

Summary Report of Consolidated Financial Results For the Nine Months Ended March 31, 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 Nine months ended 31 March, 2016

(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, 2016	569,547	11.7	34,937	3.7	35,249	1.3
Nine Months Ended March 31, 2015	509,920	10.4	33,687	16.4	34,802	16.7

(Note) Comprehensive income: 22,410 million yen [Δ 13.4%] (FY 2016.6 3Q), 25,865 million yen [18.7%] (FY 2015.6 3Q)

	Profit Attributable to Owners of Parent	Change (%)	Net Income Per Share (Yen)	Net Income Per Share-fully diluted (Yen)
Nine Months Ended March 31, 2016	19,732	Δ 1.7	124.83	124.73
Nine Months Ended March 31, 2015	20,083	7.0	127.74	127.29

(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 March 31, 2016	561,006	240,407	40.7
June 30, 2015	505,666	221,367	42.0

(Reference) Equity: 228,369 million yen (as of March 31, 2016), 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	—	5.00	—		
Year Ending June 30, 2016 (Forecast)				15.00	20.00

(Note) Revision to the dividend forecast in the third quarter of fiscal 2016: 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)
Year Ending June 30, 2016	750,000	9.7	41,000	4.9	41,500	3.3	23,400	1.1	147.99

(Note) Revision to the business forecast in the third quarter of fiscal 2016: None

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) March 31, 2016 158,118,160 shares

June 30, 2015 157,918,960 shares

② Number of treasury stock March 31, 2016 4,633 shares

June 30, 2015 2,488 shares

③ Average number of outstanding shares during the period March 31, 2016 158,072,181 shares

March 31, 2015 157,220,036 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 Standard 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 Standard 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.

The effect of these changes on quarterly consolidated financial statements is immaterial.

※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

	As of March 31, 2016 Amount	(Millions of yen) As of June 30, 2015 Amount
Assets		
Current assets		
Cash and deposits	¥61,703	¥49,717
Notes and Accounts receivable-trade	7,924	6,820
Purchased receivables	6,422	5,439
Merchandise	109,214	94,580
Other	18,531	19,476
Allowance for doubtful accounts	(64)	(51)
Total current assets	203,730	175,981
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	105,047	96,021
Tools, furniture and fixtures, net	16,246	14,009
Land	162,458	150,647
Other, net	1,624	1,450
Total property, plant and equipment	285,375	262,127
Intangible assets		
Goodwill	7,097	7,409
Other	10,238	10,120
Total intangible assets	17,335	17,529
Investments and other assets		
Investment securities	5,958	6,425
Lease and guarantee deposits	33,512	32,817
Other	16,850	12,542
Allowance for doubtful accounts	(1,754)	(1,755)
Total investments and other assets	54,566	50,029
Total non-current assets	357,276	329,685
Total assets	¥561,006	¥505,666

	As of March 31, 2016	(Millions of yen) As of June 30, 2015
	Amount	Amount
Liabilities		
Current liabilities		
Accounts payable-trade	¥69,824	¥60,556
Short-term loans payable	4,312	1,921
Current portion of long-term loans payable	18,927	17,937
Current portion of bonds	12,686	18,740
Payables under fluidity lease receivables	7,120	7,040
Income taxes payable	4,438	8,454
Provision for point card certificates	1,199	938
Other	31,102	28,990
Total current liabilities	149,608	144,576
Non-current liabilities		
Bonds payable	77,271	62,690
Long-term loans payable	46,036	25,156
Long-term payables under fluidity lease receivables	28,673	34,023
Asset retirement obligations	4,739	3,777
Negative goodwill	461	526
Other	13,811	13,551
Total non-current liabilities	170,991	139,723
Total liabilities	320,599	284,299
Net assets		
Shareholders' equity		
Capital stock	22,382	22,227
Capital surplus	25,209	25,030
Retained earnings	178,998	162,428
Treasury shares	(14)	(3)
Total shareholders' equity	226,575	209,682
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	161	569
Foreign currency translation adjustment	1,633	2,090
Total accumulated other comprehensive income	1,794	2,659
Subscription rights to shares	23	13
Non-controlling interests	12,015	9,013
Total net assets	240,407	221,367
Total liabilities and net assets	¥561,006	¥505,666

Consolidated Quarterly Statements of Income

	(Millions of yen)	
	Nine months ended March 31, 2016	Nine months ended March 31, 2015
	Amount	Amount
Net sales	¥569,547	¥509,920
Cost of sales	417,413	372,389
Gross profit	152,134	137,531
Selling, general and administrative expenses	117,197	103,844
Operating income	34,937	33,687
Non-operating income		
Interest and dividends income	514	453
Amortization of negative goodwill	65	74
Penalty income	818	561
Other	1,051	1,709
Total non-operating income	2,448	2,797
Non-operating expenses		
Interest expenses	771	665
Cost of claim's liquidation	461	508
Other	904	509
Total non-operating expenses	2,136	1,682
Ordinary income	35,249	34,802
Extraordinary income		
Gain on sales of non-current assets	117	2
Gain on insurance adjustment	—	138
Gain on bargain purchase	—	168
Other	—	9
Total extraordinary income	117	317
Extraordinary loss		
Loss on sales of non-current assets	0	367
Loss on retirement of non-current assets	102	104
Loss on closing of stores	983	478
Other	1	128
Total extraordinary losses	1,086	1,077
Income before income taxes and minority interests	34,280	34,042
Income taxes – Current	11,304	11,959
Income taxes – Deferred	(310)	(823)
Total income taxes	10,994	11,136
Profit	23,286	22,906
Profit attributable to non-controlling interests	3,554	2,823
Profit attributable to owners of parent	¥19,732	¥20,083

