

KIRIN BREWERY COMPANY, LIMITED

SUMMARY OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2001 (UNAUDITED)

August 10, 2001

(English Translation)

Fiscal year ending December 31, 2001

KIRIN BREWERY COMPANY, LIMITED

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

Code No.: 2503
 Shares Listed: Tokyo, Osaka, Nagoya, Fukuoka, Sapporo,
 London, Paris, Zurich, Frankfurt
 For further information, please contact: Mr. Sumio Nagata, General Manager,
 Communications Dept.
 Telephone: 81- 3- 5540- 3450 from overseas

Date of the Board of Directors' Meeting for the semi-annual operation results: August 10, 2001

Whether US GAAP is applied: None

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

(January 1, 2001 - June 30, 2001)

[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, 2001	748,054	0.2	36,176	(17.3)	35,053	(21.2)
6 months ended June 30, 2000	746,540		43,765		44,484	
Year ended December 31, 2000	1,580,825		94,397		93,080	

	Net income (¥ millions)	Percentage change (%)	Net income Per share primary (¥)	Net income Per share Diluted (¥)
6 months ended June 30, 2001	14,227	(18.9)	14.45	
6 months ended June 30, 2000	17,547		17.56	17.53
Year ended December 31, 2000	32,924		33.18	33.06

Notes : Equity in earnings of affiliates:

June 30, 2001 ¥ 865 million
 June 30, 2000 ¥ (854) million December 31, 2000 ¥ 614 million

Average number of shares of common stock outstanding during the period(Consolidated):

June 30, 2001 984,500 thousands of shares
 June 30, 2000 999,402
 December 31, 2000 992,347

Change in accounting policies: None

Percentage change is the ratio of increase or decrease in each item of business results for the 6months ended June 30, 2000, in comparison 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 (¥)
June 30, 2001	1,732,495	798,744	46.1	811.32
June 30, 2000	1,645,927	765,924	46.5	774.36
December 31, 2000	1,627,400	768,486	47.2	780.58

Notes: Number of shares issued and outstanding (Consolidated):

June 30, 2001	984,500	thousands of shares
June 30, 2000	989,109	
December 31, 2000	984,504	

(3) Cash flows:

	Cash flows from operating activities (¥ million)	Cash flows from investing activities (¥ million)	Cash flows from financing activities (¥ million)	Cash at end of period (¥ million)
6 months ended June 30, 2001	18,716	(14,378)	(3,715)	65,338
6 months ended June 30, 2000	2,452	(28,657)	(7,221)	49,522
Year ended December 31, 2000	93,714	(69,090)	(43,693)	64,335

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

Consolidated subsidiaries: 276 companies

Subsidiaries under equity method: 1 company

Affiliates under equity method: 16 companies

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

Consolidation: Increase 37 companies, Decrease 2 companies

Equity method: Increase 1 companies, Decrease 3 companies

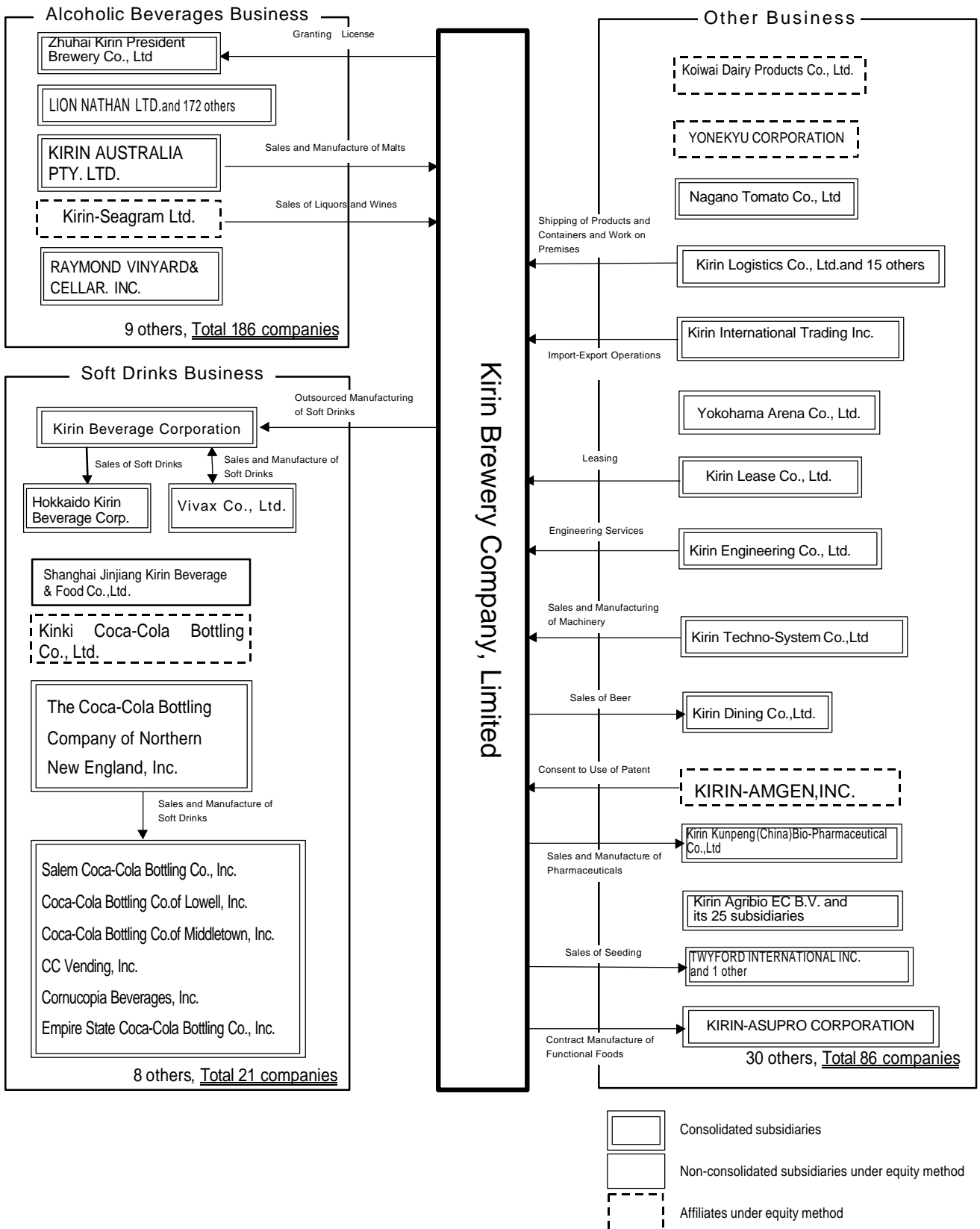
2. Forecast of business results for the current fiscal year (January 1, 2001-December 31, 2001)

	Sales (¥ million)	Income before extraordinary items (¥ million)	Net income (¥ million)
Year ending December 31, 2001	1,610,000	79,000	28,000

Note: Forecasted net income per share ¥28.44

Corporate Group

The Kirin Group consists of Kirin Brewery Co., Ltd. ("the Company"), its 276 consolidated subsidiaries, 1 non-consolidated subsidiary under equity method and 16 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 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

The KG 21 Action Plan, a medium-term business plan covering the years 2001 to 2003, was announced in September 2000. This plan 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 beer and *happo-shu*, 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 have been 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 a 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 develop brand power, placing emphasis on core brands, to rebuild a strong family of brands. In keeping with its position as the NO1 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 develop sales capabilities by reforming a sales and 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 and administrative part, structural reforms will also be carried out.

- **Develop Diversified Businesses Centered on the Pharmaceutical Business**

In the pharmaceutical business, Kirin will further strengthen its domestic sales organization. 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 nutrient food and feed businesses.

(3) Co-existence with Society

With society expected to place increasing demands on the 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

During the six-month period ended June 30, 2001, conditions in the Japanese economy remained challenging. Although there were indications of a slight improvement in corporate earnings and capital investment, there continued to be no noticeable recovery in consumer spending.

In the beer and *happo-shu* market, sales of beer continued to decline from last year. However, the *happo-shu* category expanded substantially due to the launch of new products and the renewal of existing products by all companies, accounting for 32.2 percent of total sales in the beer and *happo-shu* market. Supported by the strong performance of *happo-shu*, the beer and *happo-shu* market grew by 3.8 percent over the corresponding period of the previous year (Figures are based on taxable volume shipped).

In the soft drinks market, the unsweetened tea category continued to expand due to the launch of new products by all companies. As a result, whole soft drinks market grew by approximately 2.0 percent over the corresponding period of the previous year.

The pharmaceutical market continued to be affected by the reduction in National Health Insurance drug reimbursement prices implemented in April 2000.

In this operating environment, the Kirin Group began implementing its medium-term business plan, the KG 21 Action Plan, during the current fiscal year. The aim of the plan is to create Group management that is better able to provide the products, services and corporate value that customers want, particularly in the alcoholic beverage business.

Consolidated sales for the interim period increased 0.2 percent compared to the corresponding period of the previous year to ¥ 748.0billion, as the strong performance of the soft drinks and pharmaceutical businesses was not enough to compensate for the slight decline in beer and *happo-shu* sales. Consolidated income before extraordinary items and income taxes was ¥ 35.0billion (a decrease of 21.2 percent) and consolidated net income was ¥ 14.2billion (a decrease of 18.9 percent).

The Company paid an interim dividend of ¥6 per share.

Alcoholic Beverage Business

As the first step in becoming a comprehensive alcoholic beverage manufacturer, the Kirin Group integrated the sales divisions of Kirin Brewery Company Ltd. and Kirin-Seagram Ltd. This move will enable the company to best meet diversifying customer needs and offer products that correspond to the wide range of settings in which customers can enjoy alcoholic beverages.

(1) Domestic alcohol business

In the beer and *happo-shu* business, Kirin is focusing its product strategies on strengthening and revitalizing its three main brands, *Kirin Lager*, *Ichiban Shibori* and *Tanrei*.

For *Kirin Lager*, continuing and developing the series of advertisements based on the catchphrase "*Kanpai!! Lager*" initiated in fall 2000 has begun to show signs of spurring a rebound in sales of cans. In addition, new product *Kirin Classic Lager*, which is designed to appeal to long-time lager enthusiasts, was launched in the Chugoku/Shikoku region in March 2001. Featuring the authentic taste and original label of 1960s-era lager, the product has proved popular with customers, and the sales area has been steadily expanded.

