

2010 first-quarter results presentation

First three months (January — March) of the fiscal year ending December 31, 2010

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KIRIN

May 7, 2010

KIRIN HOLDINGS COMPANY, LIMITED

(1) Summary: 2010 consolidated Q1 results

● Increase in Income in All Business Segments; Smooth Start as First Year of “Implementation and Qualitative Expansion Medium-Term Plan”

Consolidated operating results

(billion yen)	2010 Q1	Change in yen	Change in percent	Estimated consolidated results	
				First half	End term
Sales	442.7	-44.5	-9.1	1,030	2,220
Operating income	23.8	+14.3	+152.2	50	133
Ordinary income	20.6	+7.4	+56.3	46	125
Net income	6.1	+12.3	-	10	48

- Consolidated sales figures include alcohol taxes

- Estimated consolidated results are unchanged from those reported at the start of the year

Sales	Decreased due to change in reporting period for National Foods, despite recovery of Australian dollar exchange rate and improved chemicals business results
Operating income	Increased due to smooth advancement of Kirin Beverage earning structure reformation, recovery of the Australian dollar's exchange rate, and Kyowa Hakko Kirin's pharmaceuticals and chemicals business contributions (record profits)
Ordinary income	Increased, despite the reversal of 2009 Q1's translation adjustment, due to increased operating income (record profits)
Net income	Increased due to asset liquidation and decrease in impairment losses and loss on devaluation of investment securities, etc.

(2) Group Progress / Topics

Entire Group is striving to attain the beginning of year goals as planned

1. Realize Group synergies

CCT (Cross Company Team):

* KBE=Kirin Business Expert

■ Manufacturing, distribution	<ul style="list-style-type: none"> Strengthening of group quality and environmental management functions → Establishment of new KBE quality assurance and management department Reorganization of KB production sites (Tochigi, Hokuriku) → Progressing according to plan
■ Procurement	<ul style="list-style-type: none"> Group procurement promotion → KB/KBC planning/sourcing function aggregation/unification
■ IT, other	<ul style="list-style-type: none"> Overall IT cost reduction measures, such as information infrastructure cost reductions, proceeding as planned

Health and Functional Food Product Project

キリンの健康プロジェクト



- Assess immediate customer health needs and propose products in a variety of product forms, centering around the soft drinks and foods business field
- Gather collective strengths of group companies, and establish new business models
- As first step, coordinated launch in April by group companies of new products containing regenerative amino acid “ornithine”

Business Integration Within Group

* Refer to the news release announced on October 26, 2009

- Business integration in July as scheduled for raw alcohol business and processing alcohol/ fermented seasonings business by absorption-type split (detailed business plan after integration is to be scheduled later, with announcement planned for mid-term)

2. Lean Management

- Business portfolio selection and focus on “food and health” field: Sale of agribio business (March)
- Proceed with asset liquidation as planned, centered on the sale of investment securities: ¥10bn in 1st Q(¥40bn this year)

3. Overseas businesses

- Australia: Lion Nathan National Foods integration process is proceeding smoothly

- The Philippines: Completion of conversion of San Miguel Brewing International to a 100% owned subsidiary by SMB, promotion of establishment of alcohol beverages business foundation in southeast Asia * SMB=San Miguel Brewery

(3) Primary Companies and Business Topics (1)

Steady progress in achieving the integrated beverages group strategy for the domestic alcohol beverages and soft drink companies

Kirin Brewery

- The market is contracting, but Kirin's main products, such as "*Kirin Nodogoshi Nama*" and "*Kirin Ichiban Shibori Nama*," are performing favorably, and operating income is also moving in a positive direction
- Continued approach towards 3 product strategy issues
 - ✓ Strengthening core brands "*Kirin Lager Beer*" brush-up (February)
 - ✓ Improving response to customer health consciousness Launch of "*Kirin Zero Nama*", with zero carbs and the lowest number of calories (March)
 - ✓ Increasing overall demand Launch of new genre category "*Kirin 1000*" (March)
- Vitalization of RTD market by success of *Kirin Chuhai Hyoketsu* standard series and new "*Kirin Sekai no Highball*"
- Non-alcohol beer-taste "*Kirin FREE*" has continued selling well since its launch in April of last year

