Disclosed Information on the Internet at the Time of Notifying Convocation of the 174th Annual General Meeting of Shareholders

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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
Notes to Consolidated Financial Statements

Significant Accounting Policies

1. Consolidation
(1) Consolidated subsidiaries: 257 companies
   Major consolidated subsidiaries: Kirin Brewery Co., Ltd., Kirin Beer Marketing Co., Ltd.,
   Mercian Corp., Kirin Beverage Co., Ltd., Lion Pty Ltd, Brasil Kirin Participações e
   Representações S.A., Kyowa Hakko Kirin Co., Ltd., Kirin Kyowa Foods Co., Ltd.

   Changes in the scope of consolidation during the year ended December 31, 2012 are as
   follows:
   (a) Due to new establishment, 1 subsidiary of Lion Pty Ltd and 1 subsidiary of Kyowa
       Hakko Kirin Co., Ltd. became consolidated subsidiaries.
   (b) Due to new acquisition, 1 subsidiary of Trade Ocean Holdings Sdn. Bhd. and Grande
       Indigo Global Ltd became consolidated subsidiaries.
   (c) Due to an increase in materiality, 1 subsidiary of Kirin Kyowa Foods Co., Ltd. became
       consolidated subsidiary.
   (d) Due to additional acquisitions of shares, 1 affiliate of Lion Pty Ltd and 1 affiliate of
       Kyowa Hakko Kirin Co., Ltd., which were affiliated companies accounted for by the
       equity method until the previous fiscal year, became consolidated subsidiaries.
       Following the change, 3 subsidiaries of Lion Pty Ltd became consolidated subsidiaries.
   (e) Due to sale of shares, 2 subsidiaries of Mercian Corp., 5 subsidiaries of Lion Pty Ltd
       and 1 subsidiary of Kyowa Hakko Kirin Co., Ltd. were excluded from the consolidation
       scope.
   (f) Due to merger, 2 subsidiaries of Brasil Kirin Participações e Representações S.A. and 1
       subsidiary of Kyowa Hakko Kirin Co., Ltd. were excluded from the consolidation
       scope.
   (g) Due to liquidation, Kirin Well-foods Co., Ltd., Kirin Real Estate Co., Ltd., 1 subsidiary
       of Mercian Corp., 1 subsidiary of Kirin Beverage Co., Ltd. and 1 subsidiary of Kirin
       Kyowa Foods Co., Ltd. were excluded from the consolidation scope.

(2) Major unconsolidated subsidiary: Chiyoda Transportation Co., Ltd.
   Certain subsidiaries, including Chiyoda Transportation Co., Ltd., are excluded from the
   scope of consolidation because the effect of their sales, total assets, the Company’s share
   of net income or losses and retained earnings on the accompanying consolidated financial
   statements is immaterial.

2. Equity method
(1) Unconsolidated subsidiaries accounted for by the equity method: 1 company
   Unconsolidated subsidiary: Japan Synthetic Alcohol Co., Ltd.
   The Company owns 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: 17 companies
   Major affiliated companies: San Miguel Brewery, Inc., China Resources Kirin Beverages
   (Greater China) Co., Ltd., Kirin-Amgen, Inc.

   Changes in the scope of application of the equity method during the year ended
   December 31, 2012 are as follows:
   (a) Due to new establishment, 1 affiliate of Kyowa Hakko Kirin Co., Ltd. became an
(b) Due to an increase in materiality, 1 affiliate of Kirin Holdings USA, Inc. became an affiliate accounted for by the equity method.
(c) Due to a decrease in ownership percentage, Fraser and Neave Limited was excluded from the scope of application of the equity method.
(d) Due to additional acquisitions of shares, 1 affiliate of Lion Pty Ltd and 1 affiliate of Kyowa Hakko Kirin Co., Ltd. became consolidated subsidiaries and were 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 effect of the Company’s share of their net income or losses and retained earnings on the accompanying consolidated financial statements is 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 and for the years then ended for applying the equity method.

