Financial Results
for the Six Months Ended June 30, 2013 — Consolidated
(Based on Japanese GAAP)

August 2, 2013

Company name **Sapporo Holdings Limited**

Security code	2501
Listings	Tokyo Stock Exchange (First Section); Sapporo Securities Exchange
URL	http://www.sapporoholdings.jp/english/
Representative	Tsutomu Kamijo, President, Representative Director and Group CEO
Contact	Tatsuya Komatsu, Director of the Corporate Communications Department
Telephone	+81-3-5423-7407

Scheduled dates:

Filing of quarterly financial report	August 13, 2013
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 Six Months Ended June 30, 2013 (January 1 – June 30, 2013)

(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	%
Six months ended June 30, 2013	231,225	3.7	470	-	335	-	189	-
Six months ended June 30, 2012	223,043	16.0	(1,726)	-	(2,461)	-	(2,901)	-

Note: Accumulated other comprehensive income

Six months ended June 30, 2013 9,264 million yen

Six months ended June 30, 2012 (558) million yen

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended June 30, 2013	0.49	-
Six months ended June 30, 2012	(7.41)	-

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
June 30, 2013	601,112	140,062	22.8	350.34
December 31, 2012	597,636	134,946	22.1	336.60

Note: Shareholders' equity
June 30, 2013: 136,759 million yen
December 31, 2012: 131,795 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, 2012	—	0.00	—	7.00	7.00
Year ending December 31, 2013	—	0.00			
Year ending December 31, 2013 (forecast)				7.00	7.00

Note: No changes were made to dividend forecasts in the six months ended June 30, 2013

3. Forecast of Consolidated Earnings for the Year Ending December 31, 2013 (January 1 – December 31, 2013)

(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
Year ending December 31, 2013	512,000	4.0	15,300	6.1	14,000	2.3	5,500	2.0	14.05

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

4. Other

*For details, see "2. Other" on page 11.

(1) Changes in significant subsidiaries during the six months ended June 30, 2013 : Yes

*Changes affecting the status of significant subsidiaries (scope of consolidation)

Newly consolidated: - Newly excluded: Sapporo Beverage Co., Ltd.

(Note) Sapporo Beverage Co., Ltd. was absorbed by Pokka Sapporo Food & Beverage Ltd. via a merger conducted on January 1, 2013. Sapporo Beverage Co., Ltd. was dissolved and ceased to be a subsidiary of the Company; while Pokka Sapporo Food & Beverage Ltd. became a subsidiary.

(2) Simplified accounting: Yes

*Use of simplified accounting methods and/or accounting methods specific to quarterly consolidated financial statements

(3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement

1) Changes in accordance with amendments to accounting standards etc.: None
2) Changes other than 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatement: None

Note: For details, see "2. Other" on page 11.

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

1) Number of shares issued at end of period (treasury stock included):
June 30, 2013: 393,971,493 shares
December 31, 2012: 393,971,493 shares

2) Number of shares held in treasury at end of period:
June 30, 2013: 3,604,978 shares
December 31, 2012: 2,418,030 shares

3) Average number of outstanding shares during the period:
Six months ended June 30, 2013: 390,873,563 shares
Six months ended June 30, 2012: 391,564,686 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.

1. Analysis of Operating Results

Consolidated Financial Results for the Six Months ended June 30, 2013

In the first half of 2013 (January 1 – June 30), the Japanese economy continued to display some positive signs of recovery, including a stock market rally fueled by growing expectations for monetary easing. However, the consumer-spending environment remained clouded in uncertainty.

Amid this environment, the Sapporo Group saw a sharp increase in sales year over year with strong contributions from the International Business and Restaurants Business. International Business results benefited from steady sales gains at Canadian subsidiary SLEEMAN BREWERIES, Sapporo USA, and Sapporo Vietnam. The Restaurant business posted sharply higher sales with a solid contribution from a year-over-year increase in sales at existing outlets. Strong contributions also came from the inclusion of results from two recently consolidated subsidiaries, with Pokka Ace (M) SDN. BHD. added in January 2013 to the Food & Soft Drinks Business, and Silver Springs Citrus, Inc., the largest US maker of private-brand chilled drinks, consolidated as part of the International Business in April 2012.

