Asahi Breweries, Ltd.

Consolidated Financial Results

NOTE:
All information has been prepared in accordance with generally accepted accounting principles in Japan. Amounts shown in this accounting report and in the attached material have been rounded down to omit fractions less than one million yen. This document is an partial English translation of the Japanese Financial Statement (Kessan Tanshin) which was filed at stock exchanged in Japan on February 21, 2003

Summary Report of Consolidated Financial Results (Fiscal 2002) February 21, 2003

ASAHI BREWERIES, LTD.

Code Number: 2502
Shares Listed: First Section of Tokyo, Osaka & Nagoya Stock Exchanges

(URL: http://www.asahibeer.co.jp)
Head Office: Tokyo, Japan
Representative: Kouichi Ikeda, President and COO
Contact: Toshio Kodato, General Manager, Public Relations Department
Tel: 81-3-5608-5126

Date of board of directors' meeting: February 21, 2003
US GAAP: Not applicable

1. Consolidated Financial Results for Fiscal 2002
(From January1, 2002 to December 31, 2002)

(1) Consolidated Operating Results

(Rounded down to millions of yen - except per share data)

	Fiscal 2002 ended December 31, 2002		Fiscal 2001 ended December 31, 2001	
	Amount	% change	Amount	% change
Net sales	1,375,267	(4.1)%	1,433,363	2.4%
Operating income	69,340	(10.8)%	77,777	1.6%
Ordinary income	57,554	(5.1)%	60,656	372.2%
Net income	14,754	8.4%	13,616	-
Net income per share	Yen 28.90		Yen 27.00	
Net income per share (diluted)	Yen 27.46		Yen 25.25	
Return on equity	3.8%		3.7%	
Ordinary income/Shareholders' equity	4.4%		4.4%	
Ordinary income/Net sales	4.2%		4.2%	

Notes:
1. Investment gains/losses on equity method:
   Year ended December 31, 2002: Yen 666 million
   Year ended December 31, 2001: Yen 197 million

2. Average number of shares outstanding during the term (consolidated):
   Year ended December 31, 2002: 510,472,997 shares
   Year ended December 31, 2001: 504,314,503 shares

3. Change in accounting policy during the term: Yes

4. The percentage figures shown in sales,operating income, ordinary income and net income columns represent year-on-year changes.

(2) Consolidated Financial Conditions

(in million yen - except per share data)

	Fiscal 2002 ended December 31, 2002	Fiscal 2001 ended December 31, 2001
Total assets	1,294,738	1,341,102
Shareholders' equity	387,539	385,964
Shareholders' equity ratio	29.9%	28.8%
Shareholders' equity per share	Yen 770.86	Yen 752.25

Notes:
1. Number of shares issued and outstanding at the end of the term (consolidated):
   Year ended December 2002: 502,735,076 shares
   Year ended December 2001: 513,081,389 shares

(3) Consolidated Cash Flows

(in million yen)

	Fiscal 2002 ended December 31, 2002	Fiscal 2001 ended December 31, 2001
Cash flows from operating activities	77,950	110,107
Cash flows from investing activities	(61,507)	(36,700)
Cash flows from financing activities	(19,746)	(79,709)
Cash & cash equivalent at the end of the term	15,986	19,351

(4) Scope of consolidation and matters relating to the application of equity method

Number of consolidated subsidiaries: 44

Number of unconsolidated subsidiaries accounted for by the equity method: 5

(5) Change in the scope of consolidation and application of equity method

Consolidated subsidiaries:

Newly included: 7

Newly excluded: 1

Affiliated companies to which equity method is applicalbe:

Newly applied: 2

Newly excluded: 1

2. Projection for Fiscal 2003

(January 1, 2003 to December 31, 2003)

(in million yen)

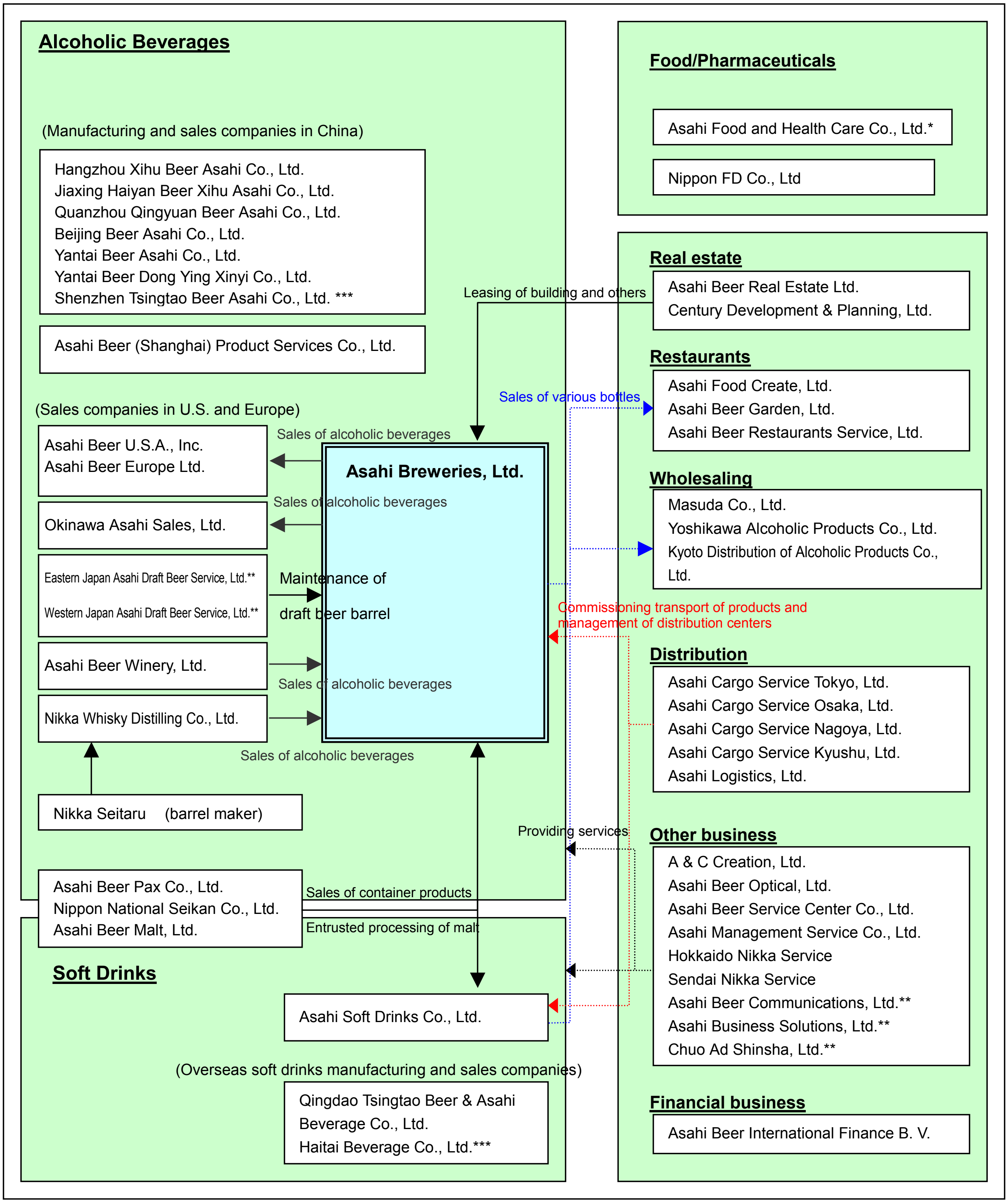
	Fiscal 2003	
	Interim	Full-year
Net sales	682,000	1,468,000
Ordinary income	20,000	67,000
Net income	7,000	26,000

Note: Projected net income per share for Fiscal 2003: Yen 51.72

* The above estimate incorporates certain assumptions and projections based upon which the future outlook and plans by the Company as announced in this document are formulated. Actual results may differ from the above projection depending on various conditions.
For additional information, please refer to page 6.

