

Fiscal 2003

Summary Report of Financial Results

Supplementary Information

Asahi Breweries, Ltd.

February 2004

Financial Highlights (Fiscal 2000-2003)

Consolidated Operating Results

(Billions of yen)

	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003	YoY change Increase (decrease)
Net sales	1,399.1	1,433.3	1,375.3	1,400.3	1.8%
Operating income	76.5	77.7	69.3	78.9	13.9%
Ordinary income	12.8	60.6	57.5	70.4	22.5%
Net income (loss)	(15.7)	13.6	14.7	23.2	57.3%
Total assets	1,389.8	1,341.1	1,294.7	1,244.4	(50.3)
Total shareholders' equity	356.0	385.9	387.5	398.1	10.6
Interest-bearing debt	503.3	417.1	402.2	336.3	(65.9)
Operating income per net sales	5.5%	5.4%	5.0%	5.6%	0.6%
Return on equity (ROE)	(4.2)%	3.7%	3.8%	5.9%	2.1%
Capital investments	66.5	64.8	41.2	38.2	(3.0)
Depreciation	51.8	52.9	51.5	53.1	1.6

Non-Consolidated Operating Results

(Billions of yen)

	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003	YoY change Increase (decrease)
Net sales	1,054.7	1,121.9	1,093.8	1,107.0	1.2%
Operating income	70.5	78.4	69.8	72.4	3.7%
Ordinary income	10.0	62.7	56.7	62.8	10.8%
Net income (loss)	(9.7)	7.3	10.6	16.4	55.0%
Total assets	1,134.1	1,148.2	1,127.6	1,077.8	(49.8)
Total shareholders' equity	362.4	388.3	386.5	386.4	(0.1)
Interest-bearing debt	393.7	344.8	347.4	291.5	(55.9)
Operating income per net sales	6.7%	7.0%	6.4%	6.5%	0.1%
Return on equity (ROE)	(2.6)%	1.9%	2.7%	4.2%	1.5%
Capital investments	48.9	46.9	30.1	27.1	(3.0)
Depreciation	38.4	39.1	37.8	39.7	1.9
Cash dividends applicable to the year (yen per share)	12	13	13	13	-

Consolidated Operating Results

1. Summary of Statements of Operations

(Billions of yen)

	Fiscal 2003	Fiscal 2002	YoY change	Plan (8/7)
Net sales	1,400.3	1,375.3	1.8%	1,390.0
Cost of sales	959.2	956.8	0.2%	-
Gross profit	441.1	418.4	5.4%	-
Selling, general and administrative expenses	362.2	349.1	3.7%	-
Operating income	78.9	69.3	13.9%	66.0
Income/expense on financing activities, net	(3.2)	(4.2)	-	-
Other income/expense, net	(5.3)	(7.6)	-	-
Ordinary income	70.4	57.5	22.5%	60.0
Extraordinary gains	2.8	0.7	283.2%	-
Extraordinary losses	24.6	25.8	(4.6)%	-
Income before income taxes and minority interests	48.6	32.4	49.9%	-
Income taxes	25.2	21.1	19.3%	-
Minority interests in net income/loss of consolidated subsidiaries	0.2	(3.4)	-	-
Net income	23.2	14.7	57.3%	21.0

2. Net Sales

(By segment)

(Billions of yen)

	Fiscal 2003	Fiscal 2002	YoY change	Plan (8/7)
Alcoholic beverages	1,067.1	1,057.0	1.0%	1,060.0
Soft drinks	185.7	173.8	6.9%	184.2
Food and pharmaceuticals	21.5	14.2	51.4%	21.9
Others	125.9	130.2	(3.3)%	123.9

(By company/business segment)

(Billions of yen)

	Fiscal 2003	Fiscal 2002	YoY change	Plan (8/7)
Asahi Breweries	1,107.0	1,093.8	1.2%	1,100.0
Asahi Soft Drinks	189.4	177.6	6.6%	188.0
Asahi Food & Healthcare	22.0	14.8	49.0%	22.5
Other (net of offset/elimination)	81.9	89.1	(8.1)%	79.5

3. Operating Income by Company/Business Segment

(Billions of yen)

