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Coca-Cola East Japan

FASF

Summary of Consolidated Financial Statements (Japanese Standards) for the Fiscal Year Ending December 31st, 2015

February 12, 2016

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 and Financial Controller	Name:	Johan Rolf	TEL: 03 (5575) 3859
Scheduled date of annual shareholders' meeting:		March 29, 2016			
Scheduled date of submission of annual security report:		March 29, 2016	Schedule date of start of dividend payment:		March 30, 2016
Preparation of supplementary documents for earnings results:			Yes		
Earnings results presentation/conference:			Yes		

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

1. Consolidated Financial Results for the Fiscal Year Ending December 31, 2015

(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 2015	563,162	7.6	10,791	15.3	10,411	8.4	5,354	55.9
FY 2014	523,299	40.4	9,356	23.4	9,606	24.2	3,434	-70.3

(Note) Comprehensive income: FY2015: 6,560Million Yen (39.1 %) FY: 2014 4,716 Million Yen (-60.7%)

	Net Income per Share	Net Income per Share (Fully Diluted)	ROE	ROA	Operating Income Margin
	Yen	Yen	%	%	%
FY 2015	42.70	42.64	2.4	2.9	1.9
FY 2014	28.37	28.36	1.6	2.9	1.8

(Reference) Equity income: FY2015: 134Million Yen FY2014: 61 Million Yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Asset per Share
	Million Yen	Million Yen	%	Yen
FY2015	371,771	230,945	62.0	1,817.67
FY2014	342,672	213,754	62.3	1,764.07

(Reference) Shareholders' equity: FY2015: 230,525 Million Yen FY2014: 213,530 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
FY2015	39,576	-33,207	-10,276	21,573
FY2014	12,455	-40,546	23,272	24,971

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	%	%
FY2015	–	16.00	–	16.00	32.00	4,058	74.9	1.8
FY2014	–	16.00	–	16.00	32.00	3,873	112.8	1.8
FY2016 (forecast)	–	16.00	–	16.00	32.00		55.7%	

3. The Consolidated Earnings Forecasts for the Fiscal Year Commencing January 1st and Ending December 31st ,2016

(Percentages show year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Full-Year	571,300	1.4	14,000	29.7	13,600	30.6	7,200	34.5	57.42

Notes:

(1) Changes of important subsidiaries during the reporting period (Changes of specific subsidiaries accompanied by changes in the consolidation scope) Yes

Sendai Coca-Cola Bottling Company

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

(i) Changes in accounting policies accompanied by revisions of accounting standards, etc. Yes

(ii) Changes in accounting policies other than (i) None

(iii) Changes in accounting estimates None

(iv) Restatement None

(3) Number of Issued Shares (Common Shares)

(i) Number of the issued shares at the end of the period (including treasury stock)	FY 2015	127,680,144 shares	FY 2014	121,898,978 shares
(ii) Number of the treasury stock at the end of the period	FY 2015	855,654 shares	FY 2014	854,430 shares
(iii) Average number of the shares during the period (accumulated total)	FY 2015	125,399,031 shares	FY 2014	121,047,933 shares

(Note) With regard to the number of shares used as the basis for calculation of net income per share (consolidated), please refer to "Per Share Information" on page 31.

*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 “Forecast for The Next Fiscal Year,” page 4 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 results
(i) Qualitative information on the consolidated operating results

Coca-Cola East Japan Co., Ltd. ("CCEJ") today announced its consolidated financial results for the fourth quarter and full-year 2015 (January 1, 2015 to December 31, 2015).

For additional details and management discussion of results, please also see the supporting presentation material posted on our Company website, which will be used for the earnings presentation and webcast on Monday, February 15, 2016 at 1:30 p.m. (JST). The webcast is available both live and on demand at http://investor.ccej.co.jp.

Key Messages

- 9% volume growth, 8% revenue growth and 15% operating income growth for the full year, including the impact of the Sendai Coca-Cola Bottling Company ("Sendai") integration in the second quarter.
- Full-year revenue and operating income slightly ahead of the revised forecast announced in October 7, 2015
- Recovering market share trends in the fourth quarter (October 1 to December 31, 2015), with growth in both volume and value share
- Strong performance of new product launches in fourth quarter, led by ilohas momo (peach) water and Georgia The Premium coffee. Vending channel pressure continues. Coffee growth in all channels.

Industry Update

Total nonalcoholic ready-to-drink (NARTD) beverage industry volumes were slightly positive for the full year. Strong competition has continued, with many players introducing new products as well as continued aggressive promotional activities in the marketplace.

Integration Update

CCEJ was formed after the integration of the four Kanto and Tokai region Coca-Cola bottling companies on July 1, 2013, and the subsequent acquisition of Sendai on April 1, 2015. As part of the company's mid-term strategic plan, the One+ Roadmap for Growth, we are focused on transforming our business, with a strong focus on people, processes and system capabilities. Integration progress in the fourth quarter includes:

- Commissioned one new production line in Iwatsuki
- Successfully completed second bond offering of 16 billion yen
- Completed legal entity consolidation of Sendai and inclusion in ERP system (As of January 1, 2016)

Operating Review

Full-year total BAPC (Bottler Actual Physical Cases) sales volume grew 8.7% reflecting the integration of Sendai in the second quarter as well as strong volume growth in the fourth quarter. Organic volume performance excluding Sendai was positive 1.1% for the full-year.

Full-year volume growth by channel was impacted by weaker-than-expected performance in the vending channel, due to a continued shift of consumers' purchasing behavior across channels and cool weather in the third quarter, our peak season, as well as continued pricing pressure. In addition, supermarket volume performance was impacted by our strategic decision to pull back on promotional activity related to less profitable future-consumption packaging. However, including the Sendai integration as well as new customer development, volume grew across all channels: eating & drinking (+18%), convenience store (+16%), drug & discounter (+12%), supermarket (+5%) and vending (+5%).

Full-year sparkling beverage volume grew 5%. In the hydration category, unsweetened teas, water and sports drinks volume grew 12%, 10% and 4%, respectively. Coffee volume grew 12%, led by the introduction of new products and juice grew 16%, led by new customer development.

Fourth quarter total BAPC sales volume grew 14.8% year-on-year, reflecting the integration of Sendai as well as successful new product launches and strong marketplace execution. Organic volume was positive 5.1% in the quarter. We gained market share in colas, teas and water categories in the quarter.

Fourth quarter volume grew across all channels, led by the Sendai integration as well as the introduction of new products and new customer development as follows; drug & discounter (+25%), convenience store (+22%), eating & drinking (+20%), supermarket (+12%) and vending (+11%).

