

(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Stock Code 2503  
March 4, 2010

To Our Shareholders:

**Convocation Notice of the 171<sup>st</sup> Ordinary General Meeting of Shareholders**

Dear Shareholders:

Please be advised that the 171<sup>st</sup> 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, 2010 (JST):

Exercise of voting rights via postal mail: [Translation omitted.]

Exercise of voting rights via the Internet: [Translation omitted.]

## Details of the Meeting

### **1. Date and Time:**

March 26, 2010, (Friday) at 10:00 a.m. (JST)

### **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 171<sup>st</sup> business term (from January 1, 2009 to December 31, 2009).
- 2) Report on the financial statements for the 171<sup>st</sup> business term (from January 1, 2009 to December 31, 2009).

Matters to be voted on:

- |                    |   |
|--------------------|---|
| Proposition No. 1: | Dividend and disposition of surplus           |
| Proposition No. 2: | Election of nine (9) Directors                |
| Proposition No. 3: | Election of one (1) Corporate Auditor         |
| Proposition No. 4: | 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 valid.

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 valid.

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, 2009)

**1. Overview of Kirin Group business activities**

**(1) Kirin Group developments and results of business activities**

The global economy remained in a serious condition throughout this consolidated fiscal year, in spite of indications that the downturn might have bottomed out. In Japan, economic stimulus plans and other measures had positive effects leading to a mild recovery but the unemployment rate and such continue to be less than favorable.

At Kirin Group, we regarded the three-year period from 2007 through 2009 as the first stage of the long-term business framework “Kirin Group Vision 2015” (KV2015). As the final year of this first stage, fiscal 2009 targeted expanding the business bases necessary for the quantum leap in growth and engaging ‘qualitative expansion’ to improve profitability. As a part of these efforts, we pursued development of group synergies and promoted an integrated beverages group strategy aimed at fusing together the value chains of alcohol and other beverages.

In the Japanese market, the foundation for our quantum leap in growth, further efforts were expended to ensure a solid footing. Kirin Brewery Co., Ltd. has received a level of high customer support for meeting customer needs in the midst of a difficult consumer market throughout the year.

In overseas markets, we strengthened relationships with our well-established partners, especially in Asia and Oceania, promoting an integrated beverages group strategy.

In May Kirin Holdings Co., Ltd. acquired shares in San Miguel Brewery, Inc., the dominant market leader in the Philippines, and made it an affiliated company. In December, San Miguel Brewery concluded an agreement to purchase all shares of San Miguel Brewing International Ltd., the company responsible for San Miguel Corporation’s overseas beer business, from San Miguel Corporation. These acquisitions resulted in our establishing invaluable operating bases in Asia for the Kirin Group.

In October Lion Nathan Ltd. was made a wholly owned subsidiary to promote our integrated beverages group strategy in Oceania. At the same time, Lion Nathan and National Foods Ltd. were consolidated under Kirin Holdings (Australia) Pty Ltd, the name of which was then changed to Lion Nathan National Foods Pty Ltd, as our holding company in Australia effective October 21. Through utilization of the management capabilities of Lion Nathan National Foods, we pursue organic growth of these companies and create mutual synergies.

Consolidated sales for fiscal 2009 declined slightly due to foreign exchange effects despite good progress in the Soft Drinks and Food Business in Australia and inclusion of Kyowa Hakko Kirin Co., Ltd. as a consolidated subsidiary. Operating income also declined due to foreign currency translations, albeit good progress was seen in the Alcohol Beverages

Business in Japan and overseas. Ordinary income increased considerably with the foreign currency translation gains. The net income for the fiscal year declined due to gain on change in equity recorded on the share exchange in the second quarter of 2008.

Consolidated sales	¥2,278.4 billion	(down 1.1% compared to the previous term)
Consolidated operating income	¥128.4 billion	(down 12.0% compared to the previous term)
Consolidated ordinary income	¥144.6 billion	(up 40.3% compared to the previous term)
Consolidated net income	¥49.1 billion	(down 38.7% compared to the previous term)

### **Alcohol Beverages Business Division**

In the domestic alcoholic beverages market, Kirin Brewery has received a high level of customer support during the year through initiatives focusing on three strategic priorities: strengthening core brands, improving our response to consumer health consciousness, and increasing overall demand.

In the beer market, strong sales of Kirin Ichiban Shibori continued following its re-launch in March 2009. In the happo-shu category our Tanrei series enjoyed growing customer support in the on-premise market, as well as its traditional retail market. In the fast-growing new genre market, the dominant brand Kirin Nodogoshi Nama was able to achieve its largest annual sales volume since it was first introduced, due to heightened price sensitivity among consumers keeping a close eye on their purse strings. In this market of new genre products, in addition to the core brand, the new brands Kirin Koku no Jikan and Kirin Hoppu no Shinjitsu were introduced in an effort to increase overall demand.

Furthermore, as a product responding to the heightened social awareness calling for zero tolerance of drunk driving, Kirin FREE, a non-alcohol beer-taste beverage launched in April, has grown in popularity, greatly surpassing the original forecast, and became a major hit product in 2009, creating a market of new value, namely for 0.00% alcohol beer-taste beverages.

In the rapidly growing RTD\* market, we have strengthened the Hyoketsu series, and launched Kirin Cola Shock with the aim of rejuvenating the market as well as expanding overall demand. In the shochu business, we focused sales efforts on the Hikusui series as the core product. In the western liquor business, a new alliance was formed with Diageo in England, enabling us to include the leading brands of the world in our product lineup as an all-around alcohol business.

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

As part of pursuing a lean management approach under the Kirin Group medium-term business plan for 2010-2012, which was announced on October 26, we have decided to rationalize and optimize our manufacturing capacity utilization by reorganizing two plants, the Tochigi Plant (Takanezawa-machi, Shioya-gun, Tochigi Prefecture) and the

Hokuriku Plant (Hakusan-shi, Ishikawa Prefecture). Both plants are scheduled to cease production after the end of the peak season period of 2010. The RTD manufacturing capabilities at the Tochigi Plant and other useful functions will be transferred to other existing plants.

At Mercian Corporation, we strove to solidify our position as the market leader in the wine business by strengthening the Mercian brand, and we made progress in adopting “value proposal marketing” by liaising with Kirin Brewery and Kirin Merchandising Co., Ltd. Sales of wines from mid-range to high-end for restaurants were negatively affected by factors stemming from consumers not dining out due to a heightened sense of frugality. Conversely, consumers are purchasing more day-to-day table wines in the less expensive price range, which has led to an expansion of the household market and as such we recorded healthy sales in inexpensive table wines. Improved profitability was sought by reducing the cost structure of the wine business.

In our overseas alcohol beverages business, we continued to pursue our strategy of focusing on enhancing our business foundation in Asia and Oceania. At Lion Nathan in Oceania, although the core beer business in Australia continued to perform strongly supported by the shift to premium beers as well as efforts made by the consolidated subsidiary, J. Boag & Son, foreign currency translations had negative impact on the sales on a Japanese yen basis. In China, the business environment was somber, especially along the coastal regions, and intense price competition impacted the sales environment negatively. However we continued efforts to bolster sales, particularly in the three regions of the Yangtze Delta, the Pearl River Delta and Northeast China, to solidify the foundation of our existing business.

Consolidated sales from Alcohol Beverages Business	¥1,097.6 billion	(down 7.1% compared to the previous term)
Consolidated operating income from Alcohol Beverages Business	¥102.8 billion	(down 6.5% compared to the previous term)

### Soft Drinks and Foods Business Division

In the domestic soft drinks and food market, Kirin Beverage Co., Ltd. tenaciously continued initiatives to reform our earning structure through cost reductions and other measures, and focused on increasing the value of leading brands such as Kirin Gogono-Kocha and Kirin FIRE. August marked the 10th anniversary of Kirin FIRE and in addition to the flagship Kirin FIRE Hikitate Bito, we enhanced our product lineup by launching the new Kirin FIRE Hi no Megumi. In the black tea beverages, we continued a range of value proposals to promote our market-leading Kirin Gogono-Kocha series, including revamping the chilled drink Kirin Gogono-Kocha Bito Straight Tea, and pursued initiatives to further strengthen our top black tea beverage brand and secure customer support. In the green tea beverages and mineral water, the economic slowdown sharply impacted sales since frugally-minded consumers reduced spending in this category considerably.

At Kirin Kyowa Foods Co., Ltd., which was established April 1 by integrating Kirin Food-Tech Co., Ltd. and Kyowa Hakko Food Specialties Co., Ltd., both specializing in seasoning and flavoring, we endeavored to improve the foundation of the business of proposing and offering food ingredients in pursuit of taste and health, utilizing fermentation technologies representing the inherent strengths of both companies.

In the overseas soft drinks and food business, Kirin Beverage developed new products in Thailand and Vietnam, responding to the local needs of the respective markets, thereby further expanding the business. In China where the Kirin Gogono-Kocha and Kirin FIRE brands are the focus of our product deployments, Kirin (China) Investment Co., Ltd. decided in December to make a capital investment in Shanghai JinJiang Kirin Beverages and Food Co., Ltd., which handles sales in Shanghai and other major cities in Eastern China, in order to promote an integrated beverages group strategy in China.

At National Foods, weak consumer sentiment as a result of the economic slowdown caused a shift to lower-price products in milk, the core product. On the other hand, raw dairy input costs, which had risen sharply from the second half of 2007, eased, leading to improved profitability. Also, overhead cost reduction measures arising from integration of Dairy Farmers have been progressing steadily since its 100% acquisition by National Foods in November 2008.

Consolidated sales from Soft Drinks and Foods Business	¥735.0 billion	(up 2.6% compared to the previous term)
Consolidated operating income from Soft Drinks and Foods Business	¥7.0 billion	(up 10.4% compared to the previous term)

### Pharmaceuticals Business Division

At Kyowa Hakko Kirin Co., Ltd., sales of anti-anemia medicines NESP and ESPO trended favorably helped by the impact of NESP Injection Plastic Syringe, which was launched in May, while sales of the anti-allergic medicine ALLELOCK and anti-allergic eye drop Patanol maintained good levels in part due to a much higher level of pollen in the air than normal in Japan. The secondary hyperparathyroidism treatment REGPARA TABLETS, which were launched in January 2008 to combat complications arising from blood dialysis, also witnessed further acceptance in the market. In December we started marketing the ulcerative colitis medicine ASACOL together with Zeria Pharmaceutical Co., Ltd.

With respect to R&D, we also made progress in the discovery of new candidate drugs both in Japan and overseas: filing in Japan for additional applications of anti-anemia medicine NESP and starting Phase II clinical trials in Japan for KW-0761, a humanized monoclonal antibody with uniquely developed immune technology.

