



KIRIN HOLDINGS COMPANY, LIMITED

February 10, 2012

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2011 (UNDER JAPANESE GAAP) (UNAUDITED)

(English Translation)

Fiscal year ended December 31, 2011

KIRIN HOLDINGS COMPANY, LIMITED

10-1, Shinkawa 2-chome, Chuo-ku, Tokyo, Japan (URL <http://www.kirinholdings.co.jp/english/>)

Code No.:	2503
Shares Listed:	Tokyo, Osaka, Nagoya, Sapporo and Fukuoka
Representative:	Mr. Senji Miyake, President
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Scheduled date of general meeting of shareholders held:	March 29, 2012
Commencement date of dividend distribution scheduled:	March 30, 2012
Submission date of securities report scheduled:	March 29, 2012
Preparation of supplementary documents to the financial results:	Yes
Holding of financial results presentation (for institutional investors and analysts):	Yes

1. Consolidated business results and financial positions for the current fiscal year (January 1, 2011 - December 31, 2011)

[Unit: Japanese yen (¥)]

(1) Results of operations:		(Fractions less than ¥1 million have been omitted.)				
	Sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
	(¥ millions)	(%)	(¥ millions)	(%)	(¥ millions)	(%)
Fiscal year ended						
December 31, 2011	2,071,774	(4.9)	142,864	(5.8)	136,818	(2.9)
December 31, 2010	2,177,802	(4.4)	151,612	18.0	140,969	(2.5)

Note:	Comprehensive income	December 31, 2011	(71,920) million yen [– %]
		December 31, 2010	1,908 million yen [– %]

	Net income	Percentage change	Net income per share (Primary)	Net income per share (Diluted)	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to sales
	(¥ millions)	(%)	(¥)	(¥)	(%)	(%)	(%)
Fiscal year ended							
December 31, 2011	7,407	(35.0)	7.70	7.14	0.8	5.0	6.9
December 31, 2010	11,394	(76.8)	11.95	11.93	1.2	5.1	7.0

Reference:	Equity in earnings of affiliates	December 31, 2011	10,541 million yen
		December 31, 2010	9,479 million yen

Note: Percentage change compares current results with those of the period of the previous year.

(2) Financial positions:

	Total assets	Net assets	Ratio of equity to total assets	Net assets per share
	(¥ millions)	(¥ millions)	(%)	(¥)
December 31, 2011	2,854,254	1,047,895	29.9	886.86
December 31, 2010	2,649,197	1,159,036	36.3	1,000.51
Reference: Equity	December 31, 2011	852,922 million yen		
	December 31, 2010	962,476 million yen		

(3) Cash flows:

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	(¥ millions)	(¥ millions)	(¥ millions)	(¥ millions)
Fiscal year ended December 31, 2011	196,792	(361,658)	193,214	70,847
Fiscal year ended December 31, 2010	218,025	(140,917)	(140,197)	45,278

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal year ended December 31, 2010	—	12.50	—	12.50	25.00
Fiscal year ended December 31, 2011	—	13.50	—	13.50	27.00
Fiscal year ending December 31, 2012 (Forecast)	—	13.50	—	13.50	27.00

	Total amount of dividends	Dividend pay-out ratio	Ratio of dividends to shareholders' equity (%)
	(¥ millions)	(%)	(%)
Fiscal year ended December 31, 2010	23,940	209.2	2.5
Fiscal year ended December 31, 2011	25,967	350.6	2.9
Fiscal year ending December 31, 2012 (Forecast)		54.1	

3. Forecast of consolidated business results for the next fiscal year
(January 1, 2012 - December 31, 2012)

	Sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
	(¥ millions)	(%)	(¥ millions)	(%)	(¥ millions)	(%)
Six months ending June 30, 2012	1,060,000	5.8	62,000	(14.8)	53,000	(27.0)
Fiscal year ending December 31, 2012	2,230,000	7.6	162,000	13.4	140,000	2.3

	Net income	Percentage change	Net income per share
	(¥ millions)	(%)	(¥)
Six months ending June 30, 2012	13,000	(27.5)	13.52
Fiscal year ending December 31, 2012	48,000	548.0	49.91

Note: Percentage change compares current results with those of the period of the previous year.

4. Others

- (1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries accompanying change in scope of consolidation): Yes

Newly included: 3 companies (Aleadri-Schinni Participações e Representações S.A.
Jadangil Participações e Representações Ltda.
Schincariol Participações e Representações S.A.,
Primo Schincariol Industria de Cervejas e Refrigerantes S.A.,
Companhia de Bebidas Primo Schincariol)

Excluded: –

- (2) Changes in accounting policies and procedures, and methods of presentation

- i. Changes due to amendment of accounting standards: Yes
ii. Changes due to other reasons: None

Note: For details, please refer to “CHANGES IN SIGNIFICANT ACCOUNTING POLICIES” on page 21.

- (3) Number of shares outstanding (common stock)

- i. Number of shares outstanding at the end of period (including treasury stock)

As of December 31, 2011 965,000,000 shares
As of December 31, 2010 965,000,000 shares

- ii. Number of treasury stock at the end of period

As of December 31, 2011 3,268,428 shares
As of December 31, 2010 3,010,208 shares

- iii. Average number of shares during the period

For the fiscal year ended December 31, 2011 961,805,552 shares
For the fiscal year ended December 31, 2010 953,895,933 shares

Note: For the number of shares as a basis of calculating net income per share (consolidated), please refer to “PER SHARE INFORMATION” on page 27.

Reference: SUMMARY OF NON-CONSOLIDATED FINANCIAL STATEMENTS

1. Non-consolidated business results and financial positions for the current fiscal year (January 1, 2011 - December 31, 2011)

- (1) Results of operations:

	Sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
	(¥ millions)	(%)	(¥ millions)	(%)	(¥ millions)	(%)
Fiscal year ended						
December 31, 2011	128,102	60.2	101,352	96.4	96,880	115.9
December 31, 2010	79,968	(26.0)	51,608	(38.7)	44,881	(46.9)

	Net income	Percentage change	Net income per share (Primary)	Net income per share (Diluted)
	(¥ millions)	(%)	(¥)	(¥)
Fiscal year ended				
December 31, 2011	40,855	(13.3)	42.48	–
December 31, 2010	47,099	(42.5)	49.38	–

Note: Percentage change compares current results with those of the period of the previous year.

(2) Financial positions:

	Total assets	Net assets	Ratio of equity to total assets	Net assets per share
	(¥ millions)	(¥ millions)	(%)	(¥)
December 31, 2011	2,038,892	918,524	45.1	955.07
December 31, 2010	1,702,747	899,386	52.8	934.91

Reference: Equity	December 31, 2011	918,524 million yen
	December 31, 2010	899,386 million yen

* Indication regarding execution of audit procedures

This summary of consolidated financial results is not subject to the audit procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this summary of consolidated financial results, the audit procedures in accordance with the Financial Instruments and Exchange Act are incomplete.

* Information about proper usage of forecast of business results, and other special instructions

- (1) The statements concerning future performance that are presented in this document are based on judgments using information available to Kirin Holdings and the Kirin Group as of the release date of this material. Certain risks and uncertainties could cause the results of Kirin Holdings and the Kirin Group to differ materially from any projections presented herein. These risks and uncertainties include, but are not limited to, the economic circumstances surrounding the Company's businesses, market trends, and exchange rates.
- (2) The Company shall post the Supplementary Documents to the Financial Results today, Friday, February 10, and it shall post the presentation material of the financial results presentation held today, the presentation content (video) and the main Q&A at the meeting as soon as possible on the Company's website.

(URL of the Company's website)

<http://www.kirinholdings.co.jp/irinfo/event/explain/index.html>

ATTACHED MATERIALS

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1. BUSINESS RESULTS AND FINANCIAL POSITION

(1) BUSINESS PERFORMANCE

There was a lull in the recovery of the Japanese economy this consolidated fiscal year, due in part to a slowdown in overseas economies and also to the rising value of the yen. This was despite a steady change in consumer spending in Japan as well as progress being made in freeing up constraints on the supply side which had been caused by the Great East Japan Earthquake. Under such economic conditions, the Kirin Group has continued to work on “qualitative expansion” in this second year of the Kirin Group’s 2010-2012 medium-term business plan, which forms the second stage in realizing our long-term business framework: the “Kirin Group Vision 2015” (KV2015).

In the Japanese market, we continued to pursue an integrated beverages group strategy focused on Kirin Brewery and Kirin Beverage, and under the direction of functionally organized Cross Company Teams (CCTs), we worked to increase profitability and efficiency across the Group.

The Great East Japan Earthquake did cause damage to production facilities, shortages of materials and other effects at Kirin Brewery and our other Group companies, but at present, all supply chains have virtually been restored to normal.

Overseas, we worked to increase the profitability and efficiency of our Australian company, Lion. We also strengthened our business base in the soft drink markets of Southeast Asia and China, where rapid growth is expected. In March we acquired the shares of the Interfood Shareholding Company, a soft drink manufacturer and distributor in Vietnam, and in August, we established a joint venture to operate a non-alcohol beverage business in China in collaboration with China Resources Enterprise, Limited. Also in August, we acquired a 50.45% shareholding in the Schincariol Group, a beer and soft drink producer in Brazil, and in November, we acquired the remaining 49.55%, making it a wholly owned subsidiary. By acquiring a new business base in the fast-growing Brazilian marketplace to complement our key area of Asia and Oceania, we will promote our international integrated beverages group strategy.

Regarding the applications for a precautionary measure and main lawsuit, which had been instituted in the local court by minority shareholders of Schincariol against our acquisition of shares of the company, agreement has been reached for the actions to be withdrawn, bringing this matter to a close.

As a result, although further improvements in overall group profitability and efficiency were realized, sales, operating income and ordinary income decreased this consolidated fiscal year, mainly due to the effects of the Great East Japan Earthquake in our domestic alcohol beverages business and to the continuation of a challenging business environment in our overseas beverages business. Net income also decreased in part as a consequence of recording a loss on devaluation of investment securities, a loss related to the Great East Japan Earthquake and a loss on impairment of fixed assets.

Kirin Holdings Company, Limited 2011 results:

Consolidated sales	¥2,071.7 billion, down 4.9%
Consolidated operating income	¥142.8 billion, down 5.8%
Consolidated ordinary income	¥136.8 billion, down 2.9%
Consolidated net income	¥7.4 billion, down 35.0%

Results by segment are as follows.

Domestic Alcohol Beverages Business

In the domestic alcohol beverages business, despite the effects of a decline in consumer sentiment and constraints in manufacturing and supply systems following the Great East Japan Earthquake, at Kirin Brewery, we put more effort into strengthening our core brands in an attempt to regain sales. In the beer, sparkling malt liquor (*happo-shu*) and new genre market, we maintained steady sales of *Kirin Ichiban Shibori* and *Tanrei Green Label*, and our total unit sales of *Kirin Nodogoshi Nama* topped 10 billion. In the RTD (ready to drink) market we maintained strong sales of *Kirin Chuha Hyoketsu Yasashii Kajitsu no 3%*, our new product containing less than 3% alcohol. As for our non-alcohol beer-taste beverage, *Kirin FREE*, the number of restaurants selling it in Japan passed the 100,000 mark, and we began test-marketing it in the US. Furthermore, at our Sendai Plant, where operations had been suspended after sustaining damage during the Great East Japan Earthquake, we resumed brewing beer in late September and began shipments in early November. The first shipment was of *Ichiban Shibori Toretate Hop Nama Beer*. This was released nationwide as a symbol of the rebuilding of our Sendai Plant, and sales were above average.

Meanwhile, from a perspective of “competition and cooperation,” we also built a cooperative system that goes beyond existing frameworks as we made progress in our partnership with Asahi Breweries for small-lot distribution, designed to reduce environmental burden and increase operational efficiency in our logistics divisions.

As for Mercian, sales of our domestic table wines, including *Mercian Oishii-Sankaboshizai-Mutenka Wine* (a delicious and antioxidants-free wine), remained strong, while sales of our Chilean wine *Frontera* and our other imported table wines were also steady. Furthermore, the Australian wine, *Tatiara*, which was released for the Japanese market having been developed in collaboration with St Hallett, a subsidiary of Lion, was well received for its flavor developed to suit the Japanese diet, and sales of this wine remained strong. Also, the non-alcohol wine-taste beverage, *Mercian Free Sparkling*, which was developed in collaboration with Kirin Brewery to drive the growing non-alcohol beverage market, enjoyed sales well above expectation. In addition, Mercian completed transfer of its pharmaceuticals and chemicals business in order to concentrate its management resources in its wine-focused alcohol beverages business. As a result, sales and operating income both decreased, mainly due to the effects of the decrease in sales volume at Kirin Brewery.

Domestic alcohol beverages business 2011 results:	
Consolidated sales	¥868.2 billion, down 6.5%
Consolidated operating income	¥70.5 billion, down 3.6%

Domestic Non-Alcohol Beverages Business

In the domestic non-alcohol beverages business, in addition to strengthening its product value and sales force, Kirin Beverage has also continued efforts to reform its revenue structure, and is proceeding to rebuild its competitive edge aimed at realizing growth.

As for our core brand *Kirin Gogo-no-Kocha*, we set a new sales record for the second consecutive year, led to some extent by our sugar-free tea, *Kirin Gogo-no-Kocha Oishii Sugar-Free*, which has created new settings for drinking tea. In addition, with our *Kirin FIRE* brand, we expanded both our canned coffee and PET-bottled coffee products to suit the distinctive tastes and settings of different generations of coffee drinkers. Under the *Kirin Plus-i* brand being promoted by our Group-wide Kirin Health Project, we released the healthy blended tea *Karada Omoi-Cha Poppo-Cha*, and sales have started strong. Furthermore, shipments of *Kirin Alkali Ion Water* and *Volvic* remained high due to the increased demand for water following the Great East Japan Earthquake.

