

Consolidated Earnings Report for the Year Ended December 31, 2005

February 17, 2006

Company name: SAPPORO HOLDINGS LIMITED

Stock exchange listings: Tokyo and Sapporo

Stock code: 2051

Head office: Tokyo

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

Representative director: Takao Murakami, President

Inquiries: Yoshiyuki Mochida, Director of Corporate Planning Department

TEL (03)5423-7407

Date of Board meeting to approve results: February 17, 2006

U.S. GAAP applied: No

1. Consolidated Results (January 1, 2005 to December 31, 2005)

(1) Consolidated Operating Results

(Amounts have been rounded down to the nearest ¥ million)

| | Net Sales | | Operating Income | | Ordinary Income | |
|------|-----------|-------|------------------|--------|-----------------|--------|
| | ¥ million | % | ¥ million | % | ¥ million | % |
| 2005 | 453,671 | - 8.3 | 10,300 | - 56.4 | 6,602 | - 63.3 |
| 2004 | 494,929 | 3.2 | 23,647 | 77.4 | 18,005 | 165.2 |

| | Net Income | | Net Income per Share | Diluted Net Income per Share | ROE | Ordinary Income to Total Capital | Ordinary Income Ratio |
|------|------------|--------|----------------------|------------------------------|-----|----------------------------------|-----------------------|
| | ¥ million | % | ¥ | ¥ | % | % | % |
| 2005 | 3,629 | - 21.8 | 10.20 | 9.18 | 3.6 | 1.1 | 1.5 |
| 2004 | 4,643 | 92.4 | 13.07 | 12.01 | 5.2 | 2.9 | 3.6 |

Notes:

(1) Equity-method earnings: 2005: -¥84 million; 2004: ¥10 million

(2) Average number of shares outstanding during period (consolidated): 2005: 355,853,395 shares; 2004: 355,305,203 shares

(3) Changes in accounting methods: No

(4) Percentages for net sales, operating income, ordinary income and net income represent year-on-year changes.

(2) Consolidated Financial Position

| | Total Assets | Shareholders' Equity | Equity Ratio | Shareholders' Equity per Share |
|-------------|--------------|----------------------|--------------|--------------------------------|
| | ¥ million | ¥ million | % | ¥ |
| Dec. 31, 05 | 583,845 | 111,410 | 19.8 | 305.00 |
| Dec. 31, 04 | 602,111 | 92,263 | 15.3 | 259.81 |

Note: Number of shares issued and outstanding at year-end: Dec. 31, 05: 365,284,323 shares; Dec. 31, 04: 355,117,445 shares

(3) Consolidated Cash Flows

| | Cash Flows From Operating Activities | Cash Flows From Investing Activities | Cash Flows From Financing Activities | Cash and Cash Equivalents at Year-end |
|------|--------------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|
| | ¥ million | ¥ million | ¥ million | ¥ million |
| 2005 | 39,077 | -7,675 | -65,533 | 24,748 |
| 2004 | 32,242 | 53,314 | -35,418 | 58,706 |

(4) Scope of Consolidation and Application of the Equity Method

Consolidated subsidiaries: 14; Non-consolidated subsidiaries accounted for by the equity method: 0; Equity-method affiliates: 4

(5) Changes in Scope of Consolidation and Application of the Equity Method

Consolidated subsidiaries (New) 0, (Eliminated) 1; Equity-method affiliates: (New) 0, (Eliminated) 0

2. Consolidated Forecasts for 2006 (January 1, 2006 to December 31, 2006)

| | Net Sales | Ordinary Income | Net Income |
|-----------|-----------|-----------------|------------|
| | ¥ million | ¥ million | ¥ million |
| Interim | 211,000 | -700 | -2,700 |
| Full Year | 465,000 | 12,800 | 4,000 |

(Reference) Forecast net income per share for 2006: ¥10.95

Consolidated Balance Sheets

(Million yen)

| Item | As of December 31, 2005 | As of December 31, 2004 | Change |
|-------------------------------------|----------------------------|----------------------------|-----------------|
| [Assets] | | | |
| Current assets | 140,093 | 184,109 | (44,015) |
| Cash and cash equivalents | 25,442 | 58,712 | (33,269) |
| Notes and accounts receivable-trade | 71,726 | 79,826 | (8,100) |
| Inventories | 21,927 | 23,054 | (1,126) |
| Deferred tax assets | 1,345 | 4,109 | (2,763) |
| Refundable income taxes | 2,711 | 552 | 2,159 |
| Other current assets | 17,241 | 18,140 | (899) |
| Allowance for doubtful receivables | (302) | (286) | (16) |
| Fixed assets | 423,752 | 418,002 | 5,749 |
| Property, plant and equipment, net | 340,771 | 351,732 | (10,961) |
| Buildings and structures | 217,008 | 223,511 | (6,502) |
| Machinery and automobiles | 46,275 | 51,708 | (5,432) |
| Land | 69,855 | 70,353 | (498) |
| Other | 7,631 | 6,159 | 1,472 |
| Intangibles | 2,008 | 2,474 | (466) |
| Investments and long-term loans | 80,972 | 63,794 | 17,177 |
| Investment securities | 50,849 | 31,686 | 19,162 |
| Long-term loans receivable | 10,842 | 11,151 | (308) |
| Deferred tax assets | 1,535 | 2,334 | (798) |
| Other investments and other assets | 20,605 | 21,478 | (873) |
| Allowance for doubtful receivables | (2,860) | (2,856) | (4) |
| Total Assets | 563,845 | 602,111 | (38,266) |

