**English Translation**

SUNTORY
SUNTORY BEVERAGE & FOOD

February 12, 2016

# Summary of Consolidated Financial Results for the Fiscal Year Ended December 31, 2015 <under Japanese GAAP> (UNAUDITED)

| | |
|---|---|
| Company name: | **Suntory Beverage & Food Limited** |
| Shares listed: | First Section, Tokyo Stock Exchange |
| Securities code: | 2587 |
| URL: | http://www.suntory.com/sbf/ |
| Representative: | Nobuhiro Torii, President |
| Inquiries: | Nobuhiro Yasui, Senior General Manager, Corporate Communication Division<br>TEL: +81-3-3275-7022 (from overseas) |

| | |
|---|---|
| Scheduled date of ordinary general meeting of shareholders: | March 30, 2016 |
| Scheduled date to file securities report: | March 31, 2016 |
| Scheduled date to commence dividend payments: | March 31, 2016 |
| Preparation of supplementary material on financial results: | Yes |
| Holding of financial results presentation meeting (for institutional investors and analysts): | Yes |

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

## 1. Consolidated financial results for the fiscal year ended December 31, 2015 (from January 1, 2015 to December 31, 2015)

### (1) Consolidated operating results

(Percentages indicate year-on-year changes)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|---|---|---|---|---|---|---|---|---|
| Fiscal year ended | (Millions of yen) | (%) | (Millions of yen) | (%) | (Millions of yen) | (%) | (Millions of yen) | (%) |
| December 31, 2015 | 1,381,007 | 9.8 | 92,007 | 7.0 | 82,869 | 0.7 | 42,462 | 17.2 |
| December 31, 2014 | 1,257,280 | 12.1 | 85,949 | 18.2 | 82,272 | 22.3 | 36,239 | 16.2 |

Note: Comprehensive income
For the fiscal year ended December 31, 2015: ¥5,767 million [(92.3)%]
For the fiscal year ended December 31, 2014: ¥74,802 million [(33.5)%]

Reference: EBITDA
For the fiscal year ended December 31, 2015: ¥175.5 billion [9.0%]
For the fiscal year ended December 31, 2014: ¥161.1 billion [15.3%]
For the definition of EBITDA, its calculation method, etc., refer to “Segment information, etc.” on page 27.
Net income before amortization of goodwill
For the fiscal year ended December 31, 2015: ¥69.7 billion [13.7%]
For the fiscal year ended December 31, 2014: ¥61.3 billion [12.7%]

Note: Net income before amortization of goodwill is the sum of net income and amortization of goodwill.

| | Net income per share | Diluted net income per share | Net income/ Shareholders' equity | Ordinary income/ total assets | Operating income/ net sales |
|---|---|---|---|---|---|
| Fiscal year ended | (Yen) | (Yen) | (%) | (%) | (%) |
| December 31, 2015 | 137.42 | – | 7.2 | 5.8 | 6.7 |
| December 31, 2014 | 117.28 | – | 6.3 | 6.2 | 6.8 |

Reference: Equity in earnings (losses) of affiliates
For the fiscal year ended December 31, 2015: ¥(5,316) million
For the fiscal year ended December 31, 2014: ¥522 million

### (2) Consolidated financial position

| | Total assets | Total equity | Shareholders' equity ratio | Equity per share |
|---|---|---|---|---|
| As of | (Millions of yen) | (Millions of yen) | (%) | (Yen) |
| December 31, 2015 | 1,484,434 | 626,890 | 39.3 | 1,888.33 |
| December 31, 2014 | 1,389,096 | 635,624 | 42.9 | 1,926.79 |

Reference: Shareholders' equity (Equity excluding minority interests)
As of December 31, 2015: ¥583,495 million As of December 31, 2014: ¥595,377 million

### (3) Consolidated cash flows

| | Net cash provided by (used in) operating activities | Net cash provided by (used in) investing activities | Net cash provided by (used in) financing activities | Cash and cash equivalents at end of period |
|---|---|---|---|---|
| Fiscal year ended | (Millions of yen) | (Millions of yen) | (Millions of yen) | (Millions of yen) |
| December 31, 2015 | 145,741 | (188,847) | 38,504 | 97,718 |
| December 31, 2014 | 108,638 | (67,482) | 13,670 | 105,505 |

## 2. Dividends

| | Annual cash dividends | | | | | Total cash dividends | Dividend payout ratio (Consolidated) | Ratio of dividends to total equity (Consolidated) |
|---|---|---|---|---|---|---|---|---|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total | | | |
| | (Yen) | (Yen) | (Yen) | (Yen) | (Yen) | (Millions of yen) | (%) | (%) |
| Fiscal year ended December 31, 2014 | – | 29.00 | – | 31.00 | 60.00 | 18,540 | 51.2 | 3.2 |
| Fiscal year ended December 31, 2015 | – | 33.00 | – | 35.00 | 68.00 | 21,012 | 49.5 | 3.6 |
| Fiscal year ending December 31, 2016 (Forecasts) | – | 34.00 | – | 34.00 | 68.00 | | 51.9 | |

## 3. Consolidated earnings forecasts for the fiscal year ending December 31, 2016 (from January 1, 2016 to December 31, 2016)

(Percentages indicate year-on-year changes)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of the parent | | Basic earnings per share |
|---|---|---|---|---|---|---|---|---|---|
| | (Millions of yen) | (%) | (Millions of yen) | (%) | (Millions of yen) | (%) | (Millions of yen) | (%) | (Yen) |
| Fiscal year ending December 31, 2016 | 1,430,000 | 3.5 | 90,000 | (2.2) | 86,500 | 4.4 | 40,500 | (4.6) | 131.07 |

Reference: EBITDA
For the fiscal year ending December 31, 2016 (forecast): ¥180.0 billion [2.5%]
Profit before amortization of goodwill
For the fiscal year ending December 31, 2016 (forecast): ¥70.0 billion [0.4%]

Note: Profit before amortization of goodwill is the sum of profit attributable to owners of the parent and amortization of goodwill.

## * Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
Newly consolidated: 1 company (Name: Japan Beverage Holdings Inc.)

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

| | | |
|---|---|---|
| a. | Changes in accounting policies due to revisions to accounting standards and other regulations: | Yes |
| b. | Changes in accounting policies due to other reasons: | None |
| c. | Changes in accounting estimates: | None |
| d. | Restatement of prior period financial statements after error corrections: | None |

(3) Number of issued shares (common stock)

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

| | |
|---|---|
| As of December 31, 2015 | 309,000,000 shares |
| As of December 31, 2014 | 309,000,000 shares |

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

| | |
|---|---|
| As of December 31, 2015 | – shares |
| As of December 31, 2014 | – shares |

c. Average number of outstanding shares during the period

| | |
|---|---|
| Fiscal year ended December 31, 2015 | 309,000,000 shares |
| Fiscal year ended December 31, 2014 | 309,000,000 shares |

## (Reference) Summary of financial results

## 1. Financial results for the fiscal year ended December 31, 2015 (from January 1, 2015 to December 31, 2015)

### (1) Operating results

(Percentages indicate year-on-year changes)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|---|---|---|---|---|---|---|---|---|
| Fiscal year ended | (Millions of yen) | (%) | (Millions of yen) | (%) | (Millions of yen) | (%) | (Millions of yen) | (%) |
| December 31, 2015 | 377,601 | 6.1 | 28,008 | 26.4 | 45,979 | 9.1 | 34,284 | (0.0) |
| December 31, 2014 | 355,927 | (1.6) | 22,165 | (5.8) | 42,139 | 16.6 | 34,289 | 33.4 |

| | Net income per share | Diluted net income per share |
|---|---|---|
| Fiscal year ended | (Yen) | (Yen) |
| December 31, 2015 | 110.95 | – |
| December 31, 2014 | 110.97 | – |

### (2) Financial position

| | Total assets | Total equity | Shareholders' equity ratio | Equity per share |
|---|---|---|---|---|
| As of | (Millions of yen) | (Millions of yen) | (%) | (Yen) |
| December 31, 2015 | 1,028,624 | 516,393 | 50.2 | 1,671.18 |
| December 31, 2014 | 933,698 | 499,213 | 53.5 | 1,615.58 |

Reference: Shareholders' equity
As of December 31, 2015: ¥516,393 million As of December 31, 2014: ¥499,213 million

*** Indication regarding execution of audit procedures**

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

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

The earnings forecasts contained in these materials are based on our judgment attributable to information available to the Company and the Group as of the date of announcement of these materials, and include certain risks and uncertainties. These statements are not intended as a promise by the Company to achieve such results. Actual business results may differ substantially due to various factors such as economic situation surrounding the Company and the Group, market trend, exchange rates and other factors.

