Summary Report of Consolidated Financial Results
For the Six Months Ended December 31 2004

(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 semi-annual financial results

① The financial results for the first six months of fiscal 2005 and 2004 were not audited by independent public accountants.
② This summary report includes the accounting figures that is not through the formal closing process.
③ 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 first six months of fiscal 2005 (From July 1, 2004 to December 31, 2004)

(1) Results of Business Operations (Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Recurring Income	Change (%)
Six Months Ended December 31, 2004	119,368	26.8	6,509	6.3	7,573	7.7
Six Months Ended December 31, 2003	94,147	19.2	6,125	31.8	7,032	40.7
Last Fiscal Year	192,840		10,611		12,598	

	Net Income	Change (%)	Net Income Per Share (Yen)	Diluted Income Per Share (Yen)
Six Months Ended December 31, 2004	4,289	9.8	204.33	173.23
Six Months Ended December 31, 2003	3,906	41.8	191.17	178.73
Last Fiscal Year	6,846		348.83	308.68

(Notes)
① 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.
② In the first six months of 2005, Company and its consolidated subsidiaries changed their method of accounting to reflect the market fare 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 on 2005 results of operations, including the cumulative effect of prior years, was not material.
③ Percentages above represent increase / decrease over preceding six months.
④ Net income per share was computed through dividing net income by number of outstanding shares net of treasury stocks at the end of this first six months.
⑤ Weighted average number of shares :

As of December 31, 2004	20,991,006 shares
As of December 31, 2003	20,434,781 shares
As of June 30, 2004	19,627,102 shares

(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)
Six Months Ended December 31, 2004	147,057	46,793	31.8	2,198.84
Six Months Ended December 31, 2003	112,594	37,116	33.0	1,808.38
Last Fiscal Year	126,774	41,738	32.9	2,003.60

(Notes)
① Number of outstanding shares :

As of December 31, 2004	21,280,773 shares
As of December 31, 2003	20,524,522 shares
As of June 30, 2004	20,831,622 shares

② Number of treasury stocks :

As of December 31, 2004	277,264 shares
As of December 31, 2003	1,879 shares
As of June 30, 2004	2,307 shares

(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 at the end of the period or the year
Six Months Ended December 31, 2004	9,185	(9,094)	6,868	15,863
Six Months Ended December 31, 2003	5,048	(11,866)	7,045	7,174
Last Fiscal Year	6,797	(24,569)	19,729	8,904

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

Consolidated subsidiaries: 3 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	14,100	7,800	366.53

(Notes) ① Net income per share in Consolidated Business Forecast is computed with 21,280,773 shares as of December 31, 2004 (the number of shares issued and outstanding net of treasury stocks).

② 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 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

Business Results and Financial Position
Consolidated Balance Sheets
Consolidated Statements of Income
Consolidated Statements of Stockholders' Equity
Consolidated Statements of Cash Flows
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Business Results and Financial Position

Ⅰ.Business Results

(1) Business Overview

Business results for six months ended December 31, 2004 and 2003. (Millions of yen, except per-share data)

	Six Months Ended December 31, 2004 (Unaudited)		Six Months Ended December 31, 2003 (Unaudited)		Change		Last Fiscal Year (Audited)	
	Amounts	%	Amounts	%	Amounts	%	Amounts	%
Net sales	119,368	100.0	94,147	100.0	25,221	26.8	192,840	100.0
Gross profit	27,217	22.8	21,482	22.8	5,735	26.7	44,297	23.0
Selling, general and administrative expenses	20,708	17.3	15,357	16.3	5,351	34.8	33,686	17.5
Operating income	6,509	5.5	6,125	6.5	384	6.3	10,611	5.5
Recurring income	7,573	6.3	7,032	7.5	541	7.7	12,598	6.5
Net income	4,289	3.6	3,906	4.1	383	9.8	6,846	3.5

Although the Japanese economy gradually moved towards recovery in the first six months of fiscal 2005, we faced with the deflation by the decrease of the exports. Overall, the operating environment remained tough.

In the retail industry, we struggled with the slow sales of seasoning items caused by the unseasonable weather conditions, marked by unusually warm winter and typhoons, and with the severe competition.

In this environment, the Group has been developing stores to expand the number and area for "Customer Satisfaction", as a business creating company. We tried to make attractive stores to the customers with our high quality amusements and services.
Also, we tried to enhance the ability to establish the stores across the whole country.

In the first six months of fiscal 2005, we opened eleven stores and suspended the operation of two stores.
We established the store named "Don Quijote Akihabara" and, "Picasso Kannana-Edogawa" in Tokyo, "Picasso Kounandai" in kanagawa prefecture,"Don Quijote Narita" in Chiba prefecture, "Picasso Kuki" in Saitama prefecture. These five stores are in Kanto area. "PAW Shin-Anjo" in Aichi prefecture which is in Chubu area. "Don Quijote Kakogawa" in Hyogo prefecture, " Don Quijote Nara" in Nara prefecture, these two stores are in Kansai area. "PAW Hiroshimanishihara" in Hiroshima prefecture which is in Chugoku area, "PAW Takamatsu" in Kagawa prefecture which is in Shikoku area," "Don Quijote Kurosaki" in Fukuoka prefecture which is in Kyushu area. We are suspending operations of "Don Quijote Urawakagetsu", and "Don Quijote Kampachisetagaya" from the influence of the arson happened on December 2004. The total number of stores at the end of December 2004 became 104 (93 stores at the end of last fiscal year).

As a result, net sales for the first six months of fiscal 2005 was ¥119,368 million (up 26.8% from the first six months of fiscal 2004), operating income was ¥6,509 million (up 6.3%), recurring income was ¥7,573 million (up 7.7%) and net income was ¥4,289 million (up 9.8%).

(2) Overview of Consolidated Statements of Income

1. Net sales

For the first six months of fiscal 2005, consolidated net sales surged ¥25,221 million from the first six months of fiscal 2004 to ¥119,368 million (up 26.8%) despite of unfavorable business environment such as unusual warm winter and typhoons.

