Financial Results
for the Nine Months Ended September 30, 2011 — Consolidated
(Based on Japanese GAAP)

October 31, 2011

Company name **Sapporo Holdings Limited**

Code Number	2501
Shares Listed	Tokyo Stock Exchanges (First Section); Sapporo Securities Exchanges
URL	http://www.sapporoholdings.jp/english/
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Scheduled dates:

Filing of quarterly financial report	November 14, 2011
Commencement of dividend payments	-
Supplementary information to the quarterly earnings results	Available
Quarterly earnings results briefing held	Yes (mainly targeted at institutional investors and analysts)

1. Consolidated Financial Results for the Nine Months Ended September 30, 2011 (January 1 – September 30, 2011)

(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	%
Nine months ended September 30, 2011	324,402	14.2	12,268	29.2	10,567	23.2	573	(82.9)
Nine months ended September 30, 2010	284,085	0.3	9,497	21.1	8,575	36.8	3,352	44.6

	Net income per share	Diluted net income per share
	yen	yen
Nine months ended September 30, 2011	1.46	-
Nine months ended September 30, 2010	8.56	7.51

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
September 30, 2011	543,144	122,494	22.2	308.60
December 31, 2010	494,798	126,645	25.3	319.32

Note: Shareholders' equity
September 30, 2011: 120,840 million yen
December 31, 2010: 125,047 million yen

2. Dividends

Record date or period	Dividend per share				
	End Q1	End Q2	End Q3	Year-end	Full year
	yen	yen	yen	yen	yen
Year ended December 31, 2010	—	0.00	—	7.00	7.00
Year ending December 31, 2011	—	0.00			
Year ending December 31, 2011 (forecast)				7.00	7.00

Note: No changes have been made to the dividend forecasts since the latest release

3. Forecast of Consolidated Earnings for the Year Ending December 31, 2011 (January 1 – December 31, 2011)

(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
Full year	462,000	18.7	18,000	16.9	15,500	8.2	2,700	(74.9)	6.90

Note: No changes have been made to earnings forecasts since the latest release

4. Other

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

(2) Use of simplified accounting methods and/or accounting methods specific to quarterly consolidated financial statements: Yes
*Use of simplified accounting methods and/or accounting methods specific to quarterly consolidated financial statements

(3) Changes in accounting principles, procedures, and methods of presentation
1) Changes in accord with amendments to accounting standards: Yes
2) Changes other than the above: None
*Changes in accounting principles, procedures, and methods of presentation used to prepare the quarterly financial statements

(4) Number of shares issued and outstanding (common stock)

1) Number of shares issued at end of period (treasury stock included):

September 30, 2011: 393,971,493 shares
December 31, 2010: 393,971,493 shares

2) Number of shares held in treasury at end of period:

September 30, 2011: 2,396,205 shares
December 31, 2010: 2,367,424 shares

3) Average number of outstanding shares during the period:

Nine months ended September 30, 2011: 391,582,338 shares
Nine months ended September 30, 2010: 391,711,624 shares

*Quarterly review status

The quarterly financial results are not subject to quarterly reviews pursuant to the Financial Instruments and Exchange Act. The quarterly review of the quarterly financial results herein had not been completed as of the date of this document.

Appropriate Use of Earnings Forecasts and Other Important Information

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 assumptions underlying the forecasts herein and other notice on the use of earnings forecasts, please refer to "Consolidated Earnings Forecast" in "Analysis of Operating Results" on page 10.

1. Analysis of Operating Results

Consolidated Financial Results for the Nine Months ended September 30, 2011

During the first nine months of 2011 (January–September), the Japanese economy showed signs of a moderate recovery in business conditions in the early part of the year, until the Great East Japan Earthquake and tsunami disaster struck on March 11. The impact of the disaster and subsequent electricity shortages dealt a heavy blow to the economy, resulting in a sharp slowdown. Although the recovery process has taken hold, the outlook for a full-fledged recovery of the domestic economy remains clouded by a number of major concerns, including financial instability in Europe, an economic slowdown in the United States, and continued yen appreciation.

In this economic environment, sales at the Sapporo Group's Japanese Alcoholic Beverages and Restaurants businesses have fallen as a direct result of the post-disaster environment. On the other hand, the Soft Drinks business managed to post year-on-year sales growth during the first nine months thanks to successful marketing strategies launched at the start of the year. Meanwhile, the addition of the POKKA Group to our consolidated accounts from April 1 has contributed to a sharp increase in the Sapporo Group's consolidated sales.

Operating income was boosted by cost reductions in all business segments, the addition of the POKKA Group, and profit gains at our Real Estate business.