Mercian

- Improving operating income despite the difficult market conditions through measures that include value proposing marketing.
- Sales of day-to-day table wines for the household market have been robust due to increasingly defensive mindset of consumers
- Enhanced promotions for rosé wine, which is popular globally, and launch the product "*Frontera Merlot Rosé*"

Kirin Beverage

- Continued effort to revive operating income, despite the continued harsh conditions in the overall market, by creating strong brands and enacting earning structure reform
- "Gogo-no-Kocha" brand
 - ✓ "*Kirin Gogo-no-Kocha Espresso Tea*" (launched February) has gathered strong customer support, with annual sales plans upwardly revised
 - ✓ "*Kirin Gogo-no-Kocha Healthy Milk Tea*" (launched March) features zero sugar and zero fat, vitalizing the black tea beverage market
- "*Kirin FIRE*" brand Added the "*Kirin FIRE Black Deep Body*" to lineup (March)

(3) Primary Companies and Business Topics (2)

Steady progress toward achieving the beginning of year plan for pharmaceuticals and other businesses and for overseas businesses

Kyowa Hakko Kirin

➤ **Pharmaceuticals**

- ✓ Operating income increased by increased gross profit and reduced costs such as R&D expenditures
- ✓ Domestic medical pharmaceutical product growth in core products such as “Nesp®”, “Espo”, and “Regpara”
- ✓ The amount of airborne pollen fell below last year’s level, resulting in lower sales of Allelock and Patanol than during the same period the previous year
- ✓ Construction completed of clinical antibody drug substance production facilities in Bio Process Research and Development Laboratories
- ✓ Revenues from technology licensing increased greatly, and exports to Asia trended favorably

➤ **Biochemicals** Favorable sales of Asian market oriented amino acids for pharmaceuticals and intravenous liquids

➤ **Chemicals** Demand recovered both domestically and abroad, with sales volumes far exceeding the previous year as well as operating income performing on-track with the year plan

Lion Nathan National Foods

➤ **Alcohol beverages**

- ✓ Increase in sales through factors that include the positive sales of key brands with the core Australian beer business
- Secured income after 100% goodwill amortization of Lion Nathan, due to real increase in operating income and favorable exchange rates
- ✓ Continued growth in the expanding premium beer category

➤ **Soft Drinks and Foods**

- ✓ National Foods results are not included in this first quarter group consolidated results due to a change in the reporting period

China (Alcohol beverages business)

➤ **Market remains harsh and highly competitive**

➤ **Continued sales fortification centering on Yangtze River Delta, Pearl River Delta, and the three Northwest provinces in China as pillar of integrated beverages group strategy**

(Reference 1) Sales and Operating Income by Segment

1st Quarter Results

(billion yen)	Alcohol beverage	Soft drinks and food	Pharmaceuticals	Other	Elimination or corporate	Total
Sales	236.4	95.5	49.6	61.1	-	442.7
(YoY change)	+5.8%	-41.2	+1.6	+16.4	-	-9.1
Operating income	15.8	0.1	10.3	2.1	-4.6	23.8
(YoY change)	+15.2%	-	+80.9	-	-	+152.2

