

Summary Report of Consolidated Financial Results

For the Fiscal Year Ended June 30, 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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(Amounts in million yen are rounded off to the nearest million)

1. Overview of Business Results and Financial Position for the fiscal year ended June 30, 2014

(From July 1, 2013 to June 30, 2014)

(1) Results of Business Operations

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Ordinary Income	Change (%)	Net Income	Change (%)
Fiscal year ended June 30, 2014	612,424	7.7	34,292	5.9	35,487	6.9	21,471	1.6
Fiscal year ended June 30, 2013	568,377	5.2	32,369	10.4	33,201	13.4	21,141	6.5

(Note) Comprehensive income: 24,650 million yen [0.3%] (FY 2014.6), 24,581 million yen [18.0%] (FY 2013.6)

	Net Income Per Share (Yen)	Net Income Per Share-fully diluted (Yen)	Return on Equity (%)	Ordinary Income on Total Assets (%)	Operating Income on Net Sales (%)
Fiscal year ended June 30, 2014	274.68	273.11	12.1	8.7	5.6
Fiscal year ended June 30, 2013	273.47	272.34	13.7	8.9	5.7

(Reference) Equity in losses of affiliates: 1 million yen (FY 2014.6), 1 million yen (FY 2013.6)

(2) Financial Position

(Millions of yen, except per-share data)

	Total Assets	Net assets	Ratio of Shareholders' Equity to Total Assets (%)	Net Assets per Share (Yen)
As of June 30, 2014	432,135	193,164	43.4	2,389.82
June 30, 2013	386,622	170,178	43.0	2,136.38

(Reference) Equity: 187,345 million yen (as of June 30, 2014), 166,344 million yen (as of June 30, 2013)

(3) The Consolidated Statements of Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents
Fiscal year ended June 30, 2014	39,684	(36,593)	4,440	44,105
Fiscal year ended June 30, 2013	38,270	(23,293)	(9,510)	36,132

2. Dividends

	Dividend per share (yen)			Dividends in total (annual, Millions of yen)	Dividend payout ratio (consolidated basis, %)	Dividends on net assets (consolidated basis, %)
	Six Months Ended December 31	Year Ended June 30	Total			
Year Ended June 30, 2013	10.00	23.00	33.00	2,563	12.1	1.7
Year Ended June 30, 2014	10.00	26.00	36.00	2,820	13.1	1.6
Year Ending June 30, 2015 (Forecast)	10.00	26.00	36.00		—	

3. Consolidated Business Forecast : For the year ending June 30, 2015 (From July 1, 2014 to June 30, 2015)

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Ordinary Income	Change (%)	Net Income	Change (%)	Net Income per Share (Yen)
Six Months Ending December 31, 2014	323,000	6.5	19,800	△3.4	20,200	△4.4	12,400	△4.8	158.18
Year Ending June 30, 2015	634,000	3.5	34,800	1.5	35,600	0.3	21,500	0.1	274.26

4. Others

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

Newly consolidated: - Excluded: -

(2) Changes in accounting policies, procedures, and methods of presentation for preparing the 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

(3) Number of outstanding shares (Common stock)

① Number of outstanding shares (Treasury shares included)	June 30, 2014	78,393,980 shares
	June 30, 2013	77,863,880 shares
② Number of treasury shares	June 30, 2014	1,244 shares
	June 30, 2013	1,244 shares
③ Average number of outstanding shares during the period	June 30, 2014	78,166,248 shares
	June 30, 2013	77,308,069 shares

※Implementation Status of Financial Audit

Financial Audit based on Financial Instrument and Exchange Act for the fiscal year ended June 30, 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 rate.

Consolidated Balance Sheets

(Millions of yen)

	As of June 30, 2014	As of June 30, 2013
	Amount	Amount
Assets		
Current assets		
Cash and deposits	¥42,690	¥31,698
Notes and Accounts receivable-trade	5,730	5,371
Purchased receivables	6,009	6,738
Merchandise and finished goods	89,105	85,997
Prepaid expenses	2,596	2,210
Deferred tax assets	5,228	3,987
Other	7,517	7,428
Allowance for doubtful accounts	(41)	(38)
Total current assets	158,834	143,391
Non-current assets		
Property, plant and equipment		
Buildings and structures	136,063	117,151
Accumulated depreciation	(55,544)	(47,782)
Accumulated impairment loss	(3,441)	(3,272)
Buildings and structures, net	77,078	66,097
Tools, furniture and fixtures	45,617	40,093
Accumulated depreciation	(32,754)	(28,725)
Accumulated impairment loss	(412)	(360)
Tools, furniture and fixtures, net	12,451	11,008
Other	260	187
Accumulated depreciation	(185)	(152)
Accumulated impairment loss	(2)	(0)
Other, net	73	35
Land	119,680	107,905
Construction in progress	3,441	1,049
Total property, plant and equipment	212,723	186,094
Intangible assets		
Goodwill	6,332	4,640
Other	9,024	7,334
Total intangible assets	15,356	11,974
Investments and other assets		
Investment securities	4,414	5,137
Long-term loans receivable	1,069	1,136
Long-term prepaid expenses	2,147	2,261
Deferred tax assets	2,050	658
Lease and guarantee deposits	30,963	31,762
Other	6,330	6,625
Allowance for doubtful accounts	(1,751)	(2,416)
Total investments and other assets	45,222	45,163
Total non-current assets	273,301	243,231
Total assets	¥432,135	¥386,622

