KIRIN

KIRIN HOLDINGS COMPANY, LIMITED

August 3, 2017

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 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: August 8, 2017

Commencement date of dividend distribution scheduled: September 5, 2017

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, 2017 – June 30, 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 (%)
Six months ended						
June 30, 2017	961,745	(4.6)	79,797	35.7	79,230	36.3
June 30, 2016	1,008,149	(5.8)	58,818	1.5	58,144	1.5

Note: Comprehensive income June 30, 2017 ¥211,226 million [−%]

June 30, 2016 (¥23,580) million [−%]

	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, 2017	83,408	146.6	91.40	91.39
June 30, 2016	33,826	2.1	37.07	37.06

(2) Financial position:

	Total assets (¥ millions)	Net assets (¥ millions)	Ratio of equity to total assets (%)
As of			
June 30, 2017	2,261,657	1,130,868	38.1
December 31, 2016	2,348,166	946,083	29.0

Reference: Equity June 30, 2017 ¥861,876 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	–	20.50			
Fiscal year ending December 31, 2017 (Forecast)			–	20.50	41.00

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

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 (%)
Fiscal year ending December 31, 2017	1,970,000	(5.1)	152,000	7.1	156,000	10.9

	Net income attributable to owners of the parent (¥ millions)	Percentage change (%)	Net income per share (¥)
Fiscal year ending December 31, 2017	114,000	(3.5)	124.92

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

* Notes

(1) Changes in significant subsidiaries for the six months ended June 30, 2017 (Changes in specified subsidiaries accompanying change in scope of consolidation.): Yes

Newly included: －

Excluded: 5 companies
Brasil Kirin Holding S.A.
Brasil Kirin Participacoes e Representacoes Ltda.
Brasil Kirin Industria de Bebidas Ltda.
Brasil Kirin Bebidas Ltda.
Lion Nathan Enterprises Pty Limited

Note: For details, please refer to “2. SUMMARY INFORMATION (NOTES), (1) CHANGES IN SIGNIFICANT SUBSIDIARIES FOR THE SIX MONTHS ENDED JUNE 30, 2017” on page 7 of the Attached Materials.

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

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

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

i. Changes in accounting policies due to amendment of accounting standards: None
ii. Changes in accounting policies due to other reasons: 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 June 30, 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 June 30, 2017	1,382,834 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 six months ended June 30, 2017	912,547,582 shares
For the six months ended June 30, 2016	912,526,171 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, Thursday, August 3, and will post the presentation materials from the financial results presentation to be held on Friday, August 4, 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

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QUALITATIVE INFORMATION REGARDING CONSOLIDATED RESULTS FOR THE SIX MONTHS

(1) STATEMENT OF BUSINESS ACTIVITIES AND RESULTS

During the consolidated period including the second quarter (January 1, 2017 – June 30, 2017), in addition to the fact that the uncertainty in the overseas political situation and economic activity moderately receded and the international financial markets stabilized, economic conditions in each country around the world improved, resulting in a modest recovery of the global economy.

Meanwhile, in addition to the modest recovery of the global economy, although the Japanese economy as a whole maintained a modest recovery against the backdrop of stable exchange rates, improved corporate profits and improvements in the employment and income environments, the recovery in the entrenched savings-oriented consumer spending was still slow.

The Kirin Group advanced initiatives for addressing the three key initiatives of the Kirin Group 2016-2018 Medium-Term Business Plan (“2016 MTBP”) directed towards realizing the Long-Term Business Vision, New Kirin Group Vision 2021 to co-achieve sustainable growth with our societies, and efforts to restructure and revitalize Kirin, groupwide. In addition, the themes of “Health and well-being,” “Community Engagement” and “The Environment,” which are intrinsically related to the Group’s business, were designated in the Kirin Group’s CSV* Commitment as the CSV priority issues the Group will address over the long-term, and initiatives were promoted to solve these issues.

As a result, Consolidated sales in the consolidated period that includes the second quarter decreased year on year due to such factors as the lower sales volume in Lion’s beer, spirits, and wine business, and the impact of the Brasil Kirin deconsolidation from the beginning of the second quarter. A significant year-on-year increase was recorded in consolidated operating income owing to increased profits in the Japan Integrated Beverages Business and the Pharmaceuticals and Bio-chemicals Business; consolidated ordinary income also increased. Quarterly net income attributable to owners of the parent increased compared to last year as a result of the transfer of Brasil Kirin shares and the transfer of non-current assets such as the land and buildings in a commercial facility owned in Hiroshima Prefecture.

※ 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 second quarter results:

Consolidated sales	¥ 961.7 billion, down 4.6%
Consolidated operating income	¥ 79.7 billion, up 35.7%
Consolidated ordinary income	¥ 79.2 billion, up 36.3%
Consolidated second quarter net income*1	¥ 83.4 billion, up 146.6%
(Reference)	
Normalized EPS*2	¥ 75, up 41.5 %

*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. In addition, with an eye on the revision to the Liquor Tax Act etc. enforced in June, along with preemptively implementing initiatives to promote the fair trading of alcohol from the beginning of the year, the company also conducted activities to stimulate demand in the overall alcohol market. In the beer category, through the renewed launch of *47 Todofuken-no-Ichiban Shibori*, which is aimed at making the category more appealing while also contributing to regional revitalization, and the launch of seasonal products that have a taste of each season, efforts were focused on sales of the focal *Ichiban Shibori* brand products. In the new genre category, the company worked to strengthen the *Nodogoshi* brand, including the renewal of the focal product *Kirin Nodogoshi Nama* and the launch of the new product *Kirin Nodogoshi Special Time* as a refined product made only from ingredients derived from barley. However, against the contracting beer products market, due to the impact of the increased price of beer products following the preemptive implementation of initiatives for the fair trade of alcohol, the overall sales volume of beer products decreased. On the other hand, in the ready-to-drink (RTD) category*, which is a market that continues to grow, sales of the renewed *Kirin Hyoketsu Strong* series were extremely robust, and the sales volume of *Kirin Honshibori* $_{TM}$ *Chuhai* increased compared to last year. As a result, the overall sales volume in the RTD category increased from last year. The non-alcoholic beer-taste beverage *Kirin ZERO Ichi (Non-alcohol)*, which was launched in April with the aim of returning to growth in the non-alcoholic beverages market, has been very popular, and during the second quarter, sales accounted for almost half of the annual sales forecast.

