KIRIN

KIRIN HOLDINGS COMPANY, LIMITED

April 30, 2014

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2014 (UNDER JAPANESE GAAP) (UNAUDITED)

(English Translation)

Fiscal year ending December 31, 2014

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

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Submission date of quarterly securities report scheduled: May 14, 2014

Commencement date of dividend distribution scheduled: –

Preparation of supplementary documents to the quarterly financial results: Yes

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

1. Consolidated business results and financial position for the first three months of the current fiscal year (January 1, 2014 - March 31, 2014)

[Unit: Japanese yen (¥)]

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

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

	Sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
	(¥ millions)	(%)	(¥ millions)	(%)	(¥ millions)	(%)
Three months ended						
March 31, 2014	528,730	1.5	30,048	24.4	28,597	21.7
March 31, 2013	520,663	4.7	24,154	(4.6)	23,488	22.3

Note: Comprehensive income March 31, 2014 ¥29,232 million [(79.9)%]
March 31, 2013 ¥145,431 million [95.7%]

	Net income	Percentage change	Net income per share (Basic)	Net income per share (Diluted)
	(¥ millions)	(%)	(¥)	(¥)
Three months ended				
March 31, 2014	11,102	(79.6)	11.95	11.90
March 31, 2013	54,309	–	56.51	56.45

Reference: Normalized EBITDA March 31, 2014 ¥66.4 billion [13.9%]
March 31, 2013 ¥58.3 billion [(6.6)%]
Normalized EPS March 31, 2014 ¥30 [50.0%]
March 31, 2013 ¥20 [53.8%]

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

(2) Financial position:

	Total assets	Net assets	Ratio of equity to total assets
	(¥ millions)	(¥ millions)	(%)
As of			
March 31, 2014	2,821,204	1,309,010	38.5
December 31, 2013	2,896,456	1,300,726	37.1

Reference: Equity March 31, 2014 ¥1,085,396 million
December 31, 2013 ¥1,075,861 million

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal year ended December 31, 2013	–	18.00	–	18.00	36.00
Fiscal year ending December 31, 2014	–				
Fiscal year ending December 31, 2014 (Forecast)		19.00	–	19.00	38.00

Note: Revision of the forecast from recently announced figures: None
Reference: Dividend pay-out ratio calculated using normalized EPS December 31, 2014 (Forecast) 29.5%

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

(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)	(%)
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

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

Reference: Normalized EBITDA December 31, 2014 (Forecast) ¥302.0 billion [0.2%]
Normalized EPS December 31, 2014 (Forecast) ¥129 [5.7%]

* Notes

(1) Changes in significant subsidiaries for the three months ended March 31, 2014: None

(Changes in specified subsidiaries accompanying change in scope of consolidation.)

Newly included: ― Excluded: ―

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

Note: For details, please refer to “2. SUMMARY INFORMATION (NOTES), (2) APPLICATION OF SPECIFIC ACCOUNTING FOR PREPARING THE QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS” on page 6 of the Attached Materials.

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

i. Changes in accounting policies due to amendment of accounting standards: None

ii. Changes in accounting policies due to other reasons: None

iii. Changes in accounting estimates: None

iv. Restatements: None

(4) Number of shares outstanding (common stock)

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

As of March 31, 2014	965,000,000 shares
As of December 31, 2013	965,000,000 shares

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

As of March 31, 2014	35,688,239 shares
As of December 31, 2013	35,659,435 shares

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

For the three months ended March 31, 2014	929,321,398 shares
For the three months ended March 31, 2013	961,121,262 shares

* Explanation regarding performance of quarterly review procedures

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

* Information about proper usage of forecast business results, and other special instructions

(1) The statements concerning future performance that are presented in this document are based on judgments using information available to Kirin Holdings and the Kirin Group as of the release date of this material. Certain risks and uncertainties could cause the results of Kirin Holdings and the Kirin Group to differ materially from any projections presented herein. These risks and uncertainties include, but are not limited to, the economic circumstances surrounding the Company’s businesses, market trends, and exchange rates.

(2) The Company will post the Supplementary Documents to the Financial Results today, Wednesday, April 30, and it will post the presentation materials from the financial results presentation (teleconference) to be held on Thursday, May 1 and the main Q&A at the meeting as soon as possible on the Company's website.
(URL of the Company's website)
http://www.kirinholdings.co.jp/english/ir/event/explain/index.html

ATTACHED MATERIALS

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1. QUALITATIVE INFORMATION REGARDING CONSOLIDATED RESULTS FOR THE THREE MONTHS

(1) BUSINESS PERFORMANCE

During the first quarter (January 1 – March 31, 2014), the global economy as a whole continued its gradual recovery as a result of solid personal consumption in the United States, a shift towards recovery from the long-term slowdown in Europe, and continued growth in China despite some slowing.

