

**Suntory Holdings Limited**

February 17, 2014

**SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS AS OF  
DECEMBER 31, 2013 (English Translation, UNAUDITED)**

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(Fractions of millions have been truncated)

**1. Consolidated operating results and financial positions for the fiscal year  
(January 1, 2013 - December 31, 2013)**

(1) Operating results (% figures represent change from the same period of the previous fiscal year)

Fiscal year ended	Net sales		Operating income		Ordinary income	
	¥ million	%	¥ million	%	¥ million	%
December 31, 2013	2,040,204	10.2	126,558	17.5	120,552	17.0
December 31, 2012	1,851,567	2.7	107,744	(5.6)	103,061	(5.5)

Fiscal year ended	Net income		Basic net income per share	Diluted net income per share	Ratio of net income to equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	¥ million	%	¥	¥	%	%	%
December 31, 2013	195,574	433.9	286.67	-	30.7	5.9	6.2
December 31, 2012	36,631	(41.5)	53.74	-	7.6	6.0	5.8

(2) Financial positions

As of	Total assets	Net assets	Ratio of equity to total assets	Net assets per share
	¥ million	¥ million	%	¥
December 31, 2013	2,374,070	1,056,726	32.3	1,125.73
December 31, 2012	1,727,963	533,697	29.4	744.31

(3) Cash flows

Fiscal year ended	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at year end
	¥ million	¥ million	¥ million	¥ million
December 31, 2013	166,503	(215,493)	232,167	418,630
December 31, 2012	130,107	(93,413)	(100,211)	228,110

**2. Dividends**

Fiscal year ended	Annual dividends	Total cash dividends (Annual)	Payout ratio (Consolidated)	Cash dividends as a percentage of net assets (Consolidated)
	¥	¥ million	%	%
December 31, 2013	17.00	11,598	5.9	1.8
December 31, 2012	11.00	7,504	20.5	1.6

**3. Consolidated result forecast for the fiscal year ending December 2014  
(January 1, 2014 - December 31, 2014)**

Fiscal year ending	Net sales		Operating income		Ordinary income		Net income		Basic net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
December 31, 2014	2,220,000	8.8	146,000	15.4	140,000	16.1	50,000	(74.4)	73.29

# Operating Results

## 1. Economic overview during the consolidated cumulative period

During the FY2013 consolidated cumulative period from January 1, 2013 – December 31, 2013, the world economy continued moving toward a gradual recovery and showed signs of steadying, while there were still concerns about the risks of a downward economic swing. As for the Japanese economy, it is gradually recovering due to factors such as improved corporate earnings and a pickup in consumer spending, which have been supported by a weakening yen and rising stock prices.

Within this context, the Suntory Group has taken proactive efforts including strengthened marketing activities for our major brands such as *The Premium Malt's*, *Kin-Mugi*, *Kakubin*, *Yamazaki*, *Hakushu*, *BOSS*, *Iyemon*, *Suntory Natural Mineral Water*, and *Pepsi* products, as well as efforts aimed at creating new demand such as the sales of food for specified health uses (FOSHU) and the development of RTS<sup>\*1</sup> beverages. To add, SCM cost cutting measures have led to increased profitability for the Suntory Group. In addition, In July, our consolidated subsidiary Suntory Beverage & Food Limited was listed on the first section of the Tokyo Stock Exchange.

As a result, our performance for the reported period was our highest ever across the board, with net sales of 2.0402 trillion yen (up 10.2% year-on-year), operating profits of 126.6 billion yen (up 17.5%), ordinary profits of 120.6 billion yen (up 17.0%), and a net profit of 195.6 billion yen (up 433.9%), due to the extraordinary income generated by the market listing of Suntory Beverage & Food Limited.

<sup>\*1</sup> RTS (Ready to Serve): Alcoholic beverages with an alcohol by volume of 10 – 20% and the best balance of flavor for drinking on the rocks.

### <Non-Alcoholic Beverages and Food Segment>

Suntory Beverage & Food Limited worked to enlarge demand through stronger brands. In addition, while working to improve quality by making the most of our group synergy and to strengthen profitability through cost innovations, we invested in marketing aimed at the future and expanded our business base overseas.

