

**CONSOLIDATED FINANCIAL  
RESULTS  
for  
THE HALF YEAR  
ended  
JUNE. 30, 2002**

**SUPPLEMENTARY COMMENTS**

**KIRIN BREWERY COMPANY, LIMITED**

**AUGUST. 9, 2002**

# Consolidated

## Forecast of consolidated financial performance

Results of operations ( ¥ billions )

	2002		2001	
	1st half Actual	Budget	1st half Actual	Actual
Sales	727.8	1,580.0	748.0	1,561.8
Operating Income	33.7	80.0	36.1	75.0
Income before Special Items	30.2	74.0	35.0	69.3
Net income	10.3	26.0	14.2	23.1

Scope of consolidation and application of equity method (Number of companies)

	2002		2001	
	1st half Actual	Budget	1st half Actual	Actual
Consolidated subsidiaries	297	299	276	261
Non-consolidated subsidiaries applied by equity method	1	1	1	1
Affiliates applied by equity method	16	16	16	15

Income and expense analysis by business segment

Movement between 02 1st half Actual and 01 1st half Actual

( ¥ billions )

	Alcoholic beverages	Soft drinks	Other	Elimination/ Unallocation	Total
Operating income – 01 1st half Actual	24.2	5.9	7.8	(1.8)	36.1
Increase (Decrease) in gross profit	(2.6)	3.8	0.8	(0.2)	1.8
Decrease (Increase) in selling expenses	6.9	(2.7)	(0.6)	-	3.6
Decrease (Increase) in operations, and general and administrative expenses	(5.0)	(0.5)	(2.9)	0.6	(7.8)
Increase (Decrease) in operating income	(0.7)	0.6	(2.7)	0.4	(2.4)
Operating income – 02 1st. half Actual	23.5	6.5	5.1	(1.4)	33.7

Movement between 02 Budget and 01 Actual

( ¥ billions )

	Alcoholic beverages	Soft drinks	Other	Elimination/ Unallocation	Total
Operating income – 01 Actual	46.4	17.1	15.8	(4.3)	75.0
Increase (Decrease) in gross profit	4.8	7.6	3.7	0.0	16.1
Decrease (Increase) in selling expenses	9.7	(4.1)	(3.0)	-	2.6
Decrease (Increase) in operations, and general and administrative expenses	(7.1)	(2.0)	(5.1)	0.5	(13.7)
Increase (Decrease) in operating income	7.4	1.5	(4.4)	0.5	5.0
Operating income – 02 budget	53.8	18.6	11.4	(3.8)	80.0

2002 1st Half Actual:Consolidated

PROFIT CHANGE FROM PRIOR YEAR

(¥ Billions)

Item	2002 1st half Actual	2001 1st half Actual	Increase (Decrease)	Reference
<b>Sales</b>	<b>727.8</b>	<b>748.0</b>	<b>(20.2)</b>	
Increase in KIRIN BEVERAGE'S operating income			0.2	
Decrease in Parent's operating income			(3.5)	
Other			0.9	LION NATHAN LTD.etc
<b>Operating Income</b>	<b>33.7</b>	<b>36.1</b>	<b>(2.4)</b>	
Increase in KIRIN BEVERAGE'S non-operating income, net			0.2	
Decrease in equity in earnings of affiliates			(0.7)	
Decrease in Parent's non-operating income, net			(1.6)	
Other			(0.3)	
<b>Income before Special Items and Income Taxes</b>	<b>30.2</b>	<b>35.0</b>	<b>(4.8)</b>	
Increase in Parent's special income, net			1.6	
Increase in KIRIN BEVERAGE'S special income, net			1.5	
Increase in minority interests			(0.9)	
Other			(1.3)	LION NATHAN LTD.etc
<b>Net Income</b>	<b>10.3</b>	<b>14.2</b>	<b>(3.9)</b>	

2002 Budget:Consolidated

PROFIT CHANGE FROM CURRENT YEAR

(¥ Billions)