Consequently, while sales declined in part due to the effects of a decline in sales volume, operating income increased as a result of efforts to reform its revenue structure.

Domestic non-alcohol beverages business 2011 results:	
Consolidated sales	¥314.5 billion, down 9.5%
Consolidated operating income	¥2.8 billion, up 14.2%

Overseas Beverages Business

Lion's alcohol beverages and soft drinks and foods businesses continued to make progress in improving profitability and efficiency by pursuing a strategy of investing in people and a portfolio of high potential brands to drive sustainable results in the long term. While Australia's economy continues to benefit from the country's strong resource industry, other industries, particularly the FMCG and retail sectors, continue to face significant challenges – with low consumer confidence impacting spending. This has been further exacerbated by short-term issues such as ongoing poor weather and natural disasters in Lion's key markets. Despite these conditions Lion's alcohol beverages business continued to manage its business for the long term through innovation and a sustainable balance of volume, pricing and mix. Lion's XXXX trademark continued to grow volume share, with new innovation XXXX Summer Bright Lager performing well. Benefiting from a new flavour variant and the popularity of cider, now the fastest growing alcohol category, Tooheys 5 Seeds continued its strong growth, securing its place as the equal second largest cider in the market. Conditions in the soft drinks and foods business remained very difficult for farmers and processors alike. Ongoing low consumer confidence was further intensified by sustained deep discounting on white milk in grocery. The business has made significant progress removing duplication from its network and focusing site investment for future growth and continues to focus on a portfolio of high potential brands to deliver sustainable growth over the long term. Despite this challenging environment, Lion saw a strong performance in dairy beverages, which remained Lion's fastest growing dairy category, and in particular the Dare brand. The popularity of iced coffee flavor variants continuing to drive overall category value growth. Consequently, since last year's first-quarter consolidated accounting period (January 1, 2010 to March 31, 2010) had not been included due to a change in the accounting period for Lion's soft drinks business, sales

increased, but operating income decreased.

Overseas beverages business 2011 results:

Consolidated sales	¥454.2billion, up 12.4%
Consolidated operating income	¥15.3 billion, down 32.8%

Pharmaceuticals and Biochemicals Business

In the pharmaceuticals business, at Kyowa Hakko Kirin, sales remained strong for the core product *Nesp*[®], a treatment for nephrogenic anemia. Moreover, the higher than usual amounts of airborne pollen led to increased sales of the antiallergic agent *Allelock*[®] and the antiallergic eye drop *Patanol*[®] far beyond the previous year.

In the export of pharmaceuticals and revenue from technology licensing, exports, especially those to Asia, did well, but in the revenue from technology licensing, sales were down on last year.

With respect to research and development of new drugs, steady progress was made both in Japan and overseas, such as an application for approval being made in April for KW-0761, a humanized monoclonal antibody that uses proprietary antibody technologies.

In addition, in April, the company acquired all shares of ProStrakan Group Plc, the UK specialty pharmaceutical company that has development and distribution systems in the US and Europe for cancer-related and other ethical drugs.

Kyowa Hakko Kirin also concluded a basic agreement in November with Fujifilm Corporation for the establishment of a joint venture company to develop and manufacture highly reliable, high-quality and competitive products in the biosimilars market, where high growth is expected.

In the biochemicals business, at Kyowa Hakko Bio, demand for pharmaceuticals and industrial ingredients centered on amino acid and nucleic acid related materials increased overseas. The volume of sales increased as a result of an aggressive expansion of sales routes, but, largely affected by the appreciation of the yen, the value of sales were lower than the previous year.

Additionally, in March, Kyowa Hakko Kirin transferred all of its shares held in Kyowa Hakko Chemical.

Consequently, only results for the first quarter consolidated accounting period (January 1, 2011 to March 31, 2011) have been included for the chemicals business.

As a result, sales decreased, but operating income increased.

Pharmaceuticals and biochemicals business 2011 results:

Consolidated sales	¥332.8 billion, down 17.9%
Consolidated operating income	¥49.4 billion, up 1.5%

Other Businesses

At Kirin Kyowa Foods, as a result of having reinforced relationships with customers following the Great East Japan Earthquake and having endeavored to supply products and services that meet customer needs, sales increased, primarily in ingredients for manufacturers of processed food.

In terms of other businesses overall, sales increased, primarily because Koiwai Dairy Products came under the direct control of Kirin Holdings and transferred from Domestic Non-Alcohol Beverages Business to Other business, but operating income decreased.

Other businesses 2011 results:

Consolidated sales	¥101.9 billion, up 10.8%
Consolidated operating income	¥6.2 billion, down 22.8%

Outlook for 2012

The Kirin Group kicked off 2012 as the final year in the 2010-2012 medium-term business plan, which marks the second stage in realizing the aims of Kirin Group Vision 2015 ("KV2015"), Kirin's long-term business framework.

In 2012, we will carry the plan through to completion by using the combined resources of the entire Group.

We will continue to promote measures aimed at improving profitability, and we will promote lean management through changes of corporate structure and the elimination of strain, waste and irregularity across the entire Group. At the same time, we will work to reverse and boost declining sales through strengthening our brand and sales outcomes and through providing new forms of value that meets the needs of customers. Furthermore, as a year connecting with the final medium-term business plan of KV2015, we will also promote initiatives aimed at growth in the medium- to long-term.

Basic policy

1. Promote a domestic integrated beverages group strategy based on brand-focused management
2. Pursue growth in the overseas integrated beverages business
3. Strengthen the domestic foundation and promote global expansion in the pharmaceuticals business
4. Strengthen group management capabilities accompanying the advance of globalization
5. Engage in CSR activities that enhance Kirin's coexistence with society

Domestic Alcohol Beverages Business

At Kirin Brewery, we will continue to select and focus on promising brands in the beer, sparkling malt liquor (*happo-shu*), new genre, non-alcohol beer-taste beverage and RTD markets. In addition to promoting the development of brands on a long-term perspective, we will aim for growth in sales by creating new value derived from the fundamental needs of customers. Furthermore, under the new company, Kirin Beer Marketing, which was established in January as a result of integrating Kirin Merchandising with the sales division of Kirin Brewery, we will build an efficient and solid community-oriented marketing model, and we will advance solution-based value proposal marketing from a perspective closer to the customer. By promoting structural changes along the entire value chain and working on sustained cost reductions, we will achieve improvements in profitability and strengthen competitiveness. Outside of Japan, we will accelerate the overseas expansion of the Kirin Beer brand, by further expanding the sale and export of *Kirin Ichiban Shibori* to the US, Europe and other parts of Asia.

At Mercian, we will concentrate management resources in the alcohol beverages business focusing on wine, and we will work to nurture and enhance our product brands with the aim of being number one in each category. Furthermore, in collaboration with Kirin Beer Marketing, in addition to seeking to increase sales by developing the quality of value proposal marketing, we will continue to strive to increase profitability through the practice of lean management based on cost reductions and functional integration within the Group.

Domestic Non-Alcohol Beverages Business

At Kirin Beverage, at the same time as continuing to promote revenue structure reforms, we will rebuild our competitive edge by strengthening our product competitiveness and sales force, and we will seek to boost earnings based on increased sales. In terms of strengthening our product competitiveness, in addition to firmly establishing our core brands, we will bolster our efforts in the unsweetened tea category. We will also develop products that have new value beyond conventional categories, and we will further advance our product strategies specific to each sales channel. In terms of strengthening our sales force, we will promote solution-based value proposal marketing, and we will seek to boost sales and earnings in each sales channel, such as mass retailers, convenience stores and vending machines. We will also promote cooperation within the Group and support overseas business.

In Japan, we will continue to make structural changes along the entire value chain at Kirin Brewery, Mercian and Kirin Beverage, and we will strengthen our brand management through the realization of management that is centered on product brands. By further strengthening the cooperation between individual companies and accelerating the creation of synergies, we will strive for growth of the entire integrated beverages business in Japan.

Overseas Beverages Business

Overseas, we will continue to strengthen our business foundations in each region, especially in the priority areas of Asia and Oceania, as well as in the Brazil market, which we recently gained as a new business basis supporting our next growth opportunities. In addition, we will seek growth through collaboration that goes beyond businesses and borders. Furthermore, we will proceed to solidify and strengthen Group management structures designed to achieve global growth in the medium- to long-term.

In pursuing its strategy of becoming an integrated beverages company in the Oceania region, Lion continues

to make progress in improving profitability and efficiency by investing in its people and a portfolio of high potential brands in its alcohol beverages and soft drinks and foods businesses. The alcohol beverages business continues to focus on innovation in cider products and premiumisation to drive value in the market, and will soon enhance its position in the international premium segment with new brands coming into its portfolio. The soft drinks and foods business continues to optimize its footprint to improve efficiency, while focusing investment around high potential brands and high growth categories to achieve sustainable growth over the long term.

In Southeast Asia, Kirin Holdings Singapore, which is responsible for the entire region, will take the lead in accelerating the generation of Group synergies. In Singapore and Malaysia, the company aims to release products from the Kirin Beverage brand in first half, and will work to increase sales utilizing the sales network of Fraser and Neave. In Vietnam and Thailand, in addition to optimizing the value chain by integrating and/or restructuring the Group beverage companies, including Interfood, we will strengthen the capacity for product development attuned to local preferences, and we will establish a system capable of capturing market growth. In China, China Resources Kirin Beverages, which is a joint venture established together with China Resources Enterprise, will work to develop its soft drinks business through expanding into new markets and putting products onto the market.

At Schincariol in Brazil, we will, under a new management structure, work to further increase sales by strengthening core brands and responding flexibly to structural market changes, and to improve profitability by drastically improving the procurement process, strengthening value chain functions and increasing the efficiency of promotional activities.

Pharmaceuticals and Biochemicals Business

In the Japanese market, which serves as the basis of our pharmaceuticals business advanced by Kyowa Hakko Kirin, we will continue efforts to strengthen our sales outcomes. In addition to increasing sales of our core products, we will strive for the early market penetration of our new products. With regard to KW-0761, a humanized monoclonal antibody that uses proprietary antibody technologies, last year, we filed the world's first application for approval to manufacture and sell this drug, and this year, we plan to launch it to market. Furthermore, with the establishment of a joint venture company with the Fujifilm Corporation around this spring, we will build a new business model in the biosimilars market. Outside Japan, we will work to improve our sales outcomes in Asia, especially in the Chinese market, and we will strengthen our development systems. In Europe and the US, we will promote our global expansion of development and sales more actively by strengthening our cooperation with ProStrakan.

In the biochemicals business advanced by Kyowa Hakko Bio, we will aim for business growth through global expansion of sales of amino acid and nucleic acid related materials, with a focus on applications in the high value-added areas of pharmaceutical, medical and healthcare.

Other Businesses

At Kirin Kyowa Foods, we will promote a value proposal-style business for customers in Japan and overseas by continuing our effort to solidify and strengthen the development and sales structures for our core business in industrial-use seasonings and food ingredients for manufacturers of processed food.

CSR Initiatives

As a corporate group that provides new ways to enjoy food and health, we at Kirin consider CSR to be an important management issue within our Group. As such, we will actively address social challenges through our business based on a theme of "fostering bonds with all stakeholders."

With respect to support for reconstruction in areas affected by the Great East Japan Earthquake, under the ongoing Group-wide initiative, Kirin *Kizuna* Project: Support for Rebuilding, we will contribute about ¥6 billion over a three-year period. During this second year, we will continue to advance our Group-wide efforts to meet the needs of the affected areas. Furthermore, we will also strengthen cooperation within the Group and communication with our customers for even greater safety in food and health, including with respect to the issue of radioactive substances.

With respect to the preservation of the global environment, we will continue to take Group-wide action to reduce our environmental footprint across the entire value chain, such as by means of procurement that takes reduction of CO₂ emissions and the conservation of biodiversity into consideration.

In addition, as one social responsibility of a business focused on manufacturing and selling alcoholic beverages, we will further promote the fight to prevent drunk driving by offering Kirin FREE, a non-alcohol, beer-tasting beverage, and by working to educate consumers on responsible drinking.

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

(2) FINANCIAL POSITION

Total assets as of December 31, 2011 stood at ¥2,854.2 billion, an increase of ¥205.0 billion, or 7.7%, compared to December 31, 2010. Current assets increased ¥30.9 billion to ¥758.0 billion. Fixed assets also increased ¥174.0 billion to ¥2,096.1 billion, consisting of a ¥24.5 billion increase in property, plant and equipment, a ¥157.9 billion increase in intangible assets due to the recording of an increase in goodwill following Schincariol being made a subsidiary, and a ¥8.4 billion decrease in investments and other assets. Total liabilities as of December 31, 2011 stood at ¥1,806.3 billion, an increase of ¥316.1 billion, or 21.2%, compared to December 31, 2010. Current liabilities increased ¥35.7 billion to ¥715.4 billion mainly due to the issuance of commercial papers. Fixed liabilities increased ¥280.4 billion to ¥1,090.9 billion, in part due to the borrowing of long-term debt and the issuance of corporate bonds following acquisition of the Schincariol shares. Net assets as of December 31, 2011 stood at ¥1,047.8 billion, a decrease of ¥111.1 billion, or 9.6%, compared to December 31, 2010. This was in part due to a ¥94.0 billion decrease in foreign currency translation adjustments.

