



Six Months Ended June 30, 2008
Consolidated Interim Earnings Report Supplementary Information

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SAPPORO HOLDINGS LTD.

Securities code: 2501

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

Consolidated Interim Results (Six Months Ended June 30, 2008)
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1. Condensed Consolidated Statements of Income

(billions of yen)

	Six months ended June 30, 2007	Six months ended June 30, 2008	Change	Change (%)
Alcoholic beverages	161.9	149.5	(12.3)	(7.6)
<i>(Japan)</i>	148.3	137.1	(11.2)	(7.6)
<i>(Overseas)</i>	13.5	12.4	(1.0)	(8.0)
Soft drinks	24.1	18.1	(6.0)	(25.1)
Restaurants	13.4	14.0	0.5	4.2
Real estate	11.8	11.7	(0.1)	(1.0)
Net sales	211.4	193.4	(17.9)	(8.5)
Alcoholic beverages	(2.1)	(0.9)	1.1	-
<i>(Japan)</i>	(2.9)	(1.0)	1.9	-
<i>(Overseas)</i>	0.8	0.0	(0.7)	(91.3)
Soft drinks	(1.1)	(0.3)	0.7	-
Restaurants	(0.1)	(0.0)	0.0	-
Real estate	3.3	3.7	0.3	10.4
General corporate and intercompany eliminations	(1.2)	(1.2)	0.0	-
Operating income	(1.2)	1.1	2.3	-
Non-operating income	1.1	0.9	(0.1)	(15.2)
Non-operating expenses	2.7	2.9	0.1	6.5
Ordinary income	(2.8)	(0.7)	2.0	-
Extraordinary gains	0.2	25.9	25.6	8,775.0
Extraordinary losses	8.4	7.7	(0.7)	(9.2)
Income before income taxes and minority interests	(11.0)	17.4	28.5	-
Income taxes and minority interests (loss)	(5.5)	7.9	13.3	-
Net income	(5.5)	9.5	15.1	-

Consolidated	Six months ended June 30, 2007	Six months ended June 30, 2008	Change	Change (%)
Financial liabilities *1	229.7	184.0	(45.7)	(19.9)
Capital expenditures (cash basis)	11.3	13.8	2.5	22.1
Depreciation and amortization	12.5	11.0	(1.4)	(11.6)
Debt-to-equity ratio (times)	2.0	1.4	(0.5)	
Return on equity (%)	-	7.6	-	

*1 Financial liabilities include the balance of commercial paper.

Consolidated Interim Results (Six Months Ended June 30, 2008)

2. Consolidated Statements of Income Breakdown of Key Changes

(billions of yen)

		Details	Six months ended June 30, 2007	Six months ended June 30, 2008	Change	
Beer and related products		Total	(2.7)	(1.1)	1.6	
	Marginal profit	Sub total			(5.6)	
		Decrease in volume / Product mix			(3.9)	
		Increase in cost of raw ingredients and materials			(1.3)	
		Transportation expenses			(0.4)	
	Fixed and other costs	Sub total			7.2	
		Effect of production base restructuring			0.5	
		Decrease in sales promotion costs			5.7	
	Wine and spirits	Sub total			1.0	
		Total		(0.2)	0.0	0.2
		Increase in volume / Product mix				0.2
		Other				0.0
Other			0.0	0.1	0.1	
Alcoholic beverages (Japan)			(2.9)	(1.0)	1.9	
	Increase in volume / Product mix				(0.3)	
	Other				(0.4)	
Alcoholic beverages (Overseas)			0.8	0.0	(0.7)	
	Decrease in volume / Product mix				(0.2)	
	Increase in cost of raw ingredients and materials				(0.1)	
	Decrease in sales promotion costs				0.5	
	Other cost reductions				0.5	
Soft drinks			(1.1)	(0.3)	0.7	
	Existing stores				0.0	
	New stores / Refurbished stores				0.0	
Restaurants			(0.1)	(0.0)	0.0	
	Rent		3.3	3.7	0.3	
Real estate			3.3	3.7	0.3	
General corporate and intercompany eliminations			(1.2)	(1.2)	0.0	
Change in operating income			(1.2)	1.1	2.3	
	Financial income (expense)		(1.5)	(1.4)	0.1	
	Other		(0.1)	(0.5)	(0.4)	
Non-operating income and expenses			(1.6)	(1.9)	(0.3)	
Change in ordinary income			(2.8)	(0.7)	2.0	
	Gain on sales of property, plant and equipment		0.1	25.8	25.7	
	Other extraordinary gains		0.2	0.1	(0.0)	
	Loss on disposal of property, plant and equipment		(0.6)	(2.7)	(2.1)	
	Depreciation expenses resulting from revision of residual value		(7.2)	-	7.2	
	Impairment loss on property, plant and equipment		(0.6)	(1.3)	(0.8)	
	Allowance for redemption of gift coupons		-	(0.7)	(0.7)	
	Loss on revision of retirement benefits plan		-	(1.2)	(1.2)	
	Business reorganization expenses		-	(1.5)	(1.5)	
	Other extraordinary losses		(0.1)	(0.3)	(0.2)	
Extraordinary gains and losses			(8.2)	18.2	26.4	
Change in income before income taxes and minority interests			(11.0)	17.4	28.5	
Change in income taxes and minority interests (loss)			5.5	(7.9)	(13.3)	
Change in net income			(5.5)	9.5	15.1	