Sparkling beverage volume grew +9% in the fourth quarter. In the hydration category, water grew 29%, led by the introduction of new products such as ilohas momo (peach). Unsweetened teas grew 18%, led by continued success of Ayataka green tea and Karada Sukoyakacha W, our FOSHU (Food for Specific Health Use) tea brand, as well as Tsumugi – Japanese Oolong Tea, which was newly launched in the first quarter, and customer exclusive branded product launched in the second quarter. Sports grew 9%. Coffee volume continued to grow, up 17% in the fourth quarter, with growth in all channels, supported by the introduction of new products such as Georgia The Premium and customer exclusive-branded products, mainly in the vending and convenience store channel.

Financial Review

All results below include Sendai from April 1, 2015 onwards.

Reported Results

Full-Year 2015 (January to December)

In Million JPY	2014	**2015**	% Change
Net Sales	523,299	563,162	+7.6
Operating Income	9,356	10,791	+15.3
Net Income	3,434	5,354	+55.9

Comparable* Results

Full-Year 2015 (January to December)

In Million JPY, except volume	2014	**2015**	% Change
Volume** (BAPC, in thousand)	281,586	305,951	+8.7
Net Sales	523,299	563,162	+7.6
Operating Income	10,474	11,902	+13.6
Net Income	5,975	7,221	+20.9

Fourth Quarter 2015 (October to December)

In Million JPY, except volume	2014	**2015**	% Change
Volume** (BAPC, in thousand)	65,663	75,373	+14.8
Net Sales	122,698	137,632	+12.2
Operating Income	3,887	3,182	-18.1
Net Income	2,619	1,281	-51.1

* Comparable: Presentation of results after excluding exceptional items such as charges, gains, etc. which are viewed by management as non-recurring 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.

** As announced in Q4 2014 results, volume conversion rates across legacy bottler entities were standardized in 2015 as part of the implementation plan for the new ERP system, CokeOne+. PY variance and 2014 volume shown above also reflect this change.

Full-year reported and comparable net sales revenue was JPY 563,162 million (positive 7.6% compared to the prior year period), reflecting the integration of Sendai as of April 1, 2015. Fourth-quarter revenue grew 12.2% year-on-year.

Full-year reported operating income was JPY 10,791 million (positive 15.3% compared to the prior year period) mainly attributable to the integration of Sendai and reflecting the cycling of a change in accounting policy and estimates related to the depreciation method for fixed assets and the related write-off of residual value of existing tangible fixed assets during the first quarter of last year. Fourth quarter comparable operating income was negative 18.1%, due to increase of cost of goods sold and sales, general and administrative expenses.

We reported a full-year net income of JPY 5,354 million (positive 55.9% compared to the prior year period), mainly attributable to the above-mentioned operating income increase, lower effective tax rate versus prior fiscal year, etc.

(ii) Forecast for The Next Fiscal Year (January 1, 2016 to December 31, 2016, Reported)

	Revenue (M JPY)	Operating Income (M JPY)	Ordinary Income (M JPY)	Net Income (M JPY)	EPS (Yen)
FY2016 Forecast	571,300	14,000	13,600	7,200	57.42
FY2015 Results	563,162	10,791	10,411	5,354	42.70
Variance (%)	1.4%	29.7%	30.6%	34.5%	

We have a solid marketing and innovation calendar planned for the next fiscal year together with our partners at Coca-Cola Japan (CCJC), including extensive deployment of premium products and related marketing and sales promotion activities.

This year marks the launch of the first new global advertising campaign for Coca-Cola in seven years. The new campaign, "Taste the Feeling", launched in Japan on January 20, celebrates the idea that drinking a Coca-Cola—any Coca-Cola—is a simple pleasure that makes everyday moments more special. We are actively deploying a fully integrated marketing strategy including television, digital, sampling and more. In the coffee category, we introduced a new product, "Georgia Deep Impact" in January, to build on our successful performance in coffee over the past year. Additionally, we plan to execute marketing and sales promotions focusing on the Rio de Janeiro Olympics to be held in August.

Also, we have been continuously working to improve profitability with a segmented approach to growing volume and revenue across channels. A key focus remains stabilizing profitability in the important vending machine channel by moving or removing unprofitable machines, continuing to develop indoor placements and deployment of vending-exclusive initiatives such as loyalty programs for consumers and vending-only product launches.

We plan to sell 313,893 thousand cases in 2016, representing positive volume growth of 2.6% versus prior year.

Additionally, from FY2016, the company has changed the useful lives of machinery and equipment for manufacturing to a range of 7 to 20 years from 10 years, which more realistically reflects the estimated useful lives of these assets. As a result of this change, FY2016 forecast includes approximately 1.7 billion yen benefit of depreciation expenses.

(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 371,771 million, an increase of JPY 29,098 million from the end of the previous fiscal year. This is attributable to an increase of Accounts Receivable-Trade reflecting the growth in revenue. In addition, Sales Equipment increased as a result of continued placement of vending machines and coolers in the marketplace and Machinery Equipment and Vehicles increased as a result of commissioning of newly installed manufacturing lines. All of the above also reflect the impact of the integration of Sendai from the second quarter of 2015.

Liabilities at the end of this fiscal year were JPY 140,825 million, an increase of JPY 11,907 million from the end of previous fiscal year. This is mainly due to an issuance of 16 billion yen in straight bonds in December 2015 as well as the integration of Sendai.

Net assets at the end of this fiscal year were JPY 230,945 million, an increase of JPY 17,191 million from the end of previous fiscal year. This is primarily due to the increase of Capital Surplus by issuing new shares for the integration of Sendai.

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

During this consolidated accounting period, Cash and Cash Equivalents are JPY 21,573 million, a decrease of JPY 3,397 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 39,576 million (the cash generated increased JPY 27,120 million year-on-year). This results mainly from income before tax of JPY 8,286 million, depreciation and amortization, amortization of long-term prepaid expenses, income tax refund, increase in accounts payable, etc.

against increase in receivable, increase in long-term prepaid expenses, etc.

(Cash Flow from Investing Activities)
Cash used for investing activities was JPY 33,207million (cash out decreased JPY 7,338 million year-on-year). The outflow includes expenditure for new fixed assets such as machinery and equipment for plants, cold drink equipment, intangible fixed assets due to new ERP system deployment, etc. The inflow includes proceeds from purchase of investments in subsidiaries by integrating Sendai as well as governmental subsides, etc.

