

**English Translation of Original Japanese**

*This is a translation of the original notice in Japanese. In the event of any discrepancy, the original notice in Japanese shall prevail.*

**ASAHI GROUP HOLDINGS, LTD.**

(Securities Code: 2502)

**Dear Shareholders:**

You are cordially invited to attend the 91<sup>st</sup> Annual General Meeting of Shareholders of Asahi Group Holdings, Ltd. (the “Company”), which will be held as described in the Particulars below.



Sincerely,

March 4, 2015

Naoki Izumiya,  
President and Representative Director, CEO  
ASAHI GROUP HOLDINGS, LTD.  
23-1, Azumabashi 1-chome, Sumida-ku, Tokyo

**CONVOCAION NOTICE OF  
THE 91<sup>st</sup> ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**PARTICULARS**

**1. DATE AND TIME**

March 26 (Thursday), 2015, at 1:00 p.m. (JST) (Reception start time: 11:30 a.m.)

**2. PLACE**

Banquet Room “Tsuru”, Banquet Floor of “The Main” of Hotel New Otani, 4-1, Kioi-cho, Chiyoda-ku, Tokyo  
(Please note that if Banquet Room “Tsuru” becomes full, you will be guided to another venue.)

**3. PURPOSES**

**Items to Be Reported:**

Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements and reports of the audit results of the consolidated financial statements by the Independent Accounting Auditor and the Board of Corporate Auditors for the 91<sup>st</sup> term, from January 1, 2014 to December 31, 2014.

**Items to Be Resolved:**

**Item 1:** Appropriation of surplus

**Item 2:** Election of nine (9) Directors

**Item 3:** Election of two (2) Corporate Auditors

- If you are unable to attend the meeting in person, you may exercise your voting rights via either postal mail or Internet. Please review the attached “REFERENCE MATERIALS FOR ANNUAL GENERAL MEETING OF SHAREHOLDERS”, and exercise your voting rights no later than 5:30 p.m., March 25 (Wednesday), 2015 (JST) by following the “Guide to Exercising Voting Rights” on page 3.
- Corrections to Reference Materials for Annual General Meeting of Shareholders, Business Report, Consolidated Financial Statements, and Non-Consolidated Financial Statements, if any, will be posted on the Company’s website (\*).  
\* <http://www.asahigroup-holdings.com/>

## **Corporate Philosophy of the Asahi Group**

**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.**

**Please exercise your voting right,  
which is the right to participate in the Company's management.**

## **Guide to Exercising Voting Rights**

**\* The online voting site and Help Desk information are available only in Japanese.**

A voting right at the General Meeting of Shareholders is an important right that entitles shareholders to participate in the Company's management.

Please refer to the following and exercise your voting rights by either method.

### **Attending the General Meeting of Shareholders in person**

Date and time of the General Meeting of Shareholders: March 26 (Thursday), 2015, at 1:00 p.m. (JST) (Reception start time: 11:30 a.m.)
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- Please submit the voting form at the reception desk at the venue.
- Please also bring this notice with you, to help us preserve resources.
- You are advised to arrive at the venue early, as the reception desk is expected to become extremely crowded immediately before the commencement of the meeting.
- Please note that anyone other than a shareholder who is entitled to exercise voting rights (e.g., non-shareholding proxy, person accompanying the shareholder) will not be allowed inside the venue.

### **Not attending the General Meeting of Shareholders in person**

Deadline for exercising voting rights: March 25 (Wednesday), 2015, no later than 5:30 p.m. (JST)
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#### **Voting via Postal Mail**

Please indicate your consent/dissent concerning the items shown on the voting form, and send back the form so that it will arrive no later than the deadline for exercising voting rights.

\* If you submit a voting form without indicating your consent/dissent with respect to each item, you will be deemed to have voted *in favor* of the Company's proposal(s).

#### **Voting via Internet**

Online voting website: <http://www.web54.net>

Please input your consent/dissent concerning each item no later than the deadline for exercising voting rights. For details, please refer to pages 17 and 18.

## REFERENCE MATERIALS FOR ANNUAL GENERAL MEETING OF SHAREHOLDERS

### Agenda Items and Reference Information

#### Item 1: Appropriation of surplus

The Company proposes the appropriation of surplus in the following manner:

##### 1. Year-end dividends

As a holding company of the Group (the Company, its subsidiaries and its affiliates are collectively referred as the “Group” or the “Asahi Group”), under the “Medium-Term Management Plan 2015”, which incorporates the three-year action targets from fiscal 2013, the Company is giving top priority to utilizing free cash flows generated by the Group to fund investments in growth, including expansion in our business networks worldwide. In terms of shareholder returns, given the Company’s improved surplus investment funding position due to a stronger cash flow generation capacity and an improved debt-equity ratio, the Company aims to steadily increase dividends, targeting a dividend payout ratio of around 30% by fiscal 2015. Efforts will also be made to enhance total shareholder returns by targeting a total return ratio, including share buybacks, of 50% or higher.

Based on the aforementioned policy and taking into consideration a variety of factors, including the Company’s consolidated financial condition and achievement for the fiscal year under review, the Company proposes a year-end dividend of ¥23 per share, as follows:

##### (1) Type of dividend asset

Cash

##### (2) Allocation of dividend assets to shareholders and total amount of allocation

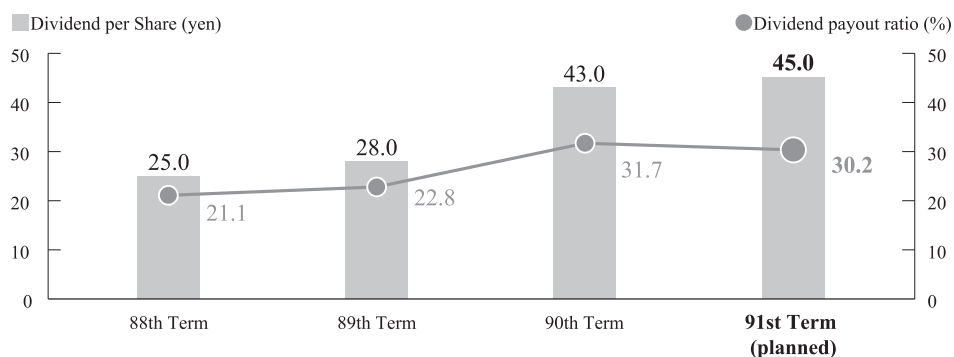
¥23 per share of common stock      Total amount of payout: ¥10,639,841,400

Since the Company previously paid out ¥22 per share as an interim-period dividend, the annual dividend for the fiscal year under review will amount to ¥45 per share, which is an increase of ¥2 per share from the previous fiscal year.

##### (3) Effective date of dividend payment

March 27, 2015

#### [Reference] Trends in Annual Dividend per Share and Consolidated Dividend Payout Ratio



## Item 2: Election of nine (9) Directors


At the conclusion of this Annual General Meeting of Shareholders, the terms of office of all the Directors will expire. The Company therefore asks the shareholders to elect nine (9) Directors.


The candidates for the position of Director are as follows. Among these, the candidates for position for Outside Director meet the requirements for independent directors/auditors as defined by the Tokyo Stock Exchange.

Candidate number	Name (Age)	Position	Responsibilities	Number of Board of Directors meetings attended
1	Naoki Izumiya (66) ----- Reappointment	President and Representative Director CEO	Overall Group Management	11/11
2	Katsuyuki Kawatsura (64) ----- Reappointment	Executive Vice President and Representative Director	Public Relations Section, Human Resources Section, Group Food Business	11/11
3	Shiro Ikeda (58) ----- Reappointment	Managing Director Managing Corporate Officer	Corporate Social Responsibility Section, Lifestyle & Culture Section, International Business Section, Group International Operations	11/11
4	Katsutoshi Takahashi (60) ----- Reappointment	Director Corporate Officer	Procurement Section, Production Section, Logistics Section, Research & Development Section, Agribusiness Development Section, Intellectual Property Section, Quality Assurance Section, Group Soft Drinks Business	11/11
5	Yoshihide Okuda (59) ----- Reappointment	Director Corporate Officer	Audit Section, General & Legal Affairs Management Section, Secretary Section, Finance Section, Information Technology Section	11/11
6	Akiyoshi Koji (63) ----- Reappointment	Director	Group Alcoholic Beverages Business	11/11
7	Mariko Bando (68) ----- Reappointment Candidate for Outside Director	Outside Director	—	10/11
8	Naoki Tanaka (69) ----- Reappointment Candidate for Outside Director	Outside Director	—	10/11
9	Ichiro Ito (72) ----- Reappointment Candidate for Outside Director	Outside Director	—	11/11

Note:

The age, position and responsibility are as of this Annual General Meeting of Shareholders.


Candidate number	Name (Date of birth) Age	Career summary	Number of shares in the Company owned by the candidate	Notes to Appointment	Number of Board of Directors meetings attended
1	 Naoki Izumiya (August 9, 1948) 66 years old	Apr. 1972 Entered the Company Mar. 2000 Corporate Officer, Senior General Manager of Group Management Strategy Headquarters Oct. 2000 Corporate Officer, Senior General Manager of Strategy Planning Headquarters Sep. 2001 Corporate Officer, Deputy General Manager of Tokyo Metropolitan Headquarters, General Manager of Tokyo Branch Mar. 2003 Director Mar. 2004 Managing Director Mar. 2006 Managing Director, Managing Corporate Officer, Senior General Manager of Sales & Marketing Headquarters for Alcoholic Beverages Mar. 2009 Senior Managing Director, Senior Managing Corporate Officer Mar. 2010 President and Representative Director Mar. 2014 President and Representative Director, CEO (to the present)	50,800	Reappointment	11/11
Position: President and Representative Director CEO Responsibilities: Overall Group Management					


Candidate number	Name (Date of birth) Age	Career summary	Number of shares in the Company owned by the candidate	Notes to Appointment	Number of Board of Directors meetings attended
2	 Katsuyuki Kawatsura (October 1, 1950) 64 years old	Apr. 1975 Entered the Company Mar. 2005 Corporate Officer, Senior General Manager of Product & Technology Development Headquarters Oct. 2007 Corporate Officer, Senior General Manager of Research & Development Headquarters for Alcoholic Beverages Jul. 2008 Corporate Officer, Senior General Manager of Research & Development Headquarters Mar. 2009 Managing Corporate Officer, Senior General Manager of Research & Development Headquarters Mar. 2010 Managing Director, Managing Corporate Officer, Senior General Manager of Research & Development Headquarters Mar. 2011 Managing Director, Managing Corporate Officer, Senior General Manager of Research & Development Headquarters, Senior General Manager of Production Headquarters Jul. 2011 Managing Director, Managing Corporate Officer Mar. 2013 Senior Managing Director, Senior Managing Corporate Officer Mar. 2014 Executive Vice President and Representative Director (to the present)	24,600	Reappointment	11/11
Position: Executive Vice President and Representative Director Responsibilities: Public Relations Section, Human Resources Section Group Food Business Significant concurrent positions: Director of Asahi Food & Healthcare Co., Ltd. Director of Wakodo Co., Ltd. Director of Amano Jitsugyo Co., Ltd. Director of Asahi Professional Management Co., Ltd.					

Candidate number	Name (Date of birth) Age	Career summary	Number of shares in the Company owned by the candidate	Notes to Appointment	Number of Board of Directors meetings attended
3	 Shiro Ikeda (November 25, 1956) 58 years old	Apr. 1980 Entered the Company Mar. 2009 Corporate Officer, Senior General Manager of Marketing Headquarters, General Manager of Product Development Department I Sep. 2010 Corporate Officer, Senior General Manager of Marketing Headquarters Jul. 2011 Director, Corporate Officer, Senior General Manager of Marketing Headquarters of Asahi Breweries, Ltd. Mar. 2012 Director, Corporate Officer of the Company Mar. 2014 Managing Director, Managing Corporate Officer (to the present)	5,300	Reappointment	11/11
Position: Managing Director, Managing Corporate Officer Responsibilities: Corporate Social Responsibility Section, Lifestyle & Culture Section, International Business Section Group International Operations Significant concurrent positions: Director of Asahi Holdings (Australia) Pty Ltd					



Candidate number	Name (Date of birth) Age	Career summary	Number of shares in the Company owned by the candidate	Notes to Appointment	Number of Board of Directors meetings attended
4	 <p>Katsutoshi Takahashi (September 24, 1954) 60 years old</p>	<p>Apr. 1977 Entered Yoshida Kogyo K.K. (current YKK Corporation)</p> <p>May 1991 Entered the Company</p> <p>Mar. 2008 Corporate Officer, Senior Deputy General Manager of Production Headquarters, General Manager of Production Technology Department</p> <p>Jul. 2011 Corporate Officer, Senior Deputy General Manager of Research &amp; Development-Production Headquarters, General Manager of Production Strategy Department of Asahi Breweries, Ltd.</p> <p>Mar. 2012 Corporate Officer, General Manager of the Production Section of the Company</p> <p>Corporate Officer, Senior Deputy General Manager of Research &amp; Development-Production Headquarters, General Manager of Production Strategy Department of Asahi Breweries, Ltd.</p> <p>Sep. 2012 Corporate Officer, General Manager of the Production Section of the Company</p> <p>Corporate Officer, Senior Deputy General Manager of Research &amp; Development- Production Headquarters of Asahi Breweries, Ltd.</p> <p>Mar. 2013 Director, Corporate Officer of the Company (to the present)</p>	6,000	Reappointment	11/11
<p>Position: Director, Corporate Officer</p> <p>Responsibilities: Procurement Section, Production Section, Logistics Section, Research &amp; Development Section, Agribusiness Development Section, Intellectual Property Section, Quality Assurance SectionGroup Soft Drinks Business</p> <p>Significant concurrent positions: Director of Asahi Soft Drinks Co., Ltd. Director of LB Co., Ltd.</p>					

Candidate number	Name (Date of birth) Age	Career summary	Number of shares in the Company owned by the candidate	Notes to Appointment	Number of Board of Directors meetings attended
5	 Yoshihide Okuda (January 3, 1956) 59 years old	<p>Apr. 1978 Entered Konishiroku Photo Industry Co., Ltd. (current Konica Minolta, Inc.)</p> <p>Sep. 1988 Entered the Company</p> <p>Mar. 2010 Corporate Officer, General Manager of Finance Department</p> <p>Mar. 2011 Corporate Officer, General Manager of Finance Department of the Company</p> <p>Senior Managing Director of Asahi Management Services Co., Ltd. (current Asahi Professional Management Co., Ltd)</p> <p>Jul. 2011 Corporate Officer, General Manager of Finance Section of the Company</p> <p>Senior Managing Director of Asahi Management Services Co., Ltd.</p> <p>Sep. 2012 Corporate Officer in charge of promoting efficiency (administrative sections overall) of the Company</p> <p>Senior Managing Director of Asahi Professional Management Co., Ltd.</p> <p>Mar. 2013 Director, Corporate Officer of the Company (to the present)</p>	5,400	Reappointment	11/11
<p>Position: Director, Corporate Officer</p> <p>Responsibilities: Audit Section, General &amp; Legal Affairs Management Section, Secretary Section, Finance Section, Information Technology Section</p> <p>Significant concurrent positions: President and Representative Director of Asahi Professional Management Co., Ltd.</p>					


Candidate number	Name (Date of birth) Age	Career summary	Number of shares in the Company owned by the candidate	Notes to Appointment	Number of Board of Directors meetings attended
6	 Akiyoshi Koji (November 8, 1951) 63 years old	Apr. 1975 Entered the Company Sep. 2001 Corporate Officer Mar. 2003 Managing Director, Senior General Manager of Planning Division of Asahi Soft Drinks Co., Ltd. Mar. 2006 Senior Managing Director, Senior General Manager of Planning Division of Asahi Soft Drinks Co., Ltd. Mar. 2007 Managing Director, Managing Corporate Officer of the Company Jul. 2011 Director (to the present)	14,800	Reappointment	11/11
Position: Director Responsibilities: Group Alcoholic Beverages Business Significant concurrent positions: President and Representative Director of Asahi Breweries, Ltd.					

Candidate number	Name (Date of birth) Age	Career summary	Number of shares in the Company owned by the candidate	Notes to Appointment	Number of Board of Directors meetings attended
7	 Mariko Bando (August 17, 1946) 68 years old	Jul. 1969 Joined staff of Prime Minister's Office Oct. 1985 Councilor of Cabinet Secretariat Jul. 1989 Director of Consumer Statistics Division, Statistics Bureau, Management and Coordination Agency Apr. 1995 Vice-Governor of Saitama Prefecture Jun. 1998 Consul General of Brisbane, Australia Jan. 2001 Director General of Gender Equity Bureau, Cabinet Office Oct. 2003 Director of Educational Corporation Showa Women's University Apr. 2007 President of Showa Women's University (to the present) Mar. 2008 Director of the Company (to the present) Apr. 2014 Chancellor of Educational Corporation Showa Women's University (to the present)	—	Candidate for Outside Director Reappointment	10/11
Position: Outside Director Significant concurrent positions: Chancellor of Educational Corporation Showa Women's University President of Showa Women's University Director of The Institute of Women's Culture, Showa Women's University Chairman of the Board of Rural Women Empowerment and Life Improvement Association Number of years of service as Director: 7 years (at the conclusion of this Annual General Meeting of Shareholders)					

- Reasons for recommending Mariko Bando as a candidate for Outside Director


Mariko Bando has a wide range of knowledge as an educator in addition to her diverse experience in public administration. To provide the Company with the benefit of this experience and knowledge, the Company thus recommends her election to the Board of Directors as an Outside Director.

Although Mariko Bando has not been involved in company management other than as an Outside Director or an Outside Corporate Auditor, the Board of Directors has concluded that she will be able to perform her duties properly as an Outside Director of the Company based on the reasons noted above.

Candidate number	Name (Date of birth) Age	Career summary	Number of shares in the Company owned by the candidate	Notes to Appointment	Number of Board of Directors meetings attended
8	 Naoki Tanaka (September 1, 1945) 69 years old	Jan. 1971 Senior Fellow of Kokumin Keizai Research Institute Apr. 1997 President of the 21 <sup>st</sup> Century Public Policy Institute Apr. 2007 President of Center for International Public Policy Studies (to the present) Mar. 2009 Director of the Company (to the present)	—	Candidate for Outside Director Reappointment	10/11
Position: Outside Director Significant concurrent positions: President of Center for International Public Policy Studies Number of years of service as Director: 6 years (at the conclusion of this Annual General Meeting of Shareholders)					

- Reasons for recommending Naoki Tanaka as a candidate for Outside Director

Naoki Tanaka has a great deal of experience as a member of government councils and broad knowledge as a specialist deeply versed in economic policy. The Company thus recommends his election to the Board of Directors as an Outside Director to provide the benefit of this experience and knowledge to the management of the Company.

Candidate number	Name (Date of birth) Age	Career summary	Number of shares in the Company owned by the candidate	Notes to Appointment	Number of Board of Directors meetings attended
9	 Ichiro Ito (July 6, 1942) 72 years old	Apr. 1966 Entered Asahi Chemical Industry Co., Ltd. (current Asahi Kasei Corporation) Jun. 2001 Director of such company Feb. 2003 Managing Director of such company Jun. 2003 Director, Primary Executive Officer of such company Apr. 2006 Director, Vice President Executive Officer of such company Apr. 2010 Chairman and Representative Director of such company Mar. 2011 Director of the Company (to the present) Jun. 2014 Chairman and Director of Asahi Kasei Corporation (to the present)	1,000	Candidate for Outside Director Reappointment	11/11
Position: Outside Director Significant concurrent positions: Chairman and Director of Asahi Kasei Corporation Number of years of service as Director: 4 years (at the conclusion of this Annual General Meeting of Shareholders)					

- Reasons for recommending Ichiro Ito as a candidate for Outside Director

Ichiro Ito has a wealth of company management experience and insight. To provide the Company with the benefit of this experience and knowledge to the management of the Company, the Company thus recommends his election to the Board of Directors as an Outside Director.

Notes:

1. None of the candidates for Directors has any special interest in the Company.
2. Regarding agreements limiting the liability of Outside Directors

To enable him/her to contribute fully in his/her role as an Outside Director, the Company has entered into agreements with Mariko Bando, Naoki Tanaka and Ichiro Ito that limit his/her liability for damages as prescribed in Paragraph 1, Article 423 of the Companies Act. Under the terms of these agreements, their respective liabilities are limited to ¥20 million or to the minimum limited amount stipulated by applicable laws and regulations, whichever is higher. If this agenda item is approved as submitted, the current agreements will be extended.


### Item 3: Election of two (2) Corporate Auditors

At the conclusion of this Annual General Meeting of Shareholders, the terms of office of Corporate Auditors Yukio Kakegai and Naoto Nakamura will expire. The Company therefore asks the shareholders to elect two (2) Corporate Auditors.

The candidates for the position of Corporate Auditor are as follows. The candidate for Outside Corporate Auditor, Yumiko Waseda, meets the requirements for independent directors/auditors as defined by the Tokyo Stock Exchange.

This proposal is submitted with the prior consent of the Board of Corporate Auditors.

