

Summary Report of Consolidated Financial Results For the Third Quarter Ended March 31, 2008

(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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1. Basis for preparation of quarterly financial results

- ① The financial results for the third quarter of fiscal 2008 and 2007 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. Overview of Business Results and Financial Position for the third quarter of fiscal 2008 (From July 1, 2007 to March 31, 2008)

(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, 2008	301,002	34.6	13,902	30.0	14,459	15.9
Nine months Ended March 31, 2007	223,703	15.6	10,697	10.9	12,474	7.9
Last Fiscal Year	300,660	—	13,586	—	15,774	—

	Net Income	Change (%)	Basic Earnings Per Share (Yen)	Diluted Earnings Per Share (Yen)
Nine months Ended March 31, 2008	9,600	11.1	133.80	124.79
Nine months Ended March 31, 2007	8,640	(3.0)	120.70	—
Last Fiscal Year	10,638	—	148.89	138.32

- (Notes)
- ① Percentages above represent increase / decrease over the preceding nine months.
 - ② Net income per share was computed through dividing net income by number of outstanding shares minus number of treasury stocks at the end of the third quarter.
 - ③ Loss on investment due to the equity method:

For the third quarter ended March 31, 2008	113 million yen
For the third quarter ended March 31, 2007	33 million yen
For the year ended June 30, 2007	33 million yen
 - ④ The disclosure of diluted earnings per share for quarterly reports has started from the third quarter ended March 31, 2008. The diluted earnings per share for the third quarter ended March 31, 2007 is consequently not given in this report.

(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, 2008	281,045	88,652	30.9	1,237.84
As of March 31, 2007	202,974	79,841	39.3	1,113.61
Last Fiscal Year	209,865	82,470	39.2	1,146.07

(3) The Consolidated Statements of Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents
Nine months Ended March 31, 2008	3,270	(35,287)	35,440	41,503
Nine months Ended March 31, 2007	8,117	(22,683)	19,569	32,807
Last Fiscal Year	15,811	(24,924)	19,487	38,164

3. Dividends

	Yen (per share)
	Nine Months Ended March 31
Nine months Ended March 31, 2008	—
Nine months Ended March 31, 2007	—

4. Consolidated Business Forecast : For the year ending June 30, 2008 (From July 1, 2007 to June 30, 2008)

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Recurring Income	Change (%)	Net Income	Change (%)	Basic Earnings per Share (Yen)
Year Ending June 30, 2008	410,000	36.4	15,700	15.6	16,500	4.6	10,000	(6.0)	142.58

- (Notes) ① Net income per share in the consolidated business forecast was computed through dividing net income by the number of issued shares minus the number of treasury stocks as of March 31, 2008.
- ② 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.

5. Other

(1) Change in the scope of consolidation: Yes

Newly consolidated: one company (Nagasakiya Co., LTD.) Excluded: —

(2) Adoption of simplified accounting methods: Yes

(3) Change in accounting method: Yes

Consolidated Business Results

As for the third quarter ended March 31, 2008, Don Quijote Co., Ltd. (the "Company") and its subsidiaries (the "Group") faced an ongoing severe management environment, owing to slumping housing investment, appreciation of the yen against the dollar, high crude oil price and turmoil in the financial markets, regardless of increasing business investment backed by the growth of corporate earnings.

As for the Group segment sales, daily commodities increased moderately through advantage of scale and the sports, leisure goods was highly supported by customers by promptly dealing with weather changes and supplying appropriate products. Watches and fashion goods also contributed to gross profit by a successful clearance sale.

On the other hand, sales of electrical appliances pushed down the whole. Although the Group revamped commodity composition, reduced inventories and downsized substantially, a failure in meeting customer demands led to such result.

Nine months ended March 31, 2008, the Group added 76 stores to the group store. That consists of 17 company new stores, 3 converted to company stores and 56 stores under newly consolidated Nagasakiya Co., LTD. and its 7 subsidiaries ("Nagasakiya"). The Group also closed down unprofitable stores and small stores (7 Company stores and 4 stores under Doit Co., Ltd. ("Doit")) to raise business efficiency. The total number of the Group stores was 226, consisting of 148 Company stores, 4 stores in Hawaii, U.S.A., 18 Doit stores and 56 Nagasakiya stores at the end of the third quarter ended March 31, 2008 (135 stores at the end of the previous third quarter and 161 stores at the end of last fiscal year).

