

Summary Report of Consolidated Financial Results

For the Third Quarter Ended March 31, 2014

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

Don Quijote Holdings Co., Ltd.

Securities Code No.: 7532
 Shares Listed: Tokyo Stock Exchange
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 Representative: Takao Yasuda, Chairman and President, Representative Director
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(Amounts in million yen are rounded off to the nearest million)

1. Overview of Business Results and Financial Position for the third quarter of fiscal 2014 (From July 1, 2013 to March 31, 2014)

(1) Results of Business Operations

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Ordinary Income	Change (%)
Nine Months Ended March 31, 2014	461,776	7.9	28,938	10.7	29,816	11.6
Nine Months Ended March 31, 2013	428,070	4.8	26,138	12.3	26,728	17.1

(Note) Comprehensive income: 21,793 million yen [12.5%] (FY 2014.6 3Q), 19,363 million yen [18.1%] (FY 2013.6 3Q)

	Net Income	Change (%)	Net Income Per Share (Yen)	Net Income Per Share-fully diluted (Yen)
Nine Months Ended March 31, 2014	18,764	14.9	240.25	238.79
Nine Months Ended March 31, 2013	16,333	2.7	211.58	211.08

(2) Financial Position

(Millions of yen, except per-share data)

	Total Assets	Net assets	Ratio of Shareholders' Equity to Total Assets (%)
As of March 31, 2014	431,338	190,170	42.9
As of June 30, 2013	386,622	170,178	43.0

(Reference) Equity: 184,977 million yen (as of March 31, 2014), 166,344 million yen (as of June 30, 2013)

2. Dividends

	Yen				
	Three Months Ended September 30	Six Months Ended December 31	Nine Months Ended March 31	Year Ended June 30	Total
Year Ended June 30, 2013	—	10.00	—	23.00	33.00
Year Ending June 30, 2014	—	10.00	—		
Year Ending June 30, 2014 (Forecast)				23.00	33.00

(Note) Revision to the dividend forecast in the third quarter of fiscal 2014: None

3. Consolidated Business Forecast : For the year ending June 30, 2014 (From July 1, 2013 to June 30, 2014)

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Ordinary Income	Change (%)	Net Income	Change (%)	Net Income per Share (Yen)
Year Ending June 30, 2014	605,000	6.4	34,200	5.7	35,000	5.4	22,200	5.0	283.36

(Note) Revision to the business forecast in the third quarter of fiscal 2014: Yes

4. Others

- (1) Significant changes in the scope of consolidation: None
- (2) Simplified accounting methods and special accounting methods for preparation of the quarterly consolidated financial statements: None
- (3) Changes in accounting policies concerning preparation of quarterly consolidated financial statements
- ① Changes in line with revision to accounting standards: None
 - ② Other changes: None
 - ③ Changes in accounting estimates: None
 - ④ Restatement: None
- (4) Number of outstanding shares (Common stock)
- | | | |
|--|----------------|-------------------|
| ① Number of outstanding shares (Treasury stock included) | March 31, 2014 | 78,347,780 shares |
| | June 30, 2013 | 77,863,880 shares |
| ② Number of treasury stock | March 31, 2014 | 1,244 shares |
| | June 30, 2013 | 1,244 shares |
| ③ Average number of outstanding shares during the period | March 31, 2014 | 78,100,953 shares |
| | March 31, 2013 | 77,197,732 shares |

※Implementation Status of Financial Audit

Financial Audit based on Financial Instrument and Exchange Act for the third quarter ended March 31, 2014 is in progress.

※Explanation regarding the appropriate use of forecasts of business results

The financial forecasts of business results are based on judgments and estimates that have been made using currently available information. By nature, such financial forecasts are subject to uncertainties and risks. Therefore, actual results might be significantly different from the aforementioned forecasts for a variety of reasons, including changes in economic environments related to our business, market trends and exchange rates.

