ASAHI BREWERIES, LTD.

Consolidated Financial Results

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 exchanges in Japan on February 20, 2004.

Summary Report of Consolidated Financial Results (Fiscal 2003)

February 20, 2004

ASAHI BREWERIES, LTD.

Code Number:	2502
Shares Listed:	First Section of the Tokyo Stock Exchange and Osaka Securities Exchange

(URL: http://www.asahibeer.co.jp)

Head Office:	Tokyo, Japan
Representative:	Kouichi Ikeda, President and COO
Contact:	Toshio Kodato, General Manager, Public Relations Department Tel: 81-3-5608-5126

Date of Board of Directors' Meeting:	February 20, 2004
U.S. GAAP:	Not applicable

1. Consolidated Financial Results for Fiscal 2003
(January 1, 2003 to December 31, 2003)

(1) Operating Results

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

	Fiscal 2003 ended December 31, 2003		Fiscal 2002 ended December 31, 2002	
	Millions of yen	% change	Millions of yen	% change
Net sales	¥1,400,301	1.8%	¥1,375,267	(4.1)%
Operating income	78,983	13.9%	69,340	(10.8)%
Ordinary income	70,480	22.5%	57,554	(5.1)%
Net income	23,210	57.3%	14,754	8.4%
Net income per share	¥46.80		¥28.90	
Net income per share (diluted)	¥44.58		¥27.46	
Return on equity	5.9%		3.8%	
Ordinary income/shareholders' equity	5.6%		4.4%	
Ordinary income/net sales	5.0%		4.2%	

Notes:
1. Investment gains/losses on equity method:
   Year ended December 31, 2003: \326 million
   Year ended December 31, 2002: \666 million

2. Average number of shares outstanding during the term (consolidated):
   Year ended December 31, 2003: 493,135,677 shares
   Year ended December 31, 2002: 510,472,997 shares

3. Change in accounting policy during the term: Yes

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

(2) Financial Condition

(Millions of yen, except per share data)

	Fiscal 2003 as of December 31, 2003	Fiscal 2002 as of December 31, 2002
Total assets	¥1,244,409	¥1,294,738
Shareholders' equity	398,152	387,539
Shareholders' equity ratio	32.0%	29.9%
Shareholders' equity per share	¥810.19	¥770.86

Notes:
1. Number of shares issued and outstanding at the end of the term (consolidated):
   Year ended December 31, 2003: 491,269,629 shares
   Year ended December 31, 2002: 502,735,076 shares

(3) Cash Flows

(Millions of yen)

	Fiscal 2003 ended December 31, 2003	Fiscal 2002 ended December 31, 2002
Cash flows from operating activities	¥115,358	¥77,950
Cash flows from investing activities	(30,753)	(61,507)
Cash flows from financing activities	(88,694)	(19,746)
Cash and cash equivalents at end of year	11,561	15,986

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

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

Consolidated subsidiaries:

Newly included:	12
Newly excluded:	3

Affiliated companies to which equity method is applicable:

Newly applied:	1
Newly excluded:	4

2. Projection for Fiscal 2004

(January 1, 2004 to December 31, 2004)

(Millions of yen)

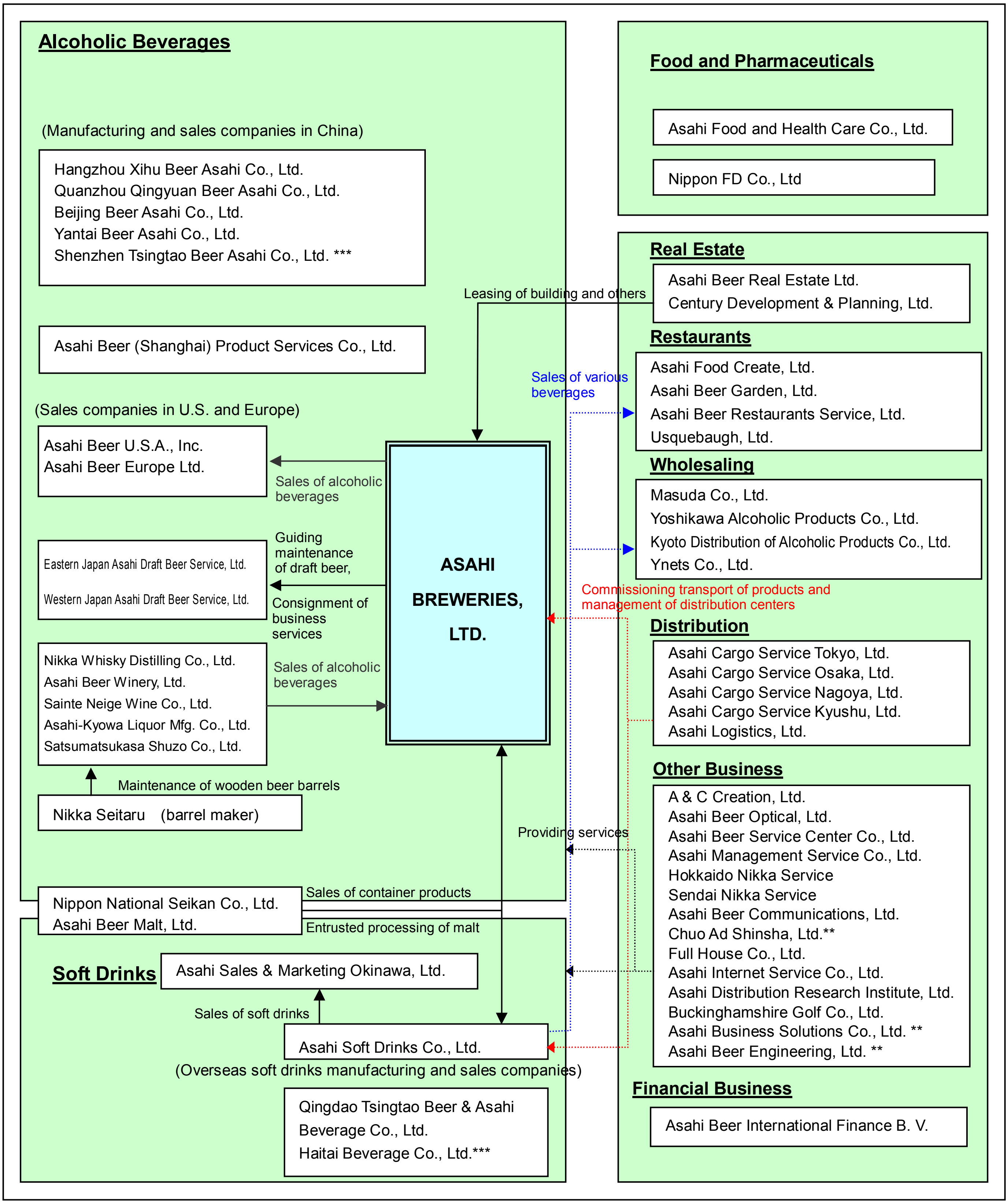
	Fiscal 2004 ending December 31, 2004	
	Interim	Full-year
Net sales	667,000	1,440,000
Ordinary income	27,500	80,000
Net income	9,000	26,000

Note: Projected net income per share for fiscal 2004: ¥52.65

* The above estimate incorporates certain assumptions and projections based upon which the future outlook and plans by the Company as announced in this document are formulated. Actual results may differ from the above projection depending on various conditions.
For additional information, please refer to page 9.

