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 a partial English translation of the Japanese Financial Statement (Kessan Tanshin) which was filed at stock exchanged in Japan on August 7, 2003

Summary Report of Consolidated Financial Results (Fiscal 2003) August 7, 2003

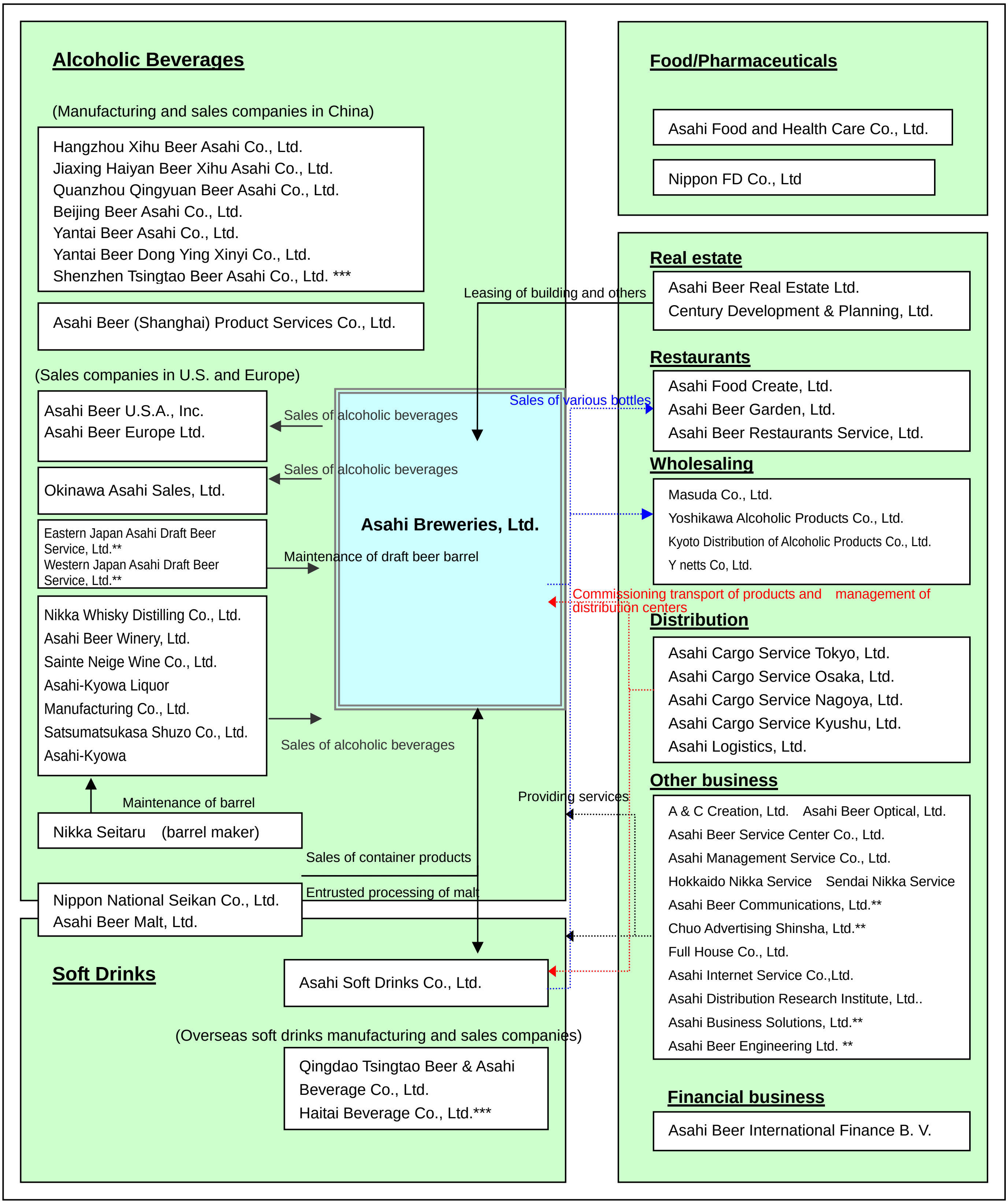
ASAHI BREWERIES, LTD. (URL: http://www.asahibeer.co.jp)

Code Number:	2502
Shares Listed:	First Section of Tokyo and Osaka Stock Exchanges
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: August 7, 2003
US GAAP: Not applicable

Current situation of the Group

Asahi Breweries Group consists of Asahi Breweries, Ltd. (the Company), 75 subsidiaries and 11 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 Breweries Group aims to provide value-added to our stakeholders by striving to satisfy our consumers' needs with products of the highest quality and a caring attitude, based on a common management philosophy within the Group of contributing to the realization of a healthy and abundant society for all the people of the world.

Moreover, we are pursuing the Group vision as outlined in our current mid-term business plan. That 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 general alcoholic beverages, soft drinks, food and pharmaceuticals

2. Basic Policies 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 enhance our management structure, strengthen our "total alcoholic beverage business", "soft drink business" and "food and pharmaceuticals business", but also through flexible dividend and stock repurchase programs.