Consolidated Interim Results (Six Months Ended June 30, 2008)

3. Condensed Consolidated Balance Sheets

(billions of yen)

	As of June 30, 2007	As of June 30, 2008	Change	
Current assets	126.9	106.0	(20.8)	
Cash and cash equivalents	7.4	9.0	1.6	
Notes and accounts receivable trade	70.3	57.0	(13.3)	
Inventories	28.5	24.9	(3.6)	
Others	20.6	15.1	(5.5)	
Fixed assets	455.1	415.0	(40.1)	
Property, plant and equipment	381.5	350.4	(31.1)	Partial sale of YGP property and other factors
Investments and others	73.6	64.6	(9.0)	
Total assets	582.1	521.1	(61.0)	
Current liabilities	246.8	184.2	(62.5)	
Notes and accounts payable trade	31.7	24.5	(7.2)	
Short-term bank loans *1	89.2	42.1	(47.1)	Reduction of financial liabilities
Other	125.8	117.6	(8.2)	
Long-term liabilities	217.9	208.7	(9.2)	
Long-term debt	140.5	141.9	1.4	
Employees' retirement benefits	15.5	7.8	(7.7)	Switch to defined-contribution pension plan
Others	61.9	59.0	(2.9)	
Total liabilities	464.8	393.0	(71.8)	
Total net assets	117.2	128.0	10.8	{ Increase in retained earnings +18.6 Decrease in valuation and translation adjustments (7.9)
Total liabilities and net assets	582.1	521.1	(61.0)	

*1 Short-term bank loans include the balance of commercial paper.

Condensed Balance Sheets by Operating Company

(billions of yen)

As of June 30, 2008	Sapporo Breweries Ltd.	Sapporo International Inc.	Sapporo Beverage Co., Ltd	Sapporo Lion Ltd.	Yebisu Garden Place Co., Ltd.
Current assets	77.0	0.6	15.8	1.9	1.5
Fixed assets	182.4	32.1	1.9	12.4	150.0
Total assets	259.4	32.7	17.7	14.3	151.5
Current liabilities	169.0	0.9	10.0	2.6	19.0
Long-term liabilities	64.4	2.0	6.5	1.8	79.1
(Financial liabilities)	81.2	2.3	3.8	0.0	75.4
Total net assets	26.0	29.8	1.2	9.9	53.4
Total liabilities and net assets	259.4	32.7	17.7	14.3	151.5

Consolidated Forecasts (Fiscal Year Ending December 31, 2008)
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4. Condensed Consolidated Statements of Income

(billions of yen)

