KIRIN

KIRIN HOLDINGS COMPANY, LIMITED

May 10, 2018

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2018 (UNDER IFRS) (UNAUDITED)

(English Translation)

Fiscal year ending December 31, 2018

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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Scheduled date of quarterly securities report scheduled: May 15, 2018

Commencement date of dividend distribution scheduled: —

Preparation of supplementary documents to the financial results: Yes

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

1. Consolidated business results and financial position for the first three months of the current fiscal year (January 1, 2018 – March 31, 2018)

[Unit: Japanese yen (¥)]

(1) Results of operations (cumulative): (Amounts are rounded to the nearest ¥1 million.)

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

	Revenue (¥ millions)	Percentage change (%)	Normalized operating profit (¥ millions)	Percentage change (%)	Profit before tax (¥ millions)	Percentage change (%)
Three months ended						
March 31, 2018	431,201	4.0	36,868	(3.8)	74,403	68.1
March 31, 2017	414,441	-	38,312	-	44,261	-

	Profit (¥ millions)	Percentage change (%)	Profit attributable to owners of the Company (¥ millions)	Percentage change (%)	Total comprehensive income (¥ millions)	Percentage change (%)
Three months ended						
March 31, 2018	62,774	114.8	49,868	122.8	27,115	(35.4)
March 31, 2017	29,223	-	22,386	-	41,978	-

	Basic earnings per share (¥)	Diluted earnings per share (¥)
Three months ended		
March 31, 2018	54.64	54.63
March 31, 2017	24.53	24.53

Reference: Operating profit Three months ended March 31, 2018 ¥49,810 million 26.4%

Three months ended March 31, 2017 ¥39,408 million —%

* Normalized operating profit is a profit indicator for measuring recurring performance which is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

(2) Financial position:

	Total assets (¥ millions)	Total equity (¥ millions)	Equity attributable to owners of the Company (¥ millions)	Equity ratio attributable to owners of the Company (%)
As of				
March 31, 2018	2,240,414	1,229,330	951,606	42.5
December 31, 2017	2,399,082	1,229,206	957,895	39.9

2. Dividends

	Annual dividends				
	First quarter (¥)	Second quarter (¥)	Third quarter (¥)	Year-end (¥)	Total (¥)
Fiscal year ended December 31, 2017	–	20.50	–	25.50	46.00
Fiscal year ending December 31, 2018	–				
Fiscal year ending December 31, 2018 (Forecast)		24.00	–	24.00	48.00

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

3. Forecast consolidated business results for the current fiscal year (January 1, 2018 - December 31, 2018)

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

	Revenue (¥ millions)	Percentage change (%)	Normalized operating profit (¥ millions)	Percentage change (%)	Profit before tax (¥ millions)	Percentage change (%)
Fiscal year ending December 31, 2018	1,960,000	5.2	196,000	0.9	235,000	0.5

	Profit (¥ millions)	Percentage change (%)	Profit attributable to owners of the Company	Percentage change (%)	Basic earnings per share (¥)
Fiscal year ending December 31, 2018	180,000	(32.5)	155,000	(36.0)	172.94

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

Reference: Operating profit Fiscal year ending December 31, 2018 ¥194,000 million (8.1%)

* Notes

(1) Changes in significant subsidiaries for the three months ended March 31, 2018 (Changes in specified subsidiaries accompanying change in scope of consolidation.): Yes

Newly included: —

Excluded: 1 company
Great Northern Developments Limited

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

i.	Changes in accounting policies required by IFRS:	None
ii.	Changes in accounting policies due to other reasons:	None
iii.	Changes in accounting estimates:	None

(3) Number of shares outstanding (ordinary shares)

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

As of March 31, 2018	914,000,000 shares
As of December 31, 2017	914,000,000 shares

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

As of March 31, 2018	1,397,727 shares
As of December 31, 2017	1,394,366 shares

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

For the three months ended March 31, 2018	912,603,427 shares
For the three months ended March 31, 2017	912,513,228 shares

* The summary of quarterly consolidated financial results is not subject to quarterly reviews by certified public accountants or audit corporations.

* 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, May 10, and will post the presentation materials from the financial results presentation (teleconference) to be held on Friday, May 11 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. KIRIN GROUP'S CURRENT BUSINESS PERFORMANCE

(1) STATEMENT OF BUSINESS ACTIVITIES AND RESULTS

During the first quarter (January 1-March 31, 2018), the global economy experienced a modest recovery as the economies of the United States and Europe stabilized due to strong consumption and production, while those of emerging countries showed signs of improvement. Regarding the foreign exchange market, there was a tendency toward a slightly stronger Japanese yen compared to the previous year, reflecting factors such as the interest rate policies of central banks around the world and trade friction between the United States and China.

