

Kirin Holdings Company, Ltd /FI  
Form CB/A  
September 13, 2010

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549  
FORM CB  
TENDER OFFER/RIGHTS OFFERING NOTIFICATION FORM  
(AMENDMENT NO. 2)

Please place an X in the box(es) to designate the appropriate rule provision(s) relied upon to file this Form:

Securities Act Rule 801 (Rights Offering) [ ]

Securities Act Rule 802 (Exchange Offer) [X]

Exchange Act Rule 13e-4(h)(8) (Issuer Tender Offer) [ ]

Exchange Act Rule 14d-1(c) (Third Party Tender Offer) [ ]

Exchange Act Rule 14e-2(d) (Subject Company Response) [ ]

Filed or submitted in paper if permitted by Regulation S-T Rule 101(b)(8) [ ]

MERUSHAN KABUSHIKI KAISHA  
(Name of Subject Company)

MERCIAN CORPORATION  
(Translation of Subject Company's Name into English (if applicable))

JAPAN  
(Jurisdiction of Subject Company's Incorporation or Organization)

KIRIN HOLDINGS COMPANY, LIMITED  
(Name of Person(s) Furnishing Form)

N/A  
(Title of Class of Subject Securities)

N/A  
(CUSIP Number of Class of Securities (if applicable))

Shigeto Maeda  
10-1 Shinkawa 2-chome  
Chuo-ku Tokyo 104-8288, Japan  
Telephone: +81-3-5540-3424

(Name, Address (including zip code) and Telephone Number (including

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area code) of Person(s) Authorized to Receive Notices and Communications  
on Behalf of Subject Company)

N/A  
(Date Tender Offer/Rights offering Commenced)

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PART I  
INFORMATION SENT TO SECURITY HOLDERS

Not applicable.

PART II  
INFORMATION NOT REQUIRED TO BE SENT TO SECURITY HOLDERS

Attached as Exhibit I is an English translation of a public announcement posted on Mercian Corporation's website on September 10, 2010 (Tokyo time) regarding the opportunity for Mercian shareholders to demand repurchase of their shares in Mercian Corporation. The public notice is available in English at <http://www.mercian.co.jp/e/ir/pdf/20100910e.pdf>.

Attached as Exhibit II is an English translation of a public announcement posted on the website of Kirin Holdings Company, Limited on September 10, 2010 (Tokyo time) regarding the opportunity for shareholders of Kirin Holdings Company, Limited to oppose the share exchange transaction, and the record date for the right to demand repurchase of shares in Kirin Holdings Company, Limited. The public notice is available in English at <http://www.kirinholdings.co.jp/english/ir/notice/pdf/100910e.pdf>.

Attached as Exhibit III is an English translation of documents disclosed by Mercian Corporation in Japanese through TDNET, which is administered by the Tokyo Stock Exchange, on September 10, 2010 (Tokyo time). The translation excludes immaterial portions of Exhibit 3 of Exhibit III. The documents disclosed by Mercian Corporation and the translation attached as Exhibit III are also available for inspection by shareholders of Mercian Corporation at the head office of Mercian Corporation.

Attached as Exhibit IV is an English translation of documents disclosed by Kirin Holdings Company, Limited in Japanese through TDNET, which is administered by the Tokyo Stock Exchange, on September 10, 2010 (Tokyo time). These documents and this translation are also available for inspection by shareholders of Kirin Holdings Company, Limited at the head office of Kirin Holdings Company, Limited.

PART III  
CONSENT TO SERVICE OF PROCESS

Form F-X appointing an agent for service of process in connection with the subject transaction was filed concurrently with Form CB filed with the Commission on August 27, 2010.

PART IV  
SIGNATURES

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

/s/ Ryoichi Yonemura

(Signature)

Ryoichi Yonemura  
General Manager  
Strategic Planning Department

(Name and Title)

September 10, 2010

(Date)

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NOTICE TO SHAREHOLDERS RESIDENT IN THE UNITED STATES:

This report summary relates to a proposed business combination which involves the securities of a foreign company. It is subject to disclosure requirements of a foreign country that are different from those of the United States. Financial statements included in the document, if any, have been prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the federal securities laws, since the issuer is located in a foreign country, and some or all of its officers and directors may be residents of a foreign country. You may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the U.S. securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a U.S. court's judgment.

Translation of Japanese original

Notification of a Share Exchange

September 10, 2010

To Whom It May Concern (Shareholders):

Hiroshi Ueki, President and CEO  
Mercian Corporation  
1-5-8, Kyobashi, Chuo-ku, Tokyo

We hereby notify that Mercian Corporation (the "Company") has decided to execute a share exchange (the "Share Exchange"), under which Kirin Holding Company, Limited ("Kirin Holdings"; address: 10-1, Shinkawa 2-chome, Chuo-ku, Tokyo), will become the wholly owning parent company of the Company.

The Share Exchange will become effective as of December 1, 2010, subject to the approval of a proposal relative to the Share Exchange at the extraordinary general meeting of Mercian shareholders scheduled to be held on November 5, 2010.

Pursuant to the Share Exchange, shareholders who intend to exercise the appraisal right in accordance with Paragraph 1 of Article 785 of the Japanese Corporate Law are requested to notify the Company of their intention and the number of the Company shares relative to their rights in writing during the period from the date 20 days prior to the day on which the Share Exchange will come into effect (November 11, 2010) to the date preceding the day on which the Share Exchange will come into effect (November 30, 2010). In addition, for this notification, the shareholders concerned are requested to also take the actions of demanding respective account management institution with which their shares are deposited to work as a transfer agent concerning the notification and application for the book-entry transfer of shares which is relative to the rights to the account designated below.

Should the book-entry transfer of shares to the account designated below not be completed by November 30, 2010, the entitled shareholders might not be able to exercise their appraisal rights,

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under the practice on book-entry transfer of shares. Consequently, it is deemed that all the shareholders intending to exercise the right should apply for the above book-entry transfer of shares to deposited account management institutions by around November 22, 2010. As the specific period required for the book-entry transfer of shares differs depending on the account management institution with which the shares are deposited, every entitled shareholder should make inquiries about this subject. Please note and understand that this handling is to avoid the situation where the shareholders' appraisal right cannot be exercised and to assure that the shareholders can exercise their rights without fail.

Account holder: Mercian Corporation  
(JASDEC) Participant's account code: 124006001510001281500

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Translation of Japanese original

Formal Public Notice regarding Short-form Share Exchange and Designation of Record Date

To Shareholders:

We hereby announce as follows that Kirin Holdings Company, Limited (the "Company") decided at the board of directors meeting held on Friday, August 27, 2010 to implement a share exchange (the "Share Exchange") pursuant to which Mercian Corporation, with its principal office at 5-8, Kyobashi 1-chome, Chuo-ku, Tokyo, will become the wholly owned subsidiary of the Company effective on Wednesday, December 1, 2010 (the "Effective Date"):

1. This Share Exchange will be implemented in accordance with Paragraph 3, Article 796 of the Japanese Corporate Law without obtaining the approval at a general meeting of shareholders as provided in Paragraph 1, Article 795 of the Japanese Corporate Law. In this connection, shareholders opposing the Share Exchange should inform us to that effect in writing within two (2) weeks from the date of publication of this public notice.
2. Shareholders intending to exercise the right to demand the Company to purchase shares of the Company ("Share Purchase Right") in connection with the Share Exchange should, during the period beginning twenty (20) days prior to the Effective Date and ending on the day before the Effective Date, notify the Company of such intention and the number of shares to be subject to the Share Purchase Right.
3. The Company hereby designates September 27, 2010 as the record date for the purpose of determining which shareholders are entitled to exercise a Share Purchase Right in connection with the Share Exchange, and the shareholders finally registered or recorded on the shareholders' registry as of such date shall be the shareholders who are entitled to exercise Share Purchase Rights.



Transfer Agent of the Shareholders' Registry:

Mitsubishi UFJ Trust and Banking Corporation  
4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Department in charge of handling the Shareholders' Registry:

Securities Agent Department, Mitsubishi UFJ Trust and Banking Corporation  
4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo

End

September 10, 2010

10-1, Shinkawa 2-chome, Chuo-ku, Tokyo  
Kirin Holdings Company, Limited  
Senji Miyake, Representative Director

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(Translation)

NOTICE TO SHAREHOLDERS RESIDENT IN THE UNITED STATES:

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Translation of Japanese original

Document for Prior Disclosure in Connection with a Share Exchange

September 10, 2010

Hiroshi Ueki, President and CEO  
Mercian Corporation  
1-5-8, Kyobashi, Chuo-ku, Tokyo

We hereby announce that Mercian Corporation (the "Company") shall keep in place a document in which the content of the share exchange agreement (the "Share Exchange Agreement") relating to the share exchange (the "Share Exchange") that will be implemented by and between Kirin Holdings Company, Limited ("Kirin Holdings"), and the Company and other matters set forth by ministerial ordinance of the Ministry of Justice with regard to the Share Exchange, under which Kirin Holdings will become the wholly owning parent of the Company and the Company will become a wholly owned subsidiary of Kirin Holdings, are stated as described below. The document is kept in place in accordance with, Paragraph 1 of Article 782 of Japanese Corporate Law and Article 184 of the Ministerial Ordinance for Enforcement of Japanese Corporate Law.

1. Content of the Share Exchange Agreement

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The content of the Share Exchange Agreement is in Exhibit 1.

## 2. Matters Relating to the Propriety of the Consideration for the Share Exchange

### (1) Propriety with Respect to the Share Exchange on the Total Number of the Consideration and Allotment

In order to ensure fairness and reasonableness of the share exchange ratio for the Share Exchange, each of the parties decided to request a separate independent third party valuation institution to calculate a share exchange rate. For this purpose, Kirin Holdings appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (“Mitsubishi UFJ Morgan Stanley”) and the Company appointed Frontier Management, Inc. (“Frontier Management”).