Meanwhile, the Sapporo Group has made various contributions to recovery efforts after the Great East Japan Earthquake. Immediately after the earthquake/tsunami disaster our Restaurants business began distributing food to disaster-struck areas and continued to do so until June 20. The same business has donated a portion of sales from draft beer campaigns at its restaurants and from the Sapporo Group's Yebisu Beer Festival held in Tokyo's Ebisu district in September for use in disaster-recovery efforts.

As a result of the above factors, in the first nine months of 2011 the Sapporo Group posted consolidated net sales of ¥324.4 billion (up ¥40.3 billion, or 14%, year over year). Operating income was ¥12.2 billion (up ¥2.7bn, or 29%), and ordinary income came to ¥10.5 billion (up ¥1.9 billion, or 23%). However, we posted a ¥1.0 billion loss from changes in accounting standards for asset retirement obligations and "disaster losses" of ¥4.7 billion booked in relation to the earthquake/tsunami disaster. As a result, net profit for the first nine months of 2011 was ¥0.5 billion (¥2.7 billion, or 83%, less than in the first nine months of 2010).

Segment Information is outlined below. The presentation of segment information has changed owing to adoption of the management approach from this fiscal year. Changes from the previous fiscal year are explained in the supplementary materials.

Japanese Alcoholic Beverages

Domestic demand for beer and beer-type beverages in March fell about 13% year over year in the aftermath of the Great East Japan Earthquake and tsunami disaster. Despite a gradual rebound in demand in subsequent months, total demand for beer and beer-type beverages during the first nine month of 2011 appears to have been at around 94–95% of the year-earlier level.

Our Japanese Alcoholic Beverage business suffered some quake damage to buildings, equipment, and distribution facilities at its Sendai Brewery (Natori City, Miyagi Prefecture) and Chiba Brewery (Funabashi City, Chiba Prefecture). Some product losses also were sustained. These damages forced the shutdown of the two breweries and the halt of product shipments.

Operations were resumed in stages, but product supply shortages in the weeks immediately after the disaster cut into sales, and the Japanese Alcoholic Beverage business had to limit production to certain core brands and delay the launch of new products. It also refrained from advertising and in-store marketing activities.

During the third quarter, we continued to see a gradual recovery from the post-disaster business slump, but sales failed to rebound fully to levels seen in past years. As a result, cumulative unit sales of our beer products during the nine months of the year were down about 7% year over year.

In the low-alcohol category, in April we launched a new and improved version of Sapporo Nectar Sour Sparkling Peach, a year-round cocktail-style drink. That launch was supplemented by the introduction of several limited volume, seasonal versions of our Sapporo Nectar Sour cocktails, including mango- and La France pear–flavored versions, which were warmly received by customers.

In the nonalcoholic beer category, we introduced Sapporo Premium Alcohol Free on March 16, and sales have exceeded original targets despite the launch coming soon after the earthquake. In June, we doubled our original unit sales target for 2011 to 1.2 million cases, and sales have been trending in line with that more bullish target.

The wine and liquor business has enjoyed solid demand for domestic and imported wines, enabling it to achieve unit sales above levels seen in the first nine months of 2010. As a result, sales and income during the first nine months both show year-over-year gains.

In the shochu business, the Triangle Ginger Highball canned cocktail launched in May and the Sasainata shochu introduced nationwide in September helped boost sales and profits.

Overall, the Japanese Alcoholic Beverages business posted cumulative sales of ¥191.5 billion (down ¥9.7 billion, or 5%, year over year) in the first nine months of the year. Despite the drop in sales, the business posted operating income of ¥5.0 billion (a slight decrease compared with the same period a year earlier).

International Alcoholic Beverages

North American beer demand remained sluggish despite signs of a recovery in consumer spending. Industrywide demand appears to have contracted 1–2% compared with demand in the first nine months of 2010. The Asian beer market has continued to grow steadily, supported by fast-growing economies in the region.

In this environment, the International Alcoholic Beverages business continued marketing activities targeting the premium beer segment. Canadian subsidiary SLEEMAN BREWERIES LTD. achieved a 7% year-over-year increase in unit sales (excluding outsourced production of Sapporo brand products), sustaining its five-year growth streak. Sapporo USA, meanwhile, expanded its unit sales of Sapporo brand beers by 5% over the volume seen in the first nine months of 2010. Sales outside of North America, which are concentrated mainly in Asia, continued to grow briskly, with unit sales up 53% year over year.

In Vietnam, we began preparing for the start of production at a new brewery under construction. In August, we began stocking ingredients and have steadily proceeded with preparations for the fermentation and aging processes. The new plant is scheduled for completion on November 24, and we look forward to the start of sales of locally brewed Sapporo Beer. In other overseas markets, we pursued various growth strategies. For example, in Singapore we are working with the POKKA Group on expanding sales channels in the local household market, while in South Korea we began selling Sapporo brand beers to the household and commercial markets via an alliance with Maeil Dairies Co., Ltd. In Oceania, we signed a licensing agreement with Australian beer maker Coopers Brewery in July, and the Australian brewer started brewing and selling Sapporo-brand beer from October.