Candidate Number	Name (Date of birth) Age	Career summary	Number of shares in the Company owned by the candidate	Notes to Appointment
1	 Akira Muto (Mar. 8, 1958) 57 years old	Apr. 1980 Entered Nissan Prince Motor Sales Co., Ltd. (current Nissan Motor Sales Co., Ltd.) Dec. 1988 Entered the Company Apr. 2009 Senior Officer of the Company, Corporate Officer and General Manager of Accounting Department of Wakodo Co., Ltd. Sep. 2010 Senior Officer of the Company, Corporate Officer and General Manager of Finance Department of Wakodo Co., Ltd. Sep. 2012 Senior Officer of the Company, Corporate Officer and Senior Deputy General Manager of Corporate Planning Headquarters and General Manager of Finance Department of Asahi Food & Healthcare Co., Ltd. Mar. 2013 Senior Officer of the Company, Corporate Officer and Senior General Manager of Corporate Planning Headquarters and General Manager of Finance Department of Asahi Food & Healthcare Co., Ltd. Mar. 2014 Senior Officer of the Company, Director, Corporate Officer and Senior General Manager of Corporate Planning Headquarters of Asahi Food & Healthcare Co., Ltd. (to the present)	—	New candidate
Significant concurrent positions: Director and Corporate Officer of Asahi Food & Healthcare Co., Ltd.				

Candidate Number	Name (Date of birth) Age	Career summary	Number of shares in the Company owned by the candidate	Notes to Appointment
2	 Yumiko Waseda (Jan. 29, 1960) 55 years old	Apr. 1985 Completed courses at the Legal Training and Research Institute of the Supreme Court Registered as an Attorney at Law Entered Matsuda Masayuki Law & Patent Office (current Mori Hamada & Matsumoto)	—	Candidate for Outside Corporate Auditor  New candidate
		Apr. 2013 Entered Tokyo Roppongi Law & Patent Offices Jan. 2014 Partner of Tokyo Roppongi Law & Patent Offices (to the present)		
Significant concurrent positions: Partner and Attorney at Law of Tokyo Roppongi Law & Patent Offices Outside Corporate Auditor of Kao Corporation				

● Reasons for recommending Yumiko Waseda as a candidate for Outside Corporate Auditor

Yumiko Waseda has a wealth of experience as an attorney and professional views. To audit of the Company with the benefit of this experience and knowledge, the Company thus recommends her election as an Outside Corporate Auditor.

Although Yumiko Waseda has not been involved in company management other than as an Outside Director or an Outside Auditor, the Board has concluded that she will be able to perform her duties properly as an Outside Corporate Auditor of the Company based on the reasons noted above.

Notes:

1. The age is as of this Annual General Meeting of Shareholders.
2. None of the candidates for Corporate Auditor has any special interest in the Company.
3. Regarding agreements limiting the liability of Outside Corporate Auditor  
 If this agenda item is approved as submitted, the Company plans to newly enter into an agreement with Yumiko Waseda that limits her liability for damages as prescribed in Paragraph 1, Article 423 of the Companies Act in order to enable her to contribute fully in her role as an Outside Corporate Auditor. Under the terms of this agreement, such liability will be limited to ¥20 million or to the minimum limited amount stipulated by applicable laws and regulations, whichever is higher.



## Guide to Exercising Voting Rights via the Internet

- \* The online voting website and Help Desk information are available only in Japanese.

If you intend to exercise your voting rights by online voting, please access the website noted below from a computer, smartphone or cellular phone and follow the instructions on the screen.

Online voting website: <http://www.web54.net>

Deadline for Exercising Voting Rights via the Internet  
No later than 5:30 p.m., March 25 (Wednesday), 2015 (JST)



- \* If your smartphone or cellular phone is equipped with a barcode reader, you may use the two-dimensional code at left in order to access the online voting website. For more detailed information on that procedure, please refer to the user manual of your smartphone or cellular phone.

### Accessing Procedures

The following charts display PC screens.

#### 1. Access the online voting website

<http://www.web54.net>

Click on “次へ進む” (“NEXT”).



#### 2. Log in

Enter the “voting code”(議決権行使コード) indicated on the voting form and click on “ログイン” (“Log in”).

\*Shareholders who have not specified a “password” for themselves are required to register a new password.



#### 3. Enter the password

Enter the “password”(パスワード) indicated on the voting form and click on “次へ” (“NEXT”).

\* Please note that shareholders who received the Convocation Notice of the Annual General Meeting of Shareholders for the fiscal year under review by e-mail will not find the “password” on their voting form. Such shareholders are asked to enter the “password” that they specified when registering their e-mail addresses.



- 4. Indicate your consent/dissent concerning each item by following the instructions displayed on the screen.

- Q1. What will happen if I exercise my voting right not only via postal mail but also via the Internet?
- A. If you exercise your voting right in duplicate (i.e., voting online as well as voting by using the voting form), only the online vote will be counted.
- Q2. I can exercise my voting right online more than once. Will all my voting attempts be considered valid?
- A. If you exercise your voting right online more than once, only the most recent vote will be counted.

### **Notices Regarding Online Voting**

Please note that the connection fees with the Internet service providers and communication fees, such as telephone bills, should be borne by the shareholders when using the online voting website.

When voting online, please ensure that the system of your communication terminal satisfies the relevant system requirements.

(1) Voting via PC or smartphone

Screen resolution of 800 (horizontal) x 600 (vertical) pixels (SVGA) or higher, Microsoft® Internet Explorer Ver. 5.01 SP2 or newer as the browser software, and Adobe® Acrobat® Reader® Ver. 4.0 or newer or Adobe® Reader® Ver. 6.0 or newer as the PDF file browser.

\*If your browser's "pop-up Blocker" function, or a similar add-on, is enabled, please disable (or temporarily disable) this function.

(2) Voting via cellular phone

Internet connectivity via "i-mode", "EZweb", or "Yahoo!Keitai", and compatibility with a 128-bit SSL (Secure Socket Layer) communication protocol (encrypted communication).

\*While voting via cellular phones with full browser functionality is supported in principle, we cannot guarantee compatibility with all available models.

### **Inquiries for Online Voting**

Please contact the following Help Desk for inquiries about online voting.

**Sumitomo Mitsui Trust Bank, Limited**  
**Stock Transfer Web Support Phone No.**  
**Toll-free (within Japan): 0120-652-031 (9:00 a.m. to 9:00 p.m.) (JST)**

**Note:**

Shareholders who wish to receive the convocation notices of Annual General Meetings of Shareholders by e-mail beginning with the next meeting may so register on the e-mail address registration website noted below. Please note that the site cannot be accessed via cellular phone.

E-mail address registration website: <http://www.web5106.net>

## **(Reference) CSR Activities of the Asahi Group**

The Asahi Group aims to be a trustworthy corporate group by proactively making efforts to resolve social issues through our business activities in the three business activity domains of “Food and Health”, “The Environment” and “People and Society”.

### **■ Food and Health**

#### **Asahi Food Culture Series**

The Group held Asahi Food Culture Series seminars by inviting lecturers who engage in social action programs in various countries and regions. Around tables of the diverse cuisines that the lecturers had experienced in such countries and regions, the participants addressed what they could do for the future regarding such social themes as water, education and the fascination of local regions. The participation fees were donated in full to the specified nonprofit corporations with which the respective lecturers were affiliated.



## ■ The Environment

### **Asahi Breweries' Kanagawa Plant Certified as the Highest Class in Terms of SEGES**

Asahi Breweries' Kanagawa Plant maintains green space, which accounts for approximately 50% of the plant site, and has arranged and improved its spacious Asahi bio garden of approximately 50,000 m<sup>2</sup> to enable the habitation of various creatures along with environmental activities for local communities such as the firefly appreciation event, which has been held for more than 10 years. Thanks to such longstanding environmental activities, the plant was certified as the highest of five-level rating system Superlative Stage according to the Social and Environmental Green Evaluation System (SEGES) conducted by the Organization for Landscape and Urban Green Infrastructure.



### **Forest Management Initiatives for the Asahi Forest Company-Owned Forests, Received the Director-General of the Forestry Agency Award**

Since 1941, the Group has been committed to maintaining sound forests and the sustainable management of the Asahi Forest located at 15 areas in Shobara City and Miyoshi City, Hiroshima Prefecture. These initiatives were highly appreciated and the Director-General of the Forestry Agency Award was received at the Japan Forestry Association's 53rd National Forest Management Promotion Event.



## ■ People and Society

### Widening Women's Range of Activities

The Asahi Group believes that the creation of workplaces where each employee can fully demonstrate his/her capabilities and aptitude among many colleagues with diversified personalities would lead to the steady growth of the overall corporation. Based on this basic concept, the Group Diversity Promoting Office was established in April 2014 to create a new corporate culture that respects people's diversity so that employees can demonstrate their capabilities and personalities regardless of their attributes such as nationality, gender and age. Furthermore, given the rising concern about a labor shortage in light of the further progress of the dwindling birthrate and the aging population, we recognize that enhanced women's activities are increasingly important. Accordingly, the Group has set interim-term targets up to 2021 by each major company of the Group to implement the initiatives as described below.

- Career Development Seminar for Women, in which female employees have opportunities to exchange opinions with senior female employees to reflect on their business career.
- Training of Female Leaders, where female managerial staff learn leadership through panel discussions among female leaders in different business sectors and fields.
- WM Networking Meeting, where working mothers discuss and exchange opinions on the theme of making work and child care compatible.



## ■ Support for the Great East Japan Earthquake Reconstruction

The Asahi Group continues the supports to address the needs of the areas affected by the earthquake in accordance with three specific themes; namely support for the environment, support for community revitalization and support for economic stimulation.

### ● Orahono Ichigo Volunteer Tour

Jointly with the Agriculture-Commerce-Industry Collaboration Support Center, a specified nonprofit corporation, the Group supports Orahono Ichigo Productive Association to restore strawberry lands in Watari Town, Miyagi Prefecture, which were devastated by the tsunami resulting from the Great East Japan Earthquake. In 2014, 50 employees of the Asahi Group participated in volunteer activities such as sorting and planting strawberry seedlings.

### ● Sanriku Railway's "Asahi Super Dry" Train

In commemoration of the restoration of the entire Sanriku Railway line, which is a symbolic reminder of earthquake restoration, Asahi Breweries, Ltd., launched the "Asahi Super Dry 'Sanriku Railway' Label (500-ml bottle)". In addition, in cooperation with Sanriku Railway Company, a rental exhibition train, "Asahi Super Dry", on which passengers could drink Asahi Super Dry beer, ran on the North Rias Line and the South Rias Line. Many passengers enjoyed getting on this special train and their participation fees were wholly donated to Sanriku Railway Company.



# BUSINESS REPORT

From January 1, 2014 to December 31, 2014

## 1. Overview of Operations of the Asahi Group

### (1) Business Progress and Results

During the fiscal year under review, the global economy followed a trend toward recovery mainly in developed countries, reflecting the expansion of personal consumption and the increase in the number of employees in the United States, as well as the continuation of a modest recovery in Europe, although concerns about economic development in the emerging and resource-rich nations and the issue of sovereign debt problems in Europe remain.

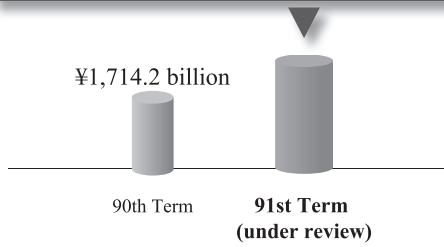
The Japanese economy continued a modest recovery trend against a backdrop of steady personal consumption mainly due to the improvement of the employment and income environments and an increase in capital investment stemming from improved corporate earnings, despite negative effects such as the backlash against last-minute demand due to the consumption tax rate hike.

Against this backdrop, the Asahi Group worked on enhancing its corporate value by promoting “Value and Network Management”, under the “Medium-Term Management Plan 2015” that started from fiscal 2013. In Value and Network Management, the Group promoted initiatives aimed at attaining long-term stable growth by further expanding its domestic and overseas networks, in addition to focusing on the “strengths” that it developed and acquired over the years, such as its brands, technologies and cost competitiveness, and leverage them for the creation of new values and innovation. Giving utmost priority to growth of its sales and profit, the Group has worked together for the continual increase in key performance indicators ROE (return on equity) and EPS (earnings per share) by improving capital efficiency through such means as increase of shareholder returns.

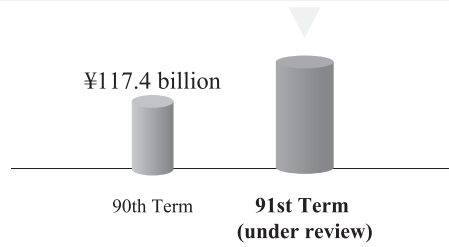
As a result, the Asahi Group posted net sales of ¥1,785,478 million, a year-on-year increase of 4.2%. Operating income increased by 9.2% year on year to ¥128,305 million, and recurring profit rose by 7.7% to ¥133,168 million. Net income totaled ¥69,118 million, an increase of 11.9% compared with the previous year.

■ Business performance of the Asahi Group

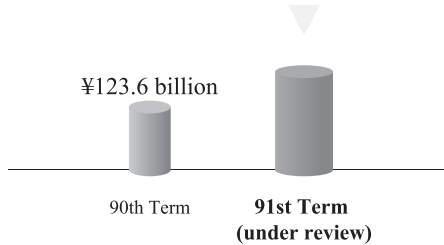
**Net sales**  
**¥1,785.4 billion** Up 4.2%  
year on year



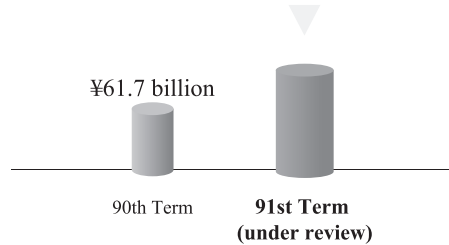
**Operating income**  
**¥128.3 billion** Up 9.2%  
year on year



**Recurring profit**  
**¥133.1 billion** Up 7.7%  
year on year

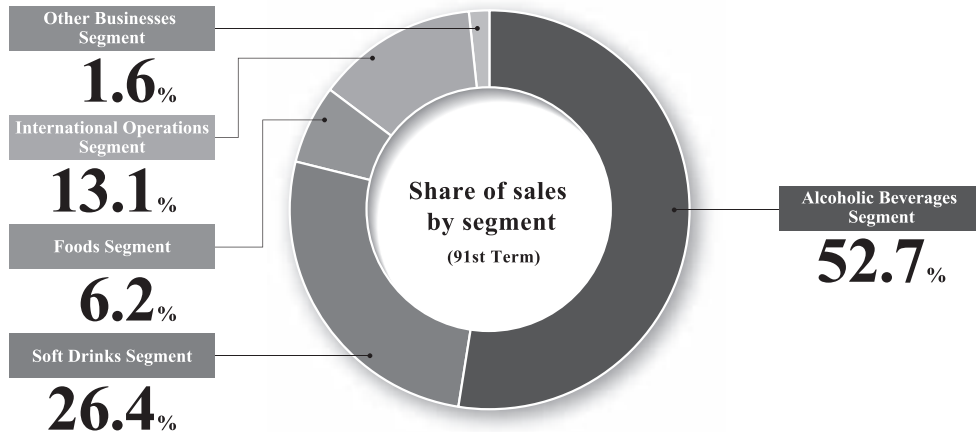


**Net income**  
**¥69.1 billion** Up 11.9%  
year on year





## [Reference] Overview of the Asahi Group



### Company-wide (Common)

Asahi Group Holdings, Ltd.  
Asahi Professional Management Co., Ltd.  
and others.

### Alcoholic Beverages Segment

Asahi Breweries, Ltd.  
The Nikka Whisky Distilling Co., Ltd.  
Asahi Draft Marketing, Ltd.  
Asahi Food Create, Ltd.  
Nadaman Co., Ltd.  
Asahi Beer Malt, Ltd.  
Asahi Beer Feed Co., Ltd.  
Masuda Co., Ltd.  
Sainte Neige Wine Co., Ltd.  
Satsumatsukasa Shuzo Co., Ltd.  
Hokkaido Nikka Service Co., Ltd.  
Sendai Nikka Service Co., Ltd.  
and others.

### Soft Drinks Segment

Asahi Soft Drinks Co., Ltd.  
LB Co., Ltd.  
Calpis Co., Ltd.  
Asahi Calpis Beverage Co., Ltd.  
Asahi Orion Calpis Inryo Co., Ltd.  
Calpis Foods Service Co., Ltd.  
and others.

### Foods Segment

Asahi Food & Healthcare Co., Ltd.  
Wakodo Co., Ltd.  
Amano Jitsugyo Co., Ltd.  
Nippon Freeze Drying Co., Ltd.  
and others.

### International Operations Segment

Asahi Holdings (Australia) Pty Ltd  
Schweppes Australia Pty Limited  
Independent Liquor (NZ) Limited  
Asahi Premium Beverages Pty Ltd  
The Better Drinks Co Limited  
Mountain H2O Pty Ltd  
Asahi Beer (China) Investment Co., Ltd.  
Beijing Beer Asahi Co., Ltd.  
Yantai Beer Tsingtao Asahi Co., Ltd.  
Shandong Asahi Green Source Hi-Tech Farm Co., Ltd.  
Shandong Asahi Green Source Milk Products Co., Ltd.  
Asahi Group Holdings Southeast Asia Pte. Ltd.  
Permanis Sdn. Bhd.  
Etika Dairies Sdn. Bhd.  
PT Asahi Indofood Beverage Makmur  
Asahi Loi Hein Company Limited  
Asahi Beer U.S.A., Inc.  
Buckinghamshire Golf Co., Ltd.  
and others.

### Other Businesses Segment

Asahi Logistics Co., Ltd.  
East Japan AB Cargo Co., Ltd.  
West Japan AB Cargo Co., Ltd.

<Target companies as of December 31, 2014>

## Overview by Business Segment for 91<sup>st</sup> Term

### ■ Asahi Group Breakdown of Net Sales

Million yen, except percentages

Segment	90 <sup>th</sup> term 2013	91 <sup>st</sup> term 2014 (under review)	Change in amount	Change in percentage
Alcoholic Beverages	¥925,878	<b>¥941,953</b>	¥16,075	1.7%
Soft Drinks	461,054	<b>471,456</b>	10,402	2.3
Foods	106,240	<b>110,024</b>	3,783	3.6
International Operations	192,034	<b>233,184</b>	41,149	21.4
Other Businesses	29,029	<b>28,859</b>	(169)	(0.6)
Total	1,714,237	<b>1,785,478</b>	71,241	4.2

Note: The above figures exclude intra-Group sales.

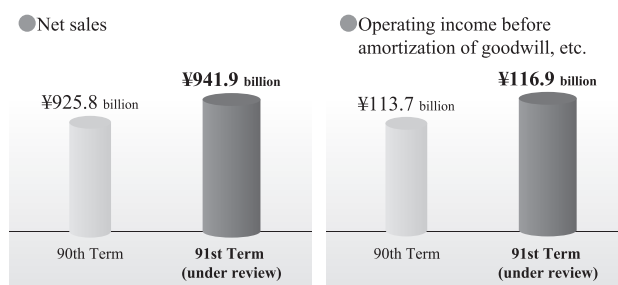
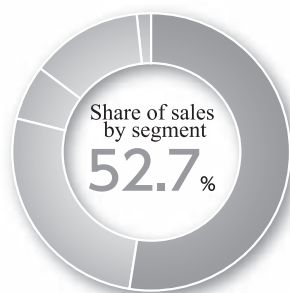
## Alcoholic Beverages Segment

Main products

Beer, happoshu (low-malt beer), new genre (malt-type), shochu, low-alcohol beverages, whisky and other spirits, wine, beer-taste beverages, etc.

The alcoholic beverages segment posted net sales of ¥941,953 million, up 1.7% from the previous year, due to the year-on-year increase in the sales volume of beer-type beverages for the second consecutive year, as well as the considerable year-on-year increases in the performance of each of the whisky and other spirits, wine and alcohol-taste beverages categories despite the adverse effect of unseasonal weather in summer and other factors. Operating income before amortization of goodwill, etc.\* rose by 2.8% from the previous year to ¥116,950 million, as a result of efforts to reduce fixed costs overall especially depreciation and an increase in sales, despite the increase in raw materials costs stemming from the impact of the yen depreciation and other such factors, on top of aggressive investments in advertising and sales promotion activities. (Operating income after amortization of goodwill, etc. was ¥116,924 million, a year-on-year increase of 2.8%.)

\*Operating income before amortization of goodwill, etc. = Operating income + Amortization of goodwill and amortization of intangible fixed assets resulting from acquisitions



**-Asahi Breweries, Ltd.**

Asahi Breweries, Ltd. worked on developing brands and products that accurately reflect potential customer needs and market trends with the aim of becoming a company that is “selected” by customers.

