

# PROFILE & ANALYTICAL GUIDE 2004



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 2006**

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 healthy business activities.

## 2004 ~ 2006 Midterm Business Plan

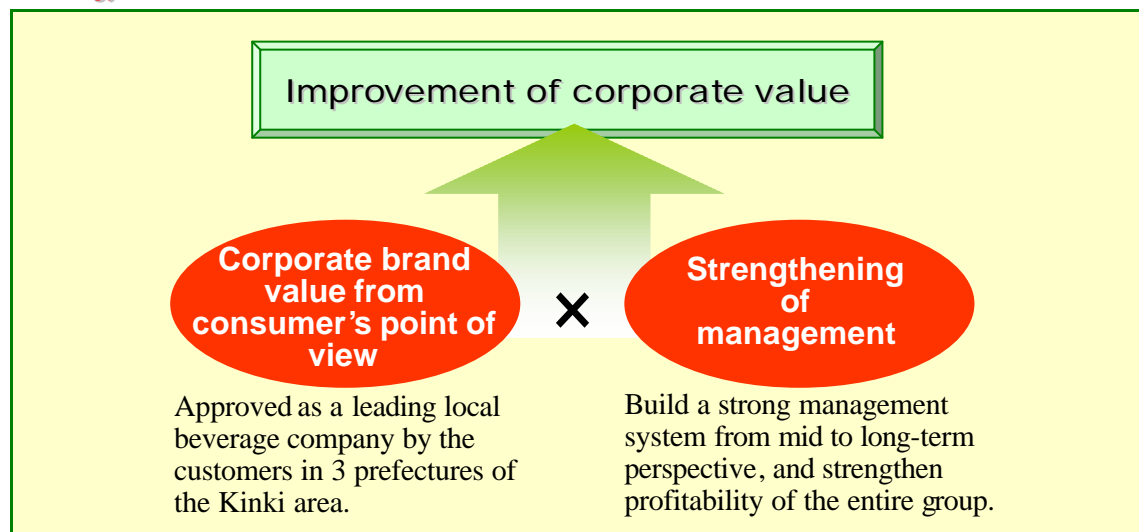
As we face the changes in the business environment, we newly adopted a 3-year midterm business plan for the period of 2004 to 2006. The aim is to flexibly adapt to future changes in the business environment by pursuing consumer's satisfaction and management restructuring, and strive for a strong business group.

A "Basic Strategy" has been undertaken to materialize "Vision 2006" raised by the group.

### Basic Strategy

1. Financial strategy
2. Strategy for improving corporate value from consumer's point of view
3. Restructuring strategy aimed at strengthening profitability and improving corporate value
4. Strategy for strengthening performance bases

### Strategy Axis



### 2006 Fixed Targets

S a l e s	:	¥ 187.2 billion
Ordinary profit	:	¥ 10.0 billion
R O E	:	7.0 %

## Midterm Business Plan Specific Action of Basic Strategy

### 1. Financial strategy

- Upkeep an increase in revenue and profits.
- Improve finances to uplift stock value.
- Improve important management indices.

### 2. Strategy for improving corporate from customer's point of view

- Establish means of 2-way communication with consumer.
- Communicate directly within the coverage areas.
- Innovate business style for better consumer satisfaction with customers of partners.
- Establish a reliable quality assurance and control system.

### 3. Restructuring strategy aimed at strengthening profitability and improving corporate value

#### 【Within the Coca-Cola System】

- Strengthen the partnership with Cola-Cola (Japan) Co., Ltd.
- Make maximum use of advantages drawn from SCM (Supply Chain Management) including cost reduction and a lower cost price.
- Build a group structure necessary to transform into a sales company.
- Unify the information system (development system) in Japan.
- Strengthen cooperation with strategic partners.

#### 【Within our group】

- Integrate and restructure administrative departments that include group companies.
- Innovate management in order to improve the quality and speed of decision-making and strategy execution.
- Institute a new retirement allowance system.
- Apply progress management system to control departmental activity plans.
- Strengthen cooperation with strategic partners.

#### 【Strategy for social contributions】

- .Penetrate corporate compliance
- Strengthen environmental activities.

### 4. Strategy for strengthening performance bases

- Provide CDP (Career Development Programs) for the entire group staff.
- Create a corporate atmosphere that pursues consumer satisfaction.
- Develop human resources who have the desire to achieve and take pride in their work.
- Redesign the personnel system for promoting group business.

## Coca-Cola National Beverage Co., Ltd. Starts Operations

Coco-Cola National Beverage Co., Ltd. (CCNBC), which was jointly set up by Coca-Cola Japan Co., Ltd. and all the Coca-Cola bottlers in Japan in 2003, started its operations in October that year with the production and distribution of toll products and the procurement of raw materials as the first stage. For the second stage, with the transfer of franchised product operations to CCNBC in January this year and the integration of two different types of conventional production systems, toll and franchised, a new supply chain management system (SCM) will be fully operative in which CCNBC will take control of all products of Coca-Cola System on a national scale.

### Cost Reduction

The integrated SCM aims to increase productivity through improved management of resources distributed across Japan and to reduce cost through standardization of the operational processes and integration of the information system. The profits realized by the cost reduction will be given back to the shareholders, bottlers, to be reinvested to strengthen sales proposal capabilities and production capacity so that the Coca-Cola System as a whole would extend the competitiveness and enjoy a long-term growth of profits.

