KIRIN

KIRIN HOLDINGS COMPANY, LIMITED

August 6, 2014

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 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

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Submission date of quarterly securities report scheduled: August 8, 2014

Commencement date of dividend distribution scheduled: September 4, 2014

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 six months of the current fiscal year (January 1, 2014 - June 30, 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)	(%)
Six months ended						
June 30, 2014	1,056,276	(3.6)	50,251	(16.8)	45,107	(19.0)
June 30, 2013	1,096,214	5.2	60,416	5.6	55,714	12.6

Note: Comprehensive income June 30, 2014 ¥49,139 million [(77.6)%]
June 30, 2013 ¥219,008 million [130.8%]

	Net income	Percentage change	Net income per share (Basic)	Net income per share (Diluted)
	(¥ millions)	(%)	(¥)	(¥)
Six months ended				
June 30, 2014	14,043	(76.5)	15.20	15.16
June 30, 2013	59,668	355.2	62.41	62.40

Reference: Normalized EBITDA June 30, 2014 ¥126.5 billion [(8.9)%]
June 30, 2013 ¥138.8 billion [4.9%]
Normalized EPS June 30, 2014 ¥54 [5.9%]
June 30, 2013 ¥51 [13.3%]

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			
June 30, 2014	2,795,003	1,309,151	38.7
December 31, 2013	2,896,456	1,300,726	37.1

Reference: Equity June 30, 2014 ¥1,082,880 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	–	19.00			
Fiscal year ending December 31, 2014 (Forecast)			–	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) 29.0%

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)	(%)
Fiscal year ending December 31, 2014	2,260,000	0.2	140,000	(2.0)	122,000	(7.7)

	Net income	Percentage change	Net income per share
	(¥ millions)	(%)	(¥)
Fiscal year ending December 31, 2014	49,000	(42.8)	53.3

Note: Revision of the forecast from recently announced figures: Yes

Reference: Normalized EBITDA December 31, 2014 (Forecast) ¥297.0 billion [(1.5)%]
Normalized EPS December 31, 2014 (Forecast) ¥131 [7.4%]

* Notes

(1) Changes in significant subsidiaries for the six months ended June 30, 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 7 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 June 30, 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 June 30, 2014	51,689,604 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 six months ended June 30, 2014	923,982,865 shares
For the six months ended June 30, 2013	956,063,572 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, August 6, and will post the presentation materials from the financial results presentation to be held on Thursday, August 7, 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. QUALITATIVE INFORMATION REGARDING CONSOLIDATED RESULTS FOR THE SIX MONTHS

(1) BUSINESS PERFORMANCE

During the second quarter (January 1 - June 30, 2014), the global economy as a whole continued to recover gradually as a result of solid personal consumption in the United States, an established upward movement in Europe despite weak resilience, and continuing growth in China although with some slowing.

The Japanese economy kept recovering at a moderate pace and personal consumption was fundamentally strong, but the consumption tax rate hike brought about substantial market fluctuations.

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.

Consolidated sales and consolidated operating income in the second quarter decreased overall due to sales volume decline in the Japan Integrated Beverages Business, the effects from the drug price revisions in the pharmaceuticals business, and the removal of Kirin Kyowa Foods Company Limited (here and hereafter, currently MC Food Specialties Inc.) from consolidated accounting as of the third quarter of the previous fiscal year despite the increase both in sales and in operating income in the Overseas Integrated Beverages Business. Consolidated ordinary income also declined, and consolidated net income for the quarter was down sharply compared to the same period of the previous year, when gains from the sale of investment securities in conjunction with the sale of Fraser and Neave, Limited shares were reported.

Kirin Holdings Company, Limited 2014 second quarter results:	
Consolidated sales	¥1,056.2 billion, down 3.6%
Consolidated operating income	¥50.2 billion, down 16.8%
Consolidated ordinary income	¥45.1 billion, down 19.0%
Consolidated net income for the second quarter	¥14.0 billion, down 76.5%
(Reference)	
Normalized EBITDA*	¥126.5 billion, down 8.9%
Normalized EPS*	¥54, up 5.9%

* 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 provide further returns to shareholders, the Kirin Group implemented an own-share repurchase by means of a Tender Offer. The repurchase terminated with the acquisition of approximately 15.99 million shares in May from tendering shareholders, including major shareholders, for a total purchase price of approximately 19.7 billion yen.

Segment information is as follows.

Japan Integrated Beverages Business

During the quarter, there was both additional demand before the consumption tax rate hike in April and subsequent plunging demand as a counter reaction in the alcohol beverage and soft drink markets in Japan. While responding to these changes in the business environment, the Kirin Group consistently took measures to reinforce its product brands based on the concept of "brand centered management" and focused its efforts on creating new value for consumers.

Kirin Brewery Company, Limited emphasized the luxuriousness and particularity of the manufacturing technique used for its core *Kirin Ichiban Shibori* brand through various customer touch points. Starting in April, a number of taste tests allowing customers to compare the first press wort with the second press were conducted at the Kirin Ichiban Shibori Garden Brewery Experience, a special beer garden that provides visitors with opportunities to interact with the brand first hand. In June, Kirin Brewery launched *Premium Kirin Ichiban*, a limited-edition product intended for gift giving. Following a product update in March of *Kirin Nodogoshi Nama*, a new genre product, *Kirin Nodogoshi Nama ICE*, the brand's first extension, was launched in June, and Kirin Brewery endeavored to enhance brand presence, but sales volume was down year-on-year. In the expanding RTD[1] market, sales of *Kirin Hyoketsu* and *Kirin Honshibori*$_{TM}$ *Chuhai* were solid. *Kirin Chuhai Bitters* was launched in June as a new RTD product with a slightly bitter taste, and sales reached approximately 70% of the annual sales target in just three weeks.

Mercian Corporation opened the Château Mercian Tokyo Guest Bar in Tokyo's Roppongi district in January as a concept shop, and by mid-June there had been more than 20,000 customers. Mercian conveyed the appeal of its Château Mercian brand of Japanese wine through events such as the Yamanashi Fair. In April, it further expanded its brand portfolio by the launch of the *Ladera Verde* brand of Chilean wine, the market for which is continuing to grow in Japan year by year.

