



Six Months Ended June 30, 2009

Consolidated 1st Half Earnings Report—Supplementary Information

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July 2009

SAPPORO HOLDINGS LTD.

Securities code: 2501

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

Consolidated 1st Half Results (Six Months Ended June 30, 2009)

1. Condensed Consolidated Statements of Income

(billions of yen)

	Six months ended June 30, 2008	Six months ended June 30, 2009	Change	Change (%)
Alcoholic beverages	149.5	143.1	(6.4)	(4.3)
<i>Japan</i>	137.1	132.7	(4.4)	(3.2)
<i>International</i>	12.4	10.4	(2.0)	(16.3)
Soft drinks	18.1	14.8	(3.2)	(18.0)
Restaurants	14.0	13.2	(0.7)	(5.4)
Real estate	11.7	11.1	(0.5)	(5.1)
Net sales	193.4	182.4	(11.0)	(5.7)
Alcoholic beverages	(0.9)	(0.2)	0.7	-
<i>Japan</i>	(1.0)	(0.0)	1.0	-
<i>International</i>	0.0	(0.1)	(0.2)	-
Soft drinks	(0.3)	(0.0)	0.2	-
Restaurants	(0.0)	(0.4)	(0.4)	-
Real estate	3.7	3.5	(0.1)	(4.4)
General corporate and intercompany eliminations	(1.2)	(1.5)	(0.2)	-
Operating income	1.1	1.3	0.1	16.2
Non-operating income	0.9	1.1	0.1	16.7
Non-operating expenses	2.9	1.9	(0.9)	(32.9)
Ordinary income	(0.7)	0.5	1.3	-
Extraordinary gains	25.9	0.0	(25.9)	(99.9)
Extraordinary losses	7.7	0.7	(6.9)	(90.4)
Income before income taxes and minority interests	17.4	(0.2)	(17.6)	-
Income taxes and minority interests (loss)	7.9	0.5	(7.3)	(93.2)
Net income	9.5	(0.7)	(10.3)	-

Consolidated	Six months ended June 30, 2008	Six months ended June 30, 2009	Change	Change (%)
Financial liabilities	184.0	188.7	4.7	2.6
Capital expenditures (cash basis)	13.8	8.7	(5.1)	(36.7)
Depreciation and amortization	11.0	11.3	0.2	2.3

Debt-to-equity ratio (times)	1.4	1.7	0.2	
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Consolidated 1st Half Results (Six Months Ended June 30, 2009)

2. Consolidated Statements of Income Breakdown of Key Changes

(billions of yen)

		Details	Six months ended June 30, 2008	Six months ended June 30, 2009	Change
Alcoholic Beverages (Japan)	Beer and related products	Total	(1.1)	(0.5)	0.6
	Marginal profit	Sub total			1.0
		Increase (decrease) in volume / Product mix (Beer -2.4, Happoshu -1.9, New genre +3.9, Product mix +1.4)			1.0
		Increase in cost of raw ingredients and materials			(0.2)
		Loss on disposal of inventories			(0.3)
		Transportation expenses			0.2
		Other			0.3
		Sub total			(0.4)
	Fixed and other costs	Sub total			(0.4)
		Revisions to depreciation rules			(0.7)
		Increase in retirement benefit expenses			(0.2)
		Sales promotion costs			(0.4)
	Other			0.9	
	Wine and spirits		0.0	0.1	0.1
Other		0.1	0.4	0.3	
Alcoholic Beverages (Japan)			(1.0)	(0.0)	1.0
Alcoholic Beverages (International)	Increase in volume / Product mix				0.5
	Increase in cost of raw ingredients and materials				(0.4)
	Exchange rates				(0.1)
	Other				(0.2)
Alcoholic Beverages (International)			0.0	(0.1)	(0.2)
Soft Drinks	Decrease in volume / Product mix				(0.5)
	Decrease in production costs				0.2
	Loss on disposal of inventories				(0.1)
	Other cost reductions				0.6
Soft Drinks			(0.3)	(0.0)	0.2
Restaurants	Existing stores				(0.4)
	New stores / Refurbished stores				0.0
Restaurants			(0.0)	(0.4)	(0.4)
Real Estate	Rent				0.1
	Effect of sale of co-ownership stake in Yebisu Garden Palace				(0.2)
Real Estate			3.7	3.5	(0.1)
General corporate and intercompany eliminations			(1.2)	(1.5)	(0.2)
Change in operating income			1.1	1.3	0.1
Non-operating income and expenses	Financial income (expense)		(1.4)	(1.2)	0.2
	Other		(0.5)	0.4	0.9
Non-operating income and expenses			(1.9)	(0.8)	1.1
Change in ordinary income			(0.7)	0.5	1.3
Extraordinary gains and losses	Gain on sales of property, plant and equipment		25.8	0.0	(25.8)
	Other extraordinary gains		0.1	-	(0.1)
	Loss on disposal of property, plant and equipment		(2.7)	(0.5)	2.2
	Impairment loss on property, plant and equipment		(1.3)	-	1.3
	Provision for gift voucher redemptions		(0.7)	-	0.7
	Loss on revision of retirement benefit plan		(1.2)	-	1.2
	Business reorganization expenses		(1.5)	-	1.5
	Other extraordinary losses		(0.3)	(0.2)	0.1
Extraordinary gains and losses			18.2	(0.7)	(18.9)
Change in income before income taxes and minority interests			17.4	(0.2)	(17.6)
Change in income taxes and minority interests (loss)			(7.9)	(0.5)	7.3
Change in net income			9.5	(0.7)	(10.3)

