

# Interim financial results for the December 2008 Term (Consolidated)

August 7, 2008

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

Company code number: 2702 (URL <http://www.mcd-holdings.co.jp/>)  
 Shares traded: JASDAQ  
 Executive position of legal representative: Eikoh Harada  
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Scheduled filing date of interim financial statements: September 4, 2008

## 1. Consolidated operating results (From January 1, 2008 to June 30, 2008)

### (1) Consolidated financial results

(In millions of yen, with fractional amounts discarded)  
 (The number with parenthesis shows negative figure)  
 (The percentages represent the rate of change over year)

	Sales revenue		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
June 30, 2008	202,891	5.3	7,254	2.6	6,854	1.1
June 30, 2007	192,718	13.0	7,069	332.5	6,782	450.4
December 31, 2007	395,061	—	16,733	—	15,616	—

	Net income		Net income per share		Net income per share, fully diluted	
	(Millions of yen)	%	(Yen)		(Yen)	
June 30, 2008	6,192	95.9	46 .58		—	
June 30, 2007	3,161	—	23 .77		—	
December 31, 2007	7,819	—	58 .81		—	

(Reference) Investment profit on equity method:

June 2008 interim term: - million yen  
 June 2007 interim term: 34 million yen

December 2007 term: 11 million yen

### (2) Consolidated financial position

	Total assets	Net assets	Total equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
June 30, 2008	193,371	133,489	69.0	1,003 .31
June 30, 2007	193,026	128,748	66.7	968 .33
December 31, 2007	201,303	133,247	66.1	1,001 .50

(Reference) Equity capital:

June 2008 interim term: 133,399 million yen  
 June 2007 interim term: 128,748 million yen

December 2007 term: 133,159 million yen

### (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, 2008	4,418	(5,827)	(3,947)	6,639
June 30, 2007	12,025	(10,224)	(1,850)	11,283
December 31, 2007	24,337	(21,855)	(1,812)	12,005

## 2. Dividends

(Date of record)	Dividends per share		
	the end of June	the end of December	Annual
December 31,2007	-	30.00	30.00
December 31,2008 (Result)	0.00	-	30.00
December 31,2008 (Forecast)	-	30.00	

## 3. Consolidated forecasts for December 2008 term

(From January 1, 2008 to December 31, 2008)

(The percentages represent the rate of change over year)

	Sales revenues		Operating income		Ordinary income	
Annual	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
	412,000	4.3	19,500	16.5	17,500	12.1

	Net income		Net income per share	
Annual	(Millions of yen)	%	(Yen)	
	11,500	47.1	86	.49

## 4. Other

### (1) Changes in significant subsidiaries during the period

(Changes in specific subsidiaries with an adjustment of a scope of consolidation): None

### (2) Changes in accounting standards, process and methods of presentation underlying preparation of consolidated interim financial statements

① Changes due to a revision of the Accounting Standards etc.: None

② Changes due to other than the above ①: None

### (3) Number of outstanding shares (Common Stock)

① Number of outstanding shares at the end of term (including treasury stocks)

June 2008 interim term: 132,960,000 shares

June 2007 interim term: 132,960,000 shares

December 2007 term: 132,960,000 shares

② Number of treasury stocks

June 2008 interim term: 200 shares

June 2007 interim term: 198 shares

December 2007 term: 198 shares

(Notes) Please refer to "Per share-related financial information" on page 26 for the basis of the net income per share.

**(Reference) Summary of Non-consolidated operating results****1. Nonconsolidated operating results (From January 1, 2008 to June 30, 2008)****(1) Nonconsolidated financial results**

(The number with parenthesis shows negative figure)

(The percentages represent the rate of change over year)

	Sales revenue		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
June 30, 2008	27,397	3.5	494	28.4	719	48.4
June 30, 2007	26,478	1.1	385	(68.4)	484	(40.6)
December 31, 2007	54,553	—	786	—	1,022	—

	Net income		Net income per share	
	(Millions of yen)	%	(Millions of yen)	%
June 30, 2008	1,837	457.5	13	.82
June 30, 2007	329	(17.3)	2	.48
December 31, 2007	526	—	3	.96

**(2) Nonconsolidated financial position**

	Total assets	Net assets	Total equity ratio	Net assets per share
			%	(Yen)
June 30, 2008	137,179	124,371	90.7	935 .40
June 30, 2007	140,319	128,426	91.5	965 .91
December 31, 2007	141,696	128,436	90.6	965 .98

*(Reference) Equity capital:*

June 2008 interim term: 124,371 million yen

June 2007 interim term: 128,426 million yen

December 2007 term: 128,436 million yen

**2. Nonconsolidated forecasts for December 2008 term**

(From January 1, 2008 to December 31, 2008)

(The percentages represent the rate of change over year)

	Sales revenues		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
Annual	55,000	0.8	1,000	27.2	1,000	(2.2)

	Net income		Net income per share	
	(Millions of yen)	%	(Yen)	
Annual	1,800	242.1	13	.54

(Information regarding appropriate use of the forecasts)

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. Operating Results

## (1) Operating Results

(Operating results of the McDonald's group)

The Group continues to concentrate its management resources on its principal hamburger business. The interim consolidated sales for the year 2008 was 202.891 billion yen, an increase of 10.172 billion yen from same period last year. Consolidated ordinary income increased by 72 million yen, year-on-year, to 6.854 billion yen. During this interim period, settlement was reached between McDonald's Company (Japan), Co., Ltd., a consolidated subsidiary of the Company, and Toys "R" Us-Japan, Ltd. Settlement income of 1.378 billion yen as an extraordinary gain, including the 2.545 billion yen gain on sale of securities were posted, and as a result, consolidated net income before taxes grew by 5.016 billion yen year-on-year, to 10.633 billion yen. Consolidated net income was 6.192 billion yen, or 3.031 billion yen more than same period last year.

(Overview of hamburger restaurant operations)

Since 2004, our hamburger restaurant operation focused on QSC (trusted quality, speedy and friendly service, clean and comfortable atmosphere) enhancement, which is the foundation of our restaurant business, to improve our customer satisfaction. Adoption of world-wide success cases to Japan, re-introduction and continuation of proactive investment, full-implementation of customer base expansion strategies, and driving of company reform through enhancement of personnel awareness was made to promote globalization.

Followings are the 8 specific measures the Company took during the interim period:

1. Further enhancement of QSC
2. Introduction of new products, such as 'Premium Roasted Coffee', 'Premium Roasted Ice-Coffee' and 'Mega Muffin'
3. Reinforcement of 100 yen Mac menu with 'Shaka-Shaka chicken'
4. Expansion of 24hr drive-thru & front counter operation (1,443 stores as of interim term end)
5. Refurbishment of stores to provide comfortable dining area (93 stores as of interim term end)
6. Investment for people development
7. Expansion of e-marketing
8. Franchising promotion (1,183 stores as of interim term end or 111 more stores from the previous quarter)

Below is the store development status:

Classifications	end of December 2007	new stores	closed stores	transfer(*)	end of June 2008
Company-operated	2,674	27	(38)	(112)	2,551
Franchised	1,072	6	(7)	112	1,183
Total number of stores	3,746	33	(45)	0	3,734

(\*) transfer reflects the total net amount of store operation transfer, from company operated to franchising and vice versa

The above activities brought great synergistic effects, such as breaking the daily sales record (June 28 & 29, 2008) two times and setting the monthly sales record for 18 consecutive months. System-wide sales is growing strongly, year-on-year, for 29 straight months.

As a result, the Company posted a system-wide sales (total sales of company-operated & franchised stores) of 250.33 billion yen (increased by 4.2% year-on-year), a non-stop increase for the 5th consecutive quarter.

(Other businesses)

EveryD Mc Inc., a subsidiary of the Company, provides support to McDonald's restaurants and their customers. Its business activities generated strong sales of 601 million yen, an increase of 187 million yen from the last quarter, together with ordinary income of 37 million yen, or increased by 18 million yen from the previous quarter. The current net income grew by 10 million yen from the last quarter to 21 million yen.

The JV Ltd. (joint venture with NTT DOCOMO Inc., with our company holding 70% of the total equities) also a subsidiary of the Company, plans and runs various promotion activities to members of McDonald's Company (Japan), Co., Ltd. Its sales resulted in 381 million yen, 10 million yen in consolidated income, and 6 million yen for the current net income.

(Operating results of the Company)

As a holding company, the Company's main business is investment in subsidiaries and real estate rental. Our principal revenue resource is the rental income that comes from our consolidated subsidiary, McDonald's Company (Japan), Co., Ltd. Our business in the interim period resulted in sales of 27.397 billion yen, which is an increase of 919 million yen from the same period last year, and ordinary income grew by 234 million yen year-on-year to 719 million yen. As a result of posting 2.545 billion yen gain on sale of securities and 117 million yen in loss on disposal of fixed assets as extraordinary loss, the interim net income before taxes resulted in 3.147 billion yen, which grew by 2.52 billion yen from the same period last year. The interim net income increased by 1.57 billion yen year-on-year, to 1.837 billion yen.

