

# Summary Report of Consolidated Financial Results For the Third Quarter Ended March 31, 2003

(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 Third Quarter Ended March 31, 2003 (From July 1, 2002 to March 31, 2003)

Notes 1. The financial results for the third quarter ended March 31, 2003 and 2002 were not audited by independent public accountants.  
 2. This summary report included the accounting figures that were not through the formal closing process.

#### (1) Results of Business Operations for nine months ended March 31, 2002 and 2003 (Millions of Yen, except for per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Recurring Income	Change (%)
3rd Quarter Ended March 31, 2003	117,067	42.1	6,741	32.7	7,367	34.5
3rd Quarter Ended March 31, 2002	82,369	17.4	5,081	15.6	5,476	10.3
Last Fiscal Year	115,428		6,916		7,656	

	Net Income	Change (%)	Net Income per Share (Yen)
3rd Quarter Ended March 31, 2003	4,087	-	403.28
3rd Quarter Ended March 31, 2002	-	-	-
Last Fiscal Year	4,027	-	401.20

Notes: 1. Change in accounting method: N/A  
 2. Percentages above represent increase / decrease over preceding third quarter or last fiscal year.  
 3. Net income per share was computed through divided by number of outstanding shares (10,135,074 shares), net of treasury shares as of the end of this third quarter ended March 31, 2003.  
 Net income per share was computed through divided by the average number of outstanding shares (10,038,143 shares) as of the end of June 30, 2002.

#### Results of Business Operations for three months ended March 31, 2002 and 2003 (Millions of Yen)

	Net Sales	Change (%)	Operating Income	Change (%)	Recurring Income	Change (%)
3rd Quarter Ended March 31, 2003	38,100	35.1	2,092	30.0	2,370	53.3
3rd Quarter Ended March 31, 2002	28,195	26.1	1,609	44.6	1,546	18.9

#### (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)
3rd Quarter Ended March 31, 2003	88,383	30,543	34.6	3,013.62
3rd Quarter Ended March 31, 2002	73,377	24,830	33.8	
Last Fiscal Year	72,485	26,562	36.6	2,629.60

Note: Number of outstanding shares: 3rd Quarter Ended March 31, 2003 10,135,074 shares  
 3rd Quarter Ended March 31, 2002 10,041,000 shares  
 Last fiscal year Ended June 30, 2002 10,101,273 shares  
 Number of treasury stocks: 3rd Quarter Ended March 31, 2003 648 shares  
 Last fiscal year Ended June 30, 2002 374 shares

#### (3) The Consolidated Statements of Cash Flows

The consolidated statements of cash flows was not prepared for this third quarter

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

Consolidated 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 Fiscal Year Ending June 30, 2003 (From July 1, 2002 to June 30, 2003)**

(Millions of Yen, except per-share data)

	Net Sales	Recurring Income	Net Income	Net Income per Share (Yen)
Year ending June 30, 2003	156,500	9,760	5,350	527.87

(Note) There are no amendments of business plan since announcements on February 20, 2003.

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, 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 but 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.

## Business Results and Financial Position

### Business Results

#### (1) Business Overview

##### Business results for three months ended March 31, 2002 and 2003

(Millions of yen)

	Three months Ended March 31, 2003 (Unaudited)		Three months Ended March 31, 2002 (Unaudited)		Change	
	Amounts	%	Amounts	%	Amounts	%
Net sales	38,100	100.0	28,195	100.0	9,904	35.1
Gross profit	8,782	23.1	6,380	22.6	2,401	37.6
Selling, general and administrative expenses	6,689	17.6	4,771	16.9	1,918	40.2
Operating income	2,092	5.5	1,609	5.7	483	30.0
Recurring income	2,370	6.2	1,546	5.5	824	53.3

With the Japanese economy, locked in a deflationary phase, delayed for structural reform, distrusted of the financial system, and effected on the war in Iraq, tended to be arisen for this third quarter (from January 1, 2003 to March 31, 2003).

In retail business, person spending has been sluggish for quite some time by the reason of the high unemployment rate, the difficulties for forecasting future progressing the deflation and falling the price sharply.

Despite such unfavorable business condition, we urged the business development through practice of customer-first principle to attain the goals set in our midterm management plan, the "2x4 Plan".

During this third quarter, we opened 4 stores, 1 store in Kyoto, 1 store in Tokyo, 1 store in Hyogo and 1 store in Kanagawa, bringing the total number of stores to 65 stores as of March 31, 2003.

As a results, net sales for three months ended March 31, 2003, was ¥38,100 million (up 35.1% of the same period of the previous year), operating income was ¥2,092 million (up 30.0%), and recurring income was ¥2,370 million (up 53.3%).

