

# Summary Report of Consolidated Financial Results For the Third Quarter Ended March 31, 2009

(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  
 Address: Shinjuku Sumitomo Bldg. 35F, 2-6-1 Nishi-shinjuku, Shinjuku-ku, Tokyo  
 Representative: Junji Narusawa, President and Representative Director  
 Contact: Mitsuo Takahashi, Senior Managing Director (Phone: +81-3-5381-7588)  
 URL: <http://www.donki.com>

### 1. Overview of Business Results and Financial Position for the third quarter of fiscal 2009 (From July 1, 2008 to March 31, 2009)

#### (1) Results of Business Operations

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Recurring Income	Change (%)
Nine Months Ended March 31, 2009	363,941	—	12,824	—	11,196	—
Nine Months Ended March 31, 2008	301,002	34.6	13,902	30.0	14,459	15.9

	Net Income	Change (%)	Basic Earnings per Share (Yen)	Diluted Earnings per Share (Yen)
Nine Months Ended March 31, 2009	4,226	—	61.12	61.12
Nine Months Ended March 31, 2008	9,600	11.1	133.80	124.79

#### (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 March 31, 2009	290,715	85,067	28.9	1,216.45
Last Fiscal Year	276,288	84,625	30.0	1,200.46

### 2. Dividends

	Yen (per share)				
	Three Months Ended September 30	Six Months Ended December 31	Nine Months Ended March 31	Year Ended June 30	Total
Year Ended June 30, 2008	—	10.00	—	12.00	22.00
Year Ending June 30, 2009	—	10.00	—	—	—
Year Ending June 30, 2009 (Forecast)	—	—	—	12.00	22.00

(Notes) Revision to the forecast of dividends in the third quarter of fiscal 2009: None

### 3. Consolidated Business Forecast : For the year ending June 30, 2009 (From July 1, 2008 to June 30, 2009)

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Recurring Income	Change (%)	Net Income	Change (%)	Net Income per Share (Yen)
Year Ending June 30, 2009	460,000	13.6	13,300	(16.8)	11,300	(34.3)	5,500	(40.9)	79.50

(Notes) Revision to the business forecast in the third quarter of fiscal 2009: None

#### 4. Others

- (1) Basis for preparation of quarterly financial results
  - ① The financial results for the third quarter of fiscal 2009 and 2008 were reviewed by independent public accountants.
  - ② This summary report includes the accounting figures that are not through the formal closing process.
  - ③ Amounts are presented in millions of yen and are rounded off to the nearest million yen.
- (2) Changes in subsidiaries (Changes in subsidiaries resulting in changes in the scope of consolidation)
  - ① Changes in consolidated subsidiaries  
(Increase by stock acquisition: One company) Big1 Co., Ltd.  
(Increase by the application of substantial control criteria: One company) World Victory Road Inc.
  - ② Changes in the affiliated companies accounted for by the equity method  
(Decrease by the application of substantial control criteria: One company) World Victory Road Inc.
- (3) Simplified accounting methods and special accounting methods for preparation of the quarterly consolidated financial statements: Yes
- (4) Changes in accounting policies concerning preparation of quarterly consolidated financial statements
  - ① Changes in line with revision to accounting standards: Yes
  - ② Other changes: None
- (5) Number of outstanding shares (Common stock)
  - ① Number of outstanding shares (Treasury stock included)

March 31, 2009	72,022,209 shares
June 30, 2008	72,022,209 shares
  - ② Number of treasury stock

March 31, 2009	2,840,950 shares
June 30, 2008	2,936,729 shares
  - ③ Average number of outstanding shares during the period

March 31, 2009	69,149,332 shares
March 31, 2008	71,752,491 shares

#### Disclaimer regarding Forward-looking Statements

1. Statements made in this report with respect to our consolidated business 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, undue reliance should not be placed on them. Various important factors could cause actual results to be materially different from those discussed in the forward-looking statements.
2. Effective from the fiscal year ending June 30, 2009, Don Quijote Co., Ltd. and its subsidiaries (the "Group") adopted "Accounting Standard for Quarterly Financial Statements" (Corporate Accounting Standard No.12) and "Application Guideline of Accounting Standard for Quarterly Financial Statements" (Corporate Accounting Standard Application Guideline No.14). Consolidated financial statements were prepared in accordance with the "Regulations of Quarterly Consolidated Financial Statements".

