

KIRIN BREWERY COMPANY, LIMITED

SUMMARY OF NON-CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2002 (UNAUDITED)

August 9, 2002

(English Translation)

Fiscal year ending December 31, 2002

KIRIN BREWERY COMPANY, LIMITED

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

Code No.:	2503
Shares Listed:	Tokyo, Osaka, Nagoya, Fukuoka, Sapporo,
Interim dividend plan:	Yes
Minimum numbers of shares to have voting rights :	1,000 shares
For further information, please contact:	Mr. Sumio Nagata, General Manager, Communications Dept. Telephone: 81- 3- 5540- 3450 from overseas

Date of the Board of Directors' Meeting for the semi-annual operation results: August 9, 2002

Date of commencement of payment of interim dividend: September 12, 2002

1. Business results for the first half of the current fiscal year

(January 1, 2002 - June 30, 2002)

[Unit: Japanese yen (¥)]

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

	Sales (¥ millions)	Percentage change (%)	Operating Income (¥ millions)	Percentage change (%)	Income before Special items (¥ millions)	Percentage change (%)
6 months ended June 30, 2002	459,422	(7.0)	12,917	(21.7)	19,285	(20.7)
6 months ended June 30, 2001	493,751	1.4	16,493	(27.6)	24,324	(26.8)
Year ended December 31, 2001	1,028,403		34,965		44,580	

	Net income (¥ millions)	Percentage Change (%)	Net income per share (¥)
6 months ended June 30, 2002	10,857	(24.2)	11.04
6 months ended June 30, 2001	14,320	(23.3)	14.55
Year ended December 31, 2001	19,382		19.69

Notes : Average number of shares of common stock outstanding during the period:

June 30, 2002	983,440,362
June 30, 2001	984,508,387
December 31, 2001	984,485,996

Change in accounting policies: None

Percentage change means the ratio of increase or decrease in each item of business results for the 6 months ended June 30, 2002 to those for the 6 months ended June 30, 2001.

(2) Dividends:

	Interim dividend per share (¥)	Dividend per share for the year (¥)
6 months ended June 30, 2002	6.00	
6 months ended June 30, 2001	6.00	
Year ended December 31, 2001		12.00

(3) Financial positions:

	Total assets (¥ millions)	Shareholders' equity (¥ millions)	Ratio of shareholders' equity to total assets (%)	Shareholders' equity per share (¥)
June 30, 2002	1,297,890	692,995	53.4	707.76
June 30, 2001	1,247,119	712,297	57.1	723.51
December 31, 2001	1,251,755	691,878	55.3	702.83

Notes:	Number of shares of common stock issued and outstanding:	June 30, 2002	979,140,556
		June 30, 2001	984,508,387
		December 31, 2001	984,417,871
	Number of treasury stocks held:	June 30, 2002	5,367,831
		June 30, 2001	7,813
		December 31, 2001	90,516

2. Forecast of business results for the current fiscal year (January 1, 2002-December 31, 2002)

	Sales (¥ million)	Income before special items (¥ million)	Net income (¥ million)	Dividend per share for the year (¥)	Including final dividend per share (¥)
Year ending December 31, 2002	1,010,000	46,000	22,000	6.00	12.00

Note: Forecasted net income per share ¥22.47

Refer to Page 9-10 for the assumptions and other matters related to the above forecast.

BALANCE SHEETS

(¥ millions)

