

# Summary Report of Consolidated Financial Results For the First Quarter Ended September 30, 2006

(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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 Representative: Junji Narusawa, President and Representative Director  
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### 1. Basis for preparation of quarterly financial results

- ① Adoption of simplified accounting methods: Yes
- ② Change in accounting principles: Yes
- ③ Scope of consolidation and application of the equity method: Consolidated subsidiaries: 6  
 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: None
- ⑤ The financial results for the first 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 first quarter of fiscal 2007 (From July 1, 2006 to September 30, 2006)

#### (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, 2006	72,637	16.0	3,601	10.1	4,188	5.0
Three Months Ended September 30, 2005	62,621	9.8	3,272	5.5	3,990	8.1
Last Fiscal Year	260,779		11,854		14,396	

	Net Income	Change (%)	Net Income per Share (Yen)
Three Months Ended September 30, 2006	2,629	9.9	36.85
Three Months Ended September 30, 2005	2,392	10.2	108.92
Last Fiscal Year	10,725		474.93

(Notes) ① Investment profit / loss on equity method  
 For the first quarter ended September 30, 2006 (0) million yen  
 For the first quarter ended September 30, 2005 — 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 first quarter. The Company split its stock for three-for-one on July 1, 2006. Adjusted net income per share for the three months ended September 30, 2005 on the assumption that the split has been effective since the beginning of the fiscal year ended June 30, 2006 is 36.31 yen.

③ Percentages above represent increase / decrease over the preceding three months.

#### Consolidated Business Results

As for the first quarter ended September 30, 2006, Japanese economy had been recovering in general because of the accelerated private consumption and increased business investment which were caused by improvement of the employment and unemployment situation and increase of the disposable income.

Don Quijote Co., Ltd. and its subsidiaries (the "Group") pursued better commodity approach to meet customers' needs. Sales of daily commodities increased because of its variety and price appeal. Sports and leisure goods were well-received due to the timely placement of seasonal commodities.

On the other hand, sales of electrical goods grew at a sluggish pace because of fiercer competition. In addition, longer rainy season had impacts on weaker growth of sales for some merchandise.

The total number of stores including the four stores in Hawaii, U.S.A. is 127 at the end of the first quarter ended September 30, 2006 (111 stores at the end of previous first quarter and 126 stores at the end of last fiscal year) because the Group opened three stores and closed down two stores during this first quarter.

As a result, the Group achieved increase in income in the first quarter ended September 30, 2006. Net sales was ¥72,637 million (up 16.0% from the previous first quarter), recurring income was ¥4,188 million (up 5.0%), and net income was ¥2,629 million (up 9.9%)

## (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, 2006	186,797	74,162	39.6	1,037.13
As of September 30, 2005	151,542	54,504	36.0	2,481.93
Last Fiscal Year	167,534	72,741	43.3	3,055.29

(Notes) ①Number of issued shares (consolidation):

As of September 30, 2006 71,344,924 shares

As of September 30, 2005 21,960,399 shares

As of June 30, 2006 23,753,758 shares

②Number of treasury stocks:

As of September 30, 2006 77,000 shares

As of September 30, 2005 236,760 shares

As of June 30, 2006 25,650 shares

③ The Company split its stock for three-for-one on July 1, 2006. Adjusted shareholders' equity per share for the three months ended September 30, 2005 on the assumption that the split has been effective since the beginning of the fiscal year ended June 30, 2006 is 827.31 yen.

## (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, 2006	3,731	(4,324)	17,579	44,744
Three Months Ended September 30, 2005	3,085	344	304	18,788
Last Fiscal Year	10,427	2,070	227	27,792

### Consolidated Financial Position

Total assets at the end of the first quarter ended September 30, 2006 increased by ¥19,263 million from the end of the previous fiscal year ended June 30, 2006 to ¥186,797 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.

Cash and cash equivalents at the end of the first quarter ended September 30, 2006 was ¥44,744 million.

This resulted from the increase of ¥3,731 million by cash flows from operating activities, the decrease of ¥4,324 million by cash flows from investing activities and the increase of ¥17,579 million by cash flows from financing activities.

### 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)
Six Months Ending December 31, 2006	153,000	9,300	6,350	89.00
Year Ending June 30, 2007	300,000	17,000	10,500	147.17

(Notes)

①Net income per share in the consolidated business forecast was computed dividing net income by the number of shares issued net of number of treasury stocks as of September 30, 2006, or 71,344,924 shares.

②Statements 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 that are materially different from those discussed in the forward-looking statement.

