(Translation)

Financial Results Report
for the December 2011 Term (Consolidated)

February 9, 2012

McDonald's Holdings Company (Japan), Ltd.

Company code number:	2702 (URL http://www.mcd-holdings.co.jp/)
Shares traded:	Osaka securities exchange, JASDAQ
Executive position of legal representative:	Eikoh Harada Chairman, President and Chief Executive Officer, Representative Director
Please address all communications to:	Masanori Shigeta Senior Director, Finance Phone: (03) 6911-6000
Schedule of ordinary annual shareholders' meeting:	March 29, 2012
Schedule of dividends payment:	March 30, 2012
Schedule of annual security report submission:	March 30, 2012

1. Consolidated operating results (From January 1, 2011 to December 31, 2011)

(1) Consolidated financial results

(In millions of yen, with fractional amounts discarded)
(negative figures are shown in parenthesis)

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
December 31, 2011	302,339	(6.6)	28,182	0.2	27,612	1.7
December 31, 2010	323,799	(10.6)	28,135	16.1	27,161	16.8

	Net income		Net income per share	Net income per share, fully diluted	Return on shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	(Millions of yen)	%	(Yen)	(Yen)	%	%	%
December 31, 2011	13,298	69.1	100.02	-	8.5	13.1	9.3
December 31, 2010	7,864	(38.6)	59.15	-	5.2	13.5	8.7

Note:
Gains or losses on investments through equity method accounting: December 2011 term: - December 2010 term: -

(2) Consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
December 31, 2011	222,029	161,787	72.8	1,215.64
December 31, 2010	200,228	152,462	76.1	1,145.63

Note:
Equity amount (consolidated): December 2011 term: 161,631 million yen December 2010 term: 152,321 million yen

(3) Consolidated cash flows 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)
December 31, 2011	41,152	(7,215)	(4,757)	62,130
December 31, 2010	20,075	(3,337)	(3,922)	32,953

2. Dividend

	Dividends per share					Dividend Payment	Dividend payout ratio	The ratio of dividend to shareholders' equity
	First Quarter -End	Second Quarter-End	Third Quarter-End	Year-End	Annual			
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Millions of Yen)		%
December 31, 2010	—	0.00	—	30.00	30.00	3,988	50.7	2.7
December 31, 2011	—	0.00	—	30.00	30.00	3,988	29.9	2.5
December 31, 2012 (Estimated)	—	0.00	—	30.00	30.00	—	24.8	—

3. Consolidated forecasts for December 2012 term
(From January 1, 2012 to December 31, 2012)

	Net Sales		Operating income		Ordinary income		Net income		Net income per share
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	Yen
Interim period	153,000	3.3	14,900	1.5	14,500	0.6	8,100	37.0	60.92
Annual	305,000	0.9	29,400	4.3	28,400	2.9	16,000	20.3	120.34

4. Other

(1) Changes in significant subsidiaries (Changes in scope of consolidation): None

(2) Changes of significant accounting principles, procedures and descriptions for the financial results report (Described in "Changes in significant accounting policy")

1. Changes caused by revision of accounting standard: Yes
2. Other: Yes

(3) The number of shares outstanding (Common stock)

1. The number of shares outstanding (inclusive of treasury stock)
   December 2011: 132,960,000 shares December 2010: 132,960,000 shares
2. The number of treasury stock
   December 2011: 703 shares December 2010: 702 shares
3. Average number of common shares outstanding
   December 2011: 132,959,298 shares December 2010: 132,959,410 shares

(Reference) Summary of nonconsolidated results

Nonconsolidated operating results (From January 1, 2011 to December 31, 2011)

(1) Nonconsolidated financial results

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

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
December 31, 2011	61,222	(28.0)	8 ,083	(68.1)	8,773	(66.0)
December 31, 2010	85,036	52.1	25,309	—	25,768	—

	Net income		Net income per share	Net income per share, fully diluted
	(Millions of yen)	%	(Yen)	(Yen)
December 31, 2011	8,721	(63.8)	65.59	-
December 31, 2010	24,083	—	181.13	-

(2) Nonconsolidated financial position

	Total assets	Shareholders’ equity	Equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
December 31, 2011	155,815	146,465	94.0	1,101.58
December 31, 2010	148,994	141,733	95.1	1,065.99

(Reference)
Equity amount:
December 2011 term: 146,465 million yen *December 2010 term: 141,733 million yen*

As for nonconsolidated financial performance of the fiscal year ended December 2011, both sales and profit decreased significantly compared to the previous year. As the Company's principal business is to invest in or to lease real-estate properties to subsidiaries, major reason for this decrease was less dividends income from McDonald's Company (Japan), Ltd., our consolidated subsidiary, accrued during this fiscal year.

※About the usage of performance forecasts and other information:
The forecasts shown above are predicted 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, based on 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) Analysis of Operating Results

Operating Results of Current Year

In the consolidated fiscal year 2011 (from January 1, 2011 to December 31, 2011) the Group’s business was severely damaged by the East Japan Great Earthquake and its subsequent changes brought to the business environment.

In such circumstances, the Group implemented product strategy, restaurant development strategy and franchising strategy, based on the QSC (trusted quality, speedy and friendly service, clean and comfortable environment), as well as making further business efforts to shift management resources to more financially efficient spending to minimize the damage caused by the earthquake.

<Product Strategy>

The company’s product strategy was to release attractive products on an ongoing basis, such as Big America 2 series, Icon Chicken Series including Italian Herb and California Cob, MegaMac, Chicken Tatsuta, Tsukimi Burger and GraCoro, to minimize the decline of guest count caused by the East Japan Great Earthquake. We executed various product strategies to meet the needs of different part of the day. Chicken muffin and Tuna muffin were added to a breakfast line-up to enhance breakfast sales, while offering reasonable lunch set with McLunch during lunch hours.

<Restaurant Development Strategy>

The Company focused to open suburban, large-scale, highly profitable drive-thru restaurants. Foundation to provide our customers with high quality products was established by expanding kitchen capacity of the existing restaurants. To make our restaurants our customer’s favorite place to eat, we introduced global design to attract more customers to our restaurants.

<Franchising Strategy>

Franchising of the McDonald’s restaurants was implemented at a reasonable speed with enhancement of business support for franchisee.

<Same-store sales compared to the same period of the previous year >

As a result of above strategies, same-store sales, which was on negative growth trend until the end of the consolidated third quarter, recovered after energy saving restriction was lifted in September, achieving 1.0% positive growth for a full year. Our strategies were proven to be effective during the consolidated fourth quarter, where the Company grew its sales by 5.0%, an exceptionally high rate.

<System-wide sales and Revenue >

System-wide sales were reduced to 535,088 million yen, down by 1.4% from the same period of the previous year due mainly to the less store count as a result of strategic closure. Consolidated sales were reduced to 302,339 million yen, down by 6.6%, due mainly to strategic closure, same as above, and franchising of the company-owned restaurants. However, average sales per restaurant increased from the previous year as a result of restaurant development strategy and strategic closure, making our revenue base more solid.

<Cost of Sales>

Although cost of sales was negatively impacted by external factors, such as royalty rate increase and raw material cost increase, as a result of increased average sales per restaurant by franchising strategy and strategic closure and cost control at restaurants, cost to sales ratio was improved by 0.1% from the same period of the previous year.

