

KIRIN HOLDINGS COMPANY, LIMITED

SUMMARY OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS OF JUNE 30, 2008 (UNAUDITED)

August 4, 2008

(English Translation)

Fiscal year ending December 31, 2008

KIRIN HOLDINGS COMPANY, LIMITED

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

Code No.:	2503
Shares Listed:	Tokyo, Osaka, Nagoya, Fukuoka and Sapporo
Representative:	Mr. Kazuyasu Kato, President
For further information, please contact:	Mr. Ippei Maeda, General Manager, Corporate Communications
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Submission date of semi-annual securities report scheduled:	September 12, 2008
Commencement date of dividend distribution scheduled:	September 8, 2008

1. Consolidated business results and financial positions for the first half of the current fiscal year (January 1, 2008 - June 30, 2008)

[Unit: Japanese yen (¥)]

(1) Results of operations:

(Fractions less than ¥1 million have been omitted.)

	Sales (¥ millions)	Percentage change (%)	Operating income (¥ millions)	Percentage change (%)	Ordinary income (¥ millions)	Percentage change (%)
6 months ended June 30, 2008	1,047,817	25.3	47,565	10.9	47,643	4.3
6 months ended June 30, 2007	836,020	6.8	42,881	(4.7)	45,696	(3.1)
Year ended December 31, 2007	1,801,164		120,608		123,389	

	Net income (¥ millions)	Percentage change (%)	Net income per share (Primary) (¥)	Net income per share (Diluted) (¥)
6 months ended June 30, 2008	81,120	383.0	84.98	84.98
6 months ended June 30, 2007	16,796	(11.5)	17.59	-
Year ended December 31, 2007	66,713		69.86	-

Reference: Equity in earnings of affiliates	June 30, 2008	2,972 million yen
	June 30, 2007	6,035 million yen
	December 31, 2007	10,282 million yen

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

(2) Financial positions:

	Total assets	Net assets	Ratio of equity to total assets	Net assets per share
	(¥ millions)	(¥ millions)	(%)	(¥)
June 30, 2008	2,797,807	1,324,263	39.2	1,148.36
June 30, 2007	2,018,962	1,092,122	52.0	1,100.00
December 31, 2007	2,469,667	1,099,555	42.7	1,104.83

Reference: Equity

June 30, 2008	1,096,025 million yen
June 30, 2007	1,050,464 million yen
December 31, 2007	1,054,811 million yen

(3) Cash flows:

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	(¥ millions)	(¥ millions)	(¥ millions)	(¥ millions)
6 months ended June 30, 2008	39,893	(66,087)	21,589	88,553
6 months ended June 30, 2007	18,199	(163)	(26,499)	77,938
Year ended December 31, 2007	114,585	(269,621)	121,555	52,307

2. Dividends

Record date	Dividends per share		
	Interim	Year-end	Total (Annual)
	(¥)	(¥)	(¥)
Year ended December 31, 2007	9.00	12.00	21.00
Year ending December 31, 2008 (Actual)	11.50	-	
Year ending December 31, 2008 (Forecast)	-	11.50	23.00

3. Forecast of consolidated business results for the current fiscal year
(January 1, 2008 - December 31, 2008)

	Sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
	(¥ millions)	(%)	(¥ millions)	(%)	(¥ millions)	(%)
Year ending December 31, 2008	2,330,000	29.4	152,000	26.0	145,000	17.5

	Net income	Percentage change	Net income per share
	(¥ millions)	(%)	(¥)
Year ending December 31, 2008	124,000	85.9	129.92

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

4. Others (January 1, 2008 - December 31, 2008)

(1) Changes in significant subsidiaries during the period

(changes in specified subsidiaries accompanying change in scope of consolidation): Yes

Increase 1 company

Kyowa Hakko Kogyo Co., Ltd.

Decrease None

Note: For details, please refer to "CORPORATE GROUP" on page 13.

(2) Changes in accounting policies, procedures, and methods of presentation for preparing the consolidated interim financial statements (those to be described in the section of Significant Accounting Policies)

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

(3) Number of shares outstanding (common stock)

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

As of June 30, 2008	984,508,387 shares
As of June 30, 2007	984,508,387 shares
As of December 31, 2007	984,508,387 shares

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

As of June 30, 2008	30,082,848 shares
As of June 30, 2007	29,538,271 shares
As of December 31, 2007	29,779,060 shares

Note: For the number of shares as a basis of calculating net income per share (consolidated), please refer to "PER SHARE INFORMATION" on page 34.

Reference: SUMMARY OF NON-CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Non-consolidated business results and financial positions for the first half of the current fiscal year (January 1, 2008 - June 30, 2008)

(1) Results of operations:

	Sales (¥ millions)	Percentage change (%)	Operating income (¥ millions)	Percentage change (%)	Ordinary income (¥ millions)	Percentage change (%)
6 months ended June 30, 2008	59,903	(85.9)	49,881	236.1	54,602	68.2
6 months ended June 30, 2007	425,687	(2.9)	14,842	(17.1)	32,455	(16.1)
Year ended December 31, 2007	437,172		14,081		30,875	

	Net income (¥ millions)	Percentage change (%)	Net income per share (Primary) (¥)
6 months ended June 30, 2008	49,653	123.2	52.02
6 months ended June 30, 2007	22,242	(16.7)	23.29
Year ended December 31, 2007	33,476		35.06

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

(2) Financial positions:

	Total assets (¥ millions)	Net assets (¥ millions)	Ratio of equity to total assets (%)	Net assets per share (¥)
June 30, 2008	1,680,718	901,847	53.7	944.91
June 30, 2007	1,467,899	903,764	61.6	946.38
December 31, 2007	1,620,556	871,430	53.8	912.75

Reference: Equity	June 30, 2008	901,847 million yen
	June 30, 2007	903,764 million yen
	December 31, 2007	871,430 million yen

**2. Forecast of non-consolidated business results for the current fiscal year
(January 1, 2008 - December 31, 2008)**

	Sales (¥ millions)	Percentage change (%)	Operating income (¥ millions)	Percentage change (%)	Ordinary income (¥ millions)	Percentage change (%)
Year ending December 31, 2008	74,000	(83.1)	51,000	262.2	56,000	81.4

	Net income (¥ millions)	Percentage change (%)	Net income per share (¥)
Year ending December 31, 2008	50,000	49.4	52.38

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

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

Please refer to page 9 and 10 for the assumptions and other matters related to the forecast of consolidated business results provided herein.

BUSINESS RESULTS AND FINANCIAL POSITION

Note: All comparisons are with the first six months of 2007 unless stated otherwise

1. BUSINESS PERFORMANCE

The Japanese economy showed signs of slowing during the six-month period under review, impacted by factors such as high energy and raw material prices that dampened capital investment and personal consumption. It remains necessary to maintain a close watch on developing uncertainties in overseas economies and international capital markets, along with energy and raw material prices.

Consolidated sales for the interim period increased, despite a significant impact from high energy and raw material costs. Key factors contributing to the increased sales included the consolidation of Kyowa Hakko Kogyo Co., Ltd. ("Kyowa Hakko") and National Foods Limited ("National Foods"), along with strong sales at consolidated subsidiary Lion Nathan in Australia. Operating income also increased, with factors such as the consolidation of Kyowa Hakko and strong performance at Lion Nathan compensating for lower earnings in soft drinks and foods.

Consolidated net income for the interim period also increased considerably, due to the recording of special income arising from the exchange of shares of Kyowa Hakko and Kirin Pharma that took place on April 1, 2008.

Kirin Holdings Company, Limited: Consolidated 2008 interim results

Consolidated sales	¥1047.8 billion, up 25.3%
Consolidated operating income	¥47.5 billion, up 10.9%
Consolidated ordinary income	¥47.6 billion, up 4.3%
Consolidated net income	¥81.1 billion, up 383.0%

From the first quarter of 2008, Kyowa Hakko became an equity method affiliate as a result of a tender offer implemented between October 31, 2007 and December 6, 2007 under which Kirin acquired ordinary shares of Kyowa Hakko. As a result of these share acquisitions, along with a share exchange between Kyowa Hakko and Kirin Pharma undertaken on April 1, 2008, Kirin has acquired 50.1% of Kyowa Hakko's total outstanding shares (including treasury stock), and Kyowa Hakko became a consolidated subsidiary of Kirin from the second quarter of 2008.

It should be noted that from the current fiscal year, foods, health foods, functional foods and other such products have been shifted from the Others business segment to the Soft Drinks business segment, and the Soft Drinks segment has been renamed the Soft Drinks and Foods business segment. The Soft Drinks and Foods segment includes such operating businesses as Kirin Beverage Co., Ltd., Australian consolidated subsidiary National Foods Limited, Kirin Yakult NextStage Co., Ltd. ("KYNS"), and Kirin Food-Tech Company, Limited (Kirin Food-Tech"). Further, from the third quarter of 2007, engineering, logistics and other such companies that were previously included in the Other business segment have been transferred into the Alcohol Beverages business segment, reflecting a management policy to administer these companies in close coordination with the alcohol business. In order to enable like-for-like comparison, figures for the previous year have been restated to reflect the new business segment allocations. Further details are available on Page 29, "(SEGMENT INFORMATION) a. Business segment information (CHANGES IN CLASSIFICATION OF BUSINESS SEGMENT)".

Segmental results were as follows:

Alcohol Beverages Business

During the period under review we continued to develop our operations as a comprehensive alcohol beverages group, and furthered the development of our business and capital alliance with Mercian Corporation.

At Kirin Brewery we pursued our three-pronged strategy for the year of strengthening our core products, building presence in low-carbohydrate products, and increasing overall sales. During the interim period we led the industry by increasing prices in February for beer, happo-shu and new genre products in the context of the continued increases in raw material costs that have led to price revisions in other industries. The impact of these price increases, along with the absence of new product launches that boosted results in the interim period of the previous year, led to a decline of 15.5% in beer sales volumes. Sales volumes of happo-shu, meanwhile, decreased by 0.5%, which is better than domestic

market average as having benefited from higher-than-planned sales of our non-carbohydrate¹ *KIRIN ZERO* launched in February, along with sales of *Tanrei Green Label*, which is driving the low-calorie market, and a renewal of our mainstay happo-shu product *Kirin Tanrei*.

In the new genre category, sales continued to grow, with sales volumes up 8.2%. Sales of *Kirin Nodogoshi Nama*, which has benefited from the gravitation of consumers to core brands, remained strong, while *Kirin Sparkling Hop* contributed to our strategy of increasing overall sales. Combined sales volumes of beer, happo-shu and new genre products decreased 5.0%.

In the RTD (Ready to Drink) market, sales of RTDs at Kirin Brewery increased directly in reflection of the transfer of Mercian's RTD product line-up from the third quarter of the previous year. Sales of new products *Kirin Chu-hi Hyoketsu STRONG* and *Two Dogs Cocktail* were also very favorable. As a result, overall RTD sales increased 5.1%.

In the shochu market, sales volumes increased markedly with the transfer of Mercian's product range to Kirin.

At Mercian Corporation, sales of screw cap wines such as domestic preservative-free wines and imported wines such as Sunrise and Fronterra showed double-digit growth, despite a cooling of the economy that had a particular impact on the commercial wine market. This result was contributed to by the commencement in the previous year of wine merchandizing activities with Kirin Merchandizing Co., Ltd., a subsidiary that specializes in creating sales displays at volume retailers. Mercian's sales also benefited from the transfer in July 2007 of Kirin Brewery's wine operations, and overall wine sales at Mercian increased 29%.

In our overseas alcohol beverages business, our consolidated subsidiary Lion Nathan in Australia continued to show sound performance, with further progress in profitability with its shift to the premium segment. A favorable shift in the yen/Australian dollar exchange rate also contributed to earnings. Sales volumes in China, meanwhile, decreased due to a tough competitive environment and other factors such as the impact of the earthquake in the Sichuan Province.

Although overall sales volumes of beer and happo-shu declined during the period under review, consolidated sales in the alcohol beverages business were in line with the previous interim period, supported by price increases implemented for beer, happo-shu and new genre in February, along with strong performance at Lion Nathan in Australia. Consolidated operating income also increased, supported by price increases implemented by Kirin Brewery to counteract higher costs for raw materials, along with reduced marketing and advertising expenses, good performance at Lion Nathan, and a change in the allocation method of the group administration costs.

Alcohol Beverages Business: 2008 interim results

Consolidated sales	¥545.3 billion, down 0.5%
Consolidated operating income	¥42.5 billion, up 29.1%

Soft Drinks and Foods Business

At Kirin Beverage we have been pursuing a strategy of investing actively in marketing in the lead-up to the peak period of summer demand, with the aim of achieving a large increase in sales volumes while securing profitability. In the domestic soft drink market, activities have focused on strengthening core products such as *Kirin Nama-cha*, *Kirin Gogono-Kocha*, and canned coffee *Kirin FIRE*, while also tapping into the recently resurgent carbonated drinks market with *KIRIN LEMON*. However, results have been impacted by a slowing of growth in the mineral water and green tea market, and our overall domestic sales volumes, in line with the industry average, have remained at last year's level. In overseas markets, meanwhile, sales in China of the 500ml PET bottle *Kirin Gogono-Kocha Milk Tea* beverage have grown significantly, contributing to a slight increase in overall sales volumes at Kirin Beverage.

The overall outcome for Kirin Beverage was that revenues were largely unchanged from the previous interim period. Operating income declined, however, due to high raw material prices and the impact of a worsening market environment, which meant that investment in marketing was not reflected in increased sales.

At National Foods, in Australia, business was impacted by a worsening of the drought situation and others, which contributed to higher raw material costs. Although the company continued to increase product prices, the cost of

¹ Japan's nutritional labeling standards define a low-calorie beverage as a beverage containing less than 20 kilocalories per 100ml, and a non-carbohydrate beverage as one that contains less than 0.5g carbohydrates per 100ml.

ingredients such as milk and fruit juice exceeded expectations, with the result that sales revenues increased and earnings decreased for the period.

At Kirin Food-Tech, it was announced that from April 2009 its foods business would be integrated with Kyowa Hakko Food Specialties Co., Ltd., with the resulting company to be named Kirin Kyowa Foods Company, Limited. The strategic alliance between Kirin Group and Kyowa Hakko Group, announced in October 2007, is proceeding steadily.

At KYNS, we launched the *Lieta Cereal Bar* in March, focusing on expanding sales through the CVS channel. However, with the diet foods market contracting, sales of our core product *Lieta Drink* fell below expectations, and overall sales revenues at KYNS declined.

Concomitant with the consolidation of Kyowa Hakko into Kirin Group from the second quarter of the year, the foods business of Kyowa Hakko has been included in the sales and operating income of Kirin's Soft Drinks and Foods business segment. Results at Kyowa Hakko's foods business for the interim period under review were in line with the previous interim period, with higher sales of seasonings counteracted by declines in sales of confectionaries and bread ingredients.

Consolidated sales in soft drinks and foods increased, supported by the consolidation of National Foods and Kyowa Hakko. Operating income declined, however, due to higher raw material costs and a change in the product container composition at Kirin Beverage, along with the recording of goodwill and brand amortization expenses accompanying the acquisition of National Foods in Australia.

Soft Drinks and Foods Business: 2008 interim results

Consolidated sales	¥344.0 billion, up 54.6%
Consolidated operating loss	¥5.6 billion, down --%

Pharmaceuticals Business

In a tough competitive environment for Kirin Pharma, we actively provided information to develop sales of our core anemia medicines NESP® and ESPO. However, sales decreased, reflecting lower sales volumes in the first quarter of the year and a reduction in the monetary value of the overall market due to NHI price revisions. In January 2008 we launched REGPARA Tablets, a treatment for secondary hyperparathyroidism during maintenance dialysis, and began promoting this product in the market. In overseas business, sales of main products in the Asian region progressed favorably.

From the second quarter of the year Kyowa Hakko became a consolidated subsidiary of Kirin, and its pharmaceuticals business has been included in the sales and operating income of Kirin's Pharmaceuticals business segment. Sales at Kyowa Hakko increased significantly, contributed to by the launch of *Coversyl*, a treatment for hypertension that has been transferred from Daiichi Sankyo Company, Limited, growth in sales of antiallergic ophthalmic solution *Patanol*, and a one-off contract payment for the outlicensing to Amgen of anti-CCR4 humanized monoclonal antibody KW-0761. These positive factors compensated for the negative impact on revenues of NHI price revisions and the ending of a joint sales contract for *Durotep*, an analgesic for persistent cancer pain.

Consolidated sales and operating income in the pharmaceuticals business both increased, primarily due to the consolidation of Kyowa Hakko.