In our domestic business, in addition to focusing on further strengthening and cultivating our key brands, we worked to further enrich our business base by introducing new products that offer new values.

As for *BOSS*, in addition to strengthening sales promotion activities for our main products, by introducing a new product, *Gran Aroma*, we achieved a year-on-year increase in sales volume in the total market for canned coffee, in which year-on-year losses were predicted.

The *Iyemon* brand dramatically increased sales volume, helped by favorable sales of *Iyemon* and *Zeitaku Reicha* as well as higher-than-projected sales of *Iyemon Tokucha* (FOSHU) that launched in October.

As for *Suntory Natural Mineral Water*, sales volume increased dramatically due to efforts to strengthen the brand through renewal and other means, as well as favorable sales of *Suntory Minami-Alps Natural Mineral Water Sparkling*, which was introduced into the sugar-free carbonated water market that is growing due to an increase of healthy-minded consumers.

*Pepsi* products greatly exceeded year-on-year sales volume as a result of efforts to broaden our customer base, such as the renewal of *Pepsi Special* (FOSHU).

*Orangina* continued to enjoy popularity, with similar sales volume year-on-year.

Sales volume of *Green Dakara* approximately doubled year-on-year<sup>\*2</sup> thanks to the support of customers who purchased it as a water replenishment beverage.

<sup>\*2</sup> Sales volume includes sales of *Green Dakara Yasashii Mugicha*.

In our overseas business, we located various areas of Europe, Oceania, Asia, and the Americas as markets where higher growth is expected, and we worked to step up marketing activities, such as strengthening existing brands and introducing Suntory brands.

In Europe, the Orangina Schweppes Group worked to reinforce its business base and improve profitability by continuing to invest actively in marketing and by strengthening its brands, such as *Orangina* and *Schweppes*.

In Oceania, the Frucor Group worked to bolster its brand strength by introducing a new product into its key brand of energy drinks, *V*. In addition, the favorable sales of *Pepsi* and other brands in New Zealand contributed to the growth of the Frucor Group's overall sales volume.

In Asia, the Cerebos Group performed well, mainly through sales of health foods in Thailand. In the Suntory Garuda Group, the jelly drink *Okky* led the business, while the Suntory brand green tea *Mirai* and the new product *MYTEA Oolong Tea* contributed to increased sales. Our joint venture with PepsiCo, Inc. has also steadily grown our business in Vietnam with the launch of the Suntory brand *TEA+ Oolong Tea*.

In the Americas, Pepsi Bottling Ventures LLC reorganized its areas of business and worked to streamline its operations.

Moreover, in December, we took over production and sales operations of the symbolic British brands *Lucozade* and *Ribena* from U.K.-based GlaxoSmithKline plc.

Based on the above results, net sales in the Non-Alcoholic Beverages and Food Segment increased 13.2% on the year to 1.1143 trillion yen.

#### <Beer and Spirits Segment>

Along with stepping up marketing activities for major brands, Suntory Liquors Limited created new demand, such as developing the category of RTS beverages.

In the beer business, we achieved our highest sales volume ever of 70.53 million cases<sup>\*3</sup> (up 3.1% year-on-year) amid predictions that the total market<sup>\*3</sup> would shrink about 1% year-on-year. Meanwhile, Suntory's share of the beer category<sup>\*4</sup> rose to its highest level ever at 14.7% (based on taxed shipment volume).

By brand, *The Premium Malt's* broke the record for the highest sales volume ever for the tenth year in a row, shipping 17.67 million cases (up 6.7% year-on-year).

Among the new genres, sales of *Kin-Mugi* grew dramatically to 27.43 million cases (up 4.5% year-on-year), and *Kin-Mugi* (70% less<sup>\*5</sup> sugar) did extremely well, shipping 5.74 million cases (up 36.0%). Meanwhile, sales of *All Free*, the top selling brand of alcohol-free beer-type beverage<sup>\*6</sup>, led the market with 6.93 million cases (up 9.5% year-on-year).

