

KIRIN BREWERY COMPANY, LIMITED

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2000 (UNAUDITED)

February 20, 2001

(English Translation)

Fiscal year ended December 31, 2000

KIRIN BREWERY COMPANY, LIMITED

10-1, Shinkawa 2-chome, Chuo-ku, Tokyo, Japan

Code No.: 2503
 Shares Listed: Tokyo, Osaka, Nagoya, Fukuoka, Kyoto, Sapporo,
 London, Paris, Zurich, Frankfurt
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 Communications Dept.
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Date of the Board of Directors' Meeting for the annual operation results: February 20, 2001

1. Business results and financial positions for the current fiscal year

(January 1, 2000 - December 31, 2000)

[Unit: Japanese yen (¥)]

(1) Results of operations:

(Fractions less than ¥1 million have been omitted.)

	Sales (¥ millions)	Percentage change (%)	Operating income (¥ millions)	Percentage change (%)	Income before extraordinary items (¥ millions)	Percentage change (%)
Year ended December 31, 2000	1,580,825	8.9	94,397	22.2	93,080	16.6
Year ended December 31, 1999	1,451,520	(1.7)	77,241	22.5	79,837	25.5

	Net income (¥ millions)	Percentage change (%)	Net income per share primary (¥)	Net income per share diluted (¥)	Ratio of Net income to shareholders' equity (%)	Ratio of ordinary income to total assets (%)	Ratio of ordinary income to sales (%)
Year ended December 31, 2000	32,924	(1.0)	33.18	33.06	4.4	6.1	5.9
Year ended December 31, 1999	33,245	22.9	32.57	32.51	4.6	5.6	5.5

Notes : Equity in earnings of affiliates:

December 31, 2000 ¥ 614 million

December 31, 1999 ¥ 2,408 million

Unrealized gains on valuation of securities : ¥ 75,744 million

Unrealized gains on derivative transactions : ¥ 3,990 million

Change in accounting policies: None

Percentage change is the ratio of increase or decrease in each item of business results for the year ended December 31, 2000, in comparison to these for the prior year.

(2) Financial positions:

	Total assets (¥ millions)	Shareholders' equity (¥ millions)	Ratio of shareholders' equity to total assets (%)	Shareholders' equity per share (¥)
December 31, 2000	1,627,400	768,486	47.2	780.58
December 31, 1999	1,430,021	725,942	50.8	724.15

(3) Extracts from the statement of Cash flows :

	Cash flows from operating activities (¥ million)	Cash flows from investing activities (¥ million)	Cash flows from financing activities (¥ million)	Cash and cash equivalents at end of period (¥ million)
Year ended December 31, 2000	93,714	(69,090)	(43,693)	64,335
Year ended December 31, 1999				

(4) Scope of consolidation and application of equity method :

Consolidated subsidiaries: 241 companies

Subsidiaries under equity method: 1 company

Affiliates under equity method: 18 companies

(5) Changes in scope of consolidation and application of equity method :

Consolidation: Increase 197 companies, Decrease 13 companies

Equity method: Increase 15 companies, Decrease 2 companies

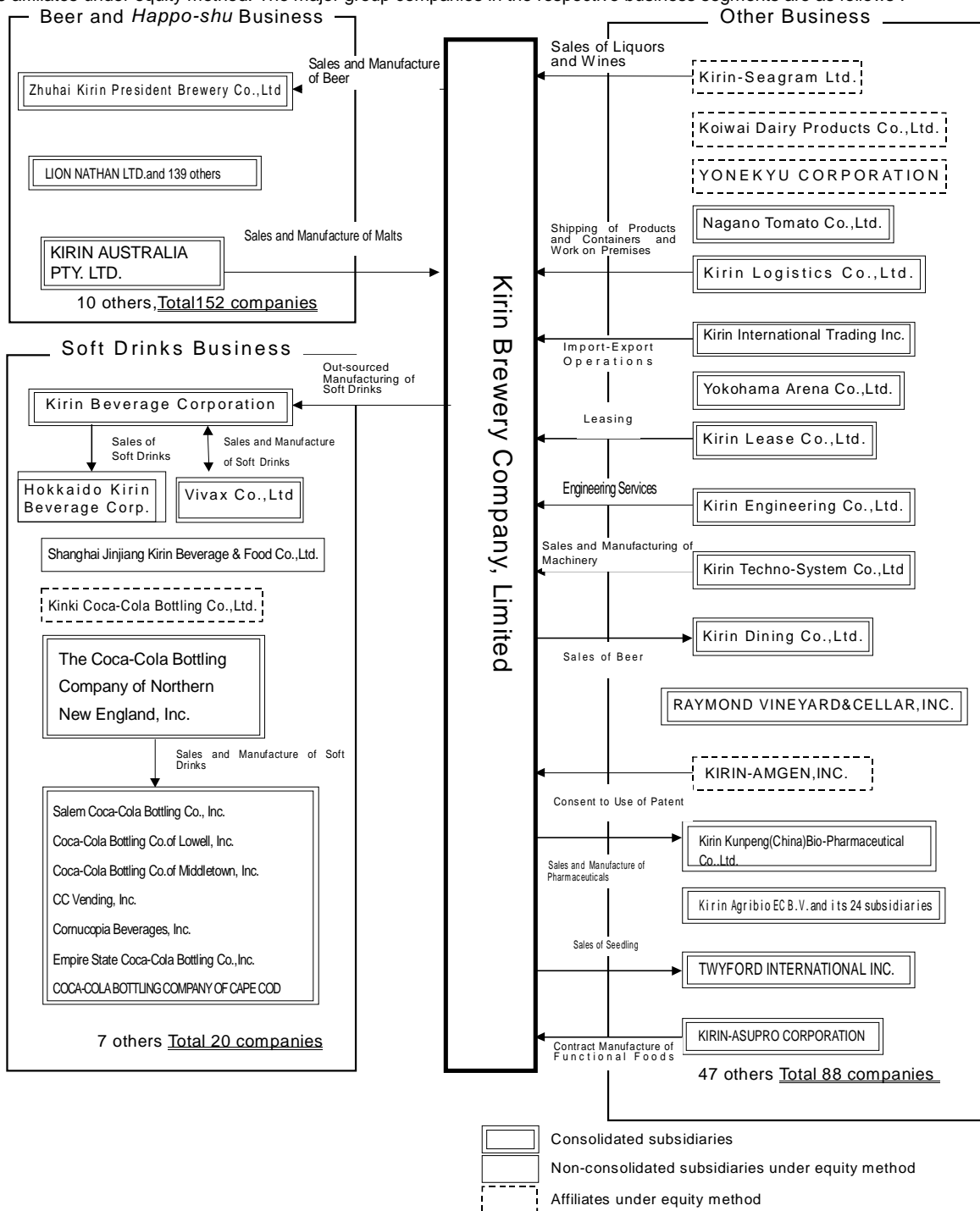
2. Forecast of business results for the next fiscal year (January 1, 2001-December 31, 2001)

	Sales (¥ million)	Income before extraordinary items (¥ million)	Net income (¥ million)
6 months ending June 30, 2001	760,000	32,000	13,000
Year ending December 31, 2001	1640,000	94,000	35,000

Note: Forecasted net income per share ¥35.55

• Corporate Group

The Kirin Group consists of Kirin Brewery Co.,Ltd., its 241 consolidated subsidiaries, 1 non-consolidated subsidiary under equity method and 18 affiliates under equity method. The major group companies in the respective business segments are as follows :



Note : Among consolidated subsidiaries, Kirin Beverage Corporation is listed on the First Section of the Tokyo Stock Exchange.

Management Policies

1. Basic Kirin Group Management Policies

Based on its philosophy of contributing to the health, happiness and comfort of people around the world, the Kirin Group has established the following five management policies:

(1) Priority on Customers and Quality

Develop original technology to provide products and services of value to customers.

(2) Open and Fair Behavior

Gain the trust of the public by conducting open and fair business activities.

(3) Respect for People

Foster an environment in which employees can work with enthusiasm and exercise their independence and creativity.

(4) Sound Management

Fulfill our responsibilities toward customers, shareholders, society and employees by enhancing our business platform from a long-term, global perspective.

(5) Contribution to Society

Show consideration for the Earth's environment and contribute to the betterment of society.

Based on the above policies, the Kirin Group will develop management closer to the viewpoint of customers and aims to be a business that continues to receive broad support in the twenty-first century.

2. Fundamental Company Policy on Distribution of Profits

At Kirin, providing appropriate returns on income to shareholders is a top management priority, and the company has continued to provide dividends every year without fail since its establishment in 1907. In the future as well, while giving due consideration to matters such as strengthening the quality of management and business development, Kirin believes that providing stable dividends is the way to meet shareholder demands. Retained earnings will be earmarked for investment in businesses for the future.

3. Medium- to Long-term Management Strategy

Based on New Kirin Vision 21 (NK 21), our medium-term business plan for 1998 to 2000, we have been working toward the following objectives, which we have positioned as key management issues: restructuring domestic beer operations; promoting overseas beer operations; strengthening diversified businesses; and aggressively dealing with environmental issues.

In September 1999, Kirin announced Kirin Group Vision 21 (KG 21) as the guiding policy for drawing up its medium-term business plan toward the twenty-first century. The 2001 medium-term business plan (KG 21 Action Plan for 2001 to 2003) expands upon and gives concrete form to KG 21, and will serve as the basis for structural reform of the entire Kirin Group, with the aim of creating a solid management foundation. In addition, the domestic alcoholic beverage business, centered around the beer and *happo-shu* business, will be restructured, Kirin Group companies will work together to continually create the value that customers want, and steps will be taken to strengthen product and marketing capabilities, while increasing quality and productivity.

4. Issues for the Kirin Group

The KG 21 Action Plan includes the following specific strategic issues.

(1) Structural Reform of the Kirin Group and Stronger Cooperation among Group Companies

• Reorganization of Businesses

To promote group management, increase the corporate value of the Kirin Group and boost profitability, Kirin's previous five main business segments and 15 business fields will be restructured into Core Businesses, Core-Related Businesses and Diversified Businesses.

• Reform of Corporate Structure

Based on the new arrangement of businesses, starting in January 2001, the structure of the company will be reorganized into a holding company, business companies and internal business units called "companies." Kirin Brewery will operate both as a business company managing the domestic beer and *happo-shu* business and as a holding company overseeing each business and strengthening group operations.

