

Summary Report of Consolidated Financial Results For the Second Quarter Ended December 31, 2013

(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 second quarter of fiscal 2014 (From July 1, 2013 to December 31, 2013)

(1) Results of Business Operations

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Ordinary Income	Change (%)
Six Months Ended December 31, 2013	303,322	4.7	20,504	9.8	21,135	10.8
Six Months Ended December 31, 2012	289,644	4.6	18,673	8.5	19,075	16.0

(Note) Comprehensive income: 14,249 million yen [18.3%] (FY 2014.6 2Q), 12,040 million yen [2.4%] (FY 2013.6 2Q)

	Net Income	Change (%)	Net Income Per Share (Yen)	Net Income Per Share-fully diluted (Yen)
Six Months Ended December 31, 2013	13,024	10.6	166.94	165.84
Six Months Ended December 31, 2012	11,777	△1.3	152.64	152.31

(2) Financial Position

(Millions of yen, except per-share data)

	Total Assets	Net assets	Ratio of Shareholders' Equity to Total Assets (%)
As of December 31, 2013	440,762	182,945	40.6
As of June 30, 2013	386,622	170,178	43.0

(Reference) Equity: 178,984 million yen (as of December 31, 2013), 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 second 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	596,300	4.9	34,200	5.7	34,800	4.8	21,800	3.1	278.80

(Note) Revision to the business forecast in the second 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)	December 31, 2013	78,192,980 shares
	June 30, 2013	77,863,880 shares
② Number of treasury stock	December 31, 2013	1,244 shares
	June 30, 2013	1,244 shares
③ Average number of outstanding shares during the period	December 31, 2013	78,016,547 shares
	December 31, 2012	77,154,618 shares

※Implementation Status of Financial Audit

Financial Audit based on Financial Instrument and Exchange Act for the second quarter ended December 31, 2013 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 December 31, 2013	As of June 30, 2013
	Amount	Amount
Assets		
Current assets		
Cash and deposits	¥55,396	¥31,698
Notes and Accounts receivable-trade	7,272	5,371
Purchased receivables	5,655	6,738
Merchandise	92,781	85,997
Other	16,587	13,625
Allowance for doubtful accounts	(53)	(38)
Total current assets	177,638	143,391
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	74,312	66,097
Tools, furniture and fixtures, net	12,208	11,008
Land	114,523	107,905
Other, net	968	1,084
Total property, plant and equipment	202,011	186,094
Intangible assets		
Goodwill	6,049	4,640
Other	9,016	7,334
Total intangible assets	15,065	11,974
Investments and other assets		
Investment securities	4,892	5,137
Lease and guarantee deposits	31,616	31,762
Other	11,319	10,680
Allowance for doubtful accounts	(1,779)	(2,416)
Total investments and other assets	46,048	45,163
Total noncurrent assets	263,124	243,231
Total assets	¥440,762	¥386,622

	As of December 31, 2013	(Millions of yen) As of June 30, 2013
	Amount	Amount
Liabilities		
Current liabilities		
Accounts payable-trade	¥62,826	¥48,036
Short-term loans payable	14,635	14,286
Current portion of long-term loans payable	11,390	11,726
Current portion of bonds	19,280	20,130
Current portion of convertible bonds	—	350
Payables under fluidity lease receivables	4,284	—
Income taxes payable	7,632	6,746
Provision for point card certificates	233	221
Other	24,792	19,675
Total current liabilities	145,072	121,170
Noncurrent liabilities		
Bonds payable	47,150	48,640
Long-term loans payable	24,061	31,374
Long-term payables under fluidity lease receivables	26,372	—
Derivatives liabilities	57	65
Provision for directors' retirement benefits	350	337
Asset retirement obligations	3,137	2,521
Negative goodwill	714	964
Other	10,904	11,373
Total noncurrent liabilities	112,745	95,274
Total liabilities	257,817	216,444
Net assets		
Shareholders' equity		
Capital stock	21,067	20,613
Capital surplus	23,869	23,416
Retained earnings	134,440	123,207
Treasury stock	(3)	(3)
Total shareholders' equity	179,373	167,233
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	764	736
Foreign currency translation adjustment	(1,153)	(1,625)
Total accumulated other comprehensive income	(389)	(889)
Minority interests	3,961	3,834
Total net assets	182,945	170,178
Total liabilities and net assets	¥440,762	¥386,622

Consolidated Quarterly Statements of Income

(Millions of yen)

