

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

Stock Code 2503

March 7, 2012

To Our Shareholders:

Convocation Notice of the 173rd Annual Meeting of Shareholders

Dear Shareholders:

Please be advised that the 173rd Annual Meeting of Shareholders of the Company will be held as set forth below. You are cordially requested to attend the Meeting.

Yours very truly,

Senji Miyake
Representative Director and President

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

If you do not plan to attend the Meeting, you may exercise your voting rights in either of the following ways. Please review the accompanying “Reference Documents for the Annual Meeting of Shareholders” and exercise your voting rights by 5:30 p.m., March 28, 2012, (Wednesday) (JST):

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

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

Regarding Disclosure on the Internet

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

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

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

The Consolidated Financial Statements and the Financial Statements, which have been audited by the Corporate Auditors and the Independent Auditor shall include not only the respective documents which are stated in these attached documents to the Convocation Notice of the Annual 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 29, 2012, (Thursday) at 10:00 a.m. (JST)

2. Place:

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

3. Agenda:

Matters to be reported:

- 1) Report on the business report, the consolidated financial statements and the results of the audit of the consolidated financial statements by the Independent Auditors and the Board of Corporate Auditors for the 173rd business term (from January 1, 2011 to December 31, 2011).
- 2) Report on the financial statements for the 173rd business term (from January 1, 2011 to December 31, 2011).

Matters to be voted on:

- | | |
|--------------------|--|
| Proposition No. 1: | Appropriation of surplus |
| Proposition No. 2: | Partial Amendments to the Articles of Incorporation |
| Proposition No. 3: | Election of nine (9) Directors |
| Proposition No. 4: | Election of one (1) Corporate Auditor |
| Proposition No. 5: | Payment of bonuses to Directors and Corporate Auditors |

4. Exercise of Voting Rights

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

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

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

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

Reference Documents for the Annual Meeting of Shareholders

Propositions and information:

Proposition No. 1: Appropriation of surplus

The proposed appropriation of surplus is as follows:

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

Regarding the dividend of the surplus for the term under review, in due consideration of the Company's practice of providing stable dividends to shareholders while considering all of the various factors including the Company's operating results of the term under review, the dividend payout ratio and the future management measures, the Board of Directors proposes the payment of a dividend of ¥13.50 per share, as set forth hereunder. As a result, the annual dividend will amount to ¥27.0 per share (an increase of ¥2.0 per share from the previous term), including an interim dividend of ¥13.50 per share.

1. Matters regarding Year-end dividend:

- (1) Matters related to the allocation of the dividend property to shareholders and the total amount thereof:
¥13.50 per share of the Company's common shares
Total amount: ¥12,983,376,222
- (2) Effective date of appropriation of surplus:
March 30, 2012

2. Other matters concerning appropriation of surplus:

- (1) Account title of increased surplus and the amount thereof:
General reserve: ¥48,000,000,000
- (2) Account title of decreased surplus and the amount thereof:
Retained earnings brought forward: ¥48,000,000,000

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

1. Reason for the proposition

In order to ensure a wide range of choices for the location of meetings of shareholders, the Board of Directors proposes the deletion of Article 13, paragraph 3 in the existing Articles of Incorporation, which limits the locations of meetings of shareholders.

2. Details of Amendments

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

(Amended text is shown underlined.)

Current Text	Proposed Text
Article 13. (Provision Omitted)	Article 13. (Unchanged)
2. (Provision Omitted)	2. (Unchanged)
3. <u>The meeting of shareholders shall be convened in the wards of the Metropolis of Tokyo.</u>	(Deleted)

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

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

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

The candidates for the positions of Director are as follows:

No.	Name (Date of birth)	Profile, title, responsibilities and important positions concurrently held at other companies	Number of shares of the Company held by the candidate
1.	Senji Miyake (January 26, 1948)	<p>April 1970 Joined the Company</p> <p>March 1997 General Manager of Sales Promotion for On-Premise Dept. 1 of Sales & Marketing Div.</p> <p>September 1998 General Manager of Sales Dept. of Sales & Marketing Div.</p> <p>March 2000 General Manager of Off-Premise Sales Dept. of the Metropolitan Regional Sales & Marketing Div.</p> <p>October 2001 General Manager of the Tokai Regional Sales & Marketing Div.</p> <p>March 2002 Director and General Manager of the Tokai Regional Sales & Marketing Div.</p> <p>March 2003 Executive Officer and General Manager of the Tokai Regional Sales & Marketing Div.</p> <p>March 2004 Managing Executive Officer and General Manager of the Metropolitan Regional Sales & Marketing Div.</p> <p>September 2005 Managing Executive Officer and General Manager of the Metropolitan Regional Sales & Marketing Div.</p>	82,000 shares

No.	Name (Date of birth)	Profile, title, responsibilities and important positions concurrently held at other companies	Number of shares of the Company held by the candidate
		<p>March 2006 Managing Executive Officer and President of Beer, Wine, and Spirits Div.</p> <p>July 2007 Representative Director and President of Kirin Brewery Company, Limited</p> <p>March 2009 Representative Director and Executive Vice President of the Company</p> <p>March 2010 Representative Director and President (positions which he continues to hold)</p>	

No.	Name (Date of birth)	Profile, title, responsibilities and important positions concurrently held at other companies	Number of shares of the Company held by the candidate
2.	Hirotake Kobayashi (December 25, 1954)	<p>April 1977 Joined the Company</p> <p>March 2007 Executive Officer and General Manager of Finance & Accounting Dept.</p> <p>July 2007 General Manager of Finance & Accounting Dept. of Kirin Business Expert Company, Limited</p> <p>March 2008 Executive Officer and General Manager of Strategic Planning Dept. of the Company</p> <p>March 2009 Managing Executive Officer and General Manager of Strategic Planning Dept.</p> <p>March 2010 Managing Director (a position which he continues to hold)</p> <p>December 2010 Director of Fraser and Neave Ltd. (an office which he holds now)</p> <p>[Responsible for Group Business Investment and Alliance Strategy and Group Information Strategy]</p>	5,000 shares

No.	Name (Date of birth)	Profile, title, responsibilities and important positions concurrently held at other companies	Number of shares of the Company held by the candidate
3.	Hajime Nakajima (October 3, 1953)	<p>April 1977 Joined the Company</p> <p>March 2004 General Manager of Purchasing Dept.</p> <p>March 2006 General Manager of Nagoya Plant of Production Dept. of Beer, Wine, and Spirits Div.</p> <p>March 2007 Executive Officer and General Manager of Nagoya Plant of Production Dept. of Beer, Wine, and Spirits Div.</p> <p>July 2007 Executive Officer and General Manager of Nagoya Plant of Production Dept. of Kirin Brewery Co., Ltd.</p> <p>March 2008 Executive Officer and General Manager of Production & Quality Control Dept. of Production Div. of Kirin Brewery Co., Ltd.</p> <p>March 2009 Managing Director and General Manager of Production Div. of Kirin Brewery Co., Ltd.</p> <p>March 2011 Managing Director of the Company (a position which he continues to hold)</p> <p>[Responsible for Group Production and Logistics Strategy, Group R&D Strategy, and Group Quality and Environment Strategy]</p>	24,102 shares

No.	Name (Date of birth)	Profile, title, responsibilities and important positions concurrently held at other companies	Number of shares of the Company held by the candidate
4.	Hiroshi Ogawa (August 12, 1955)	<p>April 1979 Joined the Company</p> <p>March 2004 Director and General Manager of General Affairs Dept. of Kirin Logistics Co., Ltd.</p> <p>March 2006 General Manager of Personnel Dept. of the Company</p> <p>July 2007 General Manager of Personnel & Administration Dept.</p> <p>March 2008 Executive Officer and General Manager of Personnel & Administration Dept.</p> <p>March 2010 Executive Officer and General Manager of Corporate Communications Dept.</p> <p>March 2011 Managing Director (a position which he continues to hold) President of Kirin Group Office Company, Limited (offices which he holds now)</p> <p>[Responsible for Group Personnel & General Affairs Strategy and Legal and Internal Audit]</p>	6,102 shares

