

KIRIN BEVERAGE CORPORATION

SUMMARY OF NON-CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2005 (UNAUDITED)

August 8, 2005

(English Translation)

Fiscal year ending December 31, 2005

KIRIN BEVERAGE CORPORATION

1 Kanda-Izumicho Chiyoda-ku, Tokyo, Japan (URL <http://www.beverage.co.jp>)

Code No.:	2595
Shares Listed:	Tokyo
Interim dividend plan:	Yes
Minimum number of shares to have voting rights:	100shares
Representative:	Mr. Yoshikazu Arai, President
For further information, please contact:	Ms. Junko Tsuboi General Manager of Public Relations Department
Telephone:	03-5821-4001

Date of the Board of Directors' Meeting for the semi-annual operation results: August 8, 2005

Date of commencement of payment of interim dividend: September 9, 2005

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

(January 1, 2005 - June 30, 2005)

[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, 2005	139,127	(6.6)	3,089	(48.1)	4,517	(24.1)
6 months ended June 30, 2004	149,016	(0.2)	5,952	157.6	5,954	129.6
Year ended December 31, 2004	324,941		18,499		17,789	

	Net income (¥ millions)	Percentage change (%)	Net income per share (¥)
6 months ended June 30, 2005	2,749	(12.7)	50.00
6 months ended June 30, 2004	3,151	139.1	57.35
Year ended December 31, 2004	9,865		178.17

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

June 30, 2005	55,001,995 shares
June 30, 2004	54,955,314 shares
December 31, 2004	54,978,655 shares

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, 2005 to those for the 6 months ended June 30, 2004.

(2) Dividends:

	Interim dividend per share (¥)	Dividend per share for the year (¥)
6 months ended June 30, 2005	13.00	
6 months ended June 30, 2004	12.00	
Year ended December 31, 2004		24.00

(3) Financial positions:

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

	Total assets (¥ millions)	Shareholders' equity (¥ millions)	Ratio of shareholders' equity to total assets (%)	Shareholders' equity per share (¥)
June 30, 2005	185,086	80,443	43.5	1,462.55
June 30, 2004	183,487	77,547	42.3	1,409.90
December 31, 2004	188,529	78,451	41.6	1,425.06

Notes:	Number of shares of common stock issued and outstanding:	June 30, 2005	55,001,995 shares
		June 30, 2004	55,001,995 shares
		December 31, 2004	55,001,995 shares
Number of treasury stocks held:	June 30, 2005	375 shares	
	June 30, 2004	375 shares	
	December 31, 2004	375 shares	

1. Forecast of business results for the current fiscal year

(January 1, 2005-December 31, 2005)

	Sales (¥ millions)	Ordinary income (¥ millions)	Net income (¥ millions)	Interim dividend per share (¥)	Dividend per share for the year (¥)
Year ending December 31, 2005	307,000	17,600	9,600	13.00	26.00

Note: Forecasted net income per share ¥ 173.27

Forecasted operating income ¥ 16,800 million

Refer to Page 12 for the assumptions and other matters related to the above forecast.

BALANCE SHEETS

(¥ millions)

ASSETS	(Note)	At June 30, 2005		At June 30, 2004		Increase (Decrease) Amount	At December 31, 2004	
		Amount	Percentage over total assets	Amount	Percentage over total assets		Amount	Percentage over total assets
Current Assets			%		%			%
Cash		1,754		17,791		(16,037)	1,097	
Notes receivable		26		33		(7)	113	
Accounts receivable-trade		50,695		51,124		(429)	50,562	
Inventories		13,541		13,453		88	8,646	
Short-term loans receivable- parent company	*3	12,706		-		12,706	32,313	
Accounts receivable-other		11,997		13,372		(1,375)	10,921	
Other		5,086		8,721		(3,635)	5,102	
Allowance for doubtful accounts		(26)		(26)		0	(25)	
Total Current Assets		95,782	51.7	104,470	56.9	(8,688)	108,732	57.7
Fixed Assets								
Property, Plant and Equipment	*1							
Buildings	*2	7,057		6,765		292	6,842	
Machinery, equipments and vehicles		14,233		8,371		5,862	7,569	
Vending machines		15,600		15,934		(334)	14,383	
Land	*5	16,781		16,782		(1)	16,781	
Other	*2	3,884		2,904		980	7,728	
Total		57,556	31.1	50,757	27.7	6,799	53,305	28.2
Intangible Assets		3,134	1.7	3,265	1.8	(131)	3,126	1.7
Investments and Other Assets								
Investments in subsidiaries and affiliates		11,159		11,090		69	11,090	
Other	*5	18,664		15,091		3,573	13,476	
Allowance for doubtful accounts		(58)		(37)		(21)	(50)	
Reserve for investment loss		(1,152)		(1,152)		-	(1,152)	
Total		28,612	15.5	24,993	13.6	3,619	23,364	12.4
Total Fixed Assets		89,304	48.3	79,016	43.1	10,288	79,797	42.3
TOTAL ASSETS		185,086	100.0	183,487	100.0	1,599	188,529	100.0