	Fisca 2003	Fiscal 2002	Increase (decrease)	Note
Asahi Breweries	72.4	69.8	2.6	
Asahi Soft Drinks	2.8	(3.8)	6.6	
Asahi Food & Healthcare	0.0	0.0	0.0	
Others	3.7	3.3	0.4	
Total	78.9	69.3	9.6	

4. Factors Affecting Increase/Decrease in Income

(Billions of yen)

	Fiscal 2003	Fiscal 2002	Increase (decrease)	Note
Gross profit	441.1	418.4	22.7	Beer 8.3, Soft drinks 9.8, AFH 3.8, other
Selling, general and administrative expenses	362.2	349.1	(13.1)	
Sales promotion expense	169.7	160.9	(8.8)	
[Sales incentives]	[124.8]	[110.0]	[(14.8)]	Beer (10.0), Soft drinks (4.4), other
[Advertising expense]	[44.9]	[50.9]	[6.0]	Beer 6.9, Soft drinks 0.1, AFH (0.7), other
Personnel expenses	64.7	56.7	(8.0)	Beer (3.2), effect of newly consolidated companies (4.4), other
Freight	37.2	36.7	(0.5)	
Depreciation	6.0	6.2	0.2	
Allowance for doubtful accounts	3.5	5.3	1.8	Beer 1.8
Other	81.1	83.3	2.2	Effect of newly consolidated companies 4.4
Operating income	78.9	69.3	9.6	
Non-operating income/expense	(8.5)	(11.8)	3.3	
Income/expense on financing activities	(3.2)	(4.2)	1.0	
Other income/expense, net	(5.3)	(7.6)	2.3	
[Amortization of consolidation goodwill]	[1.6]	[1.6]	[0.0]	
[Allowance for doubtful accounts]	[(1.3)]	[(4.9)]	[3.6]	Beer 3.2, other
[Others]	[(5.6)]	[(4.3)]	[(1.3)]	
Ordinary income	70.4	57.5	12.9	
Extraordinary items	(21.8)	(25.1)	3.3	
Gain on sale of fixed assets	0.9	0.2	0.7	
Compensation for transfer of brewery	1.5	-	1.5	
Loss on sale and disposal of fixed assets	(6.2)	(8.5)	2.3	
Loss on liquidation of real estate	(8.3)	(4.6)	(3.7)	
Loss on devaluation of investment securities	(1.3)	(7.4)	6.1	
Subsidiary-related expenses	(7.7)	(0.5)	(7.2)	
Prior years' provision for reserve for officers' retirement benefits	(0.6)	-	(0.6)	
Loss on creation of trust for retirement benefits	-	(3.6)	3.6	
Other extraordinary items	(0.1)	(0.7)	0.6	
Income before income taxes and minority interests	48.6	32.4	16.2	
Income taxes	25.2	21.1	(4.1)	
Minority interests in net income/loss of unconsolidated subsidiaries	0.2	(3.4)	(3.6)	
Net income	23.2	14.7	8.5	

5. Summary of Statements of Balance Sheet and Changes in Major Balance Sheet Items

(Billions of yen)

	Fiscal 2003	Fiscal 2002	Increase (decrease)	Note
Current assets:				
Cash and time deposits	11.6	18.5	(6.8)	
Notes and accounts receivable	262.4	256.3	6.0	Beer 6.7
Inventories	89.0	96.2	(7.1)	Beer (7.7)
Allowance for doubtful accounts	(12.2)	(7.9)	(4.3)	Beer (5.3), adjustment in consolidation 0.8
Others	42.3	41.1	1.2	
Total current assets	393.2	404.2	(10.9)	
Fixed assets:				
Tangible fixed assets	693.5	718.7	(25.1)	Beer (15.3), Pax (12.8)
Intangible fixed assets	17.5	17.7	(0.1)	
Investment securities	68.1	76.6	(8.5)	Change in scope of consolidation (8.1)
Allowance for doubtful accounts	(12.1)	(23.8)	11.7	Beer (9.2), adjustment in consolidation 2.5
Other assets	83.9	101.2	(17.2)	Deferred tax assets (9.6), Long-term loans (2.3)
Total fixed assets	851.1	890.4	(39.3)	
Total assets	1,244.4	1,294.7	(50.3)	
Current liabilities:				
Notes and accounts payable	81.0	82.3	(1.2)	
Interest-bearing debt	120.3	178.9	(58.5)	
Alcohol tax payable	146.7	136.5	10.1	Beer 3.7, Asahi-Kyowa 6.5
Other current liabilities	194.2	198.8	(4.6)	
Total current liabilities	542.3	596.6	(54.3)	
Non-current liabilities:				
Long-term debt	216.0	223.3	(7.3)	
Other liabilities	70.4	72.6	(2.1)	
Total non-current liabilities	286.4	295.9	(9.5)	
Total liabilities	828.7	892.6	(63.8)	
Minority interests	17.4	14.5	2.9	
Shareholders' equity:				
Common stock	182.5	182.5	0.0	
Capital surplus	181.2	180.8	0.3	
Retained earnings	50.4	32.4	18.0	
Appreciation by revaluation of investment securities	1.7	0.0	1.7	
Foreign currency translation adjustments	0.1	0.9	(0.8)	
Treasury stock	(18.0)	(9.3)	(8.6)	
Total shareholders' equity	398.1	387.5	10.6	
Total liabilities, minority interests and shareholders' equity	1,244.4	1,294.7	(50.3)	

