

Consolidated Financial Results Report for the Six Months ended June 30, 2009

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
 Chairman and President, Representative Director, CEO
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 Schedule of quarterly securities report submission: August 14, 2009
 Schedule of dividends payment: -

1. Consolidated operating results (From January 1, 2009 to June 30, 2009)

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

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
June 30, 2009	184,074	—	9,636	—	9,006	—	5,005	—
June 30, 2008	202,891	5.3	7,254	2.6	6,854	1.1	6,192	95.9

	Net income per share	Net income per share, fully diluted
June 30, 2009	(Yen) 37.64	(Yen) —
June 30, 2008	46.58	—

(2) Consolidated financial position

(In millions of yen, with fractional amounts discarded)

	Total assets	Net assets	Total equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
June 30, 2009	195,181	140,634	72.0	1,056.85
December 31, 2008	200,024	139,371	69.6	1,047.46

(Reference) Total equity June 30, 2009 140,518 mil December 31, 2008 139,270 mil

2. Dividends

(Date of record)	Dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of year	Annual
December 31, 2008	(Yen) —	(Yen) 0.00	(Yen) —	(Yen) 30.00	(Yen) 30.00
December 31, 2009	—	0.00	—	30.00	30.00
December 31, 2009 (Forecast)	—	—	—	30.00	30.00

(Note) Changes to our forecast for year-end dividends: None

3. Consolidated forecasts for December 2009 term (From January 1, 2009 to December 31, 2009)

(%: year-on-year change)

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
Annual	355,000	(12.6)	23,600	20.8	22,000	20.6

	Net income	Net income per share
Annual	(Millions of yen) 12,600 1.7	(Yen) 94.77

(Note) Revision of the forecast for consolidated results: None

4. Others

- (1) Changes in significant subsidiaries during the period
(Changes in specific subsidiaries with an adjustment of a scope of consolidation): None
- (2) Simplified accounting procedures specified to quarterly consolidated financial statements: Yes
Note: For details, please refer to the section 4. Other of 【Qualitative information・Financial statement etc.】 on page 5.
- (3) Changes of significant accounting principles, procedures and descriptions for quarterly consolidated financial statements
(Described in "Changes in the accounting method" in "Important accounting policies")
a. Changes caused by revision of accounting standard: Yes
b. Changes other than (3) - a. above: None
Note: For details, please refer to the section 4. Other of 【Qualitative information・Financial statement etc.】 on page 5.
- (4) Number of shares issued and outstanding (Common stock)
a. Number of shares issued and outstanding at the end of each period (including treasury stock):
June 30, 2009 132,960,000 units December 31, 2008 132,960,000 units
b. Number of treasury stock at the end of each period:
June 30, 2009 298 units December 31, 2008 245 units
c. Average number of shares issued and outstanding in each period:
June 30, 2009 132,959,711 units June 30, 2008 132,959,802 units

(Information regarding appropriate use of the forecasts)

1. The forecasts shown above are predicated upon information that is available as of the day of the announcement of this report and certain reasonable assumptions, therefore, actual financial performances may differ considerably from these forecasts due to a variety of factors hereafter.
2. "Accounting Standard for Quarterly Financial Reporting" (Accounting Standards Board of Japan [ASBJ] Statement No.12) and "Guidance on Accounting Standard for Quarterly Financial Reporting"(ASBJ Guidance No. 14) are applied from the current fiscal year ending December 31, 2009. Quarterly financial statements are prepared in accordance with "Rules for Quarterly consolidated Financial Statements."

【Qualitative information·Financial statement etc.】

1. Qualitative information on the progress of consolidated operating results

During the period of six months (January 1 – June 30, 2009), Japan's economy did not show signs of recovery, as corporate performance and employment situation worsened significantly due to the impact from financial crisis in autumn 2008. Situation continues to be severe, as uncertain economic situation keeps personal consumption to a low level.

In spite of this economic environment, our group continued to implement measures to direct our management resources to hamburger restaurant business and has generally progressed steadily according to plan. For the six months ended June 30, 2009, the group's consolidated net sales was 184.074 billion yen, down by 18.816 billion yen, consolidated operating income was 9.636 billion yen, up by 2.381 billion yen, consolidated ordinary income was 9.006 billion yen, up by 2.152 billion yen, and consolidated net income was 5.005 billion yen, down by 1.187 billion yen from the same period of previous year.

As part of strategic closure of small-size restaurants etc. (*) planned to be implemented within next several years, decision was made during this period to close 68 restaurants, and 759 million yen of provision for loss was posted under extraordinary loss for this purpose.

