KIRIN

KIRIN HOLDINGS COMPANY, LIMITED

April 28, 2016

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2016 (UNDER JAPANESE GAAP) (UNAUDITED)

(English Translation)

Fiscal year ending December 31, 2016

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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Telephone: +81-3-6837-7015 from overseas

Submission date of quarterly securities report scheduled: May 12, 2016

Commencement date of dividend distribution scheduled: –

Preparation of supplementary documents to the quarterly financial results: Yes

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

1. Consolidated business results and financial position for the first three months of the current fiscal year (January 1, 2016 - March 31, 2016)

[Unit: Japanese yen (¥)]

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

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

	Sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
	(¥ millions)	(%)	(¥ millions)	(%)	(¥ millions)	(%)
Three months ended						
March 31, 2016	483,880	(6.1)	25,351	(3.5)	23,578	(8.0)
March 31, 2015	515,298	(2.5)	26,261	(12.6)	25,630	(10.4)

Note: Comprehensive income March 31, 2016 ¥2,111 million [(86.1) %]

March 31, 2015 ¥15,169 million [(48.1)%]

	Net income attributable to owners of the parent	Percentage change	Net income per share (Basic)	Net income per share (Diluted)
	(¥ millions)	(%)	(¥)	(¥)
Three months ended				
March 31, 2016	10,414	(22.1)	11.41	11.41
March 31, 2015	13,376	20.5	14.66	14.66

(2) Financial position:

	Total assets	Net assets	Ratio of equity to total assets
	(¥ millions)	(¥ millions)	(%)
As of			
March 31, 2016	2,393,154	917,550	27.1
December 31, 2015	2,443,773	938,083	27.2

Reference: Equity March 31, 2016 ¥648,166 million
December 31, 2015 ¥663,842 million

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal year ended December 31, 2015	–	19.00	–	19.00	38.00
Fiscal year ending December 31, 2016	–				
Fiscal year ending December 31, 2016 (Forecast)		19.00	–	19.00	38.00

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

3. Forecast consolidated business results for the current 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 (Basic)
	(¥ millions)	(%)	(¥)
Six months ending June 30, 2016	–	–	–
Fiscal year ending December 31, 2016	60,000	–	65.75

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

* Notes

(1) Changes in significant subsidiaries for the three months ended March 31, 2016 (Changes in specified subsidiaries accompanying change in scope of consolidation.): None

Newly included: ― Excluded: ―

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

Note: For details, please refer to "2. SUMMARY INFORMATION (NOTES), (2) APPLICATION OF SPECIFIC ACCOUNTING FOR PREPARING THE QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS" on page 7 of the Attached Materials.

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

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

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

iii. Changes in accounting estimates: Yes

iv. Restatements: None

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

(4) Number of shares outstanding (common stock)

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

As of March 31, 2016	914,000,000 shares
As of December 31, 2015	914,000,000 shares

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

As of March 31, 2016	1,472,750 shares
As of December 31, 2015	1,471,032 shares

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

For the three months ended March 31, 2016	912,527,694 shares
For the three months ended March 31, 2015	912,544,780 shares

* Explanation regarding performance of quarterly review procedures

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

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

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

(2) The Company will post the Supplementary Documents to the Financial Results today, Thursday, April 28, and will post the presentation materials from the financial results presentation (teleconference) held on today 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 first quarter (January 1 – March 31, 2016), the financial market was unstable and crude oil prices remained stagnant from the previous year. Accordingly, although the fundamentals of the developed countries remained solid, the sense of uncertainty in the global economy continued throughout the quarter mainly due to a lower growth rate in China and other emerging countries.

Meanwhile, although there were growing concerns regarding the impact of the slowing down of emerging economies and high appreciation of the yen on corporate earnings, the Japanese economy maintained its modest recovery trend due to its stable employment/income environment which is the base of consumer spending.

From the fiscal year 2016, the Kirin Group started its Medium-Term Business Plan 2016–2018 ("2016 MTBP") which is the first three-year plan under its new Long-Term Business Plan, the New Kirin Group Vision 2021 ("New KV2021"). Under the 2016 MTBP, highest priority is placed on improving profitability; initiatives are underway to strengthen the competitiveness of the existing businesses through clearly prioritized investment and to execute drastic structural reform of low-profit businesses. Regarding investment for growth, the top priority is the growth of Kirin Brewery Company, Limited. Kirin Holdings Company, Limited and Kirin Company, Limited, the umbrella company of Japan Integrated Beverages Business, made consolidated efforts to drive those initiatives.

As a result, consolidated sales in the current consolidated first quarter decreased compared with last year mainly due to decreased sales volume in both the Japan Integrated Beverages Business and the Overseas Integrated Beverages Business. Although each company in the group undertook structural reform to improve profitability, consolidated operating income also decreased. In addition, equity in affiliate earnings was also down from the previous year. Accordingly, consolidated ordinary income and quarterly consolidated net income attributable to the shareholders of the parent company decreased in the first quarter.