Group operating income also increased sharply year over year thanks to reductions in marketing expense at the Japanese Alcoholic Beverage Business and the International Business' success in expanding sales in Canada, the United States and Vietnam.

As a result of the above factors, in the first half of 2013 the Sapporo Group posted consolidated sales of ¥231.2 billion (up ¥8.1 billion or 4% year over year), operating income of ¥0.4 billion (compared with a ¥1.7 billion loss a year earlier), and ordinary income of ¥0.3 billion (compared with a ¥2.4 billion loss a year earlier). The Group achieved a first-half net income of ¥0.1 billion (compared with a ¥2.9 billion loss a year earlier).

The first quarter of 2013 marked the startup of operations at Pokka Sapporo Food & Beverage Ltd., the surviving entity following the merger of Pokka Corporation and Sapporo Beverage Co., Ltd.

Segment information is outlined below. From the beginning of fiscal 2013, Sapporo Logistics Systems Co., Ltd., which was previously included in the Japanese Alcoholic Beverages segment, and Pokka Logistics Co., Ltd., which was previously included in the Food & Soft Drinks segment, were reclassified to the Other segment. On July 1, 2013, Pokka Logistics Co., Ltd., was dissolved following an absorption-type merger with Sapporo Logistics Systems Co., Ltd.

In addition, Pokka Food (Singapore) Pte. Ltd. was moved from the Food & Soft Drinks segment to the Restaurants segment, and on April 1, 2013, the company's name was changed to Sapporo Lion (Singapore) Pte. Ltd. To enable year-over-year comparisons in this document, figures for the year-earlier period have been adjusted to reflect the new segmentation.

Seasonal Factors

The Group's operating results exhibit substantial seasonal variation because demand for the products and services offered by the Japanese Alcoholic Beverages, International Business, Food & Soft Drinks, and Restaurant businesses tends to be concentrated in the summer months. Sales and profits consequently in the first quarter tend to be lower than in the other three quarters.

Japanese Alcoholic Beverages

We estimate that total domestic demand for beer and beer-type beverages in the first half of 2013 declined 1% year over year. Beer and happoshu sales volumes declined slightly, while volume sales of new-genre beer slowed but continued to show year-over-year growth.

Under these market conditions, the Japanese Alcoholic Beverage business continued to invest management resources in its core beer brands while striving to expand the Sapporo fan base by energetically introducing new value proposals. The business also continued to establish the foundations for growth of its nonalcoholic beer-taste beverages and ready-to-drink (RTD)* cocktails and solidified its wine & western spirits business and its Japanese shochu business. Through this diversification of our product offerings, we are endeavoring to raise the Sapporo brand value.

In the beer and beer-type beverages category, the business continued to promote the Yebisu brand, launching the limited-volume version *Kaori Hanayagu Yebisu* in February and Yebisu Premium Black in May. The new offerings contributed to a year-over-year increase in sales of our Yebisu brand beers during the first half of the year. In the new-genre beer category, we followed up the February launch of renewal versions of Mugi to Hop and Mugi to Hop Black with the introduction of the limited-volume Mugi to Hop Red in April. These new offerings were favorably received by consumers. In June, we launched Goku Zero, the world's first beer-type beverage (New genre beer product) with zero purine bodies to considerable acclaim, and sales of the product are ahead of targets. As a result, overall demand for our beer in the first half of 2013 exceeded total market demand, while total sales volume for beer-type beverages was in line with demand for the same period of the previous fiscal year.

In the nonalcoholic beer category, we launched renewal versions of Sapporo Premium Alcohol Free and Sapporo Premium Alcohol Free Black in February. A well-coordinated and sustained sales campaign, including TV commercials and in-store promotions, fueled sales of the renewal versions and helped us increase sales volume in the nonalcoholic beer category.

In the RTD category, we received favorable consumer response to several new offerings, including the limited-volume *Sapporo Otoko Ume Sour*, a deliciously salty canned chuhai (shochu-based alcoholic beverage) developed in collaboration with Nobel Confectionary Co., Ltd., and introduced in April. Amid rising demand for our bottled RTDs, we released a bottled version of Bacardi Mango Mojito in April as we continued to raise the Bacardi brand recognition and build a larger fan base.

