



KIRIN HOLDINGS COMPANY, LIMITED

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2016 (UNDER JAPANESE GAAP)

(UNAUDITED)

February 13, 2017

(English Translation)

Fiscal year ended December 31, 2016

KIRIN HOLDINGS COMPANY, LIMITED

NAKANO CENTRAL PARK SOUTH, 10-2, Nakano 4-chome, Nakano-ku, Tokyo, Japan (URL <http://www.kirinholdings.co.jp/english/>)

Code No.:	2503
Shares Listed:	Tokyo, Nagoya, Sapporo and Fukuoka
Representative:	Mr. Yoshinori Isozaki, President
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Scheduled date of general meeting of shareholders held:	March 30, 2017
Commencement date of dividend distribution scheduled:	March 31, 2017
Submission date of securities report scheduled:	March 30, 2017
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 current fiscal year

(January 1, 2016 – December 31, 2016)

[Unit: Japanese yen (¥)]

(1) Results of operations:

(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 (%)
Fiscal year ended						
December 31, 2016	2,075,070	(5.5)	141,889	13.7	140,676	9.7
December 31, 2015	2,196,925	0.1	124,751	8.9	128,199	36.1

Note: Comprehensive income	December 31, 2016	¥54,378 million	[—%]
	December 31, 2015	(¥118,607) million	[—%]

	Net income attributable to owners of the parent (¥ millions)	Percentage change (%)	Net income per share (Basic) (¥)	Net income per share (Diluted) (¥)	Ratio of net income to shareholders' equity (%)	Ratio of ordinary income to total assets (%)	Ratio of operating income to sales (%)
Fiscal year ended							
December 31, 2016	118,158	—	129.49	129.47	17.6	5.9	6.8
December 31, 2015	(47,329)	—	(51.87)	—	(6.3)	5.0	5.7

Reference: Equity in earnings of affiliates	December 31, 2016	¥11,849 million
	December 31, 2015	¥16,160 million

(2) Financial position:

	Total assets	Net assets	Ratio of equity to total assets	Net assets per share
	(¥ millions)	(¥ millions)	(%)	(¥)
As of				
December 31, 2016	2,348,166	946,083	29.0	745.92
December 31, 2015	2,443,773	938,083	27.2	727.48
Reference: Equity	December 31, 2016	¥680,662 million		
	December 31, 2015	¥663,842 million		

(3) Cash flows:

	Cash flows from operating activities (¥ millions)	Cash flows from investing activities (¥ millions)	Cash flows from financing activities (¥ millions)	Cash and cash equivalents at end of period (¥ millions)
Fiscal year ended December 31, 2016	226,468	(77,520)	(145,184)	57,725
Fiscal year ended December 31, 2015	171,011	(70,659)	(78,221)	60,336

2. Dividends

	Annual dividends				
	First quarter (¥)	Second quarter (¥)	Third quarter (¥)	Year-end (¥)	Total (¥)
Fiscal year ended December 31, 2015	—	19.00	—	19.00	38.00
Fiscal year ended December 31, 2016	—	19.00	—	20.00	39.00
Fiscal year ending December 31, 2017 (Forecast)	—	19.50	—	19.50	39.00

	Total amount of dividends (¥ millions)	Dividend pay-out ratio (%)	Ratio of dividends to shareholders' equity (%)
Fiscal year ended December 31, 2015	34,676	—	4.6
Fiscal year ended December 31, 2016	35,588	30.1	5.3
Fiscal year ending December 31, 2017 (Forecast)		52.3	

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

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

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

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

Note: The Company estimates ordinary income and net income for fiscal year ending December 31, 2017 only. Therefore, the disclosed forecast business results for the six months ending June 30, 2017 comprise forecast sales and operating income only.

* Notes

- (1) Changes in significant subsidiaries for the year ended December 31, 2016 (Changes in specified subsidiaries accompanying change in scope of consolidation.): None

Newly included: —

Excluded: —

- (2) Changes in accounting policies, changes in accounting estimates, and restatements

- | | |
|---|------|
| i. Changes in accounting policies due to amendment of accounting standards: | None |
| ii. Changes in accounting policies due to other reasons: | Yes |
| iii. Changes in accounting estimates: | Yes |
| iv. Restatements: | None |

Note: For details, please refer to “(5) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CHANGES IN ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES, AND RESTATEMENTS)” on page 20 of the Attached Materials.

- (3) Number of shares outstanding (common stock)

- | | |
|---|--------------------|
| i. Number of shares outstanding at the end of the period (including treasury stock) | |
| As of December 31, 2016 | 914,000,000 shares |
| As of December 31, 2015 | 914,000,000 shares |
| ii. Number of treasury stock at the end of the period | |
| As of December 31, 2016 | 1,484,147 shares |
| As of December 31, 2015 | 1,471,032 shares |
| iii. Average number of shares during the period | |
| For the fiscal year ended December 31, 2016 | 912,522,962 shares |
| For the fiscal year ended December 31, 2015 | 912,537,700 shares |

Note: For the number of shares as a basis of calculating net income per share (consolidated), please refer to “PER SHARE INFORMATION” on page 26.

**1. Non-consolidated business results and financial position for the current fiscal year
(January 1, 2016 – December 31, 2016)**
(1) Results of operations:

(Percentage change compares current results with those of the same period of the previous year)						
	Sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
	(¥ millions)	(%)	(¥ millions)	(%)	(¥ millions)	(%)
Fiscal year ended						
December 31, 2016	77,593	(16.4)	69,206	(17.4)	64,281	(19.3)
December 31, 2015	92,796	11.1	83,831	12.7	79,657	12.9

	Net income	Percentage change	Net income per share (Basic)	Net income per share (Diluted)
	(¥ millions)	(%)	(¥)	(¥)
Fiscal year ended				
December 31, 2016	67,763	–	74.26	–
December 31, 2015	(195,653)	–	(214.41)	–

(2) Financial position:

	Total assets	Net assets	Ratio of equity to total assets	Net assets per share
	(¥ millions)	(¥ millions)	(%)	(¥)
As of				
December 31, 2016	1,688,238	799,861	47.4	876.55
December 31, 2015	1,706,637	771,497	45.2	845.45

Reference: Equity	December 31, 2016	¥799,861 million
	December 31, 2015	¥771,497 million

* Explanation regarding performance of audit procedures

This summary of consolidated and non-consolidated financial results is not subject to the audit procedures in accordance with the Financial Instruments and Exchange Law of Japan. At the time of disclosure of this summary of consolidated and non-consolidated financial results, the audit procedures in accordance with the Financial Instruments and Exchange Law of Japan are incomplete.

* Information about proper usage of forecast business results, and other special instructions

- (1) The statements concerning future performance that are presented in this document are based on judgments using information available to Kirin Holdings and the Kirin Group as of the release date of this material. Certain risks and uncertainties could cause the results of Kirin Holdings and the Kirin Group to differ materially from any projections presented herein. These risks and uncertainties include, but are not limited to, the economic circumstances surrounding the Company's businesses, market trends, and exchange rates.
- (2) The Company will post the Supplementary Documents to the Financial Results today, Monday, February 13, and will post the presentation materials from the financial results presentation to be held on Tuesday, February 14, the presentation content (video) and the main Q&A at the meeting as soon as possible on the Company's website.
(URL of the Company's website)
<http://www.kirinholdings.co.jp/english/ir/event/explain/index.html>

ATTACHED MATERIALS

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1. KIRIN GROUP'S CURRENT BUSINESS PERFORMANCE

(1) STATEMENT OF BUSINESS ACTIVITIES AND RESULTS

During the consolidated fiscal year (January 1–December 31, 2016), a modest economic recovery was seen in China and other emerging Asian nations as well as in resource-producing countries. However, a sense of uncertainty persisted in the global economy due to fluctuations in the international financial and capital markets, combined with changes in the political environment and geopolitical concerns in several countries.

In Japan, the economy tended to stagnate from the beginning of the year due to the impact of the continuing trend towards a stronger yen and the drop in price of crude oil. However, after the reversal of the trend to a weaker yen as a result of the US political and economic situation, the economy experienced a slight recovery. Although some weakness was seen, consumer spending was generally stable against a background of steady improvement in the employment environment and wages, and maintained a modest recovery trend throughout the period.

As of the fiscal year 2016, the Kirin Group has been executing its Medium-Term Business Plan 2016–2018 ("2016 MTBP") which is the first three-year plan under its new Long-Term Management Vision, the New Kirin Group Vision 2021 ("New KV2021"). Under the 2016 MTBP, to revitalize the Kirin Group through restructuring, top priority is placed on improving profitability, and initiatives are underway to strengthen business competitiveness through clearly prioritized investment. As a result, during the current consolidated fiscal year, among the priority areas, "Restructure and revitalize low-profit businesses" surpassed the target mainly because of improvement in the business performances of Kirin Beverage Company, Limited and Brasil Kirin, while "Invest to achieve outstanding growth in the pharmaceutical and bio-chemicals businesses" was on track. Challenges remained, however, regarding "Invest, strengthen, and grow profit base in the beer businesses", particularly because Kirin Brewery Company, Limited's overall beer product sales volume decreased year-on-year.

During the fiscal year, consolidated sales decreased due to Kirin Brewery Company, Limited's decreased beer product sales volume and Kirin Beverage Company, Limited's change of accounting process from the second quarter to deduct part of its sales promotion expenses from sales in the Japan Integrated Beverages Business, as well as owing to the impact of foreign currency fluctuations in the Overseas Integrated Beverages Business. On the other hand, consolidated operating income increased due to the significant increase in profit for Kirin Beverage Company, Limited and progress in initiatives to improve the profitability of operating companies, among other factors. Consolidated ordinary income also increased because of the increase in operating income. Consolidated net income attributable to owners of the parent reached a record high, mainly owing to the increase in ordinary income and to special income comprising a cancellation fee from the termination of the beer distribution license with Anheuser-Busch InBev N.V. in Australia.

Kirin Holdings Company, Limited 2016 results:

Consolidated sales	¥2,075.0 billion, down 5.5%
Consolidated operating income	¥ 141.8 billion, up 13.7%
Consolidated ordinary income	¥ 140.6 billion, up 9.7%
Consolidated net income ^{*1}	¥ 118.1 billion, —
(Reference)	
ROE before amortization of goodwill, etc.	21.9%, —
Normalized EPS ^{*2}	¥ 125, up 6.8%

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

*2 Normalization: Removing special income and expenses and other non-recurring items to reflect actual earnings more accurately.

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

Adjusted quarterly net income = Quarterly net income + Amortization of goodwill etc. ± Special

income or expenses after income taxes and minority interests.
Note that normalized EPS has been rounded to the nearest ¥1.

Results by segment are as follows.

<Japan Integrated Beverages Business>

In the Japan Integrated Beverages Business, value creation has advanced based on the brand message of “Quality with Surprise”, through which we surprise and inspire consumers with products and services generated by our core strength, namely, craftsmanship with attention to detail and a passion for the perfection of quality.

Kirin Brewery Company, Limited maintained its focus on revitalizing the beer market through strengthening the flagship *Kirin Ichiban Shibori* brand and developing the craft beer^{*1} category. The total sales volume of *Kirin Ichiban Shibori* brand increased year-on-year for three years consecutively due to the strong performance of *47 Todofuken no Ichiban Shibori*, which offers different tastes and characteristics for each of the nation's 47 prefectures. Meanwhile, a capital and business partnership agreement with a US craft brewery, the Brooklyn Brewery Corporation, was concluded to promote expansion of the craft beer market. In the low-malt beer (*happo-shu*) and new genre categories, sales of products which focus on functionality, such as *Tanrei Green Label*, were solid. However, sales of products such as *Tanrei Gokujo Nama* and *Kirin Nodogoshi Nama* were stagnant, and the overall sales volume for beer products was below that of the previous year. On the other hand, the RTD^{*2} category and the whiskey, spirits and liqueurs category performed throughout the year, following brand strengthening activities in this growing market. The company also made headway in reducing the procurement costs of raw and other materials as well in increasing the production efficiency of the plants to solidify its earning base.