The cost reduction effect achieved in the 15 months between the launch of CCNBC in October

2003 and the end of the year 2004 was estimated at approximately ¥16.5 billion, which surpassed the goal of ¥12 billion. As was projected at the start, an annual cost reduction of ¥25 billion will

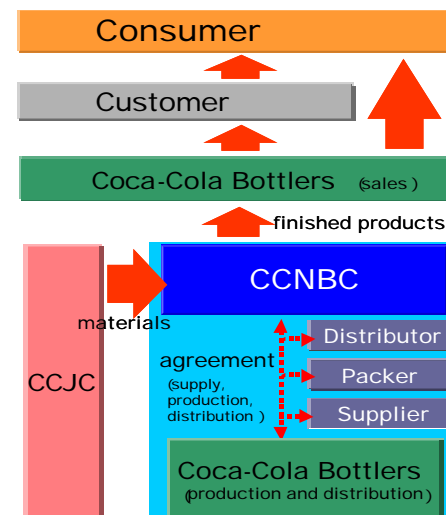
be achieved by fiscal 2007 (¥7 billion in procurement, ¥12 billion in production and ¥6 billion in distribution).

For the maintenance and improvements of the supply chain, CCNBC plans to invest ¥4 billion for the development of new products and production facility and ¥9 billion for the integrated information system in Fiscal 2004 and also plans to continue investments for the next three years.

### Nationwide Optimization of the Production Capacity

With the introduction of the integrated nationwide SCM, the Coca-Cola System will integrate existing 34 factories (104 production lines) into 27 factories (90 production lines including 3 new production lines) by 2007. For the first step, 4 factories (6 production lines) will stop the operation in Fiscal 2005.

### 【Structure of supply and demand】



## Topics

### Akashi Logistics Center is Under Construction

With the aim of reducing distribution costs within the Coca-Cola System, the construction of Akashi Logistics Center is planned to begin in January 2005. This center will be located on the premise of our Akashi Factory and leased to Coca-Cola National Beverage Co., Ltd.

#### < Overview of Akashi Logistics Center >

Amount of Investment	¥3.5 billion
Completion	November 2005
Capacity	Storage : 33,400 pallets Handling : 607 pallets/hour Truck Loading : 32 trucks/hour (8 berths)



### Dividend

The company increased the year-end dividend to ¥12 per share for Fiscal 2004, reflecting its focus on shareholders' interest. The company plans to increase the annual total of the Dividend to ¥24 per share for Fiscal 2005.

#### < Dividend Per Share >

Fiscal Year	interim	Year-End	Annual Total
2003.12	¥ 9	¥ 9	¥ 18
2004.12	¥ 9	¥ 12	¥ 21
2005.12 (E)	¥ 12	¥ 12	¥ 24

### Change in the Number of Shares for A Unit of Transaction

Considering the movement of stock prices, the requirement from the market and other factors, the company decided to change the number of shares for a unit of transaction so that corporate as well as individual investors can invest in a more flexible way, thus stimulating the mobility of stocks.

Description of the Change	The number of shares for a unit of transaction will be reduced from 1,000 shares to 100 shares.
Effective Date of the Change	June 1st , 2005

## New Products and New Promotional Campaign on Key Brands

### "Hajime" - A Brand New Japanese Green Tee

"Avoiding excessive processing" is the key to extract the attractive quality of tea leaves to the full

A new green tea product, "Hajime", is on sale starting on March 17th, 2005. With the concept of "an attractive taste by avoiding excessive processing", the emphasis is on reproducing "the original taste of green tea that tea growers brew for themselves". In order to extract the natural taste, tealeaves are kept as unprocessed as possible. For example, tealeaves are processed under lower temperature than in the usual process. In this way, a simple and fresh taste with "comfortable relaxation", "refreshing coolness" and "vitalizing savour" is realized.

The product name, "Hajime", represents the development concept of "the origin" by which we tried to focus on the origin of tea making, tea growers and production. The name also represents "the first experience" with this kind of taste.



### Coca-Cola New Campaign Kicked Off

"A Moment of Togetherness - With Coca-Cola"

Coca-Cola's new campaign, "A Moment of Togetherness - With Coca-Cola", was kicked off on March 1st, 2005. In the new campaign, people get together consecutively through Coca-Cola Contour Bottle. It conveys a message in an impressive way, saying, "Anytime you feel happy, joyful or touched, Coca-Cola is with you, enriching the precious moment for you."



### Aquarius Renewal Now On Sale

"Evolving with Sports Science"

Sports drink, Aquarius, is now renewed and on sale starting on March 21st, 2005. Renewed Aquarius is developed on the basis of the latest knowledge of sports science to compensate for the loss of minerals through sweat and rehydrate the body effectively. Due to its isotonic properties (meaning it has the same osmolality as the bodily fluid), it also helps the increase of constituent amino acid and citric acid needed when you are taking exercise.



## Business Collaboration with Surutto-Kansai Co., Ltd.

The company executed a business collaboration agreement with [Surutto-Kansai Co., Ltd.](#) on September 29th, 2004. Surutto-Kansai is operating a postpaid fare-collection service called "PiTaPa\*". Based on this agreement, we developed a scheme by which PiTaPa Cards can be used to purchase beverage from Coca-Cola's vending machines. This service was started on November 9th of the year.