No.	Name (Date of birth)	Profile, title, responsibilities and important positions concurrently held at other companies	Number of shares of the Company held by the candidate
5.	Seiichi Hashimoto (May 6, 1954) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">New Candidate</div>	April 1978 Joined the Company March 2006 General Manager of Nishi-Nihon Off-Premise Sales Dept. of Nishi-Nihon Regional Sales & Marketing Div. March 2008 President of Kirin Yakult NextStage Company, Limited March 2009 Executive Officer and General Manager of Planning Dept. of Kirin Brewery Co., Ltd. March 2010 Director and General Manager of Planning Dept. of Kirin Brewery Co., Ltd. March 2011 Managing Director and General Manager of Planning Dept. of Kirin Brewery Co., Ltd. (positions which he continues to hold)	4,205 shares

No.	Name (Date of birth)	Profile, title, responsibilities and important positions concurrently held at other companies		Number of shares of the Company held by the candidate
6.	Masahito Suzuki (September 9, 1957) New Candidate	April 1980 March 2007 March 2008 March 2009	Joined the Company General Manager of Finance & Accounting Dept. of Kirin Beverage Company, Limited Executive Officer and General Manager of Corporate Planning Dept. of Kirin Beverage Co., Ltd. Director and General Manager of Corporate Planning Dept. of Kirin Beverage Co., Ltd. (positions which he continues to hold)	6,000 shares
7.	Keisuke Nishimura (December 7, 1956) New Candidate	April 1980 March 2007 March 2009 April 2009 October 2011	Joined the Company Chairman and CEO of Kirin (China) Investment Co., Ltd. Director of San Miguel Corporation Director and Executive Vice President of San Miguel Brewery Inc. Director of San Miguel Brewery Inc. (an office which he holds now) Executive Officer and General Manager of Strategy Planning Dept. of the Company (positions which he continues to hold)	14,306 shares

No.	Name (Date of birth)	Profile, title, responsibilities and important positions concurrently held at other companies	Number of shares of the Company held by the candidate
8.	Shigemitsu Miki (April 4, 1935)	<p>April 1958 Joined The Mitsubishi Bank, Limited</p> <p>June 2000 President of The Bank of Tokyo-Mitsubishi, Ltd.</p> <p>April 2001 President and Representative Director of Mitsubishi Tokyo Financial Group, Inc.</p> <p>June 2004 Chairman and Representative Director of The Bank of Tokyo-Mitsubishi, Ltd. Director of Mitsubishi Tokyo Financial Group, Inc.</p> <p>October 2005 Director of Mitsubishi UFJ Financial Group, Inc.</p> <p>January 2006 Chairman and Representative Director of The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>April 2008 Senior Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>March 2010 Director of the Company (a position which he continues to hold)</p> <p>April 2010 Senior Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (an office which he holds now)</p>	0 shares

No.	Name (Date of birth)	Profile, title, responsibilities and important positions concurrently held at other companies	Number of shares of the Company held by the candidate
9.	Toshio Arima (May 31, 1942) Independent Director	<p>April 1967 Joined Fuji Xerox Co., Ltd.</p> <p>June 2002 President and Representative Director of Fuji Xerox Co., Ltd.</p> <p>October 2006 Director of FUJIFILM Holdings Corporation</p> <p>June 2007 Director and Executive Advisor to the Board of Fuji Xerox Co., Ltd.</p> <p>June 2008 Executive Corporate Advisor of Fuji Xerox Co., Ltd. (an office which he holds now)</p> <p>March 2011 Director of the Company (a position which he continues to hold)</p>	0 shares

- (Notes)
1. No conflict of interests exists between the Company and each candidate.
 2. Messrs. Shigemitsu Miki and Toshio Arima are candidates for outside Directors.
 3. The Board of Directors has nominated Messrs. Shigemitsu Miki and Toshio Arima as outside Directors because of its expectation that, from their considerable experiences acquired over many years as corporate executives, they will provide valuable opinions and suggestions to the management of the Company.
 4. The Bank of Tokyo-Mitsubishi UFJ, Ltd., where Mr. Shigemitsu Miki held a position of Director, received orders for improvement of business operation from the Financial Services Agency (of Japan) relating to the execution of problematic transactions concerning compliance administration, and relating to its preventive measures against money laundering in the U.S.
Nippon Steel Corporation, where he holds a position of outside Corporate Auditor, received a payment order for surcharge for the violation of the Antimonopoly Act in relation to its orders received concerning steel bridge superstructure work and others. Although he had not perceived the impropriety in advance, he has properly audited the status of compliance with relevant laws and regulations including the Antimonopoly Act and has been calling attention to such matters to directors and relevant personnel from time to time. After the fact was revealed, he strongly demanded the directors to recheck the status of compliance with the Antimonopoly Act and to make efforts to establish measures to prevent the matter from recurring and, in addition, has audited the status of compliance with laws and regulations of the directors and relevant personnel.

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

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. Mr. Shigemitsu Miki was Chairman and Director of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (former The Bank of Tokyo-Mitsubishi, Ltd. until December 2005) from June 2004 to March 2008. It is a bank with which the Company has major transactions.
7. The years served (as of the close this Annual Meeting of Shareholders) by the candidates for the position of outside Director since their election as outside Directors are as follows:
 - (1) Mr. Shigemitsu Miki : 2 years
 - (2) Mr. Toshio Arima: 1 year
8. Mr. Arima is a candidate for the position of Independent Director as prescribed in the regulations of Tokyo Stock Exchange, Inc, etc.

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

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

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

The Board of Corporate Auditors has consented to this proposition.

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

Name (Date of birth)	Profile, title and important positions concurrently held at other companies	Number of shares of the Company held by the candidate
Kimie Iwata (April 6, 1947) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">New Candidate</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Independent Auditor</div>	April 1971 Entered the Ministry of Labour June 2004 Director and Corporate Officer of Shiseido Company, Limited April 2007 Director and Corporate Executive Officer of Shiseido Company, Limited April 2008 Director and Executive Vice President of Shiseido Company, Limited June 2008 Representative Director and Executive Vice President of Shiseido Company, Limited (an office which she holds now)	0 shares

- (Notes)
1. No conflict of interests exists between the Company and Ms. Kimie Iwata.
 2. Ms. Kimie Iwata is a candidate for outside Corporate Auditor.
 3. The Board of Directors has nominated Ms. Iwata as outside Corporate Auditor because it believes that she will execute the duties of this office appropriately based on her extensive knowledge and deep insight into corporate management, in addition to her long years of experience in the public administration field.
 4. Ms. Iwata is a candidate for the position of Independent Auditor as prescribed in the regulations of Tokyo Stock Exchange, Inc, etc.

Proposition No. 5: Payment of bonuses to Directors and Corporate Auditors

In due consideration of the Company's consolidated operating results of the term under review, etc, the Board of Directors proposes the payment of bonuses of ¥140.55 million in total to nine (9) Directors who held office as of the end of this fiscal year (of which, ¥2.0 million will be paid to two (2) outside Directors). It also proposes the payment of bonuses of ¥14.22 million in total to five (5) Corporate Auditors who held office as of the end of this fiscal year (of which, ¥3.0 million will be paid to three (3) outside Corporate Auditors).

- END -

(Attached documents)

BUSINESS REPORT

(For the period from January 1 to December 31, 2011)

1. Overview of Kirin Group business activities

(1) Developments and results of business activities

During this consolidated fiscal year, the Japanese economy saw progress in eliminating supply side constraints due to the Great East Japan Earthquake, and consumer spending remained firm; however, the economic slowdown overseas and the impact of yen appreciation, etc. resulted in a pause in the trend toward economic recovery.

