Disclosed information on the Internet at the Time of Notifying Convocation of the 173rd Annual General Meeting of Shareholders

All matters above are provided to shareholders of the Company on the website of the Company on the Internet (http://www.kirinholdings.co.jp/english/ir/) in accordance with all laws and Article 15 of the Articles of Incorporation of the Company.

Kirin Holdings Company, Limited

FOOT NOTES

Significant Accounting Policies

1. Consolidation

(1) Consolidated subsidiaries: 263 companies

Major consolidated subsidiaries: Kirin Brewery Co., Ltd., Kyowa Hakko Kirin Co., Ltd., Kirin Beverage Co., Ltd., Mercian Corp., Lion Pty Ltd, Schincariol Participações e Representações S.A.

The changes of the scope of consolidation are as follows:

(a) Due to new establishment, 1 subsidiary of Kirin Beverage Co., Ltd., Kirin Holdings Investments Brasil Participações S.A., and Kirin Holdings USA, Inc. became consolidated subsidiaries.

(b) Due to new acquisition, 11 subsidiaries of Kyowa Hakko Kirin Co., Ltd., Trade Ocean Holdings Sdn. Bhd. and 2 subsidiaries of Trade Ocean Holdings Sdn. Bhd., Wonderfarm Biscuits & Confectionary Sdn. Bhd., and 20 subsidiaries of Kirin Holdings Investments Brasil Participações S.A. became consolidated subsidiaries. Additionally, Trade Ocean Holdings Sdn. Bhd. is a holding company which has Interfood Shareholding Company and others as subsidiaries, and Kirin Holdings Investments Brasil Participações S.A. is a holding company which has Schincariol Participações e Representações S.A. and others as subsidiaries.

(c) Due to additional investment, 1 subsidiary of Lion Pty Ltd became a consolidated subsidiary.

(d) Due to sale of shares, 8 subsidiaries of Lion Pty Ltd, 3 subsidiaries of Kyowa Hakko Kirin Co., Ltd., Kirin Australia Pty. Ltd., 2 subsidiaries of Mercian Corp., and 4 subsidiaries of Kirin Beverage Co., Ltd. were excluded from the consolidation scope.

(e) Due to merger, 11 subsidiaries of Kirin Logistics Co., Ltd., 1 subsidiary of Kyowa Hakko Kirin Co., Ltd., and 4 subsidiaries of Lion Pty Ltd were excluded from the consolidation scope.

(f) Due to liquidation, 1 subsidiary of Kirin Engineering Co., Ltd. was excluded from the consolidation scope.

(2) Major unconsolidated subsidiary: Chiyoda Transportation Co., Ltd.

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

2. Equity method

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

Unconsolidated subsidiary: Japan Synthetic Alcohol Co., Ltd.

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

(2) Affiliated companies accounted for by the equity method: 18 companies

Major affiliated companies: San Miguel Brewery, Inc., Fraser and Neave Limited

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

(a) Due to additional acquisition of shares, Fraser and Neave Limited became an affiliate accounted for by the equity method.

(b) Due to new acquisition, 1 affiliate of Kyowa Hakko Kirin Co., Ltd. became an affiliate accounted for by the equity method.

(c) Due to new establishment, China Resources Kirin Beverages (Greater China)

Company Limited became an affiliate accounted for by the equity method.

(d) Due to sale of shares, 2 affiliates of Kyowa Hakko Kirin Co., Ltd., Dalian Daxue Brewery Co., Ltd., Tokita Seed Co., Ltd., and 1 affiliate of Mercian Corp. were excluded from the scope of application of the equity method.

(e) Due to additional investment, 1 affiliate of Lion Pty Ltd became a consolidated subsidiary and was excluded from the scope of application of the equity method.

(3) Certain investments in unconsolidated subsidiaries including Chiyoda Transportation Co., Ltd. and affiliates including Diamond Sports Club Co., Ltd. were not accounted for by the equity method and were stated at cost because the effects of their net income or losses and retained earnings on the accompanying consolidated financial statements are immaterial.

