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Stock Code 2503

March 4, 2008

To Our Shareholders:

Convocation Notice of the 169th Ordinary General Meeting of Shareholders

Dear Shareholders:

Please be advised that the 169th Ordinary General Meeting of Shareholders of the Company will be held as set forth below. You are cordially requested to attend the Meeting.

Yours very truly,

Kazuyasu Kato
Representative Director and President

Kirin Holdings Company, Limited
10-1, Shinkawa 2-chome,
Chuo-ku, Tokyo

If you do not plan to attend the Meeting, you may exercise your voting rights in either of the following ways. Please review the accompanying “Reference Documents for the General Meeting of Shareholders” and exercise your voting rights by 5:30 p.m., March 25, 2008 (JST):

Exercise of voting rights via postal mail:

Please indicate your approval or disapproval of the propositions on the enclosed voting form and return the form to us via postal mail by the above-mentioned exercise period (deadline).

Exercise of voting rights via the Internet:

[Translation omitted. Applicable for Japanese language only]

Details of the Meeting

1. Date and Time:

March 26, 2008, (Wednesday) at 10:00 a.m.

2. Place:

Convention Hall, B2, The Prince Park Tower Tokyo
8-1, Shiba Koen 4-chome, Minato-ku, Tokyo

3. Agenda:

Matters to be reported:

- 1) Report on the business report, the consolidated financial statements and the results of the audit of the consolidated financial statements by the Independent Auditors and Board of Corporate Auditors for the 169th business term (from January 1, 2007 to December 31, 2007).
- 2) Report on the financial statements for the 169th business term (from January 1, 2007 to December 31, 2007).

Matters to be voted on:

- Proposition No. 1: Dividend and disposition of surplus
- Proposition No. 2: Partial amendments to the Articles of Incorporation
- Proposition No. 3: Election of nine (9) Directors
- Proposition No. 4: Election of one (1) Corporate Auditor
- Proposition No. 5: Presentation of bonuses to corporate officers

4. Exercise of Voting Rights

In the case votes both via postal mail and via the Internet (double-vote) are received, the Internet vote will be considered as the valid vote.

When exercising voting rights via the Internet, it is possible to vote multiple times, and in such cases, the last vote will be considered as the valid vote.

Please present the Voting Rights Exercise Form enclosed herewith to the reception of the meeting place if you are to exercise your voting rights at the Meeting.

If any changes are required in the “Reference Documents for the General Meeting of Shareholders,” business report, financial statements and consolidated financial statements, the changes will be posted on the Company’s website (Investor Relations) located at (<http://www.kirinholdings.co.jp/english/ir/>).

(Attached documents)

BUSINESS REPORT

(For the period from January 1 to December 31, 2007)

1. Overview of Kirin Group business activities

(1) Kirin Group developments and results of business activities

The Japanese economy expanded moderately on the whole during fiscal year 2007, benefiting from continued strength in capital investment, which was boosted by robust growth in corporate profitability and exports. Consumer spending also rose steadily due to a modest upturn in employee incomes. At the same time, however, sharp increases in the price of oil and raw materials, as well as the 2007 subprime mortgage financial crisis, contributed to a sense of uncertainty about the future.

In this environment, Kirin Group designated the three-year period from 2007 to 2009 as Stage I of its long-term management vision, *Kirin Group Vision 2015* “KV2015.” In the fiscal year under review, the first year of this initial stage of the plan, the Group transitioned to a pure holding company structure aiming to develop more dynamic business operation. The Group conducted investments aiming to achieve a quantum leap in growth and made major strides toward building a new Kirin Group, as exemplified by its strategic alliance with Kyowa Hakko Group and its acquisition of all the shares of National Foods Ltd. (a dairy products and beverages company with the largest market share in Australia).

The Group recorded increased sales during the year under review, due in part to its consolidation of Mercian Corporation’s results. Despite the significant impact of spiking prices of raw materials for alcohol beverages and soft drinks, it also reported higher operating income due to contributions from its fast-growing overseas alcohol beverages business and to efforts by the Group companies to reduce costs. Net income also increased, as a result of both the foregoing reasons and the selling of land held by the Group.

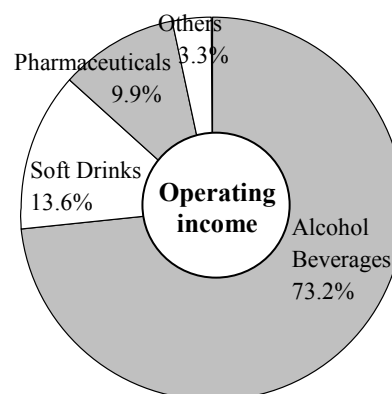
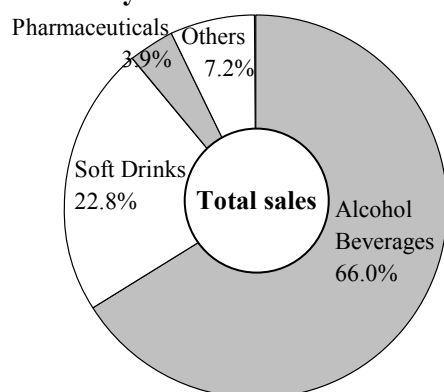
	Billions of yen	Percentage increase (decrease) compared to the previous term
Consolidated:		
Total sales.....	¥1,801.1	8.1%
Operating income.....	¥120.6	3.7%
Ordinary income.....	¥123.3	2.1%
Net income	¥66.7	24.7%

Sales and operating income by business division

Division	Total sales	Percentage increase (decrease) compared to the previous term	Operating income	Percentage increase (decrease) compared to the previous term
Alcohol Beverages Business	¥1,189.4 billion	8.2%	¥96.5 billion	11.6%
Soft Drinks Business	¥411.2 billion	4.7%	¥17.9 billion	(8.7%)
Pharmaceuticals Business	¥69.9 billion	4.0%	¥13.0 billion	7.9%
Other Businesses	¥130.5 billion	22.4%	¥4.3 billion	677.5%
Subtotal	¥1,801.1 billion		¥131.9 billion	
(Elimination and unallocatable costs)	—		(¥11.3 billion)	
Total	¥1,801.1 billion	8.1%	¥120.6 billion	3.7%

- (Notes)
- Sales of each business division indicate the sales to unaffiliated customers.
 - Changes occurring during the fiscal year under review as a result of the Company's transition to a pure holding company structure on July 1, 2007
 - The Company changed its methods of categorizing operations from an approach based on "types and properties of products" to an approach based on "management and control that take into account the types and properties of products," which is more appropriate to the Company's newly adopted group management structure. In the fiscal year under review, therefore, engineering, logistics and other operations were transferred from its Other Business Divisions to its Alcohol Beverages Business Division, where these activities will be managed as ancillary operations closely related to the Alcohol Beverages business. Comparison to the previous term of sales and operating income by business division are calculated by reclassifying the actual results of the previous term according to new business segment classification.
 - Previously, the Company's indirect department costs were allocated to each business division based on sales criteria. After the Group's transition to a pure holding company structure, they were included in unallocatable costs as group management costs accrued at the Company that is the Group's holding company.

Breakdown by business division



Alcohol Beverages Business Division

Kirin Group is aiming to establish a comprehensive alcohol beverages business structure. As a major step forward in this regard, Kirin Brewery Co., Ltd. (which took over the domestic alcohol beverages business from the Company in July 2007) began operating under a new arrangement with Mercian Corporation on July 1, 2007, aimed at enhancing efficient operation. Under the arrangement, Kirin Brewery will focus on RTD* and *shochu* products while Mercian will specialize in wines. The new structure is expected to utilize each company's strength as well as to generate synergies through the sharing of sales and logistics infrastructure.

* RTD: an acronym for "Ready to Drink"; RTD products are premixed low alcohol beverages that can be drunk straight from the can or bottle.

The aggregate market for beer, *happo-shu* and new-genre products declined in size, reflecting the impact of Japan's declining birthrate and aging population and an increasing diversification of tastes. In this environment, Kirin Brewery reported a slightly lower sales volume compared to the previous year.

In the beer category, Kirin Brewery released "*Kirin the Gold*," its first new proposal for a mainstay beer product in 17 years. By introducing a new taste in beer, Kirin Brewery endeavored to invigorate the beer market and succeeded to increase the unit sales of canned beer. Sales of two *happo-shu* products, "*Tanrei Green Label*" and "*Tanrei Alpha*," also increased from the previous year, spurring further growth in the rapidly expanding market for products with lower carbohydrates. In the new-genre segment, Kirin Brewery launched "*Kirin Ryoshitsu Sozai*" and "*Kirin Sparkling Hop*" to supplement its mainstay "*Kirin Nodogoshi Nama*." This enabled it to achieve a double-digit growth in the volume of sales in this category, exceeding the industry's rate of growth.

In the RTD market, Kirin Brewery launched "*Kirin Cocktail Sparkle*" into the growing cocktail segment. Along with the market-leading "*Kirin Chu-hi Hyoketsu*," this product generated a very favorable response from customers. The new arrangement with Mercian brought a number of products such as the "*Honshibori Chu-hi*" and "*Gyugyutto Shibotta*" brands under Kirin Brewery's control, giving it a broader and deeper product lineup.

As epitomized by the "*Erabō Nippon no Umai!*" campaign, Kirin Brewery further enhanced the sales promotion deeply rooted in local markets and consumers, as well as development-and-proposal-oriented marketing. Meanwhile, Kirin Brewery continued to abide by its voluntary guidelines and facilitated a fair trade environment.

Mercian started cooperating with Kirin Brewery in the areas of sales and R&D. Its brand portfolio has expanded from the transfer of Kirin's wine business, and we are beginning to see results also from actively cooperating together on sales and marketing.

During the fiscal year under review, profitability continued to be impacted by sharply rising prices for raw materials—aluminum, cartons, malt and corn—and by higher oil prices.

Kirin Group's principal market in the overseas alcohol beverage business comprises Asia and Oceania. During the year under review, Lion Nathan Ltd., an Australian subsidiary, recorded its profit growth in eight consecutive years on the back of strong sales of premium beers. In November, Kirin Brewery (Zhuhai) Co., Ltd. of China completed construction of an environmentally advanced new plant incorporating leading-edge technologies from Japan. This plant has twice the production capacity of the former plant.

Soft Drinks Business Division

Kirin Beverage Co., Ltd. has launched a medium-term business plan that designates the three-year period from 2007 to 2009 as "Three years to establish a new competitive position." During the fiscal year under review, the first year of this planning period, Kirin Beverage carried out a number of initiatives aimed at sustaining its competitiveness and at strengthening the operating foundation that will contribute to medium- and long-term growth.

On the product front, Kirin Beverage conducted the active core-brand centered promotion by broadening and deepening its product lineups for "*Kirin Namacha*," "*Kirin Gogono-kocha*" and "*Kirin Fire*" while promoting the sales activities for "*Volvic*" mineral water and "*Kirin Alkali-Ion-no-Mizu*." It also developed a number of new high-value-added products and introduced them to the market in an effort to generate new demand.

In regard to sales and marketing, Kirin Beverage reported a substantially higher sales volume over the previous year, after incorporating a total marketing approach that integrates the product policies and sales promotion activities to tailor the characteristics of individual markets.

In overseas, Shanghai Jin Jiang Kirin Beverage & Food Co., Ltd. of China began production of "*Kirin Gogono-kocha Milk Tea in 500 ml PET Bottles*," a product that generated exceptionally strong sales immediately after launch. Kirin Beverage also entered into a basic agreement with Ace Cook Co., Ltd. to establish a joint venture in Vietnam during 2008 to produce and sell soft drinks in fast-growing market of Vietnam.

Pharmaceuticals Business Division

In pharmaceuticals business, Kirin Pharma Co., Ltd. (which took over the pharmaceuticals operations from the Company in July 2007) is now positioned to make significant advances in its business. In July, it introduced a long-acting erythropoiesis stimulating agent, “*NESP Injection Syringe*,” to the market. Marketing appeals to health-care professionals, which stress the product’s newness and usefulness, have led to a steady increase in use of *NESP* by dialysis clinics. In October, Kirin Pharma has received approval for the manufacture and sale of “*REGPARA Tablets*,” a drug used for secondary hyperparathyroidism during dialysis.

In October, Kirin Group announced the formation of a strategic alliance with Kyowa Hakko Group under which the pharmaceuticals businesses of the two groups will be combined. Kyowa Hakko Kogyo Co., Ltd. and Kirin Pharma both have strength in biotechnology, which will provide the basis for constructing a global top-class, research and development-oriented life science company from Japan.

Meanwhile, Kirin Pharma entered into a worldwide licensing agreement with Astellas Pharma Inc. on a fully human anti-CD40 antagonistic monoclonal antibody created by Kirin Pharma. Kirin Pharma also entered into a basic agreement with Terumo Corporation for the establishment of business and capital alliance aimed at strengthening their current collaboration in R&D and manufacturing of prefilled syringe preparations and integration of the two companies’ drug discovery technologies.

Other Businesses Divisions

The joint venture corporation formed by Kirin Food-Tech Co., Ltd., a manufacturer of seasonings and food additives, and Daesang Corporation of South Korea completed construction of nucleotides seasonings plant in Indonesia.

The Company acquired all the shares of National Foods Ltd., the leading dairy products and beverages company in Australia at the end of 2007, and with this acquisition has expanded its business base in Oceania in the area of food and health.

Kirin Agribio Co., Ltd. took steps to establish the Kirin brand in the flower, seed and seedling business by setting up “Flower Products Development Center” in Hamamatsu City, Shizuoka Prefecture.

(2) Future challenges for Kirin Group

Kirin Group formulated the 2008 Management Policy based on the “2007-2009 Kirin Group Medium-Term Business Plan (KV2015 Stage I).” The Group will continue to focus on further enhancing corporate and brand value.

