**Financial Results**
**for the three Months Ended March 31, 2015 — Consolidated**
**(Based on Japanese GAAP)**

May 8, 2015

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 |
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Scheduled dates:

| | |
|---|---|
| Filing of quarterly financial report | May 14, 2015 |
| Commencement of dividend payments | - |
| Supplementary information to the quarterly earnings results | Available |
| Quarterly earnings results briefing held | Yes<br>(mainly targeted at institutional investors and analysts) |

## 1. Consolidated Financial Results for the three Months Ended March 31, 2015 (January 1 – March 31, 2015)

(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 | % |
| Three months ended March 31, 2015 | 108,457 | (3.2) | (4,328) | - | (4,555) | - | 882 | - |
| Three months ended March 31, 2014 | 112,084 | 11.5 | (1,726) | - | (2,348) | - | (3,815) | - |

Note: Accumulated other comprehensive income

Three months ended March 31, 2015 3,218 million yen

Three months ended March 31, 2014 (5,994) million yen

| | Net income per share | Diluted net income per share |
|---|---|---|
| | Yen | Yen |
| Three months ended March 31, 2015 | 2.26 | - |
| Three months ended March 31, 2014 | (9.78) | - |

## (2) Financial Position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|---|---|---|---|---|
| | million yen | million yen | % | yen |
| March 31, 2015 | 606,653 | 158,621 | 25.3 | 394.27 |
| December 31, 2014 | 625,439 | 160,004 | 25.0 | 401.17 |

Note: Shareholders' equity
March 31, 2015: 153,612 million yen
December 31, 2014: 156,303 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, 2014 | — | 0.00 | — | 7.00 | 7.00 |
| Year ending December 31, 2015 | — | | | | |
| Year ending December 31, 2015 (forecast) | | 0.00 | — | 7.00 | 7.00 |

Note: No changes were made to dividend forecasts in the three months ended March 31, 2015.

## 3. Forecast of Consolidated Earnings for the Year Ending December 31, 2015 (January 1 – December 31, 2015)

(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, 2015 | 545,700 | 5.2 | 16,300 | 10.7 | 15,200 | 4.4 | 8,000 | 2252.8 | 20.53 |

Note: No Changes have been made to earnings forecasts since the latest release.

Earnings forecasts for the six months ending June 30, 2015 are omitted because the company manages performance targets on a yearly basis.

## 4. Other

*For details, see "2. Other Information" on page 10.

(1) Changes in significant subsidiaries during the three months ended March 31, 2015: 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.: Yes
2) Changes other than 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatement: None

Note: For details, see (3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement, in section "2. Other Information" on page 10 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):
March 31, 2015: 393,971,493 shares
December 31, 2014: 393,971,493 shares

2) Number of shares held in treasury at end of period:
March 31, 2015: 4,358,033 shares
December 31, 2014: 4,348,456 shares

3) Average number of outstanding shares during the period:
Three months ended March 31, 2015: 389,616,758 shares
Three months ended March 31, 2014: 390,155,704 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 Three Months ended March 31, 2015

In the first quarter of 2015 (January 1 – March 31, 2015), the Japanese economy remained on a moderate recovery track, supported by the government's economic stimulus measures and the Bank of Japan's monetary easing. Personal consumption has been rebounding from the downturn seen after the consumption tax hike, but the outlook continues to lack clarity.

In this economic environment, the Japanese Alcoholic Beverages business's shipments of beer and beer-type beverages fell sharply year over year, reflecting the surge in demand a year earlier ahead of the consumption tax hike. Meanwhile, the International Business's contribution to consolidated sales increased owing to a change in the accounting period of one overseas subsidiary and the inclusion of another in the accounts for the first time, but the overall sales of the SAPPORO Group declined year over year nonetheless.

The operating loss became larger than in the first quarter of 2014, mainly due to the downturn in the Japanese Alcoholic Beverages business's shipment volume combined with a decline in rental revenues at the Real Estate business as a result of replacing tenants following the exit of a large tenant at the expiration of the lease contract in May 2014.

