

Asahi Breweries, Ltd.



Consolidated 1Q 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 a partial English translation of the Japanese Financial Statement which was filed at stock exchange in Japan on May 14th, 2003.

**Summary Report of Consolidated 1Q Financial Results
(Fiscal 2003)**

May 14, 2003

Asahi Breweries, Ltd.

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

1. Consolidated Financial Results for the 1Q Period ended March 31, 2003

(From January 1, 2003 to March 31, 2003)

(1) Consolidated Operating Results

	(in million yen)				
	<u>3 months ended March 31</u>				<u>Year ended Dec 31</u>
	<u>2003</u>		<u>2002</u>		<u>2002</u>
	Amount	% change	Amount	% change	Amount
Sales	272,984	2.0%	267,649	-1.7%	1,375,267
Operating income	(6,180)	-	(1,859)	-	69,340
Ordinary income	(7,418)	-	(2,104)	-	57,554
Net income	(5,701)	-	(278)	-	14,754

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

(2) Consolidated Financial Conditions

	(in million yen)		
	<u>March 31</u> <u>2003</u>	<u>March 31</u> <u>2002</u>	<u>December 31</u> <u>2002</u>
Total assets	1,241,079	1,273,488	1,294,738
Shareholders' equity	371,849	380,375	387,539
Shareholders' equity ratio	30.0%	29.9%	29.9%

(3) Consolidated Cash Flows

	<u>3 months ended March 31</u>		<u>Year ended Dec 31</u>
	<u>2003</u>	<u>2002</u>	<u>2002</u>
Cash flows from operating activities	(8,593)	(14,851)	77,950
Cash flows from investing activities	(9,437)	(4,168)	(61,507)
Cash flows from financing activities	21,841	19,689	(19,746)
Cash & cash equivalent at the end of the term	19,883	20,322	15,986

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

Number of consolidated subsidiaries:	54
Number of unconsolidated subsidiaries:	22 (Out of 2 are accounted for by the equity method)
Number of affiliated companies:	11 (Out of 2 are accounted for by the equity method)

ASAHI BREWERIES, LTD.

Consolidated 1Q Balance Sheets

ASSETS

(in million yen)

	First quarter of 2003		First quarter of 2002		Increase (Decrease) Amount	December 31 2002	
	Amount	Ratio(%)	Amount	Ratio(%)		Amount	Ratio(%)
Current Assets:							
Cash and cash equivalents	20,283		20,412		(128)	18,516	
Notes and accounts receivable	194,328		202,467		(8,139)	256,309	
Inventories	104,537		101,600		2,937	96,210	
Deffered tax assets	7,548		6,924		624	3,489	
Other current assets	42,351		34,065		8,286	37,674	
Allowance for doubtful accounts	(7,798)		(5,905)		(1,893)	(7,959)	
Total current assets	361,251	29.1	359,564	28.2	1,687	404,240	31.2
Fixed Assets:							
Tangible fixed assets							
Buildings	234,943		243,526		(8,582)	240,766	
Machinery and equipment	213,166		222,449		(9,283)	214,293	
Furniture and fixtures	54,550		55,812		(1,262)	55,750	
Land	209,748		208,737		1,011	204,162	
Construction in progress	3,841		8,451		(4,610)	3,756	
Total tangible fixed assets	716,250	57.7	738,978	58.0	(22,727)	718,729	55.5
Intangible fixed assets	17,307	1.4	11,869	1.0	5,437	17,751	1.4
Investments and other assets							
Investment securities	70,614		84,497		(13,882)	76,645	
Deferred tax assets	47,021		45,757		1,264	47,956	
Other	51,070		52,166		(1,096)	53,254	
Allowance for doubtful accounts	(22,435)		(19,344)		(3,091)	(23,839)	
Total investments and other assets	146,270	11.8	163,076	12.8	(16,806)	154,016	11.9
Total fixed assets	879,828	70.9	913,924	71.8	(34,096)	890,497	68.8
Total Assets	1,241,079	100.0	1,273,488	100.0	(32,408)	1,294,738	100.0

LIABILITIES AND SHAREHOLDERS' EQUITY

(in million yen)