(*) refer to below (Hamburger Restaurant Business) for strategic closure of restaurants

(Hamburger Restaurant Business)

Ongoing strategic investments have been made at McDonald's Company (Japan), Ltd. where the core business of our group, the hamburger restaurant business, is being operated. Objective of these investments is to welcome more customers to visit our restaurants founded on high-level QSC (trusted Quality, speedy and friendly Service, Clean and comfortable atmosphere). Strategic investments include opening of 24-hour restaurants (1,774 in total as of June 30, 2009) and restaurant refurbishments (54 restaurants during the period) to expand customer base, as well as execution of promotional activities that fit with changing economic situation and trends to provide a 'value' that is unique to McDonald's. All these contributed to the increase in customer visits.

Major activities executed during the period are as below:

- 1) nationwide launch of 'Quarter Pounder Cheese' and 'Double Quarter Pounder Cheese', which were initially launched at Kanto area in November 2008 and introduced successively in other areas
- 2) enhanced variety of breakfast menus with the launch of 'McHot Dog Classic'
- 3) introduction of new service called 'McD de DS' in about 3,200 restaurants nationwide, where 'Nintendo DS ®' is used to download popular game characters and engage in stamp rally
- 4) 'Value for Money' initiatives, including expansion of '100 yen Mac' with additional menus of 'Shaka-shaka Chicken' and 'McPork', 'M-Power special lunch set' served during mid-week lunch time, 'Enjoy 100 yen BACK campaign' in April to cheer up recession-hit Japan with 'fun' & 'tasty', and sales of 'catch-the-boom coupon' at 12,000 yen (equivalent to government's fixed cash handout in May) that can be exchanged with 20,000 yen worth of products
- 5) limited-time offer of 'McHot Dog Mega Sausage', 'McFlurry Cookie & Chocolate', 'McFlurry Milk Tea & Oreo ®', and spring-time regular menus of 'Teritama' and 'Cheese Teritama'

Further, overseas training program has been implemented as part of ongoing investment on personnel development. This program includes annual dispatching of 100 restaurant employees up to 6 months, to McDonald's restaurants located in English-speaking countries.

In addition, we have successfully improved our brand image through various CSR activities such as support for 'Ronald McDonald House' which is an accommodation facility for hospitalized children and their family members, which also contributed to the expansion of our customer base.

Franchising continues to be the focus of our restaurant development and the states of restaurants development is as follows:

Classification	Previous term end	Newly opened	Closed	Classification change *Note		Current term end
				Increase	Decrease	
Company operated	2,166	15	(21)	17	(91)	2,086
Franchised	1,588	16	(20)	91	(17)	1,658
Total number of restaurants	3,754	31	(41)	108	(108)	3,744

*Note: These figures do not include sales of restaurant businesses by BFL exercise as restaurants are considered transferred when the BFL franchise agreement was initially signed in the past years. The total number of sales of restaurant businesses for the period is 173 inclusive of sales by BFL exercise, and gain on sales of restaurant businesses was recorded at 2,259 million yen (403 million yen decrease from the same period last year).

Meaning of BFL and BFL Exercise:

Arrangements where the company leases the businesses, including equipment, to franchisees who generally have options to purchase the businesses.

BFL exercise is the case where franchisees choose to exercise (application by franchisees to McDonald's Japan) these options to convert into conventional contracts (where franchisees purchase all necessary equipments for restaurant operation) after examination procedures by McDonald's Japan.

In addition to the 'restaurant scrap-and-build' practice that brings reinforced revenue base and enhanced asset efficiency, we have implemented the strategic closure and relocation of small-size restaurants from this period to ensure profitability coupled with franchising strategy and stronger McDonald's brand. Plan for the next several years, include the analysis of restaurant size & location to determine large-scale restaurant closure as well as building of highly-profitable restaurants to maximize management efficiency & brand image and increase the overall quality of restaurant network, including franchised restaurants.

As a result of synergistic effects of the above activities, the Company's comparable sales achieved 2.5% growth. As a result, the systemwide sales increased by 10.290 billion yen, to 260.621 billion yen from the same period of previous year.

*: 'Systemwide sales' shown in the business report refers to total sales of company-operated restaurants and franchised restaurants and is not the same as the total sales reported in financial statements.

(Other businesses)

EveryD Mc Inc., a subsidiary of the Company, provides supports to McDonald's restaurants and their customers. As a result of its activity, it reported 363 million yen of net sales, 22 million yen in ordinary income and 13 million yen in net income.