Mercian Corporation garnered high acclaim for winning awards at many wine competitions, both in Japan and overseas, by further strengthening the value of its flagship Japanese wine, *Château Mercian*. In addition, the company aimed at medium- to long-term expansion of the overall wine market and undertook actions to strengthen its brand portfolio. In the imported wine category, the company continued to focus on the *Casillero del Diablo* series, medium- to high-end products from Chile, and the sales volume significantly increased year-on-year. The sales volume of *Gyu-gyu to Shibotta Sangria*, a product developed to expand the scope of the wine market, also increased significantly.

Kirin Beverage Company, Limited enjoyed the strong performance of its flagship brand, *Kirin Gogo-no-Kocha*, which celebrated the 30th anniversary of its launch. Sales volumes of the brand's four regular products, namely, milk tea, lemon tea, straight tea, and *Oishii Muto* (sugar-free), exceeded 50 million cases for the first time. *Kirin Nama-cha*, the brand aimed at solidifying the company's presence in the sugar-free tea market, performed very favorably after undergoing a complete product renewal in March, and the sales volume reached 26.2 million cases, more than 1.5 times the original sales volume target. Furthermore, the sales volume of *Kirin FIRE*, which underwent a full renewal in October to strengthen its brand value in the coffee drink category, was also solid. The overall sales volume of soft drink products therefore increased at a rate significantly higher than that of the market. Along with these efforts to increase brand value, the company also made steady progress in the drastic reform of its revenue structure through initiatives such as ensuring target control focused on canned and small PET bottles as well as improving plant manufacturing efficiency.

As a result, although Kirin Beverage Company, Limited increased the sales volume of soft drink products, due to the impact of the change within the company to deduct part of its sales promotion expenses from sales as of the second quarter, as well as the decreased sales volume of Kirin Brewery Company Limited's beer products, consolidated sales of the Japan Integrated Beverages Business decreased. On the other hand, consolidated operating income increased, due to progress in cost reduction efforts by Kirin Brewery Company, Limited, significant profit increase achieved by Kirin Beverage Company, Limited, as well as the positive impact of the stronger yen experienced by Mercian Corporation.

^{*1}Craft beer: Kirin uses the term to mean a beer that exhibits the personality of the brewer, as well as attention to detail, promoting enjoyment based on the beer's unique taste and individuality.

*2RTD: 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 2016 results:

Consolidated sales	¥ 1,153.2 billion, down 3.2%
Consolidated operating income	¥ 67.2 billion, up 40.1%

<Overseas Integrated Beverages Business>

Lion's Beer, Spirits, and Wine business addressed the challenge of revitalizing the beer category to achieve sustainable growth, and focused on strengthening the business base of its core brands such as XXXX GOLD and that of the growing craft beer category. The sales volume of flagship craft beer brands, James Squire and Little Creatures, increased year-on-year. The company has also completed the acquisition of a growing craft beer company in each of Australia and New Zealand. Meanwhile, due to the termination of the license agreement with Anheuser-Busch InBev N.V. (ABI), sales of imported ABI beer brands in Australia were terminated as of September 30, 2016. In Lion's Dairy & Drinks business, business restructuring to improve profitability continued, as well as cost reduction measures through a review of the overall supply chain management (SCM).^{*1} In the milk based beverages category, core brand Dare Iced Coffee continue to record strong sales.

Brasil Kirin continued to work on establishing more efficient corporate management and reforming its revenue structure through a flexible approach to addressing changes in the market environment. In the beer segment, the company rolled out a different sales strategy based on the characteristics of each area: In the northern and north-eastern regions, it focused on its core brand *Schin*, while in the southern and south-eastern regions, the emphasis was placed on the medium-price to premium segment, including *Devassa*, which had undergone product renewal and was repositioned as a medium-price product, and the premium brand *Eisenbahn*. As a result, the sales volume increased year-on-year. In the non-alcoholic beverages segment, the sales volume of the flagship carbonated drink *Viva Schin* increased, having gone through a major renewal in the previous year. In addition to these sales activities, by way of reforming the revenue structure, the company put in place initiatives to improve managerial efficiency of its own distributor network and to reduce procurement costs. Furthermore, the company sold its plant in a suburb of Rio de Janeiro to optimize its production sites.^{*2}

Myanmar Brewery, while retaining its original strengths, has strived to instill a new management philosophy within the company to reflect that of the Kirin Group, as well as maintaining and reinforcing its current market leader position in Myanmar. As the sales volumes of flagship product *Myanmar Beer* and the low-price product *Andaman* increased, the company launched premium products, *Myanmar Premium* and *KIRIN ICHIBAN*, to strengthen its brand portfolio. Furthermore, to meet the demand of the brisk market, the company upgraded its production facilities and improved production efficiency with technological support from Kirin.

As a result, in the Oceania Integrated Beverages Business, despite strong sales of craft beer, etc. in the Beer, Spirits and Wine business and progress in cost reductions in the Dairy and Drinks business, both consolidated sales and consolidated operating income decreased due to the fluctuations in currency exchange and the purchase price increase in imported beer resulting from the impacts of weak Australian dollar.

In the Other Overseas Integrated Beverages Businesses, despite the impacts of strong yen and deducting some sales promotion expenses from sales since the first quarter in Brasil Kirin, both consolidated sales and consolidated operating income increased through Brasil Kirin's recovery in sales volume and further profit structure reform as well as taking Myanmar Brewery's operating income into consolidated operating income from the first quarter 2016.

^{*1}SCM: An acronym for Supply Chain Management, whereby the chain of activities is structured and managed efficiently from procurement of raw materials, production in plants to the supply/demand/distribution of

finished products.

^{*2}The sale of the plant was conducted via 100% transfer of the quotas of Cachoeiras de Macacu Bebidas Ltda, which is a subsidiary of Brasil Kirin Holdings S.A, and holds Macacu plant.

Oceania Integrated Beverages Business 2016 results:

Consolidated sales	¥372.5 billion, down 15.1%
Consolidated operating income	¥42.8 billion, down 10.9%

Other Overseas Integrated Beverages Businesses 2016 results:

Consolidated sales	¥188.8 billion, up 1.8%
Consolidated operating income	¥ 0.4 billion, —

<Pharmaceuticals and Bio-chemicals Businesses>

In the pharmaceuticals business of Kyowa Hakko Kirin, sales decreased year-on-year due to the market penetration of generic drugs as well as the impact of the domestic drug price revisions enacted in April. In the Japan business, however, sales of core drugs, namely the long-acting erythropoiesis-stimulating agent *NESP*, the sustained-duration G-CSF product *G-Lasta*, and the antiparkinsonian agent *NOURIAST*, recorded solid performances through the strategic allocation of sales resources. In September, sales of new drug *LUMICEF* began for the first time around the world in Japan, offering a new psoriasis treatment option. In the international business, the name of the company's European and US subsidiaries was standardized to KYOWA KIRIN in order to increase brand awareness in these markets. Meanwhile, the company expanded its area of business primarily with *Moventig*, a drug for the treatment of opioid-induced constipation (OIC) treatment; sales of the drug began in Europe to strengthen the business base for the future launch of the company's proprietary products. In the research and development arena, KRN23,^{*1} a key product under development that will lead to exceptional growth for the company, was designated as a breakthrough therapy by the Food and Drug Administration (FDA) in the United States in June, and its application for approval was accepted by the European Medicines Agency (EMA) at the end of 2016. Progress has also been made regarding drugs under development for the domestic market.

As to the bio-chemicals business, Kyowa Hakko Bio's mail-order business of the core consumer product *Ornithine* and the new product *Arginine EX* were solid in the domestic market. In the overseas market, however, year-on-year sales declined owing to the significant impact of the appreciation of the yen, as well as to price drops in some pharmaceutical raw materials.

As a result, although growth was achieved in new products, both consolidated sales and consolidated operating income in the Pharmaceuticals and Bio-chemicals Businesses decreased because of the downward revisions of the domestic drug prices, the impact of strong yen, decreased technology revenue, and increased research and development costs.

^{*1} KRN 23: A drug under development for the treatment of X-linked hypophosphatemia (XLH). XLH is a rare disease characterized by a hereditary excess of fibroblast growth factor 23 (FGF23) in the blood, causing excess excretion of phosphorus in the urine, leading to hypophosphatemia, which results in bone development/maintenance disorders.

Pharmaceuticals and Bio-chemicals Businesses 2016 results:

Consolidated sales	¥335.7 billion, down 5.6%
Consolidated operating income	¥34.7 billion, down 25.8%

<Other Businesses>

Koiwai Dairy Products Company focused on sales of its unique products, in particular *Koiwai yogurt made from 100% fresh milk*. In this way, the company made progress in shifting to a more profitable product mix as well as in cost reductions, and achieved a year-on-year sales increase.

However, the Other Businesses as a whole saw a decrease in both consolidated sales and consolidated operating income, mainly due to the impact of a significant decrease in the operating ratio of the facilities operated by Yokohama Arena Company, Limited which underwent major renovation from January to June.

Other Businesses 2016 results:

Consolidated sales	¥24.6 billion, down 3.1%
Consolidated operating income	¥3.3 billion, down 13.7%

Outlook for 2017

During the fiscal year 2016, of the priority issues of the 2016 MTBP, challenges remained regarding “Invest, strengthen, and grow profit base in the beer businesses” due to the sales volume decrease of Kirin Brewery Company, Limited, mainstay of the Kirin Group. On the other hand, positive results leading to reform and regrowth are becoming evident, such as improvement in the profitability of Kirin Beverage Company, Limited. During the fiscal year 2017, efforts to address the three priority issues of the 2016 MTBP will be stepped up to realize the restructuring and revitalization of the Kirin Group. Regarding investment for growth, top priority will be placed on strengthening the revenue structure of Kirin Brewery Company, Limited.

Meanwhile, based on the Group’s vision presented in the New KV 2021, Kirin will apply the Group’s technological strengths throughout the business, focusing on the alcohol, beverages, and pharmaceuticals & bio-chemical segments, with the aim of addressing social issues and providing value to customers in addition to achieving sustainable growth for the Group and society. In particular, in its efforts to engage with social issues, Kirin is committed to address alcohol-related problems, etc. as a responsible alcohol producer, and has positioned “Health and Well-being”, “Community Engagement”, and “The Environment”, which are intrinsically related to the Group’s businesses, as the Group’s long-term CSV^{*1} priority issues. Based on the Kirin Group’s CSV commitments which defines the content of the Group’s social contribution and the relevant policies on these priority issues, each of the Group’s main companies aims to realize the creation of social and economic values in its own business arena.

Moreover, the Kirin Group will aim to realize growth through groupwide efforts in the quantitative targets, ROE before amortization of goodwill etc. and Normalized EPS. In this way, Kirin will deliver stable returns to shareholders with a consolidated dividend payout ratio of 30% or more versus Normalized EPS.

