

Results Briefing Materials for the Fiscal Year
Ended December 31, 2008

DENON Holdings, Inc.

February 24, 2009

Yukio Nagai, President and CEO

(Securities code: 2533)

**From the bounty of nature and with biotechnology as our base,
we aim to help people find enjoyment and health through food.**

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1. Overview of Consolidated Results for FY2008

(Fiscal Year Ended December 31, 2008)

Market and Business Environment

Lackluster consumption in the overall market, as customers cut back on discretionary spending to sustain their lifestyles

▪ Performance by Category

Shochu

Rapid expansion of the market for inexpensive and refreshing *kou-otsu* blended *shochu* products

Low-alcohol beverages (*chu-hi* ready to drink beverages and cocktails)

Continued expansion, resulting from diversification of *sugar-free alternatives*, cocktails and other products attuned to health and lifestyle trends

OENON Group

- **Sales grew ¥5.4 billion** thanks to our focus on providing products that respond to consumer needs. This rise equates to a sales increase of approximately ¥10.0 billion under previous accounting standards.

(Millions of yen)

	FY2007	FY2008		
			Difference	YoY Change
Net sales	77,439	82,893	5,453	7%
Operating income	1,434	1,479	45	3%
Ordinary income	1,493	1,485	(8)	0%

Consolidated Results by Segment (Abbreviated)



(Millions of yen)

	Net Sales				Operating Income			
	FY2007	FY2008	Difference	YoY Change	FY2007	FY2008	Difference	YoY Change
Alcoholic beverages	67,426	71,730	4,303	6%	14	(81)	(96)	—
Food products	5,035	5,768	733	15%	153	157	3	2%
Enzymes and pharmaceuticals	3,331	3,731	399	12%	850	1,018	167	20%
Real estate and others	1,646	1,663	17	1%	416	386	(30)	(8%)
Total	77,439	82,893	5,453	7%	1,434	1,479	45	3 %

Alcoholic beverages

- **Sales grew ¥4.3 billion** thanks to our cooperative development of competitively priced products attuned to consumer needs, as well as products produced locally for local consumption.

Enzymes and pharmaceuticals

- We posted **major growth in sales** of lactase and generic bulk pharmaceuticals.
- Segment operating income **rose 20% (reaching a historic high)**.

Alcoholic Beverage Sales by Product Category



(Millions of yen)

	FY2007	FY2008		
			Diff- erence	YoY change
Shochu	38,518	39,478	959	3%
(<i>Kou-type shochu</i>)	16,182	16,649	466	3%
(<i>Otsu-type shochu</i>)	22,335	22,828	492	2%
Chu-hi (RTD)	2,716	6,939	4,222	155%
Sake	8,965	8,736	(228)	(3%)
Sake compounds	5,605	5,794	189	3%
Mirin (sweet sake for cooking)	1,473	1,433	(40)	(3%)
Brewing and industrial alcohol	3,869	3,105	(763)	(20%)
Wine and spirits	6,277	6,243	(33)	0%
Total of alcoholic beverages	67,426	71,730	4,303	6%

Reference: FY2008 (prior to changes in accounting standards)		
	Difference	YoY change
42,801	4,282	11%
17,728	1,545	10%
25,072	2,736	12%
6,939	4,222	155%
9,416	451	5%
5,894	288	5%
1,433	(40)	(3%)
3,112	(756)	(20%)
6,247	(29)	0%
75,844	8,418	13%

