KIRIN

KIRIN HOLDINGS COMPANY, LIMITED

August 4, 2016

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 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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Submission date of quarterly securities report scheduled: August 8, 2016

Commencement date of dividend distribution scheduled: September 6,2016

Preparation of supplementary documents to the quarterly financial results: Yes

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

1. Consolidated business results and financial position for the first six months of the current fiscal year (January 1, 2016 - June 30, 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 (¥ millions)	Percentage change (%)	Operating income (¥ millions)	Percentage change (%)	Ordinary income (¥ millions)	Percentage change (%)
Six months ended						
June 30, 2016	1,008,149	(5.8)	58,818	1.5	58,144	1.5
June 30, 2015	1,070,250	1.3	57,954	15.3	57,287	27.0

Note: Comprehensive income June 30, 2016 (¥23,580)million [−%]

June 30, 2015 ¥35,198 million [(28.4)%]

	Net income attributable to owners of the parent (¥ millions)	Percentage change (%)	Net income per share (Basic) (¥)	Net income per share (Diluted) (¥)
Six months ended				
June 30, 2016	33,826	2.1	37.07	37.06
June 30, 2015	33,129	135.9	36.30	36.30

(2) Financial position:

	Total assets	Net assets	Ratio of equity to total assets
	(¥ millions)	(¥ millions)	(%)
As of			
June 30, 2016	2,278,206	891,931	27.5
December 31, 2015	2,443,773	938,083	27.2

Reference: Equity June 30, 2016 ¥625,704 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	–	19.00			
Fiscal year ending December 31, 2016 (Forecast)			–	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)	(%)
Fiscal year ending December 31, 2016	2,080,000	(5.3)	127,000	1.8	125,000	(2.5)

	Net income attributable to owners of the parent	Percentage change	Net income per share
	(¥ millions)	(%)	(¥)
Fiscal year ending December 31, 2016	80,000	–	87.67

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

* Notes

(1) Changes in significant subsidiaries for the six months ended June 30, 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 XX 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 XX of the Attached Materials.

(4) Number of shares outstanding (common stock)

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

As of June 30, 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 June 30, 2016	1,476,904 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 six months ended June 30, 2016	912,526,171 shares
For the six months ended June 30, 2015	912,542,253 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, August 4, and will post the presentation materials from the financial results presentation to be held on Friday, August 5, the presentation content (video) and the main Q&A at the meeting as soon as possible on the Company's website.
(URL of the Company's website)
http://www.kirinholdings.co.jp/english/ir/event/explain/index.html

ATTACHED MATERIALS

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1. QUALITATIVE INFORMATION REGARDING CONSOLIDATED RESULTS FOR THE SIX MONTHS

(1) BUSINESS PERFORMANCE

During the second quarter (January 1–June 30, 2016), on the whole the global economy achieved modest growth. However, on top of the business slowdown in resource-supplying countries and a weak economy in China and other emerging countries, the United Kingdom's decision to withdraw from the European Union created unrest in the international financial market. As a result, the global economy continued to experience a sense of uncertainty throughout the period.

Under the above circumstances, the trends in the Japanese economy towards a stronger yen and declining stock prices progressed, especially in light of concerns about the global political situation and the policy mix accordingly adopted by various countries. Personal consumption came to a standstill due to factors such as limited wage increase despite the stable employment environment, and a mood of voluntary restraint in consumption following the large earthquake in Kumamoto in April.

From the fiscal year 2016, the Kirin Group has been executing 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 existing businesses through clearly prioritized investment and to execute drastic structural reform of low-profit businesses. Regarding investment for growth, 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.

Consolidated sales for the current consolidated second quarter decreased compared with last year due to the decreased beer product sales volume and a change in the accounting process within Kirin Beverage Company to deduct part of its sales promotion expenses from sales in the Japan Integrated Beverages Business, and the decreased sales volume in the daily and drinks business in the Oceania Integrated Beverages Business. Consolidated operating income increased as a result of improved profitability in operating companies and partly due to the impact of the change in the method of calculating depreciation expenses to the straight-line method, enacted from the first quarter of 2016 in the Japan Integrated Beverages Business. Meanwhile, both consolidated ordinary income and quarterly consolidated net income attributable to owners of the parent increased, due to increases in equity in earnings of affiliates and in gain on sales of investment securities.

Kirin Holdings Company, Limited 2016 second quarter results:

Consolidated sales	¥ 1,008.1 billion, down 5.8%
Consolidated operating income	¥ 58.8 billion, up 1.5%
Consolidated ordinary income	¥ 58.1 billion, up 1.5%
Consolidated net income*[1]	¥ 33.8 billion, up 2.1%
(Reference)	
Normalized EPS*[2]	¥ 53, down 7.0%

*1 Refers to net income attributable to owners of the parent.

*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, brand development and other business activities were conducted 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 2016, the first year of the 2016 MTBP period, as a year to solidify the turnaround of its business, and endeavor to generate values that establish it as a “company which cares about consumers most”. As it continued to focus on revitalizing the beer market through strengthening sales of *Kirin Ichiban Shibori* and craft beer*1, the company started to roll out the *47 Todofuken no Ichiban Shibori*, which offers different tastes and characteristics for each of the nation’s 47 prefectures. As a result of developing the product in consultation with local consumers so as to identify each region's unique delights, sales of the brand have been extremely favorable; orders for the products released in May and June approximately doubled compared to the annual sales target. In the low-malt beer (*happoshu*) category, *Tanrei Gokujo Nama* was released in its brand-new packaging. In the new genre category, *Kirin Hare Nodogoshi* and *Kirin Nodogoshi Summer Special* were released to meet consumers’ seasonal drinking needs. However, with the stagnation in the overall market due to a slump in personal consumption, sales volumes in the beer products category were below those of the previous year.

In the ready-to-drink (RTD)*2 category which is continuously expanding due to ever-diversifying consumer tastes, the company strengthened the brand base of the flagship *Kirin Hyoketsu* by offering a wide range of products, including the new release of *Kirin Hyoketsu Premium* series characterized by the high-quality fruit juice and the revamp of the *Kirin Hyoketsu Strong* series. As consumers expand the range of occasions on which they drink whiskey, spirits and liqueurs, sales of these beverages exceeded the annual sales target due to very strong sales of *Kirin Whiskey Fujisanroku Tarujuku Genshu 50*°, etc.

Mercian Corporation focused its efforts on the medium- to long-term expansion of the overall wine market and the promotion of Japanese wine products in order to develop an attractive category/brand portfolio. As consumer interest in Japanese wine products is increasing, the company’s flagship brand, *Chateau Mercian*, attracted much attention, particularly when it was served at the 2016 G7 Summit held in Ise-Shima, Japan. As to the variety wine category popular among young consumers, sales of the *Gyu gyu to Shibotta Sangria* series increased. In the imported wine category, the company focused on the *Casillero del Diablo* series, medium- to high-end products from Chile, which ranked the No.1*3 country with regard to imported wine products during the first quarter of 2016, and sales volumes were significantly higher than those of the previous year.