3. Policy and Philosophy Regarding the Lowering of Minimum Share Trading Unit

Asahi Breweries recognizes the importance of policies to attract long-term shareholders and policies that work to promote an expansion of our shareholder ownership base.

In this regard, the Board of Directors has approved on August 7, 2003 a lowering of the minimum trading unit for Asahi Breweries' stock from 1,000 shares to 100 shares, effective from September 1, 2003. This is aimed at expanding the market liquidity of our stock and expanding our shareholder ownership base, particularly among individual investors.

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) target as the main performance benchmark in our Group mid-term business plan. We aim to achieve an improvement in our consolidated ROE over the medium-term by restructuring our existing businesses to make them more efficient, and by resolutely implementing the policies outlined in the mid-term plan.

5. Med-Term Group Management Strategies and Issues

The Asahi Group's mid-term business plan has two stages. The first stage focuses on "management reforms" and "strengthening corporate structure", while the second stage focuses on "improved Group competitiveness" and "overall Group growth". In the first stage, corporate governance reforms, countermeasures to respond to changes in accounting standards, and financial restructuring have been successfully completed as planned, as we have proactively implemented management reforms and worked to strengthen our corporate structure.

In the second stage, we aim to take advantage of the dramatic changes underway in our operating environment by strengthening the Group cohesiveness of our soft drink, food, pharmaceutical and international operations; thereby enhancing overall Group competitiveness and growth potential and thus improving corporate value.

(Alcoholic Beverages)

In Alcoholic Beverages, the current fiscal year (FY2003) is a year in which we emphasize improving the overall appeal of our total alcoholic beverage business. Our policy is to build on our competitive position in beer and happoshu (low-malt beer) we have built over the years, and to further enhance the integrated beverage operations built last year with new product development capabilities, new approaches and new proposals that are at the forefront of change in the industry.

In 2003, the alcoholic beverage market in Japan is being significantly impacted by tax increases on happoshu and wine, and the scheduled liberalization of retail liquor licenses in September. In response, we are endeavoring to enhance the value-added of our core product categories by actively introducing delicious new alcoholic beverage products and services in all of our product categories, as we flexibly respond to changes in the market place and consumer tastes.

(Soft Drinks)

We are working to ensure the medium-term growth and competitiveness of our soft drink operations as a core business of the Asahi Breweries Group. To accomplish this, we are clarifying and prioritizing our efforts to make our company one which can attract all categories of consumers and provide customer satisfaction. Specifically, we will work 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)

The Foods and Pharmaceuticals business is being strengthened with an emphasis on the growing health consciousness among consumers and rapid growth in the self-medication market, as part of the "food and health" concept as outlined in Asahi Breweries' medium-term vision. In January 2003, Asahi Food and Health Care, Co., Ltd., and Pola Foods Co., Ltd., were merged into one company. The merger will allow us to develop and sell products of even greater value added than was previously possible, thereby enhancing our competitive position in the self-medication market.

(International Operations)

The mid-term business plan designates the Asian region and China in particular as the focus of our efforts to expand beer operations overseas, and we are now working to both grow sales and ensure profits as we develop the business. Last year, we established a joint venture in China and a production and sales base in Thailand. In addition to existing production and sales operations in Europe and North America, we now have local production and sales operations in all major overseas regions. In addition to our beer business, we are also working to expand our international soft drink operations through a joint venture in China with the Tsingtao Group.

6. Basic Corporate Governance Philosophy and Policies

(1) Basic Corporate Governance Philosophy

In addition to quickly responding to dramatic changes in the business environment, we will emphasize total group management, and work to enhance its social responsiveness and transparency as we strive for greater social credibility

(2) Implementation Status of Corporate Governance Related Policies

Status of the company's corporate governance and other organizational controls that pertain to management decision-making, policy implementation and oversight.

1) Committee-Based vs. Statutory Auditor-Based Structure

The company has adopted the statutory auditor-based structure.

2) Status of Outside Director and Outside Auditor Selection

The company currently has three outside board members of a total eleven. In addition, two of a total five statutory auditors are outside auditors.

3) Overview of the Respective Management Committees

A "Nominating Committee" and a "Compensation Committee" have been established and report to the Board of Directors. The "Nominating Committee" makes recommendations on candidates for directors, executive officers and statutory auditors to the Board of Directors, and the Committee consists of two outside directors and two internal corporate directors. The "Compensation Committee" is responsible for reviewing current compensation and compensation proposals for board members and executive officers, and presenting their recommendations to the Board of Directors. It consists of two outside and two internal directors.

4) Policy Execution and Oversight Structure

We have introduced an executive director system in order to ensure effective decision making and better management oversight and to secure efficient policy execution, by separating the executive functions from oversight functions. In addition to providing oversight and deciding on policy proposals, the Board of Directors' mission is to work to strengthen the Asahi Breweries Group and foster growth by establishing and deciding upon key policy issues regarding management strategies for the Group. In order to support the board of directors in their pursuit of the mission, Group Headquarters is organized in the Corporate Headquarters. In addition, the company ensures speedy policy execution by delegating day-to-day operating authority to executive officers and allowing them to focus on executive functions.