Among wine offerings, our core imported wine, Yellow Tail, came out with Yellow Tail Pink Moscato in March, widening the brand's appeal. Among domestic wines, our mainstay domestic premium brand, Grand Polaire, continued to enjoy strong customer support. Overall, first-half wine sales rose above the previous-year level.

Our western spirits business enjoyed rising sales volumes, thanks to strong contributions from Bacardi products, including the Bacardi Classic Cocktails Mojito.

The shochu business also posted strong year-over-year sales gains on continued brisk sales of two blended shochus introduced in 2012 – *Imo Shochu Kokuimo* and *Mugi Shochu Koimugi*.

Overall, the Japanese Alcoholic Beverage business posted sales of ¥120.5 billion, up ¥0.1 billion or 0% year over year in the first half of 2013. The slight gain in sales combined with tighter cost controls, particularly with regard to marketing expenses, enabled the business to post operating income of ¥0.1 billion, as the business rebounded from an operating loss of ¥2.6 billion a year ago.

* (RTD, or ready-to-drink, beverages are already-mixed, low-alcohol content cocktail-like beverages that can be consumed as is immediately after opening.

International Business

In North America, where the timing of a full-fledged economic recovery remains unclear, we estimate that total demand in the beer market was largely unchanged year over year in the first half of 2013. The Asian beer market, however, continues to grow steadily, supported by the region's fast-growing economies.

In this environment, our International Business segment continued marketing activities targeting the premium beer market, where it has core strengths. Canadian subsidiary SLEEMAN BREWERIES recorded a 3% year-over-year increase in unit sales (excluding outsourced production of Sapporo brand products and sales of domestic brands), extending its growth streak to a seventh year. Sapporo USA achieved a 5% year-over-year increase in sales volumes of Sapporo brand beers. Silver Springs Citrus, added to the Sapporo Group via a 51% equity acquisition in January 2012, also steadily increased its sales volumes during the first half of 2013.

The business in Vietnam continued the full-fledged marketing offensive began in April 2012 as part of its efforts to build market recognition for the Sapporo brand. These efforts were rewarded with strong year-over-year sales gains in the first half of 2013, with sales particularly strong during the *Tet* (New Year's holiday) sales campaign. In South Korea, our local partner, Maeil Dairies' subsidiary, in which we have a 15% equity stake, continued its efforts to expand sales of Sapporo brand beers to the household and commercial markets in that country. In Oceania, we continued to bolster sales via our brewing and sales licensing agreement with Australia's Coopers Brewery, and in Singapore we worked with our local subsidiary to expand sales channels in the local household market. Thanks to the efforts outlined above, beer volume sales in Asia and other overseas markets outside North America was 175% compared with the year-ago period.

As a result of the above activities, the International Business posted first-half sales of ¥23.0 billion, up ¥7.0 billion, or 44%, year over year, supported by increased sales on local-currency bases at continuing operations and a full three-month contribution from Silver Springs Citrus, which was consolidated in April 2012, and the positive impact of yen depreciation. The segment posted operating income of ¥0.3 billion, reversing the ¥0.3 billion loss posted in the first half of 2012.

Food & Soft Drinks

We estimate that domestic demand for soft drinks increased 3% year over year in the first half of 2013, boosted by favorable weather conditions from April. Demand for lemon-based products (flavorings) held steady with the previous-year level, while that for instant soup (including soups in a cup) declined an estimated 2%.

In this overall demand environment, the Sapporo Group's Food & Soft Drinks business began integrated operations in January as Pokka Sapporo Food & Beverage Ltd., and new investments were concentrated on core brands as the new subsidiary seeks to strengthen and nurture its various brands.

