Semi-annual Results Report for the December 2005 Term (Consolidated)

August 9, 2005

McDonald's Holdings Company (Japan),Ltd.

Company code number:	2702 (URL http://www.mcd-holdings.co.jp/)
Shares traded:	JASDAQ
Location of headquarters:	Tokyo
Executive position of legal representative	Eikoh Harada Chairman and President, Representative Director
Please address all communications to:	Tetsushi Ikeda Director of Accounting Group Phone:(03)6911-6061
Date of Board of Directors' meeting for approval of financial results:	August 9, 2005
The name of parent company:	McDonald's Corporation and other two companies
% of voting rights held:	50.0%
Adoption of U.S. accounting standards:	None

1. Consolidated operating results (From January 1, 2005 to June 30, 2005)

(1) Consolidated financial results

(In millions of yen, with fractional amounts discarded)
(The number with parenthesis shows negative figure)

	Sales revenues		Operating income		Ordinary income (loss)	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
June 30,2005	157,627	5.3	217	(91.8)	(33)	−
June 30,2004	149,656	2.1	2,649	−	2,610	−
December 31,2004	308,079	2.8	7,244	154.9	7,277	283.7

	Net income (loss)		Net income (loss) per share		Net income per share, fully diluted
	(Millions of yen)	%	(Yen)		(Yen)
June 30,2005	(701)	−	(5)	(28)	−
June 30,2004	1,116	734.8	8	39	−
December 31,2004	3,680	−	27	68	−

(Notes)

(1) Gains or (losses) on investments through equity method accounting:
June 2005 interim term: 10 million yen
June 2004 interim term: 29 million yen　December 2004 term: 50 million yen

(2) Average number of outstanding shares during term (consolidated):
June 2005 interim term: 132,959,852 shares
June 2004 interim term: 132,959,891 shares　December 2004 term: 132,959,871 shares

(3) Changes in accounting methods: None

(4) The percentages shown next to sales revenues, operating income, ordinary income, and net income represent the rate of change from that of the previous term.

(2) Consolidated financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share	
	(Millions of yen)	(Millions of yen)	%	(Yen)	
June 30,2005	183,480	134,979	73.6	1,015	19
June 30,2004	193,360	139,604	72.2	1,049	97
December 31,2004	190,909	140,174	73.4	1,054	26

(Notes)
Number of outstanding shares at the end of term:
June 2005 interim term: 132,959,852 shares
June 2004 interim term: 132,959,852 shares　December 2004 term: 132,959,852 shares

(3) Consolidated cash flow statement

	Net cash (used in)/provided by operating activities	Net cash (used in)/provided by investing activities	Net cash(used in)/provided by financing activities	Cash and cash equivalents at end of term
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
June 30,2005	3,867	(2,627)	(2,629)	6,966
June 30,2004	(8,310)	(2,543)	2,066	7,005
December 31,2004	800	(4,266)	(3,964)	8,355

(4) Scope of consolidation and application of the equity method

Consolidated subsidiaries: 2

Nonconsolidated subsidiary accounted for under equity method: -

Affiliated companies accounted for under equity method: 2

(5) Changes in scope of consolidation and in application of the equity method

Consolidation (new): - (elimination): -

Equity method (new): - (elimination): -

2. Consolidated forecasts for December 2005 term

(From January 1, 2005 to December 31, 2005)

	Sales revenues	Ordinary income	Net income (loss)
	(Millions of yen)	(Millions of yen)	(Millions of yen)
Annual period	325,051	6,169	3,549

(N.b.) Estimated earnings per share (annual): 26.69 yen

The forecasts shown above are predicated upon information that is available as of the day of the announcement of this report; they incorporate assumptions, made as of the day of the announcement of this report, regarding a number of uncertain factors that may affect future performance. Actual financial performance, therefore, may differ considerably from these forecasts due to a variety of factors hereafter.

1. Group Organization

(1) Description of the Group's Business

(Business of McDonald's Holdings Company (JAPAN), Ltd.)

McDonald's Holdings Company (Japan), Ltd. ("the Company") acts as the shareholding company for McDonald's Company (Japan), Ltd. and EveryD Mc, Inc. The Company is responsible for the formulation and execution of consolidated management strategies covering the entire group, and also manages real estate businesses.

(Business of Our Affiliated Companies)

McDonald's Company (Japan), Ltd. ("McDonald's Japan") directly operates hamburger restaurants and develops restaurants through franchisees. McDonald's Japan pays royalties to McDonald's Corporation (U.S.) for the use of its licenses. McDonald's Japan also receives royalty payments from franchisees operating franchised stores in Japan, in exchange for providing operating know-how and the granting of sub-licenses for the use of trademarks.

EveryD Mc, Inc., a wholly-owned subsidiary of the Company, is to offer various services to McDonald's Japan's restaurants and customers.

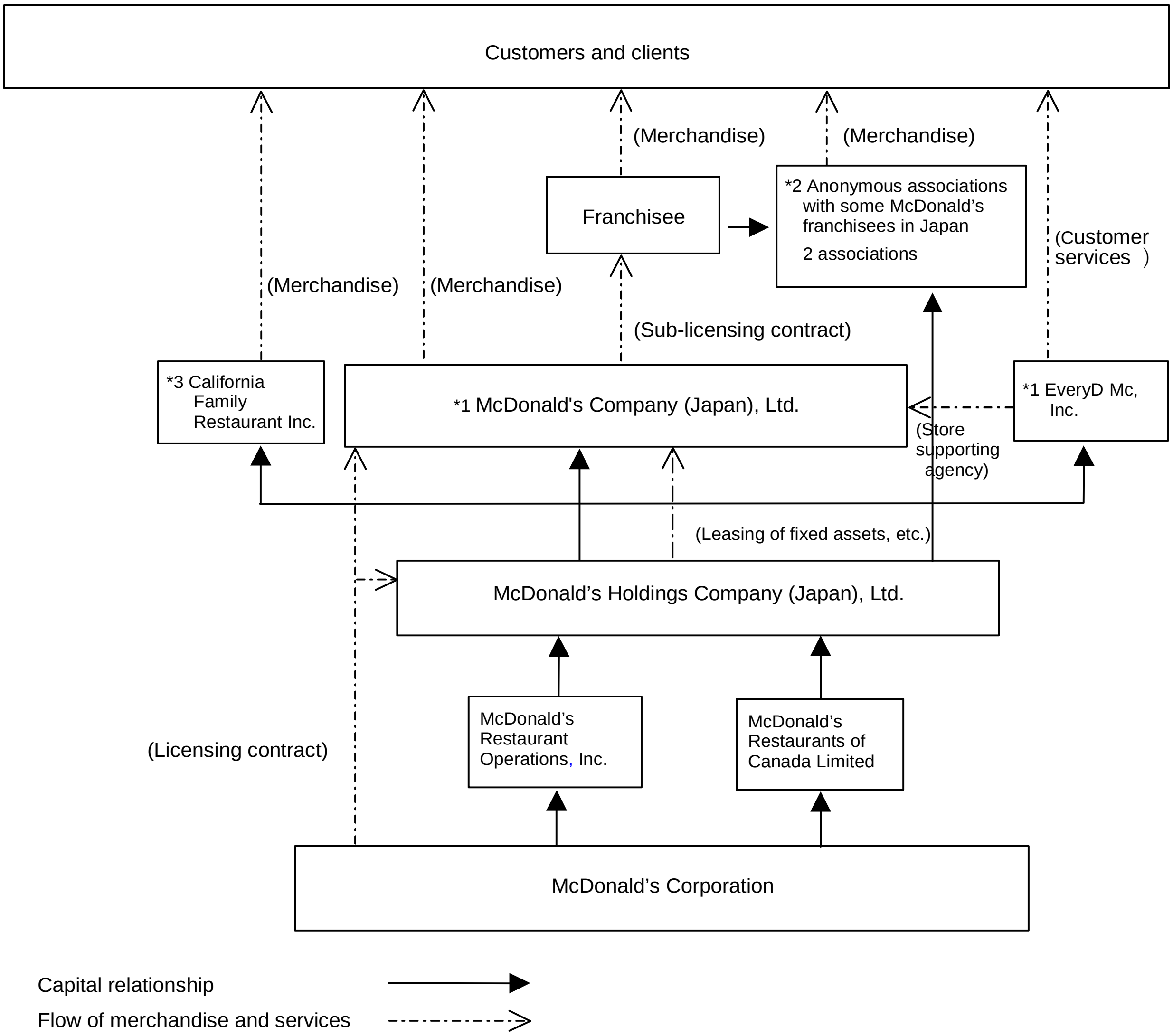
California Family Restaurants, Inc. was established as a 100% subsidiary of the Company for the purpose of providing information to the Company and McDonald's Japan based on information collected in the U.S. restaurant market. As part of those information-gathering activities, this subsidiary operates one hamburger restaurant in the U.S.

