KIRIN

KIRIN HOLDINGS COMPANY, LIMITED

October 30, 2013

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 (UNDER JAPANESE GAAP) (UNAUDITED)

(English Translation)

Fiscal year ending December 31, 2013

KIRIN HOLDINGS COMPANY, LIMITED

NAKANO CENTRAL PARK SOUTH, 10-2, Nakano 4-chome, Nakano-ku, Tokyo, Japan (URL http://www.kirinholdings.co.jp/english/)

Code No.:	2503
Shares Listed:	Tokyo, Nagoya, Sapporo and Fukuoka
Representative:	Mr. Senji Miyake, President
For further information, please contact:	Mr. Tetsuya Fujiwara, Director of Group Corporate Communications
	Telephone: +81- 3- 6837- 7015 from overseas
Submission date of quarterly securities report scheduled:	November 8, 2013
Commencement date of dividend distribution scheduled:	–
Preparation of supplementary documents to the quarterly financial results:	Yes
Holding of quarterly financial results presentation (for institutional investors and analysts):	Yes

1. Consolidated business results and financial position for the first nine months of the current fiscal year (January 1, 2013 - September 30, 2013)

[Unit: Japanese yen (¥)]

(1) Results of operations (cumulative): (Fractions less than ¥1 million have been omitted.)

(Percentage change compares current results with those of the same period of the previous year.)

	Sales (¥ millions)	Percentage change (%)	Operating income (¥ millions)	Percentage change (%)	Ordinary income (¥ millions)	Percentage change (%)
Nine months ended						
September 30, 2013	1,677,610	4.5	107,496	2.1	99,688	9.3
September 30, 2012	1,606,136	3.7	105,249	(12.3)	91,215	(21.1)

Note: Comprehensive income September 30, 2013 ¥206,107 million [264.4%]
September 30, 2012 ¥56,553 million [80.8%]

	Net income (¥ millions)	Percentage change (%)	Net income per share (Basic) (¥)	Net income per share (Diluted) (¥)
Nine months ended				
September 30, 2013	83,662	229.7	88.20	–
September 30, 2012	25,374	(5.8)	26.38	25.58

Reference: Normalized EBITDA September 30, 2013 ¥224.9 billion [2.9%]
September 30, 2012 ¥218.5 billion
Normalized EPS September 30, 2013 ¥91 [18.2%]
September 30, 2012 ¥77

For details of definitions and computation methods for the above indicators, please refer to “BUSINESS PERFORMANCE” on page 2.

(2) Financial position:

	Total assets	Net assets	Ratio of equity to total assets
	(¥ millions)	(¥ millions)	(%)
As of			
September 30, 2013	2,797,759	1,269,587	37.6
December 31, 2012	2,951,061	1,153,901	32.2

Reference: Equity September 30, 2013 ¥1,052,102 million
December 31, 2012 ¥948,943 million

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal year ended December 31, 2012	–	13.50	–	15.50	29.00
Fiscal year ending December 31, 2013	–	18.00	–		
Fiscal year ending December 31, 2013 (Forecast)				18.00	36.00

Note: Revision of the forecast from recently announced figures: None

Reference: Dividend pay-out ratio calculated using normalized EPS December 31, 2013 (Forecast) 29.3%

3. Forecast consolidated business results for the current fiscal year (January 1, 2013 - December 31, 2013)

(Percentage change compares current results with those of the same period of the previous year.)

	Sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
	(¥ millions)	(%)	(¥ millions)	(%)	(¥ millions)	(%)
Fiscal year ending December 31, 2013	2,280,000	4.3	150,000	(2.0)	132,000	(4.7)

	Net income	Percentage change	Net income per share
	(¥ millions)	(%)	(¥)
Fiscal year ending December 31, 2013	90,000	60.1	94.66

Note: Revision of the forecast from recently announced figures: None

Reference: Normalized EBITDA December 31, 2013 (Forecast) ¥314.0 billion [2.2%]
Normalized EPS December 31, 2013 (Forecast) ¥123 [5.1%]

* Notes

(1) Changes in significant subsidiaries for the nine months ended September 30, 2013: None
(Changes in specified subsidiaries accompanying change in scope of consolidation.)

Newly included: – Excluded: –

(2) Application of specific accounting for preparing the quarterly consolidated financial statements: Yes

Note: For details, please refer to “2. SUMMARY INFORMATION (NOTES), (2) APPLICATION OF SPECIFIC ACCOUNTING FOR PREPARING THE QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS” on page 5 of the Attached Materials.

(3) Changes in accounting policies, changes in accounting estimates, and restatements

i. Changes in accounting policies due to amendment of accounting standards: Yes
ii. Changes in accounting policies due to other reasons: None
iii. Changes in accounting estimates: Yes
iv. Restatements: None

Note: Effective from the three month period ended March 31, 2013, the Company and its consolidated domestic subsidiaries have changed the depreciation method. Such change is classified as “changes in accounting policies which are difficult to distinguish from changes in accounting estimates”. For details, please refer to “2. SUMMARY INFORMATION (NOTES), (3) CHANGES IN ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES, AND RESTATEMENTS” on page 5 of the Attached Materials.

