KIRIN

KIRIN HOLDINGS COMPANY, LIMITED

February 15, 2016

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2015 (UNDER JAPANESE GAAP) (UNAUDITED)

(English Translation)

Fiscal year ended 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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Scheduled date of general meeting of shareholders held: March 30, 2016

Commencement date of dividend distribution scheduled: March 31, 2016

Submission date of securities report scheduled: March 30, 2016

Preparation of supplementary documents to the financial results: Yes

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

1. Consolidated business results and financial position for the current fiscal year (January 1, 2015 - December 31, 2015)

[Unit: Japanese yen (¥)]

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

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

	Sales (¥ millions)	Percentage change (%)	Operating income (¥ millions)	Percentage change (%)	Ordinary income (¥ millions)	Percentage change (%)
Fiscal year ended						
December 31, 2015	2,196,925	0.1	124,751	8.9	128,199	36.1
December 31, 2014	2,195,795	(2.6)	114,549	(19.8)	94,211	(28.7)

Note: Comprehensive income December 31, 2015 (¥118,607) million [–]

December 31, 2014 ¥112,364 million [(52.8)%]

	Net income (¥ millions)	Percentage change (%)	Net income per share (Basic) (¥)	Net income per share (Diluted) (¥)	Ratio of net income to shareholders' equity (%)	Ratio of ordinary income to total assets (%)	Ratio of operating income to sales (%)
Fiscal year ended							
December 31, 2015	(47,329)	–	(51.87)	–	(6.3)	5.0	5.7
December 31, 2014	32,392	(62.2)	35.27	35.24	3.0	3.2	5.2

Reference: Equity in earnings of affiliates December 31, 2015 ¥16,160 million

December 31, 2014 ¥2,925 million

Normalized EBITDA December 31, 2015 ¥258.9 billion [(5.2)%]

December 31, 2014 ¥273.1 billion [(9.4)%]

Normalized EPS December 31, 2015 ¥117 [(0.8)%]

December 31, 2014 ¥118 [(3.3)%]

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

(2) Financial position:

	Total assets (¥ millions)	Net assets (¥ millions)	Ratio of equity to total assets (%)	Net assets per share (¥)
As of				
December 31, 2015	2,443,773	938,083	27.2	727.48
December 31, 2014	2,965,868	1,335,711	37.2	1,207.43

Reference: Equity December 31, 2015 ¥663,842 million
December 31, 2014 ¥1,101,833 million

(3) Cash flows:

	Cash flows from operating activities (¥ millions)	Cash flows from investing activities (¥ millions)	Cash flows from financing activities (¥ millions)	Cash and cash equivalents at end of period (¥ millions)
Fiscal year ended December 31, 2015	171,011	(70,659)	(78,221)	60,336
Fiscal year ended December 31, 2014	155,247	(139,397)	(80,701)	40,730

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 ended December 31, 2015	–	19.00	–	19.00	38.00
Fiscal year ending December 31, 2016 (Forecast)	–	19.00	–	19.00	38.00

	Total amount of dividends (¥ millions)	Dividend pay-out ratio (%)	Ratio of dividends to shareholders' equity (%)
Fiscal year ended December 31, 2014	34,691	107.8	3.2
Fiscal year ended December 31, 2015	34,676	–	4.6
Fiscal year ending December 31, 2016 (Forecast)		57.8	

Reference: Dividend pay-out ratio calculated using normalized EPS December 31, 2016 (Forecast) 33.0%
December 31, 2015 32.5%

3. Forecast consolidated business results for the next fiscal year (January 1, 2016 - December 31, 2016)

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

	Sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
	(¥ millions)	(%)	(¥ millions)	(%)	(¥ millions)	(%)
Six months ending June 30, 2016	1,030,000	(3.8)	47,000	(18.9)	–	–
Fiscal year ending December 31, 2016	2,140,000	(2.6)	125,000	0.2	129,000	0.6

	Net income attributable to owners of the parent	Percentage change	Net income per share
	(¥ millions)	(%)	(¥)
Six months ending June 30, 2016	–	–	–
Fiscal year ending December 31, 2016	60,000	–	65.75

Note: The Company estimates ordinary income and net income for fiscal year ending December 31, 2016 only. Therefore, the disclosed forecast business results for the six months ending June 30, 2016 comprise forecast sales and operating income only.

* Notes

(1) Changes in significant subsidiaries for the year ended December 31, 2015 (Changes in specified subsidiaries accompanying change in scope of consolidation.): Yes

Newly included: ― Excluded: 1 company LD Nathan & Co Limited

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

i. Changes in accounting policies due to amendment of accounting standards: Yes
ii. Changes in accounting policies due to other reasons: Yes
iii. Changes in accounting estimates: Yes
iv. Restatements: None

Note: For details, please refer to "(5) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CHANGES IN ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES, AND RESTATEMENTS)" on page 23 of the Attached Materials.

(3) Number of shares outstanding (common stock)

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

As of December 31, 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 December 31, 2015	1,471,032 shares
As of December 31, 2014	52,452,089 shares

iii. Average number of shares during the period

For the fiscal year ended December 31, 2015	912,537,700 shares
For the fiscal year ended December 31, 2014	918,517,717 shares

Note: For the number of shares as a basis of calculating net income per share (consolidated), please refer to "PER SHARE INFORMATION" on page 30.

Reference: SUMMARY OF NON-CONSOLIDATED FINANCIAL STATEMENTS

1. Non-consolidated business results and financial position for the current fiscal year (January 1, 2015 - December 31, 2015)

(1) Results of operations:

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

	Sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
	(¥ millions)	(%)	(¥ millions)	(%)	(¥ millions)	(%)
Fiscal year ended						
December 31, 2015	92,796	11.1	83,831	12.7	79,657	12.9
December 31, 2014	83,516	41.4	74,379	54.5	70,536	64.8

	Net income	Percentage change	Net income per share (Basic)	Net income per share (Diluted)
	(¥ millions)	(%)	(¥)	(¥)
Fiscal year ended				
December 31, 2015	(195,653)	–	(214.41)	–
December 31, 2014	69,935	(19.3)	76.14	–

(2) Financial position:

	Total assets	Net assets	Ratio of equity to total assets	Net assets per share
	(¥ millions)	(¥ millions)	(%)	(¥)
As of				
December 31, 2015	1,706,637	771,497	45.2	845.45
December 31, 2014	1,908,074	998,216	52.3	1,093.88

Reference: Equity December 31, 2015 ¥771,497 million

December 31, 2014 ¥998,216 million

* Explanation regarding performance of audit procedures

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

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

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

(2) The Company will post the Supplementary Documents to the Financial Results today, Monday, February 15, and will post the presentation materials from the financial results presentation (teleconference) held on Tuesday, February 16 and the main Q&A at the meeting as soon as possible on the Company's website.
(URL of the Company's website)
http://www.kirinholdings.co.jp/english/ir/event/explain/index.html

ATTACHED MATERIALS

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1. BUSINESS RESULTS AND FINANCIAL POSITION

(1) BUSINESS PERFORMANCE

During the consolidated fiscal year, moderate recoveries continued, particularly in developed countries, while China and other emerging nations experienced slowdowns in the pace of economic growth and the economies of resource-producing countries worsened, resulting in a moderate slowdown by the global economy as a whole.

Amid these global economic trends, Japan's economy continued to undergo a moderate recovery overall, with some disparities. Personal consumption was not strong, but improved to an extent in response to higher employee compensation.

For the Kirin Group, fiscal year 2015 was the final year of the "Kirin Group 2013 - 2015 Medium-Term Business Plan", which covered the initial stage of the "Kirin Group Vision 2021" (KV2021), our long-term management vision, as well as our "year zero" in our next medium-term management plan which starts in 2016. Against this backdrop, Kirin Holdings Company, Limited, and each regional headquarters have been working together to strengthen each Group business. In particular, Kirin made efforts to develop strong brands from a medium- to long-term perspective and responded promptly to changes in the competitive environment in order to achieve renewed growth in the Japan Integrated Beverages Business, the most important issue for the Group. In the Overseas Integrated Beverages Business, steady progress was made with the Lion's Beverages Business reorganization plan, but Brasil Kirin, which is facing a fierce competitive environment, reported a significantly lower sales volume while effects from changes in currency exchange rates drove raw materials costs up, leading to a downward revision of the profit and loss projection, and as a result, an impairment loss was reported.

During the fiscal year, consolidated sales increased due to higher sales volumes of beer and soft drinks in the Japan Integrated Beverages Business and higher sales in the Pharmaceuticals and Bio-chemicals Business. Consolidated operating income in the Japan Integrated Beverages Business decreased as a result of higher selling expenses but increased in the Overseas Consolidated Beverages Business due to early application of the Revision of the Accounting Standards regarding Business Combinations starting in the first quarter, and the Pharmaceuticals and Bio-chemicals Business performed well, and as a result, consolidated operating income increased. Consolidated ordinary income was higher due to the increase in consolidated operating income as well as higher equity in earnings of affiliates, but Brasil Kirin reported an impairment loss, and consequently, a consolidated net loss of 47.3 billion yen for the year was reported.

Kirin Holdings Company, Limited 2015 results:	
Consolidated sales	¥ 2,196.9 billion, up 0.1%
Consolidated operating income	¥ 124.7 billion, up 8.9%
Consolidated ordinary income	¥ 128.1 billion, up 36.1%
Consolidated net loss	¥ (47.3 billion)
(Reference)	
Normalized EBITDA *	¥ 258.9 billion, down 5.2%
Normalized EPS *	¥ 117, down 0.8%

* 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

Kirin Group has made consistent efforts toward strengthening our brands aiming at achieving renewed business growth and has worked continuously to create value that leads to surprise and inspiration by offering exceptional quality and taste to our consumers and society as a whole.

Kirin Brewery Company, Limited reported higher sales volumes of all beer products compared to the previous year for the first time in nine years and achieved an increase in customer support rate (higher market share). Kirin Brewery took measures with strengthening its flagship *Kirin Ichiban Shibori Beer* brand as its highest priority, and sales volumes were up year-on-year for the second consecutive year. In addition, sales volumes in the beer category were higher than the previous year for the first time in 21 years. Sales volume of *Kirin Nodogoshi Nama*, the leading brand[1] in the new genre category, increased as a result of sales of seasonal offers and other measures. In the growing functional category, *Kirin Nodogoshi All Light* was launched in January and served to drive the market. Sales increased in the RTD[2] category, with a focus on the three leading brands: *Kirin Hyoketsu*, *Kirin Honshibori™ Chuhai*, and *Chuhai Kirin Bitters.* In the whiskey and spirits category, *Fujisanroku Taru-juku 50°*, our domestic whiskey brand, continued to perform extremely well and sales in the category as a whole increased year-on-year. Furthermore, Spring Valley Brewery got off to a full-scale start with the aim of establishing and expanding the craft beer[3] market in Japan.

