

Summary Report of Consolidated Financial Results For the First Quarter Ended September 30, 2007

(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. Basis for preparation of quarterly financial results

- ① Adoption of simplified accounting methods: Yes
- ② Change in accounting principles: None
- ③ Change in the scope of consolidation and application of the equity method: Consolidation (Newly included): — (Excluded): 1
:Equity method (Newly included): — (Excluded): —
- ④ The financial results for the first quarter of fiscal 2008 and 2007 were reviewed by independent public accountants.
- ⑤ This summary report includes the accounting figures that are not through the formal closing process.
- ⑥ 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 first quarter of fiscal 2008 (From July 1, 2007 to September 30, 2007)

(1) Results of Business Operations

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Recurring Income	Change (%)
Three Months Ended September 30, 2007	85,431	17.6	4,766	32.3	4,874	16.4
Three Months Ended September 30, 2006	72,637	16.0	3,601	10.1	4,188	5.0
Last Fiscal Year	300,660	—	13,586	—	15,774	—

	Net Income	Change (%)	Net Income Per Share (Yen)
Three Months Ended September 30, 2007	2,467	(6.2)	34.35
Three Months Ended September 30, 2006	2,629	9.9	36.85
Last Fiscal Year	10,638	—	148.89

- (Notes) ① Investment loss on equity method
- | | |
|--|----------------|
| For the first quarter ended September 30, 2007 | 21million yen |
| For the first quarter ended September 30, 2006 | 0 million yen |
| For the year ended June 30, 2007 | 33 million yen |
- 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 first quarter.
- ③ Percentages above represent increase / decrease over the preceding three months.

(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 September 30, 2007	211,467	84,389	39.7	1,170.49
As of September 30, 2006	186,797	74,162	39.6	1,037.13
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
Three Months Ended September 30, 2007	1,978	(12,869)	4,187	31,465
Three Months Ended September 30, 2006	3,731	(4,324)	17,579	44,744
Last Fiscal Year	15,811	(24,924)	19,487	38,164

3. 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 (%)	Net Income per Share (Yen)
Six Months Ending December 31, 2007	175,000	16.3	9,600	26.2	9,900	14.8	5,900	(8.9)	82.16
Year Ending June 30, 2008	350,000	16.4	17,400	28.1	18,100	14.7	10,650	0.1	148.30

- (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 September 30, 2007.
- 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.

Consolidated Business Results

As for the first quarter ended September 30, 2007, Japanese economy had been recovering because of the factors such as the improvement in corporate profits, increase in business investment, steady improvement in employment situation and growth in private consumption. It is, however, believed that attention should be given to effects of developments of the U.S. economy and changes in oil prices on the Japanese economy.

Don Quijote Co., Ltd. (the "Company") and its subsidiaries (the "Group") had made a strong effort in supplying the best variety of commodities to increase gross profit rather than net sales while pursuing customer-centered commodity approach. As the result, sales in daily commodities showed steady growth and the Group was highly supported by customers for a successful placement of seasonal products in sports, leisure goods.

On the other hand, sales of electrical appliances grew weaker by fiercer competition and sales of seasonal products was not successful as well because of the prolonged rainy season and lingering summer heat.

Including 4 stores in Hawaii and 22 Doit stores, the total number of the Group stores was 168 at the end of the first quarter ended September 30, 2007 (127 stores at the end of the previous first quarter and 161 stores at the end of last fiscal year) because the Group opened seven stores during this first quarter.

As a result, the Group achieved increase in income in the first quarter ended September 30, 2007. Net sales was ¥85,431 million (up 17.6% from the previous first quarter), recurring income was ¥4,874 million (up 16.4%), and net income was ¥2,467 million (down 6.2%).

Consolidated Financial Position

Total assets as of September 30, 2007 increased by ¥1,602 million from the end of last fiscal year ended June 30, 2007 to ¥211,467 million. This mainly resulted from the increase of tangible fixed assets by ¥9,544 million as well as the decrease in cash and time deposit by ¥6,699 million by the acquisition of real estate for stores.

Total liabilities as of September 30, 2007 decreased by ¥317 million from the end of last fiscal year to ¥127,078 million. While current maturities of long-term debt and accrued income taxes decreased by ¥6,236 million and ¥4,975 million respectively, short-term loans and long-term debt increased ¥8,146 million by fund-raising.

Shareholders' equity as of September 30, 2007 increased by ¥1,919 million from the end of last fiscal year to ¥84,389 million.

Cash and cash equivalents at the end of the first quarter ended September 30, 2007 decreased by ¥6,699 million from the end of last fiscal year to ¥31,465 million.

Although the Group recorded accumulated depreciation by ¥1,484 million and decrease of inventories by ¥2,244 million, net cash provided by operating activities marked ¥1,978 million because of payment of income taxes by ¥6,149 million.

Net cash used in investing activities was ¥12,869 million mainly because of the payment for acquisition of tangible fixed assets by ¥10,659 million.

