



KIRIN HOLDINGS COMPANY, LIMITED

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 (UNDER JAPANESE GAAP) (UNAUDITED)

October 31, 2017

(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: November 9, 2017
 Commencement date of dividend distribution scheduled: —
 Preparation of supplementary documents to the quarterly financial results: Yes
 Holding of quarterly financial results presentation (for institutional investors and analysts): Yes

1. Consolidated business results and financial position for the first nine months of the current fiscal year (January 1, 2017 – September 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 (%)
Nine months ended						
September 30, 2017	1,456,994	(5.6)	128,012	15.7	133,539	23.6
September 30, 2016	1,542,934	(5.4)	110,660	8.2	108,040	6.0

Note: Comprehensive income
 September 30, 2017 ¥263,775 million [—%]
 September 30, 2016 (¥33,832) million [—%]

	Net income attributable to owners of the parent (¥ millions)	Percentage change (%)	Net income per share (Basic) (¥)	Net income per share (Diluted) (¥)
Nine months ended				
September 30, 2017	117,657	56.7	128.93	128.91
September 30, 2016	75,105	36.6	82.31	82.29

(2) Financial position:

	Total assets	Net assets	Ratio of equity to total assets
	(¥ millions)	(¥ millions)	(%)
As of			
September 30, 2017	2,312,208	1,164,022	38.6
December 31, 2016	2,348,166	946,083	29.0
Reference: Equity	September 30, 2017	¥891,817 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: None

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

(Percentage change compares forecast results with actual results of the previous year)						
	Sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
	(¥ millions)	(%)	(¥ millions)	(%)	(¥ millions)	(%)
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	120,000	1.6	131.50

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

* Notes

- (1) Changes in significant subsidiaries for the nine months ended September 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

- (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 September 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 September 30, 2017 | 1,388,256 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 nine months ended September 30, 2017 | 912,569,637 shares |
| For the nine months ended September 30, 2016 | 912,524,658 shares |

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

* 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, Tuesday, October 31, and will post the presentation materials from the financial results presentation (teleconference) to be held on Wednesday, November 1 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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QUALITATIVE INFORMATION REGARDING CONSOLIDATED RESULTS FOR THE NINE MONTHS

(1) STATEMENT OF BUSINESS ACTIVITIES AND RESULTS

During the consolidated period, including the third quarter (January 1, 2017 – September 30, 2017), the overseas political situation became unstable and geopolitical risks increased. On the other hand, international financial markets remained stable, and economies around the world showed a modest recovery trend.

The Japanese economy maintained improvement in the arenas of employment and income, due to a workforce shortage as well as to the ongoing modest economic recovery leading to strong corporate profits. However, consumer spending on alcohol and soft drinks remained weak owing to a long spell of low temperatures and rainy weather during the summer.

The Kirin Group advanced initiatives to address the three key strategies of the Kirin Group 2016-2018 Medium-Term Business Plan (“2016 MTBP”) directed toward achieving the Long-Term Business Vision, the New Kirin Group Vision 2021 that aims to co-achieve sustainable growth with our society, in its efforts to realize groupwide restructuring and revitalization. Moreover, 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 priority CSV issues the Group will address over the long-term, and initiatives were executed to meet these goals. In particular, the new brand *iMUSE* was launched based on the original Kirin product “*Lactococcus lactis* strain Plasma” as part of the effort to promote the theme of Health and Well-being.

Consolidated sales in the consolidated period encompassing the third quarter decreased year on year due to such factors as decrease in sales volumes in Kirin Brewery Company, Limited and in Lion’s beer, spirits, and wine business, and the impact of the Brasil Kirin deconsolidation from the beginning of the second quarter. Consolidated operating income increased owing to increased profits in the Japan Integrated Beverages Business and the Pharmaceuticals and Bio-chemicals Businesses. Consolidated ordinary income also increased due to the investment gain accounted for using the equity method. Quarterly net income attributable to owners of the parent increased significantly as a result of the increase in consolidated ordinary income, the transfer of Brasil Kirin shares, and the gain from sale 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 third quarter results:

Consolidated sales	¥ 1,456.9 billion, down 5.6%
Consolidated operating income	¥ 128.0 billion, up 15.7%
Consolidated ordinary income	¥ 133.5 billion, up 23.6%
Consolidated third quarter net income*1	¥ 117.6 billion, up 56.7%
(Reference)	
Normalized EPS*2	¥ 123, up 32.3 %

*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.

