

Consolidated Interim Earnings Report for the Year Ended December 31, 2006

August 4, 2006

Company name: SAPPORO HOLDINGS LIMITED

Stock code: 2501

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

Representative director: Takao Murakami, President

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Date of Board meeting to approve results: August 4, 2006

U.S. GAAP applied: No

Stock exchange listings: Tokyo and Sapporo

Head office: Tokyo

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1. Consolidated Results (January 1, 2006 to June 30, 2006)

(1) Consolidated Operating Results

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

	Net Sales		Operating Income		Ordinary Income	
	¥ million	%	¥ million	%	¥ million	%
1H 2006	200,133	(4.1)	(1,799)	—	(3,025)	—
1H 2005	208,688	(7.0)	(739)	—	(2,493)	—
2005	453,671		10,300		6,602	

	Net Income		Net Income per Share		Diluted Net Income per Share	
	¥ million	%	¥		¥	
1H 2006	(3,928)	—	(10.75)		—	
1H 2005	(5,288)	—	(14.89)		—	
2005	3,629		10.20		9.18	

Notes:

- (1) Equity in income of affiliates : June 30, 2006: -¥163 million ; June 30, 2005: -¥69 million ; 2005: -¥84 million
- (2) Average number of shares outstanding during period (consolidated): June 30, 2006: 365,248,283 shares; June 30, 2005: 355,037,429 shares; 2005: 355,853,395 shares
- (3) Changes in accounting methods: Yes
- (4) Percentages for net sales, operating income, ordinary income and net income represent year-on-year changes.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Equity Capital	Net Assets per Share
	¥ million	¥ million	%	¥
June 30, 06	533,485	102,718	19.3	281.25
June 30, 05	555,004	87,023	15.7	245.14
Dec.31, 05	563,845	111,410	19.8	305.00

Note: Number of shares issued and outstanding (consolidated) : June 30, 2006: 365,220,164 shares ; June 30, 2005: 354,987,618 shares; Dec. 31, 2005: 365,284,323 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 the end of period
	¥ million	¥ million	¥ million	¥ million
1H 2006	(1,107)	(13,679)	(1,801)	8,140
1H 2005	3,106	(18,350)	(25,890)	17,652
2005	39,077	(7,675)	(65,533)	24,748

(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) 1, (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
Full Year	444,000	6,200	2,000

(Reference) Forecast net income per share for 2006: ¥5.48

Forecast operating Income for 2006: ¥10,200 million

Consolidated Balance Sheets

(Million yen)

Item	As of June 30, 2005	As of June 30, 2006	Change	As of December 31, 2005
[Assets]				
Current assets	140,912	110,200	(30,712)	140,093
Cash and cash equivalents	33,203	8,739	(24,464)	25,442
Notes and accounts receivable-trade	65,225	61,368	(3,857)	71,726
Inventories	26,462	24,294	(2,168)	21,927
Other	16,313	15,966	(346)	21,299
Loss allowance for doubtful receivables	(292)	(168)	123	(302)
Fixed assets	414,092	423,285	9,193	423,752
Property, plant and equipment, net	346,478	344,649	(1,829)	340,771
Buildings and structures	220,164	216,463	(3,701)	217,008
Machinery and automobiles	48,790	45,364	(3,426)	46,275
Land	70,248	72,146	1,898	69,855
Other	7,274	10,675	3,401	7,631
Intangibles	2,109	2,690	581	2,008
Investments and other assets	65,504	75,945	10,440	80,972
Investment securities	34,291	46,529	12,238	50,849
Other	34,491	32,122	(2,369)	32,983
Loss allowance for doubtful receivables	(3,277)	(2,706)	571	(2,860)
Total Assets	555,004	533,485	(21,519)	563,845
[Liabilities]				
Current liabilities	218,048	241,778	23,729	220,197
Notes and accounts payable-trade	34,864	29,890	(4,973)	32,586
Short-term bank loans and current portion of long-term debt	83,949	104,983	21,034	62,971
Liquor taxes payable	26,087	26,173	86	38,260
Accrued bonuses	2,181	1,274	(906)	903
Deposits received	35,252	44,793	9,540	46,910
Other	35,712	34,662	(1,050)	38,565
Long-term liabilities	249,933	188,989	(60,943)	232,236
Bonds	49,720	29,720	(20,000)	44,219
Long-term bank loans	132,124	86,591	(45,533)	113,532
Employees' retirement benefits	16,838	16,566	(271)	17,195
Directors' and corporate auditors' severance benefits	197	116	(80)	206
Dealers' deposits for guarantees	34,019	34,024	5	33,960
Other	17,033	21,970	4,936	23,122
Total liabilities	467,981	430,767	(37,214)	452,434
[Minority Interests]				
Minority interests in consolidated subsidiaries	—	—	—	—
[Shareholders' Equity]				
Common stock	43,831	—	(43,831)	46,595
Capital surplus	36,244	—	(36,244)	39,010
Retained earnings	1,044	—	(1,044)	9,962
Unrealized holding gain on securities	6,605	—	(6,605)	16,502
Foreign currency translation adjustments	(298)	—	298	(198)
Treasury stock, at cost	(404)	—	404	(461)
Total shareholders' equity	87,023	—	(87,023)	111,410
Liabilities, Minority Interests and Shareholders' Equity	555,004	—	(555,004)	563,845
[Net Assets]				
Shareholders' Equity	—	89,313	89,313	—
Common stock	—	46,595	46,595	—
Capital surplus	—	39,012	39,012	—
Retained earnings	—	4,207	4,207	—
Treasury stock, at cost	—	(502)	(502)	—
Valuation and Translation Adjustments	—	13,404	13,404	—
Unrealized holding gain on securities	—	13,643	13,643	—
Foreign currency translation adjustments	—	(238)	(238)	—
Total Net Assets	—	102,718	102,718	—
Liabilities and Net Assets	—	533,485	533,485	—

