

Consolidated Earnings Report for the Year Ended December 31, 2006

February 16, 2007

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 16, 2007

U.S. GAAP applied: No

1. Consolidated Results (January 1, 2006 to December 31, 2006)

(1) Consolidated Operating Results

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

	Net Sales		Operating Income		Ordinary Income	
	¥ million	%	¥ million	%	¥ million	%
2006	435,090	△4.1	8,612	△16.4	5,857	△11.3
2005	453,671	△8.3	10,300	△56.4	6,602	△63.3

	Net Income		Net Income per Share	Diluted Net Income per Share	ROE	Ordinary Income to Total Capital	Ordinary Income Ratio
	¥ million	%	¥	¥	%	%	%
2006	2,338	△35.6	6.38	5.88	2.1	1.0	1.3
2005	3,629	△21.8	10.20	9.18	3.6	1.1	1.5

Notes:

(1) Equity in income of affiliates: 2006: △¥49 million; 2005: △¥84 million

(2) Average number of shares outstanding during period (consolidated):

2006: 366,324,610 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	%	¥
Dec. 31, 06	589,597	113,495	19.2	300.13
Dec. 31, 05	563,845	111,410	19.8	305.00

Note: Number of shares issued and outstanding at year-end(Consolidated):

Dec. 31, 06: 378,158,722 shares; Dec. 31, 05: 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 Year-end
	¥ million	¥ million	¥ million	¥ million
2006	28,588	△54,414	9,351	8,282
2005	39,077	△7,675	△65,533	24,748

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

Consolidated subsidiaries: 28;

Non-consolidated subsidiaries accounted for by the equity method: 0;

Equity-method affiliates: 5

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

Consolidated subsidiaries: (New) 15, (Eliminated) 1;

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

2. Consolidated Forecasts for 2007 (January 1, 2007 to December 31, 2007)

	Net Sales	Ordinary Income	Net Income
	¥ million	¥ million	¥ million
Interim	226,000	△1,500	△2,000
Full Year	484,000	9,200	3,300

(Reference) Forecast net income per share for 2007: ¥8.73

Forecast operating income for 2007(Interim): ¥500 million

Forecast operating income for 2007(Full Year): ¥13,700 million

Consolidated Balance Sheets

	As of December 31, 2005		As of December 31, 2006		Year to Year
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Change
(Assets)					
I Current assets					
1 Cash and cash equivalents	25,442		8,916		△16,526
2 Notes and accounts receivable-trade	71,726		73,615		1,889
3 Marketable securities	27		62		34
4 Inventories	21,927		24,403		2,476
5 Deferred tax assets	1,345		2,068		722
6 Refundable income taxes	2,711		45		△2,665
7 Other current assets	17,213		19,084		1,870
8 Allowance for doubtful receivables	△302		△224		77
Total current assets	140,093	24.8	127,972	21.7	△12,121
II Fixed assets					
(1) Property, plant and equipment					
1 Property, plant and equipment	390,283		402,617		
Accumulated depreciation	△173,275	217,008	△181,947	220,669	3,661
2 Machinery and vehicles	201,462		212,681		
Accumulated depreciation	△155,187	46,275	△157,171	55,510	9,235
3 Land		69,855		71,332	1,477
4 Construction in progress		3,671		4,442	770
5 Other	20,863		21,982		
Accumulated depreciation	△16,903	3,959	△17,209	4,772	812
Total property, plant and equipment		340,771		356,727	15,956
(2) Intangible assets					
1 Goodwill				9,899	9,899
2 Other		2,008		23,450	21,441
Total intangible assets		2,008		33,349	31,341
(3) Investments and long-term loans					
1 Investment securities		50,849		42,082	△8,766
2 Long-term loans receivable		10,842		10,450	△392
3 Deferred tax assets		1,535		1,675	139
4 Other investments and other assets		20,605		19,940	△664
5 Allowance for doubtful receivables		△2,860		△2,602	258
Total investments and long-term loans		80,972	14.4	71,547	12.1
Total fixed assets		423,752	75.2	461,624	78.3
Total assets		563,845	100.0	589,597	100.0

