

# Asahi Group Holdings, Ltd.



## FY2012 1Q 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 April 27, 2012. This translation was made for information only. The Company gives no warranty with respect to its correctness.

**Summary Report of 1Q Financial Results  
(Fiscal 2012)**

April 27, 2012

**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 2012 (From January 1, 2012 to March 31, 2012)

### (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 2012 1Q ended March 31, 2012	310,998	11.0	4,640	(37.4)	4,044	(61.7)
Fiscal 2011 1Q ended March 31, 2011	280,223	(1.4)	7,412	-	10,552	-

  

	Net income	% change	Net income per share (Primary)	Net income per share (Diluted)
	(Millions of yen)	(%)	(yen)	(yen)
Fiscal 2012 1Q ended March 31, 2012	1,310	(64.0)	2.81	2.81
Fiscal 2011 1Q ended March 31, 2011	3,635	-	7.81	7.81

### (2) Financial Condition

	Total assets	Net assets	Shareholders' equity ratio
	(Millions of yen)	(Millions of yen)	(%)
Fiscal 2012 1Q ended March 31, 2012	1,528,089	666,840	43.5
Fiscal 2011 1Q ended March 31, 2011	1,529,907	643,798	41.9

Notes: Equity at the end of 1Q FY2012: 664,794 million yen      Equity at the end of FY2011: 641,732 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)
Year ended December 31, 2011	-	11.50	-	13.50	25.00
Year ended December 31, 2012	-				
Year ended December 31, 2012 (Forecast)		14.00	-	14.00	28.00

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

### 3. Projection for Fiscal 2012 (January 1, 2011 to June 30, 2012)

	Net sales	% change	Operating income	% change	Ordinary income	% change
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2012 ending June 30, 2012	710,000	9.0	36,500	0.2	37,500	(9.1)
Fiscal 2012 ending December 31, 2012	1,560,000	6.6	118,000	10.1	119,000	7.3

  

	Net income	% change	Net income per share
	(Millions of yen)	(%)	(yen)
Fiscal 2012 ending June 30, 2012	18,500	13.7	39.73
Fiscal 2012 ending December 31, 2012	65,000	18.0	139.59

(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: No

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

##### 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: No

(2) Changes due to other reasons: None

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

(1) Issued stock including treasury stock:

Three months ended March 31, 2012	483,585,862 shares	Year ended December 31, 2011	483,585,862 shares
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(2) Treasury stock:

Three months ended March 31, 2012	17,803,194 shares	Year ended December 31, 2011	17,950,000 shares
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(3) Average of issued Stock:

Three months ended March 31, 2012	465,731,534 shares	Three months ended March 31, 2011	465,422,497 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.

#### (Additional Information)

##### Matters Concerning Application of the Equity Method

Equity in net income of unconsolidated subsidiaries for Tingyi-Asahi Beverages Holding Co., Ltd. and its affiliates was previously calculated from financial results for the year ended December 31, the fiscal year-end of Tingyi-Asahi Beverages. However, from the fiscal year ending December 31, 2012, the Asahi Group has changed to a method that calculates equity in net income of unconsolidated affiliates based on financial statements prepared from a provisional closing of accounts carried out on September 30. The purpose of this change is to expedite both disclosure of business results and decision making.

However, since the equity in net income of unconsolidated affiliates for the previous fiscal year is based on the financial statements for Tingyi-Asahi Beverages and its affiliates for the year ended December 31, equity in net income of unconsolidated affiliates for the fiscal year ending December 31, 2012 will reflect only nine months of operations for Tingyi-Asahi Beverages.

In accordance with this, no equity in net income of unconsolidated affiliates for Tingyi-Asahi Beverages and its affiliates has been included in the first quarter of the fiscal year ending December 31, 2012.

