KIRIN

KIRIN HOLDINGS COMPANY, LIMITED

February 13, 2014

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2013 (UNDER JAPANESE GAAP) (UNAUDITED)

(English Translation)

Fiscal year ended 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

Scheduled date of general meeting of shareholders held: March 27, 2014

Commencement date of dividend distribution scheduled: March 28, 2014

Submission date of securities report scheduled: March 27, 2014

Preparation of supplementary documents to the financial results: Yes

Holding of financial results presentation (for institutional investors and analysts): Yes

1. Consolidated business results and financial position for the current fiscal year (January 1, 2013 - December 31, 2013)

[Unit: Japanese yen (¥)]

(1) Results of operations: (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 (%)
Fiscal year ended						
December 31, 2013	2,254,585	3.1	142,818	(6.7)	132,134	(4.6)
December 31, 2012	2,186,177	5.5	153,022	7.1	138,452	1.2

Note: Comprehensive income December 31, 2013 ¥237,894 million [32.2%]
December 31, 2012 ¥179,981 million [–%]

	Net income (¥ millions)	Percentage change (%)	Net income per share (Basic) (¥)	Net income per share (Diluted) (¥)	Ratio of net income to shareholders' equity (%)	Ratio of ordinary income to total assets (%)	Ratio of operating income to sales (%)
Fiscal year ended							
December 31, 2013	85,656	52.4	90.76	90.73	8.5	4.5	6.3
December 31, 2012	56,198	658.7	58.44	57.31	6.2	4.8	7.0

Reference: Equity in earnings of affiliates December 31, 2013 ¥1,643 million
December 31, 2012 ¥(676) million
Normalized EBITDA December 31, 2013 ¥301.4 billion [(1.9)%]
December 31, 2012 ¥307.3 billion
Normalized EPS December 31, 2013 ¥122 [4.3%]
December 31, 2012 ¥117

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	Net assets per share
	(¥ millions)	(¥ millions)	(%)	(¥)
As of				
December 31, 2013	2,896,456	1,300,726	37.1	1,157.66
December 31, 2012	2,951,061	1,153,901	32.2	986.94

Reference: Equity December 31, 2013 ¥1,075,861 million
December 31, 2012 ¥948,943 million

(3) Cash flows:

	Cash flows from operating activities (¥ millions)	Cash flows from investing activities (¥ millions)	Cash flows from financing activities (¥ millions)	Cash and cash equivalents at end of period (¥ millions)
Fiscal year ended December 31, 2013	205,517	85,526	(272,357)	105,472
Fiscal year ended December 31, 2012	212,061	(48,379)	(160,008)	78,041

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 ended December 31, 2013	–	18.00	–	18.00	36.00
Fiscal year ending December 31, 2014 (Forecast)	–	19.00	–	19.00	38.00

	Total amount of dividends (¥ millions)	Dividend pay-out ratio (%)	Ratio of dividends to shareholders' equity (%)
Fiscal year ended December 31, 2012	27,886	49.6	3.1
Fiscal year ended December 31, 2013	33,745	39.7	3.4
Fiscal year ending December 31, 2014 (Forecast)		72.1	

Reference: Dividend pay-out ratio calculated using normalized EPS December 31, 2014 (Forecast) 29.5%
December 31, 2013 29.5%

3. Forecast consolidated business results for the next fiscal year (January 1, 2014 - December 31, 2014)

(Percentage change compares forecast 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)	(%)
Six months ending June 30, 2014	1,100,000	0.3	47,000	(22.2)	–	–
Fiscal year ending December 31, 2014	2,290,000	1.6	140,000	(2.0)	122,000	(7.7)

	Net income	Percentage change	Net income per share
	(¥ millions)	(%)	(¥)
Six months ending June 30, 2014	–	–	–
Fiscal year ending December 31, 2014	49,000	(42.8)	52.7

Reference: Normalized EBITDA December 31, 2014 (Forecast) ¥302.0 billion [0.2%]

Normalized EPS December 31, 2014 (Forecast) ¥129 [5.7%]

Note: The Company estimates ordinary income and net income for fiscal year ending December 31, 2014 only. Therefore, the disclosed forecast business results for the six months ending June 30, 2014 comprise forecast sales and operating income only.

* Notes

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries accompanying change in scope of consolidation.): Yes

Newly included: —

Excluded: 3 companies (Kirin Holdings Investments Brasil Participacoes Ltda.
Aleadri-Schinni Participacoes e Representacoes Ltda.
Jadangil Participacoes e Representacoes Ltda.)

(2) 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 fiscal year ended December 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 “(5) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CHANGES IN ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES, AND RESTATEMENTS)” on page 15 of the attached materials.

(3) Number of shares outstanding (common stock)

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

As of December 31, 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 December 31, 2013	35,659,435 shares
As of December 31, 2012	3,502,064 shares

iii. Average number of shares during the period

For the fiscal year ended December 31, 2013	943,727,171 shares
For the fiscal year ended December 31, 2012	961,665,861 shares

Note: For the number of shares as a basis of calculating net income per share (consolidated), please refer to “PER SHARE INFORMATION” on page 20.

Reference: SUMMARY OF NON-CONSOLIDATED FINANCIAL STATEMENTS

1. Non-consolidated business results and financial position for the current fiscal year (January 1, 2013 - December 31, 2013)

(1) Results of operations:

(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 ended						
December 31, 2013	59,043	(38.4)	48,134	(32.0)	42,807	(34.1)
December 31, 2012	95,888	(25.1)	70,774	(30.2)	64,989	(32.9)

	Net income	Percentage change	Net income per share (Basic)	Net income per share (Diluted)
	(¥ millions)	(%)	(¥)	(¥)
Fiscal year ended				
December 31, 2013	86,621	32.9	91.79	–
December 31, 2012	65,172	59.5	67.77	–

(2) Financial position:

	Total assets	Net assets	Ratio of equity to total assets	Net assets per share
	(¥ millions)	(¥ millions)	(%)	(¥)
As of				
December 31, 2013	1,917,213	983,175	51.3	1,057.93
December 31, 2012	2,104,999	993,410	47.2	1,033.19

Reference: Equity December 31, 2013 ¥983,175 million

December 31, 2012 ¥993,410 million

* Explanation regarding performance of audit procedures

This summary of consolidated financial results is not subject to the audit procedures in accordance with the Financial Instruments and Exchange Law of Japan. At the time of disclosure of this summary of consolidated financial results, the audit 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, Thursday, February 13, and it will post the presentation materials from the financial results presentation held Friday, February 14, the presentation content (video) 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. BUSINESS RESULTS AND FINANCIAL POSITION

(1) BUSINESS PERFORMANCE

The global economy as a whole demonstrated moderate recovery during the consolidated fiscal year. Although growth in some emerging countries slowed, the U.S. and Chinese economies posted sound growth and signs of economic improvement emerged in Europe.

Amid these global economic trends, Japan's economy continued to recover moderately and personal consumption firmed on the strength of higher exports and the positive effects 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 Plan.

In Japan, Kirin Company, Limited was established on January 1, 2013 to develop strong brands and improve competitiveness through strategic investments made from a medium- and long-term perspective. While renewed growth was wrestled with in Japan, in overseas markets the regional headquarters took measures to support overall Group growth by promoting autonomous management addressing the challenges of each individual market. In Oceania, Lion Pty Ltd took initiatives to bolster sales of products in growth categories and promote value-added products. Brasil Kirin strengthened core brands and expanded customer touch points.

As a result, although consolidated results were impacted by excluding Kirin Kyowa Foods Company, Limited from the consolidated financial statements during the fiscal year, consolidated sales rose compared to the previous fiscal year due primarily to a steady increase in overseas sales and higher sales volumes in the Japan soft drinks business. Operating income declined year on year, as lower income at Brasil Kirin in spite of increased income in overall overseas business, higher expenses in Japan due to strategic brand investments from a medium- and long-term perspective, and a decline in sales volume of alcohol beverages in Japan. Ordinary income also declined year on year, while net income 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 results:	
Consolidated sales	¥2,254.5 billion, up 3.1%
Consolidated operating income	¥142.8 billion, down 6.7%
Consolidated ordinary income	¥132.1 billion, down 4.6%
Consolidated net income	¥85.6 billion, up 52.4%
(Reference)	
Normalized EBITDA*	¥301.4 billion, down 1.9%
Normalized EPS*	¥122, up 4.3%

* 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.

During the year, Kirin Holdings Company, Limited conducted a share buyback program to provide additional shareholder returns, with a repurchase ceiling of ¥50 billion. A total of 31.9 million shares were acquired under the program between March and September, and the program was completed after the ceiling was reached.

Results by segment are as follows.

Japan Integrated Beverages Business

Domestic alcohol beverage and soft drinks markets continued to face a challenging environment, with demand for beer continuing to decrease amidst growing diversification of consumer preferences and the increase in raw material costs resulting from rapid yen depreciation and other factors.
Under such circumstances, in January, Kirin Company, Limited was established as the wholly owning parent company of Kirin Brewery Company, Limited, Mercian Corporation, and Kirin Beverage Company, Limited. In May, the headquarter organizations of domestic group companies were consolidated at a single location. Under the new organizational structure, resources were allocated strategically with traditional alcohol beverage and soft drinks frameworks transcended to spark renewed growth in the maturing Japanese market, nurturing strong product brands and creating entirely new categories of products through stronger collaboration.
Kirin Brewery Company, Limited strove to expand the *Kirin Ichiban Shibori* brand by promoting the fun and enjoyment of beer drinking. The company proposed new styles of beer drinking through the new taste experience of *Ichiban Shibori Frozen Nama* draft beer and *Ichiban Shibori Two Tone Nama*, a double-layered beer cocktail, while promoting the *Kirin Ichiban Garden* beer hall in and outside Japan. As a result, *Ichiban Shibori* keg beer sales volume rose compared to the previous fiscal year. While *Ichiban Shibori* brand products achieved a certain level of success through these new initiatives, overall sales volume declined year on year. With intensified competition in the growing “new genre” (non-malt beer, etc.) category, while sales volume of No. 1 brand* in the category, *Kirin Nodogoshi Nama* declined year on year, sales of *Kirin Sumikiri*, which offers the unique flavor of 100% barley without any unpleasant aftertaste, surpassed its original sales target after launch in May. In the RTD (ready-to-drink) category, *Kirin Hyoketsu* and *Kirin Honshibori* posted year-on-year increases in sales volumes. For *Kirin Hyoketsu* brand products, *Kirin Hyoketsu Wanashi* was launched as a limited product using Japanese pears from Fukushima Prefecture as a way to support farmers in the disaster-stricken region of Tohoku. The popular product was one example of how the Kirin Group is addressing social issues through its products and services.
Mercian Corporation took initiatives to bolster and nurture its core brands, including *Franzia* and *Mercian Oishii-sankaboshizai-mutenka* wine, while striving to support the further expansion of the wine market in Japan. In response to the growing acceptance of wine as a daily enjoyment, the company also actively promoted a new container strategy to further introduce PET bottle to brands. Although 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, sales volumes increased compared to the previous fiscal year.
Kirin Beverage Company, Limited posted an increase in year-on-year volume sales of *Kirin Gogo-no-Kocha* brand products driven by higher sales of *Kirin Gogo-no-Kocha Oishii Sugar-Free*, which

promoted new occasions for tea beverage drinking. Sales of *Kirin Sekai-no-Kitchen-Kara Salt & Litchi* rose strongly partly because of a unique blend of salt and fruits and partly because of the active promotion of the drink's benefit of helping prevent heat stroke by supplement of water and salt during the hot summer. Initiatives were also taken to promote *Kirin Mets COLA*, which is the first-ever cola drink designated as a food for specified health uses. In August, as a part of efforts to develop younger consumer groups distinct from traditional can coffee drinkers, the company launched *Kirin FIRE Café Deli* as a PET bottle flavored latte. As part of the "Kirin Plus-i" health project, the company also launched *Koiwai Mamoru Chikara no Nyusankin* and *Kirin Mamotte! Chikaramizu* to help consumers easily incorporate Kirin's proprietary plasma lactic acid bacteria into their daily diets.

