

# Interim Report 2002



KINKI Coca-Cola Bottling

<http://www.kinki.ccbc.co.jp>

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## Management Philosophy, Code of Conduct, Vision

### Management Philosophy

#### “A Company that Creates Refreshment”

The Kinki Coca-Cola Group aims to :

- Create opportunities that lead to a rich and prosperous lifestyles.
- Respond to people’s expectations and desire for progress.
- Contribute to healthy lifestyles.

### Vision

The Kinki Coca-Cola Group will:

- Constantly strive to loved and nurtured by the society of which we are members.
- Strive to heartily serve our customers and consumers who warmly accept and support our products and services.
- Experience daily growth while feeling the joy and significance of working, living, and dreaming together.

### Code of Conduct

We will :

- Act from the standpoint of consumers.
- Think carefully and respond quickly.
- Work conscientiously and refreshingly.
- Act lithely with flexibility.

## Basic Strategy of "Hisho (flight) 21" interim business plan

**Basic Theme** "Building Corporate Value"

**Basic Targets**

1. Maintain revenue and earnings growth.
2. Increase sales strength.
3. Train human resources and activate the organization.

**Basic Strategy**

**1. Increasing sales strength**

- Growth strategy based on thorough market selection and focus
- Use of reasonable marketing
- Aggressive marketing investment
- Shift to channel and customer-specific sales structure
- Increased sales and marketing strength

**2. Business model innovation and restructuring**

- Stronger collaboration with Coca-Cola Japan and other bottlers
- Establishment of an accountability system
- Introduction of EVA system
- Penetration of group business (strategy by business group)
- Use of Information Technology
- More efficient production system
- More efficient distribution system

**3. Activating human resources and organization**

- Human resource training
- Upgraded personnel benefits
- Building a functional organization
- Penetration of business philosophy and visions, and reforming the corporate culture

**4. Harmony with society**

- Upgraded quality assurance
- Undertakings in environmental protection
- Contributing to local communities and building feelings of trust

## Collaboration in the Coca-Cola System

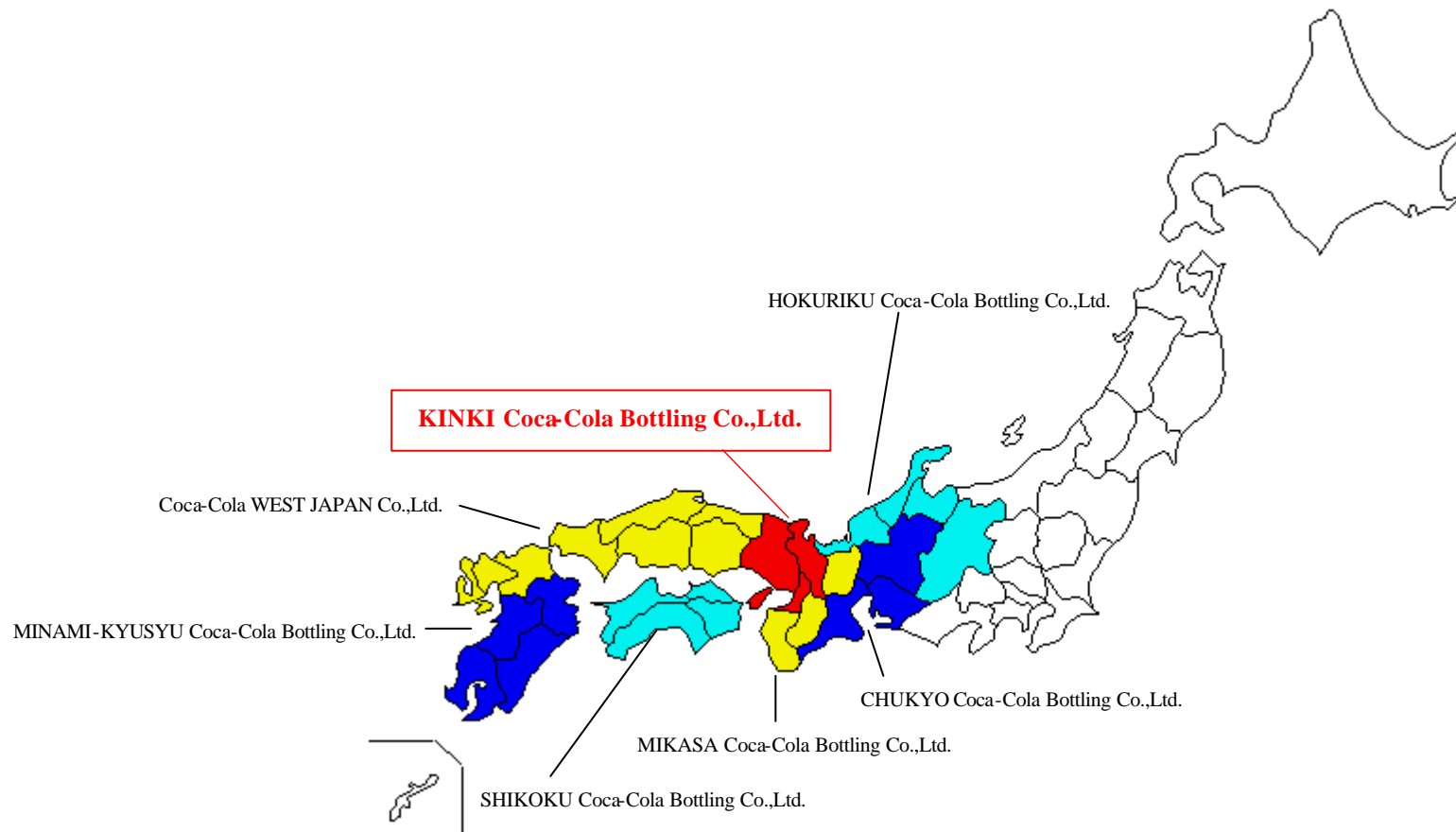
Cooperative Projects with Coca-Cola West Japan Co., Ltd.

