

Summary Report of Consolidated Financial Results For the Second Quarter Ended December 31, 2009

(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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(Amounts in million yen are rounded off to the nearest million)

1. Overview of Business Results and Financial Position for the second quarter of fiscal 2010

(From July 1, 2009 to December 31, 2009)

(1) Results of Business Operations

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Ordinary Income	Change (%)
Six Months Ended December 31, 2009	250,698	2.7	11,101	33.8	10,833	69.7
Six Months Ended December 31, 2008	244,195	—	8,296	—	6,382	—

	Net Income	Change (%)	Net Income Per Share (Yen)	Net Income Per Share-fully diluted (Yen)
Six Months Ended December 31, 2009	6,100	195.0	88.00	82.16
Six Months Ended December 31, 2008	2,068	—	29.91	27.92

(2) Financial Position

(Millions of yen, except per-share data)

	Total Assets	Net assets	Ratio of Shareholders' Equity to Total Assets (%)	Net assets per Share (Yen)
As of December 31, 2009	342,552	95,599	27.5	1,355.20
Last Fiscal Year	297,527	89,972	29.9	1,284.15

2. Dividends

	Yen				
	Three Months Ended September 30	Six Months Ended December 31	Nine Months Ended March 31	Year Ended June 30	Total
Year Ended June 30, 2009	—	10.00	—	13.00	23.00
Year Ending June 30, 2010	—	10.00	—	—	—
Year Ending June 30, 2010 (Forecast)	—	—	—	13.00	23.00

(Note) Revision to the dividend forecast in the second quarter of fiscal 2010: None

3. Consolidated Business Forecast : For the year ending June 30, 2010 (From July 1, 2009 to June 30, 2010)

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Ordinary Income	Change (%)	Net Income	Change (%)	Net Income per Share (Yen)
Year Ending June 30, 2010	497,000	3.4	19,500	13.6	19,200	20.1	10,800	26.3	155.23

(Notes) Revision to the business forecast in the second quarter of fiscal 2010: Yes

4. Others

(1) Significant changes in subsidiaries (Changes in subsidiaries resulting in changes in the scope of consolidation):
None

(2) Simplified accounting methods and special accounting methods for preparation of the quarterly consolidated financial statements: Yes

① Calculation of provision for doubtful accounts

Credit loss ratio of the previous fiscal year end was used to calculate the provision for bad debts for the current first quarter.

② Calculation of depreciation expenses for fixed assets

For fixed assets where depreciation is calculated by declining-balance method, the annual depreciation is proportionately allocated to each quarter.

③ Computation method for income taxes, deferred tax assets and deferred tax liabilities

The recoverability of deferred tax assets was assessed based on the projections of future performance and tax planning that were used in the prior fiscal year but also by taking into account the effects of significant changes if such significant changes were recognized in the business environment or in the circumstances where temporary differences occur during the period from the end of the prior fiscal year to December 31, 2009.

(3) Changes in accounting policies concerning preparation of quarterly consolidated financial statements

① Changes in line with revision to accounting standards: None

② Other changes: None

(4) Number of outstanding shares (Common stock)

① Number of outstanding shares (Treasury stock included)	December 31, 2009	72,022,209 shares
	June 30, 2009	72,022,209 shares
② Number of treasury stock	December 31, 2009	2,447,233 shares
	June 30, 2009	2,840,970 shares
③ Average number of outstanding shares during the period	December 31, 2009	69,322,868 shares
	December 31, 2008	69,133,711 shares

※Explanation regarding the appropriate use of forecasts of business results

The financial forecasts of business results are based on judgments and estimates that have been made using of currently available information. By nature, such financial forecasts are subject to uncertainty and risk. Therefore, you are advised that the final results might be significantly different from the aforementioned forecasts due to changes in economic environments related to our business, market trends and exchange rate, etc.

Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2009	As of June 30, 2009
	Amount	Amount
Assets		
Current assets		
Cash and deposits	¥79,456	¥42,563
Notes and Accounts receivable-trade	5,214	4,612
Merchandise and finished goods	74,816	70,651
Other	7,818	6,150
Allowance for doubtful accounts	(147)	(174)
Total current assets	<u>167,157</u>	<u>123,802</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	51,011	49,923
Tools, furniture and fixtures, net	9,549	8,789
Land	57,456	55,028
Other, net	179	638
Total property, plant and equipment	<u>118,195</u>	<u>114,378</u>
Intangible assets	<u>2,759</u>	<u>2,960</u>
Investments and other assets		
Investment securities	11,414	12,055
Lease and guarantee deposits	35,365	36,846
Other	10,406	10,252
Allowance for doubtful accounts	(2,744)	(2,766)
Total investments and other assets	<u>54,441</u>	<u>56,387</u>
Total noncurrent assets	<u>175,395</u>	<u>173,725</u>
Total assets	<u>¥342,552</u>	<u>¥297,527</u>

	(Millions of yen)	
	As of December 31, 2009	As of June 30, 2009
	Amount	Amount
Liabilities		
Current liabilities		
Accounts payable-trade	¥57,192	¥41,062
Short-term loans-payable	4,862	11,000
Current portion of long-term loans payable	12,034	9,696
Current portion of bonds	11,325	9,695
Current portion of convertible bonds	—	20,171
Commercial papers	18,491	—
Income taxes payable	4,401	3,354
Provision for point card certificates	232	386
Other provision	171	52
Other	17,362	15,467
Total current liabilities	126,070	110,883
Noncurrent liabilities		
Bonds payable	66,675	53,253
Convertible bonds	8,975	9,335
Long-term loans payable	25,204	13,575
Derivatives liabilities	2,981	2,233
Provision for retirement benefits	341	472
Provision for directors' retirement benefits	363	162
Negative goodwill	3,734	4,163
Other	12,610	13,479
Total noncurrent liabilities	120,883	96,672
Total liabilities	246,953	207,555
Net assets		
Shareholders' equity		
Capital stock	14,977	14,977
Capital surplus	16,347	16,289
Retained earnings	71,061	65,806
Treasury stock	(4,286)	(4,976)
Total shareholders' equity	98,099	92,096
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(1,661)	(1,856)
Foreign currency translation adjustment	(2,150)	(1,401)
Total valuation and translation adjustments	(3,811)	(3,257)
Subscription rights to shares	1	1
Minority interests	1,310	1,132
Total net assets	95,599	89,972
Total liabilities and net assets	¥342,552	¥297,527

Consolidated Statements of Income

(Millions of yen)

	Six months ended December 31, 2009	Six months ended December 31, 2008
	Amount	Amount
Net sales	¥250,698	¥244,195
Cost of sales	187,893	179,075
Gross profit	62,805	65,120
Selling, general and administrative expenses	51,704	56,824
Operating income	11,101	8,296
Non-operating income		
Interest and dividends income	266	231
Amortization of negative goodwill	429	428
Other	899	387
Total non-operating income	1,594	1,046
Non-operating expenses		
Interest expense	790	612
Loss on valuation of derivatives	748	2,165
Other	324	183
Total non-operating expenses	1,862	2,960
Ordinary income	10,833	6,382
Extraordinary income		
Gain on sales of noncurrent assets	442	63
Compensation income	—	150
Reversal of provision for point card certificates	—	41
Gain on redemption of convertible bonds	221	—
Other	133	117
Total extraordinary income	796	371
Extraordinary losses		
Loss on valuation of investment securities	724	1,548
Loss on closing of stores	185	843
Settlement package	342	—
Other	302	424
Total extraordinary losses	1,553	2,815
Income before income taxes and minority interests	10,076	3,938
Income taxes - Current	4,057	2,926
Income taxes - Deferred	(259)	(1,259)
Total income taxes	3,798	1,667
Minority interests in income	178	203
Net income	¥6,100	¥2,068