In these circumstances, the Kirin Group continued working toward “qualitative expansion,” in the second year of the Kirin Group’s 2010-2012 medium-term business plan, which marks the second stage in realizing the aims of Kirin’s long-term business framework, Kirin Group Vision 2015 (“KV2015”).

In the Japanese market, we further pursued an integrated beverages group strategy primarily through the Kirin Brewery Company, Limited and the Kirin Beverage Company, Limited, while striving to further increase profitability and efficiency across the Group under the direction of functionally organized Cross Company Teams.

Due to the occurrence of the Great East Japan Earthquake, the Kirin Brewery Co., Ltd. and other Group companies were affected in ways such as suffering damage to production facilities and shortages of materials, but all supply chains are currently restored to nearly normal conditions.

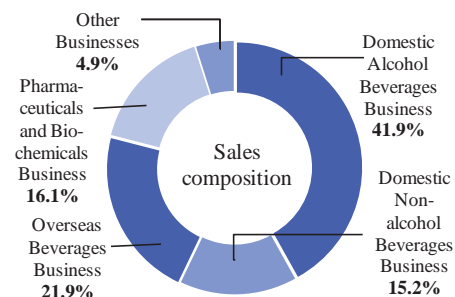
Overseas, we have made efforts to increase profitability and efficiency at Lion Pty Ltd in Australia. In addition, we strengthened our business infrastructure in the soft drink market in Southeast Asia and China, where rapid growth is expected, through the acquisition of shares in the Vietnamese beverage manufacturer and vendor Interfood Shareholding Company in March, and by establishing a non-alcohol beverage joint venture in China with China Resources Enterprise, Limited in August. Furthermore, in August and November, we acquired stakes in the holding companies of Schincariol Participações e Representações S.A. that is operating beer and soft drinks businesses in Brazil, thereby making the company our wholly-owned subsidiary. We have thus pushed forward with our international integrated beverages group strategy through acquisition of this new business infrastructure in Brazil, an area of remarkable growth, in addition to the key Asia and Oceania region.

Regarding the injunction and main lawsuit filed in a local court in Brazil by the company’s minority shareholders in connection with the acquisition of stakes in Schincariol Participações e Representações S.A., we have already reached an agreement to drop the case and settled.

Consequently, profitability and efficiency of the entire Group were further improved. However, owing to the impact of the Great East Japan Earthquake on the domestic alcohol

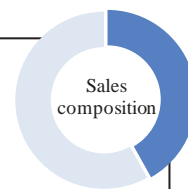
beverages business and ongoing challenges in the business environment of the overseas beverages business, etc., sales, operating income and ordinary income in this consolidated fiscal year declined. Also, due to the recording of such losses as loss on devaluation of investment securities, loss related to the Great East Japan Earthquake, and loss on impairment of fixed assets, net income decreased.

Consolidated sales	¥2,071.7billion (down 4.9% compared to the previous term)
Consolidated operating income	¥142.8 billion (down 5.8% compared to the previous term)
Consolidated ordinary income	¥136.8 billion (down 2.9% compared to the previous term)
Consolidated net income	¥7.4 billion (down 35.0% compared to the previous term)



Domestic Alcohol Beverages Business Division

Consolidated sales: ¥868.2 billion (down 6.5% compared to the previous term)
Consolidated operating income: ¥70.5 billion (down 3.6% compared to the previous term)



In the domestic alcohol beverages business, Kirin Brewery Co., Ltd. strove to further strengthen its core brands with a view to achieving a recovery in sales in spite of being affected by lowered consumer confidence and constraints on the manufacturing and supply system following the Great East Japan Earthquake. In the beer, *happo-shu*, and new genre market, sales of *Kirin Ichiban Shibori* and *Tanrei Green Label* maintained strong level, while cumulative sales of *Kirin Nodogoshi Nama* topped 10 billion. In RTD*, sales were robust for *Kirin Chuhai Hyoketsu Yasashii Kajitsu no 3%*, the new proposition in the under-3%-alcohol soft category.

Regarding the non-alcohol beer-taste beverage *Kirin FREE*, the number of restaurants in Japan carrying it rose to over 100,000, and we began test-marketing the product in the U.S.

The Sendai Plant, which had stopped operation due to damages from the Great East Japan Earthquake, resumed beer-brewing in late September, and started shipments in early November. The first product shipped, *Ichiban Shibori Toretate Hop*, was sold nationwide as a symbol of the Sendai Plant's recovery, and recorded above-average sales.

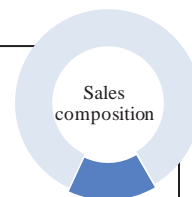
Meanwhile, we promoted sharing delivery services for small orders with Asahi Breweries, Ltd. in order to reduce the environmental burden and increase the efficiency of operations in the area of distribution and we have built a system of collaboration that goes beyond existing frameworks from the perspective of "competition and cooperation."

At Mercian Corporation, sales were favorable for domestic table wines such as *Mercian Oishii-Sankaboshizai-Mutenka Wine*, besides, imported table wines such as the Chilean *Frontera* recorded strong sales. The newly-launched Australian wine *Tatiara*, developed for the Japanese market in collaboration with the subsidiary of Lion Pty Ltd, St Hallett, has been praised for its flavor designed to complement Japanese meals, and has been selling strongly. Furthermore, the non-alcohol wine-taste beverage *Mercian Free Sparkling*, jointly developed with Kirin Brewery Co., Ltd., leader of the expanding non-alcohol beverages market, posted sales far exceeding target levels. Mercian Corp. split off its pharmaceuticals and chemicals business, in order to concentrate management resources on the alcohol beverages business, with a focus on wine.

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

Domestic Non-alcohol Beverages Business Division

Consolidated sales: ¥314.5 billion (down 9.5% compared to the previous term)
Consolidated operating income: ¥2.8 billion (up 14.2% compared to the previous term)

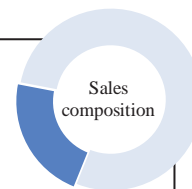


In the domestic non-alcohol beverages business, Kirin Beverage Co., Ltd. worked to enhance product value and the sales force, while continuing with revenue structure reform with the aim of rebuilding competitiveness to realize growth.

Core brand *Kirin Gogo-no-Kocha* marked record high sales performance for the second consecutive year, driven by the unsweetened tea *Kirin Gogo-no-Kocha Oishii Sugar-Free* that have expanded occasions for tea-drinking, etc. For *Kirin FIRE*, we developed products in both cans and in PET bottles to suit the distinct tastes and occasions of different generations of coffee drinkers. Under the *KIRIN Plus* brand, which was launched by the Group-wide “Kirin Health Project” a healthy tea blend *Karada Omoi-Cha Poppo-Cha* was brought out, and enjoyed robust sales. In addition, demand for water has expanded since the Great East Japan Earthquake, and shipments of *Kirin Alkali-ion-no-Mizu* and *Volvic* have remained high.

Overseas Beverages Business Division

Consolidated sales: ¥454.2 billion (up 12.4% compared to the previous term)
Consolidated operating income: ¥15.3 billion (down 32.8% compared to the previous term)



In the overseas beverages business, Lion Pty Ltd has endeavored to increase profitability and efficiency by conducting marketing focused on enhancing brand strength in both the alcohol beverages business and soft drinks business. Although the Australian economy has enjoyed continuing growth driven by strong performance in the resources industry, rising interest rates and increasing energy costs, etc. have led to stagnant consumption. As a result, domestic consumer industries, mainly the food and retail sectors, continue to face a tough business climate. Furthermore, unseasonable weather during summer, which is the peak demand period, and the following natural disasters had an impact on production and sales.