(Million yen)

| Item | As of December 31, 2005 | As of December 31, 2004 | Change |
|--|----------------------------|----------------------------|-----------------|
| [Liabilities] | | | |
| Current liabilities | 220,197 | 233,614 | (13,416) |
| Notes and accounts payable | 32,586 | 34,790 | (2,203) |
| Short-term bank loans and current portion of long-term debt | 62,971 | 80,608 | (17,637) |
| Liquor taxes payable | 38,260 | 43,379 | (5,119) |
| Income taxes payable | 669 | 2,547 | (1,878) |
| Accrued bonuses | 903 | 3,001 | (2,097) |
| Deposits received | 46,910 | 27,447 | 19,463 |
| Other current liabilities | 37,895 | 41,839 | (3,943) |
| Long-term liabilities | 232,236 | 276,234 | (43,997) |
| Bonds | 44,219 | 59,720 | (15,501) |
| Long-term bank loans | 113,532 | 149,525 | (35,992) |
| Employees' retirement benefits | 17,195 | 16,657 | 537 |
| Directors' and corporate auditors' severance benefits | 206 | 215 | (8) |
| Dealers' deposits for guarantees | 33,960 | 34,454 | (494) |
| Other long-term liabilities | 23,122 | 15,660 | 7,462 |
| Total liabilities | 452,434 | 509,848 | (57,413) |
| [Minority Interests] | | | |
| Minority interests in consolidated subsidiaries | - | - | - |
| [Shareholders' Equity] | | | |
| Common stock | 46,595 | 43,831 | 2,764 |
| Capital surplus | 39,010 | 36,241 | 2,768 |
| Retained earnings | 9,962 | 8,108 | 1,854 |
| Unrealized holding gain on securities | 16,502 | 4,803 | 11,698 |
| Foreign currency translation adjustments | (198) | (385) | 186 |
| Treasury stock, at cost | (461) | (336) | (124) |
| Total shareholders' equity | 111,410 | 92,263 | 19,147 |
| Liabilities, Minority Interests and Shareholders' Equity | 563,845 | 602,111 | (38,266) |

Consolidated Statements of Income

(Million yen)

| Item | 2005 Jan. 1, 2005 to Dec. 31, 2005 | 2004 Jan. 1, 2004 to Dec. 31, 2004 | Change |
|---|--|--|-----------------|
| Net sales | 453,671 | 494,929 | (41,258) |
| Cost of sales | 311,191 | 339,426 | (28,235) |
| Gross profit | 142,480 | 155,503 | (13,023) |
| Selling, general and administrative expenses | 132,179 | 131,855 | 324 |
| Sales incentives and commissions | 35,321 | 38,895 | (3,573) |
| Advertising and promotion expenses | 22,696 | 18,759 | 3,937 |
| Provision for doubtful receivables | 61 | 42 | 18 |
| Salaries | 17,137 | 17,456 | (319) |
| Provision for accrued bonuses | 576 | 2,073 | (1,496) |
| Retirement benefit expenses | 3,461 | 3,503 | (42) |
| Other | 52,924 | 51,124 | 1,799 |
| Operating income | 10,300 | 23,647 | (13,347) |
| Non-operating income | 2,069 | 2,030 | 38 |
| Interest income | 352 | 342 | 9 |
| Dividend income | 471 | 399 | 72 |
| Rental income | 213 | 55 | 158 |
| Gain on transactions related to gift coupon | 330 | 221 | 109 |
| Equity in income of an affiliate | - | 13 | (13) |
| Other non-operating income | 701 | 998 | (296) |
| Non-operating expenses | 5,767 | 7,672 | (1,905) |
| Interest expense | 3,495 | 4,863 | (1,368) |
| Loss on disposal of inventories | 1,183 | 1,662 | (479) |
| Equity in loss of affiliates | 84 | - | 84 |
| Other non-operating expenses | 1,003 | 1,146 | (142) |
| Ordinary income | 6,602 | 18,005 | (11,403) |
| Extraordinary gains | 5,006 | 9,894 | (4,888) |
| Gain on entry of fixed assets for prior periods | 381 | - | 381 |
| Adjustments of gain on sales of property, plant and equipment for prior periods | 523 | - | 523 |
| Gain on sales of property, plant and equipment | 2,728 | 2,409 | 319 |
| Gain on sales of investment securities | 1,276 | 454 | 822 |
| Subsidy for removal construction | 95 | 95 | (0) |
| Gain on sale of business (The Westin Tokyo) | - | 6,820 | (6,820) |
| Gain on exemption from future payments of substitutional portion of the WFPF | - | 114 | (114) |
| Extraordinary losses | 5,034 | 20,138 | (15,103) |
| Losses on disposal of property, plant and equipment | 3,160 | 3,890 | (730) |
| Losses on provision of cost reduction of property, plant and equipment | 279 | - | 279 |
| Loss on impairment of property, plant and equipment | 837 | 6,031 | (5,193) |
| Devaluation of marketable securities and investments | 400 | 641 | (241) |
| Losses on sales of investment securities | 45 | 2 | 42 |
| Write-off of for trade deposit | 243 | - | 243 |
| Provision for allowance for doubtful accounts | 69 | - | 69 |
| Losses on sales of property, plant and equipment | - | 7,589 | (7,589) |
| Loss on floriculture business | - | 1,014 | (1,014) |
| Loss on redemption of bonds | - | 890 | (890) |
| Loss on liquidation of affiliate | - | 77 | (77) |
| Income before income taxes and minority interests | 6,573 | 7,761 | (1,188) |
| Current income taxes | 789 | 3,671 | (2,882) |
| Reversal of prior period income taxes | (759) | - | (759) |
| Deferred income taxes | 2,913 | (614) | 3,528 |
| Minority interests | - | 61 | (61) |
| Net income | 3,629 | 4,643 | (1,013) |

