Disclosed Information on the Internet at the Time of Notifying Convocation of the 176th Annual General Meeting of Shareholders

Notes to Consolidated Financial Statements .......................... 1

Notes to Financial Statements ............................................. 16

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: 216 companies
      Major consolidated subsidiaries: Kirin Brewery Co., Ltd., Kirin Beer Marketing Co., Ltd.,
      Mercian Corporation, Kirin Beverage Co., Ltd., Lion Pty Ltd, Brasil Kirin Holding S.A.,
      Kyowa Hakko Kirin Co., Ltd.

      Changes in the scope of consolidation during the year ended December 31, 2014 are as follows:
      (a) Due to new acquisition, etc., 1 subsidiary of Brasil Kirin Holding S.A., 13 subsidiaries
          of Kyowa Hakko Kirin Co., Ltd. and 1 other company became a consolidated subsidiary.
      (b) Due to sale of shares, 1 subsidiary of Mercian Corporation was excluded from the consolidation scope.
      (c) Due to liquidation, Indochina Beverage Holdings Ltd, Grande Indigo Global Ltd, Trade
          Ocean Holdings Sdn. Bhd., 30 subsidiaries of Lion Pty Ltd, and 1 subsidiary of Brasil
          Kirin Holding S.A. 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 they are small in scale and the effect of their total assets, sales, the Company’s share of net income or losses and retained earnings on the consolidated financial statements is immaterial.

2. Equity method
   (1) Unconsolidated subsidiaries accounted for by the equity method: 0 companies
      Due to sales of shares, Japan Synthetic Alcohol Co., Ltd. was excluded from the scope of application of the equity method.

   (2) Affiliated companies accounted for by the equity method: 16 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, 2014 are as follows:
      (a) Due to new acquisition, 1 affiliate of Kirin Brewery Co., Ltd. and 1 affiliate of Mercian
          Corporation became an affiliate accounted for by the equity method.
      (b) Due to sale of shares, 1 affiliate of Lion Pty Ltd was excluded from the scope of application of the equity method.

   (3) Certain investments in unconsolidated subsidiaries including Chiyoda Transportation Co.,
       Ltd. and affiliates including Diamond Sports Club Co., Ltd. were not accounted for by
       the equity method and were stated at cost because the effect of the Company’s share of
       their net income or losses and retained earnings on the accompanying consolidated
       financial statements is immaterial individually and as a whole.

   (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 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 on 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) 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.
(e) 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.
(f) Reserve for environmental measures
The Company and its consolidated subsidiaries provide reserve for environmental measures based on the estimated amount payable.
(g) 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.
(h) Allowance for loss on plants reorganization
The Company and its consolidated subsidiaries provide allowance for reasonably estimated losses to be incurred in connection with plants reorganization.

(4) Net defined benefit liability
In calculating retirement benefit obligation, straight-line attribution is used for attributing projected benefit obligation for the period up to the end of the current fiscal year. Prior service cost is amortized mainly by the straight-line method over mainly 5 to 15 years. Actuarial differences are amortized mainly 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. Unrecognized actuarial differences and unrecognized prior service cost are stated, after tax effects are adjusted, as remeasurements of defined benefit plans under accumulated other comprehensive income in net assets.
(5) 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.

(6) 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.

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

(8) Application of consolidated taxation regime
Consolidated taxation regime is applied to the Company and certain consolidated subsidiaries from the current fiscal year.
Changes in Accounting Policies

Application of Accounting Standard for Retirement Benefits and others
The Company has applied the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012; hereinafter the “Standard”) and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012; hereinafter the “Guidance”) from the end of the fiscal year ended December 31, 2014 (excluding provisions stated in the main clause of Paragraph 35 of the Standard and the main clause of Paragraph 67 of the Guidance). Under the new policy, the method has been changed to where retirement benefit obligation of plan assets is recognized as net defined benefit liability, and unrecognized actuarial differences and unrecognized prior service cost were included in net defined benefit liability. Amounts of plan assets in excess of retirement benefit obligation are stated as net defined benefit asset.
With respect to application of the Standard, etc., transitional treatment as prescribed in Paragraph 37 of the Standard has been applied. As of December 31, 2014, the effect of the change in accounting policies has been reflected in remeasurements of defined benefit plans under accumulated other comprehensive income.
As a result of this change, as of December 31, 2014, net defined benefit asset of ¥6,830 million and net defined benefit liability of ¥60,483 million were recorded, while accumulated other comprehensive income decreased by ¥13,716 million.
The effect on per share information is stated in the relevant section.
**Change in Presentation**