5) Internal Control Structure

The management supervisory structure consists of the supervision of policy implementation by the Board of Directors, and the monitoring activities by the statutory auditors and the audit committee. Regarding the internal auditing and compliance structure, a compliance office has been established as an internal organ to monitor appropriateness and efficiency of operating activities.

6) Status of Contracted Third Party Legal, Accounting and Auditing Services

The Company has retained the Asahi & Co. audit firm, who audits the Company's financials in conjunction with the Company's statutory auditors. When required, the Company also retains legal counsel on matters requiring legal due diligence.

7. Policies Relating to Development of the Management and Administrative Organization

(Introduction of a Group Performance Evaluation System)

The Company has adopted a performance evaluation system for each Group company that is based on objective criteria, in order to evaluate business performance, including return on capital employed, financial indicators and the degree to which business plans are achieved. This evaluation is reflected in the compensation of the management of each company.

Operating Results and Financial Condition

1. Operating Results

(1)Overview of Results for the First Half of FY2003

The Operating Environment

With regards to economic conditions for the interim reporting period under review, there was a mild recovery in corporate capital expenditures while exports trended flat, and production activity was weak.

In addition, employment conditions remained severe, with the aggregate unemployment ratio continuing to trend at high levels. Consequently, there was waning growth in personal consumption expenditures, and while a sharp recovery was seen in stock prices, continued long-term deflation prevented a meaningful recovery in domestic demand.

Under such conditions, overall taxable shipment volume of beer and happoshu declined by 7.7% over the previous period. Taxable shipment volume of beer declined by 11.3% continuing the trend from the previous year. Happoshu, previously a growth segment, dropped a significant 30.2% year-over-year in May following tax increases in the same month, and dropped another 16.0% in June. Consequently, cumulative taxable shipment volume during the January to June period declined by 2.0% year-on-year. As a result, sales in both markets recorded weak results below last year's levels.

In the soft drink industry there were continued unit price declines, and efforts were made to diversify by creating new product categories and product containers. However, these efforts failed to overcome saturated market conditions, and there was limited growth in sales volumes for the industry as a whole. Consequently, sales volumes during the period under review trended largely in line with the previous year's levels.

Reflecting the above market conditions, consolidated sales for the period under review increased slightly by 0.9% to ¥639,650 million, while a 20.2% decrease over the previous year was seen in operating profits, to ¥21,614 million.

Segment Overview

Alcoholic Beverages

In alcoholic beverages, where it is already difficult to foresee a dramatic increase in total demand, tax increases on happoshu, wine and other spirits led to even more difficult market conditions. Because of diversifying consumer tastes, competition among alcoholic beverage categories and brands is intensifying, while the liberalization of retail liquor licenses from September of this year is expected to result in large changes in the alcoholic beverage distribution and sales sector.

Given these circumstances, Asahi Breweries' basic business strategy for the year was to strengthen our total alcoholic beverage business, centering on the beer and happoshu market. We actively promoted new product proposals as well as sales and marketing activities as we worked to achieve additional market momentum in our alcoholic beverage business– including whiskey, shochu, low alcohol products and wine–given our competitive strength in the beer and happoshu segments, and a strengthened business foundation including the business acquisitions last year.

In beer and happoshu, we worked to further solidify the brand strength of “Asahi Super Dry”, our main beer product, and our “Asahi Honnama” happoshu product, now in its third year of marketing. In addition, we actively worked to introduce new products for other categories in order to further strengthen our competitive position. Promotional campaigns such as consumer campaigns to broaden the benefits of our main products were well received. In addition, in January we introduced our first new beer product in three years, called “Asahi Minorizanmai”, and in February introduced a new happoshu product called “Asahi Sparks” in response to diversifying tastes.

Weak personal consumption and the additional negative impact of tax increases produced difficult demand conditions. As a result, while we were able to slightly increase our overall market share in the beer and happoshu market by 0.1% points to 39.3%, which is a new historical high, and we achieved a level of volume shipments that was in line with average shipment volumes of the five majors, shipment volumes for the period under review dropped by 7.7% over the corresponding period of the previous year.

In the whiskey category, we worked to expand sales centering on the Nikka brand and Maxxium products provided through an agreement made last year with Maxxium Japan. In domestic whiskey, we worked to further solidify the brand position of “Black Nikka Clear Blend” in the home market, and “Taketsuru” pure malt whiskey in the medium and high-end commercial market. In imported liquor category, we actively worked to expand sales channels for Maxxium products, mainly “Remy Martin” brandy and “Cointreau” and “Passoa” liqueur. As a result, Asahi Brewery’s whiskey sales volumes, despite an expected sharp drop-off in industry shipments, increased by 1% year-on-year, aided by liqueur sales volume growth of 125%, and a 48% increase in sales of spirits.

