

# INTERIM REPORT 2003



KINKI Coca-Cola Bottling Co., Ltd.

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

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## Corporate Principle

### **“Company That Creates Refreshment”**

The Kinki Coca-Cola Bottling Group aims to :

Create opportunities that realize to a rich and prosperous lifestyle.

Respond to expectations and desire for progress.

Contribute to a healthier lifestyle.

## Vision 2005

The Kinki Coca-Cola Bottling Group intends to :

Provide each and every single product with No.1 operation in the soft drink market,  
and offer refreshing moments to as many people as possible.

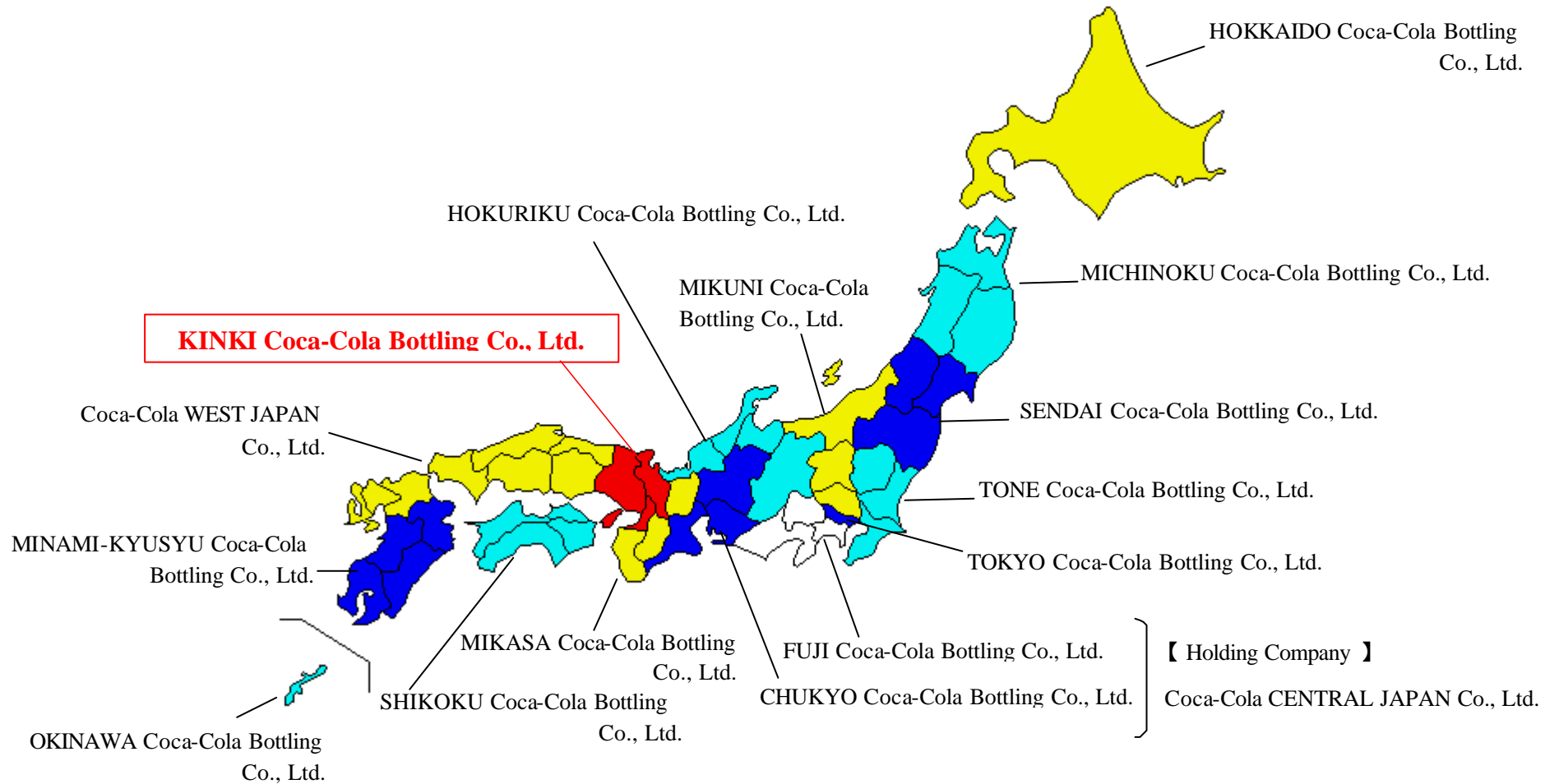
Treasure our customers as our partners to realize consumer’s satisfaction,  
and grow together with customers.

Pursue consumer’s satisfaction, with each of us trying hard to fulfill our role  
and accomplish our goals with pride and the spirit of challenge.

Increase profits every year through daily sound business activities.

