Financial Results
for the Year Ended December 31, 2009—Consolidated

February 12, 2010

Company name	**Sapporo Holdings Limited**
Security code	2501
Listings	Tokyo Stock Exchange (First Section); Sapporo Securities Exchange
URL	http://www.sapporoholdings.jp/english/
Representative	Takao Murakami, President and Representative Director, Group CEO
Contact	Yoichi Kato, Director and General Manager of the Corporate Planning Department
Telephone	+81-3-5423-7407

Scheduled dates:

Annual general meeting of shareholders	March 30, 2010
Filing of financial reports	March 31, 2010
Commencement of dividend payments	March 31, 2010

1. Consolidated Financial Results for the Year Ended December 31, 2009 (January 1 – December 31, 2009)

(Amounts in million yen rounded down to the nearest million yen)

(1) Operating Results

(Percentage figures represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended December 31, 2009	387,534	(6.5)	12,895	(12.2)	10,725	1.9	4,535	(40.6)
Year ended December 31, 2008	414,558	(7.7)	14,685	18.8	10,526	29.7	7,640	38.7

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	yen	yen	%	%	%
Year ended December 31, 2009	11.57	11.05	3.9	2.1	3.3
Year ended December 31, 2008	19.49	18.89	6.3	1.9	3.5

Note: Equity method investment gains or losses:
Year ended December 31, 2009: 275 million yen
Year ended December 31, 2008: (1) million yen

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
December 31, 2009	506,874	118,590	23.4	302.16
December 31, 2008	527,286	116,862	22.1	297.60

Note: Shareholders' equity
December 31, 2009: 118,371 million yen
December 31, 2008: 116,636 million yen

(2) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
December 31, 2009	12,454	(32,227)	3,745	6,267
December 31, 2008	22,291	16,856	(22,207)	22,217

2. Dividends

Record date or period	Dividend per share					Total dividends paid (full year)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	End Q1	End Q2	End Q3	Year-end	Full year			
	yen	yen	yen	yen	yen	million yen	%	%
Year ended December 31, 2008	-	0.00	-	7.00	7.00	2,743	35.9	2.3
Year ended December 31, 2009	-	0.00	-	7.00	7.00	2,742	60.5	2.3
Year ending December 31, 2010 (forecast)	-	0.00	-	7.00	7.00		57.1	

3. Forecast of Consolidated Earnings for the Year Ending December 31, 2010 (January 1 – December 31, 2010)

(Percentage figures represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Six months ending June 30, 2010	184,000	0.9	(500)	-	(2,000)	-	(2,000)	-	-
Full year	394,500	1.8	13,500	4.7	11,000	2.6	4,800	5.8	12.30

4. Other

(1) Changes affecting the status of significant subsidiaries (scope of consolidation): None

(2) Changes in accounting principles, procedures, and methods of presentation used to prepare the financial statements

1) Changes in accord with amendments to accounting standards: Yes
2) Changes other than the above: None

(3) Number of shares issued and outstanding (common stock)
1) Number of shares issued at end of period (treasury stock included):
December 31, 2009: 393,971,493 shares
December 31, 2008: 393,971,493 shares

2) Number of shares held in treasury at end of period:
December 31, 2009: 2,218,784 shares
December 31, 2008: 2,045,360 shares

Reference:

1. Non-consolidated Financial Results for the Year Ended December 31, 2009 (January 1 – December 31, 2009)

(1) Operating Results

(Percentage figures represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended December 31, 2009	9,072	(12.1)	6,092	(23.6)	6,745	(24.8)	6,202	42.2
Year ended December 31, 2008	10,318	88.9	7,974	318.3	8,970	202.0	4,362	116.0

	Net income per share	Diluted net income per share
	yen	yen
Year ended December 31, 2009	15.83	-
Year ended December 31, 2008	11.13	10.93

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
December 31, 2009	324,652	133,236	41.0	340.10
December 31, 2008	314,401	129,931	41.3	331.52

Note: Shareholders' equity
December 31, 2009: 133,236 million yen
December 31, 2008: 129,931 million yen

<u>Appropriate Use of Earnings Forecasts and Other Important Information</u>

This document contains projections and other forward-looking statements based on information available to the Company as of the date of this document. Actual results may differ from those expressed or implied by forward-looking statements due to various factors. For the Company's earnings forecasts, please refer to" b) Outlook for the Fiscal Year Ending December 31, 2010" on page 9 in the 1. Operating results, (1) Analysis of Operating Results section below.

1. Operating results

(1) Analysis of operating results

a) Review of the fiscal year ended December 31, 2009

(1) Overview

Millions of yen, except percentages

	Net sales	Operating income	Ordinary income	Net income
2009	387,534	12,895	10,725	4,535
2008	414,558	14,685	10,526	7,640
Change (%)	(6.5)	(12.2)	1.9	(20.6)

In 2009, the perennially export-dependent Japanese economy was hard-hit by a major contraction in global demand amid a synchronous global recession ensuing from the financial crisis that began the previous autumn.

Against such a backdrop, the Japanese economy was beset by deepening deflation as companies were forced to downsize their workforces and curtail investment, resulting in large declines in domestic consumer spending and capital investment.

In the alcoholic beverage, soft drink, and restaurant industries in which the Group operates, the consumer spending slump and unseasonable summer weather weighed heavily on corporate earnings.

In the real estate industry, Greater Tokyo office building rents and vacancy rates continued to worsen from January. Although the deterioration trend has gradually slowed since mid-2009, it has yet to reverse.

Amid such an environment, the Group endeavored to strengthen its earnings base and expand operations that capitalize on its strengths in pursuit of sustained growth in accord with the key priorities of its rolling two-year Management Plan based on the Sapporo Group's New Management Framework unveiled in 2007.

To realize sustained growth into the future, the Group laid the groundwork for attaining the Management Plan's targets through such means as deciding to expand the beer business into Vietnam, forming a capital and operational alliance with Pokka Corporation, and initiating a joint venture with the Marudai Food Group in the yogurt, dessert, and chilled beverage markets. In terms of strengthening its earnings base, the Group made progress toward achieving the Management Plan's earnings targets by continuously tightening cost controls and reforming its cost structure in the aim of achieving earnings stability amid a changing economic environment. Earnings, however, declined due to accounting and taxation changes.

The Group's 2009 consolidated results are summarized as follows.

