

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)

March 4, 2013

Dear Shareholders:

**CONVOCATION NOTICE OF
THE 89th ANNUAL GENERAL MEETING OF SHAREHOLDERS**

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

If you can attend the meeting, please submit the enclosed voting form directly at the meeting.

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 (Monday), 2013 (JST) by following the “Guide to Exercising Voting Rights” on page 3.

Sincerely,

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

PARTICULARS

1. DATE AND TIME

March 26 (Tuesday), 2013, at 1:00 p.m. (JST)

2. PLACE

Banquet Room “Tsuru”, Main Banquet Floor 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 Auditor and the Board of Auditors for the 89th term, from January 1, 2012 to December 31, 2012.

Items to Be Resolved:

- Item 1:** Appropriation of surplus
- Item 2:** Election of eleven (11) Directors
- Item 3:** Election of one (1) Corporate Auditor

On the day of the Meeting, please submit the voting form at the reception desk. 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. (The reception desk will open at 11:30 a.m.)

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.

Corrections to Reference Materials for 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/>).

The Notice of the resolutions at the 89th Annual General Meeting of Shareholders is scheduled to be included in the "Asahi Super Report – Spring 2013" to be mailed out after the Annual General Meeting of Shareholders.

Guide to Exercising Voting Rights

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

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

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

Please exercise your voting right by referring to the following three methods.

Attending the General Meeting of Shareholders in person

Please submit the voting form at the reception desk at the venue.

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 5:30 p.m., March 25 (Monday), 2013 (JST).

Voting via Internet

(1) Accessing the voting website

Online voting is available only by accessing the website noted below. This website may be accessed from a computer or a cellular phone. (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.)

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

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



(2) Entering your “voting code” and “password”

Enter the voting code and password indicated on the voting form. Then indicate your consent/dissent concerning each item by following the instructions displayed on the screen.

Enter the voting code indicated on the voting form and click “Log in”.

Enter the password indicated on the voting form and click on “Continue”.

Follow the instructions on the screen to cast your vote.

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>

Please note that shareholders who received the notice of upcoming Annual General Meeting of Shareholders by e-mail will not find the “password” referred to in (2) above on their voting form. These shareholders are asked to enter the password that they specified when registering their e-mail address.

Deadline for Exercising Voting Rights via the Internet
No later than 5:30 p.m., March 25 (Monday), 2013 (JST)
(Day before the Annual General Meeting of Shareholders)

Q. What happens 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.

Q. 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 or in duplicate (voting via PC and voting via cellular phone), only the most recent vote will be counted.

System Requirements for Online Voting

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

(1) Voting via PC

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 smartphones and other 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)

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

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”), the Company placed priority on returning profit to shareholders in its “Medium-Term Business plan 2012”, which ended with the current fiscal year, and adhered to a basic policy of implementing returns to shareholders with the business performance taken into account while seeking enhanced profitability and stronger financial conditions of the Group. Further, the Company continually strived to ensure sustainable and stable dividend payments while fulfilling the benchmark of 20% or more in the consolidated payout ratio. 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 ¥14.0 per share, as follows:

(1) Type of dividend asset

Cash

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

¥14.0 per share of common stock	Total amount of payout: ¥6,523,641,292
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Since the Company previously paid out ¥14.0 per share as an interim-period dividend, the total dividend for the fiscal year under review will amount to ¥28.0 per share, which is an increase of ¥3.0 per share from the previous fiscal year.


(3) Effective date of dividend payment


March 27, 2013

Item 2: Election of eleven (11) 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 eleven (11) 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 and the Osaka Securities Exchange.


Candidate number	Name (Date of birth)	Career summary and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Notes to Appointment
1	 Hitoshi Ogita (January 1, 1942)	Apr. 1965 Entered the Company Mar. 1997 Director, General Manager of Fukuoka Branch Sep. 1997 Director, Senior General Manager of Kyushu Regional Headquarters Mar. 2000 Managing Corporate Officer, Senior General Manager of Kyushu Regional Headquarters Oct. 2000 Managing Corporate Officer, Senior General Manager of Kanshin-etsu Regional Headquarters Mar. 2002 Senior Managing Corporate Officer, Senior General Manager of Kanshin-etsu Regional Headquarters Sep. 2002 Corporate Officer, Vice President of Asahi Soft Drinks Co., Ltd. Mar. 2003 President and Representative Director of Asahi Soft Drinks Co., Ltd. Mar. 2006 President and Representative Director of the Company Mar. 2010 Chairman of the Board and Representative Director (to the present) <Significant concurrent positions> Outside Director of NEC Corporation Outside Director of Imperial Hotel, Ltd.	52,000	Reappointment
Position: Chairman and Representative Director Responsibility: Overall Group Management				

Candidate number	Name (Date of birth)	Career summary and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Notes to Appointment
2	 Naoki Izumiya (August 9, 1948)	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 Shutoken Regional Headquarters, General Manager of Tokyo Branch Mar. 2003 Director Mar. 2004 Managing Director Mar. 2006 Managing Director, Managing Corporate Officer, Senior General Manager of Liquor Sales & Marketing Headquarters Mar. 2009 Senior Managing Director, Senior Managing Corporate Officer Mar. 2010 President and Representative Director (to the present)	46,900	Reappointment
Position: President and Representative Director Responsibilities: Overall Group Management Group Food Business				

Candidate number	Name (Date of birth)	Career summary and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Notes to Appointment
3	 <p data-bbox="299 755 411 871">Katsuyuki Kawatsura (October 1, 1950)</p>	<p data-bbox="456 301 801 330">Apr. 1975 Entered the Company</p> <p data-bbox="456 340 889 446">Mar. 2005 Corporate Officer, Senior General Manager of Product & Technology Development Headquarters</p> <p data-bbox="456 455 902 562">Oct. 2007 Corporate Officer, Senior General Manager of Research & Development Headquarters for Alcoholic Beverages</p> <p data-bbox="456 571 902 658">Jul. 2008 Corporate Officer, Senior General Manager of Research & Development Headquarters</p> <p data-bbox="456 668 875 774">Mar. 2009 Managing Corporate Officer, Senior General Manager of Research & Development Headquarters</p> <p data-bbox="456 784 902 890">Mar. 2010 Managing Director, Managing Corporate Officer, Senior General Manager of Research & Development Headquarters</p> <p data-bbox="456 900 902 1064">Mar. 2011 Managing Director, Managing Corporate Officer, Senior General Manager of Research & Development Headquarters, Senior General Manager of Production Headquarters</p> <p data-bbox="456 1074 883 1170">Jul. 2011 Managing Director, Managing Corporate Officer (to the present)</p>	10,100	Reappointment
	<p data-bbox="491 1211 971 1240">Position: Managing Director, Managing Corporate Officer</p> <p data-bbox="491 1250 1190 1298">Responsibilities: Procurement Section, Production Section, Research & Development Section, Intellectual Property Section, Quality Assurance Section</p>			

Candidate number	Name (Date of birth)	Career summary and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Notes to Appointment
4	 Toshio Kodato (September 20, 1954)	Apr. 1978 Entered the Company Mar. 2008 Corporate Officer, Senior General Manager of Shikoku Regional Headquarters Sep. 2009 Corporate Officer, Senior Deputy General Manager of International Headquarters Mar. 2010 Director, Corporate Officer, Senior General Manager of International Headquarters Jul. 2011 Director, Corporate Officer (to the present)	7,200	Reappointment
	Position: Director, Corporate Officer Responsibilities: Legal Affairs Management Section, Public Relations Section, International Business Section Group International Operations			

Candidate number	Name (Date of birth)	Career summary and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Notes to Appointment
5	 Shiro Ikeda (November 25, 1956)	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 (to the present)	4,600	Reappointment
		<Significant concurrent positions> Director of Asahi Soft Drinks Co., Ltd. Director of Calpis Co., Ltd. Director of LB Co., Ltd. Position: Director, Corporate Officer Responsibilities: Audit Section, Secretary Section, Corporate Social Responsibility Section, Lifestyle & Culture Section Group Soft Drinks Business		
6	 Akiyoshi Koji (November 8, 1951)	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)	13,900	Reappointment
		<Significant concurrent positions> President and Representative Director of Asahi Breweries, Ltd. Position: Director Responsibilities: Group Alcoholic Beverages Business		

Candidate number	Name (Date of birth)	Career summary and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Notes to Appointment
7	 Mariko Bando (August 17, 1946)	<p>Jul. 1969 Joined staff of Prime Minister's Office</p> <p>Oct. 1985 Councilor of Cabinet Secretariat</p> <p>Jul. 1989 Director of Consumer Statistics Division, Statistics Bureau, Management and Coordination Agency</p> <p>Apr. 1995 Vice-Governor of Saitama Prefecture</p> <p>Jun. 1998 Consul General of Brisbane, Australia</p> <p>Jan. 2001 Director General of Gender Equity Bureau, Cabinet Office</p> <p>Oct. 2003 Director of Showa Women's University (to the present)</p> <p>Apr. 2007 President of Showa Women's University (to the present)</p> <p>Mar. 2008 Director of the Company (to the present)</p> <p><Significant concurrent positions> President of Showa Women's University Director 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 Outside Director of Asahi Mutual Life Insurance Company</p> <p><Remarks> Number of years of service as Director: 5 years (at the conclusion of this Annual General Meeting of Shareholders) Attendance at Board of Directors meetings: Attended all 10 meetings held</p>	—	Candidate for Outside Director Reappointment
Position: Outside Director				

<Notes on Candidate for Outside Director>

- 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 recommends her election to the Board as an Outside Director.

Although Mariko Bando 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 Director of the Company based on the reasons noted above.

- In cases in which the candidate has served during the past five years as an Outside Director or an Outside Corporate Auditor of other companies, records of inappropriate actions by these companies during the candidate's terms of office therein, steps taken by the candidate to prevent such inappropriate actions, or responses taken by the candidate to deal with such actions after their occurrence.

Asahi Mutual Life Insurance Company, where Mariko Bando also serves as an Outside Director, received a business improvement order from the Financial Services Agency (FSA) on July 3, 2008 regarding its inadequate management of payments of insurance claims, etc., based on Paragraph 1, Article 132 of the Insurance Business Act. This followed an overall review of its payments of insurance claims and benefits during a five-year period (from fiscal 2001 to fiscal 2005), through which it was revealed that there had been failures in adequate payments of insurance claims. (Of note, FSA retracted said business improvement order against Asahi Mutual Life Insurance Company effective December 16, 2011, as adequate improvement measures were deemed to have been taken.)


Although Ms. Bando was not involved in the case in question, she has fulfilled her responsibilities by speaking out in favor of measures to prevent a recurrence of similar problems.

Candidate number	Name (Date of birth)	Career summary and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Notes to Appointment
8	 Naoki Tanaka (September 1, 1945)	Jan. 1971 Senior Fellow of Kokumin Keizai Research Institute Apr. 1997 President of the 21 st 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) < Significant concurrent positions > President of Center for International Public Policy Studies < Remarks > Number of years of service as Director: 4 years (at the conclusion of this Annual General Meeting of Shareholders) Attendance at Board of Directors meetings: Attended 9 out of 10 meetings held	—	Candidate for Outside Director Reappointment
Position: Outside Director				

<Notes on Candidate for Outside Director>

- 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 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)	Career summary and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Notes to Appointment
9	 Ichiro Ito (July 6, 1942)	Apr. 1966 Entered Asahi Chemical Industry Co., Ltd. (present Asahi Kasei Corporation) Jun. 2001 Director Feb. 2003 Managing Director Jun. 2003 Director, Primary Executive Officer Apr. 2006 Director, Vice President Executive Officer Apr. 2010 Chairman and Representative Director (to the present) Mar. 2011 Director of the Company (to the present) < Significant concurrent positions > Chairman and Representative Director of Asahi Kasei Corporation <Remarks> Number of years of service as Director: 2 years (at the conclusion of this Annual General Meeting of Shareholders) Attendance at Board of Directors meetings Attended 8 out of 10 meetings held	1,000	Candidate for Outside Director Reappointment
Position: Outside Director				

<Notes on Candidate for Outside Director>

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

Ichiro Ito would bring a wealth of company management experience and insight into a broad range of issues to the management of the Company. The Company thus recommends his election to the Board as an Outside Director.

Candidate number	Name (Date of birth)	Career summary and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Notes to Appointment
10	 <p>Katsutoshi Takahashi (September 24, 1954)</p>	<p>Apr. 1977 Entered Yoshida Kogyo K.K. (current YKK Corporation)</p> <p>May 1991 Entered the Company</p> <p>Apr. 2006 Senior Officer of the Company President and Representative Director of Asahi Beer Engineering Co., Ltd. (current Asahi Group Engineering Co., Ltd.)</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 & 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 Corporate Officer, Senior Deputy General Manager of Research & 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 Corporate Officer, Senior Deputy General Manager of Research & Development- Production Headquarters of Asahi Breweries, Ltd. (to the present)</p>	3,000	New candidate

Candidate number	Name (Date of birth)	Career summary and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Notes to Appointment
11	 Yoshihide Okuda (January 3, 1956)	Apr. 1978 Entered Konishiroku Photo Industry Co., Ltd. (Current Konica Minolta Holdings, Inc.) Sep. 1988 Entered the Company Apr. 2008 Senior Officer, Manager of Finance Department Sep. 2009 Senior Officer, General Manager of Finance Department Mar. 2010 Corporate Officer, General Manager of Finance Department Mar. 2011 Corporate Officer, General Manager of Finance Department of the Company Senior Managing Director of Asahi Management Services Co., Ltd. (current Asahi Professional Management Co., Ltd) Jul. 2011 Corporate Officer, General Manager of Finance Section of the Company Senior Managing Director of Asahi Management Services Co., Ltd. Sep. 2012 Corporate Officer in charge of promoting efficiency (administrative sections overall) of the Company Senior Managing Director of Asahi Professional Management Co., Ltd. (to the present) <Significant concurrent positions> Senior Managing Director of Asahi Professional Management Co., Ltd.	4,700	New candidate

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 one (1) Corporate Auditor

At the conclusion of this Annual General Meeting of Shareholders, the term of office of Tadashi Ishizaki, Corporate Auditor, will expire. The Company therefore asks the shareholders to elect one (1) Corporate Auditor.

The candidate for the position of Corporate Auditor is as follows. Tadashi Ishizaki meets the requirements for independent directors/auditors as defined by the Tokyo Stock Exchange and the Osaka Securities Exchange.

