English Translation

SUNTORY BEVERAGE & FOOD

February 13, 2015

Summary of Consolidated Financial Results for the Fiscal Year Ended December 31, 2014 <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/
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Scheduled date of ordinary general meeting of shareholders:	March 27, 2015
Scheduled date to file securities report:	March 30, 2015
Scheduled date to commence dividend payments:	March 30, 2015
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, 2014 (from January 1, 2014 to December 31, 2014)

(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, 2014	1,257,280	12.1	85,949	18.2	82,272	22.3	36,239	16.2
December 31, 2013	1,121,361	13.0	72,715	24.4	67,257	24.5	31,196	33.4

Note: Comprehensive income
For the fiscal year ended December 31, 2014: ¥74,802 million [(33.5)%]
For the fiscal year ended December 31, 2013: ¥112,536 million [82.1%]

Reference: EBITDA
For the fiscal year ended December 31, 2014: ¥161.1 billion [15.3%]
For the fiscal year ended December 31, 2013: ¥139.6 billion [21.8%]
For the definition of EBITDA, its calculation method, etc., refer to “Segment information, etc.” on page 26.
Net income before amortization of goodwill
For the fiscal year ended December 31, 2014: ¥61.3 billion [12.7%]
For the fiscal year ended December 31, 2013: ¥54.4 billion [26.4%]

	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, 2014	117.28	–	6.3	6.2	6.8
December 31, 2013	118.79	–	8.3	6.4	6.5

Reference: Equity in earnings (losses) of affiliates
For the fiscal year ended December 31, 2014: ¥522 million
For the fiscal year ended December 31, 2013: ¥788 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, 2014	1,389,096	635,624	42.9	1,926.79
December 31, 2013	1,256,701	592,968	44.4	1,806.48

Reference: Shareholders' equity (Equity excluding minority interests)
As of December 31, 2014: ¥595,377 million As of December 31, 2013: ¥558,200 million

(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, 2014	108,638	(67,482)	13,670	105,505
December 31, 2013	114,081	(290,613)	190,409	45,850

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, 2013	–	0.00	–	58.00	58.00	17,922	48.8	4.3
Fiscal year ended December 31, 2014	–	29.00	–	31.00	60.00	18,540	51.2	3.2
Fiscal year ending December 31, 2015 (Forecasts)	–	33.00	–	33.00	66.00		48.6	

Note 1: Fiscal year-end dividend for the fiscal year ended December 31, 2013:
The dividend amount includes a special dividend payment of ¥5.00 to commemorate the listing of shares on the stock exchange.

Note 2: 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, 2015 (from January 1, 2015 to December 31, 2015)

(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, 2015	1,300,000	3.4	92,000	7.0	88,000	7.0	42,000	15.9	135.92

Reference: EBITDA
For the fiscal year ending December 31, 2015 (forecast): ¥170.0 billion [5.6%]
Net income before amortization of goodwill
For the fiscal year ending December 31, 2015 (forecast): ¥67.0 billion [9.3%]

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(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: Yes
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, 2014 309,000,000 shares
As of December 31, 2013 309,000,000 shares

b. Number of treasury shares at the end of the period
As of December 31, 2014 – shares
As of December 31, 2013 – shares

c. Average number of outstanding shares during the period
Fiscal year ended December 31, 2014 309,000,000 shares
Fiscal year ended December 31, 2013 262,627,397 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, 2014 (from January 1, 2014 to December 31, 2014)

(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, 2014	355,927	(1.6)	22,165	(5.8)	42,139	16.6	34,289	33.4
December 31, 2013	361,604	1.7	23,535	32.9	36,154	(9.3)	25,714	(18.0)

	Net income per share	Diluted net income per share
Fiscal year ended	(Yen)	(Yen)
December 31, 2014	110.97	–
December 31, 2013	97.91	–

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, 2014	933,698	499,213	53.5	1,615.58
December 31, 2013	888,807	491,702	55.3	1,591.27

Reference: Shareholders' equity (Equity excluding minority interests)
As of December 31, 2014: ¥499,213 million As of December 31, 2013: ¥491,702 million

*** Indication regarding execution of audit procedures**

The audit procedures pursuant to the Financial Instruments and Exchange Act do 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 announcement of these materials, and include certain risks and uncertainties. These statements are not intended as a promise by the Company to achieve such results. 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, there was a gradual recovery in the global economy overall despite signs of weakness in some areas. Although the Japanese economy continued to follow a path of gradual recovery, improvement in consumer spending came to a standstill.

Amid these circumstances, the Suntory Beverage & Food Limited Group (the Group) strived to grow both its Japanese and overseas businesses further through brand reinforcement and new demand creation under its philosophy of proposing premium and unique products that match the tastes and needs of consumers, and enriching consumers' lives. By utilizing the expertise of each company, the Group also worked to improve quality of products throughout the group and to strengthen earning capacity through cost reductions.

