Financial Results
for the Nine Months Ended September 30, 2015 — Consolidated
(Based on Japanese GAAP)

November 6, 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	November 13, 2015
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 Nine Months Ended September 30, 2015 (January 1 – September 30, 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	%
Nine months ended September 30, 2015	388,147	2.3	5,991	(27.7)	4,938	(35.6)	1,917	-
Nine months ended September 30, 2014	379,380	2.7	8,291	(12.2)	7,667	(13.5)	(6,608)	-

Note: Accumulated other comprehensive income

Nine months ended September 30, 2015 529 million yen
Nine months ended September 30, 2014 (3,059) million yen

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended September 30, 2015	4.92	-
Nine months ended September 30, 2014	(16.95)	-

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
September 30, 2015	606,051	156,829	24.9	387.99
December 31, 2014	625,439	160,004	25.0	401.17

Note: Shareholders' equity
September 30, 2015: 151,149 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	—	0.00	—		
Year ending December 31, 2015 (forecast)				7.00	7.00

Note: No changes were made to dividend forecasts in the nine months ended September 30, 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	534,700	3.1	14,300	(2.9)	13,200	(9.4)	6,000	1,664.6	15.40

Note: Changes were made to earnings forecasts in the nine months ended September 30, 2015: Yes

4. Other

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

(1) Changes in significant subsidiaries during the nine months ended September 30, 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 (2) 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):
September 30, 2015: 393,971,493 shares
December 31, 2014: 393,971,493 shares

2) Number of shares held in treasury at end of period:
September 30, 2015: 4,400,360 shares
December 31, 2014: 4,348,456 shares

3) Average number of outstanding shares during the period:
Nine months ended September 30, 2015: 389,603,430 shares
Nine months ended September 30, 2014: 389,924,923 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 Nine Months ended September 30, 2015

In the first nine months of 2015 (January 1 – September 30), the Japanese economy remained on a moderate recovery track, supported by the government's economic stimulus measures. However, economic slowdowns overseas have recently clouded the outlook for the rest of the year. Personal consumption was in a moderate rebound, but since summer unseasonable weather and slow income growth have weakened consumer spending.

Amid this environment, the SAPPORO Group posted a year-on-year increase in sales, despite a decline in shipments of beer and beer-type beverages at the core Japanese Alcoholic Beverages business. Sales growth during the first nine months of the year was driven by the Food & Soft Drinks business, which achieved year-on-year gains for shipments of its food and beverage products, and the International Business, where revenues increased on a change in the accounting period of one overseas subsidiary and the inclusion of another in the accounts for the first time.

Despite the increased sales volume at the Food & Soft Drinks business, operating income was less than in the same period of the previous year owing to lower shipments at the Japanese Alcoholic Beverages business.

As a result of the above factors, in the first nine months of 2015, the SAPPORO Group posted consolidated sales of ¥388.1 billion (up ¥8.7 billion, or 2%, year on year), operating income of ¥5.9 billion (down ¥2.2bn, or 28%), ordinary income of ¥4.9 billion (down ¥2.7bn, or 36%), and net income of ¥1.9 billion (compared with a net loss of ¥6.6 billion a year earlier).

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

Japanese Alcoholic Beverages

We estimate that total domestic demand for beer and beer-type beverages in the first three quarters of 2015 was less than in the same period of the previous year, owing in part to a sudden drop in temperatures during August, usually the hottest month of the year and a peak demand season.

Under such market conditions, the Japanese Alcoholic Beverage business continued its efforts to realize management’s vision of “Seek to be No.1 by accumulating one-of-a-kind products” and achieve further growth by constantly providing customers with a unique value proposal.

In the beer and beer-type beverages category, we followed up our April launch a new version of canned Sapporo Draft Beer Black Label by expanding its footprint in retail stores nationwide, including the opening of “The Perfect Black Label Beer Garden” antenna shops in Tokyo and Osaka for creating a buzz. As a result, canned beer sales have been particularly strong. In our Yebisu brand, in September we launched a limited-time release of Kohaku Yebisu Crystal Amber to celebrate 10 years since the creation of the seasonal Kohaku Yebisu line. The above efforts helped keep beer sale volumes in line with the previous year. However, shipments of our beer and beer-type beverages fell short of previous-year levels as stiff market competition led to lower sales volume of new-genre beer Mugi to Hop The gold and our Goku Zero happoshu.