As a result, the Group achieved increase in income in the third quarter ended March 31, 2008. Net sales was ¥301,002 million (up 34.6% from the previous third quarter), recurring income was ¥14,459 million (up 15.9%), and net income was ¥9,600 million (up 11.1%).

Consolidated Financial Position

Total assets as of March 31, 2008 increased by ¥71,180 million from the end of last fiscal year ended June 30, 2007 to ¥281,045 million. This mainly resulted from the increase of inventories by ¥13,127 million, of tangible fixed assets by ¥29,611 million and of fixed leasehold deposits by ¥18,178 million by the acquisition of Nagasakiya.

Total liabilities as of March 31, 2008 increased by ¥64,998 million from the end of last fiscal year to ¥192,393 million. The result is mainly from the increase of accounts payable by ¥10,967 million due to the Nagasakiya acquisition and the increase of long-term debt by ¥25,901 million by the issuance of bonds.

Shareholders' equity as of March 31, 2008 increased by ¥6,182 million from the end of last fiscal year to ¥88,652 million.

Cash and cash equivalents at the end of the third quarter ended March 31, 2008 increased by ¥3,339 million from the end of last fiscal year to ¥41,503 million.

Although income before income taxes and minority interests was ¥15,635 million and accumulated depreciation increased by ¥5,150 million, net cash provided by operating activities was ¥3,270 million because of the increase of inventories by ¥4,920 million and payment of income taxes by ¥10,608 million.

Net cash used in investing activities was ¥35,287 million because of the payment for acquisition of tangible fixed assets by ¥17,077 million and the acquisition of Nagasakiya shares by ¥11,261 million.

Net cash provided by financing activities was ¥35,440 million reflecting the increase of short-term loans and long-term debt, issuance of bonds and acquisition of treasury stock.

Consolidated Balance Sheets

	(Millions of yen)		
	As of March 31, 2008 (Unaudited)	As of March 31, 2007 (Unaudited)	As of June 30, 2007 (Audited)
ASSETS			
Current assets:			
Cash and time deposits	¥41,296	¥32,807	¥38,164
Accounts receivable-trade	4,470	3,197	3,296
Less: Allowance for doubtful accounts	(74)	(10)	(17)
Inventories	64,089	50,931	50,962
Prepaid expenses	2,230	1,362	1,450
Deferred tax assets	1,634	1,721	2,141
Other current assets	5,659	1,451	1,155
Total current assets	119,304	91,459	97,151
Investments and advances:			
Investment securities	9,654	9,304	9,180
Advance payment for fixed leasehold deposits ..	578	2,070	2,556
Long-term loans receivable	945	870	870
Less: Allowance for doubtful accounts	(2,176)	(46)	(19)
Total investments and advances	9,001	12,198	12,587
Property and equipment, at cost:			
Land	49,944	31,369	31,710
Buildings and structures	72,349	51,717	52,143
Vehicles and delivery equipment	105	90	94
Equipment	30,639	15,375	15,799
Construction in progress	368	353	1,033
Less: Impairment loss	(4,640)	(505)	(504)
Less: Accumulated depreciation	(44,416)	(24,257)	(25,537)
Net property and equipment	104,349	74,142	74,738
Intangibles	3,406	2,543	2,514
Other assets:			
Fixed leasehold deposits	37,096	18,780	18,918
Prepaid expenses	2,668	1,557	1,602
Deferred tax assets	734	363	362
Other non-current assets	4,487	1,932	1,993
Total other assets	44,985	22,632	22,875
Total assets	¥281,045	¥202,974	¥209,865