Current situation of the Group

Asahi Breweries Group consists of Asahi Breweries, Ltd. (the Company), 78 subsidiaries and 10 affiliated companies. The major group companies and the group organization chart are shown below.



No mark: Consolidated subsidiaries **: Non-consolidated subsidiary under equity method ***: Affiliates under equity method

Management Policy

1. Basic Policies Regarding Group Management

The Asahi Beer Group aims to provide value-added to our stakeholders by striving to satisfy our consumer's needs with products of the highest quality and with a caring attitude, based on a common management philosophy of contributing to the realization of a healthy and abundant society for all the people of the world.

Moreover, the Group vision embodied in our Group medium-term management plan is to pursue the challenge of creating a fun and abundant lifestyle culture for the new age through our "food" and "health" businesses. Our aim is to enhance corporate value and achieve our Group vision by revitalizing the structure and strengthening the competitiveness of our core businesses in alcoholic beverages, soft drinks, food and pharmaceuticals.

2. Basic Policy Regarding the Appropriation of Profits

We at Asahi Beer place great importance on rewarding our shareholders. Through continuous improvement in our profitability and financial health, we aim to provide our shareholders with a steady, stable stream of dividends. Regarding the use of retained earnings, we are striving to continually enhance our corporate value; not only through strategic investments that improve and augment our "total alcoholic beverage business", "soft drink business" and "food and pharmaceuticals business", but also through flexible dividend and stock repurchase programs.

3. Policy Regarding the Lowering of Minimum Share Trading Lots

Asahi Beer recognizes the importance of policies to attract long-term shareholders as well as policies that work to promote an expansion of our shareholder ownership base. In this regard, we will continue to carefully review the distribution of minimum trading lots on the Tokyo Stock Exchange.

4. Management Performance Benchmarks

In order to ensure that we remain focused on maximizing return on capital and on shareholder and investor returns, we have outlined specific consolidated return on equity (ROE) targets in our Group medium-term management plan. We aim to achieve a medium-term improvement in our consolidated ROE by restructuring our existing businesses to make them more efficient, and by resolutely implementing the policies outlined in the medium-term plan.

5. Medium-Term Group Management Strategies and Issues

There are two stages in our current medium-term plan to FY2004; "management reform" and "financial strengthening" are the major themes set for the first stage, and "enhanced Group competitiveness" and "Group growth" are the major goals for the second stage. In the first stage of the plan we actively worked to reform Group corporate governance, improve accounting systems and restructure our finances, and all planned actions have been carried out. In addition, we have completed our management reform and financial strengthening goals within the planned time-frame.

In the second stage of the plan, we are focusing on taking advantage of the dramatic changes in the business environment to strengthen our integrated alcoholic beverage business, as well as to strengthen our Group operations – including, our soft drink, food, pharmaceutical and international businesses – in order to improve the competitiveness, growth potential and corporate value of the Group as a whole.

(Alcoholic Beverages)

In alcoholic beverages, based on our policy to "ensure a solid foundation in the beer and happoshu (low malt beer) market" and "develop a total alcoholic beverage presence", we endeavored to strengthen our "Asahi Super Dry" and "Asahi Honnama" brands. With regards to establishing a total alcoholic beverage business, we purchased the alcoholic beverage businesses of Kyowa Hakko Kogyo Co., Ltd. and Asahi Kasei Corp., and have signed a strategic marketing agreement with, Maxxium Worldwide; thereby obtaining major brands and a wide selection of alcoholic beverage categories.

In fiscal 2003, the market environment for alcoholic beverages is expected to undergo significant change, with higher taxes for happoshu and wine foreseen as well as the deregulation of alcoholic beverage sales licenses from September. We believe that 2003 will be a year in which the appeal of an integrated product line is established as we embrace these changes in developing our alcoholic beverage business.

(Soft Drinks)

In our soft drink business, a core business of the Asahi Beer Group, we are strengthening our medium-term growth potential and competitive position; by working to improve the performance of the division through more closely integrated product development and sales strategies, implementing marketing strategies to grow strong brands that increase consumer satisfactions, and by incorporating supply chain management to increase cost competitiveness.

(Foods and Pharmaceuticals)

In foods and pharmaceuticals, the Asahi Beer Group is promoting a medium-term vision of "food and health". In order to capitalize on the increased health consciousness among consumers and the rapid growth in the self-medication business, we merged Asahi Foods Co., Ltd. and Asahi Beer Pharmaceuticals Co., Ltd. to form Asahi Food and Health Care Co., Ltd. on July 1, 2002, and in January 2003 merged Pola Foods Co., Ltd. as well. By creating such an organization, we have enhanced our competitive position in the self-medication segment and have expanded the existing boundaries of our foods and pharmaceuticals business to provide new high value-added product development and sales capabilities.

(Overseas Operations)

Internationally, we are placing particular emphasis on Asia and particularly China in our medium-term management plans to achieve overseas sales and profit growth. In addition to a joint-venture in China for beer, we have established production and sales operations in Thailand that will spearhead our expansion efforts in the ASEAN region. With these operations, in addition to local production and sales operations in Europe and North America, we now have local production and sales operations in the major overseas regions. In addition, full-fledged operations in a soft drink join-venture with Tsintao Beer Group for tea and fruit drinks have begun in China.

6. Corporate Organizational Policy and Measures

(1) Organizational Reforms to Strengthen Our Total Alcoholic Beverage Business

In September 2002, we implemented organizational changes at Group headquarters to accommodate the business transfers and sales agreements we had completed, and to accelerate and optimize our decision-making processes. In addition, we established a "New Product Development Headquarters" to centralize and strengthen our product development initiative, and the "Production Department II" to strengthen production management of non-beer/happoshu alcoholic beverage categories.

(2) Introduction of a Group Business Evaluation System

In the second year since the introduction of a system for evaluating the business performance of group companies, the concept and operation of this system has steadily taken root. Henceforth, we will continue to enhance this system by continuing to review existing evaluation criteria and by adding new criteria.

Business Results Discussion and Analysis

(1) Business Performance

(a) Overview of the Period Under Review

1. The Operating Environment

During fiscal 2002, Japan's economy displayed some signs of recovery in the first half thanks to a recovery in exports and production. However, because of increasing concern about the future direction of the US economy, new developments in non-performing loan disposals and increasing corporate bankruptcies, personal consumption continued to weaken final demand, and Japan's economy in the second half largely trended flat.

Demand in the alcoholic beverage market, reflecting the protracted weakness in the overall economy, was weak. For the market as a whole, the taxable shipment volume of beer and happoshu shipments recorded the first year-on-year decline in two years.

In the soft drink segment, while growth was seen in mineral water, sports drinks and Japanese tea beverages, coffee, carbonated beverages and fruit drinks recorded declines, and total sales volumes were flat with the previous year.

It was under such circumstances that Asahi Beer recorded consolidated sales of ¥1,375,267 million, representing a 4.1% decline from the previous year. Reflecting the decline in sales, consolidated operating income decreased by 10.8% to ¥69,340 million.

