

## Suntory Holdings Limited

August 7, 2015

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2015 (English Translation, UNAUDITED)

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(Fractions of millions have been truncated)

1. Consolidated operating results and financial positions for the six months of the current fiscal year  
(January 1, 2015 - June 30, 2015)

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

	Net sales		Operating income		Ordinary income		Net income	
	¥million	%	¥ million	%	¥million	%	¥million	
Six months ended								
June 30, 2015	1,236,336	11.5	76,527	18.8	66,238	6.0	15,529	(9.7)
June 30, 2014	1,108,931	18.0	64,401	32.2	62,481	35.0	17,199	(41.8)

Referential Information : Income before amortization of goodwill etc.

	Operating income		Ordinary income		Net income	
	¥ million	%	¥million	%	¥million	
Six months ended						
June 30, 2015	110,049	31.4	99,759	21.9	43,943	40.2
June 30, 2014	83,737	38.0	81,817	40.5	31,340	(24.5)

Note : Income before amortization of goodwill etc. = Income + Amortization of Goodwill, Trademarks and other recognized in connection with M&amp;A

	Basic net income per share	Diluted net income per share
Six months ended	¥	¥
June 30, 2015	22.73	-
June 30, 2014	25.21	-

## (2) Financial positions

	Total assets	Net assets	Ratio of equity to total assets
As of	¥ million	¥ million	%
June 30, 2015	4,597,085	1,200,328	19.4
December 31, 2014	4,536,537	1,190,756	19.4

## (3) Cash flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at period-end
Six months ended	¥ million	¥ million	¥ million	¥ million
June 30, 2015	85,307	(44,931)	(10,558)	227,724
June 30, 2014	17,262	(1,430,563)	1,165,238	169,270

2. Consolidated result forecast for the fiscal year ending December 2015  
(January 1, 2015 - December 31, 2015)

	Net sales		Operating income		Ordinary income		Net income		Basic net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Fiscal year ending									
December 31, 2015	2,650,000	7.9	193,000	17.1	167,000	8.6	50,000	30.3	73.17

Note: 1. Revision of the forecast from recently announced figures: No

2. % figures represent change from previous fiscal year.

Reference:

Income before amortization of goodwill etc.	261,000	20.9	235,000	14.6	108,000	36.5
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EBITDA Ratio for the fiscal year ending December 31,2015 (forecast) 4.3

※EBITDA Ratio=Net interest-bearing debt after adjusted for Hybrid bonds and loans / EBITDA

(Net)Debt / Equity Ratio for the fiscal year ending December 31,2015 (forecast) 1.05

※(Net)Debt / Equity Ratio=Net interest-bearing debt after adjusted for Hybrid bonds and loans / Net Assets

**SUMMARY OF NON-CONSOLIDATED FINANCIAL RESULTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2015**

(1) Operating results

(Fractions of millions have been truncated)

	Net sales		Operating income		Ordinary income	
Six months ended		%	¥ million	%	¥ million	%
June 30, 2015	31,590	Δ39.0	13,967	(61.1)	13,594	(61.0)
June 30, 2014	51,751	10.9	35,947	16.5	34,841	13.3

	Net income		Basic net earnings per share
Six months ended	¥ million	%	¥
June 30, 2015	4,991	(83.1)	7.30
June 30, 2014	29,578	(22.0)	43.36

(2) Financial position

	Total assets	Net assets	Ratio of equity to total assets	Total equity per share
As of	¥ million	¥ million	%	¥
June 30, 2015	2,085,665	533,516	25.6	780.79
December 31, 2014	2,072,729	525,848	25.4	769.57

Note: % figures represent change from previous fiscal year.

## Operating Results

### 1. Summary of Interim Consolidated Financial Results for the Current Fiscal Year

Although the global economy during the current interim consolidated accounting period (January 1, 2015 to June 30, 2015) continued to be characterized by uncertainty, as a whole, a mild recovery was observed. The Japanese economy's mild trend towards recovery continued, with signs of a recovery in personal consumption.

Under these circumstances, the Suntory Group has aggressively expanded its businesses both domestically and abroad, with a focus on two segments: Non-Alcoholic Beverages and Food, and Alcoholic Beverages. The results for the current period were in line with the full-year forecast, with sales of 1.2363 trillion yen (up 11.5% year-on-year), operating income of 76.5 billion yen (up 18.8%), and ordinary income of 66.2 billion yen (up 6.0%). All these figures are record highs. Meanwhile, interim net income was 15.5 billion yen (down 9.7%).