In the beer-type beverages sector, sales of the beer category performed favorably, primarily due to aggressive marketing activities for “Super Dry – Dry Premium,” which was released on a full-scale basis in February. In the new genre (malt-type) category, the sales volume increased from the previous year thanks to the consumer campaign linked to TV commercials of “Clear Asahi” and “Clear Asahi Prime Rich”, and the new release of “Clear Asahi Tsumitate Hop”, a product that was offered only for a set time frame. Moreover, “Asahi Super Zero” featuring “carbohydrate-free” and “purine bodies-free” happoshu was released in September and contributed to a rise in the sales volume of beer-type beverages as a whole from the previous year. Consequently, share\* in the market of beer-type beverages expanded, boasting the largest market share for the fifth consecutive year.



In the sector of alcohol beverages other than the beer-type beverages, regarding the whisky and other spirits category, at the 80<sup>th</sup> anniversary of The Nikka Whisky Distilling Co., Ltd., and the 120<sup>th</sup> anniversary of the birth of founder Masataka Taketsuru. Asahi Breweries strengthened its marketing activities focused on the “Taketsuru” brand, which honors the founder’s name. Sales overall increased from the previous year mainly thanks to the solid performance of imported wines such as “SANTA HELENA Alpaca” from Chile and “VINA ALBALI SANGRIA” from Spain.



In the alcohol-taste beverages sector, sales volume overall increased from the previous year due to the effects of renewal of “Asahi Dry Zero” in the previous year and the release of a derivative product, “Asahi Dry Zero Black”.

In terms of earnings, Asahi Breweries endeavored to pursue higher profitability by increasing the efficiency of capital investment and reducing the costs of can lids, in addition to the revenue growth effect.

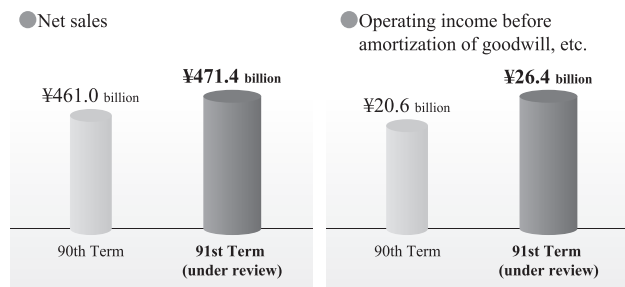
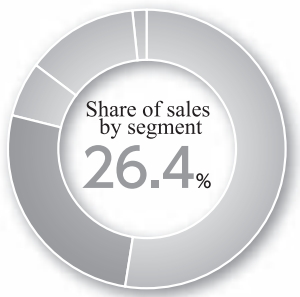
\* Share in the market of beer-type beverages was calculated based on taxed shipment volume of the top five domestic beer producers.

# Soft Drinks Segment

Main products

Carbonated drinks, coffee, tea, mineral water, fruit drinks, sport drinks, lactic acid beverages, milk-based beverages, etc.

The soft drinks segment posted net sales of ¥471,456 million, an increase of 2.3% compared with the previous year, reflecting the solid performance of both Asahi Soft Drinks Co., Ltd. and LB Co., Ltd., despite the adverse effect of unseasonal weather in summer. Operating income before amortization of goodwill, etc. increased by 27.8% from the previous year to ¥26,410 million, primarily due to the improved efficiency of costs overall and the creation of collaborative intra-Group synergies. (Operating income after amortization of goodwill, etc. was ¥21,319 million, a year-on-year increase of 37.9%.)



## -Asahi Soft Drinks Co., Ltd.

Asahi Soft Drinks Co., Ltd. endeavored to further strengthen its business platform by working on “fostering strong brands” and “establishing a solid earnings structure”.

In terms of the product strategy that forms the basis of its growth strategy, Asahi Soft Drinks concentrated its marketing investments on strengthening and developing flagship brands by reinforcing sales promotion activities for existing products and by releasing new products.

Asahi Soft Drinks strove to stimulate the brands’ power. For example, it released classic reproduction products and offered new value with “MITSUYA Freezing CIDER” of the “MITSUYA” brand, which celebrated its 130<sup>th</sup> anniversary. Meanwhile, the Food for

Specified Health Uses, “ASAHI Shokujito Isshoni Juroku-Cha W”, was released for the “Asahi Juroku-Cha” brand.



Furthermore, sales volume overall increased from the previous year, primarily thanks to releases of new products such as a milk-based beverage, “Todoku Tsuyosa-no Nyusankin”, in which Calpis Co., Ltd.’s original lactic acid bacteria “Premium Lactobacillus gasseri CP2305” is blended, in addition to the favorable performance of the “Wilkinson”, which celebrated its 110<sup>th</sup> anniversary, and the “Welch’s” brand.

In terms of earnings, Asahi Soft Drinks pursued higher productivity by increasing the capacity utilization of its plants jointly with the additional

installation of production lines at the Fujisan Plant. At the same time, it enhanced efforts to establish a solid earnings structure including establishing a group purchasing system for the soft drinks business as a whole and streamlining fixed costs overall.



Fujisan Plant of Asahi Soft Drinks Co., Ltd.

***-LB Co., Ltd.***

LB Co., Ltd. strengthened its offerings of added value such as freshness and enticing flavor, the characteristics of chilled soft drinks through the development of products in its mainstay categories of tea and soft drinks.

Sales overall increased from the previous year, primarily due to the launch of new products mixed with various ingredients such as fruit juice with “Calpis” brand including “Ajiwai Calpis” and the launch of new series products, in which several compatible fruits are mixed with “Asai”, which has attracted increasing attention given rising health awareness, in the milk-based beverages category.

In terms of earnings, LB addressed

streamlining its production and logistics expenses by reducing raw materials costs through the promotion of group purchasing, and by implementing a local production system for chilled soft drinks.

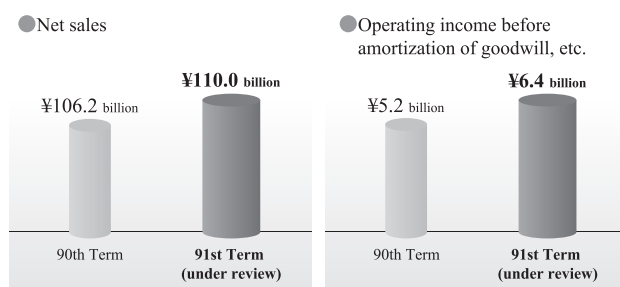
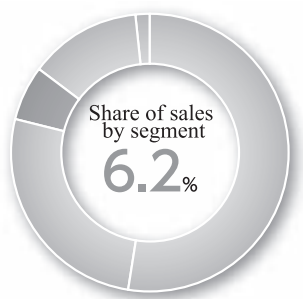


# Foods Segment

Main products

Confectionery, nutritional snacks, supplements, quasi-drugs, powdered baby milk, baby foods, freeze-dried miso soup, etc.

In the foods segment, Asahi Food & Healthcare Co., Ltd., Wakodo Co., Ltd., and Amano Jitsugyo Co., Ltd. steadily increased their respective sales. Mainly as a result of the foregoing, net sales rose by 3.6% from the previous year to ¥110,024 million. Operating income before amortization of goodwill, etc. increased by 22.7% from the previous year to ¥6,484 million, due primarily to the reduction of production costs. (Operating income after amortization of goodwill, etc. was ¥6,047 million, a year-on-year increase of 22.9%.)



## -Asahi Food & Healthcare Co., Ltd.

Asahi Food & Healthcare Co., Ltd. endeavored to continue growth and raise profitability by generating unique strengths that its competitors cannot offer and by working on “steady and sound growth”, “establishment of organization and infrastructure capable of addressing changes in customers” and “enhancement of corporate brand and reform of corporate culture”.

The foods segment performed well, primarily sustained by the release of a tablet-type confectionary, “MINTIA BREEZE”, and the enhanced lineup of a nutritional snack “Ippon Manzoku Bar”. Moreover, sales overall of Asahi Food & Healthcare exceeded the level recorded in the previous year, mainly due to the

aggressive sales promotion activities of the pouch-type supplement “Dear-Natura Style” in the healthcare segment.

In terms of earnings, Asahi Food & Healthcare worked on the efficient use of advertising and sales promotion expenses and reducing production costs, among others.



**-Wakodo Co., Ltd.**

Wakodo Co., Ltd. strove to enhance the steady growth and profitability of existing businesses, and to develop businesses that will serve as the next pillars in growth areas.

The mainstay baby food segment performed well mainly by releasing an in-container infant food “BIG Size no Eiyo Marché” and a ready-to-cook combined seasoning “Oyako de Gohan”. In addition, sales overall of Wakodo increased from the previous year, mainly due to the enhanced storefront sales promotion activities of baby milk.

In terms of earnings, Wakodo

worked to optimize the production system and reduce fixed costs by cutting sales promotion expenses.



**-Amano Jitsugyo Co., Ltd.**

Amano Jitsugyo Co., Ltd. worked to reinforce its business platform in accordance with the basic policies of “increasing presence in the food market”, “reforming the earnings structure”, and “creative company that enriches customer life”.

In distribution sales operations, Amano Jitsugyo endeavored to raise awareness of the “Amano” brand through aggressive marketing activities, in addition to the renewal of the mainstay freeze-dried miso soup products and deploying products in various price ranges. Meanwhile, overall sales of Amano Jitsugyo increased from the previous year, mainly due to the reinforced sales activities in professional use sales operations for corporate customers.

In terms of earnings, Amano Jitsugyo worked to improve profitability by reducing raw materials and energy costs through the review of production processes.

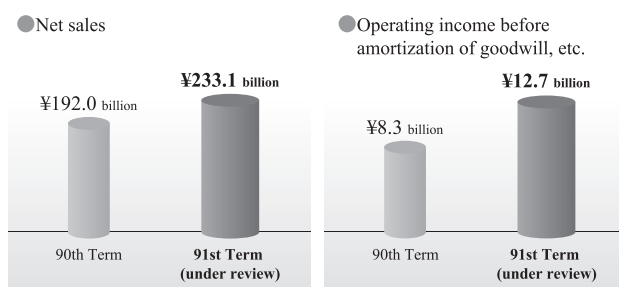
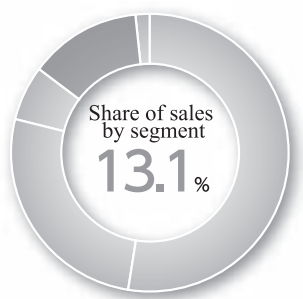


# International Operations Segment

Main products

Beer, low-alcohol beverages, carbonated drinks, mineral water, fruit drinks, sport drinks, condensed milk, etc.

The international operations segment recorded net sales of ¥233,184 million, up 21.4% from the previous year, due to the solid performance of businesses in each region, as well as favorable effects of the performance of newly consolidated subsidiaries in Southeast Asia. Operating income before amortization of goodwill, etc. increased by 53.1% from the previous year to ¥12,715 million, reflecting the improved profitability of the respective regional operations. (Operating loss after amortization of goodwill, etc. was ¥1,204 million, improving by ¥3,361 million compared with the previous year.)



## ***-Oceania Business Segment***

In the Oceania business segment, the Group sought growth as a comprehensive beverage business encompassing both soft drinks and alcoholic beverages around Asahi Holdings (Australia) Pty Ltd—the subsidiary overseeing the Oceania region—as a central core, mainly through the generation of intra-Group synergies, in addition to developing and nurturing the core brands and conducting business in growth areas.

In the soft drinks sector, sales were strengthened for the brands “Schweppes”, “Solo”, and “Pepsi” in the mainstay carbonated drinks category, and aggressive marketing activities were carried out for the mineral water whose market is expanding, by introducing TV

commercials and releasing new products. In the alcoholic beverages sector, strengthening of brand power was sought by such means as the renewal of flagship brands and the release of new products in the mainstay low-alcohol beverage category. Meanwhile, the imported beer, “Asahi Super Dry” and mainstay brands in the growth category of cider (sparkling apple wine) performed well. As a result, overall sales of the Oceania business segment increased from the previous year.



Furthermore, the Group endeavored to maximize synergies with group members by promoting efficiency improvement through consolidating/ decommissioning production and distribution sites, optimizing the functions of indirect departments via organizational consolidation, and promoting joint procurement of raw materials, etc.



### ***-China Business Segment***

In the China business segment, the Group sought to enhance its status in the market by expanding sales of the “Asahi” brand and aimed to improve quality and profitability by further consolidating production sites.

For the “Asahi” brand, sales volume increased from the previous year through the expansion of stores that carry Asahi products encompassing not only Japanese restaurants but also Korean and other non-Japanese restaurants and bars, as well as by extending sales activities to mass retailers and the fast-growing Internet-based sales business.

Furthermore, the Group endeavored to improve profitability by reviewing the sales structure of Beijing Beer Asahi Co.,

Ltd., increasing productivity through the concentration of production functions of the “Asahi” brand and reducing the costs of raw materials such as aluminum cans at local production sites.



Beijing Beer Asahi Co., Ltd.

### ***-Southeast Asia Business Segment***

In the Southeast Asia business segment, efforts were made to expand the business network in Southeast Asia by building a business platform for the soft drinks business in Indonesia, in addition to strengthening the main brands of Permanis Sdn. Bhd., a Malaysian soft drinks company.

In Malaysia, the mainstay carbonated drinks of Permanis Sdn. Bhd. performed favorably and Permanis strengthened its advertising and sales promotion activities for the canned coffee “WONDA” of the “Asahi” brand. As a result, business performance of Permanis increased from the previous year. In addition, efforts to improve profitability were made by promoting efficiency in the procurement of raw materials such as sugar and aluminum cans and reducing distribution costs. Meanwhile, the Group promoted strengthening its business platform in this region by adding Etika Dairies Sdn. Bhd. and 15 other companies, which engage in production and sales of dairy products, as consolidated subsidiaries in July.



In Indonesia, the joint venture with PT Indofood CBP Sukses Makmur Tbk strove to improve residents’ awareness of its products by releasing “ICHI OCHA GREEN TEA HONEY”, in addition to the aggressive advertising and sales promotion activities in the green tea and coffee categories. The joint venture also endeavored to establish its business platform by addressing the task of expanding sales channels of the “Pepsi” brand and the “Club” mineral water brand.

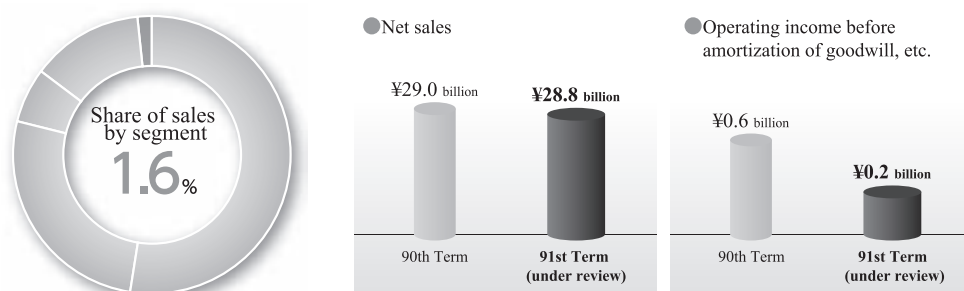


## Other Businesses Segment

Main services

Cargo transportation, etc.

In the other businesses segment, net sales decreased by 0.6% year on year to ¥28,859 million, despite efforts to increase the contracts in logistics operations overall. Operating income before amortization of goodwill, etc. decreased by 67.5% from the previous year to ¥202 million. (Operating income after amortization of goodwill, etc. was ¥202 million, a year-on-year decrease of 67.5%.)



### (2) Financial and Profit/Loss Indicators

		88 <sup>th</sup> term Fiscal 2011	89 <sup>th</sup> term Fiscal 2012	90 <sup>th</sup> term Fiscal 2013	91 <sup>st</sup> term Fiscal 2014 (under review)
Net sales	(million yen)	1,462,736	1,579,076	1,714,237	<b>1,785,478</b>
Operating income	(million yen)	107,190	108,437	117,467	<b>128,305</b>
Recurring profit	(million yen)	110,909	114,821	123,612	<b>133,168</b>
Net income	(million yen)	55,093	57,183	61,749	<b>69,118</b>
Operating margin	(%)	7.3	6.9	6.9	<b>7.2</b>
EBITDA <sup>*1</sup>	(million yen)	166,832	170,981	183,695	<b>192,308</b>
Earnings per share <sup>*2</sup>	(yen)	118.36	122.75	135.73	<b>148.92</b>
Total assets	(million yen)	1,529,907	1,732,187	1,791,555	<b>1,936,609</b>
Net assets	(million yen)	643,798	726,879	827,481	<b>896,510</b>
Net assets per share <sup>*2</sup>	(yen)	1,378.19	1,553.35	1,772.47	<b>1,904.64</b>
ROE (Return On Equity)	(%)	8.8	8.4	8.0	<b>8.1</b>

\*1 EBITDA is equal to the sum of operating income before amortization of goodwill, etc., and depreciation.

\*2 Earnings per share is calculated based on the average total number of shares outstanding during the term. Net assets per share is calculated based on the total number of shares outstanding at term-end. The number of shares outstanding is exclusive of treasury stock.

### (3) Capital Investment Activities

Consolidated capital expenditures in the year under review totaled ¥73,586 million, the segment breakdown of which is as follows. A large portion of the capital expenditures represented investments made to upgrade existing facilities and implement energy conservation measures. In addition to these, Asahi Soft Drinks Co., Ltd. carried out new construction and expansion work, etc. for the manufacturing facility for soft drinks at the Fujisan Plant in the amount of ¥4,765 million.

Business segment	Amount of capital expenditure (Million yen)
Alcoholic Beverages	19,383
Soft Drinks	27,878
Foods	3,446
International Operations	22,103
Other Businesses	200
Company-wide (common)	573
Total	73,586

### (4) Financing Activities

The Company financed the capital investments detailed in item (3) above and other capital requirements through loans from financial institutions, the issuance of commercial paper and corporate bonds. (The Company issued the 5th unsecured corporate bonds (5-year bonds: ¥25.0 billion) and the 6th unsecured corporate bonds (7-year bonds: ¥10.0 billion) on July 15, 2014.)

Funds required for companies' businesses of the Asahi Group are primarily sourced by the Company.

### (5) Status of Principal Lenders

(As of December 31, 2014)

Lender	Outstanding balance (Million yen)
Sumitomo Mitsui Banking Corporation	67,024
Mizuho Bank, Ltd.	20,855
Sumitomo Mitsui Trust Bank, Limited	17,213
The Norinchukin Bank	17,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	11,982

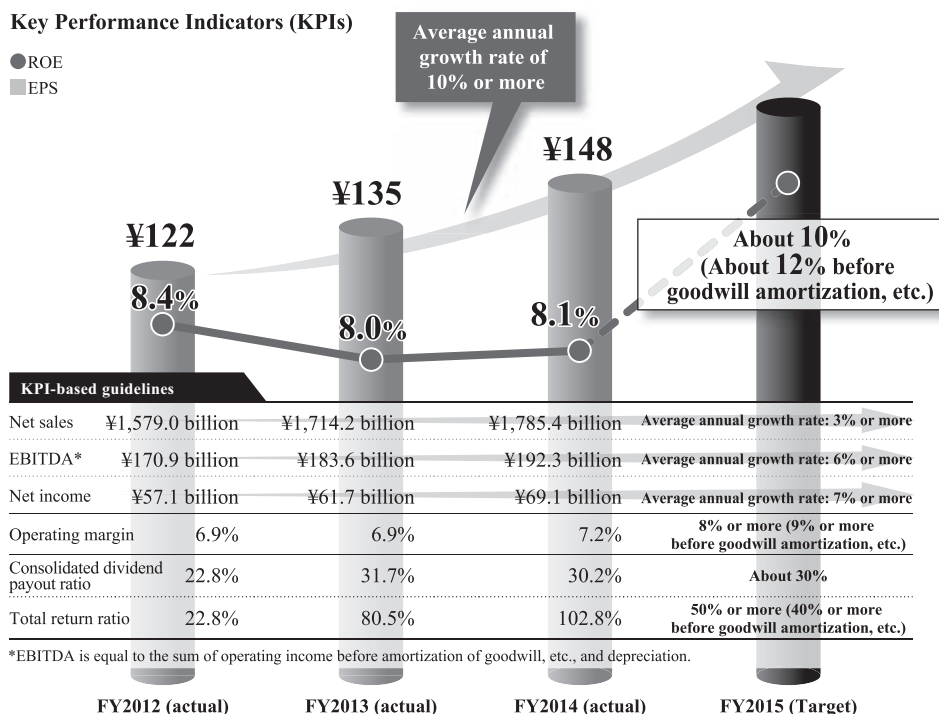
## (6) Management Perspectives

### Long-Term Vision 2020

Striving to be a corporate group trusted around the world through the *Kando* of food (deliciousness, happiness and innovation)

### Medium-Term Management Plan 2015

Seeking corporate value enhancement through “Value and Network Management”



Asahi Group Holdings, Ltd. has established “Long-Term Vision 2020” in order to address the changes in the increasingly tough business environment and the diversification of stakeholder needs, together with the three-year “Medium-Term Management Plan 2015” for the achievement of the Vision. Since fiscal 2013, the Company has been seeking to enhance its corporate value by promoting “Value and Network Management”.