2. Segment Overview

Alcoholic Beverages

The taxable shipment volume of beer declined 10.9% from the previous year, while happoshu shipments alone were up 15.6% for the fiscal year. As a whole, shipment volumes of beer and happoshu declined by 2.6% year-on-year. Sales volume of "Asahi Super Dry", the Company's main brand, fell 8.5% but we were able to sell some 159.55 million cases. This represents the 14th consecutive year of sales exceeding 100 million cases. "Asahi Super Dry" also continued its 11-year streak (since 1992) of continuous increases in market share, further expanding its already commanding presence. In addition, we continue to solidify and strengthen the "Honnama" happoshu brand in its second year on the market, and despite a crowded field of happoshu brands, Honnama sales volumes jumped 20.5% for the year to 47 million cases, proving that the brand has established a solid base among consumers.

As for whiskey products, we have recorded solid progress reflecting successful integration of operations with Nikka Whiskey Co., Ltd. in this product area. In particular, sales volumes of the "Taketsuru" brand recorded solid volume growth in becoming a major brand driving revenue growth in medium and high-end brand whiskies. In addition, strong growth was seen in shipments of "Black Nikka Clear Blend" for the home consumption market.

In Sho-chu, the "Daigoro" and "Kanoka" brands transferred from Kyowa Hakko Kogyo Co., Ltd. saw favorable demand, while strong growth was seen in the previously introduced "Ichibanfuda".

Our sales of "Asahi Ume Wine", now in its second year of marketing, as well as the Caliterra brand of Chile wines, were favorable, while sales of "Sankaboshizai-Mutenka Wine"(antioxidant-free wine) which we took over from Kyowa Hakko were substantially above our targets.

In low alcohol beverages, we were unable to achieve our sales targets in "Asahi Super Sour", a new brand, but sales of "Taruhai Club" fared better. In addition, "Shunka Shibori" which we took over from Asahi Kasei and "Cocktail Partner" which was taken over from Kyowa Hakko were able to achieve targeted sales levels.

As a result of the above sales trends, the growth seen in individual product categories was not sufficient to offset the drop-off in beer sales, resulting in a 4.0% decline for the segment as a whole to ¥1,057,028 million. Operating income, reflecting related costs from business combinations, declined by 10.0% for the year to ¥69,145 million.

Soft Drinks

The year under review represented the second year of Asahi Soft Drinks Co. Ltd.'s medium-term management plan, and we continued working to improve operations in the segment by prioritizing; "new product development brimming with originality", "a strengthened sales organization", and "establishment of a cost structure that can withstand price competition".

In terms of products, while we launched category-busting products such as Asahi Chinese Tea "Rin" and the health supplement drink "Asahi Concept-san", and new products based on unique concept such as "Asahi Agari" and the coffee drink "Wonda Morning Shot", the drop-off in sales of existing products was significant. As a result we were unable to achieve overall sales growth in the segment.

In terms of profitability, while we worked to improve cost competitiveness through promotion of supply chain management, a revamped distribution infrastructure and production cost savings, these savings were not sufficient to cover the negative impact of the decline in sales.

Consequently, sales for the soft drink segment declined by 9.7% to ¥173,772 million, while operating income declined by ¥2,006 million to ¥4,085 million.

Food and Pharmaceuticals

In our food and pharmaceuticals segment, we implemented various strategies to strengthen and expand our business, including the July 2002 merger of Asahi Beer Foods Co., Ltd. and Asahi Beer Pharmaceuticals Co., Ltd., creating Asahi Food and Health Care Co., Ltd. Sales of the newly-created company during the July-December period were 5% higher than the combined equivalent of the two separate companies in the second half, and were driven by the health care segment and freeze-dried products. However, total sales for the full fiscal year were unable to offset the declines seen in the first half, and total sales for the fiscal year were slightly lower than sales of the two separate companies in the previous fiscal year. By the same token, operating income for the segment were also lower than the previous year owing to expenses related to the merger. As a result, total sales for the food and pharmaceuticals segment declined 2.3% for the fiscal year to ¥14,232 million, while operating income declined by ¥398 million to ¥7 million.

Other Businesses

Total sales in other businesses trended favorable, driven by rental income from our real estate business. Sales for other businesses increased by 4.5% to ¥130, 233 million, and operating income jumped 55.7% to ¥3,855 million.

Note:

Previous year comparisons given in the above are based on new consolidated sales segment classifications, and incorporate different operating expense allocations than the previous year. For an explanation of these changes and their impact compared to the previous fiscal year, please refer to the segment information section on pages 18 and 19.

(2) Outlook for the Coming Fiscal Year

As regards the overall environment for alcoholic beverages, amidst a climate where dramatic growth is unlikely, competition is expected to intensify further among product categories and brands in the coming year, given the expected tax increases and the diversification of consumer tastes. Moreover, weak demand and ongoing deflation could well lead to further declines in market prices in the soft drinks market.

Amidst dramatic change in the market environment, Asahi Beer is embracing these challenges, working to strengthen our position as a total alcoholic beverage company, solidifying our group management structure, and exerting our utmost efforts to strengthen our soft drink, foods, pharmaceuticals and international businesses to continue producing solid growth and to continue enhancing our corporate value.

Based on the achievement of these goals, we are projecting consolidated total sales of ¥1,468,000 million, ordinary income of ¥67,000 million and net income for the period of ¥26,000 million.

(3) Dividends

For fiscal 2002 we plan to declare annual dividend of ¥13 per share. For fiscal 2003, we anticipate an interim dividend of ¥6.5 per share in both the first and the second halves of the year, for a full year dividend of ¥13 yen per share.

2. Financial Condition

During fiscal 2002, consolidated total assets decreased by ¥46,364 million to ¥1,294,738 million, reflecting a decline in new capital investments in factories, a transfer of marketable securities to our pension trust, and a reduction in assets being managed by our overseas financial subsidiary,.

Consolidated shareholders' equity for the period reflected reported consolidated net income, and additional retained earnings of ¥11,559 from newly consolidated subsidiaries. Adjusted for dividends paid and the repurchase of shares, consolidated shareholder's equity increased by ¥1,574 million to ¥387,539 million.

Cash flows from operating activities for the period, owing to increases in corporate taxes arising from the recovery in profits in the previous year and other factors, declined by ¥32,156 million to ¥77,950 million. Cash flows from investing activities reflected the transfer of businesses from Kyowa Hakko Kogyo Co., Ltd., and Asahi Kasei Corp., Ltd., with investment outflows increasing by ¥24,806 million to a net outflow of ¥61,507 million. Cash flows from financing activities declined by ¥59,962 million from the previous year, to ¥19,746 million, due to a shrinkage in debt.

As a result, the balance of cash and cash equivalents at the end of the period was ¥3,365 million lower than the previous fiscal year at ¥15,986 million.