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

(5) The Company recognized San Miguel Brewery Inc. and China Resources Kirin Beverages (Greater China) Co., Ltd. (the fiscal year ended December 31) by the equity method. Regarding San Miguel Brewery Inc., its financial statements are based on 12 months from the fourth quarter of the previous fiscal year to the third quarter of the fiscal year. As for China Resources Kirin Beverages (Greater China) Co., Ltd., it is accounted for by the equity method at the end of the third quarter of the fiscal year and its profit or loss is not accounted in the consolidated financial statements. It is difficult for the Company to prepare its consolidated financial statements based on the final year-end figures of the above two companies due to the early disclosure of the consolidated business performance.

3. Fiscal year-ends of the consolidated subsidiaries

The consolidated subsidiaries whose fiscal year-ends are different from that of the Company are Lion Pty Ltd and its subsidiaries (September 30).

The Company used the financial statements of the companies as of their fiscal year-end and for the year then ended for consolidation and the Company made necessary adjustments for major transactions between the fiscal year-end of the consolidated subsidiaries and the fiscal year-end of the Company.

4. Accounting policies

(1) Valuation of major assets

(a) Marketable and investment securities

1) Held-to-maturity debt securities are stated at amortized cost.

2) Available-for-sale securities with fair market value are stated at fair market value as of the balance sheet date. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on sale of such securities are computed using the moving-average method.

3) Available-for-sale securities without fair market value are stated at the moving-average cost.

(b) Derivative financial instruments

Derivative financial instruments are stated at fair value.

(c) Inventories

1) Merchandise, finished goods and semi-finished goods are mainly stated at cost determined by the periodic average method. (The cost method with book value

written down to the net realizable value)

2) Raw materials, containers and supplies are mainly stated at cost determined by the moving-average method. (The cost method with book value written down to the net realizable value)

3) Cost on uncompleted construction contracts is stated at cost determined by the specific identification method.

(2) Depreciation and amortization of fixed assets

(a) Property, plant and equipment (excluding lease assets)

Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated loss from impairment. Depreciation for the Company and consolidated domestic subsidiaries is calculated using the declining-balance method except for buildings (excluding building fixtures) acquired on or after April 1, 1998, which are depreciated using the straight-line method. Depreciation for several consolidated subsidiaries is calculated using the straight-line method.

(b) Intangible assets (excluding lease assets)

1) The Company and consolidated domestic subsidiaries amortize intangible assets using the straight-line method.

2) Consolidated overseas subsidiaries mainly adopt the straight-line method over 20 years.

(c) Lease assets

Lease assets pertaining to finance lease transactions other than those involving a transfer of title

1) Depreciation is calculated on the straight-line method over the lease terms without residual value.

2) For finance lease transactions other than those involving a transfer of title that began prior to December 31, 2008, the previous operating lease method continues to be applied.

(3) Method of providing major allowances and reserves

(a) Allowance for doubtful accounts

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

(b) Allowance for employees’ bonuses

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

(c) Allowance for bonuses for directors and corporate auditors

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

(d) Employees’ pension and retirement benefits

The Company and consolidated subsidiaries provide allowance for employees’ pension and retirement benefits at the balance sheet date based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at the end of the fiscal year. Prior service cost is amortized by the straight-line method over mainly 5 to 15 years. Actuarial differences are amortized by the straight-line method over the average estimated service period, which is mainly 10 to 15 years, beginning from the following fiscal year.

(e) Retirement benefits for directors and corporate auditors

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

(f) Reserve for repair and maintenance of vending machines

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

(g) Reserve for environmental measures

The Company provides reserve for environmental measures based on the estimated amount of payment at the fiscal year end.

(h) Reserve for loss on litigation

Consolidated subsidiaries of the Company in Brazil provide reserve for estimated losses on tax litigation and others in the future.