(¥ millions)

LIABILITIES AND SHAREHOLDERS' EQUITY (Note)	At June 30, 2005		At June 30, 2004		Increase (Decrease) Amount	At December 31, 2004	
	Amount	Percentage over total assets	Amount	Percentage over total assets		Amount	Percentage over total assets
Current Liabilities		%		%			%
Accounts payable-trade	35,546		40,313		(4,767)	37,098	
Short-term loans payable	1,500		-		1,500	1,500	
Accounts payable-other	14,821		14,033		788	18,362	
Accrued expenses	14,267		14,408		(141)	14,191	
Income taxes payable	1,591		2,018		(427)	1,960	
Other	5,501		4,946		555	5,259	
Total Current Liabilities	73,228	39.6	75,720	41.3	(2,492)	78,372	41.6
Long-term Liabilities							
Long-term debt	10,000		11,500		(1,500)	10,000	
Employees' pension and retirement benefits	5,083		4,346		737	4,800	
Retirement benefits for directors and corporate auditors	-		18		(18)	27	
Reserve for repair and maintenance of vending machines	7,646		8,857		(1,211)	8,262	
Deposits received	5,487		5,497		(10)	5,417	
Other	3,197		-		3,197	3,197	
Total Long-term Liabilities	31,415	16.9	30,219	16.4	1,196	31,706	16.8
TOTAL LIABILITIES	104,643	56.5	105,940	57.7	(1,297)	110,078	58.4
Common stock	8,416	4.5	8,416	4.6	-	8,416	4.5
Capital surplus							
Additional paid-in capital	9,421		9,421		-	9,421	
Total Capital surplus	9,421	5.1	9,421	5.1	-	9,421	5.0
Retained earnings							
Legal reserve	686		686		-	686	
Voluntary earned surplus	66,000		57,700		8,300	57,700	
Unappropriated retained earnings	3,720		3,947		(227)	10,000	
Total Retained earnings	70,407	38.0	62,334	34.0	8,073	68,387	36.3
Revaluation variance for land	(7,937)	(4.2)	(2,811)	(1.5)	(5,126)	(7,937)	(4.3)
Net unrealized holding gains on securities	136	0.1	187	0.1	(51)	164	0.1
Treasury stock	(0)	(0.0)	(0)	(0.0)	-	(0)	(0.0)
TOTAL SHAREHOLDERS' EQUITY	80,443	43.5	77,547	42.3	2,896	78,451	41.6
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	185,086	100.0	183,487	100.0	1,599	188,529	100.0

STATEMENTS OF INCOME

(¥ millions)