Consolidated statement of income
Effective from the year ended December 31, 2014, “Net foreign currency translation gain,” which was separately stated in “Non-operating income” in the previous fiscal year, has been included in “Other” as its amount has become immaterial (¥1,012 million) for the current fiscal year.
Notes to the Consolidated Balance Sheet

1. Accumulated depreciation of property, plant and equipment ¥1,189,434 million

2. Amount deducted from property, plant and equipment due to subsidies received from governments and others ¥993 million

3. Assets pledged as collateral and secured borrowings
   (1) Assets pledged as collateral
       Buildings and structures ¥439 million
       Machinery, equipment and vehicles ¥22,480 million
       Land ¥439 million
       Total ¥23,358 million
   (2) Secured borrowings
       Short-term loans payable and long-term debt with current maturities ¥3,321 million
       Long-term debt ¥19,158 million
       Deposits received ¥3,171 million
       Total ¥25,651 million

4. Contingent liabilities
   (1) Guarantees for loans from banks and others of unconsolidated subsidiaries and affiliated companies ¥1,403 million
   (2) Guarantees for loans from banks and others of employees ¥1,520 million
   (3) Guarantees for loans from banks and others of customers ¥1,338 million
       Total ¥4,262 million

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, BRL1,621,990 thousand (¥73,622 million) associated with tax-related litigation, BRL347,933 thousand (¥15,792 million) associated with labor-related litigation and BRL170,571 thousand (¥7,742 million) associated with civil lawsuits have not been recorded as reserves as of December 31, 2014, 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 ¥34 million
Notes to the Consolidated Statement of Income

1. Major costs and amounts of selling, general and administrative expenses
   - Sales promotion ¥216,906 million
   - Freight ¥70,100 million
   - Advertising ¥77,138 million
   - Retirement benefit expenses ¥15,509 million
   - Salaries and wages of employees ¥155,367 million
   - Research and development ¥57,039 million
   - Depreciation ¥41,400 million
   - Preferential treatment for special taxation measures of foreign subsidiaries ¥(25,153) million

2. Presentation of gain or loss on currency swaps and forward foreign exchange contracts
   Loss on currency swaps and forward foreign exchange contracts (¥645 million) that are carried to hedge the foreign exchange rate fluctuation risks for loans receivable in foreign currencies are stated in “Other” under “Non-operating income” after offsetting them with net 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, 2014</td>
<td>965,000,000 shares</td>
</tr>
<tr>
<td>Number of shares increased during the year ended December 31, 2014</td>
<td>—</td>
</tr>
<tr>
<td>Number of shares decreased during the year ended December 31, 2014</td>
<td>—</td>
</tr>
<tr>
<td>Number of shares as of December 31, 2014</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, 2014</td>
<td>35,659,435 shares</td>
</tr>
<tr>
<td>Number of shares increased during the year ended December 31, 2014</td>
<td>16,795,884 shares</td>
</tr>
<tr>
<td>Number of shares decreased during the year ended December 31, 2014</td>
<td>3,230 shares</td>
</tr>
<tr>
<td>Number of shares as of December 31, 2014</td>
<td>52,452,089 shares</td>
</tr>
</tbody>
</table>

   Notes: 1. Increase in the number of shares was due to purchases of 49,718 less-than-one-unit shares and acquisition of 16,746,166 shares based on the resolution of the Board of Directors.
           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 Annual General Meeting of Shareholders held on March 27, 2014 were as follows:

Dividend on Common Stock
a. Total amount of dividend  ¥16,728 million
b. Dividend per share  ¥18.00
c. Record date   December 31, 2013
d. Effective date   March 28, 2014

Approvals by the Board of Directors Meeting held on August 6, 2014 were as follows:

Dividend on Common stock
a. Total amount of dividend  ¥17,352 million
b. Dividend per share  ¥19.00
c. Record date   June 30, 2014
d. Effective date    September 4, 2014

(2) Dividends whose record date is attributable to, but to be effective after, the year ending December 31, 2015.

Matters to be discussed by Annual General Meeting of Shareholders to be held on March 27, 2015 are as follows:

Dividend on Common Stock
a. Total amount of dividend  ¥17,338 million
b. Source of dividends  Retained earnings
c. Dividend per share  ¥19.00
d. Record date   December 31, 2014
e. Effective date   March 30, 2015
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
   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 notes and accounts receivable, trade, 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 notes and accounts payable, trade, 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 bonds 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, currency swaps and others, 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 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 trade 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 and others, 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 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 sheets as of December 31, 2014, their fair values, and the differences. Financial instruments whose fair values are deemed extremely difficult to assess are not included.

