KIRIN

KIRIN HOLDINGS COMPANY, LIMITED

April 28, 2017

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2017 (UNDER JAPANESE GAAP) (UNAUDITED)

(English Translation)

Fiscal year ending December 31, 2017

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

Representative: Mr. Yoshinori Isozaki, President

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Submission date of quarterly securities report scheduled: May 11, 2017

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, 2017 – March 31, 2017)

[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 (%)
Three months ended						
March 31, 2017	472,137	(2.4)	36,863	45.4	36,140	53.3
March 31, 2016	483,880	(6.1)	25,351	(3.5)	23,578	(8.0)

Note: Comprehensive income March 31, 2017 ¥66,294 million [—%]

March 31, 2016 ¥2,111 million [(86.1)%]

	Net income attributable to owners of the parent (¥ millions)	Percentage change (%)	Net income per share (Basic) (¥)	Net income per share (Diluted) (¥)
Three months ended				
March 31, 2017	18,197	74.7	19.94	19.94
March 31, 2016	10,414	(22.1)	11.41	11.41

(2) Financial position:

	Total assets (¥ millions)	Net assets (¥ millions)	Ratio of equity to total assets (%)
As of			
March 31, 2017	2,300,770	985,652	31.4
December 31, 2016	2,348,166	946,083	29.0

Reference: Equity March 31, 2017 ¥721,874 million
December 31, 2016 ¥680,662 million

2. Dividends

	Annual dividends				
	First quarter (¥)	Second quarter (¥)	Third quarter (¥)	Year-end (¥)	Total (¥)
Fiscal year ended December 31, 2016	–	19.00	–	20.00	39.00
Fiscal year ending December 31, 2017	–				
Fiscal year ending December 31, 2017 (Forecast)		19.50	–	19.50	39.00

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

3. Forecast consolidated business results for the current fiscal year (January 1, 2017 - December 31, 2017)

(Percentage change compares forecast results with actual results of the previous year)

	Sales (¥ millions)	Percentage change (%)	Operating income (¥ millions)	Percentage change (%)	Ordinary income (¥ millions)	Percentage change (%)
Six months ending June 30, 2017	1,010,000	0.2	55,000	(6.5)	–	–
Fiscal year ending December 31, 2017	2,100,000	1.2	143,000	0.8	144,000	2.4

	Net income attributable to owners of the parent (¥ millions)	Percentage change (%)	Net income per share (¥)
Six months ending June 30, 2017	–	–	–
Fiscal year ending December 31, 2017	68,000	(42.4)	74.52

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

* Notes

(1) Changes in significant subsidiaries for the three months ended March 31, 2017 (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 6 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: None

iii. Changes in accounting estimates: None

iv. Restatements: None

(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, 2017	914,000,000 shares
As of December 31, 2016	914,000,000 shares

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

As of March 31, 2017	1,488,737 shares
As of December 31, 2016	1,484,147 shares

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

For the three months ended March 31, 2017	912,513,228 shares
For the three months ended March 31, 2016	912,527,694 shares

* The summary of quarterly consolidated financial results is not subject to quarterly reviews.

* 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, Friday, April 28, and will post the presentation materials from the financial results presentation (teleconference) to be held 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.QUALITATIVE INFORMATION REGARDING CONSOLIDATED RESULTS FOR THE THREE MONTHS

(1) STATEMENT OF BUSINESS ACTIVITIES AND RESULTS

During the first quarter (January 1–March 31, 2017), against a prevailing sense of uncertainty about the political situation and the direction of economic policies in countries such as the United States and key European countries, there were concerns regarding fluctuations in the global financial market. However, the real economy recovered in these countries and the global economy experienced a modest recovery.

Meanwhile, although consumer spending recovery in Japan was still slow, due to the gradual increase in the growth rate of the global economy and improved confidence in the capital market, there were signs of improved corporate performance, and the Japanese economy as a whole maintained a modest recovery throughout the period.

In the fiscal year 2016, the Kirin Group embarked on 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"). Based on these long- and medium-term plans, the Kirin Group advanced its efforts to address the three priority issues of the 2016 MTBP, and strove to restructure and revitalize the Kirin Group. Furthermore, in order to achieve the New KV2021, the Kirin Group has released the Kirin Group's CSV Commitment that sets out policies for concrete initiatives, and positioned "Health and well-being", "Community Engagement", and "The Environment", which are intrinsically related to the Group's businesses, as the Group's long-term CSV[*1] priority issues.