Mercian Corporation executed marketing activities focused on the key brands for each category to realize sustainable growth of the overall wine market. The flagship brand *Château Mercian* won multiple awards at famous overseas wine competitions, and in addition to increasing its reputation as a highly quality Japanese wine, exports to Hong Kong began in May. Due to the strong sales of the focal brand *Oishii-Sankaboshizai-Mutenka Wine* in the domestic wine category and the marketing activities for the key Chilean wine brands Frontera and Casillero del Diablo in the imported wine category, the sales volume of total wines increased.

Kirin Beverage Company, Limited advanced its measures to build a robust brand framework and shift to highly profitable businesses with the aim of realizing sustainable and profitable growth. For the core brand *Kirin Gogo-no-Kocha*, the company proposed new value for black tea through the renewal of *Kirin Gogo-no-Kocha Oishii Muto* and launch of seasonal products. Concerning the further efforts to strengthen the *Kirin Nama-cha* brand, as a result of the launch of products in smaller PET bottles than existing ones and the caffeine free *Kirin Nama-cha Decaf* made using patented technology, the company worked to expand the drinking scenes for consumers. Also, in the important vending machine sales channel, the company started the Tappiness communication service jointly with LINE Corporation and proposed new value to consumers through vending machines. Although the rebound from the increased demand compared to last year for large PET bottles of water had an impact, as a result of the increased sales volumes of the key brands *Gogo-no-Kocha* and

Nama-cha, the overall sales volume of beverages was roughly equal to last year. Also, with the aim of improving profitability and responding to the changes in customers' lifestyles, the company continued to implement initiatives such as target control focused on canned and small PET bottles as well as SCM cost reductions.
As a result, although consolidated sales in the Japan Integrated Beverages Business decreased due to a change in Kirin Beverage Company, Limited's accounting process to deduct some selling expenses from sales, which were recorded as expenses in the first quarter last year, consolidated operating income increased due to progress in initiatives for improving profitability in each business company.

*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 second quarter results:	
Consolidated sales	¥525.9 billion, down 1.3%
Consolidated operating income	¥30.8 billion, up 48.7%

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. Although the overall sales volume in the Australian beer market declined slightly year-on-year, sales of James Squire and Furphy in the growing craft beer category and Heineken in the international premium category increased year-on-year. In Lion's Dairy & Drinks business, among the full force categories, sales were particularly strong in specialty premium cheeses, yoghurt and leading the core milk based beverage brand Dare Iced Coffee. However, the business was impacted by higher prices for Australian oranges as well as imported fresh orange juice following a national shortage in Australian oranges for juicing at the same time as a global increase in Orange Fruit Juice Concentrate. On the other hand, The businesses Turnaround Program to improve profitability continued, with an ongoing focus across both dairy and juice and the business contributed to the local society by launching Lion a Dairy Farmer Sustainability Program aimed at providing its farmers a unique way to measure, evaluate and improve key areas of sustainability on their farm.
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. Concerning the canned products, which still have significant room for growth, by conducting sales promotion activities for the focal product *Myanmar Beer* and low-price product *Andaman Gold*, the overall beer sales volume largely increased from last year. For the premium products *Black Shield*, *Kirin Ichiban Shibori* and *Myanmar Premium*, the nationwide sales network was definitely expanded. At the same time, construction work to expand the production facilities was advanced, and along with establishing a production system in order to respond to the skyrocketing beer demand, efforts were made to secure and train excellent human resources and strengthen the capabilities of the organization.
Also, the notification of a corporate merger was approved by the Conselho Administrativo de Defesa Economica (CADE), an antitrust agency in Brazil, in May, and the transfer of all Brasil Kirin shares to Bavaria S.A., a subsidiary of Heineken International B.V., was completed. As a result, while the first quarter results of Brasil Kirin were included in the consolidated results, the company was deconsolidated from the beginning of the second quarter.

As a result, both consolidated sales and consolidated operating income decreased in the Oceania Integrated Beverages Business because of the sales volume decrease in Lion's beer, spirits, and wine business, as well as the impact of loss on inventory revaluation and the effects of the sudden rise in the cost of ingredients resulting from the orange juice shortage in Lion's dairy and drinks business. In the Other Overseas Integrated Beverages Business, consolidated sales decreased but consolidated operating income increased due to the impact of deconsolidating Brasil Kirin that recorded an operating loss in the previous year, in addition to Myanmar Brewery's strong sales performance and the resulting profit increase.

Oceania Integrated Beverages Business 2017 second quarter results:

Consolidated sales	¥ 183.6 billion, down 10.9%
Consolidated operating income	¥ 20.7 billion, down 17.7%

Other Overseas Integrated Beverages business 2017 second quarter results:

Consolidated sales	¥ 69.7 billion, down 19.5%
Consolidated operating income	¥ 4.8 billion

Pharmaceuticals and Bio-chemicals Business

In the pharmaceuticals business, Kyowa Hakko Kirin Company took measures toward achieving its strategic targets in like 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 overall sales declined because of the penetration of generic drugs following government measures to reduce medical costs as well as the impact of domestic drug price revisions conducted in April 2016. In the overseas market, a year-on-year increase was recorded in sales due to upfront and milestone payments etc. from AstraZeneca and growth in products such as Abstral and PecFent for the treatment of cancer pain, and Moventig for the treatment of opioid-induced constipation. In the research and development area, steady progress was made in the development of global strategic products; the phase III clinical studies of both KRN23[*2] for the treatment of X-linked hypophosphatemia and KW-0761[*3] for the treatment of cutaneous T-cell lymphoma (CTCL)[*4] demonstrated favorable results.

In the Bio-Chemicals business, domestic sales reached the same level as last year as a result of strong sales of Arginine EX launched last year in the mail-order business and of solid sales of pharmaceutical and health food raw materials. However, overseas sales decreased year on year due to the impact of a large United States shipment of raw materials for supplements during the corresponding quarter last year as well as intensified competition for some products in the Asian market.

As a result, in the Pharmaceuticals and Bio-chemicals Business as a whole, despite a decrease in domestic sales of pharmaceutical products, both consolidated sales and consolidated operating income increased

because of 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 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.

*3 KW-0761: A humanized monoclonal antibody targeting CC chemokine receptor 4 (CCR4). CCR4 is frequently expressed in certain hematologic cancer cells, including cutaneous T-cell lymphoma.

*4 Cutaneous T-cell lymphoma (CTCL): A relatively rare type of malignant lymphoma characterized by the skin localization of malignant T lymphocytes. The disease may involve skin, blood, lymph nodes, viscera, and other organs.

Pharmaceuticals and Bio-Chemicals Business 2017 second quarter results:

Consolidated sales	¥ 172.2 billion, up 0.9%
Consolidated operating income	¥ 25.6 billion, up 52.3%

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 from last year due to the impact of the stagnant market. As a result, due to the sluggish performance of Koiwai Dairy Products Company and a decline in rental income resulting from the transfer of non-current assets, including the land and buildings in a commercial facility in Hiroshima Prefecture in June, both consolidated sales and consolidated operating income of the Other Businesses decreased.

