Financial Results
for the Six Months Ended June 30, 2014 — Consolidated
(Based on Japanese GAAP)

August 5, 2014

Company name	**Sapporo Holdings Limited**
Security code	2501
Listings	Tokyo Stock Exchange (First Section); Sapporo Securities Exchange
URL	http://www.sapporoholdings.jp/english/
Representative	Tsutomu Kamijo, President, Representative Director and Group CEO
Contact	Toshihiko Umezato, Director of the Corporate Communications Department
Telephone	+81-3-5423-7407

Scheduled dates:

Filing of quarterly financial report	August 13, 2014
Commencement of dividend payments	-
Supplementary information to the quarterly earnings results	Available
Quarterly earnings results briefing held	Yes (mainly targeted at institutional investors and analysts)

1. Consolidated Financial Results for the Six Months Ended June 30, 2014 (January 1 – June 30, 2014)

(Amounts in million yen rounded down to the nearest million yen)

(1) Operating Results

(Percentage figures represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended June 30, 2014	239,862	3.7	1,007	114.2	272	(18.8)%	(10,928)	-
Six months ended June 30, 2013	231,225	3.7	470	-	335	-	189	-

Note: Accumulated other comprehensive income

Six months ended June 30, 2014 (9,946) million yen
Six months ended June 30, 2013 9,264 million yen

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended June 30, 2014	(28.02)	-
Six months ended June 30, 2013	0.49	-

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
June 30, 2014	603,296	142,397	23.0	356.27
December 31, 2013	616,752	155,366	24.6	388.77

Note: Shareholders' equity
June 30, 2014: 138,857 million yen
December 31, 2013: 151,683 million yen

2. Dividends

Record date or period	Dividend per share				
	End Q1	End Q2	End Q3	Year-end	Full year
	Yen	yen	yen	Yen	yen
Year ended December 31, 2013	—	0.00	—	7.00	7.00
Year ending December 31, 2014	—	0.00			
Year ending December 31, 2014 (forecast)			—	7.00	7.00

Note: No changes were made to dividend forecasts in the six months ended June 30, 2014.

3. Forecast of Consolidated Earnings for the Year Ending December 31, 2014 (January 1 – December 31, 2014)

(Percentage figures represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ending December 31, 2014	537,700	5.5	15,000	(2.2)	13,600	(10.1)	(2,000)	-	(5.13)

Note: Changes were made to earnings forecasts in the six months ended June 30, 2014.

4. Other

*For details, see "2. Other Information" on page 11.

(1) Changes in significant subsidiaries during the six months ended June 30, 2014: None

(2) Simplified accounting: Yes

*Use of simplified accounting methods and/or accounting methods specific to quarterly consolidated financial statements

(3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement

1) Changes in accordance with amendments to accounting standards etc.: None
2) Changes other than 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatement: None

Note: For details, see (2) Changes in accounting policy, changes in accounting estimates, and retrospective restatement, in section "2. Other Information" on page 11 in the accompanying material.

(4) Number of shares issued and outstanding (common stock)

1) Number of shares issued at end of period (treasury stock included):

June 30, 2014:	393,971,493 shares
December 31, 2013:	393,971,493 shares

2) Number of shares held in treasury at end of period:

June 30, 2014:	4,216,587 shares
December 31, 2013:	3,805,058 shares

3) Average number of outstanding shares during the period:

Six months ended June 30, 2014:	390,021,090 shares
Six months ended June 30, 2013:	390,873,563 shares

*Quarterly review status

The quarterly financial results are not subject to quarterly reviews pursuant to the Financial Instruments and Exchange Act. The quarterly review of the quarterly financial results herein had not been completed as of the date of this document.

Appropriate Use of Earnings Forecasts and Other Important Information

This document contains projections and other forward-looking statements based on information available to the Company as of the date of this document. Actual results may differ from those expressed or implied by forward-looking statements due to various factors.

1. Analysis of Operating Results

(1) Consolidated Financial Results for the Six Months ended June 30, 2014

In the first half of 2014 (January 1 – June 30), the Japanese economy showed signs of a moderate recovery, including rising corporate earnings, against a backdrop of monetary easing and economic stimulus measures. However, the consumption environment remains clouded with uncertainties as the surge in demand seen in March ahead of the consumption tax hike has been followed by a reactionary decline in consumption from April.

