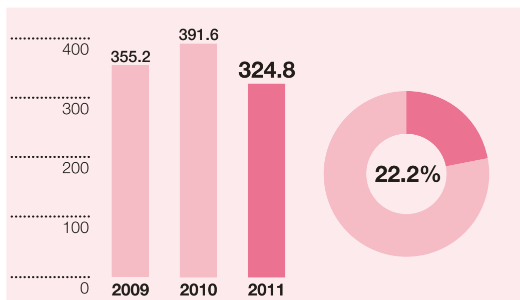
Asahi Breweries, Ltd.
The Nikka Whisky Distilling Co., Ltd.
Sainte Neige Wine Co., Ltd.
Satsumatsukasa Shuzo Co., Ltd.

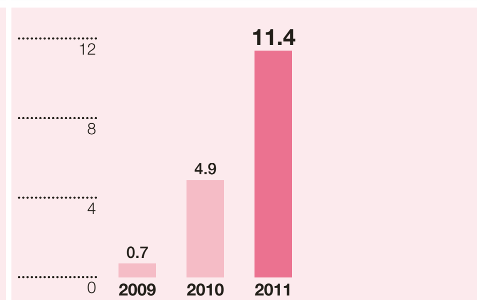




Soft Drinks

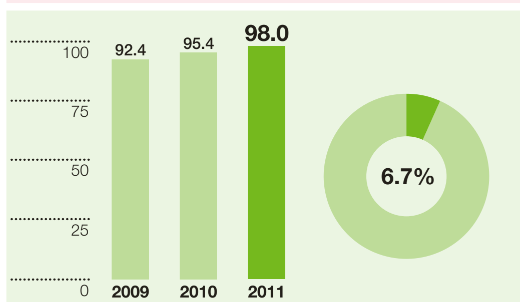
Asahi Soft Drinks Co., Ltd.
LB Co., Ltd.

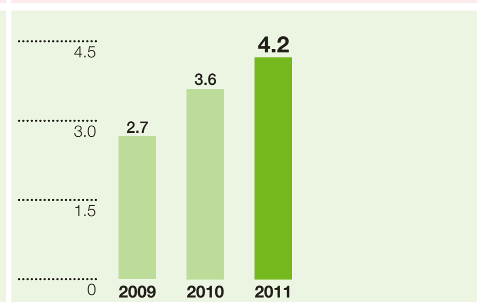




Food

Asahi Food & Healthcare Co., Ltd.
Wakodo Co., Ltd.
Amano Jitsugyo Co., Ltd.

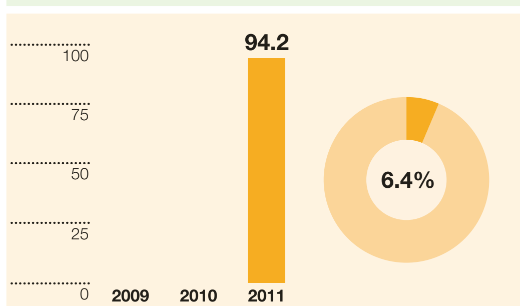


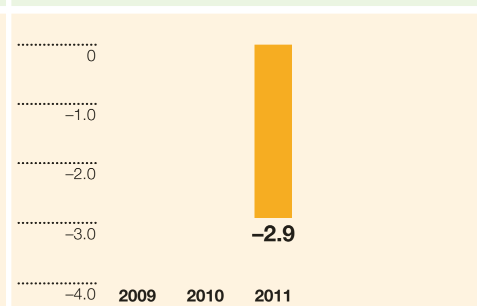


Overseas

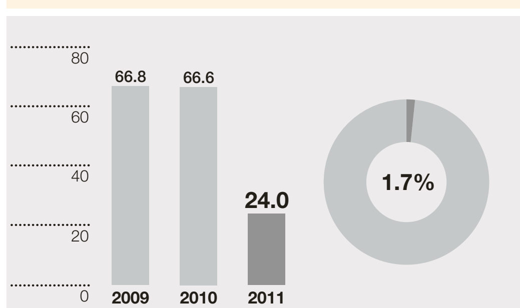
Schweppes Australia Pty Limited
Beijing Beer Asahi Co., Ltd.

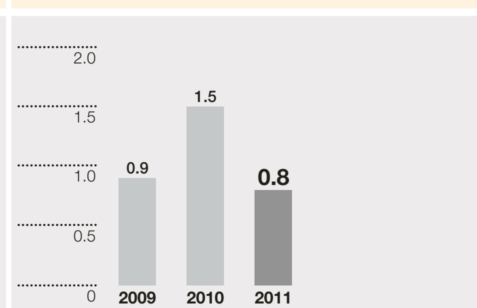
<Equity Method Affiliates>
Tingyi-Asahi Beverages Holding Co., Ltd.
Tsingtao Brewery Co., Ltd.





Other





(For the purpose of sales volume, a case is calculated as a case of product ready for shipment.)
(Business segments were reorganized from 2011.)

2011 Highlights	Plans for 2012
■ Captured the leading share of the overall beer-type beverages market (taxable shipment volume basis) for a second consecutive year. ■ Annual sales volume in the beer category for core brand *Asahi Super Dry* topped 100 million cases for a 23rd consecutive year. ■ In the happoshu category, sales volume for *Asahi Style Free* rose year on year amid a declining market overall, for a more robust market presence. ■ In the new genre beverages category, sales volume for core brand *Clear Asahi* has increased for four consecutive years since its debut; the launch of a new product, *Asahi Blue Label*, alongside *Asahi Off* resulted in record-high market share on a taxable shipment volume basis. ■ In the shochu, RTD beverages, whisky and spirits, and wine category, overall category sales were lower year on year due to the Great East Japan Earthquake; however, sales volume for core brand *Black Nikka Clear Blend* in the whisky and spirits category rose for a fifth consecutive year.	■ Aim for net sales of ¥940.5 billion (up 2.0% year on year), and operating income of ¥109.2 billion (up 8.1% year on year). ■ For *Asahi Super Dry*, take steps to further enhance brand value with the release of the brand's first extension product: *Asahi Super Dry – Dry Black –*, and greater focus on beer cases and premium gift packs emphasizing freshness. ■ In new genre beverages, in addition to enhancing the brand strength of core brand *Clear Asahi*, revitalize the market with the launch of *Asahi Direct Shot*, a product offering "stimulation" as a new value proposition. ■ In the non-alcoholic beverage category, launch new beer-taste beverage *Asahi Dry Zero* and aim for annual sales volume of 4 million cases* through an aggressive advertising and sales promotion campaign. ■ With respect to profit structure reform, aim for improved profitability by pursuing greater efficiency in each business segment and integrating production functions for beer-type beverages.
■ Overall sales volume rose to a record high for a ninth consecutive year, primarily driven by efforts to strengthen core brands *Mitsuya Cider*, *WONDA* and *Asahi Juroku-cha*. ■ Sales volume for *WONDA* canned coffee rose to a new record high, as intensive marketing investment sparked growth in consumption. ■ Sales volume also expanded in non-mainstay categories, as the Group focused on revitalizing long-selling brands *Bireley's and Wilkinson*, while sales of mineral water grew substantially on sharply higher demand following the Great East Japan Earthquake.	■ Aim for net sales of ¥337.0 billion (up 3.8% year on year), and operating income of ¥13.7 billion (up 20.2% year on year). ■ Build a stronger foundation for growth by bolstering core brands *WONDA*, *Mitsuya Cider*, and *Asahi Juroku-cha*. ■ Aim for growth above the market average, and thereby raise the Group's market profile, by focusing on revitalizing and generating new demand for long-selling brands such as *Wilkinson, Bireley's* and *Asahi Rokko no Oishii Mizu*.
■ Record-high sales at Asahi Food & Healthcare Co., Ltd. for an eighth consecutive year, largely thanks to aggressive advertising campaigns and sales promotions targeting core brand products. ■ Sharply higher sales volume at Wakodo Co., Ltd. year on year for baby food, food for the elderly, and other mainstay products. ■ Record-high sales at Amano Jitsugyo Co., Ltd. for a third consecutive year, led by sales growth at mass-retail outlets and sharp growth in mail-order business.	■ Aim for net sales of ¥110.6 billion (up 12.8% year on year), and operating income of ¥5.3 billion (up 27.2% year on year). ■ Cultivate core brands and strengthen initiatives targeting key channels to build a solid position in Japan's food products market. ■ Aim to expand the business base to enable steady growth through aggressive marketing investment in new growth businesses.
■ In Oceania, bolstered the business base by developing a more robust merchandise portfolio through the purchase of the water and juice business of P&N Beverages Australia Pty Ltd (Asahi Beverages Australia Pty Ltd at present), the Independent Liquor Group of New Zealand, and others. ■ In China, strengthened the Group's partnership with Tsingtao Brewery Co., Ltd. (Tsingtao Brewery), and increased sales volume through measures to expand sales of subsidiaries' own brands. ■ In Southeast Asia, developed an extensive soft drinks portfolio in Malaysia with the acquisition of Malaysian soft drinks maker Permanis Sdn. Bhd. (Permanis). <Equity-method affiliate> ■ Strategic alliance concluded between Tingyi-Asahi Beverages Holding Co., Ltd. (Tingyi-Asahi Beverages) and U.S. soft drinks giant PepsiCo Inc. with the aim of further enhancing business base in China's soft drinks market.	■ Aim for net sales of ¥147.4 billion (up 56.5% year on year), and operating income of ¥2.1 billion (reversing an operating loss of ¥2.9 billion in 2011). ■ In Oceania, along with pursuing growth for each company, strengthen the business base by generating synergies between companies through management under a regional controlling company. ■ In China, in addition to bolstering the individual brands of Yantai Beer Tsingtao Asahi and Beijing Beer Asahi, aim to expand *Asahi Super Dry* sales volume in the premium beer market. ■ In Southeast Asia, pursue growth for Permanis that surpasses that of the market through aggressive marketing focused on noncarbonated soft drinks in Malaysia, while working to expand business base in the region over the medium-term. <Equity-method Affiliate> ■ At Tingyi-Asahi Beverages, push ahead with boosting the value of mainstay brands, while strengthening ties with PepsiCo in a bid to become the undisputed leader in China's soft drinks market.

Sales in other businesses increased atop operational expansion in the insurance agency and logistics businesses. Operating income, however, faltered due to increased transportation expenses caused by the Great East Japan Earthquake.

* The yearly sales target was revised upward from 3 million cases to 4 million cases on April 10, 2012.

Alcoholic Beverages

Results for 2011

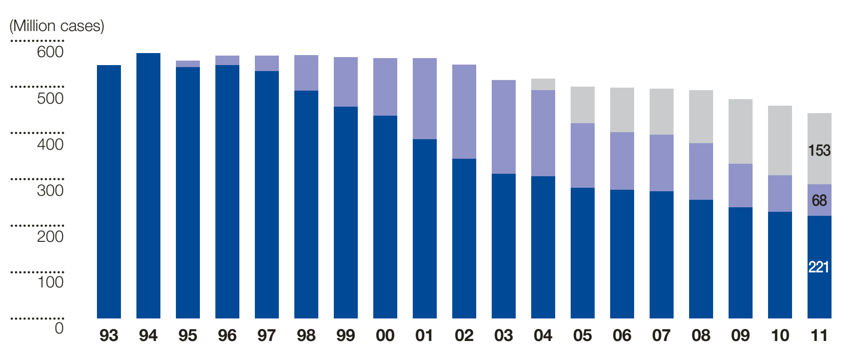
Business Environment

- Decline in demand due to the Great East Japan Earthquake
- Decline in drinking-age population due to fewer births and aging population
- Preference for low-priced products due to consumer belt-tightening

→ Sales volumes across the entire alcoholic beverages industry down year on year

→ Market share for the beer category has bottomed out, while substantial growth in new genre beverages has settled down

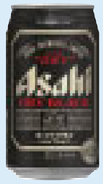
SIZE OF DOMESTIC BEER MARKET (TAXABLE SHIPMENT VOLUME)



■ Beer ■ Happoshu ■ New genre

Beer

Asahi Super Dry



Asahi Super Dry – Dry Black –

Happoshu

Asahi Style Free

Market Environment

Japan's alcoholic beverages industry in 2011 was impacted by factors stemming from the Great East Japan Earthquake. These unprecedented challenges exacerbated other negative industry trends, among them a decline in the drinking-age population due to Japan's falling birthrate and aging population, and an ongoing shift towards inexpensively priced products, driven by greater belt-tightening on the part of consumers. While these factors spurred growth in new genre beverages (up 1.8% year on year), shipment volumes for beer and happoshu were down 4.1% and 12.9%, respectively. Consequently, overall taxable shipment volume for beer-type beverages declined 3.7% from the previous year. By category, beer was 50.0%, happoshu 15.4%, and new genre beverages 34.7% of the beer-type beverages market. Of these figures, while the decline in the beer category was effectively halted, market share for happoshu continued to decline. Growth in new genre beverages was also substantially more subdued than in the previous year.

In categories other than beer-type beverages, RTD beverages and wine continued to grow, but the overall market for alcoholic beverages contracted. Non-alcoholic beer-taste beverages, meanwhile, grew around 20% year on year on a sales volume basis.

2011 Business Overview

In alcoholic beverages operations in Japan, core operating company Asahi Breweries, Ltd. worked to enhance its brands and expand the drinking-age consumer base through vigorous marketing initiatives. These actions included product proposals and sales promotion activities tailored to customer needs. In parallel, we took steps to establish a profit structure capable of withstanding market volatility. In addition to cost reductions, namely around the cost of raw materials and through improved production processes, these efforts included the more efficient use of advertising and sales promotion expenses. As a result, total sales for the alcoholic beverages business, including Asahi brand sales overseas, were ¥921.7 billion, down 4.6% year on year; however, operating income increased 15.8% to ¥101.0 billion for the same period.

Beer-type Beverages

Our market share of taxable shipment volume for beer-type beverages in 2011 was 37.9%[*1], up 0.4 of a percentage point year on year. As a result, we remained the market leader[*2] for a second consecutive year.

Beer Category

In the beer category in 2011, we again focused on enhancing the brand value of our core product *Asahi Super Dry*. Specifically, we developed the concept of "Extra cold," continuing to promote a new way to enjoy *Asahi Super Dry* in servings chilled below the freezing point for a second straight year. From June, we also began offering a "space-saving dispenser" that can be installed in half the space required for previous models. All together, these efforts spurred an increase in the number of establishments serving "Extra cold" *Asahi Super Dry*. At the same time, we moved to strengthen the spread of information and sales promotion activities in a bid to enhance brand power for the "Extra cold" value proposition by expanding the limited-time opening of "Asahi Super Dry Extra Cold Bar" locations to four cities—Tokyo, Osaka, Nagoya and Hakata. Elsewhere, *Asahi Super Dry* was awarded the gold at the Brewing Industry International Awards (BIIA)[*3], becoming the only beer from a major Japanese brewer to earn any recognition. These factors ultimately lifted taxable shipment volume above 100 million cases (one case equivalent to 20 large bottles (633ml each)) for a 23rd consecutive year, despite declining 4.3% due mainly to the impact of the March 2011 disaster.

Happoshu Category

In happoshu, we continued to boost the brand value of *Asahi Style Free*, now entering its fifth year of sales, as a pioneer in "zero-carbohydrate"[*4] happoshu. Actions included more robust sales promotion activities and an advertising campaign. As a result, while sales volume for the overall market contracted sharply, with taxable shipment volume in the happoshu category falling 11.2% year on year, our happoshu market share rose 0.5 of a percentage point to 24.5%.

New genre


Clear Asahi


Asahi Off


Asahi Blue Label

New Genre Beverages Category

In new genre beverages, we moved to improve the taste and packaging quality of *Clear Asahi* and *Asahi Off*, and strengthened our advertising and sales promotion activities. *Asahi Blue Label*, launched in July, greatly exceeded initial sales targets by gaining a following for being both a new genre and "zero carbohydrate*4" beverage. We also launched two additional offerings, *Asahi Ichiban Mugi**5 in March and *Asahi Fuyu no Okurimono*, a limited-edition winter beer, in October, in a vigorous push to propose products tailored to diverse customer needs. The result was year-on-year growth in taxable shipment volume of 7.0%, and an increase in market share of 1.2 percentage points to 25.7%. Market share was at its highest point ever since our entry into the new genre beverages market in 2005.

*1 Beer market share based on statistical data on taxable shipment volume from Japan's top five beer companies.
*2 Based on taxable shipment volume for beer from Asahi Breweries, Ltd. in 2011.
*3 Popularly known as the "Academy Awards" of beer judging, the BIIA is the world's longest-running international beer competition held once every few years in the United Kingdom.
*4 Based on nutrition labeling standards, sugar content of less than 0.5g (per 100ml) is indicated as "zero carbohydrate."
*5 (1) Ingredients are happoshu with a malt content of less than 50% and soy-based spirits. The name "Ichiban Mugi" comes from using only the best wort as an ingredient.
(2) Made using malt, barley and spirits (barley), excluding volume of hops used (less than 0.5%).

Shochu, RTD Beverages, Whisky and Spirits, Wine

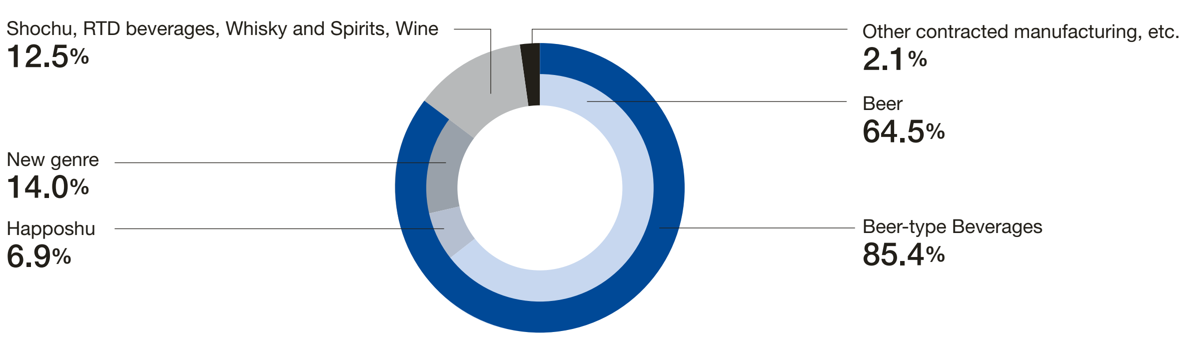
Total monetary sales of shochu, RTD beverages, whisky and spirits, and wine declined 10.6% year on year, despite growth in *Black Nikka Clear Blend* in whisky and spirits. The drop in sales largely reflected persistent product supply shortfalls due to supply chain management (SCM) interruptions caused by the Great East Japan Earthquake, as well as the introduction of new transaction systems based on new terms for trade in some product categories.

In shochu, we conducted aggressive sales promotion activities designed to reinforce the *Kanoka* brand. These included the taste and packaging revamp and re-launch of six varieties in the *Kanoka* lineup in August, as well as a special campaign underscoring the role of *Kanoka* in relaxation and making human connections. These efforts notwithstanding, we marked a decline in *Kanoka* products on a sales volume basis for the year. Elsewhere, in Otsu-type shochu, we proposed products sensitive to customers' wide-ranging needs. Efforts here centered on potato-based shochu brands *Honkaku Imo-Jochu Satsuma Koku-Murasaki* and *Satsuma Tsukasa*. Nevertheless, due to the market environment and other factors, overall sales in the shochu category declined by 16.5% from the previous year on a monetary basis.

In RTD (ready-to-drink) beverages, *Asahi Chu-hi Kajitsu-no-shunkan*, a brand made from domestically produced fruit juice, saw year-on-year growth driven by improved taste and other quality enhancements, as well as the launch of new additions to the lineup. However, sales of core products *Asahi Slat* and *Asahi Cocktail Partner* were lower for the year, largely due to the impact of the Great East Japan Earthquake.

As a result, sales of RTD beverages fell by 9.7% overall on a monetary basis year on year.

SHARE OF SALES BY PRODUCT (2011)



Shochu

Imo-Jochu Kanoka

Honkaku Imo-Jochu Satsuma Koku-Murasaki

RTD beverages

Asahi Slat

In whisky and spirits, brisk sales of core brand *Black Nikka Clear Blend* continued, leading to year-on-year growth in domestic whisky (excluding canned highball liqueur) of 1% on a monetary basis. The quality of the *Nikka* brand, moreover, was recognized on the world stage when *Taketsuru Pure Malt 21 Years* was named "World's Best Blended Malt Whisky" at the World Whiskies Awards*6 in April 2011 for the fourth time and for three consecutive years running. No other single product has received top recognition four times in the history of the competition. In the highball category, we launched new products *Black Nikka Clear Highball* in May and *Taketsuru Pure Malt Highball* in November, with both products selling briskly. Overall, sales on a monetary basis in this category rose by 1.4% year on year.

In wine, our domestic wine brands performed well on the strong showing of *Sainte Neige Rela*, a new brand launched in May noted for its taste and convenient PET bottle packaging. For imported wines, along with boosts to sales volume from French wine *Ginestet*, Italian wine *Zonin* and Chilean wine *Caliterra*, our efforts to tie commercial-use California wine *Almaden* to draft beer sellers resulted in healthy growth. Despite these positive factors however, overall sales in this category declined by 7.8% year on year on a monetary basis.

Turning to non-alcoholic beverages, a temporary halt to sales of beer-taste beverages in the aftermath of the Great East Japan Earthquake and other factors caused sales volume to decline significantly from the previous year. In contrast, cocktail-taste beverage *Asahi Double Zero Cocktail*, launched in September 2010, saw sales rise sharply on the 0.00% alcohol and zero-calorie characteristics that have driven the beverage's popularity.

*6 An international competition focused exclusively on whisky, chiefly sponsored by U.K.-based *Whisky Magazine*.

Sales of Asahi Brand Products Overseas *Excluding China

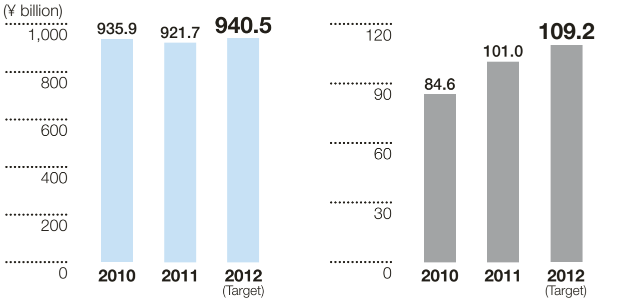
Overview of 2011

Turning to sales of Asahi brand products overseas, in South Korea, we aggressively developed our local sales promotion activities, maintaining our position as the No. 1 imported beer brand by sales volume. In Malaysia, we concluded a licensing agreement last November with Carlsberg Brewery Malaysia Berhad regarding *Asahi Super Dry*. This and other actions enhanced our presence, especially in markets across Asia and Oceania.

Plans and Strategies for 2012

Although a rebound in consumer sentiment, including a push for greater consumption, is emerging, the Alcoholic Beverages business is likely to continue to face challenging market conditions. Along with a diminishing amount of drinks consumed due to Japan's falling birthrate and aging population, these challenges include a shift in consumer preferences to inexpensively priced products to save money, as well as more time spent at home in line with work-life balance considerations. In this context, Asahi Breweries will seek to produce and propose products that meet customers' value criteria and to strengthen its business foundations. Consequently, we are targeting sales of ¥940.5 billion (up 2.0% year on year) and operating income of ¥109.2 billion (up 8.1% year on year).

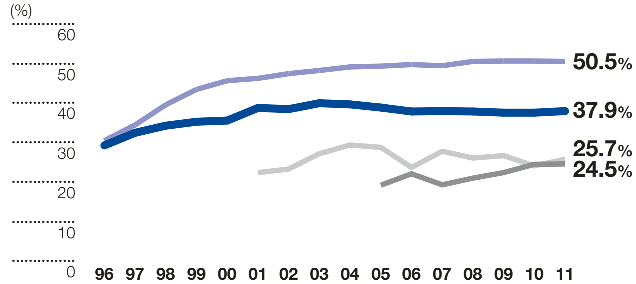
ALCOHOLIC BEVERAGES SALES AND OPERATING INCOME



Sales ■ Operating income

* Figures for 2010 are non-consolidated results for Asahi Breweries, Ltd.

SHARE BY BEER-TYPE BEVERAGE CATEGORY (ASAHI BREWERIES, LTD.)



Total beer-type beverages Beer Happoshu New genre beverages

Whisky and Spirits

Taketsuru Pure Malt
21 Years

Black Nikka
Clear Blend

Wine

Ste. Neige Rela

Beer-type Beverages

The market for beer-type beverages in 2012 is predicted to contract between 1 and 2% overall. To this end, we are targeting total sales volume of 167 million cases, up 0.5% year on year.

Beer

In the beer category, while there are indications that the downturn in demand has leveled off somewhat, the overall market is expected to decline between 1 to 2%. In this climate, Asahi Breweries will remain focused on bolstering the brand value of mainstay brand *Asahi Super Dry* to spearhead a resurgence in beer as it aims for positive year-on-year growth. In 2012, we will continue to promote the “Refreshingly Sustainable” project, whereby we donate a portion of the sales from *Asahi Super Dry* brand products to each of Japan’s 47 prefectures for the protection and preservation of the local environment and cultural treasures. We also plan to expand promotion of the “Extra cold” proposal for enjoying *Asahi Super Dry* chilled to below freezing during the year. Other efforts to enhance brand value further will include, in addition to enhanced availability of beer gift packs with an emphasis on freshness, the slated sale of *Asahi Super Dry – Dry Black* –, the first product to extend the line-up of our core brand.

Happoshu

The overall happoshu market is projected to decline by between 9 and 10%, reflecting a continued shift in demand towards new genre beverages. For *Asahi Style Free*, the core brand that saw record sales volume in its fifth year of sale in 2011, Asahi Breweries will focus on quality improvements in taste, and on raising brand strength further through vigorous advertising and sales promotion measures.

New Genre Beverages

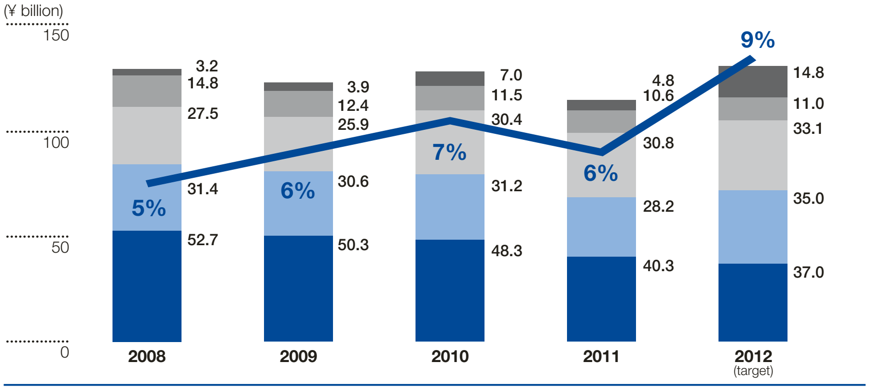
The market for new genre beverages is expected to grow between 3 and 4% overall. Given this outlook, Asahi Breweries will continue to reinforce the brand power of core product *Clear Asahi* through improved quality and aggressive advertising and sales promotion measures. These efforts to enhance brand power will enable Asahi Breweries to stake out a more dominant position in the market for new genre beverages. For brisk-selling *Asahi Off*, noted for having 85% fewer purines and 70% fewer carbohydrates*7, and “zero carbohydrate”*8 *Asahi Blue Label*, in addition to further boosting the brand value of these existing brands for health-conscious consumers, we plan to reinvigorate the market with the launch of *Asahi Direct Shot*, which will propose the new value of offering a “stimulating” beverage in this category.

*7 Comparison with the Company’s malt liquors (1) based on happoshu.
*8 Based on nutrition labeling standards, sugar content of less than 0.5g (per 100ml) is indicated as “zero carbohydrate.”

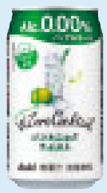
Shochu, RTD Beverages, Whisky and Spirits, and Wine

Continued steps will be taken in 2012 to boost profitability across shochu, RTD beverages, whisky and spirits, and wine.

NET SALES FOR SHOCHU, RTD BEVERAGES, WHISKY AND SPIRITS, AND WINE, AND OPERATING INCOME RATIO



Non-alcoholic beverages



Double Zero Cocktail

Asahi Dry Zero

We will concentrate on cultivating and strengthening core brands in each category, targeting year-on-year growth in sales of 14% for the year.

Plans for shochu, RTD beverages, whisky and spirits, and wine call for cultivating core brands and solidifying our presence in each category. In the non-alcoholic beverages category, where more growth is expected, we will launch *Asahi Dry Zero* as a new beer-taste beverage, accompanied by vigorous advertising and sales activities. For cocktail-taste beverage *Asahi Double Zero Cocktail*, we will bolster initiatives in the home- and commercial-use markets as a pioneer in cocktail-taste beverages to build a more robust market position going forward.

Sales of Asahi Brand Products Overseas *Excluding China

Plans for 2012

As regards sales overseas, we will pursue horizontal development in countries and regions that can follow the models of countries like South Korea where sales are firm. At the same time, we will bolster relationships with existing local partners in order to raise the brand recognition of Asahi, especially *Asahi Super Dry*, with the overall aim of increasing sales volume in each country.

Profit Structure Reform

Improving the profitability of alcoholic beverage operations and other existing businesses is the top priority issue of the Asahi Group's Medium-Term Management Plan 2012.

In terms of profit structure reform for the domestic alcoholic beverages business, our policy is to gain efficiencies totaling ¥25 to ¥30 billion between 2010 to 2012, and raise the operating income ratio, excluding the liquor tax in the alcoholic beverages business, to 20% or more. We have already achieved greater-than-expected profit structure reform over the two years of 2010 and 2011. Our goal in the plan's final year of 2012, however, remains to see dramatic improvements in production efficiency, mainly by integrating the Nishinomiya Brewery's beer-type beverage production functions into the Suita Brewery and through optimal equipment and personnel allocation. Progress in these areas had been delayed due to the Great East Japan Earthquake.

Elsewhere, we are committed to pursuing a diverse array of other initiatives to meet the objective of our medium-term management plan (operating income ratio excluding the liquor tax of 20% or more). Planned actions include the enactment of cost-reduction plans targeting reductions in the cost of raw materials and better production efficiency; improvements in the marginal profit ratio; reductions in fixed costs; and more efficient use of advertising and sales promotion expenses.

SALES TARGETS AND ACTUAL RESULTS BY ALCOHOLIC BEVERAGES CATEGORY (ASAHI BREWERIES, LTD.)