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

Name (Date of birth)	Career summary and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Notes to Appointment
 Tadashi Ishizaki (June 2, 1941)	Apr. 1970 Assistant of Faculty of Commerce, Chuo University Apr. 1972 Lecturer of Faculty of Commerce, Chuo University Apr. 1973 Associate Professor of Faculty of Commerce, Chuo University Apr. 1982 Professor of Faculty of Commerce, Chuo University Apr. 1986 Professor of Graduate School of Commerce, Chuo University Apr. 2000 Director of Institute of Business Research, Chuo University Mar. 2005 Corporate Auditor of the Company (to the present) Apr. 2012 Professor of Faculty of Management and Culture, Shoin University (to the present) <Significant concurrent positions> Professor of Faculty of Management and Culture, Shoin University Professor Emeritus, Chuo University <Remarks> Number of years of service as Corporate Auditor: 8 years (at the conclusion of this Annual General Meeting of Shareholders) Attendance at Board of Directors meetings: Attended all 10 meetings held Attendance at Board of Corporate Auditors meetings: Attended all 8 meetings held	—	Candidate for Outside Corporate Auditor Reappointment
Position: Outside Corporate Auditor			

<Notes on Candidate for Outside Corporate Auditor>

● Reasons for recommending Tadashi Ishizaki as a candidate for Outside Corporate Auditor

Tadashi Ishizaki has years of research experience and expertise in accounting. To provide the Company with the benefit of his experience and expertise in the area of auditing, the Company recommends his election as an Outside Corporate Auditor.

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

Notes:

1. The candidate for Corporate Auditor has no special interest in the Company.
2. Regarding agreements limiting the liability of Outside Corporate Auditor
To enable him to contribute fully in his role as an Outside Corporate Auditor, the Company has entered into an agreement with Tadashi Ishizaki that limits his liability for damages as prescribed in Paragraph 1, Article 423 of the Companies Act. Under the terms of this agreement, such liability is 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 agreement will be extended.

(Reference) CSR Activities of the Asahi Group

Living in harmony with the global environment and passing on this heritage to the next generation are important missions for the Asahi Group, which conducts business activities that make use of the gifts of nature, such as water and grain.:

The Company, as a whole, is proactively working on CSR activities.

■ 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”.

<Description of major activities>

- Participated in the “Mori no Gakkou” (school in a forests) at Higashi-Matsushima City, Miyagi Prefecture, a project supported by the C.W. Nicol Afan Woodland Trust.
- Undertook the project “Let's spend this summer at home town with family” jointly with Fukushima University's Faculty of Administration & Social Sciences, for families in Fukushima Prefecture who are being forced to live apart due to the Great East Japan Earthquake and related disasters.
- Held the exhibition of the products of Fukushima named “Fukushima Aizu Marché” at the Head Office of the Asahi Group with the cooperation of Aizu-Wakamatsu City, Fukushima Prefecture.



Mori no Gakkou



Let's spend this summer at home town with family



Fukushima Aizu Marché

■ Donations through the Shareholder Courtesy Program

The Company has introduced an option of shareholder courtesy program, where shareholders are able to have the Company to make donation of comparable value to the price of the Group's gift packages in lieu of receiving the packages.

The Company donates to the “Green Fund” of the National Land Afforestation Promotion Organization through the Asahi Group environmental fund “Mizu no Wakusei” (Water Planet) in order to support activities aimed at protecting “water” itself, which is a gift of nature and “forests” which serve as resources for water.

Further, last year the Company added an option of shareholder courtesy to have the Company to make a “donation in support of Great East Japan Earthquake recovery efforts” in response to the shareholders’ requests that “shareholder courtesy program is to be utilized to support the areas affected by the Great East Japan Earthquake”. The donations are used to fund the activities of local NPOs and other organizations supporting the reconstruction efforts.



■ Regional Contributions

Asahi Breweries, Ltd. conducted the sixth term of “Refreshingly Sustainable Project” in 2012, donating 1 yen per unit from sales of products covered by the project to the activities of each prefecture throughout Japan for the preservation or conservation of natural, environmental, and cultural assets. The cumulative amount of donations made since the inception of the Project in spring 2009 is ¥2,013,063,987.



■ Utilization of Green Power

With the exception of electrical power that is generated in-house, green power accounts for all of the electrical power required annually for the production of all 350 ml canned Asahi Super Dry by the company's eight plants in Japan, as well as for the in-house production of beers in gift packages.

Further, green power is used in the Asahi Group Head Office building, at the venue for the General Meeting of Shareholders, and for the printing, binding and delivery of the materials to shareholders including this Notice.



The 88th Annual General Meeting of Shareholders



■ MÉCÉNAT Activities

The diverse supportive and collaborative activities of Asahi Breweries, Ltd. with art-related NPOs, including the “Asahi Art Festival” introduced in 2001 for the revitalization of communities through culture, were recognized and awarded the “Mécénat Grand Prize” at the “Mécénat Awards 2012” sponsored by the Association for Corporate Support of the Arts.

Since 1996, the “Oyamazaki Villa” (registered as a tangible cultural properties) has been opened to the public as its main building of the Asahi Beer Oyamazaki Villa Museum of Art which was constructed by entrepreneur Shotaro Kaga in the period from the Taisho Era to the early Showa Era as his personal villa. The museum includes “Underground Jewelry Box” designed by architect Tadao Ando as an annex.

Additionally, “the Dream Box”, a multi-purpose gallery designed by Ando which opened in 2012, is now in use mainly to exhibit artwork or hold seminars.



Mécénat Awards Ceremony



Asahi Beer Oyamazaki Villa Museum of Art

BUSINESS REPORT

From January 1, 2012 to December 31, 2012

1. Overview of Operations of the Asahi Group

(1) Business Progress and Results

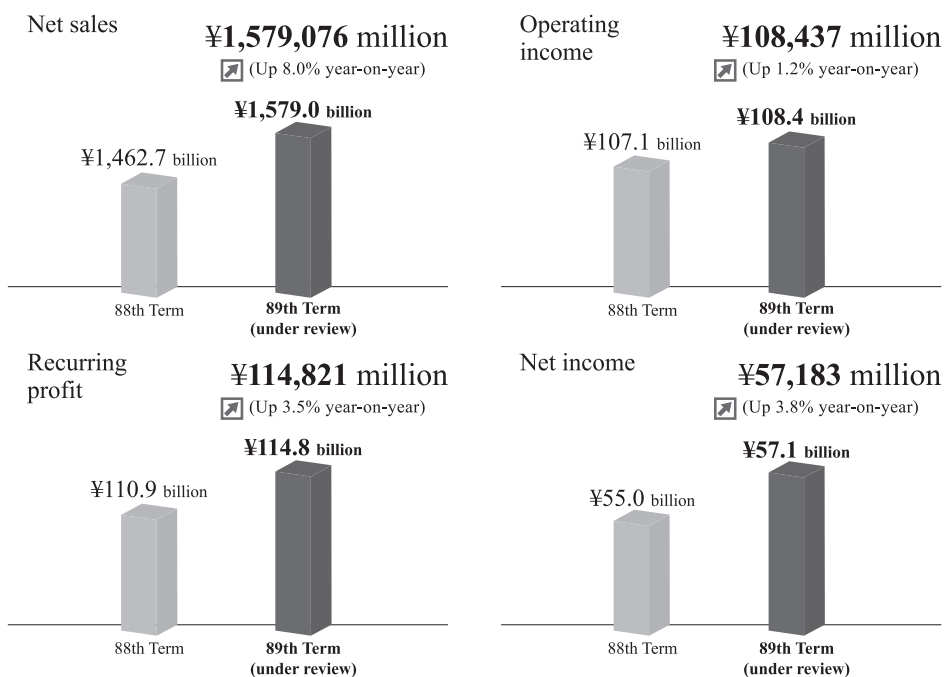
During the fiscal year under review, the global economy remained slow due mainly to concerns of a decline in the economic growth rate of emerging countries such as in particular China and India, in addition to sovereign debt problems in Europe. The movement of the Japanese economy was weak in spite of the strong reconstruction demand following the Great East Japan Earthquake, largely due to the impact of weak exports caused by the slowdown of the non-domestic economy.

Against this backdrop, the Asahi Group reinforced its domestic business platform in the last year of “Medium-Term Management Plan 2012” through such means as the improvement of profitability of its businesses and enhancing its strengths in “Craftsmanship” based on “Safe and Reliability” products. The Group also endeavored to boost the enterprise value of the Group as a whole by building a business portfolio that can achieve sustainable growth and by demonstrating synergies with group members, including new business platforms that have been acquired.

As a result, the Asahi Group posted net sales of ¥1,579,076 million, a year-on-year increase of 8.0%. Operating income increased by 1.2% year-on-year to ¥108,437 million, and recurring profit rose by 3.5% to ¥114,821 million. Net income totaled ¥57,183 million, an increase of 3.8% compared with the previous year.

The following provides an overview of the Group’s operations by business segment for the fiscal year under review.

■ Business performance of the Asahi Group



Overview by Business Segment for 89th Term

■ Asahi Group Breakdown of Net Sales

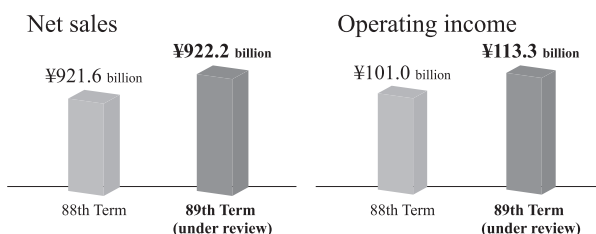
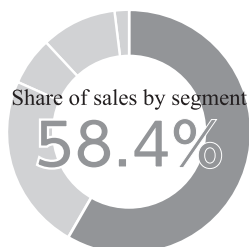
Million yen, except percentages

Segment	88 th term 2011	89 th term 2012 (under review)	Change in amount	Change in percentage
Alcoholic Beverages	¥921,657	¥922,249	¥592	0.1%
Soft Drinks	324,782	370,836	46,054	14.2
Foods	98,033	101,626	3,593	3.7
International Operations	94,219	157,932	63,712	67.6
Other Businesses	24,043	26,431	2,387	9.9
Total	1,462,736	1,579,076	116,340	8.0

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 business segment posted net sales of ¥922,249 million, up 0.1% from the previous year, as a result of a year-on-year increase in the sales volume of beer and beer-type beverages. Operating income rose by 12.2% from the previous year to ¥113,305 million, due to a steep increase in the sales volume of beer-type beverages along with reduction of fixed costs, especially depreciation.

-Asahi Breweries, Ltd.

Asahi Breweries, Ltd. worked on reforming its earning structure and endeavoring to expand overall demand by generating and offering original value sought by customers.

In the beer-type beverages sector, the sales volume of beer increased from the previous year, due primarily to the solid performance of “Asahi Super Dry – Dry Black–”, launched in April as a part of the effort to provide new values. The new-genre (malt-type) category saw a decline in overall sales from the previous year in spite of efforts to bolster and promote the flagship brand “Clear Asahi”. As a result, the sales volume of beer-type beverages fell from the previous year.

In the non-beer sector, the overall sales volume decreased from the previous year due mainly to slow sales of shochu despite the year-on-year increase

in the sales of wine, including “Sainte Neige Rela” with its enhanced lineup that encompasses the smaller 320 ml bottles, and the sales of low-alcohol beverages, such as “Asahi Sparx” which saw the addition of new flavors.



In the alcohol-taste beverages sector, the sales volume of the beer-taste beverage “Asahi Dry Zero”, released in February, greatly exceeded its initial sales target, contributing to a large year-

on-year increase in the overall sales volume of the sector.

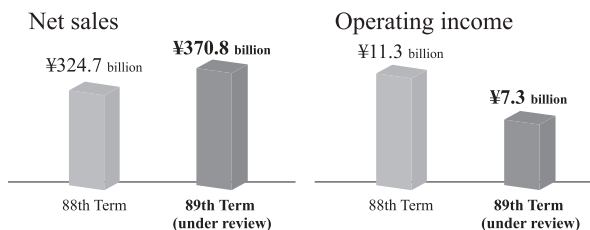
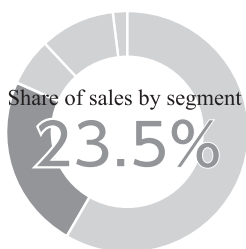
In terms of earnings, Asahi Breweries endeavored to improve its production efficiency through integration of the production function of the Nishinomiya Brewery into the Suita Brewery, as well as by reducing advertising and sales promotion expenses by concentrating its marketing

investments on its core brands.



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 business segment posted net sales of ¥370,836 million, an increase of 14.2% compared with the previous year, reflecting of the performance of Calpis Co., Ltd., which newly became a consolidated subsidiary as of October, in addition to the significant increase in sales volume at Asahi Soft Drinks Co., Ltd. Operating income decreased by 35.2% from the previous year to ¥7,379 million, primarily due to an increase in the advertising expenses of Asahi Soft Drinks.

-Asahi Soft Drinks Co., Ltd.

Asahi Soft Drinks Co., Ltd. reinforced its efforts to realize dramatic growth, with “Growth Strategies” and “Structural Reforms” as its key strategies.

Asahi Soft Drinks worked proactively to strengthen and develop brands, mainly “Asahi Oishii Mizu” released in June, in addition to the key brands “MITSUYA”, “WONDA”, and “Asahi Juroku-Cha”. Furthermore, as a result of additional efforts aimed at invigorating “Bireley’s”, “Wilkinson” and other long-selling brands, company-wide sales volumes increased at a rate far greater than the market growth rate.

In the course of its endeavors to achieve optimum production and logistics systems to become the industry leader in terms of cost competitiveness,

Asahi Soft Drinks renovated the production lines of its Fujisan Plant in anticipation of increasing sales in the mineral water market, which is expected to grow.



-Calpis Co., Ltd.

Calpis Co., Ltd. worked to expand the applied microbiological business that utilizes its proprietary technologies, in addition to enhancement of the brand value of “Calpis” in the domestic market and strengthen its overseas soft drinks business.

Calpis redesigned the container for its core lactic acid drink “Calpis” concentrate for the first time in 17 years. The redesigned container was caught on to customers for its functionality, including its ability to retain the quality of contents and its ease of use. Calpis’ direct marketing operations, involving the mail-order sales of functional food products that utilize its proprietary

materials and technologies, also performed steadily.

In terms of earnings, Calpis promoted efforts to cut production costs through such means as reducing weight of packaging materials for PET bottles and labels, and increasing in the percentage of in-house production.



-LB Co., Ltd.

LB Co., Ltd. viewed this year as the “year to make dramatic advances in the expansion of business domains” and engaged in endeavors to strengthen and expand its business platform.

Although the sales volume of the milk beverage category in the chilled soft-drink operations increased significantly from the previous year due in part to success in capturing market growth through continual release of new products, its overall sales suffered a decrease from the previous year mainly as a result of weak performance of products in the tea category in convenience stores.