ASAHI BREWERIES, LTD.
Consolidated Balance Sheets

ASSETS

(in million yen)

	Fiscal 2002 as of December 31, 2002		Fiscal 2001 as of December 31, 2001		Increase (Decrease)
	Amount	Ratio(%)	Amount	Ratio(%)	Amount
Current assets:					
Cash and cash equivalents	18,516		20,307		(1,790)
Notes and accounts receivable	256,309		259,924		(3,615)
Inventories	96,210		93,908		2,302
Deffered tax assets	3,489		4,723		(1,233)
Other	37,674		39,735		(2,060)
Allowance for doubtful accounts	(7,959)		(5,970)		(1,989)
Total current assets	404,240	31.2	412,628	30.8	(8,387)
Fixed Assets:					
Tangible fixed assets					
Buildings	240,766		246,221		(5,454)
Machinery, equipment and vehicles	214,293		219,998		(5,705)
Furnitures and fixtures	55,750		56,675		(924)
Land	204,162		208,804		(4,641)
Construction in progress	3,756		10,128		(6,372)
Total tangible fixed assets	718,729	55.5	741,828	55.3	(23,098)
Intangible fixed assets	17,751	1.4	11,651	0.9	6,100
Investments and other assets					
Investment securities	76,645		97,316		(20,671)
Long term loans	6,221		6,120		101
Long term prepaid expense	7,573		7,670		(96)
Deferred tax assets	47,956		44,443		3,512
Other	39,458		38,880		578
Allowance for doubtful accounts	(23,839)		(19,436)		(4,402)
Total investments and other assets	154,016	11.9	174,994	13.0	(20,978)
Total fixed assets	890,497	68.8	928,474	69.2	(37,976)
Total Assets	1,294,738	100.0	1,341,102	100.0	(46,364)

ASAHI BREWERIES, LTD.
Consolidated Balance Sheets

LIABILITIES AND SHAREHOLDERS' EQUITY

(in million yen)

	Fiscal 2002 as of December 31, 2002		Fiscal 2001 as of December 31, 2001		Increase (Decrease)
	Amount	Ratio(%)	Amount	Ratio(%)	Amount
Current liabilities:					
Notes and accounts payable	82,346		86,642		(4,295)
Short-term debt	92,670		85,553		7,117
Long term debt due within one year	40,759		12,445		28,314
Bonds due within one year	25,451		61,884		(36,433)
Alcohol tax payable	136,585		142,840		(6,254)
Consumption tax payable	8,468		8,907		(439)
Income taxes payble	11,668		19,867		(8,199)
Other accounts payable	39,845		49,463		(9,618)
Accrued expenses	50,419		52,915		(2,495)
Deposits received	85,010		78,299		6,710
Commercial paper	20,000		19,000		1,000
Other	3,454		1,032		2,422
Total current liabilities	596,680	46.1	618,851	46.1	(22,170)
Non-current liabilities:					
Bonds	197,676		173,476		24,200
Long-term debt	25,649		64,808		(39,159)
Reserve for retirement benefit obligations	29,523		35,161		(5,638)
Reserve for officers' retirement benefits	473		526		(53)
Reserve for special repairs	219		219		-
Deferred tax liabilities	26		-		26
Other	42,406		44,404		(1,998)
Total non-current liabilities	295,974	22.9	318,597	23.8	(22,622)
Total liabilities	892,655	69.0	937,448	69.9	(44,792)
Minority interests	14,543	1.1	17,690	1.3	(3,146)
Shareholders' equity:					
Common stock	182,531	14.1	182,530	13.6	0
Additional paid-in capital	180,894	14.0	-	-	180,894
Capital reserve	-		180,894	13.5	(180,894)
Retained earnings	32,423	2.5	-	-	32,423
Consolidated retained earnings	-		20,864	1.5	(20,864)
Unrealized gains/losses on other securities	63	0.0	-	-	63
Foreign currency transalation adjustment	974	0.0	2,274	0.2	(1,299)
Treasury stock	(9,348)	(0.7)	(598)	(0.0)	(8,749)
Total shareholders' equity	387,539	29.9	385,964	28.8	1,574
Total Liabilities, Minority interests and Shareholders' equity	1,294,738	100.0	1,341,102	100.0	(46,364)

ASAHI BREWERIES, LTD.
Consolidated Statements of Operations
(January 1 to December 31)

(in million yen)

	Fiscal 2002 as of December 31, 2002		Fiscal 2001 as of December 31, 2001		Increase (Decrease)
	Amount	Ratio(%)	Amount	Ratio(%)	Amount
Net sales	1,375,267	100.0	1,433,363	100.0	(58,096)
Cost of sales	956,827	69.6	1,003,969	70.0	(47,142)
Gross profit	418,439	30.4	429,394	30.0	(10,954)
Selling, General & Administrative expense:					
Sales incentives and commission	109,978		103,665		6,312
Advertising expense	50,988		57,254		(6,266)
Freight	36,759		40,334		(3,574)
Provision for doubtful accounts	5,322		5,603		(280)
Salary and bonuses	44,601		44,649		(48)
Retirement benefits	3,458		3,843		(385)
Depreciation	6,254		7,028		(773)
Other	91,736		89,237		2,499
	349,098	25.4	351,616	24.6	(2,517)
Operating income	69,340	5.0	77,777	5.4	(8,436)
Non-operating income:					
Interest income	789		1,877		(1,087)
Dividend income	900		652		248
Investment gains under equity method	666		197		469
Amortization of consolidation goodwill	1,645		1,543		101
Other	1,822		2,308		(486)
	5,824	0.4	6,579	0.5	(754)
Non-operatiing expenses:					
Interest expense	5,861		8,136		(2,274)
Provision for doubtful accounts	4,888		7,555		(2,666)
Other	6,861		8,008		(1,147)
	17,610	1.3	23,700	1.7	(6,089)
Ordinary income	57,554	4.2	60,656	4.2	(3,101)
Extraordinary gains:					
Gain on sale of fixed assets	249		4,320		(4,070)
Gain on sale of investment securities	421		843		(422)
Other	62		610		(548)
	732	0.1	5,774	0.4	(5,041)
Extraordinary losses:					
Loss on disposal and sale of fixed assets	13,122		12,266		856
Retirement benefits for directors & auditors	164		755		(591)
Loss on sale of investment securities	528		3,060		(2,531)
Loss on devaluation of investment securities	6,915		7,675		(760)
Loss on creation of retirement benefit trust	3,640		-		3,640
Loss on liquidation of subsidiaries	505		1,003		(497)
Differential resulting from change in retirement allowance accounting	-		20,444		(20,444)
Other	926		2,615		(1,688)
	25,804	1.9	47,820	3.3	(22,015)
Income before income taxes	32,483	2.4	18,611	1.3	13,872
Income tax, inhabitants tax & enterprise taxes	23,463	1.7	24,925	1.7	(1,461)
Adjustment to income taxes	(2,266)	(0.2)	(18,859)	(1.3)	16,593
Minority interests in net loss of consolidated subsidiaries	(3,468)	(0.2)	(1,071)	(0.1)	(2,396)
Net Income	14,754	1.1	13,616	1.0	1,137

Consolidated Statements of Retained Earnings

(in million yen)

	Fiscal 2002 ended December 31, 2002	Fiscal 2001 ended December 31, 2001
Capital surplus		
Balance, beginning of period	180,894	
Increase	0	
Decrease	-	
Balance, end of period	180,894	
Retained Earnings		
Balance, beginning of period	20,864	
Increase	15,250	
Net income	14,754	
Increase due to change in the scope of consolidation	496	
Decrease	3,692	
Dividends	3,591	
Bonus paid to directors and corporate auditor	100	
Balance, end of period	32,423	
Consolidated retained earnings, beginning of period		9,009
Increase		4,308
Increase due to change in the scope of consolidation		85
Increase due to liquidation of consolidated subsidiaries		4,223
Decrease		6,070
Dividends		6,020
Bonus paid to directors and corporate auditor		50
Net income		13,616
Consolidated retained earnings, end of period		20,864

Consolidated Statements of Cash Flows

(in million yen)