This is the first such scheme in Japan to use transportation-oriented postpaid cards to purchased goods from vending machines and we are sure that it will prove to be an important business collaboration for the "cashless age" of the future.

Increasing consumer satisfaction is one of the key elements of our mid-term management plan and the deployment of PiTaPa-enabled vending machines is one aspect of our efforts to further extend the scope of our services to customers.

Pitapa is an IC card system developed by Surutto-Kansai, which is a consortium participated by 49 transportation companies and public authorities in Kansai area. This system can be used for the settlement of transportation fees, which enables settlement among railroad companies which share parts of their tracks, as well as the settlement for the goods purchased from vending machines. This is the first transportation-oriented postpaid service in the world that provides such services.

### < Plan of Introducing PiTaPa-enabled Vending Machines >

Number of Machines to be Introduced	Approximately 2000 machines by the end of Fiscal 2008.
Location of Machines	In and around railroad stations, in the premise of Surutto-Kansai's affiliate companies and their related companies, and around PiTaPa's affiliate shops



## Financial Highlights Consolidated

	2001/12	2002/12	2003/12	2004/12	YoY	2005/12(E)	YoY
Sales Volume (Cases in thousands)	83,033	86,059	79,734	84,782	106.3%	87,400	103.1%
Sales (Yen in millions)	182,668	183,349	182,862	193,082	105.6%	187,900	97.3%
Operating Profit (Yen in millions)	8,067	5,469	5,986	7,991	133.5%	8,400	105.1%
Recurring Profit (Yen in millions)	7,840	5,475	5,323	7,808	146.7%	8,300	106.3%
Net Profit (Yen in millions)	201	161	-8,934	3,638	-	4,700	129.2%
Operating Profit on Sales	4.4%	3.0%	3.3%	4.1%	+ 0.8point	4.5%	+ 0.4point
Recurring Profit on Sales	4.3%	3.0%	2.9%	4.0%	+ 1.1point	4.4%	+ 0.4point
Net Profit on Sales	0.1%	0.1%	-	1.9%	+ 1.9point	2.5%	+ 0.6point
EPS (Yen)	3.22	2.58	-144.38	56.27	+ 200.65	75.15	+ 18.88
Shareholder's Equity Ratio	69.6%	69.4%	60.1%	63.2%	+ 3.1point	64.0%	+ 0.8point
BPS (Yen)	1,345.71	1,324.74	1,164.36	1,203.94	+ 39.58	1,255.09	+ 51.15
ROA	6.4%	4.6%	4.4%	6.5%	+ 2.1point	6.8%	+ 0.3point
ROE	0.2%	0.2%	-11.5%	4.9%	+ 16.4point	6.0%	+ 1.1point

## Business outline of consolidated subsidiaries

Company	Business Outline	Note
Kansai Beverage Services Co., Ltd.	* Operates vending machine management business * Operates drinks * Provides maintenance services for vending machine and peripherals * Supplies ground coffee to offices * Agency sales of telephone cards * Operates desk duties at branches managed by Kinki Coca-Cola group * Shared Service	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 ( coca-cola products )	
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) * Foods sales	
Akiyoshi Systems Co., Ltd.	* Operates of Akiyoshi grilled chicken restaurants	

## Consolidated Balance Sheet Assets Section

(Units: Yen in millions)

	2001/12	2002/12	2003/12	2004/12	YoY
Current assets	40,420	33,148	34,819	35,366	547
Cash and deposits	12,803	8,436	7,122	4,609	-2,513
Notes receivable & Accounts receivable	9,939	11,116	12,047	12,634	587
Securities	4,225	1,599	-	-	-
Inventories	8,476	7,858	8,180	9,040	860
Prepaid expenses	1,992	1,943	1,795	1,766	-29
Uncollected income	2,011	1,767	2,693	3,922	1,229
Deferred tax assets	256	389	2,889	3,095	206
Others	806	157	193	347	154
Reserve for uncollectable accounts	-90	-120	-102	-51	51
Fixed assets	80,670	86,369	86,579	84,083	-2,496
Tangible fixed assets	65,737	66,583	64,625	64,146	-479
Buildings & structures	16,369	15,993	15,073	15,086	13
Machinery, equipment & vehicles	11,605	11,849	10,066	8,226	-1,840
Vending machines	13,563	13,077	13,436	14,145	709
Land	18,060	20,378	20,189	19,823	-366
Construction in progress	911	50	444	503	59
Lease assets	3,869	3,453	3,601	4,396	795
Others	1,357	1,781	1,813	1,963	150
Intangible assets	5,288	5,054	3,385	3,508	123
Software	1,035	1,944	2,237	2,532	295
softwares in progress	605	191	365	589	224
Consolidated adjustment account	2,345	2,007	212	185	-27
Others	1,301	912	570	199	-371
Investments, etc.	9,644	14,731	18,568	16,428	-2,140
Investment securities	2,156	5,975	6,744	6,489	-255
Long-term loans	415	796	905	610	-295
Long-term prepaid expenses	1,918	1,719	2,133	2,218	85
Guarantee money surrendered	2,052	1,929	1,789	1,703	-86
Deferred tax assets	1,451	2,381	6,276	4,903	-1,373
Others	2,063	2,483	1,288	1,007	-281
Reserve for uncollectable accounts	-414	-555	-568	-502	66
Total assets	121,091	119,517	121,399	119,449	-1,950

