



First Three Quarters of the Fiscal Year Ending December 31, 2010 Financial Summary

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DENON Holdings, Inc.

November 10, 2010

1. Consolidated Statements of Income

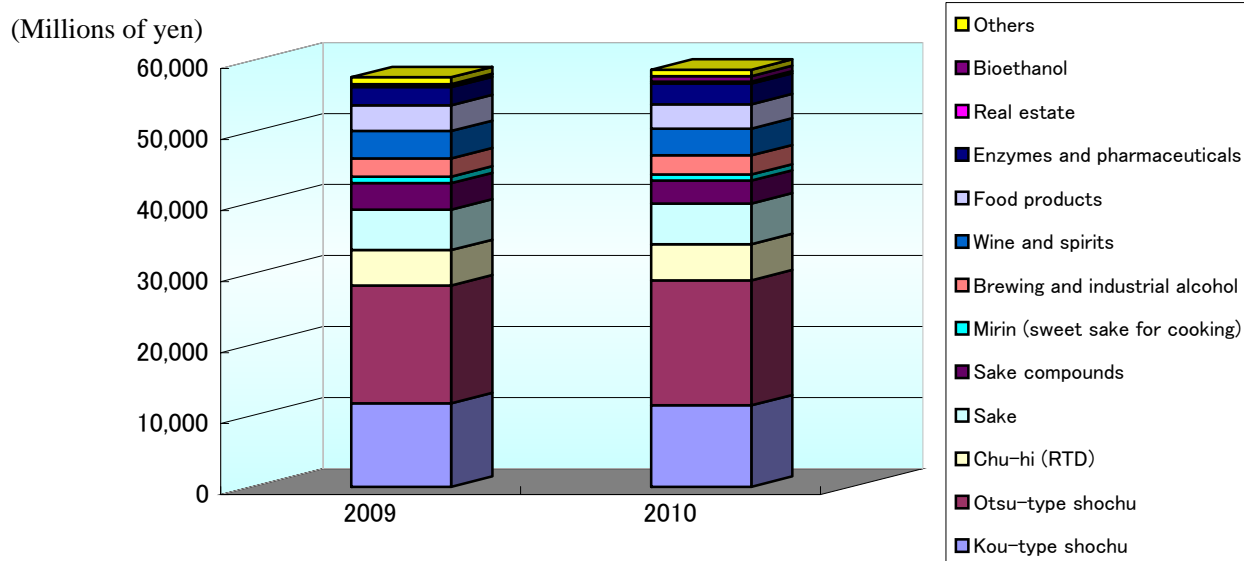
Amounts below one million yen are truncated.

	First three quarters of fiscal year 2009 (Jan. 1, 2009–Sep. 30, 2009)	First three quarters of fiscal year 2010 (Jan. 1, 2010–Sep. 30, 2010)	Change	Percentage change (%)
Alcoholic beverages	50,112	50,440	327	100.7
Food products	3,636	3,448	(188)	94.8
Enzymes and pharmaceuticals	2,535	2,892	357	114.1
Bioethanol	78	747	669	956.5
Real estate and Others	1,322	1,230	(92)	93.0
Net sales	57,685	58,759	1,073	101.9
Cost of sales	46,261	46,871	609	101.3
Gross profit	11,423	11,888	464	104.1
Selling, general and administrative expenses	11,389	10,785	(604)	94.7
Alcoholic beverages	(567)	(235)	331	—
Food products	(30)	97	127	—
Enzymes and pharmaceuticals	649	722	72	111.2
Bioethanol	(457)	(65)	391	—
Real estate and Others	439	585	145	133.1
Operating income	34	1,103	1,068	3,235.1
Nonoperating income	245	233	(12)	94.9
Nonoperating expenses	229	313	84	136.8
Ordinary income	50	1,022	971	2,026.6
Extraordinary income	117	137	19	117.0
Extraordinary loss	289	186	(103)	64.3
Income (loss) before income taxes and minority interests	(121)	973	1,095	—
Income, residential and enterprise taxes	170	613	442	359.1
Interest in income (loss) in minority holdings	(24)	16	40	—
Net income (loss)	(268)	343	612	—
Net income (loss) per share (Yen)	(4.10)	5.26	9.36	—
Depreciation and amortization	2,495	2,441	(53)	97.9

2. Sales Results by Segment

Amounts below one million yen are truncated.