Mitsubishi UFJ Morgan Stanley determined that the value of Kirin Holdings’ common stock should be analyzed using the market price analysis based on the fact that Kirin Holdings’ common stock, which is listed on the Tokyo Stock Exchange (the “TSE”), Osaka Securities Exchange (“OSE”), Nagoya Stock Exchange (the “Nagoya Stock Exchange”), Sapporo Securities Exchange (the “Sapporo Securities Exchange”) and Fukuoka Stock Exchange (the “Fukuoka Stock Exchange”), has a very large market capitalization and is highly liquid. Mitsubishi UFJ Morgan Stanley generally analyzed the value of Kirin Holdings’ common stock using the market price analysis (i.e., the closing price as of the calculation base date (which was August 23, 2010), the average closing prices for the one (1) month period prior to the calculation base date and for the three (3) month period prior to the calculation base date).

For the common stock of the Company, based on the fact that the market price of the Company’s common stock is available, as it is listed on the TSE and OSE, Mitsubishi UFJ Morgan Stanley employed the market price analysis (i.e., the average closing prices for the one (1) month period prior to the calculation base date (which is August 23, 2010), the average closing prices for the three (3) month period prior to the calculation base date and, in order to reflect the impact of the “Internal Investigation Report Concerning Inappropriate Trade by the Department of Fish Feedstuffs and Interim Report by Third Party Committee” and the “Differences from Second Quarter Consolidated Performance Forecast and Modification of Consolidated Performance Forecasts for the Year and Dividend Forecast” published by the Company on August 12, 2010, the average closing price for the period starting on the business day immediately following the publication of the above announcements through the calculation base date), and also employed both the comparable companies analysis, based on the fact that several listed companies in similar industries are available for comparison, and the discounted cash flow analysis (“DCF Analysis”) in order to reflect the status of future business activities. According to Mitsubishi UFJ Morgan Stanley, the outline of the calculation results for the share exchange rate is as follows (showing the value range of one the Company share in terms of Kirin Holdings shares, calculated based on each of the above valuation methods for Kirin Holdings’ per share stock price).

Analysis Used	Range of Share Exchange Rate
Market Price Analysis	0.123~0.156
Comparable Companies Analysis	0.086~0.143
DCF Analysis	0.137~0.168

In calculating the above share exchange rates, Mitsubishi UFJ Morgan Stanley generally relied on the information provided by both companies and publicly available information, and assumed that all such information was accurate and complete without independent verification of the accuracy or completeness of such information. Mitsubishi UFJ Morgan Stanley has not independently valued or appraised, nor has it requested a third party institution to value or appraise, assets or liabilities (including off-balance sheet assets and liabilities, and other contingent liabilities) of either company or their affiliated companies. In addition, Mitsubishi UFJ Morgan Stanley assumed that the information relating to the Company's financial forecasts has been reasonably prepared by the Company's management based on the best estimates and judgments of the Company's management available at the time. The calculation results provided by Mitsubishi UFJ Morgan Stanley reflect the above information, among other information, that was available as of August 23, 2010.

Frontier Management valued common stock of Kirin Holdings and the Company using the market price average method and a discounted cash flow method ("DCF Method"). Setting the calculation base date for the market price average method at August 25, 2010, Frontier Management calculated average closing prices for the period starting on August 13, 2010 (the business day immediately following the day on which "Second Quarter Results for the Year Ending in December 2010 (Japanese Standards) (Consolidated)" and "Internal Investigation Report Concerning Inappropriate Trade by the Department of Fish Feedstuffs and Interim Report by Third Party Committee" were published by the Company) through the calculation base date, for the one (1) month period starting on July 26, 2010 through the calculation base date, and for the period starting on June 14, 2010 (the business day immediately following the day on which "Report Concerning Inappropriate Trade by the Department of Fish Feedstuffs (Second Report)" was published by the Company) through the calculation base date. The calculation results for the share exchange rate are as follows (showing share exchange rates as the number of Kirin Holdings shares that would be exchanged for one share of the Company stock calculated using each of the above valuation methods for the Company's per share stock price).

Method Used	Range of Share Exchange Rate
Market Price Average Method	0.127~0.134

DCF Method

0.134~0.150

Frontier Management calculated the share exchange rates assuming that all the publicly disclosed information, financial information and other information provided by both companies that Frontier Management examined in calculating the share exchange rate was accurate and complete, and has not independently verified the accuracy or completeness of such information. Frontier Management has not independently valued or assessed, nor has it requested a third party institution to appraise or assess (including analysis and valuations of each separate asset and liability), assets or liabilities (including financial derivatives, off-balance sheet assets and liabilities, and other contingent liabilities) of either company or their affiliated companies. In addition, Frontier Management assumed that the information relating to the financial forecasts and other information regarding future standing provided by both companies had been reasonably prepared by the respective companies' management based on the best forecasts and determinations available at the time and that the financial situation of both companies would fluctuate in line with such forecasts, and relied on such forecasts and related materials without independent examination.

Kirin Holdings and the Company engaged in repeated negotiations and discussions based on the analysis provided by the above third party valuation institutions, and bearing in mind their respective financial conditions, performance trends and stock price movements, etc. As a result, Kirin Holdings and the Company determined that the share exchange rate set forth in 1. of the Share Exchange Agreement above was advantageous to the shareholders of both Kirin Holdings and the Company, and resolved the share exchange rate for the Share Exchange upon approval obtained at meetings of their respective boards of directors held on August 27.

#### (2) Reason for Selecting Shares of Kirin Holdings as the Consideration for the Share Exchange

We have selected Shares of Kirin Holdings as the consideration for the Share Exchange by taking into account that the liquidity of Kirin Holdings' share will continue to be secured after the Share Exchange because Shares of Kirin Holdings is listed on securities exchanges and that the Company's shareholders receiving an allotment of certain shares of Kirin Holdings will be able to benefit from interests obtainable through synergies that would be derived from becoming a wholly owned subsidiary of Kirin Holdings under the Share Exchange.

#### (3) Matters Undertaken to Avoid Harming the Interests of the Company's Shareholders

##### Measures to ensure fairness

Since Kirin Holdings already holds 50.12% of the total outstanding shares of the Company, in order to ensure the fairness of the share exchange rate for the Share Exchange, Kirin Holdings and the Company each retained independent third party valuation institutions.

Kirin Holdings requested Mitsubishi UFJ Morgan Stanley to calculate the share exchange rate for the Share Exchange, and negotiated and discussed the share exchange rate with the Company based on such calculation result, and the Board of Directors of Kirin Holdings resolved the Share Exchange at the share exchange rate specified in 2. (3) above at their meeting held on August 27, 2010. Please note, however, that the results of the calculation of the share exchange rate submitted by Mitsubishi UFJ Morgan Stanley do not constitute its opinion regarding the fairness of such share exchange rate for the Share Exchange.

The Company requested Frontier Management as an independent third party valuation institution to calculate the share exchange rate for the Share Exchange, and negotiated and discussed the share exchange rate with Kirin Holdings based on such calculation result, and the Board of Directors of the Company resolved the Share Exchange at the share exchange rate specified in 2. (3) above at their meeting held on August 27, 2010. The Company has obtained a fairness opinion dated August 26, 2010 from Frontier Management stating that the share exchange rate specified in 2.(3) above is reasonable for the shareholders of the Company's common stock (other than Kirin Holdings) from a financial perspective.

In addition, the Company has retained Nagashima Ohno & Tsunematsu as their legal advisor and was advised regarding decision making procedures, methods and processes for the Share Exchange.

#### (4) Measures to Avoid Conflict of Interests

In order to avoid conflicts of interest, the following directors of the Company did not participate in the discussions or resolutions regarding the Share Exchange nor did they participate in the discussions or negotiations regarding the Share Exchange with Kirin Holdings as officers of the Company: Mr. Hiroshi Ueki, who is a director of Kirin Brewery Company, Limited, a wholly owned subsidiary of Kirin Holdings, and Mr. Koichi Matsuzawa, who is the representative director of Kirin Brewery Company, Limited and a director of Kirin Beverage Company, Limited, also a wholly owned subsidiary of Kirin Holdings. Furthermore, in order to avoid conflicts of interest, the following statutory auditors of the Company did not participate in the discussions or resolutions regarding the Share Exchange, nor did they participate in the discussions or negotiations regarding the Share Exchange with Kirin Holdings as statutory auditors of the Company, or express any opinion regarding the Share Exchange: Mr. Hitoshi Oshima, a statutory auditor of Kirin Holdings and Kirin Brewery Company, Limited, and Mr. Naoki Hyakutake, an employee of Kirin Holdings.

Because there is no director of Kirin Holdings who also serves or served as officer or employee of the Company, Kirin Holdings did not take specific measure to avoid conflict of interests.

#### (5) Propriety of the Capital Stock and Legal Capital Surplus of Kirin Holdings

The amounts of the capital stock and legal capital surplus of Kirin Holdings that will increase

through the Share Exchange are as follows:

Amount of capital stock: ¥0

Amount of legal capital surplus:

Minimum amount that must be increased in accordance with the provisions of laws and regulations

Amount of legal retained earnings: ¥0

The amounts of the capital stock and legal capital surplus stated above are deemed appropriate in view of the capital policy of Kirin Holdings.

### 3. Matters That Should Serve as Reference to the Consideration for the Share Exchange

#### (1) Articles of Incorporation of Kirin Holdings which Will Become the Wholly Owing Parent

The Articles of Incorporation of Kirin Holdings are stated in Exhibit 2 as such.

#### (2) Method for Converting the Consideration for the Share Exchange into Money

Securities exchange markets where the consideration for the Share Exchange is traded

Kirin Holdings' common stock as the consideration for the Share Exchange is traded on the First Section of the Tokyo Stock Exchange, the First Section of the Osaka Securities Exchange, the First Section of the Nagoya Stock Exchange, the Sapporo Securities Exchange and the Fukuoka Stock Exchange.

Entities engaged in trading of the consideration of the Share Exchange as an intermediary, broker or agency

Financial instruments firms (securities companies) nationwide conduct intermediary, brokerage, and agent services for trading thereof.

Content of Restriction on disposal including assignment of the consideration for the Share Exchange

None applicable

#### (3) Market Prices of the Consideration for the Share Exchange

The stock price movement of Kirin Holdings common stock on the Tokyo Stock Exchange for the past six months is as shown in below.

