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Securities code: 2587

March 6, 2014

To: Our Shareholders

Notice of Convocation of the 5th Ordinary General Meeting of Shareholders

Dear Shareholder:

You are hereby notified that the 5th Ordinary General Meeting of Shareholders (the “Meeting”) of Suntory Beverage & Food Limited (the “Company”) will be held as described below. Your attendance would be much appreciated.

If you are unable to attend the Meeting, you may exercise your voting rights by any of the following methods. Please review the attached Reference Document for the General Meeting of Shareholders and exercise your voting rights before 5:30 p.m. Thursday, March 27, 2014.

Exercising voting rights by mail

Please indicate “For” or “Against” with respect to each proposal on the enclosed voting form and send it by mail to arrive before the above-mentioned voting deadline.

Exercising voting rights by the Internet, etc.

[Translation omitted.]

1. Date and Time: March 28, 2014 (Friday) at 10:00 a.m.
2. Place: Grand Prince Hotel New Takanawa
“International Convention Center PAMIR”
13-1, Takanawa 3-chome, Minato-ku, Tokyo
3. Purpose:
Items to be reported:
 1. Business Report and the Consolidated Financial Statements for the 5th business term (from January 1, 2013 to December 31, 2013), the audit reports on the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board.
 2. The Financial Statements for the 5th business term (from January 1, 2013 to December 31, 2013)

Items to be resolved:

- Proposal 1: Appropriation of Surplus
Proposal 2: Election of Nine (9) Directors
Proposal 3: Election of One (1) Substitute Audit & Supervisory Board Member

4. Exercise of Voting Rights:
If you exercise your voting rights both by sending the voting form by mail and via the Internet, etc., the vote exercised via the Internet, etc. will be taken as valid. If you exercise your voting rights more than once via the Internet, etc., or twice by using both your personal computer and mobile phone, only the final vote will be taken as valid.

Sincerely yours,

Nobuhiro Torii
Representative Director and President

Suntory Beverage & Food Limited
1-1, Kyobashi 3-chome, Chuo-ku, Tokyo

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- If attending the Meeting in person, please present the enclosed voting form to the reception desk. Please note that persons other than shareholders who can exercise voting rights, such as proxies who are not shareholders or accompanying persons shall not be permitted entry even if they hold the enclosed voting form. Also, if attending the Meeting in person, please bring this Notice of Convocation to save resources.
 - If revisions are made to the Reference Document for the General Meeting of Shareholders, the Business Report, the Financial Statements or the Consolidated Financial Statements, we will post the revised versions on the Company’s Internet website:
<http://www.suntory.com/softdrink/ir/stock/meeting.html>

Reference Document for the General Meeting of Shareholders

Proposals and Reference Information

Proposal 1: Appropriation of Surplus

Considering the business performance and business environment, we propose to pay a year-end dividend for the current business term of ¥58 per share in accordance with our policy for profit distribution. Included in this amount are an ordinary dividend of ¥53 per share and a special dividend of ¥5 per share to commemorate the listing on the First Section of the Tokyo Stock Exchange. The details are as follows.

- (i) Type of dividend property: Cash
- (ii) Matters concerning the allotment of dividend property to shareholders and the total amount of the allotment:
 - ¥58 per share of common stock of the Company
 - (Ordinary dividend of ¥53 per share and special dividend of ¥5 per share)
 - Total cash dividends of ¥17,922,000,000
- (iii) Date on which the dividend of surplus will become effective: March 31, 2014

We believe our prioritization of strategic investments as well as capital expenditures for sustainable revenue growth and increasing the corporate value 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.

Proposal 2: Election of Nine (9) Directors

At the close of the Meeting, the term of office of all eleven (11) Directors will expire. Therefore, we would like you to approve the reduction of the number of Directors by two (2) Directors to enable swifter decision making at the Board of Directors and the election of nine (9) Directors.

The candidates for Directors to be elected are as follows:

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
Nobuhiro Torii (March 10, 1966)	<p>Joined The Industrial Bank of Japan, Limited (Present: Mizuho Bank, Ltd.) in July 1991.</p> <p>Joined Suntory Limited (Present: Suntory Liquors Limited) in April 1997.</p> <p>Assumed the office of General Manager, Overall Sales & Marketing Division of such company in September 2005.</p> <p>Assumed the office of Director, Member of the Board of such company in March 2007.</p> <p>Assumed the office of Chief Operating Officer, Corporate Development Division of such company in April 2008.</p> <p>Assumed the office of Executive Officer of Suntory Holdings Limited in April 2009.</p> <p>Assumed the office of Chief Operating Officer, Corporate Development Division of such company in April 2009.</p> <p>Assumed the office of Managing Executive Officer of such company in April 2010.</p> <p>Assumed the office of Chief Operating Officer, International Strategy Division of such company in April 2010.</p> <p>Has occupied the office of Representative Director and President of Suntory Beverage & Food Limited from January 2011 to date (incumbent).</p> <p>Assumed the office of Chief Operating Officer, International Division of such company in January 2011.</p> <p>Assumed the office of Senior Managing Director, Member of the Board of Suntory Holdings Limited in January 2011.</p> <p>Assumed the office of General Manager, Corporate Development Department of Suntory Beverage & Food Limited in January 2013.</p> <p>Has occupied the office of Director, Member of the Board of Suntory Holdings Limited from January 2013 to date (incumbent).</p> <p>Has occupied the office of Chief Operating Officer, International Division of such company from April 2013 to date (incumbent).</p> <p><Responsibilities></p> <p>Overall Group Management and Chief Operating Officer, International Division</p>	8,400

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
	<Important Concurrent Positions> Director, Member of the Board of Suntory Holdings Limited Director of Orangina Schweppes Holding B.V. Director of FRUCOR BEVERAGES LIMITED Director of FRUCOR BEVERAGES (AUSTRALIA) PTY LTD Director of Suntory Beverage & Food Asia Pte. Ltd. Director of Cerebos Pacific Limited Commissioner of PT SUNTORY GARUDA BEVERAGE Director of PEPSICO INTERNATIONAL - VIETNAM COMPANY Director of Pepsi Bottling Ventures LLC	

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Yoshihiko Kakimi (March 22, 1952)</p>	<p>Joined Suntory Limited (Present: Suntory Liquors Limited) in April 1975.</p> <p>Assumed the office of General Manager, Beer Production Department of such company in March 2002.</p> <p>Assumed the office of Director, Member of the Board of such company in March 2003.</p> <p>Assumed the office of Deputy Chief Operating Officer, Production Division and Chief Operating Officer, Beer Production Division of such company in March 2003.</p> <p>Assumed the office of Managing Director, Member of the Board of such company in March 2007.</p> <p>In charge of Beverage & Food Production Division, Chief Operating Officer, Beverage & Food Production Development Division and General Manager, Beverage Production Department of such company in March 2007.</p> <p>Assumed the office of Director, Member of the Board of Suntory Beverage & Food Limited in January 2009.</p> <p>Assumed the office of Senior Managing Director, Member of the Board of such company in April 2009.</p> <p>Assumed the office of Chief Operating Officer, Beverage & Food Production Development Division of such company in April 2009.</p> <p>Has occupied the office of Representative Director and President of Suntory Products Limited from April 2009 to date (incumbent).</p> <p>Assumed the office of Managing Executive Officer of Suntory Holdings Limited in April 2009.</p> <p>In charge of Research & Development, Production and Chief Operating Officer, Technology Development Division of Suntory Beverage & Food Limited from May 2012 to date (incumbent).</p> <p>Has occupied the office of Executive Vice-President of such company from December 2012 to date (incumbent).</p> <p><Responsibilities> Research & Development, Production and Chief Operating Officer, Technology Development Division</p> <p><Important Concurrent Positions> Representative Director and President of Suntory Products Limited</p>	<p>1,400</p>

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Saburo Kogo (August 27, 1954)</p>	<p>Joined Suntory Limited (Present: Suntory Liquors Limited) in April 1977.</p> <p>Assumed the office of Chief Operating Officer, Supply Chain Management (SCM) Division and General Manager, Supply Chain Management (SCM) Department of such company in September 2004.</p> <p>Assumed the office of Director, Member of the Board of such company in March 2006.</p> <p>Assumed the office of Chief Operating Officer, Sales & Marketing Division Kinki Area of such company in March 2008.</p> <p>Assumed the office of Executive Officer of Suntory Holdings Limited in April 2009.</p> <p>Assumed the office of Managing Director of Suntory Beer & Spirits Limited in April 2009.</p> <p>Assumed the office of Chief Operating Officer, Sales & Marketing Division Kinki Area of such company in April 2009.</p> <p>Assumed the office of Chief Operating Officer, Metropolitan Sales & Marketing Division of such company in September 2009.</p> <p>Assumed the office of Senior Managing Director, Member of the Board of Suntory Beverage & Food Limited in January 2011.</p> <p>Assumed the office of Chief Operating Officer, Marketing & Development Division of such company in January 2011.</p> <p>Assumed the office of Managing Executive Officer of Suntory Holdings Limited in January 2011.</p> <p>Has occupied the office of Chief Operating Officer, Beverage & Food Business Division of Suntory Beverage & Food Limited from May 2012 to date (incumbent).</p> <p>Has occupied the office of Executive Vice-President of such company from December 2012 to date (incumbent).</p> <p><Responsibilities> Chief Operating Officer, Beverage & Food Business Division</p> <p><Important Concurrent Positions> Director, Member of the Board of Suntory Foods Limited Director, Member of the Board of Suntory Products Limited</p>	<p>1,400</p>

