

Asahi Group Holdings, Ltd.



FY2013 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 1, 2013. This translation was made for information only. The Company gives no warranty with respect to its correctness.

**Summary Report of 2Q Financial Results
(Fiscal 2013)**

August 1, 2013

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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Tel: + 81 3 5608 5126 (<http://www.asahigroup-holdings.com/en/>)
US GAAP: Not applicable

1. Consolidated Financial Results for Fiscal 2013 (From January 1, 2013 to June 30, 2013)

(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 2013 2Q ended June 30, 2013	780,746	9.9	36,911	12.6	34,754	(3.1)
Fiscal 2012 2Q ended June 30, 2012	710,289	9.0	32,784	(10.0)	35,855	(13.1)

Notes: Comprehensive income at the end of 2Q FY2013: 53,543 million yen(48.1%)

Comprehensive income at the end of 2Q FY2012: 36,157 million yen(134.1%)

	Net income	% change	Net income per share (Primary)	Net income per share (Diluted)
	(Millions of yen)	(%)	(yen)	(yen)
Fiscal 2013 2Q ended June 30, 2013	15,422	(39.8)	33.88	33.84
Fiscal 2012 2Q ended June 30, 2012	25,634	57.5	55.03	55.00

(2) Financial Condition

	Total assets	Net assets	Shareholders' equity ratio
	(Millions of yen)	(Millions of yen)	(%)
Fiscal 2013 2Q ended June 30, 2013	1,748,265	744,506	42.4
Fiscal 2012 2Q ended June 30, 2012	1,732,187	726,879	41.8

Notes: Equity at the end of 2Q FY2013: 740,699 million yen

Equity at the end of 2Q FY2012: 723,819 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, 2012	-	14.00	-	14.00	28.00
Year ended December 31, 2013	-	21.50	-	-	-
Year ended December 31, 2013 (Forecast)	-	-	-	21.50	43.00

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

3. Projection for Fiscal 2013 (January 1, 2013 to December 31, 2013)

	Net sales	% change	Operating income	% change	Ordinary income	% change
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2013 ending December 31, 2013	1,723,000	9.1	118,000	8.8	118,000	2.8

	Net income	% change	Net income per share
	(Millions of yen)	(%)	(yen)
Fiscal 2013 ending December 31, 2013	65,500	14.5	144.23

(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

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

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

(2) Change in accounting policies other than item (1) above: No

(3) Changes in accounting estimate: Yes

(4) Retrospective restatements: No

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

(1) Issued stock including treasury stock:

Year ended June 30, 2013 483,585,862 shares

Year ended December 31, 2012 483,585,862 shares

(2) Treasury stock:

Year ended June 30, 2013 30,520,233 shares

Year ended December 31, 2012 17,611,484 shares

(3) Average of issued Stock:

Year ended June 30, 2013 455,251,022 shares

Year ended June 30, 2012 465,783,216 shares

Implementation status of quarterly review processes

At the time of this document's release, review of the quarterly financial statements under the Financial Products and Exchange Law had not been completed.

Cautionary Statement with Respect to Forward-Looking Statements

This report contains forward-looking statements that reflect Asahi's forecasts for consolidated and unconsolidated results.

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.

5. Consolidated Financial Statements (Unaudited)

(1) Consolidated Balance Sheets (As of June 30, 2013 and December 31, 2012)

(in million yen)

	As of December 31, 2012	As of June 30, 2013
(Assets)		
Current Assets:		
Cash and deposits	34,573	41,807
Notes and accounts receivable-trade	317,008	297,571
Merchandise and finished goods	79,152	97,798
Raw materials and supplies	34,366	34,097
Deferred tax assets	12,622	13,008
Other	56,379	46,002
Allowance for doubtful accounts	(4,914)	(2,696)
Total Current assets	529,189	527,589
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures	431,654	432,931
Accumulated depreciation	(261,306)	(266,741)
Buildings and structures, net	170,347	166,190
Machinery, equipment and vehicles	551,862	556,832
Accumulated depreciation	(424,586)	(436,434)
Machinery, equipment and vehicles, net	127,276	120,397
Other	168,422	173,988
Accumulated depreciation	(96,030)	(101,626)
Other, net	72,392	72,362
Land	205,553	205,622
Construction in progress	7,828	11,509
Total property, plant and equipment	583,398	576,082
Intangible assets		
Goodwill	203,764	203,708
Other	95,373	94,462
Total intangible assets	299,137	298,170
Investments and other assets		
Investment securities	266,248	296,464
Deferred tax assets	18,212	12,834
Other	39,410	42,270
Allowance for doubtful accounts	(3,409)	(5,145)
Total investments and other assets	320,461	346,423
Total noncurrent assets	1,202,998	1,220,676
Total assets	1,732,187	1,748,265