<sup>\*3</sup> Including alcohol-free beer-type beverages.

<sup>\*4</sup> Excluding alcohol-free beer-type beverages.

<sup>\*5</sup> Compared to our *Kin-Mugi* product.

<sup>\*6</sup> Source: Intage MAI survey of alcohol-free beer-type beverage brands; cumulative sales amounts for January – December 2011 (total for supermarkets, convenience stores, and liquor-selling department stores nationwide) and

January 2012 – December 2013 (total for supermarkets, convenience stores, liquor-selling department stores, and retail/wholesale liquor shops nationwide)

In the spirits business, there was a 3.0% year-on-year increase in sales as a result of actively offering new values, such as strengthening major brands and creating new categories of beverages.

As for whisky sales volume, the major brands performed favorably. As a result of heavily promoting its compatibility with food, *Kakubin* saw its sales volume grow 3.0% year-on-year, surpassing 3 million cases for the first time in twenty years (since 1993). In addition, *Premium Kakubin*, launched in May, created new demand.

Our domestically produced premium whiskies, such as the *Yamazaki* and *Hakushu* brands and *Hibiki 12 Years Old*, which we launched in a 500-ml size in April, performed favorably, growing 16.0% year-on-year.

The world's most popular<sup>7</sup> bourbon whisky *Jim Beam*, which we began selling in January, captured new consumers and greatly contributed to revitalizing the imported whisky market.

In addition, Suntory whiskies garnered further international acclaim, such as when *Hibiki 21 Years Old* won the top prize in the world whisky category at a worldwide spirits competition.

Due to the strengthening of major brands and the introduction of new value-added products, RTD sales broke the record for the highest sales volume ever for the ninth year in a row, leading the market with 47.09 million cases<sup>8</sup> (up 10.0% year-on-year) amid predictions that the total market<sup>8</sup> would grow about 5% year-on-year.

*-196°C Strong Zero* performed favorably, posting a large 22.0% year-on-year increase, including *DRY*, which was launched in April and which surpassed the annual sales plan of 2 million cases after upward revision.

*Horoyoi* grew 7.0% year-on-year thanks to the popularity of new flavors such as *Cassis and Orange*. Suntory's canned highballs also performed favorably, growing 11.0% year-on-year.

As for RTS beverages, our main brands *Funwari Kyogetsu* and *Cocktail Tours* performed favorably, selling 880,000 cases, more than the annual sales plan of 720,000 cases after upward revision.

<sup>7</sup> 2012 sales volume (IMPACT NEWSLETTER, February 1 & 15, 2013).

<sup>8</sup> Excluding alcohol-free beverages.

As for our overseas business, we have made efforts to achieve greater market penetration of Suntory whiskies, such as developing proactive marketing efforts for the brands *Yamazaki*, *Hakushu*, and *Hibiki*, primarily in Europe and the Americas.

In Asia, we stepped up sales of *Kakubin* and *The Premium Malt's*. In addition, Morrison Bowmore Distillers Limited expanded sales, primarily of the single malt whiskies *Bowmore* and *Auchentoshan*.

Based on the above results, net sales in the Beer and Spirits Segment increased 3.4% year-on-year to 570.7 billion yen.

#### <Other Businesses Segment>

In addition to commencing operations in the beer business through a newly established joint venture with Chinese brewer Tsingtao Brewery Co., Ltd., Suntory (China) Holding Co., Ltd. also saw growth in the beverage business, with increased sales of its major brand *Oolong Tea*. On the other hand, the wines and spirits business and [ASC Fine Wines

Holding] have been affected by the reduced demands for high-quality liquors.

Suntory Wine International Limited saw its wine business grow 4% year-on-year.

Among domestically produced wines, sales of “Japanese wine” made with 100% domestic grapes continued to grow. In addition, sales of the antioxidant agent-free *Sankaboshizai Mutenka no Oishii Wine* were extremely favorable, growing 39% year-on-year.

Among imported wines, in addition to increased sales of the sparkling wine *Freixenet*, the “Rossi rock” style of drinking *Carlo Rossi* over ice continued to enjoy popularity.