In the RTD* category, popular Sapporo Otoko Ume Sour and Nectar Sour continued to sell well, and in August we introduced White Nectar Sour White Peach Puree. Overall, however, sales of our RTD beverages declined.

In the wine category, sales fell below the previous-year level on weak demand for domestic mass-produced wines. However, shipments of our domestic flagship wine Grande Polaire expanded sharply, as did sales of fine wines**, which were boosted by the start of sales of Treasury Wine Estates' Penfolds and Matua brands and of products from champagne Taittinger.

Sales of spirits increased year on year over the first three quarters of 2015, propelled by strong sales of major brands, such as Dewar's, Cutty Sark, and Martini.

Sales of Japanese liquors were largely the same as during the same period of the previous year, with the main driver once again being Imo Shochu Kokuimo, Japan's top-selling blended *imo* shochu.*** The September launch of Umekaku Kajitsu Zitate no Umeshu Cocktail Pink Grapefruits made a solid last-minute contribution to third-quarter sales.

As a result of the above, the Japanese Alcoholic Beverages business posted cumulative first three-quarter sales of 2015 totaled ¥195.2 billion, down ¥8.1 billion or 4% year on year. Operating income was ¥3.0 billion, down ¥2.9 billion or 50%, despite continued efforts to control costs.

* RTD, or ready-to-drink, beverages are already-mixed, low-alcohol content cocktail-like beverages that can be consumed as is immediately after opening.
** Fine wines are wines in the mid- and high-price range (¥1,500 and higher)
*** Based on Intage SRI market research on combined blended *imo* shochu sales in the supermarket, convenience store, and discount liquor store channels from January 2013 to December 2014.

International Business

In North America, the falling price of crude oil appears to have had a negative impact on the Canadian economy while at the same time stimulating personal consumption in the United States. In that environment, we estimate that total beer demand in both the United States and Canada was largely even with the levels seen in the first three quarters of 2014. In Asia, meanwhile, the beer market appears to be continuing its recent steady growth, supported by growing populations and firm economic growth.

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' continued aggressive spending on marketing of its premium brands boosted shipments 2% (excluding Sapporo brand beer) over the level achieved in the first three quarters of 2014. In the U.S. market, Sapporo USA's expansion of marketing efforts targeting the Japanese-American market segment to the wider Asian-American and general population market segments supported a 2% increase in shipments of Sapporo brand beers. In the U.S. soft drinks business, Silver Springs Citrus was adversely affected by the persistently high prices 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. drink market. We also changed the Silver Springs Citrus accounting period included in consolidated accounts.

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. However, shipments fell below the previous-year level owing to intensified competition in the premium beer market. In South Korea, continued efforts to strengthen sales of beer to both the household and commercial markets by leveraging our local partner's sales network led to considerable expansion of shipments over the same period of 2014. In Singapore, we achieved a strong year-on-year gain in sales, highlighting the success of cooperative efforts with our local subsidiary to expand sales channels to that country's household market. In Oceania, where our business centers on licensing agreements with local brewing partners, continued efforts to strengthen marketing contributed to a solid growth in sales volumes over the previous year's level.

These efforts of our overseas subsidiaries in various nations enabled the International Business to achieve a solid 8% year-on-year increase in shipments of Sapporo brand products in overseas markets.

Overall, the International Business posted sales of ¥53.2 billion, up ¥16.2 billion or 44% year on year. Despite the strong gain in sales, the segment again posted a small operating loss (less than ¥0.0 billion), similar to the loss posted for the first three quarters of 2014.

Food & Soft Drinks

We estimate that overall demand for soft drinks in Japan in the first nine months of 2015 increased 1% over the level seen in the same nine months of 2014. In addition, we estimate that total demand for lemon-based products (flavorings) and for instant soups (including soups in a cup) was stronger than in the same period of 2014.

