

Q&A at the Financial Results Presentation: Announcement of the Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2011

Date and time: Friday, August 5, 2011, 17:00-18:30

Presenters: Senji Miyake (President and CEO), Yoshiharu Furumoto (Managing Director & CFO, Representative Director), along with relevant department heads of other group companies

1. Results for the Second Quarter of FY2011, Revision of Full-Year Forecasts, Medium-Term Business Plan:

Q. My question concerns the downward revision of 8.0 billion yen to the forecast for full-year operating income. It seems to be of a scale that could be absorbed by decreasing costs, so why did you make the downward revision?

(Mr. Furumoto) This is the result of strategic dialogue with our individual operating companies. Our target at the beginning of the year was to achieve 152.0 billion yen, but since then, there have been considerable environmental changes across all our businesses (in Japan and overseas). I believe that we have an obligation to properly update these circumstances for the market, and this resulted in a downward revision.

Q. What is the outlook for your Australian operations next year?

(LION department head) In terms of our alcohol beverages business, it seems likely that the fall in the volume of sales will bottom out, but we still aim to increase profits by continuing to reduce costs. In terms of our non-alcohol business, next year, we aim to increase profits above this year by adopting a cost structure that matches our net sales. We expect that the optimization of production plants will begin to contribute significantly to our profits in 2013.

Q. What are the challenges you recognize for your alcohol beverage business in Japan?

(Kirin Brewery department head) While the impact of the Great East Japan Earthquake means that there are some activities that we could not proceed with as per our plans at the beginning of the year, SKU was narrowed down, and the increased concentration on our core brands progressed better than expected. We will take this opportunity to make the most of things. During this period, we will work on rebuilding the foundations of our production formation, and next year and beyond, we will deal with the challenge of creating new categories like with Kirin Free.

Q. Amid a dramatically changing business environment, what are your current expectations for achieving the targets of your Medium-Term Business Plan?

(Mr. Miyake) The deviation is large particularly for operating income, and by no means will it be easy to achieve the target. Amid the changing environment, we will answer through drawing up the plan for 2012, while making sure that new business are added.

2. Buy Out of Brazilian Company, Schincariol Participações e Representações S.A.:

Q. Could you please tell us again about the significance of buying out the Brazilian company, Schincariol Participações e Representações S.A. (Schincariol).

(Mr. Miyake) Brazil is a high-growth market, and Schincariol has the second largest share of that

market. Furthermore, the company has a strong presence in the northeastern part of Brazil, where there is particularly strong growth potential. Schincariol has exceptional brands, and I believe that, by taking full advantage of Kirin's knowledge in the development of premium brands, Schincariol has the potential to grow even more strongly than the market. At the same time, we will work to reform its cost structure and enhance its profitability.

Q. Which was more attractive: Schincariol's beer business or its soft drinks business?

(Mr. Miyake) Looking at the current breakdown of net sales, beer accounts for about 85% of sales and soft drinks about 15%. We believe that, in the urban soft drinks market, there will be a shift in consumer preference, from carbonated drinks to functional drinks and tea drinks, and so we plan to also take full advantage of the knowledge of Kirin Beverage.