The JV Inc., another subsidiary of the Company, designs and operates promotion activities of membership organization of McDonald's Company (Japan), Ltd. (the Company acquired 70% and NTT DoCoMo Inc. acquired 30% of its shares). It reported 443 million yen of net sales, 85 million yen in ordinary income and 49 million yen in net income.

Note: Changes in amounts and percentages compared to same period previous year are stated for reference purposes.

2. Qualitative information regarding the fluctuation in consolidated financial position

(Financial position analysis)

Total assets at the end of the period was 195.181 billion yen, or 4.843 billion yen less than previous consolidated fiscal year-end. Reasons for this include 3.399 billion yen decrease in property, plant and equipment due to the sales of restaurant businesses and 1.247 billion yen decrease in lease and guarantee deposits due to their repayment.

(Cash flow analysis)

Cash flow during the period is as follows.

Cash and cash equivalents ("funds") during the period totaled 11.613 billion yen, increased 1.831 billion yen from the end of last fiscal year.

(Cash flows provided by operating activities)

Operating activities resulted in a net cash inflow of 10.259 billion yen. Inflows were mainly due to the net income before income taxes and minority interests of 8.199 billion yen, depreciation and amortization of 6.226 billion yen, and provision for loss on store closing of 759 million yen. Outflows were mainly due to, 3.833 billion yen of income taxes paid and 2.968 billion yen decrease in accounts payable-other.

(Cash flows used in investing activities)

Investment activities resulted in a net cash outflow of 4.483 billion yen. The main outflows were due to purchase of property, plant and equipment of 5.902 billion yen and purchase of software of 3.643 billion yen. The main inflow was due to the sale of property, plant and equipment of 4.133 billion yen.

(Cash flows used by financing activities)

Financial activities resulted in a net cash outflow of 3.939 billion yen. This outflow was due to cash dividends paid of 3.939 billion yen.

3. Qualitative information regarding financial forecast

The forecasts to our performance result are on the whole as expected, and there are no changes to our forecast results as announced on Feb 4, 2009 as of the release date of the report.

4. Other

(1) Changes in significant subsidiaries during the period

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

(2) Adoption of any simplified accounting procedure and any specific accounting procedure for preparation of quarterly financial results

(a) Simplified accounting procedures:

(i) Valuation of inventories

The carrying amount of inventories is only reduced to estimated net selling value when there is an obvious decrease of profitability.

(ii) Methods of calculating deferred tax assets and deferred tax liabilities

For the decision on realizability of deferred tax assets, since there are no significant changes to business environment or on the occurrence of temporary differences, the financial forecasts and tax planning used in previous year were used.

(b) Accounting procedures specific to the preparation of quarterly consolidated financial statements:

(i) Calculation of taxes:

Income taxes are calculated by multiplying the effective tax rate (the yearly net income before taxes which includes this quarter was used in determination).

Also, "adjustment on income taxes" is shown included in "income taxes".

(3) Changes of significant accounting principles, procedures and descriptions for quarterly consolidated financial statements:

(a) Application of "Accounting Standard for Quarterly Financial Reporting" and related guidance

"Accounting Standard for Quarterly Financial Reporting" (Accounting Standards Board of Japan [ASBJ] Statement No.12) and "Guidance on Accounting Standard for Quarterly Financial Reporting"(ASBJ Guidance No. 14) are applied from the current fiscal year ending December 31, 2009. Quarterly financial statements are prepared in accordance with "Rules for Quarterly consolidated Financial Statements."

(b) Application of "Accounting Standard for Measurement of Inventories"

Inventories were previously stated at the lower cost or market, determined principally by the average method. However, with the Company's adoption of "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9, July 5, 2006) from the first quarter ended March 31,2009, inventories held for sale in the ordinary course of business are measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses, determined principally by the average method. The impact of the change on operating income, ordinary income and income before income taxes and minority interests is immaterial.