As a result of the above factors, the SAPPORO Group posted consolidated sales of ¥108.4 billion (down ¥3.6 billion or 3% year over year), an operating loss of ¥4.3 billion (compared with a ¥1.7 billion loss a year earlier), and an ordinary loss of ¥4.5 billion (compared with a ¥2.3 billion loss a year earlier). However, the Group posted net income of ¥0.8 billion in the first quarter of 2015 (compared with a ¥3.8 billion loss a year earlier), owing to the realization of a gain on the sale of trust beneficiary rights in the Shibuya Sakuragaoka Square office building in February.

Segment information is outlined below. Consolidated subsidiary New Sanko Inc., which was included in the Japanese Alcoholic Beverages segment last year, has been moved to the Restaurants segment from the first quarter of 2015.

Seasonal Factors

The Group's operating results exhibit substantial seasonal variation because demand for the products and services offered by the Japanese Alcoholic Beverages, International Business, Food & Soft Drinks, and Restaurants businesses tends to be concentrated in the summer months. Sales and profits consequently tend to be lower in the first quarter than in the other three quarters.

**Japanese Alcoholic Beverages**

We estimate that total domestic demand for beer and beer-type beverages in the first quarter of 2015 declined 9% year over year. Although demand for happoshu increased, demand for both beer and new-genre beer was much lower than a year earlier, when demand was inflated by consumers stocking up on product before the consumption sales tax hike.

Under such market conditions, the Japanese Alcoholic Beverages business continued its efforts to realize further growth by constantly providing customers with a value proposal unique to Sapporo Breweries Ltd. These efforts continued to center on implementing the new management vision first set forth in 2014 of “Seek No.1 by accumulating one-of-a-kind products” while also adhering to the campaign slogan, “Bringing more cheer to your ‘Cheers’!”.

In the beer and beer-type beverages category, we again stimulated sales of our core Yebisu brand with the release of two popular limited volume versions—Kaori Hanayagu Yebisu in February and Yebisu Royal Selection in March. Also in March, we re-launched Goku Zero, the world’s first beer-type beverage with zero purine bodies, as a happoshu. The new, improved Goku Zero offers new value as a beverage using zero artificial sweeteners. In the new-genre beer category, in February we introduced the latest version of the popular Mugi to Hop The gold, featuring further refinement of the beverage’s characteristic rich taste. In March, we unveiled the functional new-genre beer Green Aroma, which offers new value in the form of a unique, refreshing aroma. However, these new product offerings were not enough to keep sales even with the high levels created by the pre-tax hike demand surge in the first quarter of 2014. As a result, shipments of our beer and beer-type beverages declined 17% year over year. Our market share also slipped from the previous year’s level.

In the RTD* category, Sapporo Otoko Ume Sour continued to win customers’ favor, and sales of our canned Bacardi RTD cocktails beat targets. As a result, overall RTD sales volume showed a solid year-over-year growth.

Our wine business revamped the lineup of its flagship domestic premium brand, Grande Polaire, with the limited volume release in March of three new wines—a syrah, a chardonnay and a meritage**—in the Grande Polaire Azumino Ikeda Vineyard series made from grapes from Japan’s ultimate vineyard. The wines were well received by wine lovers, helping boost sales of our domestic and imported mid- and high-price range wines above the previous year's level. However, the Group’s overall wine sales were down from the previous year, in line with the wider market trend, reflecting the high hurdle created by the pre-tax hike demand surge a year earlier.

Our spirits business, achieved year-over-year sales growth of our lineup of Bacardi brand products.

The Japanese liquor business posted a significant year-over-year growth in sales of its *umeshu* (Japanese plum wine) offerings and also maintained sales of its *Imo* Shochu Kokuimo, the No. 1 selling blended *imo S*hochu, on a par with the first quarter of 2014.

Category-wide sales, however, were down from the unusually high levels realized during last year's demand surge.

Overall, the Japanese Alcoholic Beverages business posted first-quarter sales of ¥51.2 billion, down ¥7.8 billion or 13% year over year. Despite continued efforts to control costs, the business posted a first-quarter operating loss of ¥2.3 billion, compared with a ¥1.1 billion loss 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.

** Meritage wines are a blend of two or more "noble" Bordeaux varieties.

**International Business**

In North America, the falling price of crude oil encouraged an increase in personal consumption in the United States but appears to have had a negative impact on the Canadian economy. Consequently, we estimate that total demand in the first quarter of 2015 was largely flat in the U.S. beer market but fell about 1% year over year in Canada. The Asian beer market, however, seems to continue to grow, supported by growing populations and steadily expanding economies.