(Breakdown of Cost of Sales）

（millions yen）

		Year ended December 31, 2010		Year ended December 31, 2011		Year-on-year change	
		Amount	%	Amount	%	Amount	%
Company-owned restaurant's cost of sales		212,434	83.1%	191,930	84.6%	(20,504)	1.5%
（Breakdown）	Raw Material	81,421	31.9%	73,649	32.5%	(7,772)	0.6%
	Labor	71,578	28.0%	64,945	28.6%	(6,632)	0.6%
	Other	59,434	23.2%	53,335	23.5%	(6,099)	0.3%
Franchise Revenue Cost		43,181	63.8%	46,214	61.8%	3,032	(2.0)%
Other Cost of Sales		495	88.8%	564	93.1%	68	4.3%
Total Cost of Sales		256,112	79.1%	238,709	79.0%	(17,403)	(0.1)%

<Selling, General and Administrative Expenses>

After experiencing declining income due to East Japan Great Earthquake, all Headquarters spending were fundamentally reexamined, and effective cost control measures were taken from the perspectives of (1) Optimization of Human Resource Positioning, (2) Marketing ROI Improvement and (3) Reduction with Corporate Effort. As a result of these efforts, selling, general and administrative expenses were reduced by 4,103 million yen.

（Breakdown of Selling, General and Administrative Expenses） (millions yen)

		Year ended December 31, 2010		Year ended December 31, 2011		Year-on-year change	
		Amount	%	Amount	%	Amount	%
Selling, General and Administrative Expenses		39,551	12.2%	35,447	11.7%	(4,103)	(0.5)%
（Breakdown）	Advertising and selling	14,847	4.6%	12,583	4.1%	(2,263)	(0.4)%
	Labor	11,998	3.7%	11,709	3.9%	(289)	0.2%
	Other	12,705	3.9%	11,154	3.7%	(1,551)	(0.2)%

<Operating Income and Ordinary Income>

In spite of external factors to negatively impact profitability, such as East Japan Great Earthquake and royalty rate increase, as a result of rapid profit growth after September, Operating Income grew to 28,182 million yen (46 million yen increase from the same period of the previous year) and Ordinary Income grew to 27,612 million yen (451 million yen increase from the same period of the previous year).]

<Net Income>

Although extraordinary loss of 3,014 million yen from the application of Asset Retirement Obligation Accounting and 1,248 million yen for the disaster loss and disaster loss provision of the reverse caused by earthquake were recorded, net income grew to 13,298 million yen (5,433 million yen increase from the same period of the previous year).

Notes:

Same-store sales are total sales achieved in the fiscal year by McDoandl’s restaurants that have been in business for 13 months or longer compared to total sales achieved by such restaurants in the previous year.

System-wide sales are sales of company-owned restaurants and franchised restaurants and are not equal to the total sales reported in the consolidated statement of income.

Number of restaurants changed as follows due mainly to the execution of strategic closure and steady progress of franchising of the business.

Category	Previous year-end	Newly Opened	Closure	Ownership Change:		Current year-end
				Increase	Decrease	
Company-owned	1,337	47	(34)	9	(90)	1,269
Franchised	1,965	54	(71)	90	(9)	2,029
Total	3,302	101	(105)	99	(99)	3,298

Note : These figures do not include sales of restaurants business by BFL exercise. BFL exercise is the case where franchisees on BFL contract (Business Facility Lease Contract; a form of contract where the Company leases a restaurant, including equipment, to franchisees) choose to exercise the option to convert into conventional contract (form of a contract where franchisees purchase all necessary equipments for restaurant operation) and McDonald’s approve the application after screening procedures.

(Forecasts for 2012)

The Company continues to pursue further business growth through enhancement and advancement of accumulated business foundation in hopes of improving profitability of both company-owned and franchised restaurants.

The Company will drive various restaurant development initiatives, such as restaurant porfolio improvement driven by the opening of large-scale Drive Thru restaurants and relocation, and introduction of New Generation Restaurant Design to offer our customers better experience in McDonald's restaurants.

To further drive franchising business, in addition to enrich human resources and support to franchisees, profitability of McDonald's as a system will be further improved.

In addition to above efforts, McDonald's will continue to invest its management resources to offer exclusive menu and to develop human resources to further improve our customer's Vlue for Money based on the established QSC (trusted quality, speedy and friendly service, clean and comfortable environment). Based on the above activity, we expect to record 305 billion yen in sales, 29.4 billion yen in operating income, 28.4billion yen in ordinary income and 16.0billion yen in net income on a consolidated basis.

(2) Analysis of Financial position

1. Summary of group's assets, liabilities and net assets

Current asset at the end of consolidated fiscal year was JPY 81.37 billion yen, an increase of JPY 26.418 billion yen from previous fiscal year. Operation cash income of JPY 41.152 billion yen and cash expenditures of JPY 7.215 billion yen for investments, including restaurant capacity, resulted in increase of total cash and deposit by JPY 29.177 billion yen, which contributed to the above result.

Fixed asset was JPY 140.721 billion yen and decreased by JPY 4.618 billion yen from previous fiscal year. Software depreciation of JPY 3.833 billion yen and reduction of rental deposit and security money by JPY 2.683 billion yen due to payback are main reasons for the above.

Current liabilities were JPY 49.064 billion yen and increased by JPY 7.718 billion yen from previous fiscal year. Increase in accrued income tax by JPY 6.169 billion yen is the main reason for the above.

Fixed liabilities were JPY 11.178 billion yen and increased by JPY 4.757 billion yen from previous fiscal year. Increase of asset retirement obligation by JPY 4.776 billion yen is the main reason for the above.

2. Cash Flow Summary

Cash flow in the following categories at the end of consolidated fiscal year are as follows.

Cash and cash equivalent ("asset") at the end of consolidated fiscal year was JPY 62.13 billion yen and increased by JPY 29.177 billion yen from previous fiscal year.

(cash flow from operation)

Operation asset was JPY 41.142 billion yen (increase of JPY 21.076 billion yen from previous fiscal year). Income before income taxes of JPY 23.139 billion yen, depreciation cost of JPY 12.034 billion yen, and corporate tax refund of JPY 5.091 billion yen are main contributors. Main expenditure includes corporate tax payment of JPY 3.323 billion yen.

(cash flow from investment activities)

A total of JPY 7.215 billion yen (increase of JPY 3.877 billion yen from previous fiscal year) was allotted for investment activities. Payment of JPY 12.367 billion yen for the acquirement of tangible fixed assets is the main reason for the above. Main revenues in this category are payback of rent deposit and security money, amounting to JPY 4.891 billion yen.

(cash flow from financial activities)

A total of JPY 4.757 billion yen (increase of JPY 834 million yen from previous fiscal year) was used for financial activities. This includes dividend payment of JPY 3.945 billion yen, and repayment of JPY 812 million yen for finance lease liabilities.

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

	2007	2008	2009	2010	2011
Equity ratio	66.1%	69.6%	73.9%	76.1%	72.8%
Equity ratio based on market prices	123.3%	119.6%	117.8%	118.1%	124.4%
Years required to redeem liabilities	0.2 years	0.3 years	0.1 years	0.2 years	0.2 years
Interest-coverage ratio	1,627.1 times	304.8 times	634.8 times	434.9 times	478.2 time

Equity ratio: Equity / total assets

Equity ratio based on market prices: Market capitalization/total assets

Years required to redeem liabilities: Interest-bearing liabilities/operating cash flow

Interest-coverage ratio: Operating cash flow/interest payments

*Each of the foregoing ratios is calculated on the basis of consolidated financial data.