Consolidated Quarterly Balance Sheets

	(Millions of yen)	
	As of March 31, 2014	As of June 30, 2013
	Amount	Amount
Assets		
Current assets		
Cash and deposits	¥49,620	¥31,698
Notes and Accounts receivable-trade	8,469	5,371
Purchased receivables	5,317	6,738
Merchandise	86,617	85,997
Other	16,199	13,625
Allowance for doubtful accounts	(54)	(38)
Total current assets	166,168	143,391
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	74,876	66,097
Tools, furniture and fixtures, net	12,404	11,008
Land	115,085	107,905
Other, net	2,940	1,084
Total property, plant and equipment	205,305	186,094
Intangible assets		
Goodwill	5,984	4,640
Other	8,968	7,334
Total intangible assets	14,952	11,974
Investments and other assets		
Investment securities	4,557	5,137
Lease and guarantee deposits	31,009	31,762
Other	11,122	10,680
Allowance for doubtful accounts	(1,775)	(2,416)
Total investments and other assets	44,913	45,163
Total noncurrent assets	265,170	243,231
Total assets	¥431,338	¥386,622

	As of March 31, 2014 Amount	(Millions of yen) As of June 30, 2013 Amount
Liabilities		
Current liabilities		
Accounts payable-trade	¥57,402	¥48,036
Short-term loans payable	19,269	14,286
Current portion of long-term loans payable	11,734	11,726
Current portion of bonds	6,380	20,130
Current portion of convertible bonds	—	350
Payables under fluidity lease receivables	4,296	—
Income taxes payable	6,193	6,746
Provision for point card certificates	257	221
Other	18,931	19,675
Total current liabilities	124,462	121,170
Noncurrent liabilities		
Bonds payable	44,500	48,640
Long-term loans payable	31,949	31,374
Long-term payables under fluidity lease receivables	25,294	—
Derivatives liabilities	48	65
Provision for directors' retirement benefits	355	337
Asset retirement obligations	3,254	2,521
Negative goodwill	653	964
Other	10,653	11,373
Total noncurrent liabilities	116,706	95,274
Total liabilities	241,168	216,444
Net assets		
Shareholders' equity		
Capital stock	21,298	20,613
Capital surplus	24,101	23,416
Retained earnings	139,399	123,207
Treasury stock	(3)	(3)
Total shareholders' equity	184,795	167,233
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	609	736
Foreign currency translation adjustment	(427)	(1,625)
Total accumulated other comprehensive income	182	(889)
Minority interests	5,193	3,834
Total net assets	190,170	170,178
Total liabilities and net assets	¥431,338	¥386,622

Consolidated Quarterly Statements of Income

(Millions of yen)

	Nine months ended March 31, 2014	Nine months ended March 31, 2013
	Amount	Amount
Net sales	¥461,776	¥428,070
Cost of sales	340,074	314,996
Gross profit	121,702	113,074
Selling, general and administrative expenses	92,764	86,936
Operating income	28,938	26,138
Non-operating income		
Interest and dividends income	403	423
Amortization of negative goodwill	311	500
Other	1,345	1,127
Total non-operating income	2,059	2,050
Non-operating expenses		
Interest expenses	847	1,131
Other	334	329
Total non-operating expenses	1,181	1,460
Ordinary income	29,816	26,728
Extraordinary income		
Gain on sales of noncurrent assets	214	3
Litigation settlement	22	37
Other	142	41
Total extraordinary income	378	81
Extraordinary loss		
Loss on sales of noncurrent assets	—	125
Loss on retirement of noncurrent assets	325	102
Loss on closing of stores	205	130
Impairment loss	19	24
Other	157	146
Total extraordinary losses	706	527
Income before income taxes and minority interests	29,488	26,282
Income taxes - Current	11,089	9,169
Income taxes - Deferred	(2,321)	30
Total income taxes	8,768	9,199
Income before minority interests	20,720	17,083
Minority interests in income	1,956	750
Net income	¥18,764	¥16,333

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Nine months ended March 31, 2014	Nine months ended March 31, 2013
	Amount	Amount
Income before minority interests	¥20,720	¥17,083
Other comprehensive income		
Valuation difference on available-for-sale securities	(125)	1,768
Foreign currency translation adjustment	1,198	512
Total other comprehensive income	1,073	2,280
Comprehensive income	¥21,793	¥19,363
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	¥19,836	¥18,605
Comprehensive income attributable to minority interests	1,957	758