(5) The Company accounts for San Miguel Brewery Inc. and China Resources Kirin Beverages (Greater China) Co., Ltd. (fiscal year ended December 31) by the equity method. 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. As such, their financial statements are based on 12 months from the fourth quarter of the previous fiscal year to the third quarter of this fiscal year.

3. Fiscal year-ends of consolidated subsidiaries
The consolidated subsidiaries with a fiscal year-end which is different from that of the Company includes Lion Pty Ltd and its subsidiaries, whose year end is September 30. The Company used the financial statements of the companies as of their fiscal year-ends and for the years then ended for consolidation and made necessary adjustments for major transactions between the fiscal year-ends of the consolidated subsidiaries and the fiscal year-end of the Company.

4. Accounting policies
(1) Measurement of significant 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 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 the lower of cost determined by the periodic average method and net realizable value.
2) Raw materials, containers and supplies are mainly stated at the lower of cost determined by the moving-average method and the net realizable value.
3) Cost of uncompleted construction contracts is stated at cost determined by the specific identification method.

(2) Property, plant and equipment and intangible assets
(a) Property, plant and equipment (excluding leased assets)
   Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated loss from impairment. Depreciation for the Company and its 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 overseas consolidated subsidiaries is calculated using the straight-line method.
(b) Intangible assets (excluding leased assets)
   1) The Company and its 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) Leased assets
   Leased assets pertaining to finance lease transactions other than those involving a transfer of title
   1) Depreciation is calculated by 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) Allowances and reserves
(a) Allowance for doubtful accounts
   The Company and its consolidated subsidiaries provide allowance for doubtful accounts in an amount sufficient to cover probable losses on collection. The allowance for doubtful accounts consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the actual historic percentage of collection losses.
(b) Allowance for employees’ bonuses
   The Company and its consolidated subsidiaries provide allowance for employees’ bonuses based on the estimated amounts payable.
(c) Allowance for bonuses for directors and company auditors
   The Company and its consolidated subsidiaries provide allowance for bonuses for directors and company auditors based on the estimated amounts payable.
(d) Employees’ pension and retirement benefits
   The Company and its 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 remaining service period, which is mainly 10 to 15 years, beginning from the following fiscal year.
(e) Retirement benefits for directors and company auditors
   Provision for retirement benefits for directors and company auditors represents the full accrued amount of such retirement benefit obligations as of the balance sheet date calculated in accordance with the policies of the Company and its consolidated
subsidiaries.

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

(g) Reserve for environmental measures
The Company and its consolidated subsidiaries provide reserve for environmental measures based on the estimated amount payable.

(h) Reserve for loss on litigation
Consolidated subsidiaries of the Company in Brazil provide reserve for estimated losses to be incurred on tax litigation and other matters.

(4) Hedge accounting
If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company and its consolidated subsidiaries defer recognition of gains and losses resulting from changes in fair value of derivative financial instruments as “Deferred gains or losses on hedges” in Accumulated Other Comprehensive Income in the consolidated balance sheet until the related gains and losses 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.
Change in Presentation

Consolidated statement of income
Effective from the year ended December 31, 2012, “Insurance income” included in “Other” of “Special income” in the previous fiscal year has been separately stated as its amount has become material. “Insurance income” included in “Other” for the previous fiscal year amounted to ¥2,413 million.
Notes to the Consolidated Balance Sheet

1. Accumulated depreciation of property, plant and equipment ¥1,164,127 million

2. Amount deducted from property, plant and equipment due to subsidies received from governments and others ¥700 million

3. Assets pledged as collateral and secured borrowings
   (1) Assets pledged as collateral
       Cash ¥9 million
       Buildings and structures ¥499 million
       Machinery, equipment and vehicles ¥15,906 million
       Land ¥439 million
       Total ¥16,853 million
   (2) Secured borrowings
       Notes and accounts payable, trade ¥3 million
       Short-term loans payable and long-term debt with current maturities ¥6,680 million
       Long-term debt ¥9,225 million
       Deposits received ¥3,364 million
       Total ¥19,274 million

4. Contingent liabilities
   (1) Guarantees for loans from banks and others of unconsolidated subsidiaries and affiliates ¥5,946 million
   (2) Guarantees for loans from banks and others of employees ¥2,435 million
   (3) Guarantees for loans from banks and others of customers ¥961 million
       Total ¥9,343 million

   Arrangements similar to guarantees of ¥151 million are included in the above.