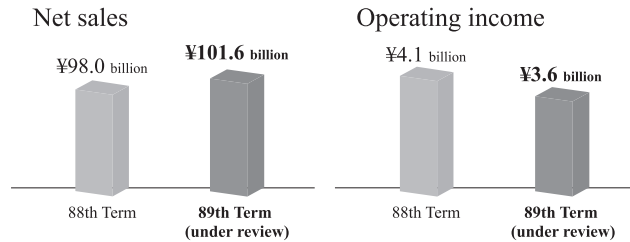
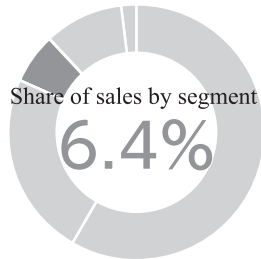
Meanwhile, LB streamlined its

production and distribution expenses by cost reduction of raw materials, such as sweeteners and packaging materials, through consolidation of its suppliers and 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. enjoyed solid sales of its mainstay products, while Amano Jitsugyo Co., Ltd. saw its distribution sales operation expand. Mainly as a result of the foregoing, net sales rose by 3.7% from the previous year to ¥101,626 million. Operating income decreased by 11.7% from the previous year to ¥3,669 million, due primarily to an increase in advertising and sales promotion expenses in the business of Wakodo Co., Ltd.

-Asahi Food & Healthcare Co., Ltd.

Asahi Food & Healthcare Co., Ltd.

endeavored to expand sales primarily through the cultivation of new sales

channels, in addition to the further strengthening of its core brands along with the development and release of new products.

Asahi Food & Healthcare saw an increase in net sales from the previous year as a result of actively advertising “MINTIA” breath mints and “Dear-Natura” dietary supplements, releasing new products or relaunching modified versions of existing products under the brands, as well as promoting the sales of products such as “BALANCEUP” nutritional snacks.

In terms of earnings, Asahi Food & Healthcare also worked not only on

reducing advertising and sales promotion expenses mainly through the effective use of advertisements, but also on reducing inventories through appropriate stock management.



-Wakodo Co., Ltd.

In line with its management policy of “taking on challenges to advance to a new stage”, Wakodo Co., Ltd. endeavored to increase its presence in the baby foods and the powdered baby milks markets and to strengthen its revenue base by gaining new customers of commercial-use products.

Wakodo expanded the product line up of “Goo Goo Kitchen” and renewed “Eiyo Marche” products in its mainstay baby food segment. While it also worked on the business for senior citizens by reinforcing the product line-up and sales structure of retort pouch foods for nursing care, as it is expected to grow

into its core business, overall sales decreased from the previous year, due in part to a decrease in the contract manufacture of institutional-use products.

At the same time, Wakodo worked to improve its profitability by promoting the reduction of dairy product and other raw material costs and production costs.



-Amano Jitsugyo Co., Ltd.

Amano Jitsugyo Co., Ltd. sought to expand its business and improve profitability through expansion of sales

channels, development of products that meet customer needs, and enhancement of production equipment.

In distribution sales operations, there

was a considerable increase in the number of mass retailers that carry Amano Jitsugyo's products owing to the launch of set products of freeze-dried miso soup, "Genen type Omiso-shiru" (Reduced Sodium Miso Soup), "Freeze Dried Curry recommended by Yukio Hattori" and other products, along with enhancement of sales and marketing activities relating to the products. Amano Jitsugyo also aggressively promoted sales in its mail-order sales operations to achieve a company-wide increase in sales from the previous year.

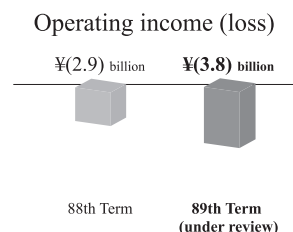
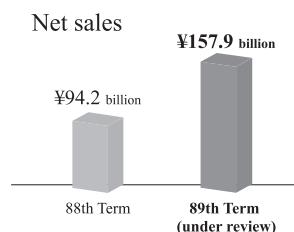
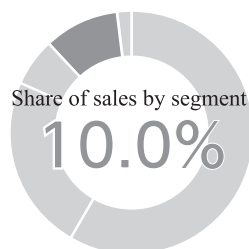
In terms of earnings, Amano Jitsugyo made efforts to enhance its freeze dry production equipment and

reduce costs by improving efficiency through such means as partial automation of the packaging process.



International Operations Segment

Main products: Beer, low-alcohol beverages, carbonated drinks, mineral water, fruit drinks, sport drinks, etc.



The international operations segment recorded net sales of ¥157,932 million, up 67.6% from the previous year, due to additional sales of the newly consolidated subsidiaries in Oceania and Malaysia. In spite of the improved profitability of the Chinese business and the positive contributions of the newly consolidated companies, operating loss decreased by ¥959 million from the previous year to ¥3,872 million due to the increased burden of amortization of goodwill, etc. of the newly consolidated companies.

-Oceania Business Segment

In the Oceania business segment, companies led by Asahi Holdings (Australia) Pty Ltd., the subsidiary overseeing the Oceania region, sought to

establish a basis for growth as a comprehensive beverage business encompassing both alcoholic beverages and soft drinks, mainly through the strengthening of their core brands and

generation of cost synergy.

The establishment of an efficient sales and marketing structure through the partial integration of the sales departments of the companies in the region, as well as the launch of a new cola beverage by Schweppes Australia Pty Limited, resulted in an increase in sales in the soft drinks sector. Companies endeavored to strengthen their presence in growth areas of the alcoholic beverages sector, taking on the function of selling “Asahi” brand products under contract in Oceania in addition to enhancing their low-alcohol beverage line-up through the renewal of their core brands and the release of new products.

Furthermore, the companies sought

-China Business Segment

In the China business segment, efforts were made to improve profitability and enhance quality by expanding sales of the “Asahi” brand products and strengthening the local production system.

In spite of a boost in sales activities targeting Japanese restaurants and convenience stores, along with an expansion of the sales area covered by Yantai Beer Tsingtao Asahi Company, Ltd., the China business segment saw a decrease in overall sales from the previous year, due mainly to the exclusion of the net sales of Hangzhou

-Southeast Asia Business Segment

In the Southeast Asia business segment,

to strengthen their revenue bases primarily through the consolidation of their back office sections, establishment of optimum production systems for products in the mineral water category of the soft drinks business, and joint procurement of raw materials.



Xihu Beer Asahi Co., Ltd. and Zhejiang Xihu Beer Asahi Co., Ltd., whose entire equity interests were transferred in the previous year, from the scope of consolidation.

Meanwhile, the Group endeavored to improve profitability by concentrating the production of “Asahi” brand products for sale within China in Beijing Beer Asahi Co., Ltd.



efforts were made to expanding the business platform in Southeast Asia

centered around Permanis Sdn. Bhd., in addition to improve its standing in the Malaysian beverage market.

Permanis Sdn. Bhd. made aggressive marketing investments mainly in its core brands, while endeavoring to increase profitability by improving the efficiency of raw materials procurement through reduction of the unit prices primarily of sugar and aluminum cans.

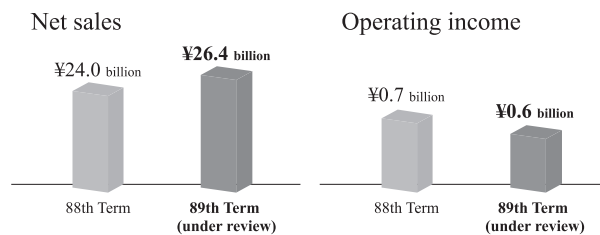
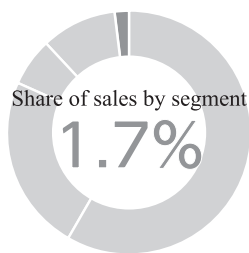
Additionally, the Group established a beverage joint venture with PT.Indofood CBP Sukses Makmur Tbk,

the largest food products company in Indonesia, in order to establish a base in the Indonesian beverage market, which is expected to continue to grow going forward.



Other Businesses Segment

Main services: Cargo transportation, insurance agency, etc.



In the other businesses segment, net sales increased by 9.9% year-on-year to ¥26,431 million, thanks to the expansion of cargo transportation business. However, operating income decreased by 20.1% year-on-year to ¥606 million, due to the continual increase in costs associated with deterioration of the balance between supply and demand of vehicles in the cargo transportation industry.

(2) Financial and Profit/Loss Indicators

	86 th term 2009	87 th term 2010	88 th term 2011	89 th term 2012 (under review)
Net sales (million yen)	1,472,468	1,489,460	1,462,736	1,579,076
Operating income (million yen)	82,777	95,349	107,190	108,437
Recurring profit (million yen)	90,546	101,142	110,909	114,821
Net income (million yen)	47,644	53,080	55,093	57,183
Net income per share (yen)	102.49	114.10	118.36	122.75
Total assets (million yen)	1,433,652	1,405,358	1,529,907	1,732,187
Net assets (million yen)	577,702	612,670	643,798	726,879
Net assets per share (yen)	1,233.25	1,315.51	1,378.19	1,553.35

Note: Net income per share is calculated based on the average total number of shares outstanding during the term. Net assets per share are 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 ¥50,169 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 ¥2,584 million.

Business segment	Amount of capital expenditure (Million yen)
Alcoholic Beverages	18,095
Soft Drinks	15,883
Foods	5,211
International Operations	9,966
Other Businesses	219
Company-wide (common)	792
Total	50,169

(4) Financing Activities

The Company financed the capital investments detailed in item (3) above and other capital requirements through loans from financial institutions, commercial paper, and bonds. The Company issued its 3rd series of unsecured bonds (5-year, ¥18 billion bond issue) and 4th series of unsecured bonds (7-year, ¥10 billion) on July 13, 2012.

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

(5) Status of Principal Lenders

(As of December 31, 2012)

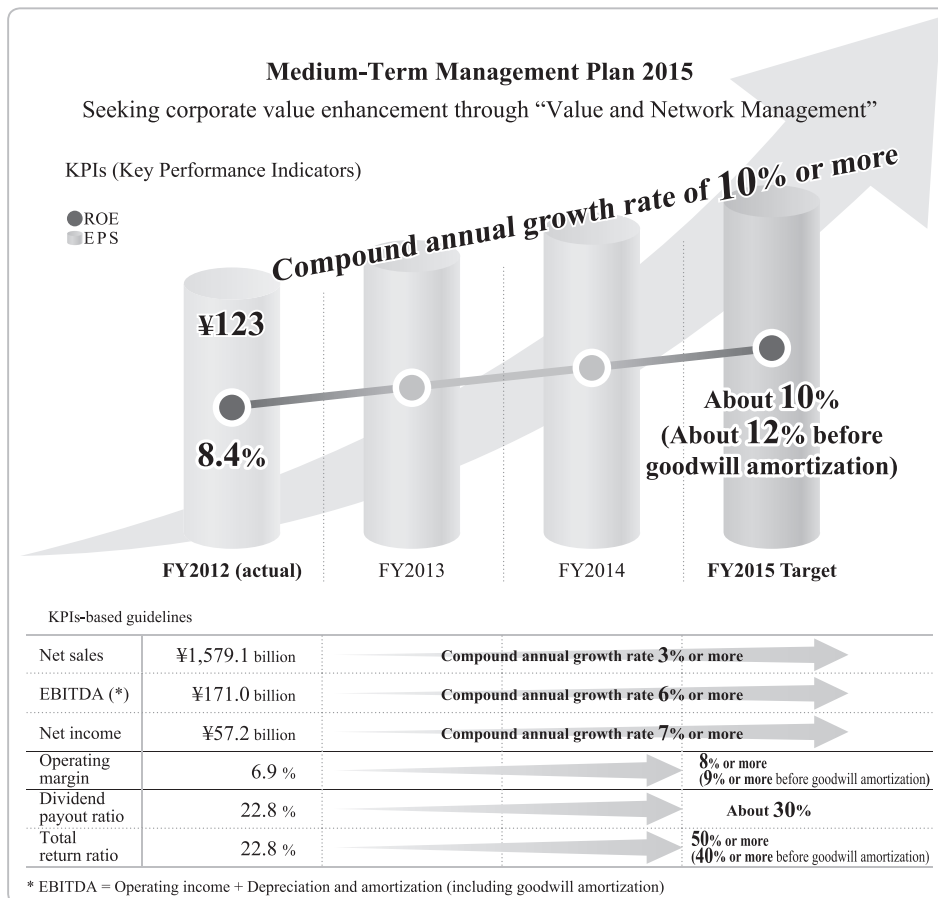
Lender	Outstanding balance (Million yen)
Sumitomo Mitsui Banking Corporation	46,521
Mizuho Corporate Bank, Ltd.	20,062
Sumitomo Mitsui Trust Bank, Limited	16,657
The Norinchukin Bank	16,500
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	11,500

Note: The Sumitomo Trust & Banking Co., Ltd., which was the Company's principal lender, merged with the Chuo Mitsui Trust and Banking Company Limited and Chuo Mitsui Asset Trust and Banking Company Limited. and became Sumitomo Mitsui Trust Bank, Limited as of April 1, 2012.

(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)



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.

The Company will strive to enhance its corporate value by promoting “Value and Network Management” from 2013, which is the first year covered by the Plan. 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 (net income per share) by improving capital efficiency through such means as increase of shareholder returns.

Alcoholic Beverages Business

-Asahi Breweries, Ltd.

Asahi Breweries, Ltd. will seek to become a company that is “selected” by customers by developing products that accurately reflect potential customer needs and market trends.

In the beer-type beverages sector, Asahi Breweries will focus on enhancing the flagship brands “Asahi Super Dry”, “Clear Asahi” and “Asahi Style Free”. Asahi Breweries will gain new “Asahi Super Dry” customers to further popularize and establish the brand in the market by rolling out “Asahi Super Dry Extra Cold” more broadly and enhancing the quality of “Asahi Super Dry – Dry Black –”. Asahi Breweries will launch the “Clear Asahi Prime Rich” with “rich flavor and smooth after taste” in March as the first derivative of “Clear Asahi” in the new-genre (malt-type) category and aggressively promote “Asahi Style Free”, the first carbohydrate-free happoshu, to strengthen its brand power.

As for the non-beer sector, Asahi Breweries will continue to work to foster and strengthen its core brands. Asahi Breweries will also seek to expand its business further by selling the globally known American whisky in Japan beginning in January, such as “Jack Daniel’s” and “Early Times”, of Brown-Forman Corporation.

In the alcohol-taste beverages category, Asahi Breweries will make aggressive marketing investments in beer-taste beverage “Asahi Dry Zero” to increase its presence

in the market.

Further, Asahi Breweries strive to reform its earning structure by pursuing high productivity through accumulation of process improvements in its breweries and further increasing logistics efficiency through such means as improvement of its infrastructure.

Soft Drinks Business

-Asahi Soft Drinks Co., Ltd.

Asahi Soft Drinks Co., Ltd. will endeavor to strengthen its business platform by enhancing the status of existing brands and proposing new values to accelerate growth, as well as by working on a company-wide level to reform its earning structure.

Asahi Soft Drinks will develop and strengthen the brands “MITSUYA”, “WONDA”, “Asahi Juroku-cha”, “Asahi Oishii Mizu” and “Wilkinson”, while proceeding with the development of products that will serve as the new pillars of its business. In the vending machine business, Asahi Soft Drinks will work towards the achievement of stable business performance by not only expanding the number of units installed, but also increasing per unit sales.