(4) Hedge accounting

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

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

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

1) the difference, if any, between the amount in Japanese yen of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payable is recognized in the consolidated statement of income in the period which includes the inception date, and

2) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.

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

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

(5) Goodwill

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

(6) Consumption taxes

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

Changes in Significant Accounting Policies

1. Application of the “Accounting Standard for Equity Method of Accounting for Investments” and the “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method”
   Effective from the year ended December 31, 2011, the Company has applied the “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16 of March 10, 2008) and the “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (ASBJ Practical Issues Task Force (PITF) No. 24 of March 10, 2008).
   There was no effect on operating result from this application.

2. Application of “Accounting Standard for Asset Retirement Obligations”
   Effective from the year ended December 31, 2011, the Company has applied the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18 of March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21 of March 31, 2008).
   As a result, operating income, ordinary income and income before income taxes and minority interests decreased by ¥166 million, ¥147 million and ¥1,628 million, respectively. In addition, the asset retirement obligation amount has changed by ¥2,854 million upon application of this new accounting standard.

Notes to the Consolidated Balance Sheet

1. Accumulated depreciation of Property, Plant and Equipment ¥1,125,301 million

2. Amount reduced from fixed assets due to government subsidy received and others ¥745 million

3. Assets pledged as collateral and secured borrowings

(1) Assets pledged as collateral

Cash	¥9 million
Buildings and structures	¥852 million
Machinery, equipment and vehicles	¥18,370 million
Land	¥439 million
Other intangible assets	¥101 million
Total	¥19,772 million

(2) Secured borrowings

Notes and accounts payable, trade	¥2 million
Short-term loans payable and long-term debt with current maturities	¥8,070 million
Long-term debt	¥10,300 million
Deposits received	¥3,429 million
Total	¥21,803 million

4. Contingent liabilities

(1) Guarantees for loan from banks and other of unconsolidated subsidiaries and affiliates	¥2,310 million
(2) Guarantees for loan from banks and other of employees	¥3,066 million
(3) Guarantees for loan from banks and other of customers	¥863 million
Total	¥6,240 million

(arrangements similar to guarantees of ¥33 million are included in the above.)

5. Tax litigation and others

Consolidated subsidiaries of the Company in Brazil are in tax-related litigation with the tax authority over ICMS (State Value-Added Tax), PIS (Social Integration Program), COFINS (Social Security Contribution) and others, in addition to labor-related litigation and civil lawsuits. Although “Reserve for loss on litigation” has been recorded in order to provide for the expected losses on these litigation and lawsuits, BRL2,042,443 thousand (¥84,659 million) associated with tax-related litigation, BRL155,637 thousand (¥6,451 million) associated with labor-related litigation and BRL204,375 thousand (¥8,471 million) associated with civil lawsuits have not been posted as reserves as of December 31, 2011, because the risks of losses in the future are classified by the management as possible upon consideration of the individual risks of each contingent event based on the opinion of outside legal advisers.

6. Trade notes discounted ¥83 million

Notes to the Consolidated Statement of Income

1. Presentation of gain or loss on currency swaps
   Loss on currency swaps (¥851 million) that are carried to hedge the foreign exchange rates fluctuation risks on loans receivable in foreign currency is presented in "Other" of "Non-operating expenses" after offsetting foreign currency translation gain.

2. Loss related to the Great East Japan Earthquake
   Loss related to the Great East Japan Earthquake includes repair costs for damaged facilities, loss on devaluation and disposal of damaged inventories, fixed costs for manufacturing during a suspension of operation, and costs related to unpublished advertisements.