As a result, consolidated sales decreased in the current consolidated first quarter due to such factors as a decreased sales volume in Lion's beer, spirits, and wine business, and Kirin Beverage Company, Limited's change of accounting process to deduct part of its selling expenses from sales, which were recorded as expenses in the same quarter last year. Consolidated operating income recorded a significant year-on-year increase owing to increased profits in the Japan Integrated Beverages Business and the Pharmaceuticals and Bio-chemicals Businesses. Consolidated ordinary income and quarterly consolidated net income attributable to owners of the parent also increased respectively on account of an increase in equity in earnings of affiliates.

[*1] CSV: An acronym for Creating Shared Value; the aim is improvement in corporate values based on both "social values creation" and "economic values creation" through addressing social issues.

Kirin Holdings Company, Limited 2017 first quarter results:

Consolidated sales	¥472.1 billion yen, down 2.4%
Consolidated operating income	¥36.8 billion yen, up 45.4%
Consolidated ordinary income	¥36.1 billion yen, up 53.3%
Consolidated first quarter net income[*1]	¥18.1 billion yen, up 74.7%
(Reference)	
Normalized EPS[*2]	¥29 yen, up 52.6 %

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

[*2] Normalization: The removal of 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 one (1) yen.

Results by segment are as follows.

Japan Integrated Beverages Business

Kirin Brewery Company, Limited is designating the period of the 2016 MTBP as three years in which it will solidify its V-shaped business recovery. It aims to be a company which cares about consumers most, and to generate values unique to Kirin. As consumer consumption patterns change to reflect a leaning toward products that satisfy individual preferences and tastes, further efforts were made to enhance the appeal of the beer products. As to its flagship product *Kirin Ichiban Shibori*, the company offered a range of products including seasonal limited products and special seasonal packaging. In the craft beer[*1] category, it further developed the market through a full-scale renewal of *Grand Kirin* and the launch of *Brooklyn Lager*, etc. As a result, sales volumes in the beer category reached the same level as last year. In the low-malt beer (*happo-shu*) category, sales of *Tanrei Platinum Double*, a product that focuses on functionality, were particularly favorable, and the sales volume exceeded the overall market performance of this category. Meanwhile, sales volumes of the renewed *Kirin Nodogoshi Nama* and other products in the new genre category remained high as a result of strengthened sales activity at volume retailers. The overall sales volume for beer products therefore reached the same level as the first quarter of last year. In the ready-to-drink (RTD) category[*2] in which the consumer base has been expanding, the sales volume of the renewed *Kirin Honshibori Chuhai*, as well as that of the core brand *Kirin Hyoketsu*, increased from the previous year. Furthermore, the company launched a new product, *Kirin Tabisuru Hyoketsu*, targeted at young consumers. In the whiskey, spirits, and liqueurs category, sales increased centering on imported whiskey brands such as *Johnnie Walker* and *White Horse*.

Mercian Corporation executed marketing activities focused on the key brands for each category to realize sustainable expansion of the overall wine market. The sales volume of *Château Mercian*, the company's flagship brand to drive value growth for Japanese wine, increased from last year. In the domestic wine category, the company aimed to raise customer satisfaction levels with its regular products via the renewal of *Oishii-Sankaboshizai-Mutenka Wine* and the launch of *Bon Rouge Organic (Red)* to meet consumers' growing quest for health and well-being. However, the sales volume was slightly below that of the previous year. In the imported wine category, sales were solid, centering on the focus brand *Casillero del Diablo*, medium- to high-end wine from Chile, as well as the new *World Selection* series that aims to expand the wine market consumer base.

Kirin Beverage Company, Limited advanced its measures to build robust brand framework for sustainable and profitable growth. In particular, heated products of the company's core brand *Kirin Gogo-no-Kocha* and regular products of *Kirin Nama-cha* performed solidly, and the overall sales volume of soft drink products increased at a rate higher than that of the market. In the coffee drink category, a large-scale sampling activity for *Kirin FIRE Extreme Blend* involving the free distribution of 1 million cans was executed to boost the attractiveness of canned coffee among a wide range of consumers. Furthermore, the company launched *Kirin Supli Lemon* that has Foods with Function Claims registered at the Consumer Affairs Agency and *Rizap Protein Bottle* that was jointly

developed with Rizap K.K., proposing new value to consumers in the field of health and well-being, one of the Kirin Group CSV priority issues. At the same time, the company continued its business restructuring efforts through initiatives such as the target control focused on canned and small PET bottles as well as SCM cost reductions in order to accelerate improvement in profitability.