West Japan Supply and Demand Mechanism

7 bottlers (Kinki, Chukyo, Mikasa, CCWJ, Hokuriku, Shikoku and Minami-Kyusyu)

Venture Company "Daisen Beverage" Created

5 bottlers (Kinki, Chukyo, CCWJ, Shikoku and Minami-Kyusyu)



## Cooperative Project with CCWJ

We launched a cooperative project with [Coca-Cola West Japan Co., Ltd. \(CCWJ\)](#) in August 2000. Taking advantage of the fact that [Mikasa Coca-Cola Bottling Co., Ltd. \(MCCB\)](#) is a fully-owned subsidiary of CCWJ, MCCB was brought into the project in April 2002, which added the merits of scale.

Acting as one, the three companies have adopted and are implementing an action plan that pursues the total merits of cooperation, in order to increase sales and profits.

In the project, the three companies will be building close cooperative relations with the target of establishing competitive superiority through joint marketing, a quality assurance system and low-cost production.

The project also presents an opportunity to further expand collaboration with Coca-Cola Japan Co., Ltd. and strengthen the strategic partnership with them.

Project Results for 2001		Result (¥ million)
Investment restraints	● Joint purchasing of low-cost vending machines	48
	● Joint development and use of systems	37
	Total	85
Cost reduction	● Joint purchasing	274
	● Joint investment in Bottle Can lines	45
	● Reduction in throwaway products	200
	● Volume purchasing of vending machine parts, establishment of vending machine center, increased efficiency of vending machine distribution	34
	● Other	33
Total	586	

( ) the sum of KINKI and CCWJ

## Demand-Supply and Distribution Systems

### Distribution Wing Spin-off

To restructure distribution operations for lower costs and improve distribution efficiency, [Kansai Logistics Co., Ltd.](#) was created in January 2002. In May that same year, several distribution centers including the Kyoto Logistics Center were transferred to the new company.

Kansai Logistics has been created to help increase earnings of the Kinki Coca-Cola Group as a member company, provide us with high quality, low cost distribution services, and build the foundations for promoting shared-shipping operations.

### West Japan Supply and Demand Mechanism

In January 2002, six bottlers in West Japan (Kinki, CCWJ, Mikasa, Chukyo, Shikoku and Minami-Kyushu) launched a working group to manage product supply and demand in West Japan as the [West Japan Supply and Demand Mechanism Preparation Room](#). In March, the name of the organization was changed to the [West Japan Supply and Demand Mechanism](#). In April, Hokuriku Coca-Cola Bottling Co., Ltd. joined the fold and activities started outright.

The mechanism aims to build a new low-cost business model by minimizing supplies costs through joint procurement and maximizing production capacity of existing plants through joint production. The seven participating companies will also lower costs by reducing discards using the demand-supply and shipping system they share and carefully managing product inventories. This will establish a system for delivering fresh products to customers.

### Developing Nation-wide SCM

A diversity of innovations has been undertaken in the Coca-Cola System regarding SCM. To announce here is an [SCM Pilot Office](#) that was created cooperatively by six bottlers (Kinki, CCWJ, Tokyo, CCCJ, Mikuni and Tone), Coca-Cola Japan Co., Ltd. (CCJC) and Coca-Cola Tea Products Co., Ltd. (CCTPC) in August 2002, in order to speed up SCM improvement activities.

The SCM Pilot Office is made up of the members from six bottlers, CCJC and CCTPC.

#### < Major Activities of the SCM Pilot Office >

1. Build an SCM model optimized on the national level for the Coca-Cola System of the future in Japan.
2. Develop nation-wide supply and demand plans for PET bottles and Bottle cans in order to improve cost efficiency through SCM as early as possible.

## Production System

### Production Mergers and Spin-offs

In January 2000, the Akashi plant that produced on consignment from CCJC was spun off as Kinki Products Co., Ltd. and was then renamed [Kinki Coca-Cola Products Co., Ltd. \(KCP\)](#) in July that same year. The Kyoto plant was also spun off and then merged with KCP in January 2002.

The move created an independent production company that will look to increase business efficiency and productivity.

### 3<sup>rd</sup> Aseptic Line Starts at Akashi Plant

As a joint project between CCTPC and us, an [Aseptic Filling Line](#) for small PET bottle tea beverages was newly added to the [Akashi plant](#) and went into service in April 2002.

