(Notes)
1. This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.
2. "Audit & Supervisory Board Member(s)" and "Audit & Supervisory Board" described herein mean "Kansayaku" and "Kansayaku-kai" stipulated in the Japanese Companies Act respectively.

Stock Code 2503
March 7, 2016

To: Our Shareholders

Convocation Notice of the 177th Annual General Meeting of Shareholders

Please be advised that the 177th Annual General Meeting of Shareholders of the Company will be held as set forth below. You are cordially invited to attend the Meeting.

Yours very truly,

Yoshinori Isozaki
President & Chief Executive Officer

Kirin Holdings Company, Limited
10-2, Nakano 4-chome,
Nakano-ku, Tokyo

If you do not plan to attend the Meeting, you may exercise your voting rights in either of the following ways. Please review the accompanying "Reference Documents for the Annual General Meeting of Shareholders" and exercise your voting rights by 5:30 p.m., March 29, 2016 (Tuesday) (JST):

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

Exercise of voting rights via the Internet etc.: [Translation omitted.]

Regarding Disclosure on the Internet

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

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

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

The Consolidated Financial Statements and the Financial Statements, which have been audited by Audit & Supervisory Board Members and the Independent Accounting Auditor comprise not only the documents which are referred to in the attached documents to the Convocation Notice of the Annual General Meeting of Shareholders but also the Notes to Consolidated Financial Statements and the Notes to Financial Statements, which are posted on the Company's website.

Details of the Meeting

1. Date and Time:

March 30, 2016, (Wednesday) at 10:00 a.m. (JST) (Reception opens at 9:00 a.m.)

2. Place:

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

3. Agenda:

Matters to be reported:

1) Report on the business report, the consolidated financial statements and the results of the audit of the consolidated financial statements by the Independent Accounting Auditors and the Audit & Supervisory Board for the 177th fiscal year (from January 1, 2015 to December 31, 2015).
2) Report on the financial statements for the 177th fiscal year (from January 1, 2015 to December 31, 2015).

Matters to be voted on:

Proposal No. 1:	Appropriation of surplus
Proposal No. 2:	Election of nine (9) Directors
Proposal No. 3:	Election of one (1) Audit & Supervisory Board Member

4. Exercise of Voting Rights

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

When exercising voting rights via the Internet, if multiple votes are made, the last vote will be considered as valid.

- END -

- If you are attending the Meeting, please present the Voting Rights Exercise Form enclosed herewith to the reception of the Meeting place. In addition, to save natural resources, we would appreciate it if you could bring this Convocation Notice with you to the Meeting.
- We would appreciate it if you could come ahead of time to avoid last-minute congestion.
- Please kindly be notified that entry to the meeting hall is strictly limited to our shareholders who hold voting rights, and thus persons such as those acting as agents of or accompanying our shareholders but who are not themselves shareholders, are not allowed to enter the venue.

- If any changes are required in the Reference Documents for the Annual General Meeting of Shareholders, business report, consolidated financial statements and financial statements, the changes will be posted on the Company's website (Investor Relations) located at (http://www.kirinholdings.co.jp/english/ir/).
- The Company will no longer hand out souvenirs at the Annual General Meeting of Shareholders from this year in consideration of fairness between shareholders attending the Meeting and those who are unable to attend. We would appreciate your understanding.

Notice Regarding Exercise of Voting Rights

[Translation omitted.]

Reference Documents for the Annual General Meeting of Shareholders

Matters to be voted on and information:

Proposal No. 1: Appropriation of surplus

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

Regarding the dividend, our basic policy is to maintain stable dividend payments after comprehensive consideration of various factors including (i) the Company's operating results for each fiscal year, (ii) the dividend payout ratio, which takes the actual profit level into account, and (iii) future management measures.

Based on the above policy, the Board of Directors proposes the payment of a dividend of ¥19.0 per share. As a result, the annual dividend will amount to ¥38.0 per share, including an interim dividend of ¥19.0 per share.

Regarding other appropriation of the surplus for the fiscal year under review, it is proposed that general reserve be reversed and transferred to retained earnings carried forward to cover the deficiency in retained earnings carried forward.

1. Matters regarding year-end dividend:
(1) Matters related to the allocation of the dividend property to shareholders and the total amount thereof:
¥19.0 per share of the Company's common stock
Total amount: ¥17,338,050,392

(2) Effective date of payment of dividend:
March 31, 2016

2. Matters concerning other appropriations of surplus:
(1) Increased surplus item and the amount thereof:
Retained earnings carried forward: ¥180,000,000,000

(2) Decreased surplus item and the amount thereof:
General reserve: ¥180,000,000,000

Proposal No. 2: Election of nine (9) Directors

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

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

The candidates for the positions of Director are as follows:

No.	Name		Current title and responsibilities at the Company	Rate and number of attendance at Board of Directors Meetings
1	Candidate for Reelection	Yoshinori Isozaki	President & Chief Executive Officer	100% (14 times of 14 meetings)
2	Candidate for Reelection	Keisuke Nishimura	Representative Director of the Board, Senior Executive Officer Business Alliance and Investment Strategy; Overseas (Southeast Asia)	100% (18 times of 18 meetings)
3	Candidate for Reelection	Akihiro Ito	Director of the Board, Senior Executive Officer Financial Strategy; IR; Information Strategy	100% (18 times of 18 meetings)
4	Candidate for Reelection	Junichi Nonaka	Director of the Board, Senior Executive Officer R&D Strategy; Quality Assurance	100% (14 times of 14 meetings)
5	Candidate for Reelection	Toshiya Miyoshi	Director of the Board, Senior Executive Officer Personnel & General Affairs Strategy; Legal	100% (14 times of 14 meetings)
6	Candidate for Reelection Candidate for Outside Director Candidate for Independent Officer	Toshio Arima	Outside Director	100% (18 times of 18 meetings)
7	Candidate for Reelection Candidate for Outside Director Candidate for Independent Officer	Shoshi Arakawa	Outside Director	100% (14 times of 14 meetings)
8	New Candidate Candidate for Outside Director Candidate for Independent Officer	Kimie Iwata	Outside Audit & Supervisory Board Member	94% (17 times of 18 meetings)
9	New Candidate Candidate for Outside Director	Katsunori Nagayasu	—	—

(Notes) 1. As for the attendance at the Board of Directors Meetings of Messrs. Yoshinori Isozaki, Junichi Nonaka, Toshiya Miyoshi and Shoshi Arakawa, the Board of Directors Meetings applicable to them are only those held subsequent to their assumption of office on March 27, 2015.

2. As for the attendance at the Board of Directors Meetings of Ms. Kimie Iwata, the Board of Directors Meetings applicable to her are those which she attended as Outside Audit & Supervisory Board Member.

No. 1 **Yoshinori Isozaki**



Candidate for Reelection

Date of birth	August 9, 1953
Number of the Company's shares held	26,900 shares

Profile, title and responsibilities	
April 1977	Joined the Company
March 2004	Director of San Miguel Corporation
March 2007	General Manager of Corporate Planning Dept. of the Company
March 2008	Executive Officer and General Manager of Corporate Planning Dept. of the Company
March 2009	Senior Executive Officer and General Manager of Corporate Planning Dept. of the Company
March 2010	Managing Director of the Company (retired in March 2012)
March 2012	Representative Director and President & CEO of Kirin Brewery Company, Limited (retired in January 2015)
January 2013	Representative Director and President & CEO of KIRIN Company, Limited (Present Position)
March 2015	President &Chief Executive Officer of the Company (Present Position)

Significant positions concurrently held at other companies and organizations

Representative Director and President & CEO, KIRIN Company, Limited

[Reasons for nomination as a candidate for Director]

The Board of Directors has nominated Mr. Yoshinori Isozaki as a candidate for Director because of its expectation that he will work to realize the Kirin Group's strategy towards business growth and improved results, and appropriately oversee the entire Kirin Group, based on his considerable experience acquired over many years as a management executive in the Company and other domestic and overseas Kirin Group companies.

Note: No conflict of interests exists between the Company and Mr. Yoshinori Isozaki.

No. 2 **Keisuke Nishimura**



Candidate for Reelection

Date of birth	December 7, 1956
Number of the Company's shares held	35,206 shares

Profile, title and responsibilities	
April 1980	Joined the Company
March 2007	Chairman and CEO of Kirin (China) Investment Co., Ltd
March 2009	Director of San Miguel Corp.
April 2009	Director and Executive Vice President of San Miguel Brewery Inc.
October 2011	Director of San Miguel Brewery Inc. (Present Position)
	Executive Officer and General Manager of Strategy Planning Dept. of the Company
March 2012	Director of the Company
	Director of China Resources Kirin Beverages (Greater China) Company, Limited (Present Position)
March 2014	Managing Director of the Company
March 2015	Representative Director of the Board, Senior Executive Officer of the Company (Present Position)
August 2015	Director & Vice Chairman of Myanmar Brewery Limited (Present Position)
Responsible for	Business Alliance and Investment Strategy; Overseas (Southeast Asia)

Significant positions concurrently held at other companies and organizations

Director, San Miguel Brewery Inc.
Director, China Resources Kirin Beverages (Greater China) Company, Limited
Director & Vice Chairman, Myanmar Brewery Limited

[Reasons for nomination as a candidate for Director]

The Board of Directors has nominated Mr. Keisuke Nishimura as a candidate for Director because of its expectation that he will work to realize the Kirin Group's global strategy towards business growth and improved results, and appropriately oversee the entire Kirin Group, based on his considerable experience acquired over many years as a management executive in the Company and other domestic and overseas Kirin Group companies.

Note: No conflict of interests exists between the Company and Mr. Keisuke Nishimura.

No. 3 **Akihiro Ito**



Candidate for Reelection

Date of birth	December 19, 1960
Number of the Company's shares held	10,400 shares

Profile, title and responsibilities	
April 1983	Joined the Company
July 2007	Director of Planning Dept. of Kirin Pharma Company, Limited
October 2008	General Manager of Group Planning Dept. of Kyowa Hakko Kirin Co., Ltd.
April 2009	General Manager of Strategy Planning Dept. of Kyowa Hakko Kirin Co., Ltd.
March 2010	General Manager of Finance & Accounting Dept. of Kirin Business Expert Company, Limited
January 2013	Executive Officer of the Company and Director of Group Finance of the Company
March 2014	Director of the Company Director of KIRIN Company, Limited Director of Lion Pty Ltd (Present Position)
March 2015	Director of the Board, Senior Executive Officer of the Company (Present Position) Senior Executive Officer of KIRIN Company, Limited (Present Position) Director of Kirin Business System Company, Limited (Present Position) Director of Kyowa Hakko Kirin Co., Ltd. (Present Position)
Responsible for	Financial Strategy; IR; Information Strategy

Significant positions concurrently held at other companies and organizations

Senior Executive Officer, KIRIN Company, Limited
Director, Kirin Business System Company, Limited
Director, Lion Pty Ltd
Director, Kyowa Hakko Kirin Co., Ltd.

[Reasons for nomination as a candidate for Director]

The Board of Directors has nominated Mr. Akihiro Ito as a candidate for Director because of its expectation that he will work to realize the Kirin Group's financial strategy, etc. towards business growth and improved results, and appropriately oversee the entire Kirin Group as well as businesses he is responsible for, based on his considerable experience acquired over many years as a management executive in the Company and other domestic and overseas Kirin Group companies.

Note: No conflict of interests exists between the Company and Mr. Akihiro Ito.

No. 4 **Junichi Nonaka**



Candidate for Reelection

Date of birth	October 13, 1954
Number of the Company's shares held	5,300 shares

Profile, title and responsibilities

April 1978	Joined the Company
September 2006	General Manager of Tochigi Plant of Production Dept. of Beer, Wine, and Spirits Div. of the Company
July 2007	General Manager of Tochigi Plant of Production Dept. of Kirin Brewery Company, Limited
May 2008	General Manager of Technology Development Dept. of Production Div. of Kirin Brewery Company, Limited
March 2010	Executive Officer and General Manager of Technology Development Dept. of Production Div. of Kirin Brewery Company, Limited
March 2011	Executive Officer and General Manager of Yokohama Plant of Production Div. of Kirin Brewery Company, Limited
January 2013	Senior Executive Officer and General Manager of Research & Development Div. of KIRIN Company, Limited (Present Position)
March 2015	Director of the Board, Senior Executive Officer of the Company (Present Position) Director of Lion Pty Ltd (Present Position)
Responsible for	R&D Strategy; Quality Assurance

Significant positions concurrently held at other companies and organizations

Senior Executive Officer and General Manager of Research & Development Div., KIRIN Company, Limited
Director, Lion Pty Ltd

[Reasons for nomination as a candidate for Director]

The Board of Directors has nominated Mr. Junichi Nonaka as a candidate for Director because of its expectation that he will work to realize the Kirin Group's R&D strategy, etc. towards business growth and improved results, and appropriately oversee the entire Kirin Group as well as businesses he is responsible for, based on his considerable experience acquired over many years as a management executive in the Company and other domestic and overseas Kirin Group companies.

Note: No conflict of interests exists between the Company and Mr. Junichi Nonaka.