	As of June 30, 2014 Amount	(Millions of yen) As of June 30, 2013 Amount
Liabilities		
Current liabilities		
Accounts payable-trade	¥55,118	¥48,036
Short-term loans payable	2,197	14,286
Current portion of long-term loans payable	11,607	11,726
Current portion of bonds	6,140	20,130
Current portion of convertible bonds	—	350
Payables under fluidity lease receivables	5,912	—
Accrued expenses	7,321	6,431
Income taxes payable	7,883	6,746
Provision for point card certificates	413	221
Other	17,853	13,244
Total current liabilities	114,444	121,170
Non-current liabilities		
Bonds payable	44,300	48,640
Long-term loans payable	30,030	31,374
Long-term payables under fluidity lease receivables	34,345	—
Provision for directors' retirement benefits	360	337
Asset retirement obligations	3,285	2,521
Negative goodwill	622	964
Other	11,585	11,438
Total non-current liabilities	124,527	95,274
Total liabilities	238,971	216,444
Net assets		
Shareholders' equity		
Capital stock	21,366	20,613
Capital surplus	24,169	23,416
Retained earnings	142,105	123,207
Treasury shares	(3)	(3)
Total shareholders' equity	187,637	167,233
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	472	736
Foreign currency translation adjustment	(764)	(1,625)
Total accumulated other comprehensive income	(292)	(889)
Minority interests	5,819	3,834
Total net assets	193,164	170,178
Total liabilities and net assets	¥432,135	¥386,622

Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended June 30, 2014	Fiscal year ended June 30, 2013
	Amount	Amount
Net sales	¥612,424	¥568,377
Cost of sales	451,406	418,570
Gross profit	161,018	149,807
Selling, general and administrative expenses	126,726	117,438
Operating income	34,292	32,369
Non-operating income		
Interest and dividend income	523	522
Amortization of negative goodwill	342	628
Commission fee	379	378
Other	1,527	1,324
Total non-operating income	2,771	2,852
Non-operating expenses		
Interest expenses paid on loans and bonds	1,064	1,460
Bond issuance cost	38	202
Provision of allowance for doubtful accounts	—	146
Cost of claim's liquidation	250	—
Other	224	212
Total non-operating expenses	1,576	2,020
Ordinary income	35,487	33,201
Extraordinary income		
Gain on sales of non-current assets	214	5
Gain on sales of investment securities	18	505
Gain on sales of shares of subsidiaries and associates	—	602
Gain on forgiveness of debts	65	10
Other	85	140
Total extraordinary income	382	1,262
Extraordinary losses		
Loss on sales of non-current assets	201	126
Impairment loss	19	317
Loss on retirement of non-current assets	390	296
Loss on closing of stores	762	144
Other	272	198
Total extraordinary losses	1,644	1,081
Income before income taxes and minority interests	34,225	33,382
Income taxes - Current	13,100	11,463
Income taxes - Deferred	(2,928)	(135)
Total income taxes	10,172	11,328
Income before minority interests	24,053	22,054
Minority interests in income	2,582	913
Net income	¥21,471	¥21,141

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Fiscal year ended June 30, 2014	Fiscal year ended June 30, 2013
	Amount	Amount
Income before minority interests	¥24,053	¥22,054
Other comprehensive income		
Valuation difference on available-for-sale securities	(262)	1,148
Foreign currency translation adjustment	859	1,379
Total other comprehensive income	597	2,527
Comprehensive income	¥24,650	¥24,581
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	¥22,067	¥23,647
Comprehensive income attributable to minority interests	2,583	934

Consolidated statements of changes in net assets

(Millions of yen)