In addition, our Company and some of McDonald's Japan's franchisees have jointly formed two anonymous associations (with the Company holding 50% of the capitalization as of June 30, 2005) for the operation of hamburger restaurants through these associations.

Capital and business relationships between the Company and these affiliates are summarized in the diagram below:

〔Group Relationship Diagram〕

The business relationships described above for June 30, 2005 are shown in diagram form below.



*1 Consolidated subsidiary

*2 Affiliates accounted for by the equity method

*3 Nonconsolidated subsidiary, equity method not applied

(2) Changes in subsidiaries and affiliates

There were no significant changes in subsidiaries and affiliates during the interim term under review.

2. Management Policy

(1) Fundamental Management Policy

The fundamental management policy of the Company focuses on bringing about long-term, steady growth of our group companies by leveraging the assets cultivated by our hamburger business and by increasing our corporate value through the implementation of an efficient and proactive management strategy.

(2) Fundamental Policy with Regard to Distribution of Profits

Taking into consideration the overall balance between our business results, dividend payout ratios, and cash flows, the Company strives to return profits based on the continuous payment of a stable dividend, while maintaining what are considered to be appropriate levels for financial indicators such as capital ratio and return on equity.

(3) Medium-Term Management Strategy

As the entity that controls our group firms, the Company constantly reviews the group's organizational structure and provides support to our group companies in order to maximize the efficiency of group operations, all the while focusing our resources on our core business of hamburger restaurants.

(McDonald's Company (Japan), Ltd.)

McDonald's Company (Japan) Ltd. is at present the flagship company of the group. Its mission is to offer the best quick service restaurant experience in the industry and is committed to better satisfy its customers. It has focused on developing a long-term strategy, reorganizing its structure and assets as well as on enhancing operational excellence at its existing restaurants.

During the first half of this year, McDonald's Company started the "value strategy" coined "McDonald's Invisible Menu Begins" aiming for further growth. The Company will continue to promote initiatives that will strengthen its management platform with the view to the new era of growth for the hamburger business.

(4) Issues Facing the Company

The Company plans to continue focusing management resources on its principal hamburger restaurant business and implementing its three strategic imperatives adopted in the 2004 term: "marketing leadership (or rebuilding the McDonald's brand)"; "operational excellence (or improvement of restaurant experience)" and "further development of organizational capacity and people excellence". To further enhance the great assets of McDonald's brand, the Company will also promote activities, focusing on specifically "Service", "Value" and "Family".

In addition the Company will promote CSR activities such as charities supporting children's healthy growth and balanced lifestyles through its support of sport events and food education and reinforce its corporate value and management foundation.

(5) Basic position on corporate governance and the status of initiatives

(Basic position on corporate governance)

The Company uses the Executive Officer System whereby an executive body is separate from the Board of Directors whose responsibility is the management decision-making and the supervision of business activities. This enables the Company to deal quickly with the changes in the business environment. In addition, in 2003, the Company started an Executive Management Team comprising of Chairman, President, Vice President and some Executive Officers in order to promote speed and accuracy in the executive decision-making. Under this framework, the Executive Officers are continuing to deal with their day's activities with flexibility.

One full-time auditor and three part-timers make up the Board of Auditors, which is given a supervisory function. This Board watches over the management of the Company. The Company also established the Internal Auditing Department where an internal audit takes place as needed to ensure correct and appropriate handling of the business.

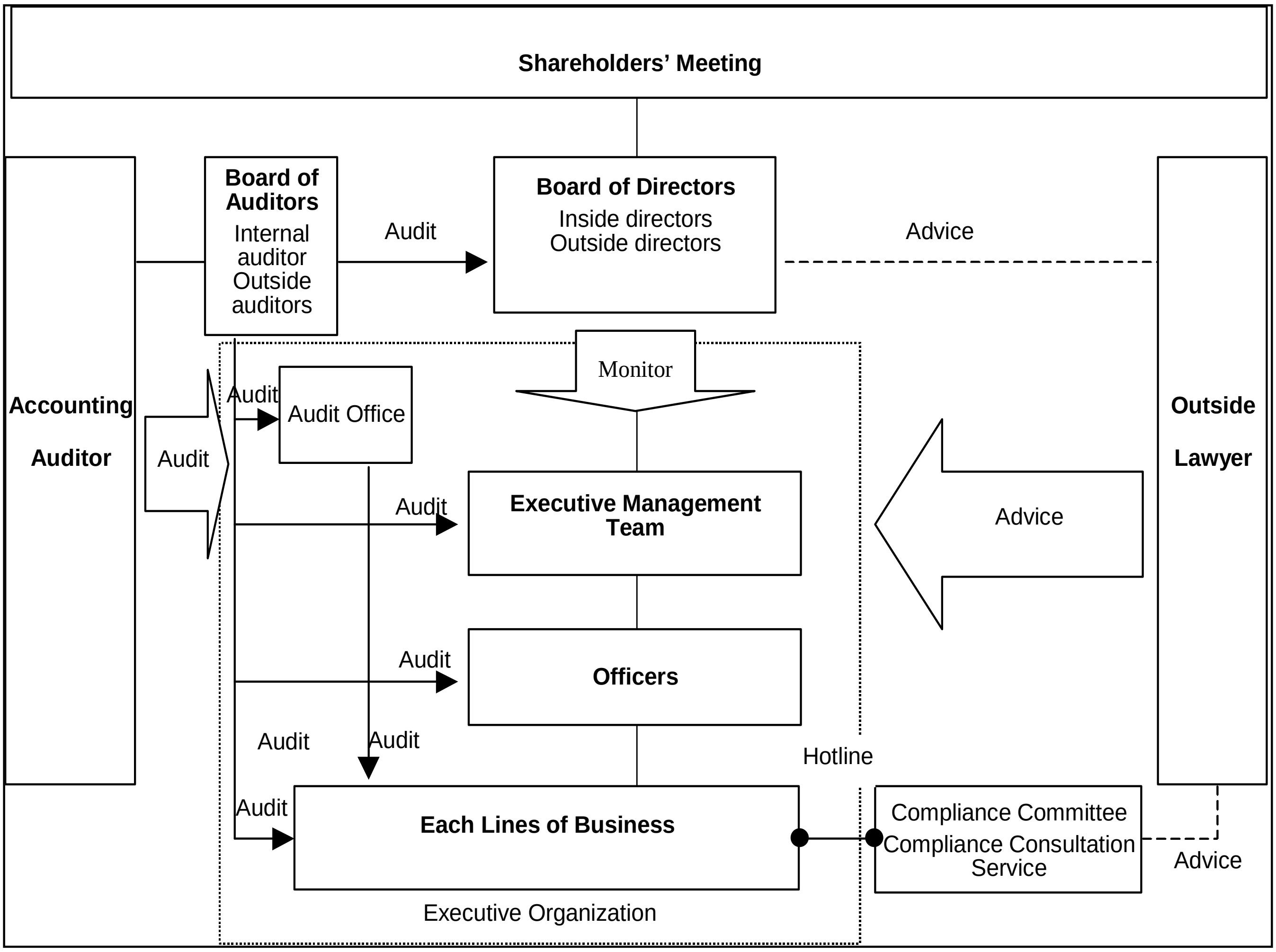
The Company seeks the third party guidance and counseling from experts such as our lawyers on legal compliance. Our financial auditor is Ernst & Young ShinNihon, who audits us in accordance with the stipulations of the Commercial Code and the Securities Exchange Law. The result of the audit is reported to the Company's auditor or Representative Director depending on the nature of the report.

