KIRIN

KIRIN HOLDINGS COMPANY, LIMITED

August 5, 2015

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2015 (UNDER JAPANESE GAAP) (UNAUDITED)

(English Translation)

Fiscal year ending December 31, 2015

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 7, 2015

Commencement date of dividend distribution scheduled: September 2, 2015

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, 2015 - June 30, 2015)

[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, 2015	1,070,250	1.3	57,954	15.3	57,287	27.0
June 30, 2014	1,056,276	(3.6)	50,251	(16.8)	45,107	(19.0)

Note: Comprehensive income June 30, 2015 ¥35,198 million [(28.4)%]

June 30, 2014 ¥49,139 million [(77.6)%]

	Net income	Percentage change	Net income per share (Basic)	Net income per share (Diluted)
	(¥ millions)	(%)	(¥)	(¥)
Six months ended				
June 30, 2015	33,129	135.9	36.30	36.30
June 30, 2014	14,043	(76.5)	15.20	15.16

Reference: Normalized EBITDA June 30, 2015 ¥124.8 billion [(1.3)%]

June 30, 2014 ¥126.5 billion [(8.9)%]

Normalized EPS June 30, 2015 ¥57 [5.6%]

June 30, 2014 ¥54 [5.9%]

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, 2015	2,555,375	1,081,842	33.0
December 31, 2014	2,965,868	1,335,711	37.2

Reference: Equity June 30, 2015 ¥842,090 million
December 31, 2014 ¥1,101,833 million

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal year ended December 31, 2014	–	19.00	–	19.00	38.00
Fiscal year ending December 31, 2015	–	19.00			
Fiscal year ending December 31, 2015 (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, 2015 (Forecast) 31.7%

3. Forecast consolidated business results for the current fiscal year (January 1, 2015 - December 31, 2015)

(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, 2015	2,220,000	1.1	139,000	21.3	128,000	35.9

	Net income	Percentage change	Net income per share
	(¥ millions)	(%)	(¥)
Fiscal year ending December 31, 2015	67,000	106.8	73.42

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

Reference: Normalized EBITDA December 31, 2015 (Forecast) ¥273.0 billion [(0.1)%]
Normalized EPS December 31, 2015 (Forecast) ¥120 [1.7%]

* Notes

(1) Changes in significant subsidiaries for the six months ended June 30, 2015 (Changes in specified subsidiaries accompanying change in scope of consolidation.): None

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: Yes

ii. Changes in accounting policies due to other reasons: Yes

iii. Changes in accounting estimates: Yes

iv. Restatements: None

Note: For details, please refer to “2. SUMMARY INFORMATION (NOTES), (3) CHANGES IN ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES, AND RESTATEMENTS” on page 7 of the Attached Materials.

(4) Number of shares outstanding (common stock)

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

As of June 30, 2015	914,000,000 shares
As of December 31, 2014	965,000,000 shares

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

As of June 30, 2015	1,461,909 shares
As of December 31, 2014	52,452,089 shares

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

For the six months ended June 30, 2015	912,542,253 shares
For the six months ended June 30, 2014	923,982,865 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 5, and will post the presentation materials from the financial results presentation to be held on Friday, 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, 2015), the global economy as a whole recovered gradually while crude oil prices remained low. Despite there being a weaker economy in China and some other emerging nations, the Unites States economy continued to recover, and recovery was also seen in the Eurozone economy.

Japan’s economy experienced an improvement in economic outlook against the backdrop of strong corporate earnings and a depreciation of crude oil prices, while continuing signs of a gradual recovery in consumer spending were also seen.

For the Kirin Group, fiscal 2015 is the final year of the "Kirin Group 2013 - 2015 Medium-Term Management Plan," and the first stage of our long-term management vision, the "Kirin Group Vision 2021" (KV2021). Kirin Holdings Co., Ltd. and each regional headquarters have been working together to strengthen each business, positioning 2015 as “year zero” in the next medium-term management plan, which starts in 2016. In particular, we implemented consistent centralization of management resources for flagship brands from a medium-term perspective, tackling it with a sense of speed in response to changes in the competitive environment in an effort to achieve renewed growth in the Japan Integrated Beverages Business, which is the Group’s highest priority.

In accordance with these results, sales volumes for the Japan Integrated Beverages Business and the Pharmaceuticals and Bio-chemicals Business increased, resulting in higher consolidated sales during the second quarter compared with the previous year. Operating income fell for the Japan Integrated Beverages Business, but rose for the Overseas Integrated Beverages Business as a result of the early application of the Revision of the Accounting Standards regarding Business Combinations. Together with an increase in Pharmaceuticals and Bio-chemicals Business, consequently, both consolidated operating income and consolidated ordinary income increased. Consolidated net income for the quarter increased in comparison with the same period of the previous year due to factors such as gains from the sales of fixed assets.

Kirin Holdings Company, Limited 2015 second quarter results:

Consolidated Sales	¥ 1,070.2 billion, up 1.3%
Consolidated operating income	¥ 57.9 billion, up 15.3%
Consolidated ordinary income	¥ 57.2 billion, up 27.0%
Consolidated net income for the second quarter	¥ 33.1 billion, up 135.9%
(Reference)	
Normalized EBITDA *	¥ 124.8 billion, down 1.3%
Normalized EPS *	¥ 57, up 5.6%

* Normalization: Removing special income and expenses and other non-recurring 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.

Results by segment are as follows.

Japan Integrated Beverages Business

We have made consistent efforts toward strengthening the brands aimed at renewed business growth in the Japanese Integrated Beverages Business, and we continually worked to create value that leads to surprise and inspiration by offering exceptional quality and taste to customers and society.

Kirin Brewery Company, Limited has been consistently focusing the management resources on flagship brands from a medium-term perspective and has made it the company's highest priority to raise the level of market share toward beer products, which have declined continuously since 2010. As a result, sales volumes of beer products were up compared to the same period of the previous year. With *Kirin Ichiban Shibori* being the most important brand, a limited edition beer, *Jimoto Umare no Ichiban Shibori* was launched to enable the enjoyment of different flavors and individuality from nine plants across Japan*[1], which resulted in sales significantly greater than initially planned. Furthermore, in the growing functionality category, *Tanrei Green Label*, *Kirin Platinum Double* and *Kirin Nodogoshi All Light* have led the market. Sales were strong in RTD*[2], in particular for *Kirin Honshibori™ Chuhai* and *Kirin Chuhai Bitters*, greatly exceeding the previous year. In the whiskey and spirits category, in addition to strengthening the domestic *Fujisanroku* brand, sales of *Johnnie Walker* and other brands were strengthened through a collaboration with Diageo Kirin Company, Limited, with sales exceeding those of the previous year.

Sales were strong for Mercian Corporation's new product *Gyu gyu to Shibotta Sangria*, but overall sales volumes were down compared to the same period of the previous year due to the continuing reduction in sales of its major product *Franzia*. The company worked on brands of imported wines, including launching ten products from *Codorniu*, the top brand*[3] of Cava sparkling wine from Spain.On the other hand, more than 60,000 people have visited Chateâu Mercian Tokyo Guest Bar, a concept shop for promoting the appeal of its flagship brand *Chateâu Mercian*, since it opened. On top of that, in order to contribute to the long-term growth of Japanese wine through development and popularization, it also announced the lease of new agricultural land to expand its self-managed vineyards in the Kataoka area of Shiojiri in Nagano Prefecture. By working together with Shiojiri City over the long term, Mercian Corporation contributes to maintain and preserve the grape-growing region and to revitalize the area.