Further, Asahi Soft Drinks will seek to reform its earning structure by focusing its efforts primarily on restructuring its product line-up so as to realize phenomenal growth.

-Calpis Co., Ltd.

Calpis Co., Ltd. will seek to further enhance the brand power of its flagship brand “Calpis” to firmly establish and solidify its status in the milk-based beverages market.

Calpis will continue to refine and improve on the flavor of concentrated lactic acid drink “Calpis”, while working to further enhance the functionality of its new container “peace bottle”. As a company that provides “taste value” and “health value”, Calpis will take on the challenge of developing products in a new field of healthcare, utilizing lactobacilli and fermentation technologies.

Additionally, it will seek to improve efficiency and productivity in the areas of logistics and procurement by promoting collaboration with the Group companies in addition to implementing its own measures for cost reduction.

-LB Co., Ltd.

Through the development of products in its mainstay categories of tea and soft drinks, LB Co., Ltd. will continue to offer to customers the added values of freshness and enticing flavor characteristic of chilled soft drinks.

LB will strengthen its collaboration with the Group companies even more than it used to in the past and aggressively work on the introduction and popularization of products, such as “Bireley’s” and “Calpis” in the chilled soft drinks segment.

In addition, LB will establish an optimum production system capable of accommodating changes in demand, while working on improving the efficiency of production and logistics operations using the new mission-critical systems introduced in 2012.

Food Business

-Asahi Food & Healthcare Co., Ltd.

Asahi Food & Healthcare Co., Ltd. will realize growth and profitability by generating unique strengths that its competitors cannot offer 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 enhance the value of all its products from the customer perspective, mainly by further strengthening its flagship brands and developing and nurturing brands that will serve as the new pillar.

Asahi Food & Healthcare will take cost reduction into consideration beginning with the design and procurement stages when developing new products and maintain a better balance between supply and demand by increasing the accuracy of sales forecast.

-Wakodo Co., Ltd.

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

As regards to baby food, Wakodo will push forward with its sales strategies and expansion of the target range of customer age by taking advantage of its strengths as an industry leader with the largest share in the domestic market. For products targeted at seniors, Wakodo will strive to develop products and engage in sales promotion activities that are always one step ahead in terms of addressing the market needs. For institutional-use products, Wakodo will make efforts to increase sales as well by cultivating new customers.

Additionally, Wakodo will work on the reduction of material costs and improvement of productivity, and control fixed expenses by working on achievement of increased efficiency of sales promotion expenses.

-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 earning structure”, and “creative company that enriches customer life”.

Amano Jitsugyo will aim to expand sales by increasing corporate visibility through running antenna shops and TV commercials and by strengthening measures to increase the number of new subscribers for mail-order sales operations.

Amano Jitsugyo will also endeavor to increase profitability by reducing the time required for production processes, introducing automating production partially, and reducing material costs.

International Operations

-Oceania Business

In the Oceania business segment, the Group will seek to grow as a comprehensive beverage business, which covers both alcoholic beverages and soft drinks, mainly through the generation of cost synergy among the business companies in the region, in addition to developing and nurturing the core brands, such as those of Schweppes Australia Pty Limited, and conducting business in growth areas.

In the soft drinks business sector, the Group will strive to expand sales by strengthening its presence in business categories other than business to mass retailers, in addition to reinforcing sales promotion activities relating to mainstay products such as carbonated drinks and entering markets where growth is anticipated. In the alcoholic beverages business sector, the Group will proceed to firmly establish the status of mainstay low-alcohol beverages and endeavor to secure a business structure for future progress and development through proactive marketing activities in growth areas including the Asahi brand and other imported beers.

Meanwhile, the Group will endeavor to further strengthen its revenue base by promoting the establishment of optimum production and logistics systems, as well as the joint procurement of raw materials, centered around Australia.

-China Business

In the China business segment, the Group will aspire to improve quality of the “Asahi” brand and profitability by enhancing the status of the “Asahi” brand in the market by increasing sales, in addition to further promoting the consolidation of production sites.

The Group will seek to increase product sales through the cultivation of new markets and sales channels, in addition to the reinforcement of sales efforts targeting Japanese restaurants in the Shanghai area where is a top priority market.

Further, the Group will secure its revenue base by revising the sales structure in Beijing Beer Asahi Co., Ltd and pushing ahead with the transfer of productions functions of export products for “Asahi” brand to Beijing Beer Asahi.

-Southeast Asia Business

In the Southeast Asia business segment, the Group will endeavor to expand the business network in Southeast Asia by building a beverage business platform in Indonesia, in addition to increasing sales through the strengthening of the main brands of Permanis Sdn. Bhd.

Permanis Sdn. Bhd. will strive to expand its sales by launching new products and strengthening its sales structure, while aggressively engaging in marketing activities centered around its existing key brands. Permanis will also seek to improve the overall profitability of the business by promoting efficiency through such means as reducing the weight of PET bottles.

Further, the joint venture with the Indonesian company PT.Indofood CBP Sukses Makmur Tbk will build a platform for full scale business deployment, including the development of its own brands and construction of production facilities.

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
Calpis Co., Ltd.	13,056	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
Schweppes Australia Pty Limited	27,593 (A\$372,231 thousand)	100.0	Production and marketing of soft drinks
Asahi Professional Management Co., Ltd.	50	100.0	Contracting of clerical work

Notes:

1. Shareholding percentages include shares held indirectly.
2. Calpis Co., Ltd. became a wholly owned subsidiary of the Company as a result of the Company acquiring all of its shares on October 1, 2012.
3. There were 84 consolidated subsidiaries of the Company as of the end of the fiscal year under review, including those listed above. There were 100 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. On January 31, 2012, the Company acquired all shares of Mountain H2O Pty Ltd. through wholly-owned subsidiary Asahi Holdings (Australia) Pty Ltd.

B. On October 1, 2012, the Company acquired all shares of Calpis Co., Ltd.

(9) Principal Offices and Factories

(As of December 31, 2012)

A. Asahi Group Holdings, Ltd.

(Registered head office)

23-1, Azumabashi 1-chome, Sumida-ku, Tokyo

(Laboratories)

Research Laboratories for Food Safety Chemistry, Research Laboratories for Fundamental Technology of Food, Research Laboratories for Applied Technology of Food, Research & Development Laboratories for Sustainable Value Creation (all in Moriya City, Ibaraki Prefecture)

B. Subsidiaries

Business segment	Company name	Major establishments	
Alcoholic Beverages	Asahi Breweries, Ltd.	Registered head office	23-1, Azumabashi 1-chome, Sumida-ku, Tokyo
		Regional sales offices	Tokyo Metropolitan Headquarters for On-Premise Retailers (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.	Registered head office	23-1, Azumabashi 1-chome, Sumida-ku, Tokyo
		Regional sales offices	Kanto and Tokyo Metropolitan Regional Headquarters (Chuo-ku, Tokyo), etc.
		Production facilities	Akashi Plant (Akashi City, Hyogo Prefecture), etc.
		Laboratories	Products Research & Development Laboratory (Moriya City, Ibaraki Prefecture), etc.
	Calpis Co., Ltd.	Registered head office	4-1, Ebisu-minami 2-chome, Shibuya-ku, Tokyo
		Regional sales offices	Tokyo Branch (Shibuya-ku, Tokyo), etc.
		Production facilities	Gunma Plant (Tatebayashi City, Gunma Prefecture), etc.
		Laboratories	Microbiology & Fermentation Laboratory (Sagamihara City, Kanagawa Prefecture), etc.
	LB Co., Ltd.	Registered 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	Product Development Department (Hasuda City, Saitama Prefecture)

Foods	Asahi Food & Healthcare Co., Ltd.	Registered head office	23-1, Azumabashi 1-chome, Sumida-ku, Tokyo
		Regional sales offices	Food Sales Section for Chain Stores (Chiyoda-ku, Tokyo), etc.
		Production facilities	Osaka Plant (Suita City, Osaka Prefecture), etc.
		Laboratories	Laboratory (Chuo-ku, Tokyo)
	Wakodo Co., Ltd.	Registered 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), etc.
		Laboratories	Research Laboratory (Chofu City, Tokyo)
	Amano Jitsugyo Co., Ltd.	Registered 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	Schweppes Australia Pty Limited	Registered head office	Victoria, Australia
		Business locations	New South Wales, Australia, etc.

(10) Employees

(As of December 31, 2012)

Business segment	Number of employees	Increase (decrease) from end of previous term
Alcoholic Beverages	4,783	(142)
Soft Drinks	4,082	1,080
Foods	1,727	79
International Operations	5,109	143
Other Businesses	1,723	(24)
Company-wide (common)	532	61
Total	17,956	1,197

2. Overview of the Company

(1) Shares Outstanding

(As of December 31, 2012)

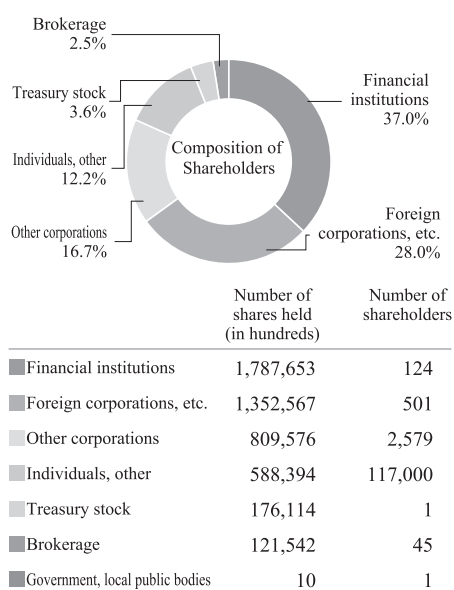
A. Total number of authorized shares 972,305,309

B. Total number of issued shares 483,585,862

(including 17,611,484 shares in treasury stock)

C. Number of shareholders 120,251

(Decreased by 3,680 from the end of the previous term)



D. Major shareholders

	Shareholders' investment in the Company	
	Number of shares held (in hundreds)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	252,081	5.4
Japan Trustee Services Bank, Ltd. (Trust Account)	204,729	4.4
Asahi Kasei Corporation	187,853	4.0
The Dai-ichi Life Insurance Company, Limited	169,200	3.6
Fukoku Mutual Life Insurance Company	166,830	3.6
JPMorgan Chase Bank 380055	95,852	2.1
Sumitomo Mitsui Banking Corporation	90,280	1.9
SSBT OD05 Omnibus Account – Treaty Clients	89,498	1.9
Sumitomo Mitsui Trust Bank, Limited	81,260	1.7
Mellon Bank ABN Amro Global Custody N.V.	73,844	1.6
Total	1,411,428	30.3

Notes:

1. The Company holds treasury stock numbering 176,114 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.

(2) Status of Stock Acquisition Rights, etc.

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

(As of December 31, 2012)

	1) First issue of stock acquisition rights	2) Second issue of stock acquisition rights
Date of issuance resolution	March 28, 2003	March 30, 2004
Number of stock acquisition rights	10	340
Class and number of shares subject to stock acquisition rights	Shares of common stock: 10,000	Shares of common stock: 34,000
Fee for exercise of stock acquisition rights	¥830 per share	¥1,205 per share
Exercisable period	March 28, 2005 to March 27, 2013	March 30, 2006 to March 29, 2014
Conditions for exercise of stock acquisition rights	<ul style="list-style-type: none"> • The options are exercisable even after the resignation of Directors or Corporate Auditors, as the case may be. • The options may be passed on to heirs. • The options shall be cancelled if a holder is dismissed for certain specified reasons. • Any assignment or pledging of the options is prohibited. 	<ul style="list-style-type: none"> • The options are exercisable even after the resignation of Directors or Corporate Auditors, as the case may be. • The options may be passed on to heirs. • The options shall be cancelled if a holder is dismissed for certain specified reasons. • Any assignment or pledging of the options is prohibited.
Situation concerning the holding of stock acquisition rights by Directors and Corporate Auditors		
Directors (except Outside Directors)	<ul style="list-style-type: none"> • Number of stock acquisition rights: — • Number of shares subject to stock acquisition rights: — • Number of holders: — 	<ul style="list-style-type: none"> • Number of stock acquisition rights: 140 • Number of shares subject to stock acquisition rights: 14,000 • Number of holders: 2
Outside Directors	<ul style="list-style-type: none"> • Number of stock acquisition rights: — • Number of shares subject to stock acquisition rights: — • Number of holders: — 	<ul style="list-style-type: none"> • Number of stock acquisition rights: — • Number of shares subject to stock acquisition rights: — • Number of holders: —
Corporate Auditors	<ul style="list-style-type: none"> • Number of stock acquisition rights: 10 • Number of shares subject to stock acquisition rights: 10,000 • Number of holders: 1 	<ul style="list-style-type: none"> • Number of stock acquisition rights: 200 • Number of shares subject to stock acquisition rights: 20,000 • Number of holders: 2

	3) Third issue of stock acquisition rights	4) Fourth issue of stock acquisition rights
Date of issuance resolution	March 30, 2005	March 30, 2006
Number of stock acquisition rights	630	950
Class and number of shares subject to stock acquisition rights	Shares of common stock: 63,000	Shares of common stock: 95,000
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"> • The options are exercisable even after the resignation of Directors or Corporate Auditors, as the case may be. • The options may be passed on to heirs. • Any assignment or transfer of the stock acquisition rights is subject to approval of the Board of Directors. 	<ul style="list-style-type: none"> • The options are exercisable even after the resignation of Directors or Corporate Auditors, as the case may be. • The options may be passed on to heirs. • Any assignment or transfer of the stock acquisition rights is subject to approval of the Board of Directors.
Situation concerning the holding of stock acquisition rights by Directors and Corporate Auditors		
Directors (except Outside Directors)	<ul style="list-style-type: none"> • Number of stock acquisition rights: 330 • Number of shares subject to stock acquisition rights: 33,000 • Number of holders: 3 	<ul style="list-style-type: none"> • Number of stock acquisition rights: 650 • Number of shares subject to stock acquisition rights: 65,000 • Number of holders: 4
Outside Directors	<ul style="list-style-type: none"> • Number of stock acquisition rights: — • Number of shares subject to stock acquisition rights: — • Number of holders: — 	<ul style="list-style-type: none"> • Number of stock acquisition rights: — • Number of shares subject to stock acquisition rights: — • Number of holders: —
Corporate Auditors	<ul style="list-style-type: none"> • Number of stock acquisition rights: 300 • Number of shares subject to stock acquisition rights: 30,000 • Number of holders: 3 	<ul style="list-style-type: none"> • Number of stock acquisition rights: 300 • Number of shares subject to stock acquisition rights: 30,000 • Number of holders: 3

B. Significant items regarding other stock acquisition rights

Overview of Euroyen conditional convertible bonds with stock acquisition rights

	1) Euroyen conditional convertible bonds with stock acquisition rights maturing in 2023	2) Euroyen conditional convertible bonds with stock acquisition rights maturing in 2028
Date of issuance resolution	May 13, 2008	May 13, 2008
Date of issue	May 29, 2008	May 29, 2008
Outstanding amount of bonds with stock acquisition rights	¥35,121 million	¥35,000 million
Details concerning the stock acquisition rights		
Number of stock acquisition rights	Total of 35,000 and the number calculated by dividing the total face value of the substitute bonds with stock acquisition rights by ¥1,000,000	Total of 35,000 and the number calculated by dividing the total face value of the substitute bonds with stock acquisition rights by ¥1,000,000
Class and number of shares subject to stock acquisition rights	Shares of common stock: 16,611,295	Shares of common stock: 17,073,170
Fee for exercise of stock acquisition rights	¥2,107 per share	¥2,050 per share
Exercisable period	June 12, 2008 to May 12, 2023	June 12, 2008 to May 12, 2028
Conditions for exercise of stock acquisition rights	<ul style="list-style-type: none"> • Certain stock acquisition rights may not be exercised. • Prior to May 29, 2011, but only when the closing price of the Company's common stock for 20 of the last 30 trading days (including the last trading day) exceeds 125% of the conversion price (¥2,107) as of the last trading date of each quarter. In such cases, exercise is possible, in principle, during the following quarter. 	<ul style="list-style-type: none"> • Certain stock acquisition rights may not be exercised. • Prior to May 29, 2014, but only when the closing price of the Company's common stock for 20 of the last 30 trading days (including the last trading day) exceeds 125% of the conversion price (¥2,050) as of the last trading date of each quarter. In such cases, exercise is possible, in principle, during the following quarter.
Conditions under which the Company may acquire stock acquisition rights	<ul style="list-style-type: none"> • On or after May 29, 2011, the Company may acquire all of the bonds after notifying the bondholders. • The acquisition date shall be at least 60 but no more than 75 days from the notification date. 	<ul style="list-style-type: none"> • On or after May 29, 2014, the Company may acquire all of the bonds after notifying the bondholders. • The acquisition date shall be at least 60 but no more than 75 days from the notification date.