Kou-type shochu expertise:
Godo Shusei

+

Otsu-type shochu expertise:
Fukutokucho

Sales of Products in the
Mugi Zakari Series

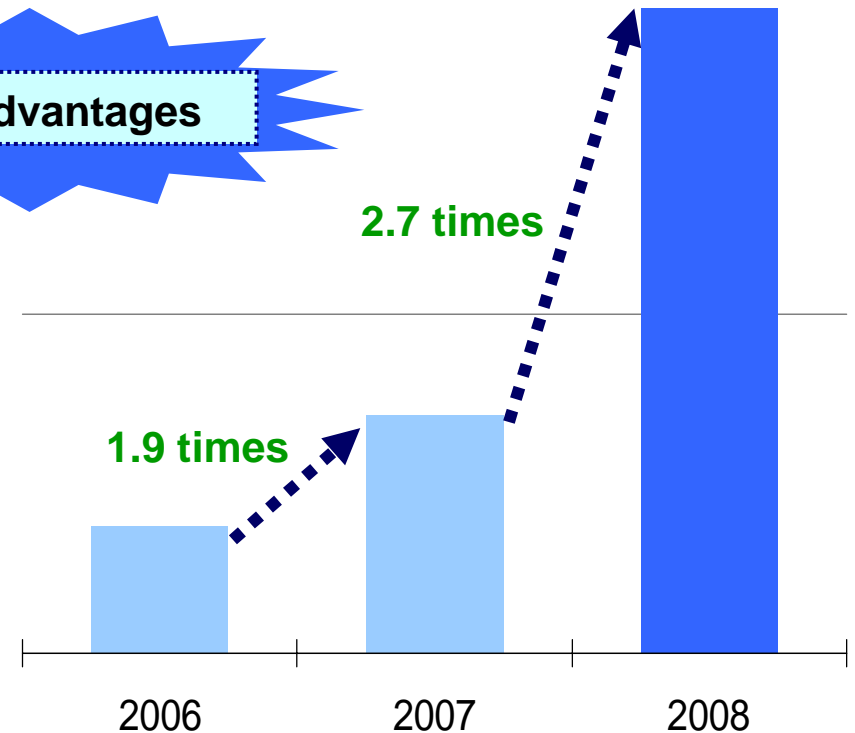
Group
synergy

Kou-otsu blended
shochu production

Cost advantages



Mugi Zakari series



Low-Alcohol Beverages (Chu-hi Ready-to-Drink Beverages, Sparkling Cocktails)

Rapid growth spurred by new product launches, lineup expansion and growth in orders for private-brand products