**Attached Materials**

**Index**

## 1. Analysis of Operating Results and Financial Position

### (1) Analysis of operating results

A. Operating results for the fiscal year under review
In the fiscal year under review, there was a gradual recovery in the global economy overall despite continuing uncertainty in the environment. In Japan, the economy continued to follow a path of gradual recovery, exhibiting such signs as firm consumer spending.

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

In the Japan segment, in addition to reinforcing core brands with a focus on the *Suntory Tennensui* range and *Boss* coffee range, the Group launched products with new value such as *Lemongina* and *Suntory Minami-Alps Tennensui & Yogurina*, and strengthened high-value-added products such as *Iyemon Tokucha* and *Suntory Black Oolong Tea* as part of efforts to create new demand.
In the overseas segment, the Group further reinforced core brands and reduced costs in each area. In Europe, the Group worked to create a more effective management information infrastructure to promote the creation of synergy through cooperation between Orangina Schweppes Group and Lucozade Ribena Suntory Group. Furthermore, in Asia, the Group worked to strengthen its sales and production structures.

As a result of the above, for the fiscal year under review, the Group reported consolidated net sales of ¥1,381.0 billion, up 9.8% year on year, operating income of ¥92.0 billion, up 7.0%, ordinary income of ¥82.9 billion, up 0.7% and net income of ¥42.5 billion, up 17.2%.

Results by segment are as follows:

< Japan segment >
In the *Suntory Tennensui* range, the Group promoted the brand's original value by emphasizing its qualities of "clear & tasty" and "natural & healthy." Sales of small-size format products including *Suntory Minami-Alps Tennensui* were strong, and *Suntory Minami-Alps Tennensui & Yogurina*, which was launched in April, considerably contributed to sales. As a result, sales volume for the range as a whole grew significantly.
In the *Boss* coffee range, the Group aggressively developed topical television commercials while expanding the lineup to match the diverse needs of consumers. The Group carried out renewals of core products *Premium Boss*, *Rainbow Mountain Blend*, *Zeitaku Bito*, *Muto Black* and *Café au Lait*. In addition, *Premium Boss Black* and *Premium Boss Bito* launched in the bottle-shaped canned coffee market, which is showing striking growth, performed strongly. As a result, sales volume for the range as a whole grew steadily.
In the *Iyemon* range, although the sales volume for the range as a whole was level year on year, the FOSHU (a Food for Specified Health Uses) green tea *Iyemon Tokucha* continued to grow significantly in the third year since it was launched. In addition, *Iyemon* was well received by consumers for its new proposals for adjusting flavors to suit the season and the changes to consumer drinking styles and scenes.
In the *Pepsi* range, the Group newly launched *Pepsi Strong Zero* and *Pepsi Strong* in June and although the products became topical, the sales volume fell year on year.
The sales volume of the *Suntory Oolong Tea* range fell year on year, despite continued marketing activities.
The sales volume of the *Green DAKARA* range rose year on year overall with steady sales for the barley tea *Green DAKARA Yasashii Mugicha*, which was renewed in June. In the *Orangina* range, the launch of *Lemongina*, which was jointly developed with Orangina Schweppes Group, and a limited-time product also contributed to sales results. As a result, the sales volume for the range as a whole grew significantly.

The Company made a contribution to market expansion of FOSHU drink products, which are attracting attention on the back of increasing health consciousness, and is establishing a strong position in this market. In addition to *Iyemon Tokucha*, which continued to sell strongly, *Suntory Black Oolong Tea*, for which the contents and packaging were renewed in March, also sold strongly. The total sales volume of FOSHU drink products including *Pepsi Special*, *Suntory Goma Mugicha* and *Boss Black* bottle-shaped canned coffee rose considerably year on year.

The Group's initiatives to improve profitability consisted of not only strengthening sales of high-value-added products such as FOSHU drink products and small-size format products such as 500 ml PET bottles, but also continuing to reduce manufacturing costs by such means as introducing bottle-shaped canned coffee manufacturing facilities. On the other hand, the Group incurred costs from a temporary stoppage in shipment caused by supply-demand imbalances for *Lemongina* and *Suntory Minami-Alps Tennensui & Yogurina*, and from aggressive marketing activities. The Group worked to establish a stable supply system through such efforts as introducing a new manufacturing line at the Suntory Tennensui Minami-Alps Hakushu Plant.

Furthermore, on July 31, Japan Beverage Group ("JB") and JT A-Star Group ("JTA") newly joined the Group, and the Group started the "full-line beverage service business" that satisfies a wide range of consumer needs.

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

Japan segment net sales: ¥806.9 billion (up 11.7% year on year)
Japan segment profit: ¥46.7 billion (up 0.2% year on year)

< Overseas segment >
In Europe, aggressive marketing activities were conducted centering on core brands such as *Orangina*, *Oasis*, *Schweppes*, *Lucozade* and *Ribena*. In France, the Group worked on realizing innovation in brand communication such as by carrying out new advertising activities for *Orangina*. In Spain, sales continued to be strong centering on *Schweppes* in the area of sales in the on-premise market, which the Group has been concentrating on. In the UK, efforts to strengthen brands continued, by means such as the launch of new products under the *Lucozade* brand and aggressive marketing activities. Furthermore, with the aim of accelerating growth in Europe as a whole, the Group not only carried out cost reductions but also continued work to optimize its business foundation and create synergy.
In Asia, although the unstable economic environment continued to affect its business, the Group worked to strengthen its business foundation and conducted marketing activities centering on core brands in each country. In the health food business, in Thailand, the Group conducted promotions to celebrate the 180th anniversary of the launch of *BRAND'S Essence of Chicken*. In the beverage business, a tough business environment continued in some areas such as in Indonesia, where the business was affected by economic slowdown. In Vietnam, however, the Group implemented initiatives such as expanding the areas where Suntory brands are on sale and strengthening production structures by means such as expansions of production lines, and sales of the Suntory brand *TEA+* grew significantly, in addition to PepsiCo brands. Sales were also strong in areas including Malaysia, where the Group established new sales structures.
In Oceania, in addition to vitalizing its mainstay energy drink *V*, the Frucor Group worked to expand sales by launching new products and conducting aggressive marketing activities for the Suntory brand *OVI*.
In the Americas, the Group improved business efficiency by such means as carrying out initiatives to integrate distribution bases, and further promoted PepsiCo brand products, focusing on the state of North Carolina.

In addition to activities to expand sales in each area, the Group strove to further improve quality and strengthen earning capacity by research and development and by reduction of costs through sharing the knowhow among all Group companies.

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

Overseas segment net sales: ¥574.1 billion (up 7.3% year on year)

Overseas segment profit: ¥74.0 billion (up 14.9% year on year)

The Suntory Group, which is led by the Company's parent company Suntory Holdings Limited, promotes environmental management based on the philosophy of "In Harmony with People and Nature" and carries out various activities to reduce environmental impact through such activities as "Natural Water Sanctuaries," which are aimed at developing a sustainable global environment. Also, as a member of the Suntory Group, the Group is continuing active measures to reduce environmental impact such as through activities to reduce $CO_2$ emissions that include saving resources with regard to containers and packaging and reducing the amount of electric power consumed in vending machines, as well as reducing water usage in plants.

B. Outlook for the next fiscal year

Based on the management strategies for 2015 to 2017, the Group will work to improve profitability at existing businesses and build its business foundation in order to further strengthen the strategies it has applied hitherto, such as reinforcing core brands and selling new products to offer new value to consumers, and accelerate growth in both its Japanese and overseas businesses.
Details of the initiatives are provided in 3. Management Policies, (3) Issues to address.
In the 2016 fiscal year, the Group expects consolidated net sales of ¥1,430.0 billion, up 3.5% year on year, operating income of ¥90.0 billion, down 2.2%, ordinary income of ¥86.5 billion, up 4.4%, and profit attributable to owners of the parent of ¥40.5 billion, down 4.6%.
The main foreign exchange rates underlying the outlook for the next fiscal year are ¥125 against the euro and ¥118 against the U.S. dollar.

