



# KIRIN HOLDINGS COMPANY, LIMITED

## SUMMARY OF CONSOLIDATED FINANCIAL RESULTS

### FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 (UNAUDITED)

November 6, 2009

(English Translation)

Fiscal year ending December 31, 2009

#### KIRIN HOLDINGS COMPANY, LIMITED

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

Code No.: 2503

Shares Listed: Tokyo, Osaka, Nagoya, Sapporo and Fukuoka

Representative: Mr. Kazuyasu Kato, President

For further information, please contact: Mr. Ippei Maeda, Executive Officer,  
General Manager of Corporate Communications

Telephone: 81- 3- 5540- 3455 from overseas

Submission date of  
quarterly securities report scheduled: November 13, 2009

Commencement date of dividend  
distribution scheduled: -

#### 1. Consolidated business results and financial positions for the first nine months of the current fiscal year (January 1, 2009 - September 30, 2009)

[Unit: Japanese yen (¥) ]

(1) Results of operations (cumulative): (Fractions less than ¥1 million have been omitted.)

	Sales (¥ millions)	Percentage change (%)	Operating income (¥ millions)	Percentage change (%)	Ordinary income (¥ millions)	Percentage change (%)
Nine months ended						
September 30, 2009	1,668,269	-	93,967	-	110,089	-
September 30, 2008	1,695,930	28.0	103,862	15.3	86,824	(6.9)

	Net income (¥ millions)	Percentage change (%)	Net income per share (Primary) (¥)	Net income per share (Diluted) (¥)
Nine months ended				
September 30, 2009	41,705	-	43.70	43.67
September 30, 2008	95,638	103.3	100.20	-

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

#### (2) Financial positions:

	Total assets (¥ millions)	Net assets (¥ millions)	Ratio of equity to total assets (%)	Net assets per share (¥)
September 30, 2009	2,572,213	1,194,923	37.7	1,015.45
December 31, 2008	2,619,623	1,149,998	35.4	972.19

Reference: Equity

September 30, 2009	968,934 million yen
December 31, 2008	927,812 million yen

## 2. Dividends

Record date	Dividends per share				
	First quarter (¥)	Second quarter (¥)	Third quarter (¥)	Year-end (¥)	Total (Annual) (¥)
Fiscal year ended December 31, 2008	-	11.50	-	11.50	23.00
Fiscal year ending December 31, 2009	-	11.50	-		
Fiscal year ending December 31, 2009 (Forecast)				11.50	23.00

Note: Revision of the forecast in the third quarter of the fiscal year ending December 31, 2009: None

## 3. Forecast of consolidated business results for the current fiscal year (January 1, 2009 - December 31, 2009)

	Sales (¥ millions)	Percentage change (%)	Operating income (¥ millions)	Percentage change (%)	Ordinary income (¥ millions)	Percentage change (%)
Fiscal year ending December 31, 2009	2,300,000	(0.2)	130,000	(10.9)	143,000	38.7

	Net income (¥ millions)	Percentage change (%)	Net income per share (¥)
Fiscal year ending December 31, 2009	45,000	(43.9)	47.16

Note: Revision of the forecasts in the third quarter of the fiscal year ending December 31, 2009: Yes

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

## 4. Others

### (1) Changes in significant subsidiaries during the period

(changes in specified subsidiaries accompanying change in scope of consolidation): None

### (2) Application of simplified accounting as well as specific accounting for preparing the quarterly consolidated financial statements: Yes

Note: For details, please refer to 4. OTHERS of "QUALITATIVE INFORMATION AND FINANCIAL STATEMENTS, ETC." on page 10.

### (3) Changes in accounting policies, procedures and methods of presentation for preparing the quarterly consolidated financial statements

(those to be described in the section of Significant Accounting Policies)

i. Changes due to amendment of accounting standards: Yes

ii. Changes due to other reasons: Yes

Note: For details, please refer to 4. OTHERS of "QUALITATIVE INFORMATION AND FINANCIAL STATEMENTS, ETC." on page 10.

### (4) Number of shares outstanding (common stock)

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

As of September 30, 2009 984,508,387 shares

As of December 31, 2008 984,508,387 shares

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

As of September 30, 2009 30,312,586 shares

As of December 31, 2008 30,157,914 shares

#### iii. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the nine months ended September 30, 2009 954,272,500 shares

For the nine months ended September 30, 2008 954,496,713 shares

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

1. The statements concerning future performance that are presented in this document are based on judgments using information available to Kirin Holdings and the Kirin Group as of the release date of this material. Certain risks and uncertainties could cause the results of Kirin Holdings and the Kirin Group to differ materially from any projections presented herein. These risks and uncertainties include, but are not limited to, the economic circumstances surrounding the Company's businesses, market trends, and exchange rates.
2. From the current fiscal year, the Company has applied the "Accounting Standard for Quarterly Financial Reporting" (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and the "Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14). The Company prepares its quarterly consolidated financial statements in accordance with the Regulations for Quarterly Consolidated Financial Statements.

## **QUALITATIVE INFORMATION AND FINANCIAL STATEMENTS, ETC.**

*Note: All comparisons are with the equivalent period of the prior year, unless otherwise stated*

### **1. CONSOLIDATED RESULTS FOR THE THIRD QUARTER OF 2009**

During the first nine months of 2009 the global economy remained in a severe condition due to the impact of a protracted financial crisis. In Japan, while the harsh conditions including worsened unemployment rate and such still continue, some indications emerged of a partial recovery, due to the effects of economic stimulus measures and other factors.

At Kirin Group, we continued efforts to achieve the targets of our 2007 Medium-term Business Plan, now in its final year. We strengthened our domestic business foundations while continuing with the procedures involved in taking 100% ownership of our consolidated subsidiary Lion Nathan Limited in Australia, and took other initiatives aimed at expanding our international presence, particularly in Asia and Oceania.

For the nine-month period from January to September, sales, operating income and net income decreased. Ordinary income increased, reflecting foreign currency translation adjustments and other factors.

Kirin Holdings Company, Limited 2009 third quarter results:

Consolidated sales	¥1,668.2 billion, down 1.6%
Consolidated operating income	¥93.9 billion, down 9.5%
Consolidated ordinary income	¥110.0 billion, up 26.8%
Consolidated net income	¥41.7 billion, down 56.4%

At our consolidated subsidiary Lion Nathan Limited in Australia, the agreement concluded in May for Kirin to take 100% ownership of the company was approved at a Lion Nathan extraordinary general meeting, and the share acquisition process was completed on October 21, 2009. In order to further stimulate growth and strengthen governance of our Australia business, Lion Nathan and National Foods have been brought under Kirin Holdings (Australia) Pty Ltd, a wholly owned subsidiary of Kirin Holdings, and the name of this holding company changed to Lion Nathan National Foods Pty Ltd.

Results by business segment were as follows.

#### **Alcohol Beverages Business**

During the period under review we continued to develop domestic and overseas businesses aggressively to pursue Kirin Group's integrated beverages group strategy.

In the domestic alcohol beverage market, we achieved solid performance, even amid unseasonable weather that negatively affected the entire industry, through initiatives focusing on the three strategic priorities of Kirin Brewery: strengthening core brands, improving our response to consumer health consciousness, and increasing overall demand. As a result, combined sales volumes of beer, happo-shu and new genre products from January to September increased by a margin that exceeded the market average. In the fast-growing new genre market, continued robust sales of the dominant brand *Kirin Nodogoshi Nama* enabled us to achieve a year-on-year increase in excess of 20%, which was above the market average for that category. Our core brands performed well. Strong sales of *Kirin Ichiban Shibori* continued in the beer market following its re-launch in March. In the happo-shu category our *Tanrei* series enjoyed growing customer support in the on-premise market, as well as in its traditional retail market, due to heightened cost sensitivity among consumers. We also continued efforts to increase overall demand in the expanding new genre market, with the June launch of *Kirin Koku no Jikan* and the September launch of *Kirin Hoppu no Shinjitsu*.

In the RTD market, as July launch of *Kirin Cola Shock* in July obtained strong support from a broad range of market segments, we upwardly revised the annual sales target to 1.5 million cases, having exceeding the original target of 1 million cases within two months of the launch.

*Kirin FREE*, the non-alcohol beer-taste beverage, has grown in popularity at an exceptional pace. We have set a new annual sales target of 3.5 million cases, five times our original sales target, and are building a strong position for *Kirin FREE* as a market-leading brand.

Mercian Corporation was affected by factors stemming from faltering consumption, including a reduction of consignment manufacturing of shochu and other products from Kirin Brewery and weakening sales for mid-range to high-end wines. However, we recorded healthy sales in inexpensive table wines, and made efforts to improve profitability through cost reduction measures, mainly focusing on the wine business, and other initiatives.

In our overseas alcohol beverages business, we continued to pursue our strategy of focusing on enhancing our business foundation in Asia and Oceania.

