

## Consolidated Financial Results Report for the Nine Months ended September 30, 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  
 Please address all communications to: Row Imamura, Vice President, Finance Division  
 Phone: 03-6911-6000  
 Schedule of quarterly securities report submission: November 5, 2012  
 Schedule of dividends payment: -  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Information meeting for quarterly financial results to be held: Yes (for institutional investors)

### 1. Consolidated operating results (From January 1, 2012 to September 30, 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)	%
September 30, 2012	220,786	(1.1)	17,718	(17.8)	17,803	(16.2)	10,044	16.3
September 30, 2011	223,275	(9.3)	21,561	(3.0)	21,246	(2.3)	8,639	38.3

(Note) Comprehensive income September 30, 2012 10,111 mil (116.9%) September 30, 2011 8,649 mil (— %)

	Net income per share	Net income per share, fully diluted
	(Yen)	(Yen)
September 30, 2012	75.54	—
September 30, 2011	64.98	—

#### (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)	%
September 30, 2012	213,562	167,909	78.5
December 31, 2011	222,029	161,787	72.8

(Reference) Total equity September 30, 2012 167,745 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	—	0.00	—		
December 31, 2012 (Forecast)				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)	%
Annual	305,000	0.9	29,400	4.3	28,400	2.9

	Net income		Net income per share
	(Millions of yen)	%	(Yen)
Annual	16,000	20.3	120.34

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

※Note

- (1) Important changes in subsidiaries during the period  
None  
(Changes in specific subsidiaries with an adjustment of a scope of consolidation)  
Newly consolidated: — Excluded: —
- (2) Accounting procedures specific to the preparation of quarterly consolidated financial statements  
Yes (For details, please refer to page 3 of this report.)
- (3) Changes in accounting policies, changes in accounting estimations and retrospective restatements  
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	September 30, 2012	132,960,000 units	December 31, 2011	132,960,000 units
b	September 30, 2012	703 units	December 31, 2011	703 units
c	September 30, 2012	132,959,297 units	September 30, 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 have almost completed.

(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, and do not constitute guarantees of future performance. Actual results may differ from these forecasts due to various factors. For other matters relating the earnings forecasts, please refer to "(3) Qualitative information on the financial forecast" on page 3.

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## 1. Qualitative information on financial statement etc.

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

During the third quarter of this consolidated fiscal year, business environment for the Group remains challenging; IEO market (Informal Eating Out: market excluding businesses category mainly serves alcoholic beverages and school meals) contraction and shift to HMR (Home Meal Replacement: Cooked dish to take home).

In such circumstances, the Group continued to implement product strategy based on the QSC (trusted quality, speedy and friendly service, clean and comfortable environment) and restaurant development strategy opening suburban large-scale Drive-thru restaurants. As we believe "Restaurant Portfolio Optimization" and "Focus on Long Term Profitable Growth" are our biggest opportunities under current business environment, we implemented marketing strategy optimizing discount promotion and limited time offerings and introducing proven menu items. To further accelerate Restaurant Portfolio Improvement, Board of Directors made a decision to execute strategic closure of 110 restaurants at the Board of Directors Meeting on November 1, 2012. Cost for these closure will be recorded on this consolidated fiscal year. Cost required for the strategic closure is estimated to be 1.4 billion yen.

#### <Product Strategy>

The Company successfully built baseline sales through introduction of Big America series, the well-known and popular Teritama burger and Chicken Tatsuta burger, the all-new Big Chicken and World of ★★★ Mac burgers developed from McDonald's menus around the world. We implemented value strategy to gain new customers such as renewed Premium Roast Coffee sampling, carbonated drink ALL size 100yen campaign, renewal of 100yen and 120yen Mac menus including Chicken Crisp and Lettuce & Pepper burger, and the 500yen Value Set for customer value.

#### <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. We launched McCafe by Barista, where "authentic cafe's coffee" is served by dedicated Barista in July while McDelivery Service is making a steady progress. With these brand extension strategies, we accelerated to open restaurants to attract more customers.

#### <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. In addition, effective consultation on investment plan was provided to increase cash flow of franchisees.