Pharmaceuticals Business: 2008 interim results

Consolidated sales	¥69.6 billion, up 121.3%
Consolidated operating income	¥10.9 billion, up 124.4%

Other Businesses

From the second quarter of the year Kyowa Hakko became a consolidated subsidiary of Kirin, and its bio-chemicals business and chemicals business have been included in the sales and operating income of Kirin's Other Businesses business segment.

In Kyowa Hakko's bio-chemical business, sales of amino acids for pharmaceutical and industrial use trended favorably, as did sales of materials for generic medical products. Alcohol and health care sales also grew, with the result that overall

bio-chemical sales increased. In Kyowa Hakko's chemicals business, sales revenues increased slightly, with price rises implemented because of higher raw material and energy costs in domestic and overseas markets compensating for a decline in sales volumes.

In agribio business, where a harsh operating environment meant that production in domestic seedling operations was scaled back during winter because of high energy costs, sales declined. But on the contrary our business performance overseas was sound.

Consolidated sales and operating income in other businesses both increased, primarily due to the consolidation of Kyowa Hakko.

Other Businesses: 2008 interim results

Consolidated sales	¥88.7 billion, up 162.8%
Consolidated operating income	¥7.3 billion, up 227.6%

OUTLOOK FOR 2008

Kirin Group's investments in Kyowa Hakko and National Foods, as announced during 2007, mean that the consolidated sales and operating income targets for 2009, outlined in the mid-term business plan for 2007-2009 KV2015 Stage, are likely to be achieved during 2008. We have therefore revised the business plan, details of which may be found on page 14 and 15.

During the second half of 2008, we will be working on the key issues outlined below, aiming with a sense of urgency to build a business base with which to achieve our revised targets for KV2015 Stage I, ending December 2009.

As Kirin Beverage and National Foods have made downward revision to their earnings forecasts for 2008, Kirin Group's earnings forecast for the year has also been revised as follows.

Consolidated sales	¥2,330 billion, up 29.4%
Consolidated operating income	¥152.0 billion, up 26.0%
Consolidated ordinary income	¥145.0 billion, up 17.5%
Consolidated net income	¥124.0 billion, up 85.9%

Alcohol Beverages Business

At Kirin Brewery we will continue to pursue our three-pronged product strategy, as announced at the beginning of the year, of strengthening our core products, building presence in low-carbohydrate products, and increasing overall sales.

In the beer category, we will strive to strengthen our core products, centered on *Kirin Ichiban Shibori* and *Kirin Tanrei*, the dominant market leader in happo-shu. In addressing the low-carbohydrate market, we will introduce *Kirin Chu-hi Hyoketsu ZERO* products to our RTD product range, following on from the successful February launch—and subsequent upward revision of sales targets—of *Kirin ZERO*. We aim to build on the success of reduced-carbohydrate *Tanrei Green Label* and *Tanrei Alpha* products to secure an even stronger position in the low-carbohydrate market. *Kirin Sparkling Hop* has enjoyed overwhelming consumer support since its launch, particularly from adults in their 20s, and in September we intend to launch a new product, *KIRIN Smooth*, to expand our product portfolio and contribute to enhance overall demand.

With shochu, we will continue measures to improve the transaction structure within the industry, while strengthening sales of shochu based on the *Hakusui* brand.

In marketing, we will continue to pursue an approach in which activities are closely aligned with different regional needs, undertaking Beijing Olympic-related marketing and further progressing our development and proposal-oriented sales system. In an environment of continued high raw material and energy costs, we will continue to minimize costs.

At Mercian, where we are implementing the first year of of Mercian's medium-term business plan, we will maintain efforts to rapidly become the strong number one in wine and processing liquors. In wine, we will increase our sales capabilities and extend collaborative merchandizing with Kirin Group, aiming to develop strategic value propositions in both daily wines and fine wines. In processing liquor operations, we aim to enhance our specialist sales approach and strengthen allied operations with Kirin to maximize Group synergies.

In the international arena, we will work to strengthen our beer business in Asia and Oceania. In China we will pursue our comprehensive beverages Group strategy, aiming to develop synergies between the strongly performing soft drinks business and our alcohol beverage business in the region. At Lion Nathan in Australia, a large-scale facilities upgrade and construction program is underway, which will enable a further lift in product quality.

Soft Drinks and Foods Business

At Kirin Beverage, we will continue efforts to create new value through extension products in core brands, and will endeavor to boost sales volumes through *KIRIN LEMON* and new brands such as *Ururu-cha*, a blended tea. We will target improved profitability by pursuing a sales strategy to optimize the mix of brands, container types and sales channel for each product. We will also use collaboration within Kirin Group and with other industries to create added value propositions with a focus on in-store promotion, and through careful selection and concentration will aim to maximize the efficiency of marketing activities. Overseas, we will aim to build on the customer loyalty we have developed through the success and recognized product quality of *Kirin Gogono-kocha* to introduce new products and tastes, as part of an active, ongoing program of marketing.

At National Foods in Australia, year-on-year raw milk cost increases in the second half of the year are expected to be milder than in the first half, and management focus will be on strengthening brands and increasing prices to appropriate levels to improve profitability. We will aim to boost the company's sales approach in CVS, food and beverage outlets and other such sales channels. Operational efficiency will be enhanced through the implementation of a new information system, and further efforts will be made to reduce costs.

At Kirin Food-Tech, we will aim to enhance sales of nucleotide seasonings in the expanding Chinese market, and from July 2008 we are commencing operations at a new wholly owned subsidiary in Shanghai, Kirin Food-Tech Shanghai Co., Ltd. The operation of this company is aimed at enabling a more flexible and efficient handling of transactions within China, while promoting sales of core Kirin Food-Tech products such as *Ribotide*, a nucleotide seasoning, and *Curdlan*, a functional food ingredient. During 2008 and 2009, production of both these products is being shifted from Japan to PT Kirin-Miwon Foods in Indonesia, with the aim of increasing profitability.

The focus at KYNS will be to strengthen alliances with other Group companies such as Kirin Beverage (including Koiwai Dairy Products), Nagano Tomato, and Kirin Food-Tech, aiming to create added-value products that meet the needs of health-conscious consumers.

In the foods business of Kyowa Hakko, ongoing efforts will be made to expand sales of natural seasonings and bread ingredients, while undertaking rigorous cost control measures to counteract high prices for raw ingredients.

Pharmaceuticals Business

In October 2008, Kyowa Hakko and Kirin Pharma will merge to form a new company, Kyowa Hakko Kirin Co., Ltd. This company will make use of its leading capabilities in antibody therapeutics, and focus on the three areas of cancer, renal, and immune-related diseases to become a world-class R&D-based life sciences company originating in Japan. Amid intensifying competition both domestically and abroad, Kyowa Hakko Kirin will aim to develop a steady stream of innovative pharmaceuticals.

Accompanying the launch of this company, three new R&D groups are being established as part of a reorganization of our R&D organization to improve the efficiency of our activities: the Kyowa Hakko Kirin Fuji Research Park, the Kyowa Hakko Kirin Tokyo Research Park, and the Bio-CMC R&D Laboratories. The new company will also actively seek to realize synergies to promote both sales and cost control.

Other Businesses

In Kyowa Hakko's bio-chemical business, the company will continue to pursue sales both domestically and abroad of amino acid-based materials for pharmaceutical and industrial use, while promoting sales of health care products through mail order channels and developing new materials. In the chemicals business, Kyowa Hakko will raise prices as necessary to reflect higher costs for naphtha and other raw materials, while endeavoring to increase sales of core chemicals and functional products.

In agribio, R&D efforts will be directed at developing new products with high added value, and improving the efficiency with which seedlings and plants can be produced.

2. FINANCIAL POSITION

Total assets as of June 30, 2008 stood at ¥2,797.8 billion, an increase of ¥778.8 billion, or 38.6%, compared to June 30, 2007. Current assets increased ¥191.9 billion to ¥781.4 billion. Fixed assets also increased, with tangible fixed assets climbing ¥199.4 billion, and intangible fixed assets climbing ¥366.5 billion due to goodwill and other factors. These increases were mainly attributable to the acquisition of shares in Kyowa Hakko and National Foods.

Total liabilities as of June 30, 2008 stood at ¥1,473.5 billion, an increase of ¥546.7 billion, or 59.0%, compared to June 30, 2007. In addition to an increase of 194.4 billion in short-term loans concomitant with the acquisitions noted above, new bond issues increased bond liabilities by ¥187.4 billion.

Net assets as of June 30, 2008 stood at ¥1,324.2 billion, an increase of ¥232.1 billion, or 21.3%, compared to June 30, 2007. Retained earnings increased by ¥110.9 billion from net income recorded for the interim period under review, but net unrealized holding gain on securities decreased by ¥55.1 billion due to a fall in the value of investment securities held by

Kirin. Minority interests increased ¥186.4 billion, primarily due to the consolidation of Kyowa Hakko.

Consolidated cash and cash equivalents ("cash") totaled ¥88.5 billion as of June 30 2008, a increase of ¥36.2 billion compared to December 31, 2007. Main outflows included investment activities such as the acquisition of tangible fixed assets through capital expenditure in the alcohol beverages business, and acquisitions of shares in newly consolidated subsidiaries, and those outflows were covered by issuance of bonds, cash reserves and other.

Consolidated cash flows were as follows:

Cash flow from operating activities

Net cash provided by operating activities was ¥39.8 billion, ¥21.6 billion more than in the interim period ended June 30, 2007. Although income before taxes and minority interests increased ¥82.5 billion due to acquisition of subsidiaries, ¥24.7 billion due to changes of in items such as notes and account receivable, trade, inventories notes and accounts payable, liquor taxes payable and consumption tax, decrease of working capital by gain on change in equity increased ¥72.6 billion and corporate tax payment increased ¥9.3 billion.

Cash flow from investing activities

Net cash used in investing activities was ¥66.0 billion, ¥65.9 billion more than in the interim period ended June 30, 2007. Outflows for the acquisition of fixed assets increased 36.3billion to 62.6billion due mainly to capital investment in the alcohol beverages business. Investment for the acquisition of shares in newly consolidated subsidiaries was ¥31.8 billion. On the other hand, the sale of fixed assets produced an inflow of ¥22.9 billion and the sale of marketable and investment securities resulted in proceeds of ¥2.0 billion.

Cash flow from financing activities

Net cash provided by financing activities was ¥21.5 billion, ¥48.0 billion more than in the interim period ended June 30, 2007. Cash inflow of issuance of bonds was ¥199.9 billion and cash outflow of repayment of loan for the year was ¥145.7 billion. Cash dividends paid increased ¥5.0 billion to ¥26.1 billion.

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

	Interim period ended 6/2006	Interim period ended 6/2007	Interim period ended 6/2008	Fiscal year ended 12/2006	Fiscal year ended 12/2007
Equity ratio (%)	52.0	52.0	39.2	50.6	42.7
Equity ratio based on market capitalization (%)	92.2	87.2	56.6	91.0	63.4
Debt service coverage (years)	--	--	--	242.6	588.1
Interest coverage ratio (times)	6.4	3.3	3.1	12.2	9.9

All indices are calculated from consolidated financial data.

Notes:

- Equity ratio = (Net assets – Minority interests) / Total assets
- Equity ratio based on market capitalization = Market capitalization / Total assets
[Market capitalization = market price on last trading day of period x total shares outstanding at end of period (excluding treasury stock)]
- Debt service coverage = Interest-bearing liabilities / Operating cash flow (not provided in interim financial statements)
[Interest-bearing liabilities refers to all liabilities with interest payable recorded on the liabilities section of the consolidated balance sheets. Operating cash flow refers to Net cash provided by operating activities in the consolidated statements of cash flow]
- Interest coverage ratio = Operating cash flow / Interest expenses
[Interest expenses refers to the Interest expenses figure recorded in the consolidated statements of cash flows]

3. BASIC POLICY ON DISTRIBUTION OF PROFITS; DIVIDEND FOR 2008

Kirin views the appropriate distribution of profits to shareholders as a key management issue, and has distributed a dividend to shareholders in every financial period since establishment in 1907. Management believes that shareholders' needs can be met by providing a stable, continuous dividend based in each period on a comprehensive assessment of business performance, the target payout ratio, and future capital requirements. Under the "2007-2009 Kirin Group Medium-Term Business Plan" (KV2015 Stage I), the Company has set a guideline consolidated payout ratio of 30%, and seeks to increase dividends concomitant with increases in profitability. Retained earnings will be allocated to business and capital investments that contribute to enhancing future corporate value, principally in the alcohol beverages, soft drinks, pharmaceuticals, and health and functional foods businesses. The Company will consider opportunities to acquire treasury stock as appropriate, based on progress in strategic investment for growth and the Company's financial status.

Based on this policy, and taking into account the effects of amortization of goodwill arising from investments made in pursuit of a quantum leap in growth, Kirin proposes a dividend for the interim period of ¥11.5 per share, with a planned year-end dividend also of ¥11.5, giving a total dividend for 2008 of ¥23.0 per share.

4. INFLUENCE OF SEASONAL FACTORS

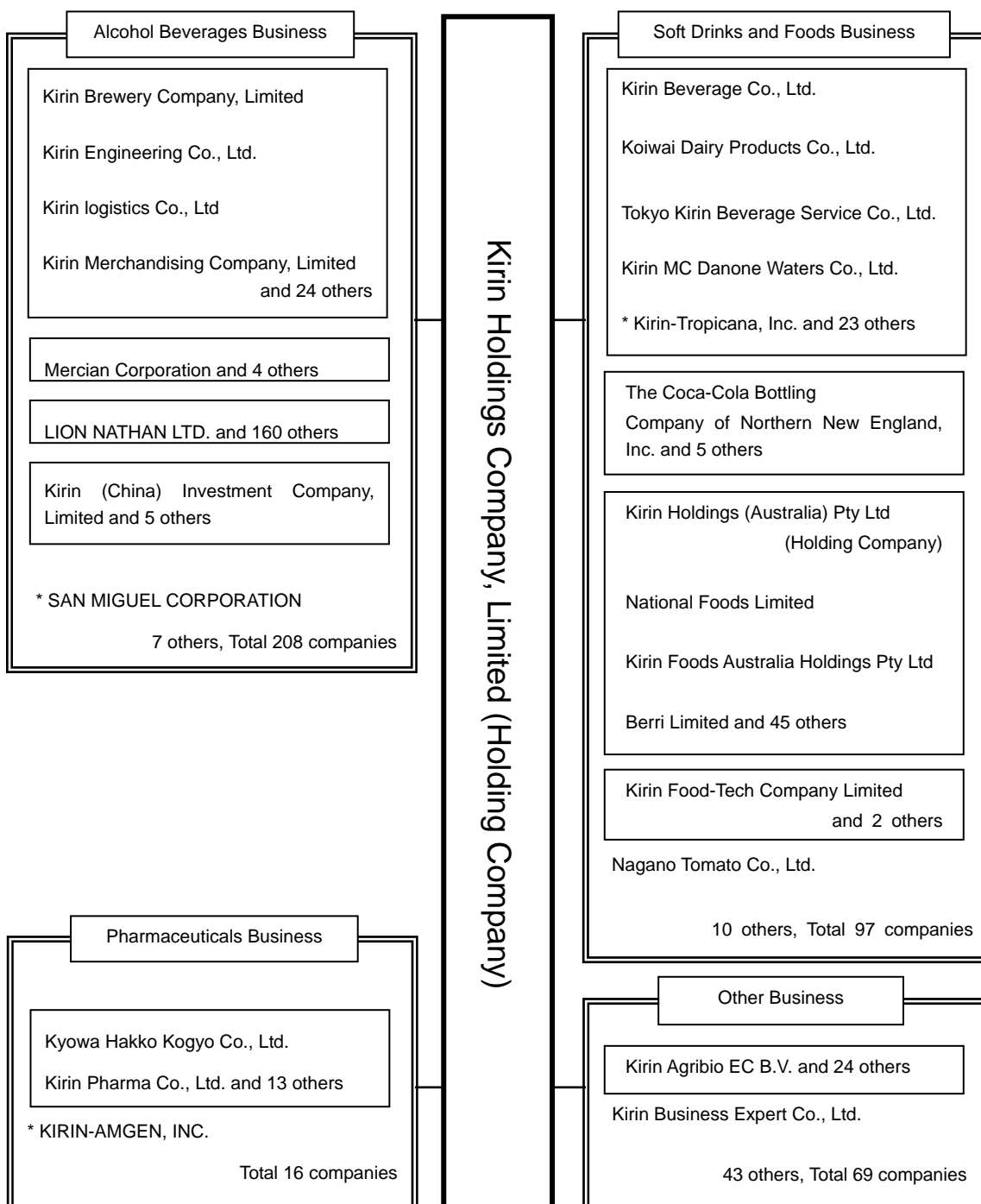
Sales of Kirin Group's core alcohol beverages and soft drinks are subject to change with the seasons, as demand peaks in summer. Sales during the interim period tend to be relatively lower than in the second half of the year.