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, with a focus on its soup and lemon-based product lineups, as it endeavors to strengthen and nurture its various brands.

POKKA SAPPORO's domestic soft drinks business enhanced its lineup of lemon-based products and core Kireto Lemon brand with the March introduction of an energy drink, ENERGIE, and the September launch of INNER BEAUTE, a small bottled drink. These two new products, targeted at adult women, have created a new market for our lemon-based drinks and, together with continued solid sales of our core Kireto Lemon (in bottles), contributed to strong overall sales growth for the Kireto Lemon brand. In the coffee drink category, we reviewed price on some products sold via the vending machine channel helped reverse a lengthy downward trend and boost category sales above the level seen in the same period of the previous year. Other new product offerings in the first nine months of the year included Nippon Oolong, an oolong tea made from domestic tea leaves, and Tsubu Tappuri Zeitaku Mikan, a pulp-rich juice drink made from Japanese tangerines. The new products received favorable reviews as the latest in the line of POKKA SAPPORO's distinctive and unique drink products, contributing to a 2% year-on-year increase in domestic shipments of the subsidiary's soft drink products.

Shipments of lemon-based products (flavorings) expanded 5% year on year. Our core Pokka Lemon 100 brand continued to do well, and we enhanced the brand's lineup 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 lemon-flavored dishes.

In the instant soup category, looking ahead to the fall and winter seasons, in August we introduced a renewed lineup of Jikkuri Kotokoto series of boxed instant soups as a special treat for adult consumers. The new offerings delivered solid sales, contributing to the 16% year-on-year increase in sales volume of our instant soups over the first nine months of a year earlier.

In the domestic restaurants business, the Café de Crié coffee shop chain faced a challenging operating environment, include rising procurement costs and personnel expenses. Nonetheless, the chain's detailed seasonal menu revisions contributed to solid comparable-store sales, leading to year-on-year sales growth for the chain as a whole.

POKKA SAPPORO's overseas soft drinks business added to its top share in Singapore's tea drinks market when its POKKA brand became the No.1 selling brand in the non-chilled fruit juice beverages category.[‡] In addition, we endeavored to raise our brand value in the Singapore market, including through a campaign celebrating the 50th anniversary of that nation's founding in September. Seeking to solidify its position in an Indonesian market expected to see dynamic growth in the future, Pokka Corporation (Singapore) Pte. Ltd. formed a joint venture with PT DIMA INDONESIA to manufacture and sell soft drinks. In June, the joint venture began construction of a new plant, which it plans to start up in 2016.

One last factor affecting the segment's results in 2015 is the sale of its Hong Kong restaurant business in December 2014.

As a result of above, the Food & Soft Drinks segment recorded sales of ¥99.3 billion in the first three quarters of the year, a ¥1.7 billion or 2% year-on-year increase. The segment's operating loss was ¥0.5 billion, an improvement on the ¥1.2 billion loss recorded a year earlier.

* Market shares are based on data from Nielsen Singapore MarketTrack March 2015 (Copyright 2015, The Nielsen Company)

Restaurants

Japan’s restaurant industry continues to face a difficult operating environment, with procurement costs and labor costs on an upward trend.

In this environment, the Restaurants business continued to pursue the fulfillment of its 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.”

The business also is endeavoring to raise profitability by aggressively changing store formats. Key developments in the first nine months of 2015 included the April openings of the first Hokkaido outlet of our popular Yebisu Bar chain and the Garden Terrace Lion at Ritsumeikan University's Ibaraki campus in Osaka Prefecture’s Ibaraki City. Meanwhile, ongoing reform of the business’s profit structure led to the closing of 18 outlets, including some unprofitable stores, in the first nine months of 2015. As a result, the number of outlets operating at period-end was 168.

Overseas, the Restaurants business continues to create a chain of locally popular restaurants in Singapore that are helping spread the reputation of our Ginza Lion brand to the world. During the first nine months of 2015, the business opened two outlets and closed one, bringing its total Singapore chain size to 15 stores as of end-September 2015.

