



Fiscal Year Ended December 31, 2010 Financial Summary

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DENON Holdings, Inc.

February 10, 2011

1. Consolidated Statements of Income

Amounts below one million yen are truncated.

	Fiscal year 2009 (Jan. 1, 2009–Dec. 31, 2009)	Fiscal year 2010 (Jan. 1, 2010–Dec. 31, 2010)	Change	Percentage change (%)
Alcoholic beverages	72,850	72,817	(33)	100.0
Food products	4,894	4,671	(223)	95.4
Enzymes and pharmaceuticals	3,485	3,709	223	106.4
Bioethanol	150	830	680	552.8
Real estate and Others	1,780	1,678	(102)	94.3
Net sales	83,161	83,707	545	100.7
Cost of sales	65,816	66,360	543	100.8
Gross profit	17,345	17,347	2	100.0
Selling, general and administrative expenses	16,196	15,237	(958)	94.1
Alcoholic beverages	141	502	360	354.9
Food products	37	157	119	417.1
Enzymes and pharmaceuticals	894	928	33	103.8
Bioethanol	(564)	(241)	323	—
Real estate and Others	639	763	123	119.3
Operating income	1,148	2,110	961	183.7
Nonoperating income	322	314	(7)	97.7
Nonoperating expenses	331	409	78	123.6
Ordinary income	1,139	2,015	875	176.8
Extraordinary income	239	176	(62)	74.0
Extraordinary loss	480	208	(271)	43.5
Income before income taxes and minority interests	898	1,983	1,084	220.7
Income, residential and enterprise taxes	634	1,036	402	163.4
Interest in income (loss) in minority holdings	(11)	48	59	—
Net income	275	898	622	326.0
Net income per share (Yen)	4.22	13.74	9.52	325.6
Capital expenditures	5,246	636	(4,610)	12.1
Depreciation and amortization	3,500	3,276	(224)	93.6

2. Sales Results by Segment

Amounts below one million yen are truncated.

	Fiscal year 2009 (Jan. 1, 2009–Dec. 31, 2009)	Fiscal year 2010 (Jan. 1, 2010–Dec. 31, 2010)	Change	Percentage change (%)
<i>Shochu</i>	40,934	41,292	357	100.9
(<i>Kou</i> -type <i>shochu</i>)	16,776	16,381	(394)	97.6
(<i>Otsu</i> -type <i>shochu</i>)	24,158	24,910	752	103.1
<i>Chu-hi</i> (RTD)	6,738	6,894	155	102.3
<i>Sake</i>	8,942	8,862	(80)	99.1
<i>Sake</i> compounds	5,354	4,812	(542)	89.9
<i>Mirin</i> (sweet <i>sake</i> for cooking)	1,376	1,273	(103)	92.5
Brewing and industrial alcohol	3,648	3,914	265	107.3
Wine and spirits	5,854	5,767	(86)	98.5
Total of alcoholic beverages	72,850	72,817	(33)	100.0
Food products	4,894	4,671	(223)	95.4
Enzymes and pharmaceuticals	3,485	3,709	223	106.4
Real estate	458	414	(44)	90.3
Bioethanol	150	830	680	552.8
Others	1,321	1,264	(57)	95.6
Total	83,161	83,707	545	100.7

(Millions of yen)



3. Profit Breakdown

Amounts below one million yen are truncated.

	Increase (Decrease)	Remarks
Alcoholic beverages	360	Lower ingredient costs, due to decreased materials costs: 250 Increased transportation expenses: (200) Lower SG&A expenses, including sales promotion and advertising expenses: 800 Other impacts of product mix: (490)
Food products	119	Decrease in cost of sales offsetting significant decrease in sales of starch for processing
Enzymes and pharmaceuticals	33	Rise in gross profit, owing to higher sales of bulk pharmaceuticals (such as those for diabetes treatments)
Bioethanol	323	Sales increased. Cost of sales down due to higher utilization ratio
Real estate and others	123	Lower SG&A expenses
Operating income	961	
Nonoperating income	(7)	
Nonoperating expenses	(78)	Higher interest expenses
Ordinary income	875	
Extraordinary income	(62)	Blemished rice subsidies, etc.
Extraordinary loss	271	Previous year: Devaluation loss on inventories resulting from the application of new accounting standards, etc.
Income before income taxes and minority interests	1,084	
Income, residential and enterprise taxes	(402)	
Interest in income in minority holdings	(59)	
Net income	622	

4. Consolidated Balance Sheets

Amounts below one million yen are truncated.

	Fiscal year 2009 (As of Dec. 31, 2009)	Fiscal year 2010 (As of Dec. 31, 2010)	Change	Percentage change (%)	Remarks
(Assets)					
Cash and deposits	2,121	2,363	242	111.4	Transfer from long-term deposits
Notes and accounts receivable	22,585	22,100	(485)	97.8	Decrease in fourth-quarter sales
Inventories	9,419	8,290	(1,128)	88.0	
Deferred tax assets	948	739	(208)	78.0	
Other current assets	1,077	748	(328)	69.5	Decrease due to return of consumption taxes receivable
Allowance for doubtful accounts	(18)	(18)	0	—	
Total current assets	36,133	34,224	(1,909)	94.7	
Buildings	8,733	8,260	(473)	94.6	Decrease due to depreciation
Land	8,791	8,791	(0)	100.0	
Other tangible fixed assets	10,458	8,352	(2,106)	79.9	Decrease due to depreciation
Total tangible fixed assets	27,983	25,403	(2,579)	90.8	
Intangible fixed assets	1,290	1,297	7	100.6	
Investment securities	1,201	1,166	(35)	97.1	Downturn in market prices
Long-term prepaid expenses	189	182	(7)	96.0	
Deferred tax assets	192	240	48	125.0	
Long-term deposits	500	—	(500)	—	Transfer to deposits
Other investments and other assets	269	242	(27)	89.9	
Allowance for doubtful accounts	(7)	(12)	(4)	—	
Total investments and other assets	2,345	1,819	(526)	77.6	
Total fixed assets	31,619	28,520	(3,098)	90.2	
Total assets	67,752	62,744	(5,008)	92.6	