As a result of the above activities, our International Alcoholic Beverages business achieved solid sales gains on local-currency bases. Yen appreciation, however, diluted the gains in yen terms, which show sales for the first nine months of 2011 reaching ¥19.4 billion (a slight decrease compared with the same period a year earlier). The business managed to post operating income of ¥0.5 billion (up slightly compared with the same period a year earlier), despite startup investments totaling ¥0.5 billion in Vietnam.

Soft Drinks

We estimate that domestic demand for soft drinks in the first nine months of 2011 was largely flat year over year, as the high hurdle created by the hot summer of 2010 proved insurmountable despite expanded demand for mineral water.

In this environment, the Soft Drinks business continued to strengthen and cultivate its brands by focusing marketing investment and sales-force resources on core brands, while also strengthening product development operations targeted at creating new value propositions. We also sustained thorough efforts to achieve appropriate costs throughout the value chain as part of our program to strengthen profitability through a select-and-focus approach (i.e., selectively focusing resources on key areas).

For example, we implemented the “Tie Together with Ribbon Hokkaido Project” for our core Ribbon soft drink brand, which helped keep Ribbon sales during the first nine months of 2011 at 99% of the previous-year level. Meanwhile, we achieved solid growth（7% year over year increase）in sales of the Gabunomi series thanks to a marketing tie-up with a new movie release and to efforts to broaden sales points and solidify the products’ market presence. We aim to further expand sales points through sales campaigns planned from this fall through next spring. Sales of Gerolsteiner, naturally carbonated water from Germany, increased 5% year over year, supported by greater product recognition realized through in-store trial offers and repeat purchase promotions that included passing out samples and other events.

We also posted growth in sales (6% year over year increase compared with the first nine months of 2010) of our mineral water and unsweetened beverage offerings, as strong post-quake demand offset lower sales in the latter part of August and in September owing to unseasonably cool weather.

On the cost front, our rigorous select-and-focus approach enabled us to carry out cost-structure reforms throughout the value chain, including optimization of our production structure. As a result, we achieved further cost reductions despite rising materials costs and an increase in losses from waste and spoilage.

As a result of the above activities, the Soft Drinks business achieved sales of ¥28.4 billion (up ¥3.0 billion, or 12%, year over year). However, operating income came to ¥1.0 billion (down ¥0.2 billion, or 20%), partially owing to a goodwill amortization charge of ¥0.3 billion.

POKKA Group

We estimate that domestic demand for soft drinks during the six months from April through September fell slightly below the previous year’s level, as the impact of unseasonably cool weather in August–September erased gains during April–July. Meanwhile, total demand in the markets for lemon-based products (flavorings) and instant soups appears to have been slightly above the levels seen in 2010.

In this environment, the POKKA Group’s Domestic Beverage & Foods business endeavored to strengthen and cultivate brand power by focusing investments on core brands and newer growth brands.

POKKA’s domestic beverages business saw post-earthquake supply shortages force the cancellation or delay of some new product launches and shipment adjustments. Business was also hampered by the impact of energy-saving measures and a decline in demand caused by unseasonable weather in August and September. To overcome these adverse conditions, POKKA carried out a 10th anniversary sales campaign for Kireto Lemon, launched Kireto Lemon Soukai Sparkling, bolstered the POKKA Coffee lineup, and introduced annual promotional canned drinks to the usual favorable market response.

POKKA’s domestic foods business offset the negative impact of the March disaster, including adjustments to soup shipments and fewer in-store bargain sales with its efforts to market POKKA Lemon 100 as a drink to take in the morning, a TV ad campaign for the Kantanbimi soup line, and the introduction of several new products, including Jikkuri Kotoko Shrimp Bisque in August.

Overall, Pokka’s Domestic Beverage & Foods business achieved a year-over-year increase in sales during the April–September period. POKKA overcame rising vending machine and raw material costs and secured higher profits by reducing fixed costs and concentrating marketing efforts on higher margin products.

The Overseas Beverage & Foods business, however, posted year-over-year declines in sales and profits during the April–September period. Steady progress in lowering the COGS ratio and distribution costs was offset by intense price competition in Singapore and lower sales in other overseas markets.

The Domestic Restaurants business achieved year-over-year sales and profit growth as its core Café de Crie coffee shop chain continued with operational improvements amid a difficult post-quake market environment for the café industry. Improvements included the introduction of new menu items on a regular basis and ongoing store remodeling. In addition, the business resumed its chain expansion efforts.