Kirin Holdings Company, Limited 2016 first quarter results:

Consolidated sales	¥ 483.8 billion, down 6.1%
Consolidated operating income	¥ 25.3 billion, down 3.5%
Consolidated ordinary income	¥ 23.5 billion, down 8.0%
Consolidated net income[*1]	¥ 10.4 billion, down 22.1%
(Reference)	
Normalized EPS [*2]	¥ 19, down 24.0%

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

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

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

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

Note that normalized EPS has been rounded to the nearest ¥1 .

Results by segment are as follows.

Japan Integrated Beverages Business

In the Japan Integrated Beverages Business, we conducted brand development and other business activities based on the brand message of “Quality with Surprise”, through which we surprise and inspire consumers with products and services generated by our core strength, namely, craftsmanship with attention to detail and a passion for the perfection of quality.

Kirin Brewery Company, Limited is positioning the three years of the 2016 MTBP as a period to solidify the turnaround of its business. It aims to be a “company which cares about consumers most”, and to generate values unique to Kirin. As customer consumption patterns increasingly vary to satisfy individual preferences, further efforts were made to increase the attractiveness of Kirin’s beer products centering on *Kirin Ichiban Shibori* and craft beer[*1]. The launch of new products such as *Ichiban Shibori Haru Ranman Design Package* and *Grand Kirin Urara Kaworu* is part of such efforts to meet varying consumer needs. In the growing functional category, *Tanrei Green Label* was renewed to revitalize the brand. As to the ready-to-drink (RTD) category[*2] which is expected to expand further, active sales measures were taken centering on *Kirin Hyoketsu*. Meanwhile, *Kirin Whiskey Fujisanroku Tarujuku 50°*, which recorded a year-on-year sales volume increase of approx. 30% in 2015, was fully renewed, and relaunched as *Kirin Whiskey Fujisanroku Tarujuku Genshu 50°*.

Mercian Corporation focused its efforts on the medium- to long-term expansion of the overall wine market and the promotion of Japanese wine products. It also started initiatives to develop an attractive brand portfolio in order to build a base for the expansion and diversification of its wine business. While the top priority was continuously placed on its flagship *Chateau Mercian*, efforts were also made in the growing Chilean wine category to broaden its selection by including medium- to high-end products. As part of such efforts, it strengthened the product lineup by launching the new *Reserva Privada* series from *Casillero del Diablo*. It also launched the *World Wine Style* series which propose various ways to enjoy drinking wine from around the world, offering consumers a wider product selection.

Kirin Beverage Company, Limited focused on steady growth in brand value and drastic reform of its profit structure for profitable growth. In order to establish a strong brand position in the large sugar-free tea market which is the key to increasing its competitiveness, the company conducted a major renewal of the packaging and contents of *Kirin Nama-cha*, and the initial performance of the renewed product was very strong. As to the flagship brand, *Kirin Gogo-no-Kocha*, which is marking the 30th anniversary of its launch, renewal was undertaken of one of the series, *Kirin Gogo-no-Kocha Oishii Muto*, and new products, such as *Kirin Gogo-no-Kocha Bitter Chocolate Milk Tea* and *Kirin Gogo-no-Kocha Koi no Teagurt*, were launched to present new product attractiveness, flavors and occasions for beverage consumption. Furthermore, in order to solidify the improvement in the carbonated beverage market from the previous year, *Kirin Mets Lemon* was launched from the *Kirin Mets* brand while *Kirin Mets Grapefruit and Grape* were renewed.

As from the first quarter of 2016, the method of calculating depreciation expenses changed from the fixed percentage method to the straight-line method.

As a result, Kirin Beverage Company, Limited increased the sales volume of soft drink products due to strong sales both of its core brands and at vending machines. Mercian Corporation also increased the sales volume of its wine products. However, consolidated sales of the Japan Integrated Beverages Business as a whole decreased because Kirin Brewery Company, Limited recorded a decrease in the sales volume of its beer products, in light of strong sales of new products in the corresponding quarter of the previous year, among other reasons. Consolidated operating income, however, increased mainly due to the improved profitability of Kirin Beverage Company, Limited.

[*1]Kirin uses the term "craft beer" to mean a beer that exhibits the personality of the brewer, as well as attention to detail, promoting enjoyment based on the beer's unique taste and individuality.
[*2] RTD liquors are packaged low-alcohol beverages sold in a prepared “ready-to-drink” form.

Japan Integrated Beverages Business 2016 first quarter results:	
Consolidated sales	¥ 235.9 billion, down 1.6%
Consolidated operating income	¥ 1.1 billion, —

Overseas Integrated Beverages Business

Lion, in its beer, spirits, and wine business, strove to revitalize the beer market in Australia to halt its decline and to achieve sustainable growth. While it worked on the revision and promotion of the label contents detailing the main raw materials, ingredients, and production methods, etc. of beer and communicating the original value of beer-drinking, Lion retained its focus on the sales of the core brand *XXXX Gold*, as well as undertaking actions to strengthen sales of *James Squire* and *Little Creatures* in the growing craft beer category. In Lion’s dairy and drinks business, business restructuring and restoration efforts continued in order to improve profitability. Centering on the milk product *Dare*, sales efforts were focused on selected categories in order to capitalize on market demand during peak times such as Christmas. The company also pushed forward its cost reduction efforts through a drastic review of the overall supply chain.