Kirin Beverage Company, Limited focused on steady growth in brand value and drastic reform of its profit structure for profitable growth. The performance of *Kirin Nama-cha* was very strong following a complete product renewal before relaunch in March 2016 to strengthen its brand position in the sugar-free tea market, resulting in an increase in the brand's annual sales volume target. As to the flagship brand, *Kirin Gogo-no-Kocha*, which this year marks the 30th anniversary of its launch, sales of the four core products, straight tea, milk tea, lemon tea, and *Oishii Muto* (sugar-free) were favorable and significantly exceeded sales for the previous year, partly due to the milk and lemon teas now being sold via DyDo DRINCO vending machines under a business alliance between the two companies that started in April. The company also undertook measures to improve the profitability of the vending machine business by launching products exclusively for sale at vending machines, such as *Kirin Gogo-no-Kocha Premium Straight* and *Kirin Mets Black*, as well as by introducing an online vending machine system for more efficient product replenishment. The company also addressed changing consumer demands and altered its target control system to one focused on the sale of small-package products. As a result, sales volumes of small-package products greatly increased from those of last year. Meanwhile, the company increased its control over sales promotion costs and made efforts to reduce material and other costs to strongly drive its profit structure reform.
As from the first quarter of 2016, the method of calculating depreciation expenses in the Japan Integrated Beverages Business changed from the fixed percentage method to the straight-line method.
In summary, the sales volumes of Mercian Corporation wine products and Kirin Beverage Company non-alcohol beverages products both increased, but the sales volume of Kirin Brewery Company beer products decreased. Besides, together with the impact of the changes within Kirin Beverage Company to deduct part of its sales promotion expenses from sales. As a result, consolidated sales of the Japan Integrated Beverages Business decreased. Consolidated operating income, however, increased due to progress in efforts to improve the profitability of individual companies as well as to the impact of the change in the method of calculating depreciation expenses from the first quarter of 2016.

*[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.
*[3] Source: Customs and Tariff Bureau, Ministry of Finance, Japan. It is a total of "Wine of fresh grapes (in containers holding 2L or less)" and "Wine of fresh grapes (in containers holding more than 2L and 150L or less)".

Japan Integrated Beverages Business 2016 second quarter results:	
Consolidated sales	¥ 533.0 billion, down 2.7%
Consolidated operating income	¥ 20.7 billion, up 116.1%

Overseas Integrated Beverages Business

Lion's beer, spirits, and wine business, continues to address the challenge of revitalizing the beer category to achieve sustainable growth. More specifically, in order to target consumers who avoid drinking beer on the basis of such misunderstandings as "beer is full of sugar and preservatives," Lion has added nutritional information on its Australian beer labels, including levels of sugar, carbohydrates, and calories. Meanwhile, it undertook vigorous marketing and educational activities to address the myths about beer. Lion also focused on strengthening its core brand *XXXX Gold* and launched a new low-alcohol beer, *Hahn Ultra*,

utilizing Kirin's brewing techniques. In the ever-growing craft beer category, Lion maintained its focus on strengthening sales of flagship brands *James Squire* and *Little Creatures*. In Lion's dairy and drinks business, business restructuring to improve profitability continued, as well as cost reduction measures through a drastic review of the overall supply chain. Sales efforts were centered on the *Dare* brand in the milk product category and on the *Yoplait* brand in the Yogurt category.
Brasil Kirin continued to work on establishing more efficient corporate management and improving its profit structure while strengthening brand sales based on regional strategies. As part of these regional strategies, it focused on the core beer brand *Schin* in the northern and north-eastern regions to recover its sales performance. In the southern and south-eastern regions, the emphasis was on product sales in the premium beer segment, including *Eisenbahn* and *KIRIN ICHIBAN*, while strengthening the *Devassa* brand, which has a relatively high recognition rate, through product renewal and repositioning it as a product in the medium-price sector. As to the core non-alcohol beverage brand *Viva Schin*, with a solid sales performance since a product renewal last year, sales volumes were significantly above those of last year. Furthermore, the company steadily executed its cost reduction plan and began discussions to sell one of its factories as part of its efforts to optimize production sites.
At Myanmar Brewery, Post-Merger Integration (PMI) initiatives, a process of combining and rearranging businesses after capital participation, progressed. Throughout the process, Myanmar Brewery strove to penetrate a new management philosophy reflecting the Kirin group philosophy within the company while keeping its original strengths and values in order to maintain and reinforce its current market leader position in Myanmar. Meanwhile, to meet the growing market demand, reinforcement of its production facilities has begun with Kirin's technological support. While sales of the flagship brand *Myanmar Beer* were solid, the company launched premium products, *Myanmar Premium* and *KIRIN ICHIBAN*, with the expectation of growth in the premium beer segment in the future.
In summary, in the Oceania Integrated Beverages Business, the sales volume for craft beers and focused brands increased, but the overall sales volume of the beer, spirits, and wine business decreased due to the shrinkage in the Australian beer market. Meanwhile, in the dairy and drinks business, the overall sales volume decreased but operating income increased due to cost reductions. However, with an affection of foreign exchange fluctuations, both consolidated sales and consolidated operating income decreased in the Oceania Integrated Beverages Business. In the Other Overseas Integrated Beverages Business, Brasil Kirin increased its overall sales volume, but saw a decline in sales due to the impact of the appreciation of the yen, etc. Brasil Kirin also steadily executed cost reduction measures, but recorded a decline in operating income due to increased raw material costs resulting from foreign exchange fluctuations. Myanmar Brewery, which was newly consolidated from the first quarter of 2016, continued to increase the sales volume of its core brands, including *Myanmar Beer*. However, the Other Overseas Integrated Beverages Business recorded a decline in consolidated sales , but overall operating loss was declined due to foreign exchange fluctuations.

Oceania Integrated Beverages Business 2016 second quarter results:

Consolidated sales	¥206.2 billion, down 14.0%
Consolidated operating income	¥25.2 billion, down 11.9%

Other Overseas Integrated Beverages Business 2016 second quarter results:

Consolidated sales	¥86.5 billion, down 9.9%
Consolidated operating income	¥(2.0) 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, thereby contributing to the health and wellbeing of people around the world.
In the domestic market, although the price reductions resulting from the domestic drug price revisions enacted in April had a negative impact, sales of the new drugs, such as the long-acting G-CSF formula *G-LASTA*, increased and were above those of last year. Sales of the core products, such as the long-acting erythropoiesis-stimulating protein *NESP,* also remained strong. In contrast, sales of long-listed products, such as the anti-allergy agent *ALLELOCK*, declined due to the penetration of generic drugs, among other reasons. In the United States, the Food and Drug Administration (FDA) granted Breakthrough Therapy Designation to Anti-FGF 23 fully human antibody (KRN 23), which is under development, for the treatment of pediatric X-linked hypophosphatemic rickets. In Europe and the United States, although sales of products such as *Abstral* for cancer pain treatment grew, overall sales were lower compared with the same quarter of the previous year due to foreign exchange fluctuations and a decrease in technology revenue, among other reasons.
In the bio-chemicals business, the existing high share in the specialty pharmaceutical, medical, and healthcare arenas was leveraged, and priority was placed on improving brand strength and profitability. In the domestic market, mail-order business sales of consumer products, namely *Ornithine* and a new product *Arginine EX*, were solid, and sales remained at the same level as the corresponding quarter last year. Overseas sales were down from the previous year due to the continuing appreciation of the yen, among other reasons.
As a result, despite the new product growth, both consolidated sales and consolidated operating income in the pharmaceuticals and bio-chemicals business decreased due to the impact of foreign exchange fluctuations and increased research and development costs, etc.