Kirin Beverage Company, Limited worked toward invigorating the tea beverage market even further, from its flagship brand *Kirin Gogo-no-Kocha* to Japan's first caffeine-free black tea beverage sold in PET bottles launched under the names *Kirin Gogo-no-Kocha Kodawari Sozai no Peach Tea* and *Kodawari Sozai no Healthy Milk Tea.* Focusing on the carbonated beverage category, the *Kirin Mets* brand of strongly carbonated, discreetly sweet, low-calorie designs was expanded, resulting in very strong sales.

With the launch of a new *Salty Lime Soda* product added to the product line of the *Kirin Sekai no Kitchen kara* brand, Kirin Beverage Company, Limited was actively involved in offering new products. These products achieved sales volume increases greatly exceeding growth across the soft drink market. The Kirin Group has taken the opportunity to offer new health value propositions, actively working on food for specified health uses and food with function claims. To help support the healthy lifestyles of customers, we have worked to create new value to meet their diversifying needs. By bringing together innovation that combines Kirin's unique ideas and technologies, and offering not only great taste but health benefits as well, we launched *Perfect Free*, a non-alcohol beer-taste beverage, and *Shokuji no Nama-cha*, an extension of the *Nama-cha* brand that has gained customer loyalty since its launch in 2000.

As a result, while Kirin Brewery Company, Limited and Kirin Beverage Company, Limited experienced increases in sales volumes and saw increased sales exceeding the previous year, factors such as increases in selling expenses caused reductions to overall operating income.

1. Kirin Brewery's Chitose Plant (Hokkaido), Sendai Plant, Toride Plant, Yokohama Plant, Nagoya Plant , Shiga Plant, Kobe Plant, Okayama Plant and Fukuoka Plant
2. RTD liquors are packaged low-alcohol beverages sold in a prepared "ready-to-drink" form.
3. Top market share for domestic sales in Spain according to research by IRI into domestic sales details in Spain in 2014

Japan Integrated Beverages Business 2015 second quarter results:	
Consolidated sales	¥ 547.6 billion, up 3.2%
Consolidated operating income	¥ 9.5 billion, down 31.1%

Overseas Integrated Beverages Business

While Lion's Beer, Spirits and Wine Business continued to bolster core brands in the higher value growth segments of the market, the business reported lower sales volumes overall in line with the total beer market decline. Despite the challenging market conditions, craft beers such as James Squire and Little Creatures performed very well. There have also been continuing efforts to reduce costs in the business as a whole. Lion's Beverages Business is on plan one year into its three year turnaround and remains focused on optimizing the performance of its supply chain and manufacturing footprint. The recent sale of the everyday cheese business* will enable further investment in the turnaround strategy. While overall sales volumes declined from the previous year, the focus on high value product categories are showing positive signs, with Dare iced coffee (a milk-based beverage) continuing its strong growth trajectory.

Brasil Kirin has implemented a detailed strategy adapted to the characteristics of each region, and measures to enhance its distribution network, as it continues building a robust competitive foundation in Brazil. On the other hand, while focusing on the efficient usage of selling expenses aimed at increasing profitability under the continuing tough competitive environment, with an accelerating economic slowdown in Brazil, the company's sales volumes declined greatly from the previous year.

Consequently, the Oceania Integrated Beverages Business saw a fall in overall sales but due to continued cost reductions in the Beer, Spirits and Wine Business, improvements in the profitability of the Beverages Business, and the early application of the Revision of the Accounting Standards regarding Business Combinations, operating income increased overall. Other Overseas Integrated Beverages Business experienced a decline in overall operating loss, though Brasil Kirin declined both sales and operating income, due to the decrease in sales volumes.

* Low price range cheese for daily consumption

Oceania Integrated Beverages Business 2015 second quarter results:

Consolidated sales	¥ 239.8 billion, down 3.4%
Consolidated operating income	¥ 28.6 billion, up 32.3%

Other overseas Integrated Beverages Business 2015 second quarter results:

Consolidated sales	¥ 96.0 billion, down 11.3%
Consolidated operating income	¥ (2.8 billion)

Pharmaceuticals and Bio-chemicals Business

In the Pharmaceuticals Business, domestic sales of the core product for Kyowa Hakko Kirin Co., Ltd., a long-acting erythropoiesis stimulating agent NESP®, have remained strong, and new drugs such as the long-acting G-CSF formula G-LASTA have also seen steady market penetration. On the other hand, the anti-allergy agent ALLELOCK® and other long-listed drugs declined from last year due to penetration of generic drugs. In addition, ProStrakan Group plc's core products expanded smoothly overseas, and with the influence of consolidated company Archimedes Pharma Limited from August of last year, sales were higher than those of the previous year.

In Bio-chemicals Business, for Kyowa Hakko Bio Company, Limited, while domestic sales of pharmaceutical amino acid and other drug substances were lower than those of the previous year, overall sales were higher than the previous year due to the increase in overseas sales of amino acid and other substances mainly in Europe and the US. In addition, a subsidiary of Kyowa Hakko Bio Company, Limited in Thailand has completed construction of its amino acid production plant, expanding its production system to meet expanding global demand for amino acid.

As a result, there was an increase in sales and operating income for pharmaceuticals business, and while there was an increase in sales for bio-chemicals business due to factors such as fluctuations in exchange rates, there was a reduction in operating income due to higher selling expenses. Overall, for Pharmaceuticals and Bio-Chemicals Business, both sales and operating income increased.

Pharmaceuticals and Bio-chemicals Business 2015 second quarter results:

Consolidated sales	¥ 174.3 billion, up 10.7%
Consolidated operating income	¥ 23.9 billion, up 21.9%

Other Businesses

Koiwai Dairy Product Company, Limited saw sales exceed the previous year due to the success of a category strategy focused on its flagship product *Koiwai Yogurt made from 100% fresh milk*. In addition, costs jumped due to revised pricing for milk but improvements to the product mix and other factors resulted in improved profitability.

As a result, sales and operating income of Koiwai Dairy Products increased, and both sales and operation income increased for other businesses as a whole.

Other Business 2015 second quarter results:

Consolidated sales	¥ 12.3 billion, up 6.4%
Consolidated operating income	¥ 1.8 billion, up 28.5%

(2) FINANCIAL POSITION

Total assets at the end of the current consolidated second quarter decreased 410.4 billion yen from the end of the previous consolidated fiscal year to 2.5553 trillion yen. This was due to increases in investment securities and other factors, and decreases in cash and deposits and notes, and accounts receivable, property, plant and equipment, intangible fixed assets and other factors.

Debt decreased 156.6 billion yen to 1.4735 trillion yen from the end of the previous consolidated fiscal year. The decrease was the result of decreases in interest-bearing debt, trade notes and accounts payable, liquor tax payable (current liabilities "others") and other factors.

Owing to such factors as decreased retained earnings, net assets decreased 253.8 billion yen from the end of the previous consolidated fiscal year to 1.0818 trillion yen.

(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 earnings forecast for year ended December 31, 2015

(Unit: Japanese yen (¥))

	Sales (¥ millions)	Operating income (¥ millions)	Ordinary income (¥ millions)	Net income (¥ millions)	Net income per share (¥)
Previous forecasts (A)	2,270,000	139,000	122,000	62,000	67.94
Revised (B)	2,220,000	139,000	128,000	67,000	73.42
Change (B-A)	(50,000)	—	6,000	5,000	—
Change (%)	(2.2)	—	4.9	8.1	—
Actual result for previous fiscal year	2,195,795	114,549	94,211	32,392	35.27

2. SUMMARY INFORMATION (NOTES)

(1) CHANGES IN SIGNIFICANT SUBSIDIARIES FOR THE SIX MONTHS ENDED JUNE 30, 2015

There are no matters to report under this item.