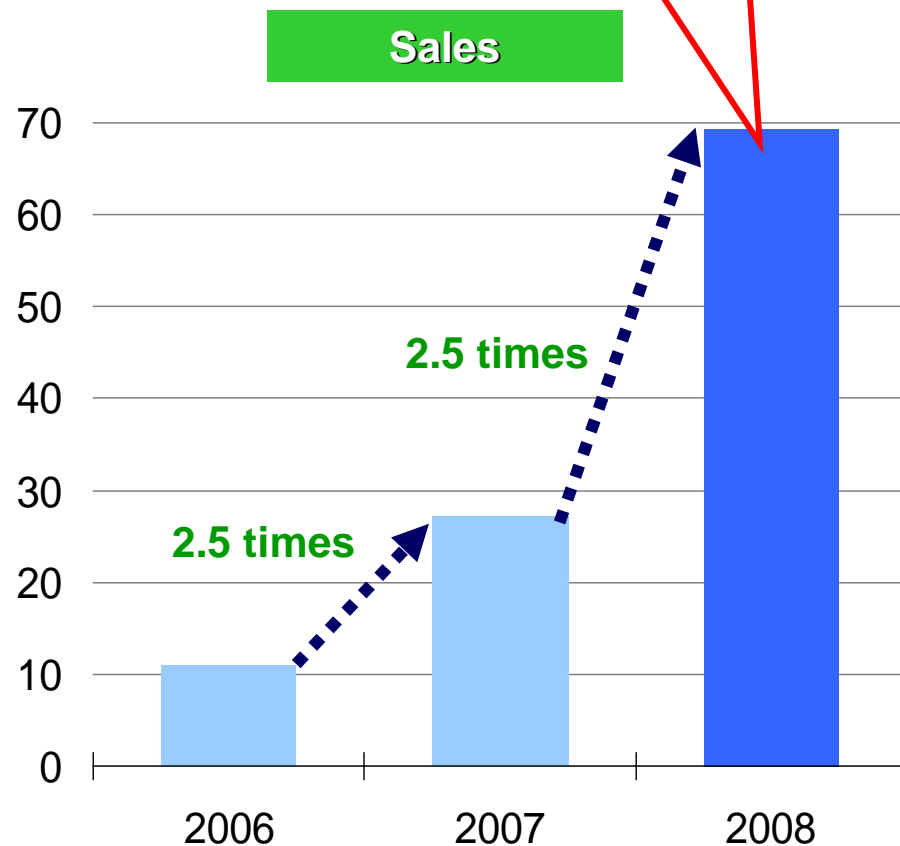
Splash Time Chu-hi



La Cocktail Premium series

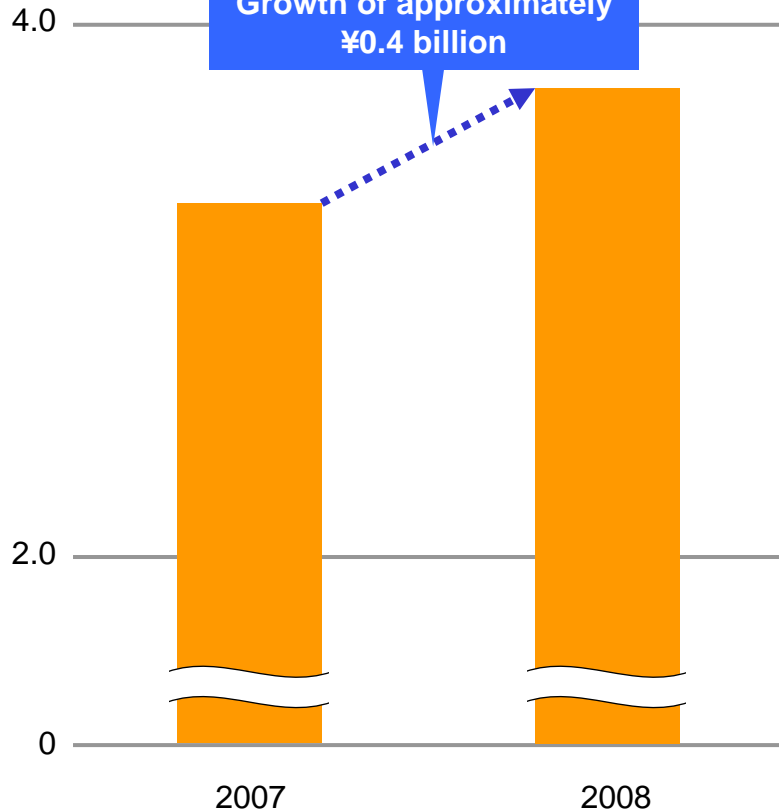


New product launches
+
Private-brand products



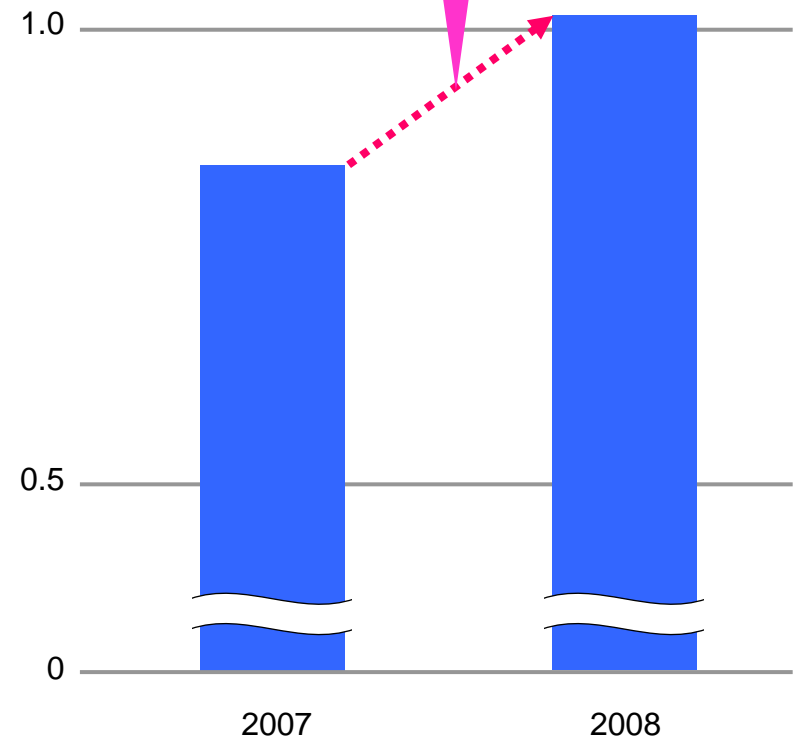
Net Sales

(Billions of yen)



Operating Income

(Billions of yen)



- In Japan, increased sales of generic bulk pharmaceuticals resulted in substantial sector sales growth
- Overseas business benefited from robust exports of lactase.