Notes to the Consolidated Statement of Changes in Net Assets

1. Type and number of shares outstanding and treasury stock

(1) Shares outstanding

Type of shares outstanding	common stock
Number of shares as of December 31, 2010	965,000,000 shares
Number of shares increased during the accounting period ended December 31, 2011	—
Number of shares decreased during the accounting period ended December 31, 2011	—
Number of shares as of December 31, 2011	965,000,000 shares

(2) Treasury stock

Type of treasury stock	common stock
Number of shares as of December 31, 2010	3,010,208 shares
Number of shares increased during the accounting period ended December 31, 2011	504,922 shares
Number of shares decreased during the accounting period ended December 31, 2011	246,702 shares
Number of shares as of December 31, 2011	3,268,428 shares

Notes:
1. Detail of increase in the number of shares is as follows.
   - Purchases of less-than-one-unit shares: 344,922 shares
   - Purchases from opposing shareholders pursuant to Article 797, Paragraph (1) of the Corporate Law: 160,000 shares
2. Detail of decrease in the number of shares is as follows.
   - Sales of less-than-one-unit shares: 233,929 shares
   - Sales of treasury stock by unconsolidated subsidiaries accounted for by the equity method: 12,514 shares
   - Decrease due to exclusion of affiliated companies accounted for by the equity method: 259 shares

2. Matters related to dividends

(1) Dividend payment

Approvals by ordinary general meeting of shareholders held on March 29, 2011 are as follows:

Dividend on Common stock

a. Total amount of dividend	¥12,025 million
b. Dividend per share	¥12.50
c. Record date	December 31, 2010
d. Effective date	March 30, 2011

Approvals by the Board of Directors meeting on August 5, 2011 are as follows:

Dividend on Common stock

a. Total amount of dividend	¥12,984 million
b. Dividend per share	¥13.50
c. Record date	June 30, 2011
d. Effective date	September 5, 2011

(2) Dividends whose record date is attributable to the accounting period ended December 31, 2011 but to be effective after the said accounting period

We will seek approval at general meeting of shareholders to be held on March 29, 2012 as follows:

Dividends on Common stock

a. Total amount of dividend	¥12,983 million
b. Funds for dividend	Retained earnings
c. Dividend per share	¥13.50
d. Record date	December 31, 2011
e. Effective date	March 30, 2012

Notes to Financial Instruments

1. Matters related to financial instruments

(1) Policy for financial instruments

The basic policy of the Company and its consolidated subsidiaries is to effectively obtain necessary funds according to changes in business environment. Currently, funds are mainly obtained through bank borrowings, and issuance of commercial papers and corporate bonds. Temporary surplus funds are invested in highly safe financial assets such as time deposits. Derivatives are used, not for speculative purpose, but to avoid risks mentioned below.

(2) Types of financial instruments and related risk

Trade receivables such as trade notes and accounts receivable are exposed to customer credit risk. Trade receivables denominated in foreign currencies arising from global business development are exposed to foreign currency exchange risk. Marketable securities and investment securities, which mainly consist of stocks issued by companies with which the Company and its consolidated subsidiaries have business relationships, are exposed to market risk.

Substantially all trade payables such as trade notes and accounts payables have payment due dates within one year. Some of trade payables denominated in foreign currencies arising from import of raw materials are exposed to foreign currency exchange risk.

The purpose of short-term loans payable and commercial papers is mainly to fund shot-term working capital and the purpose of long-term debt and loans is mainly to fund necessary amount for investments and lending and long-term working capital. Some loans payable bear variable interest rates and are exposed to interest rate fluctuation risk.

Regarding derivatives, the Company and its consolidated subsidiaries enter into forward foreign exchange contracts and currency swaps for the purpose of hedging foreign currency exchange risk deriving from trade receivables and payables denominated in foreign currencies and loans to group companies, and interest rate swaps, interest rate cap contracts and interest rate floor contracts for the purpose of hedging interest rate fluctuation risk deriving from interest payments on debt.

