

**SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2017 (English Translation, UNAUDITED)**

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(Fractions of millions have been truncated)

**1. Consolidated operating results and financial positions for the six months of the current fiscal year
(January 1, 2017 - June 30, 2017)**

(1) Operating results (% figures represent change from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	¥million	%	¥ million	%	¥million	%	¥million	%
Six months ended								
June 30, 2017	1,293,954	1.6	93,653	7.3	83,548	10.4	47,200	32.5
June 30, 2016	1,273,069	3.0	87,277	14.0	75,647	14.2	35,633	129.5

Referential Information : Income before amortization of goodwill and others

	Operating income		Ordinary income		Net income attributable to owners of parent	
	¥ million	%	¥million	%	¥million	%
Six months ended						
June 30, 2017	127,877	5.3	117,772	7.3	75,236	18.5
June 30, 2016	121,387	10.3	109,758	10.0	63,476	44.4

Note: Income before amortization of goodwill and others = Income + Amortization of Goodwill, Trademarks and other recognized in connection with M&A

	Basic net income per share	Diluted net income per share
Six months ended	¥	¥
June 30, 2017	68.93	-
June 30, 2016	52.11	-

(2) Financial positions

	Total assets	Net assets	Ratio of equity to total assets
As of	¥ million	¥ million	%
June 30, 2017	4,423,840	1,196,131	20.5
December 31, 2016	4,374,356	1,156,720	20.0

Reference : Shareholders' equity (Equity excluding non-controlling interests)

As of June 30, 2017: ¥ 905,957 million As of December 31, 2016: ¥ 873,792 million

(3) Cash flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at period-end
Six months ended	¥ million	¥ million	¥ million	¥ million
June 30, 2017	113,126	(27,282)	(3,211)	435,225
June 30, 2016	75,569	(11,994)	39,793	344,735

2. Consolidated result forecast for the fiscal year ending December 2017

(January 1, 2017 - December 31, 2017)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic net income per share
Fiscal year ending	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
December 31, 2017	2,690,000	1.5	201,000	1.5	178,000	1.2	71,000	(41.6)	103.78

Note: 1. Revision of the forecast from recently announced figures: No
2. % figures represent change from previous fiscal year.

Reference: Income before amortization of goodwill and others

267,000	1.0	244,000	0.8	125,000	(28.8)
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Operating Results

1. Summary of Interim Consolidated Financial Results for the Current Fiscal Year

The Suntory Group has actively expanded business in each of three segments, “Non-Alcoholic Beverages and Food,” “Alcoholic Beverages,” and “Other Businesses” both domestically and abroad. In the first six months of the fiscal year under review, net sales increased by 1.6% from the same period of last year to 1.294 trillion yen, operating income by 7.3% to 93.7 billion yen, ordinary income by 10.4% to 83.5 billion yen, and net income attributable to owners of parent by 32.5% to 47.2 billion yen.

When calculations exclude amortization of goodwill and others, operating income increased by 5.3% year on year to 127.9 billion yen, ordinary income by 7.3% year on year to 117.8 billion yen, and net income attributable to owners of parent by 18.5% year on year to 75.2 billion yen.

<Non-Alcoholic Beverages and Food Segment>

Suntory Beverage & Food Limited focused on strengthening brands and creating new demand while also leveraging the expertise of each group company to strengthen profitability by reforming the cost structure and improving product quality of the entire Group. It also focused on strengthening the business base in each area for sustainable growth in the future.

In Japan, the Company aimed to create new demand by concentrating on products with high added value, in addition to strengthening core brands, resulting in sales volume exceeding the level of the same period of the previous year. The *Suntory Tennensui* brand’s characteristics of “clear and refreshing” and “natural and healthy” were promoted as its unique value, and a contribution to sales was also made by *Suntory Tennensui PREMIUM MORNING TEA Lemon*, and the brand’s overall sales volume grew significantly year on year. The *BOSS* brand continued to focus on promoting its flagship products. In addition, *Craft BOSS Black* in plastic bottles, which was released in April, has performed strongly, and the brand’s overall sales volume grew year on year. Sales for the *Iyemon* brand grew considerably over the same period of the previous year due to product renewal in March and active marketing operations. *Suntory Oolong Tea* was renewed in May, and sales volumes grew year on year. In FOSHU products, the Company is leading the market and building for itself an unshakable position. *Suntory Tokucha Jasmine*, which was released in June, also made a contribution, and total FOSHU sales were up year on year. In the vending machine operation business, the focus continued to be on corporate sales. Attempts were made to capture office beverage demand through sales of canned and plastic bottled products exclusive to vending machines and the introduction of various machines, including cup coffee machines and tea servers.