The Overseas Restaurants business also secured gains in sales and profits on the strength of new store openings in Hong Kong, the business' core overseas market.

Overall, the POKKA Group posted sales of ¥49.9 billion, while operating income amounted to ¥1.7 billion due to a ¥0.6 billion charge for goodwill amortization.

POKKA Group Overview

POKKA Group results were added to our income statement from April 1. As such, Sapporo Holdings' consolidated results for the first nine months of 2011 include POKKA's results for the six months from April through September. We therefore provide the previous-year data for reference.

* For reference: POKKA CORPORATION (including subsidiary companies) results for April–September 2010 and 2011 (before intersegment eliminations)

2010 Sales ¥50.5 billion
Operating income ¥2.1 billion
2011 Sales ¥50.9 billion (up ¥0.4 billion or 1% year over year)
Operating income ¥2.4 billion (up ¥0.2 billion or 13% year over year)

Restaurants

Japan's restaurant industry slumped sharply in the wake of the Great East Japan Earthquake, as many restaurants closes or shortened operating hours. The industry was also negatively affected by the self-restraint mood the prevailed throughout Japanese society after the disaster.

From the latter half of April, however, our Restaurants business resumed various sales campaigns and marketing efforts that had been put on hold at the height of the self-restraint mood, as we sought to bring customers back to our restaurants.

In addition to reopening beer halls and gardens in Sendai, Nasu and Chiba that had been closed after the March disaster, we launched a draft beer campaign that coincided with our "August 4 is beer hall day," a companywide celebration to commemorate the anniversary of the founding of Sapporo's restaurant business. Through such efforts, we endeavored to rejuvenate demand after the March disaster. As a result, same-store sales during July–September rebounded to about 96% of their previous year levels, after having fallen to 67% the previous year's level in March.

We opened five new restaurants during the first quarter of the year. Then in May we opened our fourth and fifth YEBISU Bar outlets, the former in the Tokyo Dome City facility and latter in Kagurazaka, Tokyo, bringing total new openings in the first three quarters of 2011 to seven. Sales at all new outlets are in line with targets.

We have also been revitalizing existing outlets by, for example, converting existing restaurants to our Ooi Hokkaido (Hello Hokkaido) Betsukai Pub format, a Japanese-style pub officially recognized by and featuring fare from the town of Betsukai in Hokkaido. We converted an outlet in Tokyo's Kanda district in May and two more stores in the Otemachi district in August.

On the other hand, we closed five unprofitable locations with little prospect of an earnings improvement in the near term and one other location was closed upon the end of the contract with the party entrusted with shop operation. As a result, we had 195 locations operating at the end of September.

Reflecting the above activities and circumstances faced during the first nine months of 2011, the Restaurants business posted sales of ¥17.8 billion (down ¥2.2 billion, or 11%, year over year). Thanks to cost-cutting efforts, the business managed to limit the operating loss for the period to close to zero (compared with operating income of just barely above zero a year earlier).

Real Estate

The Greater Tokyo office leasing market has seen improvement in vacancy rates since April 2011, but rents continue to fall.

Amid such an operating environment, our Real Estate business has been endeavoring to maintain or boost rents and occupancy rates and realize additional cost savings at existing properties. Properties damaged by the earthquake, including YEBISU Garden Place, have been undergoing repairs, and our core properties in the Tokyo metropolitan area are maintaining high occupancy rates. Our properties adopted various measures to reduce electric power consumption in the peak summer months and continue these energy-conservation measures.

Real estate development activities during the first nine months of 2011 featured the completion of a new wing at the Pal Urayasu fitness club in Urayasu, Chiba in June. The new wing has received praise from the club's clientele.

Meanwhile, our primary new acquisition of the year, the Storia Shirokanedai rental apartment building in the Minato district in Tokyo, which we acquired in February, is already contributing to segment earnings.

Reflecting the above, Real Estate business sales in the first nine months of 2011 totaled ¥16.6 billion (down ¥0.6 billion, or 4%, year over year), while operating income, with a reduction in depreciation and amortization, rose to ¥6.4 billion (up ¥0.8 billion, or 16%).

(2) Review of Consolidated Financial Condition

Consolidated Financial Condition

Consolidated assets as of September 30, 2011, totaled ¥543.1 billion, a ¥48.3 billion increase from the end of the previous fiscal year (December 31, 2010). The increase is due mainly to an increase in goodwill related to the purchase of shares of Sapporo Beverage Co., Ltd., and to the inclusion of POKKA CORPORATION as a consolidated subsidiary.

Consolidated liabilities totaled ¥420.6 billion, a ¥52.4 billion increase from December 31, 2010, owing to the newly consolidated subsidiary and the issue of commercial papers, which was partially offset by decreases in liquor taxes payable and deposits received.

