

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

Adoption of simplified accounting methods: Yes

Change in accounting principles: None

Scope of consolidation and application of the equity method: Consolidated subsidiaries: 7

Unconsolidated subsidiaries accounted for by the equity method: N/A

Affiliated companies accounted for by the equity method: 1

Change in the scope of consolidation and application of the equity method: Consolidation (Newly included): 3 (Excluded): 0
 : Equity method (Newly included): 1 (Excluded): 1

The financial results for the third quarter of fiscal 2006 and 2005 were reviewed by independent public accountants.

This summary report includes the accounting figures that are not through the formal closing process.

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 2006 (From July 1, 2005 to March 31, 2006)

(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, 2006	193,462	10.7	9,642	15.8	11,563	17.5
Nine Months Ended March 31, 2005	174,734	24.3	8,328	0.7	9,842	3.3
Last Fiscal Year	232,778	-	10,814	-	12,841	-

	Net Income	Change (%)	Net Income Per Share (Yen)
Nine Months Ended March 31, 2006	8,908	64.3	384.98
Nine Months Ended March 31, 2005	5,421	4.4	249.76
Last Fiscal Year	7,163	-	336.74

(Notes) Loss on investments due to the equity method

Nine months ended March 31, 2006

¥ 90 million

Nine months ended March 31, 2005

¥ - million

Year ended June 30, 2005

¥ - million

Net income per share was computed through dividing net income by the number of issued shares minus the number of treasury stocks at the end of the third quarter.

Percentages above represent increase / decrease over the preceding nine months.

Consolidated Business Results

During the third quarter from July 1, 2005 to March 31, 2006, Japanese economy had been on a course of gradual recovery supported by active investment and of the consumption-led recovery by labor absorption and individual income improvements.

Don Quijote Co., Ltd. (the "Company") and its subsidiaries (the "Group") had been highly supported by customers for promoting a unique approach that met customer expectations, for continuously supplying a wide variety of unique fashionable merchandise with low price, and for supplying timely unique seasonal merchandise.

At the same time, the market competition such as store expansion and price competition had been more intensified. As for weather, frequent heavy rain and temperature difference in a day were occurred in this period. As a result of these external environmental factors, prices and margin ratio of some merchandise in the market are trending slightly downward.

The total number of stores as of March 31, 2006 became 118 (107 at the ends of the previous third quarter and the previous fiscal year) as Group opened three new stores including one previously suspended store in the third quarter of fiscal 2006.

As a result, we achieved the continuous increase in revenue and profit in this third quarter as net sales was ¥193,462 million (up 10.7% from the previous third quarter), recurring income was ¥11,563 million (up 17.5%), and net income was ¥898 million (up 64.3%).

(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, 2006	169,463	67,731	40.0	2,927.04
As of March 31, 2005	145,779	49,771	34.1	2,293.16
Last Fiscal Year	150,048	52,128	34.7	2,398.50

(Notes)	Number of issued shares:	As of March 31, 2006	23,139,858 shares
		As of March 31, 2005	21,704,299 shares
		As of June 30, 2005	21,733,699 shares
Number of treasury stocks:	As of March 31, 2006	25,467 shares	
	As of March 31, 2005	277,464 shares	
	As of June 30, 2005	277,464 shares	

(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, 2006	9,892	5,413	2,987	33,347
Nine Months Ended March 31, 2005	-	-	-	-
Last Fiscal Year	8,431	(14,950)	12,669	15,055

The consolidated statements of cash flows for the third quarter ended March 31, 2005 were omitted because the disclosure of the consolidated statements of cash flows for quarterly reports has started from the first quarter ended September 30, 2005.

Consolidated Financial Position

Total assets as of March 31, 2006 increased by ¥19,415 million from June 30, 2005 to ¥169,463 million.

There were positive factors such as the increase of cash by the sale of shares of ORIGIN TOSHU Co., Ltd. by ¥24,193 million and of inventories accompanied by opening new stores, but the negative factors such as the decrease of land and buildings by the securitization for four existing stores at ¥8,852 million of book value.

Don Quijote (USA) Co., Ltd. (previously known as "The Dai'ei (USA), Inc.) became a consolidated subsidiary of the Company by acquisition.

Cash and cash equivalents as of March 31, 2006 was ¥33,347 million.

Net increase in cash and cash equivalents is comprised of ¥9,892 million by cash flows from operating activities, ¥5,413 million by cash flows from investing activities and ¥2,987 million by cash flows from financing activities.

3. Consolidated Business Forecast : For the year ending June 30, 2006 (From July 1, 2005 to June 30, 2006)

(Millions of yen, except per-share data)

	Net Sales	Recurring Income	Net Income	Net Income per Share (Yen)
Year Ending June 30, 2006	259,000	15,200	10,500	453.76

(Notes) 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, 2006, or 23,139,858 shares.