In Japan, although consumer prices increased moderately due to a steady recovery in the employment situation against the background of a shortage of workers as well as an increase in wage levels, the income situation of consumers improved slightly.

The Kirin Group (The company and its associated companies) continued to work on the key strategies of the Kirin Group 2016-2018 Medium-Term Business Plan ("2016 MTBP") in order to achieve the quantitative targets and the profit guidance to be able to "restructure and revitalize Kirin, groupwide" during the current fiscal year, which is the final year of the 2016 MTBP. Furthermore, based on the new Long-Term Management Vision, the New Kirin Group Vision 2021 ("New KV2021"), and the Kirin Group's CSV*1 Commitment, the Kirin Group stepped up its efforts toward addressing the CSV priority issues, namely, "Health and Well-being", "Community Engagement", and "The Environment", in the alcoholic beverages, non-alcoholic beverages, and pharmaceuticals and bio-chemicals businesses, respectively.

The Company completed procedures for the transfer of all the Kirin-Amgen, Inc. stocks during the first quarter of the current fiscal year. Meanwhile, in order to further enhance shareholder returns, the Company also announced that it would implement an own-share repurchase during the period from February 15, 2018 to December 28, 2018 with a maximum of 50 million shares to be repurchased and a total repurchase cost of up to 100 billion yen.

As a result, consolidated revenue increased during the first quarter of the current fiscal year due to higher revenue both in the Japan Integrated Beverages Business, driven by a sales volume increase for Kirin Brewery Company, Limited, as well as in the Overseas Integrated Beverages Business. On the other hand, consolidated normalized operating profit*2 decreased owing to lower revenue and normalized operating profit in the Pharmaceuticals and Bio-chemicals Businesses. Consolidated profit before tax and profit attributable to owners of the Company increased respectively on account of capital gain resulting from the transfer of all stocks of Kirin-Amgen, Inc., capital gain from the partial transfer by Kyowa Hakko Kirin Co., Ltd. of its shareholdings in Kyowa Medex Co., Ltd., and an increase in share of profit of equity-accounted investees.

*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.

*3 Normalized operating profit: A profit indicator for measuring recurring performance which is calculated by deducting the total of cost of sales and selling, general and administrative expenses from revenue

Consolidated revenue	431.2 billion yen, up 4.0%
Consolidated normalized operating profit	36.9 billion yen, down 3.8%
Consolidated profit before tax	74.4 billion yen, up 68.1%
Consolidated profit attributable to owners of the Company	49.9 billion yen, up 122.8%
(Reference)	
Normalized EPS*	29 yen

* Normalization: Non-recurring items such as Other operating income or expenses, etc. have been removed to more accurately reflect actual earnings.

Normalized EPS = Normalized profit / Average number of shares outstanding during period

Normalized profit = Profit attributable to Owners of the Company ± Other operating income and expenses and other items after income taxes

Results by segment are as follows

Japan Integrated Beverages Business

Kirin Brewery Company, Limited continued its ongoing focus on enhancing the appeal of its beer products as part of its coherent strategy while executing marketing activities to generate a high return on investment by identifying specific brands and activities for achieving regrowth.

In the beer category, after last year's full-scale renewal, the performance of *Kirin Ichiban* was very strong, having notably captured consumer interest in trying the new canned product, and the sales volume increased significantly compared to last year. As for the new genre category, where the company faced the challenge of decreasing sales volumes last year, new products were launched to meet consumer expectations, and sales volumes increased from last year. Sales of the new products, *Kirin Nodogoshi STRONG*, launched in January, and *Hon Kirin*, launched in March, were particularly favorable, overachieving their original target, thus significantly contributing to addressing the challenge. In the RTD* category, an expanding market, a year-on-year increase in sales volumes was recorded centering on the *Kirin Hyoketsu* brand that offers a variety of products. In addition, the company renewed *Kirin Zero Ichi (Non-alcohol)*, activating the overall market for non-alcoholic beer-taste beverages.

Mercian Corporation proposed values for its wine that challenged conventional ways of thinking to quickly respond to consumer needs, while advancing efforts to select and concentrate on focus brands in each category. Sales volumes of wine products as a whole remained at the same level as last year due to a slowdown in growth in the on-premise market. In the imported wine category, however, as a result of investment to strengthen the brand value of *Frontera* and *Casillero del Diablo*, focus brands from Chile, sales volumes recorded a large increase. Sales of *Chateau Mercian*, the company's flagship brand for driving value growth for Japanese wine while increasing its contribution to the local community, also recorded a strong performance, as did *Oishii-Sankaboshizai-Mutenka Wine*, a focus domestically produced wine.

