

KIRIN BREWERY COMPANY, LIMITED

SUMMARY OF NON-CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2000 (UNAUDITED)

July 28, 2000

(English Translation)

Fiscal year ending December 31, 2000

KIRIN BREWERY COMPANY, LIMITED

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

Code No.:	2503
Shares Listed:	Tokyo, Osaka, Nagoya, Kyoto, Fukuoka, 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 semi-annual operation results: July 28, 2000

Date of commencement of payment of interim dividend: September 12, 2000

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

(January 1, 2000 - June 30, 2000)

[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 extraordinary items (¥ millions)	Percentage change (%)
6 months ended June 30, 2000	486,746	-5.4	22,765	-6.3	33,247	8.3
6 months ended June 30, 1999	514,461	0.1	24,287	20.4	30,686	19.2
Year ended December 31, 1999	1,107,013		58,844		65,548	

	Net income (¥ millions)	Percentage change (%)	Net income per share (¥)	Accounting standards
6 months ended June 30, 2000	18,675	31.6	18.69	Revised Standards for the Preparation of Interim Financial Statements in Japan
6 months ended June 30, 1999	14,190	10.2	13.82	Standards for the Preparation of Interim Financial Statements in Japan
Year ended December 31, 1999	30,710		30.08	

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

June 30, 2000	999,423	thousands of shares
June 30, 1999	1,026,314	
December 31, 1999	1,020,630	

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, 2000 to those for the 6 months ended June 30, 1999.

Additional information:

Effective from the year beginning January 1, 2000, Kirin Brewery Company, Limited (the "Company") adopted the Revised Standards for the Preparation of Interim Financial Statements in Japan (the "Revised Standards"), which requires the Company to apply accounting principles used for the preparation of annual financial statements to the preparation of interim financial statements. In accordance with the Revised Standards, the Company adopted accounting income tax effect and accrual basis accounting and, accordingly, the Company changed accounting for advertising expenses from an estimation basis based on estimated annual sales applied for interim financial statements purposes to an accrual basis.

(2) Dividends:

	Interim dividend per share (¥)	Dividend per share for the year (¥)
6 months ended June 30, 2000	6.00	
6 months ended June 30, 1999	6.00	
Year ended December 31, 1999		12.00

(3) Financial positions:

	Total assets (¥ millions)	Shareholders' equity (¥ millions)	Ratio of shareholders' equity to total assets (%)	Shareholders' equity per share (¥)
June 30, 2000	1,175,001	664,290	56.5	671.59
June 30, 1999	1,162,630	633,533	54.5	620.82
December 31, 1999	1,166,696	622,539	53.4	620.99

Note: Number of shares issued and outstanding:

June 30, 2000	989,131	thousands of shares
June 30, 1999	1,020,475	
December 31, 1999	1,002,482	

2. Forecast of business results for the current fiscal year (January 1, 2000-December 31, 2000)

	Sales (¥ million)	Income before extraordinary items (¥ million)	Net income (¥ million)	Net income per share (¥)	Dividend per share for the year (¥)	(Including final dividend per share) (¥)
Year ending December 31, 2000	1,100,000	71,000	31,000	31.34	12.00	(6.00)

Management Policies

1. Basic Company 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, Kirin 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. Basic Policy on Dividends

We at Kirin consider providing appropriate returns to shareholders one of our top management priorities, and we have paid dividends every year without fail since our establishment in 1907. In the future as well, we will place meeting shareholder requirements by providing stable dividends ahead of consideration of strengthening our management structure and developing business. We will appropriate retained earnings to investment in new business.

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 its medium-term management plan toward the twenty-first century. From the viewpoint of consumers and markets, Kirin will reorganize Kirin Group businesses, reform Group operations and offer value one step closer to the viewpoint of customers through its businesses centering on beer. Through total structural reform of the Group, Kirin will raise its competitiveness and fulfill its role as a good corporate citizen.

4. Issues for the Company

Kirin Group Vision 21 includes the following specific strategic issues:

(1) Reorganization of the Kirin Group and Reform of Operations

Reorganization of Group Business

Kirin's current five main business segments and 15 business fields will be restructured into Core Businesses, Core-Related Businesses and Diversified Businesses. Joint marketing functions among Group companies and consolidation of functions where possible is aimed at efficient business operations throughout the entire Group.

Reform of Group Operations

Based on the newly restructured business, Kirin aims to introduce an internal company system in January 2001, with Kirin becoming a holding company, to strengthen Group synergy and Group management. A new Group management system to evaluate the business performance of each internal company will also be introduced.