Net Sales

Consolidated net sales declined to ¥387.5 billion, a 7% or ¥27 billion decrease from 2008, as a result of unseasonable summer weather, a falloff in demand for restaurant meals, reviews of unprofitable sales accounts in the Soft Drinks business, and growth in new genre beer products' share of the Japanese Alcoholic Beverages business.

Operating Income

Consolidated operating income declined 12% or ¥1.7 billion to ¥12.8 billion. Despite implementing tighter cost controls, the Japanese Alcoholic Beverages business saw its operating income fall as a result of special factors, including increased depreciation due to accounting and taxation changes and inventory disposal losses charged to operations. The International Alcoholic Beverages business increased its unit sales, mainly in Canada, but its operating income declined, largely as a result of exchange rate movements.

The Soft Drinks business achieved operating income growth through continued efforts to strengthen profitability even as it invested in building its food operations.

The Restaurant business's operating income decreased due to a sales decline in the wake of the slump in spending on dining out.

The Real Estate business endeavored to cut costs while maintaining or boosting rents levels and occupancy rates, but its operating income declined, partly as a result of divestment of a 15% stake in Yebisu Garden Place in 2008.

Ordinary Income

Consolidated ordinary income grew 2%, or ¥100 million, to ¥10.7 billion, largely as a result of income from investments in equity-method affiliates Pokka Corporation and Azumino Food Co., Ltd. Although outstanding debt remained unchanged from December 31, 2008, net interest expense was reduced by a decrease in the average interest rate payable on borrowings.

Net Income

Consolidated net income decreased 41%, or ¥3.1 billion, to ¥4.5 billion. The main factor behind the decrease was nonrecurrence of a gain on fixed-asset sales booked in 2008.

ROE

ROE fell to 3.9% from its 2008 level of 6.3% in conjunction with the 41% decrease in consolidated net income.

(2) Results by Business Segment

Millions of yen, except percentages

	Net sales			Operating income		
	2008	2009	% change	2008	2009	% change
Alcoholic beverages	324,720	305,495	(5.9)	8,610	8,176	(5.0)
Japan	*299,698*	*282,913*	*(5.6)*	*7,709*	*7,483*	*(2.9)*
International	*25,021*	*22,581*	*(9.7)*	*901*	*693*	*(23.1)*
Soft Drinks	36,848	30,745	*(16.6)*	220	301	36.5
Restaurants	29,537	28,026	*(5.1)*	550	(171)	—
Real Estate	23,451	23,266	*(0.8)*	7,612	7,524	(1.2)

Alcoholic Beverages

Alcoholic Beverages (Japan)

In Japan, deflationary forces continued to intensify throughout 2009 amid continued deterioration in the employment environment in the wake of the global economic crisis that erupted in autumn 2008. Overall domestic beer demand contracted an estimated 2.1% from 2008, largely as a result of unseasonable summer weather. With consumers increasingly tightening their belts, demand for conventional beer and *happoshu* (low-malt beer) decreased while demand for new genre beer grew a hefty 21%.

In the Japanese Alcoholic Beverages business, we promoted our Yebisu Beer brand's unique gustatory value and endeavored to create new demand with limited-edition products such as Yebisu Silk and Kohaku Yebisu. Yebisu brand unit sales consequently fared better than overall beer demand. Our overall unit sales of conventional beer were down 9% in 2009 as a result of consumers' growing preference for low-priced products and a slump in demand in the commercial market. In the new genre category, sales of a new product launched in March fell short of our target, but sales of our *Mugi to Hop* brand, which debuted in 2008, grew 116%. We also offered consumers new value with *Off no Zeitaku*, a functional new genre beer launched in October. Our total unit sales in the new genre category grew 27%, outpacing overall new genre demand growth.

Our overall 2009 beer sales fell 5% as a result of growth in low-priced new genre products' share of total sales.

In the wine business, sales of the imported Mythique and Beringer brands held firm, roughly in line with overall wine demand. Among our domestic wines, our antioxidant-additive-free product line sold briskly but underperformed overall wine demand, largely due to 2008 price increases on its low-end products. Our overall wine sales consequently decreased, but the wine business's earnings grew.

Shochu sales grew 4% by virtue of Waramugi, Karariimo, and other premium brands' steady penetration of the commercial market coupled with strong sales of mass-market brands also. The *shochu* business's earnings also grew.

Overall, the Japanese Alcoholic Beverages business earned operating income of ¥7.4 billion (down 3% or ¥200 million from 2008) on net sales of ¥282.9 billion (down 6% or ¥16.7 billion). Although certain expenses increased due to accounting and taxation changes, these incremental expenses were more than offset by reductions in other costs, most notably manufacturing and sales promotion expenses.

Alcoholic Beverages (International)

Our estimates indicate that total demand in the North American beer market has contracted by some 2–3% as consumer spending was dampened by the US economy's pronounced slowdown since autumn 2008. Demand for US domestic beers (particularly low-priced brands) held relatively firm, but demand for premium-priced imported beers was generally down some 10%. Beer consumption declined in the commercial market but was buoyant in the household market, reflecting consumers' response to the economic downturn. Outside of North America, many other overseas markets likewise saw beer demand stagnate in response to the economic downturn.

Faced with such a challenging environment, we conducted proactive sales activities targeted at the premium market segments in which we have strong brands. Canadian subsidiary Sleeman Breweries' unit sales (excluding outsourced production of Sapporo brand products) grew 10%. At Sapporo USA, by contrast, unit sales declined 13%, reflecting that its sales mix is heavily weighted toward the super-premium price range and the commercial market.

Overall, the International Alcoholic Beverages business earned operating income of ¥600 million (down 23% or ¥200 million from 2008) on net sales of ¥22.5 billion yen (down 10% or ¥2.4 billion). In local currency terms, however, its sales were up relative to 2008. The sales decline in yen terms was attributable to exchange rate movements.

Soft Drinks

In the domestic soft drink market, total demand shrank an estimated 3% as a result of consumer belt-tightening in response to the economic downturn, unseasonable summer weather, and weak demand in the vending machine channel.

Amid such an environment, the Soft Drinks business engaged in aggressive brand-building to establish a meaningful market presence in the aim of realizing our corporate vision: "For everyone's smile, we will provide unforgettable taste with infinite passion."

