

Summary Report of Consolidated Financial Results For the Second Quarter Ended December 31, 2010

(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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(Amounts in million yen are rounded off to the nearest million)

1. Overview of Business Results and Financial Position for the second quarter of fiscal 2011 (From July 1, 2010 to December 31, 2010)

(1) Results of Business Operations

(Millions of yen, except per-share data)

| | Net Sales | Change (%) | Operating Income | Change (%) | Ordinary Income | Change (%) |
|------------------------------------|-----------|------------|------------------|------------|-----------------|------------|
| Six Months Ended December 31, 2010 | 255,481 | 1.9 | 14,193 | 27.9 | 14,031 | 29.5 |
| Six Months Ended December 31, 2009 | 250,698 | 2.7 | 11,101 | 33.8 | 10,833 | 69.7 |

| | Net Income | Change (%) | Net Income Per Share (Yen) | Net Income Per Share-fully diluted (Yen) |
|------------------------------------|------------|------------|----------------------------|--|
| Six Months Ended December 31, 2010 | 7,549 | 23.8 | 102.03 | 98.10 |
| Six Months Ended December 31, 2009 | 6,100 | 195.0 | 88.00 | 82.16 |

(2) Financial Position

(Millions of yen, except per-share data)

| | Total Assets | Net assets | Ratio of Shareholders' Equity to Total Assets (%) | Net assets per Share (Yen) |
|-------------------------|--------------|------------|---|----------------------------|
| As of December 31, 2010 | 332,956 | 120,992 | 35.9 | 1,553.24 |
| Last Fiscal Year | 302,029 | 106,760 | 34.9 | 1,460.81 |

2. Dividends

| | Yen | | | | |
|--------------------------------------|---------------------------------|------------------------------|----------------------------|--------------------|-------|
| | Three Months Ended September 30 | Six Months Ended December 31 | Nine Months Ended March 31 | Year Ended June 30 | Total |
| Year Ended June 30, 2010 | — | 10.00 | — | 15.00 | 25.00 |
| Year Ending June 30, 2011 | — | 10.00 | | | |
| Year Ending June 30, 2011 (Forecast) | | | — | 15.00 | 25.00 |

(Note) Revision to the dividend forecast in the second quarter of fiscal 2011: None

3. Consolidated Business Forecast : For the year ending June 30, 2011 (From July 1, 2010 to June 30, 2011)

(Millions of yen, except per-share data)

| | Net Sales | Change (%) | Operating Income | Change (%) | Ordinary Income | Change (%) | Net Income | Change (%) | Net Income per Share (Yen) |
|---------------------------|-----------|------------|------------------|------------|-----------------|------------|------------|------------|----------------------------|
| Year Ending June 30, 2011 | 500,000 | 2.5 | 24,500 | 16.3 | 23,500 | 11.3 | 12,500 | 22.1 | 162.65 |

(Notes) Revision to the business forecast in the second quarter of fiscal 2011: Yes

4. Others

(1) Significant changes in subsidiaries (Changes in subsidiaries resulting in changes in the scope of consolidation): No

(2) Simplified accounting methods and special accounting methods for preparation of the quarterly consolidated financial statements: Yes

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 second quarter.

② Calculation of depreciation expenses for fixed assets

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

③ Computation method for income taxes, deferred tax assets and deferred tax liabilities

The recoverability of deferred tax assets was assessed based on the projections of future performance and tax planning that were used in the prior fiscal year but also by taking into account the effects of significant changes if such significant changes were recognized in the business environment or in the circumstances where temporary differences occur during the period from the end of the prior fiscal year to December 31, 2010.

(3) 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

(4) Number of outstanding shares (Common stock)

| | | |
|--|-------------------|-------------------|
| ① Number of outstanding shares (Treasury stock included) | December 31, 2010 | 76,851,680 shares |
| | June 30, 2010 | 72,095,109 shares |
| ② Number of treasury stock | December 31, 2010 | 1,244 shares |
| | June 30, 2010 | 473 shares |
| ③ Average number of outstanding shares during the period | December 31, 2010 | 73,982,818 shares |
| | December 31, 2009 | 69,322,868 shares |

※Explanation regarding the appropriate use of forecasts of business results

The financial forecasts of business results are based on judgments and estimates that have been made using of currently available information. By nature, such financial forecasts are subject to uncertainties and risks. Therefore, the final results might be significantly different from the aforementioned forecasts due to changes in economic environments related to our business, market trends and exchange rate, etc.