In the domestic soft drinks business, we aggressively promoted sales of our canned coffee brands with an emphasis on the vending machine sales channel, helping to increase demand for our products. The business prepared for the peak demand seasons of spring and summer by supplementing brand lineups with new offerings, such as *Ribbon Yubari Melon Soda*. To raise awareness of the Gabunomi series among younger consumers and boost sales to that important demographic, the business launched an integrated sales promotion campaign utilizing advertising and in-store displays. In the lemon & natural foods category, the business sought to penetrate the consumer market by introducing a TV commercial featuring its popular Kireto Lemon Sparkling beverage and releasing a renewed version of its Oceanspray Cranberry juice beverage. With regard to overseas food & soft drink brands, the business steadily expanded sales of the Gerolsteiner naturally carbonated water from Germany. In the soup & foods category, the business strengthened the product lineup for its Jikkuri Kotokoto series as part of our efforts to create new demand. In the commercial-use products, we expanded our sales channels by introducing some products for the universal design food market targeting elderly consumers and launching a commercial-use *Pokka Lemon*. Despite the above efforts and a rebound in sales from March, the segment's domestic food & soft drinks operations saw its first-half sales decline year over year as it was unable to offset the decline in sales in January and February caused by merger preparations.

The segment's Domestic Restaurants business fared better, as the Café de Crié coffee shop chain, its core format, overcame an increasingly competitive operating environment, including challenges from low-priced coffee served at major convenience stores and fast food chains, by introducing new menu items on a regular basis and continuing to remodel existing outlets and open new ones.

The overseas food & soft drinks business steadily lowered costs as it dealt with declining exports caused by stiffening price competition in Singapore and the economic crisis in Europe. Meanwhile, Pokka Ace (M) SDN. BHD. included in the Group's consolidated results from January, contributed to Group earnings as it steadily expanded its business.

The segment's overseas restaurant business saw its first-half results decline slightly, as it continued to feel the effects of a market slowdown in Hong Kong caused by a decline in visits from mainland Chinese tourists.

Reflecting the results outlined above, including the drop in sales at domestic food & soft drinks business caused by merger preparations, the Food & Soft Drinks segment recorded first-half sales of ¥60.7 billion, up ¥1.2 billion or 2% year over year. However, business integration expenses weighed on the segment's profits, resulting in a first-half operating loss of ¥2.4 billion (compared with a loss of ¥1.1 billion a year earlier).

Restaurants

Japan's restaurant industry began to see some signs of improvement in consumer sentiment amid growing expectations of a reviving economy in Japan in the first half of 2013. However, in the absence of a full-fledged recovery, diversifying consumer values continue to present restaurant operators with a difficult operating environment.

In this environment, the Sapporo Group's Restaurants business continued its efforts to provide customers with pleasant and satisfying dining experiences by developing menu offerings featuring regional specialties, thoroughly monitoring the quality of its draft beer offerings, and otherwise heightening service levels. Continued efforts to rejuvenate existing outlets included renovating three outlets, including turning a dining bar on the second floor of the Ginza 7-chome outlet into a Beer & Wine Grill Ginza Lion establishment.

New outlet openings in the first half included YEBISU Bar outlets in Kyoto, the Sannomiya district of Kobe and the Ochanomizu district of Tokyo. We also opened Ginza Lion outlets in the Yebisu Garden Place complex, in Ochanomizu and inside the Tobu Utsunomiya Department Store, where we also opened a rooftop beer garden.

In total, our Restaurants business opened nine new outlets during the first half of 2013 while closing 13 outlets, as part ongoing efforts to reform our profit structure, bringing the total number of outlets operating at the end of the first half to 189.

In Singapore, Pokka Food (Singapore) Pte. Ltd. changed its name to Sapporo Lion (Singapore) Pte. Ltd on April 1, and the company is progressing with preparations to open beer halls in the area.

Overall, the Sapporo Group's Restaurants business recorded sales of ¥12.6 billion in the first half, up ¥0.3 billion or 3% year over year, and an operating loss of ¥0.2 billion, compared with a ¥0.3 billion loss a year earlier.

Real Estate

In Japan's real estate industry, vacancy rates in the key Greater Tokyo office leasing market are beginning to come down but rents remain at low levels.

Amid such market conditions, the Sappor o Group's Real Estate business maintained high occupancy rates at its properties in the Tokyo Metropolitan area, including its core property, Yebisu Garden Place complex.

