English Translation

SUNTORY
SUNTORY BEVERAGE & FOOD

February 14, 2014

Summary of Consolidated Financial Results for the Fiscal Year Ended December 31, 2013 <under Japanese GAAP> (UNAUDITED)

Company name:	**Suntory Beverage & Food Limited**
Shares listed:	First Section, Tokyo Stock Exchange
Securities code:	2587
URL:	http://www.suntory.com/sbf/
Representative:	Nobuhiro Torii, President & CEO
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Scheduled date of ordinary general meeting of shareholders:	March 28, 2014
Scheduled date to file securities report:	March 31, 2014
Scheduled date to commence dividend payments:	March 31, 2014
Preparation of supplementary material on financial results:	Yes
Holding of financial results presentation meeting (for institutional investors and analysts):	Yes

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated financial results for the fiscal year ended December 31, 2013 (from January 1, 2013 to December 31, 2013)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
December 31, 2013	1,121,361	13.0	72,715	24.4	67,257	24.5	31,196	33.4
December 31, 2012	992,160	–	58,446	–	54,033	–	23,385	–

Note: Comprehensive income
For the fiscal year ended December 31, 2013: ¥112,536 million [82.1%]
For the fiscal year ended December 31, 2012: ¥61,799 million [–%]

Reference: EBITDA
For the fiscal year ended December 31, 2013: ¥139.6 billion [21.8%]
For the fiscal year ended December 31, 2012: ¥114.7 billion [–%]
For the definition of EBITDA, its calculation method, etc., refer to “Segment information, etc.” on page 27.

Net income before amortization of goodwill
For the fiscal year ended December 31, 2013: ¥54.4 billion [26.4%]
For the fiscal year ended December 31, 2012: ¥43.1 billion [–%]

	Net income per share	Diluted net income per share	Net income/ Shareholders' equity	Ordinary income/ total assets	Operating income/ net sales
Fiscal year ended	(Yen)	(Yen)	(%)	(%)	(%)
December 31, 2013	118.79	–	8.3	6.4	6.5
December 31, 2012	108.27	–	13.2	6.6	5.9

Reference: Equity in earnings (losses) of affiliates
For the fiscal year ended December 31, 2013: ¥788 million
For the fiscal year ended December 31, 2012: ¥(38) million

Note: On April 16, 2013, the Company conducted a 1:500 share split whereby 1 share of common stock was split into 500 shares of common stock. The net income per share amounts were calculated on the assumption that the share split was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Total equity	Shareholders' equity ratio	Equity per share
As of	(Millions of yen)	(Millions of yen)	(%)	(Yen)
December 31, 2013	1,256,701	592,968	44.4	1,806.48
December 31, 2012	844,450	204,275	22.5	881.24

Reference: Shareholders' equity (Equity excluding minority interests)
As of December 31, 2013: ¥558,200 million As of December 31, 2012: ¥190,348 million

Note: On April 16, 2013, the Company conducted a 1:500 share split whereby 1 share of common stock was split into 500 shares of common stock. The equity per share amounts were calculated on the assumption that the share split was conducted at the beginning of the previous fiscal year.

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal year ended	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
December 31, 2013	114,081	(290,613)	190,409	45,850
December 31, 2012	85,830	(75,874)	(15,249)	26,061

2. Dividends

	Annual cash dividends					Total cash dividends	Dividend payout ratio (Consolidated)	Ratio of dividends to total equity (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Millions of yen)	(%)	(%)
Fiscal year ended December 31, 2012	–	0.00	–	29,896.50	29,896.50	12,915	55.2	7.3
Fiscal year ended December 31, 2013	–	0.00	–	58.00	58.00	17,922	48.8	4.3
Fiscal year ending December 31, 2014 (Forecasts)	–	29.00	–	29.00	58.00		51.2	

Note 1: On April 16, 2013, the Company conducted a 1:500 share split whereby 1 share of common stock was split into 500 shares of common stock. The dividend amount presented for the fiscal year ended December 31, 2012, is the actual amount before the share split was conducted.

Note 2: Fiscal year-end dividend for the fiscal year ended December 31, 2013:
The dividend amount will include a special dividend payment of ¥5.00 to commemorate the listing of shares on the stock exchange.

Note 3: The dividend payout ratio is 57.4% when it is calculated by dividing the total year-end cash dividends for the fiscal year ended December 31, 2013 by net income for the fiscal year ended December 31, 2013.

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2014 (from January 1, 2014 to December 31, 2014)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Fiscal year ending December 31, 2014	1,260,000	12.4	85,000	16.9	78,000	16.0	35,000	12.2	113.27

Reference: EBITDA
For the fiscal year ending December 31, 2014 (forecast): ¥160.0 billion [14.6%]
Net income before amortization of goodwill
For the fiscal year ending December 31, 2014 (forecast): ¥58.5 billion [7.5%]

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
Newly consolidated: 2 companies (Name: Lucozade Ribena Suntory Limited,
PEPSICO INTERNATIONAL - VIETNAM COMPANY)

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
b. Changes in accounting policies due to other reasons: None
c. Changes in accounting estimates: None
d. Restatement of prior period financial statements after error corrections: None

(3) Number of issued shares (common stock)
a. Total number of issued shares at the end of the period (including treasury stock)

As of December 31, 2013	309,000,000 shares
As of December 31, 2012	216,000,000 shares

b. Number of treasury shares at the end of the period

As of December 31, 2013	– shares
As of December 31, 2012	– shares

c. Average number of outstanding shares during the period

Fiscal year ended December 31, 2013	262,627,397 shares
Fiscal year ended December 31, 2012	216,000,000 shares

Note: On April 16, 2013, the Company conducted a 1:500 share split whereby 1 share of common stock was split into 500 shares of common stock. The Company has calculated the number of issued shares (common stock) based on the assumption that the share split was conducted at the beginning of the previous fiscal year.

(Reference) Summary of financial results

1. Financial results for the fiscal year ended December 31, 2013 (from January 1, 2013 to December 31, 2013)

(1) Operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
December 31, 2013	361,604	1.7	23,535	32.9	36,154	(9.3)	25,714	(18.0)
December 31, 2012	355,531	–	17,704	–	39,875	–	31,359	–

	Net income per share	Diluted net income per share
Fiscal year ended	(Yen)	(Yen)
December 31, 2013	97.91	–
December 31, 2012	145.18	–

Note: On April 16, 2013, the Company conducted a 1:500 share split whereby 1 share of common stock was split into 500 shares of common stock. The net income per share amounts were calculated on the assumption that the share split was conducted at the beginning of the previous fiscal year.

(2) Financial position

	Total assets	Total equity	Shareholders' equity ratio	Equity per share
As of	(Millions of yen)	(Millions of yen)	(%)	(Yen)
December 31, 2013	888,807	491,702	55.3	1,591.27
December 31, 2012	550,823	202,568	36.8	937.82

Reference: Shareholders' equity (Equity excluding minority interests)
As of December 31, 2013: ¥491,702 million As of December 31, 2012: ¥202,568 million

Note: On April 16, 2013, the Company conducted a 1:500 share split whereby 1 share of common stock was split into 500 shares of common stock. The equity per share amounts were calculated on the assumption that the share split was conducted at the beginning of the previous fiscal year.

*** Indication regarding execution of audit procedures**

The audit procedures pursuant to the Financial Instruments and Exchange Act does not apply to this financial results report. At the time of disclosure of this financial results report, the audit procedures for financial statements pursuant to the Financial Instruments and Exchange Act have not been completed.

*** Proper use of earnings forecasts, and other special matters**

The earnings forecasts contained in these materials are based on our judgment attributable to information available to the Company and the Group as of the date of preparation of these materials, and include certain risks and uncertainties. Actual business results may differ substantially due to various factors such as economic situation surrounding the Company and the Group, market trend, exchange rates and other factors.

Attached Materials

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1. Analysis of Operating Results and Financial Position

(1) Analysis of operating results

A. Operating results for the fiscal year under review
In the fiscal year under review, the global economy continued to pick up at a moderate pace and showed some underlying strength, despite lingering concerns about downside risks. The Japanese economy underwent a moderate recovery as a result of an improvement in corporate earnings and a pickup in consumer spending reflecting upward movement in stock prices and yen depreciation.