Regarding corporate governance, in line with the Corporate Governance Policy established in 2016, the Kirin Group will advance development of the optimal governance system for achieving the New KV2021 and cooperation with stakeholders.^{*2} In particular, Kirin will disclose information in a timely manner to shareholders and investors, ensuring transparency, fairness, and continuity of information. It will also continue to fulfill its accountability obligations sincerely through proactive and constructive dialogue with shareholders and investors.

Furthermore, in order to further consolidate the strength of the Group as a whole, various Kirin Group employees from around the world will build cooperation beyond business/regional borders in arenas such as research & development, SCM, and marketing. The Kirin Group will also enhance its leadership program in order to step up its efforts to develop management-class human resources for future Group management.

^{*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.

^{*2} Stakeholders: This refers in general to bodies engaged in corporate activities; the Kirin Group recognizes six stakeholder groups common to all Group companies, namely: customers; shareholders & investors; employees; communities; business partners, and the environment.

Consolidated Earnings Forecasts for the Fiscal Year 2017

	Six months ending June 30, 2017* ¹		Fiscal year ending December 31, 2017	
	Forecast	YoY Change (%)	Forecast	YoY Change (%)
Consolidated sales	¥1,010.0 billion	0.2%	¥2,100.0 billion	1.2%
Consolidated operating income	¥55.0 billion	(6.5%)	¥143.0 billion	0.8%
Consolidated ordinary income	—	—	¥144.0 billion	2.4%
Consolidated net income* ²	—	—	¥68.0 billion	(42.4%)

(Reference)

ROE before amortization of goodwill etc.	—	—	13.9%	—
Normalized EPS	—	—	¥126	0.8%

*1 Kirin calculates ordinary income and net income forecasts only for the full-year, and therefore only forecasts for consolidated sales and consolidated operating income are shown for the six months ending June 30, 2017.

*2 Refers to net income attributable to shareholders of the parent company.

<Japan Integrated Beverages Business>

In line with the liquor tax policy revision finalized in the ruling party's FY2017 annual tax revision plan, Kirin Brewery Company, Limited will execute integrated brand marketing through to retail based on an in-depth understanding of target consumers in order to build a strong brand portfolio. The company will aim to revitalize and thus increase sales volumes of the stagnant low-malt beer (*happo-shu*) and new genre categories through undertaking strategies that match the brand characteristics of each product. Meanwhile, the company will continue initiatives to enhance the appeal of the beer category by proposing new values with the aim of revitalizing the medium- to long-term beer market. For this purpose, the company will take more proactive measures to reach yet more craft beer customers as well as taking steps to strengthen the *KIRIN Ichiban Shibori* brand. At the same time, the company will continue its efforts to reform the revenue structure via SCM cost reduction, etc. thereby fortifying the business base. So as to offer consumers integrated values from production to sales, Kirin Beer Marketing Co., Ltd. has been integrated with Kirin Brewery Company, Limited since January 2017.

Mercian Corporation will execute marketing activities focused on the key brands for each category to realize sustainable expansion of the overall wine market. Through the flagship brand *Château Mercian*, the company will continue to enlighten customers about the value of Japanese wine, which will be marking the 140th anniversary of its origin, while contributing to the revitalization of the local economy in the grape production area. The company will also keep offering a variety of products to meet consumers' diversifying drinking needs as well as to expand the wine market. Furthermore, the company will take measures to increase wine business profitability through developing fine wines and solidifying/enhancing the existing regular brands, etc.

Kirin Beverage Company, Limited will further implement measures to build a robust brand framework for sustainable and profitable growth. Specifically, the company will focus on *Kirin Gogo-no-Kocha*, *Kirin Nama-cha*, and *Kirin FIRE*, and will generate new values unique to Kirin based on "Health and wellbeing". At the same time, it will continue sales target control focused on canned and small PET bottles, enhance sales activities by channel, and conduct structural reform for SCM cost reductions, etc. to accelerate the shift towards a highly profitable business structure.

<Overseas Integrated Beverages Business>

Lion's Beer, Spirits, and Wine business will allocate management resources to address the revitalization of its own and Kirin brands as well as to promote expansion of growth categories such as craft beer. In this way, it is refocusing on existing brands and innovating to create new brands following the termination of the license agreement with Anheuser-Busch InBev N.V. and thus restore business profitability. Moreover, the company will continue to implement vigorous marketing and educational programs to revitalize the mature Australian and New Zealand beer markets. In Lion's Dairy & Drinks business, while further strengthening the sales force in its milk based beverages category, it will continue cost reduction measures across the business which include a through a review of the overall supply chain management.

Brasil Kirin will develop flexible sales strategies to address market changes, and will aim to achieve brand-based management. In particular, the company will continue developing product brands in the medium-price to premium segment, while placing a focus on growing sales via volume retailers to improve profitability. Meanwhile, it will strive to "Achieve profit in 2019" as stipulated in the 2016 MTBP earlier than scheduled with a view to possible conclusion of a business alliances and reorganization via accelerating the reform of revenue structure including optimization of production facilities and SCM improvement.

Myanmar Brewery will execute appropriate marketing strategies by product category, and build a strong brand portfolio so as to solidify its current top position in the Myanmar market. For improved organizational capability, the company will undertake initiatives to penetrate the new management philosophy, to secure excellent human resources, and to enhance their specialist skills. Furthermore, the company will secure a beer production in order to meet the growing market demand in Myanmar. It will also invest capital in the existing facilities to upgrade the production base, such as the installation of new brewing equipment.

<Pharmaceuticals and Bio-chemicals Businesses>

In the pharmaceuticals business, Kyowa Hakko Kirin will pursue its goal of leaping forward for a Global Specialty Pharmaceutical Company, and will aim to carry out the application/launch of global strategic products and others as scheduled. In the Japan Business, the company will execute area strategies in line with the community healthcare initiative and the strategic utilization of sales resources so that new products and/or focused products will penetrate the pharmaceutical market as soon as possible, as well as strengthening the company's relationship with customers. In the bio-chemical business, the company will work on further increasing the value of branding products^{*1} to strengthen relationships with customers in the mail-order business and to strengthen the active pharmaceutical ingredients business. Actions will also be taken to promote appropriate cost management and cost reductions as well as to reorganize production sites in order to increase plant productivity.

^{*1} Branding products: Branding products: Raw materials/components (e.g. citicoline) sold under a unique brand name in order to differentiate them from equivalent competitor products.

<Other Businesses>

Koiwai Dairy Products Company will focus on sales of its unique products in the cultured milk product category, *Koiwai yogurt made from 100% fresh milk* and *Koiwai yogurt made from 100% fresh milk – fat free*, in order to realize an even more profitable brand portfolio.

(2) FINANCIAL POSITION

Total assets as of December 31, 2016 were ¥2,348.1 billion, a decrease of ¥95.6 billion (3.9% decrease) compared to December 31, 2015. Current assets decreased by ¥33.7 billion to ¥748.1 billion. Non-current assets decreased by ¥61.8 billion to ¥1,600 billion, due to a decrease in intangible assets resulting from depreciation and amortization, and the influence of exchange rate changes in evaluation of foreign subsidiaries, etc.

Total liabilities as of December 31, 2016 were ¥1,402 billion, a decrease of ¥103.6 billion (6.9% decrease) compared to December 31, 2015. Current liabilities decreased by ¥15.5 billion to ¥650.3 billion. Non-current liabilities decreased by ¥88 billion to ¥751.7 billion, due to a decrease in interest-bearing liabilities, etc.

Net assets as of December 31, 2016 were ¥946 billion, an increase of ¥8 billion (0.9% increase) compared to December 31, 2015.

Consolidated cash flows were as follows.

Cash flows from operating activities

Net cash provided by operating activities was ¥226.4 billion, an increase of ¥55.4 billion compared to the previous consolidated fiscal year, mainly for the following reasons: Gain on sale of shares of subsidiaries and affiliates increased by ¥15.4 billion and loss on impairment decreased by ¥122.9 billion; however, income before income taxes and minority interests increased by ¥163.3 billion, and outflows of working capital due to changes in trade notes and accounts receivable, inventories, trade notes and accounts payable, liquor taxes payable, and consumption taxes payable, etc. decreased by ¥29.6 billion.

Cash flows from investing activities

Net cash used in investing activities increased by ¥6.8 billion to ¥77.5 billion compared to the previous consolidated fiscal year, mainly for the following reasons: Outflows for the acquisition of property, plant and equipment, and intangible assets increased by ¥17.9 billion to ¥95 billion, and outflows for the acquisition of marketable securities and investment securities were ¥20.7 billion; on the other hand, the sale of property, plant and equipment, and intangible assets generated an income of ¥20.1 billion, while the sale of marketable securities and investment securities also generated an income of ¥16.1 billion.

Cash flows from financing activities

Net cash used in financing activities increased by ¥66.9 billion to ¥145.1 billion compared to the previous consolidated fiscal year, mainly attributable to the following factors: Proceeds from long-term debt were ¥38.3 billion, and inflows from commercial paper were ¥45 billion; on the other hand, repayment of long-term debt constituted ¥129.2 billion, redemption of bonds, ¥30 billion, and cash dividends paid amounted to ¥34.6 billion.

Changes in Kirin Group's cash flow indices

	FY2014	FY2015	FY2016
Equity ratio (%)	37.2	27.2	29.0
Equity ratio based on market capitalization (%)	46.1	61.5	73.9
Debt service coverage ratio (%)	562.3	480.4	314.3
Interest coverage ratio (times)	10.4	13.0	22.9

(Notes)

1. Equity ratio: Equity/Total assets
2. Equity ratio based on market capitalization: Market capitalization/Total assets
3. Debt service coverage ratio: Interest-bearing liabilities/Operating cash flow
4. Interest coverage ratio: Operating cash flow/Interest expense

*All indices are calculated from consolidated financial data.

*Market capitalization equals Market price on last trading day of the period x Total shares outstanding at the end of the period (excluding treasury stock).

*"Operating cash flow" refers to net cash provided by operating activities in the Consolidated Statements of Cash Flows. "Interest-bearing liabilities" refer to all liabilities with interest payable recorded in the liability section of the Consolidated Balance Sheets. "Interest expense" refers to the amount of interest paid recorded in the Consolidated Statements of Cash Flows.

(3) BASIC POLICY AND DISTRIBUTION OF PROFITS AND DIVIDEND FOR 2017

Kirin views the appropriate distribution of profits to shareholders as a key management matter and has

distributed a dividend to shareholders in every financial period since its establishment in 1907. Management believes that shareholders' needs can be met by continuously providing a stable dividend in each period based on a comprehensive assessment of business performance, the target payout ratio taking real earnings into account, and future capital requirements, etc. Retained earnings will be allocated to business and capital investments that contribute to enhancing the future value of the enterprise. Kirin will also consider opportunities to acquire treasury stock based on financial flexibility and progress made in creating free cash flows.

In accordance with this policy, considering the operating results for 2016 and management environment, with regard to the distribution of surplus funds for 2016, Kirin's Board of Directors resolved an interim dividend of ¥19 per share and a year-end dividend of ¥20 per share, for an annual dividend totaling ¥39 per share (an increase of ¥1.0 per share from the previous year). Year-end dividend of ¥20 will be determined at 178th General Meeting of Shareholders held on March 30, 2017. As for the distribution of surplus funds for 2017, Kirin aims for a consolidated payout ratio of at least 30%* on normalized EPS as stated in the Kirin Group Medium-Term Business Plan 2016–2018 and plans to pay a full-year dividend of ¥39 per share.

*Consolidated payout ratio links to Kirin's actual earning power, whereby the effects of the amortization of goodwill etc. and special income and expenses after income taxes and minority interests are eliminated from net income.