ASSETS	(Note)	At June 30, 2002		At June 30, 2001		Increase (Decrease) Amount	At December 31, 2001	
		Amount	Percentage over total assets	Amount	Percentage over total assets		Amount	Percentage over total assets
Current Assets								
			%		%			%
Cash		42,693		21,870		20,823	89,776	
Notes receivable		2,855		3,223		(368)	3,039	
Accounts receivable		171,894		205,850		(33,956)	183,536	
Marketable securities		5,571		8,073		(2,502)	7,562	
Inventories		43,962		45,325		(1,363)	30,936	
Funds in trust				18,313		(18,313)	17,411	
Other current assets		31,944		28,600		3,344	36,633	
Allowance for doubtful accounts		(2,764)		(1,012)		(1,752)	(1,164)	
Total current assets		296,156	22.8	330,245	26.5	(34,089)	367,733	29.4
Fixed Assets								
Property, Plant and Equipment (*1)								
Buildings	(*2)	124,212		130,703		(6,491)	126,131	
Machinery and equipment		133,921		136,104		(2,183)	130,756	
Land	(*2)	113,194		113,722		(528)	113,655	
Construction in progress		11,697		16,461		(4,764)	19,047	
Other		30,006		31,386		(1,380)	30,278	
Total		413,032	31.8	428,378	34.3	(15,346)	419,869	33.5
Intangible Fixed Assets		6,329	0.5	6,888	0.6	(559)	6,609	0.5
Investments and Other Assets								
Investment securities	(*2)	214,719		230,327		(15,608)	188,614	
Investments in subsidiaries and affiliates		256,975		167,165		89,810	164,592	
Life insurance investments		33,742		32,314		1,428	33,604	
Other investments		79,700		53,080		26,620	73,491	
Allowance for doubtful accounts		(2,766)		(1,280)		(1,486)	(2,759)	
Total		582,371	44.9	481,607	38.6	100,764	457,543	36.6
Total fixed assets		1,001,733	77.2	916,874	73.5	84,859	884,022	70.6
TOTAL ASSETS		1,297,890	100.0	1,247,119	100.0	50,771	1,251,755	100.0

(¥ millions)

LIABILITIES AND SHAREHOLDERS' EQUITY (Note)	At June 30, 2002		At June 30, 2001		Increase (Decrease) Amount	At December 31, 2001	
	Amount	Percentage over total assets	Amount	Percentage over total assets		Amount	Percentage over total assets
Current Liabilities		%		%			%
Notes payable	1,603		1,670		(67)	708	
Accounts payable	38,016		42,841		(4,825)	37,665	
Short-term bank loans	10,000		1,500		8,500	11,500	
Beer taxes payable	119,760		142,583		(22,823)	117,123	
Income taxes payable	10,178		11,483		(1,305)	11,749	
Accrued expenses	40,355		45,474		(5,119)	40,470	
Deposits received	56,773		59,806		(3,033)	62,889	
Other current liabilities	33,396		41,408		(8,012)	33,662	
Total current liabilities	310,084	23.9	346,768	27.8	(36,684)	315,770	25.2
Long-term Liabilities							
Bonds	110,000				110,000	70,000	
Long-term debt	21,000		7,000		14,000	1,000	
Pension and retirement benefits	82,190		90,538		(8,348)	85,959	
Other reserves	1,246		1,449		(203)	1,581	
Customers' guarantee deposits (*2)	70,980		80,259		(9,279)	76,090	
Other	9,393		8,806		587	9,476	
Total long-term liabilities	294,810	22.7	188,053	15.1	106,757	244,107	19.5
TOTAL LIABILITIES	604,895	46.6	534,822	42.9	70,073	559,877	44.7
Common stock	102,045	7.9	102,045	8.2		102,045	8.2
Additional paid-in capital	70,868	5.5	70,868	5.7		70,868	5.7
Retained earnings appropriated	25,511	2.0	25,511	2.0		25,511	2.0
Retained earnings							
General reserve	427,666		410,144		17,522	410,144	
Unappropriated retained earnings	51,607		65,116		(13,509)	64,272	
Total retained earnings	479,274	36.9	475,261	38.1	4,013	474,416	37.9
Net unrealized holding gains on securities	19,920	1.5	38,610	3.1	(18,690)	19,122	1.5
Treasury stock	(4,625)	(0.4)			(4,625)	(86)	(0.0)
TOTAL SHAREHOLDERS' EQUITY	692,995	53.4	712,297	57.1	(19,302)	691,878	55.3
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,297,890	100.0	1,247,119	100.0	50,771	1,251,755	100.0