No. 5 **Toshiya Miyoshi**



Candidate for Reelection

Date of birth	December 30, 1958
Number of the Company's shares held	10,900 shares

Profile, title and responsibilities	
April 1982	Joined the Company
March 2008	Representative Director and President & CEO of Yokohama Akarenga Inc.
March 2010	General Manager of Personnel & General Affairs Dept. of the Company
March 2012	Executive Officer and General Manager of Personnel & General Affairs Dept. of the Company
January 2013	Executive Officer and Director of Group Personnel & General Affairs of the Company Executive Officer and General Manager of Personnel Dept. of KIRIN Company, Limited
March 2014	Senior Executive Officer and Director of Group Personnel & General Affairs of the Company Senior Executive Officer and General Manager of Personnel Dept. of KIRIN Company, Limited
March 2015	Director of the Board, Senior Executive Officer of the Company (Present Position) Senior Executive Officer of KIRIN Company, Limited (Present Position) Director of San Miguel Brewery Inc. (Present Position)
Responsible for	Personnel & General Affairs Strategy; Legal

Significant positions concurrently held at other companies and organizations

Senior Executive Officer, KIRIN Company, Limited
Director, San Miguel Brewery Inc.

[Reasons for nomination as a candidate for Director]

The Board of Directors has nominated Mr. Toshiya Miyoshi as a candidate for Director because of its expectation that he will work to realize the Kirin Group's personnel & general affairs strategy, etc. towards business growth and improved results, and appropriately oversee the entire Kirin Group as well as businesses he is responsible for, based on his considerable experience acquired over many years as a management executive in the Company and other domestic and overseas Kirin Group companies.

Note: No conflict of interests exists between the Company and Mr. Toshiya Miyoshi.

No. 6 **Toshio Arima**



Candidate for Reelection
Candidate for Outside Director
Candidate for Independent Officer

Date of birth	May 31, 1942
Number of the Company's shares held	4,400 shares

Profile, title and responsibilities	
April 1967	Joined Fuji Xerox Co., Ltd.
June 2002	President and Representative Director of Fuji Xerox Co., Ltd.
October 2006	Director of FUJIFILM Holdings Corporation
June 2007	Board Director and Executive Advisor of Fuji Xerox Co., Ltd.
June 2008	Executive Corporate Advisor of Fuji Xerox Co., Ltd.
March 2011	Outside Director of the Company (Present Position)
April 2012	Executive Advisor of Fuji Xerox Co., Ltd. (Present Position)

Significant positions concurrently held at other companies and organizations

Executive Advisor, Fuji Xerox Co., Ltd.
Outside Director, Resona Holdings, Inc.
Outside Director, Fuji Heavy Industries Ltd.
Chairman of the Board, Global Compact Network Japan

[Reasons for nomination as a candidate for Outside Director]
The Board of Directors has nominated Mr. Toshio Arima as a candidate for Outside Director because of its expectation that, from his considerable experience acquired over many years as a corporate executive, he will provide valuable opinions and suggestions to the management of the Company.

Notes:

1. No conflict of interests exists between the Company and Mr. Toshio Arima.
2. Mr. Toshio Arima is a candidate for the position of Outside Director.
3. Fuji Heavy Industries Ltd., where Mr. Toshio Arima holds a position of an Outside Director, received a warning from the Tokyo Regional Taxation Bureau for its inappropriate accounting treatment in August 2011. Although he was not aware of the impropriety in advance, he regularly emphasized the importance of internal controls and provided suggestions for the development of such systems. Following discovery of the fact, he has been carrying out his duties properly including giving instruction on ways to prevent the recurrence of such events.
4. The years served (as of the close of this Annual General Meeting of Shareholders) by Mr. Toshio Arima since his election as an Outside Director are 5 years.
5. Mr. Toshio Arima is an independent officer as prescribed in the regulations of the Tokyo Stock Exchange, Inc., etc., and he is expected to remain as an independent officer if he is re-elected and appointed as a Director.

No. 7 **Shoshi Arakawa**



Candidate for Reelection
Candidate for Outside Director
Candidate for Independent Officer

Date of birth	April 8, 1944
Number of the Company's shares held	900 shares

Profile, title and responsibilities	
April 1968	Joined Bridgestone Corporation
March 2005	Senior Vice President, Representative Board Member of Bridgestone Corporation
July 2005	Executive Vice President, Representative Board Member of Bridgestone Corporation
March 2006	CEO and President, Representative Board Member of Bridgestone Corporation
March 2012	Chairman of the Board of Bridgestone Corporation
March 2013	Advisor of Bridgestone Corporation (Present Position)
March 2015	Outside Director of the Company (Present Position)

Significant positions concurrently held at other companies and organizations

Advisor, Bridgestone Corporation

[Reasons for nomination as a candidate for Outside Director]

The Board of Directors has nominated Mr. Shoshi Arakawa as a candidate for Outside Director because of its expectation that, from his considerable experience acquired over many years as a corporate executive, he will provide valuable opinions and suggestions to the management of the Company.

Notes:

1. No conflict of interests exists between the Company and Mr. Shoshi Arakawa.
2. Mr. Shoshi Arakawa is a candidate for the position of Outside Director.
3. Bridgestone Corporation, where Mr. Shoshi Arakawa held a position of a Member of the Board until March 2013, was found to have violated the U.S. antitrust laws and the U.S. Foreign Corrupt Practices Act in relation to its transactions of industrial products. For these violations, the company entered into a plea agreement with the U.S. Department of Justice in September 2011, and paid a fine in October of the same year, accordingly.
4. The year served (as of the close of this Annual General Meeting of Shareholders) by Mr. Shoshi Arakawa since his election as an Outside Director is 1 year.
5. Mr. Shoshi Arakawa is an independent officer as prescribed in the regulations of the Tokyo Stock Exchange, Inc., etc., and he is expected to remain as an independent officer if he is re-elected and appointed as a Director.

No. 8 **Kimie Iwata**



New Candidate
Candidate for Outside Director
Candidate for Independent Officer

Date of birth	April 6, 1947
Number of the Company's shares held	3,200 shares

Profile, title and responsibilities

April 1971	Joined the Ministry of Labor
June 2004	Director and Corporate Officer of SHISEIDO CO., Ltd.
April 2007	Director and Corporate Executive Officer of SHISEIDO CO., Ltd.
April 2008	Director and Executive Vice President of SHISEIDO CO., Ltd.
June 2008	Representative Director and Executive Vice President of SHISEIDO CO., Ltd.
March 2012	Outside Audit & Supervisory Board Member of the Company (Present Position)
April 2012	Director of SHISEIDO CO., Ltd.
June 2012	Advisor of SHISEIDO CO., Ltd. (Present Position)

Significant positions concurrently held at other companies and organizations

Advisor, SHISEIDO CO., Ltd.
External Director, Japan Airlines Co., Ltd.
President, Japan Institute for Women's Empowerment & Diversity Management
Audit and Inspection Commissioner, Tokyo Metropolitan Government

[Reasons for nomination as a candidate for Outside Director]

The Board of Directors has nominated Ms. Kimie Iwata as a candidate for Outside Director because of its expectation that, from her considerable experience acquired over many years as a government official and a corporate executive, she will provide valuable opinions and suggestions to the management of the Company.

Notes:

1. No conflict of interests exists between the Company and Ms. Kimie Iwata.
2. Ms. Kimie Iwata is a candidate for the position of Outside Director.
3. At Japan Airlines Co., Ltd., where Ms. Kimie Iwata holds a position of External Director, leakage of customer information occurred due to unauthorized access to the customer information system of the company in September 2014. In October of the same year, the verification committee consisting of external directors and external audit & supervisory board members of the company was established and investigated the matter. Ms. Kimie Iwata committed to fulfilling her duties as Chairman of the committee to prevent the recurrence of such event.
4. Ms. Kimie Iwata is an Outside Audit & Supervisory Board Member of the Company and the years served (as of the close of this Annual General Meeting of Shareholders) since her election are 4 years. She will retire from the position of Outside Audit & Supervisory Board Member upon the close of this Annual General Meeting of Shareholders.
5. Ms. Kimie Iwata is an independent officer as prescribed in the regulations of the Tokyo Stock Exchange, Inc., etc., and she is expected to remain as an independent officer if she is elected and appointed as a Director.

No. 9 **Katsunori Nagayasu**



New Candidate

Candidate for Outside Director

Date of birth	April 6, 1947
Number of the Company's shares held	0 shares

Profile, title and responsibilities	
May 1970	Joined The Mitsubishi Bank, Limited
April 2008	Representative Director, President of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
April 2010	Representative Director, President & CEO of Mitsubishi UFJ Financial Group, Inc.
April 2012	Representative Director, Chairman of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Present Position)
April 2013	Director of Mitsubishi UFJ Financial Group, Inc. (retired in June 2013)

Significant positions concurrently held at other companies and organizations

Representative Director, Chairman, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Outside Audit & Supervisory Board Member, NIPPON STEEL & SUMITOMO METAL CORPORATION
Outside Audit & Supervisory Board Member, MITSUBISHI MOTORS CORPORATION
Outside Director, Isetan Mitsukoshi Holdings Ltd.
Vice Chair, KEIDANREN (Japan Business Federation)

[Reasons for nomination as a candidate for Outside Director]

The Board of Directors has nominated Mr. Katsunori Nagayasu as a candidate for Outside Director because of its expectation that, from his considerable experience acquired over many years as a corporate executive, he will provide valuable opinions and suggestions to the management of the Company.

Notes:

1. No conflict of interests exists between the Company and Mr. Katsunori Nagayasu.
2. Mr. Katsunori Nagayasu is a candidate for the position of Outside Director.
3. Mr. Katsunori Nagayasu serves as Representative Director of The Bank of Tokyo-Mitsubishi UFJ, Ltd., a bank with which the Company has major transactions. Although it is not planned at present that he will become an independent officer as prescribed in the regulations of the Tokyo Stock Exchange, Inc., etc., the Company expects that he will provide valuable opinions and suggestions concerning the management of the Company from his objective standpoint.

Proposal No. 3: Election of one (1) Audit & Supervisory Board Member

Upon the close of this Annual General Meeting of Shareholders, the term of office of Ms. Kimie Iwata, an Audit & Supervisory Board Member, will expire.

Shareholders are thus requested to elect one (1) Audit & Supervisory Board Member.

This proposal has already obtained consent of the Audit & Supervisory Board.

The candidate for the position of Audit & Supervisory Board Member is as follows:

Chieko Matsuda



New Candidate
Candidate for Outside Audit & Supervisory Board Member
Candidate for Independent Officer

Date of birth	November 18, 1964
Number of the Company's shares held	1,000 shares

Profile and title	
April 1987	Joined The Long-Term Credit Bank of Japan, Limited
October 1998	Joined Moody's Japan K.K.
September 2001	Joined Corporate Directions, Inc.
May 2006	Representative Director of Matrix, Inc.
October 2006	Vice President (Partner) of Booz and Company, Inc.
April 2011	Professor of School of Business Administration, Department of Urban Liberal Arts at Tokyo Metropolitan University (Present Position) Professor of Department of Business Administration, Social Sciences at Tokyo Metropolitan University (Graduate School) (Present Position)

Significant positions concurrently held at other companies and organizations

Professor, School of Business Administration, Department of Urban Liberal Arts, Tokyo Metropolitan University
Professor, Department of Business Administration, Social Sciences, Tokyo Metropolitan University (Graduate School)
Audit & Supervisory Board Member (External), SATO HOLDINGS CORPORATION
Outside Independent Director, Hitachi Chemical Company, Ltd.
Outside Independent Director, Foster Electric Company, Limited

[Reasons for nomination as a candidate for Outside Audit & Supervisory Board Member]

The Company has nominated Ms. Chieko Matsuda as a candidate for Outside Audit & Supervisory Board Member because of its expectation that, from her considerable experience acquired over many years as a corporate executive, she will provide valuable opinions and suggestions to the management of the Company.

Notes:

1. No conflict of interests exists between the Company and Ms. Chieko Matsuda.
2. Ms. Chieko Matsuda is a candidate for the position of Outside Audit & Supervisory Board Member.
3. If Ms. Chieko Matsuda is elected and appointed as an Audit & Supervisory Board Member, she is expected to become an independent officer as prescribed in the regulations of the Tokyo Stock Exchange, Inc., etc.

(Reference)

1. In July 2007, the Company changed its former name, Kirin Brewery Company, Limited, to Kirin Holdings Company, Limited, and became a pure holding company, while the Company's domestic alcohol beverages business was transferred to a separate company through the corporate split, and the separate company was renamed Kirin Brewery Company, Limited.
2. In January 2013, administration function of the Japan Integrated Beverages Business of the Company was transferred to KIRIN Company, Limited, through the corporate split.

Criteria regarding the Independence of Outside Officers

For Outside Directors and Outside Audit & Supervisory Board Members* of the Company to be considered as independent, none of the following criteria may apply to the respective Outside Director or Outside Audit & Supervisory Board Member.

(1) A person for whom the Company (including its consolidated subsidiaries; the same shall apply hereinafter) is a major client
(2) A person who is an executive director, corporate officer, executive officer, manager or other employee of a firm for whom the Company is a major client
(3) A person who is a major client of the Company
(4) A person who is an executive director, corporate officer, executive officer, manager or other employee of a firm which is a major client of the Company
(5) A lawyer, certified public accountant, tax accountant, or consultant, etc. who receives money or other economic benefit in excess of a certain amount from the Company aside from the officer's remuneration
(6) A person who belongs to a firm, union, or other similar entity (including a law office, auditing firm, tax accountant firm, or consulting firm, etc.) which receives money or other economic benefit in excess of a certain amount from the Company
(7) A person who receives donations or other assistance in excess of a certain amount from the Company
(8) A person who is a director of or otherwise executes duties for a firm, union or other similar entity which receives donations or other assistance in excess of a certain amount from the Company
(9) A person who is an executive director, corporate officer, executive officer, manager or other employee of a firm for which an Executive Director or Full-time Audit & Supervisory Board Member of the Company acts as outside director or outside auditor
(10) A person to whom any of aforementioned criteria (1)–(9) has applied within the past 3 years
(11) Where a person to whom any of aforementioned criteria (1)–(9) applies serves as a senior executive or higher, the person's spouse or other relations within the second degree of kinship
(12) A person who is a spouse or other relation within the second degree of kinship to a director, corporate officer, executive officer, manager or other important employee of the Company

(Notes) 1. Regarding criteria (1) and (2), "A person (or firm) for whom the Company is a major client" refers to a person (or firm) who received payment from the Company in the most recent business year which accounted for either 2% or more of consolidated sales for the year for that person (or firm), or over ¥100 million, whichever is the higher amount. If consolidated accounting is not adopted by the person (or firm), total revenue or non-consolidated sales for the year should be employed in place of consolidated sales for the year.