Group companies strove to nurture strong brands during the year while taking measures to realize the segment's further overall cost reduction to minimize the impact of the yen's depreciation on raw materials costs.

As a result, although Kirin Beverage's year-on-year sales volume rose, the segment's overall sales declined year on year due to decreased sales at Kirin Brewery. Operating income also declined due to strategic investments to bolster brands and raw material cost increases caused by the yen's depreciation.

*Based on the taxed quantity shipped of "Other miscellaneous liquors (2)" in 2005, and "Other brewed liquors (*carbonated*) (1)" in 2006-2013.

Japan integrated beverages business 2013 results:	
Consolidated sales	¥1,180.1 billion, down 0.8%
Consolidated operating income	¥62.1 billion, down 9.9%

Overseas Integrated Beverages Business

The retail and consumer goods sectors continued to experience subdued consumer sentiment in both Australia and New Zealand during fiscal 2013.

As the beer market decline in both Australia and New Zealand started to stabilize, Lion's Beer, Spirits and Wine business has continued to gear its portfolio to growth segments of the market. Lion experienced a one-time volume increase from the addition of international premium and craft beer brands to its portfolio during the year, including Little Creatures, Corona Extra and Stella Artois. While a competitive and fast-changing environment 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.

Brazil's economy continued to expand at a moderate pace during the period. Inflation rates remained high and personal consumption showed signs of moderate slowing.

Amid sluggish growth and increasingly challenging competition, Brasil Kirin continued to bolster core brands, including *Nova Schin* beer and *Schin* carbonated beverages, while taking active measures to expand customer touch points throughout Brazil. As a result, beer sales volume increased compared with the previous year. Brasil Kirin also improved its plant and equipment to meet growing off-premise demand, while continuing to make improvements to its procurement processes and raising the efficiency of the entire value chain.

As a result, the Oceania integrated beverages business posted year-on-year increases in both sales and operating income. In the other overseas integrated beverages business, sales increased but operating income declined mainly as a result of increased sales expenses in Brazil to respond to intensified

competition amid sluggish market growth.

Oceania integrated beverages business 2013 results:	
Consolidated sales	¥468.3 billion, up 18.1%
Consolidated operating income	¥28.7 billion, up 39.9%
Other overseas integrated beverages business 2013 results:	
Consolidated sales	¥216.8 billion, up 20.2%
Consolidated operating income	¥1.8 billion, down 73.3%

Pharmaceuticals and Bio-chemicals Business

In the pharmaceuticals business, Kyowa Hakko Kirin Co., Ltd. posted strong domestic sales as a result of robust sales of *Patanol*® anti-allergy eye drops amid high airborne pollen counts and reported steady sales of other products. Sales of *NESP*®, a treatment for renal anemia, declined due to a temporary oversupply of distributors' inventory of new and old standard products after a new standard product was released in December 2012. Among new products launched in the year were *NOURIAST*®, an antiparkinson agent, *Onglyza*®, a treatment for type-two diabetes, and *Abstral*®, a treatment for cancer pain. In the area of pharmaceutical exports and technology revenue, sales were lower. While pharmaceutical exports rose compared to the previous fiscal year, technology licensing revenues declined due partly to the booking of a portion of technology licensing revenues from FUJIFILM KYOWA KIRIN BIOLOGICS Co., Ltd. in fiscal 2014. 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 pharmaceutical raw materials. In the healthcare products business, the mail-order business also expanded steadily on higher sales of ornithine and other products. Overseas sales rose year on year, due partly to the depreciation of the yen.
As a result, despite sales in the pharmaceuticals and bio-chemicals business increasing compared to the previous fiscal year, operating income declined.

Pharmaceuticals and bio-chemicals business 2013 results:	
Consolidated sales	¥331.3 billion, up 2.6%
Consolidated operating income	¥54.3 billion, down 2.1%

Other Businesses

In March, a share transfer agreement was concluded with Mitsubishi Corporation under which all shares of Kirin Kyowa Foods Company, Limited will be transferred to Mitsubishi in stages. In July, approximately 81% of the outstanding shares of Kirin Kyowa Foods Company, Limited were transferred to Mitsubishi. In the first six months ended June 30, 2013, prior to the transfer, Kirin Kyowa Foods Company, Limited reported lower sales as a result of declines in sales of its main products including natural seasonings and fermented seasonings, and operating income was down due to softening of the overseas market for nucleic acid savory seasonings and higher costs for suppliers and raw materials due to the lower value of the yen.

At Koiwai Dairy Products Company, Limited, sales for the core product, *Koiwai yogurt made from 100% fresh milk*, remained strong and cost reductions in manufacturing and logistics processes led to a measure of positive results. However, with competition intensifying, sales of household dairy products such as processed cheese declined, affected by the rise in raw material prices.
As a result, the segment's overall sales and operating income also declined compared to the previous fiscal year.

Other businesses 2013 results:	
Consolidated sales	¥57.7 billion, down 39.9%
Consolidated operating income	¥3.7 billion, down 0.8%

Outlook for 2014

The Kirin Group has entered the second 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 Plan.

In 2014, the Kirin Group will continue to establish and promote "brand-centered management" and increase its sustainable enterprise value. In the Japan integrated beverages business, Kirin Company, Limited will aim to generate results and steadily return the business to a growth track by enhancing the strategic allocation of resources to nurture robust product brands and continually create new value through innovation while raising cost-competitiveness. In the overseas integrated beverages business, regional headquarters in Oceania, Brazil and other regions will promote autonomous management that can make quicker decisions and that is responsive to individual market environments in order to generate results and drive the growth of the entire Group. Furthermore, CSV* activities will be implemented, particularly for the Japan integrated beverages business group, and enterprise brand value will be enhanced through stakeholder dialogue to generate a virtuous cycle with product brand enhancement.

*Creating Shared Value (CSV) is a management concept that combines two ideas: engaging in societal issues to create social value, and improving a company's competitive position.

Consolidated Earnings Forecasts for the Fiscal Year 2014

	2Q*		Full year	
	Forecast	YoY change (%)	Forecast	YoY change (%)
Consolidated sales	¥1,100.0 billion	0.3%	¥2,290.0 billion	1.6%
Consolidated operating income	¥47.0 billion	(22.2)%	¥140.0 billion	(2.0)%
Consolidated ordinary income	-	-	¥122.0 billion	(7.7)%
Consolidated net income	-	-	¥49.0 billion	(42.8)%
(Reference)				
Normalized EBITDA	-	-	¥302.0 billion	0.2%
Normalized EPS	-	-	¥129	5.7%

*Kirin only calculates ordinary income and net income forecasts for the full-year, and therefore only forecasts for consolidated sales and consolidated operating income are shown for the six months ending June 30, 2014.

Japan Integrated Beverages Business

In the second year of the establishment of Kirin Company, Limited, the Japan integrated beverages business will strive to generate new value propositions for customers and raise enterprise value by selecting and focusing on promising brands and by developing strong brands through the strategic allocation of resources

based on “brand-centered management.” The business will also enhance organizational capabilities by consolidating the hiring of new graduates under Kirin Company, Limited, and engaging in efforts to promote diversity and inclusion in the workplace and work to direct the business into a sustainable growth track while also taking appropriate measures in response to an increase in consumption tax and other environmental changes.
Kirin Brewery Company, Limited will clarify its core portfolio of brands to strengthen, with a focus on *Kirin Ichiban Shibori*, and prioritize the allocation of management resources generated through higher efficiency to them while striving to nurture strong product brands by improving customer engagement in terms of both quality and quantity. Through the delivery of new products and services and the expansion of CSV activities, the company will achieve the creation of new value for customers.
Mercian Corporation will strive to raise enterprise value by bolstering its flagship brand, *Chateau Mercian*, and developing its lineup of other product brands. The company will also promote the expansion and growth of the wine market in Japan through a broader lineup of PET bottle products, the development and launch of new products, and active marketing promotions. To respond to higher raw materials costs in the domestic wine business, the company will continue to reduce expenses.
Kirin Beverage Company, Limited will select and further focus its marketing investments to fully enhance product brand value. Planning from a medium- to long-term perspective, the company will work to develop a product that can stand alongside *Kirin Gogo-no-Kocha* as a core pillar of its portfolio while taking steps to secure a competitive advantage in the broader market by making new value propositions in the fast-growing functional health drink market and continuing product development initiatives.

Overseas Integrated Beverages Business

Regional headquarters will promote autonomous management that can make quicker decisions and that is responsive to individual market environments in order to generate results and drive the growth of the entire Group. Kirin Holdings Company, Limited will act as the global head office, strategically allocating resources globally for all businesses and promoting synergy through shared functions.
Lion continues to make progress in improving profitability and efficiency by investing in its people, lowest-cost manufacturing and pursuing a high value portfolio. The alcohol business will continue to focus on driving value in the market and improving efficiency for growth from its scale portfolio. The soft drinks and food business continues to lift profitability by focusing on high-value segments and by transforming its operations to deliver lowest cost manufacturing.
Brasil Kirin will aim to expand sales and improve profitability by raising its presence in both the beer and soft drinks markets and continuing to promote efficiency throughout the entire value chain. In the beer business, Brasil Kirin will establish a powerful brand portfolio and bolster its flagship brands while continuing to expand customer touch points throughout the country. In the soft drinks business, the company will strengthen the sales of both its flagship brands and innovate to expand sales of high value-added products.
In Southeast Asia, Kirin Holdings Singapore Pte, Ltd. will spearhead efforts to strengthen foundations for both the soft drinks and alcohol beverages businesses in the region’s markets primarily in Vietnam and Thailand and seek out new expansion opportunities.

