

(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. “Audit & Supervisory Board Member(s)” and “Audit & Supervisory Board” described herein mean “Kansayaku” and “Kansayaku-kai” stipulated in the Japanese Companies Act respectively.

Stock Code 2503

March 5, 2015

To: Our Shareholders

Convocation Notice of the 176th Annual General Meeting of Shareholders

Please be advised that the 176th Annual General Meeting of Shareholders of the Company will be held as set forth below. You are cordially invited to attend the Meeting.

Yours very truly,

Senji Miyake
Representative Director and President

Kirin Holdings Company, Limited
10-2, Nakano 4-chome,
Nakano-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 26, 2015, (Thursday) (JST):

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

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

Regarding Disclosure on the Internet

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

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

Investor Relations | <http://www.kirinholdings.co.jp/english/ir/>

The Consolidated Financial Statements and the Financial Statements, which have been audited by Audit & Supervisory Board Members and the Independent Accounting Auditor comprise not only the documents which are referred to in the 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 27, 2015, (Friday) at 10:00 a.m. (JST) (Reception opens at 9:00 a.m.)

2. Place:

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

3. Agenda:

Matters to be reported:

- 1) Report on the business report, the consolidated financial statements and the results of the audit of the consolidated financial statements by the Independent Accounting Auditors and the Audit & Supervisory Board for the 176th fiscal year (from January 1, 2014 to December 31, 2014).
- 2) Report on the financial statements for the 176th fiscal year (from January 1, 2014 to December 31, 2014).

Matters to be voted on:

- | | |
|-----------------|-----------------------------------------------------------------------|
| Proposal No. 1: | Appropriation of surplus |
| Proposal No. 2: | Election of nine (9) Directors |
| Proposal No. 3: | Election of two (2) Audit & Supervisory Board Members |
| Proposal No. 4: | Payment of bonuses to Directors and Audit & Supervisory Board Members |

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, if multiple votes are made, the last vote will be considered as valid.

- END -

If you are attending the meeting, please present the Voting Rights Exercise Form enclosed herewith to the reception of the meeting place. In addition, to save natural resources, we would appreciate it if you could bring this Convocation Notice with you to the Meeting.

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

Please kindly be notified that entry to the meeting hall is strictly limited to our shareholders who hold voting rights, and thus persons such as those acting as agents or accompanying our shareholders but who are not themselves shareholders, are not allowed to enter the venue.

If any changes are required in the Reference Documents for the Annual General Meeting of Shareholders, business report, consolidated financial statements and 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

Matters to be voted on and information:

Proposal No. 1: Appropriation of surplus

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

Regarding the dividend and other appropriation of the surplus, after comprehensive consideration of various factors including the Company's operating results for the fiscal year under review, the dividend payout ratio, which takes the profit level excluding non-operating items into account, and future management measures, the proposals of the appropriations from the surplus are as follows:

The Board of Directors proposes the payment of a dividend of ¥19.0 per share. As a result, the annual dividend will amount to ¥38.0 per share (an increase of ¥2.0 per share from the previous fiscal year), including an interim dividend of ¥19.0 per share.

Regarding other appropriation of the surplus for the fiscal year under review, it is proposed that general reserve be reversed and transferred to retained earnings carried forward, which shall fund retirement of treasury stock.

1. Matters regarding year-end dividend:

- (1) Matters related to the allocation of the dividend property to shareholders and the total amount thereof:

¥19.0 per share of the Company's common stock

Total amount: ¥17,338,410,309

- (2) Effective date of payment of dividend:

March 30, 2015

2. Matters concerning other appropriations of surplus:

- (1) Increased surplus item and the amount thereof:

Retained earnings carried forward: ¥73,000,000,000

- (2) Decreased surplus item and the amount thereof:

General reserve: ¥73,000,000,000

Proposal No. 2: Election of nine (9) Directors

Upon the close of this Annual General Meeting of Shareholders, the terms of office of all seven (7) Directors will expire.

Accordingly, shareholders are requested to elect nine (9) Directors, including two (2) additional Directors, to further enhance its operational structure and corporate governance.

The candidates for the positions of Director are as follows:

No. 1 **Senji Miyake**



Date of birth	January 26, 1948
Number of the Company's shares held	114,200 shares

Profile, title and responsibilities	
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.
March 2006	Managing Executive Officer and President of Beer, Wine, and Spirits Div.
July 2007	Representative Director and President of Kirin Brewery Company, Limited
March 2009	Representative Director and Executive Vice President of the Company
March 2010	Representative Director and President & CEO (Present Position)

Note: No conflict of interests exists between the Company and Mr. Senji Miyake.

No. 2 **Yoshinori Isozaki**



New Candidate

Date of birth	August 9, 1953
Number of the Company's shares held	19,100 shares

Profile, title and responsibilities

April 1977	Joined the Company
March 2004	Director of San Miguel Corporation
March 2007	General Manager of Corporate Planning Dept. of the Company
March 2008	Executive Officer and General Manager of Corporate Planning Dept.
March 2009	Managing Executive Officer and General Manager of Corporate Planning Dept.
March 2010	Managing Director (retired in March 2012)
March 2012	Representative Director and President & CEO of Kirin Brewery Company, Limited (retired in January 2015)
January 2013	Representative Director and President & CEO of KIRIN Company, Limited (Present Position)

Significant positions concurrently held at other companies

Representative Director and President & CEO, KIRIN Company, Limited

Note: No conflict of interests exists between the Company and Mr. Yoshinori Isozaki

No. 3 **Keisuke Nishimura**



Date of birth	December 7, 1956
Number of the Company's shares held	27,406 shares

Profile, title and responsibilities

April 1980	Joined the Company
March 2007	Chairman and CEO of Kirin (China) Investment Co., Ltd
March 2009	Director of San Miguel Corp.
April 2009	Director and Executive Vice President of San Miguel Brewery Inc.
October 2011	Director of San Miguel Brewery Inc. (Present Position) Executive Officer and General Manager of Strategy Planning Dept. of the Company
March 2012	Director of the Company Director of China Resources Kirin Beverages (Greater China) Company, Limited (Present Position)
March 2014	Managing Director (Present Position)
Responsible for	Group Personnel & General Affairs Strategy; Group Procurement Strategy; Group Legal

Significant positions concurrently held at other companies

Director, San Miguel Brewery Inc.; Director, China Resources Kirin Beverages (Greater China) Company, Limited

Note: No conflict of interests exists between the Company and Mr. Keisuke Nishimura.

No. 4 **Akihiro Ito**



Date of birth	December 19, 1960
Number of the Company's shares held	5,600 shares

Profile, title and responsibilities

April 1983	Joined the Company
July 2007	Director of Planning Dept. of Kirin Pharma Company, Limited
October 2008	General Manager of Group Planning Dept. of Kyowa Hakko Kirin Co., Ltd.
April 2009	General Manager of Strategy Planning Dept. of Kyowa Hakko Kirin Co., Ltd.
March 2010	General Manager of Finance & Accounting Dept. of Kirin Business Expert Company, Limited
January 2013	Executive Officer of the Company and Director of Group Finance of the Company
March 2014	Director (Present Position) Director of KIRIN Company, Limited (Present Position) Director of Lion Pty Ltd (Present Position)
Responsible for	Group Financial Strategy; Group PR & IR Strategy

Significant positions concurrently held at other companies

Director, KIRIN Company, Limited; Director, Lion Pty Ltd

Note: No conflict of interests exists between the Company and Mr. Akihiro Ito.

No. 5 **Junichi Nonaka**



New Candidate

Date of birth	October 13, 1954
Number of the Company's shares held	4,800 shares

Profile, title and responsibilities

April 1978	Joined the Company
September 2006	General Manager of Tochigi Plant of Production Dept. of Beer, Wine, and Spirits Div.
July 2007	General Manager of Tochigi Plant of Production Dept. of Kirin Brewery Company, Limited
May 2008	General Manager of Technology Development Dept. of Production Div. of Kirin Brewery Company, Limited
March 2010	Executive Officer and General Manager of Technology Development Dept. of Production Div. of Kirin Brewery Company, Limited
March 2011	Executive Officer and General Manager of Yokohama Plant of Production Div. of Kirin Brewery Company, Limited
January 2013	Managing Executive Officer and General Manager of Research & Development Div. of KIRIN Company, Limited (Present Position)

Note: No conflict of interests exists between the Company and Mr. Junichi Nonaka.

No. 6 **Toshiya Miyoshi**



New Candidate

Date of birth	December 30, 1958
Number of the Company's shares held	6,500 shares

Profile, title and responsibilities

April 1982	Joined the Company
March 2008	Representative Director and President & CEO of Yokohama Akarenga Inc.
March 2010	General Manager of Personnel & General Affairs Dept. of the Company
March 2012	Executive Officer and General Manager of Personnel & General Affairs Dept. of the Company
January 2013	Executive Officer and Director of Group Personnel & General Affairs ; Executive Officer and General Manager of Personnel Dept. of KIRIN Company, Limited
March 2014	Managing Executive Officer and Director of Group Personnel & General Affairs; Managing Executive Officer and General Manager of Personnel Dept. of KIRIN Company, Limited (Present Position)

Note: No conflict of interests exists between the Company and Mr. Toshiya Miyoshi.