Consolidated sales from Pharmaceuticals Business	¥206.7 billion	(up 20.5% compared to the previous term)
Consolidated operating income from Pharmaceuticals Business	¥34.3 billion	(up 21.8% compared to the previous term)

## Other Businesses Divisions

In the Biochemical business operated by Kyowa Hakko Bio Co., Ltd., sales of amino acids for overseas medical and industrial use were affected negatively by the global economic recession and unfavorable foreign currency exchange rates. In the area of the supplements-related healthcare business in Japan, synergy effects are beginning to show through raw material supply transactions with group companies.

The Chemicals business operated by Kyowa Hakko Chemical Co., Ltd. was affected by the sharp plunge in demand due to the worsening global economy and a sensitive market for these products. In the fourth quarter, however, some regions such as China saw a recovery trend, while signs of a recovery in product markets were also apparent.

In the Agribio business, a tough market created by global economic stagnation continued in Europe and other regions, while in Japan we continued to pursue cost reduction measures.

A basic agreement was reached in consolidating the raw alcohol business of Mercian and Kyowa Hakko Bio to a newly established joint company, Daiichi Alcohol Co., Ltd., while Mercian's industrial-use alcohol and fermented seasoning businesses will be integrated into Kirin Kyowa Foods Co., Ltd. This consolidation and integration will enable us to further strengthen the foundations of each business and to generate group synergies.

Consolidated sales from Other Businesses	¥238.9 billion	(up 2.2% compared to the previous term)
Consolidated operating income from Other Businesses	¥3.8 billion	(down 78.9% compared to the previous term)

## (2) Future challenges for Kirin Group

2010 is the first year of Kirin Group's 2010-2012 three-year medium-term business plan, and also marks the second stage in realizing the aims of Kirin Group Vision 2015 ("KV2015"), Kirin's long-term management vision for the period through to 2015.

In 2010, management will pursue further 'qualitative expansion' by focusing on generating Group synergies and realizing lean management, with the aim of improving profitability and asset efficiency. At the same time we will build further momentum for the KIRIN brand by continuing to develop products that inspire customers with new value propositions, and pursuing CSR initiatives that build public trust in Kirin Group as a corporate entity.

### Outline of 2010 Business Plan

#### Basic management strategies

- Increase Group enterprise value by realizing growth and synergies at operating companies
  1. Pursue an integrated beverages group strategy
  2. Accelerate growth in pharmaceuticals business
  3. Develop the health food and functional food business
  4. Generate growth through Group synergies
  5. Realize lean management by eliminating strain, waste and irregularity
- Pursue a financial strategy that supports higher enterprise value
- Engage in CSR activities that enhance Kirin's coexistence with society

#### Alcoholic Beverages Business

- In the domestic alcohol beverages market, our efforts at Kirin Brewery will continue to be focused on three strategic priorities with a long-term outlook in order to foster No. 1 leading brands in the categories of beer/happo-shu/new genre products, and RTDs: strengthening core brands, improving our response to consumer health consciousness, and increasing overall demand. In strengthening the core brands, we will strive to enhance brand value by improving the taste and emphasizing the individual product value of Kirin Ichiban Shibori, Kirin Lager, Kirin Tanrei, and Kirin Nodogoshi Nama. In improving our response to consumer health consciousness, we aim to develop a wide variety of products by setting the Tanrei Green Label as the core brand. In increasing overall demand, we will introduce Kirin 1000, an epoch-making new product in the new genre market, as a value-proposing product by employing the "evidence marketing"\* technique that was used for Kirin FREE. In the RTDs segment, which has the largest future growth potential, we will promote, as well as the Hyoketsu brand, entirely new concept products, in addition to conventional products centered on fruit juices. Furthermore, we will expand our western liquor lineup, including Diageo brands, in an effort to greatly enhance our appeal as an integrated alcohol beverages enterprise. Kirin Brewery is now in a position to collaborate with group companies like Mercian and

Kirin Beverage in every value chain in order to create synergies, while reforming cost structures to improve profitability.

\* A marketing technique that promotes products by providing customers with easy-to-understand evidence and product value that is supported by technological or other forms of proof.

- A first-ever Groupwide initiative, “KIRIN Health Initiative” will be established and under a newly created “KIRIN Plus-i” brand based on the concept of “taste that makes you smile,” “happiness” and “health,” we will offer beverages/foods and other products that provide new value in the area of food and health, suited to customers’ personal health needs. Under this initiative, Kirin Brewery will launch nationwide in April, “Kirin Yasumuhi no Alc.0.00%,” a non-alcohol beer-taste beverage that recommends a day of rest for one’s liver (a non-alcohol day).
- At Mercian, all management resources will continue to be concentrated into the wine business in order to solidify our position as the market leader in the industry. We will also work to enhance profitability, and aim to create group synergy through even greater collaboration with Kirin Brewery and Kirin Merchandising.
- In our overseas alcohol beverages business, Lion Nathan will continue to shift our product mix into the premium beer category by improving value to the customers.
- In China, we will roll out initiatives to establish a unique business model with an integrated beverages group strategy as the main pillar, focusing on the regions we are currently operating in: the Yangtze Delta, the Pearl River Delta, and the three Northeast China provinces.

#### **Soft Drinks and Foods Business Division**

- In our domestic soft drinks and food operations, Kirin Beverage will put further effort into strong brand creation as part of its initiatives to restructure competitiveness and reform earning structure. Towards restructuring competitiveness, Kirin Beverage will implement a selection and concentration strategy, review resource allocation and enter new categories. We are aiming to establish a value proposal marketing, rigorously reviewing our cost structure and developing a robust business structure that can be profitable even in a harsh operating environment. In China, we will promote an integrated beverages group strategy to improve earnings.
- As part of “KIRIN Health Initiative,” Kirin Beverage, Koiwai Dairy Products Co., Ltd. and Kirin Kyowa Foods will launch products in April, under a new Groupwide brand, “KIRIN Plus-i,” that provide new value in the area of food and health, suited to customers’ personal health needs.
- At Kirin Kyowa Foods, we will endeavor to improve our value proposal marketing and development structure in order to promote distinctive products to increase earnings. We will continue to solidify the business infrastructure in the wake of integration of the industrial-use alcohol and fermented seasoning businesses and maximize group synergies.
- In the overseas market, we will strengthen regular brands at National Foods and aim to enter new growth categories as well. Further integration with Dairy Farmers will be pursued to create more synergistic effects in the process.

### **Pharmaceuticals Business Division**

- In the Pharmaceuticals business operated by Kyowa Hakko Kirin, with anticipated medicine price revision, we will aim to strengthen our main products such as those focusing on kidney conditions, as well as market new products by establishing a more efficient and effective business system.
- In R&D, we regard cancer, kidney and immunity/infectious diseases as our priority areas, and will follow through with clinical trials in both Japan and overseas according to a specific timeline and also aggressively pursue licensing activities.

### **Other Businesses Divisions**

- In the Biochemical business operated by Kyowa Hakko Bio, we will strive to expand the sales of value-added amino acids in the areas of medicine and healthcare, and also to streamline our overseas sales and marketing structure.
- In the Chemicals business operated by Kyowa Hakko Chemical, we will focus on strengthening functional product lines which are environmentally considerate, thereby building a business model less susceptible to economic fluctuations.

### **CSR Initiatives**

CSR is an important management issue within Kirin Group. We are striving to incorporate the development of a sustainable society into our business operations—CSR through business—while also pursuing CSR as a corporate citizen.

In CSR through Business, we are undertaking further initiatives to become a low-carbon corporate group. We are reducing our use of water and other resources, reducing energy consumption at factories by converting machinery to alternative fuels, and targeting a 35% reduction in CO<sub>2</sub> emissions from manufacturing, distribution and office activities by 2015 compared to that of 1990. We are also developing products that have a lower environmental burden, and across the procurement-to-consumption value chain of the entire Group, both in Japan and in our international operations, we aim to halve total CO<sub>2</sub> emissions by 2050 compared to 1990 levels.

As a Group, we are actively involved in initiatives to resolve social issues. For example, with the launch of Kirin FREE, a 0.00% alcohol beer-taste beverage, we are helping to eliminate drink driving, while other measures include CSR-based procurement and initiatives for diversity in human resources. We have advanced risk management and compliance systems in place within the Group, and we are implementing a range of measures to strengthen systems for group-wide quality control and environmental management.

With regard to CSR as a corporate citizen, we have supported Japan's national soccer team continuously for more than 30 years, with the focus this year on the World Cup in June. We support a number of initiatives to allow children to

experience the joy of sport, including our nationwide Kirin Soccer Field training program. We also contribute to society through forestry and watershed management and employee volunteer activities.

Kirin's initiatives under CSR as a corporate citizen encompass activities beyond the scope of Kirin's actual business operations, and include a wide range of social contribution activities connected with the environment, sports, and other areas.

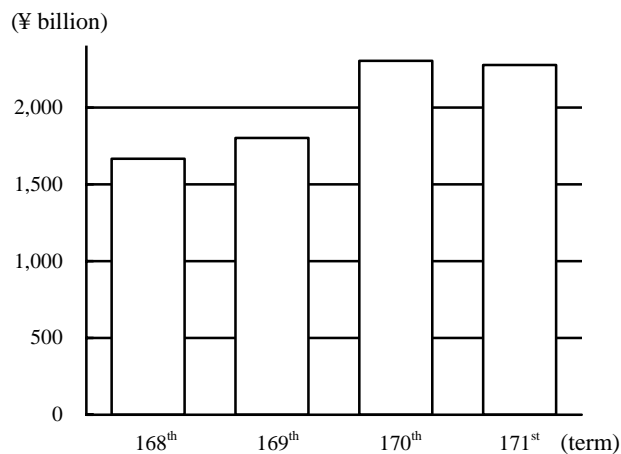
In the spirit of its Group slogan, "*Oishisa wo Egao ni*" (*Good taste makes you smile*), Kirin Group will seek to stand beside its customers, develop diverse bonds with them, and share the happiness of food and health.