## Consolidated Balance Sheets

	(Millions of yen)		
	As of September 30, 2006 (Unaudited)	As of September 30, 2005 (Unaudited)	As of June 30, 2006 (Audited)
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and deposits .....	¥44,744	¥18,788	¥27,792
Accounts receivable-trade .....	2,472	2,132	2,617
Less: Allowance for doubtful accounts .....	(5)	(3)	(6)
Inventories .....	44,027	37,965	44,400
Prepaid expenses .....	1,351	1,036	1,282
Deferred tax assets .....	1,626	1,051	1,576
Other current assets .....	1,851	1,990	2,081
Total current assets .....	96,066	62,959	79,742
<b>Investments and advances:</b>			
Investment securities .....	8,011	12,235	7,294
Advance payment for fixed leasehold deposits ..	1,526	384	169
Long-term loans receivable .....	870	871	870
Less: Allowance for doubtful accounts .....	(53)	(40)	(53)
Total investments and advances .....	10,354	13,450	8,280
<b>Property and equipment, net:</b>			
Land .....	20,793	20,299	20,367
Buildings and structures .....	47,143	35,738	46,338
Vehicles and delivery equipment .....	82	54	83
Equipment .....	14,345	9,694	13,943
Construction in progress .....	53	1,143	12
Less: Impairment loss .....	(504)	—	(505)
Less: Accumulated depreciation .....	(22,432)	(12,624)	(21,471)
Net property and equipment .....	59,480	54,304	58,767
<b>Intangibles</b> .....	<b>2,462</b>	3,920	2,460
<b>Other assets:</b>			
Fixed leasehold deposits .....	14,868	13,776	14,713
Prepaid expenses .....	1,393	1,274	1,429
Deferred tax assets .....	281	—	248
Other non-current assets .....	1,893	1,859	1,895
Total other assets .....	18,435	16,909	18,285
Total assets .....	¥186,797	¥151,542	¥167,534

	(Millions of yen)		
	As of September 30, 2006 (Unaudited)	As of September 30, 2005 (Unaudited)	As of June 30, 2006 (Audited)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Accounts payable-trade .....	¥26,086	¥22,445	¥26,197
Short-term loans payable .....	—	3,050	743
Current maturities of long-term debt .....	13,657	10,022	9,557
Accrued income taxes .....	2,313	1,742	2,649
Accrued expense .....	2,853	1,417	2,764
Other current liabilities .....	4,110	3,239	4,536
Total current liabilities .....	49,019	41,915	46,446
<b>Long-term liabilities:</b>			
Long-term debt .....	60,247	52,376	44,984
Allowance for retirement benefits for directors .....	209	158	186
Negative goodwill .....	1,531	—	1,557
Deferred tax liabilities .....	—	1,112	—
Other non-current liabilities .....	1,629	1,477	1,620
Total long-term liabilities .....	63,616	55,123	48,347
Total liabilities .....	112,635	97,038	94,793
<b>Shareholders' equity:</b>			
Common stock .....	14,443	10,053	14,360
Additional paid-in capital .....	15,755	11,367	15,672
Retained earnings .....	43,616	33,849	42,175
Net unrealized gains on investment securities .....	420	528	498
Foreign exchange adjustments .....	(97)	—	13
Total .....	74,137	55,797	72,718
<b>Minority interests</b> .....	168	—	166
Less: Treasury stock, at cost .....	(143)	(1,293)	(143)
Total shareholders' equity .....	74,162	54,504	72,741
Total liabilities, minority interests and shareholders' equity ·	¥186,797	¥151,542	¥167,534

## Consolidated Statements of Income

	(Millions of yen)		
	Three Months Ended September 30, 2006 (Unaudited)	Three Months Ended September 30, 2005 (Unaudited)	Year Ended June 30, 2006 (Audited)
Net sales	¥72,637	¥62,621	¥260,779
Cost of goods sold	54,969	48,081	200,425
Gross profit	17,668	14,540	60,354
Selling, general and administrative expenses	14,067	11,268	48,500
Operating income	3,601	3,272	11,854
Other income (expenses):			
Interest and dividend income	98	81	375
Interest expense	(127)	(130)	(518)
Stock issuance cost	—	(6)	(53)
Bond issuance cost	—	—	(13)
Gain on sale of affiliates' securities	—	—	4,592
Other income, net	1,093	824	1,571
Income before income taxes and minority interests	4,665	4,041	17,808
Income taxes:			
Current	2,091	1,506	8,677
Deferred	(57)	143	(1,594)
Income before minority interests	2,631	2,392	10,725
Minority interests	(2)	—	—
Net income	¥2,629	¥2,392	¥10,725

### 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, 2006 (Unaudited)	Three Months Ended September 30, 2005 (Unaudited)	Year Ended June 30, 2006 (Audited)
Operating income	¥3,601	¥3,272	¥11,854
Other income (expenses):			
Interest and dividend income	98	81	375
Interest expense	(127)	(130)	(518)
Stock issuance cost	—	(6)	(53)
Bond issuance cost	—	—	(13)
Other income, net	616	773	2,751
Recurring income	4,188	3,990	14,396
Other and extraordinary income (expenses):			
Gain on sale of affiliates' securities	—	—	4,592
Other income and expenses, net	477	51	(1,180)
Income before income taxes and minority interests	¥4,665	¥4,041	¥17,808