### (2) Analysis of financial position

Total assets as of December 31, 2015 stood at ¥1,484.4 billion, an increase of ¥95.3 billion compared to December 31, 2014. The main factors were increases in goodwill and other items. Total liabilities stood at ¥857.5 billion, an increase of ¥104.1 billion compared to December 31, 2014. The main factors were increases in interest-bearing debt, lease obligations, and other items. Equity stood at ¥626.9 billion, a decrease of ¥8.7 billion compared to December 31, 2014 due in part to a decrease in retained earnings resulting from payments of cash dividends and a decrease in foreign currency translation adjustments, despite other factors including an increase in retained earnings resulting from the recording of net income. As a result of the above, shareholders' equity ratio was 39.3% and equity per share was ¥1,888.33.

Cash flow positions in the fiscal year under review are as follows.
Cash and cash equivalents as of December 31, 2015 amounted to ¥97.7 billion, a decrease of ¥7.8 billion compared to December 31, 2014.
Net cash provided by operating activities was ¥145.7 billion, an increase of ¥37.1 billion compared to the previous fiscal year. This was mainly the result of income before income taxes and minority interests of ¥79.5 billion and depreciation and amortization of ¥56.3 billion and others.
Net cash used in investing activities was ¥188.8 billion, an increase of ¥121.4 billion compared to the previous fiscal year. This was mainly the result of purchases of investments in subsidiaries and other assets resulting in changes in scope of consolidation of ¥134.3 billion and purchases of property, plant, and equipment and intangible fixed assets of ¥59.1 billion and others.
Net cash provided by financing activities was ¥38.5 billion, an increase of ¥24.8 billion compared to the previous fiscal year. This was mainly the result of proceeds from long-term debt of ¥103.8 billion and others.

(Reference) Trends in cash flow indicators

| | Fiscal year ended December 31, 2014 | Fiscal year ended December 31, 2015 |
|---|---|---|
| Shareholders' equity ratio (%) | 42.9 | 39.3 |
| Market value-based shareholders' equity ratio (%) | 92.8 | 110.7 |
| Interest-bearing debt to cash flow ratio (years) | 3.3 | 2.8 |
| Interest coverage ratio (times) | 27.2 | 28.9 |

Shareholders' equity ratio: Shareholders' equity/Total assets
Market value-based shareholders' equity ratio: Total market capitalization/Total assets
Interest-bearing debt to cash flow ratio: Interest-bearing debt/Cash flow
Interest coverage ratio: Cash flow/Interest paid

(Notes)
1. All of the above indicators are calculated based on consolidated financial figures.
2. Total market capitalization is calculated based on the total number of issued shares at the end of the period and the closing stock price at the end of the period.
3. Cash flow is cash flow from operating activities.

**(3) Basic policy on profit distribution and dividends for the 2015 and 2016 fiscal years**

We believe our prioritization of strategic investments as well as capital expenditures for sustainable revenue growth and increasing the value of our business will benefit our shareholders. In addition, we view an appropriate shareholder return as one of our core management principles. While giving due consideration to providing a stable return and maintaining robust internal reserves for the future, we intend to pursue a comprehensive shareholder return policy that also takes into account our business results and future funding needs. Specifically, we aim to stably increase dividends on the basis of profit growth with a targeted consolidated payout ratio of 30% or more of net income before amortization of goodwill (Note). Looking to the medium- and long-term, we will also consider increasing the payout ratio depending on such factors as our need for funds and progress in profit growth.

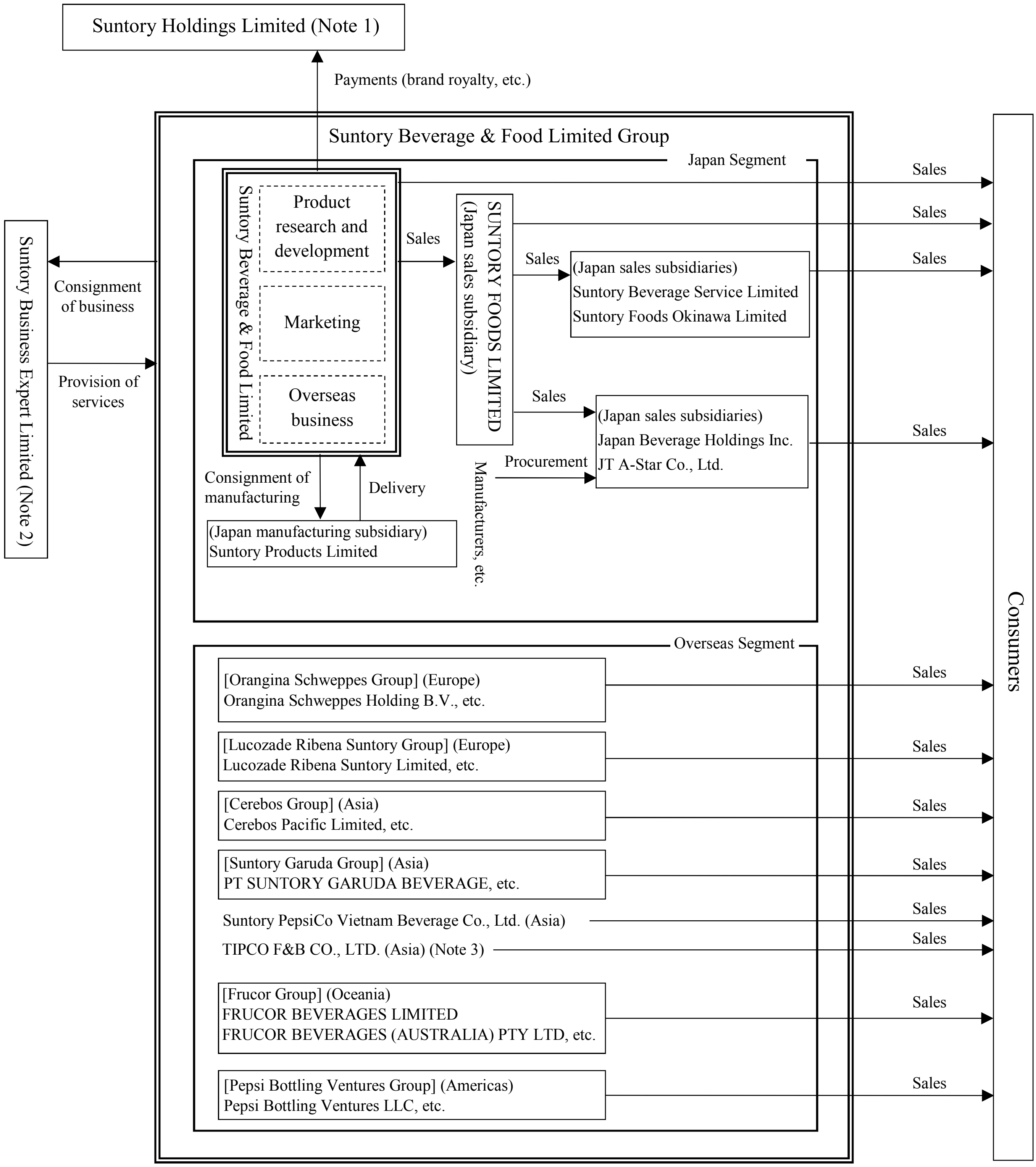
For the fiscal year under review, in accordance with the basic policy described above and a consideration of business results and environment, we plan to pay a fiscal year-end dividend of ¥35 per share. As a result, the planned annual dividend for the fiscal year under review is ¥68 per share, together with an interim dividend of ¥33 already paid. For the fiscal year ending December 31, 2016, we plan to pay an annual dividend of ¥68 per share, comprised of an interim dividend of ¥34 and a fiscal year-end dividend of ¥34.

(Note) Net income before amortization of goodwill is the sum of net income and amortization of goodwill. From the fiscal year ending December 31, 2016, the same account item will be the sum of profit attributable to owners of the parent and amortization of goodwill.