For *Ichiban Shibori*, Kirin continued its popular food-related "Drink, Eat and Be Merry" advertising and sales campaign. The Company has also actively implemented sales promotions, including a large-scale campaign offering household draft beer servers and seasonal food products as prizes, and introduced *Ichiban Shibori* in bottle-cans to extend the range of drinking situations. Sales of draft beer in kegs in on-premise market increased approximately 30 percent, helping to solidify the brand's position as a leading draft beer. As a result, while the beer category

as a whole shrank, sales of *Ichiban Shibori* rebounded to exceed the corresponding period of the previous year.

Tanrei has occupied the dominant position in the *happo-shu* market since its launch in 1998. During 2001, Kirin renewed the brand's brewing process and blend of ingredients to create a more crisp and refreshing taste. Despite intensifying competition in the *happo-shu* market due to the launch of several new products, sales of *Tanrei* increased 12.4 percent over the corresponding period of the previous year.

Kirin also launched *KB*, a new beer concept designed particularly for younger people.

Kirin continued its strategy of developing area-specific marketing activities, while strengthening its ability to offer comprehensive proposals based on the Kirin Group's extensive product lineup by integrating its sales divisions with Kirin-Seagram Ltd. In order to develop a comprehensive alcoholic beverage business, the Company also focused on enhancing its corporate planning and store development capabilities, and strengthened its information technology (IT) base by promoting the use of mobile computers. While creating a sales structure capable of responding flexibly to market changes, the Company also worked to increase efficiency by shifting further towards the use of satellite offices and greater mobility.

Ongoing efforts to build a more efficient production structure, accelerate the development of new products and improve the level of technology included the completion of an addition to the Tochigi Brewery in May 2001 and the renewal of production facilities. In addition, the Company established the Alcoholic Beverages Quality Section, which oversees the production and quality control of all alcoholic beverages, in an effort to strengthen each step of the Kirin Group's consolidated alcoholic beverage business, from product development to manufacturing and quality assurance.

In addition to promoting the development of a distribution system to ensure the delivery of fresh products, Kirin established a Group Distribution Section and worked together with subsidiary Kirin Logistics Co., Ltd. to implement measures designed to increase the efficiency of distribution functions in core businesses.

In the spirits and wines business, the expansion of sales networks through the integration of sales divisions with Kirin-Seagram Ltd. has begun to show successful results in group marketing. Consequently, results were strong amid challenging conditions in the overall spirits and wines market. Sales of core brand *Chivas Regal* were strong, while *Two Dogs* gained attention as an entirely new genre in the alcoholic beverages market, recording significant sales growth.

(2) International beer business

Overseas, Lion Nathan Limited continued to post solid growth due to the extension of its line of premium products and the introduction of new products. Kirin also managed its operations steadily in the U.S., Europe and Taiwan.

As a result of the above, net sales for the alcoholic beverage business declined 2.2 percent over the corresponding period of the previous year to ¥ 522.6billion.

Soft Drinks Business

In the soft drinks business, which centers around Kirin Beverage Corporation, significant sales growth was achieved by *Namacha*, which was the industry's biggest hit product in 2000. In addition, Kirin worked to stimulate the *Fire* (fire-roasted coffee) and *Gogono-kocha* ("afternoon tea") brands by adding new products and containers. Of Kirin Beverage's new products, *Kikicha* oolong tea has been well-received by customers and *Namacha* has remained a major hit product.

Kirin Beverage worked to increase the efficiency of its vending machine business by transferring operations in the Kinki area to Kinki Vending Co., Ltd. In addition, the company maintained its focus on reducing packaging costs and developing a more advanced quality assurance management system.

As a result, net sales for the soft drinks business (including overseas sales) increased 5.8percent over the corresponding period of the previous year to ¥ 151.9billion.

Other Businesses

In the pharmaceutical business, Kirin collaborated with Sankyo Co., Ltd. to provide information to medical institutions regarding *ESPO*, a genetically engineered hormone that regulates red blood cell production, and *GRAN*, an agent that stimulates white blood cell production. In the cell therapy business, Kirin announced a new technical collaboration with Cerus Corporation and made preparations for the opening of the Cell Processing Center. Kirin has also been successful in the human antibody business, including a licensing agreement with Corixa Corporation and joint research and development with Hematech LLC on bovines that are genetically engineered to produce human antibodies. In addition, Kirin has commenced sales of an intravenous formulation of *Rocaltrol* (calcitriol), a product for treatment of secondary hyperparathyroidism, following the conclusion of a licensing contract with Nippon Roche K.K. for exclusive domestic sales rights.

In the agribio business, Kirin posted steady growth. The Company introduced *Kokochi Kaika*, a new brand in the flower business, and group company Fides Straathof Holding B.V. took over the production and breeding activities of Netherlands-based Merite Breeding.

The nutrient food and feed business expanded substantially, as Kirin-Asupro Sales Co., Ltd. was incorporated into the Kirin Group in February 2001 and sales of new product *Dried Brewer's Yeast* exceeded initial projections.

As a result, net sales for the other businesses increased 7.1 percent over the corresponding period of the previous Year to ¥ 73.4billion.

2. Outlook

In the beer and *happo-shu* market, the *happo-shu* category is expected to continue to grow. In addition, as consumer needs diversify, the distinctions between categories of alcoholic beverages will become less significant. In light of these factors, Kirin will work to strengthen its operating base in order to develop as a corporate group centered around its comprehensive alcoholic beverage business.

In the domestic alcoholic beverage business, product strategy will focus on reinforcing the power of mainstay brands *Kirin Lager*, *Ichiban Shibori* and *Tanrei*. This will include further strengthening the positive reception of *Kirin Classic Lager*, the recovery of *Ichiban Shibori*, and the popularity of *Tanrei*. As a first step towards becoming a comprehensive alcoholic beverage manufacturer, Kirin made its full-fledged entry into the growing low-alcohol pre-mixed cocktails market with the launch of *Kirin Chu-Hi Hyoketsu Kaju* in July. In the future, the Company will aim to establish a solid presence in this market.

To maximize the effects of integrating sales divisions with Kirin-Seagram Ltd., Kirin will implement comprehensive sales promotions for all products, including spirits and wine, at all points of contact with customers, while further developing area-specific marketing strategies.

In terms of production and distribution, Kirin will work to improve the efficiency of its production system by upgrading production facilities while working to enhance the Group's quality assurance system. In addition, the Company will structure its distribution system to respond to market changes and needs by continually increasing the efficiency of Group-wide operations.

In the overseas beer business, Kirin is focusing on Asia and Oceania as priority regions and emphasizing profitability. In the soft drinks business, Kirin Beverage is working to further strengthen core brands *Namacha*, *Gogono-kocha* and *Fire* and establish *Kikicha* as a strong brand. At the same time, the company will continue to concentrate on consolidating operations and increasing efficiency.

In the pharmaceutical business, Kirin will continue to market *ESPO*, *GRAN* and injectable *Rocaltrol*. While increasing the number of development candidates in the priority fields of cancer (including blood cell production) and renal, immune system and allergy-related diseases, the Company will focus on research and development of human antibodies and cell therapy. Kirin is also working to strengthen and expand its operating base in the agribio business and the nutrient food and feed business.

In addition, Kirin will maintain its commitment to coexistence with society through corporate activities that stress compliance and environmental protection while providing support for sports and cultural activities.

As a result, for the year ending December 31, 2001, Kirin forecasts consolidated net sales of ¥ 1,610billion, a 1.8 percent year-on-year increase, consolidated income before extraordinary items and income taxes of ¥ 79.0billion, a 15.1 percent year-on-year decrease, and consolidated net income of ¥ 28.0billion, a 15.0 percent year-on-year decrease.

Kirin expects to declare a year-end dividend of ¥6 per share, for a total dividend of ¥12 per share, including the interim dividend of ¥6 per share.

CONSOLIDATED BALANCE SHEETS

(¥ millions)

ASSETS	At June 30, 2001	At June 30, 2000	Increase (Decrease)	At December 31, 2000
Current Assets				
Cash	53,550	37,454	16,096	50,579
Funds in trust		35,246	(35,246)	36,909
Notes and accounts receivable	292,197	229,960	62,237	241,072
Marketable securities	24,470	143,780	(119,310)	136,132
Inventories	91,683	81,909	9,774	62,751
Funds in trust	18,313		18,313	
Other current assets	54,048	57,068	(3,020)	58,040
Allowance for doubtful accounts	(2,014)	(1,581)	(433)	(1,886)
Total current assets	532,248	583,837	(51,589)	583,600
Fixed Assets				
Property, Plant and Equipment				
Buildings and structures	197,305	205,206	(7,901)	193,133
Machinery, equipment and vehicles	190,289	174,817	15,472	155,450
Land	170,202	159,824	10,378	162,570
Construction in progress	19,830	30,036	(10,206)	38,772
Other	55,488	57,068	(1,580)	55,211
Total	633,116	626,952	6,164	605,138
Intangible Fixed Assets				
Consolidation differences	47,129	49,987	(2,858)	48,558
Other	104,618	87,748	16,870	81,374
Total	151,748	137,736	14,012	129,933
Investments and Other Assets				
Investments in securities	314,682	132,691	181,991	141,911
Life insurance investments	32,467	30,935	1,532	32,634
Other	69,633	96,400	(26,767)	96,480
Allowance for doubtful accounts	(1,402)	(911)	(491)	(834)
Total	415,381	259,115	156,266	270,191
Total fixed assets	1,200,246	1,023,804	176,442	1,005,263
Foreign Currency Translation Adjustments		38,285	(38,285)	38,537
TOTAL ASSETS	1,732,495	1,645,927	86,568	1,627,400

(¥ millions)

LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	At June 30, 2001	At June 30, 2000	Increase (Decrease)	At December 31, 2000
Current Liabilities				
Notes and accounts payable	125,123	103,472	21,651	99,932
Short-term bank loans	20,108	21,878	(1,770)	24,708
Beer taxes payable	144,763	102,066	42,697	122,721
Income taxes payable	14,772	18,370	(3,598)	17,100
Accrued expenses	71,263	64,773	6,490	67,154
Deposits received	61,824	63,452	(1,628)	67,564
Other current liabilities	56,090	91,252	(35,162)	51,850
Total current liabilities	493,945	465,266	28,679	451,032
Long-term Liabilities				
Bonds	28,328	31,576	(3,248)	27,612
Long-term debt	120,793	88,143	32,650	92,370
Retirement and severance benefits		84,323	(84,323)	87,643
Reserve for retirement and severance benefits	101,799		101,799	
Other reserves	7,756	9,610	(1,854)	7,571
Deposits received	88,592	96,356	(7,764)	94,220
Other	16,765	21,930	(5,165)	20,939
Total long-term liabilities	364,036	331,941	32,095	330,357
TOTAL LIABILITIES	857,982	797,207	60,775	781,390
MINORITY INTERESTS	75,768	82,794	(7,026)	77,524
Common Stock	102,045	102,045		102,045
Additional Paid-in Capital	70,868	70,868		70,868
Retained Earnings	605,458	593,039	12,419	595,575
Valuation variance for other securities	38,986		38,986	
Foreign currency translation adjustments	(18,605)		(18,605)	
Total	798,753	765,953	32,800	768,490
Treasury Stock	(8)	(28)	20	(3)
TOTAL SHAREHOLDERS' EQUITY	798,744	765,924	32,820	768,486
TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	1,732,495	1,645,927	86,568	1,627,400