(4) Number of shares outstanding (common stock)

i. Number of shares outstanding at the end of the period (including treasury stock)

As of September 30, 2013	965,000,000 shares
As of December 31, 2012	965,000,000 shares

ii. Number of treasury stock at the end of the period

As of September 30, 2013	35,595,260 shares
As of December 31, 2012	3,502,064 shares

iii. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the nine months ended September 30, 2013	948,512,218 shares
For the nine months ended September 30, 2012	961,710,265 shares

* Explanation regarding performance of quarterly review procedures
This summary of quarterly consolidated financial results is not subject to a quarterly review in accordance with the Financial Instruments and Exchange Law of Japan. At the time of disclosure of this summary of quarterly consolidated financial results, the quarterly review procedures in accordance with the Financial Instruments and Exchange Law of Japan are incomplete.

* Information about proper usage of forecast business results, and other special instructions
(1) The statements concerning future performance that are presented in this document are based on judgments using information available to Kirin Holdings and the Kirin Group as of the release date of this material. Certain risks and uncertainties could cause the results of Kirin Holdings and the Kirin Group to differ materially from any projections presented herein. These risks and uncertainties include, but are not limited to, the economic circumstances surrounding the Company’s businesses, market trends, and exchange rates.
(2) The Company will post the Supplementary Documents to the Financial Results today, Wednesday, October 30, and it will post the presentation materials from the financial results presentation to be held on Thursday, October 31 and the main Q&A at the meeting as soon as possible on the Company's website.
(URL of the Company's website)
http://www.kirinholdings.co.jp/english/ir/event/explain/index.html

ATTACHED MATERIALS

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1. QUALITATIVE INFORMATION REGARDING CONSOLIDATED RESULTS FOR THE NINE MONTHS

(1) BUSINESS PERFORMANCE

In the first nine months of the fiscal year (January 1 to September 30, 2013), the global economy demonstrated moderate recovery. Although the European economy remained in a slump and growth slowed in the BRICS countries, the U.S. economy showed solid growth and signs of recovery emerged in China.
Amid these global economic trends, while Japan has seen exports mostly plateau, its economy continued to gradually recover and personal consumption firmed as a result of economic stimulus measures.
The Kirin Group implemented measures to shift the direction of management towards organic growth and to establish and develop "Brand-centered management" as a source of sustainable competitive superiority during this first year of the Kirin Group Medium-term Business Plan 2013–2015, which covers the initial stage for carrying out the Kirin Group Vision 2021 (KV2021), Kirin's long-term business framework.
During the nine-month period, consolidated sales rose compared to the same period of the previous year due to higher sales in the overseas integrated beverages business and the pharmaceuticals business, which offset lower alcohol beverage sales volume in the Japan integrated beverages business, the impact of excluding Kirin Kyowa Foods Company, Limited from the consolidated financial statements, and other factors. Operating income and ordinary income also increased. Net income for the quarter rose sharply due to reporting gains from the sale of investment securities in conjunction with the sale of Fraser and Neave, Limited shares.

Kirin Holdings Company, Limited 2013 third quarter results:	
Consolidated sales	¥1,677.6 billion, up 4.5%
Consolidated operating income	¥107.4 billion, up 2.1%
Consolidated ordinary income	¥99.6 billion, up 9.3%
Consolidated net income for the third quarter	¥83.6 billion, up 229.7%
(Reference)	
Normalized EBITDA*	¥224.9 billion, up 2.9%
Normalized EPS*	¥91, up 18.2%

* Normalization: Removing special income and expenses and other non-operating items to reflect actual earnings more accurately

Normalized EBITDA = Operating income + Depreciation + Amortization of goodwill + Dividends received from entities accounted for by the equity method

Normalized EPS = Adjusted net income/Average number of shares outstanding during period
Adjusted net income = Net income + Amortization of goodwill etc. ± Special income or expenses after income taxes and minority interests

Note that normalized EBITDA has been rounded down to the nearest ¥100 million, and normalized EPS has been rounded to the nearest ¥1.

The share buyback program commenced in March to provide additional shareholder returns was completed on September 3 after the ceiling on amount for repurchase was reached. A total of 31.9 million shares were acquired under the program.

Segment information is as follows.

Japan Integrated Beverages Business

Kirin Company, Limited was established on January 1, 2013 to promote "Brand-centered management" amid severe business conditions surrounding Japan's alcohol beverage and soft drink markets. The new company strove to develop its brands from a long-term perspective.
Kirin Brewery Company, Limited reported lower overall sales volume of *Kirin Ichiban Shibori* brand products compared with the same period of the previous year as the beer category continued to shrink. Keg beer sales on premise such as for restaurants increased as a result of new proposals promoting the fun and enjoyment of beer drinking. Competition heated up in the expanding new genre (non-malt beer etc.) category, causing a year-on-year decline in the sales volume of No. 1 brand* *Kirin Nodogoshi Nama*. Sales of *Kirin Sumikiri*, launched in May, were strong and the product's supply structure was bolstered to meet the peak demand season by beginning production from early July at the Toride Plant. While the total sales volume for beer, *happo-shu* (low-malt beer), and the new genre categories declined from the same period of the previous year, the sales volumes in the new genre category and the RTD (ready-to-drink) category, primarily *Kirin Hyoketsu*, grew year on year.
Mercian Corporation reported higher year-on-year sales volume amid growth in the wine market, particularly in