• Reform of Corporate Management

In January 2001, EVA* was adopted throughout the Kirin Group as new performance indicator to evaluate the results and progress of each business company and internal company.

*EVA (Economic Value Added) is a registered trademark of Stern Stewart & Co.

(2) Increasing Corporate Value by Strengthening Profitability, with Core Businesses as the Nucleus

- **Shift to a Comprehensive Alcoholic Beverage Company Centered on the Beer and *Happo-shu* Business**
To bolster the foundation of the domestic beer and *happo-shu* business as the nucleus of the company, we will strengthen brand power, placing emphasis on core brands, to rebuild a strong family of brands. In keeping with its position as the number-one comprehensive alcoholic beverage manufacturer, Kirin will also fully enter the growing low-alcohol market.
- **Structural Reforms to Strengthen Group Competitiveness**
In marketing divisions, Kirin will work to strengthen sales capabilities by creating a marketing organization geared to consumers' diversifying drinking and purchasing patterns. In production divisions, new product development will be accelerated and more advanced technology introduced to support Kirin's shift to a comprehensive alcoholic beverage company. At the same time, we will promote the creation of a highly efficient production system. In distribution divisions, structural reforms will be carried out for administrative operations.
- **Develop Diversified Businesses Centered on the Pharmaceutical Business**
In the pharmaceutical business, Kirin will further strengthen its domestic sales system. To enhance the product pipeline, we will concentrate resources in research, speed up development, and introduce new drug candidates through in-licensing. We will also take steps to strengthen the business platforms of the agribio and functional foods businesses.

(3) Coexistence with Society

With society expected to place increasing demands on companies in the future to earn the public trust, the Kirin Group will meet its social responsibility by conducting business activities with a clear basis in compliance. Kirin will also continue reinforcing environmental management and conducting educational activities to promote responsible drinking.

• Results of Operations

1. Review of Operations

In 2000, severe conditions persisted in the Japanese economy, as consumer spending remained weak despite increases in corporate earnings and capital investment.

The beer and *happo-shu* market reflected the prolonged economic recession, in addition to the maturing of the market. Although the *happo-shu* category continued to show robust growth, demand for beer declined, resulting in a slight decrease from the prior year in overall demand. In the soft drinks industry as well, despite vigorous sales promotion activities by all companies and an extremely hot summer, sluggish consumer spending restrained growth to only a marginally higher level than the previous year. In the pharmaceutical industry, a reduction in drug reimbursement prices was implemented under the government's policy of containing healthcare costs.

Under these circumstances, Kirin focused on achieving the targets of its three-year business plan, New Kirin Vision 21 (NK 21), which was completed in 2000. Furthermore, based on Kirin Group Vision 21 (KG 21), which provides the basis for formulating the Kirin Group's business plans, Kirin began implementing concrete measures aimed at realizing Group operations that provide customer-oriented products, services and value, through businesses centered on beer and *happo-shu*.

The addition of Lion Nathan Limited among consolidated subsidiaries increased net sales for the beer and *happo-shu* business, and together with favorable results in the soft drinks and pharmaceutical businesses, consolidated sales totaled ¥1,580.8 billion (a year-on-year increase of 8.9 percent). The effects of this increase, combined with an extraordinary loss in the beer and *happo-shu* business, resulted in consolidated income before extraordinary items of ¥93.0 billion (a year-on-year increase of 16.6 percent) and consolidated net income of ¥32.9 billion (a year-on-year decrease of 1.0 percent).

A year-end dividend of ¥6 per share, combined with an interim dividend of ¥6 per share, resulted in total dividends of ¥12 per share for the fiscal year. In addition, as an efficient measure to raise the efficiency of our shareholders' investments, Kirin continued its share repurchase program from the previous fiscal year, with a repurchase of 17,974 thousand treasury shares valued at ¥24.3 billion during the fiscal year.

Beer and *Happo-shu* Business

In the beer and *happo-shu* business, while emphasizing the distinctiveness of each brand, Kirin further augmented its multibrand strategy designed to respond to diverse consumer needs with a full range of products, and implemented active sales activities more closely linked to markets.

In its product initiatives, Kirin bolstered the image of *Kirin Lager* as an authentic modern beer with rich, full-bodied taste. For the ten-year anniversary of *Ichiban Shibori*, an advertising campaign featuring foods in season was continued, and efforts were made to expand sales of draft beer in kegs, putting sales of *Ichiban Shibori* firmly on the path to recovery. *Tanrei* has received overwhelming support from a large number of customers for its balance of flavor and price, allowing Kirin to secure a dominant position in the *happo-shu* category. New product launches in 2000 included *Kirin All-Malt Beer Sozai Gensen* and *Kirin Clear Brew*, a *happo-shu* product with a new flavor. In addition, the new bottle-can container was introduced.

In the area of sales, Kirin pushed forward with sales promotions in the mass-retail market for households that leverage the full product lineup of the Kirin Group. At the same time, the Company carried out cross-merchandising linked to major food companies and advertising, and conducted proposal-based sales activities in the bar and restaurant market, with a focus on beer in kegs, to expand points of contact with customers. In addition, the use of mobile terminals helped boost the efficiency and quality of sales activities.

In production, Kirin continued working to establish an efficient production network through measures such as transferring the production capacity of the Takasaki Brewery to the Tochigi Brewery and others. In the area of quality, the Kirin Group Quality Committee was established as the base for quality assurance in the Kirin Group, and moved forward with the creation of a quality assurance system best suited to the circumstances of each company. At the parent company, the quality assurance systems acquired by the head office, branches and breweries were integrated, and a uniform quality assurance system conforming to the international standards of ISO 9001 was established throughout the company. In logistics, distribution subsidiaries were consolidated into one company to provide higher-value-added distribution services. At the same time, a supply and demand integration system was introduced to improve the efficiency and accuracy of distribution businesses. In addition, to thoroughly establish an environmental perspective among management, environmental accounting was introduced at all beer breweries, and measures to improve the quality of the water used in beer were strengthened. Corporate advertisements were run to publicize Kirin's specific environmental initiatives.

In the overseas beer business, market-specific sales efforts were carried out in China, and Kirin Group company Lion Nathan Limited achieved strong sales in Australia. As a result, sales and operating income expanded.

Beer and *happo-shu* sales volume for the year totaled 305.2 million cases (a year-on-year increase of 31.4 percent), and sales were ¥1,111.8 billion (a year-on-year increase of 4.1 percent).

Note: 1 case = 20 large (633ml) bottles

Soft Drinks Business

Kirin Beverage Corporation, which mainly operates Kirin's soft drinks business, created a new category in the fast-growing green-tea segment with the introduction of *Namacha*, which offers authentic, traditional flavor in a canned tea and became the industry's biggest hit product. In addition, a renewal of mainstay product *Gogono-kocha* ("Afternoon tea") was implemented, and the *Fire* brand of fire-roasted coffee was strongly promoted. Marketing efforts included expanding sales channels, with a focus on the mass-retail market, and aggressive development of the vending machine network. In addition, vending machine operations in the Tokyo metropolitan area were consigned to Tokyo Vending Services to raise efficiency.

As a result of these measures, sales for the soft drinks business reached 177.7 million cases (a year-on-year increase of 10.9 percent), and sales were ¥318.0 billion (a year-on-year increase of 13.3 percent).

Other Businesses

In the liquors and wines business, besides vigorous sales activities, efforts were made to strengthen group marketing. While this segment was affected by the slump throughout the bar and restaurant industry, *Two Dogs* gained attention as a new category of alcoholic beverage, recording significant sales growth and contributing to favorable overall results.

In the pharmaceutical business, Kirin worked to provide information to medical institutions in cooperation with Sankyo Co., Ltd. Beginning in April, independent marketing of *ESPO*, a genetically engineered hormone that regulates red blood cell production, and *GRAN*, an agent that stimulates white blood cell production, was expanded nationwide, further reinforcing marketing capabilities. In the field of cell therapy, Kirin focused on equipment exports and research and development related to cancer treatment. In the human antibody business, Kirin acquired a domestic patent and developed a new mouse in a strategic alliance with Medarex, Inc. of the United States. Furthermore, through a tie-up with Nippon Roche, Kirin acquired exclusive domestic sales rights for an injectable formulation of calcitriol, a treatment for secondary hyperparathyroidism. As a result, despite the reduction of official drug reimbursement prices, sales of the pharmaceutical business exceeded projections.

In the agribio business, domestic sales of double blossom-type spray chrysanthemums were favorable, but the overseas chrysanthemum cultivation business was adversely affected by rising production costs and other factors. Petunia sales were strong overseas, and in the potato business, Japan Potato Co., Ltd. was established and began sales of potatoes propagated using microtuber technology.

In the functional foods business, operations grew steadily as a result of concentrating resources in the three fields of health foods, condiments and aquaculture feed based on yeast-related technology.

2. Outlook for the Next Fiscal Year

In 2001, as Kirin begins the new three-year KG 21 Action Plan, the Company will work to create a foundation for continuous growth in the twenty-first century by becoming a business group that consistently creates the value customers demand, through businesses centered on the domestic alcoholic beverage business.

Starting in January 2001, Kirin Group businesses were reorganized into Core Businesses, centered around the domestic alcoholic beverage business; Core-Related Businesses; and Diversified Businesses. Kirin's corporate structure was also reformed, with Kirin Brewery becoming a business holding company and an "internal company" system introduced. Additionally, the entire Group management framework was reorganized with measures including the introduction of Economic Value Added (EVA) as a new performance indicator to promote innovation in business operations.

In the domestic alcoholic beverage business, Kirin will reinforce its ability to maintain the number-one position in the beer and *happo-shu* market, and build a platform for growth as a comprehensive alcoholic beverage company.

Product initiatives will focus on rebuilding a strong family of brands by further reinforcing mainstay brands *Kirin Lager*, *Ichiban Shibori* and *Tanrei*, while investing in new products, such as *KB*, that offer new value. In addition, Kirin will fully enter the low-alcohol market, a growth

field, by developing appealing new products that are different from existing low-alcohol products.

Regarding sales efforts, nationwide integration of alcohol sales divisions with Kirin-Seagram Co., Ltd. was carried out in January 2001. This measure will allow Kirin to strengthen and expand the liquors and wines business, as well as to propose comprehensive sales promotions covering all alcoholic beverages in specific markets. These include the bar and restaurant market and the household-use mass-retail market, which are the points of contact between customer and product. In addition, Kirin will build a marketing organization able to respond flexibly to market changes, and will also carry out an area-based strategy corresponding to customer needs in different regions.