2. Regarding criteria (3) and (4), "A person (or firm) who is a major client of the Company" refers to a person (or firm) who made payment to the Company in the most recent business year which accounted for 2% or more of the Company's consolidated sales for the year, or who finances 2% or more of the Company's consolidated total assets at the end of the most recent business year.

3. Regarding criteria (5), (7) and (8), "a certain amount" is considered as ¥10 million per year.

4. Regarding criteria (6), "a certain amount" is considered as either 2% or more of total revenue for the most recent business year for that firm, union or other similar entity, or over ¥100 million, whichever is the higher amount.

* "Audit & Supervisory Board Member(s)" and "Audit & Supervisory Board" described herein mean "*Kansayaku*" and "*Kansayaku-kai*" stipulated in the Japanese Companies Act respectively.

- END -

(Attached documents)

BUSINESS REPORT

(For the period from January 1 to December 31, 2015)

1. Overview of Kirin Group business operations

(1) Results of business operations

During the consolidated fiscal year under review, despite keeping a moderate recovery particularly among the developed countries, the world economy saw a gradual slackening overall due to factors such as the slowdown in growth of China and other emerging countries and the worsening economies of the resource-producing countries.

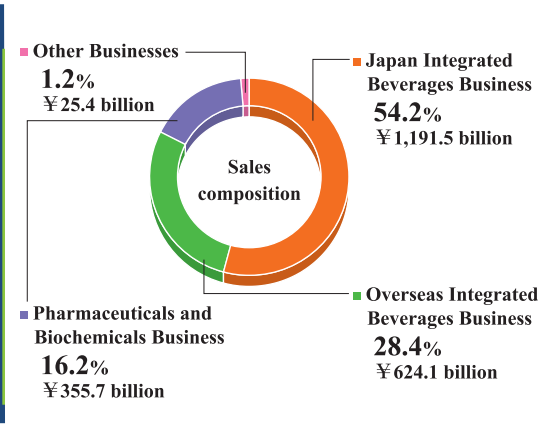
Under these circumstances, the Japanese economy maintained its overall gradual recovery trend despite experiencing certain fluctuations. In terms of personal spending, while it has yet to gain momentum, it trended in a gradual recovery thanks to an increase in employee income.

Kirin Group positioned fiscal year 2015 as the final year of the Kirin Group Medium-Term Business Plan 2013-2015, which covers the initial stage of the Kirin Group Vision 2021 ("KV2021"), our long-term management vision, and as "year zero" in our next medium-term business plan which will start in 2016. Under such background, the Company and each regional headquarters have been working together to strengthen each business. In particular, we developed strong brands from a medium-term perspective and responded to changes in the competitive environment with a sense of speed in order to achieve regrowth in the Japan Integrated Beverages Business, which has been the Kirin Group's highest priority. In the Overseas Integrated Beverages Business, while the plan to revitalize the beverages business of Lion Pty Ltd has made steady progress, Brasil Kirin Participações e Representações S.A. ("Brasil Kirin S.A.") has made a downward revision of its profit and loss projection due to the decline in sales amid fierce competitive environment, and the rise in raw material costs reflecting the effects of foreign exchange fluctuations, resulting in booking impairment loss.

During the consolidated fiscal year under review, consolidated sales increased reflecting factors such as increase in sales volume of beer products and non-alcoholic beverages in the Japan Integrated Beverages Business and the increase in sales of the Pharmaceuticals and Bio-chemicals Business. Consolidated operating income in the Japan Integrated Beverages Business decreased as a result of higher selling expenses but increased in the Overseas Consolidated Beverages Business due to early application of the Revision of the Accounting Standards regarding Business Combinations starting in the first quarter, and the Pharmaceuticals and Bio-chemicals Business performed well, and as a result, consolidated operating income increased. Consolidated ordinary income increased due to the increase in consolidated operating income as well as the increase in equity in earnings of affiliates. However, as a result of the impairment loss incurred by Brasil Kirin S.A., the Company reported a consolidated net loss of ¥47.3 billion.

Results for the fiscal year under review

Consolidated sales	**¥2,196.9 billion** (up 0.1% compared to the previous fiscal year)
Consolidated operating income	**¥124.7 billion** (up 8.9% compared to the previous fiscal year)
Consolidated ordinary income	**¥128.1 billion** (up 36.1% compared to the previous fiscal year)
Consolidated net loss	**¥47.3 billion**



Reference

EBITDA*	¥258.9 billion	(down 5.2% compared to the previous fiscal year)
Earnings per share*	¥117	(down 0.8% compared to the previous fiscal year)

* Removing extraordinary gains and losses and other non-recurring items to reflect actual earnings more accurately.

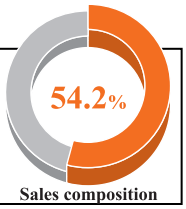
Glossary

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization

EBITDA is income before deduction of taxes, to which interest expense and depreciation and amortization are added. Referring to cash flow in the broad sense, it is used as an indicator to minimize apparent differences in profitability among global companies due to factors such as differences in interest, tax rates, and accounting standards.

Japan Integrated Beverages Business Division

Consolidated sales: ¥1,191.5 billion (up 3.3% compared to the previous fiscal year)
Consolidated operating income: ¥47.9 billion (down 0.4% compared to the previous fiscal year)



Sales composition

Major Products of Kirin Group Companies

Kirin Brewery Company, Limited

Kirin Ichiban Shibori, Tanrei Green Label, Kirin Nodogoshi Nama, Kirin Hyoketsu, Kirin Whisky FUJI-SANROKU Tarujyuku 50°

Mercian Corporation

Chateau Mercian, Oishii-Sankaboshizai-Mutenka Wine, Frontera

Kirin Beverage Company, Limited

Kirin Gogo-no-Kocha, Kirin FIRE, Kirin Nama-cha, Kirin Mets COLA, Kirin Sekai-no-Kitchen-Kara

In Japan Integrated Beverage Business, we have made consistent efforts toward strengthening our brands aiming at achieving regrowth of business and have worked continuously to create value that leads to amazement and excitement of our customers and society as a whole by offering superior quality and good taste.

Kirin Brewery Company, Limited, for the first time in nine years achieved a year-on-year increase in the sales volume of beer products overall and achieved to raise its market share. In particular, efforts were made, as a top priority, to strengthen the flagship brand *Kirin Ichiban Shibori*, which resulted in sales volume to exceed the previous year for two consecutive years as well as achieving the sales volume of the beer products category to exceed the previous year for the first time in 21 years. Sales volume of *Kirin Nodogoshi Nama*, the No.1 brand[1] in the "new genre" category increased through the sales of seasonally limited products and other efforts. Additionally, in the growing functional products category, *Kirin Nodogoshi All Light* was launched in January and led the market. In the RTD[2] category, sales volume increased year-on-year, primarily for the *Kirin Hyoketsu*, *Kirin Hon-shibori*$_{TM}$ *Chu-hai*, and *Kirin Chu-hai Bitters*. Our domestic whisky, *FUJI-SANROKU Tarujyuku 50º*, performed extremely well and sales in the liquors category as a whole increased year-on-year. Furthermore, SPRING VALLEY BREWERY was launched, in an aim to creating and expanding the craft beer[3] market in Japan.

Mercian Corporation made efforts to strengthen brands including *Frontera* and *Oishii-Sankaboshizai-Mutenka Wine* in order to promote the Chilean and additive-free wines, which is our strong point, and was able to increase the overall sales volume. Also, it made efforts to strengthen the flagship brand, "*Chateau Mercian*," and the brand was awarded numerous medals, including *Chateau Mercian Kikyogahara Merlot* winning a gold medals in wine competitions both in Japan and overseas. Sales of *Gyu gyu to Shibotta Sangria*, which was newly launched for the purpose of expanding the base of the wine market, were extremely strong reaching 2.5 times of the initially projected sales volume.

At Kirin Beverage Company, Limited, sales volume of the flagship brand, *Kirin Gogo-no-Kocha*, exceeded those of the previous year. In addition, the *Kirin Mets* brand

introduced various new products geared towards the carbonated beverage category, one of the massive markets, resulting in the significant year-on-year increase in sales volume. For *Kirin Sekai-no-Kitchen-Kara*, *Kirin FIRE* and *Kirin Nama-cha* brands, we have taken measures to further promote the brands, by brand renewal and the launch of new products. Furthermore, taking the opportunities of the growing awareness of health, as well as the easing of food label regulations, we have launched new products from *Kirin Nama-cha* and *Kirin Mets* brands as "Foods with Function Claims." As a result of these measures, our sales volume increased substantially more than the growth of the overall non-alcoholic beverage market.

The manufacturing and logistics divisions of each company worked as one to cut costs and promoted further enhancement of efficiency across the entire supply chain. Additionally, measures were implemented to reduce depreciation through the efficient operation of each plant facilities. Furthermore, we continued to pursue resource conservation in our containers and packaging through technical development, and our lighter medium-sized beer bottles and PET bottles contributed to cutting back on costs as well.

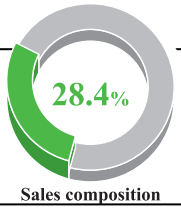
*1 Based on taxable shipping volume of "Other miscellaneous liquors (2)" for 2005, and "Other fermented liquors (sparkling) (1)" for 2006-2015.

*2 Products of premixed low alcohol beverages that can be enjoyed straight from the can or bottle. RTD is an acronym for "Ready to Drink."

*3 The Company considers craft beer to be a beer where you can connect to the people who made it, sense their commitment, and enjoy the difference of flavors and its originality.

Overseas Integrated Beverages Business Division

Consolidated sales: ¥624.1 billion (down 10.0% compared to the previous fiscal year)
Consolidated operating income: ¥33.2 billion (up 6.4% compared to the previous fiscal year)



Sales composition

Major Products of Kirin Group Companies

Lion Pty Ltd
Beer: *XXXX GOLD, James Squire, Little Creatures,* **Dairy products:** *Dare, Dairy Farmers*
Brasil Kirin S.A.
Beer: *Schin, Eisenbahn,* **Non-alcoholic beverages:** *Schin*

Using the business foundation that the Company acquired through its proactive globalization measures, the Overseas Integrated Beverages Business pursued self-sustained growth with close ties to local regions.

As the Australian beer market continued to shrink, overall sales volume decreased in the alcohol beverages business of Lion Pty Ltd as well; however, it continued to move ahead with bolstering core brands and strengthening sales of the growing high value-added product category. We focused on the sales of our leading brand, *XXXX GOLD*, and the sales of craft beers *James Squire* and *Little Creatures* continued to be strong. Meanwhile, in Lion Pty Ltd's Beverages Business, we continued to reduce costs by fundamentally revising the entire supply chain in order to improve profitability. While overall sales volumes declined from the previous year due to factors including the sale of low-price range cheese business, the business revitalization plan made steady progress, with *Dare* (a dairy beverage) continuing to exceed the sales of the previous year.

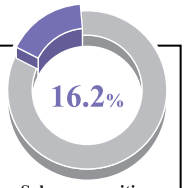
Amid a fierce competitive environment in Brazil, Brasil Kirin S.A. made efforts to reinforce its core regions, channels, and product sales and aimed to improve profitability by raising prices and effectively utilizing selling expenses. However, sales volume and operating income decreased drastically. Brasil Kirin S.A. has been reviewing its sales and product strategies since August in order to curtail the decline in sales volumes of beer and non-alcoholic beverages, the company's highest priority, has renewed *Schin*, its core brand of beer and non-alcoholic beverages, and has worked to reinforce sales networks. Furthermore, it has commenced initiatives towards improving profitability through a project to improve operational efficiency.

In Southeast Asia, we acquired 55.0% of total outstanding shares in Myanmar Brewery Limited, which is engaged in the beer business in Myanmar, in August. Myanmar is a promising market with expectations of high growth and increasing consumer consumption following the country's recent movement of democratization. We are aiming for further growth by leveraging the Kirin Group's brand, expertise in technology, product development, and research and marketing, by using the business foundation of Myanmar Brewery Limited as its base.