5. NOTE CONCERNING FORECASTS

The statements concerning future performance that are presented in this document are based on judgments using information available to Kirin Holdings and the Kirin Group as of June 30, 2008. Certain risks and uncertainties could cause the results of Kirin Holdings and the Kirin Group to differ materially from any projections presented herein. These risks and uncertainties include, but are not limited to, the economic circumstances surrounding the Company's businesses, market trends, and exchange rates.

Corporate Group

The corporate group consists of Kirin Holdings Company, Limited ("the Company"), 365 consolidated subsidiaries, 1 unconsolidated subsidiary accounted for by the equity method and 24 affiliates accounted for by the equity method at June 30, 2008. The major group companies in the respective business segments are as follows:



Consolidated subsidiaries are stated above, except for * marked affiliates to which the equity method is applied.

MANAGEMENT POLICIES

1. BASIC MANAGEMENT POLICY

Based on a marketing slogan *oishisa wo egao ni—taste that makes you smile*, Kirin Group aims to become a leading company in Asia and Oceania, operating in the area of food and health with a brand that consumers associate strongly with *trust* and *vitality*.

In May 2006 we announced Kirin Group Vision ("KV2015"), our long-term business framework for 2015 through which we are putting Kirin Group on a new trajectory of growth.

2. MANAGEMENT TARGETS

In December 2006, we announced KV2015 Stage I: Kirin Group's 2007-2009 Medium-term Business Plan for the three years to 2009. This was the first action plan to realize the goals of KV2015, and Kirin Group's subsequent investments in Kyowa Hakko and National Foods, as announced during 2007, mean that the consolidated sales and operating income targets for 2009 outlined in this plan are likely to be achieved during 2008. The quantitative targets for the plan have therefore been revised as follows.

	2009 initial targets	2009 revised targets	Change	2015 targets
Consolidated sales including liquor tax	¥2.15 trillion	¥2.50 trillion	¥350 billion	¥3.0 trillion
Consolidated sales excluding liquor tax	¥1.7 trillion	¥2.1 trillion	¥400 billion	¥2.5 trillion
Operating income	¥150 billion plus	¥175 billion	¥25 billion	¥250 billion
Operating profit margin including liquor tax	7% plus	7% plus	--	8% plus
Operating profit margin excluding liquor tax	9%	8.3% plus	--	10% plus
ROE	7% plus	7% plus	--	10%
Overseas sales ratio	Approx. 22%	Approx. 26%	--	Approx. 30%

Notes:

1. Revised targets for 2009 do not include any potential impact from future strategic investment. The contributions from Mercian and Kyowa Hakko Kirin are based on their previously disclosed medium-term business plans. Because Lion Nathan does not release earnings forecasts, contributions are based on the amounts consolidated in Kirin's accounts for 2007, adjusted for exchange rates.
2. ROE is after amortization of goodwill.

3. QUALITATIVE TARGETS AND TOPICS TO ADDRESS

Kirin Group has adopted an approach designed to facilitate dynamic and fast-moving group management. In addition to the basic strategy outlined in the initial medium-term business plan, outlined below, we have adopted an additional three key points.

Basic management strategy outlined in the initial medium-term business plan

1. Strengthen Kirin's business foundations and realize a quantum leap in growth
 - (1) Create renewed growth in the domestic alcohol beverage business
 - (2) Move further toward becoming a comprehensive beverages group
 - (3) Internationalize Kirin's business
 - (4) Develop the health food and functional food business
 - (5) Accelerate growth in pharmaceuticals and leverage proprietary strengths to develop the agribio business
2. Pursue a financial strategy that maximizes corporate value
3. Adopt a new group management structure
4. Raise KIRIN brand value and implement Kirin Group CSR

Additional points adopted in line with revisions to business plan:

- Facilitate independent growth at operating companies: allocate significant management resources to soft drinks
- Generate growth through Group synergies: improve group organizational structure to enhance functional capabilities

- Allocate resources on a large scale as necessary to generate growth: provide for total investment in the region of ¥300 billion

In the remaining half of the business plan period, Kirin intends to make qualitative improvements in its management to enable the achievement of the ROE and operating profit margin targets contained in the plan. At the same time, Kirin is positioning the period from July 2008 through to the end of 2009 as an important preparatory period leading up to the start of the next three-year plan (2010-2012) and by moving rapidly to identify and address key issues is aiming to enable earlier achievement of the long-term goals of KV2015. The critical issues for Kirin are to create a robust foundation for the independent growth of its operating companies, while developing a group organization that facilitates the realization of Group synergies. Meanwhile, a new stage of growth will be pursued through continued consideration of investment targets that can provide high synergy effects.

Kirin's ultimate aim in pursuing the revised medium-term business plan is to achieve its quantitative targets and enable the early realization of the goals contained in KV2015, and in working towards this aim, Kirin will continue to engage in specific measures to enhance the value of the Kirin brand.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEETS

(¥ millions)

ASSETS	At June 30, 2007		At June 30, 2008		Increase (Decrease)	At December 31, 2007	
	Amount	Percentage over total assets	Amount	Percentage over total assets	Amount	Amount	Percentage over total assets
Current Assets							
Cash	80,498		75,158		(5,340)	55,009	
Notes and accounts receivable, trade	318,286		388,990		70,704	361,127	
Marketable securities	429		18,751		18,322	246	
Inventories	142,891		227,799		84,908	148,649	
Other	49,617		72,928		23,311	72,097	
Allowance for doubtful accounts	(2,197)		(2,150)		47	(2,500)	
Total Current Assets	589,527	29.2	781,478	27.9	191,951	634,629	25.7
Fixed Assets							
Property, Plant and Equipment							
Buildings and structures	197,011		236,661		39,650	203,103	
Machinery, equipment and vehicles	180,076		225,612		45,536	197,053	
Land	157,014		236,268		79,254	158,558	
Construction in progress	24,165		54,165		30,000	35,437	
Other	42,494		47,488		4,994	41,809	
Total	600,762		800,196		199,434	635,963	
Intangible Assets							
Goodwill	97,141		397,890		300,749	258,780	
Other	68,161		133,922		65,761	128,134	
Total	165,303		531,813		366,510	386,915	
Investments and Other Assets							
Investment securities	587,382		575,945		(11,437)	712,234	
Life insurance investments	14,473		-		(14,473)	-	
Other	64,949		112,954		48,005	102,809	
Allowance for doubtful accounts	(3,436)		(4,580)		(1,144)	(2,884)	
Total	663,369		648,319		20,950	812,160	
Total Fixed Assets	1,429,435	70.8	2,016,329	72.1	586,894	1,835,038	74.3
TOTAL ASSETS	2,018,962	100.0	2,797,807	100.0	778,845	2,469,667	100.0

(¥ millions)

(in millions)

LIABILITIES	At June 30, 2007		At June 30, 2008		Increase (Decrease)	At December 31, 2007	
	Amount	Percentage over total assets	Amount	Percentage over total assets	Amount	Amount	Percentage over total assets
Current Liabilities							
Notes and accounts payable, trade	118,452		198,053		79,601	139,255	
Short-term loans payable and long-term debt with current maturities	15,996		210,431		194,435	404,725	
Reserves	3,671		8,207		4,536	7,765	
Bonds due within one year	-		44,014		44,014	-	
Liquor taxes payable	102,757		64,264		(38,493)	108,260	
Income taxes payable	20,134		23,336		3,202	31,958	
Accrued expenses	82,334		101,205		18,871	105,216	
Deposits received	19,869		22,480		2,611	17,286	
Other	66,381		93,091		26,710	77,293	
Total Current Liabilities	429,597	21.3	765,085	27.4	335,488	891,760	36.1
Long-term Liabilities							
Bonds	98,862		242,323		143,461	92,831	
Long-term debt	124,707		159,920		35,213	112,244	
Employees' pension and retirement benefits	59,377		81,961		22,584	60,188	
Other reserves	10,531		6,514		(4,017)	6,977	
Deposits received	71,005		67,346		(3,659)	69,644	
Other	132,757		150,390		17,633	136,465	
Total Long-term Liabilities	497,241	24.6	708,458	25.3	211,217	478,351	19.4
TOTAL LIABILITIES	926,839	45.9	1,473,543	52.7	546,704	1,370,111	55.5

(¥ millions)

NET ASSETS	At		At		Increase (Decrease)	At	
	June 30, 2007		June 30, 2008			December 31, 2007	
	Amount	Percentage	Amount	Percentage		Amount	Amount
		over total assets		over total assets			
Shareholders' Equity							
Common stock	102,045	5.1	102,045	3.7	-	102,045	4.1
Capital surplus	71,140	3.5	71,413	2.5	273	71,353	2.9
Retained earnings	740,176	36.7	851,162	30.4	110,986	781,499	31.6
Treasury stock, at cost	(27,524)	(1.4)	(28,785)	(1.0)	(1,261)	(28,170)	(1.1)
Total Shareholders' Equity	885,838	43.9	995,836	35.6	109,998	926,727	37.5
Valuation and Translation Adjustments							
Net unrealized holding gains on securities	158,543	7.8	103,411	3.7	(55,132)	124,743	5.1
Deferred gains or losses on hedges	50	0.0	1,425	0.1	1,375	370	0.0
Land revaluation difference	(4,713)	(0.2)	(4,713)	(0.2)	-	(4,713)	(0.2)
Foreign currency translation adjustments	10,744	0.5	65	0.0	(10,679)	7,683	0.3
Total Valuation and Translation Adjustments	164,625	8.1	100,189	3.6	(64,436)	128,083	5.2
Subscription rights to shares	-	-	145	0.0	145	-	-
Minority interests	41,658	2.1	228,092	8.1	186,434	44,744	1.8
TOTAL NET ASSETS	1,092,122	54.1	1,324,263	47.3	232,141	1,099,555	44.5
TOTAL LIABILITIES AND NET ASSETS	2,018,962	100.0	2,797,807	100.0	778,845	2,469,667	100.0

CONSOLIDATED STATEMENTS OF INCOME

(¥ millions)

	6 months ended June 30, 2007		6 months ended June 30, 2008		Increase (Decrease)	Year ended December 31, 2007	
	Amount	Percentage over sales	Amount	Percentage over sales		Amount	Percentage over sales
Sales	836,020	100.0	1,047,817	100.0	211,797	1,801,164	100.0
Cost of sales	502,426	60.1	629,508	60.1	127,082	1,078,614	59.9
Gross profit	333,594	39.9	418,308	39.9	84,714	722,550	40.1
Selling, general and administrative expenses	290,712	34.8	370,743	35.4	80,031	601,942	33.4
Operating income	42,881	5.1	47,565	4.5	4,684	120,608	6.7
Non-operating income							
Interest income	576		1,372			1,971	
Dividend income	1,815		2,601			5,292	
Equity in earnings of affiliates	6,035		2,972			10,282	
Foreign currency translation gains	-		5,512			-	
Other	3,188		4,009			5,548	
Total	11,615	1.4	16,468	1.6	4,853	23,094	1.3
Non-operating expenses							
Interest expense	5,879		12,735			12,618	
Other	2,920		3,654			7,694	
Total	8,800	1.1	16,390	1.6	7,590	20,312	1.1
Ordinary income	45,696	5.5	47,643	4.5	1,947	123,389	6.9
Special income							
Gain on sale of fixed assets	1,926		10,189			19,728	
Reversal of allowance for doubtful accounts	112		296			687	
Gain on sale of investment securities	316		134			653	
Gain on change in equity (*i)	-		72,654			-	
Gain on sale of shares of subsidiaries and affiliates	183		-			184	
Reversal of other reserves	62		-			62	
Gain on transfer of real estate in trust	-		-			1,089	
Total	2,601	0.3	83,275	7.9	80,674	22,404	1.2
Special expenses							
Loss on disposal of fixed assets	1,759		2,121			5,578	
Loss on sale of fixed assets	24		109			564	
Loss on impairment	-		1,308			2,361	
Loss on devaluation of investment securities	-		97			230	
Loss on sale of investment securities	5		605			14	
Business restructuring expense	14		441			3,878	
Loss on sale of shares of subsidiaries and affiliates	1,731		-			1,731	
General interest charge of income taxes for prior years in a foreign subsidiary	1,052		-			1,092	
Loss of equity method investments	-		-			1,929	
Total	4,588	0.5	4,683	0.4	95	17,380	1.0
Income before income taxes and minority interests	43,709	5.2	126,235	12.0	82,526	128,413	7.1
Income taxes	22,907	2.7	32,588	3.1	9,681	52,355	2.9
Income taxes for prior years	(1,936)	(0.2)	-	-	1,936	(2,011)	(0.1)
Minority interests	5,941	0.7	12,527	1.2	6,586	11,355	0.6
Net income	16,796	2.0	81,120	7.7	64,324	66,713	3.7

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(Six months ended June 30, 2007)

(¥ millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of December 31, 2006	102,045	71,114	732,134	(26,797)	878,497
Changes of items during the interim accounting period					
Dividends from surplus			(8,598)		(8,598)
Net income			16,796		16,796
Decrease due to exclusion of affiliates accounted for by the equity method			(155)		(155)
Acquisition of treasury stock				(755)	(755)
Disposal of treasury stock		26		27	54
Net changes of items other than shareholders' equity					
Total changes of items during the interim accounting period		26	8,042	(727)	7,341
Balance as of June 30, 2007	102,045	71,140	740,176	(27,524)	885,838

	Valuation and translation adjustments					Minority interests	Total net assets
	Net unrealized holding gains on securities	Deferred gains or losses on hedges	Land revaluation difference	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of December 31, 2006	122,466	(352)	(4,713)	(1,907)	115,492	49,734	1,043,724
Changes of items during the interim accounting period							
Dividends from surplus							(8,598)
Net income							16,796
Decrease due to exclusion of affiliates accounted for by the equity method							(155)
Acquisition of treasury stock							(755)
Disposal of treasury stock							54
Net changes of items other than shareholders' equity	36,077	403		12,651	49,133	(8,075)	41,057
Total changes of items during the interim accounting period	36,077	403		12,651	49,133	(8,075)	48,398
Balance as of June 30, 2007	158,543	50	(4,713)	10,744	164,625	41,658	1,092,122

(Six months ended June 30, 2008)

(¥ millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of December 31, 2007	102,045	71,353	781,499	(28,170)	926,727
Changes of items during the interim accounting period					
Dividends from surplus			(11,456)		(11,456)
Net income			81,120		81,120
Acquisition of treasury stock				(686)	(686)
Disposal of treasury stock		59		71	130
Net changes of items other than shareholders' equity					
Total changes of items during the interim accounting period		59	69,663	(615)	69,108
Balance as of June 30, 2008	102,045	71,413	851,162	(28,785)	995,836

	Valuation and translation adjustments					Subscription rights to shares	Minority interests	Total net assets
	Net unrealized holding gains on securities	Deferred gains or losses on hedges	Land revaluation difference	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance as of December 31, 2007	124,743	370	(4,713)	7,683	128,083		44,744	1,099,555
Changes of items during the interim accounting period								
Dividends from surplus								(11,456)
Net income								81,120
Acquisition of treasury stock								(686)
Disposal of treasury stock								130
Net changes of items other than shareholders' equity	(21,332)	1,055		(7,617)	(27,894)	145	183,348	155,599
Total changes of items during the interim accounting period	(21,332)	1,055		(7,617)	(27,894)	145	183,348	224,708
Balance as of June 30, 2008	103,411	1,425	(4,713)	65	100,189	145	228,092	1,324,263

(Year ended December 31, 2007)

(¥ millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of December 31, 2006	102,045	71,114	732,134	(26,797)	878,497
Changes of items during the period					
Dividends from surplus			(17,192)		(17,192)
Net income			66,713		66,713
Decrease due to exclusion of affiliates accounted for by the equity method			(155)		(155)
Acquisition of treasury stock				(1,711)	(1,711)
Disposal of treasury stock		239		337	576
Net changes of items other than shareholders' equity					
Total changes of items during the period		239	49,364	(1,373)	48,230
Balance as of December 31, 2007	102,045	71,353	781,499	(28,170)	926,727

	Valuation and translation adjustments					Minority interests	Total net assets
	Net unrealized holding gains on securities	Deferred gains or losses on hedges	Land revaluation difference	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of December 31, 2006	122,466	(352)	(4,713)	(1,907)	115,492	49,734	1,043,724
Changes of items during the period							
Dividends from surplus							(17,192)
Net income							66,713
Decrease due to exclusion of affiliates accounted for by the equity method							(155)
Acquisition of treasury stock							(1,711)
Disposal of treasury stock							576
Net changes of items other than shareholders' equity	2,277	723		9,591	12,591	(4,990)	7,601
Total changes of items during the period	2,277	723		9,591	12,591	(4,990)	55,831
Balance as of December 31, 2007	124,743	370	(4,713)	7,683	128,083	44,744	1,099,555

