

KIRIN



**THE DIFFERENCE
BETWEEN**

Kirin Holdings Company, Limited

Annual Report 2013

Year ended December 31, 2013

DEFINING THE DIFFERENCE BETWEEN A GOOD PRODUCT AND ONE THAT ENGAGES

The Kirin Group consists of 236 consolidated subsidiaries, 15 affiliated companies accounted for using the equity method, and one unconsolidated subsidiary accounted for using the equity method. The Group, which has a total work force of approximately 40,000 employees, is headed by a pure holding company, Kirin Holdings Company, Limited.

Exploiting knowledge accumulated by over a century of business, the Kirin Group has continually worked to meet consumers' expectations of quality by applying innovative manufacturing technology to the creation of products that bring out the full potential of nature.

In recent years, we have accelerated the expansion of our core business activities in the fields of alcohol beverages, non-alcohol beverages and pharmaceuticals, not only in Japan, but also globally, especially in Oceania, Brazil and Asia region. The Kirin Group works together across business and regional boundaries to create products and services that enrich the experiences and lives of consumers, by helping them foster stronger bonds with others. We hope that people worldwide will forever find greater well-being, pleasure and comfort through all that we do.

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FORWARD-LOOKING STATEMENTS

Statements in this report that are not historical fact are forward-looking statements based on the current beliefs, estimates and expectations of management. Various risks and uncertainties could cause results to differ materially from these projections. These risks and uncertainties include exchange rates, changes in domestic or overseas economic conditions, changes in consumer behavior or competitor activity, and changes in laws, regulations or policies in any of the countries where the Kirin Group conducts operations. The Kirin Group adopts measures to control these and other types of risks, but does not guarantee that such measures will be effective.

THE KIRIN GROUP— FOCUSED ON PEOPLE, NATURE AND CRAFTSMANSHIP TO REDEFINE THE JOY OF FOOD AND WELL-BEING

We pride ourselves on offering products based on what people want.

We pride ourselves on our ability to harness the goodness of nature through innovative technology.

We pride ourselves on delivering tangible satisfaction and quality in everything we make.

All of which ensures that we exceed customers' expectations.

And naturally, we do not stop there.

As we look forward with vision and dreams, we aim to continue offering food and health products that bring new joy to people's lives everywhere.

Always a step ahead, the Kirin Group supports health, pleasure and comfort in your life.



THE UNION OF LOCAL MANAGEMENT
AND GLOBAL RESOURCES

ONE KIRIN

ONE HEART, ONE MIND AROUND THE WORLD

We are steadily moving forward with the development of our activities on a global business foundation established under the Kirin Group's management plan for the period from 2007 to 2012. Our aim is to achieve sustainable growth in corporate value through organic growth by applying world-class management quality.

Our approach to the achievement of long-term growth in corporate value is based on the concept of "brand-centered management." We are strengthening our engagement with stakeholders as the basis for a variety of initiatives leading to the co-creation of brand value.

Our efforts to achieve these goals are guided by the "One Kirin" values: "Passion and Integrity." By adopting these shared values, we aim to focus the efforts of the entire Kirin Group toward the creation of a truly global enterprise in which people from diverse backgrounds can work autonomously in close contact with consumers in their respective regions, and in which people can work together across the boundaries of business segments and regions.

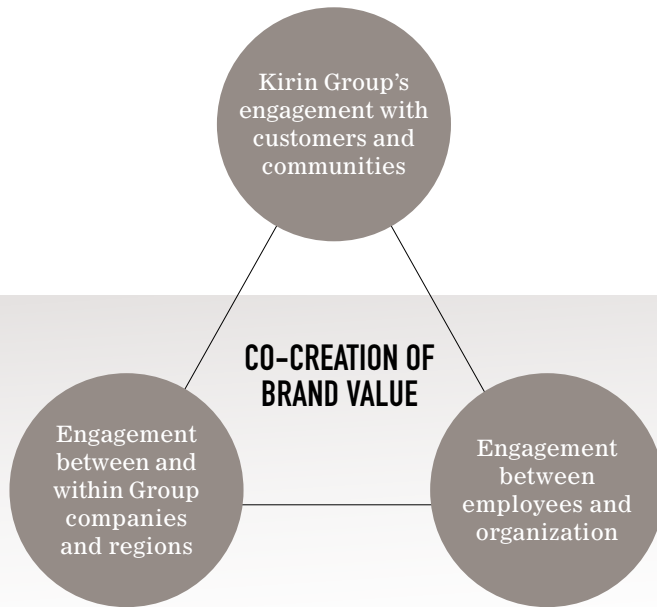
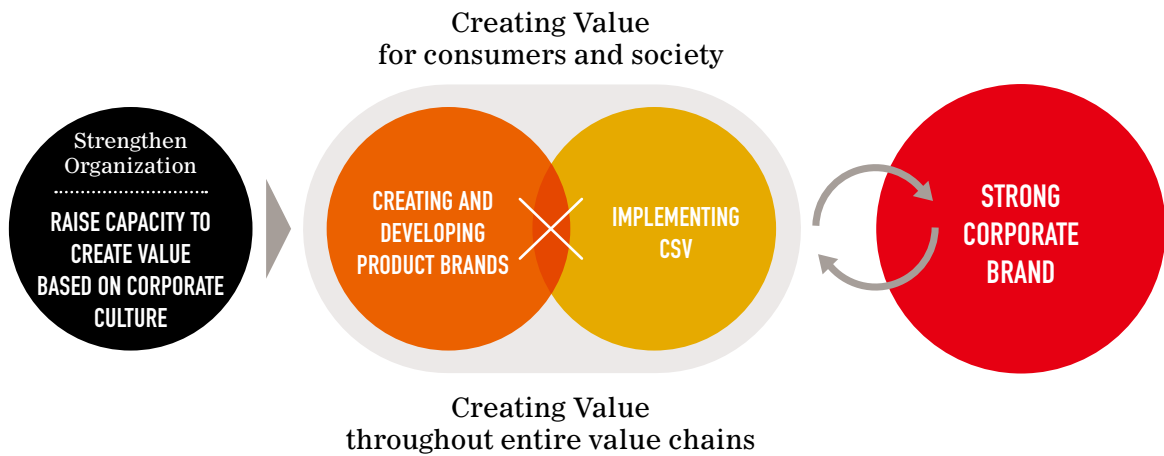


VALUES

LONG-TERM BUSINESS OUTLOOK: KIRIN GROUP VISION 2021 (KV2021)

- ▶ Help people foster stronger bonds by offering customer-oriented and quality-focused value.
- ▶ Build a corporate group where a diversity of people enjoy working and businesses grow with local communities, protecting the environment.
- ▶ Develop businesses globally in the field of “food and well-being,” with each region pursuing self-sustained growth in a locally optimized way.

MAKING STRONG BRANDS



“ONE KIRIN” VALUES: PASSION AND INTEGRITY

Our goal under KV2021 is evolution into a company capable of organic and sustainable growth in global markets, including Japan. We will achieve this by implementing our unique brand-centered management, in which we realize the co-creation of brand value, strengthening our engagement with stakeholders, leveraging diversity, and maintaining dialog and convergence.

In our brand-centered management, we will strengthen our corporate culture and the capacity of our organization to create value by responding to the needs and priorities of society, including consumers, in all areas of our business activities and across entire value chains. We will use this approach to cultivate a strong corporate brand by creating and

developing product brands and implementing the concept of creating shared value (CSV).

The Kirin Group already pursues CSR goals through its business activities. By applying the CSV approach, we further aim to achieve long-term improvement in our corporate value through the sustained, strategic implementation of initiatives based on links between our business activities and social priorities.

THE DIFFERENCE BETWEEN BRAND OWNERSHIP AND BRAND CULTIVATION



CONNECTING WITH VALUE

We aim to achieve business growth and development while helping to find solutions to social issues. To achieve these goals, we have used our accumulated strengths and expertise as the basis for a variety of initiatives designed to bring people together and breathe new life into regional communities.

One such initiative is the Kirin *Kizuna* Project. *Kizuna* is a Japanese word meaning “ties” or “bonds”. The Kirin *Kizuna* Project was created with the aim of supporting

NEW HYOKETSU BRAND PRODUCT EMERGES FROM KIZUNA PROJECT

As part of the Kirin *Kizuna* Project, we used *nashi* pears grown in Fukushima Prefecture to create a new pear version of the popular *Hyoketsu* range of beverages. By using fruit harvested in the Tohoku region to create this delicious, high-quality product, the Kirin Group has contributed to the recovery of agriculture in a disaster-affected area.



recovery and rebuilding efforts in areas of the Tohoku region affected by the Great East Japan Earthquake of 2011. Under the consistent theme of the project, fostering *kizuna*, we have undertaken a variety of initiatives designed to strengthen community and family ties in the disaster areas.

These activities are resulting in development and value creation in partnership with local communities. We believe that they will eventually help to improve the value of our corporate brand by establishing the Kirin brand as a familiar part of day-to-day life.



BRINGING SMILES TO CHILDREN

The Kirin Group recognizes the importance of educational opportunities for children. By providing scholarships to students in agricultural high schools and agricultural science programs in Iwate, Miyagi and Fukushima Prefectures in the Tohoku region, we are helping to educate people who will one day play key roles in rebuilding the regional economy.



HELPING PEOPLE ENHANCE THEIR MENTAL AND PHYSICAL WELLNESS

Support for soccer has been a Kirin Group tradition since 1978. The Kirin Group is helping children in disaster areas to discover the fun and emotional fulfillment of sports through soccer by sponsoring an itinerant soccer training program at elementary schools in Iwate, Miyagi and Fukushima Prefectures, working with the Japan Football Association.

THE DIFFERENCE BETWEEN HELP OUT AND HELP UP



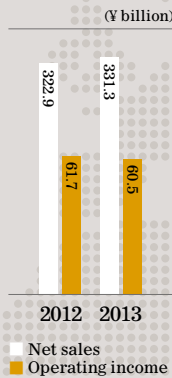
HELPING TO RESTORE THE LOCAL FOOD CULTURE AND FOOD INDUSTRIES

As a corporate group involved in the food business, the Kirin Group is helping to rebuild food culture and food industries by providing continual support for agriculture and the seafood industry at all stages from production to the dining table. Our support is tailored to local needs as assessed by Kirin personnel during actual visits to the disaster areas. During the immediate post-disaster phase up until 2012, we helped to provide the hardware support needed to restart agriculture and the seafood industry. Since 2013, the scope of our involvement has expanded to include not only production support, but also assistance with the development of agricultural and seafood brands, the expansion of sales channels, and the training of future leaders.



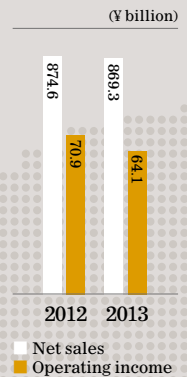
KYOWA HAKKO KIRIN

Kyowa HAKKO Kirin Co., Ltd. was founded in 2008 through the merger of Kyowa HAKKO Kogyo Co., Ltd. and Kirin Pharma Co., Ltd., which had been established as a diversified business operation of Kirin Brewery. This global pharma company generates steady income flows by combining antibody technology with advanced biotechnology.



KIRIN

The Kirin Group originated with the founding of Kirin Brewery Company, Limited in 1907. Since then, Kirin has built a solid business presence in the Japanese market, primarily in the areas of alcohol and non-alcohol beverages. In 2013, we paved the way for future growth by establishing Kirin Company, Limited to spur further development of integrated beverage strategy and generation of synergies among Kirin Brewery, Mercian Corporation and Kirin Beverage Company, Ltd. as the Japan regional headquarters.



JAPAN



TAKING THE WORLD STAGE

Under our previous long-term business outlook, we sought to reduce our reliance on domestic business activities through large-scale M&A activities in overseas markets. These one-off additions of new business resulted in quantum growth toward our goal of becoming a global enterprise.

Our aim under the current long-term business outlook is to use the business base established under the previous long-term business plan to support a shift from quantum growth to organic growth.

To achieve medium/long-term growth in global markets, the Kirin Group must both

realize organic growth and generate intra-group synergies based on collaboration. That is why we have based our group structure on a federal management system. Regional headquarters companies will operate autonomously, enabling them to make timely management decisions from perspectives that are closer to their consumers. As the global headquarters of the Kirin Group, Kirin Holdings will facilitate the creation of synergy benefits by allocating strategic resources across business segments and regions, and by taking the initiative in sharing functions.

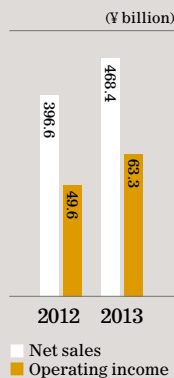


**“ONE KIRIN”
VALUES**

OCEANIA

LION

Kirin Brewery invested in Lion Nathan in 1998, and Kirin Holdings became sole owner in 2009. Renamed Lion, it has developed its business operations in Oceania as a core element in the Kirin Group’s overseas business activities. It has made a sustained contribution to earnings.



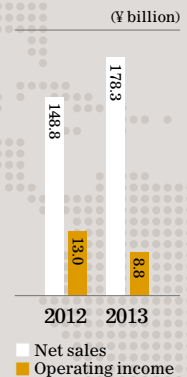
Notes: Operating income is calculated prior to amortization of goodwill etc.
The figures represent net sales and operating income in each region and business segment before adjustment for transactions between Group companies.

THE DIFFERENCE BETWEEN DIVERSITY UNDER ONE AND ONE IN DIVERSITY

BRAZIL

BRASIL KIRIN

Brasil Kirin (formerly Schincariol) joined the Kirin Group in 2011. The Brazilian market is expected to expand in the future. Brasil Kirin has maintained a strong presence in that market, especially in northeastern Brazil, and is expected to contribute to earnings from FY2014 onwards.



ASIA

KIRIN HOLDINGS SINGAPORE AND OTHER ASIAN COMPANIES

Established in 2010, Kirin Holdings Singapore Pte. Ltd. is using expertise developed in Japan to drive a medium/long-term growth strategy in the Southeast Asian market.



A DIVERSITY OF OPERATING REGIONS AND MARKETS

JAPAN

Reinforcing three-way experience
and synergy

BUSINESS OVERVIEW

We continue to face challenging business conditions in the Japanese market for alcohol and non-alcohol beverages, primarily because of population decline and prolonged deflation. The Kirin Group's approach to this market is based on the concept of "brand-centered management." In January 2013, we established Kirin Company as the Japan regional headquarters. Kirin company is working closely with the three operating companies—Kirin Brewery, Mercian and Kirin Beverage—to bring long-term perspectives to brand development.

KEY BRANDS

KIRIN BREWERY: Many of this company's products are ranked first or second in the domestic market in a wide range of alcohol beverage categories, including beers, happo-shu and new genre products and so forth. The company offers a wide range of products to meet consumer preferences, including *Kirin Ichiban Shibori* beer, which is known for its all-malt formulation and unique brewing process, *Kirin Nodogoshi Nama*, in the growing new genre market, and the *Kirin Hyoketsu* range, which has been the driving force in the canned chuhai market since its launch in 2001.

MERCIAN: As a leading company in the Japanese wine market, Mercian is working to develop its product brands and improve the value of its corporate brand.

Mercian supplies the *Château Mercian* range, which is one of Japan's most prestigious labels, as well as fine wines from countries around the world. It is also helping to drive the continuing growth of the Japanese wine market by supplying a wide range of domestic and foreign wines suitable for enjoyment on a daily basis.



KIRIN BEVERAGE: Products include the *Kirin Gogo-no-Kocha* (Afternoon Tea) range, consistently the number one brand* in the Japanese tea beverage market. There are also many leading brands in other non-alcohol beverage categories, such as coffee, green tea beverages and mineral water. Kirin Beverage has successfully created new markets with major hit products, including *Salt & Litchi from the Kirin Sekai-no-Kitchen-Kara* range, which combines fruit flavors with salt, and *Kirin Mets COLA*, the first cola beverage approved as a food for specified health uses.

*Based on research by the Food Marketing Institute

MARKET FORECASTS AND KEY POLICIES

While the Japanese economy is on a gradual recovery trend, it is still a maturing economy. Recent major economic changes include a rise in the consumption tax rate in the spring of 2014. For these reasons, conditions in the markets for alcohol and non-alcohol beverages are likely to remain difficult.

Our most important priority as we work to achieve sustainable growth in the Japan Integrated Beverages Business will be the creation and development of product brands. At the same time, we will accelerate our efforts to create value in partnership with consumers and communities through CSV activities.



IDEAS FOR NEW VALUE

The Kirin Group continued to offer new ways to enjoy beer, including the opening of *KIRIN ICHIBAN GARDEN* in Japan and overseas, as well as the development of new products, such as *Ichiban Shibori Frozen Draft*, a new taste sensation created by freezing the foam on beer.