	As of December 31, 2005		As of December 31, 2006		Year to Year
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Change
(Liabilities)					
I Current liabilities					
1 Notes and accounts payable	32,586		28,929		△3,656
2 Short-term bank loans and current portion of long-term debt	62,971		104,007		41,036
3 Liquor taxes payable	38,260		38,276		16
4 Income taxes payable	669		1,525		856
5 Accrued bonuses	903		764		△139
6 Deferred tax liabilities	0		—		△0
7 Deposits received	46,910		52,147		5,237
8 Other	37,894		43,233		5,338
Total current liabilities	220,197	39.0	268,885	45.6	48,687
II Long-term liabilities					
1 Bonds	44,219		49,720		5,501
2 Long-term bank loans	113,532		82,305		△31,227
3 Deferred tax liabilities	7,668		9,984		2,316
4 Employees' retirement benefits	17,195		16,301		△893
5 Directors' and corporate auditors' severance benefits	206		118		△87
6 Dealers' deposits for guarantees	33,960		33,657		△303
7 Other	15,454		15,128		△326
Total long-term liabilities	232,236	41.2	207,216	35.2	△25,020
Total liabilities	452,434	80.2	476,101	80.8	23,667
(Minority Interests)					
Minority Interests	—	—	—	—	—
(Shareholders' Equity)					
I Common stock	46,595	8.3	—	—	△46,595
II Capital surplus	39,010	6.9	—	—	△39,010
III Retained earnings	9,962	1.8	—	—	△9,962
IV Unrealized holding gain on securities	16,502	2.9	—	—	△16,502
V Foreign currency translation adjustments	△198	△0.0	—	—	198
VI Treasury stock, at cost	△461	△0.1	—	—	461
Total shareholders' Equity	111,410	19.8	—	—	△111,410
Total liabilities, minority interests and shareholders' Equity	563,845	100.0	—	—	△563,845

	As of December 31, 2005		As of December 31, 2006		Year to Year
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Change
(Net Assets)					
I Shareholders' Equity					
1 Common stock	—	—	50,066	8.5	50,066
2 Capital surplus	—	—	42,484	7.2	42,484
3 Retained earnings	—	—	10,472	1.8	10,472
4 Treasury stock, at cost	—	—	△571	△ 0.1	△571
Total shareholders' Equity	—	—	102,451	17.4	102,451
II Valuation and translation adjustments					
1 Unrealized holding gain on securities	—	—	11,318	1.9	11,318
2 Foreign currency translation adjustments	—	—	△276	△ 0.1	△276
Total valuation and translation adjustments	—	—	11,041	1.8	11,041
III Minority Interests	—	—	2	0.0	2
Total net assets	—	—	113,495	19.2	113,495
Total liabilities and net assets	—	—	589,597	100.0	589,597

Consolidated Statements of Income

	Fiscal year ended December 31, 2005			Fiscal year ended December 31, 2006			Year to Year
	Amount (Millions of yen)		Ratio (%)	Amount (Millions of yen)		Ratio (%)	Change
I Net sales		453,671	100.0		435,090	100.0	△18,581
II Cost of sales		311,191	68.6		300,121	69.0	△11,069
Gross profit		142,480	31.4		134,968	31.0	△7,512
III Selling, general and administrative expenses							
1 Sales incentives and commissions	35,321			36,837			
2 Advertising and promotion expenses	22,696			18,832			
3 Provision for doubtful receivables	61			24			
4 Salaries	17,137			16,964			
5 Provision for accrued bonuses	576			441			
6 Retirement benefit expenses	3,461			2,808			
7 Other	52,924	132,179	29.1	50,446	126,355	29.0	△5,824
Operating income		10,300	2.3		8,612	2.0	△1,687
IV Non-operating income							
1 Interest income	352			398			
2 Dividend income	471			516			
3 Rental income	213			383			
4 Gain on transactions related to gift coupon	330			211			
5 Other	701	2,069	0.5	885	2,396	0.5	326
V Non-operating expenses							
1 Interest expense	3,495			3,041			
2 Loss on disposal of inventories	1,183			951			
3 Equity in loss of affiliates	84			49			
4 Other	1,003	5,767	1.3	1,109	5,151	1.2	△616
Ordinary income		6,602	1.5		5,857	1.3	△744