# Collaboration in the Coca-Cola System

<p><b>Joint Production</b>                  Bottle can (Kinki, CCWJ and Shikoku)                  Regular-sized glass bottle and One-way glass bottle (Kinki and Chukyo)</p>	<p><b>Coca-Cola National Beverages Company Begins Operations</b>                  13 bottlers and The Coca-Cola Export Corporation</p>
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## Coca-Cola National Beverages Company Begins Operations

In April 2003, six bottlers (Kinki, Mikuni, Tone, Tokyo, CCCJ and CCWJ) and The Coca-Cola Japan Co., Ltd. (CCJC) jointly initiated [Coca-Cola National Beverages Co., Ltd. \(CCNBC\)](#). Other bottlers joined this preparatory effort later on October 1, 2003. CCNBC started its operations under collaboration of CCJC and all bottlers. CCNBC commence procurement, production, and logistics operations for the Coca-Cola System in Japan. CCNBC is expected to manage 200 million physical cases of supply volume in 2004.

CCNBC will create new value through a nationally integrated supply chain management (SCM). By responding quickly to changes in the marketplace and improving customer and consumer satisfaction, CCNBC will enhance long-term competitiveness of the Coca-Cola System in Japan.

### Enhanced Competitiveness by SCM

CCNBC will centralize procurement, production, and logistics operations of the Coca-Cola System in Japan, and aim to reduce costs through optimum nationwide SCM. The resources generated from this effort will be invested in marketing activities and customer service programs to enhance long-term growth of the Coca-Cola System in Japan.

The nationwide SCM system promoted by CCNBC is expected to achieve cost reductions of more than 25 billion yen per year by 2007 through a number of productivity enhancement measures, including centralized supply network management, full utilization of all system manufacturing lines, and improved inventory management backed by the new, integrated SCM information system.

### National SCM

< [Objectives](#) > The Coca-Cola system in Japan aims to enhance its competitiveness on a long-term basis, and in a sustainable manner by reducing costs through the construction of national SCM.

- Support consumer satisfaction by providing products of high quality, safety and added value,
- Improve customer service through a flexible and responsive supply organization,
- Make strategic investments in advanced technologies and facilities,
- Fully utilize existing facilities, and
- Optimize inventories, and reduce procurement, production, and logistics costs.

< [Strategy](#) > To realize these objectives, we will build a national SCM with the following strategy:

- Centralized decision-making
- National optimization of production and logistics networks
- Establishment of integrated demand and supply planning system
- Construction of a common information system among Coca-Cola system companies

## Coca-Cola National Beverages Company Begins Operations

### The Role of CCNBC

CCNBC will be responsible for national demand and supply planning, centralized procurement of materials and product supply to the bottling companies. CCNBC will enable faster decision-making on SCM strategies for the Coca-Cola System, and invest in advanced production technology. Through the delivery of the high-quality, innovative products and packages in shorter time, CCNBC will enhance customer and consumer satisfaction.

CCNBC will also define the optimum production and logistics infrastructure and supply network. The company will also accelerate standardization of operating processes and the information systems of the Coca-Cola System. The nationwide IS network will improve transparency in the supply chain across the territorial borders of individual bottling companies, thereby constructing a more flexible and responsive supply system. With this new information system platform, national SCM will be closely aligned with sales operations. This will significantly enhance community-based customer service operations each bottler has been successfully conducting over the years.

### Development of CCNBC Operations

CCNBC operations will be developed in two phases. In the first phase, toll-product operations currently conducted by [Coca-Cola Tea Products Co., Ltd.](#) and the procurement operations currently conducted by [Coca-Cola Beverage Services Co., Ltd.](#) will be transferred to CCNBC on October 1, 2003.

In the second phase, franchise product operations currently conducted by each bottler will be transferred to CCNBC in January 2005. At that time, two different production systems, known as toll and franchise, will be integrated and CCNBC will manage the supply of all Coca-Cola products in Japan.

### Regarding the Influence upon Business Results

The effects it will have on the December, 2003 period will be slight. We will present information on the influence on business results for next year and beyond at the time of our business plan announcement.

#### < Capital & Stockholders of CCNBC >

As of October 1, 2003

Capital	¥5 billion
Stockholders and Subscription	13 bottlers: 92.31% (Hokkaido: 5.02%, Michinoku: 3.54%, Sendai: 4.09%, Mikuni: 8.06%, Tone: 7.68%, Tokyo: 10.52%, CCCJ: 14.14%, <a href="#">Kinki: 10.49%</a> , Hokuriku: 4.11%, Shikoku: 3.15%, CCWJ: 14.49%, Minami Kyusyu: 5.61%, Okinawa: 1.40%) The Coca-Cola Export Corporation: 7.69%

## Strategy Cooperation with Mikasa Coca-Cola Bottling Co., Ltd.

In November 2002, Kinki Coca-Cola Bottling Co., Ltd. acquired a 34.01% ownership in [Mikasa Coca-Cola Bottling Co., Ltd. \(Mikasa\)](#), which until that point had been a wholly-owned subsidiary of Coca-Cola West Japan Co., Ltd. (CCWJ). Since that time, we have been jointly running Mikasa with CCWJ.

By cooperating in company management, Kinki and Mikasa are strengthening links between production, distribution and sales activities in sales areas of the Kansai that both companies operate in, with the goal to improve customer services. The two companies also want to create a synergetic effect by improving efficiency, strengthen the sales base and improve corporate value.