In low alcohol beverages, Asahi further developed its own brands in this growing market mainly with the fruity flavored “Asahi Shunka Shibori” and the canned cocktail drink “Cocktail Partner”. As a result, our unique concept of canned cocktails was well received, and “Cocktail Partner” sales volumes soared 4.6-fold, while strong growth was also seen in “Asahi Shunka Shibori.” Total revenue increased 241% in this segment for the period under review.

In the shochu segment, we expanded sales of the Ko-type shochu “Daigoro” and wheat-based “Kanoka” brands of Korean shochu in the home and the commercial markets as we worked to further expand the business base for these products. Shochu sales volumes for the period under review were boosted by the integration last September of the alcoholic sales and marketing operations of Kyowa Hakko Kogyo Co., Ltd. and Asahi Kasei Corp., and recorded a twelve-fold increase over the same period a year ago.

Sales volumes of wine products increased by 41% during the period, aided by the domestic “Sainte Neige organic wine with no oxidation inhibitor additives” series and the imported “Baron Philip du Rothsheld”.

As can be seen from the above, Asahi Breweries is already seeing the results of its efforts to become a total provider of alcoholic beverages, and was able to record significant increases in sales volumes in alcoholic beverage categories outside of beer and happoshu.

In total, while sales volumes of beer and happoshu declined, total sales for the alcoholic beverages division were supported by growth in other product categories, and the net result was a slight decline in sales during the period of 0.4% to ¥479,758 million. Operating profits for the division, reflecting active sales promotion of new products, declined by 26.5% to ¥21,269 million.

Soft Drinks

In soft drinks we have embarked on a new growth strategy based on core brands and the concentration of management resources to differentiate our existing products with unique concepts. In particular, we focused on promoting sales of profitable canned coffee products centering on the popular “Wanda Morning Shot” brand, a full-scale renewal of the “Juroku-cha” brand, and the “Mitsuya Cider” brand. As a result, reflecting a clear recovery pattern, sales volumes of soft drinks for the period increased by 4.9% year-on-year.

In addition to sales growth, we promoted structural reforms that would help us cope with shifts in market conditions over the longer term. In particular, we were able to achieve visible results during the period under review by; (1) raising the proportion of products produced in-house, (2) improving the efficiency of line operations, and (3) upgrading our production facilities to achieve an optimal production system.

As a result of the above, sales for the soft drink division increased by 6.0% year-on-year to ¥91,272 million, and operating profits improved by ¥2,596 million to ¥28 million.

Food and Pharmaceuticals

In food and pharmaceuticals, we merged Asahi Food and Health Care Co., Ltd. with Pola Foods Co., Ltd. In addition to continuing to carry the “Balance Up”, “C’s Case” and “Mintia” brands, we endeavored to further expand product development and marketing as we work to establish our base in the self-medication business segment.

As a result, sales for the food and pharmaceuticals segment increased 62.6% for the period to ¥10,447 million. Operating profits, reflecting aggressive advertising and investment, improved by ¥44 million year-on-year to a loss of ¥237 million.

Other Businesses

Other businesses such as distribution in particular saw favorable sales growth, but as the entire outstanding shares of Asahi Beer Packs Co., Ltd. were sold to Ishizuka Glass Co., Ltd., the company was dropped from our consolidated accounts, and this resulted in a decline in total sales of other businesses.

Sales of other businesses for the period under review declined by 3.0% to ¥58,172 million, while operating profit declined by 27.7% to ¥676 million.

(2) Full Year Forecast

Total demand in the beer and happoshu market is projected to record a year-on-year decline during the current year. In addition, the soft drink market is becoming more saturated. With intensified price competition and new entries from other industries, competition is foreseen becoming fiercer.

Given these conditions, the Asahi Breweries Group is pressing to achieve the “strengthened Group competitiveness” and ”overall Group growth” goals as outlined in our medium-term business plan that ends in 2004; and through the integration of the alcoholic beverage sales and marketing operations of Kyowa Hakko and Asahi Kasei, we will continue pressing with urgency to firmly establish our base as a total provider of alcoholic beverages by further strengthening our soft drink, food and pharmaceutical and international operations.

We forecast that the results of these efforts for the full fiscal year in 2003 will be consolidated sales of ¥1,390,000 million, ordinary profit of ¥60,000 million and net income for the period of ¥21,000 million.

２．Financial Condition

(1) Overview of the Period Under Review

Total assets at the end of the period declined by ¥54,765 million from the previous interim period to ¥1,270,349 million, reflecting lower reported fixed asset values owing to a reduced level of capital investment in new production facilities, and the fact that the end of the previous interim accounting period fell on a bank holiday, and recovery of receivables progressed thereafter.

Shareholders' equity declined by ¥4,736 million to ¥386,376 million. The decline reflects the repurchase of stocks, which offset higher retained earnings from the increase in profits over the previous year.

