

**Financial Results
for the Six Months Ended June 30, 2010 — Consolidated
(Based on Japanese GAAP)**

July 30, 2010

Company name **Sapporo Holdings Limited**

Security code 2501
Listings Tokyo Stock Exchange (First Section); Sapporo Securities Exchange
URL <http://www.sapporoholdings.jp/english/>
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Scheduled dates:
Filing of quarterly financial reports August 12, 2010
Commencement of dividend payments —

Supplementary information to the quarterly earnings results Available
Quarterly earnings results briefing Available
(mainly targeted at institutional investors and analysts)

**1. Consolidated Financial Results for the Six Months Ended June 30, 2010
(January 1 – June 30, 2010)**

(Amounts in million yen rounded down to the nearest million yen)

(1) Operating Results

(Percentage figures represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended June 30, 2010	177,144	(2.9)	1,206	(10.3)	424	(18.1)	(684)	-
Six months ended June 30, 2009	182,413	-	1,344	-	518	-	(738)	-

	Net income per share	Diluted net income per share
	yen	yen
Six months ended June 30, 2010	(1.75)	-
Six months ended June 30, 2009	(1.88)	-

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
June 30, 2010	509,554	115,615	22.4	291.52
December 31, 2009	506,874	118,590	23.4	302.16

Note: Shareholders' equity

June 30, 2010: 114,191 million yen

December 31, 2009: 118,371 million yen

2. Dividends

Record date or period	Dividend per share				
	End Q1	End Q2	End Q3	Year-end	Full year
	yen	Yen	yen	yen	yen
Year ended December 31, 2009	-	0.00	-	7.00	7.00
Year ending December 31, 2010	-	0.00			
Year ending December 31, 2010 (forecast)			-	7.00	7.00

Note: No changes were made to dividend forecasts in the six months ended June 30, 2010.

3. Forecast of Consolidated Earnings for the Year Ending December 31, 2010 (January 1 – December 31, 2010)

(Percentage figures represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	391,000	0.9	13,500	4.7	11,000	2.6	4,800	5.8	12.25

Note: Changes were made to earnings forecasts in the six months ended June 30, 2010.

4. Other

*For details, see "4. Other" on page 8.

(1) Changes to scope of consolidation: None

*Changes affecting the status of significant subsidiaries (scope of consolidation)

(2) Simplified accounting: Yes

*Use of simplified accounting methods and/or accounting methods specific to quarterly consolidated financial statements

(3) Changes in accounting principles, procedures, and methods of presentation

1) Changes in accord with amendments to accounting standards: Yes

2) Changes other than the above: None

*Changes in accounting principles, procedures, and methods of presentation used to prepare the quarterly financial statements

(3) Number of shares issued and outstanding (common stock)

1) Number of shares issued at end of period (treasury stock included):

June 30, 2010: 393,971,493 shares

December 31, 2009: 393,971,493 shares

2) Number of shares held in treasury at end of period:

June 30, 2010: 2,261,824 shares

December 31, 2009: 2,218,784 shares

3) Average number of outstanding shares during the period:

Six months ended June 30, 2010: 391,721,094 shares

Six months ended June 30, 2009: 391,904,506 shares

*Quarterly review status

The quarterly financial results are not subject to quarterly reviews pursuant to the Financial Instruments and Exchange Act. The quarterly review of the quarterly financial results herein had not been completed as of the date of this document.

Appropriate Use of Earnings Forecasts and Other Important Information

This document contains projections and other forward-looking statements based on information available to the Company as of the date of this document. Actual results may differ from those expressed or implied by forward-looking statements due to various factors. For the assumptions underlying the forecasts herein and other information on the use of earnings forecasts, refer to "Earnings Forecasts" on page 8 .

1. Analysis of Operating Results

Consolidated financial results for the six months ended June 30, 2010 (January 1 – June 30, 2010)

Our International Alcoholic Beverages business achieved a further increase in sales volume in the first half of 2010 (January–June) while our Japanese Alcoholic Beverages business recorded a year-over-year increase in the April–June quarter, but a difficult operating climate meant that our first-half consolidated net sales fell 3% (¥5.2 billion) from January–June 2009 to ¥177.1 billion, reflecting both a first-quarter (January–March) decrease in sales volume and a further increase low-priced new genre beers' share of overall sales.