In our brand-building activities, we actively endeavored to expand sales channels in the aim of cultivating and perpetuating brands that add value to consumers' lives. For example, we conducted a campaign to win new orders for Ribbon brand products, mainly Ribbon Citron, which celebrated its centennial year on the market in 2009. For Gabunomi, we introduced bottle labeling featuring the popular animation series *One Piece*. We also pursued marketing strategies focused mainly on cultivating and strengthening existing brands. For Gerolsteiner naturally carbonated water, we conducted TV advertising and consumer campaigns and endeavored to deepen its market penetration by expanding customer-contact points and bolstering its point-of-sale presence. Despite such measures, the Soft Drink business's unit sales declined 18% from 2008, partly due to the effect of reviewing unprofitable sales accounts.

Meanwhile, we continued to carry out the strategy we initiated in 2008 to regain sustained profitability. Toward this end, we implemented measures aimed at shoring up stability of the segment's earnings base through such means as optimizing production operations, rationalizing raw material and procurement costs, and reducing losses on product disposals and raw material spoilage.

In the food business, our Sapporo Potekaru range of non-oil-fried potato chips, which were launched in February, have been well received by consumers.

As a result, the Soft Drinks business's sales revenue ended at ¥30.7 billion (down 17% or ¥6.1 billion). Although we incurred initial investment costs, our ongoing program to boost earnings power via a select-and-focus approach (selectively focusing resources on key areas) helped us achieve operating income of ¥300 million (up 36% from 2008).

Restaurants

In the restaurant industry, restaurant chains lowered prices in rapid succession in response to consumers' growing frugality amid severe deterioration in personal incomes and the employment environment. Our existing restaurant operations saw a major falloff in customer traffic and a continued decline in average spending-per-customer, partly due to a decline in corporate entertainment spending at pubs.

Amid such an environment, our Restaurant business avoided becoming embroiled in cut-price competition while seeking to restore customer traffic through such means as expanding banquet courses' price range and offering smaller servings of featured menu items at lower prices. We also endeavored to boost revenues by conducting a Beer Hall Day to commemorate the 110th anniversary of our the Sapporo Lion Beer Hall chain's inception and deploying a Group-wide sales force to attract corporate events to our restaurants.

We opened 13 new restaurant locations in 2009. In November, we simultaneously opened new Kakooiya and Tomoru restaurants at the Shinjuku Sanchome Toho Building. We also opened our first Yebisu Bar, a new format we developed by tapping into Group synergies, in Tokyo's Ginza district. We also closed six restaurant locations in 2009 to end the year with a total of 211 locations.

However, as a result of a large falloff in sales at comparable restaurants, the Restaurant business incurred an operating loss of ¥100 million (down ¥700 million from 2008's operating income) on sales of ¥28 billion (down 5% or ¥1.5 billion).

Real Estate

The rise in vacancy rates and decline in rents, ongoing since the year's outset, both eased gradually through the second half of the year, but a recovery has yet to materialize.

Amid such an environment, we strived to maintain or raise occupancy rates and rents, and to further reduce costs, at existing properties. We maintained high occupancy rates mainly at central Tokyo properties such as the Yebisu Garden Place office tower, but felt the impact of the economic downturn as occupancy rates stagnated at upscale rental apartments. In real estate development, we opened the MLB Cafe Tokyo commercial property in Ebisu (Tokyo) in September, completed construction of the Chikusa Garden Terrace condominium complex in Nagoya, and we continued work on the Shinjuku office building development. We also acquired new income properties. In February, we acquired Rose City Higashi Sapporo, a rental condominium located in Sapporo, and in August, we acquired Ebisu Square, an office building located in Ebisu.

As a result of the above, and partly due to the April 2008 divestment of a 15% stake in Yebisu Garden Place, the Real Estate business's revenues declined to ¥23.2 billion (down 1% or ¥0.1 billion) and its operating income declined to ¥7.5 billion (down 1% or approximately ¥0.0 billion).

b) Outlook for the fiscal year ending December 31, 2010

(1) Overview

Millions of yen, except percentages

	Net sales	Operating income	Ordinary income	Net income
2010 forecast	394,500	13,500	11,000	4,800
2009 results	387,534	12,895	10,725	4,535
Projected increase (%)	1.8	4.7	2.6	5.8

In accord with the 2010-11 Sapporo Group Management Plan, a rolling two-year plan, the Group will focus on two priorities in 2010: strengthening our existing operations and launching a new growth strategy.

The Group has designated 2010-11 as a period of transition from a phase of earnings base strengthening to a growth phase. The Group aims to grow its businesses into the future.

Net Sales

We project 2010 consolidated net sales of ¥394.5 billion, a 2%, or ¥6.9 billion, increase from 2009.

In the Alcoholic Beverages business, we aim to expand domestic sales by pursuing a strategy focused on growing existing brands. Overseas, we will pursue sales growth through further market penetration in the US and Canada. In the Soft Drink business, we expect to achieve sales growth by pursuing marketing strategies focused primarily on developing and strengthening existing brands. In the Restaurant business, we will focus mainly on implementing an expansion strategy adapted to the current environment, but we expect sales to decline because we will also close unprofitable locations. In the Real Estate business, we will pursue growth and expansion by maintaining and boosting occupancy rates, raising rents, and undertaking development projects.

Operating Income

We project 2010 consolidated operating income of ¥13.5 billion, a 5%, or ¥600 billion, increase from 2009.

In the Alcoholic Beverages business, we will experience increased costs in the domestic market as a result of putting into operation a new IT system for sales and logistics, but we aim to earn stable profits by continuing to control costs. Overseas, we will incur upfront investment costs in conjunction with our expansion into Vietnam, but we expect to achieve operating income growth by expanding unit sales. In the Soft Drinks and Restaurant businesses, we expect to increase operating income by continuing to implement measures to strengthen profitability. In the Real Estate business, we project operating income growth from new property acquisitions and rent increases at existing properties.

Ordinary Income

We project 2010 consolidated ordinary income of ¥11 billion, a 3%, or ¥200 million, increase from 2009, by virtue of growth in consolidated operating income.

Net Income

We project 2010 consolidated net income of ¥4.8 billion, a 6%, or ¥200 million, increase from 2009, by virtue of growth in consolidated operating income.

ROE

We expect ROE to increase to 4.0% from 3.9% in 2009 as a result of the projected increase in consolidated net income.