5. Tax litigation and other matters
   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, BRL1,628,189 thousand (¥68,986 million) associated with tax-related litigation, BRL136,472 thousand (¥5,782 million) associated with labor-related litigation and BRL205,720 thousand (¥8,716 million) associated with civil lawsuits have not been recorded as reserves as of December 31, 2012, because the risks of losses in the future are classified by management as only possible upon consideration of the individual risks of each contingent event based on the opinion of outside legal advisers.

6. Trade notes discounted ¥37 million
Notes to the Consolidated Statement of Income

1. Presentation of gain or loss on currency swaps and forward foreign exchange contracts
   Loss on currency swaps and forward foreign exchange contracts (¥1,371 million) that are carried to hedge the foreign exchange rate fluctuation risks for loans receivable in foreign currency is included in “Other” under “Non-operating income” after offsetting foreign currency translation gain.

Notes to the Consolidated Statement of Changes in Net Assets

1. Type and number of shares outstanding and treasury stock
   (1) Shares outstanding

<table>
<thead>
<tr>
<th>Type of shares outstanding</th>
<th>common stock</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of shares as of January 1, 2012</td>
<td>965,000,000 shares</td>
</tr>
<tr>
<td>Number of shares increased during the year ended December 31, 2012</td>
<td>—</td>
</tr>
<tr>
<td>Number of shares decreased during the year ended December 31, 2012</td>
<td>—</td>
</tr>
<tr>
<td>Number of shares as of December 31, 2012</td>
<td>965,000,000 shares</td>
</tr>
</tbody>
</table>

   (2) Treasury stock

<table>
<thead>
<tr>
<th>Type of treasury stock</th>
<th>common stock</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of shares as of January 1, 2012</td>
<td>3,268,428 shares</td>
</tr>
<tr>
<td>Number of shares increased during the year ended December 31, 2012</td>
<td>311,192 shares</td>
</tr>
<tr>
<td>Number of shares decreased during the year ended December 31, 2012</td>
<td>77,556 shares</td>
</tr>
<tr>
<td>Number of shares as of December 31, 2012</td>
<td>3,502,064 shares</td>
</tr>
</tbody>
</table>

Notes: 1. Increase in the number of shares was due to purchases of less-than-one-unit shares.
2. Decrease in the number of shares was due to sales of less-than-one-unit shares.
2. Matters related to dividends

(1) Dividend payments

 Approvals by ordinary general meeting of shareholders held on March 29, 2012 were as follows:
 Dividend on Common stock
  a. Total amount of dividend  ¥12,983 million
  b. Dividend per share  ¥13.50
  c. Record date   December 31, 2011
  d. Effective date   March 30, 2012

 Approvals by the Board of Directors meeting held on August 3, 2012 were as follows:
 Dividend on Common stock
  a. Total amount of dividend  ¥12,983 million
  b. Dividend per share  ¥13.50
  c. Record date   June 30, 2012
  d. Effective date   September 10, 2012

(2) Dividends whose record date is attributable to but to be effective after the year ended December 31, 2012.

 We will seek approval at the general meeting of shareholders to be held on March 28, 2013 as follows:
 Dividend on Common stock
  a. Total amount of dividend  ¥14,903 million
  b. Funds for dividend  Retained earnings
  c. Dividend per share  ¥15.50
  d. Record date   December 31, 2012
  e. Effective date   March 29, 2013
Notes for Financial Instruments

1. Overview of 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 paper and corporate bonds. Temporary surplus funds are invested in highly secure financial assets such as time deposits. Derivatives are used, not for speculative purpose, but to avoid the risks mentioned below.

