

Kirin Group Financial Results for the Second Quarter of 2014

August 6, 2014

Kirin Holdings Company, Limited

<First-Half Review>

- Operating income is progressing generally in accordance with initial forecasts due to solid performance in the Australian alcohol beverages business
- In Japan and Brazil, sales volume has not achieved forecasts
(Japan) Due to lagging behind in capturing demand following the consumption tax rate hike, there has been a decline in beer sales volume
(Brazil) Although customer touchpoints have expanded in low presence areas, sales in base areas declined due to intensified competition
- As part of measures for improving capital efficiency and shareholder return, an own-share repurchase of approximately 16 million shares was implemented

<Second-Half Objectives>

- Based on the state of sales in the first-half, full year forecasts for Japan and Brazil have been revised down. However, the decrease will be covered by the Australian alcohol beverages business and Pharmaceuticals and Bio-chemicals Businesses, and we will aim to achieve the initial forecast profits.
- To achieve full year forecast, initiatives to deal with various business issues will be further accelerated
(Japan) Strengthening of core brands including *Ichiban Shibori*
(Brasil Kirin) Strengthening of main brands, and expanding customer touchpoints in low presence areas
(Lion) Implementation of turnaround plan for the soft drinks business towards the realization of sustained growth
- We will work to steadily increase normalized EPS and enhance shareholder returns through achieving forecast profits

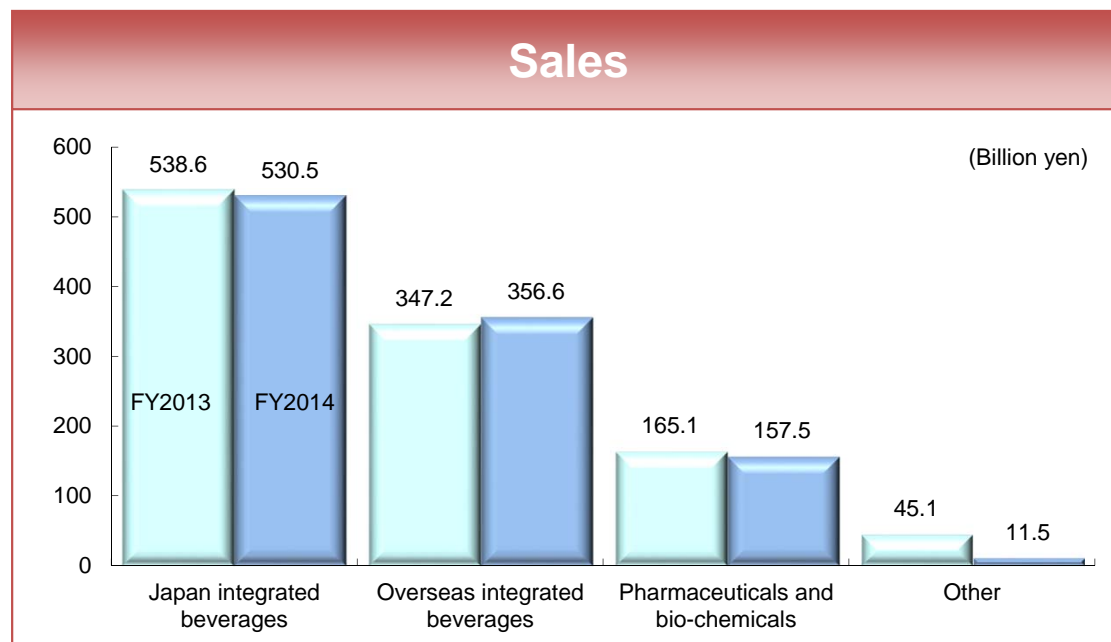
First Half Performance

Operating income progressed generally in accordance with initial forecasts due to solid performance in the Australian alcohol beverages business

| (Billion yen) | FY2014 1H Results | FY2014 1H Initial forecast | FY2013 1H Results | YoY change | |
|------------------|----------------------|----------------------------------|----------------------|------------|---------|
| Sales | 1,056.2 | 1,100.0 | 1,096.2 | (39.9) | (3.6%) |
| Operating income | 50.2 | 47.0 | 60.4 | (10.1) | (16.8%) |
| Ordinary income | 45.1 | — | 55.7 | (10.6) | (19.0%) |
| Net income | 14.0 | — | *59.6 | (45.6) | (76.5%) |

* Extraordinary income of ¥46.2 billion was reported in conjunction with the sale of Fraser & Neave shares.

First Half Performance (overview by segment)

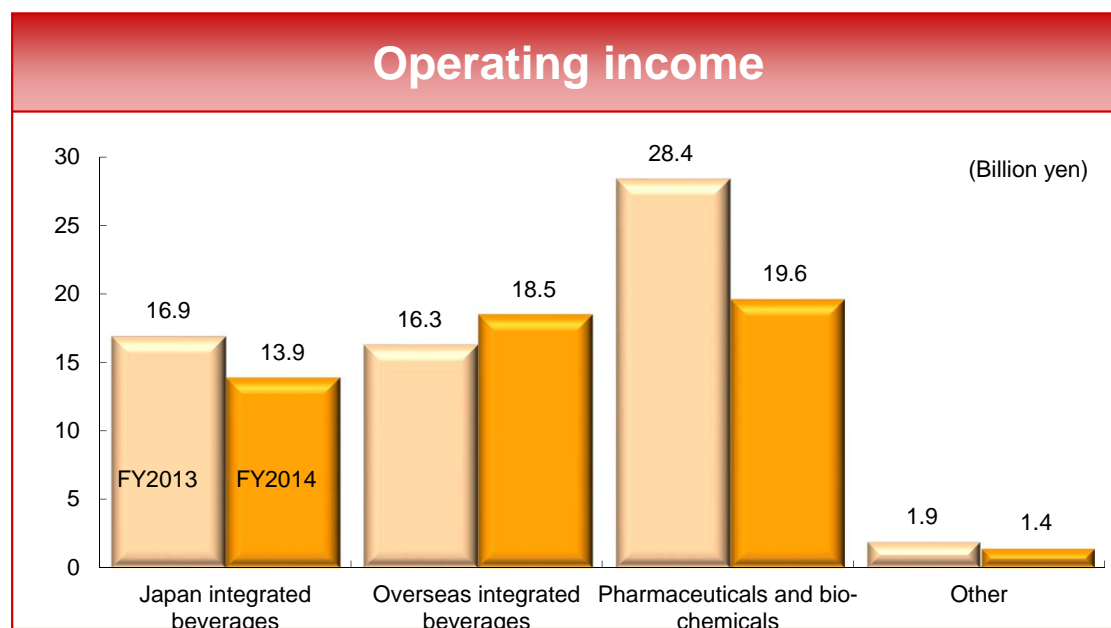


◆ **Japan integrated beverages**
(Decreased sales and operating income)

- Decline in beer sales volume
- Worsening of soft drinks product mix

◆ **Overseas integrated beverages**
(Increased sales and operating income)

- Solid performance in the Australian alcohol beverages business
- Rise in unit sale prices in Brazil



◆ **Pharmaceuticals and bio-chemicals**
(Decreased sales and operating income)

- Effects of the drug price revision
- Decrease in technology licensing revenues

◆ **Others**
(Decreased sales and operating income)

- Kirin Kyowa Foods was removed from the scope of consolidation.