Consolidated Statements of Cash Flows

(Million yen)

| Item | 2005 | 2004 | 2004 |
|---|----------------------------------|----------------------------------|----------------------------------|
| | Jan. 1, 2005 to Dec. 31, 2005 | Jan. 1, 2004 to Dec. 31, 2004 | Jan. 1, 2004 to Dec. 31, 2004 |
| Cash flows from operating activities | | | |
| Income before income taxes and minority interests | 6,573 | 7,761 | (1,188) |
| Depreciation and amortization | 22,075 | 25,329 | (3,254) |
| Increase in employees' retirement benefits | 537 | 148 | 388 |
| Increase in allowance for doubtful receivables | 19 | 251 | (231) |
| Interest and dividend income | (823) | (742) | (81) |
| Interest expense | 3,495 | 4,863 | (1,368) |
| Gain on sales of property, plant and equipment | (2,728) | (2,409) | (319) |
| Loss on sales and disposal of property, plant and equipment | 3,160 | 11,479 | (8,319) |
| Loss on impairment of property, plant and equipment | 837 | 6,031 | (5,193) |
| Gain on sales of investment securities | (1,231) | (451) | (780) |
| Loss on devaluation of investment securities | 400 | 641 | (241) |
| Loss from provision for cost reduction of fixed assets | 279 | - | 279 |
| Gain on sale of business (The Westin Tokyo) | - | (6,820) | 6,820 |
| Decrease (increase) in notes and accounts receivable | 8,138 | (6,901) | 15,040 |
| Decrease in inventories | 1,127 | 1,698 | (571) |
| (Decrease) increase in notes and accounts payable | (2,233) | 3,590 | (5,824) |
| Decrease in liquor taxes payable | (5,119) | (312) | (4,806) |
| Increase (decrease) in deposits received | 19,463 | (2,382) | 21,845 |
| (Decrease) increase in other current liabilities | (1,809) | 762 | (2,571) |
| Other | (5,784) | (2,801) | (2,983) |
| Subtotal | 46,374 | 39,738 | 6,636 |
| Interest and dividends received | 822 | 713 | 109 |
| Interest paid | (3,591) | (5,131) | 1,540 |
| Income taxes paid | (4,528) | (3,078) | (1,450) |
| Net cash provided by operating activities | 39,077 | 32,242 | 6,835 |
| Cash flows from investing activities | | | |
| Investment in time deposits | (16,110) | - | (16,110) |
| Withdrawals from time deposits | 15,502 | - | 15,502 |
| Purchases of investment securities | (634) | (361) | (272) |
| Proceeds from sales of investment securities | 2,235 | 1,150 | 1,085 |
| Proceeds from sale of business (The Westin Tokyo) | - | 49,659 | (49,659) |
| Purchases of property, plant and equipment | (10,718) | (7,756) | (2,961) |
| Proceeds from sales of property, plant and equipment | 6,921 | 9,423 | (2,501) |
| Purchases of intangibles | (1,786) | (594) | (1,191) |
| Increase in long-term loans receivable | (647) | (601) | (45) |
| Collection of long-term loans receivable | 568 | 4,528 | (3,960) |
| Other | (3,007) | (2,132) | (874) |
| Net cash (used in) provided by investing activities | (7,675) | 53,314 | (60,989) |
| Cash flows from financing activities | | | |
| Net decrease in short-term bank loans | - | (636) | 636 |
| Proceeds from long-term debt | 12,500 | 6,106 | 6,393 |
| Repayment of long-term debt | (36,129) | (33,989) | (2,140) |
| Proceeds from issuance of bonds | - | 20,100 | (20,100) |
| Redemption of bonds | (40,000) | (20,000) | (20,000) |
| Cash dividends paid | (1,782) | (1,772) | (10) |
| Payments for purchase of treasury stock | (132) | (167) | 35 |
| Proceeds from sale of treasury stock | 11 | 21 | (9) |
| Other | - | (5,080) | 5,080 |
| Net cash used in financing activities | (65,533) | (35,418) | (30,114) |
| Effect of exchange rate changes on cash and cash equivalents | 173 | (36) | 210 |
| Net (decrease) increase in cash and cash equivalents | (33,957) | 50,101 | (84,058) |
| Cash and cash equivalents at beginning of year | 58,706 | 8,455 | 50,250 |
| Cash and cash equivalents of additional consolidated subsidiaries | - | 125 | (125) |
| Cash and cash equivalents of subsidiaries excluded from consolidation | - | (0) | 0 |
| Increase in cash and cash equivalents upon change in fiscal year-end of consolidated subsidiaries | - | 23 | (23) |
| Cash and cash equivalents at end of year | 24,748 | 58,706 | (33,957) |