# Consolidated Balance Sheet

# Liabilities, Minority interest & Capital Section

(Units: Yen in millions)

	2001/12	2002/12	2003/12	2004/12	YoY
Current liabilities	20,053	26,338	27,836	26,392	-1,444
Notes payable & accounts payable	8,292	7,622	8,495	7,328	-1,167
Short-term debts	390	273	5,000	3,600	-1,400
Convertible bonds due within one year	-	8,167	-	-	-
Long term loans due within one year	1,528	1,884	5,175	4,817	-358
Unpaid accounts	3,786	3,266	4,036	4,869	833
Unpaid corporate taxes, etc.	1,263	450	303	393	90
Unpaid consumption tax, etc.	25	383	505	370	-135
Unpaid expenses	3,721	3,091	3,231	3,863	632
Deferred tax liabilities	9	11	19	-	-19
Others	1,036	1,190	1,067	1,148	81
Long-term liabilities	16,773	10,245	20,567	17,563	-3,004
Convertible Bonds	8,167	-	-	-	-
Long-term debts	3,551	2,983	14,536	11,591	-2,945
Employees' severance and retirement benefits	3,337	5,394	723	1,368	645
Reserve for directors' retirement allowances	387	333	287	253	-34
Deferred tax liabilities	398	446	467	416	-51
Others	930	1,087	4,553	3,933	-620
Total liabilities	36,826	36,584	48,403	43,955	-4,448
Minority interest	42	55	64	80	16
Common stock	10,948	10,948	10,948	10,948	-
Capital surplus	10,040	10,040	10,040	10,040	-
Retained earnings	63,070	61,954	51,792	54,209	2,417
Net unrealized holding gains on securities	169	-41	179	258	79
Treasury stock	-5	-23	-29	-42	-13
Total shareholders' equity	84,222	82,877	72,931	75,413	2,482
Total of liabilities, minority interest and shareholders' equity	121,091	119,517	121,399	119,449	-1,950

# Consolidated Income Statement

(Units: Yen in millions)

	2001/12	2002/12	2003/12	2004/12	YoY	YoY(%)
Sales Volume (Cases in thousands)	83,033	86,059	79,734	84,782	5,048	106.3%
Sales	182,668	183,349	182,862	193,082	10,220	105.6%
Sales cost	96,446	97,577	98,851	105,115	6,264	106.3%
Net sales	86,221	85,772	84,010	87,967	3,957	104.7%
S&GA	78,154	80,303	78,024	79,976	1,952	102.5%
Operating profit	8,067	5,469	5,986	7,991	2,004	133.5%
Non-operating income	638	576	373	488	115	130.8%
Non-operating expenses	864	570	1,036	671	-365	64.8%
Recurring profit	7,840	5,475	5,323	7,808	2,485	146.7%
Extraordinary profits	807	1,812	295	259	-36	87.8%
Extraordinary losses	7,796	7,218	20,579	2,761	-17,818	13.4%
Net profit before tax	851	69	-14,961	5,306	20,267	-
Corporate taxes, corporate resident taxes & business taxes	1,615	751	469	597	128	127.3%
Corporation tax adjustment	-988	-861	-6,510	1,047	7,557	-
Minority shareholders gain ( - )	23	18	14	22	8	157.1%
Net profits	201	161	-8,934	3,638	12,573	-

## Manufacturing Expenses - Consolidated

(Units: Yen in millions)

	2002/12	2003/12	2004/12	YoY
Personnel Costs	1,972	2,239	2,235	-4
Unitily Costs	1,218	1,277	1,302	25
Manufacturing consignment processing costs	1,260	1,567	1,504	-63
Maintenance costs	468	576	635	59
Operation expenses	884	920	920	0
Depreciation costs	1,878	1,712	1,549	-163
Other fixed expenses	1,378	1,329	1,317	-12
Total	9,061	9,623	9,465	-158

### 【 Production 】

(Unit: thousand cases)

	2002/12	2003/12	2004/12	YoY
Production volume	80,013	88,799	87,030	-1,769

## SG & A Costs - Consolidated

(Units: Yen in millions)

	2002/12	2003/12	2004/12	YoY
Personnel Costs	27,040	26,945	25,332	-1,613
Full-service sales commissions	16,208	15,949	17,131	1,182
Sales promotional expenses and advertisement expenses	7,822	7,874	8,928	1,054
Products delivery expenses	7,129	6,634	7,122	488
Vending machine expenses	3,538	2,762	3,352	590
Depreciation	9,521	9,600	9,790	190
Computer expenses	850	880	650	-230
Depreciation for consolidated adjusted account	252	139	26	-113
Other fixed costs (repairs, entertainment, miscellaneous)	7,939	7,236	7,645	409
<b>Total</b>	<b>80,303</b>	<b>78,024</b>	<b>79,976</b>	<b>1,952</b>

## Nonoperating Income - Consolidated

### 【 Nonoperating income 】

(Units: Yen in millions)