	March 2010	April	May	June	July	August
Highest (Yen)	1,392	1,424	1,347	1,246	1,176	1,215
	1,223	1,317	1,188	1,116	1,090	1,145

Lowest  
(Yen)

(4) Balance sheets of Kirin Holdings (which Will Become the Wholly Owing Parent)

This description is omitted as Kirin Holdings have submitted its securities report.

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4. Matters Relating to the Propriety of the Provision on Share Warrant in Connection with the Share Exchange

None applicable

5. Matters Relating to Financial Statements

(1) Kirin Holdings which Will Become the Wholly Owing Parent

Content of the financial Statements pertaining to the last fiscal year

The content of the financial documents of Kirin Holdings pertaining to the last fiscal year is shown in Exhibit 3 as such.

Content of provisional financial statements

None applicable

Content of subsequent events

None applicable

(2) Subsequent events at the Company

The events at the Company that occurred after the last fiscal year-end, and might have significant effects on the financial condition of the Company, including the disposal of important corporate asset and a significant debt to be incurred, are as described in below.

Significant company split (Company split of the processing liquors and fermented cooking condiment business)

(i) Content of the company split

The Company has strengthened its collaboration with several Kirin Group companies since July 2007 for the purpose of maximizing its corporate value. In this context, as of July 1, 2010, the Company's processing liquors and fermented cooking condiment business and alcohol-based sanitation product business was succeeded by Kirin Kyowa Foods Company, Limited through a simple absorption-type split, in order to maximize the Company's corporate value by promoting selection and concentration of businesses by integrating its processing liquors and fermented cooking condiment business with the successor company.

(ii) Business performance of the separated division

(Millions of yen)

	Processing liquors and fermented cooking condiment business (a)	Business performance of the Company for the year ended December 31, 2009 (b)	Percentage(a/b)
Net sales	8,850	80,506	11.0%

(iii) Account items and amounts of the split-off assets and liabilities

(Millions of yen)

Assets		Liabilities	
Account item	Book value	Account item	Book value
Current assets	1,634	Current liabilities	262
Noncurrent assets	2,842		
Total	4,476	Total	262

Significant company split (Company split of the brewing alcohol sales business)

(Absorption-type split between the Company and Daiichi Alcohol Co., Ltd.)

(i) Content of the company split

The Company has strengthened its collaboration with several Kirin Group companies since July 2007, for the purpose of maximizing its corporate value. In this context, with July 1, 2010, as the effective date, the Company caused Daiichi Alcohol Company, Limited (“Daiichi Alcohol”), the Company’s wholly owned subsidiary, to succeed its brewing alcohol sales business through a short form absorption-type split to raise its presence by ensuring a competitive edge in the brewing alcohol industry and to maximize its corporate value by maximizing synergies within the Kirin Group.

(ii) Business performance of the separated division

(Millions of yen)

	Brewing alcohol sales business (a)	Business performance of the Company for the year ended December 31, 2009 (b)	Percentage (a/b)
Net sales	4,655	80,506	5.8%

(iii) Account items and amounts of the split-off assets and liabilities

(Millions of yen)

Assets		Liabilities	
Account item	Book value	Account item	Book value

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Current assets	1,490	Current liabilities	12
Noncurrent assets	100		
Total	1,591	Total	12

(Absorption-type split between KYOWA HAKKO BIO CO., LTD. and Daiichi Alcohol)

(i) Content of the company split

Daiichi Alcohol succeeded the brewing alcohol sales business of KYOWA HAKKO BIO CO., LTD., through an absorption-type split, with July 1, 2010 as the Effective Date.

(ii) Business performance of the succeeded division

(Millions of yen)

	Brewing alcohol sales business (a)	Business performance of KYOWA HAKKO BIO CO., LTD., for the year ended December 31, 2009 (b)	Percentage (a/b)
Net sales	7,805	42,313	18.4%

(iii) Account items and amounts of the succeeded assets and liabilities

(Millions of yen)

Assets		Liabilities	
Account item	Book value	Account item	Book value
Noncurrent assets	1,462	Current liabilities	11
Total	1,462	Total	11

Inappropriate trading by the Department of Fish Feedstuffs

Suspicion of inappropriate trading in the Fish Feedstuffs Division of the Company arose in May 2010, and an Internal Investigation Committee (chairperson: Hiroshi Ueki, President and CEO) was established on May 21, 2010, to investigate the situation and the loss from this scandal. The investigation by the committee revealed that improper accounting treatment such as not recording expenses for sample shipments and the manipulation of the sales-recording period in addition to fraudulent transactions such as fictitious sales, fictitious manufacturing and circular transactions that combined said fraudulent techniques had been committed on an ongoing basis at the division in prior years. Moreover, the investigation revealed falsified evidence of compliance with of internal

controls, as well as stated inventory quantities that were based in part on dummy products, to conceal the fraudulent activities.

Therefore, the Company decided to investigate the financial figures that had been affected in the previous fiscal years due to the improper accounting treatment and fraudulent transactions in order to retroactively correct the figures in the financial statements for the relevant fiscal periods to the proper amounts. These corrections on the financial statements resulted in about 6,479 million yen as the total of the affected amounts due to the loss disposition for the periods from the first quarter of the year ended December 2005 to the second quarter of the year ended December 2010. Moreover, as a result of the correction to the financial statements discussed above, the Company re-examined for prior years its determinations as to the collectability of deferred tax assets and on the application of impairment loss accounting. These corrections on the financial statements resulted in about 1,872 million yen as the total of other affected amounts in accounting for the periods from the first quarter of the year ended December 2005 to the first quarter of the year ending December 2010. Consequently, the affected amounts that had an impact on profit and loss totaled about 8,351 million yen.

Based on these corrections to the financial statements, the Company corrected the annual reports, semiannual securities reports and quarterly securities reports for the periods from the first half of the year ended December 2005 to the first quarter of the year ending December 2010.

The below sets forth an overview of the amounts affected by the corrections described above for the consolidated and non-consolidated business performance in prior years.

For detail of the corrections, readers shall refer the correction reports on the annual securities reports, semiannual securities reports and quarterly securities reports which had been submitted on August 22, 2010 by the company.

## Affected Amounts on Income by Factor (consolidated)

(Millions of yen; Positive figures present losses, contrary to ordinary accounting presentation)

Breakdown	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal 2010		Total
	2005	2006	2007	2008	2009	1Q	2Q	
Payments for fictitious manufacturing and purchases	226	129	30	1,625	3,747	1,261	752	7,769
Collections from fictitious sales and fare-paying provisions of raw materials	(218)	(106)	23	(908)	(2,917)	(884)	(187)	(5,197)
Revision to net sales		233	271	1,912	2,743	677	(256)	5,579
Revision to cost of sales	8	(53)	(159)	(781)	(1,623)	(466)	146	(2,930)
Loss on valuation of inventories						356		356
Provision for the balance of accounts receivable—trade				184	213		18	415
Possible obligations							314	314
Revision to SG&A expenses				(24)	(16)	13	7	(21)
Loss on prior periods adjustment	194							194
Total	210	202	165	2,007	2,502	600	793	6,479

Other Affected Amounts in Accounting

Breakdown	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010		Total
						1Q	2Q	
Impairment loss and loss on retirement of noncurrent assets				734	(314)			420
Income taxes—deferred			1,917	(706)	(42)	282		1,452
Total revised income			1,917	27	(355)	282		1,872

## Affected Amounts by Major Account Item of the Financial Statements

Period	Account Item	Consolidated				Non-consolidated			
		Before Correction (A)	After Correction (B)	Corrected Amounts (C)	Correction Rate (C)/(A)	Before Correction (A)	After correction (B)	Corrected Amounts (C)	Correction Rate (C)/(A)
		[(B)-(A)]				[(B)-(A)]			
Fiscal Year Ended December 2005	Net Sales	99,027	99,027	0	0.00%	93,613	93,613	0	0.00%
	Gross profit	29,777	29,769	(7)	-0.02%	28,245	28,237	(8)	-0.03%
	Operating income	2,595	2,587	(7)	-0.27%	2,057	2,049	(7)	-0.34%
	Ordinary income	2,675	2,667	(7)	-0.26%	3,434	3,426	(7)	-0.20%
	Net income	1,409	1,199	(209)	-14.83%	2,344	2,134	(209)	-8.92%
	Total Assets shareholders' equity	87,938	87,739	(199)	-0.23%	84,504	84,304	(199)	-0.24%
Fiscal Year Ended December 2006	Net Sales	47,592	47,382	(209)	-0.44%	46,903	46,693	(209)	-0.45%
	Net Sales	99,587	99,355	(232)	-0.23%	92,256	92,023	(232)	-0.25%
	Gross profit	28,724	28,544	(179)	-0.62%	26,689	26,509	(179)	-0.67%
	Operating income	1,448	1,250	(197)	-13.60%	911	713	(197)	-21.62%
	Ordinary income	1,558	1,360	(197)	-12.64%	1,246	1,048	(197)	-15.81%
	Net income	1,860	1,658	(202)	-10.86%	1,790	1,588	(202)	-11.28%
Fiscal Year Ended December 2007	Total Assets	95,418	95,011	(407)	-0.43%	90,072	89,665	(407)	-0.45%
	Net Assets	48,887	48,475	(411)	-0.84%	47,698	47,286	(411)	-0.86%
	Net Sales	103,329	103,058	(270)	-0.26%	94,888	94,618	(270)	-0.28%
	Gross profit	25,183	25,071	(111)	-0.44%	23,012	22,900	(111)	-0.48%
	Operating income	801	689	(111)	-13.86%	443	331	(111)	-25.06%
	Ordinary income	896	784	(111)	-12.39%	614	502	(111)	-18.08%
Fiscal Year Ended December 2008	Net income	483	(1,598)	(2,082)	-	361	(1,841)	(2,203)	-
	Total Assets	89,129	87,084	(2,045)	-2.29%	83,274	81,228	(2,045)	-2.46%
	Net Assets	48,618	46,124	(2,494)	-5.13%	47,335	44,720	(2,615)	-5.52%
	Net Sales	92,743	90,831	(1,911)	-2.06%	84,273	82,558	(1,715)	-2.04%
	Gross profit	22,766	21,636	(1,130)	-4.96%	21,016	19,975	(1,041)	-4.95%
	Operating income	670	(1,302)	(1,973)	-	623	(1,260)	(1,884)	-
Fiscal Year Ended December 2009	Ordinary income	585	(1,387)	(1,973)	-	598	(1,285)	(1,884)	-
	Net income	162	(1,871)	(2,034)	-	347	(1,597)	(1,945)	-
	Total Assets	82,227	78,132	(4,095)	-4.98%	78,442	74,239	(4,203)	-5.36%
	Net Assets	46,600	42,071	(4,528)	-9.72%	46,496	41,936	(4,560)	-9.81%
	Net Sales	83,249	80,506	(2,742)	-3.29%	74,768	72,452	(2,315)	-3.10%
	Gross profit	21,339	20,220	(1,119)	-5.24%	19,196	18,159	(1,037)	-5.40%
Fiscal Year Ended December 2009	Operating income	564	(1,579)	(2,143)	-	352	(1,708)	(2,061)	-
		883	(1,259)	(2,143)	-	443	(1,617)	(2,061)	-



