Don Quijote Co., Ltd.

Annual Report 2002

Profile

Don Quijote Co., Ltd. operates full-line discount stores under its corporate philosophy of "The Customer Comes First." The Company's originality and strength emerge from the pursuit of this customer-first principle.

One of the primary features of our stores is the extended operating hours to meet the needs of customers who wish to shop late at night. Our stores have a very large assortment of merchandise, from upscale brand-name items to daily necessities and foods. This wide range of merchandise provides great convenience to customers, as well as contributing to an amusing shopping experience, which is one of our major focuses. We constantly renew about 40% of the merchandise with new items on a short periodic basis. The store layouts and displays themselves are changed regularly at the discretion of individual managers and staff in charge of each floor space to create attractive stores that feel fresh and exciting whenever customers visit. As a matter of course, we offer low prices to satisfy customers by guaranteeing the best value possible.

Because of these measures, our stores display a strong ability to attract customers and are maintaining high growth rates on the basis of our unprecedented business model that targets the nighttime market, which thus far has few significant rivals.

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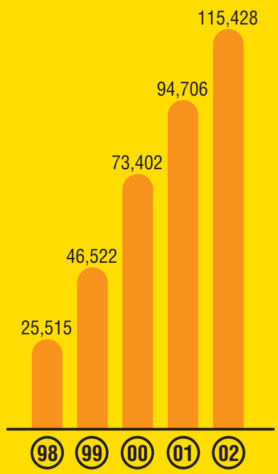
Forward-looking Statements

Statements made in this annual report with respect to Don Quijote's plans, strategies and other statements that are not historical fact are forward-looking statements about the future performance of the Company. They are based on management's assumptions and beliefs in light of the information currently available. Don Quijote cautions that a number of factors could cause actual results to differ materially from those expressed herein. Such factors include but are not limited to economic conditions, market trends and foreign exchange rates.

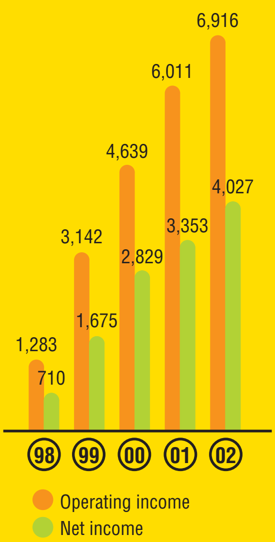
Financial **Highlights**

Years ended June 30, 2002 and 2001	Thousands of yen 2002	Thousands of yen 2001	Thousands of U.S. dollars 2002
For the Year			
Net sales	**¥ 115,428,986**	¥ 94,706,874	**$ 965,933**
Operating income	**6,916,990**	6,011,518	**57,883**
Income before income taxes	**7,150,611**	6,748,143	**59,838**
Net income	**4,027,264**	3,353,197	**33,701**
At year-end			
Total assets	**¥ 72,485,638**	¥ 47,483,788	**$ 606,574**
Shareholders' equity	**26,562,284**	22,053,899	**222,278**
Per share data (Yen and U.S. dollars)			
Basic earnings	**¥ 401.20**	¥ 334.82	**$ 3.36**
Diluted earnings	**391.04**	334.39	**3.27**
Cash dividends applicable to the year	**5.00**	5.00	**0.04**

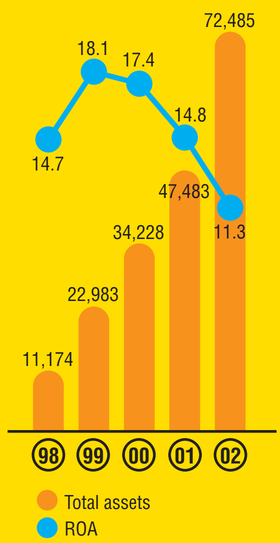
Net sales
(¥ millions)



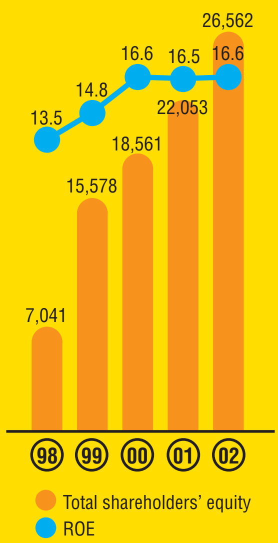
Operating income (¥ millions)
Net income (¥ millions)



Total assets (¥ millions)
ROA (%)



Shareholders' equity (¥ millions)
ROE (%)



To Our **Shareholders**

Takao Yasuda
President

The year under review, ended June 30, 2002—the 13th year since the opening of the first Don Quijote store—was very much an epoch-making one for us.

We opened a record 20 stores during the year, including the first PAW [páu] shopping complex, which is a new store format created as the third pillar to stand beside the Don Quijote and Picasso formats. As a result of this active store development, net sales exceeded ¥100 billion, bringing us to the conclusion that we have entered a new stage of growth. We plan to open new stores at the rate of 20 stores a year, the pace achieved in the year under review, while enhancing the competitive edge of existing stores.

Through these initiatives, we aim to attain the goals set in our mid-term management plan, the "2x4 Plan," and enhance corporate value.

Sales and Income Rise for the 12th Consecutive Year

With the Japanese economy locked in a phase of deflation and uncertainty about the future, personal spending has been sluggish for quite some time. Despite such unfavorable business conditions for the retail industry, we posted our 12th successive gain in both sales and income in the year under review, thanks to the strong support of customers.

On a consolidated basis, net sales surged 21.9% from the previous year, to ¥115.4 billion (US$966 million), the first time they have exceeded ¥100 billion. Although selling, general and administrative expenses rose 26.4% from the previous year due to the openings of stores at a faster-than-planned pace (initial plan: 10 stores; mid-term revision: 16 stores; actual results: 20 stores), the growth of net sales covered the rise in expenses. Operating income marked a double-digit gain of 15.1%, reaching ¥6.9 billion (US$58 million). We booked the cost of a convertible bond issue as a non-operating expense and also reported appraisal losses on investment securities. Despite these negative factors, net income rose sharply to 20.1% from the previous year, to ¥4 billion (US$34 million).

Entering the Second Stage of Growth

Since June 2001, Don Quijote has carried out numerous measures to achieve new growth. The Company developed new store formats, including the small-scale store format we call Picasso, and it has thoroughly overhauled its merchandizing strategies, to include greater emphasis on in-house developed imported products. Furthermore, we improved our distribution system by establishing a joint distribution center, and, in a revision of our financial strategies, we established securitization of store assets and commitment lines. With these measures steadily bearing fruit, store openings accelerated. The 20 stores opened during the year under review, considerably exceeding the target we set for ourselves at the outset of the term.

Don Quijote is now embarking on its second stage of growth, aiming to achieve the goals set in its mid-term management plan through the year ending June 2004, the “2x4 Plan,” that sets forth a structure through which we can achieve net sales of ¥200 billion, ordinary income of ¥20 billion and ROE of 20% or more, and to open 20 stores annually.

Three Distinct Store Formats Established

Following the conventional "Don Quijote" store format consisting of a standard sales floor space of about 1,000 square meters, in June 2001 we launched a new, smaller "Picasso" discount store format, which has a sales floor area of 300 to 500 square meters and targets smaller commercial areas. In April 2002, the Company opened in Kawasaki the first "PAW" commercial complex. This third format features round-the-clock operation, with a "Big Don Quijote" store (with about 2,000 square meters of sales floor space) as its anchor tenant. These three distinct store formats enable us to open stores closely suited to the scale of commercial areas and the characteristics of the site. This flexibility has greatly expanded the number of potential locations for new stores.

Furthermore, we have diversified the scenarios by which we open stores. These now include joint store development with other categories of retailers, such as home appliance mass-merchandisers, and opening stores as a tenant in shopping malls developed by other companies. Accordingly, we now have the capability to open stores in a shorter period of time with a smaller initial investment.

During the year under review, we opened 13 Don Quijote stores, six Picasso stores and one PAW, bringing the total number of stores to 53 as of June 30, 2002. For the year ending June 2003, we plan to open 20 stores, which will be mainly Don Quijote stores.

Extending into the Whole Country

Until recently, Don Quijote had been opening stores mainly in the Tokyo metropolitan area. However, after opening a store in Fukuoka in December 2001, we continued a nationwide roll-out in the year under review. As of June 30, 2002, we have opened 11 stores in regions outside the Tokyo metropolitan area, three stores in Hokkaido, three stores in Osaka, two stores in Hyogo Prefecture and three stores in Fukuoka Prefecture. We believe that the nighttime market, in which Don Quijote is unrivalled, holds as much promise for us in major cities across the country as it does in the Tokyo metropolitan area. This belief has been substantiated by the fact that stores have already attracted large numbers of customers, although Don Quijote has not yet widely publicized its presence in such cities. As a result of these developments, the combined number of customers from all stores during the year under review surged 30.3% from the previous year, to 40.6 million.

We will continue to actively open stores not only in the Tokyo metropolitan area but also in major cities across the country.

Store Opening that Considers Return on Investment and the Maintenance of a Solid Balance Sheet

Reflecting the opening of a larger number of stores than initially planned, capital investment during the year under review reached approximately ¥20 billion (US$172 million). These investments were funded through cash

2x4 Plan

Creating a structure to realize the plan

Net sales	¥200 billion
Ordinary income	¥20 billion
ROE	20.0% or more
New store openings per year	20 stores

Customer-first principle/ Expanding corporate value flows from operating activities, the issue of convertible bonds, loans within the commitment lines concluded with 11 banks (10 banks as of the end of the year under review due to bank consolidation), and asset securitization.

Through the securitization of assets, we raised ¥3.6 billion (US$30 million) by transferring real estate trust beneficiary rights pertaining to the Roppongi store to a special purpose company (SPC). This was the second time the method was used, following the Shinjuku Higashi-guchi store, and we plan to continue actively using this approach in the future. Meanwhile, we will lease properties whenever possible to attain the goal of opening 20 stores per year, as a way to minimize initial costs and total assets.

● **Merchandizing Strategies** Aimed at **Improving Margins** and **Increasing** the Number of **Customers**

Don Quijote stores boast a vast variety of merchandise, having about 40,000 items per store, including luxury products, such as super brands, watches and other fashion merchandise. Stores also carry sporting goods and other leisure items, home appliances and daily necessities, including household goods, sundries and processed foodstuffs.

Of these items, daily necessities, which are inexpensive and purchased frequently—goods falling into what we call commodity products—have steadily gained the support of customers because of the attractive prices. But it is also true that prices of these items have been falling due to the ongoing deflation. To deal with the situation, we increased the number of high-ticket, high-margin items during the year under review. As a result, we succeeded in achieving differentiation from competitors, and our gross profit margin improved from 22.3% to 22.6%.