	Fiscal 2002 ended Dec. 31, 2002	Fiscal 2001 ended Dec. 31, 2001	Increase (Decrease)
Cash flows from operating acitivities:			
Income before taxes	32,483	18,611	13,872
Depreciation and amortization	51,545	52,901	(1,355)
Increase(decrease) in provision for employees' retirement benefits	-	(31,343)	31,343
Increase (decrease) in reserve for retirement allowances	(2,306)	47,944	(50,250)
Increase in reserve for doubtful accounts	6,390	10,934	(4,543)
Interest and dividend income	(1,690)	(2,529)	839
Interest expenses	5,861	8,136	(2,274)
Investment gains under equity method	(666)	(197)	(469)
Loss on sale of investment securities	107	2,216	(2,108)
Loss on devaluation of investment securities	6,915	7,675	(760)
Loss on liquidation of subsidiaries	505	1,003	(497)
Gain on sale of fixed assets	(249)	(4,320)	4,070
Loss on sale and disposal of fixed assets	13,122	12,266	856
Increase (decrease) in accounts receivable trade	8,956	9	8,947
Increase (decrease) in inventories	(1,118)	1,694	(2,813)
Increase (decrease) in accounts payable trade	(3,127)	(2,859)	(268)
Increase (decrease) in accrued alcohol tax payable	(6,267)	3,555	(9,823)
Increase (decrease) in accrued consumption tax payable	(407)	(1,732)	1,325
Bonus paid to officers	(101)	(50)	(51)
Other	4,083	2,939	1,144
Sub total	114,038	126,854	(12,815)
Interest and dividend received	1,848	2,961	(1,112)
Interest paid	(6,266)	(8,545)	2,278
Income taxes paid	(31,669)	(11,162)	(20,507)
Net cash provided by operating activities	77,950	110,107	(32,156)
Cash flows from investing acitivities:			
Payment for time deposits	(2,961)	-	(2,961)
Proceeds from time deposits	1,614	3,495	(1,880)
Payment for purchase of tangible fixed assets	(49,794)	(69,186)	19,391
Proceeds from sale of tangible fixed assets	1,041	9,181	(8,140)
Payment for purchase of intangible fixed assets	(2,988)	(4,254)	1,265
Payment for purchase of investment securities	(5,854)	(11,470)	5,615
Proceeds from sale of investment securities	15,537	21,309	(5,772)
Payment for loans	(4,417)	-	(4,417)
Proceeds from collections of loans	2,749	4,937	(2,187)
Payment for acquisition of business	(19,221)	-	(19,221)
Other	2,787	9,286	(6,498)
Net cash used in investing activities	(61,507)	(36,700)	(24,806)
Cash flows from financing activities:			
Increase (decrease) in short-term debt	7,449	(60,365)	67,815
Proceeds from long-term debt	2,479	7,656	(5,176)
Repayments of long-term debt	(13,324)	(25,169)	11,844
Proceeds from issuances of bonds	50,000	50,000	-
Redemption of bonds	(62,270)	(47,950)	(14,320)
Payment for purchase of treasury stock	(8,749)	(588)	(8,161)
Cash dividend paid	(3,591)	(6,020)	2,428
Cash dividend paid to minority shareholders	(114)	(116)	1
Other	8,374	2,843	5,530
Net cash used in financing activities	(19,746)	(79,709)	59,962
Effect of exchange rate changes on cash and cash equivalents	(674)	396	(1,071)
Net decrease in cash and cash equivalents	(3,978)	(5,905)	1,927
Cash and cash equivalents, beginning of period	19,351	24,743	(5,391)
Increase in cash and cash equivalents due to increase in consolidated subsidiaries	612	514	98
Cash and cash equivalents balance, end of period	15,986	19,351	(3,365)

[Significant Accounting Policies Regarding the Preparation of Consolidated Financial Statements]

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 44

Names of consolidated subsidiaries: Nikka Whisky Distilling Co., Ltd., Asahi Beer Pax Co., Ltd., Asahi Soft Drinks Co., Ltd., Nippon National Seikan Company, Ltd., and other

(2) Number of newly consolidated subsidiaries: 7

1) Names

Asahi Beer Winery, Ltd., Asahi Beer Service Center Co., Ltd., Asahi Management Service Co., Ltd. Hokkaido Nikka Service, Sendai Nikka Service, Nikka Seitaru, Qingdao Tsingtao Beer & Asahi Beverage Co., Ltd.

2) Reason for consolidation: Increased importance of these subsidiaries warrants inclusion in consolidated statements

(3) Number of subsidiaries/affiliates excluded from consolidation: 1

1) Name: Asahi Beer Food Co. Ltd.

2) Reason for exclusion: Merger with Asahi Beer Pharmaceuticals, Ltd and change of name to Asahi Food and Healthcare, Ltd.

(4) Major non-consolidated subsidiaries

1) Names: Sunshine Co., Ltd., other

2) Reasons for non-consolidation: Scale of operation of the non-consolidated subsidiaries are small. Their total assets, sales, our share of their net income (as calculated by equity method) and retained earnings (as calculated by equity method) have no meaningful impact on our consolidated financial statements.

2. Application of equity method

(1) Subsidiaries to which equity method is applicable

1) Non-consolidated subsidiaries to which equity method is applicable: 5

Names: Asahi Business Solutions, Ltd., Asahi Beer Communications, Ltd., other

2) Affiliated companies to which equity method is applicable: 2

Names: Shenzhen Tsingtao Beer Asahi Co.,Ltd. Haitai Beverage Co., Ltd.

(2) Subsidiaries and affiliates to which equity method is newly applied

1) Names: Shenzhen Tsingtao Beer Asahi Co.,Ltd. Haitai Beverage Co., Ltd.

2) Reasons: Increased importance of these subsidiaries/affiliates warrants application of equity method.

(3) Subsidiaries/affiliates to which equity method became unapplicable

1) Name: Asahi Beer Winery, Ltd.

2) Reason: Because of increased importance, Asahi Beer Winery, Ltd., was included in consolidated subsidiaries effective this consolidated financial period.

(4) Major non-consolidated subsidiaries and affiliated companies to which equity method is not applied

1) Name:

Non-consolidated subsidiaries – Sunshine Co., Ltd., other

Affiliated companies – Kitahama Chuo Building Management Co., Ltd. and other

2) Reason: The scale of operations of the subsidiaries/affiliates to which equity method is not applied are small. Our share of their net income (as calculated by equity method) and retained earnings (as calculated by equity method) have no meaningful impact on our consolidated financial statements.

3. Accounting period of consolidated subsidiaries

Among the Company's consolidated subsidiaries, Yoshikawa Liquor Sales Co., Ltd., and Asahi Beer U.S.A., Inc. have their accounting period ending on March 31 and September 30 respectively. Pro forma statements as of December 31 (statements prepared in a manner that is substantially identical to the preparation of official financial statements) were prepared for the two companies in order to facilitate their consolidation.

4. Significant accounting policies

(1) Valuation of material assets

1) Securities

Held-to-maturity debt securities ----- stated at amortized cost

Other securities;

- for which market price is available ----- stated at fair value based on the average market price during the last one month of the consolidated financial period (unrealized holding gains and losses are reported as a net amount in a separate component of shareholders' equity. Cost of sale is calculated based on moving average method).
- for which market price is not available ---- stated at cost based on moving average method

2) Inventories

Merchandise, finished goods and semi-finished goods are primarily carried at cost based on average method. Raw materials and supplies are primarily carried at cost based on moving average method.

(2) Method of depreciation/amortization of depreciable/amortizable assets

1) Tangible fixed assets

Out of the parent company and consolidated subsidiaries, seven companies use straight line method for part of their tangible fixed assets (plants, buildings for lease), and declining balance method for other tangible fixed assets (distribution facilities, etc.) Other consolidated subsidiaries use declining balance method. Notwithstanding the aforementioned, straight line method is used for buildings (excluding ancillary facilities) acquired on or after April 1, 1998. Useful life and residual value are determined primarily based on the provisions of the Corporate Income Tax Law.

2) Intangible fixed assets

Straight line method is applied. Softwares (for in-house use) are depreciated using straight line method over their useful life for in-house use (5 years). Useful life is determined based on the method as provided in the Corporate Income Tax Law.