* Market capitalization is calculated based on outstanding shares excluding treasury stocks.

*Interest-bearing debt refers to all liabilities on the consolidated balance sheets 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 paid, as listed on the consolidated statement of cash flows.

(3) Fundamental policy with regard to the distribution of profits and dividend for the current and next fiscal year

Taking into consideration the overall balance between business results, dividend payout ratios, and cash flows, the Company strives to return profits based on the continuous payment of a stable dividend, while maintaining financial indicators like capital ratio and return on equity at appropriate levels.

The Company’s basic policy is to make annual dividend once in the year end from retained earnings its decision making is made at annual shareholders’ meeting.

For the current and next fiscal year, the Company is planning to make a dividend of 30 yen per share (same amount as in last year) based on the above policy.

(4) Operational and Other Risks

The Company's operating results and financial position are subject to the following risks.

References in this document relating to the remainder of this fiscal year are the estimates made on December 31, 2011.

(Restaurants' reliance on rented property)

The Company's headquarters, offices and more than 95% of its restaurants are leased properties. The lease term can be extended upon agreement between the Company and the lessor. Contracts may be terminated prematurely due to the lessor's circumstances, making the closure of some restaurants unavoidable even where they are profitable.

The Company pays a deposit to the lessor of which the security deposit (shikikin) is returned in full at the end of the contract, and the security money (hoshoukin) ["cooperative construction deposit" (kensetsukyouryokukin)] is returned as separate sums over several years up to a maximum 20 years. The current balance of security deposit and security money is 52,118 million yen. There is a risk that the whole or part of this may become uncollectible due to bankruptcy or other problems of the lessor.

(Fluctuations in the price of ingredients)

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

(Currency risk)

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

(Risks associated with weather and natural disasters)

In case an area heavily concentrated with our restaurants is struck by natural disasters (storm, earthquake), the affected restaurants may need to close temporarily or shorten its operation hours due to structural damage, impact to social infrastructure, logistics halt, or evacuation order. Further, possible long-term impact from natural disaster may discourage consumers to spend money, and this may cause serious impact to financial condition and performance of the group.

(Legal regulations)

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

(Food safety control of the Company)

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

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

(Note) A hygiene management procedures developed by NASA to produce space food.

(General food safety crisis)

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

(Competition)

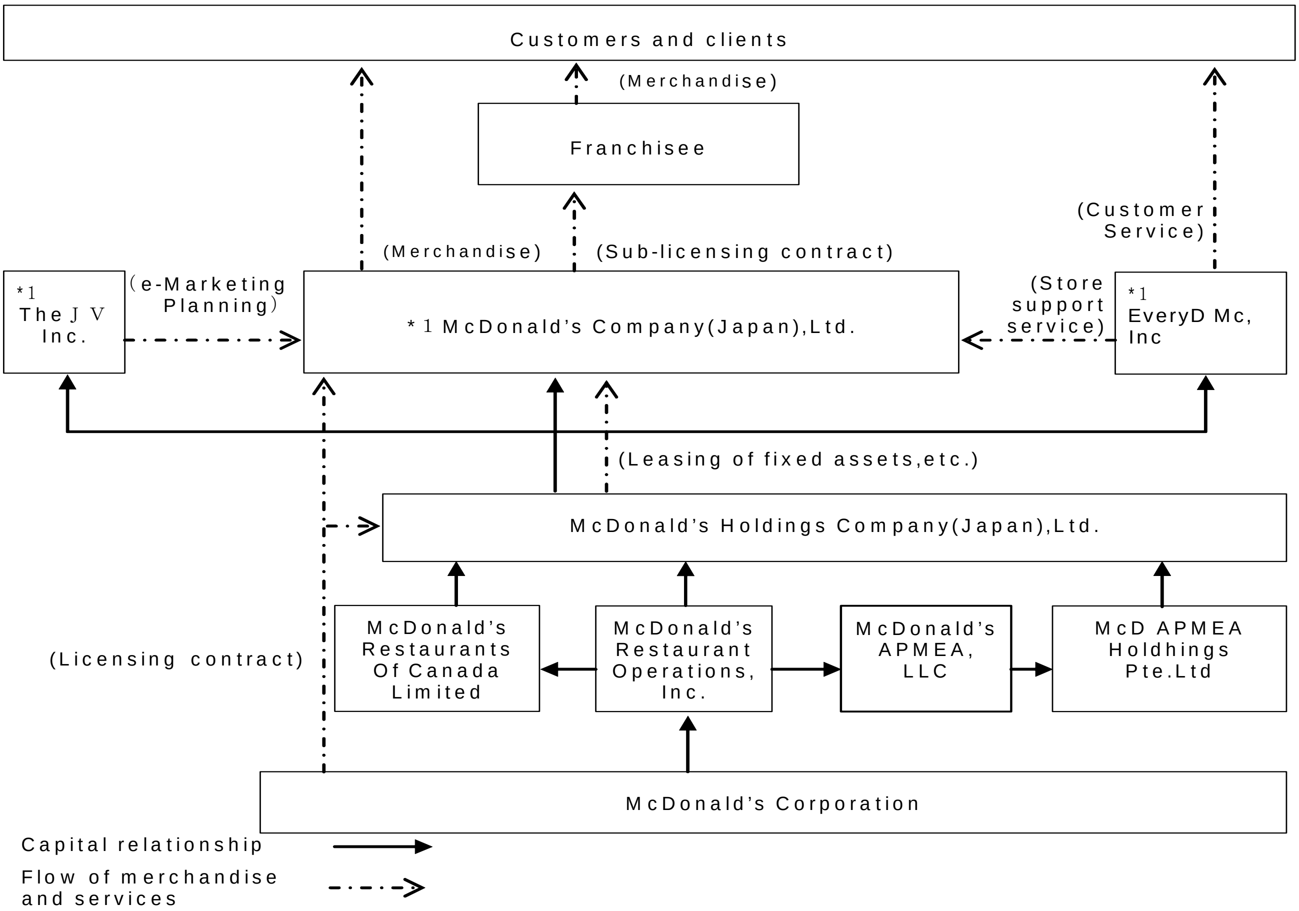
McDonald's Japan is competing not only with other burger-based fast food chains, but also with convenience stores and so-called "nakashoku" (takeaway) businesses. McDonald's Japan defines itself as a player in the IEO (Informal Eating Out) market; that is the market comprising of restaurant businesses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

(Personal data protection)

The company manages customers' personal data in strict accordance with the Personal Data Protection Law. If there is any leak, it would cause great damage to our customers and would put our credibility at risk.

2. Group business relationships

(Group relationship diagram)



3. Management policy

(1) Fundamental Management Policy

Since its foundation, McDonald's Group has always lived up to its fundamental management policy of being our customer's "favorite place and style to eat", which stands on the concept of "QSC & V". "QSC & V" represents 4 values provided to its customers, and the Company will continue to pursue the enhancement of corporate value and service to its stakeholders by providing the best "QSC & V" to our customers.