As a result, although sales by Kirin Beverage Company, Limited decreased due to its change of accounting process to deduct part of its selling expenses from sales, which were recorded as expenses in the same quarter last year, consolidated sales of the Japan Integrated Beverages Business increased owing to factors such as Kirin Brewery Company, Limited's decrease in selling expenses, and Kirin Beverage Company, Limited's increase in sales volume and cost reductions, etc.

*1 Craft beer: Kirin uses the term 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: An acronym for "ready-to-drink"; RTD liquors are packaged low-alcohol beverages sold in a prepared ready-to-drink form.

Japan Integrated Beverages Business 2017 first quarter results:

Consolidated sales	¥231.4 billion yen, down 1.9%
Consolidated operating income	¥7.8 billion yen, up 570.2%

Overseas Integrated Beverages Business

In Lion's beer, spirits, and wine business, the beer sales volume decreased year-on-year due to the termination of the license agreement with Anheuser-Busch InBev N.V. The company focused on strengthening its core brands and growing categories in order to support profit growth in the medium- to long-term. In the growing craft beer category, sales of flagship brands, James Squire and Little Creatures, were solid. In Lion's Dairy & Drinks business, ambient juice sales volumes decreased. However, overall sales in the business, including the focus on the milk based beverages category and its core brand Dare, were solid. The company also continued to realize savings through ongoing cost saving initiatives.

Brasil Kirin developed flexible sales strategies to address market changes, and conducted its business activities accordingly. In the beer category, sales volumes of the premium brand *Eisenbahn* and the medium- or high-price brand *Devassa* significantly increased year-on-year, which solidified strategies to build a strong brand portfolio. In February 2017, a stock purchase agreement was entered into with Bavaria S.A. (Bavaria), a subsidiary of Heineken International B.V., whereby all Brasil Kirin shares were to be transferred to Bavaria; the parties accordingly applied to Conselho Administrativo de Defesa Economica (CADE), an antitrust agency in Brasil, for approval of the share transfer.

Myanmar Brewery strengthened its sales activities based on the brand portfolio established in the previous year in order to reinforce its current top position in the Myanmar market. As a result of intensive sales promotional activities for the flagship product *Myanmar Beer* as well as strong sales of the low-price product *Andaman* for which a large-volume can format was additionally launched aimed at the growing volume retailer channel, the beer sales volume increased from the previous year. Furthermore, in order to procure a manufacturing and shipment base in the growing Myanmar market, it was decided to acquire a controlling interest in Mandalay Brewery located in the northern part of Myanmar.

As a result, both consolidated sales and consolidated operating income decreased in the Oceania Integrated

Beverages Business because of the decrease in sales volume in Lion's beer, spirits, and wine business as well as the impact of loss on inventory revaluation for Lion's dairy and drinks business. Other Overseas Integrated Beverages Business recorded an increase both in consolidated sales and consolidated operating income because of Brasil Kirin's further profit improvement and Myanmar Brewery's sales volume increase.

Oceania Integrated Beverages Business 2017 first quarter results:

Consolidated sales	¥97.3 billion yen, down 14.1 %
Consolidated operating income	¥12.9 billion yen, down 24.4 %

Other Overseas Integrated Beverages business 2017 first quarter results:

Consolidated sales	¥48.9 billion yen, up 16.6 %
Consolidated operating loss	¥1.2 billion yen, -

Pharmaceuticals and Bio-Chemicals Business

In the pharmaceuticals business, Kyowa Hakko Kirin Company took measures toward achieving its strategic targets in line with its aim of taking great strides to become a global specialty pharmaceutical company. In the domestic market, sales of the long-acting G-CSF formula *G-LASTA*,[*1] etc. in the new drug category were solid, but domestic sales declined due to the penetration of generic drugs following government measures to reduce medical costs as well as to the impact of domestic drug price revisions. The company also established a new company to address changes in the social environment and diversifying needs related to medicine, and made preparations for obtaining the domestic manufacture and sales approval for authorized version[*2] of *NESP*. In the overseas market, sales recorded a year-on-year increase due to growth in technology out-licensing revenue because of upfront payments etc. from AstraZeneca as well as of core products such as *Abstral* and *PecFent* for the treatment of cancer pain. In the research and development arena, development of global strategic products such as KRN23[*3] made steady progress. On the domestic development front, the phase III clinical study of KHK7580[*4] demonstrated favorable results.