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Nobuhiro Kurihara (January 23, 1955)</p>	<p>Joined Suntory Limited (Present: Suntory Liquors Limited) in April 1979.</p> <p>Assumed the office of General Manager, Human Resources Department of such company in March 2002.</p> <p>Assumed the office of Director, Member of the Board of such company in March 2005.</p> <p>Assumed the office of General Manager, Human Resources Department and in charge of Carrier Development Department of such company in March 2005.</p> <p>Assumed the office of Representative Director and President of Suntory Foods Limited in March 2009.</p> <p>Assumed the office of Director, Member of the Board of Suntory Beverage & Food Limited in April 2009.</p> <p>Assumed the office of Executive Officer of Suntory Holdings Limited in April 2009.</p> <p>Assumed the office of Managing Executive Officer of such company in January 2011.</p> <p>Has occupied the office of Senior Managing Director, Member of the Board of Suntory Beverage & Food Limited from December 2012 to date (incumbent).</p> <p>Has occupied the office of Chief Operating Officer, Business Administration Division and in charge of Finance & Accounting Division of such company from January 2013 to date (incumbent).</p> <p><Responsibilities> Chief Operating Officer, Business Administration Division, and Finance & Accounting Division</p> <p><Important Concurrent Positions> Director, Member of the Board of Suntory Beverage Service Limited</p>	<p>1,400</p>

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Shinichiro Hizuka (November 19, 1955)</p>	<p>Joined Suntory Limited (Present: Suntory Liquors Limited) in April 1978.</p> <p>Assumed the office of General Manager, Sales Development & Marketing Promotion Department 1 of such company in April 2008.</p> <p>Assumed the office of Executive Officer of Suntory Beer & Spirits Limited in April 2009.</p> <p>Assumed the office of General Manager, Sales Development & Marketing Promotion Department 1 of such company in April 2009.</p> <p>Assumed the office of Executive Officer of Suntory Holdings Limited in January 2011.</p> <p>Assumed the office of Chief Operating Officer, Group Strategy Planning Division and General Manager, Group Strategy Planning Department of such company in January 2011.</p> <p>Assumed the office of Managing Director, Member of the Board of Suntory Beverage & Food Limited in March 2012.</p> <p>Assumed the office of General Manager, Corporate Planning Department and Chief Operating Officer, Business Administration Division of such company in March 2012.</p> <p>Has occupied the office of Senior Managing Director, Member of the Board of such company from December 2012 to date (incumbent).</p> <p>Has occupied the office of Chief Operating Officer, Corporate Planning Division and General Manager, Corporate Planning Department of such company from January 2013 to date (incumbent).</p> <p><Responsibilities></p> <p>Chief Operating Officer, Corporate Planning Division and General Manager, Corporate Planning Department</p>	<p>1,700</p>

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Masato Tsuchida (October 21, 1962)</p>	<p>Joined Suntory Limited (Present: Suntory Liquors Limited) in April 1985.</p> <p>Assumed the office of Chief Operating Officer, Premium Liquor Sales Department, Tokyo Regional Office of such company in January 2006.</p> <p>Assumed the office of Chief Executive, Tokyo Regional Office 2 of Suntory Beer & Spirits Limited in April 2009.</p> <p>Assumed the office of Vice Chief Operating Officer, Nationwide Chainstores Sales Division of such company in September 2010.</p> <p>Assumed the office of Executive Officer of Suntory Liquors Limited in September 2011.</p> <p>Assumed the office of Chief Operating Officer, Spirits Division of such company in September 2011.</p> <p>Has occupied the office of Director, Member of the Board of Suntory Beverage & Food Limited from December 2012 to date (incumbent).</p> <p>Has occupied the office of Representative Director and President of Suntory Foods Limited from January 2013 to date (incumbent).</p> <p><Important Concurrent Positions></p> <p>Representative Director and President of Suntory Foods Limited</p> <p>Director, Member of the Board of Suntory Beverage Service Limited</p>	<p>1,400</p>
<p>Yasuhiko Kamada (February 4, 1958)</p>	<p>Joined Suntory Limited (Present: Suntory Liquors Limited) in April 1980.</p> <p>Assumed the office of Chief Operating Officer, Liquor China Division and Vice President of Suntory (China) Holding Co., Ltd. in April 2008.</p> <p>Assumed the office of Executive Officer of Suntory Holdings Limited in April 2009.</p> <p>Assumed the office of Managing Director, Member of the Board of Suntory Liquors Limited in April 2009.</p> <p>Assumed the office of Chief Operating Officer, China Division and President of Suntory (China) Holding Co., Ltd. in April 2009.</p> <p>In charge of China Division of Suntory Liquors Limited and President of Suntory (China) Holding Co., Ltd. in April 2010.</p> <p>Assumed the office of Managing Director, Member of the Board of Suntory Beer & Spirits Limited in January 2011.</p> <p>Assumed the office of Chief Executive, Sales & Marketing Division Kyusyu Area of such company in January 2011.</p> <p>Has occupied the office of Director, Member of the Board of Suntory Beverage & Food Limited from March 2013 to date (incumbent).</p> <p>Has occupied the office of Representative Director and President of Suntory Beverage Service Limited from April 2013 to date (incumbent).</p> <p><Important Concurrent Positions></p> <p>Representative Director and President of Suntory Beverage Service Limited</p>	<p>1,400</p>

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Shigehiro Aoyama (April 1, 1947)</p>	<p>Joined Suntory Limited (Present: Suntory Liquors Limited) in April 1969.</p> <p>Assumed the office of Chief Operating Officer, Sales Promotion Division of such company in August 1992.</p> <p>Assumed the office of Director, Member of the Board of such company in March 1994.</p> <p>Assumed the office of Managing Director, Member of the Board of such company in March 1999.</p> <p>Assumed the office of Senior Managing Director, Member of the Board of such company in March 2003.</p> <p>Assumed the office of Executive Vice President of such company in March 2006.</p> <p>Assumed the office of Chief Operating Officer, Group Strategy Planning Division and in charge of Corporate Development Division of such company in April 2008.</p> <p>Assumed the office of Executive Vice President of Suntory Holdings Limited in February 2009.</p> <p>Has occupied the office of Representative Director and Executive Vice President of such company from March 2010 to date (incumbent).</p> <p>Has occupied the office of Director, Member of the Board of Suntory Beverage & Food Limited from December 2012 to date (incumbent).</p> <p><Important Concurrent Positions></p> <p>Representative Director and Executive Vice President of Suntory Holdings Limited</p>	<p>800</p>

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
Hitoshi Kashiwaki (September 6, 1957)	<p>Joined Japan Recruit Center (Present: Recruit Holdings Co., Ltd.) in April 1981.</p> <p>Assumed the office of Board Director of Recruit Co., Ltd. (Present: Recruit Holdings Co., Ltd.) in June 1997.</p> <p>Assumed the office of Board Director and Senior Corporate Executive Officer of such company in June 2001.</p> <p>Assumed the office of Representative Director and Senior Corporate Executive Officer (COO) of such company in April 2003.</p> <p>Assumed the office of President and Representative Director, and COO of such company in June 2003.</p> <p>Assumed the office of President and Representative Director, and CEO of such company in April 2004.</p> <p>Has occupied the office of Board Director of such company from April 2012 to date (incumbent).</p> <p>Has occupied the office of Director, Board Member of Suntory Beverage & Food Limited from December 2012 to date (incumbent).</p> <p>Has occupied the office of Representative Commissioner of The Ezoe Memorial Foundation from February 2013 to date (incumbent).</p> <p><Important Concurrent Positions></p> <p>Board Director of Recruit Holdings Co., Ltd.</p> <p>Representative Commissioner of The Ezoe Memorial Foundation</p>	-

- Notes:
1. The Company borrows funds from and pays brand royalties to Suntory Holdings Limited at which Mr. Shigehiro Aoyama serves as Representative Director and Executive Vice President.
 2. The Company loans funds to and receives surplus funds from Suntory Beverage Service Limited at which Mr. Yasuhiko Kamada serves as Representative Director and President.
 3. There is no special interest between the Company and any other candidate.
 4. The positions and responsibilities held at the parent company etc. of the last five years for Messrs. Nobuhiro Torii, Yoshihiko Kakimi, Saburo Kogo, Nobuhiro Kurihara, Shinichiro Hizuka, Masato Tsuchida, Yasuhiko Kamada, and Shigehiro Aoyama are as listed in the "Career Summary, Position and Responsibilities and Important Concurrent Positions" column.
 5. Mr. Hitoshi Kashiwaki is a candidate for Outside Director.
 6. We request Mr. Kashiwaki's election as Outside Director so that we may utilize his abundant experience and strong knowledge as a corporate executive in the running of the Company. Mr. Kashiwaki is presently serving as Outside Director of the Company and his term of office as an Outside Director shall be one year and three months as of the close of the Meeting.
 7. The Company has concluded a limited liability agreement with Mr. Kashiwaki, pursuant to Article 427, Paragraph 1 of the Companies Act of Japan. Based on this agreement, Mr. Kashiwaki's liability as an Outside Director is limited to the minimum liability amount stipulated by Article 425, Paragraph 1 of the Companies Act of Japan. The Company plans to continue this agreement with Mr. Kashiwaki if he is reelected at the Meeting.

The Company has submitted notification to the Tokyo Stock Exchange concerning Mr. Kashiwaki's status as an Independent Director. Mr. Kashiwaki currently serves as Board Director of Recruit Holdings Co., Ltd. The Company conducts transactions with the aforesaid company related to employee recruitment services. However, the monetary amount of these transactions is less than 1% of consolidated net sales of either company, and the Company believes that this has no material effect on Mr. Kashiwaki's independence.