	Fiscal year ended December 31, 2005			Fiscal year ended December 31, 2006		Year to Year
	Amount (Millions of yen)		Ratio (%)	Amount (Millions of yen)	Ratio (%)	Change
VI Extraordinary gains						
1 Gain on sales of property, plant and equipment	2,728			69		
2 Gain on sales of investment securities	1,276			2,221		
3 Reversal of provision for doubtful receivables	—			66		
4 Gain on sale of consolidated subsidiary	—			101		
5 Subsidy for installation of vending machine	—			88		
6 Adjustments of gain on sales of property, plant and equipment for prior periods	523			95		
7 Gain on recognition of fixed assets for prior periods	381			—		
8 Subsidy for removal construction	95	5,006	1.1	—	2,642	0.6
						△2,363
VII Extraordinary loss						
1 Loss on disposal of property, plant and equipment	3,160			2,519		
2 Loss on provision of cost reduction of property, plant and equipment	279			—		
3 Loss on impairment of property, plant and equipment, and leased assets	837			1,785		
4 Devaluation of marketable securities and investments	400			217		
5 Loss on sales of investment securities	45			—		
6 Write-off of for trade deposit	243			—		
7 Loss on provision for doubtful accounts	69	5,034	1.1	—	4,522	1.0
						△512
Income before income taxes and minority interests		6,573	1.5		3,977	0.9
						△2,595
Current income taxes	789			1,728		
Reversal of prior period income taxes	△759			—		
Deferred income taxes	2,913	2,943	0.7	△86	1,641	0.4
						△1,301
Minority interests		—	—		2	0.0
						2
Net income		3,629	0.8		2,338	0.5
						△1,291

Consolidated Statements of Cash Flows

	Fiscal year ended December 31, 2005	Fiscal year ended December 31, 2006
	Amount (Millions of yen)	Amount (Millions of yen)
I Cash flows from operating activities		
1 Income before income taxes and minority interests	6,573	3,977
2 Depreciation and amortization	22,075	21,929
3 Loss on impairment of property, plant and equipment and leased assets	837	1,785
4 (Decrease) increase in employees' retirement benefits	537	△893
5 (Decrease) Increase in allowance for doubtful receivables	19	△273
6 Interest and dividend income	△823	△915
7 Interest expense	3,495	3,041
8 Gain on sales of property, plant and equipment	△2,728	△69
9 Loss on sales and disposal of property, plant and equipment	3,160	2,519
10 Gain on sales of investment securities	△1,276	△2,221
11 Loss on devaluation of investment securities	400	217
12 Gain on sale of consolidated subsidiary	—	△101
13 Loss from provision for cost reduction of fixed assets	279	—
14 Decrease in notes and accounts receivable	8,138	1,655
15 Decrease in inventories	1,127	620
16 Decrease in notes and accounts payable	△2,233	△5,264
17 Decrease in liquor taxes payable	△5,119	△514
18 Increase in deposits received	19,463	5,237
19 Decrease in other current liabilities	△1,809	△1,874
20 Other	△5,739	124
Sub total	46,374	28,981
21 Interest and dividends received	822	882
22 Interest paid	△3,591	△3,152
23 Income taxes paid	△5,103	△408
24 Income taxes refundable	575	2,285
Net cash provided by operating activities	39,077	28,588

