



First Three Quarters of the Fiscal Year Ending December 31, 2011 Financial Summary

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denon Holdings, Inc.

November 11, 2011

1. Consolidated Statements of Income

Amounts below one million yen are truncated.

	First three quarters of fiscal year 2010 (Jan. 1, 2010–Sep. 30, 2010)	First three quarters of fiscal year 2011 (Jan. 1, 2011–Sep. 30, 2011)	Change	Percentage change (%)
Alcoholic beverages	51,974	51,588	(385)	99.3
Starch for food processing	2,782	2,954	172	106.2
Enzymes and pharmaceuticals	2,892	2,471	(421)	85.4
Bioethanol	747	953	206	127.7
Real estate and Others	362	355	(7)	98.0
Net sales	58,759	58,324	(435)	99.3
Cost of sales	46,871	46,888	17	100.0
Gross profit	11,888	11,435	(452)	96.2
Selling, general and administrative expenses	10,785	10,004	(780)	92.8
Alcoholic beverages	76	383	306	500.8
Starch for food processing	126	145	18	114.6
Enzymes and pharmaceuticals	741	501	(239)	67.7
Bioethanol	(65)	176	241	—
Real estate and Others	224	223	(0)	99.9
Operating income	1,103	1,430	327	129.7
Nonoperating income	233	231	(1)	99.2
Nonoperating expenses	313	273	(40)	87.2
Ordinary income	1,022	1,388	365	135.8
Extraordinary income	137	22	(115)	16.0
Extraordinary loss	186	633	446	339.8
Income before income taxes and minority interests	973	777	(196)	79.8
Income, residential and enterprise taxes	613	412	(201)	67.2
Interest in income in minority holdings	16	44	28	273.6
Net income	343	320	(23)	93.2
Net income per share (Yen)	5.26	4.91	(0.35)	93.3
Depreciation and amortization	2,441	2,057	(384)	84.3

2. Sales Results by Segment

Amounts below one million yen are truncated.

	First three quarters of fiscal year 2010 (Jan. 1, 2010–Sep. 30, 2010)	First three quarters of fiscal year 2011 (Jan. 1, 2011–Sep. 30, 2011)	Change	Percentage change (%)
<i>Shochu</i>	29,071	28,159	(911)	96.9
(<i>Kou</i> -type <i>shochu</i>)	11,469	11,223	(245)	97.9
(<i>Otsu</i> -type <i>shochu</i>)	17,601	16,935	(666)	96.2
<i>Chu-hi</i> (RTD)	5,112	5,648	535	110.5
<i>Sake</i>	5,708	5,403	(305)	94.7
<i>Sake</i> compounds	3,233	3,002	(230)	92.9
<i>Mirin</i> (sweet <i>sake</i> for cooking)	851	702	(148)	82.6
Brewing and industrial alcohol	2,701	3,573	872	132.3
Wine and spirits	3,761	3,867	105	102.8
Others	1,533	1,231	(302)	80.3
Total of alcoholic beverages	51,974	51,588	(385)	99.3
Starch for food processing	2,782	2,954	172	106.2
Enzymes and pharmaceuticals	2,892	2,471	(421)	85.4
Real estate	310	308	(2)	99.3
Bioethanol	747	953	206	127.7
Others	52	47	(4)	90.5
Total	58,759	58,324	(435)	99.3

3. Profit Breakdown

Amounts below one million yen are truncated.

	Increase (Decrease)	Remarks
Alcoholic beverages	306	Lower SG&A expenses, including sales promotion expenses: 780 Decrease in depreciation and amortization related to the Tomakomai factory: 110 Higher ingredient costs, due to increased materials costs: (550) Revision of other transaction conditions and other impacts of product mix: (34)
Starch for food processing	18	Increase, owing to higher sales
Enzymes and pharmaceuticals	(239)	Decrease in profit due to lower active pharmaceutical ingredients sales and foreign currency exchange rates on exports
Bioethanol	241	Increase in profit due to higher sales and lower production costs, including depreciation and amortization
Real estate and others	(0)	
Operating income	327	
Nonoperating income	(1)	
Nonoperating expenses	40	Lower interest expenses
Ordinary income	365	
Extraordinary income	(115)	Previous year: Blemished rice subsidies and proceeds from allotment of shares
Extraordinary loss	(446)	Losses due to the Great East Japan Earthquake, impact of changes in the accounting standards for asset retirement obligations
Income (loss) before income taxes and minority interests	(196)	
Income, residential and enterprise taxes	201	
Interest in income in minority holdings	(28)	
Net income (loss)	(23)	

4. Consolidated Balance Sheets

Amounts below one million yen are truncated.

