

Summary Report of Consolidated Financial Results

For the First Quarter Ended September 30, 2010

(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 first quarter of fiscal 2011 (From July 1, 2010 to September 30, 2010)

(1) Results of Business Operations

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Ordinary Income	Change (%)
Three Months Ended September 30, 2010	124,716	0.9	6,881	32.9	6,422	32.3
Three Months Ended September 30, 2009	123,583	3.0	5,178	13.6	4,855	4.9

	Net Income	Change (%)	Net Income Per Share (Yen)	Net Income Per Share-fully diluted (Yen)
Three Months Ended September 30, 2010	3,085	△13.5	42.78	40.09
Three Months Ended September 30, 2009	3,568	60.0	51.56	48.12

(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 September 30, 2010	321,638	108,650	33.3	1,482.99
Last Fiscal Year	302,029	106,760	34.9	1,460.81

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, 2010	—	10.00	—	15.00	25.00
Year Ending June 30, 2011	—	—	—	—	—
Year Ending June 30, 2011 (Forecast)	—	10.00	—	15.00	25.00

(Note) Revision to the dividend forecast in the first quarter of fiscal 2011: None

3. Consolidated Business Forecast : For the year ending June 30, 2011 (From July 1, 2010 to June 30, 2011)

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Ordinary Income	Change (%)	Net Income	Change (%)	Net Income per Share (Yen)
Six Months Ending December 31, 2010	258,000	2.9	12,500	12.6	11,800	8.9	6,100	0.0	79.39
Year Ending June 30, 2011	510,000	4.6	23,000	9.2	22,000	4.2	11,600	13.3	150.98

(Notes) Revision to the business forecast in the first quarter of fiscal 2011: Yes

4. Others

(1) Significant changes in subsidiaries (Changes in subsidiaries resulting in changes in the scope of consolidation): No

(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 Method for assessing the value of inventories

Inventories at the end of the first quarter are mainly calculated using a reasonable method based on book value, no physical inventory count is taken. In addition, the carrying amount of inventories is reduced to estimated net selling value only where there is an obvious decrease in profitability.

③ 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.

④ 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 September 30, 2010.

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

① Changes in line with revision to accounting standards: Yes

② Other changes: None

(4) Number of outstanding shares (Common stock)

① Number of outstanding shares (Treasury stock included)	September 30, 2010	72,249,769 shares
	June 30, 2010	72,095,109 shares
② Number of treasury stock	September 30, 2010	533 shares
	June 30, 2010	473 shares
③ Average number of outstanding shares during the period	September 30, 2010	72,102,709 shares
	September 30, 2009	69,199,771 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 uncertainties and risks. Therefore, 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 September 30, 2010	As of June 30, 2010
	Amount	Amount
Assets		
Current assets		
Cash and deposits	¥57,817	¥41,734
Notes and Accounts receivable-trade	4,362	4,045
Merchandise and finished goods	77,089	74,452
Other	6,532	8,020
Allowance for doubtful accounts	(56)	(53)
Total current assets	<u>145,744</u>	<u>128,198</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	51,314	49,961
Tools, furniture and fixtures, net	8,776	8,711
Land	64,283	64,378
Other, net	2,148	684
Total property, plant and equipment	<u>126,521</u>	<u>123,734</u>
Intangible assets	<u>2,750</u>	<u>2,721</u>
Investments and other assets		
Investment securities	5,309	6,297
Lease and guarantee deposits	34,096	33,674
Other	10,538	10,566
Allowance for doubtful accounts	(3,320)	(3,161)
Total investments and other assets	<u>46,623</u>	<u>47,376</u>
Total noncurrent assets	<u>175,894</u>	<u>173,831</u>
Total assets	<u>¥321,638</u>	<u>¥302,029</u>

