

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 which was filed at stock exchanged in Japan on November 6th, 2003.

**Summary Report of Consolidated 3Q Financial Results
(Fiscal 2003)**

November 6, 2003

Asahi Breweries, Ltd.

Code number: 2502
Shares Listed: First Section of Tokyo & Osaka Stock Exchanges
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US GAAP: Not applicable

1. Consolidated Financial Results for the 3Q Period ended September 30, 2003

(From January 1, 2003 to September 30, 2003)

(1) Consolidated Operating Results

(Rounded down to millions of yen)

	<u>9 months ended September 30</u>				<u>Year ended Dec 31</u>
	<u>2003</u>		<u>2002</u>		<u>2002</u>
	Amount	% change	Amount	% change	Amount
Sales	1,026,581	1.5%	1,011,479	-5.8%	1,375,267
Operating income	55,610	-2.6%	57,104	-12.1%	69,340
Ordinary income	51,296	0.4%	51,110	-9.0%	57,554
Net income	21,293	-11.1%	23,956	52.5%	14,754

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

(2) Consolidated Financial Conditions

(in million yen)

	<u>September 30</u>	<u>September 30</u>	<u>December 31</u>
	<u>2003</u>	<u>2002</u>	<u>2002</u>
Total assets	1,239,907	1,262,609	1,294,738
Shareholders' equity	397,106	398,138	387,539
Shareholders' equity ratio	32.0%	31.5%	29.9%

(3) Consolidated Cash Flows

	<u>9 months ended September 30</u>		<u>Year ended Dec 31</u>
	<u>2003</u>	<u>2002</u>	<u>2002</u>
Cash flows from operating activities	108,204	90,272	77,950
Cash flows from investing activities	(25,024)	(34,063)	(61,507)
Cash flows from financing activities	(80,235)	(53,406)	(19,746)
Cash & cash equivalent at the end of the term	18,677	22,177	15,986

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

Number of consolidated subsidiaries:	53
Number of unconsolidated subsidiaries accounted for by the equity method:	2
Number of affiliated companies accounted for by the equity method:	2

*We transferred all equities of Jiaying Haiyan Beer Xihu Asahi Co, Ltd to Chinese shareholder. Therefore, we eliminated it from our scope of consolidation.

ASAHI BREWERIES, LTD.

Consolidated 3Q Balance Sheets

ASSETS

(in million yen)

	Third quarter of 2003		Third quarter of 2002		Increase (Decrease) Amount	December 31 2002	
	Amount	Ratio(%)	Amount	Ratio(%)		Amount	Ratio(%)
Current Assets:							
Cash and cash equivalents	18,811		22,250		(3,438)	18,516	
Notes and accounts receivable	217,676		198,251		19,425	256,309	
Inventories	103,225		104,279		(1,053)	96,210	
Deferred tax assets	3,644		4,871		(1,226)	3,489	
Other current assets	35,548		43,722		(8,174)	37,674	
Allowance for doubtful accounts	(7,789)		(5,430)		(2,359)	(7,959)	
Total current assets	371,117	29.9	367,944	29.1	3,173	404,240	31.2
Fixed Assets							
Tangible fixed assets							
Buildings	231,509		241,570		(10,060)	240,766	
Machinery and equipment	203,649		214,086		(10,436)	214,293	
Furniture and fixtures	53,403		56,068		(2,664)	55,750	
Land	210,636		207,375		3,260	204,162	
Construction in progress	4,066		5,515		(1,448)	3,756	
Total tangible fixed assets	703,266	56.7	724,616	57.4	(21,349)	718,729	55.5
Intangible fixed assets	17,437	1.4	11,494	0.9	5,943	17,751	1.4
Investments and other assets							
Investment securities	77,178		83,295		(6,116)	76,645	
Deferred tax assets	45,388		44,321		1,067	47,956	
Other	45,637		54,331		(8,694)	53,254	
Allowance for doubtful accounts	(20,118)		(23,393)		3,274	(23,839)	
Total investments and other assets	148,085	12.0	158,554	12.6	(10,468)	154,016	11.9
Total fixed assets	868,790	70.1	894,665	70.9	(25,874)	890,497	68.8
Total Assets	1,239,907	100.0	1,262,609	100.0	(22,701)	1,294,738	100.0