At Lion Nathan in Oceania, the core beer business continued to perform strongly, supported by the shift to premium products. However, the wine business was affected by the deteriorating economic environment, resulting in a consumer shift from products in the high-end price range to low-end products.

In Asia, the business environment was severe in China, the economic slowdown and intense beer price competition impacted sales environment negatively. However, we continued efforts to bolster sales, particularly in the three priority regions of the Yangtze Delta, the Pearl River Delta and Northeast China. In addition, San Miguel Brewery, the dominant market leader in the Philippines, became an equity method affiliate during the third quarter period under review.

For the nine-month period from January to September, sales and operating income in the Alcohol Beverages business both decreased, primarily due to the impact of foreign currency translation adjustments at Lion Nathan in Australia.

Alcohol Beverages Business 2009 third quarter results:

Consolidated sales	¥798.4 billion, down 7.6%
Consolidated operating income	¥76.9 billion, down 7.3%

### **Soft Drinks and Foods Business**

In our domestic soft drinks and food operations, despite a business environment that remained harsh due to continued faltering consumption, Kirin Beverage continued initiatives to reform its earnings structure, and focused on increasing brand value of leading brands such as *Kirin Gogono-Kocha* and *Kirin FIRE*.

August marked the 10th anniversary of *Kirin FIRE* and we earned strong support from our customers by enhancing our brand lineup, positioning new product *Kirin FIRE Hi no Megumi* and renewed product *Kirin FIRE Hikitate Bito* as flagship products. In black tea, we continued a range of value proposals to promote our market-leading *Kirin Gogono-Kocha* series, including renewing *Kirin Gogono-Kocha Bito Straight Tea*, and pursued initiatives to further strengthen the brand and secure customer support. In green tea and mineral water, categories that are subject to intense price competition, we have been adjusting our marketing system to introduce greater emphasis on the inherent value of each product.

We have worked to cultivate a unified corporate culture at Kirin Kyowa Foods since its establishment on April 1, while also endeavoring to improve the foundations of the business in terms of management and organization. In

sales, we are promoting distinctive product proposals and improving our value proposal marketing and development structure.

Overseas, the dessert-style milk-infused beverage *Kirin Milkiss* performed favorably in Thailand, where Kirin Beverage has been promoting the product as the catalyst of a new genre. In Vietnam, we are accelerating the development of our operations, succeeding the June launch of the milk-based beverage *Latte* with the July launch of a second product, *J-Cha*, in the rapidly growing RTD green tea market.

At National Foods in Australia, weak consumer sentiment as a result of the economic slowdown caused a worsening of the product mix and a shift to lower-price products in milk, the core product. Raw dairy input costs eased, however, having risen suddenly from the second half of 2007, and cost reduction measures arising from integration of Dairy Farmers have been proceeding steadily since its 100% acquisition by National Foods in November 2008.

For the nine-month period from January to September, sales and operating income both increased, mainly due to the improved performance of National Foods.

Soft Drinks and Foods Business 2009 third quarter results:

Consolidated sales	¥549.0 billion, up 0.9%
Consolidated operating income	¥0.8 billion, up 39.8%

### Pharmaceuticals Business

At Kyowa Hakko Kirin, sales of anemia medicines *NESP®* and *ESPO* trended favorably, while sales of core products such as antiallergic medicine *ALLELOCK*, antiallergic eye drop *Patanol*, and secondary hyperparathyroidism treatment *REGPARA TABLETS* also maintained healthy levels. We also made steady progress in R&D, filing for additional applications of anemia medicine *NESP®* and starting Phase III clinical trials for KW-6002, an anti-Parkinson's disease treatment.

For the nine-month period from January to September, sales and operating income in the Pharmaceuticals business both increased, despite the one-off contract payment for outlicensing that boosted results in 2008, mainly due to the consolidation of Kyowa Hakko from the second quarter of last year, in addition to the other factors mentioned above.

Pharmaceuticals Business 2009 third quarter results:

Consolidated sales	¥152.5 billion, up 28.1%
Consolidated operating income	¥28.3 billion, up 61.6%

### Other Businesses

In the fine chemical business operated by Kyowa Hakko Bio Co., Ltd., sales of amino acids for medical and industrial use overseas were affected by foreign currency exchange rates. In the domestic healthcare business, which markets such as supplements, synergy benefits have been created through the supply of raw materials to Group companies.

In the chemicals business operated by Kyowa Hakko Chemical Co., Ltd., the business environment remained severe due to continuing deterioration in the global economy. Conditions are slowly improving both in Japan and overseas, however, as signs emerge of a recovery in demand in China and other markets.

In agribio business run by Kirin Agribio Company Limited, global economic stagnation created a tough market in the previously strong overseas sales area of Europe, while in Japan we continued to pursue cost reduction measures.

At Kirin Holdings, on October 26, we concluded a basic agreement to integrate the raw alcohol business and our processing alcohol and fermented seasoning businesses. The raw alcohol businesses of Mercian and Kyowa Hakko Bio will be transferred to a newly established joint company, Daiichi Alcohol Co., Ltd., while Mercian's industrial-use alcohol and fermented seasoning businesses will be integrated with Kirin Kyowa Foods Co, Ltd. The integration will enable us to further strengthen the foundations of each business and to generate a Group premium.

For the nine-month period from January to September, sales and operating income both decreased, despite the positive effects of consolidating Kyowa Hakko Kogyo Co., Ltd. from the second quarter of last year.

Other Business 2009 third quarter results:

Consolidated sales	¥168.2 billion, down 0.1%
Consolidated operating income	¥1.6 billion, down 88.2%

Results by region were as follows.

### Japan

In the alcohol beverages business, Kirin Brewery recorded strong sales of new product proposals such as *Kirin FREE* in addition to core brands such as *Kirin Nodogoshi Nama*. In the soft drinks and foods business, Kirin Beverage continued initiatives to reform its earnings structure, despite the harsh business environment. In the pharmaceuticals business, Kyowa Hakko Kirin maintained healthy sales of its leading products. The operating environment for other businesses gradually improved despite the impact of a weak economic situation on the chemical business.

Consolidated sales	¥1,294.1 billion
Consolidated operating income	¥84.2 billion

### Asia and Oceania

In Asia, Kirin Beverage expanded its business through new value proposals in Thailand and Vietnam. In Australia, Lion Nathan maintained strong sales, while National Foods made steady progress in the process of integrating Dairy Farmers.

Consolidated sales	¥320.7 billion
Consolidated operating income	¥17.9 billion

### Other regions

Sales in the United States, Europe and other regions were as follows.

Consolidated sales	¥53.3 billion
Consolidated operating income	¥5.4 billion

## **2. FINANCIAL POSITION**

Total assets as of September 30, 2009 stood at ¥2,572.2 billion, a decrease of ¥47.4 billion compared to December 31, 2008. Key elements of this decrease were decreases in trade notes and accounts receivable, which offset an increase in cash and cash equivalents.

Total liabilities as of September 30, 2009 stood at ¥1,377.2 billion, a reduction of ¥92.3 billion compared to December 31, 2008. This was primarily due to a reduction in notes and accounts payable, trade and a reduction in accrued liquor taxes, which offset an increase in interest-bearing debt.

Net assets as of September 30, 2009 stood at ¥1,194.9 billion, an increase of ¥44.9 billion compared to December 31, 2008. The primary factor contributing to this outcome was an increase in foreign currency translation adjustments.

Consolidated cash flows were as follows:

### **Cash flow from operating activities**

Net cash inflow from operating activities was ¥134.6 billion, ¥46.7 billion more than the net cash inflow recorded in the first nine months of 2008. Factors decreasing cash flow included a ¥66.2 billion reduction in income before taxes and minority interests and a ¥31.9 billion increase in foreign currency translation adjustments. However, these were offset by factors such as a ¥72.6 billion reduction in gain on changes in equity, a ¥4.7 billion increase in depreciation, a ¥18.8 billion increase in working capital arising from changes in trade notes and accounts receivable, inventory assets, notes and accounts payable and accrued liquor taxes, and a ¥19.5 billion reduction in income taxes paid.

### **Cash flow from investing activities**

Net cash used in investing activities was ¥60.2 billion, ¥40.5 billion less than in the first nine months of 2008. Outlays of ¥80.2 billion were made for the acquisition of tangible and intangible fixed assets, ¥12.8 billion less than in the first nine months of the previous year. Outflows included ¥136.8 billion for the acquisition of marketable securities and investment securities. Inflows included ¥22.1 billion from the sale of tangible and intangible fixed assets and ¥133.6 billion from the sale of marketable securities and investment securities.

### **Cash flow from financing activities**

Net cash outflow from financing activities was ¥12.5 billion, ¥31.4 billion more than in the first nine months of 2008. The increased issue of commercial paper generated an inflow of ¥39.9 billion and borrowings increased ¥30.2 billion. Main items of outflow included ¥44.0 billion for the redemption of bonds and ¥34.2 billion for the payment of dividends.