Operating cash inflows during the period increased by ¥7,933 million to ¥34,892 million, mainly on a decrease in enterprise taxes paid.

The net cash outflow from investment activities increased by ¥3,828 million over the previous year to ¥19,421 million, owing mainly to a decline in proceeds from the liquidation of marketable securities.

There was a net cash outflow from financing activities of ¥20,193 million, which represents a ¥6,579 million increase from the previous year. This reflects increased stock buy-backs during the period, and the fact that an interim dividend was not paid last year. Instead, the first-half dividend in the previous year was combined with the dividend payment at the fiscal year-end.

As a result of the above, cash and cash equivalents at the end of the interim reporting period declined by ¥6,063 million to ¥11,183 million from the previous interim period.

(2) Trend of Cash Flow Indicators

	December 2001 Fiscal Year	December 2002 Fiscal Year	December 2003 Fiscal Year	December 2001 Fiscal Year	December 2002 Fiscal Year
	At Interim End	At Interim End	At Interim End	At Fiscal Year End	At Fiscal Year End
Equity Ratio (%)	26.1	29.5	30.4	28.8	29.9
Current Market Value Equity Ratio (%)	50.6	38.8	28.0	45.1	30.6
Years to Repay Debt	4.7	8.5	6.5	4.3	5.9
Interest Coverage Ratio	10.9	7.1	11.8	12.9	12.4

（Notes） Equity Ratio: Shareholder's Equity/Total Assets
Current Market Value Equity Ratio: Market Capitalization/Total Assets
Years to Repay Debt: Interest-Bearing Debt/Operating Cash Flow
Years to Repay Debt for the Interim Period: Interest Bearing Debt/ (Operating Cash Flow X 2)
Interest Coverage Ratio: Operating Cash Flow/Interest Payments

1. The ratios are all derived from consolidated financial data.
2. Stock market capitalization is the product of the stock price at the end of the period times end-of-period outstanding shares (excluding Treasury stock).
3. Operating cash flow represents operating cash flows as reflected in the

consolidated statement of cash flows. Interest-bearing debt represents all debt reflected in the consolidated balance sheet on which interest payments are made. Interest payments are those interest payments reflected in the consolidated statement of cash flows.

Consolidated Statements of Cash Flows

(in million yen)

	6 moths ended June 30, 2003	6 moths ended June 30, 2002	Increase (Decrease)	Year ended Dec. 31, 2002
Cash flows from operating acitivities:				
Net income before taxes	12,331	16,792	-4,461	32,483
Depreciation and amortization	26,085	25,456	629	51,545
Increase (decrease) in reserve for retirement allowances	-1,413	-1,275	-138	-2,306
Increase in reserve for doubtful accounts	-992	3,538	-4,530	6,390
Interest and dividend income	-1,120	-1,172	52	-1,690
Interest expenses	2,623	3,201	-578	5,861
Equity in net income of unconsolidated subsidiaries	47	-425	473	-666
Loss on sale of investment securities	1,193	757	435	6,915
Loss on liquidation of subsidiaries	4,287	-	4,287	-
Loss on sale and disposal of fixed assets	873	5,341	-4,468	13,122
Increase (decrease) in accounts receivable trade	19,028	5,403	13,624	8,956
Increase (decrease) in inventories	-7,467	-17,636	10,169	-1,118
Increase (decrease) in accounts payable trade	-10,353	5,095	-15,448	-3,127
Increase (decrease) in accrued alcohol tax payable	2,908	6,545	-3,636	-6,267
Increase (decrease) in accrued consumption tax payable	-1,072	-1,536	463	-407
Bonus paid to officers	-113	-101	-11	-101
Other	1,881	-1,046	2,927	4,447
Sub total	48,728	48,939	-211	114,038
Interest and dividend received	1,163	1,423	-260	1,848
Interest paid	-2,969	-3,791	822	-6,266
Income taxes paid	-12,029	-19,613	7,583	-31,669
Net cash provided by operating activities	34,892	26,958	7,933	77,950
Cash flows from investing acitivities:				
Proceeds from time deposits	2,403	1,181	1,221	1,614
Payment for purchase of tangible fixed assets	-23,046	-27,648	4,602	-49,794
Proceeds from sale of tangible fixed assets	184	359	-174	1,041
Payment for purchase of intangible fixed assets	-1,915	-1,362	-553	-2,988
Payment for purchase of investment securities	-4,396	-764	-3,632	-5,854
Proceeds from sale of investment securities	141	12,536	-12,395	15,537
Payment for loans	-818	-1,658	840	-4,417
Proceeds from collections of loans	7,860	697	7,162	2,749
Other	165	1,065	-899	-19,395
Net cash (used in) provided by investing activities	-19,421	-15,593	-3,828	-61,507
Cash flows from financing activities:				
Increase (decrease) in short-term debt	-1,246	50,075	51,322	7,449
Proceeds from long-term debt	34,700	230	34,469	2,479
Repayments of long-term debt	-38,640	-6,870	-31,770	-13,324
Proceeds from issuances of bonds	10,000	-	10,000	50,000
Redemption of bonds	-10,000	-53,381	43,381	-62,270
Payments for treasury stock	-8,675	-107	-8,568	-8,749
Cash dividend paid	-6,535	-3,591	-2,943	-3,591
Cash dividend paid to minority shareholders	-2	-114	112	-114
Other	207	144	62	8,374
Net cash used in financing activities	-20,193	-13,614	-6,579	-19,746
Effect of exchange rate changes on cash and cash equivalents	-24	-468	443	-674
Net decrease in cash and cash equivalents	-4,747	-2,717	-2,029	-3,978
Cash and cash equivalents, beginning of period	15,986	19,351	-3,365	19,351
Increase (decrease) in cash and cash equivalents due			-681	612
to increase in consolidated subsidiaries	-68	612	12	-
Cash and cash equivalents balance, end of period	11,183	17,247	-6,063	15,986