Other Businesses 2017 second quarter results:

Consolidated sales	¥ 10.2 billion, down 12.6%
Consolidated operating income	¥ 0.9 billion, down 21.7%

(2) FINANCIAL POSITION

Total assets at the end of the current consolidated second quarter decreased by 86.5 billion yen from the end of the previous consolidated fiscal year, to 2.2616 trillion yen as the result of decreases in notes and accounts receivable, and in property, plant, and equipment etc., despite an increase in cash and deposits.

Debt decreased by 271.2 billion yen to 1.1307 trillion yen from the end of the previous consolidated fiscal year, as the result of decreases in notes and accounts payable and interest-bearing debts due to a decrease in liquor tax payable (Current liabilities “Other”), etc.

Net assets increased by 184.7 billion yen from the end of the previous consolidated fiscal year to 1.1308 trillion yen, owing to an increase in foreign currency translation adjustments, etc.

The major contributing factor to the fluctuations noted above is the sale of the consolidated subsidiary in Brazil.

(3) CONSOLIDATED FORECASTS

Having taken into account the progress made toward achieving the operating income target for Kirin Beverages Company, Limited and Mercian Corporation ahead of the plan, as well as revisions to the full-year consolidated earnings forecasts of the Pharmaceuticals and Bio-chemicals Business, the forecasts for the full year ending December 31, 2017, as announced on June 1, 2017, have been revised as indicated below.

Consolidated earnings forecast for year ending December 31, 2017

	Sales (¥ millions)	Operating income (¥ millions)	Ordinary income (¥ millions)	Net income attributable to owners of the parent (¥ millions)	Net income per share (¥)
Previous forecasts (A)	1,980,000	146,000	155,000	112,000	122.74
Revised (B)	1,970,000	152,000	156,000	114,000	124.92
Change (B-A)	(10,000)	6,000	1,000	2,000	—
Change (%)	(0.5)	4.1	0.6	1.8	—
Actual result of the previous fiscal year (December 2016)	2,075,070	141,889	140,676	118,158	129.49

2. SUMMARY INFORMATION (NOTES)

(1) CHANGES IN SIGNIFICANT SUBSIDIARIES FOR THE SIX MONTHS ENDED JUNE 30, 2017

Specified subsidiaries Brasil Kirin Holding S.A., Brasil Kirin Participacoes e Representacoes Ltda., Brasil Kirin Industria de Bebidas Ltda., Brasil Kirin Bebidas Ltda. and Lion Nathan Enterprises Pty Limited were excluded from the scope of consolidation, due to the sale of the Company's interest in each subsidiary.

(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 June 30, 2017
ASSETS		
Current assets		
Cash and time deposits	58,990	167,797
Notes and accounts receivable, trade	393,500	309,853
Merchandise and finished goods	135,335	132,145
Work in process	25,229	22,962
Raw materials and supplies	47,045	40,032
Other	93,493	138,120
Allowance for doubtful accounts	(5,445)	(1,109)
Total current assets	748,148	809,803
Non-current assets		
Property, plant and equipment (Net of accumulated depreciation and accumulated loss on impairment)	705,204	602,707
Intangible assets		
Goodwill	228,983	229,688
Other	172,927	146,349
Total	401,910	376,037
Investments and other assets		
Investment securities	396,057	405,834
Net defined benefit asset	9,432	9,901
Other	92,630	62,597
Allowance for doubtful accounts	(5,216)	(5,224)
Total	492,904	473,109
Total non-current assets	1,600,018	1,451,854
Total assets	2,348,166	2,261,657

(¥ millions)

	As of December 31, 2016	As of June 30, 2017
LIABILITIES		
Current liabilities		
Notes and accounts payable, trade	135,801	104,018
Short-term loans payable and long-term debt with current maturities	89,934	103,988
Commercial paper	45,000	–
Bonds due within one year	–	69,998
Income taxes payable	21,162	13,298
Reserves	10,073	9,365
Other	348,410	248,122
Total current liabilities	650,382	548,792
Non-current liabilities		
Bonds	194,994	124,996
Long-term debt	318,712	272,795
Reserve for loss on litigation	20,299	–
Other reserves	7,121	6,877
Net defined benefit liability	67,390	65,478
Other	143,182	111,848
Total non-current liabilities	751,700	581,996
Total liabilities	1,402,082	1,130,788
NET ASSETS		
Shareholders' equity		
Common stock	102,045	102,045
Capital surplus	2	77
Retained earnings	629,024	694,096
Treasury stock, at cost	(2,126)	(1,989)
Total shareholders' equity	728,945	794,229
Accumulated other comprehensive income		
Net unrealized gains on securities	60,170	66,108
Deferred gains or losses on hedges	(1,170)	(70)
Land revaluation difference	(1,959)	(1,959)
Foreign currency translation adjustments	(86,607)	20,747
Remeasurements of defined benefit plans	(18,716)	(17,179)
Total accumulated other comprehensive income	(48,282)	67,646
Subscription rights to shares	562	568
Non-controlling interests	264,859	268,423
Total net assets	946,083	1,130,868
Total liabilities and net assets	2,348,166	2,261,657

(2) CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

CONSOLIDATED STATEMENTS OF INCOME

(¥ millions)

	Six months ended June 30, 2016	Six months ended June 30, 2017
Sales	1,008,149	961,745
Cost of sales	562,962	522,852
Gross profit	445,186	438,892
Selling, general and administrative expenses	386,368	359,094
Operating income	58,818	79,797
Non-operating income		
Interest income	1,793	1,513
Dividend income	1,487	1,492
Equity in earnings of affiliates	6,668	7,235
Other	3,661	1,361
Total	13,611	11,604
Non-operating expenses		
Interest expense	7,281	4,580
Foreign exchange losses	4,493	4,973
Other	2,510	2,617
Total	14,285	12,171
Ordinary income	58,144	79,230
Special income		
Gain on sale of property, plant and equipment and intangible assets	7,922	31,649
Gain on sale of investment securities	7,086	198
Gain on sale of shares of subsidiaries and affiliates	–	2,675
Other	1,587	815
Total	16,596	35,340
Special expenses		
Loss on disposal of property, plant and equipment and intangible assets	1,487	366
Loss on sale of property, plant and equipment and intangible assets	353	106
Loss on devaluation of investment securities	44	661
Loss on sale of investment securities	274	6
Loss on sale of shares of subsidiaries and affiliates	–	45,338
Other	6,599	5,011
Total	8,759	51,489
Income before income taxes	65,981	63,080
Income taxes	23,690	(30,822)
Net income	42,291	93,902
Net income attributable to non-controlling interests	8,464	10,494
Net income attributable to owners of the parent	33,826	83,408