It is the third aseptic line at the Akashi plant following the first that was started in September 1997 for filling 500 ml PET bottles and the second that went into service in August 1999 to fill 2l PET bottles. Most of the products coming off these lines are being supplied by CCTPC to bottlers in West Japan.

### Venture Company “Daisen Beverage” Created

Five bottlers in West Japan (Kinki, CCWJ, Chukyo, Shikoku and Minami-Kyushu) will be building a production plant as part of an initiative to build a system for supplying “Morinomizudayori” (mineral water) in West Japan. To manage investment in the plant and eventually operations at the plant, the participating companies created the joint venture [Daisen Beverage Co., Ltd.](#) (in Tottori) in May 2002. The plant is scheduled to commence operations in spring of 2003.

The five bottlers have consolidated know-how accumulated in their fields to effectively manage plant operations, ensure product quality and reduce production costs.

#### < Joint Production Through other Ventures >

Production plant	Participating companies	Products
Komatsu No. 2 plant, Shikoku	Kinki, CCWJ and Shikoku	Bottled Cans
Tokai plant, Chukyo	Kinki and Chukyo	Bottled Cans and Cans



## New Vending Machine with Built-in Information Terminal, "Cmode"

As of 2002, CCJC, NTT Docomo Co., Ltd. and Itochu Corporation Co., Ltd. have been developing the "Cmode" new consumer service on a combination of a Coca-Cola Group vending machine and the popular imode service provided by NTT Docomo.

As a part of this initiative, we started installing Cmode-supporting vending machines (Cmode-machines) in April and, as of the end of June, had installed 20.

The Coca-Cola Group wants to activate the vending machine business by introducing the "Cmode-machine" which brings new added value to the ordinary vending machine. Moreover, because it is a new type of information terminal, the target is to provide something fun and interesting at the communication interface between Coca-Cola and the consumer as well as build innovative and interesting vending machines.

Cmode...A new type of member consumer service that links Cmode machine and imode-supporting cellphones.

Members can register on the imode site to enable a number of services that can be operated from their imode-supporting cellphone.



◀ New Vending Machine with Built-in Information Terminal,  
"Cmode-machine"

Cmode machine is basically a vending machine – information terminal that incorporates a computer, display, speakers and printer.

Pressing a button selects "Cmode" where consumers can use a number of available services.

## Consolidated Financial Highlights

	1999/6	2000/6	2001/6	2002/6	YoY	2002/12 (E)	YoY
Sales (Yen in millions)	81,675	81,829	86,808	86,778	100.0%	190,000	104.0%
Operating Profit (Yen in millions)	3,279	3,961	3,251	2,118	65.2%	7,900	97.9%
Recurring Profit (Yen in millions)	3,448	4,220	3,240	2,129	65.7%	7,900	100.8%
Net Profit (or loss) (Yen in millions)	1,963	1,564	-1,175	-1,362	-	400	199.0%
Operating Profit on Sales	4.0%	4.8%	3.7%	2.5%	- 1.2point	4.2%	- 0.2point
Recurring Profit on Sales	4.2%	5.2%	3.7%	2.5%	- 1.2point	4.2%	- 0.1point
Net Profit on Sales	2.4%	1.9%	-	-	-	0.2%	+ 0.1point
EPS (Yen)	31.61	25.00	-18.78	-21.78	- 3.00	6.39	+ 3.17
Shareholder's Equity Ratio	67.4%	69.1%	69.4%	68.5%	- 0.9point	69.1%	- 0.5point
BPS (Yen)	1,286.53	1,321.68	1,336.66	1,311.92	- 24.74	1,331.83	- 13.88
ROA	-	-	-	-	-	6.3%	- 0.1point
ROE	-	-	-	-	-	0.5%	+ 0.3point

## Consolidated Subsidiaries' Profit and Loss

(Units: Yen in millions)

Company	Sales			Recurring Profit			Net Profit		
	2001/6	2002/6	2002/12 (E)	2001/6	2002/6	2002/12 (E)	2001/6	2002/6	2002/12 (E)
Kansai Beverage Services Co., Ltd.	8,254	13,928	28,731	460	490	762	260	583	743
YoY	107.4%	168.7%	181.1%	120.7%	106.5%	139.8%	127.5%	224.2%	229.3%
Nesco Co., Ltd.	1,874	1,675	3,227	24	25	30	20	89	96
YoY	-	89.4%	87.9%	-	104.2%	93.8%	-	445.0%	355.6%
Kinki Coca-Cola Products Co., Ltd.	1,474	2,145	4,557	266	86	96	154	52	51
YoY	125.0%	145.5%	195.0%	-	32.3%	73.8%	-	33.8%	69.9%
Kansai Logistics Co., Ltd.	-	1,181	4,527	-	-7	52	-	-5	30
YoY	-	-	-	-	-	-	-	-	-
Rex Estate Co., Ltd.	558	525	841	257	233	245	149	132	142
YoY	90.4%	94.1%	91.3%	71.0%	90.7%	74.9%	71.3%	88.6%	76.3%
Rex Leasing Co., Ltd.	2,740	2,752	5,221	64	85	160	36	48	91
YoY	100.0%	100.4%	96.2%	81.0%	132.8%	106.7%	69.2%	133.3%	109.6%
Seiko Cooperate Japan Co., Ltd.	381	453	888	14	17	21	9	10	13
YoY	96.0%	118.9%	120.0%	87.5%	121.4%	161.5%	56.3%	111.1%	144.4%
Kadiac Co., Ltd.	476	447	960	14	10	26	15	5	17
YoY	109.9%	93.9%	95.3%	116.7%	71.4%	63.4%	125.0%	33.3%	56.7%
C&C Co., Ltd.	1,992	2,009	4,223	127	115	182	19	67	87
YoY	185.5%	100.9%	101.6%	-	90.6%	66.4%	-	352.6%	228.9%
Akiyoshi Systems Co., Ltd.	883	549	1,109	8	19	31	5	11	18
YoY	85.8%	62.2%	62.4%	26.7%	237.5%	310.0%	19.2%	220.0%	300.0%
Consolidated Subsidiaries Total	18,637	25,664	54,284	1,239	1,073	1,605	672	992	1,288
YoY	122.9%	137.7%	131.1%	120.8%	86.6%	152.4%	113.5%	147.6%	165.3%

