

Summary Report of Consolidated Financial Results For the First Quarter Ended September 30, 2016

(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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(Amounts in million yen are rounded off to the nearest million)

1. Overview of Business Results and Financial Position for the first quarter of fiscal 2017 (From July 1, 2016 to September 30, 2016)

(1) Results of Business Operations

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Ordinary Income	Change (%)
Three Months Ended September 30, 2016	201,327	7.9	12,532	10.9	12,788	10.5
Three Months Ended September 30, 2015	186,642	13.9	11,296	8.0	11,578	7.0

(Note) Comprehensive income: 8,092 million yen [5.8%] (FY 2017.6 1Q), 7,648 million yen [10.3%] (FY 2016.6 1Q)

	Profit Attributable to Owners of Parent	Change (%)	Net Income Per Share (Yen)	Net Income Per Share-fully diluted (Yen)
Three Months Ended September 30, 2016	8,127	25.4	51.40	51.37
Three Months Ended September 30, 2015	6,482	5.6	41.02	40.98

(2) Financial Position

(Millions of yen, except per-share data)

	Total Assets	Net assets	Ratio of Shareholders' Equity to Total Assets (%)
As of September 30, 2016	594,782	254,573	40.0
June 30, 2016	560,568	244,547	41.3

(Reference) Equity: 237,898 million yen (as of September 30, 2016), 231,528 million yen (as of June 30, 2016)

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, 2016	—	5.00	—	17.00	22.00
Year Ending June 30, 2017	—				
Year Ending June 30, 2017 (Forecast)		5.00	—	18.00	23.00

(Note) Revision to the dividend forecast in the first quarter of fiscal 2017: None

3. Consolidated Business Forecast : For the year ending June 30, 2017 (From July 1, 2016 to June 30, 2017)

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Ordinary Income	Change (%)	Profit Attributable to Owners of Parent	Change (%)	Net Income per Share (Yen)
Six Months Ending December 31, 2016	415,000	7.9	26,000	1.7	26,200	1.3	16,000	12.4	101.18
Year Ending June 30, 2017	820,000	8.0	45,000	4.2	45,500	3.9	26,800	7.5	169.48

(Note) Revision to the business forecast in the first quarter of fiscal 2017: Yes

4. Others

(1) Significant changes in the scope of consolidation: None

Newly consolidated: — Excluded:—

(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: Yes

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)	September 30, 2016	158,135,560 shares
	June 30, 2016	158,118,160 shares
② Number of treasury stock	September 30, 2016	4,633 shares
	June 30, 2016	4,633 shares
③ Average number of outstanding shares during the period	September 30, 2016	158,118,281 shares
	September 30, 2015	157,991,966 shares

(5) Changes in accounting policies

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

The Company adopted the “Implementation Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan (ASBJ) Accounting Statement No. 26 of March 28, 2016; hereinafter called the “Implementation Guidance on Recoverability”) from the first quarter of the fiscal year under review and revised part of its accounting treatment for recoverability of deferred tax assets.

As for application of the Implementation Guidance on Recoverability, the Company followed the transitional treatment stipulated in paragraph 49 (4) of the Implementation Guidance on Recoverability.

The differences between the amount of deferred tax assets and deferred tax liabilities at the beginning of the first quarter of the current fiscal year in the case of applying the paragraph 49 (3) 1 to 3 of the Implementation Guidance on Recoverability and the amount of deferred tax assets and deferred tax liabilities at the end of the previous fiscal year were added to the retained earnings at the beginning of the first quarter of the current fiscal year.

As a result, deferred tax assets (investments and other assets) increased by ¥4,890 million, retained earnings increased by ¥2,406 million and non-controlling interests increased by ¥2,484 million at the beginning of the first quarter of the current fiscal year.

※Implementation Status of Financial Audit

This financial summary is not subject to quarterly review under the Financial Instrument and Exchange Act.

