

Summary Report of Consolidated Financial Results For the First Quarter Ended September 30, 2008

(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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1. Overview of Business Results and Financial Position for the first quarter of fiscal 2009 (From July 1, 2008 to September 30, 2008)

(1) Results of Business Operations

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Recurring Income	Change (%)
Three Months Ended September 30, 2008	119,928	—	4,560	—	4,630	—
Three Months Ended September 30, 2007	85,431	17.6	4,766	32.3	4,874	16.4

	Net Income	Change (%)	Basic Earnings Per Share (Yen)	Diluted Earnings Per Share (Yen)
Three Months Ended September 30, 2008	2,230	—	32.28	30.12
Three Months Ended September 30, 2007	2,467	(6.2)	34.35	—

(2) Financial Position

(Millions of yen, except per-share data)

	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity to Total Assets (%)	Shareholders' Equity per Share (Yen)
As of September 30, 2008	274,650	86,237	31.0	1,233.49
Last Fiscal Year	276,288	84,625	30.0	1,200.46

2. Dividends

	Yen (per share)				
	Three Months Ended September 30	Six Months Ended December 31	Nine Months Ended March 31	Year Ended June 30	Total
Year Ended June 30, 2008	—	10.00	—	12.00	22.00
Year Ending June 30, 2009	—	—	—	—	—
Year Ending June 30, 2009 (Forecast)	—	10.00	—	12.00	22.00

(Note) Revision to the dividend forecast in the first quarter of fiscal 2009: None

3. Consolidated Business Forecast : For the year ending June 30, 2009 (From July 1, 2008 to June 30, 2009)

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Recurring Income	Change (%)	Net Income	Change (%)	Net Income per Share (Yen)
Six Months Ending December 31, 2008	220,000	—	7,900	—	8,500	—	4,800	—	69.44
Year Ending June 30, 2009	448,000	10.6	17,000	6.4	18,000	4.6	10,300	10.7	149.00

(Notes) Revision to the business forecast in the first quarter of fiscal 2009: None

4. Others

- (1) Basis for preparation of quarterly financial results
 - ① The financial results for the first quarter of fiscal 2009 and 2008 were reviewed by independent public accountants.
 - ② This summary report includes the accounting figures that are not through the formal closing process.
 - ③ Amounts are presented in millions of yen and are rounded off to the nearest million yen.
- (2) Changes in significant subsidiaries (Changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (3) Simplified accounting methods and special accounting methods for preparation of the quarterly consolidated financial statements: Yes
- (4) 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
- (5) Number of outstanding shares (Common stock)
 - ① Number of outstanding shares (Treasury stock included)

September 30, 2008	72,022,209 shares
June 30, 2008	72,022,209 shares
 - ② Number of treasury stock

September 30, 2008	2,893,045 shares
June 30, 2008	2,936,729 shares
 - ③ Average number of outstanding shares during the period

September 30, 2008	69,094,578 shares
September 30, 2007	71,777,605 shares

Disclaimer regarding Forward-looking Statements

1. Statements made in this report with respect to our consolidated business forecasts are forward-looking statements about our future performance. These statements are based on management's assumption and briefs in the light of information currently available to us, and therefore, undue reliance should not be placed on them. Various important factors could cause actual results to be materially different from those discussed in the forward-looking statements.
2. Effective from the fiscal year ending June 30, 2009, Don Quijote Co., Ltd. and its subsidiaries (the "Group") adopted "Accounting Standard for Quarterly Financial Statements" (Corporate Accounting Standard No.12) and "Application Guideline of Accounting Standard for Quarterly Financial Statements" (Corporate Accounting Standard Application Guideline No.14). Consolidated financial statements were prepared in accordance with the "Regulations of Quarterly Consolidated Financial Statements".

Consolidated Business Results

As for the first quarter ended September 30, 2008, Japanese economy had showed a slowdown such as decrease in business investment and export business due to the recession in the U.S. and surging costs for crude oil and other raw materials.

In the retail industry, business environment had remained in balance due to decline in consumer confidence caused by rising prices of daily commodities and foods as well as escalation of enterprise competition.

In such conditions, as a pioneer of creating a new type of business operations that focuses on the principle of "Always thinking of customers first", the Group had practiced various measures to make such stores where customers get impressed by high quality amusements and services.