(Segment Information)

1. Segment Information by Business

(Million yen)

| | 2005 Jan. 1, 2005 to Dec. 31, 2005 | | | | | | | |
|--|---------------------------------------|-------------|-------------|-------------|-------|---------|----------------------------------|--------------|
| | Alcoholic Beverages | Soft Drinks | Restaurants | Real Estate | Other | Total | General Corporate & Eliminations | Consolidated |
| I. Net Sales | | | | | | | | |
| (1) Operating revenues | 341,077 | 63,896 | 26,331 | 21,696 | 669 | 453,671 | - | 453,671 |
| (2) Intra-group sales and transfers | 4,974 | 342 | - | 2,136 | 24 | 7,477 | (7,477) | - |
| Total | 346,052 | 64,239 | 26,331 | 23,832 | 693 | 461,149 | (7,477) | 453,671 |
| Operating expenses | 339,497 | 64,932 | 25,779 | 17,992 | 823 | 449,025 | (5,654) | 443,371 |
| Operating income (loss) | 6,555 | (692) | 551 | 5,839 | (129) | 12,123 | (1,823) | 10,300 |
| II. Assets, Depreciation and Amortization and Capital Expenditures | | | | | | | | |
| Identifiable assets | 306,900 | 16,845 | 13,735 | 191,875 | 1,673 | 531,029 | 32,815 | 563,845 |
| Depreciation and amortization | 13,840 | 214 | 635 | 7,336 | 47 | 22,075 | - | 22,075 |
| Loss on impairment | 794 | - | 43 | - | - | 837 | - | 837 |
| Capital expenditures | 12,143 | 273 | 1,157 | 1,544 | 1,099 | 16,217 | - | 16,217 |

(Million yen)

| | 2004 Jan. 1, 2004 to Dec. 31, 2004 | | | | | | | |
|--|---------------------------------------|-------------|-------------|-------------|--------|---------|----------------------------------|--------------|
| | Alcoholic Beverage | Soft Drinks | Restaurants | Real Estate | Other | Total | General Corporate & Eliminations | Consolidated |
| I. Net Sales | | | | | | | | |
| (1) Operating revenues | 364,585 | 69,323 | 26,610 | 22,505 | 11,904 | 494,929 | - | 494,929 |
| (2) Intra-group sales and transfers | 4,985 | 262 | - | 4,931 | 36 | 10,216 | (10,216) | - |
| Total | 369,570 | 69,586 | 26,610 | 27,437 | 11,941 | 505,146 | (10,216) | 494,929 |
| Operating expenses | 350,759 | 69,120 | 26,382 | 21,464 | 12,205 | 479,932 | (8,650) | 471,281 |
| Operating income (loss) | 18,810 | 466 | 228 | 5,972 | (264) | 25,213 | (1,565) | 23,647 |
| II. Assets, Depreciation and Amortization and Capital Expenditures | | | | | | | | |
| Identifiable assets | 303,808 | 19,736 | 15,145 | 197,449 | 519 | 536,659 | 65,452 | 602,111 |
| Depreciation and amortization | 15,205 | 289 | 765 | 8,733 | 336 | 25,329 | - | 25,329 |
| Loss on impairment | 5,431 | - | 599 | - | - | 6,031 | - | 6,031 |
| Capital expenditures | 8,494 | 381 | 769 | 302 | 321 | 10,268 | - | 10,268 |

Notes:

(1) Segment classifications reflect the similarity of constituent businesses and take into account standard industry classifications in Japan

(2) Main products in each segment

| Business Segment | Main Products |
|---------------------|--|
| Alcoholic Beverages | Beer, Happo-shu and others, wine, whiskey and others, distribution, brewing equipment and agribusiness |
| Soft Drinks | Soft drinks and other non-alcoholic beverages |
| Restaurants | Operation of beer halls and restaurants |
| Real Estate | Real estate leasing, real estate sales, operation of commercial facilities, utility |
| Other | Fitness club and other activities |

(3) Unallocated operating expenses included in "Corporate & Eliminations" : 1,938 million yen at December 31, 2005 and 1,751 million yen at December 31, 2004.