Consolidated Quarterly Statements of Comprehensive Income

	(Millions of yen)	
	Nine months ended March 31, 2016	Nine months ended March 31, 2015
	Amount	Amount
Profit	¥23,286	¥22,906
Other comprehensive income		
Valuation difference on available-for-sale securities	(421)	49
Foreign currency translation adjustment	(455)	2,910
Total other comprehensive income	(876)	2,959
Comprehensive income	¥22,410	¥25,865
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	¥18,867	¥23,037
Comprehensive income attributable to non-controlling interests	3,543	2,828

Consolidated Quarterly Statements of Cash Flows

	(Millions of yen)	
	Nine months ended March 31, 2016	Nine months ended March 31, 2015
	Amount	Amount
Cash flows from operating activities:		
Income before income taxes and minority interests	¥34,280	¥34,042
Depreciation	10,908	9,388
Amortization of negative goodwill	(65)	(74)
Gain on bargain purchase	—	(168)
Increase (decrease) in provision	270	(13)
Interest and dividend income	(514)	(453)
Interest expenses	771	665
Increase in notes and accounts receivable - trade	(2,193)	(479)
Increase in inventories	(14,631)	(6,837)
Increase in notes and accounts payable - trade	9,258	1,808
Other, net	2,573	1,344
Subtotal	40,657	39,223
Interest and dividend income received	411	350
Interest expenses paid	(867)	(667)
Income taxes paid	(16,675)	(14,919)
Income taxes refund	1,630	556
Surcharge paid	—	(109)
Net cash provided by operating activities	25,156	24,434
Cash flows from investing activities:		
Proceeds from withdrawal of time deposits	30	541
Purchase of property, plant and equipment	(31,015)	(36,870)
Proceeds from sales of property, plant and equipment	1,143	241
Purchase of intangible assets	(396)	(331)
Payments for lease and guarantee deposits	(1,217)	(2,029)
Proceeds from collection of lease and guarantee deposits	107	2,173
Payment for store opening in progress	(2,632)	(2,465)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(1,581)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	713
Other, net	(1,846)	(1,709)
Net cash used in investing activities	(35,826)	(41,317)
Cash flows from financing activities:		
Net increase in short-term loans payable	2,492	1,126
Proceeds from long-term loans payable	38,917	13,238
Repayments of long-term loans payable	(17,058)	(23,513)
Proceeds from issuance of bonds	26,680	37,836
Redemption of bonds	(18,373)	(6,310)
Proceeds from fluidity of lease receivables	—	7,461
Repayments of payables under fluidity lease receivables	(5,715)	(5,444)
Proceeds from issuance of common shares	310	1,519

Cash dividends paid	(3,159)	(2,825)
Dividends paid to non-controlling interests	(567)	(552)
Other, net	(29)	(35)
Net cash provided by financing activities	23,498	22,501
Effect of exchange rate change on cash and cash equivalents	(547)	921
Net increase in cash and cash equivalents	12,281	6,539
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	¥63,541	¥50,644

Segment Information

For the nine months ended March 31, 2016

1. Information concerning net sales and income or loss by reporting segment is as follow:

(Millions of yen)

	Reporting segment			Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Retail business	Rent business	Sub Total				
Sales, Segment income							
Net sales							
Sales to third parties	¥549,928	¥14,691	¥564,619	¥4,928	¥569,547	¥—	¥569,547
Intersegment sales	11	13,322	13,333	5,947	19,280	(19,280)	—
Total	549,939	28,013	577,952	10,875	588,827	(19,280)	569,547
Segment income	¥19,673	¥10,638	¥30,311	¥4,870	¥35,181	¥(244)	¥34,937

Notes

- 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.
- The ¥ (244) million adjustment to segment income is an intersegment elimination.
- Segment income is adjusted to the quarterly consolidated operating income.

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

(Significant impairment losses on non-current assets)

Not applicable

(Significant changes in goodwill)

Not applicable

(Significant gain on negative goodwill)

Not applicable

For the nine months ended March 31, 2015

1. Information concerning net sales and income or loss by reporting segment is as follow:

(Millions of yen)

	Reporting segment			Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Retail business	Rent business	Sub Total				
Sales, Segment income							
Net sales							
Sales to third parties	¥491,943	¥13,568	¥505,511	¥4,409	¥509,920	¥—	¥509,920
Intersegment sales	—	11,573	11,573	4,567	16,140	(16,140)	—
Total	491,943	25,141	517,084	8,976	526,060	(16,140)	509,920
Segment income	¥20,605	¥9,393	¥29,998	¥3,947	¥33,945	¥(258)	¥33,687

Notes

1. The other businesses segment includes real estate business, marketing business and financial service business that are not included in other reporting segments.
2. The ¥ (258) 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

(Significant impairment losses on non-current assets)

Not applicable

(Significant changes in goodwill)

Information is omitted since it is immaterial.

(Significant gain on negative goodwill)

Information is omitted since it is immaterial.