(Continued)

(in million yen)

	As of December 31, 2012	As of June 30, 2013
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	117,774	112,715
Short-term loans payable	174,697	184,492
Current portion of bonds	—	10,000
Accrued alcohol tax	112,598	107,202
Income taxes payable	23,201	16,990
Deposits received	21,200	18,191
Commercial papers	68,000	68,000
Provision for bonuses	4,139	4,022
Other	158,455	161,563
Total current liabilities	680,068	683,176
Noncurrent liabilities		
Bonds payable	188,121	178,114
Long-term loans payable	25,415	31,650
Provision for retirement benefits	23,851	23,057
Provision for directors' retirement benefits	480	163
Asset retirement obligations	471	457
Deferred tax liabilities	31,433	31,712
Other	55,467	55,425
Total noncurrent liabilities	325,239	320,582
Total liabilities	1,005,308	1,003,759
(Net assets)		
Shareholders' equity		
Capital stock	182,531	182,531
Capital surplus	150,641	150,487
Retained earnings	383,177	392,076
Treasury stock	(27,763)	(57,213)
Total shareholders' equity	688,586	667,881
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,259	13,532
Deferred gains or losses on hedges	(5)	79
Foreign currency translation adjustment	31,978	59,206
Total accumulated other comprehensive income	35,232	72,818
Minority interests	3,060	3,806
Total net assets	726,879	744,506
Total liabilities and net assets	1,732,187	1,748,265

(2) Consolidated Income Statements and Comprehensive Income Statement (From January 1, 2013 to June 30, 2013)

<Consolidated Income Statements>

(in million yen)

	Year ended June 30,2012	Year ended June 30,2013
Net sales	710,289	780,746
Cost of sales	440,783	469,373
Gross profit	269,506	311,373
Selling, general and administrative expenses	236,721	274,461
Operating income	32,784	36,911
Non-operating income		
Interest income	200	187
Dividends income	829	1,060
Foreign exchange gains	—	652
Gain on valuation of derivatives	77	—
Equity in earnings of affiliates	5,213	—
Other	1,064	857
Total non-operating income	7,384	2,758
Non-operating expenses		
Interest expenses	2,043	1,853
Foreign exchange losses	531	—
Equity in losses of affiliates	—	1,629
Other	1,738	1,432
Total non-operating expenses	4,313	4,915
Ordinary income	35,855	34,754
Extraordinary income		
Gain on sales of noncurrent assets	36	60
Gain on sales of investment securities	12	528
Gain on sales of subsidiaries and affiliates' stocks	201	—
Gain on change in equity	8,088	—
Total extraordinary income	8,338	588
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,493	1,389
Loss on sales of investment securities	—	36
Loss on valuation of investment securities	768	4
Loss on factory restructurings	1,460	—
Business integration expenses	1,978	953
Other	486	1,669
Total extraordinary losses	6,187	4,054
Income before income taxes and minority interests	38,006	31,288
Total income taxes	12,094	15,762
Income before minority interests	25,911	15,526
Minority interests in income	277	104
Net income	25,634	15,422

(Continued)
<Comprehensive Income Statements>

	(in million yen)	
	Year ended June 30,2012	Year ended June 30,2013
Income before minority interests	25,911	15,526
Other comprehensive income		
Valuation difference on available-for-sale securities	1,987	10,272
Deferred gains or losses on hedges	0	84
Foreign currency translation adjustment	3,946	10,509
Share of other comprehensive income of associates accounted for using equity method	4,311	17,150
Total other comprehensive income	<u>10,246</u>	<u>38,017</u>
Comprehensive income	<u>36,157</u>	<u>53,543</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	35,840	53,007
Comprehensive income attributable to minority interests	317	535

(3) Consolidated Statements of Cash Flows (From January 1 to June 30, 2012 and 2013)

(in million yen)