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

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

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

(Changes in accounting policies)
(Application of Accounting Standards regarding Business Combinations)
As the "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013; hereinafter the "Business Combinations Accounting Standard"), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013; hereinafter the "Consolidation Accounting Standard"), "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013; hereinafter the "Business Divestitures Accounting Standard") and other standards became applicable from the beginning of fiscal years commencing on or after April 1, 2014, these accounting standards (except for the provisions stated in article 39 of the Consolidation Accounting Standard) have been applied from the three months ended March 31, 2015. Accordingly, the accounting method has been changed such that the difference associated with changes in equity in subsidiaries remaining under the control of the Company is recorded as capital surplus, and acquisition-related costs are recorded as expenses for the fiscal year in which the costs are incurred. For business combinations implemented on or after January 1, 2015, the accounting method has been changed to reflect the adjustments to the allocated amount of acquisition costs on the finalization of provisional accounting treatment in the consolidated financial statements for the quarter containing the date of the business combinations.
In the consolidated statement of cash flows for the six months ended June 30, 2015, cash flows related to acquisition or sale of shares of subsidiaries not affecting the scope of consolidation are classified into "Cash flows from financing activities," while cash flows related to expenses arising from acquisition of shares of subsidiaries affecting the scope of consolidation or expenses arising from acquisition or sale of shares of subsidiaries not affecting the scope of consolidation are classified into "Cash flows from operating activities."
With respect to application of the Accounting Standards regarding Business Combinations, the transitional treatment as prescribed in article 58-2 (3) of the Business Combinations Accounting Standard, article 44-5 (3) of the Consolidation Accounting Standard and article 57-4 (3) of the Business Divestitures Accounting Standard was applied. The cumulative impact of the retroactive application of the new accounting policies over all past periods at January 1, 2015 was reflected in capital surplus and retained earnings.
As a result of this change, as of the beginning of the six months ended June 30, 2015, goodwill, capital surplus, retained earnings, foreign currency translation adjustments, and minority interests decreased by ¥263,906 million, ¥81,417 million, ¥143,232 million, ¥39,191 million, and ¥65 million, respectively. Additionally, operating income, ordinary income, and income before income taxes and minority interests for the six months ended June 30, 2015 all increased by ¥11,180million.

(Application of Accounting Standards regarding Retirement Benefits)
Effective from the three months ended March 31, 2015, the Company has applied the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012; hereinafter the "Standard") and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012; hereinafter the "Guidance"), in respect of the provisions stated in article 35 of the Standard and article 67 of the Guidance, whereby the method of calculating retirement benefit obligation and current service costs have been revised. Based on this revision, the method of attributing expected retirement benefits to periods has been changed from the straight-line basis to the benefit formula basis, while the method of determining discount rates has been changed from the method based on the average period until the expected timing of retirement benefits payment to the method using a single weighted average discount rate reflecting the period up to the expected timing of retirement benefits payment and the

amount of retirement benefits payment for each period.
With respect to application of the Standard and the Guidance, the transitional treatment as prescribed in article 37 of the Standard was applied. As of January 1, 2015, the effect of the change in the method of calculating retirement benefit obligation and current service costs was reflected in retained earnings.
As a result of this change, as of January 1, 2015, net defined benefit asset decreased by ¥328 million, net defined benefit liability increased by ¥6,160 million and retained earnings decreased by ¥4,465 million.
The effect of this change on operating income, ordinary income, and income before income taxes and minority interests for the six months ended June 30, 2015 is immaterial.
As the effect of this change on segment information is immaterial, such disclosure is omitted.

(Changes in accounting policies which are difficult to distinguish from changes in accounting estimates)
(Changes in depreciation method for property, plant and equipment)
With respect to the depreciation method for property, plant and equipment, the Company's consolidated subsidiary, Kyowa Hakko Kirin Co., Ltd. and its consolidated domestic subsidiaries had previously adopted the declining-balance method except for buildings (excluding building fixtures) acquired on or after April 1, 1998, which were depreciated using the straight-line method. However, starting from the three months ended March 31, 2015, the method has been changed to the straight-line method.
This consolidated subsidiary group conducted a review of its depreciation method in conjunction with the completion of a considerable part of the capital investments in the large-scale new manufacturing facilities in line with the reorganization of manufacturing sites based on the "Basic Production Strategy" (formulated in 2009, pharmaceuticals business) and the "Reorganization Plan of Yamaguchi Production Center" (formulated in 2010, bio-chemicals business).
In the pharmaceuticals business, the Company anticipates stable operation of manufacturing facilities as it expects long-term steady manufacturing due to improved efficiency as a result of the concentration of manufacturing sites through the reorganization, further progress in automation of manufacturing facilities and the outsourcing of smaller volume products, as well as the effect of recently-launched new drugs and others. Furthermore, in terms of research and development, the Company anticipates stable operation of research and development facilities as a result of efforts to reduce the uncertainty risk of research and development by introducing drug-discovery technologies at the early stages of development in addition to the promotion of proprietary drug-discovery research.
In the bio-chemicals business, the Company anticipates stable operation of manufacturing facilities in conjunction with the multi-purpose plant and the acceleration of automation, which will enable the manufacturing of multiple products.
The Company, upon comprehensively taking into account the above factors, has determined that the allocation of costs through depreciation over the useful life on a straight-line basis starting from the three months ended March 31, 2015 at the consolidated subsidiary group would better reflect the actual conditions. As a result of this change, for the six months ended June 30, 2015, operating income increased by ¥824 million, and ordinary income and income before income taxes and minority interests increased by ¥847 million.

3. CONSOLIDATED FINANCIAL STATEMENTS
(1) CONSOLIDATED BALANCE SHEETS

(¥ millions)

	As of December 31, 2014	As of June 30, 2015
ASSETS		
Current assets		
Cash and time deposits	49,450	27,746
Notes and accounts receivable, trade	408,709	353,397
Merchandise and finished goods	161,391	161,794
Work in process	35,670	27,336
Raw materials and supplies	49,203	48,981
Other	101,025	92,598
Allowance for doubtful accounts	(3,620)	(3,725)
Total current assets	801,830	708,129
Non-current assets		
Property, plant and equipment (Net of accumulated depreciation and accumulated loss on impairment)	798,398	768,300
Intangible assets		
Goodwill	642,470	350,116
Other	206,886	198,682
Total	849,356	548,799
Investments and other assets		
Investment securities	403,467	431,650
Net defined benefit asset	6,830	7,632
Other	111,229	96,160
Allowance for doubtful accounts	(5,243)	(5,298)
Total	516,283	530,145
Total non-current assets	2,164,038	1,847,245
Total assets	2,965,868	2,555,375

(¥ millions)

	As of December 31, 2014	As of June 30, 2015
LIABILITIES		
Current liabilities		
Notes and accounts payable, trade	160,106	132,616
Short-term loans payable and long-term debt with current maturities	99,096	124,977
Commercial paper	83,994	53,996
Bonds due within one year	51,832	24,179
Income taxes payable	12,154	16,670
Reserves	7,577	7,065
Other	369,909	283,562
Total current liabilities	784,671	643,068
Non-current liabilities		
Bonds	209,988	225,001
Long-term debt	359,012	345,240
Reserve for loss on litigation	25,116	22,469
Other reserves	8,130	7,807
Net defined benefit liability	60,483	58,598
Other	182,754	171,347
Total non-current liabilities	845,485	830,464
Total liabilities	1,630,157	1,473,532
NET ASSETS		
Shareholders' equity		
Common stock	102,045	102,045
Capital surplus	81,417	–
Retained earnings	848,381	643,635
Treasury stock, at cost	(74,797)	(2,087)
Total shareholders' equity	957,047	743,593
Accumulated other comprehensive income		
Net unrealized gains on securities	49,556	68,628
Deferred gains or losses on hedges	827	1,615
Land revaluation difference	(2,140)	(2,020)
Foreign currency translation adjustments	110,259	42,719
Remeasurements of defined benefit plans	(13,716)	(12,445)
Total accumulated other comprehensive income	144,786	98,496
Subscription rights to shares	332	367
Minority interests	233,544	239,384
Total net assets	1,335,711	1,081,842
Total liabilities and net assets	2,965,868	2,555,375

