

Summary Report of Consolidated Financial Results For the First Quarter of Fiscal 2004

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

Don Quijote Co., Ltd

Securities Code No.: 7532

Shares Listed: Tokyo Stock Exchange

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1. Business Results and financial position for the first quarter of fiscal 2004 (From July 1, 2003 to September 30, 2003)

- Notes: 1. The financial results for the first quarters of fiscal 2004 and 2003 were not audited by independent public accountants.
2. This summary report included the accounting figures that was not through the formal closing process.
3. All amounts less than one million yen have been disregarded.

(1) Results of Business Operations

(Millions of Yen, except per-share data)

| | Net Sales | Change (%) | Operating Income | Change (%) | Recurring Income | Change (%) |
|------------------------------|-----------|------------|------------------|------------|------------------|------------|
| First quarter of fiscal 2004 | 43,714 | 15.2 | 2,901 | 30.7 | 3,481 | 56.5 |
| First quarter of fiscal 2003 | 37,961 | 45.7 | 2,220 | 24.6 | 2,225 | 9.1 |
| Fiscal 2003 | 158,619 | 37.4 | 9,165 | 32.5 | 10,162 | 32.7 |

| | Net Income | Change (%) | Net Income per Share |
|------------------------------|------------|------------|----------------------|
| First quarter of fiscal 2004 | 1,953 | 54.6 | 95.47 |
| First quarter of fiscal 2003 | 1,263 | | 124.82 |
| Fiscal 2003 | 5,641 | 40.1 | 557.02 |

- Notes: 1. Change in accounting method: N/A
2. Percentages above represent increase / decrease over preceding first quarter or last fiscal year.
3. Net income per share was computed through divided by number of outstanding shares net of treasury shares as of the end of this first Quarter
4. The two for one share stock split was effective on August 20, 2003. Accordingly net income per share for the first quarter of fiscal 2004 is computed assuming that the stock split had been made at the beginning of the first quarter of fiscal 2004 the Company adopted the new accounting standard for earnings per share and related guidance (Accounting Standards Board Statement No. 2, "Accounting Standard for Earnings Per Share" and Financial Standards Implementation Guidance for Accounting Standard for Earnings Per Share").

(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) |
|--------------------------|--------------|----------------------|---|--------------------------------------|
| As of September 30, 2003 | 99,518 | 34,855 | 35.0 | 1,703.10 |
| As of September 30, 2002 | 76,731 | 27,782 | 36.2 | 2,743.66 |
| As of June 30, 2003 | 93,410 | 32,232 | 34.5 | 3,178.94 |

- Note: Number of outstanding shares:
As of September 30, 2003 20,465,612 shares
As of September 30, 2002 10,125,954 shares
As of June 30, 2003 10,139,424 shares

(3) The Consolidated Statements of Cash Flows

The consolidated statements of cash flows was not prepared for the first quarter of fiscal 2004 and 2003.

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

- Consolidated subsidiaries: 1 company
Unconsolidated subsidiaries: 2 companies
Unconsolidated subsidiaries accounted for the equity method: N/A
Affiliated companies by the equity method: N/A

2 Consolidated Business Forecast : for the year ending June 30, 2004 (From July 1, 2003 to June 30, 2004)

(Millions of Yen, except per-share data)

| | Net Sales | Recurring Income | Net Income | Net Income per share |
|--|-----------|------------------|------------|----------------------|
| Six months ending December 31, 2003 | 95,080 | 6,660 | 3,600 | 175.90 |
| Year ending June 30,2004 | 194,000 | 12,700 | 6,900 | 337.15 |

(Note) There are no amendments of business plan since announcements on August 20, 2003.
Net income per share in Consolidated Business forecast is computed with 20,465,612 shares as of September 30, 2003 (the number of issued and outstanding net of treasury stock).

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 it and, therefore, you should not place under reliance on them. A member of important factor could cause actual results to be materially different from worse than those discussed in forward-looking statements. Such factor include bur are not limited to (1) changes in economic conditions affecting our operations (2) competition with the retail industry (3) changes in regulatory environment and government policy (4) key management figure and (5) financing risk.