Consolidated cash and cash equivalents ("cash") totaled ¥132.6 billion as of September 30, 2009, an increase of ¥64.1 billion compared to the end of the previous fiscal year.



### 3. CONSOLIDATED FORECASTS

Kirin Group's consolidated forecasts for the full year ending December 31, 2009 have been revised as follows, reflecting a review of foreign exchange rates and progress in each business area.

Revised full-year consolidated forecasts

Unit: million Japanese yen

	Sales	Operating income	Ordinary income	Net income	Net income per share (Yen)
Previously announced forecast (A)	2,300,000	125,000	136,000	60,000	¥62.87
New forecast (B)	2,300,000	130,000	143,000	45,000	¥47.16
Change (B-A)	—	5,000	7,000	(15,000)	—
Change (%)	—	4.0	5.1	(25.0)	—
(Reference) Actual results for the previous fiscal year	2,303,569	145,977	103,065	80,182	¥84.01

#### **4. OTHERS**

##### **(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying change in scope of consolidation):**

There is no matter that fall under this item.

##### **(2) Application of simplified accounting as well as specific accounting for preparing the quarterly consolidated financial statements:**

###### (2)-1 Simplified accounting methods

1. Allowance for doubtful accounts except for certain identified doubtful receivables

The allowance for doubtful receivables for the period is based on actual default rates in the previous fiscal year unless default rates are deemed to have undergone a material change.

2. Valuation of inventories

Valuation of consolidated inventories at the end of the quarterly period is derived from a reasonable calculation based on actual inventories at the end of the previous fiscal year, without undertaking physical inventory count. Where inventories are deemed to have declined materially in value, the book value of such inventories is written down to estimated net realizable amounts.

3. Calculation of deferred tax assets and liabilities

The Company makes judgments of the recoverability of deferred tax assets based on the future earning forecast and tax planning used in the previous fiscal year, when there have been no significant changes in the management environment or other circumstances of occurrence of temporary difference since the end of the previous fiscal year.

###### (2)-2 Specific accounting methods for preparing the quarterly consolidated financial statements

###### Calculation of Income taxes

Income taxes for the nine months period are calculated by income taxes for the nine months and effective tax rate estimated reasonably using the estimated income before income taxes for the year after the application of tax effect accounting.

##### **(3) Changes in accounting policies, procedures and methods of presentation for preparing the quarterly consolidated financial statements:**

###### (3)-1 Accounting methods for formulation of quarterly financial statements

From the current fiscal year, the Company has applied the "Accounting Standard for Quarterly Financial Reporting" (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and the "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14). The Company prepares its quarterly consolidated financial statements in accordance with the Regulations for Quarterly Consolidated Financial Statements.

###### (3)-2 Changes in valuation standards and methods

###### Inventories

Inventories held for sale in the ordinary course of business were previously stated using mainly the cost method. From the first quarter period, the Company has applied the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9 of July 5 2006), and inventories are now valued mainly using the cost method with book value written down to the net realizable value in cases where there has been a material decline in value.

As a result of this change, operating income decreased by ¥1,348 million, ordinary income decreased by ¥121 million and income before income taxes and minority interests decreased by ¥1,064 million for the nine months ended September 30, 2009.

(3)-3 Adoption of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”

From the current fiscal year, the Company has applied the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force (PITF) No. 18 of May 17, 2006), and made the necessary adjustments to its financial statements.

As a result, beginning retained earnings decreased by ¥6,355 million due to the amortization of goodwill at overseas subsidiaries. The effect on net income for the nine months ended September 30, 2009 of this change is immaterial.

(3)-4 Adoption of accounting standard for lease transactions

Finance leases, except for those leases under which the ownership of the leased assets was considered to be transferred to the lessee, were accounted for in the same method as operating leases. However, from the current fiscal year the Company has applied the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13 of June 17, 1993 (First Committee of the Business Accounting Council); revised on March 30, 2007) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16 of January 18, 1994 (Japanese Institute of Certified Public Accountants, Committee on Accounting Systems); revised on March 30, 2007), and accordingly such transactions are now based on capital lease method. For depreciation of leased assets for finance lease transactions other than those involving a transfer of title, useful life is based on the duration of the lease period and straight-line depreciation is applied with an assumed residual value of zero. For finance lease transactions other than those involving a transfer of title that began prior to the application of the new accounting standards, the previous operating lease method will continue to be applied.

The effect on net income for the nine months ended September 30, 2009 of this change is immaterial.

**Additional information**

Change in useful life of tangible assets

In line with a revision of the Corporation Tax Law in fiscal 2008, from the current fiscal year the Company and its consolidated subsidiaries in Japan have changed their estimates for the useful lives of part of machinery.

As a result, operating income decreased by ¥3,853 million, and ordinary income and income before income taxes and minority interests each decreased by ¥3,851 million for the nine months ended September 30, 2009.

## 5. CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED BALANCE SHEETS

(¥ millions)

	As of September 30, 2009	As of December 31, 2008 (Summary)
<b>ASSETS</b>		
Current Assets		
Cash	139,302	72,662
Notes and accounts receivable, trade	348,653	446,630
Merchandise and finished goods	149,122	152,289
Work in process	24,694	24,141
Raw materials and supplies	41,714	42,889
Other	92,826	89,489
Allowance for doubtful accounts	(2,080)	(1,879)
Total Current Assets	794,233	826,222
Fixed Assets		
Property, Plant and Equipment	788,381	791,311
Intangible Assets		
Goodwill	356,641	343,975
Other	108,618	105,493
Total	465,260	449,469
Investments and Other Assets		
Investment securities	414,890	425,384
Other	113,343	131,183
Allowance for doubtful accounts	(3,895)	(3,947)
Total	524,338	552,619
Total Fixed Assets	1,777,980	1,793,400
<b>TOTAL ASSETS</b>	<b>2,572,213</b>	<b>2,619,623</b>

(¥ millions)

	As of September 30, 2009	As of December 31, 2008 (Summary)
<b>LIABILITIES</b>		
Current Liabilities		
Notes and accounts payable, trade	161,779	189,589
Short-term loans payable and long-term debt with current maturities	109,756	119,197
Commercial papers	39,998	-
Bonds due within one year	3,830	44,112
Income taxes payable	24,392	28,495
Reserves	14,317	7,250
Other	250,892	330,968
Total Current Liabilities	604,968	719,613
Long-term Liabilities		
Bonds	236,232	242,850
Long-term debt	299,227	257,731
Employees' pension and retirement benefits	85,015	82,704
Other reserves	5,912	6,498
Other	145,933	160,228
Total Long-term Liabilities	772,321	750,012
<b>TOTAL LIABILITIES</b>	<b>1,377,289</b>	<b>1,469,625</b>

(¥ millions)

	As of September 30, 2009	As of December 31, 2008 (Summary)
<b>NET ASSETS</b>		
Shareholders' Equity		
Common stock	102,045	102,045
Capital surplus	71,550	71,536
Retained earnings	855,025	839,248
Treasury stock, at cost	(29,261)	(29,058)
Total Shareholders' Equity	999,360	983,772
Valuation and Translation Adjustments		
Net unrealized holding gains on securities	21,017	37,430
Deferred gains or losses on hedges	2,098	79
Land revaluation difference	(4,713)	(4,713)
Foreign currency translation adjustments	(48,829)	(88,756)
Total Valuation and Translation Adjustments	(30,426)	(55,959)
Subscription rights to shares	169	162
Minority interests	225,820	222,023
<b>TOTAL NET ASSETS</b>	<b>1,194,923</b>	<b>1,149,998</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>2,572,213</b>	<b>2,619,623</b>

# CONSOLIDATED STATEMENT OF INCOME

(¥ millions)

	Nine months ended September 30, 2009
Sales	1,668,269
Cost of sales	1,010,982
Gross profit	657,286
Selling, general and administrative expenses	563,319
Operating income	93,967
Non-operating income	
Interest income	1,662
Dividend income	4,733
Equity in earnings of affiliates	5,781
Foreign currency translation gain	16,380
Other	4,131
Total	32,689
Non-operating expenses	
Interest expense	14,070
Other	2,496
Total	16,567
Ordinary income	110,089
Special income	
Gain on sale of fixed assets	2,151
Gain on sale of investment securities	23,372
Other	583
Total	26,107
Special expenses	
Loss on disposal of fixed assets	3,876
Loss on sale of fixed assets	1,727
Loss on impairment	3,793
Loss on devaluation of investment securities	3,185
Loss on sale of investment securities	1,002
Loss on sale of shares of subsidiaries and affiliates	21,663
Expenses for integration	3,270
Loss on devaluation of inventories	942
Other	2,211
Total	41,671
Income before income taxes and minority interests	94,525
Income taxes	39,921
Minority interests	12,898
Net income	41,705

