

(Notes)

1. 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.
2. “Company Auditor(s)” and “The Board of Company Auditors” described herein mean “Kansayaku” and “Kansayaku-kai” stipulated in Japanese Companies Act respectively. Just for your reference, Japan Audit & Supervisory Board Members Association recommends to describe “Kansayaku” and “Kansayaku-kai” as “Audit & Supervisory Board Member(s)” and “Audit & Supervisory Board” in English respectively.

Stock Code 2503
March 8, 2013

To Our Shareholders:

Convocation Notice of the 174th Annual General Meeting of Shareholders

Dear Shareholders:

Please be advised that the 174th Annual 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,

Senji Miyake
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 Annual General Meeting of Shareholders” and exercise your voting rights by 5:30 p.m., March 27, 2013, (Wednesday) (JST):

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

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

Regarding Disclosure on the Internet

The following items are posted on the Company’s website and therefore are not included in the attached documents to the Convocation Notice of the Annual General Meeting of Shareholders, in accordance with laws and regulations, as well as Article 15 of the Company’s Articles of Incorporation.

- (1) Notes to Consolidated Financial Statements
- (2) Notes to Financial Statements

Investor Relations	http://www.kirinholdings.co.jp/english/ir/
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The Consolidated Financial Statements and the Financial Statements, which have been audited by the Company Auditors and the Independent Auditor shall include not only the respective documents which are stated in these attached documents to the Convocation Notice of the Annual General Meeting of Shareholders but also the Notes to Consolidated Financial Statements and the Notes to Financial Statements, which are posted on the Company’s website.

Details of the Meeting

1. Date and Time:

March 28, 2013, (Thursday) 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 the Board of Company Auditors for the 174th fiscal year (from January 1, 2012 to December 31, 2012).
- 2) Report on the financial statements for the 174th fiscal year (from January 1, 2012 to December 31, 2012).

Matters to be voted on:

- | | |
|--------------------|--|
| Proposition No. 1: | Appropriation of surplus |
| Proposition No. 2: | Partial Amendments to the Articles of Incorporation |
| Proposition No. 3: | Election of eight (8) Directors |
| Proposition No. 4: | Payment of bonuses to Directors and Company Auditors |

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.

- END -

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.

We would appreciate it if you could come ahead of time to avoid last-minute congestion.

If any changes are required in the Reference Documents for the Annual 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/>).

Reference Documents for the Annual General Meeting of Shareholders

Propositions and information:

Proposition No. 1: Appropriation of surplus

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

Regarding the dividend and other appropriation of the surplus, in comprehensive consideration of all the various factors including the Company's operating results of the fiscal year under review, the dividend payout ratio and future management measures, the proposals of the appropriation are as follows.

In due consideration of the Company's practice of providing stable dividends to shareholders, the Board of Directors proposes the payment of a dividend of ¥15.50 per share, as set forth hereunder. As a result, the annual dividend will amount to ¥29.0 per share (an increase of ¥2.0 per share from the previous fiscal year), including an interim dividend of ¥13.50 per share.

1. Matters regarding Year-end dividend:

- (1) Matters related to the allocation of the dividend property to shareholders and the total amount thereof:
¥15.50 per share of the Company's common shares
Total amount: ¥14,903,218,008
- (2) Effective date of payment of dividend:
March 29, 2013

2. Matters concerning other appropriation of surplus:

- (1) Account title of increased surplus and the amount thereof:
General reserve: ¥34,000,000,000
- (2) Account title of decreased surplus and the amount thereof:
Retained earnings carried forward: ¥34,000,000,000

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

1. Reason for the proposition

In order to enhance mutual cooperation among Group companies and realize effective and efficient organizational operation, the Company proposes to centralize headquarters functions of the Company and the Japan integrated beverage business company, etc. and to relocate its head office to Nakano-ku, Tokyo. In addition, the Board of Directors proposes to set the effective date of this amendment on May 10, 2013, which is the same date as the relocation date of the head office, and to establish the said matter as the supplementary provision.

2. Details of Amendments

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

(Amended text is shown underlined.)

Current Text	Proposed Text
Article 3. The Company shall have its head office in <u>Chuo-ku</u> , Tokyo. (Newly established)	Article 3. The Company shall have its head office in <u>Nakano-ku</u> , Tokyo. Supplementary Provision <u>Amendment to Article 3 shall become effective as of May 10, 2013 and this supplementary provision shall be deleted on the same date.</u>

Proposition No. 3: Election of eight (8) Directors

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

Accordingly, shareholders are requested to elect eight (8) Directors reducing one (1) Director due to the change in the organizational structure.

The candidates for the positions of Director are as follows:

No.	Name (Date of birth)	Profile, title, responsibilities and significant positions concurrently held at other companies	Number of shares of the Company held by the candidate
1.	Senji Miyake (January 26, 1948)	April 1970 Joined the Company March 1997 General Manager of Sales Promotion for On-Premise Dept. 1 of Sales & Marketing Div. September 1998 General Manager of Sales Dept. of Sales & Marketing Div. March 2000 General Manager of Off-Premise Sales Dept. of the Metropolitan Regional Sales & Marketing Div. October 2001 General Manager of Tokai Regional Sales & Marketing Div. March 2002 Director and General Manager of Tokai Regional Sales & Marketing Div. March 2003 Executive Officer and General Manager of Tokai Regional Sales & Marketing Div. March 2004 Managing Executive Officer and General Manager of the Metropolitan Regional Sales & Marketing Div. September 2005 Managing Executive Officer and General Manager of the Metropolitan Regional Sales & Marketing Div.	96,000 shares

No.	Name (Date of birth)	Profile, title, responsibilities and significant positions concurrently held at other companies	Number of shares of the Company held by the candidate
		<p>March 2006 Managing Executive Officer and President of Beer, Wine, and Spirits Div.</p> <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</p> <p>March 2010 Representative Director and President (positions which he continues to hold)</p>	

No.	Name (Date of birth)	Profile, title, responsibilities and significant positions concurrently held at other companies	Number of shares of the Company held by the candidate
2.	Hirotake Kobayashi (December 25, 1954)	<p>April 1977 Joined the Company</p> <p>March 2007 Executive Officer and General Manager of Finance & Accounting Dept.</p> <p>July 2007 General Manager of Finance & Accounting Dept. of Kirin Business Expert Company, Limited</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.</p> <p>March 2010 Managing Director</p> <p>February 2012 Director of Schincariol Participações e Representações S.A. (current Brasil Kirin Participações e Representações S.A.) (an office which he holds now)</p> <p>March 2012 Representative Director and Managing Director of the Company (positions which he continues to hold)</p> <p><u>Responsible for:</u> Group Business Investment and Alliance Strategy and Group Information Strategy</p>	5,000 shares

No.	Name (Date of birth)	Profile, title, responsibilities and significant positions concurrently held at other companies	Number of shares of the Company held by the candidate
3.	Hajime Nakajima (October 3, 1953)	<p>April 1977 Joined the Company</p> <p>March 2004 General Manager of Purchasing Dept.</p> <p>March 2006 General Manager of Nagoya Plant of Production Dept. of Beer, Wine, and Spirits Div.</p> <p>March 2007 Executive Officer and General Manager of Nagoya Plant of Production Dept. of Beer, Wine, and Spirits Div.</p> <p>July 2007 Executive Officer and General Manager of Nagoya Plant of Production Dept. of Kirin Brewery Co., Ltd.</p> <p>March 2008 Executive Officer and General Manager of Production & Quality Control Dept. of Production Div. of Kirin Brewery Co., Ltd.</p> <p>March 2009 Managing Director and General Manager of Production Div. of Kirin Brewery Co., Ltd.</p> <p>March 2011 Managing Director of the Company</p> <p>March 2012 Director of Kyowa Hakko Kirin Co., Ltd. (an office which he holds now) Representative Director and Managing Director of the Company (positions which he continues to hold)</p>	37,102 shares

No.	Name (Date of birth)	Profile, title, responsibilities and significant positions concurrently held at other companies	Number of shares of the Company held by the candidate
		<p>January 2013 Director of KIRIN Co., Ltd. (an office which he holds now)</p> <p>Responsible for: Group Production and Logistics Strategy, Group R&D Strategy, and Group Quality and Environment Strategy</p>	

No.	Name (Date of birth)	Profile, title, responsibilities and significant positions concurrently held at other companies	Number of shares of the Company held by the candidate
4.	Masahito Suzuki (September 9, 1957)	<p>April 1980 Joined the Company</p> <p>March 2007 General Manager of Finance & Accounting Dept. of Kirin Beverage Co., Ltd.</p> <p>March 2008 Executive Officer and General Manager of Corporate Planning Dept. of Kirin Beverage Co., Ltd.</p> <p>March 2009 Director and General Manager of Corporate Planning Dept. of Kirin Beverage Co., Ltd</p> <p>March 2012 Director of the Company (a position which he continues to hold) Director of Lion Pty Ltd (an office which he holds now)</p> <p>January 2013 Director of KIRIN Co., Ltd. (an office which he holds now)</p> <p><u>Responsible for:</u> Group Financial Strategy and Group PR & IR Strategy</p>	11,000 shares

No.	Name (Date of birth)	Profile, title, responsibilities and significant positions concurrently held at other companies	Number of shares of the Company held by the candidate
5.	Keisuke Nishimura (December 7, 1956)	<p>April 1980 Joined the Company</p> <p>March 2007 Chairman and CEO of Kirin (China) Investment Co., Ltd.</p> <p>March 2009 Director of San Miguel Corp.</p> <p>April 2009 Director and Executive Vice President of San Miguel Brewery Inc.</p> <p>October 2011 Director of San Miguel Brewery Inc. (an office which he holds now) Executive Officer and General Manager of Strategy Planning Dept. of the Company</p> <p>March 2012 Director of the Company (a position which he continues to hold) Director of China Resources Kirin Beverages (Greater China) Co. Ltd. (an office which he holds now)</p> <p>Responsible for: Group Procurement Strategy</p>	15,306 shares