LIABILITIES AND SHAREHOLDERS' EQUITY

(in million yen)

	Third quarter of 2003		Third quarter of 2002		Increase (Decrease) Amount	December 31 2002	
	Amount	Ratio(%)	Amount	Ratio(%)		Amount	Ratio(%)
Current Liabilities:							
Notes and accounts payable	73,827		79,707		(5,879)	82,346	
Short-term debt	70,008		107,864		(37,855)	133,429	
Bonds due within one year	25,451		18,418		7,033	25,451	
Alcohol tax payable	150,915		144,723		6,192	136,585	
Deposits received	69,098		74,075		(4,976)	85,010	
Commercial paper	-		54,000		(54,000)	20,000	
Other current liabilities	111,734		102,347		9,386	113,856	
Total current liabilities	501,036	40.4	581,136	46.0	(80,099)	596,680	46.1
Non-current Liabilities:							
Bonds	197,626		163,085		34,540	197,676	
Long-term debt	53,528		28,942		24,585	25,649	
Allowance for retirement benefits	30,268		33,246		(2,977)	29,523	
Reserve for officers' retirement benefits	587		429		158	473	
Reserve for special repairs	-		219		(219)	219	
Deferred tax liabilities	305		43		261	26	
Other non-current liabilities	41,839		42,706		(866)	42,406	
Total non-current liabilities	324,156	26.2	268,672	21.3	55,483	295,974	22.9
Total liabilities	825,193	66.6	849,808	67.3	(24,615)	892,655	69.0
Minority interests	17,608	1.4	14,661	1.2	2,946	14,543	1.1
Shareholders' Equity:							
Common stock	182,531	14.7	182,531	14.4	-	182,531	14.1
Capital surplus	181,281	14.6	180,894	14.3	387	180,894	14.0
Retained earnings:	48,648	3.9	41,625	3.3	7,022	32,423	2.5
Appreciation by revaluation of investment securities	2,641	0.2	(2,997)	(0.2)	5,639	63	0.0
Foreign currency translation adjustments	23	0.0	1,463	0.1	(1,440)	974	0.0
Treasury stock	(18,019)	(1.4)	(5,378)	(0.4)	(12,640)	(9,348)	(0.7)
Total shareholders' equity	397,106	32.0	398,138	31.5	(1,031)	387,539	29.9
Total liabilities, minority interests and shareholders' equity	1,239,907	100.0	1,262,609	100.0	(22,701)	1,294,738	100.0

ASAHI BREWERIES, LTD.

Consolidated 3Q Statements of Operations

(in million yen)