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

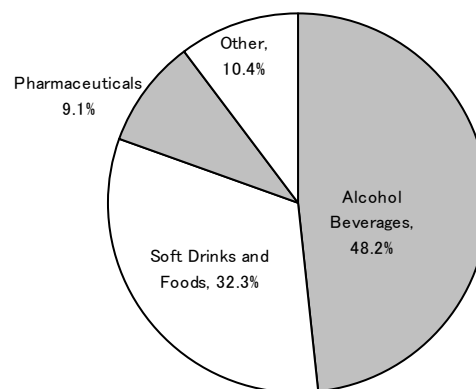
(3) State of assets and income of Kirin Group

Item	168 <sup>th</sup> term	169 <sup>th</sup> term	170 <sup>th</sup> term	171 <sup>st</sup> term
	(Jan. 1, 2006 – Dec. 31, 2006)	(Jan. 1, 2007 – Dec. 31, 2007)	(Jan. 1, 2008 – Dec. 31, 2008)	(Jan. 1, 2009 – Dec. 31, 2009)
Sales	¥1,665,946 million	¥1,801,164 million	¥2,303,569 million	¥2,278,473 million
Operating income	¥116,358 million	¥120,608 million	¥145,977 million	¥128,435 million
Ordinary income	¥120,865 million	¥123,389 million	¥103,065 million	¥144,614 million
Net income	¥53,512 million	¥66,713 million	¥80,182 million	¥49,172 million
Net income per share	¥55.98	¥69.86	¥84.01	¥51.54
Net assets	¥1,043,724 million	¥1,099,555 million	¥1,149,998 million	¥1,198,869 million
Net assets per share	¥1,040.44	¥1,104.83	¥972.19	¥1,029.35
Total assets	¥1,963,586 million	¥2,469,667 million	¥2,619,623 million	¥2,861,194 million

Consolidated sales



Sales by business division



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

**Sales**

Division	168 <sup>th</sup> term	169 <sup>th</sup> term	170 <sup>th</sup> term	171 <sup>st</sup> term
	(Jan. 1, 2006 – Dec. 31, 2006)	(Jan. 1, 2007 – Dec. 31, 2007)	(Jan. 1, 2008 – Dec. 31, 2008)	(Jan. 1, 2009 – Dec. 31, 2009)
<b>Alcohol Beverages Business</b>	¥1,099,308 million	¥1,189,478 million	¥1,181,509 million	¥1,097,694 million
<b>Soft Drinks Business</b>	¥392,729 million	–	–	–
<b>Soft Drinks and Foods Business</b>	–	¥474,560 million	¥716,688 million	¥735,032 million
<b>Pharmaceuticals Business</b>	¥67,245 million	¥69,909 million	¥171,517 million	¥206,760 million
<b>Other Businesses</b>	¥106,664 million	¥67,216 million	¥233,853 million	¥238,986 million
<b>Total</b>	¥1,665,946 million	¥1,801,164 million	¥2,303,569 million	¥2,278,473 million

**Operating income**

Division	168 <sup>th</sup> term	169 <sup>th</sup> term	170 <sup>th</sup> term	171 <sup>st</sup> term
	(Jan. 1, 2006 – Dec. 31, 2006)	(Jan. 1, 2007 – Dec. 31, 2007)	(Jan. 1, 2008 – Dec. 31, 2008)	(Jan. 1, 2009 – Dec. 31, 2009)
<b>Alcohol Beverages Business</b>	¥86,510 million	¥96,563 million	¥109,989 million	¥102,800 million
<b>Soft Drinks Business</b>	¥19,714 million	–	–	–
<b>Soft Drinks and Foods Business</b>	–	¥16,030 million	¥6,431 million	¥7,099 million
<b>Pharmaceuticals Business</b>	¥12,044 million	¥13,001 million	¥28,200 million	¥34,334 million
<b>Other Businesses</b>	¥561 million	¥6,329 million	¥18,280 million	¥3,854 million
<b>Subtotal</b>	¥118,830 million	¥131,924 million	¥162,901 million	¥148,089 million
<b>Elimination and unallocatable costs</b>	(¥2,472) million	(¥11,316) million	(¥16,924) million	(¥19,654) million
<b>Total</b>	¥116,358 million	¥120,608 million	¥145,977 million	¥128,435 million

- (Notes)
1. Sales of each business division indicate the sales to unaffiliated customers.
  2. Due to changes in our method of categorizing operations, engineering, logistics businesses, etc. were shifted from its Other Businesses Divisions to its Alcohol Beverages Business Division from the 169<sup>th</sup> term. Sales and operating income by business division for the 168<sup>th</sup> term are presented according to such a new

business segment classification method.

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.

3. Due to changes in our method of categorizing operations, foods, health foods and functional foods businesses etc. previously included in the Other Businesses Divisions were shifted to the Soft Drinks Business Division and its division name was changed to the Soft Drinks and Foods Business Division. Sales and operating income by business division for the 169<sup>th</sup> term are presented according to such a new business segment classification method.

#### **(4) Kirin Group plant and equipment investment**

Consolidated plant and equipment investment for the term under review amounted to ¥110.2 billion on a payment basis, a decrease of ¥15.8 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**

<b>Business Division</b>	<b>Company Name</b>	<b>Details of the plant and equipment investment</b>
Soft Drinks and Foods Business	Kirin Beverage Co., Ltd.	Kanto Metropolis Area Div. and Others – Renewal and installation of vending machines
Other Businesses	Kirin Holdings Company, Limited	Former Amagasaki Plant Site – Commercial complex (COCOE) construction

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

<b>Business Division</b>	<b>Company Name</b>	<b>Details of the plant and equipment investment</b>
Alcohol Beverages Business	Kirin Brewery Co., Ltd.	Shiga Plant – Partial demolition and construction of brewing facilities of beer and happo-shu, etc. Yokohama Plant – Improvement of brewing facilities of beer and happo-shu and construction of offices, etc.
	Lion Nathan Ltd.	Auckland Plant – Construction of brewing facilities of beer, etc.
Soft Drinks and Foods Business	Kirin Beverage Co., Ltd.	Kanto Metropolis Area Div. and Others – Renewal and installation of vending machines
Pharmaceuticals Business	Kyowa Hakko Kirin Co., Ltd.	Bio Process Research and Development Laboratories – Expansion of Pharmaceutical production facility Tokyo Research Park – Construction of research building

**(5) Kirin Group financing**

The aggregate amount of loans payable, including bonds, was ¥897.4 billion as of the end of the fiscal year under review. This was an increase of ¥233.5 billion compared to the end of the previous term.

Main financing for the fiscal year under review was a total amount of ¥100.0 billion through the issuance of unsecured straight bonds and ¥150.0 billion in short-term loans from financial institutions. These funds were raised for the change in the status of Lion Nathan Ltd. to a wholly-owned subsidiary.

[The information hereunder is as of December 31, 2009, 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 and foods, pharmaceuticals, and other products. The principal products by business division are as follows:

<b>Business Division</b>	<b>Principal products</b>
Alcohol Beverages	Beer, Happa-shu, New genre, Chu-hi, Cocktail, Shochu, Wine, Liquors, etc.
Soft Drinks and Foods	Soft drinks, dairy products, other foods, 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

Laboratories: Central Laboratories for Frontier Technology (Yokohama, etc.)

## 2) Major subsidiaries

<b>Business Division</b>	<b>Company Name</b>	<b>Major centers</b>	
Alcohol Beverages	Kirin Brewery Co., Ltd.	Head Office Branch Offices	Chuo-ku, Tokyo 10 Regional Sales & Marketing Divisions including Metropolitan Regional Sales & Marketing Division (Chuo-ku, Tokyo)
		Plants Laboratories	11 Plants including Yokohama Plant (Yokohama) Research Laboratories for Brewing, Research Laboratories for Packaging (Yokohama)
	Mercian Corp.	Head Office Branch Offices	Chuo-ku, Tokyo 3 Sales Headquarters including Eastern Japan Sales Headquarters (Chuo-ku, Tokyo)
		Plants	6 Plants including Fujisawa Plant (Fujisawa)
	Kirin (China) Investment Co., Ltd.	Head Office	Shanghai, China
Soft Drinks and Foods	Kirin Beverage Co., Ltd.	Head Office Branch Offices	Chiyoda-ku, Tokyo 7 Area Divisions including Kanto Metropolis Area Division (Chiyoda-ku, Tokyo)
		Plants	Shonan Plant (Samukawa-machi, Koza-gun, Kanagawa), Maizuru Plant (Maizuru)
		Laboratories	Laboratory for New Product Development, Laboratory for Core Technology Development (Yokohama)
Pharmaceuticals	Kyowa Hakko Kirin Co., Ltd.	Head Office Branch Offices	Chiyoda-ku, Tokyo 17 Branches including East-Tokyo Branch (Chuo-ku, Tokyo)
		Plants	5 Plants including Fuji Plant (Nagaizumi-cho, Suntou-gun, Shizuoka) and Takasaki Plant (Takasaki)
		Laboratories	6 Laboratories including Tokyo Research Park (Machida, Tokyo) and Fuji Research Park (Nagaizumi-cho, Suntou-gun, Shizuoka)
Other	Lion Nathan National Foods Pty Ltd	Head Office	Sydney, New South Wales, Australia

(Note) Lion Nathan National Foods Pty Ltd, the holding company for our Oceania operations, is classified in Other Businesses because its subsidiaries Lion Nathan Ltd. and National Foods Limited are affiliated with the Alcohol Beverages Business Division and the Soft Drinks and Foods Business Division, respectively.

**(8) Employees of Kirin Group**

<b>Division</b>	<b>Number of employees (persons)</b>	
Alcohol Beverages Business	12,499	[4,113]
Soft Drinks and Foods Business	11,763	[1,903]
Pharmaceuticals Business	4,718	[ 67]
Other Businesses	5,504	[ 309]
Administration	666	[ 19]
<b>Total</b>	<b>35,150</b>	<b>[6,411]</b>

- (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 276 (excluding employees seconded by the Company and including employees seconded to the Company).

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

**1) Significant subsidiaries**

<b>Company Name</b>	<b>Location</b>	<b>Capital</b>	<b>Ratio of voting rights held by the Company</b>	<b>Description of principal businesses</b>
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	50.8%	Import, production and sale of alcohol beverages
Kirin (China) Investment Co., Ltd.	Shanghai, China	U.S.\$180,000 thousand	100%	Management of beer business in China

<b>Company Name</b>	<b>Location</b>	<b>Capital</b>	<b>Ratio of voting rights held by the Company</b>	<b>Description of principal businesses</b>
Kirin Beverage Co., Ltd.	Chiyoda-ku, Tokyo	¥8,416 million	100%	Production and sale of soft drinks
Kirin Kyowa Foods Company, Limited	Shinagawa-ku, Tokyo	¥3,000 million	*100%	Production and sale of seasonings, etc.
Kyowa Hakko Kirin Co., Ltd.	Chiyoda-ku, Tokyo	¥26,745 million	51.2%	Production and sale of prescription medicine
Lion Nathan National Foods Pty Ltd	Sydney, New South Wales, Australia	A\$6,061 million	100%	Management of business in Oceania

(Note) The ratio of voting rights marked with an asterisk (\*) includes those held by the subsidiaries.