In production divisions, to support Kirin's transformation into a comprehensive alcoholic beverage company, efforts will focus on boosting technological strength and speeding development of new products, including low-alcohol products. Cost competitiveness will be improved further through renovation of production facilities and other measures, while the quality assurance system will be upgraded to raise the level of quality assurance throughout the Kirin Group. In logistics operations, a system will be established in response to changing market needs, with measures including raising distribution efficiency in cooperation with Group companies.

In the overseas beer business, Kirin will focus on the regions of Asia and Oceania, and will carry out business activities with an emphasis on profitability.

In the soft drinks business, with *Gogono-kocha*, *Fire* and *Namacha* positioned as the main brands, active marketing aimed at building solid brand formation will be carried out.

In the pharmaceutical business, Kirin will work to expand sales of *ESPO* and *GRAN*, while expanding development candidates in the core fields of renal disease, cancer (including blood cell production), and immune system and allergy-related diseases. For agrifood, in the mainstay flower cultivation business, Kirin will promote continued development of original varieties, and will restructure both its domestic and overseas flower distribution businesses to improve profitability. In the functional foods, Kirin will focus on expanding and strengthening its business base.

Kirin will also continue providing support for a variety of sports and cultural activities, and will give due consideration to compliance and environmental protection in its corporate activities.

For the year ending December 31, 2001, Kirin projects consolidated sales of ¥1,640 billion (a year-on-year increase of 3.7 percent), consolidated income before extraordinary items of ¥94.0 billion (a year-on-year increase of 1.0 percent) and consolidated net income of ¥35.0 billion (a year-on-year increase of 6.3 percent).

Dividends are projected to consist of an interim dividend of ¥6 and a year-end dividend of ¥6, for a total of ¥12 per share for the year ending December 31, 2001. Retained earnings will be earmarked for investment in production facilities and other businesses.

CONSOLIDATED BALANCE SHEETS

(¥ millions)

ASSETS	At December 31, 2000	At December 31, 1999	Increase (Decrease)
Current Assets			
Cash	50,579	61,098	(10,519)
Funds in trust	36,909	35,116	1,793
Notes and accounts receivable	241,072	222,815	18,257
Marketable securities	136,132	122,098	14,034
Inventories	62,751	51,469	11,282
Deferred income taxes	12,484		12,484
Other	45,555	50,000	(4,445)
Allowance for doubtful accounts	(1,886)	(1,158)	(728)
Total current assets	583,600	541,440	42,160
Fixed Assets			
Property, Plant and Equipment			
Buildings and structures	193,133	183,336	9,797
Machinery, equipment and vehicles	155,450	115,708	39,742
Land	162,570	148,584	13,986
Construction in progress	38,772	29,250	9,522
Other	55,211	37,112	18,099
Total	605,138	513,992	91,146
Intangible Fixed Assets			
Goodwill	20,080		20,080
Consolidation differences	48,558		48,558
Other	61,293	29,867	31,426
Total	129,933	29,867	100,066
Investments and Other Assets			
Investments in securities	141,911	222,348	(80,437)
Long term loans	4,905	6,603	(1,698)
Life insurance investments	32,634	50,649	(18,015)
Deferred income taxes	50,782		50,782
Other	40,791	44,853	(4,062)
Allowance for doubtful accounts	(834)	(869)	35
Total	270,191	323,585	(53,394)
Total fixed assets	1,005,263	867,445	137,818
Foreign Currency Translation Adjustments	38,537	21,135	17,402
TOTAL ASSETS	1,627,400	1,430,021	197,379

(¥ millions)

LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	At December 31, 2000	At December 31, 1999	Increase (Decrease)
Current Liabilities			
Notes and accounts payable	99,932	80,577	19,355
Short-term bank loans	24,708	11,338	13,370
Beer taxes payable	122,721	132,289	(9,568)
Income taxes payable	17,100	20,067	(2,967)
Accrued expenses	67,154	57,233	9,921
Deposits received	67,564	70,852	(3,288)
Other	51,850	57,412	(5,562)
Total current liabilities	451,032	429,771	21,261
Long-term Liabilities			
Bonds	27,612		27,612
Long-term debt	92,370	26,957	65,413
Retirement and severance benefits	87,643	86,225	1,418
Retirement benefits for directors and corporate auditors	1,702	1,693	9
Reserve for repair and maintenance of vending machines	4,652	4,121	531
Reserve for loss on non-consolidated subsidiaries, affiliates and other investments	516	5,582	(5,066)
Deposits received	94,220	97,440	(3,220)
Other	21,639	16,280	5,359
Total long-term liabilities	330,357	238,301	92,056
TOTAL LIABILITIES	781,390	668,072	113,318
MINORITY INTERESTS	77,524	36,006	41,518
Common Stock	102,045	102,045	
Additional Paid-In Capital	70,868	70,868	
Retained Earnings	595,575	553,044	42,531
sub-total	768,490	725,958	42,532
Treasury Stock	(3)	(15)	12
TOTAL SHAREHOLDERS' EQUITY	768,486	725,942	42,544
TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDER'S EQUITY	1,627,400	1,430,021	197,379

CONSOLIDATED STATEMENTS OF INCOME

(¥ millions)

	Year ended December 31, 2000	Year ended December 31, 1999	Increase (Decrease)
Sales	1,580,825	1,451,520	129,305
Cost of Sales	1,021,001	977,629	43,372
Gross Profit	559,823	473,891	85,932
Selling, General and Administrative Expenses	465,425	396,649	68,776
Operating Income	94,397	77,241	17,156
Non-operating Income			
Interest income	4,198	5,571	(1,373)
Dividend income	2,695	2,673	22
Equity in earnings of affiliates	614	2,408	(1,794)
Other	8,224	6,013	2,211
Total	15,733	16,666	(933)
Non-operating Expenses			
Interest expense	8,722	2,899	5,823
Write-down of investment in marketable securities		6,029	(6,029)
Other	8,328	5,141	3,187
Total	17,051	14,070	2,981
Income before Extraordinary Items and Income Taxes	93,080	79,837	13,243
Extraordinary Income			
Gain on sales of fixed assets	9,234	17,015	(7,781)
Reversal of provision for loss reserve on non-consolidated subsidiaries, affiliates and other investments	283		283
Total	9,518	17,015	(7,497)
Extraordinary Expenses			
Loss on disposal of fixed assets	6,727	3,964	2,763
Loss on sales of fixed assets	498	45	453
Plant restructuring cost	15,322	16,110	(788)
Write-down of investment in securities		1,800	(1,800)
Provision for loss reserve on non-consolidated subsidiaries, affiliates and other investments		5,582	(5,582)
Business restructuring cost	1,274		1,274
Loss on disposal of affiliates	485		485
Loss on revaluation of fixed assets of foreign subsidiaries and affiliates	7,044		7,044
Total	31,353	27,503	3,850
Income before Income Taxes and Minority Interests	71,245	69,349	1,896
Income Taxes(Current)	39,399	34,230	5,169
Income Taxes(Deferred)	(2,586)		(2,586)
Minority Interests	1,509	1,872	(363)
Net Income	32,924	33,245	(321)

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(¥ millions)

	Year ended December 31, 2000	Year ended December 31, 1999	Increase (Decrease)
Retained earnings at beginning of period			
Retained earnings at beginning of period	553,044	562,317	(9,273)
Cumulative effect of change in accounting for income taxes	56,287	245	56,042
Total	609,332	562,563	46,769
Increase in retained earnings			
Increase resulting from newly consolidated subsidiaries	9,927	586	9,341
Increase resulting from new affiliates under equity method	3,590		3,590
Foreign currency translation adjustments of foreign subsidiaries and affiliates		2,266	(2,266)
Increase resulting from merger	179		179
Total	13,697	2,852	10,845
Decrease in retained earnings			
Cash dividends paid	11,949	12,287	(338)
Bonuses paid to directors and corporate auditors	314	246	68
(corporate auditors' portion included above)	27	20	7)
Purchase and retirement of common stocks	24,387	31,596	(7,209)
Decrease resulting from newly consolidated subsidiaries	21,461	169	21,292
Decrease resulting from new affiliates under equity method	298	453	(155)
Decrease due to revaluation of property, plant and equipment of foreign subsidiaries and affiliates	1,077	863	214
Foreign currency translation adjustments of foreign subsidiaries and affiliates	211		211
Decrease resulting from change in interest in consolidated subsidiaries	676		676
Total	60,377	45,617	14,760
Net Income	32,924	33,245	(321)
Retained earnings at end of period	595,575	553,044	42,531

CONSOLIDATED STATEMENTS OF CASH FLOWS

(¥ millions)

	Year ended December 31, 2000
Cash flows from operating activities	
Income before Income taxes and minority interests	71,245
Depreciation	72,051
Amortization of consolidation differences	3,281
Interest and dividend income	(6,894)
Interest expense	8,722
Gain on sales of fixed assets	(9,234)
Loss on disposal or sales of fixed assets	7,226
Loss on revaluation of fixed assets of foreign subsidiaries and affiliates	7,044
Plant restructuring cost	15,322
Business restructuring cost	1,274
Decrease in notes and accounts receivable	(4,979)
Increase in notes and accounts payable	8,775
Decrease in beer taxes payable	(12,837)
Other	(18,104)
Sub-total	142,895
Interest and dividends received	7,788
Interest paid	(9,037)
Early retirement benefit paid	(5,250)
Income taxes paid	(42,681)
Net cash provided by operating activities	93,714
Cash flows from investing activities	
Payment for purchases of property, plant and equipment	(93,899)
Proceeds from sale of property, plant and equipment	8,493
Proceeds from sale of marketable securities	12,557
Payment for purchases of investment securities	(10,953)
Proceeds from termination of life insurance investment	20,008
Payment for investments in subsidiaries' common stock	(6,486)
Other	1,189
Net cash used in investing activities	(69,090)
Cash flows from financing activities	
Proceeds from long-term debt	36,176
Repayments of long-term debt	(43,966)
Proceeds from issue of bonds	17,656
Payment for redemption of bonds	(11,309)
Payment for purchases of treasury stock for retirement	(24,373)
Payment for purchases of treasury stock in consolidated subsidiaries for retirement	(2,706)
Cash dividends paid	(11,949)
Cash dividends paid to minority shareholders	(3,228)
Other	6
Net cash used in financing activities	(43,693)
Effect of exchange rate fluctuation on cash and cash equivalents	691
Net decrease in cash and cash equivalents	(18,378)
Cash and cash equivalents at beginning of period	65,191
Cash and cash equivalents of newly consolidated subsidiaries at beginning of period	17,522
Cash and cash equivalents at end of period	64,335

SIGNIFICANT ACCOUNTING POLICIES FOR CONSOLIDATION

1. Scope of consolidation and application of equity method:

Due to the revised Standards for the Preparation of Consolidated Financial Statements in Japan (the "New Standards"), which were effective from the year beginning January 1, 2000 to KIRIN BREWERY COMPANY, LIMITED (the "Company"), the Company's scope of consolidation become broader in comparison with the scope as of December 31, 1999. Under the revised Standards, the affiliated companies, with the ownership of voting rights between 40% to 50%, are to be subsidiaries if certain criteria required by the revised Standards are satisfied.