	Fiscal year ended December 31, 2005	Fiscal year ended December 31, 2006
	Amount (Millions of yen)	Amount (Millions of yen)
II Cash flows from investing activities		
1 Pay-in of time deposits	△16,110	△1,253
2 Reimbursement of time deposits	15,502	1,238
3 Purchases of investment securities	△634	△947
4 Proceeds from sales of investment securities	2,235	2,776
5 Purchases of affiliates securities	—	△894
6 Purchases of newly consolidated subsidiaries	—	△31,176
7 Purchases of property, plant and equipment	△10,718	△18,516
8 Proceeds from sales of property, plant and equipment	6,921	69
9 Purchases of intangibles	△1,786	△3,299
10 Increase in long-term loans receivable	△647	△29
11 Collection of long-term loans receivable	568	499
12 Other	△3,007	△2,882
Net cash used in investing activities	△7,675	△54,414
III Cash flows from financing activities		
1 Net Increase in short-term bank loans	—	30,526
2 Proceeds from long-term debt	12,500	9,200
3 Repayment of long-term debt	△36,129	△48,321
4 Proceeds from issuance of bonds	—	29,885
5 Redemption of bonds	△40,000	△10,000
6 Cash dividends paid	△1,782	△1,831
7 Purchase of treasury stock	△132	△117
8 Proceeds form sales of treasury stock	11	11
Net cash provided by (used in) financing activities	△65,533	9,351
IV Effect of exchange rate changes on cash and cash equivalents	173	7
V Net decrease in cash and cash equivalents	△33,957	△16,466
VI Cash and cash equivalents at beginning of year	58,706	24,748
VII Cash and cash equivalents of additional consolidated subsidiaries	—	0
VIII Cash and cash equivalents at end of year	24,748	8,282

Segment Information

1. Segment Information by Business

(Millions of yen)

	Fiscal year ended December 31, 2005							
	Alcoholic Beverages	Soft Drinks	Restaurants	Real Estate	Other	Total	General corporate and intercompany eliminations	Consolidated
I Net sales and operating expenses								
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, impairment 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

(Millions of yen)

	Fiscal year ended December 31, 2006							
	Alcoholic Beverages	Soft Drinks	Restaurants	Real Estate	Other	Total	General corporate and intercompany eliminations	Consolidated
I Net sales and operating expenses								
Net sales								
(1) Operating revenues	326,419	58,730	26,995	22,827	116	435,090	—	435,090
(2) Intra-group sales and transfers	6,129	313	—	2,675	6	9,125	(9,125)	—
Total	332,549	59,044	26,995	25,502	123	444,215	(9,125)	435,090
Operating expenses	328,365	59,471	26,538	19,089	118	433,581	(7,104)	426,477
Operating income (loss)	4,183	△426	457	6,413	5	10,634	(2,021)	8,612
II Assets, Depreciation and Amortization, impairment and Capital Expenditures								
Identifiable assets	350,890	16,590	13,960	192,874	—	574,316	15,280	589,597
Depreciation and amortization	13,472	285	647	7,522	0	21,929	—	21,929
Loss on impairment	1,659	—	125	—	—	1,785	—	1,785
Capital expenditures	20,224	1,019	1,108	8,437	—	30,790	—	30,790

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 "General corporate and intercompany eliminations" amount to 2,118 million yen and 1,938 million yen at December 31, 2006 and 2005, respectively, and consisted of the holding company's expenditures.

(4)Unallocated assets included in "General corporate and intercompany eliminations" amount to 21,522 million yen and 39,687 million yen at December 31, 2006 and 2005, respectively, and consisted principally of cash and cash equivalents and marketable securities, long-term investments and assets of general administration.

(5)Depreciation and amortization, loss on impairment and capital expenditures include long-term prepaid expenses.

(6)In "The New Medium-Term Management Plan (from 2006 to 2008)", the company decided strengthen of the fitness club business by utilizing management resources of real estate. Therefore, fitness club business included the business segment of "Other" in prior periods changed to the business segment of "Real Estate" from this period. Accordingly, net sales and operating income in the business segment of "Real Estate" increased by 709 million yen and 90 million yen at December 31, 2006, respectively. On the other hand, net sales and operating income in the business segment of "Other" decreased by 709 million yen and 90 million yen at December 31, 2005, respectively.

2. Segment Information by Geographical

Sales and assets in Japan comprised more than 90% of the consolidated sales and assets for each of the years ended December 31, 2006 and 2005. Accordingly, geographical segment information has not been disclosed.

3. Sales outside Japan and sales overseas customers

Overseas sales comprised less than 10% of the consolidated sales for each of the years ended December 31, 2006 and 2005. Accordingly, overseas sales have not been disclosed.



Fiscal Year Ended December 31, 2006
Consolidated Earnings Report - Supplementary Information

Consolidated Results (Fiscal Year Ended December 31, 2006)

1. Consolidated Statements of Income
2. Consolidated Statements of Income: Breakdown of Key Changes
3. Consolidated Balance Sheets

Consolidated Forecasts (Fiscal Year Ending December 31, 2007)

4. Consolidated Statements of Income
5. Consolidated Statements of Income: Breakdown of Key Changes

Reference

6. Major Sales Volume
7. Financial Highlights

February, 2007

SAPPORO HOLDINGS LTD.