Attachments

- Business Results and Financial Position
- Consolidated Balance Sheets
- Consolidated Statements of Income
- Consolidated Statements of Retained Earnings

Business Results and Financial Position

Business Results

(Millions of yen)

| | First quarter of fiscal 2004 (Unaudited) | First quarter of fiscal 2003 (Unaudited) | Change | Fiscal 2003 (Audited) |
|------------------|---|---|--------|--------------------------|
| Net sales | 43,714 | 37,961 | 5,753 | 158,619 |
| Gross profit | 10,180 | 8,468 | 1,712 | 36,311 |
| Operating income | 2,901 | 2,220 | 681 | 9,165 |
| Recurring income | 3,481 | 2,225 | 1,256 | 10,162 |
| Net income | 1,953 | 1,263 | 689 | 5,641 |

(1) Business Overview

In the first quarter of fiscal 2004, there were some positive economic signs in the Japanese economy, such as indications of improving the environment for export and recovery in the corporate investments. Nonetheless, employment conditions remained at the high level, and consumer spending continued to be severe.

In the retail industry, consumer purchasing behavior remained uncertain, due to the disappointment for the low level of employment and income. In addition, unseasonable weather conditions, marked by low temperature in summer and heavy rain and lingering heat of late summer.

In this environment, Our Group has been developing stores to expand the number and area for "Customer Satisfaction", simultaneously, reduction of operating expense, improving the gross margin under the low cost operation. In addition, Our Group has made efforts to improve for service level.

We established the store named "Don Quijote Nerima" in Tokyo, "PAW Nakagawasannou" in Aichi prefecture, "Paw SBS Dori" in Shizuoka prefecture, and "PAW Suminoekoen" in Osaka, and closed "Don Quijote Sugunami". As the result, number of the stores as of the end of September 2003 became 73 stores (58 stores as of the end of September, 2002)

As a results, net sales for the first quarter of fiscal 2004 was ¥43,714 million (up 15.2% from the first quarter of fiscal 2003), operating income was ¥2,901 million (up 30.7%), recurring income was ¥3,481 million (up 56.5%) and net income was ¥1,953 million (up 54.6%).

(2) Segment Overview

(Millions of yen)

| | First quarter of fiscal 2004 (Unaudited) | First quarter of fiscal 2003 (Unaudited) | Change | Fiscal 2003 (Audited) |
|----------------------------|--|--|--------|--------------------------|
| Discount store operations | | | | |
| Electrical goods | 8,622 | 7,895 | 727 | 33,470 |
| Merchandise | 10,416 | 9,403 | 1,012 | 38,075 |
| Foods | 7,989 | 6,741 | 1,248 | 29,159 |
| Watches, fashion goods | 11,128 | 9,125 | 2,002 | 40,102 |
| Sports, leisure goods | 4,086 | 3,637 | 449 | 12,630 |
| Others | 1,008 | 965 | 42 | 4,012 |
| Sub Total | 43,251 | 37,768 | 5,483 | 157,451 |
| Wholesale operations | | 25 | (25) | 64 |
| Rental business operations | 462 | 166 | 295 | 1,103 |
| Total | 43,714 | 37,961 | 5,753 | 158,619 |

(Discount store operations)

Net sales from discount store operations increased ¥5,483 million (up 14.5%) from the first quarter of fiscal 2003 to ¥43,251 million. This was due to mainly sales of life-style products such as watch and fashion goods with high selling prices that deliver high profit margins and also stable sales of foods, although sales of seasonal products were inactive due to cold summer.

(Wholesale operations)

Wholesale operations was suspended under the comprehensive review of the Group business plan.

(Rental business operations)

Net sales from rental business operations increased ¥295 million (up 177.5%) from the first quarter of fiscal 2003 to ¥462 million. This was due to the increase of tenants for newly opened PAW stores.

(3) Overview of consolidated income statement

1. Net sales

For the first quarter of fiscal 2004, consolidated net sales surged 15.2% from the first quarter of fiscal 2003 to ¥43,714 million despite of unfavorable business environment. This was due to the efforts to provide heavy selling items and the expansion of the newly opened stores.