CONSOLIDATED STATEMENTS OF INCOME

(¥ millions)

	6 months ended June 30, 2001	6 months ended June 30, 2000	Increase (Decrease)	Year ended December 31, 2000
Sales	748,054	746,540	1,514	1,580,825
Cost of Sales	480,497	478,416	2,081	1,021,001
Gross Profit	267,556	268,123	(567)	559,823
Selling, General and Administrative Expenses	231,380	224,358	7,022	465,425
Operating Income	36,176	43,765	(7,589)	94,397
Non-operating Income				
Interest income	852	2,304	(1,452)	4,198
Return on funds in trust	1,394		1,394	
Dividend income	1,401	1,544	(143)	2,695
Equity in earnings of affiliates	865		865	614
Reversal of loss from valuation of marketable securities		2,899	(2,899)	2,968
Other	2,546	1,994	552	5,256
Total	7,061	8,743	(1,682)	15,733
Non-operating Expenses				
Interest expense	4,722	4,699	23	8,722
Equity losses on affiliates		854	(854)	
Other	3,461	2,471	990	8,328
Total	8,184	8,025	159	17,051
Income before Extraordinary Items and Income Taxes	35,053	44,484	(9,431)	93,080
Extraordinary Income				
Gain on sales of fixed assets	1,107	4,907	(3,800)	9,234
Reversal of allowance for bad debts		181	(181)	
Reversal of provision for loss on non-consolidated Subsidiaries, affiliates and other investments		52	(52)	283
Gain on sales of marketable securities	9,956		9,956	
Total	11,063	5,141	5,922	9,518
Extraordinary Expenses				
Loss on disposal of fixed assets	1,892	3,068	(1,176)	6,727
Loss on sales of fixed assets	267	274	(7)	498
Plant restructuring cost		2,348	(2,348)	15,322
Business restructuring cost		1,059	(1,059)	1,274
Loss on disposal of affiliates		433	(433)	485
Write-down of fixed assets of Foreign subsidiaries and affiliates				7,044
Loss on revaluation of marketable securities	1,529		1,529	
Amortization of net transition obligation of according Standard for employees' severance and Retirement benefits	9,417		9,417	
Total	13,106	7,185	5,921	31,353
Income before Income Taxes and Minority Interests	33,010	42,441	(9,431)	71,245
Income Taxes (Current)	16,672	21,620	(4,948)	36,812
Minority Interests	2,110	3,272	(1,162)	1,509
Net Income	14,227	17,547	(3,320)	32,924

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(¥ millions)

	6 months ended June 30, 2001	6 months ended June 30, 2000	Increase (Decrease)	Year ended December 31, 2000
Retained earnings at beginning of period				
Retained earnings at beginning of period	595,575	553,044	42,531	553,044
Cumulative effect of change in accounting for income taxes		56,287	(56,287)	56,287
Total	595,575	609,332	(13,757)	609,332
Increase in retained earnings				
Increase resulting from newly consolidated subsidiaries		9,887	(9,887)	9,927
Increase resulting from new affiliates under equity method	4	3,579	(3,575)	3,590
Foreign currency translation adjustment of foreign subsidiaries and affiliates	1,133		1,133	
Increase resulting from merger		179	(179)	179
Increase in retained earnings of on equity method affiliate due to increase of consolidation scope	706		706	
Total	1,845	13,647	(11,802)	13,697
Decrease in retained earnings				
Cash dividends paid	5,907	6,014	(107)	11,949
Bonuses paid to directors and corporate auditors (corporate auditors' portion included above)	283 28	314 25	(31) 3	314 27)
Purchase and retirement of common stocks		18,662	(18,662)	24,387
Decrease resulting from newly consolidated subsidiaries		21,623	(21,623)	21,461
Decrease resulting from new affiliates under equity method		251	(251)	298
Decrease due to revaluation of property, plant and equipment of foreign subsidiaries and affiliates		40	(40)	1,077
Foreign currency translation adjustments of foreign subsidiaries and affiliates		87	(87)	211
Decrease resulting from change in interest in consolidated subsidiaries		492	(492)	676
Total	6,190	47,487	(41,297)	60,377
Net income	14,227	17,547	(3,320)	32,924
Retained earnings at end of period	605,458	593,039	12,419	595,575

CONSOLIDATED STATEMENTS OF CASH FLOWS

(¥ millions)

	6 months ended June 30, 2001	6 months ended June 30, 2000	Increase (Decrease)	Year ended December 31, 2000
Cash flows from operating activities				
Income before income taxes and minority interests	33,010	42,441	(9,431)	71,245
Depreciation	34,954	35,179	(225)	72,051
Amortization of consolidation difference	1,453	1,849	(396)	3,281
Decrease (increase) in retirements and severance benefits	7,428	(3,324)	10,752	-
Interest and dividend income and return on funds in trust	(3,649)	(3,849)	200	(6,894)
Reversal of write-down of marketable securities	-	(2,899)	2,899	(2,968)
Write-down of marketable securities	1,529	-	1,529	-
Interest expense	4,722	4,699	23	8,722
Gain on sales of marketable securities and investments in securities	(10,006)	-	(10,006)	-
Gain on sales of fixed assets	(1,107)	(4,907)	3,800	(9,234)
Loss on disposal or sales of fixed assets	2,159	3,343	(1,184)	7,226
Plant restructuring cost	-	2,348	(2,348)	15,322
Business restructuring cost	-	1,059	(1,059)	1,274
Increase (decrease) in notes and accounts receivable	(45,686)	13,020	(58,706)	(4,979)
Increase (decrease) in inventories	(21,017)	(17,935)	(3,082)	827
Increase (decrease) in notes and accounts payable	26,934	8,620	18,314	8,775
Increase (decrease) in beer taxes payable	21,110	(33,874)	54,984	(12,837)
Other	(12,116)	(17,352)	5,236	(8,919)
Sub-total	39,719	28,417	11,302	142,895
Interest, dividend and return on funds in trust received	3,314	4,061	(747)	7,788
Interest paid	(4,718)	(4,557)	(161)	(9,037)
Early retirement benefit paid	-	(1,392)	1,392	(5,250)
Income taxes paid	(19,599)	(24,076)	4,477	(42,681)
Net cash provided by operating activities	18,716	2,452	16,264	93,714
Cash flows from investing activities				
Payments for purchases of property, plant, equipment and intangible fixed assets	(37,763)	(47,599)	9,836	(93,899)
Proceeds from sale of property, plant and equipment	2,498	4,365	(1,867)	8,493
Payments for purchases of marketable securities and investment securities	(7,895)	-	(7,895)	-
Proceeds from sales and redemption of marketable securities and investment securities	16,115	-	16,115	-
Payments for purchases of marketable securities	-	(3,689)	3,689	(10,953)
Proceeds from termination of funds in trust	20,000	-	20,000	-
Proceeds from termination of life insurance investment	506	20,007	(19,501)	20,008
Payments for investments in subsidiaries' common stock	(11,207)	-	(11,207)	(4,000)
Proceeds from sale of subsidiaries' common stock	5,164	-	5,164	-
Other	(1,797)	(1,742)	(55)	11,260
Net cash used in investing activities	(14,378)	(28,657)	14,279	(69,090)
Cash flows from financing activities				
Decrease in short-term bank loans	(5,438)	(2,298)	(3,140)	-
Increase in commercial paper	-	22,000	(22,000)	-
Proceeds from long-term debt	20,505	12,456	8,049	36,176
Repayments of long-term debt	(11,099)	(31,135)	20,036	(43,966)
Proceeds from issue of bonds	-	21,423	(21,423)	17,656
Payments for purchases of treasury stock	(4)	(18,667)	18,663	(24,373)
Payments for purchases of treasury stock by consolidated subsidiaries	-	(2,948)	2,948	(2,706)
Cash dividends paid	(5,907)	(6,014)	107	(11,949)
Cash dividends paid to minority shareholders	(1,770)	(1,794)	24	(3,228)
Other	0	(242)	242	(11,302)
Net cash used in financing activities	(3,715)	(7,221)	3,506	(43,693)
Effect of exchange rate fluctuation on cash and cash equivalents	379	194	185	691
Net increase (decrease) in cash and cash equivalents	1,002	(33,232)	34,234	(18,378)
Cash and cash equivalents at beginning of period	64,335	65,191	(856)	65,191
Cash and cash equivalents of newly consolidated subsidiaries at beginning of period	-	17,563	(17,563)	17,522
Cash and cash equivalents at end of period	65,338	49,522	15,816	64,335

SIGNIFICANT ACCOUNTING POLICIES FOR CONSOLIDATION

The following is the table of scope of consolidation and application of equity method.

Classification	Number of companies
Consolidated subsidiaries (Note 1)	276
Unconsolidated subsidiaries applied by equity method (Note 2)	1
Affiliated companies applied by equity method (Note 3)	16

(Consolidation)

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 acquisition of additional shares, Nihon Fine Foods Co., Ltd and other 33 companies became consolidated subsidiaries.
 - (b) Due to new establishment or acquisition, 3 companies including 2 subsidiaries of Kirin Beverage Corporation became consolidated subsidiaries.
 - (c) Due to merger among subsidiaries of a consolidated subsidiary, one company is excluded from consolidation scope.
 - (d) Due to completion of liquidation, one company is excluded from 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 June 30, 2001 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	March 31, 2001	(*)
TWYFORD INTERNATIONAL INC.	March 31, 2001	(*)
Twyford laboratorio de plantas S.A.	March 31, 2001	(*)
KIRIN ASUPRO CO., LTD.	May 31, 2001	(*)
Nihon Fine Foods Co., Limited	May 31, 2001	(*)
JAPAN POTATO CORPORATION	December 31, 2000	(* *)

(*) In order to consolidate those financial statements into the Company's financial statements, firstly adjustments are made for significant inter-company transactions occurred between their accounting period ends and the Company's and then their adjusted financial statements are used for the consolidation.

(* *) Interim financial statements as of June 30, 2001 and for the year then ended are used for the purpose of consolidation.