Code: 2501

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

Consolidated Results (Fiscal Year Ended December 31, 2006)

1. Condensed Consolidated Statements of Income

(Billions of yen)

	Year ended Dec.31, 2005	Year ended Dec.31, 2006	Change	% Change
Alcoholic Beverages	341.0	326.4	▲14.6	▲4.3%
Soft Drinks	63.8	58.7	▲5.1	▲8.1%
Restaurants	26.3	26.9	0.6	2.5%
Real Estate	21.6	22.8	1.1	5.2%
Others	0.6	0.1	▲0.5	▲82.6%
Net Sales	453.6	435.0	▲18.5	▲4.1%
Alcoholic Beverages	6.5	4.1	▲2.3	▲36.2%
Soft Drinks	▲0.6	▲0.4	0.2	—
Restaurants	0.5	0.4	▲0.0	▲17.0%
Real Estate	5.8	6.4	0.5	9.8%
Others	▲0.1	0.0	0.1	—
General corporate and intercompany eliminations	▲1.8	▲2.0	▲0.1	—
Operating Income	10.3	8.6	▲1.6	▲16.4%
Alcoholic Beverages	5.0	3.2	▲1.7	▲34.9%
Soft Drinks	▲1.1	▲0.4	0.6	—
Restaurants	0.6	0.5	▲0.1	▲16.0%
Real Estate	4.1	4.7	0.6	15.7%
Others / General corporate and intercompany eliminations	▲2.0	▲2.2	▲0.1	—
Ordinary Income *1	6.6	5.8	▲0.7	▲11.3%
Alcoholic Beverages	2.3	0.9	▲1.4	▲60.1%
Soft Drinks	0.2	▲0.2	▲0.4	—
Restaurants	0.6	0.2	▲0.3	▲55.9%
Real Estate	3.2	3.7	0.5	17.6%
Others / General corporate and intercompany eliminations	▲2.7	▲2.3	0.4	—
Net Income *1	3.6	2.3	▲1.2	▲35.6%

*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)	Year ended Dec.31, 2005	Year ended Dec.31, 2006	Change	% Change
Financial Liabilities	220.7	236.0	15.3	6.9%
Capital Expenditures (cash basis)	12.5	21.8	9.3	74.5%
Depreciation and Amortization	22.0	21.9	▲0.1	▲0.7%
Debt-Equity Ratio (times)	2.0	2.1	0.1	
Return on Equity (%)	3.6%	2.1%	▲1.5%	

Consolidated Results (Fiscal Year Ended December 31, 2006)

2. Consolidated Statements of Income:

Breakdown of Key Changes (▲ indicates a negative change)

(Billions of yen)

		Year ended Dec.31, 2005	Year ended Dec.31, 2006	Change
Beer and related products	(Total)	6.2	4.3	▲1.9
Marginal profit	(Sub total)			▲8.9
	Decreased volume / product mix			▲9.2
	Raw materials costs			▲0.1
	Cost reductions of production			0.6
	Others			▲0.2
Fixed costs, others	(Sub total)			7.0
	Lower sales promotion costs			5.2
	System-related costs			▲0.2
	Others			2.0
Wine and spirits	(Total)	▲0.3	▲0.3	0.0
	Increased volume / product mix			0.0
	Higher sales promotion costs			▲0.2
	Cost reductions			0.2
Others	(Total)	0.7	0.2	▲0.4
Alcoholic Beverages		6.5	4.1	▲2.3
	Decreased volume / product mix			▲1.1
	Cost reductions of production			0.7
	Lower sales promotion cost			0.2
	Other cost reductions			0.5
Soft Drinks		▲0.6	▲0.4	0.2
	Sales increased			0.0
	Costs increased			▲0.0
Restaurants		0.5	0.4	▲0.0
	Sales	—	0.2	0.2
	Rent	5.8	6.1	0.3
Real Estate		5.8	6.4	0.5
Others		▲0.1	0.0	0.1
General corporate and intercompany eliminations		▲1.8	▲2.0	▲0.1
Change in Operating Income		10.3	8.6	▲1.6
	Financial income (expense)	▲2.7	▲2.1	0.6
	Others	▲1.0	▲0.7	0.3
Non-operating income and expenses		▲3.7	▲2.8	0.9
Change in Ordinary Income		6.6	5.8	▲0.7
	Gain on sales of property, plant and equipment	2.7	0.1	▲2.6
	Gain on sales of investment securities	1.2	2.2	1.0
	Other extraordinary gains	1.0	0.4	▲0.6
	Loss on disposal of property, plant and equipment	▲3.1	▲2.5	0.6
	Impairment loss on property, plant and equipment	▲0.8	▲1.8	▲1.0
	Devaluation of marketable securities and investments	▲0.4	▲0.2	0.2
	Other extraordinary losses	▲0.6	0.0	0.6
Extraordinary gains and losses		▲0.0	▲1.8	▲1.8
Change in income before income taxes and minority interests		6.5	3.9	▲2.5
Change in income taxes		▲2.9	▲1.6	1.3
Change in Net Income		3.6	2.3	▲1.2