Amid this environment, the SAPPORO Group achieved a sizable year-on-year increase in sales. The strong result was led by the Japanese Alcoholic Beverages business, which posted a big year-over-year increase in shipments of beer and beer-type beverages. The Food & Soft Drinks business also saw sales volumes increase. The International Business also did well, with support from a weaker yen, leading to a sizable increase in sales for the Group as a whole.

Thanks to the higher sales at the Japanese Alcoholic Beverages and the Food & Soft Drinks business, we also achieved growth in operating income.

As a result, in the first half of 2014 the SAPPORO Group posted consolidated sales of ¥239.8 billion (up ¥8.6 billion or 4% year over year), operating income of ¥1.0 billion (up ¥0.5 billion or 114%) and ordinary income of ¥0.2 billion (down ¥0.0 billion or 19%). The Group also posted a first-half net loss totaling ¥10.9 billion (compared with a ¥0.1 billion profit in the first half of 2013), owing to extraordinary expenses. The Real Estate business' decision to redevelop of the Sapporo Ginza Building at the Ginza 4-chome intersection led to the posting of ¥2.3 billion in costs related to demolition and removal of the building. In addition, the Japanese Alcoholic Beverage business' voluntary decision to file a revised liquor tax return related to the inclusion of Goku Zero in a different tax rate category caused an ¥11.6 billion upward adjustment to our liquor tax burden (including overdue tax).

For more details on the extraordinary loss stemming from the additional liquor tax payment (including overdue tax), see our June 20 news release entitled "Notice on Recording an Extraordinary Loss". Regarding the payment of additional liquor taxes (including overdue tax), we plan to pursue legal procedures to gain recognition of the SAPPORO Group's view on the proper tax rate category, with assistance from external experts.

Segment information is outlined below.

Seasonal Factors

The Group's operating results exhibit substantial seasonal variation in demand for the products and services offered by the Japanese Alcoholic Beverages, International Business, Food & Soft Drinks, and Restaurant businesses. As a result, sales in the first quarter, which affect the first-half results, tend to be lower than sales in the other three quarters.

Japanese Alcoholic Beverages

We estimate that total domestic demand for beer and beer-type beverages in the first half of 2014 fell about 1% year over year, reflecting both the surge in demand in March ahead of the consumption tax hike and the reflexive drop in demand in April. Demand for beer was up, but shipments of happoshu and new-genre beer were less than the previous-year levels.

Under such market conditions, the Japanese Alcoholic Beverage business continued its efforts to realize further growth by constantly providing its customers with a unique value proposal. In the first half of 2014, these efforts centered on implementing a new vision of "seek No.1 by accumulating one-of-a-kind products" while also adhering to its campaign slogan, "Bringing more cheer to your 'Cheers'!".

In the beer and beer-type beverages category, sales of our core Yebisu brand rose by 2% year on year, supported by the limited-volume release of Kaori Hanayagu Yebisu in January and the limited-time release of Yebisu Royal Selection in May. Sales also received support from the release of Yebisu Natsu no Koku, available only in summer season gift packs.

In the new-genre beer category, in February we launched Mugi to Hop The Gold, a richer flavored version of our popular Mugi to Hop brand. The new offering was a big hit with customers, helping boost sales by 13% over the previous year's level. In addition, Goku Zero exceeded our sales targets by a wide margin as customers continued their support for this new-genre beer, the world's first beer-type beverage with zero purine bodies.

Meanwhile, the Company was requested by the National Tax Agency to provide information on the production method of Goku ZERO to verify the tax rate category of the product. Although the Company understood that Goku ZERO falls in the "(1) Effervescent alcoholic beverages" category, after providing the requested data and information, it has checked the legal interpretation of the Japanese Liquor Tax Law by the National Tax Agency, based on which it conducted a voluntary review on such data.

Our careful review continues, and confirmation of the product category in line with the legal interpretation of the Japanese Liquor Tax Law by the National Tax Agency has yet to be completed. If it is determined as a result of future verification that Goku ZERO does not fall in the "(1) Effervescent alcoholic beverages" category,[3] many customers and our business partners could be affected.

To address this situation, the Company decided to voluntarily discontinue the current Goku ZERO, which has been sold as a product in the "(1) Effervescent alcoholic beverages" category, review part of its production method and, while maintaining its core values of zero purine and zero carbohydrate properties, which customers expect, relaunched the product in July as a happoshu (beer-type beverage with malt content less than 25%).