Full Year Forecast (Revised)

Working to steadily increase normalized EPS and enhance shareholder return through achieving of forecast profits

| (Billion yen) | FY2014 | Initial forecast | Difference from initial forecast | YoY change | |
|------------------|---------|------------------|----------------------------------|------------|---------|
| Sales | 2,260.0 | 2,290.0 | (30.0) | +5.4 | +0.2% |
| Operating income | 140.0 | 140.0 | — | (2.8) | (2.0%) |
| Ordinary income | 122.0 | 122.0 | — | (10.1) | (7.7%) |
| Net income | 49.0 | 49.0 | — | (36.6) | (42.8%) |

(Quantitative targets)

| | FY2014 | FY2013 | CAGR | Quantitative targets of Medium-term Business Plan |
|-------------------|--------------|--------------|--------|---|
| Normalized EBITDA | 297.0 bn yen | 307.3 bn yen | (1.7%) | Mid single-digit CAGR |
| Normalized EPS | 131 yen | 117 yen | +5.8% | High single-digit CAGR |

Full Year Forecast (breakdown of operating income)

Based on the state of sales in the first-half, full year forecasts for Japan and Brazil have been revised down. However, the decrease will be covered by the Australian alcohol beverages business and Pharmaceuticals and Bio-chemicals Businesses, and we are aiming to achieve the initially-forecast operating income of 140 billion yen.

| (Billion yen) | Full year forecast | Initial forecast | Difference from initial forecast |
|----------------------------|--------------------|------------------|----------------------------------|
| Japan integrated beverages | 61.5 | 63.5 | (2.0) |
| Lion | 26.7 | 25.1 | +1.6 |
| Brasil Kirin | 7.0 | 11.9 | (4.9) |
| Kyowa Hakko Kirin | 48.0 | 44.0 | +4.0 |
| Corporate and eliminations | (3.3) | (4.5) | (1.2) |
| Total | 140.0 | 140.0 | — |

FY2014 1H: Japan Integrated Beverages

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| (Billion yen) | 1H Results | YoY change | Full year forecast (Revised) | YoY change | Initial forecast | Difference from initial forecast |
|------------------|------------|------------|------------------------------|------------|------------------|----------------------------------|
| Sales | 530.5 | (1.5%) | 1,189.0 | +0.7% | 1,210.0 | (21.0) |
| Kirin Brewery | 317.7 | (4.8%) | 714.3 | (2.0%) | 729.0 | (14.6) |
| Kirin Beverage | 161.4 | +1.1% | 365.2 | +3.3% | 372.7 | (7.5) |
| Mercian | 32.4 | +3.9% | 70.6 | +5.3% | 71.0 | (0.4) |
| Operating income | 13.9 | (18.1%) | 61.5 | (1.0%) | 63.5 | (2.0) |
| Kirin Brewery | 13.7 | (18.1%) | 50.9 | (1.7%) | 54.3 | (3.4) |
| Kirin Beverage | (4.9) | — | 1.1 | (35.3%) | 2.8 | (1.7) |
| Mercian | (0.2) | — | 1.2 | +227.2% | 1.2 | — |

<First-Half Review>

● Sales and operating income decreased: There has been a decline in beer sales due to lagging behind in capturing demand following the consumption tax rate hike

- Sales volume of *Ichiban Shibori*, the most important brand, increased in the home consumption market (cans) due to expanded customer touchpoints (although down 0.4% year-on-year as a whole). Issues are stabilization of recovery trend, and strengthening of the on-premises consumption market
- The decrease in sales volume of *Nodogoshi Nama* continued. (down 3.0% year-on-year) Issues are improvement of exposure in stores and sales promotion measures
- Sales of RTDs, “*Hyoketsu*” and other brands, were solid (up 15.1% year-on-year)

<Second-Half Objectives>

● Based on sales volumes in the first-half, full year forecast has been revised down. We are aiming to achieve full year forecast by driving second-half sales activities and making cost reductions exceeding initial targets. At the same time, we will pursue consistent brand strengthening from a long term perspective for sustained growth from the next fiscal year

- Further strengthen sales of *Ichiban Shibori*, *Tanrei Green Label* and *Nodogoshi Nama* and other core brands
- Accelerate promotion of *Sekai no Kitchen* and *Mets Cola*, aiming for early improvement in beverages profitability

Japan Integrated Beverages: Top priority issue - strengthening of *Ichiban Shibori* brand

◆Increase brand presence through expansion of customer touchpoints

<Gift>

Solid Sales of Premium Kirin Ichiban

- Revising sales targets upward to approximately twofold during the summer gift-giving season
- Aiming at further expansion of presence during the year-end gift-giving season