The factors behind the improved operating income were: the addition of highly profitable Beam Inc. resulting in a strong performance; efforts to strengthen products with high added value among our brands and products; production cost innovations and effective investment in marketing.

It should be noted that when using profits before amortization of goodwill etc.—a valid indicator when comparing with global companies—operating income was 110.0 billion yen (up 31.4% year-on-year), ordinary profit was 99.8 billion yen (up 21.9%) and interim net income was 43.9 billion yen (up 40.2%).

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

Suntory Beverage & Food Limited took efforts to strengthen brands and spur new demand, and worked to create further growth in both its domestic and overseas businesses. In addition, the entire Suntory Beverage & Food Limited Group strove to improve quality and to strengthen earning power through cost innovations.

In our domestic business, in addition to strengthening our core brands, we also took efforts to spur new demand by putting out products with fresh value and by strengthening products with high added value.

We promoted *Suntory Tennensui* for its qualities of being "clear and tasty" and "natural and healthy" as the brand's unique value. In addition to favorable performance by *Suntory Minami-Alps Tennensui Sparkling* and *Suntory Minami-Alps Tennensui & Asa-zumi Orange*, *Suntory Minami-Alps Tennensui & Yogurina*, launched in April, made a contribution to much higher year-on-year sales volume.

In the Boss coffee range, the Group carried out renewals of core products, and *Premium Boss Black*, performed strongly. As a result, sales volume for the range as a whole grew year on year.

The launch of *Lemongina*, jointly developed with the Orangina Schweppes Group, contributed to large growth in sales volume for *Orangina*.

As for food for specified health uses (FOSHU), *Iyemon Tokucha* and a redesigned *Suntory Kuro Oolong Tea* performed favorably.

It should be noted that on July 31, we acquired shares of Japan Tobacco subsidiaries in the vending machine operation business and their beverage brands.

As regards international business, developments included the further strengthening of key brands and cost reductions implemented in all areas.

In Europe we conducted aggressive marketing focusing on leading brands such as *Orangina*, *Schweppes*, *Lucozade* and *Ribena*. Furthermore, in order to create synergies through collaborations between the Orangina Schweppes Group and the Lucozade Ribena Suntory Group, we made efforts to construct more streamlined management and information platforms. In Spain, we began collaborating on on-premise sales with PepsiCo, Inc., which helped contribute to continued favorable performance. Moreover, in addition to cost innovations, we kept up efforts toward growth throughout Europe by optimizing business platforms and creating synergies.

In Asia we strengthened business platforms in each country and conducted marketing focused on leading brands. As for the health food business, we rolled out a promotion commemorating the 180<sup>th</sup> anniversary of the launch of *BRAND'S Essence of Chicken*. With regards to the non-alcoholic beverages business, in Vietnam we took efforts to expand the areas where Suntory brands are sold and beefed up our production infrastructure, and sales continued to grow by a significant margin. Sales also performed favorably in places like Malaysia, where we have built a new sales infrastructure.

And in Oceania, along with adding vitality to leading Frucor Group brand *V*, we put out new products and aggressively marketed *OVI*, a Suntory brand product.

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.

As a result of the above, sales for the Non-Alcoholic Beverages and Food Segment were 618 billion yen (up 3.9% year-on-year) and profit was 46.7 billion yen (up 7.5% year-on-year).

#### <Alcoholic Beverages Segment>

Reported sales for Beam Suntory increased 58%, benefitting from strong performance in North America and Japan and the acquisition of Beam Inc.

In North America, sales grew on the success of premiumization strategies, driven by double-digit volume growth for the company's premium Bourbon portfolios plus favorable price/mix. *Maker's Mark*, *Knob Creek* and *Basil Hayden's* were among the premium brands that drove double-digit volume growth in the first half of the year.

In Europe, *Jim Beam* and *Laphroaig* also delivered solid volume growth in the first half of the year.

The company launched *Hibiki JAPANESE HARMONY* in Japan in March 2015, and has recently begun launching this extraordinary premium blend in key global markets. In addition, the company initiated proactive marketing activities for the *Kakubin* in Asia to further expand its international presence.