## 2. State of the Group

The Suntory Beverage & Food Limited Group is comprised of the Company, 98 subsidiaries and 12 affiliates.
The major companies are mentioned below.

The following shows a business schematic diagram of the Group.




Notes:
1. Suntory Holdings Limited is the parent company.
2. Suntory Business Expert Limited is a sister company.
3. TIPCO F&B CO., LTD. is an equity method affiliate.
4. Companies inside the double-lined box not followed by notes are consolidated subsidiaries.

## 3. Management Policies

### (1) Basic corporate management policy

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

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

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

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

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

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

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

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

(ii) We will make focused efforts to further strengthen our distribution and production capabilities in ways that are tailored to different areas.

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

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

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

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

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

### (3) Issues to address

In the 2016 fiscal year, the Group will continuously work to strengthen business foundations both in its Japanese and overseas businesses and aim for sales and profit growth in each area.

In the Japan segment, the Group expects to see further changes in the consumer environment surrounding the beverages industry due to such factors as a further hike in the consumption tax in 2017 and the further onset of the aging society. Looking to use these environmental changes to its advantage, the Group will press forward rapidly to further strengthen its initiatives aimed at “increasing brand value,” and “creating new demand.”

Specifically, we will conduct strategic marketing activities, focusing particularly on the *Suntory Tennensui* range and *Boss* coffee range and positioning *Iyemon*, *Pepsi*, *Suntory Oolong Tea*, *Green*

*DAKARA* and *Orangina* as core brands. Furthermore, we aim to create new categories by proposing products that consumers recognize as having new value, like we have done with *Iyemon Tokucha* and *Suntory Minami-Alps Tennensui & Yogurina*.
Also, in July 2015, JB and JTA joined the Group, and the Group started the "full-line beverage service business" that delivers a wide range of beverage opportunities to customers through the vending-machine sales of not only the Company's cans and PET bottle products but also the sales of products such as cans and PET bottle products of other manufacturers, cup coffee and paper-carton beverages. In April 2016, Suntory Beverage Solution Limited is scheduled to start operations. The new company will operate a vending machine business, fountain business and water business with the aim of expediting decision making related to the full-line beverage service business, improving consumer satisfaction and increasing overall efficiency of business operations. By utilizing the respective business strengths, providing new products and services that suit consumers' needs and creating new demand, the new company will evolve the "full-line beverage service business."
Through fostering and strengthening brands by these activities, and through innovations in research and development, production technology and others, we will offer products that bring new value, and create a virtuous cycle that promotes further increases in brand value. To achieve these aims, we will channel investment into research and development, marketing and production facilities, and continue to reduce costs in order to create the resources needed for this kind of growth investment.

In the overseas segment, expecting further market-environmental changes particularly related to economic stagnation and competition trends, the Group will work toward integrated development in the medium term. To do so, we will boost profitability by reinforcing core brands, strengthening our business foundation and reducing costs, and reinforce collaboration among Group companies and strengthen area-based management control.
Looking at Europe, we forecast that the competition environment will continue to be tough in addition to heightened social awareness about sugar intake. Amid this situation, the Group will reinforce marketing investment on the core products *Orangina*, *Oasis*, *Schweppes*, *Lucozade* and *Ribena*, and work to expand sales by launching new products in the categories of growth and further accelerating efforts to develop on-premise channels.
In addition, we will strive to develop the business foundation in Africa.
In Asia, despite concerns about slower economic growth in emerging countries, we will focus on core brands and establish a solid position in Southeast Asia. In the health food business, while working to vitalize the mainstay *BRAND'S Essence of Chicken* by concentrating marketing activities on the brand, we will strengthen efforts to develop business in the new market. In the beverage business, we will redevelop the sales structure and marketing strategies in Indonesia. In Vietnam, where the business is continuously growing, we will not only focus our efforts on launching new products and fostering Suntory brands but also strengthen our business foundation including production structures with the aim of further accelerating growth. Moreover, in areas including Malaysia, where we established new sales structures in 2015, we will expand our business, concentrating on *Ribena* and *Lucozade*.
In Oceania, although competition is expected to intensify further, we will continue to reinforce energy drink *V* and the Suntory brand *OVI* and take aggressive steps to develop new products, expand production capabilities and implement cost reductions in order to boost profitability.
In the Americas, while working to expand sales by maintaining our solid market position in the carbonated beverage category, concentrating on growing the non-carbonated beverage category and continuing to introduce new products, we will also work on improving business efficiency by such means as integrating distribution bases.

## 4. Basic Concept Regarding Selection of Accounting Standard

Considering the ongoing globalization of the business activities of the Group, the Company has resolved, at a meeting of Board of Directors held on November 4, 2015, to voluntarily apply the International Financial Reporting Standards (IFRS) commencing from the account closing of the fiscal year ending December 31, 2017, to improve the quality of the Group's business management through unified financial reporting standards and to increase international comparability of its financial information in the capital markets.

# 5. Consolidated Financial Statements (Unaudited)

## (1) Consolidated balance sheets

(Millions of yen)

| | As of December 31, 2014 | As of December 31, 2015 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 105,520 | 97,746 |
| Notes and accounts receivable-trade | 152,476 | 156,918 |
| Merchandise and finished goods | 42,254 | 47,844 |
| Work in process | 3,553 | 6,753 |
| Raw materials and supplies | 29,079 | 27,992 |
| Deferred tax assets | 11,658 | 12,269 |
| Other | 42,258 | 41,379 |
| Allowance for doubtful accounts | (354) | (352) |
| Total current assets | 386,446 | 390,553 |
| Noncurrent assets | | |
| Property, plant, and equipment | | |
| Buildings and structures | 111,170 | 120,365 |
| Accumulated depreciation | (45,212) | (47,635) |
| Buildings and structures, net | *1 65,957 | *1 72,729 |
| Machinery, equipment, and other | 301,309 | 311,297 |
| Accumulated depreciation | (162,320) | (173,670) |
| Machinery, equipment, and other, net | 138,989 | 137,626 |
| Tools, furniture and fixtures | 193,994 | 191,748 |
| Accumulated depreciation | (135,984) | (140,455) |
| Tools, furniture and fixtures, net | 58,010 | 51,293 |
| Land | *1 41,831 | *1 43,335 |
| Lease assets | 5,847 | 39,213 |
| Accumulated depreciation | (3,287) | (17,398) |
| Lease assets, net | 2,560 | 21,815 |
| Construction in progress | 24,547 | 13,387 |
| Other | 14,307 | 15,976 |
| Accumulated depreciation | (7,103) | (8,313) |
| Other, net | 7,204 | 7,662 |
| Total property, plant, and equipment | 339,100 | 347,850 |
| Intangible fixed assets | | |
| Goodwill | 381,760 | 454,212 |
| Trademarks | 199,899 | 188,517 |
| Other | 41,798 | 68,697 |
| Total intangible fixed assets | 623,458 | 711,427 |
| Investments and other assets | | |
| Investment securities | *2 19,277 | *2 9,929 |
| Net defined benefit asset | – | 1,101 |
| Deferred tax assets | 3,482 | 3,632 |
| Other | 16,985 | 20,139 |
| Allowance for doubtful accounts | (468) | (547) |
| Total investments and other assets | 39,277 | 34,255 |
| Total noncurrent assets | 1,001,836 | 1,093,533 |
| Deferred assets | 813 | 348 |
| Total | 1,389,096 | 1,484,434 |