CONSOLIDATED STATEMENTS OF CASH FLOWS

(¥ millions)

	6 months ended June 30, 2007	6 months ended June 30, 2008	Increase (Decrease)	Year ended December 31, 2007
Cash flows from operating activities				
Income before income taxes and minority interests	43,709	126,235	82,526	128,413
Depreciation and amortization	34,691	43,016	8,325	71,913
Amortization of goodwill	3,828	9,902	6,074	7,448
Increase (decrease) in employees' pension and retirement benefits	(2,728)	(656)	2,072	(1,913)
Interest and dividend income	(2,392)	(3,974)	(1,582)	(7,263)
Equity in earnings of affiliates	(6,035)	(2,972)	3,063	(10,282)
Interest expense	5,879	12,735	6,856	12,618
Foreign currency translation gain or loss	(517)	(5,512)	(4,995)	(42)
Gain on sale of fixed assets	(1,926)	(10,189)	(8,263)	(19,728)
Gain on sale of marketable securities and investment securities	(317)	(134)	183	(653)
Gain on change in equity	-	(72,654)	(72,654)	-
Loss on disposal and sale of fixed assets	1,784	2,230	446	6,143
Decrease (increase) in notes and accounts receivable, trade	5,935	83,425	77,490	(3,205)
Decrease (increase) in inventories	(20,596)	(19,845)	751	(10,439)
Increase (decrease) in notes and accounts payable, trade	9,604	6,781	(2,823)	5,076
Increase (decrease) in liquor taxes payable	(4,492)	(47,082)	(42,590)	(57)
Increase (decrease) in consumption taxes payable	(2,312)	(10,376)	(8,064)	7,942
Other	(9,533)	(19,970)	(10,437)	(8,096)
Sub-total	54,582	90,958	36,376	177,917
Interest and dividend received	4,106	5,859	1,753	10,472
Interest paid	(5,562)	(12,692)	(7,130)	(11,629)
Income taxes paid	(34,927)	(44,232)	(9,305)	(62,175)
Net cash provided by (used in) operating activities	18,199	39,893	21,694	114,585
Cash flows from investing activities				
Payment for purchases of property, plant and equipment and intangible assets	(26,299)	(62,668)	(36,369)	(66,873)
Proceeds from sale of property, plant and equipment and intangible assets	3,655	22,936	19,281	24,747
Payment for purchases of marketable securities and investment securities	(4,951)	(275)	4,676	(183,787)
Proceeds from sale and redemption of marketable securities and investment securities	7,988	2,065	(5,923)	9,194
Payment for purchases of shares of subsidiaries	(5,275)	(677)	4,598	(6,648)
Payment for purchases of shares of subsidiaries with new consolidation/de-consolidation	-	(31,887)	(31,887)	(70,589)
Proceeds from purchases of shares of subsidiaries with new consolidation/de-consolidation	-	1,880	1,880	-
Proceeds from cancellation of life insurance investments	23,232	305	(22,927)	23,232
Other	1,484	2,233	749	1,103
Net cash provided by (used in) investing activities	(163)	(66,087)	(65,924)	(269,621)

(¥ millions)

	6 months ended June 30, 2007	6 months ended June 30, 2008	Increase (Decrease)	Year ended December 31, 2007
Cash flows from financing activities				
Increase (decrease) in short-term loans payable	642	(148,372)	(149,014)	310,909
Proceeds from long-term debt	12,610	66,859	54,249	18,139
Repayment of long-term debt	(19,043)	(64,249)	(45,206)	(177,758)
Proceeds from issue of bonds	-	199,934	199,934	-
Payment for redemption of bonds	-	(5,917)	(5,917)	-
Payment for purchase of treasury stock	(755)	(686)	69	(1,711)
Proceeds from sale of treasury stock	54	130	76	576
Cash dividends paid	(8,591)	(11,440)	(2,849)	(17,208)
Cash dividends paid to minority shareholders	(12,552)	(14,712)	(2,160)	(12,554)
Other	1,135	43	(1,092)	1,162
Net cash provided by (used in) financing activities	(26,499)	21,589	48,088	121,555
Effect of exchange rate fluctuation on cash and cash equivalents	(186)	(2,889)	(2,703)	(740)
Net increase (decrease) in cash and cash equivalents	(8,650)	(7,494)	1,156	(34,222)
Cash and cash equivalents at beginning of year	86,588	52,307	(34,281)	86,588
Net increase (decrease) in cash and cash equivalents from new consolidation/de-consolidation of subsidiaries	-	43,740	43,740	(58)
Cash and cash equivalents at end of period	77,938	88,553	10,615	52,307

SIGNIFICANT ACCOUNTING POLICIES

1. Scope of consolidation

(1) Consolidated subsidiaries: 365 companies

Major consolidated subsidiaries: Kirin Brewery Company, Limited, Kyowa Hakko Kogyo Co., Ltd., Kirin Beverage Company, Limited, Mercian Corporation, Lion Nathan Ltd., National Foods Limited, Berri Limited

The following table shows changes in the consolidation scope for the six months ended June 30, 2008.

	Reason for the change	Companies	Major subsidiaries
Increase	New acquisition, etc.	19	4 subsidiaries of Kirin Beverage Company, Limited 1 subsidiary of Kirin Food-Tech Company, Limited 14 subsidiaries of Lion Nathan Ltd.
	Additional acquisition	24	Kyowa Hakko Kogyo Co., Ltd. 23 subsidiaries of Kyowa Hakko Kogyo Co., Ltd.
Decrease	Sale of shares	2	2 subsidiaries of Kirin Agribio EC B.V.
	Completion of liquidation	20	20 subsidiaries of Lion Nathan Ltd.
	Merger	1	1 subsidiary of Kirin Brewery Company, Limited

(2) Major unconsolidated subsidiary: Kirin Agribio USA, Inc.

Certain subsidiaries including Kirin Agribio USA, Inc. were excluded from the consolidation scope because the effect of their total assets, sales, net income or losses (amount corresponding to interests), and retained earnings (amount corresponding to interests) on the accompanying consolidated interim financial statements are immaterial.

2. Scope of application of equity method

(1) Unconsolidated subsidiary accounted for by the equity method: 1 company

Major unconsolidated subsidiary: Japan Synthetic Alcohol Co., Ltd.

Accompanying with the new consolidation of Kyowa Hakko Kogyo Co., Ltd. as a subsidiary, the Company has obtained the majority of the voting rights of Japan Synthetic Alcohol Co., Ltd., which was a Company's affiliated company accounted for by the equity method until the previous fiscal year. The company is regarded, however, as an unconsolidated subsidiary accounted for by the equity method because its equity interest is low and its effect on this consolidated interim financial statements is immaterial.

(2) Affiliated companies accounted for by the equity method: 24 companies

Major affiliated company: San Miguel Corporation

The following table shows changes in the scope of application of the equity method for the six months ended June 30, 2008.

	Reason for the change	Companies	Major subsidiaries
Increase	Additional acquisition	4	Affiliates of Kyowa Hakko Kogyo Co., Ltd.
Decrease	Additional acquisition	1	Kyowa Hakko Kogyo Co., Ltd.

(3) Certain investments in unconsolidated subsidiaries including Kirin Agribio USA, Inc. and affiliates including Diamond Sports Club Co., Ltd. were not accounted for by the equity method, and were stated at cost because the effect of their net income or losses and retained earnings on the accompanying consolidated interim financial statements were immaterial.

(4) Where first half-ends of the affiliated companies accounted for by the equity method are different from that of the Company, the Company mainly uses their interim financial statements as of their first half-ends.

(5) In an effort to respond to the demands for expediting the process of business performance disclosure and in consideration of the difficult situation to calculate equity in earnings of affiliates using its interim figures from the year ended December 31, 2007, the Company has calculated equity in earnings of San Miguel Corporation based on the financial statements for 6 months from the fourth quarter of the previous fiscal year to the first quarter of the fiscal year under review.

3. The first half-ends of the consolidated subsidiaries

The following table shows the consolidated subsidiaries whose first half-ends are different from that of the Company.

Consolidated subsidiaries	First half-end	
Kyowa Hakko Kogyo Co., Ltd. and its domestic subsidiaries excluding certain companies	September 30	(*ii)
Lion Nathan Ltd. and its subsidiaries	March 31	(*i)
Japan Potato Corporation	March 31	(*i)
Kirin Agribio Co., Ltd.	March 31	(*i)
Kirin Agribio EC B.V. and its subsidiaries	March 31	(*i)
Kirin Agribio Shanghai Co., Ltd.	March 31	(*i)
KV Corporation	March 31	(*i)
CHATEAU REYSSON	April 30	(*i)
Nippon Liquor Ltd.	September 30	(*ii)
YONEKYU VENDING CORPORATION	March 31	(*i)
Tokai Food Service Co., Ltd.	March 31	(*i)
Fine Drink Co., Ltd.	March 31	(*i)

(*i) The Company used the interim financial statements of the companies as of their first half-ends and for the first six months then ended for consolidation.

(*ii) The Company used the financial statements based on preliminary statements as of their first half-ends and for the first six months then ended for consolidation.

With respect to (*i), the Company made necessary adjustments for major transactions between the first half-ends of the consolidated subsidiaries and the first half-end of the Company.

Disclosure of significant accounting policies other than the above-mentioned are omitted because there were no significant accounting policy changes after filing the last Securities Report (filed on March 26, 2008).

4. Changes in presentation

(CONSOLIDATED BALANCE SHEETS)

"Life insurance investments," which amounted to 13,267 million yen for the six months ended June 30, 2008, is included in "Other" of "Investment and Other Assets," because it became immaterial.

(CONSOLIDATED STATEMENTS OF INCOME)

"Foreign currency translation gain" which amounted to 897 million yen was included in "Other" of "Non-operating income" for the six months ended June 30, 2007, is separately presented in "Foreign currency translation gain" of "Non-operating income" for the six months ended June 30, 2008 to conform to the disclosure requirements.

NOTE TO THE CONSOLIDATED STATEMENTS OF INCOME

(*i) A gain on change in equity arises from the share exchange undertaken between Kirin's consolidated subsidiary Kirin Pharma Company, Limited ("Kirin Pharma") and Kyowa Hakko Kogyo Co., Ltd. ("Kyowa Hakko"). And this gain on change in equity is recognized as arising from the difference between the value of Kirin Pharma shares held by Kirin that were exchanged (the decrease of Kirin's holding of Kirin Pharma shares, based on its market price) and the reduced amount of Kirin's holding of Kirin Pharma shares (the decrease of the value of Kirin's holding of Kirin Pharma shares based on the fair book value of Kirin's holdings of Kirin Pharma immediately prior to the share exchange).

(SEGMENT INFORMATION)

a. Business segment information

(¥ millions)

6 months ended June 30, 2007							
	Alcohol Beverages	Soft Drinks	Pharma- ceuticals	Others	Total	Eliminations or Corporate	Consolidated
Sales							
Unaffiliated customers	531,445	192,215	31,482	80,877	836,020	-	836,020
Inter-segment	2,244	27	-	47,928	50,200	(50,200)	-
Total sales	533,689	192,242	31,482	128,805	886,221	(50,200)	836,020
Operating expenses	501,863	186,689	26,609	127,011	842,173	(49,034)	793,139
Operating income	31,826	5,552	4,872	1,794	44,047	(1,165)	42,881

The type and nature of products are considered in the classification by business segments.

Main products by each business segment are as follows:

Business segment	Main products
Alcohol beverages	Beer, sparkling malt liquor (<i>happo-shu</i>), new genre, whiskey, spirits, wine, etc.
Soft drinks	Soft drinks and other drinks
Pharmaceuticals	Pharmaceutical products
Others	Engineering, logistics, floriculture, etc.

Unallocable operating expenses included in "Eliminations or Corporate" amount to ¥1,249 million, mainly consisting of costs for research and development of basic technologies.

(¥ millions)

6 months ended June 30, 2008							
	Alcohol Beverages	Soft Drinks and Foods	Pharma- ceuticals	Others	Total	Eliminations or Corporate	Consolidated
Sales							
Unaffiliated customers	545,322	344,073	69,671	88,749	1,047,817	-	1,047,817
Inter-segment	16,244	1,737	128	15,603	33,714	(33,714)	-
Total sales	561,567	345,810	69,799	104,353	1,081,531	(33,714)	1,047,817
Operating expenses	519,035	351,472	58,867	97,050	1,026,425	(26,173)	1,000,251
Operating income (loss)	42,532	(5,661)	10,932	7,303	55,106	(7,540)	47,565

Business segments are classified based on business management framework in consideration of the type and nature of products.

Main products by each business segment are as follows:

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

Unallocable operating expenses included in "Eliminations or Corporate" amount to ¥8,469 million, mainly consisting of ¥7,000 million for Group administrative expenses due to the Company's transfer to a pure holding company and ¥1,469 million for research and development of basic technologies.

Due to the transfer of the Company into a pure holding company, from the second half of the previous fiscal year, general corporate expenses, which were allocated to each segment based on sales criteria, are included in Eliminations or Corporate as Group administrative expenses of the Company.

(¥ millions)

Year ended December 31, 2007							
	Alcohol Beverages	Soft Drinks	Pharma- ceuticals	Others	Total	Eliminations or Corporate	Consolidated
Sales							
Unaffiliated customers	1,189,478	411,254	69,909	130,522	1,801,164	-	1,801,164
Inter-segment	35,798	63	-	25,119	60,980	(60,980)	-
Total sales	1,225,276	411,317	69,909	155,641	1,862,145	(60,980)	1,801,164
Operating expenses	1,128,713	393,324	56,907	151,274	1,730,220	(49,664)	1,680,556
Operating income	96,563	17,992	13,001	4,366	131,924	(11,316)	120,608

Business segments are classified based on business management framework in consideration of the type and nature of products.

Main products by each business segment are as follows:

Business segment	Main products
Alcohol beverages	Beer, sparkling malt liquor (<i>happo-shu</i>), new genre, whiskey, spirits, wine, engineering, logistics, etc.
Soft drinks	Soft drinks and other drinks
Pharmaceuticals	Pharmaceutical products
Others	Health foods & functional foods, floriculture, etc.

Unallocable operating expenses included in "Eliminations or Corporate" amount to ¥11,713 million, mainly consisting of ¥9,055 million for Group administrative expenses due to the Company's transfer to a pure holding company and ¥2,657 million for research and development of basic technologies.

Due to the transfer of the Company into a pure holding company, from the second half of the fiscal year, general corporate expenses, which were allocated to each segment based on sales criteria, are included in Eliminations or Corporate as Group administrative expenses of the Company.

(CHANGES IN CLASSIFICATION OF BUSINESS SEGMENT)

The Company acquired all outstanding shares in National Foods Limited, a dairy and beverage producer in Australia, at the end of the previous fiscal year, expanding business locations in the areas of food and health; seizing this opportunity to begin a new strategy to “develop health food and functional food business leveraging group synergies” as one of Kirin Group’s management policies for the fiscal year. Under this strategy the Company has defined the domain identity of the health food and functional food business as “all foods that customers consciously consume for health reasons” and make efforts to strengthen this business Group-wide between companies that handle food materials—including soft drinks, dairy products, functional foods, and seasonings businesses.

In accordance with this revision of the group’s management structure, from this first half consolidated accounting period the businesses of food, health food and functional food etc., which had been included in the “Others” segment, have been reclassified into the “Soft Drinks” segment, as these businesses are managed as a package with the soft drinks business. And during this same time, the “Soft Drinks” segment was renamed “Soft Drinks and Foods.”

Meanwhile, the Company introduced the pure holding company system on July 1, 2007, and implemented a restructuring of the Group’s management structure. Accordingly, the Company changed its method of business segment classification and classified them “based on the business management framework in consideration of the type and nature of products” in view of the new management structure, as business segments had previously been classified “in consideration of the type and nature of products” from the previous second half consolidated accounting period.

Due to this change, the businesses of engineering, logistics, etc., which had been included in the “Others” segment, have been reclassified into the “Alcohol beverages” segment as these businesses are managed as ancillary businesses closely connected with the alcohol beverages business.