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

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 54

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

(2) Number of newly consolidated subsidiaries: 11

1) Names

Sainte Neige Wine Co., Ltd., Asahi-Kyowa Liquor Manufacturing Co., Ltd., Satsumatsukasa Shuzo Co., Ltd., Eastern Japan Asahi Draft Beer Service, Ltd., Western Japan Asahi Draft Beer Service, Ltd., Usquebaugh, Ltd., Chuo Ad Shinsha, Ltd., Asahi Beer Communications, Ltd., Full House Co., Ltd., Asahi Internet Service, Co. Ltd., Asahi Distribution Research Institute, Ltd.

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

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

1) Name: Asahi Beer Pax Co., Ltd.

2) Reason for exclusion: Asahi Breweries sold all of the shares of Asahi Beer Pax Co. to Ishizuka Glass Co., Ltd.

(4) Major non-consolidated subsidiaries

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

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

Names: Asahi Business Solutions, Ltd., Asahi Beer Engineering, Ltd.

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

1) Name: Asahi Beer Engineering, Ltd.

2) Reasons: Increased importance warrants application of equity method.

(3) Subsidiaries/affiliates to which equity method became unapplicable: 4

1) Names: Eastern Japan Asahi Draft Beer Service, Ltd., Western Japan Asahi Draft Beer Service, Ltd., Chuo Ad Shinsha, Ltd., Asahi Beer communications, Ltd.

2) Reason: Because of increased importance, effective this interim period, the above companies are treated as consolidated subsidiaries.

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

1) Names:

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

Affiliated companies - Kitahama Chuo Building Management, Ltd. and other

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

3. Interim accounting period of consolidated subsidiaries

Yoshikawa Liquor Sales Co., Ltd., one of the Company's consolidated subsidiaries, has its interim accounting period ending on September 30. Pro forma interim statements as of June 30 (statements prepared in a manner that is substantially identical to the preparation of official financial statements) was prepared for Yoshikawa Liquor Sales Co., Ltd. in order to facilitate its 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 interim 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 work in process are primarily carried at cost on average cost 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. Useful life is determined based on the method as provided in the Corporate Income Tax Law. Softwares (for in-house use) are depreciated using straight line method over their useful life for in-house use (5 years).

(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 interim 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) Allowance for officers' retirement benefits ----- The amount to be paid at the end of the semi-annual period under review based on the internal regulations is recognized.

(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 assets is recognized as cost.

5. Cash and cash equivalents

Included in “cash and cash equivalents” in the statements of cash flows for the interim period 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.

[Changes in accounting method]

1. Allowance for directors’ retirement benefits

Until the previous accounting period, allowance for directors’ retirement benefits had been recognized as expense during the year when actual payment was made. In view of the increasing significance of the amount of directors’ retirement benefits obligations and the general acceptance of the new accounting practice, effective the end of the interim period under review, the company decided to make an allowance for directors’ retirement benefits as of the end of each accounting period in the amount that equals the total amount of projected benefit obligations. Projection of future benefit obligations is made according to the provisions of the Company’s bylaw on retirement benefits.

In accordance with the change in accounting method, ¥47 million was included in selling, general and administrative expenses as an amount of provision applicable to the interim period under review. Future benefit obligations related to the past years in the amount of ¥581 million were recognized as extraordinary expense during the interim period under review. Thus, operating income and ordinary income are smaller by ¥47 million and ¥366 million respectively than otherwise would have been the case.

Impact of this change on segment information is described in “Segment Information” section of this document.

[Additional information]

1. Reversal of deferred tax assets due to change in tax rate

In accordance with the provisions of the Law Concerning Partial Revision of the Local Tax Law (Law No. 9, 2003) promulgated on March 31, 2003, statutory tax rate used in the calculation of deferred tax assets and deferred tax liabilities (that are expected to be amortized through January 1, 2005 or thereafter) for the interim period under review was changed from 41.8% to 40.4%. As a result, the amount of deferred tax assets decreased by ¥912 million, while the amount of income tax, inhabitant tax and enterprise tax posted during the interim period under review increased by ¥930 million, and net unrealized gains on other securities increased by ¥17 million.

