

ASAHI Group Holdings, LTD.



FY2012 2Q 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 August 2, 2012. This translation was made for information only. The Company gives no warranty with respect to its correctness.

**Summary of Financial Results
(Fiscal 2012)**

August 2, 2012

ASAHI Group Holdings, LTD.

Code number: 2502
Shares Listed: First Section of each of Tokyo Stock Exchanges and Osaka Securities Exchanges
Head Office: Tokyo
Contact: Kazutomo Tamesada, General Manager, Public Relations Section
Tel: + 81 3 5608 5126 (<http://www.asahigroup-holdings.com/en/>)
US GAAP: Not applicable

1. Consolidated Financial Results for Fiscal 2012 (From January 1, 2012 to June 30, 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 2Q ended June 30, 2012	710,289	9.0	32,784	(10.0)	35,855	(13.1)
Fiscal 2011 2Q ended June 30, 2011	651,661	(2.4)	36,443	47.6	41,256	48.1

	Net income	% change	Net income per share (Primary)	Net income per share (Diluted)
	(Millions of yen)	(%)	(yen)	(yen)
Fiscal 2012 2Q ended June 30, 2012	25,634	57.5	55.03	55.00
Fiscal 2011 2Q ended June 30, 2011	16,272	4.7	34.96	34.94

(2) Financial Condition

	Total assets	Net assets	Shareholders' equity ratio
	(Millions of yen)	(Millions of yen)	(%)
Fiscal 2012 2Q ended June 30, 2012	1,569,805	674,258	42.8
Fiscal 2011 2Q ended June 30, 2011	1,529,907	643,798	41.9

Notes: Equity at the end of 2Q FY2012: 671,525 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	-	14.00			
Year ended December 31, 2012 (Forecast)			-	14.00	28.00

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

3. Projection for Fiscal 2012 (January 1, 2012 to December 31, 2012)

	Net sales	% change	Operating income	% change	Ordinary income	% change
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2012 ending December 31, 2012	1,569,000	7.3	113,000	5.4	118,000	6.4

	Net income	% change	Net income per share
	(Millions of yen)	(%)	(yen)
Fiscal 2012 ending December 31, 2012	65,000	18.0	139.53

(Note) Revisions to the forecast of consolidated results in the current quarter: Yes

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) Change in accounting policies other than item (1) above: No
- (3) Changes in accounting estimate: No
- (4) Retrospective restatements: No

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

(1) Issued stock including treasury stock:				
Three months ended June 30, 2012	483,585,862 shares	Year ended December 31, 2011		483,585,862 shares
(2) Treasury stock:				
Three months ended June 30, 2012	17,728,575 shares	Year ended December 31, 2011		17,950,000 shares
(3) Average of issued Stock:				
Three months ended June 30, 2012	465,783,216 shares	Six months ended June 30, 2011		465,444,817 shares

2. Consolidated Financial Statements (Unaudited)

(1) Consolidated Balance Sheets (As of June 30, 2012 and December 31, 2011)

(in million yen)

	As of December 31, 2011	As of June 30, 2012
(Assets)		
Current Assets:		
Cash and deposits	16,893	38,003
Notes and accounts receivable-trade	279,596	268,100
Merchandise and finished goods	70,400	88,750
Raw materials and supplies	32,229	32,487
Deferred tax assets	12,982	13,542
Other	48,369	48,851
Allowance for doubtful accounts	(3,326)	(4,616)
Total Current assets	<u>457,145</u>	<u>485,119</u>
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures	399,002	399,776
Accumulated depreciation	(234,330)	(239,454)
Buildings and structures, net	<u>164,671</u>	<u>160,321</u>
Machinery, equipment and vehicles	502,091	508,438
Accumulated depreciation	(378,636)	(389,545)
Machinery, equipment and vehicles, net	<u>123,455</u>	<u>118,892</u>
Other	148,801	154,932
Accumulated depreciation	(82,101)	(86,501)
Other, net	<u>66,699</u>	<u>68,431</u>
Land	176,054	176,120
Construction in progress	5,354	6,925
Total property, plant and equipment	<u>536,236</u>	<u>530,690</u>
Intangible assets		
Goodwill	184,407	185,546
Other	49,880	48,892
Total intangible assets	<u>234,288</u>	<u>234,439</u>
Investments and other assets		
Investment securities	236,099	255,850
Deferred tax assets	28,950	27,873
Other	42,842	39,469
Allowance for doubtful accounts	(5,655)	(3,638)
Total investments and other assets	<u>302,237</u>	<u>319,555</u>
Total noncurrent assets	<u>1,072,762</u>	<u>1,084,685</u>
Total assets	<u>1,529,907</u>	<u>1,569,805</u>