Pharmaceuticals and Bio-chemicals Business Division

Consolidated sales: ¥355.7 billion **(up 9.4% compared to the previous fiscal year)**

Consolidated operating income: ¥46.8 billion **(up 20.4% compared to the previous fiscal year)**



Sales composition

Major Products

Kyowa Hakko Kirin Co., Ltd

NESP, ALLELOCK, PATANOL, GRAN, POTELIGEO, NOURIAST, G-Lasta

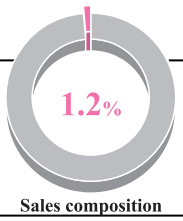
In the pharmaceuticals business, sales of domestic pharmaceuticals of Kyowa Hakko Kirin Co., Ltd exceeded those of the previous year, thanks primarily to the growth of new products. The leading product *NESP*, a long-acting erythropoiesis stimulating agent, performed strongly. Additionally, sales of new pharmaceuticals including *G-Lasta*, sustained-duration G-CSF product and *Dovobet*, an ointment to treat psoriasis vulgaris, and *ONGLYZA*, a type-two diabetes drug, and *NOURIAST*, a therapeutic agent for Parkinson's disease also grew steadily. On the other hand, sales of long-listed drugs such as *GRAN*, a treatment for neutropenia, *CONIEL*, a treatment for hypertension and angina pectoris, and *ALLELOCK*, the anti-allergy treatment, decreased due to the penetration of generic products and the effects of the drug price revision in April 2014. Overseas, ProStrakan Group plc's core products grew steadily, and with the contribution of the consolidated subsidiary, Archimedes Pharma Ltd., which was acquired in August 2014, sales exceeded those of the previous year. Additionally, we recorded an up-front option fee related to an option agreement signed with AstraZeneca plc. for *Benralizumab* (KHK4563) as sales.

In the bio-chemicals business, Kyowa Hakko Bio Co., Ltd reported a year-on-year decline in domestic sales of its pharmaceutical amino acids and other pharmaceutical raw materials, but sales of consumer products such as the mail order business for *Ornithine* exceeded the previous year. Sales in the overseas business increased compared to the previous year, due to the growth in sales of amino acids mainly in Europe and U.S., in addition to the impact of foreign exchange fluctuations.

Other Businesses Divisions

Consolidated sales: ¥25.4 billion **(up 3.7% compared to the previous fiscal year)**

Consolidated operating income: ¥3.8 billion **(up 25.2% compared to the previous fiscal year)**



Sales composition

Major Products

Koiwai Dairy Products Company, Limited

Koiwai Namanyu 100% Yogurt, Koiwai Margarine with Fermented Butter, Koiwai Karada he no Okurimono Plasma Nyusankin Nomu Yogurt

Koiwai Dairy Products Company, Limited saw sales exceed the previous year due to the success of a strategy focused on its leading product, *Koiwai Namanyu 100% Yogurt*. Although there were various changes in the market environment including the soaring costs due to revised pricing for milk, improvement of product lineup, cost reduction and other factors resulted in improved profitability. As a result, both sales and income increased.

(2) Future challenges

Taking into account the harsh competitive environment and changes in the business climate such as diversified needs of customers, shareholders, investors, and other stakeholders, the Kirin Group formulated Kirin's new long-term management vision that further develops KV2021, the new Kirin Group Vision 2021 ("New KV2021"), and the Kirin Group Medium-Term Business Plan 2016-2018 ("2016 MTBP"), a plan for the first three years aimed at realizing this vision (refer to the next page). Under the New KV2021, the Kirin Group will make efforts to solve social issues and to provide value to customers at the same time with the aim of realizing sustainable growth together with society, while leveraging the Kirin Group's technological capabilities, our strong point, through the core businesses of alcohol beverages, non-alcoholic beverages, pharmaceuticals and bio-chemicals. We will work on "well-being," which is a highly important social issue for both society and our business, as a priority theme in implementing CSV[1] which is unique to Kirin Group.

In the 2016 MTBP, in response to the fact that we recorded a consolidated net loss in 2015, we will prioritize the improvement of profitability and strengthen the competitiveness of existing businesses and drastically reform the revenue structure of low-profit businesses through investments with clearly specified priority. As for investments, we will focus on Kirin Brewery Company, Limited's growth as top priority. We will also make efforts to strengthen the profit base of the alcohol beverages business of Lion Pty Ltd, and maintain and strengthen the market leading position of Myanmar Brewery Limited in order to bolster the earnings base in the beer business. Revitalization plans will be steadily implemented and structural reforms will be made to address declining profitability at Brasil Kirin S.A. and Kirin Beverage Company, Limited. Brasil Kirin S.A. will implement regional sales strategies and work to reform cost structures throughout the supply chain. Kirin Beverage Company, Limited will pursue profitable growth by building a strong brand structure and developing profit structures. In the Pharmaceutical and Bio-chemicals Business, Kyowa Hakko Kirin Company, Limited will seek rapid growth.

As key performance indicators, the Kirin Group as a whole will work to realize the improvement of ROE (return on equity) before goodwill amortization and normalized[2] EPS (earnings per share). In addition, we will enhance shareholder return through stable dividends by paying dividends at a dividend payout ratio on normalized EPS of 30% or higher.

Based on its management philosophy and the Kirin Group's shared value of "Passion and Integrity," the Kirin Group will establish the Corporate Governance Policy and organize an optimal governance system to realize the New KV2021. Furthermore, in order for various Kirin Group employees throughout the world, including Japan, to cooperate across businesses and regions, we will promote globalization, respect diversity, and strengthen engagement. In particular, as an activity to further promote diversity, we will continue to vigorously implement the "Kirin Women's Network 2021," a career opportunities plan for female employees, with the goal of tripling the number of female managers by 2021.

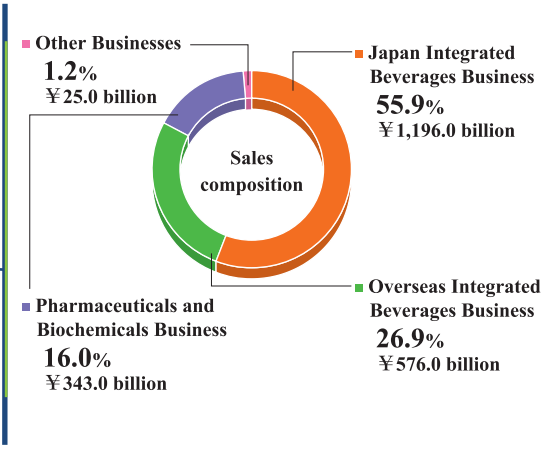
*1 Creating Shared Value (CSV) is a management concept that seeks to enhance corporate value by addressing societal issues to create social value and to create economic value.

*2 Normalization: Removing extraordinary gains and losses and other non-recurring items

to reflect actual earnings more accurately.

Results forecast for the next fiscal year

Consolidated sales	**¥2,140.0 billion** (down 2.6% compared to the previous fiscal year)
Consolidated operating income	**¥125.0 billion** (up 0.2% compared to the previous fiscal year)
Consolidated ordinary income	**¥129.0 billion** (up 0.6% compared to the previous fiscal year)
Consolidated net income*	**¥60.0 billion**



* Refers to net income attributable to shareholders of the parent company.

Reference

ROE before amortization of goodwill, etc.	14.0%	
Earnings per share*	¥115	(down 1.7% compared to the previous fiscal year)

* Removing extraordinary gains and losses and other non-recurring items to reflect actual earnings more accurately.

Long-Term Business Plan, New Kirin Group Vision 2021 (New KV2021)

Kirin Group Philosophy
The Kirin Group – Focused on people, nature and craftsmanship to redefine the joy of food and well-being.

Vision for 2021
Address societal issues through the Kirin Group's business with a focus on the alcohol beverages, non-alcoholic beverages, pharmaceuticals and bio-chemicals segment, understand customers and create new value to achieve sustainable growth together with the society.

The Kirin Group 2016 – 2018 Medium-Term Business Plan

Basic policy	Revitalize Kirin Group by groupwide restructuring	
Key challenges	Develop specific strategies according to the position of each business 1. Strengthen profit generating base in the beer business (Kirin Brewery Company, Limited, Beer, Spirits and Wine Business of Lion Pty Ltd, Myanmar Brewery Limited) 2. Restructure and revitalize low-profit businesses (Brasil Kirin S.A., Kirin Beverage Company, Limited, Beverages Business of Lion Pty Ltd) 3. Invest to realize further growth in the Pharmaceutical and Bio-chemicals Businesses (Kyowa Hakko Kirin Co., Ltd.)	
Quantitative targets	Engage in efforts to improve profitability as a top priority with a view to improving capital efficiency and sustainable growth of shareholder value	
	ROE before amortization of goodwill etc.: 15% or higher	CAGR in earnings per share*: 6% or higher
Financial policy	Enhance shareholder return through stable dividends and increase financial flexibility	
	Dividend payout ratio on earnings per share*: 30% 2016 Annual dividend forecast: ¥38	Reduction of interest-bearing liabilities

* Removing extraordinary gains and losses and other non-recurring items to reflect actual earnings more accurately.

Japan Integrated Beverages Business Division

Under the brand message “Quality with Surprise,” the Japan Integrated Beverages Business will promote the creation of value that leads to amazement and excitement with superior quality and good taste while addressing societal issues from the viewpoint of well-being of customers and bonds between people and society.

Kirin Brewery Company, Limited will consider the three-year period as the term to achieve a V-shaped recovery and aim to be the most “customer-oriented company” and create value that are unique to Kirin. As its top priority, Kirin Brewery Company, Limited will endeavor to continue strengthening *Kirin Ichiban Shibori* in order to put the market share of beer category on an upward trend. From May 2016, we will gradually start launching *47 Todofuken no Ichiban Shibori* which allows consumers to enjoy the difference and originality of flavors of each beer of the 47 prefectures in Japan. With respect to RTD for which the market continues expanding, we will continue strengthening the core brands *Kirin Hyoketsu*, *Kirin Hon-shibori*$_{TM}$ *Chu-hi*, and *Kirin Chu-hi Bitters*. We will also propose spirits and liqueur products suited to the various needs of customers to provide various ways to enjoy alcohol. In addition, we will work to expand the market of craft beer category through SPRING VALLEY BREWERY and other initiatives for the purpose of creating a new beer culture. Also, the manufacturing and logistics divisions of each company will continue to work as one to cut costs and will promote further enhancement of efficiency across the entire supply chain.

Mercian Corporation will take measures to achieve growth of the wine market as a whole over the medium to long term and will conduct educational activities concerning Japanese wines. It will also work towards building an appealing category brand portfolio and undertake “expansion and diversification” of the wine business. For the purpose of further developing a Japanese wine, *Chateau Mercian*, Mercian Corporation will continue to produce wines that expresses the natural features and climate of Japan through collaboration with grape farmers. With respect to Chile wine, which is showing growth, Mercian Corporation will promote products in the medium-priced and high-end categories in addition to the low-end categories. Furthermore, Mercian Corporation will continue to develop new products for young people in an effort to expand the wine market base.

Kirin Beverage Company, Limited will strive to continuously enhance the brand value and pursue a fundamental revenue structural reform with a view to achieving profitable growth. In addition to realizing continued growth of the core product *Kirin Gogo-no-Kocha*, Kirin Beverage Company, Limited will work to develop strong product brands in the carbonated drink, sugar-free tea and coffee categories, having huge markets. Particularly in 2016, it will seek to build a strong position in the sugar-free tea market through the large-scale renewal of *Kirin Nama-cha*. Along with these initiatives, Kirin Beverage Company, Limited will pursue development of high-value added products such as healthy product lines. As for revenue structural reforms, it will reorganize the on-site profit management structure, as well as forge ahead with cost reductions of the supply chain as a whole and push ahead with transforming to a profitable business structure.

Overseas Integrated Beverages Business Division

In the alcohol beverages business, as a means of halting the shrinkage of the Australian beer market, Lion Pty Ltd will strive to revitalize the beer market and aim to realize sustainable growth. It will convey the innate value of beer by improving the label description and conduct advertising regarding the main ingredients, components, and manufacturing method, amongst other things. Also, Lion Pty Ltd will strengthen the profit base by strengthening the core brands in response to rising health-consciousness and other customer needs, and by strengthening the growth categories of craft beer and cider. In the non-alcoholic beverages business, Lion Pty Ltd will continue to push forward the revitalization plan for business structural reforms aimed at improving profitability. It will focus on expanding the market for the dairy beverages category, while striving to reduce costs by building a simple manufacturing and logistics system that minimizes waste. Lion Pty Ltd will also push ahead with The Goodness Project that supports the healthy diet of customers with a view to reducing artificial seasonings, coloring, sweeteners and other additives. In addition, it will pursue product development that does not use trans fatty acid.

Brasil Kirin S.A. will give top priority to recovery of the declined sales volume with the aim of quickly returning to record surplus as it strives to build a stable management foundation by enhancing management efficiency. By strengthening its leading beer brand *Schin*, which was renewed in 2015, Brasil Kirin S.A. will increase its brand exposure in the north and northeast regions for which it has an advantage. Brasil Kirin S.A. will also strengthen the premium beer segment, such as *Eisenbahn* and *Kirin Ichiban Shibori*, based on regional strategies and form an effective brand portfolio. Additionally, it will enhance and strengthen the business foundation from a medium-term perspective, by improving its sales network, maximizing the effect of sales activities, and strengthening initiatives for the off premises market. Brasil Kirin S.A. will also take measures to increase management efficiency in the logistics division, maximize the efficiency of manufacturing sites and cut indirect costs, and reform cost structures.

In Southeast Asia, we will endeavor to realize growth of Myanmar Brewery Limited as a top priority with a view to creating new value. We will maintain and strengthen its current position as the market leader, and work on building production facilities and sales channels that meet growing market demand. Additionally, as a measure to compete with competitors which have entered the market, we will consider enhancing the brand portfolio, including launching the Kirin brand products.