Consolidated Results (Fiscal Year Ended December 31, 2006)

3. Condensed Consolidated Balance Sheets

(Billions of yen)

	As of Dec. 31, 2005	As of Dec. 31, 2006	Change	
Current Assets	140.0	127.9	▲12.1	
Cash and cash equivalents	25.4	8.9	▲16.5	} Decreased by used in investment activities and repaying financial liabilities
Notes and accounts receivable-trade	71.7	73.6	1.9	
Inventories	21.9	24.4	2.5	
Others	21.0	21.0	0.0	
Fixed Assets	423.8	461.6	37.8	
Property, plant and equipment	342.8	390.1	47.3	} Investment to Sleeman breweries ltd., shochu business and the development of real estate
Investments and others	81.0	71.5	▲9.4	
Total Assets	563.8	589.5	25.7	
Current Liabilities	220.2	268.9	48.6	
Notes and accounts payable-trade	32.6	28.9	▲3.7	
Short-term bank loans	63.0	104.0	41.0	Financing for acquisition of new consolidated companies and business
Others	124.6	135.9	11.3	Deposits received, accrued expense for construction and others
Long-term Liabilities	232.2	207.2	▲25.0	
Long-term debt	157.7	132.0	▲25.7	Reclassification to current portion of long-term debt
Employees' retirement benefits	17.4	16.4	▲1.0	
Others	57.1	58.8	1.7	
Total Liabilities	452.4	476.1	23.6	
Total Net Assets	111.4	113.5	2.1	Conversion of convertible bonds +6.9 Unrealized holding gain on securities ▲5.1
Total Liabilities and Net Assets	563.8	589.5	25.7	

Condensed Balance Sheets by Operating Company

(Billions of yen)

As of Dec. 31, 2006	Sapporo Breweries Ltd.	Sapporo Beverage Co., Ltd	Sapporo Lion Ltd.	Yebis Garden Place Co., Ltd.
Current Assets	92.8	16.4	2.9	2.7
Fixed Assets	195.7	2.4	11.9	188.8
Total Assets	288.5	18.9	14.9	191.5
Current Liabilities	160.6	12.7	2.8	20.9
Long-term Liabilities	97.8	2.1	2.1	131.9
(Long-term debt)	78.2	0.0	0.2	127.7
Total Net Assets	30.0	3.9	9.9	38.6
Total Liabilities and Net Assets	288.5	18.9	14.9	191.5

Consolidated Forecasts (Fiscal Year Ending December 31, 2007)

4. Condensed Consolidated Statements of Income

(Billions of yen)