(The status of initiatives for corporate governance)

The Company has always been committed to the strict adherence to corporate ethics through the help desk for its employees, manuals and regulations including job descriptions. We feel, however, that with more reported violation of corporate governance by some corporations of late, it has to put the level of its corporate governance a notch higher.

For this reason the Company has established a Compliance Committee, headed by the director of legal and general affairs, reflecting our commitment to more stringent corporate ethics and better practice in risk management. This Committee meets irregularly as needed, but the basic goal is to meet every quarter. We have also developed a code of conduct called the Compliance Program to eliminate any possible violation in this area. In addition, we have established a Compliance Hotline where not only executives and employees of the Company but also part-timers, suppliers, those related to the Group and their families can call and receive counsel.

The following chart shows our framework for corporate governance.



(Summary of personal, capital, business or other relationships between the Company and our outside directors/auditors)

Mr. Akira Kawamura, an outside director, does not have any business relationship with the Company.

Mr. David M. Pojman, an outside auditor, is a Corporate Senior Vice President of McDonald's Corporation with which the Company has business relationship such as a royalty payment based on a liscensing contract.

3. Operating Results and Financial Position

(1) Operating Results

(Operating results of the McDonald's group)
Japanese economy is showing some signs of recovery this fiscal year to date. Still, the eating out industry is shrinking and the business environment has been severe as the issues surrounding the crude oil price and the food safety remain unresolved.

Against this backdrop, the Group continues to concentrate its management resources on its principal hamburger business. Consolidated sales during the first half of this year increased from the same period last year by 5.3% or 7,970 million yen to 157,627 million yen. Consolidated ordinary loss marked a 2,644 million yen year on year decline to 33 million yen. As a result of putting 232 million yen, compensation for relocation, and 1,403 million yen, loss on introduction of new working hours administration, under extraordinary item, consolidated half-year net loss before taxes became 1,186 million yen, a decrease of 3,220 million yen from previous year. Consolidated half-year net loss decreased by 1,818 million yen from the same period last year to 701 million yen.

(Overview of the hamburger restaurant business)
The Group's principal operating entity, McDonald's Japan introduced three strategic initiatives: "marketing leadership (or rebuilding the McDonald's brand)", "operational excellence (or improvement of restaurant experience)" and "further development of organizational capacity and people excellence". In addition to these, during the first half of this year, the Company put a special focus on "Value", "Service", and "Family". These are the areas of traditional strength of McDonald's Japan and by focusing on them we hope to soon enter the stable growth phase. We undertook the following activities during this term.

On April 15 this year, McDonald's celebrated its 50th anniversary of its first restaurant in Chicago. To commemorate this anniversary, we distributed 50th anniversary coupons and launched a series of anniversary promotional activities. We also offered popular items such as Filet-O-Fish, Chicken McNuggets, Hot Apple Pie, Fish McDippers, and Mac Shakes at value prices in sequence which greatly contributed to an increase in transaction counts. Supported overwhelmingly by children, we were also hugely successful with the Happy Sets featuring Pocket Monsters, THE DOG, and Cinnamoroll & The Runabouts.
On April 19, our Value Strategy started under the title, "McDonald's Invisible Menu Begins." Its focus is to offer the best "Value", in tangible and intangible services to customers, to meet various customer needs. McDonald's global strength is at the base of this strategy. As a part of this strategy, prices were revised to make McDonald's offerings more valuable and also to make it easier to order and pay.

Made for You is a high-speed cooking system, the installation of which was accelerated last year. This great operational improvement now makes it possible to offer hot meals right off the grill.

We are airing TV commercials focusing on our food quality. We are also using the company web site and tray liner to disseminate information on food and safety.
For better hospitality, we are refurbishing restaurants to offer pleasant eating environments and changed hours of restaurant operation to stay open longer to fit changing lifestyles.
We continue to promote our Balanced Active Lifestyles initiatives and are introducing many activities relating to balanced diet and sports. As one of these initiatives, we will support the activities and athletes of the Japan Olympics Committee from 2005 through 2008.

McDonald’s Japan is also promoting a new FUN, music filled lifestyle under the “always music” initiative.

We are engaging more than ever on the social responsibility program, with Ronald McDonald House Charities Japan at its core.

McDonald’s Japan has been able to achieve the primary objective of the Value Strategy, which was to increase transaction counts (“TC”). TC rose by 12.2% year on year. The average purchase per customer, however, decreased by 7.5% from the same period last year, which led us to revise downward consolidated earnings forecast. During the second half of this year, we intend to continue our efforts in the Value Strategy to reach the earnings target.

The number of remodeled restaurants during the first half was 59. There were 23 new traditional (standard) restaurant openings. Altogether 33 restaurants closed including 10 traditional and 23 satellite (limited-menu) restaurants. At the end of June, the total number of restaurants counted 3,764, 10 down from the end of last fiscal year.

(Other businesses)

EveryD Mc Inc., subsidiary of the Company, offers various services to McDonald’s restaurants and their customers. Sales amounted to 375 million yen and ordinary income was 16 million yen as a result of these activities.

The Company has formed two 50-50 anonymous associations with franchisees of McDonald’s Japan, which manage hamburger restaurants. These associations are treated as equity-method affiliates.

(Operating results of the Company)

As a holding company, the Company’s main business is investment in subsidiaries and real estate rental. Its principal revenue source is rental income that it receives from its consolidated subsidiary McDonald’s Japan. Our business at half-year shows the following numbers: Sales of 25,217 million yen, Ordinary income of 613 million yen. As a result of reporting the compensation for relocation restaurants of 232 million yen as extraordinary gain and the loss on disposal of fixed assets of 22 million yen as extraordinary loss, net income before taxes for the first half marked 849 million yen and net income for the same period marked 534 million yen.

(2) Financial Condition

(Cash Flow Summary)

Cash flows for the first half are as follows:

Cash and cash equivalents (hereinafter, "cash") as of the end of the first half totaled 6,966 million yen (0.6% decrease from the same period in the previous year).

(Net cash provided by operating activities)

Operating activities during the period resulted in a net cash increase of 3,867 million yen (a net use of cash of 8,310 million yen for the same period in the previous year). This was principally because, although net loss before taxes decreased to 1,186 milion yen (a net income before taxes of 2,033 million yen for the same period in the previous year), changes in other assets increased by 1,187 million yen and other liabilities decreased 3,510 million yen year on year.

(Net cash used in investing activities)
Investment activities during the period resulted in a net use of cash of 2,627 million yen (3.3% year-on-year increase). This was primarily the result of outlays for the acquisition of equipment for newly opened and remodeled stores.

(Net cash used in financing activities)
Financing activities during the period resulted in a net use of cash of 2,629 million yen (a net increase in cash of 2,066 million yen for the same period in the previous year). This was principally due to repayments of long-term debt of 1,250 million and to payments of cash dividends of 3,879 million yen, and to proceeds from the issuance of new short-term debt of 2,500 million yen.