(Equity Method)

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 acquisition of additional shares, Kirin-Asupro Sales Corporation became an equity method affiliate.
 - (b) Due to additional acquisition of shares and therefore becoming a consolidated subsidiary, Nihon Fine Foods Co., Ltd and another company was no longer applied the equity method.
 - (c) Due to sale of the shares, one company is no longer applied by the 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 June 30, 2001 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 period without any adjustments for equity calculation purposes.

1. Valuation of Inventories

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

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

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

2. Valuation of securities

Debt securities intended to be held to maturity are valued by Amortized cost method

Available-for-sale securities with available fair market values are started at fair market value with unrealized gains and unrealized losses on these securities reported, net of applicable income taxes, as a separate component of shareholder's equity. Realized gains and losses on sale of available-for-sale securities are computed using moving-average cost.

Debt securities with no available fair market value are started at amortized cost, net of the amount considered not collectible. Other securities with no available fair market value are stated at moving-average cost.

3. Funds in trust

Fair value

4. Derivative financial instruments

Fair value

5. 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.

6. 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.

7. Allowance for doubtful accounts

The Company and its consolidated domestic subsidiaries provide sufficient allowance for doubtful accounts to cover possible losses on collection by estimating uncollectible amounts for individual accounts.

8. Severance and retirement benefits for employee's

The Company and consolidated subsidiaries provide allowance for employees' severance and retirement benefits at June 30, 2001 based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at the date. 6/12 of the estimated net transition obligation for the year ended December 31, 2001 of ¥ 18,835million, is recognized as special expense for the current half year period.

9. 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.

10. Hedge accounting

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

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

The Company and its subsidiaries use forward foreign currency contracts and interest rate swaps as derivative financial instruments only for the purpose of mitigating future risks of fluctuation of foreign currency exchange rates with respect to foreign currency receivables from the sale of the Companies' products and interest rate increases with respect to borrowings, within the amounts of foreign currency borrowings or receivables.

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

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

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

11. Consumption tax

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

12. Cash and cash equivalents

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

ADDITIONAL INFORMATION:

(Employees' severance and retirement benefits)

Effective January 1, 2001, the Company adopted the new accounting standard, "Opinion on Setting Accounting Standard for Employees' Severance and Pension Benefits", issued by the Business Accounting Deliberation Council on June 16, 1998. As a result of the adoption of the new accounting standard, in the half-year period ended June 30, 2001, severance and retirement benefit expenses increased by ¥ 7,093million, operating income increased by ¥ 1,564million and income before income taxes decreased by ¥ 7,853million compared with what would have been recorded under the previous accounting standard. The amortization of net transition obligation of ¥ 9,417million is recorded as special expense.

(Securities)

Effective January 1, 2001, the Company adopted the new accounting standard for financial instruments, "Opinion Concerning Establishment of Accounting Standard for Financial Instruments" issued by the Business Accounting Deliberation Council on January 22, 1999. As a result of adopting the new accounting standard for financial instruments, operating income and income before income taxes increased by ¥ 390million. Also, based on the examination of the intent of holding each security upon application of the new accounting standard on January 1, 2001, securities maturing within one year from the balance sheet date are included in current assets, and other securities are included in investments and other assets. As a result, at June 30, 2001, securities in current assets decreased by ¥ 112,321million and investment securities increased by the same amount compared with what would have been recorded under the previous accounting standard. Also as a result of the adoption, return on funds in trust, which was included in interest income in the prior year, and dividend income which was included in other non-operating expense in the prior year, are separately disclosed in the statement of operation for the 6month ended June 30, 2001.

The amounts of return on funds in trust and dividend income for the 6months ended June 30, 2000 were ¥1,555million.

(Foreign currency translation)

Effective January 1, 2001, the Company adopted the revised accounting standard for foreign currency translation, "Opinion on Concerning Revision of Accounting Standard for Foreign Currency Translation", issued by the Business Accounting Deliberation Council on October 22, 1999. There is no impact on the reported result of operation, as a result of adopting the revised accounting standard is immaterial. In addition, due to the adoption of the revised accounting standard, foreign currency translation adjustments (of ¥ 15,929million) are included in shareholders' equity in the consolidated balance sheet at June 30, 2001. The prior year amount, which is included in assets, has not been reclassified.

NOTES TO:

(CONSOLIDATED BALANCE SHEETS)

1 Accumulated depreciation				(¥ millions)
	At June 30, 2001	At June 30, 2000	Increase (Decrease)	At December 31, 2000
Accumulated depreciation	714,539	732,457	(17,918)	696,264

2 Detail of collateral				(¥ millions)
(1) Collateral				
	At June 30, 2001	At June 30, 2000	Increase (Decrease)	At December 31, 2000
Notes and accounts receivable	475	243	232	518
Inventories	1,900	1,403	497	2,026
Buildings and structures	1,492	1,763	(271)	1,552
Machinery, equipment and vehicles	1,672	1,558	114	1,710
Land	1,096	1,541	(445)	1,096
Other of property , plant and Equipment (Fixtures)	32	17	15	19
Investments in securities	33	142	(109)	29
Total	6,704	6,671	33	6,952

Following assets, which are included above, are pledged as factory foundation collateral

Buildings and structures	325	366	(41)	337
Machinery, equipment and vehicles	41	41		41
Land	657	736	(79)	657
Total	1,024	1,144	(120)	1,036

(2) Secured borrowing				(¥ millions)
	At June 30, 2001	At June 30, 2000	Increase (Decrease)	At December 31, 2000
Short-term bank loans	2,200	4,140	(1,940)	3,150
Long-term debt	1,650	1,510	140	1,729
(include current maturities of long-term loans)				
Deposits received	3,408	3,408		3,408
Postage charge (facility limit)	29	13	16	29
Total	7,288	9,072	(1,784)	8,317

Following assets, which are included above, are pledged as factory foundation collateral

Short-term bank loans	2,200	3,550	(1,350)	3,150
Long-term debt		3	(3)	
(Including current maturities of long-term loans)				
Total	2,200	3,553	(1,353)	3,150

1. Factory foundation collateral consists of the Headquarters factory and Matsumoto factory of Nagano Tomato Corporation.

2. Notes, accounts receivable and inventories, which are pledged as collateral, shown above, are for Raymond & Vineyard & Cellar Inc.

3 Contingent liabilities

(1) Guarantees for unconsolidated subsidiaries and affiliated companies

(¥ millions)

	At June 30, 2001	At June 30, 2000	Increase (Decrease)	At December 31, 2000
Koiwai Dairy Products Co.,Ltd.	1,750	1,600	150	1,600
Marinet Co.,Ltd.	1,664	1,409	255	1,257
Other	480	987	(507)	1,087
Number	3	14		17
(Foreign currency		462	(462)	296
		(NZD 8,699't)		NLG 1,509't
				AUD 3,812't

(2) Guarantees for employee's housing loan from banks

(¥ millions)

	At June 30, 2001	At June 30, 2000	Increase (Decrease)	At December 31, 2000
	14,706	14,524	182	13,639

(3) Guarantees for customers

(¥ millions)

	At June 30, 2001	At June 30, 2000	Increase (Decrease)	At December 31, 2000
Southeastern Container, Inc.	1,383 (USD 11,102't)	1,171 (USD 11,102't)	212	1,273 (USD 11,102't)
Other	621	512	109	434
Number	11	4		3
(Foreign currency	197	68	129	
	(AUD 3,242't)	(NLG 1,510't)		
Total contingent liabilities	20,607	20,205	402	19,292
(Including agreements similar to contingent liabilities)	773	585	188	765

(CONSOLIDATED STATEMENTS OF INCOME)

1 Major elements of selling , general and administrative expenses (¥ millions)				
	6 months ended June 30, 2001	6 months ended June 30, 2000	Increase (Decrease)	Year ended December 31, 2000
Sales promotion	60,529	57,397	3,132	115,604
Freight	21,417	21,977	(560)	45,478
Advertising	36,032	36,574	(542)	61,398
Employee's retirement and severance benefit costs	4,052		4,052	
Employee's compensation	40,440	41,030	(590)	83,717
Research and development	10,215	8,227	1,988	20,818
Depreciation	11,074	10,904	170	23,157

2 Gain on sales of fixed assets (¥ millions)				
	6 months ended June 30, 2001	6 months ended June 30, 2000	Increase (Decrease)	Year ended December 31, 2000
Land	1,096	4,827	(3,731)	8,741
Other	10	80	(70)	493
Total	1,107	4,907	(3,800)	9,234

3 Loss on disposal of fixed assets (¥ millions)				
	6 months ended June 30, 2001	6 months ended June 30, 2000	Increase (Decrease)	Year ended December 31, 2000
Buildings and structures	679	1,144	(465)	2,217
Machinery, equipment and vehicles	1,136	1,840	(704)	3,326
Other	76	83	(7)	1,184
Total	1,892	3,068	(1,176)	6,727

4 Loss on sales of fixed assets (¥ millions)				
	6 months ended June 30, 2001	6 months ended June 30, 2000	Increase (Decrease)	Year ended December 31, 2000
Buildings and structures	83	69	14	42
Machinery, equipment and vehicles	156	205	(49)	442
Other	27		27	14
Total	267	274	(7)	498

5 Presentation of Income Taxes

The Company adopted simplified accounting method for Income Tax effect accounting in the 6 months ended June 30, 2001. Accordingly, deferred income taxes are not presented separately and are included in Income Taxes in current interim consolidated statements of income .