2. Cost of goods sold and gross profit

For the first six months of fiscal 2005, Cost of goods sold was ¥92,152 million, and gross profit was up 26.7% from the first six months of fiscal 2004 to ¥27,217 million. The gross profit ratio was 22.8 %.

3. Selling, general and administrative expenses

Selling, general and administrative expenses in the first six months of fiscal 2005 increased 34.8% from the first six months of fiscal 2004 to ¥20,708 million. This was mainly due to the increase of the new stores. The ratio of selling, general, and administrative expenses to net sales was 17.3%, one percentage point increased from the first six months of fiscal 2004.
Major elements of selling, general and administrative expenses for the first six months of fiscal 2005 and 2004 and for the fiscal year 2004 are summarized as follows:

(Millions of yen)

	Six Months Ended December 31, 2004 (Unaudited)		Six Months Ended December 31, 2003 (Unaudited)		Change		Last Fiscal Year (Audited)	
	Amounts	%	Amounts	%	Amounts	%	Amounts	%
Employees' compensation and benefit	7,442	6.2	5,585	5.9	1,857	33.3	12,471	6.5
Occupancy and rental	3,298	2.8	2,423	2.6	875	36.1	5,156	2.7
Commission	2,466	2.1	1,597	1.7	869	54.4	3,537	1.8
Depreciation	1,841	1.5	1,359	1.4	482	35.5	3,045	1.6
Provision for retirement benefits for directors	5	0.0	42	0.0	(37)	(88.1)	49	0.0
Others	5,656	4.7	4,351	4.6	1,305	30.0	9,428	4.9
Total	20,708	17.3	15,357	16.3	5,351	34.8	33,686	17.5

(Note) Percent indication of six-months period and year amounts shows the ratios of those to the net sales of same period.

4. Other income (expenses)

Other net income for the first six months of fiscal 2005 was ¥981 million.

5. Operating income and recurring income (losses)

Operating income for the first six months of fiscal 2005 increased 6.3% from the first six months of fiscal 2004 to ¥ 6,509 million. Gross profit increased 26.7%. Selling, general and administrative expenses increased 34.8% from the first six months of fiscal 2004. Recurring income for the first six months of fiscal 2005 increased 7.7% from the first six months of fiscal 2004 to ¥7,573 million.

6. Net income

Net income for the first six months of fiscal 2005 increased 9.8% from the first six months of fiscal 2004 to ¥4,289 million.

(3) Segment Overview

Business results for six months ended December 31, 2004 and 2003. (Millions of yen)

	Six Months Ended December 31, 2004 (Unaudited)		Six Months Ended December 31, 2003 (Unaudited)		Change		Last Fiscal Year (Audited)	
	Amounts	%	Amounts	%	Amounts	%	Amounts	%
Discount store operations								
Electric goods	22,897	19.2	19,483	20.7	3,414	17.5	39,203	20.3
Merchandise	25,719	21.5	21,590	22.9	4,129	19.1	43,831	22.7
Foods	22,319	18.7	16,959	18.0	5,360	31.6	36,646	19.0
Watches, fashion goods	32,368	27.1	25,206	26.8	7,162	28.4	50,374	26.1
Sports, leisure goods	9,348	7.8	7,660	8.1	1,688	22.0	14,988	7.8
Others	2,492	2.2	2,156	2.3	336	15.7	4,262	2.2
Subtotal	115,143	96.5	93,054	98.8	22,089	23.7	189,304	98.2
Rental business operations	2,278	1.9	1,093	1.2	1,185	108.4	2,890	1.5
Cellular phones operations	1,947	1.6	—	—	1,947	—	646	0.3
Total	119,368	100.0	94,147	100.0	25,221	26.8	192,840	100.0

(Discount store operations)

Net sales from discount store operations for the first six months of fiscal 2005 increased ¥22,089 million (up 23.7%) from the first six months of fiscal 2004 to ¥115,143 million. This was mainly due to the steady demand of the assortment of food products like cool beverages in the heat summer, and to the marketing strategy of flexible pricing and uniqueness of products and store layout, and also due to the focus strategy of life-style products such as watches and fashion goods for high selling prices that deliver high profit margins.

(Rental business operations)

Net sales from rental business operations for the first six months of fiscal 2005 increased ¥1,185 million (up 108.4%) from the first six months of fiscal 2004 to ¥2,278 million. This was due to the increase of rent revenue from tenants of the newly opened PAW shopping malls. The number of PAW shopping malls totaled 23 at the end of December 2004 (12 malls at the end of December 2003).

(Cellular phones operations)

On February 2004, the Company formed a subsidiary, Donki Johokan Co., Ltd. to operate cellular phones business. From December 2004, the Company sells the cellular phones by itself and manages the commission from the telecommunication companies. Donki Johokan staff sells the cellular phones in the shop of Don Quijote, and Don Quijote pays commission to Donki Johokan. Net sales from this business operations for the first six months of fiscal 2005 was ¥1,947 million.

Ⅱ. Financial Position

(Millions of yen)

	Six Months Ended December 31, 2004 (Unaudited)		Six Months Ended December 31, 2003 (Unaudited)		Change (From the last fiscal year)		Last Fiscal Year (Audited)	
	Amounts	%	Amounts	%	Amounts	%	Amounts	%
Total assets	147,057	100.0	112,594	100.0	20,283	16.0	126,774	100.0
Current assets	62,439	42.5	45,972	40.8	13,375	27.3	49,064	38.7
Fixed assets	84,618	57.5	66,622	59.2	6,908	8.9	77,710	61.3
Current liabilities	59,187	40.3	48,666	43.2	14,452	32.3	44,735	35.3
Long-term liabilities	41,069	27.9	26,812	23.8	768	1.9	40,301	31.8
Total liabilities	100,256	68.2	75,478	67.0	15,220	17.9	85,036	67.1
Minority interests	8	0.0	—	—	8	—	—	—
Total shareholders' equity	46,793	31.8	37,116	33.0	5,055	12.1	41,738	32.9

(Millions of yen)

	Six Months Ended December 31, 2004 (Unaudited)	Six Months Ended December 31, 2003 (Unaudited)	Change
Net cash provided by operating activities	9,185	5,048	4,137
Net cash provided by investing activities	(9,094)	(11,866)	2,772
Net cash provided by financing activities	6,868	7,045	(177)
Cash and cash equivalents at the end of the period	15,863	7,174	8,689

Analysis of Financial Condition

(1) Assets, liabilities and shareholders' equity

1. Total assets

Total assets as of December 31, 2004 increased by ¥20,283 million from June 30, 2004 to ¥147,057 million. Summary is the following.