The sales volume of beer products overall decreased. Reasons behind this decrease include the company's initiative to raise beer product prices from the beginning of the year ahead of competitors in order to promote the fair trading of alcohol, the increase in retail price at volume retailers as a result of the revision to the Liquor Tax Act etc., enforced in June, as well as the impact of the unseasonable summer weather. On the other hand, the company focused on sales promotion activities through a full-scale renewal of its flagship brand *Ichiban Shibori* in order to make the beer category more appealing and to address the impact of future liquor tax revisions. As a result, in September the sales volume of *Ichiban Shibori* increased at a rate considerably higher than that of the overall market. In the new genre category, to meet consumer demand for beer-like products with functional benefits, the company launched a new product *Kirin Nodogoshi ZERO* in September from its flagship *Kirin Nodogoshi* brand. In the ready-to-drink (RTD) category*, a market that continues to grow, the sales volume increased significantly centering on core brands *Kirin Hyoketsu* and *Kirin Honshibori™ Chuhaï*. The sales volume of non-alcoholic beer-taste beverages recorded an increase of around 60% on the previous year boosted by continuous growth in the sales volume of *Kirin ZERO ICHI*.

Mercian Corporation executed marketing activities focused on the key brands in each category to achieve sustainable growth in the overall wine market. With regard to the flagship brand *Château Mercian*, the company held events to commemorate the 140th anniversary of Japanese wine production and launched a new website "*Château Mercian Club*" for two-way communication with consumers, as part of creating a buzz and to raise awareness about Japanese wine. While the growth of the wine market has slowed down, the company increased the sales volume of the overall wine products, driven by the sales volume increase of its core brand *Oishii-Sankaboshizai-Mutenka Wine* in the domestic wine category, focal brand *Casillero del Diablo* in the imported wine category, and the *World Selection* brand that has been developed to expand the wine consumer base.

Kirin Beverage Company, Limited continued with its plans to build a robust brand framework and shift to highly profitable businesses with the aim of realizing sustainable, profitable growth. The sales volume of the core brand *Kirin Gogo-no-Kocha* increased, led by strong sales of the regular flavors, straight tea, milk tea, lemon tea, and of *Oishii Muto* (sugar-free), as well as by the launch of a decaffeinated product based on the company's patented technology, *Kirin Gogo-no-Kocha Straight Tea Decaf*. The sales volume of *Kirin Nama-cha* also increased due to focused sales promotion activities to activate the green tea market. In the health and sport drinks category in which the company aims to generate values associated with health, a new product was launched from the *Kirin Suppli* brand which has Foods with Function Claims registered and overall sales in this

category increased. However, due to the impact of unseasonable weather and the unusually high demand for large PET bottled water recorded last year, the overall sales volume of the soft drinks category decreased slightly year-on-year. Meanwhile, in order to improve profitability, the company continued efforts such as sales target control focused on canned and small PET bottles and SCM cost reductions.

As a result, although consolidated sales in the Japan Integrated Beverages Business decreased due to a decrease in the sales volume of Kirin Brewery, Limited beer products and 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 as a result of progress in cost-cutting initiatives, etc. 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 third quarter results:

Consolidated sales	¥834.9 billion, down 1.9%
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Consolidated operating income	¥58.9 billion, up 12.4%
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Overseas Integrated Beverages Business

In Lion's beer, spirits, and wine business, beer sales volumes decreased year-on-year due to the termination of the beer sales license agreement with Anheuser-Busch InBev N.V. However, the company focused on strengthening its core brands and investing in those categories experiencing growth to restore profit growth in the medium- to long-term. Despite the Australian beer market continuing to contract, sales volumes of *James Squire* and *Furphy* in the growing craft beer category and of *Heineken* in the international premium category increased year-on-year. Lion's Dairy & Drinks business was impacted by a surge in raw material prices resulting from the supply shortage of Australian oranges and increased commodity prices for orange fruit juice concentrate. However, sales of the core iced coffee brand *Dare* increased, supported by strong sales of the new product *Dare Cold Pressed*. Sales of yoghurt and specialty cheeses, both full force categories, also grew. Meanwhile, Lion continued to work on improving profitability by delivering the businesses turnaround program including making significant progress in optimizing the performance of its supply chain and manufacturing footprint.