No.	Name (Date of birth)	Profile, title, responsibilities and significant positions concurrently held at other companies	Number of shares of the Company held by the candidate
6.	<p data-bbox="327 1014 518 1081">Toru Suzuki (June 17, 1954)</p> <div data-bbox="327 1126 539 1176" style="border: 1px solid black; padding: 2px; width: fit-content;">New Candidate</div>	<p data-bbox="574 465 1098 600">April 1978 Joined the Company March 2004 General Manager of Shikoku Regional Sales & Marketing Div.</p> <p data-bbox="574 607 1098 741">September 2005 General Manager of Kinki Off-Premise Sales Dept. of Kinki Regional Sales & Marketing Div.</p> <p data-bbox="574 748 1098 949">March 2006 General Manager of Kinki Off-Premise Sales Dept. of Kinki Regional Sales & Marketing Div. of Beer, Wine, and Spirits Div.</p> <p data-bbox="574 956 1098 1122">March 2007 General Manager of Kita-Nihon Regional Sales & Marketing Div. of Beer, Wine, and Spirits Div.</p> <p data-bbox="574 1128 1098 1294">July 2007 General Manager of Kita-Nihon Regional Sales & Marketing Div. of Kirin Brewery Co., Ltd.</p> <p data-bbox="574 1301 1098 1467">March 2008 Director and General Manager of Sales Dept. of Sales & Marketing Div. of Kirin Brewery Co., Ltd.</p> <p data-bbox="574 1473 1098 1630">March 2011 Representative Director and President of Mercian Corp. (an office which he holds now)</p>	2,000 shares

No.	Name (Date of birth)	Profile, title, responsibilities and significant positions concurrently held at other companies	Number of shares of the Company held by the candidate
7.	Shigemitsu Miki (April 4, 1935) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 10px auto;">Candidate for outside Director</div>	April 1958 Joined The Mitsubishi Bank, Limited June 2000 President of The Bank of Tokyo-Mitsubishi, Ltd. April 2001 President and Representative Director of Mitsubishi Tokyo Financial Group, Inc. June 2004 Chairman and Representative Director of The Bank of Tokyo-Mitsubishi, Ltd. Director of Mitsubishi Tokyo Financial Group, Inc. October 2005 Director of Mitsubishi UFJ Financial Group, Inc. January 2006 Chairman and Representative Director of The Bank of Tokyo-Mitsubishi UFJ, Ltd. April 2008 Senior Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (an office which he holds now) March 2010 Director of the Company (a position which he continues to hold)	0 shares

No.	Name (Date of birth)	Profile, title, responsibilities and significant positions concurrently held at other companies	Number of shares of the Company held by the candidate
8.	<p data-bbox="343 741 536 808">Toshio Arima (May 31, 1942)</p> <div data-bbox="331 846 549 943" style="border: 1px solid black; padding: 2px; width: fit-content;">Candidate for outside Director</div> <div data-bbox="331 965 549 1084" style="border: 1px solid black; padding: 2px; width: fit-content;">Candidate for Independent Director</div>	<p data-bbox="576 465 1091 533">April 1967 Joined Fuji Xerox Co., Ltd.</p> <p data-bbox="576 539 1091 636">June 2002 President and Representative Director of Fuji Xerox Co., Ltd.</p> <p data-bbox="576 642 1091 710">October 2006 Director of FUJIFILM Holdings Corporation</p> <p data-bbox="576 716 1091 813">June 2007 Board Director and Executive Advisor of Fuji Xerox Co., Ltd.</p> <p data-bbox="576 819 1091 916">June 2008 Executive Corporate Advisor of Fuji Xerox Co., Ltd.</p> <p data-bbox="576 922 1091 1019">March 2011 Director of the Company (a position which he continues to hold)</p> <p data-bbox="576 1025 1091 1151">April 2012 Executive Advisor of Fuji Xerox Co., Ltd. (an office which he holds now)</p>	2,000 shares

- (Notes)
1. No conflict of interests exists between the Company and each candidate.
 2. Messrs. Shigemitsu Miki and Toshio Arima are candidates for outside Directors.
 3. The Board of Directors has nominated Messrs. Shigemitsu Miki and Toshio Arima 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. Nippon Steel Corporation (present NIPPON STEEL & SUMITOMO METAL CORPORATION), where Mr. Shigemitsu Miki held a position of outside Company 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 others. Although he had not perceived the impropriety in advance, he properly audited the status of compliance with relevant laws and regulations including the Antimonopoly Act and had been calling attention to such matters 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, audited the status of compliance with laws and regulations of the directors and relevant personnel.

MITSUBISHI MOTORS CORPORATION, where he holds a position of outside Company Auditor, was found to have been using certain facilities without making the mandatory notifications pursuant to environment-related laws and ordinances. Although he had not perceived the impropriety in advance, he has been calling for attention to such matters at the Board of Company Auditors on a regular basis from the standpoint of compliance with laws and regulations. Moreover, ever since the fact was revealed, he has been conducting a thorough investigation into the matter as well as instructing ways of preventing a recurrence of such an event, etc.

Mitsubishi Electric Corporation, where he holds a position of an outside Director, received nomination stop measure, etc. for overstatement of expenses and inappropriate billing relating to the contract on the electronic system business with the Ministry of Defense (of Japan) and others. Moreover, Mitsubishi Electric Corporation received a cease and desist order and a payment order for surcharge for the violation of the Antimonopoly Act in relation to its orders received concerning some transactions of automobile parts. Although he had not perceived each impropriety in advance, he has been calling attention to such matters at the Board of Directors Meetings, etc. on a regular basis from the standpoint of compliance with relevant laws and regulations. After the fact was revealed, he has been giving suggestions at the Board of Directors Meetings, etc. on conducting a thorough investigation to determine the cause, taking measures to further reinforce the compliance system in order to prevent a recurrence of such an event, etc.

5. Fuji Heavy Industries Ltd., where Mr. Toshio Arima holds a position of an outside Director, received notification from the Tokyo Regional Taxation Bureau for its inappropriate accounting treatment. Although he had not perceived the impropriety in advance, he has been focusing on providing suggestions regarding the importance of the internal control and the development of its system on a regular basis. After the fact was revealed, he has been carrying out his responsibility properly including instructing ways of preventing a recurrence of such an event.
6. Mr. Shigemitsu 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 Senior Advisor.
7. Mr. Shigemitsu Miki was Chairman and Representative 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.
8. The years served (as of the close of this Annual General Meeting of Shareholders) by the candidates for the position of outside Director since their election as outside Directors are as follows:
 - (1) Mr. Shigemitsu Miki : 3 years
 - (2) Mr. Toshio Arima: 2 years
9. Until March 2008, Mr. Shigemitsu Miki had been Representative Director of The Bank of Tokyo-Mitsubishi UFJ, Ltd., a bank with which the Company has major transactions. Although he has not been reported to the Tokyo Stock Exchange, Inc., etc. as an Independent Director, he has been providing us valuable opinions and suggestions concerning the management of the Company

from his objective standpoint.

10. Mr. Toshio Arima is an Independent Director as prescribed in the regulations of the Tokyo Stock Exchange, Inc., etc. Although there is a business relation (amounting to approximately ¥5.0 million associated with regular copy machine-related transactions for the fiscal year under review) between the Company and Fuji Xerox Co., Ltd., where he held a position of Representative Director until June 2007, the Company believes that the transaction does not have any impact on his independence as an outside Director, because the transaction amount involved is small in proportion to the size of businesses of the Company and the said company, and in addition, a considerable period of time has elapsed since his retirement.

Proposition No. 4: Payment of bonuses to Directors and Company Auditors

In due consideration of the Company's consolidated operating results of the fiscal year under review, etc., the Board of Directors proposes the payment of bonuses of ¥176.14 million in total to nine (9) Directors who held office as of the end of the fiscal year under review (of which, ¥2.0 million will be paid to two (2) outside Directors). It also proposes the payment of bonuses of ¥16.10 million in total to five (5) Company Auditors who held office as of the end of the fiscal year under review (of which, ¥3.0 million will be paid to three (3) outside Company Auditors).

- END -

(Attached documents)

BUSINESS REPORT

(For the period from January 1 to December 31, 2012)

1. Overview of Kirin Group business activities

(1) Developments and results of business activities

During the consolidated fiscal year under review, Japanese economy remained harsh due to the economic slowdown overseas, and consumer spending was weak while maintaining its underlying firmness.

Under these circumstances, the Kirin Group continued to promote measures aimed at increasing profitability in the final year of the Kirin Group's 2010-2012 medium-term business plan, which marks the second stage in realizing the aims of Kirin's long-term business framework, Kirin Group Vision 2015 ("KV2015"). At the same time, the Group pursued sales recovery and expansion by working to enhance brand strength and the sales force and to offer new value to customers.

In the Japanese market, competition to stimulate demand intensified as the market matured further. Kirin Brewery Company, Limited, Mercian Corporation and Kirin Beverage Company, Limited continued structural reform across the entire value chain and promoted an integrated beverages group strategy through brand-centered management. With a view to further growth, we moved ahead with preparations for the establishment of the new domestic integrated beverage company KIRIN Company, Limited, which begins operations in January 2013.