	Year ended Dec.31, 2006	Year ending Dec.31, 2007	Change	% Change
Alcoholic Beverages	326.4	368.8	42.4	13.0%
<i>(Domestic)</i>	321.1	343.0	21.9	6.8%
<i>(International)</i>	5.3	25.8	20.5	387.6%
Soft Drinks	58.7	61.5	2.8	4.7%
Restaurants	26.9	29.1	2.1	7.8%
Real Estate	22.8	24.6	1.8	7.8%
Others	0.1	—	▲0.1	—
Net Sales	435.0	484.0	48.9	11.2%
Alcoholic Beverages	4.1	8.6	4.4	105.6%
<i>(Domestic)</i>	3.8	6.6	2.7	73.8%
<i>(International)</i>	0.3	2.0	1.6	419.5%
Soft Drinks	▲0.4	0.6	1.0	—
Restaurants	0.4	0.8	0.4	75.1%
Real Estate	6.4	6.9	0.5	7.6%
Others	0.0	—	▲0.0	—
General corporate and intercompany eliminations	▲2.0	▲3.2	▲1.2	—
Operating Income	8.6	13.7	5.0	59.1%
Alcoholic Beverages	3.2	6.1	2.8	86.3%
Soft Drinks	▲0.4	0.5	0.9	—
Restaurants	0.5	0.9	0.4	69.7%
Real Estate	4.7	5.2	0.5	9.6%
Others / General corporate and intercompany eliminations	▲2.2	▲3.5	▲1.3	—
Ordinary Income*1	5.8	9.2	3.3	57.1%
Alcoholic Beverages	0.9	2.8	1.9	199.7%
Soft Drinks	▲0.2	0.4	0.6	—
Restaurants	0.2	0.4	0.1	58.7%
Real Estate	3.7	3.9	0.2	4.8%
Others / General corporate and intercompany eliminations	▲2.3	▲4.2	▲1.9	—
Net Income*1	2.3	3.3	0.9	41.1%

*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)	Year ended Dec.31, 2006	Year ending Dec.31, 2007	Change	% Change
Financial Liabilities	236.0	218.0	▲18.0	▲7.6%
Capital Expenditures (cash basis)	21.8	22.0	0.2	0.9%
Depreciation and Amortization	21.9	24.3	2.4	11.0%
Debt-Equity Ratio (times)	2.1	1.8	▲0.3	
Return on Equity (%)	2.1%	2.7%	0.6%	

Consolidated Forecasts (Fiscal Year Ending December 31, 2007)

5. Consolidated Statements of Income:

Breakdown of Key Changes (▲ indicates a negative change)

(Billions of yen)

		Year ended Dec.31, 2006	Year ending Dec.31, 2007	Change	
Beer and related products	(Total)	4.0	5.4	1.4	
	Marginal profit	(Sub total)			7.2
		Increased volume / product mix			8.5
		Raw materials costs			▲1.5
		Cost reductions of production			0.2
	Fixed costs, others	(Sub total)			▲5.8
		Higher sales promotion costs	38.5	44.0	▲3.0
		System-related costs			▲0.5
	Wine and spirits	Others			▲2.3
		(Total)	▲0.3	0.2	0.5
Increased volume / product mix				0.4	
Others	Lower sales promotion costs			0.1	
	Shochu and Others (Total)	0.1	0.9	0.8	
Domestic Alcoholic Beverages		3.8	6.6	2.7	
	Sleeman breweries ltd. (included amortization of goodwill)	—	1.6	1.6	
	Others	0.3	0.3	0.0	
International Alcoholic Beverages		0.3	2.0	1.6	
	Increased volume / product mix			0.9	
	Cost reductions of production			0.4	
	Higher sales promotion cost	19.1	19.7	▲0.6	
	Other cost reductions			0.3	
Soft Drinks		▲0.4	0.6	1.0	
	Sales increased			0.2	
	Cost reductions			0.2	
Restaurants		0.4	0.8	0.4	
	Sales	0.2	—	▲0.2	
	Rent	6.1	6.9	0.7	
Real Estate		6.4	6.9	0.5	
Others		0.0	—	▲0.0	
General corporate and intercompany eliminations		(Allowance for the risk of business environment ▲10)	▲2.0	▲3.2	▲1.2
Change in Operating Income		8.6	13.7	5.0	
	Financial income (expense)	▲2.1	▲3.7	▲1.6	
	Others	▲0.6	▲0.8	▲0.2	
Non-operating income and expenses		▲2.7	▲4.5	▲1.8	
Change in Ordinary Income		5.8	9.2	3.3	
	Gain on sales of property, plant and equipment	0.1	0.0	▲0.1	
	Gain on sales of investment securities	2.2	0.0	▲2.2	
	Other extraordinary gains	0.4	0.0	▲0.4	
	Loss on disposal of property, plant and equipment	▲2.5	▲2.0	0.5	
	Impairment loss on property, plant and equipment	▲1.8	0.0	1.8	
	Devaluation of marketable securities and investments	▲0.2	0.0	0.2	
	Other extraordinary losses	0.0	▲0.6	▲0.6	
Extraordinary gains and losses		▲1.9	▲2.6	▲0.7	
Change in income before income taxes and minority interests		3.9	6.6	2.6	
Change in income taxes		▲1.6	▲3.3	▲1.7	
Change in Net Income		2.3	3.3	0.9	