(Continued)

(in million yen)

	As of December 31, 2011	As of June 30, 2012
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	104,527	102,624
Short-term loans payable	136,679	169,611
Current portion of bonds	25,000	15,000
Accrued alcohol tax	111,063	106,619
Income taxes payable	25,018	14,990
Deposits received	18,931	17,917
Commercial papers	28,000	37,000
Provision for bonuses	3,051	3,169
Other	149,894	150,994
Total current liabilities	602,166	617,927
Noncurrent liabilities		
Bonds payable	160,133	160,127
Long-term loans payable	40,279	33,084
Provision for retirement benefits	21,854	22,301
Provision for directors' retirement benefits	372	183
Asset retirement obligations	478	443
Deferred tax liabilities	6,601	6,395
Other	54,222	55,082
Total noncurrent liabilities	283,942	277,618
Total liabilities	886,108	895,546
(Net assets)		
Shareholders' equity		
Capital stock	182,531	182,531
Capital surplus	150,788	150,685
Retained earnings	338,809	358,150
Treasury stock	(28,295)	(27,947)
Total shareholders' equity	643,833	663,419
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(2,685)	(698)
Deferred gains or losses on hedges	1	1
Foreign currency translation adjustment	584	8,802
Total valuation and translation adjustments	(2,100)	8,105
Minority interests	2,065	2,733
Total net assets	643,798	674,258
Total liabilities and net assets	1,529,907	1,569,805

(2) Consolidated Income Statements (From January 1, 2012 to June 30, 2012)

	(in million yen)	
	June 30 2011 Amount	June 30 2012 Amount
Net sales	651,661	710,289
Cost of sales	403,651	440,783
Gross profit	248,010	269,506
Selling, general and administrative expenses	211,567	236,721
Operating income	36,443	32,784
Non-operating income		
Interest income	166	200
Dividends income	727	829
Gain on valuation of derivatives	3,227	77
Equity in earnings of affiliates	3,727	5,213
Other	667	1,064
Total non-operating income	8,517	7,384
Non-operating expenses		
Interest expenses	1,833	2,043
Foreign exchange losses	38	531
Other	1,832	1,738
Total non-operating expenses	3,704	4,313
Ordinary income	41,256	35,855
Extraordinary income		
Gain on sales of noncurrent assets	189	36
Gain on sales of investment securities	-	12
Gain on sales of subsidiaries and affiliates' stocks	2,629	201
Reversal of allowance for doubtful accounts	1,527	-
Gain on change in equity	-	8,088
Total extraordinary income	4,347	8,338
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,109	1,493
Loss on valuation of investment securities	845	768
Loss on factory restructurings	721	1,460
Earthquake related expenses	13,972	-
Loss on adjustment for changes of accounting standard	460	-
Business integration expenses	-	1,978
Other	1,850	486
Total extraordinary loss	18,959	6,187
Income before income taxes and minority interests	26,644	38,006
Income taxes	10,393	12,094
Income before minority interests	16,250	25,911
Minority interests in loss	(21)	277
Net income	16,272	25,634

(Continued)
<Comprehensive Income Statements>

	(in million yen)	
	June 30 2011 Amount	June 30 2012 Amount
Income before minority interests	16,250	25,911
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,062)	1,987
Deferred gains or losses on hedges	(693)	0
Foreign currency translation adjustment	1,185	3,946
Share of other comprehensive income of associates accounted for using equity method	766	4,311
Total other comprehensive income	(803)	10,246
Comprehensive income	15,447	36,157
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	16,653	35,840
Comprehensive income attributable to minority interests	(1,206)	317

(4) Consolidated Statements of Cash Flows (From January 1 to June 30, 2011 and 2012)