## 2) Significant affiliated companies

<b>Company Name</b>	<b>Location</b>	<b>Capital</b>	<b>Ratio of voting rights held by the Company</b>	<b>Description of principal business</b>
San Miguel Brewery, Inc.	Mandaluyong City, Metro Manila, the Republic of the Philippines	₱15,410 million	48.4%	Production and sale of beer
Kirin-Amgen, Inc.	Thousand Oaks, California, U.S.A.	U.S.\$10	50.0%	Research and development of pharmaceuticals

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

- 1) Kyowa Hakko Food Specialties Co., Ltd. effected an absorption-type merger with Kirin Food-Tech Company Limited and changed its trade name to Kirin Kyowa Foods Company, Limited.
- 2) The Company acquired a share of 48.4% of outstanding shares in San Miguel Brewery, Inc. through tender offer and private transaction with San Miguel

Corporation. In association with this, the entire share of 19.9% of outstanding shares in San Miguel Corporation which the Company held has been transferred. Please note that San Miguel Brewery, Inc. has signed a share purchase agreement for the acquisition of San Miguel Brewing International Limited, a wholly owned subsidiary of San Miguel Corporation.

- 3) The Company acquired, through Kirin Holdings (Australia) Pty Ltd (now Lion Nathan National Foods Pty Ltd), 53.9% of outstanding shares issued of Lion Nathan Ltd., a subsidiary of Kirin Holdings (Australia), making it a wholly owned subsidiary.\* This resulted in the integration of Lion Nathan Ltd. and National Foods Limited under the holding company Lion Nathan National Foods Pty Ltd.

\* As per a scheme of arrangement whereby all shares may be acquired after meeting certain requirements.

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

<b>Lender</b>	<b>Outstanding amount of loan</b>
Syndicated loan *	¥238,887 million
Mitsubishi UFJ Trust and Banking Corporation	¥87,128 million

(Note) Syndicated loan \* with The Bank of Tokyo-Mitsubishi UFJ, Ltd. as the sole agent bank.

**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** 126,808 persons  
(Decreased by 6,828 persons from the end of the previous term)
- (4) **Major shareholders (top ten)**

<b>Name of shareholder</b>	<b>Number of shares held by the shareholder (thousand shares)</b>	<b>Ratio of shares held (%)</b>
Japan Trustee Service Bank, Ltd. (Trust account )	48,684	5.1
The Master Trust Bank of Japan, Ltd. (Trust account)	43,884	4.6
Meiji Yasuda Life Insurance Company	43,697	4.6
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	35,085	3.7
Isono Shokai, Limited	23,272	2.4
Japan Trustee Service Bank, Ltd. (Trust account 4)	17,338	1.8
The Mellon Bank, N.A. Treaty Client Omnibus	13,507	1.4
The Nomura Trust and Banking Co., Ltd. (Retirement Benefit Trust for Mitsubishi UFJ Trust and Banking Corporation)	11,621	1.2
Tokio Marine & Nichido Fire Insurance Co., Ltd.	11,500	1.2
Mitsubishi Corporation	11,180	1.2

(Note) Ratio of shares held excludes treasury stock (31,166 thousand shares).

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

#### (1) Names of Directors and Corporate Auditors, etc

<b>Title</b>	<b>Name</b>	<b>Position and important positions concurrently held at other companies</b>
President (Representative Director)	Kazuyasu Kato	—
Executive Vice President (Representative Director)	Kazuhiro Sato	Responsible for Group Personnel & General affairs Strategy, Legal, Internal Control and Internal Audit
*Executive Vice President (Representative Director)	Senji Miyake	Responsible for Integrated Beverages Group Strategy
Managing Director	Etsuji Tawada	Responsible for Group R&D and Group Information Strategy
Managing Director	Yoshiharu Furumoto	Responsible for Group Financial Strategy and PR & IR Strategy and Director of Lion Nathan National Foods Pty Ltd
*Managing Director	Yuji Owada	Responsible for Group Production and Logistics Strategy, CSR & Risk Management & Compliance and Director of San Miguel Brewery, Inc.
Director	Yuzuru Matsuda	President & CEO of Kyowa Hakko Kirin Co., Ltd.
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	Corporate Auditor of Kirin Brewery Co., Ltd. and Mercian Corp.
Standing Corporate Auditor	Tetsuo Iwasa	Corporate Auditor of Kirin Beverage Co., Ltd. and Kirin Business Expert Co., Ltd.
Corporate Auditor	Toyoshi Nakano	Senior Advisor of Mitsubishi UFJ Trust and Banking Corporation

<b>Title</b>	<b>Name</b>	<b>Position and important positions concurrently held at other companies</b>
Corporate Auditor	Teruo Ozaki	President of Teruo Ozaki & Co. (Certified Public Accountant) Director of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Corporate Auditor	Kazuo Tezuka	Attorney at Kaneko & Iwamatsu

- (Notes) 1. Directors marked with an asterisk (\*) assumed office as of March 26, 2009.
2. Mr. Satoru Kishi and Mr. Akira Gemma are outside Directors as provided for in Article 2, Section 15 of the Corporation Law.
  3. Corporate Auditors Mr. Toyoshi Nakano, Mr. Teruo Ozaki and Mr. Kazuo Tezuka are outside Corporate Auditors as provided for in Article 2, Section 16 of the Corporation Law.
  4. Business relations involving cash loans, etc. exist between the Company and The Bank of Tokyo-Mitsubishi UFJ, Ltd., where Director Mr. Satoru Kishi and Corporate Auditor Mr. Teruo Ozaki both hold important positions concurrently.
  5. Business relations involving cash loans, etc. exist between the Company and Mitsubishi UFJ Trust and Banking Corporation, where Corporate Auditor Mr. Toyoshi Nakano holds an important position concurrently.
  6. Corporate Auditor Mr. Teruo Ozaki is a Certified Public Accountant and has a wealth of expertise in finance and accounting.
  7. Directors listed hereunder retired as of March 26, 2009.
 

Chairman	Koichiro Aramaki
Managing Director (Representative Director)	Koichi Matsuzawa

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

	<b>Directors</b>		<b>Corporate Auditors</b>		<b>Total</b>	
	<b>Number of persons</b>	<b>Amount (millions of yen)</b>	<b>Number of persons</b>	<b>Amount (millions of yen)</b>	<b>Number of persons</b>	<b>Amount (millions of yen)</b>
Annual remuneration monthly paid	10 (2)	365 (23)	5 (3)	104 (35)	15 (5)	470 (58)
Bonus	8 (2)	158 (1)	5 (3)	16 (3)	13 (5)	175 (4)
Total	–	523 (24)	–	121 (38)	–	645 (63)

- (Notes) 1. Nine (9) Directors and five (5) Corporate Auditors remain in their positions as of December 31, 2009. The total amount above includes remuneration to two (2) Directors who retired from office as of March 26, 2009.

2. The numbers in brackets indicate remuneration for outside Directors and Corporate Auditors included in the number above.
3. The remuneration limit for Directors is ¥50 million per month (Resolved at the 164<sup>th</sup> Ordinary General Meeting of Shareholders on March 28, 2003).
4. The remuneration limit for Corporate Auditors is ¥9 million per month (Resolved at the 167<sup>th</sup> Ordinary General Meeting of Shareholders on March 30, 2006).
5. The above bonus for Directors and Corporate Auditors is an amount expected to be paid on condition that the original proposition No. 4 of the 171<sup>st</sup> Ordinary General Meeting of Shareholders is approved.

**(3) Primary activities of outside Directors and outside Corporate Auditors during the fiscal year**

<b>Title</b>	<b>Name</b>	<b>Attendance at Board of Directors meetings</b>	<b>Attendance at Board of Corporate Auditors meetings</b>	<b>Statements Contribution</b>
Director	Satoru Kishi	6 times of 24 meetings	—	He was president at a bank. He made statements from his experience and perspective as a management executive.
	Akira Gemma	23 times of 24 meetings	—	He was president at a consumer product manufacturing company. He made statements from his experience and perspective as a management executive.
Corporate Auditor	Toyoshi Nakano	20 times of 24 meetings	13 times of 14 meetings	He was president at a trust bank. He made statements from his experience and perspective as a management executive.
	Teruo Ozaki	22 times of 24 meetings	13 times of 14 meetings	He made statements primarily from his professional perspective as a CPA.
	Kazuo Tezuka	23 times of 24 meetings	13 times of 14 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, Paragraph 1 of the Certified Public Accountants Law	¥91 million
2)	Total remuneration paid by the Company to the Independent Auditor for services other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Law	¥131 million
3)	Total audit remuneration paid by the Company to the Independent Auditor	¥223 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 Financial Instruments and Exchange Law. 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, etc.

Total amount and other property benefits paid by the Company and its subsidiaries ¥385 million

(Note) Of the significant subsidiaries of the Company, four (4) companies including Kyowa Hakko Kirin Co., Ltd. and Mercian Corporation are subject to audits of accounts (limited to audits stipulated in the Corporation Law or the Financial Instruments and 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 of Independent Auditor**

If the Company's Board of Auditors determines that any of the Sections 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 Sections 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 proposition calling for 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 proposition calling for the denial of reappointment of 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.

Also, the Directors shall establish internal control reporting system to ensure reliability of the financial reports and conduct their operation and evaluation effectively and efficiently.