2008 Management Policy

1. Promote a comprehensive beverage group strategy along with creating solid growth for the core domestic alcohol beverages and soft drinks businesses.
2. Establish a structure for growth in the pharmaceuticals business under the alliance with Kyowa Hakko Kogyo Co., Ltd.
3. Clarify the field of business activities in the area of the health and functional food, and develop and command a business strategy leveraging group dynamics.
4. Develop and command a global business strategy in Asia and Oceania aimed at becoming a leading company in the area of food and health, now together with National Foods Ltd.
5. Promote a financial strategy that maximizes corporate value.
6. Define and proactively implement Kirin Group CSR activities.

Based on the policy, Kirin Group will endeavor to build a firm business foundation by dealing successfully with the following prioritized issues.

Alcohol Beverages Business Division

- In the domestic alcohol beverages market, at Kirin Brewery Co., Ltd. will press on with efforts to achieve the three goals of the 2008 product strategy, namely “strengthening mainstay products,” “strengthening products with lower carbohydrates” and “increasing total demand” to respond to customer needs and to adapt to changes in the market environment.
- In terms of mainstay products, Kirin Brewery will strengthen its core brands through renewals of beer product “*Kirin The Gold*,” *happo-shu* product “*Kirin Tanrei Nama*” and a new genre product “*Kirin Nodogoshi Nama*.” Then, in response to health-conscious consumers, renewing “*Tanrei Green Label*” and subsequently launching the new low-calorie, carbohydrate-free* product, “*Kirin ZERO*” in the *happo-shu* category.
 - * Low-calorie: a designation placed on the labels of product with not more than 20 kilocalories per 100 ml (based on nutrition labeling standards).
 - Carbohydrate-free: a designation placed on the labels of products containing less than 0.5 grams of carbohydrates per 100 ml (based on nutrition labeling standards).
- As the market environment for alcohol beverages changes in response to the declining birthrate and ageing population, we will endeavor to increase total demand through product renewals and expansion of product lineups in two areas: the RTD market, where demand is expected to grow among customers in their 20s and 30s; and the *shochu* market, where there is untapped demand.

- With respect to sales and marketing, we will strengthen the capacity for development-and-proposal-oriented marketing by promoting activities that connect to consumers in local markets and by developing a sales promotion campaign linked to the Beijing Olympics. In addition, by extending the open pricing system to Japanese and Western liquor, we will continue making efforts to facilitate a fair trade environment.
- We will carry through price revisions for beer, *happo-shu* and new-genre products. While recognizing that cost-cutting efforts must continue, the sharp increases in the prices of raw materials and oil have reached a point where corporate efforts alone is insufficient as a solution to this serious situation.
- At Mercian Corporation, 2008 is the first year for the medium-term business plan. Mercian will aim for a definite No. 1 position in the wine business and processing liquors business, leveraging maximized group synergies and enhancing the strategic value propositions for domestic and imported daily and fine wine.
- We will press forward with efforts to develop a comprehensive alcohol beverages business by promoting closer collaboration between Kirin Brewery and Mercian.
- In the international arena, we will continue to strengthen the beer business in Asia and Oceania. In China, the Group will enhance more efficient business operations by utilizing the additional capacity provided by Kirin Brewery (Zhuhai) Co. Ltd.'s new plant. In Australia, Lion Nathan Ltd. will aim to pursue the largest capital investment program in its history in order to rebuild its manufacturing capabilities; and will establish a close collaborative relationship with J. Boag & Son, the premium brewer, which Lion Nathan agreed to acquire in 2007.

Soft Drinks Business Division

- Kirin Beverage Co., Ltd. will continue pursuing a strategy focused on core brands while proactively proposing new products. Under “Team Kirin” concept, Kirin Beverage will, together with Kirin Brewery, promote sales activities deeply committing to the local market, and aim to expand the sales channels by increasing the number of vending machines.
- In China, Kirin Beverage will take steps to ensure further penetration and expansion of sales of “*Kirin Gogono-kocha Milk Tea in 500ml PET Bottles.*” In Vietnam, by combining the sales network of Ace Cook Co., Ltd. with the product development capabilities of Kirin Beverage, we aim to launch high-quality, high-value-added beverages in the extremely fast-growing Vietnamese market—through Vina Kirin Acecook Beverage Co., Ltd. the joint venture scheduled for establishment in 2008.

Pharmaceuticals Business Division

- As to the strategic alliance of Kirin Group and Kyowa Hakko Group, the Group aims to carry out a smooth, expeditious integration of the two groups’ pharmaceuticals businesses. In October 2008, a new company, Kyowa Hakko Kirin Co., Ltd. will emerge resulting from merger of Kyowa Hakko Kogyo Co., Ltd. With the leading technologies in the field of antibody drugs, and as a Japan-based global “specialty pharmaceuticals company” (a specialized, R&D-oriented pharmaceuticals company) in the fields of cancer, renal and immunological diseases, this new company will continuously develop innovative new drugs while accelerating the

speed of the development for both the domestic and international markets, where fierce competition is growing.

- While aiming to penetrate market with the anemia drug, “*NESP Injection Syringe*,” released in 2007, Kirin Pharma will launch “*REGPARA Tablets*,” a treatment for secondary hyperparathyroidism during dialysis and will contribute to progress in dialysis treatment.

Other Businesses Divisions

- In health and functional foods, we define the domain identity as “all foods that customers take with health consciousness,” and make efforts to strengthen this business.
- At National Foods, the leading dairy products and beverages company in Australia, we aim for further business development in Asia and Oceania, as well as enhancing the business foundation in the area of food and health, which includes health and functional foods.
- Kirin Food-Tech Co., Ltd. will begin full-scale operations at the plant in Indonesia where nucleotides seasonings are manufactured.
- Kirin Agribio Co., Ltd. will continuously engage in R&D for high-value-added products by enhancing breeding and product development capabilities as well as seed and seedling production technologies.
- Under the alliance with Kyowa Hakko Group, the Company will optimize its business structure at the earliest timing possible to maximize the enterprise value and aiming to achieve growth in business other than pharmaceuticals.

Implementing CSR

Kirin Group seeks to earn the trust of society by implementing thorough compliance and risk management measures, and by fulfilling a variety of roles that contribute to the creation of a sustainable society. The Group’s CSR initiatives include efforts to enhance product quality to ensure the safety and security of foods, to raise public awareness concerning appropriate alcohol consumption. In the environmental arena, it has been implementing a number of measures to combat global warming, including measures involving energy use based on fermentation techniques and biotechnology; The Group also conducts the “Kirin Forest Reservoir Project,” which contributes to forest cultivation in watersheds that supply the Group’s breweries across Japan. In the area of sports, Kirin Brewery and Kirin Beverage support the Japan National Football Team as its official sponsors. Furthermore, Kirin Brewery continues to support the Japanese Olympic Delegation as an official beer partner of JOC. Furthermore, the Group is also fully behind efforts to promote a food culture that fosters the happiness of food and health and, with the Kirin Institute of Food and Lifestyle, the Group is promoting new lifestyles and next-generation values related to food.

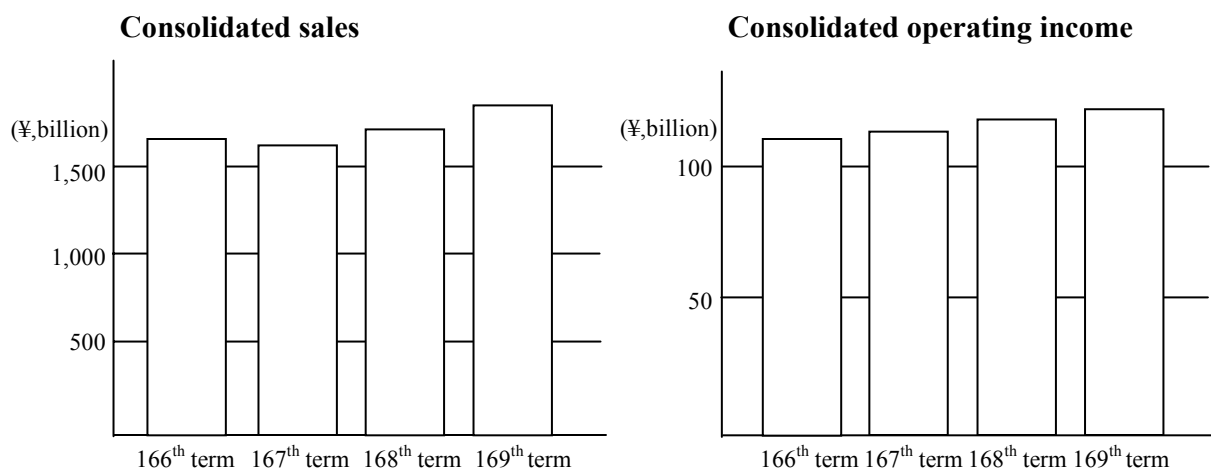
In the spirit of its Group slogan, “*Oishisa wo Egao ni*” (*Good taste makes you smile*), Kirin Group will seek to stand beside its customers, develop diverse bonds with them, and share the happiness of food and health.

Kirin Group is grateful for the continued support of its shareholders.

(3) State of assets and income of Kirin Group

Item	166 th term	167 th term	168 th term	169 th term
	(Jan. 1, 2004 – Dec. 31, 2004)	(Jan. 1, 2005 – Dec. 31, 2005)	(Jan. 1, 2006 – Dec. 31, 2006)	(Jan. 1, 2007 – Dec. 31, 2007)
Sales	¥1,654,886 million	¥1,632,249 million	¥1,665,946 million	¥1,801,164 million
Operating income	¥109,392 million	¥111,708 million	¥116,358 million	¥120,608 million
Ordinary income	¥106,562 million	¥114,881 million	¥120,865 million	¥123,389 million
Net income	¥49,099 million	¥51,263 million	¥53,512 million	¥66,713 million
Net income per share	¥50.58	¥53.23	¥55.98	¥69.86
Net assets	¥858,615 million	¥972,601 million	¥1,043,724 million	¥1,099,555 million
Net assets per share	¥888.65	¥1,016.74	¥1,040.44	¥1,104.83
Total assets	¥1,823,790 million	¥1,937,866 million	¥1,963,586 million	¥2,469,667 million

(Note) Effective from the 168th term, the Accounting Standards Board of Japan (ASBJ) Statement No. 5 “Accounting Standard for Presentation of Net Assets in the Balance Sheet” (December 9, 2005) and ASBJ Guidance No. 8 “Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet” (December 9, 2005) have been applied.



Sales and operating income results by business division are as follows:

Sales

Division	166 th term	167 th term	168 th term	169 th term
	(Jan. 1, 2004 – Dec. 31, 2004)	(Jan. 1, 2005 – Dec. 31, 2005)	(Jan. 1, 2006 – Dec. 31, 2006)	(Jan. 1, 2007 – Dec. 31, 2007)
Alcohol Beverages Business	¥ 1,053,291 million	¥1,019,347 million	¥1,099,308 million	¥1,189,478 million
Soft Drinks Business	¥372,392 million	¥380,177 million	¥392,729 million	¥411,254 million
Pharmaceuticals Business	¥62,702 million	¥67,605 million	¥67,245 million	¥69,909 million
Other Businesses	¥166,500 million	¥165,118 million	¥106,664 million	¥130,522 million
Total	¥1,654,886 million	¥1,632,249 million	¥1,665,946 million	¥1,801,164 million

Operating income

Division	166 th term	167 th term	168 th term	169 th term
	(Jan. 1, 2004 – Dec. 31, 2004)	(Jan. 1, 2005 – Dec. 31, 2005)	(Jan. 1, 2006 – Dec. 31, 2006)	(Jan. 1, 2007 – Dec. 31, 2007)
Alcohol Beverages Business	¥ 69,721 million	¥ 75,666 million	¥ 86,510 million	¥96,563 million
Soft Drinks Business	¥ 22,751 million	¥ 19,370 million	¥ 19,714 million	¥17,992 million
Pharmaceuticals Business	¥ 12,142 million	¥ 14,248 million	¥ 12,044 million	¥13,001 million
Other Businesses	¥ 7,866 million	¥ 4,419 million	¥ 561 million	¥4,366 million
Subtotal	¥112,481 million	¥113,704 million	¥118,830 million	¥131,924 million
Elimination and unallocatable costs	(¥3,089) million	(¥1,995) million	(¥2,472) million	(¥11,316) million
Total	¥109,392 million	¥111,708 million	¥116,358 million	¥120,608 million

- (Notes)
1. Sales of each business division indicate the sales to unaffiliated customers.
 2. Changes occurring during the fiscal year under review as a result of the Company's transition to a pure holding company structure on July 1, 2007
 - (1) After reassessing its methods of categorizing operations, the Company changed from an approach based on "types and properties of products" to an approach based on "considerations of management and control that take into account the types and properties of products," which is more appropriate to the Company's newly adopted group management structure.

In the fiscal year under review, therefore, the Group shifted engineering, logistics and other operations from its Other Businesses Divisions to its Alcohol Beverages Business Division, where these activities will be managed as ancillary operations closely related to the Alcohol Beverages business. For comparison with the fiscal year under review, the actual results for the previous year are presented after reclassification.

- (2) Previously, the Company's indirect department costs were allocated to each business division based on sales criteria. After the Company's transition to a pure holding company structure, however, they were included in unallocatable costs as group management costs arising at the Company that is the Group's holding company.

(4) Kirin Group plant and equipment investment

Consolidated plant and equipment investment for the term under review amounted to ¥66.8 billion on a payment basis, an increase of ¥6.9 billion compared to the previous term.

