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Coca-Cola East Japan

Summary of Consolidated Financial Statements (Japanese Standards) for Fiscal Year Ended December 31, 2014

February 13, 2015

Listed Company Name	Coca-Cola East Japan Co., Ltd.		Stock Exchange	Tokyo Stock Exchange
Security Code	2580		URL	http://www.ccej.co.jp
Representative	title	Representative Director & President	Name	Calin Dragan
Contact	title	Senior Executive Officer Finance Function	Name	Asako Aoyama TEL: 03-5575-3859
Scheduled date of general shareholders meeting		March 30, 2015		
Scheduled date of submission of annual securities report		March 31, 2015	Schedule date of start of dividend payment	March 31, 2015
Preparation of supplementary documents for the earnings results			Yes	
Earnings results presentation/conference			Yes	

(Amounts of less than one million yen are rounded down)

Consolidated Financial Results for the Fiscal Year ended December 31, 2014

(1) Consolidated Results of Operations

(Percentages show year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY 2014	523,299	40.4	9,356	23.4	9,606	24.2	3,434	--70.3
FY 2013	372,792	92.4	7,581	123.8	7,732	136.1	11,582	610.2

Note: Comprehensive income: FY2014: 4,716million yen (-60.7%) FY2013: 12,013 million yen (569.2%)

	Net income per share	Net income per share (fully diluted)	ROE	ROA	Operating income margin
	Yen	Yen	%	%	%
FY 2014	28.37	28.36	1.6	2.9	1.8
FY 2013	139.70	139.64	7.6	3.6	2.0

Reference) Equity income or loss : FY 2014 : 61million yen, FY 2013 : 202million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net assets per share
	million yen	million Yen	%	Yen
FY2014	342,672	213,754	62.3	1,764.07
FY2013	314,490	216,191	68.7	1,785.92

(Reference) Shareholders' equity: FY 2014 : 213,530 million yen, FY 2013 : 216,172 million yen

(3) Consolidated cash flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at year-end
	million yen	million Yen	million Yen	million Yen
FY 2014	12,455	-40,546	23,272	24,971
FY 2013	32,264	-310	-24,176	29,790

2. Dividends

	Dividend per share					Total dividend payment (annual)	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	Q1	Q2	Q3	Q4	Total			
	Yen	Yen	Yen	Yen	yen	million Yen	%	%
FY2013	–	18.00	–	14.00	32.00	2,489	22.9	1.6
FY2014	–	16.00	–	16.00	32.00	3,873	112.8	1.8
FY2015 (forecast)	–	16.00	–	16.00	32.00		47.8	

The Consolidated Earnings forecasts for the fiscal year commencing January 1 and ending December 31, 2015

(Percentages show year-on-year chang

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share
	Mil yen	%	Mil yen	%	Mil yen	%	Mil yen	%	Yen
Full-Year	535,700	2.4	15,600	66.7	15,700	63.4	8,100	135.8	66.92

(Note): The above forecast does not include the planned acquisition of Sendai Coca-Cola Bottling, which we expect to complete as of April 1, 2015, pending required approvals.

(1) Changes of important subsidiaries during the period (Changes of specific subsidiaries accompanied by changes in the consolidation scope) None

(2) Changes in accounting policies and changes or restatement of accounting estimates

① Changes in accounting policies accompanied by revisions of accounting standards, etc. Yes

② Changes in accounting policies other than ① Yes

③ Changes in accounting estimates Yes

④ Restatement None

Note[rules for terminology,format and method of consolidated financial statement]14-7(if it is difficult to distinguish Changes in accounting policies and accounting estimates).for details please refer page 19[４. Consolidated financial statements-(5) （Changes in accounting policies）]

(3) Number of Issued Shares (Common Shares)

① Number of the issued shares at the end of the period (including treasury stock)	FY 2014	121,898,978 shares	FY 2013	121,898,978 shares
② Number of the treasury stock at the end of the period	FY 2014	854,430 shares	FY 2013	856,494 shares
③ Average number of the shares during the period (accumulated total)	FY 2014	121,047,933 shares	FY 2013	82,912,957 shares

Note: The number of shares for calculating Net Income Per Share (consolidated), please refer page 29 [Per share information].

*Statement regarding the status of auditor review

At the time of disclosure of this financial summary, the audit procedures in accordance with the Financial Instruments and Exchange Act are in progress.

*Explanation regarding the appropriate use of earnings forecasts and other special notes

Although the statements in this summary are prepared based on various information available to the Company and certain assumptions considered reasonable by the Company, actual results may differ significantly due to various factors. For details of assumptions for earnings forecasts and notes on the use of earnings forecasts, please see "Qualitative information on the consolidated earnings forecasts," page 2 of the attached material of the summary.

Contents of the Attached Materials

1. Analysis of operating results and financial position

(1) Qualitative information on the full-year 2014 results

(i) Qualitative information on the consolidated operating results

Coca-Cola East Japan Co., Ltd. (CCEJ) today announced its consolidated financial results for the full-year 2014 (January 1, 2014 to December 31, 2014)

Key Messages

- Solid progress in Q4 after a tough summer. Achieved volume growth of 0.4% for the full year and operating income slightly ahead of revised plan.
- Five consecutive quarters of volume and value share growth, despite a challenging environment.
- Delivered strong synergies and cost savings in Q4 to offset earlier production line delays and ongoing price-mix pressure.
- Rapid transformation and integration work continues. All legacy bottler legal entities now integrated into Coca-Cola East Japan.
- Announced planned acquisition of Sendai Coca-Cola Bottling Company, with operations in Fukushima, Miyagi and Yamagata prefectures.

*For additional details and management discussion of results, please also see the presentation material posted on our Company website, which will be used for the earnings presentation and webcast on Monday, February 16, 2015 at 5 p.m. (JST). The webcast is available both live and on demand at http://www.investor.ccej.co.jp.

Industry Update

The fourth quarter (October to December, 2014) was characterized by a continued challenging macro-economic environment following the April 1 consumption tax increase. As a result, total nonalcoholic ready-to-drink (NARTD) beverage industry volumes were down. In this volatile environment, Coca-Cola East Japan achieved continued market share growth both in terms of volume share and value share.

Integration Update

CCEJ was formed after the integration of the four Kanto and Tokai region Coca-Cola bottling companies on July 1, 2013. As part of the company's mid-term strategic plan, the One+ Roadmap for Growth, we are focused on transforming our business, with strong focus on people, process and systems capabilities. There are many visible signs of progress to highlight in the fourth quarter, including the following:

- Completed the legal integration of the four legacy bottlers into CCEJ (as of January 1, 2015)
- On track with new Route to Market (RTM) program introduction and implementation in all CCEJ sales centers by June 2015
- Five new production lines and two in-line PET bottle blowers operational after earlier delays
- On track with deployment of back office functionality for new Enterprise Resource Planning (ERP) system "CokeOne+", a foundation for further strategic transformation, to be commissioned in April 2015
- Plan for integration of "mixed" vending subsidiary companies in April, 2015 approved by Board of Directors and in progress.

We continue to make progress with the legal integration of multiple subsidiary companies, with 23 of the original 26 legal entities we started with on July 1, 2013 now being integrated. This includes the integration of four production companies at the beginning of 2014 and seven logistics and equipment maintenance subsidiaries mid-year, as well as the four legacy bottler legal entities that were integrated as of January 1, 2015. We expect an additional eight legal entities to be integrated in April, 2015 as part of the "mixed" vending integration referenced above.

Operating Review

Full-year total BAPC (Bottler Actual Physical Cases) sales volume grew 0.4% on a comparable basis, and we continued to grow both volume and value share in total NARTD beverages, led by colas, teas, water and coffee. The volume growth by channel was led by the drug & discounter (+8%) and convenience store channels (+7%). The supermarket channel grew slightly, while volume in the vending (-3%) and eating & drinking (-2%) channels declined, impacted by the poor summer weather and consumers continuing to adjust to the consumption tax rate hike.

Full-year sparkling beverage volume was even. In the hydration category, unsweetened teas grew 8% and water grew 10%. Sports drinks volume declined 9% due to the poor summer weather as well as cycling strong volume performance from the prior year. Unsweetened tea growth was led by Ayataka green tea and the launch of Karada Sukoyakacha W, our new FOSHU (Food for Specific Health Use) tea brand, which contributed 2.2 million cases of volume in 2014. The ilohas water brand continued to perform well and also benefited from the launch of ilohas sparkling variants in plain and lemon flavors. Importantly, coffee volume continued to improve sequentially, led by the introduction of new products such as the Georgia European series, with 2% growth in the full-year.