In the Bio-Chemicals business, the company worked on further increasing the value of branding products,[*5] bolstering relationships with customers in the mail-order business, and strengthening the active pharmaceutical ingredients business, among others. Actions were also taken to promote appropriate cost management and cost reductions.

As a result, despite a decline in domestic drug sales, the Pharmaceuticals and Bio-chemicals Business as a whole recorded an increase in consolidated sales and consolidated operating income due to higher technology revenue and lower research and development costs, among other reasons.

[*1] *G-LASTA*: A drug to decrease the incidence of febrile neutropenia, one of the serious side effects of cancer chemotherapy.

[*2] Authorized version : Kirin thinks "Authorized version" is an identical drug to the branded drug in terms of active pharmaceutical ingredients, excipients and manufacturing method and which are manufactured and marketed by a company that receives the rights to exploit the branded drug's patent from the company that owns the patent.

[*3] KRN 23: A drug under development for the treatment of X-linked hypophosphatemia (XLH), a rare disease that is a hereditary bone growth/maintenance disorder.

[*4] KHK7580: A small molecular compound acting on the calcium receptor for which a phase III clinical study has been in place in Japan among secondary hyperparathyroidism patients receiving hemodialysis.

[*5] Branding products: Products that are differentiated from the equivalent competitor products by giving a unique brand name to generic raw materials/components (e.g. citicoline).

Pharmaceuticals and Bio-Chemicals Business 2017 first quarter results:

Consolidated sales	¥89.3 billion yen, up 2.8 %
Consolidated operating income	¥15.4 billion yen, up 66.5 %

Other Businesses

Koiwai Dairy Products Company focused on sales of its unique products, Koiwai yogurt made from 100% fresh milk and Koiwai yogurt made from 100% fresh milk – fat free. However, sales decreased year-on-year, reflecting the generally stagnant cultured milk product market. As a result, both consolidated sales and consolidated operating income of the Other Businesses declined.

Yokohama Arena was deconsolidated from the first quarter in 2017, due to the transfer of 60,000 shares (50.4% of outstanding shares) of the total 70,000 shares (58.8% of outstanding shares) in the company held by Kirin Holdings Company, Limited to Seibu Railway Co., Ltd and Amuse Inc.

Other Businesses 2017 first quarter results:

Consolidated sales	¥5.0 billion yen, down 10.2 %
Consolidated operating income	¥0.6 billion yen, down 1.9 %

(2) FINANCIAL POSITION

Total assets at the end of the current consolidated first quarter decreased by 47.3 billion yen from the end of the previous consolidated fiscal year, to 2.3007 trillion yen. This decrease is the result of a decrease in notes and accounts receivable, etc., despite increases in cash and deposits and property, plant and equipment, as well as investment securities, etc.

Liabilities decreased by 86.9 billion yen to 1.3151 trillion yen from the end of the previous consolidated fiscal year, resulting from decreases in notes and accounts payable as well as liquor tax payable (Current liabilities “Other”), etc., despite an increase in interest-bearing debts, etc.

Net assets increased by 39.5 billion yen from the end of the previous consolidated fiscal year to 985.6 billion yen, due to an increase in foreign currency translation adjustments, etc.

(3) CONSOLIDATED FORECASTS

Kirin Group’s consolidated forecasts remain unchanged for the full year ending December 31, 2017, as announced on February 13, 2017.

2. SUMMARY INFORMATION (NOTES)

(1) CHANGES IN SIGNIFICANT SUBSIDIARIES FOR THE THREE MONTHS ENDED MARCH 31, 2017

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

There are no matters to report under this item.

3. CONSOLIDATED FINANCIAL STATEMENTS
(1) CONSOLIDATED BALANCE SHEETS

(¥ millions)

	As of December 31, 2016	As of March 31, 2017
ASSETS		
Current assets		
Cash and time deposits	58,990	70,957
Notes and accounts receivable, trade	393,500	324,876
Merchandise and finished goods	135,335	138,106
Work in process	25,229	21,263
Raw materials and supplies	47,045	47,551
Other	93,493	88,749
Allowance for doubtful accounts	(5,445)	(5,741)
Total current assets	748,148	685,764
Non-current assets		
Property, plant and equipment (Net of accumulated depreciation and accumulated loss on impairment)	705,204	718,321
Intangible assets		
Goodwill	228,983	233,199
Other	172,927	168,231
Total	401,910	401,431
Investments and other assets		
Investment securities	396,057	408,439
Net defined benefit asset	9,432	9,777
Other	92,630	82,249
Allowance for doubtful accounts	(5,216)	(5,213)
Total	492,904	495,252
Total non-current assets	1,600,018	1,615,005
Total assets	2,348,166	2,300,770