Current Situation of the Group

Asahi Breweries Group consists of Asahi Breweries, Ltd. (the Company), 74 subsidiaries and 10 affiliated companies. The major group companies and the group organization chart are shown below.



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

Management Policy

1. Basic Policies Regarding Group Management

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

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

2. Basic Policy Regarding the Appropriation of Profits

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

3. Policy Regarding the Lowering of Minimum Share Trading Lots

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

At the Board of Directors meeting held on August 7, 2003, the board approved a resolution to change the minimum share trading lot from 1,000 shares to 100 shares effective September 1, 2003. We will implement this change to stimulate wider circulation of Asahi's stock and broaden the layer of Asahi investors, centered on individual shareholders.

4. Management Performance Benchmarks

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

5. Medium-Term Group Management Strategies and Issues

There are two stages in our first medium-term plan to FY 2004; "management reform" and "financial strengthening" are the major themes set for the first stage, and "enhanced Group competitiveness" and "Group growth" are the major goals for the second stage. In the first stage of the plan we actively worked to reform Group corporate governance, improve accounting systems and restructure our finances, and all planned actions have been carried out. In addition, we have completed our management reform and financial strengthening goals within the planned time-frame.

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

6. Issues to Be Addressed by Asahi

We see this year as a new stage in our integrated alcoholic beverage business, and will pursue renewed growth as the industry's leading company in the integrated alcoholic beverage business.

In every business operation, we will continue our efforts to establish a corporate brand capable of responding fully to our customers' trust, by devoting ourselves to concepts and programs based on "enhanced consumer appeal," and executing activities created around "growth and efficiency," "customer trust" and "public trust."

Specifically, we will

- Strengthen marketing strategies and comprehensive strategies in areas such as product development and advertising, to enable Asahi to respond immediately to changes in our customer base and simultaneously achieve sales growth and improved profitability.
- Improve Asahi's financial structure, including efficient use of management resources, in order to invest in a new growth sectors.
- Thoroughly pursue quality improvements to *Asahi Super Dry* and Asahi's *Honnama* brand products centered on "freshness," to earn customer trust. In addition, continue our drive to develop products and proposals demonstrating unprecedented new concepts and new value in the sho-chu, whisky and other spirits, low-alcohol (ready-to-drink) beverages, and wine categories.
- Address topics such as compliance and environmental preservation to aim at improving corporate social responsibility (CSR) by fulfilling the functions of our cross-division CSR Committee we established last year.

The foundation of Asahi's activities is "Challenge." We never stop raising the bar, setting goals to expand and reform our businesses in order to be able to respond to customers' needs as they evolve day to day, and pursuing customer satisfaction with products of the highest quality and with a caring attitude.

7. Basic Thinking Concerning Corporate Governance and Status of Governance Measures

(1) Basic thinking concerning corporate governance

Asahi seeks to improve the transparency and social contribution of Asahi's firms, and enhance Asahi management's abilities to respond to an era of consolidated management. Our goal is to strengthen our relationship of trust with society, while responding promptly to the dramatic changes in our business environment.

(2) Implementation of corporate governance-related measures

The current status of our management and control organization regarding Group decision-making, execution, and supervision, as well as other corporate governance systems, is summarized below.

1) Asahi can establish a corporate governance body such as a committee, or adopt an auditor system

Asahi adopted an auditor system.

2) Election of outside directors and outside auditors

Three of the 11 directors serving on Asahi's Board of Directors are outside directors. In addition, two of Asahi's five auditors are outside auditors

3) Summary of corporate governance committee

Asahi has set up a Nomination Committee and a Compensation Committee as an umbrella organization reporting to the Board of Directors. The Nomination Committee recommends candidates as directors, executive officers, and standing corporate auditors to the Board of Directors. The committee is composed of two outside directors and two inside directors. The Compensation Committee, which is also composed of two outside directors and two inside directors, reviews and makes recommendations on the compensation system for directors and executive officers, and submits compensation proposals to the Board of Directors.

4) Business execution and supervision mechanisms

To strengthen the decision-making and supervision functions of the Board of Directors, and provide for prompt execution of its businesses, Asahi has separated its execution supervision and business execution functions and introduced a corporate officer system. In addition to supervising execution of Asahi's businesses and making decisions on important matters affecting Asahi, the Board of Directors' principal mission is to guide Asahi's development and growth through critical decision-making on Group management strategy proposals and management. As staff of such Group management, we have created a Group Headquarters function within the headquarters. We have also accelerated execution of Asahi's businesses by transferring authority to implement business programs to executive officers and focusing on business execution.

5) Internal administrative mechanisms

Asahi has created a management monitoring system, based on reviews by the Board of Directors of Asahi's business execution and audits by Asahi's auditors and the Audit Committee. For internal administration of audits and compliance, the Audit Department serves as an internal audit division, and conducts audits to determine whether Asahi is conducting its business activities properly and efficiently.

6) Attorneys, independent auditors and other third parties

Asahi has concluded an agreement with AZSA & Co.* to serve as Asahi's independent auditors, and cooperates with its auditors as they fulfill their obligation to review Asahi's operations. In addition, Asahi carefully monitors the legality of its business activities and obtains the advice of consulting attorneys when necessary.

* Asahi Audit Corporation, which provided Asahi's Audit Statement in the past, changed its name on January 1, 2004 to AZSA & Co.

Business Results Discussion and Analysis

(1) Business Performance

(a) Overview of the Period under Review

1. Operating Environment

During the first half of the consolidated fiscal year under review, Japan's economy remained sluggish under the influence of the prolonged recession and external factors such as the war in Iraq. In the second half, however, a number of economic indicators improved as a result of a recovery in corporate earnings, as conditions maintained their underlying strength and the gradual recovery trend continued.

In the alcoholic beverages business, conditions became more difficult because of an increase in taxes on happoshu (low-malt beer) in May and weak demand during the record cold summer. As a result, the combined taxable shipment volume for beer and happoshu, the largest segment of alcoholic beverages in terms of sales, declined for the second consecutive year. In the soft drink segment, sales of products such as mineral water, sports drinks, Japanese tea, and coffee increased compared to the prior year, but sales of carbonated beverages and fruit drinks were also adversely affected by the cool summer weather. As a result, net sales for the business overall are estimated to have declined by approximately 1% year on year.

Given this situation, consolidated net sales for the fiscal year under review slightly increased by 1.8% compared to the previous year, to ¥1,400,301 million. Because of progress made in further improving the efficiency of the entire Group, however, consolidated operating income rose sharply by 13.9% compared to the previous fiscal year, to ¥78,983 million.