Consolidated 1st Half Results (Six Months Ended June 30, 2009)
3. Condensed Consolidated Balance Sheets

(billions of yen)

	As of Dec. 31, 2008	As of June 30, 2009	Change	
Current assets	129.4	101.3	(28.0)	
Cash and cash equivalents	22.4	9.5	(12.9)	
Notes and accounts receivable—trade	62.2	52.8	(9.4)	
Inventories	21.4	25.0	3.6	
Others	23.2	13.9	(9.3)	
Fixed assets	397.8	396.3	(1.5)	
Property, plant and equipment	340.1	336.6	(3.5)	
Investments and others	57.6	59.6	2.0	
Total assets	527.2	497.7	(29.5)	
Current liabilities	213.2	179.7	(33.4)	
Notes and accounts payable—trade	23.8	22.1	(1.7)	
Short-term bank loans	63.5	53.5	(9.9)	
Other	125.8	104.0	(21.7)	{ Gift vouchers (12.4) Liquor taxes payable (12.3)
Long-term liabilities	197.2	204.3	7.1	
Long-term debt	125.7	135.2	9.5	
Employees' retirement benefits	7.5	7.4	0.0	
Others	63.9	61.6	(2.3)	
Total liabilities	410.4	384.1	(26.2)	
Total net assets	116.8	113.5	(3.2)	{ Decrease in retained earnings (4.9) Valuation and translation adjustments +1.7
Total liabilities and net assets	527.2	497.7	(29.5)	

Condensed Balance Sheets by Operating Company

(billions of yen)

As of June 30, 2009	Sapporo Breweries Ltd.	Sapporo International Inc.	Sapporo Beverage Co. Ltd.	Sapporo Lion Ltd.	Yebisu Garden Place Co., Ltd.
Current assets	68.6	0.6	13.9	2.1	5.8
Fixed assets	176.5	32.1	1.9	12.1	152.2
Total assets	245.1	32.7	15.7	14.2	157.9
Current liabilities	169.0	1.0	7.9	2.7	18.3
Long-term liabilities	52.7	2.0	6.2	1.8	92.4
<i>Of which, financial liabilities</i>	81.5	2.6	3.8	0.3	85.2
Total net assets	23.4	29.7	1.6	9.7	47.3
Total liabilities and net assets	245.1	32.7	15.7	14.2	157.9

Consolidated Forecasts (Fiscal Year Ending December 31, 2009)

4. Condensed Consolidated Statements of Income

(billions of yen)