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(¥ millions)

	Six months ended June 30, 2016	Six months ended June 30, 2017
Net income	42,291	93,902
Other comprehensive income		
Net unrealized gains on securities	(23,290)	6,499
Deferred gains or losses on hedges	(7,597)	1,099
Land revaluation difference	61	–
Foreign currency translation adjustments	(20,295)	104,167
Remeasurements of defined benefit plans	1,220	1,279
Share of other comprehensive income of entities accounted for by the equity method	(15,969)	4,277
Total other comprehensive income	(65,871)	117,324
Comprehensive income	(23,580)	211,226
Comprehensive income attributable to:		
Owners of the parent	(20,624)	199,658
Non-controlling interests	(2,955)	11,568

(3) CONSOLIDATED STATEMENTS OF CASH FLOWS

(¥ millions)

	Six months ended June 30, 2016	Six months ended June 30, 2017
Cash flows from operating activities		
Income before income taxes	65,981	63,080
Depreciation and amortization	39,336	36,206
Amortization of goodwill	11,508	11,156
Interest and dividend income	(3,281)	(3,006)
Equity in losses (earnings) of affiliates	(6,668)	(7,235)
Interest expense	7,281	4,580
Gain on sale of property, plant and equipment and intangible assets	(7,922)	(31,649)
Loss on disposal and sale of property, plant and equipment and intangible assets	1,457	348
Gain on sale of investment securities	(7,086)	(198)
Gain on sale of shares of subsidiaries and affiliates	–	(2,675)
Loss on sale of shares of subsidiaries and affiliates	–	45,338
Decrease (increase) in notes and accounts receivable, trade	60,022	64,861
Decrease (increase) in inventories	2,713	(2,431)
Increase (decrease) in notes and accounts payable, trade	(12,780)	(17,467)
Increase (decrease) in liquor taxes payable	(30,899)	(27,085)
Increase (decrease) in consumption taxes payable	(11,930)	(6,080)
Increase (decrease) in deposits received	(19,364)	(18,062)
Other	(11,436)	(1,585)
Sub-total	76,931	108,091
Interest and dividends received	8,705	9,157
Interest paid	(5,070)	(3,489)
Income taxes paid	(13,084)	(23,178)
Net cash provided by (used in) operating activities	67,481	90,581
Cash flows from investing activities		
Payment for purchases of property, plant and equipment and intangible assets	(47,124)	(39,474)
Proceeds from sale of property, plant and equipment and intangible assets	16,883	44,528
Payment for acquisition of marketable securities and investment securities	(5,541)	(10,872)
Proceeds from sale and redemption of marketable securities and investment securities	14,270	7,330
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	–	86,158
Proceeds from collection of loans receivable	–	16,300
Other	686	(2,140)
Net cash provided by (used in) investing activities	(20,824)	101,830

(¥ millions)

	Six months ended June 30, 2016	Six months ended June 30, 2017
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	13,873	17,532
Increase (decrease) in commercial paper	–	(45,000)
Proceeds from long-term debt	23,597	–
Repayment of long-term debt	(60,475)	(18,919)
Payment for acquisition of treasury stock	(26)	(43)
Cash dividends paid	(17,338)	(18,250)
Cash dividends paid to non-controlling shareholders	(5,192)	(5,639)
Other	(1,253)	(7,132)
Net cash provided by (used in) financing activities	(46,814)	(77,452)
Effect of exchange rate changes on cash and cash equivalents	(3,054)	(5,950)
Net increase (decrease) in cash and cash equivalents	(3,212)	109,009
Cash and cash equivalents at beginning of year	60,336	57,725
Net increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	(10)	(478)
Cash and cash equivalents at end of period	57,113	166,256

(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, 2016

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

(¥ millions)

	Six months ended June 30, 2016						
	Reportable Segment						Amount recorded in the quarterly consolidated statement of income (Note 3)
	Integrated Beverages			Pharmaceuticals and Bio-chemicals	Others (Note 1)	Adjustment (Note 2)	
	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.

II. Six months ended June 30, 2017

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

(¥ millions)

	Six months ended June 30, 2017						
	Reportable Segment						Amount recorded in the quarterly consolidated statement of income (Note 3)
	Integrated Beverages			Pharmaceuticals and Bio-chemicals	Others (Note 1)	Adjustment (Note 2)	
	Japan	Oceania	Overseas -other				
Sales							
Unaffiliated customers	525,904	183,698	69,719	172,223	10,200	–	961,745
Inter-segment	1,380	20	4	3,461	381	(5,248)	–
Total sales	527,284	183,718	69,723	175,685	10,581	(5,248)	961,745
Segment income	30,806	20,784	4,890	25,681	911	(3,276)	79,797

Notes

1. "Others" includes food business, such as dairy products, and others.
2. The negative ¥3,276 million adjustment in segment income includes ¥190 million in inter-segment eliminations and negative ¥3,467 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 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 Six Months Ended June 30, 2017

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 3, 2017

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

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

(¥ billions)

	Six months ended June 30, 2017, Actual	Six months ended June 30, 2016, Actual	Increase (decrease)	
Sales	961.7	1,008.1	(46.4)	(4.6%)
Gross profit	438.8	445.1	(6.2)	(1.4%)
Selling, general and administrative expenses	359.0	386.3	(27.2)	(7.1%)
Operating income	79.7	58.8	20.9	35.7%
Non-operating income	11.6	13.6	(2.0)	(14.7%)
Non-operating expenses	12.1	14.2	(2.1)	(14.8%)
Ordinary income	79.2	58.1	21.0	36.3%
Special income	35.3	16.5	18.7	112.9%
Special expenses	51.4	8.7	42.7	487.8%
Income before income taxes	63.0	65.9	(2.9)	(4.4%)
Income taxes	(30.8)	23.6	(54.5)	—
Net income attributable to non-controlling interests	10.4	8.4	2.0	24.0%
Net income attributable to owners of the parent	83.4	33.8	49.5	146.6%
Normalized EPS	¥75	¥53	¥22	41.5%
Sales (Excluding liquor tax)	827.9	873.9	(46.0)	(5.3%)
Operating income (Prior to amortization of goodwill etc.)	93.6	73.2	20.3	27.8%
Operating income ratio (Excluding liquor tax, prior to amortization of goodwill etc.)	11.3%	8.4%		
Normalized EBITDA	133.2	115.4	17.7	15.4%
EPS (Prior to amortization of goodwill etc.)	¥112	¥59	¥53	89.8%