(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 June 30, 2001	At June 30, 2000	Increase (Decrease)	At December 31, 2000
Cash	53,550	37,454	16,096	50,579
Marketable securities	24,470	143,780	(119,310)	136,132
Fixed (time) deposit over 3 months	(4,074)	(3,677)	(397)	(4,039)
Marketable securities over 3 months	(8,607)	(128,034)	119,427	(118,337)
Cash and cash equivalents at end of period	65,338	49,522	15,816	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)

	At June 30, 2001	At June 30, 2000	Increase (Decrease)	At December 31, 2000
Machinery, equipment and vehicles				
Purchase price equivalent	3,057	3,359	(302)	2,688
Accumulated depreciation equivalent	1,673	2,184	(511)	1,397
Book value equivalent	1,384	1,174	210	1,290
Property, plant and equipment, other (Tools)				
Purchase price equivalent	4,000	4,566	(566)	4,570
Accumulated depreciation equivalent	2,277	2,927	(650)	3,109
Book value equivalent	1,723	1,638	85	1,461
Total				
Purchase price equivalent	7,058	7,925	(867)	7,258
Accumulated depreciation equivalent	3,950	5,112	(1,162)	4,507
Book value equivalent	3,107	2,813	294	2,751

(2) Lease commitments

(¥ millions)

	At June 30, 2001	At June 30, 2000	Increase (Decrease)	At December 31, 2000
Due within one year	1,194	1,236	(42)	1,034
Due after one year	1,984	1,893	91	1,671
Total	3,179	3,130	49	2,705

(3) Lease payments, depreciation equivalent and interest equivalent

(¥ millions)

	6months ended June 30, 2001	6months ended June 30, 2000	Increase (Decrease)	Year ended December 31, 2000
Lease payments	745	877	(132)	1,422
Depreciation equivalent	669	778	(109)	1,255
Interest equivalent	42	49	(7)	82

(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)

	At June 30, 2001	At June 30, 2000	Increase (Decrease)	At December 31, 2000
Due within one year	1,156	1,281	(125)	1,387
Due after one year	3,685	3,331	354	3,903
Total	4,841	4,613	228	5,290

Lessor lease

(Finance lease transactions without ownership transfer to lessee)

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

(¥ millions)

	At June 30, 2001	At June 30, 2000	Increase (Decrease)	At December 31, 2000
Property, plant and equipment, other (Leased assets)				
Purchase price	17,440	14,961	2,479	17,349
Accumulated depreciation	11,582	9,676	1,906	10,980
Book value	5,858	5,284	574	6,369
Intangible fixed assets, other (Leased assets)				
Purchase price				
Accumulated depreciation				
Book value	672	625	47	584
Total				
Purchase price	17,440	14,961	2,479	17,349
Accumulated depreciation	11,582	9,676	1,906	10,980
Book value	6,530	5,910	620	6,954

(2) Lease commitments

(¥ millions)

	At June 30, 2001	At June 30, 2000	Increase (Decrease)	At December 31, 2000
Due within one year	2,173	2,214	(41)	2,364
Due after one year	4,672	3,905	767	4,967
Total	6,846	6,120	726	7,331

(3) Lease revenue, depreciation equivalent and interest equivalent

(¥ millions)

	6months ended June 30, 2001	6months ended June 30, 2000	Increase (Decrease)	Year ended December 31, 2000
Lease revenue	1,537	1,498	39	3,273
Depreciation equivalent	1,168	1,242	(74)	2,705
Interest equivalent	172	174	(2)	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)

6 months ended June 30, 2001						
	Alcoholic beverages	Soft drinks	Other	Total	Elimination/Unallocation	Consolidated
Sales						
1 Unaffiliated customers	522,676	151,918	73,459	748,054		748,054
2 Intersegment	1,493	711	46,607	48,812	(48,812)	
Total sales	524,169	152,629	120,066	796,866	(48,812)	748,054
Operating expenses	499,946	146,666	112,186	758,799	(46,921)	711,878
Operating income	24,223	5,963	7,879	38,066	(1,890)	36,176

(¥ millions)

6 months ended June 30, 2000						
	Beer	Soft drinks	Other	Total	Elimination/Unallocation	Consolidated
Sales						
1 Unaffiliated customers	534,361	143,560	68,618	746,540		746,540
2 Intersegment	1,430	562	46,325	48,318	(48,318)	
Total sales	535,791	144,123	114,944	794,859	(48,318)	746,540
Operating expenses	505,421	136,403	107,157	748,982	(46,207)	702,774
Operating income	30,369	7,719	7,787	45,876	(2,110)	43,765

(¥ millions)

Year ended December 31, 2000						
	Beer	Soft drinks	Other	Total	Elimination/Unallocation	Consolidated
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

Notes: 1. Types and nature of products are considered in classification of business segments. In January 2001, the marketing division of Kirin Seagram Ltd, an affiliated company under equity method, is integrated into Kirin Brewery Limited, in accordance with the Kirin Group's strategy to concentrate on total alcoholic beverages of ¥ 20,446million, has been recognized for the 6months ending June 30, 2001. As the nature and the market of these alcoholic beverages and beer are similar, such sales are added to the sales of beer segments, and accordingly, the presentation of "beer" segment has been changed to "alcoholic beverages" in the current period.

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

Sales by segment	Main products
Alcoholic beverages	Beer, Sparkling malt liquor (<i>Happoshu</i>), Whiskey, Spirits, Wine etc.
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.

6 months ended June 30, 2001 ¥ 2,067million

6 months ended June 30, 2000 ¥ 2,136million

Year ended December 31, 2000 ¥ 4,681million

4. As a result of adopting the new accounting standard for employees' severance and pension benefits, the operating expenses has decreased by ¥ 2,012million for "alcoholic beverages", increased by ¥ 187million for "soft drinks", decreased by ¥ 431million for "other" and decreased by ¥ 20million for "elimination/unallocation", compared to what would have been reported under the previous accounting standard.

2. Geographical Segment Information

(¥ millions)

	6 months ended June 30, 2001					
	Japan	Asia· Oceania	Other	Total	Elimination/ Unallocation	Consolidated
Sales						
1 Unaffiliated customers	668,829	53,940	25,283	748,054		748,054
2 Intersegment	1,173	447	384	2,005	(2,005)	
Total sales	670,002	54,388	25,668	750,059	(2,005)	748,054
Operating expenses	642,213	45,467	23,944	711,625	252	711,878
Operating income	27,789	8,921	1,723	38,433	(2,257)	36,176

(¥ millions)

	6 months ended June 30, 2000					
	Japan	Asia· Oceania	Other	Total	Elimination/ Unallocation	Consolidated
Sales						
1 Unaffiliated customers	651,687	73,601	21,252	746,540		746,540
2 Intersegment	1,298	428	232	1,958	(1,958)	
Total sales	652,985	74,029	21,484	748,499	(1,958)	746,540
Operating expenses	617,307	64,741	20,638	702,687	87	702,774
Operating income	35,678	9,287	845	45,811	(2,045)	43,765

(¥ millions)

	Year ended December 31, 2000					
	Japan	Asia· Oceania	Other	Total	Elimination/ Unallocation	Consolidated
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

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 Note 3 in "1. Business Segment Information".

4. As a result of adopting the new accounting standard for employees' severance and pension benefits, the operating expenses has decreased by ¥ 2,277million for "Japan", compared to what would have been reported under the previous accounting standard.

5. Lion Nathan Limited, a consolidated subsidiary, which is included in "Asia, Oceania", has changed its accounting period and therefore reported 7 months results for the previous half year period.

3. Overseas sales

(¥ millions)

6 months ended June 30, 2001			
	Asia, Oceania	Other	Total
Overseas sales	54,312	25,534	79,846
Consolidated sales			748,054
Percentage of overseas sales to consolidated sales(%)	7.3	3.4	10.7

(¥ millions)

6 months ended June 30, 2000			
	Asia, Oceania	Other	Total
Overseas sales	73,968	21,373	95,341
Consolidated sales			746,540
Percentage of overseas sales to consolidated sales(%)	9.9	2.9	12.8

(¥ 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.
4. Lion Nathan Limited, a consolidated subsidiary, which is included in "Asia, Oceania", has changed its accounting period and therefore reported 7 months results for the previous half year period.

(PRODUCTION, ORDERS RECEIVED AND SALES)

(1) PRODUCTION PERFORMANCE

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

Business Segment	6months ended June 30, 2001	Percentage change (%)
Alcoholic beverages	518,228 (¥ Millions)	(2.4)
Soft drinks	50,369 (¥ Millions)	2.9
Other	42,639 (¥ Millions)	2.9

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

(2) ORDERS RECEIVED

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

Business Segment	Orders received during period	Percentage change (%)	Backlog	Percentage change (%)
Soft drinks	255 (¥ Millions)	(8.1)		
Other	5,960 (¥ Millions)	14.5	5,960 (¥ Millions)	47.8

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

(3) SALES PERFORMANCE

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

Business Segment	6 months ended June 30, 2001	Percentage change (%)
Alcoholic beverages	522,676 (¥ Millions)	(2.2)
Soft drinks	151,918 (¥ Millions)	5.8
Other	73,459 (¥ Millions)	7.1

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

As a result of changing the presentation of business segment, the presentation of "beer" sales by segment has been changed to "alcoholic beverages" in the current period.

(Securities)

Interim period of fiscal 2001 (as of June 30,2001)

1 . Securities to be held until maturity with market values

(¥ : millions)

	Book value	Market value	Difference
(1)Governmental/municipal bonds	1,097	1,128	30
(2)Corporate bonds	11,837	11,988	151
(3)Other			
Total	12,935	13,116	181

2 . Other marketable securities with market values

(¥ : millions)

	Acquisition cost	Book value	Difference
(1)Shares	116,685	182,830	66,145
(2)Bonds			
Governmental/municipal bonds	49	57	7
Corporate bonds	15,557	15,720	163
Other			
(3)Other	810	816	5
Total	133,102	199,425	66,322

3 . Descriptions and book value of securities without market values are as follows:

Other marketable securities

Unlisted securities	¥42,446 Million
Investment fund constituted of bonds	¥6,607 Million
Mid term government security fund	¥4,047 Million
Beneficiary certificate of security investment fund	¥4,295 Million

(June30, 2000)

(¥ millions)			
	Book value	At June 30, 2000 Market value	Unrealized gains (losses)
Current Assets			
Shares	96,198	189,910	93,712
Bonds	15,454	15,707	253
Other	1,450	1,444	(5)
Sub Total	113,102	207,062	93,960
Fixed Assets			
Shares	63,879	84,169	20,289
Bonds	13	15	2
Other	310	313	3
Sub Total	64,202	84,498	20,295
TOTAL	177,305	291,560	114,255

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 June 30, 2000
Current Assets	Discounted bank debenture	64
	Mid term government security fund	2,752
	Investment fund constituted of bonds	7,729
	Beneficiary certificate of security investment fund	4,118
	Unlisted bonds etc	16,013
Fixed Assets	Unlisted securities	58,336
	Securities in limited liability companies	106
	Unlisted bonds etc	10,045

(December 31, 2000)

(¥ 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 June 30, 2001

The disclosure of derivative transactions is omitted, because hedge accounting applies to all of the derivative contracts utilized by Kirin Brewery Company, Limited and its consolidated subsidiaries.

At June 30, 2000

1. Currency related derivatives;

(¥ millions)

Type	Contract amounts, etc	(Including amount due after one year)	Market value	Unrealized gain(loss)
Transactions not through market:				
Swaps:	19,584	19,584	21,682	(2,097)
Total	19,584	19,584	21,682	(2,097)

(Note) The disclosure of forward foreign exchange contracts and options is omitted because each of their contract amount, market value and unrealized gain/loss is immaterial.