(2) Strengthening Group Competitiveness in Core Businesses

Strengthening Marketing from the Customer's Viewpoint

With the objective of offering value from the viewpoint of customers and markets, the Kirin Group will shift from product category-based marketing to market-based marketing and promote marketing that encompasses all products from alcohol to soft drinks.

Structural Reform to Strengthen Cost Competitiveness

While maintaining optimum production capacity over the long term, Kirin will promote the renewal of production facilities and further raise productivity. Furthermore, in addition to strengthening the competitiveness of engineering and logistics divisions, Kirin will carry out structural reforms in other divisions.

(3) Promoting Activities Aimed at Coexistence with Society

Kirin realizes that dealing with environmental problems is an increasingly important social responsibility, and is further promoting environmental management. In addition, as a producer of alcoholic , Kirin is continuing its activities to promote responsible drinking.

Results of Operations

1. Review of Operations

During the six-month interim period ended June 30, 2000, a trend toward a slight increase in corporate earnings and capital expenditures was seen in the Japanese economy, although there continued to be no noticeable recovery in consumer spending.

In the beer and *happo-shu* market, amid these economic conditions and diversifying values among consumers, the *happo-shu* category continued to expand, accounting for 22 percent of the total market (compared to 18 percent in the corresponding period of the previous year) , and has established a firm foothold as a new category. On the other hand, demand in the beer category decreased compared to the corresponding period of the previous year, as the changes in the structure of the market over the past few years continued. Overall domestic demand for beer and *happo-shu* declined slightly from the corresponding period of the previous year as a result of sluggish consumer spending.

Amid this industry environment, Kirin continued its efforts to strengthen its operating base, as the final year of New Kirin Vision 21 (NK 21), the medium-term business plan started in 1998.

In the interim period, sales of *happo-shu* rose significantly, although beer sales declined, leading to a 5.9 percent decrease in sales by volume for beer operations from the corresponding period of the previous year. As a result, Net Sales totaled ¥486.7 billion, a decrease of 5.4 percent from the corresponding period of the previous year. Efforts to improve efficiency at breweries continued to contribute to results, although reduced earnings and increased marketing expenses due to the adoption of Revised Standards for the Preparation of Interim Financial Statements in Japn resulted in a 6.3 percent decrease in operating income compared to the corresponding period of the previous year, to ¥22.7 billion. Income before extraordinary items and Income Taxes was ¥33.2 billion, an 8.3 percent increase from the corresponding period of the previous year, and Net Income for the interim period was ¥18.6 billion, a 31.6 increase from the corresponding period of the previous year.

Beer Business

Based on its multibrand strategy designed to respond to diversifying consumer needs, Kirin worked to stress the identities of its various brands. Efforts to stimulate a recovery in the brand power of *Kirin Lager* included an appeal based on the “principles of lager” as a genuine beer with a rich, full-bodied beer flavor, together with a gift campaign that stressed the key word “principles.” For *Ichiban Shibori*, now in its tenth year of sales, advertisements and in-store promotions that featured foods in season were further strengthened. In addition, efforts to build an image of *Ichiban Shibori* as synonymous with draft beer, along with its evaluation among consumers as a beer that complements the flavor of delicious food, contributed to a solid recovery.

Tanrei has received broad consumer support for its balance of price and its distinctive crisp, refreshing flavor. Now in its third year of sales, the brand continued sales growth, with a 13 percent increase over the corresponding period in the previous year, and has established a firm holds on the number one position in the *happo-shu* category.

New product *Kirin All-Malt Beer Sozai Gensen*, which realizes a balanced flavor while remaining refreshing and easy to drink, received support from many consumers for its taste. Furthermore, “bottle cans” with new functions and design were introduced in May 2000, offering a new way to enjoy beer in addition to traditional drinking scenarios and styles. *Kirin Clear BREW*, a transparent *happo-shu* with a new taste, was launched in May 2000 to offer customers in their twenties a way to enjoy an alcoholic beverage that matches the scene and mood.

Efforts in the area of sales included strengthening area marketing, which has been conducted for many years. In addition, to strengthen the marketing capabilities of the entire Kirin Group, a test combination of sales units with those of Kirin-Seagram Ltd. in the three areas of Hokkaido, Kanagawa, and Hyogo began in January 2000 with the aim of making comprehensive proposals in the alcohol category.