(2) Types of financial instruments and related risks
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 payable, have payment due dates within one year. Some 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 paper is mainly to fund short-term working capital and the purpose of long-term debt and loans is mainly to fund necessary amounts for investments 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 utilize forward foreign exchange contracts to hedge 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 review their fair values and the financial position of the issuers. Additionally, the Company and its consolidated subsidiaries continuously evaluate 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 their obligations on scheduled due dates)

In order to manage liquidity risk, the Company and its consolidated subsidiaries timely prepare and update 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. Fair values of financial instruments

The table below shows the amounts of financial instruments recorded in the consolidated balance sheet as of December 31, 2012, their fair values, and the differences. Financial instruments whose fair values are deemed extremely difficult to assess are not included.

<table>
<thead>
<tr>
<th>(Millions of yen)</th>
<th>Book value</th>
<th>Fair value</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Cash</td>
<td>83,916</td>
<td>83,916</td>
<td>—</td>
</tr>
<tr>
<td>(2) Notes and accounts receivable, trade</td>
<td>413,138</td>
<td>413,138</td>
<td>—</td>
</tr>
<tr>
<td>(3) Marketable securities and investment securities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Held-to-maturity debt securities</td>
<td>110</td>
<td>110</td>
<td>0</td>
</tr>
<tr>
<td>b. Equity securities issued by affiliates</td>
<td>116,617</td>
<td>465,376</td>
<td>348,759</td>
</tr>
<tr>
<td>c. Available-for-sale securities</td>
<td>267,082</td>
<td>267,082</td>
<td>—</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>880,864</td>
<td>1,229,624</td>
<td>348,759</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Notes and accounts payable, trade</td>
<td>151,184</td>
<td>151,184</td>
<td>—</td>
</tr>
<tr>
<td>(2) Short-term loans payable and long-term debt with current maturities</td>
<td>37,048</td>
<td>37,048</td>
<td>—</td>
</tr>
<tr>
<td>(3) Commercial paper</td>
<td>77,994</td>
<td>77,994</td>
<td>—</td>
</tr>
<tr>
<td>(4) Bonds due within one year</td>
<td>79,998</td>
<td>80,152</td>
<td>153</td>
</tr>
<tr>
<td>(5) Liquor taxes payable</td>
<td>86,262</td>
<td>86,262</td>
<td>—</td>
</tr>
<tr>
<td>(6) Income taxes payable</td>
<td>39,206</td>
<td>39,206</td>
<td>—</td>
</tr>
<tr>
<td>(7) Bonds</td>
<td>285,579</td>
<td>299,264</td>
<td>13,685</td>
</tr>
<tr>
<td>(8) Long-term debt</td>
<td>483,005</td>
<td>488,410</td>
<td>5,405</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>1,240,281</td>
<td>1,259,524</td>
<td>19,243</td>
</tr>
<tr>
<td>Derivative transactions(*)</td>
<td>(18,611)</td>
<td>(18,611)</td>
<td>—</td>
</tr>
</tbody>
</table>

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

Notes:

1. Fair value 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.
   (3) Marketable securities and investment securities
   The fair values of equity securities are measured based on market
prices. The fair values of bond securities are measured by the prices obtained from financial institutions.

Liabilities
(1) Notes and accounts payable, trade, (2) Short-term loans payable and long-term debt with current maturities, (3) Commercial paper, (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.
(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 the 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 debt is measured as the present value, calculated by discounting the combined total of principal and interest by an assumed interest rate for similar new borrowings. However, for long-term debt which is the hedged item for interest rate swaps and certain hedging criteria are met, the present value of the combined total of principal and interest is discounted by using the rates of relevant interest rate swaps.