2. Interest related derivatives;

(¥ millions)

Type	Contract amounts, etc	(Including amount due after one year)	Market Value	Unrealized gain(loss)
Transactions not through market:				
Options:				
Selling				
Call	3,255	0	(Note)	(Note)
Put	12,456	7,573		
Buying				
Call	1,062	1,062		
Swaps:	70,222	61,769	451	451
Total	86,997	70,405		

(Note) The disclosure of market value and unrealized gain/loss of options is omitted due to immateriality.

At December 31, 2000

1. Currency related derivatives;

(¥ millions)

Type	Contract amounts, etc	(Including amount due after one year)	Market value	Unrealized Gains(losses)
Transactions not through market :				
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)
Transactions not through market :				
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
Transactions not through market :				
Swaps:				
Aluminum	393		10	10
Total				10

**CONSOLIDATED FINANCIAL
RESULTS
for
THE HALF YEAR
ended
JUNE.30, 2001**

SUPPLEMENTARY COMMENTS

**KIRIN BREWERY COMPANY, LIMITED
AUGUST.10, 2001**

2001 1st.Half Actual:Consolidated

PROFIT CHANGE FROM PRIOR YEAR

(¥ Billions)

Item	2001 1st.half Actual	2000 1st.half Actual	Difference	Reference
<i>Sales</i>	748.0	746.5	1.5	
Increase in other consolidated subsidiaries' operating income			0.8	
Decrease in KIRIN BEVERAGE'S operating income			(2.1)	
Decrease in Parent's operating income			(6.3)	
<i>Decrease in Operating Income</i>	36.1	43.7	(7.6)	
Increase in equity in earnings of affiliates			1.7	
Increase in KIRIN BEVERAGE'S non-operating income, net			0.6	
Decrease in other consolidated subsidiaries' non-operating income, net			(1.5)	
Decrease in Parent's non-operating income, net			(2.6)	
<i>Decrease in Income Before Extraordinary Items</i>	35.0	44.4	(9.4)	
Increase in Parent's extraordinary income, net			4.6	
Increase in other consolidated subsidiaries' extraordinary income, net			1.2	
Increase in minority interests			1.1	
Decrease in KIRIN BEVERAGE'S extraordinary income, net			(0.8)	
<i>Decrease in Net Income</i>	14.2	17.5	(3.3)	

2001 Budget:Consolidated

PROFIT CHANGE FROM CURRENT YEAR

(¥ Billions)

Item	2001 Budget	2000 Actual	Difference	Reference
<i>Sales</i>	1,610.0	1,580.8	29.2	
Increase in other consolidated subsidiaries' operating income			3.6	
Increase in KIRIN BEVERAGE'S operating income			0.2	
Decrease in Parent's operating income			(12.1)	
<i>Decrease in Operating Income</i>	86.0	94.3	(8.3)	
Increase in KIRIN BEVERAGE'S non-operating income, net			0.9	
Increase in equity in earnings of affiliates			0.2	
Decrease in Parent's non-operating income, net			(3.2)	
Decrease in other consolidated subsidiaries' non-operating income, net			(3.6)	
<i>Decrease in Income Before Extraordinary Items</i>	79.0	93.0	(14.0)	
Increase in Parent's extraordinary income, net			9.8	
Increase in other consolidated subsidiaries' extraordinary income, net			6.1	
Decrease in minority interests			(3.1)	
Decrease in KIRIN BEVERAGE'S extraordinary income, net			(3.7)	
<i>Decrease in Net Income</i>	28.0	32.9	(4.9)	

Consolidated

Forecast of consolidated financial performance

Results of operations		(¥ billions)		
2001		2000		
	1st.half Actual	Budget	1st.half Actual	Actual
Sales	748.0	1610.0	746.5	1,580.8
Operating Income	36.1	86.0	43.7	94.3
Income before Extraordinary Items	35.0	79.0	44.4	93.0
Net income	14.2	28.0	17.5	32.9

Scope of consolidation and application of equity method		(Number of companies)		
2001		2000		
	1st.half Actual	Budget	1st.half Actual	Actual
Consolidated subsidiaries	276	278	243	241
Unconsolidated subsidiaries applied by equity method	1	1	1	1
Affiliates applied by equity method	16	16	20	18

Income and expense analysis by business segment

Movement between 01 1st. half Actual and 00 1st. half Actual						(¥ billions)
	Alcoholic beverages	Soft drinks	Other	Elimination/ Unallocation	Total	
Operating income – 00 Actual	30.3	7.7	7.7	(2.1)	43.7	
Decrease (Increase) in gross profit	(9.8)	2.7	2.2	4.3	(0.6)	
Decrease (Increase) in selling expenses	2.4	(2.6)	(0.2)		(0.4)	
Decrease (Increase) in operations, and general and administrative expenses and other	1.3	(1.9)	(1.9)	(4.1)	(6.6)	
Decrease (Increase) in operating income	(6.1)	(1.8)	0.1	0.2	(7.6)	
Operating income – 01 Actual	24.2	5.9	7.8	(1.8)	36.1	

Movement between 01 Budget and 00 Actual						(¥ billions)
	Alcoholic beverages	Soft drinks	Other	Elimination/ Unallocation	Total	
Operating income - 00 Actual	64.8	17.8	16.9	(5.2)	94.3	
Increase (Decrease) in gross profit	11.8	7.6	1.5		20.9	
Decrease (Increase) in selling expenses	(18.3)	(6.7)	(0.5)		(25.5)	
Decrease (Increase) in operations, and general and administrative expenses	1.5	(0.1)	(5.6)	0.5	(3.7)	
Increase (Decrease) in operating income	(5.0)	0.8	(4.6)	0.5	(8.3)	
Operating income - 01 budget	59.8	18.6	12.3	(4.7)	86.0	

Consolidated

Amount Changes of Sales and Major Expenses etc.

(¥ Billions)

	2001		2000	
	1st. half Actual	Budget	1st. half Actual	Actual
Sales volume (vs. prior year)				
Alcoholic beverages	thousand KL	thousand KL	thousand KL	thousand KL
Beer (*1)	1,796 (3.5%)	3,788 (2.0%)	1,860 38.5%	3,863 31.4%
Soft drinks	million cases 85 6.4%	million cases 188 6.0%	million cases 80 13.3%	million cases 177 10.9%
Sales by business segments (vs. prior year)				
Total	748.0 0.2%	1,610.0 1.8%	746.5 11.7%	1,580.8 8.9%
Alcoholic beverages	522.6 (2.2%)	1,130.0 1.6%	534.3 7.7%	1,111.8 4.1%
Beer (*1)	502.2 (6.0%)	1,074.0 (3.4%)	534.3 7.7%	1,111.8 4.1%
Whisky, Spirits and wines	20.4	56.0		
Soft drinks	151.9 5.8%	334.0 5.0%	143.5 13.0%	318.0 13.3%
Other business	73.4 7.1%	146.0 (3.3%)	68.6 52.5%	150.9 46.9%
Pharmaceutical	22.7 11.5%	48.0 2.7%	20.3 9.0%	46.7 14.5%
Agribio	8.4 13.6%	18.0 16.7%	7.4 (3.2%)	15.4 29.1%
Functional Foods	4.7 43.8%	11.0 48.1%	3.2	7.4
other	37.5 0.1%	69.0 (15.2%)	37.5 101.7%	81.3 62.8%
Sales promotion (*2)	60.5	} 196.0	57.3	115.6
Advertising(*2)	36.0		36.5	61.3
R&D	10.3		8.2	21.4
Depreciation	34.9		35.1	72.0
Financial profit, net	(1.0)	(5.0)	(0.8)	(1.8)
Capital Expenditures	37.7	80.0	47.5	93.8
Cash flows				
Operating activities	18.7	83.0	2.4	93.7
Investing activities	(14.3)	(49.0)	(28.6)	(69.0)
Financing activities	(3.7)	(18.0)	(7.2)	(43.6)

* 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 1st.half Actual	2000 1st.half Actual	Increase (Decrease)	Reference
Notes and accounts receivable	292.1	229.9	62.2	Effect of bank holiday on June 30, 2001 and Increase in Wines and Spirits, etc.
Marketable securities	24.4	143.7	(119.3)	Reclassification of marketable securities to investment
Investments in securities	314.6	132.6	182.0	Increment on revaluation of securities as a result of adoption of new accounting policy on financial instruments
Other investments	69.6	96.4	(26.8)	Decrease in deferred tax assets as a result of adoption of new accounting policy on financial instruments
Beer taxes payable	144.7	102.0	42.7	Effect of bank holiday on June 30, 2001
Other current liabilities	56.0	91.2	(35.2)	Prior period figure includes commercial papers: 220
Long-term debt	120.7	88.1	32.6	LION NATHAN LTD.
Net unrealized holding gains on securities	38.9		38.9	Effect on adoption of new accounting policy on financial instruments

KIRIN BREWERY COMPANY, LIMITED

SUMMARY OF NON-CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2001 (UNAUDITED)

August 10, 2001

(English Translation)

Fiscal year ending December 31, 2001

KIRIN BREWERY COMPANY, LIMITED

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

Code No.:	2503
Shares Listed:	Tokyo, Osaka, Nagoya, 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: August 10, 2001

Date of commencement of payment of interim dividend: September 12, 2001

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

(January 1, 2001 - June 30, 2001)

[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, 2001	493,751	1.4	16,493	(27.6)	24,324	(26.8)
6 months ended June 30, 2000	486,746	(5.4)	22,765	(6.3)	33,247	8.3
Year ended December 31, 2000	1,066,719		55,085		67,325	

	Net income (¥ millions)	Percentage Change (%)	Net income per share (¥)
6 months ended June 30, 2001	14,320	(23.3)	14.55
6 months ended June 30, 2000	18,675	31.6	18.69
Year ended December 31, 2000	31,484		31.73

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

June 30, 2001	984,508	thousands of shares
June 30, 2000	999,423	
December 31, 2000	992,351	

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, 2001 to those for the 6 months ended June 30, 2000.