(Millions of yen)

| | As of December 31, 2014 | As of December 31, 2015 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 111,612 | 119,831 |
| Electronically recorded obligations-operating | 11,990 | 13,619 |
| Short-term borrowings | *1 54,688 | *1 113,649 |
| Lease obligations | 986 | 7,646 |
| Consumption taxes payable | 6,122 | 6,471 |
| Accrued income taxes | 14,456 | 13,138 |
| Accounts payable-other | 79,155 | 87,508 |
| Accrued expenses | 51,305 | 47,661 |
| Provision for bonuses | 4,485 | 7,255 |
| Other | 19,847 | 22,096 |
| Total current liabilities | 354,650 | 438,881 |
| Long-term liabilities | | |
| Bonds payable | 40,000 | 40,000 |
| Long-term debt | *1 264,399 | 258,743 |
| Lease obligations | 2,281 | 16,593 |
| Deferred tax liabilities | 63,030 | 76,821 |
| Retirement allowances for directors and audit and supervisory board members | 9 | 321 |
| Net defined benefit liability | 10,474 | 6,887 |
| Other | 18,626 | 19,294 |
| Total long-term liabilities | 398,821 | 418,662 |
| Total liabilities | 753,471 | 857,543 |
| Equity | | |
| Shareholders' equity | | |
| Common stock | 168,384 | 168,384 |
| Capital surplus | 192,701 | 192,323 |
| Retained earnings | 150,463 | 176,537 |
| Total shareholders' equity | 511,549 | 537,245 |
| Accumulated other comprehensive income | | |
| Unrealized gain on available-for-sale securities | 1,316 | 1,894 |
| Deferred gain on derivatives under hedge accounting | 606 | 376 |
| Foreign currency translation adjustments | 83,801 | 46,993 |
| Remeasurements of defined benefit plans | (1,897) | (3,013) |
| Total accumulated other comprehensive income | 83,827 | 46,249 |
| Minority interests | 40,247 | 43,395 |
| Total equity | 635,624 | 626,890 |
| Total | 1,389,096 | 1,484,434 |

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

(Millions of yen)

| | Fiscal year ended December 31, 2014 | | Fiscal year ended December 31, 2015 | |
|---|---|---|---|---|
| Net sales | | 1,257,280 | | 1,381,007 |
| Cost of sales | *1 | 574,203 | *1 | 628,429 |
| Gross profit | | 683,077 | | 752,577 |
| Selling, general, and administrative expenses | | | | |
| Promotion expenses and sales commission | | 274,350 | | 300,002 |
| Advertising costs | | 53,709 | | 57,005 |
| Haulage and warehousing expenses | | 47,916 | | 45,649 |
| Labor expenses | | 87,659 | | 110,667 |
| Depreciation and amortization | | 30,401 | | 34,563 |
| Amortization of goodwill | | 25,075 | | 27,226 |
| Other | | 78,014 | | 85,453 |
| Total selling, general, and administrative expenses | *1 | 597,127 | *1 | 660,570 |
| Operating income | | 85,949 | | 92,007 |
| Non-operating income | | | | |
| Interest income | | 340 | | 437 |
| Dividend income | | 135 | | 1,597 |
| Equity in earnings of affiliates | | 522 | | – |
| Other | | 1,379 | | 1,343 |
| Total non-operating income | | 2,377 | | 3,378 |
| Non-operating expenses | | | | |
| Interest expense | | 4,605 | | 5,059 |
| Equity in losses of affiliates | | – | *2 | 5,316 |
| Other | | 1,449 | | 2,140 |
| Total non-operating expenses | | 6,055 | | 12,516 |
| Ordinary income | | 82,272 | | 82,869 |
| Extraordinary income | | | | |
| Gain on sales of noncurrent assets | *3 | 284 | *3 | 731 |
| Gain on step acquisitions | | – | *4 | 15,698 |
| Other | | 37 | | 382 |
| Total extraordinary income | | 321 | | 16,811 |
| Extraordinary loss | | | | |
| Loss on disposal of noncurrent assets | *5 | 3,029 | *5 | 2,619 |
| Impairment loss | *6 | 130 | *6 | 12,326 |
| Restructuring cost | *7 | 7,912 | *7 | 3,901 |
| Other | | 1,030 | | 1,376 |
| Total extraordinary losses | | 12,102 | | 20,224 |
| Income before income taxes and minority interests | | 70,491 | | 79,456 |
| Income taxes-current | | 29,374 | | 27,030 |
| Income taxes-deferred | | 387 | | 7,346 |
| Total income taxes | | 29,761 | | 34,377 |
| Net income before minority interests | | 40,730 | | 45,079 |
| Minority interests in net income | | 4,490 | | 2,616 |
| Net income | | 36,239 | | 42,462 |

## Consolidated statements of comprehensive income

(Millions of yen)

| | Fiscal year ended December 31, 2014 | Fiscal year ended December 31, 2015 |
|---|---|---|
| Net income before minority interests | 40,730 | 45,079 |
| Other comprehensive income (loss) | | |
| Unrealized gain on available-for-sale securities | 336 | 600 |
| Deferred gain (loss) on derivatives under hedge accounting | 341 | (283) |
| Foreign currency translation adjustments | 32,583 | (38,125) |
| Remeasurements of defined benefit plans, net of tax | – | (1,034) |
| Share of other comprehensive income (loss) in associates | 811 | (467) |
| Total other comprehensive income (loss) | 34,072 | (39,311) |
| Total comprehensive income | 74,802 | 5,767 |
| Total comprehensive income attributable to: | | |
| Owners of the parent (the Company) | 65,927 | 4,884 |
| Minority interests | 8,875 | 883 |

## (3) Consolidated statements of changes in equity

Fiscal year ended December 31, 2014

(Millions of yen)

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

| | Accumulated other comprehensive income | | | | | Minority interests | Total equity |
|---|---|---|---|---|---|---|---|
| | Unrealized gain on available-for-sale securities | Deferred gain on derivatives under hedge accounting | Foreign currency translation adjustments | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at January 1, 2014 | 963 | 264 | 54,809 | – | 56,037 | 34,767 | 592,968 |
| Cumulative effects of changes in accounting policies | | | | | | | – |
| Restated balance | 963 | 264 | 54,809 | – | 56,037 | 34,767 | 592,968 |
| Changes of items in the year | | | | | | | |
| Cash dividends | | | | | | | (26,883) |
| Net income | | | | | | | 36,239 |
| Put option granted to minority shareholders | | | | | | | 29 |
| Net changes of items other than shareholders' equity | 353 | 341 | 28,992 | (1,897) | 27,790 | 5,479 | 33,270 |
| Net change in the year | 353 | 341 | 28,992 | (1,897) | 27,790 | 5,479 | 42,656 |
| Balance at December 31, 2014 | 1,316 | 606 | 83,801 | (1,897) | 83,827 | 40,247 | 635,624 |

Fiscal year ended December 31, 2015

(Millions of yen)

| | Shareholders' equity | | | |
|---|---|---|---|---|
| | Common stock | Capital surplus | Retained earnings | Total shareholders' equity |
| Balance at January 1, 2015 | 168,384 | 192,701 | 150,463 | 511,549 |
| Cumulative effects of changes in accounting policies | | | 3,326 | 3,326 |
| Restated balance | 168,384 | 192,701 | 153,790 | 514,876 |
| Changes of items in the year | | | | |
| Cash dividends | | | (19,776) | (19,776) |
| Net income | | | 42,462 | 42,462 |
| Changes due to purchase of shares in a foreign subsidiary from minority shareholders | | (474) | | (474) |
| Put option granted to minority shareholders | | | 60 | 60 |
| Other | | 96 | | 96 |
| Net changes of items other than shareholders' equity | | | | |
| Net change in the year | – | (378) | 22,747 | 22,369 |
| Balance at December 31, 2015 | 168,384 | 192,323 | 176,537 | 537,245 |

| | Accumulated other comprehensive income | | | | | Minority interests | Total equity |
|---|---|---|---|---|---|---|---|
| | Unrealized gain on available-for-sale securities | Deferred gain on derivatives under hedge accounting | Foreign currency translation adjustments | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at January 1, 2015 | 1,316 | 606 | 83,801 | (1,897) | 83,827 | 40,247 | 635,624 |
| Cumulative effects of changes in accounting policies | | | | | | 8 | 3,334 |
| Restated balance | 1,316 | 606 | 83,801 | (1,897) | 83,827 | 40,255 | 638,959 |
| Changes of items in the year | | | | | | | |
| Cash dividends | | | | | | | (19,776) |
| Net income | | | | | | | 42,462 |
| Changes due to purchase of shares in a foreign subsidiary from minority shareholders | | | | | | | (474) |
| Put option granted to minority shareholders | | | | | | | 60 |
| Other | | | | | | | 96 |
| Net changes of items other than shareholders' equity | 577 | (230) | (36,808) | (1,116) | (37,578) | 3,139 | (34,438) |
| Net change in the year | 577 | (230) | (36,808) | (1,116) | (37,578) | 3,139 | (12,069) |
| Balance at December 31, 2015 | 1,894 | 376 | 46,993 | (3,013) | 46,249 | 43,395 | 626,890 |