For reference, business segment information for the previous first half consolidated accounting period that shows the business classification to conform to the previous second half and this first half consolidated accounting period is provided below:

(¥ millions)							
6 months ended June 30, 2007							
	Alcohol Beverages	Soft Drinks and Foods	Pharma- ceuticals	Others	Total	Eliminations or Corporate	Consolidated
Sales							
Unaffiliated customers	548,151	222,611	31,482	33,775	836,020	-	836,020
Inter-segment	15,290	34	-	10,262	25,587	(25,587)	-
Total sales	563,442	222,645	31,482	44,038	861,608	(25,587)	836,020
Operating expenses	530,499	218,563	26,609	41,808	817,481	(24,341)	793,139
Operating income	32,942	4,081	4,872	2,229	44,127	(1,245)	42,881

For reference, business segment information for the previous consolidated accounting period that shows the business classification to conform to this first half consolidated accounting period is provided below:

(¥ millions)							
Year ended December 31, 2007							
	Alcohol Beverages	Soft Drinks and Foods	Pharma- ceuticals	Others	Total	Eliminations or Corporate	Consolidated
Sales							
Unaffiliated customers	1,189,478	474,560	69,909	67,216	1,801,164	-	1,801,164
Inter-segment	35,798	1,344	-	24,080	61,222	(61,222)	-
Total sales	1,225,276	475,904	69,909	91,296	1,862,387	(61,222)	1,801,164
Operating expenses	1,128,713	459,873	56,907	84,967	1,730,462	(49,906)	1,680,556
Operating income	96,563	16,030	13,001	6,329	131,924	(11,316)	120,608

b. Geographical segment information

(¥ millions)							
6 months ended June 30, 2007							
	Japan	Asia / Oceania	Others	Total	Eliminations or Corporate	Consolidated	
Sales							
Unaffiliated customers	697,416	106,336	32,267	836,020	-	836,020	
Inter-segment	1,539	1,006	2,362	4,908	(4,908)	-	
Total sales	698,955	107,343	34,630	840,928	(4,908)	836,020	
Operating expenses	677,250	87,412	31,992	796,655	(3,516)	793,139	
Operating income	21,704	19,930	2,637	44,273	(1,391)	42,881	

(¥ millions)

6 months ended June 30, 2008						
	Japan	Asia / Oceania	Others	Total	Eliminations or Corporate	Consolidated
Sales						
Unaffiliated customers	778,306	231,653	37,856	1,047,817	-	1,047,817
Inter-segment	8,024	1,686	2,706	12,418	(12,418)	-
Total sales	786,331	233,340	40,563	1,060,235	(12,418)	1,047,817
Operating expenses	751,000	216,653	37,007	1,004,661	(4,409)	1,000,251
Operating income	35,330	16,687	3,555	55,574	(8,008)	47,565

(¥ millions)

Year ended December 31, 2007						
	Japan	Asia / Oceania	Others	Total	Eliminations or Corporate	Consolidated
Sales						
Unaffiliated customers	1,528,876	210,621	61,666	1,801,164	-	1,801,164
Inter-segment	3,988	2,116	4,765	10,870	(10,870)	-
Total sales	1,532,865	212,737	66,431	1,812,034	(10,870)	1,801,164
Operating expenses	1,442,502	176,855	60,429	1,679,786	769	1,680,556
Operating income	90,362	35,882	6,002	132,247	(11,639)	120,608

Geographical distances are considered in classification of country or area.

Major countries or areas included in each segment except for Japan are as follows:

Asia, Oceania	East Asia, Southeast Asia, Oceania
Others	U.S.A., Europe

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

c. Overseas sales

(¥ millions)

6 months ended June 30, 2007			
	Asia/ Oceania	Others	Total
Overseas sales	110,548	34,246	144,795
Consolidated sales	-	-	836,020
Percentage of overseas sales over consolidated sales	13.2%	4.1%	17.3%

(¥ millions)

6 months ended June 30, 2008			
	Asia/ Oceania	Others	Total
Overseas sales	240,720	56,263	296,983
Consolidated sales	-	-	1,047,817
Percentage of overseas sales over consolidated sales	23.0%	5.3%	28.3%

(¥ millions)

Year ended December 31, 2007			
	Asia/ Oceania	Others	Total
Overseas sales	219,150	65,073	284,223
Consolidated sales	-	-	1,801,164
Percentage of overseas sales over consolidated sales	12.2%	3.6%	15.8%

Geographical distances are considered in classification of country or area.

Major countries or areas included in each segment except for Japan are as follows:

Asia, Oceania	East Asia, Southeast Asia, Oceania
Others	U.S.A., Europe

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

(OMISSION OF DISCLOSURE)

Disclosure of information regarding LEASE TRANSACTIONS, SECURITIES and DERIVATIVE TRANSACTIONS are omitted because the need for such disclosure in the Summary of Consolidated Interim Financial Statements is considered immaterial.

(NOTES ON BUSINESS COMBINATION)

(Application of purchase method)

The Company, Kirin Pharma Company, Limited ("Kirin Pharma"), and Kyowa Hakko Kogyo Co., Ltd. ("Kyowa Hakko"), pursuant to the resolutions made at the respective meetings of the Boards of Directors of the three companies, have concluded a "Share Exchange Agreement" relating to a share exchange resulting in Kyowa Hakko becoming the absolute parent company, and Kirin Pharma becoming a wholly owned subsidiary of Kyowa Hakko (the "Share Exchange") on October 22, 2007. Approval for the Share Exchange was obtained at the extraordinary general meeting of shareholders of Kyowa Hakko held on February 29, 2008, and at the Ordinary General Meeting of Shareholders of Kirin Pharma held on March 26, 2008. The Share Exchange was executed with an effective date of April 1, 2008.

Although Kyowa Hakko became the absolute parent company and Kirin Pharma became the wholly-owned subsidiary as the result of the Share Exchange, the Company became a parent company of Kyowa Hakko through the acquisition by the Company of the shares of common stock of Kyowa Hakko, partly through the Share Exchange and partly through the acquisition of shares of common stock of Kyowa Hakko on the open market during a tender offer period from October 31, 2007 to December 6, 2007. Accordingly, the Share Exchange is accounted for as a "reverse acquisition," with Kirin Pharma as the acquiring company and Kyowa Hakko as the acquired company and the purchase method will be applied based on Accounting Standard for Business Combinations (ASBJ) and Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10).

(1) Trade name and business description of acquired company, main reasons for business combination, date of business combination, legal description of business combination, trade name and share of acquired voting rights after business combination

(a) Trade name and business description of acquired company

Acquired company: Kyowa Hakko Kogyo Co., Ltd.

Business description: Production and sales of pharmaceutical products for medical professionals, raw materials for pharmaceutical/industrial use, healthcare products, products for the agriculture and livestock industry and the fishing industry, alcohol, etc.

(b) Main reasons for business combination

Both Kyowa Hakko and Kirin Pharma, have common biotechnological strengths centered on antibody drug technology, and aim to improve their drug development capabilities by integrating their antibody technologies; expand opportunities to acquire novel antigens through an improved presence in the antibody drug sector; and increase development speed of antibody drugs by mutually exploiting each other's antibody technologies while proactively developing business overseas. Furthermore, the integration of Kyowa Hakko and Kirin Pharma is expected to result in an increase in the scale of research and development and marketing, the establishment of a more efficient business operations systems and the further strengthening of the profitability and competitiveness of their pharmaceutical business: all of which is expected to contribute to a stronger operational base. To ensure these outcomes are effectively realized, an absorption-type merger (the "Merger") has been planned through which Kyowa Hakko will become the surviving company and Kirin Pharma become the merging company. In the meantime, through this business combination, Kirin Pharma has become a wholly owned subsidiary of Kyowa Hakko as a way of expediting the preparatory work for the subsequently planned Merger.

(c) Date of business combination

April 1, 2008

(d) Legal description of business combination

Share exchange resulting in Kyowa Hakko becoming the absolute parent company, and Kirin Pharma becoming a wholly owned subsidiary of Kyowa Hakko

By purchasing shares of common stock of Kyowa Hakko through the tender offer, the Company acquired a share of 27.95% of total issued shares of Kyowa Hakko. As part of the subsequent Share Exchange, Kyowa Hakko issued shares of common stock to Kirin Pharma's parent company, the Company, to make the Company a parent company of Kyowa Hakko that owns shares equivalent to 50.10% of total issued shares of Kyowa Hakko.

(e) Trade name after business combination

Kyowa Hakko Kogyo Co., Ltd.

Note that as part of the planned absorption-type merger between Kyowa Hakko and Kirin Pharma scheduled to be executed on October 1, 2008, (the surviving company will be Kyowa Hakko) the trade name will be changed to Kyowa Hakko Kirin Co., Ltd.

(f) Share of voting rights acquired by the Company

50.77%

(2) Period of operation of acquired company included in consolidated interim financial statements

April 1, 2008, to June 30, 2008

Note that the acquired company was an affiliate accounted for under the equity method during the period January 1, 2008 to March 31, 2008.

(3) Acquisition cost of acquired company and its breakdown

Consideration for acquisition	271,547 million yen
Expenditure directly required for acquisition	
Advisory fees etc.	1,195 million yen
Acquisition cost	272,743 million yen

The above amount listed as consideration paid on acquisition includes not only the ¥105,980 million in shares of common stock of Kirin Pharma, but also the portion of acquisition that was by shares purchased in the tender offer [¥168,564 million in cash] and changes of book value of investment accounted by the equity method [¥1,800 million]. Note that the amount of consideration paid on acquisition for the Share Exchange was based on the market price of Kyowa Hakko shares because Kyowa Hakko is a public company and Kirin Pharma is a private company.

(4) The share exchange ratio by type of share, the basis for its calculation, and the number and value of shares delivered

(a) Share exchange ratio by type of share

Kyowa Hakko allocated and delivered 8,862 shares of its common stock for one (1) share of common stock of Kirin Pharma.

(b) Basis for calculation of share exchange ratio

Concerning Kyowa Hakko's and Kirin Pharma's basis for calculation of the share exchange ratio, Kyowa Hakko appointed Merrill Lynch Japan Securities Co., Ltd. ("Merrill Lynch") and Kirin Pharma appointed JPMorgan Securities Japan Co., Ltd. ("JPMorgan") as the financial advisors.

Merrill Lynch, to calculate the share exchange ratio, employed various analyses, including discounted cash flow analysis, comparable companies analysis, market price analysis, comparable transactions analysis, contribution analysis, earnings per share accretion/dilution analysis, value creation analysis, and reviewed and considered such analyses as a whole.

JPMorgan, to calculate the share exchange ratio, employed various analyses, including comparable companies analysis, discounted cash flow analysis, and profit contribution analysis.

While referring to the analysis results of the respective financial advisors, the relevant parties engaged in deliberation to decide on the share exchange ratio.

(c) Number and value of shares delivered

Number of delivered shares	177,240,000 shares
Value of delivered shares	105,980 million yen

(5) Amount of goodwill, reason that the goodwill arose, and method and period of amortization

(a) Amount of goodwill

128,868 million yen

(b) Reason that the goodwill arose

The goodwill arose from because of the future excess profitability that is expected, including synergetic factors, as a result of expanding business. The amount of goodwill listed above takes into account the premium payment made for the purchase of shares in the tender offer.

(c) Method and period of amortization

Straight-line method over a period of 20 years

(6) Amounts of assets and liabilities received and incurred on the date of business combination and breakdown

Current assets	235,695 million yen
Fixed assets	225,788 million yen
Total assets	461,484 million yen
Current liabilities	117,957 million yen
Long-term liabilities	53,964 million yen
Total liabilities	172,922 million yen

Note: "Amount of goodwill" in (5) (a) is not included in amounts of assets and liabilities.

- (7) Estimated impact on the consolidated interim statement of income for the current consolidated interim fiscal period, assuming the business combination had been completed at the beginning of the current consolidated interim fiscal period

Sales	94,438 million yen
Operating income	5,373 million yen
Ordinary income	4,877 million yen
Income before income taxes and minority interests	(1,057) million yen
Net income	(666) million yen
Net income per share	(0.70) yen

(Basis for calculation of estimate and significant assumptions)

1. The estimated impact provided above expresses the difference between the estimated sales and earnings data assuming that the business combination had been completed at the beginning of the current consolidated interim fiscal period and the actual sales and earnings data presented in the Company's consolidated interim statement of income. Equity in earning of affiliates before the completion of the Share Exchange has been reported in the consolidated interim statement of income for the period.
2. Net income per share has been calculated based on division by 954,567 thousand shares, the average number of shares for the interim period.

(PER SHARE INFORMATION)

6 months ended June 30, 2007	6 months ended June 30, 2008	Year ended December 31, 2007
Net assets per share: ¥ 1,100.00	Net assets per share: ¥ 1,148.36	Net assets per share: ¥ 1,104.83
Net income per share (Primary): ¥ 17.59	Net income per share (Primary): ¥84.98	Net income per share (Primary): ¥ 69.86
Net income per share (Diluted) was not presented because there was no potential common stock outstanding.	Net income per share (Diluted): ¥84.98	Net income per share (Diluted) was not presented because there was no potential common stock outstanding.

Note 1: The basis for calculation of Net assets per share was as follows:

		6 months ended June 30, 2007	6 months ended June 30, 2008	Year ended December 31, 2007
Total net assets	(¥ millions)	1,092,122	1,324,263	1,099,555
Amounts deducted from total net assets	(¥ millions)	41,658	228,238	44,744
[Subscription rights to shares included in the above]	(¥ millions)	[-]	[145]	[-]
[Minority interest included in the above]	(¥ millions)	[41,658]	[228,092]	[44,744]
Net assets attributable to common stock at the end of period	(¥ millions)	1,050,464	1,096,025	1,054,811
Number of common stock used to calculate net assets per share at the end of period	(thousands of shares)	954,970	954,425	954,729

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

		6 months ended June 30, 2007	6 months ended June 30, 2008	Year ended December 31, 2007
Net income per share				
Net income	(¥ millions)	16,796	81,120	66,713
Amounts not attributable to common stock	(¥ millions)	-	-	-
Net income attributable to common stock	(¥ millions)	16,796	81,120	66,713
Average number of common stock outstanding during the period	(thousands of shares)	955,135	954,567	954,971
Net income per share (Diluted)				
Adjustment to net income	(¥ millions)	-	(2)	-
[Minority interest included in the above]	(¥ millions)	[-]	[(2)]	[-]

(SIGNIFICANT SUBSEQUENT EVENTS)

There is no matter that fall under this item.

NON-CONSOLIDATED BALANCE SHEETS

(¥ millions)

ASSETS							
	At June 30, 2007		At June 30, 2008		Increase (Decrease)	At December 31, 2007	
	Amount	Percentage over total assets	Amount	Percentage over total assets	Amount	Amount	Percentage over total assets
Current Assets							
Cash	67,594		47,939		(19,655)	18,989	
Notes receivable, trade	322		-		(322)	-	
Accounts receivable, trade	170,661		323		(170,338)	319	
Inventories	43,322		-		(43,322)	-	
Short-term loans receivable from subsidiaries and affiliates	-		181,894		181,894	116,804	
Other	39,623		18,774		(20,849)	30,185	
Allowance for doubtful accounts	(1,551)		(4,315)		(2,764)	(2,733)	
Total Current Assets	319,972	21.8	244,617	14.6	(75,355)	163,565	10.1
Fixed Assets							
Property, Plant and Equipment							
Buildings	108,840		37,504		(71,336)	38,227	
Machinery and equipment	97,780		293		(97,487)	317	
Land	97,876		24,868		(73,008)	25,084	
Construction in progress	13,926		8,314		(5,612)	4,677	
Other	25,645		4,940		(20,705)	4,867	
Total	344,070		75,922		(268,148)	73,174	
Intangible Assets	9,590		91		(9,499)	86	
Investments and Other Assets							
Investment securities	306,057		210,873		(95,184)	225,291	
Investments in subsidiaries and affiliates (capital stock)	410,713		1,110,469		699,756	1,112,692	
Life insurance investments	14,275		-		(14,275)	-	
Other	69,218		42,199		(27,019)	48,936	
Allowance for doubtful accounts	(5,997)		(3,455)		2,542	(3,190)	
Total	794,266		1,360,087		565,821	1,383,729	
Total Fixed Assets	1,147,927	78.2	1,436,101	85.4	288,174	1,456,990	89.9
TOTAL ASSETS	1,467,899	100.0	1,680,718	100.0	212,819	1,620,556	100.0

(¥ millions)