Sales of Kirin Beverage Company's main brand, *Kirin Gogo-no-Kocha*, were solid, and sales of *Kirin Fire Hikitate Bito* and *Kirin Sekai no Kitchen Salt & Litchi* continued to post strong year-on-year increases in sales volume. As a result, the soft drink sales volume was up compared to the same period of the previous year. In April, Kirin Beverage launched *Kirin Yasashisa Nama Cha Caffeine Zero*, the world's first[2] caffeine-free green tea beverage sold in PET bottles, under the *Kirin Nama Cha* brand, offering new value to consumers. In June, Kirin Beverage expanded the product line of the *Kirin Sekai no Kitchen* brand through the launch of *Kirin Sekai no Kitchen Sparkling Water*, a sugar-free effervescent water beverage made by combining delicately flower-flavored water with carbonation.

The head office logistic functions of the three companies above were integrated and transferred to Kirin Group Logistics Co., Ltd. in April as a part of inter-company efforts to optimize group logistics and strengthen competitiveness. Another inter-company effort was full-scale operations of the new manufacturing line for small PET bottle products, built to supplement the existing PET bottle manufacturing lines, began in April at the Kirin Beverage

Shiga Plant, located in the grounds of the Kirin Brewery Shiga Plant, giving it a new start as an integrated beverage plant.
As a result, sales volumes of RTD, wine, and soft drink products were up year-on-year, but the impact of the decline in beer category sales volume, including *happo-shu* (low-malt beer) and new genre, was substantial, and sales and operating income were both down.

1 RTD liquors are packaged low-alcohol beverages sold in a prepared "ready-to-drink" form.
2 According to SVP Japan Co., Ltd. research (February 2014)

Japan Integrated Beverages Business 2014 second quarter results:	
Consolidated sales	¥530.5 billion, down 1.5%
Consolidated operating income	¥13.9 billion, down 18.1%

Overseas Integrated Beverages Business

While the Australian economy is stable, subdued consumer confidence and a highly competitive retail environment persist.
Total beer market volumes and volumes at Lion's Beer, Spirits and Wine business in Australia declined during the half, however this was largely driven by the timing of the Easter trading period in April 2014, which fell in H1 (March 2013) the previous year. Lion's Beer, Spirits and Wine business has continued to gear its portfolio to growth segments of the market including mid-strength, contemporary, craft and international premium. Alongside its continued focus on brand and innovation investment, Lion Beer, Spirits and Wine business is investing in the capability of its site network to drive growth across its portfolio.
In Lion's Dairy and Drinks business subdued consumer confidence and a deflationary retail environment saw volumes decline, however the business has a clear three-year turnaround strategy in place to unlock value through focus and operational simplicity.
The Brazilian economy continued to grow at a moderate pace, and the alcohol beverage and soft drink markets remained highly competitive.
Brasil Kirin continued building a strong brand portfolio and endeavored to maximize the presence of its core *Schin* beer brand, but competition with other companies remains fierce, and beer sales volume was down from the previous year. Soft drink sales volume was also down year-on-year, but Brasil Kirin took measures to strengthen its core *Schin* carbonated beverage brand, and expanded the sales territories of *KIRIN fibz Cola* and *KIRIN fibz Guaraná*, carbonated beverages with dietary fiber that were launched last year, taking advantage of Japanese expertise.
As a result, sales and operating income in the Oceania Integrated Beverages Business were both up, driven by Lion's Beer, Spirits and Wine business in Australia and also affected by currency exchange rates. Although Brasil Kirin's sales volume was down, sales were up and operating losses decreased as a result of higher prices following a price hike last year, and in the Other Overseas Integrated Beverage Business as a whole, sales were up and operating losses decreased.

Oceania Integrated Beverages Business 2014 second quarter results:	
Consolidated sales	¥248.3 billion, up 1.5%
Consolidated operating income	¥21.6 billion, up 8.4%

Other Overseas Integrated Beverages Business 2014 second quarter results:	
Consolidated sales	¥108.3 billion, up 5.7%
Consolidated operating income	(¥3.1 billion)

Pharmaceuticals and Bio-chemicals Business

In the pharmaceuticals business, Kyowa Hakko Kirin Co., Ltd. reported lower sales in Japan of *ALLELOCK*® anti-allergy agent and *Patanol*® anti-allergy eye drops because of lower airborne pollen counts and the continued spread of generic versions of *ALLELOCK*®. Sales of *NESP*®, a core product used to treat renal anemia, were solid and sales of other leading pharmaceutical products grew at a steady pace. However, domestic sales for pharmaceutical products overall fell as a result of the effects from the drug price revisions implemented in April. Exports of pharmaceuticals were firm, but technology licensing revenues were down, and sales revenues overall declined. Overseas, sales of *Abstral*®, a core ProStrakan Group plc product used to treat cancer pain, increased steadily, and sales were up from the previous year.

In the bio-chemicals business, Kyowa Hakko Bio Co., Ltd. reported a steady year-on-year increase in sales of generic active pharmaceutical ingredients in Japan. In the healthcare products area, mail-order sales for Ornithine and other products were up from the previous year. Overseas sales rose year-on-year, due in part to the depreciation of the yen.

As a result, sales and operating income in the bio-chemicals business increased, but declines in sales and operating income in the pharmaceuticals business caused sales and operating income in the Pharmaceuticals and Bio-chemicals Business as a whole to fall.

Pharmaceuticals and Bio-chemicals Business 2014 second quarter results:	
Consolidated sales	¥157.5 billion, down 4.6%
Consolidated operating income	¥19.6 billion, down 30.8%

Other Businesses

Koiwai Dairy Products Company, Limited focused activities on expanding customer touch points with its leading product, *Koiwai Yogurt made from 100% fresh milk*, and as a result, sales volume was up sharply from the previous year. Rising prices for raw materials continued to have an impact, but efforts were made to cut costs, including production and logistics expenses.

Overall, sales and operating income in the Other Businesses were down due in part to the removal of Kirin Kyowa Foods from the scope of consolidation.

Other Businesses 2014 second quarter results:	
Consolidated sales	¥11.5 billion, down 74.4%
Consolidated operating income	¥1.4 billion, down 25.6%

(2) FINANCIAL POSITION

Total assets as of June 30, 2014 stood at ¥2,795 billion, a decrease of ¥101.4 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 ¥1,485.8 billion, a decrease of ¥109.8 billion compared to December 31, 2013. The decrease was the result of decreases in notes and accounts payable, income taxes payable, and liquor taxes payable (included in “Other” under “Current Liabilities”) and other factors.
Net assets stood at ¥1,309.1 billion, up ¥8.4 billion compared to December 31, 2013, due to an increase in foreign currency translation adjustments.

(3) CONSOLIDATED FORECASTS

As a result of taking into account the performance of each business and adjustments to foreign currency exchange rates, the forecasts for the full year have been revised as indicated below.