Under these global economic circumstances, the Japanese economy experienced a recovery in capital investment as corporate earnings improved while personal consumption remained steady and gradually improved and some additional demand was seen in the lead up to the consumption tax rate hike.

The Kirin Group continued to carry out "brand-centered management" during this second year of the Kirin Group Medium-Term Business Plan 2013-2015, which covers the initial stage of the Kirin Group Vision 2021 (KV2021), Kirin's long-term business framework. In addition, regional headquarters undertook autonomous operations tailored to their specific market environments.

As a result of higher sales volumes in the Japan Integrated Beverages Business and other factors, consolidated sales in the first quarter increased compared to the same period of the previous year despite the effects of removal of Kirin Kyowa Foods Company Limited (here and hereafter, currently MC Food Specialties Inc.) from consolidated accounting. In addition to the sales increase, operating income from the Lion's Beer, Spirits and Wine business increased, contributing to higher consolidated operating income and consolidated ordinary income. Consolidated net income for the quarter was down sharply compared to the same period of the previous year when substantial income from the sale of investment securities was reported.

Kirin Holdings Company, Limited 2014 first quarter results:

Consolidated sales	¥528.7 billion, up 1.5%
Consolidated operating income	¥30.0 billion, up 24.4%
Consolidated ordinary income	¥28.5 billion, up 21.7%
Consolidated net income for the first quarter	¥11.1 billion, down 79.6%
(Reference)	
Normalized EBITDA*	¥66.4 billion, up 13.9%
Normalized EPS*	¥30, up 50.0%

* 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.

To further provide returns to shareholders, the Kirin Group commenced an own-share repurchase in March with a maximum repurchase of approximately 17.35 million shares and a repurchase ceiling of approximately 21.3 billion yen. The Kirin Group received notice from major shareholder that it intends to sell a portion of its holdings of Kirin Holdings common shares, and the Group determined that implementing the share repurchase through a method that enables other shareholders to tender shares in a fair manner will increase capital efficiency and implemented the share repurchase.
In addition, the Board of Directors adopted a resolution on February 13 to change the number of shares constituting one unit share from 1,000 shares to 100 shares effective April 1 in order to expand investment opportunities for individual investors and further increase the liquidity of Kirin Holdings shares.

Segment information is as follows.

Japan Integrated Beverages Business

During the quarter, measures were taken in areas including production and logistics in order to respond to the additional demand arising in anticipation of the consumption tax rate hike in April, and Group companies took measures to reinforce their brands with a focus on flagship brands.
Kirin Brewery Company, Limited ran advertisements and conducted seminars at mass retailers nationwide to convey the luxuriousness and particularity of the manufacturing technique used for its *Kirin Ichiban Shibori* beer, which is made using only the first running of wort. Also, core brands including *Tanrei Green Label happo-shu* (low-malt beer) and *Kirin Nodogoshi Nama* new genre were updated to refine the tastes and to enhance their presence. RTD[1] sales of *Kirin Hyoketsu* and *Kirin Honshibori*™ *Chuhai* were steady, and *Kirin Hard Cidre,*[2] which was well received when deployed at approximately 400 eating and drinking establishments in the metropolitan area, was rolled out nationwide starting in mid-March.
Mercian Corporation opened the Château Mercian Tokyo Guest Bar in Tokyo's Roppongi district in January as a concept shop that conveys the appeal of its Château Mercian flagship brand, and the number of customers exceeded initial projections. With regard to other core products including *Franzia*, *Mercian Every*, *Oishii-sankaboshizai-mutenka wine*, and *Frontera,* some were updated while others had their packages revamped to bolster the brands.
Kirin Beverage Company implemented a national soccer team support campaign with its core brands, widely adopted labels with soccer-related designs, and updated *Kirin Gogo-no-Kocha Oishii Sugar-Free* by introducing a recycled PET bottle made from 100% recycled PET material. As a result of these and other measures, sales of *Kirin Gogo-no-Kocha*, *Kirin FIRE*, and *Kirin Nama Cha* were firm and soft drink sales volume as a whole were up compared to the previous year.
To achieve sustainable growth from a medium- to long-term perspective, Kirin Company took measures to reinforce organizational capabilities by establishing a Digital Marketing section to undertake interactive communications with customers using the Internet and by centralizing programs to recruit recent graduates within Kirin Company.
As a result, sales increased due to higher sales volumes by various companies, and operating income was up.