(2) CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

CONSOLIDATED STATEMENTS OF INCOME

(¥ millions)

	Six months ended June 30, 2014	Six months ended June 30, 2015
Sales	1,056,276	1,070,250
Cost of sales	604,555	604,351
Gross profit	451,721	465,899
Selling, general and administrative expenses	401,469	407,944
Operating income	50,251	57,954
Non-operating income		
Interest income	1,694	2,152
Dividend income	1,391	1,457
Equity in earnings of affiliates	2,893	5,607
Other	3,948	4,334
Total	9,927	13,551
Non-operating expenses		
Interest expense	9,888	10,072
Other	5,182	4,146
Total	15,071	14,219
Ordinary income	45,107	57,287
Special income		
Gain on sale of property, plant and equipment and intangible assets	1,076	12,619
Gain on sale of investment securities	132	100
Other	436	1,269
Total	1,645	13,988
Special expenses		
Loss on disposal of property, plant and equipment and intangible assets	1,322	988
Loss on sale of property, plant and equipment and intangible assets	320	342
Loss on impairment	–	3,435
Loss on devaluation of investment securities	16	34
Loss on sale of investment securities	21	–
Business restructuring expense	4,102	1,564
Other	1,182	1,675
Total	6,966	8,040
Income before income taxes and minority interests	39,786	63,235
Income taxes	18,812	23,195
Income before minority interests	20,974	40,040
Minority interests	6,930	6,910
Net income	14,043	33,129

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(¥ millions)

	Six months ended June 30, 2014	Six months ended June 30, 2015
Income before minority interests	20,974	40,040
Other comprehensive income		
Net unrealized gains on securities	(3,863)	20,135
Deferred gains or losses on hedges	(442)	788
Land revaluation difference	–	119
Foreign currency translation adjustments	31,463	(33,560)
Remeasurements of defined benefit plans	–	1,053
Share of other comprehensive income of entities accounted for by the equity method	1,007	6,622
Total other comprehensive income	28,165	(4,841)
Comprehensive income	49,139	35,198
Comprehensive income attributable to:		
Owners of the parent	43,385	26,099
Minority interests	5,753	9,098

(3) CONSOLIDATED STATEMENTS OF CASH FLOWS

(¥ millions)

	Six months ended June 30, 2014	Six months ended June 30, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	39,786	63,235
Depreciation and amortization	47,187	46,719
Loss on impairment	–	3,435
Amortization of goodwill	24,279	14,132
Contribution to retirement benefit trust	(19,000)	–
Interest and dividend income	(3,085)	(3,609)
Equity in losses (earnings) of affiliates	(2,893)	(5,607)
Interest expense	9,888	10,072
Gain on sale of property, plant and equipment and intangible assets	(1,076)	(12,619)
Loss on disposal and sale of property, plant and equipment and intangible assets	1,107	1,155
Gain on sale of investment securities	(132)	(100)
Decrease (increase) in notes and accounts receivable, trade	60,038	48,656
Decrease (increase) in inventories	(16,838)	(9,059)
Increase (decrease) in notes and accounts payable, trade	(14,655)	(23,094)
Increase (decrease) in liquor taxes payable	(31,059)	(25,799)
Increase (decrease) in consumption taxes payable	(7,513)	(18,902)
Increase (decrease) in deposits received	(10,791)	(20,839)
Other	(12,411)	(18,868)
Sub-total	62,829	48,905
Interest and dividends received	7,205	8,860
Interest paid	(7,716)	(6,770)
Income taxes paid	(25,106)	(2,056)
Net cash provided by (used in) operating activities	37,211	48,938
Cash flows from investing activities		
Payment for purchases of property, plant and equipment and intangible assets	(61,477)	(35,058)
Proceeds from sale of property, plant and equipment and intangible assets	3,158	19,170
Payment for acquisition of marketable securities and investment securities	(8,153)	(5,742)
Proceeds from sale and redemption of marketable securities and investment securities	373	4,150
Payment for purchases of shares of subsidiaries	(67)	–
Other	1,396	704
Net cash provided by (used in) investing activities	(64,770)	(16,774)

(¥ millions)

	Six months ended June 30, 2014	Six months ended June 30, 2015
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	22,930	418
Increase (decrease) in commercial paper	12,999	(29,997)
Proceeds from long-term debt	42,955	52,869
Repayment of long-term debt	(81,667)	(37,048)
Proceeds from issuance of bonds	–	15,000
Payment for redemption of bonds	–	(30,000)
Payment for acquisition of treasury stock	(19,757)	(48)
Cash dividends paid	(16,728)	(17,338)
Cash dividends paid to minority shareholders	(3,304)	(3,264)
Other	(711)	(274)
Net cash provided by (used in) financing activities	(43,282)	(49,683)
Effect of exchange rate changes on cash and cash equivalents	(272)	(3,335)
Net increase (decrease) in cash and cash equivalents	(71,113)	(20,855)
Cash and cash equivalents at beginning of year	105,472	40,730
Net increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	–	(197)
Cash and cash equivalents at end of period	34,358	19,677

(4) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(GOING CONCERN ASSUMPTION)

There are no matters to report under this item.

(SIGNIFICANT CHANGES IN SHAREHOLDERS' EQUITY)

Effective from the three months ended March 31, 2015, the Company has applied the Accounting Standards regarding Retirement Benefits and the Accounting Standards regarding Business Combinations. The effect of the application of these standards is described in "(Changes in accounting policies) in 2. SUMMARY INFORMATION (NOTES), (3) CHANGES IN ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES, AND RESTATEMENTS." The Company retired 51,000,000 shares of treasury stock based on the resolution of the Board of Directors of the Company on February 12, 2015. As a result of this retirement, retained earnings and treasury stock both decreased by ¥72,726 million during the six months ended June 30, 2015.

(SEGMENT INFORMATION)

I. 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						Amount recorded in the quarterly consolidated statements of income (Note 3)
	Integrated Beverages			Pharmaceuticals and Bio-chemicals	Others (Note 1)	Adjustment (Note 2)	
	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.

II. Six months ended June 30, 2015

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

(¥ millions)

	Six months ended June 30, 2015						
	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	547,636	239,854	96,069	174,382	12,307	–	1,070,250
Inter-segment	1,292	61	133	4,454	523	(6,466)	–
Total sales	548,929	239,916	96,203	178,837	12,830	(6,466)	1,070,250
Segment income (loss)	9,586	28,663	(2,851)	23,995	1,866	(3,305)	57,954

Notes

1. “Others” includes food business, such as dairy products, and others.
2. The negative ¥3,305 million adjustment in segment income (loss) includes ¥311 million in inter-segment eliminations and negative ¥3,617 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 regarding loss on impairment of non-current assets, goodwill and others by reportable segment

(Significant changes in goodwill)

As noted in “(Changes in accounting policies) in 2. SUMMARY INFORMATION (NOTES), (3) CHANGES IN ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES, AND RESTATEMENTS,” the Company has applied the Accounting Standards regarding Business Combinations, in compliance with the transitional treatment as prescribed in article 58-2 (3) of the Business Combinations Accounting Standard, article 44-5 (3) of the Consolidation Accounting Standard and article 57-4 (3) of the Business Divestitures Accounting Standard.
As a result, goodwill decreased by ¥25,883 million, ¥229,480 million, ¥3,489 million and ¥5,053 million in the “Integrated Beverages-Japan” segment, the “Integrated Beverages-Oceania” segment, the “Integrated Beverages-Overseas-other” segment and the “Pharmaceuticals and Bio-chemicals” segment, respectively at January 1, 2015.