STATEMENTS OF INCOME

(Note)	6 months ended June 30, 2002		6 months ended June 30, 2001		Increase (Decrease)	Year ended December 31, 2001	
	Amount	Percentage over sales	Amount	Percentage over sales	Amount	Amount	Percentage over sales
		%		%			%
Sales	459,422	100.0	493,751	100.0	(34,329)	1,028,403	100.0
Cost of Sales	322,243	70.1	350,311	70.9	(28,068)	730,267	71.0
Gross profit	137,178	29.9	143,439	29.1	(6,261)	298,136	29.0
Selling, General and Administrative Expenses	124,261	27.1	126,946	25.7	(2,685)	263,170	25.6
Operating Income	12,917	2.8	16,493	3.3	(3,576)	34,965	3.4
Non-operating Income							
Interest income	408		459		(51)	1,018	
Return on funds in trust	210		1,394		(1,184)	558	
Dividend income	7,212		5,465		1,747	7,863	
Other	2,348		2,627		(279)	5,035	
Total	10,180	2.2	9,946	2.0	234	14,476	1.4
Non-operating Expenses							
Interest expense	910		716		194	1,379	
Other	2,901		1,399		1,502	3,481	
Total	3,812	0.8	2,115	0.4	1,697	4,861	0.5
Income before Special Items and Income Taxes	19,285	4.2	24,324	4.9	(5,039)	44,580	4.3
Special Income							
Gain on sale of investment securities	237		9,956		(9,719)	9,959	
Other	2,045		1,125		920	7,338	
Total	2,283	0.5	11,082	2.2	(8,799)	17,298	1.7
Special Expenses							
Amortization of net transition obligation of accounting standard for severance and pension benefits	-		6,732		(6,732)	13,464	
Other	2,211		3,453		(1,242)	14,355	
Total	2,211	0.5	10,186	2.1	(7,975)	27,820	2.7
Income before Income Taxes	19,357	4.2	25,220	5.1	(5,863)	34,058	3.3
Income Taxes	8,500	1.9	10,900	2.2	(2,400)	14,675	1.4
Net Income	10,857	2.4	14,320	2.9	(3,463)	19,382	1.9
Retained earnings at beginning	40,750		50,796		(10,046)	50,796	
Dividends(interim)	-		-		-	5,907	
Unappropriated retained earnings	51,607		65,116		(13,509)	64,272	

SIGNIFICANT ACCOUNTING POLICIES

1. Valuation of securities

Equity securities issued by subsidiaries and affiliated companies are valued at cost determined by the moving-average method. Available-for-sale securities with fair market values are stated at fair market value as of the balance sheet date. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of shareholder's equity. Realized gains and losses on sale of such securities are computed using the moving-average method. Debt securities without fair market value are stated at amortized cost, net of the amount considered not collectible. Other securities without fair market value are stated at moving-average method.

2. Valuation of Inventories

Merchandise, finished goods and semi-finished goods are mainly stated at cost determined by the average method. Raw materials and supplies are mainly stated at cost determined by the moving average method.

3. Valuation of derivative financial instruments

Derivative financial instruments are stated at fair values.

4. Depreciation of property, plant and equipment

Depreciation of property, plant and equipment is calculated on the declining balance method, except for buildings (excluding buildings fixtures) acquired on and after April 1, 1998, where depreciation is calculated on the straight-line method in accordance with the Corporate Income Tax Law in Japan.

5. Amortization of intangible fixed assets

The straight-line method is used for intangible fixed assets over estimated useful lives.

6. Allowance for doubtful accounts

Allowance for doubtful accounts is provided in an amount sufficient to cover probable losses on collection. It consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the actual percentage of collection losses.

7. Pension and retirement benefits

The Company provides allowance for employees' severance and retirement benefits at June 30, 2001 based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at the date.