Myanmar Brewery continued to strengthen its sales activities based on the brand portfolio strategy established last year to reinforce its current top position in the Myanmar market. Despite raising the beer price in June in line with changes in the market, etc., the sales volume of the beer category as a whole recorded a significant year-on-year increase as a result of effective sales promotion activities. This increase was particularly high for the low-price product *Andaman Gold* that matches current consumer needs in Myanmar. Sales of the flagship *Myanmar Beer* increased centering on the canned product that was the focus of the sales promotion activities. The company also ensured that it met the demand during the peak sales period by strengthening its production and distribution base via expanding production facilities as well as well-planned inventory management.

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 of the surge in the price of orange juice in Lion's Dairy & Drinks business. In the Other Overseas Integrated Beverages Businesses, consolidated sales decreased but consolidated operating income increased due to the impact of deconsolidating Brasil Kirin that had recorded an

operating loss in the previous year at the beginning of the second quarter, in addition to Myanmar Brewery's significant increase in sales volume and upward revision of beer prices.

Oceania Integrated Beverages Business 2017 third quarter results:

Consolidated sales ¥ 262.9 billion, down 8.5%

Consolidated operating income ¥ 28.0 billion, down 10.9%

Other Overseas Integrated Beverages business 2017 third quarter results:

Consolidated sales ¥ 90.9 billion, down 31.8%

Consolidated operating income ¥ 7.7 billion

Pharmaceuticals and Bio-chemicals Business

In the Pharmaceuticals Business, Kyowa Hakko Kirin Company took measures toward achieving its strategic targets in line with its aim to take great strides to become a global specialty pharmaceutical company. In the domestic market, sales of the long-acting G-CSF formula *G-LASTA** etc. in the new drug category continued to be 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, sales increased from last year due to such factors as 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 arena, steady progress was made in the development of global strategic products.

In the Bio-Chemicals Business, domestic sales decreased from last year despite strong sales of *Arginine EX* launched last year in the mail-order business and of pharmaceutical and health food raw materials. Overseas sales also decreased, the repercussion of a large United States shipment of raw materials for supplements during the corresponding period last year as well as intensified competition for some products in the Asian market.

As a result, in the Pharmaceuticals and Bio-chemicals Businesses 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.

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

Pharmaceuticals and Bio-Chemicals Business 2017 third quarter results:

Consolidated sales ¥ 253.2 billion, up 0.3%

Consolidated operating income ¥ 36.7 billion, up 26.0%

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*, and the sales volume of these products increased compared to last year. However, overall sales decreased year-on-year due to the stagnant market. The company launched additional unique products in conjunction with the new brand *iMUSE*, *Koiwai iMUSE yogurt* and *Koiwai iMUSE yogurt drink*.

In the Other Businesses overall, both consolidated sales and consolidated operating income decreased, subsequent to a decrease in Koiwai Dairy Products Company sales and the impact of the sale of Yokohama Arena, as well as of the land and buildings in a commercial facility in Hiroshima Prefecture.

Other Businesses 2017 third quarter results:

Consolidated sales ¥ 14.9 billion, down 18.6%

Consolidated operating income ¥ 1.0 billion, down 52.4%

(2) FINANCIAL POSITION

Total assets at the end of the current consolidated third quarter decreased by 35.9 billion yen from the end of the previous consolidated fiscal year, to 2.3122 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 253.8 billion yen to 1.1481 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.

Net assets increased by 217.9 billion yen from the end of the previous consolidated fiscal year to 1.1640 trillion yen, owing to a 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

Taking into account the progress in the annual plan made up to the third quarter as well as increased net income at consolidated subsidiaries, forecasts for the full year ending December 31, 2017, as announced on August 3, 2017, have been revised as follows.