Reference: FY2009 1st Quarter Results

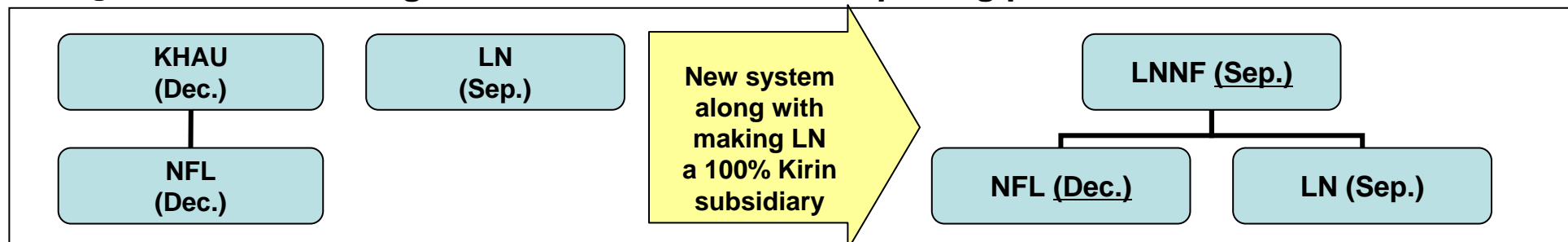
(billion yen)	Alcohol beverage	Soft drinks and food	Pharmaceuticals	Other	Elimination or corporate	Total
Sales	223.4	162.4	48.8	52.5	-	487.2
(YoY change)	-9.9%	+4.2	+360.5	+236.3	-	+13.3
Operating income	13.7	-3.9	5.7	-1.5	-4.5	9.4
(YoY change)	-16.0%	-	-	-	-	+2.5

(Reference 2) Changes in Reporting Period for Australian Companies and the Impact

【Gist of impact】 Reporting period for LNNF and NFL in 2010 is nine months (Jan. to Sep.), which means that the two companies' results are not reflected in Kirin's 1st quarter consolidated results

1. Changes in Australian organizational structure and reporting period*

*month in parentheses



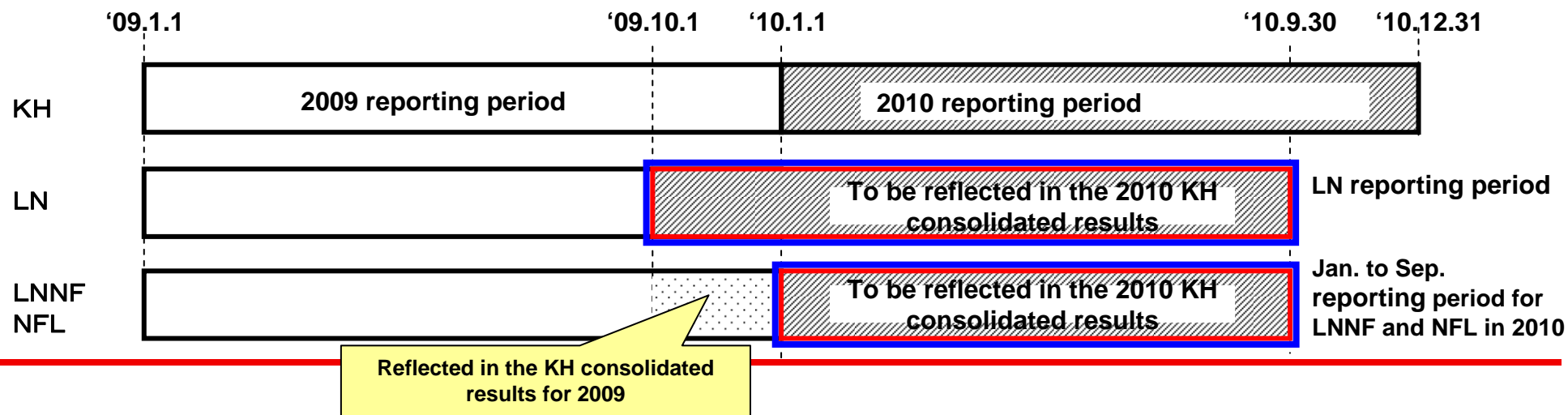
(1) Company abbreviations: KHAU (Kirin Holdings Australia), LNNF (Lion Nathan National Foods), LN (Lion Nathan), NFL (National Foods)

(2) In line with organizational changes, KHAU has changed its name to LNNF

(3) In order to unify the accounting period among Australian companies the period for LNNF and for NFL has been changed from Dec. to Sep.

2. Impact on company's consolidated performance from change in reporting period

LNNF and NFL, after its settlement of accounts in Dec. 2009, their reporting period was changed from Dec. to Sep., resulting in a reporting period in 2010 from Jan. to Sep., so that there are no consolidated results for the companies reported in the 1st quarter (Results for Oct. to Dec. 2009 are already reflected in the consolidated results for 2009)



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