Consolidated Balance Sheets (Abbreviated)



(Millions of yen)

	2007		2008			
		Percent of total		Percent of total	Difference	YoY change
Total assets	61,482	100.0%	68,646	100.0%	7,164	12%
Current assets	33,993	55.3%	36,309	52.9%	2,315	7%
Fixed assets	27,488	44.7%	32,337	47.1%	4,849	18%
Total liabilities	41,628	67.7%	49,149	71.6%	7,520	18%
Current liabilities	28,566	46.5%	40,195	58.6%	11,628	41%
Long-term liabilities	13,061	21.2%	8,954	13.0%	(4,107)	(31%)
Net assets	19,853	32.3%	19,497	28.4%	(356)	(2%)

2. Management Policies for FY2009

(Fiscal Year Ending December 31, 2009)

From the bounty of nature and with biotechnology as our base, we aim to help people find enjoyment and health through food.

Management Policies

Oriented toward customers and profits

+

Co-creation of future value

Sales

Four points that define our customer-focused orientation

- **Value:** Superior quality and functionality
- **Price sensitivity:** Affordable products
- **Strategy:** Market penetration and expansion
- **Private brands:** Enhanced relations with customers and higher productivity

Production

- **Enact thorough quality, hygiene and process management**
- **Ensure food safety and security food and quality enhancements**
- **Lower costs by optimizing scale of operations**

Distribution

● Integration of order procedures

Unification of individual company order procedures
into shared services by Gotech Co., Ltd

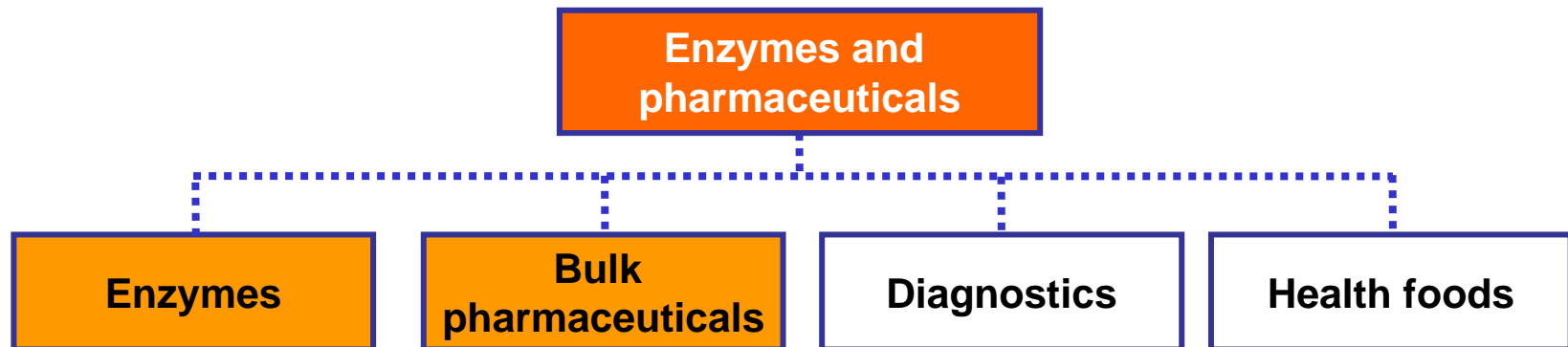


Improved distribution quality to provide enhanced services

Enzymes and Pharmaceuticals

Themes: Health and the Environment

**Press forward with valuable new product development fully utilizing the Group's biotechnology prowess.
Focus on enzymes and bulk pharmaceuticals from the standpoint of selectivity and focus.**



3. *Sake* Business Strategies for FY2009

(Fiscal Year Ending December 31, 2009)

Numerical Comparison of OENON with the Sake Industry



	Entire Sake market	OENON	OENON [Prior to changes in accounting standards]
Sake, YoY Change	(4%)	(3%)	5%

A full lineup, from premium sake to economy products

Local sake brands

Taisetsuno Kura (Asahikawa)



Kitanohomare (Otaru)



Nanbu Gura (Hachinohe)



Itteki Senryo (Yuzawa)



Koshinohana (Niigata)