Consolidated Statements of Income

(Million yen)

Item	2005 Jan. 1, 2005 to June 30, 2005	2006 Jan. 1, 2006 to June 30, 2006	Change	2005 Jan. 1, 2005 to Dec. 31, 2005
Net sales	208,688	200,133	(8,555)	453,671
Cost of sales	143,655	138,930	(4,725)	311,191
Gross profit	65,032	61,202	(3,829)	142,480
Selling, general and administrative expenses	65,772	63,002	(2,769)	132,179
Operating income	(739)	(1,799)	(1,059)	10,300
Non-operating income	1,164	1,338	174	2,069
Interest income and dividend income	479	508	29	823
Rent Income	—	194	194	213
Gain on transactions related to gift coupon	162	119	(43)	330
Other	522	516	(6)	701
Non-operating expenses	2,918	2,565	(353)	5,767
Interest expense	1,900	1,454	(446)	3,495
Loss on disposal of inventories	453	422	(31)	1,183
Equity in loss of affiliates	69	163	94	84
Other	494	525	31	1,003
Ordinary income	(2,493)	(3,025)	(532)	6,602
Extraordinary gains	1,344	337	(1,007)	5,006
Gain on sales of property, plant and equipment	857	3	(854)	2,728
Gain on sales of investment securities	391	32	(359)	1,276
Reversal of doubtful receivables	—	33	33	—
Gain on sales of subsidiary securities	—	101	101	—
Subsidy for vending machines	—	47	47	—
Adjustments of gain on sales of property, plant and equipment for prior periods	—	95	95	523
Other	95	21	(74)	476
Extraordinary losses	2,730	1,153	(1,576)	5,034
Loss on disposal of property, plant and equipment	1,758	667	(1,091)	3,160
Loss on reduction entry of property, plant and equipment	279	—	(279)	279
Loss on impairment of property, plant and equipment	22	225	203	837
Devaluation of marketable securities and investments	329	260	(69)	400
Provision for doubtful receivables	331	—	(331)	69
Other	8	—	(8)	288
Income before income taxes and minority interests	(3,879)	(3,842)	37	6,573
Current income taxes	432	390	(42)	29
Deferred income taxes	976	(305)	(1,281)	2,913
Net income	(5,288)	(3,928)	1,359	3,629