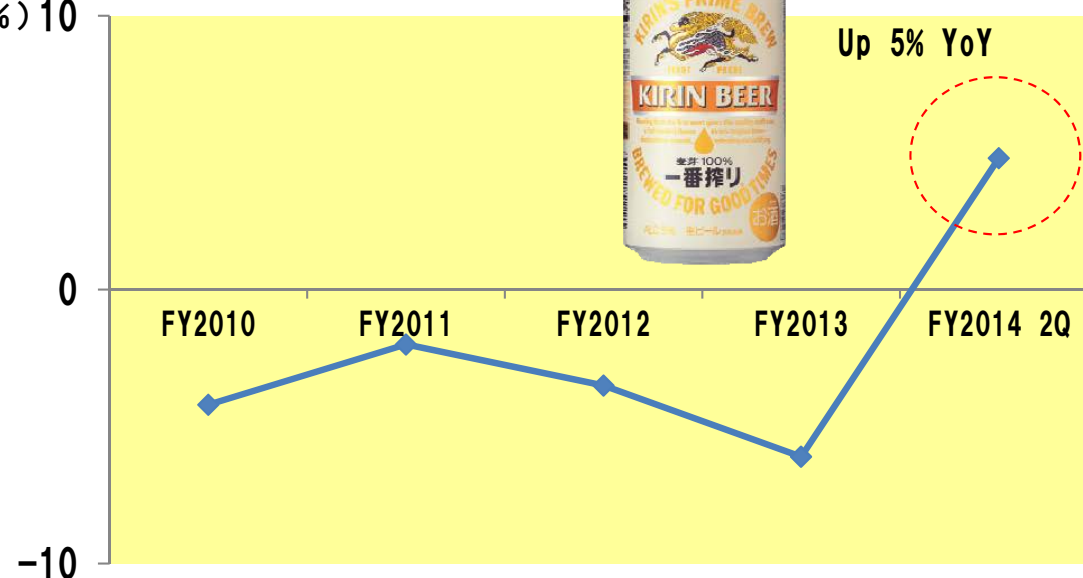
<Concept shop>

Opening in Tokyo, Osaka, Sendai and Fukuoka



<Ichiban Shibori (cans) YoY changes>

(%) 10



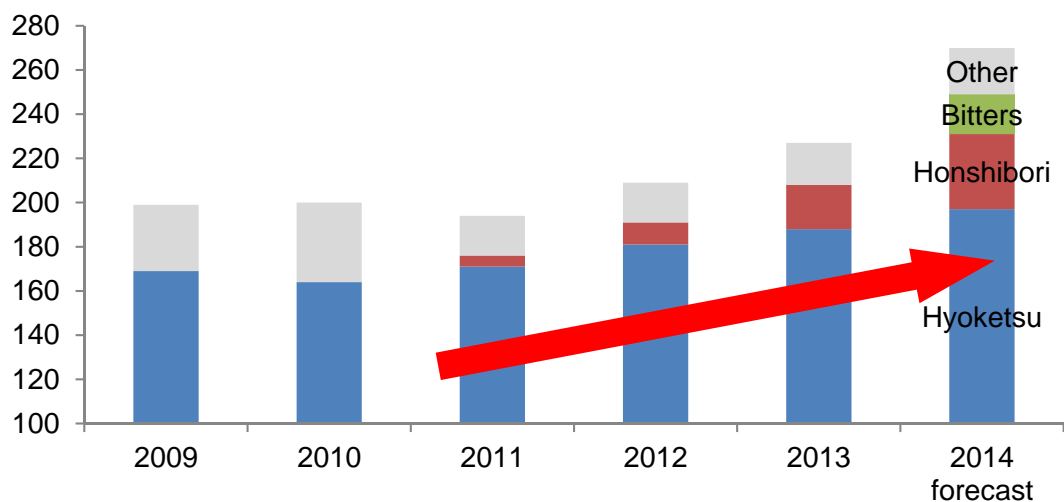
Enhancing initiatives in second-half “*Ichiban Shibori Toretate Hop Beer*”



- To be launched on October 28
- Sales target: 8,500KL (up 3.8% YoY)

Japan Integrated Beverages: Initiatives in a growth market

◆ Creation of a strong brand portfolio in the expanding RTD market



Limited edition “Hyoketsu” using Japanese *nashi* pears juice from Fukushima to be launched nationwide (Nov.)

◆ Strengthening high-value products

SPRING VALLEY BREWERY project, start up ~Creation of a new beer culture~

- SPRING VALLEY BREWERY brand
Initiative of making innovative craft beer in coexistence with nature
- ★ Limited test sales of trial products (late September)
- Establishment of new micro brewery and provision of beer experience in attached stores
- Creation of new community and network



Solidly performing
“Grand Kirin”

Expanding development of Hard Cidre

Steady expansion of sales outlets
Launched on bottle in September with solid sales



Japan Integrated Beverages: Wine and soft drink topics

◆ Wine sales were solid (up 5% year-on-year)

- Solid sales volume of low price wines including “Oishii Sanka Boushizai Mutenka Wine”
- Development of new product, “Franzia” Wine Frozen



Concept shop

“Château Mercian Tokyo Guest Bar”

- Over 25,000 customers
- Château Mercian sales increased by approx. 10% YoY



◆ Solid sales of core brand, “Sekai no Kitchen”

Further expansion of product line in second-half



| (Billion yen) | 1H Results | YoY change | Full year forecast (Revised) | YoY change | Initial forecast | Difference from initial forecast |
|---|------------|------------|------------------------------|------------|------------------|----------------------------------|
| Sales | 88.3 | +5.1% | 206.2 | +15.7% | 215.9 | (9.6) |
| Operating income prior to amortization of goodwill etc. | 0.2 | +98.1% | 15.4 | +74.5% | 20.1 | (4.7) |
| Operating income | (3.9) | — | 7.0 | >999% | 11.9 | (4.9) |
| EBITDA | 6.5 | (16.6%) | 27.9 | +31.6% | 35.2 | (7.3) |

<First-Half Review>

●Maintained unit sale prices despite intensified sales competition, and increased sales and operating income

- Strengthened main brands and steadily promoted development and expansion to low presence areas
- Sales volumes decreased and forecast sales were not reached due to intensified price competition associated with the FIFA World Cup

<Second-Half Objectives>

●Based on sales volumes in the first-half, full year forecasts have been revised down. However, in anticipation of sustained growth in and after the next fiscal year, we will continue enhancing competitiveness and earning capacity

- Strengthen main brands and continue expanding customer touchpoints in low presence areas
- Increase profitability through optimization of channels, products and measures to respond to area characteristics
- Promote further efficiency in supply chains



Brasil Kirin: Topics

◆ Steady penetration of main brand, new “SCHIN”



Dramatic improvement in visibility through packaging innovation



Expanding development in low presence areas

◆ Expanded sales area of “Fibz”, manufactured by leveraging expertise of *Mets Cola* in Japan