2. Segment Overview

Alcoholic Beverages

The sales volume of *Asahi Super Dry*, the Company's main brand, declined compared to the previous year. Nevertheless, thanks to strong customer response to our efforts to improve the freshness and quality of barrel draft beer, in September sales volume increased year on year for the first time in 33 months, and rose again in December, offering some hints of a recovery in sales. As a result, the year-to-year change exceeded the industry average performance and we were able to increase our brand presence.

We also continued to promote and strengthen the *Honnama* brand in the happoshu segment. In July we launched *Asahi Honnama Aqua Blue*, which served as an engine to propel happoshu sales volume to double-digit growth compared with the previous year. This enabled the Company to greatly increase market share even as the entire industry experienced negative growth for happoshu products.

As a result of the above, Asahi was No. 1 in domestic market share for the third consecutive year, even as beer and happoshu sales fell slightly year on year, and we came closer to solidifying our strong position in this market.

As the Company strengthened efforts to create a comprehensive alcoholic beverage business, it heightened its market presence in other categories by selecting and supporting brands that will serve as its main products in each category, and skillfully using the "alcoholic beverage industry's largest sales network."

In sho-chu, the Company was able to substantially increase operating results as *Daigoro*, *Kanoka*, and *Ichibanfuda*, the Company's main brands in this market, enjoyed a boost from a sho-chu boom and achieved a double-digit increase in sales compared to the previous year.

Although conditions overall in the whisky and other spirits segment were extremely challenging, as a result of business operations focused on the appeal of Nikka's quality image we were able to maintain favorable conditions for the *Black Nikka Clear Blend*, our leading product for the home consumption market, and for our *Taketsuru* brand in the commercial market.

In low-alcohol beverages, a segment where customers' brand preferences are diverse, *Cocktail Partner* made a strong showing with growth in excess of 200% year on year on a sales volume basis, jumping ahead of competing brands to become the top brand in the low-alcohol beverages market. *Asahi Shunka Shibori* also showed strong results, growing by approximately 1.8 times compared to the previous year.

In the wine market, which struggled under difficult conditions and suffered declining sales volume for the market as a whole, we took advantage of Asahi's extensive line of domestic and imported products and ability to offer eminent international brands handled by Asahi to achieve favorable results for *Caliterra*, our leading brand, and the *Baron Philippe* and *Saint Neige* brands. With results that outperformed the industry average compared to the previous year, we improved the industry position of Asahi's brands.

As a result of the above sales trends, despite a slight decline in sales of beer and happoshu, sales for the alcoholic beverages business increased 1.0% year on year to ¥1,067,136 million based on sales growth in other categories. Operating income rose 4.8% year on year to ¥72,452 million, reflecting the results from promotion of efficiency improvements.

Soft Drinks

Our top priority in the soft drink business was to restore sales by enhancing Asahi's product capabilities. We aimed at strengthening key brands by focusing management resources on *Wonda Morning Shot*, which has enjoyed steady sales since its market launch under the unique concept of a "special canned coffee for your morning," and on our pioneering brand of blended tea *Asahi Juroku-Cha*. In the growth segment as well, we executed flexible product development centered on health supplement drinks. Our no-sugar, no-calorie *Amino Diet* series of amino acid beverages in particular enjoyed popular demand as a new proposal-type product.

From a marketing perspective, we took steps to strengthen sales capabilities using large-volume sales outlet specialty companies, and bolstered our sales and marketing organization for convenience stores and general merchandise stores as well as our vending machine placement location development system. Measures implemented against ongoing price declines included the launch of new high value-added products such as *Amino Vitamin Diet*, and greater emphasis on sales channels consistent with each product's characteristics.

As a result, we succeeded in reversing the declining sales trend that had continued unabated since 1999.

To strengthen cost competitiveness in conjunction with these growth strategies, we completed structural reforms centered on building an optimal production system, improving vending machine efficiency, and reforming systems and organizations.

Sales in the soft drink business rose 6.9% to ¥185,737 million. Operating income improved sharply, jumping ¥6,731 million to ¥2,645 million.

Food and Pharmaceuticals

To respond to the extreme environmental changes in the food and pharmaceuticals business, we adjusted operations by resolutely implementing structural reforms. In January 2003, we further strengthened the management base by merging Asahi Food and Health Care Co., Ltd. and Pola Foods Co., Ltd. In addition, by actively utilizing the Asahi brand we greatly improved the attractiveness of products formerly marketed under the Pola Food brand for consumers of Asahi's entire product lineup. In addition, at the end of August we withdrew completely from the freeze-dried food business. This enabled us to avoid the growing business risks in this segment, and create an environment poised for new investment, by concentrating investment resources into business segments such as health foods where we anticipate substantial future growth. Finally, to respond to dynamic changes among consumers and distribution channels, in July we launched a direct marketing business. We believe this new effort will enable us to offer fine-tuned services with customers in mind, engage in customer-targeted product promotions, and develop a business generating stable earnings in ways that were not possible with traditional logistics systems.

We also implemented steps to aggressively invest in marketing, beginning with advertising and public relations, and to develop new products and expand markets.

Consequently, sales in the food and pharmaceuticals business rose to ¥21,546 million, an increase of 51.4% year on year. Operating income increased by ¥160 million to ¥167 million.

Other Businesses

Although sales in other businesses expanded steadily centered on the Company's distribution business, sales overall decreased year on year because Asahi Beer Pax Co., Ltd. was excluded from companies subject to consolidation following the transfer of all its issued and outstanding shares to ISHIZUKA GLASS CO., LTD.

As a result, sales for other businesses fell 3.3% compared to the prior year to ¥125,881 million. Operating income decreased 11.9% year on year, to ¥3,398 million.

(b) Outlook for the Coming Fiscal Year

During the next fiscal year, when aggregate demand for the alcoholic beverages as a whole is not expected to enjoy rapid growth, the market for beer and happoshu will shrink slightly. The low-alcohol beverages market and the sho-chu market should continue to achieve stable growth, thanks to the diversified preferences of customers in these markets. The wine market will be flat, and the size of the decline in the whisky and other spirits market is expected to be smaller. We expect brand power and sales and marketing capability to increase in importance as a result of intensifying competition among beverage categories and brands, diversification of customer preferences, and changes in the market accompanying deregulation of alcoholic beverage sales licenses.

In the soft drinks market, despite noticeable signs of a gradual improvement in the economic environment, we expect the market will be unable to completely break through the slump in demand. With the market saturated, no large growth in sales volume as a whole is anticipated, and we expect the market to achieve only marginal growth.

Faced with such an environment, the Asahi Beer Group will pursue renewed growth as an integrated alcoholic beverage major, and continue its efforts to strengthen its soft drink business, food and pharmaceuticals business, and international business.

Based on this orientation, we are projecting consolidated total sales in fiscal 2004 of ¥1,440,000 million, ordinary income of ¥80,000 million, and net income of ¥26,000 million.

(c) Dividends

For fiscal 2003, we plan to declare a dividend for the second half of ¥6.50 per share. When combined with this year's interim dividend of ¥6.50 per share, the annual dividend will be ¥13.00 per share.

For fiscal 2004, we anticipate an interim dividend of ¥6.50 per share in both the first and the second halves of the year, for a full year dividend of ¥13.00 per share.