### Strategy Cooperation on the Production

[Kinki Coca-Cola Products Co., Ltd. \(KCP\)](#), a wholly-owned subsidiary of Kinki, has taken over production that was previously handled by Mikasa's Shiga plant. Production of some PET products started on March 1, 2003, while the rest began on June 1.

This production shift is part of a cooperated strategy that aims to boost efficiency for both companies on the production. The Shiga plant (buildings, line equipment, etc.) is the property of Mikasa, while KCP handles line operation, control and management.

### Strategy Cooperation in Vending Machine Operations

[Kansai Beverage Service Co., Ltd. \(KBS\)](#), a wholly-owned subsidiary of Kinki, took over business operations of vending machines that were previously handled by three branch offices of Mikasa's, on June 1, 2003.

The move is being done to test operation outsourcing before a planned shift of all operations that will take place in the future. The target is to improve operational efficiency of Kinki and Mikasa.

### < Profile of Mikasa's Shiga plant >

Production Lines	1 PET bottle Production line (500ml~2,000ml) 1 Can Production line (190ml~350ml)
Products	PET bottle : Coca-Cola, Sprite, Aquarius, etc. Can : Georgia, Oolong tea, etc.
Production capacity	PET bottle Production line : 300BPM (BPM = Bottle Per Minute) Can Production line : 1,000CPM (CPM = Can Per Minute)

## Topics

### Future Direction of Pension Funds

As one of the changes to pension funds, the benefits paid to contributors were lowered in 2000, but it has been predicted that, even in this state, the continuing economic slump may threaten the very existence of the company.

Moreover, the outlook is for the number of contributors to the pension pool to continue declining, while those seeking benefits will increase considerably. The situation makes it impossible to manage the pension funds, therefore it has been decided to suspend the funds entirely. Kinki is currently taking steps to obtain permission to suspend the pension funds.

The effect on earnings after approval and suspension is estimated to be about ¥20 billion, which will be recorded as extraordinary loss.

#### < Past changes to pension fund system >

December 2000	Extension of holding period: 15 yr 18 yr Lowered benefits (rate) paid to contributors: 5.5% 4.4%
October 2002	Approved return of the company's portion of pension pay-outs

### Production Started at Daisen Beverage Co., Ltd.

In an attempt to strengthen the supply structure of mineral water "Mori no Mizu Dayori", which was showing sluggish growth, [Daisen Beverage Co., Ltd.](#) was established by five bottlers in West Japan (Kinki, Chukyo, Shikoku, CCWJ and Minami-Kyushu).

Daisen Beverage Co., Ltd. started construction on a plant in the foothills of Daisen to produce 2 L PET bottles of mineral water "Mori no Mizu Dayori", in July 2002. The plant was completed in May 2003 and production started in August 2003.

#### < Profile of Daisen Beverage Co., Ltd. >

Capital	¥100 million
Stockholders and subscription	CCWJ: 33%, <b>Kinki: 27%</b> Chukyo: 17%, Minami-Kyushu: 15%, Shikoku: 8%

#### < Profile of Plant >

Invested capital	¥3.8 billion (The sum of Daisen Beverage Co., Ltd., and Coca-Cola Tea Products Co., Ltd.)
Product line	Mori no Mizu Dayori 2L PET bottle
Annual turnout	About 100 million bottles / year
Number of lines	1 line



## Consolidated Financial Highlights

	2000/6	2001/6	2002/6	2003/6	YoY	2003/12 (E)	YoY
Sales (Yen in millions)	81,829	86,808	86,778	86,021	99.1%	186,200	101.6%
Operating Profit (Yen in millions)	3,961	3,251	2,118	1,716	81.0%	5,500	100.6%
Recurring Profit (Yen in millions)	4,220	3,240	2,129	1,664	78.2%	5,500	100.5%
Net Profit (or loss) (Yen in millions)	1,564	-1,175	-1,362	-429	-	1,000	621.1%
Operating Profit on Sales	4.8%	3.7%	2.5%	2.0%	- 0.5point	3.0%	-
Recurring Profit on Sales	5.2%	3.7%	2.5%	1.9%	- 0.6point	3.0%	-
Net Profit on Sales	1.9%	-	-	-	-	0.5%	+ 0.4point
EPS (Yen)	25.00	-18.78	-21.78	-6.87	+ 14.91	15.98	+ 13.40
Shareholder's Equity Ratio	69.1%	69.4%	68.5%	68.0%	- 0.5point	64.7%	- 4.7point
BPS (Yen)	1,321.68	1,336.66	1,311.92	1,308.06	- 3.86	1,321.45	+ 3.29
ROA	-	-	-	-	-	4.3%	- 0.3point
ROE	-	-	-	-	-	1.2%	+ 1.0point

## Consolidated Subsidiaries' Profit and Loss

(Units: Yen in millions)