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, 2017, Actual	Six months ended June 30, 2016, Actual
Lion (AUD)	84.40	85.81
Brasil Kirin (BRL)	36.04	30.81
Myanmar Brewery (MMK('000))	83.72	93.20

	Six months ended June 30, 2017, Actual	Six months ended June 30, 2016, Actual
Lion	From October 2016 to March 2017	From October 2015 to March 2016
Myanmar Brewery		
San Miguel Brewery		

2. Sales Details

(¥ billions)

	Six months ended June 30, 2017, Actual	Six months ended June 30, 2016, Actual	Increase (decrease)	
Sales	961.7	1,008.1	(46.4)	(4.6%)
Japan Integrated Beverages	525.9	533.0	(7.1)	(1.3%)
Kirin Brewery	312.1	312.5	(0.4)	(0.1%)
Kirin Beverage	157.8	167.6	(9.8)	(5.9%)
Mercian	30.7	31.0	(0.3)	(1.3%)
Other and elimination	25.2	21.7	3.5	16.2%
Overseas Integrated Beverages	253.4	292.7	(39.3)	(13.4%)
Lion	183.7	206.2	(22.5)	(10.9%)
Brasil Kirin	31.5	50.7	(19.1)	(37.8%)
Myanmar Brewery	13.2	12.2	1.0	8.3%
Other and elimination	24.8	23.4	1.3	5.9%
Pharmaceuticals and Bio-chemicals	172.2	170.6	1.5	0.9%
Kyowa Hakko Kirin	175.6	174.0	1.6	0.9%
Pharmaceutical	135.2	131.8	3.4	2.6%
Bio-chemical	40.4	42.2	(1.7)	(4.2%)
Other and elimination	(3.4)	(3.4)	(0.0)	—
Other	10.2	11.6	(1.4)	(12.6%)

(Reference) Sales excluding liquor tax

(¥ billions)

	Six months ended June 30, 2017, Actual	Six months ended June 30, 2016, Actual
Kirin Brewery	184.5	184.0

3. Profit Details

(1) Operating Income

(¥ billions)

	Six months ended June 30, 2017, Actual	Six months ended June 30, 2016, Actual	Increase (decrease)
Operating income	79.7	58.8	20.9
Japan Integrated Beverages	30.8	20.7	10.0
Kirin Brewery	28.3	24.0	4.2
Kirin Beverage	12.6	5.9	6.7
Mercian	2.1	1.4	0.6
Others *	(12.2)	(10.7)	(1.5)
Overseas Integrated Beverages	25.6	23.2	2.4
Lion (consolidated after reclassification)	27.9	32.4	(4.5)
Amortization of goodwill	(5.5)	(5.5)	0.0
Brand amortization	(1.6)	(1.6)	0.0
Total	20.7	25.2	(4.4)
Brasil Kirin (consolidated after reclassification)	(0.8)	(7.0)	6.2
Brand amortization	(0.1)	(0.3)	0.1
Total	(1.0)	(7.4)	6.4
Myanmar Brewery (consolidated after reclassification)	5.9	5.2	0.6
Amortization of goodwill	(0.8)	(0.8)	0.0
Brand amortization	(0.7)	(0.8)	0.0
Total	4.3	3.5	0.7
Others	1.5	1.8	(0.2)
Pharmaceuticals and Bio-chemicals	25.6	16.8	8.8
Kyowa Hakko Kirin (consolidated after reclassification)	25.6	16.8	8.8
Pharmaceutical	20.7	11.6	9.0
Bio-chemical	3.3	3.4	(0.1)
Other/elimination of amortization of goodwill	4.7	4.7	(0.0)
Amortization of goodwill	(3.0)	(3.0)	—
Other	0.9	1.1	(0.2)
Corporate expenses/inter-segment eliminations	(3.2)	(3.1)	(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	0.7	Sales decrease in beer (5) thousand KL, (0.6) Sales decrease in *happo-shu* (2) thousand KL, (0.2) Sales decrease in new genre (12) thousand KL, (1.3) Sales increase in RTD 10 thousand KL, 1.1 etc.
	Decrease in raw material cost of alcohol beverages	1.6	Decrease in material cost 0.9, Decrease in wrapping material cost 0.7, etc
	Decrease in selling expenses	2.8	Decrease in sales promotion 2.5, Decrease in advertising 0.7 (48.3→45.0), etc. (Beer, *happo-shu and* new genre 4.3, etc)
	Increase in other expenses	(0.9)	Increase in depreciation (0.4), etc.
Total		4.2	
Kirin Beverage	Increase in marginal profit of soft drink beverages	3.2	Decrease in sales volume (830) thousand cases, (0.4) Difference of change in products mix and in composition ratio of containers, etc. 3.6
	Decrease in raw material cost, etc.	2.1	Decrease in material cost 0.3, Decrease in wrapping material cost 1.1, Decrease in processing cost 0.6
	Decrease in selling expenses	1.1	Decrease in sales promotion 2.1, Increase in advertising (0.9) (17.2→16.0)
	Decrease in other expenses	0.2	
Total		6.7	

(2) Ordinary Income and Net Income

(¥ billions)

	Six months ended June 30, 2017, Actual	Six months ended June 30, 2016, Actual	Increase (decrease)	Description of changes
Non-operating income and expenses	(0.5)	(0.6)	0.1	
Financial profit or loss, net	(1.5)	(4.0)	2.4	
Equity in earnings or losses of affiliates	7.2	6.6	0.5	
San Miguel Brewery	6.5	4.8	1.6	Equity in earnings or losses of local affiliates 1.5, etc.
Others	0.7	1.8	(1.1)	
Foreign exchange gains and losses	(4.9)	(4.4)	(0.4)	
Other	(1.2)	1.1	(2.4)	
Ordinary income	79.2	58.1	21.0	
Special income and expenses	(16.1)	7.8	(23.9)	
Special income	35.3	16.5	18.7	
Gain on sale of property, plant and equipment and intangible assets	31.6	7.9	23.7	
Gain on sale of investment securities	0.1	7.0	(6.8)	
Gain on sale of shares of subsidiaries and affiliates	2.6	—	2.6	
Other	0.8	1.5	(0.7)	
Special expenses	(51.4)	(8.7)	(42.7)	
Loss on disposal of property, plant and equipment and intangible assets	(0.3)	(1.4)	1.1	
Loss on sale of property, plant and equipment and intangible assets	(0.1)	(0.3)	0.2	
Loss on devaluation of investment securities	(0.6)	(0.0)	(0.6)	
Loss on sale of shares of investment securities	(0.0)	(0.2)	0.2	
Loss on sale of subsidiaries and affiliates	(45.3)	—	(45.3)	Sale of Brasil Kirin Holding S.A. 45.1, etc.
Other	(5.0)	(6.5)	1.5	
Income taxes	30.8	(23.6)	54.5	
Net income attributable to non-controlling interests	(10.4)	(8.4)	(2.0)	
Net income attributable to owners of the parent	83.4	33.8	49.5	