Pharmaceuticals and Bio-chemicals Business 2016 second quarter results:

Consolidated sales	¥170.6 billion, down 2.1%
Consolidated operating income	¥16.8 billion, down 29.7%

Other Businesses

Koiwai Dairy Products Company focused on sales of its unique products such as *Koiwai yogurt made from 100% fresh milk – fat free*, for which the distribution area expanded in March, as well as *Koiwai yogurt made from 100% fresh milk*. As a result, sales were higher than the corresponding period of the previous year. Operating income for Other Businesses also increased as a result of boosting the portfolio by placing more focus on existing profitable brands.

Both consolidated sales and consolidated operating income of the Other Businesses as a whole, however, declined due to the impact of a significant decrease in the operating ratio of the facilities operated by Yokohama Arena Company Limited which underwent major renovation.

Other Businesses 2016 second quarter results:

Consolidated sales	¥11.6 billion, down 5.1%
Consolidated operating income	¥1.1 billion, down 37.7%

(2) FINANCIAL POSITION

Total assets at the end of the current consolidated second quarter had decreased by 165.5 billion yen from the end of the previous consolidated fiscal year, to 2.2782 trillion yen. The decrease was the result of a decrease in notes and accounts receivable, as well as in trade and investment securities, etc.
Debt decreased by 119.4 billion yen to 1.3862 trillion yen from the end of the previous consolidated fiscal year, resulting from a decrease in interest-bearing debts and in liquor tax payable (Current liabilities “Others”), etc.
Net assets decreased by 46.1 billion yen from the end of the previous consolidated fiscal year to 891.9 billion yen, due to a decrease in net unrealized gains on securities and in foreign currency translation adjustments, etc.

(3) CONSOLIDATED FORECASTS

As a result of taking into account various factors, namely the change within Kirin Beverage Company to deduct part of its sales promotion expenses from sales, the revision of the full-year consolidated forecasts in the pharmaceuticals and bio-chemicals business, the decrease in equity in earnings of affiliates, and Lion’s acknowledgment of special income due to the termination of the distribution contract to import beer in Australia, the forecasts for the full year ending December 31, 2016, as announced on February 15, 2016, have been revised as indicated below.

Consolidated earnings forecast for year ended December 31, 2016

(Unit: Japanese yen (¥))

	Sales (¥ millions)	Operating income (¥ millions)	Ordinary income (¥ millions)	net income attributable to owners of the parent (¥ millions)	Net income per share (¥)
Previous forecasts (A)	2,140,000	125,000	129,000	60,000	65.75
Revised (B)	2,080,000	127,000	125,000	80,000	87.67
Change (B-A)	(60,000)	2,000	(4,000)	20,000	—
Change (%)	(2.8)	1.6	(3.1)	33.3	—
Actual result for previous fiscal year	2,196,925	124,751	128,199	(47,329)	(51.87)

2. SUMMARY INFORMATION (NOTES)

(1) CHANGES IN SIGNIFICANT SUBSIDIARIES FOR THE SIX MONTHS ENDED JUNE 30, 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 six months ended June 30, 2016, operating income, ordinary income and income before income taxes increased by ¥4,628 million, as compared to the amounts calculated by the previous method.

3. CONSOLIDATED FINANCIAL STATEMENTS
(1) CONSOLIDATED BALANCE SHEETS

(¥ millions)

	As of December 31, 2015	As of June 30, 2016
ASSETS		
Current assets		
Cash and time deposits	66,465	60,743
Notes and accounts receivable, trade	397,692	334,641
Merchandise and finished goods	153,901	147,574
Work in process	25,482	24,671
Raw materials and supplies	48,343	47,950
Other	94,529	76,281
Allowance for doubtful accounts	(4,479)	(5,494)
Total current assets	781,933	686,368
Non-current assets		
Property, plant and equipment (Net of accumulated depreciation and accumulated loss on impairment)	711,763	706,910
Intangible assets		
Goodwill	269,215	251,330
Other	189,331	186,057
Total	458,546	437,387
Investments and other assets		
Investment securities	408,888	355,581
Net defined benefit asset	9,891	11,619
Other	78,065	85,634
Allowance for doubtful accounts	(5,317)	(5,295)
Total	491,528	447,539
Total non-current assets	1,661,839	1,591,838
Total assets	2,443,773	2,278,206

(¥ millions)

	As of December 31, 2015	As of June 30, 2016
LIABILITIES		
Current liabilities		
Notes and accounts payable, trade	142,052	125,196
Short-term loans payable and long-term debt with current maturities	128,160	127,474
Bonds due within one year	30,000	30,000
Income taxes payable	20,281	17,295
Reserves	7,887	7,840
Other	337,531	275,431
Total current liabilities	665,913	583,238
Non-current liabilities		
Bonds	194,991	194,992
Long-term debt	403,952	380,413
Reserve for loss on litigation	18,018	18,856
Other reserves	7,447	6,723
Net defined benefit liability	59,034	57,903
Other	156,331	144,147
Total non-current liabilities	839,775	803,036
Total liabilities	1,505,689	1,386,275
NET ASSETS		
Shareholders' equity		
Common stock	102,045	102,045
Capital surplus	–	4
Retained earnings	545,711	562,030
Treasury stock, at cost	(2,103)	(2,113)
Total shareholders' equity	645,653	661,966
Accumulated other comprehensive income		
Net unrealized gains on securities	59,836	37,201
Deferred gains or losses on hedges	2,396	(5,196)
Land revaluation difference	(2,020)	(1,959)
Foreign currency translation adjustments	(28,468)	(53,800)
Remeasurements of defined benefit plans	(13,555)	(12,506)
Total accumulated other comprehensive income	18,188	(36,261)
Subscription rights to shares	430	496
Non-controlling interests	273,810	265,730
Total net assets	938,083	891,931
Total liabilities and net assets	2,443,773	2,278,206

(2) CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

CONSOLIDATED STATEMENTS OF INCOME

(¥ millions)

	Six months ended June 30, 2015	Six months ended June 30, 2016
Sales	1,070,250	1,008,149
Cost of sales	604,351	562,962
Gross profit	465,899	445,186
Selling, general and administrative expenses	407,944	386,368
Operating income	57,954	58,818
Non-operating income		
Interest income	2,152	1,793
Dividend income	1,457	1,487
Equity in earnings of affiliates	5,607	6,668
Other	4,334	3,661
Total	13,551	13,611
Non-operating expenses		
Interest expense	10,072	7,281
Foreign exchange losses	1,861	4,493
Other	2,285	2,510
Total	14,219	14,285
Ordinary income	57,287	58,144
Special income		
Gain on sale of property, plant and equipment and intangible assets	12,619	7,922
Gain on sale of investment securities	100	7,086
Other	1,269	1,587
Total	13,988	16,596
Special expenses		
Loss on disposal of property, plant and equipment and intangible assets	988	1,487
Loss on sale of property, plant and equipment and intangible assets	342	353
Loss on impairment	3,435	–
Loss on devaluation of investment securities	34	44
Loss on sale of investment securities	–	274
Business restructuring expense	1,564	5,345
Other	1,675	1,254
Total	8,040	8,759
Income before income taxes	63,235	65,981
Income taxes	23,195	23,690
Net income	40,040	42,291
Net income attributable to non-controlling interests	6,910	8,464
Net income attributable to owners of the parent	33,129	33,826