LIABILITIES	At		At		Increase (Decrease)	At	
	June 30, 2007		June 30, 2008			December 31, 2007	
	Amount	Percentage over total assets	Amount	Percentage over total assets		Amount	Percentage over total assets
Current Liabilities							
Notes payable, trade	1,167		15		(1,152)	75	
Accounts payable, trade	34,573		-		(34,573)	-	
Short-term loans payable and long-term debt with current maturities	58,396		420,936		362,540	594,460	
Reserves	2,133		2,887		754	3,643	
Bonds due within one year	-		40,000		40,000	-	
Liquor taxes payable	97,614		-		(97,614)	-	
Income taxes payable	11,252		-		(11,252)	-	
Accrued expenses	31,122		1,964		(29,158)	2,566	
Deposits received	14,407		-		(14,407)	-	
Other	28,045		5,547		(22,498)	4,041	
Total Current Liabilities	278,714	19.0	471,352	28.0	192,638	604,786	37.3
Long-term Liabilities							
Bonds	40,000		199,936		159,936	40,000	
Long-term debt	57,810		63,120		5,310	54,470	
Employees' pension and retirement benefits	48,691		272		(48,419)	261	
Other reserves	3,474		-		(3,474)	-	
Deposits received	61,082		-		(61,082)	-	
Other	74,363		44,189		(30,174)	49,607	
Total Long-term Liabilities	285,420	19.4	307,518	18.3	22,098	144,339	8.9
TOTAL LIABILITIES	564,135	38.4	778,870	46.3	214,735	749,126	46.2

(¥ millions)

NET ASSETS							
	At June 30, 2007		At June 30, 2008		Increase (Decrease)	At December 31, 2007	
	Amount	Percentage over total assets	Amount	Percentage over total assets	Amount	Amount	Percentage over total assets
Shareholders' equity							
Common stock	102,045	7.0	102,045	6.1	-	102,045	6.3
Capital surplus							
Additional paid-in capital	70,868		70,868		-	70,868	
Other capital surplus	272		545		273	485	
Total capital surplus	71,140	4.9	71,413	4.2	273	71,353	4.4
Retained earnings							
Legal reserve	25,511		25,511		-	25,511	
Other retained earnings							
Reserve for special depreciation	913		71		(842)	71	
Reserve for deferred gain on sale of property	12,554		1,412		(11,142)	1,412	
General reserve	531,367		554,367		23,000	531,367	
Retained earnings brought forward	79,086		108,906		29,820	93,709	
Total retained earnings	649,434	44.2	690,270	41.1	40,836	652,073	40.2
Treasury stock, at cost	(27,523)	(1.9)	(28,785)	(1.7)	(1,262)	(28,170)	(1.7)
Total shareholders' equity	795,097	54.2	834,944	49.7	39,847	797,302	49.2
Valuation and translation adjustments							
Net unrealized holding gains on securities	108,726		66,901		(41,825)	74,169	
Deferred gains or losses on hedges	(59)		2		61	(41)	
Total valuation and translation adjustments	108,667	7.4	66,903	4.0	(41,764)	74,127	4.6
TOTAL NET ASSETS	903,764	61.6	901,847	53.7	(1,917)	871,430	53.8
TOTAL LIABILITIES AND NET ASSETS	1,467,899	100.0	1,680,718	100.0	212,819	1,620,556	100.0

NON-CONSOLIDATED STATEMENTS OF INCOME

(¥ millions)

	6 months ended June 30, 2007		6 months ended June 30, 2008		Increase (Decrease)	Year ended December 31, 2007	
	Amount	Percentage over sales	Amount	Percentage over sales	Amount	Amount	Percentage over sales
Sales (1)	425,687	100.0	-		(425,687)	425,687	
Operating revenue (2)							
Group management revenue	-		5,907			7,504	
Revenue from real estate business	-		2,864			2,850	
Dividends revenue from subsidiaries and affiliates	-		51,131			1,129	
Total	-		59,903	100.0	59,903	11,484	
Revenue from operating activities (1)+(2)	425,687		59,903		(365,784)	437,172	100.0
Cost of sales (3)	289,488	68.0	-		(289,488)	289,488	66.2
Gross profit (1)-(3)	[136,198]	[32.0]	-		[(136,198)]	[136,198]	[31.2]
Selling, general and administrative expenses (4)	121,356	28.5	-		(121,356)	121,356	27.8
Operating expenses (5)							
Expenses on real estate business	-		1,485			1,471	
General and administrative expenses	-		8,536			10,773	
Total	-		10,021	16.7	10,021	12,245	2.8
COS and expenses from operating activities (3)+(4)+(5)	-		10,021			423,090	
Operating income	14,842	3.5	49,881	83.3	35,039	14,081	3.2
Non-operating income							
Interest income	760		4,972			1,834	
Dividend income	17,457		1,669			18,939	
Other	2,614		6,514			3,893	
Total	20,831	4.9	13,155	22.0	(7,676)	24,666	5.6
Non-operating expenses							
Interest expense	1,407		4,686			2,489	
Other	1,811		3,749			5,383	
Total	3,218	0.8	8,435	14.1	5,217	7,872	1.8
Ordinary income	32,455	7.6	54,602	91.2	22,147	30,875	7.1
Special income	3,253	0.8	3,750	6.3	497	16,880	3.9
Special expenses	1,466	0.3	3,199	5.3	1,733	3,116	0.7
Income before income taxes	34,242	8.0	55,153	92.1	20,911	44,639	10.2
Income taxes	12,000	2.8	5,500	9.2	(6,500)	11,162	2.6
Net income	22,242	5.2	49,653	82.9	27,411	33,476	7.7

NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(6 months ended June 30, 2007)

(¥ millions)

	Shareholders' equity													
	Common stock	Capital surplus				Retained earnings							Treasury stock	Total shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings					Total retained earnings			
						Reserve for special depreciation	Reserve for deferred gain on sale of property	Reserve for dividends	General reserve	Retained earnings brought forward				
Balance as of December 31, 2006	102,045	70,868	245	71,114	25,511	913	12,554	6,450	494,367	95,992	635,789	(26,796)	782,153	
Changes of items during the interim accounting period														
Provision for general reserve									37,000	(37,000)	-		-	
Dividends from surplus								(6,450)		(2,148)	(8,598)		(8,598)	
Net income										22,242	22,242		22,242	
Acquisition of treasury stock												(755)	(755)	
Disposal of treasury stock			26	26								27	54	
Net changes of items other than shareholders' equity														
Total changes of items during the interim accounting period			26	26				(6,450)	37,000	(16,905)	13,644	(727)	12,943	
Balance as of June 30, 2007	102,045	70,868	272	71,140	25,511	913	12,554	-	531,367	79,086	649,434	(27,523)	795,097	

	Valuation and translation adjustments			Total net assets
	Net unrealized holding gains on securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance as of December 31, 2006	94,080	(76)	94,004	876,157
Changes of items during the interim accounting period				
Provision for general reserve				-
Dividends from surplus				(8,598)
Net income				22,242
Acquisition of treasury stock				(755)
Disposal of treasury stock				54
Net changes of items other than shareholders' equity	14,646	17	14,663	14,663
Total changes of items during the interim accounting period	14,646	17	14,663	27,607
Balance as of June 30, 2007	108,726	(59)	108,667	903,764

(6 months ended June 30, 2008)

(¥ millions)

	Shareholders' equity											
	Common stock	Capital surplus			Retained earnings						Treasury stock	Total shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings				Total retained earnings		
						Reserve for special depreciation	Reserve for deferred gain on sale of property	General reserve	Retained earnings brought forward			
Balance as of December 31, 2007	102,045	70,868	485	71,353	25,511	71	1,412	531,367	93,709	652,073	(28,170)	797,302
Changes of items during the interim accounting period												
Provision for general reserve								23,000	(23,000)	-		-
Dividends from surplus									(11,456)	(11,456)		(11,456)
Net income									49,653	49,653		49,653
Acquisition of treasury stock											(686)	(686)
Disposal of treasury stock			59	59							71	130
Net changes of items other than shareholders' equity												
Total changes of items during the interim accounting period			59	59				23,000	15,196	38,196	(615)	37,641
Balance as of June 30, 2008	102,045	70,868	545	71,413	25,511	71	1,412	554,367	108,906	690,270	(28,785)	834,944

	Valuation and translation adjustments			Total net assets
	Net unrealized holding gains on securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance as of December 31, 2007	74,169	(41)	74,127	871,430
Changes of items during the interim accounting period				
Provision for general reserve				-
Dividends from surplus				(11,456)
Net income				49,653
Acquisition of treasury stock				(686)
Disposal of treasury stock				130
Net changes of items other than shareholders' equity	(7,267)	43	(7,223)	(7,223)
Total changes of items during the interim accounting period	(7,267)	43	(7,223)	30,417
Balance as of June 30, 2008	66,901	2	66,903	901,847

(Year ended December 31, 2007)

(¥ millions)

	Shareholders' equity												
	Common stock	Capital surplus			Retained earnings							Treasury stock	Total shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings					Total retained earnings		
						Reserve for special depreciation	Reserve for deferred gain on sale of property	Reserve for dividends	General reserve	Retained earnings brought forward			
Balance as of December 31, 2006	102,045	70,868	245	71,114	25,511	913	12,554	6,450	494,367	95,992	635,789	(26,796)	782,153
Changes of items during the period													
Provision for reserve for special depreciation						3				(3)	-		-
Reversal of reserve for special depreciation						(209)				209	-		-
Reversal of reserve for deferred gain on sale of property							(113)			113	-		-
Provision for general reserve									37,000	(37,000)	-		-
Dividends from surplus								(6,450)		(2,148)	(8,598)		(8,598)
Dividends from surplus (interim dividends)										(8,594)	(8,594)		(8,594)
Net income										33,476	33,476		33,476
Acquisition of treasury stock												(1,711)	(1,711)
Disposal of treasury stock			239	239								337	576
Reversal due to corporate split						(635)	(11,028)			11,664	-		-
Net changes of items other than shareholders' equity													
Total changes of items during the period			239	239		(841)	(11,141)	(6,450)	37,000	(2,282)	16,284	(1,373)	15,149
Balance as of December 31, 2007	102,045	70,868	485	71,353	25,511	71	1,412	-	531,367	93,709	652,073	(28,170)	797,302

	Valuation and translation adjustments			Total net assets
	Net unrealized holding gains on securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance as of December 31, 2006	94,080	(76)	94,004	876,157
Changes of items during the period				
Provision for reserve for special depreciation				-
Reversal of reserve for special depreciation				-
Reversal of reserve for deferred gain on sale of property				-
Provision for general reserve				-
Dividends from surplus				(8,598)
Dividends from surplus (interim dividends)				(8,594)
Net income				33,476
Acquisition of treasury stock				(1,711)
Disposal of treasury stock				576
Reversal due to corporate split				-
Net changes of items other than shareholders' equity	(19,910)	34	(19,876)	(19,876)
Total changes of items during the period	(19,910)	34	(19,876)	(4,726)
Balance as of December 31, 2007	74,169	(41)	74,127	871,430

CHANGES IN PRESENTATION

(NON-CONSOLIDATED BALANCE SHEETS)

1. "Inventories," which amounted to 23 million yen for the six months ended June 30, 2008, is included in "Other" of "Current Assets," because it became immaterial.
2. "Short-term loans receivable from subsidiaries and affiliates," which amounted to 19,802 million yen and was included in "Other" of "Current Assets" for the six months ended June 30, 2007, is separately presented in "Short-term loans receivable from subsidiaries and affiliates" for the six months ended June 30, 2008, because it became material.
3. "Life insurance investments," which amounted to 292 million yen for the six months ended June 30, 2008, is included in "Other" of "Investment and Other Assets," because it became immaterial.
4. "Deposits received," which amounted to 240 million yen for the six months ended June 30, 2008, is included in "Other" of "Current Liabilities," because it became immaterial.
5. "Deposits received," which amounted to 8,828 million yen for the six months ended June 30, 2008, is included in "Other" of "Long-term Liabilities," because it became immaterial.

(NON-CONSOLIDATED STATEMENTS OF INCOME)

1. "Sales," "Cost of sales," and "Selling, general and administrative expenses" is presented in "Operating revenue" and "Operating expenses" for the six months ended June 30, 2008.
2. "Revenue from real estate business" included in "Sales" for the six months ended June 30, 2007 is presented separately in "Operating revenue" for the six months ended June 30, 2008, and "Cost of revenue from real estate business" presented separately in "Cost of sales" is presented as "Expenses on real estate business" in "Operating expenses" .

Supplementary Documents to the Financial Statements for the First Half Ended June 30, 2008

1. Results of Operations
2. Scope of Consolidation and Application of Equity Method
3. Sales Details
4. Profit Breakdown for the First Half (Actual)
5. Major Expenses and Others
6. Major Fluctuations of Balance Sheets
7. Profit Breakdown for the Current Fiscal Year (Forecast)

(Reference Material)

1. Guide to Kirin Group Consolidated Financial Indices
2. Information by Segment
3. Results of Operations by Major Companies (Consolidated)
4. Sales Details of Alcohol Beverages
(Kirin Brewery Company, Limited)
5. Sales Details of Soft Drink Beverages (Kirin Beverage Group)
6. Sales Details of Pharmaceuticals (KYOWA HAKKO KOGYO CO.,
LTD. and Kirin Pharma Company, Ltd.)

KIRIN HOLDINGS COMPANY, LIMITED

August 4, 2008

1. Results of Operations

(¥ billions)

	2007				2008			
	The 1st half Actual		Annual Actual		The 1st half Actual		Annual Forecast	
(year-on-year rate)								
Sales	836.0	6.8%	1,801.1	8.1%	1,047.8	25.3%	2,330.0	29.4%
Operating income	42.8	(4.7%)	120.6	3.7%	47.5	10.9%	152.0	26.0%
Ordinary income	45.6	(3.1%)	123.3	2.1%	47.6	4.3%	145.0	17.5%
Net income	16.7	(11.5%)	66.7	24.7%	81.1	383.0%	124.0	85.9%
EBITDA	*1 85.7	(1.6%)	*1 213.1	11.5%	*2 109.3	27.6%	*2 275.7	29.4%

*1 EBITDA = Income before income taxes and minority interests + interest expense - interest and dividend income + depreciation + amortization of goodwill

*2 EBITDA = Operating income + equity in earnings of affiliates + depreciation + amortization of goodwill + special income and expenses (excluding gain on change in equity)

2. Scope of Consolidation and Application of Equity Method

(The number of companies)

	2007		2008	
	The 1st half Actual	Annual Actual	The 1st half Actual	Annual Forecast
Consolidated subsidiaries	271	345	365	364
Unconsolidated subsidiary accounted for by the equity method	0	0	1	1
Affiliated companies accounted for by the equity method	20	22	24	24

3. Sales Details

	2007				2008			
	The 1st half Actual		Annual Actual		The 1st half Actual		Annual Forecast	
Sales volume (year-on-year rate)								
Alcohol beverages	Thousand KL	Increase (Decrease)	Thousand KL	Increase (Decrease)	Thousand KL	Increase (Decrease)	Thousand KL	Increase (Decrease)
Beer, <i>Happo-shu</i> , and New genre	1,605	(0.9%)	3,388	(0.3%)	1,552	(3.3%)	3,330	(1.7%)
	Million cases		Million cases		Million cases		Million cases	
Soft drinks	112	4.8%	239	4.5%	113 *1	1.0%	249 *1	4.1%
Sales by business segments (year-on-year rate)	¥ billions	Increase (Decrease)	¥ billions	Increase (Decrease)	¥ billions	Increase (Decrease)	¥ billions	Increase (Decrease)
Total sales	836.0	6.8%	1,801.1	8.1%	1,047.8	25.3%	2,330.0	29.4%
Alcohol beverages	548.1	6.6%	1,189.4	8.2%	545.3	(0.5%)	1,185.0	(0.4%)
Beer, <i>Happo-shu</i> and New genre	447.2	0.9%	970.8	2.4%	442.3	(1.1%)	962.0	(0.9%)
Other alcohol beverages	84.1	58.0%	184.5	59.8%	79.7	(5.3%)	174.5	(5.4%)
Other *2	16.7	(3.6%)	34.0	(5.3%)	23.3	39.5%	48.5	42.3%
Soft drinks and Foods *2	222.6	4.0%	474.5	3.1%	344.0	54.6%	731.0	54.0%
Pharmaceuticals	31.4	0.7%	69.9	4.0%	69.6	121.3%	175.0	150.3%
Other business *2	33.7	45.0%	67.2	71.3%	88.7	162.8%	239.0	255.6%
Biochemical	-	-	-	-	20.2	-	59.0	-
Chemical	-	-	-	-	21.7	-	78.0	-
Agribio	12.0	(12.5%)	21.5	14.6%	11.9	(1.1%)	19.5	(9.6%)
Other	21.7	127.9%	45.6	123.6%	34.9	60.6%	82.5	80.8%

*1 These figures do not include 235,018 KL for the first half of fiscal 2008 (actual) and 465,962 KL for the fiscal 2008 (annual forecast) in soft drinks business of National Foods.