Consolidated cash flows were as follows:

Cash flows from operating activities

Net cash provided by operating activities was ¥196.7 billion, a decrease of ¥21.2 billion compared to the previous fiscal year. Employee's pensions and retirement benefits increased ¥18.9 billion, the loss on devaluation of investment securities increased ¥22.5 billion, deposits received increased ¥19.9 billion. Despite these positive factors, income taxes paid increased by ¥32.7 billion, loss on impairment decreased ¥25.9 billion, and inflows from working capital due to changes in trade notes and accounts receivable, inventory, trade notes and accounts payable and liquor taxes payable decreased ¥21.4 billion.

Cash flows from investing activities

Net cash used in investing activities increased ¥220.7 billion to ¥361.6 billion compared to the previous fiscal year. Outflows for the acquisition of property, plant and equipment and intangible assets decreased ¥26.8 billion to ¥79.8 billion. Outflows of ¥44.3 billion for the purchase of marketable securities and investment securities and outflows of ¥344.3 billion for the purchase of subsidiary shares following changes in the scope of consolidation were recorded. Meanwhile, the sale of property, plant and equipment and intangible assets produced ¥29.4 billion, the sale of marketable securities and investment securities generated proceeds of ¥12.8 billion, and the sale of subsidiary shares following changes in the scope of consolidation produced ¥70.4 billion.

Cash flows from financing activities

Net cash provided by financing activities increased ¥333.4 billion to ¥193.2 billion compared to the previous fiscal year. Borrowings increased ¥62.5 billion, commercial paper inflows increased ¥110.9 billion and bond issuance was ¥70.0 billion. Meanwhile, cash dividends paid totaled ¥31.0 billion and payments for the purchase of treasury stock by consolidated subsidiaries amounted to ¥12.5 billion.

Trends in Kirin Group's cash flow indices are as follows:

	Fiscal year 2009	Fiscal year 2010	Fiscal year 2011
Equity ratio (%)	34.3	36.3	29.9
Equity ratio based on market capitalization (%)	49.6	41.4	31.5
Debt service coverage (%)	507.1	384.9	515.2
Interest coverage ratio (times)	9.4	9.9	9.5

- Notes: 1. Equity ratio = Equity / Total assets
2. Equity ratio based on market capitalization = Market capitalization / Total assets
3. Debt service coverage = Interest-bearing liabilities / Operating cash flow
4. Interest coverage ratio = Operating cash flow / Interest expense

- * All indices are calculated from consolidated financial data.
- * $\text{Market capitalization} = \text{Market price on last trading day of the period} \times \text{Total shares outstanding at end of period (excluding treasury stock)}$
- * “Operating cash flow” refers to net cash provided by operating activities in the Consolidated Statements of Cash Flows.
 “Interest-bearing liabilities” refer to all liabilities with interest payable recorded on the liabilities section of the Consolidated Balance Sheets.
 “Interest expense” refers to the interest expense figure recorded in the Consolidated Statements of Cash Flows.

(3) BASIC POLICY ON DISTRIBUTION OF PROFITS; DIVIDEND FOR 2011 and FOR 2012

Kirin views the appropriate distribution of profits to shareholders as a key management issue, and has distributed a dividend to shareholders in every financial period since establishment in 1907. Management believes that shareholders' needs can be met by providing a stable, continuous dividend based in each period on a comprehensive assessment of business performance, the target payout ratio taking real earnings into account, and future capital requirements. Retained earnings will be allocated to business and capital investments that contribute to enhancing future enterprise value, principally in the domestic alcohol beverages, domestic non-alcohol beverages, overseas beverages business and pharmaceuticals and biochemicals businesses. The Company will consider opportunities to acquire treasury stock as appropriate, based on the maintenance of medium-term to long-term credit standing and on progress in qualitative expansion for growth.

Based on this policy, with respect to the distribution of surplus funds for 2011, Kirin proposes an interim dividend and a year-end dividend of ¥13.5 per share, which results in ¥27.0 per share, an increase of ¥2.0 from the previous year. The planned full-year dividend for 2012 is ¥27.0 per share.

2. MANAGEMENT POLICY

(1) BASIC APPROACH

Kirin aims to become a leading food and health company in Asia and Oceania, positioning KIRIN as a brand that symbolizes *trust* and *vitality* and earning customer support under the general theme of *taste that makes you smile*. Reflecting this aim, in May 2006 Kirin announced Kirin Group Vision 2015 ("KV2015"), a long-term business framework to put Kirin on a new trajectory of growth.

(2) TARGETS and MANAGEMENT INDICES, (3) MEDIUM-TERM MANAGEMENT STRATEGY and (4) KEY ISSUES TO ADDRESS

Kirin Group Medium-term Business Plan 2010-2012 (announced on October 26, 2009)

Kirin Holdings Company, Limited ("Kirin") has formulated its medium-term business plan for the three years 2010 through 2012, as the second stage of the goals of Kirin Group's long-term business framework, Kirin Group vision 2015 ("KV2015").

Outline of 2010 – 2012 Medium-Term Business Plan

The 2010 medium-term business plan represents the next stage in realizing KV2015, and is aimed at continuing to expand Group synergies and reform Kirin's business structure to enable a substantial increase in overall group earnings. Kirin will continue to develop products with new value that contribute to the enjoyment of food and health, and through all its activities will contribute to the maintenance and development of a safe and amenable society.

Kirin will pursue a financial strategy that emphasizes both returns to shareholders and the maintenance of a sound financial position while achieving strong profitability and efficiency. Quantitative targets in the plan for the year ending December 31, 2012 are for consolidated sales excluding liquor tax of ¥2,130 billion, consolidated operating income of ¥188.0 billion, and an operating income ratio (excluding liquor tax) or 8.8%. The ROE target for 2012 is for 10% plus (prior to amortization of goodwill, etc).

Goals

- Through all the Group's activities promote KIRIN as a brand that symbolizes *trust* and *vitality*
- Market products and services that increase customer's enjoyment of food and health
- Contribute to the maintenance and development of a safe and amenable society, and earn the trust of communities as a sound corporate citizen

Basic policy

1. Increase Group enterprise value by realizing growth and synergies at operating companies
 - (1) Pursue an integrated beverages group strategy
 - (2) Generate Group synergies
 - (3) Realize lean management
 - (4) Strengthen technical capabilities and customer relationships
2. Pursue a financial strategy to increase Group enterprise value
3. Engage in CSR activities that enhance Kirin Group's coexistence with society

Quantitative targets

	2012 target	2010 actual	Difference between 2010 and 2012	KV2015 target
Consolidated sales (excl. liquor tax)	¥2,130 billion	¥1,748.3 billion	¥381.7 billion	¥2,500 billion
Operating income	¥188.0 billion	¥142.8 billion	¥45.2 billion	¥250.0 billion
Operating income ratio (excl. liquor tax)	8.8%	8.2%	0.6%	10% plus
ROE*	10% plus	6.9%	-	-

*ROE is prior to amortization of goodwill, etc.

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) CONSOLIDATED BALANCE SHEETS

(¥ millions)

	As of December 31, 2010	As of December 31, 2011
ASSETS		
Current Assets		
Cash	51,463	76,218
Notes and accounts receivable, trade	415,268	406,448
Merchandise and finished goods	129,704	112,986
Work in process	19,917	30,937
Raw materials and supplies	38,191	49,059
Deferred tax assets	27,598	26,303
Other	46,884	62,361
Allowance for doubtful accounts	(1,939)	(6,250)
Total Current Assets	727,088	758,065
Fixed Assets		
Property, Plant and Equipment		
Buildings and structures (Purchase price)	602,882	609,927
Less accumulated depreciation	(375,551)	(361,977)
Buildings and structures (Book value)	227,330	247,950
Machinery, equipment and vehicles (Purchase price)	860,746	853,220
Less accumulated depreciation	(673,310)	(619,948)
Machinery, equipment and vehicles (Book value)	187,436	233,271
Land	225,246	201,436
Construction in progress	61,103	47,529
Other (Purchase price)	179,917	177,019
Less accumulated depreciation	(141,799)	(143,374)
Other (Book value)	38,117	33,644
Total	739,235	763,833
Intangible Assets		
Goodwill	562,492	713,749
Other	95,864	102,511
Total	658,357	816,261
Investments and Other Assets		
Investment securities	428,383	417,619
Deferred tax assets	45,916	42,234
Other	57,645	62,922
Allowance for doubtful accounts	(7,430)	(6,681)
Total	524,515	516,094
Total Fixed Assets	1,922,108	2,096,189
TOTAL ASSETS	2,649,197	2,854,254

	As of December 31, 2010	As of December 31, 2011
LIABILITIES		
Current Liabilities		
Notes and accounts payable, trade	169,036	146,955
Short-term loans payable and long-term debt with current maturities	181,786	85,517
Commercial papers	10,999	121,989
Bonds due within one year	3,361	23,111
Liquor taxes payable	92,553	91,800
Income taxes payable	26,544	26,783
Allowance for employees' bonuses	6,367	5,552
Allowance for bonuses for directors and corporate auditors	237	246
Reserve for repair and maintenance	601	–
Accrued expenses	88,166	92,423
Other	100,039	121,039
Total Current Liabilities	679,695	715,419
Long-term Liabilities		
Bonds	320,070	365,487
Long-term debt	262,720	468,999
Deferred tax liabilities	21,468	21,811
Deferred tax liabilities due to land revaluation	1,471	1,286
Employees' pension and retirement benefits	66,882	65,516
Retirement benefits for directors and corporate auditors	302	260
Reserve for repair and maintenance of vending machines	4,738	4,908
Reserve for environmental measures	1,172	2,125
Reserve for loss on litigation	–	22,078
Deposits received	73,663	73,222
Other	57,974	65,243
Total Long-term Liabilities	810,464	1,090,939
TOTAL LIABILITIES	1,490,160	1,806,359

	As of December 31, 2010	As of December 31, 2011
NET ASSETS		
Shareholders' Equity		
Common stock	102,045	102,045
Capital surplus	81,412	81,417
Retained earnings	821,519	801,856
Treasury stock, at cost	(2,985)	(3,271)
Total Shareholders' Equity	1,001,992	982,048
Accumulated Other Comprehensive Income		
Net unrealized holding gains on securities	7,252	11,116
Deferred gains or losses on hedges	1,285	(279)
Land revaluation difference	(4,713)	(2,543)
Foreign currency translation adjustments	(43,341)	(137,419)
Total Accumulated Other Comprehensive Income	(39,516)	(129,126)
Subscription rights to shares	207	250
Minority interests	196,352	194,722
TOTAL NET ASSETS	1,159,036	1,047,895
TOTAL LIABILITIES AND NET ASSETS	2,649,197	2,854,254

(2) CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
CONSOLIDATED STATEMENTS OF INCOME

(¥ millions)

	Fiscal year ended December 31, 2010	Fiscal year ended December 31, 2011
Sales	2,177,802	2,071,774
Cost of sales	1,314,809	1,218,851
Gross profit	862,992	852,922
Selling, general and administrative expenses	711,380	710,058
Operating income	151,612	142,864
Non-operating income		
Interest income	1,223	3,880
Dividend income	3,616	4,757
Equity in earnings of affiliates	9,479	10,541
Other	6,650	3,952
Total	20,970	23,133
Non-operating expenses		
Interest expense	22,047	20,915
Foreign currency translation loss	4,908	—
Other	4,656	8,264
Total	31,613	29,179
Ordinary income	140,969	136,818
Special income		
Gain on sale of fixed assets	7,950	21,322
Gain on sale of investment securities	14,716	1,619
Gain on sale of shares of subsidiaries and affiliates	122	15,399
Gain on negative goodwill	7,564	—
Reversal of removal costs	6,380	—
Other	3,114	6,433
Total	39,850	44,776
Special expenses		
Loss on retirement of fixed assets	6,637	2,651
Loss on sale of fixed assets	1,710	2,738
Loss on impairment	42,885	16,895
Loss on devaluation of investment securities	1,612	24,119
Loss on sale of investment securities	132	692
Loss on sale of shares of subsidiaries and affiliates	6,630	4,396
Loss on reversal of foreign currency translation adjustments due to liquidation of a foreign subsidiary	7,568	—
Business restructuring expense	7,155	6,073
Loss on revision of retirement benefit plan	7,226	—
Loss on prior periods adjustment	5,300	—
Loss related to the Great East Japan Earthquake	—	19,832
Other	13,630	19,276
Total	100,492	96,675

(¥ millions)

	Fiscal year ended December 31, 2010	Fiscal year ended December 31, 2011
Income before income taxes and minority interests	80,327	84,918
Income taxes		
Income taxes - current	55,077	56,578
Income taxes - deferred	1,576	5,088
Income taxes for prior years - deferred	1,169	—
Total	57,823	61,666
Income before minority interests	—	23,251
Minority interests	11,109	15,844
Net income	11,394	7,407

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(¥ millions)

	Fiscal year ended December 31, 2010	Fiscal year ended December 31, 2011
Income before minority interests	—	23,251
Other comprehensive income		
Net unrealized holding gains on securities	—	2,610
Deferred gains or losses on hedges	—	(1,465)
Land revaluation difference	—	109
Foreign currency translation adjustments	—	(86,939)
Share of other comprehensive income of equity-method affiliates	—	(9,487)
Total	—	(95,172) *2
Comprehensive income	—	(71,920) *1
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	—	(84,589)
Comprehensive income attributable to minority interests	—	12,669

(3) CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(¥ millions)