#### Consolidated Business Results

As a result of the international financial chaos caused by the subprime mortgage defaults, Japanese economy during the third quarter ended March 31, 2009, slowed down further and entered into recession. The financial crisis resulted in deteriorating economic and employment conditions, decline in exports and business investment, and slowdown in private consumption.

In the retail industry, business environment had been severer due to fierce price competition along with further deteriorating consumer confidence and fierce enterprise competition as well as drastic changes of external environment and worsening of employment and income conditions.

In such conditions, as a pioneer of creating a new type of business operations that focuses on the principle of "Always thinking of customers first", the Group had practiced various measures to make such stores where customers get impressed by high quality amusements and services.

To stimulate consumer spending, the Group had worked to enhance lineups of products such as foods and daily commodities at lower price.

Furthermore, the Group had promoted opening new stores and store renovation with mobility and efficiency and also reorganized administrative structure to enhance integration.

For the period beginning July 1, 2008 to March 31, 2009, the Group opened one store in Kanto area (Ibaraki prefecture - Don Quijote Mito), one store in Tokai area (Shizuoka prefecture - Don Quijote Fuji), one store in Chugoku area (Hiroshima prefecture - Don Quijote Fukuyama), one store in Shikoku area (Ehime prefecture - Don Quijote Matsuyama) and one store in Kyushu area (Nagasaki prefecture - Don Quijote Sasebo). In addition, the Group has seven more stores from the consolidation of BIG1 Co., Ltd. as of October 2008. On the other hand, the Group closed eleven stores (Don Quijote Kitamoto, Don Quijote Asahikawa, Don Quijote Huerta Shingu, Don Quijote Atsubetsu, Doit Kodaira, Town-Doit Kyodo, Nagasakiya-Tateishi, Nagasakiya-Kushiro, Nagasakiya-Mobara, Nagasakiya-Sendai bypass and BIG1 Sachihara) based on a review of business strategy. The Group has also closed four stores (Doit Kasukabe, Doit Kobuchi, Doit Soka and Don Quijote Sendai Dainohara) for the purpose of business model change into MEGA-Don Quijote.

Consequently, the total number of stores as of March 31, 2009 is 220 (223 as of June 30, 2008).

As a result, the Group achieved its net sales of ¥363,941 million, operating income of ¥12,824 million, recurring income of ¥11,196 million and net income of ¥4,226 million as for the nine months of fiscal 2009.

Results by operating segment are as follows. Net sales and operating income in the discount store business were ¥280,345 million and ¥10,821 million respectively. Net sales and operating loss in the GMS business were ¥71,132 million and ¥1,602 million respectively. Net sales and operating income in the rent business were ¥12,727 million and ¥3,096 million respectively. Net sales and operating income in others were ¥3,515 million and ¥426 million respectively.

## Consolidated Financial Position

	As of March 31, 2009	As of June 30, 2008	Increase
Total Assets	¥290,715	¥276,288	¥14,427
Total Liabilities	¥205,648	¥191,663	¥13,985
Total Shareholders' Equity	¥85,067	¥84,625	¥442

Total assets as of March 31, 2009 increased by ¥14,427 million from the end of the last consolidated fiscal year ended June 30, 2008 to ¥290,715 million. The result is mainly from the increase of property and equipment by ¥11,471 million as well as the increase of inventories by the consolidation of BIG1 Co., Ltd..

Total liabilities as of March 31, 2009 increased by ¥13,985 million from the end of the last consolidated fiscal year to ¥205,648 million. The result is mainly from the increase of accounts payable-trade by ¥4,737 million and the increase of commercial paper and bonds by ¥5,492 million and ¥7,292 million, respectively.