# CONSOLIDATED STATEMENT OF CASH FLOWS

(¥ millions)

	Nine months ended September 30, 2009
Cash flows from operating activities	
Income before income taxes and minority interests	94,525
Depreciation and amortization	73,721
Amortization of goodwill	16,813
Interest and dividend income	(6,395)
Equity in losses (earnings) of affiliates	(5,781)
Interest expense	14,070
Foreign currency translation loss (gain)	(15,890)
Gain on sale of marketable securities and investment securities	(23,372)
Loss on disposal of fixed assets	5,603
Loss on sale of shares of subsidiaries and affiliates	21,663
Decrease (increase) in notes and accounts receivable, trade	104,365
Decrease (increase) in inventories	6,384
Increase (decrease) in notes and accounts payable, trade	(32,378)
Increase (decrease) in liquor taxes payable	(39,320)
Increase (decrease) in consumption taxes payable	(9,060)
Increase (decrease) in deposits received	(15,680)
Other	(2,863)
Sub-total	186,404
Interest and dividend received	10,178
Interest paid	(15,881)
Income taxes paid	(46,059)
Net cash provided by (used in) operating activities	134,642
Cash flows from investing activities	
Payment for purchases of property, plant and equipment and intangible assets	(80,235)
Proceeds from sale of property, plant and equipment and intangible assets	22,182
Payment for purchases of marketable securities and investment securities	(136,879)
Proceeds from sale and redemption of marketable securities and investment securities	133,631
Proceeds from sale of shares of subsidiaries with consolidation/de-consolidation	4,676
Other	(3,599)
Net cash provided by (used in) investing activities	(60,224)



(¥ millions)

	Nine months ended September 30, 2009
Cash flows from financing activities	
Increase (decrease) in short-term loans payable	(67,138)
Increase (decrease) in commercial papers	39,998
Proceeds from long-term debt	147,907
Repayment of long-term debt	(50,524)
Payment for redemption of bonds	(44,099)
Payment for purchase of treasury stock	(326)
Proceeds from sale of treasury stock	138
Payment for purchase of treasury stock by the consolidated subsidiary	(4,658)
Cash dividends paid	(21,949)
Cash dividends paid to minority shareholders	(12,336)
Other	392
Net cash provided by (used in) financing activities	(12,595)
Effect of exchange rate fluctuation on cash and cash equivalents	1,948
Net increase (decrease) in cash and cash equivalents	63,770
Cash and cash equivalents at beginning of year	68,457
Net increase (decrease) in cash and cash equivalents from new consolidation/de-consolidation of subsidiaries	178
Net increase (decrease) in cash and cash equivalents from merger of a consolidated subsidiary	227
Cash and cash equivalents at end of period	132,634

From the current fiscal year, the Company has applied the “Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). The Company prepares its quarterly consolidated financial statements in accordance with the Regulations for Quarterly Consolidated Financial Statements.

## NOTES ON PREMISE OF GOING CONCERN

There is no matter that fall under this item.

## SEGMENT INFORMATION

### a. Business segment information

(¥ millions)							
Nine months ended September 30, 2009							
	Alcohol Beverages	Soft Drinks and Foods	Pharmaceuticals	Others	Total	Eliminations or Corporate	Consolidated
Sales							
Unaffiliated customers	798,430	549,062	152,514	168,261	1,668,269	-	1,668,269
Inter-segment	24,009	4,046	569	23,690	52,315	(52,315)	-
Total sales	822,439	553,109	153,084	191,951	1,720,585	(52,315)	1,668,269
Operating income	76,988	818	28,378	1,662	107,848	(13,881)	93,967

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

Main products by each business segment are as follows:

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

Unallocable operating expenses included in “Eliminations or Corporate” amount to ¥14,129 million, mainly consist of ¥11,948 million for Group administrative expenses in the Company as a pure holding company, and ¥2,180 million for research and development of basic technologies.

### b. Geographical segment information

(¥ millions)						
Nine months ended September 30, 2009						
	Japan	Asia/Oceania	Others	Total	Eliminations or Corporate	Consolidated
Sales						
Unaffiliated customers	1,294,151	320,721	53,396	1,668,269	-	1,668,269
Inter-segment	17,434	2,475	6,101	26,012	(26,012)	-
Total sales	1,311,586	323,197	59,497	1,694,281	(26,012)	1,668,269
Operating income	84,247	17,930	5,490	107,668	(13,701)	93,967

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 those described in “a. Business segment information.”

c. Overseas sales

(¥ millions)

Nine months ended September 30, 2009			
	Asia/ Oceania	Others	Total
Overseas sales	338,959	71,080	410,040
Consolidated sales	-	-	1,668,269
Percentage of overseas sales over consolidated sales	20.3%	4.3%	24.6%

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.

## NOTES ON SIGNIFICANT CHANGES IN THE AMOUNT OF SHAREHOLDERS' EQUITY

There is no matter that fall under this item.

(Reference)

CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008

CONSOLIDATED STATEMENT OF INCOME (SUMMARY)

	(¥ millions)	
	Third quarter ended September 30, 2008	
	Amount	Percentage over sales
Sales	1,695,930	100.0
Cost of sales	1,020,334	60.2
Gross profit	675,595	39.8
Selling, general and administrative expenses	571,733	33.7
Operating income	103,862	6.1
Non-operating income		
Interest income	1,935	
Dividend income	3,920	
Equity in earnings of affiliates	9,755	
Other	5,736	
Total	21,348	1.3
Non-operating expenses		
Interest expense	19,261	
Foreign currency translation loss	14,816	
Other	4,308	
Total	38,386	2.3
Ordinary income	86,824	5.1
Special income		
Gain on sale of fixed assets	10,314	
Reversal of allowance for doubtful accounts	304	
Gain on sale of investment securities	249	
Gain on change in equity	72,654	
Total	83,522	4.9
Special expenses		
Loss on disposal of fixed assets	3,488	
Loss on sale of fixed assets	127	
Loss on impairment	1,931	
Loss on devaluation of investment securities	288	
Loss on sale of investment securities	606	
Business restructuring expense	444	
Expenses for integration of subsidiaries and affiliates	1,895	
Non-recurring depreciation on fixed assets	762	
Total	9,544	0.6
Income before income taxes and minority interests	160,803	9.5
Income taxes	50,949	3.0
Minority interests	14,215	0.8
Net income	95,638	5.6

# CONSOLIDATED STATEMENT OF CASH FLOWS (SUMMARY)

(¥ millions)

	Third quarter ended September 30, 2008
Cash flows from operating activities	
Income before income taxes and minority interests	160,803
Depreciation and amortization	68,965
Increase (decrease) in reserves	6,458
Interest and dividend income	(5,855)
Interest expense	19,261
Gain on change in equity	(72,654)
Decrease (increase) in notes and accounts receivable, trade	87,406
Decrease (increase) in inventories	(21,320)
Increase (decrease) in notes and accounts payable, trade	(1,658)
Increase (decrease) in liquor taxes payable	(44,231)
Increase (decrease) in consumption taxes payable	(5,824)
Other	(28,201)
Sub-total	163,147
Interest and dividend received	8,556
Interest paid	(18,257)
Income taxes paid	(65,579)
Net cash provided by (used in) operating activities	87,867
Cash flows from investing activities	
Payment for purchases of property, plant and equipment and intangible assets	(93,046)
Proceeds from sale of property, plant and equipment and intangible assets	23,310
Payment for purchases of marketable securities and investment securities	(2,007)
Proceeds from sale and redemption of marketable securities and investment securities	4,505
Payment for purchases of shares of subsidiaries	(1,907)
Payment for acquisition of shares of newly consolidated subsidiaries	(32,206)
Proceeds from acquisition of shares of newly consolidated subsidiaries	1,880
Other	(1,284)
Net cash provided by (used in) investing activities	(100,755)

	(¥ millions)
	Third quarter ended September 30, 2008
Cash flows from financing activities	
Increase (decrease) in short-term loans payable	(246,365)
Proceeds from long-term debt	181,262
Repayment of long-term debt	(71,702)
Proceeds from issue of bonds	199,934
Payment for redemption of bonds	(5,958)
Payment for purchase of treasury stock	(1,081)
Proceeds from sale of treasury stock	300
Cash dividends paid	(22,434)
Cash dividends paid to minority shareholders	(16,229)
Other	1,108
Net cash provided by (used in) financing activities	18,834
Effect of exchange rate fluctuation on cash and cash equivalents	(7,222)
Net increase (decrease) in cash and cash equivalents	(1,276)
Cash and cash equivalents at beginning of year	52,307
Net increase (decrease) in cash and cash equivalents from new consolidation/de-consolidation of subsidiaries	43,740
Cash and cash equivalents at end of period	94,772

## SEGMENT INFORMATION

Business segment information

(¥ millions)

Third quarter ended September 30, 2008							
	Alcohol Beverages	Soft Drinks and Foods	Pharma- ceuticals	Others	Total	Eliminations or Corporate	Consolidated
Sales							
Unaffiliated customers	864,328	544,134	119,049	168,417	1,695,930	-	1,695,930
Inter-segment	25,333	3,255	277	24,221	53,088	(53,088)	-
Total sales	889,661	547,390	119,327	192,638	1,749,018	(53,088)	1,695,930
Operating expenses	806,640	546,804	101,767	178,501	1,633,713	(41,645)	1,592,068
Operating income	83,021	585	17,560	14,137	115,305	(11,442)	103,862

## 6. ADDITIONAL INFORMATION

Reference: 2010-2012 Medium-term Business Plan (Announced on October 26, 2009)

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

### Outline of 2010-2012 Medium-term Business Plan

The goals of the previous medium-term business plan, which ran from 2007 as the first stage of realizing KV2015, were to put the Group on a new trajectory of growth, create renewed growth in the domestic alcohol beverage business and develop the integrated beverages group strategy domestically and internationally, while dynamically allocating resources to investments on a large scale and creating a broader business foundation for growth.