imported wines. In September, Mercian took steps to further expand the wine market by launching new products in the daily wine and large-capacity container markets, including new PET bottle products in the *Mercian Oishii-sankaboshizai-mutenka wine* series and 3L cardboard container with a plastic liner in the Chile wine *Frontera* series. Wine prices were revised in September as a result of higher materials costs in the domestic wine business and higher cask wine prices at wineries around the world.
Kirin Beverage Company, Limited posted an increase in year-on-year volume sales of *Kirin Gogo-no-Kocha* brand products. The company made new proposals to expand the attraction of tea beverages through the launch of flavored tea product *Kirin Gogo-no-Kocha HAPPINESS!* and other initiatives. Sales of *Kirin Sekai no Kitchen Solt & Litchee*, which was promoted as the new *salt and fruits* category, rose strongly due partly to the effects of the hot summer weather. In August, *Kirin FIRE Café Deli* was launched as a PET bottle flavored latte, which has been popular mainly among younger consumers, a consumer group which frequents cafés. As a result of these initiatives, Kirin Beverage's overall volume sales rose year on year.
Group companies worked to raise manufacturing efficiency and continue cost-cutting while conducting active sales promotions to reinforce brands.
Overall, though segment sales declined because of lower sales volumes at Kirin Brewery, segment operating income rose.

*Based on the taxed quantity shipped of "Other miscellaneous liquors (2)" in 2005, and "Other brewed liquors (*carbonated*) (1)"in 2006-2012.

Japan integrated beverages business 2013 third quarter results:	
Consolidated sales	¥871.0 billion, down 0.4%
Consolidated operating income	¥48.1 billion, up 0.3%

Overseas Integrated Beverages Business

The retail and consumer goods sectors continue to be impacted by subdued consumer sentiment in both Australia and New Zealand.
During the quarter the Australian beer market decline started to slow, and has stabilized, with market volumes now broadly flat. Lion Pty Ltd's Beer, Spirits and Wine business has continued to gear its portfolio to the growth segments of the market and saw strong performances from its international premium, contemporary, mid-strength and craft beer brands.
In the competitive and fast-changing retail environment which continues to impact volumes and margins in the soft drink and food business, Lion remains focused on transformational change to improve efficiency and customer engagement, while innovating to give consumers more reasons to choose its brands.
The pace of growth of the Brazilian economy remained slow. Although the country's inflation rate began to decline from July, personal consumption slowed moderately during the period.
Under these circumstances, Brasil Kirin Participações e Representações S.A. continued to bolster core brands, including *Nova Schin* beer and *Schin* carbonated beverages, and take active measures to expand customer touch points throughout Brazil. As a result, beer sales volume increased compared with the same period of the previous year. Although soft drink sales declined slightly, Brasil Kirin developed sugar-free carbonated beverages *KIRIN fibz Cola* and *KIRIN fibz Guaraná*, both featuring dietary fiber to satisfy heightened interest in health living. The company also continued to raise the efficiency of the entire value chain through improvements to the procurement process and other measures.
As a result, the Oceania integrated beverages business logged year-on-year increases in both sales and operating income. In the other overseas integrated beverages business, sales increased but operating income declined.

Oceania integrated beverages business 2013 third quarter results:	
Consolidated sales	¥357.3 billion, up 20.1%
Consolidated operating income	¥23.1 billion, up 63.1%

Other overseas integrated beverages business 2013 third quarter results:	
Consolidated sales	¥152.8 billion, up 21.2%
Consolidated operating income	(¥4.6 billion)

Pharmaceuticals and Bio-chemicals Business

In the pharmaceuticals business, Kyowa Hakko Kirin Co., Ltd. reported strong domestic sales as a result of robust sales of *Patanol*® anti-allergy eye drops amid high airborne pollen counts. This offset the impact of lower

drug price standards implemented in April 2012. Sales of other products were also strong, and also *Onglyza*® type-two diabetes drug was launched in July. While pharmaceutical exports rose year on year, technology licensing revenues declined due to lower revenues from the development of biosimilar products by FUJIFILM KYOWA KIRIN BIOLOGICS Co., Ltd. Overseas, sales of ProStrakan Group plc's main products were brisk.
In the bio-chemicals business, Kyowa Hakko Bio Co., Ltd. reported a steady year-on-year increase in sales of pharmaceutical amino acid and nucleic acid related materials and pharmaceutical raw materials. Overseas sales rose, due partly to the depreciation of the yen.
As a result, sales and operating income in the pharmaceuticals and bio-chemicals business increased year on year.

Pharmaceuticals and bio-chemicals business 2013 third quarter results:	
Consolidated sales	¥245.0 billion, up 3.0%
Consolidated operating income	¥43.3 billion, up 10.5%

Other Businesses

Based on a share transfer agreement with Mitsubishi Corporation, approximately 81% of the outstanding shares of Kirin Kyowa Foods Company, Limited was transferred to Mitsubishi on July 1. Overall, segment sales declined year on year, while operating income increased.

Other businesses 2013 third quarter results:	
Consolidated sales	¥51.2 billion, down 26.4%
Consolidated operating income	¥2.9 billion, up 7.8%

(2) FINANCIAL POSITION

Total assets as of September 30, 2013 stood at ¥2,797.7 billion, a decrease of ¥153.3 billion compared to December 31, 2012. While merchandise and finished goods, intangible assets, and other assets increased, cash and time deposits, notes and accounts receivable, trade, and investment securities and other assets all declined.

Total liabilities as of September 30, 2013 stood at ¥1,528.1 billion, a decrease of ¥268.9 billion compared to December 31, 2012 due mainly to decreases in interest-bearing debt, and notes and accounts payable, trade.

Net assets as of September 30, 2013 stood at ¥1,269.5 billion, an increase of ¥115.6 billion compared to December 31, 2012 due partly to an increase in foreign currency translation adjustments.