Beam Suntory's Japan business (Suntory Spirits Limited) saw 7% year-on-year growth in sales.

As for whisky, volume increased 10% year-on-year due to the strong growth of the company's major brands.

Concerning the Japan business, marketing of *Kakubin* to promote both on-premise and off-premise food combinations was well received among consumers, and volume grew 11% year-on-year.

Furthermore, the new *Hibiki Japanese Harmony* performed very well and was the driving force for Japanese premium whiskies.

Volume of *Jim Beam* jumped by 55% year-on-year as a result of efforts to add more consumer contact points and by the successful promotion of new ways to drink *Jim Beam*, such as the *Citrus Highball*.

RTD beverages delivered 15% year-on-year volume growth, led by a 17% volume increase for *-196°C Strong Zero*. Meanwhile *Kokushibori*, launched in February, won praise for its rich fruitiness and flavor, and the company has increased its full-year volume target for the product. Volume of canned highballs continued to grow, up 12% year-on-year.

In addition, the *Sumiwataru* series including hit brand *Sumiwataru Umeshu* performed well for its unique fruitiness.

While Suntory Beer Limited was forecast to perform down about 1% year-on-year in the overall market,<sup>\*1</sup> sales of volume was 32.9 million cases<sup>\*2</sup> (flat year-on-year).

*The Premium Malt's* created new value propositions by launching the "super premium class" beer *Master's Dream* and through the year-long sale of the "premium ale" beer *Kaoru Premium*. We also added contact points with consumers, such as by organizing The Premium Malt's Fest, an interactive event in 10 cities across Japan, which led to higher year-on-year sales volume. We rolled out aggressive marketing of new genre beer *Kin-Mugi* and sales increased by 2% year-on-year.

As for *All-Free*, the number-one alcohol-free beer-type beverage,<sup>\*3</sup> we took efforts to add consumers such as by launching *All-Free Collagen*, the world's first alcohol-free beer-type beverage<sup>\*4</sup> containing 2,000 mg of collagen.<sup>\*5</sup>

1: Including alcohol-free beer-type beverages

2: Converted to large bottles (1 case = 633 ml × 20 bottles)

3: Source: Intage SRI, January – December 2014 (total for supermarkets, convenience stores, liquor-selling department stores and retail/wholesale liquor shops nationwide)

4: Results of a survey using the MINTeL product database in the alcohol-free beer-type beverage category with 0.00% alcohol (conducted by Suntory in 2015).

5: 2,000 mg of collagen per 350 ml.

Suntory Wine International Limited grew sales in its wine business by 5% year-on-year. As for domestically produced wine, "Japanese wine" made with 100% domestically produced grapes performed favorably, while *Japan Premium Iwadarehara Merlot 2010* won two simultaneous awards at an international wine contest: Japan Special Prize and a Gold Medal. In addition, the brand *Sankaboshizai Mutenka no Oishii Wine* experienced major year-on-year growth that was up 24%. With regards to imported wines, sales volume grew dramatically for products we worked on strengthening in the mid- to high-price range.

As a result of the above, sales for the Alcoholic Beverages Segment were 474.9 billion yen (up

31.9% year-on-year) and profit was 31.8 billion yen (up 50.3% year-on-year).

#### <Other Businesses Segment>

Suntory Wellness Ltd., Dynac Corporation, Häagen-Dazs Japan, Inc. and other subsidiaries have developed their businesses. Furthermore, due to such factors as the transfer of all Suntory's shares in Tipness Ltd., sales for the Other Businesses Segment were 143.4 billion yen (down 7% year-on-year) and profit was 15 billion yen (up 1.5% year-on-year).

In addition, domestic sales were 741 billion yen (up 0.6% year-on-year) and overseas sales were 495.4 billion yen (up 32.9%). Furthermore, the overseas share of sales was 40% and the overseas share of operating income before amortization of goodwill etc. was 57%.

Since our very inception, Suntory has aggressively pursued interests while also putting forth initiatives to contribute to culture and society and implement environmental activities based on Suntory's founding spirit of "Sharing the Profit with Society." Moreover, various activities were implemented during the reported period with the objective of maintaining harmonious coexistence between society and nature.