Suntory Wellness Limited saw favorable performance of the *Sesamin* series and *Glucosamine & Chondroitin*, as well as skin care products such as *F.A.G.E.*, resulting in an increase of 11% in sales by the company on the year.

Häagen-Dazs Japan, Inc. greatly exceeded year-on-year sales due to the favorable performance of the new minicup line as well as the popularity of products such as *Crunchy Crunch*, which was launched in June.

In addition, the restaurant business performed favorably, with increased sales at Dynac Corporation, Pronto Corporation, Izutsu Maisen Co., Ltd., and others. Tipness Limited also posted better year-on-year results.

Based on the above results, net sales in the Other Businesses Segment increased 12.7% year-on-year to 355.2 billion yen.

In addition, domestic sales were up 3.9% on the year to 1.5260 trillion yen, and overseas sales were up 34.2% on the year to 514.2 billion yen.

Since our very inception, Suntory has actively developed its business while also working on activities that contribute to culture, society, and the environment based on Suntory’s founding spirit of “Sharing the Profit with Society.” Moreover, based on the corporate message “Suntory, Bringing Water to Life,” we have been pursuing various activities aimed at maintaining a harmonious coexistence between society and nature.

During the reported period, we decided to contribute an additional 2.5 billion yen as recovery assistance for the Great East Japan Earthquake, bringing the total amount of our post-quake donations to 8.8 billion yen. With this money, we have done many things, such as provide additional support for the recovery of the fishing industries in Iwate and Miyagi Prefectures, implement a scholarship program for fisheries high schools, and establish the “Suntory/SCJ Fukushima Susumu Project” to provide multifaceted support for the children of Fukushima Prefecture.

As for our environmental activities, we have made efforts to preserve and regenerate the natural environment, such as developing better water resource cultivation programs while incorporating scientific knowledge into the Suntory Natural Water Sanctuary which have, thus far, cultivated over 7,600ha in volume. With goals towards cultivating double the underground water resources used by the Suntory Group domestic factories, we will newly target for 12,000ha in volume by the year 2020. In addition, we have bolstered our efforts to reduce environmental impact by using environmentally friendly containers and packaging, such as adopting the lightest<sup>\*9</sup> domestically produced PET bottle (11.3 grams), which is made from 30% plant-derived materials, for 550-ml bottles of *Suntory Natural Mineral Water*.

\*10

<sup>9</sup> For domestically produced mineral water PET bottles (500 – 600 ml), as of March 26, 2013 release to current.

<sup>10</sup> Excluding products for vending machines.

## 2. Forecast for the Next Period

During the next period, the world economy is expected to recover gradually, although some regional differences might be seen. The Japanese economy is expected to continue its basic trend toward recovery, although the market environment is forecast to become more severe due to factors such as the intensification of competition in the food and beverage market and the consumption tax increase.

In the future, the Suntory Group will respond swiftly to changes in the market environment while aiming to maintain a harmonious coexistence between society and nature. In addition, we will work to strengthen our further growth and profitability as a “global multi-faceted food and beverage company” by making efforts to expand the synergy between the various companies in the Suntory Group.

Suntory Beverage & Food Limited will continue to work on furthering our growth and reforming our profit structure through the two wheels of our domestic and overseas business.

In our domestic business, along with working on strengthening our key brands, we will actively seek to create new demand, beginning with FOSHU.

As for strengthening our key brands, in addition to actively positioning *Suntory Natural Mineral Water* as a core brand of our domestic business, we will continue to focus on strengthening the brands *BOSS*, *Iyemon*, *Pepsi*, and *Suntory Oolong Tea*.

Demand for *Green Dakara* and *Orangina* is expected to grow, so we will aim for further growth by working to expand their range of consumers and their scenes of consumption.

As for creating new demand, we will develop products that accurately and swiftly grasp the needs of our customers, and we will pursue marketing and proposal-based sales activities.

In addition, we will strengthen the promotion of FOSHU as high value-added products and products that have a unique value.

In our overseas business, we will work toward further growth by strengthening *Orangina*, *V*, *Lucozade*, *Ribena*, and other key brands in various areas. In order to accelerate the creation of group synergy and the improvement of profitability while working to enlarge the scale of our business through the new introduction of Suntory brands, we will construct a new global management system.