In the Japan segment, the Group maintained its sales volume at about the same level as the previous fiscal year, despite expectations of a year-on-year decline in the market overall reflecting the consumption tax increase in April and unseasonable weather in the summer. In addition to sales contributions from the main core brands *Suntory Tennensui* range and *BOSS* coffee range, there were strong sales of high-value-added products such as *Iyemon Tokucha*. Furthermore, the Group continued efforts to further strengthen the business structure to realize greater profit growth, such as reducing costs and investing effectively in marketing.
In the overseas segment, the Group's business scale grew, mainly reflecting further reinforcement of core brands carried out in each area and the start of operations at Lucozade Ribena Suntory Limited in January, as well as strong sales volume at Suntory PepsiCo Vietnam Beverage Co., Ltd. In Europe, the Group worked to create a more effective business foundation to create synergy between Orangina Schweppes Group and Lucozade Ribena Suntory Limited. Furthermore, in Asia, the Group worked to strengthen product development functions, marketing functions and its production structure.

As a result of the above, for the fiscal year under review, the Group reported consolidated net sales of ¥1,257.3 billion, up 12.1% year on year, operating income of ¥85.9 billion, up 18.2%, ordinary income of ¥82.3 billion, up 22.3%, and net income of ¥36.2 billion, up 16.2%.

Results by segment are as follows:

< Japan segment >
In the *Suntory Tennensui* range, the Group promoted the brand's original value by emphasizing its qualities of "clear & tasty" and "natural & healthy." Sales of *Suntory Minami-Alps Tennensui Sparkling*, *Suntory Minami-Alps Tennensui Sparkling Lemon*, and the brand's flavored water variety, *Suntory Minami-Alps Tennensui & Asa-zumi Orange*, were strong. As a result, sales volume for the range as a whole grew considerably year on year.
In the *BOSS* coffee range, there were firm sales of the core products including *Rainbow Mountain Blend*, *Zeitaku Bito*, *Muto Black*, and *Café au Lait.* In addition, *PREMIUM BOSS,* which was created with a new production method using the Company's R&D capabilities, recorded good sales following its launch in September. As a result, there was considerable growth in sales volume for the range as a whole.
In the *Iyemon* range, the FOSHU (a Food for Specified Health Uses) green tea *Iyemon Tokucha* continued to sell strongly, as shown by its annual sales volume, which exceeded 12 million cases in the second year following its launch. As a result, there was growth in sales volume for the range as a whole.
The sales volume of the *Pepsi* range was about level with the previous fiscal year. Topical advertising activities were carried out to promote *Pepsi NEX ZERO,* which had its contents and packaging renewed.
The sales volume of the *Suntory Oolong Tea* range fell year on year, despite continued marketing activities.
GREEN DAKARA obtained further recognition as a fluid replacement beverage as a countermeasure for the dryness in winter and heat stroke in the summer. Sales of the barley tea *GREEN DAKARA Yasashii Mugicha* were also strong. As a result, sales volume for the range as a

whole grew dramatically year on year. The sales volume of the carbonated fruit drink *Orangina* showed considerable growth due partly to the launch of a 1.2-liter PET bottle size in response to the diverse needs of consumers.

The Company made a contribution to market expansion of FOSHU drink products, which are attracting attention on the back of increasing health consciousness, and is establishing a strong position in this market. In total, the sales volume of the FOSHU drink products, which include *BOSS GREEN, Suntory Black Oolong Tea, Suntory Goma Mugicha* and *Pepsi Special* in addition to *Iyemon Tokucha,* grew dramatically year on year.

The Group's initiatives to improve profitability consisted of not only improving the product mix by strengthening sales of FOSHU drink products, but also continuing to reduce manufacturing costs by such means as making PET bottles and cardboard for packaging lighter.

As a result of the above, the Japan segment reported year-on-year increases in both net sales and segment profit, as shown below.
Japan segment net sales: ¥722.3 billion (up 0.8% year on year)
Japan segment profit: ¥46.6 billion (up 2.7% year on year)

< Overseas segment >
In Europe, Lucozade Ribena Suntory Limited started operations and the Group's business grew considerably in scale. Marketing activities were conducted centering on core brands such as *Orangina* and *Schweppes* in France and Spain, and *Lucozade* and *Ribena* in the UK. In addition, the Group strengthened its sales structure in Spain for the on-premise market. The Group also worked to optimize its operating resources, particularly in production and sales, and to create synergy with the aim of accelerating growth in Europe as a whole. As part of these efforts, UK sales operations for *Orangina* and a range of energy drinks marketed under the *V* brand, which were previously carried out by consignment, were transferred in increments to Lucozade Ribena Suntory Limited from July.
With respect to Asia, we made aggressive efforts to expand business in various countries mainly by strengthening our business foundation and launching new products. In Thailand and Indonesia, although the unstable economic environments continued to affect our business, we worked to expand sales of Suntory brand products including *MYTEA Oolong Tea* in Indonesia and *TEA+ Oolong Tea* in Vietnam.
In Oceania, the Frucor Group worked to vitalize its mainstay energy drink *V.* It also expanded its product lineup by such means as launching *OVI,* its first Suntory brand product, in September. In addition, the Frucor Group's research and development base in New Zealand was upgraded in order to further strengthen its product development capabilities.
In the Americas, the Group improved business efficiency in sales activities and distribution, and further promoted *Pepsi* brand products, focusing on the state of North Carolina.

In addition to activities to expand sales in each area, the Group strove to further improve quality and strengthen earning capacity through the overseas deployment of the R&D technology and knowhow for the reduction of costs developed in Japan.