(¥ billion)

	2011	2010	Year-on-year	% of Total	2012 Target	Year-on-year	% of Total
Beer-type beverages (total)	785.1	812.5	–3.4	85.4	**787.2**	0.3	83.7
Beer	593.2	620.4	–4.4	64.5	**593.7**	0.1	63.2
Happoshu	63.3	71.5	–11.4	6.9	**56.0**	–11.6	6.0
New genre	128.6	120.6	6.6	14.0	**137.5**	6.9	14.6
Beverages other than beer-type beverages (total)	114.7	128.4	–10.6	12.5	**130.9**	14.1	13.9
Shochu	40.3	48.3	–16.5	4.4	**37.0**	–8.2	3.9
RTD	28.2	31.2	–9.7	3.1	**35.0**	24.2	3.7
Whisky and spirits	30.8	30.4	1.4	3.4	**33.1**	7.3	3.5
Wine	10.6	11.5	–7.8	1.2	**11.0**	3.4	1.2
Other alcoholic beverages, etc.	4.8	7.0	–31.7	0.5	**14.8**	210.7	1.6
Other contracted manufacturing, etc.	19.7	22.4	–11.8	2.1	**21.9**	11.0	2.3
Total	919.6	963.3	–4.5	100.0%	**940.0**	2.2	100.0%

Feature: Asahi Super Dry 2012 Brand Strategy

The year 2012 is the 25th anniversary of the launch of the Asahi Group's core brand, *Asahi Super Dry*.
Asahi Super Dry is the top brand in the beer category in Japan, boasting a market share of more than 50%*1. The secret behind the brand's long-standing support from customers is our constant effort to propose new value.

Chilled Below Freezing Point: A New Value Proposition
—Temperature as a new taste proposition—

Enjoying Beer Freshness
—Drinking a special Super Dry—

Introducing Dry Dark Beer with "Dry Black"
—A new proposition from Super Dry—

Slim Bottle Revamp
—Stylish design featuring a slim size for easy portability and a reusable cap—

Connections
—Connecting people, communities and society—

Aggressive Ad Promotion

1 The Debut of *Asahi Super Dry – Dry Black –*: A Super Dry Dark Beer

Asahi Super Dry – Dry Black –, launched in April, is the first extension product from the *Asahi Super Dry* brand. The new product features the "dry," crisp taste for which *Asahi Super Dry* has become known. The product aims to attract not only existing dark beer fans, but to also develop an entirely new customer base.

2 Extended Rollout of "Extra Cold"

"Extra cold" is the idea of enjoying *Asahi Super Dry* chilled to below freezing point. We are extending our promotion of this concept in both the commercial- and home-use markets, and working to ensure wide penetration among a range of customers. In the commercial-use market, we will expand the number of stores offering "Extra cold" features to 3,000. In the home-use market, meanwhile, we will roll out campaigns offering merchandise for enjoying the beer's "below freezing" deliciousness at home.

3 Enhancing "Products Offering Real Freshness"

We are working to further embed products offering real freshness, specifically fresh beer cases and premium gift packs. For fresh beer cases, where the emphasis is on freshness, once each month *Asahi Super Dry* will be shipped to stores from breweries within three days of production. For premium beer gift packs, *Asahi Super Dry* is shipped directly to customers from breweries within the same three-day timeframe. This allows true beer lovers to enjoy the delicious taste of freshly brewed beer embodied in this special *Super Dry* gift pack.

Another way in which we are maximizing *Asahi Super Dry* brand value is by reinforcing information on the product through aggressive advertising campaigns. This comes in addition to continuing the "Refreshingly Sustainable" project*2, which has won strong customer support since it was enacted in the spring of 2009, and reintroducing *Asahi Super Dry* in a slimmer bottle.

*1 Beer market share based on statistical data on taxable shipment volume from Japan's top five beer companies.
*2 Promoted in each of Japan's 47 prefectures, the project donates a portion of sales to the protection and preservation of the local environment and cultural treasures.

Soft Drinks

Results for 2011

Carbonated beverages

43.38

Million cases

Tea-based drinks

35.97

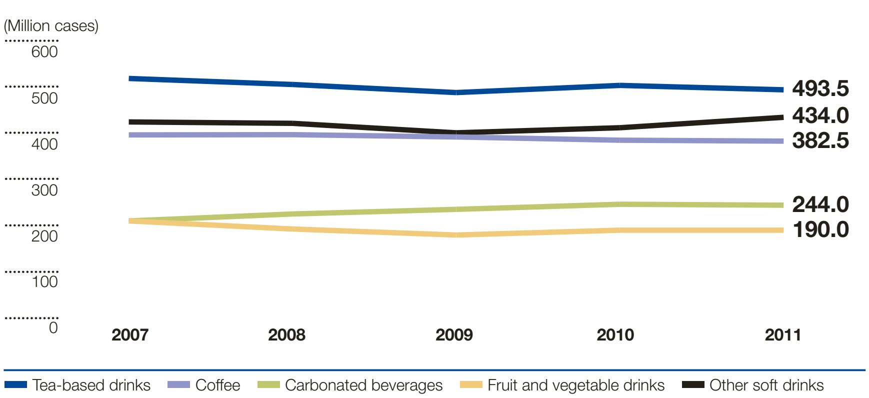
Million cases

Coffee

38.58

Million cases

SALES IN DOMESTIC SOFT DRINKS MARKET, BY CATEGORY



Business Environment

- Sales in all key categories were lower than the previous year when the summer was hotter, with the decline also reflecting the effects of the Great East Japan Earthquake.
- The Great East Japan Earthquake brought increased demand for mineral water, raising sales volume across the entire industry.

Asahi Soft Drinks Co., Ltd.
Tea-based drinks

Asahi Juroku-cha

Asahi Soft Drinks Co., Ltd.
Coffee

WONDA
Morning Shot

WONDA
Kinnobitou
(low-sugar)

Market Environment

In 2011, sales volume in the Japanese soft drinks industry is estimated to have grown by around 1% overall. Sales in all key categories such as carbonated beverages, coffee and tea were lower than the previous year when the summer was hotter. This performance also reflects the impact of the Great East Japan Earthquake that occurred in March 2011. However, the market was driven by sales of mineral water that were significantly higher year on year due to increased demand because of the earthquake.

2011 Business Overview

Sales for the soft drinks business were ¥324,782 million, up 5.9% year on year, with operating income up 36.7% to ¥11,389 million.

Asahi Soft Drinks Co., Ltd.

Asahi Soft Drinks Co., Ltd. posted a record sales volume and net sales after sales increased year on year for a ninth consecutive year. As a result, Asahi Soft Drinks rose to the 4th position in the Japanese soft drinks industry.

In soft drink operations in Japan, core operating company Asahi Soft Drinks enacted initiatives designed to stimulate dramatic growth through a basic policy addressing two key issues: growth strategies and improving profitability.

With respect to the product-related measures at the heart of the growth strategies, we focused marketing efforts on the company's core brands *WONDA*, *Mitsuya Cider* and *Asahi Juroku-cha*, working continuously to cultivate and strengthen these brands. These efforts were rewarded with an 8.2% higher sales volume of *WONDA* canned coffee, and a 12.4% increase in sales volumes of *Asahi Juroku-cha*, which achieved double-digit growth for the second consecutive year. As a result both of efforts to invigorate long-seller brands such as *Bireley's* and *Wilkinson*, and of special demand arising from the Great East Japan Earthquake, sales of *Asahi Rokko no Oishii Mizu* mineral water climbed 160.3%, and sales of mineral water, including the brand *Asahi Fujisan no Vanadium Tennensui*, increased to about 20 million cases. Asahi Soft Drinks aims to expand its presence in Japan's growing mineral water market. Thanks to these developments, total sales volume for Asahi Soft Drinks recorded a ninth consecutive year of growth at an all-time high of 8.7%.

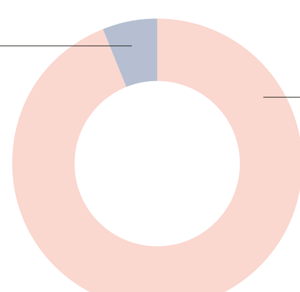
As a result, Asahi Soft Drinks sales rose 7.2% year on year to ¥305.2 billion.

As regards improving profitability, efforts made to lower costs included reducing the costs of raw materials, improving the in-house manufacturing ratios, conducting the internal production of PET bottles, implementing production initiatives at Asahi Soft Drinks and Group companies, and raising production efficiency. These efforts resulted in operating income rising 39.1% year on year to a record ¥11,498 million.

LB Co., Ltd.

In 2011, LB Co., Ltd. (Tokyo) and LB Co., Ltd. (Nagoya) were integrated, and a "reborn" LB commenced business. However, LB posted lower year-on-year sales due to the impact of the Great East Japan Earthquake.

SOFT DRINKS SALES COMPOSITION BY COMPANY (2011)



Asahi Soft Drinks Co., Ltd.
Carbonated beverages

Asahi Soft Drinks Co., Ltd.
Fruit and vegetable drinks

Asahi Soft Drinks Co., Ltd.
Water

LB Co., Ltd.
Chilled beverages

In the chilled beverages business, the management integration of LB Co., Ltd. (Tokyo) and LB Co., Ltd. (Nagoya) on January 2011 created a base for generating synergies that resulted in an improved earnings structure. However, the sales volume of LB dropped year on year due mainly to the Great East Japan Earthquake and the fact that the previous year's performance was supported by a hot summer. This result came despite active sales promotion activities primarily in the mainstay tea-based category for major convenience stores under the wide-area headquarters and special sales headquarters frameworks.

Plans and Strategies for 2012

In 2012, the soft drinks market in Japan is predicted to perform roughly on par with 2011 due to such factors as changes in demand and consumption caused by the Great East Japan Earthquake and the high temperatures of the previous year's summer. Under these conditions, the Asahi Group is targeting sales of ¥337.0 billion (up 3.8% year on year) and operating income of ¥13.7 billion (up 20.2% year on year).

Asahi Soft Drinks Co., Ltd.

Asahi Soft Drinks Co., Ltd. will pursue its growth strategies and structural reforms aiming at growth in both sales and earnings in all its business activities, and with a target of boosting sales volume 4.1% to 180 million cases.

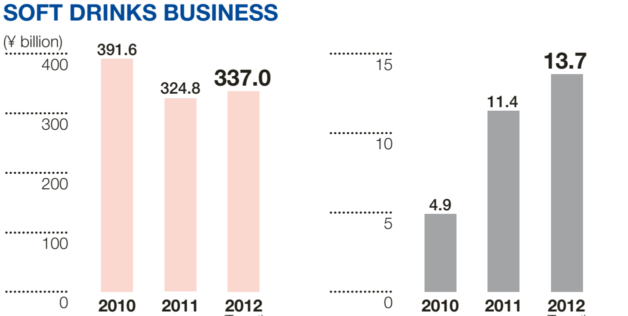
With respect to growth strategies, we will deploy products and continue to reinforce the core brands of *WONDA*, *Mitsuya Cider*, and *Asahi Juroku-cha*, and invigorate long-seller brands such as *Wilkinson*, *Bireley's* and *Asahi Rokko no Oishii Mizu* mineral water. Together with further accelerating growth by creating new demand, we will work to provide high-quality products that are safe and reliable.

In terms of structural reform, we will increase the degree of completion of an optimal production framework as prescribed in the Medium-Term Management Plan 2012. With a view to building the next optimal production framework for the new growth stage prescribed in the next medium-term management plan, we will maintain the highest standards of product quality, aiming to achieve the industry's highest class of cost competitiveness.

LB Co., Ltd.

In the chilled beverages business, we will give priority to strengthening our business base with the synergies from the management integration of the two companies. The year 2012 is the final year of the current Medium-Term Management Plan, and we will steadily implement the strategies to complete its objectives, and we will also establish the growth and earnings base necessary for completing the objectives of the next medium-term management plan. Specifically, we will aggressively deploy the wide-area headquarters and special sales headquarters frameworks, focus on leveraging every sales channel and the cross-selling of products to expand business scale, and cultivate new markets by developing new core products and services. With back-office divisions, we will work to improve cost efficiency, principally by continuing to integrate logistics and administration departments.

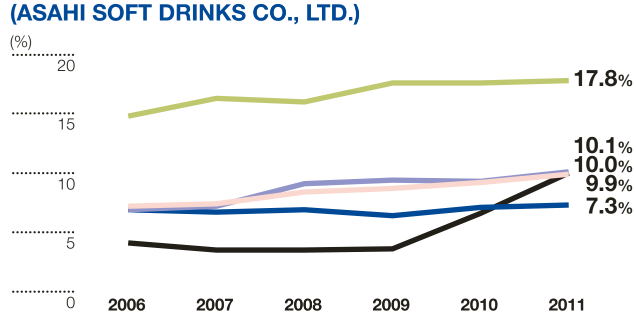
SALES AND OPERATING INCOME IN SOFT DRINKS BUSINESS



Sales ■ Operating income

* Figures for 2010 include results from the overseas operations.

SHARE BY CATEGORY (ASAHI SOFT DRINKS CO., LTD.)



Tea-based drinks Coffee Carbonated beverages
Mineral water Total

Food

Asahi Food & Healthcare Co., Ltd.

MINTIA

BALANCEUP

Dear-Natura

2011 Business Overview

Sales in the food business rose 2.7% year on year to ¥98.0 billion, with operating income climbing 15.7% to ¥4.2 billion. This steady improvement reflected the rollout of strategies tailored to characteristics unique to each operating company, which culminated in sales expansion in mainstay products.

Asahi Food & Healthcare Co., Ltd.

To lay the groundwork for further growth, Asahi Food & Healthcare advanced a basic strategy defined by "sales expansion, corporate structure enhancement, and establishing brands known for safety and reliability." Specifically, the processed foods business, which accounts for 55% of sales, saw sales increase steadily year on year despite being impacted by the Great East Japan Earthquake. This improvement was mainly due to assertive advertising campaigns and sales promotions centered on mainstay brand products *MINTIA* breath mint tablets and *Ippon Manzoku Bar* nutrition bars. In the health and beauty business, sales increased steadily, led by mainstay products such as quasi-drug product *EBIOS, Dear-Natura* brand supplements, and our *Slim Up Slim* line of diet support food. Similarly, inroads were made in developing the market for high-value-added yeast extract and other sectors of the food seasonings business, most notably among processed food manufacturers in Japan and overseas. As a result, sales for Asahi Food & Healthcare rose 3.6% year on year to ¥45.3 billion, setting a record high for an eighth consecutive year.

Profit, meanwhile, was lower for the year, with operating income down 1.6% to ¥2.0 billion. In addition to growth spurred by increased sales, production cost reductions accompanying more efficient production processes and lower procurement costs for raw materials contributed to profit. These gains, however, were offset by increased expenses from aggressive investment in advertising and sales promotions designed to drive sales growth.

Wakodo Co., Ltd.

Wakodo Co., Ltd. followed a management policy of rising to the challenge of even further growth, taking steps to strengthen and expand its business base. Specifically, the company based its activities on "infant-safe quality" honed over the years to meet the safety and reliability customers expect, launching new products, and revamping existing ones to bolster its brands.

In the baby food business, powdered infant formula sales declined year on year in a soft Japanese market. However, sales continued to grow strongly in the company's mainstay product, *Goo-Goo Kitchen* baby food, spurred by expansion in the product lineup in March. Sales of PET-bottled infant drink series *Baby no Jikan* were also firm, largely atop demand for bottled water to prepare infant formula that rose in the aftermath of the Great East Japan Earthquake. In the medical care business, sales volume for elderly care products *Tender Care Oral, Fresh* and *Tender Care Uruoi Keep*, as well as the *Shokuji wa Tanoshii* series of food products for the elderly, rose sharply year on year. Sales volume rose as stores increased their retail space for such products in order to keep up with the market growth driven by consumers showing more interest in nursing care. Consequently, sales for Wakodo rose 0.1% over the previous fiscal year to ¥33.8 billion.

In terms of profit, operating income (before amortization of goodwill) fell 18.2% year on year to ¥1.7 billion. Although steps were taken to curb sales promotion expenses, advertising expenses, and other fixed costs, these were outweighed by escalation in the price of raw materials and other factors.

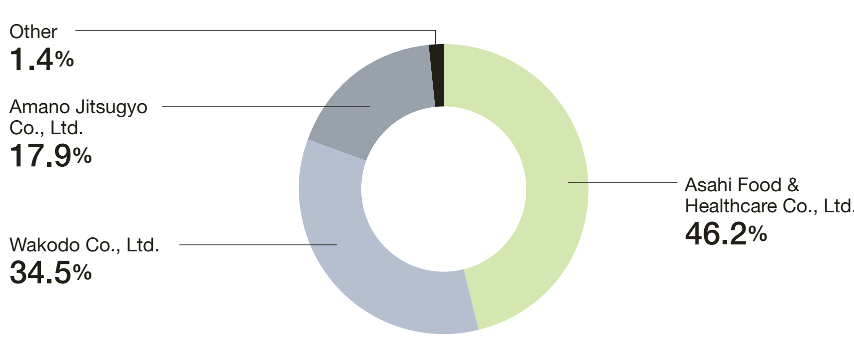
Amano Jitsugyo Co., Ltd.

Elsewhere, Amano Jitsugyo Co., Ltd. worked to expand its business and

Business Overview

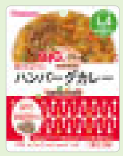
- Change in food safety awareness after the Great East Japan Earthquake
- Diversifying consumer preferences
- Rise of online supermarkets

FOOD SALES COMPOSITION BY COMPANY (2011)



Wakodo Co., Ltd.

Infant formula Lebens Milk Hai Hai

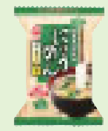


Goo-Goo Kitchen

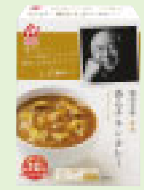
Oral Plus

Amano Jitsugyo Co., Ltd.

Kyofu Miso Shiru



Nyumen Sumashi Yuzu

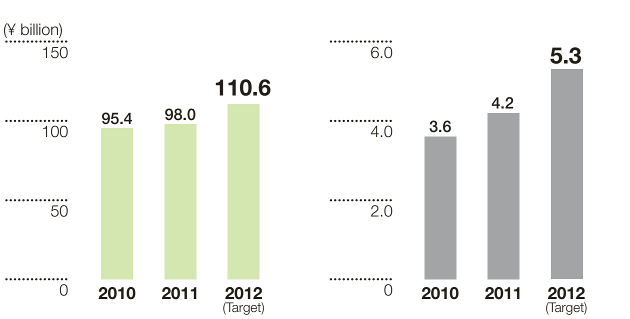


Kaoru Chicken Curry

boost profitability, with the aim of emerging as the undisputed leader in Japan's freeze-dried food market. Specifically, the company recorded healthy sales of its mainstay freeze-dried miso soup and *Nyumen* noodle soup products by strengthening sales activities targeting mass-retail stores in its the mass distribution sales business. Meanwhile, the company sought further expansion in the direct marketing business through the vigorous launch of new products and effective advertising campaigns. These actions drove significant growth in the number of registered direct order customers in this business. In the corporate sales business, sales of baby food and other processed food produced under contract for Group companies were also firm. All told, these initiatives lifted sales 5.6% year on year to ¥17.5 billion, for a third consecutive year of record sales.

Turning to profit, operating income was up 36.2% from the previous fiscal year, to ¥0.8 billion, despite a sharp rise in raw material costs. In addition to higher sales, this growth reflected improvement in the marginal profit ratio from reductions in outsourced processing expenses, coupled with benefits from a push to curb fixed costs through more effective use of advertising and promotion expenses.

FOOD SALES AND OPERATING INCOME



Sales Operating income

Plans and Strategies for 2012

Beyond achieving steady growth by strengthening our cultivation of each company's core brands and key channels, we will look to expand the business base in new growth businesses in a bid to build a robust position in Japan's processed food market. From these actions, we are aiming for sales of ¥110.6 billion (up 12.8% year on year) and operating income of ¥5.3 billion (up 27.2%) for this business in 2012.

Asahi Food & Healthcare Co., Ltd.

In its three growth businesses of processed foods, health and beauty, and food seasonings, Asahi Food & Healthcare Co., Ltd. will aim to grow sales by further strengthening existing products, developing new products, and cultivating new markets. In parallel, the company is determined to build a resilient corporate structure known for its safety and reliability, and capable of delivering consistent profits. Steps will also be taken to enhance the base undergirding the natural seasonings business and attract new customers in order to foster new growth businesses.

Wakodo Co., Ltd.

The market environment surrounding Wakodo Co., Ltd. is likely to remain challenging. Nevertheless, the company will aggressively invest in bolstering the brand strength of *Hai Hai* and *Gun Gun* in its mainstay powdered infant formula category, highlighting the "infant-safe quality" of its products founded on a fundamental commitment to food safety and reliability. In the baby food market, Wakodo will launch new products and conduct aggressive sales activities for its fast-growing *Goo-Goo Kitchen* retort pouch lineup and *Hajimete no Rinyushoku* freeze-dried line up, with the goal of staking out a solid market position. In new businesses, the company is eyeing a reconfiguration of its overseas operations, particularly in Asia, and will look to enhance products and expand business lines in products for the elderly, taking advantage of technology it has honed over the years.

Amano Jitsugyo Co., Ltd.

In addition to aggressive advertising campaigns, Amano Jitsugyo Co., Ltd. is seeking to grow the direct marketing business by augmenting production facilities through assertive investment in its brisk-selling freeze-dried food products. Alongside these actions, the company is targeting dramatic growth by developing and cultivating its next wave of possible core products behind freeze-dried miso soup and expanding their sales and trading channels.

Overseas Operations

Schweppes Australia

Asahi Beverages Australia

Oceania Operations

Sales volume for the overall non-alcoholic beverages (NAB) market in Oceania in 2011 rose 1% year on year. This subdued growth reflected the effects of major flooding at the outset of the year and adverse weather during the peak sales season, coupled with a resulting stagnation in demand.

In this environment, Schweppes Australia posted year-on-year sales growth of 5% (2.7% on a local currency basis). Although sales volume was on par with the growth rate of the market as a whole, the increase in sales was achieved through product price increases and other successful price measures that the company pursued despite strong price pressure from mass retailers. Profits, however, were lower for the year, as cost increases primarily from a supply shortfall in carbon dioxide due to an accident at a supplier outweighed the positive effects of higher sales.

Elsewhere, we bolstered and expanded the Group's business base in Oceania through a series of acquisitions in the region. Notably, in September 2011 we acquired the water and juice operations of P&N Beverages Australia Pty Ltd (Asahi Beverages Australia Pty Ltd at present), Australia's No. 3 NAB company. In New Zealand, meanwhile, we acquired the NAB company Charlie's Group Limited. We also acquired Independent Liquor Group, which is made up of Independent Liquor (NZ) Ltd, the largest producer of ready-to-drink low-alcoholic beverages (RTD) in New Zealand, and Independent Distillers (Aust) Pty Ltd, a major company of RTD in Australia. While beyond the scope of this report, we also purchased Australian bottled water manufacturer Mountain H_2O Pty Ltd in January 2012.

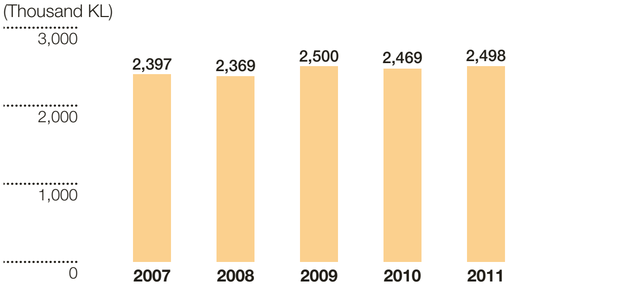
We plan to pursue growth for each operating company in the region in 2012 through aggressive marketing investment centered on their core brands. In tandem, we will bolster our business base across operations in Oceania by pursuing synergies among companies through centralized management under a regional headquarters. In Australia, we will transfer sales functions for *Asahi Super Dry* from Foster's Australia Ltd, formerly responsible for contract sales, to our Group company Independent Distillers (Aust) Pty Ltd. Our aim here is to accelerate growth in the country's beer market and to build a more robust market position.

China

Beer Business

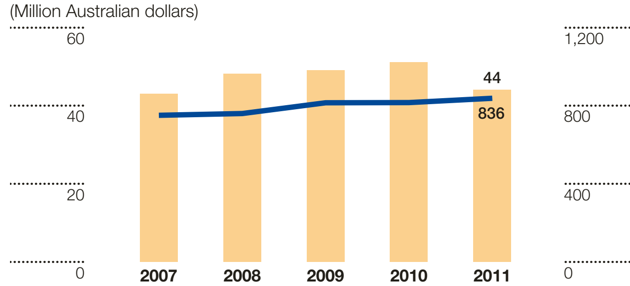
China's beer market expanded between 6 to 7% in 2011. The market environment, however, grew more challenging as major brewers invested aggressively in their operations and prices soared for malt and other raw materials and ingredients. In this climate, the Asahi Group increased its contract production of the Tsingtao brand through a stronger partnership with Tsingtao Brewery Co., Ltd. (Tsingtao Brewery). In addition, we bolstered efforts to expand sales of *Asahi Super Dry* and the respective beer brands of Yantai Beer Tsingtao Asahi Co., Ltd. (Yantai Beer), and Beijing Beer Asahi Co., Ltd. (Beijing Beer). Together, these actions lifted sales volume by 7% year on year. In September, we

THE AUSTRALIAN SOFT DRINKS MARKET



Source: AC Nielsen

PERFORMANCE OF SCHWEPPES AUSTRALIA



Operating income (left scale) Net sales (right scale)

Charlie's Group

Independent Liquor Group

China

transferred all equity held by the Group in Hangzhou Xihu Beer Asahi Co., Ltd. (Hangzhou Beer) and Zhejiang Xihu Beer Asahi Co., Ltd., brewers whose performance had lagged, to China Resources Snow Breweries (China) Investment Limited, as we sought to boost profitability by reorganizing beer operations in China.

In 2012, along with reinforcing the respective brands of Yantai Beer and Beijing Beer, we will take steps to expand sales volume for *Asahi Super Dry* in China's premium beer market, which is growing in line with the country's rapid economic rise. Here, we are targeting Beijing, Shanghai and other major cities as key markets. We will concentrate marketing expenditure on the premium price band, where *Asahi Super Dry* is positioned, and further promote sales in the on-premise market, based on Japanese restaurants, and at mass-retail outlets. Through these measures we aim to acquire local customers in China who seek a thirst-quenching beer.

Around May 2012 we aim to partially transfer production operations for *Asahi Super Dry* from Shenzhen Tsingtao Beer Asahi Co., Ltd., our joint venture with Tsingtao Brewery, to Beijing Beer to improve profitability. This transfer of production will realize greater stability in quality, allowing us to supply growing domestic demand in China with even better quality products.

Food Business

In November 2010, the Asahi Group acquired a stake in TING HSIN (CAYMAN ISLANDS) HOLDING CORP., the holding company of one of China's largest food and distribution companies, the Ting Hsin Group. Since then, we have launched project teams to examine ways to develop a food business in China that can leverage the Asahi Group's strengths. Consumer surveys and other marketing efforts ahead of commercial operations have already been conducted in several areas. Our goal is to spur the development and growth of our food business in China. To this end, we will respond to market needs, which differ from Japan, through the sale of Asahi Group products and the use of high-added-value materials.

Equity-method Affiliates

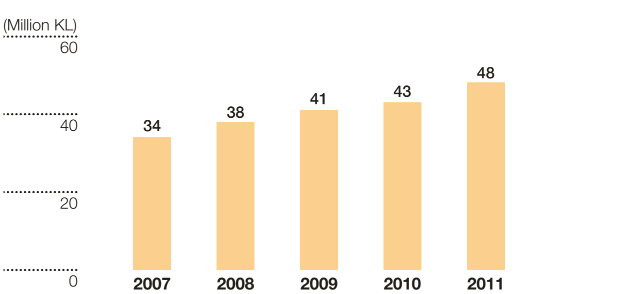
Tsingtao Brewery Co., Ltd. (Tsingtao Brewery)

In 2011, we channeled management resources into a "1+3" strategy centered on the medium- to premium-priced Tsingtao brand and three mainstay low-priced brands. As a result of vigorous business investment and other actions, sales growth surpassed that of the market as we rapidly expanded the scale of operations. We also boosted profitability by consolidating brands to enhance productivity, using marketing expenses more efficiently, and by increasing the ratio of the more profitable medium- to premium- priced Tsingtao brand products in our lineup.

In 2012, we will remain focused on achieving a rate of growth in sales volume for Tsingtao and other core brands that surpasses that of the overall market. Our aim is to achieve steady growth in sales and profits as we build a stronger market position.

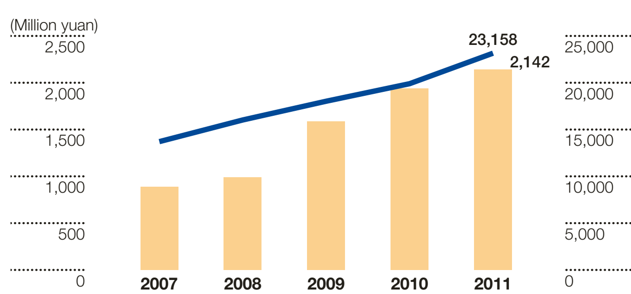
The Asahi Group is moving to strengthen alliances with Tsingtao Brewery

BEER CONSUMPTION IN CHINA



Source: Euromonitor

PERFORMANCE OF TSINGTAO BREWERY



Operating income (left scale) Net sales (right scale)

Tsingtao Brewery

Tingyi-Asahi Beverages

Permanis

in production technology, quality assurance, distribution, and product development. Over the medium term, competition in the market is projected to shift its emphasis from volume to quality. Given this trend, we intend to focus on technology exchanges to share expertise for improving beer quality. To this end, Beijing Beer will host experts from Tsingtao Brewery, as we move assertively to support Tsingtao Brewery's growth strategy.

Tingyi-Asahi Beverages Holding Co., Ltd. (Tingyi-Asahi Beverages)

In China's soft drink market in 2011, the prevailing market environment remained challenging. A slower economic growth rate and a rise in the consumer price index were key factors that caused consumers to spend less. The market was also negatively impacted by adverse weather conditions during the peak sales season.

This business climate resulted in a tough year for Tingyi-Asahi Beverages. In addition to lower sales of core brands due to slow growth in the overall market, the company was affected by soaring prices for raw materials and increases in personnel expenses and other management costs.

In 2012, Tingyi-Asahi Beverages is striving for steady growth by working to raise value. Initiatives include an overhaul of the company's sales strategy for core brands. In parallel, Tingyi-Asahi Beverages will introduce a sterile bottling line and produce lighter containers as part of efforts to boost cost competitiveness.

In November 2011, Tingyi-Asahi Beverages entered a strategic alliance with PepsiCo Inc. In entering the carbonated soft drinks category through this tie-up, Tingyi-Asahi Beverages is slated to become the top manufacturer in China's soft drinks market through the subsequent transfer of 24 bottlers in the country. Along with enhancing the value of its own brands, Tingyi-Asahi Beverages is seeking to grow into China's undisputed leader in the market by leveraging its nationwide sales channel network to expand its market position in the carbonated soft drinks category.