(¥ millions)

	As of December 31, 2016	As of March 31, 2017
LIABILITIES		
Current liabilities		
Notes and accounts payable, trade	135,801	114,204
Short-term loans payable and long-term debt with current maturities	89,934	109,710
Commercial paper	45,000	72,000
Bonds due within one year	–	69,998
Income taxes payable	21,162	13,022
Reserves	10,073	18,120
Other	348,410	265,119
Total current liabilities	650,382	662,177
Non-current liabilities		
Bonds	194,994	124,996
Long-term debt	318,712	297,395
Reserve for loss on litigation	20,299	18,835
Other reserves	7,121	7,538
Net defined benefit liability	67,390	64,442
Other	143,182	139,732
Total non-current liabilities	751,700	652,940
Total liabilities	1,402,082	1,315,118
NET ASSETS		
Shareholders' equity		
Common stock	102,045	102,045
Capital surplus	2	4
Retained earnings	629,024	628,564
Treasury stock, at cost	(2,126)	(2,135)
Total shareholders' equity	728,945	728,479
Accumulated other comprehensive income		
Net unrealized gains on securities	60,170	59,089
Deferred gains or losses on hedges	(1,170)	(141)
Land revaluation difference	(1,959)	(1,959)
Foreign currency translation adjustments	(86,607)	(46,677)
Remeasurements of defined benefit plans	(18,716)	(16,915)
Total accumulated other comprehensive income	(48,282)	(6,604)
Subscription rights to shares	562	504
Non-controlling interests	264,859	263,273
Total net assets	946,083	985,652
Total liabilities and net assets	2,348,166	2,300,770

(2) CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

CONSOLIDATED STATEMENTS OF INCOME

(¥ millions)

	Three months ended March 31, 2016	Three months ended March 31, 2017
Sales	483,880	472,137
Cost of sales	266,853	256,910
Gross profit	217,026	215,226
Selling, general and administrative expenses	191,675	178,363
Operating income	25,351	36,863
Non-operating income		
Interest income	860	1,094
Dividend income	383	408
Equity in earnings of affiliates	1,888	3,250
Other	1,018	917
Total	4,151	5,669
Non-operating expenses		
Interest expense	3,710	3,110
Foreign exchange losses	426	1,899
Other	1,787	1,384
Total	5,924	6,393
Ordinary income	23,578	36,140
Special income		
Gain on sale of property, plant and equipment and intangible assets	5,266	778
Gain on sale of investment securities	341	192
Gain on sale of shares of subsidiaries and affiliates	–	2,412
Other	1,537	395
Total	7,145	3,779
Special expenses		
Loss on disposal of property, plant and equipment and intangible assets	618	86
Loss on sale of property, plant and equipment and intangible assets	251	64
Loss on impairment	1	–
Loss on sale of investment securities	–	6
Loss on sale of shares of subsidiaries and affiliates	–	120
Business restructuring expense	659	971
Other	602	1,065
Total	2,134	2,315
Income before income taxes	28,589	37,604
Income taxes	12,898	13,453
Net income	15,691	24,151
Net income attributable to non-controlling interests	5,277	5,954
Net income attributable to owners of the parent	10,414	18,197

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(¥ millions)

	Three months ended March 31, 2016	Three months ended March 31, 2017
Net income	15,691	24,151
Other comprehensive income		
Net unrealized gains on securities	(12,035)	(1,041)
Deferred gains or losses on hedges	(2,899)	1,026
Land revaluation difference	61	–
Foreign currency translation adjustments	5,899	32,389
Remeasurements of defined benefit plans	605	1,581
Share of other comprehensive income of entities accounted for by the equity method	(5,210)	8,187
Total other comprehensive income	(13,580)	42,143
Comprehensive income	2,111	66,294
Comprehensive income attributable to:		
Owners of the parent	1,834	59,875
Non-controlling interests	276	6,419

(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, 2016

1. Information about sales and income or loss 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 statement 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 incurred in the Company, a pure holding company.
3. Segment income (loss) is reconciled to operating income in the consolidated statement of income.