Company		Sales			Recurring Profit		
		2002/6	2003/6	2003/12 (E)	2002/6	2003/6	2003/12 (E)
Kansai Beverage Services Co., Ltd.	YoY	13,928 168.7%	14,660 105.3%	29,908 106.0%	490 106.5%	379 77.3%	747 113.5%
Nesco Co., Ltd.	YoY	1,675 89.4%	1,368 81.7%	2,581 82.7%	25 104.2%	20 80.0%	27 84.4%
Kinki Coca-Cola Products Co., Ltd.	YoY	2,145 145.5%	2,525 117.7%	5,071 115.7%	86 32.3%	122 141.9%	113 148.7%
Kansai Logistics Co., Ltd.	YoY	1,181 -	2,827 239.4%	6,435 143.6%	-7 -	42 -	130 154.8%
Rex Estate Co., Ltd.	YoY	525 94.1%	379 72.2%	892 106.2%	233 90.7%	134 57.5%	339 110.8%
Rex Leasing Co., Ltd.	YoY	2,752 100.4%	2,461 89.4%	4,862 90.6%	85 132.8%	86 101.2%	151 93.2%
Seiko Cooperate Japan Co., Ltd.	YoY	453 118.9%	412 90.9%	848 97.9%	17 121.4%	6 35.3%	14 63.6%
Kadiac Co., Ltd.	YoY	447 93.9%	374 83.7%	777 82.8%	10 71.4%	0 0.0%	2 7.1%
C&C Co., Ltd.	YoY	2,009 100.9%	1,946 96.9%	4,251 99.2%	115 90.6%	150 130.4%	284 201.4%
Akiyoshi Systems Co., Ltd.	YoY	549 62.2%	509 92.7%	871 79.9%	19 237.5%	14 73.7%	16 80.0%
Consolidated Subsidiaries Total	YoY	25,664 137.7%	27,460 107.0%	56,497 105.4%	1,073 86.6%	952 88.7%	1,822 119.2%

## Business outline of consolidated subsidiaries

Company	Business Outline	Note
Kansai Beverage Services Co., Ltd.	<ul style="list-style-type: none"> <li>* Operates vending machine management business</li> <li>* Operates drinks</li> <li>* Provides maintenance services for vending machine and peripherals</li> <li>* Supplies ground coffee to offices</li> <li>* Agency sales of telephone cards</li> <li>* Operates desk duties at branches managed by Kinki Coca-Cola Bottling Group</li> </ul>	Kinki Coca-Cola Vending, Rex Techno Systems, Remy 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) * Premium foods sales and Sherbet sales * Consignment management	
Akiyoshi Systems Co., Ltd.	* Operates as sub-franchiser of Akiyoshi grilled chicken restaurants	

## Consolidated Balance Sheet Assets Section

(Units: Yen in millions)

	2000/6	2001/6	2002/6	2003/6	YoY
Current assets	41,634	36,211	38,772	34,062	-4,710
Cash and deposits	6,741	6,588	8,977	5,353	-3,624
Notes receivable & Accounts receivable	10,118	12,128	12,609	12,190	-419
Securities	12,629	3,070	1,599	-	-1,599
Inventories	6,920	8,863	9,642	9,926	284
Deferred tax assets	605	876	1,219	690	-529
Others	4,673	4,752	4,835	6,012	1,177
Reserve for uncollectable accounts	-53	-68	-111	-110	1
Fixed assets	78,123	84,271	81,135	86,198	5,063
Tangible fixed assets	68,849	69,009	65,977	66,368	391
Buildings & structures	16,558	17,222	16,441	15,291	-1,150
Machinery, equipment & vehicles	14,104	13,005	12,356	10,912	-1,444
Vending machines	13,681	14,695	13,986	14,562	576
Land	17,831	18,427	18,235	20,214	1,979
Construction in progress	393	4	22	-	-22
Lease assets	4,711	4,212	3,490	3,628	138
Other tangible fixed assets	1,568	1,441	1,443	1,758	315
Intangible assets	1,548	3,445	5,210	5,134	-76
Software	1,333	993	1,821	1,921	100
Consolidated adjustment account	-	2,193	2,133	1,881	-252
Others	214	258	1,255	1,331	76
Investments, etc.	7,725	11,816	9,948	14,696	4,748
Investment securities	1,597	2,656	2,094	5,991	3,897
Deferred tax assets	603	851	2,099	2,660	561
Miscellaneous investments	5,579	8,553	6,141	6,634	493
Reserve for uncollectable accounts	-56	-246	-387	-590	-203
Total assets	119,758	120,483	119,908	120,260	352

## Consolidated Balance Sheet Liabilities & Capital Section

(Units: Yen in millions)