<table>
<thead>
<tr>
<th></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 and time deposits</td>
<td>49,450</td>
<td>49,450</td>
<td>—</td>
</tr>
<tr>
<td>(2) Notes and accounts receivable, trade</td>
<td>408,709</td>
<td>408,709</td>
<td>—</td>
</tr>
<tr>
<td>(3) Marketable securities and investment securities</td>
<td>168,228</td>
<td>168,228</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>626,388</td>
<td>626,388</td>
<td></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>160,106</td>
<td>160,106</td>
<td>—</td>
</tr>
<tr>
<td>(2) Short-term loans payable and long-term debt with current maturities</td>
<td>99,096</td>
<td>99,096</td>
<td>—</td>
</tr>
<tr>
<td>(3) Commercial paper</td>
<td>83,994</td>
<td>83,994</td>
<td>—</td>
</tr>
<tr>
<td>(4) Bonds due within one year</td>
<td>51,832</td>
<td>52,161</td>
<td>328</td>
</tr>
<tr>
<td>(5) Liquor taxes payable</td>
<td>83,400</td>
<td>83,400</td>
<td>—</td>
</tr>
<tr>
<td>(6) Income taxes payable</td>
<td>12,154</td>
<td>12,154</td>
<td>—</td>
</tr>
<tr>
<td>(7) Bonds</td>
<td>209,988</td>
<td>222,006</td>
<td>12,017</td>
</tr>
<tr>
<td>(8) Long-term debt</td>
<td>359,012</td>
<td>364,317</td>
<td>5,304</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>1,059,585</td>
<td>1,077,236</td>
<td>17,651</td>
</tr>
<tr>
<td>Derivative transactions (*)</td>
<td>(9,086)</td>
<td>(9,086)</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 time deposits 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>224,557</td>
</tr>
<tr>
<td>b. Unlisted equity securities (Other securities)</td>
<td>20,103</td>
</tr>
<tr>
<td>c. Other</td>
<td>33</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>297</td>
</tr>
<tr>
<td>Deposits received</td>
<td>61,212</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: ¥1,207.43
2. Net income per share: ¥35.27

As stated in Changes in Accounting Policies, with respect to application of the Standard, etc., transitional treatment as prescribed in Paragraph 37 of the Standard has been applied. As of December 31, 2014, the effect of the change in accounting policies has been reflected in remeasurements of defined benefit plans under accumulated other comprehensive income. As a result of this change, net assets per share for the fiscal year ended December 31, 2014 decreased by ¥15.03.

Notes for Subsequent Events

At the Board of Directors Meeting held on February 12, 2015, the Company resolved to retire its treasury stock in accordance with Article 178 of the Companies Act as follows.

1. Type of shares retired: Common stock of the Company
2. Number of shares retired: 51,000,000 shares
   (5.28% of number of shares before retirement)
3. Scheduled date of retirement: February 27, 2015
   (Reference) Total number of shares after retirement: 914,000,000 shares

Additional Information

Following the promulgation on March 31, 2014 of the “Partial Revision of Income Tax Act, etc.” (Act No. 10 of 2014), the special reconstruction corporation tax will not be imposed from the consolidated fiscal years beginning on or after April 1, 2014. In accordance with this, the statutory tax rate used for the calculation of deferred tax assets and deferred tax liabilities for the year ended December 31, 2014 has been changed from 38.0% for the previous fiscal year to 35.6% for the temporary differences expected to be eliminated during the consolidated fiscal year beginning on January 1, 2015. Additionally, following the promulgation on March 31, 2014 of the “Local Corporation Tax Act” (Act No. 11 of 2014), corporate residential tax rate will be decreased while local corporation tax (national tax) will be imposed from the fiscal years beginning on or after October 1, 2014.

As a result of these changes, net amount of deferred tax assets (amount after deduction of deferred tax liabilities) at the end of the year ended December 31, 2014 decreased by ¥1,620 million, and remeasurements of defined benefit plans under net assets as well as income taxes – deferred recorded in the year ended December 31, 2014 increased by ¥19 million and ¥1,640 million, respectively.
Notes to Financial Statements

Significant Accounting Policies

1. Measurement of assets
   (1) Measurement of securities
      (a) Investments in shares of subsidiaries and affiliates are stated at cost determined by the moving-average method.
      (b) Available-for-sale securities
         1) 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.
         2) 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.