(3) Allowance

1) Allowance for doubtful accounts ----- Amount of potential loss is calculated by taking historical loss ratio in case of non-classified loans/receivables. Potential loss for classified loans/receivables are individually assessed.

2) Allowance for retirement benefits ----- The amount estimated to represent potential liability as of the end of the accounting period under review is calculated by taking retirement benefit liabilities and estimated value of pension assets. Differentials resulting from actuarial calculations are amortized based on straight line method over a fixed period (10 years) which is not to exceed the number of years between the fiscal year immediately following the year under review and the year on which average period of employment will fall.

(4) Lease transactions

Finance leases where ownership does not transfer to the lessees are not capitalized, and are accounted for in the same manner as operating leases.

(5) Consumption tax, etc.

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes. Non-deductible consumption tax paid on purchase of fixed asset is recognized as period cost for the accounting term in which such transaction took place.

5. Cash and cash equivalents in the consolidated statements of cash flows

Included in “cash and cash equivalents” in the statements of cash flows are cash in hand, demand deposits, and short-term investments with maturities arriving in three months from the date of acquisition that are liquid, readily convertible into cash and are subject to minimum risk of price fluctuations.

[Additional information]

1. Accounting treatment of financial instruments

   Effective this consolidated accounting period, the Group adopted the Accounting Standard for Financial Instruments ("Proposal on the Introduction of Standard Accounting Principle for the Treatment of Financial Instruments" by Corporate Accounting Council dated January 22, 1999) as a method of evaluating securities included in "other securities" for which market price is available. As a result of the change in accounting treatment, the Group recorded unrealized gains on other securities in the amount of 63 million yen. In addition investment securities, deferred tax assets and minority interest increased 133 million yen, 48 million yen and 21 million yen respectively.

2. Market price used in the recognition of impairment losses on other securities

   Until the previous accounting period, the Group had used fair value for the recognition of impairment losses on "other securities" for which market price is available, based on the market price prevailing as of the end of the accounting period. Effective fiscal 2002, the Group will use average of the prices during the last one month of the fiscal year concerned in order to eliminate the effect of short-term movements in stock prices. As a result of this change, the stated amount of income before income taxes is 3,701 million yen smaller than otherwise would have been the case.

3. Consolidated balance sheets

   Effective fiscal 2002, "capital reserve" is stated as " capital surplus" and "consolidated retained earnings" is stated as "retained earnings" in accordance with the Supplementary Provision 2 of the "Cabinet Office Ordinance on Partial Revision of the Rules on Consolidated Financial Statements Terminology, Format and Preparation (Cabinet Office Order No. 11 dated March 26, 2002)."

4. Treasury stock and withdrawal of legal reserves

   Effective fiscal 2002, the Company has adopted the "Accounting Standard Regarding Treasury Stock and Reversal of Legal Reserves" (Corporate Accounting Standard Statement No. 1.) The effect of the change on the consolidated operating results for fiscal 2002 is minimal.

5. Consolidated statement of retained earnings

   Effective fiscal 2002, Consolidated Statement of Retained Earnings is divided into "capital surplus" and "retained earnings" as designated by the Supplementary Provision 2 of the "Cabinet Office Ordinance on Partial Revision of the Rules on Consolidated Financial Statements Terminology, Format and Preparation (Cabinet Office Order No. 11 dated March 26, 2002)"

[Notes]

(Consolidated balance sheets) (in million yen)

1. Accumulated depreciation of tangible fixed assets

Fiscal 2002	Fiscal 2001	Increase/decrease
441,591	419,930	21,661

2. Assets pledged as collateral and collateralized borrowings

Amounts of assets pledged as collateral

Assets pledged as collateral	Fiscal 2002	Fiscal 2001	Increase/decrease
Deposits	-	2,000	(2,000)
Buildings & Structures	6,573	14,109	(7,536)
Machinery, equipment, transportation equipment	7,732	11,674	(3,941)
Land	22,745	29,213	(6,468)
Total	37,051	56,998	(19,946)

Amounts of liabilities for which above assets are pledged as collateral

Short-term borrowings	988	5,100	(4,111)
Long-term borrowings due within one year	1,793	2,416	(623)
Long-term borrowings	8,638	10,591	(1,952)
Total	11,419	18,107	(6,687)

3. Contingent liabilities

	Fiscal 2002	Fiscal 2001	Increase/decrease
Guarantee	5,172	4,943	228
Letter of undertaking, etc.	5,305	7,178	(1,872)

4. Notes receivable/payable falling due on the last day of the accounting period

Notes receivable/payable are settled on a business day when banks are open for business. As the last day of fiscal 2002 was a bank holiday, following notes receivable/payable falling due on the last day of the consolidated accounting period are included in the balance sheet.

	Fiscal 2002	Fiscal 2001	Increase/decrease
Notes receivable	1,022	946	75
Notes payable	283	401	(118)

(Consolidated statements of cash flows)

1. Reconciliation of the cash and cash equivalent amounts stated in the consolidated balance sheets to the amounts stated in the cash flow statements

(in million yen)

	Fiscal 2002	Fiscal 2001	Increase/decrease
Cash and cash equivalents (B.S.)	18,516	20,307	(1,790)
Time deposts longer than three months	(2,530)	(955)	(1,575)
Cash and cash equivalents (Cash flow statements)	15,986	19,351	(3,365)

2. Breakdown of the increases in assets and liabilities during fiscal 2002 as a result of the transfer of operations from Kyowa Hakko Kogyo, Co., Ltd. and Asahi Kasei Corp.:

Current assets 7,116 million yen   Fixed assets 12,199 million yen

Current liabilities (62) million yen   Non-current liabilities (31) million yen

Net expenditure 19,221 million yen

[Lease transactions]

1. Finance leases where ownership does not transfer to the lessees

1) Acquisition cost equivalents, accumulated depreciation equivalents and book value equivalents of leased properties as of the end of the accounting period

(in million yen)

	Fiscal 2002 (Jan 1, 2002 – Dec. 31, 2002)				Fiscal 2001 (Jan 1, 2001 – Dec. 31, 2001)			
	Machinery and equip.	Furniture and fixtures	Other	Total	Machinery and equip	Furniture and fixtures	Other	Total
Acquisition cost equiv.	52,933	100,912	159	154,004	53,248	106,401	279	159,930
Accumulated dep. equiv.	33,628	58,792	97	92,518	30,149	59,926	152	90,228
Book value equiv.	19,304	42,119	61	61,486	23,099	46,475	126	69,701

2) Unexpired lease payments as of the end of the accounting period.

(in million yen)

	Fiscal 2002	Fiscal 2001
Within one year	25,321	24,214
Over one year	40,523	52,047
Total	65,844	76,262

3) Lease payment, depreciation equivalents and interest expense equivalent

(in million yen)

	Fiscal 2002	Fiscal 2001
Lease payment	30,384	32,281
Depreciation equiv.	25,498	25,838
Int. payment equiv	3,297	3,793

4) Calculation of depreciation equivalents and interest expense equivalents

- Depreciation equivalents are calculated based on straight line method. Useful life of leased property is deemed to equal contractual period of the lease, with no residual value remaining at the end of the lease period.
- Interest expense equivalents are calculated by taking the difference between total amount of lease payment and acquisition cost equivalent of the leased property, and amortizing it over the lease period based on interest method.

2. Operating lease

- Unexpired lease payment (in million yen)

	Fiscal 2002	Fiscal 2001
Within one year	170	271
Over one year	174	244
Total	344	516

(Securities)

1. Held-to-maturity debt securities for which market price is available

N.A.