	Fiscal year ended June 30, 2014	Fiscal year ended June 30, 2013
	Amount	Amount
Shareholders' equity		
Capital stock		
Balance at beginning of current period	¥20,613	¥19,664
Changes of items during period		
Issuance of new shares	753	949
Total changes of items during period	753	949
Balance at end of current period	21,366	20,613
Capital surplus		
Balance at beginning of current period	23,416	22,466
Changes of items during period		
Issuance of new shares	753	949
Total changes of items during period	753	949
Balance at end of current period	24,169	23,416
Retained earnings		
Balance at beginning of current period	123,207	104,463
Changes of items during period		
Dividends of surplus	(2,573)	(2,392)
Net income	21,471	21,141
Change of scope of consolidation	—	(5)
Total changes of items during period	18,898	18,744
Balance at end of current period	142,105	123,207
Treasury shares		
Balance at beginning of current period	(3)	(3)
Changes of items during period		
Total changes of items during period	—	—
Balance at end of current period	(3)	(3)
Total shareholders' equity		
Balance at beginning of current period	167,233	146,590
Changes of items during period		
Issuance of new shares	1,506	1,899
Dividends of surplus	(2,573)	(2,392)
Net income	21,471	21,141
Change of scope of consolidation	—	(5)
Total changes of items during period	20,404	20,643
Balance at end of current period	¥187,637	¥167,233

	(Millions of yen)	
	Fiscal year ended June 30, 2014	Fiscal year ended June 30, 2013
	Amount	Amount
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at beginning of current period	¥736	¥(391)
Changes of items during period		
Net changes of items other than shareholders' equity	(264)	1,127
Total changes of items during period	(264)	1,127
Balance at end of current period	472	736
Foreign currency translation adjustment		
Balance at beginning of current period	(1,625)	(3,004)
Changes of items during period		
Net changes of items other than shareholders' equity	861	1,379
Total changes of items during period	861	1,379
Balance at end of current period	(764)	(1,625)
Total accumulated other comprehensive income		
Balance at beginning of current period	(889)	(3,395)
Changes of items during period		
Net changes of items other than shareholders' equity	597	2,506
Total changes of items during period	597	2,506
Balance at end of current period	(292)	(889)
Minority interests		
Balance at beginning of current period	3,834	2,540
Changes of items during period		
Net changes of items other than shareholders' equity	1,985	1,294
Total changes of items during period	1,985	1,294
Balance at end of current period	5,819	3,834
Total net assets		
Balance at beginning of current period	170,178	145,735
Changes of items during period		
Issuance of new shares	1,506	1,899
Dividends of surplus	(2,573)	(2,392)
Net income	21,471	21,141
Change of scope of consolidation	—	(5)
Net changes of items other than shareholders' equity	2,582	3,799
Total changes of items during period	22,986	24,443
Balance at end of current period	¥193,164	¥170,178

Consolidated Statements of Cash Flows

	(Millions of yen)	
	Fiscal year ended June 30, 2014	Fiscal year ended June 30, 2013
	Amount	Amount
Cash flows from operating activities:		
Income before income taxes and minority interests	¥34,225	¥33,382
Depreciation and amortization	11,408	11,051
Impairment loss	19	317
Amortization of negative goodwill	(342)	(628)
Decrease in allowance for doubtful accounts	(114)	(44)
Increase (decrease) in provision for directors' retirement benefits	23	(50)
Interest and dividend income	(523)	(522)
Interest expenses paid on loans and bonds	1,064	1,460
Loss (gain) on sales of shares of subsidiaries and associates	48	(602)
Gain on sales of investment securities	(18)	(485)
Loss on sales and retirement of property, plant and equipment	377	417
Loss on store closings	266	135
Offset payments for house rental fee with lease and guarantee deposits	1,302	1,295
Decrease (increase) in notes and accounts receivable-trade	483	(81)
Increase in inventories	(1,739)	(2,180)
Increase in notes and accounts payable-trade	6,402	3,155
Decrease (increase) in other current assets	(1,697)	1,227
Increase in other current liabilities	835	1,085
Increase in other non-current liabilities	412	1,219
Other, net	86	(94)
Subtotal	52,517	50,057
Interest and dividend income received	386	372
Interest expenses paid	(1,186)	(1,510)
Income taxes paid	(12,033)	(10,477)
Payments for loss on disaster	—	(172)
Net cash provided by operating activities	39,684	38,270
Cash flows from investing activities:		
Payments into time deposits	(491)	(7)
Proceeds from withdrawal of time deposits	7	6,167
Purchase of property, plant and equipment	(31,872)	(27,770)
Proceeds from sales of property, plant and equipment	2,363	722
Purchase of intangible assets	(2,045)	(434)
Payments for lease and guarantee deposits	(1,072)	(1,117)
Proceeds from collection of lease and guarantee deposits	872	608
Payment for store opening in progress	(575)	(621)
Proceeds from sales of investment securities	423	897
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,948)	(1,381)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	575
Payments of loans receivable	(1,136)	(525)
Other, net	(119)	(407)
Net cash used in investing activities	¥(36,593)	¥(23,293)