Under these circumstances, Lion Pty Ltd stepped up efforts to create new categories in the alcohol beverages business, and moved forward with a shift toward a higher priced product line, resulting in a gradual recovery in revenue. Sales of one of the core brands, *XXXX Summer Bright Lager*, continued to show robust expansion, and we endeavored to strengthen the brand through the launch of new products in the growing cider category from both the *Tooheys* and *James Squire* brands.

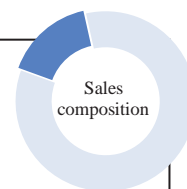
At the same time, in the midst of a challenging market climate where customers are increasingly cost-conscious, in the soft drinks business of Lion Pty Ltd, we are pushing ahead with sweeping efforts across the whole value chain in order to improve medium-term

profitability by promoting cost cutting measures including optimizing the business facilities, and improving procurement methods for raw materials, and enhancing brand strength. Especially, the flavored milk *Dare*, currently being developed as a nationwide brand, posted a significant increase in sales volume compared to the previous term.

Pharmaceuticals and Biochemicals Business Division

Consolidated sales: ¥332.8 billion (down 17.9% compared to the previous term)

Consolidated operating income: ¥49.4 billion (up 1.5% compared to the previous term)



In the pharmaceuticals business, Kyowa Hakko Kirin Co., Ltd's core product *NESP*, a treatment for nephrogenic anemia, performed well. In addition, sales of the anti-allergic medicine *ALLELOCK* and anti-allergic eye drop *Patanol* showed a significant increase from the previous term due to above-average levels of pollen dispersal, etc.

Regarding pharmaceutical exports and licensing-out of technologies, although revenues from licensing-out of technologies were lower than the previous term, exports remained steady, mainly to Asia.

In R&D, development of new drug candidates both in Japan and abroad proceeded smoothly, such as making an application for approval of *KW-0761*, a humanized monoclonal antibody that uses proprietary antibody technologies in April.

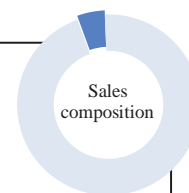
In April, we acquired all shares in ProStrakan Group plc, a British specialty pharmaceutical company that has development and distribution systems for ethical pharmaceuticals including cancer related field in the U.S. and Europe. Furthermore, in November, we concluded a basic agreement with Fujifilm Corporation, to establish a joint venture that develops highly reliable, high quality and competitive products in the fast-growing biosimilars market.

In the biochemicals business, Kyowa Hakko Bio Co., Ltd. experienced growth in overseas demand for pharmaceutical and industrial use raw materials, mainly amino acids, nucleic acids and related compounds. Although aggressive efforts to expand sales led to an increase in sales volume, the considerable impact of yen appreciation kept levels below those of the previous term.

In March, Kyowa Hakko Kirin Co., Ltd. transferred all of its shares held in Kyowa Hakko Chemical Co., Ltd.

Other Businesses Divisions

Consolidated sale: ¥101.9 billion (up 10.8% compared to the previous term)
Consolidated operating income: ¥6.2 billion (down 22.8% compared to the previous term)



At Kirin Kyowa Foods Company, Limited, we further strengthened our relationship with our customers after the Great East Japan Earthquake. Our endeavors to provide products and services to meet customer needs resulted in expanded sales mainly in raw materials for processed food manufacturers.

(2) Future challenges

The Kirin Group kicked off 2012 as the final year in the 2010-2012 medium-term business plan, which marks the second stage in realizing the aims of KV2015, Kirin's long-term management vision.

In 2012, we will continue to advance measures aimed at increasing profitability, and will promote Group-wide corporate structural reform and lean management through elimination of strain, waste, and irregularity. At the same time, we will enhance brand strength and beef up the sales force, while promoting sales expansion and turnover by offering new value to meet the needs of our customers. Through the collective strength of the Group, we will commit to accomplish the plan. Furthermore, as this year leads up to the final medium-term business plan of KV2015, we will also move forward with our efforts with an eye towards medium-to long-term growth.

Basic management strategies

1. Promote an integrated beverages group strategy in Japan through brand-focused management
2. Pursue growth in integrated beverages business overseas
3. Enhance global capacity and strengthen a domestic base of pharmaceuticals business
4. Strengthen Group management capabilities accompanying the advance of internationalization
5. Engage in CSR activities that enhance Kirin's coexistence with society

Domestic Alcohol Beverages Business Division

At Kirin Brewery Co., Ltd., we aim to increase sales by continuing selecting and focusing on promising brands in the beer, *happo-shu*, new genre, non-alcohol beer-taste beverage and RTD categories, and nurturing brands with an eye on the long term, as well as creating new value rooted in the deep needs of our customers. In addition, under Kirin Beer Marketing Company, Limited, a new company established in January of this year through the consolidation of the sales division of Kirin Brewery Co., Ltd. and Kirin Merchandising Co.,

Ltd., we will build a strong and efficient sales structure that is integrated with local communities to advance value-oriented marketing based on a business solution approach through proposals from a perspective closer to that of our customers. By promoting structural reform across the entire value chain, and constantly striving to cut costs, we will realize an increase in profitability and enhance competitiveness. Overseas, we will further expand sales and exports of *Kirin Ichiban Shibori* to Europe, the U.S., and Asia, and accelerate development of the Kirin beer brand abroad.

At Mercian Corp., we will concentrate management resources on the alcohol beverages business, centered on wine, in order to nurture and strengthen brand products that aim to be No. 1 in their categories. Working together with Kirin Beer Marketing Co., Ltd., we will develop quality in our value-oriented marketing, and expand sales, while continuing efforts to increase profitability by practicing lean management through cost reduction and consolidation of functions within the Group.

Domestic Non-alcohol Beverages Business Division

At Kirin Beverage Co., Ltd., we will continue our efforts to reform the revenue structure, and we will also strengthen product value and the sales force to rebuild competitiveness, with the aim of expanding earnings through sales growth. In enhancing product value, we will establish the firm position of our core brands, as well as strengthen initiatives in the unsweetened tea category. Also, we will further advance our channel specific product strategy by proposing products with new value beyond categories. In strengthening our sales force, we will promote value-oriented marketing based on a problem-solving approach, and aim at increasing sales volume and expanding revenues for all channels, including mass retailers, convenience stores, and vending machines. In addition, we will promote coordination within the Group, and support for overseas businesses.

Domestically, we will continue with structural reform of the entire value chain, as well as strengthen brand management through the realization of management centered on product brands at Kirin Brewery Co., Ltd., Mercian Corp., and Kirin Beverage Co., Ltd. We will pursue growth of the overall domestic integrated beverages business by promoting collaboration between the companies and accelerating the creation of synergies.

Overseas Beverages Business Division

Overseas, we will pursue growth by strengthening the infrastructure in each region, especially Asia and Oceania regions where we continue to focus on, with the newly obtained business infrastructure in Brazil that will provide the next opportunities for growth, and by working across sectors and borders. Furthermore, we will move ahead with development and reinforcement of the Group management structure in order to realize global medium-to long-term growth.

At Lion Pty Ltd, which is promoting an integrated beverages business in Oceania, we continue to work to increase profitability and efficiency through marketing which is focusing on enhancing brand strength. In the alcohol beverages business, we are further promoting

efforts to create new categories and shift our product line into a higher price bracket. At the same time, we are leveraging our enhanced portfolio with the addition of newly acquired international brands. In the soft drinks, we are proceeding with sweeping efforts to improve profitability, including ongoing optimization of the manufacturing business facilities, while promoting measures to enhance brand strength.

In Southeast Asia, we are accelerating the generation of Group synergy centered on the regional headquarters, Kirin Holdings Singapore Pte. Ltd. In Singapore and Malaysia, we will launch products from the Kirin Beverage brand in the first half of this year, and will use the sales network of Fraser and Neave, Limited, to expand sales. In Vietnam and Thailand, we will optimize the value chain through consolidation and reorganization of Group beverages business companies including Interfood Shareholding Company, while enhancing product development capability in line with local preferences, and establish a system to accommodate market growth. Furthermore, in China, the China Resources Kirin Beverages (Greater China) Company Ltd., which is a joint venture with China Resources Enterprise, Limited, will expand the beverages business through deploying into new markets and putting products on the market.