6. Breakdown of Interest-Bearing Debt

(Billions of yen)

	Fiscal 2003	Fiscal 2002	Increase (decrease)	Remarks
Interest-bearing debt	336.3	402.2	(65.9)	
Asahi Breweries	291.5	347.4	(55.9)	* Group Finance included in Asahi
Asahi Soft Drinks	17.5	24.5	(7.0)	Breweries; subsidiaries are on ar
ABIF	7.6	7.7	(0.1)	outstanding balance-basis excluding
Nikka Whisky	1.0	2.0	(1.0)	Group Finance
Others	18.7	20.6	(1.9)	

7. Breakdown of Capital Investments

(Billions of yen)

	Fiscal 2003	Fiscal 2002	Increase (decrease)	Remarks
Capital investments	38.1	41.2	(3.1)	
Asahi Breweries	27.1	30.1	(3.0)	
Asahi Soft Drinks	4.0	2.8	1.2	
Others	7.0	8.3	(1.3)	

Non-Consolidated Operating Results

1. Summary of Statements of Operations

(Billions of yen)

	Fiscal 2003	Fiscal 2002	YoY change	Plan (8/7)
Net sales	1,107.0	1,093.8	1.2%	1,100.0
Cost of sales	804.3	799.3	0.6%	-
Gross profit	302.7	294.5	2.8%	-
Selling, general and administrative expenses	230.3	224.7	2.5%	-
Operating income	72.4	69.8	3.7%	63.0
Income/expense on financing activities, net	(1.5)	(2.2)	-	-
Other income/expense, net	(8.1)	(10.9)	-	-
Ordinary income	62.8	56.7	10.8%	57.0
Extraordinary gains	0.7	0.4	87.4%	-
Extraordinary losses	19.5	30.3	(35.8)%	-
Income before income taxes	44.0	26.8	64.5%	-
Income taxes	27.6	16.2	70.8%	-
Net income	16.4	10.6	55.0%	15.0

2. Net Sales

	Fiscal 2003	Fiscal 2002	YoY change	Plan (8/7)
Number of cases sold (thousands of cases)	204,110	209,420	(2.5)%	202,500
Beer	149,860	162,430	(7.7)%	148,500
Happoshu (low-malt beer)	54,250	46,990	15.5%	54,000
Sales amount (billions of yen)	1,107.0	1,093.8	1.2%	1,100.0
Beer	784.4	849.6	(7.7)%	776.5
Happoshu (low-malt beer)	195.6	162.4	20.4%	194.7
Sho-chu	51.9	20.6	151.5%	52.7
Spirits and liqueurs	32.3	31.2	3.6%	33.7
Low-alcohol beverages	23.5	13.1	79.9%	23.0
Wine	14.6	12.2	19.7%	14.4
Other alcoholic beverages	2.6	1.6	72.7%	2.8
Real estate	2.1	3.1	(32.9)%	2.2

Note: "Number of cases sold" represents number of cases sold in Japan excluding exports.