In the overseas beer business, Lion Nathan Limited posted favorable performance as a result of enhancing brand strength and introducing new products. Operations in the United States and Europe also continued to grow.

Regarding production, the Toride and Hokuriku breweries have obtained permits to manufacture *happo-shu*, and all breweries now have production facilities for *happo-shu*. In addition, to raise the efficiency of the production system, preparations are under way for a restructuring at the Takasaki Brewery to boost production capacity, and renewals of production facilities at each brewery are proceeding on schedule.

Furthermore, plant engineering and plant maintenance functions were centralized at Kirin Engineering Co., Ltd. in March 2000.

In logistics, Kirin’s seven logistics subsidiaries were merged into a single company in January 2000 to centralize the distribution functions of the Kirin Group. This move will establish a business base and strengthen cost competitiveness.

Kirin’s research and development organization was restructured in January 2000 to establish a system that clearly defines the roles and positions of the respective research and development centers.

As a result of the above activities, sales volume for the interim period totaled 99.87 million cases (a 5.9 percent decrease compared to the

corresponding period of the previous year), and Net Sales were ¥462.1 billion (a 6.4 percent decrease compared to the same period of the previous year).

Sales volume consisted of 69.05 million cases of beer (a 12.3 percent decrease compared to the corresponding period of the previous year) and 30.81 million cases of *happo-shu* (a 12.4 percent increase compared to the corresponding period of the previous year). Net Sales consisted of ¥349.9 billion for beer (an 11.2 percent decrease compared to the corresponding period of the previous year) and ¥112.2 billion for *happo-shu* (a 12.6 percent increase compared to the corresponding period of the previous year).

*1 case = 20 large (633ml) bottles

Pharmaceuticals Business

While providing information to medical organizations jointly with Sankyo Co., Ltd., Kirin expanded its own marketing of *ESPO*, a genetically engineered hormone that regulates red blood cell production, and *GRAN*, an agent that stimulates white blood cell production, to all areas of Japan in April 2000, and strengthened its marketing network. Kirin also received approval to broaden the indications for *GRAN* and begin production of a high-concentration formulation.

In January 2000, Kirin announced that it had formed a strategic partnership with Medarex, Inc. of the U.S. for mice genetically engineered to produce fully human monoclonal antibodies. Under this tie-up, both companies will be able to use the technology and patents for each other's mice, and plan to develop a related worldwide business. In March 2000, Kirin obtained a domestic patent for its Transchromosomal Mouse.

In the field of cell therapy, Kirin concentrated its efforts on exporting equipment and carrying out clinical tests.

As a result of the above activities, amid downward pressure on prices for pharmaceuticals, Net Sales of pharmaceutical products for the interim period totaled ¥19.5 billion, an increase of 4.7 percent compared to the corresponding period of the previous year.

Other Businesses

In the Agribio Group, to more aggressively promote global chrysanthemum sales, a chrysanthemum-related company in Europe was restructured, and a new system was implemented in January 2000. In May 2000, Kirin entered the potato business on a full scale with the establishment of Japan Potato Co., Ltd., which markets processed foods and produce related to potatoes, centering on seed potatoes.

2. Outlook

In the beer and *happo-shu* market, the same as in the interim period, there is no forecast of a significant increase in overall demand, and sales volume for the industry as a whole is expected to remain at about the same level as that of the previous year. However, the *happo-shu* category is expected to continue to grow.

In its beer business, Kirin will continue to follow its multibrand strategy to respond to diversifying consumer values. Marketing for mainstay brands *Kirin Lager*, *Ichiban Shibori* and *Tanrei* will continue to focus on the identities of the respective brands. Large-scale sampling activities for new product *Kirin All-Malt Beer Sozai Gensen* are expanding support for the product by letting consumers experience its refreshing, high-quality flavor. For bottle cans, they will expand their sales area to cover all of Japan and other brands will also come in bottle can. *Kirin Clear BREW* will also expand its sales area nation wide and continuing aggressive promotion as products that offer new values. To strengthen production competitiveness, the production capacity of the Takasaki Brewery will be transferred to the Tochigi Brewery as scheduled. In addition, renewal of production facilities is under way. Through these activities, Kirin is redistributing production capabilities to the optimum locations while maintaining overall beer production capacity. Taking the lead Kirin has obtained ISO9001 certification for the product quality. Kirin offers consumers products and services of the highest quality, from procurement of raw ingredients to the moment of consumption.

In the research and development field, the new system established in January 2000 will ensure that research and development work is more closely linked with business operations.