(Analysis of the Group's operating results)

(Millions of yen)

		Six months ended June 30 2007		Six months ended June 30 2008		year-on-year changes
			%		%	
<b>Systemwide sales</b>	*1	240,232		250,330		10,098
<b>Sales revenues</b>						
<b>Company-operated restaurant sales</b>	*2	177,194		181,924		4,729
<b>Franchise revenue</b>		15,277		20,681		5,454
<b>Others</b>		296		285		(10)
<b>Total sales revenues</b>	*1	192,718	100.0	202,891	100.0	10,172
<b>Cost of sales revenues</b>						
<b>Cost of sales for company operated restaurant</b>		153,113	79.4	157,676	77.7	4,563
<b>Raw material</b>		58,270	30.2	59,615	29.4	
<b>Labor</b>		52,104	27.0	53,013	26.1	
<b>Others</b>		42,737	22.2	45,077	22.2	
<b>Cost of franchise revenue</b>		10,160	5.3	12,129	6.0	1,968
<b>Cost of others sales</b>		190	0.1	241	0.1	50
<b>Total cost of sales revenues</b>		163,464	84.80	170,047	83.8	6,582
<b>Gross profit</b>		29,254	15.2	32,844	16.2	3,589
<b>Selling, general and administrative expenses</b>	*3					
<b>Advertising and selling expense</b>		10,669	5.5	14,138	7.0	3,469
<b>Labor</b>		6,140	3.2	6,145	3.0	5
<b>Others</b>		5,374	2.8	5,305	2.6	(69)
<b>Selling, general and administrative expenses</b>		22,184	11.5	25,589	12.6	3,404
<b>Operating income</b>		7,069	3.7	7,254	3.6	184
<b>Non-operating income</b>		625	0.3	552	0.3	(73)
<b>Non-operating expense</b>		913	0.5	952	0.5	39
<b>Ordinary income</b>		6,782	3.5	6,854	3.4	72
<b>Extraordinary gain</b>	*4	278	0.1	3,994	2.0	3,715
<b>Extraordinary loss</b>	*4	1,444	0.7	215	0.1	(1,228)
<b>Net income before taxes and other adjustments</b>		5,616	2.9	10,633	5.3	5,016
<b>Net income</b>		3,161	1.6	6,192	3.1	3,031

## Notes 1: Systemwide sales and product sales

Please refer to "Overview of hamburger restaurant operations" described above for the specific measures.

These measures made a strong impact to system-wide sales, resulting in 250.33 billion yen, or 10.098 billion yen (+4.2%) more than the same period last year. Total sales revenue grew by 10.172 billion yen (+5.3%), to 202.891 billion yen.

## Notes 2: Franchise revenue

To accelerate our franchising business, a total of 115 restaurants were sold to franchisees of McDonald's Company (Japan), Co., Ltd. during this interim period. As a result, franchise revenue risen by 5.454 billion yen (+35.8%) from the same period last year, to 20.681 billion yen.

## Note 3: Selling, general and administrative expenses

Marketing investment was made ahead-of-schedule to successfully overcome economic slowdown and weak consumer demand, and drive sales of existing stores. As a result, the Company posted 25.589 billion yen, an increase of 3.44 billion yen year-on-year, for the selling cost, general and administrative expenses. Please refer to 'Notes – consolidated income statement related' for more details.

## Note 4: Extraordinary gain and loss

Please refer to 'Notes – consolidated income statement related' for more details on extraordinary gain and extraordinary loss.

## (2) Financial position

(Analysis of the Group's financial position)

(Millions of yen)

		As of December 31, 2007		As of June 30, 2008		Changes
			%		%	
<b>Assets</b>						
<b>Current assets</b>		32,143	16.0	27,086	14.0	(5,056)
<b>Fixed assets</b>		169,159	84.0	166,284	86.0	(2,875)
<b>Tangible fixed assets</b>		*1 81,615	40.5	79,905	41.3	(1,709)
<b>Intangible fixed assets</b>		*2 9,785	4.9	13,209	6.8	3,423
<b>Investments and other assets</b>		*3 77,758	38.6	73,169	37.9	(4,588)
<b>Total assets</b>		201,303	100.0	193,371	100.0	(7,931)
<b>Liabilities</b>						
<b>Current liabilities</b>		64,599	32.1	56,311	29.1	(7,760)
<b>Non-current liabilities</b>		3,455	1.7	3,570	1.9	115
<b>Total liabilities</b>		68,055	33.8	59,881	31.0	(7,645)
<b>Shareholders' equity</b>						
<b>Total shareholders' equity</b>		133,247	66.2	133,489	69.0	241
<b>Total liabilities and shareholders' equity</b>		201,303	100.0	193,371	100.0	(7,931)

## Notes 1: Tangible fixed assets

Tangible fixed assets as of interim period end decreased by 1.79 billion yen from the same period last year, to 79.95 billion yen. Selling of tangible fixed assets to franchisees of McDonald's Company (Japan), Co., Ltd. to drive franchising is the main cause for this decrease.

## Notes 2: Intangible fixed assets

Intangible fixed assets as of interim period end was 13.29 billion yen, an increase of 3.423 billion yen year-on-year. Rebuilding of infrastructure for better efficiency is in progress, and acquirement of 4.567 billion yen software was the main reason for this increase.

## Notes 3: Investments and other assets

Investments and other assets as of interim period end was 73.169 billion yen, or 4.588 billion yen lower than the same period last year. Main cause for this is the selling of investment securities and collection of deposits and bond money.

(Cash Flow Summary)

Cash flows for the term are as follows:

Cash and cash equivalents (hereinafter referred to as 'cash') as of interim period end was 6.639 billion yen (decreased by 41.2% year-on-year).

(Net cash provided by operating activities)

Cash flow from operating activities amounted to 4.418 billion yen, a decrease of 7.66 billion yen from same period last year. The main cause for income growth is the increase in net income before tax by 5.016 billion yen from the year-ago period. On the other hand, posting of 1.293 billion yen accrued loss on restaurant closure, 2.956 billion yen decrease in other increased/decreased liabilities, decrease of 1.213 billion yen in increased/decreased accounts receivable-trade, and 4.84 billion yen increase in payment of income tax, are the main cause for decrease in cash flow.

(Net cash used in investing activities)

Total cash amount of 5.827 billion yen, or 4.396 billion yen less than the same period last year, was allotted for investing activities during the interim period. Main causes for this decline are the 3.573 billion yen drop, year-on-year, in purchasing restaurant equipments for hamburger restaurant business, increase in revenues by 1.842 billion yen from selling of restaurant equipments to drive franchising and profit on sale of securities, which was increased by 2.65 billion yen. On the other hand, 3.643 billion yen of expenditure in information system development is the main cause for increase.

(Net cash used in financing activities)

3.947 billion yen of cash was used for financing activities during the interim period, which was 2.096 billion yen more than the same period last year. This increase was caused primarily by the 2 billion yen drop in operating cash, year-on-year, borrowed on a short-term basis.

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

	December 31, 2004	December 31, 2005	December 31, 2006
Equity ratio	73.4 %	71.4 %	67.3 %
Equity ratio based on market prices	153.6 %	133.3 %	136.5 %
Years required to redeem liabilities	8.4 years	0.3 years	0.2 years
Interest-coverage ratio	18.6 times	1,638.1 times	2,189.6 times

  

	December 31, 2007	June 30, 2008
Equity ratio	66.1 %	69.0 %
Equity ratio based on market prices	123.3 %	110.9 %
Years required to redeem liabilities	0.2 years	1.2 years
Interest-coverage ratio	1,627.1 times	144.2 times

Equity ratio based on market prices:  $\text{Market capitalization} / \text{total assets}$

Years required to redeem liabilities:  $\text{Interest-bearing liabilities} / \text{operating cash flow}$

Interest-coverage ratio:  $\text{Operating cash flow} / \text{interest payments}$

\* 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) Fundamental Policy with Regard to Distribution of Profits**

Our endeavor is to follow the basic policy of returning the profit to our shareholders by providing stable distribution of dividends. Comprehensive consideration is given to the business results, dividend payout ratio, and cash flow balance, while maintaining an appropriate level of financial indicators including capital ratio and Return of Equity (ROE), to ensure that the policy is in place.

The Company follows the basic policy of paying reserved surplus as year-end dividend per annual. The deciding body for this reserved surplus dividend is the shareholders' meeting.

Based on the aforementioned policy, we are expecting to provide dividend of 30yen per share for this term, the same amount paid on last year.

Company's article of association states that Board of Directors may decide to pay interim dividends on the annual record date, June 30.

## **2. Group Organization**

We omitted this section since no significant changes are made in 'organization chart (business contents)' and 'position of affiliated companies', found in the latest financial report (submitted on March 28, 2008).

## **3. Management Policy**

We omitted this section since no significant changes are made in **(1) Company's basic operating policy, (2) targeted operating index, (3) Company's mid to long-term operating strategies,** and **(4) Company's important issues,** found in summary of financial results, ending December 31, 2007 (disclosed in February 7, 2008)

This summary is also available in our home page.