(3) Risk management for financial instruments

(a) Monitoring of credit risk (the default risk for customers and counterparties)

In accordance with the internal policies of the Company and its consolidated subsidiaries for managing credit risk arising from receivables, each related sales division monitors credit worthiness of their main customers and counterparties on a periodical basis and monitors due dates and outstanding balances by individual customer. In addition, the Company and its consolidated subsidiaries are making efforts to quickly identify and mitigate risks of bad debts from customers who are having financial difficulties.

The Company and its consolidated subsidiaries believe that the credit risk of derivatives is insignificant as it enters into derivatives only with financial institutions which have a high credit rating.

(b) Monitoring of market risk (the risk arising from fluctuations in foreign exchange rates, interest rates and others)

Regarding trade receivables and payables denominated in foreign currencies, the Company and its consolidated subsidiaries generally utilizes forward foreign exchange contracts to hedge the risk for the foreign currency exchange risks identified for each currency on a monthly basis. Currency swaps are utilized to mitigate interest rate risk on loans denominated in foreign currencies which are made to foreign subsidiaries. In addition, interest rate swaps, interest rate cap contracts and interest rate floor contracts are utilized to mitigate interest rate fluctuation risk deriving from interest payments on debt.

For marketable securities and investment securities, the Company and its consolidated subsidiaries periodically reviews their fair values and the financial position of the issuers. Additionally, the Company and its consolidated subsidiaries continuously evaluates whether securities other than those classified as held-to-maturity should be maintained taking into account their fair values and relationships with the issuers.

In conducting and managing derivative transactions, the division in charge of each derivative transaction follows the internal management policies, which define delegation of authority and position limits. Actual transaction data are regularly reported to the Director of Financial division.

(c) Monitoring of liquidity risk related to fund procurement (the risk that the Company and its consolidated subsidiaries may not be able to meet its obligations on scheduled due dates)

In order to manage liquidity risk, the Company and its consolidated subsidiaries timely prepare and update the cash flow plans based upon the report from each division and maintain fund liquidity.

(4) Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market price. When no quoted market price is available, fair value is reasonably estimated. Since various variable assumptions are reflected in estimating the fair value, different assumptions could result in different fair values.

2. Matters relates to fair values of financial instruments

The table below shows the amounts of financial instruments recorded in the consolidated balance sheet as of December 31, 2011 and their fair values, as well as their differences. Please note that financial instruments whose fair values are deemed extremely difficult to assess are not included.

(Millions of yen)

	Book value	Fair market value	Differences
ASSETS			
(1) Cash	76,218	76,218	—
(2) Notes and accounts receivable, trade	406,448	406,448	—
(3) Marketable securities and investment securities			
a. Held-to-maturity debt securities	310	312	2
b. Equity securities issued by affiliates	205,213	471,978	266,765
c. Available-for-sale securities	113,247	113,247	—
TOTAL ASSETS	801,438	1,068,206	266,767
LIABILITIES			
(1) Notes and accounts payable, trade	146,955	146,955	—
(2) Short-term loans payable and long-term debt with current maturities	85,517	85,517	—
(3) Commercial papers	121,989	121,989	—
(4) Bonds due within one year	23,111	23,300	188
(5) Liquor taxes payable	91,800	91,800	—
(6) Income taxes payable	26,783	26,783	—
(7) Bonds	365,487	377,803	12,316
(8) Long-term debt	468,999	473,735	4,736
TOTAL LIABILITIES	1,330,644	1,347,886	17,241
Derivative transactions (*)	(5,733)	(5,733)	—

(*) Derivatives are stated net of assets and liabilities. The figures in parentheses indicate net liabilities.

Notes: 1. Fair vale measurement of financial instruments, including securities and derivatives

Assets

(1) Cash and (2) Notes and accounts receivable, trade

The fair value of these items approximates their book value because of their short-term nature. Thus, the book value is used as fair value.

(3) Marketable securities and investment securities

While the fair values of equity securities are measured by market prices at exchange, the fair values of bond securities are measured by the prices obtained from financial institutions, etc.