In the pharmaceuticals business, while strengthening activities to provide information on *ESPO* and *GRAN*, Kirin will continue to develop new product candidates such as KRN 1493 for hyperparathyroidism and PB-94 for hyperphosphatemia. Kirin is also concentrating on research and development of human antibodies and cell therapy.

Kirin is working to improve the profitability of its Agribio, and yeast-related businesses.

Consequently, for the fiscal year ending December 31, 2000, Kirin forecasts Net Sales of ¥1,100 billion (a year-on-year decrease of 0.6 percent), Income before extraordinary items and Income Taxes of ¥71 billion (a year-on-year increase of 8.3 percent) and Net Income of ¥31 billion (a year-on-year increase of 0.9 percent).

Interim dividends have been set at ¥6 per share. Dividends at the end of the fiscal year are expected to be ¥6 per share, for a total of ¥12 per share.

BALANCE SHEETS

(¥ millions)

ASSETS	At June 30, 2000	At June 30, 1999	Increase (Decrease)	At December 31, 1999
Current Assets				
Cash	10,666	12,588	(1,922)	40,409
Funds in trust	35,216	32,342	2,874	35,086
Notes receivable	8,665	9,126	(461)	4,312
Accounts receivable	152,101	162,608	(10,507)	166,588
Marketable securities	115,231	149,143	(33,912)	112,100
Inventories	46,811	47,709	(898)	34,579
Other current assets	32,610	30,213	2,397	25,822
Allowance for doubtful accounts	(467)	(620)	153	(604)
Total current assets	400,837	443,111	(42,274)	418,296
Fixed Assets				
Property, Plant and Equipment				
Buildings	138,818	142,456	(3,638)	140,648
Machinery and equipment	117,696	111,120	6,576	103,528
Land	114,366	114,247	119	114,902
Construction in progress	26,520	22,084	4,436	28,551
Other	32,285	33,973	(1,688)	32,681
Total	429,687	423,882	5,805	420,312
Intangible Fixed Assets	7,440	8,091	(651)	7,732
Investments and Other Assets				
Investments in securities	59,051		59,051	63,772
Investments in subsidiaries and affiliates	167,027	155,171	11,856	159,375
Life insurance investments	30,535	48,471	(17,936)	50,348
Other investments	81,207	84,299	(3,092)	47,647
Allowance for doubtful accounts	(786)	(398)	(388)	(788)
Total	337,036	287,544	49,492	320,355
Total fixed assets	774,163	719,518	54,645	748,399
TOTAL ASSETS	1,175,001	1,162,630	12,371	1,166,696

(¥ millions)

LIABILITIES AND SHAREHOLDERS' EQUITY	At June 30, 2000	At June 30, 1999	Increase (Decrease)	At December 31, 1999
Current Liabilities				
Notes payable	4,283	3,657	626	2,715
Accounts payable	35,083	37,632	(2,549)	30,332
Short-term bank loans		6,000	(6,000)	4,500
Beer taxes payable	98,941	105,487	(6,546)	132,289
Income taxes payable	14,867	15,558	(691)	15,200
Accrued expenses	43,238	46,966	(3,728)	48,143
Deposits received	61,930	68,839	(6,909)	69,945
Other current liabilities	62,649	55,255	7,394	43,968
Total current liabilities	320,993	339,396	(18,403)	347,094
Long-term Liabilities				
Long-term debt	8,500	2,500	6,000	8,500
Retirement and severance benefits	75,825	80,387	(4,562)	77,301
Other reserves	3,977	1,308	2,669	6,987
Customers' guarantee deposits	87,608	92,181	(4,573)	90,695
Other	13,804	13,322	482	13,578
Total long-term liabilities	189,717	189,700	17	197,062
TOTAL LIABILITIES	510,710	529,097	(18,387)	544,157
Common Stock	102,045	102,045		102,045
Additional paid-in capital	70,868	70,868		70,868
Retained earnings appropriated	25,349	24,118	1,231	24,731
Retained earnings				
General reserve	357,030	352,406	4,624	352,406
Unappropriated retained earnings	108,996	84,093	24,903	72,486
Total	466,026	436,499	29,527	424,893
TOTAL SHAREHOLDERS' EQUITY	664,290	633,533	30,757	622,539
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,175,001	1,162,630	12,371	1,166,696

STATEMENTS OF INCOME

(¥ millions)