Pharmaceuticals and Bio-chemicals Business Division

In the pharmaceuticals business conducted by Kyowa Hakko Kirin Co., Ltd, it will seek to evolve into a “global specialty pharmaceutical operation” by pursuing leading-edge technologies. Using its unique biotechnologies, Kyowa Hakko Kirin Co., Ltd will proceed with development of new drugs for innovative therapeutic antibodies as it creates new value that contributes to the health and well-being of people around the world in fields which is its strong point. It will strengthen research and development capabilities particularly in the four categories of nephrology, oncology, immunology/allergy and central nervous system, ensuring a stable launch from the abundant R&D pipeline, and build a structure that responds to globalization by building a new sales system to advance to the European and U.S. markets.

In the bio-chemicals business, we will work to “enhance brand strength and profitability” as an important issue by leveraging its large market share in the specialty area

of the pharmaceutical, medical and health care fields. Through branding, provision of data with functionality, and the utilization of intellectual property rights, amongst other things, we will provide greater value than simply ingredients and products for client companies and the well-being of customers. Also, we will continue further bolstering cost competitiveness and building a business structure that will not be easily affected by foreign exchange fluctuations by utilizing the enhanced and expanded production bases.

Other Businesses Divisions

Koiwai Dairy Products Company, Limited will focus on its highly original *Koiwai Namanyu 100% Yogurt* and *Koiwai Margarine* in both the fermented dairy and home dairy product categories and aim to build a profitable brand portfolio. Additionally, it will enhance the quality and quantity of sales activities and public relations activities to realize growth.

We would like to ask all of our shareholders for their continued understanding and support in the future.

Move hand-in-hand with Local Regions, *Chateau Mercian*

Mercian Corporation, which follows the tradition of the first Japanese private winery, has improved the quality of grapes, the raw material for wine in its pursuit for the best wine that can only be made in Japan, and has valued bonds with the local regions. Additionally, Mercian Corporation, together with the local people, worked to resolve the challenges facing local regions and the agricultural industry, including the shortage of successors and the utilization of idle farmland, through grape production on self-managed vineyards and by contract farming.

■Contract farming of grape varieties exclusive for wine

Started contract farming since 1975.

<Current vineyards>

Akita-ken, Fukushima-ken, Yamanashi-ken, Nagano-ken

■Test operation of own vineyard

Opened Jyonohira Vineyard, Mercian Corporation's first own test vineyard, in Yamanashi-ken in 1984. Started hedging style cultivation of Cabernet Sauvignon. The vineyard contributes to improvement of overall quality by giving feedback on knowledge of production tests to contract farmers throughout Japan.

■Full-scale entry into business of growing grapes at own vineyard

Opened Mariko Vineyard in 2003. Implemented a new way of agriculture, grape production by corporations, given the agricultural issues of aging farmers and increasing people leaving from farming.

In July 2015, Mercian Corporation started the leasing of farmland with the aim of expanding self-managed vineyard in Kataoka district of Shiojiri, Nagano-ken. In order to enable as many customers as possible to enjoy *Chateau Mercian* wine, Mercian Corporation will expand the cultivation area and establish deeper bonds together with local people.

Together with the local people, *Chateau Mercian's* hope is that, each region will become internationally recognized for its wine production and people in Japan and around the world will enjoy Japanese wine.

(3) Assets and income

Item	174th term (Jan. 1, 2012 – Dec. 31, 2012)	175th term (Jan. 1, 2013 – Dec. 31, 2013)	176th term (Jan. 1, 2014 – Dec. 31, 2014)	177th term (Jan. 1, 2015 – Dec. 31, 2015)
Sales	¥2,186,177 million	¥2,254,585 million	¥2,195,795 million	¥2,196,925 million
Operating income	¥153,022 million	¥142,818 million	¥114,549 million	¥124,751 million
Ordinary income	¥138,452 million	¥132,134 million	¥94,211 million	¥128,199 million
Net income or loss	¥56,198 million	¥85,656 million	¥32,392 million	¥(47,329) million
Net income or loss per share	¥58.44	¥90.76	¥35.27	¥(51.87)
Net assets	¥1,153,901 million	¥1,300,726 million	¥1,335,711 million	¥938,083 million
Net assets per share	¥986.94	¥1,157.66	¥1,207.43	¥727.48
Total assets	¥2,951,061 million	¥2,896,456 million	¥2,965,868 million	¥2,443,773 million

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

(Sales) **(Millions of yen)**

Business division	174th term (Jan. 1, 2012 – Dec. 31, 2012)	175th term (Jan. 1, 2013 – Dec. 31, 2013)	176th term (Jan. 1, 2014 – Dec. 31, 2014)	177th term (Jan. 1, 2015 – Dec. 31, 2015)
Japan Integrated Beverages	1,190,001	1,180,175	1,152,957	1,191,554
Overseas Integrated Beverages	577,057	685,254	693,175	624,169
Pharmaceuticals and Bio-chemicals	322,976	331,377	325,149	355,777
Others	96,142	57,778	24,513	25,424
Total	2,186,177	2,254,585	2,195,795	2,196,925

(Operating income) **(Millions of yen)**

Business division	174th term (Jan. 1, 2012 – Dec. 31, 2012)	175th term (Jan. 1, 2013 – Dec. 31, 2013)	176th term (Jan. 1, 2014 – Dec. 31, 2014)	177th term (Jan. 1, 2015 – Dec. 31, 2015)
Japan Integrated Beverages	68,948	62,112	48,181	47,994
Overseas Integrated Beverages	27,640	30,673	31,250	33,259
Pharmaceuticals and Bio-chemicals	55,503	54,337	38,877	46,819
Others	3,780	3,749	3,083	3,860
(Inter-segment elimination and unallocatable costs)	(2,851)	(8,054)	(6,843)	(7,182)
Total	153,022	142,818	114,549	124,751

(Note) Sales of each business division indicate the sales to unaffiliated customers.

(4) Plant and equipment investment

Consolidated plant and equipment investment for the consolidated fiscal year under review amounted to ¥77.1 billion on a payment basis.

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

1) Major facilities completed during the consolidated fiscal year under review

No matters to report under this item.

2) Major facilities under construction or contemplation as of the end of the consolidated fiscal year under review

Business division	Company name	Details of the plant and equipment investment
Overseas Integrated Beverages	Lion Pty Ltd	Burnie Plant – Improvement of production facility for dairy products, etc.
	Brasil Kirin S.A.	Igarassu Plant – Expansion of brewing facility in beer plant

(5) Financing

The aggregate amount of loans payable, including bonds, was ¥757.1 billion as of the end of the consolidated fiscal year under review.

Major financing during the consolidated fiscal year under review includes issuance of unsecured straight bonds totaling ¥15.0 billion by the Company. The funds are used mainly for the redemption of bonds, etc.

(6) Description of the major businesses

Major businesses are the production and sale of alcohol beverages, non-alcoholic beverages, foods, pharmaceuticals, and other products. Major products by business division are as follows:

Business division	Major products
Japan Integrated Beverages	Alcohol beverages including beer, *happo-shu*, new genre, wine, liquors, etc. and non-alcoholic beverages
Overseas Integrated Beverages	Beer, liquors, non-alcoholic beverages, dairy products, etc.
Pharmaceuticals and Bio-chemicals	Pharmaceuticals and bio-chemicals, etc.
Others	Dairy products, etc.

(7) Significant subsidiaries, etc.

1) Significant subsidiaries

Business division	Company name	Location	Capital	Ratio of shareholding	Description of major businesses
Japan Integrated Beverages	KIRIN Company, Limited	Nakano-ku, Tokyo	¥500 million	100%	Administration of Japan Integrated Beverages Business operations
	Kirin Brewery Company, Limited	Nakano-ku, Tokyo	¥30,000 million	100%	Production and sale of alcohol beverages
	Kirin Beer Marketing Company, Limited	Nakano-ku, Tokyo	¥500 million	100%	Sale of alcohol beverages
	Mercian Corporation	Nakano-ku, Tokyo	¥20,972 million	100%	Import, production and sale of alcohol beverages
	Kirin Beverage Company, Limited	Chiyoda-ku, Tokyo	¥8,416 million	100%	Production and sale of non-alcoholic beverages
	Kirin Beverage Value Vendor Company, Limited	Nakano-ku, Tokyo	¥100 million	100%	Sale of non-alcoholic beverages
Overseas Integrated Beverages	Lion Pty Ltd	New South Wales, Australia	A$7,530 million	100%	Management of alcohol beverages and non-alcoholic beverages business in Oceania
	Brasil Kirin S.A.	São Paulo, Brazil	R$5,521 million	100%	Management of beer and non-alcoholic beverages business in Brazil
Pharmaceuticals and Bio-chemicals	Kyowa Hakko Kirin Co., Ltd	Chiyoda-ku, Tokyo	¥26,745 million	50.1%	Production and sale of prescription medicine

(Note) The ratio of shareholding includes indirect holdings.

2) Significant affiliated companies

Business division	Company name	Location	Capital	Ratio of shareholding	Description of major businesses
Overseas Integrated Beverages	San Miguel Brewery Inc.	Metro Manila, the Philippines	₱15,410 million	48.4%	Production and sale of beer
	China Resources Kirin Beverages (Greater China) Company, Limited	British Virgin Islands	U.S. $1,000	40.0%	Management of non-alcoholic beverages business in China
Pharmaceuticals and Bio-chemicals	Kirin-Amgen, Inc.	California, U.S.A.	U.S. $10	50.0%	Research and development of pharmaceuticals

(8) Major business offices, plants, etc.

1) Kirin Holdings Company, Limited

Head Office: 10-2, Nakano 4-chome, Nakano-ku, Tokyo, Japan

2) Subsidiaries

Business division	Company name	Major centers	
Japan Integrated Beverages	KIRIN Company, Limited	Head Office	Nakano-ku, Tokyo
		Laboratories	5 Laboratories including Brewing Technology Laboratory (Yokohama)
	Kirin Brewery Company, Limited	Head Office	Nakano-ku, Tokyo
		Plants	9 Plants including Yokohama Plant (Yokohama)
	Kirin Beer Marketing Company, Limited	Head Office	Nakano-ku, Tokyo
		Branch Offices	11 Regional Sales & Marketing Divisions including Metropolitan Regional Sales & Marketing Division (Chuo-ku, Tokyo)
	Mercian Corporation	Head Office	Nakano-ku, Tokyo
		Branch Offices	8 Branches including Metropolitan Regional Sales & Marketing Branch (Chuo-ku, Tokyo)
		Plants	3 Plants including Fujisawa Plant (Fujisawa)
	Kirin Beverage Company, Limited	Head Office	Chiyoda-ku, Tokyo
		Branch Offices	7 Area Divisions including Kanto Metropolis Area Division (Chiyoda-ku, Tokyo)
		Plants	Shonan Plant (Samukawa-machi, Koza-gun, Kanagawa), Shiga Plant (Taga-cho, Inukami-gun, Shiga)
	Kirin Beverage Value Vendor Company, Limited	Head Office	Nakano-ku, Tokyo
		Branch Offices	7 Branches including Metropolitan Regional Branch (Chiyoda-ku, Tokyo)
Overseas Integrated Beverages	Lion Pty Ltd	Head Office	New South Wales, Australia
	Brasil Kirin S.A.	Head Office	São Paulo, Brazil

Business division	Company name	Major centers	
Pharmaceuticals and Bio-chemicals	Kyowa Hakko Kirin Co., Ltd	Head Office	Chiyoda-ku, Tokyo
		Branch Offices	13 Branches including Tokyo Branch (Chuo-ku, Tokyo)
		Plants	3 Plants including Takasaki Plant (Takasaki) and Fuji Plant (Nagaizumi-cho, Suntou-gun, Shizuoka)
		Laboratories	4 Laboratories including Tokyo Research Park (Machida) and Fuji Research Park (Nagaizumi-cho, Suntou-gun, Shizuoka)

(9) Employees

Business division	Number of employees (persons)
Japan Integrated Beverages	12,141
Overseas Integrated Beverages	19,979
Pharmaceuticals and Bio-chemicals	7,435
Others	256
Administration	77
Total	**39,888**

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

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

1) In May 2015, Lion Pty Ltd transferred a part of its cheese business to Warrnambool Cheese and Butter Factory Company Holdings Limited.
2) In August 2015, Kirin Holdings Singapore Pte, Ltd., the Company's subsidiary, acquired 55.0% of outstanding shares (78,507 shares) of Myanmar Brewery Limited.

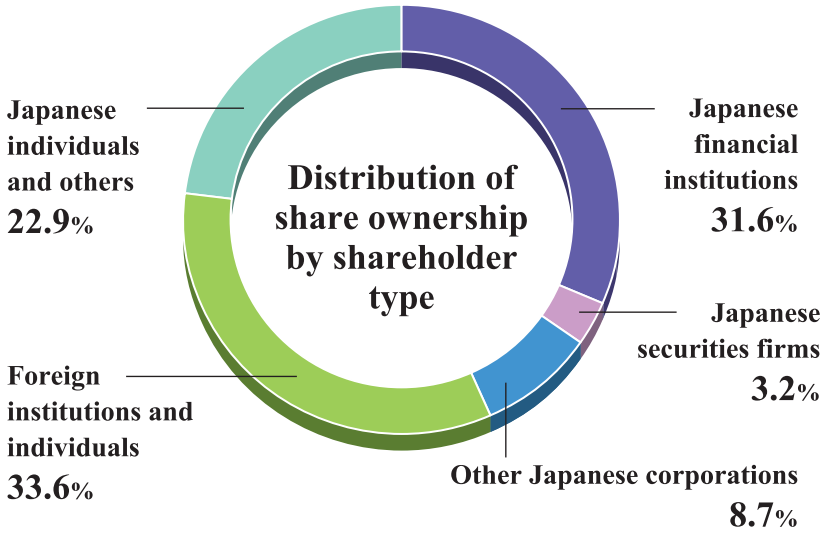
(11) Major lenders and the amount of loans

Lender	Outstanding amount of loan
Syndicated loans	¥251,689 million
Meiji Yasuda Life Insurance Company	¥45,000 million

(Note) The syndicated loans consist of those arranged by The Bank of Tokyo-Mitsubishi UFJ, Ltd. as the agent bank and those arranged by Mizuho Bank, Ltd. as the agent bank.