Consolidated Balance Sheets

(Millions of yen)

| | As of December 31, 2010 | As of June 30, 2010 |
|-------------------------------------|----------------------------|------------------------|
| | Amount | Amount |
| Assets | | |
| Current assets | | |
| Cash and deposits | ¥50,698 | ¥41,734 |
| Notes and Accounts receivable-trade | 5,326 | 4,045 |
| Merchandise and finished goods | 85,092 | 74,452 |
| Other | 6,646 | 8,020 |
| Allowance for doubtful accounts | (59) | (53) |
| Total current assets | <u>147,703</u> | <u>128,198</u> |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 52,072 | 49,961 |
| Tools, furniture and fixtures, net | 9,217 | 8,711 |
| Land | 70,715 | 64,378 |
| Other, net | 2,027 | 684 |
| Total property, plant and equipment | <u>134,031</u> | <u>123,734</u> |
| Intangible assets | <u>4,951</u> | <u>2,721</u> |
| Investments and other assets | | |
| Investment securities | 4,951 | 6,297 |
| Lease and guarantee deposits | 33,453 | 33,674 |
| Other | 11,197 | 10,566 |
| Allowance for doubtful accounts | (3,330) | (3,161) |
| Total investments and other assets | <u>46,271</u> | <u>47,376</u> |
| Total noncurrent assets | <u>185,253</u> | <u>173,831</u> |
| Total assets | <u>¥332,956</u> | <u>¥302,029</u> |

| | (Millions of yen) | |
|---|----------------------------|------------------------|
| | As of December 31, 2010 | As of June 30, 2010 |
| | Amount | Amount |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable-trade | ¥55,043 | ¥42,670 |
| Short-term loans-payable | 1,124 | 698 |
| Current portion of long-term loans payable | 11,150 | 10,834 |
| Current portion of bonds | 42,707 | 41,507 |
| Current portion of convertible bonds | — | 8,625 |
| Income taxes payable | 5,507 | 4,014 |
| Derivatives liabilities | 2,809 | — |
| Provision for point card certificates | 188 | 247 |
| Other provision | 126 | 72 |
| Other | 15,688 | 13,338 |
| Total current liabilities | 134,342 | 122,005 |
| Noncurrent liabilities | | |
| Bonds payable | 35,847 | 33,851 |
| Convertible bonds | 350 | 350 |
| Long-term loans payable | 24,884 | 20,379 |
| Derivatives liabilities | — | 2,848 |
| Provision for retirement benefits | 58 | 84 |
| Provision for directors' retirement benefits | 357 | 375 |
| Negative goodwill | 2,877 | 3,306 |
| Asset retirement obligations | 1,653 | — |
| Other | 11,596 | 12,071 |
| Total noncurrent liabilities | 77,622 | 73,264 |
| Total liabilities | 211,964 | 195,269 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 19,385 | 15,049 |
| Capital surplus | 22,187 | 17,856 |
| Retained earnings | 80,820 | 74,503 |
| Treasury stock | (2) | (1) |
| Total shareholders' equity | 122,390 | 107,407 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | (234) | (104) |
| Foreign currency translation adjustment | (2,789) | (1,986) |
| Total valuation and translation adjustments | (3,023) | (2,090) |
| Subscription rights to shares | 0 | 0 |
| Minority interests | 1,625 | 1,443 |
| Total net assets | 120,992 | 106,760 |
| Total liabilities and net assets | ¥332,956 | ¥302,029 |

Consolidated Statements of Income

(Millions of yen)