(3) Directors and Corporate Auditors of the Company

A. Directors and Corporate Auditors

(As of December 31, 2012)

Name	Position	Areas of responsibility and significant concurrent positions
Hitoshi Ogita	Chairman and Representative Director	Overall Group Management Outside Director of NEC Corporation Outside Director of Imperial Hotel, Ltd.
Naoki Izumiya	President and Representative Director	Overall Group Management, Group Food Business
Kazuo Motoyama	Executive Vice President and Representative Director	General Affairs Management Section, Finance Section, Information Technology Section, Logistics Section, Agribusiness Development Section President and Representative Director of Asahi Professional Management Co., Ltd.
Katsuyuki Kawatsura	Managing Director Managing Corporate Officer	Procurement Section, Production Section, Research & Development Section, Intellectual Property Section, Quality Assurance Section
Toshio Kodato	Director Corporate Officer	Legal Affairs Management Section, Public Relations Section, International Business Section Group International Operations
Shiro Ikeda	Director Corporate Officer	Audit Section, Secretary Section, Corporate Social Responsibility Section, Lifestyle & Culture Section Group Soft Drinks Business Director of Asahi Soft Drinks Co., Ltd. Director of Calpis Co., Ltd. Director of LB Co., Ltd.
Akiyoshi Koji	Director	Group Alcoholic Beverages Business President and Representative Director of Asahi Breweries, Ltd.
Mariko Bando	Outside Director	President of Showa Women's University Director 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 Outside Director of Asahi Mutual Life Insurance Company
Naoki Tanaka	Outside Director	President of Center for International Public Policy Studies
Ichiro Ito	Outside Director	Chairman and Representative Director of Asahi Kasei Corporation

Name	Position	Areas of responsibility and significant concurrent positions
Yoshihiro Tonozuka	Standing Corporate Auditor	Corporate Auditor of Asahi Breweries, Ltd. Corporate Auditor of Calpis Co., 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.
Takahide Sakurai	Outside Corporate Auditor	Special Adviser to The Dai-ichi Life Insurance Company, Limited Outside Director of Imperial Hotel, Ltd.
Naoto Nakamura	Outside Corporate Auditor	Partner and Attorney at Law of Nakamura, Tsunoda & Matsumoto Law Office Outside Corporate Auditor of Mitsui & Co., Ltd. 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

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 Takahide Sakurai, Naoto Nakamura and Tadashi Ishizaki 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 Takahide Sakurai, Naoto Nakamura and Tadashi Ishizaki as Independent Directors/Auditors as defined by the Tokyo Stock Exchange and the Osaka Securities Exchange and reported to said exchanges thereof.
4. Corporate Auditor Yukio Kakegai was formerly General Manager of Audit Department of the Company and has considerable expertise in finance and accounting.
5. 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.
6. 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.
7. Shiro Ikeda was newly elected as Director and Yoshihiro Tonozuka was newly elected as Corporate Auditor, at the 88th Annual General Meeting of Shareholders held on March 27, 2012, and both assumed their respective offices. Also, Yoshihiro Tonozuka was elected as Standing Corporate Auditor by resolution of the Board of Auditors and assumed office on the same day.
8. Recruit Holdings Co., Ltd., where Corporate Auditor Naoto Nakamura concurrently serves as an outside corporate auditor, changed its name from Recruit Co., Ltd. as of October 1, 2012.
9. Of the Directors who were in office on or after the day following the date the aforementioned 88th Annual General Meeting of Shareholders adjourned, those who retired during the term under review are as follows:

Name	Position upon retirement	Areas of responsibility and significant concurrent positions upon retirement	Date of retirement	Reason for retirement
Toshihiko Nagao	Managing Director Managing Corporate Officer	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.	Dec. 27, 2012	Deceased

10. 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
Kazuo Motoyama	Executive Vice President and Representative Director	Director of LB Co., Ltd. Director of Asahi Soft Drinks Co., Ltd.	March 22, 2012 March 23, 2012
Naoki Tanaka	Outside Director	Chairman of Postal Services Privatization Committee	March 31, 2012
Tadashi Ishizaki	Outside Corporate Auditor	Professor of Faculty of Commerce, Chuo University	March 31, 2012

B. Remuneration paid to Directors and Corporate Auditors

Category	Basic remuneration		Bonus		Total amount (yen)
	Number of persons remunerated	Total amount of remuneration paid (yen)	Number of persons remunerated	Total amount of remuneration paid (yen)	
Directors [of which, Outside Directors]	11 [3]	337,440,000 [31,200,000]	11 [3]	105,400,000 [11,100,000]	442,840,000 [42,300,000]
Corporate Auditors [of which, Outside Corporate Auditors]	6 [3]	96,000,000 [32,400,000]	— —	— —	96,000,000 [32,400,000]

Notes:

- The figures above include Director Yoshihiro Tonozuka and Corporate Auditor Yoshifumi Nishino, who retired at the conclusion of the 88th Annual General Meeting of Shareholders held on March 27, 2012, and Director Toshihiko Nagao, who retired on December 27, 2012, due to his deceased.
- 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 83rd 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:
 - Total of ¥36,000,000 to three Directors
 - Total of ¥33,000,000 to three Outside Corporate Auditors
 The anticipated total amount of future payment to one Director retiring at the conclusion of the 89th Annual General Meeting of Shareholders to be held on March 26, 2013, is ¥4 million.
- The total amount of Directors' remuneration, etc. is ¥760 million (including ¥50 million for Outside Directors) per year according to the resolution passed at the 83rd Annual General Meeting of Shareholders held on March 27, 2007.
- The total amount of Corporate Auditors' remuneration, etc. is ¥120 million (including ¥40 million for Outside Corporate Auditors) per year according to the resolution passed at the 83rd Annual General Meeting of Shareholders held on March 27, 2007.

C. Policies concerning the setting of remuneration paid to Directors and Corporate Auditors

Directors' and Corporate Auditors' remuneration amounts are set within the total amount of remuneration resolved in advance at a General Meeting of Shareholders. Furthermore, Directors' remuneration is set in line with a resolution at a meeting of the Board of Directors, and Corporate Auditors' remuneration is 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' remuneration 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, remuneration 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' remuneration in a reasonable manner given roles and responsibilities, the system for doing so takes the recruitment of talented persons into consideration.

In specific terms, remuneration 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 Auditors meetings attended	Form of participation
Outside Director	Mariko Bando	10/10	—	Ms. Bando participated in discussions as necessary, primarily from the perspective of her wealth of experience as an educator.
	Naoki Tanaka	9/10	—	Mr. Tanaka participated in discussions as necessary, primarily from the perspective of his wealth of experience as an expert in economic policy.
	Ichiro Ito	8/10	—	Mr. Ito participated in discussions as necessary, primarily from the perspective of his wealth of experience as a manager.
Outside Corporate Auditor	Takahide Sakurai	10/10	8/8	Mr. Sakurai participated in discussions as necessary, primarily from the perspective of his wealth of experience as a manager.
	Naoto Nakamura	9/10	6/8	Mr. Nakamura participated in discussions as necessary, primarily from his expert perspective as an attorney at law.
	Tadashi Ishizaki	10/10	8/8	Dr. Ishizaki participated in discussions as necessary, primarily from his expert perspective as a scholar of accounting.

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 Auditor

A. Name of the Independent Auditor

KPMG AZSA LLC

B. Remuneration paid to the Independent Auditor for the fiscal year under review

	Amount payable
Remuneration paid for the fiscal year under review	¥126 million
Total of cash and other financial profits payable by the Company and its subsidiaries to the Independent Auditor	¥512 million

Notes:

1. In its agreement with the Independent Auditor, the Company makes no distinction between the remuneration 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 ¥126 million shown above is a sum of these two amounts.
2. Of the Company's principal subsidiaries, Calpis Co., Ltd. is audited by an Accounting Auditor other than KPMG AZSA LLC.

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

The Company also assigns professional duties to the Independent 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 Auditor

Article 340 of the Companies Act stipulates that the Board of Auditors shall be entitled to dismiss the Independent Auditor for reasons stipulated therein. In addition, when it is reasonably recognized that the Independent 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 Auditors, shall offer to the General Meeting of Shareholders a resolution to dismiss or not to reappoint the Independent 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.

<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 affairs 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 of compliance 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 an appropriate number of persons as “Compliance-Promotion Personnel” in each Group Company depending on its size. In conjunction with the section in charge of legal affairs at the Company and respective organizations in charge of general or legal affairs of the Group Companies, all Compliance-Promotion Personnel shall endeavor to disseminate legal knowledge and to heighten a general awareness of importance of compliance in their respective Group Companies.
- 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.

<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.

<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.

<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.

<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”.

<Securement of employees in the event that Corporate Auditors request staff to assist in their auditing duties>

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

<Independence of employees assigned to assist the Corporate Auditors from the Directors>

- A. When a member of the staff who serves the Board of 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 Auditors shall require the prior concurrence of Corporate Auditors.

<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

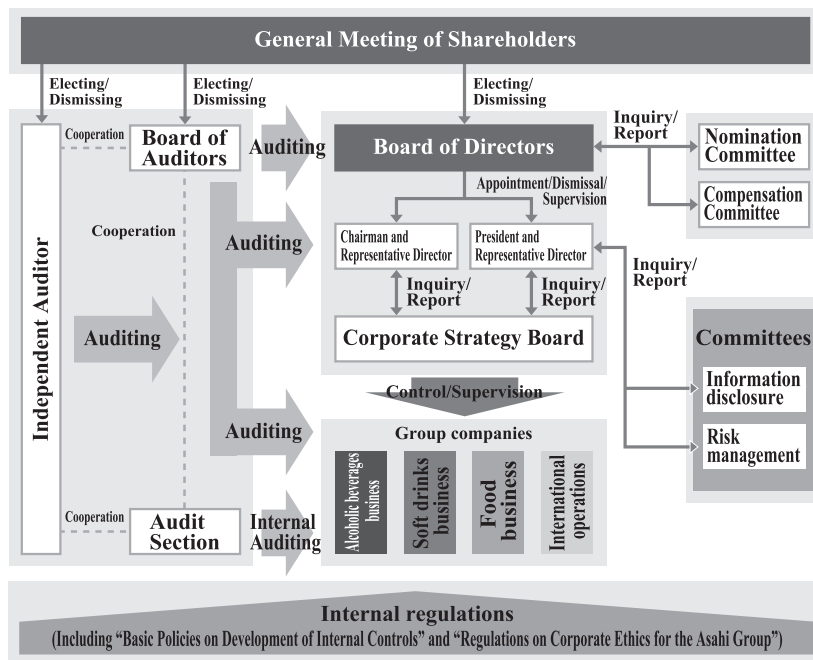
meetings beforehand for Corporate Auditors.

- C. Corporate Auditors shall at all times have the right to review the minutes of important meetings, documents of approval, etc.

<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 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

<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 Group, and other tangible and intangible management resources thereof, potential effects of forward-looking measures and other items that constitute the Group's corporate value, and must enable to maintain and enhance the 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 (hereinafter referred to as the “Board”) provided that such takeover is intended to contribute to the enhancement of the Company's 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 Group's corporate value and have the capability to maintain and enhance it in the medium and long term; otherwise, the Group's corporate value and the common interests of shareholders would be damaged.

Based on the factors and matters stated above, the Company determines that it is vital to have in place a framework for preventing large-scale share purchases that would

undermine the Group's corporate value and the common interests of shareholders.

<Framework that contributes to realization of the basic policy>

A. Special Measures Contributing to Realization of the Basic Policy

In its “Long-Term Vision 2015”, the Company sets out its aim to “Striving for transforming the bounty of nature into the “Kando” (joy and satisfaction) of food while becoming a trusted company with global quality”. Measures set forth in “Medium-Term Management Plan 2012” in order to achieve this aim got underway in earnest in 2010.

“Medium-Term Management Plan 2012” targets further enhancement of the Company’s strengths in “craftsmanship” as a means of boosting corporate value; in addition, it also looks to raise quality in all aspects of business – from products, to management, to human resources – to world class levels and to raise the profitability of existing businesses in order to develop a new growth path.

Meanwhile, the Company has adopted “Share the Kando” as its Corporate Brand Statement, underlining its commitment to clearly define the value that the Group delivers to customers and to society as a whole.

The Company is convinced that by diligently implementing “Medium-Term Management Plan 2012” in pursuit of the goals of “Long-Term Vision 2015”, and therefore, by successfully delivering the value called for by the Corporate Brand Statement based on the *raison d’être* engrained in the Group’s corporate philosophy, it can significantly strengthen the relationship of trust between the Group and its stakeholders, and in addition, can secure and enhance corporate value, and thus, the common interests of shareholders.

Furthermore, the Company also plans to further strengthen its corporate governance in the execution of the above-mentioned measures.