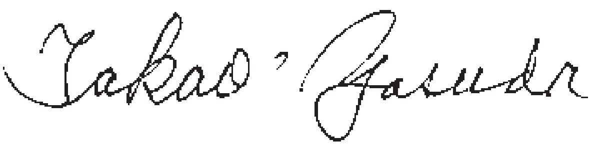
Furthermore, in commodity products, in order to further strengthen our price competitiveness and provide customers with pleasant surprises and great value, we began offering a new group of items at a uniform price of ¥50, which includes about 400 items mainly imported from China, such as kitchen utensils, stationery, household articles for cleaning and washing and for bath and toilet use. To cut intermediary costs, we established a warehouse in Shanghai, and are making efforts to develop products with very low prices that still yield acceptable gross margins. We aim to post ¥10 billion in 50-yen item sales for the year ending June 2004, the last year of the mid-term management plan.

● Pursuing a **Unique Model**

Don Quijote has carried out business by appreciating the customers' viewpoint in accordance with its basic philosophy, "The Customer Comes First," sweeping aside the conventional way of thinking in the retail industry. As a result, we have been in the vanguard of the development of the nighttime market by proceeding with late-night operation ahead of others. We have also developed unique merchandizing and display methods to enhance the entertainment and amusement value of shopping at our stores. Our sales recently exceeded ¥100 billion, but product procurement functions are not concentrated in the head office. Instead, we maintain a policy of thorough delegation of authority to individual stores. This is because we believe that employees at our stores are most familiar with customer needs and they can quickly respond to those needs.

Don Quijote will continue to pursue a business model that does not imitate others and that cannot be easily imitated. At the same time, it will maintain its strong ability to attract customers and produce a high growth rate, aiming to maximize corporate value.

Takao Yasuda
President



Embarking on a New Stage of Growth

To achieve a flexible store development capability, Don Quijote created the Picasso small-scale discount store format and the PAW commercial-complex format comprising a Big Don Quijote as an anchor tenant and various types of retailers and service providers. Having three store formats enables the Company to open a larger number of stores, because it can accommodate a wider range of commercial areas and site characteristics. While accelerating the opening of the mainstay Don Quijote stores, the Company will evolve the two new formats. Don Quijote has also begun store development in earnest in major cities across Japan.

Picasso
(targeting small commercial areas)
300–500m^2

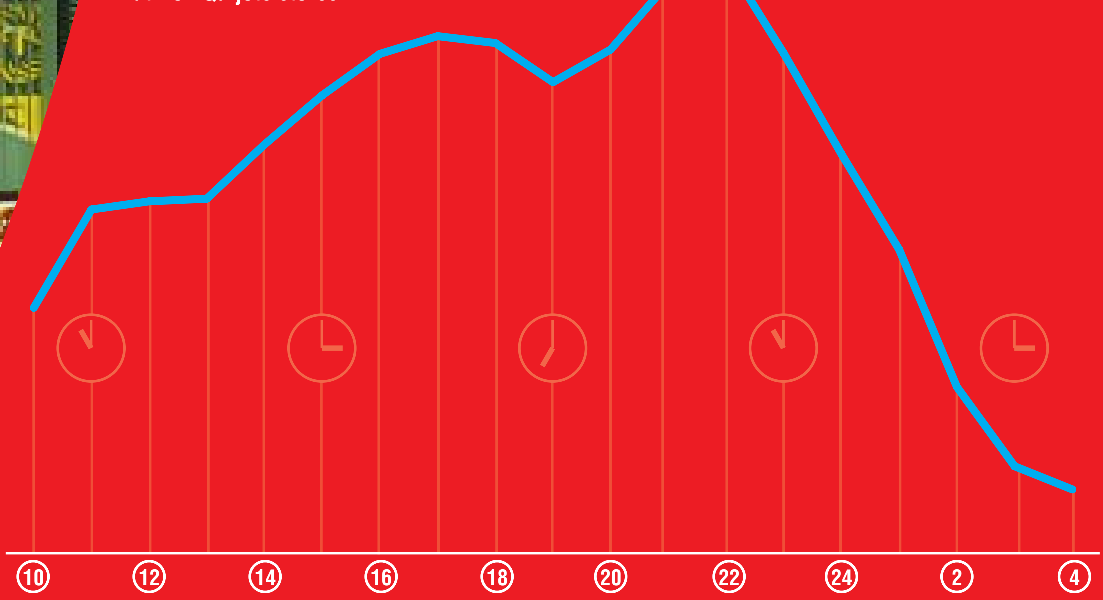

ドン.キホーテ

Don Quijote

Generating Shopping Excitement

A typical store in the Company's mainstay Don Quijote format has about 1,000 square meters of sales floor space, every part of which—on shelves, walls and even in aisles and overhead—is tightly packed with items for sale. The Company's unique display method, which we call "compression display," allows each store to sell a large selection of items, about 40,000 items per store. It also induces wonder and pleasure in customers almost as if they are exploring a jungle. Don Quijote's wide variety of merchandise includes everything but perishables, from daily necessities to luxury goods. Don Quijote's merchandise consists of 60% regularly stocked items, led by national brands, and 40% products available for short periods or those in limited quantity that are procured using our own routes. This product lineup enables shoppers to purchase at a Don Quijote store everything at one time, from consumables to home appliances to fashionable brand-name items. The sense of astonishment and moving beyond the ordinary created by our unique display method and merchandising stimulates customers' desire to buy, prompting impulse purchases, in addition to the intended ones, and encouraging volume buying.

Average sales by time of day at Don Quijote stores



Picasso

A Convenient and Close-by Link with the Neighborhood

We condensed the concept of the Don Quijote store format into the Picasso format, aiming to develop small-scale discount stores that serve smaller commercial areas and stay in closer touch with their communities. Picasso stores have a sales floor space of 300 to 500 square meters and offer 10,000 to 20,000 items focusing on day-to-day necessities. Various advantages of Picasso stores, including a wide selection of merchandise, low prices and a high degree of amusement in shopping, appeal powerfully to convenience store customers, its main target group. Opening a Picasso store is relatively easy and requires only a small initial investment. The Picasso format is also practical when converting stores of tie-up partners. These features make this store format suitable for rapid store development. Since the opening of the first store in June 2001, the number of Picasso stores has increased at a steady pace. Six Picasso stores were opened during the year under review, bringing the total number of stores to seven as of the end of June 2002. We are currently developing optimum operation expertise with a view to opening a large number of these stores.

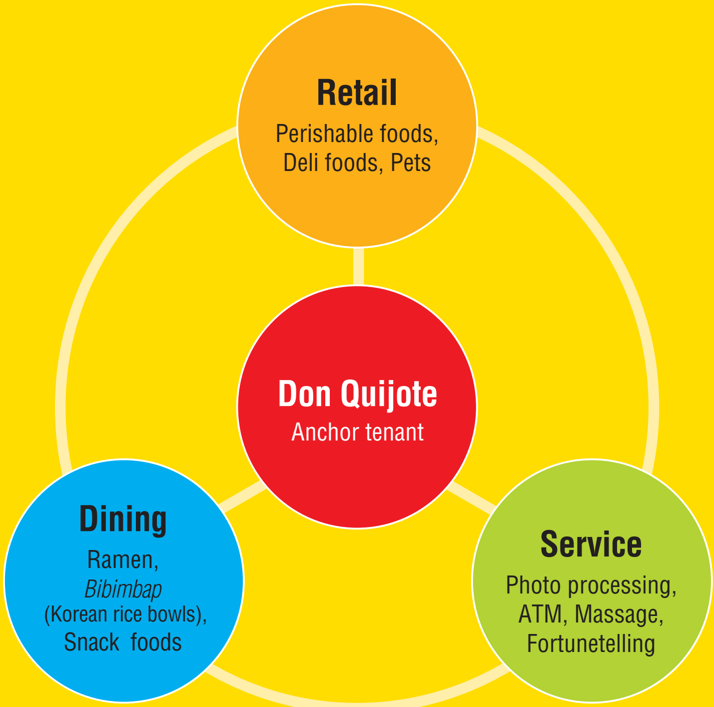
Origin of Picasso stores

PAW

Exploiting Synergies for Higher Sales

PAW is a format for totally new commercial complexes in which different types of tenants gather, with “around the clock” and “amusement” as the key concepts. Included are retail shops, restaurants and various service providers. PAW is an acronym for “purchase,” “amusement” and “wonderland,” meaning a wonderland full of the pleasure of shopping among a range of tenants. PAW Kawasaki, opened in April 2002, is occupied by 20 tenants, including the anchor tenant Big Don Quijote, with a sales floor space of 1,735 square meters, a food court with a number of restaurants, a supermarket, a pet shop, a book/video/DVD shop and an automatic teller machine. All of these tenants either operate until late at night or stay open 24 hours. Since the opening of this facility, a noticeable synergy has been brought about by the range of tenants that attract different types of customers. The Company plans to open two or three PAW shopping complexes per year in the period ahead, after studying the results from PAW Kawasaki.

Tenant mix at PAW Kawasaki




キホーテ
食
癒
買
遊
マッサージベルトセット

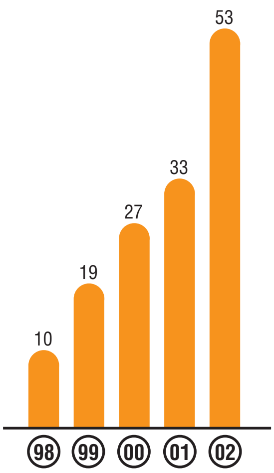
A Proven Concept Moves Nationwide

After opening stores intensively in the Tokyo metropolitan area, the Company began store development in major cities across the nation in the year under review. We had 11 stores in cities outside the Tokyo metropolitan region as of June 30, 2002—three stores in Hokkaido, five in the Kinki region, and three in Fukuoka Prefecture.

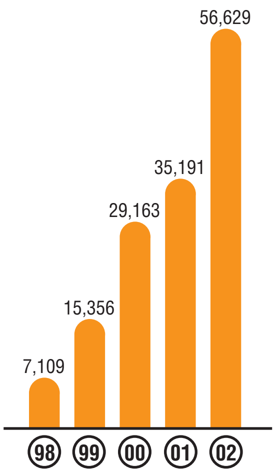
Despite having no pre-launch advertising, all of these stores have attracted larger-than-expected numbers of customers since opening. We believe that this better-than-expected turn-out indicates a strong customer appeal for our distinctive business model, especially when judged from the fact that many of them were attracted only by word of mouth.