With Yebisu Garden Place set to mark 20 years of operation in 2014, a number of pro jects got under way in 2012 that are designed to raise the property's value and enhance its branding and overall convenience . One of these projects, the installation of additional emergency power-generating systems is proceeding on schedule for a completio n in spring

2014. Efforts are being made to enhance the facility's service and commercial functions for the benefit of office workers and local residents. One related project completed in April was the renovation of the cafeteria serving the district's off ice workers.

The real estate development business began redevelopment in March of the Seiwa Yebisu Building. Work on the building, expected to become a new base for the company in the Ebisu district, is scheduled for completion in autumn 2014. We are also considering the redevelopment of the Sapporo Ginza Building located at the Ginza 4 -chome intersection and have been engaged in consultations with the parties concerned.

As a result of the above, the Real Estate business's first -half sales totaled ¥11.0 billion (¥0.2 billion, or 2%, less than a year earlier), while operating income amounted to ¥4.4 billion, essentially the same as a year earlier.

(2) Review of Consolidated Financial Condition

Consolidated financial condition

Consolidated assets as of the end of the first half of fiscal 2013 (June 30, 2013), totaled ¥601.1 billion, a ¥3.4 billion increase from the end of the previous fiscal year (December 31, 2012). The increase is attributable to an increase in merchandise and finished products as well as an increase in investment securities, which more than offset a decrease in notes and accounts receivable -trade

Consolidated liabilities totaled ¥46 1.0 billion, a ¥1.6 billion decline from December 31, 2012, reflecting decreases in short-term bank loans and liquor taxes payable , which offset increases in long -term bank loans.

Consolidated net assets totaled ¥1 40.0 billion, a ¥5.1 billion increase from December 31, 2012. The increase is largely attributable to increases in unrealized holding gains on securities and in the foreign currency translation adjustment account , outweighing the decline in retained earnings caused by the distribution of year -end dividends.

Consolidated Cash Fl ows

Consolidated cash flows for the six months ended June 30, 201 3, were as follows.

Operating activities provided net cash of ¥ 8.6 billion. Cash inflows from depreciation and amortization (¥12.5 billion) and a decrease in accounts receivable (¥8.5 billion) were partially offset by outflows related to an increase in inventories (¥3.0 billion), a decrease in liquor taxes payable (¥1.9 billion), and income taxes paid (¥4.9 billion).

Investing activities used net cash of ¥ 4.6 billion. The major investment outflow during the six-month period was for purchases of property, plant and equipment (¥ 5.8 billion).

Financing activities used net cash of ¥3.8 billion. The major financing inflow was proceeds from long-term bank loans (¥23.2 billion), which was exceeded by outflows stemming from the repayment of long-term bank loans (¥15.7 billion), a net decrease in short-term bank loans (¥7.2 billion) and cash dividends paid (¥2.7 billion).
As a result of the above cash flows, cash and cash equivalents totaled ¥10.0 billion as of June 30, 2013.

(3) Consolidated Earnings Forecast

The consolidated earnings forecast for the full fiscal year ending December 31, 2013, is unchanged from the forecast announced by the Company on February 8, 2013.

2. Other information

(1) Changes in significant subsidiaries during the three months ended March 31, 2013

Sapporo Beverage Co., Ltd. was absorbed by Pokka Sapporo Food & Beverage Ltd. via a merger conducted on January 1, 2013. Sapporo Beverage Co., Ltd. was dissolved and ceased to be a subsidiary of the Company; while Pokka Sapporo Food & Beverage Ltd. became a subsidiary.

(2) Application of accounting methods specific to the preparation of 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 six months ended June 30, 2013, and then multiplying income (loss) before taxes and minority interests by this estimated effective tax rate.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(millions of yen)