Kirin Beverage Company, Limited shifted its focus from "profitable growth" to "growth-based profit generation", and advanced measures to build a robust brand portfolio in addition to strengthening its business base. As for the company's core brands, *Kirin Gogo-no-Kocha* performed solidly, and *Kirin Nama-cha* experienced increased sales volumes after the product renewal executed in March. In the functional beverage category, in which the company is taking up the challenge to generate values associated with health, a very strong performance was recorded, particularly for a new product *Kirin iMUSE - Lemon & LAB*` which uses the Kirin Group's unique ingredient Lactococcus lactis strain Plasma. However, due to a decrease in the sales volume of *Kirin FIRE* from last year resulting from increased market competition, the overall sales volume of the soft drinks category remained at the same level as last year.

As a result, in the Japan Integrated Beverages Business, the difference of change in product mix and in composition ratio of containers, etc. deteriorated due to the lower percentage of *Kirin FIRE* revenue in the product portfolio for Kirin Beverage Company, Limited and selling expenses increased owing to upfront investment to strengthen brand values for Mercian Corporation. However, revenue and normalized operating profit increased respectively due to a significant contribution by Kirin Brewery Company, Limited that recorded increased sales volumes driven primarily by its total beer products.

*1 RTD: An acronym for "ready-to drink"; RTD liquors are packaged low-alcohol beverages sold in a pre-prepared ready-to-drink form.

Japan Integrated Beverages Business 2018 first-quarter results:	
Consolidated revenue	222.7 billion yen, up 3.3 %
Consolidated normalized operating profit	9.3 billion yen, up 58.2 %

Overseas Integrated Beverages Business

In Lion's Beer, Spirits and Wine business, beer market volumes were relatively stable despite the recently introduced container deposit scheme which has negatively impacted sales volumesin Australia's largest state (NSW) and share challenges in Q1 in Australia. The company has focused on continuing to strengthen its core beer brands and on investing in the growing contemporary and craft segments to drive profitable growth in the medium to long term, with the Iron Jack and Furphy beer brands both performing well during the quarter. In Lion's Dairy & Drinks business, the company's milk-based beverages category continues to grow ahead of the market, driven by promotion and product innovation. Overall volumes have been adversely impacted by a decline in ambient and chilled juice, in part due to the decision to delete

unprofitable product lines. The business continues to invest in its distribution network to grow profitability while optimizing its manufacturing operations.
Myanmar Brewery capitalized on its high market share in the Myanmar market to further deepen its understanding of the market and consumers through effective market research activities. By doing this the company aimed to change to adapt to the competitive environment and the market situation, and executed its sales activities accordingly. Sales promotional activities for the flagship product Myanmar Beer, such as introducing a new packaging design for the canned product, were successful, leading to a significant increase in sales volume. Meanwhile, in the economy category, the sales volume of Andaman Gold continued to grow as it continues to match the needs of the market.
As a result, both revenue and normalized operating profit decreased in the Oceania Integrated Beverages Business because of lower sales volumes in Lion's beer, spirits, and wine business and in its dairy and drinks business, respectively, in addition to the impact of foreign exchange fluctuations.
Other Overseas Integrated Beverages Business recorded an increase in revenue despite the foreign exchange impact, due to Myanmar Brewery's significant sales volume increase and an expansion of business scope by CCNNE*, a subsidiary of the soft drinks business in the United States, in September 2017. Normalized operating profit decreased, however, due to the impact of a sudden increase in raw-material costs for CCNNE.
*CCNNE: An acronym for the Coca-Cola Bottling Company of Northern New England, Inc., a wholly owned subsidiary that manufactures and sells soft drink products in the northeastern part of the United States.

Oceania Integrated Beverages Business 2018 first-quarter results:	
Consolidated revenue	83.0 billion yen, down 3.6 %
Consolidated normalized operating profit	10.9 billion yen, down 4.3 %

Other Overseas Integrated Beverages Business 2018 first-quarter results:	
Consolidated revenue	38.7 billion yen, up 111.8 %
Consolidated normalized operating profit	3.0 billion yen, down 18.5 %