	Ordinary income								
	Net income	28	(2,117)	(2,146)	-	4	(2,422)	(2,426)	-
	Total Assets	77,270	70,719	(6,550)	-8.48%	72,820	66,147	(6,672)	-9.16%
	Net Assets	45,954	39,238	(6,716)	-14.61%	45,167	38,139	(7,028)	-15.56%
	Net Sales	16,872	16,195	(676)	-4.01%	-	-	-	-
Fiscal	Gross profit	4,445	4,235	(210)	-4.72%	-	-	-	-
Period	Operating								
Ended	income	(602)	(1,199)	(596)	99.00%	-	-	-	-
March	Ordinary								
2010	income	(571)	(1,167)	(596)	104.38%	-	-	-	-
(1st	Net income	(383)	(1,265)	(882)	230.29%	-	-	-	-
quarter)	Total Assets	71,521	63,912	(7,609)	-10.64%	-	-	-	-
	Net Assets	44,874	37,280	(7,593)	-16.92%	-	-	-	-

Note: In the (non-)consolidated statements of income for the year ended December 31, 2005, a (non-) consolidated decrease in cumulative profits of negative 194 million yen is recorded as an extraordinary loss. This loss resulted from inappropriate accounting treatment relating to the periods (prior to and inclusive of the fiscal year ended December 31, 2004) before the most recent five fiscal years (for the most recent five fiscal years, financial statements were revised).

## Share Exchange Agreement

Kirin Holdings Company, Limited (located at 2-10-1, Shinkawa, Chuo-ku, Tokyo and hereinafter referred to as “Kirin”) and Mercian Corporation (located at 1-5-8, Kyobashi, Chuo-ku, Tokyo and hereinafter referred to as “Mercian”) hereby enter into this Share Exchange Agreement (this “Agreement”) as follows.

## Article 1. Share Exchange

Kirin and Mercian will effect a share exchange (the “Share Exchange”) in accordance with this Agreement, under which Kirin is the share exchange wholly-owning parent company (kabushiki kokan kanzen oyagaisha) and Mercian is the share exchange wholly-owned subsidiary (kabushiki kokan kanzen kogaisha), and Kirin will acquire all the outstanding shares of Mercian held by holders other than Kirin.

## Article 2. Number of Shares Delivered in Share Exchange and Allotment

1. Pursuant to the Share Exchange, immediately prior to the effective time of the Share Exchange, Kirin shall deliver common shares of Kirin to each shareholder of Mercian (i.e, shareholders of Mercian, excluding Kirin, after the cancellation of Mercian’s treasury shares under Article 6) in a number equal to the of common shares of Mercian held by such shareholder multiplied by 0.14, in consideration for the shares of Mercian’s common share held by such shareholder.
2. Kirin shall allot common shares of Kirin to each Mercian shareholder immediately prior to the effective time of the Share Exchange (i.e, shareholders of Mercian, excluding Kirin, after the cancellation of Mercian’s treasury shares under Article 6) at the exchange rate of 0.14 shares of Kirin’s common stock for each share of Mercian’s common stock held by each such shareholder. If any share of Kirin’s common stock so allotted is a fractional share less than one (1) share, such share shall be treated pursuant to Article 234 of the Company Law.

## Article 3. Matters Regarding Capital and Reserve Amount of Kirin

As a result of the Share Exchange, the amount of capital and reserve of Kirin will increase as follows:

- |                                      |  |
|--------------------------------------|--|
| (1) Capital amount                   | JPY0   |
| (2) Capital reserve amount           | the minimum amount required to be increased under laws and regulations |
| (3) Retained earnings reserve amount | JPY0   |

## Article 4. Effective Date

The effective date of the Share Exchange (the “Effective Date”) shall be December 1, 2010; provided, however, that the date of the Effective Date may be changed upon discussion and agreement between Kirin and Mercian if such change is necessary as a matter of procedure or for other reasons.

## Article 5. Approval of Share Exchange at General Meeting of Shareholders

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1. Mercian shall convene an extraordinary meeting of shareholders that shall be held prior to the Effective Date (or changed Effective Date, if applicable) at which Mercian shall seek approval for the execution of this Agreement and other matters necessary for the Share Exchange.
2. Kirin shall implement the Share Exchange without seeking a resolution of approval at a general meeting of shareholders as stipulated in Paragraph 1 of Article 795 of the Corporate Law pursuant to the main provision of Paragraph 3 of Article 796 of Corporate Law; provided, however, that if shareholders holding no less than the number of shares stipulated in Paragraph 4 of Article 796 of the Corporate Law and Article 197 of the Enforcement Ordinance of the Corporate Law notify Kirin of their objection to the Share Exchange, Kirin and Mercian shall determine how to address such objection upon mutual discussion and agreement.

#### Article 6. Cancellation of Treasury Shares

Mercian shall cancel treasury shares held by it on a date prior to the allotment and delivery of common shares of Kirin on the Effective Date under Article 2 (with respect to any Mercian shareholders that object to the Share Exchange and demand Mercian to purchase shares held by such shareholders pursuant to Paragraph 1 of Article 785 of the Corporate Law, the time after such purchase and prior to the allotment and delivery of Kirin's common share under Article 2; hereinafter referred to as the "Record Date") on the Record Date upon resolution at a meeting of board of directors held prior to the Effective Date.

#### Article 7. Management of Corporate Properties

After the date of this Agreement and until the Effective Date, Kirin and Mercian shall manage and operate their respective businesses and properties with the care of a good faith manager, and any action that would materially affect their properties or rights and obligations shall be subject to prior discussion and agreement between Kirin and Mercian.

#### Article 8. Change of Terms of Share Exchange; Termination of Agreement

If, after the date of this Agreement and before the Effective Date, (a) the status of the properties or management of either Kirin or Mercian has been materially changed, (b) a situation has occurred that materially affects the implementation of the Share Exchange or (c) the purposes of this Agreement have become difficult to achieve due to an act of God or other reasons, Kirin and Mercian may amend the terms and conditions of the Share Exchange or terminate this Agreement to cancel the Share Exchange upon discussion and agreement between Kirin and Mercian.

#### Article 9. Effect of this Agreement

This Agreement shall lose effect if (a) Mercian fails to obtain approval at the extraordinary meeting of shareholders provided under Article 5.1, (b) if the proviso in Section 5.2 is triggered and Kirin subsequently fails to obtain approval at a general meeting of shareholders under Paragraph 1 of Article 795 of the Corporate Law, (c) either Kirin or Mercian fails to obtain such approvals from competent authorities as required to be obtained in advance for the effect of the Share Exchange under laws and regulations or (d) this Agreement is terminated pursuant to the preceding article.

Article 10. Discussion

Any matters necessary for the Share Exchange in addition to the matters set forth in this Agreement shall be decided by Kirin and Mercian upon mutual discussion and agreement in accordance with the purpose of this Agreement.

IN WITNESS WHEREOF, this Agreement was made in duplicate and, upon signing and sealing, Kirin and Mercian shall retain each one (1) copy.

August 27, 2010

Kirin:

[signature]

2-10-1, Shinkawa, Chuo-ku, Tokyo

Kirin Holdings Company, Limited

Senji Miyake, President and CEO

Mercian:

[signature]

1-5-8, Kyobashi, Chuo-ku, Tokyo

Mercian Corporation

Hiroshi Ueki, President and CEO

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ARTICLES  
OF  
INCORPORATION

(AMENDED AS OF MARCH 26, 2009)

Kirin Holdings Company, Limited

ARTICLES OF INCORPORATION

OF

Kirin Holdings Company, Limited

Chapter I. General Provisions

Article 1. The Company shall be called KIRIN HOLDINGS KABUSHIKI KAISHA, which shall be written in English Kirin Holdings Company, Limited.

Article 2. The purposes of the Company shall be to own shares or interests in companies (including foreign companies), kumiai (including foreign associations similar to kumiai), and other similar business entities that engage in the following businesses and to control and manage business activities of such companies and entities.

- (1) Manufacture and sale of beer and other liquors.
- (2) Manufacture and sale of soft and other drinks.
- (3) Manufacture and sale of foods.
- (4) Manufacture and sale of chemical products.
- (5) Manufacture, sale, import and export of pharmaceutical products and medical machinery and equipment.
- (6) Manufacture and sale of fertilizers and feedstuffs.
- (7) Sale and purchase, leasing and renting and administration and management of real estates.
- (8) Warehousing business.
- (9) Operation of sporting facilities.
- (10) Operation of eating establishments, inns and hotels.
- (11) Designing, manufacture, installation work, operation and management of manufacturing equipment for liquors, various kinds of drinks and the like and its related apparatus and technical instructions therein and sale thereof.
- (12) Production and sale of such agricultural products as seeds and saplings, flowering plants, vegetables, fruit and the like.
- (13) Financial business.
- (14) Cargo transportation by automobiles.

(15) Business incidental or related to the businesses in each of the preceding items.

The Company may engage in any business set forth in each of the items in the preceding Paragraph and any business incidental or related thereto.