	2001/12	2002/12	2003/12	2004/12	YoY
Interest received	28	9	19	33	14
Security interest	13	2	0	-	-0
Dividends received	20	19	20	19	-1
Real estate leasing charges	288	227	115	127	12
Equity in earnings of affiliates	-	-	-	164	164
Others	287	318	217	143	-74
<b>Total</b>	<b>638</b>	<b>576</b>	<b>373</b>	<b>488</b>	<b>115</b>

### 【 Nonoperating expenses 】

(Units: Yen in millions)

	2001/12	2002/12	2003/12	2004/12	YoY
Interest paid	84	71	80	207	127
Bond interest	69	69	69	-	-69
Real estate leasing costs	204	188	81	82	1
Loss on disposal of supplies etc.	122	121	125	278	153
Equity in loss of affiliates	218	12	553	-	-553
Others	164	107	126	102	-24
<b>Total</b>	<b>864</b>	<b>570</b>	<b>1,036</b>	<b>671</b>	<b>-365</b>

## Extraordinary Income - Consolidated

### 【 Extraordinary profit 】

(Units: Yen in millions)

	2001/12	2002/12	2003/12	2004/12	YoY
Gain from prior period adjustment	-	-	-	103	103
Income on sale of fixed assets	807	352	293	0	-293
Profit from sale of investment securities	-	2	2	74	72
Reversal of allowance for doubtful accounts	-	-	-	80	80
Reversal of multiemployer pension plan benefits	-	1,456	-	-	-
<b>Total</b>	<b>807</b>	<b>1,812</b>	<b>295</b>	<b>259</b>	<b>-36</b>

### 【 Extraordinary losses 】

(Units: Yen in millions)

	2001/12	2002/12	2003/12	2004/12	YoY
Loss from sales of fixed assets and fixed assets removal expenses	583	641	699	666	-33
Special retirement allowances	2,941	2,604	875	1,309	434
Loss on impairment	-	-	-	365	365
Loss on disaster of typhoon	-	-	-	158	158
Expense of new type of paper money - ready on vending machine	-	-	-	257	257
Investment securities valuation losses	66	48	60	4	-56
Transition obligation of employees' severance and retirement benefit plan	4,030	3,804	2,231	-	-2,231
Losses on liquidation of the defined benefit plan	-	-	14,667	-	-14,667
Loss of evaluation of golf course membership	68	119	182	-	-182
Depreciation in a lump for consolidated adjusted account	-	-	1,655	-	-1,655
Others	105	-	207	-	-207
<b>Total</b>	<b>7,796</b>	<b>7,218</b>	<b>20,579</b>	<b>2,761</b>	<b>-17,818</b>

## Cash Flow - Consolidated

(Units: Yen in millions)

	2004/12		2004/12
. Cash flow from operating activities	18,500	. Cash flow from investing activities	-15,156
Net profit before adjustment, including tax, for interim term	5,306	Expenses from fixed-term deposits	-30
Depreciation	13,233	Proceeds from fixed-term deposits	40
Loss on impairment	365	Purchase of tangible fixed assets	-12,525
Amortization of long-term prepaid expenses	2,469	Sale of tangible fixed assets	1
Depreciation for consolidated adjusted account	26	Purchase of intangible fixed assets	-1,152
Decline in Employees' severance and retirement benefits	644	Purchase of long-term prepaid expenses	-2,609
Increase in reserve for director's retirement allowance	-34	Purchase of investment securities	-13
Increase in reserves for bad debt	-33	Sale of investment securities	617
Interest and dividends received	-53	Loans extended	-86
Interest paid	207	Loans recovered	332
Equity in losses of affiliate	-164	Decline in other investments	269
Profit from sale of securities and investment securities	-74	. Cash flow from financing activities	-5,846
Securities and investment securities valuation losses	4	Decline in Short-term debts	-1,400
Profit from sales of tangible fixed assets	-0	Income from long-term debt	2,000
Loss from sale of fixed assets	666	Repayment of long-term debt	-5,303
Loss on disaster of typhoon	158	Share buyback costs	-12
Retirement allowances	1,309	Dividend payable	-1,125
Increase in trade receivables	-589	Dividend paid to minority stockholders	-4
Increase in inventories	-860	. Decline in cash and cash equivalents	-2,503
Increase in trade payables	-1,052	. Cash and cash equivalents at beginning of year	7,082
Increase in unpaid consumption tax and others	-135	. Cash and cash equivalents at end of year	4,579
Directors' bonuses payable	-97		
Decline in other assets and liabilities	-844		
Subtotal	20,451		
Interest and dividends received	74		
Interest payable	-210		
Retirement allowances payable	-1,309		
Contribution to liquidation of the defined benefit plan	-		
Corporate taxes payable	-507		

## Capex and Depreciation - Consolidated

### 【 Capex 】

(Units: Yen in millions)