Liabilities

(1) Notes and accounts payable, trade, (2) Short-term loans payable and long-term debt with current maturities, (3) Commercial papers, (5) Liquor taxes payable, and (6) Income taxes payable

The fair value of these items approximates their book value because of their short-term nature. Thus, the book value is used as fair value.

(4) Bonds due within one year and (7) Bonds

The fair value of bonds issued by the Company and certain consolidated subsidiaries are based on the market price, when market prices are readily available. The fair value of bonds without market price is measured as present value, calculated by discounting the combined total of principal and interest by a rate with the current maturity and credit risk taken into account.

(8) Long-term debt

The fair value of long-term loans payable is measured as present value, calculated by discounting the combined total of principal and interest by an assumed interest rate(*) for similar new borrowings.

(*) For long-term debt to which the certain hedging criteria of interest rate swaps is met, present value of the combined total of principal and interest discounted by using the rates of relevant interest rate swaps.

Derivative transactions

The fair value of derivatives is measured by the prices, etc. obtained from financial institutions.

Forward exchange contracts and other instruments, to which the appropriation treatment is applied, are accounted for together with receivables and payables denominated in foreign currencies as a hedged item; therefore, their fair values are included in the fair value of receivables and payables denominated in foreign currencies. The fair value of interest rate swaps which are accounted for using special treatment is included in that of corresponding hedged long-term debt as those interest rate swaps are recorded as an adjustment to interest expense of hedged instruments under the special treatment.

2. Financial instruments deemed extremely difficult to assess their fair value

(Millions of yen)

Classification	Consolidated balance sheet amount
Investment securities	
a. Unlisted equity securities (Equity securities issued by affiliates, etc.)	85,459
b. Unlisted equity securities (Other securities)	19,709
c. Other	31
Investments and other assets-other	
a. Investments in equity of affiliates, etc.	1,656
Guarantee deposits received	73,222

The fair values of these items are not shown in the table above because their market prices are not available and whose fair values are deemed extremely difficult to assess.

Notes to Per Share Information

1. Net assets per share:	¥886.86
2. Net income per share:	¥7.70

Notes to Subsequent Events

There is no matter that fall under this item.

Notes to Business Combinations

(Application of purchase method)
The Company acquired the total outstanding shares in Schincariol Participações e Representações S.A., the controlling shareholder of Schincariol Group companies which conduct beer business and soft drinks business, including carbonated drinks, in Brazil. This acquisition will enable the Company to increase the competitiveness of Schincariol Group in the fast-growing Brazilian market and generate synergies with the Kirin Group, through which the Company seeks to accelerate growth.

1. The name and business description of acquired company, major reasons for business combination, date of business combination, legal description of business combination, trade name and share of acquired voting rights after business combination and major reasons for the decision on acquiring the company
   (1)Name and business description of acquired company
   Name of acquired company: Schincariol Participações e Representações S.A.
   Business description: Holding company (production and sale of beer and soft drinks through subsidiaries)
   (2) Major reasons for business combination
   See above
   (3) Date of business combination
   October 11, 2011
   (4) Legal description of business combination
   Acquisition of shares
   (5) Trade name after business combination
   Schincariol Participações e Representações S.A.
   (6) Share of voting rights acquired the company
   100%
   (7) Major reasons for the decision on acquiring the company
   Due to the acquisition of shares in compensation for cash consideration by Kirin Holdings Investments Brasil Participações S.A., the Company's wholly-owned subsidiary.

2. Period of operating results of the acquired company included in the consolidated financial statements
   No operating results for the period prior to December 31, 2011, the deemed acquisition date, were included in the consolidated financial statements.