Amounts below one million yen are truncated.

	Fiscal year 2009 (As of Dec. 31, 2009)	Fiscal year 2010 (As of Dec. 31, 2010)	Change	Percentage change (%)	Remarks
(Liabilities)					
Notes and accounts payable	6,686	6,384	(301)	95.5	Reduced material and product purchases
Short-term debt	4,580	4,230	(350)	92.4	
Other payables	5,171	4,844	(327)	93.7	Reduction in sales rebates
Accrued liquor tax	9,588	9,466	(121)	98.7	Decline in sales
Other current liabilities	2,537	2,297	(240)	90.5	Decreases in income taxes payable and notes payable-facilities
Total current liabilities	28,563	27,223	(1,340)	95.3	
Long-term debt	14,560	10,530	(4,030)	72.3	
Other long-term liabilities	5,388	5,312	(76)	98.6	
Total long-term liabilities	19,948	15,842	(4,106)	79.4	
Total liabilities	48,512	43,065	(5,446)	88.8	
(Net assets)					
Common stock	6,946	6,946	—	100.0	
Capital surplus	5,576	5,576	(0)	100.0	
Retained earnings	4,440	4,881	440	109.9	
Treasury stock	(57)	(59)	(1)	—	
Total shareholders' equity	16,906	17,345	438	102.6	
Valuation difference of other securities	49	30	(19)	60.5	
Deferred hedging gains (losses)	7	(1)	(9)	—	
Total valuation, currency translation and other adjustments	57	28	(29)	49.2	
Minority interests	2,276	2,305	29	101.3	
Total net assets	19,240	19,679	438	102.3	
Total liabilities and net assets	67,752	62,744	(5,008)	92.6	

5. Consolidated Performance Forecast for Next Fiscal Year

Amounts below one million yen are truncated.

	Fiscal year 2010 (Jan. 1, 2010–Dec. 31, 2010)	Fiscal year 2011 (Jan. 1, 2011–Dec. 31, 2011)	Change	Percentage change (%)
Alcoholic beverages	72,817	72,525	(292)	99.6
Food products	4,671	4,870	198	104.2
Enzymes and pharmaceuticals	3,709	3,970	260	107.0
Bioethanol	830	1,020	189	122.8
Real estate and others	1,678	1,615	(63)	96.2
Net sales	83,707	84,000	292	100.3
Cost of sales	66,360	66,545	185	100.3
Gross profit	17,347	17,454	106	100.6
Selling, general and administrative expenses	15,237	15,254	17	100.1
Alcoholic beverages	502	510	7	101.5
Food products	157	50	(107)	31.7
Enzymes and pharmaceuticals	928	1,025	96	110.4
Bioethanol	(241)	(135)	106	—
Real estate and others	763	750	(13)	98.3
Operating income	2,110	2,200	89	104.2
Nonoperating income (expenses)	(95)	(99)	(4)	—
Ordinary income	2,015	2,100	84	104.2
Extraordinary income (loss)	(31)	(100)	(68)	—
Income before income taxes and minority interests	1,983	2,000	16	100.8
Income, residential and enterprise taxes	1,036	974	(61)	94.0
Interest in income in minority holdings	48	25	(23)	52.2
Net income	898	1,000	101	111.3

6. Sales Forecast for Next Fiscal Year

Amounts below one million yen are truncated.

	Fiscal year 2010 (Jan. 1, 2010–Dec. 31, 2010)	Fiscal year 2011 (Jan. 1, 2011–Dec. 31, 2011)	Change	Percentage change (%)
<i>Shochu</i>	41,292	40,369	(923)	97.8
(<i>Kou</i> -type <i>shochu</i>)	16,381	16,162	(219)	98.7
(<i>Otsu</i> -type <i>shochu</i>)	24,910	24,207	(703)	97.2
<i>Chu-hi</i> (RTD)	6,894	7,041	146	102.1
<i>Sake</i>	8,862	9,018	155	101.8
<i>Sake</i> compounds	4,812	4,705	(107)	97.8
<i>Mirin</i> (sweet <i>sake</i> for cooking)	1,273	1,214	(59)	95.4
Brewing and industrial alcohol	3,914	4,357	442	111.3
Wine and spirits	5,767	5,821	53	100.9
Total of alcoholic beverages	72,817	72,525	(292)	99.6
Food products	4,671	4,870	198	104.2
Enzymes and pharmaceuticals	3,709	3,970	260	107.0
Real estate	414	415	0	100.2
Bioethanol	830	1,020	189	122.8
Others	1,264	1,200	(64)	94.9
Total	83,707	84,000	292	100.3

(Millions of yen)