In Europe, the Company conducted proactive marketing, primarily for key brands. In France, the focus was on small format products, and *Orangina* and *Oasis* sales surpassed those of the previous

year. Sales were also strong for *May Tea*. In the UK, sales were mostly flat for the *Lucozade* brand, while sales decreased year on year for *Ribena*. In Spain, the focus on the on-premise channel continued, and sales grew for *Schweppes*. In Africa, the Group worked to develop a business base with a focus on Nigeria.

In Asia, the Company promoted strengthening our key brands as well as sales and distribution systems in each country. The soft drinks business actively conducted marketing activities for *Sting* and *TEA+* in Vietnam. Sales of *Okky* were strong in Indonesia. In the health food business, sales of *BRAND'S Essence of Chicken* in the key market of Thailand were steady.

In Oceania, the Company worked to expand sales primarily for key brands. In New Zealand, the Group implemented measures such as introducing new flavors, primarily for *V* and *Just Juice*. The Group worked to increase sales in Australia by introducing new flavors for *V* and strengthening sales promotions at stores for *Maximus*.

In the Americas, in addition to further strengthening sales of PepsiCo brands mainly in the state of North Carolina, focus was also placed on the growing non-carbonated drinks category. Sales of water, black tea beverages, and coffee beverages were particularly strong.

As a result of the above, net sales for the Non - Alcoholic Beverages and Food Segment increased 1.7% year on year to 685.7 billion yen, while operating income increased by 7.1% to 52.7 billion yen.

<Alcoholic Beverages Segment>

Comparable sales for Beam Suntory Inc. increased at a mid-single-digit rate. *Jim Beam* and *Maker's Mark* demonstrated double-digit global growth driven by rising consumer demand and favorable share trends across key markets. Mid-single-digit sales growth in the United States, led by especially strong performance for brands including *Jim Beam*, *Knob Creek*, *Basil Hayden's* and *Hornitos*, drove results in the Americas region. In the International region, strong sales growth was fueled by rising global demand for *Jim Beam* and excellent performance for the company's brand portfolio in Europe, Southeast Asia and other markets. The company's Japan business (Suntory Spirits Limited) saw 5% year-on-year growth in sales. Among whiskies, strategic brands *Chita* and *Torys (Classic)* delivered strong growth. *Jim Beam* in Japan accelerated marketing activities behind the *Beam Highball*. *Hibiki 21 years old* earned further acclaim as the Supreme Champion Spirit at the International Spirits Challenge 2017 in July. RTD beverages grew case volumes 13%. *-196°C Strong Zero* expanded demand as consumers increasingly pair the refreshing brand with food. In addition, *Horoyoi*, *Kokushibori Premium* and canned highball products grew significantly.

Suntory Beer Limited sold 33.05 million cases^{*1} (flat year on year), while the overall market^{*2} is estimated to be down about 1% year on year. The market share of the Company's beer-type beverages^{*3} was 15.9% (based on shipping volumes taxable by the National Tax Agency). *The*

Premium Malt's brand performed strongly as sales were up 4% year on year, despite of sales in the beer market decreasing year on year. Both *The Premium Malt's* and *The Premium Malt's Kaoru Ale* performed strongly, reflecting the high view among customers as “rewarding beers” for abundant living. Record-high first half sales were achieved for the *Kinmugi* brand as a result of activities including a consumer campaign and a product renewal for *Kinmugi (75% Less Sugar* ^{*4}). For *All Free*, we worked on expanding consumers through various approaches, including a product renewal and proposing a drinking style of drinking together with ice in the summer.

*1. Including alcohol - free beer - type beverages

*2. Converted to large bottles (1 case = 633 ml × 20 bottles)

*3. Excluding alcohol - free beer - type beverages

*4 Compared to the *Kinmugi*

Suntory Wine International Limited's sales were higher year on year. In Japan, sales volume of the *Sankaboshizai Mutenka* brand were up 14% year on year. New imported wine products *Dark Horse* and *Santa Premium* were introduced to the mid-high value products, which performed well.

As a result of the above, net sales for the Alcoholic Beverages Segment were 480.5 billion yen, up 3.1% year on year, and operating income was 41.9 billion yen, up 6.1% year on year.