#### <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 1 billion 458 million yen (or 0.4%) growth compared to the same period of the previous year, despite same-store sales drop of 2.2% compared to the same period of the previous year. Sales on the other hand was 220 billion 786 million yen, 2 billion 489 million yen less than the same period of the previous year. Ordinary income achieved 17 billion 803 million yen, or 3 billion 442 million yen less than same period of the previous year, due mainly to higher marketing investment compared to the previous year's lower spendings right after the East Japan Great Earthquake and investment in restaurant crews. Net income increased to 10 billion 44 million yen, up 1 billion 404 million yen, due mainly to the extraordinary loss recorded last year for the application of asset retirement obligation accounting, loss on disaster and provision for loss on disaster.

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: system-wide 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

Changes of the number of restaurants are as follows:

Classification	Previous year end	Newly opened	Closed	Classification change *Note		Current term end
				Increase	Decrease	
Company operated	1,269	23	(20)	8	(91)	1,189
Franchised	2,029	23	(27)	91	(8)	2,108
Total number of restaurants	3,298	46	(47)	99	(99)	3,297

\*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 the fluctuation in consolidated financial position

(Financial position analysis)

Total current assets were 78 billion 676 million yen on a consolidated basis at the end of the third quarter of the fiscal year, down by 2 billion 631 million yen from the end of the previous fiscal year due mainly to decrease in accounts receivable-trade by 1 billion 629 million yen.

Total noncurrent assets were 134 billion 886 million yen, down by 5 billion 835 million yen mainly due to 2 billion 697 million yen decrease for intangible noncurrent assets such as software amortization and 3 billion 202 million yen decrease due to the collection of lease and guarantee deposits.

Total current liability were 34 billion 560 million yen, down by 14 billion 503 million yen due mainly to 1 billion 547 million yen decrease in accounts payable-trade, 5 billion 410 million yen decrease in accounts payable-other, and 4 billion 612 million decrease in income taxes payable.

Total noncurrent liability were 11 billion 92 million yen, down by 85 million yen mainly due to 189 million yen decrease in asset retirement obligation.

(3) Qualitative information on the financial forecast

No changes have been made to the full year performance forecast ending December 31, 2012 which was announced on February 9, 2012.

1.4 billion yen of the cost for strategic closure of 110 restaurants, which was approved by Board of Directors Meeting as of November 1, 2012, is included in this forecast.

**2. Matters relating to Summary Information (note)**

(1) Important changes in subsidiaries during the period  
None

(2) Accounting procedures specific to the preparation of quarterly consolidated financial statements  
Calculation of taxes:

Income taxes are calculated by applying a reasonably estimated effective tax rate to income before income taxes. The estimated effective tax rate is determined by estimating the effective tax rate after applying deferred tax accounting for the fiscal year.

(3) Changes in accounting policies, changes in accounting estimations and retrospective restatements  
None

### 3. Consolidated quarterly financial statements

#### (1) Consolidated quarterly balance sheet

(Millions of yen)

	As of December 31, 2011	As of September 30, 2012
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and deposits	28,433	38,324
Accounts receivable - trade	10,267	8,637
Securities	33,697	21,697
Raw materials and supplies	1,101	1,111
Other	7,820	8,917
Allowance for doubtful accounts	(12)	(12)
Total current assets	81,307	78,676
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	36,461	36,454
Machinery and equipment, net	8,041	6,977
Tools, furniture and fixtures, net	4,915	4,030
Land	17,383	17,383
Lease assets, net	3,790	3,720
Construction in progress	326	2,418
Total property, plant and equipment	70,919	70,984
<b>Intangible assets</b>		
Goodwill	963	727
Software	7,719	5,258
Other	757	756
Total intangible assets	9,440	6,742
<b>Investments and other assets</b>		
Lease and guarantee deposits	52,118	50,341
Other	9,029	7,530
Allowance for doubtful accounts	(785)	(712)
Total investments and other assets	60,362	57,159
Total noncurrent assets	140,721	134,886
<b>Total assets</b>	<b>222,029</b>	<b>213,562</b>

(Millions of yen)