Consolidated net assets totaled ¥122.4 billion, ¥4.1 billion less than on December 31, 2010. The decrease primarily reflects the dividend distribution at the end of the previous fiscal year, offset to some extent by net income posted for the first nine months of 2011.

Consolidated Cash Flows

Consolidated cash flows for the nine months ended September 30, 2011, were as follows.

Operating activities provided net cash of ¥19.1 billion. The major decremental factors included a decrease in liquor taxes payable (¥14.3 billion) and an increase in inventories (¥3.0 billion), while the main incremental factors included income before taxes and other adjustments (¥2.6 billion), depreciation and amortization (¥17.8 billion), and a decrease in notes and accounts receivable (¥10.8 billion).

Investing activities used net cash of ¥48.2 billion. Major investment outflows included purchases of shares of newly consolidated subsidiaries (¥18.6 billion), purchases of shares of subsidiaries (¥16.1 billion), and purchases of property, plant and equipment (¥8.9 billion).

Financing activities provided net cash of ¥24.4 billion. The major financing inflows were short-term bank loans (¥18.1 billion), long-term bank loans (¥24.6 billion), bond issuance (¥9.9 billion), and a net increase in commercial paper (¥15.0 billion). The main outflows were the repayment of long-term bank loans (¥18.6 billion), bond redemptions (¥20.0 billion), cash dividends paid (¥2.7 billion), and the repayment of finance lease obligations (¥1.9 billion).

As a result of the above cash flows, cash and cash equivalents totaled ¥8.7 billion as of September 30, 2011.

(3) Consolidated Earnings Forecast

The Company has made no revisions to its consolidated earnings forecast for the year ending December 31, 2011, since it last revised its forecast on June 30, 2011.

2. Other

(1) Changes affecting the consolidation status of material subsidiaries (scope of consolidation)

None

(2) Use of simplified accounting methods and/or accounting methods specific to quarterly consolidated financial statements

Simplified accounting

Calculation of deferred tax assets and deferred tax liabilities

If there have been no material changes in either the business environment or temporary differences since the end of the previous fiscal year, the Company uses the same earnings forecasts and tax planning strategies that it used in the previous fiscal year to assess the likelihood of deferred tax assets being used at a later date. If there have been material changes in the business environment and/or in temporary differences since the end of the previous fiscal year, the Company uses the earnings forecasts and tax planning strategies that it used in the previous fiscal year but modifies them to allow for the likely impact of these material changes.

Accounting methods specific to quarterly consolidated financial statements

Calculation of tax liabilities

The Company calculates tax liabilities by producing a reasonable estimate of the effective tax rate after applying tax-effect accounting to income before taxes and minority interests for the fiscal year, which encompasses the nine months ended September 30, 2011, and then multiplying income (loss) before taxes and minority interests by this estimated effective tax rate. Note that “deferred income taxes” are included under “income taxes.”

(3) Overview of changes in accounting principles, procedures, and methods of presentation used to prepare the quarterly financial statements

Changes in accord with amendments to accounting standards

Adoption of accounting standard related to equity method

Effective the first quarter of the fiscal year ending December 31, 2011, the Company adopted the *Revised Accounting Standard for Equity Method of Accounting for Investments* (ASBJ Statement No. 16, revised March 10, 2008) and the *Practical Solution on Unification of Accounting Policies Applied to Associates*

Accounted for Using the Equity Method (PITF No.24, March 10, 2008). The impact of this adoption on ordinary income and net income before income taxes and minority interests was nil.

Adoption of accounting standard related to asset retirement obligations
Effective the first quarter of the fiscal year ending December 31, 2011, the Company adopted *the Accounting Standard for Asset Retirement Obligations (Statement No.18, March 31, 2008) and* its associated *Guidance on Accounting Standard for Asset Retirement Obligations (Guidance No.21, March 31, 2008).* Due to this adoption, operating income and ordinary income for the nine months ended September 30, 2011 were each 80 million yen lower, while income before income taxes and minority interests was 1,164 million yen lower. Asset retirement obligations changed by 602+ million yen due to adoption of the accounting standard and guidance.

Changes in presentation methods

In accord with the adoption of the Cabinet Office Ordinance on Partial Revision of the Regulations Concerning the Terminology, Forms and Preparation Methods of Financial Statements and Other Items (Cabinet Office Ordinance No. 5, March 24, 2009) based on the *Accounting Standard for Consolidated Financial Statements* (ASBJ Statement No.22, December 26, 2008), the Company used the account title “income before minority interests” for the nine months ended September 30, 2011.