	First three quarters of fiscal year 2009 (Jan. 1, 2009–Sep. 30, 2009)	First three quarters of fiscal year 2010 (Jan. 1, 2010–Sep. 30, 2010)	Change	Percentage change (%)
<i>Shochu</i>	28,345	29,071	725	102.6
(<i>Kou</i> -type <i>shochu</i>)	11,760	11,469	(291)	97.5
(<i>Otsu</i> -type <i>shochu</i>)	16,584	17,601	1,017	106.1
<i>Chu-hi</i> (RTD)	4,990	5,112	122	102.5
<i>Sake</i>	5,709	5,708	(1)	100.0
<i>Sake</i> compounds	3,716	3,233	(483)	87.0
<i>Mirin</i> (sweet <i>sake</i> for cooking)	912	851	(61)	93.3
Brewing and industrial alcohol	2,578	2,701	123	104.8
Wine and spirits	3,860	3,761	(98)	97.5
Total of alcoholic beverages	50,112	50,440	327	100.7
Food products	3,636	3,448	(188)	94.8
Enzymes and pharmaceuticals	2,535	2,892	357	114.1
Real estate	354	310	(44)	87.6
Bioethanol	78	747	669	956.5
Others	967	919	(48)	95.0
Total	57,685	58,759	1,073	101.9



3. Profit Breakdown

Amounts below one million yen are truncated.

	Increase (Decrease)	Remarks
Alcoholic beverages	331	Higher gross profit owing to increased sales: 60 Lower ingredient costs, due to decreased materials costs: 340 Depreciation and amortization related to the Tomakomai factories (70) Increased transportation expenses: (180) Lower advertising, sales promotion and other SG&A expenses: 430 Other impacts of product mix: (249)
Food products	127	Decrease in cost of sales offsetting significant decrease in sales of starch for processing
Enzymes and pharmaceuticals	72	Rise in gross profit, owing to higher sales of bulk pharmaceuticals (such as those for diabetes treatments)
Bioethanol	391	Sales increased. Cost of sales down due to higher utilization ratio
Real estate and others	145	Lower rental costs and SG&A expenses
Operating income	1,068	
Nonoperating income	(12)	
Nonoperating expenses	(84)	Higher interest expenses
Ordinary income	971	
Extraordinary income	19	Blemished rice subsidies, etc.
Extraordinary loss	103	Previous year: Devaluation loss on inventories resulting from the application of new accounting standards, etc.
Income before income taxes and minority interests	1,095	
Income, residential and enterprise taxes	(442)	
Interest in income in minority holdings	(40)	
Net income	612	

4. Consolidated Balance Sheets

Amounts below one million yen are truncated.

	Fiscal year 2009 (As of Dec. 31, 2009)	First three quarters of fiscal year 2010 (As of Sep. 30, 2010)	Change	Percentage change (%)	Remarks
(Assets)					
Cash and deposits	2,121	2,822	701	133.1	Transfer from long-term deposits
Notes and accounts receivable	22,585	13,958	(8,627)	61.8	Lower sales due to seasonal factors
Inventories	9,419	9,403	(16)	99.8	
Deferred tax assets	948	803	(145)	84.7	
Other current assets	1,077	797	(280)	74.0	Decrease due to return of consumption taxes receivable
Allowance for doubtful accounts	(18)	(10)	8	—	
Total current assets	36,133	27,774	(8,358)	76.9	
Buildings	8,733	8,329	(403)	95.4	Decrease due to depreciation and amortization
Land	8,791	8,791	—	100.0	
Other tangible fixed assets	10,458	8,807	(1,651)	84.2	Decrease due to depreciation and amortization on machinery, equipment, etc.
Total tangible fixed assets	27,983	25,928	(2,055)	92.7	
Intangible fixed assets	1,290	1,317	27	102.1	
Investment securities	1,201	1,142	(59)	95.1	Downturn in market prices
Long-term prepaid expenses	189	171	(18)	90.2	
Deferred tax assets	192	251	59	130.8	
Long-term deposits	500	—	(500)	—	Transfer to deposits
Other investments and other assets	269	233	(36)	86.6	
Allowance for doubtful accounts	(7)	(6)	1	—	
Total investments and other assets	2,345	1,792	(553)	76.4	
Total fixed assets	31,619	29,038	(2,580)	91.8	
Total assets	67,752	56,813	(10,939)	83.9	

Amounts below one million yen are truncated.