Brasil Kirin worked on improving its profit structure through strengthening the sales of its brands based on regional product strategies, as well as establishing more efficient corporate management. As part of these regional strategies, it increased brand exposure of the main beer brand *Schin* and the main soft drink brand *Viva Schin* in the northern and north east regions while it strengthened sales efforts in the premium beer segment, including *Eisenbahn* and *KIRIN ICHIBAN*, in the southern regions. At the same time, it bolstered efforts to reform the cost structure through initiatives for improved management efficiency, such as optimization via the consolidation of distribution centers and cutting indirect costs.

At Myanmar Brewery, Post-Merger Integration (PMI) initiatives have begun: a process of combining and rearranging businesses after agreement is reached on capital participation. Through the process, we strove to integrate the corporate philosophy of the Kirin group within the Myanmar Brewery while maintaining the latter’s strengths and values in order to maintain and reinforce its current market leader position. Meanwhile, other measures for improvement were taken, such as the development of production facilities and sales channels to meet the growing market demand. In addition, *Black Shield Stout* was launched to expand the brand portfolio.

In summary, in the Oceania Integrated Beverages Business, although the total sales volume in the beer, spirits and wine business decreased from the same period last year, the sales volume of focused brands in the craft beer category, etc. increased. Meanwhile, in the dairy and drinks business, the overall sales volume decreased due to the divestment of the low-priced cheese business, etc. Although local profitability improved due to the cost reductions, consolidated sales and operating income both decreased as a whole in the Oceania Integrated Beverages Business because of the adverse effect of foreign exchange fluctuations. In other Overseas Integrated Beverages Business, Brasil Kirin also executed initiatives to improve profitability, but saw a decline in profits due to increased raw material costs resulting from foreign exchange fluctuations. Myanmar Brewery, which was newly consolidated, continued to increase the sales volume of its core brand *Myanmar Beer*. However, the Other Overseas Integrated Beverages Business recorded a decline both in consolidated sales and consolidated operating income.

Oceania Integrated Beverages Business 2016 first quarter results:

Consolidated sales	¥113.3 billion, down 14.7%
Consolidated operating income	¥17.0 billion, down 2.7%

Other Overseas Integrated Beverages business 2016 first quarter results:

Consolidated sales	¥41.9 billion, down 15.0%
Consolidated operating income	(¥1.7) billion, —

Pharmaceuticals and Bio-chemicals Business

In the pharmaceuticals business, Kyowa Hakko Kirin leveraged its unique biotechnologies and worked on developing innovative new antibody drugs with the aim of adding new value in the area where it has advantage to contribute to the health and wellbeing of people around the world. In the domestic market, sales of the core product, the long-acting erythropoiesis-stimulating protein *NESP*, have remained strong, as have sales of other new drugs such as the long-acting G-CSF formula *G-LASTA*. On the other hand, sales of long-listed products, such as the anti-allergy agent *ALLELOCK*, declined due to the penetration of generic drugs, among other reasons. In Europe and the United States, although sales of products such as *Abstral* and *PecFent* for the treatment of cancer pain grew steadily, overall sales decreased from the same quarter of the previous year due to a decrease in technology revenue, etc.

In the bio-chemicals business, the existing high share in the specialty pharmaceutical, medical, and healthcare arenas was leveraged, and priority was placed on the improvement of brand strength and profitability.In the domestic market, sales of amino acids for intravenous liquids and pharmaceutical raw materials increased from the same period last year, and the mail-order business of consumer products such as *Ornithine* also remained strong. Overseas sales were down from the previous year due to the impact of the continuing appreciation of the yen as well as the impact of the partial sales of the business.

As a result, despite the growth of the new products, both consolidated sales and consolidated operating income decreased due to the impact of foreign exchange fluctuations and increases in research and development costs, etc.

Pharmaceuticals and Bio-chemicals Business 2016 first quarter results:

Consolidated sales	¥86.9 billion, down 0.6%
Consolidated operating income	¥9.2 billion, down 8.0%

Other Businesses

Koiwai Dairy Products Company focused on sales of its highly original products such as *Koiwai yogurt made from 100% fresh milk.* As a result, sales increased from the same period of the previous year. Operating income for Other Businesses also increased as a result of boosting the portfolio by putting more focus on existing profitable brands.

Both consolidated sales and consolidated operating income of the Other Businesses as a whole declined due, among other factors, to a significant decrease in the operating ratio of the Yokohama Arena Company Limited which underwent major renovation.

Other Businesses 2016 first quarter results:

Consolidated sales	¥5.6 billion, down 3.3%
Consolidated operating income	¥0.6 billion, down 24.2%

(2) FINANCIAL POSITION

Total assets at the end of the current consolidated first quarter had decreased by 50.6 billion yen from the end of the previous consolidated fiscal year, to 2.3931 trillion yen. The decrease was the result of a decrease in notes and accounts receivable, as well as in trade and investment securities, etc. despite an increase in cash and deposits as well as in tangible fixed assets, etc.