	Six months ended December 31, 2013	Six months ended December 31, 2012
	Amount	Amount
Net sales	¥303,322	¥289,644
Cost of sales	222,247	213,458
Gross profit	81,075	76,186
Selling, general and administrative expenses	60,571	57,513
Operating income	20,504	18,673
Non-operating income		
Interest and dividends income	212	285
Amortization of negative goodwill	249	371
Other	972	807
Total non-operating income	1,433	1,463
Non-operating expenses		
Interest expenses	582	786
Provision of allowance for doubtful accounts	—	45
Other	220	230
Total non-operating expenses	802	1,061
Ordinary income	21,135	19,075
Extraordinary income		
Gain on sales of noncurrent assets	212	—
Other	46	—
Total extraordinary income	258	—
Extraordinary loss		
Loss on retirement of noncurrent assets	209	77
Loss on closing of stores	204	42
Impairment loss	—	24
Other	55	24
Total extraordinary losses	468	167
Income before income taxes and minority interests	20,925	18,908
Income taxes - Current	7,559	6,299
Income taxes - Deferred	(380)	322
Total income taxes	7,179	6,621
Income before minority interests	13,746	12,287
Minority interests in income	722	510
Net income	¥13,024	¥11,777

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Six months ended December 31, 2013	Six months ended December 31, 2012
	Amount	Amount
Income before minority interests	¥13,746	¥12,287
Other comprehensive income		
Valuation difference on available-for-sale securities	34	268
Foreign currency translation adjustment	469	(515)
Total other comprehensive income	503	(247)
Comprehensive income	¥14,249	¥12,040
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	¥13,523	¥11,526
Comprehensive income attributable to minority interests	726	514

Consolidated Quarterly Statements of Cash Flows

	(Millions of yen)	
	Six months ended December 31, 2013	Six months ended December 31, 2012
	Amount	Amount
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	¥20,925	¥18,908
Depreciation and amortization	5,213	5,283
Impairment loss	—	24
Amortization of negative goodwill	(249)	(371)
Increase (decrease) in provision	6	(58)
Interest and dividends income	(212)	(285)
Interest expenses	582	786
Increase in notes and accounts receivable-trade	(723)	(2,158)
Increase in inventories	(5,511)	(5,672)
Increase in notes and accounts payable-trade	14,152	17,366
Other, net	(4,400)	885
Sub total	29,783	34,708
Interest and dividends income received	156	196
Interest expenses paid	(651)	(794)
Payments for loss on disaster	—	(168)
Income taxes paid	(6,664)	(5,617)
Net cash provided by operating activities	22,624	28,325
Net cash provided by (used in) investing activities:		
Proceeds from withdrawal of time deposits	—	5,806
Purchase of property, plant and equipment	(12,963)	(20,068)
Proceeds from sales of property, plant and equipment	1,938	343
Purchase of intangible assets	(1,736)	(178)
Payments for lease and guarantee deposits	(743)	(954)
Proceeds from collection of lease and guarantee deposits	197	218
Payment for store opening in progress	(498)	(355)
Proceeds from sales of investment securities	423	9
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(2,491)	—
Payments of loans receivable	(1,079)	(101)
Other, net	288	(206)
Net cash used in investing activities	(16,664)	(15,486)
Net cash provided by (used in) financing activities:		
Net increase in short-term loans payable	39	89
Proceeds from long-term loans payable	10,000	8,500
Repayment of long-term loans payable	(18,663)	(7,924)
Proceeds from issuance of bonds	1,960	20,131
Redemption of bonds	(4,340)	(18,024)
Redemption of convertible bonds	(350)	—
Proceeds from fluidity of lease receivables	30,869	—
Repayments of payables under fluidity lease receivables	(372)	—
Proceeds from issuance of common stock	907	148
Cash dividends paid	(1,791)	(1,620)
Cash dividends paid to minority shareholders	(552)	(630)
Other, net	(71)	(17)
Net cash provided by financing activities	¥17,636	¥653

	(Millions of yen)	
	Six months ended December 31, 2013	Six months ended December 31, 2012
	Amount	Amount
Effect of exchange rate change on cash and cash equivalents	¥308	¥(100)
Net increase in cash and cash equivalents	23,904	13,392
Cash and cash equivalents at beginning of period	36,132	29,973
Increase in cash and cash equivalents from newly consolidated subsidiary	—	0
Cash and cash equivalents at end of period	¥60,036	¥43,365

Segment Information

For the second quarter ended December 31, 2013

1. Information concerning sales and income by reporting segment

	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	¥292,323	¥8,348	¥300,671	¥2,651	¥303,322	¥—	¥303,322
Intersegment sales	3	2,043	2,046	1,409	3,455	(3,455)	—
Total	292,326	10,391	302,717	4,060	306,777	(3,455)	303,322
Segment income	¥17,055	¥2,572	¥19,627	¥1,247	¥20,874	¥(370)	¥20,504

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 ¥ (370) 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

In the retail segment, the increase of goodwill resulting from the acquisition of MARUKAI CORPORATION was ¥1,516 million in the six months ended December 31, 2013.

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

For the second quarter ended December 31, 2012

1. Information concerning sales and income by reporting segment

	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	¥278,988	¥8,154	¥287,142	¥2,502	¥289,644	¥—	¥289,644
Intersegment sales	2	1,338	1,340	1,859	3,199	(3,199)	—
Total	278,990	9,492	288,482	4,361	292,843	(3,199)	289,644
Segment income	¥14,779	¥2,792	¥17,571	¥1,065	¥18,636	¥37	¥18,673

Notes

- 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.
- The ¥ 37 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

Not applicable