As a result of adopting the revised Standards, the following is the table of the scope of consolidation and application of equity method.

Classification	Number of companies
Consolidated subsidiaries (Note 1)	241
Unconsolidated subsidiaries applied by equity method (Note 2)	1
Affiliated companies applied by equity method (Note 3)	18

Note 1:

- (1). The names of main consolidated subsidiaries are KIRIN BEVERAGE CORPORATION and LION NATHAN LTD.
- (2). The changes of the scope of consolidation are as follows:
 - (a) Due to adoption of the revised Standards, LION NATHAN LTD and other 145 companies become newly consolidated subsidiaries.
 - (b) Due to new establishment companies or the increase in significant effect of their financial positions and operation results on the consolidated financial statements, Kirin Brewery of America LLC and other 50 companies become newly consolidated subsidiaries.
 - (c) Due to merger among consolidated subsidiaries, Aoba Transport Co., LTD and other 12 companies are excluded from the consolidation scope.
- (3). Subsidiaries including KIRIN AGRIBIO USA, INC. are excluded from the consolidation scope because the effect of their net sales and net income or losses for the current fiscal year, and total assets and retained earnings as of December 31, 2000 on the consolidated financial statements are immaterial.
- (4). The following are the names of consolidated subsidiaries whose accounting period ends are different from that of the Company.

Name of subsidiary	Accounting period	
LION NATHAN LTD. and its subsidiaries	September 30, 2000	(*)
TWYFORD INTERNATIONAL INC.	September 30, 2000	(*)
Twyford laboratorio de plantas S.A.	September 30, 2000	(*)
KIRIN-ASUPRO CO., LTD.	November 30, 2000	(*)
JAPAN POTATO CORPORATION	June 30, 2000	(**)

(*) In order to consolidate those financial statements into the Company's financial statements, firstly adjustments are made for significant inter-companies transactions occurred between their accounting period ends and the Company's and then their adjusted financial statements are used for the consolidation.
The current fiscal year for the Lion Nathan Ltd. is 13 months due to the change of accounting period end, however the impact to the consolidated financial statement is immaterial.

(***) Interim financial statements as of December 31, 2000 are used for the purpose of consolidation.

Note 2:

The unconsolidated subsidiary applied by equity method is SHANGHAI JINJIANG KIRIN BEVERAGE & FOOD CO., LTD.

Note 3:

- (1). The names of main affiliated companies under the equity method are KIRIN-SEAGRAM LIMITED, KINKI COCA-COLA BOTTOLING CO., LTD and YONEKYU CORPORATION..
- (2). The change of the scope of application of equity method:
 - (a) Due to an additional acquisition of its interests, YONEKYU CORPORATION become an affiliated company under the equity method.
 - (b) Due to the significant effect of their operation results on the consolidated financial statements, KOIWA DAIRY PRODUCTS CO., LTD. and other 13 companies become newly affiliated companies under equity method.
 - (c) Due to a change to a consolidated subsidiary during the current fiscal year, LION NATHAN LTD. is excluded from the application of equity method and due to the sale of all its interests , WUXI KIRIN BEVERAGE CO., LTD. is also excluded from the application of equity method.
- (3). Investments in unconsolidated subsidiaries including KIRIN AGRIBIO USA, INC. not accounted for by the equity method and affiliated companies including Diamond Sports Club Co., Ltd. not accounted for by the equity method, are stated at cost because the effect of their net income or losses for the current fiscal year and retained earnings as of December 31, 2000 on the consolidated financial statements are immaterial.
- (4). Where accounting periods of the affiliated companies under the equity method are different from that of the Company, the Company used their financial statements for the current fiscal year without any adjustments for equity calculation purposes. In a few cases, where the differences between the accounting period ends of affiliated companies and the company's are longer than 6 months, the latest interim financial statements of these affiliated companies are used for the equity calculation purposes.

2. Valuation of Inventories

Merchandise, finished goods and semi-finished goods

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

Raw materials and supplies

Raw materials and supplies are mainly stated at cost determined by the moving average method.

Construction in process

Construction in process is stated at cost determined by the specific identification method.

3. Valuation of securities

Securities with quoted market price, except for investments in subsidiaries, are valued at the lower of cost determined by the moving average method or market price, with any recoveries of write-down being recorded. Investments in unconsolidated subsidiaries and affiliated companies under equity method are valued by using the equity method. Non-marketable securities are stated at cost determined by the moving average method. Marketable securities managed as funds in trust are valued at the lower of cost determined by the moving average method or market price based on the basket formula recommended by the Japanese Institute of Certified Public Accountants.

4. Depreciation of property, plant and equipment

Depreciation of property, plant and equipment is calculated on the declining balance method in accordance with the Corporate Income Tax Law in Japan, 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. Assets leased to lessees are depreciated over each lease term based on the straight-line method under the assumption that the estimated residual value is zero when the lease term is over.

5. Amortization of intangible fixed assets

The straight-line method is used for intangible fixed assets over estimated useful life based on the Corporate Income Tax Law in Japan. Goodwill owned by consolidated overseas subsidiaries is amortized from 20 to 40 years based on the straight-line method.

6. Allowance for doubtful accounts

The Company and its consolidated subsidiaries provide sufficient allowance for doubtful accounts to cover possible losses on collection by estimating uncollectible amounts for individual accounts in addition to the maximum amount for possible losses in respect of doubtful accounts which could be charged to taxable income under the Corporate Income Tax Law in Japan.

7. Retirement and severance benefit

Subsidiaries reserving 100% of retirement benefits

The consolidated subsidiaries except for the subsidiaries mentioned below accrue 100% of retirement obligations required under the assumption that qualified employees voluntarily terminated their employment in order to prepare payments upon employees' retirement in the future.

The Company and subsidiaries offering pension benefits

(1) The Company and KIRIN ENGINEERING COMPANY, LIMITED offer pension benefits to the qualified employees for certain portion of their retirement benefits and adopt funded non-contributory defined pension plans managed by private financial institutions. Those companies reserve the retirement obligations not covered by the pension plans, which is 60% to 70% of their total retirement benefits depending on the portion of their retirement benefits covered by the pension plans, in order to prepare payments upon employees' retirement in the future. For the employees who are not qualified to pension benefits, those companies accrue 100% of retirement obligations required under the assumption that the employees voluntarily terminated their employment in order to prepare payments upon employees' retirement in the future.

(2) KIRIN BEVERAGE CORPORATION and Kirin Logistics Co., Ltd. adopt funded non-contributory defined pension plans supported by Government. Those consolidated subsidiaries reserve the difference between 100% of retirement obligations required under the assumption that the employees voluntarily terminated their employment and the pension plan assets in order to prepare payments upon employees' retirement in the future.

Early retirement plan

The Company and certain of its consolidated subsidiaries offer an early retirement plan to their employees and pay early retirement benefits to employees who qualify for the early retirement. The amount of its benefits is calculated based on the estimate of the early retirement and is accrued.

8. Retirement benefits for directors and corporate auditors

Provision for retirement benefits for directors and corporate auditors represents 100% of such retirement benefit obligations calculated in accordance with policies of the Company and subsidiaries.

9. Reserve for repair and maintenance of vending machines

KIRIN BEVERAGE CORPORATION and its consolidated subsidiaries provide for repair and maintenance cost of vending machines, by estimating the necessary repair and maintenance cost in the future and then equality allocating the costs over 5 year period. The actual expenditure for the current year had been already deducted in the balance of the reserve on the balance sheet.

10. Reserve for loss on non-consolidated subsidiaries, affiliates and other investments

Possible losses on non-consolidated subsidiaries, affiliated companies and other investments are provided for considering individual financial and other conditions of those companies.

11. Leases

Finance leases, except for those leases 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.

Some of consolidated overseas subsidiaries capitalize finance leases.

12. Consumption tax

Consumption tax is excluded from the account which is subject to such taxes.

13. Valuation of the assets and liabilities of consolidated subsidiaries.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the respective subsidiaries were initially consolidated.

14. Consolidation differences

Differences between the cost and the underlying net equity of investments in consolidated subsidiaries and affiliates which are accounted for by the equity method is amortized using the straight-line method from 15 to 20 years.

15. Appropriation of retained earnings

The appropriation of retained earnings of the consolidated subsidiaries is based upon the appropriation resolved at the subsidiaries during the current fiscal year.

16. Cash and cash equivalents

In preparing the consolidated statements of cash flows for the current fiscal year, cash on hand, readily-available deposits and short-time highly liquid investments with negligible risk of changes in value and maturity on not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

ADDITIONAL INFORMATION:

Accounting for income tax effects

Effective January 1, 2000, the Company and its consolidated subsidiaries adopted the new accounting standard, on consolidation basis, which recognized tax effects of temporary differences between the carrying amount of assets and liabilities for tax and financial reporting. As a result of adopting the new standard, deferred tax assets of ¥61,056 million (¥12,123 million and ¥48,932 million were included in Current assets and in investments and other assets, respectively) was recognized at the end of the year, and also, net income for the current fiscal year was to increase by ¥1,564 million and retained earnings at the end of the current fiscal year was to increase by ¥57,111 million. KINKI COCA-COLA BOTTLING CO., LTD. early adopted the new standard for income tax accounting starting from the prior year.