At Schincariol Participações e Representações S.A. in Brazil, under its new management structure, we will strengthen core brands and flexibly respond to structural changes in the market in order to further expand sales, while striving to improve profitability through radical improvement in procurement process, reinforcement of functions along the value chain and achievement of greater efficiency in sales promotion activities.

Pharmaceuticals and Biochemicals Business Division

In the pharmaceuticals business being operated by Kyowa Hakko Kirin Co., Ltd., we continue to strengthen the sales force in order to expand sales of core products, and at the same time, strive to achieve rapid market penetration with new products in our base domestic market. In addition, regarding *KW-0761*, a humanized monoclonal antibody using proprietary antibody technologies, we made the world's first application for pharmaceutical sales and manufacturing approval last year and are planning a market launch this year. Furthermore, this spring we plan to establish a joint venture with Fujifilm Corporation to build a new business model in the biosimilars market. Overseas, we will upgrade the sales force in Asia, particularly in the Chinese market, while enhancing development structures. In Europe and the U.S., we will strengthen our ties with ProStrakan Group plc, and more actively pursue global expansion of development and sales.

In the biochemicals business being operated by Kyowa Hakko Bio Co., Ltd., we will work toward business growth by globally expanding sales of amino acids, nucleic acids and related compounds, mainly in the high value-added fields of pharmaceutical, medical, and health care applications.

Other Businesses Divisions

At Kirin Kyowa Foods Co., Ltd., we are positioning the processing business that is deploying industrial-use seasonings and food ingredients for processed food manufacturers as a core business and we will promote a value-proposal-style business for customers in Japan and overseas by continuing our effort to improve and strengthen the development and sales structures of the processing business.

CSR Initiatives

As a corporate group that redefines the joy of food and health, the Kirin Group has given CSR a high priority. Taking “fostering bonds with all stakeholders” as our theme, we are addressing to resolve social challenges through our business.

The Group as a whole is committed to continuing efforts to support recovery of the communities affected by the Great East Japan Earthquake, and has pledged ¥6.0 billion in contributions over three years under the “Kirin *Kizuna* Project: Support for Reconstruction.” This year, which is the second year of the project, the Group moves as one in ongoing efforts matched to the needs of the affected communities. In addition, we are enhancing collaboration within the Group and strengthening communication with customers to promote greater safety and security in the area of food and health, including addressing the issue of radioactive substances.

In terms of conserving the global environment, the entire Group is united in working to reduce the environmental burden across whole product value chains, through measures already in place such as reduction of CO₂ emissions, procurement practices that consider biodiversity conservation.

Furthermore, as part of the social responsibility of a corporate group whose business is focused on manufacturing and selling alcohol beverages, we will further engage in the activities to get across its message against drunk driving by offering a non-alcohol beer-taste beverage *Kirin FREE*, and to illumine consumers on responsible drinking.

At the same time, we will also strive to increase the effectiveness of our compliance and risk management systems, an integral part of any CSR mission.

The Kirin Group sets up “*Oishisa wo Egao ni*” (*Good taste makes you smile*), as a Group slogan, and the Kirin Group fosters a close relationship with customers through products that bring them the joy of food and health.

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

(3) State of assets and income

Item	170th term	171st term	172nd term	173rd term
	(Jan. 1, 2008 – Dec. 31, 2008)	(Jan. 1, 2009 – Dec. 31, 2009)	(Jan. 1, 2010 – Dec. 31, 2010)	(Jan. 1, 2011 – Dec. 31, 2011)
Sales	¥2,303,569 million	¥2,278,473 million	¥2,177,802 million	¥2,071,774 million
Operating income	¥145,977 million	¥128,435 million	¥151,612 million	¥142,864 million
Ordinary income	¥103,065 million	¥144,614 million	¥140,969 million	¥136,818 million
Net income	¥80,182 million	¥49,172 million	¥11,394 million	¥7,407 million
Net income per share	¥84.01	¥51.54	¥11.95	¥7.70
Net Assets	¥1,149,998 million	¥1,198,869 million	¥1,159,036 million	¥1,047,895 million
Net Assets per share	¥972.19	¥1,029.35	¥1,000.51	¥886.86
Total Assets	¥2,619,623 million	¥2,861,194 million	¥2,649,197 million	¥2,854,254 million

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

(Sales)	(Millions of yen)	
	172nd term	173rd term
Business division	(Jan. 1, 2010 – Dec. 31, 2010)	(Jan. 1, 2011 – Dec. 31, 2011)
Domestic Alcohol Beverages Business	928,480	868,233
Domestic Non-alcohol Beverages Business	347,769	314,568
Overseas Beverages Business	403,977	454,216
Pharmaceuticals and Biochemicals Business	405,602	332,843
Other Businesses	91,972	101,912
Total	2,177,802	2,071,774

(Operating income)	(Millions of yen)	
	172nd term	173rd term
Business division	(Jan. 1, 2010 – Dec. 31, 2010)	(Jan. 1, 2011 – Dec. 31, 2011)
Domestic Alcohol Beverages Business	73,239	70,580
Domestic Non-alcohol Beverages Business	2,453	2,802
Overseas Beverages Business	22,907	15,388
Pharmaceuticals and Biochemicals Business	48,719	49,447
Other Businesses	8,104	6,259
(Elimination and unallocatable costs)	(3,811)	(1,613)
Total	151,612	142,864

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

(4) Plant and equipment investment

Consolidated plant and equipment investment for the term under review amounted to ¥79.8 billion on a payment basis.

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

1) Major facilities completed during the term under review

There are no applicable items.

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

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

(5) Financing

The aggregate amount of loans payable, including bonds, was ¥1,065.1 billion as of the end of the term under review.

The major financing during the term under review consisted of the issuance of unsecured straight bonds by the Company totaling ¥70.0 billion and long-term loans from financial institutions totaling ¥210.0 billion. The funds were raised mainly for the purpose of acquiring stakes in Schincariol Participações e Representações S.A.

[The information hereunder is as of December 31, 2011, unless noted otherwise.]

(6) Description of the main businesses

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

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

(7) Major business offices, plants, etc.

1) Kirin Holdings Co., Ltd.

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

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

2) Subsidiaries

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

(8) Employees

Business division	Number of employees (persons)
Domestic Alcohol Beverages	7,165
Domestic Non-alcohol Beverages	4,393
Overseas Beverages	19,032
Pharmaceuticals and Biochemicals	7,229
Others	2,278
Administration	251
Total	40,348

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

(9) Significant subsidiaries, etc.

1) Significant subsidiaries

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

(Note) The ratio of shareholding includes indirect holdings.

2) Significant affiliated companies

Company name	Location	Capital	Ratio of shareholding	Description of principal businesses
San Miguel Brewery Inc.	Metro Manila, the Philippines	₱15,410 million	48.4%	Production and sale of beer
Fraser and Neave, Limited	Singapore	S\$1,417 million	15.0%	Production and sale of beverages and foods, etc.
Kirin-Amgen, Inc.	California, U.S.A.	U.S.\$10	50.0%	Research and development of pharmaceuticals

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

- 1) In January 2011, the Company made Kirin Kyowa Foods Co., Ltd. its wholly owned subsidiary by purchasing all shares of the company that Kyowa Hakko Kirin Co., Ltd. held.
- 2) In March 2011, Kyowa Hakko Kirin Co., Ltd. transferred all of its shares held in Kyowa Hakko Chemical Co., Ltd.
- 3) In April 2011, Kyowa Hakko Kirin Co., Ltd. acquired all shares of British company ProStrakan Group plc.
- 4) In July 2011, Mercian Corp. spun off its pharmaceuticals and chemicals business.
- 5) In August 2011, the Company, jointly with China Resources Enterprise, Limited, established China Resources Kirin Beverages (Greater China) Company, Ltd.
- 6) In August and November 2011, the Company acquired stakes in the holding companies of Brazilian company Schincariol Participações e Representações S.A., making the company its wholly owned subsidiary.