### **(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 set 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.

(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, 2009)

(millions of yen)

<u>Assets</u>	
<b>Current Assets</b>	<b><u>839,450</u></b>
Cash	125,558
Notes and accounts receivable, trade	423,835
Merchandise and finished goods	138,937
Work in process	18,319
Raw materials and supplies	41,261
Deferred tax assets	24,146
Other	69,668
Allowance for doubtful accounts	(2,278)
<b>Fixed Assets</b>	<b><u>2,021,743</u></b>
<b>Property, Plant and Equipment</b>	<b><u>774,274</u></b>
Buildings and structures	227,563
Machinery, equipment and vehicles	203,502
Land	227,671
Construction in progress	75,235
Other	40,300
<b>Intangible Assets</b>	<b><u>734,688</u></b>
Goodwill	605,210
Other	129,477
<b>Investments and Other Assets</b>	<b><u>512,781</u></b>
Investment securities	388,677
Long-term loans receivable	9,555
Deferred tax assets	59,096
Other	59,858
Allowance for doubtful accounts	(4,407)
<b>Total Assets</b>	<b><u>2,861,194</u></b>

Liabilities

<b>Current Liabilities</b>	<b><u>794,096</u></b>
Notes and accounts payable, trade	169,936
Short-term loans payable and long-term debt with current maturities	259,425
Bonds due within one year	12,521
Liquor taxes payable	99,489
Income taxes payable	22,806
Allowance for employees' bonuses	5,713
Allowance for bonuses for directors and corporate auditors	276
Reserve for loss on liquidation of business	2,628
Reserve for repair and maintenance	1,051
Accrued expenses	105,520
Deposits received	23,732
Other	90,992
<b>Long-term Liabilities</b>	<b><u>868,228</u></b>
Bonds	324,904
Long-term debt	300,590
Deferred tax liabilities	32,083
Deferred tax liability due to land revaluation	1,471
Employees' pension and retirement benefits	85,279
Retirement benefits for directors and corporate auditors	415
Reserve for repair and maintenance of vending machines	4,545
Reserve for loss on repurchase of land	1,170
Deposits received	73,303
Other	44,464
<hr/> <b>Total Liabilities</b>	<hr/> <b><u>1,662,324</u></b>

<u>Net Assets</u>	
<b>Shareholders' Equity</b>	<b><u>1,003,680</u></b>
Common stock	102,045
Capital surplus	71,582
Retained earnings	860,538
Treasury stock, at cost	(30,486)
<b>Valuation and Translation Adjustments</b>	<b><u>(22,357)</u></b>
Net unrealized holding gains on securities	18,279
Deferred gains or losses on hedges	(1,548)
Land revaluation difference	(4,713)
Foreign currency translation adjustments	(34,375)
<b>Subscription Rights to Shares</b>	<b>196</b>
<b>Minority Interests</b>	<b>217,350</b>
<hr/>	
<b>Total Net Assets</b>	<b>1,198,869</b>
<hr/>	
<b>Total Liabilities and Net Assets</b>	<b>2,861,194</b>
<hr/>	

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

## CONSOLIDATED STATEMENT OF INCOME

(From January 1, 2009 to December 31, 2009)

		(millions of yen)
<b>Sales</b>		<b>2,278,473</b>
Cost of sales		1,383,821
<b>Gross profit</b>		<b>894,652</b>
Selling, general and administrative expenses		766,216
<b>Operating income</b>		<b>128,435</b>
Non-operating income		
Interest and dividend income	8,147	
Equity in earnings of affiliates	8,902	
Foreign currency translation gain	18,909	
Other	6,656	42,615
Non-operating expenses		
Interest expense	19,617	
Other	6,818	26,435
<b>Ordinary income</b>		<b>144,614</b>
Special income		
Gain on sale of fixed assets	8,054	
Gain on sale of investment securities	34,631	
Gain on sale of shares of subsidiaries and affiliates	1,005	
Other	862	44,553
Special expenses		
Loss on retirement of fixed assets	5,997	
Loss on sale of fixed assets	2,007	
Loss on impairment	38,843	
Loss on devaluation of investment securities	8,363	
Loss on sale of investment securities	2,038	
Loss on sale of shares of subsidiaries and affiliates	21,661	
Business restructuring expense	1,513	
Expense of reserve for loss on liquidation of business	2,628	
Expense for integration	5,623	
Non-recurring depreciation on fixed assets	3,299	
Loss on devaluation of inventories	942	
Other	3,635	96,554
<b>Income before income taxes and minority interests</b>		<b>92,613</b>
Income taxes — current	57,023	
Income taxes — deferred	(28,108)	28,914
Minority interests		14,526
<b>Net income</b>		<b>49,172</b>

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

**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**  
(From January 1, 2009 to December 31, 2009)

(millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of December 31, 2008	102,045	71,536	839,248	(29,058)	983,772
Change due to adoption of ASBJ Practical Issues Task Force (PITF) No. 18			(6,355)		(6,355)
Changes of items during the period					
Dividends from surplus			(21,949)		(21,949)
Net income			49,172		49,172
Change in scope of consolidation			(411)		(411)
Increase due to merger			55		55
Prior year adjustments for deferred taxes etc. of foreign affiliates			778		778
Acquisition of treasury stock				(1,625)	(1,625)
Disposal of treasury stock		45		198	243
Net changes of items other than shareholders' equity					
Total changes of items during the period		45	27,646	(1,427)	26,264
Balance as of December 31, 2009	102,045	71,582	860,538	(30,486)	1,003,680

	Valuation and translation adjustments					Subscription rights to shares	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, 2008	37,430	79	(4,713)	(88,756)	(55,959)	162	222,023	1,149,998
Change due to adoption of ASBJ Practical Issues Task Force (PITF) No. 18								(6,355)
Changes of items during the period								
Dividends from surplus								(21,949)
Net income								49,172
Change in scope of consolidation								(411)
Increase due to merger								55
Prior year adjustments for deferred taxes etc. of foreign affiliates								778
Acquisition of treasury stock								(1,625)
Disposal of treasury stock								243
Net changes of items other than shareholders' equity	(19,150)	(1,628)		54,380	33,602	33	(4,672)	28,963
Total changes of items during the period	(19,150)	(1,628)		54,380	33,602	33	(4,672)	55,227
Balance as of December 31, 2009	18,279	(1,548)	(4,713)	(34,375)	(22,357)	196	217,350	1,198,869

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

## FOOT NOTES

### Significant Accounting Policies

#### 1. Scope of consolidation

##### (1) Consolidated subsidiaries: 285 companies

Major consolidated subsidiaries: Kirin Brewery Company, Limited, Kyowa Hakko Kirin Co., Ltd., Kirin Beverage Co., Ltd., Mercian Corporation, Lion Nathan National Foods Pty Ltd

The changes of the scope of consolidation are as follows:

- (a) Due to increase in materiality, 1 subsidiary of Kyowa Hakko Kirin Co., Ltd. became a consolidated subsidiary.
- (b) Due to additional acquisition of shares, 1 affiliated company of Kirin Beverage Co., Ltd. and 1 affiliated company of Kirin Kyowa Foods Company, Limited became consolidated subsidiaries.
- (c) Due to sale of shares, Kirin Hotels Development Co., Ltd., Kirin Yakult NextStage Company, Limited, Tsurumi Warehouse Co., Ltd., Raymond Vineyard & Cellar, Inc., and 2 subsidiaries of Lion Nathan National Foods Pty Ltd were excluded from the consolidation scope.
- (d) Due to liquidation and others, Kirin International Trading Inc., 1 subsidiary of Kirin Beverage Co., Limited, 1 subsidiary of Kyowa Hakko Kirin Co., Ltd. and 76 subsidiaries of Lion Nathan Ltd. were excluded from the consolidation scope.
- (e) Due to merger, Kirin Food-Tech Company, Limited, 1 subsidiary of Kirin Techno-System Company, Limited, 1 subsidiary of Kirin Agribio EC B.V., and 1 subsidiary of The Coca-Cola Bottling Company of Northern New England, Inc. were excluded from the consolidation scope.

##### (2) Major unconsolidated subsidiary: Koiwai Shokuhin Corporation

Certain subsidiaries including Koiwai Shokuhin Corporation 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 are immaterial.

#### 2. Application of equity method

##### (1) Unconsolidated subsidiaries accounted for by the equity method: 1 company

Unconsolidated subsidiary: Japan Synthetic Alcohol Co., Ltd.

The Company has obtained the majority of the voting rights of Japan Synthetic Alcohol Co., Ltd., however, the company is regarded as an unconsolidated subsidiary accounted for by the equity method because its equity interest is low and its effect on the consolidated financial statements is immaterial.

##### (2) Affiliated companies accounted for by the equity method: 24 companies

Major affiliated company: San Miguel Brewery, Inc.

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

- (a) Due to new acquisition, San Miguel Brewery Inc. became affiliate accounted for by the equity method.
- (b) Due to new establishment, Diageo Kirin Company, Limited and 1 affiliate of Lion Nathan National Foods Pty Ltd became affiliates accounted for by the equity method.
- (c) Due to sales of shares, San Miguel Corporation and 2 affiliates of Lion Nathan National Foods Pty Ltd were excluded from the scope of application of the equity method.
- (d) Due to additional acquisition of shares, 1 affiliate of Kirin Beverage Co., Limited, and

1 affiliate of Kirin Kyowa Foods Company, Limited became consolidated subsidiaries and were excluded from the scope of application of the equity method.

- (3) Certain investments in unconsolidated subsidiaries including Koiwai Shokuhin Corporation 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 as well as their overall effects are 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.
- (5) The Company recognized San Miguel Brewery Inc. (the fiscal year ended December 31) acquired in the second quarter of the Company in equity of earnings of its financial statements based on its third quarter financial statements. It is difficult for the Company to prepare its consolidated financial statements based on the final year-end figures of San Miguel Brewery Inc. due to the early disclosure of the consolidated business performance. As a result, the consolidated statements of income of the Company for the year ended December 31, 2009 includes the financial results of San Miguel Brewery Inc, for 6 months from April 1, 2009 to September 30, 2009

3. Fiscal year-ends of the consolidated subsidiaries

The major consolidated subsidiaries whose fiscal year-ends are different from that of the Company are Lion Nathan Ltd. (September 30), Kirin Agribio Company, Limited (September 30) and Kirin Agribio EC B.V. (September 30).

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

Lion Nathan Ltd. was acquired on October 1, 2009 (the deemed acquisition date) and became a wholly-owned subsidiary. The Company records goodwill incurred from additional acquisition in the consolidated balance sheet of the fiscal year. The beginning for amortization of goodwill corresponds to the inception of consolidation of Lion Nathan Ltd. in the following fiscal year.

Kyowa Hakko Kirin Co., Ltd. changed its fiscal year-end from March 31 to December 31 effective from the fiscal year. As the Company has used the financial statements based on preliminary statements of Kyowa Hakko Kirin Co., Ltd. as of its fiscal year-end and for the years then ended for consolidation since Kyowa Hakko Kirin Co., Ltd. became a subsidiary, there is no effect on the net income or retained earnings of the Company as of December 31, 2009.

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. (The cost method with book value written down to the net realizable value)
  - 2) Raw materials, containers and supplies are mainly stated at cost determined by the moving-average method. (The cost method with book value written down to the net realizable value)
  - 3) Costs on uncompleted construction contracts is stated at cost determined by the specific identification method.  
(Changes in accounting policies)  
From the fiscal year, the Company has applied the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9 of July 5 2006).  
As a result, operating income, ordinary income and income before income taxes and minority interests decreased by ¥1,715 million, ¥208 million, and ¥1,150 million, respectively.
- (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.  
(Additional information)  
Change in useful life of property, plant and equipment  
In line with a revision of the Corporation Tax Law in fiscal 2008, from the fiscal year the Company and its consolidated subsidiaries in Japan have changed their estimates for the useful lives of part of machinery.  
As a result, operating income decreased by ¥5,304 million, and ordinary income and income before income taxes and minority interests each decreased by ¥5,301 million for the fiscal year.
  - 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.
- (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 liquidation of business  
The Company provides reserve for loss on business liquidation of subsidiaries and affiliates based on the estimated amounts of possible loss.
- (e) Reserve for repair and maintenance  
The consolidated subsidiaries of Kyowa Hakko Kirin Co., Ltd. provide reserve for periodic repair and maintenance of production facilities based on the amounts required for the fiscal year of the estimated amounts of payment.
- (f) 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 5 and 15 years. Actuarial differences are amortized by the straight-line method over mainly periods between 10 and 15 years, both beginning from the following fiscal year of recognition.
- (g) 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.
- (h) Reserve for repair and maintenance of vending machines  
Kirin Beverage Co., Ltd. and its 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.
- (i) Reserve for loss on repurchase of land  
The Company provides the reserve at an amount deemed necessary to cover the possible loss related to repurchase of land, which was sold to the Organization for Promoting Urban Development in September 1998, and the estimated loss for land improvement and other.