2. MANAGEMENT POLICY

(1) BASIC APPROACH

In FY2016, the Kirin Group adopted the New Kirin Group Vision 2021 (New KV2021), its Long-Term Management Vision towards 2021, and the Kirin Group 2016–2018 Medium-Term Business Plan (2016 MTBP), a three-year business plan covering the first half of the New KV2021 for implementation of the vision.

New Kirin Group Vision 2021

Kirin will apply the Group's technological strengths throughout the business, focusing on the alcohol, beverages, and pharmaceuticals & bio-chemical segments, with the aim of addressing social issues and providing value to customers in addition to achieving sustainable growth for the Group and society.*

Meanwhile, based on our global common values (known as "One Kirin" Values: "Passion and Integrity"), we will also build stronger links with and between Kirin's diverse businesses and operating regions, and pursue growth as a global corporate citizen.

* In its efforts to engage with social issues, Kirin is committed to addressing alcohol-related problems, etc. as a responsible alcohol producer, and has positioned "Health and Well-being", "Community Engagement", and "The Environment", which are intrinsically related to the Group's businesses, as the Group's long-term CSV priority issues. Based on the Kirin Group's CSV commitments which defines the Group's social contribution and the relevant policies on these priority issues, each of the Group's main companies aims to realize the creation of social and economic values in its own business arena.

(2) MEDIUM- AND LONG-TERM MANAGEMENT STRATEGIES AND TARGET MANAGEMENT INDICIES

Kirin Group 2016–2018 Medium-Term Business Plan (2016 MTBP)

The 2016 MTBP places top priority on improving profitability, via increasing the competitiveness of existing businesses through clearly prioritized investment and executing drastic structural reform of low-profit businesses.

<Basic policy>

Restructure and revitalize Kirin, groupwide

<Priority challenges>

(1) Invest, strengthen, and grow profit base in the beer businesses

- (2) Restructure and revitalize low-profit businesses
- (3) Invest to achieve outstanding growth in the pharmaceutical and bio-chemicals businesses

<Quantitative targets>

- ROE before amortization of goodwill etc.: 15% or higher
- CAGR in normalized EPS*: 6% or higher
 - * Normalization: Special income and expenses and other non-recurring items have been removed to more accurately reflect actual earnings.

Normalized EPS = adjusted net income / average number of shares outstanding during period

Adjusted net income = net income + amortization of goodwill etc. +/- extraordinary gains or losses after income taxes etc.

2018 Group operating income guidance when the above targets are realized: ¥160.0 billion or higher

(3) ONGOING CHALLENGES

Please see “Outlook for 2017” of (1) Business Performance in 1. Business results and financial position.

3. BASIC RATIONALE FOR SELECTION OF ACCOUNTING STANDARDS

The Kirin Group is considering the application of IFRS Standards from the fiscal year ending December 31, 2017 to enhance the international comparability of its financial information in the capital market.

4. CONSOLIDATED FINANCIAL STATEMENTS

(1) CONSOLIDATED BALANCE SHEETS

(¥ millions)

	As of December 31, 2015	As of December 31, 2016
ASSETS		
Current assets		
Cash and time deposits	66,465	58,990
Notes and accounts receivable, trade	397,692	393,500
Merchandise and finished goods	153,901	135,335
Work in process	25,482	25,229
Raw materials and supplies	48,343	47,045
Deferred tax assets	29,396	30,179
Other	65,133	63,313
Allowance for doubtful accounts	(4,479)	(5,445)
Total current assets	781,933	748,148
Non-current assets		
Property, plant and equipment		
Buildings and structures (Purchase price)	551,155	555,316
Less accumulated depreciation	(335,895)	(338,894)
Buildings and structures (Book value)	215,260	216,422
Machinery, equipment and vehicles (Purchase price)	947,561	943,822
Less accumulated depreciation	(712,580)	(712,394)
Machinery, equipment and vehicles (Book value)	234,980	231,427
Land	167,579	159,008
Construction in progress	52,671	52,371
Other (Purchase price)	185,650	188,471
Less accumulated depreciation	(144,378)	(142,497)
Other (Book value)	41,272	45,973
Total	711,763	705,204
Intangible assets		
Goodwill	269,215	228,983
Other	189,331	172,927
Total	458,546	401,910
Investments and other assets		
Investment securities	408,888	396,057
Net defined benefit asset	9,891	9,432
Deferred tax assets	27,097	30,830
Other	50,968	61,800
Allowance for doubtful accounts	(5,317)	(5,216)
Total	491,528	492,904
Total non-current assets	1,661,839	1,600,018
Total assets	2,443,773	2,348,166

	As of December 31, 2015	As of December 31, 2016
LIABILITIES		
Current liabilities		
Notes and accounts payable, trade	142,052	135,801
Short-term loans payable and long-term debt with current maturities	128,160	89,934
Commercial paper	—	45,000
Bonds due within one year	30,000	—
Liquor taxes payable	84,904	80,513
Income taxes payable	20,281	21,162
Allowance for employees' bonuses	5,460	7,911
Allowance for bonuses for directors and company auditors	87	228
Accrued expenses	120,475	119,154
Other	134,490	150,675
Total current liabilities	665,913	650,382
Non-current liabilities		
Bonds	194,991	194,994
Long-term debt	403,952	318,712
Deferred tax liabilities	55,899	49,348
Deferred tax liability due to land revaluation	1,167	1,106
Retirement benefits for directors and company auditors	243	249
Reserve for repairs and maintenance of vending machines	2,964	3,263
Reserve for environmental measures	1,036	619
Reserve for loss on litigation	18,018	20,299
Allowance for loss on plants reorganization	3,203	2,988
Net defined benefit liability	59,034	67,390
Deposits received	56,701	55,491
Other	42,563	37,236
Total non-current liabilities	839,775	751,700
Total liabilities	1,505,689	1,402,082

	As of December 31, 2015	As of December 31, 2016
NET ASSETS		
Shareholders' equity		
Common stock	102,045	102,045
Capital surplus	—	2
Retained earnings	545,711	629,024
Treasury stock, at cost	(2,103)	(2,126)
Total shareholders' equity	645,653	728,945
Accumulated other comprehensive income		
Net unrealized gains on securities	59,836	60,170
Deferred gains or losses on hedges	2,396	(1,170)
Land revaluation difference	(2,020)	(1,959)
Foreign currency translation adjustments	(28,468)	(86,607)
Remeasurements of defined benefit plans	(13,555)	(18,716)
Total accumulated other comprehensive income	18,188	(48,282)
Subscription rights to shares	430	562
Non-controlling interests	273,810	264,859
Total net assets	938,083	946,083
Total liabilities and net assets	2,443,773	2,348,166

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

(¥ millions)

	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016
Sales	2,196,925	2,075,070
Cost of sales	1,228,853	1,157,692
Gross profit	968,071	917,377
Selling, general and administrative expenses	843,320	775,488
Operating income	124,751	141,889
Non-operating income		
Interest income	2,776	2,668
Dividend income	3,762	2,695
Equity in earnings of affiliates	16,160	11,849
Other	7,156	3,676
Total	29,856	20,889
Non-operating expenses		
Interest expense	20,067	13,252
Loss on devaluation of derivatives	—	3,446
Other	6,340	5,403
Total	26,408	22,101
Ordinary income	128,199	140,676
Special income		
Gain on sale of property, plant and equipment and intangible assets	19,454	8,456
Gain on sale of investment securities	6,810	7,229
Gain on sale of shares of subsidiaries and affiliates	130	15,468
Gain on termination of license agreements	—	24,699
Gain on refund of foreign subsidiary's value added tax	—	9,649
Other	2,803	1,819
Total	29,198	67,321
Special expenses		
Loss on disposal of property, plant and equipment and intangible assets	3,162	3,325
Loss on sale of property, plant and equipment and intangible assets	878	2,185
Loss on impairment	123,385	473
Loss on devaluation of investment securities	34	529
Loss on sale of investment securities	—	289
Business restructuring expense	8,803	13,303
Other	3,710	7,128
Total	139,975	27,234
Income before income taxes	17,422	180,763
Income taxes - current	46,457	53,330
Income taxes - deferred	(544)	(6,233)
Total	45,913	47,097
Net income (loss)	(28,491)	133,666
Net income attributable to non-controlling interests	18,837	15,508
Net income (loss) attributable to owners of the parent	(47,329)	118,158

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(¥ millions)

	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016
Net income (loss)	(28,491)	133,666
Other comprehensive income		
Net unrealized gains on securities	10,386	(110)
Deferred gains or losses on hedges	1,569	(3,564)
Land revaluation difference	119	61
Foreign currency translation adjustments	(106,614)	(50,223)
Remeasurements of defined benefit plans	(273)	(6,445)
Share of other comprehensive income of entities accounted for by the equity method	4,695	(19,004)
Total other comprehensive income	(90,116)	(79,287)
Comprehensive income	(118,607)	54,378
Comprehensive income attributable to:		
Owners of the parent	(135,126)	51,686
Non-controlling interests	16,518	2,692

(3) CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Fiscal year ended December 31, 2015

(¥ millions)

	Shareholders' equity					Accumulated other comprehensive income	
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on securities	Deferred gains or losses on hedges
Balance at beginning of year	102,045	81,417	848,381	(74,797)	957,047	49,556	827
Cumulative effects of changes in accounting policies		(81,417)	(147,697)		(229,115)		
Restated balance	102,045	—	700,683	(74,797)	727,931	49,556	827
Changes of items during the period							
Dividends from surplus			(34,676)		(34,676)		
Net loss attributable to owners of the parent			(47,329)		(47,329)		
Acquisition of treasury stock				(34)	(34)		
Disposal of treasury stock		0		2	3		
Retirement of treasury stock		(72,726)		72,726	—		
Transfer to capital surplus from retained earnings		72,897	(72,897)		—		
Increase by merger			8		8		
Change of scope of equity method			(76)		(76)		
Change in shareholder's interest due to transaction with non-controlling interest		(136)			(136)		
Capital increase of consolidated subsidiaries		(35)			(35)		
Net changes of items other than shareholders' equity						10,280	1,569
Total changes of items during the period	—	—	(154,971)	72,693	(82,277)	10,280	1,569
Balance at end of year	102,045	—	545,711	(2,103)	645,653	59,836	2,396

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Land revaluation difference	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of year	(2,140)	110,259	(13,716)	144,786	332	233,544	1,335,711
Cumulative effects of changes in accounting policies		(39,191)		(39,191)		169	(268,137)
Restated balance	(2,140)	71,068	(13,716)	105,595	332	233,713	1,067,573
Changes of items during the period							
Dividends from surplus							(34,676)
Net loss attributable to owners of the parent							(47,329)
Acquisition of treasury stock							(34)
Disposal of treasury stock							3
Retirement of treasury stock							—
Transfer to capital surplus from retained earnings							—
Increase by merger							8
Change of scope of equity method							(76)
Change in shareholder's interest due to transaction with non-controlling interest							(136)
Capital increase of consolidated subsidiaries							(35)
Net changes of items other than shareholders' equity	119	(99,537)	161	(87,406)	97	40,097	(47,212)
Total changes of items during the period	119	(99,537)	161	(87,406)	97	40,097	(129,490)
Balance at end of year	(2,020)	(28,468)	(13,555)	18,188	430	273,810	938,083

Fiscal year ended December 31, 2016

(¥ millions)

