

# Asahi Breweries, Ltd.



## Non-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 a partial English translation of the Japanese Financial Statement (Kessan Tanshin) which was filed at stock exchange in Japan on August 8, 2002

**Summary of Non-consolidated Interim Financial Statements  
(Fiscal 2002)**

August 8, 2002

**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  
Contact: Toshio Kodato, General Manager, Public Relations Department  
Tel: 81-3-5608-5126

Date of board of directors' meeting: August 8, 2002  
Date of commencement of interim dividend payment: N/A  
Interim dividend payment program: Yes  
Minimum trading unit: 1,000 shares

## 1. Non-consolidated Financial Results for the Interim Period Ended June 30, 2002

(From January 1, 2002 to June 30, 2002)

### (1) Non-consolidated Operating Results

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

	6 months ended June 30		2001		Year ended Dec 31
	2002	% change	2001	% change	2001
	Amount		Amount		Amount
Sales	499,880	(2.0)%	510,014	6.3%	1,121,920
Operating income	28,652	1.3%	28,293	(7.7)%	78,371
Ordinary income (loss)	23,159	23.9%	18,685	(18.6)%	62,735
Net income	7,281	219.5%	2,278	(74.5)%	7,259
Net income per share	Yen 14.19		Yen 4.52		Yen 14.39

#### Notes:

##### 1. Average number of shares outstanding during the term:

6 months ended June 30, 2002:	513,030,656 shares
6 months ended June 30, 2001:	504,521,189 shares
Year ended December 31, 2001:	504,314,503 shares

##### 2. Change in accounting policy during the term: None

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

### (2) Dividends

	6 months ended June 30		Fiscal
	2002	2001	2001
	Yen 0.00	Yen 6.00	-
Interim dividend per share			
Dividend per share for the year	-	-	Yen 13.00

### (3) Non-consolidated Financial conditions

(in million yen - except per share data)

	June 30	June 30	December 31
	2002	2001	2001
Total assets	1,137,434	1,183,738	1,148,219
Shareholders' equity	390,851	378,091	388,320
shareholders' equity ratio	34.4%	31.9%	33.8%
Shareholders' equity per share	Yen 761.91	Yen 747.34	Yen 756.84

#### Notes:

##### 1. Number of shares issued and outstanding at the end of the term:

6 months ended June 30 2002:	512,987,579 shares
6 months ended June 30 2001:	505,917,148 shares
Year ended December 2001:	513,081,389 shares

##### 2. Number of treasury stock at the end of the term:

6 months ended June 30 2002:	598,283 shares
6 months ended June 30 2001:	457,794 shares
Year ended December 2001:	503,615 shares

## 2. Projection for fiscal 2002

(January 1, 2002 to December 31, 2002)

(in million yen - except per share data)

	<b>Fiscal 2002</b>
Sales	1,130,000
Ordinary income	55,000
Net Income	14,000
Dividend per share for the year	Yen 13
Year-end dividend	Yen 13

Reference: Estimated net income per share for fiscal 2002: Yen 27.29

\* 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.