Net cash provided by financing activities was ¥4,187 million reflecting the increase of short-term loans and long-term debt.

Consolidated Balance Sheets

	(Millions of yen)		
	As of September 30, 2007 (Unaudited)	As of September 30, 2006 (Unaudited)	As of June 30, 2007 (Audited)
ASSETS			
Current assets:			
Cash and time deposits	¥31,465	¥44,744	¥38,164
Accounts receivable-trade	2,990	2,472	3,296
Less: Allowance for doubtful accounts	(13)	(5)	(17)
Inventories	48,783	44,027	50,962
Prepaid expenses	1,494	1,351	1,450
Deferred tax assets	1,530	1,626	2,141
Other current assets	1,342	1,851	1,155
Total current assets	87,591	96,066	97,151
Investments and advances:			
Investment securities	9,658	8,011	9,180
Advance payment for fixed leasehold deposits ..	1,545	1,526	2,556
Long-term loans receivable	870	870	870
Less: Allowance for doubtful accounts	(19)	(53)	(19)
Total investments and advances	12,054	10,354	12,587
Property and equipment, at cost:			
Land	33,842	20,793	31,710
Buildings and structures	54,840	47,143	52,143
Vehicles and delivery equipment	98	82	94
Equipment	16,611	14,345	15,799
Construction in progress	6,190	53	1,033
Less: Impairment loss	(525)	(504)	(504)
Less: Accumulated depreciation	(26,774)	(22,432)	(25,537)
Net property and equipment	84,282	59,480	74,738
Intangibles	2,424	2,462	2,514
Other assets:			
Fixed leasehold deposits	20,739	14,868	18,918
Prepaid expenses	1,888	1,393	1,602
Deferred tax assets	504	281	362
Other non-current assets	1,985	1,893	1,993
Total other assets	25,116	18,435	22,875
Total assets	¥211,467	¥186,797	¥209,865

	(Millions of yen)		
	As of September 30, 2007 (Unaudited)	As of September 30, 2006 (Unaudited)	As of June 30, 2007 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable-trade	¥28,358	¥26,086	¥28,684
Short-term loans payable	5,000	—	—
Current maturities of long-term debt	23,926	13,657	29,396
Accrued income taxes	1,415	2,313	6,390
Accrued expenses	3,342	2,853	3,735
Other current liabilities	5,978	4,110	4,928
Total current liabilities	68,019	49,019	73,133
Long-term liabilities:			
Long-term debt	51,640	60,247	46,633
Allowance for retirement benefits for employees	776	—	1,216
Allowance for retirement benefits for directors ..	182	209	156
Negative goodwill	3,507	1,531	3,634
Other non-current liabilities	2,954	1,629	2,623
Total long-term liabilities	59,059	63,616	54,262
Total liabilities	127,078	112,635	127,395
Shareholders' equity:			
Common stock	14,857	14,443	14,819
Additional paid-in capital	16,169	15,755	16,130
Retained earnings	52,660	43,616	50,911
Net unrealized gains on investment securities ..	12	420	229
Foreign exchange adjustments	501	(97)	305
Total	84,199	74,137	82,394
Minority interests	333	168	219
Less: Treasury stock, at cost	(143)	(143)	(143)
Total shareholders' equity	84,389	74,162	82,470
Total liabilities, minority interests and shareholders' equity	¥211,467	¥186,797	¥209,865

Consolidated Statements of Income

	(Millions of yen)		
	Three Months Ended September 30, 2007 (Unaudited)	Three Months Ended September 30, 2006 (Unaudited)	Year Ended June 30, 2007 (Audited)
Net sales	¥85,431	¥72,637	¥300,660
Cost of goods sold	63,289	54,969	227,537
Gross profit	22,142	17,668	73,123
Selling, general and administrative expenses	17,376	14,067	59,537
Operating income	4,766	3,601	13,586
Other income (expenses):			
Interest and dividend income	125	98	385
Interest expenses	(152)	(127)	(466)
Gain on sale of fixed assets	—	—	2,816
Other income, net	(367)	1,093	2,496
Income before income taxes and minority interests ·	4,372	4,665	18,817
Income taxes:			
Current	1,171	2,091	8,720
Deferred	620	(57)	(572)
Income before minority interests	2,581	2,631	10,669
Minority interests	(114)	(2)	(31)
Net income	¥2,467	¥2,629	¥10,638

Recurring income:

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

	(Millions of yen)		
	Three Months Ended September 30, 2007 (Unaudited)	Three Months Ended September 30, 2006 (Unaudited)	Year Ended June 30, 2007 (Audited)
Operating income	¥4,766	¥3,601	¥13,586
Other income (expenses):			
Interest and dividend income	125	98	385
Interest expenses	(152)	(127)	(466)
Other income, net	135	616	2,269
Recurring income	4,874	4,188	15,774
Other and extraordinary income (expenses):			
Gain on sale of fixed assets	—	—	2,816
Other income and expenses, net	(502)	477	227
Income before income taxes and minority interests ·	¥4,372	¥4,665	¥18,817