Pharmaceuticals and Bio-chemicals Businesses

In the Pharmaceuticals business, in line with its aim of making great strides to become a global specialty pharmaceutical company, Kyowa Hakko Kirin Co., Ltd. strove to maximize the value of its global strategic products. It also undertook measures to penetrate the market primarily with its new products, to strengthen its relationships with customers by area, and to expand its product pipeline. In the domestic market, sales of the new products such as G-Lasta for decreasing the incidence of febrile neutropenia and LUMICEF for the treatment of psoriasis vulgaris were solid. However, domestic sales decreased due to the negative impact on long-listed products as a result of the penetration of generics following the Japanese government's measures to control healthcare expenditure and of rival products, in addition to repercussions from the deconsolidation of Kyowa Medex Co., Ltd. In the overseas market, sales of products such as Abstral for the treatment of cancer pain were favorable in Europe and the United States, but the technology licensing revenue from AstraZeneca decreased. With regard to the research and development pipeline, in January, KHK4563 (generic name: benralizumab) obtained approval for the treatment of bronchial asthma in Japan and Europe under AstraZeneca, the licensing partner. Meanwhile, in February, KRN23 (generic name: burosumab), one of the company's global strategic products, obtained approval with conditions on sale for the treatment of X-linked hypophosphatemia in pediatric patients in Europe.
In the Bio-chemicals business, domestic sales recorded a year-on-year decrease partly due to the impact of the sale of its plant growth regulator business last year. As for the overseas market, although sales in Asia decreased from last year because of intensified competition for certain products, those for the rest of the world were solid.
As a result, the Pharmaceuticals and Bio-chemicals Business recorded a decrease in revenue due to factors such as a decrease in domestic sales of long-term prescription products, the impact of excluding Kyowa Medex Co., Ltd. from the scope of consolidation of Kyowa Hakko Kirin Co., Ltd., and lower technology out-licensing revenue in the overseas market, which exceeded the revenue-increasing factors. Normalized operating profit also decreased, despite lower research and development costs, owing to the significant decrease in revenue.

Pharmaceuticals and Bio-Chemicals Businesses 2018 first-quarter results:	
Consolidated revenue	83.1 billion yen, down 7.5 %
Consolidated normalized operating profit	14.9 billion yen, down 17.8 %

(2) FINANCIAL POSITION

Total assets at the end of the current consolidated first quarter decreased by 158.7 billion yen from the end of the previous consolidated fiscal year, to 2,240.4 billion yen. This is the result of a decrease in trade and other receivables and non-current assets held for sale, etc.

Equity increased by 100 million yen from the end of the previous consolidated fiscal year to 1,229.3 billion yen due to an increase in retained earnings despite a decrease recorded in reserves, among other factors.

Liabilities decreased by 158.8 billion yen to 1,011.1 billion yen from the end of the previous consolidated fiscal year, resulting from decreases in bonds and borrowings, trade and other payables, etc.

(3) CONSOLIDATED FORECASTS

Kirin Group’s consolidated forecasts remain unchanged for the full year ending December 31, 2018, as announced on February 14, 2018.

2. CONDENSED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS
(1) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(¥ millions)

	At December 31, 2017	At March 31, 2018
Assets		
Non-current assets		
Property, plant and equipment	556,223	537,080
Goodwill	261,900	250,799
Intangible assets	184,096	181,323
Equity-accounted investees	210,780	229,154
Other financial assets	208,535	189,037
Other non-current assets	15,799	15,101
Deferred tax assets	96,727	98,512
Total non-current assets	1,534,060	1,501,005
Current assets		
Inventories	194,837	200,347
Trade and other receivables	395,263	345,014
Other financial assets	3,362	5,017
Other current assets	34,303	40,511
Cash and cash equivalents	160,913	148,520
(Sub-total)	788,678	739,409
Assets held for sale	76,344	-
Total current assets	865,023	739,409
Total assets	2,399,082	2,240,414

(¥ millions)

	At December 31, 2017	At March 31, 2018
Equity		
Share capital	102,046	102,046
Share premium	2,208	2,230
Retained earnings	811,520	843,918
Treasury shares	(2,020)	(2,029)
Reserves	44,141	5,441
Equity attributable to owners of the Company	957,895	951,606
Non-controlling interests	271,311	277,725
Total equity	1,229,206	1,229,330
Liabilities		
Non-current liabilities		
Bonds and borrowings	362,622	356,006
Other financial liabilities	88,275	92,756
Defined benefit liability	66,016	64,579
Provisions	7,385	7,371
Other non-current liabilities	13,282	11,900
Deferred tax liabilities	18,851	19,115
Total non-current liabilities	556,432	551,727
Current liabilities		
Bonds and borrowings	123,852	49,490
Trade and other payables	224,887	196,286
Other financial liabilities	55,109	48,004
Current tax liabilities	9,853	8,783
Provisions	1,005	712
Other current liabilities	194,628	156,082
(Sub-total)	609,334	459,357
Liabilities associated with assets held for sale	4,111	-
Total current liabilities	613,445	459,357
Total liabilities	1,169,877	1,011,084
Total equity and liabilities	2,399,082	2,240,414

