

Summary Report of Consolidated Financial Results For the Third Quarter Ended March 31, 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 Scope of consolidation and application of the equity method: Consolidated subsidiaries: 8
 Unconsolidated subsidiaries accounted for by the equity method: N/A
 Affiliated companies accounted for by the equity method: 1
- ④ Change in the scope of consolidation and application of the equity method: Consolidation (Newly included): 2 (Excluded): —
 :Equity method (Newly included): — (Excluded): —
- ⑤ The financial results for the third quarter of fiscal 2007 and 2006 were reviewed by independent public accountants.
- ⑥ This summary report includes the accounting figures that are not through the formal closing process.
- ⑦ 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 2007 (From July 1, 2006 to March 31, 2007)

(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, 2007	223,703	15.6	10,697	10.9	12,474	7.9
Nine Months Ended March 31, 2006	193,462	10.7	9,642	15.8	11,563	17.5
Last Fiscal Year	260,779	—	11,854	—	14,396	—

	Net Income	Change (%)	Net Income Per Share (Yen)
Nine Months Ended March 31, 2007	8,640	(3.0)	120.70
Nine Months Ended March 31, 2006	8,908	64.3	128.33
Last Fiscal Year	10,725	—	158.31

- (Notes) ① Investment loss on equity method
- | | |
|--|----------------|
| For the third quarter ended March 31, 2007 | 33 million yen |
| For the third quarter ended March 31, 2006 | 90 million yen |
| For the year ended June 30, 2006 | 94 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 third quarter. The Company split its stock for three-for-one on July 1, 2006. Per share information for the third quarter ended March 31, 2006 and the year ended June 30, 2006 was adjusted on the assumption that the split was effected at the beginning of last fiscal year.
- ③ Percentages above represent increase / decrease over the preceding nine months.

Consolidated Business Results

As for the third quarter ended March 31, 2007, Japanese economy had been recovering in general because of the accelerated exports and business investments.

Don Quijote Co., Ltd. (the "Company") and its subsidiaries (the "Group") had been highly supported by customers for a successful placement of daily commodities that met their needs as well as for a timely display of seasonal products in sports, leisure goods.

On the other hand, sales of some products grew weaker because of external negative elements such as anemic sales of seasonal products caused by warm winter and a long period of extreme temperature differences due to bad weather.

The total number of stores was 135 at the end of the third quarter ended March 31, 2007 (118 stores at the end of the previous third quarter and 126 stores at the end of last fiscal year) because the Group opened twelve stores and closed down three stores by the end of this third quarter.

As a result, the Group achieved increase in income in the third quarter ended March 31, 2007. Net sales was ¥223,703 million (up 15.6% from the previous third quarter), recurring income was ¥12,474 million (up 7.9%), and net income was ¥8,640 million (down 3.0%).

(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, 2007	202,974	79,841	39.3	1,113.61
As of March 31, 2006	169,463	67,731	40.0	975.68
Last Fiscal Year	167,534	72,741	43.3	1,018.43

- (Notes) ① Number of issued shares (consolidation):
- | | |
|----------------------|-------------------|
| As of March 31, 2007 | 71,582,670 shares |
| As of March 31, 2006 | 23,139,858 shares |
| As of June 30, 2006 | 23,753,758 shares |
- ② Number of treasury stocks:
- | | |
|----------------------|---------------|
| As of March 31, 2007 | 77,075 shares |
| As of March 31, 2006 | 25,467 shares |
| As of June 30, 2006 | 25,650 shares |
- ③ The Company split its stock for three-for-one on July 1, 2006. Per share information for the third quarter ended March 31, 2006 and the year ended June 30, 2006 was adjusted on the assumption that the split was effected at the beginning of last fiscal year.

(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, 2007	8,117	(22,683)	19,569	32,807
Nine Months Ended March 31, 2006	9,892	5,413	2,987	33,347
Last Fiscal Year	10,427	2,070	227	27,792

Consolidated Financial Position

Total assets as of March 31, 2007 increased by ¥35,440 million from the end of last fiscal year ended June 30, 2006 to ¥202,974 million. This resulted from the issuance of the Zero Coupon Convertible Bonds due 2013 which was amounted to ¥23,057 million (¥23,000 million at par) in July 2006 as well as the increase of tangible fixed assets by the consolidation of Doit Co., Ltd. and its subsidiaries by ¥11,660 million.

Cash and cash equivalents at the end of the third quarter ended March 31, 2007 was ¥32,807 million. Net cash provided by operating activities was ¥8,117 million, net cash used in investing activities was ¥22,683 million and net cash provided by financing activities was ¥19,569 million.