The Group made every effort to have customers find the intrinsic joy of shopping by laying out popular goods that adapt to changing times and enhancing unique goods marketing to meet both diverse and individual needs.

Also, the Group bolstered and enriched quality of internal systems for nationwide expansion as well as promoted opening new stores with mobility and efficiency so that the Group can impress as many customers as possible.

For the first quarter of fiscal 2009, the Group opened one store in Kanto area (Ibaraki prefecture – Don Quijote Mito). On the other hand, the Group closed six stores (Kitamoto, Asahikawa, Town-Doit Kyodo, Nagasakiya-Tateishi, Nagasakiya-Kushiro and Nagasakiya-Mobara) based on a review of business strategy. The Group has also closed two stores (Doit-Kasukabe and Doit-Kobuchi) for the purpose of business model change into MEGA-Don Quijote.

Consequently, the total number of stores as of September 30, 2008 is 216 (223 as of June 30, 2008).

As a result, the Group achieved its net sales of ¥119,928 million, operating income of ¥4,560 million, recurring income of ¥4,630 million and net income of ¥2,230 million as for the first quarter ended September 30, 2008.

Results by operating segment are as follows. Net sales and operating income in the discount retail store operation were ¥89,782 million and ¥3,992 million respectively. Net sales and operating loss in the retail superstore operation were ¥25,952 million and ¥789 million respectively. Net sales and operating income in the rental business operation were ¥4,425 million and ¥1,151 million respectively. Net sales and operating income in others were ¥1,019 million and ¥147 million respectively.

Consolidated Financial Position

Total assets as of September 30, 2008 decreased by ¥1,638 million from the end of last consolidated fiscal year ended June 30, 2008 to ¥274,650 million. The result is mainly from the increase of investment securities by ¥2,037 million as well as the decrease in cash and time deposit by ¥3,747 million.

Total liabilities as of September 30, 2008 decreased by ¥3,250 million from the end of last consolidated fiscal year to ¥188,413 million. The result is mainly from the repayment of short-term loans and long-term debts by ¥1,744 million.

Shareholders' equity as of September 30, 2008 increased by ¥1,612 million from the end of last consolidated fiscal year to ¥86,237 million.

Although the Group recorded increase of accumulated depreciation and net profit, net cash provided by operating activities was ¥4,600 million because of payment of income taxes.

Net cash used in investing activities was ¥7,021 million because of the acquisition of property and equipment and investment securities.

Net cash provided by financing activities was ¥1,429 million because of the repayment of short-term loans and long-term debts.

Cash and cash equivalents at the end of the first quarter ended September 30, 2008 was ¥34,344 million.

Forecast of Consolidated Result

As of October 15, 2008, Don Quijote Co., Ltd. (the “Company”) has completed acquisition of all shares of “BIG1 CO., LTD.”. The impact on the discount store operations by the consolidation from the second quarter and beyond is not reflected in the business forecast.

Others

Simplified accounting methods and special accounting methods for preparation of the quarterly consolidated financial statements were applied.

- ① Calculation of provision for doubtful accounts
Credit loss ratio of 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.

Consolidated Balance Sheets

	(Millions of yen)	
	As of September 30, 2008 (Unaudited)	As of June 30, 2008 (Audited)
ASSETS		
Current assets:		
Cash and time deposits	¥34,634	¥38,381
Notes and Accounts receivable-trade	4,138	4,397
Less: Allowance for doubtful accounts	(115)	(82)
Inventories	67,354	67,411
Prepaid expenses	2,308	2,368
Deferred tax assets	1,709	1,575
Other current assets	1,534	2,530
Total current assets	111,562	116,580
Investments and advances:		
Investments in and advances to affiliates	164	165
Investment securities	11,576	9,539
Advance payment for fixed leasehold deposits ..	942	518
Long-term loans receivable	1,138	935
Less: Allowance for doubtful accounts	(3,211)	(2,999)
Total investments and advances	10,609	8,158
Property and equipment, at cost:		
Land	48,981	48,779
Buildings and structures	73,659	72,419
Vehicles and delivery equipment	110	110
Equipment	31,597	30,824
Construction in progress	296	318
Less: Impairment loss	(4,505)	(4,586)
Less: Accumulated depreciation	(46,867)	(45,313)
Net property and equipment	103,271	102,551
Intangibles	3,153	3,284
Other assets:		
Time deposits	417	461
Fixed leasehold deposits	38,014	37,716
Prepaid expenses	2,669	2,644
Deferred tax assets	1,003	874
Other non-current assets	3,952	4,020
Total other assets	46,055	45,715
Total assets	274,650	¥276,288

