

## Consolidated Financial Results Report for the Three Months ended March 31, 2012 [Japanese Standards]

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

Company code number: 2702 (URL <http://www.mcd-holdings.co.jp>)  
 Shares traded: Osaka Securities Exchange  
 Executive position of legal representative: Eikoh Harada  
 Chairman and CEO, President, Representative Director  
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Schedule of quarterly securities report submission: May 11, 2012  
 Schedule of dividends payment: -  
 Preparation of supplementary materials for quarterly financial results: None  
 Information meeting for quarterly financial results to be held: None

### 1. Consolidated operating results (From January 1, 2012 to March 31, 2012)

(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)	%
March 31, 2012	77,201	(0.4)	7,221	(4.2)	7,492	2.3	4,282	112.4
March 31, 2011	77,496	(10.4)	7,537	(26.0)	7,327	(27.7)	2,015	206.3

  

	Net income per share	Net income per share, fully diluted
March 31, 2012	(Yen) 32.21	(Yen) —
March 31, 2011	(Yen) 15.16	(Yen) —

(2) Consolidated financial position

(In millions of yen, with fractional amounts discarded)

	Total assets	Net assets	Total equity ratio
	(Millions of yen)	(Millions of yen)	%
March 31, 2012	212,502	162,142	76.2
December 31, 2011	222,029	161,787	72.8

(Reference) Total equity March 31, 2012 161,983 mil December 31, 2011 161,631 mil

### 2. Dividends

(Date of record)	Dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of year	Total
December 31, 2011	(Yen) —	(Yen) 0.00	(Yen) —	(Yen) 30.00	(Yen) 30.00
December 31, 2012	—	—	—	—	—
December 31, 2012 (Forecast)	—	0.00	—	30.00	30.00

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

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

(%: year-on-year change)

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
Interim	153,000	3.3	14,900	1.5	14,500	0.6
Annual	305,000	0.9	29,400	4.3	28,400	2.9

	Net income		Net income per share	
	(Millions of yen)	%	(Yen)	
Interim	8,100	37.0	60.92	
Annual	16,000	20.3	120.34	

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

#### 4. Others

(1) Changes in significant subsidiaries during the period: None

Note: Changes in specific subsidiaries with an adjustment of a scope of consolidation.

(2) Simplified accounting procedures or special accounting procedures: Yes

(For details, please refer to page 3 of this report.)

(3) Changes in accounting principles, procedures and descriptions.

a. Changes caused by revision of accounting standard: None

b. Changes other than (3) - a. above: None

C. Changes in accounting estimation : None

D. Restatement of Correction : None

(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):

b. Number of treasury stock at the end of each period:

c. Average number of shares issued and outstanding in each period:

a	March 31, 2012	132,960,000 units	December 31, 2011	132,960,000 units
b	March 31, 2012	703 units	December 31, 2011	703 units
c	March 31, 2012	132,959,297 units	March 31, 2011	132,959,298 units

(Indication of quarterly review procedure implementation status)

This quarterly earnings report is not subject to quarterly review procedures based upon the Financial Instruments and Exchange Act. Thus, at the time of disclosure of the financial results, the quarterly financial statement review procedures based upon the Financial Instruments and Exchange Act, have

(Information regarding appropriate use of the forecasts)

The forward-looking statements such as earnings forecasts contained in this document are based on the information currently available to us and certain assumptions which are regarded as legitimate. Actual results may differ from these forecasts due to various factors.

## Contents

<b>1. Qualitative information on financial statement etc.</b>	<b>2</b>
(1) Qualitative information on the progress of consolidated operating results	2
(2) Qualitative information on the fluctuation in consolidated financial position	3
(3) Qualitative information on the financial forecast	3
<b>2. Others</b>	<b>3</b>
(1) Important changes in subsidiaries	3
(2) Application of simplified accounting procedures or special accounting procedures	3
(3) Changes in accounting principles, procedures and descriptions	3
<b>3. Consolidated quarterly financial statements</b>	<b>4</b>
(1) Consolidated quarterly balance sheet	4
(2) Consolidated quarterly statements of income and Consolidated quarterly statements of Comprehensive income	5
(3) Notes for assumption of going concern	7
(4) Notes for significant changes of shareholders' equity	7

## 1. Qualitative information on financial statement etc.

### (1) Qualitative information on the progress of consolidated operating results

During the first quarter of this consolidated fiscal year, business environment for the Group remains severe; eating-out market contraction due to consumers' trend shift to home-meal and home-meal replacement market after East Japan Great Earthquake, as well as commodity cost increase.