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

Kirin will continue to manage the business with a strong shareholder focus, and will follow a financial strategy designed to maintain a sound financial position while achieving strong profitability and efficiency. Quantitative targets in the plan for the year ending December 31, 2012 are for consolidated sales excluding liquor tax of ¥2,130 billion, consolidated operating income of ¥188.0 billion, and an operating income ratio (excluding liquor tax) of 8.8%. The ROE target for 2012 is for 10% plus (prior to amortization of goodwill, etc).

### Goals

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

### Basic policy

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

### Quantitative targets

	2012 target	2009 estimate	Difference between 2009 and 2012	KV2015 target
Consolidated sales (incl. liquor tax)	¥2.49 trillion	¥2.30 trillion	¥190.0 billion	¥3.00 trillion
Consolidated sales (excl. liquor tax)	¥2.13 trillion	¥1.94 trillion	¥190.0 billion	¥2.50 trillion
Operating income	¥188.0 billion	¥130.0 billion	¥58.0 billion	¥250.0 billion
Operating income ratio (excl. liquor tax)	8.8%	6.7%	2.1% points	10% plus
ROE*	10% plus	7.8%	—	—

\*ROE is prior to amortization of goodwill, etc.



# **Supplementary Documents to the Financial Statements for the Nine Months Ended September 30, 2009**

1. Results of Operations
2. Sales Details
3. Profit Breakdown for the Nine Months Ended September 30, 2009  
(Actual)
4. Major Expenses and Others
5. Major Fluctuations of Balance Sheets
6. Profit Breakdown for the Current Fiscal Year (Forecast)

## **(Reference Material)**

1. Guide to Kirin Group Consolidated Financial Indices
2. Results of Operations by Major Companies (Consolidated)
3. Sales Details of Alcohol Beverages (Kirin Brewery Company, Ltd.)
4. Sales Details of Soft Drink Beverages (Kirin Beverage Group)
5. Sales of Major Pharmaceuticals (Kyowa Hakko Kirin Co., Ltd.)

**KIRIN HOLDINGS COMPANY, LIMITED**

**November 6, 2009**

## 1. Results of Operations

(¥ billions)

	2008				2009			
	Nine months ended September 30, Actual		Annual Actual		Nine months ended September 30, Actual		Annual Forecast	
(year-on-year rate)								
Sales	1,695.9	28.0%	2,303.5	27.9%	1,668.2	(1.6%)	2,300.0	(0.2%)
Operating income	103.8	15.3%	145.9	21.0%	93.9	(9.5%)	130.0	(10.9%)
Ordinary income	86.8	(6.9%)	103.0	(16.5%)	110.0	26.8%	143.0	38.7%
Net income	95.6	103.3%	80.1	20.2%	41.7	(56.4%)	45.0	(43.9%)
EBITDA*1	199.6	28.6%	264.6	24.2%	174.7	(12.5%)	223.8	(15.4%)

\*1 2008 Nine months ended September 30, Actual EBITDA = ¥199.6 billion (excluding gain on change in equity):

Operating income ¥103.8 billion + equity in earnings of affiliates ¥9.7 billion + depreciation ¥68.9 billion + amortization of goodwill ¥15.7 billion + special income and expenses ¥1.3 billion

2008 Annual Actual EBITDA = ¥264.6 billion (excluding non-recurring depreciation and gain on change in equity):

Operating income ¥145.9 billion + equity in earnings of affiliates ¥11.8 billion + depreciation ¥95.9 billion + amortization of goodwill ¥20.8 billion + special income and expenses (¥9.9) billion

2009 Nine months ended September 30, Actual EBITDA = ¥174.7 billion:

Operating income ¥93.9 billion + equity in earnings of affiliates ¥5.7 billion + depreciation ¥73.7 billion + amortization of goodwill ¥16.8 billion + special income and expenses (¥15.5) billion.

2009 Annual Forecast EBITDA = ¥223.8 billion:

Operating income ¥130.0 billion + equity in earnings of affiliates ¥7.8 billion + depreciation ¥100.0 billion + amortization of goodwill ¥22.0 billion + special income and expenses (¥36.0) billion

## 2. Sales Details

	2008				2009			
	Nine months ended September 30, Actual		Annual Actual		Nine months ended September 30, Actual		Annual Forecast	
Sales by business segment (year-on-year rate)	¥ billions	Increase (Decrease)	¥ billions	Increase (Decrease)	¥ billions	Increase (Decrease)	¥ billions	Increase (Decrease)
Total sales	1,695.9	28.0%	2,303.5	27.9%	1,668.2	(1.6%)	2,300.0	(0.2%)
Alcohol beverages	864.3	(0.3%)	1,181.5	(0.7%)	798.4	(7.6%)	1,106.0	(6.4%)
Beer, <i>Happo-shu</i> and New genre	708.3	(0.8%)	959.7	(1.1%)	656.2	(7.4%)	895.0	(6.7%)
Other alcohol beverages *1	122.9	(4.1%)	173.4	(6.0%)	119.9	(2.5%)	174.0	0.3%
Other	32.9	34.7%	48.3	41.7%	22.2	(32.5%)	37.0	(23.4%)
Soft drinks and Foods	544.1	52.0%	716.6	51.0%	549.0	0.9%	746.0	4.1%
Pharmaceuticals	119.0	142.6%	171.5	145.3%	152.5	28.1%	210.0	22.4%
Other business	168.4	226.4%	233.8	247.9%	168.2	(0.1%)	238.0	1.8%
Biochemical	39.9	-	59.1	-	54.7	36.9%	81.0	37.0%
Chemical	50.1	-	67.1	-	39.2	(21.8%)	54.0	(19.6%)
Agribio	17.9	(2.6%)	21.0	(2.5%)	13.6	(23.7%)	16.0	(23.9%)
Other	60.3	81.9%	86.4	89.5%	60.6	0.4%	87.0	0.6%

\*1 The figures include beer-taste beverages.

### 3. Profit Breakdown for the Nine Months Ended September 30, 2009 (Actual)

(¥ billions)