These are principally operating expenses incurred by "Sapporo Holdings" (as parent company) for each operating companies.

Unallocated assets included in "Corporate & Eliminations" : 39,687 million yen at December 31, 2005, and 75,500 million yen at December 31, 2004. The main components were cash and cash equivalents and marketable securities, long-term investments and assets of general administration.

(4) Depreciation and amortization and capital expenditures include long-term prepaid expenses.

2. Geographical Segment Information

Sales and assets in Japan account for more than 90% of consolidated net sales and assets. Accordingly, geographical segment information has not been disclosed.

3. Overseas Sales

Overseas sales account for less than 10% of consolidated net sales. Accordingly, overseas sales have not been disclosed.



Fiscal Year Ended December 31, 2005
Full-Year Earnings Report Supplementary Information

1. Consolidated Statements of Income (Year Ended December 31)
2. Consolidated Statements of Income: Breakdown of Key Changes
3. Consolidated Balance Sheets (As of December 31)
4. Consolidated Full-Year Outlook (Fiscal Year Ending December 31, 2006)
5. Projected Full-Year Statements of Income: Breakdown of Key Changes (Fiscal Year Ending December 31, 2006)
6. [Reference] Major Sales Volum
7. Financial Highlights

February 2006

SAPPORO HOLDINGS LTD.

Code: 2501

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

Condensed Consolidated Financial Results (Year Ended December 31, 2005)

Condensed Consolidated Statements of Income

(Billions of yen)

| | Jan. 1-Dec. 31, 2005 | Jan. 1-Dec. 31, 2004 | Change | % Change |
|---|-------------------------|-------------------------|-------------|--------------|
| Alcoholic Beverages | 341.0 | 364.5 | 23.5 | 6.4% |
| Soft Drinks | 63.8 | 69.3 | 5.4 | 7.8% |
| Restaurants | 26.3 | 26.6 | 0.2 | 1.1% |
| Real Estate | 21.6 | 22.5 | 0.8 | 3.6% |
| Others | 0.6 | 11.9 | 11.3 | 94.4% |
| Net Sales | 453.6 | 494.9 | 41.2 | 8.3% |
| Alcoholic Beverages | 6.5 | 18.8 | 12.2 | 65.2% |
| Soft Drinks | 0.6 | 0.4 | 1.1 | - |
| Restaurants | 0.5 | 0.2 | 0.3 | 140.9% |
| Real Estate | 5.8 | 5.9 | 0.1 | 2.2% |
| Others | 0.1 | 0.2 | 0.1 | - |
| General corporate and intercompany eliminations | 1.8 | 1.5 | 0.3 | - |
| Operating Income | 10.3 | 23.6 | 13.3 | 56.4% |
| Alcoholic Beverages | 5.0 | 16.5 | 11.5 | 69.5% |
| Soft Drinks | 1.1 | 0.4 | 1.5 | - |
| Restaurants | 0.6 | 0.2 | 0.4 | 152.4% |
| Real Estate | 4.1 | 3.3 | 0.8 | 24.2% |
| Others, general corporate and intercompany eliminations | 2.0 | 2.4 | 0.4 | - |
| Ordinary Income * 1 | 6.6 | 18.0 | 11.4 | 63.3% |
| Alcoholic Beverages | 2.3 | 0.2 | 2.5 | - |
| Soft Drinks | 0.2 | 0.4 | 0.2 | 44.0% |
| Restaurants | 0.6 | 0.6 | 1.2 | - |
| Real Estate | 3.2 | 7.5 | 4.3 | 58.0% |
| Others, general corporate and intercompany eliminations | 2.7 | 2.5 | 0.2 | - |
| Net Income* 1 | 3.6 | 4.6 | 1.0 | 21.8% |

*1. Adjustments to the group financing spread due to the financial income (expenses) of operating companies is accounted for in the calculation of ordinary income and net income.

| (Consolidated) | Jan. 1-Dec. 31, 2005 | Jan. 1-Dec. 31, 2004 | Change | % Change |
|-----------------------------------|-------------------------|-------------------------|--------|----------|
| Financial Liabilities | 220.7 | 289.8 | 69.1 | 23.9% |
| Capital Expenditures (paid basis) | 12.5 | 8.3 | 4.2 | 49.7% |
| Depreciation and Amortization | 22.0 | 25.3 | 3.3 | 12.8% |

| | | | | |
|----------------------------|------|------|--|--|
| Return on Invested Capital | 3.0% | 6.0% | | |
|----------------------------|------|------|--|--|