(2) Financial Condition

(a) Overview of the Period under Review

During fiscal 2003, consolidated total assets decreased by ¥50,328 million to ¥1,244,409 million. This reflected a decline in fixed assets resulting from factors such as lower capital investments in new breweries, and a decrease in inventories as a result of efforts to improve asset efficiency.

Although consolidated shareholders' equity was reduced by purchases of treasury stock, retained earnings increased because Asahi achieved record net income. As a result, consolidated shareholders' equity increased by ¥10,613 million compared with the prior consolidated fiscal year-end, to ¥398,152 million.

Cash flows from operating activities for the consolidated fiscal year increased by ¥37,407 million, mainly because of an increase in income before taxes, to ¥115,358 million.

Cash flows from investing activities decreased by ¥30,754 million compared to the prior consolidated fiscal year, to ¥30,753 million. This mainly reflected a decrease in gains from sale of investment securities, a decrease in capital investment expenditures as the result of lower capital investments in new breweries, and the elimination of expenditures following the transfer of businesses from Kyowa Hakko Kogyo Co., Ltd., and Asahi Kasei Corp.

Cash flows from financing activities increased by ¥68,948 million to ¥88,694 million, mainly because of shrinkage in debt and an increase in the amount of dividends paid at year-end as a result of deferring the interim dividend and paying it together with the second-half dividend at year-end.

As a result, the balance of cash and cash equivalents at the end of the period was ¥11,561 million, ¥4,424 million lower than at the end of the previous consolidated fiscal year-end.

(b) Cash Flow Indicator Trends

	Fiscal year ended December 31, 2001	Fiscal year ended December 31, 2002	Fiscal year ended December 31, 2003
Shareholders' equity ratio (%)	28.8	29.9	32.0
Shareholders' equity ratio, market capitalization basis (%)	45.1	30.6	38.6
Years to redeem debt	4.3	5.9	3.4
Interest coverage ratio	12.9	12.4	26.2

Notes: Shareholders' equity ratio: Shareholders' equity/total assets

Shareholders' equity ratio, market capitalization basis: Total market capitalization/total assets

Years to redeem debt: Interest-bearing debt/cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities/interest payments

- All indicators calculated using financial values on a consolidated basis.
- Total market capitalization is calculated by multiplying the closing share price at the end of the term by the number of shares issued and outstanding (after deducting treasury stock) at the end of the term.
- Cash flow from operating activities is the cash flow from operating activities reported on the Consolidated Statements of Cash Flows. Interest-bearing debt is the total of all debt reported on the Consolidated Balance Sheets on which the Company pays interest. The interest payment amount is the interest payment shown on the Consolidated Statements of Cash Flows.

ASAHI BREWERIES, LTD.
Consolidated Balance Sheets

ASSETS

	Fiscal 2003 December 31, 2003		Fiscal 2002 December 31, 2002		Increase (decrease)
	Millions of yen	Ratio (%)	Millions of yen	Ratio (%)	Millions of yen
Current assets:					
Cash and cash equivalents	11,699		18,516		(6,817)
Notes and accounts receivable	262,406		256,309		6,096
Inventories	89,067		96,210		(7,142)
Deferred tax assets	6,448		3,489		2,959
Other	35,936		37,674		(1,738)
Allowance for doubtful accounts	(12,297)		(7,959)		(4,338)
Total current assets	393,260	31.6	404,240	31.2	(10,980)
Fixed assets:					
Tangible fixed assets:					
Buildings	230,264		240,766		(10,502)
Machinery, equipment and vehicles	201,781		214,293		(12,512)
Furniture and fixtures	52,738		55,750		(3,012)
Land	204,684		204,162		521
Construction in progress	4,102		3,756		346
Total tangible fixed assets	693,570	55.7	718,729	55.5	(25,159)
Intangible fixed assets	17,588	1.4	17,751	1.4	(163)
Investments and other assets:					
Investment securities	68,137		76,645		(8,507)
Long term loans	3,886		6,221		(2,335)
Long term prepaid expense	8,893		7,573		1,319
Deferred tax assets	38,325		47,956		(9,631)
Other	32,861		39,458		(6,597)
Allowance for doubtful accounts	(12,112)		(23,839)		11,727
Total investments and other assets	139,990	11.3	154,016	11.9	(14,025)
Total fixed assets	851,149	68.4	890,497	68.8	(39,348)
Total assets	1,244,409	100.0	1,294,738	100.0	(50,328)

ASAHI BREWERIES, LTD.
Consolidated Balance Sheets

LIABILITIES AND SHAREHOLDERS' EQUITY

	Fiscal 2003 December 31, 2003		Fiscal 2002 December 31, 2002		Increase (decrease)
	Millions of yen	Ratio (%)	Millions of yen	Ratio (%)	Millions of yen
Current liabilities:					
Notes and accounts payable	81,056		82,346		(1,289)
Short-term debt	51,237		92,670		(41,432)
Long term debt due within one year	15,983		40,759		(24,775)
Bonds due within one year	47,603		25,451		22,152
Alcohol tax payable	146,716		136,585		10,130
Consumption tax payable	10,723		8,468		2,255
Income taxes payable	20,999		11,668		9,331
Other accounts payable	39,090		39,845		(755)
Accrued expenses	47,336		50,419		(3,083)
Deposits received	70,524		85,010		(14,485)
Commercial paper	5,500		20,000		(14,500)
Other	5,535		3,454		2,081
Total current liabilities	542,308	43.6	596,680	46.1	(54,371)
Non-current liabilities:					
Bonds	159,997		197,676		(37,679)
Long-term debt	55,962		25,649		30,313
Reserve for retirement benefit obligations	29,772		29,523		248
Reserve for officers' retirement benefits	649		473		175
Reserve for special repairs	−		219		(219)
Deferred tax liabilities	304		26		278
Other	39,768		42,406		(2,638)
Total non-current liabilities	286,453	23.0	295,974	22.9	(9,521)
Total liabilities	828,762	66.6	892,655	69.0	(63,892)
Minority interests	17,494	1.4	14,543	1.1	2,950
Shareholders' equity:					
Common stock	182,531	14.7	182,531	14.1	−
Additional paid-in capital	181,281	14.6	180,894	14.0	387
Retained earnings	50,409	4.1	32,423	2.5	17,986
Unrealized gains/losses on other securities	1,793	0.1	63	0.0	1,730
Foreign currency translation adjustment	163	0.0	974	0.0	(811)
Treasury stock	(18,026)	(1.5)	(9,348)	(0.7)	(8,678)
Total shareholders' equity	398,152	32.0	387,539	29.9	10,613
Total liabilities, minority interests and shareholders' equity	1,244,409	100.0	1,294,738	100.0	(50,328)

ASAHI BREWERIES, LTD.