(3) CONSOLIDATED FORECASTS

Kirin Group's consolidated forecasts for the full year ending December 31, 2013, as announced on August 1, 2013, have not been revised.

2. SUMMARY INFORMATION (NOTES)

(1) CHANGES IN SIGNIFICANT SUBSIDIARIES FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

There are no matters to report under this item.

(2) APPLICATION OF SPECIFIC ACCOUNTING FOR PREPARING THE QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

Calculation of income taxes

Income taxes for the period are calculated by multiplying net income before income taxes for the period by the estimated annual effective rate which is calculated based on the estimated income before taxes for the full year and estimated annual income after the application of tax effect accounting.

(3) CHANGES IN ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES, AND RESTATEMENTS

Changes in accounting policies which are difficult to distinguish from changes in accounting estimates

Effective from the three month period ended March 31, 2013, the Company and its consolidated domestic subsidiaries have changed the depreciation method for property, plant and equipment acquired on or after January 1, 2013 in accordance with the amendment of the Corporation Tax Act of Japan.

The effect of this change on the operating income, ordinary income, and income before income taxes and minority interests for the nine months ended September 30, 2013 was immaterial.

3. CONSOLIDATED FINANCIAL STATEMENTS
(1) CONSOLIDATED BALANCE SHEETS

(¥ millions)

	As of December 31, 2012	As of September 30, 2013
ASSETS		
Current assets		
Cash and time deposits	83,916	65,282
Notes and accounts receivable, trade	413,138	325,575
Merchandise and finished goods	122,159	138,495
Work in process	32,684	34,283
Raw materials and supplies	51,658	50,595
Other	90,078	116,966
Allowance for doubtful accounts	(4,138)	(4,257)
Total current assets	789,496	726,940
Non-current assets		
Property, plant and equipment (Net of accumulated depreciation and accumulated loss on impairment)	763,437	757,598
Intangible assets		
Goodwill	642,190	655,237
Other	179,758	189,610
Total	821,948	844,847
Investments and other assets		
Investment securities	475,157	366,841
Other	106,749	107,008
Allowance for doubtful accounts	(5,727)	(5,476)
Total	576,178	468,373
Total non-current assets	2,161,564	2,070,819
Total assets	2,951,061	2,797,759

(¥ millions)

	As of December 31, 2012	As of September 30, 2013
LIABILITIES		
Current liabilities		
Notes and accounts payable, trade	151,184	133,041
Short-term loans payable and long-term debt with current maturities	37,048	137,916
Commercial paper	77,994	–
Bonds due within one year	79,998	–
Income taxes payable	39,206	27,710
Reserves	6,679	15,726
Other	326,024	250,979
Total current liabilities	718,137	565,374
Non-current liabilities		
Bonds	285,579	289,885
Long-term debt	483,005	383,519
Employees' pension and retirement benefits	64,045	62,991
Reserve for loss on litigation	25,732	29,410
Other reserves	6,792	10,016
Other	213,866	186,974
Total non-current liabilities	1,079,022	962,797
Total liabilities	1,797,159	1,528,171
NET ASSETS		
Shareholders' equity		
Common stock	102,045	102,045
Capital surplus	81,415	81,417
Retained earnings	796,737	848,479
Treasury stock, at cost	(3,509)	(53,806)
Total shareholders' equity	976,689	978,136
Accumulated other comprehensive income		
Net unrealized gains on securities	59,113	38,887
Deferred gains or losses on hedges	(9,298)	302
Land revaluation difference	(2,543)	(2,543)
Foreign currency translation adjustments	(75,017)	37,319
Total accumulated other comprehensive income	(27,746)	73,966
Subscription rights to shares	203	274
Minority interests	204,754	217,210
Total net assets	1,153,901	1,269,587
Total liabilities and net assets	2,951,061	2,797,759

(2) CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

CONSOLIDATED STATEMENTS OF INCOME

(¥ millions)

	Nine months ended September 30, 2012	Nine months ended September 30, 2013
Sales	1,606,136	1,677,610
Cost of sales	937,116	958,207
Gross profit	669,020	719,403
Selling, general and administrative expenses	563,770	611,906
Operating income	105,249	107,496
Non-operating income		
Interest income	1,719	3,283
Dividend income	2,058	1,795
Equity in earnings of affiliates	–	1,558
Other	5,955	5,292
Total	9,733	11,929
Non-operating expenses		
Interest expense	15,077	15,909
Equity in losses of affiliates	1,612	–
Other	7,076	3,829
Total	23,767	19,738
Ordinary income	91,215	99,688
Special income		
Gain on sale of property, plant and equipment and intangible assets	4,679	21,762
Gain on sale of investment securities	2,712	46,945
Other	923	2,738
Total	8,315	71,446
Special expenses		
Loss on disposal of property, plant and equipment and intangible assets	4,789	2,396
Loss on sale of property, plant and equipment and intangible assets	598	963
Loss on impairment	142	288
Loss on devaluation of investment securities	2,123	142
Loss on sale of investment securities	342	150
Business restructuring expense	3,684	4,925
Loss on applying special taxation measures of foreign subsidiaries	–	8,460
Provision for loss on plants reorganization	–	3,390
Other	2,584	3,944
Total	14,266	24,662
Income before income taxes and minority interests	85,264	146,472
Income taxes	48,430	48,480
Income before minority interests	36,834	97,992
Minority interests	11,459	14,329
Net income	25,374	83,662

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(¥ millions)

	Nine months ended September 30, 2012	Nine months ended September 30, 2013
Income before minority interests	36,834	97,992
Other comprehensive income		
Net unrealized gains on securities	5,756	(18,638)
Deferred gains or losses on hedges	(321)	9,601
Foreign currency translation adjustments	9,283	96,761
Share of other comprehensive income of entities accounted for by the equity method	5,000	20,389
Total other comprehensive income	19,719	108,114
Comprehensive income	56,553	206,107
Comprehensive income attributable to:		
Owners of the parent	43,731	185,375
Minority interests	12,822	20,731

(3) GOING CONCERN ASSUMPTION

There are no matters to report under this item.