No. 7 **Shigemitsu Miki**



Candidate for Outside Director

Date of birth	April 4, 1935
Number of the Company's shares held	2,600 shares

Profile, title and responsibilities

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.
October 2005	Director of Mitsubishi Tokyo Financial Group, Inc.
January 2006	Director of Mitsubishi UFJ Financial Group, Inc.
April 2008	Chairman and Representative Director of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
April 2008	Senior Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Present Position)
March 2010	Outside Director of the Company (Present Position)

Significant positions concurrently held at other companies

Senior Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Outside Director, Mitsubishi Electric Corporation; Outside Director, Mitsubishi Logistics Corporation

Notes:

1. No conflict of interests exists between the Company and Mr. Shigemitsu Miki.
2. Mr. Shigemitsu Miki is a candidate for the position of Outside Director.
3. The Board of Directors has nominated Mr. Shigemitsu Miki as an Outside Director because of its expectation that, from his considerable experience acquired over many years as a corporate executive, he will provide valuable opinions and suggestions to the management of the Company.
4. MITSUBISHI MOTORS CORPORATION, where Mr. Shigemitsu Miki held the position of Outside Statutory Auditor until June 2014, was found to have been using certain facilities without making the mandatory notifications pursuant to environment-related laws and ordinances in March 2011. Although he was not aware of the impropriety at the time, he had been calling for attention to such matters at the Board of Statutory 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 providing direction on how to prevent the recurrence of such events, etc. Mitsubishi Electric Corporation, where Mr. Shigemitsu Miki holds a position as Outside Director, received a suspension order in respect of public procurement, 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 from January 2012. Moreover, Mitsubishi Electric Corporation violated the Antimonopoly Act in Japan and the antitrust laws overseas in relation to its orders received concerning some transactions of automobile parts. For these violations, it received a cease and desist order and a payment order for surcharge in Japan in November 2012, it concluded a plea agreement with the U.S. Department of Justice in September 2013 in the U.S., pursuant to which it agreed to pay a fine, and received a payment order for surcharge in August 2014 from the National Development and Reform Commission of China. Although he was not aware of these improprieties at the time, he had been calling for 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 how to conduct a thorough investigation to determine the cause, and take measures to further reinforce the compliance system in order to prevent the recurrence of such events, etc.

5. 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.
6. The years served (as of the close of this Annual General Meeting of Shareholders) by Mr. Shigemitsu Miki since his election as an Outside Director are 5 years.
7. In the past, 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 officer, he has been providing us valuable opinions and suggestions concerning the management of the Company from his objective standpoint.

No. 8 **Toshio Arima**



Candidate for Independent Officer
Candidate for Outside Director

Date of birth	May 31, 1942
Number of the Company's shares held	3,700 shares

Profile, title and responsibilities

April 1967	Joined Fuji Xerox Co., Ltd.
June 2002	President and Representative Director of Fuji Xerox Co., Ltd.
October 2006	Director of FUJIFILM Holdings Corporation
June 2007	Board Director and Executive Advisor of Fuji Xerox Co., Ltd.
June 2008	Executive Corporate Advisor of Fuji Xerox Co., Ltd.
March 2011	Outside Director of the Company (Present Position)
April 2012	Executive Advisor of Fuji Xerox Co., Ltd. (Present Position)

Significant positions concurrently held at other companies

Executive Advisor, Fuji Xerox Co., Ltd.; Outside Director, Resona Holdings, Inc.; Outside Director, Fuji Heavy Industries Ltd.; Chairman of the Board, Global Compact Japan Network

Notes:

1. No conflict of interests exists between the Company and Mr. Toshio Arima.
2. Mr. Toshio Arima is a candidate for the position of Outside Director.
3. The Board of Directors has nominated Mr. Toshio Arima as an Outside Director because of its expectation that, from his considerable experience acquired over many years as a corporate executive, he will provide valuable opinions and suggestions to the management of the Company.
4. Fuji Heavy Industries Ltd., where Mr. Toshio Arima holds a position of an Outside Director, received a warning from the Tokyo Regional Taxation Bureau for its inappropriate accounting treatment in August 2011. Although he was not aware of the impropriety in advance, he regularly emphasized the importance of internal controls and provided suggestions for the development of such systems. Following discovery of the fact, he has been carrying out his duties properly including giving instruction on ways to prevent the recurrence of such events.
5. The years served (as of the close of this Annual General Meeting of Shareholders) by Mr. Toshio Arima since his election as an Outside Director are 4 years.
6. Mr. Toshio Arima is an independent officer as prescribed in the regulations of the Tokyo Stock Exchange, Inc., etc., and he is expected to remain as an independent officer if he is re-elected and appointed as a Director.

No. 9 **Shoshi Arakawa**



New Candidate
Candidate for Outside Director
Candidate for Independent Officer

Date of birth	April 8, 1944
Number of the Company's shares held	0 shares

Profile, title and responsibilities

April 1968	Joined Bridgestone Corporation
March 2005	Senior Vice President, Representative Board Member of Bridgestone Corporation
July 2005	Executive Vice President, Representative Board Member of Bridgestone Corporation
March 2006	CEO and President, Representative Board Member of Bridgestone Corporation
March 2012	Chairman of the Board of Bridgestone Corporation
March 2013	Advisor of Bridgestone Corporation (Present Position)

Significant positions concurrently held at other companies

Advisor, Bridgestone Corporation

Notes:

1. No conflict of interests exists between the Company and Mr. Shoshi Arakawa.
2. Mr. Shoshi Arakawa is a candidate for the position of Outside Director.
3. The Board of Directors has nominated Mr. Shoshi Arakawa as an Outside Director because of its expectation that, from his considerable experience acquired over many years as a corporate executive, he will provide valuable opinions and suggestions to the management of the Company.
4. Bridgestone Corporation, where Mr. Shoshi Arakawa held a position of a Member of the Board until March 2013, was found to have violated the U.S. antitrust laws and the U.S. Foreign Corrupt Practices Act in relation to its transactions of industrial products. For these violations, the company entered into a plea agreement with the U.S. Department of Justice in September 2011, and paid a fine in October of the same year, accordingly.
5. If Mr. Shoshi Arakawa is elected and appointed as a Director, he is expected to become an independent officer as prescribed in the regulations of the Tokyo Stock Exchange, Inc., etc.

Proposal No. 3: Election of two (2) Audit & Supervisory Board Members

Upon the close of this Annual General Meeting of Shareholders, the term of office of both Mr. Kazuyoshi Suzusho and Mr. Nobuyuki Oneda, Audit & Supervisory Board Members, will expire.

Shareholders are thus requested to elect two (2) Audit & Supervisory Board Members.

This proposal has already obtained consent of the Audit & Supervisory Board.

The candidates for the positions of Audit & Supervisory Board Member are as follows:

No. 1 **Motoyasu Ishihara**



New Candidate

Date of birth	November 25, 1958
Number of the Company's shares held	12,400 shares

Profile and title

April 1981	Joined Kirin-Seagram Co., Ltd. (Current Kirin Distillery Co., Ltd.)
July 2009	Director of San Miguel Brewery Inc.
March 2011	General Manager of Internal Audit Dept. of the Company
January 2013	Director of Group Internal Audit; General Manager of Internal Audit Dept. of KIRIN Company, Limited
March 2013	Executive Officer and Director of Group Internal Audit; Executive Officer and General Manager of Internal Audit Dept. of KIRIN Company, Limited (Present Position)

Note: No conflict of interests exists between the Company and Mr. Motoyasu Ishihara.

No. 2 **Masakatsu Mori**



New Candidate
Candidate for Outside Audit & Supervisory Board Member
Candidate for Independent Officer

Date of birth	January 22, 1947
Number of the Company's shares held	0 shares

Profile and title

April 1969	Joined ARTHUR ANDERSEN, LLP
February 1989	Japan Representative of Andersen Consulting (Current Accenture Japan Ltd)
December 1995	President and Management Director of Andersen Consulting
April 2003	Chairman and Management Director of Accenture Japan Ltd
September 2005	Chairman and Director of Accenture Japan Ltd
September 2007	Chief Corporate Advisor of Accenture Japan Ltd
October 2009	President of International University of Japan
October 2012	Trustee of International University of Japan
November 2013	Vice Chairman of International University of Japan (Present Position)

Significant positions concurrently held at other companies

Vice Chairman, International University of Japan; Outside Director, SKY Perfect JSAT Holdings Inc.; Outside Director, STANLEY ELECTRIC CO., LTD.; Outside Director, YAMATO HOLDINGS CO., LTD.

Notes:

1. No conflict of interests exists between the Company and Mr. Masakatsu Mori.
2. Mr. Masakatsu Mori is a candidate for the position of Outside Audit & Supervisory Board Member.
3. The Company has nominated Mr. Masakatsu Mori as an Outside Audit & Supervisory Board member because it believes that he will execute the duties of this office appropriately using his broad knowledge and excellent insights into corporate management, based on his wealth of experience over a number of years as management of a consulting firm, and as president as well as chairman of a university.
4. STANLEY ELECTRIC CO., LTD., where Mr. Masakatsu Mori holds a position of Outside Director, was alleged by Japan Fair Trade Commission in March 2013, to have violated Antimonopoly Act in Japan concerning certain transactions of automotive parts in Japan and the U.S. Then the company reached a plea agreement in November 2013 with the U.S. Department of Justice, involving payment of a fine for a breach of antitrust laws. While he was not aware of the impropriety at the time, he had been stressing the importance of legal compliance and its implementation at the Board of Directors meetings, etc. on a regular basis. Additionally, after discovering the violations, he has been conducting verification activities, and providing recommendations in order to further develop and reinforce the

compliance systems to prevent the recurrence of such offence.

5. If Mr. Masakatsu Mori is elected and appointed as an Audit & Supervisory Board Member, he is expected to become an independent officer as prescribed in the regulations of the Tokyo Stock Exchange, Inc., etc.

Proposal No. 4: Payment of bonuses to Directors and Audit & Supervisory Board Members

In due consideration of the Company's consolidated operating results of the fiscal year under review and the achievement level of the indicator established by the Company for these results, etc., the Board of Directors proposes the payment of bonuses of ¥86.81 million in total to seven (7) Directors who held office as of the end of the fiscal year under review (of which, ¥2.0 million in total will be paid to two (2) Outside Directors). It also proposes the payment of bonuses of ¥9.44 million in total to five (5) Audit & Supervisory Board Members who held office as of the end of the fiscal year under review (of which, ¥3.0 million in total will be paid to three (3) Outside Audit & Supervisory Board Members).

- END -

(Attached documents)

BUSINESS REPORT

(For the period from January 1 to December 31, 2014)

1. Overview of Kirin Group business operations

(1) Results of business operations

During the consolidated fiscal year under review, despite strong performance in some developed economies particularly the U.S., the world economy continued to see a gradual slackening overall due to factors such as weak global demand, concerns about the outlook for European economies, and the continuing slowdown in growth of China and other emerging countries.