Mercian Corporation took measures to promote further growth in the company's strengths of Chilean wines and no-additive wines by the reinforcement of brands including *Frontera* and *Oishii-sankaboshizai-mutenka Wine*, but overall sales volume decreased from the previous year. Mercian worked to reinforce *Château Mercian*, its flagship brand, and *Château Mercian Kikyogahara Merlot* received numerous medals including gold prizes in domestic and overseas wine competitions. Also, *Gyu-gyu to Shibotta Sangria*, launched to expand the scope of the wine market, was extremely well, and sales volume exceeded its initial goal by two and a half times.

The sales volume of Kirin Beverage Company, Limited's flagship brand *Kirin Gogo-no-Kocha* improved from the previous year. Kirin Beverage also made various new proposals for the *Kirin Mets* brand to target the large carbonated beverage market, and sales volume increased sharply from the previous year. Product renewals and new product proposals were made for the *Kirin Sekai no Kitchen Kara*, *Kirin Fire*, and *Kirin Nama-cha* brands and efforts were made to further reinforce the brands. Furthermore, the rising health consciousness and alleviation of food labeling restrictions were taken as an opportunity to

launch new functional foods under the *Kirin Nama-cha* and *Kirin Mets* brands. As a result, our sales volumes increased substantially more than the growth of the overall beverage market.

Production and logistics of individual companies were integrated to reduce costs, and measures were taken to further increase efficiency in the supply chain as a whole. Efforts were also made to reduce depreciation expenses through efficient operation of facilities at each plant. Moreover, efforts continued to reduce raw materials in packaging and containers through technology development, contributing to lighter weight and lower costs for medium-sized beer bottles and PET bottles.

As a result, higher beer and soft drink sales volumes resulted in an increase in sales, but selling expenses rose despite efforts to cut costs, and operating income decreased.

1 Based on the taxed quantity shipped of "Other miscellaneous liquors (2)" in 2005, and "Other brewed liquors (carbonated) (1)" in 2006-2015.

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

3 Kirin uses the term craft beer to mean a beer that exhibits the personality of the brewer, as well as attention to detail, and that encourages enjoyment based on the beer's unique taste and individuality.

Japan Integrated Beverages Business 2015 Results:	
Consolidated sales	¥ 1,191.5 billion, up 3.3%
Consolidated operating income	¥ 47.9 billion, down 0.4%

Overseas Integrated Beverages Business

In the Overseas Integrated Beverages Business, the business foundations acquired through the active internationalization of business were utilized and efforts were made to achieve autonomous growth with strong local ties.

Lion's Beer, Spirits and Wine Business reported lower sales volume overall in the midst of the contracting Australian beer market, but ongoing efforts were made to bolster core brands and increase sales of growing high value categories. Efforts were concentrated on *XXXX Gold*, Lion's leading brand, and sales of the *James Squire* and *Little Creatures* craft beers remained strong. Lion's Beverages Business remains focused on optimizing the performance of its supply chain and manufacturing footprint. Overall sales volume decreased from the previous year because of the sale of a part of the low-profit cheese business and other factors, but the sales volume of *Dare* dairy beverages continued to increase year-on-year, and implementation of the business rejuvenation plan proceeded well.

Amid an ongoing fierce competitive environment, Brasil Kirin took measures to reinforce sales in regions and channels and of products where it has strengths, raised prices, and efficiently used selling expenses with the aim of raising profitability, but sales volumes and operating income decreased significantly. Brasil Kirin has been reviewing its sales and product strategies since August in order to curtail the decline in sales volumes of beer and soft drinks, the company's highest priority, renewed its core *Schin* beer and soft drink brand, and worked to reinforce sales networks. In addition, measures were started to improve profitability through a project for raising management efficiency.

As a result, overall sales declined in the Oceania Integrated Beverages Business due to lower sales volumes, but thanks to improved profitability in the Beverages Business and early application of the revision of the Accounting Standards regarding Business Combinations, total operating income increased. In the Other Overseas Integrated Beverages Business, Brasil Kirin's sales volume declined

and raw materials costs increased due to the decrease in value of the Brazilian real, and consequently, both sales and operating income declined.

Oceania Integrated Beverages Business 2015 Results:	
Consolidated sales	¥ 438.6 billion, down 6.7%
Consolidated operating income	¥ 48.0 billion, up 74.3%

Other Overseas Integrated Beverages Business 2015 Third Quarter Results:	
Consolidated sales	¥ 185.5 billion, down 16.8%
Consolidated operating income	¥ (14.8 billion)

In Southeast Asia, in August Kirin Holdings acquired 55% of all outstanding shares of Myanmar Brewery Limited, which engages in the beer business in Myanmar.

Myanmar is a promising market with considerable prospects. High growth and increasing consumption are expected following the country's recent democratization. With Myanmar Brewery's business as a foundation, Kirin will seek further growth in the region by leveraging Kirin Group brands and our expertise in technology, product development, and marketing research.

Pharmaceuticals and Bio-chemicals Business

In the Pharmaceuticals Business, Kyowa Hakko Kirin Company, Limited reported higher domestic pharmaceutical sales compared to the previous year as a result of growth of new products and other factors. Sales were strong for *NESP*, a core product used to treat renal anemia, and sales of new drugs including the long-acting G-CSF formula *G-LASTA* and *Dovobet* for plaque psoriasis, which were launched in 2014; the type 2 diabetes drug *Onglyza* and the Parkinson's disease drug *Nouriast*, which were launched in 2013, increased steadily. In contrast, sales of patent-expired originator drugs including *GRAN*, a neutropenia drug, *Coniel*, a drug used to treat hypertension and angina pectoris, and anti-allergy agent *ALLELOCK* decreased because of the spread of generics and effects from drug price reductions in April 2014. Overseas, ProStrakan Group PLC's core products grew steadily, and with the contribution of consolidated company Archimedes Pharma Limited which was acquired in August 2014, sales were higher than the previous year. Also, in the licensing revenue, we booked sales from an up-front option related to an option agreement signed with the British company Astra Zeneca for *Benralizummab* (KHK4563).

In the Bio-chemicals Business, Kyowa Hakko Bio Company, Limited reported a year-on-year decline in domestic sales of its pharmaceutical amino acids and other drug substances and ingredients for health foods, but mail-order sales of *Ornithine* and other products for general consumers were higher compared to the previous year. Overseas sales rose year-on-year due to effects from changes in currency exchange rates and growth in sales of amino acids, primarily in Europe and the United States.

As a result, the Pharmaceuticals and Bio-Chemicals Business overall had higher sales and operating income.

Pharmaceuticals and Bio-chemicals Business 2015 Results:	
Consolidated sales	¥ 355.7 billion, up 9.4%
Consolidated operating income	¥ 46.8 billion, up 20.4%

Other Businesses

With the success of strategies focused on its core product *Koiwai Yogurt made from 100% fresh milk*, sales have been increasing year-on-year. There were various changes in the market environment including sharply higher costs as a result of milk price revisions, but profitability was increased by improving the product lineup, cutting costs, and other measures, and both sales and operating income increased.

Other Businesses 2015 Results:	
Consolidated sales	¥ 25.4 billion, up 3.7%
Consolidated operating income	¥ 3.8 billion, up 25.2%

Outlook for 2016

In light of the highly competitive business environment and changes in the business environment including the diversification of the needs of customers, shareholders, investors, and other stakeholders, the Kirin Group adopted the New Kirin Group Vision 2021 (New KV2021), our long-term management vision newly developed from the KV2021 management vision, and the Kirin Group 2016 - 2018 Medium-Term Business Plan (2016 Medium-Term Business Plan), a three-year business plan covering the first half of the New KV2021 for carrying out that vision (see the following page). Under the New KV2021, the Group's technological strengths will be used throughout the business with a focus on the alcohol, beverages, pharmaceuticals, and bio-chemical segments with the aim of solving social issues and providing value to customers while achieving sustainable growth with society. Measures will be taken with the highest priority on "well-being," one of the most important issues for both the society and business among all social issues, as a type of CSV[1] unique to the Kirin Group.

In response to the consolidated net loss reported in 2015, the 2016 Medium-Term Business Plan makes raising profitability the top priority. Competitiveness in existing businesses will be reinforced through investment with clear priorities while fundamentally reforming profit structures in low-profit businesses. Investment for growth will be made with a priority on achieving growth by Kirin Brewery Company, Limited. In addition, measures will be taken to reinforce the earnings base of Lion's Beer, Spirits and Wine Business and to maintain and strengthen Myanmar Brewery's market-leading position in order to bolster the earnings base in the beer business. Revitalization plans will be steadily implemented and structural reforms will be made to address declining profitability at Brasil Kirin and Kirin Beverage Company, Limited. Brasil Kirin will implement regional sales strategies and work to reform cost structures throughout the supply chain. Kirin Beverage will pursue profitable growth by building a strong brand structure and developing profit structures. In the Pharmaceutical and Bio-chemicals Business, Kyowa Hakko Kirin Company, Limited will seek rapid growth.

Group-wide efforts will be made to continuously improve return on equity (ROE) before amortization of goodwill etc. and normalized[2] earnings per share (EPS) as our key performance indicators. In addition, we will provide shareholder returns through stable dividends by paying dividends with a payout ratio of at least 30% of normalized EPS.

The Kirin Group will adopt a Corporate Governance Policy based on the Kirin Group Philosophy and on our group-wide common values of "Passion and Integrity" and will establish optimal governance structures for carrying out the New KV2021. We will also promote internationalization, respect diversity,

and reinforce the development of a trusting relationship so that the diverse Kirin Group employees around the world including those in Japan can engage in cross-business and inter-regional collaboration. In particular, the Kirin Women's Network 2021, a women's empowerment project with the goal of tripling the number of female managers by 2021, will continue to expand in order to further promote diversity.

1 Creating Shared Value (CSV) is a management concept that seeks to enhance corporate value by addressing societal issues to create social value and to create economic value.

2 Normalization: Removing special income and expenses and other non-recurring items to reflect actual earnings more accurately.

Consolidated Earnings Forecasts for the Fiscal Year 2016

	Six months ending June 30, 2016*1		Fiscal year ending December 31, 2016	
	Forecast	YoY Change (%)	Forecast	YoY Change (%)
Consolidated sales	¥1,030.0 billion	(3.8%)	¥2,140.0 billion	(2.6%)
Consolidated operating income	¥47.0 billion	(18.9%)	¥125.0 billion	0.2%
Consolidated ordinary income	–	–	¥129.0 billion	0.6%
Consolidated net income*2	–	–	¥60.0 billion	–
(Reference)				
ROE before amortization of goodwill etc.	–	–	14.0%	–
Normalized EPS	–	–	¥115	(1.7%)

*1 Kirin calculates ordinary income and net income forecasts only for the full-year, and therefore only forecasts for consolidated sales and consolidated operating income are shown for the six months ending June 30, 2016.

*2 Refers to net income attributable to shareholders of the parent company.