Item	2002 Budget	2001 Actual	Increase (Decrease)	Reference
<i>Sales</i>	1,580.0	1,561.8	18.2	
Increase in KIRIN BEVERAGE'S operating income			1.2	
Increase in Parent's operating income			1.1	
Other			2.7	LION NATHAN LTD.etc
<i>Operating Income</i>	80.0	75.0	5.0	
Increase in KIRIN BEVERAGE'S non-operating income, net			0.6	
Increase in Parent's non-operating income, net			0.4	
Decrease in equity in earnings of affiliates			(0.2)	
Other			(1.1)	LION NATHAN LTD.etc
<i>Income before Special Items and Income Taxes</i>	74.0	69.3	4.7	
Increase in KIRIN BEVERAGE'S special income, net			2.1	
Increase in Parent's special income, net			1.2	
Decrease in minority interests			(1.2)	
Other			(3.9)	LION NATHAN LTD.etc
<i>Net Income</i>	26.0	23.1	2.9	

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Amount Changes of Sales and Major Expenses etc.

(¥ Billions)

	2002				2001				
	1st half Actual		Budget		1st half Actual		Actual		
Sales volume (vs. prior year)									
Alcoholic beverages	thousand KL		thousand KL		thousand KL		thousand KL		
Beer and <i>happo-shu</i>	1,702	(5.2%)	3,678	1.4%	1,796	(3.5%)	3,626	(6.2%)	
Soft drinks	million cases		million cases		million cases		million cases		
	88	3.0%	193	3.4%	85	6.4%	187	5.7%	
Sales by business segments (vs. prior year)									
Total	727.8	(2.7%)	1,580.0	1.2%	748.0	0.2%	1,561.8	(1.2%)	
Alcoholic beverages	496.5	(5.0%)	1,066.0	(1.1%)	522.6	(2.2%)	1,078.0	(3.0%)	
Beer and <i>happo-shu</i>	463.4	(7.7%)	989.0	(3.7%)	502.2	(6.0%)	1,026.9	(7.6%)	
Other alcoholic beverages	33.0	61.9%	77.0	50.7%	20.4	?	51.0		
Soft drinks	157.3	3.6%	346.0	3.9%	151.9	5.8%	332.9	4.7%	
Other business	74.0	0.8%	168.0	11.3%	73.4	7.1%	150.9	0.0%	
Pharmaceutical	22.5	(0.8%)	49.0	0.0%	22.7	11.5%	49.0	5.0%	
Agribio	11.1	32.6%	20.0	53.9%	8.4	13.6%	12.9	(15.7%)	
Functional Foods	5.8	23.4%	26.0	138.6%	4.7	43.8%	10.8	46.7%	
other	34.4	(8.2%)	73.0	(6.4%)	37.5	0.1%	77.9	(4.2%)	
Sales promotion	62.1		} 192.0		60.5		139.8		
Advertising	32.9					36.0		61.2	
R&D	10.1					10.3		23.0	
Depreciation	35.8					34.9		73.5	
Financial profit, net	(1.7)		(5.0)		(1.0)		(5.6)		
Capital Expenditures	40.8		99.0		37.7		71.4		
Cash flows	(44.6)		(61.0)		1.0		79.9		
Operating activities	26.7		72.0		18.7		71.1		
Investing activities	(133.6)		(195.0)		(14.3)		(12.1)		
Financing activities	63.0		62.0		(3.7)		20.8		

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### Major Changes in Assets and Liabilities

(¥Billions)

	2002 1st half Actual	2001 1st half Actual	Increase (Decrease)	Reference
Cash	102.3	53.5	48.8	Due to increase of subsidiaries and termination of funds in trust of the Company, etc.
Investment securities	354.9	314.6	40.3	Due to payment for investment in common stock of SAN MIGUEL CORPORATION, etc.
Other in Investments and Other Assets	91.1	69.6	21.5	Increase of deferred tax assets
Bonds	131.2	28.3	102.9	Due to issue of bonds by the Company