Core sake brands

Fukumusume

Fukutokucho

Fuki



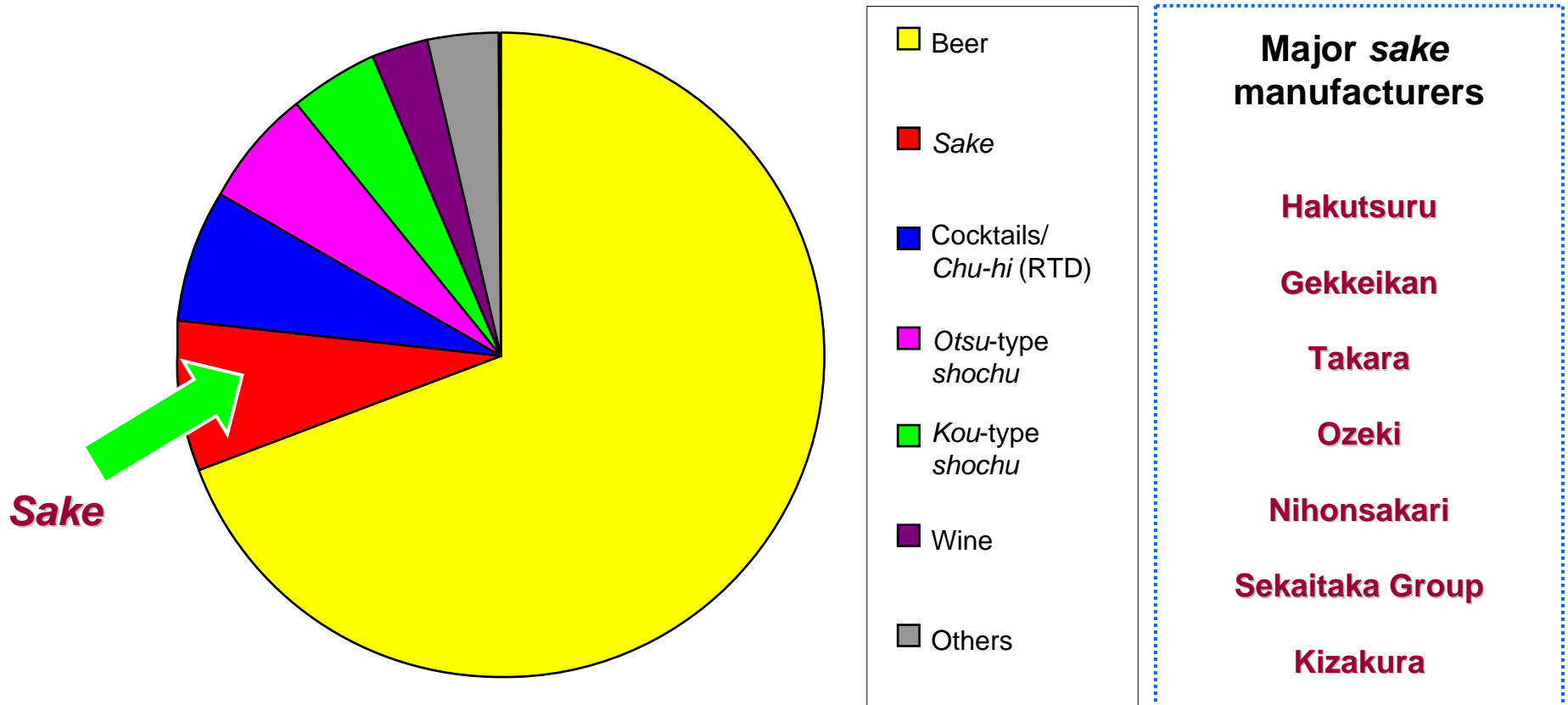
Economy sake brands



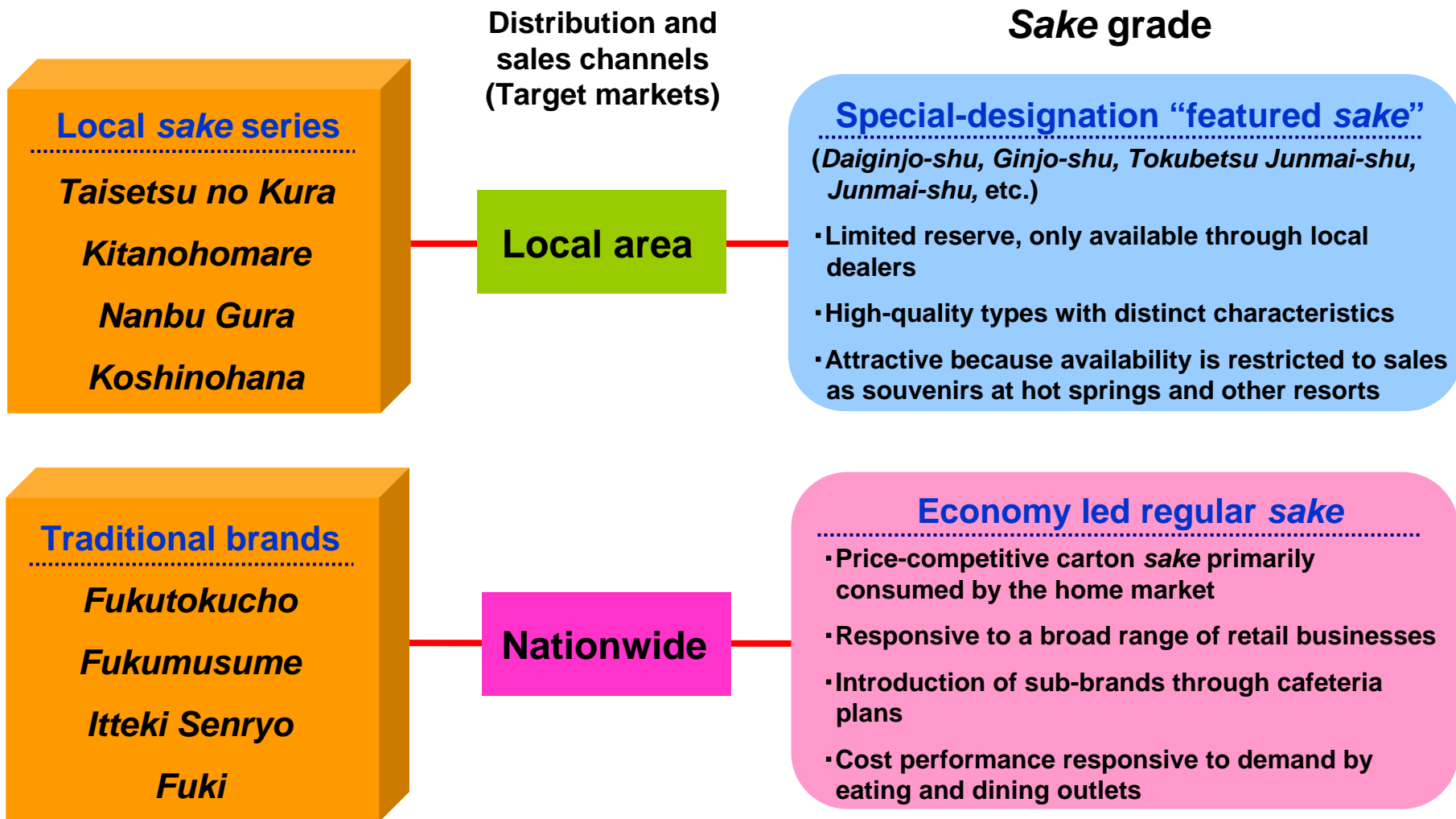
Gokumai

Sales from the sake segment for FY2008: ¥8.7 billion

Breakdown by Category of the Alcoholic Beverage Industry



Framework of sake strategies utilizing the Group's strengths



Cafeteria* Plan

This collaboratively formulated plan proposes new products branded and designed in advance for clients. The initiative is being expanded through various **carton sake products** bearing the *Fukutokucho*, *Fukumusume* and *Fuki* brand names to develop sub-brands.

* “Cafeteria” in the sense of an eating and drinking establishment where customers order selected dishes for consumption at their own tables.