	(Note)	6 months ended June 30, 2005		6 months ended June 30, 2004		Increase (Decrease)	Year ended December 31, 2004	
		Amount	Percentage over sales	Amount	Percentage over sales	Amount	Amount	Percentage over sales
			%		%			%
Sales		139,127	100.0	149,016	100.0	(9,889)	324,941	100.0
Cost of Sales		63,126	45.4	70,740	47.5	(7,614)	154,898	47.7
Gross Profit		76,001	54.6	78,275	52.5	(2,274)	170,043	52.3
Selling, General and Administrative Expenses		72,911	52.4	72,322	48.5	589	151,543	46.6
Operating Income		3,089	2.2	5,952	4.0	(2,863)	18,499	5.7
Non-operating Income	*1	1,957	1.4	669	0.4	1,288	853	0.3
Non-operating Expenses	*2	530	0.4	667	0.4	(137)	1,563	0.5
Ordinary Income		4,517	3.2	5,954	4.0	(1,437)	17,789	5.5
Special Expenses		139	0.1	386	0.3	(247)	524	0.2
Income before Income Taxes		4,377	3.1	5,568	3.7	(1,191)	17,265	5.3
Income Taxes (Current)	*3	1,628	1.1	2,417	1.6	(789)	4,863	1.5
Income Taxes (Deferred)		-	-	0	0.0	(0)	2,537	0.8
Net Income		2,749	2.0	3,151	2.1	(402)	9,865	3.0
Retained earnings brought forward from the prior fiscal year		970		796		174	796	
Dividends (interim)		-		-		-	660	
Reversal of revaluation variance for land		-		(0)		0	(1)	
Unappropriated Retained Earnings		3,720		3,947		(227)	10,000	

SIGNIFICANT ACCOUNTING POLICIES

1. Valuation of major assets

1) Valuation of securities

- (a) Equity securities issued by subsidiaries and affiliated companies are stated at cost determined by the moving-average method.
- (b) Available-for-sale securities with fair market value are stated at fair market value as of the balance sheet date. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of shareholders' equity. Cost of sales of such securities is computed using the moving-average method.
- (c) Available-for-sale securities without fair market value are stated at cost determined by the moving-average method.

2) Valuation of Inventories

- (a) Merchandise and finished goods are stated at cost determined by the average method.
- (b) Raw materials are stated at cost determined by the moving average method.
- (c) Supplies are stated at cost determined by the first-in, first-out method.

2. Depreciation and amortization of fixed assets

1) Depreciation of Property, Plant and Equipment

Depreciation of property, plant and equipment is calculated on the declining balance method, except for buildings (excluding building fixtures) acquired on and after April 1, 1998, which are depreciated using the straight-line method. The useful lives and residual value are determined according to methods prescribed in the Corporation Tax Law. The useful life for machinery used in soft drink production in the machinery and equipment account shall be determined by the company. (The useful life is approximately 40% shorter than the statutory useful life.)

2) Amortization of intangible assets

Amortization of intangible assets is calculated using the straight-line method. The useful lives are determined according to methods prescribed in the Corporation Tax Law. Software used by the company is depreciated by the straight-line method based on an estimated useful life of five years within the company.

3. Policy of provision for major allowances and reserves

1) Allowance for doubtful accounts

To prepare for losses from accounts and other receivables, the allowance is provided at an amount based on the historical bad debt ratio for general receivables and on an estimate of uncollectible debts upon review of the collectibility of individual accounts considered to be at risk of default.

2) Reserve for investment loss

To prepare for losses from investments in affiliated companies, the reserve is provided at an amount required in light of the financial conditions of affiliates and the potential for yielding a return on the investments.

3) Employees' pension and retirement benefits

The Company provides allowance for employees' pension and retirement benefits at the balance sheet date based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at the end of the current fiscal year.

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

4) Reserve for repair and maintenance of vending machines

The Company provides for repair and maintenance cost of vending machines by estimating the necessary repair and maintenance cost in the future and then equally allocating the costs over a five years period. A reversal of the reserve is made to cover expenses for overhauls completed during the current period.

4. Leases

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

5. Consumption tax

Consumption tax is excluded from the revenue and expense accounts which are subject to such tax. Consumption tax received and paid are netted and reported as "other" in current assets section of the Balance Sheet.

