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## Summary of Consolidated Results for the First Quarter of 2002

Kirin Brewery Company, Limited announces its consolidated results for the first quarter of 2002 (January 1, 2002 – March 31, 2002), as follows.

### 1. Business results and financial positions for the first quarter of 2002 (January 1, 2002 – March 31, 2002)

[Unit: Japanese yen (¥)]

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

	Sales (¥ millions)	Percentage change (%)	Operating income (¥ millions)	Percentage change (%)	Income before special items (¥ millions)	Percentage change (%)	Net income (¥ millions)	Percentage change (%)
First quarter of 2002	303,714	(1.8)	3,570	(38.3)	1,914	(61.9)	( 238)	-
First quarter of 2001	309,391		5,786		5,023		(1,159)	

Note: Percentage change for net sales, operating income, ordinary income and net income is based on the first quarter of the previous fiscal year.

(2) Financial positions:

	Total assets (¥ millions)	Shareholders' equity (¥ millions)	Ratio of shareholders' equity to total assets (%)
First quarter of 2002	1,699,142	777,078	45.7
First quarter of 2001	1,596,946	786,099	49.2

(3) Cash flows :

	Cash flows from operating activities (¥ million)	Cash flows from investing activities (¥ million)	Cash flows from financing activities (¥ million)	Cash and cash equivalents at end of period (¥ million)
First quarter of 2002	(27,081)	(126,045)	103,775	94,519
First quarter of 2001	(21,713)	3,341	21,911	68,143

### 2. Scope of consolidation and application of the equity method

Consolidated subsidiaries: 260 companies

Unconsolidated subsidiaries accounted for by the equity method: 1 company

Affiliated companies accounted for by the equity method: 15 companies

Note: The figures presented above and the financial statements included with this release are unaudited and are presented voluntarily by Kirin Brewery Company, Limited.

### 3. Consolidated Results for the First Quarter of 2002

During the first quarter of 2002 (January 1, 2002 – March 31, 2002), sales of *happo-shu* increased and the soft drinks and pharmaceutical businesses performed well, although sales of beer decreased. As a result, consolidated net sales were ¥303.7 billion, a decrease of 1.8 percent compared with the same period of the previous year. Consolidated operating income decreased 38.3 percent to ¥3.5 billion, consolidated ordinary income decreased 61.9 percent to ¥1.9 billion, and consolidated net income was ¥(2) billion.

#### Alcoholic Beverage Business

In the alcoholic beverage business, in response to the diversification of customer preferences and the erosion of the boundaries separating product categories, Kirin has been making product proposals that meet the wide range of customer needs in the low-alcohol beverage market.

For core beer and *happo-shu* brands *Kirin Lager*, *Ichiban Shibori* and *Tanrei*, Kirin continued its efforts from last year to implement policies to clearly establish the distinctive characteristics of each respective brand. In the growing *happo-shu* category, Kirin introduced *Gokunama* to provide new value in a *happo-shu* product. In April, Kirin launched *Tanrei Green Label*, which cuts unfermented carbohydrates by 70 percent (Kirin's comparison) to offer an appealing new *happo-shu* that has gained a high level of support from customers.

In the *chu-hi* category, where further growth is expected, sales continued strong for *Kirin Chu-hi Hyoketsu*, a solid hit product from its launch last year. Capital investments were made to strengthen and expand production at Kirin's Okayama Brewery and the Shonan Factory of Kirin Beverage Corporation, in order to build a foundation to make *Kirin Chu-hi Hyoketsu* the top brand in the *chu-hi* category. In April, a new orange flavor was introduced, receiving the same positive response as the grapefruit and lemon flavors launched last year.

In the spirits and wines business, Kirin acquired continued exclusive distribution rights in Japan for the major brands of the former Seagram Co. from Pernod Ricard of France and Diageo of the United Kingdom. In April, the marketing and distribution functions of Kirin-Seagram Ltd. were integrated into Kirin Brewery with the aim of further strengthening the foundation of the spirits and wines business.

In March, Kirin entered into an agreement with Oji Paper Co., Ltd. to acquire the stock of Eishogen Co., Ltd. held by Oji Paper. The acquisition enhanced Kirin's brand lineup in the Chinese liquor segment and the growing low-alcohol beverage category, thus strengthening the foundation of the Company's comprehensive alcoholic beverage business.