	Shareholders' equity					Accumulated other comprehensive income	
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on securities	Deferred gains or losses on hedges
Balance at beginning of year	102,045	–	545,711	(2,103)	645,653	59,836	2,396
Changes of items during the period							
Dividends from surplus			(34,675)		(34,675)		
Net income attributable to owners of the parent			118,158		118,158		
Acquisition of treasury stock				(24)	(24)		
Disposal of treasury stock		0		1	1		
Change of scope of consolidation			(11)		(11)		
Change of scope of equity method			(158)		(158)		
Change in shareholder's interest due to transaction with non-controlling interest		1			1		
Net changes of items other than shareholders' equity						333	(3,567)
Total changes of items during the period	–	2	83,312	(23)	83,291	333	(3,567)
Balance at end of year	102,045	2	629,024	(2,126)	728,945	60,170	(1,170)

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Land revaluation difference	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of year	(2,020)	(28,468)	(13,555)	18,188	430	273,810	938,083
Changes of items during the period							
Dividends from surplus							(34,675)
Net income attributable to owners of the parent							118,158
Acquisition of treasury stock							(24)
Disposal of treasury stock							1
Change of scope of consolidation							(11)
Change of scope of equity method							(158)
Change in shareholder's interest due to transaction with non-controlling interest							1
Net changes of items other than shareholders' equity	61	(58,139)	(5,160)	(66,471)	132	(8,951)	(75,290)
Total changes of items during the period	61	(58,139)	(5,160)	(66,471)	132	(8,951)	8,000
Balance at end of year	(1,959)	(86,607)	(18,716)	(48,282)	562	264,859	946,083

(4) CONSOLIDATED STATEMENTS OF CASH FLOWS

(¥ millions)

	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016
Cash flows from operating activities		
Income before income taxes	17,422	180,763
Depreciation and amortization	94,603	77,420
Loss on impairment	123,385	473
Amortization of goodwill	27,323	22,317
Interest and dividend income	(6,538)	(5,364)
Equity in losses (earnings) of affiliates	(16,160)	(11,849)
Interest expense	20,067	13,252
Gain on sale of property, plant and equipment and intangible assets	(19,454)	(8,456)
Loss on disposal and sale of property, plant and equipment and intangible assets	3,168	4,953
Gain on sale of investment securities	(6,810)	(7,229)
Gain on sale of shares of subsidiaries and affiliates	—	(15,468)
Decrease (increase) in notes and accounts receivable, trade	(6,942)	3,041
Decrease (increase) in inventories	(5,058)	14,760
Increase (decrease) in notes and accounts payable, trade	(4,978)	(3,377)
Increase (decrease) in liquor taxes payable	1,852	(4,119)
Increase (decrease) in consumption taxes payable	(8,785)	(4,571)
Increase (decrease) in deposits received	(2,872)	(5,441)
Other	(11,292)	10,588
Sub-total	198,927	261,693
Interest and dividends received	18,136	16,498
Interest paid	(13,114)	(9,874)
Income taxes paid	(32,938)	(41,848)
Net cash provided by (used in) operating activities	171,011	226,468
Cash flows from investing activities		
Payment for purchases of property, plant and equipment and intangible assets	(77,116)	(95,031)
Proceeds from sale of property, plant and equipment and intangible assets	32,332	20,190
Proceeds from transfer of business	12,809	—
Payment for acquisition of marketable securities and investment securities	(10,653)	(20,757)
Proceeds from sale and redemption of marketable securities and investment securities	19,868	16,183
Payment for acquisition of shares of newly consolidated subsidiaries	(52,877)	(106)
Other	4,977	2,000
Net cash provided by (used in) investing activities	(70,659)	(77,520)

(¥ millions)

	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(13,118)	(23,751)
Increase (decrease) in commercial paper	(83,994)	45,000
Proceeds from long-term debt	170,158	38,382
Repayment of long-term debt	(63,070)	(129,239)
Proceeds from issuance of bonds	15,000	—
Payment for redemption of bonds	(58,886)	(30,000)
Payment for acquisition of treasury stock	(246)	(60)
Cash dividends paid	(34,676)	(34,675)
Cash dividends paid to non-controlling shareholders	(6,495)	(8,498)
Other	(2,889)	(2,341)
Net cash provided by (used in) financing activities	(78,221)	(145,184)
Effect of exchange rate changes on cash and cash equivalents	(2,326)	(6,363)
Net increase (decrease) in cash and cash equivalents	19,804	(2,600)
Cash and cash equivalents at beginning of year	40,730	60,336
Net increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	(197)	(10)
Cash and cash equivalents at end of year	60,336	57,725

(5) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(GOING CONCERN ASSUMPTION)

There are no matters to report under this item.

(CHANGES IN ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES, AND RESTATEMENTS)

(Changes in accounting policies which are difficult to distinguish from changes in accounting estimates)

(Changes in depreciation method for property, plant and equipment and changes in useful lives)

With respect to the depreciation method for property, plant and equipment, the Company and its consolidated subsidiaries that belong to the Japan Integrated Beverages Business had previously adopted the declining-balance method except for buildings (excluding building fixtures) acquired on or after April 1, 1998, which were depreciated using the straight-line method. However, starting from the year ended December 31, 2016, the method has been changed to the straight-line method for all assets.

At the companies that belong to the Japan Integrated Beverages Business, stable operation has become possible with appropriate production capacity to meet demand, as a result of the optimization of production capacity through the concentration of manufacturing sites and other means. Accordingly, the depreciation method has been reviewed in conjunction with the formulation of the Medium-Term Business Plan 2016-2018.

Consequently, as stable operation of existing domestic facilities is anticipated, the Company has determined that the allocation of costs through depreciation over the useful life on a straight-line basis would be more appropriate for the companies that belong to the Japan Integrated Beverages Business.

In addition, this change will contribute to unification of the accounting policies adopted by Group companies, including those overseas, and enhance the comparability among Group companies.

At the same time, the useful lives for certain property, plant and equipment have been revised.

As a result of this change, for the year ended December 31, 2016, operating income, ordinary income and income before income taxes increased by ¥10,153 million, as compared to the amounts calculated by the previous method.

(CHANGES IN PRESENTATION)

(Application of Accounting Standards regarding Business Combination)

The Company has applied the provisions stated in article 39 of the "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013) from the three months ended March 31, 2016. Accordingly, the presentation of net income, and other statement of income line items was changed and the presentation of minority interests was changed to non-controlling interests. In order to reflect these changes in presentation, reclassifications were made to the consolidated financial statements for the fiscal year ended December 31, 2015.

(ADDITIONAL INFORMATION)

(Impact of change in corporation tax rate)

Following the enactment by the Diet of the "Partial Revision of Income Tax Act, etc." (Act No. 15 of 2016) and the "Partial Revision of Local Tax Act, etc." (Act No. 13 of 2016) on March 29, 2016, and the "Act for Partial Revision to the Partial Revision, etc. of Consumption Tax Act for the Drastic Reform of the Taxation System for Ensuring Stable Financial Resources, etc. for Social Security" (Act No. 85 of 2016) and the "Act for Partial Revision to the Partial Revision, etc. of Local Tax Act and Local Allocation Tax Act for the Drastic Reform of the Taxation System for Ensuring Stable Financial Resources, etc. for Social Security" (Act No. 86 of 2016) on November 18, 2016, the statutory tax rate will be lowered from fiscal years beginning on or after April 1, 2016. As a result, the statutory tax rate used for the calculation of deferred tax assets and deferred tax liabilities as of December 31, 2016 was changed from the previous 32.2% to 30.9% for temporary differences expected to be eliminated during fiscal years beginning on January 1, 2017 and January 1, 2018, and 30.6% for temporary differences expected to be eliminated during fiscal years beginning on or after January 1, 2019.

As a result of this change, as of and for the year ended December 31, 2016, net amount of deferred tax assets decreased by ¥974 million. Additionally, income taxes-deferred, net unrealized gains on securities, remeasurements of defined benefit plans and deferred gains or losses on hedges increased by ¥1,384 million, ¥1,144 million, ¥737 million and ¥2 million, respectively.

In addition, deferred tax liability due to land revaluation and land revaluation difference both decreased by ¥61 million.

(SEGMENT INFORMATION)

a. Segment information

1. Summary of reportable segments

(1) Method of identifying reportable segments

The reportable segments of the Kirin Group are constituent units of the Group whose separate financial information is readily available. These segments are periodically examined by the Board of Directors for the purpose of deciding the allocation of management resources and evaluating business results.

The Kirin Group comprises, under a holding company structure, various business companies including Kirin Company, Limited engaging in the "Japan Integrated Beverages" business, Lion Pty Ltd engaging in the "Oceania Integrated Beverages" business, Brasil Kirin Holding S.A., etc. engaging in the "Other Overseas Integrated Beverages" business, and Kyowa Hakko Kirin Co., Ltd. engaging in the "Pharmaceuticals and Bio-chemicals" business. Each of these business companies work out a comprehensive strategy applicable to their products and services and carries out their business activities.

Consequently, the Kirin Group has consolidated the companies taking into account the similarities of their economic characteristics, and has identified four reportable segments, namely, "Japan Integrated Beverages," "Oceania Integrated Beverages," "Other Overseas Integrated Beverages," and "Pharmaceuticals and Bio-chemicals."

(2) Types of products and services classified in each reportable segment

"Japan Integrated Beverages" conducts production and sale of alcohol beverages, such as beer, happo-shu (low-malt beer), new genre, whiskey, spirits and soft drinks, and includes businesses such as engineering and logistics.

"Oceania Integrated Beverages" conducts production and sale of beer, whiskey, spirits, dairy products, fruit juice, and other products, in the Oceania region.

"Other Overseas Integrated Beverages" conducts production and sale of beer, soft drinks, and other products, in overseas markets other than the Oceania region.

"Pharmaceuticals and Bio-chemicals" conducts production and sale of pharmaceutical products, biochemical products, and other products.

"Japan Integrated Beverages" includes certain overseas companies.

2. Basis of measurement of sales, income or loss, assets and other items by reportable segment

The accounting method for the business segments that are reported is generally the same as the method for preparing the consolidated financial statements.

The income figures stated in the reportable segments are based on operating income.

The inter-segment sales or the inter-segment figures are based on actual market prices.

(Changes in depreciation method for property, plant and equipment and changes in useful lives)

As noted in "(Changes in accounting policies which are difficult to distinguish from changes in accounting estimates) in "(5) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CHANGES IN ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES, AND RESTATEMENTS)," with respect to the depreciation method for property, plant and equipment, the Company and its consolidated subsidiaries that belong to the "Japan Integrated Beverages" segment had previously adopted the declining-balance method except for buildings (excluding building fixtures) acquired on or after April 1, 1998, which were depreciated using the straight-line method. However, starting from the year ended December 31, 2016, the method has been changed to the straight-line method for all assets. In addition, useful lives of certain property, plant and equipment have also been changed.

As a result of this change, as compared to the amounts calculated by the previous method, segment income for the year ended December 31, 2016 increased by ¥10,021 million in the "Japan Integrated Beverages" segment, and ¥132 million in the "Other" segment.