	First quarter of 2003		First quarter of 2002		Increase (Decrease)	December 31 2002	
	Amount	Ratio(%)	Amount	Ratio(%)		Amount	Ratio(%)
Current Liabilities:							
Notes and accounts payable	66,247		81,750		(15,503)	82,346	
Short-term debt	119,806		102,727		17,079	133,429	
Bonds due within one year	15,451		34,551		(19,100)	25,451	
Alcohol tax payable	103,283		104,485		(1,202)	136,585	
Deposits received	69,585		71,129		(1,543)	85,010	
Commercial paper	79,000		76,000		3,000	20,000	
Other current liabilities	93,987		99,504		(5,516)	113,856	
Total current liabilities	547,361	44.1	570,149	44.8	(22,787)	596,680	46.1
Non-current Liabilities:							
Bonds	207,676		163,479		44,196	197,676	
Long-term debt	24,926		64,044		(39,117)	25,649	
Allowance for retirement benefits	30,734		34,503		(3,768)	29,523	
Reserve for officers' retirement benefits	135		517		(382)	473	
Reserve for special repairs	-		219		(219)	219	
Deferred tax liabilities	272		-		272	26	
Other non-current liabilities	42,447		43,442		(994)	42,406	
Total non-current liabilities	306,192	24.7	306,206	24.0	(13)	295,974	22.9
Total liabilities	853,554	68.8	876,355	68.8	(22,801)	892,655	69.0
Minority Interests	15,675	1.2	16,757	1.3	(1,081)	14,543	1.1
Shareholders' Equity:							
Common stock	182,531	14.7	182,530	14.3	0	182,531	14.1
Capital surplus	181,283	14.6	180,894	14.2	389	180,894	14.0
Retained earnings:	25,476	2.1	17,188	1.4	8,288	32,423	2.5
Appreciation by revaluation of investment securities	(449)	(0.0)	(1,724)	(0.1)	1,275	63	0.0
Foreign currency translation adjustments	1,003	0.1	2,126	0.2	(1,122)	974	0.0
Treasury stock	(17,996)	(1.5)	(638)	(0.1)	(17,357)	(9,348)	(0.7)
Total shareholders' equity	371,849	30.0	380,375	29.9	(8,526)	387,539	29.9
Total liabilities, minority interests and shareholders' equity	1,241,079	100.0	1,273,488	100.0	(32,408)	1,294,738	100.0

ASAHI BREWERIES, LTD.

Consolidated 1Q Statements of Operations

(in million yen)

	3 months ended		3 months ended		Increase (Decrease)	Year ended	
	March 31, 2003		March 31, 2002			December 31, 2002	
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	Amount	Ratio(%)
Sales	272,984	100.0	267,649	100.0	5,334	1,375,267	100.0
Cost of sales	189,092	69.3	189,120	70.7	(28)	956,827	69.6
Gross profit	83,891	30.7	78,529	29.3	5,362	418,439	30.4
Selling, General & Administrative expense	90,072	33.0	80,388	30.0	9,683	349,098	25.4
Operating income (loss)	(6,180)	-2.3	(1,859)	-0.7	(4,321)	69,340	5.0
Non-operating income:							
Interest income	180		334		(153)	789	
Dividend income	283		379		(95)	900	
Investment gains under equity method	-		53		(53)	666	
Amortization of consolidation negative goodwill	412		411		1	1,645	
Other	307		835		(527)	1,822	
	1,185	0.5	2,014	0.8	(828)	5,824	0.4
Non-operating expenses:							
Interest expense	1,187		1,624		(437)	5,861	
Investment losses under equity method	67		-		67	-	
Provision for doubtful accounts	21		28		(7)	4,888	
Other	1,146		606		540	6,861	
	2,422	0.9	2,259	0.9	162	17,610	1.3
Ordinary income (loss)	(7,418)	-2.7	(2,104)	-0.8	(5,313)	57,554	4.2
Extraordinary gains:							
Gain on sale of fixed assets	5		5		0	249	
Gain on sale of investment securities	25		92		(66)	421	
Other	-		50		(50)	62	
	31	0.0	148	0.1	(116)	732	0.1
Extraordinary losses:							
Loss on disposal and sale of fixed assets	589		292		296	13,122	
Retirement benefits for directors & auditors	393		158		235	164	
Loss on liquidation of businesses	4,438		-		4,438	-	
Loss on sale of investment securities	10		14		(4)	528	
Loss on devaluation of investment securities	-		-		-	6,915	
Loss on creation of retirement benefit trust	-		-		-	3,640	
Loss on liquidation of subsidiaries	-		-		-	505	
Other	0		27		(27)	926	
	5,431	2.0	493	0.2	4,938	25,804	1.9
Income (loss) before income taxes	(12,818)	-4.7	(2,450)	-0.9	(10,367)	32,483	2.4
Income tax	(5,636)	-2.1	(651)	-0.2	(4,984)	23,463	1.7
Adjustment to income taxes	-		-		-	(2,266)	(0.2)
Minority interests in net loss of consolidated subsidiaries	(2,109)	-0.8	(1,519)	-0.6	(589)	(3,468)	(0.2)

Consolidated 1Q Statements of Retained Earnings

(in million yen)

	3 months ended March 31, 2003	3 months ended March 31, 2002	Year ended Dec. 31, 2002
Capital Surplus:			
Balance, beginning of period	180,894	180,894	180,894
Increase in capital surplus	388	-	0
Balance, end of period	181,283	180,894	180,894
Retained Earnings:			
Balance, beginning of period	32,423	20,864	20,864
Increase in retained earnings	4,985	292	15,250
Net income	-	-	14,754
Increase due to change in the scope of consolidation	609	292	496
Increase due to liquidation of consolidated subsidiaries	3,973	-	-
Increase due to change in the scope of subsidiaries under the equity method	402	-	-
Decrease in retained earnings	11,931	3,968	3,692
Net loss	5,071	278	-
Dividends	6,535	3,591	3,591
Bonus paid to directors and corporate auditors	112	98	100
Decrease resulting from consolidation of consolidated subsidiari	212	-	-
Balance, end of period	25,476	17,188	32,423