Despite the temporary halt of sales of Goku Zero, first-half shipments of our beer and beer-type beverages were 5% greater than in the first half of 2013. With our shipment growth exceeding the overall domestic growth in demand, we succeeded in increasing market share.

In the RTD* category, we launched a renewed version of Sapporo Nectar Sour Peach in February and continued to enjoy solid customer support for Sapporo Otoko Ume Sour, first introduced in 2013. In April, we added to our RTD offerings with the nationwide launch of Sapporo Kireto Lemon Sour, the first collaboration RTD using the Food & Soft Drinks business' long-time core product Kireto Lemon. The favorable market response to this new offering and our other RTD products led to a 94% year-over-year increase in RTD product shipments in the first half.

At our wine and liquor business, sales of our mainstay domestic premium brand, Grande Polaire, remained on a steady pace. We launched Polaire Sangria Rico in March, a new line of Sangria beverages that are enjoying increasing popularity, especially with young women. As a result, sales of our domestic wine offerings exceeded plan, with shipments 2% higher than a year earlier. Meanwhile, shipments of our imported wines increased 4% year over year, lifting our total wine shipment volume 3% higher than in the first half of 2013.

Our western spirits business achieved 9% growth in sales volume for its various Bacardi brand products, which include a Mojito RTS** cocktail made from the world's No.1 selling Bacardi rum. The category's sales also include products from a number of other global power brands owned by Bacardi, such as Bombay Sapphire, Martini, Dewar's, and Cutty Sark.

The shochu business posted 10% growth in sales volume, led by continued strong sales of Imo Shochu Kokuimo, the No. 1 selling blended imo shochu.

As a result of the above, the Japanese Alcoholic Beverage business posted first-half sales of ¥127.1 billion, up ¥6.6 billion or 5% year over year. Segment operating income came to ¥1.3 billion, up ¥1.1 billion or 560% from a year ago.

* RTD, or ready-to-drink, beverages are already-mixed, low-alcohol content cocktail-like beverages that can be consumed as is immediately after opening.

** RTS refers to ready-to-serve liquors used to make cocktails by mixing with soda and other mixers.

International Business

In North America, we estimate that total demand in Canada's beer market fell 2–3% year over year while demand in the United States was largely flat, despite some positive macro developments, including improving employment conditions. The Asian beer market, however, continues to grow steadily, supported by the region's fast-growing economies.

In this environment, our International Business continued marketing activities targeting the premium beer market, where it has core strengths. However, our Canadian subsidiary SLEEMAN BREWERIES was challenged by intensifying price competition and saw its sales volume (excluding Sapporo brand beer) slip 1% year over year. In the United States, Sapporo USA saw shipments of Sapporo brands decline year over year despite the end in April of delayed deliveries caused by the severe winter weather. Meanwhile, Silver Springs Citrus was adversely affected by rising prices of oranges used in its products.

In Vietnam, we continued full-fledged marketing activities aimed at establishing the Sapporo brand in the local market. We launched a TV ad campaign during the prime Tet (New Year's holiday) sales season and received a favorable customer response. In South Korea, we continued our efforts to expand sales of beers to the household and commercial markets through cooperation with our local partners in the Maeil Dairies' group. In Oceania, we continued efforts to expand sales via our brewing licensing agreement with Australia's Coopers Brewery, and in Singapore we worked with our local subsidiary to expand sales channels in the local household market. The International Business' shipments of Sapporo brand products increased year over year, despite weak volumes in North America.

Overall, the International Business posted first-half sales of ¥23.7 billion, up ¥0.6 billion or 3% year over year, as the benefits of a weaker yen overcame the decline in shipment volume in North America. Nonetheless, the segment posted an operating loss of ¥0.5 billion (compared with operating income of ¥0.3 billion a year earlier).

Food & Soft Drinks

We estimate that overall domestic demand for soft drinks increased 2% year over year in the first half of 2014, as the demand surge ahead of the consumption tax hike was followed by a relatively light reflexive downturn. We estimate that overall demand for lemon-based products (flavorings) slipped 2% (∗1), while that for instant soup (including soups in a cup) increased an estimated 4% (∗2).

In this environment, the SAPPORO Group's Food & Soft Drinks business started its second year of integrated operations as POKKA SAPPORO Food & Beverage Ltd. The subsidiary is concentrating investments on core brands as it endeavors to strengthen and nurture its various brands.