Fukutokucho

福德長

Fukumusume

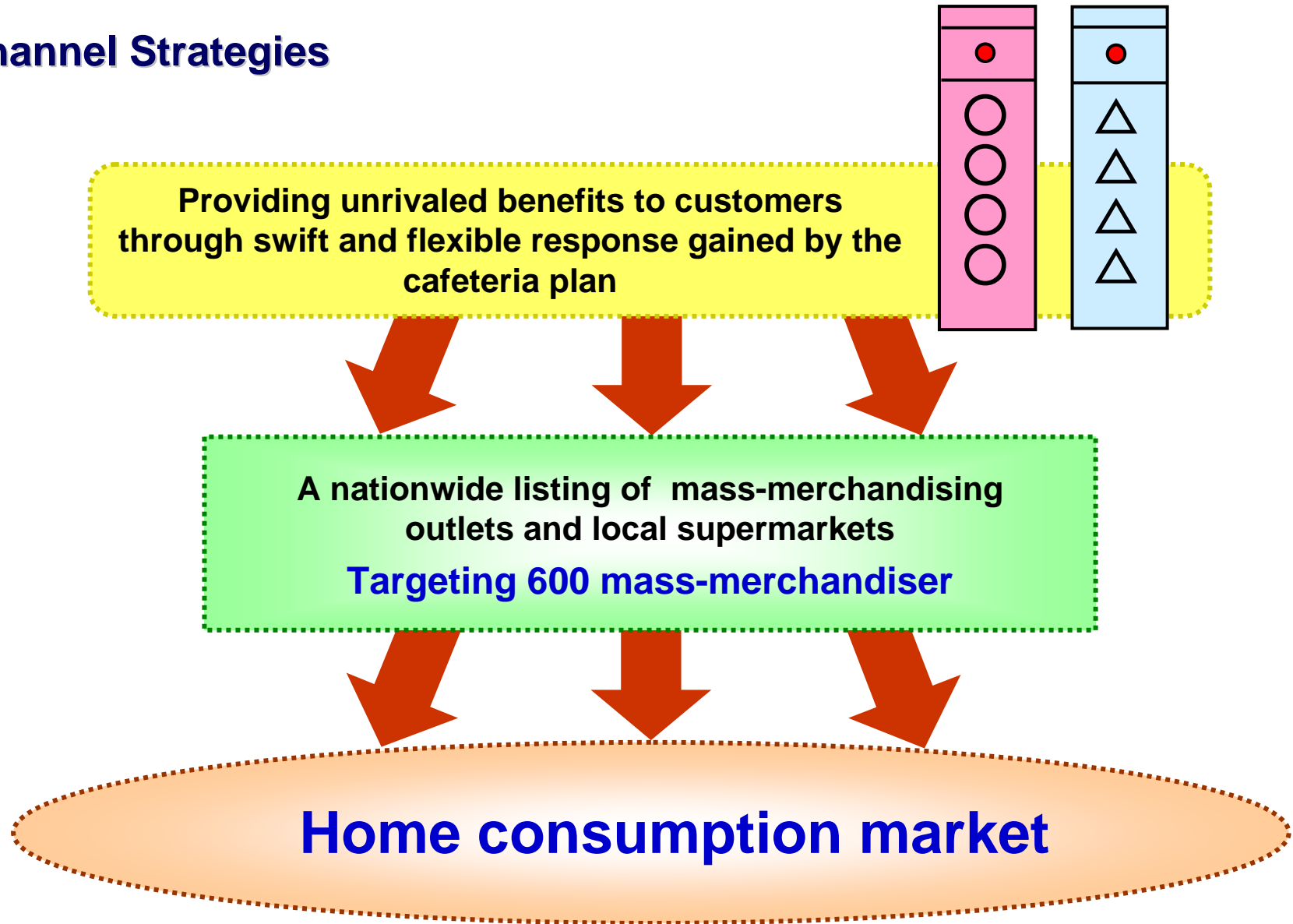
富久娘

Fuki

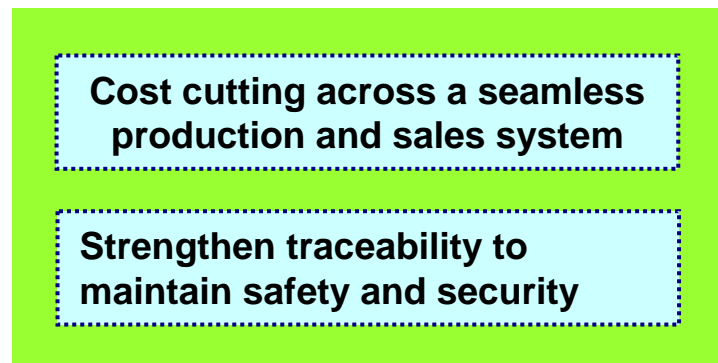
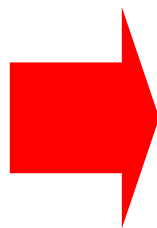
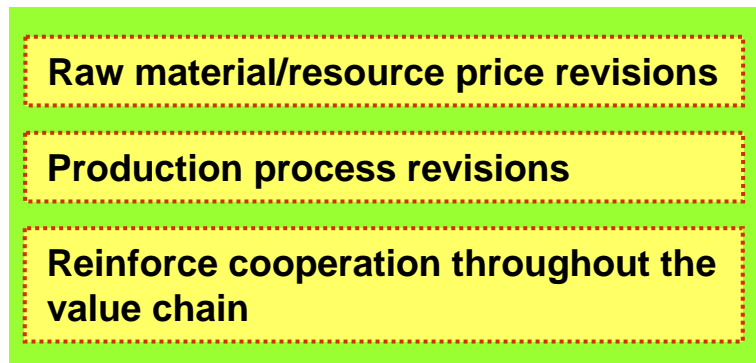
富貴