II. Three months ended March 31, 2017

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

(¥ millions)

	Three months ended March 31, 2017						
	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	231,429	97,321	48,962	89,337	5,086	–	472,137
Inter-segment	661	17	2	1,598	175	(2,455)	–
Total sales	232,090	97,339	48,964	90,935	5,262	(2,455)	472,137
Segment income (loss)	7,819	12,918	1,235	15,482	643	(1,236)	36,863

Notes

1. "Others" includes food business, such as dairy products, and others.
2. The negative ¥1,236 million adjustment in segment income (loss) includes ¥83 million in inter-segment eliminations and negative ¥1,319 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.

(ADDITIONAL INFORMATION)

(Application of the Revised Implementation Guidance on Recoverability of Deferred Tax Assets)

The Company applied the “Revised Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016) from the three months ended March 31, 2017.

Supplementary Documents to the Consolidated Financial Statements for the Three Months Ended March 31, 2017

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, 2017

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

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

(¥ billions)

	Three months ended March 31, 2017, Actual	Three months ended March 31, 2016, Actual	Increase (decrease)	
Sales	472.1	483.8	(11.7)	(2.4%)
Gross profit	215.2	217.0	(1.8)	(0.8%)
Selling, general and administrative expenses	178.3	191.6	(13.3)	(6.9%)
Operating income	36.8	25.3	11.5	45.4%
Non-operating income	5.6	4.1	1.5	36.6%
Non-operating expenses	6.3	5.9	0.4	7.9%
Ordinary income	36.1	23.5	12.5	53.3%
Special income	3.7	7.1	(3.3)	(47.1%)
Special expenses	2.3	2.1	0.1	8.5%
Income before income taxes and minority interests	37.6	28.5	9.0	31.5%
Income taxes	13.4	12.8	0.5	4.3%
Minority interests	5.9	5.2	0.6	12.8%
Net income	18.1	10.4	7.7	74.7%
Normalized EPS	¥29	¥19	¥10	52.6%
Sales (Excluding liquor tax)	414.3	426.5	(12.2)	(2.9%)
Operating income (Prior to amortization of goodwill etc.)	43.8	32.6	11.1	34.2%
Operating income ratio (Excluding liquor tax, prior to amortization of goodwill etc.)	10.6%	7.7%		
Normalized EBITDA	61.3	49.6	11.7	23.6%
EPS(Prior to amortization of goodwill etc.)	¥30	¥22	¥8	36.4%

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, 2017, Actual	Three months ended March 31, 2016, Actual
Lion (AUD)	82.70	87.34
Brasil Kirin (BRL)	36.04	30.04
Myanmar Brewery (MMK('000))	84.30	93.76

	Three months ended March 31, 2017, Actual	Three months ended March 31, 2016, Actual
Lion	From October 2016 to December 2016	From October 2015 to December 2015
Myanmar Brewery		
San Miguel Brewery		

2. Sales Details

(¥ billions)

	Three months ended March 31, 2017, Actual	Three months ended March 31, 2016, Actual	Increase (decrease)	
Sales	472.1	483.8	(11.7)	(2.4%)
Japan Integrated Beverages	231.4	235.9	(4.5)	(1.9%)
Kirin Brewery	133.4	133.1	0.3	0.3%
Kirin Beverage	72.1	78.3	(6.1)	(7.9%)
Mercian	14.4	14.6	(0.1)	(1.2%)
Other and elimination	11.2	9.8	1.4	14.6%
Overseas Integrated Beverages	146.2	155.3	(9.0)	(5.8%)
Lion	97.3	113.3	(16.0)	(14.2%)
Brasil Kirin	31.5	24.9	6.5	26.3%
Myanmar Brewery	6.1	6.0	0.1	2.1%
Other and elimination	11.1	10.9	0.2	2.6%
Pharmaceuticals and Bio-chemicals	89.3	86.9	2.4	2.8%
Kyowa Hakko Kirin	90.9	88.4	2.4	2.8%
Pharmaceutical	71.3	67.8	3.5	5.2%
Bio-chemical	19.6	20.6	(1.0)	(5.0%)
Other and elimination	(1.5)	(1.5)	(0)	—
Other	5.0	5.6	(0.5)	(10.2%)

(Reference) Sales excluding liquor tax

(¥ billions)

	Three months ended March 31, 2017, Actual	Three months ended March 31, 2016, Actual
Kirin Brewery	78.4	78.3

3. Profit Details

(1) Operating Income

(¥ billions)