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, 2006 (Unaudited)	As of March 31, 2005 (Unaudited)	As of June 30, 2005 (Audited)
ASSETS			
Current assets:			
Cash and deposits	¥33,347	¥17,075	¥15,055
Accounts receivable-trade	2,417	2,292	2,311
Less: Allowance for doubtful accounts	(6)	(4)	(4)
Inventories	41,520	36,059	39,447
Prepaid expenses.....	1,410	1,007	1,002
Deferred tax assets	1,629	890	1,169
Fire insurance claims unsettled	—	761	—
Other current assets	1,407	1,446	2,213
Total current assets	81,724	59,526	61,193
Investments and advances:			
Investment securities	7,459	4,275	6,044
Advance payment for fixed leasehold deposits ..	474	279	387
Long-term loans receivable	870	1,160	876
Less: Allowance for doubtful accounts	(40)	(5)	(5)
Total investments and advances	8,763	5,709	7,302
Property and equipments, at cost:			
Land	20,387	23,940	24,316
Buildings and structures	40,994	39,557	40,312
Vehicles and delivery equipments	64	51	54
Equipments	10,872	8,954	9,479
Construction in progress	1,555	308	1,063
Less: Accumulated depreciation	(14,651)	(11,105)	(12,245)
Net property and equipments	59,221	61,705	62,979
Intangibles	2,294	2,319	2,421
Other assets:			
Fixed leasehold deposits	14,365	13,198	13,121
Prepaid expenses.....	1,219	1,063	1,183
Deferred tax assets	—	432	82
Cash surrender value	1,815	1,827	1,767
Other non-current assets	62	—	—
Total other assets.....	17,461	16,520	16,153
Total assets.....	¥169,463	¥145,779	¥150,048

	(Millions of yen)		
	As of March 31, 2006 (Unaudited)	As of March 31, 2005 (Unaudited)	As of June 30, 2005 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable-trade	¥24,682	¥19,763	¥22,671
Short-term loans payable	2,178	525	125
Current maturities of long-term debt	10,840	9,085	9,098
Accrued income taxes	6,497	1,692	3,295
Accrued expenses	1,704	1,517	1,688
Other current liabilities	3,698	3,360	3,408
Total current liabilities	49,599	35,942	40,285
Long-term liabilities:			
Long-term debt	48,693	58,399	55,985
Allowance for retirement benefits for directors	182	151	155
Negative goodwill	1,601	—	—
Other non-current liabilities	1,657	1,516	1,495
Total long-term liabilities	52,133	60,066	57,635
Total liabilities	101,732	96,008	97,920
Shareholders' equity:			
Common stock	12,676	9,583	9,654
Additional paid-in capital	13,989	10,896	10,968
Retained earnings	40,358	30,604	32,346
Net unrealized gains on investment securities	849	203	675
Total	67,872	51,286	53,643
Less: Treasury stock, at cost	(141)	(1,515)	(1,515)
Total shareholders' equity	67,731	49,771	52,128
Total liabilities, minority interests and shareholders' equity ·	¥169,463	¥145,779	¥150,048

Consolidated Statements of Income

	(Millions of yen)		
	Nine Months Ended March 31, 2006 (Unaudited)	Nine Months Ended March 31, 2005 (Unaudited)	Year Ended June 30, 2005 (Audited)
Net sales	¥193,462	¥174,734	¥232,778
Cost of goods sold	148,931	134,890	179,330
Gross profit	44,531	39,844	53,448
Selling, general and administrative expenses	34,889	31,516	42,634
Operating income	9,642	8,328	10,814
Other income (expenses):			
Interest and dividend income	278	213	244
Interest expense	(385)	(267)	(403)
Stock issuance cost	(34)	(13)	(19)
Bond issuance cost	(34)	(163)	(163)
Gain on sale of affiliates' securities	4,592	—	—
Other income, net	2,144	1,780	2,483
Extraordinary item-losses due to fire	—	(241)	(266)
Income before income taxes and minority interests	16,203	9,637	12,690
Income taxes:			
Current	8,932	4,176	5,742
Deferred	(1,637)	67	(188)
Income before minority interests	8,908	5,394	7,136
Minority interests	—	(27)	(27)
Net income	¥8,908	¥5,421	¥7,163

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, 2006 (Unaudited)	Nine Months Ended March 31, 2005 (Unaudited)	Year Ended June 30, 2005 (Audited)
Operating income	¥9,642	¥8,328	¥10,814
Other income (expenses):			
Interest and dividend income	278	213	244
Interest expense	(385)	(267)	(403)
Stock issuance cost	(34)	(13)	(19)
Bond issuance cost	(34)	(163)	(163)
Other income, net	2,096	1,744	2,368
Recurring income	11,563	9,842	12,841
Other and extraordinary income (expenses):			
Gain on sale of affiliates' securities	4,592	—	—
Other income and expenses, net	48	36	115
Extraordinary item-losses due to fire	—	(241)	(266)
Income before income taxes and minority interests	¥16,203	¥9,637	¥12,690