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(¥ millions)

	Six months ended June 30, 2015	Six months ended June 30, 2016
Net income	40,040	42,291
Other comprehensive income		
Net unrealized gains on securities	20,135	(23,290)
Deferred gains or losses on hedges	788	(7,597)
Land revaluation difference	119	61
Foreign currency translation adjustments	(33,560)	(20,295)
Remeasurements of defined benefit plans	1,053	1,220
Share of other comprehensive income of entities accounted for by the equity method	6,622	(15,969)
Total other comprehensive income	(4,841)	(65,871)
Comprehensive income	35,198	(23,580)
Comprehensive income attributable to:		
Owners of the parent	26,099	(20,624)
Non-controlling interests	9,098	(2,955)

(3) CONSOLIDATED STATEMENTS OF CASH FLOWS

(¥ millions)

	Six months ended June 30, 2015	Six months ended June 30, 2016
Cash flows from operating activities		
Income before income taxes	63,235	65,981
Depreciation and amortization	46,719	39,336
Loss on impairment	3,435	–
Amortization of goodwill	14,132	11,508
Interest and dividend income	(3,609)	(3,281)
Equity in losses (earnings) of affiliates	(5,607)	(6,668)
Interest expense	10,072	7,281
Gain on sale of property, plant and equipment and intangible assets	(12,619)	(7,922)
Loss on disposal and sale of property, plant and equipment and intangible assets	1,155	1,457
Gain on sale of investment securities	(100)	(7,086)
Decrease (increase) in notes and accounts receivable, trade	48,656	60,022
Decrease (increase) in inventories	(9,059)	2,713
Increase (decrease) in notes and accounts payable, trade	(23,094)	(12,780)
Increase (decrease) in liquor taxes payable	(25,799)	(30,899)
Increase (decrease) in consumption taxes payable	(18,902)	(11,930)
Increase (decrease) in deposits received	(20,839)	(19,364)
Other	(18,868)	(11,436)
Sub-total	48,905	76,931
Interest and dividends received	8,860	8,705
Interest paid	(6,770)	(5,070)
Income taxes paid	(2,056)	(13,084)
Net cash provided by (used in) operating activities	48,938	67,481
Cash flows from investing activities		
Payment for purchases of property, plant and equipment and intangible assets	(35,058)	(47,124)
Proceeds from sale of property, plant and equipment and intangible assets	19,170	16,883
Payment for acquisition of marketable securities and investment securities	(5,742)	(5,541)
Proceeds from sale and redemption of marketable securities and investment securities	4,150	14,270
Other	704	686
Net cash provided by (used in) investing activities	(16,774)	(20,824)

(¥ millions)

	Six months ended June 30, 2015	Six months ended June 30, 2016
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	418	13,873
Increase (decrease) in commercial paper	(29,997)	–
Proceeds from long-term debt	52,869	23,597
Repayment of long-term debt	(37,048)	(60,475)
Proceeds from issuance of bonds	15,000	–
Payment for redemption of bonds	(30,000)	–
Payment for acquisition of treasury stock	(48)	(26)
Cash dividends paid	(17,338)	(17,338)
Cash dividends paid to non-controlling shareholders	(3,264)	(5,192)
Other	(274)	(1,253)
Net cash provided by (used in) financing activities	(49,683)	(46,814)
Effect of exchange rate changes on cash and cash equivalents	(3,335)	(3,054)
Net increase (decrease) in cash and cash equivalents	(20,855)	(3,212)
Cash and cash equivalents at beginning of year	40,730	60,336
Net increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	(197)	(10)
Cash and cash equivalents at end of period	19,677	57,113

(4) 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. Six months ended June 30, 2015

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

(¥ millions)

	Six months ended June 30, 2015						
	Reportable Segment						
	Integrated Beverages			Pharmaceuticals and Bio-chemicals	Others (Note 1)	Adjustment (Note 2)	Amount recorded in the quarterly consolidated statement of income (Note 3)
	Japan	Oceania	Overseas -other				
Sales							
Unaffiliated customers	547,636	239,854	96,069	174,382	12,307	–	1,070,250
Inter-segment	1,292	61	133	4,454	523	(6,466)	–
Total sales	548,929	239,916	96,203	178,837	12,830	(6,466)	1,070,250
Segment income (loss)	9,586	28,663	(2,851)	23,995	1,866	(3,305)	57,954

Notes

1. "Others" includes food business, such as dairy products, and others.
2. The negative ¥3,305 million adjustment in segment income (loss) includes ¥311 million in inter-segment eliminations and negative ¥3,617 million in corporate expenses not attributable to any reportable segment. The corporate expenses are mainly group administrative expenses incurred in the Company, a pure holding company.
3. Segment income (loss) is reconciled to operating income in the consolidated statement of income.

II. Six months ended June 30, 2016

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

(¥ millions)

	Six months ended June 30, 2016						
	Reportable Segment						
	Integrated Beverages			Pharmaceuticals and Bio-chemicals	Others (Note 1)	Adjustment (Note 2)	Amount recorded in the quarterly consolidated statement of income (Note 3)
	Japan	Oceania	Overseas -other				
Sales							
Unaffiliated customers	533,063	206,221	86,554	170,635	11,674	–	1,008,149
Inter-segment	1,155	69	124	3,421	425	(5,196)	–
Total sales	534,219	206,291	86,679	174,056	12,099	(5,196)	1,008,149
Segment income (loss)	20,713	25,253	(2,007)	16,865	1,163	(3,170)	58,818

Notes

1. “Others” includes food business, such as dairy products, and others.
2. The negative ¥3,170 million adjustment in segment income (loss) includes ¥354 million in inter-segment eliminations and negative ¥3,524 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 statement 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 six months ended June 30, 2016 increased by ¥4,563 million in the “Integrated Beverages-Japan” segment, and ¥65 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 fiscal years beginning on or after April 1, 2016.
As a result of this change, during the six months ended June 30, 2016, corporate tax receivable (Current assets “Other”) and deferred tax liabilities decreased by ¥158 million and ¥1,146 million, respectively. Additionally, income taxes, income taxes payable, net unrealized gains on securities and remeasurements of defined benefit plans increased by ¥106 million, ¥516 million, ¥796 million and ¥218 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 the 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 six months ended June 30, 2015 and the consolidated financial statements for the fiscal year ended December 31, 2015.