Consolidated financial statements
(1) Consolidated quarterly balance sheet

(Millions of yen)

	As of June 30, 2009	As of December 31, 2008
(Assets)		
Current assets		
Cash and deposits	11,613	9,782
Accounts receivable - trade	7,909	9,853
Merchandise	2	4
Raw materials and supplies	2,400	2,812
Other	7,705	8,158
Allowance for doubtful accounts	(4)	(1)
Total current assets	29,627	30,610
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	36,832	40,024
Machinery and equipment, net	14,110	13,889
Tools, furniture and fixtures, net	9,288	9,733
Land	17,495	17,490
Construction in progress	206	195
Total property, plant and equipment	77,933	81,333
Intangible assets		
Goodwill	1,894	1,723
Software	16,360	14,563
Other	772	773
Total intangible assets	19,027	17,060
Investments and other assets		
Lease and guarantee deposits	60,663	61,910
Other	8,787	9,831
Allowance for doubtful accounts	(858)	(721)
Total investments and other assets	68,592	71,020
Total noncurrent assets	165,553	169,414
Total assets	195,181	200,024
(Liabilities)		
Current liabilities		
Accounts payable-trade	9,370	10,472
Short-term loans payable	4,500	4,500
Accounts payable-other	18,116	20,812
Income taxes payable	3,564	4,078
Provision for bonuses	1,224	2,309
Provision for loss on store closing	759	-
Other	13,403	14,917
Total current liabilities	50,938	57,090
Noncurrent liabilities		
Long-term loans payable	500	500
Provision for retirement benefits	2,230	2,193
Provision for directors' retirement benefits	131	118
Other	745	750
Total noncurrent liabilities	3,608	3,562
Total liabilities	54,546	60,653
(Net assets)		
Shareholders' Equity		
Capital stock	24,113	24,113
Capital surplus	42,124	42,124
Retained earnings	79,645	78,628
Treasury stock	(0)	(0)
Total shareholders' equity	145,882	144,866
Valuation & translation adjustments		
Deferred gains or losses on hedge	(123)	(355)
Revaluation reserve for land	(5,240)	(5,240)
Total valuation & translation adjustments	(5,363)	(5,596)
Minority interests		
Total net assets	140,634	139,371
Total liabilities and net assets	195,181	200,024

(2) Consolidated quarterly statements of income

(Millions of yen)

	Six months ended June 30, 2009
Net sales	184,074
Cost of sales	151,676
Gross profit	32,398
Selling, general and administrative expenses	22,762
Operating income	9,636
Non-operating income	
Interest income	55
Revenue from unredeemed gift certificates	119
Compensation income	72
Other	251
Total non-operating income	497
Non-operating expenses	
Interest expenses	18
Provision for allowance for doubtful accounts	149
Loss on retirement of noncurrent assets at Company-operated restaurants	861
Other	97
Total non-operating expenses	1,127
Ordinary income	9,006
Extraordinary income	
Compensation for transfer	63
Total extraordinary income	63
Extraordinary loss	
Loss on retirement of noncurrent assets	97
Provision for loss on store closing	759
Other	14
Total extraordinary loss	871
Income before income taxes and minority interests	8,199
Income taxes	3,179
Minority interests in income	14
Net income	5,005

(3) Consolidated quarterly statements of cash flows

(Millions of yen)

	Six months ended June 30, 2009
Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	8,199
Depreciation and amortization	6,226
Increase (decrease) in provision for loss on store closing	759
Increase (decrease) in other provision	(894)
Unredeemed gift certificates	(119)
Interest and dividends income	(55)
Interest expenses	18
Loss on retirement of noncurrent assets	514
Decrease (increase) in notes and accounts receivable-trade	1,941
Decrease (increase) in inventories	413
Decrease (increase) in goodwill from acquisition of franchise restaurants	(171)
Decrease (increase) in other assets	1,659
Increase (decrease) in notes and accounts payable-trade	(1,101)
Increase (decrease) in accounts payable-other	(2,968)
Increase (decrease) in accrued expenses	(501)
Other, net	(46)
Subtotal	13,873
Interest and dividend income received	1
Interest expenses paid	(14)
Income taxes paid	(3,833)
Income taxes refund	232
Net cash provided by (used in) operating activities	10,259
Net cash provided by (used in) investment activities	
Purchase of property, plant and equipment	(5,902)
Proceeds from sales of property, plant and equipment	4,133
Payments for lease and guarantee deposits	(790)
Proceeds from collection of lease and guarantee deposits	1,848
Collection of loans receivable	1
Purchase of software	(3,643)
Other, net	(130)
Net cash provided by (used in) investment activities	(4,483)
Net cash provided by (used in) financing activities	
Purchase of treasury stock	(0)
Cash dividends paid	(3,939)
Net cash provided by (used in) financing activities	(3,939)
Effect of exchange rate change on cash and cash equivalents	(4)
Net increase (decrease) in cash and cash equivalents	1,831
Cash and cash equivalents at beginning of period	9,782
Cash and cash equivalents at end of period	11,613

"Accounting Standard for Quarterly Financial Reporting" (Accounting Standards Board of Japan [ASBJ] Statement No.12) and "Guidance on Accounting Standard for Quarterly Financial Reporting"(ASBJ Guidance No. 14) are applied from the current fiscal year ending December 31, 2009. Quarterly financial statements are prepared in accordance with "Rules for Quarterly consolidated Financial Statements."