	6 months ended June 30, 2000	6 months ended June 30, 1999	Increase (Decrease)	Year ended December 31, 1999
Sales	486,746	514,461	(27,715)	1,107,013
Cost of Sales	345,313	370,920	(25,607)	794,204
Gross profit	141,433	143,541	(2,108)	312,808
Selling, General and Administrative Expenses	118,667	119,253	(586)	253,964
Operating Income	22,765	24,287	(1,522)	58,844
Non-operating Income				
Interest income	2,097	3,359	(1,262)	5,155
Miscellaneous income	10,019	7,461	2,558	13,005
Total	12,116	10,821	1,295	18,161
Non-operating Expenses				
Interest expense	749	950	(201)	1,966
Miscellaneous expenses	884	3,471	(2,587)	9,491
Total	1,634	4,421	(2,787)	11,458
Income before Extraordinary Items and Income Taxes	33,247	30,686	2,561	65,548
Extraordinary Income	4,982	3,939	1,043	16,992
Extraordinary Expenses	5,153	5,135	18	26,029
Income before Income Taxes	33,075	29,490	3,585	56,510
Income Taxes	14,400	15,300	(900)	25,800
Net Income	18,675	14,190	4,485	30,710
Retained earnings at beginning	50,734	80,106	(29,372)	80,106
Cumulative effect of change 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 sales of fixed assets for tax purposes due to the adoption of income tax effect accounting	10,174		10,174	
Dividends(interim)				6,122
Transfer to legal reserve(interim)				612
Retirement of treasury stock	18,662	10,204	8,458	31,596
Unappropriated retained earnings	108,996	84,093	24,903	72,486

SIGNIFICANT ACCOUNTING POLICIES FOR THE PREPARATION OF NON-CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Accounting policies applied for the interim financial statements, which are different from those applied for annual financial statements.

(For the 6 months ended June 30, 2000)

Accounting principles used for the preparation of annual financial statements were applied to the interim financial statements.

(For the 6 months ended June 30, 1999)

(1) Retirement and severance benefits:

Allowance for retirement and severance benefits was provided a six-month portion based on the estimated annual retirement and severance benefits cost.

(2) Depreciation expenses of property, plant and equipment:

Depreciation expenses of property, plant and equipment were provided a six-month portion based on the estimated annual depreciation expenses.

(3) Manufacturing cost variances:

The portion, which of the cost variances existing as of June 30 was expected to be absorbed into manufacturing costs during the second-half fiscal year, was deferred and was included in the either account of Other current assets or Other current liabilities on the interim balance sheet.

(4) Advertising expenses:

The portion, which of advertising costs incurred during the first-half fiscal year and was expected its effect on the sales over the entire fiscal year, was deferred as advertising expenses for the second-half fiscal year and was included in the account of Other current assets on the interim balance sheet.

(5) Income Taxes:

Income Taxes were provided based on the actual income tax rates applied for the annual net income for the previous year.

2. Valuation of Inventories

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

5. Leases

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

6. Other significant accounting policy for the preparation of interim financial statements

(1) Calculation of significant accruals and allowances:

Allowance for doubtful receivables

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

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 retired, based on the estimated retirement rate, is accrued for.

(2) Consumption tax:

Consumption tax is excluded from the accounts which are subject to such taxes. Consumption tax on sales and purchases are offset and included in other current liabilities.

ADDITIONAL INFORMATION

(Adoption of accrual basis)

In accordance with the article 2, paragraph 23 of the Law Enforced by the Ministry of Finance, effective from the fiscal year beginning January 1, 2000, the Company adopted the Revised Standards. The principal changes and the impact of such changes on the interim financial statements are as follows:

1.Manufacturing cost variances

As mentioned on the page 9, effective from the current fiscal year, the balance of manufacturing cost variances as of June 30, which was previously deferred and included in the either account of Other current assets or Other current liabilities on the interim balance sheet, is allocated into two accounts of Cost of Sales and Inventories in the interim financial statements as of June 30, 2000. The impact of this change is immaterial to the interim financial statements as of June 30, 2000.

2.Advertising expense

As mentioned on the page 9, advertising costs incurred during the first-half fiscal year and expected its effect on the sales over the entire fiscal year were previously deferred and were included in the account of Other current assets on the interim balance sheet. Effective from the current fiscal year, the Company changed accounting for advertising expenses. The accounting is that expenditures for advertising are charged to expenses as incurred. As a result of this change, operating income, income before extraordinary items and income taxes and income before taxes are decreased by ¥11,745 million for the first-half fiscal year ended June 30, 2000.