(2) CONDENSED QUARTERLY CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF PROFIT OR LOSS
THREE MONTHS ENDED MARCH 31, 2018

(¥ millions)

	Three months ended March 31, 2017	Three months ended March 31, 2018
Continuing operations		
Revenue	414,441	431,201
Cost of sales	233,137	245,395
Gross profit	181,305	185,806
Selling, general and administrative expenses	142,993	148,938
Normalized operating profit	38,312	36,868
Other operating income	4,282	18,182
Other operating expenses	3,186	5,240
Operating profit	39,408	49,810
Finance income	974	772
Finance costs	1,798	2,922
Share of profit of equity-accounted investees	5,676	6,961
Gain on sale of equity-accounted investees	-	19,782
Profit before tax	44,261	74,403
Income tax expense	9,895	11,629
Profit from continuing operations	34,365	62,774
Discontinued operations		
Profit from discontinued operations	(5,143)	-
Profit	29,223	62,774
Profit attributable to:		
Owners of the Company	22,386	49,868
Non-controlling interests	6,837	12,906
Profit	29,223	62,774
Earnings per share (Yen)		
Basic earnings per share		
Continuing operations	30.17	54.64
Discontinued operations	(5.64)	-
Basic earnings per share	24.53	54.64
Diluted earnings per share		
Continuing operations	30.16	54.63
Discontinued operations	(5.64)	-
Diluted earnings per share	24.53	54.63

CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2018

(¥ millions)

	Three months ended March 31, 2017	Three months ended March 31, 2018
Profit	29,223	62,774
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in equity instruments measured at fair value through other comprehensive income	3,369	(3,462)
Remeasurements of defined benefit plans	-	(563)
Share of other comprehensive income of equity-accounted investees	504	175
Items that are or may be reclassified to profit or loss		
Foreign currency translation differences on foreign operations	(2,832)	(37,856)
Cash flow hedges	2,041	650
Share of other comprehensive income of equity-accounted investees	9,673	5,398
Total other comprehensive income	12,755	(35,659)
Comprehensive income	41,978	27,115
Comprehensive income attributable to:		
Owners of the Company	37,076	16,969
Non-controlling interests	4,902	10,146
Comprehensive income	41,978	27,115

(3) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2017

(¥ millions)

	Equity attributable to owners of the Company					
					Reserves	
	Share capital	Share premium	Retained earnings	Treasury shares	Net change in equity instruments measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at January 1, 2017	102,046	2	597,638	(2,127)	55,432	-
Profit	-	-	22,386	-	-	-
Other comprehensive income	-	-	-	-	3,279	504
Comprehensive income	-	-	22,386	-	3,279	504
Dividends from surplus	-	-	(18,250)	-	-	-
Acquisition of treasury shares	-	-	-	(9)	-	-
Reissuance of treasury shares	-	(0)	-	0	-	-
Change of scope of consolidation	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-
Changes in the ownership interest of a subsidiary without a loss of control	-	5	-	-	(0)	-
Transfer from reserves to retained earnings	-	-	945	-	(441)	(504)
Other	-	-	-	-	-	-
Total transactions with owners of the Company	-	4	(17,305)	(9)	(442)	(504)
Balance at March 31, 2017	102,046	6	602,719	(2,136)	58,270	-

	Equity attributable to owners of the Company				Non-controlling interests	Total equity
	Reserves			Total		
	Foreign currency translation differences on foreign operations	Cash flow hedges	Total			
Balance at January 1, 2017	(41,736)	(5,131)	8,565	706,124	253,064	959,188
Profit	-	-	-	22,386	6,837	29,223
Other comprehensive income	8,864	2,043	14,690	14,690	(1,935)	12,755
Comprehensive income	8,864	2,043	14,690	37,076	4,902	41,978
Dividends from surplus	-	-	-	(18,250)	(3,230)	(21,480)
Acquisition of treasury shares	-	-	-	(9)	-	(9)
Reissuance of treasury shares	-	-	-	0	-	0
Change of scope of consolidation	-	-	-	-	(3,740)	(3,740)
Share-based payments	-	-	-	-	(59)	(59)
Changes in the ownership interest of a subsidiary without a loss of control	2	-	1	6	144	150
Transfer from reserves to retained earnings	-	-	(945)	-	-	-
Other	-	-	-	-	2	2
Total transactions with owners of the Company	2	-	(944)	(18,253)	(6,882)	(25,136)
Balance at March 31, 2017	(32,870)	(3,088)	22,312	724,947	251,083	976,030

Three months ended March 31, 2018

(¥ millions)