	2001/12	2002/12	2003/12	2004/12	YoY	2005/12(E)	YoY
Vending machines	7,067	5,517	6,779	7,228	449	7,372	144
Buildings and structures	1,195	1,362	495	1,373	878	3,471	2,098
Machinery, equipment and vehicles	2,220	3,062	949	1,542	593	3,449	1,907
Tools and implements	382	1,006	620	800	180	801	1
Land acquisition	-	2,401	-	-	-	1,000	1,000
Land disposal	-1,897	-681	-564	-	564	-	-
Construction in progress	-438	-865	394	59	-335	-1,626	-1,685
Leased assets	1,436	1,729	1,753	2,664	911	2,472	-192
<b>Total of tangible fixed assets</b>	<b>9,965</b>	<b>13,531</b>	<b>10,426</b>	<b>13,675</b>	<b>3,249</b>	<b>16,939</b>	<b>3,264</b>
Intangible assets	2,181	1,141	1,176	1,312	136	1,025	-287
(of which, softwares)	( 350 )	( 1,555 )	( 1,000 )	( 1,084 )	( 84 )	( 1,025 )	( -59 )
(of which, softwares in progress)	( 605 )	( -414 )	( 174 )	( 224 )	( 50 )	( - )	( -224 )
(of which, Consolidated adjustment account)	( 1,221 )	( - )	( - )	( - )	( - )	( - )	( - )
Long-term prepaid expenses	2,495	2,430	2,934	2,634	-300	2,664	30
Miscellaneous investments	401	575	129	9	-120	56	47
<b>Total investments</b>	<b>15,042</b>	<b>17,677</b>	<b>14,665</b>	<b>17,630</b>	<b>2,965</b>	<b>20,684</b>	<b>3,054</b>

### 【 Depreciation 】

(Units: Yen in millions)

	2001/12	2002/12	2003/12	2004/12	YoY	2005/12(E)	YoY
Vending machines	5,742	5,606	5,874	6,044	170	6,300	256
Buildings and structures	1,240	1,438	1,252	1,145	-107	1,084	-61
Machinery, equipment and vehicles	3,017	2,908	2,691	2,503	-188	1,972	-531
Tools and implements	554	525	575	624	49	634	10
Leased assets	1,818	1,668	1,618	1,754	136	2,148	394
<b>Total</b>	<b>12,371</b>	<b>12,145</b>	<b>12,012</b>	<b>12,071</b>	<b>59</b>	<b>12,138</b>	<b>67</b>
Intangible assets	663	1,328	2,859	1,162	-1,697	1,090	-72
(of which, softwares)	( 479 )	( 646 )	( 701 )	( 788 )	( 87 )	( 1,053 )	( 265 )
(of which, Amortization of goodwill)	( - )	( 430 )	( 359 )	( 359 )	( 0 )	( 1 )	( -358 )
(of which, Consolidated adjustment account)	( 178 )	( 252 )	( 1,795 )	( 26 )	( -1,769 )	( 26 )	( 0 )
Long-term prepaid expenses	2,069	2,256	2,480	2,458	-22	2,365	-93

## Financial Highlights - Parent

						(Units: Yen in millions)	
	2001/12	2002/12	2003/12	2004/12	YoY	2005/12(E)	YoY
Sales Volume (Cases in thousands)	79,954	80,189	77,919	82,905	106.4%	85,500	103.1%
Sales (Yen in millions)	164,298	162,196	162,275	170,932	105.3%	165,300	96.7%
Operating profit (Yen in millions)	6,668	4,113	4,126	5,683	137.7%	5,900	103.8%
Recurring profit (Yen in millions)	7,383	4,362	4,730	6,140	129.8%	6,500	105.9%
Net profit (Yen in millions)	413	-373	-8,977	2,301	-	3,500	152.1%
Operating Profit on Sales	4.1%	2.5%	2.5%	3.3%	+ 0.8point	3.6%	+ 0.3point
Recurring Profit on Sales	4.5%	2.7%	2.9%	3.6%	+ 0.7point	3.9%	+ 0.3point
Net Profit on Sales	0.3%	-	-	1.3%	+ 1.3point	2.1%	+ 0.8point
EPS (Yen)	6.61	-5.98	-144.09	35.96	+ 180.05	55.96	+ 20.00
Equity Ratio	76.1%	75.3%	64.8%	67.6%	+ 2.8point	68.2%	+ 0.6point
BPS (Yen)	1,321.94	1,293.84	1,134.29	1,153.43	+ 19.14	1,185.40	+ 31.97
Total dividends (Yen)	1,126	1,126	1,126	1,313	187	1,500	187
Annual dividends per share (Yen)	18.00	18.00	18.00	21.00	+ 3.00	24.00	+ 3.00
Dividend propensity	272.3%	-	-	57.1%	+ 57.1point	42.9%	- 14.2point
Ratio of dividends to capital stock	1.4%	1.4%	1.6%	1.8%	+ 0.2point	2.0%	+ 0.2point
ROA	6.8%	4.0%	4.4%	5.7%	+ 1.3point	6.0%	+ 0.3point
ROE	0.5%	-0.5%	-11.8%	3.2%	+ 15.0point	4.7%	+ 1.5point

## Balance Sheet Assets Section

(Units: Yen in millions)