	(Millions of yen)		
	As of March 31, 2008 (Unaudited)	As of March 31, 2007 (Unaudited)	As of June 30, 2007 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable-trade	¥39,651	¥26,799	¥28,684
Short-term loans payable	3,500	—	—
Current maturities of long-term debt	12,840	14,290	29,396
Accrued income taxes	1,056	4,337	6,390
Accrued expenses	4,526	3,164	3,735
Other current liabilities	7,332	4,243	4,928
Total current liabilities	68,905	52,833	73,133
Long-term liabilities:			
Long-term debt	101,252	62,177	46,633
Allowance for retirement benefits for employees	5,742	1,280	1,216
Allowance for retirement benefits for directors ..	188	176	156
Negative goodwill	4,858	4,020	3,634
Other non-current liabilities	11,448	2,647	2,623
Total long-term liabilities	123,488	70,300	54,262
Total liabilities	192,393	123,133	127,395
Shareholders' equity:			
Common stock	14,971	14,660	14,819
Additional paid-in capital	16,282	15,972	16,130
Retained earnings	59,074	48,913	50,911
Net unrealized gains on investment securities ..	(443)	246	229
Foreign exchange adjustments	69	67	305
Total	89,953	79,858	82,394
Minority interests	1,833	126	219
Less: Treasury stock, at cost	(3,134)	(143)	(143)
Total shareholders' equity	88,652	79,841	82,470
Total liabilities, minority interests and shareholders' equity	¥281,045	¥202,974	¥209,865

Consolidated Statements of Income

	(Millions of yen)		
	Nine months Ended March 31, 2008 (Unaudited)	Nine months Ended March 31, 2007 (Unaudited)	Year Ended June 30, 2007 (Audited)
Net sales	¥301,002	¥223,703	¥300,660
Cost of goods sold	219,362	169,589	227,537
Gross profit	81,640	54,114	73,123
Selling, general and administrative expenses	67,738	43,417	59,537
Operating income	13,902	10,697	13,586
Other income (expenses):			
Interest and dividend income	449	295	385
Interest expenses	(601)	(350)	(466)
Gain on sale of fixed assets	0	2,515	2,816
Other income, net	1,885	1,970	2,496
Income before income taxes and minority interests ·	15,635	15,127	18,817
Income taxes:			
Current	5,202	6,682	8,720
Deferred	542	(155)	(572)
Income before minority interests	9,891	8,600	10,669
Minority interests	(291)	40	(31)
Net income	¥9,600	¥8,640	¥10,638

Recurring income:

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

	(Millions of yen)		
	Nine months Ended March 31, 2008 (Unaudited)	Nine months Ended March 31, 2007 (Unaudited)	Year Ended June 30, 2007 (Audited)
Operating income	¥13,902	¥10,697	¥13,586
Other income (expenses):			
Interest and dividend income	449	295	385
Interest expenses	(601)	(350)	(466)
Other income, net	709	1,832	2,269
Recurring income	14,459	12,474	15,774
Other and extraordinary income (expenses):			
Gain on sale of fixed assets	0	2,515	2,816
Other income and expenses, net	1,176	138	227
Income before income taxes and minority interests ·	¥15,635	¥15,127	¥18,817

Consolidated Statements of Shareholders' Equity

For the nine months ended March 31, 2008

	(Millions of yen)						
	Common stock	Additional paid-in capital	Retained earnings	Net unrealized gains on investment securities	Foreign exchange adjustments	Minority interests	Treasury stock, at cost
Balance at June 30, 2007	¥14,819	¥16,130	¥50,911	¥229	¥305	¥219	¥(143)
Issuance of new shares	152	152	—	—	—	—	—
Cash dividends	—	—	(1,437)	—	—	—	—
Net income	—	—	9,600	—	—	—	—
Purchase of treasury stock ...	—	—	—	—	—	—	(2,991)
Other	—	—	—	(672)	(236)	1,614	—
Balance at March 31, 2008	¥14,971	¥16,282	¥59,074	¥(443)	¥69	¥1,833	¥(3,134)