Consolidated Statements of Cash Flows

Item	2005	2006	(Million yen)
	Jan. 1, 2005 to June 30, 2005	Jan. 1, 2006 to June 30, 2006	Jan. 1, 2005 to Dec. 31, 2005
Cash flows from operating activities			
Income before income taxes and minority interests	(3,879)	(3,842)	6,573
Depreciation and amortization	10,974	10,686	22,075
Loss on impairment of property, plant and equipment	22	225	837
Increase (decrease) in employees' retirement benefits	180	(628)	537
Increase in allowance for doubtful receivables	427	(287)	19
Interest and dividend income	(479)	(508)	(823)
Interest expense	1,900	1,454	3,495
Gain on sales of property, plant and equipment	(857)	(3)	(2,728)
Loss on sales and disposal of property, plant and equipment	1,758	667	3,160
Gain on sales of investment securities	(391)	(32)	(1,276)
Devaluation of investment securities	329	260	400
Gain on sales of subsidiary securities	—	(101)	—
Losses on reduction entry of property, plant and equipment	279	—	279
Decrease (increase) in notes and accounts receivable	14,618	10,315	8,138
(Increase) decrease in inventories	(3,408)	(2,309)	1,127
(Decrease) increase in notes and accounts payable	60	(2,677)	(2,233)
Decrease in liquor taxes payable	(17,292)	(12,086)	(5,119)
Other	2,392	(3,469)	11,913
Subtotal	6,634	(2,338)	46,374
Interest and dividends received	612	633	822
Interest paid	(1,968)	(1,480)	(3,591)
Income taxes paid	(2,172)	2,077	(4,528)
Net cash provided by operating activities	3,106	(1,107)	39,077
Cash flows from investing activities			
Investment in time deposits	(15,465)	(599)	(16,110)
Withdrawals from time deposits	—	599	15,502
Purchases of investment securities	(224)	(945)	(634)
Proceeds from sales of investment securities	651	60	2,235
Purchases of property, plant and equipment	(4,315)	(9,654)	(10,718)
Proceeds from sales of property, plant and equipment	2,616	63	6,921
Purchases of intangibles	(80)	(2,017)	(1,786)
Increase in long-term loans receivable	(590)	(26)	(647)
Collection of long-term loans receivable	249	342	568
Other	(1,192)	(1,500)	(3,007)
Net cash (used in) provided investing activities	(18,350)	(13,679)	(7,675)
Cash flows from financing activities			
Net increase in short-term bank loans	5,000	17,076	—
Proceeds from long-term debt	6,500	6,700	12,500
Repayment of long-term debt	(15,560)	(23,778)	(36,129)
Proceeds from issuance of bonds	—	9,960	—
Redemption of bonds	(20,000)	(10,000)	(40,000)
Cash dividends paid	(1,765)	(1,811)	(1,782)
Other	(65)	52	(120)
Net cash (used in) provided financing activities	(25,890)	(1,801)	(65,533)
Effect of exchange rate changes on cash and cash equivalents	80	(20)	173
Net (decrease) increase in cash and cash equivalents	(41,053)	(16,608)	(33,957)
Cash and cash equivalents at beginning of year	58,706	24,748	58,706
Cash and cash equivalents at end of period	17,652	8,140	24,748

(Segment Information)

1. Segment Information by Business

(Million yen)

	2006								Jan. 1, 2006 to June 30, 2006	
	Alcoholic Beverages	Soft Drinks	Restaurants	Real Estate	Other	Total	Corporate & Eliminations	Consolidated		
I. Net Sales										
(1) Operating revenues	149,706	26,770	12,564	10,975	116	200,133	—	200,133		
(2) Intra-group sales and transfers	2,630	129	—	1,301	6	4,068	(4,068)	—		
Total	152,337	26,899	12,564	12,277	123	204,202	(4,068)	200,133		
Operating expenses	155,467	27,715	12,644	9,100	118	205,045	(3,113)	201,932		
Operating income (loss)	(3,130)	(815)	(79)	3,176	4	(843)	(955)	(1,799)		

(Million yen)

	2005								Jan. 1, 2005 to June 30, 2005	
	Alcoholic Beverages	Soft Drinks	Restaurants	Real Estate	Other	Total	Corporate & Eliminations	Consolidated		
I. Net Sales										
(1) Operating revenues	155,550	29,867	12,446	10,572	251	208,688	—	208,688		
(2) Intra-group sales and transfers	2,337	119	—	1,058	9	3,523	(3,523)	—		
Total	157,887	29,986	12,446	11,631	260	212,212	(3,523)	208,688		
Operating expenses	159,525	30,974	12,423	8,784	322	212,029	(2,602)	209,427		
Operating income (loss)	(1,637)	(987)	23	2,846	(61)	182	(921)	(739)		

(Million yen)

	2005								Jan. 1, 2005 to Dec. 31, 2005	
	Alcoholic Beverages	Soft Drinks	Restaurants	Real Estate	Other	Total	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		

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, shochu 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 supplies, and fitness club
Other	Florist

(3) Unallocated operating expenses included in "Corporate & Eliminations" : 1,004 million yen at June 30, 2006, 982 million yen at June 30, 2005, and 1,938 million yen at December 31, 2005.