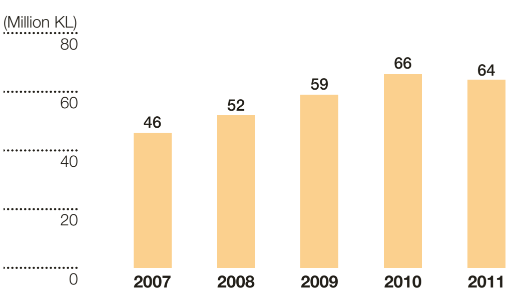
Southeast Asia

In November 2011, we acquired all shares in Permanis Sdn. Bhd., Malaysia's second largest soft drink maker, thereby securing a base in the Malaysian soft drinks market. In addition to a distribution network spanning the country and its own brands, Permanis has an extensive soft drinks portfolio as an exclusive Pepsi bottler.

We plan to invest heavily in marketing and facilities going forward, with an emphasis on the fast-growing noncarbonated soft drinks category, such as juice and tea-based drinks. Our aim here is to achieve growth that surpasses that of the market as we seek to establish a more dominant presence.

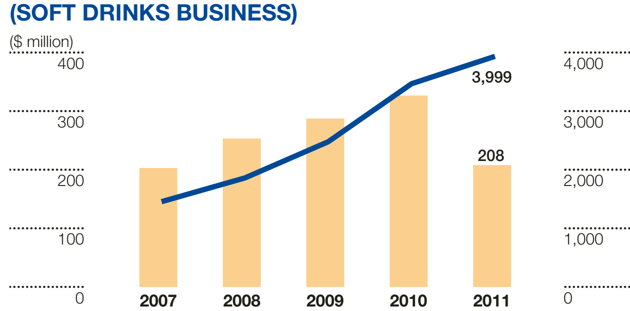
The acquisition of Permanis will serve as a foothold for the entire South East Asian market, enabling us to expand our business base in this region over the medium term.

THE CHINA SOFT DRINKS MARKET



Source: Euromonitor

PERFORMANCE OF TINGYI (CAYMAN ISLANDS) (SOFT DRINKS BUSINESS)



Operating income (left scale) Net sales (right scale)

Feature: Growth strategy of the Oceania Operations

As of January 31, 2012, our operations in Oceania consisted of six main companies. These include four non-alcoholic beverages companies, among them Schweppes Australia, and two alcoholic beverages companies. In terms of business scale, the region posted sales of ¥110.0 billion (approximately A$1,400 million), and EBITDA of roughly ¥14.0 billion (approximately A$180 million). Meanwhile Asahi Holdings (Australia) Pty Ltd (AHA) has been established as a regional headquarters to manage the companies in the region. AHA will become a core driver of business promotion in this region, promoting business consolidation to integrate the strengths of each company and produce synergies in the value chains of related divisions involved in production and logistics, sales, and indirect operations. The goal is to establish a more robust business base that will spur further growth in Oceania operations.

Asahi Holdings (Australia) Pty Ltd
Managing Director
Atsushi Katsuki

Asahi Holdings (Australia) Pty Ltd

Soft Drinks

COMPANY NAME	STRENGTHS	CATEGORY	SALES CHANNEL
Schweppes Australia	Australia's second largest non-alcoholic beverages (NAB) company	All NAB categories (carbonated soft drinks, juice, water, etc.) (Medium price range)	Mass retailers, independent stores, on-premise venues, convenience stores
Asahi Beverages Australia*1	Acquisition of Australia's third largest NAB company for water and juice operations	Juice and water (Low price range/ private labels)	Mass retailers/ convenience stores/schools, etc.
Charlie's Group Limited	Up-and-coming NAB company, fifth largest in NZ	Chilled juice, organic carbonated soft drinks (Premium price range)	On-premise venues/ convenience stores/ mass retailers
Mountain H_2O Pty Ltd	Australian NAB company specializing in water	Water (Mainly private labels)	Mass retailers

Alcoholic Beverages

COMPANY NAME	STRENGTHS	CATEGORY	SALES CHANNEL
Independent Distillers (Aust) Pty Limited	Australia's third largest ready-to-drink low-alcoholic beverages (RTD) company	RTD/beer	Mass retailers/chain stores/independent stores/exports to Asia
Independent New Zealand Limited	Largest RTD company in New Zealand	RTD/beer/spirits	Chain stores/ independent stores/ on-premise venues/ exports to North America

*1 Water and juice businesses of former P&N Beverages Australia Pty Ltd. Earnings are provisional estimates made by the Company at the time of acquisition

Synergies will be generated by focusing on the specific initiatives outlined below.

1) Procurement: Achieve reductions in the direct cost and the indirect cost of procurement through optimal Group procurement by standardization of raw materials and other materials
2) Logistics and production: Realize greater efficiency in production and transport costs through a more optimal supply chain
3) Indirect divisions: Enhance efficiency and promote standardization by establishing a shared services center and integrating back-office functions

Through steady commitment to these initiatives, we hope to generate roughly ¥5.0 billion (A$60 million) in synergies by fiscal 2014. Our business targets are sales of approximately ¥140.0 billion (approximately A$1,700 million), and EBITDA of around ¥24.0 billion (approximately A$300 million).

Corporate Governance

1. Basic Policy

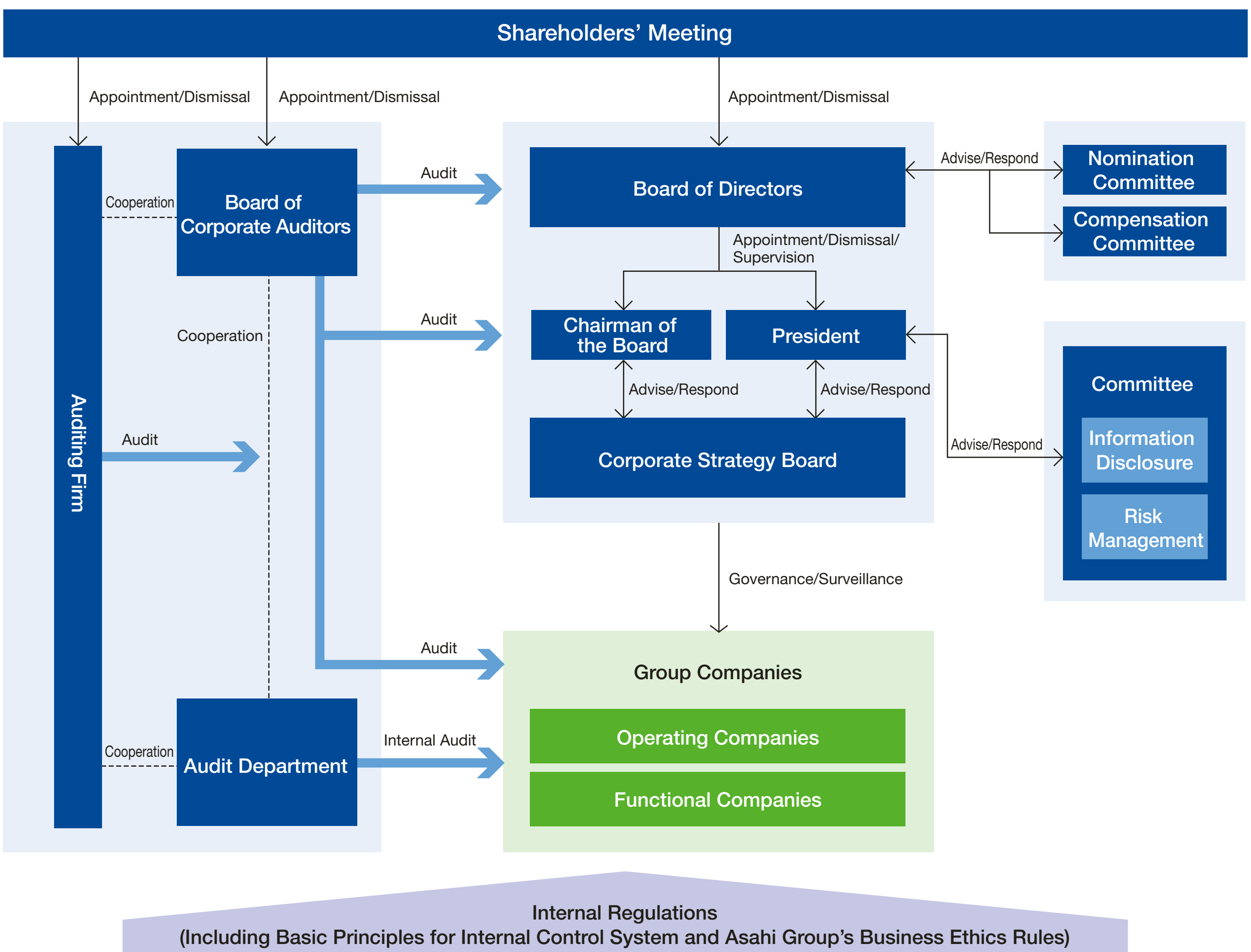
The Asahi Group recognizes all our stakeholders as "customers" who provide us with support, starting with the consumers of our products and also including shareholders, investors, suppliers, employees and local communities.

To ensure our corporate activities satisfy all these "customers" and to quickly adapt to an ever-evolving business environment, we have identified enhancing corporate governance as a priority for management. We are therefore striving to strengthen Group management, reinforce our relationship of trust with society and enhance our social responsibility and management transparency.

2. Characteristic Features of Our Corporate Governance Structure

Asahi Group Holdings, Ltd. is bolstering corporate governance with the goal of maintaining management soundness, transparency and efficiency. Specifically we have adopted a "company with auditors" governance framework, under which we strengthen management oversight functions and preserve transparency by appointing outside directors. The Company has also introduced a Corporate Officer System, designed to separate management duties from business execution, as well as boost management decision-making speed, and realize more efficient management overall.

Corporate Governance Structure



Move to a Pure Holding Company Structure

The Company moved to a pure holding company structure on July 1, 2011. This move is enhancing Group governance functions, developing manufacturing skills across the entire Group, and strengthening management infrastructure by integrating common operations across the Group and by improving specialty service functions. It is also developing human resources capable of responding to diverse customers and businesses. In addition, the new structure allows the Company to make bold resource allocation to growth areas in Japan and overseas, enabling the Group to grow more quickly.

Board of Directors

The Board of Directors consists of 11 directors, including 3 outside directors (as of March 31, 2012). Outside directors are chosen from a pool of exceptional external candidates who qualify as independent directors as defined by the rules of the Tokyo Stock Exchange and other bodies. Outside directors have varied career backgrounds, with some having served as corporate executives, educators, and as advisory government committee members prior to their appointments. The wealth of experience and keen insight of our current outside directors are reflected in the continued transparency of the Board's decision-making processes and management oversight.

In 2000, the Company (then Asahi Breweries, Ltd.) significantly reduced the number of directors, in the interest of realizing greater management efficiency and timelier decision-making.

In 2011, the Board of Directors held 12 regular meetings, with outside directors Ms. Bando, Mr. Tanaka and Mr. Ito attending 12, 12 and 9 meetings, respectively. (Because Mr. Ito was elected at the Company's Ordinary General Meeting of Shareholders held in March 2011, he attended fewer meetings since he took up his post.)

Nomination and Compensation Committees

Complete fairness and transparency in the appointment and compensation of senior officers are achieved by the Nomination Committee and the Compensation Committee, which serve as advisory bodies to the Board of Directors. Outside directors are present among the directors that comprise the membership of each committee.

The Nomination Committee consists of a total of four officers, of whom two are Company-employed directors and two are outside directors. The committee is chaired by a Company-employed director, and is responsible for recommending candidates for director, corporate officer or auditor to the Board of Directors. The committee met three times in 2011, mainly to make proposals for corporate officer personnel.

The Compensation Committee is also comprised of four officers, of whom two are Company-employed directors and two are outside directors. The committee is chaired by an outside director, and is responsible for proposing compensation systems and packages for directors and corporate officers to the Board of Directors. The committee met four times in 2011, and mainly forwarded proposals regarding the amount of bonuses for senior officers.

Board of Corporate Auditors

The Board of Corporate Auditors is responsible for supervising and auditing the management of the Company and the performance of duties by directors. The Board of Corporate Auditors consists of five auditors, including three outside auditors. Selected from a pool of exceptional candidates who qualify as independent auditors, the experience and insight gained from the varying backgrounds of the outside auditors, a former top executive, a lawyer and a university professor, are evident as they audit the management of Asahi Group Holdings from multiple perspectives. In 2011, the Board of Corporate Auditors held nine meetings, all of which were attended by Mr. Sakurai, Mr. Nakamura, and Mr. Ishizaki.

3. Corporate Officer System

Introduction of a Corporate Officer System

Asahi Group Holdings has introduced a Corporate Officer System to ensure timely execution of operations and clarify responsibilities and authority. Corporate officers are granted the authority by the Board of Directors to execute operations and are responsible for the timely execution of operations. Meanwhile, directors are entrusted with the mission of formulating Group management strategies and making key decisions on Group management for strengthening and developing the Group, in addition to supervising the execution of operations.

Corporate Strategy Board

The Corporate Strategy Board holds high-level meetings to fulfill its responsibility of quickly executing decisions made by the Board of Directors. The Corporate Strategy Board deliberates matters pertaining to the direction of the entire Group. The Corporate Strategy Board is chaired by the president and representative director. Its meetings maintain the accountability of directors for the entire Group and the responsibility of the president and representative director and corporate officers for the operating companies, thereby clarifying responsibilities and accelerating decision-making. To maximize operational efficiency, at each meeting, progress is controlled and assessed based on an objective and rational management index. In order to ensure the legality of the decision-making process employed for major issues and to further enhance compliance management, each meeting is attended by at least one standing corporate auditor.

In 2011, as the second year of Medium-Term Management Plan 2012, the themes deliberated at the meetings were growth strategies for completing the medium-term plan, including capital and business alliances overseas, the management structure and human resources development following the transition to a holding company system, profit structure reform, Group policy and business plans for 2012, and the topics for the next Medium-Term Management Plan.

Internal Audits and Accounting Audits

To enable auditors to efficiently conduct their auditing duties, Asahi Group Holdings assigns three full-time staff to attend to the needs of the Board of Corporate Auditors, enabling auditors' full attendance at important meetings and facilitating the review of authorized documents at all times.

With respect to internal audits, the Group has established audit departments comprising seven people at Asahi Group Holdings, Ltd., four people at Asahi Breweries, Ltd., and six people at Asahi Soft Drinks Co., Ltd. as internal auditing departments. These cooperate with each other to conduct audits based on Group-wide auditing standards and our annual audit plan to ensure proper and effective business execution across the entire Group. In addition to reports individually filed with each audit, twice a year, general reviews of the audits are submitted to the Corporate Strategy Board to be used as the basis for new policies.

The auditors, Internal Audit Department and accounting auditor work in concert by exchanging information through briefings and by transmitting copies of auditing reports periodically, and as needed. In 2011, the Board of Corporate Auditors held five briefings with the accounting auditor and three briefings with the Internal Audit Department, respectively. The Internal Audit Department held four meetings with the accounting auditor.

4. Compensation for Directors and Auditors, and Accounting Auditor

Resolutions regarding compensation for senior officers become agenda items for the Board of Directors following deliberations that take into account the compensation systems and packages for directors and corporate officers proposed by the Compensation Committee. In 2011, fixed salaries comprised around 80% of compensation for directors, with the performance-based portion roughly accounting for another 20%. (Note: 100% of performance-based compensation was short term, none was long term). For auditors, compensation consisted entirely of fixed salaries (monthly compensation), reflecting the abolishment of the Company's system of benefits from April 2009. (Refer below.)

Compensation for Directors and Auditors (FY2011)

(¥ million)	Salary	Bonus	Total
Company-employed Directors (Total: 11)	344.7	103.3	448.0
Outside Directors (Total: 3)	28.8	10.5	39.3
Corporate Auditors (Total: 2)	63.6	—	63.6
Outside Auditors (Total: 3)	32.4	—	32.4

*1 The above figures include directors Masatoshi Takahashi, Noriyuki Karasawa, and Toshio Mori, and corporate auditor Yoshihiro Goto, all of whom retired at the end of the 87th Ordinary General Meeting of Shareholders held on March 25, 2011.

The Company (then "Asahi Breweries, Ltd.") decided at a meeting of the Board of Directors held on February 6, 2007, to abolish the system of retirement benefits for directors and auditors and to include the relevant amount in their annual salaries. Retirement benefits were traditionally paid as compensation to directors and auditors at a future date, and the decision to include compensation equivalent to retirement benefits in the annual salary was made in response to the adoption of a one-year term of office. At the same February 6 meeting, the Board of Directors also decided to make no new allotments to the stock option system that had been implemented as part of the compensation system for directors, auditors and corporate officers, on the grounds that even if they were able to execute their rights under insider trading regulations, it would be difficult to sell the rights at a later date, so that their function as an incentive was unsustainable.

Accounting Auditor Compensation

In 2011, audit fees payable to the accounting auditor amounted to ¥182 million for an attestation agreement and ¥15 million in other compensation.

5. Internal Control System

Response to the Financial Instruments and Exchange Act (Japanese SOX Act)

In response to the Japanese SOX Act, Asahi Group Holdings has put an evaluation and reporting framework in place that includes a set of guidelines, "Basic Regulations for Evaluation and Reporting of Internal Control for Financial Reporting," and the establishment of the Internal Control Evaluation Office as an organization to conduct independent evaluation of managers.

Based on evaluation results for 2011, the Company has determined that, as of December 31, 2011, it has an effective internal control system with respect to financial reporting. This assessment was corroborated by an audit of the internal control system performed by the outside auditors.

Development of Internal Control System Based on the Companies Act

Following the transition to the holding company system, we newly established Basic Principles for Asahi Group Holdings that carry on the philosophy of the Basic Principles for Establishing an Internal Control System established by Asahi Breweries in 2006. In drafting these Basic Principles, we analyzed and evaluated the current system at the Company and the Asahi Group to determine the proper course of action. Based on these Basic Principles, we are presently developing an internal control system that will encompass the entire Asahi Group. With respect to both risk management and compliance, we are establishing systems and guidelines that reflect the Basic Principles as we conduct control activities (see p. 34 for more details). All major Group companies, specifically Asahi Breweries, Ltd., Asahi Soft Drinks Co., Ltd., Asahi Food & Healthcare Co., Ltd., and Wakodo Co., Ltd. have also drafted their own basic principles in this area.

Going forward, we anticipate that business growth will trigger expansion in both the number of Group companies and the regions where we operate. This growth notwithstanding, we are committed to extensively embedding our internal control system throughout the entire Group. At the same time, we will constantly strive to remain aware of regulatory reforms and social trends in each business and operating region, responding proactively to any changes that emerge.

6. Renewal of Takeover Defense Measures

With the approval of the shareholders at the 83rd Annual Shareholders' Meeting held on March 27, 2007, the Company (then "Asahi Breweries, Ltd.") adopted countermeasures against the large-scale purchase of its shares ("takeover defense measures"). The takeover defense measures define procedures for measures to be taken in the event that the Company becomes the target of a large-scale attempt to purchase its shares. Such measures include (1) requiring the person conducting the purchase ("the purchaser") to provide necessary and sufficient information in advance, (2) securing the time necessary for gathering and examining information concerning the purchase, and (3) presenting management's own plan or an alternative proposal to shareholders of the Company, or conducting negotiations with the purchaser.

The potential for abusive share purchases remains a risk in Japan's current legal framework. Asahi Group Holdings believes it should therefore continue to maintain highly transparent procedures capable of providing shareholders with sufficient information and decision-making opportunity should the Company suddenly become the target of a large-scale attempt to purchase its shares.

Accordingly, with the approval of shareholders, the Company (then "Asahi Breweries, Ltd.") renewed its takeover defense measures at the 87th Annual Shareholders' Meeting held on March 25, 2011.

Risk Management

Taking the opportunity of the move to a holding company in 2011, the Asahi Group established the Asahi Group Risk Management Rules and the Asahi Group Risk Management Manual. The Risk Management Rules define the basic issues related to risk management. The Risk Management Manual defines specific management processes based on the Risk Management Rules. The goal in drafting these rules and procedures is to prevent all types of risks surrounding the business and to strengthen our risk management system for responding to emergency situations.

The Asahi Breweries Risk Management Committee, established in line with the Group Rules, is comprised of all the directors of Asahi Group Holdings and one executive officer. In addition to reporting about examples of risk management and compliance, the committee meets to discuss and decide guidelines for related activities as a whole, as well as priority measures to be taken, based on the results of a risk survey, and reviews the content of measures and the progress of plans concerning major risks. The committee also maintains close contact with supervisors and staff responsible for promoting risk management in each department at Head Office and in each major business unit within the Group. The goal here is to conduct preventive activities at the organizational level to avoid the occurrence of risks on a daily basis.

In 2011, the committee reviewed its fundamental approach in line with the needs of the times as described in the existing disaster manuals, and focused on the development of a basic BCP (business continuity plan). Because the Great East Japan Earthquake occurred in the middle of this work, the Company was able to reflect knowledge obtained from the disaster in this basic BCP.

Risk Management Promotion System

Compliance

Asahi Group Holding promotes compliance and risk management throughout the Group based on the Asahi Group Risk Management Rules. To this end and to act as the highest deliberative and promotional body, the Company established the Risk Management Committee made up mainly of Board Directors and General Managers of the General Affairs and Legal Management Department.

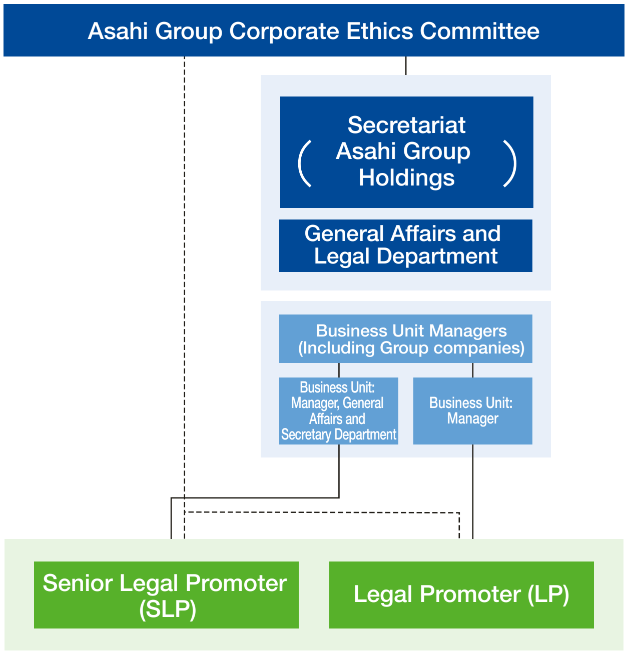
In accordance with the Asahi Group Corporate Ethics Rules, we have stationed an appropriate number of compliance promoters with a certain degree of compliance knowledge at the major business units of the Company and Group companies, to increase compliance awareness and disseminate legal knowledge. As of the end of 2011, compliance promoters comprised around 150 Legal Promoters (LPs) and 27 Senior Legal Promoters (SLPs).

In 2011, the Company held one training session for all LPs, and two training sessions for all SLPs. These training sessions emphasized case studies based on a group debate-style format, while striving to share the latest knowledge and information concerning compliance and risk management.

In addition, training sessions focused on business sites were also held for product development staff at Group companies. All participants reviewed their legal knowledge concerning trademarks and other intellectual property, and product labeling.

In this manner, the Company has led Group-wide efforts to conduct educational programs, training sessions and other activities aimed at further improving compliance at business sites, while striving to develop and upgrade the compliance promotion framework.

Compliance Promotion System



Board of Directors, Auditors and Corporate Officers (As of March 28, 2012)

Board of Directors

1. **Hitoshi Ogita**
Chairman of the Board

2. **Naoki Izumiya**
President and Representative Director

3. **Kazuo Motoyama**
Executive Vice President

4. **Katsuyuki Kawatsura**
Managing Director and Managing Corporate Officer

5. **Toshihiko Nagao**
Managing Director and Managing Corporate Officer

6. **Toshio Kodato**
Director and Corporate Officer

7. **Shiro Ikeda**
Director and Corporate Officer

8. **Akiyoshi Koji**
Director

9. **Mariko Bando**
Outside Director

10. **Naoki Tanaka**
Outside Director

11. **Ichiro Ito**
Outside Director

1	2				
3	4	5	6	7	8
9	10	11			

Auditors

Standing Corporate Auditors
Yoshihiro Tonozuka
Yukio Kakegai

Corporate Auditors
Takahide Sakurai
Naoto Nakamura
Tadashi Ishizaki

Corporate Officers

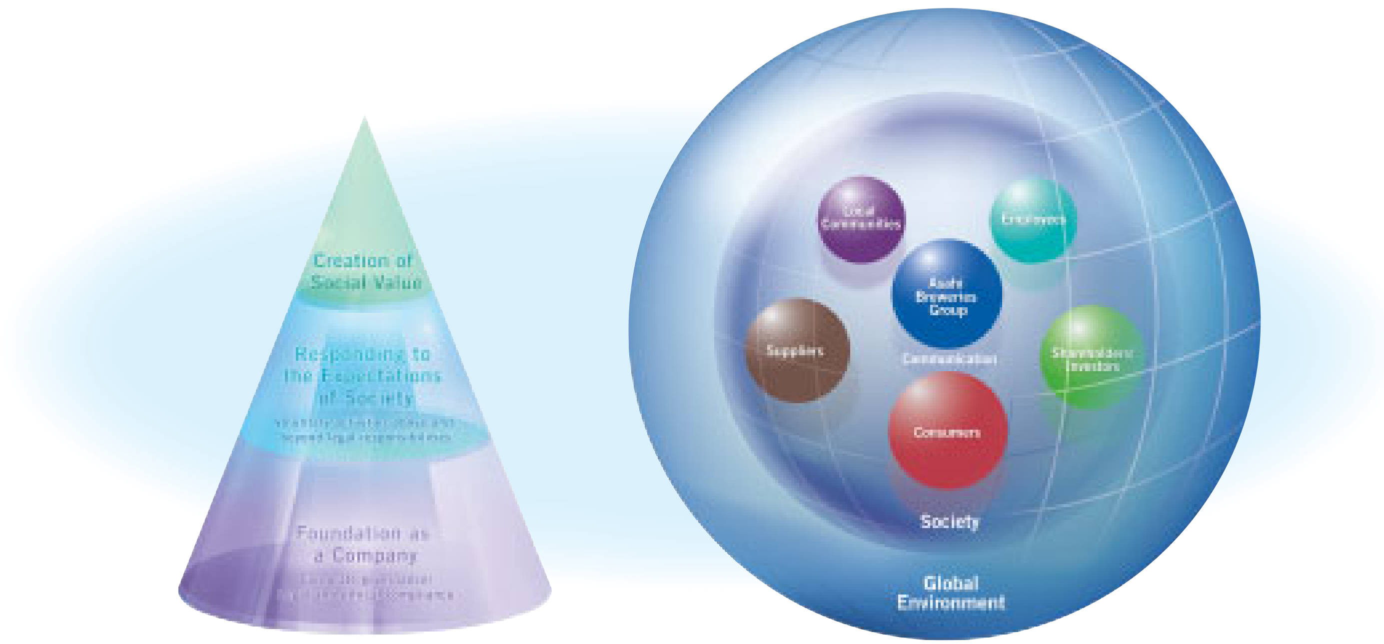
Managing Corporate Officer
Fumio Yamasaki

Corporate Officers
Katsutoshi Takahashi
Kiminari Maruta
Hiroshi Kawashita
Yoshihide Okuda
Yasutaka Sugiura
Tetsuo Tsunoda

Corporate Social Responsibility (CSR)

The Asahi Group and CSR

The Asahi Group is committed to transforming the bounty of nature into the “Kando” of food while becoming a trusted company with global quality. Guided by this approach, we conduct corporate activities in ways that uphold our corporate philosophy of pursuing customer satisfaction. In all business activities worldwide, we are determined to meet our social responsibility as a corporate citizen through environmentally and socially conscious actions. At the same time, we strive to create social value, and work to promote the sustainable development of both society and the Asahi Group.



CSR Policy of the Asahi Group (Drafted January 2010)

The Asahi Group seeks to contribute to the development of a sustainable society through all our business activities worldwide. Not only will we comply with the various laws and rules of all countries and regions where we operate, but we will also take the initiative to actively engage in activities aimed at fulfilling our social responsibility with a global viewpoint. Furthermore, we hope to share the excitement with all the peoples of the world through the creation of new social values. We will continue to think about what we can do to bring this about and take action, together with all the stakeholders that surrounds us.

Formulation of the Asahi Group Environmental Vision 2020

In March 2010, the Asahi Group formulated Environmental Vision 2020 to strengthen environmental preservation activities throughout the Group. In order to realize a sustainable society for the future, we will focus on reducing the environmental burden of our production and business activities and on valuing our relationships with the individuals in society, including the next generation. With this goal in mind, the Group as a whole will promote initiatives to preserve the environment.

Asahi Group Environmental Vision 2020

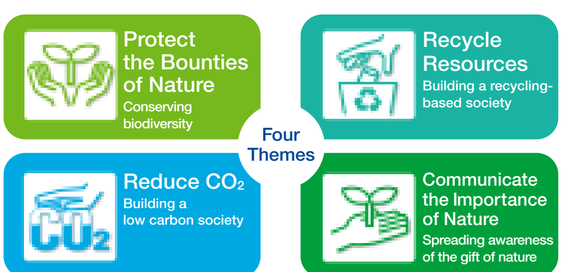
Bringing the Best of Nature to Tomorrow

Asahi Group conducts business activities that make use of the gifts of nature, such as water and grain. We are able to deliver safe and reliable products to our customers only when the global environment and human society are sustainable.

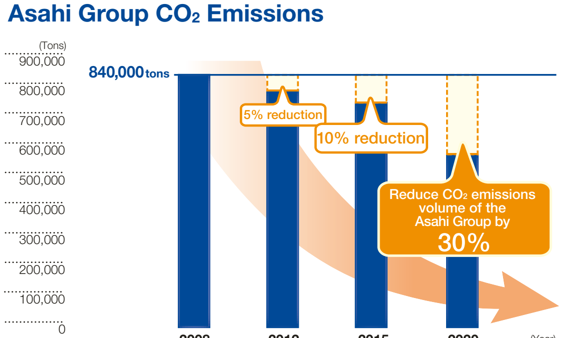
The changes occurring in the global environment call for urgent and concrete measures on the part of all businesses and consumers.

The shared mission of humanity is to work to realize a society that can exist in harmony with the global environment.

Asahi Group will work actively to address environmental concerns and contribute to the realization of a sustainable society, in keeping with four key themes: "Building a Low Carbon Society," "Building a Recycling-Based Society," "Conserving Biodiversity," and "Spreading Awareness of the Gift of Nature."