By introducing a corporate officer (*Sikko-Yakuin*) 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. In addition, the Company operates a system that facilitates checks by Outside Directors/Corporate Auditors by electing Outside Directors/Corporate Auditors and by establishing the “Nomination Committee” and the “Compensation Committee”, both including Outside Directors as their members, as a sub-body of the Board.

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 83rd Annual General Meeting of Shareholders held on March 27, 2007.

By transitioning to a pure holding company structure in July 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 (plan against large-scale purchase of shares in the Company)

With the approval at the meeting of the Board held on February 8, 2010, the Company resolved to update its "countermeasures against large-scale purchases of the shares in the company" (hereinafter, the "Plan") in light of the fundamental approach to corporate control as set forth in <Basic policy> above, and the updated Plan was approved at the 86th Annual General Meeting of Shareholders held on March 26, 2010.

The Plan shall be applicable to any of the following two types of Purchase(s) ("Purchase").

- i) A purchase of shares in the Company as a result of which the holder's (shareholder's) holding ratio will rise to 20% or more of the total outstanding shares in the Company; and
- ii) A tender offer for shares in the Company as a result of which the purchaser's shareholding ratio targeted by the tender offer and the holding ratio of "persons in special relationship", when combined, will be 20% or more of the total outstanding shares in the Company.

A Purchaser contemplating a Purchase shall be requested to provide in advance of commencement of the Purchase a statement of intent containing a written pledge to follow the procedures set forth in the Plan in conducting the Purchase. Thereafter, the Purchaser shall be requested to provide, in a format set forth by the Company, a Purchase Prospectus containing the information necessary to evaluate the content of the Purchase. The Company shall present the content of the Purchase Prospectus to the Independent Committee whose members shall consist of Outside Directors, Outside Corporate Auditors and/or experts, all of whom are independent of management of the Company. The content shall be assessed and evaluated by this committee. On its own accord, the Independent Committee will obtain advice from independent third parties (including financial advisers, CPAs, lawyers, consultants and other experts) and, on the basis of such advice, will assess and evaluate the content of the Purchase, evaluate alternative proposals offered by the Company's Board, negotiate with the Purchaser, and disclose information to shareholders of the

Company. If the Independent Committee determines that the information provided by the Purchaser does not meet the criteria for the Required Information (as defined in the Plan), it may, either directly or indirectly, request the Purchaser to submit additional information within an appropriate period of time as designated by the Independent Committee. In this event, the Purchaser shall submit such additional information within the period of time provided.

The Independent Committee will make recommendations to the Board to execute the Plan to allot gratis the Stock Acquisition Rights (as defined in the Plan) to shareholders of the Company if the Independent Committee has determined that the Purchase meets either of the requirements for exercise of the Plan and it is appropriate to so exercise: e.g. in case the Purchaser has not observed and followed the procedures specified in the Plan or in case, as a result of review by the Committee, the Committee concludes the Purchase could cause obvious damage to the Company's corporate value and the common interests of shareholders in the opinion of the Committee. In the event that the Independent Committee cannot easily determine whether or not the Purchase as set forth in the Plan (a) could cause obvious damage to the Company's corporate value and the common interests of shareholders; (b) could result in implementation of a coercive two-tier purchase method or any other method by which the shareholders could be forced to sell their shares; or (c) its terms would be notably inadequate or inappropriate in light of the fundamental value of the Company, said Independent Committee may attach an opinion to its recommendation that the will of the shareholders concerning execution of the gratis Allotment of the Stock Acquisition Rights should be confirmed at a shareholders' meeting. These Stock Acquisition Rights shall entitle their holders to acquire one (1) share of the common stock in the Company by exercising the rights at a price to be determined by the Company's Board - which shall be set at a level between a minimum of one (1) yen and a maximum of one-half the market value per share of the Company's stock. In addition, these rights shall contain conditions that exclude the Purchaser from exercising the rights and shall also be accompanied by provisions that enable the Company to acquire one (1) Stock Acquisition Right in exchange for one (1) share of the Company's stock from persons other than the Purchaser.

While paying utmost respect to the recommendation made by the Independent Committee as stated above, the Company's Board shall, as the organizational body authorized to do so under the Companies Act, promptly decide whether or not to execute the gratis Allotment of the Stock Acquisition Rights. In the event that the Board deems confirmation of the will of the shareholders to be appropriate and convenes a shareholders' meeting for this purpose, the Board shall, as the authorized body as described above and in accordance with the resolution of said

meeting, issue a resolution concerning execution or non-execution of the gratis Allotment of the Stock Acquisition Rights.

The Plan shall be effective from the conclusion of the 86th Annual General Meeting of Shareholders held on March 26, 2010 until the conclusion of the Company's Annual General Meeting of Shareholders that concerns the last one of the Company's business years that end within three years from the conclusion of the 86th Meeting.

Notwithstanding the above, the Company may abrogate the Plan even before the effective period expires upon a decision thereof by the Board. Also, the Board may amend or alter the Plan during its effective period subject to approval by the Independent Committee.

Under the Plan, shareholders of the Company remain directly and specifically unaffected unless and until the gratis Allotment of the Stock Acquisition Rights is executed. On the other hand, if the Plan is set in motion and a gratis Allotment of the Stock Acquisition Rights is executed, the shares held by a shareholder of the Company will be subject to dilution unless he/she carries out the procedures required for the exercise of the Stock Acquisition Rights (note, however, no dilution shall occur in case the Company exercises option of acquisition of the Stock Acquisition Rights for shares in the Company).

<Judgment of the Company's Board regarding the specific measures and reasons therefor>

The special measures intended to contribute to realization of the Basic Policies described above in A of <Framework that contributes to realization of the basic policy> conform to the basic policy of the Company as described above, are fully compatible with the corporate value and the common interests of shareholders of the Company, and are never implemented for the purpose of maintaining the status of Directors and Corporate Auditors of the Company.

The following elements having been taken into consideration and incorporated into the design of the Plan described above in B of <Framework that contributes to realization of the basic policy>, the Board of the Company believes that the Plan conforms to the basic policy of the Company as described above and meets the corporate value as well as common interests of shareholders of the Company and that it is never for the purpose of maintaining the status of Directors and Corporate Auditors of the Company.

A. Respect for Shareholders' Will

- The Plan was approved at the 86th Annual General Meeting of Shareholders held on March 26, 2010.

- The effective period of the Plan is limited, running until the conclusion of the Company's Annual General Meeting of Shareholders that concerns the last one of the Company's business years that end within three years from the conclusion of the above Annual General Meeting of Shareholders.
- The term of office of Directors is one year, allowing the shareholders to have their intentions reflected through elections of Directors every year.

B. Respect for Judgment of Outside Parties with High Degree of Independence and Information Disclosure

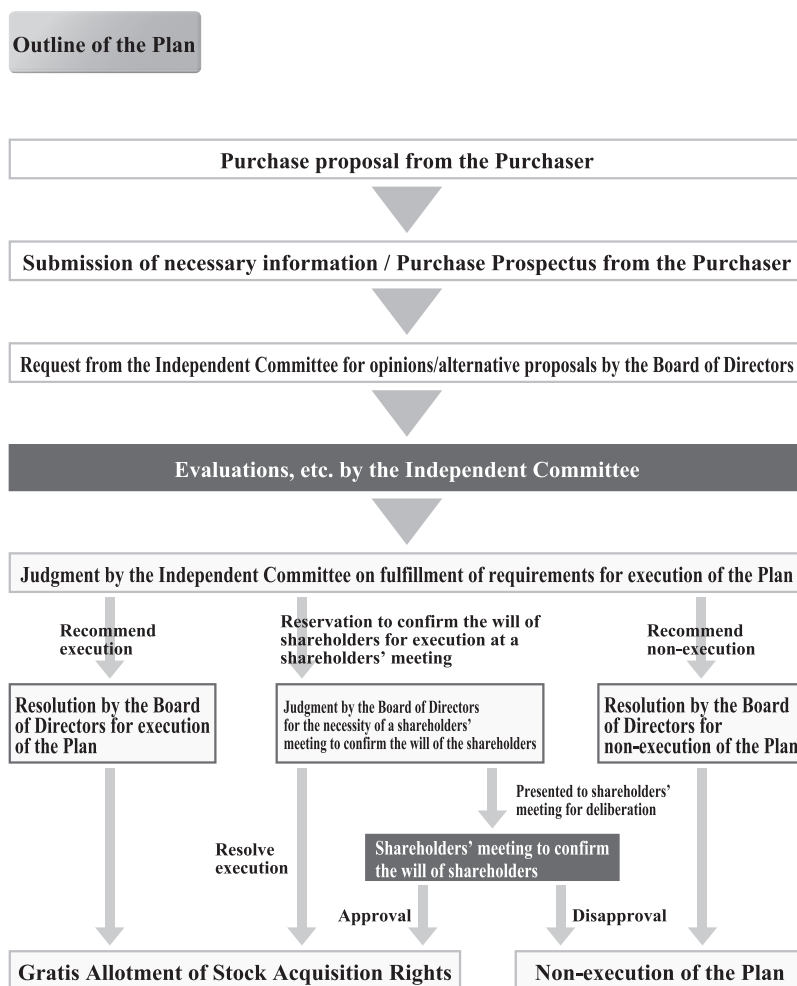
In updating the Plan, the Company has established the Independent Committee as a body to make a substantial judgment objectively with regard to matters concerning the operation of the Plan such as its exercise of, abrogation of, amendment to or alteration of the Plan for and on behalf of shareholders with a view to preventing arbitrary decisions by the Board. The members of the Independent Committee consisting of three (3) or more are appointed by the Board from among Outside Directors, Outside Corporate Auditors and/or experts who meet the requirements stipulated in the Company's internal rules for the Independent Committee.

Once a Purchase has been made, the Independent Committee shall offer a recommendation as to whether or not the Purchase would damage the Company's corporate value as well as common interests of shareholders, as stated above. Then, the Board shall honor the Independent Committee's recommendation and subsequently make a resolution under the Companies Act.

In this way, the Independent Committee shall maintain close surveillance over the Board to prevent any arbitrary decision by the Board and disclose to shareholders information concerning the details of its judgment, thus ensuring that the Plan will be handled in a transparent manner within the limits necessary for contributing to the enhancement of the Company's corporate value as well as common interests of shareholders.

C. Setting of Reasonable and Objective Conditions

The Plan is designed in ways not to be triggered unless and until reasonable and objective conditions are met, and ensures a structure to eliminate arbitrary triggering by the Board.



(Reference)

This plan is valid until the conclusion of the 89th Annual General Meeting of Shareholders to be held on March 26, 2013.

Although this is not officially a part of the business report, we hereby report to our shareholders that the Company's Board of Directors held on February 13, 2013 resolved to abolish this plan without renewing it upon conclusion of the aforementioned Annual General Meeting of Shareholders.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

	As of December 31, 2012	Million yen As of December 31, 2011 (Reference)
ASSETS		
Current assets:		
Cash and deposits	34,573	16,893
Notes and accounts receivable	317,008	279,596
Merchandise and finished goods	79,152	70,400
Raw materials and supplies	34,366	32,229
Deferred tax assets	12,622	12,982
Other current assets	56,379	48,369
Allowance for doubtful accounts	(4,914)	(3,326)
Total current assets	529,189	457,145
Fixed assets:		
Tangible fixed assets:		
Buildings and structures	170,347	164,671
Machinery, equipment and vehicles	127,276	123,455
Tools, furniture and fixtures	50,374	46,740
Land	205,553	176,054
Lease assets	21,944	19,871
Construction in progress	7,828	5,354
Other tangible fixed assets	73	88
Total tangible fixed assets	583,398	536,236
Intangible fixed assets:		
Goodwill	203,764	184,407
Other intangible fixed assets	95,373	49,880
Total intangible fixed assets	299,137	234,288
Investments and other assets:		
Investment securities	266,248	236,099
Long-term loans receivable	4,232	5,103
Long-term prepaid expenses	8,245	8,601
Deferred tax assets	18,212	28,950
Other investments	26,932	29,136
Allowance for doubtful accounts	(3,409)	(5,655)
Total investments and other assets	320,461	302,237
Total fixed assets	1,202,998	1,072,762
Total assets	1,732,187	1,529,907

CONSOLIDATED BALANCE SHEETS

	Million yen	
	As of December 31, 2012	As of December 31, 2011 (Reference)
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities:		
Notes and trade accounts payable	117,774	104,527
Short-term borrowings	174,697	136,679
Bonds due within one year	—	25,000
Lease obligations	7,975	6,200
Alcohol tax payable	112,598	111,063
Consumption taxes payable	17,722	17,412
Income taxes payable	23,201	25,018
Other accounts payable	67,910	61,221
Accrued expenses	60,376	61,877
Deposits received	21,200	18,931
Commercial paper	68,000	28,000
Allowance for employees' bonuses	4,139	3,051
Other current liabilities	4,470	3,182
Total current liabilities	680,068	602,166
Long-term liabilities:		
Bonds	188,121	160,133
Long-term borrowings	25,415	40,279
Lease obligations	15,620	15,133
Allowance for employees' severance and retirement benefits	23,851	21,854
Allowance for retirement benefits for directors and corporate auditors	480	372
Deferred tax liabilities	31,433	6,601
Asset retirement obligations	471	478
Other long-term liabilities	39,846	39,089
Total long-term liabilities	325,239	283,942
Total liabilities	1,005,308	886,108

CONSOLIDATED BALANCE SHEETS

	Million yen	
	As of December 31, 2012	As of December 31, 2011 (Reference)
NET ASSETS		
Shareholders' equity:		
Capital stock	182,531	182,531
Capital surplus	150,641	150,788
Retained earnings	383,177	338,809
Treasury stock	(27,763)	(28,295)
Total shareholders' equity	688,586	643,833
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	3,259	(2,685)
Deferred gains or losses on hedges	(5)	1
Foreign currency translation adjustments	31,978	584
Total accumulated other comprehensive income	35,232	(2,100)
Minority interests	3,060	2,065
Total net assets	726,879	643,798
Total liabilities and net assets	1,732,187	1,529,907

