

Summary Report of Consolidated Financial Results For the Third Quarter Ended March 31, 2005

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

Don Quijote Co., Ltd.

Securities Code No.: 7532
 Shares Listed: Tokyo Stock Exchange
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1. Basis for preparation of quarterly financial results

The financial results for the third quarter of fiscal 2005 and 2004 were not audited by independent public accountants.

This summary report includes the accounting figures that are not through the formal closing process.

Amounts are presented in millions of yen and are rounded off to the nearest million yen.

2. Overview of Business Results and Financial Position for the third quarter of fiscal 2005 (From July 1, 2004 to March 31, 2005)

(1) Results of Business Operations

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Recurring Income	Change (%)
Nine Months Ended March 31, 2005	174,734	24.3	8,328	0.7	9,842	3.3
Nine Months Ended March 31, 2004	140,603	20.1	8,274	22.7	9,527	29.3
Last Fiscal Year	192,840		10,611		12,598	

	Net Income	Change (%)	Net Income Per Share (Yen)
Nine Months Ended March 31, 2005	5,421	4.4	249.76
Nine Months Ended March 31, 2004	5,191	27.0	252.67
Last Fiscal Year	6,846		348.83

(Notes) Change in accounting method: Effective July 1, 2004, the Company and its consolidated subsidiaries changed their method of accounting for noncancelable lease transactions which transfer substantially all risks and rewards associated with the ownership of assets, from accounting for them as operating leases, to finance leases.
 Percentages above represent increase / decrease over preceding nine months.
 Net income per share was computed through dividing net income by number of outstanding shares net of treasury stocks at the end of the third quarter.

(2) Financial Position

(Millions of yen, except per-share data)

	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity to Total Assets (%)	Shareholders' Equity Per Share (Yen)
Nine Months Ended March 31, 2005	145,779	49,771	34.1	2,293.16
Nine Months Ended March 31, 2004	124,121	38,721	31.2	1,884.89
Last Fiscal Year	126,774	41,738	32.9	2,003.60

(Notes) Number of outstanding shares:
 As of March 31, 2005 21,704,299 shares
 As of March 31, 2004 20,542,822 shares
 As of June 30, 2004 20,831,622 shares

Number of treasury stocks:
 As of March 31, 2005 277,464 shares
 As of March 31, 2004 1,900 shares
 As of June 30, 2004 2,307 shares

(3) The Consolidated Statements of Cash Flows

The consolidated statements of cash flows were not prepared for the third quarter of fiscal 2005 and 2004.

(4) Scope of consolidation and application of the equity method

Consolidated subsidiaries: 4 companies

Unconsolidated subsidiaries accounted for by the equity method: N/A

Affiliated companies accounted for by the equity method: N/A

Change in scope of consolidation: (Increase) 1 company

3. Consolidated Business Forecast : For the year ending June 30, 2005 (From July 1, 2004 to June 30, 2005)

(Millions of yen, except per-share data)

	Net Sales	Recurring Income	Net Income	Net Income Per Share (Yen)
Year Ending June 30, 2005	232,000	12,900	7,200	331.73

(Notes) There are no amendments of net sales forecast since announcements on February 22, 2005, but we changed the forecast of recurring income and net income because we took into consideration the increase of selling, general, and administrative expenses such as security measures for anti-crime and fire prevention and the expenses for starting new businesses. Net income per share in the Consolidated Business Forecast was computed from 21,704,299 shares (the number of shares issued minus outstanding net of treasury stocks as of March 31, 2005).

Statements made in this report with respect to our current business plans, estimates, strategies and briefs, including the above forecasts, are forward-looking statements about our future performance. These statements are based on management's assumption and briefs in the light of information currently available to us, and therefore, you should not place undue reliance on them. Various important factors could cause actual results to be materially different from those discussed in the forward-looking statements. Such factors include but are not limited to (1) changes in economic conditions affecting our operations (2) intensive competition in the retail industry (3) changes in regulatory environment and government policy (4) key management figures and (5) financing risks.