Pharmaceuticals and Bio-chemicals Business

In the pharmaceuticals business, Kyowa Hakko Kirin Co., Ltd. will prioritize the further strengthening of competiveness in Japan through category-based strategy, and the expand of business base in the U.S., Europe and Asia and the aim to become a global specialty pharmaceutical company. In Japan, focusing on four categories, nephrology, oncology, immunology/allergy, and central nervous system, the company will strengthen the integration of functions—from R&D through to manufacturing and sales—enhance its drug discovery capabilities, steadily launch new products to market, and build a highly specialized sales force to maximize sales and earn the trust of the medical community. Overseas, global expansion will be promoted through business strategies for each region and country, led by ProStrakan Group plc.
In the bio-chemicals business, Kyowa Hakko Bio Co., Ltd. will strive to expand its global business foundation to actively respond to rising demand for amino acids, while restructuring and developing manufacturing sites to raise cost competitiveness and strengthen the revenue base of the bio-chemicals business.

Other Businesses

Amid the expanding cultured milk market, Koiwai Dairy Products Co., Ltd. will strive to raise sales by prioritizing the allocation of resources into the development of flagship product *Koiwai yogurt made from 100% fresh milk*, actively expanding customer touch points and implementing marketing campaigns. The company will also continue to lower manufacturing and logistics costs to mitigate the impact of foreign exchange fluctuations and rising raw materials costs.

(2) FINANCIAL POSITION

Total assets as of December 31, 2013 stood at ¥2,896.4 billion, a decrease of ¥54.6 billion, or 1.9%, compared to December 31, 2012. Current assets increased ¥25.2 billion to ¥814.7 billion. Non-current assets also decreased ¥79.8 billion to ¥2,081.6 billion. Property, plant and equipment increased ¥900 million, intangible assets increased ¥14.9 billion, and investments and other assets decreased ¥95.8 billion in part due to the sale of investment securities.

Total liabilities as of December 31, 2013 stood at ¥1,595.7 billion, a decrease of ¥201.4 billion, or 11.2%, compared to December 31, 2012. Current liabilities decreased ¥58.2 billion to ¥659.8 billion due in part to the redemption of commercial paper, while non-current liabilities decreased ¥143.1 billion to ¥935.8 billion, due in part to the replacement of long-term debt with short-term debt.

Net assets as of December 31, 2013 stood at ¥1,300.7 billion, an increase of ¥146.8 billion, or 12.7%, compared to December 31, 2012. This was in part due to a ¥128.7 billion increase in foreign currency translation adjustments.

Consolidated cash flows were as follows:

Cash flows from operating activities

Net cash provided by operating activities was ¥205.5 billion, a decrease of ¥6.5 billion compared to the previous fiscal year. Despite income before income taxes and minority interests increasing ¥23.6 billion, deposits received increasing ¥5.8 billion, outflows from working capital due to changes in trade notes and accounts receivable, inventory, trade notes and accounts payable, liquor taxes payable and consumption taxes payable decreasing ¥1.2 billion and other positive factors, gains from the sale of investment securities increased 42.7 billion and income taxes paid increased ¥16.8 billion.

Cash flows from investing activities

Net cash provided by investing activities increased ¥133.9 billion to ¥85.5 billion compared to the previous fiscal year. Outflows for the acquisition of property, plant and equipment and intangible assets increased ¥18.4 billion to ¥117.3 billion. Outflows of ¥4.4 billion were also recorded for the acquisition of marketable securities and investment securities. Meanwhile the sale of property, plant and equipment and intangible assets produced ¥47.4 billion, and the sale of marketable securities and investment securities generated proceeds of ¥155.1 billion.

Cash flows from financing activities

Net cash used in financing activities increased ¥112.3 billion to ¥272.3 billion compared to the previous fiscal year. Redemption of bonds was ¥80.0 billion, commercial paper inflows decreased ¥77.9 billion, acquisition of treasury stock was ¥50.4 billion yen, repayment of long-term debt was ¥40.5 billion and cash dividends paid totaled ¥31.9 billion. Meanwhile proceeds from long-term debt were ¥12.1 billion and short term loans payable increased ¥5.8 billion.

Trends in Kirin Group's cash flow indices are as follows:

	Fiscal year 2011	Fiscal year 2012	Fiscal year 2013
Equity ratio (%)	29.9	32.2	37.1
Equity ratio based on market capitalization (%)	31.5	33.0	48.5
Debt service coverage (%)	515.2	489.1	417.9
Interest coverage ratio (times)	9.5	12.1	13.0

Notes:
1. Equity ratio = Equity / Total assets
2. Equity ratio based on market capitalization = Market capitalization / Total assets
3. Debt service coverage = Interest-bearing liabilities / Operating cash flow
4. Interest coverage ratio = Operating cash flow / Interest expense

* All indices are calculated from consolidated financial data.

* Market capitalization = Market price on last trading day of the period x Total shares outstanding at end of period (excluding treasury stock)

* “Operating cash flow” refers to net cash provided by operating activities in the Consolidated Statements of Cash Flows.
“Interest-bearing liabilities” refer to all liabilities with interest payable recorded on the liabilities section of the Consolidated Balance Sheets.
“Interest expense” refers to the interest expense figure recorded in the Consolidated Statements of Cash Flows.

(3) BASIC POLICY ON DISTRIBUTION OF PROFITS; DIVIDEND FOR 2013 and FOR 2014

Kirin views the appropriate distribution of profits to shareholders as a key management issue, and has distributed a dividend to shareholders in every financial period since establishment in 1907. Management believes that shareholders' needs can be met by providing a stable, continuous dividend based in each period on a comprehensive assessment of business performance, the target payout ratio taking real earnings into account, and future capital requirements. Retained earnings will be allocated to business and capital investments that contribute to enhancing future enterprise value. Kirin will also consider opportunities to acquire treasury stock, based on financial flexibility and on the progress made in creating free cash flow.

Based on this policy, with respect to the distribution of surplus funds for 2013, Kirin proposes an interim dividend of ¥18 and a year-end dividend of ¥18 per share—meaning ¥36.0 per share, an increase of ¥7.0 from the previous year. As for the distribution of surplus funds for 2014, as stated in the Kirin Group Medium-term Business Plan 2013-2015, Kirin is aiming for a 30% consolidated payout ratio* on normalized EPS. As such, the planned full-year dividend for 2014 is ¥38.0 per share.

*Consolidated payout ratio linked to Kirin’s actual earning power, whereby the effects of the amortization of goodwill, etc. and the special income and expenses after income taxes and minority interests are eliminated from net income.

2. MANAGEMENT POLICY

(1) BASIC APPROACH

On October 16, 2012, Kirin announced Kirin Group Vision 2021 (“KV2021”), the Kirin Group’s new long-term business outlook for 2021, along with the Kirin Group Medium-term Business Plan 2013-2015, which marks the first stage in realizing the aims of KV2021. In order to advance business steadily by making the best use of our business foundation—which was expanded globally under KV2015 (formulated in 2006) with an aim for a new trajectory of growth—under KV2021, we will strive to increase corporate value through realizing organic and sustainable growth and world-class management excellence.

(2) MEDIUM-TERM AND LONG-TERM MANAGEMENT STRATEGIES, AND TARGET MANAGEMENT INDICES

Kirin Group Vision 2021

In the pursuit of “brand-centered management,” the Kirin Group will leverage a diversity of “brands & businesses,” “communities & markets” and “people & organizations” to co-create value as the “best partner for consumers in their special life moments,” aspiring to grow together with our customers and society.

Kirin will support this vision for growth with a stronger management structure. With Kirin Holdings as global headquarters and core regional headquarters in Japan, Oceania, Brazil and Southeast Asia, the Group’s organization will facilitate making speedy decisions while enabling optimization of the Group performance. Based on this perspective, we will realize the allocation of management resources and the creation of synergies. Furthermore, based on our global common values (known as “One Kirin” Values：“Passion and Integrity”), we will also build stronger links within and between Kirin’s diverse businesses and operating regions, and pursue growth as a global corporate citizen.

KV2021 Vision

- Help people foster stronger bonds by offering customer-oriented and quality-focused value.
- Build a corporate group where a diversity of people enjoy working and businesses grow with local communities, protecting the environment.
- Develop businesses globally in the field of “Food and Well-being,” with each region pursuing self-sustained growth in a locally optimized way.

Kirin Group Medium-term Business Plan 2013-2015

Kirin’s medium-term business plan (MTBP) starting in 2013 is the first stage toward realizing KV2021. Positioned as the “three years for redirecting management toward organic growth,” the plan will achieve increased corporate value by establishing and expanding “brand-centered management” to maintain superior competitive positions.

Basic Policy

- Establish and deploy the Kirin Group’s Brand-Centered Management
- Deliver results according to the business stage at which each region is positioned
- Foster competitiveness and powerful brands that help us promote the further growth of Japan Integrated Beverages Business

Quantitative Targets

- Mid single-digit CAGR in normalized EBITDA
- High single-digit CAGR in normalized EPS

Quantitative Guidance

- 2015 Group consolidated sales ¥2,300 billion plus; operating income ¥170 billion plus
  MTBP guidance on operating income has been updated from ¥180 billion plus to ¥170 billion plus.

3. CONSOLIDATED FINANCIAL STATEMENTS
(1) CONSOLIDATED BALANCE SHEETS

(¥ millions)

	As of December 31, 2012	As of December 31, 2013
ASSETS		
Current assets		
Cash and time deposits	83,916	113,759
Notes and accounts receivable, trade	413,138	396,113
Merchandise and finished goods	122,159	136,494
Work in process	32,684	34,488
Raw materials and supplies	51,658	54,063
Deferred tax assets	25,277	27,432
Other	64,800	56,297
Allowance for doubtful accounts	(4,138)	(3,860)
Total current assets	789,496	814,788
Non-current assets		
Property, plant and equipment		
Buildings and structures (Purchase price)	595,360	558,431
Less accumulated depreciation	(359,931)	(335,327)
Buildings and structures (Book value)	235,429	223,104
Machinery, equipment and vehicles (Purchase price)	898,454	919,837
Less accumulated depreciation	(659,022)	(679,032)
Machinery, equipment and vehicles (Book value)	239,431	240,804
Land	201,513	186,820
Construction in progress	50,578	74,805
Other (Purchase price)	181,657	182,887
Less accumulated depreciation	(145,173)	(144,043)
Other (Book value)	36,483	38,844
Total	763,437	764,378
Intangible assets		
Goodwill	642,190	649,519
Other	179,758	187,417
Total	821,948	836,936
Investments and other assets		
Investment securities	475,157	376,155
Deferred tax assets	47,299	44,585
Other	59,450	64,902
Allowance for doubtful accounts	(5,727)	(5,291)
Total	576,178	480,351
Total non-current assets	2,161,564	2,081,667
Total assets	2,951,061	2,896,456

(¥ millions)