Consolidated 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)	1,970,000	152,000	156,000	114,000	124.92
Revised (B)	1,970,000	152,000	156,000	120,000	131.50
Change (B-A)	—	—	—	6,000	—
Change (%)	—	—	—	5.3	—
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 NINE MONTHS ENDED SEPTEMBER 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 September 30, 2017
ASSETS		
Current assets		
Cash and time deposits	58,990	165,470
Notes and accounts receivable, trade	393,500	345,836
Merchandise and finished goods	135,335	133,287
Work in process	25,229	24,446
Raw materials and supplies	47,045	43,922
Other	93,493	114,322
Allowance for doubtful accounts	(5,445)	(1,150)
Total current assets	748,148	826,135
Non-current assets		
Property, plant and equipment (Net of accumulated depreciation and accumulated loss on impairment)	705,204	629,536
Intangible assets		
Goodwill	228,983	225,550
Other	172,927	146,564
Total	401,910	372,115
Investments and other assets		
Investment securities	396,057	417,951
Net defined benefit asset	9,432	9,897
Other	92,630	61,810
Allowance for doubtful accounts	(5,216)	(5,239)
Total	492,904	484,420
Total non-current assets	1,600,018	1,486,072
Total assets	2,348,166	2,312,208

	As of December 31, 2016	As of September 30, 2017
LIABILITIES		
Current liabilities		
Notes and accounts payable, trade	135,801	109,408
Short-term loans payable and long-term debt with current maturities	89,934	71,696
Commercial paper	45,000	—
Bonds due within one year	—	69,999
Income taxes payable	21,162	10,230
Reserves	10,073	18,375
Other	348,410	286,498
Total current liabilities	650,382	566,208
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	7,065
Net defined benefit liability	67,390	65,453
Other	143,182	111,666
Total non-current liabilities	751,700	581,977
Total liabilities	1,402,082	1,148,185
NET ASSETS		
Shareholders' equity		
Common stock	102,045	102,045
Capital surplus	2	2,270
Retained earnings	629,024	709,635
Treasury stock, at cost	(2,126)	(2,002)
Total shareholders' equity	728,945	811,949
Accumulated other comprehensive income		
Net unrealized gains on securities	60,170	71,341
Deferred gains or losses on hedges	(1,170)	(258)
Land revaluation difference	(1,959)	(1,959)
Foreign currency translation adjustments	(86,607)	27,369
Remeasurements of defined benefit plans	(18,716)	(16,625)
Total accumulated other comprehensive income	(48,282)	79,867
Subscription rights to shares	562	633
Non-controlling interests	264,859	271,572
Total net assets	946,083	1,164,022
Total liabilities and net assets	2,348,166	2,312,208

(2) CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
CONSOLIDATED STATEMENTS OF INCOME

(¥ millions)

	Nine months ended September 30, 2016	Nine months ended September 30, 2017
Sales	1,542,934	1,456,994
Cost of sales	861,213	790,020
Gross profit	681,720	666,973
Selling, general and administrative expenses	571,060	538,960
Operating income	110,660	128,012
Non-operating income		
Interest income	2,659	1,951
Dividend income	1,657	1,894
Equity in earnings of affiliates	8,988	13,780
Other	2,770	1,891
Total	16,076	19,518
Non-operating expenses		
Interest expense	10,708	6,058
Foreign exchange losses	4,242	5,441
Other	3,746	2,491
Total	18,696	13,991
Ordinary income	108,040	133,539
Special income		
Gain on sale of property, plant and equipment and intangible assets	8,155	32,429
Gain on sale of investment securities	7,144	575
Gain on sale of shares of subsidiaries and affiliates	—	2,678
Gain on termination of license agreements	20,967	—
Other	1,724	2,599
Total	37,991	38,283
Special expenses		
Loss on disposal of property, plant and equipment and intangible assets	2,177	676
Loss on sale of property, plant and equipment and intangible assets	508	141
Loss on devaluation of investment securities	44	661
Loss on sale of investment securities	276	81
Loss on sale of shares of subsidiaries and affiliates	—	45,378
Other	12,399	8,678
Total	15,406	55,617
Income before income taxes	130,625	116,205
Income taxes	42,497	(16,792)
Net income	88,127	132,997
Net income attributable to non-controlling interests	13,022	15,340
Net income attributable to owners of the parent	75,105	117,657