In “Value and Network Management”, the Company will focus on the “strengths” that it developed and acquired over the years, such as its brand, technologies and cost competitiveness, and leverage them for the creation of new values and innovation. The Company will also seek to maintain long-term stable growth by further expanding its domestic and overseas networks.

Giving utmost priority to growth of its sales and profit, the Group will work together for the continual increase in key performance indicators ROE (return on equity) and EPS (earnings per share) by improving capital efficiency through such means as increase of shareholder returns.

The Company considers that strengthening the corporate governance of the Asahi Group is an utmost managerial priority in order to realize optimum corporate activities that would meet the expectations of its stakeholders including shareholders, investors and general consumers. Based on this concept, the Company endeavors to proactively strengthen group management, enhance the trust relationship with society, and improve the sociality and transparency of the Group companies. In June 2015, the “Corporate Governance Code” is scheduled to become applicable to corporations listed on domestic stock exchanges.

In favor of the idea that ensuring sustainable growth and improving corporate value for the medium to long term by appropriately practicing the Code will contribute to the stakeholders and, by returns, the development of the overall economy, the Company intends to take the initiatives as described below.

- The Company will continue to take appropriate measures such as the early dispatch of convocation notices of Annual General Meetings of Shareholders and the disclosure of its capital policy so that shareholders’ rights can be substantially and equitably ensured. The Company will also improve the environment in which shareholders can properly exercise their rights.
- Based on the recognition that sustainable growth and the creation of corporate value on a medium- to long-term basis are the product of stakeholders’ support, the Board of Directors and the management team of the Company will play a leading role with regard to issues on the sustainability of society and diversity-involved organizational operation and endeavor to cooperate with the various stakeholders.
- The Company will actively provide useful information in an easy-to-understand manner at occasions such as results briefing and Internet-based information disclosure even for non-financial information such as management strategies/issues, risk and governance, apart from financial information such as financial position and operating results.
- Taking into account the fiduciary responsibility and accountability to shareholders, the Board of Directors will work on ensuring the sustainable growth of the Company and improving its corporate value on a medium- to long-term basis, as well as improving profit-earnings capacity and capital efficiency. The Board members, including the independent Outside Directors, will endeavor to improve their managerial capacity to

appropriately fulfill their roles and duties.

- To contribute to ensuring sustainable growth and improving corporate value for the medium to long term, the Company intends to promote constructive “Purpose-Based Dialog” (Engagement) with shareholders and investors by continuously executing investor relations (IR) activities and shareholder relations (SR) activities including plant tours in compliance with the Corporate Governance Code and Stewardship Code.

## **Alcoholic Beverages Segment**

### ***-Asahi Breweries, Ltd.***

Given the projections of an increasingly diversifying sense of value and lifestyle, Asahi Breweries, Ltd., will promote its activities for demand expansion toward customers’ “Umai! (great taste)” by breaking away from dependency on summer and creating “Koto” consumption—a new-type consumption induced by invisible values such as experience, memories and services, not by the desire for possession— under the slogan of “aiming to become the strongest partner company with proposals on a variety of alcoholic beverages”.

In the beer-type beverages sector, efforts will be made to strengthen the mainstay brand and reinforce marketing activities in combination with events and entertainment. Asahi Breweries will pursue further “evolution” of the flavor of “Asahi Super Dry” relative to substantial volume and enhanced sharpness in taste by introducing a new brewing technique to restrict the change in taste over time. In addition, Asahi Breweries will seek to further enhance the brand value by releasing “Asahi Super Dry – Extra Sharp”, which will be offered only for a set time frame, and promote sales of “Asahi Super Dry – Dry Premium”. Moreover, against a backdrop of rising health awareness, Asahi Breweries will strive to expand the lineup in response to diversifying consumer needs with a purine bodies-free, derivative product of the carbohydrate-free happoshu (low-malt beer) “Asahi Style Free” and “Clear Asahi – Toshitsu Zero (Carbohydrate-Free)” in the new genre (malt-type) category. With these initiatives, Asahi Breweries aims to expand year-on-year sales volume for the third consecutive year in the beer-type beverages sector.

As for the non-beer sector, Asahi Breweries will work to foster and strengthen its core brands in each category. Especially in the whisky and other spirits category, Asahi Breweries will deploy aggressive marketing activities. Such activities will emphasize the transmission of information on “Taketsuru”, a whisky product that honors the founder of The Nikka Whisky Distilling Co., Ltd., and include the deployment of

“Black Nikka Freezing Highball” and the release of classic reproduction products. Furthermore, Asahi Breweries will aggressively transmit information on products such as “Jack Daniel’s” and “Early Times” of Brown-Forman Corporation to raise their brand awareness. In the wine category, its sales promotion activity will be strengthened mainly for “SANTA HELENA Alpaca”, an imported daily wine.

In the alcohol-taste beverages category, Asahi Breweries will try to increase its presence in the market by releasing “Asahi Dry Zero Free”, which is “purine bodies-free,” in the beer-taste beverage “Asahi Dry Zero” brand that features “carbohydrate-free” and “calorie-free”.

Furthermore, Asahi Breweries will strive to solidify its earnings structure by reducing raw materials costs due to a change of can lids and improving the efficiency of fixed costs overall, especially depreciation.

### **Soft Drinks Segment**

#### ***-Asahi Soft Drinks Co., Ltd.***

Asahi Soft Drinks Co., Ltd. will pursue a further leap in its corporate growth through flexible and speedy reforms by addressing the tasks of “increasing sales by reinforcing brands” and “establishing a more durable earnings structure”.

As the product strategy that forms the backbone of its growth strategy, Asahi Soft Drinks will work to foster new staple products, in addition to focusing its marketing investments on mainstay brands with measures such as strengthening sales promotion activities for existing products and launching new products. Asahi Soft Drinks will also deploy value-added products with enhanced flavor and health value to improve its brand value, thereby raising its presence in the market. In the vending machine business, Asahi Soft Drinks will work towards the achievement of stable business performance by ensuring more efficient operation of assets, in line with an increase in sales.

Furthermore, Asahi Soft Drinks will reform its earnings structure by increasing the productivity of its own plants via improved capacity utilization, promoting group purchasing and establishing optimal production and logistics systems in cooperation with Calpis Co., Ltd.

#### ***-LB Co., Ltd.***

Through the reinforcement of product development capability to offer new value, the expansion of sales channels and the efficiency improvement of production and



logistics expenses, LB Co., Ltd. will pursue a growth strategy and earnings structure reforms.

LB will seek to expand sales by strengthening sales activities to acquire new business partners, in addition to offering new value by aggressively deploying products utilizing the Asahi Group's brands, mainly "Calpis".

LB will also carry out reforms of its earnings structure through improving its demand-supply adjustment capabilities and reducing production costs by further promoting group purchasing.

### **Foods Segment**

#### ***-Asahi Food & Healthcare Co., Ltd.***

Asahi Food & Healthcare Co., Ltd. aims to be an enterprise that develops with customers' support by working on "steady and sound growth", "establishment of organization and infrastructure capable of addressing changes in customers" and "enhancement of corporate brand and reform of corporate culture".

Asahi Food & Healthcare will reinforce existing products and release new products of tablet-type confectionary "MINTIA" brand. In addition, Asahi Food & Healthcare will expand sales via sales promotion activities of the dietary supplement "Dear-Natura" and the release of a new pouch-type product of the quasi drug "EBIOS Tablet."

Furthermore, Asahi Food & Healthcare will reinforce its earnings structure through the regularization of inventories by establishing an optimum demand-supply system and addressing the improvement of productivity.

#### ***-Wakodo Co., Ltd.***

Wakodo Co., Ltd. will increase the productivity and profitability of existing businesses and strengthen the development of businesses that are positioned as the next pillars in growth areas such as operations for the elderly and international operations.

In addition to the renewal of the in-container infant food "Eiyo Marché" and increasing the product lineup of the combined seasoning "Oyako de Gohan," Wakodo will strive to expand sales by reinforcing its marketing activities in the business for the elderly.

Wakodo will also strive to improve profitability by increasing productivity with newly implemented energy-saving equipment and reducing raw materials costs.

### ***-Amano Jitsugyo Co., Ltd.***

Amano Jitsugyo Co., Ltd. will manage business in accordance with the basic policies of “increasing presence in the food market”, “reforming the earnings structure”, and “creative company that enriches customer life”.

In distribution sales operations, Amano Jitsugyo will conduct aggressive sales promotion activities for its mainstay freeze-dried miso soup products such as “Itsumono Omisoshiru” and “Nyumen.” In mail-order sales operations, Amano Jitsugyo aims to expand sales mainly by deploying products exclusive to the mail-order sales channel to acquire new customers.

Moreover, Amano Jitsugyo will endeavor to improve profitability by reducing raw materials costs through enhanced group purchasing and streamlining its optimum production system.

### **International Operations Segment**

#### ***-Oceania Business Segment***

In the Oceania business segment, Asahi Holdings (Australia) Pty Ltd—the subsidiary overseeing the Oceania region—as a central core will play a leading role in seeking growth as a comprehensive beverage business, which covers both soft drinks and alcoholic beverages, mainly through developing and nurturing their core brands and marketing investments in growth areas.

In the soft drinks business sector, the Group will strive to expand sales by strengthening its presence in the soft drinks market as a whole by such means as deploying new products in growth categories and focusing on sales of products with reduced sugar content of carbonated drinks, in response to health-oriented customer needs. In the alcoholic beverages business sector, the Group will pursue sustainable growth through proactive marketing activities, which will be concentrated on mainstay low-alcohol beverages, cider (sparkling apple wine) and “Asahi Super Dry”.

Furthermore, the Group will establish a stable and steadfast revenue base by pursuing the creation of synergies including the joint procurement of raw materials via organizational consolidation and the rationalization of back office sections, together with reinforcing initiatives toward the establishment of optimum production and logistics systems.

### ***-Southeast Asia Business Segment***

In the Southeast Asia business segment, the Group will endeavor to establish a growth base by strengthening the brand power especially for the main brands, streamlining the production system and firmly establishing a competitive earnings structure.

In Malaysia, the economic environment is expected to become harsh due to the introduction of the goods and services tax scheduled in April. With this in mind, Permanis Sdn. Bhd. will pursue sales expansion by boosting the product appeal of flagship brands including the fruit juice “Tropicana” and the carbonated drink “Mountain Dew”, and engaging in aggressive marketing activities through TV commercials, sampling, etc., to increase the brand power of “WONDA”. Permanis will also work to enhance profitability by improving the efficiency of logistics costs through the review of distribution method and reducing raw materials costs.

The Etika Group will strengthen sales of its products in the market for professional use in the mainstay condensed-milk business and strive to expand channels in the fast-growing fresh milk business. The Group aims to expand its revenue base by deploying containers with added functionality and improving productivity by the review of production processes.

In Indonesia, the joint venture with PT Indofood CBP Sukses Makmur Tbk will increase its presence in the market by strengthening the brand power of existing products and launching new products. The joint venture will also strengthen the sales promotion activities of the “Pepsi” and “Club” brands. Furthermore, the joint venture will strive to solidify its business platform by increasing the cost competitiveness of products by establishing a stable production system.

### ***-China Business Segment***

In the China business segment, the Group will aspire to improve quality and profitability at production sites while enhancing the status of the “Asahi” brand in the premium beer market.

The Group will continue to promote highly specialized sales activities based on a sales structure that distinguishes between different types of businesses mainly in the Shanghai area, which is a top priority market. In sales of professional-use products, the Group will strive to expand sales by making Chinese, Korean and other non-Japanese restaurants carry its beer products anew, in addition to expanding the Internet-based sales business and improving the status at mass retailers.

Furthermore, the Group will establish a stable revenue base of the China business by raising the productivity via optimization in varieties for production and cutting raw materials and energy costs at local production sites.

The Asahi Group intends to enhance the corporate value of the entire Group by improving the profitability of each business and increasing the capital efficiency through “Medium-Term Management Plan 2015”.

The Group cordially requests shareholders’ continuing encouragement and support.

## (7) Principal Subsidiaries

Company name	Capital (Million yen)	Shareholdings (%)	Main operations
Asahi Breweries, Ltd.	20,000	100.0	Production and marketing of alcoholic beverages
Asahi Soft Drinks Co., Ltd.	11,081	100.0	Production and marketing of soft drinks
LB Co., Ltd.	487	100.0	Production and marketing of soft drinks
Asahi Food & Healthcare Co., Ltd.	3,200	100.0	Production and marketing of foods
Wakodo Co., Ltd.	2,918	100.0	Production and marketing of foods
Amano Jitsugyo Co., Ltd.	67	100.0	Production and marketing of foods
Asahi Holdings (Australia) Pty Ltd	132,697 (AUD 1,806,901 thousand)	100.0	Overseeing soft drinks and alcoholic beverages operations in Oceania
Asahi Beer (China) Investment Co., Ltd.	9,996 (CNY 737,487 thousand)	100.0	Overseeing alcoholic beverages operations, and marketing of alcoholic beverages in China
Asahi Professional Management Co., Ltd.	50	100.0	Contracting of clerical work

Note:

There were 106 consolidated subsidiaries of the Company as of the end of the fiscal year under review, including those listed above. There were 121 affiliates accounted for by the equity method, including Tsingtao Brewery Co., Ltd. and Tingyi-Asahi Beverages Holding Co., Ltd.

## (8) Significant Developments such as Corporate Reorganization

- A. The Company established a joint venture with PT Indofood CBP Sukses Makmur Tbk and PT Multi Bahagia through the intermediary of Asahi Group Holdings Southeast Asia Pte. Ltd., of which all the shares are held by the Company, and the joint venture took over the in-container potable water business in Indonesia from PT Tirta Bahagia group as of January 27, 2014.
- B. As of September 2, 2014, the Company acquired all the shares of Etika Dairies Sdn. Bhd. and 15 other companies through the intermediary of Asahi Group Holdings Southeast Asia Pte. Ltd., of which all the shares are held by the Company.

## (9) Principal Offices and Factories

(As of December 31, 2014)

### A. Asahi Group Holdings, Ltd.

(Head office) 23-1, Azumabashi 1-chome, Sumida-ku, Tokyo

(Laboratory) Research & Development Center (Moriya City, Ibaraki Prefecture)

### B. Subsidiaries

Business segment	Company name	Major establishments	
Alcoholic Beverages	Asahi Breweries, Ltd.	Head office	23-1, Azumabashi 1-chome, Sumida-ku, Tokyo
		Regional sales offices	Tokyo Metropolitan Headquarters (Chuo-ku, Tokyo), etc.
		Production facilities	Ibaraki Brewery (Moriya City, Ibaraki Prefecture), etc.
		Laboratories	Development Laboratories for Alcoholic Beverages (Moriya City, Ibaraki Prefecture), etc.
Soft Drinks	Asahi Soft Drinks Co., Ltd.	Head office	23-1, Azumabashi 1-chome, Sumida-ku, Tokyo
		Regional sales offices	Tokyo Metropolitan Headquarters (Chuo-ku, Tokyo), etc.
		Production facilities	Akashi Plant (Akashi City, Hyogo Prefecture), etc.
		Laboratories	Products Research & Development Laboratory (Moriya City, Ibaraki Prefecture), etc.
	LB Co., Ltd.	Head office	3469-1, Aza Sakuragaoka, Ooaza Kurohama, Hasuda City, Saitama Prefecture
		Regional sales offices	CVS Marketing Department (Taito-ku, Tokyo), etc.
		Production facilities	Hasuda Plant (Hasuda City, Saitama Prefecture), etc.
		Laboratories	Marketing Department (Hasuda City, Saitama Prefecture)

Foods	Asahi Food & Healthcare Co., Ltd.	Head office	23-1, Azumabashi 1-chome, Sumida-ku, Tokyo
		Regional sales offices	Food Sales Section I for Chain Stores (Chuo -ku, Tokyo), etc.
		Production facilities	Osaka Plant (Suita City, Osaka Prefecture), etc.
		Laboratories	Products Research & Development Laboratory (Chuo-ku, Tokyo), etc.
	Wakodo Co., Ltd.	Head office	14-3, Kanda Tsukasa-cho 2-chome, Chiyoda-ku, Tokyo
		Regional sales offices	Tokyo Branch (Shinjuku-ku, Tokyo), etc.
		Production facilities	Tochigi Plant (Sakura City, Tochigi Prefecture)
		Laboratories	Research Laboratory (Chofu City, Tokyo)
	Amano Jitsugyo Co., Ltd.	Head office	9-10, Dosan-cho, Fukuyama City, Hiroshima Prefecture
		Regional sales offices	East Japan Branch (Chiyoda-ku, Tokyo), etc.
		Production facilities	Satosho Factory (Asakuchi-gun, Okayama Prefecture)
		Laboratories	R&D Center (Asakuchi-gun, Okayama Prefecture)
International operations	Asahi Holdings (Australia) Pty Ltd	Head office	Victoria, Australia
	Asahi Beer (China) Investment Co., Ltd.	Head office	Shanghai, China

## (10) Employees

(As of December 31, 2014)

Business segment	Number of employees	Increase (decrease) from the end of the previous term
Alcoholic Beverages	5,111	601
Soft Drinks	4,080	(91)
Foods	1,367	(31)
International Operations	8,257	2,608
Other Businesses	1,860	73
Company-wide (common)	502	16
Total	21,177	3,176

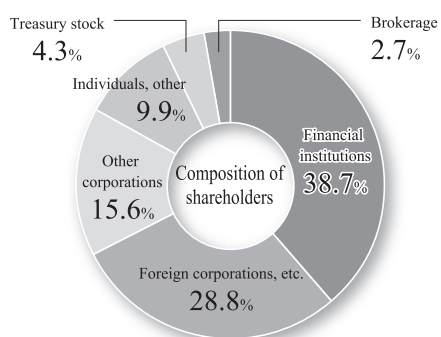
## 2. Overview of the Company

### (1) Shares Outstanding (As of December 31, 2014)

**A. Total number of authorized shares** 972,305,309  
(common stock)

**B. Total number of issued shares** 483,585,862  
(including 20,984,062 shares in treasury stock)

**C. Number of shareholders** 108,522  
(Decreased by 1,021 from the end of the previous term)



Shareholder classification	Number of shares held (in hundreds)	Number of shareholders
■ Financial institutions	1,872,768	149
■ Foreign corporations, etc.	1,391,874	603
■ Other corporations	751,693	2,427
■ Individuals, other	478,459	105,297
■ Treasury stock	209,840	1
■ Brokerage	131,212	44
■ Government and local public bodies	10	1



#### **D. Major shareholders**

Name of shareholder	Number of shares held (in hundreds)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	286,169	6.2
Japan Trustee Services Bank, Ltd. (Trust Account)	202,367	4.4
Asahi Kasei Corporation	187,853	4.1
The Dai-ichi Life Insurance Company, Limited	169,200	3.7
Fukoku Mutual Life Insurance Company	160,000	3.5
Sumitomo Mitsui Banking Corporation	90,280	2.0
Sumitomo Mitsui Trust Bank, Limited	81,260	1.8
THE BANK OF NEW YORK MELLON SA/NV 10	66,695	1.4
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	57,937	1.3
The Norinchukin Bank	55,660	1.2
Total	1,357,421	29.3

Notes:

1. The Company holds treasury stock numbering 209,840 hundred shares. However, the Company is excluded from the above list of major shareholders.
2. Shareholding percentages are calculated based on the total number of issued shares less the number of shares in treasury stock.

#### **E. Other significant matters related to shares**

(1) The Company acquired 15,475,800 shares of common stock of the Company pursuant to the resolution at the meeting of the Board of Directors held on June 4, 2014.

(2) The Company appropriated its 15,614,809 shares of treasury stock for the exercise of the call option and a request to exercise stock acquisition rights during the fiscal year under review, both of which are attached to the “Euroyen conditional convertible bonds with stock acquisition rights maturing in 2023” and the “Euroyen conditional convertible bonds with stock acquisition rights maturing in 2028”.