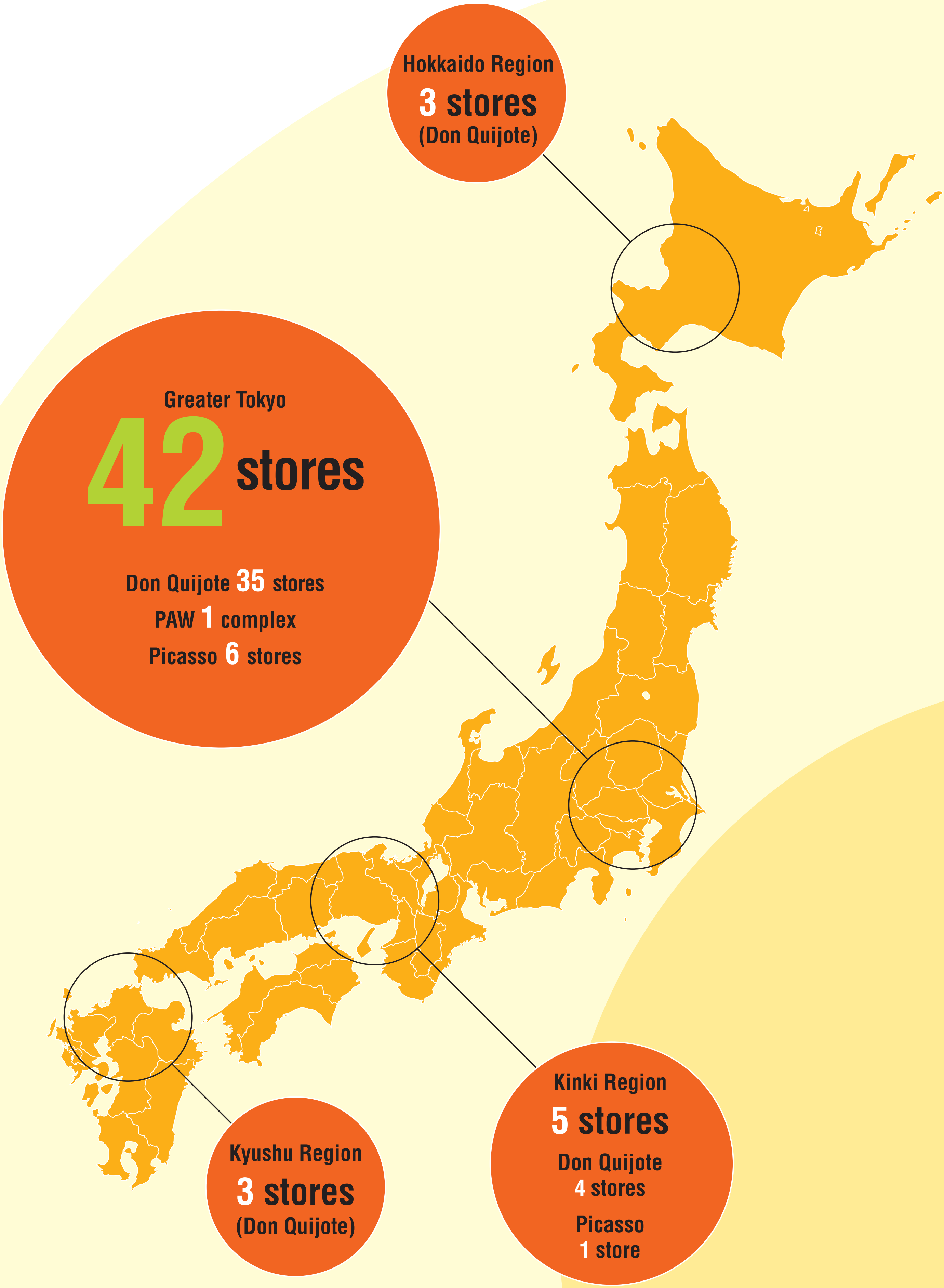
The total number of customers served by all stores soared 30.3% from the previous year, to 40.6 million, of which about 3.6 million visited stores outside the Tokyo metropolitan area. Having verified to ourselves that the nighttime market is also promising in regional cities, we will continue to vigorously open stores in major cities across the country.

Number of stores



Total sales floor space
(m^2)




Hokkaido Region
3 stores
(Don Quijote)
Greater Tokyo
42 stores
Don Quijote 35 stores
PAW 1 complex
Picasso 6 stores
Kinki Region
5 stores
Don Quijote
4 stores
Picasso
1 store
Kyushu Region
3 stores
(Don Quijote)

Empowered Staff Constitute Our Advantage

We hand authority over to staff members, who become responsible for product procurement, pricing and display for each sales floor section. We consider these staff as the "shop owners" of their sections, even those that joined the company only 6 to 12 months ago. Our personnel assessment is entirely based on merit. When interviewing a candidate, therefore, we do not take into consideration such matters as his or her academic background, age, gender or previous experience. Employees are assessed every six months based on their performance and potential, in order to determine wages and promotion. Our employees are mobile at all times and seriously keep in mind the needs of customers. The result of their work and the assessment by customers are immediately reflected in their salaries and positions, which gives employees motivation and a sense of attentiveness.

The initiative rests with the stores, and the Company president and other head-office staff are devoted to supporting the stores. This is Don Quijote's policy. The Company's personnel management system aims at store management based on the initiative on the sales front. This prevents store operations from becoming rigid and uniform, and enables each store to maintain a strong edge over competitors, even within a rapidly expanding store network.

Financial Section

Five-year Summary (Consolidated data)

Years ended June 30

	Thousands of yen					Thousands of U.S. dollars
	1998	1999	2000	2001	**2002**	**2002**
For the year						
Net sales	¥ 25,515,010	¥ 46,522,042	¥ 73,402,102	¥ 94,706,874	**¥ 115,428,986**	**$ 965,933**
Cost of goods sold	19,954,155	36,376,000	56,951,004	73,571,274	**89,388,264**	**748,019**
Selling, general and administrative expenses	4,277,266	7,003,270	11,811,613	15,124,082	**19,123,731**	**160,031**
Operating income	1,283,589	3,142,771	4,639,485	6,011,518	**6,916,990**	**57,883**
Income before income taxes	1,571,598	3,628,759	5,874,791	6,748,143	**7,150,611**	**59,838**
Net income	710,280	1,675,347	2,829,465	3,353,197	**4,027,264**	**33,701**
At year-end						
Total assets	¥ 11,174,891	¥ 22,938,805	¥ 34,228,974	¥ 47,483,788	**¥ 72,485,638**	**$ 606,574**
Shareholders' equity	7,041,710	15,578,907	18,561,177	22,053,899	**26,562,284**	**222,278**

	Yen					U.S. dollars
Per share						
Basic earnings	¥ 168.39	¥ 351.78	¥ 283.51	¥ 334.82	**¥ 401.20**	**$ 3.36**
Diluted earnings	–	–	–	334.39	**391.04**	**3.27**
Cash dividends	5.00	5.00	5.00	5.00	**5.00**	**0.04**

	%				
Key ratios					
ROA	14.7	18.1	17.4	14.8	**11.3**
ROE	13.5	14.8	16.6	16.5	**16.6**

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Consolidated Business Results

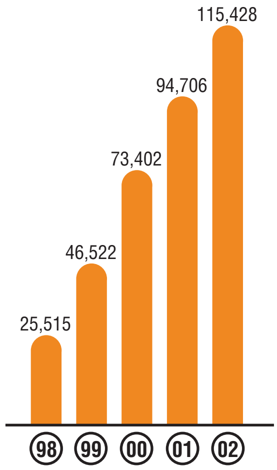
For the fiscal year ended June 2002 (July 1, 2001 to June 30, 2002), Don Quijote Co., Ltd. and its consolidated subsidiaries grew rapidly in terms of both net sales and operating income. Consolidated net sales surged 21.9% from the previous year to ¥115.4 billion (US$966 million), while operating income climbed 15.1% to ¥6.9 billion (US$58 million).

The increase in net sales came about as the Company opened stores at a pace considerably faster than before, with 20 new stores opening, of which 13 are of the Don Quijote format and six are Picasso stores. In addition, the Company opened its first PAW [páu], a round-the-clock, integrated commercial complex. Despite intensifying competition due to such factors as persistently sluggish personal consumption and the extension of business hours by some retailers, customer traffic at 33 existing stores increased 1.2% as a result of efforts to provide an innovative shopping environment, and goods and services with a high degree of originality. With unit selling prices falling due to deflation, spending per customer was down 2.5% from the previous year and net sales were down 1.4% at existing stores.

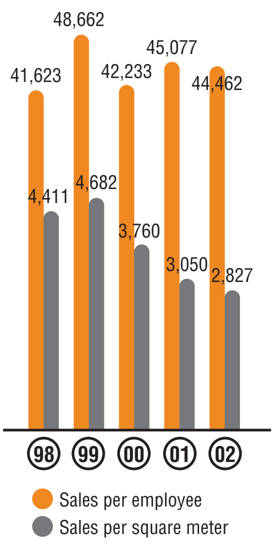
Despite lower unit selling prices, the Company's gross profit margin improved by 0.3 percentage point from the previous year. Behind this gain was the full-scale start-up of the joint delivery center established earlier, which contributed to improved efficiency and reduced costs. Another factor was that, as a result of the review of the product lineup, the Company introduced items with relatively high unit selling prices that deliver high profit margins.

By product category, sales of commodity products, items with low prices and high turnover rates, including miscellaneous household goods, foods and consumables, accounted for 41.8% of total net sales, rising 1.0 percentage point from the previous year, indicating that these items have obtained firm support from customers amid the deflation. In terms of gross profit, these products accounted for 43.6%, 3.2 percentage points higher. Watches, fashion merchandise, sporting goods and leisure items accounted for 32.2% of net sales (up 0.2 percentage point) and 36.3% of gross profit (up 0.9 percentage point). These items have relatively high unit selling prices and lofty profit margins, and many of them allow the Company to display its originality. Therefore, the Company has concentrated its efforts in these product groups, the effect of which began showing up in the second quarter of the year under review. Meanwhile, home electrical appliances accounted for 22.4% of net sales (down 0.6 percentage point) and 17.0% of gross profit (down 0.8 percentage point).

Net sales (¥ millions)



Sales per employee (¥ thousands)
Sales per square meter (¥ thousands)



Regarding selling, general and administrative expenses, the openings of a larger-than-planned number of stores pushed up store opening-related expenses. However, the newly opened stores recovered their initial costs in the first year of their operation and began contributing to earnings. As a result, the ratio of operating income to net sales nearly reached the previous year's level, at 6.0%. The ratio of ordinary income to net sales at the six stores opened in the first half reached 4.9%, while that at the 14 stores opened in the second half was 3.3%. (These figures are on a store basis.)

As for other income and expenses, on a one-time basis, the Company booked ¥275 million (US$2 million) in various expenses related to the issue of Euroyen convertible bonds due 2007. Furthermore, the sluggish equity market caused the Company to report appraisal losses on investment securities of ¥503 million (US$4 million). As a result, income before income taxes rose 6.0% from the previous year, to ¥7.1 billion (US$60 million). Net income reached ¥4 billion (US$34 million), jumping 20.1%, thanks to the considerable drop in the effective tax rate brought about by the avoidance of taxation on undistributed profits due to stock sales by a major shareholder.

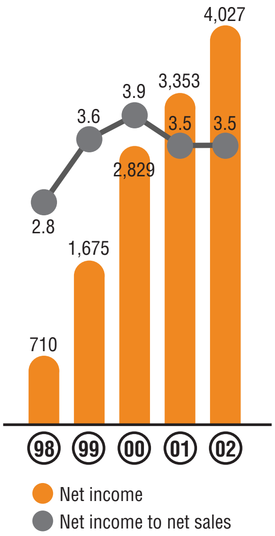
For the fiscal year ending June 2003, the Company plans to open 20 stores, continuing to open stores that are expected to recover initial costs in a short period. Net sales are targeted at ¥153.6 billion (US$1.3 billion), a 33.1% increase. Operating income is forecast to increase by a sharp 25.7%, to ¥8.6 billion (US$72 million), while net income is expected to reach ¥5.2 billion (US$44 million), soaring 30.3%.