Consolidated forecasts for the year ending December 31, 2014

(Unit: Japanese yen (¥))

	Sales (¥ millions)	Operating income (¥ millions)	Ordinary income (¥ millions)	Net income (¥ millions)	Net income per share (¥)
Previous forecasts (A)	2,290,000	140,000	122,000	49,000	52.07
Revised forecasts (B)	2,260,000	140,000	122,000	49,000	53.03
Change (B-A)	(30,000)	—	—	—	—
Change (%)	(1.3)	—	—	—	—
Actual result for previous fiscal year	2,254,585	142,818	132,134	85,656	90.76

2. SUMMARY INFORMATION (NOTES)

(1) CHANGES IN SIGNIFICANT SUBSIDIARIES FOR THE SIX MONTHS ENDED JUNE 30, 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 June 30, 2014
ASSETS		
Current assets		
Cash and time deposits	113,759	42,679
Notes and accounts receivable, trade	396,113	334,777
Merchandise and finished goods	136,494	155,609
Work in process	34,488	37,730
Raw materials and supplies	54,063	49,715
Other	83,729	74,264
Allowance for doubtful accounts	(3,860)	(3,499)
Total current assets	814,788	691,275
Non-current assets		
Property, plant and equipment (Net of accumulated depreciation and accumulated loss on impairment)	764,378	791,267
Intangible assets		
Goodwill	649,519	646,589
Other	187,417	184,898
Total	836,936	831,488
Investments and other assets		
Investment securities	376,155	374,877
Other	109,487	111,377
Allowance for doubtful accounts	(5,291)	(5,282)
Total	480,351	480,973
Total non-current assets	2,081,667	2,103,728
Total assets	2,896,456	2,795,003

(¥ millions)

	As of December 31, 2013	As of June 30, 2014
LIABILITIES		
Current liabilities		
Notes and accounts payable, trade	155,863	142,232
Short-term loans payable and long-term debt with current maturities	118,410	99,324
Commercial paper	–	12,999
Bonds due within one year	30,000	59,998
Income taxes payable	28,429	14,482
Reserves	7,449	7,015
Other	319,745	262,027
Total current liabilities	659,898	598,080
Non-current liabilities		
Bonds	259,454	230,594
Long-term debt	383,213	390,230
Employees' pension and retirement benefits	62,461	45,604
Reserve for loss on litigation	30,711	30,975
Other reserves	9,296	9,111
Other	190,693	181,254
Total non-current liabilities	935,831	887,772
Total liabilities	1,595,729	1,485,852
NET ASSETS		
Shareholders' equity		
Common stock	102,045	102,045
Capital surplus	81,417	81,417
Retained earnings	850,511	847,826
Treasury stock, at cost	(53,903)	(73,657)
Total shareholders' equity	980,071	957,632
Accumulated other comprehensive income		
Net unrealized gains on securities	44,506	40,615
Deferred gains or losses on hedges	128	(314)
Land revaluation difference	(2,581)	(2,581)
Foreign currency translation adjustments	53,737	87,528
Total accumulated other comprehensive income	95,790	125,248
Subscription rights to shares	306	301
Minority interests	224,558	225,969
Total net assets	1,300,726	1,309,151
Total liabilities and net assets	2,896,456	2,795,003

(2) CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

CONSOLIDATED STATEMENTS OF INCOME

(¥ millions)

	Six months ended June 30, 2013	Six months ended June 30, 2014
Sales	1,096,214	1,056,276
Cost of sales	629,908	604,555
Gross profit	466,305	451,721
Selling, general and administrative expenses	405,888	401,469
Operating income	60,416	50,251
Non-operating income		
Interest income	2,265	1,694
Dividend income	1,645	1,391
Equity in earnings of affiliates	944	2,893
Other	3,911	3,948
Total	8,767	9,927
Non-operating expenses		
Interest expense	10,824	9,888
Other	2,646	5,182
Total	13,470	15,071
Ordinary income	55,714	45,107
Special income		
Gain on sale of property, plant and equipment and intangible assets	15,821	1,076
Gain on sale of investment securities	46,933	132
Other	732	436
Total	63,487	1,645
Special expenses		
Loss on disposal of property, plant and equipment and intangible assets	1,440	1,322
Loss on sale of property, plant and equipment and intangible assets	825	320
Loss on impairment	288	–
Loss on devaluation of investment securities	1	16
Loss on sale of investment securities	19	21
Business restructuring expense	3,203	4,102
Loss on applying special taxation measures of foreign subsidiaries	8,822	–
Other	3,684	1,182
Total	18,285	6,966
Income before income taxes and minority interests	100,915	39,786
Income taxes	30,780	18,812
Income before minority interests	70,135	20,974
Minority interests	10,467	6,930
Net income	59,668	14,043

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(¥ millions)

	Six months ended June 30, 2013	Six months ended June 30, 2014
Income before minority interests	70,135	20,974
Other comprehensive income		
Net unrealized gains on securities	(20,815)	(3,863)
Deferred gains or losses on hedges	8,807	(442)
Foreign currency translation adjustments	142,882	31,463
Share of other comprehensive income of entities accounted for by the equity method	17,998	1,007
Total other comprehensive income	148,872	28,165
Comprehensive income	219,008	49,139
Comprehensive income attributable to:		
Owners of the parent	203,150	43,385
Minority interests	15,858	5,753

(3) CONSOLIDATED STATEMENTS OF CASH FLOWS

(¥ millions)

	Six months ended June 30, 2013	Six months ended June 30, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	100,915	39,786
Depreciation and amortization	49,537	47,187
Loss on impairment	288	–
Amortization of goodwill	24,021	24,279
Contribution to retirement benefit trust	–	(19,000)
Interest and dividend income	(3,911)	(3,085)
Equity in losses (earnings) of affiliates	(944)	(2,893)
Interest expense	10,824	9,888
Net foreign currency translation gain	(1,070)	220
Gain on sale of property, plant and equipment and intangible assets	(15,821)	(1,076)
Loss on disposal and sale of property, plant and equipment and intangible assets	2,191	1,107
Gain on sale of investment securities	(46,933)	(132)
Decrease (increase) in notes and accounts receivable, trade	14,940	60,038
Decrease (increase) in inventories	(7,084)	(16,838)
Increase (decrease) in notes and accounts payable, trade	(7,910)	(14,655)
Increase (decrease) in liquor taxes payable	(4,852)	(31,059)
Increase (decrease) in consumption taxes payable	(5,590)	(7,513)
Increase (decrease) in deposits received	(4,373)	(10,791)
Other	(6,035)	(12,631)
Sub-total	98,191	62,829
Interest and dividends received	7,620	7,205
Interest paid	(8,346)	(7,716)
Income taxes paid	(33,409)	(25,106)
Net cash provided by operating activities	64,055	37,211
Cash flows from investing activities		
Payment for purchases of property, plant and equipment and intangible assets	(57,281)	(61,477)
Proceeds from sale of property, plant and equipment and intangible assets	21,231	3,158
Payment for acquisition of marketable securities and investment securities	(2,461)	(8,153)
Proceeds from sale and redemption of marketable securities and investment securities	140,692	373
Payment for purchases of shares of subsidiaries	(25,206)	(67)
Payment for acquisition of shares of newly consolidated subsidiaries	(725)	–
Other	3,810	1,396
Net cash provided by (used in) investing activities	80,058	(64,770)