(2) Dividends:

	Interim dividend per share (¥)	Dividend per share for the year (¥)
6 months ended June 30, 2001	6.00	
6 months ended June 30, 2000	6.00	
Year ended December 31, 2000		12.00

(3) Financial positions:

	Total assets (¥ millions)	Shareholders' equity (¥ millions)	Ratio of shareholders' equity to total assets (%)	Shareholders' equity per share (¥)
June 30, 2001	1,247,119	712,297	57.1	723.51
June 30, 2000	1,175,001	664,290	56.5	671.59
December 31, 2000	1,175,289	665,439	56.6	675.91

Note:	Number of shares issued and outstanding:	June 30, 2001	984,508	thousands of shares
		June 30, 2000	989,131	
		December 31, 2000	984,508	

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

	Sales (¥ million)	Income before extraordinary items (¥ million)	Net income (¥ million)	Dividend per share for the year (¥)	Including final dividend per share (¥)
Year ending December 31, 2001	1,080,000	52,000	26,000	6.00	12.00

Note: Forecasted net income per share ¥26.41

BALANCE SHEETS

(¥ millions)

ASSETS	At June 30, 2001	At June 30, 2000	Increase (Decrease)	At December 31, 2000
Current Assets				
Cash	21,870	10,666	11,204	16,373
Funds in trust		35,216	(35,216)	36,909
Notes receivable	3,223	8,665	(5,442)	4,254
Accounts receivable	205,850	152,101	53,749	169,994
Marketable securities	8,073	115,231	(107,158)	114,937
Inventories	45,325	46,811	(1,486)	32,499
Funds in trust	18,313		18,313	
Other current assets	28,600	32,610	(4,010)	32,580
Allowance for doubtful accounts	(1,012)	(467)	(545)	(912)
Total current assets	330,245	400,837	(70,592)	406,636
Fixed Assets				
Property, Plant and Equipment				
Buildings	130,703	138,818	(8,115)	132,442
Machinery and equipment	136,104	117,696	18,408	112,006
Land	113,722	114,366	(644)	114,644
Construction in progress	16,461	26,520	(10,059)	34,325
Other	31,386	32,285	(899)	30,439
Total	428,378	429,687	(1,309)	423,859
Intangible Fixed Assets	6,888	7,440	(552)	7,168
Investments and Other Assets				
Investments in securities	230,327	59,051	171,276	57,681
Investments in subsidiaries and affiliates	167,165	167,027	138	166,813
Life insurance investments	32,314	30,535	1,779	32,191
Other investments	53,080	81,207	(28,127)	81,663
Allowance for doubtful accounts	(1,280)	(786)	(494)	(723)
Total	481,607	337,036	144,571	337,626
Total fixed assets	916,874	774,163	142,711	768,653
TOTAL ASSETS	1,247,119	1,175,001	72,118	1,175,289

(¥ millions)

LIABILITIES AND SHAREHOLDERS' EQUITY	At June 30, 2001	At June 30, 2000	Increase (Decrease)	At December 31, 2000
Current Liabilities				
Notes payable	1,670	4,283	(2,613)	1,753
Accounts payable	42,841	35,083	7,758	29,581
Short-term bank loans	1,500		1,500	6,000
Beer taxes payable	142,583	98,941	43,642	121,471
Income taxes payable	11,483	14,867	(3,384)	11,743
Accrued expenses	45,474	43,238	2,236	46,879
Deposits received	59,806	61,930	(2,124)	65,956
Other current liabilities	41,408	62,649	(21,241)	39,265
Total current liabilities	346,768	320,993	25,775	322,650
Long-term Liabilities				
Long-term debt	7,000	8,500	(1,500)	7,000
Retirement and severance benefits	90,538	75,825	14,713	78,849
Other reserves	1,449	3,977	(2,528)	1,789
Customers' guarantee deposits	80,259	87,608	(7,349)	85,660
Other	8,806	13,804	(4,998)	13,899
Total long-term liabilities	188,053	189,717	(1,664)	187,199
TOTAL LIABILITIES	534,822	510,710	24,112	509,850
Common Stock	102,045	102,045		102,045
Additional paid-in capital	70,868	70,868		70,868
Retained earnings appropriated	25,511	25,349	162	25,511
Retained earnings				
General reserve	410,144	357,030	53,114	357,030
Unappropriated retained earnings	65,116	108,996	(43,880)	109,982
Total retained earnings	475,261	466,026	9,235	467,013
Net unrealized holding gains on securities	38,610		38,610	
TOTAL SHAREHOLDERS' EQUITY	712,297	664,290	48,007	665,439
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,247,119	1,175,001	72,118	1,175,289

STATEMENTS OF INCOME

(¥ millions)

	6 months ended June 30, 2001	6 months ended June 30, 2000	Increase (Decrease)	Year ended December 31, 2000
Sales	493,751	486,746	7,005	1,066,719
Cost of Sales	350,311	345,313	4,998	758,480
Gross profit	143,439	141,433	2,006	308,238
Selling, General and Administrative Expenses	126,946	118,667	8,279	253,153
Operating Income	16,493	22,765	(6,272)	55,085
Non-operating Income				
Interest income	459	2,097	(1,638)	3,339
Return on funds in trust	1,394		1,394	
Dividend income	5,465		5,465	7,802
Miscellaneous income	2,627	10,019	(7,392)	7,539
Total	9,946	12,116	(2,170)	18,681
Non-operating Expenses				
Interest expense	716	749	(33)	1,473
Miscellaneous expenses	1,399	884	515	4,968
Total	2,115	1,634	481	6,442
Income before Extraordinary Items and Income Taxes	24,324	33,247	(8,923)	67,325
Extraordinary Income				
Gain on sale of securities	9,956		9,956	
Other	1,125	4,982	(3,857)	9,658
Total	11,082	4,982	6,100	9,658
Extraordinary Expenses				
Amortization of net transition obligation of accounting standard for employee's severance and retirement benefits	6,732		6,732	
Other	3,453	5,153	(1,700)	22,210
Total	10,186	5,153	5,033	22,210
Income before Income Taxes	25,220	33,075	(7,855)	54,772
Income Taxes	10,900	14,400	(3,500)	23,287
Net Income	14,320	18,675	(4,355)	31,484
Retained earnings at beginning	50,796	50,734	62	50,734
Cumulative effect of change in accounting for income taxes		47,914	(47,914)	47,914
Reversal of reserve for extraordinary depreciation due to the adoption of income tax effect accounting		159	(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)	10,174
Dividends(interim)				5,934
Transfer to legal reserve(interim)				162
Retirement of treasury stock		18,662	(18,662)	24,387
Unappropriated retained earnings	65,116	108,996	(43,880)	109,982

SIGNIFICANT ACCOUNTING POLICIES

1. Valuation of Inventories

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

2. Valuation of securities

Equity securities issued by subsidiaries and affiliated companies are valued at lower of moving average cost or market. Available-for-sale securities with available fair market values are started at fair market value. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of shareholder's equity. Realized gains and losses on sale of such securities are computed using moving-average cost. Debt securities with no available fair market value are started at amortized cost, net of the amount considered not collectible. Other securities with no available fair market value are stated at moving-average cost.

3. Valuation of funds in trust

Fair value

4. Valuation of derivative financial instruments

Fair value

5. Depreciation of property, plant and equipment

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

6. Amortization of intangible fixed assets

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

7. Allowance for doubtful accounts

The Company provides sufficient allowance for doubtful accounts to cover possible losses on collection by estimating uncollectible amounts for individual accounts.

8. Severance and retirement benefits for employee's

The Company provides allowance for employees' severance and retirement benefits at June 30, 2001 based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at the date. 6/12 of the estimated net transition obligation for the year ended December 31, 2001 of ¥ 13,464million, is recognized as special expense for the current half year period.

9. 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.

10. Hedge accounting

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

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

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

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

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

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

11. Consumption tax

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

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

ADDITIONAL INFORMATION:

(Employees' severance and retirement benefits)

Effective January 1, 2001, the Company adopted the new accounting standard, "Opinion on Setting Accounting Standard for Employees' Severance and Pension Benefits", issued by the Business Accounting Deliberation Council on June 16, 1998. As a result of the adoption of the new accounting standard, in the half-year period ended June 30, 2001, severance and retirement benefit expenses increased by ¥ 4,175million, operating income increased by ¥ 2,509million and income before income taxes decreased by ¥ 4,222million compared with what would have been recorded under the previous accounting standard. The amortization of net transition obligation of ¥ 6,732 million is recorded as special expense.

(Securities)

Effective January 1, 2001, the Company adopted the new accounting standard for financial instruments, "Opinion Concerning Establishment of Accounting Standard for Financial Instruments" issued by the Business Accounting Deliberation Council on January 22, 1999. As a result of adopting the new accounting standard for financial instruments, operating income and income before income taxes increased by ¥ 372million. Also, based on the examination of the intent of holding each security upon application of the new accounting standard on January 1, 2001, securities maturing within one year from the balance sheet date are included in current assets, and other securities are included in investments and other assets. As a result, at June 30, 2001, securities in current assets decreased by ¥ 108,937million and investment securities increased by the same amount compared with what would have been recorded under the previous accounting standard. Also as a result of the adoption, return on funds in trust, which was included in interest income in the prior year, and dividend income which was included in other non-operating expense in the prior year, are separately disclosed in the statement of operation for the 6month ended June 30, 2001.

The amounts of return on funds in trust and dividend income for the 6months ended June 30, 2000 were ¥ 1,555million and ¥ 4,593million, respectively.

(Foreign currency translation)

Effective January 1, 2001, the Company adopted the revised accounting standard for foreign currency translation, "Opinion on Concerning Revision of Accounting Standard for Foreign Currency Translation", issued by the Business Accounting Deliberation Council on October 22, 1999. There is no impact on the reported result of operation, as a result of adopting the revised accounting standard.

NOTES TO:

(NON-CONSOLIDATED BALANCE SHEETS)

1 Accumulated depreciation (¥ millions)

	At June 30, 2001	At June 30, 2000	Increase (Decrease)	At December 31, 2000
Accumulated depreciation	498,385	513,871	(15,486)	488,495

2 Detail of Collateral

(1) Collateral (¥ millions)

	At June 30, 2001	At June 30, 2000	Increase (Decrease)	At December 31, 2000
Buildings	1,166	1,258	(92)	1,214
Land	439	439		439
Investments in securities	33	13	20	29

(2) Secured borrowing (¥ millions)

	At June 30, 2001	At June 30, 2000	Increase (Decrease)	At December 31, 2000
Deposits received	2,296	2,296		2,296
Postage charge (facility limit)	29	13	16	29

3 Contingent liabilities

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

	At June 30, 2001	At June 30, 2000	Increase (Decrease)	At December 31, 2000
Kirin Lease Co.,Ltd.	11,090	12,890	(1,800)	13,320
Kirin International Trading Co.,Ltd.	2,050	2,050		2,050
Koiwai Dairy Products Co.,Ltd.	1,750	1,600	150	1,600
Marinet Co.,Ltd.	1,664	1,409	255	1,307
Yokohama Arena Co.,Ltd.	1,048	1,364	(316)	1,206
Kirin International Finance (Netherlands)B.V.	10,000	20,000	(10,000)	10,000
Taiwan Kirin Company, Ltd.	1,172		1,172	
Kirin Brewery of America LLC	1,171		1,171	
Other	3,175	4,225	(1,050)	4,156
(Amounts in foreign currencies included above)	4,388	2,845	1,543	2,890
	USD 18,995't	USD 22,388't		USD 20,105't
	NTD 324,660't			
	NLG 16,500't	NLG 8,500't		NLG 11,000't
	ESP 98,000't	ESP 160,000't		ESP 80,000't
Number	13	15		15

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

	At June 30, 2001	At June 30, 2000	Increase (Decrease)	At December 31, 2000
	14,679	14,481	198	13,604

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

	At June 30, 2001	At June 30, 2000	Increase (Decrease)	At December 31, 2000
	424	443	(19)	434
Number	3	3		3
Total contingent liabilities	48,225	58,463	(10,238)	47,678
(Including agreements similar to contingent liabilities)	21,180	34,186	(13,006)	23,270

(NON-CONSOLIDATED STATEMENTS OF INCOME)

1. Depreciation

(¥ millions)

	6months ended June 30, 2001	6months ended June 30, 2000	Increase (Decrease)	Year ended December 31, 2000
Property, Plant and Equipment	17,469	17,056	413	35,581
Intangible Fixed Assets	279	292	(13)	572
Total	17,748	17,349	399	36,153

2. Presentation of Income Taxes

The Company adopted simplified accounting method for Income Tax effect accounting in the 6 months ended June 30, 2001. Accordingly, deferred income taxes are not presented separately and are included in Income Taxes in current interim consolidated statements of income.