In this environment, our International Business continued aggressive marketing activities targeting the premium beer markets in North America and Southeast Asia, the two regions where the business is concentrating its resources and efforts. In Canada, SLEEMAN BREWERIES's continued concentration of marketing expenditures on its premium brands enabled it to enhance brand value and achieve a year-over-year increase in sales of its premium brands. Overall, SLEEMAN's first-quarter shipments (excluding Sapporo brand beer) rose 3% year over year. In the U.S. market, Sapporo USA’s expansion of its marketing efforts targeting the Japanese-American market segment to the wider Asian-American and general population market segments supported a year-over-year increase in shipments of Sapporo brand beers. Silver Springs Citrus was adversely affected by the persistently high price of oranges used to produce its juices, but the addition of Country Pure Foods Inc. as a consolidated subsidiary in February strengthened our position in the U.S. juice market.

The Vietnam business continued its aggressive marketing efforts to establish the Sapporo brand in the local market, including large-scale promotional events and placement of product displays at the entrance to bars and restaurants. These efforts resulted in a year-over-year increase in sales volume in the first quarter. In South Korea, we continued to strengthen sales of beer to both the household and commercial markets by leveraging our local partner's sales network. Meanwhile, cooperative efforts with our local subsidiary in Singapore are expanding our sales channels in that country's household market. Lastly, the Oceania business increased sales volumes over those a year earlier as it continued to strengthen marketing and sustain its growth trend throughout the region, where our business centers on licensing agreements with local brewing partners. The efforts outlined above enabled the International Business to increase first-quarter shipments of Sapporo brand products in overseas markets by 30% year over year.

Furthermore, we changed Silver Springs Citrus's accounting period included in the Group's consolidated accounts and started to include Country Pure Foods in the consolidated accounts from February.

Overall, the International Business posted first-quarter sales of ¥16.0 billion, up ¥5.5 billion or 53% year over year, thanks to the efforts noted above. Nonetheless, the segment posted an operating loss of ¥1.2 billion (compared with ¥0.8 billion a year earlier).

**Food & Soft Drinks**

We estimate that overall demand for soft drinks in Japan decreased 4% year over year in the first quarter of 2015, with the decline largely reflecting the high hurdle created by the demand surge prior to the consumption tax hike in the first quarter of 2014. In addition, we estimate that total demand for lemon-based products (flavorings) fell 3% and demand for instant soup (including soups in a cup) slipped 2%.

In this environment, the Sapporo Group's Food & Soft Drinks business began its third 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 segment's domestic soft drinks business enhanced its lineup of lemon-based products with the introduction on March 30 of a new energy drink, ENERGIE, from our core Kireto Lemon brand. The caffeine-free, low-calorie, re-cappable, carbonated lemon juice-based energy drink is targeted at the adult female market segment. In terms of other soft drinks offerings, reflecting the growing consumer demand for food safety, we launched Nippon Oolong, an oolong tea made from domestic tea leaves, with hopes of capturing a larger share of the oolong tea market, which accounts for 15% of Japan's unsweetened tea market. The first-quarter sales volumes of our domestic soft drink offerings were stable with the previous-year level, although sales of lemon-based drinks and tea drinks were solid, as sales of vending machine stagnated.

With regard to lemon-based products, we enhanced the lineup of our Pokka Lemon 100 brand with the introduction of Pokka Lemon Premium Sicilian Straight Lemon Juice for various uses and Shio Lemon, a salted preserved lemon-based flavoring capable of expanding a cook's repertoire of dishes using lemon flavoring. Sales volumes of lemon-based products slipped 1% year over year but exceeded the total demand supported by solid sales of these new products.

The instant soup category enhanced its lineup with two new additions to the Jikkuri Kotokoto Kongari Pan series—a demi-glace version with large chunks of Kongari Pan (baked bread) and Yasai o Taberu Tomato Chowder, a healthy chowder loaded with vegetables. As a result, sales volumes of instant soups increased 12%.

In the domestic restaurants business, the Café de Crié coffee shop chain overcame rising costs, including procurement costs and personnel expenses, and posted a solid increase in sales. The solid result reflects a rebound in comparable-store sales fueled by timely and detailed menu revisions.