Debt decreased by 30 billion yen to 1.4756 trillion yen from the end of the previous consolidated fiscal year, resulting from a decrease in notes and accounts payable and in liquor tax payable (Current liabilities “Others”), despite an increase in interest-bearing debts, etc.

Net assets decreased by 20.5 billion yen from the end of the previous consolidated fiscal year to 917.5 billion yen, due to a decrease in net unrealized gains on securities, etc.

(3) CONSOLIDATED FORECASTS

Kirin Group's consolidated forecasts for the full year ending December 31, 2016, as announced on February 15, 2016, remain unchanged.

2. SUMMARY INFORMATION (NOTES)

(1) CHANGES IN SIGNIFICANT SUBSIDIARIES FOR THE THREE MONTHS ENDED MARCH 31, 2016

There are no matters to report under this item.

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

Calculation of income taxes

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

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

(Changes in accounting policies which are difficult to distinguish from changes in accounting estimates)

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

With respect to the depreciation method for property, plant and equipment, the Company and its consolidated subsidiaries that belong to the Japan Integrated Beverages Business had previously adopted the declining-balance method except for buildings (excluding building fixtures) acquired on or after April 1, 1998, which were depreciated using the straight-line method. However, starting from the three months ended March 31, 2016, the method has been changed to the straight-line method for all assets.

At the companies that belong to the Japan Integrated Beverages Business, stable operation has become possible with appropriate production capacity to meet demand, as a result of the optimization of production capacity through the concentration of manufacturing sites and other means. Accordingly, the depreciation method has been reviewed in conjunction with the formulation of the Medium-Term Business Plan 2016-2018.

Consequently, as stable operation of existing domestic facilities is anticipated, the Company has determined that the allocation of costs through depreciation over the useful life on a straight-line basis would be more appropriate for the companies that belong to Japan integrated Beverages.

In addition, this change will contribute to unification of the accounting policies adopted by the Group companies, including those overseas, and enhance the comparability among the Group companies.

At the same time, the useful lives for certain property, plant and equipment have been revised.

As a result of this change, for the three months ended March 31, 2016, operating income, ordinary income and income before income taxes increased by ¥2,065 million, as compared to the amounts calculated by previous method.

3. CONSOLIDATED FINANCIAL STATEMENTS
(1) CONSOLIDATED BALANCE SHEETS

(¥ millions)

	As of December 31, 2015	As of March 31, 2016
ASSETS		
Current assets		
Cash and time deposits	66,465	93,295
Notes and accounts receivable, trade	397,692	336,598
Merchandise and finished goods	153,901	154,438
Work in process	25,482	25,475
Raw materials and supplies	48,343	49,496
Other	94,529	86,820
Allowance for doubtful accounts	(4,479)	(4,694)
Total current assets	781,933	741,430
Non-current assets		
Property, plant and equipment (Net of accumulated depreciation and accumulated loss on impairment)	711,763	721,626
Intangible assets		
Goodwill	269,215	264,667
Other	189,331	193,564
Total	458,546	458,232
Investments and other assets		
Investment securities	408,888	386,352
Net defined benefit asset	9,891	10,906
Other	78,065	79,916
Allowance for doubtful accounts	(5,317)	(5,310)
Total	491,528	471,864
Total non-current assets	1,661,839	1,651,723
Total assets	2,443,773	2,393,154

(¥ millions)

	As of December 31, 2015	As of March 31, 2016
LIABILITIES		
Current liabilities		
Notes and accounts payable, trade	142,052	120,140
Short-term loans payable and long-term debt with current maturities	128,160	121,851
Commercial paper	–	84,000
Bonds due within one year	30,000	30,000
Income taxes payable	20,281	6,771
Reserves	7,887	15,293
Other	337,531	267,672
Total current liabilities	665,913	645,730
Non-current liabilities		
Bonds	194,991	194,991
Long-term debt	403,952	405,591
Reserve for loss on litigation	18,018	18,835
Other reserves	7,447	7,038
Net defined benefit liability	59,034	58,033
Other	156,331	145,383
Total non-current liabilities	839,775	829,874
Total liabilities	1,505,689	1,475,604
NET ASSETS		
Shareholders' equity		
Common stock	102,045	102,045
Retained earnings	545,711	538,617
Treasury stock, at cost	(2,103)	(2,106)
Total shareholders' equity	645,653	638,556
Accumulated other comprehensive income		
Net unrealized gains on securities	59,836	48,215
Deferred gains or losses on hedges	2,396	(501)
Land revaluation difference	(2,020)	(1,959)
Foreign currency translation adjustments	(28,468)	(22,921)
Remeasurements of defined benefit plans	(13,555)	(13,223)
Total accumulated other comprehensive income	18,188	9,609
Subscription rights to shares	430	462
Non-controlling interests	273,810	268,921
Total net assets	938,083	917,550
Total liabilities and net assets	2,443,773	2,393,154