Overall, Restaurants business sales in the first nine months of 2015 totaled ¥20.5 billion, essentially flat with the first nine months of 2014. Segment operating income was ¥0.3 billion, a year-on-year increase of ¥0.2 billion, or 188%.

Real Estate

In Japan’s real estate industry, rebounding corporate profits stimulated demand for office relocations and larger office spaces in central Tokyo. As a result, the Greater Tokyo office leasing market saw a drop in vacancy rates, which in turn contributed to a moderate recovery in rent levels.

Amid such favorable demand conditions, our real estate leasing business took advantage of the strong demand for office space by stepping up efforts to attract new tenants at its core Yebisu Garden Place, which saw a temporary drop in occupancy rate following the loss of a large tenant at the expiration of its lease contract in May 2014. As a result, the business was able to raise the occupancy rate at Yebisu Garden Place while also increasing rents in stages. It has also been successful in maintaining high occupancy rates at other properties.

At Yebisu Garden Place, which in 2014 celebrated the 20th anniversary of its opening, 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. In June, we reopened the renovated and remodeled "Glass Square" dining area on the building's B1 floor with the concept of “Quality Daily Life,” bringing more energy to and reinvigorating the area.

Meanwhile, 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. The property is making a solid contribution to segment earnings in its first full-year of operation in 2015.

The real estate development business is making steady progress on construction of a new building as part of the Ginza 5-chome Redevelopment Project. The building is scheduled to open for business in summer 2016, and we expect it will be a bustling center of human activity and information exchange befitting its status as a new landmark in Japan's famous Ginza district.

Meanwhile, we continue to review and revise our property portfolio from a long-term perspective. In December 2014, we sold our entire equity stake in Sapporo Sports Plaza along with several lease properties. Then in February 2015 we sold our trust beneficiary rights in the Shibuya Sakuragaoka Square office building.

As result of the efforts outlined above, the Real Estate business's sales in the first nine months of 2015 totaled ¥15.2 billion, down ¥1.0 billion or 6% from the previous year's result. Operating income was ¥6.1 billion, down ¥0.1 billion or 2%.

(2) Review of Consolidated Financial Condition

Consolidated assets as of the end of the third quarter on September 30, 2015, totaled ¥606.0 billion, a ¥19.3 billion decline 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 and a decrease in land on the balance sheet following the sale of trust beneficiary rights in the Shibuya Sakuragaoka Square.

Consolidated liabilities totaled ¥449.2 billion, a ¥16.2 billion decrease from December 31, 2014, primarily reflecting a decrease in commercial paper, liquor taxes payable and long-term bank loans, which more than offset increases in short-term bank loans and net defined benefit pension liabilities.

Consolidated net assets totaled ¥156.8 billion, a ¥3.1 billion decrease from December 31, 2014. The decline is primarily owing to the decrease in retained earnings due to the distribution of year-end dividends, which combined to offset increases in unrealized holding gain on securities and minority interests.

(3) Outlook for the fiscal year ending December 31, 2015

As a result of taking into account the performance of each business, the forecasts for the full year have been revised as indicated below.

Revision of consolidated full-year earnings forecast for the fiscal year ending December 31, 2015

(January 1 to December 31, 2015)

(millions of yen, except percentages and per-share data)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
Previous forecast (A)	545,700	16,300	15,200	8,000	20.53
Current forecast (B)	534,700	14,300	13,200	6,000	15.40
Change (B-A)	(11,000)	(2,000)	(2,000)	(2,000)	-
Percent change	(2.0)%	(12.3)%	(13.2)%	(25.0)%	-
For reference: Results for the fiscal year ended December 31, 2014	518,740	14,728	14,565	340	0.87

2. Other Information

(1) Changes in significant subsidiaries during the nine month ended September 30, 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 nine months ended September 30, 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 current financial year ending December 31, 2015.