KIRIN Plus-i HEALTH PROJECT

The resources of the entire Kirin Group have been focused on the *Kirin Plus-i* project, the aim of which is to help consumers live healthily at any age, to promote new possibilities for healthy living by providing "Lactococcus Plasma" drinks.



OCEANIA

Realizing a strong and growing potential
and unique regional identity

BUSINESS OVERVIEW

A continuing slowdown in the Australian economy created a challenging business environment for domestic consumer goods industries, especially the food and retail sectors. The alcohol beverage business and food and beverage business were integrated under Lion in 2009. Lion now owns many of the leading brands in the beer, wine, spirits, milk, cheese, dairy products, fruit juice, soy and non-alcohol-beverages categories. Although the economic outlook is challenging, Australia is an attractive market with the potential to grow both the population and the economy. We believe it will be possible to achieve sustainable growth centered on high-value products and growth categories.

KEY BRANDS

ALCOHOL BEVERAGES BUSINESS: Lion is the leading brewer by market share in both Australia and New Zealand, and its XXXX Gold beer brand is Australia's largest by volume. While strengthening its core brands, Lion is also expanding its product portfolio into growth categories, such as international premium beers and craft beers, in response to consumer demand. These include *Corona Extra*, the largest international premium brand in the country, for which Lion acquired distribution rights in 2012.

BEVERAGES BUSINESS: Lion's beverages business consists of the manufacture and sale of milk, cheese, dairy products, fruit juice, soy and non-alcohol-beverages in Australia. Its *Dare* flavoured milk brand, one of Australia's most popular non-alcohol-beverage brands, continues to post strong growth in a market environment characterized by intense competition and price-conscious consumers. Lion is also strengthening its position in other high value categories, such as premium yogurt and specialty cheese.

MARKET FORECASTS AND KEY POLICIES

Lion is responding to a recovery trend in the beer markets of Australia and New Zealand through sustained best-practice brand investment and innovation. It aims to grow sales in 2014 by reinforcing robust categories, including craft beers and ciders.

Competition is escalating in the beverages business. However, Lion is working to grow its presence in high-value categories that performed well in 2013, such as flavored milk and specialty cheeses, while also targeting continuous cost reductions and starting to explore opportunities for its high value products in export markets.

NO.1 SHARE OF CRAFT BEER MARKET

Australia's craft beer segment continued to grow in 2013. Lion has a number of popular brands in craft, including *James Squire* and *Little Creatures*. Lion's sales growth exceeded the market growth rate, driven by the strong performance of *James Squire*, the number one craft trademark in the country.

AUSTRALIA'S TOP DAIRY DRINK

Lion's strategy for the beverages business focuses on high-value categories. In 2013, double-digit year-on-year sales volume growth propelled flavoured milk brand *Dare* into the number one spot in its category, and number four in non-alcohol-beverages overall.





BRAZIL

Pursuing flexibility and adaptability

BUSINESS OVERVIEW

There was a global slowdown in the growth performance of emerging economies, including Brazil, in 2013. Inflation also remained persistently high in Brazil, resulting in a harsh environment for consumer spending.

However, Brazil is the biggest Latin American country in terms of both population and economic scale, and its beer and beverage markets offer strong long-term growth potential. Brasil Kirin (formerly Schincariol), which became part of the Kirin Group in 2011, is building a solid presence in these growth markets.

KEY BRANDS

Brazil's beer market is now number three in the world and accounts for around 7% of world beer consumption. With key brands that include *Schin*, Brasil Kirin has gained the second biggest share of the Brazilian market by offering attractive products in segments ranging from super-premium to economy.

A feature of the Brazilian beverage market is the extremely high weighting toward carbonated drinks, which make up around 66% of the total market. Brasil Kirin manufactures and sells carbonated drinks, fruit beverages and mineral water. It is ranked third in terms of its share of the carbonated beverage market, thanks to key brands, including *Schin*.

MARKET FORECASTS AND KEY POLICIES

With 13 factories in locations throughout Brazil, Brasil Kirin has ample capacity to supply key markets. Another advantage is a powerful marketing organization with strong local links in each area.

While maintaining a strong presence in northeastern Brazil, which continues to achieve high economic growth, Brasil Kirin will expand its customer touch points throughout the entire country with the aim of establishing a strong No.2 position in the beer market. At the same time, it will continue to strengthen its presence in the carbonated beverage market.

NEW PREMIUM PRODUCTS LAUNCHED

Brasil Kirin responded to growing awareness of health issues by launching two sugar-free carbonated beverages containing dietary fiber: *KIRIN Fibz Cola* and *KIRIN Fibz Guaraná*. Based on Japanese technology, the products offer new value by combining excellent flavors with health benefits.

WORLD'S NO.3 BEER MARKET

In addition to income growth resulting from economic expansion, Brazil is also experiencing continuous population growth. These trends are reflected in its beer market, which is the third biggest in the world after China and the United States. Beer consumption in Brazil increased by 1.5% year on year in 2012. Big events scheduled for the next few years, including the World Cup in 2014 and the Olympic Games in 2016, are expected to bring further market expansion.





ASIA

Continuing to buildup a
strategic business foundation

BUSINESS OVERVIEW

With the exception of the Philippines and a few other countries, economic growth is slowing even in Asia, which is the main driving force for the world economy. However, China, now the world's second-largest economy, is maintaining a 7% GDP growth rate, while in Southeast Asia, companies from around the world are stepping up their activities in advance of ASEAN economic integration, which will create a new market with a population of 600 million.

KEY BRANDS

SOUTHEAST ASIA: We are developing our beverage business, which centers on fruit drinks and tea-based beverages, in Vietnam and Thailand under the leadership of Kirin Holdings Singapore. Our aim is the rapid development of regionally focused business operations.

THE PHILIPPINES: San Miguel Brewery Inc. is a Kirin Group affiliate accounted for using the equity method. It has maintained an overwhelming share of the domestic beer market by building an extensive line-up of products centering on its flagship brands, *San Miguel Pale Pilsen* and *Red Horse*.

CHINA: The Kirin Group's efforts to expand its alcohol beverage business in China are coordinated by Kirin (China) Investment Co., Ltd., which is developing and marketing both Kirin brands and the brands of our group companies.

In 2011, we also founded a joint venture with Chinese food and retail giant China Resources Enterprise, Limited, and we are working to leverage the strengths of both our companies to expand our water and soft drink businesses.

MARKET FORECASTS AND KEY POLICIES

In Southeast Asia, while continuing to expand our existing operations in Vietnam and Thailand, we also aim to establish a wide-area business base.

In the Philippines, we will maintain our position as the unchallenged leader in the domestic beer market by building an optimal brand portfolio with San Miguel Brewery.

In China, we aim to build a reliable income base for our beer business and put Kirin's brand businesses on a sustainable growth path. We also aim to achieve dramatic growth by building a nationwide beverage sales network through our joint venture, China Resources Kirin Beverages (Greater China) Company, Limited.

LAUNCH OF KIRIN ICHIBAN IN THAILAND

Thailand's beer market is the largest segment in the expanding Southeast Asian market. Economic growth is also expected to drive the expansion of premium beer sales. In addition, a Japanese food boom and the assimilation of Japanese food culture are reflected in the proliferation of Japanese-owned restaurants in Thailand. We aim to establish a presence for the *KIRIN ICHIBAN* brand, which we have been manufacturing and selling in Thailand since November 2013.



ACCELERATED GROWTH STRATEGY IN CHINA

In the current fiscal year, China Resources Kirin Beverages (Greater China), a joint venture with China Resources, achieved sales that outpaced industry growth, and the sales target for 2015 was revised upwards from 6 billion yuan to 10 billion yuan. We will continue our efforts to strengthen our brands, especially in the mainstay water business. We have also started to expand our production sites, including the construction of three new factories.





PHARMACEUTICALS AND BIO-CHEMICALS

Expanding competitiveness and
strengthening development

BUSINESS OVERVIEW

Kyowa Hakko Kirin is responsible for the Kirin Group's pharmaceutical and bio-chemical operations, which now contribute significantly to earnings. In pharmaceuticals, the core business area, it tackles the global business challenges of healthcare cost ceilings and tightening approval processes, in Japan. Kyowa Hakko Kirin is working to strengthen its competitiveness and so more rapidly achieve sustainable growth. Overseas, Kyowa Hakko Kirin aims to enhance its business foundation in Europe, North America, and Asia in order to become a global specialty pharmaceutical company. It is now pursuing business strategies designed for individual countries and regions, primarily through collaboration with ProStrakan Group plc, which it acquired in 2011.

CORE PRODUCTS

Kyowa Hakko Kirin is strengthening its competitiveness through the category-based strategy, in which it continually creates new drugs and maximizes the value of products after launch through an integrated structure spanning all stages from research and development to manufacturing and marketing in the four categories of nephrology, oncology, immunology/allergies and the central nervous system.

One of Kyowa Hakko Kirin's flagship products is *NESP*[®], which is used to treat renal anemia. In Japan the product received additional approval for use in the treatment of pediatric renal anemia, while in China, it entered Phase III clinical trials.

ProStrakan's main product is *Abstral*[®], which is used to treat cancer pain. Its sales are expanding steadily in overseas markets, and in December 2013, it was launched in Japan following approval.

Patanol[®] is now the leading product in the market for anti-allergy eye-drops. Sales increased in 2013 due to the effects of higher amounts of airborne pollen.

In the bio-chemical field, Kyowa Hakko Bio Co., Ltd. is expanding sales of products used in medical care and pharmaceuticals, including amino acid and nucleic acid substances. It also sells healthcare products, including ornithine, directly to consumers. Because of high ratio of overseas sales, the recent decline in the value of the yen has helped to lift earnings.

MARKET FORECASTS AND KEY POLICIES

Drug price revisions under Japan's National Health Insurance system are supposed to have a major impact on Kyowa Hakko Kirin in 2014, and business conditions are likely to be severe. However, the company will steadily move forward and carry out its plan by maintaining and strengthening existing core products under its category-based strategy, while also realizing returns from new products. These include *ONGLYZA*[®], a treatment for type-two diabetes, and *NOURIAST*[®], an antiparkinsonian agent, both of which went on sale in 2013.

THREE NEW PRODUCTS LAUNCHED

In 2013, Kyowa Hakko Kirin worked to rapidly build a market presence for three newly launched products: the antiparkinsonian agent *NOURIAST*[®], which has a completely new functional mechanism, the treatment for type-two diabetes *ONGLYZA*[®], and the treatment for cancer pain *Abstral*[®].

DEVELOPMENT PIPELINE

Kyowa Hakko Kirin has approval applications pending for several products, including those listed below. It expects to receive approval for sales in the near future.

- Use of *POTELIGEO*[®] humanized monoclonal antibody in the treatment of relapsed or refractory CCR4-positive peripheral T-cell lymphoma and cutaneous T-cell lymphoma (additional indication approval application pending)
- Use of sustained-duration G-CSF product (KRN125) to treat chemotherapy-induced febrile neutropenia (approval application pending)

*See page 41 for a full list of products in the development pipeline.



CONSOLIDATED FINANCIAL HIGHLIGHTS

Kirin Holdings Company, Limited and Consolidated Subsidiaries
Years ended December 31, 2013, 2012

	Millions of yen		Percentage change (%)	Thousands of U.S. dollars
	2013	2012	2013 / 2012	2013
For the year:				
Sales	¥ 2,254,585	¥ 2,186,177	3.1	\$ 21,392,779
Less liquor taxes	310,798	315,549	(1.5)	2,949,027
Net sales	1,943,786	1,870,627	3.9	18,443,742
Japan integrated beverages	869,377	874,684	(0.6)	8,249,141
Overseas integrated beverages	685,254	577,057	18.7	6,502,077
Pharmaceuticals and bio-chemicals	331,377	322,976	2.6	3,144,292
Others	57,778	95,909	(39.9)	548,230
Operating income (Prior to amortization of goodwill etc.)	198,086	202,675	(2.3)	1,879,552
Normalized EBITDA	301,486	307,339	(1.9)	2,860,669
Japan integrated beverages	102,754	114,985	(10.6)	974,988
Overseas integrated beverages	114,311	99,299	15.1	1,084,647
Pharmaceuticals and bio-chemicals	84,655	85,562	(1.1)	803,254
Others	7,163	9,153	(21.7)	67,966
Normalized net income	115,426	112,868	2.3	1,095,227
Cash flows from operating activities	205,517	212,061	(3.1)	1,950,061
Cash flows from investing activities	85,526	(48,379)	—	811,519
Cash flows from financing activities	(272,357)	(160,008)	—	(2,584,277)
At year-end:				
Total assets	¥ 2,896,456	¥ 2,951,061	(1.9)	\$ 27,483,214
Interest-bearing debt	858,911	1,037,188	(17.2)	8,149,833
Shareholders' equity	1,075,861	948,943	13.4	10,208,378
	Yen			U.S. dollars
Amounts per share:				
Normalized EPS	¥ 122	¥ 117	4.3	\$ 1,157
Dividends	36	29	24.1	341
Value indicators:				
Operating income (Prior to amortization of goodwill etc.) / Net sales (%)	10.2	10.8	(5.9)	
Normalized return on equity (%)	10.9	11.6	(5.4)	
Net debt / Normalized EBITDA	2.25	2.86	(21.5)	
Dividend payout ratio on normalized EPS (%)	29.5	24.8	19.1	

Notes: The U.S. dollar amounts in this report are included for the convenience of readers, converted at the rate of ¥105.39 = US\$1.

Yen and U.S. dollar amounts are truncated.

Normalized EBITDA = Operating income + Depreciation + Amortization of goodwill + Dividends received from entities accounted for by the equity method.

Normalized net income = Net income + Amortization of goodwill etc. ± special income or expenses after income taxes and minority interests.

Normalized EPS = Normalized net income / Average number of shares outstanding during period.

Normalized ROE = Normalized net income / Normalized average amount of equity during period.

2013 GROUP
KEY PERFORMANCE INDICATORS

NET
SALES

FY2013

¥1,943 BILLION

FY2012

¥1,870 BILLION

Normalized
EBITDA

FY2013

¥301 BILLION

FY2012

¥307 BILLION

Normalized
EPS

FY2013

¥122

FY2012

¥117

NET DEBT/
Normalized EBITDA

FY2013

2.25

FY2012

2.86

DIVIDEND PAYOUT RATIO
on Normalized EPS

FY2013


30%

SHARE
BUYBACK

FY2013

¥50 BILLION

TO OUR SHAREHOLDERS



**THE KEY IS BRANDS
THAT MAKE
A DIFFERENCE**

Senji Miyake

Senji Miyake

President & CEO

March 27, 2014

In FY2013, the first year under our Long-term Business Outlook, we took the first steps toward establishment and implementation of brand-centered management.

FY2013 was the first year of our Long-term Business Outlook, “Kirin Group Vision 2021” (KV2021) and the 2013-2015 Medium-term Business Plan, which forms the first stage of KV2021. We shifted the management focus for the Kirin Group toward organic growth, and we took our first steps toward the establishment and implementation of brand-centered management as the source of sustainable competitiveness.

In the Japanese market, we established Kirin Company as the regional headquarters for Japan. We worked under this new structure to bring about a new phase of growth through strategic brand investment across multiple categories. We also implemented cross-organizational measures targeting value creation and the improvement of efficiency.

In overseas markets, our various regional headquarters provided the driving force for growth across the entire Kirin Group by working to produce results through autonomous management that reflects local market conditions. As our regional headquarters for Oceania, Lion, strengthened its marketing activities for growth categories and high value products. In Brazil, Brasil Kirin strengthened core brands and expanded customer touch points nationwide.

SALES HIGHER IN FY2013, BUT OPERATING INCOME BELOW TARGET

These efforts brought sustained sales growth, especially in overseas markets, while domestic sales of non-alcohol beverages grew faster than the market in volume terms. Trends such as these were reflected in our sales, which increased by 3.1% year on year to ¥2,254.5 billion.

Total operating income from our Overseas Integrated Beverages Business was higher year on year. However, consolidated operating income was 6.7% lower at ¥142.8 billion because of higher selling, general and administrative expenses in Brazil and a volume decline in beer sales in Japan, as well as ongoing investment in our brands based on medium/long-term perspectives.

“We are moving toward renewed growth in Japan even as overseas activities drive group-level growth.”

BUSINESS TRENDS

(¥ billion)

	FY2012 actual	FY2013 actual	FY2014 forecast	MTBP* guidance
Sales	2,186.1	2,254.5	2,290	2,300 plus
Net sales	1,870.6	1,943.7	1,980	—
Operating income	153.0	142.8	140	170 plus

*MTBP = Medium-term Business Plan (FY2013–FY2015).