In Europe, we will launch Suntory Beverage & Food Europe Limited, which will accelerate business growth by planning and executing comprehensive strategies as a company for overseeing our European business, consisting of the Orangina Schweppes Group and Lucozade Ribena Suntory Limited.

In Oceania, the Frucor Group will strengthen the *V* brand and will also work actively to expand our brand portfolio.

In Asia, the Cerebos Group, the Suntory Garuda Group, and our joint venture with PepsiCo, Inc. in Vietnam will work to expand business in various ways, such as strengthening our business base and introducing new products.

In the Americas, we will continue to work on strengthening our base following the reorganization of business areas in Pepsi Bottling Ventures LLC.

Adopting the keyword “premium,” Suntory Liquors Limited will take up the challenge of making innovations aimed at creating new values, such as product development and the creation of new categories of beverages, while also strengthening value proposal activities aimed at creating demand.

In the beer business, in addition to our key brands *The Premium Malt's*, *Kin-Mugi*, *Kin-Mugi* (70% less sugar), and *All Free*, we will work to further revitalize the market by heavily promoting our new product *Wazen*, which offers the new value of “draft beer made for Japanese meals.”

In the spirits business, along with strengthening value promotion activities for our premium whiskies such as *Yamazaki*, *Hakushu*, and *Hibiki*, we will work to further expand the highball market, centering on *Kakubin*. In addition, we will deploy active marketing efforts, such as strengthening our lineup of the bourbon whiskies *Jim Beam* and *Maker's Mark*.

As for RTD beverages, we will work to further expand demand by cultivating and strengthening our major brands. Through strengthening food compatibility promotion activities for *-196°C Strong Zero DRY* and *Canned Kaku Highball*, and introducing a new lineup for *Horoyoi*, we will work to further expand our connections with customers, primarily young people.

As for RTS beverages, we will continue to offer new ways of enjoying liquor by strengthening our lineup of major brands such as *Funwari Kyogetsu* and *Cocktail Tours*.

As for our overseas business, we will step up marketing activities for *Yamazaki*, *Hakushu*, *Hibiki*, and the liqueur *MIDORI* in Europe and the Americas, and for *Kakubin* and *The Premium Malt's* in Asia. We will promote worldwide sales of the single malt whiskies *Bowmore* and *Auchentoshan* as global brands.

Suntory (China) Holding Co., Ltd. will promote sales of the *Suntory* brand and the *Tsingtao* brand through the joint venture with Tsingtao Brewery Co., Ltd. in the Shanghai beer business. As for the soft drink business, in addition to expanding our major brands, we will introduce new products.

Suntory Wine International Limited will continue to focus on “Japanese wine” made with 100% domestic grapes as well as *Sankaboshizai Mutenka no Oishii Wine* and *Delica Maison Delicious*, in addition to working to strengthen the brand power of *Carlo Rossi* and *Freixenet*.

Through these activities, we are anticipating net sales in each business segment of 1.2535 trillion yen in the Non-Alcoholic Beverages and Food Segment (up 12.5% year-on-year), 585.0 billion yen in the Beer and Spirits Segment (up 2.3%), and 381.5 billion yen in the Other Businesses Segment (up 7.8%).

By synthesizing the above activities, we will work to further expand growth and profits in all segments. For the period ending in December 2014, we are anticipating net sales of 2.22 trillion yen (up 8.8% year-on-year), operating income of 146 billion yen (up 15.4%), ordinary profit of 140 billion yen (up 16.1%), and a net income of 50 billion yen (down 74.4%).