In such hostile circumstances, the Group continued to implement product strategy and restaurant development strategy based on the QSC (trusted quality, speedy and friendly service, clean and comfortable environment) to improve profitability of the business. We also made further improve business management by concentrating management resources to financially efficient spendings.

#### <Product Strategy>

The Company continued to release popular and well-known products, such as Big America series and Teritama burger to steadily gain sales, while generating more opportunities for new customers to visit McDonald's restaurants with Premium Roast Coffee, quality of which was further improved after renewal and offering all size French Fries for 150 yen. As a result of above efforts, the guest count grew by 5.5% compared to the same period of the previous year on same-store basis. Limited set menu offering for drive-thru windows and combi menu (set of sandwich and drink) for breakfast hours were offered to meet different needs of the customers by form of sales and by different time slot of the day to further grow sales.

#### <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 franchisee's cash flow taken into account, based on McDonald's Japan's total system investment strategy.

We strived to improve franchisees cash flow by providing our franchisees with appropriate consultation for investment plan.

#### <Operating Results>

As a result of above strategies, newly opened restaurants, majority of which are drive thru restaurants, contributed to drive system-wide sales, achieving 5 billion 838 million yen (or 4.4%) growth compared to the same period of the previous year. Although franchising of the company owned restaurants negatively impacted the Company's sales, it was offset by positive factors, such as increased average sales volume per restaurant and sales growth in existing restaurants (2.0% growth from the same period of the previous year), achieving 77 billion 201 million yen, slight decrease from the same period of the previous year. Ordinary income achieved 7 billion 492 million yen (up 164 million yen from the same period of the previous year) due mainly to optimized SG&A offset considerably large decrease of gain on store sale. Net income of the period under review increased to 4 billion 282 million yen (up 2 billion 266 million yen) due mainly to the extraordinary loss recorded last year for the application of asset retirement obligation accounting and disaster loss and provision for the reserve for disaster loss.

Note1: existing restaurant sales include restaurants operating for at least 13 months or longer; sales of current and previous year are added separately for comparison

2: systemwide sales is the total net sales of company operated and franchised restaurants; its amount is not identical with net sales specified in consolidated income statement

For restaurant development, the Company promoted strategic closure and Franchise migration as

Classification	Previous year end	Newly opened	Closed	Classification change *Note		Current term end
				Increase	Decrease	
Company operated	1,269	5	(3)	5	0	1,276
Franchised	2,029	6	(8)	0	(5)	2,022
Total number of restaurants	3,298	11	(11)	5	(5)	3,298

\*Note: These figures do not include sales of restaurant businesses by BFL exercise.

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.

(2) Qualitative Information on Consolidated Financial Position

Total current assets were 73 billion 876 million yen on a consolidated basis at the end of the first quarter of the fiscal year under review, down by 7 billion 430 million yen mainly due to royalty payment to McDonald's Corporation.

Total noncurrent assets were 138 billion 625 million yen, down by 2 billion 95 million yen from the end of the previous fiscal year mainly due to 794 million yen decrease for software amortization and 658 million yen decrease due to the collection of lease and guarantee deposit.

Total current liability were 39 billion 127 million yen, down by 9 billion 936 million yen mainly due to 3 billion 870 million yen decrease in corporate tax payable and 3 billion 699 million yen decrease in account payable.

Total noncurrent liability were 11 billion 232 million yen, up by 54 million yen mainly due to 67 million yen increase in reserve for incentive bonus.

(3) Qualitative Information regarding financial forecast

Our consolidated performance forecast for the fiscal year under review that was announced on February 9, 2012, was not revised.

**2. Others**

(1) Important changes in subsidiaries : None

(2) Application of simplified accounting procedures or special accounting procedures

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

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, 'deferred tax expenses' is shown included in 'income taxes'.