In the fourth quarter, we delivered our fifth consecutive quarter of volume and value share gains by strengthening sales promotion activities of newly launched products mainly in the convenience store channel, however total BAPC sales volume declined slightly (0.2%) on a comparable basis. Convenience store channel volume grew 10%, driven by growth in coffee, unsweetened teas and sparkling water. The drug & discounter channel grew 8%, led by our strong portfolio of unsweetened tea brands. The supermarket channel showed recovery in the quarter (+1%) led by unsweetened teas, water and coffee. Vending (-5%) and eating & drinking (-3%) channel performance was impacted by a continued weaker macro-economic environment and channel shifts following the April 1 consumption tax hike.

Fourth quarter sparkling beverage volume declined 2%, primarily because of soft performance in the vending channel despite the growth in the convenience store and drug and discounters channels. In the hydration category, unsweetened tea and water volumes grew 6% and 12%, respectively. Sports drink volume declined 10% in the quarter, while Karada Sukoyakacha W and Ayataka green tea helped to continue our strong growth momentum in unsweetened tea. Water volume grew as a result of the introduction of immediate consumption iLohas Sparkling in plain and lemon flavors. Coffee volume grew 2% in the quarter, driven primarily by the success of new products introduced in the second quarter, with positive performance across channels, led by vending (+2%), an important sales channel for our coffee products, drug and discounters (+7%), convenience stores (+4%) and the supermarket (+2%) channel.

Financial Review

Reported* Results
Full-Year 2014 (January to December)

In Million JPY	2013	**2014**	% Change
Net Sales	372,792	**523,299**	+40.4%
Operating Income	7,581	**9,356**	+23.4%
Net Income	11,582	**3,434**	-70.3%

*** Reported**: CCEJ began operations as an integrated company starting in the third quarter of 2013. As a result, above reported results in 2013 reflect the consolidated results of CCEJ in the third and fourth quarter and consolidated result of the legacy Coca-Cola Central Japan (CCCJ) for the first and second quarters. Please see our "Comparable" results below which present results as if the four Kanto and Tokai area Coca-Cola bottlers were integrated as of January 1, 2013 and after excluding exceptional items such as charges, gains, etc. which are viewed by management as one-time items impacting only the current period or the comparable period, but not both.

Comparable* Results
Full-Year 2014 (January to December)

In Million JPY, except volume	2013 Comparable	**2014 Comparable**	% Change
Volume (BAPC, in thousand)	283,777	**284,989**	+0.4%
Net Sales	533,602	**523,299**	-1.9%
Operating Income	10,240	**10,474**	+2.3%
Net Income	5,693	**5,975**	+5.0%

Fourth Quarter 2014 (October to December)

In Million JPY, except volume	2013 Comparable	**2014 Comparable**	% Change
Volume (BAPC, in thousand)	66,699	**66,576**	-0.2%
Net Sales	126,006	**122,698**	-2.6%
Operating Income (Loss)	(1,006)	**3,887**	-
Net Income (Loss)	(630)	**2,619**	-

*** Comparable:** Presentation of results as if the four Kanto and Tokai area Coca-Cola bottlers were integrated as of January 1, 2013 and after excluding exceptional items such as charges, gains, etc. which are viewed by management as one-time items impacting only the current period or the comparable period, but not both. These comparability adjustments should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with JGAAP.

Note: 2013 volumes have changed slightly as a result of data and system standardization. The impact is not deemed material.

Full-year 2014 reported net sales revenue was JPY 523,299 million (up 40.4%, or JPY 150,506 million compared to the prior year period), reflecting the integration of the four Kanto and Tokai region Coca-Cola bottlers on July 1, 2013. Full-year 2014 comparable net sales revenue declined 1.9%, or 1% after adjusting for the sale of non-core businesses such as Mikuni Wine. This reflects volume growth of 0.4%, mainly offset by negative price mix. Fourth quarter comparable volume declined 0.2% and net sales revenue declined 2.6%, or 1.4% after adjusting for the sale of non-core businesses such as Mikuni Wine, mainly attributable to the volume decline in vending, a channel with relatively higher selling prices.

Full-year reported operating income was JPY 9,356 million (up 23.4%, or JPY 1,775 million compared to the prior-year period). Full-year comparable operating income was JPY 10,474 million (up 2.3%, or JPY 234 million compared to the prior-year period). This reflects decrease of gross profit impacted by negative price/mix due to the unseasonable weather in summer and weaker consumer sentiment following the consumption tax hike, offset by lower selling, general and administrative expenses (SG&A) mainly driven by a strong focus on operating expense control and lower pension and other personnel-related expenses. Full-year comparable operating income also reflects a net JPY 5.5 billion benefit in depreciation expense related to a change in accounting policy and estimates related to the depreciation method for fixed assets and a revision to the estimated useful lives of cold drink sales equipment, effective January 1, 2014. Fourth quarter comparable operating income was JPY 3,887 million (operating loss of 1.0 billion in the prior year period). This increase reflects improved gross profit at Coca-Cola East Japan Products (CCEJP) and was primarily a result of the newly installed manufacturing lines ramping up production after delays earlier in the year, as well as the continued insourcing of production volumes. This offset the negative impact of ongoing pricing and mix pressure, which the industry has experienced throughout the year. Total SG&A decreased through a strong focus on OPEX efficiency, including a decrease in personnel-related expenses in the quarter, which was partly offset by a planned increase in DME (Direct Marketing Expenses, sales promotion-related expenses reported in advertisement & sales promotion expenses and partly in sales commissions). Fourth quarter comparable operating income also reflects a JPY 3.6 billion benefit in depreciation as a result of the above change in accounting policy and estimates.

We reported full-year net income of JPY 3,434 million (down 70.3%, JPY 8,148 million compared to the prior year period). This reflects the above-mentioned operating performance in the full-year 2014 period as well as cycling extraordinary items from the prior year period, including a JPY 13 billion one-time gain from negative goodwill and various integration-related expenses. In addition, full-year reported net income includes restructuring costs, primarily related to our employee voluntary separation program in the first quarter, and quality-related extraordinary expenses due to a limited product recall in the third quarter.

(ii)Forecast for next fiscal year (Reported, January 1, 2015 to December 31, 2015)

Unit: Million JPY except EPS

	Revenue	Operating Income	Ordinary Income	Net Income	EPS
Full-Year 2015 Forecast	535,700	15,600	15,700	8,100	66.92
Full-Year 2014 Result	523,299	9,356	9,606	3,434	28.37
Variance (%)	2.4	66.7	63.4	135.8	-

(Note): The above forecast does not include the planned acquisition of Sendai Coca-Cola Bottling, which we expect to complete as of April 1, 2015, pending required approvals.

We have a strong marketing and innovation calendar planned for 2015 together with our partners at Coca-Cola Japan (CCJC). This year, we celebrate the 100-year anniversary of the Coca-Cola contour bottle, a unique and instantly recognizable icon of the Coca-Cola brand. To mark this anniversary, we have exciting plans to activate various anniversary campaigns throughout the year. As a first element of this year-long celebration, we launched in January the “Heritage” campaign focusing on the long and proud history of Coca-Cola. We also plan to launch a number of exciting new products during the year, starting with Coca-Cola Life and Tsumugi Oolong tea in March. Coca-Cola Life a reduced-calorie version of Coca-Cola sweetened with a blend of sugar and stevia leaf extract. In the unsweetened tea category, Tsumugi is a mild-tasting Japanese oolong tea which uniquely features 100% Japanese-grown tea leaves. In the coffee category, we introduced Georgia Mitsuboshi (Three Star) Presso in January, and we are continuing the successful Georgia Coffee campaign, *The World is Made Up of Someone’s Work*. We are also expanding availability of aluminum can packaging across much of our coffee portfolio as well as the introduction of our new lightweight and crushable PEKO RAKU PET bottles for large PET packages.

(2) Qualitative information on the consolidated financial positions

(i) The financial positions at the end of this fiscal year are as follows:

Assets at the end of this fiscal year were JPY 342,672 million, an increase of JPY 28,181 million from the end of the previous fiscal year. This is mainly due to an increase in sales equipment as we have been aggressively increasing the installation of coolers as well as new vending machines in order to drive profitable immediate consumption packaging sales growth. In addition, machinery, equipment and vehicles increased as a result of the introduction in 2014 of five new production lines, two new in-line PET bottle blowers, and new trucks.

Liabilities at the end of this fiscal year were JPY 128,917 million, an increase of JPY 30,618 million from the end of previous fiscal year. This is mainly due to an increase in short-term borrowing for our working capital as well as an increase of noncurrent liabilities as a result of our bond issuance earlier this year.

Net assets at the end of this fiscal year were JPY 213,754 million, a decrease of JPY 2,436 million. This is primarily due to a decrease of valuation and translation adjustments by reporting remeasurements of defined benefit plans.

(ii) Cash flow position

The consolidated cash flow position and activity as of and for this fiscal year are as follows.

CCEJ began operations as an integrated company starting in the third quarter of 2013. As a result, year-on-year comparison descriptions of the cash flow are compared against the consolidated results of CCEJ in the third and fourth quarter and consolidated results of the legacy bottler CCCJ for the first and second quarters.