The overseas soft drinks business had a solid first quarter, with sales in Singapore and export sales both above previous-year levels. During the quarter, POKKA CORPORATION (Singapore) agreed to form a joint venture with PT DIMA INDONESIA to manufacture and sell soft drinks in Indonesia, a promising growth market.

Furthermore, we sold our restaurant business in Hong Kong in December 2014.

As a result of above, the Food & Soft Drinks segment recorded first-quarter sales of ¥29.3 billion, down ¥0.4 billion or 2% year over year. The segment posted an operating loss of ¥1.2 billion (compared with a ¥0.7 billion loss a year earlier).

(Data source: Year-over-year total sales value comparisons for January–March 2015 for the lemon foods market (Sapporo definition) and the instant soup market are based on Intage SRI market research studies on the supermarket and convenience store industries.)

**Restaurants**

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

In this environment, our Restaurants Business continued to pursue the fulfillment of its corporate philosophy of "Enhancing the Joy of Living" through constant efforts to deliver safe and sound food and service to customers while also striving to create restaurants that "deliver 100% satisfaction to customers."

In the first quarter of 2015, the Restaurant business endeavored to raise profitability by changing store formats. As part of its integrated profit structure reform, the business also closed six outlets, including some unprofitable stores. As a result, the number of outlets operating at period-end decreased to 179. In April, however, we will open the first Hokkaido outlet for our popular Yebisu Bar chain.

Overseas, we opened another Rive Gauche cake and patisserie shop in Singapore, bringing the Restaurants Business's total number of overseas outlets to 15. This number includes two Ginza Lion Beer Halls, the second opened in October 2014, and we plan to continue creating eating and drinking establishments that will be popular with local consumers.

Overall, the Restaurants business posted first-quarter sales of ¥5.8 billion, on par with the first quarter of 2014. The segment's operating loss came to ¥0.3 billion, unchanged from a ¥0.3 billion loss reported year earlier.

**Real Estate**

Japan's real estate industry continued to see a moderate recovery in rent levels during the first quarter of 2015, as vacancy rates in the Greater Tokyo office leasing market also continued to improve.

Amid such market conditions, our real estate leasing business was supported by its success in finding replacement tenants for its core Yebisu Garden Place property, which saw its occupancy rate drop temporarily following the exit of a large tenant at the expiration of the lease contract in May 2014. The property's occupancy rate has now recovered to the stably higher levels at our other properties.

Yebisu Garden Place celebrated the 20th anniversary of its opening during 2014, and we continue to make renovations that enhance the property's value by raising convenience levels and strengthening its brand appeal as we endeavor to provide tenants and visitors with enjoyable experiences in comfortable and pleasant surroundings. During the first quarter of 2015, we began a major renovation of the building's B1 restaurant floor, with reopening scheduled for this June. Also, on March 28, we opened a new-concept movie theater that provides new value to customers in line with our effort to create a new brand image for the Ebisu area. At the complex's rental housing building, we are proceeding with renovations of communal-use areas to further enhance comfort for residents and visitors. At the complex's office tower, in March we completed the installation of equipment to ensure electricity supply to tenant spaces during a disaster. Recent efforts to strengthen the facilities' earthquake resistance and raise safety levels have increased its competitive position in rental office market.

The new Ebisu First Square, which came on line in October 2014, has won high praise from tenants as a highly competitive office building with superior safety features, comfort levels, and environmental performance. We look forward to a full-year's contribution to earnings from the property in 2015.

The real estate development business began construction work in March on a new building as part of its Ginza 5-chome Redevelopment Project. The building is scheduled to be open for business in summer 2016. The aim is to develop a property that becomes the talk of the town and a center of activity suitable for a Ginza landmark.

We are constantly reviewing and revising our property portfolio from a long-term perspective. As a result, we sold our entire equity stake in Sapporo Sports Plaza in December 2014 as well as several lease properties, and during the first quarter of 2015 we sold trust beneficiary rights to the Shibuya Sakuragaoka Square office building in February.

As result of the efforts outlined above, the Real Estate business posted first-quarter sales of ¥4.7 billion, down ¥0.8 billion or 16% year over year, and operating income of ¥1.7 billion, down ¥0.5 billion or 25%.