2. 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.

3. 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. In calculating retirement benefit obligation, straight-line attribution is used for attributing projected benefit obligation for the period up to the end of the current 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.

4. Other significant matters serving as the basis for the preparation of financial statements
   (1) Employees’ pension and retirement benefits
       Unrealized actuarial differences and unrealized prior service costs relating to employees’ pension and retirement benefits are accounted for differently from the accounting method used in the consolidated financial statements.

   (2) 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 or 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:

       (a) If a forward foreign exchange contract is executed to hedge an existing foreign currency receivable or payable:
           1) the difference, if any, between the amount in Japanese yen of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payable is recognized in the statement of income in the period which includes the inception date, and
           2) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.

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

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

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

   (4) Application of the consolidated taxation regime
       Effective from the year ended December 31, 2014, the Company has applied the consolidated taxation regime.


**Changes in Accounting Policies**

There are no matters to report under this item.

**Change in Presentation**

In terms of the balance sheet and the statement of income, the Company, in conjunction with the promulgation of the Cabinet Office Ordinance for Partial Revision of the Ordinance on Terminology, Forms and Preparation Methods of Financial Statements, etc. (Cabinet Office Ordinance No. 19, March 26, 2014), has revised its materiality criteria for the separate presentation of accounts in the financial statements, and has changed the method of presentation of its financial statements.
Notes to the Balance Sheet

1. Monetary debts due from and to subsidiaries and affiliates
   - Short-term monetary debts due from subsidiaries and affiliates ¥136,704 million
   - Long-term monetary debts due from subsidiaries and affiliates ¥1,440 million
   - Short-term monetary debts due to subsidiaries and affiliates ¥150,628 million
   - Long-term monetary debts due to subsidiaries and affiliates ¥4,637 million

2. Accumulated depreciation of property, plant and equipment ¥24,760 million

3. Amount deduced from property, plant and equipment due to subsidies received from governments and others ¥34 million

4. Assets pledged as collateral and secured borrowing
   (1) Assets pledged as collateral
       - Buildings ¥439 million
       - Land ¥439 million
   (2) Secured borrowing
       - Other of non-current liabilities (deposits received) ¥2,092 million

5. Contingent liabilities
   - Guarantees for loans from banks and others of subsidiaries and affiliates ¥57,529 million
   - Guarantees for employee housing loans from banks ¥1,509 million
   Total ¥59,038 million

Notes to the Statement of Income

1. Transactions with subsidiaries and affiliates (excluding those separately presented)
   - Operating revenue ¥1,471 million
   - Operating expenses ¥1,615 million
   - Transactions other than business transactions ¥2,223 million

2. Presentation of gain or loss on currency swaps and forward foreign exchange contracts
   Net foreign currency translation gain is stated after offsetting loss on currency swaps and forward foreign exchange contracts (¥645 million) that are carried to hedge the foreign exchange rate fluctuation risks for loans receivable in foreign currencies.
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, 2014</td>
<td>35,659,435 shares</td>
</tr>
<tr>
<td>Number of shares increased during the year ended December 31, 2014</td>
<td>16,795,884 shares</td>
</tr>
<tr>
<td>Number of shares decreased during the year ended December 31, 2014</td>
<td>3,230 shares</td>
</tr>
<tr>
<td>Number of shares as of December 31, 2014</td>
<td>52,452,089 shares</td>
</tr>
</tbody>
</table>

Notes:  
1. Increase in the number of shares was due to purchases of 49,718 less-than-one-unit shares and acquisition of 16,746,166 shares based on the resolution of the Board of Directors.  
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 ¥49,261 million
   Other ¥5,408 million
   Subtotal ¥54,669 million
   Less valuation allowance ¥(52,636)million
   Total deferred tax assets ¥2,033 million

2. Significant components of deferred tax liabilities
   Net unrealized gains on securities ¥(16,531)million
   Other ¥(1,460)million
   Total deferred tax liabilities ¥(17,991)million