Consequently, as at the beginning 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 third quarter of the current consolidated financial year, operating income, ordinary income and income before income taxes and minority interests grew each by ¥126 million.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(millions of yen)

	December 31, 2014	September 30, 2015
	Amount	Amount
Assets		
I Current assets		
1 Cash and cash equivalents	9,781	10,225
2 Notes and accounts receivable - trade	89,245	69,135
3 Merchandize and finished products	22,431	29,942
4 Raw materials and supplies	14,108	13,776
5 Other	20,971	15,161
6 Allowance for doubtful receivables	(165)	(67)
Total current assets	156,372	138,174
II Fixed assets		
1 Property, plant and equipment		
(1) Buildings and structures	387,644	387,030
Accumulated depreciation	(211,317)	(215,369)
Buildings and structures, net	176,327	171,660
(2) Machinery and vehicles	224,180	228,201
Accumulated depreciation	(180,302)	(183,329)
Machinery and vehicles, net	43,878	44,871
(3) Land	115,290	106,266
(4) Construction in progress	2,617	6,557
(5) Other	36,088	35,132
Accumulated depreciation	(23,606)	(23,093)
Other, net	12,482	12,038
Total property, plant and equipment	350,597	341,395
2 Intangible assets		
(1) Goodwill	29,966	33,142
(2) Other	6,025	11,420
Total intangible assets	35,991	44,563
3 Investments and other assets		
(1) Investment securities	59,968	58,599
(2) Long-term loans receivable	9,150	9,079
(3) Other	14,663	15,499
(4) Allowance for doubtful receivables	(1,305)	(1,260)
Total investments and other assets	82,477	81,918
Total fixed assets	469,066	467,877
Total assets	625,439	606,051

	December 31, 2014	September 30, 2015
	Amount	Amount
Liabilities		
I Current liabilities		
1 Notes and accounts payable - trade	35,534	38,357
2 Short-term bank loans	31,446	57,684
3 Commercial Paper	30,000	11,000
4 Current portion of bonds	12,000	10,000
5 Liquor taxes payable	33,602	20,121
6 Income taxes payable	724	4,259
7 Accrued bonuses	2,115	3,152
8 Deposits received	9,650	8,209
9 Other	56,696	59,089
Total current liabilities	211,771	211,874
II Long-term liabilities		
1 Bonds	50,000	50,000
2 Long-term bank loans	124,110	103,862
3 Net defined benefit liability	4,510	8,507
4 Dealers' deposits for guarantees	32,336	32,850
5 Other	42,704	42,127
Total long-term liabilities	253,662	237,347
Total liabilities	465,434	449,222
Net Assets		
I Shareholders' equity		
1 Common stock	53,886	53,886
2 Capital surplus	45,912	45,913
3 Retained earnings	34,913	31,001
4 Treasury stock, at cost	(1,544)	(1,569)
Total shareholders' equity	133,168	129,231
II Accumulated other comprehensive income		
1 Unrealized holding gain on securities	20,112	21,786
2 Deferred hedge gains	(0)	2
3 Foreign currency translation adjustments	2,582	(1,155)
4 Remeasurements of defined benefit plans	440	1,285
Total accumulated other comprehensive income	23,135	21,918
III Minority Interests	3,700	5,679
Total net assets	160,004	156,829
Total liabilities and net assets	625,439	606,051

(2) Consolidated Statements of Income

(millions of yen)