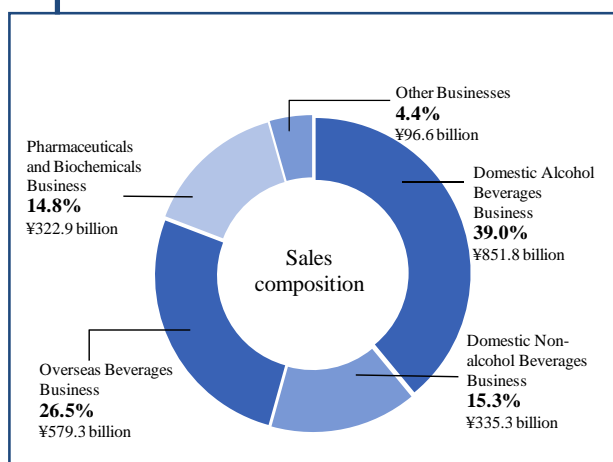
Also in the overseas market, Lion Pty Ltd and at Brasil Kirin Participações e Representações S.A.* ("Brasil Kirin S.A."), which joined the Kirin Group in 2011, pursued growth in the overseas integrated beverages business through initiatives for better profitability and efficiency. Lion Pty Ltd implemented measures to stabilize profitability, and Brasil Kirin got off to a smooth start by improving business performance under a new management structure.

Consequently, sales increased, chiefly due to taking in the profit and loss of Brasil Kirin in the overseas beverages business, and a rise in sales volume in the domestic non-alcohol beverages business. In addition, operating income and ordinary income also grew owing to factors such as the realization of increased profitability in the overseas beverages business and robust sales in the pharmaceuticals business. Net income also increased, reflecting a decrease in special expenses.

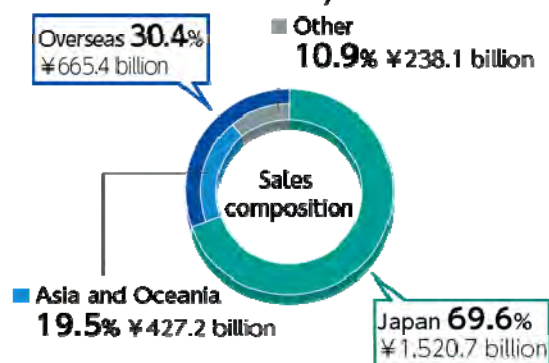
* The company name changed from Schincariol Participações e Representações S.A. to Brasil Kirin Participações e Representações S.A. in November 2012.

Results for the fiscal year under review

Consolidated sales	¥2,186.1 billion (up 5.5% compared to the previous fiscal year)
Consolidated operating income	¥153.0 billion (up 7.1% compared to the previous fiscal year)
Consolidated ordinary income	¥138.4 billion (up 1.2% compared to the previous fiscal year)
Consolidated net income	¥56.1 billion (up 658.7% compared to the previous fiscal year)



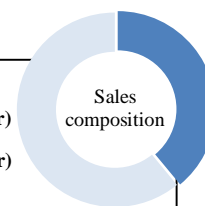
Reference: Sales composition by region for the fiscal year under review



Domestic Alcohol Beverages Business Division

Consolidated sales: **¥851.8 billion** (down 1.9% compared to the previous fiscal year)

Consolidated operating income: **¥63.3 billion** (down 10.2% compared to the previous fiscal year)



Major Products

Kirin Ichiban Shibori, Tanrei Green Label, Kirin Nodogoshi Nama, Kirin Chuhai Hyoketsu, Kirin FREE, Chateau Mercian

Kirin Brewery Co., Ltd. strengthened core brands through selection and focus. Kirin Brewery Co., Ltd. strove to develop brands with an eye on the long term and to create new value in response to the needs of its customers. In the beer category, Kirin Brewery Co., Ltd. proposed a new style of drinking with the draft beer product *Kirin Ichiban Shibori Frozen Nama*, featuring a new tasting experience. In the new genre market, the revamped *Kirin Nodogoshi Nama* further stabilized its No. 1 position in the category^{*1}. In the RTD^{*2}, Kirin Brewery Co., Ltd. strengthened the brand by increasing seasonally limited products of *Kirin Chuhai Hyoketsu* series, which contributed to sales expansion. Furthermore, Kirin Beer Marketing Company, Limited, which was established through the consolidation of the sales division of Kirin Brewery Co., Ltd. and Kirin Merchandising Company, Limited, created a strong and efficient sales structure that integrated with local communities. Despite aggressive sales promotion aimed at enhancing brand strength, total sales volume for the beer, *happo-shu* and new genre categories decreased compared to the previous year under a climate of increasingly severe competition. Non-alcohol beverages also saw a year-on-year decline in overall sales volume, due to a drop in sales for *Kirin FREE*, in spite of efforts to further invigorate and expand the market with the introduction of *Kirin Non-alcohol Chuhai Zero Hai*. Meanwhile, overseas, sales of *Kirin Ichiban Shibori* were robust, and the export regions were expanded. In addition, Kirin Brewery Co., Ltd. initiated test sales of *Kirin Ichiban Shibori Frozen Nama*, which created a great response in Japan.

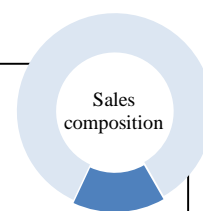
Mercian Corp. concentrated management resources on the alcohol beverages business centered on wine, in order to develop and strengthen brands that aim to be No. 1 in their categories. The overall wine market has grown backed by demand for “drinking at home” that has increased since the Great East Japan Earthquake. In this context, through collaboration with Kirin Beer Marketing Co., Ltd., sales have been brisk mainly for table wines such as *Mercian Bistro, Mercian Oishii-Sankaboshizai-Mutenka Wine* and the revamped Californian wine *Franzia*. Both domestic products and imports increased compared to the previous year.

*1 Based on taxable shipping volume of “Other miscellaneous liquors (2)” for 2005, and “Other fermented liquors (sparkling) (1)” for 2006-2012.

*2 RTD: Products of premixed low alcohol beverages that can be enjoyed straight from the can or bottle. RTD is an acronym for “Ready to Drink.”

Domestic Non-alcohol Beverages Business Division

Consolidated sales: ¥335.3 billion (up 6.6% compared to the previous fiscal year)
Consolidated operating income: ¥4.4 billion (up 58.8% compared to the previous fiscal year)



Major Products

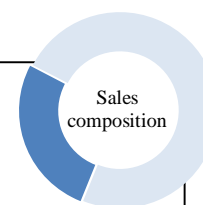
Kirin Gogo-no-Kocha, Kirin FIRE, Kirin Nama-cha, Volvic, Kirin Alkali-ion-no-Mizu, Kirin Mets Cola

Kirin Beverage Co., Ltd. continued to reform the revenue structure, while strengthening product value and the sales force, resulting in sales expansion well above the market average. Kirin Beverage Co., Ltd. also concentrated efforts on measures such as sales promotion to develop brands.

Kirin Mets Cola, the first-ever cola drink designated as a “food for specified health uses,” generated an enormous response, establishing a new territory in the cola drink market, following on the “sugared cola drink” and “zero cola drink.” *Kirin Gogo-no-Kocha* achieved the highest sales volume record for the third consecutive year mainly due to favorable sales of *Kirin Gogo-no-Kocha Oishii Sugar-Free*. Additionally, there was a significant year-on-year jump in sales volume owing to *Kirin Sekai-no-Kitchen-Kara* series and the water category of which performance has been strong since the Great East Japan Earthquake.

Overseas Beverages Business Division

Consolidated sales: ¥579.3 billion (up 27.6% compared to the previous fiscal year)
Consolidated operating income: ¥27.6 billion (up 79.4% compared to the previous fiscal year)



Major Products

XXXX GOLD, Steinlager, James Squire, Dairy Farmers, Dare, Nova Schin, Devassa Bem Loura, Schin

In Australia, although the economy is maintaining solid growth, the pace has slackened, and domestic consumer industries continue to face a tough business climate, mainly in the food and retail sectors.

In its alcohol beverages business, Lion Pty Ltd continued to move forward with efforts to create new categories and with a shift toward a higher price range product line through marketing focused on enhancing brand strength. Robust sales for leading brands such as Australia’s No. 1 brand *XXXX GOLD*, and the contribution of imported premium brands such as *Corona Extra* for which Lion Pty Ltd acquired the distribution right, led to sales volume

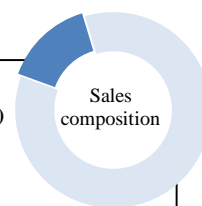
surpassing from the previous year. In addition, Lion Pty Ltd strengthened the business base for the future by making Little World Beverages Limited, a manufacturing and sales company in the rapidly growing craft beer market, into a wholly owned subsidiary. Meanwhile, Lion Pty Ltd moved ahead with ongoing structural reform of soft drinks business of Lion Pty Ltd with a view to improving profitability in the medium term. Although sales volume was down year-on-year under a challenging market climate where customers are increasingly cost-conscious, Lion Pty Ltd endeavored to strengthen brands of the high value-added products. As a result of these measures, profitability improved in both the alcohol beverages and soft drinks businesses of Lion Pty Ltd.

In Brazil, economic growth slowed slightly, but consumer spending remained solid.

Brasil Kirin S.A. achieved improvement in performance by pushing ahead with marketing and sales activities such as strengthening core brands in order to boost growth and enhance profitability. In the beer market, sales were strong mainly for the leading brand *Nova Schin* and for the newly launched *Schin No Grau*. In the soft drinks market, sales were brisk, mainly for *Schin* in the carbonated soft drinks category. Both the alcohol beverages and soft drinks businesses saw sales expansion as sales volume exceeded that of the previous year. Additionally, Brasil Kirin S.A. also improved profitability through the implementation of measures including radical improvement in procurement process and reinforcement of the functions within the whole value chain.