1 RTD liquors are packaged low-alcohol beverages sold in a prepared "ready-to-drink" form.

2 Cidre is a brewed liquor made by fermenting apples and is generally sold as an effervescent beverage.

Japan Integrated Beverages Business 2014 first quarter results:	
Consolidated sales	¥248.7 billion, up 6.0%
Consolidated operating income	¥2.7 billion, －

Overseas Integrated Beverages Business

Following a post-election boost, Australian consumer confidence fell sharply in December and the retail market remained highly competitive.

Lion's Beer, Spirits and Wine business has continued to gear its portfolio to growth segments of the market. Its largest brand *XXXX Gold* realized volume growth off a large base, while the fast-growing craft beer segment and Lion's market-leading craft brands continued to flourish.

The competitive and fast-changing environment continues to impact volumes in the soft drink and food business, while high milk prices crimp margins.

The Brazilian economy continued to grow at a moderate pace, and the alcohol beverage and soft drink markets remained highly competitive.

Brasil Kirin took measures to maximize the presence of its *Schin* beer brand by making strategic brand investments. The company continued its efforts to expand customer touch points throughout Brazil and worked to increase sales in the northeast region, a main sales region, during the first quarter when demand for beer is high. In addition, production of *Kirin Ichiban* beer began and sales to local eating and drinking establishments and mass retailers started in March. In the soft drink business, measures were taken to reinforce *Schin*, a core carbonated beverage brand. Brasil Kirin worked to increase its presence in both the alcohol beverage and soft drink segments and continues to improve procurement processes and raise efficiency throughout the value chain.

As a result, sales in the Oceania Integrated Beverages Business were up due in part to changes in exchange rate fluctuations and operating income increased sharply as a result of increased operating income in the Beer, Spirits and Wine business. In Other Overseas Integrated Beverage Business, sales revenues were up and operating losses decreased.

Oceania Integrated Beverages Business 2014 first quarter results:	
Consolidated sales	¥134.6 billion, up 5.5%
Consolidated operating income	¥14.9 billion, up 31.5%

Other Overseas Integrated Beverages Business 2014 first quarter results:	
Consolidated sales	¥55.8 billion, up 7.1%
Consolidated operating losses	(¥0.2 billion), －

Pharmaceuticals and Bio-chemicals Business

In the pharmaceuticals business, Kyowa Hakko Kirin Co., Ltd. reported strong sales of *NESP*®, a core product used to treat renal anemia, and sales revenues were up compared to the same period of the previous year when sales declined due to a temporary oversupply of distributors' inventory of new and old standard product released in December 2012. Sales of *ALLELOCK*® anti-allergy agent and *Patanol*® anti-allergy eye drops declined from the previous year because of lower airborne pollen counts. Exports of pharmaceuticals were firm, but technology licensing revenues were down, and sales revenues

declined. Overseas, sales of core products by ProStrakan Group plc increased steadily, and sales revenues were up.
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, sales in the bio-chemicals business increased, but sales in the pharmaceuticals business were down, and consequently, both sales and operating income in the Pharmaceuticals and Bio-chemicals Business as a whole declined.

Pharmaceuticals and Bio-chemicals Business 2014 first quarter results:	
Consolidated sales	¥83.9 billion, down 0.9%
Consolidated operating income	¥13.1 billion, down 13.4%

Other Businesses

Koiwai Dairy Products Company, Limited reported steady sales of household dairy products including cultured milk and processed cheese products, its leading categories, and sales volumes were up compared to the previous year. In the cultured milk segment, resources were focused on *Koiwai Yogurt made from 100% fresh milk*, which has marked 30 years since its launch, and sales volumes were up sharply, as were sales of *Koiwai Karada e no Okurimono Lactococcus Plasma Nomu Yogurt*.
Overall, sales and operating income in Other Businesses were down as a result of the removal of Kirin Kyowa Foods from the scope of consolidation and other factors.

Other Businesses 2014 first quarter results:	
Consolidated sales	¥5.4 billion, down 74.7%
Consolidated operating income	¥0.7 billion, down 15.9%

(2) FINANCIAL POSITION

Total assets as of March 31, 2014 stood at ¥2,821.2 billion, a decrease of ¥75.2 billion compared to December 31, 2013. Despite increases in merchandise and finished goods and an increase in tangible assets, the decreases in total assets was partly due to decreases in cash and time deposits and notes and accounts receivable, trade.
Total liabilities stood at ¥1,512.1 billion, a decrease of ¥83.5 billion compared to December 31, 2013. Despite increases in interest-bearing debt, total liabilities decreased due to a decrease in notes and accounts payable, trade, income taxes payable, and liquor taxes payable (included in "Other" under "Current liabilities"), etc.
Net assets stood at ¥1,309.0 billion, up ¥8.2 billion compared to December 31, 2013, due to an increase in foreign currency translation adjustments.