2. Shares

(1) Authorized shares	1,732,026,000 shares
(2) Outstanding shares	914,000,000 shares (Decreased by 51,000,000 shares from the end of the previous fiscal year)
(3) Number of shareholders	174,974 persons (Increased by 29,138 persons from the end of the previous fiscal year)



(4) Major shareholders (top ten)

Name of shareholder	Number of shares held by the shareholder (thousand shares)	Ratio of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	47,341	5.2
Japan Trustee Services Bank, Ltd. (Trust account)	34,483	3.8
Meiji Yasuda Life Insurance Company	32,996	3.6
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	19,251	2.1
STATE STREET BANK AND TRUST COMPANY 505225	16,633	1.8
Japan Trustee Services Bank, Ltd. (Trust account 4)	16,461	1.8
NORTHERN TRUST CO.(AVFC) SUB A/C NON TREATY	16,087	1.8
STATE STREET BANK WEST CLIENT - TREATY 505234	12,902	1.4
MELLON BANK, N.A. AS AGENT FOR ITS CLIENT MELLON OMNIBUS US PENSION	12,830	1.4
THE BANK OF NEW YORK MELLON SA/NV 10	10,709	1.2

(Note) Ratio of shares held excludes treasury stock (1,471 thousand shares).

(5) Other important matters concerning shares

In accordance with the resolution at the Board of Directors Meeting held on February 12, 2015, the Company cancelled 51,000,000 shares of its treasury stock as of February 27, 2015.

3. Company's Directors and Audit & Supervisory Board Members

(1) Names of Directors and Audit & Supervisory Board Members, etc.

Title	Name	Responsibilities	Significant positions concurrently held at other companies and organizations
Chairman of the Board	Senji Miyake	–	–
Representative Director and President & CEO*	Yoshinori Isozaki	–	Representative Director and President & CEO, KIRIN Company, Limited
Representative Director and Senior Executive Officer	Keisuke Nishimura	Responsible for Business Alliance and Investment Strategy; Overseas (Southeast Asia)	Director, San Miguel Brewery Inc. Director, China Resources Kirin Beverages (Greater China) Company, Limited Director & Vice Chairman, Myanmar Brewery Limited
Director and Senior Executive Officer	Akihiro Ito	Responsible for Financial Strategy; IR; Information Strategy	Senior Executive Officer, KIRIN Company, Limited Director, Kirin Business System Company, Limited Director, Lion Pty Ltd Director, Kyowa Hakko Kirin Co., Ltd
Director and Senior Executive Officer*	Junichi Nonaka	Responsible for R&D Strategy; Quality Assurance	Senior Executive Officer and General Manager of Research and Development Div. of KIRIN Company, Limited Director, Lion Pty Ltd
Director and Senior Executive Officer*	Toshiya Miyoshi	Responsible for Personnel & General Affairs Strategy; Legal	Senior Executive Officer, KIRIN Company, Limited Director, San Miguel Brewery Inc.

Title	Name	Responsibilities	Significant positions concurrently held at other companies and organizations
Director	Shigemitsu Miki	–	Senior Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Outside Director, Mitsubishi Electric Corporation Outside Director, Mitsubishi Logistics Corporation
Director	Toshio Arima	–	Executive Advisor, Fuji Xerox Co., Ltd. Outside Director, Resona Holdings, Inc. Outside Director, Fuji Heavy Industries Ltd. Chairman of the Board, Global Compact Network Japan
Director*	Shoshi Arakawa	–	Advisor, Bridgestone Corporation
Full-time Audit & Supervisory Board Member	Masahito Suzuki	–	Corporate Auditor, KIRIN Company, Limited
Full-time Audit & Supervisory Board Member*	Motoyasu Ishihara	–	Outside Corporate Auditor, Kyowa Hakko Kirin Co., Ltd
Audit & Supervisory Board Member	Kimie Iwata	–	Advisor, SHISEIDO CO., Ltd. External Director, Japan Airlines Co., Ltd. President, Japan Institute for Women's Empowerment & Diversity Management Audit and Inspection Commissioner, Tokyo Metropolitan Government

Title	Name	Responsibilities	Significant positions concurrently held at other companies and organizations
Audit & Supervisory Board Member	Fukutaka Hashimoto	–	Attorney at TOKYO HATCHOBORI LAW OFFICE Outside Corporate Auditor, Sompo Japan Nipponkoa Insurance, Inc.
Audit & Supervisory Board Member*	Masakatsu Mori	–	Vice Chairman, International University of Japan Outside Director, SKY Perfect JSAT Holdings Inc. Outside Director, STANLEY ELECTRIC CO., LTD. Outside Director, YAMATO HOLDINGS CO., LTD.

(Notes)
1. Director and Audit & Supervisory Board Members marked with an asterisk (*) newly assumed office as of March 27, 2015.
2. Messrs. Shigemitsu Miki, Toshio Arima and Shoshi Arakawa are Outside Directors.
3. Ms. Kimie Iwata, Mr. Fukutaka Hashimoto and Mr. Masakatsu Mori are Outside Audit & Supervisory Board Members.
4. Business relations involving cash loans, etc. exist between the Company and The Bank of Tokyo-Mitsubishi UFJ, Ltd., where Director Mr. Shigemitsu Miki holds a significant position concurrently.
5. Business relations involving document storage business, etc. exist between the Company and Mitsubishi Logistics Corporation, where Director Mr. Shigemitsu Miki holds a significant position concurrently.
6. Full-time Audit & Supervisory Board Member Mr. Masahito Suzuki held the position of Director responsible for Group Financial Strategy at the Company and has a wealth of expertise in finance and accounting.
7. Audit & Supervisory Board Member Mr. Masakatsu Mori is a certified public accountant and has a wealth of expertise in finance and accounting.
8. Directors Mr. Toshio Arima and Mr. Shoshi Arakawa, Audit & Supervisory Board Members Ms. Kimie Iwata, Mr. Fukutaka Hashimoto and Mr. Masakatsu Mori are independent officers as required by the provisions that Tokyo Stock Exchange, Inc., etc. prescribed.
9. The following Directors and Audit & Supervisory Board Members retired as of March 27, 2015.

   Managing Director, Mr. Hirotake Kobayashi

Managing Director, Mr. Hajime Nakajima
Full-time Audit & Supervisory Board Member, Mr. Kazuyoshi Suzusho
Audit & Supervisory Board Member, Mr. Nobuyuki Oneda

10. The Company adopts an Executive Officer system. Executive Officers who are not concurrently assuming the position of Director are as follows.

Title	Name	Responsibilities, etc.
Senior Executive Officer	Hiroshi Ogawa	PR Strategy Risk Management Director and Senior Executive Vice President, KIRIN Company, Limited
Senior Executive Officer	Seiichi Hashimoto	CSV Strategy Marketing Strategy Brand Strategy Director and Senior Executive Officer, General Manager of CSV Division, KIRIN Company, Limited
Senior Executive Officer	Yasuyuki Ishii	SCM (Production, Logistics and Procurement) Strategy Director and Senior Executive Officer, KIRIN Company, Limited Senior Executive Officer, General Manager of Production Division, Kirin Beverage Company, Limited
Senior Executive Officer	Ryosuke Mizouchi	Overseas (Brasil Kirin S.A.) Director of Group Alliance Strategy, Kirin Holdings Company, Limited
Senior Executive Officer	Takeshi Minakata	Director of Group Corporate Strategy, Kirin Holdings Company, Limited Senior Executive Officer and General Manager of Management Planning Department, KIRIN Company, Limited

(2) Remuneration, etc. to Directors and Audit & Supervisory Board Members for the fiscal year under review

Type	Annual remuneration (excluding bonus)		Bonus		Total (millions of yen)
	Number of persons	Amount (millions of yen)	Number of persons	Amount (millions of yen)	
Directors	11	308	–	–	308
Outside Directors	3	32	–	–	32
Audit & Supervisory Board Members	7	104	–	–	104
Outside Audit & Supervisory Board Members	4	35	–	–	35
Total	18	413	–	–	413
External Officers	7	67	–	–	67

(Notes) 1. Nine (9) Directors and five (5) Audit & Supervisory Board Members remain in their positions as of the end of the fiscal year under review. The total amount above includes the remuneration to two (2) Directors and two (2) Audit & Supervisory Board Members who retired from office as of March 27, 2015.

2. The remuneration limit for Directors is ¥50 million per month (Resolved at the 164th Annual General Meeting of Shareholders on March 28, 2003).

3. The remuneration limit for Audit & Supervisory Board Members is ¥9 million per month (Resolved at the 167th Annual General Meeting of Shareholders on March 30, 2006).

4. The Company has decided to abstain from payment of bonuses to Directors and Audit & Supervisory Board Members for the fiscal year under review.

(3) Major activities of external officers during the fiscal year under review

Title	Name	Attendance at Board of Directors Meetings	Attendance at Audit & Supervisory Board Meetings	Statements contribution
Director	Shigemitsu Miki	17 times of 18 meetings	–	He made statements based on his experience and perspective as a bank management executive.
	Toshio Arima	18 times of 18 meetings	–	He made statements based on his experience and perspective as a corporate management executive.
	Shoshi Arakawa	14 times of 14 meetings	–	He made statements based on his experience and perspective as a corporate management executive.
Audit & Supervisory Board Member	Kimie Iwata	17 times of 18 meetings	19 times of 19 meetings	She made statements based on her experience and perspective in government administration and as a corporate management executive.
	Fukutaka Hashimoto	18 times of 18 meetings	19 times of 19 meetings	He made statements primarily from his professional perspective as an attorney.
	Masakatsu Mori	14 times of 14 meetings	13 times of 14 meetings	He made statements based on his experience and perspective as a management executive of a consulting firm.

(Notes) 1. The Board of Directors Meetings applicable to Director Mr. Shoshi Arakawa are only those held subsequent to his assumption of office on March 27, 2015.

2. The Board of Directors Meetings and the Audit & Supervisory Board Meetings applicable to Audit & Supervisory Board Member Mr. Masakatsu Mori are only those held subsequent to his assumption of office on March 27, 2015.

4. Independent Accounting Auditor

(1) Name of Independent Accounting Auditor

KPMG AZSA LLC

(2) Remuneration to the Independent Accounting Auditor

1)	Amount of remuneration paid for services as the Independent Accounting Auditor during the fiscal year under review	¥165 million
2)	Total amount of money and other property benefits to be paid by the Company and its subsidiaries for services during the fiscal year under review	¥512 million

(Notes) 1. The Company's Audit & Supervisory Board has made the agreement mentioned in Article 399, Paragraph 1 of the Japanese Companies Act regarding remuneration to the Independent Accounting Auditor. In agreeing to such remuneration, the Company's Audit & Supervisory Board has, in light of the "Guidance on Cooperation with Accounting Auditors" announced by the Japan Audit & Supervisory Board Members Association, deliberated the adequacy of the scheduled audit hours and amount of remuneration proposed for the current fiscal year, by comparing the audit plans and the performance of the Independent Accounting Auditor for the previous fiscal year and by confirming the progression of the hours of audits and the amount of remunerations.

2. The audit agreement between the Independent Accounting Auditor and the Company does not separately stipulate audit remuneration for audit under the Japanese Companies Act or audit under the Financial Instruments and Exchange Act. Furthermore, such remuneration is practically indivisible. Hence, the remuneration referred to at 1) above does not separate these two payments.

3. The Company pays the Independent Accounting Auditor for services including advice and guidance on the International Financial Reporting Standards (IFRS), which are beyond the scope of operations stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit operations).

4. Among the significant subsidiaries of the Company, the financial statements of three (3) companies including Kyowa Hakko Kirin Co., Ltd are audited (limited to audits stipulated in the Japanese Companies Act or the Financial Instruments and Exchange Act (including similar foreign laws)) by a certified public accountant or an auditing firm (including overseas auditors possessing similar qualifications) other than the Independent Accounting Auditor of the Company.

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

If the Company's Audit & Supervisory Board determines that any of the items of Article 340, Paragraph (1) of the Japanese Companies Act apply with respect to the Independent Accounting Auditor, it shall dismiss the Independent Accounting Auditor. Such dismissal shall require the unanimous agreement of all the Audit & Supervisory Board Members.

The Company's Audit & Supervisory Board will determine the content of proposals calling for the dismissal or denial of reappointment of the Independent Accounting Auditor, which shall be submitted to the General Meeting of Shareholders if it is determined that a change of Independent Accounting Auditor is necessary for reasons such as having difficulty in execution of duties by the Independent Accounting Auditor as a result of a comprehensive evaluation from a perspective of qualification, expertise, independence from the Company, and other assessment standards.