	2000/6	2001/6	2002/6	2003/6	YoY
Current liabilities	22,978	21,468	19,267	26,844	7,577
Notes payable & accounts payable	10,014	9,840	8,549	8,526	-23
Short-term debts	3,073	2,519	2,136	1,806	-330
Convertible bonds due within one year	-	-	-	8,167	8,167
Unpaid accounts	4,429	4,155	4,196	3,066	-1,130
Unpaid corporate taxes, etc.	558	479	230	259	29
Other	4,901	4,473	4,154	5,018	864
Fixed liabilities	14,046	15,320	18,490	11,527	-6,963
Convertible Bonds	8,167	8,167	8,167	-	-8,167
Long-term debts	3,950	3,256	2,948	3,347	399
Retirement benefits	-	1,864	5,227	6,325	1,098
Reserve for directors' retirement allowances	273	334	275	232	-43
Deferred tax liabilities	126	391	444	432	-12
Other	1,527	1,306	1,426	1,189	-237
Total liabilities	37,024	36,788	37,757	38,371	614
Minority interest	9	32	49	58	9
Capital	10,948	10,948	10,948	10,948	-
Capital surplus	10,040	10,040	10,040	10,040	-
Retained earnings	61,737	62,256	60,993	60,860	-133
Net unrealized holding gains on securities	-	418	129	7	-122
Treasury stock	-1	-0	-9	-25	-16
Total capital	82,724	83,661	82,101	81,830	-271
Total of liabilities, minority interest and capital	119,758	120,483	119,908	120,260	352

# Consolidated Income Statement

(Units: Yen in millions)

	2000/6	2001/6	2002/6	2003/6	YoY	YoY(%)
Sales	81,829	86,808	86,778	86,021	-757	99.1%
Sales cost	42,470	44,586	44,950	45,929	979	102.2%
Net sales	39,358	42,221	41,827	40,091	-1,736	95.8%
S&GA	35,397	38,970	39,709	38,375	-1,334	96.6%
Operating profit	3,961	3,251	2,118	1,716	-402	81.0%
Non-operating income	605	296	288	160	-128	55.6%
Interest and dividends received	34	37	17	21	4	123.5%
other	570	259	271	139	-132	51.3%
Non-operating expenses	345	306	277	212	-65	76.5%
Interest paid	83	79	72	72	0	100.0%
other	261	227	204	140	-64	68.6%
Recurring profit	4,220	3,240	2,129	1,664	-465	78.2%
Extraordinary profits	124	-	355	305	-50	85.9%
Profit from sale of fixed assets	124	-	352	293	-59	83.2%
other	-	-	2	12	10	600.0%
Extraordinary losses	1,543	5,108	5,079	2,773	-2,306	54.6%
Loss from sale of fixed assets and fixed assets removal expenses	316	367	476	467	-9	98.1%
Special retirement allowances	1,227	2,627	2,553	871	-1,682	34.1%
Transition obligation employees' severance and retirement benefit plan	-	2,015	2,015	1,339	-676	66.5%
other	-	98	34	96	62	282.4%
Net profit (or loss) before tax	2,801	-1,867	-2,594	-802	1,792	-
Corporate taxes, corporate resident taxes & business taxes	511	494	297	249	-48	83.8%
Corporation tax adjustment	720	-1,198	-1,538	-627	911	-
Minority shareholders gain	-4	-11	-9	-4	5	-
Net profits (or loss)	1,564	-1,175	-1,362	-429	933	-

## Consolidated Cash Flow

(Units: Yen in millions)

	2003/6		2003/6
. Cash flow from operating activities	3,146	. Cash flow from investing activities	-7,276
Net profit before adjustment, including tax, for interim term	-802	Expenses from fixed-term deposits	-10
Depreciation	6,245	Proceeds from fixed-term deposits	310
Amortization of long-term prepaid expenses	1,224	Purchase of tangible fixed assets	-6,110
Allowance for depreciation on consolidation adjustment account	126	Sale of tangible fixed assets	613
Increase of retirement benefits	930	Purchase of intangible fixed assets	-736
Decline in reserve for director's retirement allowance	-101	Purchase of long-term prepaid expenses	-1,356
Increase in reserves for bad debt	25	Purchase of investment securities	-9
Interest and dividends received	-21	Loans extended	-71
Interest paid	72	Loans recovered	108
Equity in losses of affiliate	7	Decline in other investments	-14
Loss from valuation of securities and investment securities	47	. Cash flow from financing activities	-552
Profit from sale of tangible fixed assets	-293	Income from short-term debt	1,000
Loss from sales of fixed assets and fixed assets removal expenses	467	Repayment of short-term debt	-1,273
Retirement allowances	871	Income from long-term debt	1,530
Increase in trade receivables	-1,074	Repayment of long-term debt	-1,243
Decline in inventories	-2,068	Share buyback costs	-1
Decline in trade payables	758	Dividend payable	-563
Increase in unpaid consumption tax and others	-118	Dividend paid to minority stockholders	-0
Directors' bonuses payable	-102	. Decline in cash and cash equivalents	-4,683
Increase in other assets and liabilities	-1,703	. Cash and cash equivalents at beginning of year	9,986
Subtotal	4,491	. Cash and cash equivalents at end of year	5,303
Interest and dividends received	46		
Interest payable	-80		
Retirement allowances payable	-871		
Corporate taxes payable	-440		

## Capex and Depreciation - Consolidated

### 【 Capex 】

(Units: Yen in millions)