The June 2001 performance figures of Kansai Beverage Service are the net totals of Kinki Coca-Cola Vending, Rex Techno Systems, Remy and Allied Vending.

< Allied Vending was merged with FV Nishi-Nihon on July 2, 2001. >

## Business outline of consolidated subsidiaries

Company	Business Outline	Note
Kansai Beverage Services Co., Ltd.	* Operates vending machine management business * Operates desk duties at branches managed by Kinki Coca-Cola * Provides maintenance services for vending machine and peripherals * Supplies ground coffee to offices * Agency sales of telephone cards * Operates drinks	Kinki Coca-Cola Vending, Rex Techno Systems, Rexy and FV Nishi-Nihon were merged to form Kansai Beverage Service on February 1, 2002.
Nesco Co., Ltd.	* Operates drinks vending machines.	
Kinki Coca-Cola Products Co., Ltd.	* Consignment production of drinks	A wholly owned subsidiary of Kinki Coca-Cola. Established in January 2000 when it took over the operations of Kink Coca-Cola's Akashi Plant.
Kansai Logistics Co., Ltd.	* Consigned distribution of beverages and food products	Established on January 4, 2002. Started sales on May 1 that same year.
Rex Estate Co., Ltd.	* Sell, leases, brokers and manages real estate	
Rex Leasing Co., Ltd.	Auto leasing and general leasing business	
Seiko Cooperate Japan Co., Ltd.	* Auto maintenance * Sell used cars	A wholly owned subsidiary of Rex Leasing Co., Ltd.
Kadiac Co., Ltd.	* Operates soft drinks vending machines etc. at Kansai New Airport	
C&C Co., Ltd.	* Franchise business (meals, rental videos) * merchandise sales (sale of Coca-Cola goods) * consignment management * foods sales	
Akiyoshi Systems Co., Ltd.	* Operates as sub-franchiser of Akiyoshi grilled chicken restaurants	

## Consolidated Balance Sheet Assets Section

(Units: Yen in millions)

	1999/6	2000/6	2001/6	2002/6	YoY
Current assets	38,402	41,634	36,211	38,772	2,561
Cash and deposits	6,309	6,741	6,588	8,977	2,389
Notes receivable & Accounts receivable	9,706	10,118	12,128	12,609	481
Securities	8,353	12,629	3,070	1,599	-1,471
Inventories	7,866	6,920	8,863	9,642	779
Prepaid expenses	3,019	2,234	2,391	2,316	-75
Uncollected income	3,046	1,972	2,029	2,341	312
Deferred tax assets	-	605	876	1,219	343
Others	152	467	332	176	-156
Reserve for uncollectable accounts	-51	-53	-68	-111	-43
Fixed assets	80,413	78,123	84,271	81,135	-3,136
Tangible fixed assets	71,077	68,849	69,009	65,977	-3,032
Buildings & structures	17,093	16,558	17,222	16,441	-781
Machinery, equipment & vehicles	14,457	14,104	13,005	12,356	-649
Vending machines	14,273	13,681	14,695	13,986	-709
Land	16,579	17,831	18,427	18,235	-192
Construction in progress	918	393	4	22	18
Lease assets	6,545	4,711	4,212	3,490	-722
Other tangible fixed assets	1,209	1,568	1,441	1,443	2
Intangible assets	210	1,548	3,445	5,210	1,765
Software	-	1,333	993	1,821	828
Consolidated adjustment account	-	-	2,193	2,133	-60
Others	210	214	258	1,255	997
Investments, etc.	9,125	7,725	11,816	9,948	-1,868
Investment securities	1,648	1,597	2,656	2,094	-562
Long-term loans	397	366	2,802	553	-2,249
Long-term prepaid expenses	2,734	1,022	1,769	1,654	-115
Guarantee money surrendered	2,571	2,280	2,166	1,938	-228
Deferred tax assets	-	603	851	2,099	1,248
Miscellaneous investments	1,806	1,911	1,816	1,994	178
Reserve for uncollectable accounts	-32	-56	-246	-387	-141
Consolidated adjustment account	14	-	-	-	-
Total assets	118,830	119,758	120,483	119,908	-575