During this consolidated accounting period, Cash and Cash Equivalents are JPY 24,971 million, a decrease of JPY 4,818 million compared with the end of last fiscal year. Cash flow by activities in this consolidated accounting period is as follows.

(Cash Flow from Operating Activities)

Cash generated from operating activities was JPY 12,455 million (the cash generated decreased JPY 19,808 million year-on-year). This results mainly from income before tax of JPY 6,545 million, depreciation and amortization, amortization of long-term prepaid expenses, etc. against income tax paid, etc.

(Cash Flow from Investing Activities)

Cash used for investing activities was JPY 40,546 million (cash out increasing JPY 40,235 million year-on-year). The outflow includes expenditure for new fixed assets such as machinery and equipment for plants and cold drink equipment as well as expenditure for intangible assets, etc. The inflow reflects proceeds from sales of property, plant and equipment and proceeds from sales and cash-in of investment securities, etc.

(Cash Flow from Financing Activities)
Cash generated from financing activities was JPY 23,272 million (increasing JPY 47,448 million year-on-year). The inflow is attributable to net increase of short-term loans and straight bond issuance. The outflow includes payment of the dividends, etc.

Transition of Ratios for cash flow of CCEJ is as follows.

	2010	2011	2012	2013	2014
Capital-to-asset ratio (%)	78.3	76.0	77.5	68.7	62.3
Capital-to-asset ratio based on market price (%)	42.9	37.8	41.9	84.1	65.4
Cash flow / interest bearing liability ratio (%)	―	―	―	―	240.9
Interest coverage ratio (times)	724.3	809.4	687.5	134.6	32.4

Equity Ratio: Shareholder's equity / Total Assets
Capital-to-asset ratio based on market price: Market cap / Total Asset
Cash flow / interest bearing liability ratio: Interest bearing liability / Operating Cash Flow
Interest Coverage Ratio: Operating Cash Flow / interest paid
(Note 1) All numbers are based on consolidated basis.
(Note 2) Market cap is calculated by "Closing share price at the end of the year × Number of shares issued (after deduction of treasury stock)".
(Note 3) Operating cash flow and interest paid come from operating cash flow and interest paid in consolidated cash flow statement which includes interest for lease liabilities.
(Note 4) Interest bearing liability consists of all the liabilities which are listed in consolidated balance sheet and require interest payment.

(3) Basic policies for profit distribution and dividends for FY2014 and FY2015

The Company regards a dividend policy as one of the key managerial issues and declares semi-annual dividends under the basic policies to continue with business investment and place the top priority on healthy and stable payment of dividends to secure sustainable development and high profitability of the Company in the future

Regarding the dividend of the retained earnings, year-end dividend is determined by the resolution of the Annual Shareholders Meeting and and interim dividend is determined by the Board of Directors Meeting, respectively, and we would like to propose 16 yen per share for the year-end dividend for FY2014 and it will be 32 yen per share for annual dividend for FY2014 together with 16 yen of the interim dividend paid in September 2014.

Also, we would like to secure internal reserve for development of our future businesses and costs of capital expenditure, etc.

For the annual dividend in the following period, we plan to pay a total annual dividend of 32 yen per share comprised of an interim dividend of 16 yen per share and a year-end dividend of 16 yen per share in accordance with the above-mentioned policy.

(4) Risks of Businesses, etc.

Of the matters related to operating results and financial positions declared in the summary of financial statements, matters which could have a significant impact on investors' judgment are as follows.
The below stipulation referring to the future matters are determined by the Group at the end of FY2014.

i. Agreements with The Coca-Cola Company and Coca-Cola (Japan) Company Limited.
   The Company conducts businesses under the Bottler's Agreement executed by and between the Company, The Coca-Cola Company and Coca-Cola (Japan) Company Limited and the Delegation Authorization Agreement executed by and between the Company, The Coca-Cola Company, Coca-Cola (Japan) Company Limited and Coca-Cola East Japan Products. Please refer to "(5) Other significant matters for management, 3. Management Policies" for more details of the above agreements.
ii. Market competition
   - Market competition

The beverage market has a fierce competition over shares among soft drink manufactures in our business area whereas it cannot foresee a big market growth. The Company's sales performance may be influenced by an increase of promotion costs, etc. due to the pressure on retail prices at supermarkets, etc.

- Climate factors

  Soft drink sales are susceptible to the climate, etc. due to the product characteristics. In particular, bad weather during the peak season may influence the Group's sales results.

iii. Risks due to natural disasters, etc.

The Group has established and prepared the systems and measures to minimize impacts of blackout, etc. on its business activities. On the other hand, we have no guarantee to prevent natural disasters such as typhoon and earthquake. In case of occurrence of such disasters, the Group's operating results and financial position may be affected.

iv. Quality control

Our products are soft drinks. The Group has been promoting quality control and freshness management systems so as to provide safe and good-tasting products to our customers. If, by any possibility, an accident relating to the quality occurrs, our brand image may be damaged regardless whether the accident results from the Group or not. Therefore, in the event of such accident, the Group's sales performance may be affected.

v. Influences due to economic climate

The net sales of soft drinks of our products are closely related to trends of population and personal spending of our business areas; Tokyo and 12 prefectures in Kanto, Koshin-etsu and Chubu region. Based on the current economic circumstances in Japan, we do not expect a rapid upward shift of population and personal spending in the said areas whereas a rapid downward shift for the said items may give negative impacts on the Group's operating performance.

-Risks of market fluctuation for pension assets

The Group has a defined benefit pension plan. In cases when operation of pension assets which are consisted of securities grow worse, retirement benefit expenses may increase, thus it may influence the Group's financial performance.

vi. Specific legal regulation

The Group conducts soft drink manufacture and sales business and the ancillary businesses such as maintenance and repair service of sales equipment and delivery service of products and there are various regulations such as "Food Sanitation Act," "Product Liability Act," "Road Traffic Act" and "Anti-monopoly Act." The Group strives to conform to all the laws and regulations and provide safe products. If such laws and regulations were reinforced (revised), new expenses incurred for the compliance may influence the Group's operating results.

vii. Environment-related

The Group proactively strives to conserve the earth's environment and prevent environment pollution and conform to the related laws by effectively utilizing the following two management systems, "ISO14001" and "KORE." All the warehouses have obtained "ISO14001" and the Coca-Cola System has originally developed and introduced "KORE." If, by any possibility, the Group's credibility is damaged by environmental pollution, etc. it may influence the Group's sales performance and financial position.

2. Status of corporate group

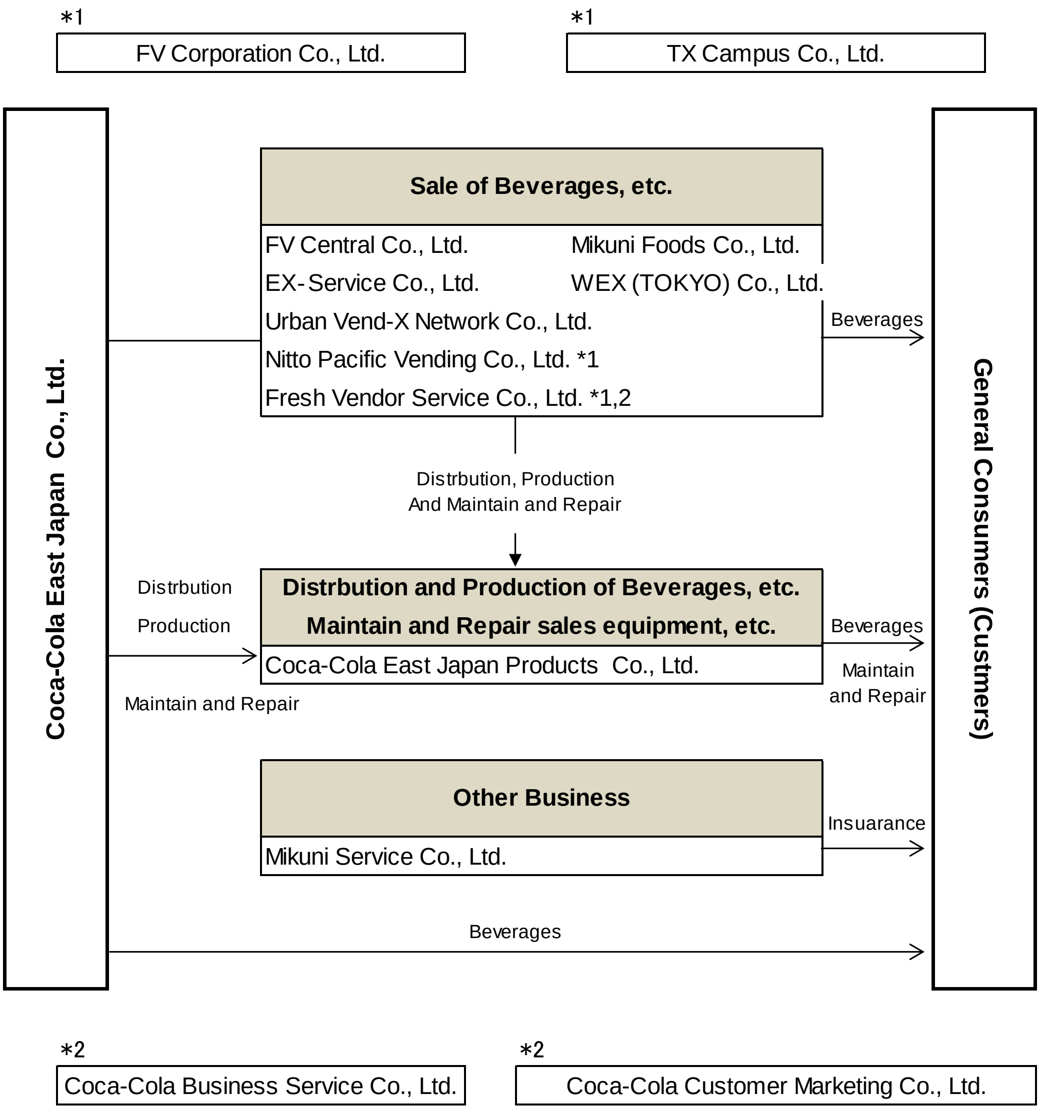
The Group consists of the Company, 11 consolidated subsidiaries, four non-consolidated subsidiaries, and three equity method affiliated companies.The key companies and the organizational diagram of the Company as follows.