Consolidated Statements of Retained Earnings

	(Millions of yen)		
	Nine Months Ended March 31, 2006 (Unaudited)	Nine Months Ended March 31, 2005 (Unaudited)	Year Ended June 30, 2005 (Audited)
Additional paid-in capital:			
Balance at beginning of the period	¥10,968	¥8,449	¥8,449
Exercise of stock options	36	188	259
Conversion of convertible bonds	2,985	2,259	2,260
Balance at end of the period	13,989	10,896	10,968
Retained earnings:			
Balance at beginning of the period	32,346	25,808	25,808
Net income	8,908	5,421	7,163
Cash dividends	(869)	(625)	(625)
Loss on sale of treasury stock	(27)	—	—
Balance at end of the period	¥40,358	¥30,604	32,346

Consolidated Statements of Cash Flows

	(Millions of yen)		
	Nine Months Ended March 31, 2006 (Unaudited)	Nine Months Ended March 31, 2005 (Unaudited)	Year Ended June 30, 2005 (Audited)
Cash flows from operating activities:			
Income before income taxes	¥16,203	—	¥12,690
Depreciation and amortization	3,025	—	4,441
Gain on sale of affiliates' securities	(4,592)	—	—
Increase (decrease) in trade payable	698	—	2,307
Increase (decrease) in inventories	(813)	—	(4,333)
Other, net	1,478	—	(784)
Cash generated from operations	15,999	—	14,321
Received interest and dividend income	227	—	47
Interest paid	(480)	—	(381)
Income tax paid	(5,854)	—	(5,556)
Net cash provided by operating activities	9,892	—	8,431
Cash flows from investing activities:			
Payments for purchase of property and equipments	(4,719)	—	(11,685)
Proceeds from sale of property and equipments	8,993	—	8
Payments for leasehold deposits	(3,357)	—	(3,598)
Proceeds from termination of leasehold deposits	2,498	—	2,118
Payments for purchase of investment securities	(978)	—	(1,291)
Proceeds from sale of investment securities	580	—	1,213
Payments for acquisition of subsidiaries	(5,328)	—	—
Payments for acquisition of affiliates	(14,903)	—	—
Proceeds from sale of affiliates	24,193	—	—
Payments to funds	(440)	—	—
Refunds from funds	78	—	—
Other, net	(1,204)	—	(1,715)
Net cash used in investing activities	5,413	—	(14,950)
Cash flows from financing activities:			
Net increase (decrease) on short-term bank loans	2,053	—	(724)
Net increase (decrease) on commercial paper	—	—	(10,000)
Borrowing of long-term debt	4,800	—	9,000
Repayment of long-term debt	(4,423)	—	(6,282)
Proceeds from issuance of bonds	2,500	—	23,000
Payments for redemption of bonds	(2,456)	—	(760)
Issuance of common stock	72	—	608
Proceeds from sale of treasury stock	1,355	—	—
Payments for purchase of treasury stock	(7)	—	(1,502)
Payments of cash dividends	(869)	—	(625)
Other, net	(38)	—	(46)
Net cash provided by financing activities	2,987	—	12,669
Effect of exchange rate changes on cash and cash equivalents	—	—	1
Net increase in cash and cash equivalents	18,292	—	6,151
Cash and cash equivalents at beginning of the period	15,055	—	8,904
Cash and cash equivalents at end of the period	¥33,347	—	¥15,055

The disclosure of the consolidated statements of cash flows for quarterly reports has started from the first quarter ended September 30, 2005.

Segment Overview

Business results for the nine months ended March 31, 2005 and 2006.

(Millions of yen)

	Nine Months Ended March 31, 2006 (Unaudited)		Nine Months Ended March 31, 2005 (Unaudited)		Change		Last Fiscal Year (Audited)	
	Amounts	%	Amounts	%	Amounts	%	Amounts	%
Discount store operations								
Electrical goods	39,152	20.2	36,579	20.9	2,573	7.0	47,976	20.6
Merchandise	42,497	22.0	37,749	21.6	4,748	12.6	50,627	21.7
Foods	36,555	18.9	33,459	19.1	3,096	9.3	45,126	19.4
Watches, fashion goods	53,700	27.8	46,820	26.8	6,880	14.7	62,163	26.7
Sports, leisure goods	13,583	7.0	12,852	7.4	731	5.7	17,107	7.3
Others	3,516	1.8	3,728	2.2	(212)	(5.7)	5,046	2.3
Subtotal	189,003	97.7	171,187	98.0	17,816	10.4	228,045	98.0
Rental business operations	4,034	2.1	3,524	2.0	510	14.5	4,660	2.0
Other operations	425	0.2	23	0.0	402	1,735.7	73	0.0
Total	193,462	100.0	174,734	100.0	18,728	10.7	232,778	100.0