Financial Position

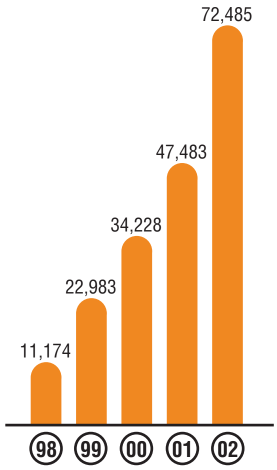
With the scale of operations expanding and the number of stores increasing, the Company's total assets as of June 30, 2002 rose ¥25 billion (US$209 million) from a year earlier, to ¥72.4 billion (US$607 million). The growth came about as the Company made upfront investment to create income sources for the future.

Looking at the situation of current assets, inventories surged 47.8%, or ¥5.8 billion (US$49 million), from the previous year, due to a considerable increase in the number of stores. Considering the 60.9% expansion of sales floor space during the year, however, inventories per square meter decreased. Behind the drop was the fact that the Company made vigorous efforts to refresh the product lineup and carry out effective store operations and that

Net income (¥ millions)
Net income to net sales (%)



Total assets (¥ millions)



it adopted various measures to sell out inventories, such as transferring inventories from existing stores to new stores. Cash and cash equivalents increased ¥2.9 billion (US$25 million). As a result, ¥9.2 billion (US$77 million) was added to total current assets.

Property and equipment rose significantly, by ¥12.8 billion (US$107 million), as buildings and structures increased due to store openings and land acquired for sites of stores opened during the year under review and those to be opened in the future. Meanwhile, the Company securitized the land and the building in which the Roppongi store is located and transferred its trust beneficiary rights to a special purpose company (SPC). This measure effectively reduced property and equipment ¥3.6 billion (US$30 million) from the amount that would have been reported otherwise. Bearing in mind that the Company plans to continue actively opening stores, and that it must carefully avoid too-rapid growth of real property holdings from a risk-management point of view, and that it is striving to improve return on investment and diversification of fund raising, it plans to continue the securitization of real property in the future.

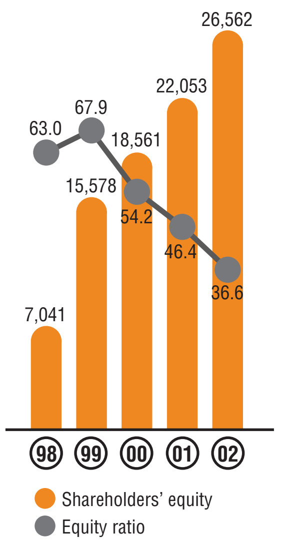
Total liabilities increased ¥20.4 billion (US$171 million) from the previous year, to ¥45.9 billion (US$384 million). This rise was attributable to an increase in accounts payable in reflection of the growth of the number of stores and sales, and an increase in loans for augmented property and equipment under the store network expansion program. Long-term debt included ¥9.6 billion (US$80 million) of bank loans, which used a ¥10 billion commitment line with the group of 11 banks (10 banks as of the end June 2002 as a result of a bank consolidation) concluded in December 2001, and ¥7.4 billion (US$ 63 million) of convertible bonds, which were issued during the year under review.

Total shareholders' equity rose ¥4.5 billion (US$38 million) to ¥26.5 billion (US$222 million) due to the growth of net income and the conversion of convertible bonds into shares (¥501 million). The equity ratio was 36.6%.

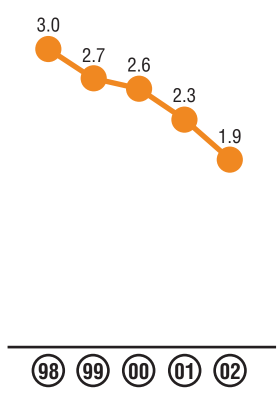
Cash Flows

For the fiscal year ended June 2002, net cash of ¥4.9 billion (US$42 million) was provided by operating activities. This is a ¥310 million (US$3 million) decline from the previous year. Net cash used in investing activities totaled ¥17.6 billion (US$148 million), up ¥8.1 billion (US$68 million). Net cash of ¥15.6 billion (US$131 million) was

Shareholders' equity (¥ millions)
Equity ratio (%)



Total asset turnover (times)



gained from financing activities, an increase of ¥10.6 billion (US$89 million). As a result, the closing balance of cash and cash equivalents at the fiscal year-end amounted to ¥6.2 billion (US$52 million), a ¥2.9 billion (US$25 million) increase from the previous year.

Such income as profit and trade payable posted steady growth in line with the scale of the Company's business growth. However, inventories and income taxes paid also increased, leading to an overall decease in net cash provided by operating activities.

Net cash used in investment rose because the Company carried out brisk capital investment in preparation for the opening of a large number of stores, laying the groundwork for future profits.

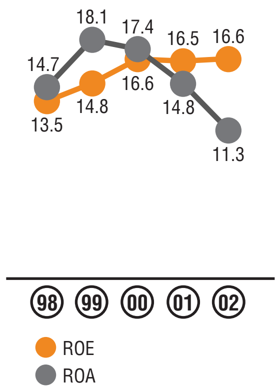
Regarding financing activities, to procure funds for capital investment, the Company issued convertible bonds, in addition to raising funds through conventional indirect financing. As the Company considers profit distribution to shareholders to be an important management duty, it increased dividend payment from ¥5 per share to ¥15 for the year under review.

Capital Investment

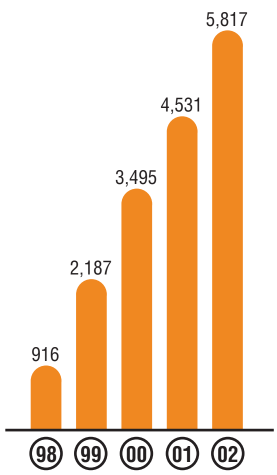
Total capital spending for the year under review increased ¥11.5 billion (US$96 million) from the previous year to ¥20.5 billion (US$172 million). In contrast, free cash flow (net income + depreciation and amortization + extraordinary loss - cash dividends) rose only ¥1.2 billion (US$10 million) from the preceding year to ¥5.8 billion (US$49 million). Excluding ¥3.6 billion (US$30 million) raised through asset capitalization of the Roppongi store property, the remaining ¥11.1 billion (US$93 million) was raised through low-interest indirect financing and the issue of convertible bonds.

The Company plans to continue opening 20 stores per year in the periods ahead. In the area of store development, we look for sites that promise rapid recovery of investment, and we forecasts capital investment of ¥10.9 billion (US$91 million) for the year ending June 2003. At the same time, the Company will pursue securitization of its assets in an effort to make funds available for capital investment.

ROE (%)
ROA (%)



Free cash flow (¥ millions)



Consolidated Balance Sheets

As of June 30, 2002 and 2001

	Thousands of yen (Note 2)		Thousands of U.S. dollars (Note 2)
ASSETS	**2002**	2001	**2002**
Current assets:			
Cash and cash equivalents	**¥ 6,250,453**	¥ 3,297,053	**$ 52,305**
Note and accounts receivable–trade	**991,058**	707,582	**8,293**
Less: Allowance for doubtful accounts (Note 4)	**(4,632)**	(6,633)	**(39)**
Inventories (Note 5)	**17,988,194**	12,168,983	**150,529**
Prepaid expenses	**478,280**	476,359	**4,002**
Deferred tax assets (Note 15)	**539,089**	283,479	**4,511**
Other current assets	**900,709**	973,289	**7,537**
Total current assets	**27,143,153**	17,900,114	**227,138**
Investments and advances:			
Investment securities (Notes 4 and 7)	**2,169,731**	2,195,884	**18,157**
Advance payment for fixed leasehold deposits	**1,200,115**	349,726	**10,043**
Long-term loans receivable	**360,000**	360,000	**3,013**
Less: Allowance for doubtful accounts (Note 4)	**(1,080)**	(1,800)	**(9)**
Total investments and advances	**3,728,766**	2,903,810	**31,204**
Property and equipment, at cost (Notes 3, 4, 13 and 14):			
Buildings and structures	**11,971,889**	7,133,671	**100,183**
Vehicles and delivery equipment	**69,267**	81,511	**580**
Equipment	**4,097,265**	2,372,392	**34,287**
Less: Accumulated depreciation	**(3,672,068)**	(2,468,572)	**(30,729)**
Land	**18,851,606**	13,144,658	**157,754**
Construction in progress	**1,885,724**	136,115	**15,780**
Net property and equipment	**33,203,684**	20,399,776	**277,855**
Intangibles and deferred charge (Notes 3 and 4)	**1,517,799**	1,120,307	**12,701**
Other assets (Note 3):			
Fixed leasehold deposits	**5,267,761**	3,941,078	**44,082**
Deferred tax assets (Notes 4 and 15)	**430,801**	197,860	**3,605**
Other non-current assets (Note 14)	**1,193,670**	1,020,841	**9,989**
Total other assets	**6,892,233**	5,159,779	**57,676**
Total assets	**¥ 72,485,638**	¥ 47,483,788	**$ 606,574**

The accompanying notes are an integral part of the statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Thousands of yen (Note 2) 2002	2001	Thousands of U.S. dollars (Note 2) 2002
Current liabilities:			
Accounts payable–trade	**¥ 14,240,723**	¥ 10,158,340	**$ 119,169**
Short-term loans payable (Notes 8 and 13)	**6,556,000**	7,442,000	**54,862**
Current maturities of long-term debt (Notes 8 and 13)	**2,534,310**	1,485,840	**21,208**
Accrued income taxes (Note 15)	**1,843,563**	2,224,123	**15,427**
Accrued expenses	**961,560**	712,168	**8,046**
Other current liabilities	**2,204,169**	912,691	**18,446**
Total current liabilities	**28,340,327**	22,935,163	**237,158**
Long-term liabilities:			
Long-term debt (Notes 8 and 13)	**17,159,800**	2,206,110	**143,597**
Allowance for retirement benefits for directors (Note 4)	**89,628**	79,506	**750**
Other non-current liabilities	**333,598**	209,109	**2,791**
Total long-term liabilities	**17,583,026**	2,494,725	**147,138**
Total liabilities	**45,923,353**	25,429,888	**384,296**
Shareholders' equity (Notes 4 and 11):			
Common stock, non-par value			
Authorized:			
2001 — 39,000,000 shares 2002 — 39,000,000 shares			
Issued and outstanding:			
2001 — 10,031,800 shares 2002 — 10,101,647 shares	**5,815,528**	5,539,684	**48,664**
Additional paid-in capital	**7,130,677**	6,854,814	**59,671**
Retained earnings	**13,658,355**	9,693,545	**114,296**
Net unrealized losses on investment securities	**(38,532)**	(33,755)	**(322)**
Total	**26,566,028**	22,054,288	**222,309**
Less: Treasury stock, at cost			
2001 — 40 shares 2002 — 374 shares	**(3,743)**	(388)	**(31)**
Total shareholders' equity	**26,562,284**	22,053,899	**222,278**
Total liabilities and shareholders' equity	**¥ 72,485,638**	¥ 47,483,788	**$ 606,574**

The accompanying notes are integral part of the statements.