Against this backdrop, the Suntory Beverage & Food Limited Group (the Group) worked to increase demand with a focus on reinforcing its brands. In addition, while the Group made efforts to strengthen earning capacity by improving quality and reducing costs with the use of group synergies, it also boosted investment in marketing with a view to the future and enhanced its business foundation outside Japan.

In the Japan segment, the Group worked to grow its business and enhance profitability by fostering and strengthening core brands, creating new demand through the implementation of new product launches, and carrying out aggressive marketing activities including cross-brand consumer sales campaigns.
In the overseas segment, the Group focused on expanding its business and boosting profitability through such means as fostering core brands in each overseas market and launching new products in emerging countries. In April, earnings were given a steady boost with the launch and start of operations of the beverage business in Vietnam at its new joint venture with PepsiCo, Inc. In December, the Company obtained the commercial rights and production facilities for *Lucozade* and *Ribena,* two of the UK's iconic beverage brands, from UK-based GlaxoSmithKline plc.

As a result of the above, for the fiscal year under review, the Group reported consolidated net sales of ¥1,121.4 billion, up 13.0% year on year, operating income of ¥72.7 billion, up 24.4%, ordinary income of ¥67.3 billion, up 24.5%, and net income of ¥31.2 billion, up 33.4%.

Results by segment are as follows:

< Japan segment >
In the Japan segment, the Group made further efforts to enhance and foster core brands, particularly the seven brands mentioned below. In tandem, the Group launched new products to offer new value to customers and made efforts to further enhance its business foundation.
In the *BOSS* coffee range, the Group complemented core products *Rainbow Mountain Blend*, *Zeitaku Bito*, *Muto Black*, *Café au Lait* and *Cho* with the launch of new product *Gran Aroma*, which is distinctive for its opulent aroma. The Group also carried out sales promotion activities including consumer sales campaigns. As a result, in contrast with the overall canned coffee market, for which a year-on-year sales decline is expected, the Group achieved a year-on-year increase in sales volume.
In the *Iyemon* green tea range, sales of the two core brands of *Iyemon* and *Zeitaku Reicha* were strong thanks to aggressive marketing activities. Furthermore, sales of *Iyemon Tokucha*, a beverage launched in October that is approved as FOSHU (a Food for Specified Health Uses) by the Consumer Affairs Agency of Japan, exceeded the initial sales target. As a result, sales volume of this range grew substantially.
Although sales volume of the *Suntory Oolong Tea* range was slightly down year on year, the Group carried out product renewals while also emphasizing the range's compatibility with food and its value as a healthy beverage to be enjoyed during meals.
The *Suntory Natural Mineral Water* range saw substantial growth in sales volume partly due to efforts to reinforce the brand through such means as product renewals. The growth also reflected strong sales of *Suntory Minami-Alps Natural Mineral Water Sparkling* following its launch in the sugar-free sparkling water drinks market, which is growing on the back of increasing health-consciousness.
In the *Pepsi* range, sales volume grew year on year, reflecting efforts to expand the brand's customers such as by renewing *Pepsi Special*, which is approved as FOSHU, and emphasizing the appeal of zero-calorie drinks.
Sales volume of the sparkling fruit drink *Orangina* was about level with the previous fiscal year,

and the drink continued to be popular as a product with its own distinct value. The functional beverage *GREEN DAKARA* saw its sales volume roughly doubled (including sales of the barley tea *GREEN DAKARA Yasashii Mugicha*), mainly due to customers purchasing it as a way of rehydrating to prevent heat stroke in the summer and counter dryness in the winter.

In addition to the above-mentioned sales expansion efforts, the Group worked aggressively to boost profitability by reducing manufacturing and distribution costs.
In the vending machine business, the Group merged six sales subsidiaries and formed a company called Suntory Beverage Service Limited, which began operations in April 2013.

As a result of the above, for the fiscal year under review, sales volume in Japan was 414.80 million cases, a substantial rise of 5.8% year on year. This served to drive growth in the market overall.
The Japan segment reported year-on-year increases in both net sales and segment profit, as shown below.
Japan segment net sales: ¥716.9 billion (up 4.1% year on year)
Japan segment profit: ¥45.4 billion (up 27.5% year on year)

< Overseas segment >
In the overseas segment, the Group positioned each of Europe, Oceania, Asia and the Americas as markets with growth potential and worked to strengthen its marketing activities by such means as strengthening existing brands and launching Suntory brands.
In Europe, the Orangina Schweppes Group worked to reinforce brands such as *Orangina* and *Schweppes* by continuing to invest aggressively in marketing for these brands with the aim of strengthening the business foundation and boosting profitability. Nevertheless, the economic environment continued to be tough and sales volumes in the fiscal year under review were slightly down year on year.
In Oceania, the Frucor Group worked to boost brand power by such means as launching new products in its mainstay range of energy drinks marketed under the *V* brand. Strong sales of *Pepsi* and other sparkling drinks in New Zealand also made a contribution, resulting in growth in sales volume for the Frucor Group overall.
With respect to Asia, we made aggressive efforts to expand business in countries with continuing economic growth mainly by strengthening our business foundation and launching new products. The Cerebos Group, which manufactures and sells health foods and processed foods, reported strong sales, particularly of health foods in Thailand. At the Suntory Garuda Group, *Okky* jelly drinks and other products provided a boost to the business, while the Suntory brand green tea *Mirai* and new product *MYTEA Oolong Tea* also made contributions to sales growth. Furthermore, the joint venture with PepsiCo, Inc. in Vietnam achieved steady business expansion through initiatives including the launch of the Suntory brand *TEA+ Oolong Tea.*
In the Americas, Pepsi Bottling Ventures LLC worked to boost management efficiency by reorganizing the geographical areas in which it operates.

In addition, we continued to strengthen group synergies through the overseas deployment of R&D technology and knowhow for the reduction of costs developed in Japan. By strengthening synergies in this way, we worked to improve quality and strengthen earning capacity.

As a result of these activities, as well as exchange rate effects, the overseas segment reported year-on-year increases in both net sales and segment profit, as shown below.

Overseas segment net sales: ¥404.5 billion (up 33.3% year on year)
Overseas segment profit: ¥50.5 billion (up 18.9% year on year)

B. Outlook for the next fiscal year
The Group has a vision for 2020 (consolidated net sales of ¥2,000 billion) and a Medium-term Management Plan 2013-15. To achieve these goals, in the 2014 fiscal year the Group will continue striving to grow both its Japanese and overseas businesses further and to reform its earnings structure as foundations for global growth.
For detail on these efforts, please refer to (3) Issues to address in 3. Management Policies.
In the 2014 fiscal year, the above activities are expected to result in consolidated net sales of ¥1,260.0 billion, up 12.4% year on year, operating income of ¥85.0 billion, up 16.9%, ordinary

income of ¥78.0 billion, up 16.0%, and net income of ¥35.0 billion, up 12.2%.

<Reference>
EBITDA (the sum of each segment profit and depreciation and amortization) is expected to be ¥160.0 billion, up 14.6% year on year, and net income before amortization of goodwill is expected to be ¥58.5 billion, up 7.5%.

The main foreign exchange rates underlying the outlook for the 2014 fiscal year are ¥130 against the euro and ¥100 against the U.S. dollar.

(2) Analysis of financial position

Total assets as of December 31, 2013 stood at ¥1,256.7 billion, an increase of ¥412.3 billion compared to December 31, 2012. Current assets was ¥283.3 billion, up ¥64.4 billion, and noncurrent assets was ¥972.2 billion, up ¥346.8 billion.
Total liabilities stood at ¥663.7 billion, an increase of ¥23.6 billion compared to December 31, 2012. Current liabilities was ¥446.6 billion, down ¥90.5 billion, and long-term liabilities was ¥217.1 billion, up ¥114.1 billion.
Equity stood at ¥593.0 billion, an increase of ¥388.7 billion compared to December 31, 2012. As a result of the above, shareholders' equity ratio was 44.4% and equity per share was ¥1,806.48.

Cash flow positions in the fiscal year under review are as follows.
Cash and cash equivalents as of December 31, 2013, stood at ¥45.9 billion, up ¥19.8 billion compared to December 31, 2012.
Net cash provided by operating activities was ¥114.1 billion, an increase of ¥28.3 billion compared to December 31, 2012. This was mainly the result of income before income taxes and minority interests of ¥62.5 billion and depreciation and amortization of ¥43.7 billion.
Net cash used in investing activities was ¥290.6 billion, an increase of ¥214.7 billion compared to December 31, 2012. This was mainly the result of purchases of property, plant, and equipment and intangible fixed assets of ¥59.7 billion, and payments for transfer of business of ¥220.1 billion.
Net cash used in financing activities was ¥190.4 billion, mainly due to proceeds from issuance of shares.