Derivative transactions
The fair value of derivatives is measured by the prices obtained from financial institutions.
Forward foreign exchange contracts and other instruments for which the appropriation treatment is applied are accounted for together with the receivables and payables denominated in foreign currencies as the hedged item; therefore, their fair values are included in the fair value of the hedged receivables and payables denominated in foreign currencies.
The fair value of interest rate swaps which are accounted for using the special treatment is included in that of the 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. Book values of financial instruments for which fair values are deemed extremely difficult to assess

<table>
<thead>
<tr>
<th>Classification</th>
<th>Consolidated balance sheet amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment securities</td>
<td></td>
</tr>
<tr>
<td>a. Unlisted equity securities (Equity securities issued by affiliates and others)</td>
<td>84,177</td>
</tr>
<tr>
<td>b. Unlisted equity securities (Other securities)</td>
<td>21,080</td>
</tr>
<tr>
<td>c. Other</td>
<td>31</td>
</tr>
<tr>
<td>Investments and other assets-other</td>
<td></td>
</tr>
<tr>
<td>a. Investments in equity of affiliates and others</td>
<td>399</td>
</tr>
<tr>
<td>Deposits received</td>
<td>67,338</td>
</tr>
</tbody>
</table>

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

1. Net assets per share: ¥986.94
2. Net income per share: ¥58.44

Notes for Subsequent Events

Sale of investment securities
On February 1, 2013, the Company decided to accept the tender offer for shares in Fraser and Neave Limited by TCC Assets Limited, and sold its entire holding of shares in Fraser and Neave Limited on the same date. This tender offer was concluded as of January 30, 2013, and accordingly the Company will report a gain on sale of investment securities resulting from the transfer of shares under special income for the fiscal year ending December 31, 2013.

1. Buyer TCC Assets Limited
2. Date of share transfer Mid-February 2013 (Tentative)
3. Number of shares sold 212,773,000 shares
4. Sale value SGD2,031 million (SGD9.55 per share)
5. Gain on sale ¥47,000 million (Estimated)

Notes for Business Combinations

Application of purchase method
The purchase price allocation for Brasil Kirin Group companies, which had been incomplete in the previous fiscal year, was completed during this fiscal year. Subsequently, the provisional amount of goodwill was adjusted as shown below.

<table>
<thead>
<tr>
<th>Item</th>
<th>Adjustments to the provisional amount of goodwill</th>
<th>BRL amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill (provisional amount)</td>
<td>¥182,714 million</td>
<td>BRL4,408,076 thousand</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>¥(22,441) million</td>
<td>BRL(541,418) thousand</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>¥(73,646) million</td>
<td>BRL(1,776,748) thousand</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>¥(2,979) million</td>
<td>BRL(71,886) thousand</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>¥36,735 million</td>
<td>BRL886,252 thousand</td>
</tr>
<tr>
<td>Reserve for loss on litigation</td>
<td>¥6,310 million</td>
<td>BRL152,243 thousand</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>¥(32,986) million</td>
<td>BRL(795,821) thousand</td>
</tr>
<tr>
<td></td>
<td>¥</td>
<td>BRL</td>
</tr>
<tr>
<td>----------------</td>
<td>---------</td>
<td>----------</td>
</tr>
<tr>
<td>Other</td>
<td>4,638</td>
<td>111,935</td>
</tr>
<tr>
<td>Goodwill (adjusted)</td>
<td>98,345</td>
<td>2,372,633</td>
</tr>
</tbody>
</table>

**Additional Information**

Application of accounting standard for accounting changes and error corrections

Effective from January 1, 2012, the Company has applied the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24 of December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24 of December 4, 2009) for accounting changes and corrections of prior period errors which are made from the fiscal year beginning on January 1, 2012.
Notes to Financial Statements

Significant Accounting Policies

1. Measurement of securities
   (1) Investments in shares of subsidiaries and affiliates are stated at cost determined by the moving-average method.

   (2) Available-for-sale securities
       (a) Available-for-sale securities with fair market value are stated at fair market value as of the balance sheet date. Unrealized gains and 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.
       (b) 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. Property, plant and equipment and intangible assets
   (1) Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated loss from impairment. 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.

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

4. 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. The allowance for doubtful accounts consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the actual historic percentage of collection losses.

   (2) Allowance for employees’ bonuses
       The Company provides allowance for employees’ bonuses based on the estimated amounts payable.

   (3) Allowance for bonuses for directors and company auditors
       The Company provides allowance for bonuses for directors and company auditors based on the estimated amounts payable.