(2) CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

CONSOLIDATED STATEMENTS OF INCOME

(¥ millions)

	Three months ended March 31, 2015	Three months ended March 31, 2016
Sales	515,298	483,880
Cost of sales	290,505	266,853
Gross profit	224,793	217,026
Selling, general and administrative expenses	198,531	191,675
Operating income	26,261	25,351
Non-operating income		
Interest income	921	860
Dividend income	223	383
Equity in earnings of affiliates	3,310	1,888
Other	2,914	1,018
Total	7,370	4,151
Non-operating expenses		
Interest expense	5,158	3,710
Other	2,843	2,213
Total	8,001	5,924
Ordinary income	25,630	23,578
Special income		
Gain on sale of property, plant and equipment and intangible assets	4,535	5,266
Gain on sale of investment securities	3	341
Other	1,013	1,537
Total	5,553	7,145
Special expenses		
Loss on disposal of property, plant and equipment and intangible assets	583	618
Loss on sale of property, plant and equipment and intangible assets	285	251
Loss on impairment	205	1
Business restructuring expense	502	659
Other	621	602
Total	2,199	2,134
Income before income taxes	28,984	28,589
Income taxes	12,234	12,898
Net income	16,750	15,691
Net income attributable to non-controlling interests	3,373	5,277
Net income attributable to owners of the parent	13,376	10,414

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(¥ millions)

	Three months ended March 31, 2015	Three months ended March 31, 2016
Net income	16,750	15,691
Other comprehensive income		
Net unrealized gains on securities	17,835	(12,035)
Deferred gains or losses on hedges	1,360	(2,899)
Land revaluation difference	119	61
Foreign currency translation adjustments	(29,676)	5,899
Remeasurements of defined benefit plans	439	605
Share of other comprehensive income of entities accounted for by the equity method	8,341	(5,210)
Total other comprehensive income	(1,580)	(13,580)
Comprehensive income	15,169	2,111
Comprehensive income attributable to:		
Owners of the parent	12,608	1,834
Non-controlling interests	2,561	276

(3) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(GOING CONCERN ASSUMPTION)

There are no matters to report under this item.

(SIGNIFICANT CHANGES IN SHAREHOLDERS' EQUITY)

There are no matters to report under this item.

(SEGMENT INFORMATION)

I. Three months ended March 31, 2015

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

(¥ millions)

	Three months ended March 31, 2015						
	Reportable Segment						
	Integrated Beverages			Pharmaceuticals and Bio-chemicals	Others (Note 1)	Adjustment (Note 2)	Amount recorded in the quarterly consolidated statements of income (Note 3)
	Japan	Oceania	Overseas -other				
Sales							
Unaffiliated customers	239,703	132,837	49,423	87,471	5,861	–	515,298
Inter-segment	540	30	42	2,127	256	(2,997)	–
Total sales	240,244	132,868	49,465	89,598	6,118	(2,997)	515,298
Segment income (loss)	(1,261)	17,553	243	10,113	864	(1,251)	26,261

Notes

1. "Others" includes food business, such as dairy products, and others.
2. The negative ¥1,251 million adjustment in segment income (loss) includes ¥151 million in inter-segment eliminations and negative ¥1,403 million in corporate expenses not attributable to any reportable segment. The corporate expenses are mainly group administrative expenses incurred in the Company, a pure holding company.
3. Segment income (loss) is reconciled to operating income in the consolidated statements of income.

II. Three months ended March 31, 2016

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

(¥ millions)

	Three months ended March 31, 2016						
	Reportable Segment						
	Integrated Beverages			Pharmaceuticals and Bio-chemicals	Others (Note 1)	Adjustment (Note 2)	Amount recorded in the quarterly consolidated statements of income (Note 3)
	Japan	Oceania	Overseas -other				
Sales							
Unaffiliated customers	235,963	113,349	41,987	86,914	5,665	–	483,880
Inter-segment	504	34	63	1,555	191	(2,347)	–
Total sales	236,467	113,383	42,050	88,469	5,857	(2,347)	483,880
Segment income (loss)	1,166	17,077	(1,711)	9,299	655	(1,136)	25,351

Notes

1. "Others" includes food business, such as dairy products, and others.
2. The negative ¥1,136 million adjustment in segment income (loss) includes ¥184 million in inter-segment eliminations and negative ¥1,320 million in corporate expenses not attributable to any reportable segment. The corporate expenses are mainly group administrative expenses due to the Company's transfer to a pure holding company.
3. Segment income (loss) is reconciled to operating income in the consolidated statements of income.

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

There is no significant recognition or change during the period.

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

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

As noted in "(Changes in accounting policies which are difficult to distinguish from changes in accounting estimates) in 2. SUMMARY INFORMATION (NOTES), (3) CHANGES IN ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES, AND RESTATEMENTS," with respect to the depreciation method for property, plant and equipment, the Company and its consolidated subsidiaries that belong to the "Integrated Beverages-Japan" had previously adopted the declining-balance method except for buildings (excluding building fixtures) acquired on or after April 1, 1998, which were depreciated using the straight-line method. However, starting from the three months ended March 31, 2016, the method has been changed to the straight-line method for all assets. In addition, useful lives of certain property, plant and equipment have also been changed.