2. Consolidated Financial Statements (Unaudited)

(1) Consolidated Balance Sheets (As of March 31, 2012 and March 31, 2011)

(in million yen)

	As of March 31, 2011	As of March 31, 2012
<b>(Assets)</b>		
<b>Current Assets:</b>		
Cash and deposits	16,893	38,061
Notes and accounts receivable-trade	279,596	223,489
Merchandise and finished goods	70,400	82,504
Raw materials and supplies	32,229	33,902
Deferred tax assets	12,982	15,163
Other	48,369	37,609
Allowance for doubtful accounts	(3,326)	(2,677)
Total Current assets	<u>457,145</u>	<u>428,053</u>
<b>Noncurrent assets:</b>		
Property, plant and equipment		
Buildings and structures	399,002	400,404
Accumulated depreciation	(234,330)	(237,498)
Buildings and structures, net	<u>164,671</u>	<u>162,906</u>
Machinery, equipment and vehicles	502,091	509,229
Accumulated depreciation	(378,636)	(386,913)
Machinery, equipment and vehicles, net	<u>123,455</u>	<u>122,316</u>
Other	148,801	152,526
Accumulated depreciation	(82,101)	(85,336)
Other, net	<u>66,699</u>	<u>67,190</u>
Land	176,054	176,642
Construction in progress	5,354	6,958
Total property, plant and equipment	<u>536,236</u>	<u>536,014</u>
<b>Intangible assets</b>		
Goodwill	184,407	199,659
Other	49,880	51,835
Total intangible assets	<u>234,288</u>	<u>251,495</u>
<b>Investments and other assets</b>		
Investment securities	236,099	247,598
Deferred tax assets	28,950	26,296
Other	42,842	44,343
Allowance for doubtful accounts	(5,655)	(5,710)
Investments and other assets	<u>302,237</u>	<u>312,527</u>
Total investments and other assets	<u>1,072,762</u>	<u>1,100,036</u>
Total assets	<u>1,529,907</u>	<u>1,528,089</u>

(Continued)

(in million yen)

	As of March 31, 2011	As of March 31, 2012
<b>(Liabilities)</b>		
Current liabilities		
Notes and accounts payable-trade	104,527	95,208
Short-term loans payable	136,679	194,567
Current portion of bonds	25,000	25,000
Accrued alcohol tax	111,063	79,886
Income taxes payable	25,018	5,790
Deposits received	18,931	16,187
Commercial papers	28,000	27,000
Provision for bonuses	3,051	7,717
Other	149,894	127,214
Total current liabilities	602,166	578,572
Noncurrent liabilities		
Bonds payable	160,133	160,130
Long-term loans payable	40,279	39,405
Provision for retirement benefits	21,854	21,894
Provision for directors' retirement benefits	372	190
Asset retirement obligations	478	465
Deferred tax liabilities	6,601	6,562
Other	54,222	54,028
Total noncurrent liabilities	283,942	282,676
Total liabilities	886,108	861,249
<b>(Net assets)</b>		
Shareholders' equity		
Capital stock	182,531	182,531
Capital surplus	150,788	150,717
Retained earnings	338,809	333,826
Treasury stock	(28,295)	(28,064)
Total shareholders' equity	643,833	639,010
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(2,685)	2,212
Deferred gains or losses on hedges	1	(3)
Foreign currency translation adjustment	584	23,574
Total valuation and translation adjustments	(2,100)	25,784
Minority interests	2,065	2,045
Total net assets	643,798	666,840
Total liabilities and net assets	1,529,907	1,528,089