4. Summary of Consolidated Balance Sheets

(¥ billions)

	As of June 30, 2017	As of December 31, 2016	Increase (decrease)	Description of changes
Current assets	809.8	748.1	61.6	
Cash and time deposits	167.7	58.9	108.8	
Notes and accounts receivable, trade	309.8	393.5	(83.6)	Decrease due to the year-end of previous year being a bank holiday and decrease due to sale of consolidated subsidiaries, etc.
Inventories	195.1	207.6	(12.4)	
Other	137.0	88.0	48.9	Increase due to sale of consolidated subsidiaries, etc.
Non-current assets	1,451.8	1,600.0	(148.1)	
Property, plant and equipment	602.7	705.2	(102.4)	Decrease due to sale of consolidated subsidiaries, etc.
Intangible assets	376.0	401.9	(25.8)	
Goodwill	229.6	228.9	0.7	.
Other	146.3	172.9	(26.5)	
Investments and other assets	473.1	492.9	(19.7)	
Total assets	2,261.6	2,348.1	(86.5)	
Current liabilities	548.7	650.3	(101.5)	
Notes and accounts payable, trade	104.0	135.8	(31.7)	Decrease due to sale of consolidated subsidiaries, etc.
Interest-bearing debt	173.9	134.9	39.0	Decrease due to redemption of bonds and commercial paper and increase due to replacement of long-term debt with short-term debt, etc.
Other	270.7	379.6	(108.8)	Decrease in liquor taxes payable due to the year-end of previous year being a bank holiday and decrease due to sale of consolidated subsidiaries, etc.
Non-current liabilities	581.9	751.7	(169.7)	
Interest-bearing debt	397.7	513.7	(115.9)	Decrease due to replacement of long-term debt with short-term debt, etc.
Other	184.2	237.9	(53.7)	Decrease due to sale of consolidated subsidiaries, etc.
Total liabilities	1,130.7	1,402.0	(271.2)	
Shareholders' equity	794.2	728.9	65.2	.
Accumulated other comprehensive income	67.6	(48.2)	115.9	Increase due to sale of consolidated subsidiaries, etc.
Subscription rights to shares	0.5	0.5	0.0	
Non-controlling interests	268.4	264.8	3.5	
Total net assets	1,130.8	946.0	184.7	
Total liabilities and net assets	2,261.6	2,348.1	(86.5)	

5. Summary of Consolidated Statements of Cash Flows

(1) Summary of Statements of Cash Flows

(¥ billions)

	Six months ended June 30, 2017, Actual	Six months ended June 30, 2016, Actual	Increase (decrease)
Cash flows from operating activities	90.5	67.4	23.0
Income before income taxes and minority interests	63.0	65.9	(2.9)
Depreciation and amortization	36.2	39.3	(3.1)
Amortization of goodwill	11.1	11.5	(0.3)
Other	(19.8)	(49.3)	29.4
Cash flows from investing activities	101.8	(20.8)	122.6
Purchase of property, plant and equipment and intangible assets	(39.4)	(47.1)	7.6
Other	141.3	26.2	115.0
Cash flows from financing activities	(77.4)	(46.8)	(30.6)
Increase (decrease) in interest-bearing debt	(46.3)	(23.0)	(23.3)
Cash dividends paid	(23.8)	(22.5)	(1.3)
Other	(7.1)	(1.2)	(5.8)
Translation adjustments	(5.9)	(3.0)	(2.8)
Net decrease in cash and cash equivalents	109.0	(3.2)	112.2

(2) Information by Segment

Six months ended June 30, 2017, Actual

(¥ billions)

	Japan Integrated Beverages	Overseas Integrated Beverages	Pharmaceuticals and Bio-chemicals	Other	Adjustment	Total
Depreciation	12.3	10.1	10.7	0.3	(0.0)	33.5
Brand amortization	—	2.6	—	—	—	2.6
Amortization of goodwill	0.0	6.3	4.6	—	—	11.1
Purchase of property, plant and equipment and intangible assets	18.4	12.7	9.0	0.8	(1.5)	39.4
Normalized EBITDA	43.2	50.9	41.0	1.2	(3.2)	133.2

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

6. Other Information

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

Six months ended June 30, 2017, Actual

<Consolidated subsidiaries>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated net income
Kyowa Hakko Kirin	175.6	24.1	22.0	13.6	7.2
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	175.6	25.6	23.5	15.2	6.5

<Equity-method affiliates>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated net income
San Miguel Brewery	120.2	34.0	31.5	21.6	10.4
Equity in earnings or losses of local affiliates			10.4	10.4	10.4
Brand amortization			(0.9)	(0.9)	(0.9)
Amortization of goodwill			(3.0)	(3.0)	(3.0)
Total included in consolidation			6.5	6.5	6.5

(2) Sales Details of Major Business Companies

a. Kirin Brewery

	Six months ended June 30, 2017		Six months ended June 30, 2016	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL	%	Thousand KL	%
Beer	283	(1.6)	288	(1.4)
Happo-shu	216	(1.0)	219	(8.4)
New genre	257	(4.4)	269	(10.7)
Sub-total	758	(2.4)	777	(6.8)
RTD	146	7.6	136	4.5
Non-alcohol beverages	18	48.7	12	(0.7)
Breakdown of sales	¥ billions		¥ billions	
Beer	118.6	(1.6)	120.5	(0.8)
Happo-shu	65.9	(0.9)	66.6	(8.4)
New genre	67.2	(4.4)	70.3	(10.9)
Sub-total	251.8	(2.2)	257.4	(5.7)
RTD	40.2	7.3	37.4	3.9
Whiskey and Spirits, etc.	20.0	14.0	17.6	11.4
Total sales	312.1	(0.1)	312.5	(3.8)

The above sales volume excludes contract manufacturing and exports.