(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 10 and 20 years. If the amount is immaterial, it is fully recognized as expenses as incurred.

### **Change in Significant Accounting Policies**

1. Adoption of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”

From the fiscal year, the Company has applied the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force (PITF) No. 18 of May 17, 2006), and made the necessary adjustments to its financial statements.

As a result, beginning retained earnings decreased by ¥6,355 million due to the amortization of goodwill at overseas subsidiaries. The effect on net income for the fiscal year of this change is immaterial.

2. Adoption of “Accounting Standard for Lease Transactions”

Finance leases, except for those leases under which the ownership of the leased assets was considered to be transferred to the lessee, were accounted for in the same method as operating leases. However, from the fiscal year the Company has applied the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13 of June 17, 1993 (First Committee of the Business Accounting Council); revised on March 30, 2007) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16 of January 18, 1994 (Japanese Institute of Certified Public Accountants, Committee on Accounting Systems); revised on March 30, 2007), and accordingly such transactions are now based on capital lease method.

For finance lease transactions other than those involving a transfer of title that began prior to the application of the new accounting standards, the previous operating lease method will continue to be applied.

The effect on net income for the fiscal year of this change is immaterial.

### **Changes in Presentation**

(Consolidated balance sheet)

From the fiscal year, the accounts presented as “Inventories” in the fiscal year ended December 31, 2008 have been reclassified into “Merchandise and finished goods,” “Work in process” and “Raw materials and supplies.” “Merchandise and finished goods,” “Work in process” and “Raw materials and supplies.” included in “Inventories” for the prior fiscal year amounted to ¥152,289 million, ¥24,141 million and ¥42,889 million, respectively.

## **Notes to the Consolidated Balance Sheet**

1. Accumulated depreciation of Property, Plant and Equipment	¥1,296,643 million
2. Amount reduced from fixed assets due to government subsidy received and others	¥935 million
3. Assets pledged as collateral and secured borrowings	
(1) Assets pledged as collateral	
Cash	¥14 million
Notes and accounts receivable, trade	¥35 million
Buildings and structures	¥1,157 million
Machinery, equipment and vehicles	¥563 million
Land	¥937 million
Investment securities	¥1,103 million
Other of investments and other assets	¥1 million
	<hr/>
Total	¥3,814 million
(2) Secured borrowings	
Notes and accounts payable, trade	¥1,747 million
Short-term loans payable and long-term debt with current maturities	¥100 million
Long-term debt (including current maturities of long-term debt)	¥8,499 million
Deposits received	¥3,408 million
	<hr/>
Total	¥13,755 million
4. Contingent liabilities	
(1) Guarantees for loan from banks and other of unconsolidated subsidiaries and affiliates	¥2,589 million
(2) Guarantees for loan from banks and other of employees	¥4,596 million
(3) Guarantees for loan from banks and other of customers	¥1,295 million
(4) Notes and account receivables transferred through securitization	¥1,515 million
	<hr/>
Total	¥9,996 million
(arrangements similar to guarantees of ¥72 million are included in the above.)	
5. Trade notes discounted	¥39 million

## Notes to the Consolidated Statement of Income

### 1. Foreign currency translation gain

Loss on currency swaps and forward foreign exchange contracts (¥16,597 million) that are carried to hedge the foreign exchange rates fluctuation risks on loans receivable in foreign currency is presented after offsetting foreign currency translation gain.

### 2. Loss on impairment

In 2009, the Company and its consolidated subsidiaries classified fixed assets into groups by the respective type of business (Alcohol Beverages, Soft Drinks and Foods, Pharmaceuticals, and Other), which are the units making investment decisions.

Use	Location	Type
Asset used for business (Alcohol Beverages business)	Shioya-gun, Tochigi and 7 others	Buildings and structures, machinery, equipment and vehicles, land and other
Asset used for business (Soft Drinks and Foods business)	South Australia, Australia and 2 others	Buildings and structures, machinery, equipment and vehicles, and tools
Asset for rent	Taisho-ku, Osaka	Buildings and structures, and land
Idle properties	Itabashi-ku, Tokyo and 3 others	Buildings and structures, machinery, equipment and vehicles, land and other

For fixed assets in the real estate business included in others, the restaurant business and idle properties along with individual properties or stores are considered to constitute a group. Headquarters and welfare facilities are classified as corporate assets because they do not generate cash flows independent of other assets or group of assets.

Carrying amounts of certain assets were devalued to their memorandum value or recoverable amount because (i) It became clear that Tochigi and Hokuriku plants of Kirin Brewery Company, Limited in Alcohol Beverages business would no longer be utilized as a result of their reorganization and Kirin Hiroshima Brewery would no longer be utilized as a result of the plan of its shutting down, (ii) Some of assets used for Soft Drinks and Foods business are being reorganized as production equipment, (iii) carrying amounts of rental properties were not recovered by estimated future cash flows, and (iv) carrying amounts of idle properties were devalued to their recoverable amounts, owing to substantial decline in their fair market value.

During the fiscal year ended December 31, 2009, the Company and its consolidated subsidiaries recognized loss on impairment on the following group of assets. As a result, the Company recognized a loss on impairment, recorded under special expenses, comprising ¥13,319 million for buildings and structures, ¥9,351 million for machinery, equipment and vehicles, ¥7,534 million for land, ¥144 million for other property, plant and equipment, ¥379 million for other intangible assets, and ¥7,815 million for removal costs.

The recoverable amount of each group of assets is the higher of net selling price (fair value less cost to sell) or value in use calculated by discounting future cash flows at an interest rate of 5.0 %.

For the Kirin Brewery Company, Limited, value in use of the depreciation assets related to the plants reorganization is calculated by the depreciation expense equivalents until the cessation of manufacture.

Besides the above, due to a decline in premium brand profitability at consolidated subsidiaries in Australia, loss on impairment of other intangible assets, in the amount of ¥299 million, was recognized.

## 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, 2008	984,508,387 shares
Number of shares increased during the accounting period ended December 31, 2009	-
Number of shares decreased during the accounting period ended December 31, 2009	-
Number of shares as of December 31, 2009	984,508,387 shares

#### (2) Treasury stock

<u>Type of treasury stock</u>	<u>common stock</u>
Number of shares as of December 31, 2008	30,157,914 shares
Number of shares increased during the accounting period ended December 31, 2009	1,214,018 shares
Number of shares decreased during the accounting period ended December 31, 2009	204,697 shares
Number of shares as of December 31, 2009	31,167,235 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.



## BALANCE SHEET

(As of December 31, 2009)

(millions of yen)

<u>Assets</u>	
<b>Current Assets</b>	<b><u>317,973</u></b>
Cash	15,325
Accounts receivable, trade	318
Short-term loans receivable	270,735
Income tax receivable	16,935
Deferred tax assets	629
Other	15,139
Allowance for doubtful accounts	(1,111)
<b>Fixed Assets</b>	<b><u>1,403,912</u></b>
<b>Property, Plant and Equipment</b>	<b><u>87,496</u></b>
Buildings	54,931
Structures	2,191
Machinery and equipment	215
Vehicles	18
Tools	2,649
Land	24,886
Construction in progress	2,603
<b>Intangible Assets</b>	<b><u>117</u></b>
Leasehold rights	60
Trademarks	24
Utility rights	32
<b>Investments and Other Assets</b>	<b><u>1,316,299</u></b>
Investment securities	112,799
Shares of subsidiaries and affiliates (capital stock)	1,141,942
Investments in equity of subsidiaries and affiliate (other than capital stock)	21,343
Long-term loans receivable	9,444
Deferred tax assets	23,484
Other	10,262
Allowance for doubtful accounts	(2,976)
<hr/>	
<b>Total Assets</b>	<b><u>1,721,886</u></b>

Liabilities

**Current Liabilities** **315,490**

Notes payable, trade	105
Short-term loans payable and long-term debt with current maturities	303,062
Other accounts payable	6,896
Accrued expenses	2,510
Allowance for employees' bonuses	438
Allowance for bonuses for directors and corporate auditors	165
Other	2,310

**Long-term Liabilities** **532,306**

Bonds	299,950
Long-term debt	202,800
Employees' pension and retirement benefits	224
Reserve for loss on repurchase of land	1,170
Other	28,160

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**Total Liabilities** **847,796**

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<u>Net Assets</u>	
<b>Shareholders' Equity</b>	<b><u>860,490</u></b>
<b>Common stock</b>	<b>102,045</b>
<b>Capital surplus</b>	<b><u>71,582</u></b>
Additional paid-in capital	70,868
Other capital surplus	713
<b>Retained earnings</b>	<b><u>717,348</u></b>
Legal reserve	25,511
Other retained earnings	<u>691,836</u>
Reserve for special depreciation	4
Reserve for deferred gain on sale of property	1,299
General reserve	540,367
Retained earnings brought forward	150,164
<b>Treasury stock, at cost</b>	<b>(30,485)</b>
<b>Valuation and translation adjustments</b>	<b><u>13,599</u></b>
<b>Net unrealized holding gains on securities</b>	<b>13,599</b>
<hr/>	
<b>Total Net Assets</b>	<b>874,090</b>
<hr/>	
<b>Total Liabilities and Net Assets</b>	<b>1,721,886</b>
<hr/>	

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

## STATEMENT OF INCOME

(From January 1, 2009 to December 31, 2009)

(millions of yen)

<b>Operating revenue</b>		
Group management revenue	12,100	
Revenue from real estate business	6,230	
Dividends revenue from subsidiaries and affiliates	89,762	108,093
	<hr/>	
<b>Operating expenses</b>		
Expenses on real estate business	3,672	
General and administrative expenses	20,230	23,902
	<hr/>	
<b>Operating income</b>		<b>84,191</b>
<b>Non-operating income</b>		
Interest and dividend income	8,388	
Other	5,011	13,400
	<hr/>	
<b>Non-operating expenses</b>		
Interest expenses	8,724	
Other	4,337	13,061
	<hr/>	
<b>Ordinary income</b>		<b>84,529</b>
<b>Special income</b>		
Gain on sale of fixed assets	5,334	
Reversal of allowance for doubtful accounts	8,579	
Gain on sale of investment securities	10,689	
Gain on sale of shares of subsidiaries and affiliates	1,748	
Other	129	26,481
	<hr/>	