In overseas beer operations, in March Kirin made an equity participation in San Miguel Corporation, acquiring approximately 15 percent of its stock. San Miguel holds a share of approximately 90 percent of the Philippine beer market, with operations extending throughout Asia. This move gave Kirin a strong base for business development in the Asia and Oceania region.

Despite growth in sales of *happo-shu*, lower beer sales and the effects of price reduction campaigns by other companies resulted in net sales for the alcoholic beverage business of ¥202.7 billion, a decrease of 5.6 percent compared with the same period of the previous year.

#### Soft Drinks Business

The soft drinks business carried out vigorous marketing activities, including new product launches.

Mainstay products *Namacha* and *Kikicha* posted continued strong sales, while the *Super Fire Stone Wash* extension of the *Fire* coffee line, introduced last fall, performed solidly. Among new products, sales of *Amino Supli* exceeded projections, while *Kiriri Su-Na* also posted favorable sales results. In addition, *Nihoncha Genmai* and *Rakuda*, both launched in March, got off to a good start and established themselves as new brands in the unsweetened teas and functional/healthy drinks segment, which is driving the market this year.

As a result of the above, net sales of the soft drinks business totaled ¥68.3 billion, an increase of 8.2 percent compared with the same period of the previous year.

## Other Businesses

In the pharmaceutical business, sales were strong, due to the contribution of *GRAN*, an agent that stimulates white blood cell production in patients following chemotherapy and blood stem cell transplantation, and other products. In research and development, KRN 321(NESP), a treatment for renal anemia that has high expectations as the second generation of *ESPO*, entered Phase II clinical trials. In the field of cell therapy, APC 8020 (cell therapy for multiple myeloma) and KRN 246 (conditioning regimen for hematopoietic stem cell transplantation) both entered clinical trials.

In the agribio business, sales were steady. In addition to introducing a new silver color for the *Kokochi Kaika* series of petunias, Kirin was successful in developing a new variety of carnations using its ion beam cultivation technology. In April, the *Kokochi Vegita* series of vegetable seedlings was introduced.

In the nutrient food & feed business, in addition to the launch of *Kirin Cholestemin*, a Special Health Food for Specified Health Use, Takeda-Kirin Foods Corporation, a joint venture with Takeda Chemical Industries, Ltd. centering on the seasonings business, was established and began operations in April.

As a result of the above, net sales of other businesses totaled ¥32.6 billion, an increase of 3.4 percent compared with the same period of the previous year.

Results for the first quarter were generally in line with plans made at the start of the year. With the implementation of various policies now heading toward showing full results in the alcoholic beverage and other core businesses, the Company expects to achieve the targets set at the start of the year.

**CONSOLIDATED BALANCE SHEETS**

(¥ millions)

ASSETS	First quarter of 2002		First quarter of 2001		Increase (Decrease)
	Amount	Percentage over total assets	Amount	Percentage over total assets	Amount
<b>Current Assets</b>					
Cash	96,822		56,434		40,388
Notes and accounts receivable	212,805		210,279		2,526
Marketable securities	8,649		22,197		(13,548)
Inventories	75,263		68,510		6,753
Funds in trust	13,711		18,184		(4,473)
Other	60,611		45,093		15,518
Allowance for doubtful accounts	(1,973)		(1,686)		(287)
Total current assets	465,891	27.4	419,013	26.2	46,878
<b>Fixed Assets</b>					
<b>Property, Plant and Equipment</b>					
Buildings and structures	187,126		192,520		(5,394)
Machinery, equipment and vehicles	184,716		159,514		25,202
Land	157,011		163,367		(6,356)
Construction in progress	23,133		42,649		(19,516)
Other	54,194		56,221		(2,027)
Total	606,181	35.7	614,274	38.5	(8,093)
<b>Intangible Fixed Assets</b>					
Consolidation differences	44,986		47,844		(2,858)
Other	84,112		84,575		(463)
Total	129,098	7.6	132,419	8.3	(3,321)
<b>Investments and Other Assets</b>					
Investments in securities	364,751		331,965		32,786
Life insurance investments	34,427		32,775		1,652
Other	101,783		67,264		34,519
Allowance for doubtful accounts	(2,992)		(766)		(2,226)
Total	497,970	29.3	431,238	27.0	66,732
Total fixed assets	1,233,250	72.6	1,177,933	73.8	55,317
<b>TOTAL ASSETS</b>	<b>1,699,142</b>	<b>100.0</b>	<b>1,596,946</b>	<b>100.0</b>	<b>102,196</b>