(SIGNIFICANT SUBSEQUENT EVENTS)

(Expected special income associated with agreement on termination of imported beer license agreement by Australian subsidiary)

LION PTY LTD (“Lion”), a consolidated subsidiary of the Company, has been selling imported beer in Australia under a sales license, but on June 26, 2016 agreement was reached for the termination of the license agreement on September 30, 2016 with the receipt of cancellation money of A$250 million to A$300 million. Such amount is expected to be recorded as special income in the consolidated statement of income for the fiscal year ending December 31, 2016.
The closing date of Lion differs from the consolidated closing date. For the six months ended June 30, 2016, the financial statements of Lion for the six months ended March 31, 2016 have been consolidated, and therefore such matter is noted as a significant subsequent event.

Supplementary Documents to the Consolidated Financial Statements for the Six Months Ended June 30, 2016

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

KIRIN HOLDINGS COMPANY, LIMITED
August 4, 2016

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

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

(¥ billions)

	Six months ended June 30, 2016, Actual	Six months ended June 30, 2015, Actual	Increase (decrease)	
Sales	1,008.1	1,070.2	(62.1)	(5.8%)
Gross profit	445.1	465.8	(20.7)	(4.4%)
Selling, general and administrative expenses	386.3	407.9	(21.5)	(5.3%)
Operating income	58.8	57.9	0.8	1.5%
Non-operating income	13.6	13.5	0.0	0.4%
Non-operating expenses	14.2	14.2	0.0	0.5%
Ordinary income	58.1	57.2	0.8	1.5%
Special income	16.5	13.9	2.6	18.6%
Special expenses	8.7	8.0	0.7	8.9%
Income before income taxes	65.9	63.2	2.7	4.3%
Income taxes	23.6	23.1	0.4	2.1%
Net income attributable to non-controlling interests	8.4	6.9	1.5	22.5%
Net income attributable to owners of the parent	33.8	33.1	0.6	2.1%
Normalized EPS	¥53	¥57	(¥4)	(7.0%)
Sales (Excluding liquor tax)	873.9	930.7	(56.7)	(6.1%)
Operating income (Prior to amortization of goodwill etc.)	73.2	75.4	(2.1)	(2.8%)
Operating income ratio (Excluding liquor tax, prior to amortization of goodwill etc.)	8.4%	8.1%		
Normalized EBITDA	115.4	124.8	(9.4)	(7.6%)
EPS (Prior to amortization of goodwill etc.)	¥59	¥61	(¥2)	(3.9%)

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

(¥)

	Six months ended June 30, 2016, Actual	Six months ended June 30, 2015, Actual
Lion (AUD)	85.81	95.42
Brasil Kirin (BRL)	30.81	40.25
Myanmar Brewery (MMK('000))	93.20	—

	Six months ended June 30, 2016, Actual	Six months ended June 30, 2015, Actual
Lion	From October 2015 to March 2016	From October 2014 to March 2015
Myanmar Brewery		–
San Miguel Brewery		From October 2014 to March 2015

2. Sales Details

(¥ billions)

	Six months ended June 30, 2016, Actual	Six months ended June 30, 2015, Actual	Increase (decrease)	
Sales	1,008.1	1,070.2	(62.1)	(5.8%)
Japan Integrated Beverages	533.0	547.6	(14.5)	(2.7%)
Kirin Brewery *	312.5	325.0	(12.4)	(3.8%)
Kirin Beverage **	167.6	169.9	(2.2)	(1.3%)
Mercian	31.0	32.5	(1.4)	(4.4%)
Other and elimination	21.7	20.1	1.5	7.7%
Overseas Integrated Beverages	292.7	335.9	(43.1)	(12.8%)
Lion	206.2	239.9	(33.6)	(14.0%)
Brasil Kirin	50.7	71.8	(21.0)	(29.3%)
Myanmar Brewery	12.2	–	12.2	–
Other and elimination	23.4	24.1	(0.7)	(2.9%)
Pharmaceuticals and Bio-chemicals	170.6	174.3	(3.7)	(2.1%)
Kyowa Hakko Kirin	174.0	178.8	(4.7)	(2.7%)
Pharmaceutical	131.8	134.9	(3.0)	(2.3%)
Bio-chemical	42.2	43.9	(1.7)	(3.9%)
Other and elimination	(3.4)	(4.4)	1.0	–
Other	11.6	12.3	(0.6)	(5.1%)

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

** Sales promotion expenses of ¥11.2 billion is deducted from sales for fiscal year 2016.

(Reference) Sales excluding liquor tax

(¥ billions)

	Six months ended June 30, 2016, Actual	Six months ended June 30, 2015, Actual
Kirin Brewery	184.0	191.2

3. Profit Details

(1) Operating Income

(¥ billions)

	Six months ended June 30, 2016, Actual	Six months ended June 30, 2015, Actual	Increase (decrease)
Operating income	58.8	57.9	0.8
Japan Integrated Beverages	20.7	9.5	11.1
Kirin Brewery	24.0	23.1	0.9
Kirin Beverage	5.9	(3.4)	9.3
Mercian	1.4	0.2	1.2
Others *	(10.7)	(10.3)	(0.3)
Overseas Integrated Beverages	23.2	25.8	(2.5)
Lion (consolidated after reclassification)	32.4	36.8	(4.3)
Amortization of goodwill	(5.5)	(6.2)	0.6
Brand amortization	(1.6)	(1.9)	0.2
Total	25.2	28.6	(3.4)
Brasil Kirin (consolidated after reclassification)	(7.0)	(0.6)	(6.4)
Amortization of goodwill	–	(2.3)	2.3
Brand amortization	(0.3)	(1.4)	1.0
Total	(7.4)	(4.4)	(2.9)
Myanmar Brewery (consolidated after reclassification)	5.2	–	5.2
Amortization of goodwill	(0.8)	–	(0.8)
Brand amortization	(0.8)	–	(0.8)
Total	3.5	–	3.5
Others	1.8	1.5	0.2
Pharmaceuticals and Bio-chemicals	16.8	23.9	(7.1)
Kyowa Hakko Kirin (consolidated after reclassification)	16.8	23.9	(7.1)
Pharmaceutical	11.6	18.5	(6.8)
Bio-chemical	3.4	3.9	(0.5)
Other/elimination of amortization of goodwill	4.7	4.5	0.2
Amortization of goodwill	(3.0)	(3.0)	(0.0)
Other	1.1	1.8	(0.7)
Corporate expenses/inter-segment eliminations	(3.1)	(3.3)	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	(4.5)	Sales decrease in beer (4) thousand KL, (0.4) Sales decrease in *happo-shu* (20) thousand KL, (2.1) Sales decrease in new genre (32) thousand KL, (3.8) Sales increase in RTD 6 thousand KL, 0.6 Difference of change in products mix, etc.
	Decrease in raw material cost of alcohol beverages	1.4	Decrease in material cost 1.1, Decrease in wrapping material cost 0.4, etc
	Increase in selling expenses	(1.0)	Increase in sales promotion (2.6), Decrease in avertising 1.6, etc (Total 47.3→48.3) (Beer, *happo-shu and* new genre (0.5),RTD (0.1) , etc)
	Decrease in other expenses	5.0	Decrease in depreciation 2.9, Decrease in labor cost 1.0,Decrease in electric cost and fuel cost 0.7,etc.
Total		0.9	* Including an influence of change in depreciation method 2.0
Kirin Beverage *	Increase in marginal profit of soft drink beverages	1.7	Increase in sales volume 8,740 thousand cases,3.8 Difference of change in products mix and in composition ratio of containers, etc. (2.1)
	Decrease in raw material cost, etc.	3.3	Decrease in material cost 1.0, Decrease in wrapping material cost 0.6, Decrease in processing cost 1.5
	Decrease in selling expenses	2.5	Decrease in sales promotion 0.3, Decrease in advertising 2.2, etc. (Total 19.7→17.2)
	Other expenses	1.7	Decrease in sales equipment cost, etc.
Total		9.3	* Including an influence of change in depreciation method 2.1

* The income breakdown has been changed to be based on marginal profit from the second quarter and thus a portion of selling expenses is included in “Increase (decrease) in marginal profit of soft drink beverages.”

