

# Asahi Group Holdings, Ltd.



## FY2011 3Q Financial Results

**NOTE:**

All information has been prepared in accordance with generally accepted accounting principles in Japan. Amounts shown in this accounting report and in the attached materials have been rounded down to omit fractions less than one million yen. This document is a partial English translation of the Japanese Financial Statement which was filed at Stock Exchanges in Japan on October 31, 2011.

This translation was made for information only. The Company gives no warranty with respect to its correctness.

**Summary Report of 3Q Financial Results  
(Fiscal 2011)**

October 31, 2011

**Asahi Group Holdings, Ltd.**

Code number: 2502  
Shares Listed: First Section of each of Tokyo Stock Exchanges and Osaka Securities Exchanges  
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US GAAP: Not applicable

## 1. Consolidated Financial Results for Fiscal 2011 (From January 1, 2011 to September 30, 2011)

### (1) Operating Results

(Rounded down to millions of yen, except per share data)

	Net sales	% change	Operating income	% change	Ordinary income	% change
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2011 3Q ended September 30, 2011	1,066,116	(2.7)	76,784	22.2	82,396	18.7
Fiscal 2010 3Q ended September 30, 2010	1,095,554	1.5	62,857	18.0	69,421	10.7

	Net income	% change	Net income per share (Primary)	Net income per share (Diluted)
	(Millions of yen)	(%)	(yen)	(yen)
Fiscal 2011 3Q ended September 30, 2011	35,942	36.5	77.22	77.17
Fiscal 2010 3Q ended September 30, 2010	26,336	(36.9)	56.62	56.57

### (2) Financial Condition

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
Fiscal 2011 3Q ended September 30, 2011	1,450,554	619,582	42.6	1,326.57
Fiscal 2010 3Q ended September 30, 2010	1,405,358	612,670	43.6	1,315.51

Notes: Equity at the end of 3Q FY2011: 617,531 million yen      Equity at the end of FY2010: 612,191 million yen

### 2. Dividends

	Cash dividend per share				
	end of first	end of second	end of third	Year-end	Dividend per
	(yen)	(yen)	(yen)	(yen)	(yen)
Fiscal 2011 3Q ended September 30, 2011	-	10.50	-	12.50	23.00
Fiscal 2010 3Q ended September 30, 2010	-				
Year ended December 31, 2011(Forecast)		11.50	-	11.50	23.00

(Note) Revisions to the forecast of dividends in the current quarter: No

### 3. Projection for Fiscal 2011 (January 1, 2011 to December 31, 2011)

	Net sales	% change	Operating income	% change	Ordinary income	% change
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2011 ending December 31, 2011	1,459,000	(2.0)	107,000	12.2	115,000	13.7

	Net income	% change	Net income per share
	(Millions of yen)	(%)	(yen)
Fiscal 2011 ending December 31, 2011	57,000	7.4	122.45

(Note) Revisions to the forecast of consolidated results in the current quarter: No

#### 4. Other

##### (1) Change in the scope of consolidation and application of the equity method: Yes

New consolidation: Asahi Breweries, Ltd., Asahi Liquor New Zealand Limited, Flavoured Beverages Group Holdings Limited

In the third quarter of the fiscal year, the Company transitioned to a pure holding company, and Asahi Breweries, Ltd., which became the successor company for the demerged alcoholic beverage business, became a consolidated subsidiary. In addition, Asahi Liquor New Zealand Limited and for Independent Flavoured Beverages Group Holdings Limited become consolidated subsidiaries. Flavoured Beverages Group Holdings Limited is the holding company Liquor (NZ) Limited, Independent Distillers (Aust) Pty Limited, and other companies doing business in New Zealand and Australia, while Asahi Liquor New Zealand Limited was established for the purpose of acquiring all the shares of Flavoured Beverages Group Holdings Limited.

##### (2) Adoption of simplified accounting methods or special accounting methods : Yes

Note: Changes simplified accounting methods or special accounting methods in preparation of quarterly financial statements.

##### Use of Simplified Accounting Methods or Special Accounting Methods

###### Simplified Accounting Methods

- Method of estimating uncollectible general claims

Since the actual rate of uncollectible claims among a certain number of consolidated subsidiaries at the end of the third quarter had not changed significantly from the end of the previous fiscal year, the estimated amount of uncollectible claims is calculated using the actual rate of uncollectible claims at the end of the previous fiscal year.