(¥ millions)					
LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	First quarter of 2002		First quarter of 2001		Increase (Decrease)
	Amount	Percentage over total assets	Amount	Percentage over total assets	Amount
Current Liabilities					
Notes and accounts payable	92,717		95,117		(2,400)
Short-term bank loans	52,778		51,032		1,746
Beer taxes payable	81,374		90,656		(9,282)
Income taxes payable	3,463		537		2,926
Accrued expenses	63,349		64,700		(1,351)
Deposits received	57,425		60,199		(2,774)
Other	44,971		42,632		2,339
Total current liabilities	396,080	23.3	404,876	25.4	(8,796)
Long-term Liabilities					
Bonds	129,984		29,020		100,964
Long-term debt	122,136		98,550		23,586
Pension and retirement benefits	98,321		98,002		319
Other reserves	8,740		7,656		1,084
Deposits received	80,663		92,916		(12,253)
Other	19,420		16,273		3,147
Total long-term liabilities	459,266	27.1	342,420	21.4	116,846
<b>TOTAL LIABILITIES</b>	<b>855,346</b>	<b>50.4</b>	<b>747,296</b>	<b>46.8</b>	<b>108,050</b>
<b>MINORITY INTERESTS</b>	<b>66,716</b>	<b>3.9</b>	<b>63,550</b>	<b>4.0</b>	<b>3,166</b>
Common Stock	102,045	6.0	102,045	6.4	
Additional Paid- In Capital	70,868	4.2	70,868	4.4	
Revaluation variance for Land	(1,625)	(0.1)			(1,625)
Retained Earnings	601,118	35.4	588,980	36.9	12,138
Net unrealized holding gains on securities	18,006	1.1	41,870	2.6	(23,864)
Foreign currency translation adjustments	(13,157)	(0.8)	(17,662)	(1.1)	4,505
Total	777,255	45.7	786,103	49.2	(8,848)
Treasury Stock	(176)	(0.0)	(3)	(0.0)	(173)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>777,078</b>	<b>45.7</b>	<b>786,099</b>	<b>49.2</b>	<b>(9,021)</b>
<b>TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY</b>	<b>1,699,142</b>	<b>100.0</b>	<b>1,596,946</b>	<b>100.0</b>	<b>102,196</b>

**CONSOLIDATED STATEMENTS OF INCOME**

(¥ millions)

	First quarter of 2002		First quarter of 2001		Increase (Decrease)
	Amount	Percentage over sales	Amount	Percentage over sales	Amount
Sales	303,714	100.0	309,391	100.0	(5,677)
Cost of Sales	192,799	63.5	202,128	65.3	(9,329)
Gross Profit	110,915	36.5	107,262	34.7	3,653
Selling, General and Administrative Expenses	107,345	35.3	101,475	32.8	5,870
Operating Income	3,570	1.2	5,786	1.9	(2,216)
Non-operating Income					
Interest income	248		365		(117)
Return on funds in trust			1,272		(1,272)
Dividend income	50		168		(118)
Equity in earnings of affiliates			32		(32)
Other	1,045		1,022		23
Total	1,343	0.4	2,859	0.9	(1,516)
Non-operating Expenses					
Interest expense	1,674		1,926		(252)
Equity in losses of affiliates	213				213
Other	1,111		1,696		(585)
Total	2,999	1.0	3,622	1.2	(623)
Income before special items and Income Taxes	1,914	0.6	5,023	1.6	(3,109)
Special Income					
Gain on sales of fixed assets	1,358		20		1,338
Reversal of provision for doubtful accounts	144		167		(23)
Total	1,503	0.5	188	0.1	1,315
Special Expenses					
Loss on disposal of fixed assets	649		681		(32)
Loss on sales of fixed assets	69		2		67
Amortization of net transition obligation of accounting standard for employees' severance and retirement benefits			4,708		(4,708)
Total	719	0.2	5,392	1.7	(4,673)
Income before Income Taxes and Minority Interests	2,699	0.9	(180)	(0.1)	2,879
Income Taxes (Current)	1,395	0.5	(93)	(0.0)	1,488
Minority Interests	1,542	0.5	1,072	0.3	470
Net Income	(238)	(0.1)	(1,159)	(0.4)	921