Proposal 3: Election of One (1) Substitute Audit & Supervisory Board Member
 At the 4th Ordinary General Meeting of Shareholders held on March 29, 2013, Mr. Mitsuhiro Amitani was elected as a Substitute Audit & Supervisory Board Member. As the effect of his election will expire at the commencement of the Meeting, we request the election of one (1) Substitute Audit & Supervisory Board Member in case the number of Audit & Supervisory Board Members is less than the number required by laws and regulations.
 The Audit & Supervisory Board has already given their consent to this proposal. The candidate for Substitute Audit & Supervisory Board Member to be elected is as follows:

Name (Date of Birth)	Career Summary and Important Concurrent Positions	Number of Company's Shares Held (shares)
Mitsuhiro Amitani (June 2, 1956)	Registered as Attorney in April 1985. Joined Hashidate Law Office in April 1985. Joined Wakita Law Office in November 1989. Has occupied the office of Attorney of Shimada, Seno & Amitani Law Office (Present: SAH & Co.) from March 1990 to date (incumbent). Has occupied the office of Outside Corporate Statutory Auditor of STANLEY ELECTRIC CO., LTD. from June 2006 to date (incumbent). Has occupied the office of Outside Audit & Supervisory Board Member of HUB CO., LTD. from May 2013 to date (incumbent). <Important Concurrent Positions> Attorney of SAH & Co. Outside Corporate Statutory Auditor of STANLEY ELECTRIC CO., LTD. Outside Audit & Supervisory Board Member of HUB CO., LTD.	-

- Notes:
1. There is no special interest between the Company and Mr. Mitsuhiro Amitani.
 2. Mr. Amitani shall be elected as a Substitute Outside Audit & Supervisory Board Member.
 3. Although Mr. Amitani has not been directly involved in corporate management in ways other than being an Outside Director or Outside Audit & Supervisory Board Member, we request his election as a Substitute Outside Audit & Supervisory Board Member as we expect to receive appropriate advice based on a high level of expertise as an attorney about the suitability of decision making related to the Company's business execution.
 4. If Mr. Amitani is appointed as an Outside Audit & Supervisory Board Member, we plan to conclude a limited liability agreement with him, pursuant to Article 427, Paragraph 1 of the Companies Act of Japan. Based on this agreement, Mr. Amitani's liability as an Outside Audit & Supervisory Board Member would be limited to the minimum liability amount stipulated by Article 425, Paragraph 1 of the Companies Act of Japan.

End

1. Matters Concerning the Present Condition of Our Group

(1) Progress and Achievement of Business

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 carbonated 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 carbonated 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.

Net sales and segment profit of the Japan segment are as follows.

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 carbonated 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, net sales and segment profit of the overseas segment are as follows.

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)

(2) Issues to Address

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.” And 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.

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

*EBITDA is operating income plus depreciation and amortization, and amortization of goodwill.

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.

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.

The Group aims to boost corporate value through these efforts.

We appreciate and value your ongoing cooperation and support.

(3) Status of Assets and Profit and Loss

Category	The 2nd Fiscal Year 2010	The 3rd Fiscal Year 2011	The 4th Fiscal Year 2012	The 5th Fiscal Year 2013 (fiscal year under review)
Net Sales (Millions of yen)	–	893,353	992,160	1,121,361
Operating Income (Millions of yen)	–	59,789	58,446	72,715
Ordinary Income (Millions of yen)	–	55,529	54,033	67,257
Net Income (Millions of yen)	–	29,497	23,385	31,196
Net Income per Share (Yen)	–	136.56	108.27	118.79
Total Equity (Millions of yen)	–	181,890	204,275	592,968
Equity per Share (Yen)	–	764.48	881.24	1,806.48
Total Assets (Millions of yen)	–	802,876	844,450	1,256,701

Notes:

- Commencing in the 5th fiscal year (fiscal year under review) the Group prepares consolidated financial statements in accordance with Article 444 of the Companies Act of Japan. The amounts stated in the consolidated financial statements of the 3rd fiscal year and the 4th fiscal year have been audited in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act and they have not been audited by Audit and Supervisory Board Members and the Accounting Auditor in accordance with Article 444, Paragraph 4 of the Companies Act of Japan. Note that the amounts for the 2nd fiscal year are omitted as the consolidated financial statements have not been prepared for that year.
- The Company conducted a share split at a ratio of 500 to 1 with April 16, 2013 as the effective date. However, the amounts of net income per share and equity per share in the 3rd fiscal year and the 4th fiscal year have been calculated on the assumption that the aforesaid share split was conducted at the beginning of the 3rd fiscal year.

(4) Summary of Principal Businesses (as of December 31, 2013)

The Group manufactures and sells beverages and food including coffee beverages, mineral water, tea beverages, carbonated beverages, sports and functional beverages, and FOSHU.

(5) Status of Significant Parent Company and Subsidiaries

1) Status of Significant Parent Company

Name	Shares Held	Ratio of Voting Rights	Business Relationship
Suntory Holdings Limited	183,800,000 shares	59.4 %	Borrowing of funds and payment of brand royalties, etc.

2) Status of Significant Subsidiaries, etc.

Name	Paid-in Capital	Ratio of Voting Rights (%)	Principal Business Purpose
Suntory Foods Limited	(Million) ¥1,000	100.0	Sale of non-alcoholic beverages
Suntory Beverage Service Limited	(Million) ¥100	98.0	Sale of non-alcoholic beverages
Suntory Products Limited	(Million) ¥1,000	100.0	Manufacture of non-alcoholic beverages
Orangina Schweppes Holding B.V.	(Thousand) €18	100.0	Manufacture and sale of non-alcoholic beverages
FRUCOR BEVERAGES LIMITED	(Thousand) NZ\$446,709	100.0	Manufacture and sale of non-alcoholic beverages
FRUCOR BEVERAGES (AUSTRALIA) PTY LTD	A\$2	100.0	Sale of non-alcoholic beverages
Suntory Beverage & Food Asia Pte. Ltd.	(Thousand) S\$1,543,648	100.0	Strategic planning and group supervision for beverage and food businesses in South East Asia
Cerebos Pacific Limited	(Thousand) S\$75,649	100.0	Manufacture and sale of health foods and processed foods
PT SUNTORY GARUDA BEVERAGE	(Million) IDR101,044	51.0	Manufacture and sale of non-alcoholic beverages
PEPSICO INTERNATIONAL - VIETNAM COMPANY	(Million) VND4,607,129	51.0	Manufacture and sale of non-alcoholic beverages
Pepsi Bottling Ventures LLC	(Thousand) US\$215,554	65.0	Manufacture and sale of non-alcoholic beverages

Notes:

1. The ratio of voting rights includes indirect holdings.
2. The Company's subsidiary Hokkaido Pepsi-Cola Sales Co., Ltd. and five other companies underwent a merger on April 1, 2013 with Japan Pepsi-Cola Sales Co., Ltd. as the surviving company. On the same day, Japan Pepsi-Cola Sales

Co., Ltd. changed its name to Suntory Beverage Service Limited.

3. On April 3, 2013, the Company acquired 51.0% of the issued shares of PepsiCo Global Investments II B.V. to make that company's subsidiary PEPSICO INTERNATIONAL - VIETNAM COMPANY a subsidiary of the Company.

(6) Principal Offices and Plants, etc. (as of December 31, 2013)

1) The Company

Head Office:	1-1, Kyobashi 3-chome, Chuo-ku, Tokyo
Research Institute:	New Products Development Center (Kawasaki-shi, Kanagawa)

Note: The Company relocated its office from Minato-ku, Tokyo, in May 2013.

2) Subsidiaries

Name of Segment	Name	Major Business Sites	
Japan	Suntory Foods Limited	Head Office	Chuo-ku, Tokyo
		Office	Metropolitan Marketing Office (Chuo-ku, Tokyo), etc.
	Suntory Beverage Service Limited	Head Office	Shinjuku-ku, Tokyo
		Office	Metropolitan Area Sales Division (Shinjuku-ku, Tokyo), etc.
	Suntory Products Limited	Head Office	Chuo-ku, Tokyo
		Plant	Haruna Plant (Shibukawa-shi, Gunma), etc.
Overseas	Orangina Schweppes Holding B.V.	Head Office	Amsterdam, the Netherlands
	FRUCOR BEVERAGES LIMITED	Head Office	Auckland, New Zealand
	FRUCOR BEVERAGES (AUSTRALIA) PTY LTD	Head Office	New South Wales, Australia
	Suntory Beverage & Food Asia Pte. Ltd.	Head Office	Singapore
	Cerebos Pacific Limited	Head Office	Singapore
	PT SUNTORY GARUDA BEVERAGE	Head Office	Jakarta, Indonesia
	PEPSICO INTERNATIONAL - VIETNAM COMPANY	Head Office	Ho Chi Minh, Viet Nam
	Pepsi Bottling Ventures LLC	Head Office	North Carolina, U.S.A.

(7) Status of Employees (as of December 31, 2013)

Name of Segment	Number of Employees
Japan	5,185 [663]
Overseas	12,573 [1,628]
Total	17,758 [2,291]

Notes:

1. The number of employees refers to the number of current workers while the number in the brackets [] is the average number of temporary employees for the most recent one-year period, which is not included in the number of current workers.
2. Comparison against the previous fiscal year is not provided as it is only beginning the fiscal year under review that the status of employees is presented for the Group.

(8) Status of Company's Principal Lenders (as of December 31, 2013)

Name of Lender	Amount of Loan (Millions of yen)
Suntory Holdings Limited	128,209
Sumitomo Mitsui Trust Bank, Limited	39,942
Mitsubishi UFJ Trust and Banking Corporation	29,561
Mizuho Bank, Ltd.	20,154
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	14,517
Sumitomo Mitsui Banking Corporation	11,023
SUMITOMO LIFE INSURANCE COMPANY	10,000

(9) Status of Fund Procurement

The Company issued 93,000,000 shares (subscription price of ¥2,976 per share) 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.

(10) Status of Capital Investment

Capital investment in the fiscal year under review was ¥62.6 billion. A breakdown of capital investment by segment is as follows.

Name of Segment	Capital investment (Millions of yen)
Japan	34,427
Overseas	28,154
Total	62,582

1) Major Plant and Equipment Completed in the Fiscal Year under Review

Name of Segment	Content of capital investment
Japan	Renewal of production line at Kisogawa Plant of Suntory Products Limited
Overseas	Expansion of production line at Pinthong Plant of Cerebos Pacific Limited

2) New Construction etc. of Major Plant and Equipment in Progress or Planning in the Fiscal Year under Review

Name of Segment	Content of capital investment
Japan	Expansion of production line at Takasago Plant of Suntory Products Limited
Overseas	Expansion of production line at Bekasi Cikarang Plant of PT SUNTORY GARUDA BEVERAGE

(11) Status of Significant Business Realignment

On April 3, 2013, the Company acquired 51.0% of the issued shares of PepsiCo Global Investments II B.V. to make that company's subsidiary PEPSICO INTERNATIONAL - VIETNAM COMPANY a subsidiary of the Company. On December 31, 2013, the Company gained part of the beverage business from GlaxoSmithKline plc.