Asahi Group CO_2 Emissions



Initiatives for Protection of Biodiversity

In its business activities, the Asahi Group makes use of water, grains, and other natural resources. As such, we have formulated the Statement on Biodiversity*, designed to respect biodiversity and protect the bounties of nature so that we can pass them on to the next generation. This statement contains three core policies: protecting the natural environments where plants and animals live, valuing the bounties of nature, and working together with people around the world.

Going forward, the Asahi Group will continue to actively promote sharing of specific biodiversity-conscious business activities throughout the entire Group.

* For details, refer to the pamphlet "The Asahi Group Statement on Biodiversity."

Human Resource Development at the Asahi Group

Since 2010, the Asahi Group has implemented the “Global Challengers Program,” an HR development program designed to foster human resources capable of conducting operations on a global stage. This program is part of efforts to meet the objectives outlined in our Long-Term Vision 2015 and Medium-Term Management Plan 2012.

In 2011, seven program participants were selected based on their written applications and performance at training in Japan. They were sent primarily to emerging markets, where they used their initiative over three months to build local networks and survey the local business environment while undergoing language training. At the end of their stay, participants offered suggestions on strategy for the Asahi Group in the countries where they were assigned.

Destinations and Number of Participants for 2011 Global Challengers Program

India	2
China	1
Vietnam	1
Malaysia	1
Indonesia	1
Poland	1

International Year of Forests 2011 and Asahi Forest 70th Anniversary Commemorative Project

MAY

Asahi Breweries Environmental Culture Lecture “Viewing Forest Diversity During the International Year of Forests” Held

SEPTEMBER

Asahi Breweries Environmental Culture Lecture “The Potential and Diversity of Forests” Held

JULY

AUGUST

Asahi Forest Nature School Held

We hosted a number of events to commemorate 2011 as the “International Year of Forests” designated by the United Nations and the 70th anniversary of Asahi Breweries own Asahi Forest. In May, we held the 50th Asahi Breweries Environmental Culture Lecture entitled “Viewing Forest Diversity During the International Year of Forests,” followed in July and August by a new environmental education program called “Asahi Forest Nature School.” In September we held the 51st environmental culture lecture, this time entitled “The Potential and Diversity of Forests.”

Asahi Breweries Environmental Culture Lectures feature presentations by researchers, notable names from the environmental protection movement, and others. Together with the speakers, audience members consider environmental issues close to their own lives, with the goal of achieving a more sustainable society.

Asahi Forest Nature School, Asahi Breweries new environmental education program, uses nature experiences to deepen understanding of the importance of the Earth’s environment among elementary schoolchildren, who will inherit tomorrow’s world, and their parents and guardians. Held in areas of Asahi Forest such as Konomurayama and Akamatsuyama, the program also helps to strengthen bonds between parents and children.

FINANCIAL SECTION

ELEVEN-YEAR SUMMARY

Years ended December 31

	Millions of yen				
	2011	2010	2009	2008	2007
For the year:					
Net sales	¥1,462,736	¥1,489,461	¥1,472,469	¥1,462,748	¥1,464,072
Operating income	107,190	95,349	82,777	94,520	86,956
Income (loss) before income taxes and minority interests	90,422	92,465	88,078	82,938	81,741
Net income (loss)	55,093	53,080	47,645	45,014	44,798
Capital investments*2	40,225	36,738	62,376	36,135	44,481
Depreciation*2	58,135	59,710	58,372	47,353	45,250
<Segment information>					
Sales:					
Alcoholic beverages	—	—	—	—	—
Soft drinks and food	—	—	—	—	—
Pharmaceuticals	—	—	—	—	—
Real estate	—	—	—	—	—
Others	—	—	—	—	—
Sales: (New Segments)					
Alcoholic beverages	921,657	966,331	958,156	995,703	1,012,256
Soft drinks	324,782	306,719	355,162	316,737	299,663
Food	98,033	95,440	92,400	79,203	67,089
Overseas	94,220	97,674	—	—	—
Others	24,044	23,297	66,751	71,105	85,064
Operating income (loss):					
Alcoholic beverages	—	—	—	—	—
Soft drinks and food	—	—	—	—	—
Pharmaceuticals	—	—	—	—	—
Real estate	—	—	—	—	—
Others	—	—	—	—	—
Operating income (loss): (New Segments)					
Alcoholic beverages	101,025	87,250	78,879	90,762	79,285
Soft drinks	11,389	8,330	695	616	4,593
Food	4,158	3,594	2,745	1,944	1,344
Overseas	(2,913)	(5,138)	—	—	—
Others	760	1,145	889	1,006	1,724
Financial position:					
Total assets	1,529,908	1,405,358	1,433,653	1,299,059	1,324,392
Interest-bearing debt	390,092	311,423	391,876	302,259	332,458
Total net assets*3	643,799	612,670	577,703	534,628	529,782

	Yen				
Per share data:					
Net income	¥ 118.36	¥ 114.10	¥ 102.49	¥ 96.31	¥ 94.94
Diluted net income	118.28	114.00	102.42	96.14	94.74
Cash dividends applicable to the year	25.00	23.00	21.00	20.00	19.00
Total net assets	1,378.19	1,315.51	1,233.25	1,122.13	1,089.33

	%				
Ratios:					
ROE	8.8	9.0	8.7	8.7	9.0
Operating income ratio	7.3	6.4	5.6	6.5	5.9
Operating income ratio (exclusive of alcohol tax)	10.2	9.0	8.1	9.6	9.0
Equity ratio	41.9	43.6	40.0	40.2	38.9

*1 U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥77.74 to U.S.$1, the exchange rate prevailing at December 31, 2011.
*2 Includes effects accompanying changes in accounting standards for lease transactions and trademarks of an Australian subsidiary at time of acquisition.
*3 Total net assets through fiscal 2005 represents total shareholders' equity under the former accounting standards, while after fiscal 2006 they were computed in accordance with new accounting standards.
*4 In case of net loss, disclosure of fully diluted per share data is not required.

		Millions of yen				Thousands of U.S. dollars*1
2006	2005	2004	2003	2002	2001	2011
¥1,446,385	¥1,430,027	¥1,444,226	¥1,400,302	¥1,375,267	¥1,433,364	$18,815,745
88,713	90,249	101,273	78,984	69,341	77,777	1,378,827
81,165	75,725	58,369	48,681	32,483	18,611	1,163,134
44,775	39,870	30,596	23,210	14,754	13,617	708,683
36,894	43,941	40,134	38,184	41,257	64,829	517,430
48,793	50,028	51,339	53,101	51,546	52,901	747,813
—	—	—	—	—	1,179,412	—
—	—	—	—	—	201,772	—
—	—	—	—	—	—	—
—	—	—	—	—	3,058	—
—	—	—	—	—	49,122	—
1,007,558	1,025,447	1,078,931	1,067,136	1,057,029	1,101,620	11,855,634
283,121	267,003	217,380	185,738	173,773	192,526	4,177,798
53,792	25,286	22,163	21,547	14,232	14,561	1,261,037
—	—	—	—	—	—	1,211,989
101,914	112,291	125,752	125,881	130,233	124,657	309,287
—	—	—	—	—	92,635	—
—	—	—	—	—	(1,485)	—
—	—	—	—	—	—	—
—	—	—	—	—	1,833	—
—	—	—	—	—	(816)	—
78,186	78,089	90,872	72,452	69,145	76,809	1,299,524
7,746	8,632	8,114	2,645	(4,086)	(2,079)	146,501
445	805	(599)	169	8	406	53,486
—	—	—	—	—	—	(37,471)
2,173	2,559	2,935	3,399	3,855	2,476	9,776
1,288,501	1,218,227	1,250,818	1,244,410	1,294,738	1,341,103	19,679,804
290,101	289,202	303,089	336,285	402,206	417,167	5,017,906
509,775	454,892	417,828	398,153	387,539	385,965	8,281,438
		Yen				U.S. dollars
¥ 94.02	¥ 82.22	¥ 62.52	¥ 46.80	¥ 28.90	¥ 27.00	$ 1.52
93.85	80.98	60.64	44.58	27.46	25.25	1.52
19.00	17.00	15.00	13.00	13.00	13.00	0.32
1,012.77	951.12	860.66	810.19	770.86	752.25	17.73
		%				
9.6	9.1	7.5	5.9	3.8	3.7	
6.1	6.3	7.0	5.6	5.0	5.4	
9.4	9.8	11.4	9.2	8.3	9.0	
37.0	37.3	33.4	32.0	29.9	28.8	

Overview

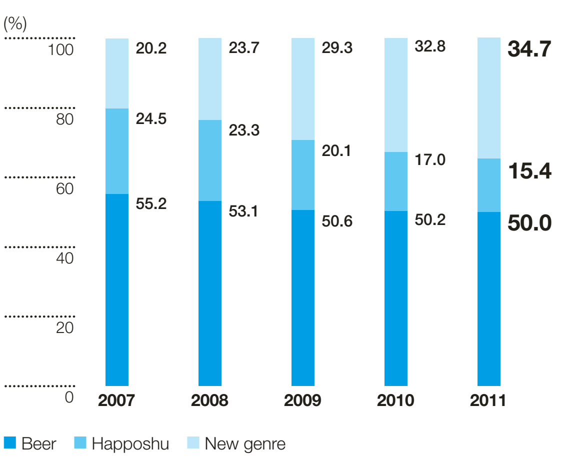
Market Trends

In the fiscal year ended December 31, 2011, recovery in the global economy weakened due to the intensification of Europe's sovereign debt problem and low growth of the US economy, despite solid performance of the Asian economy centered on China.

Japanese economic conditions remained harsh due to the impact of the slowdown of overseas economies, the persistently strong yen, and other factors, even though improvement 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 promoted global Group management in the second year of its Medium-Term Management Plan 2012, aimed at further enhancing its corporate value. In addition, the Group sought to clarify authority and accountability in each business division by transitioning to a holding company structure in July 2011. The transition enabled the divisions to specialize further in reinforcing the Group's business base as a whole. At the same time, it enabled the Group to boldly distribute its management resources to growth fields, with the view to achieving dramatic growth going forward.

PRODUCT SHARE IN THE BEER-TYPE BEVERAGES MARKET BY GENRE



* Based on taxable shipments

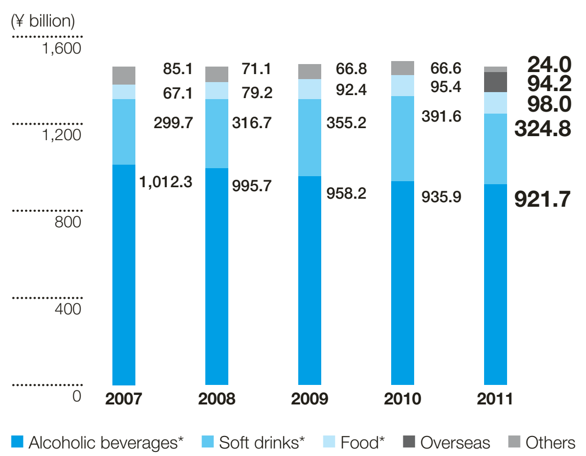
Net Sales

In fiscal 2011, net sales for the Asahi Group decreased ¥26.7 billion, or 1.8% year on year, to ¥1,462.7 billion.

Sales in the alcoholic beverages business declined ¥44.7 billion, or 4.6% year on year, to ¥921.7 billion, largely reflecting lower sales for beer-type beverages due to the impact of the Great East Japan Earthquake. In the soft drinks business, sales rose ¥18.1 billion, or 5.9%, to ¥324.8 billion, while sales in the food business increased ¥2.6 billion, or 2.7%, to ¥98.0 billion. In the overseas business, sales decreased 3.5% year on year to ¥94.2 billion.

In sales composition by segment, the alcoholic beverages business's share decreased from 64.9% in the previous fiscal year to 63.0%, while the soft drinks business's share increased from 20.6% to 22.2%. The food business' share, meanwhile, increased from 6.4% to 6.7%, and the overseas business's share decreased from 6.6% to 6.4%.

NET SALES BY SEGMENT

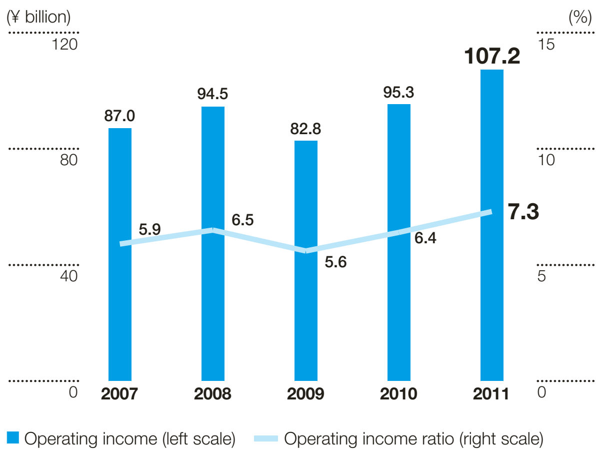


* Overseas business results are included in other segments prior to 2011

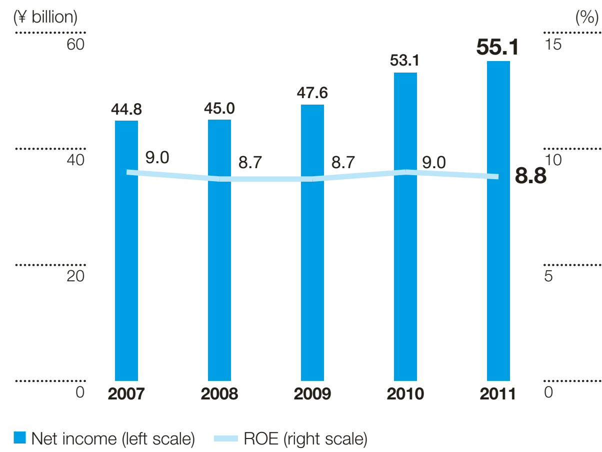
Operating Income

For the consolidated fiscal year, operating income increased ¥11.8 billion, or 12.4%, year on year, to ¥107.2 billion. This result was due in part to cost reduction efforts in the alcoholic beverages business such as curbing advertising and sales promotion expenses and other fixed costs. Other factors included improved sales volume in the soft drinks business, coupled with greater internal production of PET bottles and other efforts to lower costs. Another contributor to higher income was a decrease in amortization of goodwill in the food business. In the overseas business, business restructuring prompted dramatic improvement in profitability with the sale of unprofitable soft drink operations in South Korea, along with the sale of China-based Hangzhou Xihu Beer Asahi Co., Ltd. and Zhejiang Xihu Beer Asahi Co., Ltd.

OPERATING INCOME/OPERATING INCOME RATIO



NET INCOME/ROE



Other Income and Expenses

Other loss of ¥16.8 billion was recorded, a loss ¥13.9 billion worse compared to the previous year. Other loss was largely attributed to earthquake-related expenses of ¥17.9 billion associated with the Great East Japan Earthquake, coupled with business integration expenses of ¥3.6 billion associated with new business investments.

Other factors included a loss on devaluation of investment securities of ¥2.1 billion.

Income Taxes

The actual effective tax rate, including the corporate tax for fiscal 2011, decreased from 44.3% in the previous fiscal year to 38.6%. The difference between the actual effective tax rate of 38.6% and the statutory tax rate of 40.4% was primarily caused by the positive effects of 3.9% in amortization of goodwill (including impairment loss), and 1.7% in non-deductible expenses, and the negative effects of 5.2% in valuation reserves and 3.1% in non-taxable dividend income. The major factor behind the decrease in the actual effective tax rate was the decline in valuation reserves of 5.4% and decline in amortization of goodwill of 4.0%, despite an increase of 3.8% in equity in net income of unconsolidated subsidiaries and affiliated companies.

Net Income

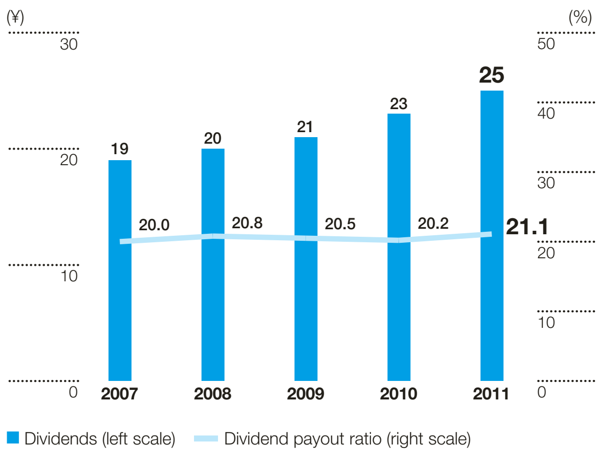
Net income rose 3.8%, or ¥2.0 billion year on year, to ¥55.1 billion. The net income ratio was 3.8%, up 0.2 of a percentage point from the previous fiscal year. ROE was down 0.2 of a percentage point year on year, at 8.8%. Net income per share (diluted) increased from ¥114.00 to ¥118.28.

Dividends

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

Based on this policy, we paid an ordinary full-year dividend of ¥25.0 per share, which included a ¥2.0 increase in the year-end dividend to ¥13.5 per share, and an interim dividend of ¥11.5 per share. In fiscal 2012, ending December 31, 2012, we plan to pay an interim dividend of ¥14.0 and a year-end dividend of ¥14.0 per share, for a full-year dividend of ¥28.0 per share.

DIVIDENDS/DIVIDEND PAYOUT RATIO



Review of Operations by Segment

SALES AND OPERATING INCOME BY SEGMENT (2011/2010)

	Millions of yen		
	2011	2010	Percent change
Sales			
Alcoholic beverages	**¥921,657**	¥966,331	–4.6
Soft drinks	**324,782**	306,719	+5.9
Food	**98,033**	95,440	+2.7
Overseas	**94,220**	97,674	–3.5
Others	**24,044**	23,297	+3.2
Operating income			
Alcoholic beverages	**101,025**	87,250	+15.8
Soft drinks	**11,389**	8,330	+36.7
Food	**4,158**	3,594	+15.7
Overseas	**(2,913)**	(5,138)	—
Others	**760**	1,145	–33.7

Alcoholic Beverages Business (Related information on page 16)

Asahi Breweries, Ltd.

The alcoholic beverages business in Japan continues to face a severe market climate. Fewer births and an aging population are spurring a gradual decline in alcoholic beverage consumption, while more stringent belt-tightening amid poor economic conditions is driving a preference for low-priced products. In this context, we strove to leverage customer trust and cultivate a sense of familiarity to improve brand value, and make new value propositions that offer new discoveries and enjoyment to consumers in order to grow overall demand. In parallel, we took steps to further reinforce and develop our core brands *Asahi Super Dry* and *Clear Asahi*. At the same time, we sought to build a solid earnings base immune to the effects of changes in the market environment, by minimizing fixed costs across the board and reducing raw materials costs.

These initiatives spurred sales growth in the new genre beverages category, reflecting budget-conscious spending and a strong preference for lower-priced products among consumers. The result, however, was a slight dip in sales in the beer category and a sharp drop in happoshu sales. Consequently, overall sales in the alcoholic beverages segment, comprised of Asahi Breweries, Ltd. and other operating companies, declined 4.6% year on year, to ¥921.7 billion. Operating income was up ¥13.8 billion, or 15.8% year on year, to ¥101.0 billion, with growth mainly spurred by benefits from efforts to curb advertising and sales promotion expenses and other fixed costs.

Beer-type beverages

Taxable shipment volume for domestic beer-type beverages from Asahi Breweries, Ltd. declined 2.9% year on year to 166.1 million cases.

As a result, sales of beer-type beverages declined ¥27.4 billion, or 3.4% from the previous year, to ¥785.1 billion.

The company's share of the overall domestic beer-type beverages market was 37.9%, up 0.4 of a percentage point year on year.

Beer

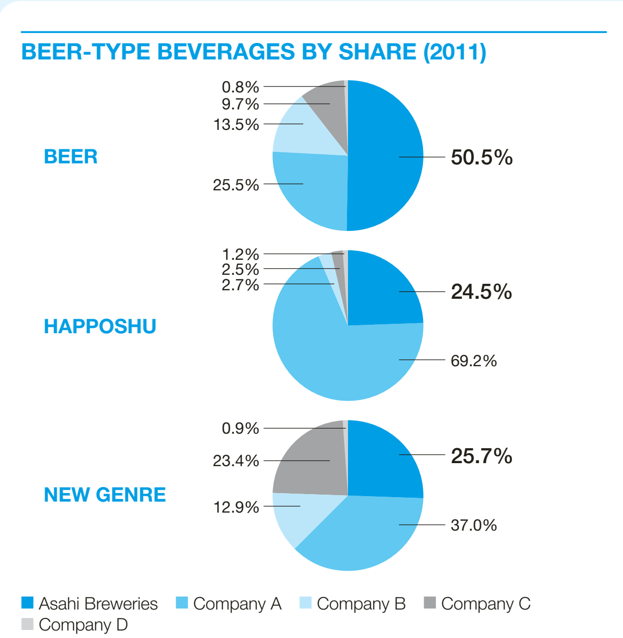
In the beer category, we took action to develop the *Asahi Super Dry* "Extra cold" (–2°C to 0°C) concept by expanding the number of sites generating information about this new value proposition, as well as developing and installing space-saving dispensers. As part of aggressive marketing efforts to reinforce the brand power of *Asahi Super Dry*, we also continued to enact a project called "Refreshingly Sustainable." Promoted in each of Japan's 47 prefectures, the project donates a portion of proceeds from sales of *Asahi Super Dry* to the protection and preservation of the natural environment and important cultural treasures in each region. The result was annual sales volume of over 100 million cases*[1] for a 23rd consecutive year, retaining the 55.5%*[2] of Japan's beer market achieved in the previous year. This achievement notwithstanding, beer sales volume decreased 4.6% year on year to 11.2 million cases, with beer sales declining ¥27.2 billion, or 4.4%, to ¥593.2 billion.

Happoshu

In the happoshu category, amid the market diminishing, we made quality improvements to and vigorously enacted sales promotion activities for *Asahi Style Free*, our pioneering product in the "zero carbohydrate"*[3] category. Consequently, happoshu sales volume decreased 11.2% year on year to 2.1 million cases and sales decreased ¥8.2 billion, or 11.4%, to ¥63.3 billion. However, Asahi Breweries, Ltd.'s share of the domestic happoshu market increased 0.5 of a percentage point to 24.5%*[2].

New genre beverages

In new genre beverages, we conducted advertisement-linked consumer campaigns and other initiatives for our core brand *Clear Asahi*. These efforts lifted sales volume for a fourth consecutive year since the debut of this product. We worked to further solidify our presence in the market for new genre beverages by bolstering our product lineup, which also includes *Asahi Off*, with the launch of *Asahi Blue Label*, our "zero carbohydrate" offering, in July. As a



result of these initiatives, sales volume rose 6.6% from the previous year to 2.4 million cases and Asahi Breweries, Ltd.'s share of the domestic market for new genre beverages rose 1.2 percentage points to 25.7%*2. Sales in this category increased ¥8.0 billion, or 6.6%, to ¥128.6 billion.

*1 One case is equivalent to 20 large bottles (663ml each).
*2 Beer market share based on statistical data on taxable shipment volume from Japan's top five beer companies.
*3 Based on nutrition labeling standards, sugar content of less than 0.5g (per 100ml) is indicated as "zero carbohydrate."

Alcoholic beverages other than beer-type beverages

Overall sales of alcoholic beverages other than beer-type beverages—shochu, RTD beverages, whisky and spirits, wine and beer-taste beverages—decreased ¥13.7 billion, or 10.6%, to ¥114.7 billion. The drop in sales largely reflected persistent product supply shortfalls caused by the Great East Japan Earthquake, and came despite the promotion of profit structure reforms, including revisions to transaction systems.

Shochu

For shochu, we conducted aggressive sales promotion activities designed to reinforce the *Kanoka* brand that had been renewed in August. We also moved assertively to expand sales of commercial-use products, centered on *Honkaku Imo-Jochu Satsuma Koku-Murasaki*, which uses a rare variety of sweet potato for shochu named *Akimurasaki*. Despite these efforts, however, sales declined 16.5% year on year to ¥40.3 billion.

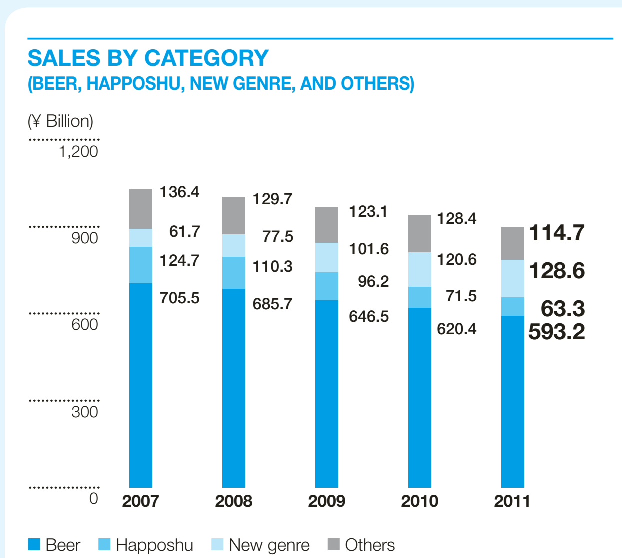
Ready-to-drink (RTD) beverages

In ready-to-drink (RTD) beverages, we sought to further cultivate the brands *Asahi Slat*, *Asahi Cocktail Partner* and *Asahi Sparx*. In addition to these, we endeavored to generate demand among a wide range of consumers, including through the release of a new variety of *Asahi Chu-Hi Kajitsu-no-shunkan* with a rich tangerine flavor. Nevertheless, sales of RTD beverages declined 9.7% year on year to ¥28.2 billion.

Whisky and Spirits

Sales of whisky and spirits increased for the fifth consecutive year as a result of the renewal of the core *Black Nikka Clear Blend* brand and consumer campaigns we implemented. The quality of the *Nikka* brand, moreover, was recognized on the world stage when *Taketsuru Pure Malt 21 Years* was named "World's Best Blended Malt Whisky" at the World Whiskies Awards* in April 2011 for a fourth time and for the third consecutive years running. As a result, sales rose 1.4% from the previous year to ¥30.8 billion.

* An international contest focused exclusively on whisky, chiefly sponsored by U.K.-based *Whisky Magazine*.



Wine

In wine, efforts to boost penetration of the *Sainte Neige* brand and other domestic wines included the release in May of *Rela*, a wine offering an easy-to-drink taste in a convenient PET bottle package. In imported wines, we worked to expand sales by taking advantage of our diverse product lineup centered on *Louis Latour*, which we expanded in August with the introduction of *Vina Albali*. However, sales declined 7.8% to ¥10.6 billion.

Other alcoholic beverages segment

In other alcoholic beverages segment, *Double Zero Cocktail* saw sales increase substantially year on year as consumers embraced the 0.00% alcohol and zero calories featured in this cocktail-taste beverage. In contrast, sales volume of beer-taste beverages declined 80.7% year on year due to temporary sales suspensions and other disruptions in the wake of the Great East Japan Earthquake. As a result, sales of other alcoholic beverages segment decreased 31.7% to ¥4.8 billion.

Overseas Alcoholic Beverages Business

Among Asahi brand products overseas, Asahi is ranked No. 1 in imported beer market sales volume in South Korea, thanks to aggressive sales promotion activities. 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.

Soft Drinks Business (Related information on page 23)

In the domestic soft drinks business, core operating company Asahi Soft Drinks Co., Ltd. took measures for realizing dramatic growth based on fundamental strategies for growth and structural reform. As a result, sales in the soft drinks business rose 5.9% year on year to ¥324.8 billion. Operating income, meanwhile, increased 36.7% to ¥11.4 billion, due to the increase in sales volume at Asahi Soft Drinks Co., Ltd. and the reduction in costs, some of which was attributable to the higher ratio of PET bottles manufactured in-house.

Asahi Soft Drinks Co., Ltd.

In the domestic soft drinks market, as part of the product strategy underpinning our growth strategy, we concentrated marketing investment to continue strengthening and cultivating the core brands *Mitsuya Cider*, *WONDA* and *Asahi Juroku-cha* at Asahi Soft Drinks Co., Ltd. We also pursued initiatives for revitalizing our long-selling brands including *Bireley's* and *Wilkinson*. Elsewhere, we enhanced the production and sales systems for *Asahi Rokko no Oishii Mizu* mineral water to meet increased demand for mineral water following the Great East Japan Earthquake. As a result, overall sales volume at Asahi Soft Drinks Co., Ltd. rose for a ninth consecutive year to a record high.

In the area of structural reform, we took steps designed to both improve quality and further reform the profit structure by striving to reduce prices for raw materials and improve production and logistics efficiency. These included measures to make PET bottles lighter and produce them internally.

Carbonated beverages

For our mainstay *Mitsuya Cider* brand, a shortage of raw materials and other disruptions from the Great East Japan Earthquake led to shipment and other adjustments, and a decline in sales volume from the previous year. As a result, annual sales volume of *Mitsuya Cider* brand beverages decreased 3.5% year on year to 36.5 million cases, even though they topped 30 million cases for the second consecutive year. Consequently, the total sales for carbonated beverages increased 0.3% year on year to 43.4 million cases, due in large part to sales remaining strong in the *Wilkinson* brand.

Coffee

In our core *WONDA* brand, sales volume for *WONDA Morning Shot* was brisk thanks to aggressive sales promotion activities and campaigns. Overall coffee sales volume was up 8.2% year on year to 38.6 million cases.

Tea-based drinks

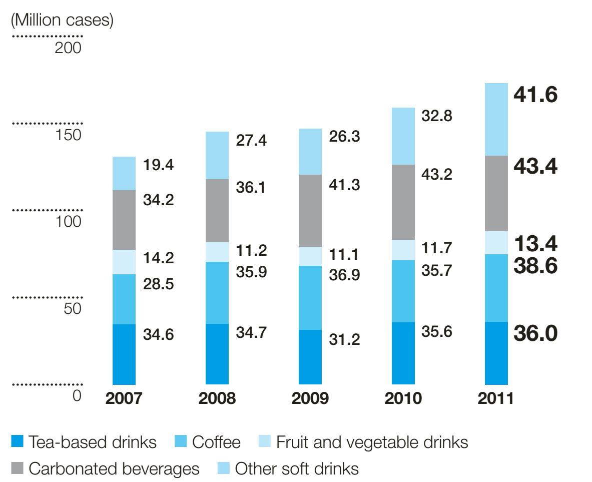
During the year, we sought to revitalize the market through brisk sales of core brand *Asahi Juroku-cha* spurred by aggressive brand investment. As a result, annual sales volume for the *Asahi Juroku-cha* brand rose 12.4% year on year to 18.4 million cases. Consequently, annual sales volume for the entire tea-based drinks category increased 1.0% year on year, to 36.0 million cases. This subdued growth reflected lower sales volume for black-tea-based drinks.

Fruit and vegetable drinks and other soft drinks

In fruit and vegetable drinks, we focused on revitalizing long-selling brands, including *Bireley's* and *Wilkinson*. Annual sales volume for the fruit and vegetable drinks category increased 14.3% overall year on year, to 13.4 million cases.