	Year ended Dec. 31, 2008	Year ending Dec. 31, 2009	Change	Change (%)
Alcoholic beverages	324.7	316.9	(7.8)	(2.4)
<i>Japan</i>	299.6	295.6	(4.1)	(1.4)
<i>International</i>	25.0	21.3	(3.7)	(14.9)
Soft drinks	36.8	30.8	(6.0)	(16.4)
Restaurants	29.5	28.5	(1.0)	(3.5)
Real estate	23.4	23.8	0.3	1.5
Net sales	414.5	400.0	(14.5)	(3.5)
Alcoholic beverages	8.6	6.5	(2.1)	(24.5)
<i>Japan</i>	7.7	5.6	(2.1)	(27.4)
<i>International</i>	0.9	0.9	(0.0)	(0.1)
Soft drinks	0.2	0.3	0.1	36.0
Restaurants	0.5	0.2	(0.4)	(63.6)
Real estate	7.6	7.5	(0.1)	(1.5)
General corporate and intercompany eliminations	(2.3)	(2.5)	(0.2)	-
Operating income	14.6	12.0	(2.6)	(18.3)
Non-operating income	1.7	1.4	(0.3)	(19.1)
Non-operating expenses	5.8	4.9	(1.0)	(16.8)
Ordinary income	10.5	8.5	(2.0)	(19.3)
Extraordinary gains	26.0	0.0	(26.0)	(100.0)
Extraordinary losses	18.5	3.0	(15.6)	(83.9)
Income before income taxes and minority interests	17.9	5.5	(12.5)	(69.4)
Income taxes	10.3	2.5	(7.9)	(75.9)
Minority interests (loss)	(0.0)	0.0	0.0	—
Net income	7.6	3.0	(4.6)	(60.7)

Consolidated	Year ended Dec. 31, 2008	Year ending Dec. 31, 2009	Change	Change (%)
Financial liabilities	189.2	188.0	(1.2)	(0.6)
Capital expenditures (cash basis)	27.3	23.2	(4.1)	(15.0)
Depreciation and amortization	21.6	23.2	1.6	7.4

Operating income to net sales (excluding liquor tax) (%)	5.2	4.3	(0.9)	
Debt-to-equity ratio (times)	1.6	1.6	0.0	
Return on equity (%)	6.3	2.6	(3.7)	

Consolidated Forecasts (Fiscal Year Ending December 31, 2009)

5. Consolidated Statements of Income
Breakdown of Key Changes

(billions of yen)

		Year ended Dec. 31, 2008	Year ending Dec. 31, 2009	Change
Beer and related products	Total	6.5	4.7	(2.4)
Marginal profit	Sub total			1.9
	Increase (decrease) in volume / Product mix (Beer -1.8, Happoshu -2.0, New genre +6.1, Product mix +1.4)			3.7
	Increase in cost of raw ingredients and materials			(0.8)
	Loss on disposal of inventories			(0.6)
	Transportation expenses			(0.4)
Fixed and other costs	Sub total			(4.3)
	Revisions to depreciation rules			(1.8)
	Increase in retirement benefit expenses			(0.5)
	Sales promotion costs			(0.3)
	Other			(1.7)
Wine and spirits		0.5	0.7	0.2
Other		0.7	0.8	0.1
Alcoholic beverages (Japan)		7.7	5.6	(2.1)
	Increase in volume / Product mix			1.3
	Increase in cost of raw ingredients and materials			(0.6)
	Exchange rates			(0.6)
	Other			(0.1)
Alcoholic beverages (International)		0.9	0.9	(0.0)
	Decrease in volume / Product mix			(1.0)
	Increase in cost of raw ingredients and materials			0.2
	Loss on disposal of inventories			(0.2)
	Other cost reductions			1.1
Soft drinks		0.2	0.3	0.1
	Existing stores			(0.5)
	New stores / Refurbished stores			0.1
Restaurants		0.5	0.2	(0.4)
	Sales			0.1
	Rent			(0.2)
Real estate		7.6	7.5	(0.1)
General corporate and intercompany eliminations		(2.3)	(2.5)	(0.2)
Change in operating income		14.6	12.0	(2.6)
	Financial income (expense)	(2.7)	(3.1)	(0.4)
	Other	(1.4)	(0.4)	1.0
Non-operating income and expenses		(4.1)	(3.5)	0.6
Change in ordinary income		10.5	8.5	(2.0)
	Gain on sales of property, plant and equipment	25.8	-	(25.8)
	Other extraordinary gains	0.1	-	(0.1)
	Loss on disposal of property, plant and equipment	(5.8)	(2.0)	3.8
	Impairment loss on property, plant and equipment	(8.2)	-	8.2
	Other extraordinary losses	(4.5)	(1.0)	3.5
Extraordinary gains and losses		7.4	(3.0)	(10.4)
Change in income before income taxes and minority interests		17.9	5.5	(12.5)
Change in income taxes and minority interests (loss)		(10.3)	(2.5)	7.9
Change in net income		7.6	3.0	(4.6)