2. Matters Concerning Shares (as of December 31, 2013)

- (1) Total Number of Shares Authorized to be Issued: 480,000,000 shares
 (2) Total Number of Issued and Outstanding Shares: 309,000,000 shares
 (3) Number of Shareholders: 107,221
 (4) Major Shareholders (Top 10 shareholders):

Name of Shareholder	Shares Held (Thousands)	Ratio of Shareholding (%)
Suntory Holdings Limited	183,800	59.4
GIC PRIVATE LIMITED	9,029	2.9
HSBC BANK PLC A/C ABU DHABI INVESTMENT AUTHORITY	7,683	2.4
GOLDMAN, SACHS & CO. REG	4,514	1.4
BBH FOR MATTHEWS ASIA DIVIDEND FUND	4,148	1.3
Japan Trustee Services Bank, Ltd. (Trust Account)	2,808	0.9
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	2,292	0.7
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,269	0.7
UBS SECURITIES LLC-HFS CUSTOMER SEGREGATED ACCOUNT	2,022	0.6
THE CHASE MANHATTAN BANK, N.A. LONDON	1,994	0.6

3. Status of Directors and Audit & Supervisory Board Members

(1) Names, etc. of Directors and Audit & Supervisory Board Members (as of December 31, 2013)

Position	Name	Responsibilities and Important Concurrent Positions
Representative Director and President	Nobuhiro Torii	Overall Group Management Chief Operating Officer, International Division Director, Suntory Holdings Limited Director, Orangina Schweppes Holding B.V. Director, FRUCOR BEVERAGES LIMITED Director, FRUCOR BEVERAGES (AUSTRALIA) PTY LTD Director, Suntory Beverage & Food Asia Pte. Ltd. Director, Cerebos Pacific Limited Commissioner, PT SUNTORY GARUDA BEVERAGE Director, PEPSICO INTERNATIONAL - VIETNAM COMPANY Director, Pepsi Bottling Ventures LLC
Executive Vice-President	Yoshihiko Kakimi	Research & Development, Production, and Chief Operating Officer, Technology Development Division Representative Director and President, Suntory Products Limited
Executive Vice-President	Saburo Kogo	Chief Operating Officer, Beverage & Food Business Division Director, Suntory Foods Limited Director, Suntory Products Limited
Senior Managing Director	Nobuhiro Kurihara	Chief Operating Officer, Business Administration Division Finance & Accounting Division Director, Suntory Beverage Service Limited
Senior Managing Director	Yuji Yamazaki	Vice Chief Operating Officer, Beverage & Food Business Division General Manager, Brand Marketing Department
Senior Managing Director	Shinichiro Hizuka	Chief Operating Officer, Corporate Planning Division General Manager, Corporate Planning Department
Director	Masato Tsuchida	Representative Director and President, Suntory Foods Limited Director, Suntory Beverage Service Limited

Position	Name	Responsibilities and Important Concurrent Positions
Director	Yoshinobu Ito	Executive Vice President, Suntory Foods Limited Director, Suntory Beverage Service Limited
Director	Yasuhiko Kamada	Representative Director and President, Suntory Beverage Service Limited
Director	Shigehiro Aoyama	Representative Director and Executive Vice President, Suntory Holdings Limited
Director	Hitoshi Kashiwaki	Board Director, Recruit Holdings Co., Ltd. Representative Commissioner, The Ezoe Memorial Foundation
Senior Audit & Supervisory Board Member	Seiichiro Hattori	Audit & Supervisory Board Member, Suntory Foods Limited Audit & Supervisory Board Member, Suntory Beverage Service Limited
Audit & Supervisory Board Member	Toru Yamamoto	Senior Audit & Supervisory Board Member, Suntory Holdings Limited Audit & Supervisory Board Member, Suntory Foods Limited Audit & Supervisory Board Member, Suntory Products Limited
Audit & Supervisory Board Member	Yukihiko Uehara	Professor, Meiji University Professional Graduate School Chairman, The Distribution Economics Institute of Japan Outside Director, INTAGE HOLDINGS Inc.
Audit & Supervisory Board Member	Harumichi Uchida	Attorney, Mori Hamada & Matsumoto Outside Audit & Supervisory Board Member, Daifuku Co., Ltd. Outside Audit & Supervisory Board Member, Dainippon Sumitomo Pharma Co., Ltd.

Notes:

1. Mr. Hitoshi Kashiwaki is an Outside Director and Messrs. Yukihiko Uehara and Harumichi Uchida are Outside Audit & Supervisory Board Members.
2. The Company designated Outside Director Mr. Kashiwaki and Outside Audit & Supervisory Board Member Mr. Yukihiko Uehara as Independent Director/Independent Audit & Supervisory Board Member as defined by the Tokyo Stock Exchange and reported this fact to the aforementioned exchange.
3. At the 4th Ordinary General Meeting of Shareholders held on March 29, 2013, Mr. Yasuhiko Kamada was newly elected as Director and assumed the position thereof.
4. Changes in Director responsibilities during the fiscal year under review were as follows.

Name	Before Change	After Change	Date of Change
Nobuhiro Torii	Overall Group Management, Chief Operating Officer, Corporate Development Department	Overall Group Management	March 1, 2013
	Overall Group Management	Overall Group Management, Chief Operating Officer, International Division	April 1, 2013
Yuji Yamazaki	Chief Operating Officer, International Division	Vice Chief Operating Officer, Beverage & Food Business Division, General Manager, Brand Marketing Department	April 1, 2013

(2) Remuneration, etc. for Directors and Audit & Supervisory Board Members

Classification	Basic Remuneration		Bonuses		Total (Millions of yen)
	Number of Persons	Payment Amount (Millions of yen)	Number of Persons	Payment Amount (Millions of yen)	
Director (Outside)	11 (1)	286 (12)	9 (-)	202 (-)	489 (12)
Audit & Supervisory Board Member (Outside)	4 (2)	50 (24)	1 (-)	13 (-)	64 (24)
Total (Outside Director and Outside Audit & Supervisory Board Member)	15 (3)	337 (36)	10 (-)	216 (-)	554 (36)

Notes:

1. Above-mentioned bonuses payment amounts are amounts to be paid.
2. The total amount of Directors' remuneration is limited to ¥1,000 million per year (excluding amounts paid as salaries for employees to those Directors who are also employees) by a resolution passed at an Extraordinary General Meeting of Shareholders held on December 26, 2012.
3. The total amount of Audit & Supervisory Board Members' remuneration is limited to ¥150 million per year by a resolution passed at an Extraordinary General Meeting of Shareholders held on December 26, 2012.

(3) Outside Director and Outside Audit & Supervisory Board Members

1) Status of Material Concurrent Positions at Other Companies, etc. and the Company's Relationship with the Aforesaid Organizations

There are no special interests between the Company and the companies listed below at which the Outside Director and Outside Audit & Supervisory Board Members concurrently serve.

Outside Director Hitoshi Kashiwaki	Board Director, Recruit Holdings Co., Ltd. Representative Commissioner, The Ezoe Memorial Foundation
Outside Audit & Supervisory Board Member Yukihiko Uehara	Professor, Meiji University Professional Graduate School Chairman, The Distribution Economics Institute of Japan Outside Director, INTAGE HOLDINGS Inc.
Outside Audit & Supervisory Board Member Harumichi Uchida	Attorney, Mori Hamada & Matsumoto Outside Audit & Supervisory Board Member, Daifuku Co., Ltd. Outside Audit & Supervisory Board Member, Dainippon Sumitomo Pharma Co., Ltd.

2) Principal Activities during the Fiscal Year under Review

Classification	Name	Board of Directors Meeting Attendance	Audit & Supervisory Board Meeting Attendance	Status of Statements
Outside Director	Hitoshi Kashiwaki	17/19	-	He voiced statements based on his experience and knowledge as a corporate executive.
Outside Audit & Supervisory Board Member	Yukihiko Uehara	18/19	19/20	He voiced statements from his technical perspective as a researcher of marketing and business strategy.
	Harumichi Uchida	19/19	20/20	He voiced statements from his technical perspective as an attorney.

3) Outline of Limited Liability Agreements

The Company has concluded limited liability agreements with the Outside Director and the Outside Audit & Supervisory Board Members pursuant to Article 427, Paragraph 1 of the Companies Act of Japan. Based on these agreements, if an Outside Director/Outside Audit & Supervisory Board Member causes the Company to suffer loss through neglect of duties, then providing that Outside Director/Outside Audit & Supervisory Board Member was fulfilling his duties in good faith with no gross negligence, the liability to the Company shall be limited to the minimum liability amount stipulated by Article 425, Paragraph 1 of the Companies Act of Japan.

4. Status of Accounting Auditor

(1) Name: Deloitte Touche Tohmatsu LLC

(2) Amount of Accounting Auditor's Fees, etc.

(Millions of yen)	
Amount of fees, etc. for the fiscal year under review	50
Total amount of money and other financial benefits payable to Accounting Auditor by the Company and its subsidiaries	142

Notes:

1. The audit agreement between the Company and the Accounting Auditor does not distinguish between fees paid for the audit conducted in accordance with the Companies Act of Japan from fees paid for the audit conducted in accordance with the Financial Instruments and Exchange Act, and it is practically impossible to make such a distinction. Accordingly, the amount specified above is the aggregate amount of fees for these two types of audits.
2. Of the Company's significant subsidiaries, eight companies, including Orangina Schweppes Holding B.V., are subject to audits of their financial statements by a certified public accountant or an audit corporation (including parties holding qualifications comparable to those of a certified public accountant or an audit corporation in a country besides Japan) other than the accounting auditor of the Company (provided, however, that such audits fall under the provisions of the Companies Act of Japan or the Financial Instruments and Exchange Act (or foreign laws comparable to the said Acts)).

(3) Content of Non-audit Service

The Company commissions the Accounting Auditor to perform services related to preparation for listing the Company's shares on stock exchanges and preparation of comfort letters, among other services.