	Fiscal year ended December 31, 2010	Fiscal year ended December 31, 2011
Shareholders' equity		
Common stock		
Balance at the end of previous period	102,045	102,045
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	102,045	102,045
Capital surplus		
Balance at the end of previous period	71,582	81,412
Changes of items during the period		
Issuance of new shares	10,543	—
Disposal of treasury stock	27	5
Retirement of treasury stock	(28,276)	—
Transfer to capital surplus from retained earnings	27,535	—
Total changes of items during the period	9,830	5
Balance at the end of current period	81,412	81,417
Retained earnings		
Balance at the end of previous period	860,538	821,519
Changes of items during the period		
Dividends from surplus	(22,878)	(25,009)
Net income	11,394	7,407
Reversal of land revaluation difference	—	(2,060)
Transfer to capital surplus from retained earnings	(27,535)	—
Total changes of items during the period	(39,019)	(19,662)
Balance at the end of current period	821,519	801,856
Treasury stock		
Balance at the end of previous period	(30,486)	(2,985)
Changes of items during the period		
Acquisition of treasury stock	(881)	(544)
Disposal of treasury stock	128	257
Retirement of treasury stock	28,276	—
Changes due to share exchange	(23)	—
Total changes of items during the period	27,501	(286)
Balance at the end of current period	(2,985)	(3,271)

(¥ millions)

	Fiscal year ended December 31, 2010	Fiscal year ended December 31, 2011
Total shareholders' equity		
Balance at the end of previous period	1,003,680	1,001,992
Changes of items during the period		
Issuance of new shares	10,543	—
Dividends from surplus	(22,878)	(25,009)
Net income	11,394	7,407
Acquisition of treasury stock	(881)	(544)
Disposal of treasury stock	156	262
Retirement of treasury stock	—	—
Reversal of land revaluation difference	—	(2,060)
Changes due to share exchange	(23)	—
Transfer to capital surplus from retained earnings	—	—
Total changes of items during the period	(1,687)	(19,944)
Balance at the end of current period	1,001,992	982,048
Accumulated other comprehensive income		
Net unrealized holding gains on securities		
Balance at the end of previous period	18,279	7,252
Changes of items during the period		
Net changes of items other than shareholders' equity	(11,027)	3,863
Total changes of items during the period	(11,027)	3,863
Balance at the end of current period	7,252	11,116
Deferred gains or losses on hedges		
Balance at the end of previous period	(1,548)	1,285
Changes of items during the period		
Net changes of items other than shareholders' equity	2,834	(1,565)
Total changes of items during the period	2,834	(1,565)
Balance at the end of current period	1,285	(279)
Land revaluation difference		
Balance at the end of previous period	(4,713)	(4,713)
Changes of items during the period		
Net changes of items other than shareholders' equity	—	2,169
Total changes of items during the period	—	2,169
Balance at the end of current period	(4,713)	(2,543)
Foreign currency translation adjustments		
Balance at the end of previous period	(34,375)	(43,341)
Changes of items during the period		
Net changes of items other than shareholders' equity	(8,966)	(94,077)
Total changes of items during the period	(8,966)	(94,077)
Balance at the end of current period	(43,341)	(137,419)

(¥ millions)

	Fiscal year ended December 31, 2010	Fiscal year ended December 31, 2011
Total accumulated other comprehensive income		
Balance at the end of previous period	(22,357)	(39,516)
Changes of items during the period		
Net changes of items other than shareholders' equity	(17,158)	(89,609)
Total changes of items during the period	(17,158)	(89,609)
Balance at the end of current period	(39,516)	(129,126)
Subscription rights to shares		
Balance at the end of previous period	196	207
Changes of items during the period		
Net changes of items other than shareholders' equity	11	42
Total changes of items during the period	11	42
Balance at the end of current period	207	250
Minority interests		
Balance at the end of previous period	217,350	196,352
Changes of items during the period		
Net changes of items other than shareholders' equity	(20,997)	(1,629)
Total changes of items during the period	(20,997)	(1,629)
Balance at the end of current period	196,352	194,722
Total net assets		
Balance at the end of previous period	1,198,869	1,159,036
Changes of items during the period		
Issuance of new shares	10,543	—
Dividends from surplus	(22,878)	(25,009)
Net income	11,394	7,407
Acquisition of treasury stock	(881)	(544)
Disposal of treasury stock	156	262
Retirement of treasury stock	—	—
Reversal of land revaluation difference	—	(2,060)
Changes due to share exchange	(23)	—
Transfer to capital surplus from retained earnings	—	—
Net changes of items other than shareholders' equity	(38,145)	(91,197)
Total changes of items during the period	(39,833)	(111,141)
Balance at the end of current period	1,159,036	1,047,895

(4) CONSOLIDATED STATEMENTS OF CASH FLOWS

(¥ millions)

	Fiscal year ended December 31, 2010	Fiscal year ended December 31, 2011
Cash flows from operating activities		
Income before income taxes and minority interests	80,327	84,918
Depreciation and amortization	105,259	103,871
Loss on impairment	42,885	16,895
Amortization of goodwill	34,728	38,891
Gain on negative goodwill	(7,564)	—
Increase (decrease) in employees' pension and retirement benefits	(17,684)	1,262
Interest and dividend income	(4,840)	(8,638)
Equity in losses (earnings) of affiliates	(9,479)	(10,541)
Interest expense	22,047	20,915
Foreign currency translation loss (gain)	2,178	(29)
Gain on sale of fixed assets	(7,950)	(21,322)
Loss on retirement and sale of fixed assets	8,348	4,538
Gain on sale of investment securities	(14,716)	(1,619)
Loss on devaluation of investment securities	1,612	24,119
Gain on sale of shares of subsidiaries and affiliates	—	(15,399)
Loss on sale of shares of subsidiaries and affiliates	6,630	4,396
Decrease (increase) in notes and accounts receivable, trade	4,618	2,622
Decrease (increase) in inventories	4,915	(2,941)
Increase (decrease) in notes and accounts payable, trade	4,299	(11,005)
Increase (decrease) in liquor taxes payable	(7,018)	(3,310)
Increase (decrease) in consumption taxes payable	(3,092)	1,955
Increase (decrease) in deposits received	(11,878)	8,067
Other	25,572	27,311
Sub-total	259,197	264,958
Interest and dividend received	14,308	18,895
Interest paid	(22,008)	(20,808)
Income taxes paid	(33,471)	(66,253)
Net cash provided by operating activities	218,025	196,792
Cash flows from investing activities		
Payment for purchases of property, plant and equipment and intangible assets	(106,650)	(79,830)
Proceeds from sale of property, plant and equipment and intangible assets	23,757	29,405
Payment for purchases of marketable securities and investment securities	(86,973)	(44,326)
Proceeds from sale and redemption of marketable securities and investment securities	33,174	12,895
Payment for purchases of shares of subsidiaries	(6,659)	(886)
Payment for purchases of shares of subsidiaries with consolidation/de-consolidation	—	(344,355)
Proceeds from sale of shares of subsidiaries with consolidation/de-consolidation	726	70,423
Other	1,706	(4,983)
Net cash used in investing activities	(140,917)	(361,658)

(¥ millions)

	Fiscal year ended December 31, 2010	Fiscal year ended December 31, 2011
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(40,769)	(103,193)
Increase (decrease) in commercial papers	10,999	110,989
Proceeds from long-term debt	58,281	283,366
Repayment of long-term debt	(131,017)	(117,586)
Proceeds from issuance of bonds	—	70,000
Payment for redemption of bonds	(16,071)	(5,014)
Payment to minority shareholders for capital reduction of consolidated subsidiaries	(2,058)	—
Proceeds from the settlements for the derivatives	12,585	—
Payment for purchases of treasury stock	(881)	(544)
Proceeds from sale of treasury stock	156	244
Payment for purchases of treasury stock by the consolidated subsidiary	—	(12,582)
Cash dividends paid	(22,878)	(25,009)
Cash dividends paid to minority shareholders	(5,183)	(6,086)
Other	(3,360)	(1,368)
Net cash provided by (used in) financing activities	(140,197)	193,214
Effect of exchange rate fluctuation on cash and cash equivalents	(10,412)	(2,833)
Net increase (decrease) in cash and cash equivalents	(73,501)	25,513
Cash and cash equivalents at beginning of year	118,797	45,278
Net increase (decrease) in cash and cash equivalents from new consolidation/de-consolidation of subsidiaries	(17)	—
Net increase in cash and cash equivalents from merger of non-consolidated subsidiaries by consolidated subsidiaries	—	55
Cash and cash equivalents at end of period	45,278	70,847

(5) NOTES ON PREMISE OF GOING CONCERN

There is no matter that falls under this item.

(6) CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

1. Application of the "Accounting Standard for Equity Method of Accounting for Investments" and the "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method"

Effective from the year ended December 31, 2011, the Company has applied the "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16 of March 10, 2008) and the "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (ASBJ Practical Issues Task Force (PITF) No. 24 of March 10, 2008).

There was no effect on operating result from this application.

2. Application of "Accounting Standard for Asset Retirement Obligations"

Effective from the year ended December 31, 2011, the Company has applied the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18 of March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21 of March 31, 2008).

As a result, operating income, ordinary income and income before income taxes and minority interests decreased by ¥166 million, ¥147 million and ¥1,628 million, respectively. In addition, the asset retirement obligation amount has changed by ¥2,854 million upon application of this new accounting standard.

(7) ADDITIONAL INFORMATION

Effective from the year ended December 31, 2011, the Company has applied the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25 of June 30, 2010). However, the amounts of "Accumulated Other Comprehensive Income" and "Total Accumulated Other Comprehensive Income" for the year ended December 31, 2010 indicate the amounts of "Valuation and Translation Adjustments" and "Total Valuation and Translation Adjustments," respectively.

(8) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME)

Fiscal year ended December 31, 2011

(¥ millions)

*1	Comprehensive income for the fiscal year immediately before the fiscal year ended December 31, 2011	
	Comprehensive income attributable to owners of the parent	(5,766)
	Comprehensive income attributable to minority interests	7,675
	Total	1,908
*2	Other comprehensive income for the fiscal year immediately before the fiscal year ended December 31, 2011	
	Net unrealized holding gains on securities	(12,391)
	Deferred gains or losses on hedges	2,799
	Foreign currency translation adjustments	(6,464)
	Share of other comprehensive income of equity-method affiliates	(4,537)
	Total	(20,594)

(SEGMENT INFORMATION)

a. Business segment information

(¥ millions)

Fiscal year ended December 31, 2010							
	Alcohol Beverages	Soft Drinks and Foods	Pharma- ceuticals	Others	Total	Eliminations or Corporate	Consolidated
1. Sales and operating income:							
Sales							
Unaffiliated customers	1,097,976	638,122	210,157	231,547	2,177,802	—	2,177,802
Inter-segment	35,271	6,186	208	36,417	78,083	(78,083)	—
Total sales	1,133,247	644,308	210,365	267,964	2,255,885	(78,083)	2,177,802
Operating expenses	1,019,185	633,202	171,420	259,265	2,083,074	(56,883)	2,026,190
Operating income	114,061	11,105	38,945	8,699	172,811	(21,199)	151,612
2. Assets, depreciation, loss on impairment and capital expenditures:							
Assets	1,180,517	596,358	433,151	347,012	2,557,040	92,156	2,649,197
Depreciation and amortization	49,151	24,655	10,730	19,127	103,665	1,594	105,259
Loss on impairment	1,880	39,630	804	570	42,885	—	42,885
Capital expenditures	42,060	15,993	18,979	17,257	94,291	862	95,154

Notes

- Business segments are classified based on business management framework in consideration of the type and nature of products.
- Main products by each business segment are as follows:

Business segment	Main products
Alcohol Beverages	Beer, sparkling malt liquor (<i>happo-shu</i>), new genre, whiskey, spirits, wine, engineering, logistics, etc.
Soft Drinks and Foods	Soft drinks, foods, health foods & functional foods, etc.
Pharmaceuticals	Pharmaceutical products
Others	Biochemical, chemical, etc.

- Unallocable operating expenses included in "Eliminations or Corporate" amount to ¥21,995 million, mainly consist of ¥19,160 million for Group administrative expenses due to the Company's transfer to a pure holding company and ¥2,834 million for research and development of basic technologies.
- Corporate assets included in "Eliminations or Corporate" mainly consist of surplus funds (cash), long-term investments (investment securities) of the Company, and assets which belong to administrative department of the Company.
Year ended December 31, 2010 ¥463,426 million

b. Geographical segment information

(¥ millions)

Fiscal year ended December 31, 2010						
	Japan	Asia / Oceania	Others	Total	Eliminations or Corporate	Consolidated
1. Sales and operating income:						
Sales						
Unaffiliated customers	1,724,529	393,297	59,975	2,177,802	—	2,177,802
Inter-segment	32,121	3,695	8,053	43,870	(43,870)	—
Total sales	1,756,651	396,993	68,029	2,221,673	(43,870)	2,177,802
Operating expenses	1,610,758	375,453	62,050	2,048,263	(22,072)	2,026,190
Operating income	145,892	21,539	5,978	173,410	(21,798)	151,612
2. Assets	1,562,732	910,803	85,828	2,559,364	89,832	2,649,197

Notes

- Geographical distances are considered in classification by country or area.
- Major countries or areas included in each segment except for Japan are as follows:

Geographical segment	Major countries or areas
Asia/Oceania	East Asia, Southeast Asia, Oceania
Others	U.S.A.

- Amounts and major items included in "Eliminations or Corporate" are the same as those described in "a. Business segment information."

c. Overseas sales

(¥ millions)

Fiscal year ended December 31, 2010			
	Asia/ Oceania	Others	Total
Overseas sales	425,704	84,015	509,720
Consolidated sales	—	—	2,177,802
Percentage of overseas sales over consolidated sales	19.5%	3.9%	23.4%

Notes

1. Geographical distances are considered in classification by country or area.

2. Major countries or areas included in each segment are as follows:

Geographical segment	Major countries or areas
Asia/Oceania	East Asia, Southeast Asia, Oceania
Others	U.S.A.

