

Telephone Conference Q&A:

Results for the First Quarter of the Fiscal Year Ending December 2011

Date and time: Friday, May 6, 2011, 17:00-18:00

Presenters: Akihiro Ito, General Manager of Finance and Accounting Dept., along with relevant department heads of Group companies

Briefing on results from Akihiro Ito, General Manager of Finance and Accounting Dept

Questions and answers are given below.

Abbreviations:

KB: Kirin Brewery, KBC: Kirin Beverage, ME: Mercian, LNNF: Lion Nathan National Foods

Q: What is the future profit forecast for the Japanese alcohol beverages and soft drinks businesses?

KB department head: For KB in the first quarter (1Q), the amount of beverages sold decreased due to the effects of the earthquake in Japan. For this reason, our marginal profit decreased significantly. However, input cost reductions and decreased sales promotion expenses contributed greatly to an increase in operating income. The decrease in sales promotion expenses has been influenced by factors such as transferring advertising expenses after the earthquake to special expenses. Regarding future profits, we have not yet arrived at a rational forecast but we feel there is a possibility that the total beer market will decrease around 3–5% due to the effects of the earthquake compared to our estimate at the beginning of the year. However, there is a movement of recovery in sales to consumers, so we plan to cautiously and thoroughly keep an eye on future market trends.

KBC department head: For KBC in 1Q, the number of cases sold decreased slightly compared to the previous year. In addition, operating income fell somewhat compared to the previous year, due to factors such as the impact of postponing the release of new products and an increase in the percentage of products sold in the water and green tea category compared to the total. In the future we intend to watch factors which influence sales such as power supply, and also intend to control expenses.

Q: What are the 1Q business results, as well as future developments in the second quarter (2Q) onward, for the LNNF alcohol beverages and soft drinks business?

LNNF department head:

Alcohol beverages business: 1Q, which includes Christmas and New Year, is the period when we experience the greatest demand. We proactively carried out marketing for that reason, but the

weather continued to be bad and we were not able to see results in sales amounts. There were effects from the floods that happened afterward in Queensland, as well as the earthquake in New Zealand, and the market environment continued to be severe. Earnings are being improved after 2Q compared to 1Q, due to cost reductions and other factors.

Soft drinks business: 1Q was significantly affected by decreased sales amounts, and the situation remains similarly severe from 2Q on.

The flooding in Queensland, the growth of private brands, and other factors are major causes for decreased sales amounts. The floods are also affecting fruit juice supplies in Australia. Although sales amounts remain severe from 2Q on, earnings are on an upswing due to measures implemented to improve profit.

Q: Will expenses related to the earthquake in Japan occur from 2Q as well?

Ito: In 1Q, we have calculated only established damages at the present time as special expenses. Damages related to facilities have not yet been determined, so special expenses will occur from 2Q on as well. However, we expect that these will be covered to some extent by factors such as profit on sales from the ME Pharmaceuticals and Chemicals Business.