We booked operating income of ¥1.2 billion (down ¥0.1 billion, or 10%, from the year-earlier first half), ordinary income of ¥0.4 billion (essentially unchanged from a year earlier), and a net loss of ¥0.6 billion (down from ¥0.7 billion) for January–June 2010, reflecting the success of efforts to reduce manufacturing costs and make more efficient use of our sales promotion budget by focusing on core product lines within our Japanese Alcoholic Beverages business.

Segment Information

Impact of seasonal factors

The Group's operating results exhibit substantial seasonal variation because demand for its Alcoholic Beverages, Soft Drinks, and Restaurant businesses' products tends to be disproportionately concentrated in the summer months. First-half (January–June) sales and income therefore tend to be lower than in the second half of the year.

Alcoholic Beverages

Alcoholic Beverages (Japan)

Total demand in the Japanese beer and beer-type beverages appears to have contracted by around 4% from the first half of 2009, reflecting adverse weather and continued reluctance of consumers to loosen their purse strings.

Unit sales of our core Sapporo Draft Beer Black Label brand were down 7.9% from a year earlier as a growing preference for lower-priced products and a commercial market demand slump reduced total demand for conventional beer products by an estimated 6%. However, total unit sales for our Yebisu brand—which this year marks its 120th anniversary—rose 0.5% from a year earlier on the back of solid demand for our recently relaunched Yebisu Silk line, thereby limiting the decline in our overall conventional beer sales to 5.9%, or slightly less than the 6% decline in aggregate demand.

Unit sales of new genre products were up 7.3% from a year earlier, reflecting a 24.3% surge for *Mugi to Hop* now marketed under the slogan “So tasty you'll think it's real beer” (translated from the Japanese) as well as a solid contribution from our summer-only Sapporo Ice Lager brand (launched in June).

In the low-alcohol category, our May launch of Sapporo Nectar Sour Sparkling Peach in collaboration with Fujiya proved highly successful, with sales exceeding 50% of our full-year target within just three weeks of release.

In the wine and liquor business, revenues and earnings were both down year over year, despite efforts to reduce costs.

Overall, our Japanese Alcoholic Beverages business booked sales of ¥125.7 billion (down ¥6.9 billion, or 5%, year over year) for January–June 2010, while our operating loss was limited to ¥0.1 billion (whereas we booked an operating loss of less than ¥0.1 billion a year earlier) as one-time charges associated with our newly launched sales and logistics system were partially offset by reductions in manufacturing costs and more efficient use of our sales promotion budget by, for example, focusing on core products.

Alcoholic Beverages (International)

North American beer demand remained relatively sluggish despite some indications that consumers might be starting to increase their spending on certain items, with aggregate demand estimated to have contracted by around 2–3% from a year earlier.

Amid such an environment, the International Alcoholic Beverages business continued to actively focus on sales to the premium market segment, and Canadian subsidiary Sleeman Breweries' unit sales (excluding outsourced production of Sapporo brand products) increased 6% year over year. Sapporo USA's Sapporo brand unit sales to the North American market were up 20% from a year earlier, while its overseas sales, mainly concentrated in Asia, rose 17%.

In December 2009, we reached a decision to enter the Vietnam market. Brewery construction is set to begin in July, and we continue to formulate a marketing strategy and build a distribution network in preparation for locally producing and selling beer in partnership with the state-owned Vietnam National Tobacco Corp.

Overall, the International Alcoholic Beverages business incurred an operating loss of ¥0.1 billion (essentially unchanged from a year earlier) on sales of ¥12.4 billion (up ¥2.0 billion, or 20%, year over year) for January–June 2010.

Soft Drinks

Our estimates indicate that the domestic soft drink market contracted by around 2% relative to January–June 2009 amid continuing adverse market conditions.

Against such a backdrop, the Soft Drinks business focused its marketing strategy on cultivating and strengthening existing brands, allocating marketing expenditures to core brand products while also bolstering its sales force.

Sales campaigns for our recently renewed Gabunomi brand have targeted high-school students, while in-store campaigns for the Ribbon product line featuring our Ribbon-chan promotional character have proved effective in expanding our retail presence. Unit sales of Gerolsteiner naturally carbonated water from Germany surged 21% from a year earlier as we endeavored to reach even more consumers by, for instance, introducing new products for the vending machine channel and running television commercials.