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

(4) Changes in accounting methods

According to Medium Term Management Plan started from 2006 to 2008, which was announced in February 2006, 'Fitness club' was posted from 'Other' segment into 'Real Estate' segment effective from 2006FY.

Due to this change, net sales in "Real Estate" segment is increased by JPY 338 million and operating income in that segment is increased by JPY 36 million. On the other hand, net sales and operating income in "Other" segment are decreased by same number respectively.

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 Dec. 31, 2006
Interim Earnings Report—Supplementary Information

1. Consolidated Interim Statements of Income (Six Months Ended June 30)
2. Consolidated Interim Statements of Income: Breakdown of Key Changes
3. Consolidated Interim Balance Sheets (Six Months Ended June 30)
4. Consolidated Full-Year Outlook (Fiscal Year Ending December 31, 2006)
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6. [Reference] Major Sales Volume
7. Financial Highlights

August 2006

SAPPORO HOLDINGS LTD.

Code: 2501
URL <http://www.sapporoholdings.jp/english/>

Condensed Consolidated Interim Financial Results (Year Ended December 31, 2006)

Condensed Consolidated Statements of Income

(Billions of yen)

	Jan. 1–June 30, 2005	Jan. 1–June 30, 2006	Change	% Change
Alcoholic Beverages	155.5	149.7	▲ 5.8	▲3.8%
Soft Drinks	29.8	26.7	▲ 3.0	▲10.4%
Restaurants	12.4	12.5	0.1	1.0%
Real Estate	10.5	10.9	0.4	3.8%
Others	0.2	0.1	▲ 0.1	▲53.8%
Net Sales	208.6	200.1	▲ 8.5	▲4.1%
Alcoholic Beverages	▲ 1.6	▲ 3.1	▲ 1.4	—
Soft Drinks	▲ 0.9	▲ 0.8	0.1	—
Restaurants	0.0	▲ 0.0	▲ 0.1	—
Real Estate	2.8	3.1	0.3	11.6%
Others	▲ 0.0	0.0	0.0	—
General corporate and intercompany eliminations	▲ 0.9	▲ 0.9	▲ 0.0	—
Operating Income	▲ 0.7	▲ 1.7	▲ 1.0	—
Alcoholic Beverages	▲ 2.1	▲ 3.6	▲ 1.4	—
Soft Drinks	▲ 1.2	▲ 0.8	0.4	—
Restaurants	0.0	▲ 0.1	▲ 0.1	—
Real Estate	1.9	2.4	0.5	27.5%
Others, general corporate and intercompany eliminations	▲ 1.0	▲ 0.9	0.1	—
Ordinary Income *1	▲ 2.4	▲ 3.0	▲ 0.5	—
Alcoholic Beverages	▲ 4.2	▲ 4.0	0.3	—
Soft Drinks	▲ 1.1	▲ 0.7	0.4	—
Restaurants	▲ 0.3	▲ 0.2	0.0	—
Real Estate	1.6	1.9	0.3	15.7%
Others, general corporate and intercompany eliminations	▲ 1.2	▲ 0.8	0.3	—
Net Income *1	▲ 5.2	▲ 3.9	1.3	—

*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–June 30, 2005	Jan. 1–June 30, 2006	Change	% Change
Financial Liabilities	265.7	221.2	▲ 44.4	▲16.7%
Capital Expenditures (paid basis)	4.3	11.6	7.2	165.6%
Depreciation and Amortization	10.9	10.6	▲ 0.2	▲2.6%

D-E Ratio (Times)	3.1	2.2	▲ 0.9	
ROE (%)	—	—	—	

Consolidated Interim Financial Results (Fiscal Year Ended December 31, 2006)