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(¥ millions)

	Nine months ended September 30, 2016	Nine months ended September 30, 2017
Net income	88,127	132,997
Other comprehensive income		
Net unrealized gains on securities	(20,596)	11,591
Deferred gains or losses on hedges	(5,957)	912
Land revaluation difference	61	—
Foreign currency translation adjustments	(68,150)	110,999
Remeasurements of defined benefit plans	1,641	1,868
Share of other comprehensive income of entities accounted for by the equity method	(28,959)	5,406
Total other comprehensive income	(121,960)	130,777
Comprehensive income	(33,832)	263,775
Comprehensive income attributable to:		
Owners of the parent	(32,234)	246,127
Non-controlling interests	(1,597)	17,647

(3) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(GOING CONCERN ASSUMPTION)

There are no matters to report under this item.

(SIGNIFICANT CHANGES IN SHAREHOLDERS' EQUITY)

There are no matters to report under this item.

(SEGMENT INFORMATION)

I. Nine months ended September 30, 2016

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

(¥ millions)

Nine months ended September 30, 2016							
	Reportable Segment				Others (Note 1)	Adjustment (Note 2)	Amount recorded in the quarterly consolidated statement of income (Note 3)
	Integrated Beverages			Pharmaceuticals and Bio-chemicals			
	Japan	Oceania	Overseas -other				
Sales							
Unaffiliated customers	851,223	287,521	133,375	252,477	18,336	–	1,542,934
Inter-segment	1,643	86	195	5,283	666	(7,875)	–
Total sales	852,867	287,607	133,571	257,761	19,002	(7,875)	1,542,934
Segment income (loss)	52,465	31,472	(86)	29,163	2,204	(4,559)	110,660

Notes

1. "Others" includes food business, such as dairy products, and others.
2. The negative ¥4,559 million adjustment in segment income (loss) includes ¥563 million in inter-segment eliminations and negative ¥5,122 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. Nine months ended September 30, 2017

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

(¥ millions)

Nine months ended September 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	834,941	262,961	90,936	253,225	14,929	–	1,456,994
Inter-segment	1,847	20	6	5,213	581	(7,670)	–
Total sales	836,789	262,982	90,942	258,439	15,510	(7,670)	1,456,994
Segment income	58,959	28,036	7,767	36,731	1,050	(4,532)	128,012

Notes

1. "Others" includes food business, such as dairy products, and others.
2. The negative ¥4,532 million adjustment in segment income includes ¥420 million in inter-segment eliminations and negative ¥4,953 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 Nine Months Ended September 30, 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

October 31, 2017

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

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

(¥ billions)

	Nine months ended September 30, 2017, Actual	Nine months ended September 30, 2016, Actual	Increase (decrease)	
Sales	1,456.9	1,542.9	(85.9)	(5.6%)
Gross profit	666.9	681.7	(14.7)	(2.2%)
Selling, general and administrative expenses	538.9	571.0	(32.0)	(5.6%)
Operating income	128.0	110.6	17.3	15.7%
Non-operating income	19.5	16.0	3.4	21.4%
Non-operating expenses	13.9	18.6	(4.7)	(25.2%)
Ordinary income	133.5	108.0	25.4	23.6%
Special income	38.2	37.9	0.2	0.8%
Special expenses	55.6	15.4	40.2	261.0%
Income before income taxes	116.2	130.6	(14.4)	(11.0%)
Income taxes	(16.7)	42.4	(59.2)	—
Net income attributable to non-controlling interests	15.3	13.0	2.3	17.8%
Net income attributable to owners of the parent	117.6	75.1	42.5	56.7%
Normalized EPS	¥123	¥93	¥30	32.3%
Sales (Excluding liquor tax)	1,245.1	1,327.3	(82.2)	(6.2%)
Operating income (Prior to amortization of goodwill etc.)	148.6	131.9	16.7	12.7%
Operating income ratio (Excluding liquor tax, prior to amortization of goodwill etc.)	11.9%	9.9%		
Normalized EBITDA	207.2	194.9	12.2	6.3%
EPS(Prior to amortization of goodwill etc.)	¥160	¥114	¥46	40.4%