| | Six months ended December 31, 2010 | Six months ended December 31, 2009 |
|--|---------------------------------------|---------------------------------------|
| | Amount | Amount |
| Net sales | ¥255,481 | ¥250,698 |
| Cost of sales | 189,607 | 187,893 |
| Gross profit | 65,874 | 62,805 |
| Selling, general and administrative expenses | 51,681 | 51,704 |
| Operating income | 14,193 | 11,101 |
| Non-operating income | | |
| Interest and dividends income | 289 | 266 |
| Amortization of negative goodwill | 429 | 429 |
| Other | 672 | 899 |
| Total non-operating income | 1,390 | 1,594 |
| Non-operating expenses | | |
| Interest expenses | 888 | 790 |
| Loss on valuation of derivatives | 110 | 748 |
| Other | 554 | 324 |
| Total non-operating expenses | 1,552 | 1,862 |
| Ordinary income | 14,031 | 10,833 |
| Extraordinary income | | |
| Gain on sales of noncurrent assets | 0 | 442 |
| Gain on redemption of convertible bonds | — | 221 |
| Compensation income for expropriation | 382 | — |
| Other | 230 | 133 |
| Total extraordinary income | 612 | 796 |
| Extraordinary losses | | |
| Loss on valuation of investment securities | 218 | 724 |
| Loss on closing of stores | 161 | 185 |
| Impairment loss | 457 | — |
| Settlement package | 58 | 342 |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | 682 | — |
| Other | 423 | 302 |
| Total extraordinary losses | 1,999 | 1,553 |
| Income before income taxes and minority interests | 12,644 | 10,076 |
| Income taxes - Current | 5,358 | 4,057 |
| Income taxes - Deferred | (507) | (259) |
| Total income taxes | 4,851 | 3,798 |
| Income before minority interests | 7,793 | — |
| Minority interests in income | 244 | 178 |
| Net income | ¥7,549 | ¥6,100 |

Consolidated Statements of Cash Flows

(Millions of yen)

| | Six months ended December 31, 2010 | Six months ended December 31, 2009 |
|--|---------------------------------------|---------------------------------------|
| | Amount | Amount |
| Net cash provided by (used in) operating activities: | | |
| Income before income taxes and minority interests | ¥12,644 | ¥10,076 |
| Depreciation and amortization | 4,604 | 4,334 |
| Impairment loss | 457 | — |
| Amortization of negative goodwill | (429) | (429) |
| decrease in provision | (7) | (14) |
| Interest and dividends income | (289) | (266) |
| Interest expenses | 888 | 790 |
| Loss on valuation of derivatives | 110 | 748 |
| Loss (Gain) on sale of noncurrent assets | 3 | (442) |
| Gain on redemption of convertible bonds | — | (221) |
| Loss on valuation of investment securities | 218 | 724 |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | 682 | — |
| Increase in notes and accounts receivable-trade | (1,344) | (603) |
| Increase in inventories | (10,737) | (4,265) |
| Increase in notes and accounts payable-trade | 12,593 | 16,192 |
| Other, net | 1,473 | 514 |
| Sub total | 20,866 | 27,138 |
| Interest and dividends income received | 204 | 194 |
| Interest expenses paid | (878) | (779) |
| Income taxes paid | (3,802) | (3,084) |
| Net cash provided by operating activities | 16,390 | 23,469 |
| Net cash provided by (used in) investing activities: | | |
| Payments into time deposits | (22,601) | (10,213) |
| Proceeds from withdrawal of time deposits | 23,523 | 59 |
| Purchase of property, plant and equipment | (12,953) | (8,708) |
| Proceeds from sales of property, plant and equipment | 364 | 1,365 |
| Purchase of intangible assets | (2,600) | — |
| Payments for lease and guarantee deposits | (478) | (352) |
| Proceeds from collection of lease and guarantee deposits | 827 | 893 |
| Purchase of investment securities | — | (40) |
| Proceeds from sales of investment securities | 927 | 6 |
| Other, net | (302) | (460) |
| Net cash used in investing activities | (13,293) | (17,450) |
| Net cash provided by (used in) financing activities: | | |
| Net increase (decrease) in short-term loans payable | 426 | (6,138) |
| Proceeds from long-term loans payable | 11,000 | 19,400 |
| Repayment of long-term loans payable | (6,178) | (5,433) |
| Net increase in commercial papers | — | 18,479 |
| Proceeds from issuance of bonds | 9,000 | 19,900 |
| Redemption of bonds | (5,804) | (4,848) |
| Redemption of convertible bonds | (25) | (19,950) |
| Cash dividends paid | (1,081) | (899) |
| Other, net | 7 | 274 |
| Net cash provided by financing activities | ¥7,345 | ¥20,785 |

| | (Millions of yen) | |
|--|---------------------------------------|---------------------------------------|
| | Six months ended December 31, 2010 | Six months ended December 31, 2009 |
| | Amount | Amount |
| Effect of exchange rate change on cash and cash equivalents | ¥(365) | ¥(154) |
| Net increase in cash and cash equivalents | 10,077 | 26,650 |
| Cash and cash equivalents at beginning of period | 38,911 | 42,040 |
| Increase in cash and cash equivalents from newly consolidated subsidiary | 9 | — |
| Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation | (215) | — |
| Increase in cash and cash equivalents resulting from merger between consolidated and unconsolidated subsidiaries | — | 62 |
| Cash and cash equivalents at end of period | ¥48,782 | ¥68,752 |