## (2) Consolidated Income Statements (From January 1, 2012 to March 31, 2012)

	(in million yen)	
	March 31 2011 Amount	March 31 2012 Amount
Net sales	280,223	310,998
Cost of sales	176,499	195,049
Gross profit	103,723	115,948
Selling, general and administrative expenses	96,311	111,308
Operating income	7,412	4,640
Non-operating income		
Interest income	78	95
Dividends income	38	39
Foreign exchange gains	-	597
Gain on valuation of derivatives	2,384	44
Equity in net income of unconsolidated subsidiaries	1,819	-
Other	440	879
Total non-operating income	4,760	1,656
Non-operating expenses		
Interest expenses	921	1,064
Foreign exchange losses	-	273
Other	700	914
Total non-operating expenses	1,621	2,252
Ordinary income	10,552	4,044
Extraordinary income		
Gain on sales of noncurrent assets	74	23
Gain on sales of investment securities	-	8
Gain on sales of subsidiaries and affiliates' stocks	2,629	-
Reversal of allowance for doubtful accounts	1,252	-
Total extraordinary income	3,956	32
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	58	567
Loss on valuation of investment securities	847	4
Earthquake related expenses	6,927	-
Loss on adjustment for changes of accounting standard	460	-
Business integration expenses	-	859
Other	358	-
Total extraordinary loss	8,652	1,432
Income before income taxes and minority interests	5,856	2,644
Income taxes	2,561	1,479
Income before minority interests	3,294	1,165
Minority interests in loss	(340)	(145)
Net income	3,635	1,310

(Continued)  
<Comprehensive Income Statements>

	(in million yen)	
	March 31 2011 Amount	March 31 2012 Amount
Income before minority interests	3,294	1,165
Other comprehensive income		
Valuation difference on available-for-sale securities	86	4,898
Deferred gains or losses on hedges	(693)	(4)
Foreign currency translation adjustment	933	20,707
Share of other comprehensive income of associates accounted for using equity method	445	2,407
Total other comprehensive income	771	28,008
Comprehensive income	4,066	29,174
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	5,576	29,194
Comprehensive income attributable to minority interests	(1,510)	(20)

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

No applicable items

### (4) Segment information

<Segment information by business>

#### 1. Fiscal 2011 (January 1, 2011 to March 31, 2011)

(Millions of yen)

	Alcoholic beverages	Soft drinks	Food	Overseas	Others	Total	Adjustment	Consolidated total
I. Net sales								
1) To outside customers	170,338	60,896	23,052	20,675	5,259	280,223	-	280,223
2) Inter-segment sales	3,995	805	543	2	9,133	14,481	(14,481)	-
Total	174,333	61,702	23,596	20,677	14,393	294,704	(14,481)	280,223
Operating income/loss	8,719	(1,463)	1,113	(601)	(334)	7,432	(20)	7,412

(Notes)

- 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.
- "Others" includes the distribution business and others.
- An adjustment of -¥20 million to segment income or loss includes inter-segment sales and elimination of -¥20 million.
- Segment income and loss are based on adjusted operating income reported in the consolidated statements of income.

#### 2. Fiscal 2012 (January 1, 2012 to March 31, 2012)

(Millions of yen)

	Alcoholic beverages	Soft drinks	Food	Overseas	Others	Total	Adjustment	Consolidated total
I. Net sales								
1) To outside customers	172,924	68,483	24,064	39,439	6,086	310,998	-	310,998
2) Inter-segment sales	4,555	705	478	0	9,511	15,250	(15,250)	-
Total	177,480	69,188	24,542	39,439	15,598	326,249	(15,250)	310,998
Operating income/loss	13,621	(4,295)	130	(1,475)	(316)	7,665	(3,025)	4,640

(Notes)

- "Others" includes the distribution business and others.
- An adjustment of -¥3,025 million to segment income or loss includes corporate expenses of -¥2,884 million not allocated to any one segment, along with inter-segment sales and elimination of -¥2,884 million not allocated to any one segment, along with its role as a pure holding company.
- Segment income and loss are based on adjusted operating income reported in the consolidated statements of income.

#### 2. 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.

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

No applicable items.

#### (6) Important subsequent event

(Strategic Alliance with Equity-method Affiliates)

Company equity-method affiliate Tingyi-Asahi Beverages Holding Co., Ltd. concluded a strategic alliance agreement with major U.S. beverage-maker PepsiCo. Inc. on November 4, 2011. The alliance was approved at an extraordinary meeting of shareholders of Tingyi-Asahi Beverages' parent company, Tingyi (Cayman Island) Holdings Corp., on February 17, 2012, and by the Chinese competition agency (Ministry of Commerce) on March 28, 2012.

Accordingly, the Company expects to record a gain on change in equity for the second quarter of the fiscal year ending December 31, 2012.