3. Consolidated Business Forecast : For the year ending June 30, 2007 (From July 1, 2006 to June 30, 2007)

(Millions of yen, except per-share data)

	Net Sales	Recurring Income	Net Income	Net Income per Share (Yen)
Year Ending June 30, 2007	300,000	15,500	10,500	146.68

- (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, 2007, or 71,582,670 shares.
- 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 Balance Sheets

	(Millions of yen)		
	As of March 31, 2007 (Unaudited)	As of March 31, 2006 (Unaudited)	As of June 30, 2006 (Audited)
ASSETS			
Current assets:			
Cash and time deposits	¥32,807	¥33,347	¥27,792
Accounts receivable-trade	3,197	2,417	2,617
Less: Allowance for doubtful accounts	(10)	(6)	(6)
Inventories	50,931	41,520	44,400
Prepaid expenses	1,362	1,410	1,282
Deferred tax assets	1,721	1,629	1,576
Other current assets	1,451	1,407	2,081
Total current assets	91,459	81,724	79,742
Investments and advances:			
Investment securities	9,304	7,459	7,294
Advance payment for fixed leasehold deposits ..	2,070	474	169
Long-term loans receivable	870	870	870
Less: Allowance for doubtful accounts	(46)	(40)	(53)
Total investments and advances	12,198	8,763	8,280
Property and equipment, at cost:			
Land	31,369	20,387	20,367
Buildings and structures	51,717	40,994	46,338
Vehicles and delivery equipment	90	64	83
Equipment	15,375	10,872	13,943
Construction in progress	353	1,555	12
Less: Impairment loss	(505)	—	(505)
Less: Accumulated depreciation	(24,257)	(14,651)	(21,471)
Net property and equipment	74,142	59,221	58,767
Intangibles	2,543	2,294	2,460
Other assets:			
Fixed leasehold deposits	18,780	14,365	14,713
Prepaid expenses	1,557	1,219	1,429
Deferred tax assets	363	—	248
Other non-current assets	1,932	1,877	1,895
Total other assets	22,632	17,461	18,285
Total assets	¥202,974	¥169,463	¥167,534

	(Millions of yen)		
	As of March 31, 2007 (Unaudited)	As of March 31, 2006 (Unaudited)	As of June 30, 2006 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable-trade	¥26,799	¥24,682	¥26,197
Short-term loans payable	—	2,178	743
Current maturities of long-term debt	14,144	10,840	9,557
Accrued income taxes	4,337	6,497	2,649
Accrued expenses	3,164	1,704	2,764
Other current liabilities	4,389	3,698	4,536
Total current liabilities	52,833	49,599	46,446
Long-term liabilities:			
Long-term debt	61,994	48,693	44,938
Allowance for retirement benefits for directors	176	182	186
Negative goodwill	4,020	1,601	1,557
Other non-current liabilities	4,110	1,657	1,666
Total long-term liabilities	70,300	52,133	48,347
Total liabilities	123,133	101,732	94,793
Shareholders' equity:			
Common stock	14,660	12,676	14,360
Additional paid-in capital	15,972	13,989	15,672
Retained earnings	48,913	40,358	42,175
Net unrealized gains on investment securities	246	849	498
Foreign exchange adjustments	67	—	13
Total	79,858	67,872	72,718
Minority interests	126	—	166
Less: Treasury stock, at cost	(143)	(141)	(143)
Total shareholders' equity	79,841	67,731	72,741
Total liabilities, minority interests and shareholders' equity	¥202,974	¥169,463	¥167,534

Consolidated Statements of Income

	(Millions of yen)		
	Nine Months Ended March 31, 2007 (Unaudited)	Nine Months Ended March 31, 2006 (Unaudited)	Year Ended June 30, 2006 (Audited)
Net sales	¥223,703	¥193,462	¥260,779
Cost of goods sold	169,589	148,931	200,425
Gross profit	54,114	44,531	60,354
Selling, general and administrative expenses	43,417	34,889	48,500
Operating income	10,697	9,642	11,854
Other income (expenses):			
Interest and dividend income	295	278	375
Interest expense	(350)	(385)	(518)
Stock issuance cost	—	(34)	(53)
Bond issuance cost	—	(34)	(13)
Gain on sale of affiliates' securities	—	4,592	4,592
Other income, net	4,485	2,144	1,571
Income before income taxes and minority interests	15,127	16,203	17,808
Income taxes:			
Current	6,682	8,932	8,677
Deferred	(155)	(1,637)	(1,594)
Income before minority interests	8,600	8,908	10,725
Minority interests	(40)	—	—
Net income	¥8,640	¥8,908	¥10,725

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, 2007 (Unaudited)	Nine Months Ended March 31, 2006 (Unaudited)	Year Ended June 30, 2006 (Audited)
Operating income	¥10,697	¥9,642	¥11,854
Other income (expenses):			
Interest and dividend income	295	278	375
Interest expense	(350)	(385)	(518)
Stock issuance cost	—	(34)	(53)
Bond issuance cost	—	(34)	(13)
Other income, net	1,832	2,096	2,751
Recurring income	12,474	11,563	14,396
Other and extraordinary income (expenses):			
Gain on sale of affiliates' securities	—	4,592	4,592
Other income and expenses, net	2,653	48	(1,180)
Income before income taxes and minority interests	¥15,127	¥16,203	¥17,808