In other soft drinks, total sales volume was up 26.8% year on year to 41.6 million cases. Growth was primarily due to contributions from the mineral water category, namely special demand in the aftermath of the Great East Japan Earthquake, coupled with the introduction of *Asahi Rokko no Oishii Mizu* mineral water to our lineup from July 2011.

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



Food Business (Related information on page 26)

In the food business, Asahi Food & Healthcare Co., Ltd. strove to strengthen its business foundations for further growth by upholding the basic strategies of sales growth, achieving a stronger corporate structure, and reinforcing a brand reputation for safety and quality. Aggressive advertising and sales promotions were conducted for our core products—*MINTIA* breath mint tablets, *BALANCEUP* nutritionally balanced snack bars, *Ippon Manzoku Bar* nutrition bars, quasi-drug product *EBIOS, Dear-Natura* brand supplements, and our *Slim Up Slim* line of diet support food. The company also tapped into the domestic and overseas markets for seasonings, including high-value-added yeast extracts.

Wakodo Co., Ltd., meanwhile, pursued initiatives designed to reinforce its business base and expand business, guided by a management policy of "establishing a management base for the next stage of growth." Wakodo leverages its expertise in "infant-safe quality" to meet customers' demand for safe and reliable products. Consequently, the company saw brisk performance from mainstay brands, including baby food brand *Goo-Goo Kitchen*, which resulted in sales growth over the previous year. In the original equipment manufacturing (OEM) of household powdered drinks, sales increased sharply as a result of gaining new customers.

Meanwhile, Amano Jitsugyo Co., Ltd. worked to expand its business and boost profitability, with the aim of emerging as the undisputed leader in Japan's freeze-dried food market. In the mass distribution sales business, the company saw expansion in the number of mass-retail stores handling its products, including its mainstay freeze-dried miso soup products, *Nyumen* soft noodles and *Chiisame Donburi* small rice bowls. The total number of customers in the direct marketing business also increased steadily thanks to proactive advertising campaigns.

As a result of the above actions, which led to strong growth in sales of core products, sales in the food business climbed 2.7% year on year to ¥98.0 billion. Operating income rose 15.7% year on year to ¥4.2 billion, thanks to the reduced burden of goodwill amortization, which offset the huge impact of the Great East Japan Earthquake on production and logistic systems.

Overseas Business (Related information on page 28)

In the overseas business, 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.

We moved to improve profitability in China by strengthening our strategic partnership with Tsingtao Brewery Co., Ltd. (Tsingtao Brewery). This included increased contract production of *Tsingtao Beer* brand products. Another initiative was to reorganize alcoholic beverages operations in China by transferring the Group's entire equity interest in Hangzhou Xihu Beer Asahi Co., Ltd. and Zhejiang Xihu Beer Asahi Co., Ltd. to China Resources Snow Breweries (China) Investment Co., Ltd.

In Oceania, Schweppes Australia Pty Ltd strived to enhance earnings structure by concentrating marketing investments on bolstering its flagship brands and by pressing for improvements in production and procurement efficiency, among other measures. Efforts were also made to establish a robust business structure in the region that included the enhancement of subsidiary Asahi Holdings (Australia) Pty Ltd. to function as a holding company for overseeing Group companies in the Oceania region, in addition to the conversion of Asahi Beverages Australia Pty Ltd, an Australian beverages company, and Independent Liquor Group, an alcoholic beverages company based in Australia and New Zealand, into subsidiaries.

In Southeast Asia, 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. This included the acquisition of Malaysia's second-largest soft drink company Permanis Sdn. Bhd. in November.

Nonetheless, sales from the overseas business decreased 3.5% to ¥94.2 billion. Sales declined despite contributions from newly consolidated subsidiaries because the Group divested Haitai Beverage Co., Ltd. of South Korea in January, and sales from this company were excluded from the scope of consolidation. Operating loss associated with the overseas business was reduced by ¥2.2 billion year on year to ¥2.9 billion due to improved profitability in the alcoholic beverages business in China and the sale of Haitai Beverage Co., Ltd.

Other Businesses

In other businesses, sales increased by 3.2% year on year to ¥24.0 billion, thanks to expansion of the insurance agency and logistics businesses. However, operating income decreased by 33.7% year on year to ¥0.8 billion, due to costs in the logistics business that rose as a consequence of the Great East Japan Earthquake disrupting the infrastructure.

Outlook for Fiscal 2012

As the final year of Medium-Term Management Plan 2012, fiscal 2012 will see management resources channeled into strengthening brands for core products in each business, and a continued push to enhance cost competitiveness, in a bid to bolster the earnings power of the entire Group. Similarly, we are seeking to achieve Long-Term Vision 2015 through a determined push to reinforce our domestic business base in Japan. Efforts here will focus on strengthening the production capabilities fundamental to boosting profitability and ensuring safety and reliability in all business segments. We also remain committed to building a business portfolio that enables sustainable growth by acquiring bases that will fuel growth in global markets. In formulating growth strategies that highlight Group synergies, including with newly acquired business bases, our goal is to raise corporate value for the entire Asahi Group through faster decision-making and optimal resource allocation.

Consequently, we are forecasting net sales of ¥1,560.0 billion (up 6.6% year on year), operating income of ¥118.0 billion (up 10.1%) and net income of ¥65.0 billion (up 18.0%) for the fiscal year ending December 31, 2012.

Liquidity and Capital Resources

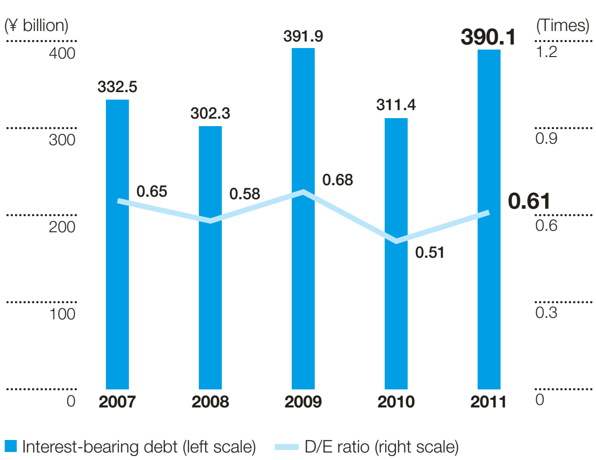
Asahi Group Holdings, Ltd. gains its capital resources principally from cash flows generated by operating activities, loans from financial institutions, and the issuance of company bonds, and as a management policy, regards the reduction of interest-bearing debt as a priority issue. However, we make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

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

The outstanding balance of interest-bearing debt amounted to ¥390.1 billion as of the end of 2011, up ¥78.7 billion from the previous fiscal year-end. This balance primarily reflected funds procured for business investment in 2011. The outstanding balance was below one-third of its all-time peak in fiscal 1992. In addition, during the year under review the debt-equity ratio was 0.6, compared to 4.9 in fiscal 1992.

The Asahi Group has earned an A+ rating from Rating and Investment Information, Inc., and an AA– rating from the Japan Credit Rating Agency, Ltd.

INTEREST-BEARING DEBT AND D/E RATIO

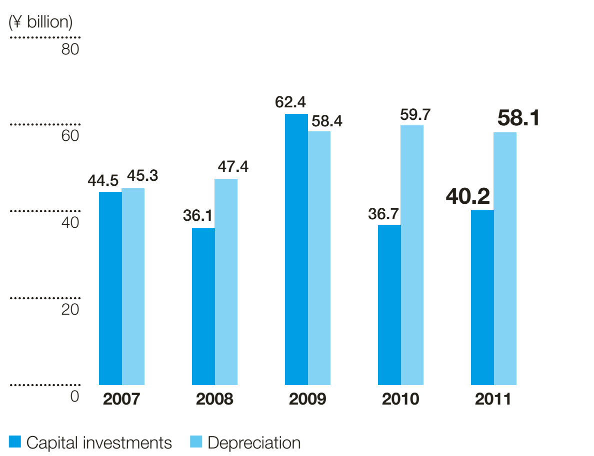


Capital Investments

Capital investments for the fiscal year ended December 31, 2011, increased ¥3.4 billion from ¥36.7 billion in the previous fiscal year to ¥40.2 billion. This increase resulted primarily from several sources, among them investments in profit structure reform in the alcoholic beverages business centered on production system development in Japan's Kansai region and ongoing facilities investment, including construction to upgrade existing facilities and energy-efficiency measures. Other factors included strategic facilities investment in the soft drinks business by Asahi Soft Drinks Co., Ltd. in an ongoing drive to boost production efficiency, as well as various initiatives in the food business. Steps in the latter included strategic investment in new businesses and sales expansion efforts, along with facilities investment designed to improve quality and streamline production.

Consolidated depreciation costs totaled ¥58.1 billion.

CAPITAL INVESTMENTS AND DEPRECIATION



Assets, Liabilities and Net Assets

Consolidated total assets as of the end of fiscal 2011 increased by ¥124.5 billion, or 8.9% compared with the previous fiscal year-end, to ¥1,529.9 billion. This increase was mainly attributable to growth in assets accompanying the inclusion of recently acquired companies in Oceania and Southeast Asia in the scope of consolidation, along with an increase in goodwill associated with the acquisition of those companies. Return on assets (ROA) recovered 0.5 of a percentage point to 7.6%.

Current assets increased ¥36.1 billion, or 8.6%, year on year, to ¥457.1 billion. This was mainly due to an increase in inventories. Trade receivable turnover improved to 5.3 times from 5.4 times in the previous fiscal year. Inventories turnover was 14.8 times, decreasing from 15.5 times recorded for the previous year.

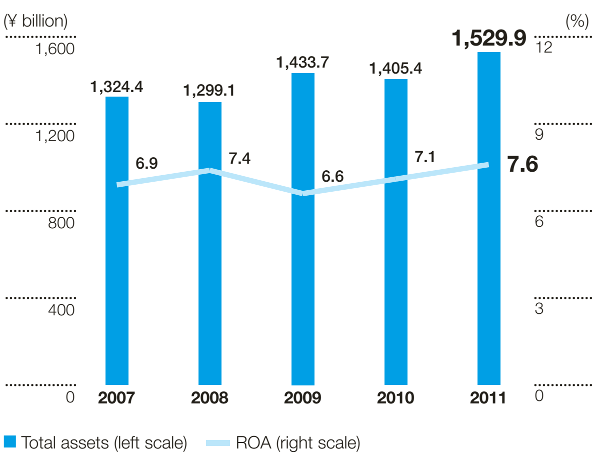
Property, plant and equipment decreased ¥20.9 billion, or 3.7%, year on year, to ¥536.2 billion. The main reason was respective decreases in land and construction in progress; although buildings and structures, machinery and equipment, and others all increased. Intangible assets increased ¥112.5 billion, or 92.3% year on year, to ¥234.3 billion, mainly reflecting an increase in goodwill accompanying acquisitions in the Oceania region and Southeast Asia.

Total liabilities increased ¥93.4 billion, or 11.8%, from the previous fiscal year-end, to ¥886.1 billion. Current liabilities increased ¥102.3 billion, or 20.5% year on year, to ¥602.2 billion. This reflected a 50.1% increase in bank loans, a 195.8% increase in long-term debt due within one year, and a 100.0% increase in commercial paper. Non-current liabilities fell ¥8.9 billion, or 3.0%, to ¥283.9 billion, primarily due to a year-on-year decrease of 6.0% in long-term loans.

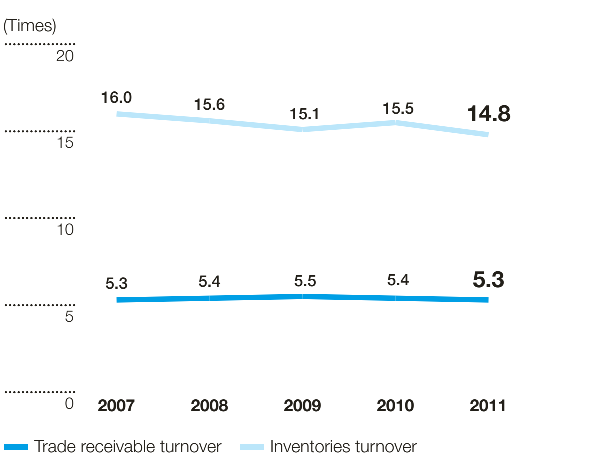
Total net assets increased ¥31.1 billion, or 5.1%, to ¥643.8 billion. Total net assets minus minority interests was ¥641.7 billion, up ¥29.5 billion, or 4.8%, compared to ¥612.2 billion in the previous fiscal year. This resulted from an increase in retained earnings, which overcame a decline in total accumulated other comprehensive income.

As a result, the equity ratio fell 1.7 percentage points from the previous fiscal year-end to 41.9%.

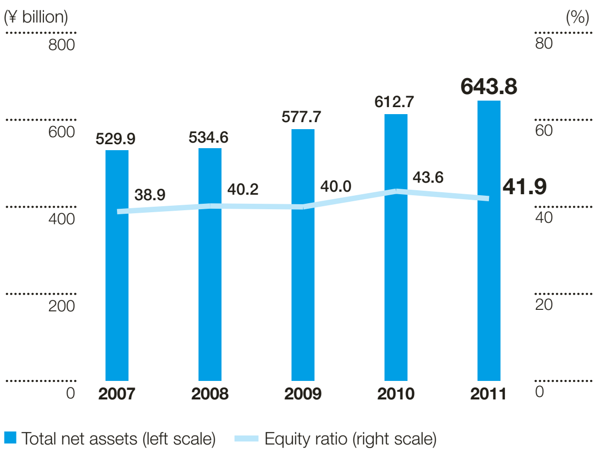
TOTAL ASSETS AND ROA



TRADE RECEIVABLE TURNOVER AND INVENTORIES TURNOVER



TOTAL NET ASSETS AND EQUITY RATIO



Cash Flows

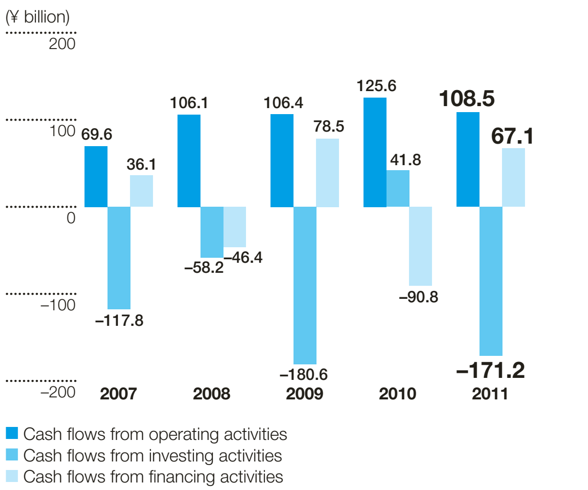
For the fiscal year ended December 31, 2011, net cash provided by operating activities decreased ¥17.1 billion year on year to ¥108.5 billion. This result largely reflected a decrease in loss on factory restructurings, loss on impairment of fixed assets, and other noncash expenses, coupled with an increase in income taxes paid.

Net cash used in investing activities went primarily toward the purchase of stock in subsidiaries in the Oceania region and Southeast Asia. As a result, outflows for investing activities increased ¥129.4 billion from the previous year to ¥171.2 billion.

Net cash provided by financing activities increased to ¥67.1 billion, a change of ¥157.9 billion from cash used in financing activities in the previous year. This was primarily due to an increase in bank loans and other financial obligations.

As a result, cash and cash equivalents at the fiscal year-end increased ¥5.3 billion to ¥16.1 billion.

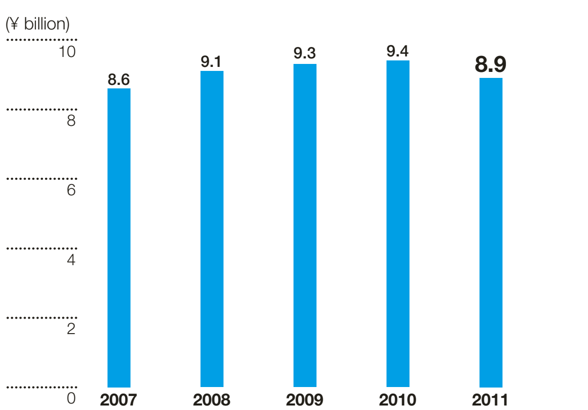
CASH FLOWS



Research and Development

R&D expenses for the year under review were ¥8.9 billion, representing a decrease of 5.3% year on year.

R&D EXPENSES



Business Risk

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

The alcoholic beverages business accounts for approximately 63% of sales for the Asahi Group, a considerable portion of which is generated by the Japanese market. Future trends in the Japanese economy may have a significant effect on domestic consumption of alcoholic beverages. Furthermore, a continually declining population, fewer childbirths and the ongoing aging of the Japanese population may affect consumption of soft drinks and food as well as alcoholic beverages, and in turn may affect the business performance and financial condition of the Asahi Group.

2. Higher liquor tax rates

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

3. Dependence on a specific product

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

4. Food safety

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

5. Fluctuations in raw material prices

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

6. Effects of weather conditions, natural disasters and others

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

7. Risks related to information systems

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

8. Risks related to overseas operations

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

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

9. Risks related to the environment

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

10. Risks related to changes in laws and regulations

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

11. Trends in the control of alcoholic beverages

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

12. Risks related to litigation

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

13. Fluctuations in value of owned assets

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

14. Retirement benefits

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

15. Business and capital alliances

The Asahi Group pursues business and capital alliances with companies in Japan and overseas to establish bases for growth in line with its medium-term management plan. There is the possibility, however, that these alliances could fail to yield synergies as initially projected due to the impact of changes in the business environment on the Asahi Group, its alliance partners, or companies in which the Group is invested, or other factors.

Moreover, changes of this kind in the business environment could cause deterioration in the businesses, management, or financial condition of alliance partners and invested companies. Adverse effects of this type could negatively impact the businesses, operating results and financial condition of the Asahi Group.

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

CONSOLIDATED BALANCE SHEETS

Asahi Breweries, Ltd. and Consolidated Subsidiaries
As of December 31, 2011, 2010 and 2009

	Millions of yen			Thousands of U.S. dollars (Note 1)
Assets	2011	2010	2009	2011
Current assets:				
Cash and time deposits (Notes 3 and 5)	¥ 16,893	¥ 11,534	¥ 19,584	$ 217,301
Notes and accounts receivable:				
Trade (Note 5)	279,596	274,379	274,559	3,596,553
Other	19,750	12,391	13,721	254,052
Allowance for doubtful accounts	(3,327)	(5,685)	(7,666)	(42,797)
Inventories (Note 4)	102,631	95,359	97,442	1,320,183
Deferred income tax assets (Note 11)	12,983	14,623	11,176	167,005
Other current assets	28,620	18,452	19,232	368,150
Total current assets	457,146	421,053	428,048	5,880,447
Property, plant and equipment (Notes 9 and 14)**:**				
Land	176,054	182,570	184,433	2,264,651
Buildings and structures	399,003	398,687	416,591	5,132,532
Machinery and equipment	621,532	611,664	657,872	7,995,009
Others	29,361	19,353	10,572	377,682
Construction in progress	5,355	6,714	6,382	68,883
	1,231,305	1,218,988	1,275,850	15,838,757
Less accumulated depreciation	(695,069)	(661,888)	(676,742)	(8,940,944)
Net property, plant and equipment	536,236	557,100	599,108	6,897,813
Investments and other assets:				
Goodwill (Note 14)	184,408	84,172	100,314	2,372,112
Investment securities (Notes 5 and 6)	76,875	76,120	83,989	988,873
Investments in unconsolidated subsidiaries and affiliated companies (Notes 5 and 6)	160,967	161,390	124,476	2,070,582
Long-term loans receivable (Note 5)	5,104	6,603	4,976	65,655
Deferred income tax assets (Note 11)	28,950	30,450	21,021	372,395
Other non-current assets	80,222	68,470	71,721	1,031,927
Total investments and other assets	536,526	427,205	406,497	6,901,544
	¥1,529,908	¥1,405,358	¥1,433,653	$19,679,804

See accompanying notes.

Liabilities and net assets	Millions of yen 2011	2010	2009	Thousands of U.S. dollars (Note 1) 2011
Current liabilities:				
Bank loans (Notes 5 and 9)	¥ 90,218	¥ 60,105	¥ 115,818	$ 1,160,509
Commercial paper (Notes 5 and 9)	28,000	14,000	30,000	360,175
Long-term debt due within one year (Notes 5 and 9)	71,462	24,155	40,402	919,244
Notes and accounts payable (Note 5):				
Trade	104,128	102,715	100,854	1,339,439
Other	61,621	52,795	49,981	792,655
Alcohol tax and consumption taxes payable	128,476	127,922	132,385	1,652,637
Deposits received (Note 5)	18,932	19,609	20,429	243,530
Income taxes payable (Note 11)	25,018	32,494	24,097	321,816
Accrued liabilities	61,877	56,461	52,462	795,948
Other current liabilities	12,434	9,619	7,352	159,944
Total current liabilities	602,166	499,875	573,780	7,745,897
Non-current liabilities:				
Long-term debt (Notes 5 and 9)	200,413	213,164	205,656	2,577,991
Employees' severance and retirement benefits (Note 10)	21,855	24,739	24,252	281,129
Allowance for retirement benefits for directors and corporate auditors	372	598	602	4,785
Deferred income tax liabilities (Note 11)	6,602	4,831	4,861	84,924
Long-term deposits received	35,711	35,831	36,207	459,365
Other long-term liabilities	18,990	13,650	10,592	244,275
Total non-current liabilities	283,943	292,813	282,170	3,652,469
Commitments and contingent liabilities (Note 13)				
Net assets (Note 12)				
Shareholders' equity (Note 16)**:**				
Common stock:				
Authorized—972,305,309 shares				
Issued—483,585,862 shares	182,531	182,531	182,531	2,347,968
Capital surplus	150,789	150,910	151,048	1,939,658
Retained earnings	338,809	295,229	252,147	4,358,232
Treasury stock, at cost	(28,296)	(28,721)	(29,283)	(363,983)
Total Shareholders' equity	643,833	599,949	556,443	8,281,875
Accumulated gains (losses) from revaluation and translation adjustments				
Unrealized gains (losses) on available-for-sale securities, net of taxes	(2,685)	199	2,445	(34,538)
Unrealized gains (losses) on hedging derivatives, net of taxes	1	693	(7)	13
Foreign currency translation adjustments	584	11,351	14,592	7,512
Total accumulated gains (losses) from revaluation and translation adjustments	(2,100)	12,243	17,030	(27,013)
Minority interests	2,066	478	4,230	26,576
Total net assets	643,799	612,670	577,703	8,281,438
	¥1,529,908	¥1,405,358	¥1,433,653	$19,679,804

CONSOLIDATED STATEMENTS OF INCOME

Asahi Group Holdings, Ltd. and Consolidated Subsidiaries
For years ended December 31, 2011, 2010 and 2009

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2011	2010	2009	2011
Net sales (Note 18)	¥1,462,736	¥1,489,461	¥1,472,469	$18,815,745
Costs and expenses (Note 18)**:**				
Cost of sales	491,518	509,337	508,293	6,322,588
Alcohol tax	415,725	433,987	450,151	5,347,633
Selling, general and administrative expenses	448,303	450,788	431,248	5,766,697
	1,355,546	1,394,112	1,389,692	17,436,918
Operating income (Note 18)	107,190	95,349	82,777	1,378,827
Other income (expenses):				
Interest and dividend income	1,470	1,705	2,756	18,909
Interest expenses	(3,668)	(4,328)	(4,629)	(47,183)
Equity in net income of unconsolidated subsidiaries and affiliated companies	5,480	9,846	8,512	70,491
Gain (loss) on sale of securities—net (Note 6)	535	670	(99)	6,882
Gain on sales of investments in subsidiaries and affiliated companies	4,677	32,336	16,090	60,162
Loss on sale and disposal of property, plant and equipment—net	(1,087)	(5,337)	(9,176)	(13,982)
Gain on foreign currency exchange	—	—	1,815	—
Loss on devaluation of investment securities	(2,192)	(1,004)	(788)	(28,196)
Loss on impairment of fixed assets (Notes 14 and 18)	—	(13,573)	(8,318)	—
Loss on factory restructurings	(735)	(19,781)	—	(9,455)
Business integration expenses	(3,615)	—	—	(46,501)
Earthquake related expenses	(17,914)	—	—	(230,435)
Other—net	281	(3,418)	(862)	3,615
	(16,768)	(2,884)	5,301	(215,693)
Income before income taxes and minority interests	90,422	92,465	88,078	1,163,134
Income taxes (Note 11)**:**				
Current	29,938	53,548	42,370	385,104
Deferred	4,949	(12,626)	(899)	63,661
	34,887	40,922	41,471	448,765
Income before minority interests	55,535	51,543	46,607	714,369
Minority interests in net gain of consolidated subsidiaries	(442)	1,537	1,038	(5,686)
Net income	¥ 55,093	¥ 53,080	¥ 47,645	$ 708,683

	Yen			U.S. dollars (Note 1)
	2011	2010	2009	2011
Amounts per share of common stock:				
Net income	¥118.36	¥114.10	¥102.49	$1.52
Diluted net income	118.28	114.00	102.42	1.52
Cash dividends applicable to the year	25.00	23.00	21.00	0.32

See accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Asahi Group Holdings, Ltd. and Consolidated Subsidiaries
For years ended December 31, 2011, 2010 and 2009

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2011	2011
Net income before minority income	¥ 55,536	$ 714,381
Other comprehensive income (Note 20)**:**		
Valuation difference on available-for-sale securities	(2,884)	(37,098)
Deferred gains or losses on hedges	(692)	(8,901)
Foreign currency translation adjustments	(11,462)	(147,440)
Share of other comprehensive income of associates accounted for using equity method	(623)	(8,014)
Total other comprehensive income	(15,661)	(201,453)
Comprehensive income (Note 20)	¥ 39,875	$ 512,928
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	¥ 40,750	$ 524,183
Comprehensive income attributable to minority interests	¥ (875)	$ (11,255)

See accompanying notes.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (NOTE 16)

Asahi Group Holdings, Ltd. and Consolidated Subsidiaries
For years ended December 31, 2011, 2010 and 2009

	Millions of yen								
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized gains (losses) on available-for-sale securities, net of taxes	Revaluation surplus	Unrealized gains (losses) on hedging derivatives, net of taxes	Foreign currency translation adjustments	Minority interests
Balance at December 31, 2008	¥182,531	¥151,148	¥214,189	¥(29,579)	¥ 1,112	¥ 1,751	¥ (3)	¥ 446	¥13,033
Net income			47,645						
Cash dividends paid			(9,529)						
Purchases of treasury stock				(31)					
Disposal of treasury stock		(100)		327					
Decrease resulting from change of scope of consolidation			(394)						
Decrease resulting from change of scope of equity method			(15)						
Effect of changes in accounting policies applied to foreign subsidiaries			251						
Net changes of items in accumulated gains (losses) from revaluation and translation adjustments					1,333	(1,751)	(4)	14,146	
Decrease in minority interests									(8,803)
Balance at December 31, 2009	¥182,531	¥151,048	¥252,147	¥(29,283)	¥ 2,445	¥ —	¥ (7)	¥ 14,592	¥ 4,230
Net income			53,080						
Cash dividends paid			(10,000)						
Purchases of treasury stock				(22)					
Disposal of treasury stock		(138)		584					
Increase resulting from change of scope of equity method			15						
Decrease resulting from merger with unconsolidated subsidiaries			(13)						
Net changes of items in accumulated gains (losses) from revaluation and translation adjustments					(2,246)		700	(3,241)	
Decrease in minority interests									(3,752)
Balance at December 31, 2010	¥182,531	¥150,910	¥295,229	¥(28,721)	¥ 199	¥ —	¥ 693	¥ 11,351	¥ 478
Net income			55,093						
Cash dividends paid			(11,170)						
Purchases of treasury stock				(11)					
Disposal of treasury stock		(121)		436					
Decrease resulting from change in scope of consolidation			(125)						
Decrease resulting from change in scope of equity method			(218)						
Net changes of items in accumulated losses from revaluation and translation adjustments					(2,884)		(692)	(10,767)	
Decrease in minority interests									1,588
Balance at December 31, 2011	¥182,531	¥150,789	¥338,809	¥(28,296)	¥(2,685)	¥ —	¥ 1	¥ 584	¥ 2,066

	Thousands of U.S. dollars (Note 1)								
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized gains (losses) on available-for-sale securities, net of taxes	Revaluation surplus	Unrealized gains (losses) on hedging derivatives, net of taxes	Foreign currency translation adjustments	Minority interests
Balance at December 31, 2010	$2,347,968	$1,941,214	$3,797,646	$(369,449)	$ 2,560	$—	$ 8,914	$ 146,012	$ 6,149
Net income			708,683						
Cash dividends paid			(143,684)						
Purchases of treasury stock				(141)					
Disposal of treasury stock		(1,556)		5,607					
Decrease resulting from change in scope of consolidation			(1,608)						
Decrease resulting from change in scope of equity method			(2,805)						
Net changes of items in accumulated losses from revaluation and translation adjustments					(37,098)		(8,901)	(138,500)	
Decrease in minority interests									20,427
Balance at December 31, 2011	$2,347,968	$1,939,658	$4,358,232	$(363,983)	$(34,538)	$—	$ 13	$ 7,512	$26,576

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Asahi Group Holdings, Ltd. and Consolidated Subsidiaries
For years ended December 31, 2011, 2010 and 2009

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2011	2010	2009	2011
Cash flows from operating activities:				
Income before income taxes and minority interests	¥ 90,422	¥ 92,465	¥ 88,078	$ 1,163,134
Depreciation and amortization	58,135	59,710	58,372	747,813
Loss on impairment of fixed assets	—	13,573	8,318	—
Increase (decrease) in provision for retirement benefits	(1,423)	2,141	765	(18,305)
Decrease in allowance for doubtful accounts	(1,811)	(234)	(754)	(23,296)
Interest and dividend income	(1,470)	(1,705)	(2,756)	(18,909)
Interest expenses	3,668	4,328	4,629	47,183
Equity in earnings of affiliates	(5,480)	(9,846)	(8,512)	(70,491)
Loss (gain) on sales of investment securities	(535)	(670)	99	(6,882)
Loss on valuation of investment securities	2,192	1,004	788	28,197
Gain on sales of stocks of subsidiaries and affiliates	(4,677)	(32,336)	(16,090)	(60,162)
Loss on sales and retirement of noncurrent assets	1,087	5,337	9,176	13,983
Loss on factory restructurings	735	19,781	—	10,780
Increase in notes and accounts receivable—trade	(838)	(256)	(891)	(9,455)
Decrease (increase) in inventories	(3,090)	1,717	5,043	(39,748)
Increase (decrease) in notes and accounts payable—trade	(890)	2,255	(2,820)	(11,448)
Decrease in accrued alcohol tax payable	(9,294)	(4,128)	(4,910)	(119,552)
Increase (decrease) in accrued consumption taxes	(1,423)	(351)	267	(18,305)
Bonuses paid to directors and corporate auditors	(377)	(356)	(349)	(4,850)
Other, net	27,973	12,805	7,777	359,827
Subtotal	152,904	165,234	146,230	1,966,864
Interest and dividends income received	5,745	6,965	7,162	73,900
Interest expenses paid	(3,345)	(4,090)	(4,605)	(43,028)
Income taxes paid	(46,791)	(42,500)	(42,429)	(601,891)
Net cash provided by operating activities	108,513	125,609	106,358	1,395,845
Cash flows from investing activities:				
Payments into time deposits	(583)	(845)	(3,365)	(7,499)
Proceeds from withdrawal of time deposits	734	1,528	2,243	9,442
Purchase of property, plant and equipment	(23,494)	(25,367)	(35,120)	(302,213)
Proceeds from sales of property, plant and equipment	4,855	2,502	1,203	62,452
Purchase of intangible assets	(3,101)	(4,779)	(23,418)	(39,889)
Proceeds from sales of intangible assets	87	85	9	1,119
Purchase of investment securities	(8,353)	(50,264)	(82,838)	(107,448)
Proceeds from sales of investment securities	977	46,489	39,330	12,567
Purchase of investments in subsidiaries	—	(2,920)	(15,362)	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(142,143)	—	(60,044)	(1,828,441)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	3,014	—	—	38,770
Payments for sale of investments in subsidiaries resulting in change in scope of consolidation	—	—	(19)	—
Payments for transfer of business	—	(5,340)	—	—
Payments for loans receivable	(1,026)	(2,074)	(3,375)	(13,198)
Collection of loans receivable	1,281	2,135	2,629	16,478
Other, net	(3,483)	(2,940)	(2,511)	(44,803)
Net cash used in investing activities	(171,235)	(41,790)	(180,638)	(2,202,663)
Cash flows from financing activities:				
Increase (decrease) in short-term loans payable	49,278	(71,330)	61,616	633,882
Repayments of lease obligations	(5,140)	(3,082)	(1,124)	(66,118)
Proceeds from long-term loans payable	5,048	10,717	42,000	64,934
Repayment of long-term loans payable	(5,495)	(22,799)	(19,740)	(70,684)
Proceeds from issuance of bonds	50,000	20,000	25,000	643,170
Redemption of bonds	(15,000)	(15,000)	(20,000)	(192,951)
Purchase of treasury stock	(11)	(23)	(31)	(141)
Cash dividends paid	(11,170)	(10,000)	(9,529)	(143,684)
Cash dividends paid to minority shareholders	—	—	(61)	—
Proceeds from stock issuance to minority shareholders	42	—	716	540
Other, net	(462)	689	(302)	(5,943)
Net cash provided by (used in) financing activities	67,090	(90,828)	78,545	863,005
Effect of exchange rate change on cash and cash equivalents	820	(262)	643	10,548
Net increase (decrease) in cash and cash equivalents	5,188	(7,271)	4,908	66,735
Cash and cash equivalents at beginning of period	10,813	18,082	12,698	139,092
Increase in cash and cash equivalents resulting from change of scope of consolidation	—	—	476	—
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	137	2	—	1,762
Cash and cash equivalents at end of year (Note 3)	¥ 16,138	¥ 10,813	¥ 18,082	$ 207,589

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Asahi Group Holdings, Ltd. and Consolidated Subsidiaries

1. Basis of Presenting Consolidated Financial Statements

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

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

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at December 31, 2011, which was ¥77.74 to U.S. $1.00. The translations should not be construed as representations of what the Japanese yen amounts have been, could have been, or could in the future be when converted into U.S. dollars at this or any other rate of exchange.