In this global economic environment, the Japanese economy, despite seeing some signs of improvement in the employment situation, has stalled in its recovery following a significant downturn in consumer spending after the hike in the consumption tax rate.

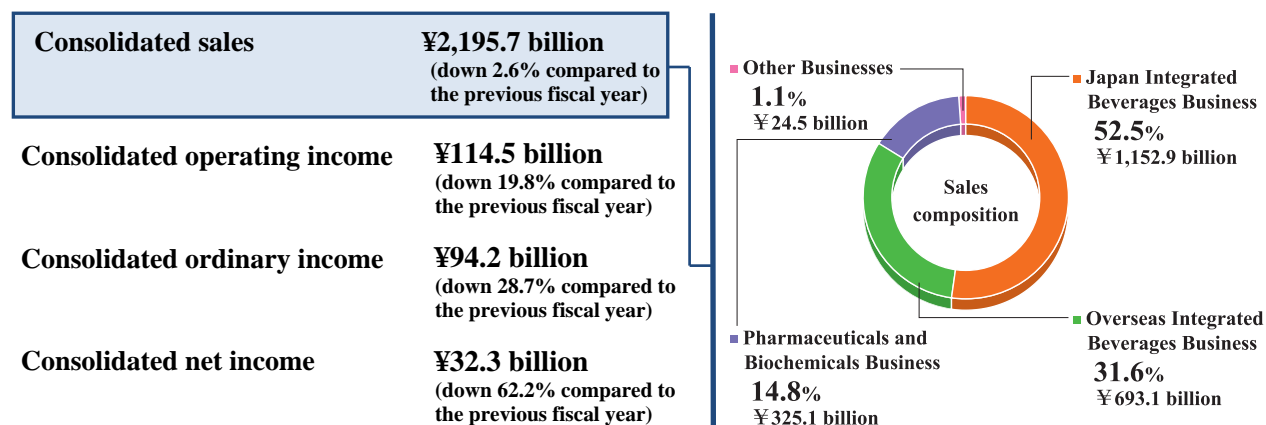
Kirin Group implemented initiatives to achieve self-sustained growth in each business by expanding the brand-centered management based on the Kirin Group Medium-Term Business Plan 2013-2015, aimed at realizing Kirin's Long-Term Business Plan, Kirin Group Vision 2021 ("KV2021") formulated in 2012. In the Japanese market, we focused our efforts on fostering powerful product brands, creating new value for our customers, and increasing corporate brand value, by moving ahead even more vigorously with the strategic allocation of resources in order to put the Japan Integrated Beverages Business on track for further growth. Overseas, each regional headquarter worked to generate results through autonomous and speedy responses to changes in the market environment in each region.

During the consolidated fiscal year under review, consolidated sales and consolidated operating income decreased, reflecting the impact of factors such as a decline in sales volume for beer products and non-alcohol beverages in the Japan Integrated Beverages Business, the impact of a drug price revision, and the exclusion of Kirin Kyowa Foods Company, Limited (currently MC Food Specialties Inc.) from consolidation during the third quarter of the previous fiscal year. Consolidated ordinary income also decreased, and consolidated net income declined significantly compared to the previous fiscal year in which profits from the sale of investment securities after the transfer of shares in Fraser and Neave Limited were reported.

In order to further enhance shareholder return, we carried out a share buy-back via a tender offer. A total of approximately 15,990,000 shares were acquired in May at a total price of approximately ¥19.7 billion from tendering shareholders including major shareholders of the Company.

Furthermore, in order to expand investment opportunities for individual investors and to further increase the liquidity of shares, the number of shares constituting one unit was changed from 1,000 shares to 100 shares as of April 1.

Results for the fiscal year under review



Reference

EBITDA*	¥273.1 billion	(down 9.4% compared to the previous fiscal year)
Earnings per share*	¥118	(down 3.3% compared to the previous fiscal year)

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

Glossary

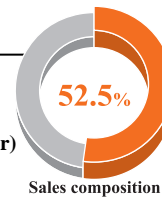
EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization

EBITDA is income before deduction of taxes, to which interest expense 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, and accounting standards.

Japan Integrated Beverages Business Division

Consolidated sales: ¥1,152.9 billion (down 2.3% compared to the previous fiscal year)

Consolidated operating income: ¥48.1 billion (down 22.4% compared to the previous fiscal year)



Major Products of Group Companies

Kirin Brewery Company, Limited

Beer: *Kirin Ichiban Shibori*, **Happo-shu:** *Tanrei Green Label*, **New genre:** *Kirin Nodogoshi Nama*, **RTD:** *Kirin Hyoketsu*

Mercian Corporation

Wine: *Chateau Mercian*, *Oishii-Sankaboshizai-Mutenka Wine*, *Franzia*

Kirin Beverage Company, Limited

Non-alcohol beverages: *Kirin Gogo-no-Kocha*, *FIRE*, *Nama-cha*, *Mets COLA*, *Alkali Ion Water*, *Sekai-no-Kitchen-Kara*

A severe business climate continued in the domestic beer products and non-alcohol beverages market as the annual total market shrank amid the impact of factors such as downward pressure on consumption due to a drop in demand following the consumption tax rate hike in April and unseasonal weather in the summer.

While responding to these changes in the business environment, under the regional headquarters KIRIN Company, Limited, we carried out strategic allocation of resources extending beyond the sphere of alcohol beverages and non-alcohol beverages, and each company consistently focused its efforts on fostering powerful product brands with a focus on flagship brands and creating new value for our customers.

As its top priority, Kirin Brewery Company, Limited engaged in efforts to strengthen its flagship brand *Kirin Ichiban Shibori*. We have worked to maximize customer touch points and enhanced brand value by constantly promoting our commitment to the manufacturing process and the luxuriousness of *Kirin Ichiban Shibori*. In the *Happo-shu* (low-malt beer) category, the *Tanrei Platinum Double* from the *Tanrei* brand, which is both purine body-free¹ and carb-free², was launched in September, and became a hit product capturing the growing health-conscious market, posting sales volume of 2.70 million cases³, more than double the initial target. In the “new genre” (non-malt beer, etc.) categories, although sales volume of the No. 1 brand⁴ *Kirin Nodogoshi Nama* declined, brand penetration was further increased through measures such as product renewal, updated advertising, and the launch of limited-time-only products. Although Kirin Brewery Company, Limited was able to achieve an increase in sales volume for *Kirin Ichiban Shibori* by carrying out activities that focused resources on leading brands through “selection and focus,” it was unable to recover from the downward trend in overall sales volume, while sales competition also intensified following the drop in demand after the consumption tax hike. As a result, sales volume for beer products overall fell below those of the previous year.

Meanwhile, in RTD⁵, overall RTD sales volume increased considerably compared to the previous year, as sales of *Kirin Hyoketsu* and *Kirin Hon-shiboriTM Chu-hi* continued to be

favorable, and the *Kirin Chu-hi Bitters* launched in June posted sales volume of 3.33 million cases⁶, more than tripling the initial target. As part of creating new value for our customers, Kirin Brewery Company, Limited decided to enter the craft beer⁷ market and launched the “SPRING VALLEY BREWERY” project aimed at creating and expanding the craft beer market in Japan. A limited number of test products were sold and, guided by comments from customers, development of the finished product moved ahead toward a full-fledged start in spring 2015.

Mercian Corporation was able to increase overall sales volume amid intensifying competition with rival companies due to expansion of the wine market. As a brand-strengthening measure, Mercian Corporation opened the “Château Mercian Tokyo Guest Bar” in January as a concept shop, which recorded approximately 45,000 visitors during the year, to promote the leading brand of Japanese wine, *Chateau Mercian*, which uses 100% Japan-grown grapes. Mercian Corporation also made efforts to strengthen the brand of leading products *Franzia*, *Frontera*, and *Oishii-Sankaboshizai-Mutenka Wine*.

At Kirin Beverage Company, Limited, sales volume for our flagship brand *Kirin Gogo-no-Kocha* remained flat year-on-year. As for the *Kirin Sekai-no-Kitchen-Kara* brand, which Kirin Beverage Company, Limited made efforts to foster as the next pillar following *Kirin Gogo-no-Kocha*, sales volume of the leading product *Salt & Litchee* increased compared to the previous year. Kirin Beverage Company, Limited also worked to strengthen sales of *Kirin Mets COLA*, a “food for specified health uses,” but was unable to grow the cola market within overall market for food for specified health uses, and sales volume decreased. As part of creating new value for our customers, *Kirin Bekkaku*, a series of high-priced products featuring lavish use of carefully selected high-quality ingredients and meticulous manufacturing process, was launched in November as a premium brand spanning the categories of green tea, coffee, carbonated drinks, and oolong tea, and was well received. Sales volume for non-alcohol beverages overall decreased from the previous year as a result of intensifying competition with rival companies centered around products such as Japanese tea, as the overall market shrunk due to unseasonal weather in the summer.

As a measure for all companies, the Kirin Beverage Shiga Plant commenced full-fledged operations from April within the Kirin Brewery Shiga Plant premises by adding a new manufacturing line for small PET bottle products to the existing PET bottle manufacturing line, which led to promoting cost reduction by increasing the ratio of in-house manufacturing and streamlining distribution.

*1 Purine body of less than 0.005 mg per 100 ml is labeled “purine body-free.”

*2 According to Nutrition Labeling Standards.

*3 Converted to large bottles.

*4 Based on taxable shipping volume of “Other miscellaneous liquors (2)” for 2005, and “Other fermented liquors (sparkling) (1)” for 2006-2014.

*5 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.”

*6 Converted to 24 units of 250 ml each.

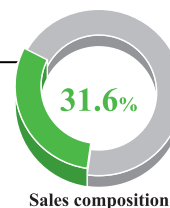
*7 Craft beer: Formerly called “local beer,” there is no clearly established definition of the term; the Company therefore considers craft beer to be a beer where you can connect to

the people who made it, sense their commitment, and enjoy the difference and originality of flavors.