## Consolidated Balance Sheets

(Millions of Yen)

	As of December 31, 2012	As of December 31, 2013	Change
<b>ASSETS</b>			
Current assets	753,283	1,007,834	254,551
Cash and deposits	228,128	418,654	190,525
Notes and accounts receivable-trade	265,659	287,242	21,582
Merchandise and finished goods	144,002	169,934	25,932
Work in process	12,353	12,743	390
Raw materials and supplies	27,372	41,456	14,083
Deferred tax assets	32,752	22,876	(9,876)
Other	43,957	55,803	11,845
Allowance for doubtful accounts	(942)	(875)	66
Non-current assets	974,084	1,364,861	390,776
Property, plant and equipment	420,228	527,269	107,040
Buildings and structures, net	129,909	148,760	18,850
Machinery, equipment and vehicles, net	118,533	180,555	62,022
Tools, furniture and fixtures, net	61,021	67,709	6,687
Land	85,964	94,760	8,795
Construction in progress	8,482	15,784	7,301
Other	16,316	19,698	3,381
Intangible assets	380,531	650,413	269,882
Goodwill	354,632	409,293	54,660
Trademark	7,283	184,942	177,659
Other	18,614	56,177	37,562
Investments and other assets	173,325	187,178	13,853
Investment securities	97,083	116,302	19,219
Deferred tax assets	5,671	6,923	1,251
Other	72,943	66,238	(6,705)
Allowance for doubtful accounts	(2,373)	(2,285)	87
Deferred assets	594	1,374	780
<b>TOTAL ASSETS</b>	<b>1,727,963</b>	<b>2,374,070</b>	<b>646,107</b>
Accumulated depreciation of Property, plant and equipment	662,825	728,112	65,287

(Millions of Yen)

	As of December 31, 2012	As of December 31, 2013	Change
<b>LIABILITIES</b>			
Current liabilities	572,794	760,029	187,235
Notes and accounts payable-trade	90,891	93,703	2,811
Electronically recorded obligations-operating	93,001	106,106	13,105
Short-term loans payable	91,995	83,428	(8,566)
Current portion of bond	14,300	108,566	94,266
Accrued alcohol tax	44,546	46,412	1,865
Accrued consumption taxes	9,682	10,791	1,109
Income taxes payable	12,056	34,392	22,335
Accounts payable-other	100,575	122,239	21,664
Accrued expenses	54,450	62,329	7,878
Provision for bonuses	9,891	12,616	2,724
Other	51,403	79,442	28,039
Noncurrent liabilities	621,470	557,315	(64,155)
Bonds payable	172,529	64,700	(107,829)
Long-term loans payable	318,021	322,387	4,365
Provision for retirement benefits	11,151	11,000	(150)
Provision for directors' retirement benefits	351	298	(52)
Deferred tax liabilities	59,063	80,104	21,040
Other	60,354	78,824	18,470
<b>TOTAL LIABILITIES</b>	<b>1,194,265</b>	<b>1,317,344</b>	<b>123,079</b>
<b>NET ASSETS</b>			
Shareholders' equity	523,894	711,624	187,730
Capital stock	70,000	70,000	-
Capital surplus	(20,582)	(21,109)	(526)
Retained earnings	477,809	666,066	188,256
Treasury stock	(3,332)	(3,332)	-
Accumulated other comprehensive income	(16,096)	56,386	72,483
Valuation difference on available-for-sale securities	10,350	20,611	10,261
Deferred gains or losses on hedges	1,902	1,374	(527)
Foreign currency translation adjustment	(28,349)	34,400	62,750
Minority interests	25,900	288,714	262,814
<b>TOTAL NET ASSETS</b>	<b>533,697</b>	<b>1,056,726</b>	<b>523,028</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,727,963</b>	<b>2,374,070</b>	<b>646,107</b>

## Consolidated Statements of Income

(Millions of Yen)