As a results, net sales for nine months ended March 31, 2003, was ¥117,067 million (up 42.1% of the same period of the previous year), operating income was ¥6,741 million (up 32.7%), recurring income was ¥7,367 million (up 34.5%) and net income was ¥4,087 million.

##### Business results for nine months ended March 31, 2002 and 2003

(Millions of yen, except for per-share data)

	Nine months ended March 31, 2003 (Unaudited)		Nine months ended March 31, 2002 (Unaudited)		Change		Last Fiscal Year (Audited)	
	Amounts	%	Amounts	%	Amounts	%	Amounts	%
Net sales	117,067	100.0	82,369	100.0	34,697	42.1	115,428	100.0
Gross profit	26,225	22.4	18,427	22.4	7,798	42.3	26,040	22.6
Selling, general and administrative expenses	19,484	16.6	13,345	16.2	6,138	46.0	19,123	16.6
Operating income	6,741	5.8	5,081	6.2	1,659	32.7	6,916	6.0
Recurring income	7,367	6.3	5,476	6.7	1,891	34.5	7,656	6.6
Net income	4,087	3.5	-	-	-	-	4,027	3.5
Net income per share	403.28	-	-	-	-	-	401.20	-

(Note) From this third quarter, net income is disclosed for the first time on quarterly basis.

#### (2) Overview of consolidated income statement

##### 1. Net sales

For three months ended March 31, 2003, consolidated net sales surged 35.1% from the previous third quarter to ¥38,100 million due to the efforts to provide an innovative shopping environment, goods and services with a high degree of originality and for the expansion of the newly opened stores under the deflation and customer's defensive purchase power.

The growth ratio of already existing shops (Net sales for this third quarter/net sales for last third quarter) was down 2.3%.

For this third quarter, number of customers increased 0.5% and sales per customer decreased 2.9% due to the continuity of low temperature days and the frequency of rainfall compared to the previous third quarter.

## 2. Cost of goods sold and gross profit

Cost of goods sold for three months ended March 31, 2003, was ¥29,318 million and gross profit was ¥8,782 million. Net cost of goods sold to net sales for three months ended March 31, 2003, was 76.9% and Gross profit to net sales for three months ended March 31, 2003, was up 0.5 point from the last same quarter of the previous year to 23.1%.

## 3. Selling, general and administrative expenses

Selling, general and administrative expenses for three months ended March 31, 2003, increased 40.2% from the same period of the previous year to ¥6,689 million. This was mainly due to the fact that occupancy and rental expense increased and depreciation increased.

Major elements of selling, general and administrative expenses for the third quarter ended March 31, 2003 and 2002 and for the year ended June 30, 2002 were summarized as follows:

(Millions of yen)

	Three months ended March 31, 2003 (Unaudited)		Three months ended March 31, 2002 (Unaudited)		Change	
	Amounts	%	Amounts	%	Amounts	%
Employees' compensation	2,497	6.6	1,815	6.4	682	37.6
Occupancy and rental	1,081	2.8	642	2.3	439	68.4
Commission	754	2.0	672	2.4	81	12.2
Depreciation	596	1.6	296	1.0	300	101.3
Other	1,759	4.6	1,344	4.8	414	30.8
Total	6,689	17.6	4,771	16.9	1,918	40.2

(Millions of yen)

	Nine months ended March 31, 2003 (Unaudited)		Nine months ended March 31, 2002 (Unaudited)		Change		Last Fiscal Year (Audited)	
	Amounts	%	Amounts	%	Amounts	%	Amounts	%
Employees' compensation	7,165	6.1	4,934	6.0	2,231	45.2	7,099	6.2
Occupancy and rental	3,070	2.6	1,751	2.1	1,319	75.4	2,569	2.2
Commission	2,307	2.0	1,776	2.2	531	29.9	2,467	2.2
Depreciation	1,575	1.3	810	1.0	764	94.2	1,305	1.1
Other	5,364	4.6	4,072	4.9	1,292	31.7	5,681	4.9
Total	19,484	16.6	13,345	16.2	6,138	46.0	19,123	16.6

## 4. Other income (expenses)

Other net income for three months ended March 31, 2003, was ¥1,037 million.

## 5. Operating income and recurring income

Operating income for three months ended March 31, 2003, increased 30.0% from the same period of the previous year to ¥2,092 million.

Recurring income for three months ended March 31, 2003, increased 53.3% from the same period of the previous year to ¥2,370 million.

## 6. Net income

Net income for nine months ended March 31, 2003, was ¥4,087 million.