Consolidated Statements of Income

For the years ended June 30, 2002 and 2001

	Thousands of yen (Note 2)		Thousands of U.S. dollars (Note 2)
	2002	2001	**2002**
Net sales	**¥ 115,428,986**	¥ 94,706,874	**$ 965,933**
Cost of goods sold	**89,388,264**	73,571,274	**748,019**
Gross profit	**26,040,721**	21,135,600	**217,914**
Selling, general and administrative expenses (Note 16)	**19,123,731**	15,124,082	**160,031**
Operating income	**6,916,990**	6,011,518	**57,883**
Other income (expenses):			
Interest and dividend income	**50,089**	146,878	**419**
Interest expense	**(202,377)**	(131,827)	**(1,694)**
Stock issuance cost (Note 4)	**(1,349)**	(1,346)	**(11)**
Bond issuance cost	**(275,958)**	–	**(2,309)**
Other income, net (Note 12)	**663,215**	722,921	**5,550**
Income before income taxes	**7,150,611**	6,748,143	**59,838**
Income taxes (Notes 4 and 15):			
Current	**3,608,424**	3,636,815	**30,196**
Deferred	**(485,077)**	(241,868)	**(4,059)**
Net income	**¥ 4,027,264**	¥ 3,353,197	**$ 33,701**

Amount per share of common stock:	Yen		U.S. dollars (Note 2)
Basic earnings (Notes 4 and 18)	**¥ 401.20**	¥ 334.82	**$ 3.36**
Diluted earnings (Notes 4 and 18)	**391.04**	334.39	**3.27**
Cash dividends applicable to the year	**¥ 5.00**	¥ 5.00	**$ 0.04**

The accompanying notes are an integral part of the statements.

Consolidated Statements of Shareholders' Equity

For the years ended June 30, 2002 and 2001

	Thousands of yen (Note 2)		Thousands of U.S. dollars (Note 2)
	2002	2001	**2002**
Common stock:			
Balance at beginning of year	**¥ 5,539,684**	¥ 5,427,900	**$ 46,357**
Exercise of stock options (Note 11)	**19,853**	111,784	**166**
Conversion of convertible bonds	**255,990**	–	**2,142**
Balance at end of year	**5,815,528**	5,539,684	**48,666**
Additional paid-in capital:			
Balance at beginning of year	**6,854,814**	6,743,030	**57,363**
Exercise of stock options (Note 11)	**19,853**	111,784	**166**
Conversion of convertible bonds	**256,009**	–	**2,142**
Balance at end of year	**7,130,677**	6,854,814	**59,671**
Retained earnings:			
Balance at beginning of year	**9,693,545**	6,390,247	**81,118**
Net income	**4,027,264**	3,353,197	**33,701**
Cash dividends	**(50,158)**	(49,900)	**(420)**
Deficit on merger	**(12,296)**	–	**(103)**
Balance at end of year	**¥ 13,658,355**	¥ 9,693,545	**$ 114,296**

The accompanying notes are an integral part of the statements.

Consolidated Statements of Cash Flows

For the years ended June 30, 2002 and 2001

	Thousands of yen (Note 2)		Thousands of U.S. dollars (Note 2)
	2002	2001	**2002**
Cash flows from operating activities:			
Income before income taxes	**¥ 7,150,611**	¥ 6,748,143	**$ 59,838**
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization, including amortization of consolidation difference	**1,361,090**	1,014,341	**11,389**
Provision (Reversal) for doubtful accounts	**(2,720)**	3,287	**(23)**
Provision for retirement benefits for directors	**10,122**	23,591	**85**
Interest and dividend income	**(50,089)**	(146,878)	**(419)**
Interest expense	**202,377**	131,827	**1,694**
Loss on disposal of property and equipment	**30,289**	178	**253**
Gain on sale of property and equipment	**(25,407)**	–	**(213)**
Loss on devaluation of investment securities	**503,600**	243,250	**4,214**
Other, net	**127,054**	126,381	**1,063**
Changes in assets and liabilities:			
Increase in trade receivable	**(283,476)**	(165,518)	**(2,372)**
Increase in inventories	**(5,798,144)**	(2,917,545)	**(48,520)**
Decrease (Increase) in other current assets	**134,250**	(1,058,016)	**1,124**
Increase in trade payable	**4,082,383**	4,307,462	**34,162**
Increase in other current liabilities	**1,487,533**	232,647	**12,448**
Increase in other non-current liabilities	**200,690**	108,700	**1,679**
Cash generated from operations	**9,130,166**	8,651,855	**76,403**
Received interest and dividend income	**8,819**	109,886	**74**
Interest paid	**(177,626)**	(135,606)	**(1,486)**
Income tax paid	**(3,988,985)**	(3,343,353)	**(33,381)**
Net cash provided by operating activities	**4,972,374**	5,282,782	**41,610**
Cash flows from investing activities:			
Payments for purchase of investment securities	**(273,841)**	(725,410)	**(2,292)**
Proceeds from sale of investment securities	**124,773**	498,238	**1,044**
Payments for purchases of tangible fixed assets and intangible assets	**(17,893,049)**	(7,616,879)	**(149,732)**
Proceeds from sale of tangible fixed assets	**3,614,906**	–	**30,250**
Increase in loans receivable	**–**	(168,000)	**–**
Increase in fixed leasehold deposits	**(1,035,370)**	(906,744)	**(8,664)**
Advance payment for leasehold deposits	**(1,448,678)**	–	**(12,123)**
Increase in insurance policy	**(376,129)**	(491,469)	**(3,148)**
Other, net	**(380,162)**	(78,220)	**(3,181)**
Net cash used in investing activities	**(17,667,551)**	(9,488,486)	**(147,846)**
Cash flows from financing activities:			
Borrowing in short-term loans payable	**38,950,000**	27,620,000	**325,942**
Borrowing in long-term loans payable	**10,069,900**	2,200,000	**84,267**
Repayment of short-term loans	**(39,836,000)**	(23,228,000)	**(333,356)**
Repayment of long-term loans	**(1,555,740)**	(1,817,650)	**(13,019)**
Issuance of common stock	**39,707**	223,568	**332**
Issuance of convertible bonds	**8,000,000**	–	**66,946**
Payments for purchase of treasury stock	**(3,355)**	(388)	**(28)**
Payments of cash dividends	**(50,158)**	(49,900)	**(420)**
Net cash provided by financing activities	**15,614,353**	4,947,630	**130,664**
Net increase in cash and cash equivalents	**2,919,176**	741,926	**24,428**
Cash and cash equivalents at beginning of the year	**3,249,409**	2,507,482	**27,192**
Increase in cash and cash equivalents on merger	**61,687**	–	**516**
Cash and cash equivalents at end of the year (Notes 4 and 19)	**¥ 6,230,273**	¥ 3,249,409	**$ 52,136**

The accompanying notes are an integral part of the statements

1. Nature of Operations

The Don Quijote Co., Ltd. ("Parent") and its subsidiaries, Leader Co., Ltd. and PAW Creation Co., Ltd., (together the "Company") have three operations: discount store operations, wholesale operations and rental business operations for real property.

The discount store operations, which mainly comprise 53 discount retail stores, including seven small discount retail stores, in Japan, principally sell electrical appliances, household goods, food, cosmetics, toiletries, sporting goods, etc.

Leader Co., Ltd. sells goods to the Parent and others at wholesale.

For rental business operations, PAW Creation Co., Ltd. rents part of its floor space to tenants.

2. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of the Company account for subsidiaries on a consolidated basis.

The consolidated financial statements are prepared in accordance with accounting principles and practices generally accepted in Japan under the requirements of the Japanese Commercial Code and other applicable rules and regulations for domestic purposes and were filed with the local finance bureau of the Ministry of Finance (MOF) as required by the Securities and Exchange Law. In preparing these financial statements, certain reclassifications and rearrangements have been made to the original financial statements issued domestically in Japan, for the convenience of readers outside Japan.

In addition, the accompanying notes include information, which is not required under generally accepted accounting principles and practices in Japan, but is presented herein as additional information.

Significant differences between the accounting policies followed by the Company and International Accounting Standards (IAS) are described in Note 3.

All yen figures are rounded down to the nearest thousand. Accordingly, breakdown figures may not add up to the sums. The U.S. dollar amounts presented in the accompanying financial statements are converted solely for convenience at the rate of ¥119.5 to US $1.00, which was the exchange rate prevailing on June 28, 2002. The convenience translations should not be construed as representations that the yen amounts have been, could have been, or could in the future be converted into U.S. dollars at this or any other rate of exchange.

Certain reclassifications have been made in the 2001 financial statements to conform with the presentation for 2002.

3. Significant Differences Between Accounting Policies Followed by the Company and Its Domestic Subsidiaries and International Accounting Standards

The accompanying consolidated financial statements are prepared in conformity with accounting principles generally accepted in Japan. Differences from IAS include the following:

Leases (Note 6)

The Company in Japan treated finance leases of the Company, where ownership does not transfer to the lessees, as not capitalized, in the same way as operating leases under accounting principles generally accepted in Japan, which differ from IAS No. 17.

Impairment of assets accounting

Accounting for impairment of assets (real property, long-lived assets) is not required under generally accepted accounting principles and practices in Japan, which differ from IAS No. 36.

SPC accounting

Accounting for consolidation of special purpose companies is not required for the special case under generally accepted accounting principles and practices in Japan, which differ from Interpretation SIC-12.

Amount of significant effects on the consolidated financial statements

Had IAS been applied, the significant effects on the accompanying consolidated financial statements would have been as follows:

	Thousands of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Leases (Note 6)			
Property and equipment	**¥ 15,734**	¥ 126,466	**$ 132**
Long-term liabilities	**¥ 15,734**	¥ 126,466	**$ 132**
SPC (Note 6)			
Land	**¥ 6,807,226**	¥ 3,947,640	**$ 56,964**
Buildings	**¥ 1,074,196**	¥ 624,425	**$ 8,989**
Long-term liabilities	**¥ 6,132,061**	¥ 3,528,000	**$ 51,314**

4. Summary of Significant Accounting Policies

Consolidation

The accompanying consolidated financial statements of the Company account for its subsidiaries on a consolidated basis. As of June 30, 2002, the Parent had seven subsidiaries, including two consolidated subsidiaries as set out in the following table:

Leader Co., Ltd.	Wholesale business supplying household goods to the Parent and others
PAW Creation Co., Ltd.	Operation of multiple-tenant shopping malls including leasing of real property

Investments in unconsolidated subsidiaries in 2002 and 2001 are stated at cost.

Statements of cash flows

In preparing the cash flow statements for the years ended June 30, 2002 and 2001, cash is considered to be "cash and cash equivalents," which includes cash on hand, readily available deposits and highly liquid investments with original maturities not exceeding three months.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Marketable securities and investment securities

Securities available-for-sale are securities other than trading securities and securities being held to maturity.