	Nine months ended September 30, 2014	Nine months ended September 30, 2015
	Amount	Amount
I Net sales	379,380	388,147
II Cost of sales	244,808	256,480
Gross profit	134,572	131,667
III Selling, general and administrative expenses		
1 Sales incentives and commissions	24,528	25,509
2 Advertising and promotion expenses	17,872	17,826
3 Salaries	23,361	23,025
4 Provision for bonuses	1,917	1,819
5 Retirement benefit expenses	2,313	2,089
6 Other	56,287	55,405
Total selling, general and administrative expenses	126,281	125,676
Operating income	8,291	5,991
IV Non-operating income		
1 Interest income	171	179
2 Dividend income	494	802
3 Equity in income of affiliates	196	36
4 Foreign exchange gains	182	-
5 Other	663	821
Total non-operating income	1,706	1,839
V Non-operating expenses		
1 Interest expense	1,846	1,738
2 Foreign exchange losses	-	534
3 Other	484	619
Total non-operating expenses	2,330	2,893
Ordinary income	7,667	4,938
VI Extraordinary gains		
1 Gain on sales of property, plant and equipment	74	7,382
2 Gain on sales of investment securities	207	27
3 Gain on sales of consolidated subsidiaries	-	72
4 Subsidy income	-	322
Total extraordinary gains	281	7,805
VII Extraordinary losses		
1 Loss on disposal of property, plant and equipment	1,561	862
2 Loss on sales of property, plant and equipment	96	4
3 Loss on impairment of property, plant and equipment	41	3,298
4 Loss on devaluation of investment securities	11	1,757
5 Loss on sales of investment securities	0	-
6 Additional liquor tax paid and other	11,685	-
7 Compensation expenses	1,618	140
Total extraordinary losses	15,015	6,062
Income (loss) before income taxes and minority interests	(7,066)	6,680
Income taxes	(245)	4,906
Income (loss) before minority interests	(6,820)	1,773
Minority interests	(211)	(144)
Net Income (loss)	(6,608)	1,917

Income (loss) before minority interests	(6,820)	1,773
Other comprehensive income		
Unrealized holding gain on securities	3,315	1,682
Deferred hedge gains (losses)	(29)	(4)
Foreign currency translation adjustments	475	(3,766)
Remeasurements of defined benefit plans	-	844
Total other comprehensive income	3,760	(1,243)
Comprehensive income	(3,059)	529
(Breakdown)		
Comprehensive income attributable to owners of the parent	(2,925)	699
Comprehensive income attributable to minority interests	(133)	(169)

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

(4) Segment Information

Ⅰ **Nine months ended September 30, 2014 (January 1, 2014 – September 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	203,416	37,021	97,640	20,573	16,282	374,934	4,446	379,380	-	379,380
(2) Intra-group sales and transfers	1,955	71	214	3	1,969	4,213	14,424	18,638	(18,638)	-
Total	205,371	37,092	97,855	20,576	18,252	379,148	18,871	398,019	(18,638)	379,380
Segment income (loss)	5,960	(77)	(1,253)	126	6,257	11,014	208	11,223	(2,932)	8,291

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	11,014
Total other income	208
Unallocated corporate costs	(2,835)
Intra-segment sales	(96)
Operating income on the statement of income	8,291

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 **Nine months ended September 30, 2015 (January 1, 2015 – September 30, 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	195,261	53,232	99,341	20,569	15,260	383,665	4,482	388,147	-	388,147
(2) Intra-group sales and transfers	2,157	76	208	4	1,898	4,344	14,593	18,938	(18,938)	-
Total	197,419	53,308	99,549	20,573	17,159	388,009	19,076	407,085	(18,938)	388,147
Segment income (loss)	3,007	35	(513)	364	6,145	8,969	74	9,043	(3,052)	5,991

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	8,969
Total other losses	74
Unallocated corporate costs	(3,023)
Intra-segment sales	(28)
Operating income on the statement of income	5,991

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 third 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 income of the “Japanese Alcoholic Beverages” was increased by 120 million yen in the third quarter of 2015. 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)

In the “Japanese Alcoholic Beverages” business, the book value of the buildings and land has been revalued and lowered to the expected sales price, following the decision to sell off idle real estate. As a result, an impairment loss of 1,688 million yen has been recognized in the third quarter of the financial year 2015.

(Significant changes in the amount of goodwill)

The International Business on September 25, 2015, acquired additional shares of SAPPORO VIETNAM LTD., making the company a wholly owned subsidiary. The transaction increased goodwill included on the balance sheets as of the end of the third quarter of the current consolidated financial year by 1,663 million yen.

(Material Gain on negative goodwill)

Not Applicable

(5)Notes on Significant Changes in the Amount of Shareholder's Equity
Not applicable

(6)Subsequent Events
Not applicable