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

Overseas segment net sales: ¥535.0 billion (up 32.3% year on year)
Overseas segment profit: ¥64.4 billion (up 27.4% year on year)

B. Outlook for the next fiscal year
The Group will work to improve profitability at existing businesses and build its business foundation in order to further strengthen the strategies it has applied hitherto, such as reinforcing core brands and selling new products to offer new value to consumers, and accelerate growth in both its Japanese and overseas businesses.
The Group's initiatives for the 2015 fiscal year are provided in 3. Management Policies.
In the 2015 fiscal year, the Group expects consolidated net sales of ¥1,300.0 billion, up 3.4% year on year, operating income of ¥92.0 billion, up 7.0%, ordinary income of ¥88.0 billion, up 7.0%, and net income of ¥42.0 billion, up 15.9%.

The main foreign exchange rates underlying the outlook for the next fiscal year are ¥135 against the euro and ¥120 against the U.S. dollar.

(2) Analysis of financial position

Total assets as of December 31, 2014 stood at ¥1,389.1 billion, an increase of ¥132.4 billion compared to December 31, 2013. The main factors were increases in cash and deposits, notes and accounts receivable-trade and other items.
Total liabilities stood at ¥753.5 billion, an increase of ¥89.7 billion compared to December 31, 2013. The main factors were increases in notes and accounts payable-trade, interest-bearing debt, and other items.
Equity stood at ¥635.6 billion, an increase of ¥42.7 billion compared to December 31, 2013 due in part to an increase in retained earnings resulting from the recording of net income and an increase in foreign currency translation adjustments, despite other factors including a decrease in retained earnings resulting from payments of cash dividends. As a result of the above, shareholders' equity ratio was 42.9% and equity per share was ¥1,926.79.

Cash flow positions in the fiscal year under review are as follows.
Cash and cash equivalents as of December 31, 2014 amounted to ¥105.5 billion, an increase of ¥59.7 billion compared to December 31, 2013.
Net cash provided by operating activities was ¥108.6 billion, a decrease of ¥5.4 billion compared to the previous fiscal year. This was mainly the result of an increase of ¥21.8 billion in notes and accounts receivable-trade, despite income before income taxes and minority interests of ¥70.5 billion, depreciation and amortization of ¥50.0 billion and others.
Net cash used in investing activities was ¥67.5 billion, a decrease of ¥223.1 billion compared to the previous fiscal year. This was mainly the result of the absence of payments for transfer of business of ¥220.1 billion that occurred in the previous fiscal year, despite purchases of property, plant, and equipment and intangible fixed assets of ¥68.9 billion and others.
Net cash provided by financing activities was ¥13.7 billion, a decrease of ¥176.7 billion compared to the previous fiscal year. This was mainly the result of the absence of proceeds from issuance of shares of ¥275.5 billion that occurred in the previous fiscal year, despite proceeds from long-term debt of ¥144.3 billion, proceeds from issuance of bonds of ¥39.8 billion and others.

(Reference) Trends in cash flow indicators

	Fiscal year ended December 31, 2013	Fiscal year ended December 31, 2014
Shareholders' equity ratio (%)	44.4	42.9
Market value-based shareholders' equity ratio (%)	82.5	92.8
Interest-bearing debt to cash flow ratio (years)	2.6	3.3
Interest coverage ratio (times)	24.8	27.2

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.

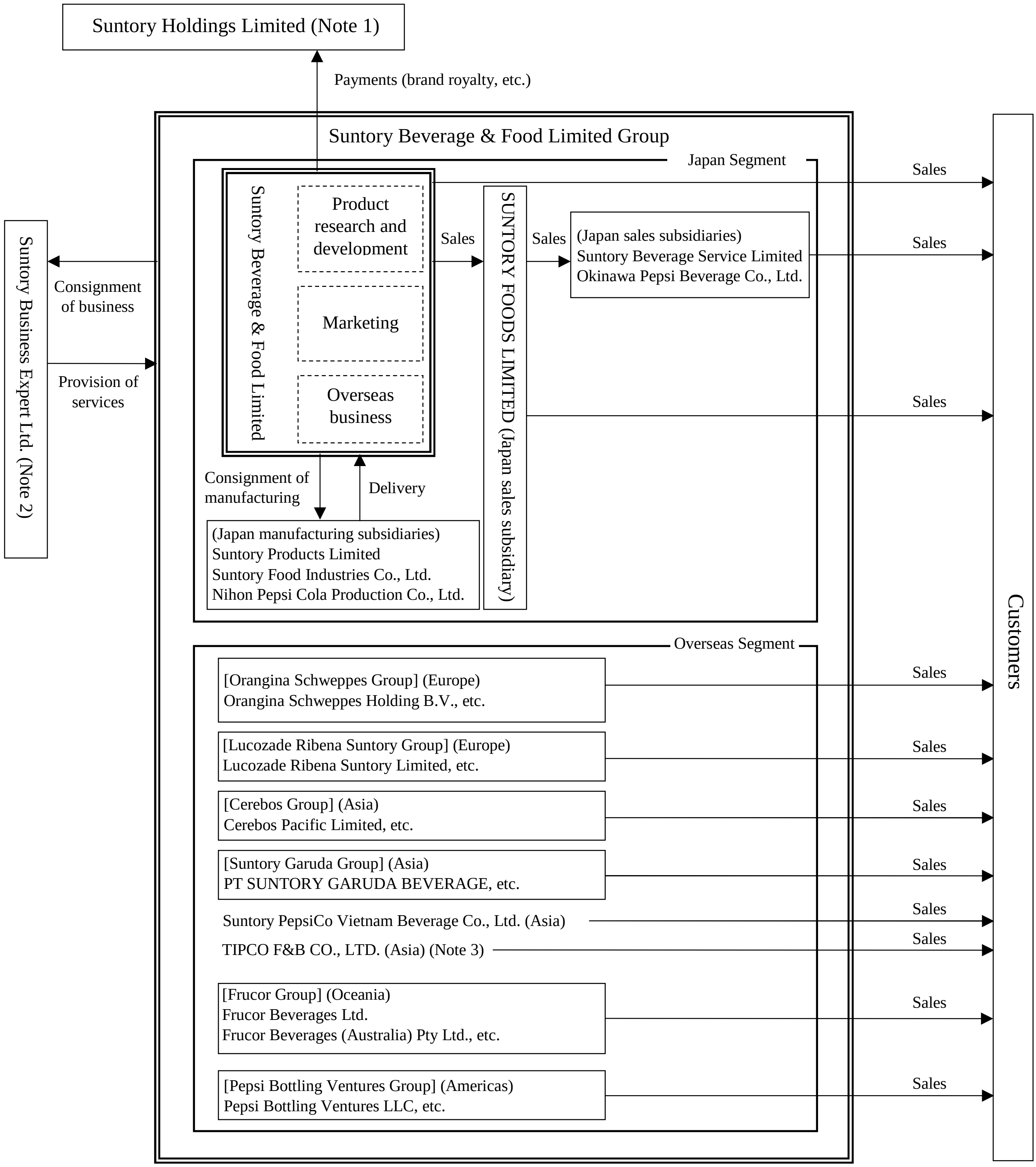
(3) Basic policy on profit distribution and dividends for the 2014 and 2015 fiscal years