## Consolidated Balance Sheet      Liabilities & Capital Section

(Units: Yen in millions)

	1999/6	2000/6	2001/6	2002/6	YoY
<b>Current liabilities</b>	24,113	22,978	21,468	19,267	-2,201
Notes payable & accounts payable	10,840	10,014	9,840	8,549	-1,291
Short-term debts	2,435	3,073	2,519	2,136	-383
Unpaid accounts	5,102	4,429	4,155	4,196	41
Unpaid corporate taxes, etc.	1,339	558	479	230	-249
Other	4,395	4,901	4,473	4,154	-319
<b>Fixed liabilities</b>	14,610	14,046	15,320	18,490	3,170
Convertible Bonds	8,668	8,167	8,167	8,167	-
Long-term debts	4,468	3,950	3,256	2,948	-308
Retirement benefits	-	-	1,864	5,227	3,363
Reserve for retirement allowances	226	235	-	-	-
Reserve for directors' retirement allowances	291	273	334	275	-59
Reserve for investment losses	-	420	-	-	-
Deferred tax liabilities	-	126	391	444	53
Other	956	872	1,306	1,426	120
<b>Total liabilities</b>	38,724	37,024	36,788	37,757	969
<b>Minority interest</b>	11	9	32	49	17
<b>Capital</b>	10,697	10,948	10,948	10,948	-
Capital reserve	9,789	10,040	10,040	10,040	-
Consolidated surplus funds	-	61,737	62,256	60,993	-1,263
Net unrealized holding gains on securities	-	-	418	129	-289
Treasury stock	-9	-1	-0	-9	-9
Revenue reserve	1,335	-	-	-	-
Other surplus funds	58,282	-	-	-	-
<b>Total capital</b>	80,094	82,724	83,661	82,101	-1,560
<b>Total of liabilities, minority interest and capital</b>	118,830	119,758	120,483	119,908	-575

# Consolidated Income Statement

(Units: Yen in millions)

	1999/6	2000/6	2001/6	2002/6	YoY	YoY(%)
Sales	81,675	81,829	86,808	86,778	-29	100.0%
Sales cost	42,458	42,470	44,586	44,950	364	100.8%
Net sales	39,216	39,358	42,221	41,827	-394	99.1%
S&GA	35,976	35,397	38,970	39,709	739	101.9%
Selling expenses	31,740	31,121	34,337	34,333	-4	100.0%
Administrative expenses	4,235	4,275	4,567	5,249	682	114.9%
Depreciation for consolidated adjusted account	-	-	65	126	61	193.8%
Operating profit	3,240	3,961	3,251	2,118	-1,132	65.1%
Non-operating income	521	605	296	288	-8	97.3%
Interest and dividends received	72	34	37	17	-20	45.9%
other	449	570	259	271	12	104.6%
Non-operating expenses	314	345	306	277	-29	90.5%
Interest paid	89	83	79	72	-7	91.1%
other	225	261	227	204	-23	89.9%
Recurring profit	3,448	4,220	3,240	2,129	-1,111	65.7%
Extraordinary profits	350	124	-	355	355	-
Profit from sale of fixed assets	350	124	-	352	352	-
other	-	-	-	2	2	-
Extraordinary losses	514	1,543	5,108	5,079	-29	99.4%
Loss from sale of fixed assets and fixed assets removal expenses	514	316	367	476	109	129.7%
Special retirement allowances	-	1,227	2,627	2,553	-74	97.2%
Transition obligation employees' severance and retirement benefit plan	-	-	2,015	2,015	-	100.0%
other	-	-	98	34	-64	34.7%
Net profit (or loss) before tax	3,284	2,801	-1,867	-2,594	-727	-
Corporate taxes, corporate resident taxes & business taxes	1,305	511	494	297	-197	60.1%
Corporation tax adjustment	-	720	-1,198	-1,538	-340	-
Minority shareholders gain	0	4	11	9	-2	81.8%
Depreciation for consolidated adjusted account	14	-	-	-	-	-
Net profits (or loss)	1,963	1,564	-1,175	-1,362	-187	-

# Consolidated Cash Flow

(Units: Yen in millions)