QUANTITATIVE PERFORMANCE

(¥ billion)

	FY2012 actual	FY2013 actual	FY2014 target	MTBP target
Normalized EBITDA	307.3	301.4	302.0	Mid single-digit CAGR (%)
Normalized EPS (Yen)	117	122	129	High single-digit CAGR (%)

Notes: Normalized EBITDA = Operating income + Depreciation + Amortization of goodwill + Dividends received from entities accounted for by the equity method.

Normalized EPS = Normalized net income / Average number of shares outstanding during period.

“Record
Net income”

Net income increased by 52.4% over the previous year’s level to ¥85.6 billion, in part because of gains on sales of marketable securities due to the sale of our shareholding in Fraser and Neave Limited.

“In addition
to a dividend
increase, we
also returned
earnings to
shareholders
through a
¥50 billion
share buyback
program.”

Our quantitative targets for normalized EBITDA and normalized EPS are a mid single-digit compound average growth rate for normalized EBITDA, and a high single-digit compound average growth rate for normalized EPS. We aim to return earnings to shareholders by increasing dividends to maintain a payout ratio equivalent to 30% of normalized EPS. In FY2013, our normalized EPS increased by 4.3% to ¥122, and we raised our dividend by ¥7 over the previous year’s level to ¥36. We further enhanced shareholder returns by repurchasing shares worth up to ¥50.0 billion, acquiring 31.9 million shares under this buyback program.

“In addition
to strategic
resource
allocation, we
are also working
to reduce costs.”

SEGMENT OVERVIEW

JAPAN INTEGRATED BEVERAGES BUSINESS

SUMMARY OF RESULTS IN FY2013

Conditions were difficult in the domestic market for alcohol and non-alcohol beverages. In addition to a continuing downtrend in total demand for beer, other negative fac-

tors included cost increases resulting from a dramatic fall in the value of the yen.

Our focus in this environment was on the development of strong brands through the strategic allocation of resources across the alcohol beverage and non-alcohol beverage categories. To better achieve this, we established Kirin Company to coordinate the Japan Integrated Beverages Business, including the activities of Kirin Brewery, Mercian and Kirin Beverage.

Our policy of allocating strategic resources across business units has already yielded tangible benefits, including the success of new products in new genres, such as *Kirin Sumikiri*, and the growth of the *Sekai-no-Kitchen-Kara* brand of non-alcohol beverages. Our efforts to strengthen our core beer brands were not as successful as we had hoped, and sales volumes were lower year on year. Total net sales from the Japan Integrated Beverages Business were 0.8% below the previous year’s level. Although operating income was 9.9% lower year on year, we were able to reach our initial annual forecast for the Japan Integrated Beverages Business thanks to cost-cutting efforts.

POLICIES AND STRATEGIES FOR FY2014

In the second year since its establishment, Kirin Company will further pursue a selection and concentration strategy in an increasingly mature domestic market. Its goal is to put the business onto a new growth track by developing strong brands. This policy will be paralleled by strategic efforts to create a foundation for sustainable growth through human resource development and initiatives to promote diversity. We will also step up cost-cutting measures. Our target is to reduce costs by ¥20.0 billion or more during the period covered by the Medium-term Business Plan.

OVERSEAS INTEGRATED BEVERAGES BUSINESS

Australia and Brazil are the core markets for our Overseas Integrated Beverages Business. As resource-exporting countries, both are experiencing slower economic growth, in part because of economic slowdowns in Europe and China, which are their main export markets.

SUMMARY OF LION'S RESULTS IN FY2013

Lion recorded strong sales of both core brands and imported premium beers and craft beers in its mainstay alcohol beverages segment. This helped to lift overall performance, resulting in substantial increases in consolidated net sales and operating income.

SUMMARY OF BRASIL KIRIN'S RESULTS IN FY2013

A persistently high inflation rate resulted in slower consumer spending in Brazil, and both the beer and non-alcohol beverage markets stagnated. Despite this, Brasil Kirin achieved sales growth in excess of the market average by strengthening its core brands and expanding its customer touch points throughout Brazil.

However, overall market shrinkage and escalating competition were reflected in higher selling, general and administrative expenses. Despite efforts to improve procurement processes and optimize efficiency, operating income was substantially lower.

COMBINED OVERSEAS RESULTS

In other regions, Kirin Holdings Singapore led efforts to achieve business growth in Southeast Asian markets, especially Vietnam and Thailand.

Consolidated net sales from the Overseas Integrated Beverages Business increased by 18.7%. Consolidated operating income was 11.0% higher.

POLICIES AND STRATEGIES FOR FY2014

We expect Lion's alcohol beverages business to show continued strong growth. In addition to *XXXX Gold*, which is Australia's leading beer brand, Lion is also building a strong presence in growth categories, such as craft beers, and will be able to achieve growth in both revenues and income.

We anticipate challenging conditions for the beverages business, including a continuing trend toward lower prices and sharply higher milk prices. We will respond to these challenges by strengthening our marketing for high-value products, and by initiating a business mix restructuring process based on medium/long-term perspectives.

Brazil's population has an average age in the mid-twenties. It is an extremely promising market with the potential for sustained growth, and in 2014, the growth of the Brazilian markets for beer and non-alcohol beverages is expected to outpace the GDP growth rate. We expect to exceed last year's growth in sales volumes and the market growth

“Lion has steadily strengthened its earnings base.”

“Brasil Kirin's sales outpaced the market, but income fell short of the target.”



“We are maintaining firm performance trends in the Pharmaceuticals and Bio-chemicals Business, despite difficult business conditions.”

rate with an increase at the high end of the single-digit range, thanks to strategies that will establish a powerful brand portfolio and the expansion of our product areas.

PHARMACEUTICALS AND BIO-CHEMICALS BUSINESS

SUMMARY OF RESULTS IN FY2013

Operating income from the pharmaceuticals was lower year on year due to a decline in technology licensing revenues, in part because some items could not be included in the accounts until the following year. However, domestic sales of ethical pharmaceuticals were strong, and we also launched three new drugs. Overseas, the British company ProStrakan Group achieved pleasing growth in sales of its flagship products. Total net sales for the Pharmaceuticals and Bio-chemicals Business were 2.6% higher year on year and reached the mid-year forecast.

POLICIES AND STRATEGIES FOR FY2014

We are predicting increased earnings from the bio-chemicals in FY2014. However, the pharmaceuticals will be affected by drug price revisions by the National Health Insurance system. In addition, we will be investing more in R&D in preparation for future growth. For these reasons, both revenues and income are expected to be lower.

FY2014: APPLYING ONE-KIRIN VALUES AROUND THE WORLD

WE AIM TO ACHIEVE GROWTH AS A GLOBAL ENTERPRISE BY SHARING OUR COMMITMENT TO THE “ONE KIRIN” VALUES: “PASSION AND INTEGRITY” ACROSS THE ENTIRE KIRIN GROUP.

In FY2014, we will work toward the realization of the growth scenario set down

in our Medium-term Business Plan and KV2021 by targeting organic growth under a federal organization structure, and by steadily building on the results of our brand development efforts in Japan. Our strategy for the Japan Integrated Beverages Business calls for development of our strong product brands through a further implementation of selection and concentration. We will also work in partnership with our various stakeholders to enhance the value of the Kirin corporate brand and create a virtuous circle with product brands under the “creating shared value” (CSV) concept.

In Oceania, Lion will continue to target sustained growth in the alcohol beverage business while also taking steps, including in-depth restructuring, to enhance the earning potential of its non-alcohol beverage business.

In the growth markets of Brazil, we again aim to outpace market growth by increasing both sales volumes and lifting unit prices. In addition, we will target steady income growth by further enhancing the efficiency and effectiveness of our brand investment.

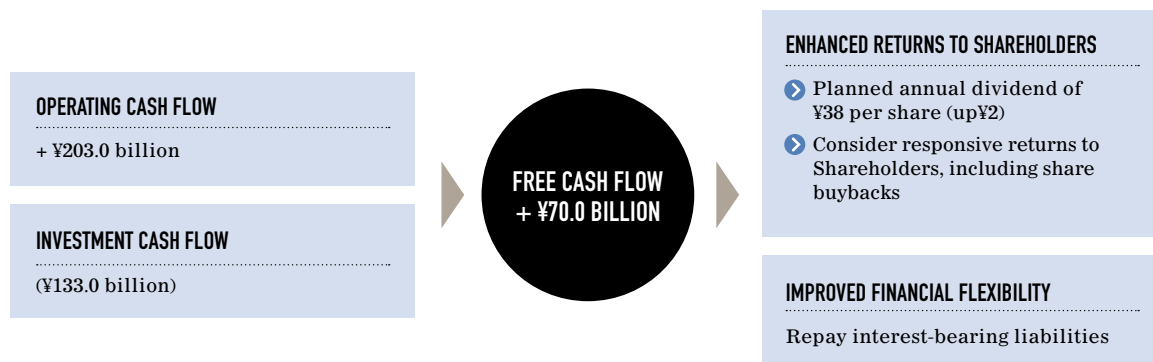
—FINANCIAL STRATEGY FOCUSED ON SHAREHOLDER RETURNS

Our financial strategy is based on projected free cash flows of ¥70.0 billion in FY2014, and free cash flows for the two-year period starting in FY2013 are expected to reach ¥361.0 billion. We are making excellent progress toward the achievement of the target of ¥400.0 billion or higher under the 2013-2015 Medium-term Business Plan.

In our guidance on business performance in FY2015, we have updated the consolidated operating income from the initial figure of ¥180.0 billion or higher to ¥170.0 billion or higher. This is mainly because of changes relating to the pharmaceuticals, including increased R&D investment in preparation for future growth, and the divestment of a part of Other businesses. However, we have not changed our quantitative targets.

“We will continue to enhance shareholder returns.”

FY2014 FINANCIAL STRATEGY



CASH FLOW ESTIMATE

(¥ billion)

	FY2013	FY2014	FY13-FY14 total	MTBP target
Operating cash flow	205.5	203.0	408.5	700.0 plus
Investing cash flow	85.5	(133.0)	(47.5)	(300.0)
Free cash flow	291.0	70.0	361.0	400.0 plus
Dividend	(38.8)			
Share buyback	(50.4)			
Repay debt	(180.5)			

MTBP 2013-2015 FINANCIAL POLICIES

- Enhanced returns to shareholders
 - Dividend increase in line with growth in normalized EPS
 - Dividend payout ratio to normalized EPS: 30%
 - Additional returns to shareholders, including share buybacks, will also be considered
- Increase financial flexibility by steady reduction of debt

Our plans for FY2014 call for growth in normalized EBITDA, and our target for normalized EPS is 5.7% year-on-year growth to ¥129. Based on this figure, we plan to increase the annual dividend by ¥2 to ¥38 per share. As in FY2013, we again implemented a share buyback program in March 2014.

—INITIATIVES TOWARD SUSTAINABLE MEDIUM/LONG-TERM GROWTH IN CORPORATE VALUE

We will move forward toward the realization of our Long-term Business Outlook, KV2021 under a federal organization structure designed to promote timely, autonomous management by our regional headquarters in Japan, Oceania, Brazil and Asia, to allocate management resources in order to maximize the performance from a group-wide perspective and to generate synergies

through initiatives taken by Kirin Holdings, Group headquarters.

In summary, we are determined to achieve growth as a global enterprise by promoting our diversity as well as collaboration across businesses and regional boundaries—all in keeping with our “One Kirin” Values: “Passion and Integrity.”

I would like to express our sincere gratitude to all stakeholders for their continuing confidence in our growth potential. I look forward to informing you in the near future about the evolution that has resulted from the continuing efforts by “One Kirin”.

DIRECTORS / AUDIT & SUPERVISORY BOARD MEMBERS



From left to right

AUDIT & SUPERVISORY BOARD
MEMBER (EXTERNAL)

Fukutaka Hashimoto

AUDIT & SUPERVISORY BOARD
MEMBER (EXTERNAL)

Nobuyuki Oneda

AUDIT & SUPERVISORY BOARD
MEMBER (EXTERNAL)

Kimie Iwata

SENIOR DIRECTOR OF THE BOARD

Keisuke Nishimura

Group Personnel &
Administration Strategy,
Group Procurement
Strategy, and Group Legal
Strategy

SENIOR DIRECTOR OF THE BOARD
REPRESENTATIVE DIRECTOR

Hajime Nakajima

Group Production and
Logistics Strategy, Group
R&D Strategy, Group
Quality & Environment
Strategy, and Group CSV
Strategy

PRESIDENT & CEO

Senji Miyake



SENIOR DIRECTOR OF THE BOARD
REPRESENTATIVE DIRECTOR

Hirotake Kobayashi

Group Business Investment
and Alliance Strategy and
Group IT Strategy

DIRECTOR OF THE BOARD &
CFO

Akihiro Ito

Group Financial
Strategy and PR &
IR Strategy

AUDIT & SUPERVISORY BOARD
MEMBER

Kazuyoshi Suzusho

DIRECTOR OF THE BOARD
(NON-EXECUTIVE)

Shigemitsu Miki

AUDIT & SUPERVISORY BOARD
MEMBER

Masahito Suzuki

DIRECTOR OF THE BOARD
(NON-EXECUTIVE)

Toshio Arima

SUSTAINABLE MANAGEMENT SYSTEM

CORPORATE GOVERNANCE

FUNDAMENTAL APPROACH TO CORPORATE GOVERNANCE

The Kirin Group recognizes the improvement of corporate governance as one of its important management objectives. We are taking action to strengthen corporate governance across the entire Group to earn the trust of internal and external stakeholders, as well as to practice fair and efficient management.

The Kirin Group introduced a pure holding company structure in July 2007, and is currently building an organizational structure that is conducive to promoting a growth strategy, based on an array of operating companies such as the regional headquarters for domestic and overseas integrated beverages business and the companies operating in pharmaceuticals and bio-chemicals business.

Regarding the corporate governance structure, Kirin Holdings has clearly defined the roles and responsibilities of each regional headquarters, operating company and the holding company. It has set up structures to raise the levels of autonomy and maneuverability at the regional headquarters and operating companies, and encourage the creation of Group premiums under the leadership of the holding company. The purpose is to maximize the corporate value of the entire Group by enhancing and expediting decision making and making management more transparent and sound.

IMPLEMENTATION OF MEASURES RELATING TO CORPORATE GOVERNANCE

Management systems and corporate governance structures relating to the company's decision making, execution and supervision

1. Corporate governance structure overview and reasons for its introduction Kirin Holdings' corporate governance structure is shown below.

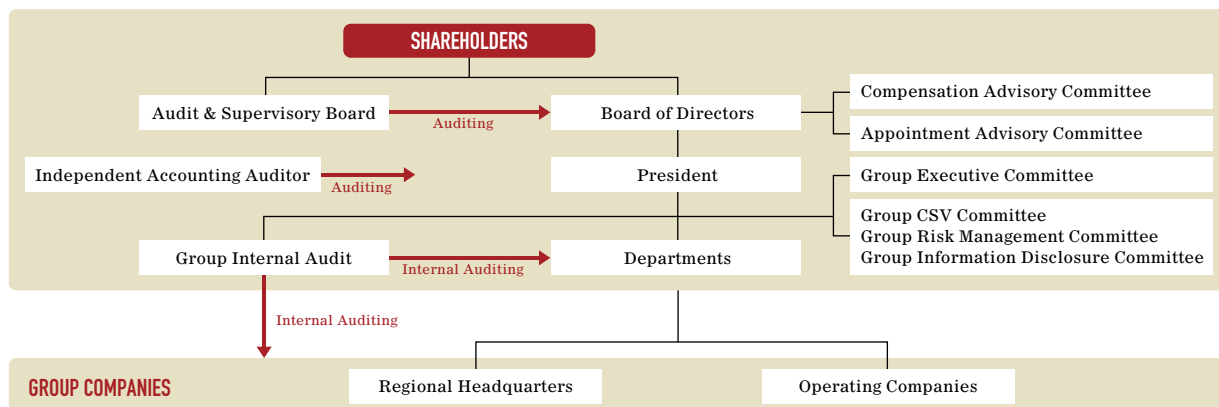
(Reasons for introduction of corporate governance structure)

Kirin Holdings has introduced the current system with the conviction that it can maintain a highly transparent governance system for our internal and external investors, by ensuring a close working relationship between the Board of Directors, which includes several non-executive Directors, and the Audit & Supervisory Board, which includes several external Audit & Supervisory Board Members, and by striving to strengthen the management supervision function while effectively utilizing the Audit & Supervisory Board Members. Additionally, Kirin Holdings strives for highly transparent, efficient Group operations by means of an organization including the Board of Directors and the Audit & Supervisory Board, which form the basis of corporate governance, as well as the establishment of a Compensation Advisory Committee and an Appointment Advisory Committee, which include non-executive Directors, and committees designed to meet the needs of decision making and execution.