Shareholders' equity as of March 31, 2009 increased by ¥442 million from the end of the last consolidated fiscal year to ¥85,067 million.

Although the Group recorded the increase of net income, accumulated depreciation and trade payable, net cash provided by operating activities was ¥15,475 million because of payment of income taxes and increase of inventories.

Net cash used in investing activities was ¥26,048 million because of the acquisition of property and equipment, investment securities and all shares of BIG1 Co., Ltd.

Net cash provided by financing activities was ¥9,742 million because of issuance of bonds and commercial paper.

Cash and cash equivalents at the end of the third quarter ended March 31, 2009 was ¥37,088 million.

## Others

Simplified accounting methods and special accounting methods for preparation of the quarterly consolidated financial statements were applied.

① Calculation of provision for doubtful accounts

Credit loss ratio of the previous fiscal year end was used to calculate the provision for bad debts for the current third quarter.

② Method for assessing the value of inventories

Inventories at the end of the third quarter ended March 31, 2009 are mainly calculated using a reasonable method based on the book value of the second quarter ended December 31, 2008. No physical inventory count was taken. In addition, the carrying amount of inventories is reduced to estimated net selling value only where there is an obvious decrease in profitability.

③ Calculation of depreciation expenses for declining-balance method applied fixed assets

For fixed assets where depreciation is calculated by declining-balance method, the annual estimated depreciation is proportionately allocated to each quarter.

## Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2009 (Unaudited)	As of June 30, 2008 (Audited)
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and time deposits .....	¥36,738	¥38,381
Notes and Accounts receivable-trade .....	4,608	4,397
Less: Allowance for doubtful accounts .....	(146)	(82)
Inventories .....	69,208	67,411
Prepaid expenses .....	2,171	2,368
Deferred tax assets .....	1,515	1,575
Other current assets .....	3,540	2,530
<b>Total current assets .....</b>	<b>117,634</b>	<b>116,580</b>
<b>Investments and advances:</b>		
Investments in and advances to affiliates .....	157	165
Investment securities .....	11,411	9,539
Advance payment for fixed leasehold deposits ..	26	518
Long-term loans receivable .....	1,243	935
Less: Allowance for doubtful accounts .....	(522)	(499)
<b>Total investments and advances .....</b>	<b>12,315</b>	<b>10,658</b>
<b>Property and equipment, at cost:</b>		
Land .....	54,704	48,779
Buildings and structures .....	79,505	72,419
Vehicles and delivery equipment .....	95	110
Equipment .....	30,678	30,824
Construction in progress .....	315	318
Less: Impairment loss .....	(4,044)	(4,586)
Less: Accumulated depreciation .....	(47,231)	(45,313)
<b>Net property and equipment .....</b>	<b>114,022</b>	<b>102,551</b>
<b>Intangibles .....</b>	<b>3,075</b>	<b>3,284</b>
<b>Other assets:</b>		
Time deposits .....	333	461
Fixed leasehold deposits .....	36,732	37,716
Less: Allowance for doubtful accounts .....	(2,340)	(2,500)
Prepaid expenses .....	2,595	2,644
Deferred tax assets .....	2,483	874
Other non-current assets .....	3,866	4,020
<b>Total other assets .....</b>	<b>43,669</b>	<b>43,215</b>
<b>Total assets .....</b>	<b>¥290,715</b>	<b>¥276,288</b>