	9 months ended		9 months ended		Increase (Decrease)	Year ended	
	September 30, 2003		September 30, 2002			December 31, 2002	
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	Amount	Ratio(%)
Sales	1,026,581	100.0	1,011,479	100.0	15,101	1,375,267	100.0
Cost of sales	700,298	68.2	700,075	69.2	223	956,827	69.6
Gross profit	326,282	31.8	311,404	30.8	14,878	418,439	30.4
Selling, General & Administrative expense	270,671	26.4	254,299	25.1	16,371	349,098	25.4
Operating income	55,610	5.4	57,104	5.7	(1,493)	69,340	5.0
Non-operating income:							
Interest income	521		603		(82)	789	
Dividend income	770		762		8	900	
Investment gains under equity method	94		599		(505)	666	
Amortization of consolidation negative goodwill	1,238		1,232		5	1,645	
Other	973		1,377		(403)	1,822	
	3,597	0.4	4,575	0.4	(977)	5,824	0.4
Non-operating expenses:							
Interest expense	3,582		4,316		(734)	5,861	
Provision for doubtful accounts	-		1,656		(1,656)	4,888	
Other	4,329		4,596		(266)	6,861	
	7,912	0.8	10,569	1.0	(2,656)	17,610	1.3
Ordinary income	51,296	5.0	51,110	5.1	185	57,554	4.2
Extraordinary gains:							
Gain on sale of fixed assets	872		227		645	249	
Gain on sale of investment securities	105		404		(299)	421	
Gain in reverse of allowance for doubtful account	507		-		507	-	
Other	-		73		(73)	62	
	1,485	0.2	705	0.0	779	732	0.1
Extraordinary losses:							
Loss on disposal and sale of fixed assets	5,784		8,205		(2,421)	13,122	
Loss on sale of investment securities	10		495		(485)	528	
Loss on devaluation of investment securities	1,206		757		448	6,915	
Loss on liquidation of subsidiaries	4,287		-		4,287	-	
Prior year's provision for reserve for office's retirement benefit	581		-		581	-	
Differential resulting from the change in retirement accounting	-		-		-	3,640	
Other extraordinary losses	270		598		(328)	1,597	
	12,140	1.2	10,057	1.0	2,083	25,804	1.9
Income before income taxes	40,640	4.0	41,758	4.1	(1,118)	32,483	2.4
Income tax	19,436	1.9	20,725	2.0	(1,288)	23,463	1.7
Adjustment to income taxes	-	-	-	-	-	(2,266)	(0.2)
Minority interests in net loss of consolidated subsidiaries	(88)	(0.0)	(2,923)	(0.3)	2,834	(3,468)	(0.2)
Net Income	21,293	2.1	23,956	2.4	(2,663)	14,754	1.1

Consolidated 3Q Statements of Retained Earnings

(in million yen)

	9 moths ended September 30, 2003	9 moths ended September 30, 2002	Year ended Dec. 31, 2002
Capital Reserve			
Capital reserve at beginning of period	180,894	180,894	180,894
Increase In capital reserve	388	0	0
Increase In resulting from aquition	388	-	-
Increase In resulting from conversion of convertible bonds	-	0	0
Decrease in capital reserve	1	-	-
Loss of appropriation of treasury stock	1	-	-
Capital reserve at end of period	181,281	180,894	180,894
Retained Earnings			
Retained earnings at beginning of period	32,423	20,864	20,864
Increase in retained earnings	26,278	24,453	15,250
Net income	21,293	23,956	14,754
Increase due to change in the scope of consolidation	609	496	496
Decrease due to change in the scope of consolidation	3,973	-	-
Increase due to increase new subsidiaries accounted for by the equity method	402	-	-
Decrease in retained earnings	10,053	3,692	3,692
Dividends	9,728	3,591	3,591
Bonus paid to directors and corporate auditors	112	100	100
Decrease due to acquisition of consolidated subsidiaries	212	-	-
Retained earnings at end of period	48,648	41,625	32,423

Consolidated 3Q Statements of Cash Flows

(in million yen)