	Fiscal year ended December 31, 2012	Fiscal year ended December 31, 2013	Change
Net sales	1,851,567	2,040,204	188,636
Cost of sales	923,270	1,015,376	92,105
Gross profit	928,297	1,024,827	96,530
Selling, general and administrative expenses	820,553	898,269	77,716
Promotion expenses and commissions	372,272	393,857	21,585
Advertising expenses	72,313	83,770	11,457
Haulage expenses and warehousing expenses	67,934	74,863	6,929
Labor expenses	150,017	167,544	17,527
Depreciation	31,294	36,047	4,753
Other operating expenses	126,721	142,184	15,463
Operating income	107,744	126,558	18,814
Non-operating income	5,212	5,934	721
Interest income	932	996	63
Dividends income	2,127	2,558	430
Equity in earnings of affiliates	553	-	(553)
Subsidy income	-	724	724
Miscellaneous income	1,598	1,655	57
Non-operating expenses	9,894	11,939	2,045
Interest expenses	8,288	8,320	31
Foreign exchange losses	133	1,493	1,359
Miscellaneous expenses	1,471	2,125	654
Ordinary income	103,061	120,552	17,490
Extraordinary income	1,371	181,170	179,799
Insurance Income	-	1,059	1,059
Restructuring gain	-	2,754	2,754
Gain on change in equity	56	131,383	131,327
Gain on sales of subsidiaries' and affiliates' stocks	-	45,490	45,490
Compensation income	260	-	(260)
Other	1,053	482	(570)
Extraordinary loss	10,752	15,897	5,145
Loss on disposal of non-current assets	4,763	4,537	(226)
Impairment loss	611	3,340	2,729
Earthquake related expenses	3,097	2,712	(384)
Restructuring cost	549	4,361	3,812
Other	1,730	945	(785)
Income before income taxes and minority interests	93,680	285,826	192,145
Income taxes-current	28,702	60,488	31,785
Income taxes-deferred	21,071	12,950	(8,120)
Income before minority interests	43,906	212,386	168,480
Minority interests in income	7,275	16,812	9,537
<b>NET INCOME</b>	<b>36,631</b>	<b>195,574</b>	<b>158,942</b>

## Consolidated Statements of Cash Flows

(Millions of Yen)

	Fiscal Year ended December 31, 2012	Fiscal Year ended December 31, 2013
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes and minority interests	93,680	285,826
Depreciation and amortization	54,398	63,403
Amortization of goodwill	20,513	24,092
Interest and dividends income	(3,060)	(3,554)
Interest expenses	8,288	8,320
Loss (gain) on sales of subsidiaries' and affiliates' stocks	-	(45,490)
Loss (gain) on change in equity	(56)	(131,383)
Loss on disposal of noncurrent assets	4,763	4,537
Impairment loss	611	3,340
Decrease (increase) in notes and accounts receivable-trade	(8,783)	(10)
Decrease (increase) in inventories	(4,586)	(11,640)
Increase (decrease) in notes and accounts payable-trade	273	(3,473)
Increase (decrease) in accrued consumption taxes, alcohol taxes	672	1,273
Other, net	5,187	16,644
Subtotal	171,904	211,885
Interest and dividends income received	3,838	4,738
Interest expenses paid	(8,373)	(8,650)
Income taxes paid	(37,262)	(41,471)
Net cash provided by (used in) operating activities	130,107	166,503
<b>Net cash provided by (used in) investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(71,423)	(90,011)
Proceeds from sales of property, plant and equipment and intangible assets	721	3,027
Purchase of investment securities	(994)	(854)
Proceeds from sales and redemption of investment securities	2,601	176
Proceeds from sales of subsidiaries' and affiliates' stocks	-	95,854
Purchase of investments in subsidiaries resulting in change in consolidation scope	(840)	(13,914)
Proceeds from acquisition of investments in subsidiaries resulting in change in consolidation scope	-	4,071
Payment for transfer of business	-	(220,098)
Other, net	(23,477)	6,255
Net cash provided by (used in) investing activities	(93,413)	(215,493)
<b>Net cash provided by (used in) financing activities</b>		
Increase (decrease) in short-term bank loans and commercial papers	20,570	(20,827)
Proceeds from long-term loans payable	3,688	45,934
Repayment of long-term loans payable	(63,170)	(36,394)
Redemption of bonds	(45,000)	(15,250)
Repayments of lease obligations	(3,452)	(3,103)
Cash dividends paid	(8,174)	(7,504)
Cash dividends paid to minority shareholders	(5,554)	(6,152)
Proceeds from stock issuance to minority shareholders	137	275,465
Other, net	744	-
Net cash provided by (used in) financing activities	(100,211)	232,167
Effect of exchange rate change on cash and cash equivalents	3,501	7,342
<b>Net increase (decrease) in cash and cash equivalents</b>	(60,015)	190,519
Cash and cash equivalents at the beginning of the period	288,126	228,110
Cash and cash equivalents at the end of the period	228,110	418,630

## Segment Information

### 1. Summary of reportable segments

The reportable segments of the Suntory Group are constituent units of the Group whose separate financial information is obtainable. These segments are periodically examined by the Board of Directors for the purpose of deciding the allocation of management resources and evaluating the business results.