	As of December 31, 2011	As of September 30, 2012
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Accounts payable-trade	8,487	6,940
Accounts payable-other	19,071	13,661
Income taxes payable	6,940	2,328
Provision for bonuses	1,848	1,496
Provision for loss on disaster	189	189
Other	12,526	9,945
Total current liabilities	49,064	34,560
<b>Noncurrent liabilities</b>		
Long-term loans payable	500	500
Provision for bonuses	115	367
Provision for retirement benefits	1,727	1,782
Provision for directors' retirement benefits	192	195
Asset Retirement Obligation	4,776	4,587
Other	3,866	3,660
Total noncurrent liabilities	11,178	11,092
<b>Total liabilities</b>	<b>60,242</b>	<b>45,653</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	106,532
Treasury stock	(1)	(1)
Total shareholders' equity	166,713	172,769
<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>		
	155	163
Total net assets	161,787	167,909
<b>Total liabilities and net assets</b>	<b>222,029</b>	<b>213,562</b>

(2) Consolidated quarterly statements of income and consolidated quarterly statements of comprehensive income

(Millions of yen)

	Nine months ended September 30, 2011	Nine months ended September 30, 2012
<b>Net sales</b>	223,275	220,786
<b>Cost of sales</b>	176,503	176,796
<b>Gross profit</b>	46,772	43,990
<b>Selling, general and administrative expenses</b>	25,210	26,271
<b>Operating income</b>	21,561	17,718
<b>Non-operating income</b>		
Interest income	146	197
Revenue from unredeemed gift certificates	131	-
Compensation income	70	40
Insurance income	-	268
Reversal of allowance for doubtful accounts	-	20
Other	315	208
<b>Total non-operating income</b>	663	735
<b>Non-operating expenses</b>		
Interest expenses	70	73
Provision of allowance for doubtful accounts	51	-
Loss on retirement of noncurrent assets at Company-operated restaurants	713	483
Other	143	93
<b>Total non-operating expenses</b>	978	650
<b>Ordinary income</b>	21,246	17,803
<b>Extraordinary income</b>		
Compensation for transfer	57	-
<b>Total extraordinary income</b>	57	-
<b>Extraordinary loss</b>		
Loss on retirement of noncurrent assets	171	253
Financial Impact from the application of Asset Retirement Obligation Accounting Standard	3,014	-
Provision for loss on disaster	354	-
Loss on disaster	894	-
Other	22	3
<b>Total extraordinary loss</b>	4,457	257
<b>Income before income taxes</b>	16,846	17,546
<b>Income taxes</b>	8,196	7,494
<b>Income before minority interests</b>	8,649	10,052
<b>Minority interests in income</b>	9	7
<b>Net income</b>	8,639	10,044



Consolidated quarterly statements of comprehensive income

(Millions of yen)

	Nine months ended September 30, 2011	Nine months ended September 30, 2012
<b>Income before minority interests</b>	8,649	10,052
<b>Other comprehensive income</b>		
Revaluation reserve for land	-	59
<b>Total other comprehensive income</b>	-	59
<b>Comprehensive income</b>	8,649	10,111
<b>Comprehensive income attributed to:</b>		
Shareholders of McDonald's Holdings Company	8,639	10,103
Minority interests	9	7

(3) Notes for assumption of going concern

None

(4) Notes for significant changes of shareholders' equity

None

(5) Material subsequent events

McDonald's Company (Japan), Ltd, a fully owned subsidiary of McDonald's Holdings Company (Japan), Ltd., decided at a board meeting held on November 1, 2012 to strategically close 110 restaurants in fiscal year 2013.

1. Reasons for their closing

These restaurants will be closed from a perspective of restaurant size and location to maximize the Group's managerial efficiency and the brand image for higher quality of its entire restaurant network including franchised restaurants.

2. Timing of closing

The above restaurants will be closed in sequence from January 2013 as soon as necessary arrangements for their closure are completed.

3. Estimated loss on restaurant closing

The amount of the loss is not fixed because it is anticipated to change depending on negotiations on store closing terms and conditions, but we estimate the amount at around 1.4 billion yen as of the submission of the quarterly securities report.