Overseas Integrated Beverages Business Division

Consolidated sales: ¥693.1 billion (up 1.2% compared to the previous fiscal year)

Consolidated operating income: ¥31.2 billion (up 1.9% compared to the previous fiscal year)



Major Products of Group Companies

Lion Pty Ltd

Beer: *XXXX GOLD, Steinlager, James Squire, Little Creatures*, **Dairy products:** *Dare, Dairy Farmers*

Brasil Kirin S.A.

Beer: *Schin, Devassa, Schin No Grau*, **Non-alcohol beverages:** *Schin*

Although moderate recovery continued in the Australian economy overall, the market climate remained tough as employment did not improve and consumer spending trended weakly with the exception of the wealth effect from factors such as rising housing prices.

As the Australian beer market continued to shrink, overall sales volume decreased in the alcohol beverages business of Lion Pty Ltd as well; however, Lion Pty Ltd continued to move ahead with bolstering core brands and strengthening sales of the growing high value-added product category. Earning capacity was further strengthened, backed by robust sales of leading brand, *XXXX GOLD*, and continuing favorable sales of the craft beers *James Squire* and *Little Creatures*. Meanwhile, in its non-alcohol beverages business, while sales volume for dairy beverages such as *Dare* continued to increase compared to the previous year, overall sales volume dropped as sales volume of products such as milk, fruit juice beverages, and cheese declined from the previous year. In addition, the cost of raw materials increased due to the significant impact of soaring prices for milk. Further, Lion Pty Ltd as a whole also continued to make efforts to further cost reduction.

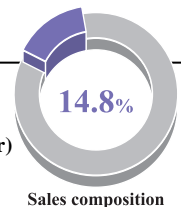
In Brazil, the harsh situation continued as the economy entered recession due to stagnating domestic demand against a backdrop of an inflation rate hovering at high levels, coupled with weak overseas demand.

Although Brasil Kirin Participações e Representações S.A. (“Brasil Kirin S.A.”) concentrated efforts on activities to increase market penetration of its leading beer brand *Schin*, competition with rival companies intensified throughout the year. In particular, fierce competition developed to capture demand around the Soccer World Cup held from June to July, and because the impact lingered even after the World Cup, sales volume of beer decreased compared to the previous year. In addition, sales volume declined year-on-year for non-alcohol beverages overall, despite efforts to strengthen core brands, mainly *Schin*, the carbonated drink. Brasil Kirin S.A. also focused on sales of high-end beer, including the launch of locally manufactured *KIRIN ICHIBAN* in March, with a view to building a strong brand portfolio amid a severe market climate. As part of creating new value for our customers, Brasil Kirin S.A. engaged in efforts such as expanding the sales area of *KIRIN fibz*, a carbonated drink with dietary fiber which utilizes Japanese know-how, to urban areas which are more receptive to health and functional products.

Pharmaceuticals and Biochemicals Business Division

Consolidated sales: ¥325.1 billion (down 1.9% compared to the previous fiscal year)

Consolidated operating income: ¥38.8 billion (down 28.5% compared to the previous fiscal year)



Major Products

Kyowa Hakko Kirin Co., Ltd

Pharmaceuticals: *NESP, ALLELOCK, PATANOL, GRAN, POTELIGEO, NOURIAST*

In the pharmaceuticals business, sales of domestic pharmaceuticals of Kyowa Hakko Kirin Co., Ltd. decreased from the previous year due to factors such as the impact of the drug price revision implemented in April. The leading product *NESP*, a treatment for nephrogenic anemia, performed strongly. However, anti-allergy treatment *ALLELOCK* and anti-allergy eye drops *PATANOL*, were impacted by a decrease in the amount of pollen dispersed in the air. In addition, *ALLELOCK* was affected by the drug price revision and increasing penetration of generic pharmaceuticals. Three development tie-up contracts were concluded with regard to tumor immunotherapy for solid cancers, with a view to maximizing product value of anti-CCR4 humanized antibody KW-0761 (Japanese product name *POTELIGEO*), a global strategic product. Regarding pharmaceutical exports and licensing-out of technologies, although exports performed strongly, sales fell due to a decrease in revenue from licensing-out of technologies compared to the previous year. Overseas, the leading products of ProStrakan Group plc grew steadily. Furthermore, with the aim of enhancing our overseas business foundation to become a global specialty pharmaceutical operation, Kyowa Hakko Kirin Co., Ltd. acquired the U.K. company Archimedes Pharma Ltd., a firm that specializes in the area of pain, oncology, and critical care*, through ProStrakan Group plc in August.

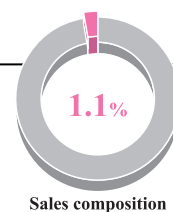
In the biochemical business, Kyowa Hakko Bio Co., Ltd performed on the same level as the previous year, reflecting sluggish sales of raw materials for beverage and food products resulting from unseasonal weather in the summer, despite strong sales of pharmaceutical raw materials in the pharmaceuticals and medical field, and steady performance in the mail order business including *Ornithine* in the health care field. Sales in the overseas business increased compared to the previous year, due to factors including the impact of yen depreciation.

*Critical care: Refers to intensive treatment conducted on patients whose life is at risk due to serious illness, etc.

Other Businesses Divisions

Consolidated sales: ¥24.5 billion (down 57.6% compared to the previous fiscal year)

Consolidated operating income: ¥3.0 billion (down 17.8% compared to the previous fiscal year)



Major Products

Koiwai Dairy Products Company, Limited

Dairy products: *Koiwai Seinyu 100% Yogurt, Koiwai Margarine with Fermented Butter, Koiwai Karada e no Okurimono Plasma Nyusankin Nomu Yogurt*

Koiwai Dairy Products Company, Limited focused efforts on activities to expand customer touch points for its leading product *Koiwai Seinyu 100% Yogurt*, and sales volume increased considerably compared to the previous year. Although there was an impact of factors such as the foreign exchange effect on imported raw materials and soaring costs of domestic raw materials, these were absorbed by an increase in sales volume and measures implemented by the business including the switching of some raw materials.

(2) Future challenges

During fiscal year 2014, the Kirin Group worked to regrow the Japan Integrated Beverages Business by strengthening and fostering brands and to generate results in the Overseas Integrated Beverages Business through speedy responses to changes in the market environment. However, the sales volume in Japan and Brazil continued to fall below the plan and the divergence in the pace of growth estimated in the Medium-Term Business Plan also widened for the Group as a whole. In order to realize the KV2021, it was necessary to make a course correction, and to this end, we formulated strategies in Japan and Brazil from a medium-term perspective during the consolidated fiscal year under review.

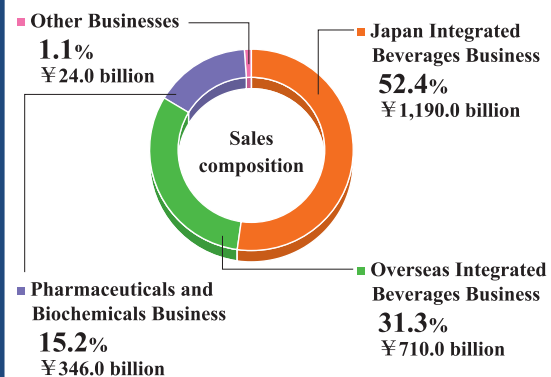
Applying these strategies, we will treat 2015 as the final year of the Kirin Group Medium-Term Business Plan 2013-2015, and as year zero of the next Medium-Term Business Plan, which starts in 2016, and press the activities ahead. In order to increase the effectiveness of the plan, we will change the Group management organizational structure. Under the new organizational structure, Kirin Holdings Company, Limited and KIRIN Company, Limited will introduce executive officer systems whereby executive officers will serve as executive officers of both companies. This will create an executive structure capable of managing both companies in an integrated and flexible manner. Through this initiative, we will make efforts to rapidly regrow the Japan Integrated Beverages Business, the Group's top priority. Also, executive officers in charge of Brasil Kirin S.A. and Southeast Asia will be placed in Kirin Holdings Company, Limited to focus on business supervision and support. Under the new management organizational structure, Kirin Holdings Company, Limited, the Head Office of the Group, and regional headquarters will make efforts with a greater sense of unity to strengthen their respective businesses.

Along with initiatives to engage in issues facing each business, we will implement CSV* as the core of the Group's management strategy to realize sustainable growth. We will create social value by providing innovative products and services through diversity, technological capabilities, and deep insight into our customers, and also by tackling issues such as "strengthening bonds between people and society" and "well-being." As an activity to further promote diversity, we will continue to vigorously implement the "Kirin Women's Network 2021," a career opportunities plan for female employees, with the goal of tripling the number of female managers by 2021. By tackling such societal issues through business, we will enhance brand power and competitiveness and make this initiative the driving force for growth.

*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

Consolidated sales	¥2,270.0 billion (up 3.4% compared to the previous fiscal year)
Consolidated operating income	¥117.0 billion (up 2.1% compared to the previous fiscal year)
Consolidated ordinary income	¥100.0 billion (up 6.1% compared to the previous fiscal year)
Consolidated net income	¥40.0 billion (up 23.5% compared to the previous fiscal year)



Reference

EBITDA* ¥276.0 billion (up 1.0% compared to the previous fiscal year)

Earnings per share* ¥121 (up 2.5% compared to the previous fiscal year)

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

Japan Integrated Beverages Business Division

In 2015, we will endeavor to raise the customer support rate for beer category, which has been following a downtrend since 2010, as the most important issue. In addition, we will use our strong performing RTD products and non-alcohol beverages, which have much room for growth, as the driving forces supported by steady growth of wine, and put the all Japan Integrated Beverages business on track for regrowth. We will gain support by consistently working to develop strong brands with superior quality and good taste and by providing amazement and excitement to customers and society. We will also continue efforts to reduce costs to create resources for strengthening brands.