(Reference) Trends in cash flow indicators

	Fiscal year ended December 31, 2012	Fiscal year ended December 31, 2013
Shareholders' equity ratio (%)	22.5	44.4
Market value-based shareholders' equity ratio (%)	–	82.5
Interest-bearing debt to cash flow ratio (years)	4.0	2.6
Interest coverage ratio (times)	16.6	24.8

Shareholders' equity ratio: Shareholders' equity/Total assets
Market value-based shareholders' equity ratio: Total market capitalization/Total assets
Interest-bearing debt to cash flow ratio: Interest-bearing debt/cash flow
Interest coverage ratio: Cash flow/Interest paid
(Notes)
1. All of the above indicators are calculated based on consolidated financial figures.
2. Total market capitalization is calculated based on the total number of issued shares at the end of the period and the closing stock price at the end of the period.
3. Cash flow is cash flow from operating activities.

(3) Basic policy on profit distribution and dividends for the 2013 and 2014 fiscal years

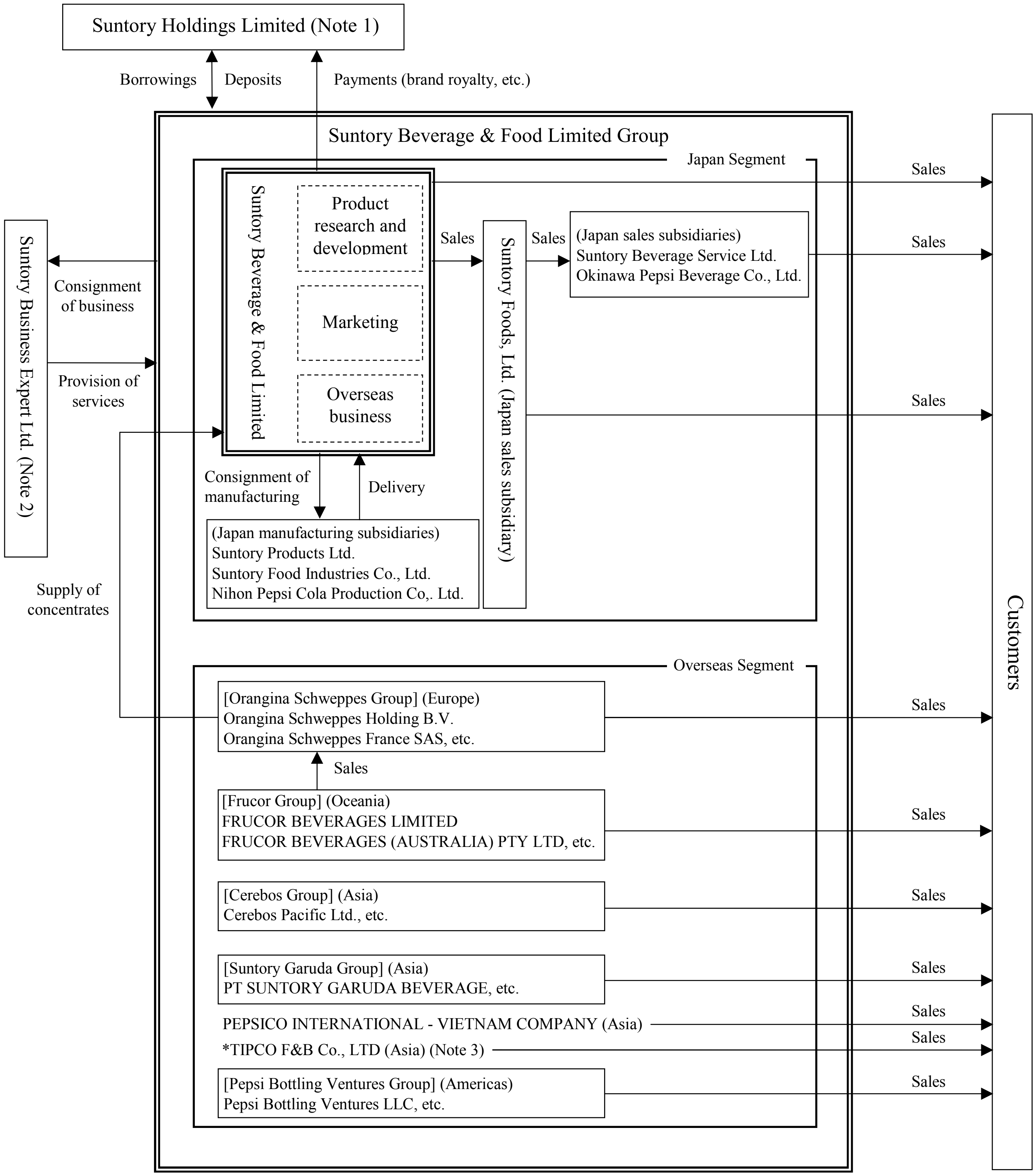
We believe our prioritization of strategic investments as well as capital expenditures for sustainable revenue growth and increasing the value of our business will benefit our shareholders. In addition, we view an appropriate shareholder return as one of our core management principles. While giving due consideration to providing a stable return and maintaining robust internal reserves for the future, we intend to pursue a comprehensive shareholder return policy that also

takes into account our business results and future funding needs. Specifically, we aim to stably increase dividends on the basis of profit growth with a targeted consolidated payout ratio of 30% or more of net income before amortization of goodwill (i.e. the sum of net income and amortization of goodwill). Looking to the medium- and long-term, we will also consider increasing the payout ratio depending on such factors as our need for funds and progress in profit growth.
For the fiscal year under review, in accordance with the basic policy described above and a consideration of business results and environment, we plan to pay a fiscal year-end dividend of ¥58 per share (comprised of an ordinary dividend of ¥53 and a special dividend payment of ¥5 to commemorate the listing of our shares on the stock exchange), with a total planned dividend payment of ¥17,922 million. For the fiscal year ending December 31, 2014, we plan to pay an annual dividend of ¥58 per share, comprised of an interim dividend of ¥29 and a fiscal year-end dividend of ¥29.

2. State of the Group

The Suntory Beverage & Food Limited Group is comprised of the Company, 88 subsidiaries and 11 affiliates.
The major companies are mentioned below.

The following shows a business schematic diagram of the Group.



Notes:
1. Suntory Holdings Limited is the parent company.
2. Suntory Business Expert Ltd. is a sister company.
3. TIPCO F&B Co., LTD is an equity method affiliate.
4. Companies inside the double-lined box not prefixed with an asterisk (*) are consolidated subsidiaries.

3. Management Policies

(1) Basic corporate management policy

The type of value the Group wants to offer to its customers is encapsulated in the slogan, “A quest for the best tastes & quality to bring happiness & wellness into everyday life,” while the Group’s goal is encapsulated in the slogan, “To be the leading global soft drink company recognized for our premium and unique brands.” With these slogans in mind, we consistently seek to provide products that match the tastes of consumers in order to offer customers “tasty and healthy products,” “safe and reliable products” and “popular products that are appealing to many people,” primarily in the field of soft drinks.

Through the products we offer, we aim to be a group of companies that consistently offers new value to customers around the world.

(2) Business performance targets and medium- and long-term management strategies

The Group is aiming to achieve consolidated net sales of ¥2 trillion in 2020. To this end, we have formulated the Medium-term Management Plan covering the period 2013-15.

The numerical targets for the Group’s existing businesses are as follows (each in comparison to 2012 figures).

Net sales: High single-digit Compound Annual Growth Rate (CAGR) growth (5% or higher)

EBITDA: High single-digit CAGR growth or higher

In the three years through to 2015, we plan to generate further growth and reform the earnings structure in our existing domestic and overseas businesses, which will provide the basis for the Group’s global growth going forward. At the same time, we will actively pursue M&A opportunities and develop new businesses.

In the Japan segment, we aim to achieve growth through an emphasis on “reinforcing core brands” and “creating new demand.” In tandem with this, we will work on further cost reductions in manufacturing and distribution, and make aggressive efforts to boost profitability.

In the overseas segment, we will concentrate business development in Europe, Oceania, Asia and the Americas, where the Group’s existing businesses already operate.