(4) Policy Regarding Decisions of Dismissal or Non-reappointment of Accounting Auditor

If the Audit & Supervisory Board deems that any circumstance stipulated in any item of Article 340, Paragraph 1 of the Companies Act of Japan applies to the Accounting Auditor, the Accounting Auditor will be dismissed based on the unanimous approval of all Audit & Supervisory Board Members.

In addition, if either the Board of Directors with the Audit & Supervisory Board's approval or the Audit & Supervisory Board requests the dismissal of the Accounting Auditor if it is deemed that any circumstance stipulated in any of the aforesaid items applies to the Accounting Auditor or requests the non-reappointment of the Accounting Auditor if it is deemed necessary to change the Accounting Auditor upon consideration of the status of execution of duties by the Accounting Auditor or the auditing system of the Company, then a proposal based on that request shall be submitted to a general meeting of shareholders for resolution.

5. The System to Ensure the Appropriateness of the Business

The following is a summary of the resolution at the meeting of the Board of Directors on the arrangement of the system (internal control system) to ensure the appropriateness of the business of our Company:

- (1) System to Ensure the Conformity of Performance of Directors' and Employees' Duties to Laws, Regulations, and the Articles of Incorporation
 - (a) "The corporate philosophy, 'Resonance with People and Nature,' is the universal wish. Compliance shall be treated as a matter of the highest priority. The business activities shall be developed based on social ethics." This code shall be the standard of business conduct for the Directors and employees.
 - (b) The Directors shall take the initiative in complying with laws, regulations, the Articles of Incorporation, and business ethics, and actively make efforts to maintain and improve the management based on compliance.
 - (c) The Company shall establish and promote a Group-wide compliance system that includes Group companies via the Compliance Committee and departments charged with compliance related matters, and discussed matters and activities shall be reported to the Board of Directors and the Audit & Supervisory Board.
Compliance hotlines are established within and outside the Company, and the Company has an established system in which employees, etc. may directly report problems of compliance.
 - (d) The internal audit division shall implement an internal audit of the state of compliance among employees etc., and the suitability of compliance operations.
 - (e) The Directors shall establish and promote a system in order to block any association with anti-social forces and clearly reject improper demands from them.
- (2) System for the Preservation and Management of Information concerning the Performance of Directors' Duties
 - (a) The Directors shall preserve and manage information such as material documents, etc. in accordance with laws, regulations, and internal rules, and maintain the availability of such information for inspection by the Directors and the Audit & Supervisory Board Members, as necessary.

- (b) The Company shall establish and promote an information security governance system via the Information Security Committee that not only protects and preserves information but also boosts corporate value through the utilization of information.
- (3) Rules and Other Systems for Management of Risk of Loss
- (a) Each Director shall be responsible for taking measures against risks in performance of businesses. Material risks shall be analyzed and evaluated, and improvement plans shall be discussed and determined by the Board of Directors.
 - (b) As for material risks, quality risks pertaining to the Group as a whole, and risks incidental to the execution of business throughout the Group shall be managed comprehensively and collectively by the Risk Management Committee and Quality Assurance Committee, both of which are entrusted by the Board of Directors. Measures against newly arising material risks shall be determined by the Board of Directors.
- (4) System to Ensure the Efficient Performance of Directors' Duties
- (a) Company-wide goals shall be established, and the Directors in charge shall determine efficient methods for achieving the goals.
 - (b) The Directors in charge shall confirm the progress of the achievement of goals and report the measures to achieve the goals at the meetings of the Board of Directors.
 - (c) Each Director shall be in charge of his/her duties appropriately and attempt efficient decision-making under internal rules.
- (5) System to Ensure the Appropriateness of Business of the Group Consisting of the Company, its Parent Company, and its Subsidiaries
- (a) The Directors and Audit & Supervisory Board Members shall be seconded to the Group companies as necessary to implement the appropriate execution of business and decision-making and to supervise and audit them.
 - (b) Under the internal rules, we shall require certain matters to be discussed with and reported to relevant departments at the Company, or require the approval of the Board of Directors of the Company.
 - (c) In addition to ensuring objectivity and rationality in transactions between the Company and Group companies, including the parent company, the

Company shall ensure the Company's independence from the parent company in transactions with the parent company.

- (d) An internal control system shall be arranged by and established within the Group to ensure the appropriateness of financial reporting.

- (6) Matters Regarding Employees who are Requested by the Audit & Supervisory Board Members to be Assigned to Assist the Audit & Supervisory Board Members' Duties, and Matters Regarding the Independence of Such Employees from the Directors

An employee shall, upon consultation, be assigned to assist the Audit & Supervisory Board Member's duties, if required by the Audit & Supervisory Board Members. Efforts shall be made to ensure the independence of such employee from the Directors.

- (7) System for Directors and Employees to Report to the Audit & Supervisory Board Members, and System for Other Reports to the Audit & Supervisory Board Members

- (a) The Audit & Supervisory Board Members shall attend the meetings of the Board of Directors, and the Representative Director and Business Executing Directors shall report on their execution of business.

- (b) If the Audit & Supervisory Board Members request a report on a business or conduct an investigation of a business or property, the Directors and employees, etc. shall respond to request or investigation promptly and accurately.

- (8) System for Enabling the Audit & Supervisory Board Members to Efficiently Conduct Other Audits

- (a) The Audit & Supervisory Board Members shall strive to facilitate communication and information exchange between them and the Audit & Supervisory Board Members of the Company's subsidiaries or equivalent persons, and the internal audit division.

- (b) The Audit & Supervisory Board Members shall provide opportunities for the exchange of opinions with the Representative Director and President, and the Accounting Auditor.

Consolidated Balance Sheet

(As of December 31, 2013)

(Unit: Millions of yen)

Assets		Liabilities	
Account Titles	Amount	Account Titles	Amount
Current assets	283,321	Current liabilities	446,636
Cash and cash equivalents	45,869	Notes and accounts payable-trade	99,794
Notes and accounts receivable-trade	126,116	Electronically recorded obligations-operating	14,696
Merchandise and finished goods	40,140	Short-term borrowings	156,772
Work in process	2,991	Commercial papers	16,000
Raw materials and supplies	24,523	Consumption taxes payable	3,558
Deferred tax assets	11,403	Accrued income taxes	11,227
Other	32,597	Accounts payable-other	74,868
Allowance for doubtful accounts	(320)	Accrued expenses	42,489
Noncurrent assets	972,249	Provision for bonuses	3,949
Property, plant, and equipment	312,820	Lease obligations	1,432
Buildings and structures	60,923	Other	21,847
Machinery, equipment, and other	133,396	Long-term liabilities	217,096
Tools, furniture and fixtures	58,568	Long-term debt	129,346
Land	40,032	Deferred tax liabilities	58,907
Construction in progress	10,305	Liability for employee retirement benefits	6,320
Other	9,594	Retirement allowances for directors and audit and supervisory board members	23
Intangible fixed assets	622,649	Lease obligations	2,760
Goodwill	400,050	Other	19,737
Trademark	184,942		
Other	37,656	Total liabilities	663,733
Investments and other assets	36,778	Equity	
Investment securities	17,820	Shareholders' equity	502,163
Deferred tax assets	3,478	Common stock	168,384
Other	16,321	Capital surplus	192,701
Allowance for doubtful accounts	(842)	Retained earnings	141,077
Deferred assets	1,131	Accumulated other comprehensive income	56,037
		Unrealized gain on available-for-sale securities	963
		Deferred gain on derivatives under hedge accounting	264
		Foreign currency translation adjustments	54,809
		Minority interests	34,767
		Total equity	592,968
Total assets	1,256,701	Total liabilities and equity	1,256,701

Note: All amounts have been rounded down to nearest million yen.

Consolidated Statement of Income
(For the year ended December 31, 2013)

(Unit: Millions of yen)

Account Titles	Amount	
Net sales		1,121,361
Cost of sales		502,730
Gross profit		618,630
Selling, general and administrative expenses		545,915
Operating income		72,715
Non-operating income		
Interest income	378	
Dividend income	108	
Equity in earnings of affiliates	788	
Other	805	2,081
Non-operating expenses		
Interest expense	4,762	
Foreign currency exchange loss, net	1,664	
Other	1,111	7,539
Ordinary income		67,257
Extraordinary income		
Insurance income	1,059	
Restructuring gain	2,754	
Other	106	3,919
Extraordinary loss		
Loss on disposal of property, plant, and equipment	3,247	
Impairment loss	1,176	
Restructuring cost	3,862	
Other	440	8,726
Income before income taxes and minority interests		62,450
Income taxes-current	25,599	
Income taxes-deferred	473	26,072
Net income before minority interests		36,377
Minority interests in net income		5,181
Net income		31,196

Note: All amounts have been rounded down to nearest million yen.

Consolidated Statement of Changes in Equity
(For the year ended December 31, 2013)

(Unit: 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 during the fiscal 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				
Total changes of items during the fiscal 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 during the fiscal 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
Total changes of items during the fiscal 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

Note: All amounts have been rounded down to nearest million yen.

Notes to Consolidated Financial Statements

1. BASIS OF PREPARING CONSOLIDATED FINANCIAL STATEMENTS

(1) Scope of consolidation

(a) Our consolidated subsidiaries are comprised of Suntory Foods Limited and 82 other companies. The main subsidiaries are Suntory Products Limited, Suntory Beverage Service Limited, Orangina Schweppes Holding B.V., Suntory Beverage & Food Asia Pte. Ltd., Cerebos Pacific Limited, FRUCOR BEVERAGES LIMITED and Pepsi Bottling Ventures LLC.

As a result of an increase in its material effect on the consolidated financial statement, 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, PEPSICO INTERNATIONAL - VIETNAM COMPANY, etc. 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 Limited), 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

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 equity. 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.

Derivatives

Stated at fair market value.

Inventories

Mainly stated at cost determined by the periodic average method.

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

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

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

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).

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

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.

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.

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.

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

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.

(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) 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.

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.