*2 Please refer to (SEGMENT INFORMATION) on pages 27, 28 and 29 for “(SEGMENT INFORMATION) a. Business segment information”. The actual results for fiscal year 2007 are shown in reclassified business segment.

4. Profit Breakdown for the First Half (Actual)

(¥ billions)

Segment	Company Name	Major factors	Difference	Description
Alcohol beverages	Kirin Brewery	Increase in marginal profit of alcohol beverages	2.5	Sales decrease in beer (67) thousand KL, (7.5) Sales decrease in <i>happo-shu</i> (2) thousand KL, (0.2) Sales increase in new genre 19 thousand KL, 2.0 Sales increase in RTD 4 thousand KL, 0.0 Increase in marginal profit of <i>shochu</i> , whiskey, spirits and wines 1.2 Increase due to revision of prices and difference of change in products mix, etc.
		Cost reduction	0.3	Energy reduction 0.3
		Increase in raw material cost of alcohol beverages	(3.7)	Increase in price for cans and cartons (1.4) Increase in price of sugar and liquid sugar (0.9) Increase in price of malt (0.6), etc.
		Decrease in selling cost	3.5	Decrease in sales promotion and advertising expenses 3.3; beer, <i>happo-shu</i> and new genre 5.1, RTD (0.8), <i>shochu</i> , whiskey, spirits and wines (1.0), etc. Decrease in transportation cost 0.3, etc.
		Increase in other expenses	(2.7)	Increase in depreciation (1.1) Increase in electric cost and fuel cost (0.9) Increase in repair expenses (0.4), etc.
	Total		(0.1)	
	Lion Nathan *1	Increase in operating income	3.4	24.2 => 27.6
		Amortization of goodwill	(0.4)	(2.0) => (2.4)
		Brand amortization	(0.3)	(3.3) => (3.6)
	Total		2.6	
	Mercian		0.1	(0.8)=> (0.7)
	Effect of organizational change		6.4	*2
	others		0.6	
Total			9.6	FY2007 the 1st half Actual 32.9 => FY2008 the 1st half Actual 42.5 *2
Soft drinks and Foods	Kirin Beverage	Difference in volume of sales	1.3	Increase in sales volume 1,210 thousands cases
		Cost reduction	0.5	Improvement of production efficiency at its own factories, etc.
		Increase in raw material cost	(1.2)	
		Increase in change of composition ratio of containers, etc.	(1.8)	
		Increase in selling cost	(1.7)	Increase in sales promotion and advertising expenses (1.4) Increase in transportation cost (0.3)
		Increase in other expenses	(2.3)	Increase in depreciation cost and sales equipment cost due to increase in vending machine input (0.6) Increase in expenses due to new consolidation (0.6) Increase in information processing fee (0.4) Increase in miscellaneous expenses (0.2) Increase in R&D expenses (0.1), etc.
	Total		(5.2)	
	National Foods	Increase in operating income	0.1	0.0 => 0.1
		Amortization of goodwill	(4.0)	0.0 => (4.0) *3
		Brand amortization	(1.4)	0.0 => (1.4) *3
	Total		(5.3)	
	Kyowa Hakko Foods		0.3	0.0 => 0.3
	Others		0.6	
Total			(9.6)	FY2007 the 1st half Actual 4.0 => FY2008 the 1st half Actual (5.6) *2

(¥ billions)

Segment	Major factors	Difference	Description
Pharmaceuticals	Kyowa Hakko and Kirin Pharma *4	5.7	Increase in gross profit 29.2 Increase in R&D expenses (9.7) Increase in other expenses (12.4) Amortization of goodwill (1.4)
	Effect of organizational change	0.4	*2
Total		6.1	FY2007 the 1st Half Actual 4.8 => FY2008 the 1st half Actual 10.9 *2
Others	Kyowa Hakko Biochemical	2.9	0.0 => 2.9
	Kyowa Hakko Chemicals	0.5	0.0 => 0.5
	Others	1.7	
Total		5.1	FY2007 the 1st Half Actual 2.2 => FY2008 the 1st half Actual 7.3 *2
Eliminations or Corporate	Increase of unallocable operating expenses due to the organizational change	(7.0)	*2
	Others	0.7	
Total		(6.3)	FY2007 the 1st half Actual (1.2) => FY2008 the 1st half Actual (7.5) *2
Increase in operating income		4.7	FY2007 the 1st Half Actual 42.8 => FY2008 the 1st half Actual 47.5
Non-operating income and expenses	Financial profit (loss), net	(5.3)	(3.4) => (8.7)
	Equity in earnings of affiliates	(3.1)	San Miguel (2.2) (Including elimination of unrealized gain on sale of investment securities (4.5)) , Kyowa Hakko (1.2) (Including amortization of consolidation difference (1.0)), etc.
	Foreign currency transaction gain	4.7	0.8 => 5.5
	Others	1.0	
Total		(2.7)	
Increase in ordinary income		2.0	FY2007 the 1st Half Actual 45.6 => FY2008 the 1st Half Actual 47.6
Special income and expenses	Gain on sale of fixed assets	8.2	
	Gain on change in equity	72.6	Share exchange with Kyowa Hakko
	Others	(0.2)	
Total		80.6	
Income taxes and minority interests	Income taxes	(9.6)	
	Income taxes for prior years	(1.9)	Lion Nathan
	Minority interests	(6.6)	
Total		(18.1)	
Increase in net income		64.4	FY2007 the 1st half Actual 16.7 => FY2008 the 1st half Actual 81.1

*1 As for Lion Nathan's actual result of the first half of the fiscal year 2008, the Company reclassified certain amount of operating income and expenses into special income and expenses in the consolidated statements of income. The above figures are presented after reclassification.

*2 Please refer to (SEGMENT INFORMATION) on pages 27, 28 and 29 for "(SEGMENT INFORMATION) a. Business segment information". Following this changes, actual results of the first half of fiscal year 2007 have been reclassified in line with the changed classification. As a result, operating income of the first half of fiscal year 2007 increased ¥1.1 billion in the "Alcohol beverages" segment, decreased ¥1.4 billion in the "Soft drinks and Foods" segment, increased ¥0.4 billion in the "Others" segment and decreased ¥0.0 billion in "Eliminations or Corporate" compared to those in former classification.

*3 Market value and others adapted to calculation of these figures are tentative.

*4 The figures shown are those of Pharmaceuticals segment of Kirin Brewery for the first half of fiscal year 2007.

Exchange rate for overseas company	2007 The 1st half (Actual)	2008 The 1st half (Actual)
Lion Nathan (AUD)	¥93.10	¥98.11
National Foods (AUD)	-	¥97.59
San Miguel (PHP)	¥2.44	¥2.61

5. Major Expenses and Others

(¥ billions)

	2007		2008	
	The 1st half Actual	Annual Actual	The 1st half Actual	Annual Forecast
Sales promotion	83.6	181.4	92.2	} 268.0
Advertising	38.5	69.0	41.1	
(Sales promotion and advertising expenses include in the above)				
Kirin Brewery				
Domestic alcohol beverages				
Sales promotion			20.3	} 85.4
advertising expenses	44.6	92.3	21.0	
Kirin Beverage *1				
Sales promotion			52.5	} 123.5
advertising expenses	57.9	121.2	6.8	
Research and development expenses	13.7	28.5	25.1	56.0
Depreciation *2	34.6	71.9	43.0	97.0
Amortization of goodwill *3	3.8	7.4	9.9	21.6
Financial profit, net	(3.4)	(5.3)	(8.7)	(15.0)
Capital expenditures	26.2	66.8	62.6	113.0
Cash flows	(8.6)	(34.2)	(7.4)	31.0
Operating activities	18.1	114.5	39.8	160.0
Investing activities	(0.1)	(269.6)	(66.0)	(126.0)
Financing activities	(26.4)	121.5	21.5	(2.0)

*1 The amounts of Soft drinks and Foods are consolidated Kirin Beverage.

*2 This amount includes brand amortization

*3 Amortization of consolidation difference, "Goodwill" amortization

6. Major Fluctuations of Balance Sheets

(¥ billions)

	2007 The 1st half Actual	2008 The 1st half Actual	Increase (Decrease)	Reference
ASSETS				
Current Assets				
Notes and accounts receivable, trade	318.2	388.9	70.7	Increase due to addition of newly consolidated subsidiaries * and decrease due to the 1st half-end of previous year being a bank holiday, etc.
Other (excluding Notes and accounts receivable, trade)	271.2	392.4	121.2	Increase due to addition of newly consolidated subsidiaries *, etc.
Fixed Assets				
Property, Plant and Equipment				
Total Property, plant and equipment	600.7	800.1	199.4	Increase due to addition of newly consolidated subsidiaries *, etc.
Intangible Assets				
Goodwill	97.1	397.8	300.7	Increase due to addition of newly consolidated subsidiaries *, etc.
Other	68.1	133.9	65.8	Increase due to addition of newly consolidated subsidiaries *, etc.
Investments and Other Assets				
Investment securities	587.3	575.9	(11.4)	Decrease in net unrealized holding gains on securities held by Kirin Holdings along with the fluctuations in stock price, etc.
Life insurance investments	14.4	-	(14.4)	Decrease due to change in presentation, etc.
Other	64.9	112.9	48.0	Increase due to addition of newly consolidated subsidiaries * and increase due to change in presentation, etc.
LIABILITIES				
Current Liabilities				
Notes and accounts payable, trade	118.4	198.0	79.6	Increase due to addition of newly consolidated subsidiaries *, etc.
Short-term loans payable and long-term debt with current maturities	15.9	210.4	194.5	Increase at Kirin Holdings, etc.
Bonds due to within one year	-	44.0	44.0	Increase due to transfer from bonds
Liquor taxes payable	102.7	64.2	(38.5)	Influence due to the 1st half-end of previous year being a bank holiday, etc.
Accrued expenses	82.3	101.2	18.9	Increase due to addition of newly consolidated subsidiaries *, etc.
Other	66.3	93.0	26.7	Increase due to addition of newly consolidated subsidiaries *, etc.
Long-term Liabilities				
Bonds	98.8	242.3	143.5	Increase due to issue of bonds at Kirin Holdings
Long-term debt	124.7	159.9	35.2	Increase at Lion Nathan, etc.
Employees' pension and retirement benefits	59.3	81.9	22.6	Increase due to addition of newly consolidated subsidiaries *, etc.
Other	132.7	150.3	17.6	Increase due to addition of newly consolidated subsidiaries *, etc.
NET ASSETS				
Net unrealized holding gains on securities	158.5	103.4	(55.1)	Decrease in net unrealized holding gains on securities held by Kirin Holdings along with the fluctuations in stock price, etc.
Minority interests	41.6	228.0	186.4	Increase due to addition of newly consolidated subsidiaries *, etc.

* "Increase due to addition of newly consolidated subsidiaries" was resulted from the stock acquisition of Kyowa Hakko and National Foods.

7. Profit Breakdown for the Current Fiscal Year (Forecast)

(¥ billions)

Segment	Company Name	Major factors	Difference	Description
Alcohol beverages	Kirin Brewery	Increase in marginal profit of alcohol beverages	11.6	Sales decrease in beer (97) thousand KL, (11.2) Sales increase in <i>happo-shu</i> 10 thousand KL, 0.9 Sales increase in new genre 29 thousand KL, 3.1 Sales increase in RTD 11 thousand KL, 1.5 Increase in marginal profit of <i>Shochu</i> , Whiskey, Spirits and Wines 0.8 Increase due to revision of prices and difference of change in products mix, etc.
		Cost reduction	1.7	Improvement of production efficiency at its factories 1.0 Energy reduction 0.7
		Increase in raw material cost of alcohol beverages	(9.2)	Increase in price for cans and cartons Increase in price of malt Increase in price of sugar and liquid sugar, etc.
		Decrease in selling cost	6.5	Decrease in sales promotion and advertising expenses 6.9 Increase in transportation cost (0.4), etc.
		Increase in other expenses	(9.4)	Increase in depreciation (2.8) Increase in electric cost and fuel cost (2.2) Increase in repair expenses (0.7) Increase in miscellaneous expenses (0.4), etc.
	Total		1.2	
	Lion Nathan		(1.1)	Translation difference *1 Increase in amortization of goodwill, etc.
	Effect of organizational change		6.4	*2
	Others		1.5	Mercian, etc.
	Total		8.0	FY2007 Annual Actual 96.5=> FY2008 Annual Forecast 104.5 *2
Soft drinks and Foods	Kirin Beverage	Difference in volume of sales	8.7	Increase in sales volume 8,540 thousands cases
		Cost reduction	1.2	Improvement of production efficiency at its own factories, etc.
		Increase in raw material cost	(3.8)	
		Decrease in change of composition ratio of containers, etc.	0.6	
		Increase in selling cost	(3.0)	Increase in sales promotion and advertising expenses (2.3) Increase in transportation cost due to increase in sales volume (0.7)
		Increase in other expenses	(6.0)	Increase in expenses due to new consolidation (1.9) Increase in information processing fee (1.0) Increase in depreciation cost and sales equipment cost due to increase in vending machine input (0.8) Increase in labor cost (0.7) Increase in R&D expenses (0.5), etc.
	Total		(2.3)	
	National Foods	Increase in operating income	9.8	0.0 => 9.8
		Amortization of goodwill	(8.1)	0.0 => (8.1) *3
		Brand amortization	(2.9)	0.0 => (2.9) *3
	Total		(1.2)	
	Kyowa Hakko Foods		1.2	0.0 => 1.2
	Others		0.5	
	Total		(1.8)	FY2007 Annual Actual 16.0 => FY2008 Annual Forecast 14.2 *2

(¥ billions)

Segment	Major factors	Difference	Description
Pharmaceuticals	Kyowa Hakko and Kirin Pharma	21.0	Increase in gross profit 78.7 Increase in R&D expenses (20.8) Increase in other expenses (32.6) Amortization of goodwill (4.3)
	Effect of organizational change	0.4	*2
Total		21.4	FY2007 Annual Actual 13.0=> FY2008 Annual Forecast 34.4 *2
Others	Kyowa Hakko Biochemical	6.5	0.0 => 6.5
	Kyowa Hakko Chemicals	4.5	0.0 => 4.5
	Others	(0.9)	
Total		10.1	FY2007 Annual Actual 6.3=> FY2008 Annual Forecast 16.4 *2
Eliminations or Corporate	Increase of unallocable operating expenses due to the organizational change	(7.0)	*2
	Others	0.8	
Total		(6.2)	FY2007 Annual Actual (11.3) => FY2008 Annual Forecast (17.5) *2
Increase in operating income		31.4	FY2007 Annual Actual 120.6 => FY2008 Annual Forecast 152.0
Non-operating income and expenses	Financial profit, net	(9.7)	(5.3) => (15.0)
	Equity in earnings of affiliates	(3.5)	Kyowa Hakko (1.2) (Including amortization of consolidation difference (1.0)) Kirin-Amgen (2.4), etc.
	Others	3.5	
Total		(9.7)	
Increase in ordinary income		21.7	FY2007 Annual Actual 123.3 => FY2008 Annual Forecast 145.0
Special income and expenses	Gain on change in equity	72.6	Share exchange with Kyowa Hakko
	Equity losses of affiliate for prior years	1.9	
	Others	(8.6)	Gain on sale of fixed assets for prior years, etc.
Total		65.9	
Income taxes and minority interests	Income taxes	(15.4)	
	Minority interests	(14.9)	(11.3) => (26.2)
Total		(30.3)	
Increase in net income		57.3	FY2007 Annual Actual 66.7 => FY2008 Annual Forecast 124.0

*1 As for Lion Nathan's actual result of fiscal year 2007, the Company reclassified certain amount of operating income and expenses into special income and expenses and others in the consolidated statements of income. The above figures are presented after reclassification. Since Lion Nathan has not disclosed its forecast of business performance, the Company uses operating results in foreign currency for the year ended 2007 as the forecast for the year ending December 31, 2008.

*2 Please refer to a. Business segment information of (SEGMENT INFORMATION) on pages 27, 28 and 29 for changes in classification of business segment in the business segment information.

*3 Market value and others adapted to calculation of these figures are tentative.

Exchange rate for overseas company	2007 Actual	2008 Forecast
Lion Nathan (AUD)	¥96.72	¥98.00
National Foods (AUD)	-	¥98.00
San Miguel (PHP) *4	¥2.51	¥2.50

*4 Since San Miguel has not disclosed its forecast of business performance, the Company uses operating results in foreign currency for the year ended 2007 (12 months from October 2006 to September 2007) as the forecast for the year ending December 31, 2008.