~Marketed in largest market, São Paulo~



◆ Local manufacturing and sale of *Ichiban Shibori* commenced

~Expanded sales mainly in Japanese restaurants~



FY2014 1H: Lion

| (Billion yen) | 1H Results | YoY change | Full year Forecast (Revised) | YoY change | Initial forecast | Difference from initial forecast |
|---|------------|------------|------------------------------|------------|------------------|----------------------------------|
| Sales | 248.3 | +1.5% | 473.5 | +1.1% | 473.5 | 0 |
| Alcohol | 137.8 | +4.8% | 258.8 | +5.7% | 252.1 | +6.6 |
| Soft Drinks | 110.5 | (2.4%) | 214.6 | (3.9%) | 221.4 | (6.7) |
| Operating income prior to amortization of goodwill etc. | 39.0 | +5.3% | 61.9 | (2.3%) | 60.0 | +1.9 |
| Alcohol | 40.2 | +7.9% | 69.0 | +4.0% | 68.2 | +0.7 |
| Soft Drinks | 2.8 | (30.2%) | 3.4 | (53.6%) | 3.3 | +0 |
| Corporate | (4.1) | — | (10.4) | — | (11.6) | +1.1 |
| Operating Income | 21.6 | +8.4% | 26.7 | (7.0%) | 25.1 | +1.6 |

<First-Half Review>

● Lion's total sales and operating income increased due to solid performance in Australian alcohol beverages business

- Solid sales of high-priced products such as craft beers and imported premium beers continued
- Also solid sales of top Australian beer brand, XXXX Gold

<Second-Half Objectives>

● Steady achievement of full year forecasts

- Steady achievement of initial forecasts in alcohol beverages and soft drinks businesses and reduction of corporate expenses
- Implementation of turnaround plan for the soft drinks business towards the realization of sustained growth



FY2014 1H: Pharmaceuticals and Bio-chemicals

| (Billion yen) | 1H Results | YoY change | Full year forecast (Revised) | YoY change | Initial forecast | Difference from full-year forecast |
|------------------|------------|------------|------------------------------|------------|------------------|------------------------------------|
| Sales | 157.5 | (4.6%) | 328.0 | (1.0%) | 326.0 | +2.0 |
| Pharmaceuticals | 118.9 | (7.9%) | 251.0 | (3.3%) | 248.2 | +2.8 |
| Bio-chemicals | 42.9 | +6.0% | 86.0 | +6.1% | 88.8 | (2.8) |
| Operating Income | 19.6 | (30.8%) | 48.0 | (11.7%) | 44.0 | +4.0 |
| Pharmaceuticals | 14.1 | (41.2%) | 37.0 | (19.8%) | 33.0 | +4.0 |
| Bio-chemicals | 4.2 | +36.0% | 8.0 | +41.1% | 8.0 | — |
| Other | 1.2 | +4.5% | 3.0 | +18.4% | 3.0 | — |

<First-Half Review>

- In the Pharmaceuticals business, sales and operating income declined due to effects of the drug price revision and decrease in technology licensing revenues
- In the Bio-chemicals business, sales and operating income increased due to expansion of generic APIs and other products

<Second-Half Objectives>

- Full year forecast has been revised up due mainly to lower impact of the drug price revision than anticipated at time of initial forecast and reduction of SG&A expenses

- In this fiscal year, we will aim to achieve the initial forecast profits with downwards revisions in Japan and Brazil covered by the Australian alcohol beverages business and Pharmaceuticals and Bio-chemicals Businesses.
- In the first-half of the Medium-term Plan, although initiatives were steadily promoted for priority issues, including fostering of strong brands, forecast sales volumes were not reached in Japan and Brazil, and profits declined in the Australian soft drinks business, causing divergence from the pace of growth anticipated in the Medium-term Plan.
- Based on this present state, from mid-long term perspective, we are now formulating new plans for sustained growth in the second-half of the Medium-term Plan and from 2016. New plans shall be reflected in 2015 Plan.
- Efforts shall continue to improve capital efficiency and enhance shareholder return

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Financial Results for the Second Quarter and Revised Forecast for 2014

FY2014 1H: Summary of Statements of Income, Indices, etc.

| (Billion yen) | Six months ended June 30, 2014, Actual | Six months ended June 30, 2013, Actual | Increase (decrease) | |
|---|--|--|---------------------|---------|
| Sales | 1,056.2 | 1,096.2 | (39.9) | (3.6%) |
| Gross profit | 451.7 | 466.3 | (14.5) | (3.1%) |
| Selling, general and administrative expenses | 401.4 | 405.8 | (4.4) | (1.1%) |
| Operating income | 50.2 | 60.4 | (10.1) | (16.8%) |
| Non-operating income | 9.9 | 8.7 | 1.1 | 13.2% |
| Non-operating expenses | 15.0 | 13.4 | 1.6 | 11.9% |
| Ordinary income | 45.1 | 55.7 | (10.6) | (19.0%) |
| Special income | 1.6 | 63.4 | (61.8) | (97.4%) |
| Special expenses | 6.9 | 18.2 | (11.3) | (61.9%) |
| Income before income taxes and minority interests | 39.7 | 100.9 | (61.1) | (60.6%) |
| Income taxes | 18.8 | 30.7 | (11.9) | (38.9%) |
| Minority interests | 6.9 | 10.4 | (3.5) | (33.8%) |
| Net income | 14.0 | 59.6 | (45.6) | (76.5%) |

| | | | | |
|-------------------|-------|-------|--------|--------|
| Normalized EBITDA | 126.5 | 138.8 | (12.3) | (8.9%) |
| Normalized EPS | 54yen | 51yen | 3yen | 5.9% |

| | | | | |
|---|-------|-------|--------|---------|
| Sales (Excluding liquor tax) | 920.0 | 955.4 | (35.4) | (3.7%) |
| Operating income (Prior to amortization of goodwill etc.) | 78.1 | 88.1 | (10.0) | (11.4%) |
| Operating income ratio (Excluding liquor tax, prior to amortization of goodwill etc.) | 8.5% | 9.2% | | |