3. Factors Affecting Increase/Decrease in Income

(Billions of yen)

	Fiscal 2003	Fiscal 2002	Increase (decrease)	Note
<Major factors>				
Beer - decrease in sales volume	-	-	(19.2)	
Happoshu - increase in sales volume	-	-	9.1	
Reduction in gross production cost	-	-	6.4	
Reduction in distribution-related cost	-	-	4.4	
Increase in integrated alcoholic beverage division sales	-	-	12.1	
Effect of change in happoshu pricing	-	-	(4.6)	
Change in container mix	-	-	0.8	
Cost increase in raw materials, etc.	-	-	(0.2)	
Increase in sales promotion expense	109.1	106.0	(3.1)	
[Increase in sales incentives]	[77.9]	[67.9]	[(10.0)]	
[Decrease in advertising expense]	[31.2]	[38.1]	[6.9]	
Increase in other expenses	-	-	(3.1)	
[Increase in personnel expense]	[50.3]	[46.9]	[(3.4)]	
[Increase in depreciation]	[39.7]	[37.8]	[(1.9)]	
[Increase in research and development]	[6.2]	[5.5]	[(0.7)]	
[Decrease in allowance for doubtful accounts]	[3.3]	[5.1]	[1.8]	
[Reduction in one-time consolidation expense]	[0.0]	[1.0]	[1.0]	
[Other]	-	-	[0.1]	
Operating income	72.4	69.8	2.6	
Income/expense on financing activities, net	(1.5)	(2.2)	0.7	
Other income/expense, net	(8.1)	(10.9)	2.8	
Provision for doubtful accounts	(3.5)	(6.7)	3.2	
Others	(4.6)	(4.2)	(0.4)	
Ordinary income	62.8	56.7	6.1	
Extraordinary items	(18.8)	(29.9)	11.1	
Gain on sale of fixed assets	0.5	0.0	0.5	
Gain on sale of investment securities	0.2	0.3	(0.1)	
Loss on sale and disposal of fixed assets	(4.0)	(7.5)	3.5	
Loss on liquidation of real estate	(3.8)	(2.6)	(1.2)	
Loss on devaluation of investment securities	(1.3)	(7.4)	6.1	
Subsidiary-related expense	(9.8)	(9.1)	(0.7)	
Loss on creation of retirement benefit trust	-	(3.6)	3.6	
Prior years' provision for reserve for officers' retirement benefits	(0.6)	-	(0.6)	} Based on change in accounting policy
Officers' retirement benefits	-	0.0	0.0	
Income before income taxes	44.0	26.8	17.2	
Income taxes	27.6	16.2	(11.4)	
Net income	16.4	10.6	5.8	

4. Summary of Statements of Balance Sheet and Changes in Major Balance Sheet Items

(Billions of yen)

	Fiscal 2003	Fiscal 2002	Increase (decrease)	Note
Cash and bank deposits	3.0	6.8	(3.8)	
Notes and accounts receivable	217.1	210.4	6.7	
Inventories	38.0	45.7	(7.7)	Reduction in inventory stock, other
Loans	97.1	111.0	(13.9)	Reduction in subsidiary loans, other
Tangible fixed assets	535.4	550.8	(15.4)	Capital expenditure 27.1, depreciation (39.7), disposal/sale and others (7.5), and others
Intangible fixed assets	12.8	13.7	(0.9)	
Shares of affiliated companies	66.6	75.6	(9.0)	Liquidation of subsidiary, other
Other assets	107.8	113.6	(5.8)	
Total assets	1,077.8	1,127.6	(49.8)	
Interest-bearing debt	291.5	347.4	(55.9)	
Accounts payable other	13.5	14.7	(1.2)	
Alcohol tax payable	136.0	132.3	3.7	
Deferred corporate taxes, other	20.1	10.9	9.2	
Deposits	118.7	122.1	(3.4)	Reduction in deposits for containers, gift certificates, etc., and other
Other liabilities	111.6	113.7	(2.1)	
Total liabilities	691.4	741.1	(49.7)	
Common stock	182.5	182.5	0.0	
Capital surplus	190.3	189.9	0.4	Capital surplus resulting from merger of A B C Leasing Co., Ltd.
Retained earnings	30.0	23.4	6.6	
Appreciation by revaluation of investment securities	1.6	(0.0)	1.6	
Treasury stock	(18.0)	(9.3)	(8.7)	Purchase of treasury stock, other
Total shareholders' equity	386.4	386.5	(0.1)	
Total liabilities and shareholders' equity	1,077.8	1,127.6	(49.8)	