Japan Integrated Beverages Business

In the Japan Integrated Beverages Business, the Group will strive to create value that leads to surprise and inspiration by offering exceptional quality and taste while addressing social issues from the perspectives of customer well-being and links to society based on the brand message "Quality with Surprise."

Kirin Brewery Company, Limited has positioned the coming three years for achieving a V-shaped turnaround and will strive to become "a company that considers customers first" more than anyone else and to create value unique to Kirin. In order to bring its beer products' market share on an upward trajectory, the company will continue to take measures with reinforcing *Kirin Ichiban Shibori Beer* as its highest priority. Kirin Brewery will begin rolling out the *47 Todofuken no Ichiban Shibori* line starting in May 2016, which will offer distinctive tastes and individuality for each of Japan's 47 prefectures. In the RTD market, which continues to expand, the company will continue to reinforce its core *Kirin Hyoketsu*, *Kirin Honshibori™ Chuhai*, and *Kirin Chuhai Bitters* brands. Kirin Brewery will also propose spirits and liqueur products tailored to diversifying customer needs and will provide the enjoyment of a variety of

alcohol beverages. In addition, the company will work to expand the craft beer category market through Spring Valley Brewery and other brands in order to create a new beer culture. To bolster business foundations, the company will continue to reduce integrated production and logistics costs and increase efficiency throughout the supply chain overall.

Mercian Corporation will take measures to achieve growth of the wine market as a whole over the medium- to long-term and will conduct educational activities concerning Japanese wines. It will also work towards building an appealing category brand portfolio and undertake “expansion and diversification” of the wine business. To promote further development of *Château Mercian* Japanese wine, Mercian will continue its collaboration with grape producers to develop wines that express Japan’s natural features and climate. Mercian will also supplement low-price range Chilean wines, sales of which are growing, by developing medium- and high-price range wines. The company will also continue its development of new products targeting younger customers with the aim of expanding the scope of the wine market.

Kirin Beverage Company, Limited will take measures to continuously raise brand value and fundamentally reform its profit structures in order to achieve profitable growth. In addition to maintaining continuous growth of its flagship *Kirin Gogo no Kocha* brand, the company will work to develop strong product brands in the carbonated beverage, sugar-free tea, and coffee categories, all of which have large markets. In 2016, Kirin Beverage will strive to establish a solid position in the sugar-free tea market by implementing a large-scale renewal of *Kirin Nama-cha*. In conjunction with these measures, the company will develop high added value products such as health products. With regard to reforming its profit structures, Kirin Beverage will update profit management structures at marketing sites, reduce costs throughout the supply chain, and implement reforms to make the transition to highly profitable business structures.

Overseas Integrated Beverages Business

Lion’s Beer, Spirits and Wine Business will undertake active measures to invigorate the beer market as a whole in order to prevent further shrinkage of the Australian beer market. Lion will convey the fundamental value of beer by improving the labeling contents, conducting advertisement and so on with regard to the primary ingredients, components, and manufacturing methods of beer. In order to bolster its earnings base, it will also reinforce core brands and strengthen craft beers and the cider categories, which are growing categories, according to customer needs such as the rise in health awareness. In the Lion’s Beverages Business, Lion continues implementation of its rejuvenation plan for reforming business structures in order to raise profitability. The company will focus on expanding the market in the dairy category while cutting costs by establishing simple production and logistics systems that minimize waste. Lion will also implement The Goodness Project, which supports healthy dietary habits by customers, will work to reduce additives including artificial flavors, colorings, sweeteners, and so on, and will develop products that do not use trans-fatty acids.

Brasil Kirin will seek to achieve an operating profit at an early stage, making the recovery of declining sales volumes its highest priority and increasing the efficiency of management to establish a stable management foundation. By reinforcing *Schin*, its core beer brand which underwent a renewal last year, Brasil Kirin will increase brand exposure in the north and northeast regions, where it is strong. In addition, the company will strengthen the high-price beer segment including *Eisenbahn* and *Kirin Ichiban* based on its regional strategy and develop an effective brand portfolio. In conjunction with these measures, Brasil Kirin will reinforce its efforts to improve sales networks, maximize the effects of marketing activities,

and target high sales volume markets while developing and strengthening marketing foundations from a medium- to long-term perspective. The company will also increase management efficiency in the logistics division, take measures to maximize the efficiency of manufacturing sites and cut indirect costs, and reform cost structures.

In Southeast Asia, the highest priority will be placed on efforts to achieve growth by Myanmar Brewery Limited with the aim of creating new value. Myanmar Brewery will maintain and strengthen its current market-leading position while developing production facilities and sales channels suitable for growing market demand. Expansion of the brand portfolio including market introduction of the Kirin brand will be considered to counter competitors entering the market.

Pharmaceuticals and Bio-chemicals Business

In the Pharmaceuticals Business, Kyowa Hakko Kirin Company, Limited will pursue innovative technologies and strive to become a global specialty pharmaceutical company. It will make use of its proprietary technologies to develop new and innovative antibody drugs and create new value that can contribute to the well-being and enrichment of people around the world in its areas of strength. Research and development capabilities will be reinforced primarily in four categories—kidneys, cancer, immunity and allergies, and the central nervous system—and new pharmaceuticals will be steadily launched from an extensive research and development pipeline while new sales systems are established to create systems compatible with internationalization and make the leap to European and American markets.

In the Bio-chemicals Business, Kyowa Hakko Bio Company, Limited will use its high market shares in specialty fields of the pharmaceutical, medical treatment, and healthcare segments and undertake measures with raising brand strength and profitability as its highest priority. The company will provide their corporate customers and to the health of their end users a greater value than the individual materials and products, through the use of branding, the provision of data that indicates functionality, intellectual property rights, and so on. In addition, further improvement of cost competitiveness and the development of business structures that are not susceptible to effects from changes in currency exchange rates will continue on the basis of established and enhanced manufacturing sites.

Other Businesses

In the cultured milk and household milk product categories, Koiwai Dairy Products Company, Limited will focus on its highly unique *Koiwai yogurt made from 100% fresh milk* and *Koiwai Margarine* and work to establish a highly profitable brand portfolio. The company will also strive to grow by increasing the quality and quantity of its marketing and advertising activities.

(2) Financial Position

Total assets as of December 31, 2015 stood at ¥2,443.7 billion, a decrease of ¥522 billion, or 17.6% compared to December 31, 2014. Current assets decreased ¥19.8 billion to ¥781.9 billion, and non-current assets decreased ¥502.1 billion to ¥1,661.8 billion. Property, plant and equipment decreased ¥86.6 billion as a result in part of the effects on exchange rates on overseas subsidiaries and other factors, and intangible assets decreased to ¥390.8 billion. The decrease was in part the result of the decrease of goodwill due to application of new accounting standards and recording of impairment at consolidated subsidiaries

Total liabilities as of December 31, 2015 stood at ¥1,505.6 billion, a decrease of ¥124.4 billion, or 7.6% compared to December 31, 2014. Current liabilities decreased ¥118.7 billion to ¥665.9 billion to impart to the redemption of commercial paper. Non-current liabilities decreased ¥5.7 billion to ¥839.7 billion.

Net assets as of December 31, 2015 stood at ¥938.0 billion, a decrease of ¥397.6 billion, or 29.8% compared to December 31, 2014. The decrease was in part the result of a ¥138.7 billion decrease in foreign currency translations.

Consolidated cash flows were as follows.

Cash flows from operating activities

Net cash provided by operating activities was ¥171.0 billion, an increase of ¥15.7 billion compared to the previous fiscal year. Income before income taxes and minority interests decreased ¥60.4 billion, amortization of goodwill decreased ¥22.3 billion, and outflows of working capital due in part to changes in trade notes and accounts receivable, inventories, trade notes and accounts payable, liquor taxes payable, and consumption taxes payable increased ¥3.7 billion, while loss on impairment increased ¥120.7 billion and income taxes paid decreased ¥30.1 billion.

Cash flows from investing activities

Net cash used in investing activities decreased ¥68.7 billion to ¥70.6 billion compared to the previous consolidated fiscal year. Outflows for the acquisition of property, plant and equipment and intangible assets decreased ¥43.3 billion to ¥77.1 billion. Outflows of ¥10.6 billion for the acquisition of marketable securities and investment securities and outflows of ¥52.8 billion for the acquisition of shares of subsidiaries resulting in changes in scope of consolidation were also recorded. In addition, the sale of property, plant and equipment and intangible assets produced ¥32.3 billion, transfer of business produced ¥12.8, and the sale of marketable securities and investment securities generated ¥19.8 billion

Cash flows from financing activities

Net cash used in financing activities decreased ¥2.4 billion to ¥78.2 billion compared to the previous fiscal year. Proceeds from long-term debt were ¥170.1 billion, and inflows from issuing corporate bonds were ¥15.0 billion, while inflows from commercial paper decreased ¥83.9 billion. Repayment of long-term debt was ¥63.0 billion, redemption of bonds was ¥58.8 billion, and cash dividends paid totaled ¥34.6 billion.

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

	Fiscal year 2013	Fiscal year 2014	Fiscal year 2015
Equity ratio (%)	37.1	37.2	27.2
Equity ratio based on market capitalization (%)	48.5	46.1	61.5
Debt service coverage ratio (%)	417.9	562.3	480.4
Interest coverage ratio (times)	13.0	10.4	13.0

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

* All indices are calculated from consolidated financial data.
* Market capitalization equals market price on last trading day of the period × Total shares outstanding at end of period (excluding treasury stock).
* "Operating cash flow" refers to net cash provided by operating activities in the Consolidated Statements of Cash Flows. "Interest-bearing liabilities" refers to all liabilities with interest payable recorded on the liability section of the Consolidated Balance Sheets. "Interest expense" refers to the amount of interest paid recorded in the Consolidated Statements of Cash Flows.

(3) BASIC POLICY AND DISTRIBUTION OF PROFITS AND DIVIDEND FOR 2016

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

In accordance with this policy, with regard to the distribution of surplus funds for 2015, Kirin plans an interim dividend of ¥19 per share and a year-end dividend of ¥19 per share for an annual dividend of ¥38 per share. As for the distribution of surplus funds for 2016, Kirin aims for a consolidated payout ratio* of at least 30% on normalized EPS as stated in the Kirin Group Medium-Term Business Plan 2016-2018 and plans to pay a full-year dividend of ¥38 per share.

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

2. MANAGEMENT POLICY

(1) BASIC APPROACH

In light of the highly competitive business environment and changes in the business environment including the diversification of stakeholder needs, Kirin Group adopted the New Kirin Group Vision 2021 (New KV2021), our long-term management vision newly developed from the KV2021 management vision, and the Kirin Group 2016 - 2018 Medium-Term Business Plan (2016 Medium-Term Business Plan), a three-year business plan covering the first half of the New KV2021 for carrying out that vision.