2. Per share data

   The Company adopted “Accounting Standard Concerning Per Share Net Income” (Enterprise Accounting Standard No. 2) and “Guidelines for the Application of the Accounting Standard Concerning Per Share Net Income” (Guideline No. 4 for the Application of Enterprise Accounting Standard) from the interim period under review. This had no impact on the per share data for the interim period under review.

[Notes]

(Consolidated interim balance sheets)

1. Accumulated depreciation of tangible fixed assets

(in million yen)

	Interim period ended Jun 2003	Interim period ended June 2002	Increase/ decrease	Year ended Dec. 2002
	471,319	422,595	48,723	441,591

2. Assets pledged as collateral and collateralized borrowings

Amounts of assets pledged as collateral

(in million yen)

Assets pledged as collateral	Interim period ended June 2003	Interim period ended June 2002	Increase/ decrease	Year ended Dec. 2002
Deposits	-	2,334	(2,334)	-
Buildings & Structures	6,452	8,842	(2,390)	6,573
Machinery, equipment, transportation equipment	4,610	8,306	(3,695)	7,732
Land	22,745	28,889	(6,144)	22,745
Total	33,808	48,373	(14,565)	37,051

Amounts of liabilities for which above assets are pledged as collateral

(in million yen)

	Interim period ended June 2003	Interim period ended June 2002	Increase/ decrease	Year ended Dec. 2002
Short-term borrowings	2,737	5,942	(3,204)	2,781
Long-term borrowings	7,497	9,397	(1,900)	8,638
Total	10,234	15,340	(5,105)	11,419

3. Contingent liabilities

(in million yen)

	Interim period ended June 2003	Interim period ended June 2002	Increase/ decrease	Year ended Dec. 2002
Guarantee	4,560	5,011	(451)	5,172
Letter of undertaking, etc.	14	5,393	(5,379)	5,305

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 the interim period ended June 2002 and the fiscal year ended December 2002 was a bank holiday, following notes receivable/payable falling due on the last day of those periods are included in the balance sheet.

(in million yen)

	Interim period ended June 2003	Interim period ended June 2002	Increase/ decrease	Year ended Dec. 2002
Notes receivable	-	1,716	(1,716)	1,022
Notes payable.	-	514	(514)	283

(Consolidated interim statements of operations)

Tax effect accounting

The Group uses the “simple method” in applying tax effect accounting. A lump sum amount including income tax deferred is recorded under “Income tax, inhabitants tax & enterprise taxes” in the operating statement.

(Consolidated interim statements of cash flows)

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

(in million yen)

	Interim period ended June 2003	Interim period ended June 2002	Increase/ decrease	Year ended Dec. 2002
Cash and cash equivalents (B.S.)	11,493	17,328	(5,835)	18,516
Time deposits longer than three months	(310)	(81)	(228)	(2,530)
Cash and cash equivalents (Cash flow statements)	11,183	17,247	(6,063)	15,986

[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 interim (fiscal year) period

(in million yen)

Interim period ended June 2003				Interim period ended June 2002				Year ended December 2002			
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											
32,674	92,285	266	125,226	52,837	100,234	152	153,223	52,933	100,912	159	154,004
Accumulated depreciation equivalents											
20,214	53,377	145	73,737	31,577	57,791	76	89,445	33,628	58,792	97	92,518
Book value equivalents											
12,459	38,908	120	51,489	21,259	42,442	76	63,778	19,304	42,119	61	61,486

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

	Interim period ended June 2003	Interim period ended June 2002	Year ended Dec. 2002
Within one year	21,040	23,102	25,321
Over one year	33,376	45,795	40,523
Total	54,416	68,898	65,844

3) Lease payments, depreciation equivalents and interest expense equivalents

(in million yen)

	Interim period ended June 2003	Interim period ended June 2002	Year ended Dec. 2002
Lease payment	12,220	14,604	30,384
Depreciation equiv.	10,336	12,060	25,498
Interest expense equiv.	1,101	1,527	3,297

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 payments (in million yen)

	Interim period ended June 2003	Interim period ended June 2002	Year ended Dec. 2002
Within one year	189	216	170
Over one year	218	191	174
Total	407	408	344

(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)

Interim period ended June 2003				Interim period ended June 2002				Year ended December 2002			
Stocks	Debt securities: Corporate bonds	Other	Total	Stocks	Debt securities: Corporate bonds	Other	Total	Stocks	Debt securities: Corporate bonds	Other	Total
Acquisition cost											
27,002	1	3	27,007	42,555	4	-	42,559	27,373	3	-	27,376
Amounts stated in the consolidated balance sheets											
28,435	1	4	28,441	41,087	4	-	41,091	27,490	2	-	27,493
Difference											
1,432	(0)	0	1,433	(1,468)	0	-	(1,468)	117	(0)	-	117

3. Securities for which market price is not available

(in million yen)

	Interim period ended June 2003 (amounts stated in consolidated interim balance sheet)	**Interim period ended June 2002** (amounts stated in consolidated interim balance sheet)	**Year ended Dec. 2002** (amounts stated in consolidated full-year balance sheet)
Held-to-maturity debt securities			
Non-listed foreign bonds	12,746	10,831	10,478
Other securities			
Non-listed stocks (excluding OTC stocks)	8,699	4,275	7,771
Preferred stocks	13,500	13,500	13,500
Other	765	615	615
Subsidiaries & affiliates stocks	10,029	11,558	16,786
Total	45,741	40,781	49,151

(Derivative transactions)

Interim period ended June 2003 (as of June 30, 2003)

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.