3. Changes in basis of measurement of income or loss by reportable segment

(Application of Accounting Standards regarding Business Combinations)

As noted in “(Changes in accounting policies) in 2. SUMMARY INFORMATION (NOTES), (3) CHANGES IN ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES, AND RESTATEMENTS,” the Company has applied the Accounting Standards regarding Business Combinations, in compliance with transitional treatment as prescribed in article 58-2 (3) of the Business Combinations Accounting Standard, article 44-5 (3) of the Consolidated Accounting Standard and article 57-4 (3) of the Business Divestitures Accounting Standard.
As a result, as compared to the amounts calculated by the previous method, segment income for the six months ended June 30, 2015 increased by ¥1,119 million, ¥9,542 million, ¥122 million and ¥396 million in the “Integrated Beverages-Japan” segment, the “Integrated Beverages-Oceania” segment, the “Integrated Beverages-Overseas-other” segment and the “Pharmaceuticals and Bio-chemicals” segment, respectively.

(Changes in depreciation method for property, plant and equipment)

As noted in “(Changes in accounting policies which are difficult to distinguish from changes in accounting estimates) in 2. SUMMARY INFORMATION (NOTES), (3) CHANGES IN ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES, AND RESTATEMENTS,” with respect to the depreciation method for property, plant and equipment, the Company’s consolidated subsidiary, Kyowa Hakko Kirin Co., Ltd. and its consolidated domestic subsidiaries had previously adopted the declining-balance method except for buildings (excluding building fixtures) acquired on or after April 1, 1998, which were depreciated using the straight-line method. However, starting from the three months ended March 31, 2015, the method has been changed to the straight-line method.

As a result of this change, as compared to the amounts calculated by the previous method, segment income for the six months ended June 30, 2015 increased by ¥824 million in the “Pharmaceuticals and Bio-chemicals” segment.

(ADDITIONAL INFORMATION)

(Impact of change in corporation tax rate)

Following the promulgation of the “Partial Revision of Income Tax Act, etc.” (Act No. 9 of 2015) on March 31, 2015, the statutory tax rate will be lowered in stages from the fiscal years beginning on or after April 1, 2015. As a result of this change, during the six months ended June 30, 2015, corporate tax receivable (Current assets ”Other”) and deferred tax liability decreased by ¥1,099 million and ¥4,158 million, respectively. Additionally, income taxes, income taxes payable, net unrealized gains on securities, and remeasurements of defined benefit plans increased by ¥571 million, ¥801 million, 3,310 million, and ¥482 million, respectively. In addition, deferred tax liability related to revaluation and land revaluation difference both decreased by ¥119 million.

Supplementary Documents to the Consolidated Financial Statements for the Six Months Ended June 30, 2015

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 5, 2015

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

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

(¥ billions)

	Six months ended June 30, 2015, Actual	Six months ended June 30, 2014, Actual	Increase (decrease)	
Sales	1,070.2	1,056.2	13.9	1.3%
Gross profit	465.8	451.7	14.1	3.1%
Selling, general and administrative expenses	407.9	401.4	6.4	1.6%
Operating income	57.9	50.2	7.7	15.3%
Non-operating income	13.5	9.9	3.6	36.5%
Non-operating expenses	14.2	15.0	(0.8)	(5.7%)
Ordinary income	57.2	45.1	12.1	27.0%
Special income	13.9	1.6	12.3	750.1%
Special expenses	8.0	6.9	1.0	15.4%
Income before income taxes and minority interests	63.2	39.7	23.4	58.9%
Income taxes	23.1	18.8	4.3	23.3%
Minority interests	6.9	6.9	(0.0)	(0.3%)
Net income	33.1	14.0	19.0	135.9%
Normalized EBITDA	124.8	126.5	(1.6)	(1.3%)
Normalized EPS	¥57	¥54	¥3	5.6%
Sales (Excluding liquor tax)	930.7	920.0	10.6	1.2%
Operating income (Prior to amortization of goodwill etc.)	75.4	78.1	(2.7)	(3.5%)
Operating income ratio (Excluding liquor tax, prior to amortization of goodwill etc.)	8.1%	8.5%		

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

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

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

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

(¥)

	Six months ended June 30, 2015, Actual	Six months ended June 30, 2014, Actual
Lion (AUD)	95.42	92.88
Brasil Kirin (BRL)	40.25	44.82

	Six months ended June 30, 2015, Actual	Six months ended June 30, 2014, Actual
Lion	From October 2014 to March 2015	From October 2013 to March 2014
San Miguel Brewery		

2. Sales Details

(¥ billions)

	Six months ended June 30, 2015, Actual	Six months ended June 30, 2014, Actual	Increase (decrease)	
Sales	1,070.2	1,056.2	13.9	1.3%
Japan Integrated Beverages	547.6	530.5	17.0	3.2%
Kirin Brewery *	325.0	317.7	7.2	2.3%
Kirin Beverage	169.9	161.4	8.4	5.2%
Mercian	32.5	32.4	0.0	0.1%
Other and elimination	20.1	18.8	1.2	6.8%
Overseas Integrated Beverages	335.9	356.6	(20.6)	(5.8%)
Lion	239.9	248.3	(8.4)	(3.4%)
Brasil Kirin	71.8	88.3	(16.4)	(18.7%)
Other and elimination	24.1	19.9	4.2	21.4%
Pharmaceuticals and Bio-chemicals	174.3	157.5	16.8	10.7%
Kyowa Hakko Kirin	178.8	161.8	16.9	10.5%
Pharmaceutical	134.9	118.9	15.9	13.4%
Bio-chemical	43.9	42.9	0.9	2.3%
Other and elimination	(4.4)	(4.3)	(0.0)	–
Other	12.3	11.5	0.7	6.4%

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

(Reference) Sales excluding liquor tax

(¥ billions)

	Six months ended June 30, 2015, Actual	Six months ended June 30, 2014, Actual
Kirin Brewery	191.2	187.0

3. Profit Details

(1) Operating Income

(¥ billions)

	Six months ended June 30, 2015, Actual	Six months ended June 30, 2014, Actual	Increase (decrease)
Operating income	57.9	50.2	7.7
Japan Integrated Beverages	9.5	13.9	(4.3)
Kirin Brewery *	23.1	25.8	(2.7)
Kirin Beverage *	(3.4)	(0.3)	(3.0)
Mercian *	0.2	0.3	(0.0)
Others **	(10.3)	(10.9)	0.5
Total		14.9	
Amortization of goodwill	–	(0.9)	0.9
Overseas Integrated Beverages	25.8	18.5	7.3
Lion (consolidated after reclassification)	36.8	39.0	(2.2)
Amortization of goodwill	(6.2)	(15.3)	9.1
Brand amortization	(1.9)	(2.0)	0.1
Total	28.6	21.6	7.0
Brasil Kirin (consolidated after reclassification)	(0.6)	0.2	(0.9)
Amortization of goodwill	(2.3)	(2.6)	0.2
Brand amortization	(1.4)	(1.5)	0.1
Total	(4.4)	(3.9)	(0.5)
Others	1.5	0.7	0.8
Pharmaceuticals and Bio-chemicals	23.9	19.6	4.3
Kyowa Hakko Kirin (consolidated after reclassification)	23.9	19.6	4.3
Pharmaceutical	18.5	14.1	4.3
Bio-chemical	3.9	4.2	(0.2)
Other/elimination of amortization of goodwill	4.5	4.3	0.1
Amortization of goodwill	(3.0)	(3.1)	0.0
Other	1.8	1.4	0.4
Corporate expenses/inter-segment eliminations	(3.3)	(3.3)	0.0

* Effective from the fiscal year ending December 31, 2015, figures presented are before deducting management fee paid to the holding company. (The figures for the previous fiscal year are reclassified accordingly.)