Segment Information

For the second quarter ended December 31, 2010

1. Overview of Reporting Segments

The Company's reporting segments are those for which financial information separate from that of other units comprising the Group can be obtained. These reporting segments are the subject of regular reviews by the board of directors for determining the allocation of management resources and assessment of business results.

The Group regards "Retail business" and "Rent business" as reporting segments from scope of business. The "Retail business" presents stores such as "Don Quijote", "MEGA Don Quijote", "Nagasakiya", "Doit". The "Rent business" operates a tenant invitation in the shopping malls and management.

2. Information concerning sales and income (loss) by reporting segment

For the second quarter ended December 31, 2010

(Millions of yen)

| | Reporting segment | | | Others (Note 1) | Total | Adjustment (Note 2) | Consolidated (Note 3) |
|------------------------|--------------------|------------------|-----------|--------------------|----------|------------------------|--------------------------|
| | Retail business | Rent business | Sub Total | | | | |
| Sales, Segment income | | | | | | | |
| Sales | | | | | | | |
| Sales to third parties | ¥245,586 | ¥7,927 | ¥253,513 | ¥1,968 | ¥255,481 | ¥— | ¥255,481 |
| Intersegment sales | — | 1,292 | 1,292 | 490 | 1,782 | (1,782) | — |
| Total | 245,586 | 9,219 | 254,805 | 2,458 | 257,263 | (1,782) | 255,481 |
| Segment income | ¥10,960 | ¥2,746 | ¥13,706 | ¥395 | ¥14,101 | ¥92 | ¥14,193 |

Notes

- The other businesses segment includes the services of real estate business, marketing business, cellular phones sales business that are not included in other reporting segments.
- The segment adjusted income of ¥92 million is an intersegment elimination.
- Segment income is adjusted with operating income.

3. Information concerning impairment of fixed assets or goodwill by reporting segment

In the "Retail business" segment, the Company appropriate impairment loss ¥390 million of fixed assets. Because it was not able to anticipate the profit that it assumed at first by the membership system wholesale type retail business that consolidated subsidiary WR Co., Ltd. presents.

In addition, the Company appropriate impairment loss ¥57 million of fixed assets because we were not able to anticipate the profit that it assumed at first about the part store of the "retail business" segment.

(Additional Information)

Effective from the first quarter of the current fiscal year, the Company adopted the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, March 27, 2009) and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, March 21, 2008).

For the second quarter ended December 31, 2009

a. Operating segment information

For the second quarter ended December 31, 2009

(Millions of yen)

| | Discount Store business | GMS business | Rent business | Others | Total | Corporate eliminations | Consolidated |
|--------------------------------|-------------------------|--------------|---------------|--------|----------|------------------------|--------------|
| Sales, Operating income (loss) | | | | | | | |
| Sales | | | | | | | |
| Sales to third parties | ¥211,439 | ¥30,178 | ¥8,040 | ¥1,041 | ¥250,698 | ¥— | ¥250,698 |
| Intersegment sales | 194 | 3 | 1,205 | 441 | 1,843 | (1,843) | — |
| Total | 211,633 | 30,181 | 9,245 | 1,482 | 252,541 | (1,843) | 250,698 |
| Operating income (loss) | ¥9,212 | ¥(390) | ¥2,269 | ¥203 | ¥11,294 | ¥(193) | ¥11,101 |

b. Geographic segment information

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

Notes on the going-concern assumption

Not applicable

Notes on significant changes in the amount of shareholders' equity

The Company carries out stocks switch by the right use of Convertible Bonds for the second quarter ended December 31, 2010. The effect was to increase Capital stock by ¥4,302 million, to increase Capital surplus by ¥4,298 million for the second quarter ended December 31, 2010.