2. NOTES TO CONSOLIDATED BALANCE SHEET

(1) Assets pledged as collateral

Assets pledged as collateral are shown below:

Buildings and structures	¥1,534 million
Land	¥4,768 million
Total	¥6,302 million

Liabilities corresponding to the above

Long-term debt	¥1,687 million
(¥937 million in current portion of long-term debt)	

(2) Accumulated depreciation of property, plant, and equipment ¥327,829 million

3. NOTES TO CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(1) Total number of issued shares as of December 31, 2013: Common stock 309,000,000 shares

(2) Cash dividends from surplus paid during the fiscal year under review

Resolution:	At Ordinary General Meeting of Shareholders held on March 29, 2013
Class of shares:	Common stock
Total amount of dividends:	¥12,915 million
Dividends per share:	¥29,896.50
Record date:	December 31, 2012
Effective date:	March 29, 2013

(3) 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 (planned):	At Ordinary General Meeting of Shareholders held on March 28, 2014
Class of shares:	Common stock
Source of dividends:	Retained earnings
Total amount of dividends:	¥17,922 million
Dividends per share:	¥58.00
(Includes a special dividend payment of ¥5 to commemorate the listing of shares on the stock exchange.)	

Record date: December 31, 2013

Effective date: March 31, 2014

4. NOTES TO FINANCIAL INSTRUMENTS

(1) Matters relating to the conditions of financial instruments

The Company invests cash on hand in financial assets that have high levels of safety and adheres to the policy of never conducting investments for trading profit or for speculative purposes. Moreover, the Company is in the process of steadily reducing its utilization of the group company loan system operated by Suntory Holdings Limited, the Company's parent company, for its procurement of funds and switching to procuring funds through borrowings from financial institutions etc. and commercial paper. When procuring funds from financial institutions etc., the Company follows the policy of considering the conditions such as the market situation and the procurement costs disclosed by the financial institution etc. Moreover, the Company's domestic consolidated subsidiaries procure funds and entrust deposits of cash on hand using the group company loan system operated by the Company.

The Company's overseas consolidated subsidiaries invest cash on hand in financial assets that have high levels of safety and adhere to the policy of never conducting investments for trading profit or for speculative purposes. These overseas subsidiaries follow a policy of procuring funds through borrowing from the Company or from financial institutions after considering the market situation etc.

The Company works to mitigate customer credit risk arising from notes and accounts receivable-trade by monitoring each customer. Investment securities are primarily the shares of associate companies and companies with which the Group has operational relationships. Though they are exposed to fair value fluctuation risk, the Company periodically identifies their

market values and financial status of issuers. To mitigate liquidity risk related to notes and accounts payable-trade, cash funds are timely managed by the division responsible for financial affairs based on our financial plan.

With regard to derivatives, foreign exchange forward contracts and currency options are used to hedge foreign exchange fluctuation risk related to foreign currency-denominated transactions, and interest rate swaps to hedge interest rate fluctuation risk. In these derivative transactions, the Company, in accordance with internal regulations, adheres to the policy to conduct transactions based on actual demand and never conduct speculative transactions for trading profit.

(2) Matters on fair values of financial instruments

The consolidated balance sheet amounts and fair values as of December 31, 2013, and variances thereof are shown below. However, items of which it is considered extremely difficult to figure out fair values are not included in the following table (see Note 2).

(Millions of yen)			
	Balance sheet amount (*1)	Fair value (*1)	Variance
Assets			
(1) Cash and cash equivalents	45,869	45,869	—
(2) Notes and accounts receivable-trade	126,116	126,116	—
(3) Investment securities	3,042	3,042	—
Total assets	175,028	175,028	—
Liabilities			
(1) Notes and accounts payable-trade	(99,794)	(99,794)	—
(2) Electronically recorded obligations-operating	(14,696)	(14,696)	—
(3) Short-term borrowings	(156,772)	(157,806)	1,034
(4) Commercial papers	(16,000)	(16,000)	—
(5) Consumption taxes payable	(3,558)	(3,558)	—
(6) Accrued income taxes	(11,227)	(11,227)	—
(7) Accounts payable-other	(74,868)	(74,868)	—
(8) Accrued expenses	(42,489)	(42,489)	—
(9) Long-term debt	(129,346)	(131,465)	2,118
Total liabilities	(548,753)	(551,907)	3,153
Derivatives (*2)	(3,753)	(3,753)	—

*1 The figures in parenthesis indicate those posted in liabilities.

*2 The derivative positions above are net amounts of receivables and liabilities. When the net amount is a liability, it is presented inside parentheses.

Notes:

1. Method of measurement of fair values of financial instruments and matters regarding securities and derivatives

Assets

(1) Cash and cash equivalents and (2) Notes and accounts receivable-trade

These items are settled in a short period of time and their fair values are virtually equal to their book values. Hence, their fair values are based on the relevant book values.

(3) Investment securities

The fair value of equity securities is based on their prices at the exchanges.

Liabilities

(1) Notes and accounts payable-trade, (2) Electronically recorded obligations-operating, (3) Short-term borrowings, (4) Commercial papers, (5) Consumption taxes payable, (6) Accrued income taxes, (7) Accounts payable-other and (8) Accrued expenses

These items are settled in a short period of time and their fair values are virtually equal to their book values.

Hence, their fair values are based on the relevant book values. However, the fair value of current portion of long-term debt, which is included in "(3) Short-term borrowings," is measured at the present values of the total of principal and interest, discounted by the rate in which the remaining periods of loans and the credit risk of the Company and its consolidated subsidiaries are factored. The fair value of such loans with floating interest rate is

based on their book values as their fair values are deemed to be almost equivalent to their book values. It is because they reflect the market interest rate, and the credit status of the Company and its consolidated subsidiaries has not materially changed since the times borrowings were made.

(9) Long-term debt

The fair value of long-term debt is measured at the present values of the total of principal and interest, discounted by the rate in which the remaining periods of debt and the credit risk of the Company and its consolidated subsidiaries are factored. The fair value of such debt with floating interest rate is based on their book values as their fair values are deemed to be almost equivalent to their book values. It is because they reflect the market interest rate, and the credit status of the Company and its consolidated subsidiaries has not materially changed since the times borrowings were made.

Derivatives

The fair value of derivatives is based on their prices indicated by counterparty financial institutions or other business entities, etc.

However, forward exchange contracts to which deferral hedge accounting is applied are accounted for as an integral part of receivables and payables as hedged items. Thus, their fair values are included in the fair value of receivables and payables.

Interest rate swaps to which special processing is applied are accounted for as an integral part of long-term debt as hedged items. Thus, their fair values are included in the fair value of long-term debt.

2. Financial instruments of which it is considered extremely difficult to figure out fair values

Category	Balance sheet amount (Millions of yen)
Investment securities	
Unlisted stocks (Shares of subsidiaries and associates)	9,004
Unlisted stocks (Available-for-sale securities)	5,773

* Since these stocks have no market prices, it is considered extremely difficult to figure out their fair values. Consequently, they are not included in "Assets (3) Investment securities" above.

5. PER SHARE INFORMATION

- (1) Equity per share ¥1,806.48
(2) Net income per share ¥118.79

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 amount was calculated on the assumption that the share split was conducted at the beginning of the fiscal year under review.

6. NOTES ON BUSINESS COMBINATIONS, ETC.

(Business combination through acquisition)

(1) Outline of business combination

(a) Name of counterparty and nature of business acquired

Name of counterparty GlaxoSmithKline plc

Nature of business acquired Beverage business

(b) Main reasons for carrying out business combination

Through the acquisition of this business, the Group aims to achieve further expansion in the whole of Europe and enhance its corporate value by obtaining brands that have a large market share centered on the beverage market of the UK as well as historical and iconic value, and obtaining a new business foundation focused on the UK. Furthermore, by taking over the worldwide sales rights to brands held by GSK, the Group aims to obtain new business foundations in emerging countries and other areas, and to expand sales of the Group's brands in such areas.

(c) Date of business combination

December 31, 2013

(d) Legal form of business combination

Transfer of business with cash as consideration

(e) Name of company after business combination

Lucozade Ribena Suntory Limited, etc.

(2) Period of business results of acquired business included in consolidated financial statements

The balance sheet as of the date of the business combination (December 31, 2013) has been included in the consolidated financial statements.

(3) Acquisition cost of acquired business

¥220,098 million (STG£ 1,352 million)

(4) Amount of goodwill recognized, reason for recognition, and method and period for amortization of goodwill

(a) Amount of goodwill recognized

¥9,481 million

(b) Reason for recognition

Because the acquisition cost exceeded net assets as of the business combination date, the difference between the two was recognized as goodwill. The amount has been provisionally estimated based on reasonable information available on December 31, 2013.

(c) Method and period for amortization of goodwill

Equally amortized over 20 years

(5) Amount and components of assets and liabilities accepted on the date of business combination

Current assets	¥8,585 million
Noncurrent assets	¥202,836 million
Total assets	¥211,422 million

(6) Breakdown of assets other than goodwill that are allocated to intangible fixed assets by main type, amount and weighted average period of amortization

Type of asset	Amount	Period of amortization
Trademark	¥178,104 million	Not amortizable
Customer related assets	¥10,773 million	24 years

(7) Acquisition cost allocation

The allocation of acquisition cost as of December 31, 2013, was determined through provisional accounting treatment based on reasonable information available as of the same date.

7. NOTES ON SUBSEQUENT EVENTS

No items to report

(*) All amounts have been rounded down to the nearest million yen.