(2) Outlook by Segment

Millions of yen, except percentages

	Net sales			Operating income		
	2009	2010	% change	2009	2010	% change
Alcoholic Beverages	305,495	311,000	1.8	8,176	8,300	1.5
Japan	*282,913*	*285,000*	*0.7*	*7,483*	*7,500*	*0.2*
International	*22,581*	*26,000*	*15.1*	*693*	*800*	*15.4*
Soft Drinks	30,745	32,000	4.1	301	700	132.5
Restaurants	28,026	27,000	(3.7)	(171)	200	—
Real Estate	23,266	24,500	5.3	7,524	8,000	6.3

Alcoholic Beverages

Alcoholic Beverages (Japan)

In the domestic alcoholic beverage market, aggregate demand is expected to continue to stagnate amid concerns about further economic deterioration and the risk of a deflationary spiral.

With consumers expected to remain in belt-tightening mode in 2010, demand in the beer market is likely to continue to generally shift from conventional beer and *happoshu* to new genre products. However, given that consumers are interested in not merely saving money but also enjoying life and are exhibiting greater health consciousness and a growing penchant for authenticity, we expect beer consumption to grow increasingly diverse, with consumers turning to beer as a minor luxury and seeking classic taste and new functional attributes from beer.

Amid such a market environment, we aim to boost earnings by offering uniquely Sapporo value propositions. Toward this end, our first priority is to conduct marketing that induces consumers to experience our beer products' refreshing taste, using a communication message of *Bringing more cheer to your "Cheers!"* (translated from the Japanese).

More specifically, we will primarily focus on further increasing the market presence of three brands in particular: our long-standing Yebisu Beer and Sapporo Draft Beer Black Label brands, and *Mugi to Hop*, a new genre brand with favorable prospects for continued sales growth in 2010. In the aim of gaining new growth brands, we will also cultivate the *Off no Zeitaku* functional new genre brand we launched in October 2009. Additionally, we will offer Silk Yebisu on a year-round basis in 2010 following its well-received limited debut in 2009. By thus proactively proposing innovative "refreshment," we aim to expand our legion of Sapporo beer enthusiasts.

Cost-wise, our newly launched IT system for sales and logistics will be an incremental cost factor, but we will continue to strengthen the Japanese Alcoholic Beverages' earnings base by continuing to implement effective procurement policies in response to fluctuations in raw material prices, enhance production operations' flexibility, and further improve cost-effectiveness, particularly with respect to sales promotion expenditures.

Alcoholic Beverages (International)

In North America, the Alcoholic Beverages business continues to face uncertainty in terms of whether the global economy will recover from its downturn triggered by the US financial crisis or relapse into a double-dip recession. Aggregate beer demand in North America, the Alcoholic Beverages business's core overseas market, is projected to be roughly flat in 2010, but we aim to continue to solidify our North American market position by capitalizing on our strengths in the premium beer category.

In the Canadian market, Sleeman Breweries will continue to invest in marketing to maintain and enhance the brand value of its core Sleeman, Unibroue, and Okanagan Spring premium brands. Sleeman Breweries aims to achieve unit sales growth in excess of the Canadian market's overall beer demand growth rate inclusive of the growing value-brand segment.

In the US market, where Sapporo USA is our core subsidiary, we aim to achieve unit sales growth in excess of the overall demand growth rate by strengthening our presence beyond the American-Japanese market segment while to continuing to target that segment as we have done until now.

In export and overseas production operations, we aim to increase sales through aggressive expansion into growth markets, while also looking to cultivate new markets and exit regions with unfavorable prospects for earnings growth. In Vietnam in particular, a market that we decided to enter in December 2009, we will commence construction on a new brewery as we continue to develop marketing strategies and a distribution network. In Singapore, a market in which we intend to synergistically collaborate with Pokka Corporation, an equity-method affiliate since 2009, we plan to strengthen our operating base by expanding sales channels in the household market.

Soft Drinks

In the Soft Drink business, we will continue to endeavor to strengthen our operating base and solidify our profit structure in pursuit of sustained growth.

Specifically, we will implement marketing strategies focused mainly on developing and strengthening existing brands, including Gabunomi, which is undergoing brand renewal; Ribbon, particularly Ribon Citron, now in its 101st year on the market; functional fruit-juice beverages Ocean Spray Cranberry and *Karada ni Oishii Ume*; and Gerolsteiner naturally carbonated water, Germany's top-selling mineral water. We plan to roll out new Gerolsteiner products for the vending machine channel in 2010.

In terms of cost, we will follow through from 2009 with continued efforts to strengthen profitability through a rigorous select-and-focus approach (selectively focusing resources on key areas). We will also further rationalize costs across all value chains and cut costs by tapping into economies of scale in procurement, production, and logistics through our strategic alliance with Pokka Corporation. Through these initiatives, we aim to achieve stable, sustained profits.

In the food business, we will expand our production capacity for Sapporo Potekaru non-oil-fried potato chips, which have won favor among consumers since their launch last spring, to accommodate demand growth. We aim to further expand the food business by rolling out new and improved Sapporo Potekaru from March.

Restaurants

The restaurant industry is expected to remain under pressure from the ongoing demand slump.

Amid such an environment, the Restaurant business will pursue early recovery in existing restaurants' earnings by closing unprofitable locations, cutting fixed costs (e.g., rents), and controlling personnel expenses through stringent shift management. Although we will temporarily curtail new restaurant openings, we will steadily open new restaurants adapted to consumers' changing lifestyles amid the recessionary environment.

Real Estate

The real estate industry's operating environment is likely to remain adverse.

In response, our Real Estate business will maintain its earnings power by maintaining and increasing occupancy rates and raising rents to fair-market levels at existing buildings, most notably Yebisu Garden Place. We will also continue to pursue earnings growth through new property acquisitions and a proactive approach to development projects.

Note: The above projections are predicated on information available as of this document's publication date, as well as assumptions regarding uncertainties that will affect future operating results. These assumptions are likewise current as of the publication date. Actual operating results may differ materially from the above projections due to various factors.

(2) Review of Consolidated Financial Condition

(a) Consolidated Financial Condition

Consolidated assets totaled ¥506.8 billion at December 31, 2009, a ¥20.4 billion decrease from December 31, 2008. The decrease was attributable to a reduction in current assets in the form of a drawdown of cash and deposits. The decrease in current assets was partially offset by growth in investment securities due to the acquisition of an equity interest in Pokka Corporation and growth in property, plant and equipment, largely in the form of newly acquired land.