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 ¥31 per share. As a result, the planned annual dividend for the fiscal year under review is ¥60 per share, together with an interim dividend of ¥29 already paid. For the fiscal year ending December 31, 2015, we plan to pay an annual dividend of ¥66 per share, comprised of an interim dividend of ¥33 and a fiscal year-end dividend of ¥33.

2. State of the Group

The Suntory Beverage & Food Limited Group is comprised of the Company, 90 subsidiaries and 10 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 notes are consolidated subsidiaries.

3. Management Policies

(1) Basic corporate management policy

The type of value the Group wants to offer to the consumers 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 develop products that match the tastes and needs of consumers in order to offer them "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 consumers around the world.

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

The Group has expanded its business foundation by such means as stock listings on the Tokyo Stock Exchange and M&As. With the aim of evolving toward integrated development by utilizing this business foundation not only to accelerate self-sustaining growth in each area around the world but also to create synergies, we have formulated the following management strategies for 2015 to 2017.

<u>1. Focus on core areas</u>

We will concentrate management resources on approximately 20 countries that include new areas in Asia and Africa, in addition to our existing areas of operation, which we will continue to strengthen.

<u>2. Establish a position with a strong presence in each area</u>

(i) We will not only continue to reinforce existing core brands in each area but also create demand by proposing products that match the needs of consumers and bring new value. To realize these aims, we will strive to implement constant innovations in research and development, marketing and production technology.

(ii) We will make focused efforts to further strengthen our distribution and production capabilities in ways that are tailored to different areas.
We will also actively consider M&As as a means to strengthen our distribution capabilities.

(iii) We will continue to reduce costs and secure the funds necessary for growth investment.

<u>3. Evolve toward integrated development</u>

We will create synergies among areas and Group companies in terms of both sales and costs and aim for integrated development. In addition, we will determine and distribute brands with sales potential in the global market.

The targets for the Group's existing businesses are as follows (each in comparison to 2014 figures and on a currency-neutral basis)

Operating profit:	Mid single-digit or above Compound Annual Growth Rate (CAGR) growth Further improve ratio of operating income to net sales
ROE:	Maintain at 10% or above based on net income before amortization of goodwill and improve it further through profit growth
Net sales:	Aim for continued growth

(3) Issues to address

In the 2015 fiscal year, the Group will work to build business foundations both in its Japanese and overseas businesses and aim for sales and profit growth in each area.

In the Japan segment, we forecast continued uncertainties in the market environment due to factors including further economizing by consumers as a result of the consumption tax increase. Nevertheless, we aim to reinforce core brands and create new demand by proposing value-added products that accurately match the tastes and needs of consumers as well as products that bring new value.

We will carry out further reinforcement of our core brands with a focus on *Suntory Tennensui* and the *BOSS* coffee range, which contributed to market expansion in 2014. In addition, we will not only continue to strengthen our FOSHU category and drive growth in this market but also proactively address the challenge of developing products in new categories.
Furthermore, through innovations in research and development, production technology and others, we will offer products that bring new value, and create a virtuous cycle that promotes further increases in brand value. To achieve these aims, we will channel investment into research and development, marketing and production facilities, and continue to reduce costs in order to create the resources needed for this kind of growth investment.