(2) Ordinary Income and Net Income

(¥ billions)

	Six months ended June 30, 2016, Actual	Six months ended June 30, 2015, Actual	Increase (decrease)	Description of changes
Non-operating income and expenses	(0.6)	(0.6)	(0.0)	
Financial profit or loss, net	(4.0)	(6.4)	2.4	
Equity in earnings or losses of affiliates	6.6	5.6	1.0	
San Miguel Brewery	4.8	4.9	(0.1)	Equity in earnings or losses of local affiliates (0.2), etc.
Others	1.8	0.6	1.2	
Foreign exchange gains and losses	(4.4)	(1.8)	(2.6)	
Other	1.1	2.0	(0.8)	
Ordinary income	58.1	57.2	0.8	
Special income and expenses	7.8	5.9	1.8	
Special income	16.5	13.9	2.6	
Gain on sale of property, plant and equipment and intangible assets	7.9	12.6	(4.6)	
Gain on sale of investment securities	7.0	0.1	6.9	
Other	1.5	1.2	0.3	
Special expenses	(8.7)	(8.0)	(0.7)	
Loss on disposal of property, plant and equipment and intangible assets	(1.4)	(0.9)	(0.4)	
Loss on sale of property, plant and equipment and intangible assets	(0.3)	(0.3)	(0.0)	
Loss on impairment	–	(3.4)	3.4	
Loss on devaluation of investment securities	(0.0)	(0.0)	(0.0)	
Loss on sale of investment securities	(0.2)	–	(0.2)	
Business restructuring expense	(5.3)	(1.5)	(3.7)	
Other	(1.2)	(1.6)	0.4	
Income taxes	(23.6)	(23.1)	(0.4)	
Net income attributable to non-controlling interests	(8.4)	(6.9)	(1.5)	
Net income attributable to owners of the parent	33.8	33.1	0.6	

4. Summary of Consolidated Balance Sheets

(¥ billions)

	As of June 30, 2016	As of December 31, 2015	Increase (decrease)	Description of changes
Current assets	686.3	781.9	(95.5)	
Cash and time deposits	60.7	66.4	(5.7)	
Notes and accounts receivable, trade	334.6	397.6	(63.0)	Decrease due to the year-end of previous year being a bank holiday, etc.
Inventories	220.1	227.7	(7.5)	
Other	70.7	90.0	(19.2)	
Non-current assets	1,591.8	1,661.8	(70.0)	
Property, plant and equipment	706.9	711.7	(4.8)	
Intangible assets	437.3	458.5	(21.1)	
Goodwill	251.3	269.2	(17.8)	.
Other	186.0	189.3	(3.2)	
Investments and other assets	447.5	491.5	(43.9)	Decrease due to fair valuation of shares held,etc.
Total assets	2,278.2	2,443.7	(165.5)	
Current liabilities	583.2	665.9	(82.6)	
Notes and accounts payable, trade	125.1	142.0	(16.8)	
Interest-bearing debt	157.4	158.1	(0.6)	
Other	300.5	365.7	(65.1)	Decrease in liquor taxes payable due to the year-end of previous year being a bank holiday, etc.
Non-current liabilities	803.0	839.7	(36.7)	
Interest-bearing debt	575.4	598.9	(23.5)	
Other	227.6	240.8	(13.2)	
Total liabilities	1,386.2	1,505.6	(119.4)	
Shareholders' equity	661.9	645.6	16.3	.
Accumulated other comprehensive income	(36.2)	18.1	(54.4)	Decrease in foreign currency transaction adjustments due to exchange rate changes, Decrease in valuation variance for other securities, etc.
Subscription rights to shares	0.4	0.4	0.0	
Minority interests	265.7	273.8	(8.0)	
Total net assets	891.9	938.0	(46.1)	
Total liabilities and net assets	2,278.2	2,443.7	(165.5)	

5. Summary of Consolidated Statements of Cash Flows

(1) Summary of Statements of Cash Flows

(¥ billions)

	Six months ended June 30, 2016, Actual	Six months ended June 30, 2015, Actual	Increase (decrease)
Cash flows from operating activities	67.4	48.9	18.5
Income before income taxes and minority interests	65.9	63.2	2.7
Depreciation and amortization	39.3	46.7	(7.3)
Amortization of goodwill	11.5	14.1	(2.6)
Other	(49.3)	(75.1)	25.8
Cash flows from investing activities	(20.8)	(16.7)	(4.0)
Purchase of property, plant and equipment and intangible assets	(47.1)	(35.0)	(12.0)
Other	26.2	18.2	8.0
Cash flows from financing activities	(46.8)	(49.6)	2.8
Increase (decrease) in interest-bearing debt	(23.0)	(28.7)	5.7
Cash dividends paid	(22.5)	(20.6)	(1.9)
Other	(1.2)	(0.3)	(0.9)
Translation adjustments	(3.0)	(3.3)	0.2
Net decrease in cash and cash equivalents	(3.2)	(20.8)	17.6

(2) Information by Segment

Six months ended June 30, 2016, Actual

(¥ billions)

	Japan Integrated Beverages	Overseas Integrated Beverages	Pharmaceuticals and Bio-chemicals	Other	Adjustment	Total
Depreciation	11.0	13.1	11.6	0.4	0.1	36.3
Brand amortization	–	2.9	–	–	–	2.9
Amortization of goodwill	0.0	6.4	4.9	–	–	11.5
Purchase of property, plant and equipment and intangible assets	10.9	14.4	15.7	2.0	3.9	47.1
Normalized EBITDA	31.8	51.6	33.4	1.5	(3.0)	115.4

Six months ended June 30, 2015, Actual

(¥ billions)

	Japan Integrated Beverages	Overseas Integrated Beverages	Pharmaceuticals and Bio-chemicals	Other	Adjustment	Total
Depreciation	16.0	15.2	11.2	0.6	0.1	43.3
Brand amortization	–	3.3	–	–	–	3.3
Amortization of goodwill	0.1	8.8	5.1	–	–	14.1
Purchase of property, plant and equipment and intangible assets	12.5	12.0	8.7	0.2	1.4	35.0
Normalized EBITDA	25.7	59.3	40.3	2.5	(3.2)	124.8

6. Other Information

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

Six months ended June 30, 2016, Actual

<Consolidated subsidiaries>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated net income
Kyowa Hakko Kirin	174.0	15.3	13.9	10.7	5.6
Elimination of amortization of goodwill		4.6	4.6	4.6	2.4
Amortization of goodwill		(3.0)	(3.0)	(3.0)	(3.0)
Total included in consolidation	174.0	16.8	15.5	12.3	5.0