5. Systems to ensure appropriate operation and the status of its implementation

(1) Basic policies for the internal control system

The Company resolved at the Board of Directors Meeting to adopt the following basic systems (the internal control system) to ensure the appropriate operation of the Company (The basic policies are adopted by resolution of the Board of Directors Meeting held on April 30, 2015, in light of the revisions to the Japanese Companies Act and relevant laws and regulations):

(1) System to ensure compliance of performance of duties by the Directors, etc.* and employees of Kirin Group companies with laws and the articles of incorporation (Compliance System)

***Directors, etc., refers to Directors, Executive Officers and other business administrators. Also hereinafter.**

The Directors of the Company shall decide upon the basic compliance policy for the Kirin Group and promote the policy by developing and integrating it with the activities in each Kirin Group company. In addition, the Directors shall carry out educational programs on compliance, clarify procedures concerning responses to breaches of compliance, and make those procedures public throughout the Kirin Group companies. The Group Internal Audit of the Company (including the internal audit divisions of each Kirin Group company) shall carry out internal auditing to ensure that these systems are properly developed and applied.

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

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

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

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

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

The Directors of the Company shall establish basic policy on the risk management of the Kirin Group and promote the policy by developing effective structures and provisions to execute the policy and integrate it with activities in each Kirin Group company. In addition,

the Directors shall implement educational programs on risk management, clarify procedures concerning the disclosure of risks and responses to the occurrence of crises, and make those procedures public throughout the Kirin Group companies. The Group Internal Audit of the Company (including the internal audit divisions of each Kirin Group company) shall carry out internal auditing to ensure that these systems are properly developed and applied in each Kirin Group company.

(4) System to ensure the efficient performance of duties by the Directors, etc. of Kirin Group companies (Efficient Performance System)

The Directors of the Company shall develop a management control system comprising the following items to ensure the efficient performance of duties by Directors, etc. of the Kirin Group companies.

- In addition to Board of Directors Meetings, the Group Executive Committee shall be organized to deliberate significant matters affecting the entire Kirin Group, thereby ensuring that decisions are reached carefully based on considerations of multi-dimensional aspects.
- The Company shall appoint the Executive Officers, who are responsible for business administration, and also dispatch directors to each Kirin Group company to oversee appropriate and efficient performance of duties and decision making when necessary.
- Ensure appropriate and efficient performance of duties according to the authority and decision-making rules based on the regulations on work authority of the Company.
- Establish quantitative and qualitative targets in the annual plan by business category and monitor performance, including quarterly monitoring at each Kirin Group company.

(5) System for reporting performance of duties by the Directors, etc. of Kirin Group companies and other systems to ensure appropriate operations (System for Reporting Performance of Duties and Other Group Internal Control System)

In order to report performance of duties by the Directors, etc. of Kirin Group companies and to ensure other appropriate operations, the Directors of the Company shall develop rules and standards to be applied to each Kirin Group company, including the following items, and carry out operations in compliance with these rules and standards.

- Items related to the governance and monitoring of each Kirin Group company
- Items related to guidance and management concerning the maintenance of the internal control system for each Kirin Group company
- Items related to the communication system* within the Kirin Group companies
- Items related to the Group internal auditing system operated by the Group Internal Audit of the Company

* The system to share information within the Kirin Group, the compliance hotline system, and other related items.

(6) Items regarding assignment of employees as support staff for Audit & Supervisory Board Members of the Company when they request support staff (Audit & Supervisory Board Member Related System)

The Directors of the Company shall assign its employees as support staff for Audit & Supervisory Board Members of the Company.

(7) Items related to the assurance that the employees assigned as support staff as in the preceding provision remain independent from the Directors of the Company and to secure the effective implementation of directions by Audit & Supervisory Board Members of the Company to these employees

In order to ensure the independence from the Directors of the Company of the employees assigned as support staff, the consent of the Audit & Supervisory Board Members of the Company shall be required for any decision related to personnel affairs, including the appointment, transfer and assessment of such employees. Such employees shall not simultaneously assume any other assignment related to the operation of business and shall only follow instructions of the Audit & Supervisory Board Members of the Company.

(8) System to ensure reporting to Audit & Supervisory Board Members of the Company by Directors, Audit & Supervisory Members and employees of the Kirin Group companies

The Directors of the Company shall report to the Audit & Supervisory Board Members of the Company on matters specified by such members in advance in accordance with the provisions of the Audit & Supervisory Board Members' audit standard of the Company. Principal items are as follows.

- Any matter that may impose material damage to any Kirin Group company, upon discovery
- Matters that require the consent of Audit & Supervisory Board Members of the Company under the applicable laws
- The status of maintenance and implementation of internal control system of the Kirin Group companies

The Audit & Supervisory Board Member of the Company may request the Directors, Audit & Supervisory Board Members, and employees of each Kirin Group company to report on other matters any time as necessary.

The Directors, Audit & Supervisory Board Members, and employees of each Kirin Group company (including those who receive reports from these Directors, Audit & Supervisory Board Members and employees) may directly report matters that they judge to be appropriate to the Audit & Supervisory Board Members of the Company in order to ensure the appropriate operation of each Kirin Group company.

Audit & Supervisory Board Members of the Company shall receive a quarterly update on the operation of the compliance hotline system. Further, when necessary, they may request the immediate report on the operation of the said system.

(9) System to ensure that ones who make reports to the Audit & Supervisory Board Members as outlined in the preceding provision are not treated unfairly

The Directors of the Company shall prepare common regulations for the Kirin Group companies to ensure that ones who make reports to the Audit & Supervisory Board Members as outlined in the preceding provision are not treated unfairly for this reason, and shall make those regulations public throughout the Kirin Group companies.

(10) Policy for the pre-payment or reimbursement of expenses incurred in the performance of duties of the Audit & Supervisory Board Members of the Company

After discussions with Audit & Supervisory Board Members of the Company, the Directors of the Company shall set the policy for the pre-payment or reimbursement of expenses incurred in the performance of duties of the Audit & Supervisory Board Members of the Company.

(11) Other systems to ensure efficient auditing by Audit & Supervisory Board Members of the Company

Audit & Supervisory Board Members of the Company shall hold a regular meeting with the Representative Directors and Outside Directors of the Company for the exchange of opinions.

Further, the Directors of the Company shall establish systems to ensure effective auditing by Audit & Supervisory Board Members of the Company. This will include ensuring that Audit & Supervisory Board Members of the Company have the opportunity to attend the meetings of each Kirin Group company, at the request from the Audit & Supervisory Board Members of the Company.

(2) Implementation of internal control system

(1) System to ensure compliance of performance of duties by the Directors, etc. and employees of Kirin Group companies with laws and regulations, and the articles of incorporation (Compliance System)

The Kirin Group has established “Passion and Integrity” as “One Kirin” Values, the common values of the Kirin Group, and is making efforts to instill these values in Directors, Audit & Supervisory Board Members, Executive Officers and employees of each Kirin Group company. Additionally, based on the Kirin Group philosophy as well as the 2021 Vision and the “One Kirin” Values set forth in “KV2021,” the Kirin Group’s long-term management vision, the Kirin Group is also publicizing and carrying out educational programs throughout the Kirin Group, and penetrates the established guidelines such as “Kirin Group Compliance Guidelines,” which outlines the ethical actions demanded of the Kirin Group by society, in addition to compliance with laws and regulations.

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

The Company appropriately stores Minutes of Meetings of Shareholders, Minutes of Board of Directors Meetings and financial statements, etc., for the number of years pursuant to laws and regulations.

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

The Kirin Group has established the "Group Risk Management Regulations" and the "Group Risk Management System Manual," which set forth the purpose, system and methods of risk management, and the "Group Crisis Management Manual," which sets forth procedures to be taken in the event of a crisis, and publicizes and applies these rules to each of the Kirin Group companies. Additionally, the Group Risk Management Committee meeting is held each year (twice in total for the fiscal year under review) to review the Kirin Group's activities in the previous fiscal year and deliberate and report on the scheduled activities for the fiscal year under review based on the results of monitoring conducted on each Kirin Group company. The agenda of the Group Risk Management Committee is confirmed each fiscal year at the Company's Board of Directors Meetings.

(4) System to ensure the efficient performance of duties by the Directors, etc. of Kirin Group companies (Efficient Performance System)

The Company has clarified the decision-making rules, including the rules on matters to be resolved at the Board of Directors Meetings, based on the Board of Directors Meeting Rules, etc. In the fiscal year under review, in addition to the Board of Directors Meeting held for a total of 18 times, the Group Executive Committee Meetings was held nine times to deliberate prescribed matters. Additionally, the Company has adopted the executive officer system, in an effort to flexibly execute the strategies for each business and function, as well as to clarify the responsibility, and has been improving the efficiency of its decision-making.

The Company conducted performance management on each Kirin Group company through quarterly monitoring, etc., based on the Medium-Term Business Plan (from 2013 to 2015) and annual plans.

(5) System for reporting performance of duties by the Directors, etc. of Kirin Group companies and other systems to ensure appropriate operations (System for Reporting Performance of Duties and Other Group Internal Control System)

The Company has developed rules and standards related to the monitoring of each Kirin Group company based on the regulations on work authority and conducts monitoring on a quarterly basis.

Additionally, the Company's Board of Directors confirms the status of development and application of the internal control system each fiscal year.

(6) Items regarding employees as support staff for Audit & Supervisory Board Members of the Company when they request assignment of such support staff (Audit & Supervisory Board Member Related System)

In an effort to enhance the audit function of the Audit & Supervisory Board Members, the Company holds employees who are assigned as support staff and are independent from the performance of duties of the Company to assist the duties of the Audit & Supervisory Board Members.

(7) Items related to the assurance that the employees assigned as support staff under section (6) remain independent from the Directors of the Company and to secure the effective implementation of instructions by Audit & Supervisory Board Members of the Company to such employees

Dedicated employees who are assigned as support staff for the Company's Audit & Supervisory Board Members are independent from the performance of duties of the Company, and obey exclusively to the instructions and command of the Company's Audit & Supervisory Board Members.

(8) System to ensure reporting to Audit & Supervisory Board Members of the Company by Directors, Audit & Supervisory Members and employees of Kirin Group companies

Each Kirin Group company has developed a compliance hotline system, and has reported on its status of implementation to the Company's Audit & Supervisory Board Members for a total of four times during the fiscal year under review.

The Company is also aiming to establish an appropriate compliance hotline system for the entire Kirin Group, through the implementation of the "Kirin Group Direct Hotline to the Audit & Supervisory Board Members," which was established in the fiscal year under review.

(9) System to ensure that persons who make reports to the Audit & Supervisory Board Members as outlined in the preceding provision are not treated unfairly

The Kirin Group has established rules related to the development and operation of the compliance hotline system, in order to ensure a system which protects the anonymity of ones making reports as mentioned in the preceding provision and which prohibits unfair treatment of such persons, and has implemented and publicized such rules throughout each of the Kirin Group companies.

(10) Policy for the pre-payment or reimbursement of expenses incurred in the performance of duties of the Audit & Supervisory Board Members of the Company

The Company has determined and appropriately implements policies related to prepayment or reimbursement procedures for expenses incurred during the execution of duties by the Company's Audit & Supervisory Board Members.

(11) Other systems to ensure efficient auditing by Audit & Supervisory Board Members of the Company

During the fiscal year under review, the Company's Audit & Supervisory Board Members held exchanges of opinions for a total of four times with the Representative Director and President and twice with the Outside Directors, and participated in all nine of the Group Executive Committee Meetings held during the current fiscal year.

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

CONSOLIDATED BALANCE SHEET

(As of December 31, 2015)

(¥ millions)

ASSETS	
Current assets	**781,933**
Cash and time deposits	66,465
Notes and accounts receivable, trade	397,692
Merchandise and finished goods	153,901
Work in process	25,482
Raw materials and supplies	48,343
Deferred tax assets	29,396
Other	65,133
Allowance for doubtful accounts	(4,479)
Non-current assets	**1,661,839**
Property, plant and equipment	**711,763**
Buildings and structures	215,260
Machinery, equipment and vehicles	234,980
Land	167,579
Construction in progress	52,671
Other	41,272
Intangible assets	**458,546**
Goodwill	269,215
Other	189,331
Investments and other assets	**491,528**
Investment securities	408,888
Net defined benefit asset	9,891
Deferred tax assets	27,097
Other	50,968
Allowance for doubtful accounts	(5,317)
Total assets	**2,443,773**

LIABILITIES	
Current liabilities	**665,913**
Notes and accounts payable, trade	142,052
Short-term loans payable and long-term debt with current maturities	128,160
Bonds due within one year	30,000
Liquor taxes payable	84,904
Income taxes payable	20,281
Allowance for employees' bonuses	5,460
Allowance for bonuses for directors and company auditors	87
Accrued expenses	120,475
Other	134,490
Non-current liabilities	**839,775**
Bonds	194,991
Long-term debt	403,952
Deferred tax liabilities	55,899
Deferred tax liability due to land revaluation	1,167
Retirement benefits for directors and company auditors	243
Reserve for repairs and maintenance of vending machines	2,964
Reserve for environmental measures	1,036
Reserve for loss on litigation	18,018
Allowance for loss on plants reorganization	3,203
Net defined benefit liability	59,034
Deposits received	56,701
Other	42,563
Total liabilities	**1,505,689**

NET ASSETS	
Shareholders' equity	**645,653**
Common stock	102,045
Retained earnings	545,711
Treasury stock, at cost	(2,103)
Accumulated other comprehensive income	**18,188**
Net unrealized gains on securities	59,836
Deferred gains or losses on hedges	2,396
Land revaluation difference	(2,020)
Foreign currency translation adjustments	(28,468)
Remeasurements of defined benefit plans	(13,555)
Subscription rights to shares	**430**
Minority interests	**273,810**
Total net assets	**938,083**
Total liabilities and net assets	**2,443,773**

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

CONSOLIDATED STATEMENT OF INCOME

(From January 1, 2015 to December 31, 2015)