## (2) Review of Consolidated Financial Condition

Consolidated Financial Condition

Consolidated assets as of the end of the first quarter on March 31, 2015, totaled ¥606.6 billion, an ¥18.7 billion decrease from the end of the previous fiscal year (December 31, 2014). Despite the addition of Country Pure Foods, Inc., to consolidated accounts, overall assets declined owing to a decrease in notes and accounts receivable – trade caused by the annual seasonal weakness in sales. The sale of trust beneficiary rights in the Shibuya Sakuragaoka Square also contributed to the decrease in assets.

Consolidated liabilities totaled ¥448.0 billion, a ¥17.4 billion decrease from December 31, 2014, primarily reflecting a decrease in commercial paper and liquor taxes payable, which more than offset increases in short-term bank loans and net defined benefit liability.

Consolidated net assets as of March 31, 2015, totaled ¥158.6 billion, ¥1.3 billion less than the previous fiscal year-end level. The decline is attributable to the application of revised retirement benefit accounting standard, etc. as well as the decline in retained earnings due to the distribution of year-end dividends, which offset an increase in unrealized holding gain on securities.

## (3) Consolidated Earnings Forecast

The consolidated earnings forecast for the full fiscal year ending December 31, 2015 is unchanged from the forecast announced by the Company on February 12, 2015.

## 2. Other Information

### (1) Changes in significant subsidiaries during the three months ended March 31, 2015

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 three months ended March 31, 2015, 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

(Changes in Accounting Policy)

"Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan - ASBJ - Statement No. 26 of May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 of May 17, 2012) have been applied, effective from the first quarter of the current consolidated financial year ending December 31, 2015, in accordance with the provisions of Article 35 of the Accounting Standard for Retirement

Benefits and Article 67 of the Guidance on Accounting Standard for Retirement Benefits. As a result, the method for calculating retirement benefit obligations and service costs has been revised, and the method for attributing projected benefits to periods has been changed from the straight-line basis to the benefit formula basis. As to the discount rate, it used to be calculated based on the periods, comparable to employees' average remaining years of service. Under the new accounting standard, however, the method of determining the discount rate has now been changed to use a single weighted-average discount rate that reflects the periods until the expected payment of retirement benefits and the amount of projected benefits for every such period.

In applying these retirement benefit-related accounting standards, etc. and in accordance with the transitional treatment provided in Article 37 of the Accounting Standard for Retirement Benefits, the effect of the change in calculation method for retirement benefit obligations and service costs has been recognized by adjusting retained earnings at the beginning of the first quarter of the current financial year ending December 31, 2015.

Consequently, as at the beginning of the first quarter of the current financial year ending December 31, 2015, net defined benefit liability increased by ¥4,799 million, while retained earnings decreased by ¥3,105 million. Furthermore, during the first quarter of the current consolidated financial year, operating loss and ordinary loss decreased each by ¥42 million respectively, and income before income taxes and minority interests grew by ¥42 million.

# 3. Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(millions of yen)

| | December 31, 2014 | March 31, 2015 |
|---|---|---|
| | Amount | Amount |
| **Assets** | | |
| I Current assets | | |
| 1 Cash and cash equivalents | 9,781 | 9,259 |
| 2 Notes and accounts receivable - trade | 89,245 | 62,593 |
| 3 Merchandize and finished products | 22,431 | 27,535 |
| 4 Raw materials and supplies | 14,108 | 13,456 |
| 5 Other | 20,971 | 16,739 |
| 6 Allowance for doubtful receivables | (165) | (150) |
| Total current assets | 156,372 | 129,434 |
| II Fixed assets | | |
| 1 Property, plant and equipment | | |
| (1) Buildings and structures | 387,644 | 386,452 |
| Accumulated depreciation | (211,317) | (212,776) |
| Buildings and structures, net | 176,327 | 173,676 |
| (2) Machinery and vehicles | 224,180 | 229,804 |
| Accumulated depreciation | (180,302) | (184,543) |
| Machinery and vehicles, net | 43,878 | 45,260 |
| (3) Land | 115,290 | 109,314 |
| (4) Construction in progress | 2,617 | 6,569 |
| (5) Other | 36,088 | 36,177 |
| Accumulated depreciation | (23,606) | (23,837) |
| Other, net | 12,482 | 12,340 |
| Total property, plant and equipment | 350,597 | 347,161 |
| 2 Intangible assets | | |
| (1) Goodwill | 29,966 | 35,279 |
| (2) Other | 6,025 | 8,609 |
| Total intangible assets | 35,991 | 43,888 |
| 3 Investments and other assets | | |
| (1) Investment securities | 59,968 | 63,209 |
| (2) Long-term loans receivable | 9,150 | 9,021 |
| (3) Other | 14,663 | 15,219 |
| (4) Allowance for doubtful receivables | (1,305) | (1,282) |
| Total investments and other assets | 82,477 | 86,168 |
| Total fixed assets | 469,066 | 477,218 |
| Total assets | 625,439 | 606,653 |