   (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 remaining 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 as “Deferred gains and losses on hedges” in Valuation and Translation Adjustments in the balance sheet 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:

(1) If a forward foreign exchange contract is executed to hedge an existing foreign currency receivable or payable:
   (a) 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
   (b) 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.

(2) 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 ¥151,094 million
   - Long-term monetary debts due from subsidiaries and affiliates ¥8,618 million
   - Short-term monetary debts due to subsidiaries and affiliates ¥190,823 million
   - Long-term monetary debts due to subsidiaries and affiliates ¥4,209 million

2. Accumulated depreciation of property, plant and equipment ¥54,027 million

3. Amount reduced from property, plant and equipment due to subsidies received from governments and others ¥37 million

4. Assets pledged as collateral and secured borrowing
   - (1) Assets pledged as collateral
     - Buildings ¥499 million
     - Land ¥439 million
   - (2) Secured borrowing
     - Deposits received ¥2,245 million

5. Contingent liabilities
   - Guarantees for loans from banks and others of subsidiaries and affiliates ¥40,388 million
   - Guarantees for employee housing loans from banks ¥2,418 million
   - Total ¥42,807 million

Arrangements similar to guarantees of ¥14 million are included in the above.

**Notes to the Statement of Income**

1. Transactions with subsidiaries and affiliates
   - Operating revenue ¥18,471 million
   - Operating expenses ¥8,493 million
   - Transactions other than business transactions ¥3,610 million

2. Presentation of gain or loss on currency swaps and forward foreign exchange contracts
   - Loss on currency swaps and forward foreign exchange contracts (¥1,371 million) that are carried to hedge the foreign exchange rate fluctuation risks for loans receivable in foreign currency is included in “Other” under “Non-operating income” after offsetting foreign currency translation gain.
Notes to the Statement of Changes in Net Assets

<table>
<thead>
<tr>
<th>Type of treasury stock</th>
<th>common stock</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of shares as of January 1, 2012</td>
<td>3,268,428 shares</td>
</tr>
<tr>
<td>Number of shares increased during the year ended December 31, 2012</td>
<td>311,192 shares</td>
</tr>
<tr>
<td>Number of shares decreased during the year ended December 31, 2012</td>
<td>77,556 shares</td>
</tr>
<tr>
<td>Number of shares as of December 31, 2012</td>
<td>3,502,064 shares</td>
</tr>
</tbody>
</table>

Notes:  
1. Increase in the number of shares was due to purchases of less-than-one-unit shares.  
2. Decrease in the number of shares was due to sales of less-than-one-unit shares.
Notes for Deferred Income Taxes

1. Significant components of deferred tax assets
   Investments in shares and other equity interests of subsidiaries and affiliates ¥51,388 million
   Loss carried forward ¥8,195 million
   Other ¥3,879 million
   Subtotal ¥63,464 million
   Less valuation allowance ¥(63,464)million
   Total deferred tax assets ¥-million

2. Significant components of deferred tax liabilities
   Net unrealized gains on securities ¥(29,540)million
   Other ¥(1,256)million
   Total deferred tax liabilities ¥(30,796)million
### Notes for Transactions with Related Parties