Q = Quality （Products with the best taste and quality）
S = Service （Speedy and pleasant service）
C = Cleanliness （Clean and comfortable environment）
V = Value （Maximum satisfaction of the customers）

(2) Performance Indicators and Targets

The Group recognizes sustainable profitability growth as the most critical business priority, and uses ROTA (*) and ordinary income ratio as major performance indicators.
（※） ROTA（Return on Total Assets） : Ordinary income÷（Total asset－Cash & deposit）

(3) Medium-term management strategy

In order to improve "(2) Performance Indicators and Targets" stated above, the Company is going to focus on investing management resources into the following 3 areas for the next 3 years, from 2012 through 2014.

1) Human Resource Development
2) Restaurant Development
3) Enhancement of Franchise Business

To develop human resource, the Company is committed to enhance and develop both permanent employees and part-time staff. Utilization of part-time staff and female employees will remain the area of focus for further enhancement.

With restaurant development, the Company will strengthen its basis for growth by enhancing restaurant capacity and design. Specifically, a program will be introduced to accelerate the replacement of small-sized restaurants with larger and highly profitable restaurants and the remodeling of existing restaurants with global design.

Restaurant franchising will continue to be facilitated. The Company will improve system-wide business efficiency and provide appropriate consultation on investment planning to enhance franchisee's cash-flow and ensure efficient business investment across the system

(4)Challenges with the Company

As a food provider, the Group positions “Food Safety” as top priority and is committed to the accurate operation of food administration system so that our customers can enjoy our meal with peace of mind. In addition to business growth, the Company puts strong emphasis on proactive participation of social contribution activities. The Company continues to pursue sustainable social development by expanding its social contribution activities.

4. Consolidated financial statements
(1) Consolidated balance sheets

Millions of yen	Note	December 31, 2010	Note	December 31, 2011
(Assets)				
Current assets				
Cash and deposits		25,954		28,433
Accounts receivable - trade		9,966		10,267
Securities		6,998		33,697
Merchandise		4		-
Raw materials and supplies		1,284		1,101
Deferred tax assets		1,788		1,801
Other		8,954		6,018
Allowance for doubtful accounts		(63)		(12)
Total current assets		54,888		81,307
Noncurrent assets				
Property, plant and equipment				
Buildings and structures		66,688		73,788
Accumulated depreciation		(35,573)		(37,326)
Buildings and structures, net		31,115		36,461
Machinery and equipment		18,304		17,577
Accumulated depreciation		(8,914)		(9,535)
Machinery and equipment, net		9,390		8,041
Tools, furniture and fixtures		17,871		16,667
Accumulated depreciation		(11,601)		(11,751)
Tools, furniture and fixtures, net		6,269		4,915
Land	4	17,526	3	17,383
Lease assets		3,682		4,918
Accumulated depreciation		(443)		(1,127)
Lease assets, net		3,239		3,790
Construction in progress		585		326
Total property, plant and equipment	3,5	68,126	2,4	70,919
Intangible assets				
Goodwill		1,375		963
Software		11,553		7,719
Other		758		757
Total intangible assets		13,687		9,440
Investments and other assets				
Investment securities	1	398		56
Long-term loans receivable		9		9
Deferred tax assets		1,485		1,011
Lease and guarantee deposits		54,802		52,118
Other		7,510		7,952
Allowance for doubtful accounts		(677)		(785)
Total investments and other assets		63,526		60,362
Total noncurrent assets		145,340		140,721
Total assets		200,228		222,029

Millions of yen	Note	December 31, 2010	Note	December 31, 2011
(Liabilities)				
Current liabilities				
Accounts payable-trade		8,840		8,487
Accounts payable-other		17,178		19,071
Accrued expenses		6,120		6,904
Lease obligations		639		869
Income taxes payable		770		6,940
Allowance for bonuses		1,947		1,848
Allowance for loss on store closing		927		-
Allowance for loss on disaster		-		189
Other		4,921		4,752
Total current liabilities		41,346		49,064
Noncurrent liabilities				
Long-term loans payable		500		500
Allowance for bonuses		-		115
Lease obligations		2,798		3,180
Allowance for retirement benefits		1,864		1,727
Allowance for directors' retirement benefits		167		192
Deferred tax liabilities due to land revaluation	4	508	3	476
Other		581		209
Total noncurrent liabilities		6,420		11,178
Total liabilities		47,766		60,242
(Net assets)				
Shareholders' equity				
Capital stock		24,113		24,113
Capital surplus		42,124		42,124
Retained earnings		91,120		100,477
Treasury stock		(1)		(1)
Total shareholders’ equity		157,357		166,713
Valuation and translation adjustments				
Deferred gains or losses on hedges		-		-
Revaluation reserve for land	4	(5,035)	3	(5,082)
Total valuation and translation adjustments		(5,035)		(5,082)
Minority interests		140		155
Total net assets		152,462		161,787
Total liabilities and net assets		200,228		222,029

(2) Consolidated statement of income

Millions of yen	Note	Year ended December 31, 2010	Note	Year ended December 31, 2011
Net sales				
Product sales		255,589		226,972
Franchised revenue		67,651		74,760
Others		558		606
Total net sales		323,799		302,339
Cost of sales				
Product cost		212,434		191,930
Franchised cost		43,181		46,214
Others		495		564
Total cost of sales		256,112		238,709
Gross profit		67,686		63,629
Selling, general and administrative expenses	1,3	39,551	1,3	35,447
Operating income		28,135		28,182
Non-operating income				
Interest income		132		204
Revenue from unredeemed gift certificates		193		175
Compensation income		87		70
Other		380		412
Total non-operating income		792		862
Non-operating expenses				
Interest expenses		62		94
Bad debt expenses		-		105
Loss on disposal for company-operated restaurants		1,456		1,023
Other		247		208
Total non-operating expenses		1,766		1,432
Ordinary income		27,161		27,612
Extraordinary income				
Reversal of allowance for doubtful accounts		117		74
Compensation for transfer		-		57
Reversal of allowance for store closing		-		58
Total extraordinary income		117		189
Extraordinary loss				
Loss on retirement of noncurrent assets	4	428	3	319
Impairment loss	6	2,333	5	37
Loss on sales of nonccurent assets	7	40	6	20
Provision for loss on store closing		862		-
Loss on store closings		9,738		-
Loss on asset retirement obligation		-		3,014
Provision for loss on disaster		-	4	189
Loss on disaster		-	4	1,059
Loss on liquidation of subsidiary		-		22
Total extraordinary loss		13,402		4,662
Income before income taxes interests		13,876		23,139
Income taxes-current		5,321		9,396
Income taxes-deferred		676		429
Total income taxes		5,997		9,826
Income before minority interests in income		7,877		13,313
Minority interests in income		13		15
Net income		7,864		13,298