(¥ millions)

	Six months ended June 30, 2013	Six months ended June 30, 2014
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	13,051	22,930
Increase (decrease) in commercial paper	(47,995)	12,999
Proceeds from long-term debt	13,885	42,955
Repayment of long-term debt	(40,257)	(81,667)
Payment for redemption of bonds	(80,000)	–
Payment for acquisition of treasury stock	(26,132)	(19,757)
Cash dividends paid	(14,903)	(16,728)
Cash dividends paid to minority shareholders	(3,446)	(3,304)
Other	(1,360)	(711)
Net cash used in financing activities	(187,160)	(43,282)
Effect of exchange rate changes on cash and cash equivalents	7,139	(272)
Net increase (decrease) in cash and cash equivalents	(35,905)	(71,113)
Cash and cash equivalents at beginning of year	78,041	105,472
Cash and cash equivalents at end of period	42,135	34,358

(4) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(GOING CONCERN ASSUMPTION)

There are no matters to report under this item.

(NOTES ON SIGNIFICANT CHANGES IN SHAREHOLDERS' EQUITY)

The Board of Directors of the Company adopted a resolution on March 10, 2014 to implement a repurchase of treasury stock by means of a tender offer for acquisition of treasury stock, in accordance with the provisions of Article 156, Paragraph 1 of the Companies Act, applied with certain replacement of terms pursuant to Article 165, Paragraph 3 of the Act, along with the provisions of the Articles of Incorporation. As a result of this implementation, 15,996,866 shares of common stock worth ¥19,708 million were acquired.

(SEGMENT INFORMATION)

I. Six months ended June 30, 2013

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

(¥ millions)

	Six months ended June 30, 2013						
	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	538,695	244,713	102,498	165,171	45,134	–	1,096,214
Inter-segment	4,220	48	116	4,535	1,963	(10,886)	–
Total sales	542,916	244,762	102,614	169,707	47,098	(10,886)	1,096,214
Segment income (loss)	16,983	19,979	(3,628)	28,457	1,951	(3,327)	60,416

Notes

1. "Others" includes food business, such as seasonings, dairy products, and others.
2. The negative ¥3,327 million adjustment in segment income (loss) includes ¥1,090 million in inter-segment eliminations and negative ¥4,417 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. Six months ended June 30, 2014

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

(¥ millions)

	Six months ended June 30, 2014						
	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	530,599	248,301	108,304	157,501	11,570	–	1,056,276
Inter-segment	1,564	83	99	4,397	668	(6,814)	–
Total sales	532,164	248,384	108,403	161,899	12,239	(6,814)	1,056,276
Segment income (loss)	13,909	21,661	(3,150)	19,685	1,452	(3,306)	50,251

Notes

1. "Others" includes food business, such as dairy products, and others.
2. The negative ¥3,306 million adjustment in segment income (loss) includes ¥347 million in inter-segment eliminations and negative ¥3,654 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 six months ended June 30, 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 Six Months Ended June 30, 2014

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

August 6, 2014

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

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

(¥ billions)

	Six months ended June 30, 2014, Actual	Six months ended June 30, 2013, Actual	Increase (decrease)	
Sales	1,056.2	1,096.2	(39.9)	(3.6%)
Gross profit	451.7	466.3	(14.5)	(3.1%)
Selling, general and administrative expenses	401.4	405.8	(4.4)	(1.1%)
Operating income	50.2	60.4	(10.1)	(16.8%)
Non-operating income	9.9	8.7	1.1	13.2%
Non-operating expenses	15.0	13.4	1.6	11.9%
Ordinary income	45.1	55.7	(10.6)	(19.0%)
Special income	1.6	63.4	(61.8)	(97.4%)
Special expenses	6.9	18.2	(11.3)	(61.9%)
Income before income taxes and minority interests	39.7	100.9	(61.1)	(60.6%)
Income taxes	18.8	30.7	(11.9)	(38.9%)
Minority interests	6.9	10.4	(3.5)	(33.8%)
Net income	14.0	59.6	(45.6)	(76.5%)
Normalized EBITDA	126.5	138.8	(12.3)	(8.9%)
Normalized EPS	¥54	¥51	¥3	5.9%
Sales (Excluding liquor tax)	920.0	955.4	(35.4)	(3.7%)
Operating income (Prior to amortization of goodwill etc.)	78.1	88.1	(10.0)	(11.4%)
Operating income ratio (Excluding liquor tax, prior to amortization of goodwill etc.)	8.5%	9.2%		

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

(¥)

	Six months ended June 30, 2014, Actual	Six months ended June 30, 2013, Actual
Lion (AUD)	92.88	91.01
Brasil Kirin (BRL)	44.82	46.72

	Six months ended June 30, 2014, Actual	Six months ended June 30, 2013, Actual
Lion	From October 2013 to March 2014	From October 2012 to March 2013
San Miguel Brewery		

2. Sales Details

(¥ billions)

	Six months ended June 30, 2014, Actual	Six months ended June 30, 2013, Actual	Increase (decrease)	
Sales	1,056.2	1,096.2	(39.9)	(3.6%)
Japan Integrated Beverages	530.5	538.6	(8.0)	(1.5%)
Kirin Brewery *	317.7	333.6	(15.9)	(4.8%)
Kirin Beverage	161.4	159.7	1.7	1.1%
Mercian	32.4	31.2	1.2	3.9%
Other and elimination	18.8	14.0	4.8	34.2%
Overseas Integrated Beverages	356.6	347.2	9.3	2.7%
Lion	248.3	244.7	3.6	1.5%
Brasil Kirin	88.3	84.0	4.3	5.1%
Other and elimination	19.9	18.4	1.4	8.0%
Pharmaceuticals and Bio-chemicals	157.5	165.1	(7.6)	(4.6%)
Kyowa Hakko Kirin	161.8	169.7	(7.8)	(4.6%)
Pharmaceutical	118.9	129.2	(10.2)	(7.9%)
Bio-chemical	42.9	40.5	2.4	6.0%
Other and elimination	(4.3)	(4.5)	0.1	—
Other	11.5	45.1	(33.5)	(74.4%)