**(3) Segment Overview**

Segment overview for three months ended March 31, 2003

(Millions of yen)

	Three months ended March 31, 2003 (Unaudited)		Three months ended March 31, 2002 (Unaudited)		Change	
	Amounts	%	Amounts	%	Amounts	%
<b>Discount store operations</b>						
Electric goods	8,402	22.1	6,460	22.9	1,942	30.1
Merchandise	9,026	23.7	6,698	23.8	2,327	34.7
Foods	7,238	19.0	5,151	18.3	2,086	40.5
Watches, fashion goods	9,465	24.8	6,659	23.6	2,806	42.1
Sports, leisure goods	2,639	6.9	2,255	8.0	383	17.0
Others	980	2.6	765	2.7	215	28.1
Sub Total	37,751	99.1	27,990	99.3	9,761	34.9
<b>Wholesale operations</b>	39	0.1	105	0.4	(66)	- 62.8
<b>Rental business operations</b>	309	0.8	98	0.3	210	212.5
<b>Total</b>	<b>38,100</b>	<b>100.0</b>	<b>28,195</b>	<b>100.0</b>	<b>9,904</b>	<b>35.1</b>

**(Discount store operations)**

Net sales from discount store operations for three months ended March 31, 2003, increased ¥9,761 million (up 34.9%) from the previous third quarter to ¥37,751 million. This was due to commodity products, including miscellaneous household goods, foods and consumables obtained firm support from consumers and the review of the product lineup that the Company introduced items with relatively high unit selling prices that deliver high profit margins, net sales of watches, fashion goods for three months ended March 31, 2003, increased 42.1% from the previous third quarter.

**(Wholesale operations)**

Net sales from wholesales operations for three months ended March 31, 2003, decreased ¥66 million (down 62.8 %) from the previous third quarter to ¥39 million due to the comprehensive review of the future business plan, wholesales operations downsized.

**(Rental business operations)**

Net sales from rental business operations for three months ended March 31, 2003, increased ¥210 million (up 212.5 %) from the previous third quarter to ¥309 million. This was due to the increase of newly opened stores and tenants of PAW.

Segment overview for nine months ended March 31, 2003

(Millions of yen)

	Nine months ended March 31, 2003 (Unaudited)		Nine months ended March 31, 2002 (Unaudited)		Change		Last Fiscal Year (Audited)	
	Amounts	%	Amounts	%	Amounts	%	Amounts	%
<b>Discount store operations</b>								
Electric goods	25,367	21.7	18,754	22.8	6,612	35.3	25,870	22.4
Merchandise	28,068	24.0	19,709	23.9	8,358	42.4	27,710	24.0
Foods	21,220	18.1	14,481	17.6	6,739	46.5	20,528	17.8
Watches, fashion goods	29,441	25.1	19,215	23.3	10,226	53.2	27,078	23.5
Sports, leisure goods	9,210	7.9	7,251	8.8	1,959	27.0	10,120	8.8
Others	2,979	2.5	2,299	2.8	679	29.6	3,147	2.7
Sub Total	116,288	99.3	81,711	99.2	34,576	42.3	114,456	99.2
<b>Wholesale operations</b>	65	0.1	399	0.5	(334)	- 83.7	554	0.5
<b>Rental business operations</b>	713	0.6	258	0.3	455	176.4	418	0.3
<b>Total</b>	<b>117,067</b>	<b>100.0</b>	<b>82,369</b>	<b>100.0</b>	<b>34,697</b>	<b>42.1</b>	<b>115,428</b>	<b>100.0</b>

## . Financial Position

(Millions of yen)

	3rd Quarter Ended March 31, 2003 (Unaudited)		3rd Quarter Ended March 31, 2002 (Unaudited)		Change the balance at the end of this quarter from the balance at the end of last fiscal year		Last Fiscal Year (Audited)	
	Amounts	%	Amounts	%	Amounts	%	Amounts	%
Total assets	88,383	100.0	73,377	100.0	15,898	21.9	72,485	100.0
Current assets	34,798	39.4	34,080	46.4	7,655	28.2	27,143	37.4
Fixed assets	53,584	60.6	39,296	53.6	8,242	18.2	45,342	62.6
Current liabilities	32,554	36.8	28,978	39.5	4,214	14.9	28,340	39.1
Long-term liabilities	25,285	28.6	19,568	26.7	7,702	43.8	17,583	24.3
Total liabilities	57,840	65.4	48,546	66.2	11,917	25.9	45,923	63.4
Total shareholders' equity	30,543	34.6	24,830	33.8	3,981	15.0	26,562	36.6

### (1) Assets, liabilities and shareholders' equity

#### 1. Total assets

Total assets as of the end of this third quarter increased by ¥15,898 million to ¥88,383 million.