	Year ended December 31, 2012 (From January 1 to June 30)	Year ended December 31, 2013 (From January 1 to June 30)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	38,006	31,288
Depreciation and amortization	28,469	31,628
Amortization of goodwill	5,695	6,233
Increase (decrease) in provision for retirement benefits	1,493	(1,296)
Increase (decrease) in allowance for doubtful accounts	(730)	(494)
Interest and dividends income	(1,029)	(1,247)
Interest expenses	2,043	1,853
Equity in (earnings) losses of affiliates	(5,213)	1,629
Loss (gain) on sales of investment securities	768	4
Loss (gain) on valuation of investment securities	(201)	30
Loss (gain) on sales of stocks of subsidiaries and affiliates	1,457	1,329
Loss (gain) on sales of noncurrent assets	(8,088)	—
Loss (gain) on change in equity	12,380	21,200
Decrease (increase) in inventories	(18,056)	(17,906)
Increase (decrease) in notes and accounts payable-trade	(2,706)	(5,720)
Increase (Decrease) in accrued alcohol tax payable	(4,438)	(5,405)
Other, net	10,991	3,452
Subtotal	60,841	66,580
Interest and dividends income received	3,341	3,001
Interest expenses paid	(2,258)	(1,868)
Income taxes paid	(30,467)	(15,780)
Net cash provided by (used in) operating activities	31,456	51,932
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(13,238)	(17,119)
Proceeds from sales of property, plant and equipment	100	331
Purchase of intangible assets	(2,059)	(2,805)
Purchase of investment securities	(2,824)	(2,712)
Proceeds from sales of investment securities	346	2,630
Proceeds from sales of investments in subsidiaries	552	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(5,532)	—
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	—	(117)
Payments of loans receivable	(1,017)	(286)
Collection of loans receivable	712	776
Other, net	(1,424)	(2,569)
Net cash provided by (used in) investing activities	(24,386)	(21,871)

(Continued)
 <Consolidated Statements of Cash Flows>

(in million yen)

	Year ended December 31, 2012 (From January 1 to June 30)	Year ended December 31, 2013 (From January 1 to June 30)
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term loans payable	38,628	16,244
Repayments of lease obligations	(3,360)	(4,230)
Proceeds from long-term loans payable	—	6,000
Repayment of long-term loans payable	(3,668)	(7,180)
Proceeds from issuance of bonds	(10,000)	—
Purchase of treasury stock	(6)	(30,010)
Cash dividends paid	(6,286)	(6,523)
Proceeds from stock issuance to minority shareholders	—	457
Other, net	(606)	814
Net cash provided by (used in) financing activities	14,701	(24,429)
Effect of exchange rate change on cash and cash equivalents	(115)	1,113
Net increase (decrease) in cash and cash equivalents	21,655	6,745
Cash and cash equivalents at beginning of period	16,137	34,320
Cash and cash equivalents at end of period	37,793	41,066

(4) Notes regarding premise of a going concern

No applicable items

(5) Segment information

Fiscal 2012 (January 1, 2012 to June 30, 2012)

1. Information on net sales and profits or losses by reported segment

(in Millions yen)

	Alcohol beverages	Soft drinks	Foods	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. Information regarding asset impairment losses and goodwill based on reporting segments

(Significant asset impairment losses)

There are no applicable items.

Fiscal 2013 (January 1, 2013 to June 30, 2013)

1. Information on net sales and profits or losses by reported segment

(in Millions yen)

	Alcohol beverages	Soft drinks	Foods	Overseas	Others	Total	Adjustment	Consolidated total
I. Net sales								
1) To outside customers	409,693	216,292	50,089	90,813	13,859	780,746	-	780,746
2) Inter-segment sales	10,901	2,812	1,080	151	24,869	39,814	(39,814)	-
Total	420,594	219,104	51,169	90,964	38,728	820,561	(39,814)	780,746
Operating income/loss	40,567	5,343	1,376	(4,271)	427	43,443	(6,531)	36,911

(Notes)

- "Others" includes the distribution business and others.
- An adjustment of -¥6,531 million to segment income or loss includes corporate expenses of -¥5,734 million not allocated to any one segment, along with inter-segment sales and elimination of -¥796 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. Information regarding asset impairment losses and goodwill based on reporting segments

(Significant asset impairment losses)

There are no applicable items.

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

In the Board of Directors meeting held on February 13, 2013, Asahi Group Holdings, Ltd. decided on items regarding the purchase of own shares under the provisions of Article 165, Paragraph 3 of the Corporate Law of Japan as set out by the provisions of Article 156 of the same law. Accordingly, the Company repurchased 13,217,100 of its own shares for 129,999 million between February 14, 2013 and March 1, 2013 on the open market using the trust method.

(7) Other notes

No applicable items.