** Including expenses of the holding company and income (loss) of other subsidiaries.

Operating income breakdown

(¥ billions)

Company name	Major factors	Increase (decrease)	Description
Kirin Brewery	Increase in marginal profit of alcohol beverages	2.3	Sales increase in beer 3 thousand KL, 0.3 Sales increase in *happo-shu* 9 thousand KL, 0.9 Sales decrease in new genre (3) thousand KL, (0.4) Sales increase in RTD 14 thousand KL, 1.3 Difference of change in products mix, etc.
	Increase in raw material cost of alcohol beverages	(1.1)	Increase in material cost (1.5), Decrease in wrapping material cost 0.3
	Increase in selling expenses	(6.7)	Increase in sales promotion and advertising (6.5), etc. (Beer, *happo-shu* and new genre (4.8), RTD (1.3), etc.)
	Decrease in other expenses	2.8	Decrease in labor cost 1.5, Decrease in depreciation 1.0, Decrease in repair expenses 0.6, etc.
Total		(2.7)	
Kirin Beverage	Difference in volume of sales	6.8	Increase in sales volume 6,550 thousand cases
	Decrease in raw material cost, etc.	0.6	Increase in material cost (0.9), Decrease in wrapping material cost 0.4, Decrease in processing cost 1.1
	Decrease due in change of composition ratio of containers, etc.	(1.9)	
	Increase in selling expenses	(8.7)	Increase in sales promotion and advertising (7.9), Increase in freight (0.7)
	Other expenses	0.0	
Total		(3.0)	

Major operating expenses

(¥ billions)

		Six months ended June 30, 2015, Actual	Six months ended June 30, 2014, Actual
Sales promotion		113.1	96.7
Advertising		38.8	45.3
Kirin Brewery	Sales promotion	30.9	24.3
	Advertising	16.3	16.5
Kirin Beverage	Sales promotion	59.4	52.7
	Advertising	6.4	5.2
Research and development		28.5	26.3
Kyowa Hakko Kirin (excluding internal transaction)		23.7	21.4

(2) Ordinary Income and Net Income

(¥ billions)

	Six months ended June 30, 2015, Actual	Six months ended June 30, 2014, Actual	Increase (decrease)	Description of changes
Non-operating income and expenses	(0.6)	(5.1)	4.4	
Financial profit or loss, net	(6.4)	(6.8)	0.3	
Equity in earnings or losses of affiliates	5.6	2.8	2.7	
San Miguel Brewery	4.9	2.8	2.0	Equity in earnings or losses of local affiliates 2.2, etc.
Others	0.6	0.0	0.6	Kirin-Amgen, Inc. 0.5, etc.
Foreign exchange gains and losses	(1.8)	(0.7)	(1.1)	
Other	2.0	(0.5)	2.5	
Ordinary income	57.2	45.1	12.1	
Special income and expenses	5.9	(5.3)	11.2	
Special income	13.9	1.6	12.3	
Gain on sale of property, plant and equipment and intangible assets	12.6	1.0	11.5	
Gain on sale of investment securities	0.1	0.1	(0.0)	
Other	1.2	0.4	0.8	
Special expenses	(8.0)	(6.9)	(1.0)	
Loss on disposal of property, plant and equipment and intangible assets	(0.9)	(1.3)	0.3	
Loss on sale of property, plant and equipment and intangible assets	(0.3)	(0.3)	(0.0)	
Loss on impairment	(3.4)	–	(3.4)	
Loss on devaluation of investment securities	(0.0)	(0.0)	(0.0)	
Loss on sale of investment securities	–	(0.0)	0.0	
Business restructuring expense	(1.5)	(4.1)	2.5	
Other	(1.6)	(1.1)	(0.4)	
Income taxes	(23.1)	(18.8)	(4.3)	
Minority interests	(6.9)	(6.9)	0.0	
Net income	33.1	14.0	19.0	

4. Summary of Consolidated Balance Sheets

(¥ billions)

	As of June 30, 2015	As of December 31, 2014	Increase (decrease)	Description of changes
Current assets	708.1	801.8	(93.7)	
Cash and time deposits	27.7	49.4	(21.7)	
Notes and accounts receivable, trade	353.3	408.7	(55.3)	Decrease due to the year-end of previous year being a bank holiday, etc.
Inventories	238.1	246.2	(8.1)	
Other	88.8	97.4	(8.5)	
Non-current assets	1,847.2	2,164.0	(316.7)	
Property, plant and equipment	768.3	798.3	(30.0)	Decrease due to the influence of exchange rate changes in evaluation of foreign subsidiaries, etc.
Intangible assets	548.7	849.3	(300.5)	
Goodwill	350.1	642.4	(292.3)	Decrease due to application of new accounting standards, etc.
Other	198.6	206.8	(8.2)	
Investments and other assets	530.1	516.2	13.8	
Total assets	2,555.3	2,965.8	(410.4)	
Current liabilities	643.0	784.6	(141.6)	
Notes and accounts payable, trade	132.6	160.1	(27.4)	Decrease due to raw material purchasing, etc.
Interest-bearing debt	203.1	234.9	(31.7)	Decrease due to redemption of bonds and commercial paper and increase due to replacement of long-term debt with short-term debt, etc.
Other	307.2	389.6	(82.3)	Decrease in liquor taxes payable due to the year-end of previous year being a bank holiday, etc.
Non-current liabilities	830.4	845.4	(15.0)	
Interest-bearing debt	570.2	569.0	1.2	
Other	260.2	276.4	(16.2)	
Total liabilities	1,473.5	1,630.1	(156.6)	
Shareholders' equity	743.5	957.0	(213.4)	Decrease due to application of new accounting standards, etc.
Accumulated other comprehensive income	98.4	144.7	(46.2)	Decrease in foreign currency transaction adjustments due to exchange rate changes, etc.
Subscription rights to shares	0.3	0.3	0.0	
Minority interests	239.3	233.5	5.8	
Total net assets	1,081.8	1,335.7	(253.8)	
Total liabilities and net assets	2,555.3	2,965.8	(410.4)	

5. Summary of Consolidated Statements of Cash Flows

(1) Summary of Statements of Cash Flows

(¥ billions)

	Six months ended June 30, 2015, Actual	Six months ended June 30, 2014, Actual	Increase (decrease)
Cash flows from operating activities	48.9	37.2	11.7
Income before income taxes and minority interests	63.2	39.7	23.4
Depreciation and amortization	46.7	47.1	(0.4)
Amortization of goodwill	14.1	24.2	(10.1)
Other	(75.1)	(74.0)	(1.1)
Cash flows from investing activities	(16.7)	(64.7)	47.9
Capital expenditures	(35.0)	(61.4)	26.4
Other	18.2	(3.2)	21.5
Cash flows from financing activities	(49.6)	(43.2)	(6.4)
Increase (decrease) in interest-bearing debt	(28.7)	(2.7)	(25.9)
Cash dividends paid	(20.6)	(20.0)	(0.5)
Other	(0.3)	(20.4)	20.1
Translation adjustments	(3.3)	(0.2)	(3.0)
Net decrease in cash and cash equivalents	(20.8)	(71.1)	50.2

(2) Information by Segment

Six months ended June 30, 2015, Actual

(¥ billions)

	Japan Integrated Beverages	Overseas Integrated Beverages	Pharmaceuticals and Bio-chemicals	Other	Adjustment	Total
Depreciation and amortization (including brand amortization)	16.0	18.6	11.2	0.6	0.1	46.7
Amortization of goodwill	0.1	8.8	5.1	–	–	14.1
Capital expenditures	12.5	12.0	8.7	0.2	1.4	35.0
Normalized EBITDA	25.7	59.3	40.3	2.5	(3.2)	124.8