Securities available-for-sale are carried at fair value with corresponding unrealized gains (losses) recorded directly in a separate component of shareholders' equity. Securities available-for-sale for which fair value is not readily determinable are carried at moving average cost or amortized cost determined by the moving average method.

The Company adopted its method of valuation of investments to record it at market or fair value.

Inventories

The Parent adopts a policy that inventories are valued at cost determined by the retail method.

Impairment loss on inventories of ¥654,000 thousand ($5,473 thousand) was recorded in “Cost of goods sold. ”

The subsidiary, Leader Co., Ltd., adopts a policy that inventories are valued at cost determined by the most recent purchase price method.

Property and equipment

Property and equipment are carried at cost. Significant renewals and additions are capitalized; maintenance and repairs, and minor renewals and improvements are charged to income as incurred. Interest costs relating to construction of property and equipment are not capitalized.

Property and equipment are computed on the declining balance method according to the rules based on the Japanese Corporation Tax Law.

The useful lives of property and equipment for computing depreciation, which are identical with the useful lives stipulated under the Japanese Corporate Tax regulations, are as shown below:

	Years
Buildings and structures	3 to 45
Equipment and vehicles	2 to 20

Software

In accordance with the provisional rule of the JICPA’s Accounting Committee Report No.12, “Practical Guidance for Accounting for Research and Development Costs, etc.” (the “Report”), the Company accounts for software which was included in intangible assets in the same manner in 2002 as in 2001 and depreciated it using the straight-line method over the estimated useful lives (five years).

Common stock issuance costs

Common stock issuance costs are charged directly to income as incurred. Japanese Commercial Code prohibits charging such stock issuance costs to capital accounts.

Allowance for doubtful accounts

The allowance for doubtful receivables is provided in amounts sufficient to cover possible losses on collection. It is determined by adding the uncollectible amounts individually estimated for doubtful receivables to a maximum amount permitted for tax purposes, which is calculated collectively, and by adding the uncollectible amounts individually.

Allowance for retirement benefits for directors

The Company adopted a retirement benefit plan for directors and statutory auditors. Directors and statutory auditors are entitled to be paid a lump-sum retirement benefit determined on the basis of rules of the Company.

Income taxes

Income taxes are determined by using the liability method, where deferred tax assets and liabilities are recognized for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements.

Leased transactions

Finance leases of the Company where ownership does not transfer to the lessees are not capitalized and are accounted for in the same manner as operating leases (“non-capitalized finance leases”).

Derivative financial instruments

Hedge accounting

The Company has adopted hedge accounting for its derivative transactions. Gains or losses on changes in the fair value of the hedging instruments, which consist of swap contracts, are recognized in income when the relating hedged items are reflected in income.

Purpose of derivative trading

The Company enters into derivative transactions related to interest swap transactions, in accordance with internal policies, in order to reduce its risk exposure arising from fluctuations in these rates.

Assessment for the efficiency of their hedging

The Company omits the assessment of the efficiency of its hedging.

Costs of start-up activities

All costs of start-up activities are expensed as incurred.

Dividends

Dividends are declared by the Board of Directors and approved by the shareholders at meetings held subsequent to the fiscal year to which the dividends are applicable, and shareholders of record as at the end of such fiscal years are entitled to the subsequently declared dividends. Dividends charged to retained earnings represent dividends approved by the shareholders and paid during the respective years.

Bonuses to directors and statutory auditors

Bonuses to directors and statutory auditors, which are subject to shareholders’ approval at the annual shareholders’ meeting under the Japanese Commercial Code, are accounted for as an appropriation of retained earnings.

Shareholders’ equity

The Japanese Commercial Code requires at least 50% of the issue price of new shares to be designated as stated capital as determined by resolution of the Board of Directors. Proceeds in excess of amounts designated as stated capital are credited to additional paid-in capital.

Effective October 1, 2001, the amended Japanese Commercial Code provides that an amount of at least 10% of the aggregate amounts of cash dividends and directors’ bonuses which are made as an appropriation of retained earnings allocable to each fiscal period shall be appropriated and set aside as a legal reserve until such reserve plus additional paid-in capital equals 25% of stated capital.

The Japanese Commercial Code permits the transfer of the portions of additional paid-in capital by the resolution of the Board of Directors. The Japanese Commercial Code also permits the transfer of portions of unappropriated retained earnings to stated capital by resolution of shareholders.

Per share data

Basic earnings per share is computed based on the weighted average number of common stock outstanding during the respective years.

Diluted earnings per share is computed based on the weighted average number of shares after consideration of the dilutive effect of the shares of common stock issuable upon the conversion of convertible bonds and exercise of stock options.

5. Inventories

Inventories at June 30, 2002 and 2001 were as follows:

	Thousands of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Electric goods	**¥ 4,711,188**	¥ 3,435,519	**$ 39,424**
Merchandise	**2,835,596**	1,808,479	**23,729**
Foods	**730,317**	515,753	**6,111**
Watches, fashion goods	**8,016,520**	4,990,556	**67,084**
Sports, leisure goods	**1,245,304**	1,060,806	**10,421**
Others	**449,266**	357,868	**3,760**
Total	**¥ 17,988,194**	¥ 12,168,983	**$ 150,529**

6. Lease Transactions

(1) The Company leases certain equipment under non-capitalized finance and operating leases. Finance leases that do not transfer ownership to lessees are not capitalized and accounted for under the same manner as operating leases. Certain information for such non-capitalized finance and operating leases is as follows.

(a) A summary of assumed amounts of acquisition cost, accumulated depreciation and net book value on June 30, 2002 and 2001 is as follows:

	Thousands of yen		
	2002		
	Acquisition cost	Accumulated depreciation	Net book value
Equipment	**¥450,138**	**¥434,991**	**¥15,146**
Total	**¥450,138**	**¥434,991**	**¥15,146**

	Thousands of yen		
	2001		
	Acquisition cost	Accumulated depreciation	Net book value
Equipment	¥650,144	¥527,451	¥122,693
Total	¥650,144	¥527,451	¥122,693

	Thousands of U.S. dollars		
	2002		
	Acquisition cost	Accumulated depreciation	Net book value
Equipment	**$ 3,767**	**$ 3,640**	**$ 127**
Total	**$ 3,767**	**$ 3,640**	**$ 127**

(b) Future minimum lease payments, inclusive of interest, as of June 30, 2002 and 2001 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Due within one year	**¥ 13,827**	¥ 113,677	**$ 116**
Due after one year	**1,907**	12,788	**16**
Total	**¥ 15,734**	¥ 126,466	**$ 132**

(c) Future minimum lease payments under the non-capitalized finance and operating leases on June 30, 2002 and 2001 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Lease payments	**¥ 115,052**	¥ 152,769	**$ 963**
Assumed depreciation charges	**111,687**	147,889	**934**
Assumed interest expense	**¥ 1,263**	¥ 3,502	**$ 11**

(d) Assumed depreciation charges are computed using the straight-line method over lease terms assuming no residual value.

(e) Assumed interest expense, which is the difference between total lease payments and assumed acquisition costs of leased property, is allocated in each accounting period based on the interest method.

(2) Lease transactions derived from Special Purpose Company (SPC)

(a) Assumed acquisition cost:

	Thousands of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Land	**¥ 6,807,226**	¥ 3,947,640	**$ 56,964**
Buildings	**¥ 1,074,196**	¥ 624,425	**$ 8,989**

(b) Lease payments:

	Thousands of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Lease payments	**¥ 962,524**	¥ 791,999	**$ 8,055**

(c) Minimum guarantees for SPC: 75% of the assumed acquisition cost amounted to ¥4,572,066 thousand.

(3) Operating lease

Future minimum lease payments subsequent to June 30, 2002 for operating leases are summarized as follows:

	Thousands of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Due within one year	**¥ 1,100,458**	¥ 863,999	**$ 9,209**
Due after one year	**5,031,602**	2,664,000	**42,105**
Total	**¥ 6,132,061**	¥ 3,528,000	**$ 51,314**

7. Marketable Securities and Investment Securities

The Company invests in equity securities and classified its investments in equity securities as available-for-sale.

Investment securities consist of equity securities and others carried at fair market value.

The following table sets forth acquisition cost, fair market value, and unrealized gains (losses) as of June 30, 2002.

	Thousands of yen		
	As of June 30, 2002		
Available-for-sale:	Acquisition cost	Fair market value	Net unrealized gains (losses)
Fair market value exceeds acquisition cost			
Equity securities	**¥ 12,600**	**¥ 148,837**	**¥ 136,237**
Debt securities	–	–	–
Others	–	–	–
Subtotal	**12,600**	**148,837**	**136,237**
Fair market value does not exceed acquisition cost			
Equity securities (*1)	**104,131**	**86,112**	**(18,019)**
Debt securities	–	–	–
Others (*2)	**1,209,058**	**1,024,290**	**(184,768)**
Subtotal	**1,313,190**	**1,110,402**	**(202,787)**
Total	**¥ 1,325,790**	**¥ 1,259,239**	**¥ (66,550)**

(*1) Including impairment losses of ¥135,114 thousand on some equity securities.

(*2) Including impairment losses of ¥328,686 thousand on investment securities in monetary trust.

	Thousands of yen
	Fair market value
Unlisted equity securities (except for the equity securities which traded on over-the-counter markets)	**¥283,940**

Including impairment losses of ¥39,800 thousand on some equity securities.

	Thousands of yen		
	As of June 30, 2001		
Available-for-sale:	Acquisition cost	Fair market value	Net unrealized gains (losses)
Fair market value exceeds acquisition cost			
Equity securities	¥ 105,705	¥ 357,320	¥ 251,614
Debt securities	–	–	–
Others	100,000	126,580	26,580
Subtotal	205,705	483,900	278,194
Fair market value does not exceed acquisition cost			
Equity securities	94,060	66,220	(27,839)
Debt securities	–	–	–
Others (*1)	1,335,303	1,026,647	(308,655)
Subtotal	1,429,363	1,092,868	(336,495)
Total	¥ 1,635,068	¥ 1,576,768	¥ (58,300)

(*1) Including impairment losses of ¥221,250 thousand on some equity securities.

	Thousands of yen
	Fair market value
Unlisted equity securities (except for the equity securities which traded on over-the-counter markets)	¥ 326,040
Investment securities in monetary trust	¥ 10,000

	Thousands of U.S. dollars		
	As of June 30, 2002		
Available-for-sale:	Acquisition cost	Fair market value	Net unrealized gains (losses)
Fair market value exceeds acquisition cost			
Equity securities	**$ 105**	**$ 1,245**	**$ 1,140**
Debt securities	**–**	**–**	**–**
Others	**–**	**–**	**–**
Subtotal	**105**	**1,245**	**1,140**
Fair market value does not exceed acquisition cost			
Equity securities (*1)	**871**	**721**	**(151)**
Debt securities	**–**	**–**	**–**
Others (*2)	**10,118**	**8,572**	**(1,546)**
Subtotal	**10,989**	**9,293**	**(1,697)**
Total	**$ 11,094**	**$ 10,538**	**$ (557)**

(*1) Including impairment losses of US$1,131 thousand on some equity securities.
(*2) Including impairment losses of US$2,751 thousand on investment securities in monetary trust.