Consolidated liabilities totaled ¥388.2 billion, a ¥22.1 billion decrease from December 31, 2008. The decrease was largely attributable to reductions in outstanding bonds, short-term bank loans, and deposits received, partially offset by growth in long-term bank loans.

Consolidated net assets totaled ¥118.5 billion, a ¥1.7 billion increase from December 31, 2008. The increase was largely attributable to growth in retained earnings and an increase in the foreign currency translation adjustment account balance as a result of yen depreciation as of fiscal year-end relative to a year earlier.

(b) Consolidated Cash Flows

Consolidated cash and cash equivalents ("cash") totaled ¥6.2 billion at December 31, 2009, a ¥15.9 billion or 72% decrease from December 31, 2008. The decrease resulted from use of cash provided by operating activities to acquire affiliates and tangible fixed assets and redeem outstanding bonds.

Following are consolidated cash flow figures for 2009 and an overview of factors that affected each category.

Cash flows from operating activities

Operating activities provided net cash of ¥12.4 billion, a 44% or ¥9.8 billion decrease from 2008. Major sources of operating cash flow included ¥8.8 billion in income before taxes and minority interests, ¥22.5 billion in depreciation and amortization, and ¥1.0 billion in goodwill amortization. Major uses of operating cash flow included a ¥19.7 billion reduction in deposits received in conjunction with termination of sales of beer gift vouchers.

Cash flows from investing activities

Investing activities used net cash of ¥32.2 billion (versus a net cash inflow of ¥16.8 billion in 2008). Major investment outflows included ¥8 billion spent to acquire equity interests in affiliates, ¥18.3 billion spent to acquire property, plant and equipment, and ¥3.4 billion spent to acquire intangibles.

Cash flows from financing activities

Financing activities provided net cash of ¥3.7 billion (versus a net cash outflow of ¥22.2 billion in 2008). Major financing inflows included ¥50 billion in proceeds from long-term bank loans. Major outflows included ¥17.2 billion in repayments of long-term bank loans, ¥19.7 billion in bond redemptions, and ¥2.7 billion in dividend payments.

Cash Flow Indicators

	As of December 31,				
	2005	2006	2007	2008	2009
Equity ratio (%)	19.8	19.2	22.3	22.1	23.4
Equity ratio based on market capitalization (%)	42.8	43.5	62.8	41.5	39.3
Cash flow to interest-bearing debt (years)	6.5	9.4	8.0	9.9	18.4
Interest coverage ratio (%)	10.9	9.1	7.2	6.0	3.5

Equity ratio: Total net assets / Total assets
Equity ratio based on market capitalization: Market capitalization / Total assets

Cash flow to interest-bearing debt: Interest-bearing debt / Cash flow
Interest coverage ratio: Cash flow / Interest expense

Notes:

1. All of the above indicators are calculated based on consolidated financial statement data.
2. Market capitalization is calculated based on the number of shares issued and outstanding, excluding treasury stock.
3. “Cash flow” is operating cash flow.
4. Of the debt carried on the consolidated balance sheet, interest-bearing debt is total debt on which interest is currently payable.

(3) Dividend Policy and Dividends for 2009 and 2010

Providing fair returns to our shareholders is a key management policy of our Group. Our basic policy is to pay stable dividends to the extent permitted by our operating performance and financial condition.

We also aim to maximize corporate value by internally retaining funds to strengthen our financial base and strategically invest in growth businesses in accord with our Management Plan.

In accord with these policies, we plan to pay annual dividends for 2009 of ¥7 per share.

For 2010, we plan to again pay annual dividends of ¥7 per share by steadily carrying out our Management Plan while also making strategic investments and strengthening our financial foundation.

Dividends for 2009 and 2010 (yen per share)

	Interim	Year-end	Total
2009	—	7.0	7.0
2010	—	7.0	7.0

2. Management Policy

(1) Fundamental Management Policy

The Sapporo Group’s management philosophy is “to make people’s lives richer and more enjoyable.” In conducting its business activities, the Sapporo Group strives to maintain integrity and corporate conduct that reinforces stakeholder trust and aims to achieve continuous growth in corporate value. This is our fundamental management policy.

(2) Operating Performance Targets

The Sapporo Group’s New Management Framework’s management targets for 2016 are as follows.

Consolidated net sales:	¥600 billion
Consolidated operating income:	¥40 billion yen
Debt/equity ratio:	around 1.0
ROE:	above 8%

(3) Medium- to Long-Term Management Strategies

In October 2007, we unveiled the Sapporo Group’s New Management Framework with targets for 2016, the 140th anniversary of the Group’s founding.

The New Management Framework’s basic strategies are as follows.

1) Create High-Value-Added Products and Services

In all of our businesses, we will build sustained market advantages and pursue maximal capital efficiency by concentrating management resources in market segments where we are most competitive. We will create high value-added, placing priority on “providing valuable products and services that customers can identify with” as a shared Group value.

2) Form Strategic Alliances

Instead of single-mindedly operating our businesses on a stand-alone basis, we will form strategic alliances with strong partners to amplify our strengths, complement our functional capabilities, and gain access to know-how in the aim of expeditiously gaining competitive advantages on a large scale.

3) Promote International Expansion

We will pursue overseas expansion of not only alcoholic beverage operations but also soft drink and food operations also. We aim to build brands in overseas markets by capitalizing on operational alliances and proprietary technological capabilities.

4) Expand Group Synergies

We will pursue greater inter-business synergies through flexible coordination and cooperation that transcends individual Group companies and organizational frameworks. We aim to maximize both operational and strategic synergies.

(4) Issues to be Addressed

We formulated the *2010-2011 Sapporo Group Management Plan*, a revision of the 2008-2009 Sapporo Group Management Plan as a two-year rolling plan that takes into account internal and external environmental changes.

We formulated the 2010-11 Sapporo Group Management Plan as a specific action plan toward achievement of the Sapporo Group’s New Management Framework’s targets.

Under the 2010-11 Sapporo Group Management Plan, we will undertake the following initiatives.

First, in response to a still inclement operating environments, we will continue to strengthen cost controls, implement additional structural reforms, and endeavor to further increase our adaptability to changes in the environment to achieve earnings stability.