(Cash Flow from Financing Activities)
Cash used for financing activities was JPY 10,276 million (cash generated JPY 23,272 million in previous fiscal year). The inflow is mainly attributable to straight bond issuance and the outflow includes payment of the short-term loan and lease obligations, etc.

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

	2011	2012	2013	2014	2015
Capital-to-asset ratio (%)	76.0	77.5	68.7	62.3	62.0
Capital-to-asset ratio based on market price (%)	37.8	41.9	84.1	65.4	66.6
Cash flow / interest bearing liability ratio (%)	—	—	—	240.9	95.2
Interest coverage ratio (times)	809.4	687.5	134.6	32.4	89.3

(Note) CCEJ began operations as an integrated company starting in the third quarter of 2013. Above table reflects consolidated result of the legacy Coca-Cola Central Japan (CCCJ) until 2012, and for the first and second quarters results in 2013 reflect the consolidated results of CCEJ in the third and fourth quarter and consolidated result of the legacy CCCJ for the first and second quarters.

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 FY2015 and FY2016

The Company regards the dividend policy as one of the key managerial issues and declares semi-annual dividends under the basic policies, to continue with business investments and to place top priority on healthy and stable payment of dividends in order to secure sustainable development and high profitable growth of the Company into the future.

With regard to the dividend of retained earnings, year-end dividend is determined by resolution in the Ordinary General Meeting of Shareholders, and interim dividend is determined by the Board of Directors Meeting, respectively. Our proposed year-end dividend for FY2015 is 16 yen per share and 32 yen per share for the annual dividend, combined with the interim dividend of 16 yen paid in September 2015.

The internal reserve will be secured for development of our future businesses and as costs of capital expenditure, etc.

For the annual dividend of the following period, we plan to pay a total 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 the Group's operating results and financial position stated in the summary of financial statements, matters that could have a significant impact on investors' judgment are as follows.
Any forward-looking statements contained herein are based on the judgment of the Group at the end of the year under review.

i. Risks relating to agreements with The Coca-Cola Company and Coca-Cola (Japan) Company Limited.

The Group conducts businesses under the Bottler's Agreement executed by and between the Group, The Coca-Cola Company and Coca-Cola (Japan) Company Limited and the Delegation Authorization Agreement executed by and between the Group, 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 on the above agreements. In case of the occurrence of a significant change in these agreements or any events not expected thereunder, the Group's business operations and results could be affected.

ii. Risks relating to the quality and safety of products

Recently, the food and beverage industries faced the occurrence of such problems as foreign matter contamination and illegal resale of food products that should have been disposed of as industry waste, which has increased consumers' attention to the quality and safety of food products. Consumers' growing health consciousness is turning their interest toward the safety of the caffeine, sugar, sweetener and/or food additives contained in the Group's products. We have been promoting the enhancement of our quality and safety management systems to offer safe and tasty products to consumers, and endeavoring to offer a diverse range of products and services to meet the changing needs of consumers. However, in the event of a problem with the quality and safety of our products, the failure to meet changing needs in a timely and appropriate manner or a problem with the products of competitors that could have an incidental adverse effect on the Group's products, demand for the Group's products could decrease and the Group's business results could be affected.

iii. Risks relating to market competition

Although significant growth is not foreseen for the beverage market, competition over shares among soft drink manufacturers has been intensifying. In addition, with changes in consumer purchasing trends and distribution channels, the conventional ways of selling are under growing pressure to change. To address these changes and survive the fierce market competition, the Group has been implementing various sales and marketing strategies. However, if these strategies are ineffective, that might decrease our sales and market share and increase selling costs, thereby causing an adverse effect on the Group's business results.

iv. Climate-related risks

Soft drink sales are susceptible to the climate (e.g., weather, temperature, etc.) due to the product characteristics. In particular, bad weather and low temperature during the peak season could influence the Group's business results.

v. Disaster-related risks

The Group has Group-wide risk management programs in place to ensure the health and safety of employees, protect its business facilities and restore its important businesses within a specified period of time in case of a natural or man-made disaster. However, a failure to fulfil the goals set forth under these programs could lead to a loss of the Group's important human resources, a failure in the Group's equipment, facilities and IT systems, and/or a suspension or delay in the recovery of business operations, thereby causing adverse effects on the Group's business results and financial position.

vi. Risks relating to the streamlining and optimization of business processes

Because the Group was formed by integrating five bottling companies, various programs are in operation within the Group to concentrate, consolidate and standardize to a maximum extent the systems, processes, equipment and facilities that had been used by the respective bottling companies before the integration to enhance the efficiency and productivity of the Group's business operations. Specific projects include the introduction of new production lines and IT systems, removal of unprofitable vending machines and dispensers and consolidation and optimization of distribution networks. If a delay or suspension occurs in these projects or their objectives or intended results cannot be achieved, the Group's business results and financial position could be affected.

vii. Risks relating to fluctuations in the fair value of pension assets

The Group has a defined benefit pension plan. In cases when the operation of pension assets consisting of securities grows worse, retirement benefit expenses might increase, thereby affecting the Group's business results.

viii. Risks relating to legal compliance

The Group conducts the manufacture and sales of soft drinks and ancillary businesses such as the maintenance and repair of sales equipment and the delivery of products. These businesses are subject to various laws and regulations, including the Food Sanitation Act, the Product Liability Act, the Road Traffic Act and the Anti-monopoly Act. In addition, we are required to comply with new or revised laws and regulations relating to the Social Security and Tax Number System, promotion of the employment of the handicapped and mandated implementation of stress check tests on employees. However, if additional expenses are incurred to ensure legal compliance or in the event of violating the laws and regulations, the Group's reputation and business results could be affected.

ix. Risks relating to water resources

The Group has "source water preservation programs" in action at all of its plants to secure water resources, a major ingredient of its products. Meanwhile, we are increasing the capacity to supply water products, including ilohas, to meet the growing demand of consumers. If these efforts fail to achieve the intended results, we could become unable to secure water resources or supply water products, thereby affecting the Group's business results and financial position.

x. Risks relating to leakage or loss of information

In the process of conducting its business, the Group has come to hold private or confidential information as to customers, employees and business partners. In addition, the Group's business is conducted by using many IT systems. Therefore, we plan to carry out integrated information security measures led by the Information Security Committee and using the cloud computing service. In the event of leakage or loss of information, however, the Group's social credibility or business results could be affected.