**ASAHI BREWERIES, LTD.**

Non-consolidated Interim Balance Sheets

**ASSETS**

	(in million yen)						
	June 30 2002		June 30 2001		Increase (Decrease)	December 31 2001	
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	Amount	Ratio(%)
<b>Current assets:</b>							
Cash and cash equivalents	3,718		4,524		(806)	1,921	
Notes receivable	10,064		15,147		(5,082)	15,125	
Accounts receivable	193,834		197,475		(3,640)	197,049	
Inventories	58,579		59,634		(1,054)	45,563	
Short term loans to subsidiaries & affiliates	53,652		117,131		(63,479)	58,002	
Other current assets	20,826		19,603		1,223	25,012	
Allowance for doubtful accounts	(4,180)		(3,120)		(1,059)	(4,782)	
<b>Total current assets</b>	<b>336,497</b>	<b>29.6</b>	<b>410,396</b>	<b>34.7</b>	<b>(73,899)</b>	<b>337,893</b>	<b>29.4</b>
<b>Fixed Assets</b>							
<b>Tangible fixed assets</b>							
Buildings	164,019		158,619		5,400	166,196	
Machinery and equipment	180,680		177,008		3,672	181,863	
Furniture and fixtures	53,562		54,015		(453)	54,200	
Land	134,143		136,361		(2,218)	133,367	
Construction in progress	4,483		22,927		(18,444)	9,186	
Other	25,335		23,431		1,903	24,452	
<b>Total tangible fixed assets</b>	<b>562,224</b>		<b>572,364</b>		<b>(10,140)</b>	<b>569,267</b>	
<b>Intangible fixed assets</b>	<b>7,741</b>		<b>7,839</b>		<b>(97)</b>	<b>7,953</b>	
<b>Investments and other assets</b>							
Investment securities	57,933		75,280		(17,346)	61,430	
Investments in subsidiaries & affiliates	72,354		73,732		(1,378)	74,045	
Other	124,000		62,497		61,503	115,464	
Allowance for doubtful accounts	(23,318)		(18,372)		(4,946)	(17,836)	
<b>Total investments and other assets</b>	<b>230,971</b>		<b>193,138</b>		<b>37,832</b>	<b>233,104</b>	
<b>Total fixed assets</b>	<b>800,937</b>	<b>70.4</b>	<b>773,342</b>	<b>65.3</b>	<b>27,595</b>	<b>810,325</b>	<b>70.6</b>
<b>Total Assets</b>	<b>1,137,434</b>	<b>100.0</b>	<b>1,183,738</b>	<b>100.0</b>	<b>(46,304)</b>	<b>1,148,219</b>	<b>100.0</b>

LIABILITIES AND SHAREHOLDERS' EQUITY

	(in million yen)						
	June 30 2002		June 30 2001		Increase (Decrease)	December 31 2001	
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	Amount	Ratio(%)
<b>Current liabilities:</b>							
Notes payable	1,249		341		907	378	
Accounts payable	49,390		51,935		(2,545)	47,983	
Short-term debt	103,500		86,000		17,500	70,500	
Bonds due within one year	18,418		50,097		(31,679)	48,419	
Alcohol tax payable	145,456		152,621		(7,164)	138,956	
Deposits received	75,180		67,103		8,077	78,988	
Commercial paper	60,000		81,000		(21,000)	19,000	
Other current liabilities	75,413		90,237		(14,824)	94,487	
<b>Total current liabilities</b>	<b>528,608</b>	<b>46.5</b>	<b>579,336</b>	<b>49.0</b>	<b>(50,727)</b>	<b>498,713</b>	<b>43.4</b>
<b>Non-current liabilities:</b>							
Bonds	110,000		70,000		40,000	120,000	
Convertible bonds	45,448		53,867		(8,419)	45,448	
Long-term debt	10,000		42,500		(32,500)	41,500	
Long-term accounts payable	600		1,800		(1,200)	1,800	
Long-term deposits received	34,360		32,878		1,482	33,607	
Reserve for retirement allowances	17,565		25,266		(7,700)	18,829	
<b>Total non-current liabilities</b>	<b>217,973</b>	<b>19.1</b>	<b>226,311</b>	<b>19.1</b>	<b>(8,337)</b>	<b>261,185</b>	<b>22.8</b>
<b>Total liabilities</b>	<b>746,582</b>	<b>65.6</b>	<b>805,647</b>	<b>68.1</b>	<b>(59,065)</b>	<b>759,898</b>	<b>66.2</b>
<b>Shareholders' equity:</b>							
Common stock	182,531	16.1	178,086	15.0	4,444	182,530	15.9
Capital surplus							
Capital reserve	129,903		185,466		(55,563)	189,903	
Other	60,000		-		60,000	-	
	189,903	16.7	185,466	15.7	4,436	189,903	16.5
Retained earnings:							
Legal reserve	-		8,383		(8,383)	8,687	
Voluntary reserve	2,951		3,138		(186)	3,138	
Unappropriated retained earnings	17,165		3,014		14,150	4,659	
	20,117	1.8	14,537	1.2	5,580	16,485	1.5
Appreciation by revaluation of investment securities	(994)	(0.1)	-	-	(994)	-	
Treasury stock	(705)	(0.1)	-	-	(705)	(598)	(0.1)
<b>Total shareholders' equity</b>	<b>390,851</b>	<b>34.4</b>	<b>378,091</b>	<b>31.9</b>	<b>12,760</b>	<b>388,320</b>	<b>33.8</b>
<b>Total Liabilities and Shareholders' equity</b>	<b>1,137,434</b>	<b>100.0</b>	<b>1,183,738</b>	<b>100.0</b>	<b>(46,304)</b>	<b>1,148,219</b>	<b>100.0</b>