In the overseas segment, we will work toward integrated development in the medium term. To do so, we will boost profitability by reinforcing core brands, strengthening our business foundation and reducing costs, and reinforce collaboration among Group companies.
Looking at Europe, we forecast that the economic environment will continue to be tough. Amid this situation, the Group will concentrate marketing investment on the key products *Orangina*, *Schweppes*, *Lucozade* and *Ribena*, and work to expand sales by strengthening distribution capabilities through such means as emphasizing on-premise channels as well as household use channels. In addition, we will strengthen our initiatives in Africa.
In Asia, despite concerns about slower economic growth in emerging countries, we will focus on core brands with the aim of achieving business expansion in excess of market growth, and establish a solid position in Southeast Asia. At the Cerebos Group, we will concentrate marketing activities on the mainstay health food *BRAND’S Essence of Chicken*. At the Suntory Garuda Group and Suntory PepsiCo Vietnam Beverage Co., Ltd., which operate beverage businesses, we will not only continue to focus efforts on fostering existing brands and Suntory brands but also strengthen our sales and production structures with the aim of accelerating growth. Furthermore, we will create our own sales structures in Malaysia, Singapore and Hong Kong, and work to achieve integrated growth in Asia.
In Oceania, although competition is expected to intensify further, we will reinforce *V* at the Frucor Group as the leading brand in the energy drink category and take aggressive steps to expand the brand portfolio including Suntory brands and implement cost reductions in order to boost profitability.
In the Americas, at Pepsi Bottling Ventures LLC, we will work to expand sales not only for carbonated beverages but also in the non-carbonated beverages field, which is expected to grow.

4. Consolidated Financial Statements (Unaudited)

(1) Consolidated balance sheets

(Millions of yen)

	As of December 31, 2013	As of December 31, 2014
Assets		
Current assets		
Cash and deposits	45,869	105,520
Notes and accounts receivable-trade	126,116	152,476
Merchandise and finished goods	40,140	42,254
Work in process	2,991	3,553
Raw materials and supplies	24,523	29,079
Deferred tax assets	11,403	11,658
Other	32,597	42,258
Allowance for doubtful accounts	(320)	(354)
Total current assets	283,321	386,446
Noncurrent assets		
Property, plant, and equipment		
Buildings and structures	102,966	111,170
Accumulated depreciation	(42,042)	(45,212)
Buildings and structures, net	*1 60,923	*1 65,957
Machinery, equipment, and other	275,727	301,309
Accumulated depreciation	(142,331)	(162,320)
Machinery, equipment, and other, net	133,396	138,989
Tools, furniture and fixtures	191,306	193,994
Accumulated depreciation	(132,737)	(135,984)
Tools, furniture and fixtures, net	58,568	58,010
Land	*1 40,032	*1 41,831
Construction in progress	10,305	24,547
Other	20,312	20,155
Accumulated depreciation	(10,717)	(10,390)
Other, net	9,594	9,764
Total property, plant, and equipment	312,820	339,100
Intangible fixed assets		
Goodwill	400,050	381,760
Trademarks	184,942	199,899
Other	37,656	41,798
Total intangible fixed assets	622,649	623,458
Investments and other assets		
Investment securities	*2 17,820	*2 19,277
Deferred tax assets	3,478	3,482
Other	16,321	16,985
Allowance for doubtful accounts	(842)	(468)
Total investments and other assets	36,778	39,277
Total noncurrent assets	972,249	1,001,836
Deferred assets	1,131	813
Total	1,256,701	1,389,096

(Millions of yen)

	As of December 31, 2013	As of December 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable-trade	99,794	111,612
Electronically recorded obligations-operating	14,696	11,990
Short-term borrowings	*1 156,772	*1 54,688
Commercial papers	16,000	–
Lease obligations	1,432	986
Consumption taxes payable	3,558	6,122
Accrued income taxes	11,227	14,456
Accounts payable-other	74,868	79,155
Accrued expenses	42,489	51,305
Provision for bonuses	3,949	4,485
Other	21,847	19,847
Total current liabilities	446,636	354,650
Long-term liabilities		
Bonds payable	–	40,000
Long-term debt	*1 129,346	*1 264,399
Lease obligations	2,760	2,281
Deferred tax liabilities	58,907	63,030
Liability for employee retirement benefits	6,320	–
Retirement allowances for directors and audit and supervisory board members	23	9
Net defined benefit liability	–	10,474
Other	19,737	18,626
Total long-term liabilities	217,096	398,821
Total liabilities	663,733	753,471
Equity		
Shareholders’ equity		
Common stock	168,384	168,384
Capital surplus	192,701	192,701
Retained earnings	141,077	150,463
Total shareholders’ equity	502,163	511,549
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	963	1,316
Deferred gain on derivatives under hedge accounting	264	606
Foreign currency translation adjustments	54,809	83,801
Remeasurements of defined benefit plans	–	(1,897)
Total accumulated other comprehensive income	56,037	83,827
Minority interests	34,767	40,247
Total equity	592,968	635,624
Total	1,256,701	1,389,096

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

Consolidated statements of income

(Millions of yen)