We continue to provide Great East Japan Earthquake recovery assistance through our programs "Activities to Support Recovery of the Fishing Industry," "Support for Challenged Sports (for Persons with Disabilities)" and "Youth Support Initiatives" and "Support through Culture, the Arts, and Sports," which thus far have totaled 10.8 billion yen since the earthquake.

As for our environmental activities, we continue to actively work on the Suntory Natural Water Sanctuaries, by which we have cultivated water resources covering approximately 8,000 ha. By 2020 we aim to cultivate 12,000 hectares, double the amount of groundwater used at our plants in Japan. And in addition to expanding the Suntory "Mizuiku" Natural Water Education Program—which teaches children the importance of water—overseas for the first time in Vietnam, we have advanced water and energy saving efforts at our production lines, in addition to making our containers and packaging more lightweight.

## 2. Full-Year Forecast

For the period ending in December 2015, we are anticipating sales of 2.65 trillion yen (up 7.9% year-on-year), operating profits of 193 billion yen (up 17.1%), ordinary profits of 167 billion yen (up 8.6%) and net profit of 50 billion yen (up 30.3%).

It should be noted that after subtracting amortization of goodwill and other amortization, operating income will be 261 billion yen (up 20.9% year-on-year), ordinary profit will be 235 billion yen (up 14.6%) and net income will be 108 billion yen (up 36.5%).

(There are no changes to the performance forecast announced on February 16, 2015.)

Status of Major Shareholders

As of June 30, 2015

Name of shareholders	Address	Number of shares held (Thousands)	Percentage of common stock issued (%)
Kotobuki Realty Co., Ltd.	2-1-40 Dojimahama, Kita-ku, Osaka	613,818	89.32
Employees Share Ownership Plan of Suntory	2-1-40 Dojimahama, Kita-ku, Osaka	32,287	4.69
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2-7-1, Marunouchi, Chiyoda-ku, Tokyo	6,871	1.00
Sumitomo Mitsui Banking Corporation	1-1-2, Marunouchi, Chiyoda-ku, Tokyo	6,871	1.00
Sumitomo Mitsui Trust Bank, Limited	1-4-1, Marunouchi, Chiyoda-ku, Tokyo	6,871	1.00
Nippon Life Insurance Company	1-6-6, Marunouchi, Chiyoda-ku, Tokyo	6,871	1.00
Suntory Holdings Limited (Treasury stock)	2-1-40 Dojimahama, Kita-ku, Osaka	3,830	0.55
Suntory Foundation for Life Sciences	8-1-1, Seikadai, Seika-cho, Souraku-gun, Kyoto	3,590	0.52
Nobutada Saji	Minato-ku, Tokyo	652	0.09
Shingo Torii	Higashinada-ku, Kobe	539	0.07
Total	—	682,204	99.28

Members of the Board of Directors and Audit & Supervisory Board Members

There are no changes in Directors and Audit & Supervisory Board Members after the date of submission of the annual securities report for the previous fiscal year.

## Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2014	As of June 30, 2015	Change
Current assets	1,166,254	1,225,085	58,830
Cash and deposits	199,331	228,338	29,006
Notes and accounts receivable	376,398	395,701	19,302
Inventories	452,874	471,898	19,024
Other	139,932	131,178	(8,754)
Allowance for doubtful accounts	(2,282)	(2,031)	250
Non-current assets	3,368,824	3,370,843	2,018
Property, plant and equipment	676,606	674,587	(2,018)
Buildings and structures, net	185,309	194,245	8,935
Machinery, equipment and vehicles, net	253,480	255,603	2,123
Tools, furniture and fixtures, net	69,266	66,590	(2,675)
Land	107,362	105,501	(1,860)
Other	61,187	52,646	(8,541)
Intangible assets	2,506,267	2,475,860	(30,406)
Goodwill	1,118,703	1,071,733	(46,970)
Trademarks	1,323,906	1,337,478	13,571
Other	63,656	66,648	2,992
Investments and other assets	185,951	220,395	34,444
Investment securities	122,396	142,502	20,106
Other	65,442	79,159	13,717
Allowance for doubtful accounts	(1,888)	(1,267)	620
Deferred assets	1,458	1,156	(301)
<b>TOTAL ASSETS</b>	<b>4,536,537</b>	<b>4,597,085</b>	<b>60,547</b>
Accumulated depreciation of Property, plant and equipment	749,105	764,091	14,985