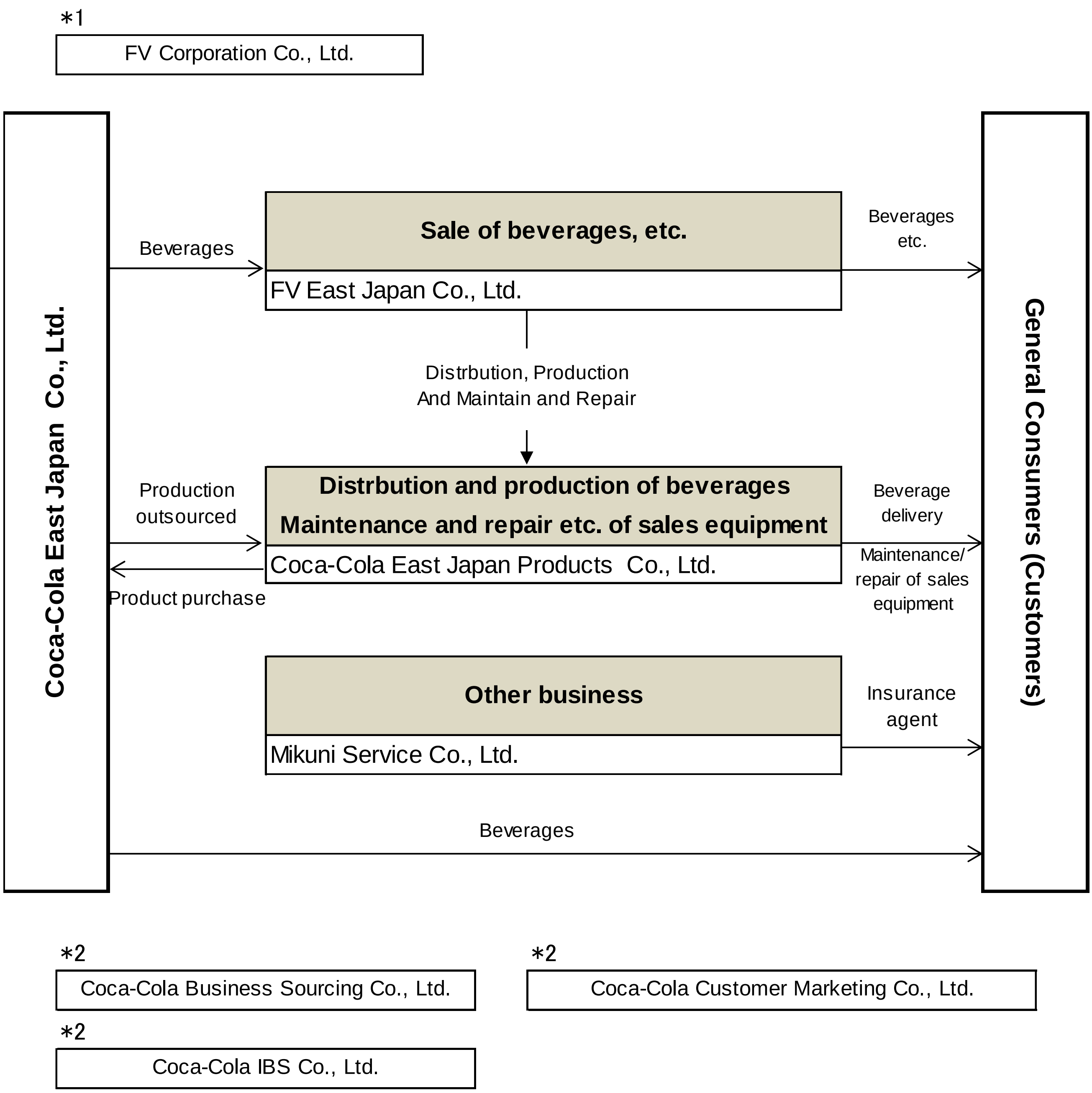
2. Status of Corporate Group

The Group consists of the Company, eight consolidated subsidiaries, one non-consolidated subsidiary, and three equity method affiliated companies at the end of FY2015. The key entities are as follows;

(1) Sales of soft drinks, etc.
Coca-Cola East Japan Co., Ltd., FV East Japan Co., Ltd., Sendai Coca-Cola Bottling Co., Ltd. and Sendai Beverage Network Co., Ltd. are the operators of the business.
As of January 1, 2016, Sendai Coca-Cola Bottling Co., Ltd. was integrated into the Company with the Company as the surviving entity, and Sendai Beverage Network Co., Ltd. was integrated into FV East Japan Co., Ltd., with it being the surviving entity.

(2) Production, distribution of soft drinks and maintenance, repair service etc. of sales equipment
Coca-Cola East Japan Products Co., Ltd., Sendai Coca-Cola Products Co., Ltd., Sawayaka Butsuryu Co., Ltd., and Sawayaka Jihanki Service Co., Ltd. are the operators of the businesses.
As of April 1, 2016, Sendai Coca-Cola Products Co., Ltd., Sawayaka Butsuryu Co., Ltd., and Sawayaka Jihanki Service Co., Ltd. were merged into Coca-Cola East Japan Products Co., Ltd. with it being the surviving entity.

As of January 1, 2016, the diagram of the Group is as follows;



*1:Non-consolidated subsidiaries

*2:Equity method 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: "Number 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.

To achieve our mission, the company plan and place mid-to-long term strategy, "One+ Roadmap for Growth" to become a world-class Coca-Cola bottler.

(2) Targeting management benchmark
As the management benchmark for FY2016, the Group is targeting to deliver 14 billion yen of operating income.

(3) Medium-to-long term management strategies
The company has in place a mid-to-long term strategy, "One+ Roadmap for Growth" to become a world-class Coca-Cola bottler.

In line with the One+ Roadmap for Growth, we are actively and rapidly implementing action plans to achieve our growth target, which, include realigning our Commercial organization and capabilities toward revenue growth, generating synergies by reducing costs and driving efficiency across our supply chain – manufacturing, logistics and distribution, incremental investment to infrastructures and people development.

(4) Issues Requiring Action
The beverage industry in Japan continues to face challenges amid price competition, changes in purchasing behavior after the consumption tax hike, the surge of private-label products, and the growing popularity of brewed coffee sold at convenience stores. This year, the mid-term strategic plan, the One+ Roadmap for Growth has entered the stage of execution. While continuing our efforts on transformation, we will seek further sales growth by strengthening each sales channel, geographic area, sales occasion, and beverage category, in order to enhance our execution capability in the market so as to stabilize the initiatives under the plan.
In addition, under our partnership with Coca-Cola (Japan) Company Limited, we will vigorously conduct sales promotion activities such as the new Coca-Cola campaign and introduction of new products, while pursuing further synergy through the merger and accelerating growth to become a world-class Coca-Cola bottler based in Japan.