	2000/12	2001/12	2002/12	2003/12 (E)	YoY
Vending machines	5,478	7,067	5,517	6,075	558
Buildings and structures	1,618	1,195	1,362	1,139	-223
Machinery, equipment and vehicles	1,073	2,220	3,062	881	-2,181
Tools and implements	493	382	1,006	447	-559
Land acquisition	3,008	-	2,401	-	-2,401
Land disposal	-1,495	-1,897	-681	-564	117
Construction in progress	1,165	-438	-865	-45	820
Leased assets	1,756	1,436	1,729	1,665	-64
<b>Total of tangible fixed assets</b>	<b>13,099</b>	<b>9,965</b>	<b>13,531</b>	<b>9,598</b>	<b>-3,933</b>
Intangible assets	1,587	2,181	1,141	1,313	172
(of which, softwares)	( 284 )	( 350 )	( 1,555 )	( 939 )	( -616 )
(of which, softwares in progress)	( - )	( 605 )	( -414 )	( 374 )	( 788 )
(of which, consolidated adjustment account)	( 1,301 )	( 1,221 )	( - )	( - )	( - )
Long-term prepaid expenses	1,809	2,495	2,430	2,610	180
Other	668	401	575	341	-234
<b>Total investments</b>	<b>17,163</b>	<b>15,042</b>	<b>17,677</b>	<b>13,862</b>	<b>-3,815</b>

### 【 Depreciation 】

(Units: Yen in millions)

	2000/12	2001/12	2002/12	2003/12 (E)	YoY
Vending machines	5,228	5,742	5,606	5,833	227
Buildings and structures	1,190	1,240	1,438	1,279	-159
Machinery, equipment and vehicles	3,274	3,017	2,908	2,736	-172
Tools and implements	696	554	525	507	-18
Leased assets	1,762	1,818	1,668	1,605	-63
<b>Total</b>	<b>12,150</b>	<b>12,371</b>	<b>12,145</b>	<b>11,960</b>	<b>-185</b>
Intangible assets	593	663	1,328	1,309	-19
(of which, softwares)	( 589 )	( 479 )	( 646 )	( 690 )	( 44 )
(of which, Amortization of goodwill)	( - )	( - )	( 430 )	( 363 )	( -67 )
(of which, consolidated adjustment account)	( - )	( 178 )	( 252 )	( 252 )	( - )
Long-term prepaid expenses	1,858	2,069	2,256	2,429	173



## Parent Financial Highlights

(Units: Yen in millions)

	2000/6	2001/6	2002/6	2003/6	YoY	2003/12 (E)	YoY
Sales Volume (Cases in thousands)	35,538	36,799	37,815	36,123	95.5%	80,250	100.1%
Sales (Yen in millions)	74,996	77,590	75,913	76,080	100.2%	165,600	102.1%
Operating profit (Yen in millions)	2,867	1,953	1,107	879	79.4%	4,130	100.4%
Recurring profit (Yen in millions)	3,246	2,222	1,203	1,216	101.1%	4,700	107.7%
Net profit [ or loss ] (Yen in millions)	1,029	-1,628	-2,106	-655	-	570	-
Operating Profit on Sales	3.8%	2.5%	1.5%	1.2%	- 1.0point	2.5%	-
Recurring Profit on Sales	4.3%	2.9%	1.6%	1.6%	- 1.3point	2.8%	+ 0.1point
Net Profit on Sales	1.4%	-	-	-	-	0.3%	+ 0.3point
EPS (Yen)	16.45	-26.02	-33.66	-10.48	+ 23.18	9.11	+ 15.09
Equity Ratio	75.9%	75.8%	74.0%	73.2%	- 1.8point	70.1%	- 5.2point
BPS (Yen)	1,297.12	1,302.19	1,277.61	1,274.26	- 3.35	1,285.96	- 7.88
Interim dividends per share (Yen)	9.00	9.00	9.00	9.00	-	(Annual) 18.00	-
ROA	-	-	-	-	-	4.1%	+ 0.1point
ROE	-	-	-	-	-	0.7%	+ 1.2point

## Parent Balance Sheet Assets Section

(Units: Yen in millions)