(Millions of yen)

	As of December 31, 2014	As of June 30, 2015	Change
<b>LIABILITIES</b>			
Current liabilities	779,677	904,594	124,916
Notes and accounts payable-trade	144,436	169,281	24,845
Electronically recorded obligations	104,848	115,269	10,421
Short-term loans payable	87,873	145,162	57,289
Current portion of bond	10,900	60,052	49,152
Accrued alcohol tax	51,561	38,755	(12,805)
Accrued consumption taxes	22,236	18,159	(4,077)
Income taxes payable	22,297	20,426	(1,870)
Accounts payable-other	142,376	152,773	10,396
Accrued expenses	93,388	92,781	(607)
Provision for bonuses	20,737	16,463	(4,274)
Other	79,021	75,468	(3,522)
Non-current liabilities	2,566,103	2,492,161	(73,942)
Bonds payable	476,151	429,267	(46,884)
Long-term loans payable	1,470,386	1,420,733	(49,652)
Long-term deferred tax liabilities	453,924	468,922	14,998
Provision for directors' retirement benefits	684	626	(58)
Net defined benefit liability	36,372	35,446	(925)
Other	128,585	137,164	8,579
<b>TOTAL LIABILITIES</b>	<b>3,345,781</b>	<b>3,396,756</b>	<b>50,974</b>
<b>NET ASSETS</b>			
Shareholders' equity	739,505	760,018	20,513
Capital stock	70,000	70,000	-
Capital surplus	(20,739)	(21,021)	(282)
Retained earnings	692,849	713,645	20,795
Treasury stock	(2,604)	(2,604)	-
Accumulated Other Comprehensive Income	142,516	131,356	(11,160)
Valuation difference on available-for-sale securities	20,322	29,514	9,192
Deferred gains or losses on hedges	1,239	(527)	(1,767)
Foreign currency translation adjustment	132,379	113,824	(18,555)
Remeasurements of defined benefit plans	(11,425)	(11,455)	(30)
Minority interests	308,733	308,953	220
<b>TOTAL NET ASSETS</b>	<b>1,190,756</b>	<b>1,200,328</b>	<b>9,572</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>4,536,537</b>	<b>4,597,085</b>	<b>60,547</b>

## Consolidated Statements of Income

(Millions of yen)

	Six months ended June 30, 2014	Six months ended June 30, 2015	Change
Net sales	1,108,931	1,236,336	127,405
Cost of sales	558,733	614,354	55,620
Gross profit	550,198	621,982	71,784
Selling, general and administrative expenses	485,797	545,455	59,658
Operating income	64,401	76,527	12,126
Non-operating income	6,722	6,245	(477)
Interest income	573	443	(130)
Dividends income	4,626	688	(3,938)
Share of profit of entities accounted for using equity method	-	1,167	1,167
Foreign exchange gains	-	744	744
Miscellaneous income	1,522	3,201	1,679
Non-operating expenses	8,642	16,534	7,892
Interest expenses	6,692	14,390	7,698
Miscellaneous expenses	1,949	2,143	193
Ordinary income	62,481	66,238	3,756
Extraordinary income	203	3,259	3,055
Gain on sales of noncurrent assets	168	891	722
Gain on sales of shares of subsidiaries and associates	-	2,332	2,332
Other	34	35	-
Extraordinary loss	14,374	8,266	(6,108)
Loss on disposal of non-current assets	1,900	1,541	(358)
Acquisition related cost	8,733	-	(8,733)
Restructuring cost	2,751	3,853	1,101
Other	988	2,871	1,882
Income before income taxes and minority interests	48,310	61,231	12,920
Income taxes-current	22,889	35,180	12,290
Income taxes-deferred	(1,537)	(1,329)	207
Income before minority interests	26,958	27,380	421
Minority interests in income	9,759	11,850	2,091
<b>NET INCOME</b>	<b>17,199</b>	<b>15,529</b>	<b>(1,670)</b>