In addition, we will work to further reinforce the core brands and business foundations of all Group companies. We will also strive to offer brands that transcend country boundaries and company characteristics while also creating synergies including the realization of operations that implement Japan’s high-level beverage production technology across the board. We aim to achieve continuous growth by these means.

We will also pursue growth by actively pursuing M&A opportunities to strengthen the business foundations of existing businesses and accelerate business development in emerging markets such as Southeast Asia, Africa and the Middle East.

(3) Issues to address

In the 2014 fiscal year, the second year of the medium-term plan that started in the 2013 fiscal year, the Group will continue efforts to grow both its Japanese and overseas businesses further and reform its earnings structure as foundations for global growth.

The Japan segment is expected to face an increasingly difficult market environment characterized by intensification of competition and the forthcoming consumption tax hike. Against this background, the Group will work to enhance core brands and make aggressive efforts to create new demand for FOSHU and other products in this segment. Furthermore, although foreign exchange risk and market conditions for raw materials are expected to worsen, the Group will continue to push ahead with cost reductions and work to further strengthen earning capacity.

With respect to strengthening core brands, the Group will focus its domestic business activities around *Suntory Natural Mineral Water* as a key brand in Japan. In addition, the Group will continue to make concerted efforts to reinforce the *BOSS*, *Iyemon*, *Pepsi* and *Suntory Oolong Tea* brands. For *GREEN DAKARA* and *Orangina*, both of which are expected to see growth in demand, the Group will seek to promote further sales growth by expanding the products’ customer bases and encouraging their use in a wider range of scenarios.

Efforts to create new demand will consist of product development in which customer needs are identified accurately and swiftly, marketing, and proposition-oriented sales activities. The Group will also step up its efforts to foster FOSHU products as high-value-added items with their own unique merits. Through marketing activities tailored to individual products including *Iyemon Tokucha* and cross-brand sales promotion efforts, the Group will establish an even stronger position in the market for FOSHU drinks. The Group will also further strengthen the business foundation of its *Suntory Natural Mineral Water* home delivery service by such means as expanding the service's business areas. Furthermore, by making use of the research and development capabilities accumulated by the Suntory Group over the years, the Group will make aggressive efforts to develop new value-added products that can be proposed to customers.

In the overseas segment, the Group will work to achieve further growth by strengthening *Orangina*, *V*, *Lucozade*, *Ribena* and other core brands sold in various markets. The Group will also work to expand its business by launching new Suntory brands and construct a new global management structure to speed up group synergy creation and profitability improvement.
Looking at Europe, although there are signs of recovery, the economic environment is expected to continue to be tough. Amid these circumstances, the Group will launch Suntory Beverage & Food Europe Limited and give it the role of managing the European business, which is comprised of the Orangina Schweppes Group and Lucozade Ribena Suntory Limited. As the managing company, Suntory Beverage & Food Europe Limited will accelerate business growth through the formulation and execution of comprehensive strategies. At the Orangina Schweppes Group, marketing investment will be concentrated on key products such as *Orangina* and *Schweppes*, while efforts will be made to further strengthen the business foundation and boost profitability. At Lucozade Ribena Suntory Limited, new sales channels for *Lucozade* and *Ribena* will be explored not only in Europe but also in such emerging markets as Southeast Asia, Africa and the Middle East.
In Oceania, although competition is expected to intensify further, *V* will be reinforced at the Frucor Group as the leading brand in the energy drink category and aggressive steps will be taken to expand the brand portfolio and implement cost reductions in order to boost profitability.
Although Asia is subject to concerns about the economic impacts of exchange rates and other factors, in Asian countries with continuing economic growth, we will work to strengthen our business foundation and realize business expansion by such means as new product launches. With respect to the Cerebos Group, the value of *BRAND'S* products including *Essence of Chicken* will be emphasized and the Group's position in Southeast Asia will be strengthened further. At the Suntory Garuda Group and the joint venture with PepsiCo, Inc. in Vietnam, further efforts will be made to foster Suntory brands in addition to existing flagship brands with the aim of achieving business expansion in excess of the market's overall growth.
In the Americas, work will continue at Pepsi Bottling Ventures LLC to strengthen its business foundation following the reorganization of the geographical areas in which it operates.

4. Consolidated Financial Statements (Unaudited)

(1) Consolidated balance sheets

(Millions of yen)

	As of December 31, 2012	As of December 31, 2013
Assets		
Current assets		
Cash and cash equivalents	26,069	45,869
Notes and accounts receivable-trade	114,470	126,116
Merchandise and finished goods	27,731	40,140
Work in process	2,402	2,991
Raw materials and supplies	14,621	24,523
Deferred tax assets	9,538	11,403
Other	24,449	32,597
Allowance for doubtful accounts	(389)	(320)
Total current assets	218,895	283,321
Noncurrent assets		
Property, plant, and equipment		
Buildings and structures	86,551	102,966
Accumulated depreciation	(37,413)	(42,042)
Buildings and structures, net	*1 49,138	*1 60,923
Machinery, equipment, and other	202,532	275,727
Accumulated depreciation	(118,538)	(142,331)
Machinery, equipment, and other, net	83,993	133,396
Tools, furniture and fixtures	180,699	191,306
Accumulated depreciation	(129,092)	(132,737)
Tools, furniture and fixtures, net	51,606	58,568
Land	*1 35,927	*1 40,032
Construction in progress	7,144	10,305
Other	13,592	20,312
Accumulated depreciation	(6,064)	(10,717)
Other, net	7,528	9,594
Total property, plant, and equipment	235,338	312,820
Intangible fixed assets		
Goodwill	349,929	400,050
Trademark	7,283	184,942
Other	2,922	37,656
Total intangible fixed assets	360,135	622,649
Investments and other assets		
Investment securities	*2 15,781	*2 17,820
Deferred tax assets	3,755	3,478
Other	11,240	16,321
Allowance for doubtful accounts	(797)	(842)
Total investments and other assets	29,981	36,778
Total noncurrent assets	625,455	972,249
Deferred assets	99	1,131
Total	844,450	1,256,701

(Millions of yen)

	As of December 31, 2012	As of December 31, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	93,465	99,794
Electronically recorded obligations-operating	14,663	14,696
Short-term borrowings	*1 311,214	156,772
Commercial papers	–	16,000
Consumption taxes payable	3,247	3,558
Accrued income taxes	5,103	11,227
Accounts payable-other	62,529	74,868
Accrued expenses	34,629	42,489
Provision for bonuses	1,828	3,949
Lease obligations	1,644	1,432
Other	8,860	21,847
Total current liabilities	537,186	446,636
Long-term liabilities		
Long-term debt	30,483	*1 129,346
Deferred tax liabilities	46,508	58,907
Liability for employee retirement benefits	6,815	6,320
Retirement allowances for directors and audit and supervisory board members	32	23
Lease obligations	3,247	2,760
Other	15,901	19,737
Total long-term liabilities	102,988	217,096
Total liabilities	640,174	663,733
Equity		
Shareholders' equity		
Common stock	30,000	168,384
Capital surplus	54,395	192,701
Retained earnings	122,609	141,077
Total shareholders' equity	207,004	502,163
Accumulated other comprehensive income (loss)		
Unrealized gain on available-for-sale securities	429	963
Deferred gain on derivatives under hedge accounting	435	264
Foreign currency translation adjustments	(17,521)	54,809
Total accumulated other comprehensive income (loss)	(16,656)	56,037
Minority interests	13,927	34,767
Total equity	204,275	592,968
Total	844,450	1,256,701

(2) Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended December 31, 2012	Fiscal year ended December 31, 2013
Net sales	992,160	1,121,361
Cost of sales	*1 443,656	*1 502,730
Gross profit	548,504	618,630
Selling, general, and administrative expenses		
Promotion expenses and sales commission	249,724	265,567
Advertising costs	35,619	44,374
Haulage and warehousing expenses	34,453	39,963
Labor expenses	64,074	77,031
Depreciation and amortization	24,177	28,006
Amortization of goodwill	19,665	23,211
Other	*1 62,342	*1 67,761
Total selling, general, and administrative expenses	490,057	545,915
Operating income	58,446	72,715
Non-operating income		
Interest income	344	378
Dividend income	106	108
Equity in earnings of affiliates	–	788
Other	785	805
Total non-operating income	1,235	2,081
Non-operating expenses		
Interest expense	5,218	4,762
Foreign currency exchange loss, net	51	1,664
Other	378	1,111
Total non-operating expenses	5,648	7,539
Ordinary income	54,033	67,257
Extraordinary income		
Insurance income	–	1,059
Gain from exemption from imputed tax payable attributable to the consolidation tax system	*3 3,811	–
Compensation income	260	–
Restructuring gain	–	2,754
Other	173	106
Total extraordinary income	4,245	3,919
Extraordinary loss		
Loss on disposal of property, plant, and equipment	*2 3,451	*2 3,247
Impairment loss	193	1,176
Restructuring cost	528	3,862
Other	245	440
Total extraordinary losses	4,418	8,726