Trends in cash flow-related indices for the corporate group are shown below.

	June 30, 2004	December 31, 2004	June 30, 2005
Equity ratio	72.2 %	73.4 %	73.6 %
Equity ratio based on market prices	159.5 %	153.6 %	163.4 %
Years required to redeem liabilities	-	8.4 years	2.1 years
Interest-coverage ratio	-	18.6 times	752.4 times

Equity ratio: Shareholders' equity / total assets
Equity ratio based on market prices: Market capitalization / total assets
Years required to redeem liabilities: Interest-bearing liabilities / operating cash flow
Interest-coverage ratio: Operating cash flow / interest payments

* Each of the foregoing ratios is calculated on the basis of consolidated financial data.
* Interest-bearing debt refers to all liabilities on the consolidated balance sheet on which interest is paid.
* Operating cash flow and debt-service payments are calculated using the respective figures for cash flow from operating activities and interest expenses, as listed on the consolidated statement of cash flows.

(3) Operational and Other Risks

The Company’s operating results and financial position are subject to the following risks.
References in this document relating to the remainder of this fiscal year are the estimates made on June 30, 2005.

(Restaurants’ reliance on rented property)
The Company’s headquarters, offices and more than 95% of its restaurants are leased properties. The lease term can be extended upon agreement between the Company and the lessor.

The Company pays a deposit to the lessor of which the security deposit (shikikin) is returned in full at the end of the contract, and the security money (hoshoukin) [“cooperative construction deposit” (kensetsukyouryokukin)] is returned as separate sums over several years up to a maximum 20 years. The current balance of security deposit and security money is 70,800 million yen. There is a risk that the whole or part of this may become uncollectible due to bankruptcy or other problems of the lessor.

Furthermore, contracts may be terminated prematurely due to the lessor’s circumstances, making the closure of some restaurants unavoidable even where they are profitable.

(Fluctuations in the price of ingredients)
The cost of the ingredients of McDonald’s Japan’s products, such as beef and potatoes, is subject to international commodity market conditions. Such fluctuations could affect the Group’s operating results.

(Currency risk)

Since most of the ingredients in food served at McDonald’s Japan are imported, foreign exchange rates affect their costs. McDonald’s Japan makes every effort to avoid currency risk by having favorable exchange contracts with import agencies. However, there is no guarantee that we will be able to execute the optimum deal at all times. We may see the cost of sales rise, should the yen fall sharply beyond the scope of the contracts' coverage. This could affect the Group’s operating results.

(Risks associated with weather and natural disasters)

There is a risk from natural disasters such as typhoons and earthquakes, especially where there is a high concentration of restaurants, as in Tokyo. This would also have a bearing on the Group’s finance and operating results.

(Legal regulations)

McDonald’s Japan’s directly operated and franchise restaurants are licensed by the authorities to operate in restaurant, pastry production and dairy product sales businesses and must comply with the provisions of the food hygiene law. It is also bound by many kinds of conservation ordinances designed to protect the environment, such as the Containers and Packaging Recycling Law. Should these restrictions be strengthened, our costs would increase, which in turn could affect the Group’s operating results.

(Food safety control of the Company)

McDonald’s Japan recognizes the importance of food safety in the restaurant industry. In going beyond the statutory food hygiene requirements, it carries out periodic independent inspections based on the HACCP technique (Hazard Analysis Critical Control Point: see note below) . The appointment of Food Hygiene Inspectors, extermination of insect pests, strict enforcement of hand washing and the cleanliness of uniforms for employees, among others, enable us to provide safe products for our customers. We are planning to implement measures, which would, if any mishap should occur, provide prompt medical support and contain damage. We have also taken out indemnity insurance for such a possibility.

However, it is in the nature of the food and drink business that there is always the possibility of food poisoning or other health problems. These are the (unavoidable) risk elements that could affect the Group’s operating results.

(Note) An inspection process developed by NASA whereby each stage of the food manufacturing process is checked for microbial contamination to ensure food safety.

(General food safety crisis)

The company’s business may be affected by general hygiene problems such as BSE and avian influenza. In such a case, the Group’s sales will decline and additional investment will be required for improving safety procedures and upgrading facilities as well as running safety campaigns.

(Competition)

McDonald’s Japan is competing not only with other burger-based fast food chains, but also with convenience stores and so-called “nakashoku” (takeaway) businesses. McDonald’s Japan defines itself as a player in the IEO (Informal Eating Out) market; that is the market comprising of restaurant businesses excluding pubs, bars and canteens. We analyze our business within the framework of this market. Any intensification of competition within the IEO market could affect the Group’s operating results.

(Personal data protection)

McDonald's Japan and EveryD Mc, Inc. manage customers' personal data in strict accordance with the Personal Data Protection Law. Any leak, should it occur, would cause great damage to our customers and would put our credibility at risk.

(4) Full-year forecast

The Company will accelerate the implementation and improve the quality of the Value Strategy during the second half in order to focus on the hamburger business and turn the business toward sustainable growth.

Our consolidated sales target for the year is 325,051 million yen, the ordinary income 6,169 million yen and the net income 3,549 million yen.

Consolidated interim financial statements

(1). Consolidated interim balance sheet

(Millions of yen)

		As of June 30, 2004		As of June 30, 2005		As of December 31, 2004	
(Assets)			%		%		%
I Current assets							
1. Cash and deposits		7,005		6,966		8,355	
2. Accounts receivable - trade		5,769		5,857		7,762	
3. Securities	*3	-		216		-	
4. Inventories		2,522		2,644		2,721	
5. Deferred tax assets		912		1,427		788	
6. Others		5,999		5,014		4,910	
7. Allowance for doubtful accounts		(89)		(60)		(94)	
Total current assets		22,120	11.4	22,065	12.0	24,444	12.8
II Fixed assets							
1. Tangible fixed assets	*1·5						
(1) Buildings and structures		38,622		37,553		38,435	
(2) Machinery		9,113		8,909		9,267	
(3) Tools, appliances and fixtures		5,916		4,797		5,568	
(4) Land		16,836		16,820		16,820	
(5) Construction in progress		26		218		118	
Total tangible fixed assets		70,515	36.5	68,299	37.2	70,209	36.8
2. Intangible fixed assets							
Total intangible fixed assets		5,390	2.8	4,883	2.7	5,109	2.7
3. Investments and other assets							
(1) Investments in securities	*3	11,268		6,835		7,902	
(2) Long-term loans receivable		86		90		99	
(3) Deferred tax assets		4,277		4,008		3,787	
(4) Deferred tax assets due to revaluation of land		1,923		1,925		1,925	
(5) Rent deposits and guarantees		73,836		70,861		72,153	
(6) Others	*3	5,836		5,628		6,447	
(7) Allowance for doubtful accounts		(1,894)		(1,118)		(1,170)	
Total investments and other assets		95,334	49.3	88,231	48.1	91,145	47.7
Total fixed assets		171,240	88.6	161,415	88.0	166,465	87.2
Total assets		193,360	100.0	183,480	100.0	190,909	100.0

(Millions of yen)