**Consolidated Statements of Changes in Net Assets**

For the six months ended June 30, 2014

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at January 1, 2014	70,000	(21,109)	666,066	(3,332)	711,624	20,611	1,374	34,400	56,386	288,714	1,056,726
Changes of items during the period											
Dividends from surplus			(11,598)		(11,598)						(11,598)
Net income			17,199		17,199						17,199
Put option granted to minority shareholders			(16)		(16)						(16)
Net changes of items other than shareholders' equity						(584)	(1,157)	(16,840)	(18,582)	(7,731)	(26,314)
Total changes of items during the period	-	-	5,584	-	5,584	(584)	(1,157)	(16,840)	(18,582)	(7,731)	(20,729)
Balance at June 30, 2014	70,000	(21,109)	671,651	(3,332)	717,209	20,027	216	17,560	37,803	280,982	1,035,996

For the six months ended June 30, 2015

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income					Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at January 1, 2015	70,000	(20,739)	692,849	(2,604)	739,505	20,322	1,239	132,379	(11,425)	142,516	308,733	1,190,756
Cumulative effects of changes in accounting policies			8,881		8,881						1,434	10,316
Restated balance at January 1, 2015	70,000	(20,739)	701,731	(2,604)	748,387	20,322	1,239	132,379	(11,425)	142,516	310,167	1,201,072
Changes of items during the period												
Dividends from surplus			(8,199)		(8,199)							(8,199)
Net income			15,529		15,529							15,529
Change of scope of equity method			4,547		4,547							4,547
Put option granted to minority shareholders			36		36							36
Changes in foreign subsidiaries' interests in their subsidiaries		(282)			(282)							(282)
Net changes of items other than shareholders' equity						9,192	(1,767)	(18,555)	(30)	(11,160)	(1,213)	(12,374)
Total changes of items during the period	-	(282)	11,913	-	11,631	9,192	(1,767)	(18,555)	(30)	(11,160)	(1,213)	(743)
Balance at June 30, 2015	70,000	(21,021)	713,645	(2,604)	760,018	29,514	(527)	113,824	(11,455)	131,356	308,953	1,200,328

## Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended June 30, 2014	Six months ended June 30, 2015
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	48,310	61,231
Depreciation and amortization	37,920	43,392
Amortization of goodwill	18,121	31,164
Interest and dividends income	(5,200)	(1,131)
Interest expenses	6,692	14,390
Gain on sales of subsidiaries and associates	-	(2,332)
Loss on disposal of noncurrent assets	1,900	1,541
Decrease (increase) in notes and accounts receivable-trade	(41,208)	(20,066)
Decrease (increase) in inventories	(21,756)	(26,692)
Increase (decrease) in notes and accounts payable-trade	23,210	28,127
Increase (decrease) in accrued consumption taxes, alcohol taxes	(11,784)	(17,141)
Other, net	8,924	21,088
Subtotal	65,130	133,572
Interest and dividends income received	4,118	1,158
Interest expenses paid	(5,397)	(15,664)
Income taxes paid	(46,590)	(33,759)
Net cash provided by (used in) operating activities	17,262	85,307
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment and intangible assets	(42,234)	(50,941)
Proceeds from sales of property, plant and equipment and intangible assets	1,992	3,735
Purchase of investment securities	(2,708)	(393)
Purchase of investment in subsidiaries resulting in change in consolidation scope	(1,386,896)	-
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	2,816
Other, net	(717)	(149)
Net cash provided by (used in) investing activities	(1,430,563)	(44,931)
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term bank loans and commercial papers	804,044	30,732
Proceeds from long-term loans payable	414,779	5,004
Repayment of long-term loans payable	(11,301)	(28,398)
Proceeds from issuance of bonds	60,305	-
Redemption of bonds	(79,500)	(900)
Repayments of lease obligations	(1,465)	(1,050)
Cash dividends paid	(11,598)	(8,199)
Cash dividends paid to minority shareholders	(10,026)	(7,774)
Other, net	-	27
Net cash provided by (used in) financing activities	1,165,238	(10,558)
Effect of exchange rate change on cash and cash equivalents	(1,296)	(1,401)
Net increase (decrease) in cash and cash equivalents	(249,359)	28,416
Cash and cash equivalents at beginning of period	418,630	199,308
Cash and cash equivalents at period-end	169,270	227,724

## 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, Alcoholic Beverage, by combining the business companies with the emphasis on the business company units in consideration of the similarity of their economic characteristics.

(Changes of reportable segments)

Due to the reorganization carried out on October 1, 2014, from the prior fiscal year Beer and Spirits segment was renamed Alcoholic Beverage segment.