Major facilities completed during the term under review and under construction or contemplation as of the end of the term are as follows:

1) Major facilities completed during the term under review

Business Division	Company Name	Details of the Plant and Equipment Investment
Soft Drinks Business	Kirin Beverage Co., Ltd.	Kanto Metropolis Area Div. and Others – Renewal and installation of vending machines

2) Major facilities under construction or contemplation as of the end of the term under review

Business Division	Company Name	Details of the Plant and Equipment Investment
Alcohol Beverages Business	Kirin Brewery Co., Ltd.	Shiga Plant – Partial demolition and construction of brewing facilities of beer and <i>happo-shu</i> , etc. Yokohama Plant – Improvement of brewing facilities of beer and <i>happo-shu</i> , etc.
Soft Drinks Business	Kirin Beverage Co., Ltd.	Kanto Metropolis Area Div. and Others – Renewal and installation of vending machines
Other Businesses	Kirin Holdings Co., Ltd.	Former Amagasaki Plant Site – Commercial complex development project

(5) Kirin Group financing

The aggregate amount of loans payable, including bonds, was ¥609.8 billion as of the end of the fiscal year under review. This was an increase of ¥368.7 billion compared to the end of the previous term.

Main financing for the fiscal year under review was ¥308.2 billion in short-term loans by the Company from financial institutions. These funds were raised for the purchase of the shares of Kyowa Hakko Kogyo Co., Ltd. through tender offer and the acquisition of National Foods Ltd. in Australia.

[The information hereunder is as of December 31, 2007, unless noted otherwise.]

(6) Description of the main businesses of Kirin Group

The main businesses of Kirin Group are the production and sale of alcohol beverages, soft drinks, pharmaceuticals, and other products. The principal products by business division are as follows:

Business Division	Principal products
Alcohol Beverages	Beer, <i>Happo-shu</i> , New-genre, <i>Shochu</i> , Wine, Liquors, etc.
Soft Drinks	Soft drinks, etc.
Pharmaceuticals	Prescription medicine

(7) Major business offices, plants, etc. in Kirin Group

1) Kirin Holdings Company, Limited

Head Office: 10-1, Shinkawa 2-chome, Chuo-ku, Tokyo

Research Institute: Central Laboratories for Frontier Technology (Yokohama, etc)

2) Major subsidiaries

Business Division	Company Name	Major centers	
Alcohol Beverages	Kirin Brewery Co., Ltd.	Head Office Branch Office	Chuo-ku, Tokyo 7 Regional Sales & Marketing Divisions including Metropolitan Regional Sales & Marketing Division (Chuo-ku, Tokyo)
		Plant Research Institutes	11 Plants including Yokohama Plant (Yokohama) Research Laboratories for Brewing, Research Laboratories for Packaging (Yokohama)
	Mercian Corp.	Head Office Branch Office	Chuo-ku, Tokyo 3 Sales Headquarters including Eastern Japan Sales Headquarters (Chuo-ku, Tokyo)
		Plant	6 Plants including Fujisawa Plant (Fujisawa)
Lion Nathan Ltd.	Head Office	Sydney, New South Wales, Australia	
Kirin (China) Investment Co., Ltd.	Head Office	Shanghai, China	
Soft Drinks	Kirin Beverage Co., Ltd.	Head Office Branch Office Plant Research Institutes	Chiyoda-ku, Tokyo 2 Area Divisions and 9 Branches including Kanto Metropolis Area Division (Chiyoda-ku, Tokyo) Shonan Plant (Samukawa-machi, Koza-gun, Kanagawa), Maizuru Plant (Maizuru) Research and Development Laboratory (Yokohama)
Pharmaceuticals	Kirin Pharma Co., Ltd.	Head Office Branch Office Plant Research Institutes	Shibuya-ku 9 Branches including Tokyo Branch (Shibuya-ku, Tokyo) Takasaki Plant (Takasaki) 4 Laboratories including Discovery Research Laboratories (Takasaki)

(8) **Employees of Kirin Group**

Division	Number of employees (persons)
Alcohol Beverages Business	12,954 [4,134]
Soft Drinks Business	5,219 [1,128]
Pharmaceuticals Business	1,607 [1]
Other Businesses	7,507 [214]
Administration	256 [0]
Total	27,543 [5,477]

- (Notes)
1. The number of employees indicates the number of employees currently on duty.
 2. The yearly average number of temporary employees is separately indicated in brackets.
 3. The number of the Company's employees is 256 (excluding employees seconded by the Company and including employees seconded to the Company.)

(9) **Significant subsidiaries, etc.**

1) **Significant subsidiaries**

Company Name	Location	Capital	Ratio of voting rights held by the Company	Description of principal businesses
Kirin Brewery Co., Ltd.	Chuo-ku, Tokyo	¥30,000 million	100%	Production and sale of alcohol beverages
Mercian Corp.	Chuo-ku, Tokyo	¥20,972 million	50.9%	Import, production and sale of alcohol beverages
Kirin Engineering Co., Ltd.	Yokohama	¥1,000 million	*100%	Engineering for food-related industries, etc.
Kirin Logistics Co., Ltd.	Chuo-ku, Tokyo	¥504 million	*100%	Cargo transportation by automobiles

Company Name	Location	Capital	Ratio of voting rights held by the Company	Description of principal businesses
Kirin Merchandising Co., Ltd.	Chuo-ku, Tokyo	¥10 million	*100%	Merchandising of Kirin products in mass retail stores and quality promotion in eating and drinking establishments
Lion Nathan Ltd.	Sydney, New South Wales, Australia	A\$436,086 thousand	46.1%	Production and sale of beer and wine
Kirin (China) Investment Co., Ltd.	Shanghai, China	U.S.\$150,000 thousand	100%	Management of beer business in China
Kirin Beverage Co., Ltd.	Chiyoda-ku, Tokyo	¥8,416 million	100%	Production and sale of soft drinks
Kirin MC Danone Waters Co., Ltd.	Chiyoda-ku, Tokyo	¥1,500 million	*51.0%	Import, production and sale of mineral water
Koiwai Dairy Products Co., Ltd.	Chiyoda-ku, Tokyo	¥1,689 million	*75.5%	Production and sale of milk and dairy products, etc.
Tokyo Kirin Beverage Service Co., Ltd.	Chiyoda-ku, Tokyo	¥10 million	*100%	Sale of soft drinks
The Coca-Cola Bottling Company of Northern New England, Inc.	Bedford, New Hampshire, U.S.A.	U.S.\$930 thousand	100%	Production and sale of soft drinks
National Foods Ltd.	Melbourne, Victoria, Australia	A\$552,390 thousand	*100%	Production and sale of dairy products and beverages
Kirin Pharma Co., Ltd.	Shibuya-ku, Tokyo	¥3,000 million	100%	Production and sale of prescription medicine

Company Name	Location	Capital	Ratio of voting rights held by the Company	Description of principal businesses
Kirin Food-Tech Co., Ltd.	Chuo-ku, Tokyo	¥5,000 million	100%	Production and sale of seasonings, etc.
Nagano Tomato Co., Ltd.	Matsumoto	¥711 million	*98.4%	Production and sale of foods, production of drinks, etc. under contract
Kirin Business Expert Co., Ltd.	Shibuya-ku, Tokyo	¥500 million	100%	Provision of support functions and shared group services

- (Notes)
1. The ratio of voting rights marked with * include those held by the subsidiaries.
 2. The ratio of voting rights of Kirin Logistics Corp. became 100% (99.7% at the end of the previous term) as the Company newly acquired 30,200 shares in Kirin Logistics Corp.
 3. As of July 1, 2007, Kirin Communication Stage Co., Ltd. changed its name to Kirin Merchandising Company, Limited.
 4. The capital of Kirin (China) Investment Co., Ltd. increased to U.S.\$150,000 thousand (U.S.\$79,400 thousand at the end of the previous term) due to capital increase.
 5. As of April 1, 2007, Takeda-Kirin Foods Corp. changed its name to Kirin Food-Tech Company Limited. Further, the ratio of voting rights of Kirin Food-Tech became 100% (66.0% at the end of the previous term) as the Company newly acquired 136 shares in Kirin Food-Tech.
 6. The ratio of voting rights of Nagano Tomato Co., Ltd. became 98.4% (44.0% at the end of the previous term) as the Company newly acquired 244,930 shares in Nagano Tomato.

2) Significant affiliated companies

Company Name	Location	Capital	Ratio of voting rights held by the Company	Description of principal business
San Miguel Corp.	Mandaluyong City, Metro Manila, the Republic of the Philippines	₱ 16,109 million	19.9%	Production and sale of beer
Kyowa Hakko Kogyo Co., Ltd.	Chiyoda-ku, Tokyo	¥26,745 million	28.5%	Production and sale of prescription medicine, raw materials for pharmaceutical and industrial use, healthcare products, agriculture, livestock and fishery products, and raw material alcohol
Kirin-Amgen, Inc.	Thousand Oaks, California, U.S.A.	U.S.\$10	50.0%	Research and development of pharmaceuticals

3) Significant business affiliations

Company Name	Name of partner companies	Description of affiliation
Kirin Brewery Co., Ltd.	Heineken International B.V.	Incorporation of a joint venture (in Japan) for the purpose of selling Heineken Beer in Japan
	Anheuser-Busch, Inc.	Exclusive production and sale of Budweiser Beer in Japan
	Pernod Ricard S.A.	Exclusive import and sale of liquors, etc.
	Diageo Plc.	Exclusive import and sale of liquors, etc.

Company Name	Name of partner companies	Description of affiliation
Kirin Beverage Co., Ltd.	Group Danone S.A. Mitsubishi Corp.	Incorporation of a joint venture (in Japan) for the purpose of import, production and sales of mineral water
Kirin Holdings Co., Ltd.	Anheuser-Busch, Inc.	License to produce and sell Kirin Beer in the U.S.A.
	Amgen Inc.	Incorporation of a joint venture (in the U.S.A.) for the purpose of research and development of pharmaceuticals, etc.

(10) Status of significant business transfers from and to Kirin Group and the acquisition or disposal of shares of other companies

- 1) With the objective of transitioning to a pure holding company structure, the Company reorganized (absorption-type company split) its businesses as of July 1, 2007. It assigned the domestic alcohol beverages business it manages to Kirin Brewery Co., Ltd., the pharmaceuticals business it manages to Kirin Pharma Co., Ltd., and the corporate services functions of human resources, accounting, general administration and financing it manages to Kirin Business Expert Co., Ltd.
- 2) Kirin (China) Investment Co., Ltd., a wholly owned subsidiary, strengthened the business base of its beer business in China and acquired a 25% stake in Hangzhou Qiandaohu Brewery Co., Ltd. In the transaction, Hangzhou Qiandaohu Brewery increased its capital through third-party allocation and assigned shares to Kirin (China) Investment.
- 3) The Company aims for business expansion in Asia and Oceania and the creation of synergies within the Group, acquiring from San Miguel Corp. its entire stake in National Foods Ltd. of Australia and making the latter a wholly owned subsidiary.
- 4) With the objective of forming a business alliance with Kyowa Hakko Kogyo Co., Ltd. centering on the pharmaceutical business, the Company has purchased shares of Kyowa Hakko and acquired 27.9% (111,578,000 shares) of total outstanding shares.
- 5) The Company has transferred its 19.8% (5,714,000 shares) of total outstanding shares held in Yonekyu Corporation to Mitsubishi Corporation.

(11) Principal lenders and the amount of loans of Kirin Group

Lender	Outstanding amount of loan
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥351,184 million
Meiji Yasuda Life Insurance Company	¥32,500 million

2. State of shares

- (1) **Total number of shares authorized to be issued** 1,732,026,000 shares
- (2) **Total number of issued shares** 984,508,387 shares
(No change from the end of the previous term)
- (3) **Number of shareholders** 133,794 persons
(Decreased by 2,502 persons from the end of the previous term)
- (4) **Major shareholders (top ten)**

Name of shareholder	Number of shares held by the shareholder (thousand shares)	Ratio of shares held (%)
Moxley & Co.	43,970	4.5
Meiji Yasuda Life Insurance Company	43,697	4.4
The Master Trust Bank of Japan, Ltd. (Trust account)	41,588	4.2
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	35,085	3.6
Japan Trustee Service Bank, Ltd. (Trust account)	32,964	3.3
Japan Trustee Service Bank, Ltd. (Trust account 4)	25,952	2.6
Isono Shokai, Limited	23,272	2.4
State Street Bank and Trust Company	15,242	1.5
The Melon Bank, N.A. Treaty Client Omnibus	15,086	1.5
The Nomura Trust and Banking Co., Ltd. (Retirement Benefit Trust for The Mitsubishi UFJ Trust and Banking Corporation)	11,621	1.2

(Note) In addition to the above, the Company holds 29,778 thousand treasury shares.

3. Status of the Company's Directors and Corporate Auditors

(1) Names of Directors and Corporate Auditors, etc

Title	Name	Position and representation of other companies, etc.
Chairman (Representative Director)	Koichiro Aramaki	-
President (Representative Director)	Kazuyasu Kato	-
Executive Vice President (Representative Director)	Kazuhiro Sato	Responsible for Group Financial Strategy, Information Systems, Corporate Communications and Investor Relations
Managing Director	Takeshi Shimazu	Responsible for Group Quality Assurance, Risk Management and CSR
Managing Director	Koichi Matsuzawa	Responsible for Group Production Technology
Managing Director	Tomohiro Mune	Responsible for Group Personnel, General Affairs, Legal, and Internal Audit Sections.
*Managing Director	Etsuji Tawada	Responsible for Group R&D and Intellectual Property
Director	Kenjiro Hata	Senior Advisor of Meiji Yasuda Life Insurance Company
Director	Satoru Kishi	Senior Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Director	Akira Gemma	Advisor of Shiseido Co., Ltd.
*Standing Corporate Auditor	Hitoshi Oshima	-
*Standing Corporate Auditor	Tetsuo Iwasa	-
Corporate Auditor	Toyoshi Nakano	Senior Advisor of the Mitsubishi UFJ Trust and Banking Corporation
Corporate Auditor	Teruo Ozaki	Certified Public Accountant
Corporate Auditor	Kazuo Tezuka	Attorney

- (Notes) 1. Director and Corporate Auditors marked with * assumed office as of March 28, 2007.
2. Mr. Kenjiro Hata, Mr. Satoru Kishi and Mr. Akira Gemma are outside Directors as provided for in Article 2, Item 15 of the Corporation Law.