		As of June 30, 2004	%	**As of June 30, 2005**	%	As of December 31, 2004	%
(Liabilities)			%		%		%
I Current liabilities							
1. Notes and accounts payable	*4	14,095		14,193		16,125	
2. Short-term loans payable		8,500		7,500		5,000	
3. Current portion of long-term loans payable		3,750		—		1,250	
4. Accounts payable - other		9,369		11,522		11,660	
5. Accrued income taxes payable		98		104		105	
6. Allowance for employee bonuses		1,650		875		1,600	
7. Allowance for losses on restaurant closings		172		—		—	
8. Others	*3·4	12,828		11,576		12,299	
Total current liabilities		50,464	26.1	45,772	24.9	48,042	25.2
II Long-term liabilities							
1. Long-term loans payable		500		500		500	
2. Employees' retirement benefits		743		1,013		874	
3. Reserve for directors' retirement allowances		58		36		76	
4. Deposit received for guarantees		1,990		1,178		1,240	
Total long-term liabilities		3,292	1.7	2,728	1.5	2,692	1.4
Total liabilities		53,756	27.8	48,500	26.4	50,734	26.6
(Shareholders' equity)							
I Common stock		24,113	12.5	24,113	13.1	24,113	12.6
II Additional paid-in capital		42,124	21.8	42,124	23.0	42,124	22.1
III Retained earnings		70,192	36.3	68,070	37.1	72,760	38.1
IV Revaluation account for land		(2,803)	(1.4)	(2,806)	(1.5)	(2,806)	(1.5)
V Unrealized gain on other securities		5,977	3.1	3,478	1.9	3,983	2.1
VI Treasury stock		(0)	(0.0)	(0)	(0.0)	(0)	(0.0)
Total shareholders' equity		139,604	72.2	134,979	73.6	140,174	73.4
Total liabilities and shareholders' equity		193,360	100.0	183,480	100.0	190,909	100.0

(2). Consolidated interim statement of income

(Millions of yen)

		Six months ended June 30 2004		**Six months ended June 30 2005**		Year ended December 31 2004	
			%		%		%
I Sales revenues		149,656	100.0	157,627	100.0	308,079	100.0
II Cost of sales revenues		129,920	86.8	139,948	88.8	266,339	86.5
Gross profit on sales		19,735	13.2	17,678	11.2	41,740	13.5
III Selling, general and administrative expenses	***1**	17,085	11.4	17,461	11.1	34,496	11.1
Operating income		2,649	1.8	217	0.1	7,244	2.4
IV Non-operating income							
1. Interest income		50		36		86	
2. Dividend income		114		109		115	
3. Equity in earnings of affiliated companies		29		10		50	
4. Compensation for interruption of business at stores		40		48		101	
5. Revenue from unredeemed gift certificates		86		135		169	
6. Insurance proceeds		-		82		231	
7. Others		499		326		787	
		821	0.5	748	0.5	1,543	0.5
V Non-operating expenses							
1. Interest expenses		28		11		52	
2. Provision for allowance for doubtful accounts		223		-		132	
3. Loss on disposal of fixed assets at stores		472		959		1,051	
4. Others		135		29		273	
		860	0.6	999	0.6	1,509	0.5
Ordinary income (loss)		2,610	1.7	(33)	(0.0)	7,277	2.4

(Millions of yen)

		Six months ended June 30 2004	%	**Six months ended June 30 2005**	%	Year ended December 31 2004	%
VI Extraordinary gains							
1. Gain on revision of earnings from previous term		26		-		26	
2. Gain on reversal of allowance for closure loss of stores		51		-		224	
3. Gain on reversal of allowance for liquidation of affiliate company		250		-		273	
4. Gain on sales of fixed assets	*2	-		-		26	
5. Gain on sales of investments in securities		-		-		228	
6. Gain on reversal of allowance for doubtful accounts		15		57		-	
7. Compensation for relocation of stores		-		232		66	
		344	0.3	289	0.2	845	0.3
VII Extraordinary losses							
1. Loss on disposal of fixed assets	*3	53		39		448	
2. Loss on introduction of new working hours administration	*4	-		1,403		-	
3. Costs of bird flu and BSE counter measures	*5	865		-		865	
4. Others		1		-		135	
		921	0.6	1,442	0.9	1,450	0.5
Net income (loss) before taxes		2,033	1.4	(1,186)	(0.7)	6,672	2.2
Corporate, inhabitant and enterprises taxes		86		40		170	
Deferred taxes		831		(525)		2,821	
		917	0.7	(485)	(0.3)	2,991	1.0
Net income (loss)		1,116	0.7	(701)	(0.4)	3,680	1.2

Loss on introduction of new working hours administration

(3). Consolidated appropriation of retained earnings

(Millions of yen)

		Six months ended June 30 2004	**Six months ended June 30 2005**	Year ended December 31 2004
I Capital reserves				
Capital reserves, beginning of term		42,124	42,124	42,124
Capital reserves, end of term		42,124	42,124	42,124
II Retained earnings				
Retained earnings, beginnings of term		73,070	72,760	73,070
Increase in retained earnings				
Net income		1,116	-	3,680
Reduction in retained earnings				
Dividends		(3,988)	(3,988)	(3,988)
Net loss			(701)	
Disposition of revaluation account for land		(5)	-	(1)
Retained earnings, end of term		70,192	68,070	72,760

(4). Consolidated interim statement of cash flow

(Millions of yen)

		Six months ended June 30 2004	**Six months ended June 30 2005**	Year ended December 31 2004
I Net cash (used in)/provided by operating activities				
Net income(loss) before taxes		2,033	(1,186)	6,672
Depreciation and amortization		4,656	4,319	9,005
Increase (decrease) in allowances		544	(684)	803
Increase (decrease) in allowances for losses on restaurant closings		(126)	—	(298)
Gain on unredeemed gift certificates in current		(86)	(135)	(169)
Interest and dividend income		(165)	(146)	(201)
Interest expenses		28	11	52
Equity in losses (earnings) of affiliated companies		(29)	(10)	(50)
Losses from the liquidation of affiliates		—	—	(150)
Loss on disposal of fixed assets		380	802	1,188
Decrease (increase) in accounts receivable - trade		1,983	1,901	9
Decrease (increase) in inventories		178	76	(20)
Decrease (increase) in goodwill from acquisition of franchise stores		(45)	(117)	(121)
Decrease (increase) in other assets		(474)	713	(777)
Increase (decrease) in accounts payable		(1,070)	(809)	622
Increase (decrease) in notes payable		(1,481)	(1,122)	(1,144)
Increase (decrease) in accrued expenses payable		(111)	273	99
Increase (decrease) in other current liabilities		(3,573)	(62)	(3,350)
Others		76	22	(133)
Subtotal		2,717	3,846	12,035
Proceeds from interest and dividend income		147	133	163
Payment of interest expenses		(26)	(5)	(43)
Payment of additional increase in voluntary retirement		(3,508)	—	(3,551)
Payment of management services agreement cancellation fee		(6,249)	—	(6,249)
Payment of withdrawal from McVISION business		(1,195)	—	(1,195)
Payment of income tax		(195)	(107)	(359)
Total		(8,310)	3,867	800

(Millions of yen)

			Six months ended June 30 2004	**Six months ended June 30 2005**	Year ended December 31 2004
II	**Net cash (used in)/provided by investing activities**				
	Payments for purchase of restaurant equipment		(3,968)	(3,737)	(7,888)
	Proceeds from sales of restaurant equipment		636	466	1,651
	Proceeds from sales investment securities		—	—	230
	Payments for rent deposits and guarantees		(209)	(516)	(601)
	Proceeds from returned rent deposits and guarantees		2,514	1,799	4,560
	Payment for loans to affiliated companies		(650)	—	(650)
	Payments for development of information systems		(807)	(610)	(1,529)
	Others		(57)	(29)	(40)
	Total		(2,543)	(2,627)	(4,266)
III	**Net cash (used in)/provided by financing activities**				
	Proceeds from net increase in short-term debt		8,500	2,500	5,000
	Payments of long-term debt		(2,500)	(1,250)	(5,000)
	Payments of dividends		(3,933)	(3,879)	(3,964)
	Payments for purchase of treasury stocks		(0)	—	(0)
	Total		2,066	(2,629)	(3,964)
IV	**Effect of exchange rate changes on cash and cash equivalents**		3	—	(2)
V	**Increase (decrease) in cash and cash equivalents**		(8,783)	(1,389)	(7,433)
VI	**Cash and cash equivalents at beginning of term**		15,789	8,355	15,789
VII	**Cash and cash equivalents at end of term**	*1	7,005	6,966	8,355