Making proposals that accurately grasp consumption trends to customers and enhancing organizational strength to plan and implement marketing measures, including sales promotion, are challenges at Kirin Brewery Company, Limited. As such, Kirin Brewery Company, Limited will improve and demonstrate the marketing expertise and transfer the authority for prompt decision-making in the Marketing Division. In the medium term, Kirin Brewery Company, Limited will strengthen and foster leading brands centered mainly on the flagship brand *Kirin Ichiban Shibori* by consistently carrying out a high level of brand investment. Also, we will contribute to healthy lifestyle of our customers through the launch of *Kirin Nodogoshi All Light*, a new genre that features the world's first* functionality of carb-free, purine body-free and low calorie. As for the craft beer *SPRING VALLEY BREWERY*, we will drive the growth of the craft beer market by providing a new beer experience in small-scale brewery based stores. With respect to RTD which continues expanding, we will further strengthen the product brand as a category supporting growth, and launch *Kirin Hyoketsu Fukushima-san-momo*, which uses peaches grown in Fukushima, as a seasonally limited product that contributes to the development of regional communities.

Mercian Corporation will work to develop the product brands of imported wine which accounts for a relatively small percentage of sales volume compared with the market. The special organization set up in the company will pursue consistent activities for the purpose of developing the flagship brand *Chateau Mercian*, a Japanese wine. Mercian Corporation will leverage its strength as a wine corporate group having the three functions of manufacture, import and sale, and winery with the aim of gaining customer support.

Kirin Beverage Company, Limited will work to build and strengthen a category brand portfolio in order to realize sustainable growth with a view to the medium term. It will launch the renewed *Kirin Gogo-no-Kocha* upon the product's 30th anniversary of launch in an effort to expand the tea category. Kirin Beverage Company, Limited will strengthen and foster brands such as *Kirin Sekai-no-Kitchen-Kara* which will continue to deliver new value across categories. In addition, it will thoroughly strengthen product brands in the coffee, sugar-free tea and carbonated drink categories which have huge markets by first launching a new product with a fruity taste, strong carbonation and low calorie that is also easily accessible to adults from the brand of *Kirin Mets* in the carbonated drink category. As for high value-added products, Kirin Beverage Company, Limited will enhance the *Kirin Bekkaku* lineup and strengthen sales of them, as well as strive to develop products in the health and functional area, taking advantage of the easing of food label regulations scheduled for April.

*The world's first carb-free, purine body-free, low calorie beer flavored alcoholic drink

(according to the Company's research).

Overseas Integrated Beverages Business Division

Lion Pty Ltd will enhance the profitability of its alcohol beverages business amid a continued tough market environment by continuing to strengthen the core brands and growing high-end categories, such as craft beer. At the same time, it will actively undertake activities to revitalize the beer market as a whole which has been continuing a slight downtrend with a view to realizing sustainable growth. In the non-alcohol beverages business, Lion Pty Ltd will shift to a business structure that is not easily affected by fluctuations in prices of raw materials. Lion Pty Ltd will reduce costs by narrowing down the categories, brands and products of focus, as well as by building a simple manufacturing and logistics system that minimizes waste. Also, it will continue working to reduce costs of Lion Pty Ltd as a whole.

As the market growth and competitive environment assumed in the Medium-Term Business Plan no longer match reality, Brasil Kirin S.A. will endeavor to implement a business strategies suited to the future business environment for beer and non-alcohol beverages and to develop a business foundation. In the short term, it will strive to enhance the brand value of the leading beer brand *Schin* while focusing on regions, channels and products for which it has an advantage, as well as enhancing profitability by effectively utilizing marketing costs. Additionally, Brasil Kirin S.A. will proceed with efforts to enhance and strengthen the business foundation from a medium-term perspective, by improving its sales network, maximizing the effect of sales activities, and building a stronger brand portfolio with *Schin* at the core.

In Southeast Asia, Kirin Holdings Singapore Pte, Ltd. will work closer than ever with Kirin Holdings Company, Limited to grow the business by identifying opportunities and strengthening the foundation for the alcohol and non-alcohol beverages businesses in each market.

Pharmaceuticals and Biochemicals Business Division

In the pharmaceuticals business, Kyowa Hakko Kirin Co., Ltd will continue to prioritize “further strengthening domestic competitiveness through the category strategy” and “enhancing the business foundation in Europe and Asia with a view to becoming a global specialty pharmaceutical operation.” Domestically, Kyowa Hakko Kirin Co., Ltd will seek to maximize sales and win trust at the clinical sites by strengthening collaboration among functions throughout the entire process from R&D to manufacturing and sales in the four categories of nephrology, oncology, immunology/allergy and central nervous system, ensuring an abundant pipeline of new drugs for the market and having a sales structure leveraging its advanced expertise. By integrating and reorganizing the Research Division and the Development Division to carry out functions from research to development under an integrated system, Kyowa Hakko Kirin Co., Ltd will aim to speed up R&D and improve the probability of success, as well as creating new drugs responding to needs at the clinical sites, and maximize the product value through drug refinement including expansion of applications. Overseas, as a result of the acquisition of Archimedes Pharma Ltd., the business foundation in Europe centered mainly on ProStrakan Group plc is being further strengthened. In the

future, Kyowa Hakko Kirin Co., Ltd will proceed with building a sales system in the U.S. and restructuring the business foundation in China.

In the biochemicals business, Kyowa Hakko Bio Co., Ltd will work to “strengthen the profit base” as an important issue. It will continue to press ahead with further bolstering cost competitiveness, building a business structure that will not be easily affected by currency exchange rate fluctuations, and bolstering, reorganizing and enhancing production bases in response to growing demand worldwide for amino acids.

Other Businesses Divisions

Koiwai Dairy Products Company, Limited will step up the allocation of resources to its leading product *Koiwai Seinyu 100% Yogurt* in the expanding fermented dairy product market. It will enhance the quality and quantity of sales activities and public relations activities to realize growth. Also, it will continue to strive to reduce manufacturing and logistics costs in an effort to enhance profitability.

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

Selected as Leading Company in Disclosure of Climate Change Information and Performance

In 2014, the Company was selected as a leading company in both disclosure of climate change information and performance by CDP*¹, an international environmental assessment NPO consisting of institutional investors. Among Japanese companies, only 15 companies, including the Company, were selected, and even among beverage companies in the world, the Company was selected as one of the seven performance leading companies. As such, our response to global warming was highly rated.

As a corporate group engaged in the business field of “Food and Well-being,” the Kirin Group has set a target of reducing carbon footprints throughout the value chain, ranging from development to disposal and recycling, to half the levels in 1990 by 2050 as a strategy for preventing global warming, one of the four themes of the Kirin Group Long-Term Environmental Vision. We introduced the lightest*² medium-size beer bottle in Japan in 2014, and we will introduce the lightest*² 2L PET bottle in Japan in 2015.

In the future, through “environment” initiatives, one of the themes of CSV, we will share with all the people associated with the business our aspiration to continue to enjoy the bounty of earth and pass it down to the generations to come.

Cross section of bottle. On the left is the conventional medium-size beer bottle, and on the right is the lightest*² medium-size beer bottle in Japan which was introduced in November 2014.

*1 Former name: Carbon Disclosure Project

*2 As of January 9, 2015, according to the Company’s research.

(3) State of assets and income

Item	173rd term	174th term	175th term	176th term
	(Jan. 1, 2011 – Dec. 31, 2011)	(Jan. 1, 2012 – Dec. 31, 2012)	(Jan. 1, 2013 – Dec. 31, 2013)	(Jan. 1, 2014 – Dec. 31, 2014)
Sales	¥2,071,774 million	¥2,186,177 million	¥2,254,585 million	¥2,195,795 million
Operating income	¥142,864 million	¥153,022 million	¥142,818 million	¥114,549 million
Ordinary income	¥136,818 million	¥138,452 million	¥132,134 million	¥94,211 million
Net income	¥7,407 million	¥56,198 million	¥85,656 million	¥32,392 million
Net income per share	¥7.70	¥58.44	¥90.76	¥35.27
Net Assets	¥1,047,895 million	¥1,153,901 million	¥1,300,726 million	¥1,335,711 million
Net Assets per share	¥886.86	¥986.94	¥1,157.66	¥1,207.43
Total Assets	¥2,854,254 million	¥2,951,061 million	¥2,896,456 million	¥2,965,868 million

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

(Sales)	(Millions of yen)		
	174th term	175th term	176th term
Business division	(Jan. 1, 2012 – Dec. 31, 2012)	(Jan. 1, 2013 – Dec. 31, 2013)	(Jan. 1, 2014 – Dec. 31, 2014)
Japan Integrated Beverages	1,190,001	1,180,175	1,152,957
Overseas Integrated Beverages	577,057	685,254	693,175
Pharmaceuticals and Biochemicals	322,976	331,377	325,149
Others	96,142	57,778	24,513
Total	2,186,177	2,254,585	2,195,795

(Operating income)	(Millions of yen)		
	174th term	175th term	176th term
Business division	(Jan. 1, 2012 – Dec. 31, 2012)	(Jan. 1, 2013 – Dec. 31, 2013)	(Jan. 1, 2014 – Dec. 31, 2014)
Japan Integrated Beverages	68,948	62,112	48,181
Overseas Integrated Beverages	27,640	30,673	31,250
Pharmaceuticals and Biochemicals	55,503	54,337	38,877
Others	3,780	3,749	3,083
(Inter-segment elimination and unallocatable costs)	(2,851)	(8,054)	(6,843)
Total	153,022	142,818	114,549

- (Notes)
1. Sales of each business division indicate the sales to unaffiliated customers.
 2. The classification of business divisions has been changed from the 175th term. Results for the 174th term are also stated based on the changed classification of business divisions.

(4) Plant and equipment investment

Consolidated plant and equipment investment for the consolidated fiscal year under review amounted to ¥120.4 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 matters to report under this item.

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
Overseas Integrated Beverages	Lion Pty Ltd	Burnie Plant – Improvement of production facility for dairy products, etc.
	Brasil Kirin S.A.	Igarassu Plant – Expansion of brewing facility in beer plant

(5) Financing

The aggregate amount of loans payable, including bonds, was ¥803.9 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, non-alcohol beverages, foods, pharmaceuticals, and other products. The major products by business division are as follows:

Business division	Major products
Japan Integrated Beverages	Alcohol beverages including beer, <i>happo-shu</i> , new genre, wine, liquors, etc. and non-alcohol beverages
Overseas Integrated Beverages	Beer, liquors, non-alcohol beverages, dairy products, etc.
Pharmaceuticals and Biochemicals	Pharmaceuticals and biochemicals, etc.
Others	Dairy products, etc.

