December 21, 2015

To Whom It May Concern:

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Notice Regarding Impairment Loss Incurred by Brazilian Subsidiary, Revision of Consolidated Forecast for the Fiscal Year Ending December 2015, and Loss on Devaluation of Shares of Subsidiaries and Affiliates in Unconsolidated Financial Results

Kirin Holdings Company, Limited (President and CEO: Yoshinori Isozaki; hereafter, “Kirin”) today announced that Brasil Kirin, a subsidiary of Kirin, is expected to incur an impairment loss in the fiscal year ending December 2015.
In conjunction with reporting the impairment loss and so forth, Kirin has revised downward its consolidated forecast for the fiscal year ending December 2015 which was released on October 30, 2015 at the time of announcement of results for the third quarter of the fiscal year. Kirin further announced that it will incur a loss on devaluation of shares of subsidiaries and affiliates with regard to its unconsolidated results.

1. Impairment Loss Incurred by Brasil Kirin and Reasons for the Loss

(1) Revision of full-year forecast of Brasil Kirin’s operating income for the year

Kirin announced a revision to its full-year forecast for Brasil Kirin at the time of announcement of financial results for the third quarter, but an increase in cost is estimated partly because Brasil Kirin has been conducting the pricing strategy and sales activity in response to the trend of consumption and its competitors, and partly because loss reserves were conservatively provided during this fiscal year with regard to accounts receivables owed by a certain wholesaler. As a result, the operating income forecast for the fiscal year has been revised downwards.
In addition, the exchange rate has been changed to 36.38 yen, the estimate of the end of this year.

[Full Year Forecast: Brasil Kirin's Operating Income]

	Previous forecasts		Revised forecast		Change	
	B JPY[1]	M BRL	B JPY[2]	M BRL	B JPY	M BRL
Operating Income (Operating loss)	(9.8)	(273)	(17.4)	(480)	(7.6)	(207)

1. Currency exchange rate: 36.00 yen

2. Currency exchange rate: 36.38 yen

(2) Background and reasons for the Impairment Loss

Against the backdrop of deteriorating conditions in the Brazilian economy, consumption has stagnated, competition has intensified, the local currency has further declined in value. To reflect the changes in the environment mentioned above, plunge of sales volume of Brasil Kirin for the fiscal year, and decrease in Brasil Kirin's recent income levels, asset valuations was reassessed based on international financial reporting standards (IFRS) adopted in Brazil. Audits are currently ongoing, but impairment losses are expected with regard to goodwill arising in conjunction with the acquisition of Brasil Kirin, and other assets. The projected impairment loss is 3,881 million BRL (approximately 141.2 billion yen; exchange rate: 36.38 yen).

The impact on Kirin's consolidated financial results is expected to be approximately 114.0 billion yen in special losses after deducting 27.2 billion yen, forecasted amount of accumulated amortization of goodwill, etc. since the acquisition of Brasil Kirin in accordance with Japanese accounting standards.

2. Revision of Full-year Forecast of Consolidated Financial Results for the Fiscal Year Ending December 2015 (January 1 – December 31, 2015)

As a result of the revision of full-year forecast of Brasil Kirin's operating income for the year as described above and so forth, 8 billion yen upward revision of equity in earnings or losses of affiliates, and the expected reporting of an impairment loss, Kirin's forecast of consolidated financial results has been revised.

(Unit: million Japanese yen)

	Sales	Operating Income	Ordinary income	Net income/loss	Net income/loss per share (Yen)
Previous forecasts (A)	2,200,000	130,000	119,000	58,000	63.56
Revised forecast (B)	2,200,000	122,000	119,000	(56,000)	(61.37)
Change (B-A)	-	(8,000)	-	(114,000)	(124.93)
Change (%)	-	(6.2)	-	-	-
Actual result for previous fiscal year	2,195,795	114,549	94,211	32,392	35.27

3. Loss on Devaluation of Shares of Subsidiaries and Affiliates in Unconsolidated Financial Results

In conjunction with the expected impairment loss of Brasil Kirin's goodwill and other assets, Kirin expects to post to its unconsolidated financial results an approximately 276.3 billion yen special loss on devaluation of shares of subsidiaries and affiliates with regard to the Brasil Kirin shares held by Kirin.

The loss on devaluation of shares of subsidiaries and affiliates will be posted to unconsolidated results only and will not have an impact on consolidated financial results.

4. Dividend Forecast

With regard to dividends, Kirin has set a target of achieving a consolidated payout ratio of 30% of normalized EPS,* and the impairment loss of approximately 114.0 billion yen are expected to be posted as special loss. Consequently, there will be no impact on normalized EPS.* Therefore, there is no change in the dividend forecast (38 yen for the year including a 19 yen interim dividend).

* 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