Pharmaceuticals and Biochemicals Business Division

Consolidated sales: ¥322.9 billion (down 3.0% compared to the previous fiscal year)
Consolidated operating income: ¥55.5 billion (up 12.2% compared to the previous fiscal year)



Major Products

NESP, REGPARA, ALLELOCK, GRAN, POTELIGEO

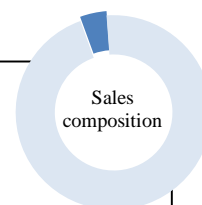
In the pharmaceuticals business, although there was an impact of a reduction in National Health Insurance Drug Price Standards that took effect in April among other matters, sales were strong for Kyowa Hakko Kirin Co., Ltd.'s core product *NESP*, a treatment for nephrogenic anemia. As a result, domestic sales of ethical pharmaceuticals increased compared to the previous year. Regarding pharmaceutical exports and licensing-out of technologies, sales increased compared to the previous year, due to strong exports and revenues from licensing-out of technologies to Fujifilm Kyowa Kirin Biologics Co., Ltd. In R&D, *POTELIGEO* (a humanized monoclonal antibody that uses proprietary antibody technologies), which is a therapeutic agent for adult T-cell leukemia-lymphoma, obtained approval in March, and was launched in May. Overseas, Phase II clinical trials began in Europe and the U.S. in August for KW-0761, which targets adult T-cell leukemia-lymphoma. Kyowa Hakko Kirin Co., Ltd. also further strengthened ties with ProStrakan Group plc, which was consolidated in June, 2011.

In the biochemical business, Kyowa Hakko Bio Co., Ltd. implemented measures to

expand sales and revised prices in response to dynamic growth in overseas demand for high value-added products such as amino acids, nucleic acids and related compounds mainly for pharmaceutical and medical use. However, the sales were affected by yen appreciation.

Other Businesses Divisions

Consolidated sale:	¥96.6 billion (down 5.2% compared to the previous fiscal year)
Consolidated operating income:	¥4.8 billion (down 22.3% compared to the previous fiscal year)



Major Products for General Customers of Kirin Kyowa Foods Company, Limited
Ino-Ichiban, Ippai-no-Zeitaku, Cayu~na

At Kirin Kyowa Foods Company, Limited, despite solid performance in the snack foods and restaurant foods businesses, the market was generally stagnant in its core business - processing business for processed food manufacturers and competition intensified in the overseas market for flavor enhancers, leading to a decrease in both sales and operating income.

(2) Future challenges

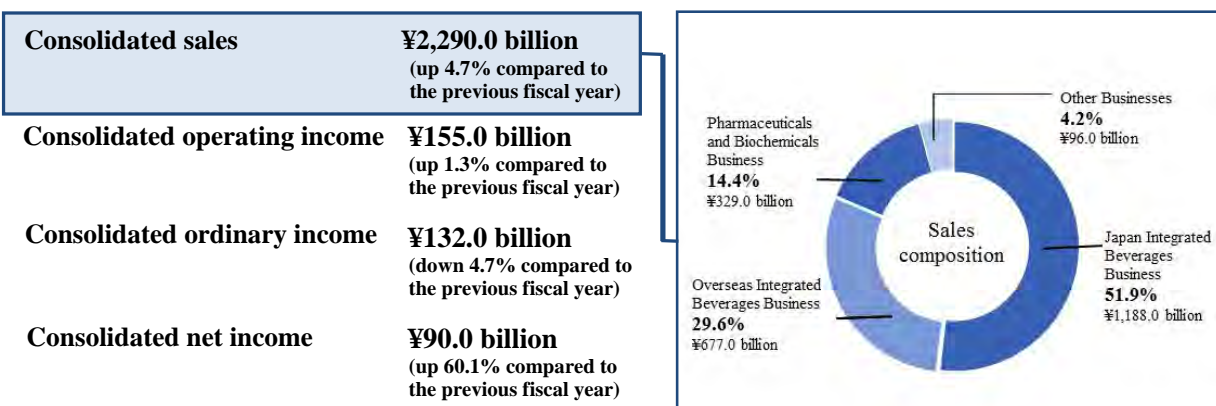
The Kirin Group formulated its long-term business framework, Kirin Group Vision 2021 (“KV2021”) along with the Kirin Group Medium-term Business Plan 2013-2015, which marks the initial stage in realizing the aims of KV2021 (please refer to the following page). In order to advance our business steadily by making the best use of our business foundation – which was expanded globally under KV2015 with an aim for a new trajectory of growth, we are pursuing to increase corporate value through self-sustained and sustainable growth and world-class management excellence. To that end, we carry out the brand-centered management, while leveraging a diversity of “brands and businesses,” “operating regions and markets” and “people and organizations” to co-create value and grow together with customers and society.

In 2013, as the first year of the Kirin Group Medium-term Business Plan 2013-2015, we aim to expand sales and enhance profitability by shifting our management direction toward self-sustained growth and to establish and expand brand-centered management as a source to maintain superior competitive positions. In the Japan integrated beverages business, through the establishment of KIRIN Co., Ltd., we will accelerate the implementation of the integrated beverage strategies for renewed growth in the Group’s core businesses by working to develop product brands with an eye to the mid- to long-term. Furthermore, in the overseas integrated beverages business, we will deliver results according to the growth potential of each region in Oceania, Brazil, and Southeast Asia in order to drive growth for the Group as a whole.

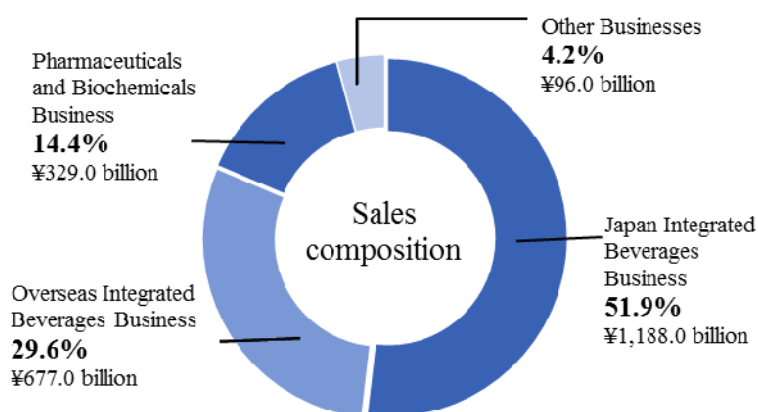
Additionally, to further deepen dialogue and collaboration with stakeholders and to promote Kirin’s brand-centered management approach, the Kirin Group will take its CSR activities to the next level, especially in the Japan integrated beverage business group, by adopting a CSV* approach to its business. With CSV, Kirin aims to create shared value with a wide range of stakeholders, primarily through our overall business activities along the value chain.

*CSV: an acronym for “Creating Shared Value.” CSV is a concept that combines two ideas: engaging in societal issues to create social value and improving a company’s competitiveness.

Results forecast for the next fiscal year



Change in business segments: In January 2013, the Kirin Group established KIRIN Co., Ltd. as a regional headquarters for the domestic integrated beverages business and organized the new structure to promote the business through the cooperation with other group companies (Kirin Brewery Co., Ltd., Kirin Beverage Co., Ltd., and Mercian Corp.). With this change in structure, the business segments of “domestic alcohol beverages” and “domestic non-alcohol beverages” in the business report have been combined under “Japan integrated beverages.” In addition, the name of the “overseas beverages” business has been changed to “overseas integrated beverages.”



Long-term Business Framework KV2021

KV2021 Vision

- Help people foster stronger bonds by offering customer-oriented and quality-focused value
- Build a corporate group where a diversity of people enjoy working and businesses grow with local communities, protecting the environment
- Develop businesses globally in the field of “Food and Well-being,” with each region pursuing self-sustained growth in a locally optimized way

Management goals

Achieve sustainable increase in enterprise value through organic growth and world-class management excellence

Kirin Group Medium-term Business Plan 2013-2015

-The initial stage in realizing the aims of KV2021-

Basic Policy

- Establish and deploy Kirin Group’s Brand-Centered Management
- Deliver results according to the business stage of each region
- Foster competitiveness and powerful brands that help us promote the further growth of Japan integrated beverages business

Quantitative targets

Generate stable cash flow

- ▶ Mid single-digit CAGR in EBITDA*

Increase shareholder value through stronger earnings

- ▶ High single-digit CAGR in earnings per share*

Guidance on business performance associated with achievement of above targets:
2015 Group consolidated sales ¥2,300 billion plus; operating income ¥180 billion plus

Financial strategy

Enhance shareholder return

- ▶ Increase dividends with 30% consolidated payout ratio on earnings per share*

Increase financial flexibility

- ▶ Reduce interest-bearing debt

*Extraordinary gains and losses and other non-operating items have been excluded to reflect actual earnings more accurately.

Glossary

EBITA: Earnings Before Interest, Taxes, Depreciation and Amortization

EBITDA is income before deduction of taxes, to which interest paid and depreciation and amortization are added. Referring to cash flow in the broad sense, it is used as an indicator to minimize apparent differences in profitability among global companies due to factors such as differences in interest, tax rates, or accounting standards.

Japan Integrated Beverages Business Division

Aiming at further growth in the Japan integrated beverage business, KIRIN Co., Ltd., Kirin Brewery Co., Ltd., Kirin Beverage Co., Ltd. and Mercian Corp. will cooperate under the new business structure to pursue further growth in the Japan integrated beverages business and generate a positive cycle of “creating value for customers,” “enhancing corporate brand value” and “improving corporate competitive capacity through CSV practices,” thus realizing “brand-centered management.”

By concentrating management resources on core brands, and increasing the consistency of brand strategy in each business, we will raise product brand value with an eye to the long term, leading to enhancement of corporate brand value. Meanwhile, we will concentrate the marketing research function of each business in order to create new value based on a profound understanding of customer needs and social change from the integrated beverage perspective. The product portfolio will be reviewed for integrated beverages as a whole, and strategic allocation of resources will be carried out boldly and flexibly within and across alcohol beverages and soft drinks businesses. In addition, we will consolidate the R&D functions of individual businesses and apply their combined expertise to further develop technologies developments leading to competitive advantage and cost reduction. At the same time, we will build an environment conducive to the generation of new ideas unshackled by conventional ideas or common practices, where new categories and business models can be developed.