	As of December 31, 2012	As of December 31, 2013
LIABILITIES		
Current liabilities		
Notes and accounts payable, trade	151,184	155,863
Short-term loans payable and long-term debt with current maturities	37,048	118,410
Commercial paper	77,994	–
Bonds due within one year	79,998	30,000
Liquor taxes payable	86,262	82,718
Income taxes payable	39,206	28,429
Allowance for employees' bonuses	5,435	5,571
Allowance for bonuses for directors and company auditors	259	266
Accrued expenses	101,180	114,774
Other	139,565	123,864
Total current liabilities	718,137	659,898
Non-current liabilities		
Bonds	285,579	259,454
Long-term debt	483,005	383,213
Deferred tax liabilities	85,268	71,340
Deferred tax liability due to land revaluation	1,361	1,286
Employees' pension and retirement benefits	64,045	62,461
Retirement benefits for directors and company auditors	266	260
Reserve for repairs and maintenance of vending machines	4,863	4,238
Reserve for environmental measures	1,600	1,407
Reserve for loss on litigation	25,732	30,711
Allowance for loss on plants reorganization	–	3,390
Deposits received	67,338	62,033
Other	59,960	56,032
Total non-current liabilities	1,079,022	935,831
Total liabilities	1,797,159	1,595,729

(¥ millions)

	As of December 31, 2012	As of December 31, 2013
NET ASSETS		
Shareholders' equity		
Common stock	102,045	102,045
Capital surplus	81,415	81,417
Retained earnings	796,737	850,511
Treasury stock, at cost	(3,509)	(53,903)
Total shareholders' equity	976,689	980,071
Accumulated other comprehensive income		
Net unrealized gains on securities	59,113	44,506
Deferred gains or losses on hedges	(9,298)	128
Land revaluation difference	(2,543)	(2,581)
Foreign currency translation adjustments	(75,017)	53,737
Total accumulated other comprehensive income	(27,746)	95,790
Subscription rights to shares	203	306
Minority interests	204,754	224,558
Total net assets	1,153,901	1,300,726
Total liabilities and net assets	2,951,061	2,896,456

(2) CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

CONSOLIDATED STATEMENTS OF INCOME

(¥ millions)

	Fiscal year ended December 31, 2012	Fiscal year ended December 31, 2013
Sales	2,186,177	2,254,585
Cost of sales	1,274,472	1,287,590
Gross profit	911,704	966,995
Selling, general and administrative expenses	758,682	824,177
Operating income	153,022	142,818
Non-operating income		
Interest income	3,822	4,429
Dividend income	3,342	2,634
Equity in earnings of affiliates	–	1,643
Net foreign currency translation gain	1,729	3,304
Other	9,140	4,543
Total	18,034	16,555
Non-operating expenses		
Interest expense	22,827	21,351
Equity in losses of affiliates	676	–
Other	9,101	5,887
Total	32,605	27,239
Ordinary income	138,452	132,134
Special income		
Gain on sale of property, plant and equipment and intangible assets	16,224	22,729
Gain on sale of investment securities	4,216	46,959
Gain on sale of shares of subsidiaries and affiliates	330	1,793
Gain on step acquisitions	8,206	–
Insurance income	4,454	713
Other	598	1,031
Total	34,030	73,227
Special expenses		
Loss on disposal of property, plant and equipment and intangible assets	6,447	3,259
Loss on sale of property, plant and equipment and intangible assets	1,073	2,677
Loss on impairment	9,848	14,017
Loss on devaluation of investment securities	1,028	2
Loss on sale of investment securities	1,123	187
Business restructuring expense	10,862	9,689
Loss on applying special taxation measures of foreign subsidiaries	–	8,422
Provision for loss on plants reorganization	–	3,390
Other	8,507	6,508
Total	38,890	48,155
Income before income taxes and minority interests	133,592	157,206
Income taxes - current	61,907	59,265
Income taxes - deferred	(1,778)	(6,007)
Total	60,128	53,257
Income before minority interests	73,463	103,948
Minority interests	17,265	18,292
Net income	56,198	85,656

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(¥ millions)

	Fiscal year ended December 31, 2012	Fiscal year ended December 31, 2013
Income before minority interests	73,463	103,948
Other comprehensive income		
Net unrealized gains on securities	48,994	(12,869)
Deferred gains or losses on hedges	(9,117)	9,427
Foreign currency translation adjustments	56,163	114,567
Share of other comprehensive income of entities accounted for by the equity method	10,477	22,820
Total other comprehensive income	106,517	133,945
Comprehensive income	179,981	237,894
Comprehensive income attributable to:		
Owners of the parent	157,715	209,231
Minority interests	22,266	28,662

(3) CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Fiscal year ended December 31, 2012

(¥ millions)

	Shareholders' equity					Accumulated other comprehensive income	
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on securities	Deferred gains or losses on hedges
Balance at beginning of year	102,045	81,417	801,856	(3,271)	982,048	11,116	(279)
Changes of items during the period							
Dividends from surplus			(25,966)		(25,966)		
Net income			56,198		56,198		
Change in scope of consolidation			584		584		
Acquisition of non-controlling interests by foreign subsidiaries			(32,986)		(32,986)		
Change in scope of entities accounted for by the equity method			(2,948)		(2,948)		
Acquisition of treasury stock				(315)	(315)		
Disposal of treasury stock		(2)		77	75		
Net changes of items other than shareholders' equity						47,997	(9,018)
Total changes of items during the period	–	(2)	(5,118)	(237)	(5,358)	47,997	(9,018)
Balance at end of year	102,045	81,415	796,737	(3,509)	976,689	59,113	(9,298)

(¥ millions)

	Accumulated other comprehensive income			Subscription rights to shares	Minority interests	Total net assets
	Land revaluation difference	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance at beginning of year	(2,543)	(137,419)	(129,126)	250	194,722	1,047,895
Changes of items during the period						
Dividends from surplus						(25,966)
Net income						56,198
Change in scope of consolidation						584
Acquisition of non-controlling interests by foreign subsidiaries						(32,986)
Change in scope of entities accounted for by the equity method						(2,948)
Acquisition of treasury stock						(315)
Disposal of treasury stock						75
Net changes of items other than shareholders' equity	–	62,401	101,380	(47)	10,031	111,364
Total changes of items during the period	–	62,401	101,380	(47)	10,031	106,006
Balance at end of year	(2,543)	(75,017)	(27,746)	203	204,754	1,153,901

Fiscal year ended December 31, 2013

(¥ millions)

	Shareholders' equity					Accumulated other comprehensive income	
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on securities	Deferred gains or losses on hedges
Balance at beginning of year	102,045	81,415	796,737	(3,509)	976,689	59,113	(9,298)
Changes of items during the period							
Dividends from surplus			(31,921)		(31,921)		
Net income			85,656		85,656		
Acquisition of treasury stock				(50,417)	(50,417)		
Disposal of treasury stock		1		23	25		
Reversal of land revaluation difference on sale			38		38		
Net changes of items other than shareholders' equity						(14,607)	9,427
Total changes of items during the period	–	1	53,773	(50,394)	3,381	(14,607)	9,427
Balance at end of year	102,045	81,417	850,511	(53,903)	980,071	44,506	128

(¥ millions)

	Accumulated other comprehensive income			Subscription rights to shares	Minority interests	Total net assets
	Land revaluation difference	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance at beginning of year	(2,543)	(75,017)	(27,746)	203	204,754	1,153,901
Changes of items during the period						
Dividends from surplus						(31,921)
Net income						85,656
Acquisition of treasury stock						(50,417)
Disposal of treasury stock						25
Reversal of land revaluation difference on sale						38
Net changes of items other than shareholders' equity	(38)	128,755	123,536	103	19,804	143,444
Total changes of items during the period	(38)	128,775	123,536	103	19,804	146,825
Balance at end of year	(2,581)	53,737	95,790	306	224,558	1,300,726

(4) CONSOLIDATED STATEMENTS OF CASH FLOWS

(¥ millions)

	Fiscal year ended December 31, 2012	Fiscal year ended December 31, 2013
Cash flows from operating activities		
Income before income taxes and minority interests	133,592	157,206
Depreciation and amortization	103,428	101,126
Loss on impairment	9,848	14,017
Amortization of goodwill	42,934	47,910
Interest and dividend income	(7,164)	(7,064)
Equity in losses (earnings) of affiliates	676	(1,643)
Interest expense	22,827	21,351
Net foreign currency translation gain	(117)	(1,641)
Gain on sale of property, plant and equipment and intangible assets	(16,224)	(22,729)
Loss on disposal and sale of property, plant and equipment and intangible assets	6,365	5,230
Gain on sale of investment securities	(4,216)	(46,959)
Gain on sale of shares of subsidiaries and affiliates	(330)	(1,793)
Decrease (increase) in notes and accounts receivable, trade	(2,260)	7,916
Decrease (increase) in inventories	(5,998)	(12,573)
Increase (decrease) in notes and accounts payable, trade	(366)	5,482
Increase (decrease) in liquor taxes payable	(2,961)	(3,833)
Increase (decrease) in consumption taxes payable	1,637	(5,694)
Increase (decrease) in deposits received	(1,739)	4,153
Other	(22,185)	6,816
Sub-total	257,744	267,278
Interest and dividends received	16,164	15,239
Interest paid	(17,473)	(15,801)
Income taxes paid	(44,374)	(61,199)
Net cash provided by operating activities	212,061	205,517
Cash flows from investing activities		
Payment for purchases of property, plant and equipment and intangible assets	(98,977)	(117,393)
Proceeds from sale of property, plant and equipment and intangible assets	44,257	47,476
Payment for purchases of marketable securities and investment securities	(9,639)	(4,424)
Proceeds from sale and redemption of marketable securities and investment securities	24,566	155,162
Payment for purchases of shares of subsidiaries	(1,573)	(25,423)
Payment for acquisition of shares of newly consolidated subsidiaries	(111)	(751)
Proceeds from sale of shares of subsidiaries excluded from the scope of consolidation	981	24,370
Collection of loans receivable	1,249	13,980
Other	(9,132)	(7,470)
Net cash provided by (used in) investing activities	(48,379)	85,526

(¥ millions)

	Fiscal year ended December 31, 2012	Fiscal year ended December 31, 2013
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(7,250)	5,851
Increase (decrease) in commercial paper	(43,994)	(77,994)
Proceeds from long-term debt	69,605	12,197
Repayment of long-term debt	(111,474)	(40,587)
Payment for redemption of bonds	(24,907)	(80,000)
Payment for acquisition of treasury stock	(315)	(50,417)
Proceeds from sale of treasury stock	75	25
Payment for acquisition of treasury stock by a consolidated subsidiary	(7,511)	(126)
Cash dividends paid	(25,966)	(31,921)
Cash dividends paid to minority shareholders	(5,722)	(6,907)
Other	(2,546)	(2,475)
Net cash used in financing activities	(160,008)	(272,357)
Effect of exchange rate fluctuations on cash and cash equivalents	3,272	8,743
Net increase in cash and cash equivalents	6,945	27,430
Cash and cash equivalents at beginning of year	70,847	78,041
Net increase in cash and cash equivalents from new consolidation/de-consolidation of subsidiaries	175	–
Net increase in cash and cash equivalents from merger of non-consolidated subsidiaries by consolidated subsidiaries	73	–
Cash and cash equivalents at end of year	78,041	105,472

(5) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(GOING CONCERN ASSUMPTION)

There are no matters to report under this item.