The domestic food and soft drinks business strengthened its lineup of domestic soft drink brands with the April launch of Green Shower, a nonsweetened carbonated water drink with the aroma of hops. Vending machine sales of our coffee drinks, however, were adversely affected by convenience store over-the-counter sales of fresh brewed coffee. Celebrating the 100th anniversary of our Ribbon brand, we launched new versions of Ribbon Citron and Ribbon Napolin, the latter sold only in Hokkaido in April. In the lemon & natural foods category, we launched Kireto Lemon Salty Sparkling as our first soft drink targeted at combating heat stroke. Together with Kireto Lemon Sparkling, the new product stimulated solid sales for our Kireto Lemon brand drinks. We promoted our Pokka Lemon 100 brand by opening for a limited time in Nagoya a shop featuring lemon-based alcoholic and nonalcoholic beverages and a menu of nonfried foods. Among our foreign brand food and soft drink products, marketing contents of Gerolsteiner naturally carbonated water from Germany attracted customers. We also continued our efforts to stimulate the market for hard drinking waters in Japan through Contrex and Vittel bottled natural mineral waters. In particular, we launched a sales promotion campaign of Contrex for women. In the soup and related foods category, we expanded the product lineup of our Jikkuri Kotokoto Kongari Pan series to include spicy flavored soups to stimulate appetites during the summer months. The new offerings contributed to a solid increase in sales over the previous year. Products in the commercial-use products category also posted solid increases, led by our lemon and beverage product offerings as well as our soup and dessert offerings. In new product categories, in April we launched the Ashita no Kirei brand of lactic acid bacteria, soymilk ferment drinks through internet sales. We also entered the arena for heath drinks featuring ornithine and soy isoflavones as well as Shiawase Nyusankin SBL88^{R}, a lactic acid bacteria discovered through years of fermentation research by our Japanese Alcoholic Beverage business.

In this segment's domestic restaurants business, the Café de Crié coffee shop chain turned in a steady performance supported by timely menu revisions responding to customer needs and effective promotional campaign at each shop.

The segment's overseas soft drinks business also turned in a solid performance, increasing sales in Singapore despite stepped up competition and steadily expanding exports.

The segment's overseas restaurant business struggled somewhat amid an economic slowdown in Hong Kong.

As a result of the above, the Food & Soft Drinks segment recorded first-half sales of ¥62.7 billion, up ¥2.0 billion or 3% year over year. The segment's operating loss came to ¥1.8 billion (compared with a ¥2.4 billion loss in the first half of 2013).

(*1) (*2) data sources: Year-over-year total sales value comparisons for January–June 2014 for the lemon foods market (Sapporo definition) and the instant soup market based on Intage SRI research on the supermarket and convenience store industries.

Restaurants

Japan's restaurant industry is seeing some signs of improvement in consumer sentiment, but the overall operating environment remains difficult, with both material costs and labor costs on the rise.

In this environment, our Restaurants Business pursued the fulfillment of its corporate philosophy of "Enhancing the Joy of Living" by continuing its efforts to raise the quality of its service as well as its food and beverages, including draft beer, and by endeavoring to create restaurants that "deliver 100% satisfaction to customers."

New outlet openings in the first half of 2014 included outlets in Tokyo's Shinjuku and Ueno districts for the YEBISU BAR chain, one of our core restaurant brands. Including outlets in hot spring facilities operated on a contract basis, we opened 10 new stores in the first half of 2014.

While continuing efforts to improve the profitability of existing stores, we are also opening new formats and converting stores to different formats as we seek to acquire new customers.

Meanwhile, we closed 17 stores during the first half of 2014, including two flagship stores, the Beer Hall LION GINZA 5-Chome outlet and the Beer Hall Lion Shinbashi store, both of which had to be shut down for an extended period of time due to building redevelopment projects. As a result of store openings and closures during the term, our Restaurants business had 183 operating outlets in Japan as of end-June 2014.

Overseas, our initial Ginza Lion Beer Hall in Singapore, which opened in October 2013, is doing well, and we are now in the process of selecting the site for our next local store opening as part of our plan to establish the Ginza Lion brand in Singapore.

Overall, the Restaurants business posted sales of ¥12.3 billion in the first half of 2014, for a ¥0.2 billion or 2% decline from the previous year's result. The segment's operating loss came to ¥0.3 billion (compared with a ¥0.2 billion loss in the previous year).

Real Estate

Japan's real estate industry is now showing clear signs of a recovery trend, with vacancy rates in the Greater Tokyo office leasing market continue to improve and rents also recovering moderately.