	Fiscal year ended December 31, 2013	Fiscal year ended December 31, 2014
Net sales	1,121,361	1,257,280
Cost of sales	*1 502,730	*1 574,203
Gross profit	618,630	683,077
Selling, general, and administrative expenses		
Promotion expenses and sales commission	265,567	274,350
Advertising costs	44,374	53,709
Haulage and warehousing expenses	39,963	47,916
Labor expenses	77,031	87,659
Depreciation and amortization	28,006	30,401
Amortization of goodwill	23,211	25,075
Other	*1 67,761	*1 78,014
Total selling, general, and administrative expenses	545,915	597,127
Operating income	72,715	85,949
Non-operating income		
Interest income	378	340
Dividend income	108	135
Equity in earnings of affiliates	788	522
Other	805	1,379
Total non-operating income	2,081	2,377
Non-operating expenses		
Interest expense	4,762	4,605
Other	2,776	1,449
Total non-operating expenses	7,539	6,055
Ordinary income	67,257	82,272
Extraordinary income		
Gain on sales of noncurrent assets	*2 72	*2 284
Insurance income	1,059	–
Restructuring gain	2,754	–
Other	33	37
Total extraordinary income	3,919	321
Extraordinary loss		
Loss on disposal of property, plant, and equipment	*3 3,247	*3 3,029
Restructuring cost	*4 3,862	*4 7,912
Other	1,616	1,160
Total extraordinary losses	8,726	12,102
Income before income taxes and minority interests	62,450	70,491
Income taxes-current	25,599	29,374
Income taxes-deferred	473	387
Total income taxes	26,072	29,761
Net income before minority interests	36,377	40,730
Minority interests in net income	5,181	4,490
Net income	31,196	36,239

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2013	Fiscal year ended December 31, 2014
Net income before minority interests	36,377	40,730
Other comprehensive income		
Unrealized gain on available-for-sale securities	534	336
Deferred gain (loss) on derivatives under hedge accounting	(170)	341
Foreign currency translation adjustments	74,513	32,583
Share of other comprehensive income in associates	1,282	811
Total other comprehensive income	76,158	34,072
Total comprehensive income	112,536	74,802
Total comprehensive income attributable to:		
Owners of the parent (the Company)	103,889	65,927
Minority interests	8,646	8,875

(3) Consolidated statements of changes in equity

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	Remeasurements of defined benefit plans	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

Fiscal year ended December 31, 2014

(Millions of yen)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at January 1, 2014	168,384	192,701	141,077	502,163
Changes of items in the year				
Cash dividends			(26,883)	(26,883)
Net income			36,239	36,239
Put option granted to minority shareholders			29	29
Net changes of items other than shareholders' equity				
Net change in the year	–	–	9,386	9,386
Balance at December 31, 2014	168,384	192,701	150,463	511,549

	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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at January 1, 2014	963	264	54,809	–	56,037	34,767	592,968
Changes of items in the year							
Cash dividends							(26,883)
Net income							36,239
Put option granted to minority shareholders							29
Net changes of items other than shareholders' equity	353	341	28,992	(1,897)	27,790	5,479	33,270
Net change in the year	353	341	28,992	(1,897)	27,790	5,479	42,656
Balance at December 31, 2014	1,316	606	83,801	(1,897)	83,827	40,247	635,624

(4) Consolidated statements of cash flows

(Millions of yen)

		Fiscal year ended December 31, 2013	Fiscal year ended December 31, 2014
Operating activities			
Income before income taxes and minority interests		62,450	70,491
Depreciation and amortization		43,718	50,032
Amortization of goodwill		23,211	25,075
Interest and dividend income		(487)	(475)
Interest expense		4,762	4,605
Loss on disposal of property, plant, and equipment		3,247	3,029
Net gain on sales of property, plant, and equipment		(72)	(191)
Increase in notes and accounts receivable-trade		(2,905)	(21,815)
Increase in inventories		(4,682)	(3,813)
(Decrease) increase in notes and accounts payable-trade		(4,962)	8,219
Other, net		17,258	1,305
Subtotal		141,538	136,462
Interest and dividend income received		1,227	960
Interest expense paid		(4,599)	(3,988)
Income taxes paid		(24,084)	(24,796)
Net cash provided by operating activities		114,081	108,638
Investing activities			
Net decrease in short-term receivables		24	–
Purchases of property, plant, and equipment and intangible fixed assets		(59,657)	(68,904)
Proceeds from sales of property, plant, and equipment and intangible fixed assets		2,248	1,333
Purchases of investments in securities		(499)	(12)
Proceeds from sales of investment securities		2	2
Purchases of investments in subsidiaries resulting in changes in scope of consolidation	*2	(12,209)	–
Payments for transfer of business	*3	(220,098)	–
Other, net		(423)	97
Net cash used in investing activities		(290,613)	(67,482)
Financing activities			
Net decrease in short-term borrowings		(62,411)	(75,600)
Net increase (decrease) in commercial papers		16,000	(16,000)
Proceeds from long-term debt		57,759	144,281
Repayments of long-term debt		(78,966)	(47,198)
Proceeds from issuance of shares		275,465	–
Repayments of lease obligations		(1,682)	(1,406)
Proceeds from issuance of bonds		–	39,822
Cash dividends		(12,915)	(26,883)
Cash dividends to minority shareholders		(2,840)	(3,344)
Net cash provided by financing activities		190,409	13,670

(Millions of yen)

	Fiscal year ended December 31, 2013	Fiscal year ended December 31, 2014
Foreign currency translation adjustments on cash and cash equivalents	5,912	4,827
Net increase in cash and cash equivalents	19,789	59,654
Cash and cash equivalents, beginning of year	26,061	45,850
Cash and cash equivalents, end of year	*1 45,850	*1 105,505

(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 84 other companies. The major such companies are provided in "2. State of the Group."