"New Kirin Group Vision 2021"

The Group's technological strengths will be used throughout business with a focus on the alcohol, beverages, pharmaceuticals, and bio-chemical segments with the aim of solving social issues and providing value to customers while achieving sustainable growth with society. Measures will be taken with the highest priority on well-being, one of the most important issues for both the society and business among all social issues as a type of CSV unique to the Kirin Group.

Furthermore, based on our global common values (known as "One Kirin" Values: "Passion and Integrity") we will also build stronger links with and between Kirin's diverse businesses and operating regions, and pursue growth as a global corporate citizen.

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

"Kirin Group 2016 – 2018 Medium-Term Business Plan"

The Medium-Term Business Plan starting in 2016 makes raising profitability the top priority. Competitiveness in existing businesses will be reinforced through investment with clear priorities while fundamentally reforming profit structures in low-profit businesses.

Basic Policy

Restructure and revitalize, groupwide

Key challenges

(1) Invest, strengthen, and grow profit base in the beer business
(2) Restructure and revitalize low-profit businesses
(3) Invest to realize further growth in the pharmaceutical and bio-chemicals businesses

Quantitative Targets

- ROE before amortization of goodwill etc.: 15% or higher
- CAGR in normalized EPS※: 6% or higher

*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

2018 Operating income guidance based on achieving above targets: ¥160 billion or higher

3. BASIC RATIONALE FOR SELECTION OF ACCOUNTING STANDARDS

The Group is considering applying IFRS from the fiscal year ending December 31, 2017 to enhance the international comparability of its financial information in the capital markets.

4. CONSOLIDATED FINANCIAL STATEMENTS
(1) CONSOLIDATED BALANCE SHEETS

(¥ millions)

	As of December 31, 2014	As of December 31, 2015
ASSETS		
Current assets		
Cash and time deposits	49,450	66,465
Notes and accounts receivable, trade	408,709	397,692
Merchandise and finished goods	161,391	153,901
Work in process	35,670	25,482
Raw materials and supplies	49,203	48,343
Deferred tax assets	29,854	29,396
Other	71,170	65,133
Allowance for doubtful accounts	(3,620)	(4,479)
Total current assets	801,830	781,933
Non-current assets		
Property, plant and equipment		
Buildings and structures (Purchase price)	565,927	551,155
Less accumulated depreciation	(336,415)	(335,895)
Buildings and structures (Book value)	229,511	215,260
Machinery, equipment and vehicles (Purchase price)	958,805	947,561
Less accumulated depreciation	(707,275)	(712,580)
Machinery, equipment and vehicles (Book value)	251,530	234,980
Land	185,516	167,579
Construction in progress	92,008	52,671
Other (Purchase price)	185,574	185,650
Less accumulated depreciation	(145,743)	(144,378)
Other (Book value)	39,830	41,272
Total	798,398	711,763
Intangible assets		
Goodwill	642,470	269,215
Other	206,886	189,331
Total	849,356	458,546
Investments and other assets		
Investment securities	403,467	408,888
Net defined benefit asset	6,830	9,891
Deferred tax assets	49,380	27,097
Other	61,848	50,968
Allowance for doubtful accounts	(5,243)	(5,317)
Total	516,283	491,528
Total non-current assets	2,164,038	1,661,839
Total assets	2,965,868	2,443,773

(¥ millions)

	As of December 31, 2014	As of December 31, 2015
LIABILITIES		
Current liabilities		
Notes and accounts payable, trade	160,106	142,052
Short-term loans payable and long-term debt with current maturities	99,096	128,160
Commercial paper	83,994	–
Bonds due within one year	51,832	30,000
Liquor taxes payable	83,400	84,904
Income taxes payable	12,154	20,281
Allowance for employees' bonuses	5,322	5,460
Allowance for bonuses for directors and company auditors	199	87
Accrued expenses	132,235	120,475
Other	156,329	134,490
Total current liabilities	784,671	665,913
Non-current liabilities		
Bonds	209,988	194,991
Long-term debt	359,012	403,952
Deferred tax liabilities	74,865	55,899
Deferred tax liability due to land revaluation	1,286	1,167
Retirement benefits for directors and company auditors	256	243
Reserve for repairs and maintenance of vending machines	3,550	2,964
Reserve for environmental measures	1,019	1,036
Reserve for loss on litigation	25,116	18,018
Allowance for loss on plants reorganization	3,304	3,203
Net defined benefit liability	60,483	59,034
Deposits received	61,212	56,701
Other	45,388	42,563
Total non-current liabilities	845,485	839,775
Total liabilities	1,630,157	1,505,689

(¥ millions)

	As of December 31, 2014	As of December 31, 2015
NET ASSETS		
Shareholders' equity		
Common stock	102,045	102,045
Capital surplus	81,417	–
Retained earnings	848,381	545,711
Treasury stock, at cost	(74,797)	(2,103)
Total shareholders' equity	957,047	645,653
Accumulated other comprehensive income		
Net unrealized gains on securities	49,556	59,836
Deferred gains or losses on hedges	827	2,396
Land revaluation difference	(2,140)	(2,020)
Foreign currency translation adjustments	110,259	(28,468)
Remeasurements of defined benefit plans	(13,716)	(13,555)
Total accumulated other comprehensive income	144,786	18,188
Subscription rights to shares	332	430
Minority interests	233,544	273,810
Total net assets	1,335,711	938,083
Total liabilities and net assets	2,965,868	2,443,773

(2) CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

CONSOLIDATED STATEMENTS OF INCOME

(¥ millions)

	Fiscal year ended December 31, 2014	Fiscal year ended December 31, 2015
Sales	2,195,795	2,196,925
Cost of sales	1,252,315	1,228,853
Gross profit	943,480	968,071
Selling, general and administrative expenses	828,930	843,320
Operating income	114,549	124,751
Non-operating income		
Interest income	3,881	2,776
Dividend income	2,532	3,762
Equity in earnings of affiliates	2,925	16,160
Other	6,406	7,156
Total	15,746	29,856
Non-operating expenses		
Interest expense	24,378	20,067
Net foreign currency translation loss	–	2,851
Other	11,707	3,488
Total	36,085	26,408
Ordinary income	94,211	128,199
Special income		
Gain on sale of property, plant and equipment and intangible assets	7,333	19,454
Gain on sale of investment securities	179	6,810
Other	1,155	2,933
Total	8,668	29,198
Special expenses		
Loss on disposal of property, plant and equipment and intangible assets	3,260	3,162
Loss on sale of property, plant and equipment and intangible assets	728	878
Loss on impairment	2,638	123,385
Loss on devaluation of investment securities	3	34
Loss on sale of investment securities	1,656	–
Business restructuring expense	12,048	8,803
Other	4,664	3,710
Total	25,000	139,975
Income before income taxes and minority interests	77,879	17,422
Income taxes - current	40,240	46,457
Income taxes - deferred	(7,220)	(544)
Total	33,019	45,913
Income (loss) before minority interests	44,859	(28,491)
Minority interests	12,466	18,837
Net income (loss)	32,392	(47,329)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(¥ millions)

	Fiscal year ended December 31, 2014	Fiscal year ended December 31, 2015
Income before minority interests	44,859	(28,491)
Other comprehensive income		
Net unrealized gains on securities	5,682	10,386
Deferred gains or losses on hedges	698	1,569
Land revaluation difference	–	119
Foreign currency translation adjustments	47,418	(106,614)
Remeasurements of defined benefit plans	–	(273)
Share of other comprehensive income of entities accounted for by the equity method	13,704	4,695
Total other comprehensive income	67,504	(90,116)
Comprehensive income	112,364	(118,607)
Comprehensive income attributable to:		
Owners of the parent	94,548	(135,126)
Minority interests	17,815	16,518

(3) CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Fiscal year ended December 31, 2014

(¥ millions)

	Shareholders' equity					Accumulated other comprehensive income	
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on securities	Deferred gains or losses on hedges
Balance at beginning of year	102,045	81,417	850,511	(53,903)	980,071	44,506	128
Changes of items during the period							
Dividends from surplus			(34,081)		(34,081)		
Net income			32,392		32,392		
Acquisition of treasury stock				(20,898)	(20,898)		
Disposal of treasury stock		(0)		4	4		
Reversal of land revaluation difference on sale			(441)		(441)		
Net changes of items other than shareholders' equity						5,050	698
Total changes of items during the period	–	(0)	(2,129)	(20,894)	(23,024)	5,050	698
Balance at end of year	102,045	81,417	848,381	(74,797)	957,047	49,556	827

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Land revaluation difference	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of year	(2,581)	53,737	–	95,790	306	224,558	1,300,726
Changes of items during the period							
Dividends from surplus							(34,081)
Net income							32,392
Acquisition of treasury stock							(20,898)
Disposal of treasury stock							4
Reversal of land revaluation difference on sale							(441)
Net changes of items other than shareholders' equity	441	56,522	(13,716)	48,996	26	8,985	58,008
Total changes of items during the period	441	56,522	(13,716)	48,996	26	8,985	34,984
Balance at end of year	(2,140)	110,259	(13,716)	144,786	332	233,544	1,335,711

Fiscal year ended December 31, 2015

(¥ millions)

	Shareholders' equity					Accumulated other comprehensive income	
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on securities	Deferred gains or losses on hedges
Balance at beginning of year	102,045	81,417	848,381	(74,797)	957,047	49,556	827
Cumulative effects of changes in accounting policies		(81,417)	(147,697)		(229,115)		
Restated balance	102,045	–	700,683	(74,797)	727,931	49,556	827
Changes of items during the period							
Dividends from surplus			(34,676)		(34,676)		
Net loss			(47,329)		(47,329)		
Acquisition of treasury stock				(34)	(34)		
Disposal of treasury stock		0		2	3		
Retirement of treasury stock		(72,726)		72,726	–		
Transfer to capital surplus from retained earnings		72,897	(72,897)		–		
Increase by merger			8		8		
Change of scope of equity method			(76)		(76)		
Change in shareholder's interest due to transaction with minority interest		(136)			(136)		
Capital increase of consolidated subsidiaries		(35)			(35)		
Net changes of items other than shareholders' equity						10,280	1,569
Total changes of items during the period	–	–	(154,971)	72,693	(82,277)	10,280	1,569
Balance at end of year	102,045	–	545,711	(2,103)	645,653	59,836	2,396

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Land revaluation difference	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of year	(2,140)	110,259	(13,716)	144,786	332	233,544	1,335,711
Cumulative effects of changes in accounting policies		(39,191)		(39,191)		169	(268,137)
Restated balance	(2,140)	71,068	(13,716)	105,595	332	233,713	1,067,573
Changes of items during the period							
Dividends from surplus							(34,676)
Net loss							(47,329)
Acquisition of treasury stock							(34)
Disposal of treasury stock							3
Retirement of treasury stock							–
Transfer to capital surplus from retained earnings							–
Increase by merger							8
Change of scope of equity method							(76)
Change in shareholder's interest due to transaction with minority interest							(136)
Capital increase of consolidated subsidiaries							(35)
Net changes of items other than shareholders' equity	119	(99,537)	161	(87,406)	97	40,097	(47,212)
Total changes of items during the period	119	(99,537)	161	(87,406)	97	40,097	(129,490)
Balance at end of year	(2,020)	(28,468)	(13,555)	18,188	430	273,810	938,083