(LEASE TRANSACTIONS)

Finance lease transactions without ownership transfer to lessee

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

	At June 30, 2001	At June 30, 2000	Increase (Decrease)	At December 31, 2000
Machinery and equipment				
Purchase price equivalent	180	185	(5)	185
Accumulated depreciation equivalent	47	33	14	43
Book value equivalent	132	152	(20)	142
Other (Structures)				
Purchase price equivalent	7	7		7
Accumulated depreciation equivalent	4	3	1	3
Book value equivalent	2	4	(2)	3
Other (Vehicles)				
Purchase price equivalent	13	9	4	5
Accumulated depreciation equivalent	6	5	1	2
Book value equivalent	6	3	3	3
Other (Tools)				
Purchase price equivalent	8,797	10,092	(1,295)	8,863
Accumulated depreciation equivalent	4,546	4,348	198	4,408
Book value equivalent	4,251	5,744	(1,493)	4,814
Total				
Purchase price equivalent	8,999	10,295	(1,296)	9,061
Accumulated depreciation equivalent	4,605	4,390	215	4,097
Book value equivalent	4,393	5,904	(1,511)	4,964

(2) Lease commitments (¥ millions)

	At June 30, 2001	At June 30, 2000	Increase (Decrease)	At December 31, 2000
Due within one year	2,015	2,559	(544)	2,247
Due after one year	2,599	3,644	(1,045)	2,973
Total	4,614	6,203	(1,589)	5,220

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

	6months ended June 30, 2001	6months ended June 30, 2000	Increase (Decrease)	Year ended December 31, 2000
Lease payments	1,381	1,519	(138)	3,040
Depreciation equivalent	1,167	1,161	6	1,801
Interest equivalent	123	152	(29)	228

(4) Method of depreciation equivalent

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

(5) Allocation of interest equivalent

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

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

Operating lease transactions

Lease commitments (¥ millions)

	At June 30, 2001	At June 30, 2000	Increase (Decrease)	At December 31, 2000
Due within one year	148	90	58	107
Due after one year	602	390	212	453
Total	751	480	271	560

(Securities)

Information on securities, except for those presented below, for current and prior periods are presented with the consolidated interim financial statements

(Reference : financial statements at June 30, 2001)

Investment in subsidiaries and affiliates with market values

(¥ : millions)

	Book value	Market value	Difference
Investment in subsidiaries	101,754	153,852	52,097
Investment in affiliates	12,536	34,810	22,274

FINANCIAL RESULTS
for
THE HALF YEAR
ended
JUNE.30, 2001

SUPPLEMENTARY COMMENTS

KIRIN BREWERY COMPANY, LIMITED
AUGUST.10, 2001

2001 1st.Half Actual:Parent

PROFIT CHANGE FROM PRIOR YEAR

(¥ Billions)

Item	2001 1st.half Actual	2000 1st.half Actual	Difference	Reference
<i>Sales</i>	493.7	486.7	7.0	
Increase in Alcoholic beverages business profit			1.7	Decrease in beer business marginal profit: (8.1) Increase in <i>happoushu</i> business marginal profit: 6.8 Increase in whisky, spirits, wine business profit etc.
Decrease in labor cost			1.1	
Decrease in beer ingredient cost			0.8	
Other			(0.4)	
Increase in beer material cost			(0.9)	
Increase in fixed cost at breweries			(2.4)	
Increase in selling cost			(6.2)	Sales promotion cost : (7.0)
<i>Decrease in Operating Income</i>	16.4	22.7	(6.3)	
Financial profit, net			0.7	
Decrease in other non-operating income, net			(3.3)	Write-back of loss on revaluation of marketable securities:(3.0)
<i>Decrease in Income Before Extraordinary Items</i>	24.3	33.2	(8.9)	
Income Taxes, etc			3.5	
Decrease in Extraordinary expenses, net			1.1	Net transition obligation of accounting policy for employees' retirement and severance benefits:(6.7) Gain on sale of securities:10.0 Gain on sales of land : (3.6)
<i>Decrease in Net Income</i>	14.3	18.6	(4.3)	

2001 Budget:Parent

PROFIT CHANGE FROM CURRENT YEAR

(¥ Billions)

Item	2001 Budget	2000 Actual	Difference	Reference
Sales	1,080.0	1,066.7	13.3	
Decrease in labor cost			11.9	
Increase in Alcoholic beverages business profit			3.0	Decrease in beer business marginal profit: (1.7) Increase in <i>happoushu</i> business marginal profit: 1.3 Increase in whisky, spirits, wine business profit etc.
Decrease in beer material cost			1.7	
Increase in beer fixed cost at breweries			(1.2)	
Increase in depreciation			(1.5)	
Increase in beer material cost			(2.8)	
Increase in general and administrative cost etc.			(7.8)	Increase in R&D cost : (5.5)
Increase in selling cost			(15.4)	Sales promotion and advertising cost : (16.2)
Decrease in Operating Income	43.0	55.1	(12.1)	
Financial profit, net			(1.2)	
Decrease in other non-operating income, net			(2.0)	
Decrease in Income Before Extraordinary Items	52.0	67.3	(15.3)	
Increase in Extraordinary income, net			6.5	Net transition obligation of accounting policy for employees' retirement and severance benefits: (13.4) Gain on sale of securities:10.0
Income Taxes, etc			3.3	Gain on sales of land : (6.8) Restructuring cost of breweries : 15.3
Decrease in Net Income	26.0	31.5	(5.5)	

Parent

Amount Changes of Sales and Major Expenses etc.

(¥ Billions)

	2001		2000	
	1st. half Actual	Budget	1st. half Actual	Actual
Alcoholic beverages business sales volume (thousand KL,vs.prior year)				
Total of beer business	1,254 (0.8%)	2,717 (1.0%)	1,264 (5.9%)	2,743 (4.3%)
Beer	802 (8.3%)	1,754 (8.0%)	874 (12.3%)	1,905 (10.0%)
<i>Happoshu</i>	452 15.9%	963 15.0%	390 12.4%	837 11.8%
Case sales by major brands (million cases,vs.prior year)				
LAGER	34.94 (11.3%)	74.30 (11.2%)	39.40 (19.0%)	83.70 (15.8%)
ICHIBAN SHIBORI	25.33 1.1%	57.50 0.7%	25.06 (1.0%)	57.10 (0.7%)
TANREI	34.52 12.4%	73.70 11.7%	30.76 13.0%	66.00 11.7%
Sales by major segments (vs.prior year)	493.7 1.4%	1,080.0 1.2%	486.7 (5.4%)	1,066.7 (3.6%)
Total of Alcoholic beverages	468.4 1.4%	1,025.0 1.6%	462.1 (6.4%)	1,008.8 (4.9%)
Beer and <i>Happoshu</i>	451.0 (2.4%)	979.0 (3.0%)	462.1 (6.4%)	1,008.8 (4.9%)
Beer	321.0 (8.3%)	701.0 (8.6%)	349.9 (11.2%)	767.3 (9.2%)
<i>Happoshu</i>	130.0 15.9%	278.0 15.1%	112.2 12.6%	241.4 12.0%
Whiskey, Spirits and wines etc.	17.3	46.0		
Pharmaceuticals	21.7 11.3%	46.0 2.4%	19.5 4.7%	44.9 10.1%
Other	3.5 (29.8%)	9.0 (30.5%)	5.0 174.7%	12.9 130.5%
Beer and <i>Happoshu</i> taxes included in sales	223.5 (4.2%)	484.3 (4.6%)	233.4 (8.3%)	507.6 (6.7%)
Sales Promotion	32.9	113.2	25.9	57.9
Advertising	23.5		23.5	39.1
R&D	9.6	25.6	7.7	20.1
Labor Cost	40.1	80.5	41.2	92.4
Depreciation	17.7	37.7	17.3	36.2
Financial profit, net	6.6	8.5	5.9	9.7
Number of Employees (Including the secondees from group companies)	6,675	6,500	6,631	6,502
Capital Expenditures	23.2	47.0	22.4	51.6
(Major Items)				
Expansion of facilities at Tochigi plant	6.6	10.4	0.6	4.6
Renewal of Okayama plant	5.2	8.1	4.7	10.0
Renewal of Toride plant	2.1	5.1	4.0	7.8
Facilities for low alcohol beverage	1.1	1.1		
Expansion of facilities at Sendai plant	1.0	1.7		

Parent

Major Changes in Assets and Liabilities

(\$Billions)

	2001 1st.half Actual	2000 1st.half Actual	Increase (Decrease)	Reference
Notes receivable	205.8	152.1	53.7	Effect of bank holiday on June30, 2001 Increase in whiskey, spirits, wine etc.
Marketable securities	8.0	115.2	(107.2)	Reclassification of marketable securities to investment
Investments in securities	230.3	59.0	171.3	Increment on revaluation of securities as a result of adoption of new accounting policy on financial instruments
Other investments	53.0	81.2	(28.2)	Decrease in deferred tax assets as a result of adoption of new accounting policy on financial instruments
Beer taxes payable	142.5	98.9	43.6	Effect of bank holiday on June30, 2001
Other current liabilities	41.4	62.6	(21.2)	Prior period figure includes commercial papers: 220
Net unrealized holding gains on securities	38.6		38.6	Effect on adoption of new accounting policy on financial instruments