(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 fiscal year ended December 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 fiscal year ended December 31, 2013 was immaterial.

(ADDITIONAL INFORMATION)

(Application of consolidated taxation regime)

During the current fiscal year, the Company and certain consolidated subsidiaries filed for the application of consolidated taxation regime and the application of the consolidated taxation regime is to start from the following fiscal year. Therefore, in accordance with “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)” (ASBJ, PITF No. 5 issued on March 18, 2011) and “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)” (ASBJ PITF No. 7 issued on June 30, 2010), the Company has applied accounting procedures based on the application of consolidated taxation regime from the current fiscal year.

(SEGMENT INFORMATION)

a. Segment information

1. Summary of reportable segments

(1) Method of deciding reportable segments

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

The Kirin Group comprises, under a holding company structure, various business companies including Kirin Company, Limited engaging in the “Integrated Beverages-Japan” business, LION PTY LTD engaging in the “Integrated Beverages-Oceania” business, Brasil Kirin Participações e Representações S.A. engaging in the “Integrated Beverages-Overseas-other” business, and Kyowa Hakko Kirin Co., Ltd. engaging in the “Pharmaceuticals and Biochemicals” business. Each of these business companies work out a comprehensive strategy applicable to their products and services and carries out their business activities.

Consequently, the Kirin Group has identified four reportable segments, namely, “Integrated Beverages-Japan,” “Integrated Beverages-Oceania,” “Integrated Beverages-Overseas-other,” and “Pharmaceuticals and Biochemicals.”

(2) Types of products and services classified in each reportable segment

“Integrated Beverages-Japan” conducts production and sale of alcohol beverages, such as beer, *happo-shu* (low-malt beer), new genre, whiskey, spirits and soft drinks, and includes businesses such as engineering and logistics.

“Integrated Beverages-Oceania” conducts production and sale of beer, whiskey, spirits, dairy products, fruit juice, and other products, in the Oceania region.

“Integrated Beverages-Overseas-other” conducts production and sale of beer, soft drinks, and other products, in overseas other than the Oceania region.

“Pharmaceuticals and Biochemicals” conducts production and sale of pharmaceutical products, biochemical products, and other products.

“Integrated Beverages-Japan” includes certain overseas companies.

(3) Changes in reportable segments

The reportable segments of the Kirin Group through the fiscal year ended December 31, 2012 were “Domestic Alcohol Beverages,” “Domestic Non-alcohol Beverages,” “Overseas Beverages,” and “Pharmaceuticals and Bio-chemicals.” However, effective from the fiscal year ended December 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 fiscal year ended December 31, 2012 included in “3. Information about sales, income or loss, assets and other item amounts by reportable segment” is prepared according to the new reportable segments.

2. Basis of measurement of sales, income or loss, assets and other items by reportable segment

The accounting method for the business segments that are reported is generally the same as the method for preparing consolidated financial statements.

The income figures stated in the reportable segments are based on operating income.

The inter-segment sales or the inter-segment figures are based on actual market prices.

3. Information about sales, income or loss, assets and other item amounts by reportable segment

(¥ millions)

Fiscal year ended December 31, 2012							
	Reportable Segment				Other (Note 1)	Adjustment (Note 2)	Amount recorded in the consolidated financial statements (Note 3)
	Integrated Beverages			Pharmaceuticals and Bio-chemicals			
	Japan	Oceania	Overseas -other				
Sales							
Unaffiliated customers	1,190,001	396,617	180,439	322,976	96,142	–	2,186,177
Inter-segment	16,048	74	160	10,182	4,257	(30,724)	–
Total sales	1,206,050	396,692	180,600	333,158	100,400	(30,724)	2,186,177
Segment income (loss)	68,948	20,571	7,069	55,503	3,780	(2,851)	153,022
Segment assets	791,406	734,330	586,932	664,471	107,762	66,157	2,951,061
Other items							
Depreciation and amortization	43,410	17,113	16,056	20,904	4,754	1,189	103,428
Amortization of goodwill	2,625	25,200	5,335	9,153	618	–	42,934
Investments in equity-method affiliates	2,751	3,938	154,829	33,674	3,994	–	199,189
Increase of property, plant and equipment and intangible assets	37,991	20,773	13,598	27,480	2,458	(74)	102,227

Notes

1. “Other” includes food business, such as seasonings, dairy products, and others.

2. The adjustments are as follows:

(1) The negative ¥2,851 million adjustment in segment income (loss) includes ¥19,194 million in inter-segment eliminations and negative ¥22,046 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.

(2) The ¥66,157 million adjustment in segment assets includes negative ¥362,536 million in inter-segment asset and liability eliminations, ¥428,693 million in corporate assets not attributable to any reportable segment. Corporate assets mainly consist of surplus funds (cash and time deposits), long-term investments (investment securities) of the Company, and assets which belong to the administrative department of the Company, a pure holding company.

(3) The ¥1,189 million adjustment in depreciation and amortization mainly consists of depreciation and amortization of corporate assets.

(4) The negative ¥74 million adjustment in increase of property, plant and equipment and intangible assets includes negative ¥466 million in inter-segment asset and liability eliminations, ¥392 million in acquisitions of property, plant and equipment and intangible assets that are treated as corporate assets

3. Segment income is reconciled to operating income described in the consolidated statements of income.

(¥ millions)

	Fiscal year ended December 31, 2013						
	Reportable Segment				Other (Note 1)	Adjustment (Note 2)	Amount recorded in the consolidated financial statements (Note 3)
	Integrated Beverages			Pharmaceuticals and Bio-chemicals			
	Japan	Oceania	Overseas -other				
Sales							
Unaffiliated customers	1,180,175	468,363	216,891	331,377	57,778	–	2,254,585
Inter-segment	10,246	88	205	9,233	2,787	(22,562)	–
Total sales	1,190,421	468,452	217,096	340,611	60,565	(22,562)	2,254,585
Segment income (loss)	62,112	28,788	1,884	54,337	3,749	(8,054)	142,818
Segment assets	792,641	780,171	619,647	714,358	35,859	(46,222)	2,896,456
Other items							
Depreciation and amortization	38,140	20,289	17,346	21,592	3,102	656	101,126
Amortization of goodwill	2,502	30,398	5,972	8,725	311	–	47,910
Investments in equity-method affiliates	4,004	4,831	166,558	39,296	503	–	215,195
Increase of property, plant and equipment and intangible assets	27,672	33,348	23,871	33,653	1,216	1,655	121,418

Notes

1. “Other” includes food business, such as seasonings, dairy products, and others.
2. The adjustments are as follows:
   (1) The negative ¥8,054 million adjustment in segment income (loss) includes ¥1,280 million in inter-segment eliminations and negative ¥9,335 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.
   (2) The negative ¥46,222 million adjustment in segment assets includes negative ¥319,357 million in inter-segment asset and liability eliminations, ¥273,135 million in corporate assets not attributable to any reportable segment. Corporate assets mainly consist of surplus funds (cash and time deposits), long-term investments (investment securities) of the Company, and assets which belong to the administrative department of the Company, a pure holding company.
   (3) The ¥656 million adjustment in depreciation and amortization mainly consists of depreciation and amortization of corporate assets.
   (4) The ¥1,655 million adjustment in increase of property, plant and equipment and intangible assets mainly consists of the acquisitions of property, plant and equipment and intangible assets that are treated as corporate assets
3. Segment income is reconciled to operating income described in the consolidated statements of income.

b. Related Information

Fiscal year ended December 31, 2012

1. Information by product and service

Information is omitted since similar information is disclosed in the segment information.

2. Information by region

(1) Sales

(¥ millions)

Japan	Asia / Oceania	Others	Total
1,520,757	427,299	238,121	2,186,177

Note: Sales are classified by country or area based on customer location.

(2) Property, Plant and Equipment

(¥ millions)

Japan	Asia / Oceania	Others	Total
440,376	167,611	155,449	763,437

3. Information by major customer

There is no major unaffiliated customer which accounts for 10% or more of the sales on the consolidated statements of income.

Fiscal year ended December 31, 2013

1. Information by product and service

Information is omitted since similar information is disclosed in the segment information.

2. Information by region

(1) Sales

(¥ millions)

Japan	Asia / Oceania	Others	Total
1,465,054	505,435	284,095	2,254,585

Note: Sales are classified by country or area based on customer location.

(2) Property, Plant and Equipment

(¥ millions)

Japan	Asia / Oceania	Others	Total
393,339	195,005	176,033	764,378

3. Information by major customer

There is no major unaffiliated customer which accounts for 10% or more of the sales on the consolidated statements of income.

c. Information regarding loss on impairment of fixed assets by reportable segment

(¥ millions)

Fiscal year ended December 31, 2012							
	Reportable Segment				Other	Adjustment	Total
	Integrated Beverages			Pharmaceuticals and Bio-chemicals			
	Japan	Oceania	Overseas -other				
Loss on impairment	1,260	2,653	64	1,341	4,528	–	9,848

Note: “Other” includes food business, such as seasonings, and others.

(¥ millions)

Fiscal year ended December 31, 2013							
	Reportable Segment				Other	Adjustment	Total
	Integrated Beverages			Pharmaceuticals and Bio-chemicals			
	Japan	Oceania	Overseas -other				
Loss on impairment	3	13,518	–	207	288	–	14,017

Note: “Other” includes food business, such as seasonings, and others.

d. Information regarding amortization of goodwill and remaining goodwill balance by reportable segment

(¥ millions)

Fiscal year ended December 31, 2012							
	Reportable Segment				Other	Adjustment	Total
	Integrated Beverages			Pharmaceuticals and Bio-chemicals			
	Japan	Oceania	Overseas -other				
Balance at the end of current period	29,062	375,693	103,002	125,046	9,385	–	642,190

Note: Information on amortization of goodwill is omitted since similar information is disclosed in the segment information.

Note: “Other” includes food business, such as seasonings, and others.

(¥ millions)

Fiscal year ended December 31, 2013							
	Reportable Segment				Other	Adjustment	Total
	Integrated Beverages			Pharmaceuticals and Bio-chemicals			
	Japan	Oceania	Overseas -other				
Balance at the end of current period	29,850	392,183	104,700	122,782	3	–	649,519

Note: Information on amortization of goodwill is omitted since similar information is disclosed in the segment information.

e. Information regarding gain on negative goodwill by reportable segment

Fiscal year ended December 31, 2012

There are no matters to report under this item.

Fiscal year ended December 31, 2013

There are no matters to report under this item.