Amid such market conditions, our real estate leasing business saw a temporary drop in the occupancy rate at its core property, Yebisu Garden Place, owing to the exit of a large tenant at the expiration of its lease contract in May. However, we are steadily progressing with efforts to find replacement tenants, and occupancy rates at other properties remain at high levels.

Efforts to enhance the appeal and value of Yebisu Garden Place, which this year is celebrating the 20th anniversary of its opening, are focused on providing tenants and visitors with enjoyable experiences in comfortable and pleasant surroundings. In April, we welcomed a large upscale restaurant as a new tenant on the commercial-use floor and also undertook a major renovation of public-use floors. At the complex's rental housing building, we carried out renovations designed to enhance the building's comfort level and amenities, including refurbishing the entrance hall, improving the building's barrier-free and universal design features, and replacing standard equipment in each apartment unit. At the office tower, in March we completed the installation of emergency power-generating systems that will supply electricity to tenant spaces in the event of a disaster and therefore help tenants maintain business continuity. We also are continuing work to ensure power supply to public-use areas of the building during a disaster, with completion of this work scheduled for spring 2015.

The real estate development business is making steady progress with the redevelopment of the site in Ebisu despite concerns about rising construction costs and delays caused by a shortage of labor. We plan to complete construction on schedule in September and look forward to the new Ebisu First Square becoming a center of activity in Tokyo's Ebisu district. Leasing efforts are also proceeding smoothly and we look forward to a high occupancy rate when the new building opens. In February, we made a final decision to redevelop the Sapporo Ginza Building at the Ginza 4-chome intersection. We began work to take down the old building in April and are moving forward with project planning that will keep costs under control and result in a new building that will feature an exterior design suitable for a new Ginza landmark. We are targeting completion in early summer of 2016.

As result of the efforts as outlined above, the Real Estate business posted first-half sales of ¥10.9 billion, down ¥0.0 billion or 1% year over year. Operating income totaled ¥4.3 billion, down ¥0.1 billion or 3%.

(2) Review of Consolidated Financial Condition

Consolidated Financial Condition

Consolidated assets as of the end of the second quarter on June 30, 2014, totaled ¥603.2 billion, a ¥13.4 billion decrease from the end of the previous fiscal year (December 31, 2013). The decline is attributable to a decrease in notes and accounts receivable - trade, which more than offset increases in merchandize, finished products and of construction in progress and investment securities.

Consolidated liabilities totaled ¥460.8 billion, a ¥0.4 billion decrease from December 31, 2013, primarily reflecting a decrease in short-term bank loans and in liquor taxes payable, which more than offset increases in commercial paper and long-term bank loans.

Consolidated net assets as of June 30, 2014, totaled ¥142.3 billion, a ¥12.9 billion decline from December 31, 2013. The decline is primarily owing to the distribution of year-end dividends and the booking of a net loss for the first half of the current fiscal year, which combined to offset an increase in unrealized holding gain on securities.

Consolidated Cash Flows

Consolidated cash flows for the six months ended June 30, 2014 were as follows.

Operating activities provided net cash of ¥1.8 billion. The major sources of operating cash were a ¥17.5 billion decrease in notes and accounts receivable - trade and depreciation and amortization of ¥12.0 billion. Cash inflows from these and other sources were largely offset by a ¥14.3 billion loss before income taxes and minority interests and by outflows related to income taxes paid (¥4.8 billion) and a decrease in liquor taxes payable (¥10.8 billion).

Investing activities used net cash of ¥11.4 billion. The major investment outflows were purchases of property, plant and equipment (¥8.6 billion) and purchases of intangibles (¥1.1 billion).

Financing activities provided net cash of ¥9.0 billion. The major inflows were from proceeds from long-term bank loans (¥10.0 billion) and an increase in commercial paper (¥18.0 billion). The major outflows were the repayment of long-term bank loans (¥13.6 billion) and cash dividends paid (¥2.7 billion).

As a result of the above, cash and cash equivalents stood at ¥10.8 billion as of June 30, 2014.

(3) Consolidated Earnings Forecast

In the first half of 2014, the Japanese economy showed signs of a moderate recovery, including rising corporate earnings, against a backdrop of monetary easing and economic stimulus measures. However, the consumption environment remains clouded with uncertainties as the surge in demand seen in March ahead of the April consumption tax hike has been followed by a reactionary decline in consumption.

The SAPPORO Group continues to face a challenging operating environment but is steadily implementing various measures in each business segment targeted at securing Group profits.