FY2014 1H: Japan Integrated Beverages Business

| (Billion yen) | Six months ended June 30, 2014, Actual | Six months ended June 30, 2013, Actual | Increase (decrease) | |
|--------------------------|--|--|---------------------|---------|
| Sales | 530.5 | 538.6 | (8.0) | (1.5%) |
| Kirin Brewery | 317.7 | 333.6 | (15.9) | (4.8%) |
| Kirin Beverage | 161.4 | 159.7 | 1.7 | 1.1% |
| Mercian | 32.4 | 31.2 | 1.2 | 3.9% |
| Other and elimination | 18.8 | 14.0 | 4.8 | 34.2% |
| Operating income | 13.9 | 16.9 | (3.0) | (18.1%) |
| Kirin Brewery | 13.7 | 16.8 | (3.0) | (18.1%) |
| Kirin Beverage | (3.9) | (3.7) | (0.2) | - |
| Amortization of goodwill | (0.9) | (0.9) | - | - |
| Total | (4.9) | (4.7) | (0.2) | - |
| Mercian | (0.2) | 0.0 | (0.3) | - |
| Others | 5.3 | 4.7 | 0.5 | 11.2% |

| | | Six months ended June 30, 2014, Actual | Six months ended June 30, 2013, Actual | Increase (decrease) |
|-----------------------|--------------|--|--|------------------------|
| Beer | Thousand KL | 289 | 299 | (3.2%) |
| Happo-shu | Thousand KL | 230 | 247 | (6.9%) |
| New genre | Thousand KL | 304 | 335 | (9.2%) |
| Sub-total | | 824 | 881 | (6.5%) |
| RTD | Thousand KL | 116 | 101 | 15.1% |
| Non-alcohol beverages | Thousand KL | 13 | 18 | (26.6%) |
| Soft drinks | 10,000 cases | 9,255 | 9,084 | 2% |

FY2014 1H: Japan Integrated Beverages - Income Breakdown

(Billion yen)

| Company name | Major factors | Increase (decrease) | Description |
|----------------|---|------------------------|--|
| Kirin Brewery | Decrease in marginal profit of alcohol beverages | (5.8) | Sales decrease in beer(10)thousand KL,(1.4) Sales decrease in <i>happo-shu</i> (17)thousand KL, (1.8) Sales decrease in new genre(31)thousand KL, (3.4) Sales increase in RTD 15 thousand KL, 1.5 Difference of change in products mix, etc. |
| | Decrease in raw material cost of alcohol beverages | 0.3 | Increase in malt cost(0.4),Decrease in wrapping material cost 0.7, etc. |
| | Increase in selling expenses | (0.3) | Increase in sales promotion and advertising(0.4), etc. (Beer, <i>happo-shu</i> and new genre(1.1), RTD(1.3), etc.) |
| | Decrease in other expenses | 2.8 | Decrease in depreciation 1.5, labor cost 1.2, etc. |
| | Total | (3.0) | |
| Kirin Beverage | Difference in volume of sales | 1.8 | Increase in sales volume 1.71 million cases |
| | Decrease in raw material cost, etc. | 0.0 | Increase in material cost (0.4), Decrease in wrapping material cost 0.8, etc. |
| | Decrease due in change of composition ratio of containers, etc. | (2.9) | |
| | Decrease in selling expenses | 0.9 | Decrease in sales promotion and advertising 0.9 |
| | Other expenses | 0.0 | Increase in management fees (0.3), etc. |
| | Total | (0.2) | |

FY2014 1H: Overseas Integrated Beverages - Lion

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| | | FY2014 1H | | FY2013 1H | | YoY change | | YoY change (%) | |
|-------------------------------------|-------------|-----------|---------|-----------|---------|------------|---------|----------------|-----------|
| | | Bn JPY | Mil AUD | Bn JPY | Mil AUD | Bn JPY | Mil AUD | JPY Basis | AUD Basis |
| Sales | Alcohol | 137.8 | 1,484 | 131.5 | 1,445 | 6.3 | 38 | 4.8% | 2.7% |
| | Soft Drinks | 110.5 | 1,189 | 113.2 | 1,243 | (2.6) | (54) | (2.4%) | (4.3%) |
| | | 248.3 | 2,674 | 244.7 | 2,689 | 3.6 | (15) | 1.5% | (0.6%) |
| Operating Income | Alcohol | 40.2 | 433 | 37.3 | 409 | 2.9 | 23 | 7.9% | 5.7% |
| | Soft Drinks | 2.8 | 31 | 4.1 | 45 | (1.2) | (14) | (30.2%) | (31.6%) |
| | Corporate | (4.1) | (44) | (4.3) | (48) | 0.2 | 3 | | |
| Operating Income | | 39.0 | 420 | 37.0 | 407 | 1.9 | 13 | 5.3% | 3.2% |
| Goodwill Amortization | | (15.3) | (165) | (15.0) | (164) | (0.3) | (0) | | |
| Brand Amortization | | (2.0) | (21) | (2.0) | (22) | 0.0 | 1 | | |
| Operating Income After Amortization | | 21.6 | 233 | 19.9 | 219 | 1.6 | 13 | 8.4% | 6.2% |

Consolidated period: Oct. 2013 - Mar. 2014 Currency exchange rate: 92.88 yen (Oct. 2012 - Mar. 2013: 91.01 yen)

| Alcohol | Change in Operating Income (Mil AUD) | Soft Drinks |
|---------|--------------------------------------|-------------|
| 409 | FY2013 1H | 45 |
| (13) | Change in Sales Volume | (9) |
| 37 | Others | (5) |
| 433 | FY2014 1H | 31 |

| | Sales Volume (YoY change) |
|-------------|---------------------------|
| Alcohol | (2.5%) |
| Soft Drinks | (3.2%) |

FY2014 1H: Overseas Integrated Beverages - Brasil Kirin



| | FY2014 1H | | FY2013 1H | | YoY change | | YoY change (%) | |
|-------------------------------------|-----------|---------|-----------|---------|------------|---------|----------------|-----------|
| | Bn JPY | Mil BRL | Bn JPY | Mil BRL | Bn JPY | Mil BRL | JPY basis | BRL basis |
| Sales | 88.3 | 1,970 | 84.0 | 1,798 | 4.3 | 172 | 5.1% | 9.6% |
| Operating Income | 0.2 | 6 | 0.1 | 3 | 0.1 | 3 | 98.1% | 106.4% |
| Goodwill Amortization | (2.6) | (59) | (2.7) | (59) | 0.1 | - | | |
| Brand Amortization | (1.5) | (34) | (1.6) | (34) | 0.0 | - | | |
| Operating Income After Amortization | (3.9) | (87) | (4.2) | (91) | 0.3 | 3 | - | - |
| EBITDA | 6.5 | 146 | 7.8 | 167 | (1.3) | (21) | (16.6%) | (12.6%) |

Consolidated period: Jan. – Jun. 2014 Currency exchange rate: 44.82 yen (Jan.-Jun. 2013: 46.72 yen)

| | Sales volume (YoY change) |
|-------------|------------------------------|
| Beer | (2.8%) |
| Soft drinks | (4.0%) |
| Total | (3.2%) |

* Reference: Market (SICOBÉ)