(Overview of corporate governance structure)

- i) The Board of Directors and its Members
 - Kirin Holdings has seven Directors, of whom two are non-executive Directors
 - The Board of Directors makes decisions on execution of important business matters and legal issues at Kirin Holdings. In addition, it also has responsibility for matters including the supervision of the performance of duties by the Directors and the construction of an appropriate internal control system for the entire Group. Furthermore, it strives to maximize the corporate value of the Group by deciding upon and approving the Medium-term Business Plans and

HOLDING COMPANY GOVERNANCE STRUCTURE



Annual Business Plans for the Group overall and for key Group companies and by conducting regularly monitoring based upon factors such as changes to the business climate.

- Regarding the six Group companies: Kirin Company, Limited, Lion Pty Ltd, Brasil Kirin Participacoes e Representacoes S.A., Kyowa Hakko Kirin Co., Ltd., San Miguel Brewery Inc. and China Resources Kirin Beverages (Greater China) Company, Limited, the Directors of Kirin Holdings are appointed as Directors (or as non-executive Directors) of each company and supervise the performance of duties in order to strengthen governance of the Group overall.
- Kirin Holdings has appointed non-executive Directors in order to conduct the above decision making and management supervision at an appropriately high level. The non-executive Directors provide valuable feedback and advice on the company's corporate decisions from a practical, objective and specialist perspective based on their extensive experience as corporate managers. We do not provide any full-time staff to serve non-executive Directors. The Secretary Section of the Group Personnel and General Affairs department provides support to corporate and non-executive Directors.
- Additionally, we have created the Group Internal Audit department within Kirin Holdings to establish an internal control system for the entire Group, and to conduct and preside over internal audits within Kirin Holdings and at Kirin Group companies.

ii) Audit & Supervisory Board and its Members

- The Kirin Holdings Audit & Supervisory Board has five Members, including three external Members.
- The Audit & Supervisory Board Members audit the performance of duties by Directors, attending various internal important meetings, including the Board of Directors meetings, providing advice and conducting onsite audits for Group companies in Japan and overseas in coordination with, and by exchanging information with, internal audit divisions, independent Accounting Auditors, and auditors at Group companies, in accordance with the audit policy and plans defined by the Audit & Supervisory Board.
- Regarding Kirin Company, Limited and Kyowa Hakko Kirin Co., Ltd., the Audit & Supervisory Board Members of Kirin Holdings are appointed as external Auditors to audit the performance of duties by Directors in order to reinforce governance of the Group overall.
- Furthermore, to strengthen the audit function two support staff have been appointed to assist the Audit & Supervisory Board Members' work.

iii) Compensation Advisory Committee and Appointment Advisory Committee

- Kirin Holdings has established the Compensation

Advisory Committee and the Appointment Advisory Committee to advise on remuneration and appointment of Directors and Audit & Supervisory Board Members.

- The Compensation Advisory Committee, consisting of four Directors including the President & CEO and one non-executive Director, serves as an advisory body to the Board of Directors that deliberates and reports from an objective and fair standpoint on the compensation of Directors and Audit & Supervisory Board Members, including an appropriate compensation system and level of remuneration in relation to the business environment and business performance.
 - The Appointment Advisory Committee, consisting of four Directors including the President & CEO and one non-executive Director, serves as an advisory body to the Board of Directors that deliberates and reports on proposed candidates for Director, Audit & Supervisory Board Member, and other positions.
- iv) Group Executive Committee
- Kirin Holdings has established the Group Executive Committee as an advisory body to support the President in decision making. It strives to improve the quality of the decision making relating to the Group's management by holding Group Executive Committee meetings in a timely fashion with Directors, Audit & Supervisory Board Members and responsible department heads to discuss business strategies and investments that have substantial implications for business.

2. Internal control system

The outline of a system to ensure appropriate operations of the company (the internal control system) that the company resolved at its Board of Directors Meeting is available at the link below:

The outline of the internal control system



<http://www.kirinholdings.co.jp/english/ir/policy/pdf/governance20140331e.pdf>

3. Risk management system

The Directors define the Kirin Group's basic risk management policy, provide the system and rules for its effective implementation and promote it through engaging in each organization's activities. Additionally, as well as implementing risk management training we clearly define the procedures for risk disclosure and responding to times of crises, and make these widely known. The setup and operation of these systems are audited by the Group Internal Audit.

Non-executive Directors and External Audit & Supervisory Board Members

1. Number of non-executive Directors and external Audit & Supervisory Board Members

Kirin Holdings has two non-executive Directors and three external Audit & Supervisory Board Members.

2. Policies regarding function and role from a corporate governance perspective, and election

The non-executive Directors contribute to maintaining the corporate governance function and role of the Board of Directors—which makes decisions on execution of important business matters and legal issues and supervises the performance of duties—at a strong and even higher level, by expressing opinions, from a more objective standpoint, based on their considerable experience and insight into corporate management. Currently two non-executive Directors are elected, a number which we believe is sufficient to allow the Compensation Advisory Committee and the Appointment Advisory Committee, both essential bodies in Kirin Holdings’ corporate governance system, in addition to the Board of Directors, to function effectively.

The external Audit & Supervisory Board Members contribute to the strengthening of the function of Audit & Supervisory Board Members as employed by Kirin Holdings as a corporate governance setup, through their experience as external Directors or auditors for several

companies and their expertise in areas such as finance, accounting and law.

Currently three external Audit & Supervisory Board Members are elected, which added to the two Audit & Supervisory Board Members, makes for a total of five; this is considered a sufficient number to audit the performance of duties by the Directors.

3. Criteria regarding the independence of External Officers and their personal, capital, business or other relationships with Kirin Holdings

In order to objectively assess the independence of non-executive Directors and external Audit & Supervisory Board Members (hereafter collectively referred to as “External Officers”), Kirin Holdings adopts its own standard criteria, as below, drawing on the guidelines for ensuring independence of independent officers provided by the Tokyo Stock Exchange, Inc. However, External Officers are selected on the basis not only of their independence but also their knowledge, abilities, expertise and personal suitability for the role. Therefore, even when one of the following criteria apply, individuals may be requested to join the External Officers as long as such individuals satisfy the requirements for external officers provided in the Companies Act and have the ability to advise on corporate decisions as External Officers.

Criteria regarding the Independence of External Officers



<http://www.kirinholdings.co.jp/english/ir/policy/pdf/governance20130329.pdf>

Remuneration of officers

1. Remuneration totals by officer category and by remuneration type, and number of receiving officers (FY2013)

Officer classification	Remuneration totals (million yen)	Remuneration type totals (million yen) and receiving officers (in numbers)				
		Basic remuneration		Bonus		
		Total	Receiving officers	Total	Receiving officers	
Directors (excl. non-executive Directors)	407	286	8	120	6	
Audit & Supervisory Board Members (excl. external Audit & Supervisory Board Members)	81	69	2	11	2	
External officers	Non-executive Directors	25	23	2	2	2
	External Audit & Supervisory Board Members	38	35	3	3	3
Total	552	415	15	137	13	

Notes:

- Employee salaries are not paid to the Directors and the Audit & Supervisory Board Members.
- As approved at the 164th Annual Meeting of Shareholders (March 28, 2003), the limit for the monthly basic remuneration for Directors (incl. non-executive Directors) is 50 million yen.
- As approved at the 167th Annual Meeting of Shareholders (March 30, 2006), the limit for the monthly basic remuneration for Audit & Supervisory Board Members (incl. external Audit & Supervisory Board Members) is 9 million yen.
- The above bonus is as approved at the Annual Meeting of Shareholders held on March 27, 2014.
- Officers receiving the basic remuneration include the two Directors who resigned on March 28, 2013.

2. Remuneration totals by officer (FY2013)

Name	Officer classification	Remuneration totals (million yen)	Remuneration type totals (million yen)	
			Basic remuneration	Bonus
Senji Miyake	Director	133	78	54

Note: Listed are officers whose total remuneration exceeds 100 million yen.

3. Policy and decision making procedures regarding remuneration amounts and their calculation methods

The Company's policy for remuneration of officers is as follows:

- i) Remuneration shall be sufficient as an incentive to the officers to accomplish management policy, enhance business performance and improve shareholder value.
- ii) Remuneration shall be sufficient as consideration for execution of work as an officer.
- iii) The reasoning behind decisions shall be objective and transparent.

The remuneration for officers, as based on aforementioned policy iii), is considered by the Compensation Advisory Committee which includes non-executive Directors, and a report is made to the Board of Directors. The committee, as part of its deliberations and based on aforementioned policy ii), carries out an objective comparison of remuneration standards using officer remuneration survey data from an external research company, and reflects this in its report.

Based on aforementioned policy i), remuneration for officers consists of monthly remuneration, which is fixed remuneration, and performance-related remuneration linked to consolidated business performance and individual performance. Performance-related remuneration consists of a bonus paid in accordance with consolidated business performance and individual performance each year, and share-purchase remuneration paid as a portion of basic remuneration. Performance-related remuneration is structured to motivate achievement of consolidated business performance on a single-year basis and management that reflects awareness of the outlook for the medium- to long-term stock price.

Remuneration for Audit & Supervisory Board Members and external officers consists of their monthly remuneration and bonus only.

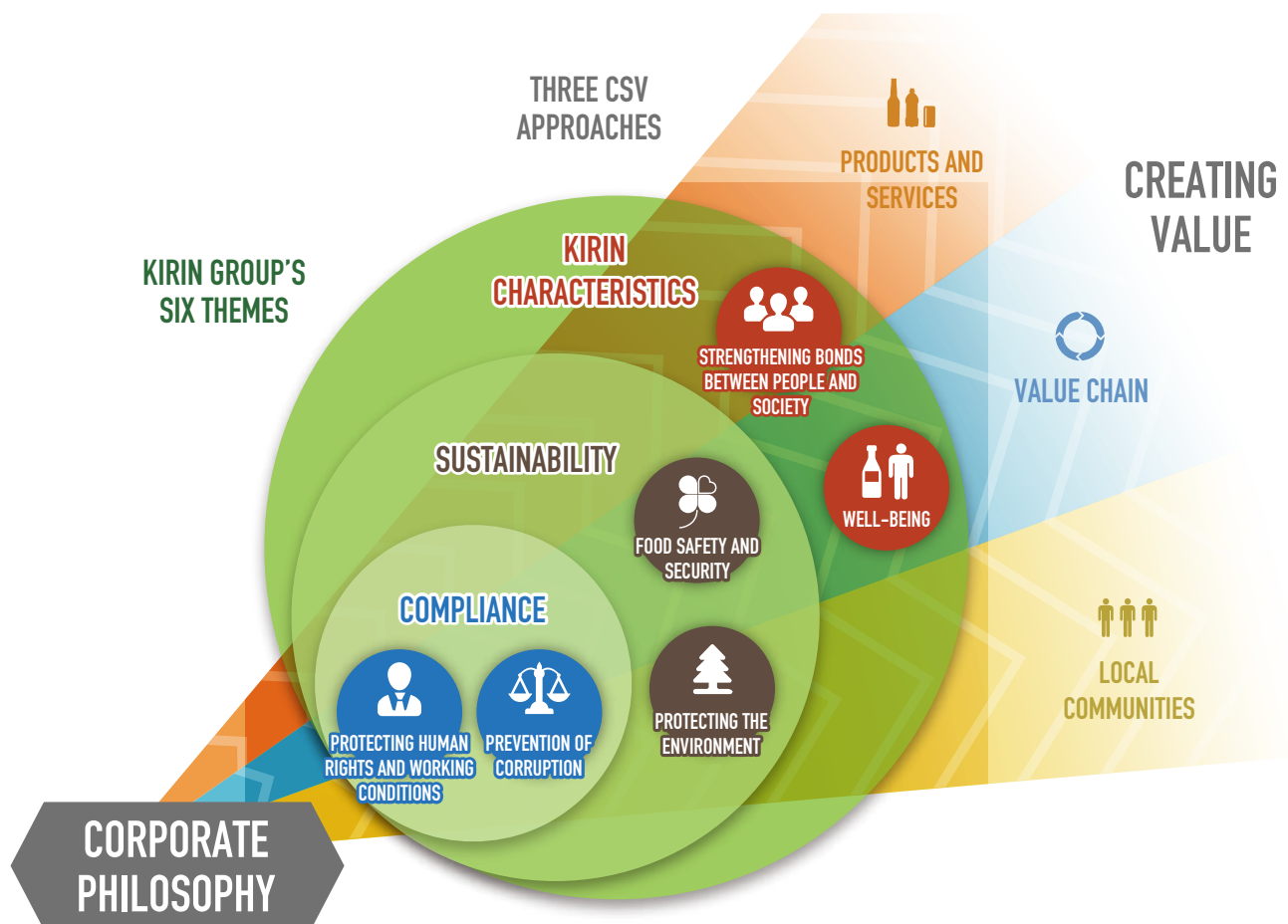
The bonus paid to Directors (excl. non-executive Directors) is linked to four consolidated performance indicators—normalized EBITDA, consolidated ROE (prior to amortization of goodwill), consolidated EVA, and consolidated net sales excluding liquor taxes—and individual performance evaluations (for Senior Directors and Directors). The amount of remuneration is designed so that the proportion of performance-related remuneration (bonus and share-purchase remuneration) to the total amount of remuneration ranges from 40% to 50% at times of normal consolidated business performance.

Basic remuneration is decided by the Board of Directors for Directors and by an Audit & Supervisory Board Members' deliberation for Audit & Supervisory Board Members, based on the report by the Compensation Advisory Committee and within the remuneration limits determined by resolutions at the Annual Meetings of Shareholders. Bonuses, which fluctuate depending on that year's consolidated business performance, are discussed as a proposal at the Annual Meeting of Shareholders after approval by the Board of Directors, based on the report by the Compensation Advisory Committee.

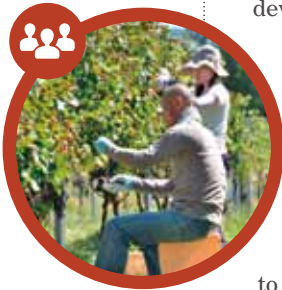
The system for retirement allowances of Directors and Audit & Supervisory Board Members was abolished in March 2007.

SETTING THE THEMES FOR CSV

The Kirin Group has selected six themes as key areas of focus for implementing the management concept “creating shared value” (CSV) toward realization of the KV2021 Group Vision. The themes are strengthening bonds between people and society, well-being, improving food safety and security, protecting the environment, protecting human rights and working conditions, and prevention of corruption. In deciding these themes, we reviewed CSR initiatives the Kirin Group has implemented through our business activities heretofore and took into account the goals laid out in KV2021, social challenges we should address through business activities and business risks and opportunities. We also considered the outcomes of stakeholder dialogues, the United Nations Global Compact and other international norms. We aim to emphasize two high-priority themes that will enable us to create social value by leveraging the Kirin Group’s strengths: strengthening bonds between people and society and well-being. We also aim to ensure the sustainability of society and the Kirin Group by implementing the CSV concept. The Kirin Group companies around the world will adopt and approach these six themes in common, adjusting them according to how strongly they reflect unique local social challenges and business environment.



STRENGTHENING BONDS BETWEEN PEOPLE AND SOCIETY



Throughout its history, the Kirin Group has worked to build and strengthen bonds among people through our business activities. Essential to the Group's sustained business development is vitalization of local industries for the growth and development of local communities—the foundation of our business. Also under this theme, we focus on strengthening bonds among people, whereby we engage in activities that contribute to creating opportunities for communication aimed at finding solutions to social challenges such as Japan's declining birthrate and aging population and changes in people's lifestyles.

WELL-BEING



As a supplier of products containing alcohol, sugar, fat, and other substances that may pose health risks if used excessively or carelessly, the Kirin Group engages in activities that contribute to preventing lifestyle-related diseases and solving health issues such as alcohol-related problems. We will also focus on product development that addresses health issues other than lifestyle-related diseases and diversifying health needs by leveraging technologies in unique fields such as fermentation and biotechnology.

PROTECTING THE ENVIRONMENT



The Kirin Group Long-Term Environmental Vision aimed for 2050 was formulated out of desire to pass down the bounty of nature to future generations, and our goal is to contribute to the realization of a society based on 100% recycling of resources. To that end, we engage in activities throughout the entire value chain in four areas: biological resources, water resources, containers and packaging, and global warming.