*Assumed exchange rates: US\$1 = 90 yen, CAN\$1 = 75 yen

Reference Materials

6. Major Sales Volume Data

Beer (Japan)

(10,000 cases)

	Jan. 1 - June 30, 2009	Year on year (%)	Year ending Dec. 31, 2009 (forecast)	Year on year (%)
Sapporo Black Label	915	89.5	2,050	95.1
Yebisu (total)	454	100.8	1,200	110.9
1. Beer (total)	1,468	91.2	3,440	97.0
2. Happoshu (total)	165	50.5	400	69.3
3. New genre beverages	943	143.1	1,960	130.1
Beer, happoshu, and new genre (total: 1 + 2 + 3)	2,576	99.3	5,800	103.0

Beer (International)

(10,000 cases)

	Jan. 1 - June 30, 2009	Year on year (%)	Year ending Dec. 31, 2009 (forecast)	Year on year (%)
Sleeman Breweries Ltd. ¹	499	111.0	1,039	110.0
Sapporo brand	103	81.0	223	90.0

1. Excludes contracted manufacturing for the Sapporo brand

Wine and Spirits

(10,000 cases)

	Jan. 1 - June 30, 2009	Year on year (%)	Year ending Dec. 31, 2009 (forecast)	Year on year (%)
Domestic wines	52	81.0	105	80.0
Imported wines	32	98.0	72	97.0
Wine (total)	84	87.0	177	86.0
Wine and spirits (total)	24	101.0	54	102.0

Shochu

(billions of yen)

	Jan. 1 - June 30, 2009	Year on year (%)	Year ending Dec. 31, 2009 (forecast)	Year on year (%)
Shochu	5.4	109.0	11.2	102.0

Soft Drinks

(10,000 cases)

	Jan. 1 - June 30, 2009	Year on year (%)	Year ending Dec. 31, 2009 (forecast)	Year on year (%)
Soft drinks	961	81.0	2,000	82.0

Reference Materials

7. Financial Highlights (Consolidated Full-year Results (and Forecast) 2005 – 2009)

Consolidated Interim Financial Results

(billions of yen)

	Six months ended June 30, 2005	Six months ended June 30, 2006	Six months ended June 30, 2007	Six months ended June 30, 2008	Six months ended June 30, 2009
Net sales	208.6	200.1	211.4	193.4	182.4
Operating income	(0.7)	(1.7)	(1.2)	1.1	1.3
Ordinary income	(2.4)	(3.0)	(2.8)	(0.7)	0.5
Net income	(5.2)	(3.9)	(5.5)	9.5	(0.7)
Total assets	555.0	533.4	582.1	521.1	497.7
Total net assets	87.0	102.7	117.2	128.0	113.5
Financial liabilities	265.7	221.2	229.7	184.0	188.7
Capital expenditures	4.3	11.6	11.3	13.8	8.7
Depreciation and amortization	10.9	10.6	12.5	11.0	11.3
Debt-to-equity ratio (times)	3.1	2.2	2.0	1.4	1.7

Consolidated Financial Results and Forecasts

(billions of yen)

	Year ended Dec.31, 2005	Year ended Dec.31, 2006	Year ended Dec.31, 2007	Year ended Dec.31, 2008	Year ended Dec.31, 2009 (forecast)
Net sales	453.6	435.0	449.0	414.5	400.0
Operating income	10.3	8.6	12.3	14.6	12.0
Ordinary income	6.6	5.8	8.1	10.5	8.5
Net income	3.6	2.3	5.5	7.6	3.0
Total assets	563.8	589.5	561.8	527.2	
Total net assets	111.4	113.5	125.1	116.8	
Financial liabilities	220.7	236.0	212.4	189.2	188.0
Capital expenditures	12.5	21.8	19.8	27.3	23.2
Depreciation and amortization	22.0	21.9	24.5	21.6	23.2
Debt-to-equity ratio (times)	2.0	2.1	1.7	1.6	1.6
Return on equity (%)	3.6	2.1	4.6	6.3	2.6