## Consolidated Statements of Shareholders' Equity

	(Millions of yen)					
	Common stock	Additional paid-in capital	Retained earnings	Net unrealized gains on investment securities	Foreign exchange adjustments	Total
<b>Balance at June 30, 2006</b> .....	¥14,360	¥15,672	¥42,175	¥498	¥13	¥72,718
Issuance of new shares .....	83	83	—	—	—	166
Cash dividends .....	—	—	(1,188)	—	—	(1,188)
Net income .....	—	—	2,629	—	—	2,629
Purchase of treasury stock ....	—	—	—	—	—	—
Other .....	—	—	—	(78)	(110)	(188)
<b>Balance at September 30, 2006</b> ..	¥14,443	¥15,755	¥43,616	¥420	¥(97)	¥74,137

	(Millions of yen)		
	Minority interests	Treasury stock, at cost	Total shareholders' equity
<b>Balance at June 30, 2006</b> .....	¥166	¥(143)	¥72,741
Issuance of new shares .....	—	—	166
Cash dividends .....	—	—	(1,188)
Net income .....	—	—	2,629
Purchase of treasury stock ....	—	0	0
Other .....	2	—	(186)
<b>Balance at September 30, 2006</b> ..	¥168	¥(143)	¥74,162

## Consolidated Statements of Cash Flows

	(Millions of yen)		
	<b>Three Months Ended September 30, 2006 (Unaudited)</b>	Three Months Ended September 30, 2005 (Unaudited)	Year Ended June 30, 2006 (Audited)
<b>Cash flows from operating activities:</b>			
Income before income taxes	¥4,665	¥4,041	¥17,808
Depreciation and amortization	1,223	1,128	4,740
Proceeds from penalty charges	(500)	—	—
Gain on sale of affiliated companies	—	—	(4,592)
Increase (decrease) in inventories	345	1,482	(3,693)
Increase (decrease) in trade payable	(91)	(226)	2,213
Other, net	161	(133)	3,675
Cash generated from operations	5,803	6,292	20,151
Received interest and dividend income	72	59	293
Interest paid	(220)	(207)	(570)
Income tax paid	(2,424)	(3,059)	(9,447)
Received penalty charges	500	—	—
Net cash provided by operating activities	3,731	3,085	10,427
<b>Cash flows from investing activities:</b>			
Payments for purchase of property and equipment	(1,923)	(1,262)	(6,760)
Proceeds from sales of property and equipment	—	8,926	8,942
Payments for leasehold deposits	(1,504)	(1,273)	(4,305)
Proceeds from termination of leasehold deposits	1,217	822	3,365
Payments for purchase of investments securities	(666)	(34)	(1,422)
Proceeds from sales of investments securities	—	580	750
Payments for acquisition of consolidated subsidiary shares	—	(3,559)	(5,328)
Payments for acquisition of equity-method-applied affiliate shares	—	(2,929)	(14,903)
Proceeds from sales of affiliates' securities	—	—	24,374
Payments for investment in funds	—	(440)	(440)
Proceeds from refund of investment in funds	48	75	99
Other, net	(1,496)	(562)	(2,302)
Net cash used in investing activities	(4,324)	344	2,070
<b>Cash flows from financing activities:</b>			
Net increase (decrease) on short-term bank loans	(743)	2,925	743
Borrowing of long-term debt	(1,224)	300	5,000
Repayment of long-term debt	—	(1,086)	(6,971)
Proceeds from issuance of bonds	23,057	—	2,500
Payments for redemption of bonds	(2,478)	(1,228)	(2,456)
Proceeds from sales of treasury stock	—	—	1,354
Issuance of common stock	166	72	983
Payments of cash dividends	(1,188)	(869)	(869)
Other, net	(11)	190	(57)
Net cash provided by financing activities	17,579	304	227
Effect of exchange rate changes on cash and cash equivalents	(34)	—	13
Net increase in cash and cash equivalents	16,952	3,733	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	¥44,744	¥18,788	¥27,792

## Segment Overview

Business results for three months ended September 30, 2005 and 2006.

(Millions of yen)

	Three months Ended September 30, 2006 (Unaudited)		Three months Ended September 30, 2005 (Unaudited)		Last Fiscal Year (Audited)	
	Amounts	%	Amounts	%	Amounts	%
<b>Discount store operations</b>						
Electrical goods	12,329	17.0	12,033	19.2	51,531	19.8
Daily commodities	15,621	21.4	13,734	21.9	57,168	21.9
Foods	12,751	17.6	11,774	18.8	49,282	18.9
Watches, fashion goods	18,199	25.1	16,856	26.9	70,889	27.2
Sports, leisure goods	6,362	8.8	5,537	8.8	18,342	7.0
Oversea	4,402	6.1	—	—	2,807	1.1
Others	1,248	1.6	1,173	2.0	4,674	1.8
Subtotal	70,912	97.6	61,107	97.6	254,693	97.7
<b>Rental business operations</b>	1,546	2.1	1,318	2.1	5,539	2.1
<b>Other operations</b>	179	0.3	196	0.3	547	0.2
<b>Total</b>	72,637	100.0	62,621	100.0	260,779	100.0