<Other Businesses Segment>

For Suntory Wellness Limited, the *Sesamin* series and other products posted strong net sales, growing 8% year on year. At Haagen-Dazs Japan, Inc., sales were up 16% year on year thanks to strong sales of the vanilla flavor of the core product mini cups and new products. Meanwhile, Suntory (China) Holdings Co., Ltd. dissolved its joint venture with Tsingtao Brewery Co., Ltd. in March of last year, leaving the Other Businesses segment with net sales of 127.8 billion yen, down 3.6% year on year, and operating income of 18.2 billion yen, up 12.0% year on year.

In addition, domestic sales rose to 837.8 billion yen, up 1.5% year on year, and overseas sales came to 456.1 billion yen, up 1.8% year on year. Overseas net sales excluding the effects of the forex rate increased by 2.7% year on year.

Furthermore, the overseas share of net sales was 35.3% and the overseas share of operating income before amortization of goodwill and others was 50.3%.

Since our very inception, Suntory has aggressively pursued interests while also putting forth initiatives to contribute to culture and society and implement environmental activities based on Suntory's founding spirit of

“Sharing the Profit with Society.”

Our reconstruction support activities for the Kumamoto earthquakes have reached a scale of 400 million yen, and our focus is on “Activities entailing contributions to the sustainability of groundwater in the Kumamoto Region” and “Support activities for the bodies and minds of residents through culture, the arts and sports.” Our reconstruction support activities for the Great East Japan Earthquake are continuing, with donations reaching a total of 10.8 billion yen.

As for our environmental activities, the Suntory Group’s Sustainable Water Philosophy was formulated in January of this year as the basic principles when conducting activities involving water. In Japan, we continue to work on the Suntory Natural Water Sanctuaries, by which we have cultivated water resources covering approximately 9,000 hectares. We are also engaged in activities based on local conditions overseas, including an education program on water for the next generation in Vietnam and water source conservation activities at *Maker’s Mark* distilleries in the US. Additionally, based on our original 2R+B strategy^{*5} for plastic bottle development, we are working on lighter packaging materials and are continuing recycling activities through a bottle to bottle mechanical recycling system^{*6}, which is the first of its kind to be developed in the domestic beverage industry.

*5 2R+B is short for “Reduce/Recycle + Bio.” It is our approach of substituting recyclable materials for petroleum-based materials whenever possible while striving for efficient use of resources through reduced plastic consumption and the use of recycled materials.

*6 Mechanical recycling is a method where reusable plastic obtained from material recycling (making used products the raw material for new products by crushing, cleaning or other process) is further processed under high temperatures and decompression for a certain period of time to remove impurities in the recycled material. Since the introduction in 2011, the Company has been recycling plastic bottles and making them into new plastic bottles.

2. Full-Year Forecast

For the period ending in December 2017, we are anticipating net sales of 2.690 trillion yen (up 1.5% year-on-year), operating income of 201 billion yen (up 1.5% year on year), ordinary income of 178 billion yen (up 1.2% year on year), and net income attributable to owners of parent of 71 billion yen (down 41.6% year on year).

In terms of income before amortization of goodwill and others, operating income will be 267 billion yen, up 1.0% year on year, ordinary income will be 244 billion yen, up 0.8% year on year, and net income attributable to owners of parent will be 125 billion yen, down 28.8% year on year.

(There are no changes to the results forecast announced on February 14, 2017.)

Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2016	As of June 30, 2017	Change
ASSETS			
Current assets	1,267,103	1,372,618	105,515
Cash and deposits	353,157	435,857	82,700
Notes and accounts receivable - trade	368,858	376,380	7,522
Inventories	403,393	437,880	34,487
Other	143,058	123,896	(19,162)
Allowance for doubtful accounts	(1,363)	(1,395)	(31)
Non-current assets	3,106,737	3,050,389	(56,347)
Property, plant and equipment	640,821	646,725	5,904
Buildings and structures, net	183,282	185,904	2,621
Machinery, equipment and vehicles, net	236,052	246,831	10,778
Tools, furniture and fixtures, net	58,389	57,626	(762)
Land	100,444	100,881	437
Other	62,652	55,480	(7,171)
Intangible assets	2,274,426	2,214,688	(59,738)
Goodwill	1,012,334	977,306	(35,027)
Trademarks	1,180,264	1,157,788	(22,475)
Other	81,827	79,593	(2,234)
Investments and other assets	191,490	188,976	(2,513)
Investment securities	116,068	109,160	(6,908)
Other	76,635	81,102	4,466
Allowance for doubtful accounts	(1,214)	(1,285)	(71)
Deferred assets	515	831	315
TOTAL ASSETS	4,374,356	4,423,840	49,483