<Equity-method affiliates>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated net income
San Miguel Brewery	118.0	32.3	29.6	18.3	8.9
Equity in earnings or losses of local affiliates			8.9	8.9	8.9
Brand amortization			(1.0)	(1.0)	(1.0)
Amortization of goodwill			(3.0)	(3.0)	(3.0)
Total included in consolidation			4.8	4.8	4.8

(2) Sales Details of Major Business Companies

a. Kirin Brewery

	Six months ended June 30, 2016		Six months ended June 30, 2015	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL		Thousand KL	
Beer	288	(1.4%)	292	1.1%
Happo-shu	219	(8.4%)	239	3.8%
New genre	269	(10.7%)	301	(0.9%)
Sub-total	777	(6.8%)	833	1.1%
RTD	136	4.5%	130	11.6%
Non-alcohol beverages	12	(0.7%)	12	(7.9%)
Breakdown of sales	¥ billions		¥ billions	
Beer	120.5	(0.8%)	121.5	1.2%
Happo-shu	66.6	(8.4%)	72.7	3.6%
New genre	70.3	(10.9%)	78.9	(1.4%)
Sub-total	257.4	(5.7%)	273.1	1.1%
RTD	37.4	3.9%	36.0	11.7%
Whiskey and Spirits, etc.	17.6	11.4%	15.8	4.7%
Total sales	312.5	(3.8%)	325.0	2.3%

The above sales volume excludes contract manufacturing and exports.

b. Kirin Beverage Group

	Six months ended June 30, 2016		Six months ended June 30, 2015	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Category	10,000 cases		10,000 cases	
Black tea	2,418	10.0%	2,198	(0.2%)
Japanese tea	1,216	29.1%	942	0.4%
Coffee	1,506	6.4%	1,415	(0.4%)
Fruit and vegetable juice	1,282	0.8%	1,272	10.4%
Carbonated beverage	1,127	3.5%	1,089	55.8%
Functional beverage	363	7.1%	339	8.0%
Water	2,002	13.4%	1,766	11.7%
Other	871	(2.0%)	889	(6.2%)
Total	10,785	8.8%	9,910	7.1%
Container Type				
Can	1,956	11.5%	1,754	3.4%
Large-sized PET bottles (2L, 1.5L, etc.)	3,498	10.5%	3,165	11.2%
Small-sized PET bottles (500ml, 280ml, etc.)	4,237	7.3%	3,947	5.8%
Other	1,094	4.8%	1,044	6.0%
Total	10,785	8.8%	9,910	7.1%

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. Summary of Consolidated Balance Sheets
5. Other Information

KIRIN HOLDINGS COMPANY, LIMITED

August 4, 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, Revised forecast	Fiscal year ended December 31, 2015, Actual	Increase (decrease)		Fiscal year ending December 31, 2016, Initial forecast	Increase (decrease)
Sales	2,080.0	2,196.9	(116.9)	(5.3%)	2,140.0	(60.0)
Operating income	127.0	124.7	2.2	1.8%	125.0	2.0
Non-operating income and expenses	(2.0)	3.4	(5.4)	—	4.0	(6.0)
Financial profit or loss, net	(9.0)	(13.5)	4.5	—	(11.0)	2.0
Equity in earnings or losses of affiliates	10.0	16.1	(6.1)	(38.1%)	14.5	(4.5)
Ordinary income	125.0	128.1	(3.1)	(2.5%)	129.0	(4.0)
Special income and expenses	21.0	(110.7)	131.7	—	(8.0)	29.0
Income before income taxes	146.0	17.4	128.5	738.0%	121.0	25.0
Income taxes	51.0	45.9	5.0	11.1%	46.0	5.0
Net income attributable to non-controlling interests	15.0	18.8	(3.8)	(20.4%)	15.0	—
Net income attributable to owners of the parent	80.0	(47.3)	127.3	—	60.0	20.0
ROE (Prior to amortization of goodwill etc.)	16.4%	(0.3%)			14.0%	
Normalized EPS	¥113	¥117	(¥4)	(3.4%)	115 円	(¥2)
Sales (Excluding liquor tax)	1,774.0	1,891.2	(117.2)	(6.2%)	1,833.0	(59.0)
Operating income (Prior to amortization of goodwill etc.)	155.2	158.5	(3.2)	(2.1%)	153.8	1.4
Operating income ratio (Excluding liquor tax, prior to amortization of goodwill etc.)	8.8%	8.4%			8.4%	
Normalized EBITDA	245.0	258.9	(13.9)	(5.4%)	246.0	(1.0)
EPS (Prior to amortization of goodwill etc.)	¥130	(¥3)	¥133	—	¥109	¥21
Net interest-bearing debt / Normalized EBITDA	2.52	2.67			2.73	

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

	Fiscal year ending December 31, 2016, Revised 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, Revised forecast	Fiscal year ended December 31, 2015, Actual	Increase (decrease)		Fiscal year ending December 31, 2016, Initial forecast	Increase (decrease)
Sales	2,080.0	2,196.9	(116.9)	(5.3%)	2,140.0	(60.0)
Japan Integrated Beverages	1,164.0	1,191.5	(27.5)	(2.3%)	1,196.0	(32.0)
Kirin Brewery *	705.1	707.2	(2.1)	(0.3%)	711.0	(5.9)
Kirin Beverage **	342.7	372.0	(29.3)	(7.9%)	368.0	(25.3)
Mercian	67.4	69.3	(1.9)	(2.9%)	70.2	(2.8)
Other and elimination	48.7	42.8	5.9	13.9%	46.6	2.1
Overseas Integrated Beverages	555.0	624.1	(69.1)	(11.1%)	576.0	(21.0)
Lion	374.5	438.7	(64.1)	(14.6%)	384.0	(9.5)
Brasil Kirin	112.9	134.2	(21.3)	(15.9%)	114.3	(1.4)
Myanmar Brewery	22.8	—	22.8	—	22.8	—
Other and elimination	44.6	51.1	(6.5)	(12.8%)	54.6	(10.0)
Pharmaceuticals and Bio-chemicals	336.0	355.7	(19.7)	(5.6%)	343.0	(7.0)
Kyowa Hakko Kirin	344.0	364.3	(20.3)	(5.6%)	351.0	(7.0)
Pharmaceutical	263.0	278.4	(15.4)	(5.5%)	267.0	(4.0)
Bio-chemical	81.0	85.9	(4.9)	(5.7%)	84.0	(3.0)
Other and elimination	(8.0)	(8.5)	0.5	—	(8.0)	—
Other	25.0	25.4	(0.4)	(1.7%)	25.0	—

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

** Sales promotion expenses of ¥32.3 billion is deducted from sales for fiscal year 2016.

(Reference) Sales excluding liquor tax

(¥ billions)

	Fiscal year ending December 31, 2016, Revised forecast	Fiscal year ended December 31, 2015, Actual	Fiscal year ending December 31, 2016, Initial forecast
Kirin Brewery	413.3	415.3	418.6