	Equity attributable to owners of the Company					
					Reserves	
	Share capital	Share premium	Retained earnings	Treasury shares	Net change in equity instruments measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at January 1, 2018	102,046	2,208	811,520	(2,020)	73,523	-
Profit	-	-	49,868	-	-	-
Other comprehensive income	-	-	-	-	(3,409)	(121)
Comprehensive income	-	-	49,868	-	(3,409)	(121)
Dividends from surplus	-	-	(23,271)	-	-	-
Acquisition of treasury shares	-	-	-	(9)	-	-
Reissuance of treasury shares	-	0	-	0	-	-
Share-based payments	-	-	-	-	-	-
Changes in the ownership interest of a subsidiary without a loss of control	-	22	-	-	(0)	-
Transfer from reserves to retained earnings	-	-	5,802	-	(5,922)	121
Other	-	-	-	-	-	-
Total transactions with owners of the Company	-	22	(17,470)	(9)	(5,923)	121
Balance at March 31, 2018	102,046	2,230	843,918	(2,029)	64,192	-

	Equity attributable to owners of the Company				Non-controlling interests	Total equity
	Reserves			Total		
	Foreign currency translation differences on foreign operations	Cash flow hedges	Total			
Balance at January 1, 2018	(27,351)	(2,031)	44,141	957,895	271,311	1,229,206
Profit	-	-	-	49,868	12,906	62,774
Other comprehensive income	(30,021)	652	(32,899)	(32,899)	(2,760)	(35,659)
Comprehensive income	(30,021)	652	(32,899)	16,969	10,146	27,115
Dividends from surplus	-	-	-	(23,271)	(3,764)	(27,035)
Acquisition of treasury shares	-	-	-	(9)	-	(9)
Reissuance of treasury shares	-	-	-	0	-	0
Share-based payments	-	-	-	-	(87)	(87)
Changes in the ownership interest of a subsidiary without a loss of control	1	-	1	23	119	142
Transfer from reserves to retained earnings	-	-	(5,802)	-	-	-
Other	-	-	-	-	(1)	(1)
Total transactions with owners of the Company	1	-	(5,800)	(23,258)	(3,732)	(26,990)
Balance at March 31, 2018	(57,371)	(1,379)	5,441	951,606	277,725	1,229,330

(4) NOTES TO CONDENSED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS (GOING CONCERN ASSUMPTION)

There are no matters to report under this item.

Supplementary Documents to the Consolidated Financial Statements for the Three Months Ended March 31, 2018

1. Summary of Consolidated Statement of Financial Position
2. Summary of Consolidated Statement of Profit or Loss, Indices, etc.
3. Revenue Details
4. Profit Details

KIRIN HOLDINGS COMPANY, LIMITED
May 10, 2018

1. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(¥ billions)

	As of March 31, 2018, Actual	As of December 31, 2017, Actual	Increase (decrease)	Description of changes
Non-current assets	1,501.0	1,534.1	(33.1)	
Property, plant and equipment	537.1	556.2	(19.1)	
Goodwill	250.8	261.9	(11.1)	
Intangible assets	181.3	184.1	(2.8)	
Equity-accounted investees	229.2	210.8	18.4	
Other	302.7	321.1	(18.4)	
Current assets	739.4	865.0	(125.6)	
Inventories	200.3	194.8	5.5	
Trade and other receivables	345.0	395.3	(50.2)	
Cash and cash equivalents	148.5	160.9	(12.4)	
Other	45.5	114.0	(68.5)	Decrease due to sale of non-current assets held for sale, etc.
Total assets	2,240.4	2,399.1	(158.7)	
Equity	1,229.3	1,229.2	0.1	
Equity attributable to owners of the Company	951.6	957.9	(6.3)	
Non-controlling interests	277.7	271.3	6.4	
Non-current liabilities	551.7	556.4	(4.7)	
Bonds and borrowings	356.0	362.6	(6.6)	
Other	195.7	193.8	1.9	
Current liabilities	459.4	613.4	(154.1)	
Bonds and borrowings	49.5	123.9	(74.4)	Decrease due to repayment and redemption, etc.
Trade and other payables	196.3	224.9	(28.6)	
Other	213.6	264.7	(51.1)	
Total liabilities	1,011.1	1,169.9	(158.8)	
Total equity and liabilities	2,240.4	2,399.1	(158.7)	

2. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS, INDICES, etc.

(1) Condensed Statement of Profit or Loss, Indices, etc.