Next, to ensure the Group’s future growth, we will strengthen our operating base and concentrate resources on our strengths, including each of our businesses’ core products. We will also aggressively undertake new initiatives in pursuit of growth, as we have done recently with the launch of a food business, our strategic alliance with Pokka Corporation, and our entry into the Vietnamese beer market.

In 2009, we held the Yebisu Beer Festival in Ebisu, Tokyo, and local beer festivals throughout Hokkaido, most notably in Sapporo, the Group’s city of origin, as events to showcase Group synergy. These festivals were well attended by the public. In 2010, we will continue such Group-unity initiatives in the aim of enhancing brand value through Group synergies.

We regard management rooted in corporate social responsibility (CSR) as a key strategy conducive to our Group’s sustained growth. We will conduct programs targeted at specific issues, such as food safety, drunken driving and other alcohol-related problems, the environment, and climate change. Additionally, we will continue to build CSR and compliance programs as the foundation that always governs our corporate behavior, and implant CSR and compliance within our corporate culture through in-house education.

3.Consolidated Financial Statement
(1)Consolidated Balance Sheeets

(millions of yen)

	December 31, 2008	December 31, 2009
	Amount	Amount
Assets		
I Current assets		
1 Cash and cash equivalents	22,494	6,387
2 Notes and accounts receivable - trade	62,258	60,120
3 Marketable securities	39	47
4 Inventories	21,409	―
5 Merchandize and finished products	―	13,258
6 Raw materials and supplies	―	9,689
7 Deferred tax assets	6,267	2,787
8 Refundable income taxes	2,969	1,236
9 Other	14,147	8,941
10 Allowance for doubtful receivables	(167)	(192)
Total current assets	129,418	102,277
II Fixed assets		
1 Property, plant and equipment		
(1) Buildings and structures	358,590	361,276
Accumulated depreciation	(177,716)	(184,898)
Buildings and structures, net	180,873	176,378
(2) Machinery and vehicles	180,772	182,373
Accumulated depreciation	(134,476)	(138,387)
Machinery and vehicles, net	46,296	43,986
(3) Land	78,893	84,384
(4) Construction in progress	9,145	8,487
(5) Other	20,045	19,784
Accumulated depreciation	(16,047)	(15,182)
Other, net	3,998	4,601
Total property, plant and equipment	319,207	317,838
2 Intangible assets		
(1) Goodwill	17,018	14,926
(2) Other	3,948	6,967
Total intangible assets	20,966	21,894
3 Investments and other assets		
(1) Investment securities	26,460	35,390
(2) Long-term loans receivable	10,480	11,072
(3) Deferred tax assets	5,039	4,824
(4) Other	17,523	15,339
(5) Allowance for doubtful receivables	(1,809)	(1,763)
Total investments and other assets	57,693	64,863
Total fixed assets	397,868	404,596
Total assets	527,286	506,874

Liabilities		
I Current liabilities		
1 Notes and accounts payable	23,829	20,185
2 Short-term bank loans and current portion of long-term debt	63,516	—
3 Short-term bank loans	—	36,735
4 Current portion of long-term debt	—	10,000
5 Liquor taxes payable	35,585	35,242
6 Income taxes payable	724	843
7 Accrued bonuses	1,350	1,638
8 Deposits received	46,835	27,084
9 Other	41,361	37,523
Total current liabilities	213,203	169,252
II Long-term liabilities		
1 Bonds	53,843	43,843
2 Long-term bank loans	71,892	106,216
3 Deferred tax liabilities	12,303	12,097
4 Employees' retirement benefits	7,531	7,487
5 Directors' and corporate auditors' severance benefits	52	45
6 Dealers' deposits for guarantees	32,023	32,011
7 Other	19,573	17,330
Total long-term liabilities	197,220	219,032
Total liabilities	410,424	388,284
Net Assets		
I Shareholders' equity		
1 Common stock	53,886	53,886
2 Capital surplus	46,325	46,318
3 Retained earnings	19,972	20,286
4 Treasury stock, at cost	(1,058)	(1,131)
Total shareholders' equity	119,126	119,360
II Valuation and translation adjustments		
1 Unrealized holding gain on securities	3,046	2,637
2 Deferred hedge gains (losses)	—	0
3 Foreign currency translation adjustments	(5,536)	(3,627)
Total valuation and translation adjustments	(2,490)	(988)
III Minority Interests	226	218
Total net assets	116,862	118,590
Total liabilities and net assets	527,286	506,874

(2)Consolidated Statements of Income

(millions of yen)

	Year ended December 31, 2008	Year ended December 31, 2009
	Amount	Amount
I Net sales	414,558	387,534
II Cost of sales	288,146	267,690
Gross profit	126,411	119,843
III Selling, general and administrative expenses		
1 Sales incentives and commissions	21,076	18,972
2 Advertising and promotion expenses	18,236	16,717
3 Salaries	19,068	18,906
4 Provision for bonuses	813	931
5 Retirement benefit expenses	2,718	3,119
6 Other	49,814	48,299
Total selling, general and administrative expenses	111,726	106,947
Operating income	14,685	12,895
IV Non-operating income		
1 Interest income	402	398
2 Dividend income	566	536
3 Foreign exchange gain	53	50
4 Gain (loss) on gift voucher redemptions	―	532
5 Equity in income of affiliates	―	275
6 Other	707	431
Total non-operating income	1,730	2,226
V Non-operating expenses		
1 Interest expense	3,714	3,623
2 Loss on disposal of inventories	1,102	―
3 Equity in loss of affiliates	1	―
4 Other	1,070	773
Total non-operating expenses	5,888	4,396
Ordinary income	10,526	10,725
VI Extraordinary gains		
1 Gain on sales of property, plant and equipment	25,892	948
2 Gain on sales of investment securities	20	19
3 Reversal of provision for doubtful receivables	10	―
4 Compensation income from store closures	111	―
Total extraordinary gains	26,035	967
VII Extraordinary losses		
1 Loss on disposal of property, plant and equipment	5,835	1,523
2 Loss on impairment of property, plant and equipment	8,206	925
3 Provision for gift voucher redemptions	746	―
4 Loss on revision of retirement benefit plan	1,307	―
5 Early retirement benefits	305	―
6 Business reorganization costs	1,443	―
7 Loss on devaluation of investment securities	746	244
8 Loss on devaluation of inventories	―	125
Total extraordinary losses	18,592	2,818
Income before income taxes and minority interests	17,970	8,874
Current income taxes	519	912
Deferred income taxes	9,835	3,437
Minority loss	(24)	(11)
Net income	7,640	4,535

