



Six Months Ended June 30, 2010
Consolidated 1st Half Earnings Report—Supplementary Information

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July 2010

SAPPORO HOLDINGS LTD.

Securities code: 2501

URL <http://www.sapporoholdings.jp/english/>

Consolidated Results (Six Months Ended June 30, 2010)

1. Condensed Consolidated Statements of Income

(billions of yen)

	Six months ended June 30, 2009	Six months ended June 30, 2010	Change	Change (%)
Alcoholic Beverages	143.1	138.2	(4.9)	(3.4)
<i>Japan</i>	132.7	125.7	(6.9)	(5.3)
<i>International</i>	10.4	12.4	2.0	19.7
Soft Drinks	14.8	14.7	(0.0)	(0.6)
Restaurants	13.2	12.8	(0.4)	(3.6)
Real Estate	11.1	11.3	0.2	2.0
Net sales	182.4	177.1	(5.2)	(2.9)
Alcoholic Beverages	(0.2)	(0.2)	(0.0)	—
<i>Japan</i>	(0.0)	(0.1)	(0.1)	—
<i>International</i>	(0.1)	(0.1)	0.0	—
Soft Drinks	(0.0)	0.0	0.0	—
Restaurants	(0.4)	(0.4)	(0.0)	—
Real Estate	3.5	3.5	(0.0)	(0.9)
General corporate and intercompany eliminations	(1.5)	(1.6)	(0.1)	—
Operating income	1.3	1.2	(0.1)	(10.3)
Non-operating income	1.1	1.3	0.1	16.1
Non-operating expenses	1.9	2.0	0.1	7.1
Ordinary income	0.5	0.4	(0.0)	(18.1)
Extraordinary gains	0.0	1.2	1.1	*****
Extraordinary losses	0.7	1.4	0.7	94.4
Income before income taxes and minority interests	(0.2)	0.1	0.3	—
Income taxes and minority interests (loss)	0.5	0.8	0.3	64.3
Net income	(0.7)	(0.6)	0.0	—

Capital expenditures (cash basis)	8.7	13.6	4.9	55.9
Depreciation and amortization	11.3	11.4	0.1	0.9
Amortization of goodwill	0.5	0.5	0.0	8.6
EBITDA *2	13.1	13.1	0.0	0.1

Consolidated	Year ended December 31,2009	Six months ended June 30, 2010	Change	Change (%)
Financial liabilities *1	196.7	212.2	15.4	7.8
Debt-to-equity ratio (times)	1.7	1.8	0.2	

*1: Financial liabilities include commercial paper, and exclude the balance of lease obligations.

*2: EBITDA = Operating income + Depreciation and amortization + Amortization of goodwill

Consolidated Results (Six Months Ended June 30, 2010)

**2. Consolidated Statements of Income
Breakdown of Key Changes**

(billions of yen)

	Details	Six months ended June 30, 2009	Six months ended June 30, 2010	Change	
Beer and related products	Total	(0.5)	(0.6)	(0.1)	
Marginal profit	Sub total			(0.1)	
	Increase (decrease) in volume / Product mix			(0.9)	Beer -1.5 Happoshu -0.6 New genre +1.0 Product mix +0.2
	Decrease in cost of raw ingredients and materials			0.6	
	Other cost reductions			0.2	Decrease in loss on disposal of inventories +0.1, other factors
Fixed and other costs	Sub total			0.0	
	New sales and logistics system			(1.0)	Depreciation and amortization, etc.
	Decrease in sales promotion costs			0.3	
	Other cost reductions			0.7	Decrease in personnel expenses +0.3 Depreciation and amortization +0.3
Wine and spirits		0.1	0.1	(0.0)	
Other		0.4	0.4	(0.0)	Sake, agribusiness, other factors
Alcoholic Beverages (Japan)		(0.0)	(0.1)	(0.1)	
Existing Alcoholic Beverages (International)		(0.1)	(0.0)	0.1	
	Increase (decrease) in volume / Product mix / Raw ingredients			0.4	Increase in volume +0.5, other factors
	Exchange rates			(0.0)	
	Other			(0.2)	Increase in marketing costs -0.2, etc.
Business in Vietnam		0.0	(0.1)	(0.1)	
Alcoholic Beverages (International)		(0.1)	(0.1)	0.0	
Soft Drinks		0.3	0.4	0.1	
	Increase (decrease) in volume / Product mix			(0.5)	Decrease in volume -0.2, product mix -0.3
	Decrease in production costs			0.3	Decrease in cost of raw ingredients and materials +0.2, decrease in production costs +0.1
	Other cost reductions			0.2	Decrease in vending machine expenses +0.1, other factors
Food business		(0.4)	(0.4)	(0.0)	
Soft Drinks		(0.0)	0.0	0.0	
	Existing stores			0.0	
	New stores / Refurbished stores			(0.0)	
Restaurants		(0.4)	(0.4)	(0.0)	
	Sales			(0.1)	
	Rent			0.1	Chikusa Garden Terrace (condominium)
Real Estate		3.5	3.5	(0.0)	
General corporate and intercompany eliminations		(1.5)	(1.6)	(0.1)	
Change in operating income		1.3	1.2	(0.1)	
	Financial income (expense)	(1.2)	(1.2)	(0.0)	Increase in interest expense -0.05
	Equity in income (losses) of affiliates	(0.0)	(0.1)	(0.1)	
	Foreign exchange gain (loss)	0.1	(0.0)	(0.1)	
	Other	0.3	0.6	0.3	
Non-operating income and expenses		(0.8)	(0.8)	0.0	
Change in ordinary income		0.5	0.4	(0.0)	
	Gain on sales of property, plant and equipment	0.0	0.0	(0.0)	
	Gain on sales of investment securities	—	0.6	0.6	
	Reversal of removal costs	—	0.6	0.6	
	Other extraordinary gains	—	0.1	0.1	
	Loss on disposal of property, plant and equipment	(0.5)	(0.6)	(0.1)	
	Impairment losses	—	(0.1)	(0.1)	
	Business structure improvement expenses	—	(0.7)	(0.7)	Strategic restructuring of domestic wine production operations
	Other extraordinary losses	(0.2)	(0.1)	0.1	
Extraordinary gains and losses		(0.7)	(0.2)	0.5	
Change in income before income taxes and minority interests		(0.2)	0.1	0.3	
Change in income taxes and minority interests (loss)		(0.5)	(0.8)	(0.3)	
Change in net income		(0.7)	(0.6)	0.0	