| | December 31, 2014 | March 31, 2015 |
|---|---|---|
| | Amount | Amount |
| **Liabilities** | | |
| I Current liabilities | | |
| 1 Notes and accounts payable - trade | 35,534 | 33,665 |
| 2 Short-term bank loans | 31,446 | 39,931 |
| 3 Commercial Paper | 30,000 | 21,000 |
| 4 Current portion of bonds | 12,000 | 12,000 |
| 5 Liquor taxes payable | 33,602 | 17,270 |
| 6 Income taxes payable | 724 | 1,494 |
| 7 Accrued bonuses | 2,115 | 4,205 |
| 8 Deposits received | 9,650 | 9,221 |
| 9 Other | 56,696 | 48,808 |
| Total current liabilities | 211,771 | 187,596 |
| II Long-term liabilities | | |
| 1 Bonds | 50,000 | 50,000 |
| 2 Long-term bank loans | 124,110 | 126,274 |
| 3 Net defined benefit liability | 4,510 | 9,122 |
| 4 Dealers' deposits for guarantees | 32,336 | 32,882 |
| 5 Other | 42,704 | 42,154 |
| Total long-term liabilities | 253,662 | 260,434 |
| Total liabilities | 465,434 | 448,031 |
| **Net Assets** | | |
| I Shareholders' equity | | |
| 1 Common stock | 53,886 | 53,886 |
| 2 Capital surplus | 45,912 | 45,912 |
| 3 Retained earnings | 34,913 | 29,965 |
| 4 Treasury stock, at cost | (1,544) | (1,549) |
| Total shareholders' equity | 133,168 | 128,215 |
| II Accumulated other comprehensive income | | |
| 1 Unrealized holding gain on securities | 20,112 | 23,948 |
| 2 Deferred hedge gains | (0) | (3) |
| 3 Foreign currency translation adjustments | 2,582 | 714 |
| 4 Remeasurements of defined benefit plans | 440 | 737 |
| Total accumulated other comprehensive income | 23,135 | 25,397 |
| III Minority Interests | 3,700 | 5,009 |
| Total net assets | 160,004 | 158,621 |
| Total liabilities and net assets | 625,439 | 606,653 |

## (2) Consolidated Statements of Income

(millions of yen)