(McDonald's Japan home page)

<http://www.mcd-holdings.co.jp/>

(Jasdaq Securities Exchange Inc. home page 'search page')

<http://jds.jasdaq.co.jp/tekiji/>

### **(5) Other Important Management Issues**

None



#### 4. Consolidated interim financial statements

##### (1) Consolidated interim balance sheet

(Millions of yen)

		As of		As of		Year-on-year changes	As of	
		June 30, 2007	%	June 30, 2008	%		December 31, 2007	%
<b>(Assets)</b>								
<b>I Current assets</b>								
1	Cash and deposits	11,283		6,639			12,005	
2	Accounts receivable - trade	7,766		9,596			9,050	
3	Securities	250		-			-	
4	Inventories	2,696		3,023			2,871	
5	Deferred tax assets	2,137		1,389			2,555	
6	Others	5,657		6,437			5,729	
	Allowance for doubtful accounts	(165)		-			(69)	
	Total current assets	29,624	15.3	27,086	14.0	(2,538)	32,143	16.0
<b>II Fixed assets</b>								
<b>1 Tangible fixed assets</b>								
(1)	Buildings and structures	42,244		42,784			44,634	
(2)	Machinery	10,917		9,742			10,673	
(3)	Tools, appliances and fixtures	7,523		9,737			8,120	
(4)	Land	17,277		17,277			17,277	
(5)	Construction in progress	91		363			910	
	Total tangible fixed assets	78,053	40.5	79,905	41.3	1,852	81,615	40.5
<b>2 Intangible fixed assets</b>								
(1)	Software	-		11,024			-	
(2)	Others	6,071		2,185			9,785	
	Total intangible fixed assets	6,071	3.1	13,209	6.8	7,137	9,785	4.9
<b>3 Investments and other assets</b>								
(1)	Investments in securities	4,099		498			3,784	
(2)	Long-term loans receivable	26		12			19	
(3)	Deferred tax assets	2,966		2,976			2,613	
(4)	Rent deposits and guarantees	65,983		62,746			64,064	
(5)	Others	7,192		7,867			8,111	
	Allowance for doubtful accounts	(992)		(931)			(835)	
	Total investments and other assets	79,276	41.1	73,169	37.9	(6,107)	77,758	38.6
	Total fixed assets	163,402	84.7	166,284	86.0	2,882	169,159	84.0
	<b>Total assets</b>	<b>193,026</b>	<b>100.0</b>	<b>193,371</b>	<b>100.0</b>	<b>344</b>	<b>201,303</b>	<b>100.0</b>

(Millions of yen)

		As of		As of		Year-on-year changes	As of	
		June 30, 2007	%	June 30, 2008	%		December 31, 2007	%
<b>(Liabilities)</b>								
<b>I Current liabilities</b>								
1	Notes and accounts payable	*4	18,452		11,354		12,596	
2	Short-term loans payable		5,000		5,000		5,000	
3	Accounts payable - other		13,143		19,468		19,605	
4	Accrued income taxes payable		2,895		2,509		5,996	
5	Allowance for employee bonuses		1,318		1,709		2,021	
6	Allowance for losses on restaurants closures		1,293		-		-	
7	Others	*3·4	18,845		16,268		19,380	
	Total current liabilities		60,948	31.6	56,311	29.1	(4,637)	64,599 32.1
<b>II Long-term liabilities</b>								
1	Long-term loans payable		500		500		500	
2	Employees' retirement benefits		1,866		2,161		2,007	
3	Reserve for directors' retirement allowances		87		106		99	
4	Deferred tax liabilities due to revaluation of land		508		508		508	
5	Others		367		294		340	
	Total long-term liabilities		3,329	1.7	3,570	1.9	241	3,455 1.7
	<b>Total liabilities</b>		64,277	33.3	59,881	31.0	(4,395)	68,055 33.8
<b>(Net assets)</b>								
<b>I Shareholders' Equity</b>								
1	Common stock		24,113	12.5	24,113	12.5	-	24,113 12.0
2	Additional paid-in capital		42,124	21.8	42,124	21.8	-	42,124 20.9
3	Retained earnings		65,565	34.0	72,428	37.4	6,862	70,224 34.9
4	Treasury stock		(0)	(0.0)	(0)	(0.0)	(0)	(0) (0.0)
	Total Shareholders' equity		131,803	68.3	138,665	71.7	6,862	136,462 67.8
<b>II Revaluation &amp; Exchange difference</b>								
1	Unrealized gain on other securities		2,124	1.1	23	0.0	(2,100)	1,937 1.0
2	Gain/loss on deferred hedge		62	0.0	(48)	(0.0)	(111)	1 0.0
3	Revaluation account for land		(5,240)	(2.7)	(5,240)	(2.7)	-	(5,240) (2.6)
	Total revaluation & exchange difference		(3,054)	(1.6)	(5,266)	(2.7)	(2,212)	(3,302) (1.6)
<b>III Minority Interests</b>								
	Total equity		128,748	66.7	133,489	69.0	4,740	133,247 66.2
	<b>Total liabilities and shareholders' equity</b>		193,026	100.0	193,371	100.0	344	201,303 100.0

## (2) Consolidated interim statement of income

(Millions of yen)

		Six months ended June 30 2007		Six months ended June 30 2008		Year-on-year changes	Year ended December 31 2007	
			%		%			%
<b>I Sales revenues</b>		192,718	100.0	202,891	100.0	10,172	395,061	100.0
<b>II Cost of sales revenues</b>		163,464	84.8	170,047	83.8	6,582	331,020	83.8
<b>Gross profit on sales</b>		29,254	15.2	32,844	16.2	3,589	64,040	16.2
<b>III Selling, general and administrative expenses</b>	*1	22,184	11.5	25,589	12.6	3,404	47,307	12.0
<b>Operating income</b>		7,069	3.7	7,254	3.6	184	16,733	4.2
<b>IV Non-operating income</b>								
1 Interest income		47		50			100	
2 Dividend income		36		36			37	
3 Compensation for interruption of business at stores		95		52			588	
4 Revenue from unredeemed gift certificates		119		72			238	
5 Insurance proceeds		41		-			109	
6 Equity in earnings of affiliated companies		34		-			11	
7 Others		251		340			407	
		625	0.3	552	0.3	(73)	1,492	0.4
<b>V Non-operating expenses</b>								
1 Interest expenses		13		39			22	
2 Provision for allowance for doubtful accounts		-		104			-	
3 Loss on disposal of fixed assets at stores		749		715			2,176	
4 Others		150		92			410	
		913	0.5	952	0.5	39	2,609	0.6
<b>Ordinary income</b>		6,782	3.5	6,854	3.4	72	15,616	4.0

(Millions of yen)

		Six months ended June 30 2007		Six months ended June 30 2008		Year-on-year changes	Year ended December 31 2007	
			%		%			%
<b>VI Extraordinary gains</b>								
1 Gain on reversal of allowance for doubtful accounts		46		70			143	
2 Gain on settlement of the lawsuit	*4	-		1,378			-	
3 Gain on sale of investment securities		-		2,545			-	
4 Compensation for relocation of stores		232		-			236	
		278	0.1	3,994	2.0	3,715	380	0.1
<b>VII Extraordinary losses</b>								
1 Loss on disposal of fixed assets	*2	104		196			408	
2 Impairment loss	*3	46		19			46	
3 Loss on allowance for restaurants closures		1,293		-			1,288	
4 Loss on contract termination		-		-			369	
		1,444	0.7	215	0.1	(1,228)	2,112	0.6
<b>Net income before taxes</b>		5,616	2.9	10,633	5.3	5,016	13,883	3.5
<b>Corporate, inhabitant and enterprises taxes</b>		2,794		2,286			6,297	
<b>Deferred taxes</b>		(339)		2,152			(231)	
		2,455	1.3	4,438	2.2	1,983	6,065	1.5
<b>Minority interests in gain (loss)</b>		-		1	0.0	1	(1)	(0.0)
<b>Net income</b>		3,161	1.6	6,192	3.1	3,031	7,819	2.0

### (3) Consolidated Statements of Shareholders' Equity

Six months ended June 30, 2007	Shareholders' equity				
	Common Stock	Additional paid-in capital	Retained earnings	Treasury stock	Total
<b>Balance at December 31, 2006</b>	24,113	42,124	66,393	(0)	132,631
Cash dividends, 30 yen per share			(3,988)		(3,988)
Net income			3,161		3,161
Changes in items except shareholders' equity					
Total change in the term	—	—	(827)	—	(827)
<b>Balance at June 30, 2007</b>	24,113	42,124	65,565	(0)	131,803

Six months ended June 30, 2007	Revaluation & Exchange difference				Grand total
	Unrealized gain on other securities	Deferred hedge gain (loss)	Revaluation account for land	Total	
<b>Balance at December 31, 2006</b>	2,639	38	(5,240)	(2,563)	130,067
Cash dividends, 30 yen per share					(3,988)
Net income					3,161
Changes in items except shareholders' equity	(515)	24	—	(491)	(491)
Total change in the term	(515)	24	—	(491)	(1,318)
<b>Balance at June 30, 2007</b>	2,124	62	(5,240)	(3,054)	128,748