(11) Principal lenders and the amount of loans

Lender	Outstanding amount of loan
Syndicated loans	¥269,000 million
Mitsubishi UFJ Trust and Banking Corporation	¥55,000 million

(Note) The syndicated loans are arranged by The Bank of Tokyo-Mitsubishi UFJ, Ltd. as the agent bank (including co-agent bank).

2. State of shares

(1) Total number of shares authorized to be issued

1,732,026,000 shares

(2) Total number of issued shares

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

(3) Number of shareholders

140,598 persons
(Decreased by 245 persons from the end of the previous term)

(4) Major shareholders (top ten)

Name of shareholder	Number of shares held by the shareholder (thousand shares)	Ratio of shares held (%)
Japan Trustee Services Bank, Ltd. (Trust account)	48,687	5.1
The Master Trust Bank of Japan, Ltd. (Trust account)	48,556	5.0
Meiji Yasuda Life Insurance Company	35,046	3.6
Isono Shokai, Limited	23,272	2.4
Japan Trustee Services Bank, Ltd. (Trust account 4)	19,355	2.0
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	19,251	2.0
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	19,065	2.0
State Street Bank and Trust Company 505041	14,753	1.5
The Mellon Bank, N.A. Treaty Client Omnibus	14,666	1.5
The Nomura Trust and Banking Co., Ltd. (Retirement Benefit Trust for Mitsubishi UFJ Trust and Banking Corporation)	11,621	1.2

(Note) Ratio of shares held excludes treasury stock (3,268 thousand shares).

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

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

Title	Name	Responsibilities and important positions concurrently held at other companies
Chairman of the Board	Kazuyasu Kato	–
President (Representative Director)	Senji Miyake	–
Managing Director (Representative Director)	Yoshiharu Furumoto	Responsible for Group Financial Strategy and PR & IR Strategy Director of Lion Pty Ltd
Managing Director	Yoshinori Isozaki	Responsible for Group CSR Strategy and Group Procurement Strategy Director of San Miguel Brewery Inc., Director of China Resources Kirin Beverages (Greater China) Co., Ltd., Director of Kyowa Hakko Kirin Co., Ltd.
Managing Director	Hirotake Kobayashi	Responsible for Group Business Investment and Alliance Strategy and Group Information Strategy Director of Fraser and Neave Ltd.
Managing Director*	Hajime Nakajima	Responsible for Group Production and Logistics Strategy, Group R&D Strategy, and Group Quality and Environment Strategy
Managing Director*	Hiroshi Ogawa	Responsible for Group Personnel & General Affairs Strategy and Legal and Internal Audit President of Kirin Group Office Co., Ltd.
Director	Shigemitsu Miki	Senior Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Director*	Toshio Arima	Executive Corporate Advisor of Fuji Xerox Co., Ltd.
Standing Corporate Auditor*	Kazuyoshi Suzusho	Corporate Auditor of Kirin Beverage Co., Ltd. and Kirin Group Office Co., Ltd.
Standing Corporate Auditor*	Naoki Hyakutake	Corporate Auditor of Kirin Brewery Co., Ltd. and Mercian Corp.

Title	Name	Responsibilities and important positions concurrently held at other companies
Corporate Auditor	Teruo Ozaki	President of Teruo Ozaki & Co. (Certified Public Accountant) Director of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Corporate Auditor	Kazuo Tezuka	Attorney at Kaneko & Iwamatsu
Corporate Auditor*	Nobuyuki Oneda	–

(Notes) 1. Directors and Corporate Auditors marked with an asterisk (*) newly assumed office as of March 29, 2011.

2. Messrs. Shigemitsu Miki and Toshio Arima are outside Directors.
3. Messrs. Teruo Ozaki, Kazuo Tezuka, and Nobuyuki Oneda are outside Corporate Auditors.
4. Director Mr. Toshio Arima and Corporate Auditors Messrs. Kazuo Tezuka and Nobuyuki Oneda are independent director/corporate auditors as required by the provisions that Tokyo Stock Exchange, Inc., etc. prescribed.
5. Business relations involving cash loans, etc. exist between the Company and The Bank of Tokyo-Mitsubishi UFJ, Ltd., where Director Mr. Shigemitsu Miki and Corporate Auditor Mr. Teruo Ozaki both hold important positions concurrently.
6. Business relations associated with copy machines transactions exist between the Company and Fuji Xerox Co., Ltd., where Director Mr. Toshio Arima holds an important position concurrently.
7. Corporate Auditor Mr. Teruo Ozaki is a certified public accountant and has a wealth of expertise in finance and accounting.
8. Corporate Auditor Mr. Nobuyuki Oneda held the position of CFO at SONY CORPORATION and has a wealth of expertise in finance and accounting.
9. Directors and Corporate Auditors listed hereunder retired as of March 29, 2011.

Executive Vice President (Representative Director)	Kazuhiro Sato
Managing Director	Yuji Owada
Director	Akira Gemma
Standing Corporate Auditor	Hitoshi Oshima
Standing Corporate Auditor	Tetsuo Iwasa
Corporate Auditor	Toyoshi Nakano

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

Type	Directors		Corporate Auditors		Total	
	Number of persons	Amount (millions of yen)	Number of persons	Amount (millions of yen)	Number of persons	Amount (millions of yen)
Annual remuneration monthly paid	12 [3]	414 [23]	8 [4]	104 [35]	20 [7]	518 [58]
Bonus	9 [2]	140 [2]	5 [3]	14 [3]	14 [5]	154 [5]
Total	–	554 [25]	–	119 [38]	–	673 [63]

- (Notes) 1. Nine (9) Directors and five (5) Corporate Auditors remain in their positions as of December 31, 2011. The total amount above includes the remunerations to Directors and Corporate Auditors who retired from office as of March 29, 2011.
2. The numbers in brackets of each respective item indicate the number of and the remuneration for outside Directors and Corporate Auditors included in the number above.
3. The remuneration limit for Directors is ¥50 million per month (Resolved at the 164th Annual Meeting of Shareholders on March 28, 2003).
4. The remuneration limit for Corporate Auditors is ¥9 million per month (Resolved at the 167th Annual Meeting of Shareholders on March 30, 2006).
5. The above bonus for Directors and Corporate Auditors is an amount expected to be paid on condition that the original proposition No. 5 of the 173rd Annual Meeting of Shareholders is approved.

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

Title	Name	Attendance at Board of Directors Meetings	Attendance at Board of Corporate Auditors Meetings	Statements contribution
Director	Shigemitsu Miki	13 times of 19 meetings	–	He made statements based on his experience and perspective as a bank management executive.
	Toshio Arima	13 times of 14 meetings	–	He made statements based on his experience and perspective as a corporate management executive.
Corporate Auditor	Teruo Ozaki	18 times of 19 meetings	12 times of 13 meetings	He made statements primarily from his professional perspective as a CPA.
	Kazuo Tezuka	19 times of 19 meetings	12 times of 13 meetings	He made statements primarily from his professional perspective as an attorney.
	Nobuyuki Oneda	13 times of 14 meetings	10 times of 10 meetings	He made statements based on his experience and perspective as a corporate management executive.

- (Notes)
1. The Board of Directors Meetings applicable to Director Mr. Toshio Arima are only those held subsequent to his assumption of office on March 29, 2011.
 2. The Board of Directors Meetings and the Board of Corporate Auditors Meetings applicable to Corporate Auditor Mr. Nobuyuki Oneda are only those held subsequent to his assumption of office on March 29, 2011.