**Special expenses**

Loss on sale and retirement of fixed assets	684	
Loss on impairment	336	
Loss on devaluation of investment securities	1,065	
Loss on devaluation of shares of subsidiaries and affiliates	1,437	
Loss on sale of shares of subsidiaries and affiliates	23,498	27,022
<b>Income before income taxes</b>		<b>83,988</b>
Refund of income taxes		(1,800)
Income taxes - deferred		3,816
<b>Net income</b>		<b>81,972</b>

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

## STATEMENT OF CHANGES IN NET ASSETS

(From January 1, 2009 to December 31, 2009)

(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						
						Reserve for special depreciation	Reserve for deferred gain on sale of property	General reserve	Retained earnings brought forward			Total retained earnings
Balance as of December 31, 2008	102,045	70,868	668	71,536	25,511	27	1,336	554,367	76,081	657,325	(29,058)	801,849
Changes of items during the period												
Reversal of reserve for special depreciation						(23)			23	-		-
Reversal of reserve for deferred gain on sale of property							(36)		36	-		-
Reversal of general reserve								(14,000)	14,000	-		-
Dividends from surplus									(10,975)	(10,975)		(10,975)
Dividends from surplus (interim dividends)									(10,973)	(10,973)		(10,973)
Net income									81,972	81,972		81,972
Acquisition of treasury stock											(1,625)	(1,625)
Disposal of treasury stock			45	45							198	243
Net changes of items other than shareholders' equity												
Total changes of items during the period			45	45		(23)	(36)	(14,000)	74,083	60,023	(1,427)	58,641
Balance as of December 31, 2009	102,045	70,868	713	71,582	25,511	4	1,299	540,367	150,164	717,348	(30,485)	860,490

	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, 2008	16,306	(7)	16,298	818,147
Changes of items during the period				
Reversal of reserve for special depreciation				-
Reversal of reserve for deferred gain on sale of property				-
Reversal of general reserve				-
Dividends from surplus				(10,975)
Dividends from surplus (interim dividends)				(10,973)
Net income				81,972
Acquisition of treasury stock				(1,625)
Disposal of treasury stock				243
Net changes of items other than shareholders' equity	(2,706)	7	(2,699)	(2,699)
Total changes of items during the period	(2,706)	7	(2,699)	55,942
Balance as of December 31, 2009	13,599	-	13,599	874,090

\*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.

(Additional information)

In line with a revision of the Corporation Tax Law in fiscal 2008, from the fiscal year the Company has changed its estimates for the useful lives of part of machinery.

As a result, operating income, ordinary income and income before income taxes decreased by ¥12 million, respectively.

- (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) 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) Reserve for loss on repurchase of land

The Company provides the reserve at an amount deemed necessary to cover the possible loss related to repurchase of land, which was sold to the Organization for Promoting Urban Development in September 1998, and the estimated loss for land improvement and other.

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 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.

**Notes to the Balance Sheet**

1. Monetary debts due from and to subsidiaries and affiliates	
Short-term monetary debts due from subsidiaries and affiliates	¥276,354 million
Long-term monetary debts due from subsidiaries and affiliates	¥11,733 million
Short-term monetary debts due to subsidiaries and affiliates	¥79,507 million
Long-term monetary debts due to subsidiaries and affiliates	¥3,525 million
2. Accumulated depreciation of property, plant and equipment	¥59,992 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	¥615 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	¥44,255 million
Guarantees for employee's housing loan from banks	¥4,441 million
Total	¥48,696 million

(arrangements similar to guarantees of ¥72 million are included in the above.)

## **Notes to the Statement of Income**

1. Transactions with subsidiaries and affiliates:

Operating revenue	¥12,749 million
Operating expenses	¥6,806 million
Transactions other than business transactions	¥7,009 million
2. Presentation of gain or loss on currency swaps and forward foreign exchange contracts:

Loss on currency swaps and forward foreign exchange contracts (¥16,597 million) that are carried to hedge the foreign exchange rates fluctuation risks for loans receivable in foreign currency is presented in "Other" of "Non-operating income" after offsetting foreign currency translation gain.

## **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, 2008	30,157,655 shares
Number of shares increased during the accounting period ended December 31, 2009	1,214,018 shares
Number of shares decreased during the accounting period ended December 31, 2009	204,697 shares
Number of shares as of December 31, 2009	31,166,976 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 and investments in equity of subsidiaries and affiliates	¥52,264 million
Other	¥6,981 million
Sub total	¥59,245 million
Less valuation allowance	(¥24,658 million)
Total deferred tax assets	¥34,587 million
2. Significant components of deferred tax liabilities	
Net unrealized holding gains on securities	(¥9,333 million)
Other	(¥1,140 million)
Total deferred tax liabilities	(¥10,473 million)

## Notes to Transaction with Related Parties

Type	Company name	Ratio of voting rights held by the Company [Indirect ownership]	Relationship with the Company	
			Directors and corporate auditors	Business relationship
Subsidiary	Lion Nathan National Foods Pty Ltd (Note 1)	100%	Concurrent 1	Financial support
Subsidiary	Lion Nathan Ltd.	Indirect 100%	-	Guarantees
Subsidiary	Kirin Brewery Company, Limited	100%	Concurrent 1	Consignment of management guidance service Lending and borrowing funds
Subsidiary	Kirin Business Expert Company, Limited	100%	Concurrent 1	Consignment of management guidance service Lending and borrowing funds Consignment of indirect business
Subsidiary	Kyowa Hakko Kirin Co., Ltd.	51%	Concurrent 1	Lending and borrowing funds
Affiliate	San Miguel Corporation (Note 2)	-	-	-

Type	Company name	Transaction details	Transaction amount (millions of yen)	Item	Balance at end of period (millions of yen)
Subsidiary	Lion Nathan National Foods Pty Ltd (Note 1)	Collecting of loans (Note 3)	87,805	Short-term loans receivable	79,774
		Interest income (Note 3)	3,798	Other current assets	711
		Underwriting of capital increase (Note 4)	343,571	-	-
		Investment in kind (Note 5)	99,311	-	-
Subsidiary	Lion Nathan Ltd.	Guarantees (Note 6)	38,563	-	-
Subsidiary	Kirin Brewery Company, Limited	Lending of loans (Notes 3 and 7)	149,452	Short-term loans receivable	175,624
Subsidiary	Kirin Business Expert Company, Limited	Consignment of indirect business (Note 8)	3,490	Accrued expenses	305
Subsidiary	Kyowa Hakko Kirin Co., Ltd.	Borrowing of funds (Notes 7 and 9)	40,250	Short-term loans payable	40,177
Affiliate	San Miguel Corporation (Note 2)	Purchase of shares of subsidiaries or affiliates (Note 10)	119,343	-	-

Conditions of transactions and policy regarding determination of conditions of transactions.

Notes:

1. Kirin Holdings (Australia) Pty Ltd changed its company name to Lion Nathan National Foods Pty Ltd on October 21, 2009.
2. The Company sold all shares of San Miguel Corporation on May 22, 2009.
3. Interest rates of loans receivable are determined rationally by taking market interest rates into consideration.
4. The Company has subscribed the capital increase of Lion Nathan National Foods Pty Ltd.
5. The Company contributed the shares of Lion Nathan Ltd. as investment in kind.
6. The Company provides the guarantee to privately placed U.S. bond of Lion Nathan Ltd.
7. Lending and borrowing of funds is a transaction based on CMS (Cash Management System) and transaction amounts show average outstanding balance during this fiscal year.
8. The subsidiary is the functionally separated cost-center. The Company pays consignment fees to cover the operating expenses of the subsidiary.
9. Interest rates of loans payable are determined rationally by taking market interest rates into consideration.
10. The Company acquired the shares of San Miguel Brewery, Inc owned by San Miguel Corporation. The purchase price was determined by taking the corporate value into consideration.
11. Transaction amounts above do not include foreign exchange gains or losses, but balances at end of period include those. Transaction amounts do not include consumption taxes.

**Notes to Per Share Information**

1. Net assets per share:	¥916.87
2. Net income per share:	¥85.92

**Notes to Subsequent Events**

There is no matter that fall under this item.

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

**Independent Auditors' Report**

February 12, 2010

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, 2009 and for the year from January 1, 2009 to December 31, 2009 in accordance with Article 444(4) of the Corporate 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.

**Independent Auditors' Report**

February 12, 2010

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, 2009 and for the 171<sup>st</sup> business year from January 1, 2009 to December 31, 2009 in accordance with Article 436, paragraph 2 (1) of the Corporate 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.

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

**Corporate Auditors' Report**

February 16, 2010

Mr. Kazuyasu Kato,  
Representative Director and President  
Kirin Holdings Company, Limited

Board of Corporate Auditors  
Kirin Holdings Company, Limited

Tetsuo Iwasa (Seal)  
Standing Corporate Auditor

Hitoshi Oshima (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 171<sup>st</sup> business year from January 1, 2009, to December 31, 2009, 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. Regarding the internal controls related to financial reporting under the Financial Instruments and Exchange Law, we received reports from the Directors etc. and KPMG AZSA & Co. concerning evaluation of internal controls and auditing status, and asked for explanation as needed. 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 131 of the Regulations of Corporate Financial Calculation) is organized in accordance with the “Standards 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 including internal controls related to financial reporting.

### (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 ¥11.50 per share, as set forth hereunder. As a result, the annual dividend will amount to ¥23 per share (same amount as the annual dividend paid in the previous term), including an interim dividend of ¥11.50 per share.

##### 1. Dividend of surplus

- (1) Matters related to the allocation of distributable profit to shareholders and the total amount thereof

¥11.50 per share of the Company's common shares      Total amount: ¥10,963,426,227

- (2) Effective date of dividend of surplus

March 29, 2010

##### 2. Disposition of surplus

- (1) Account title of increased surplus and the amount thereof

General reserve      ¥61,000,000,000

- (2) Account title of decreased surplus and the amount thereof

Retained earnings brought forward      ¥61,000,000,000

**Proposition No. 2:** Election of nine (9) Directors

Upon the close of this Ordinary General Meeting of Shareholders, the terms of office of all nine (9) Directors will expire.