3. Mr. Toyoshi Nakano, Mr. Teruo Ozaki and Mr. Kazuo Tezuka are outside Corporate Auditors as provided for in Article 2, Paragraph 16 of the Corporation Law.
4. Corporate Auditor Mr. Teruo Ozaki is a Certified Public Accountant and has a wealth of expertise in finance and accounting.
5. Director and Corporate Auditors listed hereunder retired as of March 28, 2007.

Executive Vice President (Representative Director)	Naomichi Asano
Standing Corporate Auditor	Tadahisa Kono
Standing Corporate Auditor	Motokazu Fujita

6. Important positions concurrently held at other companies by Directors and Corporate Auditors are described below. (Details of concurrent service of outside Directors and outside Corporate Auditors are described in (3) Matters regarding outside Directors and outside Corporate Auditors.)

Name	Company name	Specific concurrent position
Koichiro Aramaki	Lion Nathan Ltd.	Director
	The Coca-Cola Bottling Company of Northern New England, Inc.	Director
Takeshi Shimazu	Koiwai Dairy Products Co., Ltd.	Director
Koichi Matsuzawa	San Miguel Corp.	Director
Tomohiro Mune	Nagano Tomato Co., Ltd.	Corporate Auditor
Hitoshi Oshima	Kirin Brewery Co., Ltd.	Corporate Auditor
	Kirin Pharma Co., Ltd.	Corporate Auditor
Tetsuo Iwasa	Kirin Beverage Co., Ltd.	Corporate Auditor
	Kirin Business Expert Co., Ltd.	Corporate Auditor

(2) Remuneration to Directors and Corporate Auditors for the fiscal year under review

	Directors		Corporate Auditors		Total	
	Number of persons	Amount (millions of yen)	Number of persons	Amount (millions of yen)	Number of persons	Amount (millions of yen)
Monthly remuneration	10	¥401	5	¥ 86	15	¥487
Bonus	10	¥254	5	¥ 15	15	¥270
Total		¥656		¥102		¥758

- (Notes)
1. Ten (10) Directors and five (5) Corporate Auditors remain in their positions as of December 31, 2007.
 2. The remuneration limit for Directors is ¥50 million per month (Decision of the 164th Ordinary General Meeting of Shareholders on March 28, 2003).
 3. The remuneration limit for Corporate Auditors is ¥9 million per month (Decision of the 167th Ordinary General Meeting of Shareholders on March 30, 2006).
 4. The above bonus for Directors is an amount expected to be paid on condition that the original proposition No.5 of the 169th Ordinary General Meeting of Shareholders is approved.
 5. The above amount includes a total of ¥73 million remuneration to three (3) outside Directors and three (3) outside Corporate Auditors.
 6. Other payments as retirement benefits (including pensions) not listed above came to totals of ¥928 million to ten (10) Directors and ¥125 million to five (5) Corporate Auditors, making a gross total of ¥1,053 million (including a total of ¥65 million to six outside Directors and outside Corporate Auditors). The payments were based on the resolution of the proposition “Presentation of retirement payments to retiring Director and retiring Corporate Auditors, and payment of accrued retirement benefits associated with the abolition of the retirement benefit system for current corporate officers” at the 168th Ordinary General Meeting of Shareholders on March 28, 2007.

(3) Matters regarding outside Directors and outside Corporate Auditors

1) Persons serving as outside Directors and outside Corporate Auditors at other companies

Title	Name	Company Name	Specific concurrent position
Director	Kenjiro Hata	Mitsubishi Estate Co., Ltd.	Outside Corporate Auditor
		Shin-Etsu Polymer Co., Ltd.	Outside Corporate Auditor
		Daido Steel Co., Ltd.	Outside Corporate Auditor
	Satoru Kishi	Mitsubishi Logistics Corporation	Outside Director
		HONDA MOTOR CO., LTD.	Outside Director
		MITSUBISHI HEAVY INDUSTRIES, LTD.	Outside Corporate Auditor
	Akira Gemma	KONAMI CORPORATION	Outside Director
Corporate Auditor	Toyoshi Nakano	MITSUBISHI HEAVY INDUSTRIES, LTD.	Outside Corporate Auditor
		NIKON CORPORATION	Outside Corporate Auditor
	Teruo Ozaki	Tokai Rubber Industries, Ltd.	Outside Corporate Auditor
		The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Outside Director
		ORIX CORPORATION	Outside Director
		DAIKYO INCORPORATED	Outside Director
	Kazuo Tezuka	ASAHI KASEI CORPORATION	Outside Corporate Auditor
		Plaza Create Co., Ltd.	Outside Corporate Auditor

2) Primary activities during the fiscal year

Title	Name	Attendance at Board of Directors' meetings	Attendance at Board of Corporate Auditors' meetings	Statements contribution
Director	Kenjiro Hata	15 times of 21 meetings	–	He was president at a life insurance company. He made statements from his experience and perspective as a manager.
	Satoru Kishi	18 times of 21 meetings	–	He was president at a bank. He made statements from his experience and perspective as a manager.
	Akira Gemma	21 times of 21 meetings	–	He was president at a consumer product manufacturing company. He made statements from his experience and perspective as a manager.
Corporate Auditor	Toyoshi Nakano	19 times of 21 meetings	11 times of 13 meetings	He was president at a trust bank. He made statements from his experience and perspective as a manager.
	Teruo Ozaki	19 times of 21 meetings	11 times of 13 meetings	He made statements primarily from his professional perspective as a CPA.
	Kazuo Tezuka	21 times of 21 meetings	13 times of 13 meetings	He made statements primarily from his professional perspective as an attorney

4. Status of Independent Auditor

(1) Name of Independent Auditor

KPMG AZSA & Co.

(2) Remuneration to the Independent Auditor during the fiscal year under review

1)	Total remuneration paid by the Company to the Independent Auditor for audit certification in accordance with Article 2, Section 1 of the Certified Public Accountants Law	¥57 million
2)	Total remuneration paid by the Company to the Independent Auditor for services other than those stipulated in Article 2, Section 1 of the Certified Public Accountants Law	¥52 million
3)	Total audit remuneration paid by the Company to the Independent Auditor	¥110 million

- (Notes) 1. The audit agreement between the Independent Auditor and the Company does not separately stipulate audit remunerations based on the Corporation Law or the Securities Exchange Law (changed into the Financial Instruments and Exchange Law from September 30, 2007; hereinafter the same shall apply). Hence, the remuneration in 1) above does not separate these two types of payment.
2. The remunerations described in 2) above are payments for duties of the advisory service concerning internal control related to financial reporting and the financial due diligence.

Total amount and other property benefits paid by the Company and its subsidiaries ¥245 million

(Note) Of the significant subsidiaries of the Company, four (4) companies including Mercian Corporation and Lion Nathan Ltd. are subject to audits of accounts (limited to audits stipulated in the Corporation Law or the Securities Exchange Law (including similar foreign laws)) by a certified public accountant or incorporated accounting firm (including overseas auditors possessing similar qualifications) other than the Independent Auditor of the Company.

(3) Policy regarding decisions to dismiss or deny reappointment to Independent Auditor

If the Company's Board of Auditors determines that any of the provisions of Article 340, Paragraph 1 of the Corporation Law applies with respect to the Independent Auditor, it shall dismiss the Independent Auditor. Such dismissal shall require the unanimous agreement of all the corporate auditors.

In addition, if it is determined that any of the provisions of Article 340, Paragraph 1 of the Corporation Law applies with respect to the Independent Auditor, the Company's Board of Directors shall, with the consent of, or upon a request from, the Board of Auditors, submit a resolution recommending the dismissal of the Independent Auditor to the General Meeting of Shareholders. Alternatively, if it is determined that a change of Independent Auditors is necessary because of the manner in which the Independent Auditors is executing its duties or because of the Company's system of auditing, the Board of Directors shall submit a resolution calling for the denial of reappointment to the Independent Auditor to the General Meeting of Shareholders.

5. System to Secure the Appropriate Operations

The outline of a system to secure the appropriate operations of the Company (the internal control system) that the Company resolved at its Board of Directors Meeting is as follows.

(1) System to secure compliance of performance of duties by the Directors and employees with laws and the articles of incorporation (“Compliance System”)

The Directors shall establish basic policy on the compliance of Kirin Group and promote the policy by maintaining an organization and provisions to execute the policy and integrating them with the activities in various sectors. In addition, the Directors shall carry out educational programs on compliance, clarify procedures concerning responses to breaches of compliance, and make those procedures public throughout the Group. The Internal Audit Department shall carry out internal auditing to secure that these systems are properly developed and applied.

(2) System to secure the proper preservation and maintenance of information regarding the performance of duties by Directors (“System of Information Preservation and Maintenance”)

The Directors shall preserve the following documents (including electromagnetic record) together with the related materials for at least ten (10) years and make them available for inspection as necessary.

- Minutes of Shareholders Meetings
- Minutes of Board of Directors Meetings
- Minutes of Group Executive Committee meetings and other important meetings
- Approval applications (approval authority of the heads of divisions and above)
- Financial statements, business reports, and their detailed statements

(3) Regulations and other systems related to the control of the risk of loss (“Risk Management System”)

The Directors shall establish basic policy on the risk management of Kirin Group and promote the policy by maintaining an organization and provisions to execute the policy and integrating them with activities in various sectors. In addition, the Directors shall carry out educational programs on risk management, clarify procedures concerning the disclosure of risks and responses to the occurrence of crises, and make those procedures public throughout Kirin Group. The Internal Audit Department shall carry out internal auditing to secure that these systems are properly developed and applied.

(4) System to secure the efficient performance of duties by the Directors (“Efficient Performance System”)

The Directors shall maintain a management control system comprising the following

items to secure the efficient performance of duties.

- In addition to the Board of Directors meetings, the Group Executive Committee shall be organized to deliberate significant matters affecting the entire Group, thereby ensuring that decisions are reached carefully based on considerations of multi-dimensional aspects.
- Establish quantitative and qualitative targets in the annual plan by business category and monitor performance, including quarterly monitoring (KVA management system*)
 - * Kirin's own strategy management system with EVA as the Group's common financial indicator.

(5) System to secure the appropriate operations for group companies comprising a company, its parent company, and subsidiaries (“Group Internal Control System”)

In order to secure the appropriate operations for Kirin Group, the Directors shall establish rules and standards to be applied to the Group companies, including the following items, and carry out operation in compliance with these rules and standards.

- Items related to the governance and monitoring of each Group company
- Items related to guidance and management concerning the maintenance of the internal control system for each Group company
- Items related to the communication system* linking the Group companies
- Items related to the Group internal auditing system operated by the Internal Audit Department.
 - * The system to share information within the Group, the compliance hotline system, and other related items

(6) System to assign employees as support staff for Corporate Auditors when Corporate Auditors request support staff (together with (7), (8) and (9) below, “Corporate Auditor Related System”)

Employees of the Company will be assigned as support staff for Corporate Auditors.

(7) Items related to the assurance that the employees assigned as support staff as mentioned in the preceding provision remains independent from the Directors

In order to secure independence of the employees assigned as support staff as mentioned in the preceding provision, the consent of the Corporate Auditors shall be required for any decision related to personnel affairs, including the appointment and transfer of such employees. Such employees shall not assume any other appointment related to the operation of business simultaneously.

(8) System to secure reporting by Directors and employees to Corporate Auditors, and other systems to secure reporting to Corporate Auditors

The Directors shall report to the Corporate Auditors on matters specified by the Corporate Auditors in advance in accordance with the provisions of the Corporate Auditors' audit standard. Principal items are as follows:

- Any matter that may impose material damage to the Company, when the Directors find such matter
- Legal matters that require the consent of Corporate Auditors
- The status of maintenance and application of internal control system

Notwithstanding the abovementioned matters, a Corporate Auditor may request the Directors and employees to report on other matters any time as necessary.

(9) Other Systems to secure efficient auditing by Corporate Auditors

Corporate Auditors may appoint attorneys, certified public accountants, consultants, or other external advisors when considered necessary for the performance of auditing.

6. Basic policy regarding control of decision-making with respect to financial and business policies

The Company has not established a policy on the above, but its basic thinking in this regard is as follows.

Kirin Group has adopted a long-term management vision called the “*Kirin Group Vision 2015*,” under which it is aiming to strengthen its core domestic alcohol beverages business and achieve a quantum leap in growth through the execution of a Group-wide comprehensive beverage strategy and advancement of globalization. It believes that its highest priority is to enhance the corporate value of Kirin Group by achieving greater profitability through actions implemented under this plan.

As a listed company, the Company respects the right of investors to trade freely in its shares. Even were a specific party to acquire a large percentage of the Company’s shares, we would not categorically reject this acquisition so long as it contributes toward ensuring and enhancing the Group’s corporate value and the collective interests of its shareholders.

As of this date, the Company has not adopted a so-called “framework of takeover defense measures.” In the event that large-scale purchases of the shares in the Company threatens to exert a detrimental effect on the corporate value of the Group or to the collective interests of shareholders, however, the Company’s Board of Directors would consider it its duty—bestowed upon it by the shareholders—to take appropriate action. Such action might include securing information or time for the shareholders, negotiating on behalf of the shareholders with the persons who have made the acquisition, etc.

(Note) Amounts and numbers of shares in this report are indicated by omitting fractions. Percentages are rounded to the nearest decimal place.