- Method of calculating deferred tax assets and deferred tax liabilities

Regarding judgments on the amount of recoverable deferred tax assets, the Company has determined that there have been no significant changes in the economic environment or emergence of temporary differences since the end of the previous fiscal year, and therefore the calculations are based on future earnings forecasts from the previous year and tax planning methods.

- Inventory valuation method

In regard to the write-down of inventories, the Company and some of its subsidiaries write down inventories to the net realizable value only in the event of a clear decline in profitability.

Special accounting methods used in the creation of financial statements

###### Calculation of income tax expenses

The Company calculates tax liabilities using a method in which it produces a reasonable estimate of the effective tax rate after applying tax-effect accounting to income before taxes and minority interests for the fiscal year, and then multiplies income (loss) before taxes and minority interests by this estimated effective tax rate. Note that "deferred income taxes" are included under "income taxes."

##### (3) Changes in accounting policies, procedures and methods of indication of accounting methods

(1) Changes due to amendment of accounting standard: Yes

(2) Changes due to other reasons: None

Adoption of Accounting Standard for Equity Method of Accounting for Investments and Practical Solution on Unification of Accounting Policies Applied to Associates

Accounted for Using the Equity Method Effective the first quarter of the current fiscal year, the Company adopted the Accounting Standard for Equity Method of Accounting for Investments (Accounting Standards Board of Japan (ASBJ) Statement No. 16, issued March 10, 2008) and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (ASBJ Practical Issues Task Force (PITF) No. 24, issued March 10, 2008).

This change has no effect on earnings.

Application of Accounting Standard for Asset Retirement Obligations

From the first quarter of the current fiscal year, the Company has applied the Accounting Standard for Asset Retirement Obligations (ASBJ Statement No. 18, issued March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21, issued March 31, 2008). In accordance with this change, the third-quarter consolidated operating income and ordinary income both declined by ¥15 million, and income before income taxes and minority interests declined ¥476 million.

##### (4) Number of shares issued and outstanding at the end of the term (consolidated):

###### (1) Issued stock including treasury stock:

Nine months ended March 31, 2011	483,585,862 shares	Year ended December 31, 2010	483,585,862 shares
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###### (2) Treasury stock:

Nine months ended March 31, 2011	18,076,742 shares	Year ended December 31, 2010	18,220,056 shares
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###### (3) Average of issued Stock:

Nine months ended March 31, 2011	465,462,910 shares	Nine months ended March 31, 2010	465,173,967 shares
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#### Cautionary Statement with Respect to Forward-Looking Statements

1. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause Asahi's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements.
2. On July 1, 2011, the Company transitioned to a pure holding company, and in accordance with the transition, the alcoholic beverage business was succeeded by the wholly owned subsidiary, Asahi Group Holdings, Ltd. On the same date, the trade name was changed from Asahi Breweries, Ltd. to Asahi Group Holdings, Ltd., and following the transition to a pure holding company, the trade name Asahi Group Holdings, Ltd. was changed to Asahi Breweries, Ltd.

5. Consolidated Financial Statements (Unaudited)

(1) Consolidated Balance Sheets (As of September 30, 2011 and December 3, 2010)

(in million yen)

	As of September 30, 2011	As of December 31, 2010
<b>(Assets)</b>		
<b>Current Assets:</b>		
Cash and deposits	16,464	11,534
Notes and accounts receivable-trade	231,754	274,379
Merchandise and finished goods	75,581	64,178
Raw materials and supplies	31,686	31,180
Deferred tax assets	15,303	14,622
Other	41,666	30,842
Allowance for doubtful accounts	(3,837)	(5,685)
Total Current assets	<u>408,619</u>	<u>421,052</u>
<b>Noncurrent assets:</b>		
Property, plant and equipment		
Buildings and structures	397,092	398,687
Accumulated depreciation	(232,101)	(224,957)
Buildings and structures, net	<u>164,991</u>	<u>173,729</u>
Machinery, equipment and vehicles	501,294	489,228
Accumulated depreciation	(377,746)	(357,706)
Machinery, equipment and vehicles, net	<u>123,547</u>	<u>131,522</u>
Other	144,625	141,789
Accumulated depreciation	(79,826)	(79,224)
Other, net	<u>64,798</u>	<u>62,565</u>
Land	176,339	182,569
Construction in progress	4,774	6,714
Total property, plant and equipment	<u>534,452</u>	<u>557,100</u>
<b>Intangible assets</b>		
Goodwill	163,297	84,172
Other	41,376	37,640
Total intangible assets	<u>204,673</u>	<u>121,812</u>
<b>Investments and other assets</b>		
Investment securities	235,772	235,685
Deferred tax assets	31,580	30,450
Other	40,832	45,156
Allowance for doubtful accounts	(5,375)	(5,900)
Investments and other assets	<u>302,810</u>	<u>305,392</u>
Total investments and other assets	<u>1,041,935</u>	<u>984,305</u>
Total assets	<u>1,450,554</u>	<u>1,405,358</u>