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Article 3. The Company shall have its head office in Chuo-ku, Tokyo.

Article 4. Public notices of the Company shall be issued electronically. However, if for some unavoidable reason, such as an accident, it is unable to issue them electronically, the Company shall place the public notices in the Nihon Keizai Shimbun.

## Chapter II. Shares

Article 5. The total number of shares authorized to be issued by the Company shall be 1,732,026,000 shares.

Article 6. In accordance with the provisions of Article 165(2) of the Corporation Law, the Company may, by a resolution of the Board of Directors of the Company, acquire treasury shares.

Article 7. The number of shares to constitute a unit share of the Company (Tangen-kabu) shall be 1,000.

Article 8. Shareholders holding fractional unit share may request the Company to sell the number of shares that will, together with such fractional unit share, constitute one unit share of the Company.

Article 9. Shareholders of fractional unit shares of the Company may not exercise their rights in relation to such fractional unit shares other than those stipulated in each of the following items.

- (1) Rights provided in each of the items of Article 189(2) of the Corporation Law
- (2) Rights to request pursuant to the provisions of Article 166(1) of the Corporation Law
- (3) Rights to receive allotment of share offering and allotment of share subscription rights in accordance with the number of shares possessed by the shareholders
- (4) Rights to request provided in Article 9

Article 10. The handling relating to shares, and share subscription rights together with the fees therefor and procedures for the exercise of shareholders' rights shall be governed by the provisions of the relevant laws and regulations or the Articles of Incorporation of the Company and the

Share Handling Regulations to be established by the Board of Directors.

Article 11. The Company shall have a shareholder register administrator with respect to shares.

The shareholder register administrator and its business office shall be determined by resolution of the Board of Directors and public notice shall be given thereof.

The preparation and maintenance of the shareholder register and the register of share subscription rights of the Company and other businesses relating to shares and share subscription rights shall be entrusted to the shareholder register administrator and not handled by the Company.

Article 12. The Company shall treat the shareholders appearing or recorded in the final shareholder register as of December 31 of each year as the shareholders entitled to exercise their rights at the ordinary general meeting of shareholders.

If it is necessary, in addition to the case of the preceding paragraph or other cases set forth in the Articles of Incorporation, the Company may, upon giving prior public notice, set a certain date and treat the shareholders or the registered share pledgees appearing or recorded in the register of shareholders as of such date as the shareholders or the pledgees entitled to exercise their rights as such.

### Chapter III. General Meeting of Shareholders

Article 13. The ordinary general meeting of shareholders shall be convened in March of each year.

Extraordinary general meetings of shareholders shall be convened whenever necessary.

The general meeting of shareholders shall be convened in the wards of the Metropolis of Tokyo.

Article 14. Chairmanship of a general meeting of shareholders shall be assumed by the President. If the office of the President is vacant or if the President is unable to act, the chairmanship shall be assumed by another Director in the order previously fixed by resolution of the Board of Directors.

Article 15. As for the convocation notice of the general meeting of shareholders, the Company is considered to have provided the information to be stated or indicated in the reference documents for the general meeting of shareholders, business reports, financial statements and consolidated financial statements to the shareholders by disclosing such information via the internet in accordance with the Ordinance of the Ministry of Justice.

Article 16. A Shareholder may appoint one proxy who exercises such shareholder's voting rights on behalf of such shareholder; provided, however, that such proxy must be a shareholder of the Company entitled to vote.

A shareholder or a proxy shall submit a document certifying the power of representation to the Company at each general meeting of shareholders.

Article 17. Unless otherwise provided for in laws and regulations, or the Articles of Incorporation, the resolutions of a general meeting of shareholders shall be adopted by a majority of the shareholders present.

Resolutions of a general meeting of shareholders as provided for in Article 309(2) of the Corporation Law shall be adopted, at such meeting at which shareholders holding 1/3 or more of the voting rights of all shareholders entitled to exercise their voting rights are present, by 2/3 or more of the voting rights of the shareholders so present.

Article 18. The gist of the proceedings and the actions taken at a general meeting of shareholders and other matters provided by relevant laws and regulations shall be recorded in minutes, and such minutes shall be kept at the Company.

#### Chapter IV. Directors and Board of Directors

Article 19. The Company shall establish a Board of Directors.

Article 20. The Company shall have not more than 12 Directors.

Article 21. Directors shall be elected at a general meeting of shareholders.

For the purpose of election under the preceding paragraph, the presence of holders of 1/3 or more of the voting rights held by all shareholders entitled to exercise their voting rights and a majority of the voting rights of the shareholders so present shall be required.

No cumulative voting shall be used for the election of Directors.

Article 22. The term of office of Directors shall expire at the close of the ordinary general meeting of shareholders relating to the last fiscal year that closes within 1 year after the election.

Article 23. The remuneration, bonuses and any other proprietary benefits to be paid to Directors by the Company in consideration for their performance of duty (hereinafter referred to as "remunerations") shall be subject to the resolution of a general meeting of shareholders.

Article 24. The Board of Directors shall be composed of the Directors, and shall decide the

management of corporate affairs and supervise the execution of the duties by Directors.

Article 25. The Board of Directors may, by its resolution, appoint one Chairman of the Board and one President, and appoint several Vice Presidents, Senior Managing Directors and Managing Directors.

The President shall represent the Company.

In addition to the preceding paragraph, the Board of Directors may, by its resolution, select one or more other Directors to represent the Company.

Article 26. Convocation notice of a meeting of the Board of Directors shall be dispatched to each Director and each Corporate Auditor at least three (3) days prior to the date of the meeting; provided, however, that such period may be shortened in case of urgency.

Article 27. The resolutions of the Board of Directors shall be made by a majority of the Directors present when a majority of the Directors entitled to participate in the vote are present.

Propositions relating to matters to be resolved by the Board of Directors shall be deemed to have been resolved by the Board of Directors if all the Directors (limited to those Directors entitled to participate in the vote) agreed in writing or by electromagnetic means; provided, however, that a proposition shall not be deemed to be resolved if any of the Corporate Auditors objected to such proposition.

Article 28. The Company may, by resolution of the Board of Directors, exempt any Director (including former Directors) from liabilities to the extent provided in laws and regulations.

#### Chapter V. Corporate Auditors and Board of Corporate Auditors

Article 29. The Company shall appoint Corporate Auditors and establish a Board of Corporate Auditors.

Article 30. The Company shall have not more than 5 Corporate Auditors.

Article 31. Corporate Auditors shall be elected at a general meeting of shareholders.

For the purpose of election under the preceding paragraph, the presence of holders of 1/3 or more of the voting rights held by all shareholders entitled to exercise their voting rights and a majority of the voting rights of the shareholders so present shall be required.

Article 32. The term of office of Corporate Auditors shall expire at the close of the ordinary general meeting of shareholders relating to the last fiscal year that closes within 4 years after

the election; provided, however, that the term of office of Corporate Auditors elected to fill the vacancies created by the retirement of Corporate Auditors before expiration of their term of office will expire at such time as the term of office of the retired Corporate Auditors would have expired.

Article 33. The remunerations to Corporate Auditors shall be subject to the resolution of a general meeting of shareholders.

Article 34. The Board of Corporate Auditors shall be composed of Corporate Auditors. The Board shall have the functions provided for in laws and regulations and shall also, by its resolution, be entitled to determine matters relating to the execution of duties of Corporate Auditors; provided, however, that the Board shall not interfere with the exercise of functions of Corporate Auditors.

Article 35. The Board of Corporate Auditors shall select a standing Corporate Auditor(s) from among the Corporate Auditors.

Article 36. Convocation notice of a meeting of the Board of Corporate Auditors shall be dispatched to each Corporate Auditor at least three (3) days prior to the date of the meeting; provided, however, that such period may be shortened in case of urgency.

Article 37. The resolutions of the Board of Corporate Auditors shall be made by a majority of Corporate Auditors.

Article 38. The Company may, by resolution of the Board of Directors, exempt any Corporate Auditor (including former Corporate Auditors) from liabilities to the extent provided in laws and regulations.

#### Chapter VI. Accounting Auditors

Article 39. The Company shall have Accounting Auditors.

Article 40. The Accounting Auditors shall be elected at a general meeting of shareholders.

Article 41. The term of office of Accounting Auditors shall expire at the close of the ordinary general meeting of shareholders relating to the last fiscal year that closes within 1 year after the election.

Unless otherwise resolved at the ordinary general meeting of shareholders provided in the preceding paragraph, Accounting Auditors shall be deemed to be re-elected at such ordinary general meeting of shareholders.

Chapter VII. Accounts

Article 42. The fiscal year of the Company shall commence on January 1 and end on December 31 of each year.

Article 43. The Company shall, by resolution of the general meeting of shareholders, appropriate dividends of surplus and pay the same to the shareholders or registered share pledgees appearing or recorded in the final shareholder register as of the last day of each fiscal year.

By resolution of the Board of Directors, the Company may pay interim dividends to the shareholders or registered share pledgees appearing or recorded in the final shareholder register as of June 30 of each year.

Article 44. The Company shall be relieved of the obligation to pay any dividends of surplus (including interim dividends; the same applies hereinafter) upon expiration of 5 years following the day on which such dividend became due and payable.

Dividends of surplus shall bear no interest.

\* \* \* \*

March 28, 1975: Amended in their entirety as a result of the amendment of the Commercial Code.

January 1, 1977: Article 3 amended (amendment with specified effective date adopted on April 28, 1976).

April 28, 1978: Article 16 amended, Supplementary Provisions deleted in their entirety.

April 28, 1980: Article 5 amended.

April 28, 1981: Article 16 amended.

April 28, 1982: Article 23 newly created, Articles 5, 6, 7, 8, 10, 11, 13, 17, 20 and 25 amended, Supplementary Provisions newly created.

April 27, 1984: Articles 2 and 16 amended.

April 26, 1985: Article 2 amended, Supplementary Provisions deleted in their entirety.

April 28, 1986: Article 16 amended.

April 28, 1988: Articles 10, 11, 16, 24, 25 and 27 amended, Supplementary Provisions newly created (deleted as of December 31, 1988).

March 29, 1990: Articles 5, 10, 11 and 25 amended.