CONSOLIDATED BALANCE SHEET

(As of December 31, 2007)

(millions of yen)

<u>Assets</u>	
Current Assets	<u>634,629</u>
Cash	55,009
Notes and accounts receivable, trade	361,127
Marketable securities	246
Inventories	148,649
Deferred tax assets	19,906
Other	52,190
Allowance for doubtful accounts	(2,500)
Fixed Assets	<u>1,835,038</u>
Property, Plant and Equipment	<u>635,963</u>
Buildings and structures	203,103
Machinery, equipment and vehicles	197,053
Land	158,558
Construction in progress	35,437
Other	41,809
Intangible Assets	<u>386,915</u>
Goodwill	258,780
Other	128,134
Investments and Other Assets	<u>812,160</u>
Investment securities	712,234
Long-term loans receivable	10,387
Deferred tax assets	34,583
Other	57,838
Allowance for doubtful accounts	(2,884)
<hr/>	
Total Assets	<u>2,469,667</u>
<hr/>	

Liabilities

Current Liabilities	<u>891,760</u>
Notes and accounts payable, trade	139,255
Short-term loans payable	404,725
Liquor taxes payable	108,260
Income taxes payable	31,958
Allowance for employees' bonuses	4,334
Allowance for bonuses for directors and corporate auditors	442
Reserve for loss on repurchase of land	2,987
Accrued expenses	105,216
Deposits received	17,286
Other	77,293
Long-term Liabilities	<u>478,351</u>
Bonds	92,831
Long-term debt	112,244
Deferred tax liabilities	88,329
Deferred tax liability due to land revaluation	1,471
Employees' pension and retirement benefits	60,188
Retirement benefits for directors and corporate auditors	589
Reserve for repair and maintenance of vending machines	6,387
Deposits received	69,644
Other	46,665
<hr/> Total Liabilities	<hr/> 1,370,111 <hr/>

<u>Net Assets</u>	
Shareholders' Equity	<u>926,727</u>
Common stock	102,045
Capital surplus	71,353
Retained earnings	781,499
Treasury stock, at cost	(28,170)
Valuation and translation adjustments	<u>128,083</u>
Net unrealized holding gains on securities	124,743
Deferred gains or losses on hedges	370
Land revaluation difference	(4,713)
Foreign currency translation adjustments	7,683
Minority interests	<u>44,744</u>
<hr/>	<hr/>
Total Net Assets	1,099,555
<hr/>	<hr/>
Total Liabilities and Net Assets	2,469,667
<hr/>	<hr/>

*Amounts are stated by omitting fractions less than ¥1million.

CONSOLIDATED STATEMENT OF INCOME

(From January 1, 2007 to December 31, 2007)

(millions of yen)

Sales		1,801,164
Cost of sales		1,078,614
		<hr/>
Gross profit		722,550
Selling, general and administrative expenses		601,942
		<hr/>
Operating income		120,608
Non-operating income		
Interest and dividend income	7,263	
Equity in earnings of affiliates	10,282	
Other income	5,548	23,094
		<hr/>
Non-operating expenses		
Interest expense	12,618	
Other expenses	7,694	20,312
		<hr/>
Ordinary income		123,389
Special income		
Gain on sale of fixed assets	19,728	
Reversal of allowance for doubtful accounts	687	
Gain on sale of investment securities	653	
Reversal of reserve for losses on guarantees	62	
Gain on sale of shares of subsidiaries and affiliates	184	
Gain on transfer of real estate in trust	1,089	22,404
		<hr/>
Special expenses		
Loss on disposal of fixed assets	5,578	
Loss on sale of fixed assets	564	
Loss on impairment	2,361	
Loss on devaluation of investment securities	230	
Loss on sale of investment securities	14	
Business restructuring expense	3,878	
Loss on sale of shares of subsidiaries and affiliates	1,731	
Loss of equity method investments	1,929	
General interest charge of income taxes for prior years in a foreign subsidiary	1,092	17,380
		<hr/>
Income before income taxes and minority interests		128,413
Income taxes — current	48,800	
Income taxes for prior years	(2,011)	
Income taxes — deferred	3,554	50,343
		<hr/>
Minority interests		11,355
		<hr/>
Net income		66,713

*Amounts are stated by omitting fractions less than ¥1million.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
(From January 1, 2007 to December 31, 2007)

(millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance as of December 31, 2006	102,045	71,114	732,134	(26,797)	878,497
Changes of items during the period					
Dividends from surplus			(17,192)		(17,192)
Net income			66,713		66,713
Decrease due to exclusion of affiliates accounted for by the equity method			(155)		(155)
Acquisition of treasury stock				(1,711)	(1,711)
Disposal of treasury stock		239		337	576
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	239	49,364	(1,373)	48,230
Balance as of December 31, 2007	102,045	71,353	781,499	(28,170)	926,727

	Valuation and translation adjustments					Minority interests	Total Net assets
	Net unrealized holding gains on securities	Deferred gains or losses on hedges	Land revaluation difference	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of December 31, 2006	122,466	(352)	(4,713)	(1,907)	115,492	49,734	1,043,724
Changes of items during the period							
Dividends from surplus							(17,192)
Net income							66,713
Decrease due to exclusion of affiliates accounted for by the equity method							(155)
Acquisition of treasury stock							(1,711)
Disposal of treasury stock							576
Net changes of items other than shareholders' equity	2,277	723	-	9,591	12,591	(4,990)	7,601
Total changes of items during the period	2,277	723	-	9,591	12,591	(4,990)	55,831
Balance as of December 31, 2007	124,743	370	(4,713)	7,683	128,083	44,744	1,099,555

*Amounts are stated by omitting fractions less than ¥1million.

FOOT NOTES

Significant Accounting Policies

1. Scope of consolidation

(1) Consolidated subsidiaries: 345 companies

Major consolidated subsidiaries: Kirin Brewery Company, Limited, Kirin Pharma Company, Limited, Kirin Beverage Company, Limited,, Mercian Corporation, Lion Nathan Ltd., National Foods Limited, Berri Limited

The changes of the scope of consolidation are as follows:

- (a) Due to new establishment, Kirin Holdings (Australia) Pty Ltd became a consolidated subsidiary.
- (b) Due to new establishment, 1 subsidiary of Kirin Agribio EC B.V. became a consolidated subsidiary.
- (c) Due to new establishment, 1 subsidiary of Kirin Beverage Company, Limited became a consolidated subsidiary.
- (d) Due to new acquisition, National Foods Limited, Berri Limited and 44 subsidiaries of Kirin Holdings (Australia) Pty, Ltd. became consolidated subsidiaries.
- (e) Due to new acquisition, etc., 2 subsidiaries of Kirin Beverage Company, Limited and 28 subsidiaries of Lion Nathan Ltd. became consolidated subsidiaries.
- (f) Due to sale of shares, Kirin Plaza Co., Ltd. was excluded from the consolidation scope.
- (g) Due to sale of shares, Beerstyle 21 Inc. and 3 other companies were excluded from the consolidation scope.
- (h) Due to completion of liquidation, TWYFORD INTERNATIONAL INC. was excluded from the consolidation scope.

(2) Major unconsolidated subsidiary: Kirin Agribio USA, Inc.

Certain subsidiaries including Kirin Agribio USA, Inc. were excluded from the consolidation scope because the effect of their total assets, sales, net income or losses (amount corresponding to interests), and retained earnings (amount corresponding to interests) on the accompanying consolidated financial statements is immaterial.

2. Application of equity method

(1) Unconsolidated subsidiaries accounted for by the equity method: None

(2) Affiliated companies accounted for by the equity method: 22 companies

Major affiliated company: San Miguel Corporation

The changes of the scope of application of the equity method are as follows:

- (a) Due to new acquisition, Kyowa Hakko Kogyo Co., Ltd. became an affiliate accounted for by the equity method.
 - (b) Due to new acquisition, HANGZHOU QIANDAOHU BREWERY CO., LTD. and 2 other companies became affiliates accounted for by the equity method.
 - (c) Due to decrease of shareholding ratio by partial sale of shares, a subsidiary of Lion Nathan Ltd., which was a consolidated subsidiary in the year ended December 31, 2006, became an affiliate accounted for by the equity method.
 - (d) Due to sale of shares, Yonekyu Corporation and 1 other company were excluded from the scope of application of the equity method.
- (3) Certain investments in unconsolidated subsidiaries including Kirin Agribio USA, Inc. and affiliates including Diamond Sports Club Co., Ltd. were not accounted for by the equity method, and were stated at cost because the effect of their net income or losses

and retained earnings on the accompanying consolidated financial statements was immaterial.

- (4) Where fiscal year-ends of the affiliated companies accounted for by the equity method are different from that of the Company, the Company mainly used their financial statements as of their fiscal year-ends and for the years then ended for applying the equity method.

Where the difference between the Company's and affiliates' year-end is more than 6 months, the Company used their interim financial statements that were for the most recent accounting periods.

- (5) In an effort to respond to the demands for expediting the process of business performance disclosure and in consideration of the difficult situation to calculate equity in earnings of affiliates using its final figures from the year ended December 31, 2007, the Company has calculated equity in earnings of San Miguel Corporation based on its third quarter financial statements since the previous fiscal year. Consequently, the Company recognized equity in earnings of San Miguel Corporation based on the financial statements for 12 months from the fourth quarter of the previous fiscal year to the third quarter of this fiscal year.

3. Fiscal year-ends of the consolidated subsidiaries

The following table shows the consolidated subsidiaries whose fiscal year-ends are different from that of the Company.

Consolidated subsidiaries	Fiscal year-end
Lion Nathan Ltd. and its subsidiaries	September 30 (*i)
Japan Potato Corporation	September 30 (*i)
Kirin Agribio Inc.	September 30 (*i)
Kirin Agribio EC B.V. and its subsidiaries	September 30 (*i)
Kirin Agribio Shanghai Co., Ltd.	September 30 (*i, iii)
KV Corporation, Ltd.	September 30 (*i)
Chateau Reysson	October 31 (*i)
Nippon Liquor Ltd.	March 31 (*ii)

(*i) The Company used the financial statements of the companies as of their fiscal year-ends and for the years then ended for consolidation.

(*ii) The Company used the financial statements based on preliminary statements as of its fiscal year end for the years then ended for consolidation.

(*iii) Kirin Agribio Shanghai Co., Ltd. changed its fiscal year end from December 31 to September 30.

With respect to (*i), the Company made necessary adjustments for major transactions between the fiscal year-ends of the consolidated subsidiaries and the fiscal year-end of the Company.

4. Accounting policies

(1) Valuation of major assets

(a) Valuation of securities

- 1) Held-to-maturity debt securities are stated at amortized cost.
- 2) Available-for-sale securities with fair market value are stated at fair market value as of the balance sheet date. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on sale of such securities are computed using the moving-average method.
- 3) Available-for-sale securities without fair market value are stated at the moving-average cost.

(b) Derivative financial instruments

Derivative financial instruments are stated at fair value.

(c) Valuation of inventories

- 1) Merchandise, finished goods and semi-finished goods are mainly stated at cost determined by the periodic average method.
- 2) Raw materials, containers and supplies are mainly stated at cost determined by the moving-average method.
- 3) Construction in process is stated at cost determined by the specific identification method.

(2) Depreciation and amortization of fixed assets

(a) Depreciation of property, plant and equipment

- 1) Depreciation is calculated using the declining-balance method except for buildings (excluding building fixtures) acquired on or after April 1, 1998, which are depreciated using the straight-line method.
- 2) Depreciation for several consolidated subsidiaries is calculated using the straight-line method.

(b) Amortization of intangible assets

- 1) The Company and consolidated domestic subsidiaries amortize intangible assets using the straight-line method.
- 2) Consolidated overseas subsidiaries mainly adopt the straight-line method over 20 years.

(3) Method of providing major allowances and reserves

(a) Allowance for doubtful accounts

The Company and consolidated subsidiaries provide allowance for doubtful accounts in an amount sufficient to cover probable losses on collection. It consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the actual percentage of collection losses.

(b) Allowance for employees' bonuses

The Company and consolidated subsidiaries provide allowance for employees' bonuses based on the estimated amounts of payment.

(Additional information)

Since the Company revised its rules for payment of employees' bonuses for the year ended December 31, 2007, which caused partial difference between the period subject to the payment of bonuses and the timing of such payment, the Company and some consolidated companies provide the correspondent allowance for employees' bonuses from the year ended December 31, 2007. The effect of this change was decrease in operating income, ordinary income and income before income taxes and minority interests by ¥1,708 million, respectively.

(c) Allowance for bonuses for directors and corporate auditors

The Company and consolidated subsidiaries provide allowance for bonuses for

directors and corporate auditors based on the estimated amounts of payment.

(d) Reserve for loss on repurchase of land

The Company provides the reserve at an amount deemed necessary to cover the possible loss on repurchase of land, which was sold to the Organization for promoting Urban Development (the “Organization”) in September 1998, leaving the right for the Organization to sell back the land to the Company on certain conditions. This is because it is deemed to be probable for the Organization to exercise the right considering the decline in price of the land.

(e) Employees’ pension and retirement benefits

The Company and consolidated subsidiaries provide allowance for employees’ pension and retirement benefits at the balance sheet date based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at the end of the fiscal year. Prior service cost is amortized on the straight-line method over mainly periods between 13 and 15 years. Actuarial differences are amortized by the straight-line method over mainly periods between 13 and 15 years, both beginning from the following fiscal year of recognition.

(f) Retirement benefits for directors and corporate auditors

Provision for retirement benefits for directors and corporate auditors represents 100% of such retirement benefit obligations as of the balance sheet date calculated in accordance with policies of consolidated subsidiaries.

(Additional information)

The Company and some consolidated subsidiaries resolved to abolish the retirement benefit system for directors and corporate auditors. Accordingly, amount equivalent to accrued retirement benefits due to the abolition of the system is recorded as “other long-term liabilities.”