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

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

Normalized EBITDA = Operating income + Depreciation + Amortization of goodwill + Dividends received from entities accounted for by the equity method

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

(¥)

	Nine months ended September 30, 2017, Actual	Nine months ended September 30, 2016, Actual
Lion (AUD)	84.30	83.87
Brasil Kirin (BRL)	36.04	31.12
Myanmar Brewery (MMK('000))	83.09	92.62

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

2. Sales Details

(¥ billions)

	Nine months ended September 30, 2017, Actual	Nine months ended September 30, 2016, Actual	Increase (decrease)	
Sales	1,456.9	1,542.9	(85.9)	(5.6%)
Japan Integrated Beverages	834.9	851.2	(16.2)	(1.9%)
Kirin Brewery	496.8	502.8	(5.9)	(1.2%)
Kirin Beverage	254.8	267.7	(12.9)	(4.8%)
Mercian	44.8	45.8	(0.9)	(2.1%)
Other and elimination	38.3	34.7	3.5	10.3%
Overseas Integrated Beverages	353.8	420.8	(66.9)	(15.9%)
Lion	262.9	287.6	(24.6)	(8.6%)
Brasil Kirin	31.5	79.1	(47.5)	(60.1%)
Myanmar Brewery	19.7	18.0	1.7	9.5%
Other and elimination	39.5	36.0	3.4	9.7%
Pharmaceuticals and Bio-chemicals	253.2	252.4	0.7	0.3%
Kyowa Hakko Kirin	258.4	257.7	0.6	0.3%
Pharmaceutical	198.2	195.8	2.4	1.2%
Bio-chemical	60.1	61.9	(1.7)	(2.8%)
Other and elimination	(5.2)	(5.2)	0.0	—
Other	14.9	18.3	(3.4)	(18.6%)

(Reference) Sales excluding liquor tax

(¥ billions)

	Nine months ended September 30, 2017, Actual	Nine months ended September 30, 2016, Actual
Kirin Brewery	294.4	295.8

3. Profit Details

(1) Operating Income

(¥ billions)

	Nine months ended September 30, 2017, Actual	Nine months ended September 30, 2016, Actual	Increase (decrease)
Operating income	128.0	110.6	17.3
Japan Integrated Beverages	58.9	52.4	6.4
Kirin Brewery	52.0	51.0	0.9
Kirin Beverage	21.8	15.6	6.2
Mercian	2.3	1.7	0.6
Others *	(17.3)	(15.8)	(1.4)
Overseas Integrated Beverages	35.8	31.3	4.4
Lion (consolidated after reclassification)	38.7	42.0	(3.3)
Amortization of goodwill	(8.2)	(8.1)	(0.0)
Brand amortization	(2.4)	(2.4)	(0.0)
Total	28.0	31.4	(3.4)
Brasil Kirin (consolidated after reclassification)	(0.8)	(8.1)	7.3
Brand amortization	(0.1)	(0.5)	0.3
Total	(1.0)	(8.6)	7.6
Myanmar Brewery (consolidated after reclassification)	8.7	7.8	0.8
Amortization of goodwill	(1.2)	(1.2)	0.0
Brand amortization	(1.1)	(1.2)	0.1
Total	6.3	5.3	1.0
Others	2.4	3.2	(0.8)
Pharmaceuticals and Bio-chemicals	36.7	29.1	7.5
Kyowa Hakko Kirin (consolidated after reclassification)	36.7	29.1	7.5
Pharmaceutical	29.1	22.0	7.0
Bio-chemical	5.0	4.7	0.2
Other/elimination of amortization of goodwill	7.2	6.9	0.2
Amortization of goodwill	(4.6)	(4.6)	—
Other	1.0	2.2	(1.1)
Corporate expenses/inter-segment eliminations	(4.5)	(4.5)	0.0