Consolidated quarterly statements of cash flows

In the third quarter of the fiscal year ended December 31, 2010, “repayment of finance lease obligations” was included in "other" under cash flows from financing activities. In the third quarter of the fiscal year ending December 31, 2011, though, it ceased to be included in “other” and was presented separately because of its increased importance.
For reference, “repayment of finance lease obligations” in the fiscal year ended December 31, 2010 was 129 million yen and included in "other” under cash flows from financing activities.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(millions of yen)

	September 30, 2011	December 31, 2010
	Amount	Amount
Assets		
I Current assets		
1 Cash and cash equivalents	8,917	13,390
2 Notes and accounts receivable - trade	63,756	61,352
3 Marketable securities	-	2
4 Merchandize and finished products	18,339	12,412
5 Raw materials and supplies	11,025	9,756
6 Other	12,575	12,984
7 Allowance for doubtful receivables	(231)	(161)
Total current assets	114,382	109,737
II Fixed assets		
1 Property, plant and equipment		
(1) Buildings and structures	376,258	357,769
Accumulated depreciation	(200,565)	(185,485)
Buildings and structures, net	175,692	172,284
(2) Machinery and vehicles	199,544	180,519
Accumulated depreciation	(161,222)	(142,521)
Machinery and vehicles, net	38,321	37,997
(3) Land	84,920	77,583
(4) Construction in progress	4,743	3,563
(5) Other	40,202	20,400
Accumulated depreciation	(25,438)	(15,201)
Other, net	14,764	5,199
Total property, plant and equipment	318,443	296,629
2 Intangible assets		
(1) Goodwill	41,044	14,128
(2) Other	9,337	10,331
Total intangible assets	50,381	24,459
3 Investments and other assets		
(1) Investment securities	32,157	38,027
(2) Long-term loans receivable	10,152	10,396
(3) Deferred tax assets	2,810	2,649
(4) Other	16,336	14,493
(5) Allowance for doubtful receivables	(1,519)	(1,594)
Total investments and other assets	59,937	63,972
Total fixed assets	428,762	385,061
Total assets	543,144	494,798

(millions of yen)

	September 30, 2011	December 31, 2010
	Amount	Amount
Liabilities		
I Current liabilities		
1 Notes and accounts payable - trade	31,704	24,348
2 Short-term bank loans	46,958	28,089
3 Current portion of long-term debt	-	20,000
4 Liquor taxes payable	19,887	34,253
5 Income taxes payable	2,433	1,818
6 Accrued bonuses	3,854	2,055
7 Deposits received	15,244	19,218
8 Other	67,701	37,259
Total current liabilities	187,783	167,043
II Long-term liabilities		
1 Bonds	42,000	35,843
2 Long-term bank loans	114,053	97,402
3 Deferred tax liabilities	13,818	13,455
4 Employees' retirement benefits	7,507	7,190
5 Directors' and corporate auditors' severance benefits	33	42
6 Dealers' deposits for guarantees	32,744	31,935
7 Other	22,709	15,239
Total long-term liabilities	232,866	201,109
Total liabilities	420,650	368,152
Net Assets		
I Shareholders' equity		
1 Common stock	53,886	53,886
2 Capital surplus	46,312	46,315
3 Retained earnings	26,141	28,317
4 Treasury stock, at cost	(1,197)	(1,190)
Total shareholders' equity	125,142	127,329
II Valuation and translation adjustments		
1 Unrealized holding gain on securities	2,426	2,985
2 Deferred hedge losses	(5)	(7)
3 Foreign currency translation adjustments	(6,722)	(5,258)
Total valuation and translation adjustments	(4,302)	(2,281)
III Minority Interests	1,654	1,597
Total net assets	122,494	126,645
Total liabilities and net assets	543,144	494,798

(2) Consolidated Statements of Income

(millions of yen)

	Nine months ended September 30, 2010	Nine months ended September 30, 2011
	Amount	Amount
I Net sales	284,085	324,402
II Cost of sales	191,113	204,801
Gross profit	92,972	119,600
III Selling, general and administrative expenses		
1 Sales incentives and commissions	14,965	23,136
2 Advertising and promotion expenses	13,574	11,732
3 Salaries	13,518	19,275
4 Provision for bonuses	1,399	1,709
5 Retirement benefit expenses	2,148	2,416
6 Other	37,867	49,061
Total selling, general and administrative expenses	83,474	107,332
Operating income	9,497	12,268
IV Non-operating income		
1 Interest income	374	271
2 Dividend income	393	376
3 Equity in gain of affiliates	280	-
4 Foreign exchange gain	21	-
5 Gain on gift voucher redemptions	467	379
6 Other	494	507
Total non-operating income	2,031	1,535
V Non-operating expenses		
1 Interest expense	2,735	2,664
2 Equity in loss of affiliates	-	26
3 Foreign exchange loss	-	144
4 Other	218	400
Total non-operating expenses	2,953	3,236
Ordinary income	8,575	10,567
VI Extraordinary gains		
1 Gain on sales of property, plant and equipment	2	22
2 Gain on sales of investment securities	656	21
3 Reversal of provision for doubtful receivables	71	-
4 Reversal of removal costs	569	-
5 Gain on change in equity	-	353
6 Settlement received	-	261
Total extraordinary gains	1,299	658
VII Extraordinary losses		
1 Loss on disposal of property, plant and equipment	912	310
2 Impairment loss	112	436
3 Loss on devaluation of inventories	1,348	1,160
4 Loss on sales of investment securities	-	23
5 Effect of adoption of new accounting standards for asset retirement obligations	-	1,084
6 Compensation expenses	-	267
7 Loss on phased acquisition	-	566
8 Disaster losses	-	4,742
9 Business structure improvement expenses	650	-
Total extraordinary losses	3,024	8,592
Income before income taxes and minority interests	6,851	2,633
Income taxes	3,468	2,013
Income before minority interests	-	620
Minority interests in gains	30	46
Net income	3,352	573