(4) CONSOLIDATED STATEMENTS OF CASH FLOWS

(¥ millions)

	Fiscal year ended December 31, 2014	Fiscal year ended December 31, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	77,879	17,422
Depreciation and amortization	98,914	94,603
Loss on impairment	2,638	123,385
Amortization of goodwill	49,686	27,323
Contribution to retirement benefit trust	(19,000)	–
Interest and dividend income	(6,413)	(6,538)
Equity in losses (earnings) of affiliates	(2,925)	(16,160)
Interest expense	24,378	20,067
Gain on sale of property, plant and equipment and intangible assets	(7,333)	(19,454)
Loss on disposal and sale of property, plant and equipment and intangible assets	2,917	3,168
Gain on sale of investment securities	(179)	(6,810)
Decrease (increase) in notes and accounts receivable, trade	(10,886)	(6,942)
Decrease (increase) in inventories	(14,261)	(5,058)
Increase (decrease) in notes and accounts payable, trade	(270)	(4,978)
Increase (decrease) in liquor taxes payable	580	1,852
Increase (decrease) in consumption taxes payable	4,644	(8,785)
Increase (decrease) in deposits received	7,484	(2,872)
Other	10,837	(11,292)
Sub-total	218,690	198,927
Interest and dividends received	14,627	18,136
Interest paid	(14,945)	(13,114)
Income taxes paid	(63,125)	(32,938)
Net cash provided by (used in) operating activities	155,247	171,011
Cash flows from investing activities		
Payment for purchases of property, plant and equipment and intangible assets	(120,480)	(77,116)
Proceeds from sale of property, plant and equipment and intangible assets	12,999	32,332
Proceeds from transfer of business	–	12,809
Payment for acquisition of marketable securities and investment securities	(26,670)	(10,653)
Proceeds from sale and redemption of marketable securities and investment securities	1,746	19,868
Payment for purchases of shares of subsidiaries	(5)	–
Payment for acquisition of shares of newly consolidated subsidiaries	(14,510)	(52,877)
Proceeds from sale of shares of subsidiaries excluded from the scope of consolidation	364	–
Other	7,159	4,977
Net cash provided by (used in) investing activities	(139,397)	(70,659)

(¥ millions)

	Fiscal year ended December 31, 2014	Fiscal year ended December 31, 2015
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(7,847)	(13,118)
Increase (decrease) in commercial paper	83,994	(83,994)
Proceeds from long-term debt	67,313	170,158
Repayment of long-term debt	(132,595)	(63,070)
Proceeds from issuance of bonds	–	15,000
Payment for redemption of bonds	(30,000)	(58,886)
Payment for acquisition of treasury stock	(19,778)	(246)
Cash dividends paid	(34,081)	(34,676)
Cash dividends paid to minority shareholders	(6,555)	(6,495)
Other	(1,150)	(2,889)
Net cash provided by (used in) financing activities	(80,701)	(78,221)
Effect of exchange rate changes on cash and cash equivalents	109	(2,326)
Net increase (decrease) in cash and cash equivalents	(64,741)	19,804
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 year	40,730	60,336

(5) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(GOING CONCERN ASSUMPTION)

There are no matters to report under this item.

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

(Changes in accounting policies)

(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 year ended December 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 year containing the date of the business combinations.

In the consolidated statement of cash flows for the year ended December 31, 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 January 1, 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 year ended December 31, 2015 all increased by ¥21,806 million.

As the cumulative impact was reflected on the net assets as of January 1, 2015, balance of capital surplus, retained earnings, foreign currency translation adjustments and minority interests as of January 1, 2015 in the consolidated statement of changes in net assets, decreased by ¥81,417 million, ¥143,232 million, ¥39,191 million and ¥65 million, respectively.

The effect on per share information is stated in the relevant section.

(Application of Accounting Standards regarding Retirement Benefits)

Effective from the year ended December 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, March 26, 2015; 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 year ended December 31, 2015 is immaterial.

The effect on per share information is stated in the relevant section. 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 year ended December 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 year ended December 31, 2015 at the consolidated subsidiary group would better reflect the actual conditions. As a result of this change, for the year ended December 31, 2015, compared to previous method, depreciation decreased by ¥3,266 million, operating income increased by ¥2,268 million, and ordinary income and income before income taxes and minority interests increased by ¥2,300 million.

(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) and the "Partial Revision of Local Tax Act, etc." (Act No. 2 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, the statutory tax rate used for the calculation of deferred tax assets and deferred tax liabilities as of December 31, 2015 was changed from the previous 35.6% to 33.1% for temporary differences expected to be eliminated during the fiscal year beginning on January 1, 2016, and 32.2% for temporary differences expected to be eliminated during the fiscal years beginning on or after January 1, 2017.

As a result of this change, as of and for the year ended December 31, 2015, deferred tax assets decreased by ¥446 million. Additionally, income taxes-deferred, net unrealized gains on securities, remeasurements of defined benefit plans, and deferred gains or losses on hedges increased by ¥2,856 million, ¥2,863 million, ¥423 million, and ¥31 million, respectively.

In addition, deferred tax liability due to land revaluation and land revaluation difference both decreased by ¥119 million.

(SEGMENT INFORMATION)

a. Segment information

1. Summary of reportable segments

(1) Method of identifying reportable segments

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

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

Consequently, the Kirin Group has consolidated the companies taking into account the similarities of their economic characteristics, and has identified four reportable segments, namely, “Integrated Beverages-Japan,” “Integrated Beverages-Oceania,” “Integrated Beverages-Overseas-other,” and “Pharmaceuticals and Bio-chemicals.”

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

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

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

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

“Pharmaceuticals and Bio-chemicals” conducts production and sale of pharmaceutical products, biochemical products, and other products.

“Integrated Beverages-Japan” includes certain overseas companies.

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

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

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

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

(Application of Accounting Standards regarding Business Combinations)

As noted in “(Changes in accounting policies)” on page 23, 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, 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.

As a result, as compared to the amounts calculated by the previous method, segment income for the year ended December 31, 2015 increased by ¥2,229 million, ¥18,632 million, ¥238 million and ¥705 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)” on page 24, 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 year ended December 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 year ended December 31, 2015 increased by ¥2,268 million in the “Pharmaceuticals and Bio-chemicals” segment.

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

(¥ millions)

	Fiscal year ended December 31, 2014						
	Reportable Segment						
	Integrated Beverages			Pharmaceuticals and Bio-chemicals	Others (Note 1)	Adjustment (Note 2)	Amount recorded in the consolidated financial statements (Note 3)
	Japan	Oceania	Overseas -other				
Sales							
Unaffiliated customers	1,152,957	470,123	223,052	325,149	24,513	–	2,195,795
Inter-segment	10,491	123	213	8,296	1,299	(20,425)	–
Total sales	1,163,449	470,246	223,265	333,446	25,813	(20,425)	2,195,795
Segment income	48,181	27,587	3,663	38,877	3,083	(6,843)	114,549
Segment assets	825,162	786,917	627,325	726,817	34,290	(34,645)	2,965,868
Other items							
Depreciation and amortization	35,205	19,967	17,795	23,885	1,778	280	98,914
Amortization of goodwill	2,502	31,159	6,054	9,967	3	–	49,686
Investments in equity-method affiliates	5,189	4,580	166,207	45,741	493	–	222,213
Increase of property, plant and equipment and intangible assets	36,672	29,498	24,710	29,487	367	(617)	120,118

Notes

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

2. The adjustments are as follows:

(1) The negative ¥6,843 million adjustment in segment income includes ¥492 million in inter-segment eliminations and negative ¥7,335 million in corporate expenses not attributable to any reportable segment. The corporate expenses are mainly group administrative expenses due to the Company’s transfer to a pure holding company.

(2) The negative ¥34,645 million adjustment in segment assets includes negative ¥294,353 million in inter-segment asset and liability eliminations, and ¥259,707 million in corporate assets not attributable to any reportable segment. Corporate assets mainly consist of surplus funds (cash and time deposits), long-term investments (investment securities) of the Company, and assets which belong to the administrative department of the Company, a pure holding company.

(3) The ¥280 million adjustment in depreciation and amortization mainly consists of depreciation and amortization of corporate assets.

(4) The negative ¥617 million adjustment in increase of property, plant and equipment and intangible assets mainly consists of inter-segment asset and liability eliminations.

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

(¥ millions)

	Fiscal year ended December 31, 2015						
	Reportable Segment						
	Integrated Beverages			Pharmaceuticals and Bio-chemicals	Others (Note 1)	Adjustment (Note 2)	Amount recorded in the consolidated financial statements (Note 3)
	Japan	Oceania	Overseas -other				
Sales							
Unaffiliated customers	1,191,554	438,620	185,548	355,777	25,424	–	2,196,925
Inter-segment	4,839	116	313	8,538	1,057	(14,866)	–
Total sales	1,196,393	438,737	185,862	364,316	26,482	(14,866)	2,196,925
Segment income (loss)	47,994	48,078	(14,818)	46,819	3,860	(7,182)	124,751
Segment assets	780,827	465,447	500,091	735,313	36,966	(74,873)	2,443,773
Other items							
Depreciation and amortization	34,147	19,424	16,621	23,126	1,138	144	94,603
Amortization of goodwill	216	12,151	4,631	10,323	–	–	27,323
Investments in equity-method affiliates	3,738	4,331	169,838	53,442	192	–	231,543
Increase of property, plant and equipment and intangible assets	30,148	23,094	29,685	19,054	1,241	480	103,705

Notes

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

2. The adjustments are as follows:

   (1) The negative ¥7,182 million adjustment in segment income (loss) includes ¥386 million in inter-segment eliminations and negative ¥7,568 million in corporate expenses not attributable to any reportable segment. The corporate expenses are mainly group administrative expenses due to the Company’s transfer to a pure holding company.

   (2) The negative ¥74,873 million adjustment in segment assets includes negative ¥344,298 million in inter-segment asset and liability eliminations, and ¥269,425 million in corporate assets not attributable to any reportable segment. Corporate assets mainly consist of surplus funds (cash and time deposits), long-term investments (investment securities) of the Company, and assets which belong to the administrative department of the Company, a pure holding company.

   (3) The ¥144 million adjustment in depreciation and amortization mainly consists of depreciation and amortization of corporate assets.

   (4) The ¥480 million adjustment in increase of property, plant and equipment and intangible assets mainly consists of ¥397 million in inter-segment asset and liability eliminations and ¥82 million in acquisition of property, plant and equipment that are treated as corporate assets.