As a result of the new establishment of three subsidiaries of Suntory Beverage & Food Asia Pte. Ltd. in the fiscal year under review, the said subsidiaries have been included in the scope of consolidation. In addition, as a result of a merger between two subsidiaries of Orangina Schweppes Holding B.V., the company dissolved in the merger has been 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 7. 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. However, trademarks for which the useful life is indefinite are not amortized. 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) 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) Accounting method of retirement benefits
(1) Methods of attributing estimated retirement benefits to accounting periods
When calculating retirement benefit obligations, the straight-line method is mainly used to attribute estimated retirement benefits to the period through the end of the current fiscal year.

(2) Amortization of actuarial differences and prior service cost
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 from the year following that in which they arise.

(e) 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.

(f) 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 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.

(g) 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.

(h) 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.

Bond issuance expenses are amortized using the straight-line method during the period up to bond redemption.

(i) 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.

(j) Other significant matters forming the basis of preparing the consolidated financial statements

Accounting for consumption taxes

Consumption taxes are excluded from the revenue and expense accounts that are subject to such taxes.

(7) Changes in accounting policies

(Application of the Accounting Standard for Retirement Benefits and its Guidance)

The "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and the "Guidance on the Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012) were applied effective the end of the fiscal year ended December 31, 2014; provided, however, that they were applied excluding the provisions specified under the main clause of Section 35 of the Accounting Standard for Retirement Benefits and the main clause of Section 67 of the Guidance on the Accounting Standard for Retirement Benefits. Under the new accounting policy, the amount of retirement benefit obligations minus plan assets is recorded as net defined benefit liability, and the unrecognized actuarial differences and unrecognized prior service cost were recognized in net defined benefit liability.

The application of the Accounting Standard for Retirement Benefits and its Guidance by the Company is subject to the tentative treatment provided for in Section 37 of the Accounting Standard for Retirement Benefits. Consequently, the effects of the changes in accounting policies were recognized at the end of the fiscal year under review in remeasurements of defined benefit plans under accumulated other comprehensive income.

As a result, as of December 31, 2014, net defined benefit liability of ¥10,474 million was recognized. Also, accumulated other comprehensive income decreased by ¥1,897 million and minority interests decreased by ¥19 million.
The impact from this on per share information is provided in the relevant section.

(8) Changes in presentation

(Consolidated statements of income)
"Foreign currency exchange loss, net," which was reported as a separate item under "Non-operating expenses" in the previous fiscal year, is included in "Other" in the fiscal year under review because it now accounts for 10% or less 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, ¥1,664 million presented as "Foreign currency exchange loss, net" under "Non-operating expenses" in the consolidated statements of income of the previous fiscal year has been reclassified as "Other."

"Gain on sales of noncurrent assets," which was included in "Other" under "Extraordinary income" 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 income. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change to presentation.
As a result, ¥106 million presented as "Other" under "Extraordinary income" in the consolidated statements of income of the previous fiscal year has been reclassified as ¥72 million in "Gain on sales of noncurrent assets" and ¥33 million in "Other."

"Impairment loss," which was reported as a separate item under "Extraordinary loss" in the previous fiscal year, is included in "Other" in the fiscal year under review because it now accounts for 10% or less 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, ¥1,176 million presented as "Impairment loss" under "Extraordinary loss" in the consolidated statements of income of the previous fiscal year has been reclassified as "Other."

(Consolidated statements of cash flows)
"Impairment loss," which was reported as a separate item under "Operating activities" in the previous fiscal year, is included in "Other, net" in the fiscal year under review because it has become insignificant in terms of amount. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change to presentation.
As a result, ¥1,176 million presented as "Impairment loss" under "Operating activities" in the consolidated statements of cash flows of the previous fiscal year has been reclassified as "Other, net."

(9) 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, 2013	As of December 31, 2014
Buildings and structures	¥1,534 million	¥1,447 million
Land	¥4,768 million	¥4,768 million
Total	¥6,302 million	¥6,216 million

Liabilities for which collateral is pledged are shown below:

	As of December 31, 2013	As of December 31, 2014
Long-term debt	¥1,687 million (Note 1)	¥750 million (Note 2)

(Notes)

1. Includes ¥937 million in current portion of long-term debt.
2. Includes ¥500 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, 2013	As of December 31, 2014
Investment securities	¥9,004 million	¥9,879 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, 2013	Fiscal year ended December 31, 2014
	¥6,856 million	¥7,895 million

*2. The breakdown of gain on sales of noncurrent assets is as follows.

	Fiscal year ended December 31, 2013	Fiscal year ended December 31, 2014
Buildings and structures	¥– million	¥147 million
Machinery, equipment, and other	¥14 million	¥76 million
Other	¥58 million	¥60 million
Total	¥72 million	¥284 million

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

	Fiscal year ended December 31, 2013	Fiscal year ended December 31, 2014
Machinery, equipment, and other	¥980 million	¥542 million
Tools, furniture and fixtures	¥1,861 million	¥2,283 million
Other	¥405 million	¥203 million
Total	¥3,247 million	¥3,029 million

*4. Restructuring cost

Restructuring cost mainly consists of various costs resulting from restructuring of consolidated subsidiaries in Europe.

(Notes to consolidated statements of changes in equity)

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 (Note)	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 [Plan])	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.