(Millions of yen)		
	As of September 30, 2008 (Unaudited)	As of June 30, 2008 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable-trade	¥40,280	¥39,172
Short-term loans payable	1,750	1,400
Current maturities of long-term debt	16,043	15,197
Accrued income taxes	1,931	2,610
Accrued expenses	4,748	5,588
Allowance for point program	666	762
Other current liabilities	7,306	8,246
Total current liabilities	72,724	72,975
Long-term liabilities:		
Long-term debt	94,262	97,111
Allowance for retirement benefits for employees	5,641	5,687
Allowance for retirement benefits for directors ..	188	185
Negative goodwill	4,566	4,657
Other non-current liabilities	11,032	11,048
Total long-term liabilities	115,689	118,688
Total liabilities	188,413	191,663
Shareholders' equity:		
Common stock	14,977	14,977
Additional paid-in capital	16,289	16,289
Retained earnings	60,177	58,777
Net unrealized gains on investment securities ..	(478)	(680)
Foreign exchange adjustments	(628)	(1,285)
Total	90,337	88,078
Minority interests	964	1,688
Stock subscription rights	3	3
Less: Treasury stock, at cost	(5,067)	(5,144)
Total shareholders' equity	86,237	84,625
Total liabilities, minority interests and shareholders' equity	¥274,650	¥276,288

Consolidated Statements of Income

	(Millions of yen)	
	Three Months Ended September 30, 2008 (Unaudited)	Three Months Ended September 30, 2007 (Unaudited)
Net sales	¥119,928	¥85,431
Cost of goods sold	87,413	63,289
Gross profit	32,515	22,142
Selling, general and administrative expenses	27,955	17,376
Operating income	4,560	4,766
Other income (expenses):		
Interest and dividend income	145	125
Interest expenses	(348)	(152)
Gain on sale of fixed assets	63	—
Other income, net	(915)	(367)
Income before income taxes and minority interests ·	3,505	4,372
Income taxes:		
Current	1,603	1,171
Deferred	(389)	620
Income before minority interests	2,291	2,581
Minority interests	(61)	(114)
Net income	¥2,230	¥2,467

Recurring income:

According to accounting principles and practices generally accepted in Japan, recurring income is shown below:

	Three Months Ended September 30, 2008 (Unaudited)	Three Months Ended September 30, 2007 (Unaudited)
Operating income	¥4,560	¥4,766
Other income (expenses):		
Interest and dividend income	145	125
Interest expenses	(348)	(152)
Other income, net	273	135
Recurring income	4,630	4,874
Other and extraordinary income (expenses):		
Gain on sale of fixed assets	63	—
Other income and expenses, net	(1,188)	(502)
Income before income taxes and minority interests ·	¥3,505	¥4,372

Consolidated Statements of Cash Flows

	(Millions of yen)	
	Three Months Ended September 30, 2008 (Unaudited)	Three Months Ended September 30, 2007 (Unaudited)
Cash flows from operating activities:		
Income before income taxes and minority interests	¥3,505	¥4,372
Depreciation and amortization, including prepaid expenses	1,948	1,484
Amortization of negative goodwill	(227)	(119)
Increase (decrease) in provision	328	(426)
Interest and dividend income	(145)	(125)
Interest expenses	348	161
Loss on valuation of investment securities	596	—
Decrease Increase in trade receivable	259	216
Decrease in inventories	154	2,244
Increase (decrease) in trade payable	1,047	(366)
Other, net	(454)	847
Cash generated from operations	7,359	8,288
Received interest and dividend income	71	92
Interest paid	(537)	(253)
Income taxes paid	(2,293)	(6,149)
Net cash provided by operating activities	4,600	1,978
Cash flows from investing activities:		
Payments for purchase of property and equipment	(2,198)	(10,659)
Proceeds from sale of property and equipment	227	3
Payments for leasehold deposits	(689)	(1,019)
Proceeds from termination of leasehold deposits	396	478
Payments for purchase of investment securities	(3,667)	(789)
Proceeds from sales of investment securities	387	31
Payments for purchase of securities of an affiliated company	(648)	—
Proceeds on withdrawal of SPE	—	5
Other, net	(829)	(919)
Net cash used in investing activities	(7,021)	(12,869)
Cash flows from financing activities:		
Increase of short-term bank loans	350	5,000
Borrowing of long-term debt	—	4,500
Repayment of long-term debt	(2,094)	(1,354)
Proceeds from issuance of bonds	4,000	4,500
Payments for redemption of bonds	(2,810)	(7,818)
Issuance of common stock	—	77
Payments of cash dividends	(829)	(718)
Other, net	(46)	—
Net cash provided by financing activities	(1,429)	4,187
Effect of exchange rate changes on cash and cash equivalents	108	44
Net decrease in cash and cash equivalents	(3,742)	(6,660)
Cash and cash equivalents at beginning of the period	38,086	38,164
Decrease in cash and cash equivalents due to the effect of the excluded results of consolidation	—	(39)
Cash and cash equivalents at end of the period	¥34,344	¥31,465