	2002/6		2002/6
. Cash flow from operating activities	538	. Cash flow from investing activities	-4,741
Net profit before adjustment, including tax, for interim term	-2,594	Expenses from fixed-term deposits	-300
Depreciation	6,201	Proceeds from fixed-term deposits	2,095
Amortization of long-term prepaid expenses	1,042	Purchase of tangible fixed assets	-5,486
Allowance for depreciation on consolidation adjustment account	126	Sale of tangible fixed assets	517
Increase of retirement benefits	1,890	Purchase of intangible fixed assets	-596
Decline in reserve for director's retirement allowance	-112	Purchase of long-term prepaid expenses	-938
Increase in reserves for bad debt	-5	Purchase of investment securities	-43
Interest and dividends received	-17	Sale of investment securities	13
Interest paid	72	Loans extended	-285
Profit from sale of securities and investment securities	-2	Loans recovered	108
Loss from valuation of securities and investment securities	25	Decline in other investments	173
Loss of evaluation of golf course membership	8	. Cash flow from financing activities	-953
Profit from sale of tangible fixed assets	-352	Income from short-term debt	2,250
Loss from sales of fixed assets and fixed assets removal expenses	476	Repayment of short-term debt	-2,490
Retirement allowances	2,553	Income from long-term debt	650
Increase in trade receivables	-2,670	Repayment of long-term debt	-794
Decline in inventories	-1,166	Share buyback costs	-4
Decline in trade payables	107	Dividend payable	-563
Increase in unpaid consumption tax and others	222	Dividend paid to minority stockholders	-0
Directors' bonuses payable	-151	. Decline in cash and cash equivalents	-5,156
Increase in other assets and liabilities	-1,175	. Cash and cash equivalents at beginning of year	15,343
Subtotal	4,478	. Cash and cash equivalents at end of year	10,186
Interest and dividends received	17		
Interest payable	-73		
Retirement allowances payable	-2,553		
Corporate taxes payable	-1,330		



## Capex and Depreciation - Consolidated

### 【 Capex 】

(Units: Yen in millions)

	1999/12	2000/12	2001/12	2002/12 (E)	YoY
Vending machines	4,955	5,478	7,067	5,766	-1,301
Buildings and structures	5,365	1,618	1,195	1,378	183
Machinery, equipment and vehicles	10,810	1,073	2,220	3,979	1,759
Tools and implements	668	493	382	502	120
Land acquisition	-	3,008	-	2,352	2,352
Land disposal	-344	-1,495	-1,897	-1,099	798
Construction in progress	-9,205	1,165	-438	-910	-472
Leased assets	1,909	1,756	1,436	1,837	401
<b>Total of tangible fixed assets</b>	<b>14,158</b>	<b>13,099</b>	<b>9,965</b>	<b>13,805</b>	<b>3,840</b>
Intangible assets	414	1,587	2,181	1,168	-1,013
(of which, softwares)	( 408 )	( 284 )	( 350 )	( 1,168 )	( 818 )
(of which, softwares in progress)	( - )	( - )	( 605 )	( - )	( -605 )
(of which, consolidated adjustment account)	( 0 )	( 1,301 )	( 1,221 )	( - )	( -1,221 )
Long-term prepaid expenses	1,397	1,809	2,495	2,048	-447
Other	407	668	401	297	-104
<b>Total investments</b>	<b>16,376</b>	<b>17,163</b>	<b>15,042</b>	<b>17,318</b>	<b>2,276</b>

### 【 Depreciation 】

(Units: Yen in millions)

	1999/12	2000/12	2001/12	2002/12 (E)	YoY
Vending machines	5,591	5,228	5,742	5,715	-27
Buildings and structures	1,238	1,190	1,240	1,421	181
Machinery, equipment and vehicles	3,382	3,274	3,017	2,981	-36
Tools and implements	706	696	554	524	-30
Leased assets	1,777	1,762	1,818	1,672	-146
<b>Total</b>	<b>12,694</b>	<b>12,150</b>	<b>12,371</b>	<b>12,313</b>	<b>-58</b>
Intangible assets	881	593	663	831	168
(of which, softwares)	( 840 )	( 589 )	( 479 )	( 576 )	( 97 )
(of which, consolidated adjustment account)	( 28 )	( - )	( 178 )	( 252 )	( 200 )
Long-term prepaid expenses	1,062	1,858	2,069	1,998	-71

## Parent Financial Highlights

(Units: Yen in millions)

	1999/6	2000/6	2001/6	2002/6	YoY	2002/12 (E)	YoY
Sales Volume (Cases in thousands)	35,635	35,538	36,799	37,815	102.8%	82,230	102.8%
Sales (Yen in millions)	74,211	74,996	77,590	75,913	97.8%	168,000	102.3%
Operating profit (Yen in millions)	2,398	2,867	1,953	1,107	56.7%	6,400	96.0%
Recurring profit (Yen in millions)	2,712	3,246	2,222	1,203	54.1%	6,700	90.7%
Net profit [ or loss ] (Yen in millions)	1,549	1,029	-1,628	-2,106	-	100	24.2%
Operating Profit on Sales	3.2%	3.8%	2.5%	1.5%	- 1.0point	3.8%	- 0.3point
Recurring Profit on Sales	3.7%	4.3%	2.9%	1.6%	- 1.3point	4.0%	- 0.5point
Net Profit on Sales	2.1%	1.4%	-	-	-	0.1%	- 0.2point
EPS (Yen)	24.94	16.45	-26.02	-33.66	- 7.64	1.60	- 5.01
Equity Ratio	74.7%	75.9%	75.8%	74.0%	- 1.8point	75.5%	- 0.6point
BPS (Yen)	1,271.38	1,297.12	1,302.19	1,277.61	- 24.58	1,304.59	- 17.35
Interim dividends per share (Yen)	7.50	9.00	9.00	9.00	-	(Annual) 18.00	-
ROA	-	-	-	-	-	6.0%	- 0.8point
ROE	-	-	-	-	-	0.1%	- 0.4point

## Parent Balance Sheet    Assets Section

(Units: Yen in millions)