2.Current assets

Current assets as of December 31, 2004 increased by ¥13,375 million from June 30, 2004 to ¥62,439 million. This was mainly due to the fact that cash and time deposits increased by ¥6,959 million, and inventories increased by ¥3,708 million.

3.Fixed assets

Fixed assets as of December 31, 2004 increased by ¥6,908 million from June 30, 2004 to ¥84,618 million. This was mainly due to the fact that property and equipment increased by ¥4,907 million, and leasehold deposit increased by ¥1,977 million from the opening new stores.

4.Liabilities

Liabilities as of December 31, 2004 increased by ¥15,220 million from June 30, 2004 to ¥100,256 million. This was due to the increase of accounts payable-trade by ¥7,709 million and short-term loan by ¥ 3,777 million, and the long-term debt by ¥4,162 million.

5. Shareholders' equity

Shareholders' equity at the end of this first six months increased by ¥5,055 million from June 30, 2004 to ¥46,793 million. This is due to the increase of common stock by ¥1,548 million, Additional paid-in capital by ¥1,547 million, and retained earnings by ¥3,664 million. Equity ratio was 31.8%.

(2) Consolidated Statements of Cash Flows

1. Cash flows from operating activities

Net cash provided by operating activities for the first six months of fiscal 2005 increased ¥4,137 million from the first six months of fiscal 2004 to ¥9,185 million, mainly due to the decrease of the "Increase of inventories".

2. Cash flows from investing activities

Net cash provided by investing activities for the first six months of fiscal 2005 decreased ¥2,772 million from the first six months of fiscal 2004 to ¥9,094 million, mainly due to the expenditure of payments for purchase of tangible fixed assets for stores.

3. Cash flows from financing activities

Net cash provided by financing activities for the first six months of fiscal 2005 decreased ¥177 million from the first six months of fiscal 2004 to ¥6,868 million, due to the issuance of commercial paper and increase of long-term borrowing.

From these facts, cash and cash equivalents at the end of December 31, 2004 increased by ¥8,689 million from the end of December 31, 2003 to

¥15,863 million.

The cash flows indication of the Group is as follows:

	Six Months Ended December 31, 2004 (Unaudited)	Six Months Ended December 31, 2003 (Unaudited)	Six Months Ended December 31, 2002 (Unaudited)
Total shareholders' equity / Total assets (%)	31.8	33.0	35.3
Market capitalization * / Total assets (%)	75.7	101.0	133.3
Cash flows from operating activities / Interest paid (time)	47.2	23.0	36.3
Debt bearing interest / Cash flows from operating activities (year)	6.7	8.7	6.4

Note: * Market capitalization = Share price at the end of the first six months × (Number of issued shares －Treasury stock)

Consolidated Balance Sheets

	(Millions of yen)		
	Six Months Ended December 31, 2004 (Unaudited)	Six Months Ended December 31, 2003 (Unaudited)	Year Ended June 30, 2004 (Audited)
ASSETS			
Current assets:			
Cash and time deposits	**¥15,863**	¥7,174	¥8,904
Accounts receivables-trade	**2,983**	1,897	2,017
Less: Allowance for doubtful accounts	**(4)**	(3)	(2)
Inventories	**38,822**	34,013	35,114
Prepaid expenses	**894**	658	825
Deferred tax assets	**1,146**	882	934
Fire insurance claims unsettled	**783**	—	—
Other current assets	**1,952**	1,351	1,272
Total current assets	**62,439**	45,972	49,064
Investments and advances:			
Investment securities	**4,498**	3,617	4,732
Advance payment for fixed leasehold deposits	**119**	792	869
Long-term loans receivable	**1,164**	1,181	1,172
Less: Allowance for doubtful accounts	**(4)**	(2)	(3)
Total investments and advances	**5,777**	5,588	6,770
Property and equipment, at cost:			
Buildings and structures	**34,969**	24,126	30,881
Vehicles and delivery equipment	**50**	75	80
Equipment	**8,428**	6,381	7,695
Less: Accumulated depreciation	**(10,017)**	(6,716)	(8,426)
Land	**23,757**	22,032	22,575
Construction in progress	**3,331**	3,099	2,806
Net property and equipment	**60,518**	48,997	55,611
Intangibles	**2,147**	1,111	1,503
Other assets:			
Fixed leasehold deposits	**12,774**	8,284	10,797
Long-term prepaid expenses	**1,093**	499	923
Deferred tax assets	**473**	570	345
Cash surrender value	**1,836**	1,573	1,761
Total other assets	**16,176**	10,926	13,826
Total assets	**¥147,057**	¥112,594	¥126,774

The accompanying notes are integral part of the statements.