(Millions of yen)

	Fiscal year ended December 31, 2012	Fiscal year ended December 31, 2013
Income before income taxes and minority interests	53,860	62,450
Income taxes-current	21,572	25,599
Income taxes-deferred	5,465	473
Total income taxes	27,038	26,072
Net income before minority interests	26,822	36,377
Minority interests in net income	3,436	5,181
Net income	23,385	31,196

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2012	Fiscal year ended December 31, 2013
Net income before minority interests	26,822	36,377
Other comprehensive income		
Unrealized gain on available-for-sale securities	170	534
Deferred gain on derivatives under hedge accounting	335	(170)
Foreign currency translation adjustments	33,882	74,513
Share of other comprehensive income in associates	589	1,282
Total other comprehensive income	34,977	76,158
Total comprehensive income	61,799	112,536
Total comprehensive income attributable to:		
Owners of the parent (the Company)	56,392	103,889
Minority interests	5,406	8,646

(3) Consolidated statements of changes in equity

Fiscal year ended December 31, 2012

(Millions of yen)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at January 1, 2012	30,000	75,041	109,749	214,791
Changes of items in the year				
Cash dividends			(10,525)	(10,525)
Net income			23,385	23,385
Changes due to purchase of shares in a foreign subsidiary from minority shareholders		(20,646)		(20,646)
Net changes of items other than shareholders' equity				
Net change in the year	—	(20,646)	12,860	(7,786)
Balance at December 31, 2012	30,000	54,395	122,609	207,004

	Accumulated other comprehensive income (loss)				Stock acquisition rights	Minority interests	Total equity
	Unrealized gain on available-for-sale securities	Deferred gain on derivatives under hedge accounting	Foreign currency translation adjustments	Total accumulated other comprehensive income (loss)			
Balance at January 1, 2012	259	87	(50,011)	(49,663)	50	16,711	181,890
Changes of items in the year							
Cash dividends							(10,525)
Net income							23,385
Changes due to purchase of shares in a foreign subsidiary from minority shareholders							(20,646)
Net changes of items other than shareholders' equity	170	347	32,489	33,007	(50)	(2,784)	30,171
Net change in the year	170	347	32,489	33,007	(50)	(2,784)	22,385
Balance at December 31, 2012	429	435	(17,521)	(16,656)	—	13,927	204,275

Fiscal year ended December 31, 2013

(Millions of yen)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at January 1, 2013	30,000	54,395	122,609	207,004
Changes of items in the year				
Issuance of shares	138,384	138,384		276,768
Cash dividends			(12,915)	(12,915)
Net income			31,196	31,196
Changes in scope of consolidation			307	307
Decrease due to increase of capital into subsidiary under continuous control		(77)		(77)
Put option granted to minority shareholders			(120)	(120)
Net changes of items other than shareholders' equity				
Net change in the year	138,384	138,306	18,468	295,159
Balance at December 31, 2013	168,384	192,701	141,077	502,163

	Accumulated other comprehensive income (loss)				Minority interests	Total equity
	Unrealized gain on available-for-sale securities	Deferred gain on derivatives under hedge accounting	Foreign currency translation adjustments	Total accumulated other comprehensive income (loss)		
Balance at January 1, 2013	429	435	(17,521)	(16,656)	13,927	204,275
Changes of items in the year						
Issuance of shares						276,768
Cash dividends						(12,915)
Net income						31,196
Changes in scope of consolidation						307
Decrease due to increase of capital into subsidiary under continuous control						(77)
Put option granted to minority shareholders						(120)
Net changes of items other than shareholders' equity	533	(170)	72,330	72,693	20,840	93,533
Net change in the year	533	(170)	72,330	72,693	20,840	388,692
Balance at December 31, 2013	963	264	54,809	56,037	34,767	592,968

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2012	Fiscal year ended December 31, 2013
Operating activities		
Income before income taxes and minority interests	53,860	62,450
Depreciation and amortization	36,569	43,718
Amortization of goodwill	19,665	23,211
Interest and dividend income	(450)	(487)
Interest expense	5,218	4,762
Impairment loss	193	1,176
Loss on disposal of property, plant, and equipment	3,451	3,247
Net gain on sales of property, plant, and equipment	(76)	(72)
Increase in notes and accounts receivable-trade	(283)	(2,905)
Decrease (increase) in inventories	2,599	(4,682)
Decrease in notes and accounts payable-trade	(1,751)	(4,962)
Other, net	(4,948)	16,082
Subtotal	114,047	141,538
Interest and dividend income received	945	1,227
Interest expense paid	(5,177)	(4,599)
Income taxes paid	(23,985)	(24,084)
Net cash provided by operating activities	85,830	114,081
Investing activities		
Net (increase) decrease in short-term receivables	(1)	24
Purchases of property, plant, and equipment and intangible fixed assets	(51,631)	(59,657)
Proceeds from sales of property, plant, and equipment and intangible fixed assets	402	2,248
Purchases of investments in securities	(544)	(499)
Proceeds from sales of investment securities	57	2
Purchases of investments in subsidiaries	(23,702)	–
Purchases of investments in subsidiaries resulting in changes in scope of consolidation	(840)	(12,209)
Payments for transfer of business	–	(220,098)
Other, net	385	(423)
Net cash used in investing activities	(75,874)	(290,613)
Financing activities		
Net increase (decrease) in short-term borrowings	21,617	(62,411)
Increase in commercial papers	–	16,000
Proceeds from long-term debt	1,831	57,759
Repayments of long-term debt	(23,761)	(78,966)
Proceeds from issuance of shares	–	275,465
Repayments of lease obligations	(1,589)	(1,682)
Cash dividends	(10,525)	(12,915)
Cash dividends to minority shareholders	(2,942)	(2,840)
Other, net	119	–
Net cash provided by (used in) financing activities	(15,249)	190,409

(Millions of yen)

	Fiscal year ended December 31, 2012	Fiscal year ended December 31, 2013
Foreign currency translation adjustments on cash and cash equivalents	3,148	5,912
Net increase (decrease) in cash and cash equivalents	(2,144)	19,789
Cash and cash equivalents, beginning of year	28,205	26,061
Cash and cash equivalents, end of year	*1 26,061	*1 45,850

(5) Notes on premise of going concern

No items to report

(6) Basis of preparing consolidated financial statements

1. Scope of consolidation

(a) Our consolidated subsidiaries are comprised of Suntory Foods, Ltd. and 82 other companies. The major such companies are provided in “2. State of the Group.”

As a result of an increase in its material effect on the consolidated financial statements, Sunvend Co., Ltd. is included among our consolidated subsidiaries from the fiscal year under review. Furthermore, as a result of new acquisitions of shares, Lucozade Ribena Suntory Limited and PEPSICO INTERNATIONAL - VIETNAM COMPANY are also included among our consolidated subsidiaries from the fiscal year under review. In addition, as a result of their merger with Japan Pepsi-Cola Sales Co., Ltd. (now Suntory Beverage Service Ltd.), Hokkaido Pepsi-Cola Sales Co., Ltd., Tohoku Pepsi-Cola Sales Co., Ltd., Chubu Pepsi-Cola Sales Co., Ltd., Kinkichushikoku Pepsi-Cola Sales Co., Ltd. and Minami Kyushu Pepsi-Cola Ltd. are excluded from the scope of consolidation.

(b) The major unconsolidated subsidiary is Kyushu Sunvend Co., Ltd.

Our unconsolidated subsidiaries are excluded from the scope of consolidation because they have minor effects on each of total assets, net sales, net income/loss, retained earnings, and other items on a consolidated basis, and, as a whole, do not have material effects on the consolidated financial statements.

2. Application of equity method

(a) There are no unconsolidated subsidiaries accounted for by the equity method.