	Year ended Dec.31, 2007	Year ending Dec.31, 2008	Change	Change (%)
Alcoholic beverages	343.6	334.7	(9.0)	(2.6)
<i>(Japan)</i>	315.8	307.5	(8.4)	(2.7)
<i>(Overseas)</i>	27.7	27.2	(0.6)	(2.1)
Soft drinks	52.2	37.8	(14.4)	(27.6)
Restaurants	28.9	30.1	1.1	4.0
Real estate	24.1	23.7	(0.4)	(1.9)
Net sales	449.0	426.3	(22.7)	(5.1)
Alcoholic beverages	7.8	8.7	0.8	10.8
<i>(Japan)</i>	6.1	7.5	1.3	21.2
<i>(Overseas)</i>	1.6	1.2	(0.5)	(27.9)
Soft drinks	(0.8)	(0.5)	0.3	-
Restaurants	0.6	0.8	0.1	22.0
Real estate	7.0	7.4	0.3	4.6
General corporate and intercompany eliminations	(2.3)	(2.9)	(0.5)	-
Operating income	12.3	13.5	1.1	9.2
Non-operating income	2.3	2.0	(0.3)	(13.3)
Non-operating expenses	6.5	6.3	(0.3)	(3.7)
Ordinary income	8.1	9.2	1.0	13.3
Extraordinary gains	7.5	25.9	18.5	242.3
Extraordinary losses	15.4	11.3	(4.1)	(27.1)
Income before income taxes and minority interests	0.2	23.8	23.6	10,669.2
Income taxes and minority interests (loss)	(5.2)	11.0	16.3	-
Net income	5.5	12.8	7.2	132.4

Consolidated	Year ended Dec.31, 2007	Year ending Dec.31, 2008	Change	Change (%)
Financial liabilities *1	212.4	177.0	(35.4)	(16.7)
Capital expenditures (cash basis)	19.8	24.1	4.3	21.7
Depreciation and amortization	24.5	22.5	(2.0)	(8.2)

Operating income to net sales (excluding liquor tax) (%)	4.0	4.5	0.5	
Debt-to-equity ratio (times)	1.7	1.4	(0.3)	
Return on equity (%)	4.6	10.0	5.4	

*1 Financial liabilities include the balance of commercial paper.

Consolidated Forecasts (Fiscal Year Ending December 31, 2008)

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

(billions of yen)

		Year ended Dec.31, 2007	Year ending Dec.31, 2008	Change
	Beer and related products	5.8	6.8	1.0
	Marginal profit			(3.0)
	Decrease in volume / Product mix			0.9
	Increase in cost of raw ingredients and materials			(3.3)
	Transportation expenses			(0.7)
	Decrease in production costs			0.1
	Fixed and other costs			4.0
	Effect of production base restructuring			1.3
	Decrease in sales promotion costs			4.6
	Other			(1.9)
	Wine and spirits	0.1	0.3	0.2
	Increase (decrease) in volume / Product mix			0.2
	Other			0.0
	Other	0.2	0.4	0.1
	Alcoholic beverages (Domestic)	6.1	7.5	1.3
	Increase in volume / Product mix			0.2
	Increase in cost of raw ingredients and materials			(0.4)
	Other			(0.3)
	Alcoholic beverages (Overseas)	1.6	1.2	(0.5)
	Decrease in volume / Product mix			(0.2)
	Increase in cost of raw ingredients and materials			(0.6)
	Decrease in sales promotion costs			0.2
	Other cost reductions			0.9
	Soft drinks	(0.8)	(0.5)	0.3
	Existing stores			0.1
	New stores / Refurbished stores			0.0
	Restaurants	0.6	0.8	0.1
	Rent	7.0	7.4	0.3
	Real estate	7.0	7.4	0.3
	General corporate and intercompany eliminations	(2.3)	(2.9)	(0.5)
	Change in operating income	12.3	13.5	1.1
	Financial income (expense)	(3.2)	(3.2)	0.0
	Other	(1.0)	(1.1)	(0.1)
	Non-operating income and expenses	(4.2)	(4.3)	(0.1)
	Change in ordinary income	8.1	9.2	1.0
	Gain on sales of property, plant and equipment	6.7	25.8	19.1
	Other extraordinary gains	0.8	0.1	(0.6)
	Loss on disposal of property, plant and equipment	(1.3)	(5.7)	(4.4)
	Depreciation expenses resulting from revision of residual value	(6.5)	-	6.5
	Impairment loss on property, plant and equipment	(6.9)	(1.3)	5.6
	Allowance for redemption of gift coupons	-	(0.7)	(0.7)
	Loss on revision of retirement benefits plan	-	(1.2)	(1.2)
	Business reorganization expenses	-	(1.5)	(1.5)
	Other extraordinary losses	(0.6)	(0.9)	(0.2)
	Extraordinary gains and losses	(7.8)	14.6	22.6
	Change in income before income taxes and minority interests	0.2	23.8	23.6
	Change in income taxes and minority interests	5.2	(11.0)	(16.3)
	Change in net income	5.5	12.8	7.2