(3) CONSOLIDATED FORECASTS

The Kirin Group’s consolidated forecasts for the full year ending December 31, 2014, as announced in February 13, 2014, have not been revised.

2. SUMMARY INFORMATION (NOTES)

(1) CHANGES IN SIGNIFICANT SUBSIDIARIES FOR THE THREE MONTHS ENDED MARCH 31, 2014

There are no matters to report under this item.

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

Calculation of income taxes

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

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

There are no matters to report under this item.

3. CONSOLIDATED FINANCIAL STATEMENTS
(1) CONSOLIDATED BALANCE SHEETS

(¥ millions)

	As of December 31, 2013	As of March 31, 2014
ASSETS		
Current assets		
Cash and time deposits	113,759	63,914
Notes and accounts receivable, trade	396,113	353,448
Merchandise and finished goods	136,494	145,235
Work in process	34,488	38,192
Raw materials and supplies	54,063	53,794
Other	83,729	75,794
Allowance for doubtful accounts	(3,860)	(3,330)
Total current assets	814,788	727,048
Non-current assets		
Property, plant and equipment (Net of accumulated depreciation and accumulated loss on impairment)	764,378	780,000
Intangible assets		
Goodwill	649,519	649,522
Other	187,417	188,606
Total	836,936	838,128
Investments and other assets		
Investment securities	376,155	372,582
Other	109,487	108,715
Allowance for doubtful accounts	(5,291)	(5,272)
Total	480,351	476,026
Total non-current assets	2,081,667	2,094,156
Total assets	2,896,456	2,821,204

(¥ millions)

	As of December 31, 2013	As of March 31, 2014
LIABILITIES		
Current liabilities		
Notes and accounts payable, trade	155,863	137,515
Short-term loans payable and long-term debt with current maturities	118,410	91,127
Commercial paper	–	31,998
Bonds due within one year	30,000	59,998
Income taxes payable	28,429	10,891
Reserves	7,449	15,585
Other	319,745	261,916
Total current liabilities	659,898	609,033
Non-current liabilities		
Bonds	259,454	231,379
Long-term debt	383,213	409,169
Employees' pension and retirement benefits	62,461	45,432
Reserve for loss on litigation	30,711	31,088
Other reserves	9,296	9,097
Other	190,693	176,993
Total non-current liabilities	935,831	903,160
Total liabilities	1,595,729	1,512,193
NET ASSETS		
Shareholders' equity		
Common stock	102,045	102,045
Capital surplus	81,417	81,417
Retained earnings	850,511	844,886
Treasury stock, at cost	(53,903)	(53,943)
Total shareholders' equity	980,071	974,405
Accumulated other comprehensive income		
Net unrealized gains on securities	44,506	36,740
Deferred gains or losses on hedges	128	89
Land revaluation difference	(2,581)	(2,581)
Foreign currency translation adjustments	53,737	76,742
Total accumulated other comprehensive income	95,790	110,990
Subscription rights to shares	306	277
Minority interests	224,558	223,336
Total net assets	1,300,726	1,309,010
Total liabilities and net assets	2,896,456	2,821,204

(2) CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

CONSOLIDATED STATEMENTS OF INCOME

(¥ millions)

	Three months ended March 31, 2013	Three months ended March 31, 2014
Sales	520,663	528,730
Cost of sales	297,742	302,053
Gross profit	222,920	226,676
Selling, general and administrative expenses	198,765	196,628
Operating income	24,154	30,048
Non-operating income		
Interest income	1,104	930
Dividend income	253	218
Equity in earnings of affiliates	1,937	2,186
Other	3,023	2,639
Total	6,317	5,973
Non-operating expenses		
Interest expense	5,600	4,979
Other	1,383	2,446
Total	6,983	7,425
Ordinary income	23,488	28,597
Special income		
Gain on sale of property, plant and equipment and intangible assets	12,240	324
Gain on sale of investment securities	46,923	69
Insurance income	–	308
Other	47	2
Total	59,211	703
Special expenses		
Loss on disposal of property, plant and equipment and intangible assets	689	469
Loss on sale of property, plant and equipment and intangible assets	616	153
Loss on sale of investment securities	0	21
Business restructuring expense	1,783	860
Other	1,673	506
Total	4,762	2,011
Income before income taxes and minority interests	77,937	27,289
Income taxes	17,824	11,963
Income before minority interests	60,113	15,326
Minority interests	5,803	4,223
Net income	54,309	11,102

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(¥ millions)

	Three months ended March 31, 2013	Three months ended March 31, 2014
Income before minority interests	60,113	15,326
Other comprehensive income		
Net unrealized gains on securities	(23,789)	(7,863)
Deferred gains or losses on hedges	8,437	(39)
Foreign currency translation adjustments	90,519	17,244
Share of other comprehensive income of entities accounted for by the equity method	10,149	4,564
Total other comprehensive income	85,317	13,906
Comprehensive income	145,431	29,232
Comprehensive income attributable to:		
Owners of the parent	136,582	26,187
Minority interests	8,848	3,045

(3) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(GOING CONCERN ASSUMPTION)

There are no matters to report under this item.