(3) Changes in accounting principles, procedures and descriptions : None

**3. Consolidated quarterly financial statements**  
**(1) Consolidated quarterly balance sheet**

(Millions of yen)

	As of December 31, 2011	As of March 31, 2012
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and deposits	28,433	39,997
Accounts receivable - trade	10,267	9,295
Securities	33,697	14,697
Raw materials and supplies	1,101	1,113
Other	7,820	8,785
Allowance for doubtful accounts	(12)	(12)
Total current assets	81,307	73,876
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	36,461	36,633
Machinery and equipment, net	8,041	7,767
Tools, furniture and fixtures, net	4,915	4,633
Land	17,383	17,383
Lease assets, net	3,790	3,810
Construction in progress	326	522
Total property, plant and equipment	70,919	70,751
<b>Intangible assets</b>		
Goodwill	963	980
Software	7,719	6,925
Other	757	757
Total intangible assets	9,440	8,663
<b>Investments and other assets</b>		
Lease and guarantee deposits	52,118	51,460
Other	9,029	8,533
Allowance for doubtful accounts	(785)	(782)
Total investments and other assets	60,362	59,210
Total noncurrent assets	140,721	138,625
<b>Total assets</b>	<b>222,029</b>	<b>212,502</b>
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Accounts payable-trade	8,487	7,523
Accounts payable-other	19,071	15,372
Income taxes payable	6,940	3,069
Provision for bonuses	1,848	1,341
Provision for loss on disaster	189	176
Other	12,526	11,643
Total current liabilities	49,064	39,127
<b>Noncurrent liabilities</b>		
Long-term loans payable	500	500
Provision for bonuses	115	182
Provision for retirement benefits	1,727	1,740
Provision for directors' retirement benefits	192	198
Asset Retirement Obligation	4,776	4,819
Other	3,866	3,792
Total noncurrent liabilities	11,178	11,232
<b>Total liabilities</b>	<b>60,242</b>	<b>50,360</b>
<b>(Net assets)</b>		
<b>Shareholders' Equity</b>		
Capital stock	24,113	24,113
Capital surplus	42,124	42,124
Retained earnings	100,477	100,770
Treasury stock	(1)	(1)
Total shareholders' equity	166,713	167,007
<b>Accumulated other Comprehensive income</b>		
Revaluation reserve for land	(5,082)	(5,023)
Total Accumulated other Comprehensive income	(5,082)	(5,023)
<b>Minority interests</b>		
Total net assets	161,787	162,142
<b>Total liabilities and net assets</b>	<b>222,029</b>	<b>212,502</b>

**(2) Consolidated quarterly statements of income and Consolidated quarterly statements of Comprehensive income**  
**Consolidated quarterly statements of income**

(Millions of yen)

	Three months ended March 31, 2011	Three months ended March 31, 2012
<b>Net sales</b>	77,496	77,201
<b>Cost of sales</b>	60,976	60,962
<b>Gross profit</b>	16,519	16,238
<b>Selling, general and administrative expenses</b>	8,982	9,017
<b>Operating income</b>	7,537	7,221
<b>Non-operating income</b>		
Interest income	42	65
Revenue from unredeemed gift certificates	43	45
Compensation income	8	34
Insurance income	-	268
Reversal of allowance for doubtful accounts	-	3
Other	85	65
<b>Total non-operating income</b>	179	481
<b>Non-operating expenses</b>		
Interest expenses	22	24
Provision of allowance for doubtful accounts	65	-
Loss on retirement of noncurrent assets at Company-operated restaurants	268	157
Other	32	28
<b>Total non-operating expenses</b>	389	210
<b>Ordinary income</b>	7,327	7,492
<b>Extraordinary income</b>		
Compensation for transfer	56	-
<b>Total extraordinary income</b>	56	-
<b>Extraordinary loss</b>		
Loss on retirement of noncurrent assets	56	43
Loss on sales of noncurrent assets	12	1
Financial Impact from the application of Asset Retirement Obligation Accounting Standard	3,014	-
Provision for loss on disaster	378	-
Loss on disaster	488	-
<b>Total extraordinary loss</b>	3,951	44
<b>Income before income taxes</b>	3,432	7,447
<b>Income taxes</b>	1,416	3,162
<b>Income before minority interests</b>	2,015	4,284
<b>Minority interests in income</b>	(0)	2
<b>Net income</b>	2,015	4,282

**Consolidated quarterly statements of Comprehensive income**

(Millions of yen)

	Three months ended March 31, 2011	Three months ended March 31, 2012
<b>Income before minority interests</b>	2,015	4,284
<b>Comprehensive income</b>	2,015	4,284
<b>Comprehensive income attributed to:</b>		
Shareholders of McDonald's Holdings Company	2,015	4,282
Minority interests	(0)	2



(3) Notes for assumption of going concern  
None

(4) Notes for significant changes of shareholders' equity  
None