IMPROVING FOOD SAFETY AND SECURITY



To ensure reliable product quality that responds to heightened public awareness of food safety worldwide, we are putting in place a quality assurance system encompassing all processes in the value chain that conforms to the Kirin Group Basic Policy on Quality. To further improve food security, we will strengthen customer support systems and communication with stakeholders.

PROTECTING HUMAN RIGHTS AND WORKING CONDITIONS



Human resources are the most critical management resource that supports the growth of the Kirin Group. As a company that does business globally, we are creating an organizational culture that empowers people with diverse talents to work vigorously and grow through their work. We aspire to perform business management that reflects respect for the human rights of stakeholders throughout the entire value chain.

PREVENTION OF CORRUPTION



The Kirin Group considers compliance, risk management, and the development of fair and equitable relationships with business partners the basis for implementing CSV. We will aim to achieve mutual sustainability with our partners and a sustainable society by building long-term relationships of trust premised on open and fair dealings with business partners.

STRENGTHENING BONDS BETWEEN PEOPLE AND SOCIETY

The Kirin Group is pursuing initiatives in two areas: vitalization of local industries and the strengthening of bonds among people. In efforts to vitalize local industries, we have contributed to the development of agriculture in areas such as hops farming in Japan and dairy farming in Australia, which are closely connected with the Group's raw materials procurement. In addition, we contribute to the development of communities in Japan by cultivating wine grapes at our own vineyards. In industries other than agriculture, we are conducting a manufacturing-technique training project at our operations in Brazil to promote employment in host communities.

To strengthen bonds among people, we engage in activities that reflect the specific characteristics of our businesses. We believe that flavor and enjoyment are enhanced when beverages and food are consumed in places where people gather together. Accordingly, we provide occasions for communication among people through products, vending machines, social media and other communication media. Through

“Beer to friends,” a service that enables people to utilize social media to send beer to friends, we foster bonds between people by proposing a convenient, easy new way of gift giving. In addition, as an official sponsor of Japan's national soccer team, we engage in activities that enable children to discover the fun of sports through soccer, which lends to the development of emotional fulfillment of the next generation, and keep helping people to get over the Great East Japan Earthquake.



PROTECTING THE ENVIRONMENT



The Kirin Group Long-Term Environmental Vision, formulated in 2013, looks ahead to 2050 and sets forth the Group's environmental priorities. We aspire to contribute to the realization of a society based on 100% recycling of resources, achieving a balance between the environmental load produced by the Kirin Group's value chain and the Earth's ability to supply resources. To that end, we will aim to ensure the sustainable use of biological resources, water resources, and containers and packaging and keep the CO₂ emissions of the value chain within the Earth's natural absorption capacity by 2050.

An important objective is to deepen bonds with stakeholders and create shared value through business activities along the value chain. For instance, we assist tea plantations in Sri Lanka in

obtaining certification for sustainable farming methods, contributing to the preservation of ecosystems in producing areas and improvement of people's lives and to sustainable procurement of high-quality raw materials for the Kirin Group. We aim to share with everyone associated with the value chain our aspiration to continue to enjoy the bounty of nature and pass it down to future generations.



WELL-BEING

Lifestyle-related diseases, which account for approximately 60% of deaths worldwide, constitute one of the most critical health problems for the international community to overcome. The Kirin Group considers addressing unhealthy diets and harmful use of alcohol, two of the four leading causes of lifestyle-related diseases cited by the World Health Organization (WHO), an important social role of a company that supplies alcohol and beverages. To address the problem of unhealthy diets, we offer products with reduced



sugar and fat content and small-capacity containers so that customers can select appropriate products and engage in activities to help to make people aware of the importance of lifestyle-related disease prevention and disseminate correct knowledge. We will also continue worldwide activities to promote the responsible consumption of alcohol, including the development of products with low alcohol content. The Kyowa Hakko Kirin Group contributes to people's health through its businesses in ways including the supply of pharmaceuticals and websites that provide and explain appropriate information to patients, their family members, and the general public.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Note: Unless otherwise stated, all comparisons are with the previous fiscal year (FY2012). Under the holding company structure adopted in July 2007, consolidated financial disclosures by Kirin Holdings Company, Limited ("the Company") relate to the worldwide operations of the group of companies operating under this umbrella ("the Kirin Group," or "the Group") and are in accordance with Japanese GAAP. As of December 31, 2013, the Group comprised 236 consolidated subsidiaries, 15 equity-method affiliates and one unconsolidated subsidiary accounted for by the equity method.

OPERATING PERFORMANCE

Business environment overview

The global economy as a whole demonstrated moderate recovery during the fiscal year ended December 31, 2013 (FY2013). Although growth in some emerging countries slowed, the U.S. and Chinese economies posted sound growth, and signs of economic improvement were observed in Europe. Amid these global economic trends and on the strength of higher exports and the positive effects of economic stimulus measures, the Japanese economy continued its moderate recovery pace, and personal consumption firmed.

Consolidated sales and gross profit

Consolidated sales (including liquor taxes) increased by 3.1% to ¥2,254.5 billion,

due primarily to a steady increase in overseas sales and higher sales volumes in the domestic non-alcohol beverages business, although impacted by the exclusion of Kirin Kyowa Foods Company, Limited ("Kirin Kyowa Foods") from the scope of consolidation during FY2013. On a liquor tax-exclusive basis, consolidated net sales rose by 3.9% to ¥1,943.7 billion.

Reflecting a 1.9% increase in cost of sales (excluding liquor taxes) to ¥976.7 billion, gross profit rose to ¥966.9 billion, up by 6.1% year on year. Gross profit margin (excluding liquor taxes) improved by 1.0 percentage point to 49.7%.

SG&A expenses and operating income

Selling, general and administrative (SG&A) expenses resulted in a year-on-year 8.6% rise to ¥824.1 billion. Due to the larger ratio of increase in SG&A expenses than that in net sales, the ratio of SG&A expenses to net sales (excluding liquor taxes) increased by 1.8 percentage points from FY2012 to 42.4%.

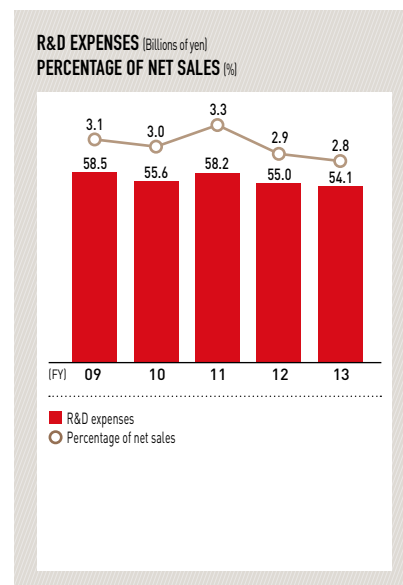
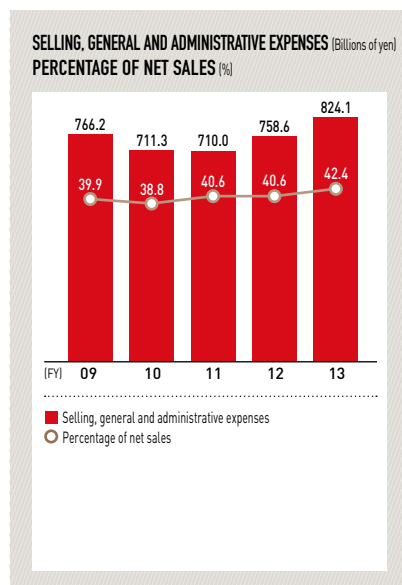
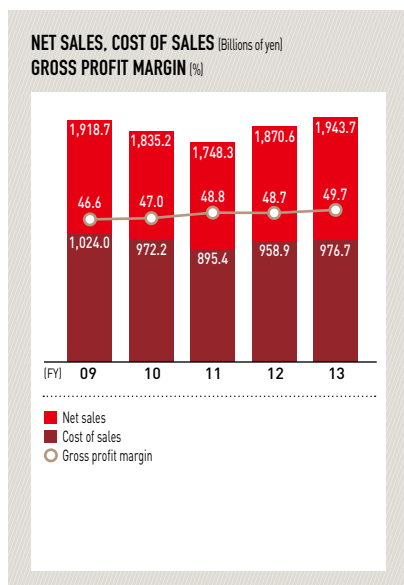
Among SG&A expense, consolidated R&D expenses amounted to ¥54.1 billion, a 1.6% drop from FY2012, accounting for 2.8% of consolidated net sales. R&D expenses (excluding intercompany transactions) for Kyowa Hakko Kirin, the leading company of the Group's Pharmaceuticals and Bio-chemicals Business

segment, was ¥43.0 billion, which accounted for 79.5% of total consolidated R&D expenses and 13.0% of segment sales.

Consolidated operating income (after amortization of goodwill etc.) decreased by 6.7% to ¥142.8 billion, in part because the income at Brasil Kirin was reduced, in contrast to the overall rise in income from overseas business. The decline in operating income is also attributable to higher expenses in Japan due to strategic brand investments, and to a decline in the sales volume of alcohol beverages in Japan. As a result, the operating income ratio prior to amortization of goodwill etc. (exclusive of liquor taxes) decreased by 0.6 percentage points to 10.2%, and the operating income ratio after amortization of goodwill etc. (exclusive of liquor taxes) also dropped by 0.9 percentage points to 7.3%.

Non-operating income and expenses

Interest and dividend income declined by 1.4% to ¥7.0 billion compared with FY2012, and interest expenses as well decreased by 6.5% to ¥21.3 billion. Overall non-operating income and expenses resulted in a net loss of ¥10.6 billion, decreasing from ¥14.5 billion recorded in FY2012. However, reflecting a greater decrease in consolidated operating income than that in net non-operating loss, ordinary income (a sum of operating income and net non-



operating gain or loss) resulted in a 4.6% year-on-year decrease to ¥132.1 billion.

Special income and expenses

Major items included in special income were a ¥22.7 billion gain on sale of property, plant and equipment and intangible assets; and a ¥46.9 billion gain on sale of investment securities. Special expenses, on the other hand, included a ¥14.0 billion loss on impairment; a ¥9.6 billion business restructuring expense; and an ¥8.4 billion loss on applying special taxation measures of foreign subsidiaries. Overall, reflecting a substantial increase by ¥42.7 billion in gain on sale of investment securities, special income and expenses resulted in a net gain of ¥25.0 billion, reversing a net loss of ¥4.8 billion in FY2012.

Pre-tax and net income

Mainly due to the net gain from special income and expenses compared to the net loss recorded in FY2012, consolidated income before income taxes and minority interests resulted in a year-on-year 17.7% increase to ¥157.2 billion. On the other hand, income taxes decreased by 11.4% to ¥53.2 billion, marking an 11.2 percentage points drop in the effective tax rate to 33.8%. Minority interests also increased by 5.9% to ¥18.2 billion.

As a result, consolidated net income

for the fiscal year under review recorded a rise of 52.4% from the previous fiscal year to ¥85.6 billion.

Normalized EBITDA* stood at ¥301.4 billion, down by ¥5.8 billion year on year, primarily due to the decline in consolidated operating income. Normalized EPS*, on the other hand, increased to ¥122 from ¥117 in FY2012.

*The definitions of normalized EBITDA and normalized EPS are shown in the notes of the “Consolidated Financial Highlights” and figures below.

PERFORMANCE BY BUSINESS SEGMENT

Changes in business segments

Effective from FY2013, the Company changed its business segments reported in the Annual Report to “Japan Integrated Beverages,” “Overseas Integrated Beverages,” “Pharmaceuticals and Bio-chemicals,” and “Others.”

Japan Integrated Beverages

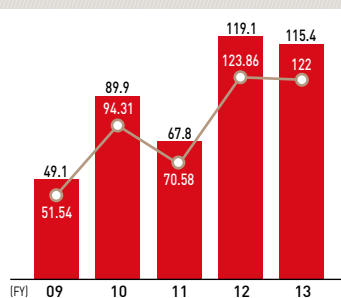
Net sales of the segment dropped slightly by 0.6% to ¥869.3 billion, and operating income declined by 9.9% to ¥62.1 billion compared with FY2012. Under the new organizational structure, resources were allocated strategically regardless of traditional alcohol or non-alcohol beverage

product frameworks, with the aim of sparking renewed growth in the maturing Japanese market, nurturing strong product brands and creating entirely new product categories through stronger collaboration. However, the segment’s overall sales declined year on year due to decreased sales volume at Kirin Brewery, the leading company of the segment. The operating income of the segment also decreased due to strategic investments to bolster brands and to raw material cost increases caused by the depreciation of the yen.

Kirin Brewery strove to expand its mainstay brand, *Kirin Ichiban Shibori* beer, by promoting the fun and enjoyment of beer drinking. The effort achieved concrete outcomes, although the aggregate sales volume of the *Ichiban Shibori* brand products declined. In the growing “new genre” alcohol beverages category, sales of *Kirin Sumikiri*, launched in May 2013, surpassed the original sales target, while the sales volume of the category’s key product *Kirin Nodogoshi Nama* decreased year on year due to intensified competition.

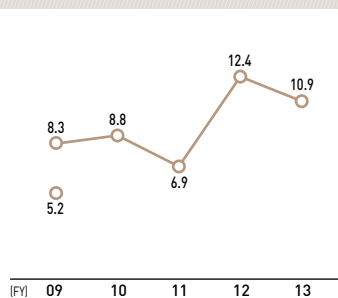
Mercian took initiatives to bolster and nurture its core product brands, while striving to support the further expansion of the wine market in Japan. Although wine prices were revised in September 2013, the aggregate sales volume in-

NET INCOME (Normalized NET INCOME) (Billions of yen)
NET INCOME PER SHARE (Normalized EPS) (Yen)



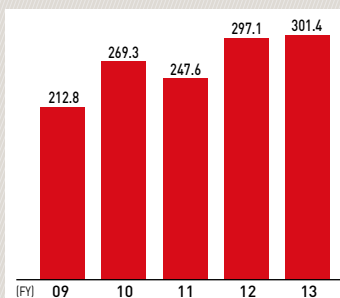
Notes: From 2010, Net income and Net income per share are calculated prior to amortization of goodwill. Figures exclude losses with no effect on cash outflow. From 2013, Net income is calculated as Normalized net income. From 2013, Net income per share is calculated as Normalized EPS, Normalized net income / Average number of shares outstanding during period.

ROE (Normalized ROE)



Notes: From 2010, ROE is calculated prior to amortization of goodwill. Figures exclude losses with no effect on cash outflow. For 2009, both methods are shown. The lower figure = ROE calculated after amortization of goodwill. From 2013, the number is calculated as Normalized ROE, Normalized net income / Normalized average amount of equity during period.

EBITDA (Normalized EBITDA) (Billions of yen)



Notes: EBITDA = Operating income + equity in earnings or losses of affiliates + depreciation + amortization of goodwill + special income and expenses. (losses on impairment regarding goodwill etc. are excluded) From 2013, the number is calculated as Normalized EBITDA, Operating income + Depreciation + Amortization of goodwill + Dividends received from entities accounted for by the equity method.

creased compared to FY2012.

Kirin Beverage posted a year-on-year increase in the overall sales volume of *Kirin Gogo-no-Kocha* brand products, which promoted new occasions for tea beverages drinking. The increased sales volumes of *Salt & Litchi from the Kirin Sekai-no-Kitchen-Kara* and *Kirin Mets COLA* also contributed to the overall sales volume growth of non-alcohol beverages.

Overseas Integrated Beverages

Net sales of the segment grew to ¥685.2 billion, up 18.7% year on year. Operating income also rose by 11.0% to ¥30.6 billion.

As the decline in aggregate demand for alcohol beverages persists, the alcohol beverages business of Lion further enhanced its sales efforts for products in growth categories and categories with high added-value, resulting in a sizable increase in sales volume. In its non-alcohol beverages business, on the other hand, its overall sales volume dropped from the previous fiscal year, as severe market environment continues with consumers' obvious needs for lower prices. Nevertheless, Lion took initiatives to enhance its brands of high-value products, while unceasingly executing the optimization of production bases and other business structural reform initiatives.

Brasil Kirin continued to bolster its

core brands, while taking active measures to expand customer touch points throughout Brazil, amid consumption slowdown and increasingly challenging competition. Such efforts resulted in increased beer sales volume compared with FY2012. Brasil Kirin also reinforced its plants and equipment to meet growing off-premise demand, while continuing its effort to improve procurement processes and the efficiency of the entire value chain. However, its operating income declined, mainly due to increased sales expenses in response to intensified competition.

Pharmaceuticals and Bio-chemicals

Net sales of the segment increased by 2.6% to ¥331.3 billion, while operating income decreased by 2.1% to ¥54.3 billion, compared to the previous fiscal year.