(4) SEGMENT INFORMATION

I. Nine months ended September 30, 2012

1. Information about sales and income or loss amounts by reportable segment

(¥ millions)

	Nine months ended September 30, 2012						
	Reportable Segment						
	Integrated Beverages			Pharmaceuticals and Bio-chemicals	Other (Note 1)	Adjustment (Note 2)	Amount recorded in the quarterly consolidated statements of income (Note 3)
	Japan	Oceania	Overseas -other				
Sales							
Unaffiliated customers	874,799	297,516	126,106	238,041	69,672	–	1,606,136
Inter-segment	11,123	65	121	6,649	3,246	(21,206)	–
Total sales	885,922	297,581	126,228	244,691	72,918	(21,206)	1,606,136
Segment income	48,013	14,196	2,852	39,264	2,716	(1,793)	105,249

Notes

1. “Other” includes food business, such as seasonings, and others.
2. The negative ¥1,793 million adjustment in segment income includes ¥14,272 million in inter-segment eliminations and negative ¥16,066 million in corporate expenses not attributable to any reportable segment. The corporate expenses are mainly group administrative expenses due to the Company’s transfer to a pure holding company and research and development expenses for basic technologies.
3. Segment income is reconciled to operating income in the consolidated statements of income.

2. Information about loss on impairment of non-current assets, goodwill and others by reportable segment

There is no significant recognition or change during the period.

II. Nine months ended September 30, 2013

1. Information about sales and income or loss amounts by reportable segment

(¥ millions)

	Nine months ended September 30, 2013						
	Reportable Segment						
	Integrated Beverages			Pharmaceuticals and Bio-chemicals	Other (Note 1)	Adjustment (Note 2)	Amount recorded in the quarterly consolidated statements of income (Note 3)
	Japan	Oceania	Overseas -other				
Sales							
Unaffiliated customers	871,083	357,329	152,818	245,096	51,282	–	1,677,610
Inter-segment	5,604	66	161	7,006	2,417	(15,257)	–
Total sales	876,687	357,396	152,979	252,103	53,700	(15,257)	1,677,610
Segment income (loss)	48,166	23,158	(4,668)	43,393	2,928	(5,483)	107,496

Notes

1. “Other” includes food business, such as seasonings, and others.
2. The negative ¥5,483 million adjustment in segment income (loss) includes ¥1,496 million in inter-segment eliminations and negative ¥6,979 million in corporate expenses not attributable to any reportable segment. The corporate expenses are mainly group administrative expenses due to the Company's transfer to a pure holding company.
3. Segment income (loss) is reconciled to operating income in the consolidated statements of income.

2. Information about loss on impairment of non-current assets, goodwill and others by reportable segment

There is no significant recognition or change during the period.

3. Changes in reportable segments

The reportable segments of the Kirin Group through the year ended December 31, 2012 were “Domestic Alcohol Beverages,” “Domestic Non-alcohol Beverages,” “Overseas Beverages,” and “Pharmaceuticals and Bio-chemicals.” However, effective from the three month period ended March 31, 2013, the Company changed such segments to “Integrated Beverages-Japan,” “Integrated Beverages-Oceania,” “Integrated Beverages-Overseas-other,” and “Pharmaceuticals and Bio-chemicals.”

This change is in conjunction with the establishment of Kirin Company, Limited in January 2013, as the regional headquarters in Japan, which marks the completion of a new management structure in the integrated beverages business to promote federal management between the Company, as the global headquarters, and the regional headquarters in Japan, Oceania, Brazil and Southeast Asia.

Major changes include the integration of the former “Domestic Alcohol Beverages” and “Domestic Non-alcohol Beverages” into “Integrated Beverages-Japan.” In addition, “Integrated Beverages-Oceania,” which had been included under the former “Overseas Beverages,” has become an independent reportable segment, and the other regions have been included under “Integrated Beverages-Overseas-other.”

The segment information for the nine months ended September 30, 2012 included in “1. Information about sales and income or loss amounts by reportable segment” is prepared according to the new reportable segments.

(5) NOTES ON SIGNIFICANT CHANGES IN SHAREHOLDERS’ EQUITY

The Company resolved at the Board of Directors Meeting held on March 18, 2013 to approve matters related to the acquisition of its treasury stock, based on the provisions of Article 156 of the Japanese Corporation Law (the “Law”), applied pursuant to Article 165, Paragraph 3 of the Law, and acquired 31,900,000 shares of its common stock for ¥49,998 million through the market. The acquisition of treasury stock based on the provisions ended on September 3, 2013.

Supplementary Documents to the Financial Statements for the Nine Months Ended September 30, 2013

1. Summary of Consolidated Statements of Income, Indices, etc.
2. Sales Details
3. Profit Details
4. Summary of Consolidated Balance Sheets
5. Other Information

KIRIN HOLDINGS COMPANY, LIMITED

October 30, 2013

1. Summary of Consolidated Statements of Income, Indices, etc.

(1) Summary of Statements of Income, Indices, etc.