Consolidated Statements of Cash Flows

	(Millions of yen)	
	Six months ended	Six months ended
	December 31, 2009	December 31, 2008
	Amount	Amount
Net cash provided by operating activities:		
Income before income taxes and minority interests	¥10,076	¥3,938
Depreciation and amortization	4,334	4,149
Amortization of negative goodwill	(429)	(428)
Decrease in provision	(14)	(228)
Interest and dividend income	(266)	(231)
Interest expenses	790	612
Loss on valuation of derivatives	748	2,165
Gain on sales of property, plant and equipment	(442)	—
Gain on redemption of convertible bonds	(221)	—
Loss on valuation of investment securities	724	1,548
Increase in notes and accounts receivable-trade	(603)	(723)
Increase in inventories	(4,265)	(4,735)
Increase in notes and accounts payable-trade	16,192	8,130
Other, net	514	983
Sub total	27,138	15,180
Interest and dividends income received	194	123
Interest expenses paid	(779)	(601)
Income taxes paid	(3,084)	(2,279)
Net cash provided by operating activities	23,469	12,423
Net cash used in investing activities:		
Payments into time deposits	(10,213)	—
Proceeds from withdrawal of time deposits	59	—
Purchase of property and equipment	(8,708)	(4,927)
Proceeds from sales of property, plant and equipment	1,365	227
Payments for lease and guarantee deposits	(352)	(1,626)
Proceeds from collection of lease and guarantee deposits	893	1,474
Purchase of investment securities	(40)	(7,614)
Proceeds from sales of investment securities	6	817
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(1,893)
Additional purchase of investments in subsidiaries	—	(648)
Other, net	(460)	(510)
Net cash used in investing activities	(17,450)	(14,700)
Net cash provided by financing activities:		
Net increase (decrease) in short-term loans payable	(6,138)	8,800
Proceeds from long-term loans payable	19,400	225
Repayment of long-term loans payable	(5,433)	(4,413)
Net increase in commercial papers	18,479	—
Proceeds from issuance of bonds	19,900	5,500
Redemption of bonds	(4,848)	(3,160)
Redemption of convertible bonds	(19,950)	—
Cash dividends paid	(899)	(829)
Other, net	274	(88)
Net cash provided by financing activities	20,785	6,035
Effect of exchange rate change on cash and cash equivalents	(154)	93
Net increase in cash and cash equivalents	26,650	3,851
Cash and cash equivalents at beginning of period	42,040	38,086
Increase in cash and cash equivalents resulting from merger between consolidated and unconsolidated subsidiaries	62	—
Cash and cash equivalents at end of period	¥68,752	¥41,937

Segment Information

For the second quarter ended December 31, 2009

a. Operating segment information

For the second quarter ended December 31, 2009

(Millions of yen)

	Discount Store business	GMS business	Rent business	Others	Total	Corporate eliminations	Consolidated
Sales							
Sales to third parties	¥211,439	¥30,178	¥8,040	¥1,041	¥250,698	¥-	¥250,698
Intersegment sales	194	3	1,205	441	1,843	(1,843)	-
Total	211,633	30,181	9,245	1,482	252,541	(1,843)	250,698
Operating income (loss)	¥9,212	¥(390)	¥2,269	¥203	¥11,294	¥(193)	¥11,101

b. Geographic segment information

For the second quarter ended December 31, 2009, net sales in Japan accounted for more than 90% of those of all the segments. Consequently, details of each geographic segment information are not presented.

c. Sales outside Japan

For the second quarter ended December 31, 2009, sales outside of Japan amounted less than 10% of the consolidated net sales, and therefore the information is not presented.

For the second quarter ended December 31, 2008

a. Operating segment information

For the second quarter ended December 31, 2008

(Millions of yen)

	Discount Store business	GMS business	Rent business	Others	Total	Corporate eliminations	Consolidated
Sales							
Sales to third parties	¥187,446	¥47,991	¥7,473	¥1,285	¥244,195	¥-	¥244,195
Intersegment sales	251	178	1,133	871	2,433	(2,433)	-
Total	187,697	48,169	8,606	2,156	246,628	(2,433)	244,195
Operating income (loss)	¥7,811	¥(1,955)	¥2,116	¥291	¥8,263	¥33	¥8,296

b. Geographic segment information

For the second quarter ended December 31, 2008, net sales in Japan accounted for more than 90% of those of all the segments. Consequently, details of each geographic segment information are not presented.

c. Sales outside Japan

For the second quarter ended December 31, 2008, sales outside of Japan amounted less than 10% of the consolidated net sales, and therefore the information is not presented.

Notes on the going-concern assumption

Not applicable

Notes on significant changes in the amount of shareholders' equity

Not applicable