(Millions of yen)		
	As of March 31, 2009 (Unaudited)	As of June 30, 2008 (Audited)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable-trade .....	¥43,909	¥39,172
Short-term loans payable .....	8,142	1,400
Current maturities of long-term debt .....	18,718	15,197
Accrued income taxes .....	1,440	2,610
Accrued expenses .....	4,654	5,588
Allowance for point program .....	475	762
Other current liabilities .....	8,163	8,246
Total current liabilities .....	85,501	72,975
<b>Long-term liabilities:</b>		
Long-term debt .....	96,462	97,111
Derivatives debt .....	2,378	—
Allowance for retirement benefits for employees ·	5,330	5,687
Allowance for retirement benefits for directors ··	160	185
Negative goodwill .....	4,377	4,657
Other non-current liabilities .....	11,440	11,048
Total long-term liabilities .....	120,147	118,688
Total liabilities .....	205,648	191,663
<b>Shareholders' equity:</b>		
Common stock .....	14,977	14,977
Additional paid-in capital .....	16,289	16,289
Retained earnings .....	61,479	58,777
Net unrealized gains on investment securities ··	(1,479)	(680)
Foreign exchange adjustments .....	(2,134)	(1,285)
Total .....	89,132	88,078
<b>Minority interests</b> .....	<b>908</b>	<b>1,688</b>
Stock subscription rights .....	3	3
Less: Treasury stock, at cost .....	(4,976)	(5,144)
Total shareholders' equity .....	85,067	84,625
Total liabilities, minority interests and shareholders' equity .....	¥290,715	¥276,288

## Consolidated Statements of Income

	(Millions of yen)	
	Nine Months Ended March 31, 2009 (Unaudited)	Nine Months Ended March 31, 2008 (Unaudited)
Net sales .....	¥363,941	¥301,002
Cost of goods sold .....	267,432	219,362
Gross profit .....	96,509	81,640
Selling, general and administrative expenses .....	83,685	67,738
Operating income .....	12,824	13,902
Other income (expenses):		
Interest and dividend income .....	416	449
Interest expenses .....	(923)	(601)
Gain on sale of fixed assets .....	63	0
Loss on devaluation of derivative instruments .....	(2,155)	(90)
Loss on devaluation of investment securities .....	(2,272)	—
Other income and expenses, net .....	(273)	1,975
Income before income taxes and minority interests .....	7,680	15,635
Income taxes:		
Current .....	4,331	5,202
Deferred .....	(1,156)	542
Income before minority interests .....	4,505	9,891
Minority interests .....	(279)	(291)
Net income .....	¥4,226	¥9,600

### Recurring income:

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

	Nine Months Ended March 31, 2009 (Unaudited)	Nine Months Ended March 31, 2008 (Unaudited)
Operating income .....	¥12,824	¥13,902
Non-operating income (expenses):		
Interest and dividend income .....	416	449
Interest expenses .....	(923)	(601)
Loss on devaluation of derivative instruments .....	(2,155)	(90)
Other, net .....	1,034	799
Recurring income .....	11,196	14,459
Other and extraordinary income (expenses):		
Gain on sales of fixed assets .....	63	0
Loss on devaluation of investment securities .....	(2,272)	—
Other, net .....	(1,307)	1,176
Income before income taxes and minority interests .....	¥7,680	¥15,635