For the nine months ended March 31, 2007

	(Millions of yen)						
	Common stock	Additional paid-in capital	Retained earnings	Net unrealized gains on investment securities	Foreign exchange adjustments	Minority interests	Treasury stock, at cost
Balance at June 30, 2006	¥14,360	¥15,672	¥42,175	¥498	¥13	¥166	¥(143)
Issuance of new shares	300	300	—	—	—	—	—
Cash dividends	—	—	(1,902)	—	—	—	—
Net income	—	—	8,640	—	—	—	—
Purchase of treasury stock ...	—	—	—	—	—	—	(0)
Other	—	—	—	(252)	54	(40)	—
Balance at March 31, 2007	¥14,660	¥15,972	¥48,913	¥246	¥67	¥126	¥(143)

For the year ended June 30, 2007

	(Millions of yen)						
	Common stock	Additional paid-in capital	Retained earnings	Net unrealized gains on investment securities	Foreign exchange adjustments	Minority interests	Treasury stock, at cost
Balance at June 30, 2006	¥14,360	¥15,672	¥42,175	¥498	¥13	¥166	¥(143)
Issuance of new shares	459	458	—	—	—	—	—
Cash dividends	—	—	(1,902)	—	—	—	—
Net income	—	—	10,638	—	—	—	—
Purchase of treasury stock ...	—	—	—	—	—	—	(0)
Other	—	—	—	(269)	292	53	—
Balance at June 30, 2007	¥14,819	¥16,130	¥50,911	¥229	¥305	¥219	¥(143)

Consolidated Statements of Cash Flows

	(Millions of yen)		
	Nine months Ended March 31, 2008 (Unaudited)	Nine months Ended March 31, 2007 (Unaudited)	Year Ended June 30, 2007 (Audited)
Cash flows from operating activities:			
Income before income taxes and minority interests	¥15,635	¥15,127	¥18,817
Depreciation and amortization	5,150	3,882	5,395
Amortization of negative goodwill	(914)	(333)	(452)
Increase (decrease) in trade payable	1,741	(1,392)	508
Increase in inventories	(4,920)	(2,377)	(2,425)
Other, net	(2,437)	(2,049)	(1,399)
Cash generated from operations	14,255	12,858	20,444
Received interest and dividend income	323	226	298
Interest paid	(700)	(469)	(514)
Income taxes paid	(10,608)	(4,999)	(4,982)
Other, net	—	501	565
Net cash provided by operating activities	3,270	8,117	15,811
Cash flows from investing activities:			
Payments for purchase of property and equipment	(17,077)	(10,306)	(12,229)
Proceeds from sale of property and equipment	5	5,456	6,077
Payments for leasehold deposits	(2,486)	(3,630)	(4,277)
Proceeds from termination of leasehold deposits	1,078	4,383	5,041
Payments for purchase of investment securities	(2,782)	(2,048)	(2,059)
Proceeds from sale of investment securities	202	114	300
Payments for purchase of subsidiaries' securities	(11,261)	(13,265)	(13,265)
Proceeds from funds	203	54	72
Other, net	(3,169)	(3,441)	(4,584)
Net cash used in investing activities	(35,287)	(22,683)	(24,924)
Cash flows from financing activities:			
Increase (decrease) of short-term bank loans	3,500	(743)	(743)
Borrowing of long-term debt	18,500	4,000	5,000
Repayment of long-term debt	(6,379)	(4,422)	(5,756)
Proceeds from issuance of bonds	50,500	26,057	26,057
Payments for redemption of bonds	(24,488)	(3,956)	(3,956)
Issuance of common stock	199	570	856
Payments for purchase of treasury stock	(2,991)	(0)	(0)
Payments of fund trust for treasury stock	(2,007)	—	—
Payments of cash dividends	(1,437)	(1,902)	(1,902)
Other, net	43	(35)	(69)
Net cash provided by financing activities	35,440	19,569	19,487
Effect of exchange rate changes on cash and cash equivalents	(45)	12	(2)
Net increase in cash and cash equivalents	3,378	5,015	10,372
Cash and cash equivalents at beginning of the period	38,164	27,792	27,792
Decrease in cash and cash equivalents resulting from elimination of consolidation	(39)	—	—
Cash and cash equivalents at end of the period	¥41,503	¥32,807	¥38,164