Considering Group earnings through the end of the second quarter of 2014, we have made the following revisions to the full-year 2014 consolidated earnings forecast issued on February 12, 2014.

Revisions to consolidated earnings forecasts for fiscal 2014 (January 1 – December 31, 2014)

(Unit: millions of yen)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previously announced forecast (A)	537,700	15,000	13,600	5,000
Revised forecast (B)	537,700	15,000	13,600	(2,000)
Change (B – A)	-	-	-	(7,000)
Percent change (%)	-	-	-	-
For reference Fiscal 2013 result	509,834	15,344	15,130	9,451

2. Other Information

(1) Changes in significant subsidiaries during the six months ended June 30, 2014

Not applicable

(2) Application of accounting methods specific to the preparation of quarterly consolidated financial statements

(Calculation of tax liabilities)

The Company calculates tax liabilities by producing a reasonable estimate of the effective tax rate after applying tax-effect accounting to income before taxes and minority interests for the fiscal year, which encompasses the six months ended June 30, 2014, and then multiplying income (loss) before taxes and minority interests by this estimated effective tax rate.

(3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement

Not applicable

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(millions of yen)

	December 31, 2013	June 30, 2014
	Amount	Amount
Assets		
I Current assets		
1 Cash and cash equivalents	11,552	10,886
2 Notes and accounts receivable - trade	87,148	69,341
3 Merchandize and finished products	20,832	24,876
4 Raw materials and supplies	13,552	12,848
5 Other	14,479	15,376
6 Allowance for doubtful receivables	(228)	(206)
Total current assets	147,336	133,123
II Fixed assets		
1 Property, plant and equipment		
(1) Buildings and structures	390,326	388,319
Accumulated depreciation	(212,741)	(213,191)
Buildings and structures, net	177,585	175,128
(2) Machinery and vehicles	218,275	218,995
Accumulated depreciation	(176,691)	(177,768)
Machinery and vehicles, net	41,583	41,227
(3) Land	115,056	115,062
(4) Construction in progress	5,668	8,487
(5) Other	37,757	36,683
Accumulated depreciation	(24,768)	(23,950)
Other, net	12,988	12,733
Total property, plant and equipment	352,882	352,638
2 Intangible assets		
(1) Goodwill	34,418	32,411
(2) Other	7,566	6,320
Total intangible assets	41,985	38,731
3 Investments and other assets		
(1) Investment securities	51,221	54,503
(2) Long-term loans receivable	9,544	9,290
(3) Other	15,109	16,333
(4) Allowance for doubtful receivables	(1,326)	(1,325)
Total investments and other assets	74,548	78,802
Total fixed assets	469,416	470,172
Total assets	616,752	603,296

	December 31, 2013	June 30, 2014
	Amount	Amount
Liabilities		
I Current liabilities		
1 Notes and accounts payable - trade	35,902	34,318
2 Short-term bank loans	63,642	56,108
3 Commercial Paper	25,000	43,000
4 Liquor taxes payable	33,700	22,819
5 Income taxes payable	3,837	661
6 Accrued bonuses	2,090	1,296
7 Deposits received	10,824	10,483
8 Other	52,309	56,396
Total current liabilities	227,308	225,086
II Long-term liabilities		
1 Bonds	52,000	52,000
2 Long-term bank loans	107,185	110,054
3 Employees' retirement benefits	5,907	5,391
4 Dealers' deposits for guarantees	32,423	32,553
5 Other	36,561	35,813
Total long-term liabilities	234,077	235,811
Total liabilities	461,386	460,898
Net Assets		
I Shareholders' equity		
1 Common stock	53,886	53,886
2 Capital surplus	45,911	45,911
3 Retained earnings	37,409	23,646
4 Treasury stock, at cost	(1,311)	(1,484)
Total shareholders' equity	135,896	121,960
II Accumulated other comprehensive income		
1 Unrealized holding gain on securities	15,467	17,353
2 Deferred hedge gains (losses)	4	(4)
3 Foreign currency translation adjustments	314	(452)
Total accumulated other comprehensive income	15,786	16,896
III Minority Interests	3,683	3,540
Total net assets	155,366	142,397
Total liabilities and net assets	616,752	603,296

(2) Consolidated Statements of Income

(millions of yen)