(¥ billions)

	Nine months ended September 30, 2013, Actual	Nine months ended September 30, 2012, Actual	Increase (decrease)	
Sales	1,677.6	1,606.1	71.4	4.5%
Gross profit	719.4	669.0	50.3	7.5%
Selling, general and administrative expenses	611.9	563.7	48.1	8.5%
Operating income	107.4	105.2	2.2	2.1%
Non-operating income	11.9	9.7	2.1	22.6%
Non-operating expenses	19.7	23.7	(4.0)	(17.0%)
Ordinary income	99.6	91.2	8.4	9.3%
Special income	71.4	8.3	63.1	759.2%
Special expenses	24.6	14.2	10.3	72.9%
Income before income taxes and minority interests	146.4	85.2	61.2	71.8%
Income taxes	48.4	48.4	0.0	0.1%
Minority interests	14.3	11.4	2.8	25.0%
Net income	83.6	25.3	58.2	229.7%
Normalized EBITDA	224.9	218.5	6.4	2.9%
Normalized EPS	¥91	¥77	¥14	18.2%
Sales (Excluding liquor tax)	1,453.4	1,374.5	78.8	5.7%
Operating income (Prior to amortization of goodwill etc.)	149.3	143.7	5.5	3.9%
Operating income ratio (Excluding liquor tax, prior to amortization of goodwill etc.)	10.3%	10.5%		

Normalized EBITDA = Operating income + Depreciation + Amortization of goodwill + Dividends received from entities accounted for by the equity method

Normalized EPS = Adjusted net income / Average number of shares outstanding during period

Adjusted net income = Net income + Amortization of goodwill etc. ± Special income or expenses after income taxes and minority interests

(2) Exchange Rate for and the Period for the Consolidation of Profit or Loss of the Major Overseas Companies

(¥)

	Nine months ended September 30, 2013, Actual	Nine months ended September 30, 2012, Actual
Lion (AUD)	92.94	81.64
Brasil Kirin (BRL)	45.38	41.38

	Nine months ended September 30, 2013, Actual	Nine months ended September 30, 2012, Actual
Lion	From October 2012 to June 2013	From October 2011 to June 2012
San Miguel Brewery		

2. Sales Details

(¥ billions)

	Nine months ended September 30, 2013, Actual	Nine months ended September 30, 2012, Actual	Increase (decrease)	
Sales	1,677.6	1,606.1	71.4	4.5%
Japan Integrated Beverages	871.0	874.7	(3.7)	(0.4%)
Kirin Brewery *	538.3	555.5	(17.2)	(3.1%)
Kirin Beverage	264.4	251.2	13.1	5.3%
Mercian	45.7	46.9	(1.2)	(2.6%)
Other and elimination	22.5	20.9	1.5	7.4%
Overseas Integrated Beverages	510.1	423.6	86.5	20.4%
Lion	357.3	297.5	59.8	20.1%
Brasil Kirin	124.0	102.0	21.9	21.5%
Other and elimination	28.6	23.9	4.7	19.8%
Pharmaceuticals and Bio-chemicals	245.0	238.0	7.0	3.0%
Kyowa Hakko Kirin	252.1	244.6	7.4	3.0%
Pharmaceutical	191.7	188.4	3.2	1.7%
Bio-chemical	60.3	56.1	4.1	7.5%
Other and elimination	(7.0)	(6.6)	(0.3)	—
Other	51.2	69.6	(18.3)	(26.4%)

* The figures are combined value of Kirin Brewery and Kirin Beer Marketing.

(Reference) Sales excluding liquor tax

(¥ billions)

	Nine months ended September 30, 2013, Actual	Nine months ended September 30, 2012, Actual
Kirin Brewery	320.6	329.8

3. Profit Details

(1) Operating Income

(¥ billions)

	Nine months ended September 30, 2013, Actual	Nine months ended September 30, 2012, Actual	Increase (decrease)
Operating income	107.4	105.2	2.2
Japan Integrated Beverages	48.1	48.0	0.1
Kirin Brewery *	39.2	40.6	(1.3)
Kirin Beverage *	3.0	4.5	(1.4)
Amortization of goodwill	(1.4)	(1.4)	(0.0)
Total	1.5	3.0	(1.4)
Mercian *	(0.4)	0.4	(0.9)
Others	7.7	3.9	3.8
Overseas Integrated Beverages	18.4	17.0	1.4
Lion (consolidated after reclassification)	49.3	35.9	13.3
Amortization of goodwill	(22.9)	(18.9)	(4.0)
Brand amortization	(3.1)	(2.8)	(0.3)
Total	23.1	14.1	8.9
Brasil Kirin (consolidated after reclassification)	0.6	8.2	(7.5)
Amortization of goodwill	(4.0)	(6.9)	2.9
Brand amortization	(2.3)	—	(2.3)
Total	(5.7)	1.2	(7.0)
Others	1.0	1.6	(0.5)
Pharmaceuticals and Bio-chemicals	43.3	39.2	4.1
Kyowa Hakko Kirin (consolidated after reclassification)	43.3	39.2	4.1
Pharmaceutical	36.9	35.1	1.8
Bio-chemical	4.5	2.2	2.2
Other/elimination of amortization of goodwill	6.5	6.6	(0.0)
Amortization of goodwill	(4.6)	(4.6)	—
Other	2.9	2.7	0.2
Corporate expenses/inter-segment eliminations	(5.4)	(1.7)	(3.6)

* Excluding management fee paid to the holding company.