Quarterly review procedures for the consolidated financial statements are being conducted at the time of the announcement of this financial summary.

※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 September 30,	As of June 30,
	2016	2016
	Amount	Amount
Assets		
Current assets		
Cash and deposits	¥44,003	¥42,894
Notes and Accounts receivable-trade	7,616	7,720
Purchased receivables	7,180	6,606
Merchandise	118,877	117,400
Other	22,657	21,423
Allowance for doubtful accounts	(35)	(66)
Total current assets	200,298	195,977
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	110,753	108,114
Tools, furniture and fixtures, net	16,467	16,616
Land	166,184	165,185
Other, net	3,286	2,137
Total property, plant and equipment	296,690	292,052
Intangible assets		
Goodwill	6,572	6,852
Other	10,393	10,153
Total intangible assets	16,965	17,005
Investments and other assets		
Investment securities	4,876	5,736
Lease and guarantee deposits	36,789	35,645
Other	40,974	15,950
Allowance for doubtful accounts	(1,810)	(1,797)
Total investments and other assets	80,829	55,534
Total non-current assets	394,484	364,591
Total assets	¥594,782	¥560,568

	As of September 30, 2016 Amount	(Millions of yen) As of June 30, 2016 Amount
Liabilities		
Current liabilities		
Accounts payable-trade	¥71,272	¥70,194
Short-term loans payable	3,280	1,680
Current portion of long-term loans payable	8,027	18,557
Current portion of bonds	13,116	12,686
Payables under fluidity lease receivables	7,072	7,147
Income taxes payable	4,937	5,573
Provision for point card certificates	1,421	1,327
Other	28,398	30,831
Total current liabilities	137,523	147,995
Non-current liabilities		
Bonds payable	82,748	76,471
Long-term loans payable	75,881	45,082
Long-term payables under fluidity lease receivables	24,740	26,876
Asset retirement obligations	5,412	5,177
Negative goodwill	418	439
Other	13,487	13,981
Total non-current liabilities	202,686	168,026
Total liabilities	340,209	316,021
Net assets		
Shareholders' equity		
Capital stock	22,391	22,382
Capital surplus	25,224	25,215
Retained earnings	192,286	184,205
Treasury shares	(14)	(14)
Total shareholders' equity	239,887	231,788
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(42)	12
Foreign currency translation adjustment	(1,947)	(272)
Total accumulated other comprehensive income	(1,989)	(260)
Subscription rights to shares	44	23
Non-controlling interests	16,631	12,996
Total net assets	254,573	244,547
Total liabilities and net assets	594,782	560,568

Consolidated Quarterly Statements of Income

(Millions of yen)

	Three months ended September 30, 2016	Three months ended September 30, 2015
	Amount	Amount
Net sales	¥201,327	¥186,642
Cost of sales	147,103	136,964
Gross profit	54,224	49,678
Selling, general and administrative expenses	41,692	38,382
Operating income	12,532	11,296
Non-operating income		
Interest and dividend income	192	166
Amortization of negative goodwill	22	22
Penalty income	39	655
Other	623	295
Total non-operating income	876	1,138
Non-operating expenses		
Interest expenses	266	237
Bond issuance cost	151	81
Cost of claim's liquidation	144	161
Foreign exchange losses	—	235
Other	59	142
Total non-operating expenses	620	856
Ordinary income	12,788	11,578
Extraordinary income		
Gain on sales of investment securities	215	—
Other	27	—
Total extraordinary income	242	—
Extraordinary losses		
Loss on retirement of non-current assets	56	48
Loss on closing of stores	21	18
Other	1	1
Total extraordinary losses	78	67
Profit before income taxes	12,952	11,511
Income taxes - Current	5,027	3,739
Income taxes - Deferred	(1,891)	210
Total income taxes	3,136	3,949
Profit	9,816	7,562
Profit attributable to non-controlling interests	1,689	1,080
Profit attributable to owners of parent	¥8,127	¥6,482