| | Three months ended March 31, 2014 | Three months ended March 31, 2015 |
|---|---|---|
| | Amount | Amount |
| I Net sales | 112,084 | 108,457 |
| II Cost of sales | 73,215 | 73,819 |
| Gross profit | 38,869 | 34,638 |
| III Selling, general and administrative expenses | | |
| 1 Sales incentives and commissions | 7,583 | 7,725 |
| 2 Advertising and promotion expenses | 5,846 | 5,234 |
| 3 Salaries | 7,046 | 6,937 |
| 4 Provision for bonuses | 1,360 | 1,335 |
| 5 Retirement benefit expenses | 763 | 667 |
| 6 Other | 17,994 | 17,065 |
| Total selling, general and administrative expenses | 40,596 | 38,966 |
| Operating loss | (1,726) | (4,328) |
| IV Non-operating income | | |
| 1 Interest income | 58 | 54 |
| 2 Dividend income | 95 | 345 |
| 3 Equity in income of affiliates | - | 35 |
| 4 Other | 176 | 297 |
| Total non-operating income | 331 | 732 |
| V Non-operating expenses | | |
| 1 Interest expense | 619 | 561 |
| 2 Equity in losses of affiliates | 8 | - |
| 3 Foreign exchange losses | 90 | 111 |
| 4 Other | 234 | 287 |
| Total non-operating expenses | 953 | 959 |
| Ordinary loss | (2,348) | (4,555) |
| VI Extraordinary gains | | |
| 1 Gain on sales of property, plant and equipment | 36 | 7,363 |
| 2 Gain on sales of investment securities | 4 | 26 |
| 3 Gain on sales of consolidated subsidiaries | - | 12 |
| 4 Subsidy income | - | 322 |
| Total extraordinary gains | 41 | 7,726 |
| VII Extraordinary losses | | |
| 1 Loss on disposal of property, plant and equipment | 1,110 | 244 |
| 2 Loss on sales of property, plant and equipment | 43 | 2 |
| 3 Loss on devaluation of investment securities | 10 | 154 |
| 4 Impairment loss | - | 67 |
| 5 Compensation expenses | 1,540 | - |
| Total extraordinary losses | 2,704 | 469 |
| Loss before income taxes and minority interests | (5,012) | 2,700 |
| Income taxes | (1,103) | 1,937 |
| Income (loss) before minority interests | (3,908) | 763 |
| Minority interests | (93) | (119) |
| Net Income (loss） | (3,815) | 882 |

| | | |
|---|---|---|
| Income (loss）before minority interests | (3,908) | 763 |
| Other comprehensive income | | |
| Unrealized holding gain on securities | (1,176) | 3,835 |
| Deferred hedge gains (losses) | (12) | (8) |
| Foreign currency translation adjustments | (896) | (1,668) |
| Remeasurements of defined benefit plans | - | 296 |
| Total other comprehensive income | (2,086) | 2,455 |
| Comprehensive income | (5,994) | 3,218 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of the parent | (6,034) | 3,143 |
| Comprehensive income attributable to minority interests | 40 | 75 |

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

(4) Segment Information
Ⅰ **Three months ended March 31, 2014 (January 1, 2014 – March 31, 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 | 59,064 | 10,440 | 29,801 | 5,859 | 5,608 | 110,775 | 1,309 | 112,084 | - | 112,084 |
| (2) Intra-group sales and transfers | 501 | 21 | 28 | 0 | 647 | 1,199 | 4,281 | 5,481 | (5,481) | - |
| Total | 59,566 | 10,462 | 29,830 | 5,859 | 6,255 | 111,974 | 5,591 | 117,565 | (5,481) | 112,084 |
| Segment income (loss) | (1,142) | (891) | (771) | (328) | 2,264 | (870) | 10 | (859) | (867) | (1,726) |

Notes:
(1) "Other" comprises businesses, such as logystics 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 | (870) |
| Total other income | 10 |
| Unallocated corporate costs | (855) |
| Intra-segment sales | (12) |
| Operating losses on the statement of income | (1,726) |

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 Three months ended March 31, 2015 (January 1, 2015 – March 31, 2015)**

1. Sales, income, and loss by reportable segment

(millions of yen)

| | Reportable segments | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Japanese Alcoholic Beverages | International | Food & Soft Drinks | Restaurants | Real Estate | Total | Other *1 | Total | Adjustments | Amounts reported on the statements of income *2 |
| Net sales | | | | | | | | | | |
| (1) Operating revenues | 51,232 | 16,008 | 29,303 | 5,880 | 4,725 | 107,151 | 1,306 | 108,457 | - | 108,457 |
| (2) Intra-group sales and transfers | 624 | 23 | 28 | 0 | 593 | 1,269 | 4,042 | 5,312 | (5,312) | - |
| Total | 51,856 | 16,032 | 29,331 | 5,881 | 5,319 | 108,420 | 5,348 | 113,769 | (5,312) | 108,457 |
| Segment income (loss) | (2,326) | (1,262) | (1,204) | (333) | 1,708 | (3,418) | (62) | (3,481) | (847) | (4,328) |

Notes:

(1) "Other" comprises businesses, such as logystics 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 | (3,418) |
| Total other losses | (62) |
| Unallocated corporate costs | (851) |
| Intra-segment sales | 3 |
| Operating losses on the statement of income | (4,328) |

3. Changes in Reportable Segment, etc.

(Changes in Reportable Segment)

Following the share transfer between the consolidated subsidiaries, the segment classification of New Sanko Inc., which formerly used to be classified in the “Japanese Alcoholic Beverages” segment, has now been changed to the “Restaurants” segment, effective from the first quarter of the current consolidated financial year.