(1) Sales of soft drinks, etc.
Coca-Cola Central Japan Co., Ltd., Mikuni Coca-Cola Bottling Co., Ltd., Tokyo Coca-Cola Bottling Co., Ltd., Tone Coca-Cola Bottling Co., Ltd., and 5 other companies are engaged in the said business.
As of January 1, 2015, Coca-Cola Central Japan Co., Ltd., Mikuni Coca-Cola Bottling Co., Ltd., Tokyo Coca-Cola Bottling Co., Ltd., Tone Coca-Cola Bottling Co., Ltd. were integrated into the Company.

As of April 1, 2015, FV-Central Co., Ltd., Mikuni Foods Co., Ltd. (hereinafter referred to as "MFD"), Urban Vend-X Network Co., Ltd., WEX Tokyo Co., Ltd., Fresh Vendor Service Co., Ltd., EX- Service Co., Ltd., TX Campus Co., Ltd. Co., Ltd. Co., Ltd. and Nitto Pacific Vending Co., Ltd., will be merged into MFD, with MFD being surviving entitiy.

(2) Manufacture, logisitics and distribution of soft drinks, etc. and maintenance and repair service of sales equipment
Coca-Cola East Japan Products Co., Ltd., is engaged with the said businesses.

The below diagram illustrates the structure of the Group.



*1:Non-consolidated subsidiaries

*2:Equity method non-consolidated subsidiaries and affiliated companies:

3. Management policies

(1) Basic management policies

Based on our mission, "Create a new world of beverages," the Group will achieve further development to contribute to all stakeholders through sustainable growth, being: "# One in the Beverage Industry," "The Only One for the Community," and "The Best One as a Workplace," while placing our first and top priority on delivery of safe products and services to our customers.

(2) Targeting management benchmark

As the management benchmark for FY2015, the Group is targeting to deliver 2.9% of comparable operating income margin.

(3) Medium-to-long term management strategies

Following the business integration of the four legacy Tokyo-area bottlers, we will further improve the efficiencies in the business processes by bringing together the best practices of sales activities which have been cultivated in each company, enhance the best market execution abilities and cost competitive edge in the industry through optimization of business processes in all the business areas and supply chain and aim for a sustainable growth by acquiring new business chances.

(4) Issues Requiring Action

The beverage industry in Japan has been challenged by price competition, introduction of private brand products by customers and brewed coffee at convenience stores, etc. However, we will seek further growth opportunities by occasion, brand, package, price, channel and geographic area, and categories as well as progressing various integration initiatives.

In addition, we expect to seek further synergies and acceralate growth through the planned acquisition of Sendai Coca-Cola Bottling Co., announced in December 2014, and strive to become a world-class Coca-Cola Bottler.

(5) Other significant matters for management

The Company has executed the Agreement with The Coca-Cola Company and Coca-Cola (Japan) Company Ltd. to manufacture and sell Coca-Cola products and use the trademarks in 13 Prefectures in Kanto, Koshinetsu, and Chubu regions, and based on this Agreement, the Company has concluded the Delegation Authorization Agreement with The Coca-Cola Company, Coca-Cola (Japan) Company Ltd. and Coca-Cola East Japan Products Co., Ltd. to outsource the manufacturing business to Coca-Cola East Japan Products Co., Ltd.

4. Consolidated financial statements

(1) Consolidated balance sheets

(MM yen)

	FY2013	FY2014
Assets		
Current assets		
Cash and deposits	29,901	24,982
Notes and accounts receivable-trade	35,934	36,611
Short-term investment securities	1,505	1,204
Merchandise and finished goods	31,261	31,433
Raw materials and supplies	1,931	2,750
Deferred tax assets	2,678	2,928
Short-term loan to associated firms	960	2,958
Accounts receivable	10,807	11,084
Other	5,715	14,112
Allowance for doubtful accounts	-51	-98
Current asset	120,645	127,969
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	104,367	106,956
Accumulated depreciation	-66,676	-68,831
Buildings and structures, net	37,691	38,124
Machinery Equipment And Vehicles	41,650	58,312
Accumulated depreciation	-32,958	-28,693
Machinery, equipment and vehicles, net	8,692	29,618
Sale equipment, net	188,342	188,665
Accumulated depreciation	-149,784	-140,219
Sales equipment,net	38,558	48,445
Tools, furniture and fixtures	7,120	7,006
Accumulated depreciation	-5,768	-5,802
Tools, furniture and fixtures, net	1,351	1,204
Land	46,759	45,642
Lease assets	20,511	19,020
Accumulated depreciation	-7,598	-9,042
Lease assets, net	12,912	9,978
Construction in progress	12,733	6,428
Property, plant and equipment	158,699	179,442
Intangible assets	3,616	5,488
Investments and other assets		
Investment securities	10,645	9,762
Stocks of subsidiaries and affiliates	385	1,128
Long-term loans receivable	3,050	2,262
Prepaid pension cost	2,119	
Deferred tax assets	5,664	7,108
Other	9,922	9,702
Allowance for doubtful accounts	-260	-193
Investments and other assets	31,528	29,772
Noncurrent assets	193,844	214,703
Assets	314,490	342,672

(MM yen)

	FY2013	FY2014
Liabilities		
Current liabilities		
Accounts payable-trade	21,510	22,944
Short-term loans payable	-	16,000
Lease obligations	3,090	2,904
accounts payable-other and accrued expenses	28,896	30,003
Income taxes payable	1,585	2,425
accrued consumption taxes	1,171	1,700
Provision for bonuses	1,264	1,945
Provision for directors' bonuses	131	37
Other	3,639	3,829
Current liabilities	61,289	81,791
Noncurrent liabilities		
Bonds	—	14,000
Lease obligations	10,053	7,283
Deferred tax liabilities	2,678	1,784
Provision for retirement benefits	17,579	-
Provision for directors' retirement benefits	367	2
Provision for environmental measures	359	478
Provision for loss on contract	3,173	2,187
Net defined benefit liability	—	18,689
Other	2,796	2,700
Noncurrent liabilities	37,009	47,126
Liabilities	98,299	128,917
Net assets		
Shareholders' equity		
Capital stock	6,499	6,499
Capital surplus	143,136	143,134
Retained earnings	67,034	66,837
Treasury stock	-1,164	-1,170
Shareholders' equity	215,507	215,301
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	867	1,644
Deferred gains or losses on heages	-201	302
Remeasurements of defined benefit plans	—	-3,717
Total valuation and translation adjustments	665	-1,770
Subscription rights to shares	19	223
Net assets	216,191	213,754
Liabilities and net assets	314,490	342,672

(2) Consolidated profit and loss statement and comprehensive profit statement

Consolidated profit and loss statement

(MM yen)