(Accounting for income tax effects)

As mentioned on page 1, the Company adopted accounting for income tax effect and, accordingly, net deferred income taxes of ¥47,914 million were recognized for the first-half fiscal year ended June 30, 2000. ¥11,354 million and ¥36,559 million of which were included in the accounts of Other current assets and Other investments, respectively. As a result, the net income for the 6 months ended June 30, 2000 and unappropriated retained earnings are increased by ¥1,000 million and ¥59,248 million, respectively.

CHANGE IN PRESENTATION

Investments in securities were included in Other investments in prior interim balance sheet. Effectively from the current year-end, they were presented as a separate component of the investments and other assets, due to the excess of the amount of Investments in securities over 5 percent of total assets.

The amount of Investments in securities, which were included in Other investments, was ¥34,534 million in the prior first half year-end.

NOTES TO:

(NON-CONSOLIDATED BALANCE SHEETS)

(¥ millions)

	At June 30, 2000	At June 30, 1999	At December 31, 1999
Accumulated depreciation	513,871	523,730	506,267
Contingent liabilities	58,463	51,708	47,079
(Included agreements similar to contingent liabilities)	(34,186)	(24,943)	(23,647)
Treasury stock outstanding (shares)	21,758	25,499	14,756
Stated in the other current assets	28	36	15
Treasury stock retired (shares)	13,351,000	7,007,000	25,000,000
Cost of treasury stock purchased	18,662	10,204	31,596

(NON-CONSOLIDATED STATEMENTS OF INCOME)

(¥ millions)

	6 months ended June 30, 2000	6 months ended June 30, 1999	Year ended December 31, 1999
Depreciation			
Property, Plant and Equipment	17,056	17,570	36,046
Intangible fixed assets	292	486	798
Total	17,349	18,057	36,844

Presentation of Income Taxes

The company adopted simple accounting method for Income Tax effect accounting in the 6 months ended June 30, 2000. Accordingly, deferred income taxes are not presented separately and are included in Income Taxes in current interim income statements.

(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)

	6 months ended June 30, 2000	6 months ended June 30, 1999	Year ended December 31, 1999
Machinery and equipment			
Purchase price equivalent	185	185	185
Accumulated depreciation equivalent	33	13	23
Book value equivalent	152	172	162
Other (Structures)			
Purchase price equivalent	7	7	7
Accumulated depreciation equivalent	3	1	2
Book value equivalent	4	5	5
Other (Vehicles)			
Purchase price equivalent	9	14	9
Accumulated depreciation equivalent	5	8	4
Book value equivalent	3	5	4
Other (Tools)			
Purchase price equivalent	10,092	11,961	11,534
Accumulated depreciation equivalent	4,348	5,069	5,469
Book value equivalent	5,744	6,892	6,064
Total			
Purchase price equivalent	10,295	12,169	11,736
Accumulated depreciation equivalent	4,390	5,093	5,500
Book value equivalent	5,904	7,076	6,236

(2) Lease commitments
(¥ millions)

	6 months ended June 30, 2000	6 months ended June 30, 1999	Year ended December 31, 1999
Due within one year	2,559	2,628	2,619
Due after one year	3,644	4,739	3,941
Total	6,203	7,367	6,561

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

	6 months ended June 30, 2000	6 months ended June 30, 1999	Year ended December 31, 1999
Lease payments	1,519	1,584	3,167
Depreciation equivalent	1,161	1,362	2,709
Interest equivalent	152	210	399

(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 its 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)

	6 months ended June 30, 2000	6 months ended June 30, 1999	Year ended December 31, 1999
Due within one year	90	83	86
Due after one year	390	433	420
Total	480	516	506

(MARKET VALUE INFORMATION OF SECURITIES)										(¥ millions)
	At June 30, 2000			At June 30, 1999			At December 31, 1999			
	Book Value	Market Value	Unrealized gains	Book Value	Market Value	Unrealized gains	Book Value	Market Value	Unrealized gains	
Current										
Shares	96,223	189,935	93,712	96,068	194,232	98,163	93,077	173,310	80,233	
Bonds	13,037	13,281	244	15,111	15,258	146	13,039	13,301	261	
Other										
Sub Total	109,260	203,217	93,956	111,180	209,490	98,310	106,116	186,611	80,495	
Non-current										
Shares	136,228	231,304	95,075	130,633	225,702	95,069	133,264	199,493	66,228	
Bonds	13	15	2	35	42	6	10	12	2	
Other										
Sub Total	136,241	231,319	95,078	130,669	225,745	95,076	133,275	199,506	66,230	
TOTAL	245,502	434,536	189,034	241,849	435,236	193,386	239,392	386,118	146,726	

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.