(¥ billions)

	Three months ended March 31, 2018, Actual	Three months ended March 31, 2017, Actual	Increase (decrease)	
Revenue	431.2	414.4	16.8	4.0%
Gross profit	185.8	181.3	4.5	2.5%
Selling, general and administrative expenses	148.9	143.0	5.9	4.2%
Normalized operating profit	36.9	38.3	(1.4)	(3.8%)
Other operating income	18.2	4.3	13.9	324.6%
Other operating expenses	5.2	3.2	2.1	64.5%
Operating profit	49.8	39.4	10.4	26.4%
Finance income	0.8	1.0	(0.2)	(20.7%)
Finance costs	2.9	1.8	1.1	62.5%
Share of profit of equity-accounted investees	7.0	5.7	1.3	22.6%
Gain on sale of equity-accounted investees	19.8	-	19.8	-
Profit before tax	74.4	44.3	30.1	68.1%
Income tax expense	11.6	9.9	1.7	17.5%
Profit from continuing operations	62.8	34.4	28.4	82.7%
Profit from discontinued operations	–	(5.1)	5.1	-
Profit	62.8	29.2	33.6	114.8%
Owners of the Company	49.9	22.4	27.5	122.8%
Non-controlling interests	12.9	6.8	6.1	88.8%
Normalized EPS	¥29	¥29	-	-
Revenue (excluding liquor tax)	370.9	356.6	14.3	4.0%
Normalized operating profit ratio (excluding liquor tax)	9.9%	10.7%		
Normalized EBITDA	53.1	54.2	(1.1)	(2.0%)

Normalized EPS = Normalized profit / Average number of shares outstanding during period

Normalized profit = Profit attributable to Owners of the Company ± Other operating income and expenses and other items after income taxes

Normalized EBITDA = Normalized operating profit + Depreciation and amortization + Dividends received from equity-accounted investees

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

(¥)

	Three months ended March 31, 2018, Actual	Three months ended March 31, 2017, Actual
Lion (AUD)	84.37	86.10
Myanmar Brewery (MMK ('000))	80.58	83.15

(3) Period for the Consolidation of Profit or Loss of the Major Overseas Company

	Three months ended March 31, 2018, Actual	Three months ended March 31, 2017, Actual
San Miguel Brewery	From October 2017 to December 2017	From October 2016 to December 2016

3. REVENUE DETAILS

(1) Revenue Details

(¥ billions)

	Three months ended March 31, 2018, Actual	Three months ended March 31, 2017, Actual	Increase (decrease)	
Revenue	431.2	414.4	16.8	4.0%
Japan Integrated Beverages	222.7	215.6	7.1	3.3%
Kirin Brewery	135.4	129.2	6.2	4.8%
Kirin Beverage	59.5	60.8	(1.4)	(2.2%)
Mercian	13.9	14.5	(0.6)	(3.8%)
Other and elimination	13.9	11.2	2.7	24.5%
Overseas Integrated Beverages	121.7	104.4	17.3	16.6%
Lion	83.0	86.1	(3.1)	(3.6%)
Beer, Spirits, and Wine	46.3	47.3	(1.0)	(2.2%)
Dairy and Drinks	36.7	38.8	(2.1)	(5.4%)
Myanmar Brewery	7.7	7.1	0.6	8.5%
Other and elimination	31.0	11.2	19.8	177.2%
Pharmaceuticals and Bio-chemicals	83.1	89.9	(6.8)	(7.5%)
Kyowa Hakko Kirin	85.7	92.5	(6.8)	(7.3%)
Pharmaceuticals	66.5	72.3	(5.8)	(8.0%)
Bio-chemicals	19.2	20.2	(1.0)	(4.9%)
Other and elimination	(2.5)	(2.6)	0.0	-
Other	3.7	4.6	(0.8)	(18.5%)

(Reference) Revenue excluding liquor tax

(¥ billions)

	Three months ended March 31, 2018, Actual	Three months ended March 31, 2017, Actual
Kirin Brewery	78.3	74.2

(2) Sales Volume Details of Major Business Companies

a. Kirin Beverage Group

	Three months ended March 31, 2018		Three months ended March 31, 2017	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Category	10,000 cases		10,000 cases	
Black tea	1,247	(2.7%)	1,283	7.0%
Japanese tea	654	7.5%	609	39.1%
Coffee	665	(9.2%)	732	1.0%
Fruit and vegetable juice	541	6.0%	510	(7.3%)
Carbonated beverage	344	(11.2%)	388	(12.2%)
Functional beverage	202	28.4%	157	31.9%
Water	852	5.2%	810	(6.4%)
Other	298	2.8%	290	(2.0%)
Total	4,804	0.5%	4,779	3.1%
Container Type				
Can	827	(9.4%)	912	(0.5%)
Large-sized PET bottles (2L, 1.5L, etc.)	1,551	4.2%	1,489	0.3%
Small-sized PET bottles (500ml, 280ml, etc.)	1,964	0.6%	1,953	8.5%
Other	462	8.8%	424	(1.6%)
Total	4,804	0.5%	4,779	3.1%