Overseas Integrated Beverages Business Division

We will drive Group-wide growth by delivering results according to the growth potential of each region. The headquarters in each region will carry out self-sustained and prompt business operations, integrated with customers. At the same time, Kirin Holdings Company, Limited, as a global headquarter, will allocate strategic management resources among businesses and regions, and promote the creation of synergies through function sharing.

In Oceania, Lion Pty Ltd will pursue enhanced profitability by increasing sales and reducing costs. In the alcohol beverages business, Lion Pty Ltd will pursue sales expansion through a product lineup reinforced with newly acquired imported premium brands and craft beer brands, etc. In soft drinks business, Lion Pty Ltd will continue to move ahead with structural reform including optimization of production bases while allocating appropriate resources to establish NARTD brands as a source of future growth.

Brasil Kirin S.A. will increase brand presence in both the beer and soft drink markets, while seeking to further expand sales and increase profitability through ongoing streamlining of the entire value chain. Brasil Kirin S.A. aims to establish a stronger market position by building a solid brand portfolio in the beer business, and will strengthen the brands of high value-added products in the soft drinks business.

In Southeast Asia, under the management of Kirin Holdings Singapore Pte. Ltd., we will work to build a business foundation for the soft drinks and alcohol businesses in each market, centered on Vietnam and Thailand.

Pharmaceuticals and Biochemicals Business Division

In the pharmaceuticals business, Kyowa Hakko Kirin Co., Ltd. will strengthen domestic

competitiveness in the categories of nephrology, oncology, immunology/allergy and central nervous system, in order to maximize sales and win trust among medical institutions. In R&D, it will proceed with further phases of clinical development for therapeutic antibodies and conclusion of license contracts, while taking on the challenge to next generation research approaches such as nucleic acid pharmaceuticals. Overseas, with a view to becoming a global specialty pharmaceutical operation, it is increasing the product line and bolstering the market presence in Europe and the U.S. based on the ProStrakan Group plc's business model, while building a development and sales structure for the launch of therapeutic antibodies in the U.S. market. In Asia as well, initiatives will be implemented based on the business climate of each country.

In the biochemical business, Kyowa Hakko Bio Co., Ltd. will work to further promote technological development and enhance the supply system, centered on the high value-added amino acids for which demand is growing globally. At the same time, it will build a strong business structure that can withstand the impact of foreign currency fluctuations.

Other Businesses Divisions

Kirin Kyowa Foods Co., Ltd. will, along with the sales activities of value-proposal-style to strengthen the core processing business, pursue business expansion by positioning the snack foods and restaurant foods businesses and business in China as new growth areas.

With "Passion and Integrity" as shared values, the Kirin Group will continue to propose new styles that take "Food and Well-being" to the next level to bring new joy and to contribute to the well-being, pleasure, and comfort of people throughout the world with all Group products and services.

We would like to ask all of our shareholders for their continued understanding and support.

"Kirin Kizuna Project: Support for Reconstruction" - CSR Initiatives -

The Kirin Group initiated the "Kirin *Kizuna* Project: Support for Reconstruction" in July 2011 to support the recovery from the Great East Japan Earthquake. The Kirin Group as a whole has engaged in ongoing support activities. The theme of the "Kirin *Kizuna* Project: Support for Reconstruction" is "fostering bonds," and the project comprises three pillars of activities: (1) "helping restore the local food culture and food industry (agriculture and marine products industry)," (2) "bringing smiles to children," and (3) "helping people enhance their mental and physical wellness." These activities are intended to revitalize the region's industry, brighten communities by encouraging more children to have hopes for the future and invigorate the entire communities, and eventually lead to sustainable growth in the region.

We sincerely wish that the region's recovery be as soon as possible. The Kirin Group will continue to do our utmost to continue helping people in the region in 2013, the third year of the project.

(3) State of assets and income

Item	171 st term	172 nd term	173 rd term	174 th term
	(Jan. 1, 2009 – Dec. 31, 2009)	(Jan. 1, 2010 – Dec. 31, 2010)	(Jan. 1, 2011 – Dec. 31, 2011)	(Jan. 1, 2012 – Dec. 31, 2012)
Sales	¥2,278,473 million	¥2,177,802 million	¥2,071,774 million	¥2,186,177 million
Operating income	¥128,435 million	¥151,612 million	¥142,864 million	¥153,022 million
Ordinary income	¥144,614 million	¥140,969 million	¥136,818 million	¥138,452 million
Net income	¥49,172 million	¥11,394 million	¥7,407 million	¥56,198 million
Net income per share	¥51.54	¥11.95	¥7.70	¥58.44
Net Assets	¥1,198,869 million	¥1,159,036 million	¥1,047,895 million	¥1,153,901 million
Net Assets per share	¥1,029.35	¥1,000.51	¥886.86	¥986.94
Total Assets	¥2,861,194 million	¥2,649,197 million	¥2,854,254 million	¥2,951,061 million

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

(Sales)		(Millions of yen)		
Business division	172 nd term	173 rd term	174 th term	
	(Jan. 1, 2010 – Dec. 31, 2010)	(Jan. 1, 2011 – Dec. 31, 2011)	(Jan. 1, 2012 – Dec. 31, 2012)	
Domestic Alcohol Beverages	928,480	868,233	851,818	
Domestic Non-alcohol Beverages	347,769	314,568	335,340	
Overseas Beverages	403,977	454,216	579,391	
Pharmaceuticals and Biochemicals	405,602	332,843	322,976	
Others	91,972	101,912	96,650	
Total	2,177,802	2,071,774	2,186,177	

(Operating income)		(Millions of yen)		
Business division	172 nd term	173 rd term	174 th term	
	(Jan. 1, 2010 – Dec. 31, 2010)	(Jan. 1, 2011 – Dec. 31, 2011)	(Jan. 1, 2012 – Dec. 31, 2012)	
Domestic Alcohol Beverages	73,239	70,580	63,357	
Domestic Non-alcohol Beverages	2,453	2,802	4,450	
Overseas Beverages	22,907	15,388	27,610	
Pharmaceuticals and Biochemicals	48,719	49,447	55,503	
Others	8,104	6,259	4,865	
(Elimination and unallocatable costs)	(3,811)	(1,613)	(2,764)	
Total	151,612	142,864	153,022	

- (Notes)
1. Sales of each business division indicate the sales to unaffiliated customers.
 2. Due to the application of the “Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” from the previous consolidated accounting period, the classification of business divisions has been revised. For reference, results for the 172nd term are stated based on the revised classification of business divisions.

(4) Plant and equipment investment

Consolidated plant and equipment investment for the consolidated fiscal year under review amounted to ¥98.9 billion on a payment basis.

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

1) Major facilities completed during the consolidated fiscal year under review

There are no applicable items.

2) Major facilities under construction or contemplation as of the end of the consolidated fiscal year under review

Business division	Company name	Details of the plant and equipment investment
Domestic Alcohol Beverages	Kirin Brewery Co., Ltd.	Yokohama Plant – Improvement of brewing facilities for beer and <i>happo-shu</i> , etc. and construction of offices, etc.
Overseas Beverages	Lion Pty Ltd	Burnie Plant – Improvement of production facility for dairy products, etc.

(5) Financing

The aggregate amount of loans payable, including bonds, was ¥963.6 billion as of the end of the consolidated fiscal year under review.

There are no matters requiring special mention concerning major financing during the consolidated fiscal year under review.

(6) Description of the major businesses

The major businesses are the production and sale of alcohol beverages, soft drinks and foods, pharmaceuticals, and other products. The major products by business division are as follows:

Business division	Major products
Domestic Alcohol Beverages	Alcohol beverages including beer, <i>happo-shu</i> , new genre, liquors, etc.
Domestic Non-alcohol Beverages	Soft drinks
Overseas Beverages	Beer, liquors, soft drinks, dairy products, etc.
Pharmaceuticals and Biochemicals	Pharmaceuticals and biochemicals, etc.
Others	Foods including seasonings, etc.

[The information hereunder is as of December 31, 2012, unless noted otherwise.]

(7) Major business offices, plants, etc.

1) Kirin Holdings Co., Ltd.

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

Laboratories: Central Laboratories for Frontier Technology (Yokohama, etc.)^{*1}

2) Subsidiaries

Business division	Company name	Major centers	
Domestic Alcohol Beverages	Kirin Brewery Co., Ltd.	Head Office Plants Laboratories	Chuo-ku, Tokyo ^{*2} 9 Plants including Yokohama Plant (Yokohama) Brewing Technology Development Center ^{*1} and Packaging Technology Development Center ^{*1} (Yokohama)
	Kirin Beer Marketing Co., Ltd.	Head Office Branch Offices	Shibuya-ku, Tokyo ^{*2} 10 Regional Sales & Marketing Divisions including Metropolitan Regional Sales & Marketing Division (Chuo-ku, Tokyo)
	Mercian Corp.	Head Office Branch Offices Plants	Chuo-ku, Tokyo 8 Branches including Metropolitan Regional Sales & Marketing Branch (Chuo-ku, Tokyo) 3 Plants including Fujisawa Plant (Fujisawa)
Domestic Non-alcohol Beverages	Kirin Beverage Co., Ltd.	Head Office Branch Offices Plants Laboratories	Chiyoda-ku, Tokyo 7 Area Divisions including Kanto Metropolis Area Division (Chiyoda-ku, Tokyo) Shonan Plant (Samukawa-machi, Koza-gun, Kanagawa) and Maizuru Plant (Maizuru) Laboratory for New Product Development and Laboratory for Core Technology Development ^{*1} (Yokohama)
Overseas Beverages	Lion Pty Ltd	Head Office	New South Wales, Australia
	Brasil Kirin S.A	Head Office	São Paulo, Brazil
Pharmaceuticals and Biochemicals	Kyowa Hakko Kirin Co., Ltd.	Head Office Branch Offices Plants Laboratories	Chiyoda-ku, Tokyo 13 Branches including Tokyo Branch (Chuo-ku, Tokyo) 5 Plants including Takasaki Plant (Takasaki) and Fuji Plant (Nagaizumi-cho, Suntou-gun, Shizuoka) 5 Laboratories including Tokyo Research Park (Machida, Tokyo) and Fuji Research Park (Nagaizumi-cho, Suntou-gun, Shizuoka)
Others	Kirin Kyowa Foods Co., Ltd.	Head Office	Shinagawa-ku, Tokyo

(Notes) 1. As of January 1, 2013, KIRIN Co., Ltd. (Head Office: 10-2, Nakano

4-chome, Nakano-ku, Tokyo, Capital: ¥0.5 billion) started its operation, and the laboratories marked with *1 were transferred to that company as of the same date.