Attachments

Consolidated Balance Sheets

Consolidated Statements of Income

Consolidated Statements of Retained Earnings

Consolidated Balance Sheets

	(Millions of yen)		
	As of March 31, 2005 (Unaudited)	As of March 31, 2004 (Unaudited)	As of June 30, 2004 (Audited)
ASSETS			
Current assets:			
Cash and time deposits	¥17,075	¥16,479	¥8,904
Accounts receivables-trade	2,292	1,382	2,017
Less: Allowance for doubtful accounts	(4)	(3)	(2)
Inventories	36,059	31,838	35,114
Prepaid expenses	1,007	699	825
Deferred tax assets	890	520	934
Fire insurance claims unsettled	761	—	—
Other current assets	1,446	1,078	1,272
Total current assets	59,526	51,993	49,064
Investments and advances:			
Investment securities	4,275	4,372	4,732
Advance payment for fixed leasehold deposits ..	279	1,117	869
Long-term loans receivable	1,160	1,177	1,172
Less: Allowance for doubtful accounts	(5)	(3)	(3)
Total investments and advances	5,709	6,663	6,770
Property and equipment, at cost:			
Buildings and structures	39,557	28,338	30,881
Vehicles and delivery equipment	51	78	80
Equipment	8,954	6,670	7,695
Less: Accumulated depreciation	(11,105)	(7,496)	(8,426)
Land	23,940	22,340	22,575
Construction in progress	308	2,958	2,806
Net property and equipment	61,705	52,888	55,611
Intangibles	2,319	1,281	1,503
Other assets:			
Fixed leasehold deposits	13,198	8,749	10,797
Long-term prepaid expenses	1,063	573	923
Deferred tax assets	432	400	345
Cash surrender value	1,827	1,574	1,761
Total other assets	16,520	11,296	13,826
Total assets	¥145,779	¥124,121	¥126,774

	(Millions of yen)		
	As of March 31, 2005 (Unaudited)	As of March 31, 2004 (Unaudited)	As of June 30, 2004 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable-trade	¥19,763	¥16,356	¥20,364
Short-term loans payable	525	8,487	848
Current maturities of long-term debt	9,085	5,702	5,702
Commercial paper	—	7,000	10,000
Accrued income taxes	1,692	1,252	3,109
Accrued expense	1,517	1,201	1,604
Other current liabilities	3,360	2,414	3,108
Total current liabilities	35,942	42,412	44,735
Long-term liabilities:			
Long-term debt	58,399	41,825	38,943
Allowance for retirement benefits for directors	151	140	143
Other non-current liabilities	1,516	1,023	1,215
Total long-term liabilities	60,066	42,988	40,301
Total liabilities	96,008	85,400	85,036
Shareholders' equity:			
Common stock	9,583	6,511	7,134
Additional paid-in capital	10,896	7,826	8,449
Retained earnings	30,604	24,152	25,808
Net unrealized gains on investment securities	203	242	360
Total	51,286	38,731	41,751
Less: Treasury stock, at cost	(1,515)	(10)	(13)
Total shareholders' equity	49,771	38,721	41,738
Total liabilities and shareholders' equity	¥145,779	¥124,121	¥126,774

Consolidated Statements of Income

	(Millions of yen)		
	Nine Months Ended March 31, 2005 (Unaudited)	Nine Months Ended March 31, 2004 (Unaudited)	Year Ended June 30, 2004 (Audited)
Net sales	¥174,734	¥140,603	¥192,840
Cost of goods sold	134,890	108,440	148,543
Gross profit	39,844	32,163	44,297
Selling, general and administrative expenses	31,516	23,889	33,686
Operating income	8,328	8,274	10,611
Other income (expenses):			
Interest and dividend income	213	58	99
Interest expense	(268)	(268)	(353)
Stock issuance cost	(13)	(7)	(8)
Bond issuance cost	(163)	(69)	(70)
Other income, net	1,781	1,308	2,089
Extraordinary item-losses due to fire	(241)	—	—
Income before income taxes and minority interests	9,637	9,296	12,368
Income taxes:			
Current	4,176	3,700	5,554
Deferred	67	405	(32)
Income before minority interests	5,394	5,191	6,846
Minority interests	(27)	—	—
Net income	¥5,421	¥5,191	¥6,846