(5) Other significant matters for management
The Company has entered into an Agreement with The Coca-Cola Company and Coca-Cola (Japan) Company Ltd. for manufacturing and sales of Coca-Cola and other products and use of the trademarks etc. in Tokyo and 15 prefectures in Kanto, Koshinetsu, Chubu and South Tohoku regions .Based on this Agreement, the Company has entered into the Delegation Authorization Agreement with The Coca-Cola Company, Coca-Cola (Japan) Company Limited, and Coca-Cola East Japan Products Co., Ltd. and outsources the manufacturing business to Coca-Cola East Japan Products Co., Ltd.
In addition, the Company has entered into the Capital and Business Alliance Agreement with The Coca-Cola Company, Coca-Cola (Japan) Company Ltd. and European Refreshments in order to further strengthen competitiveness and enhance corporate value.

4. Basic Policy on the Choice of Accounting Standards
CCEJ group prepares consolidated financial statements in Japanese accounting standards considering the comparability of past years.

5. Consolidated financial statements

(1) Consolidated balance sheets

(MM yen)

		FY2014		FY2015
Assets				
Current assets				
Cash and deposits		24,982		21,578
Notes and accounts receivable-trade		36,611		44,565
Short-term investment securities		1,204		301
Merchandise and finished goods		31,433		34,359
Raw materials and supplies		2,750		3,377
Deferred tax assets		2,928		2,241
Short-term loans receivable		2,958		821
Accounts receivable-other		11,084		13,184
Other		14,112		6,980
Allowance for doubtful accounts		-98		-67
Current assets		127,969		127,343
Noncurrent assets				
Property, plant and equipment				
Buildings and structures, net		106,956		124,594
Accumulated depreciation	※1	-68,831	※1	-78,733
Buildings and structures, net		38,124		45,861
Machinery Equipment And Vehicles		58,312		78,360
Accumulated depreciation	※1	-28,693	※1	-40,708
Machinery, equipment and vehicles, net		29,618		37,652
Sale equipment		188,665		199,744
Accumulated depreciation		-140,219		-133,631
Sales equipment,net		48,445		66,112
Tools, furniture and fixtures		7,006		7,408
Accumulated depreciation	※1	-5,802	※1	-5,636
Tools, furniture and fixtures, net		1,204		1,772
Land		45,642		50,883
Lease assets		19,020		15,653
Accumulated depreciation		-9,042		-7,962
Lease assets, net		9,978		7,691
Construction in progress		6,428		345
Property, plant and equipment		179,442		210,318
Intangible assets		5,488		8,361
Investments and other assets				
Investment securities		9,762		9,720
Stocks of subsidiaries and affiliates		1,128		323
Long-term loans receivable		2,262		1,971
Deferred tax assets		7,108		4,732
Other		9,702		9,225
Allowance for doubtful accounts		-193		-225
Investments and other assets		29,772		25,748
Noncurrent assets		214,703		244,428
Assets		342,672		371,771

Consolidated balance sheets

Liabilities		(MM yen)
Current liabilities		
Accounts payable-trade	22,944	29,149
Short-term loans payable	16,000	5,160
Lease obligations	2,904	3,401
accounts payable-other and accrued expenses	30,003	34,986
Income taxes payable	2,425	1,100
accrued consumption taxes	1,700	1,784
Provision for bonuses	1,945	1,364
Provision for directors' bonuses	37	37
Current portion of long-term loans payable	—	1,234
Other	3,829	4,449
Current liabilities	81,791	82,668
Noncurrent liabilities		
Bonds	14,000	30,000
Long-term loans payable	—	2,520
Lease obligations	7,283	4,493
Deferred tax liabilities	1,784	0
Provision for directors' retirement benefits	2	—
Provision for environmental measures	478	335
Provision for loss on contract	2,187	1,392
Net defined benefit liability	18,689	17,597
Other	2,700	1,816
Noncurrent liabilities	47,126	58,156
Liabilities	128,917	140,825

	FY2014	FY2015
Net assets		
Shareholders' equity		
Capital stock	6,499	6,499
Capital surplus	143,134	157,313
Retained earnings	66,837	68,454
Treasury stock	-1,170	-1,178
Shareholders' equity	215,301	231,089
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,644	2,151
Deferred gains or losses on hedges	302	-463
Remeasurements of defined benefit plans	-3,717	-2,251
Valuation and translation adjustments	-1,770	-564
Subscription rights to shares	223	420
Net assets	213,754	230,945
Liabilities and net assets	342,672	371,771

(2) Consolidated Statement of income and Comprehensive Statement of income

(Consolidated Statement of income)

(MM yen)

		FY2014		FY2015
Net sales		523,299		563,162
Cost of sales	※1	283,963	※1	302,087
Gross profit		239,336		261,075
Selling, general and administration expenses	※2	229,979	※2	250,284
Operating loss or income		9,356		10,791
Non-operating income				
Interest income		131		96
Dividends income		167		147
Equity in earnings of affiliates		61		134
Rent income		372		388
Gain on sales of valueable wastes		354		282
Gain on Container deposit Reversal		4		1
Proceeds from miscellaneous income		148		318
Non-operating income		1,240		1,368
Non-operating expenses				
Interest expenses		383		446
Loss on sales and retirement of noncurrent assets	※3	370	※3	864
Rent expenses		95		111
Miscellaneous loss		141		324
Non-operating expenses		990		1,748
Ordinary loss or income		9,606		10,411
Extraordinary income				
Gain on transfer of business		—		247
Gain on sales of shares of subsidiaries		69		—
Insurance income		137		79
Gain on negative goodwill		-		84
Gain on sales of noncurrent assets	※4	595	※4	8
Gain on sales of investment securities		13		725
Others		3		30
Extraordinary income		819		1,175
Extraordinary loss				
Cost of system interruption		—		160
Loss on disposal (sales) of noncurrent assets	※5	435	※5	1,130
Penalty on lease cancellation	※6	48	※6	467
Restructuring cost	※7	1,922	※7	1,020
Quality measures expenses	※8	643	※8	—
Cost of defective work		562		235
Impairment loss	※9	69	※9	8
Integration expenses		—		39
Others		199		237
Extraordinary loss		3,880		3,300
Loss or income before income taxes		6,545		8,286
Income taxes-current		3,963		1,956
Income taxes-deferred		-852		975
Income taxes		3,110		2,932
Loss or income before minority interests		3,434		5,354
Net loss or income		3,434		5,354