2. Head Offices of each company marked with *2 moved to Nakano-ku, Tokyo, as of February 1, 2013.

(8) Employees

Business division	Number of employees (persons)
Domestic Alcohol Beverages	6,808
Domestic Non-alcohol Beverages	4,078
Overseas Beverages	20,378
Pharmaceuticals and Biochemicals	7,243
Others	2,483
Administration	256
Total	41,246

- (Notes)
1. The number of employees indicates the number of employees currently on duty.
 2. The number of employees indicated as Administration is the number of employees of the Company, which is a holding company (excluding employees seconded by the Company and including employees seconded to the Company).

(9) Significant subsidiaries, etc.

1) Significant subsidiaries

Company name	Location	Capital	Ratio of shareholding	Description of major businesses
Kirin Brewery Co., Ltd.	Chuo-ku, Tokyo	¥30,000 million	100%	Production and sale of alcohol beverages
Kirin Beer Marketing Co., Ltd.	Shibuya-ku, Tokyo	¥500 million	100%	Sale of alcohol beverages
Mercian Corp.	Chuo-ku, Tokyo	¥20,972 million	100%	Import, production and sale of alcohol beverages
Kirin Beverage Co., Ltd.	Chiyoda-ku, Tokyo	¥8,416 million	100%	Production and sale of soft drinks
Lion Pty Ltd	New South Wales, Australia	A\$7,530 million	100%	Management of business in Oceania
Brasil Kirin S.A.	São Paulo, Brazil	R\$620 million	100%	Production and sale of beer and soft drinks
Kyowa Hakko Kirin Co., Ltd.	Chiyoda-ku, Tokyo	¥26,745 million	50.1%	Production and sale of prescription medicine
Kirin Kyowa Foods Co., Ltd.	Shinagawa-ku, Tokyo	¥3,000 million	100%	Production and sale of seasonings, etc.

(Note) The ratio of shareholding includes indirect holdings.

2) Significant affiliated companies

Company name	Location	Capital	Ratio of shareholding	Description of major businesses
San Miguel Brewery Inc.	Metro Manila, the Philippines	₱15,410 million	48.4%	Production and sale of beer
China Resources Kirin Beverages (Greater China) Co., Ltd.	British Virgin Islands	U.S.\$1,000	40.0%	Management of soft drinks business in China
Kirin-Amgen, Inc.	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 acquisitions and disposals of shares of other companies

In October 2012, Lion Pty Ltd acquired additional shares of the Australian company Little World Beverages Limited, making that company its wholly owned subsidiary.

(11) Major lenders and the amount of loans

Lender	Outstanding amount of loan
Syndicated loans	¥305,849 million
Mitsubishi UFJ Trust and Banking Corporation	¥55,000 million

(Note) The syndicated loans consist of those arranged by The Bank of Tokyo-Mitsubishi UFJ, Ltd. as the agent bank (including co-agent bank) and those arranged by Mizuho Corporate Bank, Ltd. as the agent bank.

(12) Other important subsequent events

In February 2013, the Company decided to accept the tender offer for shares in Fraser and Neave Limited by TCC Assets Limited, and transferred its entire holding of shares in that company (212,773 thousand shares).

2. State of shares

(1) Total number of shares authorized to be issued

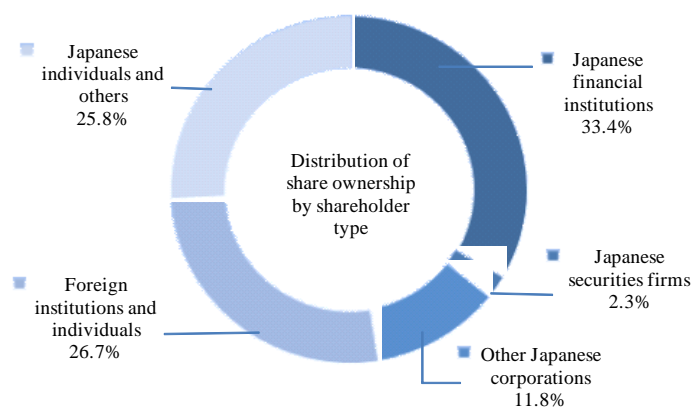
1,732,026,000 shares

(2) Total number of issued shares

965,000,000 shares
(No change from the end of the
previous fiscal year)

(3) Number of shareholders

137,715 persons
(Decreased by 2,883 persons from
the end of the previous fiscal year)



(4) Major shareholders (top ten)

Name of shareholder	Number of shares held by the shareholder (thousand shares)	Ratio of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	50,519	5.3
Japan Trustee Services Bank, Ltd. (Trust account)	47,324	4.9
Meiji Yasuda Life Insurance Company	35,046	3.6
Isono Shokai, Limited	23,272	2.4
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	19,251	2.0
State Street Bank and Trust Company 505041	19,175	2.0
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	18,698	1.9
Japan Trustee Services Bank, Ltd. (Trust account 4)	18,179	1.9
The Chase Manhattan Bank, N.A. London S.L. Omnibus Account	15,848	1.6
The Nomura Trust and Banking Co., Ltd. (Retirement Benefit Trust for Mitsubishi UFJ Trust and Banking Corporation)	11,621	1.2

(Note) Ratio of shares held excludes treasury stock (3,502 thousand shares).

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

(1) Names of Directors and Company Auditors, etc.

Title	Name	Responsibilities and significant positions concurrently held at other companies
President (Representative Director)	Senji Miyake	-
Managing Director (Representative Director)	Hirotake Kobayashi	Responsible for Group Business Investment and Alliance Strategy and Group Information Strategy Director of Brasil Kirin S.A., Director of Fraser and Neave Ltd.
Managing Director (Representative Director)	Hajime Nakajima	Responsible for Group Production and Logistics Strategy, Group R&D Strategy, and Group Quality and Environment Strategy Director of Kyowa Hakko Kirin Co., Ltd.
Managing Director	Hiroshi Ogawa	Responsible for Group Personnel & General Affairs Strategy and Legal and Internal Audit Director of San Miguel Brewery Inc., President of Kirin Group Office Co., Ltd.
Managing Director*	Seiichi Hashimoto	Responsible for Group Integrated Beverages Strategy and Group CSR Strategy
Director*	Masahito Suzuki	Responsible for Group Financial Strategy and PR & IR Strategy Director of Lion Pty Ltd
Director*	Keisuke Nishimura	Responsible for Group Procurement Strategy Director of San Miguel Brewery Inc., Director of China Resources Kirin Beverages (Greater China) Co., Ltd.
Director	Shigemitsu Miki	Senior Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Director	Toshio Arima	Executive Corporate Advisor of Fuji Xerox Co., Ltd.

Title	Name	Responsibilities and significant positions concurrently held at other companies
Standing Company Auditor	Kazuyoshi Suzusho	Company Auditor of Kirin Beverage Co., Ltd. and Kirin Group Office Co., Ltd.
Standing Company Auditor	Naoki Hyakutake	Company Auditor of Kirin Brewery Co., Ltd., Kirin Beer Marketing Co., Ltd. and Mercian Corp.
Company Auditor	Kazuo Tezuka	Attorney at Kaneko & Iwamatsu
Company Auditor	Nobuyuki Oneda	Director of KOKUYO CO., LTD.
Company Auditor*	Kimie Iwata	Advisor of SHISEIDO CO., Ltd.

- (Notes) 1. Directors and Company Auditors marked with an asterisk (*) newly assumed office as of March 29, 2012.
2. Messrs. Shigemitsu Miki and Toshio Arima are outside Directors.
 3. Messrs. Kazuo Tezuka and Nobuyuki Oneda and Ms. Kimie Iwata are outside Company Auditors.
 4. Business relations involving cash loans, etc. exist between the Company and The Bank of Tokyo-Mitsubishi UFJ, Ltd., where Director Mr. Shigemitsu Miki holds a significant position concurrently.
 5. Business relations associated with copy machines transactions exist between the Company and Fuji Xerox Co., Ltd., where Director Mr. Toshio Arima holds a significant position concurrently.
 6. Company Auditor Mr. Nobuyuki Oneda held the position of CFO at SONY CORPORATION and has a wealth of expertise in finance and accounting.
 7. Director Mr. Toshio Arima and Company Auditors Messrs. Kazuo Tezuka and Nobuyuki Oneda and Ms. Kimie Iwata are independent Director / Company Auditors as required by the provisions that Tokyo Stock Exchange, Inc., etc. prescribed.
 8. Directors and Company Auditors listed hereunder retired as of March 29, 2012.

Chairman of the Board	Kazuyasu Kato
Managing Director (Representative Director)	Yoshiharu Furumoto
Managing Director	Yoshinori Isozaki
Company Auditor	Teruo Ozaki

9. For the Directors and Company Auditors listed below, responsibilities and significant positions currently held at other companies are changed as follows as of January 1, 2013.