	December 31, 2012	June 30, 2013
	Amount	Amount
Assets		
I Current assets		
1 Cash and cash equivalents	9,755	10,065
2 Notes and accounts receivable - trade	83,581	75,654
3 Merchandize and finished products	20,372	24,668
4 Raw materials and supplies	12,072	12,386
5 Other	12,763	13,066
6 Allowance for doubtful receivables	(287)	(227)
Total current assets	138,258	135,613
II Fixed assets		
1 Property, plant and equipment		
(1) Buildings and structures	384,995	387,094
Accumulated depreciation	(205,155)	(208,501)
Buildings and structures, net	179,839	178,593
(2) Machinery and vehicles	210,465	215,024
Accumulated depreciation	(170,803)	(174,506)
Machinery and vehicles, net	39,661	40,518
(3) Land	115,413	115,018
(4) Construction in progress	4,425	3,621
(5) Other	39,242	38,495
Accumulated depreciation	(25,520)	(24,986)
Other, net	13,722	13,509
Total property, plant and equipment	353,061	351,261
2 Intangible assets		
(1) Goodwill	37,541	36,203
(2) Other	7,444	8,586
Total intangible assets	44,985	44,789
3 Investments and other assets		
(1) Investment securities	35,670	44,835
(2) Long-term loans receivable	9,783	9,698
(3) Other	17,263	16,370
(4) Allowance for doubtful receivables	(1,386)	(1,455)
Total investments and other assets	61,330	69,448
Total fixed assets	459,377	465,499
Total assets	597,636	601,112

	December 31, 2012	June 30, 2013
	Amount	Amount
Liabilities		
I Current liabilities		
1 Notes and accounts payable - trade	32,985	33,186
2 Short-term bank loans	55,270	46,117
3 Commercial Paper	47,000	49,000
4 Current portion of bonds	10,000	-
5 Liquor taxes payable	33,397	31,543
6 Income taxes payable	3,830	2,211
7 Accrued bonuses	1,860	1,390
8 Deposits received	12,358	11,807
9 Other	46,443	45,156
Total current liabilities	243,146	220,413
II Long-term liabilities		
1 Bonds	32,000	42,000
2 Long-term bank loans	113,376	122,813
3 Employees' retirement benefits	7,385	6,330
4 Directors' and audit & supervisory board members' severance benefits	26	16
5 Dealers' deposits for guarantees	32,914	33,069
6 Other	33,840	36,405
Total long-term liabilities	219,543	240,636
Total liabilities	462,689	461,050
Net Assets		
I Shareholders' equity		
1 Common stock	53,886	53,886
2 Capital surplus	46,308	45,910
3 Retained earnings	31,393	28,077
4 Treasury stock, at cost	(1,199)	(1,226)
Total shareholders' equity	130,389	126,648
II Accumulated other comprehensive income		
1 Unrealized holding gain on securities	5,122	11,134
2 Deferred hedge gains (losses)	9	(4)
3 Foreign currency translation adjustments	(3,725)	(1,019)
Total accumulated other comprehensive income	1,406	10,110
III Minority Interests	3,151	3,303
Total net assets	134,946	140,062
Total liabilities and net assets	597,636	601,112

(2) Consolidated Statements of Income

(millions of yen)

	Six months ended June 30, 2012	Six months ended June 30, 2013
	Amount	Amount
I Net sales	223,043	231,225
II Cost of sales	142,395	149,515
Gross profit	80,648	81,709
III Selling, general and administrative expenses		
1 Sales incentives and commissions	15,123	15,240
2 Advertising and promotion expenses	11,786	11,363
3 Salaries	15,173	15,834
4 Provision for bonuses	1,078	773
5 Retirement benefit expenses	1,759	1,690
6 Other	37,453	36,337
Total selling, general and administrative expenses	82,375	81,239
Operating income (loss)	(1,726)	470
IV Non-operating income		
1 Interest income	132	129
2 Dividend income	368	523
3 Equity in income of affiliates	58	-
4 Foreign exchange gain	94	470
5 Gain on gift voucher redemptions	246	-
6 Other	520	685
Total non-operating income	1,419	1,810
V Non-operating expenses		
1 Interest expense	1,733	1,426
2 Equity in loss of affiliates	-	3
3 Other	420	514
Total non-operating expenses	2,154	1,944
Ordinary income (loss)	(2,461)	335
VI Extraordinary gains		
1 Gain on sales of property, plant and equipment	6	42
2 Gain on sales of investment securities	16	3,491
Total extraordinary gains	23	3,533
VII Extraordinary losses		
1 Loss on disposal of property, plant and equipment	272	248
2 Impairment loss	34	288
3 Loss on devaluation of investment securities	1,180	11
4 Loss on sale of investment securities	1	3
5 Business structure improvement expenses	-	185
Total extraordinary losses	1,489	737
Income (loss) before income taxes and minority interests	(3,927)	3,132
Income taxes	(880)	2,982
Income (loss) before minority interests	(3,047)	149
Minority interests in losses	(145)	(40)
Net income (loss)	(2,901)	189