Assumptions underlying preparation of Consolidated interim financial statements

Item	June 30, 2004	June 30, 2005	December 31, 2004
1. Item relating to scope of consolidation	(1) Number of consolidated subsidiaries: 2 Name of consolidated subsidiaries: McDonald's Company (Japan), Ltd. EveryD Mc, Inc. (2) Number of non-consolidated subsidiary: 1 Name of non-consolidated subsidiary: California Family Restaurants, Inc. (Reason for exclusion from consolidation) This non-consolidated subsidiary is small in scale, and its effect on consolidated financial statements in terms of total assets, sales, net income for the term, and retained earnings is not significant.	(1) Number of consolidated subsidiaries: 2 Name of consolidated subsidiaries: Same as June 30, 2004 (2) Number of non-consolidated subsidiary: 1 Name of non-consolidated subsidiary: Same as June 30, 2004 (Reason for exclusion from consolidation) Same as June 30, 2004	(1) Number of consolidated subsidiaries: 2 Name of consolidated subsidiaries: Same as June 30, 2005 (2) Number of non-consolidated subsidiary: 1 Name of non-consolidated subsidiary: Same as June 30, 2005 (Reason for exclusion from consolidation) Same as June 30, 2005
2. Item relating to application of the equity method	(1) Number of affiliate accounted for by the equity method: 2 Anonymous associations: 2 Pret A Manger (Japan), Inc. is under the process of its liquidation and does not operate its business as of the end of the interim term. Consequently, Pret A Manger (Japan), Inc. is no longer accounted for under the equity method. (2) The Company did not apply the equity method to its non-consolidated subsidiary (California Family Restaurants, Inc.) because of its minimal impact on consolidated net income and consolidated retained earnings and its lack of materiality. (3) The Company did not apply the equity method to its affiliates (Pret A Manger (Japan), Inc.) as stated in (1).	(1) Number of affiliate accounted for by the equity method: 2 Anonymous associations: 2 ---------- (2) The Company did not apply the equity method to its non-consolidated subsidiary. Same as June 30, 2004 ----------	(1) Number of affiliate accounted for by the equity method: 2 Anonymous associations: 2 Pret A Manger (Japan), Inc. completed its liquidation procedure. Consequently, Pret A Manger (Japan), Inc. is no longer accounted for under the equity method. (2) The Company did not apply the equity method to its non-consolidated subsidiary. Same as June 30, 2005 ----------
3. Item relating to the fiscal years etc. of consolidated	All consolidated subsidiaries end their balance dates on the same day as the date of closing of consolidated accounts.	Same as June 30, 2004	Same as June 30, 2005

Item	June 30, 2004	June 30, 2005	December 31, 2004
4. Items related to accounting standards (1) Standards and methods of valuation for assets	(1) Marketable and investment securities Bonds held to maturity: cost amortization method Other securities: Quoted securities: market price method based on closing prices on the date of the closing of accounts (all differences are credited or debited directly to the shareholders' equity account; sales prices are calculated on the basis of average cost) Unquoted securities: valued at cost using the periodic average method (2) Derivatives: market price method (3) Inventories: Food materials and supplies: valued at cost, computed on a periodic average basis	(1) Marketable and investment securities Bonds held to maturity: Same as June 30, 2004 Other securities: Quoted securities: Same as June 30, 2004 Unquoted securities: Same as June 30, 2004 (2) Inventories: Same as June 30, 2004	(1) Marketable and investment securities Bonds held to maturity: Same as June 30, 2005 Other securities: Quoted securities: Same as June 30, 2005 Unquoted securities: Same as June 30, 2005 (2) Inventories: Same as June 30, 2005
(2) Major depreciable assets and methods of depreciation	(1) Tangible fixed assets: straight-line method Years of useful life for principal assets: Buildings and structures: 2 - 50 years Machinery and transportation equipment: 2 - 15 years Tools, appliances and fixtures: 2 - 20 years (2) Intangible fixed assets: straight-line method For software used internally, the straight-line method is applied based on the period of expected use by the Company (5 years). (3) Long-term prepaid expenses: straight-method	(1) Tangible fixed assets: Same as June 30, 2004 Years of useful life for principal assets: Same as June 30, 2004 (2) Intangible fixed assets: Same as June 30, 2004 (3) Long-term prepaid expenses: Same as June 30, 2004	(1) Tangible fixed assets: Same as June 30, 2005 Years of useful life for principal assets: Same as June 30, 2005 (2) Intangible fixed assets: Same as June 30, 2005 (3) Long-term prepaid expenses: Same as June 30, 2005

Item	June 30, 2004	June 30, 2005	December 31, 2004
(3) Standards for important allowances	(1) Allowance for doubtful accounts To provide for potential losses from doubtful accounts, the company recognizes an amount calculated on the basis of a statutory deduction ratio for general accounts receivable plus an amount for specific accounts for which collection appears doubtful.	(1) Allowance for doubtful accounts Same as June 30, 2004	(1) Allowance for doubtful accounts Same as June 30, 2005
	(2) Allowance for bonuses In order to prepare for the payment of bonuses to employees, an allowance is made for the estimated amount to be paid during the interim period.	(2) Allowance for bonuses Same as June 30, 2004	(2) Allowance for bonuses In order to prepare for the payment of bonuses to employees, an allowance is made for the estimated amount to be paid during the period.
	(3) Employees' retirement benefits To provide for employees' retirement benefits, the Company recognizes an amount based on retirement benefit liabilities and estimated pension assets as of the end of the interim fiscal year to June 2004. Differences arising in the course of mathematical calculations are proportionally divided using the straight-line method over a fixed number of years not exceeding the average number of remaining years of service of employees in each term (13), and are treated as expenses from the year following the year in which they occur.	(3) Employees' retirement benefits To provide for employees' retirement benefits, the Company recognizes an amount based on retirement benefit liabilities and estimated pension assets as of the end of the interim fiscal year to June 2005. Same as June 30, 2004	(3) Employees' retirement benefits To provide for employees' retirement benefits, the Company recognizes an amount based on retirement benefit liabilities and estimated pension assets as of the end of the fiscal year to December 2004. Differences arising in the course of mathematical calculations are proportionally divided using the straight-line method over a fixed number of years not exceeding the average number of remaining years of service of employees in each term (13), and are treated as expenses from the year following the year in which they occur.
	(4) Reserve for directors retirement allowances Recognition of full amount of liability at interim term end based on employment regulations.	(4) Reserve for directors retirement allowances Same as June 30, 2004	(4) Reserve for directors retirement allowances Recognition of full amount of liability at term end based on employment regulations.
	(5) Allowance for losses on restaurant closings The Company expects losses to arise hereafter from restaurant closures decided in 2002 for the purpose of radically improving its structure of profitability. It will recognize as losses amounts arrived at through reasonable means of estimation.	----------	----------
(4) Accounting for significant lease transactions	Financing leases, which exclude leased assets for which title is recognized as being conveyed to lessees, are treated as ordinary rental transactions.	Same as June 30, 2004	Same as June 30, 2005