	FY2013	FY2014
Net sales	372,792	523,299
Cost of sales	207,719	283,963
Gross profit	165,073	239,336
Selling, general and administrative expenses		
Selling, general and administrative expenses	157,491	229,979
Operating income	7,581	9,356
Non-operating income		
Interest income	93	131
Dividends income	52	167
Equity in earnings of affiliates	202	61
Rent income	297	372
Gain on sales of valuable wastes	228	354
Gain on collection of deposits of bottles	285	4
Other	230	148
Non-operating income	1,390	1,240
Non-operating expenses		
Interest expenses	236	383
Loss on sales(retirement) of noncurrent assets	880	370
Rent expenses	70	95
Other	52	141
Non-operating expenses	1,239	990
Ordinary income	7,732	9,606
Extraordinary income		
Gain from negative goodwill or Gains from acquisitions	12,969	—
Gain on sales of subsidiaries stocks	—	69
Insurance income	—	137
Gain on sales of noncurrent assets	4	595
Other	6	17
Extraordinary income	12,980	819
Extraordinary loss		
Impairment and losses on disposal on fixed assets	605	435
Impairment loss	1,171	69
Losses from realignment activities	4,665	1,922
Expenses relating to quality	—	643
Defective work cost	—	562
Integration Lost	1,961	—
Loss from consolidation of previousiy unconsolidated entity	821	—
Loss on valuation of investment securities	28	247
Extraordinary loss	9,252	3,880
Income before income taxes	11,460	6,545
Income taxes – current	1,973	3,963
Income taxes - deferred	-2,095	-852
Income taxes	-122	3,110
Income before minority interests	11,582	3,434
Net income	11,582	3,434

Consolidated comprehensive profit statement

(MM yen)

	FY2013	FY2014
Income before minority interests	11,582	3,434
Other comprehensive income		
Unrealized gain (loss) on available for sales securities	633	777
Deferred hedging loss	-2	2
Share of other comprehensive income of associated for using equity method	-199	502
Other comprehensive income	431	1,281
Comprehensive income	12,013	4,716
(Breakdown)		
Comprehensive income attributable to owners of the parent company	12,013	4,716
Comprehensive income attributable to minority interests	—	—

(3) Consolidated Statements of changes in net assets

（from January 1st, 2013　to December 31st, 2013）

(MM yen)

	Shareholders' equity				
	Capital surplus	Capital surplus	Capital surplus	Capital surplus	Capital surplus
Balance as of December 31st 2012	6,499	24,805	57,041	-1,163	87,183
Changes of items during the period					
Increase by share exchanges		118,342			118,342
Dividends from surplus			-1,588		-1,588
Net income			11,582		11,582
Purchase of treasury stock				-56	-56
Disposal of treasury stock		-11		55	44
Net changes of items other than shareholders' equity					
Total changes of items during the period		118,330	9,993	-0	128,324
Balance as of December 31st 2013	6,499	143,136	67,034	-1,164	215,507

	Valuation and translation adjustments			Subscription rights to shares	Net assets
	Valuation difference onavailable-for-sale securities	Unlialized loss/gain from hedging activities	Total valuation and translation adjustments		
Balance as of December 31st 2012	233	—	233	44	87,461
Changes of items during the period					
Increase by share exchanges					118,342
Dividends from surplus					-1,588
Net income					11,582
Purchase of treasury stock					-56
Disposal of treasury stock					44
Net changes of items other than shareholders' equity	633	-201	431	-24	406
Total changes of items during the period	633	-201	431	-24	128,730
Balance as of December 31st 2013	867	-201	665	19	216,191

（from January 1st, 2014　to December 31st, 2014）

(MM yen)

	Shareholders' equity				
	Capital surplus	Capital surplus	Capital surplus	Capital surplus	Capital surplus
Balance as of December 31st 2013	6,499	143,136	67,034	-1,164	215,507
Changes of items during the period					
Dividends from surplus			-3,631		-3,631
Net income			3,434		3,434
Purchase of treasury stock				-22	-22
Disposal of treasury stock		-2		15	13
Net changes of items other than shareholders' equity					
Total changes of items during the period		-2	-196	-6	-205
Balance as of December 31st 2014	6,499	143,134	66,837	-1,170	215,301

		Valuation and translation adjustments			Subscription rights to shares	Net assets
	Valuation difference onavailable-for-sale securities	Unlialized loss/gain from hedging activities	Remeasurements of defined benefit plans	Total valuation and translation adjustments		
Balance as of December 31st 2013	867	-201	―	665	19	216,191
Changes of items during the period						
000000						
Dividends from surplus						-3,631
Net income						3,434
Purchase of treasury stock						-22
Disposal of treasury stock						13
Net changes of items other than shareholders' equity	777	504	-3,717	-2,435	204	-2,230
Total changes of items during the period	777	504	-3,717	-2,435	204	-2,436
Balance as of December 31st 2014	1,644	302	-3,717	-1,770	223	213,754

(4) Consolidated cash flow statement

(MM yen)

	FY2013	FY2013
Net cash provided by operating activities		
Income before income taxes.	11,460	6,545
Depreciation and amortization	17,292	23,925
Amortization of long-term prepaid expenses	5,855	9,839
Increase (Decrease) in allowance for doubtful accounts	-22	-18
Increase (Decrease) in provision for retirement benefits	-429	—
Increase (Decrease) in net defined benefit liability	—	1,109
Decrease(Increase) in prepaid penshion costs	217	2,119
Increase (Decrease) in provision for directors' bonuses	9	-89
Increase (Decrease) in provision for directors' retirement benefirts	-726	-364
Interest and dividend income	-146	-298
Interest expenses	236	383
Equity in losses (gains) of affiliates	-210	-61
Special retirement expenses	419	1,484
Loss (Gain) on sales of noncurrent assets	-7	-550
Loss on retirement of noncurrent assets	1,482	754
Loss on imparement of fixed assets	1,171	69
Decrease (increase) in notes and accounts receivable-trade	4,110	-1,608
Decrease (increase) in inventories	11,642	-1,804
Decrease (increase) in long term prepaid expeses	-6,378	-10,766
Increase (decrease) in notes and accounts payable-trade	-6,430	1,725
Increase/decrease in other assets/liabilities	7,675	-7,694
Gain on negative goodwill	-12,969	—
Loss (Gain) on step acquisitions	821	—
Other	-894	222
Subtotal	34,178	24,924
Interest and dividends income received	152	315
Interest expenses paid	-239	-384
Special retirement expenses paid	-7	-1,739
Income taxes paid	-1,850	-11,343
Income taxes refund	31	683
Net cash provided by (used in) operating activities	32,264	12,455
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-27,184	-42,331
Proceeds from sales of property, plant and equipment	716	2,895
Purchase of intangible assets	-511	-3,558
Proceeds from sales and redemption of short term and long term investment securities	—	2,419
Purchase of investment securities	-26	-434
Proceeds from phrchase of investments in subsidiaries resulting in change in scope of consolidation	31,412	—
Proceeds from sales of Investments In Subsidiaries resulting In change In scope of consolidation	—	765
Net decrease (increase) in short-term loans receivable	-5,047	-1,855
Payments of loans receivable	-335	-1,156
Collection of loans receivable	663	2,609
Other	2	101
Net cash provided by (used in) investing activities	-310	-40,546

(MM yen)

	FY2013	FY2013
Net cash provided by (used in) financing activities		
Net incrase (decrease) in short-term loans payable	-17,030	16,000
Repayament of long-term loans payable	-3,250	—
Proceeds From Issuance Of Bonds		14,000
Proceeds from sales of treasury stock	4	2
Purchase of treasury stock	-40	-22
Repayments of lease obligations	-2,270	-3,071
Cash dividends paid	-1,588	-3,635
Proceeds from exercise of stock option	0	0
Net cash provided by (used in) financing activities	-24,176	23,272
Net increase (decrease) in cash and cash equivalents	7,777	-4,818
Cash and cash equivalents	22,012	29,790
Cash and cash equivalents	29,790	24,971

(5) Notes to consolidated financial statements

(Notes to assumption of going concern)

Not applicable

(Basis for preparation of consolidated financial statements)

1 **Scope of consolidation:**

All the subsidiaries are included in the consolidation scope.

(1) Number of consolidated subsidiaries: 11

The listing of major consolidated subsidiaries are omitted since it is provided in "2. Status of corporate group."

(2) Major nonconsolidated subsidiaries:

FV Corporation Co., Ltd.

The size of each of the 4 nonconsolidated subsidiaries are small, and each company's total assets, sales, current net income (amount corresponding to equity) and retained earings (amount corresponding to equity) are small in size and do not have a material effect on the consolidated financial statements.

2 **Application of equity method**

(1) Number of the affiliated companies with equity method applied: 3

Coca-Cola Business Service Co., Ltd., Coca-Cola Customer Marketing Company Co., Ltd., and Fresh Vender Service Co., Ltd.

(2) Non-Consolidated Subsidiaries and Affiliated Companies excluded from the equity method

FV Corporation Co., Ltd.

Reason for exclusion from the equity method: The above three non-consolidated subsidiaries are excluded from the equity method as the impact on the consolidated financial statements is minor and there is little significance in totality taking into account various factors such as the current net income or loss (amount corresponding to the equity interest) and retained earnings (amount corresponding to the equity interest).