(3) Consolidated statement of changes in net assets

Millions of yen	Year ended December 31, 2010	Year ended December 31, 2011
Shareholders Equity		
Capital stock		
Balance at previous year end	24,113	24,113
Changes during this term		
Total changes in this term	-	-
Balance at this year end	24,113	24,113
Capital Surplus		
Balance at previous year end	42,124	42,124
Changes during this term		
Total changes in this term	-	-
Balance at this year end	42,124	42,124
Retained earnings		
Balance at previous year end	87,449	91,120
Changes during this term		
Cash dividends	(3,988)	(3,988)
Net income	7,864	13,298
Difference for revaluation reserve for land	(205)	46
Total changes in this term	3,671	9,356
Balance at this year end	91,120	100,477
Treasury stock		
Balance at previous year end	(0)	(1)
Changes during this term		
Reacquisition of treasury stock	(0)	(0)
Total changes in this term	(0)	(0)
Balance at this year end	(1)	(1)
Total shareholders equity		
Balance at previous year end	153,687	157,357
Changes during this term		
Cash dividends	(3,988)	(3,988)
Net income	7,864	13,298
Difference for revaluation reserve for land	(205)	(46)
Reacquisition of treasury stock	(0)	(0)
Total changes in this term	3,670	9,356
Balance at this year end	157,357	166,713
Other cumulative comprehensive income		
Deferred gains or losses on hedges		
Balance at previous year end	(70)	-
Changes during this term		
Changes in items except shareholders’ equity (net)	70	-
Total changes in this term	70	-
Balance at this year end	-	-
Revaluation reserve for land		
Balance at previous year end	(5,240)	(5,035)
Changes during this term		
Changes in items except shareholders’ equity (net)	205	(46)
Total changes in this term	205	(46)
Balance at this year end	(5,035)	(5,082)

Millions of yen	Year ended December 31, 2010	Year ended December 31, 2011
Total other cumulative comprehensive income		
Balance at previous year end	(5,311)	(5,035)
Changes during this term		
Changes in items except shareholders' equity (net)	275	(46)
Total changes in this term	275	(46)
Balance at this year end	(5,035)	(5,082)
Minority Interest		
Balance at previous year end	126	140
Changes during this term		
Changes in items except shareholders' equity (net)	13	15
Total changes in this term	13	15
Balance at this year end	140	155
Total net asset		
Balance at previous year end	148,502	152,462
Changes during this term		
Cash dividends	(3,988)	(3,988)
Net income	7,864	13,298
Reacquisition of treasury stock	(0)	(0)
Changes in items except shareholders' equity (net)	84	15
Total changes in this term	3,959	9,324
Balance at this year end	152,462	161,787

(4) Consolidated statement of cash flows

Millions of yen	Year ended December 31, 2010	Year ended December 31, 2011
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	13,876	23,139
Depreciation and amortization	12,075	12,034
Impairment loss	2,333	37
Loss on store closing	5,257	-
Increase (decrease) in provision for loss on store closing	702	(532)
Increase (decrease) in other provision	(397)	147
Unredeemed gift certificates	(193)	(175)
Interest income	(132)	(204)
Interest expenses	62	94
Loss on asset retirement obligation	-	3,014
Loss (gain) on sales of noncurrent assets	40	20
Loss on retirement of noncurrent assets	1,149	901
Decrease (increase) in accounts receivable - trade	(9)	(302)
Decrease (increase) in inventories	944	187
Decrease (increase) in goodwill from acquisition of franchised restaurants	280	412
Decrease (increase) in other assets	1,162	(2,645)
Increase (decrease) in accounts payable-trade	312	(352)
Increase (decrease) in accounts payable-other	336	1,854
Increase (decrease) in accrued expenses payable	(1,497)	564
Increase (decrease) in other current liabilities	(1,095)	352
Other, net	55	854
Subtotal	35,265	39,405
Interest income received	132	65
Interest expenses paid	(46)	(86)
Income taxes paid	(15,314)	(3,323)
Income taxes refund	38	5,091
	20,075	41,152
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(9,671)	(12,367)
Proceeds from sales of property, plant and equipment	4,116	2,759
Payments for lease and guarantee deposits	(3,082)	(2,522)
Proceeds from collection of lease and guarantee deposits	6,560	4,891
Purchase of software	(1,340)	(296)
Proceeds from liquidation of subsidiary	-	319
Other, net	79	0
	(3,337)	(7,215)
Net cash provided by (used in) financing activities		
Repayments of finance lease obligations	(439)	(812)
Proceeds from sale and lease back	494	-
Repurchase of treasury stock	(0)	(0)
Cash dividends paid	(3,977)	(3,945)
	(3,922)	(4,757)
Effect of exchange rate changes on cash and cash equivalents	(9)	(2)
Net increase (decrease) in cash and cash equivalents	12,805	29,117
Cash and cash equivalents at beginning of period	20,148	32,953
Cash and cash equivalents at end of period	32,953	62,130

(5) Notes for assumption of going concern

Not applicable.

(6) Significant accounting policy

Item	December 31, 2010	December 31, 2011
1. Item relating to scope of consolidation	(1) Number of consolidated subsidiary: 3 Name of consolidated subsidiary: McDonald's Company (Japan), Ltd. EveryD Mc, Inc. The JV Inc.	(1) Number of consolidated subsidiary: 3 Name of consolidated subsidiary: Same as on the left
	(2) Number of nonconsolidated subsidiary: 1 Name of nonconsolidated subsidiary: California Family Restaurants, Inc. (Reason for exclusion from consolidation) This nonconsolidated subsidiary is small in scale, and its effect on consolidated financial statements in terms of total assets, sales, net income for the term (amount corresponding to ownership share), and retained earnings (amount corresponding to ownership share) is not significant.	—
2. Item relating to application of the equity method	The Company did not apply the equity method to its nonconsolidated subsidiary California Family Restaurants, Inc. because of its minimal impact on consolidated net income, consolidated retained earnings, etc.	—
3. Item relating to the fiscal years etc. of consolidated subsidiaries	All consolidated subsidiaries end their fiscal years on the same day as the date of closing of consolidated accounts.	Same as on the left
4. Items related to accounting standards (1) Standards and methods of valuation for important assets	i. Marketable and investment securities (a) Bonds held to maturity: cost amortization method (straight line) (b) Other securities: Unquoted securities: valued at cost using the periodic average method	i. Marketable and investment securities (a) Bonds held to maturity: Same as on the left (b) Other securities: Unquoted securities Same as on the left
	ii. Derivatives Market price method.	ii. Derivatives —
	iii. Inventories: Merchandise Raw materials and supplies Inventories are measured principally at the lower cost or market, determined by the total average method (The carrying amount of inventories is determined by write-down method base on decreased profitability).	iii. Inventories: Raw materials and supplies Inventories are measured principally at the lower cost or market, determined by the total average method (The carrying amount of inventories is determined by write-down method base on decreased profitability)

Item	December 31, 2010	December 31, 2011
(2) Major depreciable assets and methods of depreciation	i. Property, plant and equipment (excluding lease assets): straight-line method Years of useful life for principal assets: Buildings and structures: 2 - 50 years Machinery and equipment: 2 - 15 years Tools, appliances and fixtures: 2 - 20 years	i. Property, plant and equipment (excluding lease assets): Same as on the left
	ii. Intangible assets (excluding lease 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).	ii. Intangible assets (excluding lease assets): Same as on the left
	iii. Lease assets Lease assets related to finance lease transactions where there is no transfer of ownership: straight-line method with estimated useful lives equal to lease terms, and zero residual values For finance lease transactions where there is no transfer of ownership beginning on or before December 31, 2008, the Company continues to use an accounting method that is based on the method used for ordinary lease transactions.	iii. Lease assets Same as on the left
	iv Long-term prepaid expenses: Straight-line method	iv Long-term prepaid expenses: Same as on the left
(3) Standards for important allowances	i. 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.	i. Allowance for doubtful accounts Same as on the left
	ii. Allowance for bonuses In order to prepare for the payment of bonuses to employees, a provision is made for the estimated amount to be paid as of the end of the fiscal year.	ii. Allowance for bonuses Allowance for bonuses amount has been recorded for future bonus payments to employees for this consolidated fiscal year. As some employees are entitled to stock-price-linked bonus, such amount is estimated at the fair market value of each fiscal closing date for the period from the grant date to payment date calculated using the Black Scholes option model, multiplied by the proportion of the elapsed period over the total vested period. This calculation only reflects market conditions.
	iii. Allowance for 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 term. 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 (6), and are treated as expenses from the year following the year in which they occur.	iii. Allowance for retirement benefits Same as on the left

