

Summary Report of Consolidated Financial Results For the First Quarter Ended September 30, 2015

(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 2016 (From July 1, 2015 to September 30, 2015)

(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, 2015	186,642	13.9	11,296	8.0	11,578	7.0
Three Months Ended September 30, 2014	163,861	11.8	10,456	3.1	10,822	3.7

(Note) Comprehensive income: 7,648 million yen [10.3%] (FY 2016.6 1Q), 6,933 million yen [Δ 6.2%] (FY 2015.6 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, 2015	6,482	5.6	41.02	40.98
Three Months Ended September 30, 2014	6,141	Δ 4.3	39.15	38.99

(Note) On July 1, 2015, we conducted a 2-for-1 common stock split. Net Income Per Share and Net Income Per Share-fully diluted have been calculated on the presumption that the stock split was conducted at the beginning of the previous fiscal year.

(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, 2015	529,642	226,423	40.9
June 30, 2015	505,666	221,367	42.0

(Reference) Equity: 216,829 million yen (as of September 30, 2015), 212,341 million yen (as of June 30, 2015)

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, 2015	—	10.00	—	30.00	40.00
Year Ending June 30, 2016	—				
Year Ending June 30, 2016 (Forecast)		5.00	—	15.00	20.00

(Note) Revision to the dividend forecast in the first quarter of fiscal 2015: None

(Note) On July 1, 2015, we conducted a 2-for-1 common stock split. For the fiscal year ended June 30, 2015, the actual amount of dividends before the said stock split is presented.

3. Consolidated Business Forecast : For the year ending June 30, 2016 (From July 1, 2015 to June 30, 2016)

(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, 2015	383,000	11.9	24,500	4.7	25,100	4.4	14,200	3.7	89.81
Year Ending June 30, 2016	730,000	6.7	39,800	1.8	40,800	1.6	23,300	0.7	147.36

(Note) Revision to the business forecast in the first quarter of fiscal 2015: Yes

4. Others

(1) Significant changes in the scope of consolidation: Yes

Newly consolidated: one company (Don Quijote Holdings Retail Management Co., Ltd.) 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, 2015	158,116,360 shares
	June 30, 2015	157,918,960 shares
② Number of treasury stock	September 30, 2015	4,633 shares
	June 30, 2015	2,488 shares
③ Average number of outstanding shares during the period	September 30, 2015	157,991,966 shares
	September 30, 2014	156,867,066 shares

(Note) On July 1, 2015, we conducted a 2-for-1 common stock split. Number of outstanding shares (Common stock) has been calculated on the presumption that the stock split was conducted at the beginning of the previous fiscal year.

(5) Changes to accounting policies, changes in financial estimates and restatements

Application of “Accounting Standards for Business Combinations” and other applicable standards.

From the beginning of the fiscal year ending June 30, 2016, Don Quijote Holdings Co., Ltd. has applied the “Accounting standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), and other applicable standards. Accordingly, the company has applied these accounting standards. As a result, the method of recording the amount of difference caused by changes in the Company’s ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to record as capital surplus, and the method of recording acquisition-related costs has been changed to recognize as period expenses for the fiscal year in which they are incurred. Furthermore, for business combinations that are carried out on or after the beginning of this first quarter, the accounting method has been changed to an adjusted acquisition cost allocation updated from the tentative accounting treatment and is reflected in the quarterly consolidated financial statements for the quarter period in which the business combination occurs. In addition, the change in the presentation method of net income (loss) and minority interests to non-controlling interests have been applied from the beginning of this first quarter. To reflect these changes, consolidated quarterly statements of operations and consolidated balance sheets for the previous fiscal year have been reclassified.

Also from this first quarter, disbursements for acquisitions or proceeds from sales of shares of subsidiaries without change of scope of consolidation have been presented in cash flows from financing activities, and cash out flows from acquisition related costs for acquisitions of shares of subsidiaries with change of scope of consolidation and cash out flows from acquisition or sale related costs for shares of subsidiaries without change of scope of consolidation have been presented in cash flows from operating activities on consolidated quarterly statements of cash flows.

Application of the Accounting Standards for Business Combinations and other applicable standards is in line with the transitional measures that are provided in Paragraph 58-2(4) of the Accounting Standard for Business Combinations, Paragraph 44-5(4) of the Accounting Standard for Consolidated Financial Statements, and Paragraph 57-4(4) of the Accounting Standard for Business Divestitures, and is effective from the beginning of this first quarter.

There is no impact to the consolidated financial statements of the three-month period ended September 30, 2015.

※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, 2015	As of June 30, 2015
	Amount	Amount
Assets		
Current assets		
Cash and deposits	¥62,904	¥49,717
Notes and Accounts receivable-trade	7,325	6,820
Purchased receivables	5,984	5,439
Merchandise	92,712	94,580
Other	18,067	19,476
Allowance for doubtful accounts	(61)	(51)
Total current assets	186,931	175,981
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	99,246	96,021
Tools, furniture and fixtures, net	13,917	14,009
Land	159,602	150,647
Other, net	1,168	1,450
Total property, plant and equipment	273,933	262,127
Intangible assets		
Goodwill	7,343	7,409
Other	10,089	10,120
Total intangible assets	17,432	17,529
Investments and other assets		
Investment securities	6,096	6,425
Lease and guarantee deposits	32,822	32,817
Other	14,161	12,542
Allowance for doubtful accounts	(1,733)	(1,755)
Total investments and other assets	51,346	50,029
Total non-current assets	342,711	329,685
Total assets	¥529,642	¥505,666