	Thousands of U.S. dollars
	Fair market value
Unlisted equity securities (except for the equity securities which traded on over-the-counter markets)	**$2,376**

Including impairment losses of US$333 thousand on some equity securities.

The proceeds from sale of available-for-sale securities were ¥124,473 thousand (US$1,042 thousand) for the year ended June 30, 2002.

Loss on sale of available-for-sale securities computed on the moving-average cost basis was ¥8,589 thousand (US$72 thousand).

The proceeds from sale of available-for-sale securities were ¥498,238 thousand for the year ended June 30, 2001. Gain on sale of available-for-sale securities computed on the moving-average cost basis was ¥51,586 thousand and loss on sale of available-for-sale securities was ¥39,119 thousand.

8. Short-term Loans and Long-term Debt

Short-term loans are principally comprised of bank loans. The interest rate was 0.61% on June 30, 2002.

As is customary in Japan, substantially all loans from banks (including short-term loans) are made under general agreements which provide that, at the request of the banks, the borrower is required to provide collateral or guarantors (or additional collateral or guarantors, as appropriate) with respect to such loans, and that all assets pledged as collateral under such agreements will be applicable to all present and future indebtedness to the banks concerned.

Long-term debt at June 30, 2002 consisted of the following:

	Thousands of yen	Thousands of U.S. dollars
Borrowings from banks at interest ranging from 1.59% to 1.95%	¥ 9,671,800	$ 80,936
Convertible bonds payable in yen, convertible into common stock at ¥8,442 per share: 0.25% due 2007	7,488,000	62,661
Total	¥ 17,159,800	$ 143,597

The current conversion prices of the 0.25% convertible bonds issued by the Company are ¥8,442. Conversion price is subject to adjustment in certain circumstances, including stock splits or free share distributions of common stock. All outstanding convertible bonds can be repurchased at any time and may be redeemed at the option of the Company and the bondholders, in whole or in part, at prices ranging from 104% to 100% of their principal amounts.

Convertible bonds are treated solely as bonds and no value inherent in their conversion feature is recognized in accordance with accounting principles generally accepted in Japan. The total amount of the convertible bonds has been included in long-term debt.

The aggregate annual maturities of the long-term debt subsequent to June 30, 2002 are as follows:

Fiscal year ending June 30	Thousands of yen	Thousands of U.S. dollars
2003	¥ 2,534,310	$ 21,207
2004	2,938,240	24,588
2005	2,938,240	24,588
2006	2,545,320	21,300
2007 and thereafter	8,738,000	73,121
Total	¥ 19,694,110	$ 164,804

9. Financial Instruments

The Company has entered into interest-rate swap contracts to manage its interest-rate exposures to possible interest-rate fluctuation on loans payable to banks. Derivative transactions entered into by the Company have been made in accordance with internal policies, which regulate the authorization and credit limit amount.

10. Use of a Special Purpose Company (SPC) for Property Ownership

The Company has used a sale and lease-back structure to securitize real estate assets pursuant to which an SPC acquires real estate from the Company and leases it back to the Company. The scheme was used to refinance the Shinjuku Higashi-guchi store. This particular SPC structure is required to be reviewed after five years and, if it is determined at that time not to continue with the structure, the real estate will either be repurchased by the Company or sold by the SPC to a third party. In the latter case, where the market value of the real estate has fallen to less than 75% of the initial purchase price, the Company is required to pay the shortfall up to 75 % of the initial purchase price.

In order to obtain financing, on February 27, 2002, the Company used the SPC structure in respect of real estate which it owned in Roppongi. Under this scheme, the Company entrusted the real estate to a trustee and received beneficial rights/interests. The trustee leases the real estate to the Company, will receive rent from the Company and will pay dividends under the trust to the SPC. The term of the trust agreement is 6 years and the term of the lease agreement is 15 years. At the end of the trust agreement, the real estate will either be repurchased by the Company, sold to a third party by tender or assigned by the trustee to the SPC.

11. Stock Incentive Plan

The shareholders of the Company approved a stock incentive plan on September 25, 1998. The plan provides for the issuance of up to 20,000 shares in the form of options to four directors and provides for the issuance of up to 30,000 shares in the form of options to 47 selected employees. The options may be exercised during the period from October 2, 2000 until October 1, 2003, and the exercise price is equal to the fair market value on the date of grant.

The shareholders of the Company approved a stock incentive plan on September 28,1999. The plan provides for the issuance of up to 20,000 shares in the form of options to 40 selected employees. The options may be exercised during the period from October 2, 2001 until October 1, 2004, and the exercise price is equal to the fair market value on the date of grant.

The shareholders of the Company approved a stock incentive plan on September 26, 2000. The plan provides for the issuance of up to 20,000 shares in the form of options to four directors and provides for the issuance of up to 80,000 shares in the form of options to 179 selected employees. The options may be exercised during the period from October 2, 2002 until October 1, 2006, and the exercise price is equal to the fair market value on the date of grant.

The shareholders of the Company approved a stock incentive plan on September 26, 2001. The plan provides for the issuance of up to 25,000 shares in the form of options to five directors and provides for the issuance of up to 100,000 shares in the form of options to 222 selected employees. The options may be exercised during the period from October 2, 2003 until October 1, 2007, and the exercise price is equal to the fair market value on the date of grant.

12. Other Income, Net

Other income, net consisted of other income and other expenses. Other income and other expenses were as follows:

	Thousands of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Other income:			
Gain on sale of securities	**–**	¥ 1,972	**–**
Rental fee for computer system	**¥ 725,871**	512,997	**$ 6,074**
Marketing support fees from suppliers	**–**	78,263	**–**
Reversal of allowance for retirement benefits of Leader Co., Ltd.	**–**	449	**–**
Gain on disposal of fixed assets	**25,407**	–	**213**
Reversal of allowance for doubtful accounts	**2,488**	–	**21**
Other	**460,942**	417,326	**3,857**
Other income total	**1,214,710**	1,011,009	**10,165**
Other expenses:			
Loss on disposal of fixed assets	**30,289**	178	**253**
Loss on devaluation of investment securities	**503,600**	243,250	**4,214**
Loss on sale of investment securities	**8,589**	39,119	**72**
Other	**9,014**	5,540	**75**
Other expenses total	**551,494**	288,088	**4,615**
Other income, net	**¥ 663,215**	¥ 722,921	**$ 5,550**

13. Pledged Assets

The assets pledged as collateral for the Company's liabilities at June 30, 2002 and 2001 were as follows:

	Thousands of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Land	**¥ 3,114,479**	¥ 3,114,479	**$ 26,063**
Buildings	**440,827**	478,456	**3,689**
Total	**¥ 3,555,307**	¥ 3,592,936	**$ 29,752**

Liabilities related with the assets pledged at June 30, 2002 and 2001 were as follows:

	Thousands of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Short-term loans	**¥ 1,736,000**	¥ 1,389,059	**$ 14,527**
Current maturities of long-term debt	**852,076**	572,000	**7,130**
Long-term debt	**880,250**	1,631,876	**7,366**
Total	**¥ 3,468,326**	¥ 3,592,936	**$ 29,023**

14. Non-current Assets

Accounts payable for a part of structures, which have not transferred ownership to the Company as at June 30, 2002 and 2001, were as follows:

	Thousands of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Accounts payable:			
Current	**¥ 6,300**	¥ 6,300	**$ 53**
Non-current	**14,175**	20,475	**118**
Total	**¥ 20,475**	¥ 26,775	**$ 171**

15. Income Tax

The normal effective statutory income tax rate in Japan arising out of the aggregation of corporate, enterprise and inhabitants taxes was approximately 42.1% for 2002 and 2001.

The significant components of deferred tax assets and liabilities at June 30, 2002 and 2001 were as follows:

	Thousands of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Deferred tax assets (current):			
Provision for enterprise tax	**¥ 184,537**	¥ 172,019	**$ 1,544**
Allowance for bonus	**17,448**	10,484	**146**
Inventories	**315,677**	82,016	**2,642**
Others	**21,426**	18,959	**179**
Subtotal	**539,089**	283,479	**4,511**
Deferred tax assets (non-current)			
Accrued retirement benefits	**37,733**	33,472	**316**
Depreciation	**47,699**	42,998	**399**
Valuation loss of investment securities	**267,524**	93,146	**2,239**
Net unrealized losses on investment securities	**28,017**	24,544	**234**
Others	**49,826**	3,699	**417**
Subtotal	**430,801**	197,860	**3,605**
Total	**¥ 969,891**	¥ 481,340	**$ 8,116**

A reconciliation of the difference between the statutory tax rate and the effective income tax rate reflected in the accompanying statements of operation for the fiscal years ended June 30, 2002 and 2001 is as follows:

	2002	2001
Statutory tax rate	**42.1%**	42.1%
Permanent difference	**0.2%**	0.1%
Flat tax of inhabitant tax	**1.4%**	1.2%
Tax on undistributed profits	**–**	5.4%
Others	**–**	1.5%
Effective income tax rate	**43.7%**	50.3%

16. Selling, General and Administrative Expenses

Major elements of selling, general and administrative expenses for the years ended June 30, 2002 and 2001 are summarized as follows:

	Thousands of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Employees' compensation and benefits	**¥ 7,099,325**	¥ 5,596,336	**$ 59,409**
Occupancy and rental	**2,569,261**	1,827,752	**21,500**
Commission	**2,467,986**	2,014,549	**20,652**
Depreciation	**1,305,705**	984,830	**10,926**
Provision for retirement benefits for directors	**10,122**	23,591	**85**
Other	**5,671,331**	4,677,024	**47,459**
Total	**¥ 19,123,731**	¥ 15,124,082	**$ 160,031**

17. Related Party Transactions

Related party transactions for the years ended June 30, 2002 and 2001 were as follows:

			Thousands of yen		Thousands of U.S. dollars
Related party	Category	Description of the Transactions	**2002**	2001	**2002**
Anryu Shoji LTD. (*2)	Company in which the majority vote is owned by the director.	Rental real estate (*1)	**¥ 3,600**	¥ 2,400	**$ 30**
		Brokerage fee	**¥ 1,479**	–	**$ 12**

(*1) The contract for rental real estate was signed on November 1, 2000.
(*2) CEO of the Company, Mr. Takao Yasuda, essentially holds the majority vote.