Item	December 31, 2010	December 31, 2011
	iv. Allowance for directors' retirement benefit In order to prepare for the payment of retirement benefit to directors, a provision is made for the estimated amount to be paid as of the end of the fiscal year based on the regulations of retirement allowance to retiring directors.	iv. Allowance for directors' retirement benefit Same as on the left
	v. Allowance for store closing A reasonably estimated amount is recorded in provision for store closing as loss expected to occur from store closing scheduled for this fiscal year.	v. Allowance for store closing —
		VI Allowance for loss on disaster A reasonably estimated amount is recorded in provision for disaster as loss expected to occur for this fiscal year.
(4) Important hedge accounting methods	i. Accounting method Appropriated methods	i. Accounting method —
	ii. Hedging methods and items hedged: Hedging methods: exchange contract Items hedged: expected future imports	ii. Hedging methods and items hedged: —
	iii. 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.	iii. Policy related to hedging: —
	iv. 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.	iv. Method of evaluating the effectiveness of hedging: —
(5) Other significant items associated with the preparation of financial statements	Accounting for consumption taxes and local consumption taxes: Amounts shown are exclusive of consumption taxes.	Accounting for consumption taxes and local consumption taxes: Same as on the left
5. Scope of funds in the consolidated statement of cash flows	“Funds” (cash and cash equivalents) in the context of the consolidated cash flows statement comprise cash on hand, freely withdraw able deposits, and short-term investments maturing in less than three months from the date of their acquisition, which must also be easily converted to cash and subject to minimal risk of price fluctuations.	Same as on the left

(7) Changes in significant accounting policy

December 31, 2010	December 31, 2011
—	“Accounting Standard for Asset Retirement Obligation” (Corporate Accounting Standard, Article18; March 31, 2008) and “Guideline for Application of Accounting Standard for Asset Retirement Obligation” (Guideline for Application of Corporate Accounting Standard, Article 21; March 31,2008) were applied from the first quarter of this consolidated fiscal year.

(8) Notes to consolidated financial statements

(Consolidated balance sheets - related)

Millions of yen December 31, 2010		December 31, 2011	
1. Amounts at nonconsolidated subsidiaries and affiliates are as follows			
Investment securities	341		—
2. Contingent liabilities		1. Contingent liabilities	
(1) Guarantees provided for borrowings from financial institutions by parties in which the Company has an equity stake:		(1) Guarantees provided for borrowings from financial institutions by parties in which the Company has an equity stake:	
Toys"R"Us-Japan, Ltd.	600	Toys"R"Us-Japan, Ltd.	248
(2) Guarantees provided for employees' mortgages from banks:	1		—
3. Reductions of property, plant and equipment from gains on insurance claims were 80 million yen, and reductions of tangible assets from expropriation were 69 million yen.		3. Reductions of Property, plant and equipment from gains on insurance claims were 80 million yen, and reductions of tangible assets from expropriation were 69 million yen.	
4. Revaluation of land		4. Revaluation of land	
As per the Law Regarding the Revaluation of Land (Public Law No. 34, March 31, 1998), land used for business purposes is revalued and any valuation differential is recorded under shareholders' equity.		As per the Law Regarding the Revaluation of Land (Public Law No. 34, March 31, 1998), land used for business purposes is revalued and any valuation differential is recorded under shareholders' equity.	
Revaluation method:		Revaluation method:	
As per Article 2-3 of the Implementation Order for the Revaluation of Land (Public Ordinance No. 119, March 31, 1998), the calculation was carried out using a rational adjustment based on the valuation amount for property tax.		As per Article 2-3 of the Implementation Order for the Revaluation of Land (Public Ordinance No. 119, March 31, 1998), the calculation was carried out using a rational adjustment based on the valuation amount for property tax.	
Date of revaluation: December 31, 2001		Date of revaluation: December 31, 2001	
Differential between book value and post-revaluation market value of revalued land at end of term	(4,243)	Differential between book value and post-revaluation market value of revalued land at end of term	(3,993)
5. The book value of noncurrent assets transferred to other accounts due to selling of restaurant business to franchisee by entering franchise contracts:		5. The book value of noncurrent assets transferred to other accounts due to selling of restaurant business to franchisee by entering franchise contracts:	
Buildings and structures	2,562	Buildings and structures	1,745
Machinery and equipment	746	Machinery and equipment	522
Tools, furniture and fixtures	574	Tools, furniture and fixtures	360
Other	140	Other	123
	4,024	Total	2,742

(Consolidated statement of income - related)

Millions of yen December 31, 2010		December 31, 2011	
1. Primary items and amounts included under selling, general and administrative expenses		1. Primary items and amounts included under selling, general and administrative expenses	
Sales promotion expenses	8,637	Sales promotion expenses	6,657
Salaries	6,281	Advertising expenses	5,926
Advertising expenses	6,209	Salaries	5,884
Depreciation and amortization	4,154	Depreciation and amortization	4,413
Provision for bonuses	1,709	Provision for bonuses	1,623
Pension expenses	493	Pension expenses	1,021
Provision of allowance for doubtful accounts	64	Provision of allowance for doubtful accounts	54
Provision for directors' retirement allowances	25	Provision for directors' retirement allowances	25
2. 1,667 million yen of gain on sales of restaurant businesses from entering franchising contracts is included in sales. The determination of the value of restaurant businesses is based on the expected stream of future cash flows and is agreed by franchisee (buyer).		—	
3. R&D expenses in selling, general and administrative expenses	336	2. R&D expenses in selling, general and administrative expenses	354
4. Breakdown of losses on retirement of noncurrent assets		3. Breakdown of losses on retirement of noncurrent assets	
Buildings and structures	241	Buildings and structures	160
Machinery and equipment	27	Machinery and equipment	95
Tools, furniture and fixtures	77	Tools, furniture and fixtures	62
Software	81	Software	1
	428	Total	319
5. Provision for loss on store closing and loss on store closing		—	
A reasonably estimated amount is recorded in provision for loss on store closing, for the loss is expected to accrue from closure of restaurants scheduled for this fiscal year. Those restaurants are believed to maximize operation efficiency and brand image, and further promote structural reforms by closing them, due to its scale and location.			
Loss on retirement of property, plant and equipment	23		
Restoration of leased building	525		
Penalty for breach of lease contract	57		
Loss on sale of land	209		
Other	46		
Total	862		
Loss accrued from the restaurants closed during this consolidated fiscal year was recorded as loss on store closing.			
Loss on retirement of tangible assets	3,936		
Restoration of leased building	3,166		
Penalty for breach of lease contract	1,765		
Other	869		
Total	9,738		

Millions of yen	December 31, 2010	December 31, 2011

December 31, 2011

4. Provision for loss on disaster and loss on disaster

A reasonably estimated amount is recorded in provision for loss on disaster as expected damages by East Japan Great Earthquake for this fiscal year.