	Three months ended March 31, 2017, Actual	Three months ended March 31, 2016, Actual	Increase (decrease)
Operating income	36.8	25.3	11.5
Japan Integrated Beverages	7.8	1.1	6.6
Kirin Brewery	7.7	5.2	2.5
Kirin Beverage	4.9	0.5	4.4
Mercian	0.8	0.3	0.4
Others *	(5.7)	(5.0)	(0.7)
Overseas Integrated Beverages	14.1	15.3	(1.2)
Lion (consolidated after reclassification)	16.4	20.7	(4.3)
Amortization of goodwill	(2.7)	(2.8)	0.1
Brand amortization	(0.7)	(0.8)	0
Total	12.9	17.0	(4.1)
Brasil Kirin (consolidated after reclassification)	(0.8)	(3.9)	3.1
Brand amortization	(0.1)	(0.1)	(0)
Total	(1.0)	(4.1)	3.1
Myanmar Brewery (consolidated after reclassification)	2.7	2.6	0
Amortization of goodwill	(0.4)	(0.4)	0
Brand amortization	(0.3)	(0.4)	0
Total	1.9	1.8	0
Others	0.3	0.5	(0.2)
Pharmaceuticals and Bio-chemicals	15.4	9.2	6.1
Kyowa Hakko Kirin (consolidated after reclassification)	15.4	9.2	6.1
Pharmaceutical	12.9	5.9	7.0
Bio-chemical	1.7	2.3	(0.6)
Other/elimination of amortization of goodwill	2.3	2.6	(0.2)
Amortization of goodwill	(1.5)	(1.5)	—
Other	0.6	0.6	(0)
Corporate expenses/inter-segment eliminations	(1.2)	(1.1)	(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	Increase in marginal profit of alcohol beverages	0.2	Sales decrease in beer 1 thousand KL, (0.2) Sales increase in *happo-shu* 2 thousand KL, 0.2 Sales decrease in new genre (2) thousand KL, (0.2) Sales increase in RTD 3 thousand KL, 0.3 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.
	Decrease in selling expenses	2.2	Decrease in sales promotion 1.4, Decrease in advertising 0.8 (Toal 22.7→20.4) etc. (Beer, *happo-shu* and new genre 1.6, etc.)
	Increase in other expenses	(0.5)	
Total		2.5	
Kirin Beverage	Increase in marginal profit of soft drink beverages	1.8	Increase in sales volume 1,450 thousand cases 0.6, Increace due in change of composition ratio of containers 1.2, etc.
	Decrease in raw material cost, etc.	1.2	Decrease in material cost 0.2, Decrease in wrapping material cost 0.5, Decrease in processing cost 0.5
	Decrease in selling expenses	1.1	Decrease in sales promotion 1.2, Increase in advertising (0) (Total 7.8→6.6) etc.
	Decrease in other expenses	0.2	
Total		4.4	

(2) Ordinary Income and Net Income

(¥ billions)

	Three months ended March 31, 2017, Actual	Three months ended March 31, 2016, Actual	Increase (decrease)	Description of changes
Non-operating income and expenses	(0.7)	(1.7)	1.0	
Financial profit or loss, net	(1.6)	(2.4)	0.8	
Equity in earnings or losses of affiliates	3.2	1.8	1.3	
San Miguel Brewery	3.7	2.2	1.5	Equity in earnings or losses of local affiliates 1.4, etc.
Others	(0.5)	(0.3)	(0.1)	
Foreign exchange gains and losses	(1.8)	(0.4)	(1.4)	
Other	(0.4)	(0.7)	0.3	
Ordinary income	36.1	23.5	12.5	
Special income and expenses	1.4	5.0	(3.5)	
Special income	3.7	7.1	(3.3)	
Gain on sale of property, plant and equipment and intangible assets	0.7	5.2	(4.4)	
Gain on sale of investment securities	0.1	0.3	(0.1)	
Gain on sales of shares of subsidiaries and affiliates	2.4	—	2.4	
Other	0.3	1.5	(1.1)	
Special expenses	(2.3)	(2.1)	(0.1)	
Loss on disposal of property, plant and equipment and intangible assets	(0)	(0.6)	0.5	
Loss on sale of property, plant and equipment and intangible assets	(0)	(0.2)	0.1	
Loss on impairment	—	(0)	0	
Loss on sale of investment securities	(0)	—	(0)	
Gain on sales of shares of subsidiaries and affiliates	(0.1)	—	(0.1)	
Business restructuring expense	(0.9)	(0.6)	(0.3)	
Other	(1.0)	(0.6)	(0.4)	
Income taxes	(13.4)	(12.8)	(0.5)	
Minority interests	(5.9)	(5.2)	(0.6)	
Net income	18.1	10.4	7.7	