	(Millions of yen)		
	Six Months Ended December 31, 2004 (Unaudited)	Six Months Ended December 31, 2003 (Unaudited)	Year Ended June 30, 2004 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable-trade	**¥28,072**	¥23,697	¥20,364
Short-term loans payable	**4,625**	7,620	848
Current maturities of long-term debt	**7,287**	5,702	5,702
Commercial paper	**10,000**	5,000	10,000
Accrued income taxes	**3,640**	3,095	3,109
Accrued expenses	**1,252**	713	1,604
Other current liabilities	**4,311**	2,839	3,108
Total current liabilities	**59,187**	48,666	44,735
Long-term liabilities:			
Long-term debt	**39,414**	25,810	38,943
Allowance for retirement benefits for directors	**148**	136	143
Other non-current liabilities	**1,507**	866	1,215
Total long-term liabilities	**41,069**	26,812	40,301
Total liabilities	**100,256**	75,478	85,036
Minority interests in loss of consolidated subsidiaries	**8**	—	—
Shareholders' equity:			
Common stock	**8,682**	6,472	7,134
Additional paid-in capital	**9,996**	7,786	8,449
Retained earnings	**29,472**	22,868	25,808
Net unrealized gains on investment securities	**157**	0	360
Total	**48,307**	37,126	41,751
Less: Treasury stock, at cost	**(1,514)**	(10)	(13)
Total shareholders' equity	**46,793**	37,116	41,738
Total liabilities and shareholders' equity	**¥147,057**	¥112,594	¥126,774

The accompanying notes are integral part of the statements.

Consolidated Statements of Income

(Millions of yen)

	Six Months Ended December 31, 2004 (Unaudited)	Six Months Ended December 31, 2003 (Unaudited)	Year Ended June 30, 2004 (Audited)
Net sales	**¥119,368**	¥94,147	¥192,840
Cost of goods sold	**92,151**	72,665	148,543
Gross profit	**27,217**	21,482	44,297
Selling, general and administrative expenses	**20,708**	15,357	33,686
Operating income	**6,509**	6,125	10,611
Other income (expenses):			
Interest and dividend income	**128**	31	99
Interest expense	**(171)**	(182)	(353)
Stock issuance cost	**(12)**	(4)	(8)
Bond issuance cost	**(8)**	(1)	(70)
Other income, net	**1,162**	995	2,089
Extraordinary item-losses due to fire	**(117)**	—	—
Income before income taxes and minority interests	**¥7,491**	¥6,964	¥12,368
Income taxes:			
Current	**3,418**	3,019	5,554
Deferred	**(197)**	39	(32)
Income before minority interests	**4,270**	3,906	6,846
Minority interests	**19**	—	—
Net income	**¥4,289**	¥3,906	¥6,846

Amount per share of common stock:

(Yen)

	Six Months Ended December 31, 2004 (Unaudited)	Six Months Ended December 31, 2003 (Unaudited)	Year Ended June 30, 2004 (Audited)
Basic earnings :			
Net income	**¥204.33**	¥191.17	¥348.83
Diluted earnings:			
Net income	**¥173.23**	¥178.73	¥308.68

The accompanying notes are integral part of the statements.

Recurring income:

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

	(Millions of yen)		
	Six Months Ended December 31, 2004 (Unaudited)	Six Months Ended December 31, 2003 (Unaudited)	Year Ended June 30, 2004 (Audited)
Operating income	**¥6,509**	¥6,125	¥10,611
Other income (expenses):			
Interest and dividend income	**128**	31	99
Interest expense	**(171)**	(182)	(353)
Stock issuance cost	**(12)**	(4)	(8)
Bond issuance cost	**(8)**	(1)	(70)
Other expenses, net	**1,127**	1,063	2,319
Recurring income	**7,573**	7,032	12,598
Other and extraordinary income (expenses):			
Other income and expenses, net	**35**	(68)	(230)
Extraordinary item-losses due to fire	**(117)**	—	—
Income before income taxes and minority interests	**¥7,491**	¥6,964	¥12,368

The accompanying notes are integral part of the statements.

Consolidated Statements of Stockholders' Equity

	(Millions of yen)		
	Six Months Ended December 31, 2004 (Unaudited)	Six Months Ended December 31, 2003 (Unaudited)	Year Ended June 30, 2004 (Audited)
Common stock:			
Balance at beginning of the period	**¥7,134**	¥5,950	¥5,950
Exercise of stock options	**144**	127	296
Conversion of convertible bonds	**1,404**	395	888
Balance at end of the period	**¥8,682**	¥6,472	¥7,134
Additional paid- in capital:			
Balance at beginning of the period	**¥8,449**	¥7,265	¥7,265
Exercise of stock options	**144**	126	296
Conversion of convertible bonds	**1,403**	395	888
Balance at end of the period	**¥9,996**	¥7,786	¥8,449
Retained earnings:			
Balance at beginning of the period	**¥25,808**	¥19,149	¥19,149
Net income	**4,289**	3,906	6,846
Cash dividends	**(625)**	(152)	(152)
Decrease by the exclusion of consolidation	**—**	(35)	(35)
Balance at end of the period	**¥29,472**	¥22,868	¥25,808

The accompanying notes are integral part of the statements.