		(¥ millions)
Sales		**2,196,925**
Cost of sales		1,228,853
Gross profit		**968,071**
Selling, general and administrative expenses		843,320
Operating income		**124,751**
Non-operating income		
Interest income	2,776	
Dividend income	3,762	
Equity in earnings of affiliates	16,160	
Other	7,156	29,856
Non-operating expenses		
Interest expense	20,067	
Net foreign currency translation loss	2,851	
Other	3,488	26,408
Ordinary income		**128,199**
Special income		
Gain on sale of property, plant and equipment and intangible assets	19,454	
Gain on sale of investment securities	6,810	
Other	2,933	29,198
Special expenses		
Loss on disposal of property, plant and equipment and intangible assets	3,162	
Loss on sale of property, plant and equipment and intangible assets	878	
Loss on impairment	123,385	
Loss on devaluation of investment securities	34	
Business restructuring expense	8,803	
Other	3,710	139,975
Income before income taxes and minority interests		**17,422**
Income taxes－current	46,457	
Income taxes－deferred	(544)	45,913
Loss before minority interests		**28,491**
Minority interests		18,837
Net loss		**47,329**

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

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(From January 1, 2015 to December 31, 2015)

(¥ millions)

	Shareholders' equity					Accumulated other comprehensive income	
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on securities	Deferred gains or losses on hedges
Balance as of January 1, 2015	102,045	81,417	848,381	(74,797)	957,047	49,556	827
Cumulative effects of changes in accounting policies		(81,417)	(147,697)		(229,115)		
Restated balance	102,045	-	700,683	(74,797)	727,931	49,556	827
Changes of items during the period							
Dividends from surplus			(34,676)		(34,676)		
Net loss			(47,329)		(47,329)		
Acquisition of treasury stock				(34)	(34)		
Disposal of treasury stock		0		2	3		
Retirement of treasury stock		(72,726)		72,726	-		
Transfer to capital surplus from retained earnings		72,897	(72,897)		-		
Increase by merger			8		8		
Change of scope of equity method			(76)		(76)		
Change in shareholder's interest due to transaction with minority interest		(136)			(136)		
Capital increase of consolidated subsidiaries		(35)			(35)		
Net changes of items other than shareholders' equity						10,280	1,569
Total changes of items during the period	-	-	(154,971)	72,693	(82,277)	10,280	1,569
Balance as of December 31, 2015	102,045	-	545,711	(2,103)	645,653	59,836	2,396

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Land revaluation difference	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of January 1, 2015	(2,140)	110,259	(13,716)	144,786	332	233,544	1,335,711
Cumulative effects of changes in accounting policies		(39,191)		(39,191)		169	(268,137)
Restated balance	(2,140)	71,068	(13,716)	105,595	332	233,713	1,067,573
Changes of items during the period							
Dividends from surplus							(34,676)
Net loss							(47,329)
Acquisition of treasury stock							(34)
Disposal of treasury stock							3
Retirement of treasury stock							-
Transfer to capital surplus from retained earnings							-
Increase by merger							8
Change of scope of equity method							(76)
Change in shareholder's interest due to transaction with minority interest							(136)
Capital increase of consolidated subsidiaries							(35)
Net changes of items other than shareholders' equity	119	(99,537)	161	(87,406)	97	40,097	(47,212)
Total changes of items during the period	119	(99,537)	161	(87,406)	97	40,097	(129,490)
Balance as of December 31, 2015	(2,020)	(28,468)	(13,555)	18,188	430	273,810	938,083

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

BALANCE SHEET

(As of December 31, 2015)

(¥ millions)

ASSETS	
Current assets	**177,263**
Cash and time deposits	23,084
Short-term loans receivable	129,670
Deferred tax assets	63
Other	24,445
Non-current assets	**1,529,374**
Property, plant and equipment	**21,612**
Buildings	14,035
Structures	874
Machinery and equipment	14
Vehicles	0
Tools, furniture and fixtures	1,541
Land	5,136
Construction in progress	9
Intangible assets	**65**
Investments and other assets	**1,507,695**
Investment securities	86,144
Shares of subsidiaries and affiliates	1,408,732
Long-term loans receivable	783
Other	12,982
Allowance for doubtful accounts	(947)
Total assets	**1,706,637**

LIABILITIES	
Current liabilities	**342,041**
Short-term loans payable and long-term debt with current maturities	296,995
Bonds due within one year	30,000
Non-trade accounts payable	11,404
Accrued expenses	1,636
Allowance for employees' bonuses	112
Other	1,892
Non-current liabilities	**593,098**
Bonds	194,991
Long-term debt	366,044
Employees' pension and retirement benefits	77
Deferred tax liabilities	15,607
Other	16,377
Total liabilities	**935,140**

NET ASSETS	
Shareholders' equity	**737,828**
Common stock	**102,045**
Capital surplus	**81,412**
Additional paid-in capital	81,412
Retained earnings	**556,473**
Legal reserve	25,511
Other retained earnings	530,962
Reserve for deferred gain on sale of property	551
General reserve	686,367
Retained earnings carried forward	(155,956)
Treasury stock, at cost	**(2,103)**
Valuation and translation adjustments	**33,669**
Net unrealized gains on securities	**33,669**
Total net assets	**771,497**
Total liabilities and net assets	**1,706,637**

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

STATEMENT OF INCOME

(From January 1, 2015 to December 31, 2015)

(¥ millions)

Operating revenue		
Group management revenue	716	
Revenue from real estate business	3,456	
Dividend revenue from subsidiaries and affiliates	88,622	92,796
Operating expenses		
Expenses of real estate business	1,068	
General and administrative expenses	7,896	8,964
Operating income		**83,831**
Non-operating income		
Interest and dividend income	3,276	
Other	916	4,193
Non-operating expenses		
Interest expense	7,629	
Other	737	8,367
Ordinary income		**79,657**
Special income		
Gain on sale of property, plant and equipment and intangible assets	7,468	
Gain on sale of shares of subsidiaries and affiliates	1,309	
Other	143	8,921

Special expenses		
Loss on sale and disposal of property, plant and equipment and intangible assets	572	
Loss on devaluation of shares of subsidiaries and affiliates	275,728	
Other	6,893	283,195
Loss before income taxes		**194,615**
Income taxes – current		870
Income taxes – deferred		167
Net loss		**195,653**

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

STATEMENT OF CHANGES IN NET ASSETS

(From January 1, 2015 to December 31, 2015)

(¥ millions)

	Shareholders' equity										
		Capital surplus			Retained earnings						
						Other retained earnings					
	Common stock	Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Reserve for deferred gain on sale of property	General reserve	Retained earnings carried forward	Total retained earnings	Treasury stock	Total shareholders' equity
Balance as of January 1, 2015	102,045	81,412	9	81,422	25,511	810	759,367	73,951	859,640	(74,797)	968,311
Cumulative effects of changes in accounting policies								(121)	(121)		(121)
Restated balance	102,045	81,412	9	81,422	25,511	810	759,367	73,830	859,519	(74,797)	968,190
Changes of items during the period											
Provision of reserve for deferred gain on sale of property						26		(26)	-		-
Transfer to reserve for deferred gain on sale of property						(285)		285	-		-
Transfer to general reserve							(73,000)	73,000	-		-
Dividends from surplus								(17,338)	(17,338)		(17,338)
Dividends from surplus (interim dividends)								(17,338)	(17,338)		(17,338)
Net loss								(195,653)	(195,653)		(195,653)
Acquisition of treasury stock										(34)	(34)
Disposal of treasury stock			0	0						2	3
Retirement of treasury stock			(72,726)	(72,726)						72,726	-
Transfer to capital surplus from retained earnings			72,715	72,715				(72,715)	(72,715)		-
Net changes of items other than shareholders' equity											
Total changes of items during the period	-	-	(9)	(9)	-	(258)	(73,000)	(229,787)	(303,045)	72,693	(230,361)
Balance as of December 31, 2015	102,045	81,412	-	81,412	25,511	551	686,367	(155,956)	556,473	(2,103)	737,828

	Valuation and translation adjustments		Total net assets
	Net unrealized gains on securities	Total valuation and translation adjustments	
Balance as of January 1, 2015	29,904	29,904	998,216
Cumulative effects of changes in accounting policies			(121)
Restated balance	29,904	29,904	998,094
Changes of items during the period			
Provision of reserve for deferred gain on sale of property			-
Transfer to reserve for deferred gain on sale of property			-
Transfer to general reserve			-
Dividends from surplus			(17,338)
Dividends from surplus (interim dividends)			(17,338)
Net loss			(195,653)
Acquisition of treasury stock			(34)
Disposal of treasury stock			3
Retirement of treasury stock			-
Transfer to capital surplus from retained earnings			-
Net changes of items other than shareholders' equity	3,764	3,764	3,764
Total changes of items during the period	3,764	3,764	(226,597)
Balance as of December 31, 2015	33,669	33,669	771,497

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

Independent Auditor's Report

February 15, 2016

The Board of Directors
Kirin Holdings Company, Limited

KPMG AZSA LLC

Hiroto Kaneko (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

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

Makoto Yamada (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of Kirin Holdings Company, Limited as at December 31, 2015 and for the year from January 1, 2015 to December 31, 2015 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following.
As discussed in Notes for Changes in Accounting Policies to the consolidated financial statements, Kirin Holdings Company, Limited has early applied "Revised Accounting Standard for Business Combinations" (ASBJ Statement No.21, September 13, 2013), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013), "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No.7, September 13, 2013) and other standards from the year ended December 31, 2015.

Other Matter

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

Notes to the Reader of Independent Auditor's Report:
The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Independent Auditor's Report

February 15, 2016

The Board of Directors
Kirin Holdings Company, Limited

KPMG AZSA LLC

Hiroto Kaneko(Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

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

Makoto Yamada (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of Kirin Holdings Company, Limited as at December 31, 2015 and for the year from January 1, 2015 to December 31, 2015 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Other Matter

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

Notes to the Reader of Independent Auditor's Report:
The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

[English Translation of the Audit & Supervisory Board Members' Report Originally Issued in the Japanese Language]

Audit & Supervisory Board Members' Report

We the Audit & Supervisory Board Members of the Company, based on the audit reports prepared by each Audit & Supervisory Board Member regarding the performance of duties by the Directors during the 177th business year from January 1, 2015, to December 31, 2015, prepared this audit report upon deliberation and hereby report as follows:

1. Audit Methods by Audit & Supervisory Board Members and the Audit & Supervisory Board and its Details

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

(2) Each Audit & Supervisory Board Member complied with the auditing standards of Audit & Supervisory Board Members established by the Audit & Supervisory Board, in accordance with the audit policy of this term, planning of audits, etc., communicated with the Directors, the internal audit department, other employees, etc., and made efforts to collect information and improve audit environment, and conducted audits in the following methods:

1) We attended meetings of the Board of Directors and other important meetings, received reports from the Directors, employees, etc., regarding the state of performance of their duties, sought explanations whenever necessity arose, inspected important decision documents, etc., and made investigation into the state of activities and property at the head office and other main business offices of the Company. With respect to subsidiaries, we communicated and exchanged information with directors, audit & supervisory board members, etc., of the subsidiaries, and visited subsidiaries whenever necessity arose to make investigation into the state of activities and property thereof.

2) We monitored and verified the status of the construction and implementation by the Directors of the system for ensuring that the performance of duties by the Directors listed on the business report conforms to the laws, regulations and Articles of Incorporation, as well as the resolutions of the Board of Directors regarding the improvement of the system stipulated in Article 100, Paragraph (1) and Paragraph (3) of the Ordinance for Enforcement of the Japanese Companies Act and the status of the establishment and operation of the system (internal controls system) that is prepared based on the resolutions, which are necessary for ensuring an appropriateness of operations of a joint stock corporation and corporate group comprised of its subsidiaries.

3) We monitored and verified whether the Independent Auditors maintained their independence and implemented appropriate audits, and we received reports from the Independent Auditors regarding the state of performance of their duties and sought explanations whenever necessity arose. In addition, we received notice from the Independent Auditors that "The systems for ensuring the proper performance of duties" (matters set forth in each item of Article 131 of the Rules of Corporate Financial Calculation) is organized in accordance with the "Standards for Quality Control of Audit" (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations whenever necessity arose.

Based on the above methods, we examined the business report and supporting schedules, financial statements (balance sheet, statement of income, statement of changes in net assets, and related notes) and the supporting schedules related to the relevant business term, and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and related notes).

2. Results of Audit

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

1) In our opinion, the business report and the supporting schedules fairly presents the state of the Company in accordance with the laws, regulations and Articles of Incorporation.

2) In connection with the performance of duties by the Directors, no dishonest act or material fact of violation of laws, regulations, or the Articles of Incorporation exists.

3) In our opinion, the contents of the resolutions of the Board of Directors regarding the internal controls system, including internal controls related to financial reporting, are fair and reasonable. In addition, we have not found anything that would need to be pointed out in relation to the performance of duties by the Directors regarding the internal controls system.

(2) Results of Audit of Financial Statements and Supporting Schedules

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

(3) Results of Audit of Consolidated Financial Statements

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

February 18, 2016

Audit & Supervisory Board
Kirin Holdings Company, Limited

Motoyasu Ishihara (Seal)
Full-time Audit & Supervisory Board Member

Masahito Suzuki (Seal)
Full-time Audit & Supervisory Board Member

Kimie Iwata (Seal)
Outside Audit & Supervisory Board Member

Fukutaka Hashimoto (Seal)
Outside Audit & Supervisory Board Member

Masakatsu Mori (Seal)
Outside Audit & Supervisory Board Member

- END -