(Consolidated Comprehensive Statement of income)

(MM yen)

		FY2014		FY2015
Loss or income before minority interests		3,434		5,354
Other comprehensive income				
Valuation difference on available-for-sale securities		777		507
Deferred gains or losses on hedges		2		-
Remeasurements of defined benefit plans		—		1,465
Share of other comprehensive income of associates accounted for using equity method		502		-766
Other comprehensive income	※	1,281	※	1,206
Comprehensive income		4,716		6,560
Comprehensive income attributable to owners of the parent company		4,716		6,560

(3) Consolidated Statement of changes in equity

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

(MM yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance as of December 31st 2013	6,499	143,136	67,034	-1,164	215,507
Cumulative effects of changes in accounting policies					
Restated balance	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					
	Valuation difference on available-for-sale securities	Deferred loss/gain from hedging activities	Remeasurements of defined benefit plans	Total valuation and translation adjustments	Subscription rights to shares	Net assets
Balance as of December 31st 2013	867	-201		665	19	216,191
Cumulative effects of changes in accounting policies						
Restated balance	867	-201		665	19	216,191
Changes of items during the period						
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

(From January 1st, 2015 to December 31st, 2015)

(MM yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance as of December 31st 2014	6,499	143,134	66,837	-1,170	215,301
Cumulative effect of change in accounting policy			917		917
Balance as of December 31st 2014 of change in accounting policy	6,499	143,134	67,755	-1,170	216,218
Changes of items during the period					
Increase by share exchange		14,175			14,175
Dividends from surplus			-3,965		-3,965
Net income			5,354		5,354
Purchase of treasury stock				-14	-14
Disposal of treasury stock		3		7	11
Increase or decrease due to the merger of non-consolidated subsidiaries by the consolidated subsidiaries			-689		-689
Net changes of items other than shareholders' equity			-0		-0
Total changes of items during the period		14,179	699	-7	14,871
Balance as of December 31st 2015	6,499	157,313	68,454	-1,178	231,089

		Valuation and translation adjustments				
	Valuation difference on available-for-sale securities	Deferred loss/gain from hedging activities	Remeasurements of defined benefit plans	Total valuation and translation adjustments	Subscription rights to shares	Net assets
Balance as of December 31st 2014	1,644	302	-3,717	-1,770	223	213,754
Cumulative effect of change in accounting policy						917
Balance as of December 31st 2014 of change in accounting policy	1,644	302	-3,717	-1,770	223	214,672
Changes of items during the period						
Increase by share exchange						14,175-
Dividends from surplus						-3,965
Net income						5,354
Purchase of treasury stock						-14
Disposal of treasury stock						11
Increase or decrease due to the merger of non-consolidated subsidiaries by the consolidated subsidiaries						-689
Net changes of items other than shareholders' equity	507	-766	1,465	1,206	196	1,402
Total changes of items during the period	507	-766	1,465	1,206	196	16,273
Balance as of December 31st 2014	2,151	-463	-2,251	-564	420	230,945

(4) Consolidated Statements of Cash flows

(MM yen)

	FY2014	FY2015
Net cash provided by (used in) operating activities		
Loss or income before income taxes	6,545	8,286
Depreciation and amortization	23,925	23,831
Amortization of long-term prepaid expenses	9,839	12,477
Increase (decrease) in allowance for doubtful accounts	-18	-24
Increase (decrease) in net defined benefit liability	1,109	-1,663
Increase (decrease) in prepaid pension costs	2,119	—
Increase (decrease) in provision for directors' bonuses	-89	-0
Increase (decrease) in provision for directors' retirement benefits	-364	-2
Interest income and dividends income	-298	-243
Interest expenses paid	383	446
Equity in (earnings) losses of affiliates	-61	-134
Special retirement expenses paid	1,484	619
Loss (gain) on sales of noncurrent assets	-550	-41
Loss on retirement of noncurrent assets	754	1,939
Gain (loss)on sales of investment securities	-13	-725
Impairment loss	69	8
Increase (decrease) in notes and accounts receivable-trade	-1,608	-4,959
Increase (decrease) in inventories	-1,804	1,971
Increase (decrease) in long-term prepaid expenses	-10,766	-12,093
Increase (decrease) in notes and accounts payable-trade	1,725	3,856
Increase (decrease) in other assets and liabilities	-7,694	2,323
Other	236	234
Subtotal	24,924	36,106
Interest and dividends income received	315	246
Interest expenses paid	-384	-443
Special retirement expenses paid	-1,739	-380
Income taxes paid	-11,343	-3,941
Income taxes returned	683	7,989
Net cash provided by (used in) operating activities	12,455	39,576

Consolidated Statements of Cash flows

Net cash provided by (used in) investing activities				
Purchase of property, plant and equipment		-42,331		-40,939
Proceeds from sales of property, plant and equipment		2,895		482
Purchase of Intangible assets		-3,558		-3,460
Proceeds from sales and redemption of investment securities		2,419		3,353
Purchase of investment securities		-434		-84
Proceeds from acquisition of investments in subsidiaries resulting in change in scope of consolidation		—	※2	3,138
Proceeds from sale of investments in subsidiaries resulting in change in scope of consolidation		765		—
Net increase (decrease) in short-term loans receivable		-1,855		-41
Payments of loans receivable		-1,156		-336
Collection of loans receivable		2,609		938
Proceeds from government subsidy		—		4,033
Other		101		-289
Net cash provided by (used in) investing activities		-40,546		-33,207
Net cash provided by (used in) financing activities				
Net increase (decrease) in short-term loans payable		16,000		-13,040
Repayment of long-term loans payable		—		-890
Proceeds from issuance of bonds		14,000		16,000
Proceeds from sales of treasury stock		2		0
Purchase of treasury stock		-22		-12
Repayments of lease obligations		-3,071		-8,365
Cash dividends paid		-3,635		-3,969
Proceeds from exercise of stock option		0		0
Net cash provided by (used in) financing activities		23,272		△10,276
Net increase (decrease) in cash and cash equivalents		-4,818		-3,907
Cash and cash equivalents at beginning of period		29,790		24,971
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation		—		509
Cash and cash equivalents at end of period	※1	24,971	※1	21,573

(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: 8

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.

This company's total assets, sales, net income or loss (amount corresponding to proportional ownership) and retained earnings (amount corresponding to proportional ownership) 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 Customer Marketing Company Co., Ltd., and Coca-Cola IBS Co., Ltd., Coca-Cola Business Sourcing 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: This company is excluded from the equity method as the impact on the consolidated financial statements is minor and there is little significance as a whole taking into account the current net income or loss (amount corresponding to the equity interest), retained earnings (amount corresponding to the equity interest), etc.