NOTES TO:

(CONSOLIDATED BALANCE SHEETS)

(¥ millions)

	At December 31, 2000	At December 31, 1999	Increase (Decrease)
Accumulated depreciation	696,264	618,390	77,874
Contingent liabilities	19,292	44,727	(25,434)
(Including agreements similar to contingent liabilities)	765	23,360	(22,595)

(CONSOLIDATED STATEMENTS OF INCOME)

(¥ millions)

	At December 31, 2000	At December 31, 1999	Increase (Decrease)
Major elements of selling, general and administrative expenses			
Sales Promotion	115,604	111,622	3,982
Freight	45,478	38,921	6,556
Advertising	61,398	47,280	14,117
Employee's compensation	83,717	68,621	15,096
Research and development	20,818	20,798	19
Depreciation	23,157	17,294	5,862

(CONSOLIDATED STATEMENTS OF CASH FLOWS)

Reconciliation between cash and cash equivalents on consolidated statements of cash flows at end of period and related accounts on consolidated balance sheets is as follows;

(¥ millions)

	At December 31, 2000	At December 31, 1999
Cash	50,579	/
Marketable securities	136,132	
Fixed(time)deposit over 3 months	(4,039)	
Marketable securities over 3 months	(118,337)	
Cash and cash equivalents at end of period	64,335	

(LEASE TRANSACTIONS)

Lessee lease

(Finance lease transactions without ownership transfer to lessee)

(1) Purchase price equivalent, accumulated depreciation equivalent and book value equivalent of leased properties

(¥ millions)

	Year ended December 31, 2000	Year ended December 31, 1999	Increase (Decrease)
Buildings and structures			
Purchase price equivalent		7	(7)
Accumulated depreciation equivalent		2	(2)
Book value equivalent		5	(5)
Machinery ,equipment and vehicles			
Purchase price equivalent	2,688	3,199	(511)
Accumulated depreciation equivalent	1,397	1,726	(329)
Book value equivalent	1,290	1,472	(182)
Property, plant and equipment, other (Tools)			
Purchase price equivalent	4,570	20,975	(16,405)
Accumulated depreciation equivalent	3,109	10,102	(6,993)
Book value equivalent	1,461	10,872	(9,411)
Total			
Purchase price equivalent	7,258	24,182	(16,924)
Accumulated depreciation equivalent	4,507	11,831	(7,324)
Book value equivalent	2,751	12,350	(9,599)

(2) Lease commitments

(¥ millions)

	Year ended December 31, 2000	Year ended December 31, 1999	Increase (Decrease)
Due within one year	1,034	4,891	(3,857)
Due after one year	1,671	8,046	(6,375)
Total	2,705	12,937	(10,232)

(3) Lease payments, depreciation equivalent and interest equivalent

(¥ millions)

	Year ended December 31, 2000	Year ended December 31, 1999	Increase (Decrease)
Lease payments	1,422	6,167	(4,745)
Depreciation equivalent	1,255	5,368	(4,113)
Interest equivalent	82	646	(564)

(4) Method of computing 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 its acquisition costs of the leased properties comprise interest equivalent and insurance, maintenance and certain other operating costs.

Interest equivalent is allocated using interest method over the terms of leases.

(Operating lease transactions)

Lease commitments

(¥ millions)

	Year ended December 31, 2000	Year ended December 31, 1999	Increase (Decrease)
Due within one year	1,387	208	1,179
Due after one year	3,903	628	3,275
Total	5,290	837	4,453

Lessor lease

(Finance lease transactions without ownership transfer to lessee)

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

(¥ millions)

	Year ended December 31, 2000	Year ended December 31, 1999
Property, plant and equipment, other (Leased assets)		
Purchase price	17,349	
Accumulated depreciation	10,980	
Book value	6,369	
Intangible fixed assets, other (Leased assets)		
Purchase price		
Accumulated depreciation		
Book value	584	
Total		
Purchase price	17,349	
Accumulated depreciation	10,980	
Book value	6,954	

(2) Lease commitments

(¥ millions)

	Year ended December 31, 2000	Year ended December 31, 1999
Due within one year	2,364	
Due after one year	4,967	
Total	7,331	

(3) Lease revenue, depreciation and interest equivalent

(¥ millions)

	Year ended December 31, 2000	Year ended December 31, 1999
Lease revenue	3,273	
Depreciation	2,705	
Interest equivalent	376	

(4) Allocation of interest equivalent

Interest equivalent is allocated using interest method over the terms of leases.

(SEGMENT INFORMATION)

1. Business Segment Information

(¥ millions)

	Year ended December 31, 2000					
	Beer	Soft drinks	Other	Total	Elimination/ Unallocation	Consolidated
Sales, Operating expenses and Operating income						
Sales						
1 Unaffiliated customers	1,111,882	318,006	150,936	1,580,825		1,580,825
2 Intersegment	2,965	1,219	103,935	108,120	(108,120)	
Total sales	1,114,848	319,225	254,872	1,688,946	(108,120)	1,580,825
Operating expenses	1,049,974	301,388	237,925	1,589,288	(102,860)	1,486,427
Operating income	64,873	17,837	16,947	99,658	(5,260)	94,397
Assets, Depreciation and Capital expenditure						
Assets	740,135	224,118	309,548	1,273,802	353,598	1,627,400
Depreciation	38,241	15,874	15,682	69,798	2,252	72,051
Capital expenditure	58,807	25,266	15,874	99,948	8,246	108,195

(¥ millions)

	Year ended December 31, 1999					
	Beer	Soft drinks	Other	Total	Elimination/ Unallocation	Consolidated
Sales, Operating expenses and Operating income						
Sales						
1 Unaffiliated customers	1,068,196	280,610	102,714	1,451,520		1,451,520
2 Intersegment	3,162	1,768	66,248	71,179	(71,179)	
Total sales	1,071,359	282,378	168,962	1,522,699	(71,179)	1,451,520
Operating expenses	1,013,202	268,369	156,826	1,438,399	(64,119)	1,374,279
Operating income	58,156	14,008	12,135	84,300	(7,059)	77,241
Assets, Depreciation and Capital expenditure						
Assets	654,081	200,497	228,225	1,082,804	347,217	1,430,021
Depreciation	32,107	15,096	7,245	54,449	441	54,890
Capital expenditure	37,521	13,008	13,808	64,338	1,770	66,109

Notes: 1. Business segments are classified based on type and nature of products.

2. Main products of sales by segment are as follows;

Sales by segment	Main products
Beer	Beer, Sparkling malt liquor (<i>Happoshu</i>)
Soft drinks	Soft drink, Other drink
Other	Pharmaceutical products, Engineering, Logistics, Floriculture etc.

3. Unallocable operating expenses included in "Elimination / Unallocation" mainly consist of costs for new business development and costs for new basic technologies researched and developed by the Company.

Year ended December 31, 2000 ¥ 4,681 million

Year ended December 31, 1999 ¥ 5,960 million

4. Unallocable assets included in "Elimination / unallocation" mainly consist of surplus funds (cash and marketable securities), long-term investments (investment in securities and life insurance), and assets which belong to administrative department of the Company.

Year ended December 31, 2000 ¥ 385,507 million

Year ended December 31, 1999 ¥ 369,848 million

2. Geographical Segment Information

Disclosure of geographical segment information for the year ended December 31,1999 was not required because ratios of sales in Japan to total sales in all regions exceeded 90%.

(¥ millions)

	Year ended December 31,2000					Consolidated
	Japan	Asia, Oceania	Other	Total	Elimination/ Unallocation	
Sales, Operating expenses and Operating income						
Sales						
1 Unaffiliated customers	1,428,444	105,964	46,416	1,580,825		1,580,825
2 Intersegment	2,617	882	482	3,982	(3,982)	
Total sales	1,431,062	106,846	46,899	1,584,808	(3,982)	1,580,825
Operating expenses	1,346,136	95,236	44,311	1,485,684	742	1,486,427
Operating income	84,925	11,610	2,587	99,123	(4,725)	94,397
Assets	992,498	196,062	53,954	1,242,516	384,884	1,627,400

- Notes: 1. Geographical distances are considered in classification of country or area.
 2. Major countries or areas included in each segment except for Japan are as follows;
- | | |
|---------------|-------------------------------------|
| Asia, Oceania | East Asia ,Southeast Asia , Oceania |
| Other | USA, Europe |
3. Amounts and major items included in "Elimination/Unallocation" are the same as those described in Notes 3 and 4 in "1.Business Segment Information".

3. Overseas sales

Disclosure of sales amount to overseas customers for the year ended December 31,1999 was not required because it was less than 10% of consolidated total sales.

(¥ millions)

	Year ended December 31,2000		
	Asia, Oceania	Other	Total
Overseas sales	106,747	46,794	153,542
Consolidated sales			1,580,825
Percentage of overseas sales to consolidated sales(%)	6.8	3.0	9.7

- Notes: 1. Geographical distances are considered in classification of country or area.
 2. Major countries or areas included in each segment are as follows;
- | | |
|---------------|------------------------------------|
| Asia, Oceania | East Asia ,Southeast Asia, Oceania |
| Other | USA, Europe |
3. Overseas sales represent those of the Company and consolidated subsidiaries to countries and areas outside of Japan.

(PRODUCTION, ORDERS RECEIVED AND SALES)

(1) PRODUCTION PERFORMANCE

Production performance for the current consolidated fiscal year classified by the type of business segment is as follows:

Business Segment	Year ended December 31, 2000
Beer	3,868,395 (KL)
Soft drinks	67,128 (1,000 C/S)
Other	90,224 (¥ Millions)

Notes: The amounts of "Other" are calculated based on sales price without consumption taxes.

(2) ORDERS RECEIVED

Orders received for the current consolidated fiscal year classified by the type of business segment is as follows:

Business Segment	Orders received during period	Backlog
Soft drinks	1,443 (1,000 C/S)	(1000 C/S)
Other	11,834 (¥ Millions)	2,761 (¥ Millions)

Notes: The amounts of "Other" are calculated based on sales price without consumption taxes.

(3) SALES PERFORMANCE

Sales performance for the current consolidated fiscal year classified by the type of business segment is as follows:

Business Segment	Year ended December 31, 2000	Percentage change (%)
Beer	3,863,770 (KL)	31.4
Soft drinks	177,710 (1000 C/S)	10.9
Other	150,936 (¥ Millions)	46.9

Notes: The amounts of "Other" do not include the related consumption tax, etc.