3. Overseas sales represent sales of the Company and its consolidated subsidiaries to countries and areas outside of Japan.

d. Segment information

Fiscal year ended December 31, 2011

1. Summary of reportable segments

The reportable segments of the Kirin Group are constituent units of the Group whose separate financial information is obtainable. These segments are periodically examined by the Board of Directors for the purpose of deciding the allocation of management resources and evaluating the business results.

The Kirin Group comprises, under a holding company structure, various business companies including Kirin Brewery Company, Limited engaging in the Domestic Alcohol Beverages business, Kirin Beverage Company, Limited engaging in the Domestic Non-alcohol Beverages business, LION PTY LTD engaging in the Overseas Beverages business, and Kyowa Hakko Kirin Co., Ltd. engaging in the Pharmaceuticals and Biochemicals business. Each of these business companies work out a comprehensive strategy applicable to their products and services and carries out their business activities.

Consequently, the Kirin Group has decided its four reportable segments, namely, Domestic Alcohol Beverages, Domestic Non-alcohol Beverages, Overseas Beverages, and Pharmaceuticals and Biochemicals, by combining the business companies with the emphasis on the business company units and in consideration of the similarity of their economic characteristics.

“Domestic Alcohol Beverages” conducts production and sale of alcohol beverages, such as beer, sparkling malt liquor (*happo-shu*), new genre, whiskey, spirits and wine, and includes such businesses as engineering and logistics.

“Domestic Non-alcohol Beverages” conducts production and sale of soft drinks.

“Overseas Beverages” conducts production and sale of beer, whiskey, spirits, wine, soft drinks, dairy products, etc. in overseas.

“Pharmaceuticals and Biochemicals” conducts production and sale of pharmaceutical products, biochemical products, etc.

“Domestic Alcohol Beverages” and “Domestic Non-alcohol Beverages” include certain overseas companies.

2. Calculation of sales, income or loss, assets and other item amounts by reportable segment

The accounting method for the business segments that are reported is generally the same as described in the section of “SIGNIFICANT ACCOUNTING POLICIES.”

The income figures stated in the reportable segments are based on operating income.

The inter-segment sales or the inter-segment figures are based on actual market prices.

3. Information regarding sales, income or loss, assets and other item amounts by reportable segment

(¥ millions)

Fiscal year ended December 31, 2010							
	Reportable Segment						Amount recorded in the consolidated financial statements (Note 3)
	Domestic Beverages		Overseas Beverages	Pharmaceuticals and Biochemicals	Others (Note 1)	Adjustment (Note 2)	
	Domestic Alcohol Beverages	Domestic Non-alcohol Beverages					
Sales							
Unaffiliated customers	928,480	347,769	403,977	405,602	91,972	–	2,177,802
Inter-segment	43,983	5,422	893	8,139	31,907	(90,347)	–
Total sales	972,464	353,192	404,870	413,742	123,880	(90,347)	2,177,802
Segment income	73,239	2,453	22,907	48,719	8,104	(3,811)	151,612
Segment assets	603,105	214,940	906,723	664,500	160,850	99,076	2,649,197
Other items							
Depreciation and amortization	35,034	14,242	23,720	22,188	8,480	1,593	105,259
Amortization of goodwill	247	2,725	24,295	6,752	611	–	34,632
Investments in equity-method affiliates	2,278	751	135,976	31,834	3,981	–	174,821
Increase of property, plant and equipment and intangible assets	29,238	9,268	19,238	29,326	7,219	862	95,154

Notes

1. "Others" includes food business such as seasonings, and others.

2. The adjustments are as follows.

(1) The negative ¥3,811 million adjustment in segment income includes ¥18,183 million in inter-segment eliminations and negative ¥21,995 million in corporate expenses not attributable to any reportable segment. The corporate expenses are mainly group administrative expenses due to the Company's transfer to a pure holding company and research and development expenses for basic technologies.

(2) The ¥99,076 million adjustment in segment assets includes negative ¥364,349 million in inter-segment asset and liability eliminations, etc. and ¥463,426 million in corporate assets not attributable to any reportable segment. Corporate assets mainly consist of surplus funds (cash), long-term investments (investment securities) of the Company, and assets which belong to the administrative department of the Company, a pure holding company.

(3) The ¥1,593 million adjustment in depreciation and amortization mainly consists of depreciation and amortization of corporate assets.

(4) The ¥862 million adjustment in increase of property, plant and equipment and intangible assets mainly consists of the acquisitions of property, plant and equipment and intangible assets that are treated as corporate assets

3. Segment income is adjusted for operating income described in the consolidated statements of income.

(¥ millions)

Fiscal year ended December 31, 2011							
	Reportable Segment						Amount recorded in the consolidated financial statements (Note 3)
	Domestic Beverages		Overseas Beverages	Pharmaceuticals and Biochemicals	Others (Note 1)	Adjustment (Note 2)	
	Domestic Alcohol Beverages	Domestic Non-alcohol Beverages					
Sales							
Unaffiliated customers	868,233	314,568	454,216	332,843	101,912	–	2,071,774
Inter-segment	36,222	2,865	974	10,879	28,767	(79,710)	–
Total sales	904,455	317,434	455,190	343,722	130,680	(79,710)	2,071,774
Segment income	70,580	2,802	15,388	49,447	6,259	(1,613)	142,864
Segment assets	563,296	207,055	1,239,872	639,704	236,584	(32,259)	2,854,254
Other items							
Depreciation and amortization	31,995	12,463	26,941	22,833	8,450	1,186	103,871
Amortization of goodwill	223	2,630	26,185	7,659	754	–	37,453
Investments in equity-method affiliates	1,397	744	165,107	30,894	88,735	–	286,878
Increase of property, plant and equipment and intangible assets	22,785	7,849	20,917	19,528	6,292	695	78,069

Notes

1. "Others" includes food business such as seasonings, and others.

2. The adjustments are as follows.

- (1) The negative ¥1,613 million adjustment in segment income includes ¥19,503 million in inter-segment eliminations and negative ¥21,117 million in corporate expenses not attributable to any reportable segment. The corporate expenses are mainly group administrative expenses due to the Company's transfer to a pure holding company and research and development expenses for basic technologies.
- (2) The negative ¥32,259 million adjustment in segment assets includes negative ¥ 307,181 million in inter-segment asset and liability eliminations, etc. and ¥ 274,921 million in corporate assets not attributable to any reportable segment. Corporate assets mainly consist of surplus funds (cash), long-term investments (investment securities) of the Company, and assets which belong to the administrative department of the Company, a pure holding company.
- (3) The ¥1,186 million adjustment in depreciation and amortization mainly consists of depreciation and amortization of corporate assets.
- (4) The ¥ 695 million adjustment in increase of property, plant and equipment and intangible assets mainly consists of the acquisitions of property, plant and equipment and intangible assets that are treated as corporate assets

3. Segment income is adjusted for operating income described in the consolidated statements of income.

e. Related Information

Fiscal year ended December 31, 2011

1. Information by product and service

Information is omitted since similar information is disclosed in the segment information.

2. Information by region

(1) Sales

(¥ millions)

Japan	Asia / Oceania	Others	Total
1,531,467	461,325	78,980	2,071,774

Note: Sales are classified by country or area based on customer location.

(2) Property, Plant and Equipment

(¥ millions)

Japan	Asia / Oceania	Others	Total
481,116	153,260	129,455	763,833

3. Information by major customer

Because there is no major unaffiliated customer who accounts for 10% or more of the net sales on the consolidated statements of income, there is no information to disclose.

f. Information regarding loss on impairment of fixed assets by reportable segment

(¥ millions)

(4 millions)

Fiscal year ended December 31, 2011							
	Reportable Segment				Others	Adjustment	Total
	Domestic Beverages		Overseas Beverages	Pharmaceuticals and Biochemicals			
	Domestic Alcohol Beverages	Domestic Non-alcohol Beverages					
Loss on impairment	7,084	11	8,888	769	26	115	16,895

Note: "Others" indicates food business such as seasonings, and others.

g. Information regarding amortization of goodwill and remaining goodwill balance by reportable segment

(¥ millions)

Fiscal year ended December 31, 2011							
	Reportable Segment				Others	Adjustment	Total
	Domestic Beverages		Overseas Beverages	Pharmaceuticals and Biochemicals			
	Domestic Alcohol Beverages	Domestic Non-alcohol Beverages					
Balance at the end of current period	1,942	29,979	541,913	129,909	10,004	—	713,749

Note: Information on amortization of goodwill is omitted since similar information is disclosed in the segment information.

Note: "Others" indicates food business such as seasonings, and others.

h. Information regarding gain on negative goodwill by reportable segment

Fiscal year ended December 31, 2011

Disclosure is omitted since the aggregate value is immaterial.

Additional information

Effective from the year ended December 31, 2011, the Company has applied the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17 of March 27, 2009) and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20 of March 21, 2008).

(PER SHARE INFORMATION)

Fiscal year ended December 31, 2010		Fiscal year ended December 31, 2011	
Net assets per share:	¥1,000.51	Net assets per share:	¥886.86
Net income per share (Primary):	¥11.95	Net income per share (Primary):	¥7.70
Net income per share (Diluted)	¥11.93	Net income per share (Diluted):	¥7.14

Note 1: The basis for calculation was as follows:

		Fiscal year ended December 31, 2010	Fiscal year ended December 31, 2011
Total net assets	(¥ millions)	1,159,036	1,047,895
Amounts deducted from total net assets	(¥ millions)	196,560	194,973
[Subscription rights to shares included in the above]	(¥ millions)	[207]	[250]
[Minority interests included in the above]	(¥ millions)	[196,352]	[194,722]
Net assets attributable to common stock at the end of year	(¥ millions)	962,476	852,922
Number of common stock used to calculate net assets per share at the end of year	(thousands of shares)	961,989	961,731

Note 2: The basis for calculation of Net income per share (Primary) and Net income per share (Diluted) was as follows:

		Fiscal year ended December 31, 2010	Fiscal year ended December 31, 2011
Net income per share (Primary)			
Net income	(¥ millions)	11,394	7,407
Amounts not attributable to common stock	(¥ millions)	—	—
Net income attributable to common stock	(¥ millions)	11,394	7,407
Average number of common stock outstanding during the year	(thousands of shares)	953,895	961,805
Net income per share (Diluted)			
Adjustment on Net income	(¥ millions)	(15)	(543)
[Minority interests included in the above]	(¥ millions)	[(6)]	[(11)]
[Change in equity in subscription rights to shares issued by consolidated subsidiaries included in the above]	(¥ millions)	[(8)]	[(24)]
[Equity in earnings of affiliates included in the above]	(¥ millions)	[—]	[(44)]
[Change in equity in subscription rights to shares issued by equity-method affiliates included in the above]	(¥ millions)	[—]	[(462)]
Increase in common stock	(thousands of shares)	—	—
Outline of potential common shares outstanding that were not used in calculating Net income per share (Diluted) because they have no dilutive effects		—	—

(SIGNIFICANT SUBSEQUENT EVENTS)

There is no matter that falls under this item.

Supplementary Documents to the Financial Results for the Year Ended December 31, 2011

1. Summary of Consolidated Statements of Income, Indices, etc.
2. Sales Details
3. Profit Details
4. Summary of Consolidated Balance Sheets
5. Summary of Consolidated Statements of Cash Flows
6. Other Information

KIRIN HOLDINGS COMPANY, LIMITED

February 10, 2012

1. Summary of Consolidated Statements of Income, Indices, etc.

(1) Summary of Statements of Income, Indices, etc.

(¥ billions)

	Fiscal year ended December 31, 2011, Actual	Fiscal year ended December 31, 2010, Actual	Increase (decrease)	
Sales	2,071.7	2,177.8	(106.0)	(4.9%)
Gross profit	852.9	862.9	(10.0)	(1.2%)
Selling, general and administrative expenses	710.0	711.3	(1.3)	(0.2%)
Operating income	142.8	151.6	(8.7)	(5.8%)
Non-operating income	23.1	20.9	2.1	10.3%
Non-operating expenses	29.1	31.6	(2.4)	(7.7%)
Ordinary income	136.8	140.9	(4.1)	(2.9%)
Special income	44.7	39.8	4.9	12.4%
Special expenses	96.6	100.4	(3.8)	(3.8%)
Income before income taxes and minority interests	84.9	80.3	4.5	5.7%
Income taxes	61.6	57.8	3.8	6.6%
Minority interests	15.8	11.1	4.7	42.6%
Net income	7.4	11.3	(3.9)	(35.0%)
EBITDA *	247.6	269.3	(21.7)	(8.1%)

* EBITDA = Operating income + equity in earnings or losses of affiliates + depreciation + amortization of goodwill + special income and expenses

(Note that loss on impairment regarding goodwill, etc. are excluded.)

		Fiscal year ended December 31, 2011, Actual	Fiscal year ended December 31, 2010, Actual	Increase (decrease)	
Sales	Excluding liquor tax	¥1,748.3 billion	¥1,835.2 billion	¥(86.8) billion	(4.7%)
Operating income	Prior to amortization of goodwill etc.	¥189.8 billion	¥193.6 billion	¥(3.7) billion	(2.0%)
Operating income ratio	Excluding liquor tax, prior to amortization of goodwill etc.	10.9%	10.5%		
	Excluding liquor tax, after amortization of goodwill etc.	8.2%	8.3%		
ROE	Prior to amortization of goodwill etc. *	6.9%	8.8%		
	After amortization of goodwill etc.	0.8%	1.2%		
EPS	Prior to amortization of goodwill etc. *	¥71	¥94		
	After amortization of goodwill etc.	¥8	¥12		
Overseas ratio	Sales excluding liquor tax	31%	25%		
D/E ratio		1.25	0.81		
Turnover of total assets	Sales excluding liquor tax	0.64	0.67		

* Includes goodwill etc. related to equity-method affiliates.