(3) Consolidated Statements of Cash Flows

(millions of yen)

	Nine months ended September 30, 2010	Nine months ended September 30, 2011
	Amount	Amount
I Cash flows from operating activities		
1 Income (loss) before income taxes and minority interests	6,851	2,633
2 Depreciation and amortization	17,057	17,846
3 Amortization of goodwill	872	2,178
4 Increase (decrease) in employees' retirement benefits	(233)	(132)
5 Increase (decrease) in allowance for doubtful receivables	(187)	(108)
6 Interest and dividend income	(768)	(648)
7 Interest expense	2,735	2,680
8 (Gain) loss on sales and disposal of fixed assets	909	288
9 (Gain) loss on sales of investment securities	(656)	2
10 (Gain) loss on revaluation of investment securities	1,348	1,160
11 Effect of adoption of new accounting standards for asset retirement obligations	-	1,084
12 (Increase) decrease in notes and accounts receivable - trade	9,996	10,810
13 (Increase) decrease in inventories	(812)	(3,014)
14(Increase) decrease in other current assets	386	2,242
15 Increase (decrease) in notes and accounts payable - trade	3,991	(1,307)
16 Increase (decrease) in liquor taxes payable	(14,235)	(14,310)
17 Increase (decrease) in deposits received	(6,934)	(4,188)
18 Other	5,822	6,991
Sub total	26,143	24,208
18 Interest and dividends received	894	726
19 Interest paid	(2,641)	(2,823)
20 Income taxes paid	(1,148)	(2,963)
21 Income taxes refund	1,207	6
Net cash provided by operating activities	24,455	19,153
II Cash flows from investing activities		
1 Purchases of investment securities	(2,763)	(2,116)
2 Purchases of property, plant and equipment	(15,478)	(8,942)
3 Proceeds from sales of property, plant and equipment	472	67
4 Purchases of intangibles	(1,666)	(1,534)
5 Purchases of newly consolidated subsidiaries	(1,608)	(18,662)
6 Purchase of subsidiaries' shares	-	(16,141)
7 Other	(209)	(937)
Net cash used in investing activities	(21,253)	(48,268)
III Cash flows from financing activities		
1 Net increase (decrease) in short-term bank loans	(12,524)	18,129
2 Proceeds from long-term bank loans	15,600	24,636
3 Repayment of long-term bank loans	(11,473)	(18,691)
4 Proceeds from issuance of bond	11,952	9,960
5 Redemption of bonds	-	(20,000)
6 Increase (decrease) in commercial paper	-	15,000
7 Cash dividends paid	(2,739)	(2,732)
8 Payments received from minority shareholders	-	181
9 Repayment of finance lease obligations	-	(1,987)
9 Other	(168)	(10)
Net cash provided by financing activities	646	24,484
IV Effect of exchange rate changes on cash and cash equivalents	(327)	150
V Net increase (decrease) in cash and cash equivalents	3,520	(4,479)
VI Cash and cash equivalents at beginning of period	6,267	13,270
VII Cash and cash equivalents at end of period	9,788	8,790

4. Notes on the Going-concern Assumption

Not applicable

5. Segment Information

a. Segment Information by Business

(millions of yen)

	Nine months ended September 30, 2010 (January 1, 2010 – September 30, 2010)						
	Alcoholic Beverages	Soft Drinks	Restaurants	Real Estate	Total	Corporate and eliminations	Consolidated
Net sales							
(1) Operating revenues	220,399	25,761	20,634	17,289	284,085	-	284,085
(2) Intra-group sales and transfers	4,240	210	-	1,690	6,141	(6,141)	-
Total	224,640	25,972	20,634	18,979	290,226	(6,141)	284,085
Operating income (loss)	5,647	694	(14)	5,529	11,856	(2,358)	9,497