Recurring income:

According to accounting principles and practices generally accepted in Japan, recurring income is shown below:

	(Millions of yen)		
	Nine Months Ended March 31, 2005 (Unaudited)	Nine Months Ended March 31, 2004 (Unaudited)	Year Ended June 30, 2004 (Audited)
Operating income	¥8,328	¥8,274	¥10,611
Other income (expenses):			
Interest and dividend income	213	58	99
Interest expense	(268)	(268)	(353)
Stock issuance cost	(13)	(7)	(8)
Bond issuance cost	(163)	(69)	(70)
Other expenses, net	1,745	1,539	2,319
Recurring income	9,842	9,527	12,598
Other and extraordinary income (expenses):			
Other income and expenses, net	36	(231)	(230)
Extraordinary item-losses due to fire	(241)	—	—
Income before income taxes and minority interests	¥9,637	¥9,296	¥12,368

Consolidated Statements of Retained Earnings

	(Millions of yen)		
	Nine Months Ended March 31, 2005 (Unaudited)	Nine Months Ended March 31, 2004 (Unaudited)	Year Ended June 30, 2004 (Audited)
Additional paid-in capital:			
Balance at beginning of the period	¥8,449	¥7,265	7,265
Exercise of stock options	188	163	296
Conversion of convertible bonds	2,259	398	888
Balance at end of the period	10,896	¥7,826	8,449
Retained earnings:			
Balance at beginning of the period	25,808	¥19,149	19,149
Net income	5,421	5,191	6,846
Cash dividends	(625)	(152)	(152)
Decrease by the exclusion of consolidation	—	(36)	(35)
Balance at end of the period	¥30,604	¥24,152	25,808

[Note.1]

Change in Accounting Policies

Until the year ended June 30, 2004, noncancelable lease transactions of the Company and its consolidated subsidiaries were accounted for as operating leases (whether such leases were classified as operating or finance leases) except that lease agreements, which stipulated the transfer of ownership of the leased assets to the lessee, were accounted for as finance leases. Effective July 1, 2004, the Company and its consolidated subsidiaries changed their method of accounting for noncancelable lease transactions which transfer substantially all risks and rewards associated with the ownership of assets, from accounting for them as operating leases, to finance leases. This change was made in order to achieve a better matching of revenue and expenses and to establish a better presentation of the Company's and its consolidated subsidiaries' financial position by reflecting lease transactions more appropriately in its consolidated financial statements, considering the increasing materiality of these lease transactions as well as from an international point of view.

The effect of the change was to increase equipment by ¥127 million, current liabilities by ¥48 million, and long-term liabilities by ¥78 million.

In the first six months of fiscal 2005, Company and its consolidated subsidiaries changed their method of accounting to reflect the market fair value of the swap contracts in earnings from the hedge accounting. This change was made in order to reflect a better presentation of the Company's financial position by harmonizing with the IAS.

The effect of this change was to decrease ¥51 million of the recurring income and income before income taxes and minority interests.

[Note.2]

Supplemental information

(The enterprise taxes through external standards taxation)

The treatment accounting for enterprise taxes through external standards taxation in Tokyo in accordance with the municipal ordinance increased ¥152 million of selling, general and administrative expenses, decreased ¥152 million of recurring income and income before income taxes and minority interests.

[Note.3]

Until the year ended June 30, 2004, figures were rounded down to the nearest appropriate unit. From the first quarter of fiscal 2005, figures are rounded off to the nearest appropriate unit. For the better comparison, reclassifications have been made to prior period amounts to conform with current period presentation.