Six months ended June 30, 2008	Shareholders' equity				
	Common Stock	Additional paid-in capital	Retained earnings	Treasury stock	Total
<b>Balance at December 31, 2007</b>	24,113	42,124	70,224	(0)	136,462
Cash dividends, 30 yen per share			(3,988)		(3,988)
Net income			6,192		6,192
Payments for purchase of treasury stocks				(0)	(0)
Changes in items except shareholders' equity					
Total change in the term	—	—	2,203	(0)	2,203
<b>Balance at June 30, 2008</b>	24,113	42,124	72,428	(0)	138,665

Six months ended June 30, 2008	Revaluation & Exchange difference				Minority interests	Grand total
	Unrealized gain on other securities	Deferred hedge gain (loss)	Revaluation account for land	Total		
<b>Balance at December 31, 2007</b>	1,937	1	(5,240)	(3,302)	88	133,247
Cash dividends, 30 yen per share						(3,988)
Net income						6,192
Payments for purchase of treasury stocks						(0)
Changes in items except shareholders' equity	(1,914)	(50)	—	(1,964)	1	(1,962)
Total change in the term	(1,914)	(50)	—	(1,964)	1	241
<b>Balance at June 30, 2008</b>	23	(48)	(5,240)	(5,266)	90	133,489

Year ended December 31, 2007	Shareholders' equity				
	Common Stock	Additional paid-in capital	Retained earnings	Treasury stock	Total
<b>Balance at December 31, 2006</b>	24,113	42,124	66,393	(0)	132,631
Cash dividends, 30 yen per share			(3,988)		(3,988)
Net income			7,819		7,819
Changes in items except shareholders' equity					
Total change in the term	—	—	3,830	—	3,830
<b>Balance at December 31, 2007</b>	24,113	42,124	70,224	(0)	136,462

Year ended December 31, 2007	Revaluation & Exchange difference				Minority interests	Grand total
	Unrealized gain on other securities	Deferred hedge gain (loss)	Revaluation account for land	Total		
<b>Balance at December 31, 2006</b>	2,639	38	(5,240)	(2,563)	—	130,067
Cash dividends, 30 yen per share						(3,988)
Net income						7,819
Changes in items except shareholders' equity	(702)	(36)	—	(738)	88	(650)
Total change in the term	(702)	(36)	—	(738)	88	3,180
<b>Balance at December 31, 2007</b>	1,937	1	(5,240)	(3,302)	88	133,247

#### (4) Consolidated interim statement of cash flow

(Millions of yen)

		Six months ended June 30 2007	Six months ended June 30 2008	Year-on- year changes	Year ended December 31 2007
<b>I Net cash (used in)/provided by operating activities</b>					
Net income(loss) before taxes		5,616	10,633		13,883
Depreciation and amortization		4,758	5,508		10,012
Loss on impairment		46	19		46
Increase (decrease) in allowances		(102)	(122)		467
Increase (decrease) in allowance for losses on restaurants closures		1,293	-		-
Gain on unredeemed gift certificates		(119)	(72)		(238)
Interest and dividend income		(83)	(87)		(138)
Interest expenses		13	39		22
Equity in losses (earnings) of affiliated companies		(34)	-		(11)
Loss on disposal of fixed assets		466	856		1,867
Gain on sales of investment securities		-	(2,545)		-
Decrease (increase) in accounts receivable - trade		667	(546)		(601)
Decrease (increase) in inventories		(136)	(151)		(312)
Decrease (increase) in goodwill from acquisition of franchise stores		225	(21)		(116)
Decrease (increase) in other assets		634	(218)		(512)
Increase (decrease) in accounts payable		(462)	(1,241)		1,498
Increase (decrease) in notes payable		(581)	-		(8,399)
Increase (decrease) in accrued expenses payable		(790)	(446)		(142)
Increase (decrease) in other current liabilities		1,438	(1,517)		8,170
Others		3	22		(4)
<b>Subtotal</b>		<b>12,852</b>	<b>10,108</b>	<b>(2,743)</b>	<b>25,491</b>
Proceeds from interest and dividend income		37	37		43
Payment of interest expenses		(9)	(30)		(14)
Payment of income tax		(855)	(5,696)		(1,183)
<b>Total</b>		<b>12,025</b>	<b>4,418</b>	<b>(7,606)</b>	<b>24,337</b>
<b>II Net cash (used in)/provided by investing activities</b>					
Payments for purchase of restaurant equipment		(10,791)	(7,218)		(22,831)
Proceeds from sales of restaurant equipment		781	2,624		1,803
Proceeds from sales investment securities		-	2,605		-
Payments for rent deposits and guarantees		(841)	(905)		(1,685)
Proceeds from returned rent deposits and guarantees		2,222	2,088		4,824
Payments for development of information systems		(1,304)	(4,947)		(4,157)
Others		(290)	(74)		190
<b>Total</b>		<b>(10,224)</b>	<b>(5,827)</b>	<b>4,396</b>	<b>(21,855)</b>
<b>III Net cash (used in)/provided by financing activities</b>					
Proceeds from net increase in short-term debt		2,000	-		2,000
Payments of dividends		(3,850)	(3,947)		(3,902)
Payments for purchase of treasury stocks		-	(0)		-
Proceeds from stock issuance to minority shareholders		-	-		90
<b>Total</b>		<b>(1,850)</b>	<b>(3,947)</b>	<b>(2,096)</b>	<b>(1,812)</b>
<b>IV Effect of exchange rate changes on cash and cash equivalents</b>		<b>(5)</b>	<b>(8)</b>	<b>(3)</b>	<b>(2)</b>
<b>V Increase (decrease) in cash and cash equivalents</b>		<b>(55)</b>	<b>(5,365)</b>	<b>(5,309)</b>	<b>666</b>
<b>VI Cash and cash equivalents at beginning of term</b>		<b>11,338</b>	<b>12,005</b>	<b>666</b>	<b>11,338</b>
<b>VII Cash and cash equivalents at end of term</b>	*1	<b>11,283</b>	<b>6,639</b>	<b>(4,643)</b>	<b>112,005</b>

## Assumptions underlying preparation of Consolidated interim financial statements

Item	June 30, 2007	June 30, 2008	December 31, 2007
1. Item relating to scope of consolidation	<p>(1) Number of consolidated subsidiaries: 2 Name of consolidated subsidiaries: McDonald's Company (Japan), Ltd. EveryD Mc, Inc.</p> <p>(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.</p>	<p>(1) Number of consolidated subsidiaries: 3 Name of consolidated subsidiaries: McDonald's Company (Japan), Ltd. EveryD Mc, Inc. The JV, Inc.</p> <p>(2) Number of non-consolidated subsidiary: 1 Name of non-consolidated subsidiary: Same as June 30, 2007 (Reason for exclusion from consolidation) Same as June 30, 2007</p>	<p>(1) Number of consolidated subsidiaries: 3 Name of consolidated subsidiaries: McDonald's Company (Japan), Ltd. EveryD Mc, Inc. The JV, Inc.  During the current fiscal year, a new company named The JV Inc. was established and the company acquired 70% of its shares. This company designs and operates promotion activities for members of new membership organization that was established by McDonald's Company (Japan), Ltd.</p> <p>(2) Number of non-consolidated subsidiary: 1 Name of non-consolidated subsidiary: Same as June 30, 2008 (Reason for exclusion from consolidation) Same as June 30, 2008</p>
2. Item relating to application of the equity method	<p>(1) Number of affiliate accounted for by the equity method: 1 Anonymous associations: 1</p> <p>(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.</p> <p>(3) 1 anonymous association was the company's equity method affiliate in previous year, but they were resolved during this interim term.</p>	<p>(1) Number of affiliate accounted for by the equity method: None</p> <p>(2) The Company did not apply the equity method to its non-consolidated subsidiary: Same as June 30, 2007</p>	<p>(1) Number of affiliate accounted for by the equity method: None 2 anonymous associations were the company's equity method affiliates in previous year, but they were resolved during this fiscal year.</p> <p>(2) The Company did not apply the equity method to its non-consolidated subsidiary: Same as June 30, 2008</p>
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, 2007	Same as June 30, 2008