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Three months ended September 30, 2016	Three months ended September 30, 2015
	Amount	Amount
Profit	¥9,816	¥7,562
Other comprehensive income		
Valuation difference on available-for-sale securities	(42)	(272)
Foreign currency translation adjustment	(1,682)	358
Total other comprehensive income	(1,724)	86
Comprehensive income	¥8,092	¥7,648
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	¥6,400	¥6,563
Comprehensive income attributable to non-controlling interests	1,692	1,085

Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Three months ended September 30, 2016	Three months ended September 30, 2015
	Amount	Amount
Cash flows from operating activities:		
Profit before income taxes	¥12,952	¥11,511
Depreciation	3,805	3,478
Amortization of negative goodwill	(22)	(22)
Increase (decrease) in provision	(235)	133
Interest and dividend income	(192)	(166)
Interest expenses	266	237
Gain on sales of investment securities	(215)	—
Increase in notes and accounts receivable - trade	(627)	(1,061)
Decrease (increase) in inventories	(1,683)	1,920
Increase in notes and accounts payable - trade	1,245	2,117
Other, net	(573)	2,638
Subtotal	14,721	20,785
Interest and dividend income received	146	137
Interest expenses paid	(356)	(324)
Income taxes paid	(5,133)	(8,499)
Net cash provided by operating activities	9,378	12,099
Cash flows from investing activities:		
Purchase of property, plant and equipment	(11,772)	(17,939)
Proceeds from sales of property, plant and equipment	1,131	—
Purchase of intangible assets	(273)	(101)
Payments for lease and guarantee deposits	(530)	(214)
Proceeds from collection of lease and guarantee deposits	103	45
Payment for store opening in progress	(121)	(728)
Proceeds from sales of investment securities	945	—
Payments of loans receivable	(20,774)	(1,050)
Other, net	(53)	4
Net cash used in investing activities	(31,344)	(19,983)
Cash flows from financing activities:		
Net increase in short-term loans payable	1,738	1,588
Proceeds from long-term loans payable	34,040	24,100
Repayment of long-term loans payable	(13,352)	(2,427)
Proceeds from issuance of bonds	8,349	4,819
Redemption of bonds	(1,793)	(2,520)
Repayments of payables under fluidity lease receivables	(2,350)	(1,905)
Proceeds from issuance of common shares	17	308
Cash dividends paid	(2,688)	(2,369)
Cash dividends paid to non-controlling interests	(583)	(567)
Other, net	5	16
Net cash provided by financing activities	23,383	21,043
Effect of exchange rate change on cash and cash equivalents	(509)	(135)
Net increase in cash and cash equivalents	908	13,024
Cash and cash equivalents at beginning of period	44,496	51,292
Increase in cash and cash equivalents from newly consolidated subsidiary	64	—
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(32)
Increase in cash and equivalents resulting from change of accounting period of consolidated subsidiaries	49	—
Cash and cash equivalents at end of period	¥45,517	¥64,284

Segment Information

For the first quarter ended September 30, 2016

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	¥194,453	¥5,114	¥199,567	¥1,760	¥201,327	¥-	¥201,327
Intersegment sales	136	4,873	5,009	2,512	7,521	(7,521)	-
Total	194,589	9,987	204,576	4,272	208,848	(7,521)	201,327
Segment income	¥6,784	¥4,001	¥10,785	¥1,753	¥12,538	¥(6)	¥12,532

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 ¥ (6) 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

For the first quarter ended September 30, 2015

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	¥180,333	¥4,720	¥185,053	¥1,589	¥186,642	¥-	¥186,642
Intersegment sales	3	4,318	4,321	1,773	6,094	(6,094)	-
Total	180,336	9,038	189,374	3,362	192,736	(6,094)	186,642
Segment income	¥6,686	¥3,255	¥9,941	¥1,563	¥11,504	¥(208)	¥11,296

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 ¥ (208) 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