(7) Significant subsidiaries, etc.

1) Significant subsidiaries

Business division	Company name	Location	Capital	Ratio of shareholding	Description of major businesses
Japan Integrated Beverages	KIRIN Company, Limited	Nakano-ku, Tokyo	¥500 million	100%	Administration of Japan Integrated Beverages Business operations
	Kirin Brewery Company, Limited	Nakano-ku, Tokyo	¥30,000 million	100%	Production and sale of alcohol beverages
	Kirin Beer Marketing Company, Limited	Nakano-ku, Tokyo	¥500 million	100%	Sale of alcohol beverages
	Mercian Corporation	Nakano-ku, Tokyo	¥20,972 million	100%	Import, production and sale of alcohol beverages
	Kirin Beverage Company, Limited	Chiyoda-ku, Tokyo	¥8,416 million	100%	Production and sale of non-alcohol beverages
Overseas Integrated Beverages	Lion Pty Ltd	New South Wales, Australia	A\$7,530 million	100%	Management of alcohol beverages and non-alcohol beverages business in Oceania
	Brasil Kirin S.A.	São Paulo, Brazil	R\$5,521 million	100%	Management of beer and non-alcohol beverages business in Brazil
Pharmaceuticals and Biochemicals	Kyowa Hakko Kirin Co., Ltd	Chiyoda-ku, Tokyo	¥26,745 million	50.1%	Production and sale of prescription medicine

(Note) The ratio of shareholding includes indirect holdings.

2) Significant affiliated companies

Business division	Company name	Location	Capital	Ratio of shareholding	Description of major businesses
Overseas Integrated Beverages	San Miguel Brewery Inc.	Metro Manila, the Philippines	₱15,410 million	48.4%	Production and sale of beer
	China Resources Kirin Beverages (Greater China) Company, Limited	British Virgin Islands	U.S. \$1,000	40.0%	Management of non-alcohol beverages business in China
Pharmaceuticals and Biochemicals	Kirin-Amgen, Inc.	California, U.S.A.	U.S. \$10	50.0%	Research and development of pharmaceuticals

(8) Major business offices, plants, etc.

1) Kirin Holdings Company, Limited

Head Office: 10-2, Nakano 4-chome, Nakano-ku, Tokyo, Japan

2) Subsidiaries

Business division	Company name	Major centers	
Japan Integrated Beverages	KIRIN Company, Limited	Head Office	Nakano-ku, Tokyo
		Laboratories	5 Laboratories including Brewing Technology Laboratory (Yokohama)
	Kirin Brewery Company, Limited	Head Office	Nakano-ku, Tokyo
		Plants	9 Plants including Yokohama Plant (Yokohama)
	Kirin Beer Marketing Company, Limited	Head Office	Nakano-ku, Tokyo
		Branch Offices	11 Regional Sales & Marketing Divisions including Metropolitan Regional Sales & Marketing Division (Chuo-ku, Tokyo)
	Mercian Corporation	Head Office	Nakano-ku, Tokyo
		Branch Offices	8 Branches including Metropolitan Regional Sales & Marketing Branch (Chuo-ku, Tokyo)
		Plants	3 Plants including Fujisawa Plant (Fujisawa)
	Kirin Beverage Company, Limited	Head Office	Chiyoda-ku, Tokyo
		Branch Offices	7 Area Divisions including Kanto Metropolis Area Division (Chiyoda-ku, Tokyo)
		Plants	Shonan Plant (Samukawa-machi, Koza-gun, Kanagawa), Shiga Plant (Taga-cho, Inukami-gun, Shiga)
Overseas Integrated 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	Chiyoda-ku, Tokyo
		Branch Offices	13 Branches including Tokyo Branch (Chuo-ku, Tokyo)
		Plants	4 Plants including Takasaki Plant (Takasaki) and Fuji Plant (Nagaizumi-cho, Suntou-gun, Shizuoka)

		Laboratories	5 Laboratories including Tokyo Research Park (Machida, Tokyo) and Fuji Research Park (Nagaizumi-cho, Suntou-gun, Shizuoka)
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(9) Employees

Business division	Number of employees (persons)
Japan Integrated Beverages	12,139
Overseas Integrated Beverages	20,003
Pharmaceuticals and Biochemicals	7,424
Others	250
Administration	78
Total	39,894

- (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).

(10) Status of significant business transfers to and from Kirin Group and acquisitions and disposals of shares of other companies

In August 2014, ProStrakan Group plc, a U.K. subsidiary of Kyowa Hakko Kirin Co., Ltd., acquired all shares of Archimedes Pharma Ltd. of the U.K.

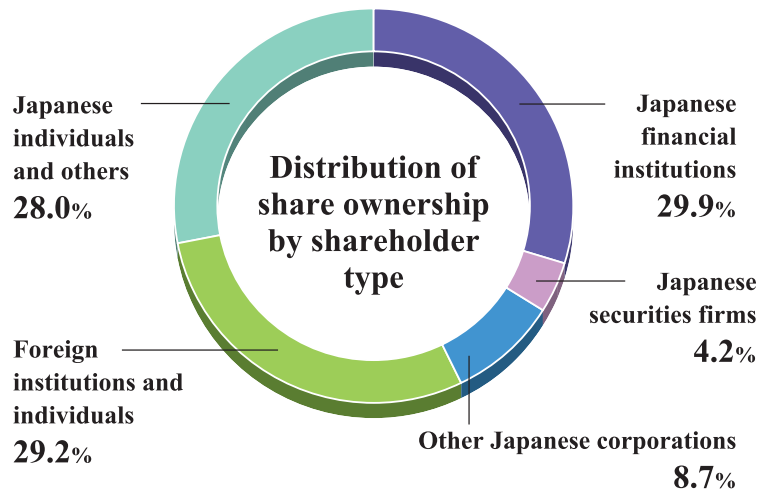
(11) Major lenders and the amount of loans

Lender	Outstanding amount of loan
Syndicated loans	¥271,918 million
Mitsubishi UFJ Trust and Banking Corporation	¥46,000 million

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

2. State of shares

(1) Authorized shares	1,732,026,000 shares
(2) Outstanding shares	965,000,000 shares (No change from the end of the previous fiscal year)
(3) Number of shareholders	145,836 persons (Increased by 18,669 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)	43,282	4.7
Meiji Yasuda Life Insurance Company	32,996	3.6
Japan Trustee Services Bank, Ltd. (Trust account)	32,446	3.6
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	19,251	2.1
Japan Trustee Services Bank, Ltd. (Trust account 4)	15,977	1.8
MELLON BANK, N.A. AS AGENT FOR ITS CLIENT MELLON OMNIBUS US PENSION	14,869	1.6
NORTHERN TRUST CO.(AVFC) SUB A/C NON TREATY	14,397	1.6
STATE STREET BANK AND TRUST COMPANY 505225	13,861	1.5
STATE STREET BANK AND TRUST COMPANY 505041	11,376	1.2
THE BANK OF NEW YORK MELLON SA/NV 10	11,056	1.2

(Note) Ratio of shares held excludes treasury stock (52,452 thousand shares).

(5) Other important matters concerning shares

In accordance with the resolution of the Board of Directors Meeting held on February 13, 2014, the Company changed the number of shares constituting one unit from 1,000 shares to 100 shares as of April 1, 2014.

3. Status of the Company's Directors and Audit & Supervisory Board Members

(1) Names of Directors and Audit & Supervisory Board Members, etc.

Title	Name	Responsibilities	Significant positions concurrently held at other companies
President & CEO (Representative Director)	Senji Miyake	–	–
Managing Director (Representative Director)	Hirotake Kobayashi	Responsible for Group Business Investment and Alliance Strategy; Group Information Strategy	Director, Brasil Kirin S.A.
Managing Director (Representative Director)	Hajime Nakajima	Responsible for Group Production and Logistics Strategy; Group R&D Strategy; Group Quality and Environment Strategy; Group CSV Strategy	Director, KIRIN Company, Limited Outside Director, Kyowa Hakko Kirin Co., Ltd Director, San Miguel Brewery Inc.
Managing Director	Keisuke Nishimura	Responsible for Group Personnel & General Affairs Strategy; Group Procurement Strategy; Group Legal	Director, San Miguel Brewery Inc. Director, China Resources Kirin Beverages (Greater China) Company, Limited
Director*	Akihiro Ito	Responsible for Group Financial Strategy; Group PR & IR Strategy	Director, KIRIN Company, Limited Director, Lion Pty Ltd
Director	Shigemitsu Miki	–	Senior Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Outside Director, Mitsubishi Electric Corporation Outside Director, Mitsubishi Logistics Corporation

Title	Name	Responsibilities	Significant positions concurrently held at other companies
Director	Toshio Arima	–	Executive Advisor, Fuji Xerox Co., Ltd. Outside Director, Resona Holdings, Inc. Outside Director, Fuji Heavy Industries Ltd. Chairman of the Board, Global Compact Japan Network
Standing Audit & Supervisory Board Member	Kazuyoshi Suzusho	–	Outside Company Auditor, Kyowa Hakko Kirin Co., Ltd
Standing Audit & Supervisory Board Member*	Masahito Suzuki	–	Corporate Auditor, KIRIN Company, Limited
Audit & Supervisory Board Member	Nobuyuki Oneda	–	Outside Director, KOKUYO CO., LTD. Outside Director, UKC Holdings Corporation
Audit & Supervisory Board Member	Kimie Iwata	–	Advisor, SHISEIDO CO., Ltd. External Director, Japan Airlines Co., Ltd. President, Japan Institute of Workers' Empowerment
Audit & Supervisory Board Member*	Fukutaka Hashimoto	–	Attorney at TOKYO HATCHOBORI LAW OFFICE

- (Notes) 1. Director and Audit & Supervisory Board Members marked with an asterisk (*) newly assumed office as of March 27, 2014.
2. Messrs. Shigemitsu Miki and Toshio Arima are outside Directors.
3. Mr. Nobuyuki Oneda, Ms. Kimie Iwata and Mr. Fukutaka Hashimoto are outside Audit & Supervisory Board Members.
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 involving document storage business, etc. exist between the Company and Mitsubishi Logistics Corporation, where Director Mr. Shigemitsu Miki holds a significant position concurrently.
6. Standing Audit & Supervisory Board Member Mr. Masahito Suzuki held the position of Director responsible for Group Financial Strategy at the Company and has a wealth of expertise in finance and accounting.