Consolidated Statements of Income

	Fiscal 2003 ended December 31, 2003		Fiscal 2002 ended December 31, 2002		Increase (decrease)
	Millions of yen	Ratio (%)	Millions of yen	Ratio (%)	Millions of yen
Net sales	1,400,301	100.0	1,375,267	100.0	25,034
Cost of sales	959,162	68.5	956,827	69.6	2,335
Gross profit	441,138	31.5	418,439	30.4	22,699
Selling, general and administrative expenses:					
Sales incentives and commission	124,826		109,978		14,847
Advertising expense	44,968		50,988		(6,019)
Freight	37,274		36,759		514
Provision for doubtful accounts	3,512		5,322		(1,810)
Salary and bonuses	49,025		44,601		4,424
Retirement benefits	4,730		3,458		1,272
Depreciation	6,009		6,254		(244)
Other	91,809		91,736		73
	362,154	25.9	349,098	25.4	13,056
Operating income	78,983	5.6	69,340	5.0	9,643
Non-operating income:					
Interest income	672		789		(117)
Dividend income	882		900		(18)
Investment gains under equity method	326		666		(339)
Amortization of consolidation goodwill	1,601		1,645		(43)
Other	1,276		1,822		(545)
	4,759	0.3	5,824	0.4	(1,064)
Non-operating expenses:					
Interest expense	4,799		5,861		(1,061)
Provision for doubtful accounts	1,347		4,888		(3,541)
Other	7,115		6,861		254
	13,263	0.9	17,610	1.3	(4,347)
Ordinary income	70,480	5.0	57,554	4.2	12,925
Extraordinary gains:					
Gain on sale of fixed assets	956		249		707
Gain on sale of investment securities	288		421		(133)
Compensation for transfer of brewery	1,542		–		1,542
Other	18		62		(44)
	2,805	0.2	732	0.1	2,072
Extraordinary losses:					
Loss on disposal and sale of fixed assets	14,476		13,122		1,354
Retirement benefits for directors and auditors	154		164		(9)
Prior year's provision for reserve fo officers' retirement benefits	581		–		581
Loss on creation of retirement benefit trust	–		3,640		(3,640)
Loss on sale of investment securities	78		528		(449)
Loss on devaluation of investment securities	1,198		6,915		(5,716)
Loss on devaluation of fixed assets	2,855		–		2,855
Loss on liquidation of business	4,287		–		4,287
Loss on liquidation of affiliated companies	644		–		644
Loss on liquidation of subsidiaries	–		505		(505)
Other	328		926		(598)
	24,605	1.7	25,804	1.9	(1,198)
Income before income taxes and minority interests	48,680	3.5	32,483	2.4	16,197
Income tax, inhabitants tax and enterprise taxes	22,830	1.6	23,463	1.7	(633)
Adjustment to income taxes	2,451	0.2	(2,266)	(0.2)	4,717
Minority interests in net income (loss) of consolidated subsidiaries	188	0.0	(3,468)	(0.2)	3,656
Net income	23,210	1.7	14,754	1.1	8,456

ASAHI BREWERIES, LTD.

Consolidated Statements of Retained Earnings

(Millions of yen)

	Fiscal 2003 ended December 31, 2003	Fiscal 2002 ended December 31, 2002
Capital surplus		
Balance, beginning of period	180,894	180,894
Increase	388	0
Increase due to merger	388	-
Increase due to conversion of convertible bonds	-	0
Decrease	1	-
Loss on disposition of treasury stock	1	-
Balance, end of period	181,281	180,894
Retained earnings		
Balance, beginning of period	32,423	20,864
Increase	28,039	15,250
Net income	23,210	14,754
Increase due to change in the scope of consolidation	453	496
Increase in retained earnings from reduction in number of consolidated subsidiaries	3,973	-
Increase in retained earnings from increase in number of companies accounted for by the equity method	402	-
Decrease	10,053	3,692
Dividends	9,728	3,591
Bonus paid to directors and corporate auditors	112	100
Decrease in retained earnings from merger o consolidated subsidiarie:	212	-
Balance, end of period	50,409	32,423

Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2003 ended December 31, 2003	Fiscal 2002 ended December 31, 2002	Increase (decrease)
Cash flows from operating activities:			
Income before income taxes and minority interests	48,680	32,483	16,197
Depreciation and amortization	53,100	51,545	1,555
Increase (decrease) in provision for employees' retirement benefits	(2,149)	(2,306)	156
Increase in reserve for doubtful accounts	5,175	6,390	(1,215)
Interest and dividend income	(1,554)	(1,690)	135
Interest expenses	4,799	5,861	(1,061)
Investment gains under equity method	(326)	(666)	339
Gain (loss) on sale of investment securities	(209)	107	(316)
Loss on devaluation of investment securities	1,198	6,915	(5,716)
Loss on liquidation of subsidiaries	-	505	(505)
Loss on liquidation of affiliated companies	644	-	644
Loss on liquidation of business	4,287	-	4,287
Gain on sale of fixed assets	(956)	(249)	(707)
Loss on sale and disposal of fixed assets	14,476	13,122	1,354
Loss on devaluation of fixed assets	2,855	-	2,855
Increase (decrease) in accounts receivable - trade	(1,067)	8,956	(10,023)
Increase (decrease) in inventories	4,881	(1,118)	5,999
Increase (decrease) in accounts payable - trade	(2,793)	(3,127)	334
Increase (decrease) in accrued alcohol tax payable	4,345	(6,267)	10,613
Increase (decrease) in accrued consumption tax payable	1,662	(407)	2,069
Bonus paid to officers	(113)	(101)	(11)
Other	(4,323)	4,083	(8,406)
Sub-total	132,615	114,038	18,577
Interest and dividends received	1,533	1,848	(315)
Interest paid	(4,400)	(6,266)	1,865
Income taxes paid	(14,390)	(31,669)	17,279
Net cash provided by operating activities	115,358	77,950	37,407
Cash flows from investing activities:			
Payment for time deposits	(259)	(2,961)	2,701
Proceeds from time deposits	2,406	1,614	791
Payment for purchase of tangible fixed assets	(35,466)	(49,794)	14,327
Proceeds from sale of tangible fixed assets	2,564	1,041	1,523
Payment for purchase of intangible fixed assets	(4,822)	(2,988)	(1,833)
Payment for purchase of investment securities	(4,442)	(5,854)	1,412
Proceeds from sale of investment securities	2,173	15,537	(13,364)
Payment for loans	(1,645)	(4,417)	2,771
Proceeds from collections of loans	8,784	2,749	6,034
Payment for acquisition of business	-	(19,221)	19,221
Other	(44)	2,787	(2,831)
Net cash used in investing activities	(30,753)	(61,507)	30,754
Cash flows from financing activities:			
Increase (decrease) in short-term debt	(55,459)	7,449	(62,909)
Proceeds from long-term debt	46,499	2,479	44,020
Repayments of long-term debt	(46,143)	(13,324)	(32,818)
Proceeds from issuances of bonds	10,000	50,000	(40,000)
Redemption of bonds	(25,451)	(62,270)	36,819
Payment for purchase of treasury stock	(8,705)	(8,749)	43
Cash dividends paid	(9,728)	(3,591)	(6,137)
Cash dividends paid to minority shareholders	(2)	(114)	112
Other	295	8,374	(8,079)
Net cash used in financing activities	(88,694)	(19,746)	(68,948)
Effect of exchange rate changes on cash and cash equivalents	(336)	(674)	308
Net decrease in cash and cash equivalents	(4,456)	(3,978)	(477)
Cash and cash equivalents, beginning of period	15,986	19,351	(3,365)
Increase in cash and cash equivalents due to increase in consolidated subsidiaries	18	612	(594)
Increase in cash and cash equivalents due to merger	12	-	12
Cash and cash equivalents balance, end of period	11,561	15,986	(4,424)