4. Summary of Consolidated Balance Sheets

(¥ billions)

	As of March 31, 2017	As of December 31, 2016	Increase (decrease)	Description of changes
Current assets	685.7	748.1	(62.3)	
Cash and time deposits	70.9	58.9	11.9	
Notes and accounts receivable, trade	324.8	393.5	(68.6)	Decrease due to the year-end of previous year being a bank holiday, etc.
Inventories	206.9	207.6	(0.6)	
Other	83.0	88.0	(5.0)	
Non-current assets	1,615.0	1,600.0	14.9	
Property, plant and equipment	718.3	705.2	13.1	
Intangible assets	401.4	401.9	(0.4)	
Goodwill	233.1	228.9	4.2	
Other	168.2	172.9	(4.6)	
Investments and other assets	495.2	492.9	2.3	
Total assets	2,300.7	2,348.1	(47.3)	
Current liabilities	662.1	650.3	11.7	
Notes and accounts payable, trade	114.2	135.8	(21.5)	
Interest-bearing debt	251.7	134.9	116.7	Increase due to replacement of long-term bonds with short-term ones, etc.
Other	296.2	379.6	(83.3)	Decrease in liquor taxes payable due to the year-end of previous year being a bank holiday, etc.
Non-current liabilities	652.9	751.7	(98.7)	
Interest-bearing debt	422.3	513.7	(91.3)	Decrease due to replacement of long-term bonds with short-term ones, etc.
Other	230.5	237.9	(7.4)	
Total liabilities	1,315.1	1,402.0	(86.9)	
Shareholders' equity	728.4	728.9	(0.4)	
Accumulated other comprehensive income	(6.6)	(48.2)	41.6	Increase in foreign currency transaction adjustments due to exchange rate changes
Subscription rights to shares	0.5	0.5	0	
Minority interests	263.2	264.8	(1.5)	
Total net assets	985.6	946.0	39.5	
Total liabilities and net assets	2,300.7	2,348.1	(47.3)	

5. Other Information

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

Three months ended March 31, 2017, Actual

<Consolidated subsidiaries>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated net income
Kyowa Hakko Kirin	90.9	14.7	13.6	8.4	4.4
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	90.9	15.4	14.4	9.2	4.1

<Equity-method affiliates>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated net income
San Miguel Brewery	62.9	19.0	17.5	11.8	5.7
Equity in earnings or losses of local affiliates			5.7	5.7	5.7
Brand amortization			(0.4)	(0.4)	(0.4)
Amortization of goodwill			(1.5)	(1.5)	(1.5)
Total included in consolidation			3.7	3.7	3.7

(2) Sales Details of Major Business Companies

a. Kirin Brewery

	Three months ended March 31, 2017		Three months ended March 31, 2016	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Breakdown of sales	¥ billions	%	¥ billions	%
Beer	49.6	(1.1)	50.1	(1.8)
Happo-shu	29.4	1.7	28.9	(11.5)
New genre	27.8	(2.0)	28.4	(18.5)
Sub-total	106.9	(0.6)	107.6	(9.4)
RTD	18.3	4.5	17.5	7.0
Whiskey and Spirits, etc.	8.1	2.4	7.9	18.3
Total sales	133.4	0.3	133.1	(6.2)

b. Kirin Beverage Group

	Three months ended March 31, 2017		Three months ended March 31, 2016	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Category	10,000 cases	%	10,000 cases	%
Black tea	1,282	7.0	1,198	9.8
Japanese tea	608	39.1	437	27.4
Coffee	732	1.0	725	11.2
Fruit and vegetable juice	510	(7.3)	550	6.2
Carbonated beverage	387	(12.2)	441	9.2
Functional beverage	157	31.9	119	10.2
Water	809	(6.4)	864	18.7
Other	293	(2.0)	※299	(9.4)
Total	4,778	3.1	4,633	11.0
Container Type				
Can	912	(0.5)	917	18.3
Large-sized PET bottles (2L, 1.5L, etc.)	1,489	0.3	1,485	14.0
Small-sized PET bottles (500ml, 280ml, etc.)	1,953	8.5	1,800	8.7
Other	424	(1.6)	※431	(2.0)
Total	4,778	3.1	4,633	11.0

※The above sales volume excludes contract manufacturing of subsidiaries excluded from the consolidation scope in 2017.