Title	Name	Responsibilities and significant positions concurrently held at other companies
Managing Director (Representative Director)	Hajime Nakajima	Responsible for Group Production and Logistics Strategy, Group R&D Strategy, and Group Quality and Environment Strategy Director of KIRIN Co., Ltd., Director of Kyowa Hakko Kirin Co., Ltd.
Managing Director	Hiroshi Ogawa	Responsible for Group Personnel & General Affairs Strategy and Legal and Internal Audit Managing Director of KIRIN Co., Ltd., Director of San Miguel Brewery Inc., Director of Kirin Business System Company, Limited
Managing Director	Seiichi Hashimoto	Responsible for Group Integrated Beverages Strategy and Group CSR Strategy Managing Director and General Manager of CSV Div. of KIRIN Co., Ltd.
Director	Masahito Suzuki	Responsible for Group Financial Strategy and PR & IR Strategy Director of KIRIN Co., Ltd, Director of Lion Pty Ltd
Standing Company Auditor	Kazuyoshi Suzusho	-
Standing Company Auditor	Naoki Hyakutake	Company Auditor of KIRIN Co., Ltd. and Mercian Corp.

(2) Remunerations, etc. to Directors and Company Auditors for the fiscal year under review

Type	Annual remuneration monthly paid		Bonus		Total (millions of yen)
	Number of persons	Amount (millions of yen)	Number of persons	Amount (millions of yen)	
Directors	12	361	9	176	537
Outside Directors	2	23	2	2	25
Company Auditors	6	89	5	16	105
Outside Company Auditors	4	35	3	3	38
Total	18	450	14	192	642
Outside Directors and Company Auditors	6	58	5	5	63

- (Notes) 1. Nine (9) Directors and five (5) Company Auditors remain in their positions as of the end of the fiscal year under review. The total amount above includes the remunerations to three (3) Directors and one (1) Company Auditor who retired from office as of March 29, 2012.
2. The remuneration limit for Directors is ¥50 million per month (Resolved at the 164th Annual General Meeting of Shareholders on March 28, 2003).
3. The remuneration limit for Company Auditors is ¥9 million per month (Resolved at the 167th Annual General Meeting of Shareholders on March 30, 2006).
4. The above bonus for Directors and Company Auditors is an amount expected to be paid on condition that the proposition No. 4 of the 174th Annual General Meeting of Shareholders is approved as proposed.

(3) Major activities of outside Directors and outside Company Auditors during the fiscal year under review

Title	Name	Attendance at Board of Directors Meetings	Attendance at Board of Company Auditors Meetings	Statements contribution
Director	Shigemitsu Miki	19 times of 22 meetings	–	He made statements based on his experience and perspective as a bank management executive.
	Toshio Arima	19 times of 22 meetings	–	He made statements based on his experience and perspective as a corporate management executive.
Company Auditor	Kazuo Tezuka	22 times of 22 meetings	13 times of 13 meetings	He made statements primarily from his professional perspective as an attorney.
	Nobuyuki Oneda	21 times of 22 meetings	13 times of 13 meetings	He made statements based on his experience and perspective as a corporate management executive.
	Kimie Iwata	16 times of 17 meetings	10 times of 10 meetings	She made statements based on her experience and perspective in government administration and as a corporate management executive.

(Note) The Board of Directors Meetings and the Board of Company Auditors Meetings applicable to Company Auditor Ms. Kimie Iwata are only those held subsequent to her assumption of office on March 29, 2012.

4. Status of Independent Auditor

(1) Name of Independent Auditor

KPMG AZSA LLC

(2) Remunerations to the Independent Auditor

1)	Amount of remunerations paid for services as the Independent Auditor during the fiscal year under review	¥143 million
2)	Total amount of money and other property benefits to be paid by the Company and its subsidiaries for services during the fiscal year under review	¥379 million

(Notes) 1. The audit agreement between the Independent Auditor and the Company does not separately stipulate audit remunerations based on the Corporate Law or the Financial Instruments and Exchange Act. Furthermore, such remunerations are practically undividable. Hence, the remunerations in 1) above do not separate these two types of payment.

2. Among the significant subsidiaries of the Company, three (3) companies including Kyowa Hakko Kirin Co., Ltd. are subject to audits of financial statements (limited to audits stipulated in the Corporate Law or the Financial Instruments and Exchange Act (including similar foreign laws)) by a certified public accountant or an auditing 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 Company Auditors determines that any of the items of Article 340, paragraph (1) of the Corporate Law applies with respect to the Independent Auditor, it shall dismiss the Independent Auditor. Such dismissal shall require the unanimous agreement of all the Company Auditors.

In addition, if it is determined that any of the items of Article 340, paragraph (1) of the Corporate 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 Company Auditors, submit a proposition calling for the dismissal of the Independent Auditor to the Meeting of Shareholders. Alternatively, if it is determined that a change of Independent Auditor is necessary because of the manner in which the Independent Auditor is executing its duties or because of the Company's system of auditing, etc. the Board of Directors shall submit a proposition calling for the denial of reappointment of the Independent Auditor to the 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: (Note that the matter of changing, in conjunction with reorganization at the Company, the “Internal Audit Department” and “heads of divisions” mentioned in the following to the “Group Internal Audit” and “directors,” respectively, was resolved at the Board of Directors Meeting held on January 31, 2013.)

(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 Meetings of Shareholders
- Minutes of Meetings of the Board of Directors
- Minutes of the Group Executive Committee Meetings and other significant 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 Meetings of the Board of Directors, 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 Company Auditors when Company Auditors request support staff (together with (7), (8) and (9) below, “Company Auditor Related System”)

Employees of the Company will be assigned as support staff for Company 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 Company 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 Company Auditors, and other systems to secure reporting to Company Auditors

The Directors shall report to the Company Auditors on matters specified by the Company Auditors in advance in accordance with the provisions of the Company 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 Company Auditors
- The status of maintenance and application of internal control system

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

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

Company 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, 2012)

(Millions of yen)

<u>Assets</u>	
Current Assets	<u>789,496</u>
Cash	83,916
Notes and accounts receivable, trade	413,138
Merchandise and finished goods	122,159
Work in process	32,684
Raw materials and supplies	51,658
Deferred tax assets	25,277
Other	64,800
Allowance for doubtful accounts	(4,138)
Non-Current Assets	<u>2,161,564</u>
Property, Plant and Equipment	<u>763,437</u>
Buildings and structures	235,429
Machinery, equipment and vehicles	239,431
Land	201,513
Construction in progress	50,578
Other	36,483
Intangible Assets	<u>821,948</u>
Goodwill	642,190
Other	179,758
Investments and Other Assets	<u>576,178</u>
Investment securities	475,157
Deferred tax assets	47,299
Other	59,450
Allowance for doubtful accounts	(5,727)
<hr/>	
Total Assets	<u>2,951,061</u>
<hr/>	

Liabilities

Current Liabilities	<u>718,137</u>
Notes and accounts payable, trade	151,184
Short-term loans payable and long-term debt with current maturities	37,048
Commercial paper	77,994
Bonds due within one year	79,998
Liquor taxes payable	86,262
Income taxes payable	39,206
Allowance for employees' bonuses	5,435
Allowance for bonuses for directors and company auditors	259
Accrued expenses	101,180
Other	139,565
Non-Current Liabilities	<u>1,079,022</u>
Bonds	285,579
Long-term debt	483,005
Deferred tax liabilities	85,268
Deferred tax liability due to land revaluation	1,361
Employees' pension and retirement benefits	64,045
Retirement benefits for directors and company auditors	266
Reserve for repairs and maintenance of vending machines	4,863
Reserve for environmental measures	1,600
Reserve for loss on litigation	25,732
Deposits received	67,338
Other	59,960
Total Liabilities	<u>1,797,159</u>

<u>Net Assets</u>	
Shareholders' Equity	<u>976,689</u>
Common stock	102,045
Capital surplus	81,415
Retained earnings	796,737
Treasury stock, at cost	(3,509)
Accumulated Other Comprehensive Income	<u>(27,746)</u>
Net unrealized gains on securities	59,113
Deferred gains or losses on hedges	(9,298)
Land revaluation difference	(2,543)
Foreign currency translation adjustments	(75,017)
Subscription Rights to Shares	203
Minority Interests	204,754
<hr/>	
Total Net Assets	1,153,901
<hr/>	
Total Liabilities and Net Assets	2,951,061
<hr/>	

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

CONSOLIDATED STATEMENT OF INCOME

(From January 1, 2012 to December 31, 2012)

		(Millions of yen)
Sales		2,186,177
Cost of sales		1,274,472
Gross profit		911,704
Selling, general and administrative expenses		758,682
Operating income		153,022
Non-operating income		
Interest income	3,822	
Dividend income	3,342	
Other	10,869	18,034
Non-operating expenses		
Interest expense	22,827	
Equity in losses of affiliates	676	
Other	9,101	32,605
Ordinary income		138,452
Special income		
Gain on sale of property, plant and equipment and intangible assets	16,224	
Gain on sale of investment securities	4,216	
Gain on sale of shares of subsidiaries and affiliates	330	
Gain on step acquisitions	8,206	
Insurance income	4,454	
Other	598	34,030
Special expenses		
Loss on disposal of property, plant and equipment and intangible assets	6,447	
Loss on sale of property, plant and equipment and intangible assets	1,073	
Loss on impairment	9,848	
Loss on devaluation of investment securities	1,028	
Loss on sale of investment securities	1,123	
Loss on sale of shares of subsidiaries and affiliates	1,252	
Business restructuring expense	10,862	
Other	7,254	38,890
Income before income taxes and minority interests		133,592
Income taxes — current	61,907	
Income taxes — deferred	(1,778)	60,128
Income before minority interests		73,463
Minority interests		17,265
Net income		56,198