3. Profit Details

Operating Income

(¥ billions)

	Fiscal year ending December 31, 2016, Revised forecast	Fiscal year ended December 31, 2015, Actual	Increase (decrease)	Fiscal year ending December 31, 2016, Initial forecast	Increase (decrease)
Operating income	127.0	124.7	2.2	125.0	2.0
Japan Integrated Beverages	56.0	47.9	8.0	56.0	—
Kirin Brewery	70.8	62.6	8.1	70.8	—
Kirin Beverage	11.1	5.6	5.4	11.1	—
Mercian	1.7	1.9	(0.2)	1.7	—
Others *	(27.6)	(22.2)	(5.3)	(27.6)	—
Overseas Integrated Beverages	42.0	33.2	8.7	42.0	—
Lion (consolidated after reclassification)	56.4	63.9	(7.5)	56.4	—
Amortization of goodwill	(10.8)	(12.1)	1.3	(10.8)	—
Brand amortization	(3.0)	(3.7)	0.6	(3.0)	—
Total	42.5	48.0	(5.5)	42.5	—
Brasil Kirin (consolidated after reclassification)	(8.9)	(11.7)	2.8	(8.9)	—
Amortization of goodwill	—	(4.2)	4.2	—	—
Brand amortization	(0.6)	(2.5)	1.8	(0.6)	—
Total	(9.5)	(18.5)	8.9	(9.5)	—
Myanmar Brewery (consolidated after reclassification)	8.8	—	8.8	8.8	—
Amortization of goodwill	(1.6)	—	(1.6)	(1.6)	—
Brand amortization	(1.6)	—	(1.6)	(1.6)	—
Total	5.6	—	5.6	5.6	—
Others	3.4	3.6	(0.2)	3.4	—
Pharmaceuticals and Bio-chemicals	35.0	46.8	(11.8)	33.0	2.0
Kyowa Hakko Kirin (consolidated after reclassification)	35.0	46.8	(11.8)	33.0	2.0
Pharmaceutical	27.5	36.2	(8.7)	23.0	4.5
Bio-chemical	4.5	8.1	(3.6)	7.0	(2.5)
Other/elimination of amortization of goodwill	9.1	8.6	0.5	9.1	—
Amortization of goodwill	(6.1)	(6.1)	—	(6.1)	—
Other	2.0	3.8	(1.8)	2.0	—
Corporate expenses/inter-segment eliminations	(8.0)	(7.1)	(0.8)	(8.0)	—

* 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	(1.9)	Sales increase in beer 27 thousand KL, 3.6 Sales decrease in *happo-shu* (26) thousand KL, (2.8) Sales decrease in new genre (46) thousand KL, (5.3) Sales increase in RTD 16 thousand KL, 1.2 Difference of change in products mix, etc.
	Decrease in raw material cost of alcohol beverages	2.9	Decrease in material cost, etc
	Selling expenses	0.0	Sales promotion and advertising 0.0 (Total 98.3→98.3)
	Decrease in other expenses	7.1	Decrease in depreciation, Decrease in labor cost, etc.
Total		8.1	* Including an influence of change in depreciation method 4.0
Kirin Beverage *	Increase in marginal profit of soft drink beverages	3.4	Increase in sales volume 5,010 thousand cases, 2.2 Difference of change in products mix and in composition ratio of containers, etc. 1.2
	Decrease in raw material cost, etc.	4.7	Decrease in material cost 1.6, Decrease in wrapping material cost 0.8, Decrease in processing cost 2.2
	Increase in selling expenses	(3.7)	Increase in sales promotion and advertising (3.7) (Total 37.4→41.1)
	Decrease in other expenses	1.0	Decrease in sales equipment cost, etc.
Total		5.4	* Including an influence of change in depreciation method 4.0

* The income breakdown has been changed to be based on marginal profit from the second quarter and thus a portion of selling expenses is included in “Increase (decrease) in marginal profit of soft drink beverages.”

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	23.5	24.7	23.9	0.9	0.1	73.2
Amortization of brands	—	5.7	—	—	—	5.7
Amortization of goodwill	0.1	12.5	9.8	—	—	22.5
Purchase of property, plant and equipment and intangible assets	26.0	33.0	35.0	4.0	—	98.0
Normalized EBITDA	79.7	101.4	68.7	2.9	(7.8)	245.0

Fiscal year ended December 31, 2015, Actual

(¥ billions)

	Japan Integrated Beverages	Overseas Integrated Beverages	Pharmaceuticals and Bio-chemicals	Other	Adjustment	Total
Depreciation	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
Purchase of property, plant and equipment and intangible assets	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	1.0	3.1	26.4	1～16	13.9
	Kyowa Hakko Kirin	2007	6.1	69.1	1.2	—	—	—	6.1
	Brasil Kirin	2011	—	—	—	0.6	9.9	15	0.6
	Myanmar Brewery	2015	1.6	25.7	1.6	1.6	26.7	16	3.2
	Other		3.9	34.0	—	0.2	1.6	—	4.1
	Consolidated subsidiaries total		22.5	237.6		5.7	64.7		28.2
Equity method	San Miguel Brewery	2009	6.0	75.4	1.3	2.0	25.7	13	8.0
	China Resources Kirin Beverages	2011	2.3	34.9	1.5	—	—	—	2.3
	Equity-method affiliates total		8.3	114.7		2.0	25.7		10.4
Total			30.9	348.0		7.7	90.4		38.6

*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	687	4.1%	660	1.0%
Happo-shu	475	(5.3%)	501	(0.8%)
New genre	587	(7.3%)	633	(0.0%)
Sub-total	1,750	(2.6%)	1,796	0.1%
RTD	298	5.7%	282	7.6%
Non-alcohol beverages	26	(9.8%)	28	3.8%
Breakdown of sales	¥ billions		¥ billions	
Beer	288.9	4.8%	275.7	1.1%
Happo-shu	144.4	(5.4%)	152.5	(0.9%)
New genre	153.3	(7.7%)	166.2	(0.2%)
Sub-total	586.7	(1.3%)	594.5	0.2%
RTD	82.1	5.3%	78.0	7.4%
Whiskey and Spirits, etc.	36.1	4.5%	34.6	6.4%
Total sales	705.1	(0.3%)	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	10,000 cases		10,000 cases	
Black tea	5,190	7.9%	4,808	1.5%
Japanese tea	2,300	12.0%	2,053	6.4%
Coffee	3,160	1.0%	3,129	6.1%
Fruit and vegetable juice	2,700	2.3%	2,639	10.9%
Carbonated beverage	2,320	(4.1%)	2,418	54.1%
Functional beverage	790	3.8%	761	11.6%
Water	3,890	(0.3%)	3,902	15.2%
Other	1,880	(6.8%)	2,018	(4.1%)
Total	22,230	2.3%	21,728	10.1%
Container Type				
Can	4,093	4.4%	3,920	8.8%
Large-sized PET bottles (2L, 1.5L, etc.)	6,666	(4.4%)	6,970	14.4%
Small-sized PET bottles (500ml, 280ml, etc.)	9,176	7.1%	8,570	7.6%
Other	2,295	1.2%	2,268	8.9%
Total	22,230	2.3%	21,728	10.1%