(Continued)

(in million yen)

	As of September 30, 2011	As of December 31, 2010
<b>(Liabilities)</b>		
Current liabilities		
Notes and accounts payable-trade	93,106	102,948
Short-term loans payable	153,157	69,259
Current portion of bonds	25,000	15,000
Accrued alcohol tax	118,787	119,338
Income taxes payable	18,811	32,493
Deposits received	16,039	19,609
Commercial papers	7,000	14,000
Provision for bonuses	7,689	2,817
Other	125,317	124,406
Total current liabilities	564,909	499,874
Noncurrent liabilities		
Bonds payable	110,136	135,144
Long-term loans payable	74,605	78,019
Provision for retirement benefits	21,937	24,738
Provision for directors' retirement benefits	342	597
Asset retirement obligations	486	-
Deferred tax liabilities	5,005	4,831
Other	53,548	49,481
Total noncurrent liabilities	266,062	292,813
Total liabilities	830,972	792,688
<b>(Net assets)</b>		
Shareholders' equity		
Capital stock	182,531	182,531
Capital surplus	150,847	150,910
Retained earnings	319,658	295,228
Treasury stock	(28,495)	(28,721)
Total shareholders' equity	624,541	599,948
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(1,356)	198
Deferred gains or losses on hedges	(2)	693
Foreign currency translation adjustment	(5,650)	11,351
Total valuation and translation adjustments	(7,010)	12,243
Minority interests	2,051	478
Total net assets	619,582	612,670
Total liabilities and net assets	1,450,554	1,405,358

## (2) Consolidated Income Statements (From January 1, 2011 to September 30, 2011)

	(in million yen)	
	September 30 2010 Amount	September 30 2011 Amount
Net sales	1,095,554	1,066,116
Cost of sales	691,816	656,397
Gross profit	403,737	409,719
Selling, general and administrative expenses	340,879	332,934
Operating income	62,857	76,784
Non-operating income		
Interest income	218	232
Dividends income	1,019	735
Gain on valuation of derivatives	-	3,529
Equity in net income of unconsolidated subsidiaries	9,643	5,995
Other	1,157	839
Total non-operating income	12,038	11,333
Non-operating expenses		
Interest expenses	3,256	2,680
Foreign exchange losses	-	895
Other	2,218	2,144
Total non-operating expenses	5,474	5,720
Ordinary income	69,421	82,396
Extraordinary income		
Gain on sales of noncurrent assets	639	191
Gain on sales of investment securities	1,731	2
Gain on sales of subsidiaries and affiliates' stocks	-	4,596
Reversal of allowance for doubtful accounts	874	1,521
Gain on change in equity	726	-
Other	63	-
Total extraordinary income	4,036	6,311
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	2,831	1,609
Loss on sales of investment securities	9	-
Loss on valuation of investment securities	1,380	1,730
Loss on liquidation of subsidiaries and affiliates	392	18
Loss on factory restructurings	20,098	713
Earthquake related expenses	-	16,185
Loss on adjustment for changes of accounting standards	-	460
Business integration expenses	-	3,659
Other	1,505	1,850
Total extraordinary loss	26,217	26,227
Income before income taxes and minority interests	47,240	62,480
Income taxes	22,001	26,095
Income before minority interests	-	36,385
Minority interests in loss	(1,098)	442

## (3) Consolidated Statements of Cash Flows (From January 1 to September 30, 2011 and 2010)

(in million yen)