Major reason of fluctuation was explained as below.

#### 2. Current assets

Current assets as of the end of this third quarter increased by ¥7,655 million to ¥34,798 million. This was mainly due to the fact that inventories increased by ¥5,410 million and cash and cash equivalents increased by ¥1,919 million as a result of the expansion of shops.

#### 3. Fixed assets

Fixed assets as of the end of this third quarter increased ¥8,242 million to ¥53,584 million. This was due to the fact that property and equipment, net increased by ¥6,389 million and other assets increased ¥1,752 million as a result of aggressive expansion of shops.

#### 4. Current liabilities

Current liabilities as of the end of this third quarter increased by ¥4,214 million to ¥32,554 million. This was mainly due to the increase of account payable-trade by ¥1,930 million and the increase of commercial paper by ¥2,000 million.

#### 5. Long-term liabilities

Long-term liabilities as of the end of this third quarter increased by ¥7,702 million to ¥25,285 million due to the increase of ¥8,890 million bonds.

The Company issued straight bond amounted ¥10,000 million during this first quarter.

#### 6. Shareholders' equity

Shareholders' equity as of the end of this third quarter increased by ¥3,981 million to ¥30,543 million due to the increase of retained earnings amounted by ¥3,935 million.

Equity ratio was 34.6%.

### (2) Consolidated Statements of Cash Flows

The Consolidated Statements of Cash flows were not prepared for this third quarter.

### (3) Capital investments

Capital investments including the securitization of assets as of the third quarter ended March 31, 2003 and 2002 and the year ended June 30, 2002 were as follows:

Investing activities for three months ended March 31, 2003

(Millions of yen)

	Three months ended March 31, 2003 (Unaudited)		Three months ended March 31, 2002 (Unaudited)		Change		Last Fiscal Year (Audited)	
	Amounts	%	Amounts	%	Amounts	%	Amounts	%
Total capital investments	5,866	15.4	6,967	24.7	( 1,100 )	- 15.8	21,107	18.3
Finance through securitization of assets	-	-	3,600	12.8	( 3,600 )	-	3,600	3.1
Net	5,866	15.4	3,367	11.9	2,499	74.2	17,507	15.2

## Investing activities for nine months ended March 31, 2003

(Millions of yen)

	Nine months ended March 31, 2003 (Unaudited)		Nine months ended March 31, 2002 (Unaudited)		Change		Last Fiscal Year (Audited)	
	Amounts	%	Amounts	%	Amounts	%	Amounts	%
Total capital investments	13,120	11.2	14,731	17.9	( 1,610 )	- 10.9	21,107	18.3
Finance through securitization of assets	3,353	2.9	3,600	4.4	( 247 )	- 6.9	3,600	3.1
Net	9,767	8.3	11,131	13.5	( 1,363 )	- 12.3	17,507	15.2

. Consolidated Business Forecast

(Millions of yen, except for per-share data)

	Sales	Recurring income	Net income	Net income per share (Yen)
Year ending June 30, 2003	156,500	9,760	5,350	527.87

## Consolidated Balance Sheets

	(Millions of yen)	
	3rd Quarter Ended March 31, 2003 (Unaudited)	Year ended June 30, 2002 (Audited)
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and time deposits .....	¥8,169	¥6,250
Note and accounts receivables-trade .....	959	991
Less: Allowance for doubtful accounts .....	(1)	(4)
Inventories .....	23,398	17,988
Prepaid expense .....	526	478
Deferred tax assets .....	679	539
Other current assets .....	1,066	900
<b>Total current assets .....</b>	<b>34,798</b>	<b>27,143</b>
<b>Investments and advances:</b>		
Investment securities .....	1,274	2,169
Advance payment for fixed leasehold deposits .....	1,024	1,200
Long-term loans receivable .....	280	360
Less: Allowance for doubtful accounts .....	—	(1)
<b>Total investments and advances .....</b>	<b>2,578</b>	<b>3,728</b>
<b>Property and equipment, net:</b>		
Buildings and structures .....	14,374	9,961
Vehicles and delivery equipment .....	27	36
Equipment .....	2,801	2,468
Land .....	18,963	18,851
Construction in progress .....	3,425	1,885
<b>Net property and equipment .....</b>	<b>39,593</b>	<b>33,203</b>
<b>Intangibles and deferred charge .....</b>	<b>1,724</b>	<b>1,517</b>
<b>Other assets:</b>		
Fixed leasehold deposits .....	6,925	5,267
Deferred tax assets .....	645	430
Other non-current assets .....	2,120	1,193
<b>Total other assets .....</b>	<b>9,690</b>	<b>6,892</b>
<b>Total assets .....</b>	<b>¥88,383</b>	<b>¥72,485</b>