Consolidated Statements of Shareholders' Equity for the Nine Month 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	—	—	—	—	—
Stock splits	—	—	—	—	—	—	—
Exercised stock option . . .	—	—	—	—	—	—	—
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)

Consolidated Statements of Cash Flows

	(Millions of yen)		
	Nine Months Ended March 31, 2007 (Unaudited)	Nine Months Ended March 31, 2006 (Unaudited)	Year Ended June 30, 2006 (Audited)
Cash flows from operating activities:			
Income before income taxes	¥15,127	¥16,203	¥17,808
Depreciation and amortization	3,549	3,025	4,288
Gain on sale of affiliated companies	—	(4,592)	(4,592)
Increase (decrease) in trade payable	(1,392)	698	2,213
Increase in inventories	(2,377)	(813)	(3,693)
Other, net	(2,049)	1,478	4,127
Cash generated from operations	12,858	15,999	20,151
Received interest and dividend income	226	227	293
Interest paid	(469)	(480)	(570)
Income tax paid	(4,999)	(5,854)	(9,447)
Other, net	501	—	—
Net cash provided by operating activities	8,117	9,892	10,427
Cash flows from investing activities:			
Payments for purchase of property and equipment	(10,306)	(4,719)	(6,760)
Proceeds from sale of property and equipment	5,456	8,993	8,942
Payments for leasehold deposits	(3,630)	(3,357)	(4,305)
Proceeds from termination of leasehold deposits	4,383	2,498	3,365
Payments for purchase of investment securities	(2,048)	(978)	(1,422)
Proceeds from sale of investment securities	114	580	750
Payments for purchase of subsidiaries' securities	(13,265)	(5,328)	(5,328)
Payments for purchase of securities of an affiliated company accounted for by the equity method	—	(14,903)	(14,903)
Proceeds from sale of affiliates' securities	—	24,193	24,374
Payments to funds	—	(440)	(440)
Proceeds from funds	54	78	99
Other, net	(3,441)	(1,204)	(2,302)
Net cash used in investing activities	(22,683)	5,413	2,070
Cash flows from financing activities:			
Net increase (decrease) on short-term bank loans	(743)	2,053	743
Borrowing of long-term debt	4,000	4,800	5,000
Repayment of long-term debt	(4,422)	(4,423)	(6,971)
Proceeds from issuance of bonds	26,057	2,500	2,500
Payments for redemption of bonds	(3,956)	(2,456)	(2,456)
Proceeds from sale of treasury stock	—	1,355	1,354
Payments for purchase of treasury stock	—	(7)	(9)
Issuance of common stock	570	72	983
Payments of cash dividends	(1,902)	(869)	(869)
Other, net	(35)	(38)	(48)
Net cash provided by financing activities	19,569	2,987	227
Effect of exchange rate changes on cash and cash equivalents	12	—	13
Net increase in cash and cash equivalents	5,015	18,292	12,737
Cash and cash equivalents at beginning of the period	27,792	15,055	15,055
Cash and cash equivalents at end of the period	¥32,807	¥33,347	¥27,792

Segment Overview

Business results for the nine months ended March 31, 2006 and 2007

(Millions of yen)

	Nine Months Ended March 31, 2007 (Unaudited)		Nine Months Ended March 31, 2006 (Unaudited)		Change		Last Fiscal Year (Audited)	
	Amounts	%	Amounts	%	Amounts	%	Amounts	%
Discount store operations								
Electrical appliance	¥41,046	18.3	¥39,152	20.2	¥1,894	4.8	¥51,531	19.8
Daily commodities	47,288	21.1	42,497	22.0	4,791	11.3	57,168	21.9
Foods	38,550	17.2	36,555	18.9	1,995	5.5	49,282	18.9
Watches, fashion goods	57,883	25.9	53,700	27.8	4,183	7.8	70,889	27.2
Sports, leisure goods	15,546	6.9	13,583	7.0	1,963	14.5	18,342	7.0
Oversea	14,583	6.6	—	—	14,583	—	2,807	1.1
Others	3,496	1.6	3,516	1.8	(20)	(0.6)	4,674	1.8
Subtotal	218,392	97.6	189,003	97.7	29,389	15.5	254,693	97.7
Rental business operations	4,661	2.1	4,034	2.1	627	15.5	5,539	2.1
Other operations	650	0.3	425	0.2	225	52.9	547	0.2
Total	¥223,703	100.0	¥193,462	100.0	¥30,241	15.6	¥260,779	100.0