7. Audit & Supervisory Board Member Mr. Nobuyuki Oneda held the position of CFO at SONY CORPORATION and has a wealth of expertise in finance and accounting.
8. Director Mr. Toshio Arima and Audit & Supervisory Board Members Mr. Nobuyuki Oneda, Ms. Kimie Iwata and Mr. Fukutaka Hashimoto are independent officers as required by the provisions that Tokyo Stock Exchange, Inc., etc. prescribed.
9. Managing Director Mr. Toru Suzuki resigned as of February 28, 2014. Director Mr. Masahito Suzuki and Audit & Supervisory Board Member Mr. Kazuo Tezuka retired as of March 27, 2014 and Standing Audit & Supervisory Board Member Mr. Naoki Hyakutake resigned on the same date.

(2) Remuneration, etc. to Directors and Audit & Supervisory Board Members for the fiscal year under review

Type	Annual remuneration (excluding bonus)		Bonus		Total (millions of yen)
	Number of persons	Amount (millions of yen)	Number of persons	Amount (millions of yen)	
Directors	9	273	7	86	359
Outside Directors	2	23	2	2	25
Audit & Supervisory Board Members	7	104	5	9	114
Outside Audit & Supervisory Board Members	4	35	3	3	38
Total	16	378	12	96	474
External Officers	6	58	5	5	63

- (Notes) 1. Seven (7) Directors and five (5) Audit & Supervisory Board Members remain in their positions as of the end of the fiscal year under review. The total amount above includes the remuneration to one (1) Director who resigned from office as of February 28, 2014, one (1) Director and one (1) Audit & Supervisory Board Member who retired from office as of March 27, 2014, and one (1) Audit & Supervisory Board Member who resigned from office on the same date.
2. Standing Audit & Supervisory Board Member Mr. Masahito Suzuki assumed office as an Audit & Supervisory Board Member after he retired from Director as of March 27, 2014. For the number of persons and the amount, he was included in Directors during his term of office as a Director and in Audit & Supervisory Board Members during his term of office as an Audit & Supervisory Board Member.
3. The remuneration limit for Directors is ¥50 million per month (Resolved at the 164th Annual General Meeting of Shareholders on March 28, 2003).
4. The remuneration limit for Audit & Supervisory Board Members is ¥9 million per month (Resolved at the 167th Annual General Meeting of Shareholders on March 30, 2006).
5. The above bonus for Directors and Audit & Supervisory Board Members is an amount expected to be paid on if the proposal No. 4 of the 176th Annual General Meeting of Shareholders is approved as proposed.

(3) Major activities of external officers during the fiscal year under review

Title	Name	Attendance at Board of Directors Meetings	Attendance at Audit & Supervisory Board Meetings	Statements contribution
Director	Shigemitsu Miki	17 times of 19 meetings	–	He made statements based on his experience and perspective as a bank management executive.
	Toshio Arima	18 times of 19 meetings	–	He made statements based on his experience and perspective as a corporate management executive.
Audit & Supervisory Board Member	Nobuyuki Oneda	16 times of 19 meetings	17 times of 19 meetings	He made statements based on his experience and perspective as a corporate management executive.
	Kimie Iwata	19 times of 19 meetings	19 times of 19 meetings	She made statements based on her experience and perspective in government administration and as a corporate management executive.
	Fukutaka Hashimoto	14 times of 14 meetings	15 times of 15 meetings	He made statements primarily from his professional perspective as an attorney.

(Note) The Board of Directors Meetings and the Audit & Supervisory Board Meetings applicable to Audit & Supervisory Board Member Mr. Fukutaka Hashimoto are only those held subsequent to his assumption of office on March 27, 2014.

4. Status of Independent Accounting Auditor

(1) Name of Independent Accounting Auditor

KPMG AZSA LLC

(2) Remuneration to the Independent Accounting Auditor

1)	Amount of remuneration paid for services as the Independent Accounting Auditor during the fiscal year under review	¥154 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	¥566 million

- (Notes) 1. The audit agreement between the Independent Accounting Auditor and the Company does not separately stipulate audit remuneration for audit under the Corporate Law or audit under the Financial Instruments and Exchange Act. Furthermore, such remuneration is practically indivisible. Hence, the remuneration referred to at 1) above does not separate these two payments.
2. The Company pays the Independent Accounting Auditor for services including advice and guidance on the International Financial Reporting Standards (IFRS), which are beyond the scope of operations stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit operations).
 3. Among the significant subsidiaries of the Company, the financial statements of three (3) companies including Kyowa Hakko Kirin Co., Ltd are audited (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 Accounting Auditor of the Company.

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

If the Company's Audit & Supervisory Board determines that any of the items of Article 340, paragraph (1) of the Corporate Law apply with respect to the Independent Accounting Auditor, it shall dismiss the Independent Accounting Auditor. Such dismissal shall require the unanimous agreement of all the Audit & Supervisory Board Members.

In addition, if it is determined that any of the items of Article 340, paragraph (1) of the Corporate Law apply with respect to the Independent Accounting Auditor, the Company's Board of Directors shall, with the consent of, or upon a request from, the Audit & Supervisory Board, submit a proposal calling for the dismissal of the Independent Accounting Auditor to the General Meeting of Shareholders. Alternatively, if it is determined that a change of Independent Accounting Auditor is necessary because of the manner in which the Independent Accounting Auditor is executing its duties or because of the

Company's system of auditing, etc., the Board of Directors shall submit a proposal calling for the denial of reappointment of the Independent Accounting Auditor to the General Meeting of Shareholders.

5. Systems to ensure appropriate operation

The Company resolved at the Board of Directors Meeting to adopt the following basic systems (the internal control system) to ensure the appropriate operation of the Company:

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

The Directors shall decide upon the basic compliance policy for the Kirin Group and promote the policy by developing and integrating it 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 Group Internal Audit shall carry out internal auditing to ensure 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 ensure 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 Board of Directors Meetings
- Minutes of the Group Executive Committee Meetings and other significant meetings
- Approval applications (approval authority of Directors 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 developing effective structures and provisions to execute the policy and integrate it with activities in various sectors. In addition, the Directors shall implement 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 Group Internal Audit shall carry out internal auditing to ensure that these systems are properly developed and applied.

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

The Directors shall develop a management control system comprising the following items to ensure the efficient performance of duties.

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

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

In order to ensure the appropriate operation of the Kirin Group, the Directors shall develop rules and standards to be applied to the Group companies, including the following items, and carry out operations 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 Group Internal Audit
 - * The system to share information within the Group, the compliance hotline system, and other related items.

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(6) System to assign employees as support staff for Audit & Supervisory Board Members when Audit & Supervisory Board Members request support staff (together with (7), (8) and (9) below, “Audit & Supervisory Board Member Related System”)

Employees of the Company will be assigned as support staff for Audit & Supervisory Board Members.

(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 ensure the independence of the employees assigned as support staff mentioned in the preceding provision, the consent of the Audit & Supervisory Board Members 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 ensure reporting by Directors and employees to Audit & Supervisory Board Members, and other systems to ensure reporting to Audit & Supervisory Board Members

The Directors shall report to the Audit & Supervisory Board Members on matters specified by the Audit & Supervisory Board Members in advance in accordance with the provisions of the Audit & Supervisory Board Members' audit standard. Principal items are as follows.

- Any matter that may impose material damage to the Company, upon discovery
- matters that require the consent of Audit & Supervisory Board Members under the applicable laws
- The status of maintenance and application of internal control system

Notwithstanding these matters, an Audit & Supervisory Board Member may request the Directors and employees to report on other matters any time as necessary.

(9) Other Systems to ensure efficient auditing by Audit & Supervisory Board Members

Audit & Supervisory Board Members 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, 2014)

(¥ millions)

ASSETS

Current assets	<u>801,830</u>
Cash and time deposits	49,450
Notes and accounts receivable, trade	408,709
Merchandise and finished goods	161,391
Work in process	35,670
Raw materials and supplies	49,203
Deferred tax assets	29,854
Other	71,170
Allowance for doubtful accounts	(3,620)
Non-current assets	<u>2,164,038</u>
Property, plant and equipment	<u>798,398</u>
Buildings and structures	229,511
Machinery, equipment and vehicles	251,530
Land	185,516
Construction in progress	92,008
Other	39,830
Intangible assets	<u>849,356</u>
Goodwill	642,470
Other	206,886
Investments and other assets	<u>516,283</u>
Investment securities	403,467
Net defined benefit asset	6,830
Deferred tax assets	49,380
Other	61,848
Allowance for doubtful accounts	(5,243)

Total assets

2,965,868

LIABILITIES

Current liabilities	<u>784,671</u>
Notes and accounts payable, trade	160,106
Short-term loans payable and long-term debt with current maturities	99,096
Commercial paper	83,994
Bonds due within one year	51,832
Liquor taxes payable	83,400
Income taxes payable	12,154
Allowance for employees' bonuses	5,322
Allowance for bonuses for directors and company auditors	199
Accrued expenses	132,235
Other	156,329
Non-current liabilities	<u>845,485</u>
Bonds	209,988
Long-term debt	359,012
Deferred tax liabilities	74,865
Deferred tax liability due to land revaluation	1,286
Retirement benefits for directors and company auditors	256
Reserve for repairs and maintenance of vending machines	3,550
Reserve for environmental measures	1,019
Reserve for loss on litigation	25,116
Allowance for loss on plants reorganization	3,304
Net defined benefit liability	60,483
Deposits received	61,212
Other	45,388
Total liabilities	<u>1,630,157</u>

NET ASSETS

Shareholders' equity	<u>957,047</u>
Common stock	102,045
Capital surplus	81,417
Retained earnings	848,381
Treasury stock, at cost	(74,797)
Accumulated other comprehensive income	<u>144,786</u>
Net unrealized gains on securities	49,556
Deferred gains or losses on hedges	827
Land revaluation difference	(2,140)
Foreign currency translation adjustments	110,259
Remeasurements of defined benefit plans	(13,716)
Subscription rights to shares	332
Minority interests	233,544
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Total net assets	1,335,711
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Total liabilities and net assets	2,965,868
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*Amounts are stated by omitting fractions less than ¥1 million.