<table>
<thead>
<tr>
<th>Type</th>
<th>Company name</th>
<th>Ratio of voting rights held by the Company [Indirect ownership]</th>
<th>Relationship with the Company</th>
<th>Directors and company auditors</th>
<th>Business relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidiary</td>
<td>Lion Pty Ltd</td>
<td>100%</td>
<td>Concurrent 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Consignment of management guidance service</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Financial support</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>Lion Nathan Pty Limited</td>
<td>Indirect 100%</td>
<td>-</td>
<td></td>
<td>Guarantees</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>Kirin Brewery Co., Ltd.</td>
<td>100%</td>
<td>Concurrent 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Consignment of management guidance service</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Lending and borrowing of funds</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>Kirin Beverage Co., Ltd.</td>
<td>100%</td>
<td>Concurrent 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Consignment of management guidance service</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Lending and borrowing of funds</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>Kirin Group Office Co., Ltd.</td>
<td>100%</td>
<td>Concurrent 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
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<td></td>
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<td>Consignment of management guidance service</td>
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<td></td>
<td></td>
<td></td>
<td>Lending and borrowing of funds</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Consignment of indirect business</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>Kyowa Hakko Kirin Co., Ltd.</td>
<td>53%</td>
<td>Concurrent 1</td>
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<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Lending and borrowing of funds</td>
</tr>
<tr>
<td>Type</td>
<td>Company name</td>
<td>Transaction details</td>
<td>Transaction amount (Millions of yen)</td>
<td>Item</td>
<td>Balance at end of year (Millions of yen)</td>
</tr>
<tr>
<td>------------</td>
<td>----------------------------</td>
<td>--------------------------------------</td>
<td>--------------------------------------</td>
<td>-----------------------------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>Lion Pty Ltd</td>
<td>Lending of loans (Note 1)</td>
<td>19,162</td>
<td>Short-term loans receivable</td>
<td>21,867</td>
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<tr>
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<td></td>
<td>Interest income (Note 1)</td>
<td>438</td>
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<tr>
<td>Subsidiary</td>
<td>Lion Nathan Pty Limited</td>
<td>Guarantees (Note 2)</td>
<td>17,302</td>
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<tr>
<td>Subsidiary</td>
<td>Kirin Brewery Co., Ltd.</td>
<td>Lending of loans (Notes 1 and 3)</td>
<td>120,123</td>
<td>Short-term loans receivable</td>
<td>106,132</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Management fee</td>
<td>12,021</td>
<td>Other current assets</td>
<td>1,279</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>Kirin Beverage Co., Ltd.</td>
<td>Borrowing of funds (Notes 3 and 6)</td>
<td>36,549</td>
<td>Short-term loans payable</td>
<td>34,446</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>Kirin Group Office Co., Ltd.</td>
<td>Consignment of indirect business (Note 7)</td>
<td>7,161</td>
<td>Accrued expenses</td>
<td>615</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>Kyowa Hakko Kirin Co., Ltd.</td>
<td>Borrowing of funds (Notes 3 and 6)</td>
<td>85,004</td>
<td>Short-term loans payable</td>
<td>98,189</td>
</tr>
</tbody>
</table>

Conditions of transactions and policy regarding determination of conditions of transactions

Notes:
1. Interest rates of loans receivable are determined based on market interest rates.
2. The Company provides the guarantee for a privately placed U.S. bond of Lion Nathan Pty Limited.
3. Lending and borrowing of funds is based on CMS (Cash Management System) and transaction amounts show average outstanding balances during this fiscal year.
4. Management fees are determined by taking business nature into consideration after mutual consultation.
5. Brand royalties are determined as consideration for the use of brand after mutual consultation.
6. Interest rates of loans payable are determined based on market interest rates.
7. The subsidiary is a functionally separated cost-center. The Company pays consignment fees to cover the operating expenses of the subsidiary.
8. Transaction amounts above do not include foreign exchange gains or losses. Transaction amounts do not include consumption taxes.
Notes for Per Share Information

1. Net assets per share: ¥1,033.19
2. Net income per share: ¥67.77
Notes for Subsequent Events

(Sale of investment securities)
On February 1, 2013, the Company decided to accept the tender offer for shares in Fraser and Neave Limited by TCC Assets Limited, and sold its entire holding of shares in Fraser and Neave Limited on the same date. This tender offer was concluded as of January 30, 2013, and accordingly the Company will report a gain on sale of investment securities resulting from the transfer of shares under special income for the fiscal year ending December 31, 2013.

1. Buyer TCC Assets Limited
2. Date of share transfer Mid-February 2013 (Tentative)
3. Number of shares sold 212,773,000 shares
4. Sale value SGD2,031 million (SGD9.55 per share)
5. Gain on sale ¥47,000 million (Estimated)

Additional Information

Application of accounting standard for accounting changes and error corrections
Effective from January 1, 2012, the Company has applied the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24 of December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24 of December 4, 2009) for accounting changes and corrections of prior period errors which are made from the fiscal year beginning on January 1, 2012.