Net sales of existing shops were down 5.0% over the first quarter of fiscal 2003. This was due to the 4.5% decrease of the number of customer resulting from unseasonable weather (cold summer, heavy rain and lingering heat of late summer)

2. Cost of goods sold and gross profit

For the first quarter of fiscal 2004, Cost of goods was ¥33,533 million and gross profit was ¥10,180 million. Gross profit was up 1.0 point For the first quarter of fiscal 2003 to 23.3% although seasonal goods was inactive and summer goods were marked down during the lingering heat of late summer. This was due to the effort to improve gross profit since the third quarter of fiscal 2003.

3. Selling, general and administrative expenses

Selling, general and administrative expenses in the first quarter of fiscal 2004 increased 16.5% the first quarter of fiscal 2003 to ¥7,279 million. This was due to the fact that the 39 stores out of 73 existing stores newly opened within last 2 years and charged their initial cost such as occupancy and rental and depreciation.

Major elements of selling, general and administrative expenses for the first quarter of fiscal 2004 and 2003 and for the fiscal 2004 are summarized as follows:

| | First quarter of fiscal 2004 (Unaudited) | First quarter of fiscal 2003 (Unaudited) | Change | (Millions of yen) Fiscal 2003 (Audited) |
|-------------------------------------|---|---|--------|---|
| Employees' compensation and benefit | 2,693 | 2,347 | 345 | 9,860 |
| Occupancy and rental | 1,197 | 928 | 268 | 4,202 |
| Commission | 771 | 783 | (11) | 3,148 |
| Depreciation | 615 | 461 | 154 | 2,247 |
| Other | 2,000 | 1,727 | 273 | 7,686 |
| Total | 7,279 | 6,248 | 1,030 | 27,145 |

4. Other income (expenses)

Other net income for the first quarter of fiscal 2004 was ¥579 million. Other income increased 109.6% from the first quarter of fiscal 2003 to ¥678 million and Other expenses decreased 69.0% the first quarter of fiscal 2003 to ¥98 million due to the no transaction of bond issuance (¥244 million bond issuance cost for the first quarter of fiscal 2003).

5. Operating income and recurring income

Operating income increased 30.7% from the first quarter of fiscal 2003 to ¥2,901 million. This is due to the fact that the improvement of gross profit surpassed the increase of selling, general and administrative expenses for expansion of stores. Recurring income increased 56.5%, much more than Operating income did, from the first quarter of fiscal 2003 to ¥3,481 million.

6. Net income

Net income for the first quarter of fiscal 2004 increased 54.6% from the first quarter of fiscal 2003 to ¥1,953 million.

Financial Position

(Millions of yen)

| | As of September 30, 2003 (Unaudited) | As of September 30, 2002 (Unaudited) | Change | As of June 30, 2003 (Audited) |
|----------------------------|---|---|--------|----------------------------------|
| Total assets | 99,518 | 76,731 | 6,107 | 93,410 |
| Current assets | 39,115 | 31,395 | 1,538 | 37,576 |
| Fixed assets | 60,402 | 45,335 | 4,568 | 55,834 |
| Current liabilities | 36,261 | 21,336 | 2,965 | 33,295 |
| Long-term liabilities | 28,401 | 27,612 | 518 | 27,882 |
| Total liabilities | 64,662 | 48,948 | 3,484 | 61,178 |
| Total shareholders' equity | 34,855 | 27,782 | 2,622 | 32,232 |

(1) Assets, liabilities and shareholders' equity

1. Total assets

Total assets as of September 30, 2003 increased by ¥6,107 million from June 30, 2003 to ¥99,518 million. Summary is the following.

2. Current assets

Current assets as of September 30, 2003 increased by ¥1,538 million from June 30, 2003 to ¥39,115 million. This was mainly due to the fact that cash and cash equivalents increased by ¥1,568 million. Inventories increased by ¥109 million. This increase is very slight considering that the floor space of stores increased by 6,967 m² (8.8% increase). As a result, the inventory turnover ratio and other ratios were improved.

3. Fixed assets

Fixed assets as of September 30, 2003 increased ¥4,568 million from June 30, 2003 to ¥60,042 million. This was due to the fact that fixed assets increased by ¥3,208 million as a result of aggressive expansion of stores and investments and others increased ¥1,484 million.

4. Current liabilities

Current liabilities as of September 30, 2003 increased by ¥2,965 million from June 30, 2003 to ¥36,261 million. This was due to the increase of short-term loans by ¥1,230 million and ¥3,000 million issuance of commercial paper for tax payment and working capital.