CONSOLIDATED STATEMENT OF INCOME

(From January 1, 2014 to December 31, 2014)

		(¥ millions)
Sales		2,195,795
Cost of sales		1,252,315
Gross profit		943,480
Selling, general and administrative expenses		828,930
Operating income		114,549
Non-operating income		
Interest income	3,881	
Dividend income	2,532	
Equity in earnings of affiliates	2,925	
Other	6,406	15,746
Non-operating expenses		
Interest expense	24,378	
Other	11,707	36,085
Ordinary income		94,211
Special income		
Gain on sale of property, plant and equipment and intangible assets	7,333	
Gain on sale of investment securities	179	
Other	1,155	8,668
Special expenses		
Loss on disposal of property, plant and equipment and intangible assets	3,260	
Loss on sale of property, plant and equipment and intangible assets	728	
Loss on impairment	2,638	
Loss on devaluation of investment securities	3	
Loss on sale of investment securities	1,656	
Business restructuring expense	12,048	
Other	4,664	25,000
Income before income taxes and minority interests		77,879
Income taxes — current	40,240	
Income taxes — deferred	(7,220)	33,019
Income before minority interests		44,859
Minority interests		12,466
Net income		32,392

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

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(From January 1, 2014 to December 31, 2014)

(¥ millions)

	Shareholders' equity					Accumulated other comprehensive income	
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on securities	Deferred gains or losses on hedges
Balance as of January 1, 2014	102,045	81,417	850,511	(53,903)	980,071	44,506	128
Changes of items during the period							
Dividends from surplus			(34,081)		(34,081)		
Net income			32,392		32,392		
Acquisition of treasury stock				(20,898)	(20,898)		
Disposal of treasury stock		(0)		4	4		
Reversal of land revaluation difference			(441)		(441)		
Net changes of items other than shareholders' equity						5,050	698
Total changes of items during the period	-	(0)	(2,129)	(20,894)	(23,024)	5,050	698
Balance as of December 31, 2014	102,045	81,417	848,381	(74,797)	957,047	49,556	827

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Land revaluation difference	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of January 1, 2014	(2,581)	53,737	-	95,790	306	224,558	1,300,726
Changes of items during the period							
Dividends from surplus							(34,081)
Net income							32,392
Acquisition of treasury stock							(20,898)
Disposal of treasury stock							4
Reversal of land revaluation difference							(441)
Net changes of items other than shareholders' equity	441	56,522	(13,716)	48,996	26	8,985	58,008
Total changes of items during the period	441	56,522	(13,716)	48,996	26	8,985	34,984
Balance as of December 31, 2014	(2,140)	110,259	(13,716)	144,786	332	233,544	1,335,711

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

BALANCE SHEET

(As of December 31, 2014)

(¥ millions)

ASSETS

Current assets	<u>161,871</u>
Cash and time deposits	7,370
Short-term loans receivable	127,157
Other	27,681
Allowance for doubtful accounts	(338)
Non-current assets	<u>1,746,203</u>
Property, plant and equipment	<u>26,043</u>
Buildings	16,430
Structures	989
Machinery and equipment	27
Vehicles	1
Tools, furniture and fixtures	1,643
Land	6,909
Construction in progress	41
Intangible assets	<u>66</u>
Investments and other assets	<u>1,720,092</u>
Investment securities	88,970
Investments in shares of subsidiaries and affiliates	1,616,378
Long-term loans receivable	783
Other	14,739
Allowance for doubtful accounts	(779)
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Total assets	<u>1,908,074</u>
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LIABILITIES

Current liabilities	<u>355,081</u>
Short-term loans payable and long-term debt with current maturities	220,032
Commercial paper	83,994
Bonds due within one year	29,999
Non-trade accounts payable	11,483
Accrued expenses	1,597
Allowance for employees' bonuses	155
Allowance for bonuses for directors and company auditors	98
Deferred tax liabilities	221
Other	7,499
Non-current liabilities	<u>554,777</u>
Bonds	209,988
Long-term debt	308,200
Employees' pension and retirement benefits	259
Deferred tax liabilities	15,735
Other	20,592
Total liabilities	<u>909,858</u>

<u>NET ASSETS</u>	
Shareholders' equity	<u>968,311</u>
Common stock	102,045
Capital surplus	<u>81,422</u>
Additional paid-in capital	81,412
Other capital surplus	9
Retained earnings	<u>859,640</u>
Legal reserve	25,511
Other retained earnings	834,129
Reserve for deferred gain on sale of property	810
General reserve	759,367
Retained earnings carried forward	73,951
Treasury stock, at cost	(74,797)
Valuation and translation adjustments	<u>29,904</u>
Net unrealized gains on securities	29,904
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Total net assets	998,216
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Total liabilities and net assets	1,908,074
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*Amounts are stated by omitting fractions less than ¥1 million.

STATEMENT OF INCOME

(From January 1, 2014 to December 31, 2014)

(¥ millions)

Operating revenue		
Group management revenue	1,067	
Revenue from real estate business	3,860	
Dividend revenue from subsidiaries and affiliates	78,589	83,516
Operating expenses		
Expenses of real estate business	1,312	
General and administrative expenses	7,824	9,137
Operating income		74,379
Non-operating income		
Interest and dividend income	3,311	
Net foreign currency translation gain	974	
Other	844	5,129
Non-operating expenses		
Interest expense	8,531	
Other	439	8,971
Ordinary income		70,536
Special income		
Gain on sale of property, plant and equipment and intangible assets	4,642	
Other	431	5,073

Special expenses		
Loss on sale and disposal of property, plant and equipment and intangible assets	216	
Loss on devaluation of shares of subsidiaries and affiliates	653	
Loss on impairment	906	
Loss on partial settlement of retirement benefit plan	223	
Other	209	2,209
		<hr/>
Income before income taxes		73,401
Income taxes – current		2,618
Income taxes – deferred		847
		<hr/>
Net income		69,935
		<hr/>

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

STATEMENT OF CHANGES IN NET ASSETS

(From January 1, 2014 to December 31, 2014)

(¥ millions)

	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, 2014	102,045	81,412	9	81,422	25,511	836	705,367	92,070	823,786	(53,903)	953,351
Changes of items during the period											
Provision of reserve for deferred gain on sale of property						1		(1)	-		-
Transfer to reserve for deferred gain on sale of property						(27)		27	-		-
Transfer to general reserve							54,000	(54,000)	-		-
Dividends from surplus								(16,728)	(16,728)		(16,728)
Dividends from surplus (interim dividends)								(17,352)	(17,352)		(17,352)
Net income								69,935	69,935		69,935
Acquisition of treasury stock										(20,898)	(20,898)
Disposal of treasury stock			(0)	(0)						4	4
Net changes of items other than shareholders' equity											
Total changes of items during the period	-	-	(0)	(0)	-	(26)	54,000	(18,119)	35,854	(20,894)	14,959
Balance as of December 31, 2014	102,045	81,412	9	81,422	25,511	810	759,367	73,951	859,640	(74,797)	968,311

	Valuation and translation adjustments		Total net assets
	Net unrealized gains on securities	Total valuation and translation adjustments	
Balance as of January 1, 2014	29,823	29,823	983,175
Changes of items during the period			
Provision of reserve for deferred gain on sale of property			-
Transfer to reserve for deferred gain on sale of property			-
Transfer to general reserve			-
Dividends from surplus			(16,728)
Dividends from surplus (interim dividends)			(17,352)
Net income			69,935
Acquisition of treasury stock			(20,898)
Disposal of treasury stock			4
Net changes of items other than shareholders' equity	80	80	80
Total changes of items during the period	80	80	15,040
Balance as of December 31, 2014	29,904	29,904	998,216

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

Independent Auditor's Report

February 12, 2015

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

Makoto Yamada (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, 2014 and for the year from January 1, 2014 to December 31, 2014 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.

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 12, 2015

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

Makoto Yamada (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, 2014 and for the year from January 1, 2014 to December 31, 2014 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.

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 Audit & Supervisory Board Members' Report Originally Issued in the Japanese Language]

Audit & Supervisory Board Members' Report

We the Audit & Supervisory Board Members of the Company, based on the audit reports prepared by each Audit & Supervisory Board Member regarding the performance of duties by the Directors during the 176th business year from January 1, 2014, to December 31, 2014, prepared this audit report upon deliberation and hereby report, by a unanimous show of hands, as follows:

1. Audit Methods by Audit & Supervisory Board Members and the Audit & Supervisory Board and its Details

The Audit & Supervisory Board established audit policy of this term, planning of audits, etc., and received reports from each Audit & Supervisory Board Member 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 Audit & Supervisory Board Member complied with the auditing standards of Audit & Supervisory Board Members established by the Audit & Supervisory Board, 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, audit & supervisory board members, 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 not found anything that would need 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 17, 2015

Audit & Supervisory Board
Kirin Holdings Company, Limited

Masahito Suzuki (Seal)
Standing Audit & Supervisory Board Member

Kazuyoshi Suzusho (Seal)
Standing Audit & Supervisory Board Member

Nobuyuki Oneda (Seal)
Outside Audit & Supervisory Board Member

Kimie Iwata (Seal)
Outside Audit & Supervisory Board Member

Fukutaka Hashimoto
Outside Audit & Supervisory Board Member

- END -