* Assumed exchange rate: US\$115.00, CAN\$103.00

Reference

6. Major Sales Volume

Beer (Domestic)

(10,000 cases)

	Year ended Dec.31, 2006	Year on Year	Year ending Dec.31, 2007	Year on Year
Sapporo Black Label	2,420	93%	2,350	97%
Yebisu	1,013	103%	1,300	128%
Guinness	55	102%	71	131%
1. Beer (Total)	3,715	98%	3,900	105%
2. Happo-shu (Total)	1,005	91%	750	75%
Draft One	1,464	74%	1,100	75%
Umai Nama			1,000	—
3. New types of alcoholic beverage	1,663	76%	2,150	129%
Beer, Happo-shu and New (Total) (1+2+3)	6,383	90%	6,800	107%

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

Beer (International)

(10,000 cases)

	Year ended Dec.31, 2006	Year on Year	Year ending Dec.31, 2007	Year on Year
Sleeman breweries ltd.*			1,058	
Sapporo brand	218	104%	237	109%

*Excluded the contract manufacturing of Sapporo brand

Wine and Spirits

(10,000 cases)

	Year ended Dec.31, 2006	Year on Year	Year ending Dec.31, 2007	Year on Year
Domestic wines	127	98%	127	100%
Imported wines	71	103%	76	107%
Wine (Total)	198	100%	203	103%
Spirits	54	98%	52	96%
Wine and spirits (Total)	252	99%	255	101%

Shochu

(10,000 cases)

	Year ended Dec.31, 2006	Year on Year	Year ending Dec.31, 2007	Year on Year
Shochu	72	—	100	139%

Soft Drinks

(10,000 cases)

	Year ended Dec.31, 2006	Year on Year	Year ending Dec.31, 2007	Year on Year
Soft Drinks	3,358	92%	3,550	106%

Reference

7. Financial Highlights

(Fiscal Years Ended Dec. 31, 2000-2006 and Fiscal Year Ending Dec. 31, 2007)

Consolidated Financial Results and Forecasts

(Billions of yen)

	Year ended Dec.31, 2000	Year ended Dec.31, 2001	Year ended Dec.31, 2002	Year ended Dec.31, 2003
Net Sales	564.0	557.2	511.7	479.5
Operating Income	16.2	19.7	10.9	13.3
Ordinary Income	8.5	9.4	2.3	6.7
Net Income	1.3	4.3	1.1	2.4
Total Assets	764.6	729.6	717.4	630.6
Total Net Assets	103.3	105.9	106.5	87.3
Financial Liabilities	399.9	372.8	364.3	323.3
Capital Expenditures	31.0	12.6	11.9	8.8
Depreciation and Amortization	33.2	32.3	31.4	28.4

	Year ended Dec.31, 2004	Year ended Dec.31, 2005	Year ended Dec.31, 2006	Year ending Dec.31, 2007
Net Sales	494.9	453.6	435.0	484.0
Operating Income	23.6	10.3	8.6	13.7
Ordinary Income	18.0	6.6	5.8	9.2
Net Income	4.6	3.6	2.3	3.3
Total Assets	602.1	563.8	589.5	
Total Net Assets	92.2	111.4	113.5	
Financial Liabilities	289.8	220.7	236.0	218.0
Capital Expenditures	8.3	12.5	21.8	22.0
Depreciation and Amortization	25.3	22.0	21.9	24.3