(g) Reserve for repair and maintenance of vending machines

Kirin Beverage Company, Limited and consolidated subsidiaries provide reserve for repair and maintenance of vending machines by estimating the necessary repair and maintenance cost in the future, allocating the costs over a five-year period. The actual expenditure was deducted from the balance of the reserve on the consolidated balance sheet.

(4) Hedge accounting

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company and consolidated subsidiaries defer recognition of gains and losses resulting from changes in fair value of derivative financial instruments until the related losses and gains on the hedged items are recognized.

If forward foreign exchange contracts are used as hedges and meet certain hedging criteria, forward foreign exchange contracts and hedged items are accounted for in the following manner:

(a) If a forward foreign exchange contract is executed to hedge an existing foreign currency receivable or payable,

- 1) the difference, if any, between the amount in Japanese yen of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payable is recognized in the consolidated statement of income in the period which includes the inception date, and
- 2) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.

(b) If a forward foreign exchange contract is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the forward foreign exchange contract

are recognized.

If interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

(5) Consumption taxes

Consumption taxes are excluded from the revenue and expense accounts which are subject to such taxes.

5. Valuation of the assets and liabilities of consolidated subsidiaries

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time when the Company acquired control of the respective subsidiaries.

6. Goodwill

Differences between the acquisition costs and the underlying net equities of investments in consolidated subsidiaries are recorded as goodwill in the consolidated balance sheet and amortized using the straight-line method over periods between 15 and 20 years. If the amount is immaterial, it is fully recognized as expenses as incurred.

Change in Accounting Policies

Change of depreciation method of fixed assets

Due to the revision of the Corporation Tax Law, the method of depreciation of property, plant and equipment acquired on or after April 1, 2007 has been changed to the method based on the Corporation Tax Law after the revision. However, the Company and some consolidated companies have changed the method for property, plant and equipment acquired on or after July 1, 2007 since the application system update was completed in the second half of the fiscal year. And the effect on net income of this change is not material.

Notes to the Consolidated Balance Sheet

1. Accumulated depreciation of Property, Plant and Equipment	¥942,880 million
2. Amount reduced from fixed assets due to government subsidy received and others	¥573 million
3. Assets pledged as collateral and secured borrowings	
(1) Assets pledged as collateral	
Cash	¥10 million
Notes and accounts receivable, trade	¥31,807 million
Buildings and structures	¥1,489 million
Machinery, equipment and vehicles	¥3,166 million
Land	¥788 million
Other of property, plant and equipment	¥0 million
Other of intangible assets	¥0 million
	<hr/>
Total	¥37,262 million
(2) Secured borrowings	
Short-term loans payable	¥431 million
Other of current liabilities	¥214 million
Long-term debt (including current maturities of long-term debt)	¥18,065 million
Deposits received	¥3,408 million
Other of long-term liabilities	¥1,935 million
	<hr/>
Total	¥24,056 million
4. Contingent liabilities	
(1) Guarantees for loan from banks and other of unconsolidated subsidiaries and affiliates	¥5,260 million
(2) Guarantees for loan from banks and other of employees	¥6,422 million
(3) Guarantees for loan from banks and other of customers	¥1,828 million
	<hr/>
Total	¥13,511 million

(arrangements similar to guarantees of ¥110 million is included in the above)

Notes to the Consolidated Statement of Changes in Net Assets

1. Type and number of shares outstanding and treasury stock

(1) Shares outstanding

<u>Type of shares outstanding</u>	<u>common stock</u>
Number of shares as of December 31, 2006	984,508,387 shares
Number of shares increased during the accounting period ended December 31, 2007	-
Number of shares decreased during the accounting period ended December 31, 2007	-
Number of shares as of December 31, 2007	984,508,387 shares

(2) Treasury stock

<u>Type of treasury stock</u>	<u>common stock</u>
Number of shares as of December 31, 2006	29,155,714 shares
Number of shares increased during the accounting period ended December 31, 2007	982,492 shares
Number of shares decreased during the accounting period ended December 31, 2007	359,146 shares
Number of shares as of December 31, 2007	29,779,060 shares

Notes: 1. Increase in the number of shares was due to purchases of less-than-one-unit shares.

2. Decrease in the number of shares was due to sales of less-than-one-unit shares.

2. Matters related to dividends

(1) Dividend payment

Approvals by ordinary general meeting of shareholders held on March 28, 2007 are as follows:

*Dividends on Common stock

a. Total amount of dividends	¥8,598 million
b. Dividends per share	¥9.00
c. Record date	December 31, 2006
d. Effective date	March 29, 2007

Approvals by the Board of Directors meeting on August 3, 2007 are as follows:

*Dividends on Common stock

a. Total amount of dividends	¥8,594 million
b. Dividends per share	¥9.00
c. Record date	June 30, 2007
d. Effective date	September 10, 2007

(2) Dividends whose record date is attributable to the accounting period ended December 31, 2007 but to be effective after the said accounting period

We will seek approval at general meeting of shareholders to be held on March 26, 2008 as follows:

*Dividends on Common stock

a. Total amount of dividends	¥11,456 million
b. Funds for dividends	Retained earnings
c. Dividends per share	¥12.00
d. Record date	December 31, 2007
e. Effective date	March 27, 2008

Note to Per Share Information

1. Net assets per share:	¥1,104.83
2. Net income per share:	¥69.86

Note to Subsequent events

There is no matter that fall under this item.

BALANCE SHEET

(As of December 31, 2007)

(millions of yen)

<u>Assets</u>	
Current Assets	<u>163,565</u>
Cash	18,989
Accounts receivable, trade	319
Short-term loans receivable	116,804
Income tax receivable	10,598
Consumption tax receivable	9,094
Deferred tax assets	1,993
Other	8,499
Allowance for doubtful accounts	(2,733)
Fixed Assets	<u>1,456,990</u>
Property, Plant and Equipment	<u>73,174</u>
Buildings	38,227
Structures	2,242
Machinery and equipment	317
Vehicles	18
Tools	2,607
Land	25,084
Construction in progress	4,677
Intangible Assets	<u>86</u>
Leasehold rights	60
Utility rights	25
Investments and Other Assets	<u>1,383,729</u>
Investment securities	225,291
Investments in subsidiaries and affiliates (capital stock)	1,112,692
Investments in equity of subsidiaries and affiliate (other than capital stock)	18,620
Long-term loans receivable	16,401
Other	13,914
Allowance for doubtful accounts	(3,190)
<hr/>	
Total Assets	<u>1,620,556</u>

Liabilities

Current Liabilities	<u>604,786</u>
Notes payable, trade	75
Short-term loans payable	594,460
Other accounts payable	3,826
Accrued expenses	2,566
Allowance for employees' bonuses	416
Allowance for bonuses for directors and corporate auditors	239
Reserve for loss on repurchase of land	2,987
Other	214
Long-term Liabilities	<u>144,339</u>
Bonds	40,000
Long-term debt	54,470
Deferred tax liabilities	22,630
Employees' pension and retirement benefits	261
Other	26,977
Total Liabilities	<u>749,126</u>

<u>Net Assets</u>	
Shareholders' Equity	<u>797,302</u>
Common stock	102,045
Capital surplus	<u>71,353</u>
Additional paid-in capital	70,868
Other capital surplus	485
Retained earnings	<u>652,073</u>
Legal reserve	25,511
Other retained earnings	<u>626,562</u>
Reserve for special depreciation	71
Reserve for deferred gain on sale of property	1,412
General reserve	531,367
Retained earnings brought forward	93,709
Treasury stock, at cost	(28,170)
Valuation and translation adjustments	<u>74,127</u>
Net unrealized holding gains on securities	74,169
Deferred gains or losses on hedges	(41)
<hr/>	
Total Net Assets	871,430
<hr/>	
Total Liabilities and Net Assets	1,620,556
<hr/>	

*Amounts are stated by omitting fractions less than ¥1million.

STATEMENT OF INCOME

(From January 1, 2007 to December 31, 2007)

(millions of yen)

Sales (*1)		425,687
Operating revenue (*2)		
Group management revenue	7,504	
Revenue from real estate business	2,850	
Dividends revenue from subsidiaries and affiliates	1,129	11,484
Revenue from operating activities (*1+*2)		437,172
Cost of sales (*3)		289,488
Gross profit (*1-*3)		136,198
Selling, general and administrative expenses (*4)		121,356
Operating expenses (*5)		
Expenses on real estate business	1,471	
General and administrative expenses	10,773	12,245
COS and expenses from operating activities (*3+*4+*5)		423,090
Operating income		14,081
Non-operating income		
Interest and dividend income	21,065	
Other income	3,601	24,666
Non-operating expenses		
Interest expenses	2,968	
Other expenses	4,903	7,872
Ordinary income		30,875
Special income		
Gain on sale of fixed assets	13,511	
Reversal of allowance for doubtful accounts	426	
Gain on sale of investment securities	405	
Gain on sale of shares of subsidiaries and affiliates	1,384	
Reversal of reserve for losses on guarantees	62	
Gain on transfer of real estate in trust	1,089	16,880

Special expenses		
Loss on sale and disposal of fixed assets	2,657	
Loss on devaluation of investment securities	3	
Loss on sale of investment securities	10	
Loss on devaluation of investments in subsidiaries and affiliates	444	3,116
		<hr/>
Income before income taxes		44,639
Income taxes - current		6,200
Income taxes - deferred		4,962
		<hr/>
Net income		33,476
		<hr/>

*Amounts are stated by omitting fractions less than ¥1million.

STATEMENT OF CHANGES IN NET ASSETS

(From January 1, 2007 to December 31, 2007)

(millions of yen)

	Shareholders' equity												
	Common stock	Capital surplus			Legal reserve	Retained earnings						Treasury stock	Total shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus		Other retained earnings					Total retained earnings		
						Reserve for special depreciation	Reserve for deferred gain on sale of property	Reserve for dividends	General reserve	Retained earnings brought forward			
Balance as of December 31, 2006	102,045	70,868	245	71,114	25,511	913	12,554	6,450	494,367	95,992	635,789	(26,796)	782,153
Changes of items during the period													
Provision for reserve for special depreciation						3				(3)	-		-
Reversal of reserve for special depreciation						(209)				209	-		-
Reversal of reserve for deferred gain on sale of property							(113)			113	-		-
Provision for general reserve									37,000	(37,000)	-		-
Dividends from surplus								(6,450)		(2,148)	(8,598)		(8,598)
Dividends from surplus (interim dividends)										(8,594)	(8,594)		(8,594)
Net income										33,476	33,476		33,476
Acquisition of treasury stock												(1,711)	(1,711)
Disposal of treasury stock			239	239								337	576
Reversal due to corporate split						(635)	(11,028)			11,664	-		-
Net changes of items other than shareholders' equity													
Total changes of items during the period			239	239		(841)	(11,141)	(6,450)	37,000	(2,282)	16,284	(1,373)	15,149
Balance as of December 31, 2007	102,045	70,868	485	71,353	25,511	71	1,412	-	531,367	93,709	652,073	(28,170)	797,302

	Valuation and translation adjustments			Total net assets
	Net unrealized holding gains on securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance as of December 31, 2006	94,080	(76)	94,004	876,157
Changes of items during the period				
Provision for reserve for special depreciation				-
Reversal of reserve for special depreciation				-
Reversal of reserve for deferred gain on sale of property				-
Provision for general reserve				-
Dividends from surplus				(8,598)
Dividends from surplus (interim dividends)				(8,594)
Net income				33,476
Acquisition of treasury stock				(1,711)
Disposal of treasury stock				576
Reversal due to corporate split				-
Net changes of items other than shareholders' equity	(19,910)	34	(19,876)	(19,876)
Total changes of items during the period	(19,910)	34	(19,876)	(4,726)
Balance as of December 31, 2007	74,169	(41)	74,127	871,430

*Amounts are stated by omitting fractions less than ¥1 million.

FOOT NOTES

Significant Accounting Policies

1. Valuation of securities

- (a) Equity securities issued by subsidiaries and affiliates are stated at cost determined by the moving-average method.
- (b) Available-for-sale securities with fair market value are stated at fair market value as of the balance sheet date. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on sale of such securities are computed using the moving-average method.
- (c) Available-for-sale securities without fair market value are stated at the moving-average cost.

2. Derivative financial instruments

Derivative financial instruments are stated at fair value.

3. Depreciation and amortization of fixed assets

- (a) Depreciation of property, plant and equipment is calculated using the declining-balance method, except for buildings (excluding building fixtures) acquired on or after April 1, 1998, which are depreciated using the straight-line method.
- (b) Amortization of intangible assets is calculated using the straight-line method.

4. Method of providing major allowances and reserves

(1) Allowance for doubtful accounts

The Company provides allowance for doubtful accounts in an amount sufficient to cover probable losses on collection. It consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the actual percentage of collection losses.

(2) Allowance for employees' bonuses

The Company provides allowance for employees' bonuses based on the estimated amounts of payment.

(3) Allowance for bonuses for directors and corporate auditors

The Company provides allowance for bonuses for directors and corporate auditors based on the estimated amounts of payment.

(4) Reserve for loss on repurchase of land

The Company provides the reserve at an amount deemed necessary to cover the possible loss on repurchase of land, which was sold to the Organization for promoting Urban Development (the "Organization") in September 1998, leaving the right for the Organization to sell back the land to the Company on certain conditions. This is because it is deemed to be probable for the Organization to exercise the right considering the decline in price of the land.

(5) Employees' pension and retirement benefits

The Company provides allowance for employees' pension and retirement benefits at the balance sheet date based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at the end of the fiscal year. Prior service cost is amortized on the straight-line method over 13 years. Actuarial differences are amortized by the straight-line method over 13 years, beginning from the following fiscal year.

5. Hedge accounting

- (a) If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company defers recognition of gains and losses resulting from the changes in fair value of derivative financial instruments until the related losses and gains on the hedged items are recognized.
- (b) If forward foreign exchange contracts are used as hedges and meet certain hedging criteria, foreign currency receivables or payables are recorded at the contracted forward rates.
- (c) If interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

6. Consumption taxes

Consumption taxes are excluded from the revenue and expense accounts which are subject to such taxes.