2. Other securities for which market price is available (in million yen)

	Fiscal 2002 (As of Dec. 31, 2002)		
	Acquisition cost	Amount stated in the Consolidated Balance Sheet	Difference
Securities with stated amounts in the B/S greater than acquisition cost			
Stocks	7,150	11,056	3,906
Corporate bonds	2	2	0
Subtotal	7,152	11,058	3,906
Securities with stated amounts in the B/S not exceeding acquisition cost			-
			-
Stocks	20,223	16,434	(3,788)
Corporate bonds	1	0	0
Subtotal	20,224	(16,435)	(3,788)
Total	27,376	27,493	117

(Note) Relevant information for fiscal 2001 is omitted pursuant to the Supplementary Clause 3 of Ministry of Finance Ordinance No. 9 (2000).

3. Other securities sold during the consolidated accounting period ended December 2002

(in million yen)

Jan. 1, 2002 – Dec. 31, 2002		
Amount sold	Total gains on sale	Total losses on sale
15,537	421	528

4. Securities that are not valued at fair market value (in million yen)

	Fiscal 2002 (as of Dec. 31, 2002) (amounts stated in consolidated balance sheet)	Fiscal 2001 (as of Dec. 31, 2001) (amounts stated in consolidated balance sheet)
Held-to-maturity debt securities		
Non-listed foreign bonds	10,478	21,493
Other securities		
Non-listed stocks (excl. OTC stocks)	24,557	17,253
Preferred stock	13,500	13,500
Other	615	612
Total	49,151	52,859

5. Redemption schedule of other securities with fixed maturity and held-to-maturity debt securities

(in million yen)

	As of Dec. 31, 2002			
	Within 1 yr	1 – 5 yrs	5 – 10 yrs	Over 10 yrs
Foreign bonds	-	10,478	-	-
Corporate bonds	82	15	0	-
Total	82	10,493	0	-

Note: Of the held-to-maturity bonds held during the previous accounting period, ¥9,332 million became subject to accelerated redemption as a result of the exercise of call option by the issuer.

(Derivative transactions)

Fiscal 2002 (as of December 31, 2002)

The Group has outstanding contracts in interest rate swaps and currency swaps. No details are provided herein as these transactions are for hedging purposes only.

Fiscal 2001 (as of December 31, 2001)

The Group has outstanding contracts in interest rate swaps. No details are provided herein as these transactions are for hedging purposes only.

(Retirement benefits)

1. Summary of the retirement benefit plans adopted

Tax qualified pension program (a defined benefit plan) and lump-sum severance indemnities plan are adopted by the Company and its consolidated subsidiaries (except for some consolidated subsidiaries where only a lump-sum severance indemnities plan is available.) The Company also has in place an employees' retirement benefit trust.

2. Projected retirement benefit obligations (in million yen)

	Fiscal 2002 (as of Dec. 31, 2002)	Fiscal 2001 (as of Dec. 31, 2001)
1) Projected benefit obligations	(81,104)	(70,558)
2) Plan assets (fair value as of fiscal year-end)	22,851	20,642
3) Retirement benefit trust (fair value as of fiscal year-end)	14,530	12,576
4) Projected benefit obligations in excess of plan assets	(43,722)	(37,340)
5) Unrecognized actuarial differences	14,199	2,179
6) Reserve for retirement benefit obligations	(29,523)	(35,161)

Note: For some of the consolidated subsidiaries, simplified method is employed in computing retirement benefit obligations.

3. Net periodic benefit cost (in million yen)

	Fiscal 2002 (as of Dec. 31, 2002)	Fiscal 2001 (as of Dec. 31, 2001)
1) Service cost	3,570	3,583
2) Interest cost	1,920	1,912
3) Expected return on plan assets	(658)	(479)
4) Amortization of transition obligation	-	20,444
5) Actuarial difference	217	-
6) Other	344	-
7) Net periodic benefit cost	5,394	25,461

Note: With the exception of amortization of transition obligation, periodic benefit cost for consolidated subsidiaries which adopted the simplified method are included in “service cost.”

4. Basis of calculation of “projected benefit obligations”

	Fiscal 2002 (as of Dec. 31, 2002)	Fiscal 2001 (as of Dec. 31, 2001)
1) Allocation method of estimated total retirement benefits	Straight-line basis	Straight-line basis
2) Discount rate	Mainly 2%	Mainly 3%
3) Expected rate of return on plan assets	Mainly 2%	Mainly 3%
4) Amortization period of actuarial difference	10 years	10 years
5) Amortization period of cumulative effect of change in accounting for employees' retirement benefits	-	1 year

(Tax effect accounting) (in million yen)

Fiscal 2002 (January 1, 2002 to December 31, 2002)		Fiscal 2001 (January 1, 2001 to December 31, 2001)	
1. Breakdown of deferred tax assets and deferred tax liabilities		1. Breakdown of deferred tax assets and deferred tax liabilities	
<Deferred tax assets>		<Deferred tax assets>	
(Deferred tax assets)		(Deferred tax assets)	
Provision for doubtful account:	12,192	Allowance for bad debt:	9,598
Retirement benefit:	14,301	Allowance for retirement benefit:	14,755
Unpaid enterprise tax	1,030	Unpaid enterprise tax:	1,747
Depreciation:	982	Depreciation:	2,075
Fixed asset removal expense:	1,120	Fixed asset removal expense:	752
Unrealized gains on fixed assets:	14,582	Unrealized gains on fixed assets:	14,316
Net loss carryforwards:	9,336	Net loss carryforwards:	4,969
Valuation loss on investment securities:	4,753	Valuation loss on investment securities:	2,874
Loss on creation of retirement benefit trust:	1,522		
Other	5,838	Other	4,941
	65,661		56,032
Valuation allowance	(12,012)	Valuation allowance	(4,542)
Total deferred tax assets	53,649	Total deferred tax assets	51,489
(Deferred tax liabilities)		(Deferred tax liabilities)	
Advanced depreciation of fixed assets:	(2,159)	Advanced depreciation of fixed assets:	(2,322)
Unrealized gains/losses on other securities:	(44)		
Total deferred tax liabilities	(2,203)	Total deferred tax liabilities	(2,322)
Net deferred tax assets	51,445	Net deferred tax assets	49,167
<Deferred tax liabilities>			
(Deferred tax liabilities)			
Unrealized gains/losses on other securities:	(26)		
Total deferred tax liabilities	(26)		
Net deferred tax liabilities	(26)		

2. Reconciliation of the statutory tax rate to the effective income tax rate	2. Reconciliation of the statutory tax rate to the effective income tax rate
Effective statutory tax rate 41.8%	Effective statutory tax rate 41.8%
Increase/decrease in taxes resulting from:	Increase/decrease in taxes resulting from:
Non-deductible items such as entertainment expenses 6.3%	Non-deductible items such as entertainment expenses 10.2%
Non-deductible items such as dividend income (1.1%)	Non-deductible items such as dividend income (1.6%)
Inhabitants tax evenly distributed 0.9%	Inhabitants tax evenly distributed 1.4%
Allowances 22.5%	Allowances 16.0%
	Decrease in allowances due to liquidation of subsidiary (31.3%)
Amortization of consolidation goodwill (2.1%)	Amortization of consolidation goodwill (3,4%)
Other (3.0%)	Other (0.5%)
Effective income tax rate 65.3%	Effective income tax rate 32.6%

(Segment information)

(1) Industrial segment information

Fiscal 2002 (January 1, 2002 – December 31, 2002) (in million yen)