	1999/6	2000/6	2001/6	2002/6	YoY
<b>Current assets</b>	<b>35,400</b>	<b>38,167</b>	<b>33,158</b>	<b>35,718</b>	<b>2,560</b>
Cash and deposits	4,676	4,947	4,726	7,354	2,628
Notes receivable	135	137	106	52	-54
Accounts receivable	8,640	9,019	10,988	11,978	990
Securities	8,351	12,624	3,070	1,599	-1,471
Inventories	7,310	6,427	8,351	8,664	313
Prepaid expenses	2,001	1,570	1,789	1,829	40
Short-term loans	1,287	606	1,039	852	-187
Uncollected income	2,654	2,073	2,025	2,340	315
Deferred tax assets	-	563	813	926	113
Miscellaneous current assets	398	236	299	217	-82
Reserve for bad debts	-56	-41	-52	-96	-44
<b>Fixed assets</b>	<b>70,565</b>	<b>68,866</b>	<b>74,320</b>	<b>72,392</b>	<b>-1,928</b>
<b>Tangible fixed assets</b>	<b>59,806</b>	<b>57,094</b>	<b>56,564</b>	<b>54,233</b>	<b>-2,331</b>
Buildings	13,225	12,881	13,144	12,712	-432
Structures	1,536	1,389	1,391	1,226	-165
Machinery, equipment, and vehicles	14,344	11,993	10,988	10,232	-756
Tools and implements	1,048	944	917	834	-83
Vending machines	14,017	13,413	14,424	13,676	-748
Land	14,726	16,083	15,694	15,529	-165
Construction in progress	908	389	4	20	16
<b>Intangible assets</b>	<b>169</b>	<b>1,402</b>	<b>1,132</b>	<b>2,030</b>	<b>898</b>
Telephone subscription rights	111	116	116	116	0
Facility use rights	58	56	55	53	-2
Softwares	-	1,229	907	1,728	821
Softwares in progress	-	-	53	132	79
<b>Investments, etc.</b>	<b>10,588</b>	<b>10,369</b>	<b>16,623</b>	<b>16,128</b>	<b>-495</b>
Investment securities	700	647	2,025	1,595	-430
Subsidiaries securities	-	-	3,072	3,663	591
Long-term loans	-	-	6,637	4,778	-1,859
Long-term deferred tax assets	-	443	623	1,906	1,283
Miscellaneous investments	9,905	9,314	4,501	4,576	75
Reserve for bad debts	-17	-36	-236	-391	-155
<b>Total assets</b>	<b>105,965</b>	<b>107,034</b>	<b>107,479</b>	<b>108,110</b>	<b>631</b>

## Parent Balance Sheet    Liabilities/Stockholders' Equity Section

(Units: Yen in millions)

	1999/6	2000/6	2001/6	2002/6	YoY
<b>Current liabilities</b>	17,365	16,221	14,867	13,743	-1,124
Accounts payable	6,524	6,432	5,958	5,141	-817
Accounts payable-other	5,400	4,897	4,356	3,751	-605
Expenses payable	3,382	3,242	3,358	3,967	609
Corporation taxes payable	944	178	5	4	-1
Consumption tax payable	-	502	-	-	-
Deposits received	620	593	597	408	-189
Reserve for bonus allowances	52	-	-	-	-
Facility-related notes payable	307	210	216	-	-216
Other	133	163	374	469	95
<b>Fixed liabilities</b>	9,448	9,625	11,106	14,413	3,307
Convertible bonds	8,668	8,167	8,167	8,167	-
Retirement benefits	-	-	1,600	4,824	3,224
Reserve for retirement allowances	135	92	-	-	-
Reserve for directors' retirement allowances	291	270	303	240	-63
Reserve for investment losses	-	420	-	-	-
Miscellaneous fixed liabilities	353	674	1,035	1,182	147
<b>Total liabilities</b>	26,813	25,846	25,974	28,156	2,182
<b>Capital</b>	10,697	10,948	10,948	10,948	-
Capital reserve	9,789	10,040	10,040	10,040	-
Revenue reserve	1,335	1,443	1,562	1,618	56
<b>Surplus funds</b>	57,329	58,756	58,546	57,233	-1,313
Dividends reserve	700	700	700	700	-
Fixed assets special account reserve	-	-	-	347	347
Fixed assets reserve	-	109	398	398	-
Special reserve	54,400	56,100	56,600	56,600	-
Unappropriated profit for current term	2,229	1,846	848	-812	-1,660
Net unrealized holding gains on securities	-	-	407	122	-285
Treasury stock	-	-	-	-9	-9
<b>Total capital</b>	79,151	81,188	81,505	79,953	-1,552
<b>Total liabilities and capital</b>	105,965	107,034	107,479	108,110	631

## Parent Income Statement

(Units: Yen in millions)