(2) Exchange Rate for and the Period for the Consolidation of Profit or Loss of the Major Overseas Companies

(¥)

	Fiscal year ended December 31, 2011, Actual	Fiscal year ended December 31, 2010, Actual
Lion - Alcohol Beverages (AUD)	83.30	80.42
Lion - Non-alcohol Beverages (AUD)		79.95
San Miguel Brewery (PHP)	1.88	1.96
Fraser and Neave (SD)	64.31	—

	Fiscal year ended December 31, 2011, Actual	Fiscal year ended December 31, 2010, Actual
Lion - Alcohol Beverages	From October 2010 to September 2011	From October 2009 to September 2010
Lion - Non-alcohol Beverages		From January 2010 to September 2010 *1
San Miguel Brewery		From October 2009 to September 2010
Fraser and Neave	From January 2011 to September 2011 *2	—

*1 Due to the change of fiscal year-end, the three months ended March 31, 2010 is not included.

*2 Included from the second quarter of the fiscal year ended December 31, 2011.

2. Sales Details

(¥ billions)

	Fiscal year ended December 31, 2011, Actual	Fiscal year ended December 31, 2010, Actual	Increase (decrease)	
Sales	2,071.7	2,177.8	(106.0)	(4.9%)
Domestic Alcohol Beverages	868.2	928.4	(60.2)	(6.5%)
Kirin Brewery (non-consolidated)	775.2	826.0	(50.7)	(6.1%)
Mercian	71.8	77.7	(5.9)	(7.6%)
Other and elimination	21.0	24.6	(3.6)	(14.6%)
Domestic Non-alcohol Beverages	314.5	347.7	(33.2)	(9.5%)
Kirin Beverage	317.0	350.0	(32.9)	(9.4%)
Other and elimination	(2.5)	(2.2)	(0.2)	—
Overseas Beverages	454.2	403.9	50.2	12.4%
Lion	421.3	371.6	49.6	13.4%
Other and elimination	32.9	32.3	0.5	1.8%
Pharmaceuticals and Biochemicals	332.8	405.6	(72.7)	(17.9%)
Kyowa Hakko Kirin	343.7	413.7	(70.0)	(16.9%)
Pharmaceutical	229.1	210.1	19.0	9.0%
Biochemical	74.3	75.5	(1.2)	(1.6%)
Chemical, etc.	40.1	128.0	(87.8)	(68.6%)
Other and elimination	(10.8)	(8.1)	(2.7)	—
Other	101.9	91.9	9.9	10.8%

(Reference) Sales excluding liquor tax

(¥ billions)

	Fiscal year ended December 31, 2011, Actual	Fiscal year ended December 31, 2010, Actual
Kirin Brewery (non-consolidated)	459.1	490.1

3. Profit Details

(1) Operating Income

(¥ billions)			
	Fiscal year ended December 31, 2011, Actual	Fiscal year ended December 31, 2010, Actual	Increase (decrease)
Operating income	142.8	151.6	(8.7)
Domestic Alcohol Beverages	70.5	73.2	(2.6)
Kirin Brewery (non-consolidated)	78.7	83.1	(4.3)
Management fee, etc.	(12.3)	(13.1)	0.8
Total	66.3	69.9	(3.5)
Mercian	1.7	0.2	1.5
Management fee, etc.	(0.5)	—	(0.5)
Total	1.2	0.2	1.0
Other	2.9	3.0	(0.1)
Domestic Non-alcohol Beverages	2.8	2.4	0.3
Kirin Beverage	8.4	8.4	0.0
Management fee, etc.	(3.8)	(3.8)	(0.0)
Amortization of goodwill	(1.9)	(1.9)	—
Total	2.6	2.6	(0.0)
Other	0.1	(0.2)	0.3
Overseas Beverages	15.3	22.9	(7.5)
Lion (consolidated after reclassification)	49.1	53.5	(4.4)
Amortization of goodwill	(25.7)	(23.9)	(1.7)
Brand amortization	(9.4)	(9.1)	(0.3)
Total	13.9	20.4	(6.4)
Other	1.3	2.4	(1.0)
Pharmaceuticals and Biochemicals	49.4	48.7	0.7
Kyowa Hakko Kirin (consolidated after reclassification)	49.4	48.7	0.7
Pharmaceutical	41.3	36.1	5.1
Biochemical	2.8	3.2	(0.3)
Chemical, etc.	2.1	6.2	(4.0)
Elimination of amortization of goodwill	9.2	9.3	(0.0)
Amortization of goodwill	(6.2)	(6.3)	0.0
Others	6.2	8.1	(1.8)
Corporate expenses/inter-segment eliminations	(1.6)	(3.8)	2.1

Management fee, etc.: Group management fee and Kirin brand royalty paid to Kirin Holdings

Operating income breakdown

(¥ billions)

Company name	Major factors	Increase (decrease)	Description
Kirin Brewery (non-consolidated)	Decrease in marginal profit of alcohol beverages	(18.9)	Sales decrease in beer (33) thousand KL, (4.6) Sales decrease in <i>happo-shu</i> (66) thousand KL, (6.8) Sales decrease in new genre (21) thousand KL, (2.3) Sales decrease in RTD (6) thousand KL, (0.6) Difference of change in products mix, etc.
	Decrease in raw material cost of alcohol beverages	0.6	Decrease in price of malt 1.4, Decrease in price for packing materials 0.6, Increase in cost of sugar and liquid sugar (0.8), etc.
	Decrease in selling cost	5.5	Decrease in sales promotion and advertising expenses 5.0, etc. (Beer, <i>happo-shu</i> and new genre 5.4, RTD (1.3), etc.)
	Decrease in other expenses	9.3	Decrease in labor cost 0.8, Decrease in depreciation 1.7, Decrease in public relations expenses 0.5, Decrease in electric cost and fuel cost, etc. 0.4, Decrease in tax and dues 0.4, Decrease in repair expenses 0.3, Decrease in management fee, etc. 0.8, Transfer amount of loss related to the Great East Japan Earthquake 3.3, etc.
Total		(3.5)	
Kirin Beverage *	Difference in volume of sales	(3.0)	Decrease in domestic sales volume (2.72) million cases
	Cost increase	(0.8)	Increase in raw material cost (3.4), Decrease in raw material cost 2.6
	Decrease due in change of composition ratio of containers, etc.	(3.5)	
	Decrease in selling cost	3.2	Decrease in sales promotion and advertising expenses 2.8, Decrease in transportation cost 0.3
	Decrease in other expenses	4.1	Decrease in depreciation 1.1, Decrease in miscellaneous expenses 0.7, Decrease in sales equipment cost 0.5, Decrease in repair expenses 0.1, Decrease in travel expenses 0.1, etc.
Total		(0.0)	

* Koiwai Dairy Products Co., Ltd. is included in "Other" from 2011 fiscal year.

Major operating expenses

(¥ billions)

		Fiscal year ended December 31, 2011, Actual	Fiscal year ended December 31, 2010, Actual
Sales promotion expenses		151.1	157.0
Advertising expenses		59.0	64.3
Kirin Brewery (non-consolidated)	Sales promotion expenses	45.8	45.4
	Advertising expenses	29.1	34.5
Kirin Beverage	Sales promotion expenses	91.1	97.4
	Advertising expenses	6.9	8.6
Research and development expenses		58.2	55.6
Kyowa Hakko Kirin (excluding internal transaction)		47.4	43.8

(2) Ordinary Income and Net Income

(¥ billions)

	Fiscal year ended December 31, 2011, Actual	Fiscal year ended December 31, 2010, Actual	Increase (decrease)	Description of changes
Non-operating income and expenses	(6.0)	(10.6)	4.5	Equity in earnings or losses of local affiliates (4.8), etc. Equity in earnings or losses of local affiliates 4.9, Amortization of goodwill (1.2) Kirin-Amgen, Inc. 2.8, etc.
Financial profit or loss, net	(12.2)	(17.2)	4.9	
Equity in earnings or losses of affiliates	10.5	9.4	1.0	
San Miguel Brewery	0.7	5.6	(4.8)	
Fraser and Neave	3.6	—	3.6	
Other	6.0	3.8	2.2	
Foreign currency translation gain or loss	(1.1)	(4.9)	3.7	
Other	(3.1)	1.9	(5.1)	
Ordinary income	136.8	140.9	(4.1)	
Special income and expenses	(51.8)	(60.6)	8.7	
Special income	44.7	39.8	4.9	
Gain on sale of fixed assets	21.3	7.9	13.3	
Gain on sale of investment securities	1.6	14.7	(13.0)	
Gain on sale of shares of subsidiaries and affiliates	15.3	0.1	15.2	
Gain on negative goodwill	—	7.5	(7.5)	
Reversal of removal costs	—	6.3	(6.3)	
Other	6.4	3.1	3.3	
Special expenses	(96.6)	(100.4)	3.8	
Loss on retirement of fixed assets	(2.6)	(6.6)	3.9	
Loss on sale of fixed assets	(2.7)	(1.7)	(1.0)	
Loss on impairment	(16.8)	(42.8)	25.9	
Loss on devaluation of investment securities	(24.1)	(1.6)	(22.5)	
Loss on sale of investment securities	(0.6)	(0.1)	(0.5)	
Loss on sale of shares of subsidiaries and affiliates	(4.3)	(6.6)	2.2	
Loss on reversal of foreign currency translation adjustments due to liquidation of a foreign subsidiary	—	(7.5)	7.5	
Business restructuring expense	(6.0)	(7.1)	1.0	
Loss on revision of retirement benefit plan	—	(7.2)	7.2	
Loss on prior periods adjustment	—	(5.3)	5.3	
Loss related to the Great East Japan Earthquake	(19.8)	—	(19.8)	
Other	(19.2)	(13.6)	(5.6)	
Income taxes	(61.6)	(57.8)	(3.8)	
Minority interests	(15.8)	(11.1)	(4.7)	
Net income	7.4	11.3	(3.9)	

4. Summary of Consolidated Balance Sheets

(¥ billions)

	As of December 31, 2011	As of December 31, 2010	Increase (decrease)	Description of changes
Current Assets	758.0	727.0	30.9	
Cash	76.2	51.4	24.7	
Notes and accounts receivable, trade	406.4	415.2	(8.8)	
Inventories	192.9	187.8	5.1	
Other	82.4	72.5	9.8	
Fixed Assets	2,096.1	1,922.1	174.0	
Property, Plant and Equipment	763.8	739.2	24.5	Increase due to new consolidated subsidiaries, etc.
Intangible Assets	816.2	658.3	157.9	
Goodwill	713.7	562.4	151.2	Increase due to new consolidated subsidiaries, etc.
Other	102.5	95.8	6.6	
Investments and Other Assets	516.0	524.5	(8.4)	
TOTAL ASSETS	2,854.2	2,649.1	205.0	
Current Liabilities	715.4	679.6	35.7	
Notes and accounts payable, trade	146.9	169.0	(22.0)	Decrease due to sales of chemical business, etc.
Interest-bearing liabilities	230.6	196.1	34.4	Increase due to issue of commercial papers by Kirin Holdings, etc.
Other	337.8	314.5	23.3	Increase due to new consolidated subsidiaries, etc.
Long-term Liabilities	1,090.9	810.4	280.4	
Interest-bearing liabilities	834.4	582.7	251.6	Increase due to borrowings made by and issue of corporate bonds by Kirin Holdings, etc.
Other	256.4	227.6	28.7	Increase due to new consolidated subsidiaries, etc.
TOTAL LIABILITIES	1,806.3	1,490.1	316.1	
Shareholders' Equity	982.0	1,001.9	(19.9)	
Accumulated Other Comprehensive Income	(129.1)	(39.5)	(89.6)	Decrease in foreign currency translation adjustments affected by stronger yen against AUD and BRL, etc.
Subscription rights to shares	0.2	0.2	0.0	
Minority interests	194.7	196.3	(1.6)	
TOTAL NET ASSETS	1,047.8	1,159.0	(111.1)	
TOTAL LIABILITIES AND NET ASSETS	2,854.2	2,649.1	205.0	

5. Summary of Consolidated Statements of Cash Flows

(1) Summary of Statements of Cash Flows

(¥ billions)

	Fiscal year ended December 31, 2011, Actual	Fiscal year ended December 31, 2010, Actual	Increase (decrease)
Cash flows from operating activities	196.7	218.0	(21.2)
Income before income taxes and minority interests	84.9	80.3	4.5
Depreciation and amortization	103.8	105.2	(1.3)
Amortization of goodwill	38.8	34.7	4.1
Other	(30.8)	(2.2)	(28.6)
Cash flows from investing activities	(361.6)	(140.9)	(220.7)
Capital expenditures	(79.8)	(106.6)	26.8
Other	(281.8)	(34.2)	(247.5)
Cash flows from financing activities	193.2	(140.1)	333.4
Increase (decrease) in interest-bearing liabilities	238.5	(118.5)	357.1
Cash dividends paid	(31.0)	(28.0)	(3.0)
Other	(14.2)	6.4	(20.6)
Translation adjustments	(2.8)	(10.4)	7.5
Net increase (decrease) in cash and cash equivalents	25.5	(73.5)	99.0

(2) Information by Segment

Fiscal year ended December 31, 2011, Actual

(¥ billions)

	Domestic Alcohol Beverages	Domestic Non-alcohol Beverages	Overseas Beverages	Pharmaceuticals and Biochemicals	Others	Adjustment	Total
Depreciation and amortization (including brand amortization)	31.9	12.4	26.9	22.8	8.4	1.1	103.8
Amortization of goodwill	0.2	2.6	27.0	7.7	1.3	—	38.8
Capital expenditures	27.4	7.7	21.1	17.3	4.6	1.4	79.8
EBITDA *	87.8	14.8	55.4	78.4	19.1	(8.0)	247.6

Fiscal year ended December 31, 2010, Actual

(¥ billions)

	Domestic Alcohol Beverages	Domestic Non-alcohol Beverages	Overseas Beverages	Pharmaceuticals and Biochemicals	Others	Adjustment	Total
Depreciation and amortization (including brand amortization)	35.0	14.2	23.7	22.1	8.4	1.5	105.2
Amortization of goodwill	0.2	2.7	24.2	6.9	0.5	—	34.7
Capital expenditures	31.0	9.4	21.5	33.2	2.9	8.4	106.6
EBITDA *	97.3	18.1	66.5	74.1	15.5	(2.3)	269.3

* EBITDA = Operating income + equity in earnings or losses of affiliates + depreciation + amortization of goodwill + special income and expenses

(Note that loss on impairment regarding goodwill, etc. are excluded.)