Breakdown of loss on disaster are as follows:

Cancellation fee of rent agreement	85
De-arch cost and maintenance repair	82
Others	20
Total	189

Actual amount for this year was recorded in loss on disaster as follows.

Relief money	302
Advertising and promotion	280
Loss on disposal for restaurant facilities	147
De-arch cost and maintenance repair	101
Others	227
	1,059

December 31, 2010

6. Impairment loss

Impairment loss was recognized during current term
Breakdown of impairment loss by assets type are as follows:

Intended use	Assets type	Region	Amount
Common asset	Software	Headquarters	2,333

The Group coordinates assets into groups based on their geographical locations, with which we continually monitor income and expenditure for our managerial accounting purposes. As Headquarters does not generate cash flow, assets are categorized as common asset.
After holding a thorough review of IT investment strategy based on ever-changing current business environment, the company decided to write down the net book value of the software, which likely provides little returns from its continuous use or investment, to a recoupable level. This resulted in reporting extraordinary loss of 2,233 million yen as impairment loss.
Calculation of recoupable value is based on net sale value; however, sale and diversion of such asset is difficult to implement and thus assessed recoupable value as zero.

December 31, 2011

5. Impairment loss

Impairment loss was recognized during current term
Breakdown of impairment loss by assets type are as follows:

Intended use	Assets type	Region	Amount
Operating restaurant	Buildings and structures	KANTO	37

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 (37 million yen) was reported as an impairment loss and shown in the extraordinary loss.

Breakdown of impairment loss by assets type are as follows:

Buildings and structures	22
Machinery and equipment	11
Tools, furniture and fixtures	3
Total	37

The recoverable value of the group assets was calculated by utility value and it was calculated by discounting future cash flow at 5.9% rate.

December 31, 2010

7. The detail for loss on sales of noncurrent assets is as below:

Machinery and equipment	12
Tools, furniture and fixtures	4
Total	17

December 31, 2011

6. The detail for loss on sales of noncurrent assets is as below:

Machinery and equipment	15
Tools, furniture and fixtures	4
Other	0
Total	20

(Consolidated statement of shareholders' equity - related)

December 31, 2010

1. Type and number of outstanding shares and treasury stock

	December 31, 2009	Increase	Decrease	December 31, 2010
Outstanding shares				
Common stock	132,960,000	–	–	132,960,000
Total	132,960,000	–	–	132,960,000
Treasury stock				
Common stock*	473	229	–	702
Total	473	229	–	702

*Note: Increase in 229 treasury stocks is due to the acquisition of fractional shares.

2. Type and number of warrant

Not applicable.

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 March 25, 2010	Common stock	3,988	30	2009/12/31	2010/3/26

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

Resolution (forecast)	Type of share	Total amount of dividend (million yen)	Resource	Dividend per share (yen)	Reference date	Effective date
Regular general shareholders meeting March 29, 2011	Common stock	3,988	Retained earnings	30	2010/12/31	2011/3/30

December 31, 2011

1. Type and number of outstanding shares and treasury stock

	December 31, 2010	Increase	Decrease	December 31, 2011
Outstanding shares				
Common stock	132,960,000	–	–	132,960,000
Total	132,960,000	–	–	132,960,000
Treasury stock				
Common stock*	702	1	–	703
Total	702	1	–	703

*Note: Increase in 1 treasury stocks is due to the acquisition of fractional shares.

2. Type and number of warrant

Not applicable.

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 March 29, 2011	Common stock	3,988	30	2010/12/31	2011/3/30

(2) Amount which reference date is in the current year but effective date is in the following year(forecast)
To be decided as follow:

Resolution (forecast)	Type of share	Total amount of dividend (million yen)	Resource	Dividend per share (yen)	Reference date	Effective date
Regular general shareholders meeting March 29, 2012	Common stock	3,988	Retained earnings	30	2011/12/31	2012/3/30

(Consolidated statement of cash flows - related)

December 31, 2010

1. Correlation between balance of cash and cash equivalents and amount recorded in consolidated balance sheet

(as of December 31, 2010)	(millions of yen)
Cash and deposits	25,954
Securities	6,998
Cash and cash equivalents	32,953

2. Significant noncash transactions:
The amount of asset and liability related to finance lease transactions newly booked in this year are 3,091 million yen and 3,246 million yen, respectively.

December 31, 2011

1. Correlation between balance of cash and cash equivalents and amount recorded in consolidated balance sheet

(as of December 31, 2011)	(millions of yen)
Cash and deposits	28,433
Securities	33,697
Cash and cash equivalents	62,130

2. Significant noncash transactions:
The amount of asset and liability related to finance lease transactions newly booked in this year are 1,569 million yen and 1,648 million yen, respectively.

(Segment information)

Business segment information

For the year ended December 2010 (January 1 – December 31, 2010), sales, operating income and assets corresponding to hamburger restaurant operations accounted for more than 90% of the total sales, operating income and assets for all business segments. Accordingly, business segment information is omitted.

Geographical segment information

For the year ended December 2010 (January 1 – December 31, 2010), the Company had no consolidated subsidiaries domiciled outside Japan. Accordingly, there is no geographical segment information.

Overseas sales

For the year ended December 2010 (January 1 – December 31, 2010), the Company had no sales outside Japan, therefore this section is omitted.

Relevant Information

For the year ended December 2011 (January 1 – December 31, 2011)

1. Information by Products and Service

Sales of company-owned hamburger restaurant business was 226 billion 972 million yen, franchise revenue was 74 billion 760 million yen, and other sales was 606 million yen. Franchise revenue includes 2 billion 608 million yen of gain on store sales brought by franchising of hamburger restaurants. Selling price of these restaurants were calculated based on the cash flow expeted to be generated by the corresponding restaurant and agreed with buyer franchisee.

2. Information by Region

The Company does not own consolidated subsidiary in other cuntry or area of the world other than Japan, so neither overseas sales nor tangible fixed asset exists.

3. Information by Major Client

Description of this item is abbreviated as the Company does not have client whose purchase volume is more than 10% of total sales.

(Per share-related financial information)

Yen	December 31, 2010		December 31, 2011
Shareholders' equity per share	1,145.63	Shareholders' equity per share	1,215.64
Net income per share	59.15	Net income per share	100.02
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 year to December 2010.		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 year to December 2011.	

(Note)
Net earning per share is calculated based on the following information.