Segment Overview

Business results for the nine months ended March 31, 2008 and 2007

(Millions of yen)

	Nine months Ended March 31, 2008 (Unaudited)		Nine months Ended March 31, 2007 (Unaudited)		Change		Last Fiscal Year (Audited)	
	Amounts	%	Amounts	%	Amounts	%	Amounts	%
Discount store operations								
Electrical appliances	39,627	13.2	41,046	18.3	(1,419)	(3.5)	53,497	17.8
Daily commodities	50,999	16.9	47,288	21.1	3,711	7.8	63,145	21.0
Foods	41,918	13.9	38,550	17.2	3,368	8.7	51,810	17.2
Watches, fashion goods	61,449	20.4	57,883	25.9	3,566	6.2	75,816	25.2
Sports, leisure goods	16,433	5.5	15,546	6.9	887	5.7	20,779	6.9
DIY products	20,738	6.9	—	—	20,738	—	4,612	1.5
Oversea	15,277	5.1	14,583	6.6	694	4.8	19,280	6.4
Others	3,453	1.1	3,496	1.6	(43)	(1.2)	4,626	1.6
Subtotal	249,894	83.0	218,392	97.6	31,502	14.4	293,565	97.6
Superstore operations								
Clothing	14,005	4.7	—	—	14,005	—	—	—
Groceries	18,177	6.0	—	—	18,177	—	—	—
Housing commodities	5,802	1.9	—	—	5,802	—	—	—
Others	2,799	0.9	—	—	2,799	—	—	—
Subtotal	40,783	13.5	—	—	40,783	—	—	—
Rental business operations	8,903	3.0	4,661	2.1	4,242	91.0	6,211	2.1
Other operations	1,422	0.5	650	0.3	772	118.9	884	0.3
Total	301,002	100.0	223,703	100.0	77,299	34.6	300,660	100.0

* The DIY products information for the third quarter ended March 31, 2007 is not given because the Company consolidated Doit from the year ended June 30, 2007.

* The superstore operations information for the third quarter ended March 31, 2007 and the year ended June 30, 2007 is not included in the above segment information because the category was newly established from the six months ended December 31, 2007 due to the consolidation of Nagasakiya.

Operating segment information

The segment information for the nine months ended on March 31, 2008 is shown as follows:

Millions of yen

	Discount store	Superstore	Rental business	Other	Total	Eliminations/ corporate	Consolidated total
Net sales:							
Customers	¥249,894	¥40,783	¥8,903	¥1,422	¥301,002	¥—	¥301,002
Intersegment	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 expenses	239,128	40,252	8,284	2,496	290,160	(3,060)	287,100
Operating income (loss)	¥10,806	¥531	¥2,105	¥374	¥13,816	¥86	¥13,902

Operating segment information for the nine months ended March 31, 2007 and the year ended June 30, 2007 are not presented as the discount store operations consisted of more than 90% of the Group's net sales and operating income and therefore the percentages of other operating activities are not material.

Subsequent Events

Completion of stock repurchase

The company repurchased its shares based on the Board of Directors' resolution on February 21, 2008.

- | | |
|---|--|
| (1) Types of shares acquired | Shares of common stock of Don Quijote Co., Ltd. |
| (2) Aggregate number of shares acquired | 2,859,400 shares |
| (3) Aggregate purchase amounts | 4,999,886,700 yen |
| (4) Acquisition period | From February 25, 2008 to April 18, 2008 |
| (5) Method of acquisition | Purchase in the stock market through trust banks |

The Board of Directors' resolution on February 21, 2008.

- | | |
|--------------------------------------|---|
| (1) Types of shares | Shares of common stock of Don Quijote Co., Ltd. |
| (2) Aggregate number of shares to be | Up to 3,000,000 shares |

- acquired
- | | |
|--------------------------------|--|
| (3) Aggregate purchase amounts | Up to 5,000,000,000 yen |
| (4) Acquisition period | From February 25, 2008 to April 24, 2008 |
| (5) Method of acquisition | Purchase in the stock market through trust banks |