2. Significant Accounting Policies

CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its significant subsidiaries (collectively, the "Companies") (32 domestic and 47 overseas subsidiaries for 2011, 35 domestic and 16 overseas subsidiaries for 2010 and 39 domestic and 16 overseas subsidiaries for 2009). All significant intercompany transactions and account balances are eliminated in consolidation.

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

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

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

As a result of adopting PITF No. 18, effective January 1, 2009, retained earnings at January 1, 2009 was decreased by ¥251 million.

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

GOODWILL

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

EQUITY METHOD

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

Effective from the year ended December 31, 2011 the Companies adopted "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, issued on March 10, 2008) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (ASBJ Practical Issue Task Force (PITF) No. 24 issued on March 10, 2008). This change had no impact on the consolidated financial statements for the year ended December 31, 2011.

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

SECURITIES

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

Held-to-maturity debt securities are stated at amortized cost. Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for using the equity method are stated at moving-average cost.

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

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

INVENTORIES

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

ACCOUNTING FOR LEASE TRANSACTIONS AS LESSEE

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

INCOME TAXES

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

EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS

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

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

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

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

Prior service costs are amortized by the straight-line method over the average of the estimated remaining service lives of mainly 10 years.

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

ALLOWANCE FOR RETIREMENT BENEFITS FOR DIRECTORS AND CORPORATE AUDITORS

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

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

TRANSLATION OF FOREIGN CURRENCY ACCOUNTS AND FINANCIAL STATEMENTS

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

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

ACCOUNTING STANDARD FOR BUSINESS COMBINATIONS

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

ACCOUNTING STANDARD FOR ASSET RETIREMENT OBLIGATIONS

Effective from the year ended December 31, 2011, the Company and its consolidated domestic subsidiaries adopted “Accounting Standards for Asset Retirement Obligations” (ASBJ Statement No. 18, issued on March 31, 2008) and “Guidance on Accounting Standards for Assets Retirement Obligations” (ASBJ Guidance No. 21, issued on March 31, 2008).

As a result of the adoption of the new accounting standard, operating income decreased by ¥39 million ($502 thousand) and income before income taxes and minority interests decreased by ¥500 million ($6,432 thousand) for the year ended December 31, 2011.

ACCOUNTING STANDARD FOR PRESENTATION OF COMPREHENSIVE INCOME

Effective from the year ended December 31, 2011, the Company adopted“Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, issued on June 30, 2010).

As a result of the adoption of this standard, the Company presented the consolidated statement of comprehensive income in the consolidated financial statements for the year ended December 31, 2011. Comprehensive income for the year ended December 31, 2010 is disclosed in Note 20.

AMOUNTS PER SHARE OF COMMON STOCK

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

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

3. Cash Flow Information

A. Reconciliation of cash and time deposits shown in the consolidated balance sheets and cash and cash equivalents shown in the consolidated statements of cash flows as of December 31, 2011, 2010 and 2009 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	2011
Cash and time deposits	¥16,893	¥11,534	¥19,584	$217,301
Less: Time deposits with maturities exceeding three months	(755)	(721)	(1,502)	(9,712)
Cash and cash equivalents	¥16,138	¥10,813	¥18,082	$207,589

B. Assets and liabilities of newly consolidated subsidiaries through acquisition of shares:
Assets and liabilities of acquired companies and its subsidiaries and net cash outflow of such acquisition, which are included in "Purchase of investments in subsidiaries resulting in change in scope of consolidation" for the years ended December 31, 2011, 2010 and 2009 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	2011
Current assets	¥ 18,528	¥—	¥ 13,989	$ 238,333
Fixed assets	31,900	—	28,111	410,342
Goodwill	107,878	—	31,855	1,387,677
Current liabilities	(13,608)	—	(10,556)	(175,045)
Long-term liabilities	(8,981)	—	(1,024)	(115,526)
Foreign currency translation adjustments	7,175	—	(2,547)	92,295
Acquisition cost of shares	142,892	—	59,828	1,838,076
Expenditures for acquiring the common shares	2,975	—	1,407	38,268
Cash and cash equivalents of acquired companies	(3,724)	—	(1,191)	(47,903)
Net cash used for acquisition of acquired companies	¥142,143	¥—	¥ 60,044	$1,828,441

4. Inventories

Inventories at December 31, 2011, 2010 and 2009 consisted of the following:

	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	2011
Finished goods	¥ 29,205	¥23,085	¥20,493	$ 375,675
Work in process	33,360	34,712	36,406	429,123
Raw materials	25,078	24,941	26,897	322,588
Supplies	7,152	6,239	6,046	91,999
Merchandise	6,325	6,382	7,600	81,361
Others	1,511	—	—	19,437
Total	¥102,631	¥95,359	¥97,442	$1,320,183

5. Financial Instruments

The information related to Finance Instruments for the year ended December 31, 2011 was as follows.

(1) QUALITATIVE INFORMATION ON FINANCIAL INSTRUMENTS

(a) Policies for using financial instruments

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

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

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

(b) Details of financial instruments and the related risks

Notes and accounts receivable and long-term loans receivable which are accounted for in each consolidated subsidiary are exposed to credit risks of the customers. Foreign currency-denominated notes and accounts receivable are also exposed to foreign exchange risk.

Investment securities which are accounted for in the Companies are shares issued by business partners and held-to-maturity debt securities, and are exposed to market price fluctuation risk. A part of them is foreign currency-denominated investment securities which are also exposed to foreign exchange risk.

Notes and accounts payable which are accounted for in each consolidated subsidiary are mainly settled within one year. Foreign currency-denominated notes and accounts payable are exposed to foreign exchange risk.

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

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

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

(c) Policies and processes for risk management

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

With respect to notes and accounts receivable and long-term loans receivables, in order to control customer's credit risk, each business and sales management division within each consolidated subsidiary conducts periodic monitoring of key transaction partners to assess the risk under the internal credit policy. In addition, each consolidated subsidiary regularly monitors the status of occurrence and collections of bad debts, and tackles them in collaboration with each Sales Department.

Derivative transactions are conducted with selected financial institutions with high credit ratings in order to reduce the credit risks.

(ii) Management of market risk (risks associated with fluctuations in foreign currency exchange rate, interest rates, etc.)

For the purpose of managing to mitigate fluctuation risk in foreign currency exchange regarding foreign currency-denominated future cash flows by each currency, the Company establishes a foreign currency exchange hedging policy based on the environment and forecast of foreign exchange market in compliance with rules of authorization. The Company also conducts interest rate swap contracts to avert interest rates fluctuation risk involving borrowing.

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

Derivative transactions are undertaken by the Finance Section, based on a system that limits transactions and amounts. The performance of transactions is periodically reported to the Manager and Executive Officer in compliance with rules of authorization. Transaction management at consolidated subsidiaries is undertaken in the same manner.

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

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

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

(2) FAIR VALUE OF FINANCIAL INSTRUMENTS

Book value, fair value and the difference of the financial assets and liabilities as of December 31, 2011 were as follows.

	Millions of yen		
	2011		
	Book value	Fair value	Difference
(1) Cash and time deposits	¥ 16,893	¥ 16,893	¥ —
(2) Notes and accounts receivable—trade	279,596		
Allowance for doubtful accounts *1	(3,123)		
Notes and accounts receivable—trade—net	276,473	276,473	—
(3) Investment securities			
(i) Investments in unconsolidated subsidiaries and affiliated companies	72,616	116,938	44,322
(ii) Held-to-maturity debt securities	500	505	5
(iii) Available-for-sale securities	64,247	64,247	—
(4) Long-term loans receivable *2	7,013		
Allowance for doubtful accounts *1	(2,982)		
Long-term loans receivable—net	4,031	4,054	23
Assets—total	¥434,760	¥479,110	¥44,350
(1) Bank loans	90,218	90,218	—
(2) Commercial paper	28,000	28,000	—
(3) Notes and accounts payable	165,750	165,750	—
(4) Deposits received	18,932	18,932	—
(5) Long-term debt *3	271,874	274,521	2,647
Liabilities—total	¥574,774	¥577,421	¥ 2,647
Derivative transactions *4	¥ (323)	¥ (323)	¥ —

	Thousands of U.S. dollars		
	2011		
	Book value	Fair value	Difference
(1) Cash and time deposits	$ 217,301	$ 217,301	$ —
(2) Notes and accounts receivable—trade	3,596,553		
Allowance for doubtful accounts *1	(40,173)		
Notes and accounts receivable—trade—net	3,556,380	3,556,380	—
(3) Investment securities			
(i) Investments in unconsolidated subsidiaries and affiliated companies	934,088	1,504,219	570,131
(ii) Held-to-maturity debt securities	6,432	6,496	64
(iii) Available-for-sale securities	826,434	826,434	—
(4) Long-term loans receivable *2	90,211		
Allowance for doubtful accounts *1	(38,358)		
Long-term loans receivable—net	51,853	52,149	296
Assets—total	$5,592,488	$6,162,979	$570,491
(1) Bank loans	1,160,509	1,160,509	—
(2) Commercial paper	360,175	360,175	—
(3) Notes and accounts payable	2,132,107	2,132,107	—
(4) Deposits received	243,530	243,530	—
(5) Long-term debt *3	3,497,222	3,531,271	34,049
Liabilities—total	$7,393,543	$7,427,592	$ 34,049
Derivative transactions *4	$ (4,155)	$ (4,155)	$ —

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

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

Assets

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

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

(3) Investment securities

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

(4) Long-term loans receivable

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

Liabilities

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

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

(5) Long-term debt

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

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

Derivative transactions

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

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

	Millions of yen	Thousands of U.S. dollars
	2011	2011
Investments in unconsolidated subsidiaries and affiliated companies		
The stocks of unlisted companies	¥86,608	$1,114,073
Available-for-sale securities		
The stocks of unlisted companies	11,642	149,756
Others	487	6,264
Total	¥98,737	$1,270,093

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

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

	Millions of yen				
	2011				
Type	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	Total
Cash and deposits	¥ 16,893	¥ —	¥—	¥—	¥ 16,893
Notes and accounts receivable—trade	279,596	—	—	—	279,596
Available-for-sale securities:					
Others	—	55	—	—	55
Held-to-maturity debt securities:					
Corporate bonds	—	500	—	—	500
Total	¥296,489	¥555	¥—	¥—	¥297,044

	Thousands of U.S. dollars				
	2011				
Type	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	Total
Cash and deposits	$ 217,301	$ —	$—	$—	$ 217,301
Notes and accounts receivable—trade	3,596,553	—	—	—	3,596,553
Available-for-sale securities:					
Others	—	707	—	—	707
Held-to-maturity debt securities:					
Corporate bonds	—	6,432	—	—	6,432
Total	$3,813,854	$7,139	$—	$—	$3,820,993

(d) See Note 9 "Bank loans, Commercial paper and Long-term Debt" as for the aggregate annual maturities of long-term debt at December 31, 2011.

The information related to Finance Instruments for the year ended December 31, 2010 was as follows.

(1) QUALITATIVE INFORMATION ON FINANCIAL INSTRUMENTS

(a) Policies for using financial instruments

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

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

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

(b) Details of financial instruments and the related risks

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

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

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

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

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

Refer to Note8 "Derivative Financial Instruments" for information about the hedging instruments and hedged items, hedging policy and method of evaluating hedging effectiveness concerning the hedge accounting methods adopted by the Companies.

(c) Policies and processes for risk management

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

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

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

(ii) Management of market risk (risks associated with fluctuations in foreign currency exchange rate, interest rates, etc.)

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

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

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

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

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

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

(2) FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

Assets

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

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

(3) Investment securities

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

(4) Long-term loans receivable

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

Liabilities

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

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

(5) Long-term debt

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

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

Derivative transactions

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

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

	Millions of yen
	2010
Investments in unconsolidated subsidiaries and affiliated companies	
The stocks of unlisted companies	¥89,100
Available-for-sale securities	
The stocks of unlisted companies	9,314
Others	516
Total	¥98,930

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

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

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

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

6. Securities

A. The following tables summarize book values and fair values of held-to-maturity debt securities with available fair value as of December 31, 2011, 2010 and 2009:

	Millions of yen		
	2011		
Type	Book value	Fair value	Difference
Securities with fair values exceeding book values:			
Corporate bonds	**¥500**	**¥505**	**¥5**
	500	**505**	**5**
Securities with fair values not exceeding book values:			
	—	**—**	**—**
Total	**¥500**	**¥505**	**¥5**

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

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

Type	Thousands of U.S. dollars		
	2011		
	Book value	Fair value	Difference
Securities with fair values exceeding book values:			
Corporate bonds	$6,432	$6,496	$64
	6,432	6,496	64
Securities with fair values not exceeding book values:			
	—	—	—
Total	$6,432	$6,496	$64

B. The following tables summarize acquisition costs and book values of available-for-sale securities with available fair value as of December 31, 2011, 2010 and 2009:

Type	Millions of yen		
	2011		
	Acquisition cost	Book value	Difference
Securities with book values exceeding acquisition costs:			
Equity securities	¥19,803	¥25,977	¥ 6,174
Others	47	49	2
	19,850	26,026	6,176
Securities with book values not exceeding acquisition costs:			
Equity securities	47,161	38,161	(9,000)
Others	76	59	(17)
	47,237	38,220	(9,017)
Total	¥67,087	¥64,246	¥(2,841)

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

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

Type	Thousands of U.S. dollars		
	2011		
	Acquisition cost	Book value	Difference
Securities with book values exceeding acquisition costs:			
Equity securities	$254,733	$334,152	$ 79,419
Others	605	631	26
	255,338	334,783	79,445
Securities with book values not exceeding acquisition costs:			
Equity securities	606,650	490,880	(115,770)
Others	978	759	(219)
	607,628	491,639	(115,989)
Total	$862,966	$826,422	$ (36,544)

C. Total sales of available-for-sale securities in the years ended December 31, 2011, 2010 and 2009 amounted to ¥946 million ($12,169 thousand), ¥3,256 million and ¥11,608 million. The related gains amounted to ¥536 million ($6,895 thousand), ¥1,739 million and ¥388 million, and the related losses amounted to ¥1 million ($13 thousand), ¥1,069 million and ¥119 million, respectively.

D. The book values of securities with no available fair values as of December 31, 2011 and 2010 were disclosed in Note 5.
The following table summarized book values of securities with no available fair values as of December 31, 2009:

	Millions of yen
	2009
(a) Available-for-sale securities	
Type	
Non-listed equity securities	¥ 10,921
Preference shares	5,000
Others	584
(b) Investments in unconsolidated subsidiaries and affiliated companies	¥122,375

E. Available-for-sale securities with maturities and held-to-maturity debt securities as of December 31, 2011 and 2010 were disclosed in Note 5.
Available-for-sale securities with maturities and held-to-maturity debt securities as of December 31, 2009 were as follow:

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

7. Research and Development Expenses

Research and development expenses are expensed when incurred. Research and development expenses included in cost of sales and selling, general and administrative expenses were ¥8,920 million ($114,741 thousand), ¥9,399 million and ¥9,342 million for the years ended December 31, 2011, 2010 and 2009 respectively.

8. Derivative Financial Instruments

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

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

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

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

Hedging instruments:
Forward currency exchange contracts
Interest rate swap contracts

Hedged items:
Foreign currency transactions
Interest on foreign currency bank loans

Fair value information of the derivative transactions which were not accounted for by the hedge accounting is as follows:

Classification Type	Millions of yen 2011 Notional amount of contract	Notional amount due over one year	Fair market value	Difference
Forward currency exchange contracts				
Long (buy) (U.S. dollar)	¥4,771	—	¥ 41	¥ 41
Long (buy) (Euro)	164	—	(7)	(7)
Long (buy) (AU dollar)	4,080	—	(18)	(18)
Currency option contracts				
Long (call) (U.S. dollar)	¥ 23	—	¥ 1	¥ 1
Short (put) (U.S. dollar)	54	—	(1)	(1)
Total	¥9,092	—	¥ 16	¥ 16
Commodity swap contracts				
Payable fixed price/Receivable floating price	¥3,418	—	¥(343)	¥(343)
Total	¥3,418	—	¥(343)	¥(343)

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

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

Classification Type	Thousands of U.S. dollars 2011 Notional amount of contract	Notional amount due over one year	Fair market value	Difference
Forward currency exchange contracts				
Long (buy) (U.S. dollar)	$ 61,371	—	$ 528	$ 528
Long (buy) (Euro)	2,109	—	(90)	(90)
Long (buy) (AU dollar)	52,483	—	(232)	(232)
Currency option contracts				
Long (call) (U.S. dollar)	$ 296	—	$ 13	$ 13
Short (put) (U.S. dollar)	695	—	(13)	(13)
Total	$116,954	—	$ 206	$ 206
Commodity swap contracts				
Payable fixed price/Receivable floating price	$ 43,967	—	$(4,412)	$(4,412)
Total	$ 43,967	—	$(4,412)	$(4,412)

Fair value information of the derivative transactions which were accounted for by the hedge accounting is as follows:

Classification	Type	Hedged item	Millions of yen 2011 Notional amount of contract	Notional amount due over one year	Fair market value
Forward currency exchange contracts					
Long (buy) (U.S. dollar)			¥ 178	—	¥ 5
Long (buy) (Euro)		Foreign currency transactions	1	—	(0)
Total			¥ 179	—	¥ 5
Interest rate swap contracts					
Payable fixed price/ Receivable floating price		Long-term bank loans	¥52,000	¥14,500	*1
Total			¥52,000	¥14,500	

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

Classification	Type	Hedged item	Thousands of U.S. dollars 2011 Notional amount of contract	Notional amount due over one year	Fair market value
Forward currency exchange contracts					
Long (buy) (U.S. dollar)			$ 2,290	—	$64
Long (buy) (Euro)		Foreign currency transactions	13	—	(0)
Total			$ 2,303	—	$64
Interest rate swap contracts					
Payable fixed price/ Receivable floating price		Long-term bank loans	$668,896	$186,519	*1
Total			$668,896	$186,519	

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

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

Bank loans at December 31, 2011, 2010 and 2009 were represented by short-term notes or overdrafts bearing interest at average rates of 0.62% per annum for 2011, 1.57% per annum for 2010 and 1.11% per annum for 2009.

The Company has entered into a yen domestic commercial paper program with a current maximum facility amount of ¥200,000 million ($2,572,678 thousand). There were outstanding balances of ¥28,000 million ($360,175 thousand), ¥14,000 million and ¥30,000 million at December 31, 2011, 2010 and 2009 respectively.

Long-term debt at December 31, 2011, 2010 and 2009 consisted of the following:

	Millions of yen 2011	2010	2009	Thousands of U.S. dollars 2011
Domestic debentures:				
1.34% debentures due in 2010	¥ —	¥ —	¥ 15,000	$ —
1.55% debentures due in 2011	—	15,000	15,000	—
1.72% debentures due in 2012	10,000	10,000	10,000	128,634
0.63% debentures due in 2012	15,000	15,000	15,000	192,951
1.88% debentures due in 2014	10,000	10,000	10,000	128,634
0.92% debentures due in 2014	10,000	10,000	10,000	128,634
0.63% debentures due in 2015	20,000	20,000	—	257,268
0.52% debentures due in 2016	30,000	—	—	385,901
0.76% debentures due in 2018	20,000	—	—	257,268
Zero coupon convertible bonds due in 2023	35,133	35,145	35,156	451,930
Zero coupon convertible bonds due in 2028	35,000	35,000	35,000	450,219

	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	2011
Long-term loans, principally from banks, insurance companies and agricultural cooperatives:				
Secured loans due through 2020 at interest rates of mainly 1.30% to 2.94%	¥ 1,480	¥ 4,099	¥ 4,769	$ 19,038
Unsecured loans due through 2018 at interest rates of mainly 0.31% to 13.39%	85,262	83,075	96,133	1,096,758
	271,875	237,319	246,058	3,497,235
Amount due within one year	(71,462)	(24,155)	(40,402)	(919,244)
	¥200,413	¥213,164	¥205,656	$2,577,991

Assets, at book value, were pledged as collateral for loans totaling ¥1,480 million ($19,038 thousand), ¥4,099 million and ¥4,769 million respectively, at December 31, 2011, 2010 and 2009 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	2011
Land	¥ 9,188	¥16,057	¥16,733	$118,189
Buildings and structures	4,120	6,129	6,563	52,997
Machinery and equipment	1,511	406	535	19,437
	¥14,819	¥22,592	¥23,831	$190,623

The aggregate annual maturities of long-term debt at December 31, 2011 were as follows:

Years ending December 31,	Millions of yen	Thousands of U.S. dollars
2012	¥ 71,462	$ 919,244
2013	15,735	202,405
2014	25,300	325,444
2015	26,388	339,439
2016	30,399	391,035
2017 and thereafter	102,591	1,319,668
	¥271,875	$3,497,235

10. Employees' Severance and Retirement Benefits

Employees' severance and retirement benefits included in the liability section of the consolidated balance sheets as of December 31, 2011, 2010 and 2009 consisted of the following:

	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	2011
Projected benefit obligation	¥ 91,850	¥ 92,933	¥ 89,691	$1,181,502
Less fair value of pension assets	(44,948)	(44,545)	(42,749)	(578,184)
Less fair value of employees' retirement benefit trust	(21,495)	(22,310)	(18,709)	(276,499)
Unrecognized actuarial differences	(17,258)	(15,695)	(15,133)	(221,996)
Unrecognized prior service cost	716	1,730	2,196	9,210
Prepaid pension cost	12,990	12,626	8,956	167,096
Employees' severance and retirement benefits	¥ 21,855	¥ 24,739	¥ 24,252	$ 281,129

The discount rates used by the Companies are mainly 2.0% for the years ended December 31, 2011, 2010 and 2009, respectively.

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

Included in the consolidated statements of income for the years ended December 31, 2011, 2010 and 2009 are severance and retirement benefit expenses which comprised of the following:

	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	2011
Service costs—benefits earned during the year	¥4,232	¥ 4,691	¥4,485	$ 54,438
Interest cost on projected benefit obligation	1,802	1,828	1,796	23,180
Expected return on plan assets	(701)	(1,342)	(255)	(9,017)
Amortization of actuarial differences	2,399	2,090	2,228	30,859
Amortization of prior service cost	(341)	(390)	(443)	(4,386)
Others	722	493	477	9,287
Severance and retirement benefit expenses	¥8,113	¥ 7,370	¥8,288	$104,361

The rates of expected return on plan assets used by the Companies are mainly 1.0% per annum for 2011, 3.0% per annum for 2010 and 0.0% per annum for 2009. The estimated amount of all retirement benefits to be paid at the future retirement date is allocated equally to each service year using the estimated number of total service years. Actuarial gains and losses are amortized by the straight-line method over the average of the estimated remaining service lives of mainly 10 years commencing with the following period. Prior service costs are amortized by the straight-line method over the average of the estimated remaining service lives of mainly 10 years.

11. Income Taxes

The Company is subject to corporation, enterprise and inhabitants' taxes, which resulted in an aggregate normal effective tax rate of approximately 40.4% for the years ended December 31, 2011, 2010 and 2009.

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

	2011	2010	2009
Statutory tax rate	40.4%	40.4%	40.4%
Non-deductible expenses	1.7%	1.9%	1.9%
Non-taxable dividend income	(0.1%)	(1.9%)	(0.3%)
Per capita inhabitants' taxes	0.5%	0.4%	0.4%
Valuation allowance	(6.9%)	0.2%	5.8%
Amortization of goodwill	3.0%	7.9%	2.4%
Equity in net income of unconsolidated subsidiaries and affiliated companies	(2.4%)	(4.3%)	(3.9%)
Undistributed earnings of affiliated companies	—	—	(2.1%)
Temporary differences on investment in affiliated companies	—	(2.4%)	—
Tax rate changes due to tax reform	0.9%	—	—
Others	1.5%	2.1%	2.5%
Effective tax rate	38.6%	44.3%	47.1%

Effective from the year beginning on April 1, 2012, due to the revised Japanese tax law, corporate income tax rate will be modified. As a result, statutory income tax rates for calculation of deferred income tax assets and liabilities will be changed to 35.3% from present 40.4% in a phased manner.

As a result of this change, deferred income tax assets, from which deferred income tax liabilities were deducted, decreased by ¥1,881 million ($24,196 thousand), deferred income tax liabilities decreased by ¥887 million ($11,410 thousand), income taxes-deferred increased by ¥842 million ($10,831 thousand) and valuation difference on available-for-sale securities increased by ¥152 million ($1,955 thousand) in 2011.

Significant components of deferred income tax assets and liabilities as of December 31, 2011, 2010 and 2009 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	2011
Deferred income tax assets:				
Allowance for doubtful accounts	¥ 2,907	¥ 2,943	¥ 2,781	$ 37,394
Employees' severance and retirement benefits	13,309	14,956	15,939	171,199
Accrued enterprise taxes	2,005	2,267	1,719	25,791
Loss on factory restructurings	7,310	7,716	—	94,031
Depreciation	130	204	258	1,672
Loss on impairment of fixed assets	4,693	3,825	3,503	60,368
Loss on devaluation of investment securities	2,486	2,810	3,182	31,978
Loss on securities contributed to employees' retirement benefit trust	—	1,483	2,037	—
Net operating loss carryforwards	5,627	10,993	11,930	72,382
Unrealized gain on sale of non-current assets eliminated on consolidation	4,667	7,206	7,215	60,034
Accrued expenses	1,622	1,791	1,532	20,864
Temporary differences on investment in affiliated companies	—	3,770	—	—
Others	10,577	10,690	11,019	136,057
	55,333	70,654	61,115	711,770
Valuation allowance	(8,560)	(21,087)	(22,496)	(110,111)
Total deferred income tax assets	46,773	49,567	38,619	601,659
Deferred income tax liabilities:				
Reserve deductible for Japanese tax purposes	(824)	(1,042)	(1,159)	(10,599)
Unrealized gains on available-for-sale securities	(456)	(700)	(2,184)	(5,866)
Land revaluation gain	(5,035)	(5,750)	(5,750)	(64,767)
Retained earnings of foreign subsidiaries	(282)	(—)	(—)	(3,627)
Adjustment of book value based on fair value	(4,372)	(—)	(—)	(56,239)
Prepaid pension cost	(501)	(858)	(1,493)	(6,445)
Others	(66)	(976)	(697)	(849)
Total deferred income tax liabilities	(11,536)	(9,326)	(11,283)	(148,392)
Net deferred income tax assets	¥ 35,237	¥ 40,241	¥ 27,336	$ 453,267

The net deferred income tax assets as of December 31, 2011 consisted of deferred income tax assets included in current assets and fixed assets amounting to ¥12,983 million ($167,005 thousand) and ¥28,950 million ($372,395 thousand) respectively, and deferred income tax liabilities included in current liabilities and non-current liabilities amounting to ¥95 million ($1,222 thousand) and ¥6,602 million ($84,924 thousand) respectively.

The net deferred income tax assets as of December 31, 2010 consisted of deferred income tax assets included in current assets and fixed assets amounting to ¥14,623 million and ¥30,450 million respectively, and deferred income tax liabilities included in current liabilities and non-current liabilities amounting to ¥0 million and ¥4,831 million respectively.

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

12. Net Assets

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

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

Under the Law, legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting or could be capitalized by a resolution of the Board of Directors.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Law, however, additional paid-in capital and legal earnings reserve may be transferred to retained earnings by the resolution of the shareholders' meeting as long as the total amount of legal earnings reserve and additional paid-in capital remained equal to or exceeded 25% of common stock.