18. Earnings per Share

	Thousands of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Net income	**¥ 4,027,264**	¥ 3,353,197	**$ 33,701**
Effective of dilutive securities			
0.25% convertible bonds due 2007	**3,004**	–	**25**
Diluted net income	**¥ 4,030,266**	¥ 3,353,197	**$ 33,726**

	Thousands	
	2002	2001
Weighted average number of shares	**10,038**	10,015
Effective of dilutive securities		
Stock options	**6**	12
0.25% convertible bonds due 2007	**262**	–
Diluted weighted average number of shares	**10,306**	10,027

	Yen		U.S. dollars
	2002	2001	**2002**
Basic earnings per share	**¥ 401.20**	¥ 334.82	**$ 3.36**
Diluted earnings per share	**¥ 391.04**	¥ 334.39	**$ 3.27**

19. Cash Flow Information

Cash flow information on June 30, 2002 and 2001 are summarized as follows:

	Thousands of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Cash and time deposits	**¥ 6,250,453**	¥ 3,297,053	**$ 52,305**
Time deposits in excess of three months	**(20,180)**	(47,644)	**(169)**
Cash and cash equivalents	**¥ 6,230,273**	¥ 3,249,409	**$ 52,136**

20. Subsequent Events

Appropriation of retained earnings under the Commercial Code of Japan, a plan for appropriation of retained earnings proposed by the Board of Directors, must be approved at a shareholders' meeting to be held within three months after the end of the fiscal year. The appropriation of retained earnings for the year ended June 30, 2002 was approved by the shareholders' meeting held on September 25, 2002 as follows:

	Thousands of yen	Thousands of U.S. dollars
Cash dividends (¥15.0 ($0.13) per share)	¥ 151,519	$ 1,268

The stock incentive plan provides for the issuance of up to 200,000 shares in the form of options to management and employees. The options may be exercised during the period from October 2, 2004 until October 1, 2008, and the exercise price is equal to the fair market value on the date of grant.

On August 28, 2002, the Company issued ¥6 billion of 0.70% straight bonds due in 2007. The Company intends to use these funds for investing activities related to the expansion of discount retail shops.

On September 13, 2002, the Board of Directors declared the issuance of bonds as follows:

Series 3 ¥1 Billion Unsecured Straight Bonds

Date of issuance:	September 26, 2002
Issue price:	¥100 (par value ¥100)
Redemption date:	Lump-sum payment at September 26, 2006
Purpose:	Investing activities related to the expansion of discount retail shops

Series 4 ¥1 Billion Unsecured Straight Bonds

Date of issuance:	September 26, 2002
Issue price:	¥100 (par value ¥100)
Redemption:	Repayments of ¥100 million per 6 months
Purpose:	Investing activities related to the expansion of discount retail shops

Series 5 ¥2 Billion Unsecured Straight Bonds

Date of issuance:	September 26, 2002
Issue price:	¥100 (par value ¥100)
Redemption date:	Repayments of ¥200 million per 6 months
Purpose:	Investing activities related to the expansion of discount retail shops

On September 13, 2002, the Board of Directors declared to use the SPC structure in respect of real estate for PAW Kawasaki. The Company may entrust the real estate to a trustee and sell beneficial rights/interests to improve the financial structure of the Company by reducing interest-bearing debt.

The property will be sold to La Mancha Third Ltd. for ¥3,353 million.

The estimated profit of ¥35 million on the sale will be recorded in the year ending June 30, 2003.

21. Segment Information

Operating segment information

The Company and its subsidiaries are engaged in discount store operations, wholesale operations and rental business operations for real property. Such segment information, however, has not been presented, as the percentages of other activities are not material to the discount store business.

Geographic segment information

Since most of the Company and its subsidiaries' business activities are conducted in Japan, geographic segment information is not presented.

Sales outside Japan

The Company and its subsidiaries have no sales outside Japan.

Report of Independent Public Accountants

To the Shareholders and the Board of Directors of Don Quijote Co., Ltd.

We have audited the accompanying balance sheets (expressed in yen) of Don Quijote Co., Ltd. and its subsidiaries as of June 30, 2002 and 2001, and the related consolidated statements of income, stockholders' equity and cash flows for each of the years in the two-year period ended June 30. Our audits were made in accordance with generally accepted audit standards in Japan and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Don Quijote Co., Ltd. and its subsidiaries as of June 30, 2002 and 2001, and the consolidated result of their operations and their cash flows for each of the years in the two-year period ended June 30, in conformity with generally accepted accounting principles in Japan consistently applied during the period. Also, in our opinion, the accompanying consolidated financial statements expressed in yen have been translated into U.S. dollars on the basis set forth in Note 2.

MEMBER OF MAZARS

BA Tokyo & Co.
Certified Public Accountants

Tokyo, Japan
September 25, 2002

Statement on accounting principles and auditing standards

This statement is to remind users that accounting principles and auditing standards and their application in practice may vary among nations and therefore could affect, possibly materially, the reported financial position, and result of operations. The accompanying financial statements are prepared based on accounting principles generally accepted in Japan, and the auditing standards and their application in practice are those generally accepted in Japan. Accordingly the accompanying financial statements and the auditors' reports presented above are for users familiar with Japanese accounting principles, audit standards and their application in practice.

Investor Information

Corporate Data (as of June 30, 2002)

Company name
Don Quijote Co., Ltd.

Scope of business
Operation of discount stores, which sell home appliances, daily sundries, foods, watches, fashion merchandise, sporting goods, leisure equipment and other products

Head office
4-14-1, Kitakasai, Edogawa-ku, Tokyo 134-0081, Japan
Tel: +81-3-5667-7511
Fax: +81-3-5667-7522

Date of establishment
September 5, 1980

Paid-in capital
¥5,815,528 thousand

Number of employees
938

Number of stores
53

Board of directors (as of September 25, 2002)
President and representative director
Takao Yasuda
Directors
Mitsuo Takahashi
Junji Narusawa
Kouji Ohara
Satoshi Ueda
Kiyoshi Kubota
Standing statutory auditor
Isao Matsuura
Statutory auditors
Mutsuo Takahashi
Hitoshi Ehara
Masaru Ueno

Store Network (as of June 30, 2002)

Hokkaido

Sapporo store	3-6, Minami nijo nishi, Chuo-ku, Sapporo
Teine store	11-7-10, Maeda gojo, Teine-ku, Sapporo
Hiraoka store	1-1-35, Hiraoka yojo, Kiyota-ku, Sapporo

Tokyo Metropolitan Area

Fuchu store	2-6-3, Midori-cho, Fuchu
Suginami store	4-22-13, Miyamae, Suginami-ku
Shinjuku store	1-12-6, Okubo, Shinjuku-ku
Kasai store	4-14-1, Kitakasai, Edogawa-ku
Kanpachi Setagaya store	3-39, Hachimanyama, Setagaya-ku
Kannana Umejima store	5-5-14, Chuohoncho, Adachi-ku
Keihin Kamata store	3-29, Nakarokugo, Ota-ku
Keio Horinouchi store	34-11, Matsugi, Hachioji
Tohachi Mitaka store	1-24, Nozaki, Mitaka
Koganei Koen store	5-3-12, Shin-machi, Nishitokyo
Shibuya store	2-25-8, Dogenzaka, Shibuya-ku
Mejirodai store	586-22, Kunugida-machi, Hachioji
Kannana Honancho store	1-28-3, Honan, Suginami-ku
Shinjuku Higashi-guchi store	1-16-5, Kabuki-cho, Shinjuku-ku
Kodaira store	1-5-23, Ogawahigashi-cho, Kodaira
Roppongi store	3-14-10, Roppongi, Minato-ku
Aoto store	3-1-1, Aoto, Katsushika-ku
Picasso Shinkoiwa store	1-30-2, Shinkoiwa, Katsushika-ku
Picasso Kokubunji store	2-2-8, Hon-cho, Kokubunji

Kanagawa Prefecture

Tomei Kawasaki store	1645, Maginu, Miyamae-ku, Kawasaki
Shin-Yokohama store	7-9-25, Kikuna, Kohoku-ku, Yokohama
Minato Yamashita store	1-2-8, Shinyamashita, Naka-ku, Yokohama
Tomei Sagamihara store	985-1, Kamitsuruma, Sagamihara
Yokosuka store	1-22-7, Otsu-cho, Yokosuka
Tomei Yokohama Inta store	5-1-8, Kirigaoka, Midori-ku, Yokohama
PAW Kawasaki store	1-44-1, Shinmei-cho, Saiwai-ku, Kawasaki
Totsuka Harajuku store	4-5-11, Harajuku, Totsuka-ku, Yokohama
Picasso Isezakicho store	1-5, Akebono-cho, Naka-ku, Yokohama
Picasso Tsurumi-ekimae store	7-12, Toyooka-cho, Tsurumi-ku, Yokohama

Saitama Prefecture

Omiya store	2-685, Higashionari-cho, Saitama
Wako store	3-11-85, Shirako, Wako
Urawa Kagetsu store	260-1, Fudoya, Nakao, Saitama
Omiya Owada store	1-219-6, Owada-cho, Saitama
Kawaguchi Araijuku store	81-1, Minamihara, Nishiaraijuku, Kawaguchi
Warabi store	1-11-11, Nishiki-cho, Warabi
Picasso Ageo store	1-7-23, Naka-cho, Ageo

Chiba Prefecture

Kisarazu store	2-2-1, Jozai, Kisarazu
Makuhari store	5-391-6, Makuhari-cho, Hanamigawa-ku, Chiba
Ichihara store	217, Yawata, Ichihara
Baraki Nishifunabashi store	474-1, Hongo-cho, Funabashi
Chiba Chuo store	3-10-6, Yuko, Chuo-ku, Chiba
Picasso Motoyawata store	4-7-2, Minamiyawata, Ichikawa

Osaka Prefecture

Minoh store	4-1-30, Makiochi, Minoh
Hirakata store	2-30-10, Ikenomiya, Hirakata
Picasso Namba store	3-8-22, Namba, Chuo-ku, Osaka

Hyogo Prefecture

Itami store	7-62-1, Ojika, Itami
Himeji-minami store	2-51, Kamae, Shikama-ku, Himeji

Fukuoka Prefecture

Rakuichigaido Hakozaki store	5-1-8, Hakozaki, Higashi-ku, Fukuoka
Nishijin store	3-4-2, Nishijin, Sawara-ku, Fukuoka
Rakuichirakuza Kurume store	2-2-1, Higashiaikawa, Kurume

Share Information (as of June 30, 2002)

Shares of common stock

Authorized: 39,000,000

Issued: 10,101,273

Treasury stock: 374

Number of shareholders

3,863

Principal shareholders

	Number of shares held (thousands)	Percentage of total shares in issue (%)
Takao Yasuda	3,082.0	30.5
Clariden Bank	1,506.0	14.9
The Master Trust Bank of Japan, Ltd.	738.4	7.3
Japan Trustee Services Bank, Ltd.	389.6	3.9
UBS AG Hong Kong	380.0	3.8
UFJ Trust Bank Ltd.	324.6	3.2
The Nomura Trust & Banking Co., Ltd.	233.5	2.3
The Chase Manhattan Bank, N.A. London	171.7	1.7
Bank of Bermuda (Guernsey) Limited Atlantis for Japan Growth Fund	141.6	1.4
Mitsui Asset Trust & Banking Co., Ltd.	132.7	1.3

Share ownership by category

	Number of shareholders	Number of shares held (thousands)	Percentage of total shares in issue (%)
Financial Institutions	52	2,632.2	26.1
Securities Companies	9	28.8	0.3
Other Japanese Corporations	65	31.0	0.3
Foreign Corporations and Individuals	126	3,576.4	35.4
Japanese Individuals and Others	3,611	3,833.1	37.9
Total	3,863	10,101.6	100.0

Transfer agent

The Chuo Mitsui Trust & Banking Co., Ltd.

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Stock listings

Tokyo Stock Exchange, First Section

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