(Millions of yen)

	As of December 31, 2016	As of June 30, 2017	Change
LIABILITIES			
Current liabilities	1,002,217	1,112,296	110,079
Notes and accounts payable - trade	133,170	151,202	18,032
Electronically recorded obligations - operating	105,953	121,372	15,419
Short-term loans payable	193,179	290,588	97,409
Current portion of bonds	114,523	107,438	(7,084)
Accrued alcohol tax	51,434	36,385	(15,048)
Accrued consumption taxes	20,394	15,966	(4,427)
Income taxes payable	24,119	24,632	512
Accounts payable - other	150,922	151,567	645
Accrued expenses	87,590	98,886	11,296
Provision for bonuses	27,482	22,460	(5,021)
Other	93,447	91,793	(1,653)
Non-current liabilities	2,215,419	2,115,412	(100,006)
Bonds payable	327,935	359,424	31,488
Long-term loans payable	1,308,189	1,193,893	(114,296)
Deferred tax liabilities	429,873	424,877	(4,996)
Provision for directors' retirement benefits	1,090	1,148	57
Net defined benefit liability	35,341	35,212	(129)
Other	112,987	100,856	(12,130)
TOTAL LIABILITIES	3,217,636	3,227,708	10,072
NET ASSETS			
Shareholders' equity	895,287	933,808	38,521
Capital stock	70,000	70,000	-
Capital surplus	133,198	133,420	222
Retained earnings	693,688	731,986	38,298
Treasury stock	(1,598)	(1,598)	-
Accumulated Other Comprehensive Income	(21,495)	(27,851)	(6,356)
Valuation difference on available-for-sale securities	25,491	19,356	(6,135)
Deferred gains or losses on hedges	(2,257)	(3,676)	(1,418)
Foreign currency translation adjustment	(29,763)	(29,490)	273
Remeasurements of defined benefit plans	(14,966)	(14,041)	924
Non-controlling interests	282,927	290,173	7,246
TOTAL NET ASSETS	1,156,720	1,196,131	39,411
TOTAL LIABILITIES AND NET ASSETS	4,374,356	4,423,840	49,483

Consolidated Statements of Income

(Millions of yen)

	Six months ended June 30, 2016	Six months ended June 30, 2017	Change
Net sales	1,273,069	1,293,954	20,884
Cost of sales	605,134	603,820	(1,314)
Gross profit	667,934	690,133	22,198
Selling, general and administrative expenses	580,657	596,480	15,822
Operating income	87,277	93,653	6,376
Non-operating income	5,109	5,702	593
Interest income	536	696	159
Dividends income	606	660	53
Share of profit of entities accounted for using equity method	2,197	2,685	487
Miscellaneous income	1,768	1,660	(107)
Non-operating expenses	16,738	15,807	(931)
Interest expenses	14,070	13,094	(976)
Miscellaneous expenses	2,668	2,713	44
Ordinary income	75,647	83,548	7,900
Extraordinary income	17,666	17,859	193
Gain on sales of investment securities	112	16,117	16,005
Gain on transfer of business	8,306	-	(8,306)
Gain on reversal of obligations	2,684	-	(2,684)
Other	6,563	1,741	(4,822)
Extraordinary loss	16,058	6,302	(9,756)
Loss on abandonment of non-current assets	1,944	1,406	(538)
Restructuring cost	2,681	2,804	123
Losses from a natural disaster	10,133	844	(9,289)
Other	1,298	1,246	(51)
Income before income taxes	77,255	95,105	17,850
Income taxes - current	33,008	30,310	(2,698)
Income taxes - deferred	(4,229)	3,205	7,435
Net income	48,476	61,589	13,112
Net income attributable to non-controlling interests	12,842	14,389	1,546
Net income attributable to owners of parent	35,633	47,200	11,566

Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended June 30, 2016	Six months ended June 30, 2017
Cash flows from operating activities		
Income before income taxes	77,255	95,105
Depreciation and amortization	45,751	45,821
Amortization of goodwill	31,547	31,597
Interest and dividend income	(1,143)	(1,356)
Interest expenses	14,070	13,094
Share of profit of entities accounted for using equity method	(2,197)	(2,685)
Gain on sales of investment securities	(112)	(16,117)
Gain on transfer of business	(8,306)	-
Loss on abandonment of non-current assets	1,944	1,406
Decrease (increase) in notes and accounts receivable - trade	130	(3,501)
Increase in inventories	(27,028)	(32,712)
Increase in notes and accounts payable - trade	18,130	20,089
Decrease in accrued consumption taxes, alcohol taxes	(25,550)	(20,036)
Other, net	13,559	10,913
Subtotal	138,051	141,617
Interest and dividend income received	2,438	1,562
Interest expenses paid	(15,747)	(13,646)
Income taxes paid	(49,172)	(16,406)
Net cash provided by operating activities	75,569	113,126
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(51,804)	(41,225)
Proceeds from sales of property, plant and equipment and intangible assets	4,382	4,019
Purchase of investment securities	(968)	(2,914)
Proceeds from sales and redemption of investment securities	190	18,295
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(6,989)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	6,872	-
Proceeds from transfer of business	25,832	-
Other, net	3,501	1,532
Net cash used in investing activities	(11,994)	(27,282)
Cash flows from financing activities		
Increase in short-term bank loans and commercial papers	50,621	33,470
Proceeds from long-term loans payable	86,091	66,266
Repayments of long-term loans payable	(57,356)	(113,889)
Proceeds from issuance of bonds	50,000	66,225
Redemption of bonds	(67,492)	(33,696)
Repayments of lease obligations	(4,856)	(4,733)
Cash dividends paid	(8,205)	(8,902)
Dividends paid to non-controlling interests	(8,198)	(9,051)
Other, net	(810)	1,098
Net cash provided by (used in) financing activities	39,793	(3,211)
Effect of exchange rate change on cash and cash equivalents	(16,622)	67
Net increase in cash and cash equivalents	86,745	82,700
Cash and cash equivalents at beginning of period	257,990	352,525
Cash and cash equivalents at end of period	344,735	435,225

Segment Information

1. Summary of reportable segments

The reportable segments of the Suntory Group are constituent units of the Group whose separate financial information is obtainable. These segments are periodically examined by the Board of Directors for the purpose of deciding the allocation of management resources and evaluating the business results.

The Suntory group comprises, under a holding company structure, various business companies based on their primary business activities.

Each of these business companies work out a comprehensive strategy applicable to their products and services and carries out their business activities.

Consequently, the Suntory group has decided its two reportable segments, namely, Beverage and Food, Alcoholic Beverage, by combining the business companies with the emphasis on the business company units in consideration of the similarity of their economic characteristics.

Main products and services by each reportable segment are as follows

Reportable segment	Main products
Beverage and Food	Non-alcoholic beverages, health drinks, processed food, other products
Alcoholic Beverage	Spirits, beer, wine and other alcoholic beverages
Others	Health food, ice cream, restaurants, flowers, operations in China and other operations

2. Reportable segments

Six months ended June 30, 2016

(Millions of yen)

	Beverage and Food	Alcoholic Beverage	Others	Total	Adjustment ⁽¹⁾	Consolidated Total ⁽²⁾
Net sales						
Sales to customers	674,466	466,096	132,506	1,273,069	-	1,273,069
Inter-segment sales	4,580	2,453	5,140	12,175	(12,175)	-
Total sales	679,047	468,550	137,646	1,285,244	(12,175)	1,273,069
Segment income	49,210	39,458	16,203	104,873	(17,595)	87,277

Six months ended June 30, 2017

(Millions of yen)

	Beverage and Food	Alcoholic Beverage	Others	Total	Adjustment ⁽¹⁾	Consolidated Total ⁽²⁾
Net sales						
Sales to customers	685,742	480,459	127,752	1,293,954	-	1,293,954
Inter-segment sales	3,836	2,038	4,871	10,746	(10,746)	-
Total sales	689,579	482,497	132,624	1,304,701	(10,746)	1,293,954
Segment income	52,685	41,865	18,155	112,706	(19,052)	93,653

Note: 1. Corporate general and administrative expenses, and inter-segment eliminations that are not allocated to specific segments are included in "Adjustment".

Amounts are stated below.

Six months ended June 30, 2016	(Millions of yen)
Adjustment on segment income (loss)	(17,595)
Corporate general and administrative expenses that are not attributable to any reportable segment	(17,629)
Inter-segment eliminations	33
Six months ended June 30, 2017	(Millions of yen)
Adjustment on segment income (loss)	(19,052)
Corporate general and administrative expenses that are not attributable to any reportable segment	(19,089)
Inter-segment eliminations	36

2. Segment income (loss) is adjusted for operating income described in the Consolidated Statements of Income.