(MARKET VALUE INFORMATION OF SECURITIES)

(¥ millions)

	Book value	At December 31, 2000	
		Market value	Unrealized gains
Current Assets			
Shares	96,422	164,547	68,125
Bonds	14,459	14,631	171
Other	546	549	3
Sub Total	111,428	179,728	68,300
Fixed Assets			
Shares	71,560	78,998	7,438
Bonds	79	84	5
Other			
Sub Total	71,639	79,083	7,444
TOTAL	183,067	258,811	75,744

Note 1: Computation of market value

- (1) Listed securities - closing price mainly at Tokyo Stock Exchange
- (2) Over-the-counter securities - latest transaction price announced by the Japan Securities Dealers Association
- (3) Unlisted securities - price of public and private corporation bond at the over-the-counter market, announced by the Japan Securities Dealers Association.
- (4) Unlisted beneficiary certificates for securities investment trust – base prices.

Note 2: The following securities, whose market values are not available, are excluded from the above table.

(¥ millions)

	Book value at December 31, 2000
Current Assets	
Mid term government security fund	3,870
Investment fund constituted of bonds	8,657
Free financial fund	350
Beneficiary certificate of security investment fund	4,826
Unlisted bonds etc	7,000
Fixed assets	
Unlisted securities	60,103
Securities in limited liability companies	106
Unlisted bonds etc	10,063

(CONTRACT AMOUNTS, MARKET VALUE AND UNREALIZED GAINS/LOSSES OF DERIVATIVE TRANSACTIONS)

At December 31, 2000

1. Currency related derivatives;

(¥ millions)

Type	Contract amounts, etc	(Including amount due after one year)	Market value	Unrealized gains(losses)
Forward foreign exchange contracts:				
Selling	16,328		17,322	(993)
Buying	3,547		3,278	(268)
Options:				
Selling				
Call	912		(4)	(4)
Put	771		0	0
Buying				
Call	1,845		23	23
Swaps:	17,656	17,656	5,306	5,306
Total				4,064

2. Interest related derivatives;

(¥ millions)

Type	Contract amounts, etc	(Including amount due after one year)	Market value	Unrealized gains(losses)
Options:				
Selling				
Put	8,224	5,289	(14)	(14)
Buying				
Call	3,907	3,907	56	56
Swaps:				
Pay fixed rate, receive floating rate	42,596	37,176	(126)	(126)
Total				(83)

3. Commodity derivatives;

(¥ millions)

Type	Contract amounts, etc	(Including amount due after one year)	Market Value	Unrealized gains
Swaps:				
Aluminum	393		10	10
Total				10

**CONSOLIDATED FINANCIAL
RESULTS
for
THE YEAR
ended
DEC.31, 2000**

SUPPLEMENTARY COMMENTS

**KIRIN BREWERY COMPANY, LIMITED
FEB.20, 2001**

2000 Actual:Consolidated

PROFIT CHANGE FROM PRIOR YEAR

(¥ Billions)

Item	00Actual	99Actual	Difference	Reference
<i>Sales</i>	1,580.8	1,451.5	129.3	
Increase in other consolidated subsidiaries' operating income			16.6	LION NATHAN LTD.etc
Increase in KIRIN BEVERAGE'S operating income			4.2	
Decrease in Parent's operating income			(3.7)	
<i>Increase in Operating Income</i>	94.3	77.2	17.1	
Increase in Parent's non-operating income, net			5.5	
Decrease in KIRIN BEVERAGE'S operating income, net			(1.2)	
Decrease in equity in earnings of affiliates			(1.8)	
Decrease in other consolidated subsidiaries' operating income, net			(6.4)	LION NATHAN LTD.etc
<i>Increase in Income Before Extraordinary Items</i>	93.0	79.8	13.2	
Decrease in minority interests			0.4	
Decrease in KIRIN BEVERAGE'S extraordinary income, net			(0.1)	
Decrease in Parent's extraordinary income, net			(1.0)	
Decrease in other consolidated subsidiaries' extraordinary income, net			(12.8)	LION NATHAN LTD.etc
<i>Increase in Net Income</i>	32.9	33.2	(0.3)	

2001 Budget:Consolidated

PROFIT CHANGE FROM CURRENT YEAR

(¥ Billions)

Item	01Budget	00Actual	Difference	Reference
<i>Sales</i>	1,640.0	1,580.8	59.2	
Increase in other consolidated subsidiaries' operating income			4.6	LION NATHAN LTD.etc
Increase in Parent's operating income			1.0	
Increase in KIRIN BEVERAGE'S operating income			0.1	
<i>Increase in Operating Income</i>	100.0	94.3	5.7	
Increase in KIRIN BEVERAGE'S operating income, net			1.0	
Increase in equity in earnings of affiliates			0.9	
Increase in Parent's non-operating income, net			(3.2)	
Decrease in other consolidated subsidiaries' operating income, net			(3.4)	LION NATHAN LTD.etc
<i>Increase in Income Before Extraordinary Items</i>	94.0	93.0	1.0	
Decrease in other consolidated subsidiaries' extraordinary income, net			5.3	LION NATHAN LTD.etc
Decrease in Parent's extraordinary income, net			2.8	
Increase in minority interests			(3.2)	
Decrease in KIRIN BEVERAGE'S extraordinary income, net			(3.8)	
<i>Increase in Net Income</i>	35.0	32.9	2.1	

Consolidated

Forecast of consolidated financial performance

Results of operations (¥ billions)

	01 Budget	00 Actual	99 Actual
Sales	1,640.0	1,580.8	1,451.5
Operating Income	100.0	94.3	77.2
Income before Extraordinary items	94.0	93.0	79.8
Net income	35.0	32.9	33.2

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

	01 Budget	00 Actual	99 Actual
Consolidated subsidiaries	242	241	57
Unconsolidated subsidiaries applied by equity method	1	1	1
Affiliates applied by equity method	18	18	5

Income and expense analysis by business segment

Movement between 00 Actual and 99 Actual (¥ billions)

	Beer	Soft drinks	Other	Total
Operating income - 99 Actual	58.1	14.0	5.0	77.2
Increase (Decrease) in gross profit	(0.9)	23.5	(2.4)	20.2
Decrease (Increase) in selling expenses	5.8	(14.6)	(1.8)	(10.6)
Decrease (Increase) in operations, and general and administrative expenses	(8.1)	(1.7)	3.7	(6.1)
Increase (Decrease) - other	9.9	(3.4)	7.1	13.6
Increase (Decrease) in operating income	6.7	3.8	6.6	17.1
Operating income - 00 Actual	64.8	17.8	11.6	94.3

Movement between 01 Budget and 00 Actual (¥ billions)

	Beer	Soft drinks	Other	Total
Operating income - 00 Actual	64.8	17.8	11.6	94.3
Increase (Decrease) in gross profit	6.7	5.7	(0.3)	12.1
Decrease (Increase) in selling expenses	(2.0)	(4.3)	(1.0)	(7.3)
Decrease (Increase) in operations, and general and administrative expenses	2.8	(0.6)	(4.6)	(2.4)
Increase (Decrease) - other	2.8	(0.1)	0.4	3.1
Increase (Decrease) in operating income	10.3	0.7	(5.5)	5.6
Operating income - 01 budget	75.2	18.5	6.1	100.0

Consolidated

Amount Changes of Sales and Major Expenses etc. (¥ Billions)

	2001 Budget	2000 Actual	1999 Actual
Sales volume (vs. prior year)			
Beer	thousand KL 3,880 0.4%	thousand KL 3,863 31.4%	thousand KL 2,940 0.5%
Soft drinks	million cases 184 3.5%	million cases 177 10.9%	million cases 155 (1.1%)
Sales by business segments (vs. prior year)			
Total	1,640.0 3.7%	1,580.8 8.9%	1,451.5 (1.7%)
Beer and Liquors	1,175.0 5.7%	1,111.8 4.1%	1,068.1 (4.0%)
Beer	1,130.0 1.6%	1,111.8 4.1%	1,068.1 (4.0%)
Liquors and wines	45.0 —	— —	— —
Soft drinks	330.0 3.8%	318.0 13.3%	280.6 1.5%
Other business	135.0 (10.6%)	150.9 46.9%	102.7 17.0%
Pharmaceutical	48.0 2.7%	46.7 14.5%	40.7 14.9%
Agribio	15.0 (2.7%)	15.4 29.1%	11.9 (18.5%)
Functional foods	10.0 34.6%	7.4 —	— —
other	62.0 (23.8%)	81.3 62.8%	49.9 56.2%
Sales promotion (*2)	} 180.0	115.6	111.6
Advertising(*2)		61.3	47.2
R&D		21.4	20.7
Depreciation		72.0	54.8
Financial profit, net	(4.7)	(1.8)	5.3
Capital Expenditures	90.0	93.8	63.1

* Notes: 1. Including sparkling malt liquor(*happoshu*)

2. Excluding expenses related to domestic liquors and wines business

Consolidated

Major Changes in Assets and Liabilities

(¥Billions)

	2001 Budget	2000 Actual	Increase (Decrease)	Reference
Property, plant and equipment	605.1	513.9	91.2	LION NATHAN LTD. and other newly consolidated subsidiaries
Goodwill	20.0	—	20.0	LION NATHAN LTD etc.
Consolidation differences	48.5	—	48.5	LION NATHAN LTD etc.
Other intangible fixed assets	61.2	29.8	31.4	LION NATHAN LTD etc.
Investments in securities	141.9	222.3	(80.4)	Elimination of investments and stock of newly consolidated subsidiaries etc.
Bonds	27.6	—	27.6	LION NATHAN LTD. and Kirin International Finance(Netherlands)B.V.
Long-term debt	92.3	26.9	65.4	LION NATHAN LTD. and other newly consolidated subsidiaries

Consolidated

Summary of consolidated statements of cash flows

(¥ billions)