3. Segment income (loss) is reconciled to operating income in the consolidated statements of income.

b. Related Information

Fiscal year ended December 31, 2014

1. Information by product and service

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

2. Information by region

(1) Sales

(¥ millions)

Japan	Oceania	Brazil	Others	Total
1,388,950	463,944	182,306	160,594	2,195,795

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

(2) Property, Plant and Equipment

(¥ millions)

Japan	Oceania	Brazil	Others	Total
386,827	202,893	164,600	44,077	798,398

3. Information by major customer

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

Fiscal year ended December 31, 2015

1. Information by product and service

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

2. Information by region

(1) Sales

(¥ millions)

Japan	Oceania	Brazil	Others	Total
1,435,742	429,203	136,464	195,514	2,196,925

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

(2) Property, Plant and Equipment

(¥ millions)

Japan	Oceania	Brazil	Others	Total
367,208	177,002	108,967	58,584	711,763

3. Information by major customer

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

c. Information regarding loss on impairment of non-current assets by reportable segment

(¥ millions)

Fiscal year ended December 31, 2014							
	Reportable Segment				Others	Adjustment	Total
	Integrated Beverages			Pharmaceuticals and Bio-chemicals			
	Japan	Oceania	Overseas -other				
Loss on impairment	358	–	–	1,342	936	–	2,638

Note: “Others” includes food business, such as dairy products, and others.

(¥ millions)

Fiscal year ended December 31, 2015							
	Reportable Segment				Others	Adjustment	Total
	Integrated Beverages			Pharmaceuticals and Bio-chemicals			
	Japan	Oceania	Overseas -other				
Loss on impairment	4,053	93	113,476	5,762	–	–	123,385

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

(¥ millions)

Fiscal year ended December 31, 2014							
	Reportable Segment				Others	Adjustment	Total
	Integrated Beverages			Pharmaceuticals and Bio-chemicals			
	Japan	Oceania	Overseas -other				
Balance at the end of current period	27,364	379,329	100,593	135,182	–	–	642,470

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

(¥ millions)

Fiscal year ended December 31, 2015							
	Reportable Segment				Others	Adjustment	Total
	Integrated Beverages			Pharmaceuticals and Bio-chemicals			
	Japan	Oceania	Overseas -other				
Balance at the end of current period	1,210	121,065	29,179	117,759	–	–	269,215

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

e. Information regarding gain on negative goodwill by reportable segment

Fiscal year ended December 31, 2014

There are no matters to report under this item.

Fiscal year ended December 31, 2015

There are no matters to report under this item.

(PER SHARE INFORMATION)

Fiscal year ended December 31, 2014		Fiscal year ended December 31, 2015	
Net assets per share:	¥1,207.43	Net assets per share:	¥727.48
Net income (loss) per share (Basic):	¥35.27	Net income (loss) per share (Basic):	¥(51.87)
Net income per share (Diluted):	¥35.24	As for net income per share (Diluted), potential common shares outstanding is existing but not stated because of net loss per share.	

Notes 1: As noted in "(Changes in accounting policies)," 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. 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, net assets per share for the fiscal year ended December 31, 2015 decreased by ¥265.23, and net loss per share decreased by ¥23.89.

2: As noted in "(Changes in accounting policies)," the Company has applied the Application of Accounting Standards regarding Retirement Benefits in compliance with transitional treatment as prescribed in the article 37 of the Standard. 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, net assets per share for the fiscal year ended December 31, 2015 decreased by ¥4.89. The effect of this change on net loss per share is immaterial.

3: The basis for calculation of net assets per share was as follows:

		Fiscal year ended December 31, 2014	Fiscal year ended December 31, 2015
Total net assets	(¥ millions)	1,335,711	938,083
Amounts deducted from total net assets	(¥ millions)	233,877	274,241
[Subscription rights to shares included in the above]	(¥ millions)	[332]	[430]
[Minority interests included in the above]	(¥ millions)	[233,544]	[273,810]
Net assets attributable to common stock at the end of year	(¥ millions)	1,101,833	663,842
Number of common stock used to calculate net assets per share at the end of year	(thousands of shares)	912,547	912,528

Note 4: The basis for calculation of Net income (loss) per share (Basic) and Net income per share (Diluted) was as follows:

		Fiscal year ended December 31, 2014	Fiscal year ended December 31, 2015
Net income (loss) per share (Basic)			
Net income (loss)	(¥ millions)	32,392	(47,329)
Amounts not attributable to common stock	(¥ millions)	–	–
Net income (loss) attributable to common stock	(¥ millions)	32,392	(47,329)
Average number of common stock outstanding during the year	(thousands of shares)	918,517	912,537
Net income per share (Diluted)			
Adjustments to Net income	(¥ millions)	(27)	–
[Minority interests included in the above]	(¥ millions)	[(10)]	[–]
[Change in equity due to subscription rights to shares issued by consolidated subsidiaries included in the above]	(¥ millions)	[(17)]	[–]
Increase in common stock	(thousands of shares)	–	–
Outline of potential common shares outstanding that were not used in calculating Net income per share (Diluted) because they have no dilutive effects		–	–

(SUBSEQUENT EVENTS)

There are no matters to report under this item.

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

February 15, 2016

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

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

(¥ billions)

	Fiscal year ended December 31, 2015, Actual	Fiscal year ended December 31, 2014, Actual	Increase (decrease)	
Sales	2,196.9	2,195.7	1.1	0.1%
Gross profit	968.0	943.4	24.5	2.6%
Selling, general and administrative expenses	843.3	828.9	14.3	1.7%
Operating income	124.7	114.5	10.2	8.9%
Non-operating income	29.8	15.7	14.1	89.6%
Non-operating expenses	26.4	36.0	(9.6)	(26.8%)
Ordinary income	128.1	94.2	33.9	36.1%
Special income	29.1	8.6	20.5	236.8%
Special expenses	139.9	25.0	114.9	459.9%
Income before income taxes and minority interests	17.4	77.8	(60.4)	(77.6%)
Income taxes	45.9	33.0	12.8	39.1%
Minority interests	18.8	12.4	6.3	51.1%
Net income (loss)	(47.3)	32.3	(79.7)	–
Normalized EBITDA	258.9	273.1	(14.2)	(5.2%)
Normalized EPS	¥117	¥118	(¥1)	(0.8%)
Sales (Excluding liquor tax)	1,891.2	1,894.4	(3.2)	(0.2%)
Operating income (Prior to amortization of goodwill etc.)	158.5	171.5	(13.0)	(7.6%)
Operating income ratio (Excluding liquor tax, prior to amortization of goodwill etc.)	8.4%	9.1%		
ROE (Prior to amortization of goodwill etc.)	(0.3%)	8.6%		
Normalized ROE	12.4%	9.5%		
EPS (Prior to amortization of goodwill etc.)	(¥3)	¥109	(¥111)	–
Net interest-bearing debt / Normalized EBITDA	2.67	2.76		

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

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

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

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

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

(¥)

	Fiscal year ended December 31, 2015, Actual	Fiscal year ended December 31, 2014, Actual
Lion (AUD)	93.16	94.24
Brasil Kirin (BRL)	36.30	45.13

	Fiscal year ended December 31, 2015, Actual	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 ended December 31, 2015, Actual	Fiscal year ended December 31, 2014, Actual	Increase (decrease)	
Sales	2,196.9	2,195.7	1.1	0.1%
Japan Integrated Beverages	1,191.5	1,152.9	38.5	3.3%
Kirin Brewery *	707.2	698.7	8.5	1.2%
Kirin Beverage	372.0	345.7	26.3	7.6%
Mercian	69.3	69.1	0.2	0.4%
Other and elimination	42.8	39.3	3.4	8.7%
Overseas Integrated Beverages	624.1	693.1	(69.0)	(10.0%)
Lion	438.7	470.2	(31.5)	(6.7%)
Brasil Kirin	134.2	179.9	(45.6)	(25.4%)
Other and elimination	51.1	42.9	8.1	19.0%
Pharmaceuticals and Bio-chemicals	355.7	325.1	30.6	9.4%
Kyowa Hakko Kirin	364.3	333.4	30.8	9.3%
Pharmaceutical	278.4	251.8	26.5	10.5%
Bio-chemical	85.9	81.5	4.3	5.3%
Other and elimination	(8.5)	(8.2)	(0.2)	–
Other	25.4	24.5	0.9	3.7%

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

(Reference) Sales excluding liquor tax

(¥ billions)

	Fiscal year ended December 31, 2015, Actual	Fiscal year ended December 31, 2014, Actual
Kirin Brewery	415.3	409.0

3. Profit Details

(1) Operating Income

(¥ billions)

	Fiscal year ended December 31, 2015, Actual	Fiscal year ended December 31, 2014, Actual	Increase (decrease)
Operating income	124.7	114.5	10.2
Japan Integrated Beverages	47.9	48.1	(0.1)
Kirin Brewery *	62.6	66.4	(3.8)
Kirin Beverage *	5.6	5.3	0.3
Mercian *	1.9	1.4	0.5
Others **	(22.2)	(23.0)	0.7
Total		50.1	
Amortization of goodwill	–	(1.9)	1.9
Overseas Integrated Beverages	33.2	31.2	2.0
Lion (consolidated after reclassification)	63.9	62.9	1.0
Amortization of goodwill	(12.1)	(31.1)	19.0
Brand amortization	(3.7)	(4.1)	0.4
Total	48.0	27.5	20.4
Brasil Kirin (consolidated after reclassification)	(11.7)	9.9	(21.6)
Amortization of goodwill	(4.2)	(5.3)	1.0
Brand amortization	(2.5)	(3.1)	0.6
Total	(18.5)	1.4	(19.9)
Others	3.6	2.2	1.4
Pharmaceuticals and Bio-chemicals	46.8	38.8	7.9
Kyowa Hakko Kirin (consolidated after reclassification)	46.8	38.8	7.9
Pharmaceutical	36.2	29.0	7.1
Bio-chemical	8.1	7.2	0.8
Other/elimination of amortization of goodwill	8.6	8.7	(0.1)
Amortization of goodwill	(6.1)	(6.2)	0.0
Other	3.8	3.0	0.7
Corporate expenses/inter-segment eliminations	(7.1)	(6.8)	(0.3)

* 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	3.1	Sales increase in beer 6 thousand KL, 0.7 Sales decrease in *happo-shu* (4) thousand KL, (0.4) Sales decrease in new genre (0) thousand KL, (0.2) Sales increase in RTD 20 thousand KL, 1.9 Difference of change in products mix, etc.
	Decrease in raw material cost of alcohol beverages	0.2	Decrease in wrapping material cost 1.1, Increase in material cost (0.9), etc.
	Increase in selling expenses	(11.7)	Increase in sales promotion and advertising (11.6), etc. (Beer, *happo-shu* and new genre (8.0), RTD (1.7), etc.)
	Decrease in other expenses	4.6	Decrease in depreciation 2.2, Decrease in labor cost 2.1, Decrease in repair expenses 0.6, etc.
Total		(3.8)	
Kirin Beverage	Difference in volume of sales	20.5	Increase in sales volume 19.91 million cases
	Decrease in raw material cost, etc.	4.1	Increase in material cost (0.0), Decrease in wrapping material cost 1.0, Decrease in processing cost 3.2
	Decrease due in change of composition ratio of containers, etc.	(6.0)	
	Increase in selling expenses	(17.9)	Increase in sales promotion and advertising (15.8), Increase in freight (2.0)
	Decrease in other expenses	(0.4)	Increase in sales equipment cost, etc.
Total		0.3	