Beer: +11.5%

Soft drinks: + 1.2%

- Increase in gross income (+\$R113MM): Higher manufacturing costs were covered through higher unit prices resulted from an increase in sales prices and increased efficiency in the supply chain.
- Increase in selling expenses and general and administrative expenses (- \$R110MM):
 - (1) Strategic brand investment to maximize sales volume during the peak season
 - (2) Respond to aggressive low-pricing strategies from competition

FY2014 1H: Pharmaceuticals and Bio-chemicals / Others

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(1) Pharmaceuticals and Bio-chemicals

| (Billion yen) | Six months ended June 30, 2014, Actual | Six months ended June 30, 2013, Actual | Increase (decrease) | |
|--|--|--|---------------------|---------|
| Sales | 157.5 | 165.1 | (7.6) | (4.6%) |
| Kyowa Hakko Kirin | 161.8 | 169.7 | (7.8) | (4.6%) |
| Pharmaceutical | 118.9 | 129.2 | (10.2) | (7.9%) |
| Bio-chemical | 42.9 | 40.5 | 2.4 | 6.0% |
| Other and elimination | (4.3) | (4.5) | 0.1 | - |
| Operating income | 19.6 | 28.4 | (8.7) | (30.8%) |
| Kyowa Hakko Kirin (consolidated after reclassification) | 19.6 | 28.4 | (8.7) | (30.8%) |
| Pharmaceutical | 14.1 | 24.1 | (9.9) | (41.2%) |
| Bio-chemical | 4.2 | 3.1 | 1.1 | 36.0% |
| Other/elimination of amortization of goodwill | 4.3 | 4.3 | 0.0 | 1.3% |
| Amortization of goodwill | (3.1) | (3.1) | - | - |

(2) Other

| (Billion yen) | Six months ended June 30, 2014, Actual | Six months ended June 30, 2013, Actual | Increase (decrease) | |
|------------------|--|--|---------------------|---------|
| Sales | 11.5 | 45.1 | (33.5) | (74.4%) |
| Operating income | 1.4 | 1.9 | (0.4) | (0.6%) |

(3) Corporate expenses/inter-segment eliminations

| (Billion yen) | Six months ended June 30, 2014, Actual | Six months ended June 30, 2013, Actual | Increase (decrease) | |
|------------------|--|--|---------------------|---|
| Operating income | (3.3) | (3.3) | 0.0 | - |

| (Billion yen) | Six months ended June 30, 2014, Actual | Six months ended June 30, 2013, Actual | Increase (decrease) |
|--|--|--|------------------------|
| Operating income | 50.2 | 60.4 | (10.1) |
| Non-operating income and expenses | (5.1) | (4.7) | (0.4) |
| Financial profit or loss, net | (6.8) | (6.9) | 0.1 |
| Equity in earnings or losses of affiliates | 2.8 | 0.9 | 1.9 |
| San Miguel Brewery | 2.8 | 4.4 | (1.5) |
| Others | 0.0 | (3.4) | 3.4 |
| Foreign currency translation gain or loss | (0.7) | 0.3 | (1.1) |
| Other | (0.5) | 0.8 | (1.3) |
| Ordinary income | 45.1 | 55.7 | (10.6) |

FY2014 1H: Special Income/Expenses and Net Income

| (Billion yen) | Six months ended June 30, 2014, Actual | Six months ended June 30, 2013, Actual | Increase (decrease) |
|--|---|---|---------------------|
| Ordinary income | 45.1 | 55.7 | (10.6) |
| Special income and expenses | (5.3) | 45.2 | (50.5) |
| Special income | 1.6 | 63.4 | (61.8) |
| Gain on sale of property, plant and equipment and intangible assets | 1.0 | 15.8 | (14.7) |
| Gain on sale of investment securities | 0.1 | 46.9 | (46.8) |
| Others | 0.4 | 0.7 | (0.2) |
| Special expenses | (6.9) | (18.2) | 11.3 |
| Loss on disposal of property, plant and equipment and intangible assets | (1.3) | (1.4) | 0.1 |
| Loss on sale of property, plant and equipment and intangible assets | (0.3) | (0.8) | 0.5 |
| Loss on impairment | - | (0.2) | 0.2 |
| Loss on devaluation of investment securities | (0.0) | (0.0) | (0.0) |
| Loss on sale of investment securities | (0.0) | (0.0) | (0.0) |
| Business restructuring expense | (4.1) | (3.2) | (0.8) |
| Loss on applying special taxation measures of foreign subsidiaries | - | (8.8) | 8.8 |
| Other | (1.1) | (3.6) | 2.5 |
| Income taxes | (18.8) | (30.7) | 11.9 |
| Minority interests | (6.9) | (10.4) | 3.5 |
| Net income | 14.0 | 59.6 | (45.6) |

FY2014 Full Year Forecast (Revised)

| (Billion yen) | Fiscal year ending December 31, 2014, Forecast (Revised) | Fiscal year ended December 31, 2013, Actual | Increase (decrease) | | Fiscal year ending December 31, 2014, Forecast (Initial) | Increase (decrease) |
|---|---|---|---------------------|----------|---|------------------------|
| Sales | 2,260.0 | 2,254.5 | 5.4 | 0.2% | 2,290.0 | (30.0) |
| Operating income | 140.0 | 142.8 | (2.8) | (2.0%) | 140.0 | - |
| Non-operating income and expenses | (18.0) | (10.6) | (7.3) | - | (18.0) | - |
| Financial profit or loss, net | (14.9) | (14.2) | (0.7) | - | (14.4) | (0.5) |
| Equity in earnings or losses of affiliates | 0.1 | 1.6 | (1.4) | (89.8%) | (3.0) | 3.1 |
| Ordinary income | 122.0 | 132.1 | (10.1) | (7.7%) | 122.0 | - |
| Special income and expenses | (11.0) | 25.0 | (36.0) | (143.9%) | (11.0) | - |
| Income before income taxes and minority interests | 111.0 | 157.2 | (46.2) | (29.4%) | 111.0 | - |
| Income taxes | 47.8 | 53.2 | (5.4) | (10.1%) | 47.8 | (0.0) |
| Minority interests | 14.1 | 18.2 | (4.1) | (22.7%) | 14.1 | 0.0 |
| Net income | 49.0 | 85.6 | (36.6) | (42.8%) | 49.0 | - |
| Normalized EBITDA | 297.0 | 301.4 | (4.4) | (1.5%) | 302.0 | (5.0) |
| Normalized EPS | 131yen | 122yen | 9yen | 7.4% | 129yen | 2yen |
| Sales (Excluding liquor tax) | 1,951.0 | 1,943.7 | 7.2 | 0.4% | 1,980.0 | (29.0) |
| Operating income (Prior to amortization of goodwill etc.) | 196.1 | 198.0 | (1.9) | (1.0%) | 195.4 | 0.7 |
| Operating income ratio (Excluding liquor tax, prior to amortization of goodwill etc.) | 10.1% | 10.2% | | | 9.9% | |
| Normalized ROE | 10.6% | 10.9% | | | 10.6% | |
| Net interest-bearing debt / Normalized EBITDA | 2.33 | 2.25 | | | 2.15 | |