Balance Sheet
(As of December 31, 2013)

(Unit: Millions of yen)

Assets		Liabilities	
Account Titles	Amount	Account Titles	Amount
Current assets	260,332	Current liabilities	259,839
Cash and cash equivalents	1,098	Accounts payable-trade	61,059
Accounts receivable-trade	66,656	Electronically recorded obligations-operating	5,582
Merchandise and finished goods	25	Short-term borrowings	100,067
Work in process	698	Current portion of long-term debt	40,627
Raw materials and supplies	4,277	Commercial papers	16,000
Advance payments-trade	26	Accounts payable-other	10,560
Prepaid expenses	795	Accrued expenses	14,235
Deferred tax assets	1,791	Consumption taxes payable	554
Short-term loans receivable	175,196	Accrued income taxes	3,355
Accounts receivable-other	8,631	Deposits received	6,234
Other	1,132	Provision for bonuses	1,547
		Other	14
Noncurrent assets	627,390		
Property, plant, and equipment	29,289	Long-term liabilities	137,266
Buildings	1,463	Long-term debt	120,077
Structures	27	Deferred tax liabilities	15,224
Machinery and equipment	3,115	Liability for employee retirement benefits	1,768
Vehicles	4	Asset retirement obligations	171
Tools, furniture and fixtures	605	Other	24
Land	23,970		
Construction in progress	97	Total liabilities	397,105
Other	4		
Intangible fixed assets	932	Equity	
Leasehold right	24	Shareholders' equity	491,545
Software	9	Common stock	168,384
Goodwill	889	Capital surplus	213,425
Other	8	Legal capital surplus	145,884
Investments and other assets	597,168	Other capital surplus	67,541
Investment securities	62	Retained earnings	109,735
Shares of subsidiaries and associates	564,295	Other retained earnings	109,735
Investments in capital	0	Reserve for advanced depreciation of noncurrent assets	945
Long-term loans receivable	30,460	General reserve	34,982
Guarantee deposits	858	Retained earnings brought forward	73,806
Long-term prepaid expenses	1,488	Valuation and translation adjustments	157
Other	2	Unrealized gain on available-for-sale securities	21
		Deferred gain on derivatives under hedge accounting	135
Deferred assets	1,085		
Stock issuance expenses	1,085	Total equity	491,702
Total assets	888,807	Total liabilities and equity	888,807

Note: All amounts have been rounded down to nearest million yen.

Statement of Income
(For the year ended December 31, 2013)

(Unit: Millions of yen)

Account Titles	Amount	
Net sales		361,604
Cost of sales		266,566
Gross profit		95,038
Selling, general and administrative expenses		71,502
Operating income		23,535
Non-operating income		
Interest income	1,633	
Dividend income	13,654	
Other	1,036	16,324
Non-operating expenses		
Interest expense	3,200	
Other	504	3,705
Ordinary income		36,154
Extraordinary income		
Gain on liquidation of subsidiaries and associates	11	11
Extraordinary loss		
Restructuring cost	349	
Other	28	377
Income before income taxes		35,789
Income taxes-current	11,392	
Income taxes-deferred	(1,316)	10,075
Net income		25,714

Note: All amounts have been rounded down to nearest million yen.

Statement of Changes in Equity
(For the year ended December 31, 2013)

(Unit: Millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus			Retained earnings				Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings			Total retained earnings	
					Reserve for advanced depreciation of noncurrent assets	General reserve	Retained earnings brought forward		
Balance at January 1, 2013	30,000	7,500	67,541	75,041	953	34,982	60,999	96,936	201,978
Changes of items during the fiscal year									
Issuance of shares	138,384	138,384		138,384					276,768
Cash dividends							(12,915)	(12,915)	(12,915)
Net income							25,714	25,714	25,714
Reversal of reserve for advanced depreciation of noncurrent assets					(7)		7	-	-
Net changes of items other than shareholders' equity									
Total changes of items during the fiscal year	138,384	138,384	-	138,384	(7)	-	12,806	12,798	289,566
Balance at December 31, 2013	168,384	145,884	67,541	213,425	945	34,982	73,806	109,735	491,545

	Valuation and translation adjustments			Total equity
	Unrealized gain on available-for-sale securities	Deferred gain on derivatives under hedge accounting	Total valuation and translation adjustments	
Balance at January 1, 2013	9	580	589	202,568
Changes of items during the fiscal year				
Issuance of shares				276,768
Cash dividends				(12,915)
Net income				25,714
Reversal of reserve for advanced depreciation of noncurrent assets				-
Net changes of items other than shareholders' equity	11	(444)	(432)	(432)
Total changes of items during the fiscal year	11	(444)	(432)	289,134
Balance at December 31, 2013	21	135	157	491,702

Note: All amounts have been rounded down to nearest million yen.

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Basis and methods of valuation of significant assets

(a) Securities

Shares of subsidiaries and associates: Stated at cost determined by the moving-average 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.

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

Securities without readily determinable fair value:

Stated at cost determined by the moving-average method.

(b) Derivatives: Stated at fair value.

(c) Inventories: Stated at cost determined by the periodic average method.

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

(2) Depreciation and amortization of noncurrent assets

(a) Property, plant, and equipment

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

Buildings: 5-50 years

Machinery and equipment: 2-17 years

(b) Intangible fixed assets

Intangible fixed assets are amortized by the straight-line method. Goodwill is equally amortized over 20 years.

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

(3) Basis for provision of reserves

(a) Provision for bonuses

To cover the payments of bonuses, the Company sets aside provision for bonuses based on the projected amount for such payments.

(b) Liability for employee retirement benefits

The Company sets 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 (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 (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) Other significant matters forming the basis of preparing financial statements

(a) 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.

(b) Method and period for amortization of deferred assets

Stock issuance expenses are equally amortized over 3 years starting from the time of issuance.

(c) Accounting for consumption taxes

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

(d) Withdrawal from consolidated taxation system

Because the Company no longer satisfies the criteria for adoption of the consolidated taxation system, it has been withdrawn from the consolidated tax group of which Suntory Holdings Limited is the consolidated parent company.

2. NOTES ON CHANGES IN PRESENTATIONS

(Statements of income)

Although "Rent income" (¥484 million in the fiscal year under review) and "Compensation income" (¥272 million in the fiscal year under review) were previously reported as separate items, they are now included in "Other" in non-operating income because now account for 10% or less of total of non-operating income.

3. NOTES TO BALANCE SHEET

(1) Assets pledged as collateral

Assets pledged as collateral are shown below:

Buildings	¥6 million
Land	¥4,768 million
Total	¥4,774 million

Liabilities corresponding to the above

Long-term debt ¥1,687 million
(¥937 million in current portion of long-term debt)

(2) Accumulated depreciation of property, plant, and equipment ¥8,858 million

(3) Guarantee obligation

The Company extends guarantee for obligations for borrowings or the like for associate companies (companies such as parent company, subsidiaries and affiliates; hereinafter the same) as shown below.

Suntory Capital, Inc.	¥13,015 million
Suntory Products Limited	¥6,017 million
PT SUNTORY GARUDA BEVERAGE	¥5,836 million
Other	¥2,261 million
Total	¥27,131 million

(4) Monetary receivables and payables from/to associate companies

Short-term:	Monetary receivables	¥245,971 million
	Monetary payables	¥141,739 million
Long-term:	Monetary receivables	¥30,460 million
	Monetary payables	¥3 million

4. NOTES TO STATEMENT OF INCOME

Transactions with associate companies

Operating transactions

Net sales	¥349,410 million
Cost of sales	¥49,933 million
Selling, general, and administrative expenses	¥26,500 million

Non-operating transactions

Non-operating income	¥16,012 million
Non-operating expenses	¥1,911 million

5. NOTES TO STATEMENT OF CHANGES IN EQUITY

Number of treasury shares as of December 31, 2013: No items to report

6. NOTES ON TAX EFFECT ACCOUNTING

(1) Significant components of deferred tax assets	
Temporary differences for investments in subsidiaries	¥3,101 million
Accounts payable-other	¥1,041 million
Liability for employee retirement benefits	¥630 million
Provision for bonuses	¥510 million
Accrued enterprise tax	¥298 million
Other	¥30 million
Subtotal	¥5,613 million
Valuation allowance	¥(379) million
Total deferred tax assets	¥5,234 million
(2) Significant components of deferred tax liabilities	
Temporary differences for investments in subsidiaries	¥(18,046) million
Reserve for advanced depreciation of noncurrent assets	¥(524) million
Other	¥(95) million
Total deferred tax liabilities	¥(18,666) million
Net deferred tax liabilities	¥(13,432) million

7. NOTES ON NONCURRENT ASSETS USED THROUGH LEASES (EXCEPT FOR THOSE BOOKED ON BALANCE SHEET)

(1) Acquisition cost equivalent of leases as of December 31, 2013:	¥212 million
(2) Accumulated depreciation and amortization equivalent of leases as of December 31, 2013:	¥155 million
(3) Present value of future minimum lease payments equivalent of leases as of December 31, 2013:	¥61 million

8. PER SHARE INFORMATION

(1) Equity per share	¥1,591.27
(2) Net income per share	¥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 amount was calculated on the assumption that the share split was conducted at the beginning of the fiscal year under review.