In addition, wine business previously included in Others segment has been transferred to this Alcoholic Beverage segment.

The segment information for the six months ended June 30, 2014 has been restated.

Main products and services by each reportable segment are as follows

Industry segment	Main products
Beverage and Food	Non-alcoholic beverages, health drinks, processed food, other products
Alcoholic Beverage	Spirits, beer, wine and other alcoholic beverages
Others	Operations in China, health food, ice cream, restaurants, flowers and other operations

### 2. Reportable segments

Six months ended June 30, 2014

(Millions of yen)

	Beverage and Food	Alcoholic Beverage	Others	Total	Adjustment	Consolidated Total
Net sales						
Sales to customers	594,611	360,161	154,158	1,108,931	-	1,108,931
Inter-segment sales	4,069	1,880	5,287	11,237	(11,237)	-
Total sales	598,680	362,042	159,446	1,120,169	(11,237)	1,108,931
Segment income	43,444	21,145	14,776	79,366	(14,965)	64,401

Six months ended June 30, 2015

(Millions of yen)

	Beverage and Food	Alcoholic Beverage	Others	Total	Adjustment	Consolidated Total
Net sales						
Sales to customers	618,044	474,896	143,395	1,236,336	-	1,236,336
Inter-segment sales	4,297	2,549	5,358	12,205	(12,205)	-
Total sales	622,342	477,446	148,754	1,248,542	(12,205)	1,236,336
Segment income	46,693	31,783	14,991	93,468	(16,940)	76,527

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.

Six months ended June 30, 2014	(Millions of yen)
Adjustment on segment income (loss)	(14,965)
Corporate general and administrative expenses that are not attributable to any reportable segment	(14,998)
Inter-segment eliminations	32
Six months ended June 30, 2015	(Millions of yen)
Adjustment on segment income (loss)	(16,940)
Corporate general and administrative expenses that are not attributable to any reportable segment	(16,977)
Inter-segment eliminations	37

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

## Balance Sheet

(Millions of yen)

	As of December 31, 2014	As of June 30, 2015	Change
Current assets	873,186	878,508	5,322
Cash and deposits	7,136	43,127	35,990
Accounts receivable	3,450	3,574	123
Short-term investment securities	2	2	-
Supplies	52	49	(3)
Short-term loans receivable	827,064	808,621	(18,442)
Other current assets	35,479	23,133	(12,346)
Non-current assets	1,198,902	1,206,624	7,722
Property, plant and equipment	33,044	37,282	4,238
Intangible assets	3,876	3,877	0
Investments and other assets	1,161,981	1,165,464	3,483
Stocks of subsidiaries and affiliates	324,214	305,006	(19,207)
Long-term loans receivable	793,297	798,543	5,246
Other	45,850	63,315	17,464
Allowance for doubtful accounts	(1,382)	(1,401)	(19)
Deferred assets	641	531	(109)
<b>TOTAL ASSETS</b>	<b>2,072,729</b>	<b>2,085,665</b>	<b>12,935</b>

Accumulated depreciation of Property, plant and equipment	32,793	32,366	(426)
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(Millions of yen)

	As of December 31, 2014	As of June 30, 2015	Change
<b>LIABILITIES</b>			
Current liabilities	148,581	141,306	(7,274)
Short-term loans payable	9,568	25,646	16,078
Current portion of bond	10,900	10,000	(900)
Income taxes payable	415	263	(152)
Deposits received	91,254	67,494	(23,760)
Provision for bonuses	5,300	4,820	(480)
Other	31,141	33,081	1,940
Non-current liabilities	1,398,300	1,410,841	12,541
Bonds payable	183,903	184,298	394
Long-term loans payable	1,196,832	1,202,535	5,702
Provision for retirement benefits	195	3,120	2,924
Asset retirement obligations	765	771	6
Other	16,603	20,116	3,512
<b>TOTAL LIABILITIES</b>	<b>1,546,881</b>	<b>1,552,148</b>	<b>5,266</b>
<b>NET ASSETS</b>			
Shareholders' equity	519,858	523,427	3,569
Capital stock	70,000	70,000	-
Capital surplus	285,090	285,090	-
Legal capital surplus	17,500	17,500	-
Other capital surplus	267,590	267,590	-
Retained earnings	167,373	170,942	3,569
Other retained earnings	167,373	170,942	3,569
Reserve for special depreciation	66	58	(8)
Reserve for advanced depreciation of non-current assets	37	726	689
General reserve	124,100	154,900	30,800
Retained earnings brought forward	43,169	15,257	(27,911)
Treasury stock	(2,604)	(2,604)	-
Accumulated Other Comprehensive Income	5,989	10,088	4,099
Valuation difference on available-for-sale securities	7,228	10,883	3,655
Deferred gains or losses on hedges	(1,239)	(794)	444
<b>TOTAL NET ASSETS</b>	<b>525,848</b>	<b>533,516</b>	<b>7,668</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>2,072,729</b>	<b>2,085,665</b>	<b>12,935</b>