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

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 53

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

(2) Number of newly consolidated subsidiaries: 12

1) Names: Sainte Neige Wine Co., Ltd., Asahi-Kyowa Liquor Manufacturing Co., Ltd., Satsumatsukasa Shuzo Co., Ltd., East Japan Asahi Draft Beer Service, Ltd., West Japan Asahi Draft Beer Service, Ltd., Usquebaugh, Ltd., Chuo Advertising Shinsha, Inc., Asahi Beer Communications, Ltd., Full House Co., Ltd., Asahi Internet Service Co., Ltd., Asahi Distribution Research Institute, Ltd., Buckinghamshire Golf Co., Ltd.

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

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

1) Names: Asahi Beer Pax Co., Ltd., Jiaxing Haiyan Beer Xihu Asahi Co., Ltd., Yantai Beer Dong Ying Xinyi Co., Ltd.

2) Reason for exclusion: All of the outstanding shares of Asahi Beer Pax Co., Ltd. were transferred to another company, and all of the ownership in Jiaxing Haiyan Beer Xihu Asahi Co., Ltd. and Yantai Beer Dong Ying Xinyi Co., Ltd. accounted for by the equity method was transferred to another company.

(4) Major non-consolidated subsidiaries

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

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

2. Application of the equity method

(1) Subsidiaries to which the equity method is applicable

1) Non-consolidated subsidiaries to which the equity method is applicable: 2

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

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

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

(2) Subsidiaries and affiliates to which the equity method is newly applied: 1

1) Name: Asahi Beer Engineering, Ltd.

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

(3) Subsidiaries/affiliates to which the equity method is no longer applicable: 4

1) Names: East Japan Asahi Draft Beer Service, Ltd., West Japan Asahi Draft Beer Service, Ltd., Chuo Advertising Shinsha, Inc., Asahi Beer Communications, Ltd.

2) Reason: Because of increased importance, these companies were included in consolidated subsidiaries effective this consolidated financial period.

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

1) Name:

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

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

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

3. Accounting period of consolidated subsidiaries

Among the Company's consolidated subsidiaries, Asahi Beer U.S.A., Inc. has an accounting period ending on September 30. Pro forma statements as of December 31 (statements prepared in a manner that is substantially identical to the preparation of official financial statements) were prepared for the company in order to facilitate its consolidation.

In addition, Yoshikawa Alcoholic Products Co., Ltd., the Company's consolidated subsidiary, has changed its closing date from March 31 to December 31, beginning in the consolidated fiscal year under review.

4. Significant accounting policies

(1) Valuation of material assets

1) Securities

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

Other securities;

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

2) Inventories

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

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

1) Tangible fixed assets

Of the parent company and consolidated subsidiaries, seven companies use the straight line method for part of their tangible fixed assets (plants, buildings for lease), and the declining balance method for other tangible fixed assets (distribution facilities, etc.) Other consolidated subsidiaries use the declining balance method. Notwithstanding the aforementioned, the 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

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

(3) Allowances

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

2) Reserve for retirement benefits ----- To provide for employees' retirement benefits, the amount estimated to represent the potential liability as of the end of the accounting period under review is calculated by taking retirement benefit liabilities and estimated value of pension assets. Differentials resulting from actuarial calculations are amortized based on the 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) Reserve for officers' retirement benefits ----- To provide for retirement allowances to directors and auditors, an amount based upon the Company's internal rules is estimated and appropriated to the account at the end of the consolidated fiscal year under review.

(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 purchases of fixed assets is recognized as a period cost for the accounting term in which such transactions took place.

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

Items included in “cash and cash equivalents” in the Consolidated Statements of Cash Flows are cash in hand, demand deposits, and short-term investments with maturities within three months from the date of acquisition that are liquid, readily convertible into cash and subject to minimum risk of price fluctuations.

[Change in Accounting Policy]

1. Reserve for officers' retirement benefits

In prior years, the reserve for officers’ retirement benefits was accounted for as an expense at the time the benefits were provided. Because the importance of the amount for future officers’ retirement benefits has increased based on officers’ length of service, and in light of the accounting practices for reserves for officers' retirement benefits established in recent years, to properly reflect the profit and loss in each accounting period by allocating these costs to officers' service periods, beginning in the consolidated fiscal year under review the Company has changed its accounting treatment to recognize the reserve for officers' retirement benefits at the end of each consolidated fiscal year based upon the Company’s internal rules.

As a result of this change, an amount of ¥91 million representing the cost for the consolidated fiscal year under review was appropriated to “Other expenses" included in selling, general and administrative expenses, and an amount of ¥581 million equivalent to the burden for past fiscal years was accounted for on a lump-sum basis as an extraordinary loss in the consolidated fiscal year under review. As a result, operating income and ordinary income decreased by ¥91 million, respectively, and income before income taxes and minority interests decreased by ¥410 million, compared to what they otherwise would have been had the accounting standards used in previous periods been applied.

The effect of this change on segment information is described in “Segment Information.”

2. Per share information

Beginning in the consolidated fiscal year under review, the Company has adopted the Accounting Standard for Earnings per Share (Corporate Accounting Standard No. 2) and the Implementation Guidance for Accounting Standard for Earnings per Share (Corporate Accounting Standards Implementation Guidance No. 4).

For information purposes, per share information showing the effect had this accounting standard and implementation guideline been applied in the previous consolidated fiscal year is provided below.

Net assets per share	¥770.64
Net income per share	¥028.68
Net income per share (diluted)	¥027.26

[Notes]

(Consolidated Balance Sheets)

1. Accumulated depreciation of tangible fixed assets (Millions of yen)

Fiscal 2003	Fiscal 2002	Increase (decrease)
487,352	441,591	45,760

2. Assets pledged as collateral and collateralized borrowings

Amounts of assets pledged as collateral (Millions of yen)

Assets pledged as collateral	Fiscal 2003	Fiscal 2002	Increase (decrease)
Buildings and structures	6,161	6,573	(412)
Machinery, equipment, transportation equipment	3,977	7,732	(3,755)
Land	22,745	22,745	-
Total	32,883	37,051	(4,167)

Amounts of liabilities for which above assets are pledged as collateral (Millions of yen)

	Fiscal 2003	Fiscal 2002	Increase (decrease)
Short-term borrowings	625	988	(363)
Long-term borrowings due within one year	1,787	1,793	(6)
Long-term borrowings	6,752	8,638	(1,886)
Total	9,164	11,419	(2,255)

3. Contingent liabilities (Millions of yen)

	Fiscal 2003	Fiscal 2002	Increase (decrease)
Guarantee	2,968	5,172	(2,204)
Letter of undertaking, etc.	-	5,305	(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 fiscal 2002 was a bank holiday, the following notes receivable/payable falling due on the last day of the consolidated accounting period are included in the balance sheet.