Segment	Company name	Major factors	Difference	Description
Alcohol beverages	Kirin Brewery	Increase in marginal profit of alcohol beverages	5.9	Sales decrease in beer (50) thousand KL, (5.8) Sales decrease in <i>happo-shu</i> (64) thousand KL, (6.4) Sales increase in new genre 104 thousand KL, 11.3 Sales decrease in RTD (1) thousand KL, (0.1) Decrease in marginal profit of <i>shochu</i> , whiskey and spirits (0.3) Influence of revision of prices, Difference of change in products mix, etc.
		Cost reduction	0.2	Energy reduction 0.2
		Decrease in raw material cost of alcohol beverages	0.2	Increase in cost of malt (1.0), Increase in price for packing materials (0.8), Decrease in cost of starch 0.9, Decrease in cost of sugar and liquid sugar 0.5, Decrease in price of hops 0.3, etc.
		Decrease in selling cost	1.8	Decrease in sales promotion and advertising expenses 0.5; beer, <i>happo-shu</i> and new genre (0.2), RTD 1.2, <i>shochu</i> , whiskey and spirits 1.6, etc. Decrease in transportation cost 1.4, etc.
		Increase in other expenses	(5.0)	Increase in depreciation (4.5) (Including changes in useful lives (3.8)), etc.
	Total		3.1	
	Lion Nathan *1	Decrease in operating income	(10.6)	37.7 => 27.1
		Amortization of goodwill	0.4	(3.8) => (3.4)
		Brand amortization	1.7	(5.6) => (3.9)
	Total		(8.5)	
	Mercian		0.1	(1.4) => (1.3)
	Others		(0.8)	
Total			(6.1)	Nine months ended September 30, 2008 Actual 83.0 => Nine months ended September 30, 2009 Actual 76.9
Soft drinks and Foods	Kirin Beverage	Difference in volume of sales	(13.2)	Decrease in sales volume (11.82) million cases
		Cost reduction	1.4	Decrease in raw material cost, etc.
		Decrease in change of composition ratio of containers, etc.	(1.8)	Deduction of sales promotion expenses from sales (2.5), etc.
		Decrease in selling cost	10.0	Decrease in sales promotion and advertising expenses 8.2 (Deduction of sales promotion expenses from sales 2.5, Influence of new consolidation (0.7), etc.) Decrease in transportation cost 1.8
		Increase in other expenses	(0.3)	Decrease in sales equipment cost 0.4, Increase in labor cost (0.3), Influence of new consolidation (0.6), etc.
	Total		(3.9)	
	National Foods	Increase in operating income	3.6	1.0 => 4.6
		Amortization of goodwill	0.1	(5.9) => (5.8) *2
		Brand amortization	0.4	(2.1) => (1.7) *2
	Total		4.1	
	Others		0.1	
Total			0.3	Nine months ended September 30, 2008 Actual 0.5 => Nine months ended September 30, 2009 Actual 0.8
Pharmaceuticals	Kyowa Hakko Kirin *3		10.8	Increase in gross profit 20.8 Decrease in R&D expenses 0.9 Increase in other expenses (9.5) Amortization of goodwill (1.4)
	Total		10.8	Nine months ended September 30, 2008 Actual 17.5 => Nine months ended September 30, 2009 Actual 28.3

(¥ billions)

Segment	Major factors	Difference	Description
Others	Kyowa Hakko Kirin Biochemical	(2.7)	5.2 => 2.5
	Kyowa Hakko Kirin Chemical	(8.9)	2.9 => (6.0)
	Others	(0.9)	
Total		(12.5)	Nine months ended September 30, 2008 Actual 14.1 => Nine months ended September 30, 2009 Actual 1.6
Eliminations or Corporate		(2.4)	Nine months ended September 30, 2008 Actual (11.4) => Nine months ended September 30, 2009 Actual (13.8)
Decrease in operating income		(9.9)	Nine months ended September 30, 2008 Actual 103.8 => Nine months ended September 30, 2009 Actual 93.9
Non-operating income and expenses	Financial profit or loss, net	5.8	(13.4) => (7.6)
	Equity in earnings or losses of affiliates	(3.9)	San Miguel *4 (4.6), San Miguel Brewery *4 0.2 (Including amortization of consolidation difference (1.4), Brand amortization (0.3)), Former Kyowa Hakko Kogyo 1.2 (Including amortization of consolidation difference for prior year 1.0), etc.
	Foreign currency translation gain or loss	31.1	(14.8) => 16.3
	Others	0.1	
Total		33.1	
Increase in ordinary income		23.2	Nine months ended September 30, 2008 Actual 86.8 => Nine months ended September 30, 2009 Actual 110.0
Special income and expenses	Gain on sale of fixed assets	(8.1)	
	Gain on sale of investment securities	23.1	
	Loss on sale of fixed assets	(1.5)	
	Loss on impairment	(1.8)	
	Loss on devaluation of investment securities	(2.8)	
	Loss on sale of shares of subsidiaries and affiliates	(21.6)	
	Expenses for integration	(1.3)	
	Gain on change in equity	(72.6)	Share exchange with former Kyowa Hakko Kogyo for prior year
	Other	(2.9)	
Total		(89.5)	
Income taxes and minority interests	Income taxes	11.0	
	Minority interests	1.3	
Total		12.3	
Decrease in net income		(53.9)	Nine months ended September 30, 2008 Actual 95.6 => Nine months ended September 30, 2009 Actual 41.7

\*1 As for Lion Nathan's actual result of 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 Nine months ended September 30, 2008 Actual: Market value and others adapted to calculation of these figures are provisional.

Nine months ended September 30, 2009 Actual: Market value and others adapted to calculation of acquisition of Dairy Farmers are provisional.

\*3 The figures shown include those of former Kirin Pharma for the three months ended March 31, 2008 (actual). On October 1, 2008, former Kyowa Hakko Kogyo and former Kirin Pharma merged to a new company, Kyowa Hakko Kirin.

\*4 In May 2009, the Company completed the sale of San Miguel's shares and the acquisition of San Miguel Brewery's shares. For the actual results of fiscal year 2009, with regard to San Miguel, the Company uses its operating results for six months from October 2008 to March 2009, while with regard to San Miguel Brewery, the Company uses its operating results for three months from April 2009 to June 2009.

Exchange rate for overseas company	Nine months ended September 30, 2008 Actual	Nine months ended September 30, 2009 Actual
Lion Nathan (AUD)	¥98.79	¥67.14
National Foods (AUD)	¥96.11	¥72.15
San Miguel (PHP)	¥2.55	¥1.99
San Miguel Brewery (PHP)	-	¥2.03

#### 4. Major Expenses and Others

(¥ billions)

	2008		2009	
	Nine months ended September 30, Actual	Annual Actual	Nine months ended September 30, Actual	Annual Forecast
Research and development expenses	39.2	54.0	39.7	57.5
Depreciation *1	68.9	95.9	73.7	100.0
Amortization of goodwill *2	15.7	22.3	16.8	22.0
Financial profit or loss, net	(13.4)	(16.4)	(7.6)	(12.5)
Capital expenditures	93.0	126.0	80.2	125.0
Cash flows	(1.2)	(27.5)	63.7	82.0
Operating activities	87.8	131.2	134.6	171.0
Investing activities	(100.7)	(169.3)	(60.2)	(346.0)
Financing activities	18.8	26.6	(12.5)	254.0

\*1 This amount includes brand amortization.

\*2 Amortization of consolidation difference (including non-recurring depreciation), "Goodwill" amortization

## 5. Major Fluctuations of Balance Sheets

(¥ billions)

	As of December 31, 2008	As of September 30, 2009	Increase (Decrease)	Description
<b>ASSETS</b>				
Current Assets				
Notes and accounts receivable, trade	446.6	348.6	(98.0)	Decrease due to the year-end of previous year being a bank holiday, etc.
Fixed Assets				
Goodwill	343.9	356.6	12.7	Increase due to influence of exchange rate fluctuations at consolidated subsidiaries in Australia, etc.
Investment securities	425.3	414.8	(10.5)	Decrease due to sale of investment securities at consolidated subsidiaries, etc.
<b>LIABILITIES</b>				
Current Liabilities				
Notes and accounts payable, trade	189.5	161.7	(27.8)	Decrease due to the year-end of previous year being a bank holiday, etc.
Commercial papers	-	39.9	39.9	Increase due to issue of commercial papers by Kirin Holdings and Kyowa Hakko Kirin.
Bonds due within one year	44.1	3.8	(40.3)	Decrease due to redemption of bonds at Kirin Holdings
Other	330.9	250.8	(80.1)	Decrease in liquor taxes payable due to the year-end of previous year being a bank holiday, etc.
Long-term Liabilities				
Long-term debt	257.7	299.2	41.5	Increase at Kirin Holdings, etc.
<b>NET ASSETS</b>				
Net unrealized holding gains on securities	37.4	21.0	(16.4)	Decrease due to sale of investment securities at consolidated subsidiaries, etc.
Foreign currency translation adjustments	(88.7)	(48.8)	39.9	Increase due to the yen depreciation, etc.

\* From the current fiscal year, comparison is made against the previous year-end (December 31).