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

(6) Changes in Accounting Policies

Nine months ended September 30, 2010 (January 1, 2010 – September 30, 2010)

Change in accounting standard for recognizing revenues from and costs of completed construction

For recognition of revenues associated with construction work, the Company has adopted the *Accounting Standard for Construction Contracts* (ASBJ Statement No. 15, December 27, 2007) and its associated *Guidance on the Accounting Standard for Construction Contracts* (ASBJ Statement No. 18, December 27, 2007). All construction contracts, including those in existence at the beginning of the first quarter, for which certain elements were determinable with certainty at end of the third quarter (September 30, 2010) were accounted for with the percentage-of-completion method. The effect of this change on segment information was minor.

b. Segment Information by Geographic Area

Nine months ended September 30, 2010 (January 1, 2010 – September 30, 2010)

Sales in Japan constituted more than 90% of consolidated sales.

Accordingly, geographical segment information has not been disclosed.

c. Overseas Sales

Nine months ended September 30, 2010 (January 1, 2010 – September 30, 2010)

Overseas sales constituted less than 10% of consolidated sales.

Accordingly, overseas sales have not been disclosed.

Segment Information

1. Overview of reportable segments
Nine months ended September 30, 2011 (January 1, 2011 – September 30, 2011)

The Company's reportable segments are components of the Company about which separate financial information is available. These segments are subject to periodic examinations to enable the Company's board of directors to decide how to allocate resources and assess performance.
The Sapporo Group utilizes the assets of the Group and its traditional areas of strength in the two business domains, "creation of value in food" and "creation of comfortable surroundings." Under Sapporo Holdings, a pure holding company, each group company formulates development plans and strategies for its products, services, and sales markets and conducts business accordingly.
The Group's businesses are therefore segmented mainly based on the products, services, and sales markets of Group companies and their affiliated companies. The Company's six reportable segments are Japanese Alcoholic Beverages, International Alcoholic Beverages, Soft Drinks, the POKKA Group, Restaurants, and Real Estate.
The Japanese Alcoholic Beverages segment produces and sells alcoholic beverages in Japan, while the International Alcoholic Beverages segment produces and sells alcoholic beverages overseas.
The Soft Drinks segment produces and sells soft drinks and other non-alcoholic beverages.
The POKKA Group segment is a business group led by POKKA CORPORATION.
The Restaurants segment operates restaurants of various styles.
The Real Estate segment's activities include leasing and development of real estate.

2. Sales, income, and loss by reportable segment
Nine months ended September 30, 2011 (January 1, 2011 – September 30, 2011)

(millions of yen)

	Reportable segments										
	Alcoholic Beverages (Japan)	Alcoholic Beverages (International)	Soft Drinks	POKKA Group	Restaurants	Real Estate	Total	Other *1	Total	Adjustment	Amounts reported on the statements of income *2
Net sales											
(1) Operating revenues	191,509	19,426	28,434	49,930	17,897	16,618	323,815	586	324,402	-	324,402
(2) Intra-group sales and trans	4,422	17	732	1,006	-	1,650	7,830	30	7,860	(7,860)	-
Total	195,932	19,443	29,166	50,937	17,897	18,269	331,646	616	332,262	(7,860)	324,402
Segment income (loss)	5,032	594	1,049	1,757	(94)	6,416	14,756	(521)	14,235	(1,966)	12,268

Notes:
(1) "Other" comprises businesses, such as food businesses, that are not included in reportable segments.
(2) Segment income and losses are adjusted based on operating income reported on the quarterly consolidated statements of income for the corresponding period.

3. Reconciliation and main components of differences between income and loss of reportable segments and figures on the statement of income (information on differences)
Nine months ended September 30, 2011 (January 1, 2011 – September 30, 2011)

(millions of yen)

Segment income (loss)	Amount
Total for reportable segments	14,756
Loss from other segments	(521)
Unallocated corporate costs*	(1,903)
Intra-segment sales	(63)
Operating income on the statement	12,268

Note: Unallocated corporate costs consist mainly of SGA that is not attributable to reportable segments.

4. Impairment loss on fixed assets or goodwill by reportable segment

Material impairment loss on fixed assets
There were no material impairment losses.

Material change in amount of goodwill

There were no material changes in amount of goodwill.

Material negative goodwill gains
There were no material gains on negative goodwill.

Additional information
Effective the first quarter of the fiscal year ending December 31, 2011, the Company adopted the *Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information* (ASBJ Statement No.17 (Revised 2009)) and its associated *Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information* (Guidance No. 20, March 21, 2008).

6. Notes on Significant Changes in the Amount of Shareholders' Equity
Not applicable

7. Subsequent Events
Not applicable