6. Other Information

(1) Profit or Loss of Major Publicly-Listed Consolidated Companies (consolidated after reclassification)

Fiscal year ended December 31, 2011, Actual

<Consolidated subsidiaries>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated net income
Kyowa Hakko Kirin	343.7	46.4	47.3	25.5	12.9
Elimination of amortization of goodwill		9.2	9.2	9.2	4.6
Amortization of goodwill		(6.2)	(6.2)	(6.2)	(6.2)
Total included in consolidation	343.7	49.4	50.4	28.5	11.3

<Equity-method affiliates>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated net income
San Miguel Brewery	133.1	37.0	31.0	17.3	8.3
Equity in earnings or losses of local affiliates			8.3	8.3	8.3
Brand amortization			(1.6)	(1.6)	(1.6)
Amortization of goodwill			(5.9)	(5.9)	(5.9)
Total included in consolidation			0.7	0.7	0.7

(2) Sales Details of Major Business Companies

a. Kirin Brewery

	Fiscal year ended December 31, 2011		Fiscal year ended December 31, 2010	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL		Thousand KL	
Beer	718	(4.3%)	751	(6.0%)
<i>Happo-shu</i>	595	(9.9%)	661	(9.0%)
New genre	719	(2.8%)	740	3.7%
Sub-total	2,034	(5.5%)	2,153	(3.9%)
RTD	194	(3.0%)	200	0.7%
Beer-taste beverages	55	(28.5%)	77	50.6%
Breakdown of sales	¥ billions		¥ billions	
Beer	296.7	(4.5%)	310.8	(5.8%)
<i>Happo-shu</i>	181.7	(9.9%)	201.6	(9.0%)
New genre	188.9	(2.8%)	194.3	3.7%
Sub-total	667.5	(5.6%)	706.8	(4.4%)
RTD	53.4	(3.2%)	55.1	1.8%
<i>Shochu</i> , Whiskey and Spirits, etc. *	54.3	(15.0%)	63.9	5.7%
Total sales	775.2	(6.1%)	826.0	(3.3%)

The above sales volume and sales include exports.

* This item includes sales of non-alcohol beverages to Group companies.

b. Kirin Beverage Group

<Category>

Non-alcohol beverages			Fiscal year ended December 31, 2011				Fiscal year ended December 31, 2010			
			Actual	Composition ratio	Increase (decrease)	Percentage over the previous year	Actual	Composition ratio	Increase (decrease)	Percentage over the previous year
			10,000 cases		10,000 cases		10,000 cases		10,000 cases	
Category	Tea drink	Japanese tea	2,066	12%	(151)	93%	2,217	12%	(258)	90%
		Oolong tea	283	1%	(17)	94%	300	2%	(42)	88%
		Black tea	4,636	26%	197	104%	4,439	24%	641	117%
		Sub-total	6,985	39%	29	100%	6,956	38%	341	105%
	Coffee		3,148	18%	(188)	94%	3,336	18%	(356)	90%
	Fruit and vegetable juice		1,891	11%	(251)	88%	2,142	12%	(170)	93%
	Carbonated beverage		749	4%	(233)	76%	982	5%	161	120%
	Water		3,314	19%	467	116%	2,847	16%	(517)	85%
	Other		1,202	6%	(96)	93%	1,298	7%	(204)	86%
	Domestic non-alcohol beverage market total		17,289	97%	(272)	98%	17,561	96%	(745)	96%
Overseas non-alcohol beverage market total			473	3%	(222)	68%	695	4%	(11)	98%
Non-alcohol beverages total			17,762	100%	(494)	97%	18,256	100%	(756)	96%

<Container Type>

Non-alcohol beverages			Fiscal year ended December 31, 2011				Fiscal year ended December 31, 2010			
			Actual	Composition ratio	Increase (decrease)	Percentage over the previous year	Actual	Composition ratio	Increase (decrease)	Percentage over the previous year
Container type	Category	Details	10,000 cases		10,000 cases		10,000 cases		10,000 cases	
Cans	Can	Including bottle styled cans	4,264	24%	(258)	94%	4,522	25%	(265)	94%
PET bottles	Large-sized PET bottles	2L	3,506	20%	567	119%	2,939	16%	(429)	87%
		1.5L, 1L, 900ml, 750ml	1,484	8%	7	100%	1,477	8%	(76)	95%
		Large-sized PET bottles total	4,990	28%	574	113%	4,416	24%	(505)	90%
	Small-sized PET bottles	500ml	4,729	27%	(279)	94%	5,008	27%	22	100%
		350ml or less	1,466	8%	63	104%	1,403	8%	124	110%
		Small-sized PET bottles total	6,195	35%	(216)	97%	6,411	35%	146	102%
	PET bottles total		11,185	63%	358	103%	10,827	59%	(359)	97%
Other containers	One-way/Returnable bottles, paper, gifts, etc.		1,840	10%	(372)	83%	2,212	12%	(121)	95%
Overseas non-alcohol market total			473	3%	(222)	68%	695	4%	(11)	98%
Non-alcohol beverages total			17,762	100%	(494)	97%	18,256	100%	(756)	96%

c. Kyowa Hakko Kirin

Sales		Fiscal year ended December 31, 2011		Fiscal year ended December 31, 2010	
		Actual	Percentage over the previous year	Actual	Percentage over the previous year
Area	Major product name	¥ billions		¥ billions	
Nephrology	NESP [®]	56.4	135%	41.7	118%
	ESPO [®]	5.3	49%	10.8	80%
	[NESP [®] / ESPO [®]]	[61.8]	[117%]	[52.6]	[107%]
	REGPARA [®]	11.5	121%	9.5	140%
Immunology / allergology	Allelock [®]	29.1	109%	26.8	100%
	Patanol [®]	11.4	152%	7.5	101%
Oncology	GRAN [®] / Neu-up [®] *	14.8	103%	14.4	85%
Cardiovascular system	Coniel [®]	19.7	94%	21.0	90%

* The manufacturing and sales right of Neu-up[®] was taken over by YAKULT HONSHA CO., LTD. as of March 1, 2010.

Supplementary Documents to the Forecast of Consolidated Business Results for the Fiscal Year Ending December 31, 2012

1. Summary of Consolidated Statements of Income, Indices, etc.
2. Sales Details
3. Profit Details
4. Summary of Consolidated Statements of Cash Flows
5. Other Information

KIRIN HOLDINGS COMPANY, LIMITED

February 10, 2012

1. Summary of Consolidated Statements of Income, Indices, etc.

(1) Summary of Statements of Income, Indices, etc.

(¥ billions)

	Fiscal year ending December 31, 2012, Forecast	Fiscal year ended December 31, 2011, Actual	Increase (decrease)	
Sales	2,230.0	2,071.7	158.2	7.6%
Operating income	162.0	142.8	19.1	13.4%
Non-operating income and expenses	(22.0)	(6.0)	(15.9)	—
Ordinary income	140.0	136.8	3.1	2.3%
Special income and expenses	(12.0)	(51.8)	39.8	—
Income before income taxes and minority interests	128.0	84.9	43.0	50.7%
Income taxes	64.8	61.6	3.2	5.2%
Minority interests	15.1	15.8	(0.7)	(4.6)%
Net income	48.0	7.4	40.5	548.0%
EBITDA *	301.0	247.6	53.3	21.6%

* EBITDA = Operating income + equity in earnings or losses of affiliates + depreciation + amortization of goodwill + special income and expenses

(Note that loss on impairment regarding goodwill, etc. are excluded.)

		Fiscal year ending December 31, 2012, Forecast	Fiscal year ended December 31, 2011, Actual	Increase (decrease)	
Sales	Excluding liquor tax	¥1,905.0 billion	¥1,748.3 billion	¥156.6 billion	9.0%
Operating income	Prior to amortization of goodwill etc.	¥213.2 billion	¥189.8 billion	¥23.4 billion	12.3%
Operating income ratio	Excluding liquor tax, prior to amortization of goodwill etc.	11.2%	10.9%		
	Excluding liquor tax, after amortization of goodwill etc.	8.5%	8.2%		
ROE	Prior to amortization of goodwill etc. *	11.6%	6.9%		
	After amortization of goodwill etc.	5.4%	0.8%		
EPS	Prior to amortization of goodwill etc. *	¥115	¥71		
	After amortization of goodwill etc.	¥50	¥8		
Overseas ratio	Sales excluding liquor tax	35%	31%		
D/E ratio		1.06	1.25		
Turnover of total assets	Sales excluding liquor tax	0.67	0.64		

* Includes goodwill etc. related to equity-method affiliates.

(2) Exchange Rate for and the Period for the Consolidation of Profit or Loss of the Major Overseas Companies

(¥)

	Fiscal year ending December 31, 2012, Forecast	Fiscal year ended December 31, 2011, Actual
Lion (AUD)	82.00	83.30
Schincariol (BRL)	43.00	*1 —
San Miguel Brewery (PHP)	1.80	1.88
Fraser and Neave (SD)	64.00	64.31

	Fiscal year ending December 31, 2012, Forecast	Fiscal year ended December 31, 2011, Actual
Lion	From October 2011 to September 2012	From October 2010 to September 2011
San Miguel Brewery		
Fraser and Neave		From January 2011 to September 2011 *2

*1 Included from the first quarter of the fiscal year ending December 31, 2012.

*2 Included from the second quarter of the fiscal year ended December 31, 2011.

2. Sales Details

(¥ billions)

	Fiscal year ending December 31, 2012, Forecast	Fiscal year ended December 31, 2011, Actual	Increase (decrease)	
Sales	2,230.0	2,071.7	158.2	7.6%
Domestic Alcohol Beverages	883.0	868.2	14.7	1.7%
Kirin Brewery *	789.8	775.2	14.5	1.9%
Mercian	70.3	71.8	(1.5)	(2.2%)
Other and elimination	22.8	21.0	1.7	8.4%
Domestic Non-alcohol Beverages	340.0	314.5	25.4	8.1%
Kirin Beverage	342.2	317.0	25.1	7.9%
Other and elimination	(2.2)	(2.5)	0.3	—
Overseas Beverages	587.0	454.2	132.7	29.2%
Lion	410.5	421.3	(10.8)	(2.6%)
Schincariol	141.9	—	141.9	—
Other and elimination	34.5	32.9	1.6	5.1%
Pharmaceuticals and Biochemicals	318.0	332.8	(14.8)	(4.5%)
Kyowa Hakko Kirin	326.0	343.7	(17.7)	(5.2%)
Pharmaceutical	242.0	229.1	12.8	5.6%
Biochemical	78.0	74.3	3.6	4.9%
Chemical, etc.	6.0	40.1	(34.1)	(85.1%)
Other and elimination	(8.0)	(10.8)	2.8	—
Other	102.0	101.9	0.0	0.1%

* Combined total of Kirin Brewery and Kirin Beer Marketing.