Net income (loss) before minority interests	(3,047)	149
Other comprehensive income		
Unrealized holding gain on securities	2,009	6,011
Deferred hedge gains (losses)	(1)	(25)
Foreign currency translation adjustments	462	3,128
Share of other comprehensive income of associates accounted for using equity method	18	-
Total other comprehensive income	2,489	9,115
Comprehensive income	(558)	9,264
(Breakdown)		
Comprehensive income attributable to owners of the parent	(528)	8,893
Comprehensive income attributable to minority interests	(29)	371

(3) Consolidated Statements of Cash Flows

	(millions of yen)	(millions of yen)
	Six months ended June 30, 2012	Six months ended June 30, 2013
	Amount	Amount
I Cash flows from operating activities		
1 Income (loss) before income taxes and minority interests	(3,927)	3,132
2 Depreciation and amortization	12,798	12,561
3 Amortization of goodwill	1,904	2,014
4 Increase (decrease) in employees' retirement benefits	(49)	(979)
5 Increase (decrease) in allowance for doubtful receivables	59	4
6 Interest and dividend income	(501)	(653)
7 Interest expense	1,749	1,452
8 (Gain) loss on sales and disposal of fixed assets	266	206
9 (Gain) loss on sales of investment securities	(15)	(3,488)
10 (Gain) loss on revaluation of investment securities	1,180	11
11 (Increase) decrease in notes and accounts receivable - trade	6,377	8,538
12 (Increase) decrease in inventories	(5,404)	(3,066)
13(Increase) decrease in other current assets	442	(388)
14 Increase (decrease) in notes and accounts payable - trade	2,773	(58)
15 Increase (decrease) in liquor taxes payable	(2,279)	(1,917)
16 Increase (decrease) in deposits received	(1,062)	(663)
17 Other	808	(2,296)
Sub total	15,121	14,408
18 Interest and dividends received	655	758
19 Interest paid	(1,763)	(1,478)
20 Income taxes paid	(3,259)	(4,997)
Net cash provided by (used in) operating activities	10,755	8,690
II Cash flows from investing activities		
1 Purchases of property, plant and equipment	(45,605)	(5,817)
2 Proceeds from sales of property, plant and equipment	86	94
3 Purchases of intangibles	(1,248)	(818)
4 Purchases of investment securities	(109)	(324)
5 Proceeds from sales of Investment securities	133	4,339
6 Purchases of newly consolidated subsidiaries	(1,611)	-
7 Purchase of subsidiaries' shares	(0)	(14)
8 Purchase of affiliates securities	-	(286)
9 Other	(2,289)	(1,826)
Net cash provided by (used in) investing activities	(50,643)	(4,653)
III Cash flows from financing activities		
1 Net increase (decrease) in short-term bank loans	6,157	(7,251)
2 Increase (decrease) in commercial paper	15,000	2,000
3 Issuance of bonds	9,960	9,960
4 Redemption of bonds	-	(10,000)
5 Proceeds from long-term bank loans	20,999	23,250
6 Repayment of long-term bank loans	(8,859)	(15,774)
7 Cash dividends paid	(2,731)	(2,729)
8 Cash devidends paid to minority shareholders	-	(7)
9 Repayment of finance lease obligations	(1,974)	(2,371)
10 Other	(2)	(934)
Net cash provided by (used in) financing activities	38,549	(3,859)
IV Effect of exchange rate changes on cash and cash equivalents	89	246
V Net increase (decrease) in cash and cash equivalents	(1,249)	424
VI Cash and cash equivalents at beginning of period	9,057	9,725
Ⅶ Increase(decrease) in cash and cash equivalents from newly consolidated subsidiaries	-	(116)
Ⅷ Cash and cash equivalents at end of period	7,808	10,033