	Year ended December 31,2000	Year ended December 31,1999	Increase (Decrease)
Cash flows from operating activities;			
Income before income taxes and minority interests	71.2	69.3	1.9
Depreciation and amortization	72.0	54.8	17.2
Increase (Decrease) in all reserves	0.0	(1.6)	1.6
Decrease in working capital	(6.8)	(7.3)	0.5
Income taxes paid	(42.6)	(31.5)	(11.1)
Net cash provided by operating activities	93.7	83.7	10.0
Cash flows from investing activities;			
Payment for purchases of property, plant and equipment	(93.8)	(63.1)	(30.7)
Proceeds from sale of property, plant and equipment	8.4	17.4	(9.0)
Payment for other Investing activities	(27.0)	(60.4)	33.4
Collections from other investing activities	43.3	26.8	16.5
Net cash used in investing activities	(69.0)	(79.4)	10.4
Free cash flow	24.6	4.3	20.3
Cash flows from financing activities;			
Decrease in short-term bank loans	0.0	(2.6)	2.6
Repayment of long-term debt	(7.7)	(3.2)	(4.5)
Proceeds from issue of bonds	6.3		6.3
Payment for purchase of treasury stock for retirement	(27.0)	(31.5)	4.5
Cash dividends paid	(11.9)	(12.2)	0.3
Cash dividends paid to minority shareholders	(3.2)	(0.4)	(2.8)
Other financing activities	0.0		0.0
Net cash used in financing activities	(43.6)	(50.3)	6.7
Effect of exchange rate fluctuation on cash and cash equivalents	0.6	0.0	0.6
Net decrease in cash and cash equivalents	(18.3)	(45.9)	27.6
Cash and cash equivalents at beginning of period	65.1	110.5	(45.4)
Cash and cash equivalents of newly consolidated subsidiaries at beginning of period	17.5	0.6	16.9
Cash and cash equivalents at end of period	64.3	65.1	(0.8)

Note: The parent company has prepared the consolidated statements of cash flows from the year ended December 31, 2000 in accordance with the requirement of revised Accounting Standards for Preparation of Consolidated Financial Statements. The comparative cash flow information for the year ended December 31, 1999 is presented herewith for the reference purposes only.

KIRIN BREWERY COMPANY, LIMITED

SUMMARY OF NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2000 (UNAUDITED)

February 20, 2001

(English Translation)

Fiscal year ended December 31, 2000

KIRIN BREWERY COMPANY, LIMITED

10-1, Shinkawa 2-chome, Chuo-ku, Tokyo, Japan

Code No.: 2503
 Shares Listed: Tokyo, Osaka, Nagoya, Fukuoka, Kyoto, Sapporo,
 London, Paris, Zurich, Frankfurt
 Interim dividend plan: Yes
 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 annual operation results: February 20, 2001

Date of regular shareholders' meeting: March 29, 2001

1. Business results and financial positions for the current fiscal year

(January 1, 2000 - December 31, 2000)

[Unit: Japanese yen (¥)]

(1) Results of operations:

(Fractions less than ¥1 million have been omitted.)

	Sales (¥ millions)	Percentage change (%)	Operating income (¥ millions)	Percentage change (%)	Income before extraordinary items (¥ millions)	Percentage change (%)
Year ended December 31, 2000	1,066,719	(3.6)	55,085	(6.4)	67,325	2.7
Year ended December 31, 1999	1,107,013	(3.6)	58,844	22.7	65,548	19.3

	Net income (¥ millions)	Percentage change (%)	Net income per share primary (¥)	Net income per share diluted (¥)	Ratio of net income to shareholders' equity (%)	Ratio of ordinary income to total assets (%)	Ratio of ordinary income to sales (%)
Year ended December 31, 2000	31,484	2.5	31.73	-	4.9	5.7	6.3
Year ended December 31, 1999	30,710	24.8	30.08	-	4.9	5.6	5.9

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

December 31, 2000 992,351 thousands of shares

December 31, 1999 1,020,630

Change in accounting policies: None

Percentage change is the ratio of increase or decrease in each item of business results for the year ended December 31, 2000, in comparison to these for the prior year.

(2) Dividends:

	Dividend per share for the year (¥)	Interim dividend per share (¥)	Year-end dividend per share (¥)	Dividend paid for the year (¥ millions)	Dividend pay- out ratio (%)	Ratio of dividends to shareholders' equity (¥)
Year ended December 31, 2000	12.00	6.00	6.00	11,841	37.6	1.8
Year ended December 31, 1999	12.00	6.00	6.00	12,137	39.5	1.9

(3) Financial positions:

	Total assets (¥ millions)	Shareholders' equity (¥ millions)	Ratio of shareholders' equity to total assets (%)	Shareholders' equity per share (¥)
December 31, 2000	1,175,289	665,439	56.6	675.91
December 31, 1999	1,166,696	622,539	53.4	620.99

Note: Number of shares of common stock issued and outstanding:

December 31, 2000	984,508	thousands of shares
December 31, 1999	1,002,482	

2. Forecast of business results for the next fiscal year (January 1, 2001-December 31, 2001)

	Sales (¥ million)	Income before extraordinary items (¥ million)	Net income (¥ million)	Interim dividend per share (¥)	Year-end dividend per share (¥)	Dividend per share for the year (¥)
6 months ending June 30, 2001	510,000	23,000	15,000	6.00	-	-
Year ending December 31, 2001	1,120,000	65,000	32,000	-	6.00	12.00

Note: Forecasted net income per share ¥32.50

BALANCE SHEETS

(¥ millions)

ASSETS	At December 31, 2000	At December 31, 1999	Increase (Decrease)
Current Assets:	406,636	418,296	(11,660)
Cash	16,373	40,409	(24,036)
Funds in trust	36,909	35,086	1,823
Notes receivable	4,254	4,312	(58)
Accounts receivable	169,994	166,588	3,406
Marketable securities	114,937	112,100	2,837
Treasury stock	3	15	(12)
Merchandise	200	539	(339)
Finished goods	4,587	4,649	(62)
Semi-finished goods	7,774	7,434	340
Raw materials	14,280	14,299	(19)
Containers	4,469	5,937	(1,468)
Supplies	1,188	1,718	(530)
Advances	212	205	7
Other accounts receivable	18,765	21,899	(3,134)
Deferred income taxes	10,077		10,077
Other	3,520	3,701	(181)
Allowance for doubtful accounts	(912)	(604)	(308)
Fixed Assets:	768,653	748,399	20,254
Property, Plant and Equipment	423,859	420,312	3,547
Buildings	132,442	140,648	(8,206)
Structures	19,783	21,561	(1,778)
Machinery and equipment	112,006	103,528	8,478
Vehicles	694	526	168
Tools	9,961	10,593	(632)
Land	114,644	114,902	(258)
Construction in progress	34,325	28,551	5,774
Intangible Fixed Assets	7,168	7,732	(564)
Leasehold rights	661	663	(2)
Utility rights	6,506	7,068	(562)
Investments and Other Assets	337,626	320,355	17,271
Investments in securities	57,681	63,772	(6,091)
Investments in subsidiaries and affiliates (capital stock)	166,813	159,375	7,438
Other investments	1,948	2,004	(56)
Investment in equity of subsidiaries and affiliates (other than capital stock)	8,184	8,231	(47)
Long-term loans	3,845	4,076	(231)
Long-term loans to employees	4	7	(3)
Long-term loans to affiliates		100	(100)
Life insurance investments	32,191	50,348	(18,157)
Deposits paid	17,823	21,701	(3,878)
Real estate in trust	7,592	7,892	(300)
Deferred income taxes	38,448		38,448
Other	3,815	3,633	182
Allowance for doubtful accounts	(723)	(788)	65
TOTAL ASSETS	1,175,289	1,166,696	8,593

(¥ millions)

LIABILITIES AND SHAREHOLDERS' EQUITY	At December 31, 2000	At December 31, 1999	Increase (Decrease)
Current Liabilities:	322,650	347,094	(24,444)
Notes payable	1,753	2,715	(962)
Accounts payable	29,581	30,332	(751)
Short-term bank loans	6,000	4,500	1,500
Beer taxes payable	121,471	132,289	(10,818)
Other accounts payable	22,802	23,144	(342)
Consumption tax payable	9,608	10,479	(871)
Income taxes payable	11,743	15,200	(3,457)
Accrued expenses	46,879	48,143	(1,264)
Deposits received	65,956	69,945	(3,989)
Deposits for containers received	2,055	2,422	(367)
Other	4,800	7,921	(3,121)
Long-term Liabilities:	187,199	197,062	(9,863)
Long-term bank loans	7,000	8,500	(1,500)
Deposits received	85,660	90,695	(5,035)
Retirement and severance benefits	78,849	77,301	1,548
Retirement benefits for directors and corporate auditors	1,357	1,514	(157)
Reserve for loss on subsidiaries, affiliates and other investments	432	5,473	(5,041)
Other	13,899	13,578	321
TOTAL LIABILITIES	509,850	544,157	(34,307)
Common Stock	102,045	102,045	
Additional Paid-In Capital	70,868	70,868	
Legal Reserve	25,511	24,731	780
Retained Earnings:	467,013	424,893	42,120
Voluntary Earned Surplus			
Reserve for special depreciation	219	537	(318)
Reserve for deferred gain on sale of property	13,992	16,051	(2,059)
Reserve for dividends	6,450	6,450	
General reserve	336,367	329,367	7,000
Unappropriated Retained Earnings	109,982	72,486	37,496
TOTAL SHAREHOLDERS' EQUITY	665,439	622,539	42,900
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,175,289	1,166,696	8,593

STATEMENTS OF INCOME

(¥ millions)

	Year ended December 31, 2000	Year ended December 31, 1999	Increase (Decrease)
Sales	1,066,719	1,107,013	(40,294)
Cost of sales	758,480	794,204	(35,724)
Gross Profit	308,238	312,808	(4,570)
Selling, general and administrative expenses	253,153	253,964	(811)
Operating income	55,085	58,844	(3,759)
Non-operating income	18,681	18,161	520
Interest income	2,950	4,594	(1,644)
Security interest	388	560	(172)
Dividend income	7,802	7,274	528
Rent income	3,019	2,857	162
Other	4,519	2,873	1,646
Non-operating expenses	6,442	11,458	(5,016)
Interest expense	1,473	1,966	(493)
Unrealized losses on securities		5,990	(5,990)
Other	4,968	3,501	1,467
Income before Extraordinary Items and Income Taxes	67,325	65,548	1,777
Extraordinary income	9,658	16,992	(7,334)
Gain on sale of fixed assets	9,270	16,992	(7,722)
Reversal of allowance for doubtful accounts	103		103
Reversal of provision for loss reserve on subsidiaries affiliates and other investments	283		283
Extraordinary expenses	22,210	26,029	(3,819)
Loss on disposal of fixed assets	5,537	3,421	2,116
Loss on sale of fixed assets	93	14	79
Plant restructuring cost	15,322	15,320	2
Write-down of investment in securities		1,800	(1,800)
Write-down of investment in subsidiaries and affiliates	1,257		1,257
Provision for loss reserve on subsidiaries, affiliates and other investments		5,473	(5,473)
Income before Income Taxes	54,772	56,510	(1,738)
Income Taxes (Current)	23,900	25,800	(1,900)
Income Taxes (Deferred)	(612)		(612)
Net income	31,484	30,710	774
Retained earnings brought forward from the prior fiscal year	50,734	80,106	(29,372)
Cumulative effect of changes in accounting for income taxes	47,914		47,914
Reversal of reserve for extraordinary depreciation due to the adoption of income tax effect accounting	159		159
Reversal of reserve for deferred gain on sale of property due to the adoption of income tax effect accounting	10,174		10,174
Dividends (interim)	5,934	6,122	(188)
Transfer to legal reserve (interim)	162	612	(450)
Purchase and retirement of common stocks	24,387	31,596	(7,209)
Unappropriated retained earnings	109,982	72,486	37,496