	2001/12	2002/12	2003/12	2004/12	YoY
<b>Current assets</b>	<b>37,029</b>	<b>29,999</b>	<b>31,206</b>	<b>31,126</b>	<b>-80</b>
Cash and deposits	9,935	6,263	5,466	3,026	-2,440
Notes receivable	90	46	0	0	0
Accounts receivable	9,454	10,405	10,631	10,648	17
Securities	4,225	1,599	-	-	-
Merchandise	2,308	2,385	2,685	3,226	541
Products	2,966	3,014	3,114	3,369	255
Raw materials	1,168	632	218	307	89
Inventories	827	838	1,099	1,045	-54
Prepaid expenses	1,520	1,623	1,527	1,473	-54
Short-term loans	1,307	1,213	1,257	1,386	129
Uncollected income	2,277	1,805	2,598	3,878	1,280
Deferred tax assets	165	66	2,433	2,401	-32
Others	865	207	253	393	140
Reserve for bad debts	-82	-103	-81	-32	49
<b>Fixed assets</b>	<b>71,719</b>	<b>77,569</b>	<b>78,410</b>	<b>75,677</b>	<b>-2,733</b>
<b>Tangible fixed assets</b>	<b>53,817</b>	<b>54,609</b>	<b>52,806</b>	<b>51,918</b>	<b>-888</b>
Buildings	12,494	12,333	11,731	11,902	171
Structures	1,279	1,161	1,050	1,096	46
Machinery, equipment, and vehicles	9,684	9,774	8,127	6,403	-1,724
Tools and implements	833	861	791	987	196
Vending machines	13,286	12,815	13,207	13,935	728
Land	15,328	17,618	17,454	17,088	-366
Construction in progress	910	45	444	503	59
<b>Intangible assets</b>	<b>1,707</b>	<b>2,171</b>	<b>2,620</b>	<b>3,145</b>	<b>525</b>
Softwares	932	1,858	2,088	2,403	315
Telephone subscription rights	116	116	116	116	0
Facility use rights	54	52	50	49	-1
Treasury stock	605	144	365	576	211
<b>Investments, etc.</b>	<b>16,194</b>	<b>20,788</b>	<b>22,982</b>	<b>20,613</b>	<b>-2,369</b>
Investment securities	1,638	1,334	2,594	2,634	40
Investment in subsidiaries and affiliate	3,635	7,826	6,310	5,853	-457
Long-term loans	134	124	98	98	0
Long-term loans to employee	112	147	199	9	-190
Long-term loans to subsidiaries	5,082	4,845	4,478	4,305	-173
Past due loans and receivable	184	179	73	80	7
Long-term prepaid expenses	1,295	1,227	1,332	1,322	-10
Guaranties money surrendered	1,533	1,405	1,319	1,308	-11
Long-term deferred tax assets	1,202	1,941	5,901	4,527	-1,374
Others	1,798	2,265	1,182	898	-284
Reserve for bad debts	-422	-509	-508	-425	83
<b>Total assets</b>	<b>108,749</b>	<b>107,569</b>	<b>109,616</b>	<b>106,803</b>	<b>-2,813</b>

## Balance Sheet Liabilities/Stockholders' Equity Section

(Units: Yen in millions)

	2001/12	2002/12	2003/12	2004/12	YoY
<b>Current liabilities</b>	13,514	20,591	23,298	22,719	-579
Accounts payable	5,067	4,243	4,650	3,822	-828
Short-term debts	-	-	5,000	3,600	-1,400
Convertible bonds due within one year	-	8,167	-	-	-
Long term loans due within one year	-	-	3,328	3,328	-
Other accounts payable	3,280	2,707	3,498	4,281	783
Corporation taxes payable	951	211	15	31	16
Consumption tax payable	-	52	230	82	-148
Expenses payable	3,662	3,996	4,107	4,666	559
Advances from customers	39	41	35	29	-6
Deposits received	382	737	1,773	2,098	325
Miscellaneous current liabilities	131	434	658	779	121
<b>Long-term liabilities</b>	12,500	6,032	15,329	11,896	-3,433
Long-term debts	-	-	10,672	7,344	10,672
Long-term Other accounts payable	-	-	3,952	3,382	3,952
Convertible bonds	8,167	-	-	-	-
Employees' severance and retirement benefits	2,967	4,943	171	678	507
Reserve for directors' retirement allowances	341	280	211	171	-40
Miscellaneous fixed liabilities	1,024	808	321	320	-1
<b>Total liabilities</b>	26,014	26,624	38,627	34,616	-4,011
<b>Common stock</b>	10,948	10,948	10,948	10,948	-
<b>Capital surplus</b>	10,040	10,040	10,040	10,040	-
Additional paid-in capital	10,040	10,040	10,040	10,040	-
<b>Retained earnings</b>	61,586	60,020	49,867	51,006	1,139
Legal Reserve	1,618	1,618	1,618	1,618	-
Voluntary earned surplus	57,698	58,046	56,472	46,314	-10,158
Unappropriated retained earnings	2,270	356	-8,224	3,072	11,296
Net unrealized holding gains on securities	163	-41	163	235	72
Treasury stock	-5	-23	-29	-42	-13
<b>Total shareholders' equity</b>	82,734	80,944	70,989	72,187	1,198
<b>Total liabilities and shareholders' equity</b>	108,749	107,569	109,616	106,803	-2,813

## Income Statement - Parent

(Units: Yen in millions)