	Fiscal year 2010 (As of Dec. 31, 2010)	First three quarters of fiscal year 2011 (As of Sep. 30, 2011)	Change	Percentage change (%)	Remarks
(Assets)					
Cash and deposits	2,363	1,714	(649)	72.5	
Notes and accounts receivable	22,100	14,169	(7,930)	64.1	Lower sales due to seasonal factors
Inventories	8,290	9,249	958	111.6	
Deferred tax assets	739	693	(45)	93.9	
Other current assets	748	778	29	104.0	
Allowance for doubtful accounts	(18)	(13)	4	—	
Total current assets	34,224	26,591	(7,632)	77.7	
Buildings	8,260	7,914	(345)	95.8	Decrease due to depreciation
Land	8,791	8,835	44	100.5	
Other tangible fixed assets	8,352	7,267	(1,084)	87.0	Decrease due to depreciation
Total tangible fixed assets	25,403	24,018	(1,385)	94.5	
Intangible fixed assets	1,297	1,201	(96)	92.6	
Investment securities	1,166	1,095	(70)	93.9	Downturn in market prices
Long-term prepaid expenses	182	163	(18)	89.8	
Deferred tax assets	240	337	97	140.6	Increase in provision for retirement benefits
Other investments and other assets	242	238	(4)	98.2	
Allowance for doubtful accounts	(12)	(12)	0	—	
Total investments and other assets	1,819	1,823	3	100.2	
Total fixed assets	28,520	27,042	(1,477)	94.8	
Total assets	62,744	53,634	(9,110)	85.5	

Amounts below one million yen are truncated.

	Fiscal year 2010 (As of Dec. 31, 2010)	First three quarters of fiscal year 2011 (As of Sep. 30, 2011)	Change	Percentage change (%)	Remarks
(Liabilities)					
Notes and accounts payable	6,384	5,358	(1,025)	83.9	Lower sales due to seasonal factors
Short-term debt	4,230	3,740	(490)	88.4	
Other payables	4,844	3,315	(1,529)	68.4	Lower sales due to seasonal factors
Accrued liquor tax	9,466	5,005	(4,461)	52.9	Lower sales due to seasonal factors
Other current liabilities	2,297	1,442	(855)	62.8	Decreases in accrued enterprise and consumption taxes
Total current liabilities	27,223	18,861	(8,361)	69.3	
Long-term debt	10,530	9,847	(682)	93.5	
Other long-term liabilities	5,312	5,434	122	102.3	
Total long-term liabilities	15,842	15,282	(560)	96.5	
Total liabilities	43,065	34,144	(8,921)	79.3	
(Net assets)					
Common stock	6,946	6,946	—	100.0	
Capital surplus	5,576	5,576	—	100.0	
Retained earnings	4,881	4,744	(136)	97.2	
Treasury stock	(59)	(75)	(15)	—	
Total shareholders' equity	17,345	17,192	(152)	99.1	
Valuation difference of other securities	30	(18)	(48)	—	
Deferred hedging gains (losses)	(1)	(7)	(5)	—	
Total valuation, currency translation and other adjustments	28	(25)	(53)	—	
Minority interests	2,305	2,323	17	100.8	
Total net assets	19,679	19,490	(188)	99.0	
Total liabilities and net assets	62,744	53,634	(9,110)	85.5	

5. Consolidated Performance Forecast for FY2011

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	74,972	74,902	(69)	99.9
Starch for food processing	3,711	3,911	199	105.4
Enzymes and pharmaceuticals	3,709	3,382	(327)	91.2
Bioethanol	830	1,318	488	158.7
Real estate and others	483	484	1	100.3
Net sales	83,707	84,000	292	100.3
Cost of sales	66,360	67,495	1,135	101.7
Gross profit	17,347	16,504	(843)	95.1
Selling, general and administrative expenses	15,237	14,304	(932)	93.9
Alcoholic beverages	962	847	(114)	88.1
Starch for food processing	168	169	0	100.2
Enzymes and pharmaceuticals	956	742	(213)	77.7
Bioethanol	(241)	169	411	—
Real estate and others	264	271	6	102.5
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)	(650)	(618)	—
Income before income taxes and minority interests	1,983	1,450	(533)	73.1
Income, residential and enterprise taxes	1,036	675	(361)	65.1
Interest in income in minority holdings	48	24	(23)	51.4
Net income	898	750	(148)	83.5

6. Sales Forecast for FY2011

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	40,384	(908)	97.8
(<i>Kou</i> -type <i>shochu</i>)	16,381	16,067	(314)	98.1
(<i>Otsu</i> -type <i>shochu</i>)	24,910	24,317	(593)	97.6
<i>Chu-hi</i> (RTD)	6,894	7,743	849	112.3
<i>Sake</i>	8,862	8,524	(338)	96.2
<i>Sake</i> compounds	4,812	4,535	(277)	94.2
<i>Mirin</i> (sweet <i>sake</i> for cooking)	1,273	1,074	(199)	84.4
Brewing and industrial alcohol	3,914	4,802	887	122.7
Wine and spirits	5,767	6,101	333	105.8
Others	2,155	1,738	(416)	80.7
Total of alcoholic beverages	74,972	74,902	(69)	99.9
Starch for food processing	3,711	3,911	199	105.4
Enzymes and pharmaceuticals	3,709	3,382	(327)	91.2
Real estate	414	415	0	100.2
Bioethanol	830	1,318	488	158.7
Others	68	69	0	101.3
Total	83,707	84,000	292	100.3