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

At the annual shareholders' meeting held on March 27, 2012, the shareholders resolved cash dividends amounting to ¥6,286million ($80,859 thousand). Such appropriations have not been accrued in the consolidated financial statements as of December 31, 2011, and are recognized in the period in which they were resolved.

13. Commitments and Contingent Liabilities

The Companies were contingently liable as guarantors for borrowings of unconsolidated subsidiaries, affiliated companies, employees and others, including letters of awareness and keep-well agreements, in the amount of ¥587 million ($7,551 thousand) as of December 31, 2011.

14. Impairment of Fixed Assets

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

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

No impairment loss was recognized for the year ended December 31, 2011.

Loss on impairment of fixed assets for the year ended December 31, 2010 consisted of the following:

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

Carrying amounts of certain assets for rent were devalued to their recoverable amounts, since they were considered not to be recoverable with their fair market value substantially declining. A part of the goodwill reported in the soft drink business and food business was devaluated to their recoverable amount, since the expected future revenue was considered to be unrealizable. As a result, the Company recognized loss on impairment in the amount of ¥13,573 million, which consisted of buildings and structures of ¥366 million, land ¥1,229 million and goodwill of ¥11,978 million.

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

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

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

Carrying amounts of certain assets used for the alcoholic beverages business were devalued to their recoverable amounts, since the expected future revenue was considered to be unrealizable. Carrying amounts of certain assets for rent were devalued to their recoverable amounts, since they were considered not to be recoverable with their fair market value substantially declining. Carrying amounts of certain idle properties were devalued to their recoverable amounts, due to substantial decline in the fair market value. A part of the goodwill reported in the overseas subsidiaries of alcoholic beverage and soft drink businesses was devaluated to their recoverable amount, since the expected future revenue was considered to be unrealizable. As a result, the Company recognized loss on impairment in the amount of ¥8,318 million, which consisted of Buildings and structures of ¥1,632 million, Machinery, equipment and vehicles of ¥1,943 million, Tools, furniture and fixtures of ¥12 million, Land of ¥2,341 million and Goodwill of ¥2,390 million.

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

15. Information for Certain Leases

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

A summary of assumed amounts of acquisition cost, accumulated depreciation and net book value at December 31, 2011, 2010 and 2009 was as follows:

	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	2011
Machinery, furniture and fixtures and others				
Acquisition cost	¥33,268	¥44,758	¥52,804	$427,939
Accumulated depreciation	26,150	30,323	29,785	336,377
Net book value	7,118	14,435	23,019	91,562

Future lease payments as of December 31, 2011, 2010 and 2009, net of interest, under such leases were summarized as follows:

	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	2011
Due within one year	¥5,346	¥8,401	¥10,371	$68,768
Due after one year	2,188	6,844	13,694	28,145
	¥7,534	¥15,245	¥24,065	$96,913

Lease payments, depreciation equivalents and amounts representing interest under the finance leases which are accounted for in the same manner as operating leases for the years ended December 31, 2011, 2010 and 2009 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	2011
Lease payments	¥8,594	¥11,343	¥13,966	$110,548
Depreciation equivalents	7,918	10,479	12,935	101,852
Amounts representing interest	417	660	985	5,364

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

16. Shareholder's Equity

Changes in number of shares issued and treasury stocks outstanding during the year ended December 31, 2011, 2010 and 2009 are as follows:

Common stock issued

	2011	2010	2009
Balance at beginning of year	483,585,862	483,585,862	483,585,862
Decrease due to retirement of treasury stocks	—	—	—
Balance at end of year	483,585,862	483,585,862	483,585,862

Treasury stock outstanding

	2011	2010	2009
Balance at beginning of year	18,220,056	18,576,966	18,762,163
Increase due to purchase of odd stock	7,246	13,827	22,664
Decrease due to exercise of stock options	(276,800)	(300,900)	(205,200)
Decrease due to stock exchanges	—	(69,271)	—
Decrease for other reasons	(502)	(566)	(2,661)
Balance at end of year	17,950,000	18,200,056	18,576,966

17. Stock Option Plans

The following tables summarize contents of stock options as of December 31, 2011, 2010 and 2009.

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

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

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

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

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

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

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

The following tables summarize volume and movement of stock options for the year ended December 31, 2011.

Exercisable stock options

Company name	Asahi Group Holdings, Ltd.						
Date of the annual shareholders' meeting	March 30, 2000	March 29, 2001	March 28, 2002	March 28, 2003	March 30, 2004	March 30, 2005	March 30, 2006
Stock options outstanding at January 1, 2011	—	74,700	251,400	88,000	484,500	580,500	619,000
Stock options exercised	—	52,200	151,800	2,000	69,200	1,600	—
Forfeitures	—	22,500	—	—	—	—	—
Stock options outstanding at December 31, 2011	—	—	99,600	86,000	415,300	578,900	619,000

The following tables summarize price information of stock options as of December 31, 2011.

Company name	Asahi Group Holdings, Ltd.						
Date of the annual shareholders' meeting	March 30, 2000	March 29, 2001	March 28, 2002	March 28, 2003	March 30, 2004	March 30, 2005	March 30, 2006
Exercise price	¥1,115	¥1,185	¥1,090	¥ 830	¥1,205	¥1,374	¥1,688
Average market price of the stock at the time of exercise	¥ —	¥1,570	¥1,558	¥1,566	¥1,566	¥1,557	¥ —

The following tables summarize volume and movement of stock options for the year ended December 31, 2010.

Exercisable stock options

Company name	Asahi Group Holdings, Ltd.						
Date of the annual shareholders' meeting	March 30, 2000	March 29, 2001	March 28, 2002	March 28, 2003	March 30, 2004	March 30, 2005	March 30, 2006
Stock options outstanding at January 1, 2010	18,000	196,600	330,000	133,000	517,900	587,500	620,000
Stock options exercised	14,000	121,900	78,600	45,000	33,400	7,000	1,000
Forfeitures	4,000	—	—	—	—	—	—
Stock options outstanding at December 31, 2010	—	74,700	251,400	88,000	484,500	580,500	619,000

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

Company name	Asahi Group Holdings, Ltd.						
Date of the annual shareholders' meeting	March 30, 2000	March 29, 2001	March 28, 2002	March 28, 2003	March 30, 2004	March 30, 2005	March 30, 2006
Exercise price	¥1,115	¥1,185	¥1,090	¥ 830	¥1,205	¥1,374	¥1,688
Average market price of the stock at the time of exercise	¥1,748	¥1,708	¥1,694	¥1,709	¥1,724	¥1,740	¥1,740

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

Exercisable stock options

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

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

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

18. Segment Information

Effective from the year ended December 31, 2011, the Company adopted "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, issued on March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, issued on March 21, 2008).

(1) GENERAL INFORMATION ABOUT REPORTABLE SEGMENTS

Each reportable segment of Asahi Group is the business unit in Asahi Group, for which separate financial information is available. Reportable segments are reviewed periodically at the Board of Directors Meeting in order to determine allocation of management resources and evaluate business results by each reportable segment.

Asahi Group mainly engages in the manufacturing and sale of Alcoholic Beverages, Soft drinks and Food for the domestic market, and the manufacture and sale of Alcoholic Beverages and Soft Drinks for the Overseas market. Therefore, the reportable segments of Asahi Group are composed of four segments, "Alcoholic Beverages", "Soft Drinks", "Food" and "Overseas".

The type of primary products and services of each reportable segment and “Others” are as follows.

“Alcoholic Beverages” includes the manufacture and sale of Alcoholic products such as Beer, Happoshu, Shochu and Whisky, the restaurant business, the wholesale business and others. “Soft Drinks” includes the manufacture and sale of Soft Drinks and others. “Food” includes the manufacture and sale of food and chemicals. “Others” includes the distribution business and others.

(2) BASIS OF MEASUREMENT OF REPORTED SALES, SEGMENT PROFIT OR LOSS, SEGMENT ASSETS AND OTHER MATERIAL ITEMS

The accounting methods of each reportable segment are the same as those set forth in the “Significant accounting policies”. The amount of segment profit corresponds to that of operating income. Intersegment sales and transfer prices are calculated based on market value.

(3) INFORMATION ABOUT REPORTABLE SEGMENT PROFIT OR LOSS, SEGMENT ASSETS AND OTHER MATERIAL ITEMS

Segment information for the year ended December 31, 2011

	Millions of yen							
	Reportable segment							
Year ended December 31, 2011	Alcoholic Beverages	Soft Drinks	Food	Overseas	Others	Total	*2 Adjustment	*3 Consolidated
Sales:								
Outside customers	¥921,657	¥324,782	¥98,033	¥ 94,220	¥24,044	¥1,462,736	¥ —	¥1,462,736
Intersegment	20,767	5,033	2,032	17	46,516	74,365	(74,365)	—
Total sales	942,424	329,815	100,065	94,237	70,560	1,537,101	(74,365)	1,462,736
Segment income (loss)	¥101,025	¥ 11,389	¥ 4,158	¥ (2,913)	¥ 760	¥ 114,419	¥ (7,229)	¥ 107,190
Segment assets	¥698,124	¥199,237	¥86,783	¥446,596	¥16,774	¥1,447,514	¥ 82,394	¥1,529,908
Other								
Depreciation	¥ 36,519	¥ 11,069	¥ 2,807	¥ 6,933	¥ 304	¥ 57,632	¥ 503	¥ 58,135
Amortization of goodwill	—	2,804	303	3,265	—	6,372	—	6,372
Equity in earnings (loss) of affiliates	80	—	(177)	5,473	—	5,376	104	5,480
Investment in affiliates	864	—	101	158,624	—	159,589	486	160,075
Increase in property, plant and equipment and intangible assets	11,157	17,773	6,090	4,380	91	39,491	734	40,225

	Thousands of U.S. dollars							
	Reportable segment							
Year ended December 31, 2011	Alcoholic Beverages	Soft Drinks	Food	Overseas	Others	Total	*2 Adjustment	*3 Consolidated
Sales:								
Outside customers	$11,855,634	$4,177,798	$1,261,037	$1,211,989	$ 309,287	$18,815,745	$ —	$18,815,745
Intersegment	267,134	64,741	26,138	219	598,354	956,586	(956,586)	—
Total sales	12,122,768	4,242,539	1,287,175	1,212,208	907,641	19,772,331	(956,586)	18,815,745
Segment income (loss)	$ 1,299,524	$ 146,501	$ 53,486	$ (37,471)	$ 9,776	$ 1,471,816	$ (92,989)	$ 1,378,827
Segment assets	$ 8,980,242	$2,562,863	$1,116,324	$ 215,770	$5,744,739	$18,619,938	$1,059,866	$19,679,804
Other								
Depreciation	$ 469,758	$ 142,385	$ 36,108	$ 89,182	$ 3,910	$ 741,343	$ 6,470	$ 747,813
Amortization of goodwill	—	36,069	3,898	41,999	—	81,966	—	81,966
Equity in earnings (loss) of affiliates	1,029	—	(2,277)	70,402	—	69,154	1,337	70,491
Investment in affiliates	11,114	—	1,299	2,040,443	—	2,052,856	6,251	2,059,107
Increase in property, plant and equipment and intangible assets	143,517	228,621	78,338	56,342	1,170	507,988	9,442	517,430

*1 The Company transitioned to a pure holding company structure to clarify the roles and responsibilities of its respective business units and to further develop each unit’s business expertise as of July 1, 2011, thus changing the governance of Asahi Group. Along with this change, the restaurant business and wholesale business were included in “Alcoholic Beverages” from “Others”.

*2 Adjustment is as follows.

(a) Adjustment of segment income (loss) of ¥(7,229) million ($(92,989) thousand) includes corporate expense of ¥(7,826) million ($(100,669) thousand) which is not allocated to reportable segment and the elimination of inter-segment transactions, etc. of ¥597 million ($7,679 thousand).

(b) Adjustment of segment assets of ¥82,394 million ($1,059,866 thousand) includes corporate assets of ¥98,031 million ($1,261,011 thousand) which is not allocated to reportable segment, and the receivables and payables elimination among inter-segment of ¥(15,637) million ($(201,145) thousand). Corporate assets are primarily the assets held by the Company.

(c) Adjustment of depreciation of ¥503 million ($6,470 thousand) is the depreciation related to corporate assets.

(d) Adjustment of equity in earnings (loss) of affiliates of ¥104 million ($1,337 thousand) is the equity in earnings (loss) of affiliates related to corporate assets.

(e) Adjustment of investment in affiliates of ¥486 million ($6,251 thousand) is the investment in affiliates related to corporate assets.

(f) Adjustment of increase in property, plant and equipment and intangible assets of ¥734 million ($9,442 thousand) is the amount of purchase of property, plant and intangible assets related to corporate assets.

*3 Segment income (loss) was reconciled with operating income presented in the consolidated statements of income.

Segment information for the year ended December 31, 2010, which is restated in conformity with the requirements of the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, issued on March 27, 2009).

	Millions of yen							
	Reportable segment							
Year ended December 31, 2010	Alcoholic Beverages	Soft Drinks	Food	Overseas	Others	Total	*1 Adjustment	*2 Consolidated
Sales:								
Outside customers	¥966,331	¥306,719	¥95,440	¥ 97,674	¥23,297	¥1,489,461	¥ —	¥1,489,461
Intersegment	22,897	5,509	1,881	9	44,558	74,854	(74,854)	—
Total sales	989,228	312,228	97,321	97,683	67,855	1,564,315	(74,854)	1,489,461
Segment income (loss)	¥ 87,250	¥ 8,330	¥ 3,594	¥ (5,138)	¥ 1,145	¥ 95,181	¥ 168	¥ 95,349
Segment assets	¥816,089	¥192,358	¥82,622	¥302,802	¥16,538	¥1,410,409	¥ (5,051)	¥1,405,358
Other								
Depreciation	¥ 40,666	¥ 9,402	¥ 2,566	¥ 6,762	¥ 298	¥ 59,694	¥ 16	¥ 59,710
Amortization of goodwill	(33)	2,779	1,047	1,905	—	5,698	—	5,698
Equity in earnings of affiliates	17	—	—	9,696	—	9,713	133	9,846
Investment in affiliates	784	—	—	158,020	—	158,804	460	159,264
Increase in property, plant and equipment and intangible assets	13,603	12,028	6,502	4,222	275	36,630	108	36,738

*1 Adjustment is as follows.
(a) Adjustment of segment income (loss) of ¥168 million includes the elimination of inter-segment transactions of ¥168 million.
(b) Adjustment of segment assets of ¥(5,051) million includes corporate assets of ¥7,388 million which is not allocated to reportable segment and the receivables and payables elimination among inter-segment of ¥(12,439) million. Corporate assets are primarily the assets related to investment in affiliated company.
(c) Adjustment of depreciation of ¥15 million is the depreciation related to corporate assets.
(d) Adjustment of equity in earnings of affiliates of ¥133 million is the equity in earnings of affiliates related to corporate assets.
(e) Adjustment of investment in affiliates of ¥459 million is the investment in affiliates related to corporate assets.
(f) Adjustment of increase in property, plant and equipment and intangible assets of ¥108 million is the amount of purchase of property, plant and intangible assets related to corporate assets.
*2 Segment income (loss) was reconciled with operating income presented in the consolidated statements of income.

(4) INFORMATION ABOUT PRODUCTS AND SERVICES

Similar information about products and services are disclosed in information about reported segment above. Therefore, its information is not disclosed. Information about products and services is omitted here since it is the same as that disclosed in (1) General Information about Reportable Segments.

(5) INFORMATION ABOUT GEOGRAPHICAL AREAS

(a) Sales

Domestic sales in Japan amounted to more than 90% of net consolidated sales. Therefore, its sales are not disclosed.

(b) Property, plant and equipment

The balance of property, plant and equipment located in Japan amounted to more than 90% of the total balance of property, plant and equipment in the consolidated balance sheets. Therefore, a geographical breakdown of property, plant and equipment is omitted here.

(6) INFORMATION ABOUT MAJOR CUSTOMERS

Year ended December 31, 2011

	Millions of yen	Thousands of U.S. dollars	
Name of customers	Sales	Sales	Segment
Kokubu & Co., Ltd.	¥158,021	$2,032,686	Alcoholic Beverages, Soft Drinks, Food
Itochu-Shokuhin Co., Ltd.	¥167,360	$2,152,817	Alcoholic Beverages, Soft Drinks, Food

(7) INFORMATION ABOUT AMORTIZATION AND UNAMORTIZED BALANCE OF GOODWILL BY REPORTABLE SEGMENT

Year ended December 31, 2011

	Millions of yen						
	Alcoholic Beverages	Soft Drinks	Food	Overseas	Others	Adjustment	Total
Amortization of goodwill	¥—	¥ 2,804	¥ 302	¥ 3,690	¥—	¥—	¥ 6,796
Unamortized balance of goodwill	—	33,860	6,354	144,194	—	—	184,408

	Thousands of U.S. dollars						
	Alcoholic Beverages	Soft Drinks	Food	Overseas	Others	Adjustment	Total
Amortization of goodwill	$—	$ 36,069	$ 3,885	$ 47,466	$—	$—	$ 87,420
Unamortized balance of goodwill	—	435,554	81,734	1,854,824	—	—	2,372,112

Segment information for the years ended December 31, 2010 and 2009, which had been prepared under the previous standard and formally reported were as follows:

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

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

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

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

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

Pursuant to ASBJ Statement No. 9 issued on July 5, 2006, described in Note 2 “Inventories”, the Company and its consolidated domestic subsidiaries adopted “Accounting Standard for Measurement of inventories”. As a consequence, operating income of alcoholic beverages, soft drinks, food and pharmaceutical business and others decreased by ¥656 million, ¥730 million, ¥170 million and ¥3 million respectively for the year ended December 31, 2009.

As discussed in Note 2 “Property, Plant and equipment”, in accordance with the revised Japanese Corporate Tax Law and its regulation, the Company and its consolidated domestic subsidiaries have changed the useful lives for tangible fixed assets in the year ended December 31, 2009. As a consequence, operating income of alcoholic beverages and soft drinks business decreased by ¥5,961 million and ¥24 million respectively, and operating income of food and pharmaceutical business and others increased by ¥100 million and ¥1 million respectively for the year ended December 31, 2009.

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

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

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

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

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

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

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

19. Business Combinations

Business combination through the acquisition during the year ended December 31, 2011

(1)OUTLINE OF THE TRANSACTIONS

(a) Name and business of acquired company

Flavoured Beverages Group Holdings Limited

Overseas business

(b) Outline and purpose of the transaction

Under the Company's long-term vision, by 2015 the Asahi Group aims to increase its sales to ¥2.0–2.5 trillion ($26–32 billion), increase its share of overseas sales to 20–30% of total group sales, and join the ranks of the top global food companies in scale, while becoming a trusted company with global quality.

To achieve this goal, Asahi Group will drive growth in its existing businesses as well as expand its overseas investment activities to realize further synergies. Through the acquisition of Flavoured Beverages Group Holdings Limited, Asahi will gain a strong position in the alcoholic beverage markets in New Zealand and Australia. By promoting collaboration with existing beverage business groups in the region, Asahi Group aims to enhance its overall corporate value in Oceania.

(c) Effective date of business combination

September 30, 2011

(d) Legal form of business combination

Share acquisition by cash

(e) Name of the company after business combination

Flavoured Beverages Group Holdings Limited

(f) Share of voting rights acquired

100%

(g) Main reason of the determination of acquiring company

Due to share acquisition by Asahi Liquor New Zealand Limited which is the Company's consolidated subsidiary

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

From October 1, 2011 to December 31, 2011

(3) ACQUISITION COST OF ACQUIRED COMPANY AND ITS BREAKDOWN

The acquisition cost of acquired company is ¥98,155 million ($1,262,606 thousand). However, the Company is in the midst of investigating changes in the working capital etc. as of the acquisition date based on the purchase and sales agreement. Therefore, the acquisition cost is not fixed yet as of December 31, 2011 and the above-mentioned amount is a provisional value.

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

(a) Amount of goodwill

¥73,598 million ($946,720 thousand)

(b) Reason for recognizing goodwill

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

(c) Method and term to amortize goodwill

Straight-line method over 20 years

The acquisition cost is not fixed yet as of December 31, 2011 and the Company is in the midst of conducting Purchase Price Allocation ("PPA"). Therefore, the information above is tentatively calculated by rational and available information.

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

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 9,573	$123,141
Fixed assets	14,230	183,046
Total assets	¥23,803	$306,187
Current liabilities	¥ 4,205	$ 54,091
Long-term liabilities	2,610	33,573
Total liabilities	¥ 6,815	$ 87,664

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

The Company is in the midst of conducting PPA. Therefore, the information above as of December 31, 2011 is a provisional value.

(6) ESTIMATED IMPACT ON CONSOLIDATED FINANCIAL RESULT IF THE BUSINESS COMBINATION HAD BEEN COMPLETED AT THE BEGINNING OF THE FISCAL YEAR (JANUARY 1, 2011)

The Company does not calculate it because of the difficulty of calculating the estimated impact.

Business combination through the acquisition during the year ended December 31, 2011

(1) OUTLINE OF THE TRANSACTIONS

(a) Name and business of acquired company

P&N Beverages Australia Pty. Limited and other

Overseas business

(b) Outline and purpose of the transaction

Under the Company's long-term vision, by 2015 the Asahi Group aims to increase its sales to ¥2.0–2.5 trillion ($26–32 billion), increase its share of overseas sales to 20–30% of total group sales, and join the ranks of the top global food companies in scale, while becoming a trusted company with global quality.

To achieve this goal, Asahi Group will drive growth in its existing businesses as well as expand its overseas investment activities to realize further synergies. Through the acquisition of P&N Beverages Australia Pty. Limited's water and juice businesses in line with the above policy, Asahi Group aims to enhance its position within the Australian beverage market by enabling Schweppes Australia Pty Ltd to strengthen its product portfolio and gain efficiencies in supply chain management.

(c) Effective date of business combination

September 2, 2011

(d) Legal form of business combination

Share acquisition by cash

(e) Name of the company after business combination

P&N Beverages Australia Pty. Limited and other (P&N Beverages Australia Pty. Limited renamed "Asahi Beverages Australia Pty Ltd")

(f) Share of voting rights acquired

100%

(g) Main reason of the determination of acquiring company

Due to share acquisition by Asahi Holding (Australia) Pty Ltd which is the Company's consolidated subsidiary

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

From September 3, 2011 to December 31, 2011

(3) ACQUISITION COST OF ACQUIRED COMPANY AND ITS BREAKDOWN

The acquisition cost of acquired company is ¥14,981 million ($192,706 thousand). However, the Company is in the midst of investigating changes in the working capital etc. as of the acquisition date based on the purchase and sales agreement. Therefore, the acquisition cost is not fixed yet as of December 31, 2011 and the above-mentioned amount is a provisional value.

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

(a) Amount of goodwill

¥14,110 million ($181,502 thousand)

(b) Reason for recognizing goodwill

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

(c) Method and term to amortize goodwill

Straight-line method over 20 years

The acquisition cost is not fixed yet as of December 31, 2011 and the Company is in the midst of conducting PPA. Therefore, the information above is tentatively calculated by rational and available information.

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

	Millions of yen	Thousands of U.S. dollars
Current assets	¥2,323	$29,882
Fixed assets	4,273	54,965
Total assets	¥6,596	$84,847
Current liabilities	¥5,146	$66,195
Long-term liabilities	—	—
Total liabilities	¥5,146	$66,195

Note: Amount of goodwill as mentioned in (4) (a) is not included in the above amount of assets and liabilities.
The Company is in the midst of conducting PPA. Therefore, the information above as of December 31, 2011 is a provisional value.

(6) ESTIMATED IMPACT ON CONSOLIDATED FINANCIAL RESULT IF THE BUSINESS COMBINATION HAD BEEN COMPLETED AT THE BEGINNING OF THE FISCAL YEAR (JANUARY 1, 2011)

The Company does not calculate it because of the difficulty of calculating the estimated impact.

Business combination through the acquisition during the year ended December 31, 2011

(1) OUTLINE OF THE TRANSACTIONS

(a) Name and business of acquired company

Charlie's Group Limited

Overseas business

(b) Outline and purpose of the transaction

Under the Company's long-term vision, by 2015 the Asahi Group aims to increase its sales to ¥2.0–2.5 trillion ($26–32 billion), increase its share of overseas sales to 20–30% of total group sales, and join the ranks of the top global food companies in scale, while becoming a trusted company with global quality.

To achieve this goal, Asahi Group will drive growth in its existing businesses as well as expand its overseas investment activities to realize further synergies. Through the acquisition of Charlie's Group Limited, Asahi will establish a position within the New Zealand beverage market. By pursuing further synergies with existing beverage business in Australia, Asahi Group aims to drive growth of beverage business in Asia and Oceania.

(c) Effective date of business combination

August 31, 2011

(d) Legal form of business combination

Share acquisition by cash

(e) Name of the company after business combination

Charlie's Group Limited

(f) Share of voting rights acquired

100%

(g) Main reason of the determination of acquiring company

Due to share acquisition by Asahi Beverages New Zealand Limited which is the Company's consolidated subsidiary

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

From September 1, 2011 to December 31, 2011

(3) ACQUISITION COST OF ACQUIRED COMPANY AND ITS BREAKDOWN

The acquisition cost of acquired company is ¥8,481 million ($109,094 thousand).

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

(a) Amount of goodwill ¥6,910 million ($88,886 thousand)

(b) Reason for recognizing goodwill

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

(c) Method and term to amortize goodwill

Straight-line method over 20 years

The acquisition cost is not fixed yet as of December 31, 2011 and the Company is in the midst of conducting PPA. Therefore, the information above is tentatively calculated by rational and available information.

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

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 949	$12,208
Fixed assets	1,821	23,424
Total assets	¥2,770	$35,632
Current liabilities	¥ 675	$ 8,683
Long-term liabilities	557	7,165
Total liabilities	¥1,232	$15,848

Note: Amount of goodwill as mentioned in (4) (a) is not included in the above amount of assets and liabilities.
The Company is in the midst of conducting PPA. Therefore, the information above as of December 31, 2011 is a provisional value.

(6) ESTIMATED IMPACT ON CONSOLIDATED FINANCIAL RESULT IF THE BUSINESS COMBINATION HAD BEEN COMPLETED AT THE BEGINNING OF THE FISCAL YEAR (JANUARY 1, 2011)

The Company does not calculate it because of the difficulty of calculating the estimated impact.

Business combination through the acquisition during the year ended December 31, 2011

(1) OUTLINE OF THE TRANSACTIONS

(a) Name and business of acquired company

Permanis Sdn. Bhd.

Overseas business

(b) Outline and purpose of the transaction

Under the Company's long-term vision, by 2015 the Asahi Group aims to increase its sales to ¥2.0–2.5 trillion ($26–32 billion), increase its share of overseas sales to 20–30% of total group sales, and join the ranks of the top global food companies in scale, while becoming a trusted company with global quality.

To achieve this goal, Asahi Group will drive growth in its existing businesses as well as expand its overseas investment activities to realize further synergies. Through the acquisition of Permanis Sdn. Bhd., Asahi hopes to establish a base in the Malaysian soft drink market and use this as a platform for mid to long term expansion into Southeast Asia. In addition, to generate synergies within its Oceania operations, together with its strong operations in China, Asahi intends to establish and strengthen a platform for growth in the Asia Oceania region.

(c) Effective date of business combination

December 31, 2011 (deemed acquisition date)

(d) Legal form of business combination

Share acquisition by cash

(e) Name of the company after business combination

Permanis Sdn. Bhd.

(f) Share of voting rights acquired

100%

(g) Main reason of the determination of acquiring company

Due to share acquisition by Asahi Group Holdings Southeast Asia Pte. Ltd. which is the Company's consolidated subsidiary

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

The financial result of acquired company for the year ended December 31, 2011 is not accounted for.

(3) ACQUISITION COST OF ACQUIRED COMPANY AND ITS BREAKDOWN

The acquisition cost of acquired company is ¥21,276 million ($273,682 thousand).

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

(a) Amount of goodwill

¥13,260 million ($170,569 thousand)

(b) Reason for recognizing goodwill

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

(c) Method and term to amortize goodwill

Not determined yet

The acquisition cost is not fixed yet as of December 31, 2011 and the Company is in the midst of conducting PPA. Therefore, the information above is tentatively calculated by rational and available information.

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

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 5,682	$ 73,090
Fixed assets	11,577	148,919
Total assets	¥17,259	$222,009
Current liabilities	¥ 3,582	$ 46,076
Long-term liabilities	5,814	74,788
Total liabilities	¥ 9,396	$120,864

Note: Amount of goodwill as mentioned in (4) (a) is not included in the above amount of assets and liabilities.
The Company is in the midst of conducting PPA. Therefore, the information above as of December 31, 2011 is a provisional value.

(6) ESTIMATED IMPACT ON CONSOLIDATED FINANCIAL RESULT IF THE BUSINESS COMBINATION HAD BEEN COMPLETED AT THE BEGINNING OF THE FISCAL YEAR (JANUARY 1, 2011)

The Company does not calculate it because of the difficulty of calculating a provisional value.

Business combination under common control during the year ended December 31, 2011

(1) OUTLINE OF THE TRANSACTIONS

(a) Name and business of acquired company

Asahi Group Holdings, Ltd. (Company name before the transaction: Asahi Breweries, Ltd.)

Alcoholic Beverages: Manufacture and sale of alcoholic beverages mainly in Japan

(b) Effective date of business combination

July 1, 2011

(c) Legal form of business combination

Absorption-type demerger under the Companies act of Japan, with the Company as the demerged company, and Asahi Group Holdings, Ltd., the Company's wholly-owned subsidiary as the successor company.

(d) Name of the company after business combination

Asahi Breweries, Ltd.

As of July 1, 2011, the Company changed its trade name to "Asahi Group Holdings, Ltd." and changed its business purpose in accordance with their management and operation as a holding company.

(e) Outline of other transactions

By the transition to a pure holding company structure, the Company will enhance the functions of the governance of Asahi Group, and thereby further cultivate its craftsmanship and strengthen the management infrastructure of the entire Asahi Group by integrating its operations across the Asahi Group and improving specialty service functions, as well as develop human resources that are capable of appropriately responding to the diversity of customers and businesses. At the same time, as the new structure will allow the Company to make bold resource allocation to growing areas in both domestic and overseas markets, the Company will speed up its efforts to achieve significant growth of the whole Asahi Group.

(2) OVERVIEW OF THE RELATED ACCOUNTING

This transition is accounted for as business transaction under common control based on the "Accounting Standards for Business Combinations" (ASBJ statement issued on October 31, 2003), and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No 10 issued on November 15, 2007).