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

6. Other Information

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

Six months ended June 30, 2015, Actual

<Consolidated subsidiaries>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated net income
Kyowa Hakko Kirin	178.8	22.4	20.2	9.5	5.0
Elimination of amortization of goodwill		4.6	4.6	4.6	2.4
Amortization of goodwill		(3.0)	(3.0)	(3.0)	(3.0)
Total included in consolidation	178.8	23.9	21.8	11.0	4.3

<Equity-method affiliates>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated net income
San Miguel Brewery	111.0	31.7	28.8	18.8	9.1
Equity in earnings or losses of local affiliates			9.1	9.1	9.1
Brand amortization			(1.1)	(1.1)	(1.1)
Amortization of goodwill			(3.0)	(3.0)	(3.0)
Total included in consolidation			4.9	4.9	4.9

(2) Sales Details of Major Business Companies

a. Kirin Brewery

	Six months ended June 30, 2015		Six months ended June 30, 2014	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL		Thousand KL	
Beer	292	1.1%	289	(3.2%)
Happo-shu	239	3.8%	230	(6.9%)
New genre	301	(0.9%)	304	(9.2%)
Sub-total	833	1.1%	824	(6.5%)
RTD	130	11.6%	116	15.1%
Non-alcohol beverages	12	(7.9%)	13	(26.6%)
Breakdown of sales	¥ billions		¥ billions	
Beer	121.5	1.2%	120.0	(3.1%)
Happo-shu	72.7	3.6%	70.2	(6.9%)
New genre	78.9	(1.4%)	80.0	(9.1%)
Sub-total	273.1	1.1%	270.2	(5.9%)
RTD	36.0	11.7%	32.3	15.9%
Whiskey and Spirits, etc.	15.8	4.7%	15.0	(18.0%)
Total sales	325.0	2.3%	317.7	(4.8%)

The above sales volume excludes contract manufacturing and exports.

b. Kirin Beverage Group

	Six months ended June 30, 2015		Six months ended June 30, 2014	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Category	10,000 cases		10,000 cases	
Black tea	2,198	(0.2%)	2,202	1.2%
Japanese tea	942	0.4%	938	1.0%
Coffee	1,415	(0.4%)	1,421	(0.1%)
Fruit and vegetable juice	1,272	10.4%	1,152	1.6%
Carbonated beverage	1,089	55.8%	699	0.1%
Functional beverage	339	8.0%	314	(6.3%)
Water	1,766	11.7%	1,581	0.4%
Other	889	(6.2%)	948	16.2%
Total	9,910	7.1%	9,255	1.9%
Container Type				
Can	1,754	3.4%	1,696	(3.9%)
Large-sized PET bottles (2L, 1.5L, etc.)	3,165	11.2%	2,845	5.7%
Small-sized PET bottles (500ml, 280ml, etc.)	3,947	5.8%	3,729	2.0%
Other	1,044	6.0%	985	1.4%
Total	9,910	7.1%	9,255	1.9%

Supplementary Documents to the Forecast Consolidated Business Results for the Fiscal Year Ending December 31, 2015

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 5, 2015

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

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

(¥ billions)

	Fiscal year ending December 31, 2015, Revised forecast	Fiscal year ended December 31, 2014, Actual	Increase (decrease)		Fiscal year ending December 31, 2015, First quarter forecast	Increase (decrease)
Sales	2,220.0	2,195.7	24.2	1.1%	2,270.0	(50.0)
Operating income	139.0	114.5	24.4	21.3%	139.0	–
Non-operating income and expenses	(11.0)	(20.3)	9.3	–	(17.0)	6.0
Financial profit or loss, net	(14.0)	(17.9)	3.9	–	(15.5)	1.5
Equity in earnings or losses of affiliates	4.5	2.9	1.5	53.8%	1.6	2.8
Ordinary income	128.0	94.2	33.7	35.9%	122.0	6.0
Special income and expenses	3.0	(16.3)	19.3	–	(4.0)	7.0
Income before income taxes and minority interests	131.0	77.8	53.1	68.2%	118.0	13.0
Income taxes	47.0	33.0	13.9	42.3%	42.5	4.5
Minority interests	17.0	12.4	4.5	36.7%	13.4	3.5
Net income	67.0	32.3	34.6	106.8%	62.0	5.0
Normalized EBITDA	273.0	273.1	(0.1)	(0.1%)	276.0	(3.0)
Normalized EPS	¥120	¥118	¥2	1.7%	¥121	(¥1)
Sales (Excluding liquor tax)	1,913.0	1,894.4	18.5	1.0%	1,963.0	(50.0)
Operating income (Prior to amortization of goodwill etc.)	173.1	171.5	1.6	0.9%	175.2	(2.0)
Operating income ratio (Excluding liquor tax, prior to amortization of goodwill etc.)	9.1%	9.1%			8.9%	
ROE (Prior to amortization of goodwill etc.)	12.8%	8.6%			11.9%	
Normalized ROE	12.4%	9.5%			12.0%	
Net interest-bearing debt / Normalized EBITDA	2.53	2.76			2.57	

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, 2015, Revised forecast	Fiscal year ended December 31, 2014, Actual	Fiscal year ending December 31, 2015, First quarter forecast
Lion (AUD)	93.00	94.24	97.00
Brasil Kirin (BRL)	39.00	45.13	46.00

	Fiscal year ending December 31, 2015, Revised forecast	Fiscal year ended December 31, 2014, Actual
Lion	From October 2014 to September 2015	From October 2013 to September 2014
San Miguel Brewery		

2. Sales Details

(¥ billions)

	Fiscal year ending December 31, 2015, Revised forecast	Fiscal year ended December 31, 2014, Actual	Increase (decrease)		Fiscal year ending December 31, 2015, First quarter forecast	Increase (decrease)
Sales	2,220.0	2,195.7	24.2	1.1%	2,270.0	(50.0)
Japan Integrated Beverages	1,190.0	1,152.9	37.0	3.2%	1,190.0	–
Kirin Brewery *	711.3	698.7	12.6	1.8%	712.1	(0.7)
Kirin Beverage	368.3	345.7	22.6	6.6%	370.1	(1.7)
Mercian	69.4	69.1	0.2	0.4%	70.4	(1.0)
Other and elimination	40.7	39.3	1.3	3.5%	37.2	3.5
Overseas Integrated Beverages	654.0	693.1	(39.1)	(5.7%)	710.0	(56.0)
Lion	442.5	470.2	(27.6)	(5.9%)	470.9	(28.3)
Brasil Kirin	162.2	179.9	(17.7)	(9.9%)	198.1	(35.9)
Other and elimination	49.2	42.9	6.2	14.5%	40.8	8.3
Pharmaceuticals and Bio-chemicals	351.0	325.1	25.8	8.0%	346.0	5.0
Kyowa Hakko Kirin	360.0	333.4	26.5	8.0%	354.0	6.0
Pharmaceutical	275.0	251.8	23.1	9.2%	269.0	6.0
Bio-chemical	85.0	81.5	3.4	4.2%	85.0	–
Other and elimination	(9.0)	(8.2)	(0.7)	–	(8.0)	(1.0)
Other	25.0	24.5	0.4	2.0%	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, 2015, Revised forecast	Fiscal year ended December 31, 2014, Actual	Fiscal year ending December 31, 2015, First quarter forecast
Kirin Brewery	418.0	409.0	419.0

3. Profit Details

(¥ billions)