March 28, 1991: Articles 6, 7, 8 and 9 amended.

March 27, 1992: Article 16 amended.

March 30, 1994: Articles 23, 24, 25, 26, 27 and 29 newly created, Articles 16, 17, 18 and 19 amended.

May 1, 1995: Article 3 amended (amendment with specified effective date adopted on March 30, 1995).

March 27, 1998: Article 5 amended.

March 30, 1999: Articles 2 and 5 amended.

March 30, 2000: Articles 2 and 5 amended.

March 29, 2001: Article 5 amended.

March 28, 2002: Articles 5, 6, 7, 8, 17 and 24 amended.

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March 28, 2003: Articles 7, 8, 10, 14, 16, 18, 25 and 31 amended, Article 33 deleted, Supplementary Provisions newly created.

March 30, 2004: Articles 6 and 8 newly created, Articles 2, 9, 10 and 11 amended, Supplementary Provisions deleted in their entirety and Supplementary Provisions Articles 1 newly created.

March 30, 2006: Articles 25 and 33 newly created, Supplementary Provision Article 1 deleted.

May 1, 2006: Articles 6, 19, 27, 29, 37 and 39-41 newly created, Articles 5, 7-14, 17, 18, 21-23, 25, 31-35, and 42-44 amended (amendment with specified effective date adopted on March 30, 2006).

March 28, 2007: Articles 10 and 17 newly created, Articles 18 and 22 amended.

July 1, 2007: Articles 1 and 2 amended (amendment with specified effective date adopted on March 28, 2007).

March 26, 2008: Articles 4 and 11 amended.

March 26, 2009: Articles 7, 8, 10 and 11 amended, Articles 6 and 13 deleted,



Supplementary Provisions newly created  
(deleted as of January 6, 2010).

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The following English translation does not include immaterial portions of the original Japanese language disclosure.

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## BUSINESS REPORT

(For the period from January 1 to December 31, 2009)

### 1. Overview of Kirin Group business activities

#### (1) Kirin Group developments and results of business activities

The global economy remained in a serious condition throughout this consolidated fiscal year, in spite of indications that the downturn might have bottomed out. In Japan, economic stimulus plans and other measures had positive effects leading to a mild recovery but the unemployment rate and such continue to be less than favorable.

At Kirin Group, we regarded the three-year period from 2007 through 2009 as the first stage of the long-term business framework “Kirin Group Vision 2015” (KV2015). As the final year of this first stage, fiscal 2009 targeted expanding the business bases necessary for the quantum leap in growth and engaging ‘qualitative expansion’ to improve profitability. As a part of these efforts, we pursued development of group synergies and promoted an integrated beverages group strategy aimed at fusing together the value chains of alcohol and other beverages.

In the Japanese market, the foundation for our quantum leap in growth, further efforts were expended to ensure a solid footing. Kirin Brewery Co., Ltd. has received a level of high customer support for meeting customer needs in the midst of a difficult consumer market throughout the year.

In overseas markets, we strengthened relationships with our well-established partners, especially in Asia and Oceania, promoting an integrated beverages group strategy.

In May Kirin Holdings Co., Ltd. acquired shares in San Miguel Brewery, Inc., the dominant market leader in the Philippines, and made it an affiliated company. In December, San Miguel Brewery concluded an agreement to purchase all shares of San Miguel Brewing International Ltd., the company responsible for San Miguel Corporation’s overseas beer business, from San Miguel Corporation. These acquisitions resulted in our establishing invaluable operating bases in Asia for the Kirin Group.

In October Lion Nathan Ltd. was made a wholly owned subsidiary to promote our integrated beverages group strategy in Oceania. At the same time, Lion Nathan and National Foods Ltd. were consolidated under Kirin Holdings (Australia) Pty Ltd, the name of which was then changed to Lion Nathan National Foods Pty Ltd, as our holding company in Australia effective October 21. Through utilization of the management capabilities of Lion Nathan National Foods, we pursue organic growth of these companies and create mutual synergies.

Consolidated sales for fiscal 2009 declined slightly due to foreign exchange effects despite good progress in the Soft Drinks and Food Business in Australia and inclusion of Kyowa Hakko Kirin Co., Ltd. as a consolidated subsidiary. Operating income also declined due to foreign currency translations, albeit good progress was seen in the Alcohol Beverages

Business in Japan and overseas. Ordinary income increased considerably with the foreign currency translation gains. The net income for the fiscal year declined due to gain on change in equity recorded on the share exchange in the second quarter of 2008.

Consolidated sales	¥2,278.4 billion	(down 1.1% compared to the previous term)
Consolidated operating income	¥128.4 billion	(down 12.0% compared to the previous term)
Consolidated ordinary income	¥144.6 billion	(up 40.3% compared to the previous term)
Consolidated net income	¥49.1 billion	(down 38.7% compared to the previous term)

### Alcohol Beverages Business Division

In the domestic alcoholic beverages market, Kirin Brewery has received a high level of customer support during the year through initiatives focusing on three strategic priorities: strengthening core brands, improving our response to consumer health consciousness, and increasing overall demand.

In the beer market, strong sales of Kirin Ichiban Shibori continued following its re-launch in March 2009. In the happo-shu category our Tanrei series enjoyed growing customer support in the on-premise market, as well as its traditional retail market. In the fast-growing new genre market, the dominant brand Kirin Nodogoshi Nama was able to achieve its largest annual sales volume since it was first introduced, due to heightened price sensitivity among consumers keeping a close eye on their purse strings. In this market of new genre products, in addition to the core brand, the new brands Kirin Koku no Jikan and Kirin Hoppu no Shinjitsu were introduced in an effort to increase overall demand.

Furthermore, as a product responding to the heightened social awareness calling for zero tolerance of drunk driving, Kirin FREE, a non-alcohol beer-taste beverage launched in April, has grown in popularity, greatly surpassing the original forecast, and became a major hit product in 2009, creating a market of new value, namely for 0.00% alcohol beer-taste beverages.

In the rapidly growing RTD\* market, we have strengthened the Hyoketsu series, and launched Kirin Cola Shock with the aim of rejuvenating the market as well as expanding overall demand. In the shochu business, we focused sales efforts on the Hakusui series as the core product. In the western liquor business, a new alliance was formed with Diageo in England, enabling us to include the leading brands of the world in our product lineup as an all-around alcohol business.

\*RTD: an acronym for “Ready to Drink”; RTD products are premixed low alcohol beverages that can be drunk straight from the can or bottle.

As part of pursuing a lean management approach under the Kirin Group medium-term business plan for 2010-2012, which was announced on October 26, we have decided to rationalize and optimize our manufacturing capacity utilization by reorganizing two plants, the Tochigi Plant (Takanezawa-machi, Shioya-gun, Tochigi Prefecture) and the

Hokuriku Plant (Hakusan-shi, Ishikawa Prefecture). Both plants are scheduled to cease production after the end of the peak season period of 2010. The RTD manufacturing capabilities at the Tochigi Plant and other useful functions will be transferred to other existing plants.

At Mercian Corporation, we strove to solidify our position as the market leader in the wine business by strengthening the Mercian brand, and we made progress in adopting “value proposal marketing” by liaising with Kirin Brewery and Kirin Merchandising Co., Ltd. Sales of wines from mid-range to high-end for restaurants were negatively affected by factors stemming from consumers not dining out due to a heightened sense of frugality. Conversely, consumers are purchasing more day-to-day table wines in the less expensive price range, which has led to an expansion of the household market and as such we recorded healthy sales in inexpensive table wines. Improved profitability was sought by reducing the cost structure of the wine business.

In our overseas alcohol beverages business, we continued to pursue our strategy of focusing on enhancing our business foundation in Asia and Oceania. At Lion Nathan in Oceania, although the core beer business in Australia continued to perform strongly supported by the shift to premium beers as well as efforts made by the consolidated subsidiary, J. Boag & Son, foreign currency translations had negative impact on the sales on a Japanese yen basis. In China, the business environment was somber, especially along the coastal regions, and intense price competition impacted the sales environment negatively. However we continued efforts to bolster sales, particularly in the three regions of the Yangtze Delta, the Pearl River Delta and Northeast China, to solidify the foundation of our existing business.

Consolidated sales from Alcohol Beverages Business	¥1,097.6 billion	(down 7.1% compared to the previous term)
Consolidated operating income from Alcohol Beverages Business	¥102.8 billion	(down 6.5% compared to the previous term)

#### Soft Drinks and Foods Business Division

In the domestic soft drinks and food market, Kirin Beverage Co., Ltd. tenaciously continued initiatives to reform our earning structure through cost reductions and other measures, and focused on increasing the value of leading brands such as Kirin Gogono-Kocha and Kirin FIRE. August marked the 10th anniversary of Kirin FIRE and in addition to the flagship Kirin FIRE Hikitate Bito, we enhanced our product lineup by launching the new Kirin FIRE Hi no Megumi. In the black tea beverages, we continued a range of value proposals to promote our market-leading Kirin Gogono-Kocha series, including revamping the chilled drink Kirin Gogono-Kocha Bito Straight Tea, and pursued initiatives to further strengthen our top black tea beverage brand and secure customer support. In the green tea beverages and mineral water, the economic slowdown sharply impacted sales since frugally-minded consumers reduced spending in this category considerably.

At Kirin Kyowa Foods Co., Ltd., which was established April 1 by integrating Kirin Food-Tech Co., Ltd. and Kyowa Hakko Food Specialties Co., Ltd., both specializing in seasoning and flavoring, we endeavored to improve the foundation of the business of proposing and offering food ingredients in pursuit of taste and health, utilizing fermentation technologies representing the inherent strengths of both companies.

In the overseas soft drinks and food business, Kirin Beverage developed new products in Thailand and Vietnam, responding to the local needs of the respective markets, thereby further expanding the business. In China where the Kirin Gogono-Kocha and Kirin FIRE brands are the focus of our product deployments, Kirin (China) Investment Co., Ltd. decided in December to make a capital investment in Shanghai JinJiang Kirin Beverages and Food Co., Ltd., which handles sales in Shanghai and other major cities in Eastern China, in order to promote an integrated beverages group strategy in China.

