

Summary Report of Consolidated Financial Results For the Third Quarter Ended March 31, 2011

(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 third quarter of fiscal 2011 (From July 1, 2010 to March 31, 2011)

(1) Results of Business Operations

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Ordinary Income	Change (%)
Nine Months Ended March 31, 2011	382,486	2.7	20,224	22.0	20,045	20.6
Nine Months Ended March 31, 2010	372,271	2.3	16,577	29.3	16,620	48.4

	Net Income	Change (%)	Net Income Per Share (Yen)	Net Income Per Share-fully diluted (Yen)
Nine Months Ended March 31, 2011	10,072	7.2	134.40	130.80
Nine Months Ended March 31, 2010	9,392	122.2	135.33	126.40

(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 March 31, 2011	358,230	123,505	33.8	1,574.13
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 third 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	162.42

(Notes) Revision to the business forecast in the third quarter of fiscal 2011: None

4. Others

(1) Significant changes in subsidiaries (Changes in subsidiaries resulting in changes in the scope of consolidation): Yes

Newly consolidated: two companies (Fidec Corporation, Koigakubo SC TMK) Excluded: –

(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 third quarter.

② Method for assessing the value of inventories

Inventories at the end of the third quarter are mainly calculated using a reasonable method based on book value, no physical inventory count is 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 fixed assets

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

④ 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 March 31, 2011.

(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)	March 31, 2011	76,962,380 shares
	June 30, 2010	72,095,109 shares
② Number of treasury stock	March 31, 2011	1,244 shares
	June 30, 2010	473 shares
③ Average number of outstanding shares during the period	March 31, 2011	74,940,562 shares
	March 31, 2010	69,406,778 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 March 31, 2011	As of June 30, 2010
	Amount	Amount
Assets		
Current assets		
Cash and deposits	¥51,590	¥41,734
Notes and Accounts receivable-trade	4,418	4,045
Purchased receivables	6,893	—
Merchandise and finished goods	78,444	74,452
Other	7,612	8,020
Allowance for doubtful accounts	(53)	(53)
Total current assets	<u>148,904</u>	<u>128,198</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	57,062	49,961
Tools, furniture and fixtures, net	9,394	8,711
Land	87,252	64,378
Other, net	1,979	684
Total property, plant and equipment	<u>155,687</u>	<u>123,734</u>
Intangible assets	<u>6,493</u>	<u>2,721</u>
Investments and other assets		
Investment securities	4,776	6,297
Lease and guarantee deposits	33,070	33,674
Other	13,824	10,566
Allowance for doubtful accounts	(4,524)	(3,161)
Total investments and other assets	<u>47,146</u>	<u>47,376</u>
Total noncurrent assets	<u>209,326</u>	<u>173,831</u>
Total assets	<u>¥358,230</u>	<u>¥302,029</u>

	(Millions of yen)	
	As of March 31, 2011	As of June 30, 2010
	Amount	Amount
Liabilities		
Current liabilities		
Accounts payable-trade	¥40,301	¥42,670
Short-term loans-payable	29,701	698
Current portion of long term loans payable	12,606	10,834
Current portion of bonds	13,007	41,507
Current portion of convertible bonds	—	8,625
Commercial papers	3,298	—
Income taxes payable	4,451	4,014
Derivatives liabilities	2,807	—
Provision for point card certificates	168	247
Reserve for loss on disaster	1,367	—
Other provision	130	72
Other	13,033	13,338
Total current liabilities	120,869	122,005
Noncurrent liabilities		
Bonds payable	59,194	33,851
Convertible bonds	350	350
Long-term loans payable	37,673	20,379
Derivatives liabilities	139	2,848
Provision for retirement benefits	—	84
Provision for directors' retirement benefits	363	375
Negative goodwill	2,663	3,306
Asset retirement obligations	1,660	—
Other	11,814	12,071
Total noncurrent liabilities	113,856	73,264
Total liabilities	234,725	195,269
Net assets		
Shareholders' equity		
Capital stock	19,494	15,049
Capital surplus	22,296	17,856
Retained earnings	82,575	74,503
Treasury stock	(2)	(1)
Total shareholders' equity	124,363	107,407
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(286)	(104)
Foreign currency translation adjustment	(2,929)	(1,986)
Total valuation and translation adjustments	(3,215)	(2,090)
Subscription rights to shares	0	0
Minority interests	2,357	1,443
Total net assets	123,505	106,760
Total liabilities and net assets	¥358,230	¥302,029

Consolidated Statements of Income

(Millions of yen)

	Nine months ended March 31, 2011	Nine months ended March 31, 2010
	Amount	Amount
Net sales	¥382,486	¥372,271
Cost of sales	285,190	278,764
Gross profit	97,296	93,507
Selling, general and administrative expenses	77,072	76,930
Operating income	20,224	16,577
Non-operating income		
Interest and dividends income	423	434
Amortization of negative goodwill	643	643
Other	980	1,026
Total non-operating income	2,046	2,103
Non-operating expenses		
Interest expenses	1,282	1,232
Loss on valuation of derivatives	108	404
Other	835	424
Total non-operating expenses	2,225	2,060
Ordinary income	20,045	16,620
Extraordinary income		
Gain on sales of noncurrent assets	20	442
Gain on redemption of convertible bonds	—	221
Gain on step acquisitions	197	—
Compensation income for expropriation	387	—
Other	496	218
Total extraordinary income	1,100	881
Extraordinary loss		
Loss on valuation of investment securities	271	756
Loss on closing of stores	341	261
Impairment loss	457	14
Settlement package	64	354
Loss on disaster	1,842	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	682	—
Other	569	398
Total extraordinary losses	4,226	1,783
Income before income taxes and minority interests	16,919	15,718
Income taxes - Current	7,622	6,550
Income taxes - Deferred	(1,127)	(485)
Total income taxes	6,495	6,065
Income before minority interests	10,424	—
Minority interests in income	352	261
Net income	¥10,072	¥9,392