Fiscal year ended December 31, 2014

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	309,000,000	–	–	309,000,000

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 28, 2014	Common stock	17,922	(Note) 58.00	December 31, 2013	March 31, 2014
Meeting of the Board of Directors held on August 5, 2014	Common stock	8,961	29.00	June 30, 2014	September 2, 2014

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

(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 [Plan])	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 27, 2015	Common stock	9,579	Retained earnings	31.00	December 31, 2014	March 30, 2015

(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, 2013	Fiscal year ended December 31, 2014
Cash and deposits (on the consolidated balance sheets)	¥45,869 million	¥105,520 million
Time deposits with maturity over 6 months	¥(18) million	¥(15) million
Cash and cash equivalents	¥45,850 million	¥105,505 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.)

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

Fiscal year ended December 31, 2014

(Millions of yen)

	Reportable segments		Total	Reconciliations (Note 1)	Consolidated (Note 2)
	Japan	Overseas (Note 4)			
Sales					
Sales to external customers	722,303	534,976	1,257,280	–	1,257,280
Intersegment sales or transfers	–	1,239	1,239	(1,239)	–
Total	722,303	536,216	1,258,520	(1,239)	1,257,280
Segment profit (Note 3)	46,624	64,400	111,024	(25,075)	85,949
Segment assets	365,399	1,023,697	1,389,096	–	1,389,096
Other items					
Depreciation and amortization	30,028	20,003	50,032	–	50,032
Amortization of goodwill	110	24,964	25,075	–	25,075
Investments in associates	–	9,637	9,637	–	9,637
Increase in property, plant, and equipment and intangible fixed assets	31,885	37,255	69,140	–	69,140

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	46,624	64,400	111,024
Depreciation and amortization	30,028	20,003	50,032
EBITDA	76,653	84,404	161,057

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	Asia	Oceania	Americas	Total
Sales					
Sales to external customers	256,469	154,503	44,464	79,538	534,976
Intersegment sales or transfers	1,239	–	–	–	1,239
Total	257,709	154,503	44,464	79,538	536,216
Segment profit	39,535	10,429	5,585	8,848	64,400
Depreciation and amortization	8,350	7,110	1,446	3,096	20,003
EBITDA	47,885	17,540	7,032	11,945	84,404

[Related information]

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: Europe
   Asia: East Asia, Southeast Asia
   Oceania: Oceania
   Americas: North America

(a) Sales

(Millions of yen)

Japan	Europe	Asia	Oceania	Americas	Total
716,852	155,680	103,436	69,434	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	Asia	Oceania	Americas	Total
152,768	70,248	49,202	19,413	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.

Fiscal year ended December 31, 2014

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: Europe, Africa
   Asia: East Asia, Southeast Asia
   Oceania: Oceania
   Americas: North America

(a) Sales

(Millions of yen)

Japan	Europe	Asia	Oceania	Americas	Total
722,303	250,504	127,163	77,769	79,538	1,257,280

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

(b) Property, plant, and equipment

(Millions of yen)

Japan	Europe	Asia	Oceania	Americas	Total
152,244	76,034	62,901	23,617	24,302	339,100

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.

[Information regarding impairment loss on noncurrent assets by reportable segment]

Fiscal year ended December 31, 2013

(Millions of yen)

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

Fiscal year ended December 31, 2014

(Millions of yen)

	Japan	Overseas	Total
Impairment loss	40	89	130

[Information regarding amortization and unamortized balance of goodwill by reportable segment]

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.

Fiscal year ended December 31, 2014

(Millions of yen)

	Japan	Overseas	Total
Balance at end of period	940	380,820	381,760

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

[Information regarding gain on negative goodwill by reportable segment]

Fiscal year ended December 31, 2013
No items to report

Fiscal year ended December 31, 2014
No items to report

(Per share information)

	Fiscal year ended December 31, 2013	Fiscal year ended December 31, 2014
Equity per share	¥1,806.48	¥1,926.79
Net income per share	¥118.79	¥117.28

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 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, 2013	As of December 31, 2014
Total equity (Millions of yen)	592,968	635,624
Amount deducted from total equity (Millions of yen)	34,767	40,247
(of which, minority interests [Millions of yen])	(34,767)	(40,247)
Equity attributable to common stock at end of period (Millions of yen)	558,200	595,377
Number of shares of common stock at end of period used in calculation of equity per share (Shares)	309,000,000	309,000,000

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

	Fiscal year ended December 31, 2013	Fiscal year ended December 31, 2014
Net income per share		
Net income (Millions of yen)	31,196	36,239
Net income not attributable to common shareholders (Millions of yen)	–	–
Net income attributable to common stock (Millions of yen)	31,196	36,239
Average number of shares of common stock during period (Shares)	262,627,397	309,000,000

5. As stated in "(7) Changes in accounting policies (Application of the Accounting Standard for Retirement Benefits and its Guidance)," application of the Accounting Standard for Retirement Benefits and its Guidance is subject to the tentative treatment provided for in Section 37 of the Accounting Standard for Retirement Benefits, and the effects of the changes in accounting policies were recognized at the end of the fiscal year under review in remeasurements of defined benefit plans under accumulated other comprehensive income.
As a result, equity per share for the fiscal year ended December 31, 2014, decreased by ¥6.14.

(Significant subsequent events)

No items to report