	Six months ended June 30, 2009	Six months ended June 30, 2010
yen / US\$	95.60	91.36
yen / CAN\$	79.42	88.34

Consolidated Results (Six Months Ended June 30, 2010)

3. Segment Information

(billions of yen)

Six months ended June 30, 2009	Alcoholic Beverages (Japan)	Alcoholic Beverages (International)	Soft Drinks	Restaurants	Real Estate	Corporate and eliminations	Consolidated total
Net sales	132.7	10.4	14.8	13.2	11.1	—	182.4
Operating income	(0.0)	(0.1)	(0.0)	(0.4)	3.5	(1.5)	1.3
Sales promotion cost							
Sales incentives and commissions	6.6	0.0	2.1	0.0	0.0	(0.0)	8.8
Advertising and promotion expenses	8.4	0.4	0.2	0.5	0.1	(0.0)	9.8
Promotional items	3.4	0.4	0.0	0.0	0.0	0.0	3.8
Capital expenditures (cash basis)	5.4	0.6	0.6	0.3	1.6	0.0	8.7
Depreciation and amortization	7.2	0.4	0.1	0.3	3.0	0.0	11.3
Amortization of goodwill	0.0	0.5	0.0	0.0	0.0	0.0	0.5
EBITDA *1	7.2	0.7	0.0	(0.0)	6.6	(1.4)	13.1

Six months ended June 30, 2010	Alcoholic Beverages (Japan)	Alcoholic Beverages (International)	Soft Drinks	Restaurants	Real Estate	Corporate and eliminations	Consolidated total
Net sales	125.7	12.4	14.7	12.8	11.3	—	177.1
Operating income	(0.1)	(0.1)	0.0	(0.4)	3.5	(1.6)	1.2
Sales promotion cost							
Sales incentives and commissions	6.7	0.0	2.3	0.0	0.0	(0.0)	9.1
Advertising and promotion expenses	8.4	0.5	0.2	0.5	0.0	(0.0)	9.9
Promotional items	2.8	0.6	0.0	0.0	0.0	0.0	3.4
Capital expenditures (cash basis)	2.5	0.2	0.3	0.4	10.2	0.0	13.6
Depreciation and amortization	7.1	0.5	0.2	0.3	3.0	0.0	11.4
Amortization of goodwill	0.0	0.5	0.0	0.0	0.0	0.0	0.5
EBITDA *1	7.0	1.0	0.2	(0.1)	6.6	(1.6)	13.1

Change	Alcoholic Beverages (Japan)	Alcoholic Beverages (International)	Soft Drinks	Restaurants	Real Estate	Corporate and eliminations	Consolidated total
Net sales	(6.9)	2.0	(0.0)	(0.4)	0.2	—	(5.2)
Operating income	(0.1)	0.0	0.0	(0.0)	(0.0)	(0.1)	(0.1)
Sales promotion cost							
Sales incentives and commissions	0.0	(0.0)	0.1	0.0	0.0	(0.0)	0.2
Advertising and promotion expenses	0.0	0.1	(0.0)	(0.0)	(0.0)	(0.0)	0.0
Promotional items	(0.6)	0.2	(0.0)	0.0	0.0	0.0	(0.4)
Capital expenditures (cash basis)	(2.9)	(0.4)	(0.2)	0.0	8.5	(0.0)	4.9
Depreciation and amortization	(0.0)	0.1	0.1	(0.0)	0.0	0.0	0.1
Amortization of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA *1	(0.2)	0.2	0.1	(0.0)	(0.0)	(0.1)	0.0

*1: EBITDA = Operating income + Depreciation and amortization + Amortization of goodwill

Sales Breakdown for Alcoholic Beverages (Japan)

Sales (including liquor tax)

(billions of yen)

	Six months ended June 30,	Six months ended June 30,	Change	Change (%)
Beer	79.2	74.5	(4.7)	(5.9)
Happoshu	6.3	4.7	(1.6)	(25.4)
New genre	31.2	33.2	2.0	6.4
Total	116.8	112.5	(4.3)	(3.7)

Sales (excluding liquor tax)

(billions of yen)

	Six months ended June 30,	Six months ended June 30,	Change	Change (%)
Beer	38.3	36.0	(2.3)	(6.0)
Happoshu	3.5	2.7	(0.7)	(20.0)
New genre	21.7	22.9	1.2	5.5
Total	63.6	61.7	(1.8)	(2.8)