(NOTES ON SIGNIFICANT CHANGES IN SHAREHOLDERS' EQUITY)

There are no matters to report under this item.

(SEGMENT INFORMATION)

I. Three months ended March 31, 2013

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

(¥ millions)

	Three months ended March 31, 2013						
	Reportable Segment				Others (Note 1)	Adjustment (Note 2)	Amount recorded in the quarterly consolidated statements of income (Note 3)
	Integrated Beverages			Pharmaceuticals and Bio-chemicals			
	Japan	Oceania	Overseas -other				
Sales							
Unaffiliated customers	234,603	127,637	52,136	84,718	21,567	–	520,663
Inter-segment	1,985	21	64	1,951	894	(4,916)	–
Total sales	236,588	127,658	52,200	86,669	22,461	(4,916)	520,663
Segment income (loss)	(1,167)	11,348	(726)	15,128	867	(1,295)	24,154

Notes

1. "Others" includes food business, such as seasonings, dairy products, and others.
2. The negative ¥1,295 million adjustment in segment income (loss) includes ¥743 million in inter-segment eliminations and negative ¥2,038 million in corporate expenses not attributable to any reportable segment. The corporate expenses are mainly group administrative expenses due to the Company's transfer to a pure holding company.
3. Segment income (loss) is reconciled to operating income in the consolidated statements of income.

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

There is no significant recognition or change during the period.

II. Three months ended March 31, 2014

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

(¥ millions)

	Three months ended March 31, 2014						
	Reportable Segment						
	Integrated Beverages			Pharmaceuticals and Bio-chemicals	Others (Note 1)	Adjustment (Note 2)	Amount recorded in the quarterly consolidated statements of income (Note 3)
	Japan	Oceania	Overseas -other				
Sales							
Unaffiliated customers	248,746	134,679	55,853	83,983	5,467	–	528,730
Inter-segment	695	20	32	2,095	327	(3,171)	–
Total sales	249,441	134,699	55,886	86,079	5,794	(3,171)	528,730
Segment income (loss)	2,761	14,925	(279)	13,108	729	(1,197)	30,048

Notes

1. "Others" includes food business, such as dairy products, and others.
2. The negative ¥1,197 million adjustment in segment income (loss) includes ¥216 million in inter-segment eliminations and negative ¥1,413 million in corporate expenses not attributable to any reportable segment. The corporate expenses are mainly group administrative expenses due to the Company's transfer to a pure holding company.
3. Segment income (loss) is reconciled to operating income in the consolidated statements of income.

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

There is no significant recognition or change during the period.

(ADDITIONAL INFORMATION)

(Impact of change in corporation tax rate)

Following the promulgation on March 31, 2014 of the "Partial Revision of Income Tax Act, etc." (Act No. 10 of 2014), the special reconstruction corporation tax will not be imposed from the consolidated fiscal years beginning on or after April 1, 2014.

The effect of this change on net income for the three months ended March 31, 2014 is immaterial.

(Application of consolidated taxation regime)

Effective from the three months ended March 31, 2014, the Company and certain consolidated domestic subsidiaries have applied the consolidated taxation regime.

Supplementary Documents to the Financial Statements for the Three Months Ended March 31, 2014

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

KIRIN HOLDINGS COMPANY, LIMITED

April 30, 2014

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

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

(¥ billions)

	Three months ended March 31, 2014, Actual	Three months ended March 31, 2013, Actual	Increase (decrease)	
Sales	528.7	520.6	8.0	1.5%
Gross profit	226.6	222.9	3.7	1.7%
Selling, general and administrative expenses	196.6	198.7	(2.1)	(1.1%)
Operating income	30.0	24.1	5.8	24.4%
Non-operating income	5.9	6.3	(0.3)	(5.4%)
Non-operating expenses	7.4	6.9	0.4	6.3%
Ordinary income	28.5	23.4	5.1	21.7%
Special income	0.7	59.2	(58.5)	(98.8%)
Special expenses	2.0	4.7	(2.7)	(57.8%)
Income before income taxes and minority interests	27.2	77.9	(50.6)	(65.0%)
Income taxes	11.9	17.8	(5.8)	(32.9%)
Minority interests	4.2	5.8	(1.5)	(27.2%)
Net income	11.1	54.3	(43.2)	(79.6%)
Normalized EBITDA	66.4	58.3	8.1	13.9%
Normalized EPS	¥30	¥20	¥10	50.0%
Sales (Excluding liquor tax)	463.4	460.1	3.2	0.7%
Operating income (Prior to amortization of goodwill etc.)	43.9	37.4	6.4	17.3%
Operating income ratio (Excluding liquor tax, prior to amortization of goodwill etc.)	9.5%	8.1%		