(4) Notes on the Going-concern Assumption
Not applicable

(5)Segment Information
Ⅰ **Six months ended June 30, 2012 (January 1, 2012 – June 30, 2012)**
1. Sales, income, and loss by reportable segment

(millions of yen)

	Reportable segments						Other *1	Total	Adjustments	Amounts reported on the statements of income *2
	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Total				
Net sales										
(1) Operating revenues	120,391	16,010	59,519	12,246	11,293	219,460	3,583	223,043	-	223,043
(2) Intra-group sales and transfers	1,084	12	132	-	1,186	2,415	9,388	11,803	(11,803)	-
Total	121,476	16,022	59,652	12,246	12,479	221,876	12,971	234,847	(11,803)	223,043
Segment income (loss)	(2,640)	(350)	(1,188)	(315)	4,440	(55)	(179)	(234)	(1,492)	(1,726)

Notes:
(1) "Other" comprises businesses, such as logystics 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.

2. Reconciliation and main components of differences between income and loss of reportable segments and figures on the statement of income (information on differences)

(millions of yen)

Segment income (loss)	Amount
Total for reportable segments	(55)
Total other losses	(179)
Unallocated corporate costs	(1,505)
Intra-segment sales	13
Operating income on the statement of income	(1,726)

3. Impairment loss on fixed assets or goodwill by reportable segment
(Significant impairment losses on fixed assets)
Not applicable

(Significant change in the amount of goodwill)
Not applicable

(Material Gain on negative goodwill)
Not applicable

Ⅱ **Six months ended June 30, 2013 (January 1, 2013 – June 30, 2013)**

1. Sales, income, and loss by reportable segment

(millions of yen)

	Reportable segments						Other *1	Total	Adjustments	Amounts reported on the statements of income *2
	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Total				
Net sales										
(1) Operating revenues	120,573	23,090	60,751	12,603	11,014	228,034	3,190	231,225	-	231,225
(2) Intra-group sales and transfers	1,117	41	117	0	1,296	2,574	8,905	11,479	(11,479)	-
Total	121,691	23,132	60,869	12,604	12,311	230,608	12,095	242,704	(11,479)	231,225
Segment income (loss)	199	337	(2,451)	(225)	4,448	2,307	28	2,335	(1,865)	470

Notes:

(1) "Other" comprises businesses, such as logystics 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.

2. Reconciliation and main components of differences between income and loss of reportable segments and figures on the statement of income (information on differences)

(millions of yen)

Segment income (loss)	Amount
Total for reportable segments	2,307
Total other losses	28
Unallocated corporate costs	(1,726)
Intra-segment sales	(138)
Operating income on the statement of income	470

3. Changes to reportable segments

The Sapporo Group conducted a reorganization of its logistics business on May 1, 2013. The Company's consolidated subsidiaries Sapporo Logistics Systems Co., Ltd. and Pokka Logistics Co., Ltd. were reorganized under Sapporo Group Logistics Co., Ltd., which is under the control of Sapporo Group Management LTD.

In line with this, effective the three months ended March 31, 2013, Sapporo Logistics Systems Co., Ltd., which was previously included in the Japanese Alcoholic Beverages segment, and Pokka Logistics Co., Ltd., which was previously included in the Food & Soft Drinks segment, were reclassified to the Other segment. Additionally, effective the three months ended March 31, 2013, Pokka Food (Singapore) Pte. Ltd. which was previously included in the Food & Soft Drinks segment was reclassified to the Restaurants segment in conjunction with changes in organizational structure through share transfers between consolidated subsidiaries.
The segment information for the six months ended June 30, 2012 has been recast to reflect the change of segmentation.

(Note) On April 1, 2013, Pokka Food (Singapore) Pte. Ltd. changed its name to Sapporo Lion (Singapore) Pte. Ltd.
On July 1, 2013, Pokka Logistics Co., Ltd., will be dissolved following an absorption-type merger with Sapporo Logistics Systems Co., Ltd.

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

(Significant impairment losses on fixed assets)

Not applicable

(Significant changes in the amount of goodwill)

Not applicable

(Material Gain on negative goodwill)

Not applicable

(6)Notes on Significant Changes in the Amount of Shareholder's Equity

Not applicable

(7)Subsequent Events

Not applicable