(PER SHARE INFORMATION)

Fiscal year ended December 31, 2012		Fiscal year ended December 31, 2013	
Net assets per share:	¥986.94	Net assets per share:	¥1,157.66
Net income per share (Basic):	¥58.44	Net income per share (Basic):	¥90.76
Net income per share (Diluted):	¥57.31	Net income per share (Diluted):	¥90.73

Note 1: The basis for calculation was as follows:

		Fiscal year ended December 31, 2012	Fiscal year ended December 31, 2013
Total net assets	(¥ millions)	1,153,901	1,300,726
Amounts deducted from total net assets	(¥ millions)	204,957	224,865
[Subscription rights to shares included in the above]	(¥ millions)	[203]	[306]
[Minority interests included in the above]	(¥ millions)	[204,754]	[224,558]
Net assets attributable to common stock at the end of year	(¥ millions)	948,943	1,075,861
Number of common stock used to calculate net assets per share at the end of year	(thousands of shares)	961,497	929,340

Note 2: The basis for calculation of Net income per share (Basic) and Net income per share (Diluted) was as follows:

		Fiscal year ended December 31, 2012	Fiscal year ended December 31, 2013
Net income per share (Basic)			
Net income	(¥ millions)	56,198	85,656
Amounts not attributable to common stock	(¥ millions)	–	–
Net income attributable to common stock	(¥ millions)	56,198	85,656
Average number of common stock outstanding during the year	(thousands of shares)	961,665	943,727
Net income per share (Diluted)			
Adjustment on Net income	(¥ millions)	(1,088)	(34)
[Minority interests included in the above]	(¥ millions)	[(13)]	[(11)]
[Change in equity in subscription rights to shares issued by consolidated subsidiaries included in the above]	(¥ millions)	[(16)]	[(22)]
[Equity in earnings of affiliates included in the above]	(¥ millions)	[(53)]	–
[Change in equity in subscription rights to shares issued by equity-method affiliates included in the above]	(¥ millions)	[(1,004)]	–
Increase in common stock	(thousands of shares)	–	–
Outline of potential common shares outstanding that were not used in calculating Net income per share (Diluted) because they have no dilutive effects		–	–

(SUBSEQUENT EVENTS)

There are no matters to report under this item.

Supplementary Documents to the Financial Statements for the Year Ended December 31, 2013

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

KIRIN HOLDINGS COMPANY, LIMITED

February 13, 2014

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

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

(¥ billions)

	Fiscal year ended December 31, 2013, Actual	Fiscal year ended December 31, 2012, Actual	Increase (decrease)	
Sales	2,254.5	2,186.1	68.4	3.1%
Gross profit	966.9	911.7	55.2	6.1%
Selling, general and administrative expenses	824.1	758.6	65.4	8.6%
Operating income	142.8	153.0	(10.2)	(6.7%)
Non-operating income	16.5	18.0	(1.4)	(8.2%)
Non-operating expenses	27.2	32.6	(5.3)	(16.5%)
Ordinary income	132.1	138.4	(6.3)	(4.6%)
Special income	73.2	34.0	39.1	115.2%
Special expenses	48.1	38.8	9.2	23.8%
Income before income taxes and minority interests	157.2	133.5	23.6	17.7%
Income taxes	53.2	60.1	(6.8)	(11.4%)
Minority interests	18.2	17.2	1.0	5.9%
Net income	85.6	56.1	29.4	52.4%
Normalized EBITDA	301.4	307.3	(5.8)	(1.9%)
Normalized EPS	¥122	¥117	¥5	4.3%
Sales (Excluding liquor tax)	1,943.7	1,870.6	73.1	3.9%
Operating income (Prior to amortization of goodwill etc.)	198.0	202.6	(4.5)	(2.3%)
Operating income ratio (Excluding liquor tax, prior to amortization of goodwill etc.)	10.2%	10.8%		
Normalized ROE	10.9%	11.6%		
Net interest-bearing debt / Normalized EBITDA	2.25	2.86		

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

Normalized ROE = Adjusted net income / Normalized average amount of equity during period

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

(¥)

	Fiscal year ended December 31, 2013, Actual	Fiscal year ended December 31, 2012, Actual
Lion (AUD)	91.97	81.58
Brasil Kirin (BRL)	45.18	41.08

	Fiscal year ended December 31, 2013, Actual	Fiscal year ended December 31, 2012, Actual
Lion	From October 2012 to September 2013	From October 2011 to September 2012
San Miguel Brewery		

2. Sales Details

(¥ billions)

	Fiscal year ended December 31, 2013, Actual	Fiscal year ended December 31, 2012, Actual	Increase (decrease)	
Sales	2,254.5	2,186.1	68.4	3.1%
Japan Integrated Beverages	1,180.1	1,190.0	(9.8)	(0.8%)
Kirin Brewery *	729.1	752.4	(23.2)	(3.1%)
Kirin Beverage	353.5	336.8	16.6	4.9%
Mercian	67.0	69.7	(2.7)	(3.9%)
Other and elimination	30.4	30.9	(0.4)	(1.5%)
Overseas Integrated Beverages	685.2	577.0	108.1	18.7%
Lion	468.4	396.6	71.7	18.1%
Brasil Kirin	178.3	148.8	29.5	19.8%
Other and elimination	38.4	31.5	6.9	21.9%
Pharmaceuticals and Bio-chemicals	331.3	322.9	8.4	2.6%
Kyowa Hakko Kirin	340.6	333.1	7.4	2.2%
Pharmaceutical	259.5	258.0	1.5	0.6%
Bio-chemical	81.0	75.1	5.8	7.8%
Other and elimination	(9.2)	(10.1)	0.9	—
Other	57.7	96.1	(38.3)	(39.9%)

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

(Reference) Sales excluding liquor tax

(¥ billions)

	Fiscal year ended December 31, 2013, Actual	Fiscal year ended December 31, 2012, Actual
Kirin Brewery	430.4	445.8

3. Profit Details

(1) Operating Income

(¥ billions)

	Fiscal year ended December 31, 2013, Actual	Fiscal year ended December 31, 2012, Actual	Increase (decrease)
Operating income	142.8	153.0	(10.2)
Japan Integrated Beverages	62.1	68.9	(6.8)
Kirin Brewery *	51.8	57.8	(6.0)
Kirin Beverage *	3.7	5.9	(2.2)
Amortization of goodwill	(1.9)	(1.9)	(0.0)
Total	1.7	3.9	(2.2)
Mercian *	0.3	2.1	(1.7)
Others	8.1	4.9	3.1
Overseas Integrated Beverages	30.6	27.6	3.0
Lion (consolidated after reclassification)	63.3	49.6	13.7
Amortization of goodwill	(30.3)	(25.2)	(5.1)
Brand amortization	(4.2)	(3.8)	(0.3)
Total	28.7	20.5	8.2
Brasil Kirin (consolidated after reclassification)	8.8	13.0	(4.1)
Amortization of goodwill	(5.3)	(4.8)	(0.4)
Brand amortization	(3.1)	(2.8)	(0.2)
Total	0.3	5.2	(4.9)
Others	1.5	1.7	(0.2)
Pharmaceuticals and Bio-chemicals	54.3	55.5	(1.1)
Kyowa Hakko Kirin (consolidated after reclassification)	54.3	55.5	(1.1)
Pharmaceutical	46.1	50.7	(4.6)
Bio-chemical	5.6	2.1	3.5
Other/elimination of amortization of goodwill	8.7	8.8	(0.0)
Amortization of goodwill	(6.2)	(6.2)	—
Other	3.7	3.7	(0.0)
Corporate expenses/inter-segment eliminations	(8.0)	(2.8)	(5.2)

* 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	(7.7)	Sales decrease in beer (27) thousand KL, (3.3) Sales decrease in *happo-shu* (38) thousand KL, (4.1) Sales increase in new genre 0 thousand KL, 0.1 Sales increase in RTD 18 thousand KL, 1.7 Difference of change in products mix, etc.
	Increase in raw material cost of alcohol beverages	(1.5)	Increase in price of malt (1.3), Increase in price of sugar and liquid sugar (0.9), etc.
	Increase in selling expenses	(0.9)	Increase in sales promotion and advertising (1.4), etc. (Beer, *happo-shu* and new genre (2.3), RTD (1.3), etc.)
	Decrease in other expenses	4.1	Decrease in depreciation 3.7, Decrease in information processing fee 0.5, Increase in management fees (0.7), etc.
Total		(6.0)	
Kirin Beverage	Difference in volume of sales	12.7	Increase in sales volume 12.01 million cases
	Decrease in raw material cost, etc.	2.6	Decrease in material cost 0.7, Decrease in wrapping material cost 1.6, etc.
	Decrease due in change of composition ratio of containers, etc.	(3.5)	
	Increase in selling expenses	(14.1)	Increase in sales promotion and advertising (13.5), Increase in freight (0.5)
	Decrease in other expenses	0.1	
Total		(2.2)	

Major operating expenses

(¥ billions)

		Fiscal year ended December 31, 2013, Actual	Fiscal year ended December 31, 2012, Actual
Sales promotion		189.5	170.2
Advertising		96.8	79.9
Kirin Brewery	Sales promotion	54.0	50.7
	Advertising	26.8	28.6
Kirin Beverage	Sales promotion	115.9	103.7
	Advertising	10.1	8.6
Research and development		54.1	55.0
Kyowa Hakko Kirin (excluding internal transaction)		43.0	44.1

(2) Ordinary Income and Net Income

(¥ billions)

	Fiscal year ended December 31, 2013, Actual	Fiscal year ended December 31, 2012, Actual	Increase (decrease)	Description of changes
Non-operating income and expenses	(10.6)	(14.5)	3.8	
Financial profit or loss, net	(14.2)	(15.6)	1.3	
Equity in earnings or losses of affiliates	1.6	(0.6)	2.3	
San Miguel Brewery	6.6	3.7	2.8	Equity in earnings or losses of local affiliates 3.4, etc.
Fraser and Neave	—	2.4	(2.4)	Equity in earnings or losses of local affiliates (4.0) Amortization of goodwill 1.6
Others	(5.0)	(6.9)	1.8	Kirin-Amgen, Inc. 1.3, etc.
Foreign currency translation gain or loss	3.3	1.7	1.5	
Other	(1.3)	0.0	(1.3)	
Ordinary income	132.1	138.4	(6.3)	
Special income and expenses	25.0	(4.8)	29.9	
Special income	73.2	34.0	39.1	
Gain on sale of property, plant and equipment and intangible assets	22.7	16.2	6.5	
Gain on sale of investment securities	46.9	4.2	42.7	
Gain on sale of shares of subsidiaries and affiliates	1.7	0.3	1.4	
Gain on step acquisitions	—	8.2	(8.2)	
Insurance income	0.7	4.4	(3.7)	
Other	1.0	0.5	0.4	
Special expenses	(48.1)	(38.8)	(9.2)	
Loss on disposal of property, plant and equipment and intangible assets	(3.2)	(6.4)	3.1	
Loss on sale of property, plant and equipment and intangible assets	(2.6)	(1.0)	(1.6)	
Loss on impairment	(14.0)	(9.8)	(4.1)	
Loss on devaluation of investment securities	(0.0)	(1.0)	1.0	
Loss on sale of investment securities	(0.1)	(1.1)	0.9	
Business restructuring expense	(9.6)	(10.8)	1.1	
Loss on applying special taxation measures of foreign subsidiaries	(8.4)	—	(8.4)	
Provision for loss on plants reorganization	(3.3)	—	(3.3)	
Other	(6.5)	(8.5)	1.9	
Income taxes	(53.2)	(60.1)	6.8	
Minority interests	(18.2)	(17.2)	(1.0)	
Net income	85.6	56.1	29.4	