Consolidated Financial Results (Fiscal Year Ended December 31, 2005)

Major Changes in Income

indicates a negative change

(Billions of yen)

| Major Factors | Change | Remarks | |
|---|-------------|--|--|
| | | Details | Amount |
| Beer and related products | 11.8 | | |
| Marginal profit | 6.0 | Decreased volume/product mix Raw materials costs Others | 6.0 0.2 0.2 |
| Fixed costs, others | 5.8 | Higher sales promotion costs System-related costs Others | 5.8 0.5 0.5 |
| Wine and spirits | 0.0 | Increased volume/product mix Lower sales promotion costs | 0.1 0.1 |
| Others | 0.4 | Transportation Others | 0.1 0.3 |
| Alcoholic Beverages | 12.2 | | |
| Soft Drinks | 1.1 | Decreased volume/product mix Higher sales promotion cost Cost reductions | 1.2 0.3 0.4 |
| Restaurants | 0.3 | Sapporo Lion Others | 0.2 0.1 |
| Real Estate | 0.1 | Sales Rent | 0.3 0.2 |
| Others | 0.1 | Improvement due to sale of businesses Others | 0.3 0.2 |
| General corporate and intercompany eliminations | 0.3 | Consolidation of administrative divisions | 0.3 |
| Change in Operating Income | 13.3 | | |
| Other income (expenses) | 1.9 | Financial expenses (4.1 2.7) Others (1.5 1.0) | 1.4 0.5 |
| Change in Ordinary Income | 11.4 | | |
| Extraordinary gains and losses | 10.2 | Gain on entry of fixed assets for prior periods (0.0 0.3) Adjustments of gain on sales of property, plant and equipment for prior periods (0.0 0.5) Gain on sales of property, plant and equipment (2.4 2.7) Loss on sales of property, plant and equipment (7.5 0.0) Impairment loss on property, plant and equipment (6.0 0.8) Loss on disposal of property, plant and equipment (3.9 3.1) Gain on sales of investment securities (0.4 1.2) Devaluation of marketable securities and investments (0.6 0.4) Gain on sale of businesses (6.8 0.0) Others (1.8 0.4) | 0.3 0.5 0.3 7.5 5.2 0.8 0.8 0.2 6.8 1.4 |
| Change in income taxes | 0.1 | | |
| Loss on minority interests | 0.1 | | |
| Change in Net Income | 1.0 | | |

Consolidated Financial Results (Fiscal Year Ended December 31, 2005)

Condensed Consolidated Balance Sheets (As of December 31)

(Billions of yen)

| | As of Dec. 31, 2005 | As of Dec. 31, 2004 | Change | % Change |
|---|---------------------|---------------------|-------------|--------------|
| Current Assets | 140.0 | 184.1 | 44.0 | 23.9% |
| Cash and cash equivalents | 25.4 | 58.7 | 33.3 | 56.7% |
| Notes and accounts receivable-trade | 71.7 | 79.8 | 8.1 | 10.1% |
| Inventories | 21.9 | 23.0 | 1.1 | 4.9% |
| Others | 21.0 | 22.5 | 1.5 | 6.8% |
| Fixed Assets | 423.8 | 418.0 | 5.8 | 1.4% |
| Property, plant and equipment | 342.8 | 354.2 | 11.4 | 3.2% |
| Investments | 81.0 | 63.8 | 17.2 | 26.9% |
| Total Assets | 563.8 | 602.1 | 38.2 | 6.4% |
| Current Liabilities | 220.2 | 233.6 | 13.4 | 5.7% |
| Notes and accounts payable trade | 32.6 | 34.8 | 2.2 | 6.3% |
| Short-term bank loans | 63.0 | 80.6 | 17.6 | 21.9% |
| Others | 124.6 | 118.2 | 6.4 | 5.4% |
| Long-term Liabilities | 232.2 | 276.2 | 44.0 | 15.9% |
| Long-term debt | 157.7 | 209.2 | 51.5 | 24.6% |
| Employees retirement benefits | 17.4 | 16.8 | 0.5 | 3.1% |
| Others | 57.1 | 50.1 | 7.0 | 13.9% |
| Total Liabilities | 452.4 | 509.8 | 57.4 | 11.3% |
| Minority Interests | - | - | - | - |
| Total Shareholders' Equity | 111.4 | 92.2 | 19.2 | 20.8% |
| Total Liabilities and Shareholders' Equity | 563.8 | 602.1 | 38.2 | 6.4% |