Consolidated Statements of Cash Flows

	(Millions of yen)		
	Six Months Ended December 31, 2004 (Unaudited)	Six Months Ended December 31, 2003 (Unaudited)	Year Ended June 30, 2004 (Audited)
Cash flows from operating activities:			
Income before income tax	**¥7,491**	¥6,964	¥12,368
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	**2,006**	1,440	3,274
Increase of provision for doubtful accounts	**3**	2	2
Increase of provision for retirement benefits for directors	**5**	42	49
Interest and dividend income	**(128)**	(31)	(99)
Gain from fund	**(209)**	(194)	(265)
Interest expense	**195**	207	402
Derivative loss	**49**	—	—
Loss on disposal of property and equipment	**26**	—	161
Loss on close of stores	**—**	61	62
Loss due to fire	**50**	—	—
Increase in trade receivable	**(966)**	(759)	(879)
Increase in inventories	**(3,708)**	(7,156)	(8,258)
Increase in other current assets	**(1,479)**	(383)	(475)
Increase in trade payable	**7,709**	7,226	3,893
Increase in other current liabilities	**804**	751	1,948
Increase in other non-current liabilities	**157**	256	610
Other, net	**167**	(12)	58
Cash generated from operations	**12,172**	8,414	12,851
Received interest and dividend income	**95**	21	47
Interest paid	**(195)**	(219)	(420)
Income tax paid	**(2,887)**	(3,168)	(5,681)
Net cash provided by operating activities	**9,185**	5,048	6,797
Cash flows from investing activities:			
Payments for purchase of investment securities	**(166)**	(1,124)	(2,146)
Proceeds from sale of investment securities	**262**	204	856
Payments for purchase of tangible fixed assets and intangible assets	**(7,482)**	(9,605)	(19,002)
Proceeds from sale of tangible fixed assets	**7**	—	423
Increase (Decrease) in loans receivable	**8**	(47)	(39)
Increase in fixed leasehold deposits	**(2,034)**	(939)	(2,914)
Decrease in fixed leasehold deposits	**848**	589	1,873
Advance payment for leasehold deposits	**(442)**	(943)	(3,153)
Decrease (Increase) in insurance policy	**(74)**	21	(168)
Other, net	**(21)**	(22)	(299)
Net cash used in investing activities	**(9,094)**	(11,866)	(24,569)
Cash flows from financing activities:			
Proceeds from short-term loans	**9,625**	25,500	34,400
Proceeds from long-term loans	**7,000**	3,000	3,000
Payments of short-term loans	**(5,848)**	(23,980)	(39,652)
Payments of long-term loans	**(2,838)**	(2,273)	(4,852)
Proceeds from issuance of commercial paper	**20,000**	5,000	37,000
Payments for redemption of commercial paper	**(20,000)**	—	(27,000)
Proceeds from issuance of common stock	**288**	253	591
Proceeds from issuance of straight bonds	**1,000**	—	—
Payments for redemption of bonds	**(300)**	(300)	(600)
Proceeds from issuance of convertible bonds	**—**	—	17,000
Proceeds from issuance of common stock by a subsidiary	**90**	—	—
Payments for purchase of treasury stock	**(1,501)**	(3)	(6)
Payments of cash dividends	**(625)**	(152)	(152)
Other, net	**(23)**	—	—
Net cash provided by financing activities	**6,868**	7,045	19,729

Foreign exchange reconciliation gain or loss resulting from cash and cash equivalents	**0**	(2)	(2)
Net increase in cash and cash equivalents	**6,959**	225	1,955
Cash and cash equivalents at beginning of the period	**8,904**	7,041	7,041
Decrease in cash and cash equivalents resulting from elimination of consolidation	—	(92)	(92)
Cash and cash equivalents at end of the period	**¥15,863**	¥7,174	¥8,904
Supplemental disclosure of cash flows information:			
Cash paid during the period:			
Interest	**¥(195)**	¥(219)	¥ (420)
Income taxes	**(2,888)**	(3,168)	(5,681)
Noncash investing and financing activities:			
Conversion of bonds to equity	**¥2,807**	¥790	¥1,777

The accompanying notes are integral part of the statements.

Notes to Consolidated Financial Statements

Note 1. NATURE OF OPERATIONS

Don Quijote Co., Ltd. (the "Company") and its subsidiaries, PAW Creation, Donki Johokan, and D-ONE (together the "Group") have four operations; discount store operations, rental business operations for real property, cellular phones sales business operations as an agency of Don Quijote and development of stores.

The discount store operations, which mainly comprise104 discount retail stores, including a small discount retail store, in Japan, principally sell electronic goods, household goods, foods, watches, fashion goods, sports, leisure goods and etc.

PAW Creation rents the part of its floor space to tenants for rental business operations.

Donki Johokan manages the commission from the telecommunication companies.

D-ONE operates the development of the group stores and the real estate business from September 2004.

Note 2. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Group accounts for subsidiaries on a consolidated basis.

The consolidated financial statements are prepared in accordance with accounting principles and practices generally accepted in Japan under the requirements of the Japanese Commercial Code and other applicable rules and regulations for domestic purpose and were filed with the local finance bureau of the Ministry of Finance (MOF) as required by the Securities and Exchange Law. In preparing these financial statements, certain reclassifications and rearrangements have been made to the original financial statements issued domestically in Japan, for the conveniences of readers outside of Japan.

As of December 31, 2004, the Group had eight subsidiaries, including three consolidated subsidiary as set out in the table below. All of the Group's subsidiaries are incorporated in Japan. The Group has not received any dividends from its subsidiaries in respect of the shares held for the 2004 fiscal year.

	Group interest of capital	Activity
PAW Creation	100%	Operation of multiple tenant shopping malls including leasing of real property
Donki Johokan	50%	Operation of sales for cellular phones business as an agency of Don Quijote.
D-ONE	100%	Operation of development of the group company, and real estate business

In addition, the accompanying notes include information, which is not required under generally accepted accounting principles and practices in Japan, but is presented herein as additional information.

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 confirm with current period presentation.

Certain reclassifications have been made in the 2003 financial statements to conform to the presentation for 2004.

Note 3. ACCOUNTING CHANGES

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 ¥139 million, current liabilities by ¥47 million, and long-term liabilities by ¥91 million.

In the first six months of 2005, Company and its consolidated subsidiaries changed their method of accounting to reflect the market fare 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 on 2005 results of operations was to decrease income before income tax and minority interests by ¥49 million.

These accounting changes were not retroactively restated or adjusted before fiscal 2005 financial statements.

Note 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash flows equivalents

In preparing the cash flow statements for the period ended December 31, 2004 and 2003, cash is considered to be "cash and cash equivalents", which include cash on hand, readily available deposits and highly liquid investments with original maturities not exceeding three months.

Translation of foreign currency accounts

Account payable denominated in foreign currencies are translated into Japanese yen at the foreign currency exchange rates in effect at the respective balance sheets dates. Exchange differences are charged to income.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Estimates made by the Group relate primarily to the fire insurance claims unsettled, and to the valuation of inventories and certain real estate. Actual results could differ from those estimates.