Operating income breakdown

(¥ billions)

Company name	Major factors	Increase (decrease)	Description
Kirin Brewery	Decrease in marginal profit of alcohol beverages	(5.7)	Sales decrease in beer (19) thousand KL, (2.4) Sales decrease in *happo-shu* (26) thousand KL, (2.8) Sales increase in new genre 3 thousand KL, 0.4 Sales increase in RTD 12 thousand KL, 1.1 Difference of change in products mix, etc.
	Increase in raw material cost of alcohol beverages	(1.1)	Increase in price of malt (0.9), Increase in price of sugar and liquid sugar (0.8),etc.
	Decrease in selling expenses	1.8	Decrease in sales promotion and advertising 1.6, etc. (Beer, *happo-shu* and new genre 0.1, RTD (0.6), etc.)
	Decrease in other expenses	3.7	Decrease in depreciation 2.5 , Decrease in repair expenses 0.4, Decrease in information processing fee 0.3, Increase in management fees (0.8), etc.
Total		(1.3)	
Kirin Beverage	Difference in volume of sales	9.8	Increase in sales volume 10.66 million cases
	Decrease in raw material cost	2.3	Decrease in material cost 0.9, Decrease in wrapping material cost 1.2, etc.
	Decrease due in change of composition ratio of containers, etc.	(2.0)	
	Increase in selling expenses	(11.2)	Increase in sales promotion and advertising (10.7), Increase in freight (0.5)
	Increase in other expenses	(0.2)	
Total		(1.4)	

Major operating expenses

(¥ billions)

		Nine months ended September 30, 2013, Actual	Nine months ended September 30, 2012, Actual
Sales promotion		137.3	123.9
Advertising		73.9	63.3
Kirin Brewery	Sales promotion / Advertising	60.0	61.6
Kirin Beverage	Sales promotion / Advertising	93.7	83.0
Research and development		37.9	40.9
Kyowa Hakko Kirin (excluding internal transaction)		30.2	33.1

(2) Ordinary Income and Net Income

(¥ billions)

	Nine months ended September 30, 2013, Actual	Nine months ended September 30, 2012, Actual	Increase (decrease)	Description of changes
Non-operating income and expenses	(7.8)	(14.0)	6.2	
Financial profit or loss, net	(10.8)	(11.2)	0.4	
Equity in earnings or losses of affiliates	1.5	(1.6)	3.1	
San Miguel Brewery	5.9	3.2	2.7	Equity in earnings or losses of local affiliates 3.1, etc.
Fraser and Neave	—	1.9	(1.9)	Equity in earnings or losses of local affiliates (3.1) Amortization of goodwill 1.2
Others	(4.3)	(6.7)	2.4	Kirin-Amgen, Inc. 1.8, etc.
Foreign currency translation gain or loss	1.1	(0.4)	1.5	
Other	0.2	(0.7)	0.9	
Ordinary income	99.6	91.2	8.4	
Special income and expenses	46.7	(5.9)	52.7	
Special income	71.4	8.3	63.1	
Gain on sale of property, plant and equipment and intangible assets	21.7	4.6	17.0	
Gain on sale of investment securities	46.9	2.7	44.2	
Other	2.7	0.9	1.8	
Special expenses	(24.6)	(14.2)	(10.3)	
Loss on disposal of property, plant and equipment and intangible assets	(2.3)	(4.7)	2.3	
Loss on sale of property, plant and equipment and intangible assets	(0.9)	(0.5)	(0.3)	
Loss on impairment	(0.2)	(0.1)	(0.1)	
Loss on devaluation of investment securities	(0.1)	(2.1)	1.9	
Loss on sale of investment securities	(0.1)	(0.3)	0.1	
Business restructuring expense	(4.9)	(3.6)	(1.2)	
Loss on applying special taxation measures of foreign subsidiaries	(8.4)	—	(8.4)	
Provision for loss on plants reorganization	(3.3)	—	(3.3)	
Other	(3.9)	(2.5)	(1.3)	
Income taxes	(48.4)	(48.4)	(0.0)	
Minority interests	(14.3)	(11.4)	(2.8)	
Net income	83.6	25.3	58.2	

4. Summary of Consolidated Balance Sheets

(¥ billions)

	As of September 30, 2013	As of December 31, 2012	Increase (decrease)	Description of changes
Current assets	726.9	789.4	(62.5)	
Cash and time deposits	65.2	83.9	(18.6)	
Notes and accounts receivable, trade	325.5	413.1	(87.5)	Decrease due to the year-end of previous year being a bank holiday, etc.
Inventories	223.3	206.5	16.8	
Other	112.7	85.9	26.7	
Non-current assets	2,070.8	2,161.5	(90.7)	
Property, plant and equipment	757.5	763.4	(5.8)	
Intangible assets	844.8	821.9	22.8	
Goodwill	655.2	642.1	13.0	
Other	189.6	179.7	9.8	
Investments and other assets	468.3	576.1	(107.8)	Decrease due to sale of investment securities, etc.
Total assets	2,797.7	2,951.0	(153.3)	
Current liabilities	565.3	718.1	(152.7)	
Notes and accounts payable, trade	133.0	151.1	(18.1)	
Interest-bearing debt	137.9	195.0	(57.1)	Decrease due to redemption of bonds and commercial paper and increase due to replacement of long-term debt with short-term one, etc.
Other	294.4	371.9	(77.4)	Decrease in liquor taxes payable due to the year-end of previous year being a bank holiday, etc.
Non-current liabilities	962.7	1,079.0	(116.2)	
Interest-bearing debt	673.4	768.5	(95.1)	Decrease due to replacement of long-term debt with short-term one, etc.
Other	289.3	310.4	(21.0)	
Total liabilities	1,528.1	1,797.1	(268.9)	
Shareholders' equity	978.1	976.6	1.4	
Accumulated other comprehensive income	73.9	(27.7)	101.7	Increases in foreign currency translation adjustments due to exchange rate changes, etc.
Subscription rights to shares	0.2	0.2	0.0	
Minority interests	217.2	204.7	12.4	
Total net assets	1,269.5	1,153.9	115.6	
Total liabilities and net assets	2,797.7	2,951.0	(153.3)	