Item	June 30, 2007	June 30, 2008	December 31, 2007
4. Items related to accounting standards			
(1) Standards and methods of valuation for assets	<p>(1) Marketable and investment securities</p> <p>Bonds held to maturity: cost amortization method</p> <p>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)</p> <p>Unquoted securities: valued at cost using the periodic average method</p> <p>(2) -</p> <p>(3) Inventories: Food materials and supplies: valued at cost, computed on a periodic average basis</p>	<p>(1) Marketable and investment securities</p> <p>Bonds held to maturity: Same as June 30, 2007</p> <p>Other securities: Quoted securities: Same as June 30, 2007</p> <p>Unquoted securities: Same as June 30, 2007</p> <p>(2) Derivatives: Market value</p> <p>(3) Inventories: Same as June 30, 2007</p>	<p>(1) Marketable and investment securities</p> <p>Bonds held to maturity: Same as June 30, 2008</p> <p>Other securities: Quoted securities: Same as June 30, 2008</p> <p>Unquoted securities: Same as June 30, 2008</p> <p>(2) Derivatives: Same as June 30, 2008</p> <p>(3) Inventories: Same as June 30, 2008</p>
(2) Major depreciable assets and methods of depreciation	<p>(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</p> <p>(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).</p> <p>(3) Long-term prepaid expenses: straight-method</p>	<p>(1) Tangible fixed assets: Same as June 30, 2007 Years of useful life for principal assets: Same as June 30, 2007</p> <p>(2) Intangible fixed assets: Same as June 30, 2007</p> <p>(3) Long-term prepaid expenses: Same as June 30, 2007</p>	<p>(1) Tangible fixed assets: Same as June 30, 2008 Years of useful life for principal assets: Same as June 30, 2008</p> <p>(2) Intangible fixed assets: Same as June 30, 2008</p> <p>(3) Long-term prepaid expenses: Same as June 30, 2008</p>
(3) Standards for important allowances	<p>(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.</p> <p>(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.</p>	<p>(1) Allowance for doubtful accounts Same as June 30, 2007</p> <p>(2) Allowance for bonuses Same as June 30, 2007</p>	<p>(1) Allowance for doubtful accounts Same as June 30, 2008</p> <p>(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.</p>

Item	June 30, 2007	June 30, 2008	December 31, 2007
	<p>(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 period.</p> <p>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 (8), and are treated as expenses from the year following the year in which they occur.</p>	<p>(3) Employees' retirement benefits Same as June 30, 2007</p>	<p>(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.</p> <p>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 (8), and are treated as expenses from the year following the year in which they occur.</p>
	<p>(4) Reserve for directors retirement allowances Recognition of full amount of liability at interim term end based on employment regulations.</p>	<p>(4) Reserve for directors retirement allowances Same as June 30, 2007</p>	<p>(4) Reserve for directors retirement allowances Recognition of full amount of liability at term end based on employment regulations.</p>
	<p>(5) Allowance for losses on restaurant closings The Company recognized losses to arise hereafter from restaurant closures decided upon during the term for the purpose of radically improving its structure of profitability. The amount of loss has been determined through reasonable means of estimation.</p>	—	<p>(5) Allowance for losses on restaurant closings The Company recognized losses to arise hereafter from restaurant closures decided upon during the term for the purpose of radically improving its structure of profitability. The amount of loss has been determined through reasonable means of estimation.</p>
(4) Accounting for significant lease transactions	<p>Financing leases, which exclude leased assets for which title is recognized as being conveyed to lessees, are treated as ordinary rental transactions.</p>	Same as June 30, 2007	Same as June 30, 2008
(5) Important hedge accounting methods	<p>(1) Accounting method Appropriated methods.</p> <p>(2) Hedging methods and items hedged: Hedging methods: exchange contract Items hedged: expected future imports</p> <p>(3) Policy related to hedging: McDonald's Japan hedges foreign currency risks in accordance with its internal rules. Exchange contract is executed within the amount of imported inventories under normal operating cycle.</p>	<p>(1) Accounting method Same as June 30, 2007</p> <p>(2) Hedging methods and items hedged: Same as June 30, 2007</p> <p>(3) Policy related to hedging: Same as June 30, 2007</p>	<p>(1) Accounting method Same as June 30, 2008</p> <p>(2) Hedging methods and items hedged: Same as June 30, 2008</p> <p>(3) Policy related to hedging: Same as June 30, 2008</p>

Item	June 30, 2007	June 30, 2008	December 31, 2007
(6) Other significant items associated with the preparation of interim financial statements	<p>(4) Method of evaluating the effectiveness of hedging: Accumulated amount of changes in cash flow between items hedged and hedging methods are matched quarterly to evaluate the effectiveness of hedging.</p> <p>Accounting for consumption taxes Amounts shown are exclusive of consumption taxes</p>	<p>(4) Method of evaluating the effectiveness of hedging: Same as June 30, 2007</p> <p>Accounting for consumption taxes Same as June 30, 2007</p>	<p>(4) Method of evaluating the effectiveness of hedging: Same as June 30, 2008</p> <p>Accounting for consumption taxes Same as June 30, 2008</p>
5. Scope of funds in the statement of cash flow	<p>“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.</p>	Same as June 30, 2007	Same as June 30, 2008

**Changes in the method of presentation**

June 30, 2007	June 30, 2008
<p>(Consolidated interim balance sheet)</p> <p>Due to being immaterial, "Deposits received" is included in "Others" in the Non-current liabilities section of consolidated balance sheet. For reference, the amount of the account for the interim term end is 303 million yen.</p>	<p>(Consolidated interim balance sheet)</p> <p>"Software" was included in "Others" in the intangible fixed assets section of consolidated balance sheet until previous interim period. However, the amount of the account is more than one-tenth of total assets in the current interim period, therefore, the account is designated in the statement. The amount for the previous interim period is 4,247 million yen.</p> <p>(Consolidated interim statement of income)</p> <p>Due to being immaterial, "Insurance received" is included in "Others" in the Non-operating income section of consolidated statement of income in the current interim period. For reference, the amount of the account for the interim term end is 37 million yen.</p>

## Notes

### (Consolidated balance sheet - related)

(Millions of yen)

	June 30, 2007	June 30, 2008	December 31, 2007
*1 Aggregate amount of depreciation on fixed assets	75,218	74,294	74,596
*2 Contingent liabilities			
Obligations under guarantees for loans from financial institutions			
Toys"R"Us-Japan, Ltd.	1,040	864	952
Employees (Housing funds)	5	2	3
*3 Collateral assets and secured liabilities			
Collateral assets			
Securities			
(Guarantees for issuing of McCards)	250	—	—
Security money on deposit			
(Guarantees for issuing of McCards)	1,510	1,610	1,510
Secured liabilities			
Prepaid receipts			
(Prepaid receipts from sales of McCards)	343	371	445
*4 Notes maturing on final day of the period			
Notes are settled on the basis of date of clearing. Because the final day of the period was a banking holiday, however, the following notes maturing on the final day of period are included in term-end balances.			
Notes payable	2,073	—	—
Notes payable - plant and equipment	1,162	—	—
*5 Reduction of tangible fixed assets from gains on insurance claims	100	93	93
Reduction of tangible fixed assets from expropriation	110	110	110

### (Consolidated statement of income - related)

(Millions of yen)

	June 30, 2007	June 30, 2008	December 31, 2007																								
*1 Primary items and amounts included under selling, general and administrative expenses																											
(1) Advertising expenses	4,412	5,946	9,363																								
(2) Promotion cost	6,256	8,192	14,899																								
(3) Salaries	2,875	3,122	5,941																								
(4) Outside services expenses	2,315	1,511	4,175																								
(5) Depreciation	618	1,203	1,325																								
(6) Provision of allowance for bonuses	800	513	1,411																								
(7) Employees' retirement benefits	200	217	386																								
(8) Provision of directors' retirement allowances	15	10	27																								
(9) Provision of allowance for doubtful accounts	97	—	—																								
*2 Breakdown of losses from disposal of fixed assets																											
Buildings and structures	87	64	122																								
Machinery	5	40	228																								
Tools, appliances and fixtures	11	14	31																								
Software	—	76	24																								
	104	196	408																								
*3 Impairment loss																											
Impairment loss was recognized during the period as follows:																											
<table border="1"> <thead> <tr> <th>Segment</th> <th>Type of assets</th> <th>Place</th> <th>Impairment loss</th> <th>Impairment loss</th> <th>Impairment loss</th> </tr> </thead> <tbody> <tr> <td>Restaurants</td> <td>Buildings and structures</td> <td>Kanto region</td> <td>42</td> <td>19</td> <td>42</td> </tr> <tr> <td>Restaurants</td> <td>Buildings and structures</td> <td>Other</td> <td>3</td> <td>0</td> <td>3</td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td>46</td> <td>19</td> <td>46</td> </tr> </tbody> </table>	Segment	Type of assets	Place	Impairment loss	Impairment loss	Impairment loss	Restaurants	Buildings and structures	Kanto region	42	19	42	Restaurants	Buildings and structures	Other	3	0	3	Total			46	19	46			
Segment	Type of assets	Place	Impairment loss	Impairment loss	Impairment loss																						
Restaurants	Buildings and structures	Kanto region	42	19	42																						
Restaurants	Buildings and structures	Other	3	0	3																						
Total			46	19	46																						

(Millions of yen)

	June 30, 2007	June 30, 2008	December 31, 2007
Breakdown of impairment loss by assets type are as follows:			
Buildings and structures	35	13	35
Machinery	5	5	5
Tools, appliances and fixtures	3	0	3
Lease assets	1	-	1
Total	46	19	46
Calculations of impairment losses were conducted by grouping assets and grouping assets are the certain regional area that we monitor its revenue and expense continuously, mainly managerial accounting unit. Group assets that generates operating loss continuously and off-chance to recover their book value are considered to be impaired, and the book value was written down to recoverable level. That write-down was reported as an impairment loss and shown in the extraordinary loss.			
The recoverable value of the group assets was calculated by utility value and it was calculated by discounting future cash flow at discount rate each term.	Discount rate 5.6% rate	Discount rate 5.5% rate	Discount rate 5.6% rate
*4 Gain on settlement of the lawsuit	—	During this interim period, settlement was reached between McDonald's Company (Japan), Co., Ltd., a consolidated subsidiary of the Company, and Toys "R" Us-Japan, Ltd and the Company received the settlement income.	—

**(Consolidated statement of shareholders' equity)****June 30, 2007**

## 1 Type and number of outstanding shares and treasury stock

	December 31, 2006	Increase	Decrease	June 30, 2007
Outstanding shares				
Common stock	132,960,000	-	-	132,960,000
Total	132,960,000	-	-	132,960,000
Treasury stock				
Common stock	198	-	-	198
Total	198	-	-	198

## 2 Type and number of warrant

None

## 3 Dividend

Amount of dividend paid

Resolution	Type of share	Total amount of dividend (Million yen)	Dividend per share (Yen)	Reference date	Effective date
Regular general shareholders meeting held on March 27, 2007	Common stock	3,988	30	2006/12/31	2007/3/28

### June 30, 2008

- 1 Type and number of outstanding shares and treasury stock

	December 31, 2007	Increase	Decrease	June 30, 2008
Outstanding shares				
Common stock	132,960,000	-	-	132,960,000
Total	132,960,000	-	-	132,960,000
Treasury stock				
Common stock	198	2	-	200
Total	198	2	-	200

- 2 Type and number of warrant.