(3)Consolidated Statements of Cash Flows (millions of yen)

	Year ended December 31, 2008	Year ended December 31, 2009
	Amount	Amount
I Cash flows from operating activities		
1 Income before income taxes and minority interests	17,970	8,874
2 Depreciation and amortization	21,604	22,546
3 Loss on impairment of property, plant and equipment	8,206	925
4 Amortization of goodwill	867	1,032
5 Increase (decrease) in employees' retirement benefits	(7,603)	(43)
6 Increase (decrease) in allowance for doubtful receivables	(523)	(23)
7 Interest and dividend income	(969)	(935)
8 Interest expense	3,714	3,623
9 (Gain) loss on sales of property, plant and equipment	(25,892)	(948)
10 (Gain) loss on sales and disposal of property, plant and equipment	5,835	1,523
11 (Gain) loss on sales of investment securities	(20)	(19)
12 (Gain) loss on devaluation of investment securities	746	244
13 (Increase) decrease in notes and accounts receivable - trade	5,760	2,667
14 (Increase) decrease in inventories	1,056	(980)
15 (Increase) decrease in other current liabilities		5,976
16 Increase (decrease) in notes and accounts payable	(1,447)	(3,884)
17 Increase (decrease) in liquor taxes payable	(2,287)	(433)
18 Increase (decrease) in deposits received	(1,854)	(19,751)
19 Increase (decrease) in other current liabilities	4,805	(4,402)
20 Other	253	(1,835)
Sub total	30,225	14,156
21 Interest and dividends received	974	932
22 Interest paid	(3,743)	(3,544)
23 Income taxes paid	(5,164)	(1,951)
24 Income taxes refunded	—	2,862
Net cash provided by (used in) operating activities	22,291	12,454
II Cash flows from investing activities		
1 Payments for time deposits	(593)	
2 Proceeds from time deposits	866	
3 Purchases of investment securities	(1,166)	(1,468)
4 Proceeds from redemption and sale of investment securities	152	56
5 Purchases of affiliates securities	(52)	(8,042)
6 Purchases of property, plant and equipment	(22,791)	(18,398)
7 Proceeds from sales of property, plant and equipment	49,082	1,439
8 Purchases of intangibles	(4,551)	(3,429)
9 Increase in long-term loans receivable	(525)	(755)
10 Collection of long-term loans receivable	251	207
11 Other	(3,816)	(1,835)
Net cash provided by (used in) investing activities	16,856	(32,227)
III Cash flows from financing activities		
1 Net increase (decrease) in short-term bank loans	(4,816)	(6,398)
2 Proceeds from long-term bank loans	20,357	50,000
3 Repayment of long-term bank loans	(35,684)	(17,254)
4 Proceeds from issuance of bonds	3,843	—
5 Net increase (decrease) in commercial paper	(4,000)	—
6 Cash dividends paid	(1,963)	(2,739)
7 Redemption of bonds	—	(19,710)
8 Purchase of treasury stock	(262)	(119)
9 Proceeds form sales of treasury stock	68	39
10 Proceeds from minority shareholders	250	—
11 Other	—	(71)
Net cash provided by (used in) financing activities	(22,207)	3,745
IV Effect of exchange rate changes on cash and cash equivalents	(604)	77
V Net increase (decrease) in cash and cash equivalents	16,335	(15,949)
VI Cash and cash equivalents at beginning of period	5,881	22,217
VII Cash and cash equivalents at end of period	22,217	6,267

(4)Statement of Changes in Shareholders' Equity

(millions of yen)

	Year ended December 31, 2008	Year ended December 31, 2009
	Amount	Amount
Shareholders' Equity		
Common stock		
Balance at end of previous period	53,886	53,886
Changes during period		
Total changes during period	—	—
Balance at end of period	53,886	53,886
Capital surplus		
Balance at end of previous period	46,310	46,325
Changes during period		
Disposition of treasury stock	15	(7)
Total changes during period	15	(7)
Balance at end of period	46,325	46,318
Retained earnings		
Balance at end of previous period	14,292	19,972
Changes due to change in accounting policies applied to foreign subsidiaries	—	(1,477)
Changes during period		
Cash dividends	(1,960)	(2,743)
Net income	7,640	4,535
Total changes during period	5,679	1,791
Balance at end of period	19,972	20,286
Treasury stock		
Balance at end of previous period	(848)	(1,058)
Changes during period		
Purchase of treasury stock	(262)	(119)
Disposition of treasury stock	52	46
Total changes during period	(209)	(73)
Balance at end of period	(1,058)	(1,131)
Total shareholders' equity		
Balance at end of previous period	113,641	119,126
Changes due to change in accounting policies applied to foreign subsidiaries	—	(1,477)
Changes during period		
Cash dividends	(1,960)	(2,743)
Net income	7,640	4,535
Purchase of treasury stock	(262)	(119)
Disposition of treasury stock	68	39
Total changes during period	5,485	1,711
Balance at end of period	119,126	119,360

Valuation and translation adjustments		
Unrealized holding gain on securities		
Balance at end of previous period	9,640	3,046
Changes during period		
Net change in items other than shareholders' equity during period	(6,594)	(408)
Total changes during period	(6,594)	(408)
Balance at end of period	3,046	2,637
Deferred hedge gains (losses)		
Balance at end of previous period	—	—
Changes during period		
Net change in items other than shareholders' equity during period	—	0
Total changes during period	—	0
Balance at end of period	—	0
Foreign currency translation adjustments		
Balance at end of previous period	1,853	(5,536)
Changes during period		
Net change in items other than shareholders' equity during period	(7,389)	1,909
Total changes during period	(7,389)	1,909
Balance at end of period	(5,536)	(3,627)
Total valuation and translation adjustments		
Balance at end of previous period	11,493	(2,490)
Changes during period		
Net change in items other than shareholders' equity during period	(13,984)	1,501
Total changes during period	(13,984)	1,501
Balance at end of period	(2,490)	(988)
Minority interests		
Balance at end of previous period	53	226
Changes during period		
Net change in items other than shareholders' equity during period	172	(7)
Total changes during period	172	(7)
Balance at end of period	226	218
Total net assets		
Balance at end of previous period	125,189	116,862
Changes due to change in accounting policies applied to foreign subsidiaries	—	(1,477)
Changes during period		
Cash dividends	(1,960)	(2,743)
Net income	7,640	4,535
Purchase of treasury stock	(262)	(119)
Disposition of treasury stock	68	39
Net change in items other than shareholders' equity during period	(13,811)	1,494
Total changes during period	(8,326)	3,205
Balance at end of period	116,862	118,590