Major Changes in Income		▲ indicates a negative change	(Billions of yen)
Major Factors	Change	Remarks	
		Details	Amount
Beer and related products	▲ 1.5		
Marginal profit	▲ 3.5	Increased volume/product mix Raw materials costs Cost reductions of production Others	▲ 3.8 0.1 0.3 ▲ 0.1
Fixed costs, others	2.0	Lower sales promotion costs System-related costs Others	1.3 0.0 0.7
Wine and spirits	0.1	Increased volume/product mix Others	0.0 0.1
Others	0.0	Others	0.0
Alcoholic Beverages	▲ 1.4		
Soft Drinks	0.1	Increased volume/product mix Lower costs of sales Other cost reductions	▲ 0.7 0.4 0.4
Restaurants	▲ 0.1	Increased sales volume Increased costs	0.0 ▲ 0.1
Real Estate	0.3	Sales Rent	0.1 0.2
Others	0.0		0.0
General Corporate	▲ 0.0	Consolidation of administrative divisions	▲ 0.0
Change in Operating Income	▲ 1.0		
Other income (expenses)	0.5	Financial income (expenses) (▲1.4→▲1.0) Others(▲0.3→▲0.3)	0.5 0.0
Change in Ordinary Income	▲ 0.5		
Extraordinary gains and losses	0.5	Adjustments of gain on sales of property, plant and equipment for prior periods(0→1) Gain on sales of property, plant and equipment (0.9→0.0) Impairment loss on disposal of property, plant and equipment(0.0→▲0.2) Loss on disposal of property, plant and equipment(▲1.8→▲0.7) Gain on sales of investment securities (0.4→0.0) Devaluation of marketable securities and investments(▲0.3→▲0.2) Gain on sales of subsidiary securities (0.0→0.1) Losses on reduction entry of property, plant and equipment(▲0.3→0.0) Allowance for doubtful receivable(▲0.3→0.0) Others(0.1→0.1)	0.1 ▲ 0.9 ▲ 0.2 1.1 ▲ 0.4 0.1 0.1 0.3 0.3 0.0
Change in income taxes	1.3		
Change in Net Income	1.3		

Consolidated Interim Financial Results (Fiscal Year Ended December 31, 2006)

Condensed Consolidated Balance Sheets (As of June 30)

(Billions of yen)

	June 30, 2005	June 30, 2006	Change	% Change
Current Assets	140.9	110.2	▲ 30.7	▲21.8%
Cash and cash equivalents	33.2	8.7	▲ 24.4	▲73.7%
Notes and accounts receivable—trade	65.2	61.3	▲ 3.8	▲5.9%
Inventories	26.4	24.2	▲ 2.1	▲8.2%
Others	16.0	15.7	▲ 0.2	▲2.9%
Fixed Assets	414.0	423.2	9.1	2.2%
Property, plant and equipment	348.5	347.3	▲ 1.2	▲0.4%
Investments	65.5	75.9	10.4	15.9%
Total Assets	555.0	533.4	▲ 21.5	▲3.9%
Current Liabilities	218.0	241.7	23.7	10.9%
Notes and accounts payable—trade	34.8	29.8	▲ 4.9	▲14.3%
Short-term debt	83.9	104.9	21.0	25.1%
Others	99.2	106.9	7.6	7.7%
Long-term Liabilities	249.9	188.9	▲ 60.9	▲24.4%
Long-term debt	181.8	116.3	▲ 65.5	▲36.0%
Employees' retirement benefits	17.0	16.6	▲ 0.3	▲2.1%
Others	51.0	55.9	4.9	9.7%
Total Liabilities	467.9	430.7	▲ 37.2	▲8.0%
Total Net Assets	87.0	102.7	15.6	18.0%
Total Liabilities and Net Assets	555.0	533.4	▲ 21.5	▲3.9%

Condensed Balance Sheet by Operating Company

(Billions of yen)

June 30, 2006	Sapporo Breweries Ltd.	Sapporo Beverage Co., Ltd.	Sapporo Lion Ltd.	Yebisu Garden Place Co., Ltd.
Current Assets	84.6	16.0	2.7	2.8
Fixed Assets	201.1	2.1	11.6	187.1
Total Assets	285.7	18.2	14.4	190.0
Current Liabilities	152.9	12.6	2.5	18.4
Long-term Liabilities	104.6	2.0	2.2	133.8
(Financial Liabilities)	92.9	—	0.3	130.3
Total Shareholders' Equity	28.1	3.5	9.5	37.8
Total Liabilities and Shareholders' Equity	285.7	18.2	14.4	190.0