As a result of this change, as compared to the amounts calculated by the previous method, segment income for the three months ended March 31, 2016 increased by ¥2,033 million in the "Integrated Beverages-Japan" segment, and ¥32 million in the "Other" segment.

(ADDITIONAL INFORMATION)

(Impact of change in corporation tax rate)

Following the promulgation of the "Partial Revision of Income Tax Act, etc." (Act No. 15 of 2016) and the "Partial Revision of Local Tax Act, etc." (Act No. 13 of 2016) on March 31, 2016, the statutory tax rate will be lowered from the fiscal years beginning on or after April 1, 2016.

As a result of this change, during the three months ended March 31, 2016, income taxes, corporate tax receivable (Current assets "Other") and deferred tax liabilities decreased by ¥195 million, ¥24 million and ¥1,412 million, respectively. Additionally, income taxes payable, net unrealized gains on securities and remeasurements of defined benefit plans increased by ¥339 million, ¥1,077 million and ¥224 million, respectively.

In addition, deferred tax liability due to land revaluation and land revaluation difference both decreased by ¥61 million.

(Application of Accounting Standards regarding Consolidated Financial Statements)

The Company has applied provisions stated in article 39 of the "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013) from the three months ended March 31, 2016. Accordingly, the presentation of net income, and other statement of income line items was changed and the presentation of minority interests was changed to non-controlling interests. In order to reflect these changes in presentation, reclassifications were made to the quarterly consolidated financial statements for the three months ended March 31, 2015 and the consolidated financial statements for the fiscal year ended December 31, 2015.

Supplementary Documents to the Consolidated Financial Statements for the Three Months Ended March 31, 2016

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

KIRIN HOLDINGS COMPANY, LIMITED

April 28, 2016

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

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

(¥ billions)

	Three months ended March 31, 2016, Actual	Three months ended March 31, 2015, Actual	Increase (decrease)	
Sales	483.8	515.2	(31.4)	(6.1%)
Gross profit	217.0	224.7	(7.7)	(3.5%)
Selling, general and administrative expenses	191.6	198.5	(6.8)	(3.5%)
Operating income	25.3	26.2	(0.9)	(3.5%)
Non-operating income	4.1	7.3	(3.2)	(43.7%)
Non-operating expenses	5.9	8.0	(2.0)	(26.0%)
Ordinary income	23.5	25.6	(2.0)	(8.0%)
Special income	7.1	5.5	1.5	28.7%
Special expenses	2.1	2.1	(0)	(2.9%)
Income before income taxes and minority interests	28.5	28.9	(0.3)	(1.4%)
Income taxes	12.8	12.2	0.6	5.4%
Minority interests	5.2	3.3	1.9	56.4%
Net income	10.4	13.3	(2.9)	(22.1%)
Normalized EPS	¥19	¥25	(¥6)	(24.0%)
Sales (Excluding liquor tax)	426.5	454.2	(27.7)	(6.1%)
Operating income (Prior to amortization of goodwill etc.)	32.6	35.1	(2.4)	(7.1%)
Operating income ratio (Excluding liquor tax, prior to amortization of goodwill etc.)	7.7%	7.7%		
Normalized EBITDA	49.6	56.0	(6.4)	(11.4%)
EPS(Prior to amortization of goodwill etc.)	¥22	¥27	(¥5)	(18.5%)

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

(¥)

	Three months ended March 31, 2016, Actual	Three months ended March 31, 2015, Actual
Lion (AUD)	87.34	98.42
Brasil Kirin (BRL)	30.04	41.11
Myanmar Brewery (MMK('000))	93.76	—

	Three months ended March 31, 2016, Actual	Three months ended March 31, 2015, Actual
Lion	From October 2015 to December 2015	From October 2014 to December 2014
Myanmar Brewery		—
San Miguel Brewery		From October 2014 to December 2014

2. Sales Details

(¥ billions)

	Three months ended March 31, 2016, Actual	Three months ended March 31, 2015, Actual	Increase (decrease)	
Sales	483.8	515.2	(31.4)	(6.1%)
Japan Integrated Beverages	235.9	239.7	(3.7)	(1.6%)
Kirin Brewery *	133.1	141.8	(8.7)	(6.2%)
Kirin Beverage	78.3	73.0	5.2	7.2%
Mercian	14.6	15.3	(0.6)	(4.4%)
Other and elimination	9.8	9.4	0.4	4.6%
Overseas Integrated Beverages	155.3	182.2	(26.9)	(14.8%)
Lion	113.3	132.8	(19.4)	(14.7%)
Brasil Kirin	24.9	39.0	(14.0)	(36.0%)
Myanmar Brewery	6.0	—	6.0	—
Other and elimination	10.9	10.3	0.5	5.3%
Pharmaceuticals and Bio-chemicals	86.9	87.4	(0.5)	(0.6%)
Kyowa Hakko Kirin	88.4	89.5	(1.1)	(1.3%)
Pharmaceutical	67.8	67.8	(0)	(0.1%)
Bio-chemical	20.6	21.7	(1.0)	(5.0%)
Other and elimination	(1.5)	(2.1)	0.5	—
Other	5.6	5.8	(0.1)	(6.1%)