9. NOTES ON RELATED PARTY TRANSACTIONS

Attribute	Name of company	Percentage of voting rights owned or owning	Relationship	Content of transaction	Transaction amount (Millions of yen) (Note 1)	Account title	Balance as of December 31, 2013 (Millions of yen) (Note 1)
Parent company	Suntory Holdings Limited	Directly owned 59.4%	-Holding company of the Suntory Group -Money borrowing -Interlocking of officers	Money borrowing (Note 2)	128,209	Short-term borrowings	99,199
						Current portion of long-term debt	29,010
				Payment of interest (Note 2)	1,867	-	-
Parent company's subsidiary	Suntory Business Expert Limited	None	-Contract work of indirect operations -Interlocking of officers	Advance payment for raw materials, etc. (Note 3)	-	Accounts payable-trade	60,861
Subsidiary	Suntory Foods Limited	Directly owning 100%	-Sales of products of the Company -Interlocking of officers	Sales of products of the Company (Note 4)	349,410	Accounts receivable-trade	65,870
Subsidiary	Suntory Products Limited	Directly owning 100%	-Outsourcing of manufacturing operations -Interlocking of officers	Payment of processing fee (Note 4)	38,258	Accounts payable-other	2,654
Subsidiary	Suntory Beverage & Food Asia Pte. Ltd.	Directly owning 100%	-Supervision in South East Asia -Interlocking of officers	Underwriting of capital increase (Note 5)	16,939	-	-
Subsidiary	Suntory Capital, Inc.	Directly owning 100%	-Guarantee for obligations	Guarantee for obligations (Note 6)	13,015	-	-
Subsidiary	Orangina Schweppes Holding B.V.	Directly owning 100%	-Proceeds from dividends -Money lending -Interlocking of officers	Dividend income (Note 7)	7,864	-	-
				Money lending (Note 2)	94,282	Short-term loans receivable	63,822
						Long-term loans receivable	30,460
	Proceeds from interest (Note 2)	1,375	Other current assets	338			
Subsidiary	Lucozade Ribena Suntory Limited	Directly owning 100%	Money lending	Underwriting of capital increase (Note 5)	120,580	-	-
				Money lending (Note 2)	101,761	Short-term loans receivable	101,761
				Proceeds from interest (Note 2)	19	Other current assets	19

Terms and conditions of transactions and method of deciding terms and conditions of transactions

Notes:

1. Consumption taxes are not included in the transaction amounts. Consumption taxes are included in the balance as of December 31, 2013.
2. Money borrowing and money lending are carried out based on the group company loan system. Applicable interest rates are decided considering the market interest rates. Transaction amounts of money borrowing and money lending indicate the balance as of December 31, 2013.
3. This advance payment was implemented by Suntory Business Expert Limited to external business partners, etc. As the transactions were not direct transactions with a parent company's subsidiary, the disclosure of transaction amount is omitted.
4. Price and other terms and conditions of transactions are decided upon negotiations with each of counterparties considering the actual market prices.
5. The underwriting of capital increase conducted by the subsidiary was entirely subscribed by the Company.
6. The Company extends guarantee for the subsidiary's obligations for borrowings. The Company receives a guarantee fee of 0.1% per annum.
7. Dividends are decided upon mutual consultation between the two parties based on the amount obtained by deducting necessary investment and other amounts from the net income of the subsidiary.

10. NOTES ON SUBSEQUENT EVENTS

No items to report

(*) All amounts have been rounded down to the nearest million yen.

Audit Report by Accounting Auditor Pertaining to Consolidated Financial Statements

AUDIT REPORT BY INDEPENDENT AUDITOR

February 10, 2014

To: Board of Directors
Suntory Beverage & Food Limited

Deloitte Touche Tohmatsu LLC

[Seiichirou Azuma], CPA (seal)

Designated Limited Liability Partner
Engagement Partner

[Hirofumi Kawasaki], CPA (seal)

Designated Limited Liability Partner
Engagement Partner

[Hideyuki Hirata], CPA (seal)

Designated Limited Liability Partner
Engagement Partner

We have audited, pursuant to the provisions of Article 444, Paragraph 4 of the Companies Act, the Consolidated Financial Statements of Suntory Beverage & Food Limited (the “Company”) for the consolidated fiscal year which commenced on January 1, 2013 and ended on December 31, 2013, i.e., the Consolidated Balance Sheet, the Consolidated Statement of Income, the Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements.

Management’s Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Consolidated Financial Statements based on our audit from an independent position. We conducted our audits in accordance with generally accepted auditing standards in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the Consolidated Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

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

Opinion

We find that the Consolidated Financial Statements of the Company as stated above appropriately indicate, in every material respect, the status of the properties and the profits and losses of the corporate group that consists of Suntory Beverage & Food Limited and its consolidated subsidiaries for the period concerning the relevant Consolidated Financial Statements in accordance with generally accepted accounting standards in Japan.

Conflicts of Interest

There is no interest between the Company and our firm or the Engagement Partners that should be mentioned in accordance with the provisions of the Certified Public Accountants Act of Japan.

[End]

Audit Report by Accounting Auditor Pertaining to Financial Statements

AUDIT REPORT BY INDEPENDENT AUDITOR

February 10, 2014

To: Board of Directors
Suntory Beverage & Food Limited

Deloitte Touche Tohmatsu LLC

[Seiichirou Azuma], CPA (seal)

Designated Limited Liability Partner
Engagement Partner

[Hirofumi Kawasaki], CPA (seal)

Designated Limited Liability Partner
Engagement Partner

[Hideyuki Hirata], CPA (seal)

Designated Limited Liability Partner
Engagement Partner

We have audited, pursuant to the provisions of Article 436, Paragraph 2, Item 1 of the Companies Act, the Financial Statements of Suntory Beverage & Food Limited (the “Company”) for the 5th business term which commenced on January 1, 2013 and ended on December 31, 2013, i.e., the Balance Sheet, the Statement of Income, the Statement of Changes in Equity and Notes to Financial Statements, and the Supplementary Schedules.

Management’s Responsibility for the Financial Statements and the Supplementary Schedules

Management is responsible for the preparation and fair presentation of the Financial Statements and the Supplementary Schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the Financial Statements and the Supplementary Schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Financial Statements and the Supplementary Schedules based on our audit from an independent position. We conducted our audits in accordance with generally accepted auditing standards in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements and the Supplementary Schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements and the Supplementary Schedules. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Financial Statements and the Supplementary Schedules, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the Financial Statements and the Supplementary Schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements and the Supplementary Schedules.

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

Opinion

We find that the Financial Statements and the Supplementary Schedules of the Company as stated above appropriately indicate, in every material respect, the status of the properties and the profits and losses for the period concerning the relevant Financial Statements and the Supplementary Schedules in accordance with generally accepted accounting standards in Japan.

Conflicts of Interest

There is no interest between the Company and our firm or Engagement Partners that should be mentioned in accordance with the provisions of the Certified Public Accountants Act of Japan.

[End]

Audit Report by Audit & Supervisory Board

AUDIT REPORT

The Audit & Supervisory Board (the “Board”) of Suntory Beverage & Food Limited (the “Company”) has deliberated on the performance of the duties of Directors during the 5th business term which commenced on January 1, 2013 and ended on December 31, 2013 based on the audit reports prepared by each of the Audit & Supervisory Board Members. As a result, the Board has prepared this Audit Report as a unanimous opinion of all the Audit & Supervisory Board Members and hereby reports as follows.

1. Method and content of audit by Audit & Supervisory Board Members and Board

The Board has determined the audit policy, allocation of duties, etc., received from each of the Audit & Supervisory Board Members a report on the status and result of his/her audit, received from the Directors, etc. and the Accounting Auditor (kaikei kansanin) reports on the status of performance of their duties, and requested for explanations as necessary.

In compliance with the standard of audit for Audit & Supervisory Board Members prescribed by the Board, and pursuant to the audit policy, allotment of duties, etc., each Audit & Supervisory Board Member communicated with the Directors and the internal audit division and other employees, etc., made efforts to gather information and maintain the audit environment, participated in the Meeting of the Board of Directors and other important meetings, received reports from the Directors and employees, etc. regarding the performance of their duties, requested such Directors and employees, etc. to provide explanation as necessary, inspected important decision-making documents, etc., and investigated the conduct of business and the status of property at the head office and the principal offices of the Company. In addition, each Audit & Supervisory Board Member received reports periodically from Directors and employees, etc., requested them to provide explanation as necessary, and expressed his/her opinions with respect to the contents of the resolution of the Meeting of the Board of Directors concerning the establishment of a system that ensures that the performance of the duties of Directors is in compliance with the laws and regulations and the Articles of

Incorporation of the Company and other systems necessary to ensure the appropriateness of the business of a joint-stock company as set forth in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act, as described in the Business Report, as well as the status of the building and operations of the systems established pursuant to the foregoing resolution of the Meeting of the Board of Directors (the “Internal Control System”). As for the subsidiaries of the Company, communication and exchange of information were sought with the directors and the audit & supervisory board members, etc. of such subsidiaries, and reports concerning the subsidiaries’ businesses were received from them, as necessary. Based on the above-mentioned methods, inspection was conducted regarding the Business Report and the Supplementary Schedules for the current fiscal year.

Furthermore, such matter as to whether the Accounting Auditor kept its independent position and performed proper audit were monitored and verified. Also, reports by the Accounting Auditor concerning the performance of its duties were received, and request for explanation was made as necessary. Moreover, a notice informing that a “system to ensure the proper performance of the duties” (as prescribed in each item of Article 131 of the Corporate Calculation Regulations) has been established pursuant to the “Quality Control Standards Concerning Audits” (Business Accounting Council dated October 28, 2005), etc. was received from the Accounting Auditor, and requests seeking explanation regarding such system were made, as necessary. Based on the above-mentioned methods, inspection was conducted regarding the Financial Statements (the Balance Sheet, the Statement of Income, the Statement of Changes in Equity and Notes to Financial Statements) and the Supplementary Schedules for the current fiscal year and the Consolidated Financial Statements (the Consolidated Balance Sheet, the Consolidated Statement of Income, the Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements) for the current fiscal year.

2. Result of audit

(1) Result of audit of Business Report, etc.

- (i) We confirm that the Business Report and the Supplementary Schedules accurately indicate the condition of the Company in compliance with the laws, regulations and the Articles of Incorporation of the Company.
- (ii) We have not detected any misconduct or material fact of violation of the

relevant laws, regulations or the Articles of Incorporation of the Company, in connection with the performance of the duties of Directors.

- (iii) We confirm that the content of the resolution of the Meeting of the Board of Directors concerning the Internal Control System is reasonable. Furthermore, we have not found anything that should be pointed out with respect to the content of the Business Report and the performance of the duties of Directors concerning the Internal Control System.

(2) Result of audit of the Financial Statements and the Supplementary Schedules

We confirm that the audit method and result of Deloitte Touche Tohmatsu LLC, the Independent Auditor, are reasonable.

(3) Result of audit of the Consolidated Financial Statements

We confirm that the audit method and result of Deloitte Touche Tohmatsu LLC, the Independent Auditor, are reasonable.

February 13, 2014

Audit & Supervisory Board of
Suntory Beverage & Food Limited

Senior Audit & Supervisory Board Member

Seiichiro Hattori (seal)

Audit & Supervisory Board Member

Toru Yamamoto (seal)

Outside Audit & Supervisory Board Member

Yukihiko Uehara (seal)

Outside Audit & Supervisory Board Member

Harumichi Uchida (seal)