	Nine months ended September 30, 2010 (From January 1 to September 30)	Nine months ended September 30, 2011 (From January 1 to September 30)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	47,240	62,480
Depreciation and amortization	44,889	43,849
Amortization of goodwill	4,442	4,121
Increase (decrease) in provision for retirement benefits	2,273	(1,533)
Increase (decrease) in allowance for doubtful accounts	(1,155)	(1,507)
Interest and dividends income	(1,237)	(967)
Interest expenses	3,256	2,680
Equity in (earnings) losses of affiliates	(9,643)	(5,995)
Loss (gain) on valuation of investment securities	1,380	1,730
Loss (gain) on sales of stocks of subsidiaries and affiliates	-	(4,596)
Loss (gain) on sales and retirement of noncurrent assets	2,192	1,418
Loss on factory restructurings	20,098	713
Decrease (increase) in notes and accounts receivable-trade	37,406	48,098
Decrease (increase) in inventories	(5,427)	(9,849)
Increase (decrease) in notes and accounts payable-trade	(4,059)	(11,052)
Increase (decrease) in accrued consumption taxes	(1,848)	(1,634)
Other, net	2,098	12,319
<b>Subtotal</b>	<b>141,904</b>	<b>140,274</b>
Interest and dividends income received	6,481	5,142
Interest expenses paid	(2,675)	(2,596)
Income taxes paid	(42,068)	(45,375)
<b>Net cash provided by (used in) operating activities</b>	<b>103,642</b>	<b>97,445</b>
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(17,949)	(17,996)
Proceeds from sales of property, plant and equipment	771	4,095
Purchase of intangible assets	(3,572)	(1,927)
Purchase of investment securities	(6,256)	(4,224)
Proceeds from sales of investment securities	2,660	-
Purchase of investments in subsidiaries	(41)	-
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(123,309)
Payments for transfer of business	(5,339)	-
Payments of loans receivable	(1,748)	(379)
Collection of loans receivable	1,800	640
Other, net	(1,755)	(2,579)
<b>Net cash provided by (used in) investing activities</b>	<b>(31,431)</b>	<b>(145,680)</b>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(58,361)	83,308
Repayments of lease obligations	(2,122)	(3,676)
Proceeds from long-term loans payable	10,337	5,000
Repayment of long-term loans payable	(22,402)	(5,277)
Proceeds from issuance of bonds	20,000	-
Redemption of bonds	(15,000)	(15,000)
Purchase of treasury stock	(15)	(7)
Cash dividends paid	(9,999)	(11,170)
Other, net	258	40
<b>Net cash provided by (used in) financing activities</b>	<b>(77,306)</b>	<b>53,215</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(335)</b>	<b>(84)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(5,430)</b>	<b>4,896</b>
Cash and cash equivalents at beginning of period	18,082	10,813
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	-	136
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	2	-
<b>Cash and cash equivalents</b>	<b>12,654</b>	<b>15,846</b>

#### (4) Notes regarding premise of a going concern

No applicable items

#### (5) Segment information

<Segment information by business>

Fiscal 2010 (January 1, 2010 to September 30, 2010)

(Millions of yen)

	Alcoholic beverages	Soft drinks	Foods	Other	Total	Elimination or corporate	Consolidated total
I. Net sales							
1) To outside customers	681,494	296,222	68,167	49,670	1,095,554	-	1,095,554
2) Inter-segment sales	12,382	1,625	1,402	39,955	55,365	(55,365)	-
Total	693,876	297,847	69,569	89,625	1,150,919	(55,365)	1,095,554
Operating expenses	638,769	294,397	67,522	88,061	1,088,750	(56,054)	1,032,696
Operating income/loss	55,106	3,450	2,047	1,564	62,169	688	62,857

(Notes)

1. The Group's businesses are classified into segments by type and nature of products handled.

2. Major products for each segment

- (1) Alcoholic beverages ----- beer, happoshu (low-malt beer), new genre ,sho-chu, whisky, etc.
- (2) Soft drinks ----- refreshing drinks, etc.
- (3) Food and pharmaceuticals ----- food business, pharmaceuticals business
- (4) Other ----- real estate, restaurants, wholesale, distribution, etc.

3. The Company did not have any operating expenses included in "elimination or corporate" that were not assignable to particular segment(s) during the consolidated fiscal year under review or the previous consolidated fiscal year.

4. Food and pharmaceuticals business renamed the "Foods business" from first quarter of fiscal year 2010. This change is only the change of segment name, and there is no change in the method of segment classification.

<Segment information>

(Additional information)

Beginning with the first quarter of the current fiscal year, the Company has applied the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17, issued March 27, 2009) and Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20, issued March 21, 2008).

1. Reporting segments The Group's reporting segments represent constituent units of the Group for which separate financial information can be obtained.

Management reviews the segments regularly to make decisions on the allocation of management resources and other matters.