4. PROFIT DETAILS

(1) Normalized Operating Profit Details

(¥ billions)

	Three months ended March 31, 2018, Actual	Three months ended March 31, 2017, Actual	Increase (decrease)
Normalized operating profit	36.9	38.3	(1.4)
Japan Integrated Beverages	9.3	5.9	3.4
Kirin Brewery	10.9	6.4	4.5
Kirin Beverage	3.9	4.7	(0.7)
Mercian	0.0	0.7	(0.7)
Others *	(5.6)	(5.9)	0.3
Overseas Integrated Beverages	13.8	15.0	(1.2)
Lion	10.9	11.3	(0.5)
Beer, Spirits, and Wine	12.0	11.4	0.6
Dairy and Drinks	0.9	1.6	(0.7)
Corporate	(2.0)	(1.6)	(0.4)
Myanmar Brewery	3.5	3.2	0.3
Others	(0.5)	0.5	(1.0)
Pharmaceuticals and Bio-chemicals	14.9	18.1	(3.2)
Kyowa Hakko Kirin	14.9	18.1	(3.2)
Pharmaceuticals	13.0	16.4	(3.4)
Bio-chemicals	1.2	1.5	(0.3)
Others	0.7	0.2	0.5
Other	0.0	0.3	(0.3)
Corporate expenses/inter-segment eliminations	(1.2)	(1.0)	(0.2)

* Including expenses of the holding company and profit (loss) of other subsidiaries.

(2) Normalized Operating Profit Breakdown of Major Business Companies

(¥ billions)

Company name	Major factors	Increase (decrease)	Description
Kirin Brewery	Increase in marginal profit of alcohol beverages, etc.	2.4	Total beer products 2.1 Sales increase in beer 8 thousand KL Sales decrease in *happo-shu* (6) thousand KL Sales increase in new genre 14 thousand KL Total other than beer products 0.7 Sales increase in RTD 3 thousand KL Sales increase in non-alcohol beverages 3 thousand KL Difference of change in composite of products, etc. (0.4)
	Decrease in raw material cost of alcohol beverages	0.1	
	Decrease in selling expenses	2.1	Decrease in sales promotion 2.9, increase in advertising (0.8) (Total 16.2→14.1)
	Increase in other expenses	(0.1)	
Total		4.5	
Kirin Beverage	Decrease in marginal profit of soft drink beverages	(1.5)	Increase in sales volume 2.5 million cases, 0.1 Difference of change in products mix and in composition ratio of containers, etc. (1.6)
	Decrease in raw material cost, etc.	0.2	Decrease in processing cost 0.2
	Decrease in selling expenses	0.5	Decrease in sales promotion 0.1, decrease in advertising 0.4 (Total 6.7→6.2)
	Decrease in other expenses	0.1	
Total		(0.7)	

(3) Other Operating Income and Other Operating Expenses

(¥ billions)

	Three months ended March 31, 2018, Actual	Three months ended March 31, 2017, Actual	Increase (decrease)
Other operating income	18.2	4.3	13.9
Gain on sale of shares of subsidiaries	12.1	2.4	9.7
Gain on sale of property, plant and equipment and intangible assets	2.1	0.9	1.2
Gain on reversal of impairment loss	3.4	-	3.4
Other	0.6	1.0	(0.4)
Other operating expenses	5.2	3.2	2.1
Software development expenses	2.0	1.3	0.7
Business restructuring expenses	0.5	0.6	(0.1)
Loss on disposal and sale of property, plant and equipment and intangible assets	0.4	0.2	0.2
Other	2.3	1.1	1.2

(4) Finance Income, Finance Costs, Share of Profit of Equity-accounted Investees, etc.

(¥ billions)

	Three months ended March 31, 2018, Actual	Three months ended March 31, 2017, Actual	Increase (decrease)
Finance income	0.8	1.0	(0.2)
Interest income	0.5	0.3	0.2
Dividend income	0.3	0.4	(0.2)
Foreign exchange gains (net)	-	0.2	(0.2)
Other	0.1	0.1	0.0
Finance costs	2.9	1.8	1.1
Interest paid	1.5	1.7	(0.2)
Foreign exchange losses (net)	1.3	-	1.3
Other	0.2	0.1	0.1
Share of profit of equity-accounted investees	7.0	5.7	1.3
San Miguel Brewery	6.7	5.8	0.9
Others	0.3	(0.1)	0.4
Gain on sale of equity-accounted investees	19.8	-	19.8