NOTES TO:

(NON-CONSOLIDATED BALANCE SHEETS)

*1 Accumulated depreciation (¥ millions)

	At June 30, 2005	At June 30, 2004	At December 31, 2004
Accumulated depreciation	92,885	88,205	90,892

*2 Amount reduced from fixed assets due to government grant received (¥ millions)

	At June 30, 2005	At June 30, 2004	At December 31, 2004
Advanced depreciation	93	-	93

*3 Short-term loans receivable-parent company

	6 months ended June 30, 2005	6 months ended June 30, 2004	Year ended December 31, 2004
Short-term loans receivable - parent company are derived from Cash Management System which Kirin Brewery Co., Ltd provides for each group companies.		-	Short-term loans receivable - parent company are derived from Cash Management System which Kirin Brewery Co., Ltd provides for each group companies.

4 Contingent liabilities

(1) Guarantees for subsidiaries' and affiliated companies' loan from banks (¥ millions)

	At June 30, 2005	At June 30, 2004	At December 31, 2004
VIVAX Co., Ltd.	542	625	584
Koiwai Dairy Products Co., Ltd.	255	357	357
Chubu Kirin Beverage Service Co., Ltd.	350	400	350

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

	At June 30, 2005	At June 30, 2004	At December 31, 2004
	-	1	-

*5 Revaluation of land

At June 30, 2005	At June 30, 2004	At December 31, 2004
<p>The company revalued land used for business on December 31, 2001, pursuant to the Law Concerning Land Revaluation (effective March 31, 1998) (the "Law") and related revision of the Law (effective March 31, 2001).</p> <p>Due to revaluation of land in assets, the revaluation difference equivalent to the interests of the Company, is accounted for as "Revaluation variance for land" in shareholders' equity.</p> <p>Revaluation was performed by adjusting the road rating pursuant to Article 2, Paragraph 4 of the Enforcement Ordinance for the Law Concerning Land Revaluation effective March 31, 1998. Where the road rating is not provided, adjustment was made to the valuation of real estate tax prescribed in the Article 2, Paragraph 3 of the Law .</p> <p>Date of revaluation December 31, 2001</p>	<p>The company revalued land used for business on December 31, 2001, pursuant to the Law Concerning Land Revaluation (effective March 31, 1998) (the "Law") and related revision of the Law (effective March 31, 2001).</p> <p>Due to revaluation of land in assets, the revaluation difference, net of tax, is accounted for as "Revaluation variance for land" in shareholders' equity, and tax portion is accounted for as deferred tax asset included in "other" of investments and other assets.</p> <p>Revaluation was performed by adjusting the road rating pursuant to Article 2, Paragraph 4 of the Enforcement Ordinance for the Law Concerning Land Revaluation effective March 31, 1998. Where the road rating is not provided, adjustment was made to the valuation of real estate tax prescribed in the Article 2, Paragraph 3 of the Law.</p> <p>Date of revaluation December 31, 2001</p>	<p>The company revalued land used for business on December 31, 2001, pursuant to the Law Concerning Land Revaluation (effective March 31, 1998) (the "Law") and related revision of the Law (effective March 31, 2001).</p> <p>Due to revaluation of land in assets, the revaluation difference equivalent to the interests of the Company, is accounted for as "Revaluation variance for land" in shareholders' equity.</p> <p>Revaluation was performed by adjusting the road rating pursuant to Article 2, Paragraph 4 of the Enforcement Ordinance for the Law Concerning Land Revaluation effective March 31, 1998. Where the road rating is not provided, adjustment was made to the valuation of real estate tax prescribed in the Article 2, Paragraph 3 of the Law .</p> <p>Date of revaluation December 31, 2001</p> <p>Difference between the fair value and carrying amount of the revalued land ¥3,657 million</p> <p>(Additional information) Effective from the business year ended December 31, 2004, the Company adopted the new accounting standard for impairment of fixed assets ("Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002) and "Implementation Guidance for the Accounting Standard for Impairment of Fixed Assets" (the Financial Accounting Standard Implementation Guidance No.6 on October 31, 2003). Following the application of the new accounting standard, the Company reviewed the business plan of the above mentioned land. As a result, the Company revised the amount of Revaluation variance for land and related deferred tax assets or liability.</p>

(NON-CONSOLIDATED STATEMENTS OF INCOME)

* 1. Principal non-operating income (¥ millions)

	6 months ended June 30, 2005	6 months ended June 30, 2004	Year ended December 31, 2004
Dividend income	1,761	462	466