**[Notes to Balance Sheet]**

(in million yen)

	<b>June 30 2002</b>	<b>June 30 2001</b>	<b>Increase (Decrease)</b>	<b>December 31 2001</b>
1. Accumulated depreciation for Tangible fixed assets	313,312	301,578	11,734	316,666
2. Treasury stock: Number of shares	598,283	457,794	140,489	503,615
Amount	705	544	160	598

Note: The above "Treasury Stock" includes 443,000 shares of treasury stock acquired under stock option plan.

3. Notes receivable/payable falling due on the end date of the accounting period

Notes receivable/payable are settled on a business day when banks are open for business.

As the last day of the interim period under review was a bank holiday, following notes receivable/payable falling due on the last day of the interim period are included in the balance sheet.

(in million yen)

	<b>June 30 2002</b>	<b>June 30 2001</b>	<b>Increase (Decrease)</b>	<b>December 31 2001</b>
Notes receivable	1,274	993	281	623
Notes payable	5	31	(26)	8

4. Contingent liabilities

(1) Guarantee obligation for loans, etc.

(in million yen)

	<b>June 30 2002</b>	<b>June 30 2001</b>	<b>Increase (Decrease)</b>	<b>December 31 2001</b>
Guarantee	7,685	8,455	(769)	9,509
Commitment to guarantee	508	4,344	(3,835)	1,608
Letter of undertaking, etc.	19,541	37,588	(18,047)	35,345

(2) Guarantee obligation for derivative transactions

(in million yen)

	<b>June 30 2002</b>	<b>June 30 2001</b>	<b>Increase (Decrease)</b>	<b>December 31 2001</b>
Letter of undertaking, etc.:				
Contract amount	11,508	23,867	(12,358)	22,179
Unrealized gains or losses	(61)	373	(435)	347

Note: The above derivative transactions were entered into by our consolidated subsidiaries for the purpose of hedging the interest rate risk on their borrowings, etc.

5. Breakdown of the increase in issued shares during the interim period ended June 30, 2002

	<b>6 months ended June 30, 2002</b>		<b>Per share</b>	
	<b>Number of increased shares</b>		<b>Conversion price</b>	<b>Capitalized amount</b>
	thousand shares			
Unsecured convertible bond #9	0		Yen 1,165	Yen 583

**ASAHI BREWERIES, LTD.**

 Non-consolidated Interim Statements of Operations  
 (January 1 to June 30)