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

Operating income breakdown

(¥ billions)

Company name	Major factors	Increase (decrease)	Description
Kirin Brewery	Decrease in marginal profit of alcohol beverages	(0.4)	Sales decrease in beer 12 thousand KL, (1.6) Sales decrease in <i>happo-shu</i> 11 thousand KL, (1.2) Sales decrease in new genre 27 thousand KL, (3.2) Sales increase in RTD 20 thousand KL, 2.1, etc.
	Decrease in raw material cost of alcohol beverages	2.4	Decrease in material cost 1.2, Decrease in wrapping material cost 1.2, etc.
	Decrease in selling expenses	0.9	Decrease in sales promotion 2.4, Increase in advertising (0.8) (Total 71.0→69.3) etc. (Beer, <i>happo-shu</i> and new genre 3.9, etc.)
	Increase in other expenses	(2.0)	Increase in depreciation (0.6), etc.
Total		0.9	
Kirin Beverage	Increase in marginal profit of soft drink beverages	2.7	Decrease in sales volume 2.56 million cases (1.2) Difference of change in products mix and in composition ratio of containers, etc. 3.9
	Decrease in raw material cost, etc.	2.5	Increase in material cost (0.0), Decrease in wrapping material cost 1.6, Decrease in processing cost 1.0
	Decrease in selling expenses	0.1	Decrease in sales promotion 2.0, Increase in advertising (1.8) (Total 26.2→26.1)
	Decrease in other expenses	0.9	Decrease in labor costs, etc.
Total		6.2	

(2) Ordinary Income and Net Income

(¥ billions)

	Nine months ended September 30, 2017, Actual	Nine months ended September 30, 2016, Actual	Increase (decrease)	Description of changes
Non-operating income and expenses	5.5	(2.6)	8.1	Equity in earnings or losses of local affiliates 2.1, etc.
Financial profit or loss, net	(2.2)	(6.3)	4.1	
Equity in earnings or losses of affiliates	13.7	8.9	4.7	
San Miguel Brewery	9.6	7.4	2.2	
Others	4.0	1.5	2.5	
Foreign exchange gains and losses	(5.4)	(4.2)	(1.1)	
Other	(0.5)	(0.9)	0.3	
Ordinary income	133.5	108.0	25.4	Sale of Brasil Kirin Holding S.A. 45.1, etc.
Special income and expenses	(17.3)	22.5	(39.9)	
Special income	38.2	37.9	0.2	
Gain on sale of property, plant and equipment and intangible assets	32.4	8.1	24.2	
Gain on sale of investment securities	0.5	7.1	(6.5)	
Gain on sale of shares of subsidiaries and affiliates	2.6	—	2.6	
Gain on termination of license agreements	—	20.9	(20.9)	
Other	2.5	1.7	0.8	
Special expenses	(55.6)	(15.4)	(40.2)	
Loss on disposal of property, plant and equipment and intangible assets	(0.6)	(2.1)	1.5	
Loss on sale of property, plant and equipment and intangible assets	(0.1)	(0.5)	0.3	
Loss on devaluation of investment securities	(0.6)	(0.0)	(0.6)	
Loss on sale of shares of investment securities	(0.0)	(0.2)	0.1	
Loss on sale of subsidiaries and affiliates	(45.3)	—	(45.3)	
Other	(8.6)	(12.3)	3.7	
Income taxes	16.7	(42.4)	59.2	
Net income attributable to non-controlling interests	(15.3)	(13.0)	(2.3)	
Net income attributable to owners of the parent	117.6	75.1	42.5	

4. Summary of Consolidated Balance Sheets

(¥ billions)