Quantitative targets

(Normalized EBITDA)

(Billion yen)

| | FY2014 targets | | FY2014 1H | FY2013 1H |
|--|----------------|-----------------|-----------|-----------|
| | (Revised) | Initial targets | | |
| Operating income | 140.0 | 140.0 | 50.2 | 60.4 |
| Depreciation | 99.0 | 104.2 | 47.1 | 49.5 |
| Goodwill amortization | 48.9 | 48.0 | 24.2 | 24.0 |
| Dividends received from equity method affiliated companies | 9.5 | 9.1 | 4.8 | 4.8 |
| Normalized EBITDA | 297.0 | 302.0 | 126.5 | 138.8 |

(Normalized EPS)

(Billion yen)

| | FY2014 targets | | FY2014 1H | FY2013 1H |
|---|----------------|-----------------|-----------|-----------|
| | (Revised) | Initial targets | | |
| Net income | 49.0 | 49.0 | 14.0 | 59.6 |
| Amortization of goodwill etc. | 66.4 | 65.5 | 33.0 | 32.6 |
| Special income and expenses after income taxes and minority interests | 5.3 | 5.7 | 2.7 | (43.2) |
| Normalized net income (A) | 120.8 | 120.2 | 49.8 | 49.0 |
| Average number of shares outstanding during period (thousand) (B) | 918,646 | 929,340 | 923,982 | 956,063 |
| Normalized EPS (yen) (A)/(B) | 13.1 | 12.9 | 5.4 | 5.1 |

FY2014 Full Year Forecast (Revised) : Japan Integrated Beverages

| (Billion yen) | Fiscal year ending December 31, 2014, Forecast (Revised) | Fiscal year ended December 31, 2013, Actual | Increase (decrease) | | Fiscal year ending December 31, 2014, Forecast (Initial) | Increase (decrease) |
|--------------------------|---|---|---------------------|----------|---|------------------------|
| Sales | 1,189.0 | 1,180.1 | 8.8 | 0.7% | 1,210.0 | (21.0) |
| Kirin Brewery | 714.3 | 729.1 | (14.8) | (2.0%) | 729.0 | (14.6) |
| Kirin Beverage | 365.2 | 353.5 | 11.6 | 3.3% | 372.7 | (7.5) |
| Mercian | 70.6 | 67.0 | 3.5 | 5.3% | 71.0 | (0.4) |
| Other and elimination | 38.8 | 30.4 | 8.4 | 27.7% | 37.2 | 1.6 |
| Operating income | 61.5 | 62.1 | (0.6) | (1.0%) | 63.5 | (2.0) |
| Kirin Brewery | 50.9 | 51.8 | (0.8) | (1.7%) | 54.3 | (3.4) |
| Kirin Beverage | 3.1 | 3.7 | (0.6) | (16.3%) | 4.8 | (1.7) |
| Amortization of goodwill | (1.9) | (1.9) | - | - | (1.9) | - |
| Total | 1.1 | 1.7 | (0.6) | (35.3%) | 2.8 | (1.7) |
| Mercian | 1.2 | 0.3 | 0.8 | (227.2%) | 1.2 | - |
| Others | 8.1 | 8.1 | 0.0 | 0.1% | 5.0 | 3.1 |

| | | Fiscal year ending December 31, 2014, Forecast (Revised) | Fiscal year ended December 31, 2013, Actual | Increase (decrease) |
|-----------------------|--------------|---|---|------------------------|
| Beer | Thousand KL | 667 | 672 | (0.7%) |
| Happo-shu | Thousand KL | 501 | 522 | (3.9%) |
| New genre | Thousand KL | 680 | 714 | (4.7%) |
| Sub-total | | 1,850 | 1,909 | (3.1%) |
| RTD | Thousand KL | 261 | 227 | 15.1% |
| Non-alcohol beverages | Thousand KL | 27 | 38 | (27.9%) |
| Soft drinks | 10,000 cases | 20,870 | 20,156 | 4% |

FY2014 Full Year Forecast (Revised) :

Japan Integrated Beverages - Income Breakdown

| Company name | Major factors | Increase (decrease) | Description |
|----------------|---|------------------------|---|
| Kirin Brewery | Decrease in marginal profit of alcohol beverages | (5.1) | Sales decrease in beer (5)thousand KL,(0.6) |
| | | | Sales decrease in <i>happo-shu</i> (21) thousand KL, (2.2) |
| | | | Sales decrease in new genre (34)thousand KL, (3.8) |
| | | | Sales increase in RTD 34 thousand KL, 3.2 |
| | | | Difference of change in products mix, etc. |
| | Decrease in raw material cost of alcohol beverages | 0.7 | Decrease in wrapping material cost, etc. |
| | Increase in selling expenses | (1.0) | Increase in sales promotion and advertising (1.0), etc. |
| | Decrease in other expenses | 4.5 | Decrease in depreciation 2.8, Decrease in labor cost 2.5, Increase in advertising (0.2), Increase in R&D expenses (0.3), etc. |
| | | | |
| Total | | (0.8) | |
| Kirin Beverage | Difference in volume of sales | 7.8 | Increase in sales volume 7.14 million cases |
| | Decrease in raw material cost, etc. | 0.6 | Increase in material cost (1.0), Decrease in wrapping material cost 1.0, Increase in percentage of self-made PET bottle beverages 0.5, etc. |
| | Decrease due in change of composition ratio of containers, etc. | (2.7) | |
| | Increase in selling expenses | (4.4) | Increase in sales promotion and advertising (4.0), Increase in freight (0.4) |
| | Increase in other expenses | (1.8) | Increase in management fees(0.6),Increase in information processing fee (0.3), Increase in R&D expenses(0.3), etc. |
| Total | | (0.6) | |