Marketable securities and Investment securities

Securities available-for-sale are securities other than trading securities and securities being held to maturity.

Securities available-for-sale are carried at fair value with corresponding unrealized gains (losses) recorded directly in a separate component of stockholders' equity. Securities available-for-sale for which fair value is not readily determinable are carried at moving average cost or amortized cost determined by the moving average method.

The Group adopted its method of valuation of investments to record it at market or fair value.

Inventories

The Company adopts that inventories are valued at cost determined by the retail method.
Impairment loss on inventories of ¥ 503 million was recorded in "Cost of goods sold".

Property and equipment

Property and equipment are carried at cost. Significant renewals and additions are capitalized: maintenance and repairs, and minor renewals and improvements, are charged to income as incurred, interest costs relating to construction of property and equipment are not capitalized.

Property and equipment are computed principally by the declining balance method according to the rules based on the Japanese Corporation Tax Law. Lease assets are computed by the straight-line method over the lease period.

The useful lives of property and equipment for computing depreciation, which are identical with the useful lives stipulated under the Japanese Corporate Tax regulations（except for the lease assets）are as shown below:

	Years
Buildings and structures···	3 to 45
Equipment and vehicles··	2 to 20

In general, when assets are sold or otherwise disposed of, the profits or losses thereon, computed on the basis of the difference between depreciated costs and proceeds, are credited or charged to income in the year of sale or disposal, and costs and accumulated depreciation are removed from the accounts.

Long-lived assets are reviewed for impairment and written down to fair value whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and an impairment loss must be recognized. If the sum of the expected future cash flows is the less than the carrying amount of the assets, an impairment loss is recognized based on the faire value.

Intangible assets

In accordance with the provisional rule of the JICPA's Accounting Committee Report No. 12 "Practical Guidance for Accounting for Research and Development Costs, etc." (the "Report"), the Company accounts for software which was included in intangible assets in the same manner in 2004 as in 2003 and depreciated it using the straight-line method over the estimated useful lives (five years).
Identifiable intangibles are reviewed for impairment and written down to fair value whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and an impairment loss must be recognized. If the sum of the expected future cash flows is the less than the carrying amount of the assets, an impairment loss is recognized based on the fair value.

Impairment of fixed assets

The Group adopt early the new standard for impairment of fixed assets ("Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002) and the implementation guidance for the accounting standard for impairment of fixed assets (the Financial Accounting Standards Implementation Guidance No.6 issued by the Accounting Standards Board of Japan on October31, 2003). This standard also applies to a non-capitalized finance leases. And this change has no impact on the Income before income tax.

Common stock issuance costs

Common stock issuance costs are directly charged to income as incurred. The Japanese Commercial Code prohibits charging such stock issuance costs to capital accounts.

Bond issuance costs

Bond issuance costs are directly charged to income as incurred.

Allowance for doubtful accounts

The allowance for doubtful receivables is provided in amounts sufficient to cover possible losses on collection. It is determined by adding the uncollectible amounts individually estimated for doubtful receivables to a maximum amount permitted for tax purpose, which is calculated collectively, and by adding the uncollectible amounts individually.

Allowance for retirement benefits for directors

The Company adopted a retirement benefit plan for directors and statutory auditors. Directors and statutory auditors are entitled to be paid a lump-sum retirement benefit determined on the basis of rules of the Company.

Revenues recognition

The Company recognizes revenue as “Net sales” at the time sales are made to customers.
The PAW Creation recognizes the revenues from leasing of shops.

Income taxes

Income taxes are determined by using the liability method, where deferred tax assets and liabilities are recognized for temporary differences between tax basis of assets and liabilities and their reported amounts in the financial statements.

Treasury stock and reversal of statutory reserve

Effective April 1, 2002, the Company adopted the new accounting standard for treasury stock and reversal of statutory reserves (Accounting Standards Board Statement No. 1, “Accounting Standard for Treasury Stock and Reversal of Statutory Reserves”, issued by the Accounting Standards Board of Japan on February 21, 2002).

The effect on net income of the adoption of the new accounting standard was not material.

Derivatives financial instruments

The carrying amounts of swap agreements are adjusted to their market value at balance sheet. The change in fair values are recorded in earnings immediately.

Costs of start-up activities

All costs of start-up activities are expensed as incurred.

Dividends

Dividends are declared by the Board of Directors and approved by the shareholders' meeting held subsequent to the fiscal year to which the dividends are applicable, and shareholders of record as at the end of such fiscal year are entitled to the subsequently declared dividends. Dividends charged to retained earnings represent dividends approved by the shareholders and paid during the respective years. Semi-annual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Japanese Commercial Code.

Bonuses to directors and statutory auditors

Bonuses to directors and statutory auditors, which are subject to shareholders' approval at the annual shareholders' meeting under the Japanese Commercial Code, are charged to income in the fiscal year to which the bonus relates.

The Company changed its method of accounting for bonuses to directors and statutory auditors to charge them to income as incurred (Practical Issues Task Force No. 13, “Accounting Treatment for Bonuses to Directors and Corporate Auditors,” issued by the Accounting Standards Board of Japan on March 9, 2004). The change had no effect on net income for the current year.

Accounting for consumption taxes

The Japanese consumption taxes withheld and consumption taxes paid are not included in the accompanying consolidated statements of income.

Shareholders' equity

The Japanese Commercial Code requires at least 50% of the issue price of new shares to be designated as stated capital as determined by resolution of the Board of Directors. Proceeds in excess of amounts designated as stated capital are credited to additional paid-in capital.

Effective October 1, 2001, the amended Japanese Commercial Code provides that an amount of at least 10 % of the aggregate amounts of cash dividends and directors' and statutory auditors' bonuses which are made as an appropriation of retained earnings allocable to each fiscal period shall be appropriated and set aside as a legal reserve until such reserve plus additional paid-in capital equals 25 % of stated capital.