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

(Reference) Sales excluding liquor tax

(¥ billions)

	Three months ended March 31, 2016, Actual	Three months ended March 31, 2015, Actual
Kirin Brewery	78.3	83.4

3. Profit Details

(1) Operating Income

(¥ billions)

	Three months ended March 31, 2016, Actual	Three months ended March 31, 2015, Actual	Increase (decrease)
Operating income	25.3	26.2	(0.9)
Japan Integrated Beverages	1.1	(1.2)	2.4
Kirin Brewery	5.2	6.8	(1.6)
Kirin Beverage	0.5	(2.8)	3.3
Mercian	0.3	(0.1)	0.5
Others *	(5.0)	(5.2)	0.1
Overseas Integrated Beverages	15.3	17.7	(2.4)
Lion (consolidated after reclassification)	20.7	21.7	(1.0)
Amortization of goodwill	(2.8)	(3.2)	0.3
Brand amortization	(0.8)	(0.9)	0.1
Total	17.0	17.5	(0.4)
Brasil Kirin (consolidated after reclassification)	(3.9)	1.7	(5.6)
Amortization of goodwill	—	(1.2)	1.2
Brand amortization	(0.1)	(0.7)	0.5
Total	(4.1)	(0.1)	(3.9)
Myanmar Brewery (consolidated after reclassification)	2.6	—	2.6
Amortization of goodwill	(0.4)	—	(0.4)
Brand amortization	(0.4)	—	(0.4)
Total	1.8	—	1.8
Others	0.5	0.4	0.1
Pharmaceuticals and Bio-chemicals	9.2	10.1	(0.8)
Kyowa Hakko Kirin (consolidated after reclassification)	9.2	10.1	(0.8)
Pharmaceutical	5.9	7.7	(1.8)
Bio-chemical	2.3	1.4	0.8
Other/elimination of amortization of goodwill	2.6	2.4	0.2
Amortization of goodwill	(1.5)	(1.5)	—
Other	0.6	0.8	(0.2)
Corporate expenses/inter-segment eliminations	(1.1)	(1.2)	0.1

* 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	Decrease in marginal profit of alcohol beverages	(3.6)	Sales decrease in beer (3) thousand KL, (0.3) Sales decrease in *happo-shu* (12) thousand KL, (1.3) Sales decrease in new genre (24) thousand KL, (2.9) Sales increase in RTD 5 thousand KL, 0.4 Difference of change in products mix, etc.
	Decrease in raw material cost of alcohol beverages	0.6	Decrease in material cost 0.4, Decrease in wrapping material cost 0.2, etc.
	Increase in selling expenses	(0.5)	Increase in sales promotion and advertising (0.6), etc. (Beer, *happo-shu* and new genre (0.5), RTD (0.1), etc.)
	Decrease in other expenses	1.9	Decrease in depreciation 1.4, Decrease in labor cost 0.7, etc.
Total		(1.6)	* Including an influence of change in depreciation method 0.9
Kirin Beverage	Difference in volume of sales	5.2	Increase in sales volume 4,980 thousand cases
	Decrease in raw material cost, etc.	1.3	Decrease in material cost 0.3, Decrease in wrapping material cost 0.3, Decrease in processing cost 0.6
	Decrease due in change of composition ratio of containers, etc.	(1.1)	
	Increase in selling expenses	(2.3)	Increase in sales promotion and advertising (2.0), Increase in freight (0.3)
	Decrease in other expenses	0.3	
Total		3.3	* Including an influence of change in depreciation method 0.9

Major operating expenses

(¥ billions)

		Three months ended March 31, 2016, Actual	Three months ended March 31, 2015, Actual
Kirin Brewery	Sales promotion / Advertising	22.7	22.1
Kirin Beverage	Sales promotion / Advertising	30.0	28.0

(2) Ordinary Income and Net Income

(¥ billions)

	Three months ended March 31, 2016, Actual	Three months ended March 31, 2015, Actual	Increase (decrease)	Description of changes
Non-operating income and expenses	(1.7)	(0.6)	(1.1)	
Financial profit or loss, net	(2.4)	(4.0)	1.5	
Equity in earnings or losses of affiliates	1.8	3.3	(1.4)	
San Miguel Brewery	2.2	2.8	(0.6)	Equity in earnings or losses of local affiliates(0.6), etc.
Others	(0.3)	0.4	(0.7)	
Foreign exchange gains and losses	(0.4)	(1.3)	0.9	
Other	(0.7)	1.4	(2.2)	
Ordinary income	23.5	25.6	(2.0)	
Special income and expenses	5.0	3.3	1.6	
Special income	7.1	5.5	1.5	
Gain on sale of property, plant and equipment and intangible assets	5.2	4.5	0.7	
Gain on sale of investment securities	0.3	0	0.3	
Other	1.5	1.0	0.5	
Special expenses	(2.1)	(2.1)	0	
Loss on disposal of property, plant and equipment and intangible assets	(0.6)	(0.5)	(0)	
Loss on sale of property, plant and equipment and intangible assets	(0.2)	(0.2)	0	
Loss on impairment	(0)	(0.2)	0.2	
Business restructuring expense	(0.6)	(0.5)	(0.1)	
Other	(0.6)	(0.6)	0	
Income taxes	(12.8)	(12.2)	(0.6)	
Minority interests	(5.2)	(3.3)	(1.9)	
Net income	10.4	13.3	(2.9)	