Consolidated Statements of Cash Flows

	(Millions of yen)	
	Nine months ended March 31, 2011	Nine months ended March 31, 2010
	Amount	Amount
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	¥16,919	¥15,718
Depreciation and amortization	7,137	7,106
Impairment loss	457	—
Amortization of negative goodwill	(643)	(643)
Provision for loss on disaster	1,367	—
decrease in other provision	(8)	(16)
Interest and dividends income	(423)	(434)
Interest expenses	1,282	1,232
Loss on valuation of derivatives	108	404
Loss (Gain) on sales of property, plant and equipment	5	(442)
Gain on redemption of convertible bonds	—	(221)
Loss on valuation of investment securities	271	756
Loss on adjustment for changes of accounting standard for asset retirement obligations	682	—
Decrease (increase) in notes and accounts receivable-trade	(449)	944
Increase in inventories	(4,475)	(1,134)
Increase in notes and accounts payable-trade	2,612	9,162
Other, net	756	962
Sub total	25,598	33,394
Interest and dividends income received	295	318
Interest expenses paid	(1,438)	(1,350)
Income taxes paid	(7,062)	(6,511)
Net cash provided by operating activities	17,393	25,851
Net cash provided by (used in) investing activities:		
Payments into time deposits	(33,401)	(20,298)
Proceeds from withdrawal of time deposits	25,623	10,241
Purchase of property, plant and equipment	(32,624)	(16,371)
Proceeds from sales of property, plant and equipment	482	1,371
Purchase of intangible assets	(2,637)	—
Payments for lease and guarantee deposits	(449)	(928)
Proceeds from collection of lease and guarantee deposits	840	2,031
Purchase of investment securities	—	(50)
Proceeds from sales of investment securities	927	27
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(4,935)	—
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	1,178	—
Proceeds from withdrawal of investments in silent partnership	3	825
Other, net	(492)	(311)
Net cash used in investing activities	(45,485)	(23,463)
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	13,802	(8,754)
Net increase in commercial papers	3,287	8,469
Proceeds from long-term loans payable	28,300	19,702
Repayment of long-term loans payable	(9,796)	(8,713)
Proceeds from issuance of bonds	37,590	23,200
Redemption of bonds	(41,157)	(9,540)
Redemption of convertible bonds	(25)	(19,950)
Proceeds from issuance of common stock	285	—

	(Millions of yen)	
	Nine months ended March 31, 2011	Nine months ended March 31, 2010
	Amount	Amount
Cash dividends paid	¥(1,850)	¥(1,595)
Other, net	(78)	271
Net cash provided by financing activities	30,358	3,090
Effect of exchange rate change on cash and cash equivalents	(267)	(140)
Net increase in cash and cash equivalents	1,999	5,338
Cash and cash equivalents at beginning of period	38,911	42,040
Increase in cash and cash equivalents from newly consolidated subsidiaries	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	¥40,704	¥47,440

Segment Information

For the third quarter ended March 31, 2011

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 by reporting segment

For the third quarter ended March 31, 2011

(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	¥367,920	¥11,614	¥379,534	¥2,952	¥382,486	¥—	¥382,486
Intersegment sales	3	1,798	1,801	708	2,509	(2,509)	—
Total	367,923	13,412	381,335	3,660	384,995	(2,509)	382,486
Segment income	¥15,483	¥3,719	¥19,202	¥756	¥19,958	¥266	¥20,224

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 ¥266 million is an intersegment elimination.
- Segment income is adjusted with operating income.

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

In the "Retail business" segment, the Company recognized impairment loss ¥390 million of fixed assets since it was not able to anticipate the profit that it assumed at first by the membership system wholesale type retail business which is operated by a consolidated subsidiary, WR Co., Ltd. In addition, the Company recognized impairment loss ¥57 million of fixed assets because we were not able to anticipate the profit that it assumed at first about some stores of the "retail business" segment.

In the "Others" segment, the Company recognized goodwill ¥1,292 million because of the newly consolidation of Fidec Corporation.

(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 third quarter ended March 31, 2010

a. Operating segment information

For the third quarter ended March 31, 2010

(Millions of yen)

	Discount Store business	GMS business	Rent business	Others	Total	Corporate eliminations	Consolidated
Sales, Operating income (loss)							
Sales							
Sales to third parties	¥315,143	¥43,854	¥11,909	¥1,365	¥372,271	¥—	¥372,271
Intersegment sales	203	3	1,657	673	2,536	(2,536)	—
Total	315,346	43,857	13,566	2,038	374,807	(2,536)	372,271
Operating income (loss)	¥13,474	¥(159)	¥3,362	¥419	¥17,096	¥(519)	¥16,577

b. Geographic segment information

For the third quarter ended March 31, 2010, 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, 2010, 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 increases Capital Stock by ¥4,302 million and Capital surplus by ¥4,298 million for the third quarter ended March 31, 2011 following the exercise of conversion of Convertible Bonds for the second quarter ended December 31, 2010.