The Japanese Commercial Code permits the transfer of the portions of additional paid-in capital by the resolution of the Board of Directors. The Japanese Commercial Code also permits the transfer of portions of inappropriate retained earnings to stated capital by resolution of shareholders.

Per share data

Basic net income per common share is calculated by dividing net income by the weighted-average number of shares outstanding during the reported period. The calculation of diluted net income per common share is similar to the calculation of basic net income per share, except that the weighted-average number of shares outstanding includes the additional dilution from potential common stock equivalents such as convertible bonds and dilutive equity securities.

Effective April 1, 2002, the Company adopted the new accounting standard for earnings per share and related guidance “Accounting Standard for Earnings Per Share” and “Implementation Guidance for Accounting Standard for Earnings Per Share.”

Note 5. LEASES TRANSACTIONS

(1) 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, the Group has some lease contracts of certain equipments under-capitalized finance and operating leases. Finance leases that do not transfer ownership to lessees are also capitalized. Certain information for non-capitalized finance and operating leases is as follows.

(a) A summary of assumed amounts of acquisition cost, accumulated depreciation and net book value on December 31, 2004 and 2003 are as follows:

	Millions of yen		
	Six Months Ended December 31, 2004 (Unaudited)	Six Months Ended December 31, 2003 (Unaudited)	Year Ended June 30, 2004 (Audited)
Equipments			
Acquisition cost	—	¥229	¥229
Accumulated depreciation	—	(59)	(82)
Net book value	—	¥169	¥147

(b) Future minimum lease payments, inclusive of interest, as of December 31, 2004 and 2003 are as follows:

	Millions of yen		
	Six Months Ended December 31, 2004 (Unaudited)	Six Months Ended December 31, 2003 (Unaudited)	Year Ended June 30, 2004 (Audited)
Due within one year	—	¥46	¥46
Due after one year	—	128	105
Total	—	¥174	¥151

(c) Future minimum lease payments under the non-capitalized finance and operating leases on December 31, 2004 and 2003 are as follows:

	Millions of yen		
	Six Months Ended December 31, 2004 (Unaudited)	Six Months Ended December 31, 2003 (Unaudited)	Year Ended June 30, 2004 (Audited)
Lease payments	—	¥23	¥46
Assumed depreciation charges	—	22	45
Assumed interest expenses	—	1	2

(d) Assumed depreciation charges are computed using the straight-line method over lease terms assuming no residual value.

(e) Assumed interest expenses, which is the difference between total lease payments and assumed acquisition costs of leased property, is allocated in each accounting period based on the interest method.

(2) Lease transactions derived from Special Purpose Company (SPC)

(a) Assumed acquisition cost:

	Millions of yen		
	Six Months Ended December 31, 2004 (Unaudited)	Six Months Ended December 31, 2003 (Unaudited)	Year Ended June 30, 2004 (Audited)
Land	**¥8,279**	¥8,279	¥8,279
Buildings	**2,736**	2,736	2,736
Structures	**62**	62	62

(b) Lease payments:

	Millions of yen		
	Six Months Ended December 31, 2004 (Unaudited)	Six Months Ended December 31, 2003 (Unaudited)	Year Ended June 30, 2004 (Audited)
Lease payments	**¥717**	¥717	¥1,434

(c) Minimum guarantees for SPC: 75% of the assumed acquisition cost amounted to ¥4,572 million.

(3) Operating lease

Future minimum lease payments subsequent to December 31, 2004 and 2003 for operating leases are summarized as follows:

	Millions of yen		
	Six Months Ended December 31, 2004 (Unaudited)	Six Months Ended December 31, 2003 (Unaudited)	Year Ended June 30, 2004 (Audited)
Due within one year	**¥1,074**	¥1,434	¥1,434
Due after one year	**4,890**	5,964	5,247
Total	**¥5,964**	¥7,398	¥6,681

Note 6. MARKETABLE SECURITIES AND INVESTMENT SECURITIES

The Group invests in equity securities and classified its investments in equity securities as available-for-sale.
Investments securities consist of equity securities and others carried at fair market value.

Information regarding available-for-sale securities as of December 31, 2004 and 2003 were as follows:

	Millions of yen								
	Six Months Ended December 31, 2004 (Unaudited)			Six Months Ended December 31, 2003 (Unaudited)			Year Ended June 30, 2004 (Audited)		
	Acquisition cost	Fair market value	Net realized gain	Acquisition cost	Fair market value	Net realized gain (losses)	Acquisition cost	Fair market value	Net realized gain
Equity securities	**¥27**	**¥56**	**¥29**	¥27	¥42	¥15	¥27	¥53	¥26
Debt securities	**—**	**—**	**—**	—	—	—	—	—	—
Others	**2,694**	**2,928**	**234**	2,432	2,418	(14)	2,793	3,372	579
Total	**¥2,721**	**¥2,984**	**¥263**	¥2,459	¥2,460	¥1	¥2,820	¥3,425	¥605

Information regarding not-available-for-sale securities as of December 31, 2004 and 2003 were as follows:

	Millions of yen		
	Six Months Ended December 31, 2004 (Unaudited)	Six Months Ended December 31, 2003 (Unaudited)	Year Ended June 30, 2004 (Audited)
Unlisted equity securities (except the equity securities which traded on over-the-counter markets)	**¥160**	¥110	¥160
Securities of subsidiaries	**¥70**	¥70	¥70

Note 7. DERIVATIVES

The Company had the following derivatives contracts outstanding at December 31, 2004.

	Millions of yen		
	Contract Amount	**Fair Value**	**Unrealized loss**
Interest rate swap contracts	**¥4,800**	**¥4,751**	**¥49**

Note 8. USE OF A SPECIAL PURPOSE COMPANY (THE “SPC”) FOR PROPERTY OWNERSHIP

The Group has used a sale and lease back structure to securitize real estate assets pursuant to which a SPC acquires real estate from the Group and leases it back to the Group. The scheme was used to refinance the Shinjuku Higashiguchi store. This particular SPC structure is required to be reviewed after five years and, if it is determined at that time not to continue with the structure, the real estate will either be repurchased by the Group or sold by the SPC to a third party. In the latter case, where the market value of the real estate has fallen to less than 75 percent of the initial purchase price, the Group is required to pay the shortfall up to 75 percent of the initial purchase price.