None

- 3 Dividend

Amount of dividend paid

Resolution	Type of share	Total amount of dividend (Million yen)	Dividend per share (Yen)	Reference date	Effective date
Regular general shareholders meeting held on March 27, 2008	Common stock	3,988	30	2007/12/31	2008/3/28

\* Increase of 2 treasury stocks in the term is due to purchase of odd-lot shares.

### December 31, 2007

- 1 Type and number of outstanding shares and treasury stock

	December 31, 2006	Increase	Decrease	December 31, 2007
Outstanding shares				
Common stock	132,960,000	-	-	132,960,000
Total	132,960,000	-	-	132,960,000
Treasury stock				
Common stock	198	-	-	198
Total	198	-	-	198

- 2 Type and number of warrant.

None

- 3 Dividend

(1) Amount of dividend paid

Resolution	Type of share	Total amount of dividend (Million yen)	Dividend per share (Yen)	Reference date	Effective date
Regular general shareholders meeting held on March 27, 2007	Common stock	3,988	30	2006/12/31	2007/3/28

(2) Amount which reference date is in the current year but effective date is in the following year.

Resolution	Type of share	Total amount of dividend (Million yen)	Resource	Dividend per share (Yen)	Reference date	Effective date
Regular general shareholders meeting held on March 27, 2008	Common stock	3,988	Retained earnings	30	2007/12/31	2008/3/28

### (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, 2007	June 30, 2008	December 31, 2007
Buildings and structures			
Acquisition cost	1	0	1
Accumulated depreciation	0	0	0
Accumulated impairment loss	-	-	-
Net leased property	1	0	0
Machinery			
Acquisition cost	8,583	7,442	8,672
Accumulated depreciation	4,505	4,101	4,730
Accumulated impairment loss	156	119	145
Net leased property	3,921	3,221	3,795
Tools, appliances and fixtures			
Acquisition cost	4,216	2,937	3,901
Accumulated depreciation	2,294	2,082	2,442
Accumulated impairment loss	76	44	68
Net leased property	1,845	811	1,389
Total			
Acquisition cost	12,801	10,381	12,575
Accumulated depreciation	6,800	6,184	7,174
Accumulated impairment loss	232	164	214
Net leased property	5,768	4,033	5,186

##### (2) Equivalent amount of unearned lease payments

(Millions of yen)

	June 30, 2007	June 30, 2008	December 31, 2007
Due within one year	2,261	1,547	1,937
Due after one year	4,345	2,740	3,234
Total	6,606	4,287	5,171
Account balance of impairment loss for leased assets	130	56	88

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

(Millions of yen)

	June 30, 2007	June 30, 2008	December 31, 2007
Lease rents	1,318	1,165	2,603
Reversal of impairment loss for lease assets account	39	26	81
Equivalent depreciation	1,157	930	2,182
Equivalent amount of interest paid	74	63	144
Impairment loss for lease assets	1	-	1

##### (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 zero.

##### (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, 2007	June 30, 2008	December 31, 2007
Unexpired leases			
Within one year	337	337	337
More than one year	730	393	561
Total	1,067	730	898

## (Marketable and investment securities)

### 1. Quoted bonds which are being held to maturity

(Millions of yen)

	June 30, 2007	June 30, 2008	December 31, 2007



	Book value	Current value	Unrealized gain (loss)	Book value	Current value	Unrealized gain (loss)	Book value	Current value	Unrealized gain (loss)
Government bonds	250	249	(0)	-	-	-	-	-	-
total	250	249	(0)	-	-	-	-	-	-

## 2. Other quoted securities

(Millions of yen)

	June 30, 2007			June 30, 2008			December 31, 2007		
	Cost of acquisition	Book value	Unrealized gain (loss)	Cost of acquisition	Book value	Unrealized gain (loss)	Cost of acquisition	Book value	Unrealized gain (loss)
Shares	120	3,701	3,581	60	99	39	120	3,386	3,266
total	120	3,701	3,581	60	99	39	120	3,386	3,266

## 3. Major investment securities without market prices

(Millions of yen)

	June 30, 2007	June 30, 2008	December 31, 2007
(1) Other securities			
Unlisted stocks (excluding OTC stocks)		56	56
(2) Subsidiaries			
Non-consolidated subsidiary		341	-
total		398	56

## (Derivatives)

### 1. Items related to the status of transactions

June 2007 interim terms

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

Currency-related

(Millions of yen)

Category and type	Amount of contract etc.	Market value	Unrealized gain (loss)
Exchange contract transactions	38,483	41,884	3,400

(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.
- Derivative transactions applicable by hedge accounting are not included.

June 2008 interim terms

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

Currency-related

(Millions of yen)

Category and type	Amount of contract etc.	Market value	Unrealized gain (loss)
Exchange contract transactions	51,302	49,927	(1,375)

(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.
- Derivative transactions applicable by hedge accounting are not included.

December 2007 terms

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

Currency-related

(Millions of yen)

Category and type	Amount of contract etc.	Market value	Unrealized gain (loss)
Exchange contract transactions	48,102	49,315	1,213

(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.
- Derivative transactions applicable by hedge accounting are not included.

## (Stock options)

None

## (Segment information)

### Business segment information

During the interim term (January 1 - June 30, 2007) and (January 1 - June 30, 2008) and the previous fiscal year term (January 1 - December 31, 2007), 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 omitted.

### Geographical segment information

During the interim term (January 1 - June 30, 2007) and (January 1 - June 30, 2008) and the previous fiscal year term (January 1 - December 31, 2007), the Company had no consolidated subsidiaries domiciled outside Japan. Accordingly, geographical segment information is

### Overseas sales

During the interim term (January 1 - June 30, 2007) and (January 1 - June 30, 2008) and the previous fiscal year term (January 1 - December 31, 2007), the Company had no sales outside Japan, therefore this section is omitted.

## (Business combinations)

None

## (Per share-related financial information)

(Yen)

June 30, 2007		June 30, 2008		December 31, 2007	
Shareholders' equity per share	968.33	Shareholders' equity per share	1,003.31	Shareholders' equity per share	1,001.50
Net loss per share	23.77	Net income per share	46.58	Net income per share	58.81
No amounts for fully diluted earnings per share have been shown because the Company had a net loss per share, and 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 neither bonds with warrants nor convertible bonds outstanding in the term under review.	

(Note)

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

(Millions of yen)

	June 30, 2007	June 30, 2008	December 31, 2007
Net income (loss)	3,161	6,192	7,819
Income (loss) not available to common stockholders	-	-	-
Income (loss) available to common stockholders	3,161	6,192	7,819
Average number of common shares outstanding (thousands shares)	132,959	132,959	132,959

## (Important matters occurring subsequent to reporting period)

None

## 5. Nonconsolidated interim financial statements

### (1). Nonconsolidated interim balance sheet

(Millions of yen)

		As of June 30, 2007		As of June 30, 2008		Year-on- year changes	As of December 31, 2007	
			%		%			%
<b>(Assets)</b>								
<b>I Current assets</b>								
1 Cash and deposits		365		451			200	
2 Accounts receivable - trade		4,649		4,766			5,453	
3 Securities	*3	250		-			-	
4 Prepaid expenses		2,298		2,329			2,276	
5 Short-term loans		16,000		16,000			17,500	
6 Others		145		585			317	
Total current assets		23,709	16.9	24,132	17.6	423	25,747	18.2
<b>II Fixed assets</b>								
<b>1 Tangible fixed assets</b>	*1・4							
(1) Buildings		16,769		13,386			14,999	
(2) Structures		1,717		1,344			1,536	
(3) Tools, appliances and fixtures		1		0			0	
(4) Land		17,277		17,277			17,277	
Total tangible fixed assets		35,766		32,008		(3,757)	33,813	
<b>2 Intangible fixed assets</b>								
(1) Software		4,247		11,024			7,621	
(2) Others		778		776			776	
Total intangible fixed assets		5,025		11,800		6,774	8,398	
<b>3 Investments and other assets</b>								
(1) Investments in securities		3,758		156			3,443	
(2) Rent deposits and guarantees		65,983		62,746			64,064	
(3) Others	*3	7,054		7,252			7,049	
(4) Allowance for doubtful accounts		(977)		(917)			(819)	
Total investments and other assets		75,818		69,237		(6,580)	73,737	
Total fixed assets		116,610	83.1	113,046	82.4	(3,563)	115,948	81.8
<b>Total assets</b>		140,319	100.0	137,179	100.0	(3,139)	141,696	100.0