b. Kirin Beverage Group

	Six months ended June 30, 2017		Six months ended June 30, 2016	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Category	10,000 cases	%	10,000 cases	%
Black tea	2,494	3.1	2,418	10.0
Japanese tea	1,420	16.8	1,216	29.1
Coffee	1,468	(2.5)	1,506	6.4
Fruit and vegetable juice	1,183	(7.7)	1,282	0.8
Carbonated beverage	999	(11.4)	1,127	3.5
Functional beverage	418	15.2	363	7.1
Water	1,872	(6.5)	2,002	13.4
Other	762	(3.1)	* 786	(1.6)
Total	10,616	(0.8)	10,700	9.0
Container Type				
Can	1,896	(3.1)	1,956	11.5
Large-sized PET bottles (2L, 1.5L, etc.)	3,495	(0.1)	3,498	10.5
Small-sized PET bottles (500ml, 280ml, etc.)	4,239	0.0	4,237	7.3
Other	986	(2.3)	* 1,009	5.8
Total	10,616	(0.8)	10,700	9.0

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

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

August 3, 2017

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

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

(¥ billions)

	Fiscal year ending December 31, 2017, Revised forecast	Fiscal year ended December 31, 2016, Actual	Increase (decrease)		Fiscal year ending December 31, 2017, Initial forecast (Revison on June 1)	Increase (decrease)
Sales	1,970.0	2,075.0	(105.0)	(5.1%)	1,980.0	(10.0)
Operating income	152.0	141.8	10.1	7.1%	146.0	6.0
Non-operating income and expenses	4.0	(1.2)	5.2	—		
Financial profit or loss, net	(4.0)	(7.8)	3.8	—		
Equity in earnings or losses of affiliates	14.0	11.8	2.1	18.2%		
Ordinary income	156.0	140.6	15.3	10.9%	155.0	1.0
Special income and expenses	(27.0)	40.0	(67.0)	—		
Income before income taxes	129.0	180.7	(51.7)	(28.6%)		
Income taxes	(2.0)	47.0	(49.0)	—		
Net income attributable to non-controlling interests	17.0	15.5	1.4	9.6%		
Net income attributable to owners of the parent	114.0	118.1	(4.1)	(3.5%)	112.0	2.0

ROE (Prior to amortization of goodwill etc.)	18.6%	21.9%		
Normalized EPS	¥137	¥125	¥12	9.6%
Sales (Excluding liquor tax)	1,674.0	1,779.0	(105.0)	(5.9%)
Operating income (Prior to amortization of goodwill etc.)	179.3	169.9	9.4	5.6%
Operating income ratio (Excluding liquor tax, prior to amortization of goodwill etc.)	10.7%	9.6%		
Normalized EBITDA	256.0	253.0	2.9	1.2%
EPS (Prior to amortization of goodwill etc.)	¥166	¥172	(¥6)	(3.5%)
Net interest-bearing debt / Normalized EBITDA	1.39	2.33		

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, 2017, Revised forecast	Fiscal year ended December 31, 2016, Actual	Fiscal year ending December 31, 2017, Initial forecast (Revison on June 1)
Lion (AUD)	84.00	82.33	82.00
Brasil Kirin (BRL)	36.04	31.83	36.04
Myanmar Brewery (MMK('000))	85.00	90.62	85.00

	Fiscal year ending December 31, 2017, Revised forecast	Fiscal year ended December 31, 2016, Actual
Lion	From October 2016 to September 2017	From October 2015 to September 2016
Myanmar Brewery		
San Miguel Brewery		

2. Sales Details

(¥ billions)

	Fiscal year ending December 31, 2017, Revised forecast	Fiscal year ended December 31, 2016, Actual	Increase (decrease)		Fiscal year ending December 31, 2017, Initial forecast (Revison on June 1)	Increase (decrease)
Sales	1,970.0	2,075.0	(105.0)	(5.1%)	1,980.0	(10.0)
Japan Integrated Beverages	1,163.0	1,153.2	9.7	0.8%	1,170.0	(7.0)
Kirin Brewery	692.7	684.5	8.1	1.2%	706.1	(13.4)
Kirin Beverage	345.8	354.6	(8.8)	(2.5%)	349.7	(3.9)
Mercian	65.4	66.3	(0.9)	(1.4%)	66.1	(0.7)
Other and elimination	59.0	47.7	11.3	23.8%	47.9	11.0
Overseas Integrated Beverages	448.0	561.4	(113.4)	(20.2%)	450.0	(2.0)
Lion	344.7	372.6	(27.9)	(7.5%)	349.8	(5.0)
Brasil Kirin	31.5	117.9	(86.3)	(73.2%)	31.5	—
Myanmar Brewery	24.3	22.4	1.8	8.5%	24.3	—
Other and elimination	47.3	48.3	(1.0)	(2.1%)	44.2	3.0
Pharmaceuticals and Bio-chemicals	339.0	335.7	3.2	1.0%	336.0	3.0
Kyowa Hakko Kirin	347.0	343.0	3.9	1.2%	344.0	3.0
Pharmaceutical	266.0	262.5	3.4	1.3%	263.0	3.0
Bio-chemical	81.0	80.5	0.4	0.6%	81.0	—
Other and elimination	(8.0)	(7.2)	(0.7)	—	(8.0)	—
Other	20.0	24.6	(4.6)	(18.8%)	24.0	(4.0)

(Reference) Sales excluding liquor tax

(¥ billions)

	Fiscal year ending December 31, 2017, Revised forecast	Fiscal year ended December 31, 2016, Actual	Fiscal year ending December 31, 2017, Initial forecast (Revison of June 1)
Kirin Brewery	411.1	402.2	416.6

3. Profit Details

Operating Income

(¥ billions)

	Fiscal year ending December 31, 2017, Revised forecast	Fiscal year ended December 31, 2016, Actual	Increase (decrease)	Fiscal year ending December 31, 2017, Initial forecast (Revison on June 1)	Increase (decrease)
Operating income	152.0	141.8	10.1	146.0	6.0
Japan Integrated Beverages	69.5	67.2	2.2	67.5	2.0
Kirin Brewery	72.1	69.8	2.2	72.1	—
Kirin Beverage	20.0	17.2	2.7	18.0	2.0
Mercian	3.2	3.6	(0.3)	2.2	1.0
Others *	(25.9)	(23.5)	(2.3)	(24.9)	(1.0)
Overseas Integrated Beverages	46.5	43.3	3.1	46.0	0.5
Lion (consolidated after reclassification)	52.5	56.7	(4.1)	51.2	1.2
Amortization of goodwill	(10.9)	(10.7)	(0.2)	(10.6)	(0.2)
Brand amortization	(3.2)	(3.1)	(0.0)	(3.1)	(0.0)
Total	38.3	42.8	(4.4)	37.4	0.8
Brasil Kirin (consolidated after reclassification)	(0.8)	(8.3)	7.5	(0.8)	—
Brand amortization	(0.1)	(0.7)	0.5	(0.1)	—
Total	(1.0)	(9.0)	8.0	(1.0)	—
Myanmar Brewery (consolidated after reclassification)	8.8	8.8	(0.0)	8.8	—
Amortization of goodwill	(1.6)	(1.7)	0.1	(1.6)	—
Brand amortization	(1.5)	(1.6)	0.1	(1.5)	—
Total	5.6	5.4	0.2	5.6	—
Others	3.5	4.1	(0.5)	3.9	(0.3)
Pharmaceuticals and Bio-chemicals	42.0	34.7	7.2	38.0	4.0
Kyowa Hakko Kirin (consolidated after reclassification)	42.0	34.7	7.2	38.0	4.0
Pharmaceutical	33.0	26.3	6.6	29.0	4.0
Bio-chemical	6.0	5.3	0.6	6.0	—
Other/elimination of amortization of goodwill	9.1	9.2	(0.1)	9.1	—
Amortization of goodwill	(6.1)	(6.1)	(0.0)	(6.1)	—
Other	1.0	3.3	(2.3)	2.0	(1.0)
Corporate expenses/inter-segment eliminations	(7.0)	(6.7)	(0.2)	(7.5)	0.5