5. Breakdown of Interest-Bearing Debt

(Billions of yen)

	Fiscal 2003	Fiscal 2002	Increase (decrease)	Note
Interest-bearing debt	291.5	347.4	(55.9)	
Short-term debt	46.0	124.0	(78.0)	
Long-term debt	45.5	8.0	37.5	
Bonds: corporate bonds	170.0	170.0	0.0	
convertible bonds	30.0	45.4	(15.4)	

6. Cash Dividends Applicable to the Year (Yen per Share)

	Fiscal 2003	Fiscal 2002	Increase (decrease)	Note
Total for the year	13.00	13.00	-	
Interim dividend	6.50	-	6.5	
Term-end dividend	6.50	13.00	(6.5)	

Projection of Consolidated Operating Results (Fiscal Year)

1. Projection of Operating Results

(Billions of yen)

	Fiscal 2004 projection	Fiscal 2003 actual	YoY change Increase (decrease)
Net sales	1,440.0	1,400.3	2.8%
Operating income	84.0	78.9	6.4%
Ordinary income	80.0	70.4	13.5%
Net income	26.0	23.2	12.0%
Total assets	1,236.0	1,244.4	(8.4)
Interest-bearing debt	323.0	336.3	(13.3)
Operating income per net sales	5.8%	5.6%	0.2%
Capital investments	40.0	38.1	1.9
Depreciation	53.0	53.1	(0.1)

2. Net Sales Projection

(By segment)

(Billions of yen)

	Fiscal 2004 forecast	Fiscal 2003 actual	YoY change
Alcoholic beverages	1,091.1	1,067.1	2.2%
Soft drinks	193.7	185.7	4.3%
Food and pharmaceuticals	25.0	21.5	16.0%
Other	130.1	125.9	3.3%

(By company/business)

(Billions of yen)

	Fiscal 2004 forecast	Fiscal 2003 actual	YoY change
Asahi Breweries	1,131.0	1,107.0	2.2%
Asahi Soft Drinks	196.5	189.4	3.7%
Asahi Food & Healthcare	25.5	22.0	15.9%
Other (net of offset/elimination)	87.0	81.9	6.2%

3. Operating Income by Company/Business

(Billions of yen)

	Fiscal 2004 forecast	Fiscal 2003 actual	Increase (decrease)	Note
Asahi Breweries	78.0	72.4	5.6	
Asahi Soft Drinks	5.0	2.8	2.2	
Asahi Food & Healthcare	(0.4)	0.0	(0.4)	
Others	1.4	3.7	(2.3)	Distribution (0.9), real estate (0.6), other
Total	84.0	78.9	5.1	

4. Factors Affecting Increase/Decrease in Income

(Billions of yen)

	Fiscal 2004 forecast	Fiscal 2003 actual	Increase (decrease)	Note
Operating income	84.0	78.9	5.1	
Non-operating income or expense	(4.0)	(8.5)	4.5	
Income/expense on financing activities, net	(3.0)	(3.2)	0.2	
Other income/expense, net	(1.0)	(5.3)	4.3	
[Amortization of consolidation goodwill]	[1.6]	[1.6]	[0.0]	
[Allowance for doubtful accounts]	[0.0]	[(1.3)]	[1.3]	
[Others]	[(2.6)]	[(5.6)]	[3.0]	
Ordinary income	80.0	70.4	9.6	
Extraordinary items	(19.7)	(21.8)	2.1	
Gain on sale of fixed assets	-	0.9	(0.9)	
Compensation for transfer of brewery	1.3	1.5	(0.2)	
Loss on sale and disposal of fixed assets	(6.5)	(6.2)	(0.3)	
Loss on liquidation of real estate	-	(8.3)	8.3	
Loss on sale/devaluation of investment securities	-	(1.3)	1.3	
Loss on liquidation of subsidiary	-	(7.7)	7.7	
Transfer to prior years' provision for reserve for officers' retirement benefits	-	(0.6)	0.6	
Other extraordinary items	(0.5)	(0.1)	(0.4)	
Funds used for business improvement	(14.0)	-	(14.0)	
Income before income taxes	60.3	48.6	11.7	
Income taxes	34.3	25.4	(8.9)	
Net income	26.0	23.2	2.8	