**(2) Status of Stock Acquisition Rights, etc. (as of December 31, 2014)**

**A. Stock acquisition rights held by Directors and Corporate Auditors of the Company**

	1) Third issue of stock acquisition rights	2) Fourth issue of stock acquisition rights
Date of issuance resolution	March 30, 2005	March 30, 2006
Number of stock acquisition rights	350	450
Class and number of shares subject to stock acquisition rights	Shares of common stock: 35,000	Shares of common stock: 45,000
Fee for exercise of stock acquisition rights	¥1,374 per share	¥1,688 per share
Exercisable period	March 30, 2007 to March 29, 2015	March 30, 2008 to March 29, 2016
Conditions for exercise of stock acquisition rights	<ul style="list-style-type: none"> <li>• The options are exercisable even after the resignation of Directors or Corporate Auditors, as the case may be.</li> <li>• The options may be passed on to heirs.</li> <li>• Any assignment or transfer of the stock acquisition rights is subject to approval of the Board of Directors.</li> </ul>	<ul style="list-style-type: none"> <li>• The options are exercisable even after the resignation of Directors or Corporate Auditors, as the case may be.</li> <li>• The options may be passed on to heirs.</li> <li>• Any assignment or transfer of the stock acquisition rights is subject to approval of the Board of Directors.</li> </ul>
Situation concerning the holding of stock acquisition rights by Directors and Corporate Auditors		
Directors (except Outside Directors)	<ul style="list-style-type: none"> <li>• Number of stock acquisition rights: 150</li> <li>• Number of shares subject to stock acquisition rights: 15,000</li> <li>• Number of holders: 1</li> </ul>	<ul style="list-style-type: none"> <li>• Number of stock acquisition rights: 250</li> <li>• Number of shares subject to stock acquisition rights: 25,000</li> <li>• Number of holders: 2</li> </ul>
Outside Directors	<ul style="list-style-type: none"> <li>• Number of stock acquisition rights: —</li> <li>• Number of shares subject to stock acquisition rights: —</li> <li>• Number of holders: —</li> </ul>	<ul style="list-style-type: none"> <li>• Number of stock acquisition rights: —</li> <li>• Number of shares subject to stock acquisition rights: —</li> <li>• Number of holders: —</li> </ul>
Corporate Auditors	<ul style="list-style-type: none"> <li>• Number of stock acquisition rights: 200</li> <li>• Number of shares subject to stock acquisition rights: 20,000</li> <li>• Number of holders: 2</li> </ul>	<ul style="list-style-type: none"> <li>• Number of stock acquisition rights: 200</li> <li>• Number of shares subject to stock acquisition rights: 20,000</li> <li>• Number of holders: 2</li> </ul>

## B. Significant matters regarding other stock acquisition rights

Pursuant to the resolution at the meeting of the Board of Directors held on June 4, 2014, with regard to the “Euroyen conditional convertible bonds with stock acquisition rights maturing in 2023” and the “Euroyen conditional convertible bonds with stock acquisition rights maturing in 2028”, the Company acquired all the outstanding convertible bonds with stock acquisition rights as of August 4, 2014, and cancelled them as of the same date.

## (3) Directors and Corporate Auditors of the Company

### A. Directors and Corporate Auditors

(As of December 31, 2014)

Name	Position	Areas of responsibility and significant concurrent positions
Naoki Izumiya	President and Representative Director, CEO	Overall Group Management
Katsuyuki Kawatsura	Executive Vice President and Representative Director	Public Relations Section, Human Resources Section Group Food Business  Director of Asahi Food & Healthcare Co., Ltd. Director of Wakodo Co., Ltd. Director of Amano Jitsugyo Co., Ltd. Director of Asahi Professional Management Co., Ltd.
Shiro Ikeda	Managing Director Managing Corporate Officer	Corporate Social Responsibility Section, Lifestyle & Culture Section, International Business Section Group International Operations  Director of Asahi Holdings (Australia) Pty Ltd
Katsutoshi Takahashi	Director Corporate Officer	Procurement Section, Production Section, Logistics Section, Research & Development Section, Agribusiness Development Section, Intellectual Property Section, Quality Assurance Section Group Soft Drinks Business  Director of Asahi Soft Drinks Co., Ltd. Director of LB Co., Ltd.
Yoshihide Okuda	Director Corporate Officer	Audit Section, General & Legal Affairs Management Section, Secretary Section, Finance Section, Information Technology Section  President and Representative Director of Asahi Professional Management Co., Ltd.
Akiyoshi Koji	Director	Group Alcoholic Beverages Business  President and Representative Director of Asahi Breweries, Ltd.

Name	Position	Areas of responsibility and significant concurrent positions
Mariko Bando	Outside Director	Chancellor of Educational Corporation Showa Women's University  President of Showa Women's University Director of The Institute of Women's Culture, Showa Women's University Chairman of the Board of Rural Women Empowerment and Life Improvement Association
Naoki Tanaka	Outside Director	President of Center for International Public Policy Studies
Ichiro Ito	Outside Director	Chairman and Director of Asahi Kasei Corporation
Yoshihiro Tonzuka	Standing Corporate Auditor	Corporate Auditor of Asahi Breweries, Ltd. Corporate Auditor of Asahi Food & Healthcare Co., Ltd.
Yukio Kakegai	Standing Corporate Auditor	Corporate Auditor of Asahi Soft Drinks Co., Ltd. Corporate Auditor of Wakodo Co., Ltd. Corporate Auditor of Amano Jitsugyo Co., Ltd.
Naoto Nakamura	Outside Corporate Auditor	Partner and Attorney at Law of Nakamura, Tsunoda & Matsumoto Law Office  Outside Corporate Auditor of Recruit Holdings Co., Ltd.
Tadashi Ishizaki	Outside Corporate Auditor	Professor of Faculty of Management and Culture, Shoin University  Professor Emeritus, Chuo University
Katsutoshi Saito	Outside Corporate Auditor	Chairman and Representative Director of The Dai-ichi Life Insurance Company, Limited  Outside Director of Imperial Hotel, Ltd. Outside Corporate Auditor of TOKYU CORPORATION

Notes:

1. Directors Mariko Bando, Naoki Tanaka and Ichiro Ito are Outside Directors as defined in Item 15, Article 2 of the Companies Act.
2. Corporate Auditors Naoto Nakamura, Tadashi Ishizaki and Katsutoshi Saito are Outside Corporate Auditors as defined in Item 16, Article 2 of the Companies Act.
3. The Company designated Outside Directors Mariko Bando, Naoki Tanaka and Ichiro Ito and Outside Corporate Auditors Naoto Nakamura, Tadashi Ishizaki and Katsutoshi Saito as Independent Directors/Auditors as defined by the Tokyo Stock Exchange and reported to the said exchange.
4. Although the Company has business transactions with The Dai-ichi Life Insurance Company, Limited and Imperial Hotel, Ltd., there is no special business relationship that could have impact on the Company's management.
5. Corporate Auditor Yukio Kakegai was formerly General Manager of Audit Department of the Company and has considerable expertise in finance and accounting.
6. Corporate Auditor Naoto Nakamura who is an attorney at law is jurisprudent, among others, to corporate legal affairs; he also has considerable expertise in finance and accounting.
7. Corporate Auditor Tadashi Ishizaki has carried out research on accounting for many years as a university professor; he has considerable expertise in finance and accounting.

8. Directors Hitoshi Ogita and Toshio Kodato retired upon the expiry of their terms of office at the conclusion of the 90<sup>th</sup> Annual General Meeting of Shareholders held on March 26, 2014. Also, Katsutoshi Saito was newly elected as Corporate Auditor and assumed his office at the same meeting.
9. In addition to the above, the retirement from significant concurrent positions by Directors or Corporate Auditors during the year under review are detailed below.

Name	Position	Significant concurrent positions upon retirement	Date of retirement
Shiro Ikeda	Managing Director Managing Corporate Officer	Director of Asahi Soft Drinks Co., Ltd.	March 24, 2014
Naoto Nakamura	Outside Director	Outside Corporate Auditor of Mitsui & Co., Ltd.	June 20, 2014

## B. Remunerations paid to Directors and Corporate Auditors

Category	Basic remuneration		Bonus		Total amount (yen)
	Number of persons remunerated	Total amount paid (yen)	Number of persons remunerated	Total amount paid (yen)	
Directors [of which, Outside Directors]	10 [3]	260,280,000 [31,200,000]	10 [3]	98,500,000 [13,500,000]	358,780,000 [44,700,000]
Corporate Auditors [of which, Outside Corporate Auditors]	6 [4]	94,200,000 [30,600,000]	— —	— —	94,200,000 [30,600,000]

### Notes:

- The figures above include Outside Corporate Auditor Takahide Sakurai, who ceased to serve as Outside Corporate Auditor as he passed away on January 3, 2014, and Directors Hitoshi Ogita and Toshio Kodato, who retired upon the expiry of their terms of office at the conclusion of the 90<sup>th</sup> Annual General Meeting of Shareholders held on March 26, 2014.
- A resolution authorizing payments associated with the termination of the retirement bonus system to be paid at the time of retirement was passed at the 83<sup>rd</sup> Annual General Meeting of Shareholders held on March 27, 2007. As of the end of the fiscal year under review, the anticipated total amount of future payments was as follows:  
 ¥19,000,000 to one Director  
 Total of ¥10,200,000 to two Outside Corporate Auditors  
 The anticipated amount of future payment to one Outside Corporate Auditor retiring at the conclusion of the 91<sup>st</sup> Annual General Meeting of Shareholders to be held on March 26, 2015, is ¥6,800,000.
- The total amount of Directors' remunerations is ¥760 million (including ¥50 million for Outside Directors) per year according to the resolution passed at the 83<sup>rd</sup> Annual General Meeting of Shareholders held on March 27, 2007.
- The total amount of Corporate Auditors' remunerations is ¥120 million (including ¥40 million for Outside Corporate Auditors) per year according to the resolution passed at the 83<sup>rd</sup> Annual General Meeting of Shareholders held on March 27, 2007.

### **C. Policies concerning the setting of remunerations paid to Directors and Corporate Auditors**

Directors' and Corporate Auditors' remunerations amount are set within the total amount of remunerations resolved in advance at a General Meeting of Shareholders. Furthermore, Directors' remunerations are set in line with a resolution at a meeting of the Board of Directors, and Corporate Auditors' remunerations are set by discussion by the Corporate Auditors thereof. When remuneration-related resolutions are being made by the Board of Directors, the Compensation Committee, having Outside Directors making up half of its membership, acts as an advisory body to the Board of Directors, evaluating the content of said resolutions in the interests of greater transparency and objectivity.

It should be noted that the retirement bonus system and stock option system were both discontinued in 2007.

In the interests of setting Directors' remunerations in a reasonable manner given roles and responsibilities, the system for doing so takes into consideration each Director's motivational abilities in terms of ongoing enhancement of corporation performance and value in addition to the recruitment of talented persons.

In specific terms, remunerations comprises basic remuneration (a fixed monthly amount) and bonuses (yearly performance-linked amounts), and each item is determined using survey data prepared by external specialist organizations and based on duties and status as Director or Outside Director. In addition, bonuses are raised or lowered based on consolidated operating income as the main index.

In the interests of setting Corporate Auditors' remunerations in a reasonable manner given roles and responsibilities, the system for doing so takes the recruitment of talented persons into consideration.

In specific terms, remunerations comprises only basic remuneration (a fixed monthly amount), and it is determined by discussion by the Corporate Auditors using survey data prepared by external specialist organizations and based on duties and status as Corporate Auditor or Outside Corporate Auditor.

## D. Outside Directors and Outside Corporate Auditors

### 1) Major activities of Outside Directors and Outside Corporate Auditors

Category	Name	Number of Board of Directors meetings attended	Number of Board of Corporate Auditors meetings attended	Form of participation
Outside Director	Mariko Bando	10/11	—	Ms. Bando participated in discussions as necessary, primarily from the perspective of her wealth of experience as an educator.
	Naoki Tanaka	10/11	—	Mr. Tanaka participated in discussions as necessary, primarily from the perspective of his wealth of experience as an expert in economic policy.
	Ichiro Ito	11/11	—	Mr. Ito participated in discussions as necessary, primarily from the perspective of his wealth of experience as a manager.
Outside Corporate Auditor	Naoto Nakamura	11/11	6/6	Mr. Nakamura participated in discussions as necessary, primarily from his expert perspective as an attorney at law.
	Tadashi Ishizaki	11/11	6/6	Dr. Ishizaki participated in discussions as necessary, primarily from his expert perspective as a scholar of accounting.
	Katsutoshi Saito	9/9	4/4	Mr. Saito participated in discussions as necessary, primarily from the perspective of his wealth of experience as a manager.

#### Notes:

1. In addition to the aforementioned meeting of the Board of Directors held during the fiscal year under review, “deemed resolution in writing” pursuant to Article 370 of the Companies Act were adopted on three occasions.
2. As Corporate Auditor Katsutoshi Saito was newly elected at the 90<sup>th</sup> Annual General Meeting of Shareholders held on March 26, 2014, the number of Board of Directors meetings and Board of Corporate Auditors meetings held that he could attend is different from other Directors and Corporate Auditors.

### 2) Summary of agreements limiting liability

The Company has entered into an agreement with each of its Outside Directors and Outside Corporate Auditors limiting his/her liability for damages as prescribed in Paragraph 1, Article 423 of the Companies Act, to either ¥20,000,000 or the minimum amount stipulated by applicable laws and regulations, whichever is higher.

#### **(4) Independent Accounting Auditor**

##### **A. Name of the Independent Accounting Auditor**

KPMG AZSA LLC

##### **B. Remunerations paid to the Independent Accounting Auditor for the fiscal year under review**

Category	Amount payable
Remunerations paid for the fiscal year under review	¥135 million
Total of cash and other financial profits payable by the Company and its subsidiaries to the Independent Accounting Auditor	¥501 million

Note:

In its agreement with the Independent Accounting Auditor, the Company makes no distinction between the remunerations that it pays for auditing services governed by the Companies Act and for auditing services governed by the Financial Instruments and Exchange Act. Consequently, the amount ¥135 million shown above is a sum of these two amounts.

##### **C. Nature of non-audit professional services provided by the Independent Accounting Auditor**

The Company also assigns professional duties to the Independent Accounting Auditor that are not statutory auditing duties as stipulated in Paragraph 1, Article 2 of the Certified Public Accountants Law. These non-audit services include “guidance and advisory services for conversion to International Financial Reporting Standards”.

##### **D. Company Policy regarding dismissal of or decision not to reappoint the Independent Accounting Auditor**

Article 340 of the Companies Act stipulates that the Board of Corporate Auditors shall be entitled to dismiss the Independent Accounting Auditor for reasons stipulated therein. In addition, when it is reasonably recognized that the Independent Accounting Auditor is no longer able to execute its duties in an appropriate manner, the Company, with the prior consent of, or a request by, the Board of Corporate Auditors, shall offer to the General Meeting of Shareholders a resolution to dismiss or not to reappoint the Independent Accounting Auditor.



### **3. Systems to Ensure Appropriate Execution of Directors' Duties in Conformity With Laws and Regulations and the Articles of Incorporation, and Other Systems to Ensure Appropriate Business Operations**

The Board of Directors passed the following resolution with respect to the above-mentioned systems:

The Company has adopted the following corporate philosophy of the Asahi Group: "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 enrichment of society worldwide". To make these aims a reality, the Company shall:

- establish, in accordance with the Companies Act and the Enforcement Regulations of the Companies Act, the following basic policies (the "Basic Policies") to improve systems designed to ensure appropriate business operations of the Company and its subsidiaries (herein this section the "Group Companies") (herein this section the "Internal Control");
- recognize that it is the Representative Director(s) who shall assume the ultimate responsibility for the improvement of the Internal Control in accordance with this resolution and demand the Representative Director(s) to cause the Directors and Corporate Officers, through the respective departments and organizations they are in charge of, to develop and fully enforce individual internal regulations required based on the Basic Policies; and
- take steps to maintain and enhance the effectiveness of the Internal Control by reviewing the Basic Policies and relevant internal regulations in a timely and appropriate manner in accordance with changes in conditions and circumstances.

#### **(1) System to ensure execution of duties by Directors and employees in conformity with laws and regulations and the Articles of Incorporation of the Company**

- A. In accordance with a statement of "Fair and Transparent Corporate Ethics" as stipulated in "Asahi Group's Corporate Action Guidelines", the Company shall establish "Regulations on Corporate Ethics for the Asahi Group" and "Asahi Group Corporate Ethics Guidelines" and procure its Directors, Corporate Auditors and employees abide by these regulations.
- B. In accordance with internal regulations, the Company shall establish the "Risk Management Committee", which will oversee the compliance and risk management of the Asahi Group. One of the committee's members shall be an

outside attorney-at-law.

- C. An Officer of the Company in charge shall have authority over compliance and risk management within the Asahi Group. The sections in charge of general and legal affairs shall handle day-to-day compliance and risk management tasks.
- D. The Company shall assign responsible persons in charge of compliance and risk management in each Group Company. The responsible person shall make efforts to prioritize compliance in all aspects of business activities at each Group Company.
- E. The Company shall establish a “Clean Line System” for employees of the Asahi Group, enabling them to blow the whistle on illicit behavior of others.
- F. The Company shall establish “Asahi Group’s Basic Policy on Procurement” addressing mutual cooperation for fair deals and social responsibilities between the each Group Company and suppliers and system that enables suppliers to blow a whistle on breaches of the Policy as necessary. The Company shall inform and spell out these measures to its suppliers to enable the Company to develop Internal Control in cooperation with its suppliers.
- G. To ensure antisocial forces do not exert any undue influence on the Group, all relevant information shall be shared within the Asahi Group and the Company shall establish an internal system on the measures. The Company shall also cooperate closely with industry bodies, local communities, the police and other external specialist organizations in this area.
- H. The operational details of the aforementioned agencies and systems shall be spelled out under a separately prepared set of internal regulations.

**(2) System to ensure the preservation and management of information related to execution of duties by Directors**

- A. Information related to execution of duties by Directors shall be properly preserved and managed in accordance with “Document-Management Regulations” and other related internal regulations.
- B. The aforementioned information shall be preserved and managed in a way accessible by Directors and Corporate Auditors for inspection at any time.
- C. Control over the clerical tasks related to preservation and management of the aforementioned information shall be determined in accordance with internal regulations.

### **(3) Regulations and other organizational structures to manage risk of loss**

- A. The Company shall develop and adopt “Asahi Group Risk Management Regulations” and shall affirm them as the highest standards governing risk management within the Asahi Group. It shall also establish a manual on the Regulations and disseminate the same among all over the Group.
- B. In addition to having the appropriate sections manage risk in their respective areas, the “Risk Management Committee” shall perform comprehensive risk management across the entire Asahi Group. The “Risk Management Committee” shall periodically analyze and evaluate risks in accordance with internal regulations cited in the previous paragraph and, when necessary, carry out comprehensive reviews of the risk management system. Utmost attention shall be paid to the risk of failing to maintain product quality. As a food and drink manufacturing group, the Asahi Group strongly recognizes their social responsibility to consumers to ensure the safety of their products.
- C. In the event of any major accident, disaster or scandal, the Company shall establish a “Crisis-Response Meeting” chaired by a Representative Director.

### **(4) System to ensure efficient execution of duties by Directors**

- A. To ensure efficient performance of duties by Directors, the “Board of Directors” shall divide duties in a reasonable way to be delegated to different Directors and shall appoint appropriate persons as Corporate Officers in charge of different sections.
- B. The Company shall establish “Regulation of Authority” stipulating rules of delegation of power and for a mutual checks-and-balances mechanism among different sections.
- C. The Company shall ensure effective utilization of the system of the “Corporate Strategy Board”.
- D. To maximize operational efficiency, the Company shall utilize indices that provide an objective and rational way of measuring its management and control of operations; and it shall employ a unified system of follow-up and evaluation.

**(5) System to ensure appropriate operations of the corporate group consisting of the Company and its parent (if any) and its subsidiaries**

- A. All systems required for the Internal Control, including those for compliance and risk management, shall apply comprehensively across the entire Asahi Group. As the holding company, the Company shall manage and operate the said systems of the Group Companies in accordance with the conditions and circumstances individual companies are facing.
- B. The section in charge of internal auditing in the Company shall get a grasp of and evaluate the Internal Control and discipline in day-to-day tasks within the Asahi Group by directly and indirectly auditing the Group Companies. In addition, regarding the Internal Control related to financial reporting, the organization in charge of evaluation established within the Asahi Group shall conduct the evaluation on the Internal Control of the Group Companies and submit the relevant reports.
- C. Each of the Group Companies shall be required to provide reports on performance of its operations including risk-related information, to the Corporate Auditors of the Company.
- D. Decision-making authority related to business activities of the Group Companies shall be subject to the document entitled “Asahi Group’s Regulation of Authority”.

**(6) Securement of employees in the event that Corporate Auditors request staff to assist in their auditing duties**

The “Board of Corporate Auditors” shall appoint staff to serve the Board of Corporate Auditors, for assistance in the day-to-day activities of the Corporate Auditors.

**(7) Independence of employees assigned to assist the Corporate Auditors from the Directors**

- A. When a member of the staff who serves the Board of Corporate Auditors, as stipulated in the previous paragraph, receives an order from a Corporate Auditor in relation to auditing duties, he/she shall not be subject to directives or orders from Directors or other employees regarding that order.
- B. Any issuance of orders to, personnel transfers of, merit evaluations of, or reprimands of a member of the staff who serves the Board of Corporate Auditors shall require the prior concurrence of Corporate Auditors.