	Fiscal year ending December 31, 2015, Revised forecast	Fiscal year ended December 31, 2014, Actual	Increase (decrease)	Fiscal year ending December 31, 2015, First quarter forecast	Increase (decrease)
Operating income	139.0	114.5	24.4	139.0	–
Japan Integrated Beverages	42.0	48.1	(6.1)	40.0	2.0
Kirin Brewery *	58.9	66.4	(7.5)	57.1	1.8
Kirin Beverage *	6.9	5.3	1.5	6.9	–
Mercian *	1.4	1.4	(0.0)	1.4	–
Others **	(25.2)	(23.0)	(2.2)	(25.4)	0.1
Total		50.1			
Amortization of goodwill	–	(1.9)	1.9	–	–
Overseas Integrated Beverages	51.0	31.2	19.7	58.0	(7.0)
Lion (consolidated after reclassification)	63.8	62.9	9	66.6	(2.7)
Amortization of goodwill	(12.1)	(31.1)	19.0	(12.6)	0.5
Brand amortization	(3.7)	(4.1)	0.4	(3.9)	0.2
Total	47.9	27.5	20.4	50.0	(2.0)
Brasil Kirin (consolidated after reclassification)	7.3	9.9	(2.6)	14.3	(7.0)
Amortization of goodwill	(4.5)	(5.3)	0.7	(5.3)	0.8
Brand amortization	(2.7)	(3.1)	0.4	(3.2)	0.4
Total	0.0	1.4	(1.4)	5.7	(5.7)
Others	2.9	2.2	0.7	2.2	0.7
Pharmaceuticals and Bio-chemicals	50.0	38.8	11.1	45.0	5.0
Kyowa Hakko Kirin (consolidated after reclassification)	50.0	38.8	11.1	45.0	5.0
Pharmaceutical	38.5	29.0	9.4	32.0	6.5
Bio-chemical	8.5	7.2	1.2	9.5	(1.0)
Other/elimination of amortization of goodwill	9.1	8.7	0.3	9.2	(0.0)
Amortization of goodwill	(6.1)	(6.2)	0.0	(5.7)	(0.4)
Other	3.0	3.0	(0.0)	3.0	–
Corporate expenses/inter-segment eliminations	(7.0)	(6.8)	(0.1)	(7.0)	–

* Effective from the fiscal year ending December 31, 2015, figures presented are before deducting management fee paid to the holding company. (The figures for the previous fiscal year are reclassified accordingly.)

** Including expenses of the holding company and income (loss) of other subsidiaries.

Operating income breakdown

(¥ billions)

Company name	Major factors	Revised forecast Increase (decrease)	Description
Kirin Brewery	Increase in marginal profit of alcohol beverages	4.2	Sales increase in beer 17 thousand KL, 2.2 Sales decrease in *happo-shu* (9) thousand KL, (1.0) Sales increase in RTD 28 thousand KL, 2.5 Difference of change in products mix, etc.
	Increase in raw material cost of alcohol beverages	(2.7)	Increase in raw material prices, etc.
	Increase in selling expenses	(9.7)	Increase in sales promotion and advertising, etc.
	Decrease in other expenses	0.7	Decrease in labor cost, etc.
Total		(7.5)	
Kirin Beverage	Difference in volume of sales	13.6	Increase in sales volume 13.32 million cases
	Decrease in raw material cost, etc.	2.9	Increase in material cost (0.3), Decrease in wrapping material cost 0.3, Decrease in processing cost 2.9
	Decrease due in change of composition ratio of containers, etc.	(0.6)	
	Increase in selling expenses	(12.0)	Increase in sales promotion and advertising (10.8), Increase in freight (1.2)
	Increase in other expenses	(2.3)	Increase in sales equipment cost and R&D expenses, etc.
Total		1.5	

Major operating expenses

(¥ billions)

		Fiscal year ending December 31, 2015, Revised forecast	Fiscal year ended December 31, 2014, Actual
Kirin Brewery	Sales promotion	96.4	59.8
	Advertising		26.8
Kirin Beverage	Sales promotion	134.6	114.9
	Advertising		8.8

4. Information by Segment

Fiscal year ending December 31, 2015, Forecast

(¥ billions)

	Japan Integrated Beverages	Overseas Integrated Beverages	Pharmaceuticals and Bio-chemicals	Other	Adjustment	Total
Depreciation and amortization (including brand amortization)	34.8	35.9	22.7	1.1	0.3	95.0
Amortization of goodwill	0.2	17.2	10.2	–	–	27.7
Capital expenditures	32.0	44.0	21.5	2.5	–	100.0
Normalized EBITDA	77.0	115.4	82.9	4.1	(6.6)	273.0

Fiscal year ended December 31, 2014, Actual

(¥ billions)

	Japan Integrated Beverages	Overseas Integrated Beverages	Pharmaceuticals and Bio-chemicals	Other	Adjustment	Total
Depreciation and amortization (including brand amortization)	35.2	37.7	23.8	1.7	0.2	98.9
Amortization of goodwill	2.5	37.2	9.9	0.0	–	49.6
Capital expenditures	35.2	50.7	35.2	0.6	(1.3)	120.4
Normalized EBITDA	85.8	116.2	72.7	4.8	(6.5)	273.1

5. Other Information

(1) Information Regarding Amortization of Major Goodwill etc.

Fiscal year ending December 31, 2015, 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	12.1	134.0	11	3.7	33.2	1~17	15.8
	Kyowa Hakko Kirin	2007	6.1	75.2	13	–	–	–	6.1
	Brasil Kirin	2011	4.5	73.3	16	2.7	43.5	16	7.3
	Other		4.8	–	–	–	–	–	4.8
	Consolidated subsidiaries total		27.7			6.4			34.1
Equity method	San Miguel Brewery	2009	6.0	81.6	14	2.3	31.2	14	8.3
	China Resources Kirin Beverages	2011	2.6	41.6	16	–	–	–	2.6
	Equity-method affiliates total		8.6			2.3			10.9
Total			36.3			8.7			45.0

* Account title: Depreciation.

(2) Sales Details of Major Business Companies

a. Kirin Brewery

	Fiscal year ending December 31, 2015		Fiscal year ended December 31, 2014	
	Forecast	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL		Thousand KL	
Beer	671	2.6%	654	(2.8%)
Happo-shu	496	(2.0%)	505	(3.1%)
New genre	633	(0.2%)	633	(11.2%)
Sub-total	1,800	0.3%	1,793	(6.0%)
RTD	290	10.7%	262	15.6%
Non-alcohol beverages	30	8.0%	27	(27.7%)
Breakdown of sales	¥ billions		¥ billions	
Beer	280.2	2.7%	272.7	(2.4%)
Happo-shu	150.7	(2.1%)	154.0	(3.3%)
New genre	165.9	(0.4%)	166.6	(11.2%)
Sub-total	596.9	0.6%	593.4	(5.3%)
RTD	80.6	10.9%	72.7	15.9%
Whiskey and Spirits, etc.	33.7	3.8%	32.5	(18.4%)
Total sales	711.3	1.8%	698.7	(4.2%)

The above sales volume excludes contract manufacturing and exports.

b. Kirin Beverage Group

	Fiscal year ending December 31, 2015		Fiscal year ended December 31, 2014	
	Forecast	Increase (decrease)	Actual	Increase (decrease)
Category	10,000 cases		10,000 cases	
Black tea	4,870	2.8%	4,737	0.2%
Japanese tea	1,900	(1.5%)	1,929	(7.6%)
Coffee	3,100	5.1%	2,950	(1.1%)
Fruit and vegetable juice	2,640	11.0%	2,379	(6.2%)
Carbonated beverage	2,220	41.5%	1,569	(5.3%)
Functional beverage	720	5.6%	682	(1.6%)
Water	3,580	5.7%	3,387	(0.9%)
Other	2,040	(3.0%)	2,104	2.3%
Total	21,070	6.8%	19,737	(2.1%)
Container Type				
Can	3,727	3.4%	3,603	(1.9%)
Large-sized PET bottles (2L, 1.5L, etc.)	6,471	6.2%	6,091	0.9%
Small-sized PET bottles (500ml, 280ml, etc.)	8,796	10.5%	7,961	(3.7%)
Other	2,076	(0.3%)	2,082	(4.6%)
Total	21,070	6.8%	19,737	(2.1%)