CONSOLIDATED STATEMENTS OF INCOME

	Million yen	
	For the year ended December 31, 2012	For the year ended December 31, 2011 (Reference)
Net sales	1,579,076	1,462,736
Cost of sales	974,702	907,234
Gross profit	604,374	555,492
Selling, general and administrative expenses	495,937	448,302
Operating income	108,437	107,190
Non-operating income:	14,123	11,154
Interest income	402	333
Dividend income	1,335	1,136
Gain on valuation of derivatives	207	3,079
Equity in net income of non-consolidated subsidiaries and affiliated companies	10,616	5,479
Other non-operating income	1,559	1,125
Non-operating expenses:	7,738	7,435
Interest expenses	4,043	3,668
Other non-operating expenses	3,695	3,767
Recurring profit	114,821	110,909
Extraordinary gains:	9,356	10,387
Gain on sales of fixed assets	353	2,607
Gain on sales of investment securities	187	535
Gain on sales of shares in affiliates	201	4,677
Reversal of allowance for doubtful accounts	—	966
Gain on change in equity	8,088	—
Other extraordinary gains	525	1,599
Extraordinary losses:	24,338	30,874
Loss on sales and disposal of fixed assets	3,388	3,695
Loss on sales of investment securities	93	0
Loss on devaluation of investment securities	888	2,192
Impairment loss on fixed assets	3,069	—
Loss on factory restructurings	1,459	734
Loss on liquidation of subsidiaries and affiliates	0	18
Earthquake related expenses	—	17,914
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	460
Business integration expenses	5,943	3,615
Adjustment of goodwill	7,954	—
Other extraordinary losses	1,539	2,243
Income before income taxes and minority interests	99,840	90,422
Income taxes—current	33,854	29,937
Income taxes—deferred	8,453	4,949
Income before minority interests	57,532	55,535
Minority interests	349	441
Net income	57,183	55,093

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the year ended December 31, 2012

Million yen

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance as of Jan. 1, 2012	182,531	150,788	338,809	(28,295)	643,833
Changes during the term					
Dividends			(12,808)		(12,808)
Net income (loss)			57,183		57,183
Acquisition of treasury stock				(13)	(13)
Disposal of treasury stock		(147)		545	398
Change in scope of equity method			(7)		(7)
Other changes in non-shareholders' equity items during the term (net)					
Total changes during the term	—	(147)	44,368	532	44,753
Balance as of Dec. 31, 2012	182,531	150,641	383,177	(27,763)	688,586

	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	Total accumulated other comprehensive income		
Balance as of Jan. 1, 2012	(2,685)	1	584	(2,100)	2,065	643,798
Changes during the term						
Dividends						(12,808)
Net income (loss)						57,183
Acquisition of treasury stock						(13)
Disposal of treasury stock						398
Change in scope of equity method						(7)
Other changes in non-shareholders' equity items during the term (net)						
	5,945	(6)	31,394	37,333	994	38,327
Total changes during the term	5,945	(6)	31,394	37,333	994	83,080
Balance as of Dec. 31, 2012	3,259	(5)	31,978	35,232	3,060	726,879

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis for Preparation of Consolidated Financial Statements

(1) Items in the scope of the consolidation

A. Number of consolidated subsidiaries: 84

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.

Companies added to the scope of consolidation during the consolidated fiscal year under review were Mountain H2O Pty Ltd., Calpis Co., Ltd., Calpis Foods Service Co., Ltd., Calpis U.S.A., Inc., Taiwan Calpis Co., Ltd. and PT. Calpis Indonesia due to the acquisition of their shares; and PT. Asahi Indofood Beverage Makmur and Calpis America, Inc. due to their incorporation.

Companies removed from the scope of consolidation during the consolidated fiscal year under review were Flavoured Beverages Group Holdings Limited, Asahi Liquor New Zealand Limited and Asahi Beverages New Zealand Limited due to merger with consolidated subsidiaries.

B. Principal non-consolidated subsidiary

DEMBALL LIMITED

Rationale for exclusion from the scope of consolidation:

The non-consolidated subsidiary including the one mentioned above is all 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

A. Number of companies subject to application of the equity method: 100

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

Asahi Group Engineering Co., Ltd., Yeastock, Ltd.

Yeastock, Ltd. was subject to application of the equity method during the consolidated fiscal year under review due to additional acquisition of shares.

Affiliates subject to application of the equity method: 98

These include Asahi Business Solutions Corp., Shenzhen Tsingtaobeer Asahi Co., Ltd., Asahi & Mercuries Co., Ltd., Tsingtao Brewery Co., Ltd., China Foods Investment Corp., Jiangsu Saint Fruit Winery Co. Ltd, Tingyi-Asahi Beverages Holding Co., Ltd.

and eighty-eight (88) other affiliated companies, one (1) affiliated company of Mountain H2O Pty Ltd., Shanghai Jiayou Investment Management Co., LTD. and PT. Indofood Asahi Sukses Beverage.

Companies that became subject to application of the equity method during the consolidated fiscal year under review are fifteen (15) affiliates of Tingyi-Asahi Beverages Holding Co., Ltd. and PT. Indofood Asahi Sukses Beverage due to incorporation; twenty-three (23) affiliates of Tingyi-Asahi. Beverages Holding Co., Ltd. and one (1) affiliate of Mountain H2O Pty Ltd. due to acquisition of their shares; and Shanghai Jiayou Investment Management Co., LTD. due to an increase in its materiality.

Companies no longer subject to application of the equity method in the consolidated fiscal year under review are one (1) affiliate of Tingyi-Asahi Beverages Holding Co., Ltd., due to liquidation; and Yeastock, Ltd. due to additional acquisition of shares.

B. Principal non-consolidated subsidiaries and affiliates not subject to application of the equity method

Non-consolidated subsidiaries: DEMBALL LIMITED

Affiliates: Asahi Business Produce Co., Ltd.

Rationale for not applying the equity method to the non-consolidated subsidiaries and affiliates:

The companies in question have 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.

(Additional Information)

Matters relating to application of the equity method

Although the equity on earnings of affiliates for Tingyi-Asahi Beverages Holding Co., Ltd. and its affiliates had heretofore been calculated using closing figures from December, when the company's fiscal year ends, the Company has adopted the method of calculating equity in earnings of affiliates using financial statements based on the provisional fiscal year ending at September 30 (calculated by a reasonable procedure in accordance with legitimate accounting methods) beginning from the consolidated fiscal year under review in order to expedite disclosures and decision making relating to financial performance. However, because equity on earnings based on the company's financial statements as of the consolidated closing on December 31 was recognized in the previous consolidated fiscal year, the equity based on the company's closing figures for a nine-month period is recognized for the consolidated fiscal year under review.

(3) Accounting period of the consolidated subsidiaries

The accounting period of Asahi Beer U.S.A., Inc., is October 1 to September 30 and is different from that of the Company. Thus, a provisional fiscal year ending at December 31 was used for Asahi Beer U.S.A., Inc. for consolidation purposes. All other consolidated subsidiaries have the same accounting period as the Company.

(4) Significant accounting policies

A. Policies and methods of valuation for significant assets

1) Valuation basis and method for securities

Held-to-maturity debt securities:

Held-to-maturity debt securities are 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.

2) Valuation basis and method for derivatives

Market price method

3) Valuation basis and method for inventories

Merchandise, finished goods and semi-finished goods are stated at cost determined mainly by the weighted-average method (write-downs to net selling value regarded as decreased profitability).

Raw materials and supplies are stated at cost determined mainly by the moving-average method (write-downs to net selling value regarded as decreased profitability).

B. Depreciation methods for major assets

Tangible fixed assets (excluding lease assets):

Tangible fixed assets are mainly depreciated using the straight-line method. However, some consolidated subsidiaries use the declining balance 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.

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.

C. 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' severance and retirement benefits:

The Company and its consolidated subsidiaries make provisions in the necessary amount of allowance for employees' severance and retirement benefits deemed to have accrued during the term, based on each company's projected benefit obligations and the pension fund balance as of the end of the consolidated fiscal year under review.

Actuarial gain or loss is amortized, beginning in the year following the year in which the gain or loss is recognized, by the straight-line method for a given number of years (mainly ten (10) years) within the employees' average remaining years of service.

Prior service costs are amortized by the straight-line method within the employees' average remaining years of service (mainly ten (10) years) from the time they arise.

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.

Allowance for employees' bonuses:

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

D. Other significant items associated with the preparation of consolidated financial statements

1) 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 and interest rate swaps

Hedged items: Transactions in foreign currencies and interest on borrowings

c. 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.

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.

2) 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.

(5) Amortization of goodwill

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

(Additional Information)

Application of Accounting Standards for Accounting Changes and Error Corrections

The Company has applied “Accounting Standards for Accounting Changes and Error Corrections” (ASBJ Statement No. 24, published December 4, 2009) and “Guidance on Accounting Standards for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, published December 4, 2009) to the accounting changes and errors corrections made on or after January 1, 2012.

2. 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 ¥261 million and long-term borrowings of ¥1,087 million:

Buildings and structures:	¥3,970 million
Machinery, equipment and vehicles:	¥1,845 million
Land:	¥9,188 million
<hr/>	
Total	¥15,003 million

(2) Accumulated depreciation of tangible fixed assets: ¥781,923 million

(3) Contingent liabilities

Guarantees: ¥691 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:	¥180 million
Notes payable:	¥124 million

3. Notes to the Consolidated Statements of Income

(1) 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 a Group affiliate accounted for by the equity method.

(2) Extraordinary loss

The “adjustment of goodwill” recognized as extraordinary loss mainly comprises loss attributable to circumstances that the Company found out after the acquisition of Flavoured Beverages Group Holdings Limited (currently Independent Liquor (NZ) Limited), an alcoholic beverage company in New Zealand acquired in 2011, that there was false information in the financial information provided by the seller side, which served as the basis for the purchase price of the company. The Company has decided to take legal actions in order to recover the damages incurred. The amount of loss recognized by the Company for accounting purposes differs from the amount of damages incurred in the legal sense, which will be determined by the Court based on legal principles and expert evidence.

4. 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

A. It was resolved at the 88th Annual General Meeting of Shareholders of March 27, 2012 as follows:

Item related to dividends on common stock	
Total amount of dividends:	¥6,286 million
Dividend per share:	¥13.50
Record date:	December 31, 2011
Effective date:	March 28, 2012

B. It was resolved at the Board of Directors Meeting of August 2, 2012 as follows:

Item related to interim dividends on common stock	
Total amount of interim dividends:	¥6,522 million
Interim dividend per share:	¥14
Record date:	June 30, 2012
Effective date:	August 31, 2012

(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 89th Annual General Meeting of Shareholders scheduled for March 26, 2013.

Item related to dividends on common stock	
Source of dividends:	Retained earnings
Total amount of dividends:	¥6,523 million
Dividend per share:	¥14
Record date:	December 31, 2012
Effective date:	March 27, 2013

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

The First Issue of stock acquisition rights (issued March 28, 2003)

Number of stock acquisition rights:	33
Class and number of shares subject to the stock acquisition rights:	33,000 shares of common stock
Amount to be paid in per share upon exercise of the stock acquisition rights:	¥830
Exercise period:	March 28, 2005 to March 27, 2013

The Second Issue of stock acquisition rights (issued March 30, 2004)

Number of stock acquisition rights:	2,820
Class and number of shares subject to the stock acquisition rights:	282,000 shares of common stock
Amount to be paid in per share upon exercise of the stock acquisition rights:	¥1,205
Exercise period:	March 30, 2006 to March 29, 2014

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

Number of stock acquisition rights:	5,247
Class and number of shares subject to the stock acquisition rights:	524,700 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

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

Number of stock acquisition rights:	6,120
Class and number of shares subject to the stock acquisition rights:	612,000 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. Notes on Financial Instruments

(1) Financial instruments

A. 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 domestic consolidated subsidiaries to reduce consolidated interest-bearing debt. If surplus funds are generated temporarily, as a result, the Company invests it 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.

B. 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.

Securities and investment securities of the Company and the Group companies include equity interests in business partners and bonds to be held to maturity 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 (i.e., 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 overseas 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.

C. Risk management system relating to financial instruments

1) Credit risk management (managing risks related to business partners not fulfilling contract obligations)

In accordance with accounting rules, guidelines on handling accounting operations, and accounts receivable management rules, 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.

2) Managing market risks (foreign exchange and interest rate fluctuation risks)

Looking to reduce foreign exchange fluctuation risks on future foreign currency-based cash flows which the Company has ascertained for specific currencies, the Company has established a currency hedging policy which mainly uses currency forward contracts based on the current status and future outlook of the foreign exchange market. The transactions are being carried out in accordance with the regulation of authority. The Company also engages in interest rate swap transactions to avoid interest rate fluctuation risks relating to borrowings.

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

Each 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.

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

Since the Company and its principal domestic 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	34,573	34,573	—
(2) Notes and accounts receivable	317,008		
Allowance for doubtful accounts (*1)	(3,635)		
Notes and accounts receivable (net)	313,372	313,372	—
(3) Securities and investment securities			
A. Shares in affiliates	74,115	135,779	61,664
B. Held-to-maturity debt securities	500	500	0
C. Other securities	76,750	76,750	—
(4) Long-term loans receivable (*2)	7,387		
Allowance for doubtful accounts (*3)	(2,796)		
Long-term loans receivable (net)	4,591	4,597	6
Total assets	503,902	565,574	61,671
(1) Notes and trade accounts payable	117,774	117,774	—
(2) Short-term borrowings	159,330	159,330	—
(3) Other accounts payable	67,910	67,910	—
(4) Deposits received	21,200	21,200	—
(5) Commercial paper	68,000	68,000	—
(6) Bonds	188,121	191,101	2,979
(7) Long-term borrowings (*4)	40,782	41,367	585
(8) Lease obligations (*5)	23,596	24,333	737
Total liabilities	686,715	691,018	4,302
Derivatives (*6)	(146)	(146)	—

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

(*5) Lease obligations (current liabilities) are included.

(*6) 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) Securities and 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.

Liabilities

(1) Notes and trade accounts payable, (2) Short-term borrowings, (3) Other accounts payable,

(4) Deposits received, and (5) Commercial paper

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

For bonds the Company issues, market price is used for those that have a market value and the price indicated by financial institutions with which the Company does business is used for those without market value.

(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 using 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.

(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 with which it does business as the market value. However, since derivatives transactions subject to exceptional treatment using 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 the other securities and securities of affiliates, those that are unlisted (¥115,382 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) Securities and investment securities.