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

(Reference) Sales excluding liquor tax

(¥ billions)

	Six months ended June 30, 2014, Actual	Six months ended June 30, 2013, Actual
Kirin Brewery	187.0	198.7

3. Profit Details

(1) Operating Income

(¥ billions)

	Six months ended June 30, 2014, Actual	Six months ended June 30, 2013, Actual	Increase (decrease)
Operating income	50.2	60.4	(10.1)
Japan Integrated Beverages	13.9	16.9	(3.0)
Kirin Brewery *	13.7	16.8	(3.0)
Kirin Beverage *	(3.9)	(3.7)	(0.2)
Amortization of goodwill	(0.9)	(0.9)	—
Total	(4.9)	(4.7)	(0.2)
Mercian *	(0.2)	0.0	(0.3)
Others	5.3	4.7	0.5
Overseas Integrated Beverages	18.5	16.3	2.1
Lion (consolidated after reclassification)	39.0	37.0	1.9
Amortization of goodwill	(15.3)	(15.0)	(0.3)
Brand amortization	(2.0)	(2.0)	0.0
Total	21.6	19.9	1.6
Brasil Kirin (consolidated after reclassification)	0.2	0.1	0.1
Amortization of goodwill	(2.6)	(2.7)	0.1
Brand amortization	(1.5)	(1.6)	0.0
Total	(3.9)	(4.2)	0.3
Others	0.7	0.6	0.1
Pharmaceuticals and Bio-chemicals	19.6	28.4	(8.7)
Kyowa Hakko Kirin (consolidated after reclassification)	19.6	28.4	(8.7)
Pharmaceutical	14.1	24.1	(9.9)
Bio-chemical	4.2	3.1	1.1
Other/elimination of amortization of goodwill	4.3	4.3	0.0
Amortization of goodwill	(3.1)	(3.1)	—
Other	1.4	1.9	(0.4)
Corporate expenses/inter-segment eliminations	(3.3)	(3.3)	0.0

* Excluding management fee paid to the holding company.

Operating income breakdown

(¥ billions)

Company name	Major factors	Increase (decrease)	Description
Kirin Brewery	Decrease in marginal profit of alcohol beverages	(5.8)	Sales decrease in beer (10) thousand KL, (1.4) Sales decrease in *happo-shu* (17) thousand KL, (1.8) Sales decrease in new genre (31) thousand KL, (3.4) Sales increase in RTD 15 thousand KL, 1.5 Difference of change in products mix, etc.
	Decrease in raw material cost of alcohol beverages	0.3	Increase in malt cost (0.4), Decrease in wrapping material cost 0.7, etc.
	Increase in selling expenses	(0.3)	Increase in sales promotion and advertising (0.4), etc. (Beer, *happo-shu* and new genre (1.1), RTD (1.3), etc.)
	Decrease in other expenses	2.8	Decrease in depreciation 1.5, labor cost 1.2, etc.
Total		(3.0)	
Kirin Beverage	Difference in volume of sales	1.8	Increase in sales volume 1.71 million cases
	Decrease in raw material cost, etc.	0.0	Increase in material cost (0.4), Decrease in wrapping material cost 0.8, etc.
	Decrease due in change of composition ratio of containers, etc.	(2.9)	
	Decrease in selling expenses	0.9	Decrease in sales promotion and advertising 0.9
	Other expenses	0.0	Increase in management fees (0.3), etc.
Total		(0.2)	

Major operating expenses

(¥ billions)

		Six months ended June 30, 2014, Actual	Six months ended June 30, 2013, Actual
Sales promotion		96.7	94.1
Advertising		45.3	44.7
Kirin Brewery	Sales promotion	24.3	24.5
	Advertising	16.5	15.9
Kirin Beverage	Sales promotion	52.7	52.3
	Advertising	5.2	6.5
Research and development		26.3	25.8
Kyowa Hakko Kirin (excluding internal transaction)		21.4	20.6

(2) Ordinary Income and Net Income

(¥ billions)

	Six months ended June 30, 2014, Actual	Six months ended June 30, 2013, Actual	Increase (decrease)	Description of changes
Non-operating income and expenses	(5.1)	(4.7)	(0.4)	
Financial profit or loss, net	(6.8)	(6.9)	0.1	
Equity in earnings or losses of affiliates	2.8	0.9	1.9	
San Miguel Brewery	2.8	4.4	(1.5)	Equity in earnings or losses of local affiliates (1.3), etc.
Others	0.0	(3.4)	3.4	Kirin-Amgen, Inc. 3.0, etc.
Foreign currency translation gain or loss	(0.7)	0.3	(1.1)	
Other	(0.5)	0.8	(1.3)	
Ordinary income	45.1	55.7	(10.6)	
Special income and expenses	(5.3)	45.2	(50.5)	
Special income	1.6	63.4	(61.8)	
Gain on sale of property, plant and equipment and intangible assets	1.0	15.8	(14.7)	
Gain on sale of investment securities	0.1	46.9	(46.8)	
Other	0.4	0.7	(0.2)	
Special expenses	(6.9)	(18.2)	11.3	
Loss on disposal of property, plant and equipment and intangible assets	(1.3)	(1.4)	0.1	
Loss on sale of property, plant and equipment and intangible assets	(0.3)	(0.8)	0.5	
Loss on impairment	—	(0.2)	0.2	
Loss on devaluation of investment securities	(0.0)	(0.0)	(0.0)	
Loss on sale of investment securities	(0.0)	(0.0)	(0.0)	
Business restructuring expense	(4.1)	(3.2)	(0.8)	
Loss on applying special taxation measures of foreign subsidiaries	—	(8.8)	8.8	
Other	(1.1)	(3.6)	2.5	
Income taxes	(18.8)	(30.7)	11.9	
Minority interests	(6.9)	(10.4)	3.5	
Net income	14.0	59.6	(45.6)	

4. Summary of Consolidated Balance Sheets

(¥ billions)