(5) Segment Information

1. Segment Information by Business

(millions of yen)

	Fiscal year ended December 31, 2008 (January 1, 2008 – December 31, 2008)						
	Alcoholic Beverages	Soft Drinks	Restaurants	Real Estate	Total	Corporate and eliminations	Consolidated
I Net sales and operating income (loss)							
Net sales							
(1) Operating revenues	324,720	36,848	29,537	23,451	414,558	—	414,558
(2) Intra-group sales and transfers	6,263	321	—	2,373	8,958	(8,958)	—
Total	330,983	37,170	29,537	25,824	423,516	(8,958)	414,558
Operating expenses	322,373	36,950	28,987	18,212	406,522	(6,649)	399,872
Operating income (loss)	8,610	220	550	7,612	16,993	(2,308)	14,685
II Assets, depreciation and amortization, impairment and capital expenditures							
Identifiable assets	307,517	17,536	14,738	172,563	512,355	14,930	527,286
Depreciation and amortization	14,125	272	779	6,427	21,603	1	21,604
Loss on impairment	6,619	1,250	320	16	8,206	—	8,206
Capital expenditures	15,099	998	856	12,419	29,374	4	29,378

(millions of yen)

	Year ended December 31, 2009 (January 1, 2009 – December 31, 2009)						
	Alcoholic Beverages	Soft Drinks	Restaurants	Real Estate	Total	Corporate and eliminations	Consolidated
Net sales							
(1) Operating revenues	305,495	30,745	28,026	23,266	387,534	—	387,534
(2) Intra-group sales and transfers	5,740	304	—	2,289	8,334	(8,334)	—
Total	311,235	31,050	28,026	25,556	395,868	(8,334)	387,534
Operating expenses	303,059	30,748	28,198	18,032	380,038	(5,400)	374,638
Operating income (loss)	8,176	301	(171)	7,524	15,829	(2,933)	12,895
II Assets, depreciation and amortization, impairment and capital expenditures Identifiable assets	290,323	19,337	13,669	175,904	499,235	7,639	506,874
Depreciation and amortization	15,219	384	776	6,160	22,541	5	22,546
Loss on impairment	398	—	527	—	925	—	925
Capital expenditures	10,053	1,466	875	11,073	23,468	16	23,484

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, happoshu and new-genre beverages, wine, whiskey, shochu and other products, distribution, brewing equipment, etc.
Soft Drinks	Soft drinks, other non-alcoholic beverages, and snack foods
Restaurants	Operation of beer halls and restaurants
Real Estate	Real estate leasing, real estate sales, operation of commercial facilities, utility supplies, and operation of fitness clubs

(3) Unallocated operating expenses included in "Corporate and eliminations": 2,344 million yen at December 31, 2008, and 2,979 million yen at December 31, 2009. These are operating expenses incurred by the Company.

(4) Unallocated assets included in "Corporate and eliminations" amounted to 29,131 million yen and 21,582 million yen at December 31, 2008 and 2009, respectively, and consisted principally of cash and cash equivalents and marketable securities, long-term investments, and assets of general administration divisions.

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

(6) Changes in Accounting Policies

Year ended December 31, 2008 (January 1, 2008 – December 31, 2008)

1) Accounting method for sales
The Company has adopted a new accounting method for consolidated sales, and now deducts sales incentives paid to customers for sales of soft drinks from net sales. Due to this change, in the Soft Drinks business, net sales and operating expenses were each ¥6,629 million lower than the amounts that would have resulted with the previous method, but there was no effect on operating income.

2) Method for translating the revenue and expenses of foreign subsidiaries
The Company has adopted a new accounting method that uses the average exchange rate during the relevant fiscal period when translating the revenue and expenses of foreign subsidiaries into Japanese yen. Due to this change, in the Alcoholic Beverages business, net sales were

3) Accounting Standard for Lease Transactions

Effective the fiscal year ended December 31, 2009, lease transactions have been accounted for in the same manner as purchase and sale transactions due to adoption of the *Accounting Standard for Lease Transactions* (ASBJ Statement No.13 (June 17, 1993; 1st Committee, Business Accounting Council; revised March 31, 2007) and its accompanying *Guidance on Accounting Standard for Lease Transactions* (ASBJ Statement Guidance No.16; January 18, 1994, Accounting System Committee, Japanese Institute of Certified Public Accountants; revised March 30, 2007). For finance leases for which ownership of the leased assets does not transfer to the lessees and entered into on or before December 31, 2008, the Company uses the conventional method, which accounts for such leases in the same manner as operating leases.
Effects of this change on each segment are not significant.

Additional information

Change in Useful Life of Property, Plant and Equipment

The Company and its subsidiaries in Japan have reviewed the useful lives of property, plant and equipment following the 2008 revision of Japan's Corporation Tax Act, and effective the fiscal year ended December 31, 2009, began using new useful lives for depreciation of machinery assets.
Due to this change, in the fiscal year ended December 31, 2009, compared with what they would have been under the previous accounting method, operating income in the Alcoholic Beverages business was ¥1,553 million lower; in the Soft Drinks business, higher by approximately ¥0 million; and in the Real Estate business, ¥1 million lower. By the same comparison, operating loss in the Restaurants business was higher by ¥14 million.

2. Segment Information by Geographic Area

Year ended December 31, 2008 (January 1, 2008 – December 31, 2008) and
year ended December 31, 2009 (January 1, 2009 – December 31, 2009)

Sales in Japan constituted more than 90% of consolidated sales.
Accordingly, geographical segment information has not been disclosed.

3. Overseas Sales

Year ended December 31, 2008 (January 1, 2008 – December 31, 2008) and
year ended December 31, 2009 (January 1, 2009 – December 31, 2009)

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