Item	June 30, 2004	June 30, 2005	December 31, 2004
(5) Hedge accounting	(1) Accounting method: Appropriated methods (2) Hedging methods and items hedged Hedging methods: exchange contract Items hedged: expected future imports (3) Policy related to hedging: Cash flow hedging. (4) Method of evaluating the effectiveness of hedging Confirm match hedging methods and items hedged.	----------	(1) Accounting method: Same as June 30, 2004 (2) Hedging methods and items hedged Hedging methods: Same as June 30, 2004 Items hedged: Same as June 30, 2004 (3) Policy related to hedging: Same as June 30, 2004 (4) Method of evaluating the effectiveness of hedging Same as June 30, 2004
(6) Other significant items associated with the preparation of interim financial statements	Accounting for consumption taxes Amounts shown are exclusive of consumption taxes	Accounting for consumption taxes Same as June 30, 2004	Accounting for consumption taxes Same as June 30, 2005
5. Scope of funds in the statement of cash flow	"Funds" (cash and cash equivalents) in the context of the consolidated cash flow statement comprise cash on hand, freely withdrawable deposits, and short-term investments maturing in less than three months from the date of their acquisition, which must also be easily converted to cash and subject to minimal risk of price fluctuations.	Same as June 30, 2004	Same as June 30, 2005

Changes in the method of presentation

June 30, 2004	June 30, 2005
(Consolidated interim cash flow) “Proceeds from loans and advances” and “Proceeds form collection of loans and advances”, which were individually shown in the net cash used in investment activities in the statement, are included in “Others” due to less cash flow importance. Detailed information is as follows: Proceeds from loans and advances: (19 mil.) Proceeds form collection of loans and advances: 6 mil.	(Consolidated Interim statement of income) "Insurance proceeds" was presented in "others" in the Non-operating income section of consolidated statement of income until last interim period. However, the amount of the account is more than one-tenth of total Non-operating income this interim period. Therefore, the account is designated in the statement. The amount for the last interim period is 22 million yen.

Notes

(Consolidated balance sheet - related)

(Millions of yen)

		June 30, 2004	June 30, 2005	December 31, 2004
*1	Aggregate amount of depreciation on fixed assets	72,868	75,001	73,112
*2	Contingent liabilities			
	Obligations under guarantees for loans from financial institutions			
	Toys"R"Us-Japan, Ltd.	3,568	3,392	3,480
	Employees (Housing funds)	64	20	26
*3	Collateral assets and secured liabilities			
	Collateral assets			
	Securities			
	(Guarantees for issuing of McCards)	-	216	-
	Investment securities			
	(Guarantees for issuing of McCards)	668	450	667
	Security money on deposit			
	(Guarantees for issuing of McCards)	560	610	560
	Secured liabilities			
	Prepaid receipts			
	(Prepaid receipts from sales of McCards)	378	282	416
*4	Notes maturing on final day of the fiscal year			
	Notes are settled on the basis of date of clearing. Because the final day of the fiscal year was a banking holiday, however, the following notes maturing on the final day of the fiscal year are included in term-end balances.			
	Notes payable	-	-	1,840
	Notes payable - plant and equipment	-	-	432
*5	Reduction of tangible fixed assets from gains on insurance claims	130	112	130
	Reduction of tangible fixed assets from expropriation	110	110	110

(Consolidated statement of income - related)

(Millions of yen)

		June 30, 2004	June 30, 2005	December 31, 2004
*1	Primary items and amounts included under selling, general and administrative expenses			
(1)	Advertising expenses	4,615	4,107	8,705
(2)	Promotion cost	-	4,179	7,105
(3)	Salaries	2,405	2,526	4,935
(4)	Depreciation	828	734	1,608
(5)	Provision of allowance for bonuses.	434	169	586
(6)	Employees' retirement benefits	398	454	813
(7)	Provision of directors' retirement allowances	22	34	40
(8)	Provision of allowance for doubtful accounts	37	-	13
*2	Breakdown of gain on sales of fixed assets			
	Land	-	-	6
	Transportation equipment	-	-	20
		-	-	26
*3	Breakdown of losses from disposal of fixed assets			
	Buildings and structures	25	23	76
	Machinery	8	15	15
	Tools, appliances and fixtures	13	0	20
	Software	6	-	336
		53	39	448

	June 30, 2004	June 30, 2005	December 31, 2004
*4 "Loss on introduction of new working hours administration" in extraordinary losses arose due to the change in the calculation of working hours from nearest 30minutes to unit of one minute for part-time staff and full-time employee's overtime in McDonald's operated restaurants and its office staffs.			
Breakdown of the loss is stated below.			
Salary payable in prior years	-	1,303	-
Set up of call center	-	100	-
	-	1,403	-
*5 Breakdown of cost of bird flu and BSE countermeasures			
Loss on disposal of food inventories and shipping cost due to BSE	372	-	372
Loss on disposal of food inventories due to bird flu	414	-	414
Loss on disposal of sales promotion material due to bird flu	79	-	79
	865	-	865

(Consolidated statement of cash flows - related)

*1 Balance of cash and cash equivalents agrees with balance of cash and deposit in the balance sheet as of term end.

(Lease related)

1. Financing leases, which exclude leased assets whose titles are recognized as being conveyed to lessees.

Lessee

(1) Equivalent acquisition costs, equivalent accumulated depreciation and equivalent book value at the end of term.

(Millions of yen)

	June 30, 2004	June 30, 2005	December 31, 2004
Buildings and structures			
Acquisition cost	4	0	3
Accumulated depreciation	4	0	2
Net leased property	0	0	0
Machinery			
Acquisition cost	12,058	9,762	10,824
Accumulated depreciation	6,668	5,090	5,707
Net leased property	5,390	4,672	5,117
Tools, appliances and fixtures			
Acquisition cost	4,089	5,399	4,852
Accumulated depreciation	1,722	2,254	1,911
Net leased property	2,366	3,145	2,941
Total			
Acquisition cost	16,152	15,162	15,680
Accumulated depreciation	8,394	7,344	7,621
Net leased property	7,757	7,818	8,058

(2) Equivalent amount of unearned lease payments

(Millions of yen)

	June 30, 2004	June 30, 2005	December 31, 2004
Due within one year	2,763	2,704	2,764
Due after one year	5,023	5,062	5,286
	7,786	7,767	8,051

(3) Lease rents, equivalent depreciation and equivalent amount of interest paid

(Millions of yen)

	June 30, 2004	June 30, 2005	December 31, 2004
Lease rents	1,689	1,599	3,353
Equivalent depreciation	1,468	1,405	2,649
Equivalent amount of interest paid	87	87	173

(4) Method of calculating equivalent depreciation

The Company uses straight-line depreciation, assuming that lease periods are equal to estimated economic life and that residual values are zer

(5) Calculation method for equivalent amount of interest

The equivalent amount of interest is the difference between the total amount of lease fees and the equivalent of the acquisition value of the leased property, with the interest method used for the allocation to each term.

2. Operation Leases

(Millions of yen)

	June 30, 2004	June 30, 2005	December 31, 2004
Unexpired leases			
Within one year	-	337	337
More than one year	-	1,404	1,572
Total	-	1,741	1,909

(Marketable and investment securities)

1. Quoted bonds which are being held to maturity

(Millions of yen)

	June 30, 2004			June 30, 2005			December 31, 2004		
	Book value	Current value	Unrealized gain (loss)	Book value	Current value	Unrealized gain (loss)	Book value	Current value	Unrealized gain (loss)
Government bonds	668	668	0	666	669	2	667	670	2
total	668	668	0	666	669	2	667	670	2

2. Other quoted securities

(Millions of yen)

	June 30, 2004			June 30, 2005			December 31, 2004		
	Cost of acquisition	Book value	Unrealized gain (loss)	Cost of acquisition	Book value	Unrealized gain (loss)	Book value	Book value	Unrealized gain (loss)
Shares	124	10,202	10,077	121	5,986	5,865	121	6,837	6,715
total	124	10,202	10,077	121	5,986	5,865	121	6,837	6,715

3. Major investment securities without market prices

(Millions of yen)

	June 30, 2004	June 30, 2005	December 31, 2004
Other securities			
Unlisted stocks (excluding OTC stocks)	56	56	56

(Derivatives)

1. Items related to the status of transactions

June 2004 interim terms

Contract amount, market value, and valuation profit or loss of derivative transaction

Currency-related (Millions of yen)

Category and type	Amount of contract etc.	Market value	Unrealized gain (loss)
Exchange contract transactions	9,362	8,825	(537)

(Notes)

(1) Excludes derivative transactions for which hedge accounting is applied

(2) Forward foreign exchange contracts are executed by requesting the importer to conclude a forward foreign exchange contract, at the Company’s discretion. The results of forward foreign exchange contracts are reflected in the costs of transactions between the delivery company and the Company or franchisee purchasing ingredients from the importer.