The number of affiliates accounted for by the equity method is 8. The major such company is TIPCO F&B CO., LTD.

(b) Investments in unconsolidated subsidiaries, including Kyushu Sunvend Co., Ltd., and affiliates, including Kanto Foods Service Co., Ltd., are not accounted for by the equity method but stated at cost because they have minor effects on each of net income/loss, retained earnings, and other items on a consolidated basis, and, as a whole, do not have material effects on the consolidated financial statements.

3. Fiscal year-ends of consolidated subsidiaries

The balance sheet date of the consolidated subsidiaries coincides with the consolidated balance sheet date.

4. Accounting policies

(a) Basis and methods of valuation of significant assets

(1) Securities

Held-to-maturity debt securities

Stated at cost amortized by the straight-line method.

Available-for-sale securities

Securities with readily determinable fair value:

Stated at fair market value, based on market quotation at the balance sheet date.

(Net unrealized gains and losses, net of applicable income taxes, are reported in a separate component of net assets. The cost of securities sold is mainly determined based on the moving-average method.)

Securities without readily determinable fair value:

Mainly stated at cost determined by the moving-average method.

(2) Derivatives

Stated at fair market value.

(3) Inventories

Mainly stated at cost determined by the periodic average method.

(The value stated in the balance sheets is determined according to write-downs based on the decreased profitability of assets.)

(b) Depreciation and amortization of significant depreciable and amortizable assets

(1) Property, plant and equipment (except for lease assets)

Mainly depreciated by the straight-line method. Useful lives of principal property, plant and equipment are as follows.

Buildings and structures:	5-50 years
Machinery, equipment, and other:	2-17 years
Tools, furniture and fixtures:	2-15 years

(2) Intangible fixed assets (except for lease assets)

Mainly amortized by the straight-line method. Software for internal use is amortized by the straight-line method over the internally estimated useful lives (within 5 years).

(3) Lease assets

Lease assets in finance lease transactions that do not transfer ownership are depreciated by the straight-line method based on the assumption that the useful life is equal to the lease term and the residual value is equal to zero.

Finance lease transactions that do not transfer ownership, whose transactions commenced on or before December 31, 2008, are accounted for in a manner similar to accounting treatment for ordinary rental transactions.

(c) Basis for provision of significant reserves

(1) Allowance for doubtful accounts

The Company and some of its domestic consolidated subsidiaries provide allowance for doubtful accounts mainly to cover possible losses from bad debts of receivables at the estimated uncollectable amount. The amount for normal receivables is determined by the credit loss ratio based on past experience, and that for specific receivables, such as receivables at high risk of bankruptcy, is determined based on the individually expected probability of those accounts being collectable. The foreign consolidated subsidiaries provide the allowance at the estimated uncollectable amount mainly for specific receivables.

(2) Provision for bonuses

To cover the payments of bonuses, the Company and some of its consolidated subsidiaries set aside provision for bonuses based on the projected amount for such payments.

(3) Liability for employee retirement benefits

The Company and some of its consolidated subsidiaries set aside liability for employee retirement benefits to prepare for expenditures of employees' retirement benefits based on the estimated amount of retirement benefit obligation and pension assets at the end of the fiscal year under review.

Prior service cost is amortized by the straight-line method over the period (mainly 15 years), which is shorter than the average remaining service life of employees as incurred, and unrecognized actuarial differences are amortized by the straight-line method over the period (mainly 15 years), which is shorter than the average remaining service life of employees as incurred, respectively from the year following that in which they arise.

(4) Retirement allowances for directors and audit and supervisory board members

Some domestic consolidated subsidiaries set aside retirement allowances for directors and audit and supervisory board members to prepare for expenditures of retirement allowances for directors and audit and supervisory board members at the amount such subsidiaries would be required to pay if all eligible directors and audit and supervisory board members retired at the year-end date, based on their respective internal regulations.

(d) Basis for translating significant assets or liabilities denominated in foreign currencies into Japanese currency

Monetary receivables and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rate as of the consolidated balance sheet date. Differences arising from such translation are included in gains or losses. Assets and liabilities of foreign subsidiaries or the like are translated into Japanese yen at the spot exchange rate as of the consolidated balance sheet date. Revenue and expense accounts of such are translated into Japanese yen at the average exchange rate during the period under review. Differences arising from such translations are included in foreign currency translation adjustments and minority interests in equity.

(e) Method of significant hedge accounting
(1) Method of hedge accounting
Mainly accounted for with deferred hedge accounting. Items that satisfy the requirements for an accounting method in which monetary receivables and liabilities denominated in foreign currencies are translated at a predetermined rate to hedge against exchange rate fluctuation risk are accounted for under this method. Those that satisfy the requirements for exceptional treatment for interest rate swaps are accounted for under the said exceptional treatment.

(2) Hedging instruments and hedged items, and hedging policy
Based on the risk management policy, market risks occurring in business operations, such as exchange rate fluctuation risk from monetary receivables and payables denominated in foreign currencies, and interest rate fluctuation risk or interest rate currency fluctuation risk from borrowings, bonds and others, are mainly hedged with forward foreign exchange contracts and interest rate swaps.

(3) Method of assessing hedge effectiveness
The cumulative amounts of fluctuations in the rates or in the cash flows of the hedged items are compared with the cumulative amounts of fluctuations in the rates or in the cash flows of the hedging instruments, and hedge effectiveness is assessed based on the ratio between the two amounts.

(f) Method and period for amortization of goodwill
Goodwill is mainly equally amortized over 20 years. However, goodwill whose amount is immaterial is fully written down in the year in which it arises.

(g) Method and period for amortization of deferred assets
Stock issuance expenses are equally amortized over 3 years starting from the time of issuance and business commencement expenses are equally amortized over 5 years.

(h) Scope of cash and cash equivalents in the consolidated statements of cash flows
Cash and cash equivalents in the consolidated statements of cash flows consist of cash on hand, at-call deposits with banks, and short-term investments that have maturities no more than 6 months after acquisition, are readily convertible to cash, and are subject to an insignificant risk of changes in value.

(i) Other significant matters forming the basis of preparing the consolidated financial statements
(1) Accounting for consumption taxes
Consumption taxes are excluded from the revenue and expense accounts that are subject to such taxes.

(2) Withdrawal from consolidated taxation system
Because the Company and some of its domestic consolidated subsidiaries no longer satisfy the criteria for adoption of the consolidated taxation system, they have been withdrawn from the consolidated tax group of which Suntory Holdings Limited is the consolidated parent company.

(7) Changes in presentation

(Consolidated balance sheets)
"Trademark," which was included in "Other" under "Intangible fixed assets" in the previous fiscal year, is reported as a separate item from the fiscal year under review because it now accounts for more than 5% of total assets. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change to presentation.
As a result, ¥7,283 million presented as "Other" under "Intangible fixed assets" in the consolidated balance sheets of the previous fiscal year has been reclassified as "Trademark."

"Long-term deposits received," which was reported as a separate item under "Long-term liabilities" in the previous fiscal year, is included in "Other" in the fiscal year under review because it has become monetarily insignificant. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change to presentation.
As a result, ¥10,041 million presented as "Long-term deposits received" under "Long-term liabilities" in the consolidated balance sheets of the previous fiscal year has been reclassified as "Other."

(Consolidated statements of income)
"Insurance income" and "Royalty income," which were reported as separate items under "Non-operating income" in the previous fiscal year, are included in "Other" in the fiscal year under review because they now account for 10% or less of total non-operating income. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change to presentation.
As a result, ¥189 million presented as "Insurance income" and ¥145 million presented as "Royalty income" under "Non-operating income" in the consolidated statements of income of the previous fiscal year have been reclassified as "Other."

"Foreign currency exchange loss, net," which was included in "Other" under "Non-operating expenses" in the previous fiscal year, is reported as a separate item from the fiscal year under review because it now accounts for more than 10% of total non-operating expenses. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change to presentation.
As a result, ¥429 million presented as "Other" under "Non-operating expenses" in the consolidated statements of income of the previous fiscal year has been reclassified as ¥51 million in "Foreign currency exchange loss, net" and ¥378 million in "Other."

"Gain on sales of noncurrent assets" and "Gain on sales of investment securities," which were reported as separate items under "Extraordinary income" in the previous fiscal year, are included in "Other" in the fiscal year under review because they have become monetarily insignificant. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change to presentation.
As a result, ¥76 million presented as "Gain on sales of noncurrent assets" and ¥18 million presented as "Gain on sales of investment securities" under "Extraordinary income" in the consolidated statements of income of the previous fiscal year have been reclassified as "Other."