3. Information about sales, income or loss, assets and other items by reportable segment

(¥ millions)

Fiscal year ended December 31, 2015							
	Reportable Segment					Adjustment (Note 2)	Amount recorded in the consolidated financial statements (Note 3)
	Integrated Beverages			Pharmaceuticals and Bio-chemicals	Others (Note 1)		
	Japan	Oceania	Overseas -other				
Sales							
Unaffiliated customers	1,191,554	438,620	185,548	355,777	25,424	–	2,196,925
Inter-segment	4,839	116	313	8,538	1,057	(14,866)	–
Total sales	1,196,393	438,737	185,862	364,316	26,482	(14,866)	2,196,925
Segment income (loss)	47,994	48,078	(14,818)	46,819	3,860	(7,182)	124,751
Segment assets	780,827	465,447	500,091	735,313	36,966	(74,873)	2,443,773
Other items							
Depreciation and amortization	34,147	19,424	16,621	23,126	1,138	144	94,603
Amortization of goodwill	216	12,151	4,631	10,323	–	–	27,323
Investments in equity-method affiliates	3,738	4,331	169,838	53,442	192	–	231,543
Increase of property, plant and equipment and intangible assets	30,148	23,094	29,685	19,054	1,241	480	103,705

Notes

1. "Others" includes food business, such as dairy products, and others.
2. The adjustments are as follows:
 - (1) The negative ¥7,182 million adjustment in segment income (loss) includes ¥386 million in inter-segment eliminations and negative ¥7,568 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.
 - (2) The negative ¥74,873 million adjustment in segment assets includes negative ¥344,298 million in inter-segment asset and liability eliminations, and ¥269,425 million in corporate assets not attributable to any reportable segment. Corporate assets mainly consist of surplus funds (cash and time deposits), long-term investments (investment securities) of the Company, and assets which belong to the administrative department of the Company, a pure holding company.
 - (3) The ¥144 million adjustment in depreciation and amortization mainly consists of depreciation and amortization of corporate assets.
 - (4) The ¥480 million adjustment in increase of property, plant and equipment and intangible assets consists of ¥397 million in inter-segment asset and liability eliminations and ¥82 million in acquisition of property, plant and equipment that are treated as corporate assets.
3. Segment income (loss) is reconciled to operating income in the consolidated statement of income.

(¥ millions)

Fiscal year ended December 31, 2016							
	Reportable Segment					Adjustment (Note 2)	Amount recorded in the consolidated financial statements (Note 3)
	Integrated Beverages			Pharmaceuticals and Bio-chemicals	Others (Note 1)		
	Japan	Oceania	Overseas -other				
Sales							
Unaffiliated customers	1,153,254	372,553	188,886	335,733	24,642	–	2,075,070
Inter-segment	10,209	131	195	7,285	899	(18,722)	–
Total sales	1,163,463	372,685	189,081	343,019	25,542	(18,722)	2,075,070
Segment income	67,230	42,835	474	34,747	3,331	(6,729)	141,889
Segment assets	821,639	422,110	510,598	720,754	35,663	(162,599)	2,348,166
Other items							
Depreciation and amortization	23,020	16,320	14,084	23,029	986	(22)	77,420
Amortization of goodwill	172	10,730	1,880	9,533	–	–	22,317
Investments in equity-method affiliates	14,459	4,527	151,269	58,386	–	–	228,642
Increase of property, plant and equipment and intangible assets	31,305	24,341	11,062	32,036	3,994	(223)	102,516

Notes

1. "Others" includes food business, such as dairy products, and others.
2. The adjustments are as follows:
 - (1) The negative ¥6,729 million adjustment in segment income includes ¥649 million in inter-segment eliminations and negative ¥7,379 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.
 - (2) The negative ¥162,599 million adjustment in segment assets includes negative ¥410,209 million in inter-segment asset and liability eliminations, and ¥247,610 million in corporate assets not attributable to any reportable segment. Corporate assets mainly consist of surplus funds (cash and time deposits), long-term investments (investment securities) of the Company, and assets which belong to the administrative department of the Company, a pure holding company.
 - (3) The negative ¥22 million adjustment in depreciation and amortization mainly consists of depreciation and amortization of corporate assets.
 - (4) The negative ¥223 million adjustment in increase of property, plant and equipment and intangible assets consists of negative ¥349 million in inter-segment asset and liability eliminations and ¥125 million in acquisition of property, plant and equipment that are treated as corporate assets.
3. Segment income is reconciled to operating income in the consolidated statement of income.

b. Related Information

Fiscal year ended December 31, 2015

1. Information by product and service

Information is omitted since similar information is disclosed in the segment information.

2. Information by region

(1) Sales

(¥ millions)				
Japan	Oceania	Brazil	Others	Total
1,435,742	429,203	136,464	195,514	2,196,925

Note: Sales are classified by country or area based on customer location.

(2) Property, Plant and Equipment

(¥ millions)				
Japan	Oceania	Brazil	Others	Total
367,208	177,002	108,967	58,584	711,763

3. Information by major customer

There is no major unaffiliated customer which accounts for 10% or more of the sales on the consolidated statement of income.

Fiscal year ended December 31, 2016

1. Information by product and service

Information is omitted since similar information is disclosed in the segment information.

2. Information by region

(1) Sales

(¥ millions)				
Japan	Oceania	Brazil	Others	Total
1,395,029	365,990	119,986	194,063	2,075,070

Note: Sales are classified by country or area based on customer location.

(2) Property, Plant and Equipment

(¥ millions)				
Japan	Oceania	Brazil	Others	Total
364,877	169,398	112,322	58,605	705,204

3. Information by major customer

(¥ millions)		
Name of customer	Sales	Related segment
Mitsubishi Shokuhin Co., Ltd.	218,970	Integrated Beverages-Japan

c. Information regarding loss on impairment of non-current assets by reportable segment

(¥ millions)

(¥ millions)

Fiscal year ended December 31, 2015							
	Reportable Segment				Others	Adjustment	Total
	Integrated Beverages			Pharmaceuticals and Bio-chemicals			
	Japan	Oceania	Overseas -other				
Loss on impairment	4,053	93	113,476	5,762	—	—	123,385

(¥ millions)

Fiscal year ended December 31, 2016							
	Reportable Segment				Others	Adjustment	Total
	Integrated Beverages			Pharmaceuticals and Bio-chemicals			
	Japan	Oceania	Overseas -other				
Loss on impairment	—	—	—	335	137	—	473

Notes

1. In addition, loss on impairment of ¥3,805 million which was recognized in the "Oceania Integrated Beverages" segment is included in "Business restructuring expense" and loss on impairment of ¥767 million which was recognized in the "Japan Integrated Beverages" segment is included in "Other" in "Special expenses" in the consolidated statement of income.
2. "Others" includes food business, such as dairy products, and others.

d. Information regarding amortization of goodwill and remaining goodwill balance by reportable segment

(¥ millions)

Fiscal year ended December 31, 2015							
	Reportable Segment				Others	Adjustment	Total
	Integrated Beverages			Pharmaceuticals and Bio-chemicals			
	Japan	Oceania	Overseas -other				
Balance at the end of current period	1,210	121,065	29,179	117,759	—	—	269,215

Note: Information on amortization of goodwill is omitted since similar information is disclosed in the segment information.

(¥ millions)

Fiscal year ended December 31, 2016							
	Reportable Segment				Others	Adjustment	Total
	Integrated Beverages			Pharmaceuticals and Bio-chemicals			
	Japan	Oceania	Overseas -other				
Balance at the end of current period	1,037	102,300	25,717	99,927	—	—	228,983

Note: Information on amortization of goodwill is omitted since similar information is disclosed in the segment information.

e. Information regarding gain on negative goodwill by reportable segment

Fiscal year ended December 31, 2015

There are no matters to report under this item.

Fiscal year ended December 31, 2016

There are no matters to report under this item.

(PER SHARE INFORMATION)

Fiscal year ended December 31, 2015		Fiscal year ended December 31, 2016	
Net assets per share:	¥727.48	Net assets per share:	¥745.92
Net income (loss) per share (basic):	¥(51.87)	Net income (loss) per share (basic):	¥129.49
As for net income per share (diluted), potential common shares outstanding is existing but not stated because of net loss per share.		Net income per share (diluted):	¥129.47

Note 1: The basis for calculation was as follows:

		Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016
Total net assets	(¥ millions)	938,083	946,083
Amounts deducted from total net assets	(¥ millions)	274,241	265,421
[Subscription rights to shares included in the above]	(¥ millions)	[430]	[562]
[Non-controlling interests included in the above]	(¥ millions)	[273,810]	[264,859]
Net assets attributable to common stock at the end of year	(¥ millions)	663,842	680,662
Number of common stock used to calculate net assets per share at the end of year	(thousands of shares)	912,528	912,515

Note 2: The basis for calculation of net income (loss) per share (basic) and net income per share (diluted) was as follows:

		Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016
Net income (loss) per share (basic)			
Net income (loss) attributable to owners of the parent	(¥ millions)	(47,329)	118,158
Amounts not attributable to common stock	(¥ millions)	—	—
Net income (loss) attributable to owners of the parent related to common stock	(¥ millions)	(47,329)	118,158
Average number of common stock outstanding during the year	(thousands of shares)	912,537	912,522
Net income per share (diluted)			
Adjustments to net income attributable to owners of the parent	(¥ millions)	—	(11)
[Net income attributable to non-controlling interests included in the above]	(¥ millions)	[—]	[(11)]
Increase in common stock	(thousands of shares)	—	—
Outline of potential common shares outstanding that were not used in calculating net income per share (diluted) because they have no dilutive effects		—	—

(SUBSEQUENT EVENTS)

There are no matters to report under this item.

**Supplementary Documents to
the Consolidated Financial Statements
for the Year Ended December 31, 2016**

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

KIRIN HOLDINGS COMPANY, LIMITED
February 13, 2017

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

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

(¥ billions)

	Fiscal year ended December 31, 2016, Actual	Fiscal year ended December 31, 2015, Actual	Increase (decrease)	
Sales	2,075.0	2,196.9	(121.8)	(5.5%)
Gross profit	917.3	968.0	(50.6)	(5.2%)
Selling, general and administrative expenses	775.4	843.3	(67.8)	(8.0%)
Operating income	141.8	124.7	17.1	13.7%
Non-operating income	20.8	29.8	(8.9)	(30.0%)
Non-operating expenses	22.1	26.4	(4.3)	(16.3%)
Ordinary income	140.6	128.1	12.4	9.7%
Special income	67.3	29.1	38.1	130.6%
Special expenses	27.2	139.9	(112.7)	(80.5%)
Income before income taxes	180.7	17.4	163.3	937.5%
Income taxes	47.0	45.9	1.1	2.6%
Net income attributable to non-controlling interests	15.5	18.8	(3.3)	(17.7%)
Net income (loss) attributable to owners of the parent	118.1	(47.3)	165.4	—
ROE (Prior to amortization of goodwill etc.)	21.9%	(0.3%)		
Normalized EPS	¥125	¥117	¥8	6.8%
Sales (Excluding liquor tax)	1,779.0	1,891.2	(112.1)	(5.9%)
Operating income (Prior to amortization of goodwill etc.)	169.9	158.5	11.3	7.2%
Operating income ratio (Excluding liquor tax, prior to amortization of goodwill etc.)	9.6%	8.4%		
Normalized EBITDA	253.0	258.9	(5.9)	(2.3%)
EPS (Prior to amortization of goodwill etc.)	¥172	(¥3)	¥175	—
Net interest-bearing debt / Normalized EBITDA	2.33	2.67		

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 ended December 31, 2016, Actual	Fiscal year ended December 31, 2015, Actual
Lion (AUD)	82.33	93.16
Brasil Kirin (BRL)	31.83	36.30
Myanmar Brewery (MMK('000))	90.62	—

	Fiscal year ending December 31, 2016, Actual	Fiscal year ended December 31, 2015, Actual
Lion	From October 2015 to September 2016	From October 2014 to September 2015
Myanmar Brewery		—
San Miguel Brewery		From October 2014 to September 2015

2. Sales Details

(¥ billions)