	(Millions of yen)	
	Fiscal year ended June 30, 2014	Fiscal year ended June 30, 2013
	Amount	Amount
Cash flows from financing activities:		
Net decrease in short-term loans payable	¥(12,421)	¥(2,143)
Proceeds from long-term loans payable	20,500	11,500
Repayments of long-term loans payable	(23,030)	(15,747)
Proceeds from issuance of bonds	1,960	21,590
Redemption of bonds	(20,330)	(23,559)
Redemption of convertible bonds	(350)	—
Proceeds from fluidity of lease receivables	42,792	—
Repayments of payables under fluidity lease receivables	(2,988)	—
Proceeds from issuance of common shares	1,506	1,899
Cash dividends paid	(2,573)	(2,392)
Cash dividends paid to minority shareholders	(552)	(630)
Other, net	(74)	(28)
Net cash provided by (used in) financing activities	4,440	(9,510)
Effect of exchange rate change on cash and cash equivalents	442	691
Net increase in cash and cash equivalents	7,973	6,158
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	¥44,105	¥36,132

Segment Information

1. Overview of Reporting Segments

The Company's reporting segments are those for which financial information separate from that of other units comprising the Group can be obtained. These reporting segments are the subject of regular reviews by the board of directors for determining the allocation of management resources and assessment of business results.

The Group regards "Retail business" and "Rent business" as reporting segments from scope of business. The "Retail business" presents stores such as "Don Quijote", "MEGA Don Quijote", "Nagasakiya", "Doit". The "Rent business" operates a tenant invitation in the shopping malls and management.

2. Calculation of net sales, profit and loss, and assets, etc.

The same accounting method with which is applied to the consolidated financial statements is applied to segment accounting.

Income of reporting segment and others are calculated based on operating income.

Intersegment sales and transfers calculated based on market value.

3. Information related to net sales, profit and loss, and assets, etc. by reporting segment

For the Fiscal Year Ended June 30, 2014

(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	¥590,076	¥17,092	¥607,168	¥5,256	¥612,424	¥—	¥612,424
Intersegment sales	—	8,812	8,812	4,195	13,007	(13,007)	—
Total	590,076	25,904	615,980	9,451	625,431	(13,007)	612,424
Segment income	24,381	6,505	30,886	3,540	34,426	(134)	34,292
Segment Assets	251,484	139,484	390,968	40,231	431,199	936	432,135
Others (Note 4)							
(1) Depreciation expenses	8,137	2,716	10,853	305	11,158	250	11,408
(2) Increase in property, plant and equipment, and intangible assets	¥22,541	¥47,250	¥69,791	¥119	¥69,910	¥(34,676)	¥35,234

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 ¥(134) million adjustment to segment income is an intersegment elimination.
The ¥936 million adjustment to segment assets includes ¥27,722 million of companywide assets not allocated to the respective reporting segments, and ¥ (26,786) million of net eliminations for intersegment transaction.
- Segment income is adjusted to the consolidated operating income.
- Increase in property, plant and equipment, and intangible assets includes long-term prepaid expenses.
- Effective from the Fiscal Year Ended June 30, 2014, the four consolidated subsidiaries which had previously been included in the Others segment was reclassified to the Rent business segment. In line with these changes, segment amounts for the Fiscal Year Ended June 30, 2013 have been adjusted to reflect the current period presentation.

For the Fiscal Year Ended June 30, 2013

(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	¥546,930	¥16,370	¥563,300	¥5,077	¥568,377	¥—	¥568,377
Intersegment sales	3	2,721	2,724	3,525	6,249	(6,249)	—
Total	546,933	19,091	566,024	8,602	574,626	(6,249)	568,377
Segment income	25,328	4,952	30,280	2,024	32,304	65	32,369
Segment Assets	298,358	85,714	384,072	30,273	414,345	(27,723)	386,622
Others (Note 4)							
(1) Depreciation expenses	9,067	1,780	10,847	274	11,121	(70)	11,051
(2) Increase in property, plant and equipment, and intangible assets	¥16,278	¥12,733	¥29,011	¥67	¥29,078	¥(72)	¥29,006

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 ¥65 million adjustment to segment income is an intersegment elimination.
The ¥(27,723) million adjustment to segment assets includes ¥23,228 million of companywide assets not allocated to the respective reporting segments, and ¥ (50,951) million of net eliminations for intersegment transaction.
3. Segment income is adjusted to the consolidated operating income.
4. Increase in property, plant and equipment, and intangible assets includes long-term prepaid expenses.