June 2005 interim terms

Contract amount, market value, and valuation profit or loss of derivative transaction

Currency-related (Millions of yen)

Category and type	Amount of contract etc.	Market value	Unrealized gain (loss)
Exchange contract transactions	14,131	14,792	661

(Notes)

Forward foreign exchange contracts are executed by requesting the banking and importer to conclude a forward foreign exchange contract,at the Company’s discretion. The results of forward foreign exchange contracts are reflected in the costs of transactions between the delivery company and the Company or franchisee purchasing ingredients from the importer.

December 2004 terms

Contract amount, market value, and valuation profit or loss of derivative transaction

Currency-related (Millions of yen)

Category and type	Amount of contract etc.	Market value	Unrealized gain (loss)
Exchange contract transactions	19,984	19,323	(661)

(Notes)

Forward foreign exchange contracts are executed by requesting the banking and importer to conclude a forward foreign exchange contract,at the Company’s discretion. The results of forward foreign exchange contracts are reflected in the costs of transactions between the delivery company and the Company or franchisee purchasing ingredients from the importer.

(Segment information)

Business segment information

During the interim term (January 1 - June 30, 2004) and (January 1 - June 30, 2005) and the previous fiscal year term (January 1 - December 31, 2004), sales and operating income corresponding to hamburger restaurant operations accounted for more than 90% of the group’s total sales and operating income for all business segments. Accordingly, business segment information is omitte

Geographical segment information

During the interim term (January 1 - June 30, 2004) and (January 1 - June 30, 2005) and the previous fiscal year term (January 1 - December 31, 2004), the Company had no consolidated subsidiaries domiciled outside Japan. Accordingly, geographical segment information is omitted.

Overseas sales

During the interim term (January 1 - June 30, 2004) and (January 1 - June 30, 2005) and the previous fiscal year term (January 1 - December 31, 2004), the Company had no sales outside Japan, therefore this section is omitted.

(Per share-related financial information)

(Yen)

June 30, 2004	June 30, 2005	December 31, 2004
Shareholders' equity per share 1,049.97	Shareholders' equity per share 1,015.19	Shareholders' equity per share 1,054.26
Net income per share 8.39	Net loss per share 5.28	Net income per share 27.68
No amounts for fully diluted earnings per share have been shown because the Company had neither bonds with warrants nor convertible bonds outstanding in the interim term under review.	No amounts for fully diluted earnings per share have been shown because the Company had neither bonds with warrants nor convertible bonds outstanding in the interim term under review.	No amounts for fully diluted earnings per share have been shown because the Company had no latent stock in the form of bonds with attached equity subscription rights outstanding in the year to December 2004.

(Note)

Net income (loss) per share is calculated based on the following information

(Millions of yen)

	June 30, 2004	June 30, 2005	December 31, 2004
Net income (loss)	1,116	(701)	3,680
Income (loss) not available to common stockholders	-	-	-
Income (loss) available to common stockholders	1,116	(701)	3,680
Average number of common shares outstanding (thousands shares)	132,959	132,959	132,959

Sales

McDonald's Company (Japan) Ltd., the Company's consolidated subsidiary derives its revenue from the development of company-operated McDonald's hamburger restaurants and from royalties paid by franchised stores. The Composition of sales, sales of company-operated stores by geographic region, and number of company-operated stores are shown below.

(1) Sales results by division

(Millions of yen)

	June 2005 interim terms		
	Amount	Amount Percentage of total (%)	Growth (%)
Company-operated store sales			
Sandwiches	60,187	38.1	8.8
Desserts	34,336	21.8	8.4
Drinks	37,723	23.9	▲ 2.7
Breakfasts	3,871	2.5	56.1
Breakfast desserts	3,584	2.3	36.4
Others	3,091	2.0	▲ 3.0
Subtotal	142,795	90.6	6.5
Franchise revenue	14,294	9.1	▲ 3.9
Advertisement Fee Income	160	0.1	▲ 44.1
Others	375	0.2	▲ 8.6
	157,627	100.0	5.3

(Notes)

(1) The above does not include consumption taxes.

(2) The portion of sales from franchised restaurants is not included in the amounts shown as company-operated store sales

(3) Sales amounts shown under franchise revenue include royalties, rental fees, sales promotion expenses, and proceeds from the sale of store

(4) Sandwiches consists of burgers including hamburgers, cheeseburgers, Big Macs, Filet-O-Fish, Teriyaki Mc Burger, etc

(5) Other sales are management fees from management services rendered and revenue from advertising, et

(2) Company-operated store sales and number of stores by geographic region

(Millions of yen)

	June 2005 interim terms			
	No. of stores	Amount	Amount Percentage of total (%)	Growth (%)
Hokkaido	68	2,951	2.1	7.5
Aomori	11	528	0.4	15.4
Iwate	16	600	0.4	7.5
Miyagi	43	2,129	1.5	0.6
Akita	14	547	0.4	3.9
Yamagata	18	697	0.5	6.9
Fukushima	23	970	0.7	5.3
Ibaragi	76	3,516	2.5	3.8
Tochigi	49	1,996	1.4	5.0
Gunma	48	1,955	1.4	0.0
Saitama	140	6,804	4.8	7.7
Chiba	129	6,999	4.9	4.5
Tokyo	406	27,180	19.0	4.4
Kanagawa	223	13,484	9.4	6.3
Niigata	27	1,091	0.8	5.2
Toyama	23	994	0.7	6.0
Ishikawa	17	805	0.5	5.8
Fukui	14	646	0.4	5.7
Yamanashi	24	1,039	0.7	1.4
Nagano	51	1,843	1.3	4.3
Gifu	49	2,127	1.5	5.3
Shizuoka	72	3,019	2.1	9.0
Aichi	203	9,485	6.6	9.7
Mie	44	1,781	1.2	6.4
Shiga	48	2,135	1.5	9.7
Kyoto	78	4,096	2.9	8.7
Osaka	243	14,573	10.2	6.7
Hyogo	109	5,986	4.2	9.5
Nara	33	1,564	1.1	9.5
Wakayama	19	805	0.6	7.4
Tottori	2	115	0.1	4.0
Shimane	2	124	0.1	91.4
Okayama	27	1,477	1.0	6.5
Hiroshima	46	2,335	1.6	5.3
Yamaguchi	18	802	0.6	5.7
Tokushima	13	762	0.5	6.2
Kagawa	19	968	0.7	▲ 0.5
Ehime	29	1,237	0.9	8.2
Kochi	5	310	0.2	9.6
Fukuoka	88	4,451	3.1	12.2
Saga	12	457	0.3	0.8
Nagasaki	14	627	0.4	7.4
Kumamoto	34	1,711	1.2	12.1
Oita	18	1,062	0.7	1.7
Miyazaki	16	665	0.5	8.5
Kagoshima	17	946	0.7	2.6
Okinawa	34	2,375	1.7	14.2
	2,712	142,795	100.0	6.5

(Notes)

(1) The number of stores shown above is the number of stores as of the final day of the term under review.

(2) The above does not include consumption taxes.

(3) The number of stores and sales amounts shown above do not include the franchised stores' portion.