* 2. Principal non-operating expenses (¥ millions)

	6 months ended June 30, 2005	6 months ended June 30, 2004	Year ended December 31, 2004
Interest expenses	117	123	245
Loss on disposal of inventories	-	-	688

* 3. Presentation of Income Taxes

	6 months ended June 30, 2005	6 months ended June 30, 2004	Year ended December 31, 2004
The Company adopted simplified accounting method for income tax effect accounting in the interim financial statements. Accordingly, deferred income taxes are not presented separately and are included in Income Taxes in current interim statements of income.		Same as left	—

4. Depreciation (¥ millions)

	6 months ended June 30, 2005	6 months ended June 30, 2004	Year ended December 31, 2004
Property, plant and equipment	5,705	4,785	10,383
Intangible assets	255	255	503

(LEASE TRANSACTIONS)

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

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

	At June 30, 2005	At June 30, 2004	At December 31, 2004
Vending machines			
Purchase price equivalents	94	208	109
Accumulated depreciation equivalents	61	161	73
Book value equivalents	32	47	36
Other property, plant and equipment (Vehicles)			
Purchase price equivalents	792	817	833
Accumulated depreciation equivalents	447	389	415
Book value equivalents	344	427	418
Other property, plant and equipment (Tools)			
Purchase price equivalents	1,708	2,051	2,057
Accumulated depreciation equivalents	1,156	1,228	1,313
Book value equivalents	552	822	744
Total			
Purchase price equivalents	2,595	3,076	3,000
Accumulated depreciation equivalents	1,665	1,779	1,802
Book value equivalents	930	1,297	1,198

(2) Lease commitments (¥ millions)

	At June 30, 2005	At June 30, 2004	At December 31, 2004
Due within one year	470	641	590
Due over one year	492	700	647
Total	963	1,341	1,237

(3) Lease expenses, depreciation equivalents and interest expense equivalents (¥ millions)

	6 months ended June 30, 2005	6 months ended June 30, 2004	Year ended December 31, 2004
Lease expenses	377	444	839
Depreciation equivalents	324	383	725
Interest expense equivalents	19	28	51

(4) Calculation method of depreciation equivalents

Depreciation equivalents are calculated on the straight-line method over the lease terms without residual value.

(5) Allocation of interest expense equivalents

Differences between total lease expenses and acquisition costs of the leased properties comprise interest expense equivalents. Interest expense equivalents are allocated using the interest method over the lease terms.

2. Operating lease

Lease commitments

(¥ millions)

	At June 30, 2005	At June 30, 2004	At December 31, 2004
Due within one year	36	37	36
Due over one year	49	57	51
Total	86	94	87

(SECURITIES)

There are no marketable securities with current value within the securities of subsidiaries and affiliates as of the June 30, at 2005, 2004 and December 31, 2004.

(PER SHARE DATA)

(¥)

6 Months ended June 30, 2005	6 Months ended June 30, 2004	Year ended December 31, 2004
Shareholders' equity per share: ¥1,462.55 Net income per share (Primary): ¥50.00 Net income per share (Diluted) was not presented because there was no potential common stock such as the bond with warrant.	Shareholders' equity per share: ¥ 1,409.90 Net income per share (Primary): ¥ 57.35 Net income per share (Diluted) was not presented because there was no potential common stock such as the bond with warrant.	Shareholders' equity per share: ¥ 1,425.06 Net income per share (Primary): ¥ 178.17 Net income per share (Diluted) was not presented because there was no potential common stock such as the bond with warrant.

The basis for calculation of Net income per share

	6 Months ended June 30, 2005	6 Months ended June 30, 2004	Year ended December 31, 2004
Net income	2,749 million yen	3,151 million yen	9,865 million yen
Net income attributable to common stock	2,749 million yen	3,151 million yen	9,795 million yen
Amount not attributable to common stock	Not applicable	Not applicable	Directors bonus by disposition of retained earnings 69 million yen
Average number of shares of common stock outstanding during the period	55,001,995 shares	54,955,314 shares	54,978,655 shares