Condensed Balance Sheet by Operating Company

(Billions of yen)

| As of Dec. 31, 2005 | Sapporo Breweries Ltd. | Sapporo Beverage Co., Ltd | Sapporo Lion Ltd. | Yebis Garden Place Co., Ltd. |
|---|---------------------------|------------------------------|-------------------|---------------------------------|
| Current Assets | 99.4 | 19.3 | 3.0 | 3.6 |
| Fixed Assets | 201.2 | 1.5 | 11.7 | 187.9 |
| Total Assets | 300.6 | 20.8 | 14.7 | 191.5 |
| Current Liabilities | 153.9 | 14.1 | 2.5 | 20.8 |
| Long-term Liabilities | 111.2 | 2.2 | 2.3 | 133.6 |
| (Long-term debt) | 80.1 | - | 0.5 | 133.3 |
| Total Shareholders' Equity | 35.5 | 4.5 | 9.9 | 37.1 |
| Total Liabilities and Shareholders' Equity | 300.6 | 20.8 | 14.7 | 191.5 |

Consolidated Full-Year Outlook (Fiscal Year Ending December 31, 2006)

Condensed Consolidated Statements of Income (Forecast)

(Billions of yen)

| | Forecast (Jan. 1- Dec. 31, 2006) | Jan. 1-Dec. 31, 2005 | Change | % Change |
|--|-------------------------------------|-------------------------|-------------|---------------|
| Alcoholic Beverages | 348.5 | 341.0 | 7.4 | 2.2% |
| Soft Drinks | 65.4 | 63.8 | 1.5 | 2.4% |
| Restaurants | 27.8 | 26.3 | 1.4 | 5.6% |
| Real Estate | 23.0 | 21.6 | 1.3 | 6.0% |
| Others | 0.3 | 0.6 | 0.3 | 55.2% |
| Net Sales | 465.0 | 453.6 | 11.3 | 2.5% |
| Alcoholic Beverages | 12.0 | 6.5 | 5.4 | 83.1% |
| Soft Drinks | 0.7 | 0.6 | 1.4 | - |
| Restaurants | 0.8 | 0.5 | 0.3 | 45.2% |
| Real Estate | 5.3 | 5.8 | 0.5 | 9.2% |
| Others | 0.0 | 0.1 | 0.1 | - |
| General corporate and intercompany eliminations | 2.0 | 1.8 | 0.2 | - |
| Operating Income | 16.8 | 10.3 | 6.5 | 63.1% |
| Alcoholic Beverages | 10.3 | 5.0 | 5.3 | 104.9% |
| Soft Drinks | 0.5 | 1.1 | 1.5 | - |
| Restaurants | 0.8 | 0.6 | 0.2 | 26.8% |
| Real Estate | 3.6 | 4.1 | 0.5 | 12.2% |
| Others | 2.4 | 2.0 | 0.4 | - |
| Ordinary Income*1 | 12.8 | 6.6 | 6.1 | 93.9% |
| Alcoholic Beverages | 3.4 | 2.3 | 1.1 | 45.2% |
| Soft Drinks | 0.4 | 0.2 | 0.1 | 59.4% |
| Restaurants | 0.4 | 0.6 | 0.2 | 30.1% |
| Real Estate | 2.6 | 3.2 | 0.6 | 17.8% |
| Others | 2.8 | 2.7 | 0.1 | - |
| Net Income*1 | 4.0 | 3.6 | 0.3 | 10.2% |
| Financial Liabilities | 199.1 | 220.7 | 21.6 | 9.8% |
| Capital Expenditures | 30.0 | 12.5 | 17.5 | 139.9% |
| Depreciation and Amortization | 21.6 | 22.0 | 0.4 | 2.2% |
| Return on Invested Capital | 5.0% | 3.0% | | |

*1. Adjustments to the group financing spread due to the financial income (expenses) of operating companies is accounted for in the calculation of ordinary income and net income.

Consolidated Full-Year Outlook (Fiscal Year Ending Dec. 31, 2006)

Major Changes in Income

indicates a negative change

(Billions of yen)

| Major Factors | Change | Remarks | |
|---|------------|---|--|
| | | Details | Amount |
| Beer and related products | 4.9 | | |
| Marginal profit | 2.7 | Increased volume/product mix Raw materials costs Reduction of production cost Others | 1.5 0.3 1.0 0.1 |
| Fixed costs, others | 2.2 | Lower sales promotion costs System-related costs Others | 2.7 0.5 0.0 |
| Wine and spirits | 0.5 | Increased volume/product mix Cost reductions | 0.3 0.2 |
| Others | 0.0 | Others | 0.0 |
| Alcoholic Beverages | 5.4 | | |
| Soft Drinks | 1.4 | Increased volume/product mix Reduction of production cost Cost reductions | 0.1 0.7 0.6 |
| Restaurants | 0.3 | Increased sales Cost reductions | 0.1 0.2 |
| Real Estate | 0.5 | Sales Rent | 0.1 0.6 |
| Others | 0.1 | | 0.1 |
| General corporate and intercompany eliminations | 0.2 | Consolidation of administrative divisions | 0.2 |
| Change in Operating Income | 6.5 | | |
| Other income (expenses) | 0.4 | Financial income (expenses) (2.7 2.3) Others (1.0 1.8) | 0.4 0.8 |
| Change in Ordinary Income | 6.1 | | |
| Extraordinary gains and losses | 5.2 | Gain on entry of fixed assets for prior periods (0.3 0.0) Adjustments of gain on sales of property, plant and equipment for prior periods (0.5 0.0) Gain on sales of property, plant and equipment (2.7 0.0) Impairment loss on property, plant and equipment (0.8 0.0) Loss on disposal of property, plant and equipment (3.1 2.8) Gain on sales of investment securities (1.2 0.0) Devaluation of marketable securities and investments (0.4 0.0) Others (0.4 2.4) | 0.3 0.5 2.7 0.8 0.3 1.2 0.4 2.0 |
| Change in income taxes | 0.6 | | |
| Change in Net Income | 0.3 | | |