	2001/12	2002/12	2003/12	2004/12	YoY	YoY(%)
Sales Volume (Cases in thousands)	79,954	80,189	77,919	82,905	4,986	106.4%
Sales	164,298	162,196	162,275	170,932	8,657	105.3%
Cost of goods sold	87,965	89,885	91,817	97,333	5,516	106.0%
Net sales	76,333	72,310	70,458	73,598	3,140	104.5%
SG&A	69,664	68,197	66,331	67,915	1,584	102.4%
Sales	62,454	60,853	59,701	62,829	3,128	105.2%
General administrative expenses	7,209	7,343	6,630	5,085	-1,545	76.7%
Operating profit	6,668	4,113	4,126	5,683	1,557	137.7%
Non-operating profit	1,243	693	1,064	1,127	63	105.9%
Non-operating expenses	528	444	459	669	210	145.6%
Recurring profit	7,383	4,362	4,730	6,140	1,410	129.8%
Extraordinary profit	750	2,268	283	270	-13	95.2%
Extraordinary loss	7,568	7,166	20,431	2,723	-17,708	13.3%
Net profit before tax	565	-536	-15,417	3,687	19,104	-
Corporation, resident and business taxes	1,077	329	30	30	-	100.0%
Adjustment for corporation tax and other taxes	-925	-491	-6,469	1,356	7,825	-
Net profit	413	-373	-8,977	2,301	11,278	-
Retained earnings brought forward from the prior fiscal year	2,476	1,293	1,316	1,334	18	101.4%
Dividends (interim)	563	563	563	562	-1	99.8%
Transfer to legal reserve (interim)	56	-	-	-	-	-
Unappropriated retained earnings	2,270	356	-8,224	3,072	11,296	-

## Capex & Depreciation

### 【 Capex 】

(Units: Yen in millions)

	2001/12	2002/12	2003/12	2004/12	YoY	2005/12 (E)	YoY
Vending machines	6,942	5,405	6,687	7,145	458	7,135	-10
Buildings and structures	1,061	1,219	462	1,358	896	3,416	2,058
Machinery and equipment	1,561	2,226	288	824	536	2,624	1,800
Tools and implements	172	282	199	481	282	349	-132
Land acquired	-	2,400	-	-	-	1,000	1,000
Proceeds from sale of land	-1,897	-1,118	-564	-	564	-	-
Construction in progress	-439	-865	399	59	-340	-1,626	-1,685
<b>Total tangible fixed assets</b>	<b>7,401</b>	<b>9,550</b>	<b>7,473</b>	<b>9,870</b>	<b>2,397</b>	<b>12,898</b>	<b>3,028</b>
Intangible assets	903	1,074	1,100	1,269	169	984	-285
(of which, softwares)	( 298 )	( 1,534 )	( 879 )	( 1,058 )	( 179 )	( 1,652 )	( 594 )
(of which, softwares in progress)	( 605 )	( -461 )	( 221 )	( 211 )	( -10 )	( -668 )	( -879 )
Long-term prepaid expenses	1,947	1,923	2,118	1,858	-260	2,102	244
Miscellaneous investment	401	575	129	26	-103	56	30
<b>Total investment</b>	<b>10,654</b>	<b>13,124</b>	<b>10,823</b>	<b>13,024</b>	<b>2,201</b>	<b>16,040</b>	<b>3,016</b>

### 【 Depreciation 】

(Units: Yen in millions)

	2001/12	2002/12	2003/12	2004/12	YoY	2005/12 (E)	YoY
Vending machines	5,620	5,482	5,759	5,946	187	6,169	223
Buildings and structures	984	1,224	1,060	983	-77	951	-32
Machinery and equipment	2,261	2,131	1,911	1,684	-227	1,369	-315
Tools and implements	292	275	264	269	5	272	3
<b>Total</b>	<b>9,157</b>	<b>9,112</b>	<b>8,994</b>	<b>8,884</b>	<b>-110</b>	<b>8,761</b>	<b>-123</b>
Intangible assets	443	610	650	744	94	994	250
(of which, softwares)	( 442 )	( 608 )	( 649 )	( 743 )	( 94 )	( 992 )	( 249 )
Long-term prepaid expenses	1,572	1,808	2,021	1,879	-142	1,904	25

# Company Overview

(as of December 31, 2004)

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	1,369

## Board of directors (as of March 30, 2005)

President (Representative director)	Masakazu Morito	Director	Yoshio Toguchi
Managing director	Yutaka Miyazaki	Director	Miyaki Hiroyoshi
Managing director	Tamio Yoshimatsu	Director	Minoru Yoshizawa
Managing director	Shigeki Ota	Director	Yasuhiro Sato
Managing director	Taijiro Naniwa	Director	Toshiaki Hanawa
Director	Noriyuki Korasaki	Auditor	Toshio Takesue
Director	Toyojiro Yoshinaga	Auditor	Hiroshi Kanda
Director	Akira Noguchi	Auditor	Naomichi Asano
Director	Tadamasa Amitsuka		
Director	Noriyasu Yabumoto		

Number of shares outstanding 62,591,049

Number of shareholders 5,259

Major shareholders	No. of shares owned (,000)	Ratio (%)
Kirin Brewery Co., Ltd.	25,779	41.44
Mitsubishi Heavy Industries Co., Ltd.	8,674	13.94
Japan Trustee Services Bank, Ltd.	2,645	4.25
Employee ownership	1,730	2.78
The Master Trust Bank of Japan, Ltd.	1,693	2.72
Kamiyamato Co., Ltd.	1,050	1.69
BBH Merrill Lynch Global A Location Fund	691	1.11
Yatani Co., Ltd.	650	1.04
SNFE Mack Japan Active Share-holder Fund LP	536	0.86
Goldman Sachs International	388	0.62