## (4) Consolidated statements of cash flows

(Millions of yen)

| | Fiscal year ended December 31, 2014 | Fiscal year ended December 31, 2015 |
|---|---|---|
| Operating activities | | |
| Income before income taxes and minority interests | 70,491 | 79,456 |
| Depreciation and amortization | 50,032 | 56,301 |
| Amortization of goodwill | 25,075 | 27,226 |
| Interest and dividend income | (475) | (2,034) |
| Interest expense | 4,605 | 5,059 |
| Loss on disposal of noncurrent assets | 3,029 | 2,619 |
| Net gain on sales of noncurrent assets | (191) | (616) |
| Impairment loss | 130 | 12,326 |
| Gain on step acquisitions | – | (15,698) |
| (Increase) decrease in notes and accounts receivable-trade | (21,815) | 634 |
| Increase in inventories | (3,813) | (4,232) |
| Increase in notes and accounts payable-trade | 8,219 | 569 |
| Other, net | 1,175 | 15,180 |
| Subtotal | 136,462 | 176,791 |
| Interest and dividend income received | 960 | 2,037 |
| Interest expense paid | (3,988) | (5,040) |
| Income taxes paid | (24,796) | (28,047) |
| Net cash provided by operating activities | 108,638 | 145,741 |
| Investing activities | | |
| Purchases of property, plant, and equipment and intangible fixed assets | (68,904) | (59,089) |
| Proceeds from sales of property, plant, and equipment and intangible fixed assets | 1,333 | 2,262 |
| Purchases of investments in securities | (12) | (17) |
| Proceeds from sales of investment securities | 2 | 9 |
| Proceeds from refunds of investment securities | – | 3,411 |
| Purchases of investments in subsidiaries and other assets resulting in changes in scope of consolidation | – | *2 (134,317) |
| Other, net | 97 | (1,105) |
| Net cash used in investing activities | (67,482) | (188,847) |
| Financing activities | | |
| Net decrease in short-term borrowings | (75,600) | (15,505) |
| Net decrease in commercial papers | (16,000) | – |
| Proceeds from long-term debt | 144,281 | 103,760 |
| Repayments of long-term debt | (47,198) | (21,697) |
| Repayments of lease obligations | (1,406) | (3,876) |
| Proceeds from issuance of bonds | 39,822 | – |
| Cash dividends | (26,883) | (19,776) |
| Cash dividends to minority shareholders | (3,344) | (4,422) |
| Other, net | – | 20 |
| Net cash provided by financing activities | 13,670 | 38,504 |

(Millions of yen)

| | Fiscal year ended December 31, 2014 | Fiscal year ended December 31, 2015 |
|---|---|---|
| Foreign currency translation adjustments on cash and cash equivalents | 4,827 | (3,184) |
| Net increase (decrease) in cash and cash equivalents | 59,654 | (7,786) |
| Cash and cash equivalents, beginning of year | 45,850 | 105,505 |
| Cash and cash equivalents, end of year | *1 105,505 | *1 97,718 |

**(5) Notes on premise of going concern**

No items to report

**(6) Basis of preparing consolidated financial statements**

1. Scope of consolidation

(a) The number of consolidated subsidiaries is 93. The major such companies are provided in "2. State of the Group."

The Company included Japan Beverage Holdings Inc. and 16 other companies in the scope of consolidation by new acquisition of shares, etc. during the fiscal year ended December 31, 2015. The Company also excluded 9 companies from the scope of consolidation, partly by the merger of Suntory Food Industries Co., Ltd. and Nihon Pepsi Cola Production Co., Ltd. with Suntory Products Limited.

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

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

2. Application of equity method

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

The number of affiliates accounted for by the equity method is 7. The major such company is TIPCO F&B CO., LTD.

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

3. Fiscal year-ends of consolidated subsidiaries

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

4. Accounting policies

(a) Basis and methods of valuation of significant assets

(1) Securities

Held-to-maturity debt securities

Stated at cost amortized by the straight-line method.

Available-for-sale securities

Securities with readily determinable fair value:

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

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

Securities without readily determinable fair value:

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

(2) Derivatives

Stated at fair market value.

(3) Inventories

Mainly stated at cost determined by the periodic average method.

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

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

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

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

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

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

Mainly amortized by the straight-line method. However, trademarks for which the useful life is indefinite are not amortized. Software for internal use is amortized by the straight-line method over the internally estimated useful lives (within 5 years).

(3) Lease assets

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

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

(c) Basis for provision of significant reserves

(1) Allowance for doubtful accounts

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

(2) Provision for bonuses

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

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

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

(d) Accounting method of retirement benefits

(1) Methods of attributing estimated retirement benefits to accounting periods

When calculating retirement benefit obligations, the benefit formula basis is mainly used to attribute estimated retirement benefits to the period through the end of the current fiscal year.

(2) Amortization of actuarial differences and prior service cost

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

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

Monetary receivables and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rate as of the consolidated balance sheet date. Differences arising from such translation are included in gains or losses. Assets and liabilities of foreign subsidiaries or the like are translated into Japanese yen at the spot exchange rate as of the consolidated balance sheet date.

Revenue and expense accounts of such are translated into Japanese yen at the average exchange rate during the period under review. Differences arising from such translations are included in foreign currency translation adjustments and minority interests in equity.

(f) Method of significant hedge accounting

(1) Method of hedge accounting

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

(2) Hedging instruments and hedged items, and hedging policy

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

(3) Method of assessing hedge effectiveness

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

(g) Method and period for amortization of goodwill

Goodwill is mainly equally amortized over 20 years. However, goodwill whose amount is immaterial is fully written down in the year in which it arises.

(h) Method and period for amortization of deferred assets

Stock issuance expenses are equally amortized over 3 years starting from the time of issuance and business commencement expenses are equally amortized over 5 years.

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

(i) Scope of cash and cash equivalents in the consolidated statements of cash flows

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

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

Accounting for consumption taxes

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

**(7) Changes in accounting policies**

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

For the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012) and the “Guidance on the Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015), the Company has additionally applied the provisions specified under the main clause of Section 35 of the Accounting Standard for Retirement Benefits and the main clause of Section 67 of the Guidance on the Accounting Standard for Retirement Benefits from the fiscal year ended December 31, 2015 and reviewed its calculation method of retirement benefit obligations and current service cost. Accordingly, the Company changed the method of attributing expected benefit to periods from the straight-line basis to the benefit formula basis. In addition, the Company changed the method for determining the bond maturity that forms the basis for determining the discount rate from a method that is based on a period approximate to the average remaining working lives of employees to one that uses different discount rates set according to each estimated timing of benefit payment.

The application of the Accounting Standard for Retirement Benefits and its Guidance by the Company is subject to the tentative treatment provided for in Section 37 of the Accounting Standard

for Retirement Benefits. Consequently, the effects of the changes in the calculation method of retirement benefit obligations and current service cost were recognized in retained earnings as of the beginning of the fiscal year ended December 31, 2015.
As a result, as of the beginning of the fiscal year ended December 31, 2015, net defined benefit asset increased by ¥826 million, net defined benefit liability decreased by ¥4,361 million, and retained earnings increased by ¥3,326 million. The impact from this on operating income, ordinary income and income before income taxes and minority interests of the fiscal year ended December 31, 2015 is immaterial.
The impact on per share information is described in the relevant section.

**(8) Changes in presentation**

(Consolidated balance sheets)
The balance of "Lease assets," which was included in "Other" under "Property, plant, and equipment" in the previous fiscal year, is reported as a separate item from the fiscal year under review because it now accounts for more than 1% of total assets. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change to presentation.
As a result, ¥9,764 million presented as "Other" under "Property, plant, and equipment" in the consolidated balance sheets of the previous fiscal year has been reclassified as ¥5,847 million in "Lease assets," negative ¥3,287 million in "Accumulated depreciation," ¥2,560 million in "Lease assets, net," ¥14,307 million in "Other," negative ¥7,103 million in "Accumulated depreciation" and ¥7,204 million in "Other, net."