4. Status of Independent Auditor

(1) Name of Independent Auditor

KPMG AZSA LLC

(2) Remunerations to the Independent Auditor

1)	Amount of remunerations paid for services as the Independent Auditor during the fiscal year under review	¥91 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	¥278 million

- (Notes) 1. The audit agreement between the Independent Auditor and the Company does not separately stipulate audit remunerations based on the Corporate Law or the Financial Instruments and Exchange Act. Hence, the remunerations in 1) above do not separate these two types of payment.
2. The Company pays the Independent Auditor consideration for services such as financial due diligence, which are not the services set forth in Article 2, paragraph (1) of the Certified Public Accountants Law.
3. Among the significant subsidiaries of the Company, three (3) companies including Kyowa Hakko Kirin Co., Ltd. are subject to audits of accounts (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 corporation (including overseas auditors possessing similar qualifications) other than the Independent Auditor of the Company.

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

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

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

5. System to secure the appropriate operations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CONSOLIDATED BALANCE SHEET

(As of December 31, 2011)

(Millions of yen)

<u>Assets</u>	
Current Assets	<u>758,065</u>
Cash	76,218
Notes and accounts receivable, trade	406,448
Merchandise and finished goods	112,986
Work in process	30,937
Raw materials and supplies	49,059
Deferred tax assets	26,303
Other	62,361
Allowance for doubtful accounts	(6,250)
Fixed Assets	<u>2,096,189</u>
Property, Plant and Equipment	<u>763,833</u>
Buildings and structures	247,950
Machinery, equipment and vehicles	233,271
Land	201,436
Construction in progress	47,529
Other	33,644
Intangible Assets	<u>816,261</u>
Goodwill	713,749
Other	102,511
Investments and Other Assets	<u>516,094</u>
Investment securities	417,619
Deferred tax assets	42,234
Other	62,922
Allowance for doubtful accounts	(6,681)
<hr/>	
Total Assets	<u>2,854,254</u>
<hr/>	

Liabilities

Current Liabilities	<u>715,419</u>
Notes and accounts payable, trade	146,955
Short-term loans payable and long-term debt with current maturities	85,517
Commercial papers	121,989
Bonds due within one year	23,111
Liquor taxes payable	91,800
Income taxes payable	26,783
Allowance for employees' bonuses	5,552
Allowance for bonuses for directors and corporate auditors	246
Accrued expenses	92,423
Other	121,039
Long-term Liabilities	<u>1,090,939</u>
Bonds	365,487
Long-term debt	468,999
Deferred tax liabilities	21,811
Deferred tax liabilities due to land revaluation	1,286
Employees' pension and retirement benefits	65,516
Retirement benefits for directors and corporate auditors	260
Reserve for repair and maintenance of vending machines	4,908
Reserve for environmental measures	2,125
Reserve for loss on litigation	22,078
Deposits received	73,222
Other	65,243
Total Liabilities	<u>1,806,359</u>

<u>Net Assets</u>	
Shareholders' Equity	<u>982,048</u>
Common stock	102,045
Capital surplus	81,417
Retained earnings	801,856
Treasury stock, at cost	(3,271)
Accumulated other comprehensive income	<u>(129,126)</u>
Net unrealized holding gains on securities	11,116
Deferred gains or losses on hedges	(279)
Land revaluation difference	(2,543)
Foreign currency translation adjustments	(137,419)
Subscription Rights to Shares	250
Minority Interests	194,722
<hr/>	
Total Net Assets	1,047,895
<hr/>	
Total Liabilities and Net Assets	2,854,254
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*Amounts are stated by omitting fractions less than ¥1 million.

CONSOLIDATED STATEMENT OF INCOME

(From January 1, 2011 to December 31, 2011)

		(Millions of yen)
Sales		2,071,774
Cost of sales		1,218,851
Gross profit		852,922
Selling, general and administrative expenses		710,058
Operating income		142,864
Non-operating income		
Interest income	3,880	
Dividend income	4,757	
Equity in earnings of affiliates	10,541	
Other	3,952	23,133
Non-operating expenses		
Interest expense	20,915	
Other	8,264	29,179
Ordinary income		136,818
Special income		
Gain on sale of fixed assets	21,322	
Gain on sale of investment securities	1,619	
Gain on sale of shares of subsidiaries and affiliates	15,399	
Other	6,433	44,776
Special expenses		
Loss on disposal of fixed assets	2,651	
Loss on sale of fixed assets	2,738	
Loss on impairment	16,895	
Loss on devaluation of investment securities	24,119	
Loss on sale of investment securities	692	
Loss on sale of shares of subsidiaries and affiliates	4,396	
Business restructuring expense	6,073	
Loss related to the Great East Japan Earthquake	19,832	
Other	19,276	96,675
Income before income taxes and minority interests		84,918
Income taxes — current	56,578	
Income taxes — deferred	5,088	61,666
Income before minority interests		23,251
Minority interests		15,844
Net income		7,407

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

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
(From January 1, 2011 to December 31, 2011)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of December 31, 2010	102,045	81,412	821,519	(2,985)	1,001,992
Changes of items during the period					
Dividends from surplus			(25,009)		(25,009)
Net income			7,407		7,407
Acquisition of treasury stock				(544)	(544)
Disposal of treasury stock		5		257	262
Reversal of land revaluation difference			(2,060)		(2,060)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	5	(19,662)	(286)	(19,944)
Balance as of December 31, 2011	102,045	81,417	801,856	(3,271)	982,048

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Net unrealized holding gains on securities	Deferred gains or losses on hedges	Land revaluation difference	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance as of December 31, 2010	7,252	1,285	(4,713)	(43,341)	(39,516)	207	196,352	1,159,036
Changes of items during the period								
Dividends from surplus								(25,009)
Net income								7,407
Acquisition of treasury stock								(544)
Disposal of treasury stock								262
Reversal of land revaluation difference								(2,060)
Net changes of items other than shareholders' equity	3,863	(1,565)	2,169	(94,077)	(89,609)	42	(1,629)	(91,197)
Total changes of items during the period	3,863	(1,565)	2,169	(94,077)	(89,609)	42	(1,629)	(111,141)
Balance as of December 31, 2011	11,116	(279)	(2,543)	(137,419)	(129,126)	250	194,722	1,047,895

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

BALANCE SHEET

(As of December 31, 2011)

(Millions of yen)

<u>Assets</u>	
Current Assets	<u>156,499</u>
Cash	13,310
Short-term loans receivable	120,966
Accrued income	3,019
Income tax receivable	13,969
Deferred tax assets	1,280
Other	3,956
Allowance for doubtful accounts	(1)
Fixed Assets	<u>1,882,392</u>
Property, Plant and Equipment	<u>73,545</u>
Buildings	48,702
Structures	1,503
Machinery and equipment	114
Vehicles	11
Tools	1,907
Land	21,016
Construction in progress	290
Intangible Assets	<u>115</u>
Leasehold rights	60
Trademarks	25
Utility rights	29
Investments and Other Assets	<u>1,808,731</u>
Investment securities	66,881
Investments in subsidiaries and affiliates (capital stock)	1,716,423
Investments in equity of subsidiaries and affiliates (other than capital stock)	7,871
Long-term loans receivable	12,113
Other	8,092
Allowance for doubtful accounts	(2,649)
<hr/>	
Total Assets	<u>2,038,892</u>
<hr/>	

Liabilities

Current Liabilities	<u>350,952</u>
Short-term loans payable and long-term debt with current maturities	200,818
Commercial papers	121,989
Bonds due within one year	20,000
Other accounts payable	2,986
Accrued expenses	2,980
Allowance for employees' bonuses	522
Allowance for bonuses for directors and corporate auditors	149
Other	1,505
Long-term Liabilities	<u>769,415</u>
Bonds	349,969
Long-term debt	386,450
Employees' pension and retirement benefits	179
Deferred tax liabilities	5,795
Other	27,020
Total Liabilities	<u>1,120,367</u>

<u>Net Assets</u>	
Shareholders' Equity	<u>910,077</u>
Common stock	102,045
Capital surplus	<u>81,422</u>
Additional paid-in capital	81,412
Other capital surplus	10
Retained earnings	<u>729,880</u>
Legal reserve	25,511
Other retained earnings	704,368
Reserve for deferred gain on sale of property	1,278
General reserve	623,367
Retained earnings brought forward	79,722
Treasury stock, at cost	(3,271)
Valuation and translation adjustments	<u>8,447</u>
Net unrealized holding gains on securities	8,433
Deferred gains or losses on hedges	14
<hr/>	
Total Net Assets	918,524
<hr/>	
Total Liabilities and Net Assets	2,038,892
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*Amounts are stated by omitting fractions less than ¥1 million.