## 6. 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	4.9	Sales decrease in beer (73) thousand KL, (8.6) Sales decrease in <i>happo-shu</i> (97) thousand KL, (9.7) Sales increase in new genre 138 thousand KL, 15.0 Sales decrease in RTD (5) thousand KL, (0.2) Influence of revision of prices, Difference of change in products mix, etc.
		Cost reduction	0.2	Energy reduction 0.2, etc.
		Decrease in raw material cost of alcohol beverages	1.4	Increase in cost of malt, Increase in price for packing materials, Decrease in price of hops, Decrease in cost of starch, Decrease in cost of sugar and liquid sugar, etc.
		Decrease in selling cost	6.6	Decrease in sales promotion and advertising expenses 4.7, Decrease in transportation cost 1.8, etc.
		Increase in other expenses	(13.6)	Increase in depreciation (6.1) Increase in labor cost (1.9) Increase in information processing fee (0.5), etc.
	Total		(0.5)	
	Lion Nathan *1	Decrease in operating income	(10.3)	48.5 => 38.2
	-	Amortization of goodwill	0.6	(5.2) => (4.6)
		Brand amortization	2.0	(7.4) => (5.4)
	Total		(7.7)	
Others		(1.7)	Mercian 1.2, etc.	
Total			(9.9)	FY2008 Actual 109.9 => FY2009 Forecast 100.0
Soft drinks and Foods	Kirin Beverage	Difference in volume of sales	(13.7)	Decrease in sales volume (12.15) million cases
		Cost reduction	2.0	Decrease in raw material cost, etc.
		Decrease in change of composition ratio of containers, etc.	(3.4)	Deduction of sales promotion expenses from sales (3.6), etc.
		Decrease in selling cost	11.7	Decrease in sales promotion and advertising expenses 9.5 (Deduction of sales promotion expenses from sales 3.6, Influence of new consolidation (0.6), etc.) Decrease in transportation cost 2.2
		Increase in other expenses	(0.6)	Increase in labor cost (0.6), Increase in R&D expenses (0.1), Decrease in transportation expenses 0.1, Influence of new consolidation (0.6), etc.
	Total		(4.0)	
	National Foods *2	Increase in operating income	3.0	8.1 => 11.1
		Amortization of goodwill	(0.9)	(6.8) => (7.7)
		Brand amortization	0.4	(2.7) => (2.3)
	Total		2.4	
Others		2.2		
Total			0.6	FY2008 Actual 6.4 => FY2009 Forecast 7.0
Pharmaceuticals	Kyowa Hakko Kirin *3		13.8	Increase in gross profit 25.2 Increase in R&D expenses (0.9) Increase in other expenses (9.1) Amortization of goodwill (1.4)
Total			13.8	FY2008 Actual 28.2 => FY2009 Forecast 42.0

(¥ billions)

Segment	Major factors	Difference	Description
Others	Kyowa Hakko Kirin Biochemical	(3.2)	7.4 => 4.2
	Kyowa Hakko Kirin Chemical	(9.3)	3.5 => (5.8)
	Others	(1.7)	
Total		(14.2)	FY2008 Actual 18.2 => FY2009 Forecast 4.0
Eliminations or Corporate		(6.1)	FY2008 Actual (16.9) => FY2009 Forecast (23.0)
Decrease in operating income		(15.9)	FY2008 Actual 145.9 => FY2009 Forecast 130.0
Non-operating income and expenses	Financial profit or loss, net	3.9	(16.4) => (12.5)
	Equity in earnings or losses of affiliates	(4.0)	San Miguel *4 (4.5), San Miguel Brewery *4 0.6 (Including amortization of consolidation difference (2.9), Brand amortization (0.7)), Former Kyowa Hakko Kogyo 1.2 (Including amortization of consolidation difference for prior year 1.0), etc.
	Foreign currency translation gain or loss	54.9	
	Others	1.1	
Total		55.9	
Increase in ordinary income		40.0	FY2008 Actual 103.0 => FY2009 Forecast 143.0
Special income and expenses	Gain on change in equity	(72.6)	Share exchange with former Kyowa Hakko Kogyo for prior year
	Compensation for expropriation	(9.5)	
	Loss on devaluation of investment securities	3.1	
	Loss on liquidation of business	2.7	
	Other	(22.3)	Loss on impairment of fixed assets accompanied with reorganization of production locations, etc.
Total		(98.6)	
Income taxes and minority interests	Income taxes	25.2	
	Minority interests	(1.7)	
Total		23.5	
Decrease in net income		(35.1)	FY2008 Actual 80.1 => FY2009 Forecast 45.0

\*1 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 These figures include Dairy Farmers. Market value and others adapted to calculation of brand amortization and amortization of goodwill of Dairy Farmers are provisional.

\*3 The figures shown include those of former Kirin Pharma for the three months ended March 31, 2008 (actual). On October 1, 2008, former Kyowa Hakko Kogyo and former Kirin Pharma merged to a new company, Kyowa Hakko Kirin.

\*4 In May 2009, the Company completed the sale of San Miguel's shares and the acquisition of San Miguel Brewery's shares. For the forecasts for the year ending December 2009, with regard to San Miguel, the Company uses its operating results for six months from October 2008 to March 2009, while with regard to San Miguel Brewery, since it has not disclosed its forecasts of business results, the Company uses its operating results in foreign currency for six months from April 2008 to September 2008.

Exchange rate for overseas company	Nine months ended September 30, 2008 Actual	Nine months ended September 30, 2009 Actual
Lion Nathan (AUD)	¥97.38	¥70.04
National Foods (AUD)	¥88.00	¥74.00
San Miguel (PHP) *4	¥2.50	¥1.99
San Miguel Brewery (PHP) *4	-	¥1.99

# (Reference Material)

## 1. Guide to Kirin Group Consolidated Financial Indices

(¥ billions)

			2008 Actual	2009 Annual Forecast Disclosed on August 6, 2009	2009 Annual Forecast
Quantitative targets	Consolidated sales	Including liquor tax	2,303.5	2,300.0	2,300.0
		Excluding liquor tax	1,922.8	1,930.0	1,940.0
	Operating income		145.9	125.0	130.0
	Operating income ratio	Including liquor tax	6.3%	5.4%	5.7%
		Excluding liquor tax	7.6%	6.5%	6.7%
	ROE	After amortization of goodwill etc.	8.1%	6.2%	4.7%

Guideline	Sales by segment	Alcohol beverages	1,181.5	1,103.0	1,106.0
		Soft drinks and Foods	716.6	754.0	746.0
		Pharmaceuticals	171.5	205.0	210.0
		Others	233.8	238.0	238.0
	Operating income by segment	Alcohol beverages	109.9	96.0	100.0
		Soft drinks and Foods	6.4	11.0	7.0
		Pharmaceuticals	28.2	35.0	42.0
		Others	18.2	6.0	4.0
		Eliminations or Corporate	(16.9)	(23.0)	(23.0)
	Overseas ratio	Sales excluding liquor tax	27%	26%	27%
	EBITDA		*1 264.6	252.2	223.8
	Amortization of goodwill etc.	1. Future portion (before 2006)	13.6	10.7	*2 10.7
		2. Investment after 2007	17.4	21.8	*3 22.0
		Total amortization of goodwill (1. + 2.)	31.0	32.6	32.8
	EPS ( ¥ )	Prior to 2. amortization of goodwill etc.	*1 25	85	69
		After amortization of goodwill etc.	84	63	47
	D/E ratio		0.72	0.78	0.95

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

\*2 Amortization of goodwill etc. Future portion (before 2006) ¥10.7 billion:

Lion Nathan ¥8.6 billion (brand amortization ¥5.0 billion, amortization of consolidation difference ¥2.5 billion, "Goodwill" amortization ¥0.9 billion)

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

\*3 Amortization of goodwill etc. After investments in 2007 ¥22.0 billion:

National Foods ¥10.1 billion (brand amortization ¥2.3 billion, amortization of consolidation difference ¥7.7 billion)

Kyowa Hakko Kirin and Kirin Kyowa Foods ¥6.6 billion (amortization of consolidation difference)

J. Boag & Son ¥1.5 billion (brand amortization ¥0.4 billion, amortization of consolidation difference ¥1.1 billion)

San Miguel Brewery ¥3.7 billion (brand amortization ¥0.7 billion, amortization of consolidation difference ¥2.9 billion)

Exchange rate for overseas company	2008 Actual	2009 Annual Forecast Disclosed on August 6, 2009	2009 Annual Forecast
Lion Nathan (AUD)	¥97.38	¥70.00	¥70.04
National Foods (AUD)	¥88.00	¥73.00	¥74.00
San Miguel (PHP)	¥2.50	¥1.99	¥1.99
San Miguel Brewery (PHP)	-	¥2.00	¥1.99

## 2. Results of operations by Major Companies (Consolidated)

<The Nine Months Ended September 30, 2009 Actual>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated net income
Kirin Brewery (consolidated subsidiary) *1	628.9	47.9	-	-	-
Mercian (consolidated subsidiary)	58.0	(0.8)	(0.6)	(0.1)	(0.0)
Lion Nathan (consolidated subsidiary)	112.7	27.1	-	-	-
Brand amortization		(3.9)	-	-	-
Amortization of goodwill		(3.4)	-	-	-
After adjustments of the above	112.7	19.7	-	-	-
Kirin Beverage (consolidated subsidiary)	282.8	1.8	-	-	-
Amortization of goodwill		(1.4)	-	-	-
After adjustments of the above	282.8	0.3	-	-	-
National Foods (consolidated subsidiary)	193.2	4.6	-	-	-
Brand amortization		(1.7)	-	-	-
Amortization of goodwill		(5.8)	-	-	-
After adjustments of the above	193.2	(2.9)	-	-	-
Kyowa Hakko Kirin (consolidated subsidiary) *2	292.3	23.3	25.3	12.0	6.0
Elimination of amortization of goodwill		7.0	7.0	7.0	3.5
Amortization of goodwill		(4.7)	(4.7)	(4.7)	(4.7)
After adjustments of the above	292.3	25.6	27.6	14.3	4.8
San Miguel (affiliated company) *3	174.6	14.6	3.0	2.3	* 0.4
Equity in earnings and losses of affiliates *			* 0.4	0.4	0.4
Amortization of consolidation difference *4			(1.0)	(1.0)	(1.0)
After adjustments of the above			(0.6)	(0.6)	(0.6)
San Miguel Brewery (affiliated company) *3	25.1	7.4	6.3	4.4	* 2.1
Equity in earnings and losses of affiliates *			* 2.1	2.1	2.1
Brand amortization *4			(0.3)	(0.3)	(0.3)
Amortization of consolidation difference *4			(1.4)	(1.4)	(1.4)
After adjustments of the above			0.2	0.2	0.2

\*1 The amounts are non-consolidated.