At National Foods, weak consumer sentiment as a result of the economic slowdown caused a shift to lower-price products in milk, the core product. On the other hand, raw dairy input costs, which had risen sharply from the second half of 2007, eased, leading to improved profitability. Also, overhead cost reduction measures arising from integration of Dairy Farmers have been progressing steadily since its 100% acquisition by National Foods in November 2008.

Consolidated sales from Soft Drinks and Foods Business	¥735.0 billion	(up 2.6% compared to the previous term)
Consolidated operating income from Soft Drinks and Foods Business	¥7.0 billion	(up 10.4% compared to the previous term)

#### Pharmaceuticals Business Division

At Kyowa Hakko Kirin Co., Ltd., sales of anti-anemia medicines NESP and ESPO trended favorably helped by the impact of NESP Injection Plastic Syringe, which was launched in May, while sales of the anti-allergic medicine ALLELOCK and anti-allergic eye drop Patanol maintained good levels in part due to a much higher level of pollen in the air than normal in Japan. The secondary hyperparathyroidism treatment REGPARA TABLETS, which were launched in January 2008 to combat complications arising from blood dialysis, also witnessed further acceptance in the market. In December we started marketing the ulcerative colitis medicine ASACOL together with Zeria Pharmaceutical Co., Ltd.

With respect to R&D, we also made progress in the discovery of new candidate drugs both in Japan and overseas: filing in Japan for additional applications of anti-anemia medicine NESP and starting Phase II clinical trials in Japan for KW-0761, a humanized monoclonal antibody with uniquely developed immune technology.

Consolidated sales from Pharmaceuticals Business	¥206.7 billion	(up 20.5% compared to the previous term)
Consolidated operating income from Pharmaceuticals Business	¥34.3 billion	(up 21.8% compared to the previous term)

### Other Businesses Divisions

In the Biochemical business operated by Kyowa Hakko Bio Co., Ltd., sales of amino acids for overseas medical and industrial use were affected negatively by the global economic recession and unfavorable foreign currency exchange rates. In the area of the supplements-related healthcare business in Japan, synergy effects are beginning to show through raw material supply transactions with group companies.

The Chemicals business operated by Kyowa Hakko Chemical Co., Ltd. was affected by the sharp plunge in demand due to the worsening global economy and a sensitive market for these products. In the fourth quarter, however, some regions such as China saw a recovery trend, while signs of a recovery in product markets were also apparent.

In the Agribio business, a tough market created by global economic stagnation continued in Europe and other regions, while in Japan we continued to pursue cost reduction measures.

A basic agreement was reached in consolidating the raw alcohol business of Mercian and Kyowa Hakko Bio to a newly established joint company, Daiichi Alcohol Co., Ltd., while Mercian's industrial-use alcohol and fermented seasoning businesses will be integrated into Kirin Kyowa Foods Co., Ltd. This consolidation and integration will enable us to further strengthen the foundations of each business and to generate group synergies.

Consolidated sales from Other Businesses	¥238.9 billion	(up 2.2% compared to the previous term)
Consolidated operating income from Other Businesses	¥3.8 billion	(down 78.9% compared to the previous term)

## (2) Future challenges for Kirin Group

2010 is the first year of Kirin Group's 2010-2012 three-year medium-term business plan, and also marks the second stage in realizing the aims of Kirin Group Vision 2015 ("KV2015"), Kirin's long-term management vision for the period through to 2015.

In 2010, management will pursue further 'qualitative expansion' by focusing on generating Group synergies and realizing lean management, with the aim of improving profitability and asset efficiency. At the same time we will build further momentum for the KIRIN brand by continuing to develop products that inspire customers with new value propositions, and pursuing CSR initiatives that build public trust in Kirin Group as a corporate entity.

### Outline of 2010 Business Plan

#### Basic management strategies

Increase Group enterprise value by realizing growth and synergies at operating companies

1. Pursue an integrated beverages group strategy
2. Accelerate growth in pharmaceuticals business
3. Develop the health food and functional food business
4. Generate growth through Group synergies
5. Realize lean management by eliminating strain, waste and irregularity
  - Pursue a financial strategy that supports higher enterprise value
  - Engage in CSR activities that enhance Kirin's coexistence with society

#### Alcoholic Beverages Business

- In the domestic alcohol beverages market, our efforts at Kirin Brewery will continue to be focused on three strategic priorities with a long-term outlook in order to foster No. 1 leading brands in the categories of beer/happo-shu/new genre products, and RTDs: strengthening core brands, improving our response to consumer health consciousness, and increasing overall demand. In strengthening the core brands, we will strive to enhance brand value by improving the taste and emphasizing the individual product value of Kirin Ichiban Shibori, Kirin Lager, Kirin Tanrei, and Kirin Nodogoshi Nama. In improving our response to consumer health consciousness, we aim to develop a wide variety of products by setting the Tanrei Green Label as the core brand. In increasing overall demand, we will introduce Kirin 1000, an epoch-making new product in the new genre market, as a value-proposing product by employing the "evidence marketing"\* technique that was used for Kirin FREE. In the RTDs segment, which has the largest future growth potential, we will promote, as well as the Hyoketsu brand, entirely new concept products, in addition to conventional products centered on fruit juices. Furthermore, we will expand our western liquor lineup, including Diageo brands, in an effort to greatly enhance our appeal as an integrated alcohol beverages enterprise. Kirin Brewery is now in a position to collaborate with group companies like Mercian and



Kirin Beverage in every value chain in order to create synergies, while reforming cost structures to improve profitability.

\* A marketing technique that promotes products by providing customers with easy-to-understand evidence and product value that is supported by technological or other forms of proof.

A first-ever Groupwide initiative, “KIRIN Health Initiative” will be established and under a newly created “KIRIN Plus-i” brand based on the concept of “taste that makes you smile,” “happiness” and “health,” we will offer beverages/foods and other products that provide new value in the area of food and health, suited to customers’ personal health needs. Under this initiative, Kirin Brewery will launch nationwide in April, “Kirin Yasumuhi no Alc.0.00%,” a non-alcohol beer-taste beverage that recommends a day of rest for one’s liver (a non-alcohol day).

At Mercian, all management resources will continue to be concentrated into the wine business in order to solidify our position as the market leader in the industry. We will also work to enhance profitability, and aim to create group synergy through even greater collaboration with Kirin Brewery and Kirin Merchandising.

In our overseas alcohol beverages business, Lion Nathan will continue to shift our product mix into the premium beer category by improving value to the customers.

In China, we will roll out initiatives to establish a unique business model with an integrated beverages group strategy as the main pillar, focusing on the regions we are currently operating in: the Yangtze Delta, the Pearl River Delta, and the three Northeast China provinces.

#### Soft Drinks and Foods Business Division

In our domestic soft drinks and food operations, Kirin Beverage will put further effort into strong brand creation as part of its initiatives to restructure competitiveness and reform earning structure. Towards restructuring competitiveness, Kirin Beverage will implement a selection and concentration strategy, review resource allocation and enter new categories. We are aiming to establish a value proposal marketing, rigorously reviewing our cost structure and developing a robust business structure that can be profitable even in a harsh operating environment. In China, we will promote an integrated beverages group strategy to improve earnings.

As part of “KIRIN Health Initiative,” Kirin Beverage, Koiwai Dairy Products Co., Ltd. and Kirin Kyowa Foods will launch products in April, under a new Groupwide brand, “KIRIN Plus-i,” that provide new value in the area of food and health, suited to customers’ personal health needs.

At Kirin Kyowa Foods, we will endeavor to improve our value proposal marketing and development structure in order to promote distinctive products to increase earnings. We will continue to solidify the business infrastructure in the wake of integration of the industrial-use alcohol and fermented seasoning businesses and maximize group synergies.

In the overseas market, we will strengthen regular brands at National Foods and aim to enter new growth categories as well. Further integration with Dairy Farmers will be pursued to create more synergistic effects in the process.

### Pharmaceuticals Business Division

In the Pharmaceuticals business operated by Kyowa Hakko Kirin, with anticipated medicine price revision, we will aim to strengthen our main products such as those focusing on kidney conditions, as well as market new products by establishing a more efficient and effective business system.

In R&D, we regard cancer, kidney and immunity/infectious diseases as our priority areas, and will follow through with clinical trials in both Japan and overseas according to a specific timeline and also aggressively pursue licensing activities.

### Other Businesses Divisions

In the Biochemical business operated by Kyowa Hakko Bio, we will strive to expand the sales of value-added amino acids in the areas of medicine and healthcare, and also to streamline our overseas sales and marketing structure.

In the Chemicals business operated by Kyowa Hakko Chemical, we will focus on strengthening functional product lines which are environmentally considerate, thereby building a business model less susceptible to economic fluctuations.

### CSR Initiatives

CSR is an important management issue within Kirin Group. We are striving to incorporate the development of a sustainable society into our business operations—CSR through business—while also pursuing CSR as a corporate citizen.

In CSR through Business, we are undertaking further initiatives to become a low-carbon corporate group. We are reducing our use of water and other resources, reducing energy consumption at factories by converting machinery to alternative fuels, and targeting a 35% reduction in CO2 emissions from manufacturing, distribution and office activities by 2015 compared to that of 1990. We are also developing products that have a lower environmental burden, and across the procurement-to-consumption value chain of the entire Group, both in Japan and in our international operations, we aim to halve total CO2 emissions by 2050 compared to 1990 levels.

As a Group, we are actively involved in initiatives to resolve social issues. For example, with the launch of Kirin FREE, a 0.00% alcohol beer-taste beverage, we are helping to eliminate drink driving, while other measures include CSR-based procurement and initiatives for diversity in human resources. We have advanced risk management and compliance systems in place within the Group, and we are implementing a range of measures to strengthen systems for group-wide quality control and environmental management.

With regard to CSR as a corporate citizen, we have supported Japan's national soccer team continuously for more than 30 years, with the focus this year on the World Cup in June. We support a number of initiatives to allow children to

experience the joy of sport, including our nationwide Kirin Soccer Field training program. We also contribute to society through forestry and watershed management and employee volunteer activities. Kirin's initiatives under CSR as a corporate citizen encompass activities beyond the scope of Kirin's actual business operations, and include a wide range of social contribution activities connected with the environment, sports, and other areas.