- **Speed:** Designs and names prepared in advance, facilitating swift and flexible development of selections and combinations
- **Uniqueness:** Various benefits derived through individual responses to specific partners (differentiation, unique identity, etc.)
- **Cooperation:** Enhanced (synergistic) marketing awareness by creating optimal customer-centric products

Channel Strategies



Production Initiatives



Nirasaki Factory



Nada Factory



Superior liquefaction feed technological prowess facilitates low-cost mass production of *sake*, even from inexpensive rice.

Ideal for economy *sake* production

Shipment Volumes for the Leading 10 Sake Manufacturers

	Manufacturer	2007		2008	
		Shipment volume (kl)	Share (%)	Shipment volume (kl)	Share (%)
1	Hakutsuru	61,784	9.1		
2	Gekkeikan	52,007	7.7		
3	Takara	46,361	6.8		
4	Ozeki	39,867	5.9		
5	Nihonsakari	29,458	4.3		
6	Sekaitaka Group	24,172	3.6		
7	Kizakura	21,647	3.2	23,028	3.5
8	OENON Group	21,300	3.1		
9	Kikumasamune	19,933	2.9		
10	Shirayuki	15,285	2.2		
	Total	331,814	48.8		

Total market size	679,624	100.0	655,000	
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2010

4	40,000
5	30,000
6	28,000

Planned volume for 2010 of 30,000 kiloliters will bring OENON into fifth position in the industry.

Figures for 2007 are from surveys by Nikkan Keizai Tsushinsya, Inc. Figures for 2008 are OENON's estimates.

4. Outlook for FY2009

(Fiscal Year Ending December 31, 2009)

Forecast of Consolidated Results for FY2009



(Millions of yen)

	2008	2009		
			Difference	YoY Change
Net sales	82,893	88,000	5,106	6%
Operating income	1,479	1,950	470	32%
Ordinary income	1,485	1,800	314	21%
Net income	466	600	133	29%

Net income per share (yen)	7.13	9.18
Dividends per share (yen)	7.00	7.00

Forecast of Consolidated Results by Segment for FY2009



(Millions of yen)

	Net sales				Operating income			
	2008	2009	Difference	YoY change	2008	2009	Difference	YoY change
Alcoholic beverages	71,730	76,406	4,675	7%	(81)	450	531	—
Food products	5,768	5,100	(667)	(12%)	157	150	(7)	(5%)
Enzymes and pharmaceuticals	3,731	3,925	193	5%	1,018	1,070	51	5%

Forecast net sales for FY2009 of ¥88.0 billion, operating income of ¥1.95 billion

Net sales up ¥5.1 billion and operating income up ¥0.5 billion

Forecast of Alcoholic Beverage Sales by Product Category



(Millions of yen)

	2008	2009		
			Difference	YoY change
Shochu	39,478	42,014	2,536	6%
(<i>Kou-type shochu</i>)	16,649	16,223	(426)	(3%)
(<i>Otsu-type shochu</i>)	22,828	25,791	2,962	13%
Chu-hi (RTD)	6,939	7,463	524	8%
Sake	8,736	9,606	869	10%
Sake compounds	5,794	5,766	(28)	0%
Mirin (sweet sake for cooking)	1,433	1,469	36	3%
Brewing and industrial alcohol	3,105	3,358	253	8%
Wine and spirits	6,243	6,727	483	8%
Total of alcohol products	71,730	76,406	4,675	7%

FY2009 forecast sales from the sake segment : ¥76.4 billion

Alcoholic beverage sales up ¥4.7 billion

Startup scheduled for April 2009



**Tomakomai Factory
bioethanol
output: 15,000 kl**

**Brewing and industrial
alcohol production**

**Tomakomai Factory: 47,000 kl
+ Shimizu Factory =
Total output of 79,000 kl**



A leading industry position!



Construction site (at the beginning of February)



<http://www.oenon.jp>