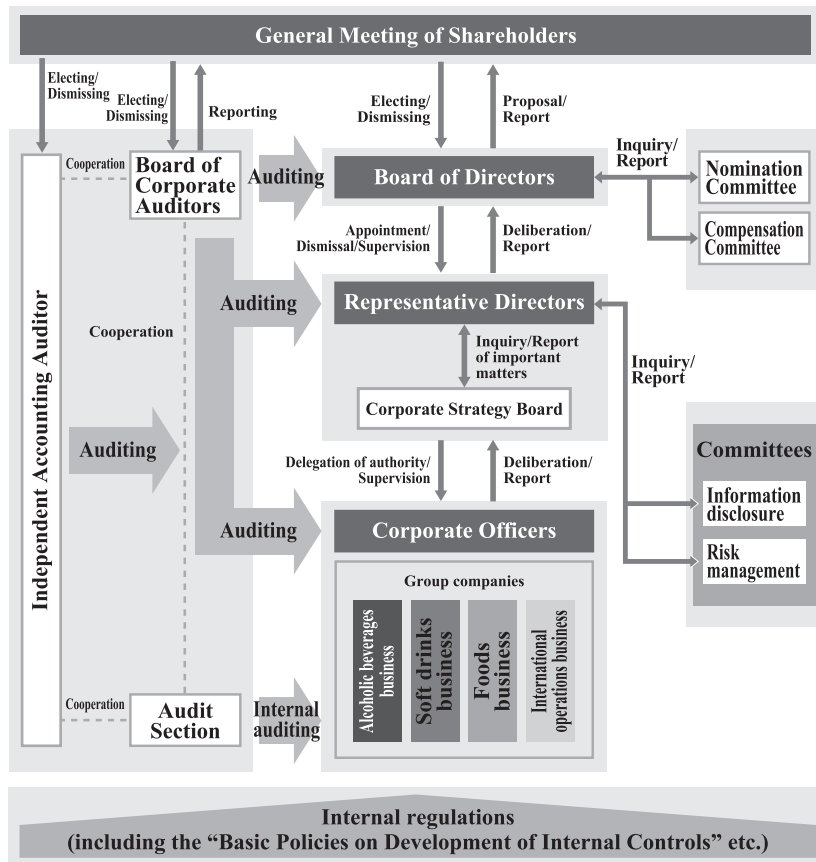
**(8) System for Directors' and employees' reporting to Corporate Auditors; system relating to other reporting to Corporate Auditors**

- A. Directors and employees shall report regularly to Corporate Auditors on matters related to the Internal Control, and shall report on an as-needed basis when a significant event occurs. When necessary, the Corporate Auditors shall be entitled to request reports from the Directors and employees (including from Directors and employees of the Group Companies).
- B. Directors shall ensure that Corporate Auditors have every opportunity to participate in discussions of important bodies, etc. such as the "Board of Directors" meetings, the "Corporate Strategy Board" meetings and the "Risk Management Committee" meetings. Directors shall provide details of the agenda items of such meetings beforehand for Corporate Auditors.
- C. Corporate Auditors shall at all times have the right to review the minutes of important meetings, documents of approval, etc.

**(9) Other systems ensuring effective auditing by Corporate Auditors**

To ensure the effectiveness of auditing activities, Directors shall ensure opportunities for Corporate Auditors to exchange information and opinions regularly with members of the section in charge of internal auditing of the Company and with the Independent Accounting Auditor.

The corporate governance system of the Company is shown in the chart below.



## **4. Basic Policy Concerning the Persons Who Control Decisions on the Company's Financial and Business Policy**

### **(1) Basic policy**

According to the Company's view, the persons who control decisions on its financial and business policy must properly grasp various matters concerning its business, including the initiatives to "create appealing products", to "care about quality and craftsmanship" and to "convey the sense of joy to customers", which form the source of the corporate value of the Asahi Group, and other tangible and intangible management resources thereof, potential effects of forward-looking measures and other items that constitute the corporate value, and must enable to maintain and enhance the Asahi Group's corporate value as well as the common interests of shareholders continuously and sustainably.

Upon facing a proposal of large-scale share purchases, the Company is not always in a position to automatically object to the purchases if it is a so-called hostile takeover, which is pursued without approval from the Board of Directors provided that such takeover is intended to contribute to the enhancement of the corporate value and the common interests of shareholders of the Company. Also, the Company recognizes that the final decision as to whether to accept a proposal for an acquisition of shares in the Company that would lead to a transfer of control of the Company should be made based on the will of the shareholders as a whole.

It shall be noted, however, that there are not a few cases of large-scale share purchases that would not contribute to the enhancement of the corporate value and the common interests of shareholders of a company, including ones that would, in light of their purposes, cause obvious damage to the corporate value and the common interests of shareholders or could effectively coerce shareholders to sell their shares, ones that the purchaser does not provide information and/or time reasonably necessary for the target company's board of directors and shareholders to review and examine details of the proposed purchase or for the target company's board of directors to make an alternative proposal, and ones where the target company's board of directors would have to conduct negotiation with the purchaser so as to seek more favorable terms than those initially proposed by the purchaser.

The person who intends to conduct a large-scale purchase of shares in the Company must have an understanding of the source of the Asahi Group's corporate value and have the capability to maintain and enhance it in the medium and long term; otherwise, the Asahi Group's corporate value and the common interests of shareholders would be damaged.

The Company thus believes that it is necessary to protect the Asahi Group's corporate value, and in turn, the common interests of shareholders, from such large-

scale share purchases.

## **(2) Framework that contributes to realization of the basic policy**

### **A. Special Measures Contributing to Realization of the Basic Policy**

In its “Long-Term Vision 2020”, the Company sets out its aim: “Striving to be a corporate group trusted around the world through the *Kando* of food (deliciousness, happiness and innovation)”. To fulfill this Vision, initiatives in its three-year plan “Medium-Term Management Plan 2015” were launched on a group-wide scale, aimed at enhancing corporate value through the promotion of “Value and Network Management”.

In the “Medium-Term Management Plan 2015”, the Company focuses on the “strengths” that it developed and acquired over the years, such as its brand, technologies and cost competitiveness, and leverages them for the creation of new values and innovation. The Company will also seek to maintain long-term stable growth by the above mentioned strategies and further expanding its domestic and overseas networks. Giving utmost priority to growth of its sales and profit, the Group will work together for the continual increase in key performance indicators ROE (return on equity) and EPS (earnings per share) by improving capital efficiency through such means as increase of shareholder returns.

The Company believes that by diligently implementing “Medium-Term Management Plan 2015” with the Group acting as a whole in pursuit of the goals of “Long-Term Vision 2020”, it can significantly strengthen the relationship of trust between the Asahi Group and its stakeholders, and in addition, can secure and enhance corporate value, and thus, the common interests of shareholders.

The Company is striving to further strengthen its corporate governance for the aforementioned measures.

By introducing a corporate officer system on March 30, 2000, the Company separated the management decision-making and execution functions with a view to speeding up execution of business decisions and endeavored to strengthen the supervisory function of the Board of Directors. In addition, the Company has appointed three Outside Directors and three Outside Corporate Auditors as independent directors/auditors as defined by the Tokyo Stock Exchange and reported to the exchange to that effect.

Furthermore, the Company operates a system that facilitates checks by Outside Directors/Corporate Auditors by establishing the “Nomination Committee” and the “Compensation Committee”, both of which act as an advisory body to the Board of Directors and include Outside Directors as members.



In order to further clarify the accountability of the management to shareholders, the Company shortened the term of office of its Directors from two years to one year at the 83<sup>rd</sup> Annual General Meeting of Shareholders held on March 27, 2007.

By transitioning to a pure holding company structure on July 1, 2011, the Company strengthened its business platforms through the pursuit of specialization and the clarification of authorities and responsibilities of each business section, as well as promoted the expansion of domestic and overseas business networks in order to enhance its corporate value.

**B. Efforts to prevent decisions on the Company's financial and business policy from being controlled by any person who is inappropriate according to the basic policy**

The Company will take appropriate measures against any person who attempts to make a large-scale purchase to the extent permitted by the Financial Instruments and Exchange Act, the Companies Act and other related laws and regulations such as requesting provision of necessary and sufficient information for shareholders to properly determine whether to approve or disapprove the large-scale purchase, disclosing the opinions, etc. of the Board of Directors of the Company and endeavoring to secure enough time for shareholders to contemplate the large-scale purchase.

**(3) Judgment of the Company's Board of Directors regarding the specific measures and reasons therefor**

The measures described above in A of (2) conform to the basic policy of the Company as described above (1), are fully compatible with the corporate value and the common interests of shareholders of the Asahi Group including the Company, and are never implemented for the purpose of maintaining the status of Directors and Corporate Auditors of the Company.

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Note:

The stated amounts in the Business Report are the figures after truncating fractions less than the representative unit, and the stated percentages are the figures after rounding off fractions to the representative unit.

CONSOLIDATED FINANCIAL STATEMENTS  
CONSOLIDATED BALANCE SHEETS

	Million yen	
	As of December 31, 2014	As of December 31, 2013 (Reference)
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	65,064	42,200
Notes and accounts receivable	353,704	317,106
Merchandise and finished goods	82,117	81,562
Raw materials and supplies	42,431	36,740
Deferred tax assets	13,012	15,504
Other current assets	53,042	44,893
Allowance for doubtful accounts	(5,529)	(3,117)
<b>Total current assets</b>	<b>603,842</b>	<b>534,890</b>
<b>Fixed assets:</b>		
<b>Tangible fixed assets:</b>		
Buildings and structures	169,283	164,605
Machinery, equipment and vehicles	135,064	120,984
Tools, furniture and fixtures	56,993	51,541
Land	202,051	206,110
Lease assets	21,294	21,423
Construction in progress	20,617	19,436
Other tangible fixed assets	109	117
<b>Total tangible fixed assets</b>	<b>605,415</b>	<b>584,219</b>
<b>Intangible fixed assets:</b>		
Goodwill	195,859	196,203
Other intangible fixed assets	99,930	93,822
<b>Total intangible fixed assets</b>	<b>295,790</b>	<b>290,025</b>
<b>Investments and other assets:</b>		
Investment securities	375,044	331,427
Long-term loans receivable	2,335	6,962
Long-term prepaid expenses	12,490	9,079
Asset for retirement benefit	19,252	—
Deferred tax assets	9,448	9,120
Other investments	16,116	31,476
Allowance for doubtful accounts	(3,124)	(5,647)
<b>Total investments and other assets</b>	<b>431,561</b>	<b>382,419</b>
<b>Total fixed assets</b>	<b>1,332,767</b>	<b>1,256,665</b>
<b>Total assets</b>	<b>1,936,609</b>	<b>1,791,555</b>

## CONSOLIDATED BALANCE SHEETS

	Million yen	
	As of December 31, 2014	As of December 31, 2013 (Reference)
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes and trade accounts payable	130,402	118,650
Short-term borrowings	184,879	134,334
Commercial paper	76,000	67,000
Bonds due within one year	20,000	20,000
Lease obligations	8,486	8,532
Alcohol tax payable	110,361	110,371
Consumption taxes payable	26,617	10,344
Income taxes payable	27,396	32,151
Other accounts payable	73,097	68,457
Accrued expenses	71,137	66,765
Deposits received	18,255	18,087
Allowance for employees' bonuses	4,685	4,284
Other current liabilities	6,054	7,102
<b>Total current liabilities</b>	<b>757,374</b>	<b>666,081</b>
<b>Long-term liabilities:</b>		
Bonds	113,000	148,937
Long-term borrowings	40,846	33,450
Lease obligations	14,810	14,713
Allowance for employees' severance and retirement benefits	—	22,581
Allowance for retirement benefits for directors and corporate auditors	302	192
Liability for retirement benefit	26,525	—
Deferred tax liabilities	48,611	37,745
Asset retirement obligations	430	429
Other long-term liabilities	38,198	39,942
<b>Total long-term liabilities</b>	<b>282,724</b>	<b>297,993</b>
<b>Total liabilities</b>	<b>1,040,099</b>	<b>964,074</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Capital stock	182,531	182,531
Capital surplus	143,339	152,537
Retained earnings	477,427	428,661
Treasury stock	(58,176)	(40,032)
<b>Total shareholders' equity</b>	<b>745,120</b>	<b>723,698</b>
<b>Accumulated other comprehensive income:</b>		
Valuation difference on available-for-sale securities	28,850	20,981
Deferred gains or losses on hedges	(218)	223
Foreign currency translation adjustments	107,832	74,390
Accumulated adjustments for retirement benefit	(492)	—
<b>Total accumulated other comprehensive income</b>	<b>135,970</b>	<b>95,595</b>
<b>Minority interests</b>	<b>15,419</b>	<b>8,186</b>
<b>Total net assets</b>	<b>896,510</b>	<b>827,481</b>
<b>Total liabilities and net assets</b>	<b>1,936,609</b>	<b>1,791,555</b>

## CONSOLIDATED STATEMENTS OF INCOME

	Million yen	
	For the year ended December 31, 2014	For the year ended December 31, 2013 (Reference)
<b>Net sales</b>	<b>1,785,478</b>	<b>1,714,237</b>
<b>Cost of sales</b>	<b>1,073,439</b>	<b>1,032,853</b>
<b>Gross profit</b>	<b>712,039</b>	<b>681,383</b>
<b>Selling, general and administrative expenses</b>	<b>583,733</b>	<b>563,916</b>
<b>Operating income</b>	<b>128,305</b>	<b>117,467</b>
<b>Non-operating income:</b>	<b>13,161</b>	<b>13,101</b>
Interest income	453	387
Dividend income	1,840	1,602
Foreign exchange gains	1,404	747
Equity in net income of non-consolidated subsidiaries and affiliated companies	8,025	8,822
Other non-operating income	1,437	1,541
<b>Non-operating expenses:</b>	<b>8,299</b>	<b>6,955</b>
Interest expenses	3,686	3,595
Other non-operating expenses	4,612	3,360
<b>Recurring profit</b>	<b>133,168</b>	<b>123,612</b>
<b>Extraordinary gains:</b>	<b>34,099</b>	<b>4,344</b>
Gain on sales of fixed assets	16,243	1,501
Gain on sales of investment securities	611	988
Gain on transfer of business	—	1,564
Settlement received	16,994	—
Other extraordinary gains	250	289
<b>Extraordinary losses:</b>	<b>38,131</b>	<b>17,485</b>
Loss on sales and disposal of fixed assets	4,166	4,508
Loss on sales of shares of affiliates	—	39
Loss on sales of investment securities	28	5
Loss on devaluation of investment securities	23	12
Impairment loss on fixed assets	23,701	7,473
Business integration expenses	5,686	3,388
Other extraordinary losses	4,525	2,057
<b>Income before income taxes and minority interests</b>	<b>129,136</b>	<b>110,470</b>
Income taxes — current	52,018	48,537
Income taxes — deferred	7,934	89
<b>Income before minority interests</b>	<b>69,183</b>	<b>61,844</b>
<b>Minority interests</b>	<b>65</b>	<b>95</b>
<b>Net income</b>	<b>69,118</b>	<b>61,749</b>

## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the year ended December 31, 2014

Million yen

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance as of Jan. 1, 2014	182,531	152,537	428,661	(40,032)	723,698
Changes during the term					
Dividends			(20,353)		(20,353)
Net income (loss)			69,118		69,118
Acquisition of treasury stock				(50,378)	(50,378)
Disposal of treasury stock		(9,198)		32,234	23,036
Other changes in non-shareholders' equity items during the term (net)					
Total changes during the term	—	(9,198)	48,765	(18,144)	21,422
Balance as of Dec. 31, 2014	182,531	143,339	477,427	(58,176)	745,120

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefit	Total accumulated other comprehensive income		
Balance as of Jan. 1, 2014	20,981	223	74,390	—	95,595	8,186	827,481
Changes during the term							
Dividends							(20,353)
Net income (loss)							69,118
Acquisition of treasury stock							(50,378)
Disposal of treasury stock							23,036
Other changes in non-shareholders' equity items during the term (net)							
Total changes during the term	7,868	(442)	33,441	(492)	40,374	7,232	47,606
Balance as of Dec. 31, 2014	28,850	(218)	107,832	(492)	135,970	15,419	896,510

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Basis for Preparation of Consolidated Financial Statements

#### (1) Items in the scope of the consolidation

##### 1) Consolidated subsidiaries

a. Number of consolidated subsidiaries: 106

b. Principal consolidated subsidiaries

Please see Item 1 of the “Business Report” (“Overview of Operations of the Asahi Group, section (7) ‘Principal Subsidiaries’”), for a summary of the current status of principal consolidated subsidiaries.

c. Changes in the scope of consolidation

Companies added to the scope of consolidation during the consolidated fiscal year under review were Etika Dairies Sdn. Bhd. and fifteen (15) other companies (the Etika group); Nadaman Co., Ltd., and three (3) other companies due to the acquisition of their shares; Asahi Loi Hein Company Limited due to its incorporation; and Yeastock, Ltd., due to its increased significance following the additional acquisition of its shares.

A company removed from the scope of consolidation during the consolidated fiscal year under review was Asahi Beer (Shanghai) Product Services Co., Ltd., due to liquidation.

##### 2) Non-consolidated subsidiaries

a. Principal non-consolidated subsidiary

Demball Limited

b. Rationale for exclusion from the scope of consolidation:

The non-consolidated subsidiary is small in terms of total assets, sales, net profit or loss, and retained earnings (amount corresponding to equity ownership); it has no material impact as a whole on the consolidated financial statements and is thus excluded from the scope of consolidation.

#### (2) Items concerning application of the equity method

1) Number of companies subject to application of the equity method: 121

a. Non-consolidated subsidiaries subject to application of the equity method: 2

Asahi Group Engineering Co., Ltd. and The Mill Retail Holdings Limited

Yeastock, Ltd., was excluded from the scope of non-consolidated subsidiaries subject to application of the equity method, beginning from the fiscal year under review, because the additional acquisition of its shares has increased its materiality.

b. Affiliates subject to application of the equity method: 119

These include Asahi Business Solutions Corp., Shenzhen Tsingtao Beer Asahi Co., Ltd.,

Asahi & Mercuries Co., Ltd., Tsingtao Brewery Co., Ltd., China Foods Investment Corp., Tingyi-Asahi Beverages Holding Co., Ltd. and 107 other affiliated companies, one (1) affiliated company of Mountain H2O Pty Ltd., Shanghai Jiayou Investment Management Co., LTD., PT Indofood Asahi Sukses Beverage, Asahi Beer Communications, Ltd., Nippon Shoni-iji Shuppansha Co., Ltd. and Lotte Asahi Co., Ltd.

Nine (9) affiliates of Tingyi-Asahi Beverages Holding Co., Ltd. became subject to application of the equity method during the consolidated fiscal year under review due to their incorporation.

2) Principal non-consolidated subsidiaries and affiliates not subject to application of the equity method

- a. Principal non-consolidated subsidiary: Demball Limited
- b. Principal affiliate: Asahi Business Produce Co., Ltd.
- c. Rationale for not applying the equity method to the non-consolidated subsidiaries and affiliates:

The companies not subject to application of the equity method have an extremely slight impact on net profit or loss and retained earnings (amount corresponding to the Company's equity ownership); they have no material impact as a whole on the consolidated financial statements and thus the equity method was not applied.

**(3) Accounting period of the consolidated subsidiaries**

Among the consolidated subsidiaries, the closing date of Asahi Beer U.S.A., Inc., and six (6) companies of the Etika group is September 30, that of Nadaman Co., Ltd., and two (2) other companies is April 30, that of Asahi Loi Hein Company Limited is March 31 and that of Nadaman Hong Kong Company Limited is January 31. Because these closing dates are different from that of the Company, a provisional fiscal year ending at December 31 was used for these companies for consolidation purposes. All other consolidated subsidiaries have the same closing date as the Company.

**(4) Significant accounting policies**

1) Basis and methods of valuation for significant assets

- a. Valuation basis and method for securities

Held-to-maturity debt securities: Stated at the amortized cost.

Other securities:

Securities with market value

Carried at the average market value for the month immediately preceding the consolidated balance sheet date (related valuation differences are directly charged or credited to net assets, and the cost of securities sold is computed by the

moving-average method).

Securities without market value

Stated at cost based on the moving-average method.

b. Valuation basis and method for derivatives

Market price method

c. Valuation basis and method for inventories

Merchandise and finished goods

Stated at cost determined mainly by the weighted-average method (write-downs to net selling value regarded as decreased profitability).

Raw materials and supplies

Stated at cost determined mainly by the moving-average method (write-downs to net selling value regarded as decreased profitability).

2) Depreciation methods for major assets

Tangible fixed assets (excluding lease assets):

Tangible fixed assets are mainly depreciated using the straight-line method.

The estimated useful lives of the assets are based mainly on the same standards as those specified in the Corporation Tax Act.

Intangible fixed assets (excluding lease assets):

Intangible fixed assets are amortized using the straight-line method.

The estimated useful lives of the assets are based mainly on the same standards as those specified in the Corporation Tax Act.

Software for internal use is amortized by the straight-line method over a useful life of five (5) years. Trademark rights are mainly amortized over twenty (20) years using the straight-line method.

Lease assets:

Finance leases that do not transfer ownership rights are amortized to a residual value of zero using the straight-line method, with the lease period as the estimated useful life.

3) Accounting criteria for major allowances

Allowance for doubtful accounts:

The allowance for doubtful accounts consists of the individually estimated uncollectible amounts with respect to certain identified doubtful receivables and the amounts calculated using the rate of actual collection losses with respect to the other receivables.

Allowance for employees' bonuses:



An allowance for employees' bonuses is provided at the estimated amount applicable to the consolidated fiscal year under review.