Major operating expenses

(¥ billions)

		Fiscal year ended December 31, 2015, Actual	Fiscal year ended December 31, 2014, Actual
Sales promotion		244.4	216.9
Advertising		68.8	77.1
Kirin Brewery	Sales promotion	71.0	59.8
	Advertising	27.2	26.8
Kirin Beverage	Sales promotion	129.1	114.9
	Advertising	10.5	8.8
Research and development		61.3	57.1
Kyowa Hakko Kirin (excluding internal transaction)		50.9	46.9

(2) Ordinary Income and Net Income

(¥ billions)

	Fiscal year ended December 31, 2015, Actual	Fiscal year ended December 31, 2014, Actual	Increase (decrease)	Description of changes
Non-operating income and expenses	3.4	(20.3)	23.7	
Financial profit or loss, net	(13.5)	(17.9)	4.4	
Equity in earnings or losses of affiliates	16.1	2.9	13.2	
San Miguel Brewery	9.2	6.2	3.0	Equity in earnings or losses of local affiliates 3.3, etc.
Others	6.8	(3.3)	10.1	Kirin-Amgen, Inc. 4.7, etc.
Foreign exchange gains and losses	(2.8)	1.0	(3.8)	
Other	3.6	(6.3)	9.9	
Ordinary income	128.1	94.2	33.9	
Special income and expenses	(110.7)	(16.3)	(94.4)	
Special income	29.1	8.6	20.5	
Gain on sale of property, plant and equipment and intangible assets	19.4	7.3	12.1	
Gain on sale of investment securities	6.8	0.1	6.6	
Other	2.9	1.1	1.7	
Special expenses	(139.9)	(25.0)	(114.9)	
Loss on disposal of property, plant and equipment and intangible assets	(3.1)	(3.2)	0.0	
Loss on sale of property, plant and equipment and intangible assets	(0.8)	(0.7)	(0.1)	
Loss on impairment	(123.3)	(2.6)	(120.7)	Loss on impairment of goodwill and other assets recorded by Brazil Kirin 110.0, etc.
Loss on devaluation of investment securities	(0.0)	(0.0)	(0.0)	
Loss on sale of investment securities	–	(1.6)	1.6	
Business restructuring expense	(8.8)	(12.0)	3.2	
Other	(3.7)	(4.6)	0.9	
Income taxes	(45.9)	(33.0)	(12.8)	
Minority interests	(18.8)	(12.4)	(6.3)	
Net income (loss)	(47.3)	32.3	(79.7)	

4. Summary of Consolidated Balance Sheets

(¥ billions)

	As of December 31, 2015	As of December 31, 2014	Increase (decrease)	Description of changes
Current assets	781.9	801.8	(19.8)	
Cash and time deposits	66.4	49.4	17.0	
Notes and accounts receivable, trade	397.6	408.7	(11.0)	
Inventories	227.7	246.2	(18.5)	
Other	90.0	97.4	(7.3)	
Non-current assets	1661.8	2,164.0	(502.1)	
Property, plant and equipment	711.7	798.3	(86.6)	Decrease due to the influence of exchange rate changes in evaluation of foreign subsidiaries, etc.
Intangible assets	458.5	849.3	(390.8)	
Goodwill	269.2	642.4	(373.2)	Decrease due to application of new accounting standards and decrease due to recording of loss on impairment at consolidated subsidiaries, etc.
Other	189.3	206.8	(17.5)	
Investments and other assets	491.5	516.2	(24.7)	
Total assets	2,443.7	2,965.8	(522.0)	
Current liabilities	665.9	784.6	(118.7)	
Notes and accounts payable, trade	142.0	160.1	(18.0)	
Interest-bearing debt	158.1	234.9	(76.7)	Decrease due to redemption of bonds and commercial paper and increase due to replacement of long-term bonds and debt with short-term ones, etc.
Other	365.7	389.6	(23.9)	
Non-current liabilities	839.7	845.4	(5.7)	
Interest-bearing debt	598.9	569.0	29.9	Increase due to borrowings by Kirin Holdings and increase due to replacement of long-term bonds and debt with short-term ones, etc.
Other	240.8	276.4	(35.6)	Decrease due to the influence of exchange rate changes in evaluation of foreign subsidiaries, etc.
Total liabilities	1,505.6	1,630.1	(124.4)	
Shareholders' equity	645.6	957.0	(311.3)	Decrease due to application of new accounting standards and decrease due to recording of loss on impairment at consolidated subsidiaries, etc.
Accumulated other comprehensive income	18.1	144.7	(126.5)	Decrease in foreign currency transaction adjustments due to exchange rate changes, etc.
Subscription rights to shares	0.4	0.3	0.0	
Minority interests	273.8	233.5	40.2	Increase due to new consolidated subsidiaries, etc.
Total net assets	938.0	1,335.7	(397.6)	
Total liabilities and net assets	2,443.7	2,965.8	(522.0)	

5. Summary of Consolidated Statements of Cash Flows

(1) Summary of Statements of Cash Flows

(¥ billions)

	Fiscal year ended December 31, 2015, Actual	Fiscal year ended December 31, 2014, Actual	Increase (decrease)
Cash flows from operating activities	171.0	155.2	15.7
Income before income taxes and minority interests	17.4	77.8	(60.4)
Depreciation and amortization	94.6	98.9	(4.3)
Amortization of goodwill	27.3	49.6	(22.3)
Other	31.6	(71.2)	102.8
Cash flows from investing activities	(70.6)	(139.3)	68.7
Capital expenditures	(77.1)	(120.4)	43.3
Other	6.4	(18.9)	25.3
Cash flows from financing activities	(78.2)	(80.7)	2.4
Increase (decrease) in interest-bearing debt	(33.9)	(19.1)	(14.7)
Cash dividends paid	(41.1)	(40.6)	(0.5)
Other	(3.1)	(20.9)	17.7
Translation adjustments	(2.3)	0.1	(2.4)
Net increase (decrease) in cash and cash equivalents	19.8	(64.7)	84.5

(2) Information by Segment

Fiscal year ended December 31, 2015, Actual

(¥ billions)

	Japan Integrated Beverages	Overseas Integrated Beverages	Pharmaceuticals and Bio-chemicals	Other	Adjustment	Total
Depreciation and amortization (including brand amortization)	34.1	36.0	23.1	1.1	0.1	94.6
Amortization of goodwill	0.2	16.7	10.3	–	–	27.3
Capital expenditures	27.2	28.1	19.1	0.9	1.5	77.1
Normalized EBITDA	82.3	98.3	80.2	4.9	(7.0)	258.9

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

6. Other Information

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

Fiscal year ended December 31, 2015, Actual

<Consolidated subsidiaries>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated net income
Kyowa Hakko Kirin	364.3	43.7	40.2	29.7	15.7
Elimination of amortization of goodwill		9.2	9.2	9.2	4.8
Amortization of goodwill		(6.1)	(6.1)	(6.1)	(6.1)
Total included in consolidation	364.3	46.8	43.3	32.8	14.4

<Equity-method affiliates>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated net income
San Miguel Brewery	218.4	59.9	54.1	36.2	17.6
Equity in earnings or losses of local affiliates			17.6	17.6	17.6
Brand amortization			(2.2)	(2.2)	(2.2)
Amortization of goodwill			(6.0)	(6.0)	(6.0)
Total included in consolidation			9.2	9.2	9.2

(2) Sales Details of Major Business Companies

a. Kirin Brewery

	Fiscal year ended December 31, 2015		Fiscal year ended December 31, 2014	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL		Thousand KL	
Beer	66.0	1.0%	65.4	(2.8%)
Happo-shu	50.1	(0.8%)	50.5	(3.1%)
New genre	63.3	(0.0%)	63.3	(11.2%)
Sub-total	179.6	0.1%	179.3	(6.0%)
RTD	28.2	7.6%	26.2	15.6%
Non-alcohol beverages	2.8	3.8%	2.7	(27.7%)
Breakdown of sales	¥ billions		¥ billions	
Beer	275.7	1.1%	272.7	(2.4%)
Happo-shu	152.5	(0.9%)	154.0	(3.3%)
New genre	166.2	(0.2%)	166.6	(11.2%)
Sub-total	594.5	0.2%	593.4	(5.3%)
RTD	78.0	7.4%	72.7	15.9%
Whiskey and Spirits, etc. *	34.6	6.4%	32.5	(18.4%)
Total sales	707.2	1.2%	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	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Category	Thousand cases		Thousand cases	
Black tea	480.8	1.5%	473.7	0.2%
Japanese tea	205.3	6.4%	192.9	(7.6%)
Coffee	312.9	6.1%	295.0	(1.1%)
Fruit and vegetable juice	263.9	10.9%	237.9	(6.2%)
Carbonated beverage	241.8	54.1%	156.9	(5.3%)
Functional beverage	76.1	11.6%	68.2	(1.6%)
Water	390.2	15.2%	338.7	(0.9%)
Other	201.8	(4.1%)	210.4	2.3%
Total	2,172.8	10.1%	1,973.7	(2.1%)
Container Type				
Can	392.0	8.8%	360.3	(1.9%)
Large-sized PET bottles (2L, 1.5L, etc.)	697.0	14.4%	609.1	0.9%
Small-sized PET bottles (500ml, 280ml, etc.)	857.0	7.6%	796.1	(3.7%)
Other	226.8	8.9%	208.2	(4.6%)
Total	2,172.8	10.1%	1,973.7	(2.1%)

Supplementary Documents to the Forecast Consolidated Business Results for the Fiscal Year Ending December 31, 2016

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

KIRIN HOLDINGS COMPANY, LIMITED

February 15, 2016

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

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

(¥ billions)