	As of June 30, 2014	As of December 31, 2013	Increase (decrease)	Description of changes
Current assets	691.2	814.7	(123.5)	
Cash and time deposits	42.6	113.7	(71.0)	
Notes and accounts receivable, trade	334.7	396.1	(61.3)	Decrease due to the year-end of previous year being a bank holiday, etc.
Inventories	243.0	225.0	18.0	
Other	70.7	79.8	(9.1)	
Non-current assets	2,103.7	2,081.6	22.0	
Property, plant and equipment	791.2	764.3	26.8	
Intangible assets	831.4	836.9	(5.4)	
Goodwill	646.5	649.5	(2.9)	
Other	184.8	187.4	(2.5)	
Investments and other assets	480.9	480.3	0.6	
Total assets	2,795.0	2,896.4	(101.4)	
Current liabilities	598.0	659.8	(61.8)	
Notes and accounts payable, trade	142.2	155.8	(13.6)	
Interest-bearing debt	172.3	148.4	23.9	
Other	283.5	355.6	(72.0)	Decrease in liquor taxes payable due to the year-end of previous year being a bank holiday, etc.
Non-current liabilities	887.7	935.8	(48.0)	
Interest-bearing debt	620.8	642.6	(21.8)	
Other	266.9	293.1	(26.2)	
Total liabilities	1,485.8	1,595.7	(109.8)	
Shareholders' equity	957.6	980.0	(22.4)	
Accumulated other comprehensive income	125.2	95.7	29.4	Increase in foreign currency transaction adjustments due to exchange rate changes, etc.
Subscription rights to shares	0.3	0.3	(0.0)	
Minority interests	225.9	224.5	1.4	
Total net assets	1,309.1	1,300.7	8.4	
Total liabilities and net assets	2,795.0	2,896.4	(101.4)	

5. Summary of Consolidated Statements of Cash Flows

(1) Summary of Statements of Cash Flows

(¥ billions)

	Six months ended June 30, 2014, Actual	Six months ended June 30, 2013, Actual	Increase (decrease)
Cash flows from operating activities	37.2	64.0	(26.8)
Income before income taxes and minority interests	39.7	100.9	(61.1)
Depreciation and amortization	47.1	49.5	(2.3)
Amortization of goodwill	24.2	24.0	0.2
Other	(74.0)	(110.4)	36.3
Cash flows from investing activities	(64.7)	80.0	(144.8)
Capital expenditures	(61.4)	(57.2)	(4.1)
Other	(3.2)	137.3	(140.6)
Cash flows from financing activities	(43.2)	(187.1)	143.8
Increase (decrease) in interest-bearing debt	(2.7)	(141.3)	138.5
Cash dividends paid	(20.0)	(18.3)	(1.6)
Other	(20.4)	(27.4)	7.0
Translation adjustments	(0.2)	7.1	(7.4)
Net decrease in cash and cash equivalents	(71.1)	(35.9)	(35.2)

(2) Information by Segment

Six months ended June 30, 2014, Actual

(¥ billions)

	Japan Integrated Beverages	Overseas Integrated Beverages	Pharmaceuticals and Bio-chemicals	Other	Adjustment	Total
Depreciation and amortization (including brand amortization)	16.6	18.6	10.8	0.8	0.1	47.1
Amortization of goodwill	1.2	18.3	4.6	0.0	—	24.2
Capital expenditures	18.1	23.2	16.6	0.4	2.9	61.4
Normalized EBITDA	31.7	60.3	35.1	2.3	(3.1)	126.5

Six months ended June 30, 2013, Actual

(¥ billions)

	Japan Integrated Beverages	Overseas Integrated Beverages	Pharmaceuticals and Bio-chemicals	Other	Adjustment	Total
Depreciation and amortization (including brand amortization)	18.2	18.7	9.9	2.1	0.4	49.5
Amortization of goodwill	1.3	18.0	4.3	0.3	—	24.0
Capital expenditures	13.4	20.6	22.9	0.8	(0.6)	57.2
Normalized EBITDA	36.5	58.0	42.7	4.4	(2.8)	138.8

6. Other Information

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

Six months ended June 30, 2014, Actual

<Consolidated subsidiaries>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated net income
Kyowa Hakko Kirin	161.8	18.1	17.1	9.3	4.8
Elimination of amortization of goodwill		4.6	4.6	4.6	2.4
Amortization of goodwill		(3.1)	(3.1)	(3.1)	(3.1)
Total included in consolidation	161.8	19.6	18.6	10.8	4.2

<Equity-method affiliates>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated net income
San Miguel Brewery	90.8	25.0	21.1	14.2	6.8
Equity in earnings or losses of local affiliates			6.8	6.8	6.8
Brand amortization			(1.0)	(1.0)	(1.0)
Amortization of goodwill			(3.0)	(3.0)	(3.0)
Total included in consolidation			2.8	2.8	2.8

(2) Sales Details of Major Business Companies

a. Kirin Brewery

	Six months ended June 30, 2014		Six months ended June 30, 2013	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL		Thousand KL	
Beer	289	(3.2%)	299	(3.1%)
Happo-shu	230	(6.9%)	247	(5.4%)
New genre	304	(9.2%)	335	1.0%
Sub-total	824	(6.5%)	881	(2.3%)
RTD	116	15.1%	101	5.3%
Non-alcohol beverages	13	(26.6%)	18	(10.6%)
Breakdown of sales	¥ billions		¥ billions	
Beer	120.0	(3.1%)	123.8	(3.1%)
Happo-shu	70.2	(6.9%)	75.4	(5.4%)
New genre	80.0	(9.1%)	88.0	1.2%
Sub-total	270.2	(5.9%)	287.3	(2.4%)
RTD	32.3	15.9%	27.8	5.7%
Whiskey and Spirits, etc. *	15.0	(18.0%)	18.4	(23.0%)
Total sales	317.7	(4.8%)	333.6	(3.2%)

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			Six months ended June 30, 2014				Six months ended June 30, 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	938	10%	9	101%	929	10%	23	103%
		Oolong tea	118	1%	(8)	94%	126	1%	(6)	95%
		Black tea	2,202	24%	27	101%	2,175	24%	99	105%
		Sub-total	3,258	35%	28	101%	3,230	35%	116	104%
	Coffee		1,421	15%	(2)	100%	1,423	16%	(65)	96%
	Fruit and vegetable juice		1,152	13%	(131)	90%	1,283	14%	256	125%
	Carbonated beverage		699	8%	1	100%	698	8%	40	106%
	Water		1,581	17%	7	100%	1,574	17%	(28)	98%
	Other		1,144	12%	268	131%	876	10%	274	146%
Domestic non-alcohol beverage market total			9,255	100%	171	102%	9,084	100%	593	107%