Actuarial differences are amortized by the straight-line method over the average estimated service period, which is 15 years, beginning from the next fiscal year.

8. Leases

Finance leases, except for those leases under which the ownership of the leased assets is considered to be transferred to the lessee, are accounted for in the same manner as operating leases.

9. Hedge accounting

Where certain hedging criteria are met, the Company defers the recognition of gains and losses resulting from the changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

For forward foreign exchange contracts used for hedging purposes, the foreign currency receivables or payables are recorded at the contracted forward rates. In addition, for interest rate swap contracts meeting certain hedging criteria, the net amount to be paid or received under the interest rate swap contracts is added to or to be deducted from the interest on the assets or liabilities for which the swap contract was executed.

The Company uses forward foreign currency contracts and interest rate swap contracts as derivative financial instruments only for the purpose of mitigating future risks of fluctuation of foreign currency exchange rates with respect to foreign currency receivables and payables from operations and interest rate increases with respect to borrowings, within the amounts of foreign currency borrowings or receivables.

The following summarizes hedging derivative financial instruments used by the Company and items hedged:

Hedging instruments	Hedged items
Forward foreign exchange contracts etc.	Foreign currency trade receivables and trade payables
Interest rate swap contracts etc.	Interest on foreign currency bonds and loans payable

The Company evaluates the hedging effectiveness semi-annually by comparing the cumulative changes in cash flows from or the changes in fair value of hedged items and the corresponding changes in the hedging derivative instruments.

10. Consumption tax

Consumption tax is excluded from the revenue and expense accounts which are subject to such tax.

Consumption tax prepaid and accrued in relation to purchase and sales transactions are netted and presented as other current assets.

ADDITIONAL INFORMATION:

(Treasury stock)

Treasury stock has been reclassified from current assets and is included in the stockholders' equity section. The prior year amount, that was included in "other" in current assets section, was ¥ 8million.

NOTES TO:

(NON-CONSOLIDATED BALANCE SHEETS)

* 1 Accumulated depreciation (¥ millions)

	At June 30, 2002	At June 30, 2001	At December 31, 2001
Accumulated depreciation	515,714	498,385	505,799

* 2 Detail of Collateral

(1) Collateral (¥ millions)

	At June 30, 2002	At June 30, 2001	At December 31, 2001
Buildings	1,032	1,166	1,118
Land	439	439	439
Investments in securities	32	33	33

(2) Secured borrowing (¥ millions)

	At June 30, 2002	At June 30, 2001	At December 31, 2001
Deposits received	2,296	2,296	2,296
Postage charge (facility limit)	29	29	29

3 Contingent liabilities

(1) Guarantees for subsidiaries and affiliated companies (¥ millions)

	At June 30, 2002	At June 30, 2001	At December 31, 2001
Kirin Lease Co.,Ltd.	10,096	11,090	10,046
Marinet Co.,Ltd.	3,504	1,664	3,675
Kirin International Trading Co.,Ltd.	2,050	2,050	2,050
Koiwai Dairy Products Co.,Ltd.	1,500	1,750	1,650
Taiwan Kirin Company, Ltd.	1,186	1,172	
	NTD 332,350't	NTD 324,660't	
Kirin Brewery of America LLC	1,183	1,171	1,240
	USD 9,900't	USD 9,400't	USD 9,400't
Kirin International Finance (Netherlands)B.V.		10,000	
Other	3,467	4,223	4,476
(Amounts in foreign currencies included above)	1,759	2,045	2,654
	USD 9,478't	USD 9,595't	USD 9,500't
	EUR 4,488't	NLG 16,500't	NLG 2,000't
	HKD 6,300't	ESP 98,000't	EUR 3,780't
			NTD 226,810't
Number	14	14	12

(2) Guarantees for employees' housing loan from banks (¥ millions)