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

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

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

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

(¥)

	Three months ended March 31, 2014, Actual	Three months ended March 31, 2013, Actual
Lion (AUD)	93.31	86.08
Brasil Kirin (BRL)	43.86	46.47

	Three months ended March 31, 2014, Actual	Three months ended March 31, 2013, Actual
Lion	From October 2013 to December 2013	From October 2012 to December 2012
San Miguel Brewery		

2. Sales Details

(¥ billions)

	Three months ended March 31, 2014, Actual	Three months ended March 31, 2013, Actual	Increase (decrease)	
Sales	528.7	520.6	8.0	1.5%
Japan Integrated Beverages	248.7	234.6	14.1	6.0%
Kirin Brewery *	151.9	142.4	9.4	6.6%
Kirin Beverage	72.2	69.9	2.2	3.3%
Mercian	15.8	14.4	1.4	9.8%
Other and elimination	8.7	7.7	0.9	12.7%
Overseas Integrated Beverages	190.5	179.7	10.7	6.0%
Lion	134.6	127.6	7.0	5.5%
Brasil Kirin	46.8	44.0	2.7	6.3%
Other and elimination	8.9	8.0	0.9	11.6%
Pharmaceuticals and Bio-chemicals	83.9	84.7	(0.7)	(0.9%)
Kyowa Hakko Kirin	86.0	86.6	(0.5)	(0.7%)
Pharmaceutical	62.8	67.0	(4.1)	(6.2%)
Bio-chemical	23.1	19.5	3.5	18.3%
Other and elimination	(2.0)	(1.9)	(0.1)	—
Other	5.4	21.5	(16.1)	(74.7%)

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

(Reference) Sales excluding liquor tax

(¥ billions)

	Three months ended March 31, 2014, Actual	Three months ended March 31, 2013, Actual
Kirin Brewery	89.1	84.5

3. Profit Details

(1) Operating Income

(¥ billions)

	Three months ended March 31, 2014, Actual	Three months ended March 31, 2013, Actual	Increase (decrease)
Operating income	30.0	24.1	5.8
Japan Integrated Beverages	2.7	(1.1)	3.9
Kirin Brewery *	3.8	0.5	3.2
Kirin Beverage *	(3.7)	(4.1)	0.4
Amortization of goodwill	(0.4)	(0.4)	—
Total	(4.2)	(4.6)	0.4
Mercian *	(0.1)	0.0	(0.2)
Others	3.4	2.9	0.4
Overseas Integrated Beverages	14.6	10.6	4.0
Lion (consolidated after reclassification)	23.6	19.4	4.2
Amortization of goodwill	(7.7)	(7.0)	(0.6)
Brand amortization	(1.0)	(0.9)	(0.0)
Total	14.9	11.3	3.5
Brasil Kirin (consolidated after reclassification)	1.6	1.3	0.3
Amortization of goodwill	(1.3)	(1.3)	0.0
Brand amortization	(0.7)	(0.8)	0.0
Total	(0.3)	(0.8)	0.4
Others	0.0	0.0	(0.0)
Pharmaceuticals and Bio-chemicals	13.1	15.1	(2.0)
Kyowa Hakko Kirin (consolidated after reclassification)	13.1	15.1	(2.0)
Pharmaceutical	9.4	13.0	(3.6)
Bio-chemical	3.0	1.4	1.5
Other/elimination of amortization of goodwill	2.1	2.1	0.0
Amortization of goodwill	(1.5)	(1.5)	—
Other	0.7	0.8	(0.1)
Corporate expenses/inter-segment eliminations	(1.1)	(1.2)	0.0