	1999/6	2000/6	2001/6	2002/6	YoY	YoY(%)
Sales Volume (Cases in thousands)	35,635	35,538	36,799	37,815	1,016	102.8%
Sales	74,211	74,996	77,590	75,913	-1,676	97.8%
Cost of goods sold	38,476	39,122	40,687	41,070	383	100.9%
Net sales	35,734	35,874	36,902	34,843	-2,059	94.4%
SG&A	33,336	33,006	34,949	33,735	-1,214	96.5%
Sales	29,602	29,209	31,192	29,740	-1,452	95.3%
General administrative expenses	3,734	3,797	3,756	3,994	238	106.3%
Operating profit	2,398	2,867	1,953	1,107	-846	56.7%
Non-operating profit	623	684	518	307	-211	59.3%
Non-operating expenses	310	305	249	211	-38	84.7%
Recurring profit	2,712	3,246	2,222	1,203	-1,019	54.1%
Extraordinary profit	258	124	-	340	340	-
Extraordinary loss	494	1,543	4,990	5,064	74	101.5%
Net profit [ or loss ] before tax	2,476	1,827	-2,767	-3,520	-753	-
Corporation, resident and business taxes	927	148	33	20	-13	60.6%
Adjustment for corporation tax and other taxes	-	649	-1,172	-1,434	-262	-
Net profit [ or loss ]	1,549	1,029	-1,628	-2,106	-478	-
Retained earnings brought forward	680	817	2,476	1,293	-1,183	52.2%
Unappropriated retained profits	2,229	1,846	848	-812	-1,660	-

## Capex & Depreciation

### 【 Capex 】

(Units: Yen in millions)

	1999/12	2000/12	2001/12	2002/12 (E)	YoY
Vending machines	4,824	5,366	6,942	5,611	-1,331
Buildings and structures	4,860	863	1,061	1,174	113
Machinery and equipment	10,153	320	1,561	3,450	1,889
Tools and implements	414	303	172	423	251
Land acquired	-	1,434	-	2,352	2,352
Proceeds from sale of land	-306	-1,543	-1,897	-1,099	798
Construction in progress	-9,202	1,166	-439	-910	-471
<b>Total tangible fixed assets</b>	<b>10,744</b>	<b>7,911</b>	<b>7,401</b>	<b>11,001</b>	<b>3,600</b>
Intangible assets	414	270	903	1,056	153
(of which, softwares)	( 408 )	( 270 )	( 298 )	( 1,056 )	( 758 )
(of which, softwares in progress)	( - )	( - )	( 605 )	( - )	( -605 )
Long-term prepaid expenses	1,312	1,782	1,947	1,639	-308
Miscellaneous investment	407	646	401	297	-104
<b>Total investment</b>	<b>12,877</b>	<b>10,609</b>	<b>10,654</b>	<b>13,993</b>	<b>3,339</b>

### 【 Depreciation 】

(Units: Yen in millions)

	1999/12	2000/12	2001/12	2002/12 (E)	YoY
Vending machines	5,467	5,107	5,620	5,590	-30
Buildings and structures	1,021	980	984	1,217	233
Machinery and equipment	2,620	2,488	2,261	2,199	-62
Tools and implements	332	313	292	291	-1
<b>Total</b>	<b>9,440</b>	<b>8,888</b>	<b>9,157</b>	<b>9,297</b>	<b>140</b>
Intangible assets	841	555	443	540	97
(of which, softwares)	( 840 )	( 554 )	( 442 )	( 540 )	( 98 )
Long-term prepaid expenses	999	1,220	1,572	1,637	65

# Company Overview

(as of June 30, 2002)

Name	KINKI COCA-COLA BOTTLING CO., LTD.
Established	September 1960
Address	7-9-31 Senrioka, Settsu-Shi, Osaka 566-8513
Capital	10,948 million yen
Main business objective	Manufacture and sale of soft drinks in Osaka, Hyogo and Kyoto prefecture.
Employees	1,679

## Board of directors (as of June 30, 2002)

President (Representative director)	Masakazu Morito	Director	Yutaka Miyazaki
Vice-President	Hiromu Nakamura	Director	Noriyuki Korasaki
Managing director	Motonobu Kimura	Director	Hiroshi Kanda
Managing director	Toru Eizawa	Director	Toyojiro Yoshinaga
Managing director	Hideaki Nogami	Director	Toshimitsu Ota
Managing director	Shigeo Noma	Director	Hideki Hoshika
Managing director	Toshiaki Hidehira	Director	Yasuhiro Sato
Director	Nobuhiro Tada	Director	Kazuo Tsukuda
Director	Naohiro Nishida	Auditor	Hideichi Shibatani
Director	Hitoshi Tarutani	Auditor	Kisaburo Inaba
Director	Tamio Yoshimatsu	Auditor	Naomichi Asano
Director	Jyuichi Hattori		

Number of shares outstanding 62,591,049

Number of shareholders 5,530

Major shareholders	No. of shares owned (,000)	Ratio (%)
Kirin Brewery Co., Ltd.	25,179	40.23
Mitsubishi Heavy Industries Co., Ltd.	9,274	14.82
Pension Account Trustee The Mitsui Asset Trust & Banking Co., Ltd. (2 Accounts)	1,589	2.54
Employee ownership	1,567	2.50
Kamiyamato Co., Ltd.	1,050	1.68
The Master Trust Bank of Japan, Ltd.	1,049	1.68
Yatani Co., Ltd.	855	1.37
Deutsche Trust Bank., Ltd.	608	0.97
State Street Bank and Trust Company	490	0.78