5. Long-term liabilities

Long-term liabilities as of September 30, 2003 increased by ¥518 million from June 30, 2003 to ¥28,401 million. This is due to the increase of long-term loans by ¥1,599 million for capital investments despite of the conversion of convertible bonds by ¥790 million.

6. Shareholders' equity

Shareholders' equity as of the end of this first quarter increased by ¥2,622 million from the last fiscal year end to ¥34,855 million. Equity ratio was 35.0%.

(2) Consolidated Statements of Cash Flows.

The Consolidated Statements of Cash flows were not prepared for the first quarter of fiscal 2004 and 2003.

(3) Capital investments

Capital investments including the securitization of assets as of September 30, 2003 and 2002 and June 30, 2003 were as follows:

(Millions of yen)

| | First quarter of fiscal 2004 (Unaudited) | First quarter of fiscal 2003 (Unaudited) | Change | Fiscal 2003 (Audited) |
|---|---|---|---------|--------------------------|
| Total capital investments | 4,715 | 3,941 | 774 | 14,858 |
| Finance through securitization of assets | | 3,353 | (3,353) | 3,353 |
| Net | 4,715 | 588 | 4,127 | 11,505 |

Consolidated Balance Sheets

| | (Millions of yen) | | |
|---|---|---|---|
| | 1st Quarter Ended September 30,2003 (Unaudited) | 1st Quarter Ended September 30,2002 (Unaudited) | Year Ended June 30,2003 (Audited) |
| ASSETS | | | |
| Current assets: | | | |
| Cash and time deposits | ¥8,609 | ¥10,128 | ¥7,040 |
| Note and accounts receivables-trade | 1,014 | 804 | 1,140 |
| Less: Allowance for doubtful accounts | (1) | (4) | (1) |
| Inventories | 26,965 | 18,331 | 26,856 |
| Prepaid expense | 663 | 508 | 576 |
| Deferred tax assets | 801 | 482 | 935 |
| Other current assets | 1,062 | 1,143 | 1,028 |
| Total current assets | 39,115 | 31,395 | 37,576 |
| Investments and advances: | | | |
| Investment securities | 3,268 | 2,298 | 2,095 |
| Advance payment for fixed leasehold deposits .. | 755 | 1,293 | 856 |
| Long-term loans receivable | 1,150 | 360 | 1,150 |
| Less: Allowance for doubtful accounts | (1) | (0) | (1) |
| Total investments and advances | 5,172 | 3,952 | 4,100 |
| Property and equipment, net: | | | |
| Buildings and structures | 18,468 | 9,422 | 16,749 |
| Vehicles and delivery equipment | 23 | 33 | 25 |
| Equipment | 3,011 | 2,608 | 3,042 |
| Land | 20,425 | 18,736 | 19,900 |
| Construction in progress | 1,954 | 1,847 | 957 |
| Net property and equipment | 43,883 | 32,647 | 40,675 |
| Intangibles and deferred charge | 1,515 | 1,585 | 1,694 |
| Other assets: | | | |
| Fixed leasehold deposits | 7,649 | 5,448 | 7,119 |
| Deferred tax assets | 587 | 508 | 644 |
| Other non-current assets | 1,594 | 1,193 | 1,599 |
| Total other assets | 9,831 | 7,150 | 9,363 |
| Total assets | 99,518 | ¥76,731 | ¥93,410 |