3 **Fiscal year of consolidated subsidiaries, etc.**

The end of fiscal year of consolidated subsidiaries is same as that of the consolidated account closing date.

4 **Accounting standards**

(1) Valuation standards and methods for significant assets

1) Securities:

Other securities

Securities with available fair market values:

…Market value method based on the market value, etc. as at the account closing date (Valuation differences are to be reported as a component of shareholders' equity and the cost of products sold is to be calculated by using the moving average method.)

Securities without market value:

…Cost method based on the moving average method

2) Inventory assets:

Mainly by gross average method or cost method based on the moving average method (Balance sheet amount are calculated by the inventory write-down method to reflect the decline of profitability)

(2) Depreciation method used for significant depreciable assets

1) Tangible fixed assets: (Excluding the lease assets)

Straight-line method

Durable years of the major items are as follows.

Buildings:	3-50 years
Machinery, equipment & vehicles:	4-17 years
Sales equipment:	4- 9 years

2) Intangible fixed assets: (Excluding the lease assets)

Straight-line method

Straight-line method based on the Company's available years (5years) is applied for software.

3) Lease assets:

The lease period is the durable years for the lease assets and the residual value is zero, calculated by the straight-line method.

4) Long-term prepaid expenses: Fully depreciated within the period

(3) Basis for recording significant allowance

1) Allowance for doubtful accounts: In order to prepare for bad debts loss of receivables such as accounts receivable-trade, we have reviewed general accounts receivables and specific receivables such as doubtful accounts receivables based on the loan loss ratio and individual collectability, respectively, and recorded the unrecoverable amounts.

2) Allowance for bonuses: In order to prepare for the payment of bonuses for employees, we have recorded an estimated amount at as of the end of the consolidated FY 2014.

3) Allowance for officers' bonuses: In order to prepare for the payment of bonuses for officers, we have recorded an estimated amount at as of the end of the consolidated FY 2014.

4) Allowance for retirement benefits for officers: In order to prepare for the payment of retirement benefits for the Officers, we have posted an estimated amount at as of the end of the consolidated FY 2014 in accordance with Bylaw concerning Retirement Benefits for Officers.

5) Allowance for environmental measures: In order to prepare for disposing polychlorinated biphenyl waste kept in storage, we have posted an estimated incurred amount at as of the end of the consolidated FY 2014.

6) Allowance for losses on contracts: In preparation for payment of system usage fees after cancellation under the contracts, the estimated amount is recorded. Allowance for environmental measures:

(4) Accounting treatment for retirement benefits

1) Cut off for expected retirement benefit payments

When calculating retirement benefit liabilities, straight-line attribution is used as the method of attributing the expected retirement benefit payments for the period up to the end of the current fiscal year.

2) Treatment of actuarial differences, past service costs and transition obligations

Actuarial differences are allocated by the straight-line method using a certain number of years within the employees' average remaining service years when the difference occurs (mainly 13 years), and the amount is treated as an expense from the following consolidated fiscal year.

Past service liabilities are allocated by the straight-line method using a certain number of years within the employees' average remaining years of service when the liability occurred (mainly 13 years), and the amount is treated as an expense. Scope of the Cash declared in the consolidated cash flow statement

(5) Scope of the Cash declared in the consolidated cash flow statement

For The Cash (cash and cash equivalents), we have posted cash on-hand, demand deposits and short-term investments which are highly liquid (to be matured within 3 months from the acquisition),easily convertible and bear little risk in price fluctuation in the consolidated cash flow statement.

(6) Other significant matters for preparation of the consolidated financial statements

Accounting treatment for consumption tax, etc.

Before-tax method is applied.

(Changes in accounting policies)

1. Application of accounting standards regarding retirement benefits

The "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, issued on May 17, 2012, hereinafter referred to as "Retirement Benefit Accounting Standard") and "Guidance on Application of Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, issued on May 17, 2012, hereinafter referred to as "Retirement Benefit Guidance") have been applied from the end of the current consolidated fiscal year (excluding the provisions in the main text of paragraph 35 in the Retirement Benefit Accounting Standard and the main text of paragraph 67 of the Retirement Benefit Guidance), and the accounting method has been changed to recording the amount obtained by deducting the pension assets from the retirement benefit liabilities as the liability for retirement benefits. In addition, the unrecognized actuarial difference and unrecognized past service cost have been recorded in the liability for retirement benefits.

Concerning the application of the Retirement Benefits Accounting Standard, we are acting in accordance with the transitional handling defined in paragraph 37 of the Retirement Benefit Accounting Standard, and as of the end of the current consolidated fiscal year, the impact resulting from this change has been included in the cumulative adjustment amount for the retirement benefits in other accumulated income.

As a result, for the liabilities for retirement benefits at the end of the current term,18,689 million yen has been recorded as the liability for retirement benefits, and the other accumulated income amount decreased by 3,717 million yen.

Hence, the net assets per share decreased by 30.71 yen.

2. Changes in accounting policies that are difficult to distinguish from changes in accounting estimates and changes in accounting estimates

Changes to the depreciation method, service life and residual value of tangible fixed assets

Previously, the old declining balance method was primarily used as the depreciation method for tangible fixed assets, but the method was changed to the straight-line method from the current consolidated fiscal year.

Following the merger on July 1, 2013, in the initial 2014 annual business plan, through the introduction from 2014 of a new strategy and policy for sales equipment that aimed at optimally using sales equipment beyond the borders of each bottler, the sales equipment is expected to make a larger contribution to achieving stable profits over the long-term. Also, a new supply chain strategy for manufacturing equipment was implemented from 2014, large investments were made in manufacturing equipment and the merger of manufacturing subsidiaries, optimum production systems that improve production capacity and extend beyond the territories of each individual bottler were established, and it became possible to operate manufacturing equipment efficiently and stably over the long-term. As a result, it was determined that allocating expenses through the straight-line method is the depreciation method that more appropriately reflects the actual situation, and thus, the method was changed to the straight-line method.

Also, the service life of the main sales equipment has traditionally been set as 5-6 years for the purpose of depreciation, but following the change to the depreciation method, as a result of reconsidering the expected length of time sales equipment will be used, the service life has been revised to 9 years from the current consolidated fiscal year, and this service length will continued to be applied going forward.

In addition, following the change to the depreciation method for tangible fixed assets, as a result of considering the price when disposing tangible fixed assets after the service life has expired, because the income earned from the sale in consideration of the ancillary expenses for disposal is minimal, the residual value of tangible fixed assets has been changed to the remainder price of 1 yen from the current fiscal year.

Based on above, compared with the previous method, for this fiscal year operating income increased 5,573 million yen, ordinary income increased 6,183 million yen, and income before income tax increased 6,279 million yen.

(Unapplied accounting standard, etc.)

1. Accounting Standard for Retirement Benefit

"Accounting Standard for Retirement Benefit" (ASBJ Statement No. 26, issued on May 17th, 2012)
"Guidance on Accounting Standard for Retirement Benefit" (ASBJ Guidance No. 25, issued on May 17th, 2012)

(1)Overview

Based on viewpoints to improve the financial reporting and international movement, the said standard and guidance were revised mainly for improving the method to treat unrecognized actuarial differences and past service liabilities and to calculate retirement benefit liabilities and service cost and the disclosure.

(2)Schedule date for the application

The Group will apply the revised retirement benefit liabilities and service cost from the beginning of the consolidated fiscal year starting after January 1st, 2015.

(3)Impacts of the application of the said accounting standard

The impacts on the consolidated financial statements are under evaluation at the time of preparing the consolidated financial statements.

2. Accounting Standards for Business Combinations

・“Accounting Standards for Business Combinations” (ASBJ Statement No. 21, issued on September 13, 2013)
・”Accounting Standards regarding Consolidated Financial Statements” (ASBJ Statement No. 22, issued on September 13, 2013)
・“Accounting Standards for Business Divestitures” (ASBJ Statement No.7, issued on September 13, 2013)
・”Accounting Standards for Net Income Per Share” (ASBJ Statement No. 2, issued on September 13, 2013)
・”Guidance on Application of Accounting Standards for Business Combinations and Accounting Standards for Business Divestitures” (ASBJ Guidance No. 10, issued on September 13, 2013)
・”Guidance on Application of Accounting Standards for Net Income Per Share ” (ASBJ Guidance No. 4, issued on September 13, 2013)

(1) Overview

Revisions of these accounting standards mainly apply to (i) the accounting treatment of any changes in a parent’s ownership interest in a subsidiary when the parent retains control over the subsidiary, (ii) the accounting for acquisition-related costs, (iii) the presentation of net income and the change of name from “minority interests” to “non-controlling interests”, and (iv) the transitional treatments for these accounting standards.