	(Millions of yen)	
	As of September 30, 2010	As of June 30, 2010
	Amount	Amount
Liabilities		
Current liabilities		
Accounts payable-trade	¥45,594	¥42,670
Short-term loans-payable	2,831	698
Current portion of long-term loans payable	11,503	10,834
Current portion of bonds	42,707	41,507
Current portion of convertible bonds	8,345	8,625
Income taxes payable	2,551	4,014
Provision for point card certificates	233	247
Other provision	173	72
Other	14,727	13,338
Total current liabilities	128,664	122,005
Noncurrent liabilities		
Bonds payable	37,097	33,851
Convertible bonds	350	350
Long-term loans payable	26,706	20,379
Derivatives liabilities	3,133	2,848
Provision for retirement benefits	86	84
Provision for directors' retirement benefits	366	375
Negative goodwill	3,091	3,306
Asset retirement obligations	1,641	—
Other	11,854	12,071
Total noncurrent liabilities	84,324	73,264
Total liabilities	212,988	195,269
Net assets		
Shareholders' equity		
Capital stock	15,190	15,049
Capital surplus	17,997	17,856
Retained earnings	76,356	74,503
Treasury stock	(1)	(1)
Total shareholders' equity	109,542	107,407
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(130)	(104)
Foreign currency translation adjustment	(2,267)	(1,986)
Total valuation and translation adjustments	(2,397)	(2,090)
Subscription rights to shares	0	0
Minority interests	1,505	1,443
Total net assets	108,650	106,760
Total liabilities and net assets	¥321,638	¥302,029

Consolidated Statements of Income

	(Millions of yen)	
	Three months ended September 30, 2010	Three months ended September 30, 2009
	Amount	Amount
Net sales	¥124,716	¥123,583
Cost of sales	92,627	92,726
Gross profit	32,089	30,857
Selling, general and administrative expenses	25,208	25,679
Operating income	6,881	5,178
Non-operating income		
Interest and dividends income	152	153
Amortization of negative goodwill	214	214
Other	331	211
Total non-operating income	697	578
Non-operating expenses		
Interest expenses	416	341
Loss on valuation of derivatives	285	397
Other	455	163
Total non-operating expenses	1,156	901
Ordinary income	6,422	4,855
Extraordinary income		
Gain on sales of noncurrent assets	—	380
Gain on redemption of convertible bonds	—	221
Other	5	69
Total extraordinary income	5	670
Extraordinary losses		
Loss on retirement of noncurrent assets	22	93
Loss on valuation of investment securities	15	30
Loss on closing of stores	88	72
Loss on adjustment for changes of accounting standard for asset retirement obligations	682	—
Other	280	77
Total extraordinary losses	1,087	272
Income before income taxes and minority interests	5,340	5,253
Income taxes - Current	2,416	1,777
Income taxes - Deferred	(287)	(197)
Total income taxes	2,129	1,580
Income before minority interests	3,211	—
Minority interests in income	126	105
Net income	¥3,085	¥3,568

Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended September 30, 2010	Three months ended September 30, 2009
	Amount	Amount
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	¥5,340	¥5,253
Depreciation and amortization	2,197	2,058
Amortization of negative goodwill	(214)	(214)
Increase (decrease) in provision	81	(94)
Interest and dividends income	(152)	(153)
Interest expenses	416	341
Loss on valuation of derivatives	285	397
Gain on sale of noncurrent assets	—	(380)
Gain on redemption of convertible bonds	—	(221)
Loss on valuation of investment securities	15	30
Loss on adjustment for changes of accounting standard for asset retirement obligations	682	—
Decrease (increase) in notes and accounts receivable-trade	(313)	516
Decrease (increase) in inventories	(2,672)	2,049
Increase (decrease) in notes and accounts payable-trade	3,093	(977)
Other, net	1,381	(595)
Sub total	10,139	8,010
Interest and dividends income received	106	108
Interest expenses paid	(583)	(560)
Income taxes paid	(3,688)	(3,084)
Net cash provided by operating activities	5,974	4,474
Net cash provided by (used in) investing activities:		
Payments into time deposits	(20,100)	(1,160)
Proceeds from withdrawal of time deposits	3,114	22
Purchase of property, plant and equipment	(2,998)	(3,066)
Proceeds from sales of property, plant and equipment	—	1,166
Payments for lease and guarantee deposits	(284)	(180)
Proceeds from collection of lease and guarantee deposits	632	338
Purchase of investment securities	—	(13)
Proceeds from sales of investment securities	927	6
Other, net	(362)	(582)
Net cash used in investing activities	(19,071)	(3,469)
Net cash provided by (used in) financing activities:		
Net increase in short-term loans payable	2,133	10,306
Proceeds from long-term loans payable	10,000	3,400
Repayment of long-term loans payable	(3,004)	(2,670)
Net increase in commercial papers	—	9,488
Proceeds from issuance of bonds	9,000	3,000
Redemption of bonds	(4,554)	(4,413)
Redemption of convertible bonds	—	(19,950)
Cash dividends paid	(1,081)	(899)
Other, net	(28)	157
Net cash provided by (used in) financing activities	¥12,466	¥(1,581)