Interim period ended June 2002 (as of June 30, 2002)

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

Year ended December 2002 (as of December 31, 2002)

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

(Segment information)

(1) Business segment information

Interim period ended June 2003 (January 1, 2003 – June 30, 2003)

(in million yen)

	Alcoholic beverages	Soft drinks	Food/ Pharma-ceuticals	Other	Total	Elimination or Corporate	Consolidated total
Sales							
1) to outside customers	479,758	91,272	10,447	58,172	639,650	-	639,650
2) inter-segment sales	24,276	1,544	108	30,037	55,967	(55,967)	-
Total	504,035	92,816	10,555	88,209	695,618	(55,967)	639,650
Operating expenses	482,766	92,788	10,792	87,533	673,881	(55,844)	618,036
Operating income/loss	21,269	28	(237)	676	21,737	(122)	21,614

Interim period ended June 2002 (January 1, 2002 – June 30, 2002)

(in million yen)

	Alcoholic beverages	Soft drinks	Food/ Pharma-ceuticals	Other	Total	Elimination or Corporate	Consolidated total
Sales							
1) to outside customers	481,523	86,119	6,425	59,995	634,063	-	634,063
2) inter-segment sales	23,233	1,709	107	26,538	51,588	(51,588)	-
Total	504,756	87,829	6,532	86,534	685,652	(51,588)	634,063
Operating expenses	475,800	90,397	6,813	85,598	658,609	(51,644)	606,964
Operating income/loss	28,956	(2,568)	(281)	935	27,043	55	27,099

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

(in million yen)

	Alcoholic beverages	Soft drinks	Food/ Pharma-ceuticals	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, distribution, etc.
3. For the interim periods ended June 2003 and June 2002 and the fiscal year ended December 2002, there were no operating expenses included in “elimination or corporate” that were not assignable to particular segment(s).
4. As stated in 1. of [Change in Accounting Method], effective this interim period under review, accounting method applicable to provision for directors’ retirement benefits was changed. As a result of this change, operating income for the consolidated interim financial period is smaller than otherwise would have been the case by ¥47 million, most of which are related to alcoholic beverage segment. Impact of the change on other segments is minimal.

(2) Geographic segment information

For the interim periods ended June 2003 and June 2002 and the fiscal year ended December 2002, 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.

(3) Export sales and sales by overseas subsidiaries

For the interim periods ended June 2003 and June 2002 and the fiscal year ended December 2002, information regarding export sales and sales by overseas subsidiaries is not provided herein as they accounted for less than 10% of consolidated sales.

[Significant subsequent events]

Transfer of fixed assets

On July 11, 2003, the Company executed a contract to sell following land and building. Loss of ¥3,893,000,000 incurred as a result of this transaction will be reported as extraordinary losses in the fiscal year ending December 2003.

(1) Reason for sale

The subject assets became redundant as a result of the realignment of the distribution centers to improve the efficiency of the distribution system.

(2) Counterparty Daiko Construction Company, Ltd.

(3) Type and purpose of use of the assets sold

① Location: Kita-machi, Kaizuka City, Osaka Prefecture

② Area: Land - 4,457.06 m2 (officially registered area), Building - 2,374.00 m2

③ Book value: ¥4,053,000,000

④ Purpose of use before the sale: Distribution center

(4) Date of sale: July 11, 2003

(5) Sales price: ¥160,000,000

Production, Orders Received and Sales

1. Production

Production by segment for the interim period ended June 2003:

(in million yen)

	Volume or amount Unit	y-o-y change
Alcoholic beverages	1,389,418 KL	-9.1 %
Soft drinks	96,207 mil yen	+1.3 %
Food/Pharmaceuticals	4,403 mil yen	+20.6 %
Other	227 mil yen	-92.0 %

(Note)

1. Stated amounts are calculated based on sales price.
2. The amount of soft drink production includes commissioned production by third party producers.
3. Consumption tax is not included in the stated amounts.

2. Orders received

Volume of order-based production is minimum.

3. Sales

Sales by segment for the interim period ended June 2003:

(in million yen)

	Amount	**y-o-y change**
Alcoholic beverages	479,758	-0.4 %
Soft drinks	91,272	+6.0 %
Food/Pharmaceuticals	10,447	+62.6 %
Other	58,172	-3.0 %

(Note)

1. Consumption tax is not included in the stated amounts.