Millions of yen	**December 31, 2010**	**December 31, 2011**
Net income	7,864	13,298
Income not available to common stockholders	-	-
Income available to common stockholders	7,864	13,298
Average number of common shares outstanding (thousands shares)	132,959	132,959

(Important matters occurring subsequent to report period)

Not applicable

(Omission of Disclosure)

Notes related to the following items are omitted as it was determined that disclosing them in the financial result report has little necessity: Lease, Financial commodity, Securities, Derivative, Retirement benefits, Stock option, Deferred tax, Business combination, Real-estate lease, and Related party information Stock option, Deferred tax, Business combination, Real-estate lease, and Related party information

5. Nonconsolidated Financial Statements

(1) Nonconsolidated balance sheets

Millions of yen	December 31, 2010	December 31, 2011
(Assets)		
Current assets		
Cash and deposits	10,424	17,817
Accounts receivable - trade	5,973	5,497
Securities	6,998	33,697
Prepaid expenses	2,235	2,334
Deferred tax assets	65	77
Short-term loans receivable	23,000	5,500
Income taxes receivable	5,000	1,592
Accounts receivable other	—	2,468
Other	0	15
Total current assets	53,699	69,001
Noncurrent assets		
Property, plant and equipment		
Buildings	30,446	29,124
Accumulated depreciation	(24,528)	(23,803)
Buildings, net	5,918	5,320
Structures	3,153	2,843
Accumulated depreciation	(2,665)	(2,458)
Structures, net	488	384
Tools, furniture and fixtures	77	77
Accumulated depreciation	(77)	(77)
Tools, furniture and fixtures, net	0	0
Land	17,526	17,383
Total property, plant and equipment	23,932	23,088
Intangible assets		
Leasehold right	718	718
Software	11,552	7,719
Telephone subscription right	39	38
Total intangible assets	12,310	8,476
Investments and other assets		
Investment securities	56	56
Stocks of subsidiaries and affiliates	1,370	1,029
Long-term loans receivable	9	9
Claims provable in bankruptcy, claims provable in rehabilitation and other	611	588
Long-term prepaid expenses	1,291	1,230
Deferred tax assets	1,484	839
Lease and guarantee deposits	54,794	52,110
Other	105	61
Allowance for doubtful accounts	(670)	(676)
Total investments and other assets	59,052	55,249
Total noncurrent assets	95,295	86,813
Total assets	148,994	155,815

Millions of yen	December 31, 2010	December 31, 2011
(Liabilities)		
Current liabilities		
Accounts payable - trade	562	584
Accounts payable - other	4,478	4,674
Accrued expenses	93	412
Income taxes payable	77	90
Allowance for Loss on disaster	—	22
Other	493	98
Total current liabilities	5,705	5,883
Noncurrent liabilities		
Long-term loans payable to subsidiaries and affiliates	500	500
Provision for bonuses	—	21
Provision for directors' retirement benefits	82	95
Long-term guarantee deposited	185	141
Deferred tax liabilities for land revaluation	508	476
Asset retirement obligations	—	2,163
Other	279	68
Total noncurrent liabilities	1,555	3,466
Total liabilities	7,261	9,349
(Net assets)		
Shareholders' equity		
Capital stock	24,113	24,113
Capital surplus		
Legal capital surplus	42,124	42,124
Total capital surplus	42,124	42,124
Retained earnings		
Legal retained earnings	253	253
Other retained earnings		
Retained earnings brought forward	80,279	85,058
Total earned surpluses	80,532	85,311
Treasury stock	(1)	(1)
Total shareholders' equity	146,769	151,548
Valuation & translation adjustments		
Revaluation reserve for land	(5,035)	(5,082)
Total valuation and translation adjustments	(5,035)	(5,082)
Total net assets	141,733	146,465
Total liabilities and net assets	148,994	155,815

(2) Nonconsolidated statement of income

Millions of yen	Year ended December 31, 2010	Year ended December 31, 2011
Net sales		
Income on real-estate rental	60,036	53,222
Dividend from affiliated company	25,000	8,000
Total net sales	85,036	61,222
Cost of sales		
Cost of real-estate rental	56,475	49,986
Total cost of sales	56,475	49,986
Gross profit on sales	28,561	11,236
Selling, general and administrative expenses	3,251	3,152
Operating income	25,309	8,083
Non-operating income		
Interest income	244	386
Management service fee income	206	252
Compensation income	37	39
Other	56	120
Total non-operating income	545	799
Non-operating expenses		
Interest expenses	8	8
Loss on retirement of noncurrent assets at Company-operated restaurants	70	15
Provision of allowance for doubtful accounts	—	67
Other	6	18
Total non-operating expenses	86	110
Ordinary income	25,768	8,773
Extraordinary income		
Reversal of allowance for doubtful accounts	117	22
Compensation for transfer	—	29
Penalty income	—	2,333
Total extraordinary income	117	2,385
Extraordinary loss		
Loss on retirement of noncurrent assets	22	28
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	1,618
Impairment loss	2,333	—
Provision of allowance for loss on disaster	—	22
Loss on disaster	—	108
Loss on liquidation of subsidiaries	—	22
Total extraordinary loss	2,355	1,799
Income before income taxes	23,529	9,358
Income taxes-current	9	36
Income taxes-deferred	(562)	600
Total income taxes	(553)	637
Net Income	24,083	8,721

(3) Nonconsolidated statement of changes in net assets

Millions of yen	Year ended December 31, 2010	Year ended December 31, 2011
Shareholders Equity		
Capital stock		
Balance at previous year end	24,113	24,113
Changes during this term		
Total changes in this term	-	-
Balance at this year end	24,113	24,113
Capital Surplus		
Legal capital surplus		
Balance at previous year end	42,124	42,124
Changes during this term		
Total changes in this term	-	-
Balance at this year end	42,124	42,124
Total capital surplus		
Balance at previous year end	42,124	42,124
Changes during this term		
Total changes in this term	-	-
Balance at this year end	42,124	42,124
Retained earnings		
Legal retained earnings		
Balance at previous year end	253	253
Changes during this term		
Total changes in this term	-	-
Balance at this year end	253	253
Other retained earnings		
Carry forward retained earnings		
Balance at previous year end	60,389	80,279
Changes during this term		
Cash dividends	(3,988)	(3,988)
Net income	24,083	8,721
Difference for revaluation reserve for land	(205)	46
Total changes in this term	19,889	4,779
Balance at this year end	80,279	85,058
Total retained earnings		
Balance at previous year end	60,642	80,532
Changes during this term		
Cash dividends	(3,988)	(3,988)
Net income	24,083	8,721
Difference for revaluation reserve for land	(205)	46
Total changes in this term	19,889	4,779
Balance at this year end	80,532	85,311
Treasury stock		
Balance at previous year end	(0)	(1)
Changes during this term		
Reacquisition of treasury stock	(0)	(0)
Total changes in this term	(0)	(0)
Balance at this year end	(1)	(1)

	Year ended December 31, 2010	Year ended December 31, 2011
Total shareholders equity		
Balance at previous year end	126,879	146,769
Changes during this term		
Reacquisition of treasury stock	(0)	(0)
Cash dividends	(3,988)	(3,988)
Net income	24,083	8,721
Difference for revaluation reserve for land	(205)	46
Total changes in this term	19,889	4,779
Balance at this year end	146,769	151,548
Valuation & translation adjustment		
Revaluation reserve for land		
Balance at previous year end	(5,240)	(5,035)
Changes during this term		
Changes in items except shareholders' equity (net)	205	(46)
Total changes in this term	205	(46)
Balance at this year end	(5,035)	(5,082)
Total valuation & translation adjustment		
Balance at previous year end	(5,240)	(5,035)
Changes during this term		
Changes in items except shareholders' equity (net)	205	(46)
Total changes in this term	205	(46)
Balance at this year end	(5,035)	(5,082)
Total net asset		
Balance at previous year end	121,639	141,733
Changes during this term		
Cash dividends	(3,988)	(3,988)
Net income	24,083	8,721
Reacquisition of treasury stock	(0)	(0)
Total changes in this term	20,094	4,732
Balance at this year end	141,733	146,465

(4) Notes for assumption of going concern

Not applicable.

6. Other

Changes in the board of directors

Not applicable