	(in million yen)						
	6 months ended June 30, 2002		6 months ended June 30, 2001		Increase (Decrease)	Year ended December 31, 2001	
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	Amount	Ratio(%)
Sales	499,880	100.0	510,014	100.0	(10,133)	1,121,920	100.0
Cost of sales	363,499	72.7	376,505	73.8	(13,005)	827,175	73.7
Gross profit	136,380	27.3	133,509	26.2	2,871	294,745	26.3
Selling, General & Administrative expense	107,728	21.6	105,216	20.6	2,512	216,373	19.3
<b>Operating income</b>	28,652	5.7	28,293	5.6	359	78,371	7.0
Non-operating income:							
Interest and dividend income	1,508		1,497		11	2,027	
Other	412		311		101	690	
	1,920	0.4	1,808	0.3	112	2,717	0.2
Non-operating expenses:							
Interest expense	2,304		2,863		(558)	5,429	
Other	5,108		8,552		(3,443)	12,924	
	7,413	1.5	11,416	2.2	(4,002)	18,353	1.6
<b>Ordinary income</b>	23,159	4.6	18,685	3.7	4,474	62,735	5.6
Extraordinary gains:							
Gain on sale of fixed assets	0		0		0	908	
Gain on sale of investment securities	92		383		(290)	699	
Gain on sale of subsidiaries' shares	-		-		-	215	
	93	0.0	383	0.0	(289)	1,824	0.2
Extraordinary losses:							
Loss on disposal and sale of fixed assets	5,022		1,269		3,752	6,312	
Loss on sale of investment securities	403		15		388	2,979	
Loss on devaluation of investment securities	473		2,023		(1,550)	7,644	
Loss on devaluation of subsidiaries' shares	5,305		3,627		1,677	5,377	
Loss on liquidation of subsidiaries	-		25		(25)	8,985	
Differential resulting from change in retirement allowance accounting	-		7,866		(7,866)	15,733	
Retirement benefits for directors & auditors	18		99		(80)	99	
	11,222	2.2	14,927	2.9	(3,704)	47,133	4.2
Income before income taxes	12,029	2.4	4,140	0.8	7,889	17,426	1.6
Income tax, inhabitants tax & enterprise tax *	4,748	0.9	1,862	0.4	2,886	22,750	2.0
Adjustment to income tax, etc.	-	-	-	-	-	(12,582)	(1.1)
<b>Net Income</b>	7,281	1.5	2,278	0.4	5,002	7,259	0.7
Retained earnings at beginning of the term	1,197		736		461	736	
Reversal of legal reserve	8,687		-		8,687	-	
Dividends (interim)	-		-		-	3,032	
Transfer to legal reserve (interim)	-		-		-	303	
Unappropriated retained earnings	17,165		3,014		14,150	4,659	

Note (\*): The company adopted "simple method" in applying the tax effect accounting for the interim period.  
 Accordingly, adjustment to income taxes are not presented separately, but are included in income taxes .

**Sales by Business Segments**

(in million yen)

	<b>6 months ended June 30, 2002</b>	<b>6 months ended June 30, 2001</b>	<b>Increase (Decrease) %</b>	<b>Year ended December 31, 2001</b>
Beer	386,068	425,810	(9.3)	932,234
Happoshu (low-malt beer)	86,104	65,899	30.7	142,543
Whiskey, Brandy	12,775	7,713	65.6	21,346
Wine	4,785	3,608	32.6	8,454
Other alcoholic beverages	9,288	6,097	52.3	15,575
Real estate	857	885	(3.1)	1,766
<b>Total</b>	<b>499,880</b>	<b>510,014</b>	<b>(2.0)</b>	<b>1,121,920</b>



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

1. Valuation method for securities

(1) Subsidiaries and affiliates ----- Moving average cost method

(2) Other securities

1) Securities for which market price is available ----- Market value method based on the average of the prices during the last one month of the semiannual period concerned (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.)

2) Securities for which market price is not available ----- Moving average cost method

2. Valuation method for inventories

(1) Merchandize, finished good, semi-finished goods ----- Average cost method

(2) Real estate held for sale ----- Stated at cost determined by identified cost method

(3) Raw materials and supplies ----- Moving average cost method

3. Depreciation of fixed assets (\*\*\*)

(1) Tangible fixed assets

1) Plant ----- Straight line method

2) Distribution facilities (acquired on or after April 1, 1998\*) ----- Straight line method

3) Other distribution facilities ----- Straight line method

(\* ) Ancillary facilities are excluded

(2) Intangible fixed assets ----- Straight line method (\*\*)

(\*\*) Softwares (for internal use) are depreciated based on straight line method over their useful life for in-house use (5 years)

(\*\*\*) Useful life and residual value are determined based on the method as provided in the Corporate Income Tax Law.

4. Deferred assets ----- Total amount is expensed at the time of payment

5. Allowances

(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 semi-annual 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.