Note 2: Shares in current assets include treasury stock.

Unrealized gains/losses of treasury stock were as follows: (¥ millions)

	At June 30, 2000	At June 30, 1999	At December 31, 1999

Note 3: The following securities, whose market values are not available, are excluded from the above table. (¥ millions)

	At June 30, 2000	At June 30, 1999	At December 31, 1999
Current			
Bonds	6,000	38,000	6,000
Non-current			
Shares	89,709	58,898	89,733
Others	128	138	138

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

June 30, 2000 None

June 30, 1999 The disclosures of contract amounts and unrealized gains/losses were omitted due to immateriality to the interim financial statements.

December 31, 1999 None

FINANCIAL RESULTS
for
THE HALF YEAR
ended
JUNE 30, 2000

SUPPLEMENTARY COMMENTS

KIRIN BREWERY COMPANY, LIMITED
JULY 28, 2000

2000 1st.Half Actual:Parent

PROFIT CHANGE OVER PRIOR YEAR

Billion Yens

Item	2000 1st.half Actual	1999 1st.half Actual	Differenc e	Reference
Sales	486.7	514.4	(27.7)	
Decrease of labor cost			2.7	
Others			2.2	
Decrease of beer material cost			0.7	
Decrease of depreciation			0.7	
Increase of beer raw material cost			(0.9)	
Increase of fixed cost at breweries			(0.9)	Outsourcing of plant maintenance (0.5)
Increase of selling cost			(1.9)	From the current first half year-end, advertising cost is stated on annual basis (11.7) Sales promotion 10.7
Decrease of beer business marginal profit			(4.1)	
Decrease of Operating Income	22.7	24.2	(1.5)	
Increase of non- operating income, net			4.1	Gain on reverse of write-down of marketable securities 3.0 Write-down of marketable securities 0.9
Increase of Income Before Extraordinary Items	33.2	30.6	2.6	
Decrease of Extraordinary loss, net			1.0	Gain on sale of property, plant and equipment 1.0
Income Taxes, etc			0.9	
Increase of Net Income	18.6	14.1	4.5	

2000 Annual Budget:Parent

PROFIT CHANGE OVER PRIOR YEAR

Billion Yens

Item	2000 Budget	1999 Actual	Difference	Reference
<i>Sales</i>	1,100.0	1,107.0	(7.0)	
Decrease of labor cost			8.6	
Increase of beer business marginal profit			6.3	
Decrease of selling cost			4.2	
Decrease of beer material cost			0.9	
Decrease of depreciation			0.5	
Others			(1.6)	
Increase of fixed cost at breweries			(2.2)	Outsourcing of plant maintenance (1.4)
Increase of beer raw material cost			(4.5)	
Increase of general and administrative cost			(10.0)	Increase of R&D cost (2.4)
<i>Increase of Operating Income</i>	61.0	58.8	2.2	
Increase of non- operating income, net			3.3	Write-down of marketable securities 6.0
<i>Increase of Income Before Extraordinary Items</i>	71.0	65.5	5.5	
Increase of Extraordinary loss, net			(5.2)	Gain on sale of property, plant and equipment (10.9) Provision for loss on subsidiaries, affiliates and other investments 5.4
<i>Increase of Net Income</i>	31.0	30.7	0.3	

Amount Changes of Major Expenses etc.