(Millions of yen)

	Fiscal 2003	Fiscal 2002	Increase (decrease)
Notes receivable	721	1,022	(300)
Notes payable	150	283	(133)

5. Investments in unconsolidated subsidiaries and affiliated companies accounted for in "Investment securities" and "Other" under "Investments and other assets."

(Millions of yen)

	Fiscal 2003	Fiscal 2002	Increase (decrease)
Investment securities (stocks)	4,370	16,786	(12,415)
Other (capital contribution)	1,235	1,704	(468)

(Consolidated Statements of Cash Flows)

1. Reconciliation of the cash and cash equivalent amounts stated in the Consolidated Balance Sheets to the amounts stated in the Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2003	Fiscal 2002	Increase (decrease)
Cash and cash equivalents (balance sheets)	11,699	18,516	(6,817)
Time deposits longer than three months	(137)	(2,530)	(2,392)
Cash and cash equivalents (cash flow statements)	11,561	15,986	(4,424)

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

Current assets	¥7,116 million	Fixed assets	¥12,199 million
Current liabilities	¥(62) million	Non-current liabilities	¥(31) million
Net expenditure	¥19,221 million		

[Lease Transactions]

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

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

(Millions of yen)

	Fiscal 2003 (January 1, 2003 to December 31, 2003)				Fiscal 2002 (January 1, 2002 to December 31, 2002)			
	Machinery and equip.	Furniture and fixtures	Other	Total	Machinery and equip.	Furniture and fixtures	Other	Total
Acquisition cost equiv.	32,168	79,924	636	112,730	52,933	100,912	159	154,004
Accumulated dep. equiv.	20,842	44,767	329	65,940	33,628	58,792	97	92,518
Book value equiv.	11,325	35,157	307	46,789	19,304	42,119	61	61,486

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

(Millions of yen)

	Fiscal 2003	Fiscal 2002
Within one year	19,022	25,321
Over one year	30,005	40,523
Total	49,027	65,844

3) Lease payments, depreciation equivalents and interest expense equivalent

(Millions of yen)

	Fiscal 2003	Fiscal 2002
Lease payments	23,524	30,384
Depreciation equiv.	19,978	25,498
Int. payment equiv.	2,095	3,297

4) Calculation of depreciation equivalents and interest expense equivalents

- Depreciation equivalents are calculated based on the straight line method. The useful life of leased property is deemed to equal the 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 the total amount of the lease payments and the acquisition cost equivalent of the leased property, and amortizing it over the lease period based on the interest method.

2. Operating leases

- Unexpired lease payments (Millions of yen)

	Fiscal 2003	Fiscal 2002
Within one year	143	170
Over one year	188	174
Total	331	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 (Millions of yen)

	Fiscal 2003 December 31, 2003			Fiscal 2002 December 31, 2002		
	Acquisition cost	Amount stated in the Consolidated Balance Sheet	Difference	Acquisition cost	Amount stated in the Consolidated Balance Sheet	Difference
Securities with stated amounts in the balance sheets greater than acquisition cost						
Stocks	10,036	15,877	5,841	7,150	11,056	3,906
Corporate bonds	-	-	-	2	2	0
Other	4	4	0	-	-	-
Sub-total	10,041	15,882	5,841	7,152	11,058	3,906
Securities with stated amounts in the balance sheets not exceeding acquisition cost						
Stocks	15,649	12,861	(2,788)	20,223	16,434	(3,788)
Corporate bonds	1	0	(0)	1	0	(0)
Sub-total	15,650	12,862	(2,788)	20,224	16,435	(3,788)
Total	25,692	28,745	3,052	27,376	27,493	117

3. Other securities sold during the consolidated accounting period

(Millions of yen)

	Fiscal 2003 January 1, 2003 to December 31, 2003	Fiscal 2002 January 1, 2002 to December 31, 2002
Amount sold	2,173	15,537
Total gains on sale	288	421
Total losses on sale	78	528

4. Securities that are not valued at fair market value (Millions of yen)

	Fiscal 2003 December 31, 2003 (amounts stated in Consolidated Balance Sheet)	Fiscal 2002 December 31, 2002 (amounts stated in Consolidated Balance Sheet)
Held-to-maturity debt securities		
Non-listed foreign bonds	12,247	10,478
Other securities		
Non-listed stocks (excl. OTC stocks)	8,881	7,771
Preferred stock	13,129	13,500
Other	762	615
Subsidiary company stock and affiliated company stock	4,370	16,786
Total	39,392	49,151

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

(Millions of yen)

	December 31, 2003			
	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Foreign bonds	7,603	4,643	-	-
Corporate bonds	2	248	0	-
Total	7,605	4,891	0	-

	December 31, 2002			
	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Foreign bonds	-	10,478	-	-
Corporate bonds	84	20	0	-
Total	84	10,498	0	-

(Derivative Transactions)

Fiscal 2003 (December 31, 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.

Fiscal 2002 (December 31, 2002)

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

(Retirement Benefits)

1. Summary of the retirement benefit plans adopted

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

2. Projected retirement benefit obligations (Millions of yen)

	Fiscal 2003 December 31, 2003	Fiscal 2002 December 31, 2002
1) Projected benefit obligations	(84,170)	(81,104)
2) Plan assets (fair value as of fiscal year-end)	27,108	22,851
3) Retirement benefit trust (fair value as of fiscal year-end)	16,260	14,530
4) Projected benefit obligations in excess of plan assets	(40,801)	(43,722)
5) Unrecognized actuarial differences	11,029	14,199
6) Reserve for retirement benefit obligations	(29,772)	(29,523)

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

3. Net periodic benefit cost (Millions of yen)

	Fiscal 2003 ended December 31, 2003	Fiscal 2002 ended December 31, 2002
1) Service cost	4,422	3,570
2) Interest cost	1,667	1,920
3) Expected return on plan assets	(708)	(658)
4) Actuarial difference	1,522	0,217
5) Other	-	0,344
6) Net periodic benefit cost	6,904	5,394

Note: The periodic benefit cost for consolidated subsidiaries that have adopted the simplified method is included in "service cost."