	Six months ended June 30, 2013	Six months ended June 30, 2014
	Amount	Amount
I Net sales	231,225	239,862
II Cost of sales	149,515	155,293
Gross profit	81,709	84,568
III Selling, general and administrative expenses		
1 Sales incentives and commissions	15,240	16,005
2 Advertising and promotion expenses	11,363	11,846
3 Salaries	15,834	16,057
4 Provision for bonuses	773	797
5 Retirement benefit expenses	1,690	1,548
6 Other	36,337	37,305
Total selling, general and administrative expenses	81,239	83,561
Operating income	470	1,007
IV Non-operating income		
1 Interest income	129	114
2 Dividend income	523	473
3 Equity in earnings of affiliates	-	82
4 Foreign exchange gains	470	-
5 Other	685	502
Total non-operating income	1,810	1,172
V Non-operating expenses		
1 Interest expense	1,426	1,229
2 Equity in loss of affiliates	3	-
3 Foreign exchange losses	-	296
4 Other	514	381
Total non-operating expenses	1,944	1,907
Ordinary income	335	272
VI Extraordinary gains		
1 Gain on sales of property, plant and equipment	42	57
2 Gain on sales of investment securities	3,491	20
Total extraordinary gains	3,533	78
VII Extraordinary losses		
1 Loss on disposal of property, plant and equipment	248	1,336
2 Loss on sales of property, plant and equipment	-	49
3 Impairment loss	288	-
4 Loss on devaluation of investment securities	11	9
5 Loss on sales of investment securities	3	0
6 Additional liquor tax paid and other	-	11,684
7 Compensation expenses	-	1,618
8 Business structure improvement expenses	185	-
Total extraordinary losses	737	14,699
Income (loss) before income taxes and minority interests	3,132	(14,348)
Income taxes	2,982	(3,212)
Income (loss) before minority interests	149	(11,135)
Minority interests	(40)	(207)
Net Income (loss)	189	(10,928)

Income (loss) before minority interests	149	(11,135)
Other comprehensive income		
Unrealized holding gain on securities	6,011	1,885
Deferred hedge gains (losses)	(25)	(16)
Foreign currency translation adjustments	3,128	(680)
Total other comprehensive income	9,115	1,189
Comprehensive income	9,264	(9,946)
(Breakdown)		
Comprehensive income attributable to owners of the parent	8,893	(9,818)
Comprehensive income attributable to minority interests	371	(127)

(3) Consolidated Statements of Cash Flows

(millions of yen)

	Six months ended June 30, 2013	Six months ended June 30, 2014
	Amount	Amount
I Cash flows from operating activities		
1 Income (loss) before income taxes and minority interests	3,132	(14,348)
2 Depreciation and amortization	12,561	12,064
3 Goodwill amortization	2,014	1,877
4 Increase (decrease) in employees’ retirement benefits	(979)	(513)
5 Increase (decrease) in allowance for doubtful receivables	4	(23)
6 Interest and dividend income	(653)	(587)
7 Interest expense	1,452	1,242
8 (Gain) loss on sales and disposal of fixed assets	206	1,328
9 (Gain) loss on sales of investment securities	(3,488)	(20)
10 (Gain) loss on revaluation of investment securities	11	9
11 (Increase) decrease in notes and accounts receivable - trade	8,538	17,562
12 (Increase) decrease in inventories	(3,066)	(3,414)
13 (Increase) decrease in other current assets	(388)	179
14 Increase (decrease) in notes and accounts payable - trade	(58)	(1,454)
15 Increase (decrease) in liquor taxes payable	(1,917)	(10,849)
16 Increase (decrease) in deposits received	(663)	(338)
17 Increase (decrease) in other current liabilities	(817)	5,254
18 Other	(1,479)	(777)
Sub total	14,408	7,188
19 Interest and dividends received	758	708
20 Interest paid	(1,478)	(1,266)
21 Income taxes paid	(4,997)	(4,806)
Net cash provided by (used in) operating activities	8,690	1,823
II Cash flows from investing activities		
1 Purchases of property, plant and equipment	(5,817)	(8,624)
2 Proceeds from sales of property, plant and equipment	94	145
3 Purchases of intangibles	(818)	(1,145)
4 Payments for purchases of investment securities	(324)	(263)
5 Proceeds from sales of investment securities	4,339	29
6 Purchase of subsidiaries' shares	(14)	(90)
7 Purchase of affiliates securities	(286)	-
8 Other	(1,826)	(1,487)
Net cash provided by (used in) investing activities	(4,653)	(11,435)
III Cash flows from financing activities		
1 Net increase (decrease) in short-term bank loans	(7,251)	(904)
2 Increase (decrease) in commercial paper	2,000	18,000
3 Proceeds from long-term bank loans	23,250	10,000
4 Repayment of long-term bank loans	(15,774)	(13,615)
5 Proceeds from issuance of bonds	9,960	-
6 Redemption of bonds	(10,000)	-
7 Cash dividends paid	(2,729)	(2,727)
8 Cash dividends paid to minority shareholders	(7)	(14)
9 Repayment of finance lease obligations	(2,371)	(1,694)
10 Other	(934)	(26)
Net cash provided by (used in) financing activities	(3,859)	9,017
IV Effect of exchange rate changes on cash and cash equivalents	246	(126)
V Net increase (decrease) in cash and cash equivalents	424	(721)
VI Cash and cash equivalents at beginning of period	9,725	11,518
Ⅶ Increase(decrease) in Cash and cash equivalents from newly consolidated subsidiaries	(116)	9
Ⅷ Increase in cash and cash equivalents resulting from merger	-	46
Ⅸ Cash and cash equivalents at end of period	10,033	10,852