Allowance for retirement benefits for Directors and Corporate Auditors:

Some of the consolidated subsidiaries calculate the required amount as of the end of the consolidated fiscal year under review, based on internal regulations, in preparation for payment of retirement benefits to Directors and Corporate Auditors.

#### 4) Accounting method concerning retirement benefits

##### a. Method of attributing projected retirement benefits to periods of service

In calculating retirement obligations, the straight-line method is mainly applied for attribution of projected benefits to the periods of service until the end of the fiscal year under review.

##### b. Method of amortization of actuarial gain or loss and prior service costs

Actuarial gain or loss is amortized using the straight-line method over the determined years (mainly 10 years) within the average remaining years of service at the time of occurrence, beginning from the fiscal year following the year of occurrence.

Prior service costs are amortized using the straight-line method over the determined years (mainly 10 years) within the average remaining years of service at the time of occurrence.

#### 5) Significant hedge accounting method

##### a. Hedge accounting method

The Company defers gains or losses on its hedges.

For currency swaps, the Company allocates differences in the values of hedging instruments when such hedges meet all requirements for such allocations. For interest rate swaps, the Company applies exceptional treatment when the swap in question meets the conditions for application of such exceptional treatment.

##### b. Hedging instruments and hedged items

Hedging instruments:                      Currency swaps, foreign exchange contracts, interest rate swaps and commodity swaps

Hedged items:                                Transactions in foreign currencies, interest on borrowings and purchases of raw materials

##### c. Hedging policy

Derivative transactions are used to avoid risks associated with fluctuations in foreign exchange markets, interest rates and raw materials costs and to reduce the costs of financing. It is the Company's policy not to engage in speculative transactions that

deviate from real demand or in highly leveraged transactions.

d. Method of evaluating the effectiveness of hedging

The Company assesses the effectiveness of its hedges by comparing changes in the market values of the hedged items and of the hedging instruments over the entire period of the hedge.

When the Company allocates differences in the values of hedging instruments or when it accounts for the value of swaps under exceptional treatment, these determinations allow it to forgo evaluation of the effectiveness of hedges in these cases.

6) Method and period of amortization of goodwill

Goodwill is amortized by the straight-line method over a five (5) to twenty (20) years period.

However, immaterial goodwill is entirely amortized for the fiscal year of occurrence.

7) Other significant items associated with the preparation of consolidated financial statements

Treatment of consumption taxes

Consumption taxes are mainly excluded from the statements of income, except in the case of non-deductible consumption taxes related to fixed assets that are charged when incurred.

## **2. Notes on Changes in Accounting Policies**

### **(1) Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting Estimates**

Change in the depreciation method for tangible fixed assets

Under the previous medium-term management plan (2010–2012), the Asahi Group aimed at increasing the ratio of the sales of international operations to expand its overseas business operations. The current medium-term management plan (2013–2015) also targets continued further expansion of the international network.

The Asahi Group has promoted efforts to achieve optimal production at home and abroad through the concentration of production bases and the generalization of production equipment, which has brought stable improvement in capacity utilization. In the Soft Drinks business segment, the domestic soft drinks business of Calpis Co., Ltd., was shifted and integrated into Asahi Soft Drinks Co., Ltd., in September 2013, and Calpis Co., Ltd., became an operating company specializing in the production of the products.

On this occasion, we deliberated on the method of depreciation for tangible fixed assets to ensure a fair comparison of the business results of the Group companies at home and abroad and to better reflect the status of utilization of the Group's tangible fixed assets, which have little risk of economic obsolescence and are expected to continue to achieve stable capacity utilization. As a result, we decided to apply the straight-line method throughout the Group, instead of the declining-balance method, which had been applied by the Company and some domestic consolidated subsidiaries.

This change resulted in an increase of ¥4,960 million each in the consolidated operating income, recurring profit and income before income taxes and minority interests for the fiscal year under review.

### **(2) Changes in Accounting Policies**

Application of the Accounting Standard for Retirement Benefits

Effective from the end of the fiscal year under review, we have applied “the Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012, hereinafter the “Accounting Standard”) and “the Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012, hereinafter the “Guidance”), except for the provisions in the main clause of Paragraph 35 of the Accounting Standard and Paragraph 67 of the Guidance. According to this application, an amount obtained by deducting the amount of plan assets from retirement benefit obligation is recognized as liability for retirement benefit (or asset for retirement benefit, if the plan assets exceed the retirement benefit obligation), and unrecognized actuarial gain or loss and unrecognized prior service costs are recognized as

liability for retirement benefit.

For the application of the Accounting Standard and the Guidance, we follow the transitional treatment provided for in Paragraph 37 of the Accounting Standard. Accordingly, the effect of this change is reflected in accumulated adjustments for retirement benefit plans under Accumulated other comprehensive income as of the end of the fiscal year under review.

As a result, at the end of the fiscal year under review, asset for retirement benefit of ¥19,252 million and liability for retirement benefit of ¥26,525 million were reported, and there was a decrease of ¥492 million in accumulated other comprehensive income.

### **3. Notes to the Consolidated Balance Sheets**

#### **(1) Pledged assets and secured liabilities**

The following assets have been provided as collateral for short-term borrowings of ¥379 million and long-term borrowings of ¥729 million:

Machinery, equipment and vehicles: ¥1,694 million

**(2) Accumulated depreciation of tangible fixed assets:** ¥792,805 million

#### **(3) Contingent liabilities**

Guarantees: ¥3,442 million

#### **(4) Matured notes at term-end**

The balance sheet date for the term fell on a bank holiday, and trade notes with maturity on the balance sheet date were cleared on the clearing houses the next business day. Current assets and current liabilities thus respectively include notes receivable and notes payable with maturity on the balance sheet date as follows:

Notes receivable: ¥257 million

Notes payable: ¥119 million

### **4. Notes to the Consolidated Statements of Income**

#### **Non-operating expenses**

Among non-operating expenses, “Other non-operating expenses” include goodwill amortization costs of ¥424 million arising in relation to the holding company of affiliates subject to application of the equity method.

## 5. Notes to the Consolidated Statements of Changes in Net Assets

### (1) Total number of the issued shares as of the end of the consolidated fiscal year under review

Common stock	483,585,862 shares
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### (2) Dividends from surplus distributed during the consolidated fiscal year under review

1) It was resolved at the 90<sup>th</sup> Annual General Meeting of Shareholders of March 26, 2014 as follows:

Item related to dividends on common stock	
Total amount of dividends:	¥9,938 million
Dividend per share:	¥21.50
Record date:	December 31, 2013
Effective date:	March 27, 2014

2) It was resolved at the Board of Directors Meeting of August 6, 2014, as follows:

Item related to interim dividends on common stock	
Total amount of interim dividends:	¥10,415 million
Interim dividend per share:	¥22
Record date:	June 30, 2014
Effective date:	August 29, 2014

### (3) Dividends from surplus to be distributed after the final day of the consolidated fiscal year under review

The following item has been placed on the agenda for approval at the 91<sup>st</sup> Annual General Meeting of Shareholders scheduled for March 26, 2015.

Item related to dividends on common stock	
Source of dividends:	Retained earnings
Total amount of dividends:	¥10,639 million
Dividend per share:	¥23
Record date:	December 31, 2014
Effective date:	March 27, 2015

**(4) Number of shares subject to stock acquisition rights upon exercise thereof at the end of the consolidated fiscal year under review**

1) The Third Issue of stock acquisition rights (issued March 30, 2005)

Number of stock acquisition rights: 1,945

Class and number of shares subject to the stock acquisition rights:  
194,500 shares of common stock

Amount to be paid in per share upon exercise of the stock acquisition rights: ¥1,374

Exercise period: March 30, 2007 to March 29, 2015

2) The Fourth Issue of stock acquisition rights (issued March 30, 2006)

Number of stock acquisition rights: 4,479

Class and number of shares subject to the stock acquisition rights:  
447,900 shares of common stock

Amount to be paid in per share upon exercise of the stock acquisition rights: ¥1,688

Exercise period: March 30, 2008 to March 29, 2016

**(5) Treasury stock**

Type of stock	Number of shares as of Jan. 1, 2014	Increase during the year	Decrease during the year	Number of shares as of Dec. 31, 2014
Common stock	21,352,561	15,596,175	15,964,674	20,984,062

(Reasons for change)

The increase in the number of shares was the result of the following:

Increase resulting from purchases of Less-than-One-Unit Shares from shareholders upon request: 120,375 shares

Increase resulting from acquisition of treasury stock 15,475,800 shares

The decrease in the number of shares was the result of the following:

Decrease resulting from sales of Less-than-One-Unit Shares to shareholders upon request: 165 shares

Decrease resulting from exercise of stock options: 349,700 shares

Decrease resulting from exercise of rights (conversion) of convertible bonds with stock acquisition rights: 15,614,809 shares

**6. Notes on Financial Instruments**

**(1) Financial instruments**

1) Policy on handling of financial instruments

The Company and its principal consolidated subsidiaries procure necessary funds via loans from financial institutions and by issuing commercial paper and bonds while taking into account the changing business environment. In doing so, the Company and its principal

consolidated subsidiaries consider the balance between direct or indirect financing as well as short and long-term debt based on fund procurement costs and risk diversification. Looking to use funds efficiently, the Group introduced a cash management system among the Company and its principal consolidated subsidiaries to reduce consolidated interest-bearing debt. If surplus funds are generated temporarily, as a result, the Company invests it only in safe financial instruments.

The Company's policy is to use derivatives trading only to hedge risks to be discussed later, and not for speculation.

## 2) Details of financial instruments and risks

Trade receivables of the Group companies, including notes and accounts receivable and long-term loans receivable, are exposed to client credit risks. Additionally, foreign currency-based trade receivables are exposed to currency fluctuation risk as well.

Investment securities of the Company and the Group companies include stocks and bonds regarding business partners and are thus exposed to risks of the stock or bond issuer (i.e., the business partner) as well as market price fluctuation risk. Of these, foreign currency-based investment securities are exposed to currency fluctuation risk as well.

Trade payables of the Group companies, including notes and trade accounts payable and other accounts payable, generally have a due date of one (1) year or less. Foreign currency-based trade payables are exposed to currency fluctuation risk as well.

Commercial paper, borrowings, and bonds are exposed to liquidity risk, the risk of being unable to make payment on the due date due to deterioration in the funds procurement environment. Some of the Company's borrowings are based on variable interest rates, for which the Company hedges risks using interest rate swaps.

Foreign currency-based borrowings are exposed to currency fluctuation risk as well.

Derivatives trades include currency swap transactions and foreign exchange contracts to hedge against foreign exchange fluctuation risks related to foreign-currency based receivables and payables, interest rate swap transactions to hedge against interest rate risks on borrowings, and commodity swap transactions and currency option transactions to hedge against price fluctuation risks when consolidated subsidiaries procure raw materials.

For hedging instruments, hedged items, hedging policy, and method of evaluating the effectiveness of the hedging for the hedge accounting, please see "Significant hedge accounting method" within "Significant accounting policies" discussed earlier.

## 3) Risk management system relating to financial instruments

### a. Credit risk management (managing risks related to business partners not fulfilling contract obligations)

In accordance with accounting rules and their detailed regulations, each business section

or sales management section of the Group companies regularly monitors trade receivables and long-term loans to major business partners. The above sections also routinely check the management status of deadlines and balances for each business partner. In collaboration with each of the sales sections, the Group companies monitor non-performing assets and their collection status.

When executing derivatives transactions, the Company as a rule limits its transactions to financial institutions with high credit ratings to minimize credit risk.

b. Managing market risks (foreign exchange and interest rate fluctuation risks)

Looking to reduce foreign exchange fluctuation risks on future foreign currency-based cash flows ascertained by each currency, the Company and its principal consolidated subsidiaries mainly use foreign exchange contracts. The Company and its principal consolidated subsidiaries also engage in interest rate swap transactions to avoid interest rate fluctuation risks relating to borrowings, and in commodities swap transactions to avert risks of fluctuations in raw materials prices.

For investment securities, each of the Group companies regularly monitors their market values and financial status of the issuers (the Group company's business partners) and reviews the Group company's holdings on a consistent basis based on its relationship with business partners.

The Company's Finance Section engages in derivatives transactions in accordance with the derivatives transaction management rules which stipulate the transaction policy and trading authority and reports the transactions to the executives in charge of finance pursuant to the regulation of authority. Consolidated subsidiaries also manage their trading according to the Company's rules.

c. Managing liquidity risk related to funds procurement (risk of being unable to make payment on the due date)

Since the Company and its principal consolidated subsidiaries have introduced the cash management system, the Company manages liquidity risks of those companies participating in this system.

Based on reports from each section and each company, the Company's Finance Section manages liquidity risk by creating and updating its cash management plan as necessary and by engaging in efficient fund procurement while reducing short-term liquidity.



## (2) Market value of financial instruments

The amount recorded on the consolidated balance sheets at the end of the consolidated fiscal year under review, the market value and the difference between the two are shown below for each financial instrument.

Financial instruments with respect to which the Company considers deriving the market value to be extremely difficult are not included in the table (see Note 2).

Million yen			
	Amounts recorded on the consolidated balance sheets	Market value	Difference
(1) Cash and deposits	65,064	65,064	—
(2) Notes and accounts receivable	353,704		
Allowance for doubtful accounts (*1)	(3,555)		
Notes and accounts receivable (net)	350,148	350,148	—
(3) Investment securities			
A. Shares in affiliates	94,060	226,134	132,074
B. Other securities	125,281	125,281	—
(4) Long-term loans receivable (*2)	5,600		
Allowance for doubtful accounts (*3)	(3,092)		
Long-term loans receivable (net)	2,507	2,489	(18)
<b>Total assets</b>	<b>637,062</b>	<b>769,117</b>	<b>132,055</b>
(1) Notes and trade accounts payable	130,402	130,402	—
(2) Short-term borrowings	173,938	173,938	—
(3) Commercial paper	76,000	76,000	—
(4) Other accounts payable	73,097	73,097	—
(5) Deposits received	18,255	18,255	—
(6) Bonds (*4)	133,000	134,308	1,308
(7) Long-term borrowings (*5)	51,787	52,719	932
(8) Lease obligations (*6)	23,296	23,889	592
<b>Total liabilities</b>	<b>679,777</b>	<b>682,610</b>	<b>2,833</b>
Derivatives (*7)	57	57	—

(\*1) Allowances for doubtful accounts recorded under notes and accounts receivable are excluded.

(\*2) Long-term loans receivable within one (1) year are included.

(\*3) Allowances for doubtful accounts recorded individually under long-term loans receivable are excluded.

(\*4) Bonds due within one (1) year are included.

(\*5) Long-term borrowings due within one (1) year are included.

(\*6) Lease obligations (current liabilities) are included.

(\*7) The net amount of receivables and payables accrued from derivatives transactions are indicated.

Note 1. Calculation methods for deriving market values of financial instruments, items relating to securities and derivatives transactions

### Assets

#### (1) Cash and deposits, (2) Notes and accounts receivable

Book value is used because these items are settled in a short time, making their market value about equivalent to their book value.

#### (3) Investment securities

Market value at financial instruments exchange is used for stock, whereas the value indicated by the financial institution with which the Company does business is used for debt securities and others.

(4) Long-term loans receivable

The market value of long-term loans receivable is calculated by discounting the expected value of principal and interest receivable by the interest rate expected if a similar new loan were to be issued, thereby deriving the present value.

Liabilities

(1) Notes and trade accounts payable, (2) Short-term borrowings, (3) Commercial paper, (4) Other accounts payable, and (5) Deposits received

Book value is used because these items are settled in a short time, making their market value about equivalent to their book value.

(6) Bonds

The market value of the bonds the Company issues is the market price thereof.

(7) Long-term borrowings

The market value of long-term borrowings is calculated by taking the total amount of principal and interest and discounting it by the interest rate expected if a new borrowing were to be taken out, thereby deriving the present value. Long-term borrowings with variable interest rates are subject to exceptional treatment for interest rate swaps. These are calculated by discounting the total amount of principal and interest involved in the interest rate swap concerned by the interest rate deemed appropriate if a similar borrowing were to be taken out, thereby deriving the present value.

(8) Lease obligations

The market value of lease obligations is calculated by taking the present value of the obligation concerned – discounting the total amount of principal and interest by the interest rate expected if a similar, new lease obligation were to be incurred.

Derivatives transactions

The Company considers the price indicated by the financial institution, etc. with which it does business as the market value. However, since derivatives transactions subject to exceptional treatment for interest rate swaps are processed as part of long-term borrowings subject to hedging, the market value of these derivative transactions are recorded as part of the market value of the long-term borrowings concerned.

Note 2. Of securities of affiliates and other securities, those that are unlisted (¥155,702 million recorded on the consolidated balance sheets) do not have a market price and estimating future cash flow is not possible. The Company thus considers deriving their market value as being extremely difficult and does not include these securities under“(3) Investment securities”.

**7. Notes to per share information**

<b>(1) Net assets per share:</b>	¥1,904.64
<b>(2) Earnings per share (Net income per share):</b>	¥148.92

**8. Other notes**

Figures in amounts of less than one million yen are omitted.

**Reference: CONSOLIDATED STATEMENTS OF CASH FLOWS (Summary)**

	Million yen	
	For the year ended December 31, 2014	For the year ended December 31, 2013
<b>Cash flows from operating activities:</b>		
Income before income taxes and minority interests	129,136	110,470
Depreciation	59,050	62,581
Amortization of goodwill	14,247	12,460
Increase (decrease) in allowance for employees' severance and retirement benefits	—	(2,480)
Increase (decrease) in asset and liability for retirement benefit	(3,908)	—
Increase (decrease) in allowance for doubtful accounts	(29)	417
Settlement received	(16,994)	—
Decrease (increase) in trade receivables	(26,223)	3,235
Decrease (increase) in inventories	(838)	(3,089)
Increase (decrease) in trade payables	5,748	(1,052)
Increase (decrease) in alcohol tax payable	(80)	(2,276)
Other cash flows from operating activities	26,739	5,674
<b>Subtotal</b>	<b>186,846</b>	<b>185,941</b>
Interest and dividend income received	8,329	5,607
Interest expenses paid	(3,676)	(3,845)
Settlement package received	20,306	—
Income taxes paid	(65,022)	(30,450)
<b>Net cash provided by operating activities</b>	<b>146,783</b>	<b>157,252</b>
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets	(64,036)	(48,961)
Purchase of investment securities	(18,147)	(12,549)
Proceeds from sales of investment securities	3,405	3,976
Payments for investments in subsidiaries resulting in change in scope of consolidation	(28,563)	(2,991)
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	—	(197)
Payments for transfer of business	(2,408)	—
Other cash flows from investing activities	17,567	(4,981)
<b>Net cash used in investing activities</b>	<b>(92,183)</b>	<b>(65,704)</b>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in financial liabilities	41,852	(35,017)
Purchase of treasury stock	(50,378)	(30,029)
Cash dividends paid	(20,353)	(16,264)
Other cash flows from financing activities	(6,962)	(3,627)
<b>Net cash used in financing activities</b>	<b>(35,842)</b>	<b>(84,938)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>2,361</b>	<b>187</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>21,118</b>	<b>6,796</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>41,116</b>	<b>34,320</b>
<b>Cash and cash equivalents at end of year</b>	<b>62,235</b>	<b>41,116</b>

NON-CONSOLIDATED FINANCIAL STATEMENTS  
NON-CONSOLIDATED BALANCE SHEETS

	Million yen	
	As of December 31, 2014	As of December 31, 2013 (Reference)
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	21,744	23,828
Short-term loans receivable	319,116	334,345
Prepaid expenses	790	1,479
Deferred tax assets	366	314
Income taxes receivable	9,903	3,705
Other current assets	6,698	5,786
Allowance for doubtful accounts	(1,478)	(1,366)
<b>Total current assets</b>	<b>357,140</b>	<b>368,094</b>
<b>Fixed assets:</b>		
<b>Tangible fixed assets:</b>		
Buildings	13,575	13,772
Structures	293	307
Machinery and equipment	254	237
Vehicles	1	1
Tools, furniture and fixtures	605	541
Land	15,037	15,037
Lease assets	471	518
Construction in progress	390	124
<b>Total tangible fixed assets</b>	<b>30,629</b>	<b>30,542</b>
<b>Intangible fixed assets:</b>		
Rights to use of facilities	40	40
Trademark rights	13,788	14,752
Software	11,501	10,603
Lease assets	355	271
Other intangible fixed assets	0	0
<b>Total intangible fixed assets</b>	<b>25,686</b>	<b>25,668</b>
<b>Investments and other assets:</b>		
Investment securities	48,904	47,287
Shares in affiliates	460,172	468,646
Capital invested in affiliates	6,226	6,226
Long-term loans receivable from affiliates	1,290	3,555
Deferred tax assets	9,286	10,176
Other investments	1,229	1,314
Allowance for doubtful accounts	(202)	(367)
<b>Total investments and other assets</b>	<b>526,907</b>	<b>536,839</b>
<b>Total fixed assets</b>	<b>583,223</b>	<b>593,050</b>
<b>Total assets</b>	<b>940,364</b>	<b>961,144</b>