3. Acquisition costs of the acquired company and their breakdown

	(Millions of yen)
Acquisition value	303,283
Expenses directly incurred for acquisition	1,081
Acquisition costs	304,365

4. Amounts of assets and liabilities received and incurred on the date of business combination and breakdown

	(Millions of yen)
Current assets	54,210
Fixed assets	127,772
Total assets	181,983
Current liabilities	45,093
Long-term liabilities	57,933
Total liabilities	103,027

(Note) The amounts of assets and liabilities do not include 6. (1) "Amount of goodwill recognized" stated below.

5. Allocation of acquisition costs

Allocation of acquisition costs has not been completed, as the fair value of assets and liabilities of the acquired company have not been determined.

6. Amount of goodwill, reason that the goodwill arose, and method and period of amortization

(1) Amount of goodwill

¥182,714 million (BRL4,408,076 thousand)

The above figures are estimated amounts as the allocation of acquisition costs has not been completed.

(2) Reason that the goodwill arose

The goodwill arose from the future excess profitability that is expected as a result of expanding business.

(3) Method and period of amortization

Straight-line method over a period of 20 years.

FOOT NOTES

Significant Accounting Policies

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

2. Derivative financial instruments
   Derivative financial instruments are stated at fair value.

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

   (b) Amortization of intangible assets is calculated using the straight-line method.

4. Method of providing major allowances and reserves

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

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

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

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

5. Hedge accounting

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

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

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

1) the difference, if any, between the amount in Japanese yen of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payable is recognized in the statement of income in the period which includes the inception date, and

2) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.

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

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

6. Consumption taxes

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

Notes to the Balance Sheet

1. Monetary debts due from and to subsidiaries and affiliates

Short-term monetary debts due from subsidiaries and affiliates	¥126,797 million
Long-term monetary debts due from subsidiaries and affiliates	¥14,133 million
Short-term monetary debts due to subsidiaries and affiliates	¥151,504 million
Long-term monetary debts due to subsidiaries and affiliates	¥3,023 million

2. Accumulated depreciation of property, plant and equipment ¥58,248 million

3. Amount reduced from fixed assets due to government subsidy received and others ¥37 million

4. Assets pledged as collateral and secured borrowing

(1) Assets pledged as collateral	
Buildings	¥541 million
Land	¥439 million
(2) Secured borrowing	
Deposits received	¥2,296 million

5. Contingent liabilities

(1) Guarantees for loan from banks and other of subsidiaries and affiliates	¥30,165 million
(2) Guarantees for employee's housing loan from banks	¥3,009 million
Total	¥33,175 million

(arrangements similar to guarantees of ¥33 million are included in the above.)

Notes to the Statement of Income

1. Transactions with subsidiaries and affiliates:

Operating revenue	¥18,487 million
Operating expenses	¥8,528 million
Transactions other than business transactions	¥4,623 million

2. Presentation of gain or loss on currency swaps:
Loss on currency swaps (¥851 million) that are carried to hedge the foreign exchange rates fluctuation risks for loans receivable in foreign currency is presented in "Other" of "Non-operating income" after offsetting foreign currency translation gain.

Notes to the Statement of Changes in Net Assets

Type and number of shares of treasury stock

Type of treasury stock	Common stock
Number of shares as of December 31, 2010	2,997,435 shares
Number of shares increased during the accounting period ended December 31, 2011	504,922 shares
Number of shares decreased during the accounting period ended December 31, 2011	233,929 shares
Number of shares as of December 31, 2011	3,268,428 shares

Notes:

1. Detail of increase in the number of shares is as follows.
   - Purchases from opposing shareholders pursuant to Article 797, Paragraph (1) of the Corporate Law: 160,000 shares
   - Purchases of less-than-one-unit shares: 344,922 shares
2. Decrease in the number of shares was due to sales of less-than-one-unit shares.