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(¥ millions)

	First quarter of 2002	First quarter of 2001	Increase (Decrease)
<b>Cash flows from operating activities</b>			
Income before income taxes and minority interests	2,699	(180)	2,879
Depreciation	15,749	16,162	(413)
Increase (decrease) in reserves	(2,315)	3,873	(6,188)
Interest and dividend income and return on funds in trust	(298)	(1,805)	1,507
Interest expense	1,674	1,926	(252)
Decrease (increase) in notes and accounts receivable	45,470	31,895	13,575
Increase (decrease) in notes and accounts payable	(13,801)	(4,704)	(9,097)
Increase (decrease) in beer taxes payable	(37,501)	(32,304)	(5,197)
Other	(20,627)	(19,397)	(1,230)
Sub-total	(8,949)	(4,534)	(4,415)
Interest, dividend and return on funds in trust received	528	1,450	(922)
Interest paid	(1,768)	(2,028)	260
Income taxes paid	(16,892)	(16,600)	(292)
<b>Net cash provided by operating activities</b>	<b>(27,081)</b>	<b>(21,713)</b>	<b>(5,368)</b>
<b>Cash flows from investing activities</b>			
Payment for purchases of property, plant and equipment	(12,479)	(15,226)	2,747
Proceeds from sales of property, plant and equipment	1,621	181	1,440
Payment for purchases of investment securities	(104,980)	(6,080)	(98,900)
Proceeds from termination of funds in trust	3,700	20,000	(16,300)
Payment for other investments	(18,935)	(2,387)	(16,548)
Proceeds from return on other investments	5,028	6,855	(1,827)
<b>Net cash used in investing activities</b>	<b>(126,045)</b>	<b>3,341</b>	<b>(129,386)</b>
<b>Cash flows from financing activities</b>			
Decrease in bank loans	68,718	26,370	42,348
Proceeds from issue of bonds	40,000		40,000
Cash dividends paid	(4,857)	(4,442)	(415)
Other	(85)	(16)	(69)
<b>Net cash used in financing activities</b>	<b>103,775</b>	<b>21,911</b>	<b>81,864</b>
Effect of exchange rate fluctuation on cash and cash equivalents	190	268	(78)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(49,161)</b>	<b>3,807</b>	<b>(52,968)</b>
Cash and cash equivalents at beginning of period	144,331	64,335	79,996
Cash and cash equivalents of newly consolidated subsidiaries at beginning of period	(650)		(650)
<b>Cash and cash equivalents at end of period</b>	<b>94,519</b>	<b>68,143</b>	<b>26,376</b>

## (SEGMENT INFORMATION)

## Business Segment Information

(¥ millions)

	First quarter of 2002					Consolidated
	Alcoholic beverages	Soft drinks	Other	Total	Elimination/Unallocation	
Sales, operating expenses and operating income						
Sales						
1 Unaffiliated customers	202,726	68,359	32,628	303,714	-	303,714
2 Intersegment	698	536	17,033	18,268	(18,268)	-
Total sales	203,425	68,896	49,661	321,983	(18,268)	303,714
Operating expenses	203,844	66,299	47,988	318,132	(17,987)	300,144
Operating income	(419)	2,597	1,673	3,851	(280)	3,570

(¥ millions)

	First quarter of 2001					Consolidated
	Alcoholic beverages	Soft drinks	Other	Total	Elimination/Unallocation	
Sales, operating expenses and operating income						
Sales						
1 Unaffiliated customers	214,671	63,158	31,560	309,391	-	309,391
2 Intersegment	449	294	16,926	17,669	(17,669)	-
Total sales	215,121	63,453	48,486	327,061	(17,669)	309,391
Operating expenses	213,238	61,248	46,616	321,103	(17,498)	303,604
Operating income	1,882	2,204	1,870	5,957	(171)	5,786

Notes: 1. Types and nature of products are considered in classification of business segments.

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.