(Consolidated statements of income)
"Impairment loss," which was included in "Other" under "Extraordinary loss" in the previous fiscal year, is reported as a separate item from the fiscal year under review because it now accounts for more than 10% of total extraordinary loss. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change to presentation.
As a result, ¥1,160 million presented as "Other" under "Extraordinary loss" in the consolidated statements of income of the previous fiscal year has been reclassified as ¥130 million in "Impairment loss" and ¥1,030 million in "Other."

(Consolidated statements of cash flows)
"Impairment loss," which was included in "Other, net" under "Operating activities" in the previous fiscal year, is reported as a separate item from the fiscal year under review because the materiality of the amount has increased. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change to presentation.
As a result, ¥1,305 million presented as "Other, net" under "Operating activities" in the consolidated statements of cash flows of the previous fiscal year has been reclassified as ¥130 million in "Impairment loss" and ¥1,175 million in "Other, net."

## (9) Notes to consolidated financial statements

### (Notes to consolidated balance sheets)

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

Assets pledged as collateral are shown below:

| | As of December 31, 2014 | As of December 31, 2015 |
|---|---|---|
| Buildings and structures | ¥1,447 million | ¥1,368 million |
| Land | ¥4,768 million | ¥4,768 million |
| Total | ¥6,216 million | ¥6,136 million |

Liabilities for which collateral is pledged are shown below:

| | As of December 31, 2014 | As of December 31, 2015 |
|---|---|---|
| Long-term debt | ¥750 million (Note 1) | ¥250 million (Note 2) |

(Notes)
1. Includes ¥500 million in current portion of long-term debt.
2. Current portion of long-term debt.

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

| | As of December 31, 2014 | As of December 31, 2015 |
|---|---|---|
| Investment securities | ¥9,879 million | ¥4,337 million |

**(Notes to consolidated statements of income)**

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

| | Fiscal year ended December 31, 2014 | Fiscal year ended December 31, 2015 |
|---|---|---|
| | ¥7,895 million | ¥9,479 million |

*2. Equity in losses of affiliates

Fiscal year ended December 31, 2014

No items to report

Fiscal year ended December 31, 2015

The main component was an impairment loss of ¥5,779 million recorded for the goodwill equivalent related to an equity method affiliate in Indonesia.

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

| | Fiscal year ended December 31, 2014 | Fiscal year ended December 31, 2015 |
|---|---|---|
| Buildings and structures | ¥147 million | ¥41 million |
| Machinery, equipment, and other | ¥76 million | ¥106 million |
| Land | ¥49 million | ¥573 million |
| Other | ¥10 million | ¥9 million |
| Total | ¥284 million | ¥731 million |

*4. Gain on step acquisitions

Fiscal year ended December 31, 2014

No items to report

Fiscal year ended December 31, 2015

Gain on step acquisitions was recorded following the step acquisitions of shares of Japan Beverage Holdings Inc.

*5. The breakdown of loss on disposal of noncurrent assets is as follows.

| | Fiscal year ended December 31, 2014 | Fiscal year ended December 31, 2015 |
|---|---|---|
| Machinery, equipment, and other | ¥542 million | ¥623 million |
| Tools, furniture and fixtures | ¥2,283 million | ¥1,672 million |
| Other | ¥203 million | ¥323 million |
| Total | ¥3,029 million | ¥2,619 million |

*6. Impairment loss

Fiscal year ended December 31, 2014

This information is omitted as the monetary amount is immaterial.

Fiscal year ended December 31, 2015

The Group recorded impairment loss for the following asset groups.

| Use (Segment name) | Location | Classification |
|---|---|---|
| Idle assets (Overseas) | Indonesia, etc. | Machinery, equipment, and other, etc. |
| Business assets (Overseas) | Indonesia, etc. | Goodwill, etc. |
| Idle assets (Japan) | Chuo-ku, Tokyo, etc. | Machinery, equipment, and other, etc. |

The Group grouped its assets by businesses that are units of investment decision-making.

For idle assets, the Group grouped each property as a separate item.

As a result, the Group has reduced book values of idle assets to the recoverable amounts because the relevant assets' market values fell considerably lower than the book value, and it has reduced book values of some of the business assets to the recoverable amounts because the relevant assets' recoverability is not recognized over the estimated future cash flow period. The Group has recorded the relevant amount of reduction as an impairment loss (¥12,326 million).

A breakdown of impairment loss is as follows: ¥9,513 million in intangible fixed assets such as goodwill, ¥2,513 million in machinery, equipment, and other, and ¥299 million in other. The recoverable amounts by asset group are either measured by the net realizable value or by the value in use. When calculating the net realizable value, the estimated disposal amount is mainly used, and when calculating the value in use, the future cash flows are discounted by 6.7%–16.5%.

*7. Restructuring cost

Fiscal year ended December 31, 2014

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

Fiscal year ended December 31, 2015

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

**(Notes to consolidated statements of changes in equity)**

Fiscal year ended December 31, 2014

1. Class and total number of issued shares

| | Number of shares at beginning of fiscal year | Increase in shares during fiscal year | Decrease in shares during fiscal year | Number of shares at end of fiscal year |
|---|---|---|---|---|
| Common stock | 309,000,000 | – | – | 309,000,000 |

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

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

4. Dividends
   (a) Dividend payment

| (Resolution) | Class of shares | Total amount of dividends (Millions of yen) | Dividends per share (Yen) | Record date | Effective date |
|---|---|---|---|---|---|
| Ordinary General Meeting of Shareholders held on March 28, 2014 | Common stock | 17,922 | (Note) 58.00 | December 31, 2013 | March 31, 2014 |
| Meeting of the Board of Directors held on August 5, 2014 | Common stock | 8,961 | 29.00 | June 30, 2014 | September 2, 2014 |

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

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

| (Resolution) | Class of shares | Total amount of dividends (Millions of yen) | Source of dividends | Dividends per share (Yen) | Record date | Effective date |
|---|---|---|---|---|---|---|
| Ordinary General Meeting of Shareholders held on March 27, 2015 | Common stock | 9,579 | Retained earnings | 31.00 | December 31, 2014 | March 30, 2015 |

Fiscal year ended December 31, 2015

1. Class and total number of issued shares

| | Number of shares at beginning of fiscal year | Increase in shares during fiscal year | Decrease in shares during fiscal year | Number of shares at end of fiscal year |
|---|---|---|---|---|
| Common stock | 309,000,000 | – | – | 309,000,000 |

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

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

4. Dividends
   (a) Dividend payment

| (Resolution) | Class of shares | Total amount of dividends (Millions of yen) | Dividends per share (Yen) | Record date | Effective date |
|---|---|---|---|---|---|
| Ordinary General Meeting of Shareholders held on March 27, 2015 | Common stock | 9,579 | 31.00 | December 31, 2014 | March 30, 2015 |
| Meeting of the Board of Directors held on August 6, 2015 | Common stock | 10,197 | 33.00 | June 30, 2015 | September 3, 2015 |

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

| (Resolution [Plan]) | Class of shares | Total amount of dividends (Millions of yen) | Source of dividends | Dividends per share (Yen) | Record date | Effective date |
|---|---|---|---|---|---|---|
| Ordinary General Meeting of Shareholders to be held on March 30, 2016 | Common stock | 10,815 | Retained earnings | 35.00 | December 31, 2015 | March 31, 2016 |

**(Notes to consolidated statements of cash flows)**

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

| | Fiscal year ended December 31, 2014 | Fiscal year ended December 31, 2015 |
|---|---|---|
| Cash and deposits (on the consolidated balance sheets) | ¥105,520 million | ¥97,746 million |
| Time deposits with maturity over 6 months | ¥(15) million | ¥(27) million |
| Cash and cash equivalents | ¥105,505 million | ¥97,718 million |

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

Fiscal year ended December 31, 2014
No items to report

Fiscal year ended December 31, 2015
The breakdown of assets and liabilities when the consolidation through equity acquisition of Japan Beverage Holdings Inc. and JT A-Star Co., Ltd., etc. started and the relationship between equity acquisition price and expenditure for acquisition (net value) are as follows.

| | |
|---|---|
| Current assets | ¥42,097 million |
| Noncurrent assets | ¥173,287 million |
| Current liabilities | ¥(35,626) million |
| Long-term liabilities | ¥(23,368) million |
| Minority interests | ¥(6,713) million |
| Equity acquisition price | ¥149,676 million |
| Cash and cash equivalents | ¥(15,359) million |
| Expenditure for equity acquisition | ¥134,317 million |

**(Segment information, etc.)**

[Segment information]

1. Overview of reportable segments
   The reportable segments used by the Group are based on the financial data available for discrete operating units of the Company and its subsidiaries, and are subject to periodic review by management to facilitate decisions related to the allocation of resources and the evaluation of business performance.
   The Group mainly manufactures and sells beverages and food. In Japan, business activities are carried out by the Company and its manufacturing and sales subsidiaries, while overseas operations are carried out by local companies in each region.
   Consequently, the Group's reportable segments are organized by area and there are two reportable segments: the "Japan business" and the "overseas business."