6. Per share information

(1) Net assets per share:	¥1,553.35
(2) Net income per share:	¥122.75

7. 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, 2012	For the year ended December 31, 2011
Cash flows from operating activities:		
Income before income taxes and minority interests	99,840	90,422
Depreciation	59,365	58,134
Amortization of goodwill	10,552	6,796
Increase (decrease) in allowance for employees' severance and retirement benefits	1,693	(1,423)
Increase (decrease) in allowance for doubtful accounts	(509)	(1,811)
Decrease (increase) in trade receivables	(8,797)	(837)
Decrease (increase) in inventories	(5,373)	(3,089)
Increase (decrease) in trade payables	(3,399)	(890)
Increase (decrease) in alcohol tax payable	1,208	(9,293)
Other cash flows from operating activities	2,480	14,896
Subtotal	157,062	152,904
Interest and dividend income received	5,020	5,745
Interest expenses paid	(4,275)	(3,345)
Income taxes paid	(48,515)	(46,791)
Net cash provided by operating activities	109,292	108,513
Cash flows from investing activities:		
Purchase of fixed assets	(40,341)	(26,594)
Purchase of investment securities	(4,741)	(8,352)
Proceeds from sales of investment securities	1,039	977
Proceeds from sales of investments in subsidiaries	552	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(88,270)	(142,142)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	—	3,014
Other cash flows from investing activities	(2,557)	1,863
Net cash used in investing activities	(134,319)	(171,234)
Cash flows from financing activities:		
Increase (decrease) in financial liabilities	63,893	83,831
Purchase of treasury stock	(13)	(11)
Cash dividends paid	(12,808)	(11,170)
Other cash flows from financing activities	(8,069)	(5,559)
Net cash provided by (used in) financing activities	43,002	67,090

Reference: CONSOLIDATED STATEMENTS OF CASH FLOWS (Summary)

	Million yen	
	For the year ended December 31, 2012	For the year ended December 31, 2011
Effect of exchange rate change on cash and cash equivalents	207	819
Net increase (decrease) in cash and cash equivalents	18,182	5,187
Cash and cash equivalents at beginning of year	16,137	10,813
Increase in cash and cash equivalents resulting from change in scope of consolidation	—	136
Cash and cash equivalents at end of year	34,320	16,137

FINANCIAL STATEMENTS
NON-CONSOLIDATED BALANCE SHEETS

	Million yen	
	As of December 31, 2012	As of December 31, 2011 (Reference)
ASSETS		
Current assets:		
Cash and deposits	21,113	3,637
Short-term loans receivable	372,836	43,445
Prepaid expenses	1,044	782
Deferred tax assets	198	193
Income taxes receivable	11,633	1,458
Other current assets	13,964	15,129
Allowance for doubtful accounts	(1,040)	(389)
Total current assets	419,751	64,257
Fixed assets:		
Tangible fixed assets:		
Buildings	14,143	14,677
Structures	327	349
Machinery and equipment	163	177
Vehicles	1	1
Tools, furniture and fixtures	665	664
Land	15,037	15,034
Lease assets	438	532
Construction in progress	108	305
Total tangible fixed assets	30,886	31,743
Intangible fixed assets:		
Rights to use of facilities	40	41
Trademark rights	15,716	16,684
Software	8,646	6,020
Lease assets	81	21
Other intangible fixed assets	0	0
Total intangible fixed assets	24,484	22,767

NON-CONSOLIDATED BALANCE SHEETS

	Million yen	
	As of December 31, 2012	As of December 31, 2011 (Reference)
Investments and other assets:		
Investment securities	36,358	32,394
Shares in affiliates	463,950	902,820
Capital invested in affiliates	7,388	7,309
Long-term loans receivable from affiliates	4,727	4,877
Deferred tax assets	14,612	21,338
Other investments	1,184	1,337
Allowance for doubtful accounts	(274)	(1,931)
Total investments and other assets	527,946	968,145
Total fixed assets	583,317	1,022,656
Total assets	1,003,068	1,086,914

NON-CONSOLIDATED BALANCE SHEETS

	Million yen	
	As of December 31, 2012	As of December 31, 2011 (Reference)
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities:		
Short-term borrowings	157,550	121,400
Bonds due within one year	—	25,000
Lease obligations	256	284
Other accounts payable	491	1,080
Accrued expenses	3,678	2,714
Deposits received	14,934	191,187
Commercial paper	68,000	28,000
Allowance for employees' bonuses	117	130
Allowance for directors' and corporate auditors' bonuses	112	101
Other current liabilities	149	217
Total current liabilities	245,290	370,116
Long-term liabilities:		
Bonds	188,121	160,133
Long-term borrowings	21,200	35,200
Lease obligations	290	299
Other long-term liabilities	100	100
Total long-term liabilities	209,712	195,732
Total liabilities	455,002	565,848

NON-CONSOLIDATED BALANCE SHEETS

	Million yen	
	As of December 31, 2012	As of December 31, 2011 (Reference)
NET ASSETS		
Shareholders' equity:		
Capital stock	182,531	182,531
Capital surplus	159,658	159,805
Capital reserve	130,292	130,292
Other capital surplus	29,366	29,513
Retained earnings	233,105	209,705
Other retained earnings	233,105	209,705
Reserve for reduction in entry of fixed assets	195,000	185,000
General reserve	38,105	24,705
Retained earnings carried forward	(27,763)	(28,295)
Treasury stock	547,532	523,747
Total shareholders' equity		
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	533	(2,681)
Total valuation and translation adjustments	533	(2,681)
Total net assets	548,065	521,065
Total liabilities and net assets	1,003,068	1,086,914

NON-CONSOLIDATED STATEMENTS OF INCOME

	Million yen	
	For the year ended December 31, 2012	For the year ended December 31, 2011 (Reference)
Net sales	—	400,141
Operating revenue	70,169	12,523
Operating income of the Group	24,822	11,191
Rent income from real estate	1,535	726
Dividends from subsidiaries and affiliates	43,810	605
Total operating revenue	70,169	412,665
Cost of sales	—	278,948
Gross profit	—	121,192
Selling, general and administrative expenses	—	90,363
Operating expenses	22,648	11,878
Operating income	47,521	31,474
Non-operating income:	3,352	20,179
Interest and dividend income	2,120	15,817
Gain on valuation of derivatives	—	3,281
Reversal of allowance for doubtful accounts	999	—
Other non-operating income	233	1,079
Non-operating expenses:	3,957	5,092
Interest expenses	2,358	2,445
Other non-operating expenses	1,598	2,647
Recurring profit	46,917	46,562
Extraordinary gains:	20,528	1,746
Gain on sales of fixed assets	—	0
Gain on sales of investment securities	149	—
Gain on sales of shares in affiliates	18,137	257
Gain on liquidation of subsidiaries and affiliates	2,241	39
Reversal of allowance for doubtful accounts	—	1,449
Extraordinary losses:	25,684	15,485
Loss on sales and disposal of fixed assets	308	1,078
Loss on devaluation of investment securities	755	1,587
Loss on sales of shares in affiliates	17,739	63
Loss on devaluation of shares in affiliates	4,764	433
Loss on devaluation of equity participation in affiliates	2,115	—
Loss on liquidation of subsidiaries and affiliates	0	596
Earthquake related expenses	—	9,833
Extra retirement payments	—	1,637
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	254
Income before income taxes	41,761	32,823
Income taxes — current	589	3,708
Income taxes — deferred	4,963	7,273
Net income	36,208	21,841

NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the year ended December 31, 2012

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, 2012	182,531	130,292	29,513	159,805	185,000	24,705	209,705
Changes during the term							
Dividends						(12,808)	(12,808)
Net income (loss)						36,208	36,208
Acquisition of treasury stock							
Disposal of treasury stock			(147)	(147)			
Provision of general reserve					10,000	(10,000)	—
Other changes in non-shareholders' equity items during the term (net)							
Total changes during the term	—	—	(147)	(147)	10,000	13,399	23,399
Balance as of Dec. 31, 2012	182,531	130,292	29,366	159,658	195,000	38,105	233,105

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	
Changes during the term				
Dividends		(12,808)		(12,808)
Net income (loss)		36,208		36,208
Acquisition of treasury stock	(13)	(13)		(13)
Disposal of treasury stock	545	398		398
Provision of general reserve		—		—
Other changes in non-shareholders' equity items during the term (net)			3,214	3,214
Total changes during the term	532	23,784	3,214	26,999
Balance as of Dec. 31, 2012	(27,763)	547,532	533	548,065

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

1. 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

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

(4) Depreciation methods for fixed assets

A. 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 on the same standards as those specified in the Corporation Tax Act.

B. 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.

C. 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

A. 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.

B. 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

C. 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.

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.

(7) 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.

(Additional Information)

Application of Accounting Standard for Accounting Changes and Error Corrections, etc.

The Company has applied “Accounting Standards for Accounting Changes and Error Corrections” (ASBJ Statement No. 24, published December 4, 2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, published December 4, 2009) to the accounting changes and error corrections made on or after January 1, 2012.

2. Notes to the Non-Consolidated Balance Sheets

(1) Accumulated depreciation on tangible fixed assets ¥29,216 million

(2) Contingent liabilities

A. Guarantees, etc., against bank borrowings
Guarantees: ¥14,250 million

B. Guarantees, etc., against derivatives
Guarantees:
Contract amount, etc.: ¥10,861 million
Unrealized gains (losses): ¥(122) million

(3) Monetary claims and obligations with affiliates

Short-term monetary claims on affiliates: ¥378,246 million
Long-term monetary claims on affiliates: ¥4,727 million
Short-term monetary obligations to affiliates: ¥13,747 million

3. Notes to the Non-Consolidated Statements of Income

Transactions with affiliates

Operating revenue: ¥70,064 million
Operating expenses: ¥922 million
Transactions other than operating transactions: ¥3,934 million

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

Treasury stock

Type of stock	No. of shares as of Jan. 1, 2012	Increase during the year	Decrease during the year	No. of shares as of Dec. 31, 2012
Common stock	17,950,000	7,673	346,189	17,611,484

(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: 7,673 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: 89 shares

Decrease resulting from exercise of stock options: 346,100 shares

5. Tax effect accounting

(1) Deferred tax assets and liabilities

Deferred tax assets

Shares in affiliates due to restructuring:	¥19,278 million
Allowance for doubtful accounts, in excess of tax-deductible amount:	¥356 million
Allowance for employees' bonuses, non-tax deductible:	¥44 million
Loss on devaluation of investment in subsidiaries, non-tax deductible:	¥9,777 million
Loss on devaluation of investment securities, non-tax deductible:	¥869 million
Loss on devaluation of capital contributions for subsidiaries, non-tax deductible:	¥5,260 million
Deferred loss on transfer of business between consolidated corporations:	¥987 million
Others:	¥252 million
Subtotal deferred tax assets:	¥36,827 million
Valuation allowance:	¥(15,898) million
Total deferred tax assets	¥20,928 million

Deferred tax liabilities

Deferred gain on transfer of business between consolidated corporations:	¥(5,826) million
Valuation difference on available-for-sale securities:	¥(291) million
Total deferred tax liabilities	¥(6,117) million

Net deferred tax assets:	¥14,811 million
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(2) Effective tax rates before and after application of tax effect accounting

Statutory effective tax rates:	40.4%
Adjustments	
Permanent difference (non-deductible), including entertainment expenses:	1.4%
Valuation allowance:	(7.2)%
Permanent difference (non-taxable), including dividend income:	(59.3)%
Difference due to change in tax rates:	(2.9)%
Gain (loss) on transfer of shares of subsidiaries between consolidated corporations:	41.8%
Tax credit:	(0.5)%
Others:	(0.5)%
Effective tax rates after application of tax effect accounting:	<u>13.3%</u>

6. 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, 2012
Subsidiary	Asahi Breweries, Ltd.	100% direct ownership	Interlocking of directors/corporate auditors	Operating revenue (Note 1)	55,768	—	—
				Loaning funds (Note 2)	297,351	Short-term loans receivable-	297,351
				Deposits received (Note 3)	(178,388)	—	—
Subsidiary	Asahi Soft Drinks Co., Ltd.	100% direct ownership	Interlocking of directors/corporate auditors	Transfer of shares of an affiliate (Note 4)	46,894	—	—
				Operating revenue (Note 1)	8,657	—	—
				Loaning funds (Note 2)	27,883	Short-term loans receivable	27,883
Subsidiary	Wakodo Co., Ltd.	100% direct ownership	Interlocking of directors/corporate auditors	Transfer of shares of an affiliate (Note 5)	19,945	—	—
				Transfer of shares of an affiliate (Note 5)	9,999	—	—
Subsidiary	AI Beverage Holdings Co., Ltd.	100% direct ownership	Interlocking of directors/corporate auditors	Loaning funds (Note 2)	(1,880)	Short-term loans receivable	24,453
Subsidiary	Asahi Holdings (Australia) Pty. Limited	100% direct ownership	Interlocking of directors/corporate auditors	Guarantees for liabilities (Note 6)	10,327	—	—

Terms and conditions of transaction and policy 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.
- Note 3. The interest rate for the deposits received is reasonably determined, taking the market interest rate into consideration.
- Note 4. For consistency in capital ties and corporate governance within the Group, the Company sold alcoholic beverage business subsidiaries to Asahi Breweries, Ltd. The price and other terms and conditions of the transaction were calculated or determined, taking the market conditions into consideration.
- Note 5. Shares of affiliates were assigned to accommodate the acquisition of treasury shares by the respective companies in order to improve capital efficiency within the Group. The price and other terms and conditions of the transaction were calculated or determined, taking the market conditions into consideration.
- Note 6. The Company guaranteed a bank loans in the amount of A\$115 million.

7. Notes related to leased fixed assets

Separately from the fixed assets carried on the balance sheets, some software packages are treated based on finance lease agreements that do not transfer ownership rights.

(1) As of the end of the fiscal year under review

Amount equivalent to acquisition costs: ¥25 million

(2) As of the end of the fiscal year under review

Amount equivalent to accumulated depreciation and amortization: ¥19 million

(3) As of the end of the fiscal year under review

Amount equivalent to prepaid lease rents: ¥6 million

8. Per share information

(1) Net assets per share	¥1,176.17
(2) Net income per share	¥77.72

9. Other notes

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

AUDIT REPORT

Accounting audit report on consolidated financial statements

Independent Auditor's Report

February 7, 2013

The Board of Directors
ASAHI GROUP HOLDINGS, LTD.

KPMG AZSA LLC

Hiroyuki Sakai (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, 2012 and for the year from January 1, 2012 to December 31, 2012 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 Auditor's Report

February 7, 2013

The Board of Directors
ASAHI GROUP HOLDINGS, LTD.

KPMG AZSA LLC

Hiroyuki Sakai (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 financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of ASAHI GROUP HOLDINGS, LTD. as at December 31, 2012 and for the year from January 1, 2012 to December 31, 2012 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the 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 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 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 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 financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the 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 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 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 financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of ASAHI GROUP HOLDINGS, LTD. for the period, for which the 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 AUDITORS

The Board of 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 89th fiscal year, the period from January 1, 2012 to December 31, 2012, after due discussions and consultations among the Corporate Auditors.

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

- (1) The Board of 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 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 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 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 Auditors oversaw and verified that the Independent Auditor maintained its independence and carried out appropriate audits, moreover, and received reports from the Independent Auditor regarding the execution of its duties and requested explanations when necessary. The Board also received notifications from the Independent 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 Auditors examined the financial statements (Balance Sheets, Statements of Income, Statements of Changes in Net Assets, and notes to the 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 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 serve the purpose of maintaining the positions of the Company's Directors and Corporate Auditors.

(2) Results of the audit of financial statements and the supplementary schedules thereto

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

February 8, 2013

Board of Auditors
Asahi Group Holdings, Ltd.

Yoshihiro Tonozuka (Seal)
Standing Corporate Auditor

Yukio Kakegai (Seal)
Standing Corporate Auditor

Takahide Sakurai (Seal)
Outside Corporate Auditor

Naoto Nakamura (Seal)
Outside Corporate Auditor

Tadashi Ishizaki (Seal)
Outside Corporate Auditor

Asahi