4. Summary of Consolidated Balance Sheets

(¥ billions)

	As of March 31, 2016	As of December 31, 2015	Increase (decrease)	Description of changes
Current assets	741.4	781.9	(40.5)	
Cash and time deposits	93.2	66.4	26.8	
Notes and accounts receivable, trade	336.5	397.6	(61.0)	Decrease due to the year-end of previous year being a bank holiday, etc.
Inventories	229.4	227.7	1.6	
Other	82.1	90.0	(7.9)	
Non-current assets	1,651.7	1,661.8	(10.1)	
Property, plant and equipment	721.6	711.7	9.8	
Intangible assets	458.2	458.5	(0.3)	
Goodwill	264.6	269.2	(4.5)	
Other	193.5	189.3	4.2	
Investments and other assets	471.8	491.5	(19.6)	
Total assets	2,393.1	2,443.7	(50.6)	
Current liabilities	645.7	665.9	(20.1)	
Notes and accounts payable, trade	120.1	142.0	(21.9)	
Interest-bearing debt	235.8	158.1	77.6	Increase due to issue of commercial paper, etc.
Other	289.7	365.7	(75.9)	Decrease in liquor taxes payable due to the year-end of previous year being a bank holiday, etc.
Non-current liabilities	829.8	839.7	(9.9)	
Interest-bearing debt	600.5	598.9	1.6	
Other	229.2	240.8	(11.5)	
Total liabilities	1,475.6	1,505.6	(30.0)	
Shareholders' equity	638.5	645.6	(7.0)	
Accumulated other comprehensive income	9.6	18.1	(8.5)	
Subscription rights to shares	0.4	0.4	0	
Minority interests	268.9	273.8	(4.8)	
Total net assets	917.5	938.0	(20.5)	
Total liabilities and net assets	2,393.1	2,443.7	(50.6)	

5. Other Information

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

Three months ended March 31, 2016, Actual

<Consolidated subsidiaries>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated net income
Kyowa Hakko Kirin	88.4	8.5	7.9	7.3	3.9
Elimination of amortization of goodwill		2.3	2.3	2.3	1.2
Amortization of goodwill		(1.5)	(1.5)	(1.5)	(1.5)
Total included in consolidation	88.4	9.2	8.7	8.1	3.5

<Equity-method affiliates>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated net income
San Miguel Brewery	60.8	17.6	15.9	8.7	4.2
Equity in earnings or losses of local affiliates			4.2	4.2	4.2
Brand amortization			(0.5)	(0.5)	(0.5)
Amortization of goodwill			(1.5)	(1.5)	(1.5)
Total included in consolidation			2.2	2.2	2.2

(2) Sales Details of Major Business Companies

a. Kirin Brewery

	Three months ended March 31, 2016		Three months ended March 31, 2015	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Breakdown of sales	¥ billions		¥ billions	
Beer	50.1	(1.8%)	51.1	(9.2%)
Happo-shu	28.9	(11.5%)	32.6	(6.4%)
New genre	28.4	(18.5%)	34.9	(9.6%)
Sub-total	107.6	(9.4%)	118.7	(8.5%)
RTD	17.5	7.0%	16.4	11.0%
Whiskey and Spirits, etc.	7.9	18.3%	6.6	(8.2%)
Total sales	133.1	(6.2%)	141.8	(6.6%)

b. Kirin Beverage Group

	Three months ended March 31, 2016		Three months ended March 31, 2015	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Category	10,000 cases		10,000 cases	
Black tea	1,198	9.8%	1,091	(0.9%)
Japanese tea	437	27.4%	343	(15.1%)
Coffee	725	11.2%	652	(9.8%)
Fruit and vegetable juice	550	6.2%	518	3.4%
Carbonated beverage	441	9.2%	404	62.9%
Functional beverage	119	10.2%	108	(4.4%)
Water	864	18.7%	728	(5.6%)
Other	338	2.4%	330	6.5%
Total	4,672	11.9%	4,174	0.1%
Container Type				
Can	917	18.3%	775	(2.3%)
Large-sized PET bottles (2L, 1.5L, etc.)	1,485	14.0%	1,303	(0.1%)
Small-sized PET bottles (500ml, 280ml, etc.)	1,800	8.7%	1,656	0.7%
Other	470	6.8%	440	2.6%
Total	4,672	11.9%	4,174	0.1%