2. Method of calculating sales, profit/loss, assets, liabilities, and other items by reportable segment
   The accounting method used for reportable business segments is the same as that described in "Basis of preparing consolidated financial statements."
   Profit from reportable segments is based on operating income. Intersegment sales are based on arm's length transaction prices.

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

Fiscal year ended December 31, 2014

(Millions of yen)

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

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

(Millions of yen)

| | Japan | Overseas | Total |
|---|---|---|---|
| Segment profit | 46,624 | 64,400 | 111,024 |
| Depreciation and amortization | 30,028 | 20,003 | 50,032 |
| EBITDA | 76,653 | 84,404 | 161,057 |

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

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

(Millions of yen)

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

Fiscal year ended December 31, 2015

(Millions of yen)

| | Reportable segments | | Total | Reconciliations (Note 1) | Consolidated (Note 2) |
|---|---|---|---|---|---|
| | Japan | Overseas (Note 4) | | | |
| Sales | | | | | |
| Sales to external customers | 806,937 | 574,069 | 1,381,007 | – | 1,381,007 |
| Intersegment sales or transfers | 18 | 1,714 | 1,732 | (1,732) | – |
| Total | 806,955 | 575,784 | 1,382,740 | (1,732) | 1,381,007 |
| Segment profit (Note 3) | 46,739 | 74,014 | 120,753 | (28,746) | 92,007 |
| Segment assets | 561,515 | 922,919 | 1,484,434 | – | 1,484,434 |
| Other items | | | | | |
| Depreciation and amortization | 33,084 | 23,217 | 56,301 | – | 56,301 |
| Amortization of goodwill | 2,888 | 24,337 | 27,226 | – | 27,226 |
| Investments in associates | – | 3,721 | 3,721 | – | 3,721 |
| Increase in property, plant, and equipment and intangible fixed assets | 31,804 | 31,731 | 63,535 | – | 63,535 |

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

(Millions of yen)

| | Japan | Overseas | Reconciliations (Note 1) | Total |
|---|---|---|---|---|
| Segment profit | 46,739 | 74,014 | – | 120,753 |
| Depreciation and amortization | 33,084 | 23,217 | – | 56,301 |
| Reconciliations | – | – | (1,520) | (1,520) |
| EBITDA (Note 2) | 79,824 | 97,231 | (1,520) | 175,535 |

Notes 1. The reconciliation of EBITDA was a once-off event that accompanied Japan Beverage Holding Inc., etc. being newly included in the scope of consolidation.
2. EBITDA is the sum of segment profit and depreciation and amortization.

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

(Millions of yen)

| | Europe | Asia | Oceania | Americas | Total |
|---|---|---|---|---|---|
| Sales | | | | | |
| Sales to external customers | 254,202 | 180,530 | 45,602 | 93,734 | 574,069 |
| Intersegment sales or transfers | 1,714 | – | – | – | 1,714 |
| Total | 255,916 | 180,530 | 45,602 | 93,734 | 575,784 |
| Segment profit | 44,021 | 13,600 | 5,853 | 10,538 | 74,014 |
| Depreciation and amortization | 9,604 | 8,244 | 1,703 | 3,664 | 23,217 |
| EBITDA | 53,625 | 21,845 | 7,557 | 14,202 | 97,231 |

[Related information]

Fiscal year ended December 31, 2014

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

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

(a) Sales

(Millions of yen)

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

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

(b) Property, plant, and equipment

(Millions of yen)

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

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

Fiscal year ended December 31, 2015

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

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

(a) Sales

(Millions of yen)

| Japan | Europe | Asia | Oceania | Americas | Total |
|---|---|---|---|---|---|
| 806,937 | 254,548 | 147,211 | 78,575 | 93,734 | 1,381,007 |

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

(b) Property, plant, and equipment

(Millions of yen)

| Japan | Europe | Asia | Oceania | Americas | Total |
|---|---|---|---|---|---|
| 172,319 | 67,624 | 61,012 | 22,968 | 23,924 | 347,850 |

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

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

Fiscal year ended December 31, 2014

(Millions of yen)

| | Japan | Overseas | Total |
|---|---|---|---|
| Impairment loss | 40 | 89 | 130 |

Fiscal year ended December 31, 2015

(Millions of yen)

| | Japan | Overseas | Total |
|---|---|---|---|
| Impairment loss | 1,152 | 11,174 | 12,326 |

(Note) In the overseas segment, the Company has recorded impairment loss on goodwill, etc. as it no longer expects to obtain revenues that it originally forecasted due to the effect of economic slowdown in Indonesia. The amount of this impairment loss recorded in the fiscal year ended December 31, 2015 was ¥9,635 million.
In addition, for the goodwill equivalent related to equity method affiliates associated with the aforementioned, the Company recognized impairment losses and recorded ¥5,779 million in equity in losses of affiliates in the fiscal year ended December 31, 2015.
The total amount of the aforementioned impairment loss and equity in losses of affiliates recorded in the fiscal year ended December 31, 2015 was ¥15,415 million.

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

Fiscal year ended December 31, 2014

(Millions of yen)

| | Japan | Overseas | Total |
|---|---|---|---|
| Balance at end of year | 940 | 380,820 | 381,760 |

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

Fiscal year ended December 31, 2015

(Millions of yen)

| | Japan | Overseas | Total |
|---|---|---|---|
| Balance at end of year | 131,413 | 322,798 | 454,212 |

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

[Information regarding gain on negative goodwill by reportable segment]

Fiscal year ended December 31, 2014
No items to report

Fiscal year ended December 31, 2015
No items to report

### (Per share information)

| | Fiscal year ended December 31, 2014 | Fiscal year ended December 31, 2015 |
|---|---|---|
| Equity per share | ¥1,926.79 | ¥1,888.33 |
| Net income per share | ¥117.28 | ¥137.42 |

Notes 1. Diluted net income per share is not presented because there are no potential shares.
2. The basis for calculation of the equity per share amounts is as follows.

| | As of December 31, 2014 | As of December 31, 2015 |
|---|---|---|
| Total equity (Millions of yen) | 635,624 | 626,890 |
| Amount deducted from total equity (Millions of yen) | 40,247 | 43,395 |
| (of which, minority interests [Millions of yen]) | (40,247) | (43,395) |
| Equity attributable to common stock at end of period (Millions of yen) | 595,377 | 583,495 |
| Number of shares of common stock at end of period used in calculation of equity per share (Shares) | 309,000,000 | 309,000,000 |

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

| | Fiscal year ended December 31, 2014 | Fiscal year ended December 31, 2015 |
|---|---|---|
| Net income (Millions of yen) | 36,239 | 42,462 |
| Net income not attributable to common shareholders (Millions of yen) | – | – |
| Net income attributable to common stock (Millions of yen) | 36,239 | 42,462 |
| Average number of shares of common stock during period (Shares) | 309,000,000 | 309,000,000 |

4. As stated in “(7) Changes in accounting policies (Application of the Accounting Standard for Retirement Benefits and its Guidance),” the Company applied the Accounting Standard for Retirement Benefits and its Guidance by following the tentative treatment provided for in Section 37 of the Accounting Standard for Retirement Benefits.
As a result, equity per share for the fiscal year ended December 31, 2015, increased by ¥10.77. The impact from this on net income per share is immaterial.

### (Significant subsequent events)

No items to report