* 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	3.5	Sales increase in beer 8 thousand KL, 1.0 Sales increase in *happo-shu* 5 thousand KL, 0.5 Sales increase in new genre 10 thousand KL, 1.2 Sales increase in RTD 10 thousand KL, 0.9 Difference of change in products mix, etc.
	Raw material cost of alcohol beverages	0.0	Increase in malt cost (0.2), Decrease in wrapping material cost 0.4, etc.
	Increase in selling expenses	(0.8)	Increase in sales promotion and advertising (0.9), etc. (Beer, *happo-shu* and new genre (1.0), RTD (0.4), etc.)
	Decrease in other expenses	0.5	Decrease in depreciation 0.7, etc.
Total		3.2	
Kirin Beverage	Difference in volume of sales	2.8	Increase in sales volume 2.64 million cases
	Increase in raw material cost, etc.	(0.5)	Increase in material cost (0.2), Decrease in wrapping material cost 0.1, etc.
	Decrease due in change of composition ratio of containers, etc.	(2.2)	
	Increase in selling expenses	(0.2)	Increase in sales promotion and advertising (0.2), etc.
	Decrease in other expenses	0.5	Decrease in sales equipment cost 0.3, etc.
Total		0.4	

Major operating expenses

(¥ billions)

		Three months ended March 31, 2014, Actual	Three months ended March 31, 2013, Actual
Sales promotion		45.9	40.0
Advertising		25.3	28.0
Kirin Brewery	Sales promotion / Advertising	21.1	20.2
Kirin Beverage	Sales promotion / Advertising	26.7	26.5
Research and development		12.4	13.0
Kyowa Hakko Kirin (excluding internal transaction)		10.2	10.5

(2) Ordinary Income and Net Income

(¥ billions)

	Three months ended March 31, 2014, Actual	Three months ended March 31, 2013, Actual	Increase (decrease)	Description of changes
Non-operating income and expenses	(1.4)	(0.6)	(0.7)	
Financial profit or loss, net	(3.8)	(4.2)	0.4	
Equity in earnings or losses of affiliates	2.1	1.9	0.2	
San Miguel Brewery	2.0	3.1	(1.1)	Equity in earnings or losses of local affiliates (0.9), etc.
Others	0.1	(1.2)	1.4	Kirin-Amgen, Inc. 2.0, etc.
Foreign currency translation gain or loss	(0.5)	0.6	(1.1)	
Other	0.7	1.0	(0.2)	
Ordinary income	28.5	23.4	5.1	
Special income and expenses	(1.3)	54.4	(55.7)	
Special income	0.7	59.2	(58.5)	
Gain on sale of property, plant and equipment and intangible assets	0.3	12.2	(11.9)	
Gain on sale of investment securities	0.0	46.9	(46.8)	
Insurance income	0.3	—	0.3	
Other	0.0	0.0	(0.0)	
Special expenses	(2.0)	(4.7)	2.7	
Loss on disposal of property, plant and equipment and intangible assets	(0.4)	(0.6)	0.2	
Loss on sale of property, plant and equipment and intangible assets	(0.1)	(0.6)	0.4	
Loss on sale of investment securities	(0.0)	(0.0)	(0.0)	
Business restructuring expense	(0.8)	(1.7)	0.9	
Other	(0.5)	(1.6)	1.1	
Income taxes	(11.9)	(17.8)	5.8	
Minority interests	(4.2)	(5.8)	1.5	
Net income	11.1	54.3	(43.2)	

4. Summary of Consolidated Balance Sheets

(¥ billions)

	As of March 31, 2014	As of December 31, 2013	Increase (decrease)	Description of changes
Current assets	727.0	814.7	(87.7)	
Cash and time deposits	63.9	113.7	(49.8)	
Notes and accounts receivable, trade	353.4	396.1	(42.6)	Decrease due to the year-end of previous year being a bank holiday, etc.
Inventories	237.2	225.0	12.1	
Other	72.4	79.8	(7.4)	
Non-current assets	2,094.1	2,081.6	12.4	
Property, plant and equipment	780.0	764.3	15.6	
Intangible assets	838.1	836.9	1.1	
Goodwill	649.5	649.5	0.0	
Other	188.6	187.4	1.1	
Investments and other assets	476.0	480.3	(4.3)	
Total assets	2,821.2	2,896.4	(75.2)	
Current liabilities	609.0	659.8	(50.8)	
Notes and accounts payable, trade	137.5	155.8	(18.3)	
Interest-bearing debt	183.1	148.4	34.7	Increase due to issue of commercial paper by Kirin Holdings, etc.
Other	288.3	355.6	(67.2)	Decrease in liquor taxes payable due to the year-end of previous year being a bank holiday, etc.
Non-current liabilities	903.1	935.8	(32.6)	
Interest-bearing debt	640.5	642.6	(2.1)	
Other	262.6	293.1	(30.5)	Decrease in employees' pension and retirement benefits, etc.
Total liabilities	1,512.1	1,595.7	(83.5)	
Shareholders' equity	974.4	980.0	(5.6)	
Accumulated other comprehensive income	110.9	95.7	15.1	
Subscription rights to shares	0.2	0.3	(0.0)	
Minority interests	223.3	224.5	(1.2)	
Total net assets	1,309.0	1,300.7	8.2	
Total liabilities and net assets	2,821.2	2,896.4	(75.2)	