Changes in Accounting Policies

Change of depreciation method of fixed assets

Due to the revision of the Corporation Tax Law, the method of depreciation of property, plant and equipment acquired on or after April 1, 2007 has been changed to the method based on the Corporation Tax Law after the revision. However, the Company has changed the method for property, plant and equipment acquired on or after July 1, 2007, since the application system update was completed in the second half of the fiscal year. And the effect on net income of this change is not material.

Notes to the Balance Sheet

1. Monetary debts due from and to subsidiaries and affiliates	
Short-term monetary debts due from subsidiaries and affiliates	¥124,482 million
Long-term monetary debts due from subsidiaries and affiliates	¥20,902 million
Short-term monetary debts due to subsidiaries and affiliates	¥279,005 million
Long-term monetary debts due to subsidiaries and affiliates	¥5,042 million
2. Accumulated depreciation of property, plant and equipment	¥56,419 million
3. Amount reduced from fixed assets due to government subsidy received and others	¥37 million

4. Assets pledged as collateral and secured borrowing

(1) Assets pledged as collateral	
Buildings	¥710 million
Land	¥439 million
(2) Secured borrowing	
Deposits received	¥2,296 million

5. Contingent liabilities

Guarantees for loan from banks and other of subsidiaries and affiliates	¥7,291 million
Guarantees for employee's housing loan from banks	¥6,199 million
Total	¥13,490 million

(Arrangements similar to guarantees of ¥110 million is included in the above)

Notes to the Statement of Income

Transactions with subsidiaries and affiliates:

Operating revenue	¥14,008 million
Operating expenses	¥58,674 million
Transactions other than business transactions	¥4,109 million

Notes to the Statement of Changes in Net Assets

Type and number of shares of treasury stock

Type of treasury stock	Common stock
Number of shares as of December 31, 2006	29,155,455 shares
Number of shares increased during the accounting period ended December 31, 2007	982,492 shares
Number of shares decreased during the accounting period ended December 31, 2007	359,146 shares
Number of shares as of December 31, 2007	29,778,801 shares

- Notes: 1. Increase in the number of shares was due to purchases of less-than-one-unit shares.
2. Decrease in the number of shares was due to sales of less-than-one-unit shares.

Notes to Deferred Income Taxes

1. Significant components of deferred tax assets	
Shares of subsidiaries and affiliates due to business reorganization	¥31,250 million
Other	¥12,878 million
Sub total	¥44,129 million
Less valuation allowance	(¥11,554 million)
Total deferred tax assets	¥32,575 million
2. Significant components of deferred tax liabilities	
Net unrealized holding gains on securities	(¥50,905 million)
Other	(¥2,307 million)
Total deferred tax liabilities	(¥53,212 million)

Notes to Transaction with Related Parties

Status	Company name	Ratio of voting rights held by the Company [Indirect ownership]	Relationship with the Company	
			Directors and corporate auditors	Business relationship
Subsidiary	Kirin Holdings (Australia) Pty Ltd (Note 1)	100%	Transferred 2	Financial support
Subsidiary	Kirin Brewery Co., Ltd.	100%	Concurrent 1	Consignment of management guidance service
Subsidiary	Kirin Logistics Co., Ltd.	[100%]	-	Consignment of management guidance service
Subsidiary	Kirin Beverage Co., Ltd.	100%	Concurrent 1	Consignment of management guidance service
Affiliated company	San Miguel Corporation	20%	Concurrent 1 Transferred 2	-

Status	Company name	Transaction details	Transaction amount (millions of yen)	Item	Balance at end of period (millions of yen)
Subsidiary	Kirin Holdings (Australia) Pty Ltd (Note 1)	Lending of loans (Note 2)	98,925	Short-term loans receivable	98,925
Subsidiary	Kirin Brewery Co., Ltd.	Borrowing of funds (Notes 3 and 4)	166,496	Short-term loans payable	202,260
Subsidiary	Kirin Logistics Co., Ltd.	Borrowing of funds (Notes 3 and 4)	18,072	Short-term loans payable	19,372
Subsidiary	Kirin Beverage Co., Ltd.	Borrowing of funds (Notes 3 and 4)	32,619	Short-term loans payable	27,811
Affiliated company	San Miguel Corporation	Lending of loans (Note 2)	37,000	Short-term loans receivable	-

Conditions of transactions and policy regarding determination of conditions of transactions

- Notes:
1. Kirin Holdings (Australia) Pty Ltd (Common stock: 1,283 million Australian dollars) is the holding company of National Foods Limited.
 2. Interest rates of loans receivable are determined rationally by taking market interest rates into consideration.
 3. Interest rates of loans payable are determined rationally by taking market interest rates into consideration.

4. Borrowing of funds is a transaction based on CMS (Cash Management System) and transaction amounts show average outstanding balance during this fiscal year.

Note to Per Share Information

1. Net assets per share:	¥912.75
2. Net income per share:	¥35.06

Note to Subsequent Events

There is no matter that fall under this item.

Other Notes

1. Retirement benefits for directors and corporate auditors

Previously, provision for retirement benefits for directors and corporate auditors is represented 100% of such retirement benefit obligations calculated in accordance with policies of the Company as of the balance sheet date. However, the Company resolved to abolish the retirement benefit system for directors and corporate auditors as of the end of the 168th Ordinary General Meeting of Shareholders held on March 28, 2007. Accordingly, amount equivalent to accrued retirement benefits due to the abolition of the system is recorded as “other long-term liabilities.”

2. Corporate split in connection with implementation of pure holding company system

Assets and liabilities of the succeeding companies and acquisition cost of shares of consolidated subsidiaries

	(¥ million)		
	Kirin Brewery Company, Limited	Kirin Pharma Company, Limited	Kirin Business Expert Company, Limited
Assets	566,992	76,115	2,712
Liabilities	142,980	13,565	1,564
Net unrealized holding gains on securities	6,493	19	-
Acquisition cost of shares of consolidated subsidiaries	400,647	53,446	205

Overview of the accounting treatment

The Company implemented accounting treatment provided in “Chapter 3, Article 4 Accounting treatment for transaction under common control, Paragraph 1 Transactions under common control of the Accounting Standard for Business Combinations.” There is no goodwill arisen from the Corporate Split.

[English Translation of the Auditors' Report Originally Issued in the Japanese Language]

Independent Auditors' Report

February 12, 2008

The Board of Directors
Kirin Holdings Company, Limited

KPMG AZSA & Co.

Shozo Tokuda (Seal)
Designated and Engagement Partner
Certified Public Accountant

Masakazu Hattori (Seal)
Designated and Engagement Partner
Certified Public Accountant

Yoshiyuki Yamasaki (Seal)
Designated and Engagement Partner
Certified Public Accountant

We have audited the consolidated statutory report, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and footnotes of Kirin Holdings Company, Limited as of December 31, 2007 and for the year from January 1, 2007 to December 31, 2007 in accordance with Article 444(4) of the Corporation Law. The consolidated statutory report is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated statutory report based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the consolidated statutory report is free of material misstatement. An audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the consolidated statutory report. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated statutory report referred to above present fairly, in all material respects, the financial position and the results of operations of Kirin Holdings Company, Limited and its consolidated subsidiaries for the period, for which the consolidated statutory report was prepared, in conformity with accounting principles generally accepted in Japan.

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

[English Translation of the Auditors' Report Originally Issued in the Japanese Language]

Independent Auditors' Report

February 12, 2008

The Board of Directors
Kirin Holdings Company, Limited

KPMG AZSA & Co.

Shozo Tokuda (Seal)
Designated and Engagement Partner
Certified Public Accountant

Masakazu Hattori (Seal)
Designated and Engagement Partner
Certified Public Accountant

Yoshiyuki Yamasaki (Seal)
Designated and Engagement Partner
Certified Public Accountant

We have audited the statutory report, comprising the balance sheet, the statement of income, the statement of changes in net assets and footnotes, and its supporting schedules of Kirin Holdings Company, Limited as of December 31, 2007 and for the 169th business year from January 1, 2007 to December 31, 2007 in accordance with Article 436, paragraph 2 (1) of the Corporation Law. The statutory report and supporting schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the statutory report and supporting schedules based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the statutory report and supporting schedules are free of material misstatement. An audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the statutory report and supporting schedules. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statutory report and supporting schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Kirin Holdings Company, Limited for the period, for which the statutory report and supporting schedules were prepared, in conformity with accounting principles generally accepted in Japan.

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Corporate Auditors' Report

February 14, 2008

Mr. Kazuyasu Kato,
President
Kirin Holdings Company, Limited

Board of Corporate Auditors
Kirin Holdings Company, Limited

Hitoshi Oshima (Seal)
Standing Corporate Auditor

Tetsuo Iwasa (Seal)
Standing Corporate Auditor

Toyoshi Nakano (Seal)
Outside Corporate Auditor

Teruo Ozaki (Seal)
Outside Corporate Auditor

Kazuo Tezuka (Seal)
Outside Corporate Auditor

We the Board of Corporate of Auditors of the Company, based on the audit reports prepared by each Corporate Auditor regarding the performance of duties by the Directors during the 169th business year from January 1, 2007, to December 31, 2007, prepared this audit report upon deliberation and hereby report, by a unanimous show of hands, as follows:

1. Audit Methods by Corporate Auditors and the Board of Corporate Auditors and its Details

The Board of Corporate Auditors established audit policy of this term, planning of audits, etc., and received reports from each Corporate Auditor regarding the state of implementation of his or her audits and results thereof, as well as received reports from the Directors, etc., and Independent Auditors regarding performance of their duties, and sought explanations whenever necessity arose.

Each Corporate Auditor complied with the auditing standards of Corporate Auditors established by the Board of Corporate Auditors, in accordance with the audit policy of this term, planning of audits, etc., communicated with the Directors, the internal audit department, other employees, etc., and made efforts to collect information and improve audit environment, and attended meetings of the Board of Directors and other important meetings, received reports from the Directors, employees, etc., regarding the state of performance of their duties, sought explanations whenever necessity arose, inspected important decision documents, etc., and made investigation into the state of activities and property at the head office and other main business offices of the Company. In addition, we monitored and verified the system for ensuring that the performance of duties by the Directors conforms to the laws, regulations and Articles of Incorporation, as well as the resolutions of the Board of Directors regarding the improvement of the system stipulated in Article 100, paragraph 1 and paragraph 3 of the Regulations for Enforcement of the Corporation Law and the status of the system (internal controls system) based on the resolutions, which are necessary for ensuring an appropriateness of operations of a joint stock corporation. With respect to subsidiaries, we communicated and exchanged information with directors, corporate auditors, etc., of the subsidiaries, and visited subsidiaries whenever necessity arose to make investigation into the state of activities and property thereof. Based on the above methods, we examined the business report and supporting schedules for the relevant business year.

Furthermore, we monitored and verified whether the Independent Auditors maintained their independence and implemented appropriate audits, and we received reports from the Independent Auditors regarding the state of performance of their duties and sought explanations whenever necessity arose. In addition, we received notice from the Independent Auditors that “The systems for ensuring the proper performance of duties” (matters set forth in each Item of Article 159 of the Regulations of Corporate Financial Calculation) is organized in accordance with the “Standers for Quality Control of Audit” (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations whenever necessity arose. Based on the above methods, we examined the financial statements (balance sheet, statement of income, statement of changes in net assets, and foot notes) and supporting schedules related to the relevant business term, and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and foot notes).

2. Results of Audit

(1) Results of Audit of Business Report and Other Relevant Documents

1. In our opinion, the business report and supporting schedules fairly presents the state of the Company in accordance with the laws, regulations and Articles of Incorporation.
2. In connection with the performance by the Directors of their duties, no dishonest act or material fact of violation of laws, regulations, or the Articles of Incorporation exists.
3. In our opinion, the contents of the resolutions of the Board of Directors regarding the internal controls system are fair and reasonable. In addition, we have found nothing to be pointed out in relation to the performance of duties by the Directors regarding the internal controls system.

(2) Results of Audit of financial statements and supporting schedules

In our opinion, the methods and results of audit conducted by the Independent Auditors, KPMG AZSA & Co. are proper.

(3) Results of Audit of consolidated financial statements

In our opinion, the methods and results of audit conducted by the Independent Auditors, KPMG AZSA & Co. are proper.

Reference Documents for the General Meeting of Shareholders

Propositions and information:

Proposition No. 1: Dividend and disposition of surplus

1. Dividend of surplus

We consider the appropriate return of profits to shareholders as one of the most important management issues.

In due consideration of the Company's current results, the dividend payout ratio, the future management measures, and the Company's practice of providing stable dividends to shareholders, management proposes the payment of an ordinary dividend of ¥12 per share (an increase of ¥3 compared to the ordinary dividend paid in the previous term), as set forth hereunder. As a result, the annual dividend will amount to ¥21 per share (an increase of ¥4 per share compared to the annual dividend paid in the previous term), including an interim dividend of ¥9 per share.