Notes to Deferred Income Taxes

1. Significant components of deferred tax assets

Shares of subsidiaries and affiliates and investments in equity of subsidiaries and affiliates	¥50,250 million
Loss carried forward	¥8,337 million
Other	¥5,144 million
Subtotal	¥63,733 million
Less valuation allowance	(¥62,420 million)
Total deferred tax assets	¥1,312 million

2. Significant components of deferred tax liabilities

Net unrealized holding gains on securities	(¥4,662 million)
Other	(¥1,166 million)
Total deferred tax liabilities	(¥5,828 million)

Notes to Transaction with Related Parties

Type	Company name	Ratio of voting rights held by the Company [Indirect ownership]	Relationship with the Company	
			Directors and corporate auditors	Business relationship
Subsidiary	Lion Pty Ltd	100%	Concurrent 1	Consignment of management guidance service Financial support Underwriting of capital increase
Subsidiary	Lion Nathan Pty Limited	Indirect 100%	-	Guarantees
Subsidiary	Kirin Brewery Co., Ltd.	100%	Concurrent 1	Consignment of management guidance service Lending and borrowing funds
Subsidiary	Kirin Beverage Co., Ltd.	100%	Concurrent 1	Consignment of management guidance service Lending and borrowing funds
Subsidiary	Kirin Group Office Co., Ltd.	100%	Concurrent 2	Consignment of management guidance service Lending and borrowing funds Consignment of indirect business
Subsidiary	Kyowa Hakko Kirin Co., Ltd.	52%	Concurrent 1	Lending and borrowing funds
Subsidiary	Kirin Holdings Investments Brasil Participações S.A.	100%	-	Underwriting of capital increase

Type	Company name	Transaction details	Transaction amount (Millions of yen)	Item	Balance at end of period (Millions of yen)
Subsidiary	Lion Pty Ltd	Lending of loans (Note 1)	16,835	-	-
		Collection of loans (Note 1)	112,659	-	-
		Interest income (Note 1)	1,633	-	-
		Underwriting of capital increase (Note 2)	118,299	-	-
Subsidiary	Lion Nathan Pty Limited	Guarantees (Note 3)	18,862	-	-
Subsidiary	Kirin Brewery Co., Ltd.	Lending of loans (Notes 1 and 4)	73,307	Short-term loans receivable	107,349
		Management fee Brand royalty (Notes 5 and 6)	12,378	Other current assets	1,369
Subsidiary	Kirin Beverage Co., Ltd.	Borrowing of funds (Notes 4 and 7)	26,022	Short-term loans payable	27,452
Subsidiary	Kirin Group Office Co., Ltd.	Consignment of indirect business (Note 8)	6,312	Accrued expenses	537
Subsidiary	Kyowa Hakko Kirin Co., Ltd.	Borrowing of funds (Notes 4 and 7)	65,612	Short-term loans payable	82,473
Subsidiary	Kirin Holdings Investments Brasil Participações S.A.	Underwriting of capital increase (Note 9)	315,329	-	-

Conditions of transactions and policy regarding determination of conditions of transactions

Notes:

1. Interest rates of loans receivable are determined rationally by taking market interest rates into consideration.
2. The Company underwrites a capital increase of Lion Pty Ltd.
3. The Company provides the guarantee to privately placed U.S. bond of Lion Nathan Pty Limited.
4. Lending and borrowing of funds is a transaction based on CMS (Cash Management System) and transaction amounts show average outstanding balance during this fiscal year.
5. Management fees are determined by taking business nature into consideration after mutual consultation.
6. Brand royalties are determined as consideration for the use of brand after mutual consultation.
7. Interest rates of loans payable are determined rationally by taking market interest rates into consideration.
8. The subsidiary is the functionally separated cost-center. The Company pays

consignment fees to cover the operating expenses of the subsidiary.

9. The Company underwrites capital increase of Kirin Holdings Investments Brasil Participações S.A.
10. Transaction amounts above do not include foreign exchange gains or losses. Transaction amounts do not include consumption taxes.

Notes to Per Share Information

1. Net assets per share:	¥955.07
2. Net income per share:	¥42.48

Notes to Subsequent Events

There is no matter that fall under this item.