Billion Yens

	2000				1999			
	1st.half actual		Annual budget		1st.half actual		Annual Actual	
Beer business sales volume (thousand KL,vs.prior year)								
Total	1,264	(5.9%)	2,842	(0.9%)	1,343	3.2%	2,866	(2.1%)
Beer	874	(12.3%)	2,002	(5.4%)	996	(11.7%)	2,116	(12.5%)
Happo-shu	390	12.4%	840	12.1%	347	99.9%	749	47.4%
Case sales by major brands (million cases,vs.prior year)								
Total	99.87	(5.9%)	224.40	(0.9%)	106.14	3.2%	226.42	(2.1%)
LAGER	39.40	(19%)	87.30	(12%)	48.40	(10%)	99.42	(11%)
ICHIBAN SHIBORI	25.06	(1%)	58.90	2%	25.36	(6%)	57.55	(6%)
TANREI	30.76	13%	68.50	16%	27.30	99%	59.02	48%
SOZAI-GENSEN	1.94	-	3.55	-	-	-	-	-
Other	2.71	-	6.15	-	5.08	-	10.43	-
Sales of major segments (vs.prior year)								
Total	486.7	(5.4%)	1,100.0	(0.6%)	514.4	0.1%	1,107.0	(3.6%)
Beer and Happo-shu	462.1	(6.4%)	1,047.0	(1.3%)	493.9	(0.4%)	1,060.5	(4.2%)
Beer	349.9	(11.2%)	805.0	(4.7%)	394.2	(11.6%)	845.0	(12.1%)
Happo-shu	112.2	12.6%	242.0	12.3%	99.6	100.3%	215.5	47.9%
Pharmaceuticals	19.5	4.7%	41.0	0.5%	18.6	15.5%	40.7	14.9%
Other	5.0	174.7%	12.0	113.6%	1.8	(10.0%)	5.6	1.9%
Sales less beer taxes	253.3	(2.5%)	571.0	1.5%	259.9	4.1%	562.7	(0.5%)
per sales								
Sales Promotion	25.9	5.3%	99.2	9.0%	36.6	7.1%	67.7	6.1%
Advertising	23.5	4.8%			10.9	2.1%	34.9	3.2%
From the current first half year-end, advertising cost is stated on annual basis.(11.7)								
R&D	7.7	1.6%	22.0	2.0%	8.4	1.6%	19.6	1.8%
Labor Cost	41.2		83.4		43.9		92.0	
including amortization of un-funded liabilities for Employee's Pension Fund etc.	(0.9)		(4.7)		(1.6)		(8.2)	
Depreciation	17.3		36.3		18.0		36.8	
Interest and dividend income, net	5.9		8.5		6.5		10.4	
Interest and dividend income	6.6				7.4		12.4	
Interest expense	0.7				0.9		1.9	
Gain on sales or revaluation of marketable securities	3.0		0.0		-		0.0	
Loss on sales or devaluation of marketable securities	0.0		0.0		0.9		6.0	

Parent

Amount Changes of Major Expenses etc.

	Billion Yens			
	2000		1999	
	1st.half actual	Annual budget	1st.half actual	Annual Actual
Extraordinary Items	(0.1)	(14.2)	(1.1)	(9.0)
Gain on sale of property, plant and equipment	4.8	6.0	3.8	16.9
Gain on reversal of allowance for doubtful accounts	0.1	-	0.1	-
Loss on disposal of property, plant and equipment	2.8	4.7	1.7	3.4
Write-down of investment in securities	-	-	-	1.8
Plant restructuring cost	2.3	15.5	3.3	15.3
Provision for loss on subsidiaries, affiliates and other investments	-	-	-	5.4
Number of Employees	6,631	6,350	7,489	7,030
Capital Expenditures	22.4	59.0	18.3	43.4
Major Items				
Renewal of Okayama plant	4.7	10.9	-	-
Renewal of Toride plant	4.0	8.2	4.7	8.9
Renewal of Nagoya plant	1.5	3.8	1.3	2.0
Expansion of facilities at Tochigi plant	0.6	4.6	-	-
Expansion of facilities at Kobe plant	1.7	4.2	-	-
Construction of Hotel HOPPINN AMING	-	-	-	3.6
Expansion of facilities at Yokohama plant	1.8	3.1	1.3	2.3

Major Changes in Assets and Liabilities

	Billion Yens			
	2000 1st.half Actual	1999 1st.half Actual	Difference	Reference
Marketable securities	115.2	149.1	(33.9)	Transferred to investments in securities Classified in the balance sheet
Investments in securities	59.0	<34.5>	<24.5>	
Property, plant and equipment	429.6	423.8	5.8	purchase 53.2 disposition (11.9) depreciation (35.5)
Life insurance investments	30.5	48.4	(17.9)	
* Deferred income tax assets	47.9	< - >	<47.9>	Adoption of income tax effect accounting
Included in current assets (other current assets)	11.3	< - >	<11.3>	
Included in investments and other assets (other investments)	36.5	< - >	<36.5>	
Short-term bank loans	-	6.0	(6.0)	
Long-term debt	8.5	2.5	6.0	
Beer taxes payable	98.9	105.4	(6.5)	Increase of happo-shu component ratio
Retirement benefits for employees	75.8	80.3	(4.5)	Increase of retirement of employees