* Assumed exchange rates: US\$1 = 105 yen, CAN\$1 = 105 yen

Reference Materials

6. Major Sales Volume Data

Beer (Japan)

(10,000 cases)

	Jan. 1 - June 30, 2008	Year on year (%)	Year ending Dec.31, 2008	Year on year (%)
Sapporo Black Label	1,022	96.0	2,169	96.0
Yebisu (total)	451	89.0	1,200	100.0
Guinness	23	94.0	48	92.0
1. Beer (total)	1,609	97.0	3,668	99.0
2. Happoshu (total)	327	83.0	630	80.0
Draft One	523	90.0	918	80.0
Mugi to Hop	109		550	
3. New genre beverages	659	73.0	1,502	91.0
Beer, happoshu, and new genre (total: 1 + 2 + 3)	2,595	88.0	5,800	94.0

Beer (Overseas)

(10,000 cases)

	Jan. 1 - June 30, 2008	Year on year (%)	Year ending Dec.31, 2008	Year on year (%)
Sleeman Breweries Ltd. *1	449	104.0	946	106.0
Sapporo brand	126	110.0	254	110.0

*1 Excludes contracted manufacturing for the Sapporo brand

Wine and Spirits

(10,000 cases)

	Jan. 1 - June 30, 2008	Year on year (%)	Year ending Dec.31, 2008	Year on year (%)
Domestic wines	65	106.0	127	100.0
Imported wines	33	100.0	76	103.0
Wine (total)	98	104.0	203	101.0
Spirits	24	101.0	50	96.0
Wine and spirits (total)	122	103.0	253	100.0

Shochu

(billions of yen)

	Jan. 1 - June 30, 2008	Year on year (%)	Year ending Dec.31, 2008	Year on year (%)
Shochu	5.0	114.0	11.4	116.0

Soft Drinks

(10,000 cases)

	Jan. 1 - June 30, 2008	Year on year (%)	Year ending Dec.31, 2008	Year on year (%)
Soft drinks	1,195	86.0	2,500	83.0

Reference Materials

7. Financial Highlights

(Consolidated Full-year and Interim Results (Forecast) , 2004 – 2008)

Consolidated Interim Financial Results

(billions of yen)

	Six months ended June 30, 2004	Six months ended June 30, 2005	Six months ended June 30, 2006	Six months ended June 30, 2007	Six months ended June 30, 2008
Net sales	224.3	208.6	200.1	211.4	193.4
Operating income	6.1	(0.7)	(1.7)	(1.2)	1.1
Ordinary income	3.2	(2.4)	(3.0)	(2.8)	(0.7)
Net income	2.8	(5.2)	(3.9)	(5.5)	9.5
Total assets	625.5	555.0	533.4	582.1	521.1
Total net assets	91.1	87.0	102.7	117.2	128.0
Financial liabilities	336.9	265.7	221.2	229.7	184.0
Capital expenditures	5.1	4.3	11.6	11.3	13.8
Depreciation and amortization	12.9	10.9	10.6	12.5	11.0
Debt-to-equity ratio (times)		3.1	2.2	2.0	1.4
Return on equity (%)		-	-	-	7.6

Consolidated Financial Results and Forecasts

(billions of yen)

	Year ended Dec.31, 2004	Year ended Dec.31, 2005	Year ended Dec.31, 2006	Year ended Dec.31, 2007	Year ending Dec.31, 2008 (Forecast)
Net sales	494.9	453.6	435.0	449.0	426.3
Operating income	23.6	10.3	8.6	12.3	13.5
Ordinary income	18.0	6.6	5.8	8.1	9.2
Net income	4.6	3.6	2.3	5.5	12.8
Total assets	602.1	563.8	589.5	561.8	
Total net assets	92.2	111.4	113.5	125.1	
Financial liabilities	289.8	220.7	236.0	212.4	177.0
Capital expenditures	8.3	12.5	21.8	19.8	24.1
Depreciation and amortization	25.3	22.0	21.9	24.5	22.5
Debt-to-equity ratio (times)		2.0	2.1	1.7	1.4
Return on equity (%)		3.6	2.1	4.6	10.0