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

The candidates for the positions of Director are as follows:

<b>No.</b>	<b>Name (Date of birth)</b>	<b>Profile, title, position and important positions concurrently held at other companies</b>	<b>Number of shares of the Company held by the candidate</b>
1.	Kazuyasu Kato (November 24, 1944)	April 1968      Joined the Company March 1997      General Manager of Hokkaido Regional Head Office March 2000      Director and General Manager of Kyushu Regional Head Office October 2001    Director and General Manager of Sales Dept. of Sales & Marketing Div. March 2002      Director, Vice President of Sales & Marketing Div., and General Manager of Sales Dept. of Sales & Marketing Div. March 2003      Managing Executive Officer and President of Sales & Marketing Div. March 2004      Managing Director, Managing Executive Officer, and President of Sales & Marketing Div. March 2006      Representative Director and President (positions which he continues to hold)	79,425 shares

No.	Name (Date of birth)	Profile, title, position and important positions concurrently held at other companies	Number of shares of the Company held by the candidate
2.	Kazuhiro Sato (February 14, 1948)	<p>April 1970      Joined the Company</p> <p>March 2000    General Manager of Finance &amp; Accounting Dept.</p> <p>March 2002    Director and General Manager of Finance &amp; Accounting Dept.</p> <p>March 2003    Executive Officer and General Manager of Finance &amp; 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 Personnel &amp; General Affairs Strategy, Legal, Internal Control and Internal Audit]</p>	44,000 shares

No.	Name (Date of birth)	Profile, title, position and important positions concurrently held at other companies	Number of shares of the Company held by the candidate
3.	Senji Miyake (January 26, 1948)	<p>April 1970      Joined the Company</p> <p>March 1997      General Manager of Sales Promotion for On-Premise Dept. 1 of Sales &amp; Marketing Div.</p> <p>September 1998      General Manager of Sales Dept. of Sales &amp; Marketing Div.</p> <p>March 2000      General Manager of Off-Premise Sales Dept. of the Metropolitan Regional Sales &amp; Marketing Div.</p> <p>October 2001      General Manager of the Tokai Regional Sales &amp; Marketing Div.</p> <p>March 2002      Director and General Manager of the Tokai Regional Sales &amp; Marketing Div.</p> <p>March 2003      Executive Officer and General Manager of the Tokai Regional Sales &amp; Marketing Div.</p> <p>March 2004      Managing Executive Officer and General Manager of the Metropolitan Regional Sales &amp; Marketing Div.</p> <p>September 2005      Managing Executive Officer and General Manager of the Metropolitan Regional Sales &amp; Marketing Div.</p> <p>March 2006      Managing Executive Officer and President of Beer, Wine, and Spirits Div.</p>	60,000 shares

No.	Name (Date of birth)	Profile, title, position and important positions concurrently held at other companies	Number of shares of the Company held by the candidate
		<p>July 2007      Representative Director and President of Kirin Brewery Co., Ltd.</p> <p>March 2009      Representative Director and Executive Vice President of the Company (positions which he continues to hold)</p> <p>[Responsible for Integrated Beverages Group Strategy]</p>	

No.	Name (Date of birth)	Profile, title, position and important positions concurrently held at other companies	Number of shares of the Company held by the candidate
4.	Yoshiharu Furumoto (January 30, 1950)	<p>April 1973      Joined the Company</p> <p>April 2002      General Manager of Spirits &amp; Wine Dept. of Sales &amp; Marketing Div.</p> <p>September 2003   Assistant to General Manager of Sales &amp; 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.</p> <p>March 2008      Managing Director (a position which he continues to hold)</p> <p>October 2009    Director of Lion Nathan National Foods Pty Ltd (an office which he holds now)</p> <p>[Responsible for Group Financial Strategy and PR &amp; IR Strategy]</p>	16,000 shares

No.	Name (Date of birth)	Profile, title, position and important positions concurrently held at other companies	Number of shares of the Company held by the candidate
5.	Yuji Owada (May 28, 1951)	<p>April 1974      Joined the Company</p> <p>March 2002    General Manager of Purchasing Dept.</p> <p>March 2004    General Manager of Toride Plant</p> <p>March 2005    Executive Officer and General Manager of Toride Plant</p> <p>March 2006    Executive Officer and General Manager of Production Dept. of Beer, Wine, and Spirits Div.</p> <p>March 2007    Managing Executive Officer and General Manager of Production Dept. of Beer, Wine, and Spirits Div.</p> <p>July 2007      Managing Director and General Manager of Production Div. of Kirin Brewery Co., Ltd.</p> <p>March 2009    Managing Director of the Company (a position which he continues to hold)</p> <p>April 2009    Director of San Miguel Brewery, Inc. (an office which he holds now)</p> <p>[Responsible for Group Production and Logistics Strategy, CSR &amp; Risk Management &amp; Compliance]</p>	17,000 shares

No.	Name (Date of birth)	Profile, title, position and important positions concurrently held at other companies	Number of shares of the Company held by the candidate
6.	Yoshinori Isozaki (August 9, 1953)	<p>April 1977      Joined the Company</p> <p>March 2004    Executive Director of San Miguel Corporation (Philippines)</p> <p>March 2007    General Manager of Corporate Planning Dept. of the Company</p> <p>March 2008    Executive Officer and General Manager of Corporate Planning Dept.</p> <p>March 2009    Managing Executive Officer and General Manager of Corporate Planning Dept. (positions which he continues to hold)</p>	5,000 shares

No.	Name (Date of birth)	Profile, title, position and important positions concurrently held at other companies	Number of shares of the Company held by the candidate
7.	Hirotake Kobayashi (December 25, 1954)	<p>April 1977      Joined the Company</p> <p>March 2002    Deputy General Manager of Finance &amp; Accounting Dept.</p> <p>March 2007    Executive Officer and General Manager of Finance &amp; Accounting Dept.</p> <p>July 2007      General Manager of Finance &amp; Accounting Dept. of Kirin Business Expert Co., Ltd.</p> <p>March 2008    Executive Officer and General Manager of Strategic Planning Dept. of the Company</p> <p>March 2009    Managing Executive Officer and General Manager of Strategic Planning Dept. (positions which he continues to hold)</p> <p>October 2009   Director of Lion Nathan National Foods Pty Ltd (an office which he holds now)</p>	5,000 shares

No.	Name (Date of birth)	Profile, title, position and important positions concurrently held at other companies	Number of shares of the Company held by the candidate
8.	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

No.	Name (Date of birth)	Profile, title, position and important positions concurrently held at other companies	Number of shares of the Company held by the candidate
9.	Shigemitsu Miki (April 4, 1935)	<p>April 1958      Joined The Mitsubishi Bank, Limited</p> <p>June 2000      President of The Bank of Tokyo-Mitsubishi, Ltd.</p> <p>April 2001      President and Representative Director of Mitsubishi Tokyo Financial Group, Inc.</p> <p>June 2004      Chairman and Representative Director of The Bank of Tokyo-Mitsubishi, Ltd. Director of Mitsubishi Tokyo Financial Group, Inc.</p> <p>October 2005   Director of Mitsubishi UFJ Financial Group, Inc.</p> <p>January 2006   Chairman and Representative Director of The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>April 2008      Senior Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (an office which he holds now)</p>	0 shares

- (Notes)
1. No conflict of interests exist between the Company and each candidate.
  2. Mr. Akira Gemma and Mr. Shigemitsu Miki are candidates for outside Directors, as provided for under Article 2, Paragraph 3, Section 7 of the Regulations for Enforcement of the Corporation Law.
  3. The Company has nominated Messrs. Gemma and Miki as outside Directors because of its expectation that, from their considerable experiences acquired over many years as corporate executives, they will provide valuable opinions and suggestions to the management of the Company.
  4. The Bank of Tokyo-Mitsubishi UFJ, Ltd., where Mr. Miki held a position of Director, received an order for business improvement from the Financial Services Agency (of Japan) for the impropriety that there were legal compliance management problems associated with certain transactions. Related to its

preventing measures for money laundering in the U.S., this bank also received an order for business improvement from the US federal regulator and the Financial Services Agency (of Japan).

Moreover, Nippon Steel Corporation, where he holds a position of outside corporate auditor, received a payment order for surcharge for the violation of the Antimonopoly Act in relation to its orders received concerning steel bridge superstructure work and high-pressure and medium-pressure gas line works and its operations of steel pipe pile and steel sheet pile. Although he had not perceived the impropriety in advance, he has properly audited the status of compliance with relevant laws and regulations including the Antimonopoly Act and has given advice to directors and relevant personnel from time to time. After the fact was revealed, he strongly demanded the directors to recheck the status of compliance with the Antimonopoly Act and to make efforts to establish measures to prevent the matter from recurring and, in addition, has audited the status of compliance with laws and regulations of the directors.

5. Mr. Miki receives compensation from The Bank of Tokyo-Mitsubishi UFJ, Ltd., a bank with which the Company has major transactions and for which he serves as a Senior Advisor.
6. Mr. Miki was Chairman and Director of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (former The Bank of Tokyo-Mitsubishi, Ltd. until December 2005) from June 2004 to March 2008. It is a bank with which the Company has major transactions.
7. Mr. Gemma will have served as an outside Director of the Company for four (4) years (as of the close of this Ordinary General Meeting of Shareholders).

**Proposition No. 3:** 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. Kazuo Tezuka 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:

<b>Name (Date of birth)</b>	<b>Profile, title, position and important positions concurrently held at other companies</b>	<b>Number of shares of the Company held by the candidate</b>
Kazuo Tezuka (April 7, 1941)	April 1967 Registered as attorney Joined Kaneko & Iwamatsu (an office which he holds now) April 1991 Vice President of Daini Tokyo Bar Association (retired in March 1992), Executive Governor of The Japan Federation of Bar Associations (retired in March 1992) May 1995 Member of Commercial Code Section and Corporation Law Section of Legislative Council of the Ministry of Justice (retired in February 2002) March 2006 Corporate Auditor of the Company (a position which he continues to hold)	0 shares

- (Notes)
1. No conflict of interests exist between the Company and Mr. Kazuo Tezuka.
  2. Mr. Tezuka 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. Tezuka 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 corporate legal affairs as an attorney. In his career, Mr. Tezuka's participation in company management has been limited to his duties as an outside director or outside corporate auditor. Nevertheless, it is believed that he will continue to appropriately execute the duties of this office for the reason stated above.
  4. Mr. Tezuka 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. 4:** Presentation of bonuses to corporate officers

In due consideration of the Company's current consolidated results, management proposes the payment of bonuses of ¥158.58 million in total to eight (8) Directors (out of nine (9) Directors, excluding Mr. Yuzuru Matsuda) who held office as of the end of the current fiscal year (of which, ¥1.25 million will be paid to two (2) outside Directors). It also proposes the payment of bonuses of ¥16.54 million in total to five (5) Corporate Auditors who held office as of the end of the current fiscal year (of which, ¥3.0 million will be paid to three (3) outside Corporate Auditors).

- END -