4. Basis of calculation of "projected benefit obligations"

	Fiscal 2003 ended December 31, 2003	Fiscal 2002 ended December 31, 2002
1) Allocation method of estimated total retirement benefits	Straight-line basis	Straight-line basis
2) Discount rate	Mainly 2%	Mainly 2%
3) Expected rate of return on plan assets	Mainly 2%	Mainly 2%
4) Amortization period of actuarial difference	10 years	10 years

(Tax Effect Accounting) (Millions of yen)

Fiscal 2003 December 31, 2003		Fiscal 2002 December 31, 2002	
1. Breakdown of deferred tax assets and deferred tax liabilities		1. Breakdown of deferred tax assets and deferred tax liabilities	
<Deferred tax assets>		<Deferred tax assets>	
(Deferred tax assets)		(Deferred tax assets)	
Allowance for doubtful accounts	9,056	Allowance for doubtful accounts	12,192
Allowance for retirement benefits	16,377	Allowance for retirement benefits	14,301
Accrued enterprise tax	1,910	Accrued enterprise tax	1,030
Depreciation	107	Depreciation	982
Fixed asset write-off expense	347	Fixed asset write-off expense	1,120
Unrealized gains on fixed assets	12,208	Unrealized gains on fixed assets	14,582
Net loss carryforwards	10,510	Net loss carryforwards	9,336
Valuation loss on investment securities	4,691	Valuation loss on investment securities	4,753
Loss on creation of retirement benefit trust	1,470	Loss on creation of retirement benefit trust	1,522
Other	7,514	Other	5,838
	64,195		65,661
Valuation allowance	(16,347)	Valuation allowance	(12,012)
Total deferred tax assets	47,848	Total deferred tax assets	53,649
(Deferred tax liabilities)		(Deferred tax liabilities)	
Advanced depreciation of fixed assets	(1,930)	Advanced depreciation of fixed assets	(2,159)
Unrealized gains/losses on other securities	(1,143)	Unrealized gains/losses on other securities	(44)
Total deferred tax liabilities	(3,074)	Total deferred tax liabilities	(2,203)
Net deferred tax assets	44,774	Net deferred tax assets	51,445
<Deferred tax liabilities>		<Deferred tax liabilities>	
(Deferred tax liabilities)		(Deferred tax liabilities)	
Unrealized gains/losses on other securities	(86)	Unrealized gains/losses on other securities	(26)
Other	(218)	Total deferred tax liabilities	(26)
Total deferred tax liabilities	(304)	Net deferred tax liabilities	(26)
Net deferred tax liabilities	(304)		

2. Reconciliation of the statutory tax rate to the effective income tax rate Effective statutory tax rate 41.8% Increase/decrease in taxes resulting from: Non-deductible items such as entertainment expenses 3.8% Non-deductible items such as dividend income (0.2%) Inhabitants tax evenly distributed 0.7% Allowances 15.1% Reversal of allowances (2.3%) Subsidiary loss-related tax effect (7.5%) Effect of change in tax rate 1.9% Amortization of consolidation goodwill (1.4%) Other 0.0% Effective income tax rate 51.9% 3. Change in deferred tax assets resulting from change in tax rate The effective statutory corporate tax rate used in the calculation of deferred tax assets and deferred tax liabilities for the consolidated accounting fiscal year under review was changed from 41.8% in the previous consolidated fiscal year to 40.4% with the promulgation of the Law to Partially Amend the Local Tax Law (Law No. 9 of 2003) on March 31, 2003 (however, the Law is only applied to those expected to be cleared after January 1, 2005). As a result, the total amount of deferred tax assets (the amount after deducting deferred tax liabilities) and deferred tax liabilities decreased by ¥906 million and nil, respectively, and the adjustment to income taxes and the unrealized gains/losses on other securities increased by ¥645 million and ¥39 million, respectively, compared to what they otherwise would have been had the statutory corporate tax rate used in previous periods been applied.	2. Reconciliation of the statutory tax rate to the effective income tax rate Effective statutory tax rate 41.8% Increase/decrease in taxes resulting from: Non-deductible items such as entertainment expenses 6.3% Non-deductible items such as dividend income (1.1%) Inhabitants tax evenly distributed 0.9% Allowances 22.5% Amortization of consolidation goodwill (2.1%) Other (3.0%) Effective income tax rate 65.3%

(Segment information)

(1) Industrial segment information

Fiscal 2003 (January 1, 2003 to December 31, 2003) (Millions of yen)

	Alcoholic beverages	Soft drinks	Food and pharma-ceuticals	Other	Total	Elimination or corporate	Consolidated total
I. Net sales							
1) To outside customers	1,067,136	185,737	21,546	125,881	1,400,301	–	1,400,301
2) Inter-segment sales	49,528	4,149	215	61,479	115,373	(115,373)	–
Total	1,116,665	189,887	21,762	187,360	1,515,675	(115,373)	1,400,301
Operating expenses	1,044,212	187,241	21,594	183,962	1,437,010	(115,692)	1,321,317
Operating income	72,452	2,645	167	3,398	78,665	318	78,983
II. Assets, depreciation and capital expenditures							
Assets	910,917	93,630	15,681	166,789	1,187,017	57,392	1,244,409
Depreciation	44,520	4,496	803	3,276	53,096	4	53,100
Capital expenditures	23,747	4,147	964	9,309	38,170	12	38,182

Fiscal 2002 (January 1, 2002 to December 31, 2002) (Millions of yen)

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

(Notes)

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), sho-chu, whisky, etc.
   (2) Soft drinks ----- refreshing drinks, etc.
   (3) Food and pharmaceuticals ----- food business, pharmaceuticals business
   (4) Other ----- real estate, restaurants, wholesale, distribution, etc.
3. The Company did not have any operating expenses included in "elimination or corporate" that were not assignable to particular segment(s) during the consolidated fiscal year under review or the previous consolidated fiscal year.
4. The amounts for corporate assets included in the item "eliminations or corporate" under assets are shown below. The main amount was for financial assets, etc. related to group finance of the parent company and subsidiaries.

   Consolidated fiscal year under review ¥77,736 million
   Previous consolidated fiscal year ¥113,367 million
5. Change in accounting policy

   As described in item 1 under "Change of Accounting Policy," the Company changed its method of accounting treatment for the reserve for officers' retirement benefits beginning in the consolidated fiscal year under review.

   As a result, operating income for the consolidated fiscal year under review decreased by ¥91 million compared to what it otherwise would have been had the accounting standards used in previous periods been applied. Most of this change related to the alcoholic beverage business, and the effect on the Company's other segments is not material.

(2) Geographic segment information

For fiscal 2003 and 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 for these periods.

(3) Export sales and sales by overseas subsidiaries

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

(Related party transactions)

Fiscal 2003 (January 1, 2003 to December 31, 2003)

N/A

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

N/A

Production, Orders Received and Sales

1. Production

   Actual production for each segment for fiscal 2003 was as follows:

Segment	Volume or amount	Unit	Year-on-year change
Alcoholic beverages	3,205,886	KL	101.9%
Soft drinks	187,922	million yen	105.3%
Food and pharmaceuticals	18,690	million yen	191.9%
Other	463	million yen	9.2%

Notes:

1. Stated amounts represent amount of sales.
2. Actual production for the soft drink business and the food and pharmaceuticals business is includes commissioned production by outside parties.
3. Consumption tax is not included in the stated amounts.

2. Orders received

   Volume of order-based production is minimal.

3. Sales

   Actual sales for each segment for fiscal 2003 were as follows: (Millions of yen)

Segment	Amount	Year-on-year change
Alcoholic beverages	1,067,136	101.0%
Soft drinks	185,737	106.9%
Food and pharmaceuticals	21,546	151.4%
Other	125,881	96.7%

Note:

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