The Suntory group comprises, under a holding company structure, various business companies based on their primary business activities.

Each of these business companies work out a comprehensive strategy applicable to their products and services and carries out their business activities.

Consequently, the Suntory group has decided its two reportable segments, namely, Beverage and Food, Beer and Spirits, by combining the business companies with the emphasis on the business company units in consideration of the similarity of their economic characteristics.

Main products and services by each reportable segment are as follows

Reportable segment	Main products
Beverage and Food	Non-alcoholic beverages, health drinks, processed food, other products
Beer and Spirits	Beer, whisky, RTDs, shochu and other alcoholic beverages
Others	Operations in China, wine, health food, ice cream, restaurants, sports, flowers and other operations

### 2. Industry Segments

Fiscal year ended December 31, 2013

(Millions of Yen)

	Beverage and Food	Beer and Spirits	Others	Total	Adjustment <sup>(1)</sup>	Consolidated Total <sup>(2)</sup>
Net sales						
Sales to customers	1,114,275	570,711	355,217	2,040,204	-	2,040,204
Inter-segment sales	7,025	3,717	11,259	22,002	(22,002)	-
Total sales	1,121,301	574,429	366,476	2,062,206	(22,002)	2,040,204
Segment income (loss)	91,330	37,347	29,682	158,360	(31,802)	126,558

Fiscal year ended December 31, 2012

(Millions of Yen)

	Beverage and Food	Beer and Spirits	Others	Total	Adjustment <sup>(1)</sup>	Consolidated Total <sup>(2)</sup>
Net sales						
Sales to customers	984,372	552,057	315,137	1,851,567	-	1,851,567
Inter-segment sales	6,852	2,626	11,613	21,091	(21,091)	-
Total sales	991,224	554,683	326,750	1,872,659	(21,091)	1,851,567
Segment income (loss)	76,709	31,783	29,226	137,719	(29,975)	107,744

Note: 1. Corporate general and administrative expenses, and inter-segment eliminations that are not allocated to specific segments are included in "Adjustment".

Amounts are stated below.

Fiscal year ended December 31, 2013

(Millions of Yen)

Adjustment on segment income (loss)	(31,802)
Corporate general and administrative expenses that are not attributable to any reportable segment	(31,871)
Inter-segment eliminations	69

Fiscal year ended December 31, 2012

(Millions of Yen)

Adjustment on segment income (loss)	(29,975)
Corporate general and administrative expenses that are not attributable to any reportable segment	(30,053)
Inter-segment eliminations	78

2. Segment income (loss) is adjusted for operating income described in the in the Consolidated Statements of Income.

### 3. Geographic Segments

Fiscal year ended December 31, 2013

(Millions of Yen)

	Japan	Europe	Asia and Oceania	Americas	Overseas Total	Total
Overseas Sales	1,526,012	171,552	261,968	80,670	514,191	2,040,204
Overseas sales as percentage of consolidated sales	74.8%	8.4%	12.8%	4.0%	25.2%	100.0%

Fiscal year ended December 31, 2012

(Millions of Yen)

	Japan	Europe	Asia and Oceania	Americas	Overseas Total	Total
Overseas Sales	1,468,313	137,890	175,112	70,251	383,253	1,851,567
Overseas sales as percentage of consolidated sales	79.3%	7.4%	9.5%	3.8%	20.7%	100.0%

Note: 1. Geographical distances are considered in classification of country or area.

2. Countries or areas included in each segment except for Japan are as follows:

Europe: European countries

Asia and Oceania: Asia and Oceania countries

Americas: North-, Middle-, and South American countries