\*2 The above figures are reclassified for consolidated financial statements and presented after reclassification.

\*3 The Company prepared the financial statements after the adjustments of accounting period of each company as follows:

San Miguel .....October 2008 to March 2009

San Miguel Brewery .....April to June 2009

\*4 Account title: Equity in earnings and losses of affiliates

<FY2009 Forecast>

(¥ billions)

	Sales	Operating income	Ordinary income	Net income	Consolidated net income
Kirin Brewery (consolidated subsidiary) *1	855.0	58.0	-	-	-
Mercian (consolidated subsidiary)	87.0	2.1	2.0	0.9	0.4
Lion Nathan (consolidated subsidiary) *2	157.0	38.2	-	-	-
Brand amortization		(5.4)	-	-	-
Amortization of goodwill		(4.6)	-	-	-
After adjustments of the above	157.0	28.1	-	-	-
Kirin Beverage (consolidated subsidiary)	375.4	1.2	-	-	-
Amortization of goodwill		(1.9)	-	-	-
After adjustments of the above	375.4	(0.7)	-	-	-
National Foods (consolidated subsidiary)	265.2	11.1	-	-	-
Brand amortization		(2.3)	-	-	-
Amortization of goodwill		(7.7)	-	-	-
After adjustments of the above	265.2	1.0	-	-	-
Kyowa Hakko Kirin (consolidated subsidiary)	407.9	37.6	39.1	16.2	8.1
Elimination of amortization of goodwill		9.3	9.3	9.3	4.7
Amortization of goodwill		(6.2)	(6.2)	(6.2)	(6.2)
After adjustments of the above	407.9	40.7	42.2	19.3	6.5
San Miguel Brewery (affiliated company) *3	45.7	13.9	13.8	9.0	* 4.3
Equity in earnings and losses of affiliates *			* 4.3	4.3	4.3
Brand amortization *4			(0.7)	(0.7)	(0.7)
Amortization of consolidation difference *4			(2.9)	(2.9)	(2.9)
After adjustments of the above			0.6	0.6	0.6

\*1 The amounts are non-consolidated.

\*2 The above figures are reclassified for consolidated financial statements and presented after reclassification..

\*3 The Company uses operating results in foreign currency from April 2008 to September 2008 as the forecast for the year ending December 31 2009.

\*4 Account title: Equity in earnings and losses of affiliates

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

	2008				2009			
	Nine months ended September 30, Actual		Annual Actual		Nine months ended September 30, 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	634	(14.3%)	867	(13.4%)	584	(7.9%)	794	(8.5%)
<i>Happo-shu</i>	606	(0.2%)	811	(1.6%)	542	(10.6%)	714	(12.0%)
New genre	426	10.4%	606	11.5%	530	24.3%	744	22.7%
Sub-total	1,667	(3.8%)	2,285	(3.5%)	1,656	(0.6%)	2,252	(1.5%)
RTD	148	3.6%	203	1.6%	147	(0.5%)	198	(2.7%)
Beer-taste beverages	4	(15.5%)	5	(15.4%)	34	718.4%	46	717.2%
Breakdown of sales (year-on-year rate)	¥ billions		¥ billions		¥ billions		¥billions	
Beer	260.3	(12.3%)	356.7	(11.4%)	240.9	(7.4%)	327.0	(8.2%)
<i>Happo-shu</i>	184.1	2.7%	246.6	1.4%	165.4	(10.2%)	218.0	(11.8%)
New genre	111.7	12.5%	158.7	13.7%	139.2	24.6%	195.0	23.0%
Sub-total	556.2	(3.3%)	762.0	(3.0%)	545.6	(1.9%)	740.0	(2.9%)
RTD	39.8	3.8%	54.4	2.2%	40.0	0.6%	54.0	(0.4%)
Shochu, Whiskey and Spirits, etc.	31.5	13.1%	43.6	2.8%	36.5	16.0%	52.0	18.1%

The above sales volume and sales include exports.

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

##### <Category>

											(10,000 cases)
Soft drink beverages			2008 Nine months ended September 30, Actual		2009 Nine months ended September 30, Actual				2008 Annual Actual		2009 Annual Forecast
			Sales volume	Composition ratio	Sales volume	Composition ratio	Increase (Decrease)	Percentage over the previous year	Sales volume	Composition ratio	Sales volume
Category	Tea drink	Japanese tea	2,335	15%	1,942	13%	(393)	83%	2,911	14%	2,450
		Oolong tea	247	2%	238	2%	(9)	96%	329	2%	330
		Black tea	2,719	17%	2,771	19%	52	102%	3,763	18%	3,800
		Sub-total	5,301	34%	4,951	34%	(350)	93%	7,003	34%	6,580
	Coffee		2,592	17%	2,703	19%	111	104%	3,518	17%	3,700
	Fruit and vegetable juice		1,916	12%	1,783	12%	(133)	93%	2,484	12%	2,200
	Carbonated beverage		776	5%	676	5%	(100)	87%	926	5%	850
	Water		3,138	20%	2,654	18%	(484)	85%	3,943	20%	3,450
	Other		1,278	8%	1,140	8%	(138)	89%	1,731	8%	1,680
	Domestic soft drink beverage market total		15,001	96%	13,907	96%	(1,094)	93%	19,605	96%	18,460
Overseas markets	Overseas soft drink beverage market total		651	4%	563	4%	(88)	86%	810	4%	740
Total	Soft drink beverages total		15,652	100%	14,470	100%	(1,182)	92%	20,415	100%	19,200

##### <Container Type>

											(10,000 cases)
Soft drink beverages			2008 Nine months ended September 30, Actual		2009 Nine months ended September 30, Actual				2008 Annual Actual		2009 Annual Forecast
Container type	Category	Details	Sales volume	Composition ratio	Sales volume	Composition ratio	Increase (Decrease)	Percentage over the previous year	Sales volume	Composition ratio	Sales volume
Cans	Can	Including bottle styled cans	3,213	21%	3,550	25%	337	110%	4,390	22%	4,800
PET bottles	Large-sized PET bottles	2L	3,105	20%	2,645	18%	(460)	85%	3,947	19%	3,400
		1.5L, 1L, 900ml, 750ml	1,306	8%	1,195	8%	(111)	92%	1,724	8%	1,600
		Large-sized PET bottles total	4,411	28%	3,840	26%	(571)	87%	5,671	27%	5,000
	Small-sized PET bottles	500ml	4,207	27%	3,917	27%	(290)	93%	5,363	26%	5,100
		350ml or less	1,488	10%	859	6%	(629)	58%	1,952	10%	1,300
		Small-sized PET bottles total	5,695	37%	4,776	33%	(919)	84%	7,315	36%	6,400
	PET bottles total		10,106	65%	8,616	59%	(1,490)	85%	12,986	63%	11,400
Other containers	One-way/Returnable bottles, paper, gifts, etc.		1,682	10%	1,741	12%	59	104%	2,229	11%	2,260
Overseas markets	Soft drink beverages total		651	4%	563	4%	(88)	86%	810	4%	740
All containers	Container total		15,652	100%	14,470	100%	(1,182)	92%	20,415	100%	19,200

## 5. Sales of Major Pharmaceuticals (Kyowa Hakko Kirin Co., Ltd.)

(¥ billions)

	2008		2009	
	Nine months ended September 30, Actual	Annual Actual	Nine months ended September 30, Actual	Annual Forecast
NESP <sup>®</sup> / ESPO <sup>®</sup>	26.7	39.9	35.0	49.3
GRAN <sup>®</sup> / Neu-up <sup>®</sup>	11.2	16.5	12.1	17.2
Coniel <sup>®</sup>	11.6	18.1	16.8	23.1
Allelock <sup>®</sup>	9.6	15.6	20.3	26.4
REGPARA <sup>®</sup>	2.5	3.9	4.7	6.3
Patanol <sup>®</sup>	1.4	2.2	6.3	7.6
Topina <sup>®</sup>	0.3	0.6	1.0	1.4

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

The figures shown include those of former Kirin Pharma for the three months ended March 31, 2008 (actual).