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

Condensed Consolidated Statements of Income (Forecast)

(Billions of yen)

	Jan. 1-Dec. 31, 2005	Forecast (Jan. 1– Dec. 31, 2006)	Change	%-Change
Alcoholic Beverages	341.0	332.3	▲ 8.7	▲2.6%
Soft Drinks	63.8	61.6	▲ 2.2	▲3.4%
Restaurants	26.3	27.0	0.7	2.7%
Real Estate	21.6	23.0	1.4	6.5%
Others	0.6	0.1	▲ 0.5	▲83.3%
Net Sales	453.6	444.0	▲ 9.6	▲2.1%
Alcoholic Beverages	6.5	5.7	▲ 0.9	▲13.8%
Soft Drinks	▲ 0.6	0.4	1.1	—
Restaurants	0.5	0.6	0.1	20.0%
Real Estate	5.8	5.6	▲ 0.2	▲3.4%
Others	▲ 0.1	0.0	0.1	—
General corporate and intercompany eliminations	▲ 1.8	▲ 2.1	▲ 0.3	—
Operating Income	10.3	10.2	▲ 0.1	▲1.0%
Alcoholic Beverages	5.0	3.8	▲ 1.2	▲24.0%
Soft Drinks	▲ 1.1	0.1	1.2	—
Restaurants	0.6	0.6	0.0	0.0%
Real Estate	4.1	4.0	▲ 0.1	▲2.4%
Others	▲ 2.0	▲ 2.3	▲ 0.3	—
Ordinary Income *1	6.6	6.2	▲ 0.4	▲6.1%
Alcoholic Beverages	2.3	1.3	▲ 1.0	▲43.5%
Soft Drinks	0.2	0.1	▲ 0.1	▲50.0%
Restaurants	0.6	0.3	▲ 0.3	▲50.0%
Real Estate	3.2	2.8	▲ 0.4	▲12.5%
Others	▲ 2.7	▲ 2.6	0.1	▲3.7%
Net Income *1	3.6	2.0	▲ 1.6	▲44.5%

* 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–June 30, 2005	Forecast (Jan. 1– Dec. 31, 2006)	Change	% Change
Financial Liabilities	220.7	199.1	▲ 21.6	▲9.8%
Capital Expenditures	12.5	24.1	11.6	92.8%
Depreciation and Amortization	22.0	21.6	▲ 0.4	▲2.2%
D-E Ratio (Times)	2.0	2.2	▲ 0.2	—
ROE (%)	3.6%	1.8%	▲ 1.8%	—

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	▲ 1.2		
	▲ 5.0	Increased volume/product mix Raw materials costs Cost reductions of production Others	▲ 6.4 0.2 1.0 0.2
	3.8	Lower sales promotion costs System-related costs Others	3.7 ▲ 0.5 0.6
	0.4	Increased volume/product mix Cost reductions	0.3 0.1
	▲ 0.1	Others	▲ 0.1
	▲ 0.9		
	1.1	Increased volume/product mix Lower costs of sales Other cost reductions	▲ 0.7 0.8 1.0
	0.1	Increased sales volume Increased costs	0.1 0.0
	▲ 0.2	Sales Rent	0.1 ▲ 0.3
	0.1		0.1
General corporate	▲ 0.3	Consolidation of administrative divisions	▲ 0.3
Change in Operating Income	▲ 0.1		
Other income (expenses)	▲ 0.3	Financial income (expenses)(▲2.7→▲2.3) Others(▲1.0→▲1.7)	0.4 ▲ 0.7
Change in Ordinary Income	▲ 0.4		
Extraordinary gains and losses	▲ 1.9	Adjustments of gain on sales of property, plant and equipment for prior periods(0.5→0.1) Gain on sales of property, plant and equipment(2.7→0.0) Impairment loss on disposal of property, plant and equipment(▲0.8→▲0.2) Loss on disposal of property, plant and equipment(▲3.1→▲1.8) Gain on sales of investment securities(1.2→0.0) Devaluation of marketable securities and investments(▲0.4→▲0.2) Gain on sales of subsidiary securities(0.0→0.1) Others(▲0.1→0.1)	▲ 0.4 ▲ 2.7 0.6 1.3 ▲ 1.2 0.2 0.1 0.2
Change in income taxes	0.7		
Change in Net Income	▲ 1.6		