	As of September 30, 2017	As of December 31, 2016	Increase (decrease)	Description of changes
Current assets	826.1	748.1	77.9	
Cash and time deposits	165.4	58.9	106.4	
Notes and accounts receivable, trade	345.8	393.5	(47.6)	Decrease due to sale of consolidated subsidiaries, etc.
Inventories	201.6	207.6	(5.9)	
Other	113.1	88.0	25.1	
Non-current assets	1,486.0	1,600.0	(113.9)	
Property, plant and equipment	629.5	705.2	(75.6)	Decrease due to sale of consolidated subsidiaries, etc.
Intangible assets	372.1	401.9	(29.7)	
Goodwill	225.5	228.9	(3.4)	
Other	146.5	172.9	(26.3)	
Investments and other assets	484.4	492.9	(8.4)	
Total assets	2,312.2	2,348.1	(35.9)	
Current liabilities	566.2	650.3	(84.1)	
Notes and accounts payable, trade	109.4	135.8	(26.3)	Decrease due to sale of consolidated subsidiaries, etc.
Interest-bearing debt	141.6	134.9	6.7	Decrease due to repayment of short-term debt and redemption of commercial paper, and increase due to replacement of long-term debt and bonds with short-term ones, etc.
Other	315.1	379.6	(64.5)	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 and bonds with short-term ones, etc.
Other	184.1	237.9	(53.8)	Decrease due to sale of consolidated subsidiaries, etc.
Total liabilities	1,148.1	1,402.0	(253.8)	
Shareholders' equity	811.9	728.9	83.0	
Accumulated other comprehensive income	79.8	(48.2)	128.1	Increase due to sale of consolidated subsidiaries, etc.
Subscription rights to shares	0.6	0.5	0.0	
Non-controlling interests	271.5	264.8	6.7	
Total net assets	1,164.0	946.0	217.9	
Total liabilities and net assets	2,312.2	2,348.1	(35.9)	

5. Other Information

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

Nine months ended September 30, 2017, Actual

<Consolidated subsidiaries>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated net income
Kyowa Hakko Kirin	258.4	34.3	31.7	19.7	10.4
Elimination of amortization of goodwill		6.9	6.9	6.9	3.6
Amortization of goodwill		(4.6)	(4.6)	(4.6)	(4.6)
Total included in consolidation	258.4	36.7	34.0	22.0	9.4

<Equity-method affiliates>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated net income
San Miguel Brewery	182.0	50.3	47.0	32.2	15.6
Equity in earnings or losses of local affiliates			15.6	15.6	15.6
Brand amortization			(1.4)	(1.4)	(1.4)
Amortization of goodwill			(4.5)	(4.5)	(4.5)
Total included in consolidation			9.6	9.6	9.6

(2) Sales Details of Major Business Companies

a. Kirin Brewery

	Nine months ended September 30, 2017		Nine months ended September 30, 2016	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Breakdown of sales	¥ billions		¥ billions	
Beer	192.0	(2.5%)	197.0	0.1%
<i>Happo-shu</i>	102.7	(3.2%)	106.1	(5.2%)
New genre	106.0	(6.3%)	113.1	(7.8%)
Sub-total	400.9	(3.7%)	416.3	(3.5%)
RTD	64.7	8.8%	59.4	3.5%
Whiskey and Spirits, etc.	31.2	15.7%	26.9	8.4%
Total sales	496.8	(1.2%)	502.8	(2.2%)

b. Kirin Beverage Group

	Nine months ended September 30, 2017		Nine months ended September 30, 2016	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Category	10,000 cases		10,000 cases	
Black tea	3,823	2.1%	3,743	10.0%
Japanese tea	2,377	10.1%	2,159	36.1%
Coffee	2,185	(2.5%)	2,242	4.0%
Fruit and vegetable juice	1,915	(9.3%)	2,112	3.3%
Carbonated beverage	1,698	(8.9%)	1,863	(0.3%)
Functional beverage	831	22.0%	681	8.3%
Water	3,086	(4.2%)	3,221	8.7%
Other	1,403	(9.7%)	* 1,553	7.0%
Total	17,318	(1.5%)	17,574	9.1%
Container Type				
Can	2,863	(3.3%)	2,962	8.2%
Large-sized PET bottles (2L, 1.5L, etc.)	5,851	(0.3%)	5,866	10.3%
Small-sized PET bottles (500ml, 280ml, etc.)	6,984	(0.8%)	7,038	8.3%
Other	1,620	(5.2%)	* 1,708	10.5%
Total	17,318	(1.5%)	17,574	9.1%

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