The amounts of assets and liabilities which Asahi Breweries, Ltd. succeeded to as of the date of business combination are as follow:

	Millions of yen	Thousands of U.S. dollars
Total assets	¥625,695	$8,048,559
Total liabilities	138,326	1,779,341
Common stock	20,000	257,268
Capital reserve	5,000	64,317
Other capital surplus	461,303	5,933,921
Valuation difference on available-for-sale securities	1,066	13,712

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

(1) OUTLINE OF THE TRANSACTIONS

(a) Name and business of acquired company

Schweppes Holdings Pty Ltd

Production and sales of soft drinks

(b) Outline and purpose of the transaction

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

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

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

(c) Effective date of business combination

April 3, 2009

(d) Legal form of business combination

Share acquisition by cash

(e) Name of the company after business combinations

Schweppes Holdings Pty Ltd

(f) Share of voting rights acquired

100%

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

From April 1, 2009 to December 31, 2009

(3) ACQUISITION COST OF ACQUIRED COMPANY AND ITS BREAKDOWN

	Millions of yen
Acquisition cost of shares	¥59,828
Expenditures for acquiring the common shares	1,406
Acquisition cost	¥61,234

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

(a) Amount of goodwill

¥31,855 million

(b) Reason for recognizing goodwill

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

(c) Method and term to amortize goodwill

Straight-line method over 20 years

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

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

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

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

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

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

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

20. Consolidated Statement of Comprehensive Income

(1) Comprehensive income for the year ended December 31, 2010 was as follow:

	Millions of yen
Comprehensive income attributable to owners of the parent	¥48,294
Comprehensive income attributable to minority interests	(1,656)
Total	¥46,638

(2) Other comprehensive income for the year ended December 31, 2010 was as follow:

	Millions of yen
Valuation difference on available-for-sale securities	¥(2,247)
Deferred gains or losses on hedges	706
Foreign currency translation adjustment	28
Share of other comprehensive income of associates accounted for using equity method	(3,392)
Total	¥(4,905)

21. Related Party Transactions

There was no related party transaction for the years ended December 31, 2011 and 2009.

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

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

	Millions of yen
Sales of investment in an affiliate	¥43,498
Allocation of new shares to shareholder	43,494

Condensed financial information of whole 59 equity-method affiliates including Tingyi-Asahi Beverages Holding Co. Ltd ("TAB") and its 51 affiliates, 40 equity-method affiliates including TAB and its 33, 33 equity-method affiliates including TAB and its 28 affiliates for the years ended December 31, 2011, 2010 and 2009, respectively, is disclosed as follows:

	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	2011
Total current assets	¥163,997	¥173,693	¥123,933	$2,109,557
Total fixed assets	555,345	439,630	242,154	7,143,620
Total current liabilities	245,840	192,534	155,496	3,162,336
Total long-term liabilities	74,053	38,998	27,326	952,573
Total shareholders' equity	400,800	383,246	183,716	5,155,647
Net sales	632,151	602,844	265,619	8,131,605
Income before income taxes and minority interests	49,489	58,923	27,140	636,596
Net income	34,459	44,466	22,374	443,260

22. Subsequent Event

Appropriations of retained earnings

The following appropriations of retained earnings, which have not been reflected in the accompanying consolidated financial statements for the year ended December 31, 2011, were approved at a general meeting of the shareholders of the Company held on March 27, 2012:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥13.5 per share)	¥6,286	$80,859

Independent Auditors' Report

To the Board of Directors of
Asahi Group Holdings, Ltd.

We have audited the accompanying consolidated balance sheets of Asahi Group Holdings, Ltd. (formerly Asahi Breweries, Ltd.) and its consolidated subsidiaries as of December 31, 2011, 2010 and 2009, and the related consolidated statements of income and comprehensive income for the year ended December 31, 2011, statements of income for the years ended December 31, 2010 and 2009, and statements of changes in net assets and cash flows for each of the three years in the period ended December 31, 2011 expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Asahi Group Holdings, Ltd. and its consolidated subsidiaries as of December 31, 2011, 2010 and 2009, and the results of their operations and their cash flows for each of the three years then ended, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to Note 20 to the consolidated financial statements, in which the comprehensive income for the year ended December 31, 2010 is disclosed.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended December 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

Tokyo, Japan
March 27, 2012

MARKET INFORMATION

Global beer market

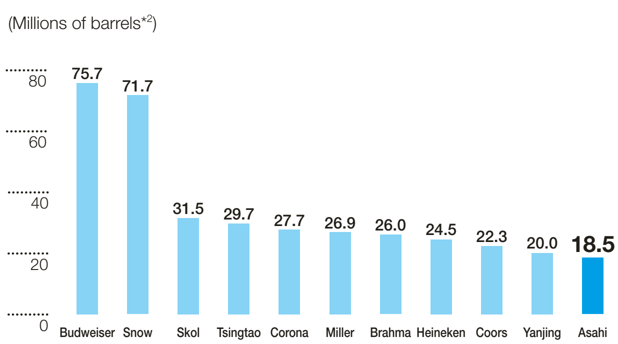
01 Beer consumption—top 10 countries*1

(Millions of barrels)

	2000	2004	2005	2006	2007	2008	2009	2010
China	190.2	240.6	263.6	288.9	324.8	351.9	368.1	376.6
United States	195.9	199.7	200.0	202.7	205.1	205.6	202.1	198.8
Russia	70.4	70.1	74.3	81.8	93.8	93.3	89.1	98.9
Brazil	47.1	74.4	77.9	81.3	87.1	88.3	84.8	80.0
Germany	87.9	81.5	81.0	82.2	78.3	77.7	76.6	74.9
Mexico	42.9	46.4	47.9	50.5	54.0	54.8	55.2	55.0
Japan*2	**60.5**	**56.4**	**53.9**	**54.0**	**53.4**	**52.1**	**51.0**	**49.5**
United Kingdom	48.6	50.4	48.1	47.4	45.3	43.8	43.0	39.1
Spain	24.8	29.4	29.5	29.8	30.4	27.8	27.8	27.7
Poland	19.0	24.9	26.2	27.7	29.8	30.4	27.8	27.7

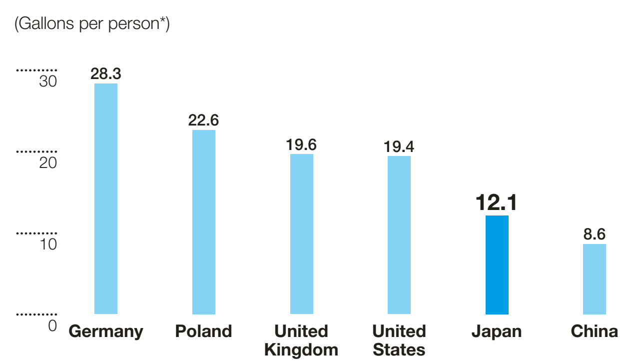
*1 Excludes non-alcoholic beverages. *2 Includes happoshu and new genre.
Source: Impact Databank 2011 Edition

02 World's top 10 beer brands*1 in 2010



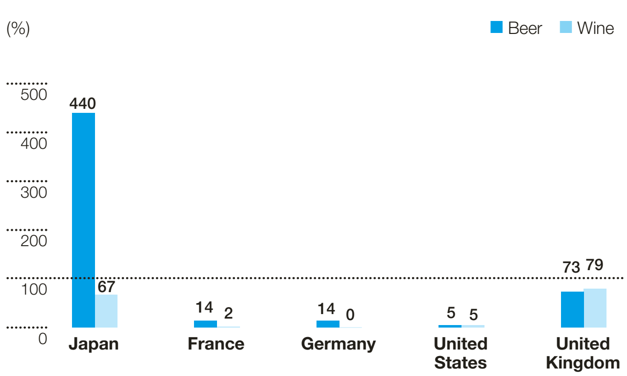
*1 Includes exports and license volume.
*2 One U.S. barrel = 1.173477653 hectoliters.
Source: Impact Databank 2011 Edition

03 Per capita beer consumption in major nations in 2010

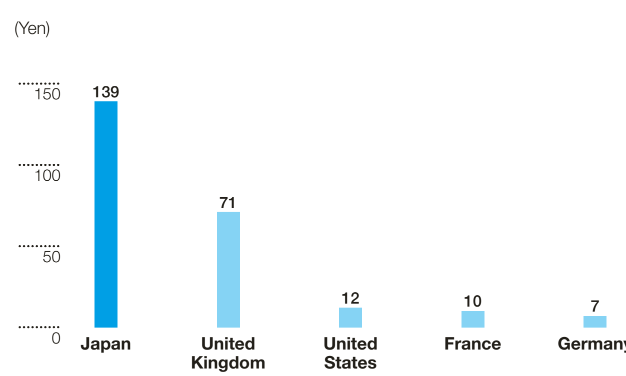


* Based on total population. One U.S. gallon = 3.785 liters.
Source: Impact Databank 2011 Edition

04 Tax per unit of concentration of alcohol in major countries*2,3,4



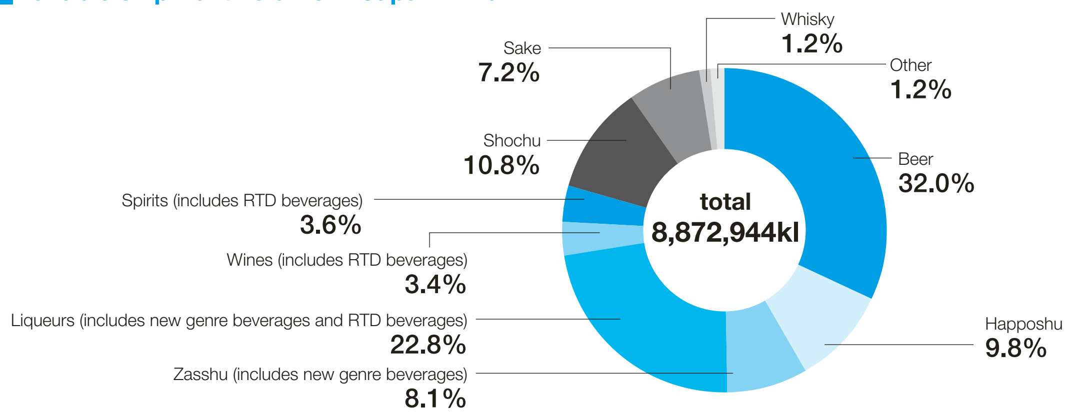
05 Beer tax*1,2,3 in major nations



*1 Cash values (liquor tax) shown in yen per 633 milliliters.
*2 Foreign exchange rates were: €1 = ¥116.84; U.S.$1 = ¥80.73; £1 = ¥129.78 (based on TTM rate as of June 2011).
*3 Figures for the U.S. based on survey conducted in New York.
*4 Comparison by alcohol type against distilled alcohol where tax on distilled alcohol = 100
Source: Brewers Association of Japan (September 2011)

Japan’s alcoholic beverages market

06 Taxable shipment volume in Japan in 2011



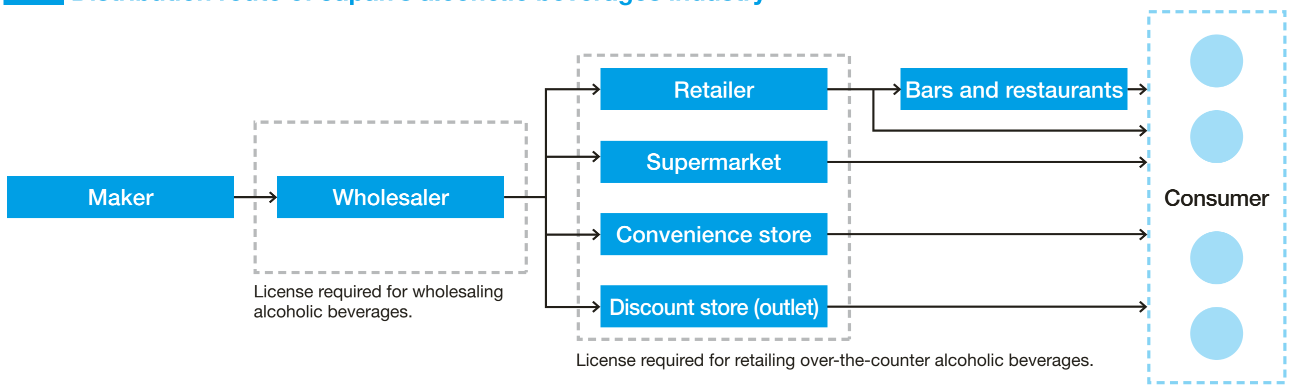
Compiled from National Tax Agency reference materials.

07 Comparison of liquor taxes per 350 milliliters

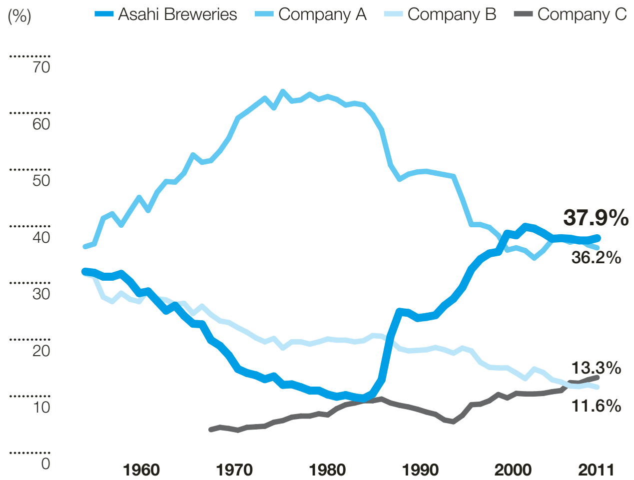
Alcoholic beverages	Malt component ratio	Alcohol content	Tax amount (Yen)
Beer*	67% and above	5.0%	77
Happoshu*	Below 25%	5.5%	47
Liqueurs*	Below 50%	5.0%	28
Zasshu*	0%	5.0%	28
Liqueurs (canned chu-hi)	—	7.0%	28
Sparkling Wine (low-alcohol)	—	8.0%	28
Wines	—	12.0%	28

* Beer-type beverages: their tax amounts are derived from representative products in the market.

08 Distribution route of Japan’s alcoholic beverages industry



09 Beer, happoshu and new genre: market share in Japan by major company (1954–2011)



Source: Asahi Breweries, Ltd.

10 Beer, happoshu and new genre: shipment volume in Japan (January–December 2011)

ASAHI BREWERIES (Million cases)

	Volume	Year-on-year change (%)		Market share (Increase/Decrease)	
Beer	111.61	–5.0	(–4.3%)	50.5%	(–0.1)
Happoshu	16.64	–2.1	(–11.2%)	24.5%	(+0.5)
New genre	39.39	+2.6	(+7.0%)	25.7%	(+1.2)
Total	**167.64**	**–4.6**	**(–2.7%)**	**37.9%**	**(+0.4)**

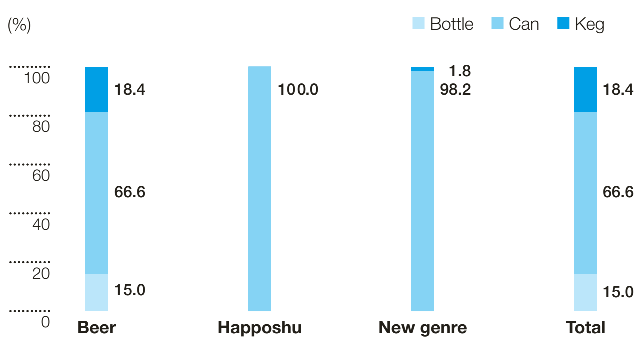
INDUSTRY OVERALL (Million cases)

	Volume	Year-on-year change (%)		Breakdown (Increase/Decrease)	
Beer	221.03	–9.4	(–4.1%)	50.0%	(–0.2)
Happoshu	68.02	–10.1	(–12.9%)	15.4%	(–1.6)
New genre	153.34	+2.7	(+1.8%)	34.7%	(+1.9)
Total	**442.39**	**–16.8**	**(–3.7%)**	**100.0%**	**—**

Sources: Brewers Association of Japan and Happoshu online website

Asahi Breweries beer-type beverages sales

11 Sales composition by container type in 2011



YEAR-ON-YEAR SALES RATIO, BY CONTAINER TYPE (2011/2010)

	Bottle	Can	Keg	Total
Beer	90.9%	97.0%	96.5%	95.4%
Happoshu (low-malt beer)	—	88.4%	—	88.4%
New genre (no-malt beer)	—	105.7%	210.8%	106.6%
Total	**90.8%**	**98.4%**	**97.8%**	**97.1%**

12 Sales composition by marketing channel

	2010 results			2011 results		
	Beer	Happoshu and new genre (total)	Total	Beer	Happoshu and new genre (total)	Total
Convenience stores	8.1%	13.5%	9.8%	8.2%	13.0%	9.8%
Supermarkets	18.4%	41.6%	25.9%	18.9%	42.2%	26.6%
Discount stores (outlets)	15.9%	22.0%	17.8%	15.6%	21.6%	17.6%
Mass-retail outlets total	42.4%	77.1%	53.5%	42.7%	76.8%	54.0%
Commercial-use liquor retailers	36.2%	3.1%	25.6%	36.2%	3.4%	25.3%
General liquor shops, etc.	21.4%	19.8%	20.9%	21.1%	19.9%	20.7%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

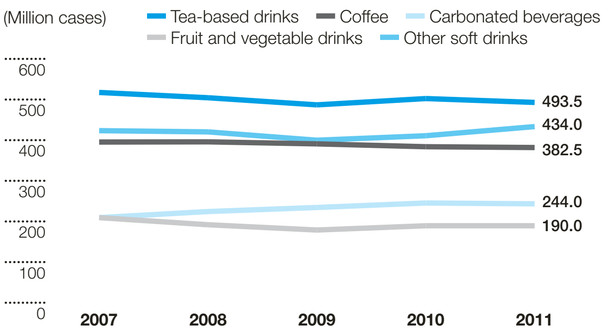
* Composition of commercial-use liquor retailers does not equal the consumption rate for commercial-use liquor.
Source: Asahi Breweries, Ltd.

Japan's soft drinks market and Asahi Soft Drinks sales

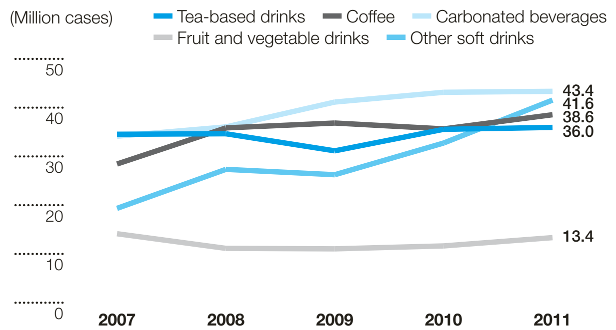
Source: Asahi Soft Drinks, Co., Ltd.

13 Sales in domestic soft drinks market, by category

INDUSTRY OVERALL



ASAHI SOFT DRINKS



INDUSTRY OVERALL (Million cases)

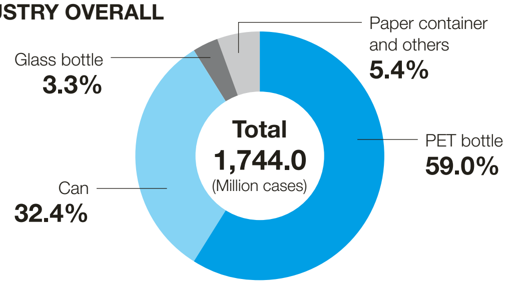
	2007	2008	2009	2010	2011
Tea-based drinks	518.0	505.0	487.5	503.0	493.5
Coffee	396.0	396.5	391.5	384.5	382.5
Carbonated beverages	210.0	225.0	235.0	246.0	244.0
Fruit and vegetable drinks	210.0	192.5	179.5	190.0	190.0
Other soft drinks	424.0	421.0	400.5	411.5	434.0
Total	**1,758.0**	**1,740.0**	**1,694.0**	**1,735.0**	**1,744.0**

ASAHI SOFT DRINKS (Million cases)

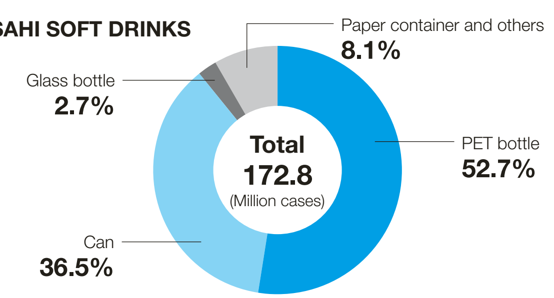
	2007	2008	2009	2010	2011
Tea-based drinks	34.6	34.7	31.2	35.6	36.0
Coffee	28.5	35.9	36.9	35.7	38.6
Carbonated beverages	34.2	36.1	41.2	43.2	43.4
Fruit and vegetable drinks	14.2	11.2	11.1	11.7	13.4
Other soft drinks	19.4	27.4	26.3	32.8	41.6
Total	**130.9**	**145.3**	**146.7**	**159.0**	**172.8**

14 Sales in domestic soft drinks market, by container type in 2011

INDUSTRY OVERALL

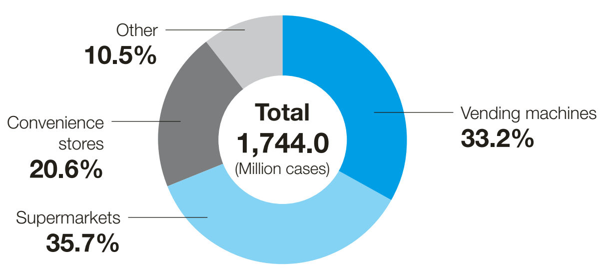


ASAHI SOFT DRINKS

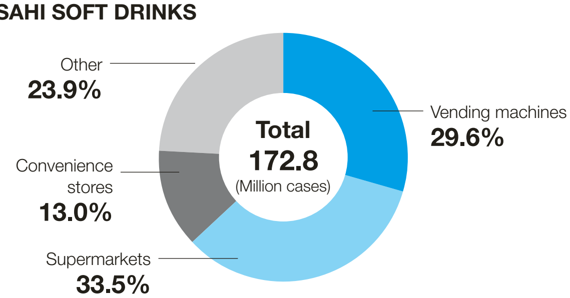


15 Sales composition in domestic soft drinks market, by marketing channel in 2011

INDUSTRY OVERALL



ASAHI SOFT DRINKS



CORPORATE DATA

(As of December 31, 2011)

Major Group companies (domestic)

Company	Capital (¥ billion)	Percentage of voting rights	Sales in 2011 (¥ billion)
Domestic alcoholic beverages business			
Asahi Breweries Ltd.	20	100.0%	919.6
Domestic soft drinks business			
Asahi Soft Drinks Co., Ltd.	11.1	100.0%	310.9
LB Co., Ltd.	0.5	100.0%	21.3
Domestic food business			
Asahi Food & Healthcare Co., Ltd.	3.2	100.0%	48.9
Wakodo Co., Ltd.	2.9	100.0%	37.1
Amano Jitsugyo Co., Ltd.	0.1	100.0%	17.8

Plants and manufacturing bases (domestic)

Company	Plants	Products	Locations
Asahi Breweries, Ltd.	9	Beer, happoshu, new genre, fruit wine and beer-taste, carbonated beverages	Hokkaido, Fukushima, Ibaraki, Kanagawa, Aichi, Osaka, Hyogo, Ehime, Fukuoka
The Nikka Whisky Distilling Co., Ltd.	7	Whisky, shochu, RTD beverages	Hokkaido, Aomori, Miyagi, Tochigi, Chiba, Hyogo, Fukuoka
Sainte Neige Wine Co., Ltd.	1	Wine	Yamanashi
Satsumatsukasa Shuzo Co., Ltd.	1	Otsu-type shochu	Kagoshima
Asahi Soft Drinks Co., Ltd.	3	Coffee drinks, carbonated drinks, tea-based beverages, other soft drinks and RTD beverages	Shizuoka, Toyama, Hyogo
LB Co., Ltd.	2	Chilled beverages such as tea-based drinks, soft drinks and other drinks Black vinegar drinks for home-delivery and other products	Saitama, Aichi
Asahi Food & Healthcare Co., Ltd.	4	Brewer's yeast extract, supplements and other products	Ibaraki, Tochigi, Nagano, Osaka
Wakodo Co., Ltd.	3	Milk powder for infants, baby food, milk powder for commercial-use, skincare products and food	Tochigi, Nagano, Shizuoka
Amano Jitsugyo Co., Ltd.	2	Manufacture of caramel, powdered seasonings, and freeze-dried food products	Okayama
Asahi Beer Malt, Ltd.	2	Malt, malt powder, barley tea and other products	Tochigi, Shiga

Sales and marketing bases (overseas)

Branch / Office	Principal business	Locations
Europe		
Asahi Breweries, Ltd. Europe Branch	Sales and marketing of beer	3F Mimet House, 5A Praed Street, London W2 1NJ, U.K.
Asia		
Asahi Breweries, Ltd. Bangkok Office	Sales and marketing of beer (Other than Thailand)	12th Floor, Room No.1213, Qhouse Asoke Building, 66 Sukhumvit 21, North Klongtoey, Wattana, Bangkok 10110, Thailand

Major Group companies (overseas)

Company	Capital	Percentage of voting rights	Principal business	Locations
United States				
Asahi Beer U.S.A., Inc.	US$32 million	100.0%	Sales and marketing of beer	**Headquarters & Los Angeles Branch:** 3625 Del Amo Blvd., Suite 250, Torrance, CA 90503, U.S.A. **New York Branch:** 300 Hamilton Ave., Suite 209, White Plains, NY 10606, U.S.A.
Europe				
Buckinghamshire Golf Company Limited	£40.0 million	100.0%	Ownership and management of a golf club	Denham Court Drive, Denham, Buckinghamshire UB9 5PG, U.K.
Asia-Oceania				
Asahi Beer (China) Investment Co., Ltd.	RMB737 million	100.0%	Sales of beer	No. 712 Room, Citic Square No.1168, Nanjing Rd. (W), Shanghai 200041, China
Yantai Beer Tsingtao Asahi Company, Ltd.	RMB219 million	51.0%	Production and sales of beer	100 Huanshan Road, Yantai, Shandong, China
Beijing Beer Asahi Co., Ltd.	RMB609 million	72.8%	Production and sales of beer	North 1 Yanqi Road, Yanqi Industrial Development Zone, Huairou District, Beijing, China
Australia Holdings (Australia) Pty Ltd	AU$214 million	100.0%	Control of operations in Oceania	Suite 104, 68-72 York Street, South Melbourne, Vic 3205, Australia
Schweppes Australia Pty Ltd.	AU$372 million	100.0%	Production and sales of soft drinks	Level 5, 111 Cecil Street, South Melbourne, Vic 3205, Australia
Permanis Sdn. Bhd.	RM111 million	100.0%	Production and sales of soft drinks	Level 10 Menara Yayasan Tun Razak, 200 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia

INVESTOR INFORMATION

(As of December 31, 2011)

Head Office
1-23-1, Azumabashi
Sumida-ku, Tokyo 130-8602, Japan
Tel: +81-3-5608-5126
Fax: +81-3-5608-7121
URL: http://www.asahibeer.co.jp/english

Date of Establishment
September 1, 1949

Number of Employees
Consolidated: 16,759

Fiscal Year-End Date
December 31, on an annual basis

Dividends
Year-end: To shareholders of record on December 31
Interim: To shareholders of record on June 30

Paid-In Capital
¥182,531 million

Number of Shares of Common Stock Issued
483,585,862

Number of Shareholders
123,931

Ordinary General Meeting of Shareholders
The ordinary general meeting of shareholders of the Company is normally held in March each year in Tokyo, Japan. In addition, the Company may hold an extraordinary meeting of shareholders as necessary, giving at least two weeks prior notice to shareholders.

Composition of Shareholders

	(%)
Financial institutions	37.7
Foreign corporations	26.5
Other corporations	16.2
Individuals, other	12.7
Treasury stock	3.7
Brokerage	3.2

Major Shareholders

Shareholder Name	Percentage of voting rights (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	5.1%
Japan Trustee Services Bank, Ltd. (Trust Account)	4.4%
Asahi Kasei Corporation	3.9%
The Dai-ichi Mutual Life Insurance Company	3.5%
Fukoku Mutual Life Insurance Company	3.5%
JP Morgan Chase Bank 38055	2.3%
SSBT OD05 OMNIBUS ACCOUNT–TREATY CLIENTS	2.0%
Sumitomo Mitsui Banking Corporation	1.9%
The Sumitomo Trust & Banking Co., Ltd.	1.7%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1.4%

* While Asahi Group Holdings, Ltd. owns 17,950 millions shares of treasury stock, it is not included with the major shareholders listed above.

Stock Exchange Listings
Tokyo Stock Exchange, Osaka Securities Exchange

Newspaper for Official Notice
Nihon Keizai Shimbun

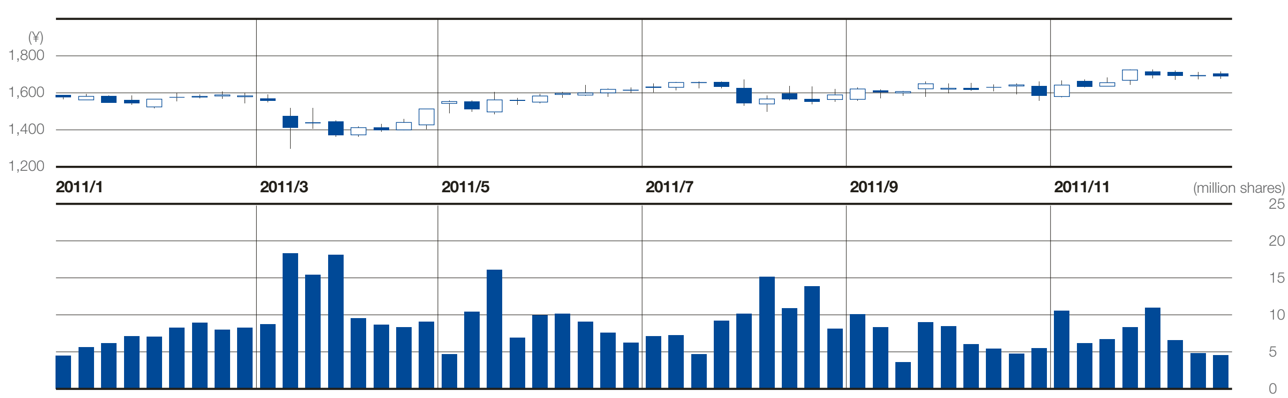
Transfer Agent and Registrar

Stock Transfer Agent:
The Sumitomo Trust & Banking Co., Ltd.
4-5-33 Kitahama, Chuo-ku, Osaka

Handling Office:
The Sumitomo Trust & Banking Co., Ltd.
Stock Transfer Agency Department
2-3-1 Yaesu, Chuo-ku, Tokyo

Auditor
KPMG AZSA LLC

Share Price Range and Trading Volume on the Tokyo Stock Exchange (Common Stock)



ASAHI GROUP HOLDINGS, LTD.

http://www.asahigroup-holdings.com/en/

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