[Reference] Major Sales Volume

Beer

(10,000 cases)

| | Forecast (Jan. 1- Dec. 31, 2006) | YoY Comparison | Jan. 1-Dec. 31, 2005 | YoY Comparison |
|---|-------------------------------------|----------------|-------------------------|----------------|
| Sapporo Black Label | 2,500 | 96% | 2,593 | 91% |
| Yebisu | 1,000 | 101% | 985 | 101% |
| Guinness | 70 | 132% | 53 | 135% |
| 1. Beer (Total) | 3,730 | 98% | 3,793 | 94% |
| 2. Hoppo-shu (Total) | 780 | 70% | 1,110 | 63% |
| Draft One | 2,300 | 116% | 1,985 | 109% |
| Slims | 300 | 144% | 209 | - |
| 3. New types of alcoholic beverage | 2,600 | 119% | 2,194 | 121% |
| Beer, Hoppo-shu and New (Total) (1+2+3) | 7,110 | 100% | 7,097 | 93% |

Sales volume for beer, Hoppo-shu and new types of alcoholic beverage operations in Japan

Wine and Spirits

(10,000 cases)

| | Forecast (Jan. 1- Dec. 31, 2006) | YoY Comparison | Jan. 1-Dec. 31, 2005 | YoY Comparison |
|--------------------------|-------------------------------------|----------------|-------------------------|----------------|
| Domestic wines | 130 | 100% | 130 | 100% |
| Imported wines | 75 | 109% | 69 | 104% |
| Wine (Total) | 205 | 103% | 199 | 102% |
| Spirits | 53 | 96% | 55 | 103% |
| Wine and spirits (Total) | 258 | 102% | 254 | 102% |

Soft Drinks

(10,000 cases)

| | Forecast (Jan. 1- Dec. 31, 2006) | YoY Comparison | Jan. 1-Dec. 31, 2005 | YoY Comparison |
|-------------|-------------------------------------|----------------|-------------------------|----------------|
| Soft Drinks | 3,800 | 104% | 3,663 | 100% |

Financial Highlights (Fiscal Years Ended Dec. 31, 1999-2005, Fiscal Year Ending December 31, 2006)

Consolidated Full-Year Results

(Billions of yen)

| | Jan. 1-Dec. 31, 1999 | Jan. 1-Dec. 31, 2000 | Jan. 1- Dec. 31, 2001 | Jan. 1- Dec. 31, 2002 |
|-------------------------------|-------------------------|-------------------------|--------------------------|--------------------------|
| Net Sales | 572.9 | 564.0 | 557.2 | 511.7 |
| Operating Income | 16.9 | 16.2 | 19.7 | 10.9 |
| Ordinary Income | 8.0 | 8.5 | 9.4 | 2.3 |
| Net Income | 4.4 | 1.3 | 4.3 | 1.1 |
| Total Assets | 808.0 | 764.6 | 729.6 | 717.4 |
| Total Shareholders Equity | 103.1 | 103.3 | 105.9 | 106.5 |
| Financial Liabilities | | 399.9 | 372.8 | 364.3 |
| Capital Expenditures | | 31.0 | 12.6 | 11.9 |
| Depreciation and Amortization | | 33.2 | 32.3 | 31.4 |

| | Jan. 1- Dec. 31, 2003 | Jan. 1- Dec. 31, 2004 | Jan. 1- Dec. 31, 2005 | Forecast (Jan. 1- Dec. 31, 2006) |
|-------------------------------|--------------------------|--------------------------|--------------------------|-------------------------------------|
| Net Sales | 479.5 | 494.9 | 453.6 | 465.0 |
| Operating Income | 13.3 | 23.6 | 10.3 | 16.8 |
| Ordinary Income | 6.7 | 18.0 | 6.6 | 12.8 |
| Net Income | 2.4 | 4.6 | 3.6 | 4.0 |
| Total Assets | 630.6 | 602.1 | 563.8 | |
| Total Shareholders Equity | 87.3 | 92.2 | 111.4 | |
| Financial Liabilities | 323.3 | 289.8 | 220.7 | 199.1 |
| Capital Expenditures | 8.8 | 8.3 | 12.5 | 30.0 |
| Depreciation and Amortization | 28.4 | 25.3 | 22.0 | 21.6 |