(Reference Material)

1. Guide to Kirin Group Consolidated Financial Indices

(¥ billions)

			2007 Actual	2008 The 1st half Actual	2008 Annual Forecast Disclosed on April 30, 2008	2008 Annual Forecast	2009 Revised medium-term business plan
Quantitative targets	Consolidated sales	Including liquor tax	1,801.1	1,047.8	2,400.0	2,330.0	2,500.0
		Excluding liquor tax	1,400.6	883.3	1,986.0	1,929.7	2,100.0
	Operating income		120.6	47.5	164.0	152.0	175.0
	Operating income ratio	Including liquor tax	6.7%	4.5%	6.8%	6.5%	7.0% plus
		Excluding liquor tax	8.6%	5.4%	8.3%	7.9%	8.3% plus
	ROE		6.5%	7.5%	11.7%	11.2%	7.0% plus

Guideline	Sales by segment	Alcohol beverages	1,189.4	545.3	1,223.0	1,185.0	1,210.0
		Soft drinks and Foods	474.5	344.0	769.0	731.0	780.0
		Pharmaceuticals	69.9	69.6	175.0	175.0	210.0
		Others	67.2	88.7	233.0	239.0	300.0
	Operating income by segment	Alcohol beverages	96.5	42.5	107.3	104.5	100.0
		Soft drinks and Foods	16.0	(5.6)	23.7	14.2	28.0
		Pharmaceuticals	13.0	10.9	34.6	34.4	38.0
		Others	6.3	7.3	16.4	16.4	23.0
		Eliminations or Corporate	(11.3)	(7.5)	(18.0)	(17.5)	(14.0)
	Overseas ratio	Sales excluding liquor tax	19%	31%	26%	27%	Approx. 26%
	EBITDA		213.1	*1 109.3	*1 285.0	*1 275.7	330.0
	Amortization of goodwill etc.	1. Future portion (before 2006)	13.9	6.9	13.5	*2 13.7	13.8
		2. Investment after 2007	-	8.7	17.1	*3 18.7	19.8
		Total amortization of goodwill (1.+2.)	13.9	15.6	30.6	32.4	33.6
	EPS (¥)	Prior to 2. amortization of goodwill etc.	70	*1 18	*1 76	*1 72	Approx. 105
		After amortization of goodwill etc.	70	85	136	130	Approx. 85
	D/E ratio		0.58	0.60	0.56	0.55	Approx. 0.50

*1 The figures are calculated, excluding gain on change in equity (¥72.6 billion) arising from the share exchange with Kyowa Hakko.

*2 Amortization of goodwill etc. Future portion (before 2006) ¥13.7 billion:

Lion Nathan ¥10.8 billion (brand amortization ¥7.0 billion, amortization of consolidation difference ¥2.5 billion, "Goodwill" amortization ¥1.3 billion)

Kirin Beverages ¥1.9 billion (amortization of consolidation difference), etc.

*3 Amortization of goodwill etc. After investments in 2007 ¥18.7 billion:

National Foods ¥11.0 billion (brand amortization ¥2.9 billion, amortization of consolidation difference ¥0.5 billion, "Goodwill" amortization ¥7.6 billion)

Kyowa Hakko ¥5.9 billion (amortization of consolidation difference)

J. Boag & Son ¥1.7 billion (brand amortization ¥0.4 billion, amortization of consolidation difference ¥1.2 billion)

2. Information by Segment

<FY2008>

(¥ billions)

	Alcohol beverages		Soft drinks and Foods		Pharmaceuticals		Others		Eliminations or Corporate		Total	
	The 1st half Actual	Annual Forecast	The 1st half Actual	Annual Forecast	The 1st half Actual	Annual Forecast	The 1st half Actual	Annual Forecast	The 1st half Actual	Annual Forecast	The 1st half Actual	Annual Forecast
Depreciation *1	21.5	47.4	12.2	26.9	3.0	7.2	4.9	13.0	1.1	2.3	43.0	97.0
Amortization of goodwill *2	2.5	5.5	5.5	11.4	1.5	4.3	0.2	0.3	-	-	9.9	21.6
EBITDA *3	65.9	156.5	12.3	51.8	15.8	44.7	18.9	34.1	(3.6)	(11.5)	109.3	275.7
Capital expenditures	31.0	52.7	16.3	26.4	2.3	6.0	12.8	26.3	0.1	1.3	62.6	113.0
R&D expenses	2.6	4.8	0.9	3.0	18.3	39.2	1.7	5.7	1.4	3.1	25.1	56.0

*1 This amount Includes brand amortization.

*2 Amortization of consolidation difference, "Goodwill" amortization

*3 EBITDA = Operating income + equity in earnings of affiliates + depreciation + amortization of goodwill + special income and expenses (excluding gain on change in equity)

3. Results of operations by Major Companies (Consolidated)

<FY2008 The first half Actual>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated Net income
Kirin Brewery (consolidated subsidiary) *1	384.7	15.2	-	-	-
Mercian (consolidated subsidiary)	43.5	(0.3)	(0.3)	(0.2)	(0.1)
Lion Nathan (consolidated subsidiary) *2	110.0	27.6	23.5	16.1	7.4
Brand amortization		(3.6)	(3.6)	(3.6)	(1.7)
Amortization of goodwill *3		(2.4)	(2.4)	(2.4)	(1.8)
After adjustments of the above	110.0	21.4	17.4	10.0	3.9
Kirin Beverage (consolidated subsidiary)	187.7	(1.0)	-	-	-
Amortization of goodwill		(0.9)	-	-	-
After adjustments of the above	187.7	(2.0)	-	-	-
National Foods (consolidated subsidiary)	111.7	0.1	-	-	-
Brand amortization *4		(1.4)	-	-	-
Amortization of goodwill *3*4		(4.0)	-	-	-
After adjustments of the above	111.7	(5.3)	-	-	-
Kyowa Hakko and Kirin Pharma (consolidated subsidiaries) *5	125.4	17.0	18.7	9.5	4.8
Elimination of amortization of goodwill at Kyowa Hakko		2.3	2.3	2.3	1.2
Amortization of goodwill		(1.6)	(1.6)	(1.6)	(1.6)
After adjustments of the above	125.4	17.8	19.5	10.3	4.4
Kirin Pharma (consolidated subsidiary) *1*5	9.1	(3.4)	-	-	-
Kyowa Hakko (affiliated company) *5	94.4	6.9	5.2	(0.6)	* (0.1)
Equity in earnings of affiliates *			* (0.1)	(0.1)	(0.1)
Amortization of consolidation difference *6			(1.0)	(1.0)	(1.0)
After adjustments of the above			(1.2)	(1.2)	(1.2)
San Miguel (affiliated company)	218.8	16.5	30.8	32.8	* 6.5
Equity in earnings of affiliates *			* 6.5	6.5	6.5
Amortization of consolidation difference *6			(1.0)	(1.0)	(1.0)
After adjustments of the above			5.4	5.4	5.4

*1 The amounts of Kirin Brewery and Kirin Pharma are non-consolidated.

*2 As for information of the Lion Nathan, the Company reclassified certain amount of operating income and expenses into special income and expenses in the consolidated statements of income. The above figures are presented after reclassification.

*3 Amortization of consolidation difference, "Goodwill" amortization

*4 Market value and others adapted to calculation of these figures are tentative.

*5 The Company prepared the financial statements after the adjustments of accounting period of Kyowa Hakko and Kirin Pharma as follows:

Kyowa Hakko and Kirin Pharma (consolidated subsidiary)

April to June

(Kyowa Hakko consolidated, including Kirin Pharma),

Kirin Pharma (consolidated subsidiary) January to March

Kyowa Hakko (affiliated company) January to March

*6 Account title: Equity in earnings of affiliates

<FY2008 Forecasts>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated Net income
Kirin Brewery (consolidated subsidiary) *1	882.8	56.0	-	-	-
Mercian (consolidated subsidiary)	98.0	1.6	1.5	1.2	0.6
Lion Nathan (consolidated subsidiary) *2	192.7	45.7	36.7	27.6	12.7
Brand amortization		(7.5)	(7.5)	(7.5)	(3.4)
Amortization of goodwill *3		(5.1)	(5.1)	(5.1)	(3.7)
After adjustments of the above	192.7	33.0	24.0	14.9	5.4
Kirin Beverage (consolidated subsidiary)	418.0	11.8	-	-	-
Amortization of goodwill		(1.9)	-	-	-
After adjustments of the above	418.0	9.8	-	-	-
National Foods (consolidated subsidiary)	210.0	9.8	-	-	-
Brand amortization *4		(2.9)	-	-	-
Amortization of goodwill *3*4		(8.1)	-	-	-
After adjustments of the above	210.0	(1.2)	-	-	-
Kyowa Hakko and Kirin Pharma (consolidated subsidiaries) *5	371.0	47.3	46.8	25.0	12.5
Elimination of amortization of goodwill at Kyowa Hakko *6		7.1	7.1	7.1	3.6
Amortization of goodwill		(4.8)	(4.8)	(4.8)	(4.8)
After adjustments of the above	371.0	49.6	49.1	27.3	11.3
San Miguel (affiliated company) *7	590.9	45.3	38.7	28.6	* 5.7
Equity in earnings of affiliates *			* 5.7	5.7	5.7
Amortization of consolidation difference *8			(2.1)	(2.1)	(2.1)
After adjustments of the above			3.6	3.6	3.6

*1 The amounts of Kirin Brewery are non-consolidated.

*2 As for 2008 forecast of operation of Lion Nathan, the Company reclassified certain amount of operating income and expenses into special income and expenses and others in the consolidated statements of income. The above figures are presented after reclassification. Since Lion Nathan has not disclosed its forecast of business performance, the Company uses operating results in foreign currency for the year ended 2007 as the forecast for the year ending December 31, 2008.

*3 Amortization of consolidation difference, "Goodwill" amortization

*4 Market value and others adapted to calculation of these figures are tentative.

*5 The forecast of Kyowa Hakko (consolidated, including Kirin Pharma), contains only those from April to December 2008.

*6 Amortization of goodwill arose from the share exchange undertaken between Kyowa Hakko and Kirin Pharma, which is posted as expense at Kyowa Hakko (consolidated), has been eliminated at the settlement of Kirin Holdings on a consolidated basis.

*7 The Company uses operating results of San Miguel in foreign currency from October 2006 to September 2007 as the forecast for the year ending December 31, 2008.

*8 Account title: Equity in earnings of affiliates

4. Sales Details of Alcohol Beverages (Kirin Brewery Company, Limited)

	2007				2008			
	The 1st half Actual		Annual Actual		The 1st half Actual		Annual Forecast	
Sales volume (year-on-year rate)	Thousand KL	Increase (Decrease)	Thousand KL	Increase (Decrease)	Thousand KL	Increase (Decrease)	Thousand KL	Increase (Decrease)
Beer	451	(0.7%)	1,001	(1.8%)	381	(15.5%)	899	(10.2%)
<i>Happo-shu</i>	380	(6.0%)	824	(4.9%)	378	(0.5%)	834	1.2%
New genre	232	(1.2%)	543	10.4%	251	8.2%	572	5.3%
Subtotal	1,065	(2.7%)	2,369	(0.4%)	1,012	(5.0%)	2,305	(2.7%)
RTD	79	(24.1%)	200	(12.5%)	83	5.1%	210	5.0%
Breakdown of sales (year-on-year rate)	¥ billions		¥ billions		¥ billions		¥ billions	
Beer	180.2	(0.7%)	402.5	(1.5%)	155.8	(13.5%)	370.0	(8.1%)
<i>Happo-shu</i>	112.2	(5.9%)	243.1	(4.8%)	114.7	2.2%	253.0	4.1%
New genre	59.7	2.4%	139.6	12.3%	65.8	10.2%	150.0	7.4%
Subtotal	352.2	(1.9%)	785.4	(0.4%)	336.4	(4.5%)	773.0	(1.6%)
RTD	21.5	(21.7%)	53.2	(11.9%)	22.4	4.2%	57.0	7.1%
<i>Shochu</i> , Whiskey, Spirits and Wines, etc.	16.2	(0.1%)	42.4	17.7%	21.5	32.7%	45.0	6.1%

The above sales volume and sales include exports.

5. Sales Details of Soft Drink Beverages (Kirin Beverage Group)

<Category >

Soft drink beverages			2007 The 1st half Actual		2008 The 1st half Actual				2008 Annual Forecast				2007 Annual Actual	
			Sales Volume	Composition ratio	Sales Volume	Composition ratio	Increase (Decrease)	Percentage over the previous year	Sales Volume	Composition ratio	Increase (Decrease)	Percentage over the previous year	Sales Volume	Composition ratio
Category	Tea drinks	Japanese Tea	1,499	16%	1,391	15%	(108)	93%	2,950	14%	(86)	97%	3,036	15%
		Oolong Tea	186	1%	157	1%	(29)	84%	350	1%	(35)	91%	385	2%
		Black tea	1,685	18%	1,716	18%	31	102%	3,900	19%	111	103%	3,789	19%
		Sub-total	3,370	35%	3,264	34%	(106)	97%	7,200	34%	(10)	100%	7,210	36%
	Coffee		1,637	18%	1,681	18%	44	103%	3,700	18%	219	106%	3,481	17%
	Fruit and vegetable juice		1,290	14%	1,176	12%	(114)	91%	2,800	13%	(10)	100%	2,810	14%
	Carbonated beverage		270	3%	431	4%	161	160%	900	4%	245	137%	655	3%
	Water		1,709	18%	1,784	19%	75	104%	4,000	19%	184	105%	3,816	19%
	Other		781	8%	746	8%	(35)	96%	1,550	8%	(10)	99%	1,560	8%
	Domestic soft drink beverage market total		9,057	96%	9,082	95%	25	100%	20,150	96%	618	103%	19,532	97%
Overseas markets	Overseas soft drink beverage market total		334	4%	430	5%	96	129%	950	4%	236	133%	714	3%
Total	Soft drink beverages total		9,391	100%	9,512	100%	121	101%	21,100	100%	854	104%	20,246	100%

<Container Type >

Soft drink beverages			2007 The 1st half Actual		2008 The 1st half Actual				2008 Annual Forecast				2007 Annual Actual	
			Sales Volume	Composition ratio	Sales Volume	Composition ratio	Increase (Decrease)	Percentage over the previous year	Sales Volume	Composition ratio	Increase (Decrease)	Percentage over the previous year	Sales Volume	Composition ratio
Container Type	Category	Details												
Cans	Can	Including bottle styled cans	1,917	20%	1,999	21%	82	104%	4,300	21%	332	108%	3,968	20%
PET Bottles	Large-sized PET Bottles	2L	1,806	19%	1,792	19%	(14)	99%	3,900	19%	(58)	99%	3,958	20%
		1.5L, 1L, 900ml, 750ml	682	7%	782	8%	100	115%	1,800	8%	240	115%	1,560	7%
		Large-sized PET Bottles total	2,488	26%	2,574	27%	86	103%	5,700	27%	182	103%	5,518	27%
	Small-sized PET Bottles	500ml	2,357	25%	2,394	25%	37	102%	5,400	26%	266	105%	5,134	26%
		350ml or less	1,181	13%	1,103	12%	(78)	93%	2,400	11%	(201)	92%	2,601	13%
		Small-sized PET Bottles total	3,538	38%	3,497	37%	(41)	99%	7,800	37%	65	101%	7,735	39%
	PET Bottles total		6,026	64%	6,071	64%	45	101%	13,500	64%	247	102%	13,253	66%
Other containers	One-way/Returnable bottles, paper, gifts, etc.		1,114	12%	1,012	10%	(102)	91%	2,350	11%	39	102%	2,311	11%
Overseas markets	Soft drink beverages total		334	4%	430	5%	96	129%	950	4%	236	133%	714	3%
All containers	Container total		9,391	100%	9,512	100%	121	101%	21,100	100%	854	104%	20,246	100%

6. Sales Details of Pharmaceuticals (KYOWA HAKKO KOGYO CO., LTD. and Kirin Pharma Company, Ltd.)

(¥ billions)

	2007		2008	
	The 1st half Actual	Annual Actual	The 1st half Actual	Annual Forecast
ESPO [®] / NESP [®]	19.8	44.9	15.7	41.0
GRAN [®] / Neu-up [®]	6.4	14.8	6.6	16.0
Coniel [®]	-	-	6.0	17.6
Allelock [®]	-	-	5.1	15.6
REGPARA [®]	-	-	1.4	5.5
Patanol [®]	-	-	0.6	2.6
Topina [®]	-	-	0.1	0.8

Actual and forecast amounts are based on domestic settlement price except for rebates.

The amounts for the first half of fiscal 2007 (actual) and the fiscal 2007 (annual actual) shown above are the actual results of operation of Kirin Pharma. The second quarter in the first half of fiscal 2008 (actual) and the fiscal 2008 (annual forecast) is those of Kyowa Hakko (including Kirin Pharma).