(3) 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.

(4) Consumption tax, etc.

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes. Consumption tax payable in suspense and consumption tax received in suspense are netted, and the net amount thus calculated is included in "other non-current liabilities."

[Additional information]

1. Accounting treatment of financial instruments

Effective this interim period, the Company 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 Company recorded appreciation by revaluation of investment securities in the amount of ¥994 million and deferred tax assets in the amount of ¥714 million.

2. Treasury stock

Following the revision of the Rules on Preparation of Interim Financial Statements, treasury stock that had been accounted for as an item in "other assets" under current assets and/or fixed assets categories until the previous interim period is included in shareholders' equity as a deductible item effective this interim period.

3. Balance sheets

Effective this interim period, "shareholders' equity" is comprised of accounts as designated by the Supplementary Provision 2 of the "Cabinet Office Ordinance on Partial Revision of the Rules on Interim Financial Statements Terminology, Format and Preparation (Cabinet Office Order No. 10 dated March 26, 2002)" such as common stock, capital surplus, retained earnings, etc.

4. Market price used in the recognition of impairment losses for other securities

Until the previous accounting period, the Company 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 this interim financial period, the Company will use the average of the prices during the last one month of the period concerned in order to eliminate the effect of short-term movements in stock price. Effect of this change is minimal.

[Lease transactions]

1. Finance leases of the Company 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 interim (fiscal year) period

(in million yen)

Interim period ended June 2002				Interim period ended June 2001				Year ended December 2001			
Machinery and equipment	Furniture and fixtures	Other	Total	Machinery and equipment	Furniture and fixtures	Other	Total	Machinery and equipment	Furniture and fixtures	Other	Total
Acquisition cost equivalents											
45,914	38,899	74	84,888	45,914	37,901	74	83,889	45,914	39,036	86	85,036
Accumulated depreciation equivalents											
26,982	20,153	28	47,164	22,766	19,387	40	42,194	24,924	19,981	40	44,946
Book value equivalents											
18,932	18,745	46	37,723	23,148	18,513	33	41,695	20,990	19,054	45	40,090

(2) Unexpired lease payments as of the end of interim (fiscal year) period.

(in million yen)

	<b>Interim period ended June 2002</b>	<b>Interim period ended June 2001</b>	<b>Year ended December 2001</b>
Within one year	10,755	10,825	10,762
Over one year	28,990	33,496	31,689
Total	39,745	44,322	42,452

(3) Lease payment, depreciation equivalents and interest expense equivalent

(in million yen)

	<b>Interim period ended June 2002</b>	<b>Interim period ended June 2001</b>	<b>Year ended December 2001</b>
Lease payment	6,607	6,613	13,288
Depreciation equiv.	5,395	5,466	10,803
Int. payment equiv	870	1,054	2,026

(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)

	<b>Interim period ended June 2002</b>	<b>Interim period ended June 2001</b>	<b>Year ended December 2001</b>
Within one year	10	7	10
Over one year	14	12	14
Total	25	20	25

[Securities]

### Securities

As of the end of this interim period under review (June 30, 2002)

Securities issued by subsidiaries for which market price is available (in million yen)			
	<b>Amount stated in the interim period balance sheet</b>	<b>Market value</b>	<b>Difference</b>
Securities issued by subsidiaries	7,104	16,791	9,687
Total	7,104	16,791	9,687

As of the end of the interim period ended June 30, 2001

Securities issued by subsidiaries for which market price is available (in million yen)			
	<b>Amount stated in the interim period balance sheet</b>	<b>Market value</b>	<b>Difference</b>
Securities issued by subsidiaries	7,104	22,604	15,499
Total	7,104	22,604	15,499

As of the end of the year ended December 31, 2001

Securities issued by subsidiaries for which market price is available (in million yen)			
	<b>Amount stated in the interim period balance sheet</b>	<b>Market value</b>	<b>Difference</b>
Securities issued by subsidiaries	7,104	16,146	9,041
Total	7,104	16,146	9,041