STATEMENT OF INCOME

(From January 1, 2011 to December 31, 2011)

(Millions of yen)

Operating revenue		
Group management revenue	17,988	
Revenue from real estate business	7,612	
Dividends revenue from subsidiaries and affiliates	102,501	128,102
	<hr/>	
Operating expenses		
Expenses on real estate business	5,069	
General and administrative expenses	21,680	26,749
	<hr/>	
Operating income		101,352
Non-operating income		
Interest and dividend income	8,480	
Rental income	1,573	
Other	479	10,533
	<hr/>	
Non-operating expenses		
Interest expenses	12,089	
Commission fee	1,624	
Other	1,291	15,005
	<hr/>	
Ordinary income		96,880
Special income		
Gain on sale of fixed assets	13,754	
Gain on sale of investment securities	1,602	
Gain on sale of shares of subsidiaries and affiliates	918	
Other	1,029	17,304
	<hr/>	

Special expenses

Loss on sale and retirement of fixed assets	724	
Loss on impairment	115	
Loss on devaluation of investment securities	21,403	
Loss on devaluation of shares of subsidiaries and affiliates	13,459	
Loss on sale of shares of subsidiaries and affiliates	77	
Loss related to the Great East Japan Earthquake	313	
Other	322	36,416
Income before income taxes		77,768
Income taxes – current		2,915
Income taxes - deferred		33,997
Net income		40,855

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

STATEMENT OF CHANGES IN NET ASSETS

(From January 1, 2011 to December 31, 2011)

(Millions of yen)

	Shareholders' equity										
	Common stock	Capital surplus			Legal reserve	Retained earnings				Treasury stock	Total shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus		Other retained earnings			Total retained earnings		
						Reserve for deferred gain on sale of property	General reserve	Retained earnings brought forward			
Balance as of December 31, 2010	102,045	81,412	-	81,412	25,511	1,264	601,367	85,890	714,033	(2,961)	894,530
Changes of items during the period											
Provision of reserve for deferred gain on sale of property						54		(54)	-		-
Reversal of reserve for deferred gain on sale of property						(40)		40	-		-
Reserve of general reserve							22,000	(22,000)	-		-
Dividends from surplus								(12,025)	(12,025)		(12,025)
Dividends from surplus (interim dividends)								(12,984)	(12,984)		(12,984)
Net income								40,855	40,855		40,855
Acquisition of treasury stock										(544)	(544)
Disposal of treasury stock			10	10						234	244
Net changes of items other than shareholders' equity											
Total changes of items during the period	-	-	10	10	-	14	22,000	(6,167)	15,846	(310)	15,546
Balance as of December 31, 2011	102,045	81,412	10	81,422	25,511	1,278	623,367	79,722	729,880	(3,271)	910,077

	Valuation and translation adjustments			Total net assets
	Net unrealized holding gains on securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance as of December 31, 2010	4,855	-	4,855	899,386
Changes of items during the period				
Provision of reserve for deferred gain on sale of property				-
Reversal of reserve for deferred gain on sale of property				-
Reserve of general reserve				-
Dividends from surplus				(12,025)
Dividends from surplus (interim dividends)				(12,984)
Net income				40,855
Acquisition of treasury stock				(544)
Disposal of treasury stock				244
Net changes of items other than shareholders' equity	3,577	14	3,591	3,591
Total changes of items during the period	3,577	14	3,591	19,137
Balance as of December 31, 2011	8,433	14	8,447	918,524

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

Independent Auditors' Report

February 10, 2012

The Board of Directors
Kirin Holdings Company, Limited

KPMG AZSA LLC.

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

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

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

We have audited the consolidated statutory report, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and footnotes of Kirin Holdings Company, Limited as of December 31, 2011 and for the year from January 1, 2011 to December 31, 2011 in accordance with Article 444 (4) of the Corporate Law. The consolidated statutory report is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated statutory report based on our audit as independent auditors.

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

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

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

Independent Auditors' Report

February 10, 2012

The Board of Directors
Kirin Holdings Company, Limited

KPMG AZSA LLC.

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

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

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

We have audited the statutory report, comprising the balance sheet, the statement of income, the statement of changes in net assets and footnotes, and its supporting schedules of Kirin Holdings Company, Limited as of December 31, 2011 and for the 173rd business year from January 1, 2011 to December 31, 2011 in accordance with Article 436 (2) (i) of the Corporate Law. The statutory report and supporting schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the statutory report and supporting schedules based on our audit as independent auditors.

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

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

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

Corporate Auditors' Report

February 16, 2012

Mr. Senji Miyake,
Representative Director and President
Kirin Holdings Company, Limited

Board of Corporate Auditors
Kirin Holdings Company, Limited

Kazuyoshi Suzusho (Seal)
Standing Corporate Auditor

Naoki Hyakutake (Seal)
Standing Corporate Auditor

Teruo Ozaki (Seal)
Outside Corporate Auditor

Kazuo Tezuka (Seal)
Outside Corporate Auditor

Nobuyuki Oneda (Seal)
Outside Corporate Auditor

We the Board of Corporate Auditors of the Company, based on the audit reports prepared by each Corporate Auditor regarding the performance of duties by the Directors during the 173rd business year from January 1, 2011, to December 31, 2011, prepared this audit report upon deliberation and hereby report, by a unanimous show of hands, as follows.

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

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

Each Corporate Auditor complied with the auditing standards of Corporate Auditors established by the Board of Corporate Auditors, in accordance with the audit policy of this term, planning of audits, etc., communicated with the Directors, the internal audit department, other employees, etc., and made efforts to collect information and improve audit environment, and attended meetings of the Board of Directors and other important meetings, received reports from the Directors, employees, etc., regarding the state of performance of their duties, sought explanations whenever necessity arose, inspected important decision documents, etc., and made investigation into the state of activities and property at the head office and other main business offices of the Company. In addition, we monitored and verified the system for ensuring that the performance of duties by the Directors conforms to the laws, regulations and Articles of Incorporation, as well as the resolutions of the Board of Directors regarding the improvement of the system stipulated in Article 100, paragraph (1) and paragraph (3) of the Ordinance for Enforcement of the Corporate Law 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, corporate auditors, etc., of the subsidiaries, and visited subsidiaries whenever necessity arose to

make investigation into the state of activities and property thereof. Based on the above methods, we examined the business report and supporting schedules for the relevant business year.

Furthermore, we monitored and verified whether the Independent Auditors maintained their independence and implemented appropriate audits, and we received reports from the Independent Auditors regarding the state of performance of their duties and sought explanations whenever necessity arose. In addition, we received notice from the Independent Auditors that “The systems for ensuring the proper performance of duties” (matters set forth in each item of Article 131 of the 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 statutory report (balance sheet, statement of income, statement of changes in net assets, and notes) and the supporting schedules related to the relevant business term, and the consolidated statutory report (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes).

2. Results of Audit

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

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

(2) Results of Audit of statutory report 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 statutory report

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