FY2014 Full Year Forecast (Revised) : Overseas Integrated Beverages - Lion

KIRIN

| | | FY2014 (Revised) | | FY2013 | | YoY change | | YoY change (%) | | Difference from initial forecast | |
|-------------------------------------|-------------|---------------------|---------|--------|---------|------------|---------|----------------|--------------|-------------------------------------|---------|
| | | Bn JPY | Mil AUD | Bn JPY | Mil AUD | Bn JPY | Mil AUD | JPY Basis | AUD Basis | Bn JPY | Mil AUD |
| Sales | Alcohol | 258.8 | 2,753 | 244.9 | 2,663 | 13.8 | 89 | 5.7% | 3.4% | 6.6 | 41 |
| | Soft Drinks | 214.6 | 2,283 | 223.4 | 2,429 | (8.7) | (146) | (3.9%) | (6.0%) | (6.7) | (96) |
| | | 473.5 | 5,037 | 468.4 | 5,093 | 5.0 | (56) | 1.1% | (1.1%) | (0.0) | (55) |
| Operating Income | Alcohol | 69.0 | 734 | 66.3 | 721 | 2.6 | 12 | 4.0% | 1.8% | 0.7 | - |
| | Soft Drinks | 3.4 | 36 | 7.3 | 79 | (3.9) | (43) | (53.6%) | (54.6%) | 0.0 | - |
| | Corporate | (10.4) | (111) | (10.2) | (111) | (0.1) | 0 | | | 1.1 | 13 |
| Operating Income | | 61.9 | 659 | 63.3 | 689 | (1.4) | (30) | (2.3%) | (4.4%) | 1.9 | 13 |
| Goodwill Amortization | | (31.0) | (330) | (30.3) | (330) | (0.6) | (0) | | | (0.4) | (0) |
| Brand Amortization | | (4.1) | (43) | (4.2) | (45) | 0.0 | 2 | | | 0.1 | 2 |
| Operating Income After Amortization | | 26.7 | 284 | 28.7 | 313 | (2.0) | (28) | (7.0%) | (9.1%) | 1.6 | 14 |

Consolidated period: Oct. 2013– Sep. 2014 Currency exchange rate: 94.00 yen (Initially 93.00 yen, Oct. 2012 - Sep. 2013: 91.97 yen)

FY2014 Full Year Forecast (Revised) : Overseas Integrated Beverages - Brasil Kirin

KIRIN

| | FY2014 (Revised) | | FY2013 | | YoY change | | YoY change (%) | | Difference from initial forecast | |
|--|---------------------|---------|--------|---------|------------|---------|----------------|--------------|-------------------------------------|---------|
| | Bn JPY | Mil BRL | Bn JPY | Mil BRL | Bn JPY | Mil BRL | JPY basis | BRL basis | Bn JPY | Mil BRL |
| Sales | 206.2 | 4,584 | 178.3 | 3,947 | 27.9 | 636 | 15.7% | 16.1% | (9.6) | (323) |
| Operating income | 15.4 | 344 | 8.8 | 196 | 6.6 | 147 | 74.5% | 75.2% | (4.7) | (115) |
| Goodwill Amortization | (5.3) | (118) | (5.3) | (118) | 0.0 | - | | | (0.1) | - |
| Brand Amortization | (3.1) | (69) | (3.1) | (69) | 0.0 | - | | | (0.0) | - |
| Operating Income After Amortization | 7.0 | 155 | 0.3 | 7 | 6.6 | 147 | >999 | >999 | (4.9) | (115) |
| EBITDA | 27.9 | 620 | 21.2 | 470 | 6.7 | 150 | 31.6% | 31.9% | (7.3) | (180) |

Consolidated period: Jan. – Dec. 2014 Currency exchange rate: 45.00 yen (Initially 44.00 yen, Jan.-Dec. 2013: 45.18 yen)

FY2014 Full Year Forecast (Revised): Pharmaceuticals and Bio-chemicals / Others

(1) Pharmaceuticals and Bio-chemicals

| (Billion yen) | Fiscal year ending December 31, 2014, Forecast (Revised) | Fiscal year ended December 31, 2013, Actual | Increase (decrease) | | Fiscal year ending December 31, 2014, Forecast (Initial) | Increase (decrease) |
|--|---|---|---------------------|---------|---|---------------------|
| Sales | 328.0 | 331.3 | (3.3) | (1.0%) | 326.0 | 2.0 |
| Kyowa Hakko Kirin | 337.0 | 340.6 | (3.6) | (1.1%) | 337.0 | - |
| Pharmaceutical | 251.0 | 259.5 | (8.5) | (3.3%) | 248.2 | 2.8 |
| Bio-chemical | 86.0 | 81.0 | 4.9 | 6.1% | 88.8 | (2.8) |
| Other and elimination | (9.0) | (9.2) | 0.2 | - | (11.0) | 2.0 |
| Operating income | 48.0 | 54.3 | (6.3) | (11.7%) | 44.0 | 4.0 |
| Kyowa Hakko Kirin (consolidated after reclassification) | 48.0 | 54.3 | (6.3) | (11.7%) | 44.0 | 4.0 |
| Pharmaceutical | 37.0 | 46.1 | (9.1) | (19.8%) | 33.0 | 4.0 |
| Bio-chemical | 8.0 | 5.6 | 2.3 | 41.1% | 8.0 | - |
| Other/elimination of amortization of goodwill | 9.2 | 8.7 | 0.4 | 5.3% | 9.2 | - |
| Amortization of goodwill | (6.2) | (6.2) | - | - | (6.2) | - |

(2) Other

| (Billion yen) | Fiscal year ending December 31, 2014, Forecast (Revised) | Fiscal year ended December 31, 2013, Actual | Increase (decrease) | | Fiscal year ending December 31, 2014, Forecast (Initial) | Increase (decrease) |
|------------------|---|---|---------------------|---------|---|---------------------|
| Sales | 23.0 | 57.7 | (34.7) | (60.2%) | 24.0 | (1.0) |
| Operating income | 3.0 | 3.7 | (0.7) | (20.2%) | 3.0 | - |

(3) Corporate expenses/inter-segment eliminations

| (Billion yen) | Fiscal year ending December 31, 2014, Forecast (Revised) | Fiscal year ended December 31, 2013, Actual | Increase (decrease) | | Fiscal year ending December 31, 2014, Forecast (Initial) | Increase (decrease) |
|------------------|---|---|---------------------|---|---|---------------------|
| Operating income | (7.5) | (8.0) | 0.5 | - | (8.5) | 1.0 |