Consolidated Statements of Shareholders' Equity

For the three months ended September 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, 2007	¥14,819	¥16,130	¥50,911	¥229	¥305	¥219	¥(143)
Issuance of new shares	38	39	—	—	—	—	—
Cash dividends	—	—	(718)	—	—	—	—
Net income	—	—	2,467	—	—	—	—
Other	—	—	—	(217)	196	114	—
Balance at September 30, 2007	¥14,857	¥16,169	¥52,660	¥12	¥501	¥333	¥(143)

For the three months ended September 30, 2006

	(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	83	83	—	—	—	—	—
Cash dividends	—	—	(1,188)	—	—	—	—
Net income	—	—	2,629	—	—	—	—
Purchase of treasury stock	—	—	—	—	—	—	(0)
Other	—	—	—	(78)	(110)	2	—
Balance at September 30, 2006	¥14,443	¥15,755	¥43,616	¥420	¥(97)	¥168	¥(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)		
	Three Months Ended September 30, 2007 (Unaudited)	Three Months Ended September 30, 2006 (Unaudited)	Year Ended June 30, 2007 (Audited)
Cash flows from operating activities:			
Income before income taxes and minority interests	¥4,372	¥4,665	¥18,817
Depreciation and amortization	1,484	1,223	5,395
Gain from penalty charges	—	(500)	(565)
Increase (decrease) in trade payable	(366)	(91)	508
Increase in inventories	2,244	345	(2,425)
Other, net	554	161	(1,286)
Cash generated from operations	8,288	5,803	20,444
Received interest and dividend income	92	72	298
Interest paid	(253)	(220)	(514)
Income taxes paid	(6,149)	(2,424)	(4,982)
Received penalty chargers	—	500	565
Net cash provided by operating activities	1,978	3,731	15,811
Cash flows from investing activities:			
Payments for purchase of property and equipment	(10,659)	(1,923)	(12,229)
Proceeds from sale of property and equipment	3	—	6,077
Payments for leasehold deposits	(1,019)	(1,504)	(4,277)
Proceeds from termination of leasehold deposits	478	1,217	5,041
Payments for purchase of investment securities	(789)	(666)	(2,059)
Proceeds from sale of investment securities	31	—	300
Payments for purchase of subsidiaries' securities	—	—	(13,265)
Proceeds from funds	5	48	72
Other, net	(919)	(1,496)	(4,584)
Net cash used in investing activities	(12,869)	(4,324)	(24,924)
Cash flows from financing activities:			
Increase (decrease) of short-term bank loans	5,000	(743)	(743)
Borrowing of long-term debt	4,500	—	5,000
Repayment of long-term debt	(1,354)	(1,224)	(5,756)
Proceeds from issuance of bonds	4,500	23,057	26,057
Payments for redemption of bonds	(7,818)	(2,478)	(3,956)
Issuance of common stock	77	166	856
Payments of cash dividends	(718)	(1,188)	(1,902)
Other, net	—	(11)	(69)
Net cash provided by financing activities	4,187	17,579	19,487
Effect of exchange rate changes on cash and cash equivalents	44	(34)	(2)
Net increase in cash and cash equivalents	(6,660)	16,952	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	¥31,465	¥44,744	¥38,164

Segment Overview

Business results for the three months ended September 30, 2006 and 2007

(Millions of yen)

	Three Months Ended September 30, 2007 (Unaudited)		Three Months Ended September 30, 2006 (Unaudited)		Change		Last Fiscal Year (Audited)	
	Amounts	%	Amounts	%	Amounts	%	Amounts	%
Discount store operations								
Electrical appliances	12,488	14.6	12,329	17.0	159	1.3	53,497	17.8
Daily commodities	16,755	19.6	15,621	21.4	1,134	7.3	63,145	21.0
Foods	13,196	15.4	12,751	17.6	445	3.5	51,810	17.2
Watches, fashion goods	19,032	22.3	18,199	25.1	833	4.6	75,816	25.2
Sports, leisure goods	6,762	7.9	6,362	8.8	400	6.3	20,779	6.9
DIY products	8,100	9.5	—	—	8,100	—	4,612	1.5
Oversea	5,046	5.9	4,402	6.1	644	14.6	19,280	6.4
Others	1,119	1.4	1,248	1.6	(129)	(10.4)	4,626	1.6
Subtotal	82,498	96.6	70,912	97.6	11,586	16.3	293,565	97.6
Rental business operations	2,411	2.8	1,546	2.1	865	56.0	6,211	2.1
Other operations	522	0.6	179	0.3	343	191.3	884	0.3
Total	85,431	100.0	72,637	100.0	12,794	17.6	300,660	100.0