In order to obtain financing, on February 2002 the Group used the SPC structure in respect of real estate which it owned in Roppongi. Under this scheme, the Group entrusted the real estate to a trustee and received beneficial rights/interests. The trustee leases the real estate to the Group, will receive rent from the Group and will pay dividends under the trust to the SPC. The term of the trust agreement is 6 years and the term of the lease agreement is 15 years. At the end of the trust agreement, the real estate will either be repurchased by the Group, sold to a third party by tender or assigned by the trustee to the SPC.

In order to obtain financing, on September 2002, the Group used the SPC structure in respect of real estate for PAW Kawasaki. The Group entrusted the real estate to a trustee and sold beneficial rights/interests to improve the financial structure of the Group by reducing interest-bearing debt.

Note 9. OTHER INCOME, NET

Other income, net consists of the following:

	Millions of yen		
	Six Months Ended December 31, 2004 (Unaudited)	Six Months Ended December 31, 2003 (Unaudited)	Year Ended June 30, 2004 (Audited)
Other income:			
Rental fee for computer system	**¥674**	¥603	¥1,118
Gain on fund	**209**	194	265
Gain on sale of investment securities	—	139	244
Other	**384**	168	797
Other income total	**1,267**	1,104	2,424
Other expenses:			
Loss on disposal of fixed assets	**28**	—	161
Loss on sale of investment securities	**4**	7	33
Loss on close down of stores	—	61	62
Other	**73**	41	79
Other expenses total	**105**	109	335
Other income, net	**¥1,162**	¥995	¥2,089

Note 10. PLEDGED ASSETS

The assets pledged as collateral for the Group's liabilities at December 31, 2004 and 2003 were as follows:

	Millions of yen		
	Six Months Ended December 31, 2004 (Unaudited)	Six Months Ended December 31, 2003 (Unaudited)	Year Ended June 30, 2004 (Audited)
Land	**¥2,619**	¥3,114	¥2,619
Buildings	**370**	397	383
Total	**¥2,989**	¥3,511	¥3,002

Liabilities related with the assets pledged at December 31, 2004 and 2003 were as follows:

	Millions of yen		
	Six Months Ended December 31, 2004 (Unaudited)	Six Months Ended December 31, 2003 (Unaudited)	Year Ended June 30, 2004 (Audited)
Short-term loan	**¥4,000**	¥2,820	¥848
Current maturities of long-term debt	**2,055**	1,618	1,418
Long-term debt	**3,800**	2,705	1,294
Total	**¥9,855**	¥7,143	¥3,560

Note 11. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Major elements of selling, general and administrative expenses for 2004 and 2003 were summarized as follows:

	Millions of yen		
	Six Months Ended December 31, 2004 (Unaudited)	Six Months Ended December 31, 2003 (Unaudited)	Year Ended June 30, 2004 (Audited)
Employees' compensation and benefit	**¥7,442**	¥5,585	¥12,471
Occupancy and rental	**3,298**	2,423	5,156
Commission	**2,466**	1,597	3,537
Depreciation	**1,841**	1,359	3,045
Provision for retirement benefits for directors	**5**	42	49
Other	**5,655**	4,351	9,429
Total	**¥20,707**	¥15,357	¥33,687

Note 12. EXTRAORDINARY ITEM

On December 2004, the stores in Urawakagetsu and Kampachisetagaya were almost completely destroyed by fire, and the Group reported an extraordinary loss of ¥117 million in the first six months of 2005. This amount was not covered by insurance.

The Group believed that the damaged inventories, etc might be covered by insurance, but the claim made by the Group was not settled on December 31, 2004.

Note 13. EARNING PER SHARE

	Millions of yen
	2004 (Unaudited)
Net income	**¥4,289**
Effect of dilutive securities	
0.25% convertible bonds due 2007	**2**
Diluted net income	**¥4,291**

	2004 (Unaudited)
Weighted average number of shares	**20,991,006**
Effect of dilutive securities:	
Stock options	**117,453**
Convertible Bonds	**3,662,739**
Diluted weighted average number of shares	**24,771,198**

Basic earnings per share is computed based on the weighted average number of common stock outstanding during the respective period. Diluted earnings per share is computed based on the weighted average number of shares after consideration of the dilutive effect of the shares of common stock issuable upon the conversion of convertible bond and exercise of stock options.

Note 14. CASH FLOWS INFORMATION

Cash flows information on December 31, 2004 and 2003 were summarized as follows:

	Millions of yen		
	Six Months Ended December 31, 2004 (Unaudited)	Six Months Ended December 31, 2003 (Unaudited)	Year Ended June 30, 2004 (Audited)
Cash and time deposits	**¥15,863**	¥7,174	¥8,904
Time deposits excess three months	—	—	—
Cash and cash equivalents	**¥15,863**	¥7,174	¥8,904

Note 15. SEGEMENT INFORMATION

Operating segment information
The Group is engaged in discount store operations, and multiple tenants' shopping mall including leasing of property. Such segment information, however, has not been presented, as the percentages of other activities are not material to the discount store business.

Geographic segment information
Since most of the Group's business operation is conducted in Japan, geographic segment information is not presented.

Sales outside Japan
The Group has no sales outside Japan.

Note 16. SUBSEQUENT EVENTS

The board of directors resolved the details of the plan, which was approved by the shareholders' meeting at September 28, 2004.
The Company issued of 500,000 shares in the form of option to 7 directors and 469 employees. The option may be exercised during the period from October 2, 2006 to October 1, 2016, and the exercise price was ¥5,910

February 15, 2005 the Company's board of directors resolved the issuance of the unsecured straight bond, limited to ¥20,000 million, from February 21, 2005 to May 21, 2005.