	Fiscal year ended December 31, 2016, Actual	Fiscal year ended December 31, 2015, Actual	Increase (decrease)	
Sales	2,075.0	2,196.9	(121.8)	(5.5%)
Japan Integrated Beverages	1,153.2	1,191.5	(38.3)	(3.2%)
Kirin Brewery *	684.5	707.2	(22.6)	(3.2%)
Kirin Beverage **	354.6	372.0	(17.4)	(4.7%)
Mercian	66.3	69.3	(3.0)	(4.4%)
Other and elimination	47.7	42.8	4.8	11.4%
Overseas Integrated Beverages	561.4	624.1	(62.7)	(10.1%)
Lion	372.6	438.7	(66.0)	(15.1%)
Brasil Kirin	117.9	134.2	(16.3)	(12.1%)
Myanmar Brewery	22.4	—	22.4	—
Other and elimination	48.3	51.1	(2.8)	(5.5%)
Pharmaceuticals and Bio-chemicals	335.7	355.7	(20.0)	(5.6%)
Kyowa Hakko Kirin	343.0	364.3	(21.2)	(5.8%)
Pharmaceutical	262.5	278.4	(15.8)	(5.7%)
Bio-chemical	80.5	85.9	(5.4)	(6.3%)
Other and elimination	(7.2)	(8.5)	1.2	—
Other	24.6	25.4	(0.7)	(3.1%)

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

** Sales promotion expenses of ¥33.8 billion is deducted from sales for fiscal year 2016.

(Reference) Sales excluding liquor tax

(¥ billions)

	Fiscal year ended December 31, 2016, Actual	Fiscal year ended December 31, 2015, Actual
Kirin Brewery	402.2	415.3

3. Profit Details

(1) Operating Income

(¥ billions)

	Fiscal year ended December 31, 2016, Actual	Fiscal year ended December 31, 2015, Actual	Increase (decrease)
Operating income	141.8	124.7	17.1
Japan Integrated Beverages	67.2	47.9	19.2
Kirin Brewery	69.8	62.6	7.2
Kirin Beverage	17.2	5.6	11.6
Mercian	3.6	1.9	1.6
Others *	(23.5)	(22.2)	(1.2)
Overseas Integrated Beverages	43.3	33.2	10.0
Lion (consolidated after reclassification)	56.7	63.9	(7.2)
Amortization of goodwill	(10.7)	(12.1)	1.4
Brand amortization	(3.1)	(3.7)	0.5
Total	42.8	48.0	(5.2)
Brasil Kirin (consolidated after reclassification)	(8.3)	(11.7)	3.3
Amortization of goodwill	–	(4.2)	4.2
Brand amortization	(0.7)	(2.5)	1.8
Total	(9.0)	(18.5)	9.4
Myanmar Brewery (consolidated after reclassification)	8.8	–	8.8
Amortization of goodwill	(1.7)	–	(1.7)
Brand amortization	(1.6)	–	(1.6)
Total	5.4	–	5.4
Others	4.1	3.6	0.4
Pharmaceuticals and Bio-chemicals	34.7	46.8	(12.0)
Kyowa Hakko Kirin (consolidated after reclassification)	34.7	46.8	(12.0)
Pharmaceutical	26.3	36.2	(9.8)
Bio-chemical	5.3	8.1	(2.8)
Other/elimination of amortization of goodwill	9.2	8.6	0.6
Amortization of goodwill	(6.1)	(6.1)	–
Other	3.3	3.8	(0.5)
Corporate expenses/inter-segment eliminations	(6.7)	(7.1)	0.4

* 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	(8.4)	Sales decrease in beer (12) thousand KL, (1.4) Sales decrease in <i>happo-shu</i> (31) thousand KL, (3.2) Sales decrease in new genre (55) thousand KL, (6.5) Sales increase in RTD 10 thousand KL, 0.9 , etc.
	Decrease in raw material cost of alcohol beverages	4.5	Decrease in material cost 3.7, Decrease in wrapping material cost 0.8
	Decrease in selling expenses	1.6	Increase in sales promotion (1.8), Decrease in advertising 3.8, etc (Total 98.3→96.3)
	Decrease in other expenses	9.5	(Beer, <i>happo-shu</i> and new genre 2.9 ,RTD (0.8) , etc) Decrease in depreciation 5.9, Decrease in labor cost 2.0, Decrease in electric cost and fuel cost 1.3,etc.
Total		7.2	* Including an influence of change in depreciation method 4.3
Kirin Beverage *	Increase in marginal profit of soft drink beverages	5.2	Increase in sales volume 17.67 million cases, 7.8 Difference of change in products mix and in composition ratio of containers, etc. (2.6)
	Decrease in raw material cost, etc.	6.7	Decrease in material cost 2.4, Decrease in wrapping material cost 1.6, Decrease in processing cost 2.7
	Increase in selling expenses	(2.1)	Increase in sales promotion (0.0), Increase in advertising (2.0), etc. (Total 37.4→39.6)
	Decrease in other expenses	1.7	Decrease in sales equipment cost, etc.
Total		11.6	* Including an influence of change in depreciation method 4.6

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

(2) Ordinary Income and Net Income

(¥ billions)

	Fiscal year ended December 31, 2016, Actual	Fiscal year ended December 31, 2015, Actual	Increase (decrease)	Description of changes
Non-operating income and expenses	(1.2)	3.4	(4.6)	Equity in earnings or losses of local affiliates (0), etc.
Financial profit or loss, net	(7.8)	(13.5)	5.6	
Equity in earnings or losses of affiliates	11.8	16.1	(4.3)	
San Miguel Brewery	9.4	9.2	0.1	
Others	2.3	6.8	(4.5)	
Foreign exchange gains and losses	(2.0)	(2.8)	0.7	
Other	(3.1)	3.6	(6.7)	
Ordinary income	140.6	128.1	12.4	2015: Loss on impairment of goodwill and other assets recorded by Brazil Kirin 110.0, etc.
Special income and expenses	40.0	(110.7)	150.8	
Special income	67.3	29.1	38.1	
Gain on sale of property, plant and equipment and intangible assets	8.4	19.4	(10.9)	
Gain on sale of investment securities	7.2	6.8	0.4	
Gain on sale of shares of subsidiaries and affiliates	15.4	0.1	15.3	
Gain on termination of license agreements	24.6	—	24.6	
Gain on refund of foreign subsidiary's value added tax	9.6	—	9.6	
Other	1.8	2.8	(0.9)	
Special expenses	(27.2)	(139.9)	112.7	
Loss on disposal of property, plant and equipment and intangible assets	(3.3)	(3.1)	(0.1)	
Loss on sale of property, plant and equipment and intangible assets	(2.1)	(0.8)	(1.3)	
Loss on impairment	(0.4)	(123.3)	122.9	
Loss on devaluation of investment securities	(0.5)	(0.0)	(0.4)	
Loss on sale of investment securities	(0.2)	—	(0.2)	
Business restructuring expense	(13.3)	(8.8)	(4.4)	
Other	(7.1)	(3.7)	(3.4)	
Income taxes	(47.0)	(45.9)	(1.1)	
Net income attributable to non-controlling interests	(15.5)	(18.8)	3.3	
Net income or loss attributable to owners of the parent	118.1	(47.3)	165.4	

4. Summary of Consolidated Balance Sheets

(¥ billions)

	As of December 31, 2016	As of December 31, 2015	Increase (decrease)	Description of changes
Current assets	748.1	781.9	(33.7)	
Cash and time deposits	58.9	66.4	(7.4)	
Notes and accounts receivable, trade	393.5	397.6	(4.1)	
Inventories	207.6	227.7	(20.1)	
Other	88.0	90.0	(2.0)	
Non-current assets	1,600.0	1,661.8	(61.8)	
Property, plant and equipment	705.2	711.7	(6.5)	
Intangible assets	401.9	458.5	(56.6)	
Goodwill	228.9	269.2	(40.2)	Decrease due to amortization, and the influence of exchange rate changes in evaluation of foreign subsidiaries, etc.
Other	172.9	189.3	(16.4)	
Investments and other assets	492.9	491.5	1.3	
Total assets	2,348.1	2,443.7	(95.6)	
Current liabilities	650.3	665.9	(15.5)	
Notes and accounts payable, trade	135.8	142.0	(6.2)	Increase due to replacement of long-term bonds and debt with short-term ones, and decrease due to repayment of long-term debt with current maturities etc.
Interest-bearing debt	134.9	158.1	(23.2)	
Other	379.6	365.7	13.9	
Non-current liabilities	751.7	839.7	(88.0)	
Interest-bearing debt	513.7	598.9	(85.2)	Decrease due to replacement of long-term bonds and debt with short-term ones, etc.
Other	237.9	240.8	(2.8)	
Total liabilities	1,402.0	1,505.6	(103.6)	
Shareholders' equity	728.9	645.6	83.2	Decrease in foreign currency transaction adjustments due to exchange rate changes
Accumulated other comprehensive income	(48.2)	18.1	(66.4)	
Subscription rights to shares	0.5	0.4	0.1	
Minority interests	264.8	273.8	(8.9)	
Total net assets	946.0	938.0	8.0	
Total liabilities and net assets	2,348.1	2,443.7	(95.6)	

5. Summary of Consolidated Statements of Cash Flows

(1) Summary of Statements of Cash Flows

(¥ billions)

	Fiscal year ended December 31, 2016, Actual	Fiscal year ended December 31, 2015, Actual	Increase (decrease)
Cash flows from operating activities	226.4	171.0	55.4
Income before income taxes and minority interests	180.7	17.4	163.3
Depreciation and amortization	77.4	94.6	(17.1)
Amortization of goodwill	22.3	27.3	(5.0)
Other	(54.0)	31.6	(85.6)
Cash flows from investing activities	(77.5)	(70.6)	(6.8)
Purchase of property, plant and equipment and intangible assets	(95.0)	(77.1)	(17.9)
Other	17.5	6.4	11.0
Cash flows from financing activities	(145.1)	(78.2)	(66.9)
Increase (decrease) in interest-bearing debt	(99.6)	(33.9)	(65.6)
Cash dividends paid	(43.1)	(41.1)	(2.0)
Other	(2.4)	(3.1)	0.7
Translation adjustments	(6.3)	(2.3)	(4.0)
Net decrease in cash and cash equivalents	(2.6)	19.8	(22.4)

(2) Information by Segment

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
Brand amortization	—	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

Fiscal year ended December 31, 2015, Actual

(¥ billions)

	Japan Integrated Beverages	Overseas Integrated Beverages	Pharmaceuticals and Bio-chemicals	Other	Adjustment	Total
Depreciation	34.1	29.6	23.1	1.1	0.1	88.1
Brand amortization	—	6.4	—	—	—	6.4
Amortization of goodwill	0.2	16.7	10.3	—	—	27.3
Purchase of property, plant and equipment and intangible assets	27.2	28.1	19.1	0.9	1.5	77.1
Normalized EBITDA	82.3	98.3	80.2	4.9	(7.0)	258.9

6. Other Information

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

Fiscal year ended December 31, 2016, Actual

<Consolidated subsidiaries>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated net income
Kyowa Hakko Kirin	343.0	31.6	27.1	18.6	9.8
Elimination of amortization of goodwill		9.2	9.2	9.2	4.8
Amortization of goodwill		(6.1)	(6.1)	(6.1)	(6.1)
Total included in consolidation	343.0	34.7	30.2	21.7	8.5