In the spirit of its Group slogan, "Oishisa wo Egao ni" (Good taste makes you smile), Kirin Group will seek to stand beside its customers, develop diverse bonds with them, and share the happiness of food and health.

Kirin Group is grateful for the continued support of its shareholders.

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## (3) State of assets and income of Kirin Group

Item	168th term (Jan. 1, 2006 – Dec. 31, 2006)	169th term (Jan. 1, 2007 – Dec. 31, 2007)	170th term (Jan. 1, 2008 – Dec. 31, 2008)	171st term (Jan. 1, 2009 – Dec. 31, 2009)
Sales	¥1,665,946 million	¥1,801,164 million	¥2,303,569 million	¥2,278,473 million
Operating income	¥116,358 million	¥120,608 million	¥145,977 million	¥128,435 million
Ordinary income	¥120,865 million	¥123,389 million	¥103,065 million	¥144,614 million
Net income	¥53,512 million	¥66,713 million	¥80,182 million	¥49,172 million
Net income per share	¥55.98	¥69.86	¥84.01	¥51.54
Net assets	¥1,043,724 million	¥1,099,555 million	¥1,149,998 million	¥1,198,869 million
Net assets per share	¥1,040.44	¥1,104.83	¥972.19	¥1,029.35
Total assets	¥1,963,586 million	¥2,469,667 million	¥2,619,623 million	¥2,861,194 million

Consolidated sales

Sales by business division

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

Sales

Division	168th term (Jan. 1, 2006 – Dec. 31, 2006)	169th term (Jan. 1, 2007 – Dec. 31, 2007)	170th term (Jan. 1, 2008 – Dec. 31, 2008)	171st term (Jan. 1, 2009 – Dec. 31, 2009)
Alcohol Beverages Business	¥1,099,308 million	¥1,189,478 million	¥1,181,509 million	¥1,097,694 million
Soft Drinks Business	¥392,729 million	–	–	–
Soft Drinks and Foods Business	–	¥474,560 million	¥716,688 million	¥735,032 million
Pharmaceuticals Business	¥67,245 million	¥69,909 million	¥171,517 million	¥206,760 million
Other Businesses	¥106,664 million	¥67,216 million	¥233,853 million	¥238,986 million
Total	¥1,665,946 million	¥1,801,164 million	¥2,303,569 million	¥2,278,473 million

Operating income

Division	168th term (Jan. 1, 2006 – Dec. 31, 2006)	169th term (Jan. 1, 2007 – Dec. 31, 2007)	170th term (Jan. 1, 2008 – Dec. 31, 2008)	171st term (Jan. 1, 2009 – Dec. 31, 2009)
Alcohol Beverages Business	¥86,510 million	¥96,563 million	¥109,989 million	¥102,800 million
Soft Drinks Business	¥19,714 million	–	–	–
Soft Drinks and Foods Business	–	¥16,030 million	¥6,431 million	¥7,099 million
Pharmaceuticals Business	¥12,044 million	¥13,001 million	¥28,200 million	¥34,334 million
Other Businesses	¥561 million	¥6,329 million	¥18,280 million	¥3,854 million
Subtotal	¥118,830 million	¥131,924 million	¥162,901 million	¥148,089 million
Elimination and unallocatable costs	(¥2,472) million	(¥11,316) million	(¥16,924) million	(¥19,654) million
Total	¥116,358 million	¥120,608 million	¥145,977 million	¥128,435 million

(Notes) 1. Sales of each business division indicate the sales to unaffiliated customers.

2. Due to changes in our method of categorizing operations, engineering, logistics businesses, etc. were shifted from its Other Businesses Divisions to its Alcohol Beverages Business Division from the 169th term. Sales and operating income by business division for the 168th term are presented according to such a new

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business segment classification method. Previously, the Company's indirect department costs were allocated to each business division based on sales criteria. After the Company's transition to a pure holding company structure, however, they were included in unallocatable costs as group management costs arising at the Company that is the Group's holding company.

3. Due to changes in our method of categorizing operations, foods, health foods and functional foods businesses etc. previously included in the Other Businesses Divisions were shifted to the Soft Drinks Business Division and its division name was changed to the Soft Drinks and Foods Business Division. Sales and operating income by business division for the 169th term are presented according to such a new business segment classification method.

#### (4) Kirin Group plant and equipment investment

Consolidated plant and equipment investment for the term under review amounted to ¥110.2 billion on a payment basis, a decrease of ¥15.8 billion compared to the previous term.

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

##### 1) Major facilities completed during the term under review

Business Division	Company Name	Details of the plant and equipment investment
Soft Drinks and Foods Business	Kirin Beverage Co., Ltd.	Kanto Metropolis Area Div. and Others – Renewal and installation of vending machines
Other Businesses	Kirin Holdings Company, Limited	Former Amagasaki Plant Site – Commercial complex (COCOE) construction

2 Major facilities under construction or contemplation as of the end of the term under review

Business Division	Company Name	Details of the plant and equipment investment
Alcohol Beverages Business	Kirin Brewery Co., Ltd.	Shiga Plant – Partial demolition and construction of brewing facilities of beer and happo-shu, etc. Yokohama Plant – Improvement of brewing facilities of beer and happo-shu and construction of offices, etc.
	Lion Nathan Ltd.	Auckland Plant – Construction of brewing facilities of beer, etc.
Soft Drinks and Foods Business	Kirin Beverage Co., Ltd.	Kanto Metropolis Area Div. and Others – Renewal and installation of vending machines
Pharmaceuticals Business	Kyowa Hakko Kirin Co., Ltd.	Bio Process Research and Development Laboratories Expansion of Pharmaceutical production facility Tokyo Research Park Construction of research building

(5) Kirin Group financing

The aggregate amount of loans payable, including bonds, was ¥897.4 billion as of the end of the fiscal year under review. This was an increase of ¥233.5 billion compared to the end of the previous term.

Main financing for the fiscal year under review was a total amount of ¥100.0 billion through the issuance of unsecured straight bonds and ¥150.0 billion in short-term loans from financial institutions. These funds were raised for the change in the status of Lion Nathan Ltd. to a wholly-owned subsidiary.



The information hereunder is as of December 31, 2009, unless noted otherwise.

(6) Description of the main businesses of Kirin Group

The main businesses of Kirin Group are the production and sale of alcohol beverages, soft drinks and foods, pharmaceuticals, and other products. The principal products by business division are as follows:

Business Division	Principal products
Alcohol Beverages	Beer, Happo-shu, New genre, Chu-hi, Cocktail, Shochu, Wine, Liquors, etc.
Soft Drinks and Foods	Soft drinks, dairy products, other foods, etc.
Pharmaceuticals	Prescription medicine

(7) Major business offices, plants, etc. in Kirin Group

1) Kirin Holdings Company, Limited

Head Office: 10-1, Shinkawa 2-chome, Chuo-ku, Tokyo

Laboratories: Central Laboratories for Frontier Technology (Yokohama, etc.)

## 2) Major subsidiaries

Business Division	Company Name		Major centers
Alcohol Beverages	Kirin Brewery Co., Ltd.	Head Office	Chuo-ku, Tokyo
		Branch Offices	10 Regional Sales & Marketing Divisions including Metropolitan Regional Sales & Marketing Division (Chuo-ku, Tokyo)
	Plants	11 Plants including Yokohama Plant (Yokohama)	
	Laboratories	Research Laboratories for Brewing, Research Laboratories for Packaging (Yokohama)	
Soft Drinks and Foods	Mercian Corp.	Head Office	Chuo-ku, Tokyo
		Branch Offices	3 Sales Headquarters including Eastern Japan Sales Headquarters (Chuo-ku, Tokyo)
	Plants	6 Plants including Fujisawa Plant (Fujisawa)	
Pharmaceuticals	Kirin (China) Investment Co., Ltd.	Head Office	Shanghai, China
		Head Office	Chiyoda-ku, Tokyo
	Kirin Beverage Co., Ltd.	Branch Offices	7 Area Divisions including Kanto Metropolis Area Division (Chiyoda-ku, Tokyo)
		Plants	Shonan Plant (Samukawa-machi, Koza-gun, Kanagawa), Maizuru Plant (Maizuru)
Pharmaceuticals	Kyowa Hakko Kirin Co., Ltd.	Laboratories	Laboratory for New Product Development, Laboratory for Core Technology Development (Yokohama)
		Head Office	Chiyoda-ku, Tokyo
		Branch Offices	17 Branches including East-Tokyo Branch (Chuo-ku, Tokyo)
		Plants	

			5 Plants including Fuji Plant (Nagaizumi-cho, Suntou-gun, Shizuoka) and Takasaki Plant (Takasaki)
		Laboratories	6 Laboratories including Tokyo Research Park (Machida, Tokyo) and Fuji Research Park (Nagaizumi-cho, Suntou-gun, Shizuoka)
Other	Lion Nathan National Foods Pty Ltd	Head Office	Sydney, New South Wales, Australia

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(Note) Lion Nathan National Foods Pty Ltd, the holding company for our Oceania operations, is classified in Other Businesses because its subsidiaries Lion Nathan Ltd. and National Foods Limited are affiliated with the Alcohol Beverages Business Division and the Soft Drinks and Foods Business Division, respectively.

(8) Employees of Kirin Group

Division	Number of employees (persons)	
Alcohol Beverages Business	12,499	[4,113]
Soft Drinks and Foods Business	11,763	[1,903]
Pharmaceuticals Business	4,718	[ 67]
Other Businesses	5,504	[ 309]
Administration	666	[ 19]
Total	35,150	[6,411]

(Notes) 1. The number of employees indicates the number of employees currently on duty.

2. The yearly average number of temporary employees is separately indicated in brackets.

3. The number of the Company's employees is 276 (excluding employees seconded by the Company and including employees seconded to the Company).

(9) Significant subsidiaries, etc.

1) Significant subsidiaries

Company Name	Location	Capital	Ratio of voting rights held by the Company	Description of principal businesses
Kirin Brewery Co., Ltd.	Chuo-ku, Tokyo			