	As of September 30, 2015	(Millions of yen) As of June 30, 2015
	Amount	Amount
Liabilities		
Current liabilities		
Accounts payable-trade	¥62,697	¥60,556
Short-term loans payable	3,502	1,921
Current portion of long-term loans payable	28,979	17,937
Current portion of bonds	18,306	18,740
Payables under fluidity lease receivables	7,067	7,040
Income taxes payable	3,833	8,454
Provision for point card certificates	1,023	938
Other	26,070	28,990
Total current liabilities	151,477	144,576
Non-current liabilities		
Bonds payable	65,504	62,690
Long-term loans payable	35,830	25,156
Long-term payables under fluidity lease receivables	32,246	34,023
Asset retirement obligations	3,942	3,777
Negative goodwill	504	526
Other	13,716	13,551
Total non-current liabilities	151,742	139,723
Total liabilities	303,219	284,299
Net assets		
Shareholders' equity		
Capital stock	22,381	22,227
Capital surplus	25,184	25,030
Retained earnings	166,538	162,428
Treasury shares	(14)	(3)
Total shareholders' equity	214,089	209,682
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	302	569
Foreign currency translation adjustment	2,438	2,090
Total accumulated other comprehensive income	2,740	2,659
Subscription rights to shares	13	13
Non-controlling interests	9,581	9,013
Total net assets	226,423	221,367
Total liabilities and net assets	¥529,642	¥505,666

Consolidated Quarterly Statements of Income

	(Millions of yen)	
	Three months ended September 30, 2015	Three months ended September 30, 2014
	Amount	Amount
Net sales	¥186,642	¥163,861
Cost of sales	136,964	119,626
Gross profit	49,678	44,235
Selling, general and administrative expenses	38,382	33,779
Operating income	11,296	10,456
Non-operating income		
Interest and dividend income	166	140
Amortization of negative goodwill	22	31
Settlement received	—	192
Penalty income	655	3
Other	295	426
Total non-operating income	1,138	792
Non-operating expenses		
Interest expenses	237	214
Cost of claim's liquidation	161	152
Foreign exchange losses	235	—
Other	223	60
Total non-operating expenses	856	426
Ordinary income	11,578	10,822
Extraordinary losses		
Loss on retirement of non-current assets	48	37
Loss on closing of stores	18	53
Other	1	18
Total extraordinary losses	67	108
Income before income taxes and minority interests	11,511	10,714
Income taxes - Current	3,739	4,131
Income taxes - Deferred	210	(510)
Total income taxes	3,949	3,621
Profit	7,562	7,093
Profit attributable to non-controlling interests	1,080	952
Profit attributable to owners of parent	¥6,482	¥6,141

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Three months ended September 30, 2015	Three months ended September 30, 2014
	Amount	Amount
Profit	¥7,562	¥7,093
Other comprehensive income		
Valuation difference on available-for-sale securities	(272)	(49)
Foreign currency translation adjustment	358	(111)
Total other comprehensive income	86	(160)
Comprehensive income	¥7,648	¥6,933
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	¥6,563	¥5,978
Comprehensive income attributable to non-controlling interests	1,085	955

Consolidated Quarterly Statements of Cash Flows

	(Millions of yen)	
	Three months ended September 30, 2015	Three months ended September 30, 2014
	Amount	Amount
Cash flows from operating activities:		
Income before income taxes and minority interests	¥11,511	¥10,714
Depreciation	3,478	2,883
Amortization of negative goodwill	(22)	(31)
Increase (decrease) in provision	133	(165)
Interest and dividend income	(166)	(140)
Interest expenses	237	214
Decrease (increase) in notes and accounts receivable - trade	(1,061)	361
Decrease (increase) in inventories	1,920	(2,805)
Increase (decrease) in notes and accounts payable - trade	2,117	(397)
Other, net	2,638	(252)
Subtotal	20,785	10,382
Interest and dividend income received	137	110
Interest expenses paid	(324)	(228)
Income taxes paid	(8,499)	(8,831)
Surcharge paid	—	(109)
Net cash provided by operating activities	12,099	1,324
Cash flows from investing activities:		
Purchase of property, plant and equipment	(17,939)	(14,341)
Purchase of intangible assets	(101)	(190)
Payments for lease and guarantee deposits	(214)	(128)
Proceeds from collection of lease and guarantee deposits	45	32
Payment for store opening in progress	(728)	(143)
Other, net	(1,046)	(1,839)
Net cash used in investing activities	(19,983)	(16,609)
Cash flows from financing activities:		
Net increase in short-term loans payable	1,588	3,146
Proceeds from long-term loans payable	24,100	—
Repayment of long-term loans payable	(2,427)	(2,566)
Proceeds from issuance of bonds	4,819	1,963
Redemption of bonds	(2,520)	(3,150)
Proceeds from fluidity of lease receivables	—	7,461
Repayments of payables under fluidity lease receivables	(1,905)	(1,618)
Proceeds from issuance of common shares	308	331
Cash dividends paid	(2,369)	(2,038)
Cash dividends paid to non-controlling interests	(567)	(552)
Other, net	16	(1)
Net cash provided by financing activities	21,043	2,976
Effect of exchange rate change on cash and cash equivalents	(135)	18
Net increase (decrease) in cash and cash equivalents	13,024	(12,291)
Cash and cash equivalents at beginning of period	51,292	44,105
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(32)	—
Cash and cash equivalents at end of period	¥64,284	¥31,814

Segment Information

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

For the first quarter ended September 30, 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	¥157,999	¥4,448	¥162,447	¥1,414	¥163,861	¥—	¥163,861
Intersegment sales	—	3,587	3,587	1,329	4,916	(4,916)	—
Total	157,999	8,035	166,034	2,743	168,777	(4,916)	163,861
Segment income	¥6,486	¥2,853	¥9,339	¥1,190	¥10,529	¥(73)	¥10,456

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 ¥ (73) 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