## NON-CONSOLIDATED BALANCE SHEETS

	Million yen	
	As of December 31, 2014	As of December 31, 2013 (Reference)
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Short-term borrowings	157,200	113,650
Commercial paper	76,000	67,000
Bonds due within one year	20,000	20,000
Lease obligations	280	325
Other accounts payable	556	476
Accrued expenses	3,603	4,016
Deposits received	25,842	26,183
Allowance for employees' bonuses	131	104
Allowance for directors' and corporate auditors' bonuses	89	106
Other current liabilities	433	250
<b>Total current liabilities</b>	<b>284,138</b>	<b>232,113</b>
<b>Long-term liabilities:</b>		
Bonds	113,000	148,937
Long-term borrowings	24,200	28,200
Lease obligations	594	505
Other long-term liabilities	29	73
<b>Total long-term liabilities</b>	<b>137,824</b>	<b>177,716</b>
<b>Total liabilities</b>	<b>421,962</b>	<b>409,830</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
<b>Capital stock</b>	<b>182,531</b>	<b>182,531</b>
<b>Capital surplus</b>	<b>152,356</b>	<b>161,555</b>
Capital reserve	130,292	130,292
Other capital surplus	22,064	31,262
<b>Retained earnings</b>	<b>232,953</b>	<b>240,222</b>
Other retained earnings	232,953	240,222
General reserve	195,000	195,000
Retained earnings carried forward	37,953	45,222
<b>Treasury stock</b>	<b>(58,176)</b>	<b>(40,032)</b>
<b>Total shareholders' equity</b>	<b>509,665</b>	<b>544,276</b>
<b>Valuation and translation adjustments:</b>		
Valuation difference on available-for-sale securities	8,737	7,037
<b>Total valuation and translation adjustments</b>	<b>8,737</b>	<b>7,037</b>
<b>Total net assets</b>	<b>518,402</b>	<b>551,314</b>
<b>Total liabilities and net assets</b>	<b>940,364</b>	<b>961,144</b>

## NON-CONSOLIDATED STATEMENTS OF INCOME

	Million yen	
	For the year ended December 31, 2014	For the year ended December 31, 2013 (Reference)
<b>Operating revenue</b>	<b>87,519</b>	<b>50,004</b>
Operating income, etc. of the Group	28,502	26,117
Rent income from real estate	1,581	1,565
Dividends from subsidiaries and affiliates	57,435	22,321
<b>Operating expenses</b>	<b>25,746</b>	<b>23,701</b>
<b>Operating income</b>	<b>61,772</b>	<b>26,302</b>
<b>Non-operating income:</b>	<b>2,311</b>	<b>2,860</b>
Interest and dividend income	2,149	2,186
Foreign exchange gains	120	380
Other non-operating income	42	293
<b>Non-operating expenses:</b>	<b>2,474</b>	<b>2,767</b>
Interest expenses	1,474	1,720
Provision of allowance for doubtful accounts	87	652
Other non-operating expenses	912	394
<b>Recurring profit</b>	<b>61,609</b>	<b>26,396</b>
<b>Extraordinary gains:</b>	<b>61</b>	<b>357</b>
Gain on sales of fixed assets	0	0
Gain on sales of investment securities	61	357
<b>Extraordinary losses:</b>	<b>46,736</b>	<b>1,348</b>
Loss on sales and disposal of fixed assets	455	178
Loss on sales of shares in affiliates	—	129
Loss on devaluation of shares in affiliates	44,994	785
Loss on write-off of loans receivable from affiliates	765	—
Loss on liquidation of subsidiaries and affiliates	—	254
Other extraordinary losses	520	—
<b>Income before income taxes</b>	<b>14,934</b>	<b>25,405</b>
Income taxes — current	2,003	1,259
Income taxes — deferred	(152)	764
<b>Net income</b>	<b>13,084</b>	<b>23,381</b>

## NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the year ended December 31, 2014

Million yen

	Shareholders' equity						
	Capital surplus				Retained earnings		
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
					General reserve	Retained earnings carried forward	
Balance as of Jan. 1, 2014	182,531	130,292	31,262	161,555	195,000	45,222	240,222
Changes during the term							
Dividends						(20,353)	(20,353)
Net income (loss)						13,084	13,084
Acquisition of treasury stock							
Disposal of treasury stock			(9,198)	(9,198)			
Other changes in non-shareholders' equity items during the term (net)							
Total changes during the term	—	—	(9,198)	(9,198)	—	(7,269)	(7,269)
Balance as of Dec. 31, 2014	182,531	130,292	22,064	152,356	195,000	37,953	232,953

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	
	Balance as of Jan. 1, 2014	(40,032)	544,276	7,037
Changes during the term				
Dividends		(20,353)		(20,353)
Net income (loss)		13,084		13,084
Acquisition of treasury stock	(50,378)	(50,378)		(50,378)
Disposal of treasury stock	32,234	23,036		23,036
Other changes in non-shareholders' equity items during the term (net)			1,699	1,699
Total changes during the term	(18,144)	(34,611)	1,699	(32,912)
Balance as of Dec. 31, 2014	(58,176)	509,665	8,737	518,402

## NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

### 1. Notes to Significant Accounting Policies

#### (1) Valuation basis and method for securities

Shares in subsidiaries and affiliates:

Stated at cost based on the moving-average method.

Other securities

Securities with market value:

Carried at the average market value for the month immediately preceding the balance sheet date (related valuation differences are directly charged or credited to net assets, and the cost of securities sold is computed by the moving-average method).

Securities without market value:

Stated at cost based on the moving-average method.

#### (2) Valuation basis and method for derivatives

Market price method

#### (3) Valuation basis and method for inventories

Stated at cost based on the moving-average method (write-downs to net selling value regarded as decreased profitability).

#### (4) Depreciation methods for fixed assets

Tangible fixed assets (excluding lease assets):

Tangible fixed assets are depreciated using the straight-line method.

The estimated useful lives of the assets are based on the same standards as those specified in the Corporation Tax Act.

Intangible fixed assets (excluding lease assets):

Intangible fixed assets are amortized using the straight-line method.

The estimated useful lives of the assets are based on the same standards as those specified in the Corporation Tax Act.

Software for internal use is amortized by the straight-line method over a useful life of five (5) years. Trademark rights are mainly amortized over twenty (20) years using the straight-line method.



Lease assets:

Finance leases that do not transfer ownership rights are amortized to a residual value of zero using the straight-line method, with the lease period as the estimated useful life.

Of the finance leases that do not transfer ownership rights, those that began before December 31, 2008 are treated similarly as those applied to regular operating leases.

#### **(5) Accounting criteria for allowances**

Allowance for doubtful accounts:

The allowance for doubtful accounts consists of the individually estimated uncollectible amounts with respect to certain identified doubtful receivables and the amounts calculated using the rate of actual collection losses with respect to the other receivables.

Allowance for employees' bonuses:

An allowance for employees' bonuses is provided at the estimated amount applicable to the fiscal year under review.

Allowance for directors' and corporate auditors' bonuses:

An allowance for directors' and corporate auditors' bonuses is provided at the estimated amount applicable to the fiscal year under review.

#### **(6) Hedging accounting method**

##### 1) Hedging accounting method

The Company defers gains or losses on its hedges.

For foreign exchange contracts, the Company allocates differences in the values of hedging instruments when such hedges meet all requirements for such allocations. For interest rate swaps, the Company applies exceptional treatment when the swap in question meets the conditions for application of such exceptional treatment.

##### 2) Hedging instruments and hedged items

Hedging instruments: Foreign exchange contracts and interest rate swaps

Hedged items: Loans receivable in foreign currencies and interest on borrowings

##### 3) Hedging policy

Derivative transactions are used to avoid risks associated with fluctuations in foreign exchange markets and in interest rates and to reduce the costs of financing. It is the Company's policy not to engage in speculative transactions that deviate from real demand or in highly leveraged transactions.

##### 4) Method of evaluating the effectiveness of hedging

The Company assesses the effectiveness of its hedges by comparing changes in the market values of the hedged items and of the hedging instruments over the entire period of the hedge.

When the Company allocates differences in the values of hedging instruments or when it accounts for the value of swaps under exceptional treatment, these determinations allow it to forgo evaluation of the effectiveness of hedges in these cases.

**(7) Other significant items associated with the preparation of non-consolidated financial statements**

**Treatment of consumption taxes**

Consumption taxes are excluded from the statements of income, except in the case of non-deductible consumption taxes related to fixed assets that are charged when incurred.

**2. Notes on Changes in Accounting Policies**

(Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting Estimates)

The Company traditionally adopted the declining-balance method to depreciate tangible fixed assets (excluding buildings and lease assets acquired on and after April 1, 1998) but has changed it to the straight-line method, effective from the fiscal year under review.

Against a backdrop of the recent growing ratio of overseas sales of the Asahi Group, unification of depreciation methods among the Group's consolidated subsidiaries had been increasingly requested to ensure a fair comparison of the business results of the Group companies at home and abroad. In response, the Company reviewed the details of its tangible fixed assets and concluded that it would be more appropriate to allocate the depreciation expenses evenly over the useful life from the perspective of revenue and expense matching. This change in the method of depreciation resulted in an increase of ¥472 million each in the non-consolidated operating income, recurring profit and income before income taxes for the fiscal year under review, compared with the results that would have been obtained if the conventional declining-balance method had been used.

### 3. Notes to the Non-Consolidated Balance Sheets

(1) Accumulated depreciation on tangible fixed assets ¥30,096 million

#### (2) Contingent liabilities

1) Guarantees, etc., against bank borrowings, etc.  
Guarantees: ¥34,402 million

2) Guarantees, etc., against derivatives  
Guarantees:  
Contract amount, etc.: ¥4,376 million  
Unrealized gains (losses): ¥(419) million

#### (3) Monetary claims and obligations with affiliates

Short-term monetary claims on affiliates: ¥325,588 million  
Long-term monetary claims on affiliates: ¥1,290 million  
Short-term monetary obligations to affiliates: ¥25,496 million

### 4. Notes to the Non-Consolidated Statements of Income

#### Transactions with affiliates

Operating revenue: ¥87,423 million  
Operating expenses: ¥2,754 million  
Transactions other than operating transactions: ¥1,479 million

### 5. Notes to the Non-Consolidated Statements of Changes in Net Assets

#### Treasury stock

Type of stock	Number of shares as of Jan. 1, 2014	Increase during the year	Decrease during the year	Number of shares as of Dec. 31, 2014
Common stock	21,352,561	15,596,175	15,964,674	20,984,062

#### (Reasons for change)

The increase in the number of shares was the result of the following:

Increase resulting from purchases of Less-than-One-Unit Shares from shareholders upon request: 120,375 shares  
Increase resulting from acquisition of treasury stock: 15,475,800 shares

The decrease in the number of shares was the result of the following:

Decrease resulting from sales of Less-than-One-Unit Shares to shareholders upon request: 165 shares  
Decrease resulting from exercise of stock options: 349,700 shares  
Decrease resulting from exercise of rights (conversion) of convertible bonds with stock acquisition rights: 15,614,809 shares

## 6. Notes to tax effect accounting

### (1) Deferred tax assets and liabilities

#### (Deferred tax assets)

Shares in affiliates due to restructuring:	¥19,442 million
Allowance for doubtful accounts, in excess of tax-deductible amount:	¥598 million
Allowance for employees' bonuses, non-tax deductible:	¥46 million
Loss on devaluation of investment in subsidiaries, non-tax deductible:	¥25,031 million
Loss on devaluation of investment securities, non-tax deductible:	¥681 million
Loss on devaluation of capital contributions for subsidiaries, non-tax deductible:	¥5,585 million
Deferred loss on transfer of business between consolidated corporations:	¥1,183 million
Others:	¥365 million
Subtotal deferred tax assets:	¥52,935 million
Valuation allowance:	¥(32,593) million
<b>Total deferred tax assets</b>	<b>¥20,341 million</b>

#### (Deferred tax liabilities)

Deferred gain on transfer of business between consolidated corporations:	¥(5,850) million
Valuation difference on available-for-sale securities:	¥(4,838) million
<b>Total deferred tax liabilities</b>	<b>¥(10,689) million</b>

**Net deferred tax assets:** ¥9,652 million

### (2) Breakdown of main items which caused the difference between the statutory tax rate and the effective tax rate after adoption of tax effect accounting

Statutory effective tax rates:	37.7%
<b>(Adjustments)</b>	
Permanent difference (non-deductible), including entertainment expenses:	3.2%
Valuation allowance:	113.7%
Permanent difference (non-taxable), including dividend income:	(140.7)%
Tax credit:	(1.1)%
Effect of tax rate change:	(0.7)%
Others:	0.3%
Effective tax rates after adoption of tax effect accounting:	<u><u>12.4%</u></u>

## 7. Notes to related party transactions

### Subsidiaries and affiliates

Million yen

Type	Company	Percentage of voting rights, etc. held	Relationship with related party	Description of transaction	Transaction amount	Account item	Balance as of Dec. 31, 2014
Subsidiary	Asahi Breweries, Ltd.	100% direct ownership	Interlocking of directors/corporate auditors	Operating revenue (Note 1)	67,817	—	—
				Loaning funds (Note 2)	(15,568)	Short-term loans receivable	241,311
Subsidiary	Asahi Soft Drinks Co., Ltd.	100% direct ownership	Interlocking of directors/corporate auditors	Loaning funds (Note 2)	(754)	Short-term loans receivable	27,337
Subsidiary	AI Beverage Holding Co., Ltd.	100% direct ownership	Interlocking of directors/corporate auditors	Loaning funds (Note 2)	408	Short-term loans receivable	23,567
Subsidiary	Asahi Holdings (Australia) Pty Ltd	100% direct ownership	Interlocking of directors/corporate auditors	Guarantees for liabilities (Note 3)	13,827	—	—
Subsidiary	Asahi Professional Management Co., Ltd.	100% direct ownership	Interlocking of directors/corporate auditors	Operating expenses (Note 4)	2,593	—	—

Terms and conditions of transaction and policy, etc. on determination thereof

Note 1. Operating revenue is determined in accordance with certain reasonable standards in order to provide supervision, guidance, etc., regarding business management.

Note 2. The interest rate for the loans receivable is reasonably determined, taking the market interest rate into consideration.

For the transaction amount, the amount of net increase (decrease) in the fiscal year under review is stated.

Note 3. The Company guaranteed bank loans in the amount of AUD141 million.

Note 4. Operating expenses are determined in accordance with certain reasonable standards mainly in order to outsource indirect services.

## 8. Notes to per share information

(1) Net assets per share: ¥1,120.62

(2) Earnings per share (Net income per share): ¥28.19

## 9. Other notes

Figures in amounts of less than one million yen are omitted.

# AUDIT REPORT

## Independent accounting auditor's report on consolidated financial statements

### Independent Auditor's Report

February 5, 2015

The Board of Directors  
ASAHI GROUP HOLDINGS, LTD.

KPMG AZSA LLC

Hideki Yanagisawa (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Hiroataka Tanaka (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Yukihiko Ishiguro (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of ASAHI GROUP HOLDINGS, LTD. as at December 31, 2014, and for the year from January 1, 2014 to December 31, 2014 in accordance with Article 444-4 of the Companies Act.

#### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit

procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of ASAHI GROUP HOLDINGS, LTD. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

### **Other Matter**

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

### **Notes to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

# Independent accounting auditor's report on non-consolidated financial statements

## Independent Auditor's Report

February 5, 2015

The Board of Directors  
ASAHI GROUP HOLDINGS, LTD.

KPMG AZSA LLC

Hideki Yanagisawa (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Hiroataka Tanaka (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Yukihiko Ishiguro (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

We have audited the non-consolidated financial statements, comprising the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets and the related notes, and the supplementary schedules of ASAHI GROUP HOLDINGS, LTD. as at December 31, 2014 and for the year from January 1, 2014 to December 31, 2014 in accordance with Article 436-2-1 of the Companies Act.

### **Management's Responsibility for the non-consolidated Financial Statements and Others**

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the non-consolidated financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit 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 non-consolidated financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the non-consolidated financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and the supplementary schedules in order to



design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the non-consolidated financial statements and the supplementary schedules referred to above present fairly, in all material respects, the non-consolidated financial position and the results of operations of ASAHI GROUP HOLDINGS, LTD. for the period, for which the non-consolidated financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

### **Other Matter**

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

### **Notes to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

## **REPORT OF THE BOARD OF CORPORATE AUDITORS**

The Board of Corporate Auditors has prepared the following report based on the audit reports prepared by individual Corporate Auditors related to the Directors' execution of their duties during the 91<sup>st</sup> fiscal year, the period from January 1, 2014 to December 31, 2014, after due discussions and consultations among the Corporate Auditors.

### **1. Methods used in audits by the individual Corporate Auditors and by the Board of Corporate Auditors and content of audits**

- (1) The Board of Corporate Auditors determined the audit policies and division of duties, and received reports from each Corporate Auditor regarding the status and results of the audits, as well as reports from the Directors and Independent Accounting Auditor on the execution of their duties, and requested explanations of those reports when necessary.
- (2) Each Corporate Auditor sought to achieve mutual understanding with the Directors, sections in charge of internal audit and other employees, and strove to collect information and create an audit environment in accordance with the audit policies and division of duties based on the audit standards established by the Board of Corporate Auditors. The Corporate Auditors also attended meetings of the Board of Directors and other important meetings, received reports from Directors and other employees regarding the execution of their duties and requested explanations when necessary, reviewed documents related to important decisions, and inspected the operations and property of the head office and other locations. With respect to "systems to ensure appropriate execution of Directors' duties in conformity with laws and regulations and the articles of incorporation, and other systems to ensure appropriate business operations (internal control systems)" (Item 6, Paragraph 4, Article 362 of the Companies Act and Paragraph 1 and 3, Article 100 of the Ordinance for Enforcement of the Companies Act) that is included in the Business Report, the Board of Corporate Auditors received reports regularly from Directors and other employees regarding the status of the establishment and implementation of the systems, sought additional explanations as necessary and expressed opinions thereon. As regards "basic policy concerning the persons who control decisions on the Company's financial and business policies" (Item 3, Article 118 of the Ordinance for Enforcement of the Companies Act) included in the Business Report, based on discussions with the Board of Directors and other parties. With respect to subsidiaries, the Corporate Auditors took steps to facilitate communications with the Directors and Corporate Auditors of subsidiaries and, when necessary, received reports from subsidiaries on the status of their businesses. Using the foregoing methods, the Corporate Auditors reviewed the Business Report and the supplementary schedules thereto for the fiscal year under review.
- (3) The Board of Corporate Auditors oversaw and verified that the Independent Accounting Auditor maintained its independence and carried out appropriate audits, moreover, and received reports from the Independent Accounting Auditor regarding the execution of its duties and requested explanations when necessary. The Board of Corporate Auditors also received notifications from the Independent Accounting Auditor to the effect that "a system for the maintenance of appropriate execution of duties" (included in Article 131 of the Corporate Calculation Regulations) in accordance with the "standards for quality control of audits" (Business Accounting Council; October 28, 2005), and requested explanations when necessary. Based on the above activities, the Board of Corporate Auditors examined the non-consolidated financial statements (non-consolidated balance sheets, non-

consolidated statements of income, non-consolidated statements of changes in net assets, and notes to the non-consolidated financial statements), supplementary schedules, and the consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statements of changes in net assets, and notes to the consolidated financial statements) for the business year under review.

## 2. Results of the Audit

### (1) Results of audit of the Business Report

- In our opinion, the Business Report and the supplementary schedules thereto present the situation of the Company fairly, in compliance with the provisions of applicable laws and regulations and the Articles of Incorporation.
- In our opinion, there are no wrongful acts or material violations of applicable laws and regulations or the Articles of Incorporation in the execution of their duties by the Directors.
- In our opinion, the content of the resolution by the Board of Directors regarding internal control systems is appropriate, and, furthermore, content of the Business Report regarding the internal control systems and the execution by the Directors have been appropriate.
- In our opinion, the Company's basic policy concerning the persons who control decisions on the Company's financial and business policies in the Business Report is appropriate. We acknowledge that the measures implemented to achieve this basic policy are consistent with the basic policy, will not harm the common interest of the Company's shareholders, and will not serve the purpose of maintaining the positions of the Company's Directors and Corporate Auditors.

### (2) Results of the audit of non-consolidated financial statements and the supplementary schedules thereto

In our opinion, the auditing methods used by KPMG AZSA LLC, the Independent Accounting Auditor, and the results of its audit are appropriate.

### (3) Results of the audit of consolidated financial statements

In our opinion, the auditing methods used by KPMG AZSA LLC, the Independent Accounting Auditor, and the results of its audit are appropriate.

February 6, 2015

Board of Corporate Auditors  
Asahi Group Holdings, Ltd.

Yoshihiro Tonozuka (Seal)  
Standing Corporate Auditor

Yukio Kakegai (Seal)  
Standing Corporate Auditor

Naoto Nakamura (Seal)  
Outside Corporate Auditor

Tadashi Ishizaki (Seal)  
Outside Corporate Auditor

Katsutoshi Saito (Seal)  
Outside Corporate Auditor

# Asahi