Consolidated 1Q Statements of Cash Flows

(in million yen)

	3 months ended March 31, 2003	3 months ended March 31, 2002	Increase (Decrease)	Year ended Dec. 31, 2002
Cash flows from operating activities:				
Net loss (income) before taxes	(12,818)	(2,450)	(10,367)	32,483
Depreciation and amortization	13,414	12,641	773	51,545
Decrease (increase) in provision for employees' retirement benefits	(1,186)	(732)	(454)	(2,306)
Decrease in reserve for doubtful accounts	1,620	(177)	1,798	6,390
Interest and dividend income	(464)	(713)	249	(1,690)
Interest expenses	1,187	1,624	(437)	5,861
Equity in net income of unconsolidated subsidiaries	4,438	-	4,438	-
Loss on sale and disposal of fixed assets	589	292	296	13,122
Decrease in accounts receivable trade	64,916	57,624	7,291	8,956
Increase (decrease) in inventories	(7,189)	(6,825)	(363)	(1,118)
Increase (decrease) in accounts payable trade	(17,849)	(7,911)	(9,937)	(3,127)
Increase (decrease) in accrued alcohol tax payable	(39,087)	(38,367)	(719)	(6,267)
Other	(2,652)	(9,344)	6,691	10,188
Sub total	4,918	5,659	(741)	114,038
Interest and dividend received	510	893	(382)	1,848
Interest paid	(1,000)	(1,733)	733	(6,266)
Income taxes paid	(13,021)	(19,670)	6,648	(31,669)
Net cash provided by operating activities	(8,593)	(14,851)	6,258	77,950
Cash flows from investing activities:				
Payment for purchase of tangible fixed assets	(8,176)	(11,917)	3,741	(49,794)
Payment for purchase of investment securities	(9,180)	(1,445)	(7,735)	(5,854)
Proceeds from sale of investment securities	92	9,932	(9,839)	15,537
Payment for loans	(1,784)	(1,827)	43	(4,417)
Proceeds from collections of loans	8,348	-	8,348	2,749
Other	1,262	1,088	173	(19,728)
Net cash (used in) provided by investing activities	(9,437)	(4,168)	(5,268)	(61,507)
Cash flows from financing activities:				
Increase in borrowing	41,188	62,503	(21,314)	7,449
Proceeds from long-term debt	-	150	(150)	2,479
Repayment for long-term debt	(2,397)	(2,155)	(241)	(13,324)
Proceeds from issuances of bonds	10,000	-	10,000	50,000
Redemption of bonds	(10,000)	(37,348)	27,348	(62,270)
Purchases of stock for treasury	(8,648)	(39)	(8,608)	(8,749)
Cash dividend paid	(6,535)	(3,591)	(2,943)	(3,591)
Other	(1,766)	169	(1,936)	8,260
Net cash used in financing activities	21,841	19,689	2,151	(19,746)
Effect of exchange rate changes on cash and cash equivalents	(24)	201	(225)	(674)
Net increase(decrease) in cash and cash equivalents	3,786	870	2,915	(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	98	100	(1)	612
Increase in cash and cash equivalents due to increase consolidation of consolidated subsidiaries	12	-	12	-
Cash and cash equivalents balance, end of period	19,883	20,322	(439)	15,986

Segment information

(1) Segment information based on business category

1Q period ended March 2003 (January 1, 2003 – March 31, 2003)

(in million yen)

	Alcoholic beverages	Soft drinks	Food/ Pharmaceuticals	Other	Total	Elimination or Corporate	Consolidated total
Sales							
1) to outside customers	201,503	40,633	4,882	25,964	272,984	-	272,984
2) inter-segment sales	9,739	425	39	13,806	24,011	(24,011)	-
Total	211,242	41,058	4,922	39,771	296,995	(24,011)	272,984
Operating expenses	214,594	44,055	5,089	39,598	303,337	(24,172)	279,165
Operating income/loss	(3,351)	(2,996)	(166)	172	(6,341)	160	(6,180)

1Q period ended March 2002 (January 1, 2002 – March 31, 2002)

(in million yen)

	Alcoholic beverages	Soft drinks	Food/ Pharmaceuticals	Other	Total	Elimination or Corporate	Consolidated total
Sales							
1) to outside customers	201,083	35,892	3,173	27,499	267,649	-	267,649
2) inter-segment sales	9,836	175	43	11,409	21,464	(21,464)	-
Total	210,920	36,068	3,217	38,908	289,114	(21,464)	267,649
Operating expenses	208,316	40,829	3,212	38,780	291,137	(21,628)	269,509
Operating income/loss	2,604	(4,760)	4	128	(2,023)	164	(1,859)

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

(in million yen)

	Alcoholic beverages	Soft drinks	Food/ Pharmaceuticals	Other	Total	Elimination or Corporate	Consolidated total
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.