	2000/6	2001/6	2002/6	2003/6	YoY
<b>Current assets</b>	<b>38,167</b>	<b>33,158</b>	<b>35,718</b>	<b>31,636</b>	<b>-4,082</b>
Cash and deposits	4,947	4,726	7,354	4,066	-3,288
Notes receivable	137	106	52	1	-51
Accounts receivable	9,019	10,988	11,978	11,533	-445
Securities	12,624	3,070	1,599	-	-1,599
Inventories	6,427	8,351	8,664	8,899	235
Deferred tax assets	563	813	926	299	-627
Miscellaneous current assets	4,485	5,152	5,239	6,919	1,680
Reserve for bad debts	-41	-52	-96	-83	13
<b>Fixed assets</b>	<b>68,866</b>	<b>74,320</b>	<b>72,392</b>	<b>77,283</b>	<b>4,891</b>
<b>Tangible fixed assets</b>	<b>57,094</b>	<b>56,564</b>	<b>54,233</b>	<b>54,441</b>	<b>208</b>
Buildings	12,881	13,144	12,712	11,801	-911
Machinery, equipment, and vehicles	11,993	10,988	10,232	8,958	-1,274
Vending machines	13,413	14,424	13,676	14,290	614
Land	16,083	15,694	15,529	17,454	1,925
Construction in progress	389	4	20	-	-20
Other	2,333	2,308	2,061	1,936	-125
<b>Intangible assets</b>	<b>1,402</b>	<b>1,132</b>	<b>2,030</b>	<b>2,516</b>	<b>486</b>
Softwares	1,229	907	1,728	1,749	21
Other	172	224	302	767	465
<b>Investments, etc.</b>	<b>10,369</b>	<b>16,623</b>	<b>16,128</b>	<b>20,324</b>	<b>4,196</b>
Investment securities	647	2,025	1,595	1,325	-270
Subsidiaries securities	-	3,072	3,663	7,870	4,207
Long-term loans	-	6,637	4,778	4,590	-188
Long-term deferred tax assets	443	623	1,906	2,235	329
Miscellaneous investments	9,314	4,501	4,576	4,833	257
Reserve for bad debts	-36	-236	-391	-531	-140
<b>Total assets</b>	<b>107,034</b>	<b>107,479</b>	<b>108,110</b>	<b>108,919</b>	<b>809</b>

## Parent Balance Sheet Liabilities/Stockholders' Equity Section

(Units: Yen in millions)

	2000/6	2001/6	2002/6	2003/6	YoY
Current liabilities	16,221	14,867	13,743	22,309	8,566
Accounts payable	6,432	5,958	5,141	4,972	-169
Convertible bonds due within one year	-	-	-	8,167	8,167
Accounts payable-other	4,897	4,356	3,751	2,756	-995
Expenses payable	3,242	3,358	3,967	4,133	166
Corporation taxes payable	178	5	4	15	11
Deposits received	593	597	408	1,444	1,036
Other	875	590	469	820	351
Fixed liabilities	9,625	11,106	14,413	6,893	-7,520
Convertible bonds	8,167	8,167	8,167	-	-8,167
Retirement benefits	-	1,600	4,824	5,823	999
Reserve for directors' retirement allowances	270	303	240	174	-66
Miscellaneous fixed liabilities	1,186	1,035	1,182	894	-288
Total liabilities	25,846	25,974	28,156	29,203	1,047
Capital	10,948	10,948	10,948	10,948	-
Capital surplus	10,040	10,040	10,040	10,040	-
Additional paid-in capital	10,040	10,040	10,040	10,040	-
Retained earnings	60,198	60,108	58,852	58,752	-100
Legal earnings reserve	1,443	1,562	1,618	1,618	-
Voluntary reserve	56,909	57,698	58,046	56,472	-1,574
Unappropriated profit for current term	1,846	848	-812	660	1,472
Net unrealized holding gains on securities	-	407	122	1	-121
Treasury stock	-	-	-9	-25	-16
Total capital	81,188	81,505	79,953	79,716	-237
Total liabilities and capital	107,034	107,479	108,110	108,919	809

## Parent Income Statement

(Units: Yen in millions)

	2000/6	2001/6	2002/6	2003/6	YoY	YoY(%)
Sales Volume (Cases in thousands)	35,538	36,799	37,815	36,123	-1,692	95.5%
Sales	74,996	77,590	75,913	76,080	168	100.2%
Cost of goods sold	39,122	40,687	41,070	42,475	1,405	103.4%
Net sales	35,874	36,902	34,843	33,604	-1,239	96.4%
SG&A	33,006	34,949	33,735	32,725	-1,010	97.0%
Sales	29,209	31,192	29,740	29,316	-424	98.6%
General administrative expenses	3,797	3,756	3,994	3,408	-586	85.3%
Operating profit	2,867	1,953	1,107	879	-228	79.4%
Non-operating profit	684	518	307	529	222	172.3%
Non-operating expenses	305	249	211	193	-18	91.5%
Recurring profit	3,246	2,222	1,203	1,216	13	101.1%
Extraordinary profit	124	-	340	305	-35	89.7%
Extraordinary loss	1,543	4,990	5,064	2,720	-2,344	53.7%
Net profit [ or loss ] before tax	1,827	-2,767	-3,520	-1,199	2,321	-
Corporation, resident and business taxes	148	33	20	15	-5	75.0%
Adjustment for corporation tax and other taxes	649	-1,172	-1,434	-558	876	-
Net profit [ or loss ]	1,029	-1,628	-2,106	-655	1,451	-
Retained earnings brought forward	817	2,476	1,293	1,316	23	101.8%
Unappropriated retained profits	1,846	848	-812	660	1,472	-

## Parent Nonoperating Income

### 【 Nonoperating income 】

(Units: Yen in millions)

	2000/6	2001/6	2002/6	2003/6	YoY
Interest and dividends received	65	188	91	393	302
Profit from sale of securities	191	-	-	-	-
Real estate leasing charges	237	233	148	111	-37
Other	189	96	67	24	-43
Total	684	518	307	529	222

### 【 Nonoperating expenses 】

(Units: Yen in millions)