	Alcoholic beverages	Soft drinks	Food/Pharma-ceuticals	Other	Total	Elimination or Corporate	Consolidated total
I. Net Sales							
1) to outside customers	1,057,028	173,772	14,232	130,233	1,375,267	-	1,375,267
2) inter-segment sales	47,395	4,437	201	53,936	105,970	(105,970)	-
Total	1,104,424	178,210	14,433	184,169	1,481,237	(105,970)	1,375,267
Operating expenses	1,035,279	182,296	14,425	180,313	1,412,315	(106,388)	1,305,926
Operating income (loss)	69,145	(4,085)	7	3,855	68,922	418	69,340
II. Assets, depreciation and capital expenditure							
Assets	920,687	97,303	13,183	171,080	1,202,254	92,483	1,294,738
Depreciation	41,962	5,118	649	3,810	51,541	4	51,545
Capital expenditure	33,718	3,080	1,075	3,367	41,241	15	41,256

Fiscal 2001 (January 1, 2001 – December 31, 2001) (in million yen)

	Alcoholic beverages	Soft drinks/Food	Real estate	Other	Total	Elimination or Corporate	Consolidated total
I. Net Sales							
1) to outside customers	1,179,412	201,771	3,058	49,121	1,433,363	-	1,433,363
2) inter-segment sales	2,103	5,180	457	656	8,398	(8,398)	-
Total	1,181,516	206,951	3,515	49,778	1,441,762	(8,398)	1,433,363
Operating expenses	1,088,881	208,437	1,682	50,595	1,349,596	5,990	1,355,586
Operating income (loss)	92,634	(1,485)	1,833	(816)	92,166	(14,388)	77,777
II. Assets, depreciation and capital expenditure							
Assets	933,195	101,690	105,746	38,895	1,179,528	161,574	1,341,102
Depreciation	41,900	5,626	1,162	1,707	50,396	2,504	52,901
Capital expenditure	47,473	8,833	2,302	1,606	60,216	4,612	64,829

(Note)

1. The Group's businesses are classified into segments by type and nature of products handled.

   (Change in the method of segmentation)

   Under the Group's Medium-term Management Plan, the three year period starting this year was declared as the period for the "enhancement of Group's competitive advantage" and "overall growth of the Group". In keeping with the spirit of the three year plan and in order to reinforce our soft drink and food/pharmaceuticals businesses as core businesses of the Group outside of alcoholic beverage business, we reviewed and revised the Group's business segment classification. As a result of the review, the food business that had been included in the "soft drinks/food" segment was combined with the pharmaceuticals business that had been included in the "other business" segment, to form a new "food/pharmaceuticals" segment. In addition, the wholesale operations that had been included in the "alcoholic beverages" segment and distribution business that had been split into related businesses were included in "other businesses" segment. Thus the Group businesses that had been classified into "alcoholic beverages", "soft drinks/food", "real estate" and "other businesses" are now reclassified into "alcoholic beverages", "soft drinks", "food/pharmaceuticals" and "other businesses" effective fiscal 2002.

   Segment information for fiscal 2001 as reclassified according to the new segmentation is shown below for reference.

Fiscal 2001 (January 1, 2001 – December 31, 2001) (in million yen)

	Alcoholic beverages	Soft drinks	Food Pharma-ceuticals	Other	Total	Elimination or Corporate	Consolidated total
I. Net Sales							
1) to outside customers	1,101,620	192,525	14,561	124,657	1,433,363	-	1,433,363
2) inter-segment sales	42,269	4,631	297	56,717	103,916	(103,916)	-
Total	1,143,889	197,157	14,858	181,374	1,537,280	(103,916)	1,433,363
Operating expenses	1,067,081	199,236	14,451	178,898	1,459,668	(104,081)	1,355,586
Operating income (loss)	76,808	(2,079)	406	2,476	77,612	165	77,777
II. Assets, depreciation and capital expenditure							
Assets	941,838	98,480	12,340	182,074	1,234,733	106,369	1,341,102
Depreciation	43,735	4,822	583	3,754	52,896	4	52,901
Capital expenditure	49,989	7,486	1,178	6,159	64,814	14	64,829

2. Major products for each segment

   (1) Alcoholic beverages ----- beer, happoshu (low-malt beer), whisky, etc.

   (2) Soft drinks ----- refreshing drinks, etc.

   (3) Food/pharmaceuticals ----- food business, pharmaceuticals business

   (4) Other ----- real estate, restaurants, wholesale, distribution, etc.

3. For fiscal 2002, there were no operating expenses included in “elimination or corporate” that were not assignable to particular segment(s).

For fiscal 2001, the amount of operating expenses included in “elimination or corporate” that were not assignable to particular segment(s) was ¥14,043 million. Expenses related to the administrative functions of the head office and research and development activities are the major items included in “elimination or corporate.”

(Change in the method of allocation of operating expenses)

Effective fiscal 2002, expenses related to the administrative functions of the head office and research and development activities are allocated to relevant alcoholic beverage category. These expenses had been included in “elimination or corporate” until the previous year.

The change in the method of operating expense allocation is a result of the change in the Group’s internal performance measurement system where expenses related to the administrative functions of the head office and research and development activities are now all assigned to the alcoholic beverage business in order to facilitate category by category performance evaluation within the alcoholic beverage segment.

As a result, operating expense for the alcoholic beverage segment is overstated by ¥12,947 million, and its operating income is understated by the same amount than otherwise would have been the case.

4. For fiscal 2002, the amount of corporate assets included in “elimination or corporate” was ¥113,367 million. Financial assets, etc. related to group finance of the parent company and subsidiaries are the major items included in “elimination or corporate.”

For fiscal 2001, the amount of corporate assets included in “elimination or corporate” was ¥314,181 million. Financial assets, etc. related to group finance of the parent company and subsidiaries are the major items included in “elimination or corporate.”

The amount of corporate assets that would have been included in “elimination and corporate” if it were not for the change in segment reclassification was ¥124,928 million.

(2) Geographic segment information

For fiscal 2002 and 2001, geographical segment information is not provided herein as sales and assets outside the Group’s home country accounted for less than 10% of its consolidated sales and consolidated total assets for these periods.

(3) Export sales and sales by overseas subsidiaries

For fiscal 2002 and 2001, information regarding export sales and sales by overseas subsidiaries is not provided herein as they accounted for less than 10% of consolidated sales.

(Related party transactions)

Fiscal 2002 (January 1, 2002 – December 31, 2002)

N/A

Fiscal 2001 (January 1, 2001 – December 31, 2001)

N/A

Production, Orders Received and Sales

1. Production

Actual production for each segment for fiscal 2002 were as follows:

Segment	Volume or amount	Unit	y-o-y change
Alcoholic beverages	3,147,224	KL	96.2%
Soft drinks	178,512	mil yen	91.4%
Food/Pharmaceuticals	9,741	mil yen	103.9%
Other	5,021	mil yen	111.3%

(Note)

1. Stated amounts represent amount of sales.
2. Production for the soft drinks segment include commissioned production by outside parties.
3. Y-o-y changes represent changes from the previous year where the previous year results were reclassified according to the new segmentation introduced in fiscal 2002.
4. Consumption tax is not included in the stated amounts.

2. Orders received

Volume of order-based production is minimum.

3. Sales

Actual sales for each segment for fiscal 2002 were as follows: (in million yen)

Segment	Amount	y-o-y change
Alcoholic beverages	1,057,028	96.0%
Soft drinks	173,772	90.3%
Food/Pharmaceuticals	14,232	97.7%
Other	130,233	104.5%

(Note)

1. Y-o-y changes represent changes from the previous year where the previous year results were reclassified according to the new segmentation introduced in fiscal 2002.
2. Consumption tax is not included in the stated amounts.