The segment information for the first quarter of the previous consolidated financial year has been restated, reflecting this segment change.

(Application of Accounting Standard for Retirement Benefits, etc.)

In accordance with the revision of the method for calculating retirement benefit obligations and service costs, as per the above Changes in Accounting Policy, effective from the first quarter of the current consolidated financial year, the calculation method for retirement benefit obligations and service costs in each business segment has been revised accordingly.

As a result, compared to the old calculation method, a segment loss of the “Japanese Alcoholic Beverages” was reduced by 40 million yen in the first quarter of the current financial year. The effect of the said revision on the segment income or loss in other segments than the “Japanese Alcoholic Beverages is immaterial.

4. 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)

In the “International Business” segment, the shares of Country Pure Foods, Inc. has been acquired as at February 24, 2015, and thereby it has been made as the Company’s consolidated subsidiary. As a result of the consolidation, the amount of goodwill increased by 5,924 million yen in the first quarter of the current consolidated financial year.

The amount of goodwill is calculated on a tentative basis, because the allocation of acquisition cost has not been completed.

(Material Gain on negative goodwill)

Not Applicable

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

Not applicable

## (6)Business Combinations

Three months ended March 31, 2015 (January 1, 2015-March 31, 2015)

【Business Combinations by Acquisition】

The Company's consolidated subsidiary Sapporo International Inc. ("SI") and Toyota Tsusho America, Inc. ("TAI") acquired the shares of Country Pure Foods, Inc. ("CPF"), a major food service juice manufacturer in the U.S., through Silver Springs Citrus, Inc. ("SSC"), a U.S. juice manufacturing joint venture of SI and TAI.

1. Overview of Business Combination

① Name and business description of acquired company

- Company name: Country Pure Foods, Inc.
- Location: Akron, Ohio, U.S.
- Business description:

  Manufacture and sales of food service juice in the healthcare and education sectors

  Manufacture and sale of retail chain private label juice

  Manufacturing services and sales for leading branded juice companies

② Main reason for business combination

The Sapporo Group formulated the SAPPORO Group Medium-term Management Plan 2014-2016 in February 2014, and has accelerated its growth strategy as a manufacturer of food products. It is taking steps to achieve the financial targets for 2016 by generating synergies among Group companies and by pursuing M&As.

As part of the plan, SI has defined North America, its operational base, together with the fast-growing Asian market, as its first priority markets for the beer business. It has also launched its beverage business in North America by acquiring SSC in 2012. Since then, it has been accumulated know-how and knowledge in that market.

Looking ahead, SI will maximize synergies with SSC by bringing CPF into its corporate Group together with TAI, its partner in the North American juice business, to accelerate its growth strategy for the International business in North America, including the beer business.

③ Entity from which the shares will be acquired: Mistral Winthorpe Holdings,LLC. and other

④ Share acquisition period: February 24, 2015

⑤ Legal form of the business combination: Cash payment in exchange for shares

⑥ Name of the company after acquisition: No change

⑦ Share of voting rights to be acquired: 51%

⑧ Main grounds for determining the acquired company:

The company was determined to be acquired because its shares were acquired for cash consideration by the Company’s subsidiary.

2. Consolidated quarterly accounting period for which earnings of the acquired company were included in the consolidated statements of income:

The acquired company's earnings are included from February 24, 2015 to March 31, 2015.

3. Acquisition cost and breakdown

Acquisition price: 4,370 million yen

Costs incurred directly in the acquisition: 491 million yen

Acquisition cost: 4,861 million yen

4. Amount of goodwill, reason for its recognition, amortization method, and amortization period

①Amount of goodwill: 5,924 million yen

The amount of goodwill is calculated on a tentative basis, because the allocation of acquisition cost has not been completed.

②Reason for its recognition: Future business activities are expected to generate excess profitability.

③Amortization method and amortization period: 9 years with the straight-line method

(7)Subsequent Events

Not applicable