	(in million yen)	
	Six months ended June 30, 2011 (From January 1 to June 30)	Six months ended June 30, 2012 (From January 1 to June 30)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	26,644	38,006
Depreciation and amortization	29,582	28,469
Amortization of goodwill	2,759	5,695
Increase (decrease) in provision for retirement benefits	(1,596)	1,493
Increase (decrease) in allowance for doubtful accounts	(1,526)	(730)
Interest and dividends income	(894)	(1,029)
Interest expenses	1,833	2,043
Equity in (earnings) losses of affiliates	(3,727)	(5,213)
Loss (gain) on valuation of investment securities	845	768
Loss (gain) on sales of stocks of subsidiaries and affiliates	(2,629)	(201)
Loss (gain) on sales and retirement of noncurrent assets	919	1,457
Loss (gain) on change in equity	-	(8,088)
Decrease (increase) in notes and accounts receivable-trade	40,867	12,380
Decrease (increase) in inventories	(17,585)	(18,056)
Increase (decrease) in notes and accounts payable-trade	(13,948)	(2,706)
Increase (decrease) in accrued alcohol tax payable	(14,562)	(4,438)
Other, net	9,828	10,991
Subtotal	56,806	60,841
Interest and dividends income received	4,488	3,341
Interest expenses paid	(2,017)	(2,258)
Income taxes paid	(39,823)	(30,467)
Net cash provided by (used in) operating activities	19,454	31,456
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(10,883)	(13,238)
Proceeds from sales of property, plant and equipment	3,900	100
Purchase of intangible assets	(1,292)	(2,059)
Purchase of investment securities	(788)	(2,824)
Proceeds from sales of investment securities	-	346
Proceeds of investments in subsidiaries	-	552
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(5,532)
Payments of loans receivable	(358)	(1,017)
Collection of loans receivable	476	712
Other, net	(1,237)	(1,424)
Net cash provided by (used in) investing activities	(10,182)	(24,386)
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term loans payable	19,088	38,628
Repayments of lease obligations	(2,258)	(3,360)
Proceeds from long-term loans payable	(5,172)	(3,668)
Redemption of bonds	(15,000)	(10,000)
Purchase of treasury stock	(4)	(6)
Cash dividends paid	(5,817)	(6,286)
Other, net	421	(606)
Net cash provided by (used in) financing activities	(8,742)	14,701
Effect of exchange rate change on cash and cash equivalents	79	(115)
Net increase (decrease) in cash and cash equivalents	608	21,655
Cash and cash equivalents	10,813	16,137
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	135	-
Cash and cash equivalents at end of period	11,557	37,793

(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 June 30, 2011)

(Millions of yen)

	Alcoholic beverages	Soft drinks	Food	Overseas	Others	Total	Adjustment	Consolidated total
I. Net sales								
1) To outside customers	400,165	151,465	47,633	41,044	11,352	651,661	-	651,661
2) Inter-segment sales	10,329	2,530	1,019	5	21,809	35,695	(35,695)	-
Total	410,495	153,995	48,652	41,049	33,162	687,356	(35,695)	651,661
Operating income/loss	31,876	4,820	2,131	(2,421)	159	36,566	(123)	36,443

(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 "Food," 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 -¥123 million to segment income or loss includes inter-segment sales and elimination of -¥123 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 June 30, 2012)

(Millions of yen)

	Alcoholic beverages	Soft drinks	Food	Overseas	Others	Total	Adjustment	Consolidated total
I. Net sales								
1) To outside customers	407,579	165,242	49,683	74,719	13,064	710,289	-	710,289
2) Inter-segment sales	10,768	2,321	943	3	21,992	36,029	(36,029)	-
Total	418,347	167,564	50,627	74,723	35,056	746,319	(36,029)	710,289
Operating income/loss	40,491	1,748	893	(3,794)	(27)	39,310	(6,525)	32,784

(Notes)

- "Others" includes the distribution business and others.
- An adjustment of -¥6,525 million to segment income or loss includes corporate expenses of -¥6,269 million not allocated to any one segment, along with inter-segment sales and elimination of -¥256 million. The corporate expenses are mainly Group management expenses generated by the Company in 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

(Agreement to establish Joint Venture Companies)

1. Strategic Rationale

On July 9th, Singaporean subsidiary, Asahi Group Holdings Southeast Asia Pte. Ltd. ("AGHSEA") and PT INDOFOOD CBP SUKSES MAKMUR TBK ("ICBP"), a company listed on the Indonesian Stock Exchange, and headquartered in Jakarta, Indonesia have signed joint venture agreements to establish companies to manufacture and market non-alcoholic beverages in Indonesia .