(2) Scheduled date for the application

The revised accounting standards and guidance are scheduled to take effect from the beginning of the fiscal year starting on January 1, 2016. The transitional treatment will be applied to business combinations executed at or after the beginning of the year starting on January 1, 2016.

(3) Impacts of the application of the said accounting standards

The impacts on the consolidated financial statements are under evaluation at the time of preparing the consolidated financial statements.

(Change in presentation)

(Consolidated cash flow statement)

In accordance with the growing importance since the previous fiscal year; “Special retirement expenses” included in “Others” above the Subtotal for “Net cash provided by operating activities”; “Special retirement expenses paid” included in “Others” below the Subtotal; “Decrease (increase) in long term prepaid expenses” included in “Increase/decrease in other assets/liabilities”; and “Income taxes refunded” included in “Income taxes paid”; are stated independently from this fiscal year.

Consequently, -475 MM yen included in “Others” above the Subtotal for “Net cash provided by operating activities” was reclassified to 419 MM yen of “Special retirement expenses” and -894 MM yen of “Others”; -7 MM yen included in “Others” below the Subtotal was reclassified to -7 MM yen of “Special retirement expenses paid”; 1,297 MM yen included in “Increase/decrease in other assets/liabilities” was reclassified to -6,378 MM yen of “Decrease (increase) in long term prepaid expenses” and 7,675 MM yen of “Increase/decrease in other assets/liabilities”; and -1,819 MM yen included in “Income taxes paid” was reclassified to -1,850 MM yen of “Income taxes paid” and 31 MM yen of “Income taxes refunded”;

(Additional information)

Concerning the share exchange agreement for simple share exchange with Sendai Coca-Cola Bottling Co., Ltd.

Coca-Cola East Japan Co., Ltd. (“CCEJ”) was pleased to announce at their board meeting on December 16th, 2014, that we resolved to conduct a share exchange to make CCEJ the parent company and Sendai Co. its wholly-owned subsidiary (the “Share Exchange”) and on the same day both companies executed a share exchange agreement (the “Share Exchange Agreement”). When the the share exchange is executed, CCEJ will issue 5,781,166 common shares.The share exchange, based on company law 796-No3, is expected to be conducted as of April 1st 2015.

(Consolidated balance sheet)

Acumulated imparement loss is included in Accumulated depreciation of tangible assets.

(Consolidated profit and loss statement)

*1 Year-end inventory represents the amount after write-down due to a decreased profitability and the next inventory appraisal loss is included in the cost of goods sold.

FY2013	FY2014
52 MM yen	244MM yen

*2 Major items and amounts of selling and general administration expenses are as follows.

	FY2013	FY2014
Sales commission	31,065MM yen	45,011MM yen
Advertisement and promotion cost	16,468	25,217
Transportation cost	33,831	51,772
Salaries/allowance and bonuses	30,693	46,791
Retirement benefit cost	2,284	1,868
Provision of allowance for bonus	1,264	1,945
Provision of allowance for retirement benefits for Officers	35	2
Provision of allowance for bonuses for Officers	100	37
Provision of allowance for doubtful accounts	60	44
Depreciation cost	14,430	16,740

*3 Breakdown of loss on sales of noncurrent assets are as follows.

	FY2013	FY2014
Machinery Equipment And Vehicles	0MMyen	0MM yen
Sale equipment	879	370
Total	880 MM yen	370MM yen

*4 Breakdown of gain on disposal of fixed assets are as follows.

	FY2013	FY2014
Buildings and structures	-MMyen	6MMyen
Machinery Equipment And Vehicles	4	43
Land	-	546
Lease assets	0	-
Total	4MMyen	595MM yen

*5 Breakdown of loss on sales of noncurrent assets are as follows.

	FY2013	FY2014
Buildings and structures	259MM yen	188MM yen
Machinery Equipment And Vehicles	322	236
Tools, furniture and fixtures	11	5
Lease assets	1	—
Intangible assets	10	5
Total	605	435

*6　Breakdown of Restructuring cost is as follows.

	FY2013	FY2014
Expenses related to transition of mission-critical systems	3,984MM yen	― MMyen
Expenses for the relocation of head office nad branch offices, etc	261	253
Special retirement expenses	419	1,484
Special retirement expenses for Directors	―	183
Total	4,665 MM yen	1,922 MM yen

Expenses related to transition of mission-critical systems (2013) include Allowance for losses on contracts 3,393MMyen

*7　Expenses relating to quality ,
It is recorded for self-imposed product recall, breakdown is abandonment loss 515 MM yen , cost of recovery 127 MM yen.

*8　Impairment　loss

The Group has posted the impairment loss for the below assets for FY 2013 as follows.

Location	Purpose	Type	Impairment loss (MM yen)
Nagoya-city Aichi Pref.	Plant	Buildings and structures	417
Shimizu-City,Shizuoka Pref.	Plant	Buildings and structures	727
Izu-City, Shizuoka Pref.	Unutilized asset	Land	11
Toba-City, Mie Pref.	Unutilized asset	Land	8
Takayama-City, Gifu Pref.	Unutilized asset	Land	4
Tsu-City,Mie Pref.	Unutilized asset	Land	1

For assets for business, the Group uses management accounting unit for the basis of asset groups and applies the grouping minimum unit to produce independent cash flow.　In addition, for assets leased to others and unutilized assets, the Group has judged signs of impairment loss using an individual property as grouping minimum unit.

Effective with our decision to terminate certain plant activities, the value of the affected assets was adjusted from book value to realizable value with difference recorded as impairment losses.

Regarding the unutilized assets, they are currently idle and expected to be under suspension of operation.　Moreover the future use is not determined, thus we have decreased the book value to recoverable value and posted the decrease as impairment loss for extraordinary loss.

In addition, the recoverable value has been measured at net sales value and the evaluation is of less importance, thus it is based on the value calculated with rational adjustment of the fixed asset tax assessed valuation.

The Group has posted the impairment loss for the below assets for FY 2014 as follows.

Location	Purpose	Type	Impairment loss (MM yen)
Utsunomiya-city Tochigi Pref.	Unutilized asset	Land	37
Nasu, Tochigi Pref.	Unutilized asset	Land	18
Kashima-City, Ibaraki Pref.	Unutilized asset	Land	8
Takayama-City, Gifu Pref.etc.	Unutilized asset	Land	4

For assets for business, the Group uses management accounting unit for the basis of asset groups and applies the grouping minimum unit to produce independent cash flow. In addition, for assets leased to others and unutilized assets, the Group has judged signs of impairment loss using an individual property as grouping minimum unit.

Regarding the unutilized assets, they are currently idle and expected to be under suspension of operation. Moreover the future use is not determined, thus we have decreased the book value to recoverable value and posted the decrease as impairment loss for extraordinary loss.

In addition, the recoverable value has been measured at net sales value and the evaluation is of less importance, thus it is based on the value calculated with rational adjustment of the fixed asset tax assessed valuation.

(Consolidated comprehensive profit statement)
*Amounts of reclassification adjustment and tax effect for other comprehensive profits

	FY2013	FY2014
Valuation difference on available-for-sale securities：		
Amount incurred during the period	976MM yen	1,198MM yen
Reclassificaiton adjustment value	－	12
Before tax effect adjustment	976	1,210
Tax effect value	-343	-433
Valuation difference on available-for-sale securities	633	777
Deffered gains or losses on headges：		
Amount incurred during the period	-3	－
Reclassificaiton adjustment value	－	3
Before tax effect adjustment	-3	3
Tax effect value	1	-1
Deffered gains or losses on headges	-2	2
Share of other comprehensive income of associates accounted for using equity method：		
Amount incurred during the period	-199	502
Reclassificaiton adjustment value	－	－
Share of other comprehensive income of associates accounted for using equity method	-199	502
Other comprehensive profit total	431	1,281

(Consolidated statement of changes in net assets)
FY 2013 (Jan 1st, 2013- Dec. 31st, 2013)
1. Type and total number of issued shares and type and number of treasury shares

Type of shares	Shares as of Jan. 1st, 2013	Increase in Shares for FY 2013	Decrease in shares for FY 2013	Shares as of Dec. 31st, 2013
Issues shares	Shares	Shares	Shares	Shares
Common shares	45,003,495	76,895,483	—	121,898,978
Total	45,003,495	76,895,483	—	121,898,978
Treasury shares	Shares	Shares	Shares	Shares
Common shares	861,446	36,321	41,273	856,494
Total	861,446	36,321	41,273	856,494

Notes:

1. The increase in the number of treasury shares is due to share exchange implemented among Mikuni Coca-Cola Bottling Co., Ltd.,(share exchange ratio:1:0.790) Tokyo Coca-Cola Bottling Co., Ltd., (share exchange ratio:1:69.883) and Tone Coca-Cola Bottling Co., Ltd. (share exchange ratio:1:6.814) on July 1, 2013.
2. The increase in the number of treasury shares is due to purchase by the Company of odd lot shares. (is this the same as above?)
3. The decrease in the number of treasury shares is due to sale by the Company of odd lot shares and exercise of stock options.