5. Other Information

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

Three months ended March 31, 2014, Actual

<Consolidated subsidiaries>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated net income
Kyowa Hakko Kirin	86.0	12.3	12.0	6.2	3.2
Elimination of amortization of goodwill		2.3	2.3	2.3	1.2
Amortization of goodwill		(1.5)	(1.5)	(1.5)	(1.5)
Total included in consolidation	86.0	13.1	12.8	6.9	2.9

<Equity-method affiliates>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated net income
San Miguel Brewery	50.5	14.3	12.4	8.2	4.0
Equity in earnings or losses of local affiliates			4.0	4.0	4.0
Brand amortization			(0.5)	(0.5)	(0.5)
Amortization of goodwill			(1.5)	(1.5)	(1.5)
Total included in consolidation			2.0	2.0	2.0

(2) Sales Details of Major Business Companies

a. Kirin Brewery

	Three months ended March 31, 2014		Three months ended March 31, 2013	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL		Thousand KL	
Beer	136	5.8%	128	(2.5%)
Happo-shu	114	4.6%	109	(6.0%)
New genre	146	7.8%	136	(5.7%)
Sub-total	397	6.2%	374	(4.7%)
RTD	54	20.7%	44	2.5%
Non-alcohol beverages	5	(19.8%)	7	(19.8%)
Breakdown of sales	¥ billions		¥ billions	
Beer	56.2	6.1%	53.0	(2.3%)
Happo-shu	34.9	4.6%	33.3	(6.0%)
New genre	38.6	7.9%	35.8	(5.3%)
Sub-total	129.8	6.2%	122.2	(4.2%)
RTD	14.7	20.2%	12.3	3.1%
Whiskey and Spirits, etc. *	7.2	(7.5%)	7.8	(27.0%)
Total sales	151.9	6.6%	142.4	(5.3%)

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			Three months ended March 31, 2014				Three months ended March 31, 2013			
			Actual	Composition ratio	Increase (decrease)	Percentage over the previous year	Actual	Composition ratio	Increase (decrease)	Percentage over the previous year
			10,000 cases		10,000 cases		10,000 cases		10,000 cases	
Category	Tea drink	Japanese tea	409	10%	28	107%	381	10%	(47)	89%
		Oolong tea	34	1%	(27)	56%	61	1%	2	103%
		Black tea	1,052	25%	(9)	99%	1,061	27%	87	109%
		Sub-total	1,495	36%	(8)	99%	1,503	38%	42	103%
	Coffee		806	19%	120	117%	686	18%	(21)	97%
	Fruit and vegetable juice		489	12%	16	103%	473	12%	29	107%
	Carbonated beverage		247	6%	(27)	90%	274	7%	132	193%
	Water		745	18%	79	112%	666	17%	(63)	91%
	Other		389	9%	84	128%	305	8%	80	136%
Domestic non-alcohol beverage market total			4,171	100%	264	107%	3,907	100%	199	105%

<Container Type>

Non-alcohol beverages			Three months ended March 31, 2014				Three months ended March 31, 2013			
			Actual	Composition ratio	Increase (decrease)	Percentage over the previous year	Actual	Composition ratio	Increase (decrease)	Percentage over the previous year
Container type	Category	Details	10,000 cases		10,000 cases		10,000 cases		10,000 cases	
Cans	Can	Including bottle styled cans	793	19%	(3)	100%	796	20%	(132)	86%
PET bottles	Large-sized PET bottles	2L	981	23%	207	127%	774	20%	(45)	95%
		1.5L, 1L, 900ml, 750ml	323	8%	3	101%	320	8%	21	107%
		Large-sized PET bottles total	1,304	31%	210	119%	1,094	28%	(24)	98%
	Small-sized PET bottles	500ml	984	24%	(85)	92%	1,069	28%	194	122%
		350ml or less	661	16%	144	128%	517	13%	113	128%
		Small-sized PET bottles total	1,645	40%	59	104%	1,586	41%	307	124%
		PET bottles total	2,949	71%	269	110%	2,680	69%	283	112%
Other containers	One-way/Returnable bottles, paper, gifts, etc.		429	10%	(2)	100%	431	11%	48	113%
Domestic non-alcohol beverage market total			4,171	100%	264	107%	3,907	100%	199	105%