The Group's main business in Japan is the manufacture and sale of alcoholic beverages, soft drinks, and foods, while outside Japan the Group's main business is the manufacture and sale of alcoholic beverages and soft drinks. Accordingly, the Group's business is classified into four reporting segments: "Alcoholic Beverages," "Soft Drinks," "Foods," and "Overseas." The main products and services included in each segment, as well as the "others" segment, are explained below.

Major products and services of each segment

- (1) Alcoholic beverages ----- manufacture and sales of beer, happoshu (low-malt beer), new genre, whisky products, etc.
- (2) Soft drinks ----- manufacture and sales of refreshing drinks products, etc.
- (3) Food ----- manufacture and sales of food and pharmaceuticals products
- (4) Overseas ----- manufacture and sales of alcoholic and refreshing drinks products
- (5) Other ----- real estate, restaurants, wholesale, distribution, etc.

#### 2. Fiscal 2011 (January 1, 2011 to September 30, 2011)

(Millions of yen)

	Alcoholic beverages	Soft drinks	Food	Overseas	Other	Adjustment	Consolidated total
I. Net sales							
1) To outside customers	669,909	246,476	70,745	61,456	17,528	-	1,066,116
2) Inter-segment sales	16,629	3,707	1,542	9	34,876	(56,765)	-
Total	686,539	250,184	72,287	61,465	52,404	(56,765)	1,066,116
Operating income	70,130	11,328	2,362	(3,788)	484	(3,734)	76,784

Notes: 1. An adjustment of -¥3,734 million to segment income or loss includes corporate expenses of -¥3,726 million not allocated to any one segment, along with inter-segment sales and elimination of -¥8 million. The corporate expenses are mainly Group management expenses generated by the Company in its role as a pure holding company.

2. Segment income and loss are based on adjusted operating income reported in the consolidated statements of income.

3. Regarding asset information for each reporting segment, in the "Overseas" segment, the Company acquired shares of Flavoured Beverages Group Holdings Limited, P&N BEVERAGES AUSTRALIA PTY. LIMITED, and CHARLIE'S GROUP LIMITED in the third quarter, making them consolidated subsidiaries. As a result, the assets of the "Overseas" segment, which was added since the end of the previous fiscal year, totaled ¥126,722 million.

#### 4. Changes to reporting segments

The Company transitioned to a pure holding company on July 1, 2011 and is reforming its group governance structure in order to strengthen the business foundation by clarifying the authority and responsibilities of each business unit and developing more specialized capabilities.

In accordance with this change, the restaurant, wholesale, and other businesses previously included in the "Others" segment are now included in the "Alcoholic Beverages" segment. Additionally, the segment names have been changed from "Domestic Alcoholic Beverages" to "Alcoholic Beverages," "Domestic Soft Drinks" to "Soft Drinks," "Domestic Foods" to "Foods," and "Overseas Alcoholic and Soft Drinks" to "Overseas." This change affects only the names of the segments and does not constitute a change in segmentation. With regard to results for the first nine months of the fiscal year, net sales and income or loss based on the new segments are indicated below.

Fiscal 2010 (January 1, 2010 to September 30, 2010)

(Millions of yen)

	Alcoholic beverages	Soft drinks	Food	Overseas	Other	Adjustment	Consolidated total
I. Net sales							
1) To outside customers	703,321	234,686	68,167	71,971	17,406	-	1,095,554
2) Inter-segment sales	17,393	3,973	1,474	7	33,504	(56,353)	-
Total	720,715	238,660	69,641	71,979	50,911	(56,353)	1,095,554
Operating income	57,344	7,475	2,019	(5,276)	1,116	178	62,857

#### 5. Information regarding asset impairment losses and goodwill based on reporting segments

(Significant asset impairment losses)

There are no applicable items.

(Significant changes in goodwill)

In the "Overseas" segment, the Company acquired shares of Flavoured Beverages Group Holdings Limited, P&N BEVERAGES AUSTRALIA PTY.LIMITED, and CHARLIE'S GROUP LIMITED in the third quarter, making them consolidated subsidiaries.

The increase in goodwill resulting from these acquisitions totaled ¥86,064 million in the third quarter. The allocation of the acquisition cost has not been completed, and therefore this amount is a provisional estimate based on reasonable data available at the time of disclosure.

(Significant income generated from negative goodwill)

There are no applicable items.

#### (6) Notes regarding marked changes in amount of shareholders' equity

No applicable items.