Projection of Non-Consolidated Operating Results (Fiscal Year)

1. Forecast of Operating Results

(Billions of yen)

	Fiscal 2004 forecast	Fiscal 2003 actual	YoY change Increase (decrease)
Net sales	1,131.0	1,107.0	2.2%
Operating income	78.0	72.4	7.8%
Ordinary income	67.0	62.8	6.6%
Net income	23.0	16.4	40.4%
Total assets	1,075.0	1,077.8	(2.8)
Interest-bearing debt	290.0	291.5	(1.5)
Operating income per net sales	6.9%	6.5%	0.4%
Capital investments	27.0	27.1	(0.1)
Depreciation	40.0	39.7	0.3

2. Net Sales

	Fiscal 2004 forecast	Fiscal 2003 actual	YoY change
Number of cases sold (thousands of cases)	205,000	204,110	0.4%
Beer	141,500	149,860	(5.6)%
Happoshu (low-malt beer)	63,500	54,250	17.1%
Sales amount (billions of yen)	1,131.0	1,107.0	2.2%
Beer	742.4	784.4	(5.3)%
Happoshu (low-malt beer)	236.6	195.6	21.0%
Sho-chu	59.0	51.9	13.7%
Spirits and liqueurs	35.0	32.3	8.2%
Low-alcohol beverages	37.0	23.5	57.7%
Wine	17.0	14.6	16.5%
Other alcoholic beverages	2.2	2.6	(17.5)%
Real estate	1.8	2.1	(13.1)%

Note: "Number of cases sold" represents number of cases sold in Japan excluding exports.

3. Factors Affecting Increase/Decrease in Income

(Billions of yen)

	Fiscal 2004 forecast	Fiscal 2003 actual	Increase (decrease)	Remarks
<Major factors>				
Happoshu - increase in sales volume	-	-	11.0	
Beer - decrease in sales volume	-	-	(13.0)	
Increase in integrated alcoholic beverage division sales	-	-	7.5	
Reduction in gross production cost	-	-	1.8	
Reduction in distribution-related cost	-	-	1.2	
Change in container mix	-	-	0.5	
Cost increase in raw materials, etc.	-	-	(1.0)	
Decrease in sales promotion expense	105.5	109.1	3.6	
[Decrease in sales incentives]	[77.5]	[77.9]	[0.4]	
[Decrease in advertising expense]	[28.0]	[31.2]	[3.2]	
Other expenses	-	-	(6.0)	
[Reduction in personnel expense]	[48.7]	[50.3]	[1.6]	
[Increase in depreciation]	[40.0]	[39.7]	[(0.3)]	
[Increase in research and development]	[6.9]	[6.2]	[(0.7)]	
[Decrease in allowance for doubtful accounts]	-	[3.3]	[3.3]	
[Marketing contingency reserve]	[9.0]	-	[(9.0)]	
[Others]	-	-	[(0.9)]	Increase in shareholder-related expenses (0.4), other
Operating income	78.0	72.4	5.6	
Income/expense on financing activities, net	(1.5)	(1.5)	0.0	
Other income/expense, net	(9.5)	(8.1)	(1.4)	
Allowance for doubtful accounts	(7.0)	(3.5)	(3.5)	
Others	(2.5)	(4.6)	2.1	
Ordinary income	67.0	62.8	4.2	
Extraordinary items	(15.0)	(18.8)	3.8	
Gain on sale of fixed assets	-	0.5	(0.5)	
Gain on sale of investment securities	-	0.2	(0.2)	
Loss on sale and disposal of fixed assets	(5.0)	(4.0)	(1.0)	
Loss on liquidation of real estate	-	(3.8)	3.8	
Loss on valuation of investment securities	-	(1.3)	1.3	
Subsidiary-related expense	-	(9.8)	9.8	
Prior years' provision for reserve for officers' retirement benefits	-	(0.6)	0.6	
Funds used for business improvement	(10.0)	-	(10.0)	
Income before income taxes	52.0	44.0	8.0	
Income taxes	29.0	27.6	(1.4)	
Net income	23.0	16.4	6.6	