Under Asahi's Long-Term Vision 2015, Asahi, as a trusted corporate group with global quality, aims to build a growing portfolio as a part of its global expansion while keeping domestic business as the core of its operations.

To achieve this goal, Asahi will drive growth through its existing group companies as well as accelerating both domestic and overseas investment activities to acquire new business platforms and realize further synergies.

ICBP is a subsidiary of PT INDOFOOD SUKSES MAKMUR TBK ("Indofood"). Indofood is one of the core enterprises within the Salim Group, one of Indonesia's largest conglomerates, operating in all stages of food manufacturing from the production of raw materials and their processing, through to consumer business operations comprise four complementing products in the market. Indofood is a well-established company and a leading player in each category of business in which it operates. Indofood's Strategic Business Groups, namely Consumer Branded Products (currently operating under ICBP), Bogasari, Agribusiness and Distribution. ICBP is one of the largest and established producers of packaged food products in Indonesia, offering diverse range of products and providing everyday food solutions for consumers of all ages. Many of its products' brands are among the strongest brands with high Top-of-Mind awareness and command leading market shares in Indonesia. ICBP business operations comprise noodles, dairy, food seasonings, snack foods and nutrition & special foods.

A good strategic fit between the two groups led to the agreement to establish the joint ventures. Asahi has been looking to expand the beverage business in everaging on Indofood extensive distribution networks. Southeast Asia, while ICBP has been working on expanding its business to capture the demand of consumers, particularly the middle-income segment. The alliance between both companies will create unparalleled synergies, combining both strengths; Asahi, in manufacturing and marketing non-alcoholic beverage products, and ICBP, in understanding the domestic market needs and leveraging on Indofood extensive distribution networks.

Together with the solid business platform in the Oceania region, China and Malaysia, and in alliance with ICBP, Asahi will grow its non-alcoholic beverage business across Asia/Oceania by establishing a platform and achieving competitive operation in the Indonesian non-alcoholic beverage market, which is expected to grow even further.

2. Overview of JV Companies

AGHSEA and ICBP will establish Manufacturing and Commercial JV Companies in Jakarta. We are currently planning to commence activities of manufacturing and selling non-alcoholic beverages by the JV companies in 1 or 2 years.

A. Summary of the Manufacturing JV Company

Company Name	PT Asahi Indofood Beverage Makmur
Location	Jakarta, Republic of Indonesia
Main Business	Manufacturing of non-alcoholic beverages
Capital	130 bn IDR (approximately 1.1 bn JPY), initial paid-in capital at the time of establishment)
Date Established	September 2012 (planned)
Fiscal Year End	31-Dec
Total asset	Approximately 1.7tn IDR (approximately 14.6 bn JPY), as currently planned for the end of the 3rd year post establishment)
Ownership Ratio	AGHSEA (Asahi Group) 51%, ICBP 49%

B. Summary of the Commercial JV Company

Company Name	PT Indofood Asahi Sukses Beverage
Location	Jakarta, Republic of Indonesia
Main Business	Marketing and distribution of non-alcoholic beverages
Capital	15 bn IDR (approxiamtely 0.1 bn JPY, initial paid-in capital at the time of establishment)
Date Established	September 2012 (planned)
Fiscal Year End	31-Dec
Total asset	Approximately 0.2 tn IDR (approximately 1.7 bn JPY, as currently planned for the end of the 2nd year post establishment)
Ownership Ratio	AGHSEA (Asahi Group) 49%, ICBP 51%

*1IDR=0.0086JPY (as of July 6th, 2012)

3. Impact on Asahi's Financial Performance

The establishment of the JVs and their operations are not expected to materially impact Asahi's consolidated financials.