Consolidated Quarterly Statements of Cash Flows

	(Millions of yen)	
	Nine months ended March 31, 2014	Nine months ended March 31, 2013
	Amount	Amount
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	¥29,488	¥26,282
Depreciation and amortization	8,264	8,132
Impairment loss	19	24
Amortization of negative goodwill	(311)	(500)
Decrease in provision	(195)	(127)
Interest and dividends income	(403)	(423)
Interest expenses	847	1,131
Increase in notes and accounts receivable-trade	(1,567)	(284)
Decrease (increase) in inventories	815	(1,003)
Increase in notes and accounts payable-trade	8,631	2,618
Other, net	(4,188)	3,337
Sub total	41,400	39,187
Interest and dividends income received	306	311
Interest expenses paid	(985)	(1,289)
Payments for loss on disaster	—	(168)
Income taxes paid	(11,795)	(10,249)
Net cash provided by operating activities	28,926	27,792
Net cash provided by (used in) investing activities:		
Proceeds from withdrawal of time deposits	7	6,167
Purchase of property, plant and equipment	(23,446)	(25,409)
Proceeds from sales of property, plant and equipment	1,945	720
Purchase of intangible assets	(1,890)	(287)
Payments for lease and guarantee deposits	(831)	(970)
Proceeds from collection of lease and guarantee deposits	735	581
Payment for store opening in progress	(458)	(284)
Proceeds from sales of investment securities	423	15
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(2,507)	—
Payments of loans receivable	(1,133)	(104)
Other, net	276	(556)
Net cash used in investing activities	(26,879)	(20,127)
Net cash provided by (used in) financing activities:		
Net increase in short-term loans payable	4,631	10,121
Proceeds from long-term loans payable	20,500	11,500
Repayment of long-term loans payable	(21,009)	(10,733)
Proceeds from issuance of bonds	1,960	21,590
Redemption of bonds	(19,890)	(23,319)
Redemption of convertible bonds	(350)	—
Proceeds from fluidity of lease receivables	30,869	—
Repayments of payables under fluidity lease receivables	(1,525)	—
Proceeds from issuance of common stock	1,370	607
Cash dividends paid	(2,573)	(2,392)
Cash dividends paid to minority shareholders	(552)	(630)
Other, net	(73)	(22)
Net cash provided by financing activities	13,358	6,722
Effect of exchange rate change on cash and cash equivalents	562	324
Net increase in cash and cash equivalents	15,967	14,711
Cash and cash equivalents at beginning of period	36,132	29,973
Increase in cash and cash equivalents from newly consolidated subsidiary	—	1
Cash and cash equivalents at end of period	¥52,099	¥44,685

Segment Information

For the third quarter ended March 31, 2014

1. Information concerning sales and income by reporting segment

(Millions of yen)

	Reporting segment			Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Retail Business	Rent business	Sub Total				
Sales, Segment income							
Sales							
Sales to third parties	¥445,154	¥12,599	¥457,753	¥4,023	¥461,776	¥-	¥461,776
Intersegment sales	-	4,462	4,462	2,949	7,411	(7,411)	-
Total	445,154	17,061	462,215	6,972	469,187	(7,411)	461,776
Segment income	¥23,094	¥5,223	¥28,317	¥2,501	¥30,818	¥(1,880)	¥28,938

Notes

1. The other businesses segment includes the services of real estate business, marketing business and financial service business that are not included in other reporting segments.

2. The ¥ (1,880) million adjustment to segment income is an intersegment elimination.

3. Segment income is adjusted to the quarterly consolidated operating income.

2. Information concerning impairment loss of fixed assets or goodwill by reporting segment

In the retail segment, the increase of goodwill resulting from the acquisition of MARUKAI CORPORATION was ¥1,533 million in the nine months ended March 31, 2014.

The amount of goodwill is provisionally recognized based on reasonable information available at that point of time.

For the third quarter ended March 31, 2013

1. Information concerning sales and income by reporting segment

(Millions of yen)

	Reporting segment			Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Retail Business	Rent business	Sub Total				
Sales, Segment income							
Sales							
Sales to third parties	¥412,031	¥12,230	¥424,261	¥3,809	¥428,070	¥-	¥428,070
Intersegment sales	2	2,024	2,026	2,776	4,802	(4,802)	-
Total	412,033	14,254	426,287	6,585	432,872	(4,802)	428,070
Segment income	¥20,371	¥4,004	¥24,375	¥1,714	¥26,089	¥49	¥26,138

Notes

1. The other businesses segment includes the services of real estate business, marketing business, cellular phones sales business and financial service business that are not included in other reporting segments.

2. The ¥ 49 million adjustment to segment income is an intersegment elimination.

3. Segment income is adjusted to the quarterly consolidated operating income.

2. Information concerning impairment loss of fixed assets or goodwill by reporting segment

Not applicable