(4) Notes on the Going-concern Assumption
Not applicable

(5) Segment Information

Ⅰ **Six months ended June 30, 2013 (January 1, 2013 – June 30, 2013)**

1. Sales, income, and loss by reportable segment

(millions of yen)

	Reportable segments						Other *1	Total	Adjustments	Amounts reported on the statements of income *2
	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Total				
Net sales										
(1) Operating revenues	120,573	23,090	60,751	12,603	11,014	228,034	3,190	231,225	-	231,225
(2) Intra-group sales and transfers	1,117	41	117	0	1,296	2,574	8,905	11,479	(11,479)	-
Total	121,691	23,132	60,869	12,604	12,311	230,608	12,095	242,704	(11,479)	231,225
Segment income (loss)	199	337	(2,451)	(225)	4,448	2,307	28	2,335	(1,865)	470

Notes:

(1) "Other" comprises businesses, such as logistics businesses, that are not included in reportable segments.

(2) Segment income and losses are adjusted based on operating income reported on the quarterly consolidated statements of income for the corresponding period.

2. Reconciliation and main components of differences between income and loss of reportable segments and figures on the statement of income (information on differences)

(millions of yen)

Segment income (loss)	Amount
Total for reportable segments	2,307
Total other losses	28
Unallocated corporate costs	(1,726)
Intra-segment sales	(138)
Operating income on the statement of income	470

3. Impairment loss on fixed assets or goodwill by reportable segment

(Significant impairment losses on fixed assets)
Not applicable

(Significant changes in the amount of goodwill)
Not applicable

(Material Gain on negative goodwill)
Not applicable

Ⅱ **Six months ended June 30, 2014 (January 1, 2014 – June 30, 2014)**

1. Sales, income, and loss by reportable segment

(millions of yen)

	Reportable segments						Other *1	Total	Adjustments	Amounts reported on the statements of income *2
	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Total				
Net sales										
(1) Operating revenues	127,177	23,737	62,757	12,367	10,930	236,970	2,891	239,862	-	239,862
(2) Intra-group sales and transfers	1,169	47	136	2	1,287	2,642	9,285	11,927	(11,927)	-
Total	128,347	23,784	62,893	12,369	12,217	239,612	12,177	251,789	(11,927)	239,862
Segment income (loss)	1,313	(582)	(1,833)	(335)	4,317	2,879	111	2,990	(1,983)	1,007

Notes:

(1) "Other" comprises businesses, such as logistics businesses, that are not included in reportable segments.

(2) Segment income and losses are adjusted based on operating income reported on the quarterly consolidated statements of income for the corresponding period.

2. Reconciliation and main components of differences between income and loss of reportable segments and figures on the statement of income (information on differences)

(millions of yen)

Segment income (loss)	Amount
Total for reportable segments	2,879
Total other losses	111
Unallocated corporate costs	(1,894)
Intra-segment sales	(89)
Operating income on the statement of income	1,007

3. Impairment loss on fixed assets or goodwill by reportable segment

(Significant impairment losses on fixed assets)

Not applicable

(Significant changes in the amount of goodwill)

Not applicable

(Material Gain on negative goodwill)

Not applicable

(6)Notes on Significant Changes in the Amount of Shareholder's Equity

Not applicable

(7)Subsequent Events

Not applicable