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

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(From January 1, 2012 to December 31, 2012)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of January 1, 2012	102,045	81,417	801,856	(3,271)	982,048
Changes of items during the period					
Dividends from surplus			(25,966)		(25,966)
Net income			56,198		56,198
Change in scope of consolidation			584		584
Acquisition of non-controlling interests by foreign subsidiaries			(32,986)		(32,986)
Change in scope of entities accounted for by the equity method			(2,948)		(2,948)
Acquisition of treasury stock				(315)	(315)
Disposal of treasury stock		(2)		77	75
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(2)	(5,118)	(237)	(5,358)
Balance as of December 31, 2012	102,045	81,415	796,737	(3,509)	976,689

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Net unrealized gains on securities	Deferred gains or losses on hedges	Land revaluation difference	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance as of January 1, 2012	11,116	(279)	(2,543)	(137,419)	(129,126)	250	194,722	1,047,895
Changes of items during the period								
Dividends from surplus								(25,966)
Net income								56,198
Change in scope of consolidation								584
Acquisition of non-controlling interests by foreign subsidiaries								(32,986)
Change in scope of entities accounted for by the equity method								(2,948)
Acquisition of treasury stock								(315)
Disposal of treasury stock								75
Net changes of items other than shareholders' equity	47,997	(9,018)		62,401	101,380	(47)	10,031	111,364
Total changes of items during the period	47,997	(9,018)	-	62,401	101,380	(47)	10,031	106,006
Balance as of December 31, 2012	59,113	(9,298)	(2,543)	(75,017)	(27,746)	203	204,754	1,153,901

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

BALANCE SHEET

(As of December 31, 2012)

(Millions of yen)

<u>Assets</u>	
Current Assets	<u>172,367</u>
Cash	12,697
Accrued income	3,167
Short-term loans receivable	147,284
Income tax receivable	7,313
Other	1,905
Allowance for doubtful accounts	(0)
Non-Current Assets	<u>1,932,631</u>
Property, Plant and Equipment	<u>52,821</u>
Buildings	28,865
Structures	1,242
Machinery and equipment	80
Vehicles	5
Tools, furniture and fixtures	1,748
Land	20,706
Construction in progress	172
Intangible Assets	<u>86</u>
Leasehold rights	60
Trademarks	17
Utility rights	8
Investments and Other Assets	<u>1,879,723</u>
Investment securities	209,337
Investments in share of subsidiaries and affiliates	1,647,174
Investments in other equity interests of subsidiaries and affiliates	9,367
Long-term loans receivable	7,738
Other	7,003
Allowance for doubtful accounts	(896)
Total Assets	<u>2,104,999</u>

Liabilities

Current Liabilities	<u>381,865</u>
Short-term loans payable and long-term debt with current maturities	206,486
Commercial paper	77,994
Bonds due within one year	79,998
Non-trade accounts payable	2,195
Accrued expenses	3,198
Allowance for employees' bonuses	492
Allowance for bonuses for directors and company auditors	175
Deferred tax liabilities	20
Other	11,302
Non-Current Liabilities	<u>729,722</u>
Bonds	269,979
Long-term debt	407,250
Employees' pension and retirement benefits	192
Deferred tax liabilities	30,775
Other	21,525
Total Liabilities	<u>1,111,588</u>

<u>Net Assets</u>	
Shareholders' Equity	<u>949,043</u>
Common stock	102,045
Capital surplus	<u>81,420</u>
Additional paid-in capital	81,412
Other capital surplus	8
Retained earnings	<u>769,085</u>
Legal reserve	25,511
Other retained earnings	743,574
Reserve for deferred gain on sale of property	1,284
General reserve	671,367
Retained earnings carried forward	70,921
Treasury stock, at cost	(3,509)
Valuation and Translation Adjustments	<u>44,367</u>
Net unrealized gains on securities	53,414
Deferred gains or losses on hedges	(9,046)
<hr/>	
Total Net Assets	993,410
<hr/>	
Total Liabilities and Net Assets	2,104,999
<hr/>	

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

STATEMENT OF INCOME

(From January 1, 2012 to December 31, 2012)

(Millions of yen)

Operating revenue		
Group management revenue	18,005	
Revenue from real estate business	4,778	
Dividend revenue from subsidiaries and affiliates	73,104	95,888
Operating expenses		
Expenses of real estate business	2,237	
General and administrative expenses	22,875	25,113
Operating income		70,774
Non-operating income		
Interest and dividend income	3,162	
Rental income	1,602	
Other	1,143	5,908
Non-operating expenses		
Interest expense	9,753	
Other	1,940	11,694
Ordinary income		64,989
Special income		
Gain on sale of property, plant and equipment and intangible assets	4,050	
Gain on sale of investment securities	2,929	6,980

Special expenses		
Loss on sale and disposal of property, plant and equipment and intangible assets	155	
Loss on sale of investment securities	754	
Loss on devaluation of shares of subsidiaries and affiliates	435	
Loss on sale of shares of subsidiaries and affiliates	47	
Other	989	2,383
Income before income taxes		69,586
Income taxes – current		3,002
Income taxes – deferred		1,412
Net income		65,172

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

STATEMENT OF CHANGES IN NET ASSETS

(From January 1, 2012 to December 31, 2012)

(Millions of yen)

	Shareholders' equity										
	Common stock	Capital surplus			Legal reserve	Retained earnings				Treasury stock	Total shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus		Other retained earnings			Total retained earnings		
						Reserve for deferred gain on sale of property	General reserve	Retained earnings carried forward			
Balance as of January 1, 2012	102,045	81,412	10	81,422	25,511	1,278	623,367	79,722	729,880	(3,271)	910,077
Changes of items during the period											
Provision of reserve for deferred gain on sale of property						43		(43)	-		-
Transfer to reserve for deferred gain on sale of property						(37)		37	-		-
Reserve of general reserve							48,000	(48,000)	-		-
Dividends from surplus								(12,983)	(12,983)		(12,983)
Dividends from surplus (interim dividends)								(12,983)	(12,983)		(12,983)
Net income								65,172	65,172		65,172
Acquisition of treasury stock										(315)	(315)
Disposal of treasury stock			(2)	(2)						77	75
Net changes of items other than shareholders' equity											
Total changes of items during the period	-	-	(2)	(2)	-	6	48,000	(8,800)	39,205	(237)	38,965
Balance as of December 31, 2012	102,045	81,412	8	81,420	25,511	1,284	671,367	70,921	769,085	(3,509)	949,043

	Valuation and translation adjustments			Total net assets
	Net unrealized gains on securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance as of January 1, 2012	8,433	14	8,447	918,524
Changes of items during the period				
Provision of reserve for deferred gain on sale of property				-
Reversal of reserve for deferred gain on sale of property				-
Reserve of general reserve				-
Dividends from surplus				(12,983)
Dividends from surplus (interim dividends)				(12,983)
Net income				65,172
Acquisition of treasury stock				(315)
Disposal of treasury stock				75
Net changes of items other than shareholders' equity	44,980	(9,060)	35,920	35,920
Total changes of items during the period	44,980	(9,060)	35,920	74,886
Balance as of December 31, 2012	53,414	(9,046)	44,367	993,410

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

Independent Auditor's Report

February 14, 2013

The Board of Directors
Kirin Holdings Company, Limited

KPMG AZSA LLC

Tsutomu Takahashi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kentaro Onishi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masakazu Hattori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of Kirin Holdings Company, Limited as at December 31, 2012 and for the year from January 1, 2012 to December 31, 2012 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements 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 financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

We draw attention to Notes for Subsequent Events to the consolidated financial statements, which describes that Kirin Holdings Company, Limited applied for the tender offer for shares in Fraser and Neave Limited by TCC Assets Limited on February 1, 2013, and is scheduled to sell its entire holding of shares. Our opinion is not qualified in respect of this matter.

Other Matter

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.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Independent Auditor's Report

February 14, 2013

The Board of Directors
Kirin Holdings Company, Limited

KPMG AZSA LLC

Tsutomu Takahashi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kentaro Onishi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masakazu Hattori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of Kirin Holdings Company, Limited as at December 31, 2012 and for the year from January 1, 2012 to December 31, 2012 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary 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 financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

We draw attention to Notes for Subsequent Events to the financial statements, which describes that Kirin Holdings Company, Limited applied for the tender offer for shares in Fraser and Neave Limited by TCC Assets Limited on February 1, 2013, and is scheduled to sell its entire holding of shares. Our opinion is not qualified in respect of this matter.

Other Matter

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.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

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

Company Auditors' Report

We the Board of Company Auditors of the Company, based on the audit reports prepared by each Company Auditor regarding the performance of duties by the Directors during the 174th business year from January 1, 2012, to December 31, 2012, prepared this audit report upon deliberation and hereby report, by a unanimous show of hands, as follows:

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

The Board of Company Auditors established audit policy of this term, planning of audits, etc., and received reports from each Company 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 Company Auditor complied with the auditing standards of Company Auditors established by the Board of Company 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 Ordinance for Enforcement of the Companies Act and the status of the establishment and operation of the system (internal controls system) that the Directors conducted 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 Act, we received reports from the Directors etc. and KPMG AZSA LLC concerning evaluation of internal controls and auditing status, and sought explanations whenever necessity arose. With respect to subsidiaries, we communicated and exchanged information with directors, company 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 Rules 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 related notes) and the 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 related notes).

2. Results of Audit

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

1. In our opinion, the business report and the 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 of duties by the Directors, 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, including internal controls related to financial reporting, are fair and reasonable. In addition, we have found nothing to be pointed out in relation to the performance of duties by the Directors regarding the internal controls system.

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

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

February 19, 2013

Board of Company Auditors
Kirin Holdings Company, Limited

Kazuyoshi Suzusho (Seal)
Standing Company Auditor

Naoki Hyakutake (Seal)
Standing Company Auditor

Kazuo Tezuka (Seal)
Outside Company Auditor

Nobuyuki Oneda (Seal)
Outside Company Auditor

Kimie Iwata (Seal)
Outside Company Auditor

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