4. Summary of Consolidated Balance Sheets

(¥ billions)

	As of December 31, 2013	As of December 31, 2012	Increase (decrease)	Description of changes
Current assets	814.7	789.4	25.2	
Cash and time deposits	113.7	83.9	29.8	
Notes and accounts receivable, trade	396.1	413.1	(17.0)	
Inventories	225.0	206.5	18.5	
Other	79.8	85.9	(6.0)	
Non-current assets	2,081.6	2,161.5	(79.8)	
Property, plant and equipment	764.3	763.4	0.9	
Intangible assets	836.9	821.9	14.9	
Goodwill	649.5	642.1	7.3	
Other	187.4	179.7	7.6	
Investments and other assets	480.3	576.1	(95.8)	Decrease due to sale of investment securities, etc.
Total assets	2,896.4	2,951.0	(54.6)	
Current liabilities	659.8	718.1	(58.2)	
Notes and accounts payable, trade	155.8	151.1	4.6	
Interest-bearing debt	148.4	195.0	(46.6)	Decrease due to redemption of bonds and commercial paper and increase due to replacement of long-term bonds and debt with short-term ones, etc.
Other	355.6	371.9	(16.2)	
Non-current liabilities	935.8	1,079.0	(143.1)	
Interest-bearing debt	642.6	768.5	(125.9)	Decrease due to replacement of long-term bonds and debt with short-term ones, etc.
Other	293.1	310.4	(17.2)	
Total liabilities	1,595.7	1,797.1	(201.4)	
Shareholders' equity	980.0	976.6	3.3	
Accumulated other comprehensive income	95.7	(27.7)	123.5	Increases in foreign currency transaction adjustments due to exchange rate changes, etc.
Subscription rights to shares	0.3	0.2	0.1	
Minority interests	224.5	204.7	19.8	
Total net assets	1,300.7	1,153.9	146.8	
Total liabilities and net assets	2,896.4	2,951.0	(54.6)	

5. Summary of Consolidated Statements of Cash Flows

(1) Summary of Statements of Cash Flows

(¥ billions)

	Fiscal year ended December 31, 2013, Actual	Fiscal year ended December 31, 2012, Actual	Increase (decrease)
Cash flows from operating activities	205.5	212.0	(6.5)
Income before income taxes and minority interests	157.2	133.5	23.6
Depreciation and amortization	101.1	103.4	(2.3)
Amortization of goodwill	47.9	42.9	4.9
Other	(100.7)	(67.8)	(32.8)
Cash flows from investing activities	85.5	(48.3)	133.9
Capital expenditures	(117.3)	(98.9)	(18.4)
Other	202.9	50.5	152.3
Cash flows from financing activities	(272.3)	(160.0)	(112.3)
Increase (decrease) in interest-bearing debt	(180.5)	(118.0)	(62.5)
Cash dividends paid	(38.8)	(31.6)	(7.1)
Other	(52.9)	(10.2)	(42.6)
Translation adjustments	8.7	3.2	5.4
Net increase in cash and cash equivalents	27.4	6.9	20.4

(2) Information by Segment

Fiscal year ended December 31, 2013, Actual

(¥ billions)

	Japan Integrated Beverages	Overseas Integrated Beverages	Pharmaceuticals and Bio-chemicals	Other	Adjustment	Total
Depreciation and amortization (including brand amortization)	38.1	37.6	21.5	3.1	0.6	101.1
Amortization of goodwill	2.5	36.3	8.7	0.3	—	47.9
Capital expenditures	23.4	55.4	34.4	0.9	3.1	117.3
Normalized EBITDA	102.7	114.3	84.6	7.1	(7.3)	301.4

Fiscal year ended December 31, 2012, Actual

(¥ billions)

	Japan Integrated Beverages	Overseas Integrated Beverages	Pharmaceuticals and Bio-chemicals	Other	Adjustment	Total
Depreciation and amortization (including brand amortization)	43.4	33.1	20.9	4.7	1.1	103.4
Amortization of goodwill	2.6	30.5	9.1	0.6	—	42.9
Capital expenditures	36.4	32.8	26.7	3.4	(0.5)	98.9
Normalized EBITDA	114.9	99.2	85.5	9.1	(1.6)	307.3

6. Other Information

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

Fiscal year ended December 31, 2013, Actual

<Consolidated subsidiaries>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated net income
Kyowa Hakko Kirin	340.6	51.2	50.2	29.8	15.6
Elimination of amortization of goodwill		9.2	9.2	9.2	4.8
Amortization of goodwill		(6.2)	(6.2)	(6.2)	(6.2)
Total included in consolidation	340.6	54.3	53.2	32.9	14.3

<Equity-method affiliates>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated net income
San Miguel Brewery	168.7	49.6	41.3	30.0	14.5
Equity in earnings or losses of local affiliates			14.5	14.5	14.5
Brand amortization			(1.9)	(1.9)	(1.9)
Amortization of goodwill			(6.0)	(6.0)	(6.0)
Total included in consolidation			6.6	6.6	6.6

(2) Sales Details of Major Business Companies

a. Kirin Brewery

	Fiscal year ended December 31, 2013		Fiscal year ended December 31, 2012	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL		Thousand KL	
Beer	672	(3.8%)	699	(2.1%)
Happo-shu	522	(6.9%)	560	(5.9%)
New genre	714	0.0%	714	(0.7%)
Sub-total	1,909	(3.3%)	1,974	(2.7%)
RTD	227	8.6%	209	7.4%
Non-alcohol beverages	38	(14.6%)	44	(18.9%)
Breakdown of sales	¥ billions		¥ billions	
Beer	279.6	(3.7%)	290.4	(2.0%)
Happo-shu	159.2	(6.9%)	171.0	(5.9%)
New genre	187.6	0.2%	187.2	(0.9%)
Sub-total	626.5	(3.4%)	648.8	(2.7%)
RTD	62.7	10.1%	56.9	6.7%
Shochu, Whiskey and Spirits, etc. *	39.8	(14.4%)	46.6	(15.0%)
Total sales	729.1	(3.1%)	752.4	(2.9%)

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			Fiscal year ended December 31, 2013 Actual	Composition ratio	Increase (decrease)	Percentage over the previous year	Fiscal year ended December 31, 2012 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	2,088	10%	92	105%	1,996	11%	(70)	97%
		Oolong tea	268	1%	(15)	95%	283	1%	0	100%
		Black tea	4,726	24%	88	102%	4,638	24%	2	100%
		Sub-total	7,082	35%	165	102%	6,917	36%	(68)	99%
	Coffee		2,983	15%	(45)	99%	3,028	16%	(120)	96%
	Fruit and vegetable juice		2,536	13%	209	109%	2,327	12%	436	123%
	Carbonated beverage		1,656	8%	165	111%	1,491	8%	742	199%
	Water		3,417	17%	(41)	99%	3,458	19%	144	104%
	Other		2,482	12%	748	143%	1,734	9%	532	144%
Domestic non-alcohol beverage market total			20,156	100%	1,201	106%	18,955	100%	1,666	110%

<Container Type>

Non-alcohol beverages			Fiscal year ended December 31, 2013 Actual	Composition ratio	Increase (decrease)	Percentage over the previous year	Fiscal year ended December 31, 2012 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	3,671	18%	(249)	94%	3,920	21%	(344)	92%
PET bottles	Large-sized PET bottles	2L	4,357	22%	470	112%	3,887	21%	381	111%
		1.5L, 1L, 900ml, 750ml	1,682	8%	138	109%	1,544	8%	60	104%
		Large-sized PET bottles total	6,039	30%	608	111%	5,431	29%	441	109%
	Small-sized PET bottles	500ml	6,276	31%	422	107%	5,854	31%	1,125	124%
		350ml or less	1,987	10%	387	124%	1,600	8%	134	109%
		Small-sized PET bottles total	8,263	41%	809	111%	7,454	39%	1,259	120%
		PET bottles total	14,302	71%	1,417	111%	12,885	68%	1,700	115%
Other containers	One-way/Returnable bottles, paper, gifts, etc.		2,183	11%	33	102%	2,150	11%	310	117%
Domestic non-alcohol beverage market total			20,156	100%	1,201	106%	18,955	100%	1,666	110%

Supplementary Documents to the Forecast Consolidated Business Results for the Fiscal Year Ending December 31, 2014

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

KIRIN HOLDINGS COMPANY, LIMITED

February 13, 2014

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

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

(¥ billions)

	Fiscal year ending December 31, 2014, Forecast	Fiscal year ended December 31, 2013, Actual	Increase (decrease)	
Sales	2,290.0	2,254.5	35.4	1.6%
Operating income	140.0	142.8	(2.8)	(2.0%)
Non-operating income and expenses	(18.0)	(10.6)	(7.3)	—
Financial profit or loss, net	(14.4)	(14.2)	(0.1)	—
Equity in earnings or losses of affiliates	(3.0)	1.6	(4.6)	—
Ordinary income	122.0	132.1	(10.1)	(7.7%)
Special income and expenses	(11.0)	25.0	(36.0)	—
Income before income taxes and minority interests	111.0	157.2	(46.2)	(29.4%)
Income taxes	47.8	53.2	(5.3)	(10.1%)
Minority interests	14.1	18.2	(4.1)	(22.8%)
Net income	49.0	85.6	(36.6)	(42.8%)
Normalized EBITDA	302.0	301.4	0.5	0.2%
Normalized EPS	¥129	¥122	¥7	5.7%
Sales (Excluding liquor tax)	1,980.0	1,943.7	36.2	1.9%
Operating income (Prior to amortization of goodwill etc.)	195.4	198.0	(2.6)	(1.4%)
Operating income ratio (Excluding liquor tax, prior to amortization of goodwill etc.)	9.9%	10.2%		
Normalized ROE	10.6%	10.9%		
Net interest-bearing debt / Normalized EBITDA	2.15	2.25		

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

Normalized ROE = Adjusted net income / Normalized average amount of equity during period

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

(¥)

	Fiscal year ending December 31, 2014, Forecast	Fiscal year ended December 31, 2013, Actual
Lion (AUD)	93.00	91.97
Brasil Kirin (BRL)	44.00	45.18