- (1) Matters related to the allocation of distributable profit to shareholders and the total amount thereof
- | | |
|--|-------------------------------|
| ¥12 per share of the Company's common shares | Total amount: ¥11,456,755,032 |
|--|-------------------------------|

- (2) Effective date of dividend of surplus
March 27, 2008

2. Disposition of surplus

- (1) Account title of increased surplus and the amount thereof
- | | |
|-----------------|-----------------|
| General reserve | ¥23,000,000,000 |
|-----------------|-----------------|
- (2) Account title of decreased surplus and the amount thereof
- | | |
|-----------------------------------|-----------------|
| Retained earnings brought forward | ¥23,000,000,000 |
|-----------------------------------|-----------------|

Proposition No. 2: Partial amendments to the Articles of Incorporation

1. Reasons for the amendments

- (1) In order to enhance the convenience of those wishing to inspect the Company's public notices and to increase public awareness of the accessibility of such notices, the Company will amend Article 4 of its Articles of Incorporation, which relates to methods of issuing public notices. Through this amendment, the Company will stipulate that public notices will be by electronic means, through publication on its website. Furthermore, the Company will stipulate other methods of issuing public notices, in the event that unavoidable circumstances prevent it from issuing the notices electronically.
- (2) To clarify that procedures related to the exercise of shareholders' rights will be stipulated in the Company's Share Handling Regulations (including rights to request the

convocation of general meetings of shareholders and to present proposals at general meetings of shareholders), the Company will make the required amendments to Article 11 of its Articles of Incorporation.

2. Details of the amendments

The details of the amendments in the Articles of Incorporation are as follows:

(Amended text is shown underlined.)

Current Text	Proposed Text
<p>(Methods of issuing public notices) Article 4. Public notices of the Company shall be carried in the <i>Nihon Keizai Shimbun</i> published in Tokyo.</p>	<p>(Methods of issuing public notices) Article 4. Public notices of the Company <u>shall be issued electronically</u>. However, if for some unavoidable reason, such as an accident, it is unable to issue them electronically, the Company shall place the public notices in the <i>Nihon Keizai Shimbun</i>.</p>
<p>(Share handling regulations) Article 11. The denominations of share certificates, handling relating to shares, and right to subscribe for new shares together with the fees therefor shall be governed by the provisions of the relevant laws and regulations or the Articles of Incorporation of the Company and the Share Handling Regulations to be established by the Board of Directors.</p>	<p>(Share handling regulations) Article 11. The denominations of share certificates, handling relating to shares, and right to subscribe for new shares together with the fees therefor <u>and procedures for the exercise of shareholders' rights</u> shall be governed by the provisions of the relevant laws and regulations or the Articles of Incorporation of the Company and the Share Handling Regulations to be established by the Board of Directors.</p>

Proposition No. 3: Election of nine (9) Directors

Upon the close of this Ordinary General Meeting of Shareholders, the terms of office of all ten (10) Directors will expire.

Accordingly, shareholders are requested to elect nine (9) Directors.

The candidates for the positions of Director are as follows:

No.	Name (Date of birth)	Profile (Representation of other companies, title and position at the Company)	Number of shares of the Company held by the candidate
1.	Koichiro Aramaki (November 15, 1939)	April 1964 Joined the Company March 1990 Deputy General Manager of Pharmaceutical Div. March 1994 Director and Deputy General Manager of Pharmaceutical Div. May 1995 Director and General Manager of Pharmaceutical Div. March 1997 Managing Director and General Manager of Pharmaceutical Div. March 1999 Senior Managing Director and General Manager of Pharmaceutical Div. January 2001 Senior Managing Director and President of Pharmaceutical Div. March 2001 Representative Director and President March 2006 Representative Director and Chairman (positions which he continues to hold)	88,458 shares

No.	Name (Date of birth)	Profile (Representation of other companies, title and position at the Company)	Number of shares of the Company held by the candidate
2.	Kazuyasu Kato (November 24, 1944)	<p>April 1968 Joined the Company</p> <p>March 1997 General Manager of Hokkaido Regional Head Office</p> <p>March 2000 Director and General Manager of Kyushu Regional Head Office</p> <p>October 2001 Director and General Manager of Sales Dept. of Sales & Marketing Div.</p> <p>March 2002 Director, Vice President of Sales & Marketing Div., and General Manager of Sales Dept. of Sales & Marketing Div.</p> <p>March 2003 Managing Executive Officer and President of Sales & Marketing Div.</p> <p>March 2004 Managing Director, Managing Executive Officer, and President of Sales & Marketing Div.</p> <p>March 2006 Representative Director and President (positions which he continues to hold)</p>	60,425 shares

No.	Name (Date of birth)	Profile (Representation of other companies, title and position at the Company)	Number of shares of the Company held by the candidate
3.	Kazuhiro Sato (February 14, 1948)	<p>April 1970 Joined the Company</p> <p>March 2000 General Manager of Finance & Accounting Dept.</p> <p>March 2002 Director and General Manager of Finance & Accounting Dept.</p> <p>March 2003 Executive Officer and General Manager of Finance & Accounting Dept.</p> <p>March 2004 Managing Director and Managing Executive Officer</p> <p>March 2006 Managing Director</p> <p>March 2007 Representative Director and Executive Vice President (positions which he continues to hold)</p> <p>[Responsible for Group Financial Strategy, Information Systems, Corporate Communications and Investor Relations]</p>	28,000 shares

No.	Name (Date of birth)	Profile (Representation of other companies, title and position at the Company)	Number of shares of the Company held by the candidate
4.	Koichi Matsuzawa (December 13, 1948)	<p>April 1973 Joined the Company</p> <p>March 2002 General Manager of Hokuriku Plant</p> <p>March 2003 General Manager of Production & Quality Control Dept. of Production Div.</p> <p>March 2004 Executive Officer and General Manager of Production & Quality Control Dept. of Production Div.</p> <p>March 2005 Managing Executive Officer and General Manager of Production & Quality Control Dept. of Production Div.</p> <p>March 2006 Managing Director (a position which he continues to hold)</p> <p>[Responsible for Group Production Technology]</p>	17,457 shares

No.	Name (Date of birth)	Profile (Representation of other companies, title and position at the Company)	Number of shares of the Company held by the candidate
5.	Etsuji Tawada (June 28, 1950)	<p>April 1973 Joined the Company</p> <p>March 1998 General Manager of Technology Development Dept. of Production Div.</p> <p>March 2005 Executive Officer, General Manager of Strategic Research & Development Dept., and General Manager of Central Laboratories for Frontier Technology</p> <p>March 2006 Managing Executive Officer, General Manager of Strategic Research & Development Dept., and General Manager of Central Laboratories for Frontier Technology</p> <p>March 2007 Managing Director (a position which he continues to hold)</p> <p>[Responsible for Group R&D and Intellectual Property]</p>	18,000 shares

No.	Name (Date of birth)	Profile (Representation of other companies, title and position at the Company)	Number of shares of the Company held by the candidate
6.	Yoshiharu Furumoto (January 30, 1950)	<p>April 1973 Joined the Company</p> <p>April 2002 General Manager of Spirits & Wine Dept. of Sales & Marketing Div.</p> <p>September 2003 Assistant to General Manager of Sales & Marketing Div.</p> <p>March 2004 Executive Officer and General Manager of Corporate Planning Dept.</p> <p>March 2006 Executive Officer and General Manager of Group Strategy Dept.</p> <p>March 2007 Managing Executive Officer and General Manager of Strategic Planning Dept. (positions which he continues to hold)</p>	2,000 shares
7.	Yuzuru Matsuda (June 25, 1948)	<p>April 1977 Joined Kyowa Hakko Kogyo Co., Ltd.</p> <p>June 2002 Managing Director of Kyowa Hakko Kogyo Co., Ltd.</p> <p>June 2003 President and Representative Director of Kyowa Hakko Kogyo Co., Ltd. (positions which he continues to hold)</p> <p>[President and Representative Director of Kyowa Hakko Kogyo Co., Ltd.]</p>	0 shares

No.	Name (Date of birth)	Profile (Representation of other companies, title and position at the Company)	Number of shares of the Company held by the candidate
8.	Satoru Kishi (March 29, 1930)	<p>April 1953 Joined The Mitsubishi Bank Limited</p> <p>February 1992 Executive Vice President and Representative Director of The Mitsubishi Bank Limited</p> <p>April 1996 Executive Vice President and Representative Director of The Bank of Tokyo-Mitsubishi, Ltd.</p> <p>January 1998 President and Representative Director of The Bank of Tokyo-Mitsubishi, Ltd.</p> <p>March 1999 Director of the Company (a position which he continues to hold)</p> <p>June 2000 Chairman and Representative Director of The Bank of Tokyo-Mitsubishi, Ltd.</p> <p>June 2002 Senior Advisor of The Bank of Tokyo-Mitsubishi, Ltd.</p> <p>January 2006 Senior Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (an office which he holds now)</p>	0 shares

No.	Name (Date of birth)	Profile (Representation of other companies, title and position at the Company)	Number of shares of the Company held by the candidate
9.	Akira Gemma (August 1, 1934)	<p>April 1959 Joined Shiseido Company, Limited</p> <p>June 1997 President and Representative Director of Shiseido Company, Limited</p> <p>June 2001 Chairman and Representative Director of Shiseido Company, Limited</p> <p>June 2003 Adviser of Shiseido Company, Limited (an office which he holds now)</p> <p>March 2006 Director of the Company (a position which he continues to hold)</p>	0 shares

- (Notes)
1. Mr. Yuzuru Matsuda is President and Representative Director of Kyowa Hakko Kogyo Co., Ltd., which is engaged in the pharmaceuticals business—the field of business of Kirin Pharma Co., Ltd., a wholly owned subsidiary of the Company.
 2. No conflicts of interest exist between the Company and other candidates.
 3. Mr. Satoru Kishi and Mr. Akira Gemma are candidates for outside Directors, as provided for under Article 2, Paragraph 3, Section 7 of the Regulations for Enforcement of the Corporation Law.
 4. The Company has nominated Messrs. Kishi and Gemma as outside Directors because of its expectation that their considerable experiences acquired over many years as corporate executives will provide valuable opinions and suggestions to the management of the Company.
 5. Mitsubishi Heavy Industries, Ltd., where Mr. Kishi serves as an outside Corporate Auditor, has violated Antimonopoly Law on a public steel bridge construction work, etc. Mr. Kishi did not have a prior knowledge about such facts. At meetings of the Board of Directors and the Board of Corporate Auditors, and also during his auditing activities, Mr. Kishi subsequently expressed his opinions on measures to promote strict legal compliance and to ensure the sound and appropriate operation of the business.
 6. Mr. Kishi receives compensation from The Bank of Tokyo-Mitsubishi UFJ, Ltd., for which he serves as a Senior Advisor. The Bank of Tokyo-Mitsubishi UFJ, Ltd. is a main financing bank of the Company.
 7. The candidates for outside Directors will have served as outside Directors of the Company for the following number of years (as of the close of this Ordinary General Meeting of Shareholders).
 - (1) Mr. Kishi : 9 years
 - (2) Mr. Gemma : 2 years

Proposition No. 4: Election of one (1) Corporate Auditor

Upon the close of this Ordinary General Meeting of Shareholders, the term of office of one (1) Corporate Auditor, Mr. Teruo Ozaki will expire.

Accordingly, the shareholders are requested to elect one (1) Corporate Auditor.

The Board of Corporate Auditors has consented to this proposition.

The candidate for the position of a Corporate Auditor is as follows:

Name (Date of birth)	Profile (Representation of other companies, title and position at the Company)	Number of shares of the Company held by the candidate
Teruo Ozaki (December 29, 1944)	November 1974 Registered as Certified Public Accountant July 1984 Representative Partner of Eiwa Audit Corporation September 1991 Representative Partner of Inoue Saito Eiwa Audit Corporation October 1993 Representative Partner of Asahi & Co. (currently, KPMG AZSA & Co.) July 1999 Managing Director of KPMG AZSA & Co. January 2002 Vice Chairman of KPMG AZSA & Co. September 2003 Retired from KPMG AZSA & Co. October 2003 President of Teruo Ozaki & Co. (an office which he holds now) March 2004 Corporate Auditor of the Company (a position which he continues to hold)	0 shares

- (Notes)
1. No conflicts of interest exist between the Company and Mr. Teruo Ozaki.
 2. Mr. Teruo Ozaki is a candidate for an outside Corporate Auditor, as provided for under Article 2, Paragraph 3, Section 8 of the Regulations for Enforcement of the Corporation Law.
 3. The Company has nominated Mr. Ozaki as an outside Corporate Auditor because it believes that he will execute the duties of this office appropriately based on his highly professional expertise and considerable experiences in finance and accounting as a CPA. In his career, Mr. Ozaki's participation in company management has been limited to his duties as an outside director or corporate auditor. Nevertheless, it is believed that he will continue to appropriately execute the duties of this office for the reason stated above.
 4. The Bank of Tokyo-Mitsubishi UFJ, Ltd., where Mr. Ozaki serves as an outside Director, was cited by the Financial Services Agency (FSA) for engaging in transactions with problematic compliance management. The FSA issued the bank a business improvement order on this matter. The bank also received business improvement orders from both U.S. supervisory authorities and the FSA for its failure to develop appropriate money-laundering prevention systems in the United States. Mr. Ozaki was unaware of these problems until reports were made available to him. After this situation became known, Mr. Ozaki monitored the plans for operational improvements and the actions taken to make these improvements at Board of Directors' meetings and on other occasions. At these meetings, Mr. Ozaki made necessary statements regarding these issues.
 5. Mr. Ozaki receives compensation from The Bank of Tokyo-Mitsubishi UFJ, Ltd., where he serves as a Director. The Bank of Tokyo-Mitsubishi UFJ, Ltd. is a main financing bank of the Company.
 6. Mr. Ozaki is related within the third degree of kinship to an employee of one of the Company's subsidiaries, Kirin Business Expert Co., Ltd.
 7. Mr. Ozaki will have served as an outside Corporate Auditor of the Company for four (4) years (as of the close of this Ordinary General Meeting of Shareholders).

Proposition No. 5: Presentation of bonuses to corporate officers

In due consideration of the Company's current consolidated results, the Company proposes the payment of bonuses of ¥254.32 million in total to ten (10) Directors who held office as of the end of the current fiscal year (of which, ¥3 million will be paid to three (3) outside Directors). It also proposes the payment of bonuses of ¥15.94 million in total to five (5) Corporate Auditors who held office as of the end of the current fiscal year.

- END -