3 Notice Regarding Changes to the Consolidation Scope and Equity Method Affiliates

Five new companies have been included in the consolidation scope due to an integration of business through a stock swap with Sendai Coca-Cola Bottling Co. Ltd. in the second quarter consolidated accounting period.

Furthermore, at the end of the previous consolidated fiscal year consolidated subsidiary FV East Japan Co., Ltd (trade name changed from Mikuni Foods Co., Ltd) implemented absorption-type merger with former consolidated subsidiaries FV Central Co., Ltd., Urban VendX Network Co., Ltd., WEX TOKYO Co., Ltd., and EX - Service Co., Ltd, as well as former equity method affiliate and unconsolidated subsidiary Fresh Vender Service Co., Ltd, former unconsolidated subsidiary TX Campus Co., Ltd. and NITTO PACIFIC VENDING CO., LTD on April 1, 2015.

According to the split of Coca-Cola East Japan from equity method affiliate Coca-Cola Business Service Co., Ltd. in the third quarter consolidated accounting period, Coca-Cola Business Sourcing Company Limited, established on August 3, 2015, is included as an equity method affiliate. Coca-Cola Business Service Co., Ltd. also changed its name to Coca-Cola Integrated Business Systems Co., Ltd. on the same date.

4 Fiscal year of consolidated subsidiaries, etc.

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

5 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 cost method based on the total 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:	2 - 58 years
Machinery, equipment & vehicles:	2 -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 (10 years) 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 allowances

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 2015.
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 2015.
4) Allowance for environmental measures: In order to prepare for disposing polychlorinated biphenyl waste kept in storage, we have posted an estimated incurred amount as of the end of the consolidated FY 2015.
5) Allowance for losses on contracts: In preparation for payment of system usage fees after cancellation under the contracts, the estimated amount is recorded.

(4) Accounting treatment for retirement benefits

1) Cut off for expected retirement benefit payments

When calculating retirement benefit liabilities, Benefit formula criteria 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

3) Adoption of the simplified method in small companies

Part of the consolidated subsidiaries are using simplified method to calculate liabilities and retirement benefit expenses.(taking the payment balance relating retirement benefit at the year-end as the liability)

(5) Amortization method and period of goodwill

goodwill would be amortized equally during estimated effective period (within 20 years)

(6) Range of funds in consolidated statement of cash flows

we have recorded Cash and cash equivalents in consolidated statement of cash flows as short-term investments, due to cash on hand, demand deposits and the acquisition date of incoming liquidity of maturity within three months, are readily convertible into cash and the price fluctuation's risk is low.

(7) 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, the consolidated liabilities for retirement benefits at the beginning of FY2015 decreased by 1,425 million yen, and retained earnings increased by 917 million yen.
In addition, impact on operating income, ordinary income and income before income taxes in FY2015 is immaterial

(Unapplied accounting standard, etc.)

・ 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 disply method)

In previous fiscal year, gain on sales of investment securities, was included in "Other" of " Extraordinary income ", also, Lease cancellation penalty, was included in "Other" of " Extraordinary losses ".

because the amount exceeded 10% of total either extraordinary income or extraordinary loss , It has been changed to a method of presented separately.

In order to reflect this change ,we recalibrated the consolidated financial statements of last year.

(Consolidated balance sheet)

*1 The accumulated depreciation of tangible fixed assets include accumulated impairment losses.

(Consolidated Statement of income)

*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.

FY2014	FY2015
244 MM yen	32 MM yen

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

	FY2014	FY2015
Sales commission	45,011 MM yen	47,637 MM yen
Advertisement and promotion cost	25,217	27,520
Transportation cost	51,772	57,384
Salaries/allowance and bonuses	46,791	52,938
Retirement benefit cost	1,868	1,835
Provision of allowance for bonus	1,945	1,205
Provision of allowance for retirement benefits for Officers	2	-
Provision of allowance for bonuses for Officers	37	37
Provision of allowance for doubtful accounts	44	30
Depreciation cost	16,740	16,319

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

	FY2014	FY2015
Machinery Equipment And Vehicles	0 MM yen	1 MM yen
Sale equipment	370	862
Total	370 MM yen	864MM yen

*4 Breakdown of gain on sales of noncurrent assets are as follows.

	FY2014	FY2015
Buildings and structures	6 MM yen	- MM yen
Machinery Equipment And Vehicles	43	-

Tools, furniture and fixtures	-	0
Land	546	7
Total	595 MM yen	8 MM yen

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

	FY2014	FY2015
Buildings and structures	188 MM yen	400 MM yen
Machinery Equipment And Vehicles	236	631
Tools, furniture and fixtures	5	16
Lease assets	-	4
Land	-	5
noncurrent assets	5	71
Total	435 MM yen	1,130 MM yen

*6 Details of lease cancellation penalty

	FY2014	FY2015
Machinery Equipment And Vehicles	47 MM yen	261MM yen
Sale equipment	0	202
Tools, furniture and fixtures	-	3
Total	48 MM yen	467 MM yen

*7 Breakdown of restructuring cost is as follows.

	FY2014	FY2015
Expenses related to transition of mission-critical systems	- MM yen	331 MM yen
Expenses for the relocation of head office and branch offices, etc.	253	48
Special retirement expenses	1,484	619
Special retirement expenses for Directors	183	20
Total	1,922 MM yen	1,020 MM yen

Expenses related to transition of mission-critical systems is 331 MM yen accrued in provision for loss on contract.

*8 Quality measures expenses

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

Disposal loss of 515 MM yen and collection expenses of 127 MM yen were recorded as the voluntary products recall related expenses.

*8 Impairment loss

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.
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 2015 as follows.

Location	Purpose	Type	Impairment loss (MM yen)
Ohtawara city Tochigi Pref	Unutilized asset	Land	2
Utsunomiya-city Tochigi Pref.	Unutilized asset	Land	1
Izu city Shizuoka Pref.	Unutilized asset	Land	1
Nasu ,Tochigi Pref.(others)	Unutilized asset	Land	2

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.