	Fiscal year ending December 31, 2014, Forecast	Fiscal year ended December 31, 2013, Actual
Lion	From October 2013 to September 2014	From October 2012 to September 2013
San Miguel Brewery		

2. Sales Details

(¥ billions)

	Fiscal year ending December 31, 2014, Forecast	Fiscal year ended December 31, 2013, Actual	Increase (decrease)	
Sales	2,290.0	2,254.5	35.4	1.6%
Japan Integrated Beverages	1,210.0	1,180.1	29.8	2.5%
Kirin Brewery *	729.0	729.1	(0.1)	(0.0%)
Kirin Beverage	372.7	353.5	19.1	5.4%
Mercian	71.0	67.0	4.0	6.1%
Other and elimination	37.2	30.4	6.7	22.2%
Overseas Integrated Beverages	730.0	685.2	44.7	6.5%
Lion	473.5	468.4	5.1	1.1%
Brasil Kirin	215.9	178.3	37.5	21.1%
Other and elimination	40.4	38.4	2.0	5.3%
Pharmaceuticals and Bio-chemicals	326.0	331.3	(5.3)	(1.6%)
Kyowa Hakko Kirin	337.0	340.6	(3.6)	(1.1%)
Pharmaceutical	248.2	259.5	(11.3)	(4.4%)
Bio-chemical	88.8	81.0	7.7	9.6%
Other and elimination	(11.0)	(9.2)	(1.7)	—
Other	24.0	57.7	(33.7)	(58.5%)

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

(Reference) Sales excluding liquor tax

(¥ billions)

	Fiscal year ending December 31, 2014, Forecast	Fiscal year ended December 31, 2013, Actual
Kirin Brewery	428.9	430.4

3. Profit Details

(¥ billions)

	Fiscal year ending December 31, 2014, Forecast	Fiscal year ended December 31, 2013, Actual	Increase (decrease)
Operating income	140.0	142.8	(2.8)
Japan Integrated Beverages	63.5	62.1	1.3
Kirin Brewery *	54.3	51.8	2.5
Kirin Beverage *	4.8	3.7	1.0
Amortization of goodwill	(1.9)	(1.9)	—
Total	2.8	1.7	1.0
Mercian *	1.2	0.3	0.8
Others	5.0	8.1	(3.1)
Overseas Integrated Beverages	38.0	30.6	7.3
Lion (consolidated after reclassification)	60.0	63.3	(3.3)
Amortization of goodwill	(30.6)	(30.3)	(0.2)
Brand amortization	(4.2)	(4.2)	(0.0)
Total	25.1	28.7	(3.6)
Brasil Kirin (consolidated after reclassification)	20.1	8.8	11.3
Amortization of goodwill	(5.2)	(5.3)	0.1
Brand amortization	(3.0)	(3.1)	0.0
Total	11.9	0.3	11.5
Others	0.9	1.5	(0.5)
Pharmaceuticals and Bio-chemicals	44.0	54.3	(10.3)
Kyowa Hakko Kirin (consolidated after reclassification)	44.0	54.3	(10.3)
Pharmaceutical	33.0	46.1	(13.1)
Bio-chemical	8.0	5.6	2.3
Other/elimination of amortization of goodwill	9.2	8.7	0.4
Amortization of goodwill	(6.2)	(6.2)	—
Other	3.0	3.7	(0.7)
Corporate expenses/inter-segment eliminations	(8.5)	(8.0)	(0.4)

* Excluding management fee paid to the holding company.

Operating income breakdown

(¥ billions)

Company name	Major factors	Increase (decrease)	Description
Kirin Brewery	Increase in marginal profit of alcohol beverages	1.4	Sales decrease in *happo-shu* (9) thousand KL, (0.9) Sales increase in new genre 10 thousand KL, 1.1 Sales increase in RTD 18 thousand KL, 1.9 Difference of change in products mix, etc.
	Decrease in raw material cost of alcohol beverages	0.5	Decrease in price of wrapping material, etc.
	Increase in selling expenses	(1.0)	Increase in sales promotion and advertising (1.0), etc.
	Decrease in other expenses	1.6	Decrease in depreciation 2.7, Increase in public relations expenses (0.3), Increase in R&D expenses (0.3), etc.
Total		2.5	
Kirin Beverage	Difference in volume of sales	9.8	Increase in sales volume 9.14 million cases
	Decrease in raw material cost, etc.	0.4	Decrease in material cost 0.7, Increase in wrapping material cost (1.0), Increase in percentage of self-made PET bottle beverages 0.5, etc.
	Decrease due in change of composition ratio of containers, etc.	0.8	
	Increase in selling expenses	(6.3)	Increase in sales promotion and advertising (5.8), Increase in freight (0.4)
	Increase in other expenses	(3.6)	Increase in management fees (0.6), Increase in R&D expenses (0.4), Increase in information processing fee (0.3), Increase in public relations expenses (0.3), Increase in miscellaneous expenses (0.3), Increase in repair expenses (0.2), Increase in sales equipment cost (0.2), etc.
Total		1.0	

Major operating expenses

(¥ billions)

		Fiscal year ending December 31, 2014, Forecast	Fiscal year ended December 31, 2013, Actual
Kirin Brewery	Sales promotion	81.8	54.0
	Advertising		26.8
Kirin Beverage	Sales promotion	131.9	115.9
	Advertising		10.1

4. Information by Segment

Fiscal year ending December 31, 2014, Forecast

(¥ billions)

	Japan Integrated Beverages	Overseas Integrated Beverages	Pharmaceuticals and Bio-chemicals	Other	Adjustment	Total
Depreciation and amortization (including brand amortization)	37.3	41.8	22.7	1.8	0.4	104.2
Amortization of goodwill	2.5	36.4	9.0	0.0	—	48.0
Capital expenditures	37.0	60.0	32.0	0.5	0.5	130.0
Normalized EBITDA	103.3	126.0	75.7	4.8	(8.0)	302.0

Fiscal year ended December 31, 2013, Actual

(¥ billions)

	Japan Integrated Beverages	Overseas Integrated Beverages	Pharmaceuticals and Bio-chemicals	Other	Adjustment	Total
Depreciation and amortization (including brand amortization)	38.1	37.6	21.5	3.1	0.6	101.1
Amortization of goodwill	2.5	36.3	8.7	0.3	—	47.9
Capital expenditures	23.4	55.4	34.4	0.9	3.1	117.3
Normalized EBITDA	102.7	114.3	84.6	7.1	(7.3)	301.4

5. Other Information

(1) Information Regarding Amortization of Major Goodwill etc.

Fiscal year ending December 31, 2014, Forecast

(¥ billions)

		Year incurred	Total amortization of goodwill etc. (A) + (B)						
			Goodwill			Brands			
			Amortized amount (A)	Balance to be amortized	Years remaining	Amortized amount (B) *	Balance to be amortized	Years remaining	
Consolidated subsidiaries	Lion	1998 to 2012	30.6	370.6	12	4.2	37.4	1~18	34.9
	Kirin Beverage	2006	1.9	23.0	12	—	—	—	1.9
	Kyowa Hakko Kirin	2007	6.2	82.3	14	—	—	—	6.2
	Brasil Kirin	2011	5.2	88.7	17	3.0	52.1	17	8.2
	Other		3.9	—	—	—	—	—	3.9
	Consolidated subsidiaries total		48.0			7.3			55.4
Equity method	San Miguel Brewery	2009	6.0	87.4	15	1.8	27.3	15	7.9
	China Resources Kirin Beverages	2011	2.1	37.2	17	—	—	—	2.1
	Equity-method affiliates total		8.2			1.8			10.1
Total			56.2			9.2			65.5

* Account title: Depreciation.

(2) Sales Details of Major Business Companies

a. Kirin Brewery

	Fiscal year ending December 31, 2014		Fiscal year ended December 31, 2013	
	Forecast	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL		Thousand KL	
Beer	672	(0.0%)	672	(3.8%)
Happo-shu	513	(1.6%)	522	(6.9%)
New genre	724	1.4%	714	0.0%
Sub-total	1,910	0.1%	1,909	(3.3%)
RTD	245	8.1%	227	8.6%
Non-alcohol beverages	34	(11.5%)	38	(14.6%)
Breakdown of sales	¥ billions		¥ billions	
Beer	279.7	0.0%	279.6	(3.7%)
Happo-shu	156.5	(1.7%)	159.2	(6.9%)
New genre	190.1	1.3%	187.6	0.2%
Sub-total	626.3	(0.0%)	626.5	(3.4%)
RTD	67.9	8.3%	62.7	10.1%
Shochu, Whiskey and Spirits, etc. *	34.6	(13.0%)	39.8	(14.4%)
Total sales	729.0	(0.0%)	729.1	(3.1%)

The above sales volume excludes exports.

* This item includes sales of soft drink beverages to Group companies for 2013.

b. Kirin Beverage Group

<Category>

Non-alcohol beverages			Fiscal year ending December 31, 2014 Forecast	Composition ratio	Increase (decrease)	Percentage over the previous year	Fiscal year ended December 31, 2013 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	2,100	10%	12	101%	2,088	10%	92	105%
		Oolong tea	260	1%	(8)	97%	268	1%	(15)	95%
		Black tea	4,800	23%	74	102%	4,726	24%	88	102%
		Sub-total	7,160	34%	78	101%	7,082	35%	165	102%
	Coffee		3,300	16%	317	111%	2,983	15%	(45)	99%
	Fruit and vegetable juice		2,550	12%	14	101%	2,536	13%	209	109%
	Carbonated beverage		1,850	9%	194	112%	1,656	8%	165	111%
	Water		3,800	18%	383	111%	3,417	17%	(41)	99%
	Other		2,410	11%	(72)	97%	2,482	12%	748	143%
Domestic non-alcohol beverage market total			21,070	100%	914	105%	20,156	100%	1,201	106%

<Container Type>

Non-alcohol beverages			Fiscal year ending December 31, 2014 Forecast	Composition ratio	Increase (decrease)	Percentage over the previous year	Fiscal year ended December 31, 2013 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	3,700	18%	29	101%	3,671	18%	(249)	94%
PET bottles	Large-sized PET bottles	2L	4,700	22%	343	108%	4,357	22%	470	112%
		1.5L, 1L, 900ml, 750ml	1,700	8%	18	101%	1,682	8%	138	109%
		Large-sized PET bottles total	6,400	30%	361	106%	6,039	30%	608	111%
	Small-sized PET bottles	500ml	6,700	32%	424	107%	6,276	31%	422	107%
		350ml or less	2,100	10%	113	106%	1,987	10%	387	124%
		Small-sized PET bottles total	8,800	42%	537	106%	8,263	41%	809	111%
		PET bottles total	15,200	72%	898	106%	14,302	71%	1,417	111%
Other containers	One-way/Returnable bottles, paper, gifts, etc.		2,170	10%	(13)	99%	2,183	11%	33	102%
Domestic non-alcohol beverage market total			21,070	100%	914	105%	20,156	100%	1,201	106%