"Impairment loss," which was included in "Other" under "Extraordinary loss" in the previous fiscal year, is reported as a separate item from the fiscal year under review because it now accounts for more than 10% of total extraordinary loss. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change to presentation.
As a result, ¥439 million presented as "Other" under "Extraordinary loss" in the consolidated statements of income of the previous fiscal year has been reclassified as ¥193 million in "Impairment loss" and ¥245 million in "Other."

(Consolidated statements of cash flows)
"Net gain (loss) on sales and evaluation of investment in securities and other investments" which was reported as a separate item under "Net cash provided by operating activities" in the previous fiscal year, is included in "Other" in the fiscal year under review because it has become monetarily insignificant. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change to presentation.
As a result, a loss of ¥12 million presented as "Net gain (loss) on sales and evaluation of investment in securities and other investments" under "Net cash provided by operating activities" in the consolidated statements of cash flows of the previous fiscal year has been reclassified as "Other."

(8) Notes to consolidated financial statements

(Notes to consolidated balance sheets)

*1. Assets pledged as collateral and liabilities for which collateral is pledged

Assets pledged as collateral are shown below:

	As of December 31, 2012	As of December 31, 2013
Building and structures	¥6,174 million (Note 1)	¥1,534 million (Note 2)
Land	¥9,741 million (Note 1)	¥4,768 million (Note 2)
Total	¥15,915 million	¥6,302 million

(Notes)

1. Of the above assets pledged as collateral, ¥6,174 million in buildings and structures and ¥9,519 million in land were pledged against ¥4,185 million in borrowings of Suntory Holdings Limited.
2. As of December 31, 2012, the Company's assets were pledged as collateral against ¥4,185 million in borrowings of Suntory Holdings Limited. However, they are now pledged against borrowings of the Company in the fiscal year under review following the Company's assumption of obligation for the borrowings and Suntory Holdings Limited's release from the said obligation.

Liabilities for which collateral is pledged are shown below:

	As of December 31, 2012	As of December 31, 2013
Short-term borrowings	¥200 million	¥– million
Long-term debt	¥– million	¥1,687 million (Note 1)

(Note)

1. Includes ¥937 million in current portion of long-term debt.

*2. The main items in connection with unconsolidated subsidiaries and affiliates are as follows.

	As of December 31, 2012	As of December 31, 2013
Investment securities	¥8,246 million	¥9,004 million

(Notes to consolidated statements of income)

*1. Total research and development costs included in general and administrative expenses and cost of products manufactured

	Fiscal year ended December 31, 2012	Fiscal year ended December 31, 2013
	¥6,291 million	¥6,856 million

*2. The breakdown of loss on disposal of property, plant, and equipment is as follows.

	Fiscal year ended December 31, 2012	Fiscal year ended December 31, 2013
Machinery, equipment, and other	¥1,002 million	¥980 million
Tools, furniture and fixtures	¥1,964 million	¥1,861 million
Other	¥484 million	¥405 million
Total	¥3,451 million	¥3,247 million

*3. Gain from exemption from imputed tax payable attributable to the consolidation tax system

As the consolidated parent company notified its subsidiaries subject to consolidated tax payment that it would exempt their individually allocated amounts of consolidated tax payment for consolidated retained income, the corresponding amount was recognized as extraordinary income.

(Notes to consolidated statements of changes in equity)

Fiscal year ended December 31, 2012

1. Class and total number of issued shares

	Number of shares at beginning of fiscal year	Increase in shares during fiscal year	Decrease in shares during fiscal year	Number of shares at end of fiscal year
Common stock	432,000	—	—	432,000

2. Class and number of treasury stock
   No items to report

3. Stock acquisition rights and treasury stock acquisition rights
   No items to report

4. Dividends
   (a) Dividend payment

(Resolution)	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on March 29, 2012	Common stock	10,525	24,364.00	December 31, 2011	March 30, 2012

   (b) Approval of dividend payment for which the record date is in the fiscal year under review, and the effective date is in the following fiscal year

(Resolution)	Class of shares	Total amount of dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on March 29, 2013	Common stock	12,915	Retained earnings	29,896.50	December 31, 2012	March 29, 2013

Fiscal year ended December 31, 2013

1. Class and total number of issued shares

	Number of shares at beginning of fiscal year	Increase in shares during fiscal year	Decrease in shares during fiscal year	Number of shares at end of fiscal year
Common stock	432,000	308,568,000	–	309,000,000

(Note) On April 16, 2013, the Company conducted a 1:500 share split whereby 1 share of common stock was split into 500 shares of common stock. In addition, the Company issued new shares (issuance of 93,000,000 shares) by general public offering (public offering by book-building method) in Japan and by offering shares for subscription in overseas markets focusing on Europe and the U.S. (however, in the U.S., the shares were sold to qualified institutional investors only as per Rule 144A based on the United States Securities Act), and payment was completed on July 2, 2013. As a result, the total number of issued shares increased.

2. Class and number of treasury stock
   No items to report

3. Stock acquisition rights and treasury stock acquisition rights
   No items to report

4. Dividends
   (a) Dividend payment

(Resolution)	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on March 29, 2013	Common stock	12,915	29,896.50	December 31, 2012	March 29, 2013

   (b) Approval of dividend payment for which the record date is in the fiscal year under review and the effective date is in the following fiscal year

(Resolution)	Class of shares	Total amount of dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders to be held on March 28, 2014	Common stock	17,922	Retained earnings	58.00	December 31, 2013	March 31, 2014

(Note) Dividends per share include a special dividend payment of ¥5.00 to commemorate the listing of shares on the stock exchange.

(Notes to consolidated statements of cash flows)

*1. Relationship between the balance of cash and cash equivalents at the end of the period and the amounts recorded in the items shown on the consolidated balance sheets

	Fiscal year ended December 31, 2012	Fiscal year ended December 31, 2013
Cash and cash equivalents (on the consolidated balance sheets)	¥26,069 million	¥45,869 million
Time deposits with maturity over 6 months	¥(8) million	¥(18) million
Cash and cash equivalents	¥26,061 million	¥45,850 million

*2. Main components of assets and liabilities of company that became new consolidated subsidiary through share acquisition

Fiscal year ended December 31, 2013

The main components of assets and liabilities from PEPSICO INTERNATIONAL - VIETNAM COMPANY becoming a new consolidated subsidiary through equity acquisition at the time of its consolidation, and the relation between the equity acquisition price and the expenditure for the acquisition (net amount), are as follows.

Current assets	¥11,207 million
Noncurrent assets	¥27,774 million
Goodwill	¥2,936 million
Current liabilities	¥(8,110) million
Long-term liabilities	¥(3,414) million
Minority interests	¥(13,454) million
Equity acquisition price	¥16,940 million
Cash and cash equivalents	¥(4,730) million
Expenditure for equity acquisition	¥12,209 million

*3. Main components of assets and liabilities that increased in business transfer

Fiscal year ended December 31, 2013

The main components of assets acquired through the transfer of part of beverage business of GlaxoSmithKline plc by the newly established company Lucozade Ribena Suntory Limited, and the relation between the transfer price for this business and the expenditure for this transfer (net amount), are as follows.

Current assets	¥8,585 million
Noncurrent assets	¥202,836 million
Goodwill	¥8,675 million
Business transfer price	¥220,098 million
Payments for transfer of business	¥220,098 million

(Segment information, etc.)

a. Segment information

1. Overview of reportable segments

   The reportable segments used by the Group are based on the financial data available for discrete operating units of the Company and its subsidiaries, and are subject to periodic review by management to facilitate decisions related to the allocation of resources and the evaluation of business performance.

   The Group mainly manufactures and sells beverages and food. In Japan, business activities are carried out by the Company and its manufacturing and sales subsidiaries, while overseas operations are carried out by local companies in each region.

   Consequently, the Group's reportable segments are organized by area and there are two reportable segments: the "Japan business" and the "overseas business."

2. Method of calculating sales, profit/loss, assets, liabilities, and other items by reportable segment

   The accounting method used for reportable business segments is the same as that described in "Basis of preparing consolidated financial statements."

   Profit from reportable segments is based on operating income. Intersegment sales are based on arm's length transaction prices.