	At June 30, 2002	At June 30, 2001	At December 31, 2001
	12,828	14,679	13,378

(3) Guarantees for bank loans of customers (¥ millions)

	At June 30, 2002	At June 30, 2001	At December 31, 2001
Number	404	424	414
Number	3	3	3
Total contingent liabilities	36,220	48,225	36,931
(Agreements similar to guarantees included above)	8,946	21,180	9,100

(NON-CONSOLIDATED STATEMENTS OF INCOME)

1. Depreciation (¥ millions)

	6months ended June 30, 2002	6months ended June 30, 2001	Year ended December 31, 2001
Property, Plant and Equipment	17,804	17,469	37,136
Intangible Fixed Assets	279	279	558
Total	18,083	17,748	37,695

2. Presentation of Income Taxes

The Company adopted simplified accounting method for Income Tax effect accounting in the financial statements for 6 months ended June 30, 2002. Accordingly, deferred income taxes are not presented separately and are included in Income Taxes in current interim statements of income.

(LEASE TRANSACTIONS)

Finance lease transactions without ownership transfer to lessee

(1) Purchase price equivalents, accumulated depreciation equivalents and book value equivalents of leased properties (¥ millions)

	At June 30, 2002	At June 30, 2001	At December31, 2001
Machinery and equipment			
Purchase price equivalent	180	180	180
Accumulated depreciation equivalent	66	47	57
Book value equivalent	113	132	123
Other (Structures)			
Purchase price equivalent	7	7	7
Accumulated depreciation equivalent	5	4	5
Book value equivalent	2	2	2
Other (Vehicles)			
Purchase price equivalent	12	13	13
Accumulated depreciation equivalent	5	6	7
Book value equivalent	7	6	5
Other (Tools)			
Purchase price equivalent	8,124	8,797	7,678
Accumulated depreciation equivalent	3,966	4,546	3,887
Book value equivalent	4,157	4,251	3,791
Total			
Purchase price equivalent	8,324	8,999	7,880
Accumulated depreciation equivalent	4,043	4,605	3,957
Book value equivalent	4,280	4,393	3,922

(2) Lease commitments (¥ millions)

	At June 30, 2002	At June 30, 2001	At December31, 2001
Due within one year	1,589	2,015	1,670
Due over one year	2,775	2,599	2,417
Total	4,365	4,614	4,088

(3) Lease payments, depreciation equivalents and interest equivalents (¥ millions)

	6months ended June 30, 2002	6months ended June 30, 2001	Year ended December31, 2001
Lease payments	1,073	1,381	2,602
Depreciation equivalent	1,016	1,167	2,300
Interest equivalent	97	123	255

(4) Method of depreciation equivalent

Depreciation equivalent is computed on a straight-line method over the lease period without residual value.

(5) Allocation of interest equivalent

Differences between total lease expenses and acquisition costs of the leased properties comprise interest expenses and insurance, maintenance and certain other operating costs.

Interest expenses are allocated using interest method over the terms of leases.

Operating lease transactions

Lease commitments (¥ millions)

	At June 30, 2002	At June 30, 2001	At December31, 2001
Due within one year	153	148	148
Due over one year	509	602	529
Total	663	751	677

(Securities)

Investment in subsidiaries and affiliates with market values

(Financial statements at June 30, 2002)

(¥ : millions)

	Book value	Market value	Difference
Investment in subsidiaries	101,754	144,399	42,644
Investment in affiliates	85,649	80,395	(5,254)
Total	187,404	224,794	37,389

(Financial statements at June 30, 2001)

(¥ : millions)

	Book value	Market value	Difference
Investment in subsidiaries	101,754	153,852	52,097
Investment in affiliates	12,536	34,810	22,274
Total	114,291	188,663	74,372

(Financial statements at December 31, 2001)

(¥ : millions)

	Book value	Market value	Difference
Investment in subsidiaries	101,754	144,760	43,005
Investment in affiliates	12,536	29,198	16,661
Total	114,291	173,958	59,667