	(Millions of yen)	
	Three months ended September 30, 2010	Three months ended September 30, 2009
	Amount	Amount
Effect of exchange rate change on cash and cash equivalents	¥(73)	¥(54)
Net decrease in cash and cash equivalents	(704)	(630)
Cash and cash equivalents at beginning of period	38,911	42,040
Increase in cash and cash equivalents from newly consolidated subsidiary	8	—
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(215)	—
Increase in cash and cash equivalents resulting from merger between consolidated and unconsolidated subsidiaries	—	62
Cash and cash equivalents at end of period	¥38,000	¥41,472

Segment Information

For the first quarter ended September 30, 2010

1. Overview of Reporting Segments

The Company's reporting segments are those for which financial information separate from that of other units comprising the Group can be obtained. These reporting segments are the subject of regular reviews by the board of directors for determining the allocation of management resources and assessment of business results.

The Group regards "Retail business" and "Rent business" as reporting segments from scope of business. The "Retail business" presents stores such as "Don Quijote", "MEGA Don Quijote", "Nagasakiya", "Doit". The "Rent business" operates a tenant invitation in the shopping malls and management.

2. Information concerning sales and income (loss) by reporting segment

For the first quarter ended September 30, 2010

(Millions of yen)

	Reporting segment			Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Retail business	Rent business	Sub Total				
Sales, Segment income							
Sales							
Sales to third parties	¥119,844	¥3,966	¥123,810	¥906	¥124,716	¥—	¥124,716
Intersegment sales	—	624	624	224	848	(848)	—
Total	119,844	4,590	124,434	1,130	125,564	(848)	124,716
Segment income	¥5,473	¥1,240	¥6,713	¥116	¥6,829	¥52	¥6,881

Notes

- The other businesses segment includes the services of real estate business, marketing business, cellular phones sales business that are not included in other reporting segments.
- The segment adjusted income of ¥52 million is an intersegment elimination.
- Segment income is adjusted with operating income.

3. There are no applicable items concerning impairment of fixed assets or goodwill.

In a retail business segment, goodwill has newly increased ¥66 million with having taken over a business about the membership system wholesale type retail business in the first quarter ended September 30, 2010.

(Additional Information)

Effective from the first quarter of the current fiscal year, the Company adopted the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, March 21, 2008).

For the first quarter ended September 30, 2009

a. Operating segment information

For the first quarter ended September 30, 2009

(Millions of yen)

	Discount Store business	GMS business	Rent business	Others	Total	Corporate eliminations	Consolidated
Sales, Operating income (loss)							
Sales							
Sales to third parties	¥102,530	¥16,483	¥4,136	¥434	¥123,583	¥-	¥123,583
Intersegment sales	131	3	631	237	1,002	(1,002)	-
Total	102,661	16,486	4,767	671	124,585	(1,002)	123,583
Operating income (loss)	¥4,322	¥(125)	¥1,047	¥83	¥5,327	¥(149)	¥5,178

b. Geographic segment information

For the first quarter ended September 30, 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 first quarter ended September 30, 2009, 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