* 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	5.9	Sales decrease in beer (11) thousand KL, (1.4) Sales decrease in *happo-shu* (9) thousand KL, (1.0) Sales increase in new genre 7 thousand KL, 0.8 Sales increase in RTD 28 thousand KL, 3.0, etc.
	Decrease in raw material cost of alcohol beverages	2.6	Decrease in material cost, etc.
	Increase in selling expenses	(0.7)	Sales promotion and advertising (96.3→96.3), etc.
	Increase in other expenses	(5.6)	Increase in depreciation, Increase in electric cost and fuel cost, etc.
Total		2.2	
Kirin Beverage	Increase in marginal profit of soft drink beverages	3.5	Decrease in sales volume (13.2) thousand cases, (0.6) Difference of change in products mix and in composition ratio of containers, etc. 4.1
	Decrease in raw material cost, etc.	0.7	Increase in material cost (0.8), Decrease in wrapping material cost 1.0, Decrease in processing cost 0.5
	Increase in selling expenses	(1.3)	Increase in sales promotion (0.7), Increase in advertising (0.6) (39.6→40.9)
	Increase in other expenses	(0.1)	
Total		2.7	

4. Information by Segment

Fiscal year ending December 31, 2017, Forecast

(¥ billions)

	Japan Integrated Beverages	Overseas Integrated Beverages	Pharmaceuticals and Bio-chemicals	Other	Adjustment	Total
Depreciation	25.1	17.1	21.9	0.5	0.1	64.8
Amortization of brands	—	5.1	—	—	—	5.1
Amortization of goodwill	0.1	12.5	9.5	—	—	22.2
Purchase of property, plant and equipment and intangible assets	30.0	31.0	22.0	2.0	—	85.0
Normalized EBITDA	94.7	93.1	73.4	1.5	△6.8	256.0

Fiscal year ended December 31, 2016, Actual

(¥ billions)

	Japan Integrated Beverages	Overseas Integrated Beverages	Pharmaceuticals and Bio-chemicals	Other	Adjustment	Total
Depreciation	23.0	24.6	23.0	0.9	0.0	71.7
Amortization of brands	—	5.7	—	—	—	5.7
Amortization of goodwill	0.1	12.6	9.5	—	—	22.3
Purchase of property, plant and equipment and intangible assets	26.2	34.6	30.2	4.1	(0.3)	95.0
Normalized EBITDA	90.4	97.7	67.3	4.3	(6.7)	253.0

5. Other Information

(1) Information Regarding Amortization of Major Goodwill etc.

Fiscal year ending December 31, 2017, 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	10.9	99.8	9	3.2	23.9	1～15	14.1
	Kyowa Hakko Kirin	2007	6.1	62.9	11	—	—	—	6.1
	Brasil Kirin	2011	—	—	—	0.1	—	—	0.1
	Myanmar Brewery	2015	1.6	24.7	15	1.5	23.6	15	3.2
	Other		3.4	28.3	—	0.1	1.5	—	3.6
	Consolidated subsidiaries total		22.2	215.9		5.1	49.2		27.3
Equity method	San Miguel Brewery	2009	6.0	69.4	12	1.9	21.9	12	7.9
	China Resources Kirin Beverages	2011	2.1	30.7	14	—	—	—	2.1
	Equity-method affiliates total		8.2	100.1		1.9	21.9		10.1
Total			30.4	316.0		7.0	71.1		37.5

*Account title: Depreciation.

(2) Sales Details of Major Business Companies

a. Kirin Brewery

	Fiscal year ending December 31, 2017		Fiscal year ended December 31, 2016	
	Forecast	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL	%	Thousand KL	%
Beer	638	(1.6)	648	(1.8)
Happo-shu	461	(2.0)	470	(6.2)
New genre	585	1.2	578	(8.7)
Sub-total	1,685	(0.8)	1,698	(5.5)
RTD	322	9.9	292	3.7
Non-alcohol beverages	45	71.6	26	(9.0)
Breakdown of sales	¥ billions		¥ billions	
Beer	266.9	(1.9)	272.1	(1.3)
Happo-shu	140.1	(2.1)	143.2	(6.1)
New genre	153.3	1.5	151.0	(9.1)
Sub-total	560.5	(1.1)	566.4	(4.7)
RTD	88.6	9.7	80.8	3.5
Whiskey and Spirits, etc.	43.5	17.0	37.2	7.6
Total sales	692.7	1.2	684.5	(3.2)

The above sales volume excludes contract manufacturing and exports.

b. Kirin Beverage Group

	Fiscal year ending December 31, 2017		Fiscal year ended December 31, 2016	
	Forecast	Increase (decrease)	Actual	Increase (decrease)
Category	10,000 cases	%	10,000 cases	%
Black tea	5,350	1.6	5,264	9.5
Japanese tea	3,230	12.3	2,877	40.1
Coffee	3,240	0.2	3,234	3.4
Fruit and vegetable juice	2,380	(12.9)	2,731	3.5
Carbonated beverage	1,890	(18.3)	2,312	(4.4)
Functional beverage	1,090	20.8	902	18.5
Water	4,070	(2.4)	4,168	6.8
Other	1,950	5.7	* 1,844	1.0
Total	23,200	(0.6)	23,332	8.3
Container Type				
Can	4,132	(0.9)	4,169	6.4
Large-sized PET bottles (2L, 1.5L, etc.)	7,368	(3.3)	7,617	9.3
Small-sized PET bottles (500ml, 280ml, etc.)	9,465	1.6	9,320	8.8
Other	2,235	0.4	* 2,226	7.2
Total	23,200	(0.6)	23,332	8.3

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