## Statement of Income

(Millions of yen)

	Six months ended June 30, 2014	Six months ended June 30, 2015	Change
Operating revenue	51,751	31,590	(20,161)
Operating expenses	15,804	17,622	1,818
Operating income	35,947	13,967	(21,979)
Non-operating income	2,962	8,035	5,073
Non-operating expenses	4,067	8,408	4,340
Ordinary income	34,841	13,594	(21,247)
Extraordinary income	1	978	977
Extraordinary loss	7,881	9,748	1,867
Income before income taxes and minority interests	26,961	4,824	(22,136)
Income taxes-current	(1,219)	1,081	2,300
Income taxes-deferred	(1,397)	(1,248)	149
NET INCOME	29,578	4,991	(24,587)

**Statement of Changes in Net Assets**

For the six months ended June 30, 2014

(Millions of yen)

	Shareholders' equity										Accumulated other comprehensive income			Total net assets
	Capital stock	Capital surplus			Retained earnings					Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings				Total retained earnings					
					Reserve for special depreciation	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward						
Balance at January 1, 2014	70,000	17,500	267,220	284,720	88	39	59,900	79,973	140,001	(3,332)	491,389	7,512	7,512	498,901
Changes of items during the period														
Dividends from surplus								(11,598)	(11,598)		(11,598)			(11,598)
Net income								29,578	29,578		29,578			29,578
Reversal of reserve for special depreciation					(10)			10	-		-			-
Reversal of reserve for advanced depreciation of non-current assets						(1)		1	-		-			-
Provision of general reserve							64,200	(64,200)	-		-			-
Net changes of items other than shareholders' equity												(647)	(647)	(647)
Total changes of items during the period	-	-	-	-	(10)	(1)	64,200	(46,208)	17,980	-	17,980	(647)	(647)	17,332
Balance at June 30, 2014	70,000	17,500	267,220	284,720	77	38	124,100	33,765	157,982	(3,332)	509,369	6,864	6,864	516,234

For the six months ended June 30, 2015

(Millions of yen)

	Shareholders' equity										Accumulated other comprehensive income				Total net assets
	Capital stock	Capital surplus			Retained earnings					Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings				Total retained earnings						
					Reserve for special depreciation	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward							
Balance at January 1, 2015	70,000	17,500	267,590	285,090	66	37	124,100	43,169	167,373	(2,604)	519,858	7,228	(1,239)	5,989	525,848
Cumulative effects of changes in accounting policies								6,777	6,777		6,777				6,777
Restated balance at January 1, 2015	70,000	17,500	267,590	285,090	66	37	124,100	49,946	174,150	(2,604)	526,636	7,228	(1,239)	5,989	532,625
Changes of items during the period															
Dividends from surplus								(8,199)	(8,199)		(8,199)				(8,199)
Net income								4,991	4,991		4,991				4,991
Reversal of reserve for special depreciation					(8)			8	-		-				-
Provision of reserve for advanced depreciation of non-current assets						691		(691)	-		-				-
Reversal of reserve for advanced depreciation of non-current assets						(2)		2	-		-				-
Provision of general reserve							30,800	(30,800)	-		-				-
Net changes of items other than shareholders' equity												3,655	444	4,099	4,099
Total changes of items during the period	-	-	-	-	(8)	689	30,800	(34,688)	(3,208)	-	(3,208)	3,655	444	4,099	891
Balance at June 30, 2015	70,000	17,500	267,590	285,090	58	726	154,900	15,257	170,942	(2,604)	523,427	10,883	(794)	10,088	533,516