(Consolidated comprehensive statement of income)

*Amounts of reclassification adjustment and tax effect for other comprehensive income

	FY2014	FY2015
Valuation difference on available-for-sale securities：		
Amount incurred during the period	1,198 MM yen	1,086MM yen
Reclassification adjustment value	12	-707
Before tax effect adjustment	1,210	378
Tax effect value	-433	128
Valuation difference on available-for-sale securities	777	507
Deferred gains or losses on hedges：		
Amount incurred during the period	－MM yen	－MM yen
Reclassification adjustment value	3	－
Before tax effect adjustment	3	－
Tax effect value	-1	－
Deferred gains or losses on hedges	2	－
Remeasurements of defined benefit plans：		
Amount incurred during the period	－MM yen	2,047MM yen
Reclassification adjustment value	－	507
Before tax effect adjustment	－	2,555
Tax effect value	－	-1,088
Remeasurements of defined benefit plans	－	1,465
Share of other comprehensive income of associates accounted for using equity methods：		
Amount incurred during the period	502 MM yen	-766 MM yen
Reclassification adjustment value	－	－
Share of other comprehensive income of associates accounted for using equity method	502	-766
Other comprehensive income	1,281	1,206

(Consolidated statement of changes in equity)

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
Issued 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 by the Company of odd lot shares.

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 FY2014: 223MM yen

3. Dividends

(1) Dividends paid

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

FY 2015 (Jan 1st, 2015- Dec. 31st, 2015)

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

Type of shares	Shares as of Jan. 1st, 2015	Increase in Shares for FY 2015	Decrease in shares for FY 2015	Shares as of Dec. 31st, 2015
Issued shares	Shares	Shares	Shares	Shares
Common shares	121,898,978	5,781,166	―	127,680,144
Total	121,898,978	5,781,166	―	127,680,144
Treasury shares	Shares	Shares	Shares	Shares
Common shares	854,430	6,590	5,366	855,654
Total	854,430	6,590	5,366	855,654

Notes:

1. The total number of shares outstanding has increased 5,781,166 shares by exchanging shares with Sendai Coca-Cola Bottling Co., Ltd. on April 1, 2015 (exchange ratio 1: 2.563)
2. The increase in the number of treasury shares is due to purchase of odd lot shares.
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 FY2014: 420MM yen

3. Dividends

(1) Dividends paid

Resolution	Type of Share	Total dividends (MM yen)	Dividends per share (yen)	Record Date	Effective Date
March30, 2015 Annual Shareholders Meeting	Common	1,936	16	December 31, 2014	March 31, 2015
August 6, 2015 BOD Meeting	Common	2,029	16	June 30, 2015	September7, 2015

(2) Of the dividends which base date is in FY2015 dividends which effective date is in FY2016

Resolution	Type of Share	Dividend resource	Total dividends (MM yen)	Dividends per share (yen)	Record Date	Effective Date
March 29, 2016 Annual Shareholders Meeting	Common	Retained earnings	2,029	16	December 31, 2015	March 30, 2016

(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 2014 (Jan 1st, 2014- Dec. 31st, 2014)	FY 2015 (Jan 1st, 2015- Dec. 31st, 2015)
Cash and deposit account	24,982 MM yen	21,578 MM yen
Fixed-term deposit which deposit term exceeds 3 months	-11	-5
Cash and cash equivalent	24,971	21,573

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

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

Not applicable

FY 2015 (Jan 1st, 2015 Dec. 31st, 2015)

Along with anew stock exchange with Sendai CCBC and other existing five companies, the breakdown of assets and liabilities and relation between stock acquisition price and "Proceeds from acquisition of investments in subsidiaries resulting in change in scope of consolidation" at the time of consolidation starts are as follows:

Current asset	13,290 MM yen
Noncurrent asset	22,677
Current liability	-11,299
Noncurrent liability	-10,408
Gain from negative goodwill	-84
The acquisition cost of the stock	14,175
Cash and cash equivalent	-3,227
Issuance Costs for share exchange	-14,175
Commission for share exchange	89
Proceeds from acquisition of investments in subsidiaries resulting in change in scope of consolidation	3,138

3　Note on significant non-cash transactions

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

Not applicable

FY 2015 (Jan 1st, 2015- Dec. 31st, 2015)

Capital surplus increased through share exchange: 14,175MM yen

(Segment information, etc.)

a. Segment Information

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

b. Related Information

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 Statement of income, 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 Statement of income, 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 Statement of income, 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 Statement of income, thus the description is omitted.

FY 2015 (Jan. 1st, 2015-Dec. 31st, 2015)

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 Statement of income, 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 Statement of income, 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 Statement of income, thus the description is omitted.

c. Information on impairment loss of fixed assets by reported segment

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.

FY 2015 (Jan. 1st, 2015-Dec. 31st, 2015)

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

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

Not applicable.

FY 2015 (Jan. 1st, 2015-Dec. 31st, 2015)

The Group has sole segment, thus the description by reported segment is omitted.

FV East Japan Co., Ltd., (name was changed from Mikuni Foods Co., Ltd) who is one of our consolidated subsidiaries, merged consolidated subsidiaries -FV-Central Co., Ltd, Urban Vend-X Network Co., Ltd, WEX Tokyo Co., Ltd, EX-Service Co., Ltd, and non-consolidated subsidiary subject to the equity method- Fresh Vendor Service Co., Ltd, and non-consolidated subsidiaries -TX Campus Co., Ltd, Nitto Pacific Vending Co., Ltd. as of April 1, 2015. This resulted in an increase of goodwill by 633 million yen. Amortization of goodwill is 54 million, unmortized balance is 579million.

e. Information on profit of negative goodwill by reported segment

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

Not applicable.

FY 2015 (Jan. 1st, 2015-Dec. 31st, 2015)

Not applicable.

(Per share information)

	FY2014	FY2015
Net assets per share	1,764.07 yen	1,817.67 yen
Net income per share for the year	28.37 yen	42.70 yen
Net income per share fully diluted for the year	28.36 yen	42.64 yen

Note: The basis for calculation is as follows.

(1) Net assets per share

	FY2014	FY2015
Net assets per share		
Total amount of the section of net assets (MM yen)	213,754	230,945
Amount deducted from total amount of the section of net assets (MM yen)	223	420
(Share options of the above) (MM yen)	(223)	(420)
Net assets for common shares at year-end	213,530	230,525
Number of issued common shares at year-end (shares)	121,044,548	126,824,490

(2) Net income per share

	FY2014	FY2015
Net income per share		
Net income for the year (MM yen)	3,434	5,354
Amount not attributable to common shareholders		
Net income for the year attributable to common shares	3,434	5,354
Average number of common shares (shares)	121,047,933	125,399,031
Net income per share (Fully diluted)		
Adjustment to net income (MM yen)		
Increase in number of common shares (shares)	51,105	171,625
(Number of share options of the above) (shares)	(51,105)	(171,625)

(Significant subsequent events)

Not applicable.