2. Share Options, etc.

Share options as stock options

Closing balance of share options at the end of FY2013: 19MM yen

3. Dividends

(1) Dividends paid

Resolution	Type of Share	Total dividends (MM yen)	Dividends per share (yen)	Base Date	Effective Date
March 28, 2013 Annual Shareholders Meeting	Common	794	18	December 31, 2012	March 29, 2013
August 9, 2013 BOD Meeting	Common	794	18	June 30, 2013	September 6, 2013

(2) Of the dividends which base date is in FY2013, dividends which effective date is in FY2014

Resolution	Type of Share	Dividend resource	Total dividends (MM yen)	Dividends per share (yen)	Base Date	Effective Date
March 30, 2014 Annual Shareholders Meeting	Common	Retained earnings	1,694	14	December 31, 2013	March 31, 2014

FY 2014 (Jan 1st, 2014- Dec. 31st, 2014)

1. Type and total number of issued shares and type and number of treasury shares

Type of shares	Shares as of Jan. 1st, 2014	Increase in Shares for FY 2014	Decrease in shares for FY 2014	Shares as of Dec. 31st, 2014
Issues shares	Shares	Shares	Shares	Shares
Common shares	121,898,978	–	–	121,898,978
Total	121,898,978	–	–	121,898,978
Treasury shares	Shares	Shares	Shares	Shares
Common shares	856,494	9,499	11,563	854,430
Total	856,494	9,499	11,563	854,430

Notes:

1. The increase in the number of treasury shares is due to purchase of odd lot shares.
2. The decrease in the number of treasury shares is due to disposal due to purchase demand of shares less than one unit and exercise of stock options.

2. Share Options, etc.

Share options as stock options

Closing balance of share options at the end of FY2014: 223MM yen

3. Dividends

(1) Dividends paid

Resolution	Type of Share	Total dividends (MM yen)	Dividends per share (yen)	Base Date	Effective Date
March 28, 2014 Annual Shareholders Meeting	Common	1,694	14	December 31, 2013	March 31, 2014
August 6, 2014 BOD Meeting	Common	1,936	16	June 30, 2014	September 8, 2014

(2) Of the dividends which base date is in FY2014, dividends which effective date is in FY2015

Resolution	Type of Share	Dividend resource	Total dividends (MM yen)	Dividends per share (yen)	Base Date	Effective Date
March 30, 2015 Annual Shareholders Meeting	Common	Retained earnings	1,936	16	December 31, 2014	March 31, 2015

(Consolidated cash flow statement)

*1.Relation between the closing balance of cash and cash equivalent for the period and amounts of items declared in the consolidated balance sheet

	FY 2013 (Jan 1st, 2013- Dec. 31st, 2013)	FY 2014 (Jan 1st, 2014- Dec. 31st, 2014)
Cash and deposit account	29,901 MM yen	24,982 MM yen
Fixed-term deposit which deposit term exceeds 3 months	-111	-11
Cash and cash equivalent	29,790	24,971

*2. Assets and liabilities of new consolidated subsidiaries acquired through share exchanges during the consolidated fiscal year

FY 2013 (Jan 1st, 2013- Dec. 31st, 2013)

Breakdown of assets and liabilities of Mikuni Coca-Cola Bottling Co., Ltd. and 16 other companies that became consolidated subsidiaries due to stock exchange at time of their consolidations as well as the relation between the acquisition cost of the stock and “proceeds from purchase of investments in subsidiaires resulting in change in scope of consolidation” are presented below.

Current asset	105,070	MMyen
Noncurrent asset	123,531	
Current liability	−63,264	
Noncurrent asset	−34,844	
Gain from negative goodwill	−12,969	
Loss from consolidation of previousiy unconsolidated entity	821	
the acquisition cost of the stock	118,343	
Cash and cash equivalent	−31,600	
Issuance Costs for share exchange	−118,342	
Commision for share exchange	186	
Proceeds from phrchase of investments in subsidiaries resulting in change in scope of consolidation	31,412	

3. Non-fund transaction

FY 2013 (Jan 1st, 2013- Dec. 31st, 2013)

Capital surplus increased through share exchange: 118,342 MMyen

(Segment information, etc.)

a. Segment Information

The Group has sole segment of beverage business, thus the description is omitted.

b. Related Information

Consolidated FY 2013 (Jan. 1st, 2013-Dec. 31st, 2013)

1. Information by product and service

The beverage business’ net sales to unaffiliated customers accounts for more than 90% of the total net sales in the consolidated profit and loss statement, thus the description is omitted.

2. Information by area

(1) Net sales

The net sales to unaffiliated customers in Japan accounts for more than 90% of the net sales in the consolidated profit and loss statement, thus the description is omitted.

(2) Tangible fixed assets

Tangible fixed assets amount in Japan is more than 90% of . Tangible fixed assets in the consolidated profit and loss statement, thus the description is omitted.

3. Information by major customer

Of the net sales to unaffiliated customers, the Group has no account whose net sales accounts for 10% of the nets sales in the consolidated profit and loss statement, thus the description is omitted.

Consolidated FY 2014 (Jan. 1st, 2014-Dec. 31st, 2014)

1. Information by product and service

The beverage business’ net sales to unaffiliated customers accounts for more than 90% of the total net sales in the consolidated profit and loss statement, thus the description is omitted.

2. Information by area

(1) Net sales

The net sales to unaffiliated customers in Japan accounts for more than 90% of the net sales in the consolidated profit and loss statement, thus the description is omitted.

(2) Tangible fixed assets
Not applicable as the Group has no tangible fixed assets located in overseas.

3. Information by major customer
Of the net sales to unaffiliated customers, the Group has no account whose net sales accounts for 10% of the nets sales in the consolidated profit and loss statement, thus the description is omitted.

c. Information on impairment loss of fixed assets by reported segment
Consolidated FY 2013 (Jan. 1st, 2013-Dec. 31st, 2013)
The Group has sole segment, thus the description of impairment loss of fixed assets by reported segment is omitted.

Consolidated FY 2014 (Jan. 1st, 2014-Dec. 31st, 2014)
The Group has sole segment, thus the description of impairment loss of fixed assets by reported segment is omitted.

d. Information on amortized amount and unamortized balance of goodwill by reported segment
Consolidated FY 2013 (Jan. 1st, 2013-Dec. 31st, 2013)
Not applicable.

Consolidated FY 2014 (Jan. 1st, 2014-Dec. 31st, 2014)
Not applicable.

e. Information on profit of negative goodwill by reported segment
Consolidated FY 2013 (Jan. 1st, 2013-Dec. 31st, 2013)
The Group has sole segment, thus the Gain from negative goodwill or Gains from acquisitions by reported segment is omitted.

Consolidated FY 2014 (Jan. 1st, 2014-Dec. 31st, 2014)
Not applicable.

(Per share information)

	FY2013	FY2014
Net assets per share	1,785.92 yen	1,764.07 yen
Net income per share for the year	139.70 yen	28.37 yen
Net income per share fully diluted for the year	139.64 yen	28.36 yen

Note: The basis for calculation is as follows.

(1) Net assets per share

	FY2013	FY2014
Net assets per share		
Total amount of the section of net assets (MM yen)	216,191	213,754
Amount deducted from total amount of the section of net assets (MM yen)	19	223
(Share options of the above (MM yen))	(19)	(223)
Net assets for common shares at year-end	216,172	213,530
Number of issued common shares at year-end (shares)	121,042,484	121,044,548

(2) Net income per share for the year and net income per share fully diluted for the year

	FY2013	FY2014
Net income per share for the year		
Net income for the year (MM yen)	11,582	3,434
Amount not attributable to common shareholders	—	
Net income for the year attributable to common shares	11,582	3,434
Average number of common shares (shares)	82,912,957	121,047,933
Net income per share fully diluted for the year		
Adjustment to net income (MM yen)	—	
Increase in number of common shares (shares)	33,306	51,105
(share options (shares) of the above)	(33,306)	(51,105)

(Significant subsequent events)

Not applicable.

5. Others (Appointment of Officers (Effective from March 30th, 2015))

(1) New Director candidate

Director & Senior Executive Officer	Haruko Ozeki	(Current: Chief Legal Officer)

(2) Retiring Director

Current: Director & Executive Officer, Senior Manager of Non KO Subsidiaries and M&A, Finance Function	Masaki Ito	

(3) New corporate auditor candidate

Corporate Auditor (Part-time)	Haraomi Kondo	(Current: Vice President & Manager of president's office, CCJC

* Haraomi Kondo is Outside Corporate Auditor candidate.

(4) Retiring Corporate Auditor

Current: Corporate Auditor (Part-time)	Kana Odawara	(Current: Senior VP & Finance Controller, CCJC

End