	2000/6	2001/6	2002/6	2003/6	YoY
Interest paid	-	4	3	6	3
Bond interest	34	34	34	34	-
Real estate leasing costs	127	111	97	78	-19
Other	143	99	75	74	-1
Total	305	249	211	193	-18

## Parent Extraordinary Income

### 【 Extraordinary profit 】

(Units: Yen in millions)

	2000/6	2001/6	2002/6	2003/6	YoY
Proceeds from sale of land	124	-	337	276	-61
Profit from sale of investment securities	-	-	2	0	-2
Reversal of allowance of doubtful accounts	-	-	0	29	29
<b>Total</b>	<b>124</b>	<b>-</b>	<b>340</b>	<b>305</b>	<b>-35</b>

### 【 Extraordinary losses 】

(Units: Yen in millions)

	2000/6	2001/6	2002/6	2003/6	YoY
Loss from sales of fixed assets and fixed assets removal expenses	316	279	336	389	53
Loss on disposal of property, plant and equipment	-	30	126	31	-95
Special retirement allowances	1,227	2,627	2,553	866	-1,687
Loss on adopting retirement benefits accounting	-	2,015	2,015	1,339	-676
Loss on evaluation of golf course membership	-	5	8	45	37
Investment securities valuation losses	-	32	25	47	22
<b>Total</b>	<b>1,543</b>	<b>4,990</b>	<b>5,064</b>	<b>2,720</b>	<b>-2,344</b>

## Capex & Depreciation

### 【 Capex 】

(Units: Yen in millions)

	2000/12	2001/12	2002/12	2003/12 (E)	YoY
Vending machines	5,366	6,942	5,405	5,980	575
Buildings and structures	863	1,061	1,219	1,093	-126
Machinery and equipment	320	1,561	2,226	275	-1,951
Tools and implements	303	172	282	243	-39
Land acquired	1,434	-	2,401	-	-2,401
Proceeds from sale of land	-1,543	-1,897	-1,118	-564	554
Construction in progress	1,166	-439	-865	-45	820
<b>Total tangible fixed assets</b>	<b>7,911</b>	<b>7,401</b>	<b>9,550</b>	<b>6,982</b>	<b>-2,568</b>
Intangible assets	270	903	1,074	1,247	173
(of which, softwares)	( 270 )	( 298 )	( 1,535 )	( 873 )	( -662 )
(of which, softwares in progress)	( - )	( 605 )	( -461 )	( 374 )	( 835 )
Long-term prepaid expenses	1,782	1,947	1,923	2,180	257
Miscellaneous investment	646	401	575	341	-234
<b>Total investment</b>	<b>10,609</b>	<b>10,654</b>	<b>13,124</b>	<b>10,750</b>	<b>-2,374</b>

### 【 Depreciation 】

(Units: Yen in millions)

	2000/12	2001/12	2002/12	2003/12 (E)	YoY
Vending machines	5,107	5,620	5,482	5,707	225
Buildings and structures	980	984	1,224	1,084	-140
Machinery and equipment	2,488	2,261	2,131	1,916	-215
Tools and implements	313	292	275	273	-2
<b>Total</b>	<b>8,888</b>	<b>9,157</b>	<b>9,112</b>	<b>8,980</b>	<b>-132</b>
Intangible assets	555	443	610	648	38
(of which, softwares)	( 554 )	( 442 )	( 608 )	( 646 )	( 38 )
Long-term prepaid expenses	1,220	1,572	1,808	2,026	218

# Company Overview

(as of June 30, 2003)

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	1,567

## Board of directors (as of March 28, 2003)

President (Representative director)	Masakazu Morito	Director	Toyojiro Yoshinaga
Vice-President	Hiromu Nakamura	Director	Taijiro Naniwa
Managing director	Hideaki Nogami	Director	Akira Noguchi
Managing director	Toshiaki Hidehira	Director	Hitoshi Tarutani
Managing director	Naohiro Nishida	Director	Minoru Yoshizawa
Managing director	Yutaka Miyazaki	Director	Yasuhiro Sato
Director	Nobuhiro Tada	Director	Kazuo Tsukuda
Director	Tamio Yoshimatsu	Auditor	Hideichi Shibatani
Director	Jyuichi Hattori	Auditor	Tadamasa Amitsuka
Director	Noriyuki Korasaki	Auditor	Naomichi Asano
Director	Hiroshi Kanda		

Number of shares outstanding 62,591,049

Number of shareholders 5,578

Major shareholders	No. of shares owned(,000)	Ratio(%)
Kirin Brewery Co., Ltd.	25,779	41.43
Mitsubishi Heavy Industries Co., Ltd.	8,674	13.94
Employee ownership	1,710	2.75
The Master Trust Bank of Japan, Ltd.	1,311	2.11
Pension Account Trustee The Mitsui Asset Trust & Banking Co., Ltd. (2 Accounts)	1,058	1.70
Kamiyamato Co., Ltd.	1,050	1.69
Japan Trustee Services Bank, Ltd.	823	1.32
Nomura Securities Co., Ltd.	814	1.31
Yatani Co., Ltd.	675	1.08