[Reference] Major Sales Volume

Beer

	Jan. 1~June 30, 2006	YoY Comparison	Forecast (Jan. 1~ Dec. 31, 2006)	(10,000 cases) YoY Comparison
Sapporo Black Label	1,140	97%	2,490	96%
Yebisu (Total)	388	99%	1,000	101%
Guinness	27	113%	62	117%
1.Beer (Total)	1,642	100%	3,780	100%
2.Happo-shu (Total)	510	92%	970	87%
Draft One (Total)	780	77%	1,700	86%
3. New product genre	837	77%	1,850	84%
Beer and Happo-shu (Total)(1+2)	2,152	98%	4,750	97%
Happo-shu and New (Total)(2+3)	1,347	82%	2,820	85%
Beer, Happo-shu and New (Total)(1+2+3)	2,989	91%	6,600	93%

※Sales volume for beer, 'Happo-shu' (Low malt beer) and 'new product genre' (No malt beer) in Japan

※New types of alcoholic beverage is the amount of 'Draft One' and 'Slims'.

Wine and Spirits

	Jan. 1~June 30, 2006	YoY Comparison	Forecast (Jan. 1~ Dec. 31, 2006)	(10,000 cases) YoY Comparison
Domestic wines	63	100%	128	98%
Imported wines	31	101%	72	108%
Wine (Total)	94	100%	200	102%
Spirits	26	102%	55	104%
Wine and spirits (Total)	120	100%	255	102%

Shochu

(10,000 cases)

	Jan. 1~June 30, 2006	YoY Comparison	Forecast (Jan. 1~ Dec. 31, 2006)	YoY Comparison
Shochu	57	—	165	—

※Newly entered into Shochu business effective April 1, 2006

Soft Drinks

(10,000 cases)

	Jan. 1~June 30, 2006	YoY Comparison	Forecast (Jan. 1~ Dec. 31, 2006)	YoY Comparison
Soft Drinks	1,534	90%	3,540	97%

**Financial Highlights (Fiscal Years Ended December 31, 2002–2006,
Fiscal Year Ending December 31, 2006)**

Consolidated Interim Financial Results

(Billions of yen)

	Jan. 1–Jun. 30, 2002	Jan. 1–Jun. 30, 2003	Jan. 1–Jun. 30, 2004	Jan. 1–Jun. 30, 2005	Jan. 1–Jun. 30, 2006
Net Sales	240.2	215.5	224.3	208.6	200.1
Operating Income	▲ 1.2	▲ 5.1	6.1	▲ 0.7	▲ 1.7
Ordinary Income	▲ 5.4	▲ 8.8	3.2	▲ 2.4	▲ 3.0
Net Income	▲ 6.2	▲ 13.3	2.8	▲ 5.2	▲ 3.9
Total Assets	716.3	1,036.7	625.5	555.0	533.4
Total Net Assets	99.9	92.5	91.1	87.0	102.7
Financial Liabilities	373.5	739.3	336.9	265.7	221.2
Capital Expenditures	5.5	5.3	5.1	4.3	11.6
Depreciation and Amortization	15.4	14.6	12.9	10.9	10.6

Consolidated Full-Year Results

(Billions of yen)

	Jan. 1–Dec. 31, 2002	Jan. 1–Dec. 31, 2003	Jan. 1–Dec. 31, 2004	Jan. 1–Dec. 31, 2005	Jan. 1–Dec.31, 2006 (Forecast)
Net Sales	511.7	479.5	494.9	453.6	444.0
Operating Income	10.9	13.3	23.6	10.3	10.2
Ordinary Income	2.3	6.7	18.0	6.6	6.2
Net Income	1.1	2.4	4.6	3.6	2.0
Total Assets	717.4	630.6	602.1	563.8	
Total Net Assets	106.5	87.3	92.2	111.4	
Financial Liabilities	364.3	323.3	289.8	220.7	199.1
Capital Expenditures	11.9	8.8	8.3	12.5	24.1
Depreciation and Amortization	31.4	28.4	25.3	22.0	21.6