	Fiscal year ending December 31, 2016, Forecast	Fiscal year ended December 31, 2015, Actual	Increase (decrease)	
Sales	2,140.0	2,196.9	(56.9)	(2.6%)
Operating income	125.0	124.7	0.2	0.2%
Non-operating income and expenses	4.0	3.4	0.5	16.0%
Financial profit or loss, net	(11.0)	(13.5)	2.5	–
Equity in earnings or losses of affiliates	14.5	16.1	(1.6)	(10.3%)
Ordinary income	129.0	128.1	0.8	0.6%
Special income and expenses	(8.0)	(110.7)	102.7	–
Income before income taxes and minority interests	121.0	17.4	103.5	594.5%
Income taxes	46.0	45.9	0.0	0.2%
Minority interests	15.0	18.8	(3.8)	(20.4%)
Net income (loss)	60.0	(47.3)	107.3	–
ROE (Prior to amortization of goodwill etc.)	14.0%	(0.3%)		
Normalized EPS	¥115	¥117	(¥2)	(1.7%)
Sales (Excluding liquor tax)	1,833.0	1,891.2	(58.2)	(3.1%)
Operating income (Prior to amortization of goodwill etc.)	153.8	158.5	(4.7)	(3.0%)
Operating income ratio (Excluding liquor tax, prior to amortization of goodwill etc.)	8.4%	8.4%		
Normalized EBITDA	246.0	258.9	(12.9)	(5.0%)
EPS (Prior to amortization of goodwill etc.)	¥109	(¥3)	¥112	–
Net interest-bearing debt / Normalized EBITDA	2.73	2.67		

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

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

(¥)

	Fiscal year ending December 31, 2016, Forecast	Fiscal year ended December 31, 2015, Actual
Lion (AUD)	83.00	93.16
Brasil Kirin (BRL)	30.00	36.30
Myanmar Brewery (MMK('000))	90.00	–

	Fiscal year ending December 31, 2016, Forecast	Fiscal year ended December 31, 2015, Actual
Lion	From October 2015 to September 2016	From October 2014 to September 2015
Myanmar Brewery		–
San Miguel Brewery		From October 2014 to September 2015

2. Sales Details

(¥ billions)

	Fiscal year ending December 31, 2016, Forecast	Fiscal year ended December 31, 2015, Actual	Increase (decrease)	
Sales	2,140.0	2,196.9	(56.9)	(2.6%)
Japan Integrated Beverages	1,196.0	1,191.5	4.4	0.4%
Kirin Brewery *	711.0	707.2	3.8	0.5%
Kirin Beverage	368.0	372.0	(4.0)	(1.1%)
Mercian	70.2	69.3	0.8	1.3%
Other and elimination	46.6	42.8	3.8	9.0%
Overseas Integrated Beverages	576.0	624.1	(48.1)	(7.7%)
Lion	384.0	438.7	(54.6)	(12.5%)
Brasil Kirin	114.3	134.2	(19.8)	(14.8%)
Myanmar Brewery	22.8	–	22.8	–
Other and elimination	54.6	51.1	3.5	6.9%
Pharmaceuticals and Bio-chemicals	343.0	355.7	(12.7)	(3.6%)
Kyowa Hakko Kirin	351.0	364.3	(13.3)	(3.7%)
Pharmaceutical	267.0	278.4	(11.4)	(4.1%)
Bio-chemical	84.0	85.9	(1.9)	(2.2%)
Other and elimination	(8.0)	(8.5)	0.5	–
Other	25.0	25.4	(0.4)	(1.7%)

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

(Reference) Sales excluding liquor tax

(¥ billions)

	Fiscal year ending December 31, 2016, Forecast	Fiscal year ended December 31, 2015, Actual
Kirin Brewery	418.6	415.3

3. Profit Details

(¥ billions)

	Fiscal year ending December 31, 2016, Forecast	Fiscal year ended December 31, 2015, Actual	Increase (decrease)
Operating income	125.0	124.7	0.2
Japan Integrated Beverages	56.0	47.9	8.0
Kirin Brewery	70.8	62.6	8.1
Kirin Beverage	11.1	5.6	5.4
Mercian	1.7	1.9	(0.2)
Others*	(27.6)	(22.2)	(5.3)
Overseas Integrated Beverages	42.0	33.2	8.7
Lion (consolidated after reclassification)	56.4	63.9	(7.5)
Amortization of goodwill	(10.8)	(12.1)	1.3
Brand amortization	(3.0)	(3.7)	0.6
Total	42.5	48.0	(5.5)
Brasil Kirin (consolidated after reclassification)	(8.9)	(11.7)	2.8
Amortization of goodwill	–	(4.2)	4.2
Brand amortization	(0.6)	(2.5)	1.8
Total	(9.5)	(18.5)	8.9
Myanmar Brewery (consolidated after reclassification)	8.8	–	8.8
Amortization of goodwill	(1.6)	–	(1.6)
Brand amortization	(1.6)	–	(1.6)
Total	5.6	–	5.6
Others	3.4	3.6	(0.2)
Pharmaceuticals and Bio-chemicals	33.0	46.8	(13.8)
Kyowa Hakko Kirin (consolidated after reclassification)	33.0	46.8	(13.8)
Pharmaceutical	23.0	36.2	(13.2)
Bio-chemical	7.0	8.1	(1.1)
Other/elimination of amortization of goodwill	9.1	8.6	0.5
Amortization of goodwill	(6.1)	(6.1)	–
Other	2.0	3.8	(1.8)
Corporate expenses/inter-segment eliminations	(8.0)	(7.1)	(0.8)

* 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	2.1	Sales increase in beer 16 thousand KL, 2.0 Sales decrease in *happo-shu* (18) thousand KL, (1.9) Sales decrease in new genre (12) thousand KL, (1.4) Sales Increase in RTD 13 thousand KL, 1.1 Difference of change in products mix, etc.
	Decrease in raw material cost of alcohol beverages	1.9	Decrease in material cost, etc.
	selling expenses	0.0	
	Decrease in other expenses	4.1	Decrease in depreciation, etc.
Total		8.1	* Including an influence of change in depreciation method 4.0
Kirin Beverage	Difference in volume of sales	(6.9)	Decrease in sales volume (6.68) million cases
	Decrease in raw material cost, etc.	3.2	Decrease in material cost 1.0, Decrease in wrapping material cost 0.5, Decrease in processing cost 1.6
	Increase due in change of composition ratio of containers, etc.	4.6	
	Decrease in selling expenses	4.3	Decrease in sales promotion and advertising (3.3), Decrease in freight 1.0
	Decrease in other expenses	0.1	
Total		5.4	* Including an influence of change in depreciation method 4.0

Major operating expenses

(¥ billions)

		Fiscal year ending December 31, 2016, Forecast	Fiscal year ended December 31, 2015, Actual
Kirin Brewery	Sales promotion	98.3	71.0
	Advertising		27.2
Kirin Beverage	Sales promotion	136.4	129.1
	Advertising		10.5

4. Information by Segment

Fiscal year ending December 31, 2016, Forecast

(¥ billions)

	Japan Integrated Beverages	Overseas Integrated Beverages	Pharmaceuticals and Bio-chemicals	Other	Adjustment	Total
Depreciation and amortization (including brand amortization)	26.3	28.4	24.4	0.9	0.1	80.2
Amortization of brands	–	5.7	–	–	–	5.7
Amortization of goodwill	0.1	12.5	10.3	–	–	23.0
Capital expenditures	32.5	35.0	28.0	4.5	–	100.0
Normalized EBITDA	82.5	100.6	67.7	2.9	(7.8)	246.0

Fiscal year ended December 31, 2015, Actual

(¥ billions)

	Japan Integrated Beverages	Overseas Integrated Beverages	Pharmaceuticals and Bio-chemicals	Other	Adjustment	Total
Depreciation and amortization (including brand amortization)	34.1	29.6	23.1	1.1	0.1	88.1
Amortization of brands	–	6.4	–	–	–	6.4
Amortization of goodwill	0.2	16.7	10.3	–	–	27.3
Capital expenditures	27.2	28.1	19.1	0.9	1.5	77.1
Normalized EBITDA	82.3	98.3	80.2	4.9	(7.0)	258.9

5. Other Information

(1) Information Regarding Amortization of Major Goodwill etc.

Fiscal year ending December 31, 2016, 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	10.8	108.7	10	3.1	26.4	1~16	13.9
	Kyowa Hakko Kirin	2007	6.1	69.1	12	–	–	–	6.1
	Brasil Kirin	2011	–	–	–	0.6	9.9	15	0.6
	Myanmar Brewery	2015	1.6	25.7	16	1.6	26.7	16	3.2
	Other		4.5	39.9	–	0.2	1.9	–	4.7
	Consolidated subsidiaries total		23.0	243.6		5.7	65.0		28.8
Equity method	San Miguel Brewery	2009	6.0	75.5	13	2.2	27.8	13	8.2
	China Resources Kirin Beverages	2011	2.6	39.0	15	–	–	–	2.6
	Equity-method affiliates total		8.6	114.6		2.2	27.8		10.8
Total			31.7	358.2		7.9	92.8		39.6

* Account title: Depreciation.

(2) Sales Details of Major Business Companies

a. Kirin Brewery

	Fiscal year ending December 31, 2016		Fiscal year ended December 31, 2015	
	Forecast	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL		Thousand KL	
Beer	67.6	2.3%	66.0	1.0%
Happo-shu	48.3	(3.7%)	50.1	(0.8%)
New genre	62.1	(2.0%)	63.3	(0.0%)
Sub-total	178.0	(0.9%)	179.6	0.1%
RTD	29.5	4.5%	28.2	7.6%
Non-alcohol beverages	3.0	4.1%	2.8	3.8%
Breakdown of sales	¥ billions		¥ billions	
Beer	283.3	2.8%	275.7	1.1%
Happo-shu	146.8	(3.7%)	152.5	(0.9%)
New genre	162.5	(2.2%)	166.2	(0.2%)
Sub-total	592.8	(0.3%)	594.5	0.2%
RTD	81.2	4.0%	78.0	7.4%
Whiskey and Spirits, etc.	37.0	6.9%	34.6	6.4%
Total sales	711.0	0.5%	707.2	1.2%

The above sales volume excludes contract manufacturing and exports.

b. Kirin Beverage Group

	Fiscal year ending December 31, 2016		Fiscal year ended December 31, 2015	
	Forecast	Increase (decrease)	Actual	Increase (decrease)
Category	Thousand cases		Thousand cases	
Black tea	482.0	0.2%	480.8	1.5%
Japanese tea	191.0	(7.0%)	205.3	6.4%
Coffee	315.0	0.7%	312.9	6.1%
Fruit and vegetable juice	265.0	0.4%	263.9	10.9%
Carbonated beverage	231.0	(4.5%)	241.8	54.1%
Functional beverage	73.0	(4.1%)	76.1	11.6%
Water	354.0	(9.3%)	390.2	15.2%
Other	195.0	(3.4%)	201.8	(4.1%)
Total	2,106.0	(3.1%)	2,172.8	10.1%
Container Type				
Can	389.3	(0.7%)	392.0	8.8%
Large-sized PET bottles (2L, 1.5L, etc.)	608.1	(12.8%)	697.0	14.4%
Small-sized PET bottles (500ml, 280ml, etc.)	884.5	3.2%	857.0	7.6%
Other	224.1	(1.2%)	226.8	8.9%
Total	2,106.0	(3.1%)	2,172.8	10.1%