| | (Millions of yen) | | |
|---|--|--|--|
| | 1st Quarter Ended September 30, 2003 (Unaudited) | 1st Quarter Ended September 30, 2002 (Unaudited) | Year Ended June 30, 2003 (Audited) |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Liabilities: | | | |
| Current liabilities: | | | |
| Accounts payable-trade | ¥16,076 | ¥14,299 | ¥16,470 |
| Short-term loans payable | 7,330 | 1,880 | 6,100 |
| Current maturities of long-term debt | 5,702 | 2,291 | 4,702 |
| Commercial paper | 3,000 | — | — |
| Accrued income taxes | 1,444 | 997 | 3,243 |
| Accrued expense | 896 | 789 | 1,058 |
| Other current liabilities | 1,811 | 1,077 | 1,720 |
| Total current liabilities | 36,261 | 21,336 | 33,295 |
| Long-term liabilities: | | | |
| Long-term debt | 27,682 | 27,136 | 27,172 |
| Allowance for retirement benefits for directors | 96 | 92 | 94 |
| Other non-current liabilities | 623 | 383 | 616 |
| Total long-term liabilities | 28,401 | 27,612 | 27,882 |
| Total liabilities | 64,662 | 48,948 | 61,178 |
| Shareholders' equity: | | | |
| Common stock | 6,344 | 5,920 | 5,949 |
| Additional paid-in capital | 7,659 | 7,235 | 7,265 |
| Retained earnings | 20,915 | 14,770 | 19,148 |
| Net unrealized losses on investment securities | (55) | (138) | (123) |
| Total | 34,864 | 27,788 | 32,239 |
| Less: Treasury stock, at cost | (9) | (6) | (7) |
| Total shareholders' equity | 34,855 | 27,782 | 32,232 |
| Total liabilities and shareholders' equity | 99,518 | 76,731 | 93,410 |

Consolidated Statements of Income

| | (Millions of yen) | | |
|--|--|--|--|
| | 1st Quarter Ended September 30, 2003 (Unaudited) | 1st Quarter Ended September 30, 2002 (Unaudited) | Year Ended June 30, 2003 (Audited) |
| Net sales | ¥43,714 | ¥37,961 | ¥158,619 |
| Cost of goods sold | 33,533 | 29,492 | 122,307 |
| Gross profit | 10,180 | 8,468 | 36,311 |
| Selling, general and administrative expenses | 7,279 | 6,248 | 27,145 |
| Operating income | 2,901 | 2,220 | 9,165 |
| Other income (expenses): | | | |
| Interest and dividend income | 13 | 10 | 47 |
| Interest expense | (84) | (67) | (293) |
| Stock issuance cost | (0) | (3) | (4) |
| Bond issuance cost | — | (244) | (243) |
| Other income, net | 631 | 345 | 1,424 |
| Income before income taxes | 3,461 | 2,260 | 10,095 |
| Income taxes: | | | |
| Current | 1,368 | 945 | 5,003 |
| Deferred | 139 | 51 | (549) |
| Net income | ¥1,953 | ¥1,263 | ¥5,641 |

Recurring income:

According to accounting principles and practices generally accepted in Japan,

Recurring income is shown below:

| | (Millions of yen) | | |
|--------------------------------------|--|--|--|
| | 1st Quarter Ended September 30, 2003 (Unaudited) | 1st Quarter Ended September 30, 2002 (Unaudited) | Year Ended June 30, 2003 (Audited) |
| Operating income | ¥2,901 | ¥2,220 | ¥9,165 |
| Other income (expense) | | | |
| Interest and dividend income | 13 | 10 | 47 |
| Interest expense | (84) | (67) | (293) |
| Stock issuance cost | (0) | (3) | (4) |
| Bond issuance cost | — | (244) | (243) |
| Other income and expenses, net | 651 | 309 | 1,490 |
| Recurring income | 3,481 | 2,225 | 10,162 |
| Other income (expense) | | | |
| Other income and expenses, net | (19) | 35 | (66) |
| Income before income taxes | ¥3,461 | ¥2,260 | ¥10,095 |

Consolidated Statements of Retained Earnings

| | (Millions of yen) | | |
|---------------------------------------|--|--|--|
| | 1st Quarter Ended September 30, 2003 (Unaudited) | 1st Quarter Ended September 30, 2002 (Unaudited) | Year Ended June 30, 2003 (Audited) |
| Paid in capital: | | | |
| Balance at beginning of period | ¥7,265 | — | ¥7,130 |
| Conversion of convertible bonds | 394 | — | 105 |
| Exercise of stock options | — | — | 29 |
| Balance at end of period | ¥7,659 | — | ¥7,265 |
| Retained earnings: | | | |
| Balance at beginning of period | ¥19,113 | ¥13,658 | ¥13,658 |
| Net income | 1,953 | 1,263 | 5,641 |
| Cash dividends | (152) | (151) | (151) |
| Balance at end of period | ¥20,915 | ¥14,770 | ¥19,148 |