In the pharmaceutical business, Kyowa Hakko Kirin observed the sales decrease in its core product *NESP*[®], a treatment for renal anemia, caused by a temporary oversupply of distributors' inventory of new and old standard products after a new standard product was released at the end of FY2012. Yet other domestic pharmaceuticals recorded steady performance. In the area of pharmaceutical exports and technology licensing revenue, sales were lower despite the increased sales recorded in

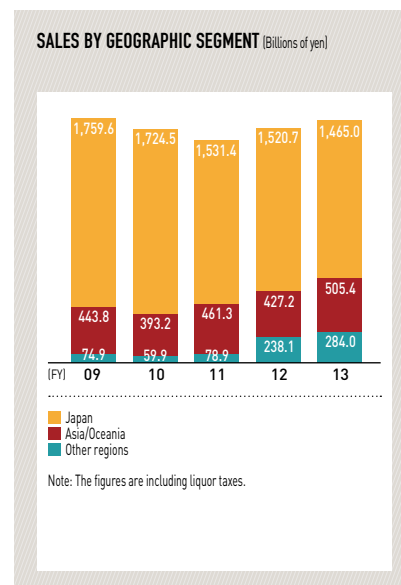
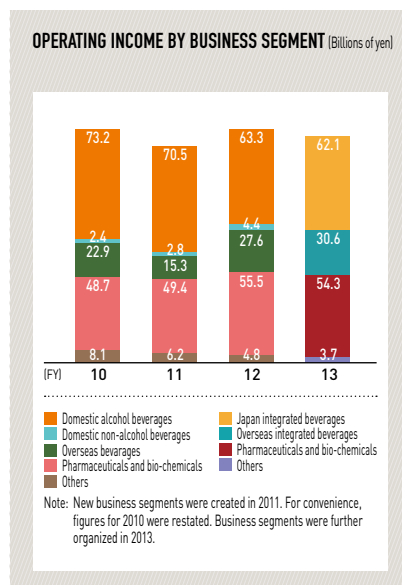
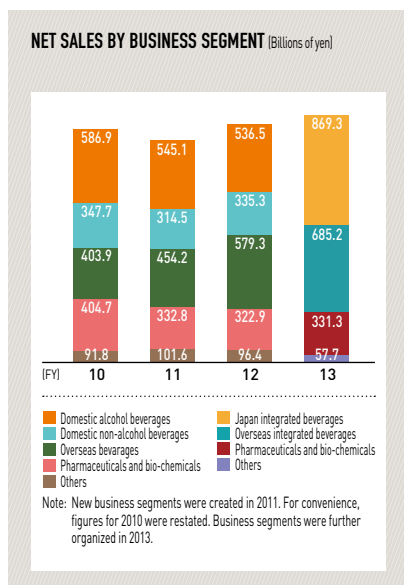
pharmaceutical exports. This sales decline was mainly due to the drop in technology licensing revenues caused by accounting for a part of technology licensing revenues from FUJI KYOWA KIRIN BIOLOGICS Co., Ltd. in the fiscal year ending December 31, 2014 (FY2014).

In the bio-chemicals business, Kyowa Hakko Bio reported sound sales of pharmaceutical amino acid and other pharmaceutical raw materials. In the healthcare product business, the mail-order business also expanded steadily.

Others

Aggregate net sales and operating income of other businesses declined by 39.9% and 0.8%, respectively, to ¥57.7 billion and ¥3.7 billion, respectively, compared to the previous fiscal year.

In March 2013, a share transfer agreement was concluded with Mitsubishi Corporation ("Mitsubishi") under which all shares of Kirin Kyowa Foods would be transferred to Mitsubishi in stages. In July 2013, approximately 81% of the outstanding shares of Kirin Kyowa Foods were transferred to Mitsubishi. In the first six months ended June 30, 2013, Kirin Kyowa Foods reported lower sales as a result of declines in sales of its main products, including natural seasonings and fermented seasonings. Its operating income was



PIPELINES

antibody protein small molecule

(As of January 24, 2014)

Area	Code Name	Indication	Region of Development	Stage					Remarks
				Phase I	Phase II	Phase III	Filed	Approved	
Nephrology	Cinacalcet Hydrochloride	Secondary Hyperparathyroidism	Philippine/China	[Progress bar]					
	KRN321	Renal Anemia (on Dialysis)	China	[Progress bar]					
	RTA 402	CKD in patients with type 2 diabetes	Japan	[Progress bar]					The Phase II studies that were conducted in Japan are discontinued, but a future development program for RTA 402 is under consideration.
	KHK7580	Secondary Hyperparathyroidism	Japan	[Progress bar]					
Oncology	KW-0761	Adult T-cell Leukemia/Lymphoma, Add-on Therapy (for Untreated Patients)	Japan	[Progress bar]					POTELLIGENT®
		Peripheral T/NK-cell Lymphoma	Japan	[Progress bar]					
		Cutaneous T-cell Lymphoma	USA/EU	[Progress bar]					
		Peripheral T-cell Lymphoma	EU	[Progress bar]					
		Adult T-cell Leukemia/Lymphoma	USA/EU	[Progress bar]					
	Granisetron	Chemotherapy induced Nausea and Vomiting	Malaysia	[Progress bar]					
	KRN125	Chemotherapy induced Febrile Neutropenia	Japan	[Progress bar]					
	KRN1493	Hypercalcemia with Parathyroid Carcinoma or Intractable Primary Hyperparathyroidism	Japan	[Progress bar]					
	ARQ 197	Lung Cancer (EGF-receptor mutated)	Japan	[Progress bar]					
		Gastric Cancer	Japan/Korea	[Progress bar]					
		Hepatocellular Cancer	Japan	[Progress bar]					
	KW-2478	Multiple Myeloma	UK/USA/PH	[Progress bar]					
	KRN321	Myelodysplastic Syndrome related Anemia	Japan/Korea	[Progress bar]					
	BIW-8962	Cancer	Korea	[Progress bar]					POTELLIGENT®
	KRN951	Cancer	Japan	[Progress bar]					Being Developed overseas by AVEO
CEP-37250/KHK2804	Cancer	USA	[Progress bar]					Jointly Developed with Teva POTELLIGENT®	
KHK2898	Cancer	Singapore	[Progress bar]					POTELLIGENT® KM mouse	
Immunology/Allergy	KW-0761	Asthma	Japan	[Progress bar]					POTELLIGENT®
		Psoriasis	Japan	[Progress bar]					
	KHK4563	Asthma	Japan/Korea	[Progress bar]					Being Developed by AstraZeneca/MedImmune as MEDI-563 Worldwide except in Japan and other Asian Countries POTELLIGENT®
		Organ Transplant Rejection	Japan	[Progress bar]					Jointly Developed with Astellas
	ASKP1240	Organ Transplant Rejection	USA	[Progress bar]					KM mouse
		Z-206	Crohn's Disease	Japan	[Progress bar]				
KHK4083	Autoimmune diseases	Canada	[Progress bar]					POTELLIGENT® KM mouse	
KHK4577	Inflammatory disease	Japan	[Progress bar]						
Central Nervous System	KW-6485	Pediatric Epilepsy	Japan	[Progress bar]					
	KW-6002	Parkinson's Disease	USA	[Progress bar]					
Other	AMG531	Idiopathic (Immune) Thrombocytopenic Purpura	Asia*1	[Progress bar]					*1 Asia: Hong Kong, Singapore and Malaysia
	KW-3357	Disseminated Intravascular Coagulation, Congenital Antithrombin Deficiency	Japan	[Progress bar]					
			Europe	[Progress bar]					
KRN23	X-linked Hypophosphatemic Rickets/Osteomalacia (XLH)	USA/Canada	[Progress bar]					Jointly Developed with Ultragenyx KM mouse	

GLOSSARY

Phase I Confirming safety in a limited number of healthy volunteers, who have agreed to take part in the trial. **Phase II** Confirming the safe, effective dosage, as well as the means of medication to a limited number of applicants, who have agreed to take part in the trial. **Phase III** Confirming safety and effectiveness in new drugs compared to approved drugs in a large number of applicants, who have agreed to take part in the trial.

also down due to the weakened overseas markets for nucleic acid savory seasonings and higher costs for procurement and raw materials caused by the depreciation of the yen.

PERFORMANCE BY GEOGRAPHIC AREA

Japan

Sales in Japan (excluding inter-segment transactions) decreased by 3.7% from FY2012 to ¥1,465.0 billion. This decline is mainly due to the sales decrease in the Japan Integrated Beverages Business reflecting Kirin Brewery's lower sales volume.

Asia and Oceania

Sales in Asia and Oceania (mainly East Asia outside Japan, Southeast Asia and Oceania) rose by 18.3% to ¥505.4 billion. In Lion's alcohol beverages business, its mainstay beer brand in Australia continued its strong performance, and other products such as imported premium brands and craft beers contributed to the overall sales increase throughout the fiscal year under review.

Other regions

Sales in other regions (primarily the United States, Europe and Brazil) grew by

19.3% to ¥284.0 billion. This growth is attributable mainly to Brasil Kirin's sales increase contributed by its beer business that recorded a year-on-year sales increase and the sales growth ratio surpassing that of the market.

RESEARCH AND DEVELOPMENT

R&D policy and organization

The Kirin Group will pursue unique value and the ultimate in quality in the fields of food and well-being by combining a prowess in R&D that materializes its commitment to excellence in manufacturing and quality with research and marketing capabilities that reflect customer needs in products and services. The Group's R&D activities are carried out at five research laboratories within the Research & Development Division, as well as at research facilities of our operating companies. The Kirin Group as a whole employs an R&D staff of approximately 1,890.

Principal results in FY2013

The R&D Division is helping to strengthen the Kirin Group's competitive advantage with innovations created through its R&D and technology development activities. Major achievements in the year ended

December 2013 include the group-wide utilization of the *Lactococcus lactis* JCM5805 named as "Lactococcus Plasma" developed exclusively by the Kirin Group. JCM5805, which boosts resistance to viral infections, was used in three products launched by Kirin Beverage and one launched by Kyowa Hakko Bio.

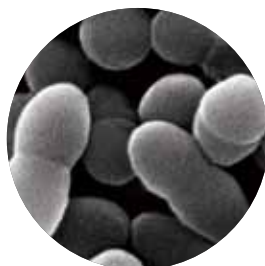
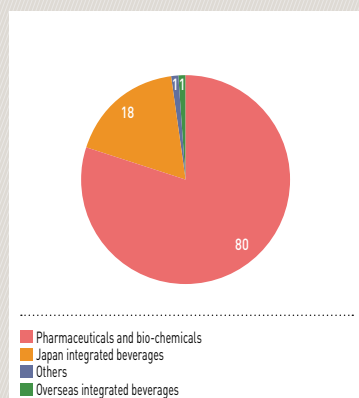
In addition, Kirin developed a new texture draft beer, *Ichiban Shibori Frozen Draft* beer, that is created with the original patented technology, which can make chilled, fine-grained foam involving a mixing and freezing process and aeration.

The R&D Division's Research Laboratories for Health Science & Food Technologies were awarded a "Topics Prize" for the second consecutive year at the 2013 conference of the Japan Society for Bioscience, Biotechnology, and Agrochemistry (JSBBA). The prize was awarded for the identification of the mechanism whereby beta-eudesmol, a substance found in hops, eucalyptus plants and other sources, stimulates the sensory receptors that respond to cold.

R&D expenses in FY2013

In the year ended December 2013, the total research and development expenditure of the entire Kirin Group amounted to ¥54.1 billion.

RATIO OF R&D EXPENSES BY BUSINESS SEGMENT (%)



Lactococcus Plasma
(*Lactococcus lactis* JCM5805)



Ichiban Shibori
Frozen Draft beer



Hops



<http://www.kirinholdings.co.jp/english/rd/index.html>

A breakdown by business segment, please see Page 42.

Key achievements

A major achievement in a priority area for the future was the finding that “Lactococcus Plasma” helps to prevent influenza infections in animals and has the potential to suppress the onset of winter colds and flu-like illnesses in humans. In addition to using it in dairy products and other Kirin Group products, we will continue to explore its effectiveness against other viruses.

The developer of the Kirin Group’s “Frozen Agitation” technology became the first person in the alcohol beverage industry to win an award for excellence in the Ando Foundation’s 17th Momofuku Ando Awards (2012). This technology is used to create chilled, fine-grained foam for *Ichiban Shibori Frozen Draft* beer. Unique to the Kirin Group, this technology was highly commended by the judges for the awards as a new concept that creates value by combining fun with flavor.

The Kirin Group has discovered that beta-eudesmol, a fragrant substance found in hops, has the potential to induce a sense of relaxation. Research results have confirmed that beta-eudesmol regulates autonomic nervous activity and suppresses the excessive agitation of the sympa-

thetic nervous system caused by mental or emotional stress. In the future, it is expected that this substance will be used in various group company products.

FINANCIAL POSITION

Assets

Total assets as of December 31, 2013 stood at ¥2,896.4 billion, a decrease of ¥54.6 billion, or 1.9%, compared to that of the previous fiscal year-end. Current assets increased by ¥25.2 billion to ¥814.7 billion, mainly due to increases in cash and time deposits, as well as merchandise and finished goods. Non-current assets decreased by ¥79.8 billion to ¥2,081.6 billion. While property, plant and equipment and intangible assets increased by ¥0.9 billion and ¥14.9 billion, respectively, investments and other assets decreased by ¥95.8 billion primarily due to the sales of investment securities.

Liabilities

Total liabilities as of December 31, 2013 amounted to ¥1,595.7 billion, a year-on-year decrease of ¥201.4 billion, or 11.2%. Current liabilities decreased by ¥58.2 billion to ¥659.8 billion mainly due to the redemption of commercial paper. Non-current liabilities also decreased by

¥143.1 billion to ¥935.8 billion, due in part to the replacement of long-term debt with short-term debt.

Because current assets increased while current liabilities decreased, working capital as of December 31, 2013 amounted to positive ¥154.8 billion, a sizable increase of ¥83.5 billion or 117.1%. The current ratio also improved by 13.6 percentage points to 123.5%.

Net assets

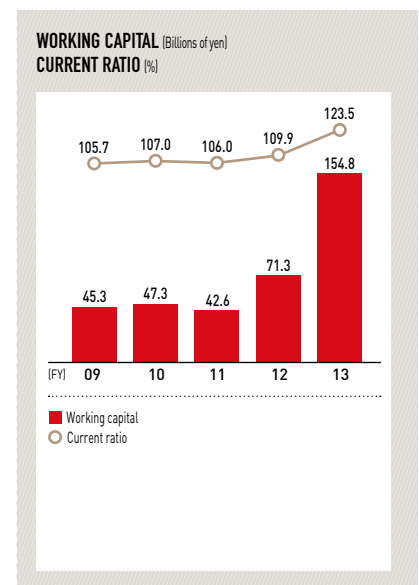
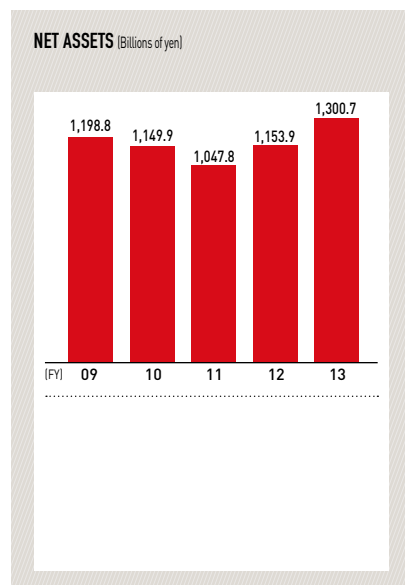
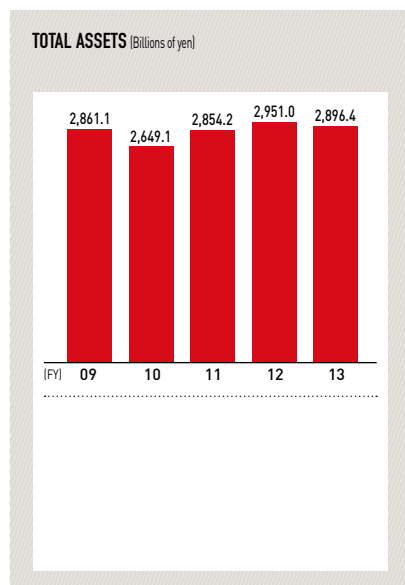
Net assets as of December 31, 2013 stood at ¥1,300.7 billion, up by ¥146.8 billion, or 12.7%, compared to the previous fiscal year-end, mainly due to a ¥128.7 billion increase in foreign currency translation adjustments.