	(Millions of yen)	
	<b>3rd Quarter Ended March 31, 2003 (Unaudited)</b>	Year ended June 30, 2002 (Audited)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities:</b>		
<b>Current liabilities:</b>		
Accounts payable-trade .....	¥16,170	¥14,240
Short-term loans payable .....	6,900	6,556
Commercial paper .....	2,000	—
Current maturities of long-term debt .....	3,790	2,534
Accrued income taxes .....	1,680	961
Accrued expense .....	900	1,843
Other current liabilities .....	1,111	2,204
<b>Total current liabilities</b> .....	<b>32,554</b>	<b>28,340</b>
<b>Long-term liabilities:</b>		
Long-term debt .....	24,621	17,159
Allowance for retirement benefits for directors .....	99	89
Other non-current liabilities .....	565	333
<b>Total long-term liabilities</b> .....	<b>25,285</b>	<b>17,583</b>
<b>Total liabilities</b> .....	<b>57,840</b>	<b>45,923</b>
<b>Shareholders' equity:</b>		
Common stock .....	5,940	5,815
Additional paid-in capital .....	7,255	7,130
Retained earnings .....	17,594	13,658
Net unrealized losses on investment securities .....	(240)	(38)
	30,549	26,566
Less: Treasury stock, at cost .....	(6)	(3)
<b>Total shareholders' equity</b> .....	<b>30,543</b>	<b>26,562</b>
<b>Total liabilities and shareholders' equity</b> .....	<b>¥88,383</b>	<b>¥72,485</b>

## Consolidated Statements of Income

	(Millions of yen)	
	<b>3rd Quarter Ended March 31, 2003 (Unaudited)</b>	Year ended June 30, 2002 (Audited)
Net sales .....	¥117,067	¥115,428
Cost of goods sold .....	90,842	89,388
Gross profit .....	26,225	26,040
Selling, general and administrative expenses .....	19,484	19,123
Operating income .....	6,741	6,916
Other income (expenses):		
Interest and dividend income .....	26	50
Interest expense .....	(239)	(202)
Stock issuance cost .....	(4)	(1)
Bond issuance cost .....	(243)	(275)
Other income, net .....	1,037	663
Income before income taxes .....	7,318	7,150
Income taxes:		
Current .....	3,439	3,608
Deferred .....	(208)	(485)
Net income .....	¥4,087	¥4,027

### Recurring income:

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

	(Millions of yen)	
	<b>3rd Quarter Ended March 31, 2003 (Unaudited)</b>	Year ended June 30, 2002 (Audited)
Operating income .....	¥6,741	¥6,916
Other income (expense)		
Interest and dividend income .....	26	50
Interest expense .....	(239)	(202)
Stock issuance cost .....	(4)	(1)
Bond issuance cost .....	(243)	(275)
Other income and expenses, net .....	1,086	1,167
Recurring income .....	7,367	7,656
Other income (expense)		
Other income and expenses, net .....	(49)	(506)
Income before income taxes .....	¥7,318	¥7,150

## Consolidated Statements of Retained Earnings

	(Millions of yen)	
	3rd Quarter Ended March 31, 2003 (Unaudited)	Year ended June 30, 2002 (Audited)
<b>Common stock:</b>		
Balance at beginning of period .....	¥5,816	¥5,540
Exercise of stock options .....	19	20
Conversion of convertible bond .....	105	256
Balance at end of period .....	¥5,940	¥5,816
<b>Additional paid-in capital:</b>		
Balance at beginning of period .....	¥7,130	¥6,855
Exercise of stock options .....	19	20
Conversion of convertible bond .....	105	256
Balance at end of period .....	¥7,255	¥7,131
<b>Retained earnings:</b>		
Balance at beginning of period .....	¥13,658	¥9,693
Net income .....	4,087	4,027
Cash dividends .....	(151)	(50)
Deficit on merger .....	—	(12)
Balance at end of period .....	¥17,594	¥13,658

## Subsequent event

Wako Denki. Co., Ltd., the Company's business partner, filed for civil revitalization procedures under the civil revitalization law with the Osaka District Court on April 28, 2003. The Company has ¥ 76 million of Account receivables.  
(Implications of the Company's operations)

The Company does not forecast the effects to the Company's operations as a result of Wako Denki. Co.,Ltd. going into bankruptcy.