<Container Type>

Non-alcohol beverages			Six months ended June 30, 2014				Six months ended June 30, 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	1,696	18%	(69)	96%	1,765	19%	(182)	91%
PET bottles	Large-sized PET bottles	2L	2,076	23%	138	107%	1,938	22%	134	107%
		1.5L, 1L, 900ml, 750ml	769	8%	15	102%	754	8%	77	111%
		Large-sized PET bottles total	2,845	31%	153	106%	2,692	30%	211	109%
	Small-sized PET bottles	500ml	2,713	29%	(83)	97%	2,796	31%	334	114%
		350ml or less	1,016	11%	156	118%	860	9%	172	125%
		Small-sized PET bottles total	3,729	40%	73	102%	3,656	40%	506	116%
		PET bottles total	6,574	71%	226	104%	6,348	70%	717	113%
Other containers	One-way/Returnable bottles, paper, gifts, etc.		985	11%	14	101%	971	11%	58	106%
Domestic non-alcohol beverage market total			9,255	100%	171	102%	9,084	100%	593	107%

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

August 6, 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, Revised forecast	Fiscal year ended December 31, 2013, Actual	Increase (decrease)		Fiscal year ending December 31, 2014, Initial forecast	Increase (decrease)
Sales	2,260.0	2,254.5	5.4	0.2%	2,290.0	(30.0)
Operating income	140.0	142.8	(2.8)	(2.0%)	140.0	—
Non-operating income and expenses	(18.0)	(10.6)	(7.3)	—	(18.0)	—
Financial profit or loss, net	(14.9)	(14.2)	(0.7)	—	(14.4)	(0.5)
Equity in earnings or losses of affiliates	0.1	1.6	(1.4)	(89.8%)	(3.0)	3.1
Ordinary income	122.0	132.1	(10.1)	(7.7%)	122.0	—
Special income and expenses	(11.0)	25.0	(36.0)	(143.9%)	(11.0)	—
Income before income taxes and minority interests	111.0	157.2	(46.2)	(29.4%)	111.0	—
Income taxes	47.8	53.2	(5.4)	(10.1%)	47.8	(0.0)
Minority interests	14.1	18.2	(4.1)	(22.7%)	14.1	0.0
Net income	49.0	85.6	(36.6)	(42.8%)	49.0	—
Normalized EBITDA	297.0	301.4	(4.4)	(1.5%)	302.0	(5.0)
Normalized EPS	¥131	¥122	¥9	7.4%	¥129	¥2
Sales (Excluding liquor tax)	1,951.0	1,943.7	7.2	0.4%	1,980.0	(29.0)
Operating income (Prior to amortization of goodwill etc.)	196.1	198.0	(1.9)	(1.0%)	195.4	0.7
Operating income ratio (Excluding liquor tax, prior to amortization of goodwill etc.)	10.1%	10.2%			9.9%	
Normalized ROE	10.6%	10.9%			10.6%	
Net interest-bearing debt / Normalized EBITDA	2.33	2.25			2.15	

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, Revised forecast	Fiscal year ended December 31, 2013, Actual	Fiscal year ending December 31, 2014, Initial forecast
Lion (AUD)	94.00	91.97	93.00
Brasil Kirin (BRL)	45.00	45.18	44.00

	Fiscal year ending December 31, 2014, Revised 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, Revised forecast	Fiscal year ended December 31, 2013, Actual	Increase (decrease)		Fiscal year ending December 31, 2014, Initial forecast	Increase (decrease)
Sales	2,260.0	2,254.5	5.4	0.2%	2,290.0	(30.0)
Japan Integrated Beverages	1,189.0	1,180.1	8.8	0.7%	1,210.0	(21.0)
Kirin Brewery *	714.3	729.1	(14.8)	(2.0%)	729.0	(14.6)
Kirin Beverage	365.2	353.5	11.6	3.3%	372.7	(7.5)
Mercian	70.6	67.0	3.5	5.3%	71.0	(0.4)
Other and elimination	38.8	30.4	8.4	27.7%	37.2	1.6
Overseas Integrated Beverages	720.0	685.2	34.7	5.1%	730.0	(10.0)
Lion	473.5	468.4	5.0	1.1%	473.5	(0.0)
Brasil Kirin	206.2	178.3	27.9	15.7%	215.9	(9.6)
Other and elimination	40.2	38.4	1.7	4.6%	40.4	(0.2)
Pharmaceuticals and Bio-chemicals	328.0	331.3	(3.3)	(1.0%)	326.0	2.0
Kyowa Hakko Kirin	337.0	340.6	(3.6)	(1.1%)	337.0	—
Pharmaceutical	251.0	259.5	(8.5)	(3.3%)	248.2	2.8
Bio-chemical	86.0	81.0	4.9	6.1%	88.8	(2.8)
Other and elimination	(9.0)	(9.2)	0.2	—	(11.0)	2.0
Other	23.0	57.7	(34.7)	(60.2%)	24.0	(1.0)

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

(Reference) Sales excluding liquor tax

(¥ billions)

	Fiscal year ending December 31, 2014, Revised forecast	Fiscal year ended December 31, 2013, Actual	Fiscal year ending December 31, 2014, Initial forecast
Kirin Brewery	419.2	430.4	428.9

3. Profit Details

(¥ billions)