	Fiscal year 2009 (As of Dec. 31, 2009)	First three quarters of fiscal year 2010 (As of Sep. 30, 2010)	Change	Percentage change (%)	Remarks
(Liabilities)					
Notes and accounts payable	6,686	5,224	(1,462)	78.1	Lower sales due to seasonal factors
Short-term debt	4,580	6,430	1,850	140.4	Transfer from long-term debt
Other payables	5,171	3,420	(1,751)	66.1	Lower sales due to seasonal factors
Accrued liquor tax	9,588	5,049	(4,538)	52.7	Lower sales due to seasonal factors
Other current liabilities	2,537	1,618	(919)	63.8	Decreases in accrued enterprise and consumption taxes
Total current liabilities	28,563	21,742	(6,821)	76.1	
Long-term debt	14,560	10,537	(4,022)	72.4	Transfer to short-term debt
Other long-term liabilities	5,388	5,456	67	101.3	
Total long-term liabilities	19,948	15,994	(3,954)	80.2	
Total liabilities	48,512	37,736	(10,776)	77.8	
(Net assets)					
Common stock	6,946	6,946	—	100.0	
Capital surplus	5,576	5,576	(0)	100.0	
Retained earnings	4,440	4,327	(113)	97.4	
Treasury stock	(57)	(58)	(1)	—	
Total shareholders' equity	16,906	16,791	(114)	99.3	
Valuation difference of other securities	49	13	(36)	26.3	
Deferred hedging gains (losses)	7	(1)	(9)	—	
Total valuation, currency translation and other adjustments	57	11	(46)	19.6	
Minority interests	2,276	2,274	(2)	99.9	
Total net assets	19,240	19,077	(163)	99.2	
Total liabilities and net assets	67,752	56,813	(10,939)	83.9	

5. Consolidated Performance Forecast for Next Fiscal Year

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	72,381	(469)	99.4
Food products	4,894	4,733	(161)	96.7
Enzymes and pharmaceuticals	3,485	3,636	150	104.3
Bioethanol	150	871	721	580.2
Real estate and others	1,780	1,677	(103)	94.2
Net sales	83,161	83,300	138	100.2
Cost of sales	65,816	66,103	286	100.4
Gross profit	17,345	17,196	(148)	99.1
Selling, general and administrative expenses	16,196	15,496	(699)	95.7
Alcoholic beverages	141	160	18	113.0
Food products	37	150	112	396.9
Enzymes and pharmaceuticals	894	850	(44)	95.0
Bioethanol	(564)	(180)	384	—
Real estate and others	639	720	80	112.6
Operating income	1,148	1,700	551	148.0
Nonoperating income (expenses)	(9)	(100)	(90)	—
Ordinary income	1,139	1,600	460	140.4
Extraordinary income (loss)	(241)	(35)	205	—
Income before income taxes and minority interests	898	1,564	666	174.2
Income, residential and enterprise taxes	634	939	305	148.2
Interest in income (loss) in minority holdings	(11)	44	56	—
Net income	275	580	304	210.5

6. Sales Forecast for Next Fiscal Year

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	41,026	91	100.2
(<i>Kou</i> -type <i>shochu</i>)	16,776	16,495	(280)	98.3
(<i>Otsu</i> -type <i>shochu</i>)	24,158	24,530	372	101.5
<i>Chu-hi</i> (RTD)	6,738	6,980	241	103.6
<i>Sake</i>	8,942	8,858	(84)	99.1
<i>Sake</i> compounds	5,354	4,708	(645)	87.9
<i>Mirin</i> (sweet <i>sake</i> for cooking)	1,376	1,279	(97)	92.9
Brewing and industrial alcohol	3,648	3,765	116	103.2
Wine and spirits	5,854	5,762	(91)	98.4
Total of alcoholic beverages	72,850	72,381	(469)	99.4
Food products	4,894	4,733	(161)	96.7
Enzymes and pharmaceuticals	3,485	3,636	150	104.3
Real estate	458	414	(44)	90.2
Bioethanol	150	871	721	580.2
Others	1,321	1,262	(58)	95.6
Total	83,161	83,300	138	100.2

(Millions of yen)