3. Information regarding amounts of sales, profit/loss, assets, liabilities, and other items by reportable segment

Fiscal year ended December 31, 2012

(Millions of yen)

	Reportable segments		Total	Reconciliations (Note 1)	Consolidated (Note 2)
	Japan	Overseas (Note 4)			
Sales					
Sales to external customers	688,796	303,364	992,160	–	992,160
Intersegment sales or transfers	–	1,207	1,207	(1,207)	–
Total	688,796	304,571	993,367	(1,207)	992,160
Segment profit (Note 3)	35,604	42,507	78,112	(19,665)	58,446
Segment assets	291,134	553,316	844,450	–	844,450
Other items					
Depreciation and amortization	27,591	8,978	36,569	–	36,569
Amortization of goodwill	129	19,536	19,665	–	19,665
Investments in associates	–	7,940	7,940	–	7,940
Increase in property, plant and equipment and intangible assets	31,619	19,911	51,530	–	51,530

Notes 1. The reconciliations of segment profit represent amortization of goodwill unallocated to each reportable segment.
2. The segment profit is adjusted with operating income described on the consolidated statements of income.
3. The EBITDA for each reportable segment is as follows:

(Millions of yen)

	Japan	Overseas	Total
Segment profit	35,604	42,507	78,112
Depreciation and amortization	27,591	8,978	36,569
EBITDA	63,195	51,486	114,682

EBITDA is the sum of segment profit and depreciation and amortization.

4. The breakdown of sales, profit and EBITDA by overseas segment shown below has been categorized by the location of parent companies of local group companies.

(Millions of yen)

	Europe	Oceania	Asia	Americas	Total
Sales					
Sales to external customers	123,661	33,342	78,842	67,516	303,364
Intersegment sales or transfers	1,207	–	–	–	1,207
Total	124,869	33,342	78,842	67,516	304,571
Segment profit	24,450	5,077	6,229	6,750	42,507
Depreciation and amortization	3,479	824	2,125	2,549	8,978
EBITDA	27,929	5,901	8,355	9,300	51,486

Fiscal year ended December 31, 2013

(Millions of yen)

	Reportable segments		Total	Reconciliations (Note 1)	Consolidated (Note 2)
	Japan	Overseas (Note 4)			
Sales					
Sales to external customers	716,852	404,509	1,121,361	–	1,121,361
Intersegment sales or transfers	–	1,070	1,070	(1,070)	–
Total	716,852	405,580	1,122,432	(1,070)	1,121,361
Segment profit (Note 3)	45,395	50,531	95,926	(23,211)	72,715
Segment assets	308,237	948,464	1,256,701	–	1,256,701
Other items					
Depreciation and amortization	29,575	14,143	43,718	–	43,718
Amortization of goodwill	110	23,100	23,211	–	23,211
Investments in associates	–	8,744	8,744	–	8,744
Increase in property, plant and equipment and intangible assets	34,427	218,252	252,679	–	252,679

Notes 1. The reconciliations of segment profit represent amortization of goodwill unallocated to each reportable segment.
2. The segment profit is adjusted with operating income described on the consolidated statements of income.
3. The EBITDA for each reportable segment is as follows:

(Millions of yen)

	Japan	Overseas	Total
Segment profit	45,395	50,531	95,926
Depreciation and amortization	29,575	14,143	43,718
EBITDA	74,970	64,674	139,644

EBITDA is the sum of segment profit and depreciation and amortization.

4. The breakdown of sales, profit and EBITDA by overseas segment shown below has been categorized by the location of parent companies of local group companies.

(Millions of yen)

	Europe	Oceania	Asia	Americas	Total
Sales					
Sales to external customers	154,931	40,962	132,658	75,957	404,509
Intersegment sales or transfers	1,070	–	–	–	1,070
Total	156,001	40,962	132,658	75,957	405,580
Segment profit	27,242	6,216	9,201	7,870	50,531
Depreciation and amortization	4,667	1,217	5,305	2,952	14,143
EBITDA	31,909	7,434	14,506	10,823	64,674

b. Related information

Fiscal year ended December 31, 2012

1. Information by products and services
As the Group operates in a single business category engaged in beverage and food operations, this information is omitted.

2. Information by geographic area
The main countries and regions (excluding Japan) are classified as follows.
Europe: Major countries of Europe
Oceania: Major countries of Oceania
Asia: East Asia, Southeast Asia
Americas: North America

(a) Sales

(Millions of yen)

Japan	Europe	Oceania	Asia	Americas	Total
688,796	124,167	58,138	53,541	67,516	992,160

(Note) Sales are classified by country or region based on the locations of customers.

(b) Property, plant and equipment

(Millions of yen)

Japan	Europe	Oceania	Asia	Americas	Total
150,324	34,156	13,898	16,658	20,301	235,338

3. Information by major customer
Of sales to external customers, as no single customer accounts for 10% or more of net sales in the consolidated statements of income, this information is omitted.

Fiscal year ended December 31, 2013

1. Information by products and services
As the Group operates in a single business category engaged in beverage and food operations, this information is omitted.

2. Information by geographic area

The main countries and regions (excluding Japan) are classified as follows.
Europe: Major countries of Europe
Oceania: Major countries of Oceania
Asia: East Asia, Southeast Asia
Americas: North America

(a) Sales

(Millions of yen)

Japan	Europe	Oceania	Asia	Americas	Total
716,852	155,680	69,434	103,436	75,957	1,121,361

(Note) Sales are classified by country or region based on the locations of customers.

(b) Property, plant and equipment

(Millions of yen)

Japan	Europe	Oceania	Asia	Americas	Total
152,768	70,248	19,413	49,202	21,188	312,820

3. Information by major customer
Of sales to external customers, as no single customer accounts for 10% or more of net sales in the consolidated statements of income, this information is omitted.

c. Information regarding impairment loss on noncurrent assets by reportable segment

Fiscal year ended December 31, 2012

(Millions of yen)

	Japan	Overseas	Total
Impairment loss	109	84	193

Fiscal year ended December 31, 2013

(Millions of yen)

	Japan	Overseas	Total
Impairment loss	15	1,160	1,176

d. Information regarding amortization and unamortized balance of goodwill by reportable segment

Fiscal year ended December 31, 2012

(Millions of yen)

	Japan	Overseas	Total
Balance at end of period	1,262	348,666	349,929

(Note) As amortization of goodwill is disclosed in segment information, this information is omitted.

Fiscal year ended December 31, 2013

(Millions of yen)

	Japan	Overseas	Total
Balance at end of period	1,050	398,999	400,050

(Note) As amortization of goodwill is disclosed in segment information, this information is omitted.

e. Information regarding gain on negative goodwill by reportable segment

Fiscal year ended December 31, 2012

No items to report

Fiscal year ended December 31, 2013

No items to report

(Per share information)

	Fiscal year ended December 31, 2012	Fiscal year ended December 31, 2013
Equity per share	¥881.24	¥1,806.48
Net income per share	¥108.27	¥118.79

Notes 1. Diluted net income per share is not presented because there are no potential shares.

2. On April 16, 2013, the Company conducted a 1:500 share split whereby 1 share of common stock was split into 500 shares of common stock. The equity per share amounts and the net income per share amounts were calculated on the assumption that the share split was conducted at the beginning of the previous fiscal year.

3. The basis for calculation of the equity per share amounts is as follows.

	As of December 31, 2012	As of December 31, 2013
Total equity (Millions of yen)	204,275	592,968
Amount deducted from total equity (Millions of yen)	13,927	34,767
(of which, stock acquisition rights [Millions of yen])	–	–
(of which, minority interests [Millions of yen])	(13,927)	(34,767)
Equity attributable to common stock at end of period (Millions of yen)	190,348	558,200
Number of shares of common stock at end of period (Shares)	216,000,000	309,000,000
Number of treasury shares of common stock (Shares)	–	–
Number of shares of common stock at end of period used in calculation of equity per share	216,000,000	309,000,000

4. The basis for calculation of the net income per share amounts is as follows.

	Fiscal year ended December 31, 2012	Fiscal year ended December 31, 2013
Net income per share		
Net income (Millions of yen)	23,385	31,196
Net income not attributable to common shareholders (Millions of yen)	–	–
Net income attributable to common stock (Millions of yen)	23,385	31,196
Average number of shares of common stock during period (Shares)	216,000,000	267,627,397

(Significant subsequent events)

No items to report