(Millions of yen)

	As of June 30, 2007		As of June 30, 2008		Year-on- year changes	As of December 31, 2007	
		%		%			%
<b>(Liabilities)</b>							
<b>I Current liabilities</b>							
1	Accounts payable	615		626		640	
2	Short-term loans payable	5,000		5,000		5,000	
3	Accrued income taxes payable	75		88		78	
4	Others	4,889		5,780		6,226	
	Total current liabilities	10,580	7.5	11,494	8.3	11,946	8.5
<b>II Long-term liabilities</b>							
1	Long-term loans payable	500		500		500	
2	Reserve for directors' retirement allowances	39		51		45	
3	Others	771		761		767	
	Total long-term liabilities	1,311	1.0	1,313	1.0	1,313	0.9
	Total liabilities	11,892	8.5	12,808	9.3	13,260	9.4
<b>(Net assets)</b>							
<b>I Shareholders' equity</b>							
1	Common stock	24,113	17.2	24,113	17.6	24,113	17.0
2	Additional paid-in capital	42,124	30.0	42,124	30.7	42,124	29.7
3	Retained earnings						
	Earned reserve	253		253		253	
	Carried forward retained earnings	65,052		63,098		65,249	
	Total Retained earnings	65,305	46.5	63,351	46.2	65,502	46.2
4	Treasury stock	(0)	(0.0)	(0)	(0.0)	(0)	(0.0)
	Total Shareholders' equity	131,543	93.7	129,588	94.5	131,740	92.9
<b>II Revaluation &amp; Exchange Difference etc</b>							
1	Revaluation account for land	2,124	1.5	23	0.0	1,937	1.4
2	Unrealized gain on other securities	(5,240)	(3.7)	(5,240)	(3.8)	(5,240)	(3.7)
	Total Revaluation & Exchange Difference etc	(3,116)	(2.2)	(5,217)	(3.8)	(3,303)	(2.3)
	<b>Total equity</b>	128,426	91.5	124,371	90.7	128,436	90.6
	<b>Total liabilities and equity</b>	140,319	100.0	137,179	100.0	141,696	100.0

**(2). Nonconsolidated interim statement of income**

(Millions of yen)

		Six months ended June 30 2007		Six months ended June 30 2008		Year-on- year changes	Year ended December 31 2007	
			%		%			%
<b>I</b>	<b>Sales revenues</b>	26,478	100.0	27,397	100.0	919	54,553	100.0
<b>II</b>	<b>Cost of sales revenues</b>	24,866	93.9	25,510	93.1	643	51,287	94.0
	<b>Gross profit on sales</b>	1,611	6.1	1,887	6.9	276	3,265	6.0
<b>III</b>	<b>Selling, general and administrative expenses</b>	1,226	4.6	1,393	5.1	166	2,479	4.6
	<b>Operating income</b>	385	1.5	494	1.8	109	786	1.4
<b>IV</b>	<b>Non-operating income</b>	414	1.5	457	1.7	43	1,015	1.9
<b>V</b>	<b>Non-operating expenses</b>	314	1.2	232	0.9	(81)	779	1.4
	<b>Ordinary income</b>	484	1.8	719	2.6	234	1,022	1.9
<b>VI</b>	<b>Extraordinary gains</b>	188	0.7	2,545	9.3	2,356	288	0.5
<b>VII</b>	<b>Extraordinary losses</b>	46	0.1	117	0.4	70	330	0.6
	<b>Net income before taxes</b>	626	2.4	3,147	11.5	2,520	980	1.8
	<b>Corporate, inhabitant and enterprises taxes</b>	4		5			9	
	<b>Deferred taxes</b>	297		1,305			444	
		297	1.2	1,310	4.8	1,013	454	0.8
	<b>Net income (loss)</b>	329	1.2	1,837	6.7	1,507	526	1.0

### (3) Nonconsolidated Statements of Shareholders' Equity

(Millions of yen)

Six months ended June 30, 2007	Shareholders' equity							Total
	Common Stock	Additional paid-in capital		Earned reserve	Retained earnings		Treasury stock	
		Capital reserve	Total additional paid-in capital		Other retained earnings	Total retained earnings		
<b>Balance at December 31, 2006</b>	24,113	42,124	42,124	253	68,712	68,965	(0)	135,202
Cash dividends, 30 yen per share					(3,988)	(3,988)		(3,988)
Net income					329	329		329
Changes in items except shareholders' equity								
Total change in the term	—	—	—	—	(3,659)	(3,659)	—	(3,659)
<b>Balance at June 30, 2007</b>	24,113	42,124	42,124	253	65,052	65,305	(0)	131,543

(Millions of yen)

Six months ended June 30, 2007	Revaluation & Exchange difference			Grand total
	Unrealized gain on other securities	Revaluation account for land	Total	
<b>Balance at December 31, 2006</b>	2,639	(5,240)	(2,601)	132,601
Cash dividends, 30 yen per share				(3,988)
Net income				329
Changes in items except shareholders' equity	(515)	—	(515)	(515)
Total change in the term	(515)	—	(515)	(4,174)
<b>Balance at June 30, 2007</b>	2,124	(5,240)	(3,116)	128,426

(Millions of yen)

Six months ended June 30, 2008	Shareholders' equity							Treasury stock	Total
	Common Stock	Additional paid-in capital		Earned reserve	Retained earnings				
		Capital reserve	Total additional paid-in capital		Other retained earnings	Total retained earnings			
					Carried forward retained earnings				
<b>Balance at December 31, 2007</b>	24,113	42,124	42,124	253	65,249	65,502	(0)	131,740	
Cash dividends, 30 yen per share					(3,988)	(3,988)		(3,988)	
Net income					1,837	1,837		1,837	
Payments for purchase of treasury stocks							(0)	(0)	
Changes in items except shareholders' equity									
Total change in the term	—	—	—	—	(2,151)	(2,151)	(0)	(2,151)	
<b>Balance at June 30, 2008</b>	24,113	42,124	42,124	253	63,098	63,351	(0)	129,588	

(Millions of yen)

Six months ended June 30, 2008	Revaluation & Exchange difference			Grand total
	Unrealized gain on other securities	Revaluation account for land	Total	
<b>Balance at December 31, 2007</b>	1,937	(5,240)	(3,303)	128,436
Cash dividends, 30 yen per share				(3,988)
Net income				1,837
Payments for purchase of treasury stocks				(0)
Changes in items except shareholders' equity	(1,914)	—	(1,914)	(1,914)
Total change in the term	(1,914)	—	(1,914)	(4,065)
<b>Balance at June 30, 2008</b>	23	(5,240)	(5,217)	124,371

(Millions of yen)

Year ended December 31, 2007	Shareholders' equity							Treasury stock	Total
	Common Stock	Additional paid-in capital		Earned reserve	Retained earnings				
		Capital reserve	Total additional paid-in capital		Other retained earnings	Total retained earnings			
					Carried forward retained earnings				
<b>Balance at December 31, 2006</b>	24,113	42,124	42,124	253	68,712	68,965	(0)	135,202	
Cash dividends, 30 yen per share					(3,988)	(3,988)		(3,988)	
Net income					526	526		526	
Changes in items except shareholders' equity									
Total change in the term	—	—	—	—	(3,462)	(3,462)	—	(3,462)	
<b>Balance at December 31, 2007</b>	24,113	42,124	42,124	253	65,249	65,502	(0)	131,740	

(Millions of yen)

Year ended December 31, 2007	Revaluation & Exchange difference			Grand total
	Unrealized gain on other securities	Revaluation account for land	Total	
<b>Balance at December 31, 2006</b>	2,639	(5,240)	(2,601)	132,601
Cash dividends, 30 yen per share				(3,988)
Net income				526
Changes in items except shareholders' equity	(702)	-	(702)	(702)
Total change in the term	(702)	-	(702)	(4,164)
<b>Balance at December 31, 2007</b>	1,937	(5,240)	(3,303)	128,436