## Consolidated Statements of Cash Flows

	(Millions of yen)	
	Nine Months Ended March 31, 2009 (Unaudited)	Nine Months Ended March 31, 2008 (Unaudited)
<b>Cash flows from operating activities:</b>		
Income before income taxes and minority interests	¥7,680	¥15,635
Depreciation and amortization, including prepaid expenses	6,528	5,150
Amortization of negative goodwill	(644)	(914)
Decrease in provision	(806)	(1,078)
Interest and dividend income	(416)	(449)
Interest expenses	923	623
Loss on devaluation of derivative instruments	2,155	90
Loss on devaluation of investment securities	2,272	—
Decrease (increase) in trade receivable	(55)	189
Increase in inventories	(846)	(4,920)
Increase in trade payable	3,645	1,741
Other, net	1,098	(1,812)
Cash generated from operations	21,534	14,255
Received interest and dividend income	186	323
Interest paid	(945)	(700)
Income taxes paid	(5,300)	(10,608)
Net cash provided by operating activities	15,475	3,270
<b>Cash flows from investing activities:</b>		
Payments for purchase of property and equipment	(15,232)	(17,077)
Proceeds from sales of property and equipment	259	5
Payments for leasehold deposits	(1,911)	(2,486)
Proceeds from termination of leasehold deposits	2,335	1,078
Payments for purchase of investment securities	(7,745)	(2,782)
Proceeds from sales of investment securities	1,227	202
Payments for purchase of subsidiaries' securities	(1,893)	(11,261)
Payments for purchase of securities of an affiliated company	(648)	—
Payments to funds	(1,000)	—
Other, net	(1,440)	(2,966)
Net cash used in investing activities	(26,048)	(35,287)
<b>Cash flows from financing activities:</b>		
Increase of short-term bank loans	1,050	3,500
Net increase on commercial paper	5,492	—
Borrowing of long-term debt	3,900	18,500
Repayment of long-term debt	(6,291)	(6,379)
Proceeds from issuance of bonds	14,000	50,500
Payments for redemption of bonds	(6,708)	(24,488)
Issuance of common stock	—	199
Payments for purchase of treasury stock	(0)	(2,991)
Payments of fund trust for treasury stock	—	(2,007)
Payments of cash dividends	(1,521)	(1,437)
Other, net	(180)	43
Net cash provided by financing activities	9,742	35,440
Effect of exchange rate changes on cash and cash equivalents	(167)	(45)
Net increase in cash and cash equivalents	(998)	3,378
Cash and cash equivalents at beginning of the period	38,086	38,164
Decrease in cash and cash equivalents due to the effect of the excluded results of consolidation	—	(39)
Cash and cash equivalents at end of the period	¥37,088	¥41,503

## Notes on Going Concern Assumption

For the third quarter ended March 31, 2009

Not applicable

## Segment Information

For the third quarter ended March 31, 2009

a. Operating segment information

For the third quarter ended March 31, 2009

(Millions of yen)

	Discount store business	GMS business	Rent business	Others	Total	Corporate eliminations	Consolidated
Sales, Operating profit and loss							
Sales							
Sales to third parties	¥279,926	¥70,868	¥11,038	¥2,109	¥363,941	¥-	¥363,941
Intersegment sales	419	264	1,689	1,406	3,778	(3,778)	-
Total	280,345	71,132	12,727	3,515	367,719	(3,778)	363,941
Operating profit (loss)	¥10,821	¥(1,602)	¥3,096	¥426	¥12,741	¥83	¥12,824

Notes: Some of Nagasakiya stores are converted into MEGA-Don Quijote and classified in Discount store business.

Rent business of Nagasakiya Co., Ltd. was transferred to Paw Creation Co., Ltd. on April 1, 2009.

b. Geographic segment information

For the third quarter ended March 31, 2009, net sales in Japan accounted for more than 90% of those of all the segments. Consequently, details of each geographic segment information are not presented.

c. Sales outside Japan

For the third quarter ended March 31, 2009, sales outside of Japan amounted less than 10% of the consolidated net sales, and therefore the information is not presented.

For the third quarter ended March 31, 2008

a. Operating segment information

For the third quarter ended March 31, 2008

(Millions of yen)

	Discount store business	GMS business	Rent business	Others	Total	Corporate eliminations	Consolidated
Sales, Operating profit							
Sales							
Sales to third parties	¥249,894	¥40,783	¥8,903	¥1,422	¥301,002	¥-	¥301,002
Intersegment sales	40	-	1,486	1,448	2,974	(2,974)	-
Total	249,934	40,783	10,389	2,870	303,976	(2,974)	301,002
Operating profit	¥10,806	¥531	¥2,105	¥374	¥13,816	¥86	¥13,902

b. Geographic segment information

For the third quarter ended March 31, 2008, net sales in Japan accounted for more than 90% of those of all the segments. Consequently, details of each geographic segment information are not presented.

c. Sales outside Japan

For the third quarter ended March 31, 2008, sales outside of Japan amounted less than 10% of the consolidated net sales, and therefore the information is not presented.

## Notes on Significant Changes in Shareholders' Equity

For the third quarter ended March 31, 2009

Not applicable