CASH FLOWS

The balance of consolidated cash and cash equivalents as of December 31, 2013 increased by ¥27.4 billion, or 35.1%, from the previous fiscal year-end, amounting to ¥105.4 billion.

Cash flows from operating activities

Net cash provided by operating activities was ¥205.5 billion, a decrease of ¥6.5 billion compared to the previous fiscal year. Major cash-increasing factors were a



¥23.6 billion increase in income before income taxes and minority interests; a ¥5.8 billion net increase in the inflow of deposits received; and a ¥1.2 billion decrease in outflows of working capital due to changes in trade notes and accounts receivable, inventories, trade notes and accounts payable, liquor taxes payable, and consumption taxes payable. However, cash-decreasing factors surpassed the increases, including a ¥42.7 billion increase in gain on sale of investment securities; and a ¥16.8 billion increase in income taxes paid.

Cash flows from investing activities

Net cash provided by investing activities resulted in ¥85.5 billion, reversing ¥48.3 billion in net cash used in FY2012. Major cash outflows included a ¥117.3 billion payment for purchases of property, plant and equipment and intangible assets which increased by ¥18.4 billion; and a ¥4.4 billion payment for acquisition of marketable securities and investment securities. On the other hand, major cash inflows comprised ¥47.4 billion in proceeds from sale of property, plant and equipment and intangible assets; and ¥155.1 billion in proceeds from sale and redemption of marketable securities and investment securities.

Cash flows from financing activities

Net cash used for financing activities amounted to ¥272.3 billion, up by ¥112.3 billion from the previous fiscal year. While there were cash inflows such as ¥12.1 billion in proceeds from long-term debt and a ¥5.8 billion net increase in short-term loans payable, there were more cash outflows, such as an ¥80.0 billion payment for redemption of bonds; a ¥77.9 billion net decrease in commercial paper; a ¥50.4 billion payment for acquisition of treasury stock; a ¥40.5 billion repayment of long-term debt; and ¥31.9 billion in cash dividends paid.

Capital expenditure

Capital expenditure during FY2013 increased by ¥18.4 billion to ¥117.3 billion. While the Japan Integrated Beverages Business reduced its capital expenditure, the Overseas Integrated Beverages Business mainly contributed to the overall increase in the Group's capital expenditure.

The balance of free cash flows during FY2013 (defined as net cash provided by operating activities minus net cash used in investing activities) resulted in positive ¥291.0 billion, increasing by ¥127.3 billion from ¥163.6 billion in the previous fiscal year. The increase is attributable to investing activities that resulted in a ¥85.5

billion in net cash inflow, reversing a ¥48.3 billion net cash outflow in FY2012, mainly due to a substantial increase in proceeds from sale and redemption of marketable securities and investment securities.

Dividends

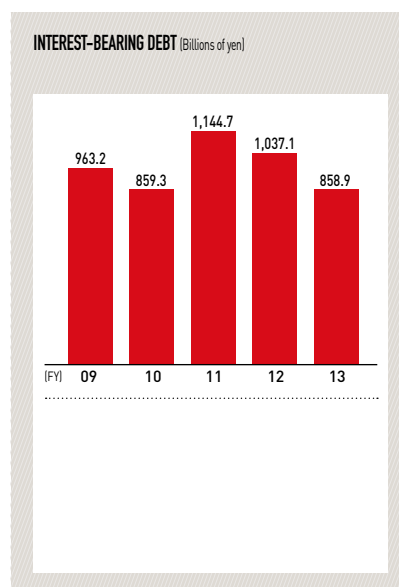
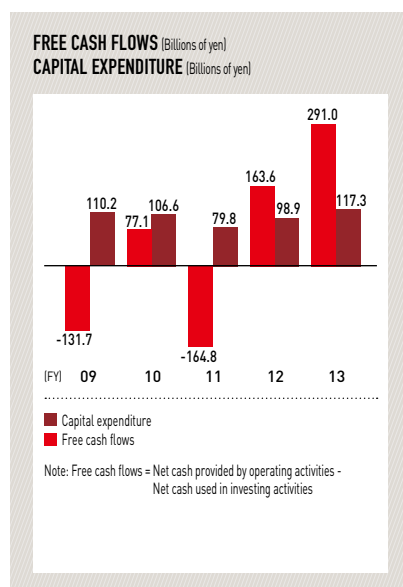
Comprising an interim dividend of ¥18.0 and a year-end dividend of ¥18.0 per share, annual dividends for FY2013 totaled ¥36.0 per share, an increase of ¥7.0 per share from the previous fiscal year.

The Company views the appropriate distribution of profits to shareholders as a key management commitment, and has distributed dividends to shareholders in every fiscal period since its foundation in 1907. As stated in the financial policy of the 2013-2015 Medium-term Business Plan, the Company is aiming to maintain a 30% consolidated payout ratio on normalized EPS, and to increase dividends to shareholders along with the growth of normalized EPS. The Company will also consider opportunities to repurchase its own shares, based on financial flexibility and on the progress made in creating free cash flows.

OUTLOOK FOR FY2014

Basic policy

In FY2014, the Kirin Group will continue



JAPAN INTEGRATED BEVERAGES



From left to right: Kirin Ichiban Shibori, Kirin Nodogoshi Nama, Kirin Hyoketsu, Chateau Mercian, Kirin Gogo-no-Kocha (Straight Tea), Salt & Litchi from the Kirin Sekai-no-Kitchen-Kara

OVERSEAS INTEGRATED BEVERAGES



From left to right: XXXX Gold, Daily Farmers milk, Schin (Beer), Schin (Carbonated drinks), San Miguel Pale Pilsen, 午後奶茶 Kirin Gogo-no-Kocha (Milk Tea)

PHARMACEUTICALS AND BIO-CHEMICALS



From left to right: NESP®, POTELIGE®, Remake® series of healthcare by Kyowa Hakko Bio

to establish and promote “brand-centered management” and aim at a sustainable increase in its corporate value. Furthermore, CSV (Creating Shared Value) activities will be implemented, particularly in the Japan Integrated Beverages Business, and corporate brand value will be enhanced through stakeholder dialogue to generate a virtuous cycle with product brand enhancement.

Japan Integrated Beverages

Sales of the Japan Integrated Beverages Business for FY2014 is forecast as ¥1,210.0 billion, a 2.5% increase from ¥1,180.1 billion in FY2013. Operating income for FY2014 is forecast to increase as well by 2.2% to ¥63.5 billion from ¥62.1 billion.

In its second year in the organizational structure under Kirin Company, the Japan Integrated Beverages Business will strive to develop stronger product brands, generate new value propositions for customers, and raise corporate brand value, by further “selection and concentration” of promising brands and by strategic resource allocation based on the idea of “brand-centered management.” The business will also enhance organizational capabilities, and work to direct the business into a sustained growth track while also taking appropriate measures in response to changes in the business environment such as an increase in consumption taxes.

Kirin Brewery will clarify its core brands to strengthen, and prioritize the allocation of management resources generated through higher efficiency, while striving to nurture strong product brands by improving customer engage-

ment in terms of both quality and quantity. Through the delivery of new products and services, and the implementation of CSV themes, Kirin Brewery will achieve the “creation of new value for consumers.”

Mercian will strive to raise corporate brand value by bolstering its flagship brand and developing its lineup of other product brands. Mercian will also promote the expansion and growth of the wine market in Japan. To respond to changes in the business climate such as higher raw materials costs in the domestic wine business, Mercian will continue its effort of cost reduction.

Kirin Beverage will further strengthen its selection-and-concentration initiative on marketing investment to fully enhance product brand value. Planning from a medium- to long-term perspective, Kirin Beverage will work to develop a product that will be another pillar brand in its portfolio, while taking steps to secure a competitive advantage in the broader market by making new value propositions in the fast-growing functional health drink market and continuing product development initiatives.

Overseas Integrated Beverages

Net sales of the Overseas Integrated Beverages Business for FY2014 is forecast to reach ¥730.0 billion, a 6.5% increase from ¥685.2 billion in FY2013. Operating income for FY2014 is also forecast to increase by 23.9% to ¥38.0 billion from ¥30.6 billion.

Each regional headquarters will promote autonomous management that can make quicker decisions and that is

responsive to individual market environments in order to generate results and drive the growth of the entire Group. Kirin Holdings will act as the global headquarters, strategically allocating resources globally for all businesses and regions, and promoting generation of synergy through shared functions.

Lion continues to make progress in improving profitability amid a continuously severe business environment. Its alcohol beverages business will continue to focus on further enhancement of its core brand and its market presence in growth categories, as well as cost reduction. Its non-alcohol beverages business will aim at strengthening its sales of high-value products, promoting continuously the optimization of production bases, implementing measures for further cost reduction, and carrying out the business structural reform with a long-term perspective.

Brasil Kirin will aim to expand sales and improve profitability by raising its presence in both the beer and non-alcohol beverages markets, as well as by continuing to promote efficiency of its entire value chain. In the beer business, Brasil Kirin will establish a powerful brand portfolio and bolster its core brands, while continuing to expand customer touch points throughout the country. In the non-alcohol beverages business, Brasil Kirin will not only strengthen the sales of its mainstay brands, but also innovate to expand sales of high-value products.

In Southeast Asia, Kirin Holdings Singapore will spearhead efforts to strengthen foundations for both the non-alcohol and alcohol beverages

businesses in the region's markets primarily in Vietnam and Thailand, and seek out new expansion opportunities.

Pharmaceuticals and Bio-chemicals

Net sales of the Pharmaceuticals and Bio-chemicals Business for FY2014 is forecast to be ¥326.0 billion, 1.6% down from ¥331.3 billion in FY2013. Operating income for FY2014 is also forecast to decrease by 19.0% to ¥44.0 billion from ¥54.3 billion.

In the pharmaceuticals business, Kyowa Hakko Kirin will prioritize the further strengthening of competitiveness in Japan through category-based strategy, and the expand of business bases in the U.S., Europe and Asia aiming to become a global specialty pharmaceutical company. In Japan, focusing on four categories, namely nephrology, oncology, immunology/allergy, and central nervous system, Kyowa Hakko Kirin will strengthen the integration of functions from R&D to production and sales; enhance its drug discovery capabilities; steadily launch new products to the market; and build a highly specialized sales force to maximize sales and earn the trust of the medical community. Overseas, global expansion will be promoted through business strategies for each region and country, led by ProStrakan Group.

In the bio-chemicals business, Kyowa Hakko Bio will strive to expand its global business foundation to actively respond to the rising demand for amino acids, while restructuring and developing production sites to raise cost competitiveness and strengthen the revenue base of the bio-chemicals business.

Others

Sales of the Other Businesses for FY2014 is forecast to be ¥24.0 billion, down by 58.5% from ¥57.7 billion in FY2013. Operating income for FY2014 is forecast to also decrease by 20.0% to ¥3.0 billion from ¥3.7 billion.

Amid the expanding cultured milk market, Koiwai Dairy Products Company, Limited ("Koiwai") will strive to raise sales by prioritizing the resource allocation into the development of its flagship product *Koiwai Yogurt Made from 100% Fresh Milk*, actively expanding customer touch points and implementing marketing campaigns. Koiwai will also continue to lower production and logistics costs to mitigate the impact of foreign exchange fluctuations and rising raw material costs.

BUSINESS AND OTHER RISK FACTORS

Outlined below are the major risks faced by the Kirin Group in its business activities that have been identified as having the potential to have a significant impact on the decisions of investors. Information is also presented with regard to matters that do not necessarily have a significant impact, with the aim of promoting active disclosure of information to investors. Based on an awareness and understanding of the various risks concerning its business, the Kirin Group makes its best effort to enhance its risk management system, prevent and reduce risks, and to respond appropriately in the case that any such risks become apparent. The future risk items outlined below are those identified by the Company as of December 31, 2013.

Weather and natural disasters

The Kirin Group's business operations are subject to the influence of weather. Examples of weather risks include unusually cold summers, drought and typhoons, along with the impact of global warming and other such factors. Furthermore, earthquakes and other natural disasters, outbreaks of diseases such as new strains of influenza, and accidents on a large scale could limit or hinder, the Group's business activities, adversely affecting its business performance and financial position.

Revision of laws and regulations

The Kirin Group's business operations are subject in Japan to a number of laws and regulations, including those relating to liquor taxes, food sanitation, pharmaceuticals and fair trading. The Group is also subject to local laws and regulations in each of the other countries in which it operates. An example of risks is the potential for alcohol and non-alcohol consumption to decline if revisions to liquor tax and consumption tax laws result in higher consumer prices. In the pharmaceuticals business, examples of risks include the potential for changes to the Pharmaceutical Affairs Law or related regulations and ordinances that impact or delay the development of new products as well as the potentially adverse effect on the performance and financial position of the pharmaceuticals business due to drug price revision

through the public pharmaceutical price system. Unforeseen revisions to laws could result in the curtailment of Group activities, adversely impacting business performance and the financial position of the Group.

Strengthening of regulations

The Kirin Group's business operations are undertaken in accordance with various laws and regulations. For example, advertising and publicity is conducted in accordance with strict voluntary industry standards in order for the Kirin Group to meet social responsibilities as a manufacturer and vendor of alcohol products. However, international standards with respect to the sale of alcohol products are under consideration by the World Health Organization, and the Kirin Group faces the risk that consumption of alcohol beverages could decline if regulations were implemented that were significantly stricter than anticipated.

Increase in the price of crude oil and other raw materials

Important raw materials used by the Kirin Group, such as crude oil, aluminum, malt, corn and fresh dairy products in Australia, are subject to fluctuations in price depending on market conditions. Increases in the cost of these raw materials may lead to higher procurement and manufacturing costs, adversely impacting the Group's business performance and financial position.

Fluctuations in foreign currency exchange rates and interest rates

The Kirin Group, in procuring raw materials and undertaking the expansion of overseas businesses, may be affected by sudden and unforeseen fluctuations in foreign currency exchange rates, along with fluctuations in interest rates relating to funding domestic and overseas procurement. In such cases, these fluctuations could adversely impact business performance and the financial position of the Group.

Impact on asset values from equity market movements and other changes

The value of marketable securities and other such assets held by the Group are subject to changes in market prices, and a decrease in market values could have an adverse impact on the Group's business performance and financial position.

Changes in the business environment

The Kirin Group's business operations are significantly influenced by economic conditions and related trends in personal consumption. Simultaneous worldwide falls in consumption and demand could have an adverse impact on the Group's business performance and financial position were they to occur. In addition, the Kirin Group faces the risk that Japan's declining birth rate and aging population profile would result in overall market decline in Japan.

Incidence of litigation and fines

The Kirin Group's business operations incorporate a range of measures to reduce the likelihood of employees acting in contravention of laws and regulations. These measures include engaging in a risk management cycle and promoting compliance via employee training seminars. However, in the course of the Group's operations in Japan and overseas, there is a possibility that litigation could be brought against, or fines imposed on, the Group companies or its employees for real or supposed infringements of product liability, intellectual property, taxation or other laws. In such cases, either directly as a result of legal proceedings or as the result of the loss of trust from customers resulting from such proceedings, legal proceedings could have an adverse impact on the Group's business performance and financial position.

Business and capital alliances

In line with the Kirin Group's medium- and long-term management strategy, the Group is promoting the development of business and capital alliances with other companies in Japan and overseas, as part of its measures to improve the Group's competitive position and achieve growth. In undertaking this approach, however, the Group faces the risk that, due to changing economic and other circumstances in Japan and elsewhere, it may not be able to exercise sufficient control over the management, operations or assets of business alliance partners, and that the Group could be affected by circumstances at allied companies. Any such cases could have an adverse impact on the Group's business performance and financial position.

Government, economic and social unrest, or differences in culture and customs

The Kirin Group recognizes that there is a risk of adverse impact on business operations, performance and financial position of the Group in the event that any of the following situations occur, particularly overseas, and their effects exceed what has been predicted.

- Political, economic or social turmoil resulting from the outbreak of war, terrorist activities or other causes
- Trouble as a result of differences in culture or customs

Food safety and quality

The Kirin Group is engaged in continuous efforts to monitor and improve quality throughout the Group in order to offer customers 'safety in food,' as part of which the Group has implemented an enhanced product quality assurance and management system that encompasses goods manufactured at the Group's own factories as well as those manufactured at or imported under agreements with other companies. In recent years, however, various issues have arisen in relation to food safety in the food and beverage industry sector, and if an unexpected problem were to arise in the Group, its business performance and financial position could be adversely affected.