PROPOSED APPROPRIATION OF RETAINED EARNINGS

(¥ millions)

	Year ended December 31, 2000	Year ended December 31, 1999	Increase (Decrease)
Unappropriated retained earnings	109,982	72,486	37,496
Transfer from reserve for special depreciation	85	158	(73)
Transfer from reserve for deferred gain on sale of property	448	1,214	(766)
Total	110,516	73,858	36,658
Appropriations:			
Transfer to legal reserve		618	(618)
Dividends	5,907	6,014	(107)
Bonuses paid to directors' and corporate auditors	165	161	4
(corporate auditors' portion included above)	17	16	1)
Voluntary earned surplus			
Transfer to reserve for special depreciation	145		145
Transfer to reserve for deferred gain on sale of property	502	9,329	(8,827)
Transfer to general reserve	53,000	7,000	46,000
Retained earnings to be carried forward to the next fiscal year	50,796	50,734	62

SIGNIFICANT ACCOUNTING POLICIES

1. Valuation of securities

- (1) Securities with quoted market price, except for investments in subsidiaries, are valued at the lower of cost determined by the moving average method or market price, with any recoveries of write-down being recorded.
- (2) Non-marketable securities are stated at cost determined by the moving average method. Marketable securities managed as funds in trust are valued at the lower of cost determined by the moving average method or market price based on the basket formula recommended by The Japanese Institute of Certified Public Accountants.

2. Valuation of Inventories

- (1) Merchandise, finished goods and semi-finished goods are stated at cost determined by the average method.
- (2) Raw materials, containers and supplies are stated at cost determined by the moving average method.

3. Depreciation and Amortization of fixed assets

- (3) Depreciation of property, plant and equipment is calculated on the declining balance method in accordance with the Corporate Income Tax Law in Japan, 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.
- (4) Amortization of intangible fixed assets is calculated on the declining balance method in accordance with the Corporate Income Tax Law in Japan.

4. Calculation of accruals and allowances

(1) Allowance for doubtful accounts

Receivables are valued by providing the maximum amount for possible losses of doubtful receivables which could be charged to taxable income under the Corporate Income Tax Law in Japan plus the amounts sufficient to cover probable uncollectible receivables by estimating individual receivables.

(2) Retirement and severance benefits

The full estimated amount is accrued based upon the assumption that all employees voluntarily terminated their employment at the end of each year (60% of such amount is provided for employees with the age of 55 or older and with the length of service of 20 years or longer and who are covered by the Company's non-contributory defined trustee pension plan). In addition, for the early retirement plan, a certain amount for the early retirement, based on the estimated retirement rate, is accrued for.

(3) Retirement benefits for directors and corporate auditors

Provision for retirement benefits for directors and corporate auditors represents 100% of such retirement benefit obligations calculated in accordance with policies of the Company.

(4) Reserve for loss on subsidiaries, affiliates and other investments

Possible losses on subsidiaries, affiliated companies and other investments are provided for considering individual financial and other conditions of those companies.

5. Leases

Finance leases, except for those leases for 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.

6. Consumption tax

Consumption tax is excluded from the accounts which are subject to such taxes.

ADDITIONAL INFORMATION

(Accounting for income tax effects)

Accounting for income tax effect was adopted from the current fiscal year and, accordingly, net deferred income taxes of ¥48,526 million were recognized for the current fiscal year ended December 31, 2000. ¥10,077million and ¥38,448 million of which were stated as Deferred income taxes in Current Assets and Fixed Assets, respectively. As a result, the net income and unappropriated retained earnings were increased by ¥612 million and ¥58,860 million, respectively.

NOTES TO:

(BALANCE SHEETS)	(¥ millions)		
	At December 31, 2000	At December 31, 1999	Increase (Decrease)
Accumulated depreciation	488,495	506,267	(17,772)
Contingent liabilities	47,678	47,079	599
(Including agreements similar to contingent liabilities)	23,270	23,647	(377)
Treasury stock outstanding (shares)	3,715	14,756	(11,041)
Treasury stock retired (shares)	17,974,000	25,000,000	(7,026,000)
Cost of treasury stock purchased	24,387	31,596	(7,209)

FINANCIAL RESULTS
for
THE YEAR
ended
DEC.31, 2000

SUPPLEMENTARY COMMENTS

KIRIN BREWERY COMPANY, LIMITED
FEB.20, 2001

2000 Actual:Parent

PROFIT CHANGE FROM PRIOR YEAR

(¥ Billions)

Item	00Actual	99Actual	Difference	Reference
<i>Sales</i>	1,066.7	1,107.0	40.2	
Decrease in selling cost			4.8	Sales promotion and advertising cost : 5.6
Other			3.6	
Decrease in depreciation			0.6	
Increase in labor cost			(0.4)	
Increase in fixed cost at breweries			(2.6)	Out-sourcing of plant maintenance : (1.6)
Increase in beer raw material cost			(3.8)	
Decrease in beer business marginal profit			(5.9)	Decrease in domestic beer sales volume : (18.2) Increase in <i>happoshu</i> sales volume : 10.3
<i>Decrease in Operating Income</i>	55.1	58.8	(3.7)	
Increase in non-operating income, net			5.5	Write-down of marketable securities : 6.0
<i>Increase in Income Before Extraordinary Items</i>	67.3	65.5	1.8	
Income Taxes, etc			2.5	
Increase in Extraordinary expenses, net			(3.5)	Gain on sales of land : (7.5) Reserve for loss on subsidiaries ,affiliates and other investments : 5.5
<i>Increase in Net Income</i>	31.5	30.7	0.8	

2001 Budget:Parent

PROFIT CHANGE FROM CURRENT YEAR

(¥ Billions)

Item	01Budget	00Actual	Difference	Reference
<i>Sales</i>	1,120.0	1,066.7	53.3	
Decrease in labor cost			11.9	
Increase in beer business marginal profit			7.5	Decrease in domestic beer sales volume : (6.8) Increase in <i>happoshu</i> sales volume : 11.7
Increase in selling cost			(1.1)	
Increase in depreciation			(2.5)	
Increase in beer raw material cost			(4.1)	
Increase in general and administrative cost etc.			(10.8)	Increase in R&D cost : (6.5)
<i>Increase in Operating Income</i>	56.0	55.1	0.9	
Decrease in non-operating income, net			(3.2)	Financial profit, net : (1.7)
<i>Decrease in Income Before Extraordinary Items</i>	65.0	67.3	(2.3)	
Increase in Extraordinary income, net			2.8	Restructuring cost of breweries : 15.3 Gain on sales of land : (9.1)
<i>Increase in Net Income</i>	32.0	31.5	0.5	

Parent

Amount Changes of Sales and Major Expenses etc.

(¥ Billions)

	2001 Budget	2000 Actual	1999 Actual
Beer business sales volume (thousand KL,vs.prior year)			
Total	2,786 1.6%	2,743 (4.3%)	2,866 (2.1%)
Beer	1,856 (2.6%)	1,905 (10.0%)	2,116 (12.5%)
<i>Happoshu</i>	930 11.0%	837 11.8%	749 47.4%
Case sales by major brands (million cases,vs.prior year)			
Total	218.80 1.7%	215.10 (4.3%)	226.42 (2.1%)
LAGER	75.00 (10.4%)	83.70 (15.8%)	99.42 (11.0%)
ICHIBAN SHIBORI	61.80 8.2%	57.10 (0.7%)	57.55 (6.0%)
TANREI	73.20 10.9%	66.00 11.7%	59.02 48.0%
Other	8.80 —	8.30 —	10.43 —
Sales by major segments (vs.prior year)			
Total	1,120.0 5.0%	1,066.7 (3.6%)	1,107.0 (3.6%)
Beer and <i>Happoshu</i>	1,023.0 1.4%	1,008.8 (4.9%)	1,060.5 (4.2%)
Beer	752.2 (2.0%)	767.3 (9.2%)	845.0 (12.1%)
<i>Happoshu</i>	270.8 12.2%	241.4 12.0%	215.5 47.9%
Liquors and wines	40.0 —	— —	— —
Pharmaceuticals	46.0 2.4%	44.9 10.1%	40.7 14.9%
Other	11.0 (15.0%)	12.9 230.5%	5.6 1.6%
Sales less beer taxes	610.3 9.2%	559.1 (0.6%)	562.7 (0.5%)
Sales Promotion (*)	} 98.0	57.9	67.7
Advertising (*)		39.1	34.9
R&D	26.7	20.1	19.6
Labor Cost	80.5	92.4	92.0
(including amortization of un-funded liabilities for Employee's Pension Fund etc.		13.7	8.2)
Depreciation	38.7	36.2	36.8
Financial profit, net	8.0	9.7	10.4
Number of Employees	6,500	6,502	7,146

* Note: Excluding expenses related to liquors and wines business

Parent

Amount Changes of Sales and Major Expenses etc.(continued)

(¥ Billions)

	2001 Budget	2000 Actual	1999 Actual
Capital Expenditures	55.0	51.6	43.4
(Major Items)			
Renewal of Okayama plant	8.6	10.0	1.5
Renewal of Toride plant	4.9	7.8	8.9
Expansion of facilities at Tochigi plant	14.1	4.6	—
Expansion of facilities at Kobe plant	—	4.0	1.1
Renewal of Nagoya plant	—	3.3	2.0
Expansion of facilities at Yokohama plant	0.2	3.0	2.3