## Significant accounting policies

Item	June 30, 2007	June 30, 2008	December 31, 2007
1. Standards and methods of valuation for marketable and investment securities	<p>(1) Bonds held to maturity: Cost amortization method (straight-line)</p> <p>(2) Shares in subsidiaries and affiliates: Valued at cost using the periodic average method</p> <p>(3) 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</p>	<p>(1) Bonds held to maturity: Same as June 30, 2007</p> <p>(2) Shares in subsidiaries and affiliates: Same as June 30, 2007</p> <p>(3) Other securities: Quoted securities: Same as June 30, 2007  Unquoted securities: Same as June 30, 2007</p>	<p>(1) Bonds held to maturity: Same as June 30, 2008</p> <p>(2) Shares in subsidiaries and affiliates: Same as June 30, 2008</p> <p>(3) Other securities: Quoted securities: Same as June 30, 2008  Unquoted securities: Same as June 30, 2008</p>
2. Major depreciable assets and methods of depreciation	<p>(1) Tangible fixed assets: straight-line method Years of useful life for principal assets: Buildings and structures: 2 - 40 years Structures: 2 - 50 years Tools, appliances and fixtures: 2 - 20 years</p> <p>(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).</p> <p>(3) Long-term prepaid expenses: straight-method</p>	<p>(1) Tangible fixed assets: Same as June 30, 2008</p> <p>(2) Intangible fixed assets: Same as June 30, 2007</p> <p>(3) Long-term prepaid expenses: Same as June 30, 2007</p>	<p>(1) Tangible fixed assets: Same as June 30, 2008</p> <p>(2) Intangible fixed assets: Same as June 30, 2008</p> <p>(3) Long-term prepaid expenses: Same as June 30, 2008</p>
3. Standards for important allowances	<p>(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.</p> <p>(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.</p> <p>(3) Reserve for directors retirement allowances Recognition of full amount of liability at interim term end based on employment regulations.</p>	<p>(1) Allowance for doubtful accounts Same as June 30, 2007</p> <p>(2) —</p> <p>(3) Reserve for directors retirement allowances Same as June 30, 2007</p>	<p>(1) Allowance for doubtful accounts Same as June 30, 2008</p> <p>(2) —</p> <p>(3) Reserve for directors retirement allowances Recognition of full amount of liability at term end based on employment regulations.</p>



Item	June 30, 2007	June 30, 2008	December 31, 2007
4. Other significant items associated with the preparation of interim financial statements	Accounting for consumption taxes Amounts shown are exclusive of consumption taxes.  Amount of temporary consumption tax payment as of the end of term is included in "Others".	Accounting for consumption taxes Same as June 30, 2007	Accounting for consumption taxes Amounts shown are exclusive of consumption taxes.

## Notes

### (Nonconsolidated balance sheet - related)

(Millions of yen)

	June 30, 2007	June 30, 2008	December 31, 2007
*1 Aggregate amount of depreciation on fixed assets	46,910	43,255	44,773
2 Contingent liabilities			
Obligations under guarantees for loans from financial institutions			
Toys"R"Us-Japan, Ltd.	1,040	864	952
Employees (Housing funds )	5	2	3
Liabilities (security deposits held) assumed by McDonald's Company (Japan), Ltd. at the time of corporate separation	35	15	19
*3 Collateral assets and secured liabilities			
Collateral assets			
Securities			
(Guarantees for issuing of McCards)	250	—	—
Security money on deposit			
(Guarantees for issuing of McCards)	1,510	1,610	1,510
Secured liabilities			
The above security money was pledged for liabilities of our subsidiary, McDonald's Company (Japan), Ltd.			
*4 Reduction of tangible fixed assets from gains on insurance claims	75	68	68
Reduction of tangible fixed assets from expropriation	110	110	110

### (Nonconsolidated statement of income - related)

(Millions of yen)

	June 30, 2007	June 30, 2008	December 31, 2007
*1 Depreciation			
Tangible fixed assets	1,303	1,152	2,472
Intangible fixed assets	558	975	1,312
*2 Principal nonoperating income items			
Interest income	165	229	318
Dividend received	36	36	37
Compensation for interruption of business at stores	59	49	335
Received management guidance charges	82	103	204
*3 Principal nonoperating expenses items			
Interest expenses	13	39	23
Loss on retirement of fixed assets as stores	221	55	485
Depreciation expense for idle intangible assets	35	—	86
Provision of allowance for doubtful accounts	—	104	—
*4 Principal extraordinary income			
Compensation for relocation of stores	142	—	144
Gain on reversal of allowance for doubtful accounts	46	—	143
Gain on sales of investments in securities	—	2,545	—
*5 Principal extraordinary losses			
Loss on disposal of fixed assets	46	117	330

**(Nonconsolidated statement of changes in shareholders' equity - related)**

(From January 1, 2007 to June 30, 2007)

Information of Treasury stock - classification and number of shares

	Number of shares as of December 31, 2006	Increase	Decrease	Number of shares as of June 30, 2007
Common Stock	198	—	—	198
Total	198	—	—	198

(From January 1, 2008 to June 30, 2008)

Information of Treasury stock - classification and number of shares

	Number of shares as of December 31, 2007	Increase	Decrease	Number of shares as of June 30, 2008
Common Stock	198	2	—	200
Total	198	2	—	200

(From January 1, 2007 to December 31, 2007)

Information of Treasury stock - classification and number of shares

	Number of shares as of December 31, 2006	Increase	Decrease	Number of shares as of December 31, 2007
Common Stock	198	—	—	198
Total	198	—	—	198

**(Marketable and investment securities)**

The stock of the Company's subsidiaries and affiliates had no market value in the previous and current interim period and in the previous fiscal year.

**(Per share-related financial information)**

According to the rules relating to preparation of interim-term financial statements, per share-related financial information is omitted in the interim financial statements.

**(Important matters occurring subsequent to reporting period)**

None

## 6. Other

### (1) Sales

The Group derives its revenue from the development of company-operated McDonald's hamburger restaurants and from royalties paid by franchised restaurants. The Composition of sales, sales of company-operated restaurants by geographic region, and number of company-operated restaurants are shown below.

### (Sales results by division)

(Millions of yen)

	June 2008 interim terms		
	Amount	Amount Percentage of total (%)	Growth (%)
<b>Company-operated restaurant sales</b>			
Sandwiches	72,495	35.7	(0.0)
Desserts	56,143	27.7	9.3
Drinks	38,458	19.0	0.7
Breakfasts	6,691	3.3	(4.3)
Breakfast desserts	4,867	2.4	(3.4)
Others	3,267	1.6	5.3
Subtotal	181,924	89.7	2.7
<b>Franchise revenue</b>	20,681	10.2	35.8
<b>Others</b>	285	0.1	(3.7)
	202,891	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 restaurant sales.
- (3) Sandwiches consists of burgers including hamburgers, cheeseburgers, Big Macs, Salad Dishes, Teriyaki Mc Burger, etc.
- (4) Sales amounts shown under franchise revenue include royalties, rental fees, sales promotion expenses, and proceeds from the sale of restaurants
- (5) Other sales are revenue from restaurants support etc.

**(Company-operated restaurant sales and number of stores by geographic region)**

(Millions of yen)

	June 2008 interim terms			
	No. of stores	Amount	Amount Percentage of total (%)	Growth (%)
Hokkaido	46	2,643	1.5	(13.6)
Aomori	—	794	0.4	3.3
Iwate	17	797	0.4	6.3
Miyagi	39	2,571	1.4	(4.6)
Akita	12	708	0.3	7.0
Fukushima	30	1,644	0.9	19.0
Ibaraki	64	4,536	2.4	4.9
Tochigi	52	2,765	1.5	7.9
Gunma	50	2,633	1.5	4.9
Saitama	132	9,025	5.0	2.5
Chiba	120	9,037	5.0	2.2
Tokyo	403	33,609	18.5	1.9
Kanagawa	226	17,195	9.5	(0.3)
Toyama	20	1,349	0.7	5.2
Ishikawa	20	1,145	0.6	7.2
Fukui	12	717	0.4	(15.0)
Yamanashi	10	1,305	0.7	(2.9)
Nagano	51	2,447	1.4	6.0
Gifu	49	2,796	1.5	7.4
Shizuoka	61	3,974	2.2	(8.5)
Aichi	201	13,105	7.2	6.1
Mie	48	2,606	1.4	18.1
Shiga	40	2,583	1.4	(0.1)
Kyoto	73	5,056	2.8	4.1
Osaka	250	18,597	10.2	4.1
Hyogo	116	8,355	4.6	7.5
Nara	30	1,817	1.0	(5.3)
Wakayama	19	1,148	0.6	3.1
Tottori	—	160	0.1	(12.4)
Shimane	4	547	0.3	106.5
Okayama	26	2,056	1.1	8.8
Hiroshima	43	3,249	1.8	6.7
Yamaguchi	17	971	0.5	21.0
Tokushima	11	839	0.5	(2.0)
Kagawa	23	1,561	0.9	2.5
Ehime	28	1,637	0.9	5.2
Fukuoka	76	5,777	3.2	0.8
Saga	13	678	0.4	26.7
Nagasaki	8	527	0.3	(29.8)
Kumamoto	21	2,107	1.2	2.4
Oita	21	1,593	0.9	10.7
Miyazaki	17	1,010	0.6	14.6
Kagoshima	19	1,279	0.7	7.3
Okinawa	33	2,955	1.6	8.4
	2,551	181,924	100.0	2.7

(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.
- (4) All stores in Aomori, Yamagata, Niigata, Tottori and Kochi are franchised stores as of the term end.