Pharmaceutical product safety and quality

In the Kirin Group's pharmaceuticals business, strenuous efforts are made to ensure that pharmaceuticals manufactured at the Group's own facilities or procured from other companies meet stringent quality control standards and pass all appropriate tests. However, the risk remains that unforeseen problems of product defects could emerge which could go beyond the scope of quality assurance initiatives and lead to large-scale product recalls or product liability compensation. This could have a serious impact on the Group's reputation in society and result in its business performance and financial position being adversely affected. In addition, while pharmaceutical drugs undergo strict safety testing at the developmental stage and are screened by concerned authorities before reaching approval, it is not uncommon that new side effects are discovered as a result of having accumulated post-marketing usage data. The discovery of unanticipated side effects

post-marketing could have negative consequences for the Group's business performance and financial position.

Environmental issues

The Kirin Group currently complies with all laws regarding waste disposal and sanitation, and engages in comprehensive manifesto management. The Group also strictly complies with various environmental laws concerning the atmosphere, water quality, noise pollution, vibration, odor pollution, soil contamination and land subsidence. However, the occurrence of environmental pollution or other environmental protection issues and revisions to relevant laws and regulations may necessitate additional capital expenditure. This could negatively impact business performance and financial position of the Group.

Information leakage and information system

The Kirin Group, in addition to important information relating to the Group management, retains a range of other detailed information about companies and individuals. The Group manages such information in accordance with applicable laws and regulations, and emphasizes the importance of correct information management through employee training programs and other such measures, as well as having systems-related security policies and structures in place. The Group has information systems for sharing information and business efficiency, and takes measures to maintain stable operation of the systems. However, the risk remains that computer viruses, unauthorized access, natural disasters or other occurrences could cause loss, leakage, or alteration of information, or that systems could become temporarily unserviceable. Any such problems could have an adverse impact on the Group's management, business performance and financial position, due to these problems or the resulting loss of trust from business partners and other stakeholders.

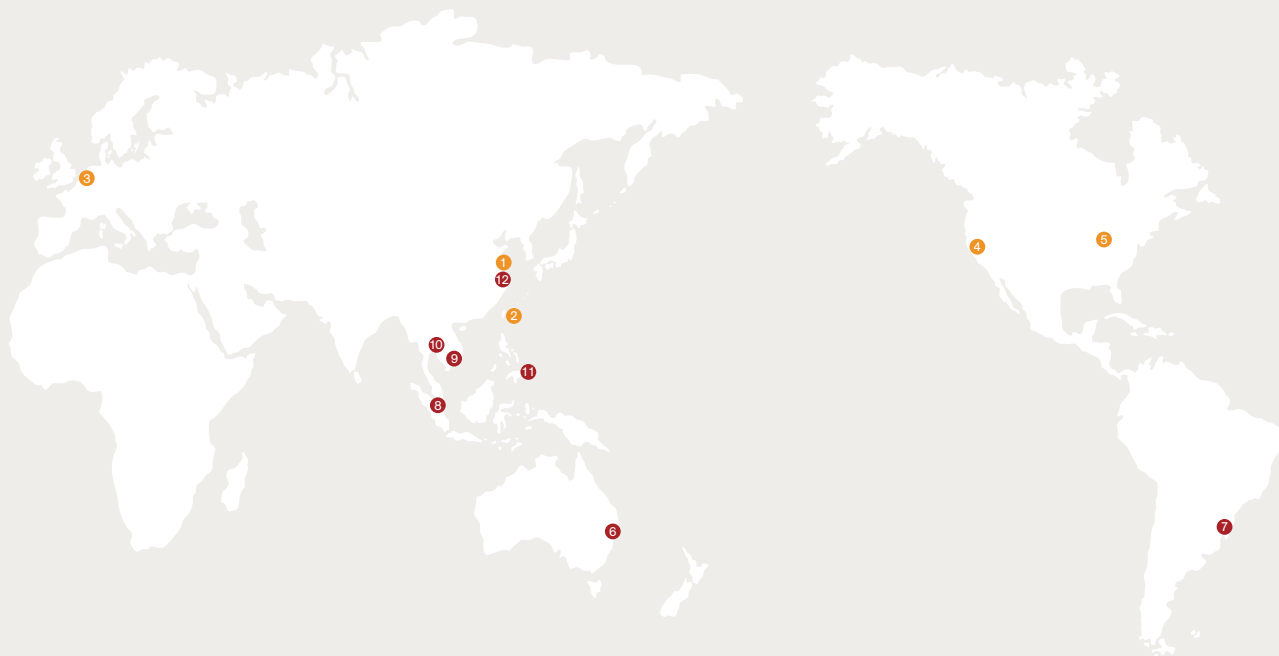
KIRIN GROUP COMPANIES

(As of December 31, 2013)

The Kirin Group includes 236 consolidated subsidiaries, one unconsolidated subsidiary and 15 affiliates accounted for by the equity method.

KEY GROUP COMPANIES IN JAPAN AND OVERSEAS INCLUDE THE FOLLOWING:

Company Name	Location	Business Segment	Paid-in Capital (¥ million unless stated)	Percentage of Holding	Details of Relationship
Consolidated Subsidiaries					
Kirin Company, Limited ¹	Tokyo, Japan	Japan Integrated Beverages	500	100.0	Capital loan, equipment leasing and concurrent director, etc.
Kirin Brewery Company, Limited	Tokyo, Japan	Japan Integrated Beverages	30,000	100.0	Capital loan, equipment leasing and concurrent director, etc.
Kirin Beer Marketing Company, Ltd.	Tokyo, Japan	Japan Integrated Beverages	500	100.0	Equipment leasing and concurrent director, etc.
Mercian Corporation	Tokyo, Japan	Japan Integrated Beverages	20,972	100.0	Equipment leasing and concurrent director, etc.
Kirin Beverage Company, Ltd.	Tokyo, Japan	Japan Integrated Beverages	8,416	100.0	Equipment leasing and concurrent director, etc.
Eishogen Co., Ltd.	Tokyo, Japan	Japan Integrated Beverages	90	99.9	Equipment leasing
Kirin Distillery Co., Ltd.	Shizuoka, Japan	Japan Integrated Beverages	10	100.0	—
Kirin City Co., Ltd.	Tokyo, Japan	Japan Integrated Beverages	100	100.0	Capital loan, equipment leasing
1 Kirin (China) Investment Co., Ltd.	Shanghai, China	Japan Integrated Beverages	US\$180,000K	100.0	Concurrent director, etc.
Kirin Brewery (Zhuhai) Co., Ltd.	Zhuhai, China	Japan Integrated Beverages	US\$84,700K	100.0	Concurrent director, etc.
2 Taiwan Kirin Co., Ltd.	Taipei, Taiwan	Japan Integrated Beverages	TW\$64,000K	100.0	—
3 Kirin Europe GmbH	Dusseldorf, Germany	Japan Integrated Beverages	EUR 76K	100.0	—
4 Kirin Brewery of America LLC	California, U.S.A.	Japan Integrated Beverages	US\$13,000K	100.0	Capital loan
5 Four Roses Distillery LLC	Kentucky, U.S.A.	Japan Integrated Beverages	US\$60,000K	100.0	Capital loan
6 Lion Pty Ltd	New South Wales, Australia	Overseas Integrated Beverages	AU\$7,530,940K	100.0	Capital loan and concurrent director, etc.
Lion Nathan Pty Ltd	New South Wales, Australia	Overseas Integrated Beverages	AU\$536,100K	100.0	—
Lion-Dairy & Drinks Pty Ltd	Victoria, Australia	Overseas Integrated Beverages	AU\$552,390K	100.0	—
Kirin Foods Australia Holdings Pty Ltd	New South Wales, Australia	Overseas Integrated Beverages	AU\$500,000K	100.0	—
Berri Limited	Victoria, Australia	Overseas Integrated Beverages	AU\$186,518K	100.0	—
AAJDG Participacoes S.A.	Sao Paulo, Brazil	Overseas Integrated Beverages	BRL 5,521,375K	100.0	Concurrent director, etc.
7 Brasil Kirin Participacoes e Representacoes S.A.	Sao Paulo, Brazil	Overseas Integrated Beverages	BRL 401,862K	100.0	Concurrent director, etc.
Brasil Kirin Industria de Bebidas S.A.	Sao Paulo, Brazil	Overseas Integrated Beverages	BRL 2,065,740K	100.0	Concurrent director, etc.
Companhia de Bebidas Brasil Kirin	Rio de Janeiro, Brazil	Overseas Integrated Beverages	BRL 587,183K	100.0	Concurrent director, etc.
8 Kirin Holdings Singapore Pte. Ltd.	Singapore	Overseas Integrated Beverages	S\$8,600K	100.0	—



Company Name	Location	Business Segment	Paid-in Capital (¥ million unless stated)	Percentage of Holding	Details of Relationship
9 Interfood Shareholding Company	Dong Nai, Vietnam	Overseas Integrated Beverages	VND 591,443,888K	92.46	Capital loan
10 Siam Kirin Beverage Co., Ltd.	Bangkok, Thailand	Overseas Integrated Beverages	TB 152,000K	100.0	—
Coca-Cola Bottling Company of Northern New England, Inc.	New Hampshire, U.S.A.	Overseas Integrated Beverages	US\$930K	100.0	Concurrent director, etc.
Indústria Agricola Tozan Ltda.	Sao Paulo, Brazil	Overseas Integrated Beverages	BRL 2,103K	88.4	—
Kyowa Hakko Kirin Co., Ltd.	Tokyo, Japan	Pharmaceuticals and Bio-chemicals	26,745	53.2	Concurrent director, etc.
Kyowa Hakko Bio Co., Ltd.	Tokyo, Japan	Pharmaceuticals and Bio-chemicals	10,000	100.0	—
Koiwai Dairy Products Company, Limited	Tokyo, Japan	Others	100	99.9	—
Yokohama Arena Company, Limited	Kanagawa, Japan	Others	4,999	58.8	—
<Another 204 companies>	—	—	—	—	—
Equity Method Non-consolidated Subsidiary					
Japan Synthetic Alcohol Co., Ltd.	Kanagawa, Japan	Japan Integrated Beverages	480	66.7	—
Equity Method Affiliates					
Heineken Kirin K.K.	Tokyo, Japan	Japan Integrated Beverages	200	49.0	—
Kirin-Tropicana Inc.	Tokyo, Japan	Japan Integrated Beverages	480	50.0	—
11 San Miguel Brewery Inc.	Metro Manila, Philippines	Overseas Integrated Beverages	PHP 15,410M	48.6	Concurrent director, etc.
12 China Resources Kirin Beverages (Greater China) Company, Limited	British Virgin Islands	Overseas Integrated Beverages	US\$1,000	40.0	Concurrent director, etc.
Kirin-Amgen, Inc.	California, U.S.A.	Pharmaceuticals and Bio-chemicals	US\$10	50.0	—
<Another 10 companies>	—	—	—	—	—

Note: 1. Kirin Company, Limited was renamed in January 2013 from Kirin Group Office Co., Ltd.

INVESTOR INFORMATION

(As of December 31, 2013)

KIRIN HOLDINGS COMPANY, LIMITED

HEAD OFFICE

NAKANO CENTRAL PARK SOUTH
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FURTHER INFORMATION

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Fax: +81-3-3386-8705
e-mail: ir@kirin.co.jp
URL: <http://www.kirinholdings.co.jp/english/ir>

DATE OF INCORPORATION

February 23, 1907
Note: On July 1, 2007, accompanying the shift to a pure holding company structure, Kirin Holdings Company, Limited changed its name from Kirin Brewery Company, Limited.

PAID-IN CAPITAL

¥102,045,793,357

AUTHORIZED SHARES

1,732,026,000

OUTSTANDING SHARES

965,000,000

NUMBER OF SHAREHOLDERS

127,167

NUMBER OF EMPLOYEES

39,922 (consolidated)

GENERAL MEETING OF SHAREHOLDERS

March 27, 2014

STOCK LISTINGS

Tokyo, Nagoya, Fukuoka, Sapporo

TICKER SYMBOL NUMBERS

ODR: 2503
ADR: KNBWY

TRANSFER AGENT

Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Division
10-11 Higashisuna 7-chome, Koto-ku, Tokyo 137-8081, Japan
Tel: +81-3-6701-5000

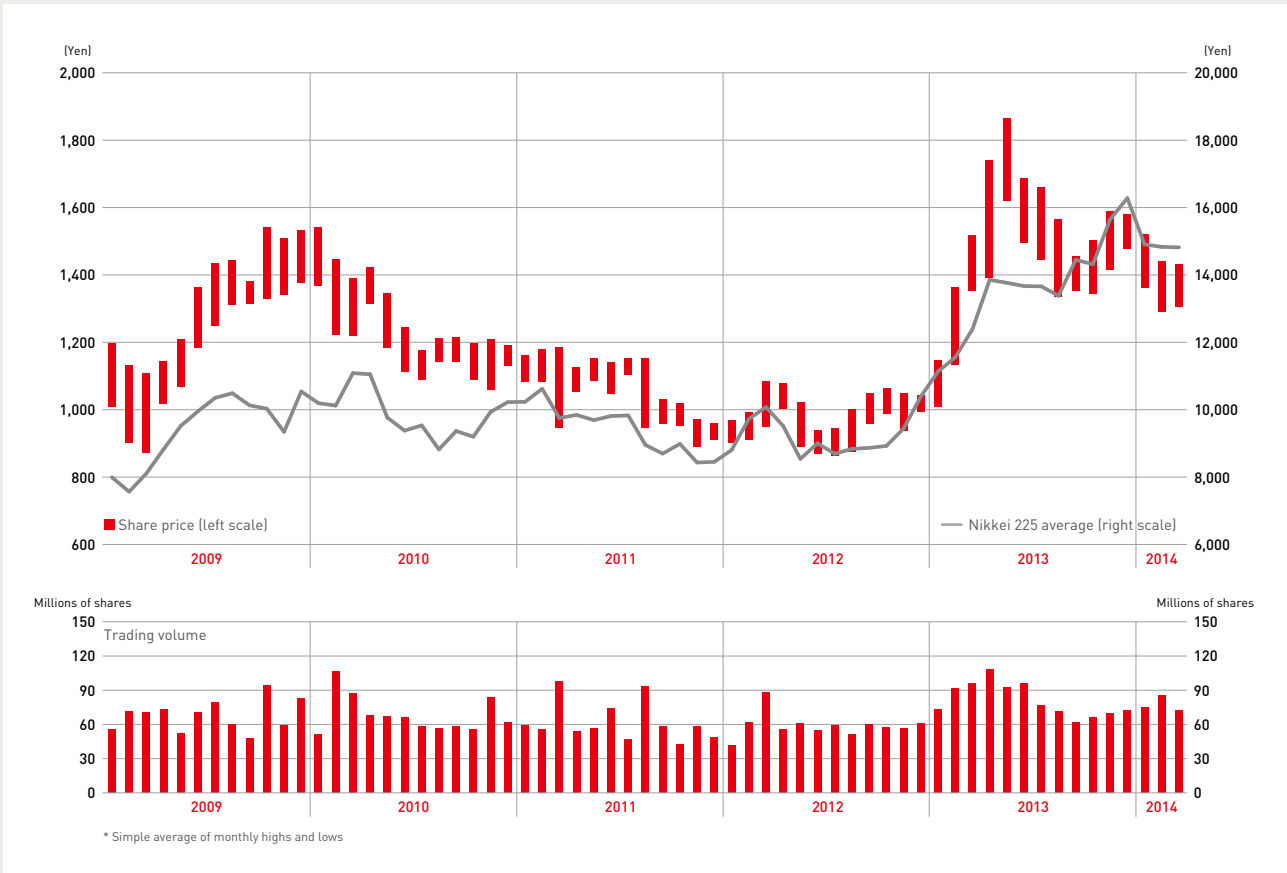
DEPOSITARY

JPMorgan Chase Bank, N.A.
One Chase Manhattan Plaza, Floor 58
New York, New York 10005, USA
Tel: U.S.A 866-576-2377 (toll-free)
International: +1-866-576-2377

MAJOR SHAREHOLDERS

	Percentage of total shares outstanding
The Master Trust Bank of Japan, Ltd. (Trust account)	4.99%
Japan Trustee Services Bank, Ltd. (Trust account)	3.58
Meiji Yasuda Life Insurance Company	3.41
State Street Bank and Trust Company 505041	2.16
Isono Shokai, Limited	2.15
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1.99
Japan Trustee Services Bank, Ltd. (Trust account 4)	1.77
Nomura Securities Co.,Ltd.	1.61
The Bank of New York Mellon SA/NV 10	1.01
State Street Bank West Client-Treaty	0.99

MONTHLY SHARE PRICE RANGE & TRADE VOLUME Tokyo Stock Exchange



KIRIN

Please refer to the following URL for the financial statements and notes,
including the auditor's report, as well as for the data book.

 <http://www.kirinholdings.co.jp/english/ir/library/index.html>



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