3. Impact of change in corporation tax rate
   Following the promulgation on March 31, 2014 of the “Partial Revision of Income Tax Act, etc.” (Act No. 10 of 2014), the special reconstruction corporation tax will not be imposed from the consolidated fiscal years beginning on or after April 1, 2014. In accordance with this, the statutory tax rate used for the calculation of deferred tax assets and deferred tax liabilities for the year ended December 31, 2014 has been changed from 38.0% for the previous fiscal year to 35.6% for the temporary differences expected to be eliminated during the fiscal year beginning on January 1, 2015.
   Additionally, following the promulgation on March 31, 2014 of the “Local Corporation Tax Act” (Act No. 11 of 2014), corporate residential tax rate will be decreased while local corporation tax (national tax) will be imposed from the fiscal years beginning on or after October 1, 2014.
   The effect of these changes on the financial statements for the year ended December 31, 2014 is immaterial.
### 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>Business relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidiary</td>
<td>Kirin Co., Ltd.</td>
<td>100%</td>
<td>Concurrent 3</td>
<td>Consignment of management guidance service Lending and borrowing of funds Consignment of indirect business</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>Kirin Brewery Co., Ltd.</td>
<td>Indirect 100%</td>
<td>-</td>
<td>Lending and borrowing of funds</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>Kirin Beverage Co., Ltd.</td>
<td>Indirect 100%</td>
<td>-</td>
<td>Lending and borrowing of funds</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>Lion Pty Ltd</td>
<td>100%</td>
<td>Concurrent 1</td>
<td>Consignment of management guidance service Financial support Guarantees</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>Lion Nathan Pty Limited</td>
<td>Indirect 100%</td>
<td>-</td>
<td>Guarantees</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>Brasil Kirin Holding S.A.</td>
<td>100%</td>
<td>Concurrent 1</td>
<td>Consignment of management guidance service Financial support</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>Kyowa Hakko Kirin Co., Ltd.</td>
<td>53%</td>
<td>Concurrent 2</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)</td>
<td>Item</td>
</tr>
<tr>
<td>------------------</td>
<td>----------------------------------------</td>
<td>-----------------------------------------------</td>
<td>--------------------------------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>Subsidiary Kirin Co., Ltd.</td>
<td>Borrowing of funds (Notes 1 and 3)</td>
<td>29,087</td>
<td>Short-term loans payable</td>
</tr>
<tr>
<td></td>
<td>Subsidiary Kirin Brewery Co., Ltd.</td>
<td>Lending of loans (Notes 1 and 2)</td>
<td>88,832</td>
<td>Short-term loans receivable</td>
</tr>
<tr>
<td></td>
<td>Subsidiary Kirin Beverage Co., Ltd.</td>
<td>Borrowing of funds (Notes 1 and 3)</td>
<td>30,820</td>
<td>Short-term loans payable</td>
</tr>
<tr>
<td></td>
<td>Subsidiary Lion Pty Ltd</td>
<td>Lending of loans (Note 2)</td>
<td>102,934</td>
<td>Short-term loans receivable</td>
</tr>
<tr>
<td></td>
<td>Subsidiary Lion Nathan Pty Limited</td>
<td>Guarantees (Note 5)</td>
<td>23,925</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Subsidiary Brasil Kirin Holding S.A.</td>
<td>Lending of loans (Note 2)</td>
<td>20,000</td>
<td>Short-term loans receivable</td>
</tr>
<tr>
<td></td>
<td>Subsidiary Kyowa Hakko Kirin Co., Ltd.</td>
<td>Borrowing of funds (Notes 1 and 3)</td>
<td>82,921</td>
<td>Short-term loans payable</td>
</tr>
</tbody>
</table>

Conditions of transactions and policy regarding determination of conditions of transactions

Notes:
1. Lending and borrowing of funds is based on CMS (Cash Management System) and transaction amounts show average outstanding balances during this fiscal year.
2. Interest rates of loans receivable are determined based on market interest rates.
3. Interest rates of loans payable are determined based on market interest rates.
4. The Company provides the guarantee for bank loans of Lion Pty Ltd.
5. The Company provides the guarantee for a privately placed U.S. bond of Lion Nathan Pty Limited.
6. 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: ¥1,093.88
2. Net income per share: ¥76.14

Notes for Subsequent Events

At the Board of Directors Meeting held on February 12, 2015, the Company resolved to retire its treasury stock in accordance with Article 178 of the Companies Act as follows.

1. Type of shares retired: Common stock of the Company
2. Number of shares retired: 51,000,000 shares
   (5.28% of number of shares before retirement)
3. Scheduled date of retirement: February 27, 2015
(Reference) Total number of shares after retirement: 914,000,000 shares