<Equity-method affiliates>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated net income
San Miguel Brewery	221.0	60.4	55.3	36.1	17.5
Equity in earnings or losses of local affiliates			17.5	17.5	17.5
Brand amortization			(2.0)	(2.0)	(2.0)
Amortization of goodwill			(6.0)	(6.0)	(6.0)
Total included in consolidation			9.4	9.4	9.4

(2) Sales Details of Major Business Companies

a. Kirin Brewery

	Fiscal year ended December 31, 2016		Fiscal year ended December 31, 2015	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL		Thousand KL	
Beer	648	(1.8%)	660	1.0%
<i>Happo-shu</i>	470	(6.2%)	501	(0.8%)
New genre	578	(8.7%)	633	(0.0%)
Sub-total	1,698	(5.5%)	1,796	0.1%
RTD	292	3.7%	282	7.6%
Non-alcohol beverages	26	(9.0%)	28	3.8%
Breakdown of sales	¥ billions		¥ billions	
Beer	272.1	(1.3%)	275.7	1.1%
<i>Happo-shu</i>	143.2	(6.1%)	152.5	(0.9%)
New genre	151.0	(9.1%)	166.2	(0.2%)
Sub-total	566.4	(4.7%)	594.5	0.2%
RTD	80.8	3.5%	78.0	7.4%
Whiskey and Spirits, etc.	37.2	7.6%	34.6	6.4%
Total sales	684.5	(3.2%)	707.2	1.2%

The above sales volume excludes contract manufacturing and exports.

b. Kirin Beverage Group

	Fiscal year ended December 31, 2016		Fiscal year ended December 31, 2015	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Category	10,000 cases		10,000 cases	
Black tea	5,264	9.5%	4,808	1.5%
Japanese tea	2,877	40.1%	2,053	6.4%
Coffee	3,234	3.4%	3,129	6.1%
Fruit and vegetable juice	2,731	3.5%	2,639	10.9%
Carbonated beverage	2,312	(4.4%)	2,418	54.1%
Functional beverage	902	18.5%	761	11.6%
Water	4,168	6.8%	3,902	15.2%
Other	2,008	(0.5%)	2,018	(4.1%)
Total	23,496	8.1%	21,728	10.1%
Container Type				
Can	4,169	6.4%	3,920	8.8%
Large-sized PET bottles (2L, 1.5L, etc.)	7,617	9.3%	6,970	14.4%
Small-sized PET bottles (500ml, 280ml, etc.)	9,320	8.8%	8,570	7.6%
Other	2,390	5.4%	2,268	8.9%
Total	23,496	8.1%	21,728	10.1%

**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

February 13, 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, Forecast	Fiscal year ended December 31, 2016, Actual	Increase (decrease)	
Sales	2,100.0	2,075.0	24.9	1.2%
Operating income	143.0	141.8	1.1	0.8%
Non-operating income and expenses	1.0	(1.2)	2.2	—
Financial profit or loss, net	(9.0)	(7.8)	(1.1)	—
Equity in earnings or losses of affiliates	14.5	11.8	2.6	22.4%
Ordinary income	144.0	140.6	3.3	2.4%
Special income and expenses	(14.0)	40.0	(54.0)	—
Income before income taxes and minority interests	130.0	180.7	(50.7)	(28.1%)
Income taxes	46.0	47.0	(1.0)	(2.3%)
Net income attributable to non-controlling interests	16.0	15.5	0.4	3.2%
Net income attributable to owners of the parent	68.0	118.1	(50.1)	(42.4%)
ROE (Prior to amortization of goodwill etc.)	13.9%	21.9%		
Normalized EPS	¥126	¥125	¥1	0.8%
Sales (Excluding liquor tax)	1,796.0	1,779.0	16.9	1.0%
Operating income (Prior to amortization of goodwill etc.)	170.5	169.9	0.6	0.4%
Operating income ratio (Excluding liquor tax, prior to amortization of goodwill etc.)	9.5%	9.6%		
Normalized EBITDA	256.0	253.0	2.9	1.2%
EPS (Prior to amortization of goodwill etc.)	¥116	¥172	(¥56)	(32.6%)
Net interest-bearing debt / Normalized EBITDA	2.01	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, Forecast	Fiscal year ended December 31, 2016, Actual
Lion (AUD)	82.00	82.33
Brasil Kirin (BRL)	35.00	31.83
Myanmar Brewery (MMK('000))	85.00	90.62

	Fiscal year ending December 31, 2017, 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, Forecast	Fiscal year ended December 31, 2016, Actual	Increase (decrease)	
Sales	2,100.0	2,075.0	24.9	1.2%
Japan Integrated Beverages	1,170.0	1,153.2	16.7	1.5%
Kirin Brewery	706.1	684.5	21.6	3.2%
Kirin Beverage	349.7	354.6	(4.9)	(1.4%)
Mercian	66.1	66.3	(0.2)	(0.3%)
Other and elimination	47.9	47.7	0.2	0.6%
Overseas Integrated Beverages	570.0	561.4	8.5	1.5%
Lion	349.8	372.6	(22.8)	(6.1%)
Brasil Kirin	149.8	117.9	31.9	27.0%
Myanmar Brewery	24.3	22.4	1.8	8.5%
Other and elimination	45.9	48.3	(2.4)	(5.0%)
Pharmaceuticals and Bio-chemicals	336.0	335.7	0.2	0.1%
Kyowa Hakko Kirin	344.0	343.0	0.9	0.3%
Pharmaceutical	263.0	262.5	0.4	0.2%
Bio-chemical	81.0	80.5	0.4	0.6%
Other and elimination	(8.0)	(7.2)	(0.7)	—
Other	24.0	24.6	(0.6)	(2.6%)

(Reference) Sales excluding liquor tax

(¥ billions)

	Fiscal year ending December 31, 2017, Forecast	Fiscal year ended December 31, 2016, Actual
Kirin Brewery	416.6	402.2

3. Profit Details

Operating Income

(¥ billions)

	Fiscal year ending December 31, 2017, Forecast	Fiscal year ended December 31, 2016, Actual	Increase (decrease)
Operating income	143.0	141.8	1.1
Japan Integrated Beverages	67.5	67.2	0.2
Kirin Brewery	72.1	69.8	2.2
Kirin Beverage	18.0	17.2	0.7
Mercian	2.2	3.6	(1.3)
Others *	(24.9)	(23.5)	(1.3)
Overseas Integrated Beverages	42.0	43.3	(1.3)
Lion (consolidated after reclassification)	51.2	56.7	(5.4)
Amortization of goodwill	(10.6)	(10.7)	0.0
Brand amortization	(3.1)	(3.1)	0.0
Total	37.4	42.8	(5.3)
Brasil Kirin (consolidated after reclassification)	(4.3)	(8.3)	4.0
Brand amortization	(0.7)	(0.7)	(0.0)
Total	(5.1)	(9.0)	3.9
Myanmar Brewery (consolidated after reclassification)	8.8	8.8	(0.0)
Amortization of goodwill	(1.6)	(1.7)	0.1
Brand amortization	(1.5)	(1.6)	0.1
Total	5.6	5.4	0.2
Others	4.0	4.1	(0.0)
Pharmaceuticals and Bio-chemicals	38.0	34.7	3.2
Kyowa Hakko Kirin (consolidated after reclassification)	38.0	34.7	3.2
Pharmaceutical	29.0	26.3	2.6
Bio-chemical	6.0	5.3	0.6
Other/elimination of amortization of goodwill	9.1	9.2	(0.1)
Amortization of goodwill	(6.1)	(6.1)	—
Other	3.0	3.3	(0.3)
Corporate expenses/inter-segment eliminations	(7.5)	(6.7)	(0.7)

* 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	7.2	Sales increase in beer 31 thousand KL, 4.0 Sales decrease in <i>happo-shu</i> (9) thousand KL, (1.0) Sales increase in new genre 10 thousand KL, 1.2 Sales increase in RTD 19 thousand KL, 1.8 , etc.
	Decrease in raw material cost of alcohol beverages	0.8	Decrease in material cost
	Selling expenses	0.0	Sales promotion and advertising 0.0 (Total 96.3→96.3)
	Increase in other expenses	(5.8)	Increase in depreciation, increase in electric cost and fuel cost, etc.
Total		2.2	
Kirin Beverage	Increase in marginal profit of soft drink beverages	3.2	Increase in sales volume 170 thousand cases, 0.1 Difference of change in products mix and in composition ratio of containers, etc. 3.1
	Decrease in raw material cost, etc.	0.5	Decrease in wrapping material cost 0.5
	Increase in selling expenses	(1.6)	Increase in sales promotion (1.3), Increase in advertising (0.3) (Total 39.6→41.3)
	Increase in other expenses	(1.3)	Increase in depreciation of sales equipment and increase in communication expense etc.
Total		0.7	

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	26.6	24.3	22.0	1.1	0.1	74.3
Amortization of brands	—	5.6	—	—	—	5.6
Amortization of goodwill	0.1	12.2	9.5	—	—	21.9
Purchase of property, plant and equipment and intangible assets	30.0	38.0	20.0	2.0	—	90.0
Normalized EBITDA	94.3	95.3	69.5	4.1	(7.3)	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	10.6	98.1	9	3.1	22.9	1~15	13.8
	Kyowa Hakko Kirin	2007	6.1	62.9	11	—	—	—	6.1
	Brasil Kirin	2011	—	—	—	0.7	10.7	14	0.7
	Myanmar Brewery	2015	1.6	24.7	15	1.5	23.6	15	3.2
	Other		3.4	29.2	—	0.1	1.6	—	3.6
	Consolidated subsidiaries total		21.9	215.1		5.6	59.0		27.5
Equity method	San Miguel Brewery	2009	6.0	69.4	12	2.0	23.8	12	8.0
	China Resources Kirin Beverages	2011	2.0	28.7	14	—	—	—	2.0
	Equity-method affiliates total		8.0	98.2		2.0	23.8		10.1
Total			30.0	313.4		7.7	82.9		37.7

*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	680	4.8%	648	(1.8%)
Happo-shu	462	(1.9%)	470	(6.2%)
New genre	588	1.7%	578	(8.7%)
Sub-total	1,730	1.9%	1,698	(5.5%)
RTD	311	6.2%	292	3.7%
Non-alcohol beverages	35	33.4%	26	(9.0%)
Breakdown of sales	¥ billions		¥ billions	
Beer	286.0	5.1%	272.1	(1.3%)
Happo-shu	140.4	(2.0%)	143.2	(6.1%)
New genre	153.6	1.7%	151.0	(9.1%)
Sub-total	580.1	2.4%	566.4	(4.7%)
RTD	85.4	5.7%	80.8	3.5%
Whiskey and Spirits, etc.	40.5	9.0%	37.2	7.6%
Total sales	706.1	3.2%	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	5,300	0.7%	5,264	9.5%
Japanese tea	3,100	7.8%	2,877	40.1%
Coffee	3,330	3.0%	3,234	3.4%
Fruit and vegetable juice	2,620	(4.1%)	2,731	3.5%
Carbonated beverage	2,040	(11.8%)	2,312	(4.4%)
Functional beverage	1,080	19.7%	902	18.5%
Water	4,040	(3.1%)	4,168	6.8%
Other	1,840	(0.2%)	1,844	(8.6%)
Total	23,350	0.1%	23,332	7.4%
Container Type				
Can	4,158	(0.3%)	4,169	6.4%
Large-sized PET bottles (2L, 1.5L, etc.)	7,285	(4.4%)	7,617	9.3%
Small-sized PET bottles (500ml, 280ml, etc.)	9,629	3.3%	9,320	8.8%
Other	2,278	2.3%	2,226	(1.9%)
Total	23,350	0.1%	23,332	7.4%