(4) Changes in significant subsidiaries during the period

None

(5) Segment information

(Business segment information)

During the period of six months (January 1 - June 30, 2009), 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, this section is omitted.

(Geographical segment information)

During the period of six months (January 1 - June 30, 2009), the Company had no consolidated subsidiaries domiciled outside Japan. Accordingly, this section is omitted.

(Overseas sales)

During the period of six months (January 1 - June 30, 2009), the Company had no sales outside Japan, therefore this section is omitted.

(6) Notes for significant changes of shareholders' equity

None

(Reference)**Consolidated quarterly financial statements of previous year****(1) Consolidated statements of income**

(Millions of yen)

	Six months ended June 30, 2008	
		%
Net sales	202,891	100.0
Cost of sales	170,047	83.8
Gross profit	32,844	16.2
Selling, general and administrative expenses	25,589	12.6
Operating income	7,254	3.6
Non-operating income		
Interest income	50	
Dividends income	36	
Compensation income	52	
Revenue from unredeemed gift certificates	72	
Other	340	
Total non-operating income	552	0.3
Non-operating expenses		
Interest expenses	39	
Provision for allowance for doubtful accounts	104	
Loss on retirement of noncurrent assets at Company-operated restaurants	715	
Other	92	
Total non-operating expenses	952	0.5
Ordinary income	6,854	3.4
Extraordinary income		
Gain on reversal of allowance for doubtful accounts	70	
Gain on sales settlement of lawsuit	1,378	
Gain on sales of investment securities	2,545	
Total extraordinary income	3,994	2.0
Extraordinary loss		
Loss on retirement of noncurrent assets	196	
Impairment loss	19	
Total extraordinary loss	215	0.1
Income before income taxes and minority interests	10,633	5.3
Corporate, inhabitant and enterprises taxes	2,286	
Deferred taxes	2,152	
Income taxes	4,438	2.2
Minority interests in income	1	0.0
Net income	6,192	3.1

(2) Consolidated statement of cash flows

(Millions of yen)

	Six months ended June 30, 2008
Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	10,633
Depreciation and amortization	5,508
Impairment loss	19
Increase (decrease) in other provision	(122)
Unredeemed gift certificates	(72)
Interest and dividends income	(87)
Interest expenses	39
Loss on retirement of noncurrent assets	856
Gain on sales of investment securities	(2,545)
Decrease (increase) in notes and accounts receivable-trade	(546)
Decrease (increase) in inventories	(151)
Decrease (increase) in goodwill from acquisition of franchise restaurants	(21)
Decrease (increase) in other assets	(218)
Increase (decrease) in notes and accounts payable-trade	(1,241)
Increase (decrease) in accrued expenses	(446)
Increase (decrease) in other liabilities	(1,517)
Other	22
Subtotal	10,108
Interest and dividend income received	37
Interest expenses paid	(30)
Income taxes paid	(5,696)
Net cash provided by (used in) operating activities	4,418
Net cash provided by (used in) investment activities	
Purchase of property, plant and equipment	(7,218)
Proceeds from sales of property, plant and equipment	2,624
Proceeds from sales of investment securities	2,605
Payments for lease and guarantee deposits	(905)
Proceeds from collection of lease and guarantee deposits	2,088
Payments for development of information systems	(4,947)
Other	(74)
Net cash provided by (used in) investment activities	(5,827)
Net cash provided by (used in) financing activities	
Cash dividends paid	(3,947)
Purchase of treasury stock	(0)
Net cash provided by (used in) financing activities	(3,947)
Effect of exchange rate change on cash and cash equivalents	(8)
Net increase (decrease) in cash and cash equivalents	(5,365)
Cash and cash equivalents at beginning of period	12,005
Cash and cash equivalents at end of period	6,639

(3) Segment information

(Business segment information)

During the first half (January 1 - June 30, 2008), 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, this section is omitted.

(Geographical segment information)

During the first half (January 1 - June 30, 2008), the Company had no consolidated subsidiaries domiciled outside Japan. Accordingly, this section is omitted.

(Overseas sales)

During the first half (January 1 - June 30, 2008), the Company had no sales outside Japan, therefore this section is omitted.