	Fiscal year ending December 31, 2014, Revised forecast	Fiscal year ended December 31, 2013, Actual	Increase (decrease)	Fiscal year ending December 31, 2014, Initial forecast	Increase (decrease)
Operating income	140.0	142.8	(2.8)	140.0	—
Japan Integrated Beverages	61.5	62.1	(0.6)	63.5	(2.0)
Kirin Brewery *	50.9	51.8	(0.8)	54.3	(3.4)
Kirin Beverage *	3.1	3.7	(0.6)	4.8	(1.7)
Amortization of goodwill	(1.9)	(1.9)	—	(1.9)	—
Total	1.1	1.7	(0.6)	2.8	(1.7)
Mercian *	1.2	0.3	0.8	1.2	—
Others	8.1	8.1	0.0	5.0	3.1
Overseas Integrated Beverages	35.0	30.6	4.3	38.0	(3.0)
Lion (consolidated after reclassification)	61.9	63.3	(1.4)	60.0	1.9
Amortization of goodwill	(31.0)	(30.3)	(0.6)	(30.6)	(0.4)
Brand amortization	(4.1)	(4.2)	0.0	(4.2)	0.1
Total	26.7	28.7	(2.0)	25.1	1.6
Brasil Kirin (consolidated after reclassification)	15.4	8.8	6.6	20.1	(4.7)
Amortization of goodwill	(5.3)	(5.3)	0.0	(5.2)	(0.1)
Brand amortization	(3.1)	(3.1)	0.0	(3.0)	(0.0)
Total	7.0	0.3	6.6	11.9	(4.9)
Others	1.2	1.5	(0.2)	0.9	0.2
Pharmaceuticals and Bio-chemicals	48.0	54.3	(6.3)	44.0	4.0
Kyowa Hakko Kirin (consolidated after reclassification)	48.0	54.3	(6.3)	44.0	4.0
Pharmaceutical	37.0	46.1	(9.1)	33.0	4.0
Bio-chemical	8.0	5.6	2.3	8.0	—
Other/elimination of amortization of goodwill	9.2	8.7	0.4	9.2	—
Amortization of goodwill	(6.2)	(6.2)	—	(6.2)	—
Other	3.0	3.7	(0.7)	3.0	—
Corporate expenses/inter-segment eliminations	(7.5)	(8.0)	0.5	(8.5)	1.0

* Excluding management fee paid to the holding company.

Operating income breakdown

(¥ billions)

Company name	Major factors	Revised forecast Increase (decrease)	Description
Kirin Brewery	Decrease in marginal profit of alcohol beverages	(5.1)	Sales decrease in beer (5) thousand KL, (0.6) Sales decrease in *happo-shu* (21) thousand KL, (2.2) Sales decrease in new genre (34) thousand KL, (3.8) Sales increase in RTD 34 thousand KL, 3.2 Difference of change in products mix, etc.
	Decrease in raw material cost of alcohol beverages	0.7	Decrease in wrapping material cost, etc.
	Increase in selling expenses	(1.0)	Increase in sales promotion and advertising (1.0), etc.
	Decrease in other expenses	4.5	Decrease in depreciation 2.8, Decrease in labor cost 2.5, Increase in advertising (0.2), Increase in R&D expenses (0.3), etc.
Total		(0.8)	
Kirin Beverage	Difference in volume of sales	7.8	Increase in sales volume 7.14 million cases
	Decrease in raw material cost, etc.	0.6	Increase in material cost (1.0), Decrease 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.	(2.7)	
	Increase in selling expenses	(4.4)	Increase in sales promotion and advertising (4.0), Increase in freight (0.4)
	Increase in other expenses	(1.8)	Increase in management fees (0.6), Increase in information processing fee (0.3), Increase in R&D expenses (0.3), etc.
Total		(0.6)	

Major operating expenses

(¥ billions)

		Fiscal year ending December 31, 2014, Revised forecast	Fiscal year ended December 31, 2013, Actual
Kirin Brewery	Sales promotion	81.8	54.0
	Advertising		26.8
Kirin Beverage	Sales promotion	130.1	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)	36.6	37.2	22.9	1.7	0.4	99.0
Amortization of goodwill	2.5	37.1	9.2	0.0	—	48.9
Capital expenditures	34.5	52.5	37.0	0.5	0.5	125.0
Normalized EBITDA	100.6	118.4	80.1	4.7	(7.0)	297.0

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	31.0	374.6	12	4.1	37.7	1~18	35.1
	Kirin Beverage	2006	1.9	23.0	12	—	—	—	1.9
	Kyowa Hakko Kirin	2007	6.2	82.3	14	—	—	—	6.2
	Brasil Kirin	2011	5.3	90.7	17	3.1	53.3	17	8.4
	Other		4.2	—	—	—	—	—	4.2
	Consolidated subsidiaries total		48.9			7.2			56.1
Equity method	San Miguel Brewery	2009	6.0	87.5	15	1.9	28.5	15	7.9
	China Resources Kirin Beverages	2011	2.3	39.6	17	—	—	—	2.3
	Equity-method affiliates total		8.3			1.9			10.3
Total			57.2			9.2			66.4

* 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	667	(0.7%)	672	(3.8%)
Happo-shu	501	(3.9%)	522	(6.9%)
New genre	680	(4.7%)	714	0.0%
Sub-total	1,850	(3.1%)	1,909	(3.3%)
RTD	261	15.1%	227	8.6%
Non-alcohol beverages	27	(27.9%)	38	(14.6%)
Breakdown of sales	¥ billions		¥ billions	
Beer	278.3	(0.4%)	279.6	(3.7%)
Happo-shu	152.6	(4.2%)	159.2	(6.9%)
New genre	178.7	(4.7%)	187.6	0.2%
Sub-total	609.7	(2.7%)	626.5	(3.4%)
RTD	72.2	15.1%	62.7	10.1%
Whiskey and Spirits, etc. *	32.3	(19.0%)	39.8	(14.4%)
Total sales	714.3	(2.0%)	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				Fiscal year ended December 31, 2013			
			Forecast	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	2,200	11%	112	105%	2,088	10%	92	105%
		Oolong tea	250	1%	(18)	93%	268	1%	(15)	95%
		Black tea	4,800	23%	74	102%	4,726	24%	88	102%
		Sub-total	7,250	35%	168	102%	7,082	35%	165	102%
	Coffee		3,000	14%	17	101%	2,983	15%	(45)	99%
	Fruit and vegetable juice		2,550	12%	14	101%	2,536	13%	209	109%
	Carbonated beverage		1,650	8%	(6)	100%	1,656	8%	165	111%
	Water		3,800	18%	383	111%	3,417	17%	(41)	99%
	Other		2,620	13%	138	106%	2,482	12%	748	143%
Domestic non-alcohol beverage market total			20,870	100%	714	104%	20,156	100%	1,201	106%

<Container Type>

Non-alcohol beverages			Fiscal year ending December 31, 2014				Fiscal year ended December 31, 2013			
			Forecast	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	3,700	18%	29	101%	3,671	18%	(249)	94%
PET bottles	Large-sized PET bottles	2L	4,900	24%	543	112%	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	6,600	32%	561	109%	6,039	30%	608	111%
	Small-sized PET bottles	500ml	6,300	30%	24	100%	6,276	31%	422	107%
		350ml or less	2,100	10%	113	106%	1,987	10%	387	124%
		Small-sized PET bottles total	8,400	40%	137	102%	8,263	41%	809	111%
		PET bottles total	15,000	72%	698	105%	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			20,870	100%	714	104%	20,156	100%	1,201	106%