5. Other Information

(1) Profit or Loss of Major Publicly-Listed Consolidated Companies (Consolidated after Reclassification)

Nine months ended September 30, 2013, Actual

<Consolidated subsidiaries>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated net income
Kyowa Hakko Kirin	252.1	41.1	39.5	23.1	12.1
Elimination of amortization of goodwill		6.9	6.9	6.9	3.6
Amortization of goodwill		(4.6)	(4.6)	(4.6)	(4.6)
Total included in consolidation	252.1	43.3	41.8	25.4	11.1

<Equity-method affiliates>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated net income
San Miguel Brewery	131.1	39.2	33.0	24.5	11.8
Equity in earnings or losses of local affiliates			11.8	11.8	11.8
Brand amortization			(1.4)	(1.4)	(1.4)
Amortization of goodwill			(4.4)	(4.4)	(4.4)
Total included in consolidation			5.9	5.9	5.9

(2) Sales Details of Major Business Companies

a. Kirin Brewery

	Nine months ended September 30, 2013		Nine months ended September 30, 2012	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL		Thousand KL	
Beer	490	(3.7%)	509	(1.7%)
Happo-shu	387	(6.4%)	413	(7.1%)
New genre	536	0.6%	533	(0.3%)
Sub-total	1,415	(2.9%)	1,457	(2.8%)
RTD	166	7.7%	154	9.2%
Non-alcohol beverages	29	(14.6%)	35	(16.3%)
Breakdown of sales	¥ billions		¥ billions	
Beer	203.8	(3.7%)	211.6	(1.6%)
Happo-shu	118.2	(6.4%)	126.2	(7.1%)
New genre	141.0	0.8%	139.9	(0.5%)
Sub-total	463.1	(3.1%)	477.8	(2.8%)
RTD	45.9	8.2%	42.4	9.1%
Shochu, Whiskey and Spirits, etc. *	29.2	(17.0%)	35.2	(12.6%)
Total sales	538.3	(3.1%)	555.5	(2.7%)

The above sales volume excludes exports.

* This item includes sales of soft drink beverages to Group companies.

b. Kirin Beverage Group

<Category>

Non-alcohol beverages			Nine months ended September 30, 2013				Nine months ended September 30, 2012			
			Actual	Composition ratio	Increase (decrease)	Percentage over the previous year	Actual	Composition ratio	Increase (decrease)	Percentage over the previous year
			10,000 cases		10,000 cases		10,000 cases		10,000 cases	
Category	Tea drink	Japanese tea	1,716	11%	140	109%	1,576	11%	(5)	100%
		Oolong tea	219	2%	15	107%	204	2%	3	101%
		Black tea	3,353	22%	82	103%	3,271	23%	(156)	95%
		Sub-total	5,288	35%	237	105%	5,051	36%	(158)	97%
	Coffee		2,148	14%	(24)	99%	2,172	16%	(147)	94%
	Fruit and vegetable juice		2,372	16%	631	136%	1,741	12%	389	129%
	Carbonated beverage		1,206	8%	54	105%	1,152	8%	566	197%
	Water		2,632	17%	(31)	99%	2,663	19%	60	102%
	Other		1,509	10%	199	115%	1,310	9%	370	139%
Domestic non-alcohol beverage market total			15,155	100%	1,066	108%	14,089	100%	1,080	108%

<Container Type>

Non-alcohol beverages			Nine months ended September 30, 2013				Nine months ended September 30, 2012			
			Actual	Composition ratio	Increase (decrease)	Percentage over the previous year	Actual	Composition ratio	Increase (decrease)	Percentage over the previous year
Container type	Category	Details	10,000 cases		10,000 cases		10,000 cases		10,000 cases	
Cans	Can	Including bottle styled cans	2,684	18%	(204)	93%	2,888	20%	(237)	92%
PET bottles	Large-sized PET bottles	2L	3,372	22%	340	111%	3,032	22%	306	111%
		1.5L, 1L, 900ml, 750ml	1,271	8%	144	113%	1,127	8%	15	101%
		Large-sized PET bottles total	4,643	30%	484	112%	4,159	30%	321	108%
	Small-sized PET bottles	500ml	4,961	33%	388	108%	4,573	32%	918	125%
		350ml or less	1,241	8%	266	127%	975	7%	(53)	95%
		Small-sized PET bottles total	6,202	41%	654	112%	5,548	39%	865	118%
		PET bottles total	10,845	71%	1,138	112%	9,707	69%	1,186	114%
Other containers	One-way/Returnable bottles, paper, gifts, etc.		1,626	11%	132	109%	1,494	11%	131	110%
Domestic non-alcohol beverage market total			15,155	100%	1,066	108%	14,089	100%	1,080	108%