(Reference) Sales excluding liquor tax

(¥ billions)

	Fiscal year ending December 31, 2012, Forecast	Fiscal year ended December 31, 2011, Actual
Kirin Brewery	470.1	459.1

3. Profit Details

(1) Operating Income

(¥ billions)

	Fiscal year ending December 31, 2012, Forecast	Fiscal year ended December 31, 2011, Actual	Increase (decrease)
Operating income	162.0	142.8	19.1
Domestic Alcohol Beverages	73.5	70.5	2.9
Kirin Brewery	82.6	79.0	3.5
Management fee, etc.	(12.6)	(12.3)	(0.2)
Total	70.0	66.6	3.3
Mercian	1.8	1.7	0.0
Management fee, etc.	(0.5)	(0.5)	(0.0)
Total	1.3	1.2	0.0
Other	2.2	2.6	(0.4)
Domestic Non-alcohol Beverages	6.0	2.8	3.1
Kirin Beverage	12.0	8.4	3.5
Management fee, etc.	(4.2)	(3.8)	(0.3)
Amortization of goodwill	(1.9)	(1.9)	—
Total	5.8	2.6	3.1
Other	0.1	0.1	0.0
Overseas Beverages	27.5	15.3	12.1
Lion (consolidated after reclassification)	49.1	49.1	(0.0)
Amortization of goodwill	(25.3)	(25.7)	0.4
Brand amortization	(4.0)	(9.4)	5.4
Total	19.7	13.9	5.7
Schincariol	15.2	—	15.2
Amortization of goodwill	(9.6)	—	(9.6)
Total	5.5	—	5.5
Other	2.1	1.3	0.7
Pharmaceuticals and Biochemicals	51.0	49.4	1.5
Kyowa Hakko Kirin (consolidated after reclassification)	51.0	49.4	1.5
Pharmaceutical	45.7	41.3	4.3
Biochemical	2.0	2.8	(0.8)
Chemical, etc.	0.2	2.1	(1.9)
Elimination of amortization of goodwill	9.2	9.2	(0.0)
Amortization of goodwill	(6.2)	(6.2)	0.0
Others	6.5	6.2	0.2
Corporate expenses/inter-segment eliminations	(2.5)	(1.6)	(0.8)

Management fee, etc.: Group management fee and Kirin brand royalty paid to Kirin Holdings

Operating income breakdown

(¥ billions)

Company name	Major factors	Increase (decrease)	Description
Kirin Brewery	Increase in marginal profit of alcohol beverages	9.1	Sales decrease in beer (14) thousand KL, (2.1) Sales decrease in <i>happo-shu</i> (22) thousand KL, (2.4) Sales increase in new genre 81 thousand KL, 9.1 Sales increase in RTD 26 thousand KL, 2.4 Difference of change in products mix, etc.
	Decrease in raw material cost of alcohol beverages	0.6	Decrease in price for packing materials, etc.
	Increase in selling cost	(4.8)	Increase in sales promotion and advertising expenses (5.6), etc.
	Increase in other expenses	(1.6)	Decrease in labor cost 1.3, Decrease in depreciation 1.2, Decrease in information processing fee 1.7, Increase in public relations expenses (0.6), Increase in electric cost and fuel cost (1.2), Transfer amount of loss related to the Great East Japan Earthquake in the last fiscal year (3.3), etc.
Total		3.3	
Kirin Beverage	Difference in volume of sales	16.3	Increase in domestic sales volume 15.71 million cases
	Cost decrease	1.2	Decrease in raw material cost 2.6, Increase in raw material cost (1.4), etc.
	Decrease due in change of composition ratio of containers, etc.	(1.3)	
	Increase in selling cost	(12.2)	Increase in sales promotion and advertising expenses (11.3), Increase in transportation cost (0.9)
	Increase in other expenses	(0.9)	Increase in research and development expenses (0.2), etc.
Total		3.1	

Major operating expenses

(¥ billions)

		Fiscal year ending December 31, 2012, Forecast	Fiscal year ended December 31, 2011, Actual
Sales promotion expenses		253.0	151.1
Advertising expenses			59.0
Kirin Brewery (non-consolidated)	Sales promotion	80.5	45.8
	Advertising expenses		29.1
Kirin Beverage	Sales promotion	108.9	91.1
	Advertising expenses		6.9
Research and development expenses		58.0	58.2
Kyowa Hakko Kirin (excluding internal transaction)		46.1	47.4

(2) Ordinary Income and Net Income

(¥ billions)

	Fiscal year ending December 31, 2012, Forecast	Fiscal year ended December 31, 2011, Actual	Increase (decrease)	Description of changes
Non-operating income and expenses	(22.0)	(6.0)	(15.9)	Equity in earnings or losses of local affiliates 1.4, etc. Equity in earnings or losses of local affiliates 2.2, Amortization of goodwill (0.4)
Financial profit or loss, net	(16.2)	(12.2)	(4.0)	
Equity in earnings or losses of affiliates	1.1	10.5	(9.3)	
San Miguel Brewery	*2.3	0.7	1.5	
Fraser and Neave	*5.5	3.6	1.8	
Other	(6.6)	6.0	(12.7)	
Other	(6.8)	(4.3)	(2.5)	
Ordinary income	140.0	136.8	3.1	
Special income and expenses	(12.0)	(51.8)	39.8	
Income taxes	(64.8)	(61.6)	(3.2)	
Minority interests	(15.1)	(15.8)	0.7	
Net income	48.0	7.4	40.5	

* Since forecasts of business results are undisclosed, figures are based on actual results which have been disclosed.

4. Summary of Consolidated Statements of Cash Flows

(1) Summary of Statements of Cash Flows

(¥ billions)

	Fiscal year ending December 31, 2012, Forecast	Fiscal year ended December 31, 2011, Actual	Increase (decrease)
Cash flows from operating activities	232.0	196.7	35.2
Income before income taxes and minority interests	128.0	84.9	43.0
Depreciation and amortization	103.0	103.8	(0.8)
Amortization of goodwill	47.2	38.8	8.3
Other	(46.2)	(30.8)	(15.3)
Cash flows from investing activities	(94.0)	(361.6)	267.6
Capital expenditures	(120.0)	(79.8)	(40.1)
Other	26.0	(281.8)	307.8
Cash flows from financing activities	(138.0)	193.2	(331.2)
Increase (decrease) in interest-bearing liabilities	(98.0)	238.5	(336.5)
Cash dividends paid	(31.4)	(31.0)	(0.3)
Other	(8.6)	(14.2)	5.6
Translation adjustments	—	(2.8)	2.8
Net increase (decrease) in cash and cash equivalents	—	25.5	(25.5)

(2) Information by Segment

Fiscal year ending December 31, 2012, Forecast

(¥ billions)

	Domestic Alcohol Beverages	Domestic Non-alcohol Beverages	Overseas Beverages	Pharmaceuticals and Biochemicals	Others	Adjustment	Total
Depreciation and amortization (including brand amortization)	30.6	12.2	29.3	20.7	8.9	1.0	103.0
Amortization of goodwill	0.1	2.4	35.4	8.5	0.6	—	47.2
Capital expenditures	25.8	11.7	43.3	27.9	8.0	3.1	120.0
EBITDA *	101.0	20.8	82.7	71.0	24.8	0.5	301.0

Fiscal year ended December 31, 2011, Actual

(¥ billions)

	Domestic Alcohol Beverages	Domestic Non-alcohol Beverages	Overseas Beverages	Pharmaceuticals and Biochemicals	Others	Adjustment	Total
Depreciation and amortization (including brand amortization)	31.9	12.4	26.9	22.8	8.4	1.1	103.8
Amortization of goodwill	0.2	2.6	27.0	7.7	1.3	—	38.8
Capital expenditures	27.4	7.7	21.1	17.3	4.6	1.4	79.8
EBITDA *	87.8	14.8	55.4	78.4	19.1	(8.0)	247.6

* EBITDA = Operating income + equity in earnings or losses of affiliates + depreciation + amortization of goodwill + special income and expenses

(Note that loss on impairment regarding goodwill, etc. are excluded.)

5. Other Information

(1) Profit or Loss of Major Publicly-Listed Consolidated Companies (consolidated after reclassification)

Fiscal year ending December 31, 2012, Forecast

<Consolidated subsidiaries>

	(¥ billions)				
	Sales	Operating income	Ordinary income	Net income	Consolidated net income
Kyowa Hakko Kirin	326.0	47.9	42.3	19.8	10.3
Elimination of amortization of goodwill		9.2	9.2	9.2	4.8
Amortization of goodwill		(6.2)	(6.2)	(6.2)	(6.2)
Total included in consolidation	326.0	51.0	45.4	22.9	8.9

<Equity-method affiliates>

	(¥ billions)				
	Sales	Operating income	Ordinary income	Net income	Consolidated net income
San Miguel Brewery *	127.4	35.4	29.7	20.3	9.8
Equity in earnings or losses of local affiliates			9.8	9.8	9.8
Brand amortization			(1.5)	(1.5)	(1.5)
Amortization of goodwill			(5.9)	(5.9)	(5.9)
Total included in consolidation			2.3	2.3	2.3

	(¥ billions)				
	Sales	Operating income	Ordinary income	Net income	Consolidated net income
Fraser and Neave *	401.5	64.8	69.1	47.6	7.1
Equity in earnings or losses of local affiliates			7.1	7.1	7.1
Amortization of goodwill			(1.6)	(1.6)	(1.6)
Total included in consolidation			5.5	5.5	5.5

* Since forecasts of business results are undisclosed, figures are based on actual results from October 2010 to September 2011.

(2) Information Regarding Amortization of Major Goodwill etc.

Fiscal year ending December 31, 2012, Forecast

(¥ billions)

		Year incurred	Total amortization of goodwill etc. (A) + (B) *1						
			Goodwill			Brands			
			Amortized amount (A)	Balance to be amortized	Years remaining	Amortized amount (B) *2	Balance to be amortized	Years remaining	
Consolidated subsidiaries	Lion	1998 to 2009	25.3	355.9	14	4.0	42.9	2 to 19	29.3
	Kirin Beverage	2006	1.9	26.9	14	—	—	—	1.9
	Kyowa Hakko Kirin	2007	6.2	94.7	16	—	—	—	6.2
	Schincariol	2011	9.6	184.0	19	—	—	—	9.6
	Other		3.9	—	—	—	—	—	3.9
	Consolidated subsidiaries total		47.2			4.0			51.2
Equity method	San Miguel Brewery	2009	5.9	98.7	17	1.5	25.4	17	7.5
	Fraser and Neave	2011	1.6	30.0	19	—	—	—	1.6
	China Resources Kirin Beverages	2011	1.7	33.7	19	—	—	—	1.7
	Equity-method affiliates total		9.4			1.5			10.9
Total			56.6			5.5			62.1

*1 "Amortization of goodwill etc." in indices etc.

*2 Account title: Depreciation

(3) Sales Details of Major Business Companies

a. Kirin Brewery

	Fiscal year ending December 31, 2012		Fiscal year ended December 31, 2011	
	Forecast	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL		Thousand KL	
Beer	704	(2.0%)	718	(4.3%)
Happo-shu	573	(3.8%)	595	(9.9%)
New genre	800	11.2%	719	(2.8%)
Sub-total	2,077	2.1%	2,034	(5.5%)
RTD	220	13.0%	194	(3.0%)
Beer-taste beverages	70	26.9%	55	(28.5%)
Breakdown of sales	¥ billions		¥ billions	
Beer	289.8	(2.3%)	296.7	(4.5%)
Happo-shu	174.7	(3.9%)	181.7	(9.9%)
New genre	209.9	11.1%	188.9	(2.8%)
Sub-total	674.4	1.0%	667.5	(5.6%)
RTD	60.4	13.2%	53.4	(3.2%)
Shochu, Whiskey and Spirits, etc. *	54.8	0.9%	54.3	(15.0%)
Total sales	789.8	1.9%	775.2	(6.1%)

The above sales volume and sales include exports.

* This item includes sales of non-alcohol beverages to Group companies.

b. Kirin Beverage Group

<Category>

Non-alcohol beverages			Fiscal year ending December 31, 2012				Fiscal year ended December 31, 2011			
			Forecast	Composition ratio	Increase (decrease)	Percentage over the previous year	Actual	Composition ratio	Increase (decrease)	Percentage over the previous year
			10,000 cases		10,000 cases		10,000 cases		10,000 cases	
Category	Tea drink	Japanese tea	2,600	14%	534	126%	2,066	12%	(151)	93%
		Oolong tea	200	1%	(83)	71%	283	1%	(17)	94%
		Black tea	4,850	25%	214	105%	4,636	27%	197	104%
		Sub-total	7,650	40%	665	110%	6,985	40%	29	100%
	Coffee		3,150	17%	2	100%	3,148	19%	(188)	94%
	Fruit and vegetable juice		2,200	12%	309	116%	1,891	11%	(251)	88%
	Carbonated beverage		1,150	6%	401	154%	749	4%	(233)	76%
	Water		3,400	18%	86	103%	3,314	19%	467	116%
	Other		1,310	7%	108	109%	1,202	7%	(96)	93%
	Domestic non-alcohol beverage market total		18,860	100%	1,571	109%	17,289	100%	(272)	98%

<Container Type>

Non-alcohol beverages			Fiscal year ending December 31, 2012				Fiscal year ended December 31, 2011			
			Forecast	Composition ratio	Increase (decrease)	Percentage over the previous year	Actual	Composition ratio	Increase (decrease)	Percentage over the previous year
Container type	Category	Details	10,000 cases		10,000 cases		10,000 cases		10,000 cases	
Cans	Can	Including bottle styled cans	4,600	25%	336	108%	4,264	25%	(258)	94%
PET bottles	Large-sized PET bottles	2L	4,000	21%	494	114%	3,506	20%	567	119%
		1.5L, 1L, 900ml, 750ml	1,600	9%	116	108%	1,484	9%	7	100%
		Large-sized PET bottles total	5,600	30%	610	112%	4,990	29%	574	113%
	Small-sized PET bottles	500ml	5,200	27%	471	110%	4,729	28%	(279)	94%
		350ml or less	1,500	8%	34	102%	1,466	8%	63	104%
		Small-sized PET bottles total	6,700	35%	505	108%	6,195	36%	(216)	97%
	PET bottles total		12,300	65%	1,115	110%	11,185	65%	358	103%
Other containers	One-way/Returnable bottles, paper, gifts, etc.		1,960	10%	120	107%	1,840	10%	(372)	83%
Domestic non-alcohol beverage market total			18,860	100%	1,571	109%	17,289	100%	(272)	98%

c. Kyowa Hakko Kirin

Sales		Fiscal year ending December 31, 2012		Fiscal year ended December 31, 2011	
		Forecast	Percentage over the previous year	Actual	Percentage over the previous year
Area	Major product name	¥ billions		¥ billions	
Nephrology	NESP [®]	50.5	89%	56.4	135%
	ESPO [®]	4.0	75%	5.3	49%
	[NESP [®] / ESPO [®]]	[54.5]	[88%]	[61.8]	[117%]
	REGPARA [®]	13.1	114%	11.5	121%
Immunology / allergology	Allelock [®]	29.7	102%	29.1	109%
	Patanol [®]	11.3	99%	11.4	152%
Oncology	GRAN [®]	13.3	90%	14.8	103%
Cardiovascular system	Coniel [®]	17.3	88%	19.7	94%