	9 moths ended September 30, 2003	9 moths ended September 30, 2002	Increase (Decrease)	Year ended Dec. 31, 2002
Cash flows from operating activities:				
Net income before taxes	40,640	41,758	(1,118)	32,483
Depreciation and amortization	39,243	38,394	849	51,545
Decrease (increase) in provision for employees' retirement benefits	(1,652)	(2,043)	390	(2,306)
Increase in reserve for doubtful accounts	(1,589)	3,415	(5,004)	6,390
Interest and dividend income	(1,291)	(1,386)	94	(1,690)
Interest expenses	3,582	4,316	(734)	5,861
Loss on liquidation of subsidiaries	4,287	-	4,287	-
Loss on sale and disposal of fixed assets	5,784	8,205	(2,421)	13,122
Decrease in accounts receivable trade	43,205	61,885	(18,679)	8,956
Decrease (decrease) in inventories	(6,089)	(9,572)	3,486	(1,118)
Decrease (decrease) in accounts payable trade	(9,879)	(5,756)	(4,123)	(3,127)
Increase (decrease) in accrued alcohol tax payable	8,545	1,869	6,675	(6,267)
Other	(426)	(17,200)	16,774	10,188
Sub total	124,362	123,886	476	114,038
Interest and dividend received	1,334	1,583	(249)	1,848
Interest paid	(3,430)	(4,616)	1,185	(6,266)
Income taxes paid	(14,062)	(30,581)	16,519	(31,669)
Net cash provided by operating activities	108,204	90,272	17,931	77,950
Cash flows from investing activities:				
Payment for purchase of tangible fixed assets	(31,438)	(39,894)	8,455	(49,794)
Payment for purchase of investment securities	(4,396)	(3,794)	(602)	(5,854)
Proceeds from sale of investment securities	306	15,403	(15,097)	15,537
Payment for loans receivable	(2,940)	(2,943)	2	(4,417)
Proceeds from collections of loans receivable	9,945	697	9,247	2,749
Other	3,500	(3,531)	7,032	(19,728)
Net cash (used in) provided by investing activities	(25,024)	(34,063)	9,038	(61,507)
Cash flows from financing activities:				
Increase (decrease) in bank loans	(53,144)	17,331	(70,475)	7,449
Proceeds from long-term debt	35,200	2,569	32,630	2,479
Repayments of long-term debt	(42,800)	11,261	(31,538)	(13,324)
Proceeds from issuances of bonds	10,000	-	10,000	50,000
Redemption of bonds	(10,000)	(53,805)	43,805	(62,270)
Purchases of stock for treasury	(8,695)	(4,780)	(3,915)	(8,749)
Cash dividend paid	(9,728)	(3,591)	(6,137)	(3,591)
Other	(1,066)	131	(1,197)	8,260
Net cash used in financing activities	(80,235)	(53,406)	(26,828)	(19,746)
Effect of exchange rate changes on cash and cash equivalents	(196)	(589)	393	(674)
Net increase(decrease) in cash and cash equivalents	2,747	2,212	535	(3,978)
Cash and cash equivalents, beginning of period	15,986	19,351	(3,365)	19,351
Increase in cash and cash equivalents due to increase in consolidated subsidiaries	(68)	612	(681)	612
Increase in cash and cash equivalents due to aquisition	12	-	12	-
Cash and cash equivalents balance, end of period	18,677	22,177	(3,499)	15,986

Segment information

(1) Segment information based on business category

3Q period ended September 2003 (January 1, 2003 – September 30, 2003)

(in million yen)

	Alcoholic beverages	Soft drinks	Food/ Pharmaceuticals	Other	Total	Elimination or Corporate	Consolidated total
Sales							
1) to outside customers	776,505	143,187	15,939	90,948	1,026,581	-	1,026,581
2) inter-segment sales	36,206	2,958	158	46,369	85,692	(85,692)	-
Total	812,712	146,146	16,097	137,317	1,112,274	(85,692)	1,026,581
Operating expenses	762,153	143,689	15,948	135,168	1,056,959	(85,988)	970,970
Operating income/loss	50,559	2457	148	2,149	55,315	295	55,610

3Q period ended September 2002 (January 1, 2002 – September 30, 2002)

(in million yen)

	Alcoholic beverages	Soft drinks	Food/ Pharmaceuticals	Other	Total	Elimination or Corporate	Consolidated total
Sales							
1) to outside customers	774,195	132,045	10,691	94,547	1,011,479	-	1,011,479
2) inter-segment sales	35,016	3,160	152	41,345	79,674	(79,674)	-
Total	809,212	135,206	10,843	135,892	1,091,154	(79,674)	1,011,479
Operating expenses	752,097	138,877	10,688	132,695	1,034,359	(79,984)	954,375
Operating income/loss	57,114	(3,671)	154	3,197	56,794	309	57,104

Year ended December 2002 (January 1, 2001 – December 31, 2001)

(in million yen)

	Alcoholic beverages	Soft drinks	Food/Pharmaceuticals	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

Note:

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

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, logistics, etc.