Notes on Going Concern Assumption

For the first quarter ended September 30, 2008

Not applicable

Segment Information

For the first quarter ended September 30, 2008

a. Operating segment information

For the first quarter ended September 30, 2008

(Millions of yen)

	Discount retail store	Retail superstore	Rental business	Others	Total	Corporate eliminations	Consolidated
Sales, Operating profit and loss							
Sales							
Sales to third parties	¥89,684	¥25,861	¥3,847	¥536	¥119,928	¥—	¥119,928
Intersegment sales	98	91	578	483	1,250	(1,250)	—
Total	89,782	25,952	4,425	1,019	121,178	(1,250)	119,928
Operating profit (loss)	¥3,992	¥(789)	¥1,151	¥147	¥4,501	¥59	¥4,560

b. Geographic segment information

For the first quarter ended September 30, 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 first quarter ended September 30, 2008, sales outside of Japan amounted less than 10% of the consolidated net sales, and therefore the information is not presented.

For the first quarter ended September 30, 2007

a. Operating segment information

For the first quarter ended September 30, 2007, net sales and operating income of the discount retail store business accounted for more than 90% of those of all the segments. Consequently, details of each business segment information are not given in this report.

b. Geographic segment information

For the first quarter ended September 30, 2007, 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, 2007, sales outside of Japan amounted less than 10% of the consolidated net sales, and therefore the information is not presented.

Notes on Significant Changes in Shareholder's Equity

For the first quarter ended September 30, 2008

Not applicable

Subsequent Events

Target Buying Transaction (Knock-Out Put Option Agreement) of the Group

As of October 6, 2008, the Group has entered into a Target Buying Transaction (Knock-Out Put Option Agreement) for investment purpose with Daiwa Securities SMBC Co. Ltd.

The Group states derivative financial instruments at fair value and recognizes changes in the fair value as gains or losses unless the derivative financial instruments are used for hedging purposes.

1. Option type	Put option
2. Option style	European-style
3. Settlement type	Net settlement
4. Option purchaser	Daiwa Securities SMBC Co. Ltd.
5. Option seller	Don Quijote Co., Ltd. and its consolidated subsidiary Nagasakiya Co., LTD.
6. Underlying security	Sumitomo Mitsui Financial Group, Inc. (Code 8316)
7. Number of the underlying security	Don Quijote Co., Ltd.: 5,008 Nagasakiya Co., LTD.: 3,338
8. Strike price	599 thousands yen
9. Knock out price	658 thousands yen
10. Option premium	Don Quijote Co., Ltd.: 120,000 thousands yen Nagasakiya Co., LTD.: 800,00 thousands yen

11. Receiving date of the option premium	October 9, 2008
12. Exercise date	October 6, 2011
13. Settlement date	October 12, 2011

During the period beginning on October 6, 2008 and ending on October 6, 2011, the transaction between the Group and Daiwa Securities SMBC Co. Ltd. will be automatically terminated and the Group will acquire the option premium as their income once the stock price of Sumitomo Mitsui Financial Group, Inc. rises over the knock-out price (658 thousands yen) at the Tokyo Stock Exchange.

In the case of the stock price of Sumitomo Mitsui Financial Group, Inc. never reaches 658 thousands yen at the Tokyo Stock Exchange during the period beginning on October 6, 2008 and ending on October 6, 2011, the transaction between the Group and Daiwa Securities SMBC Co. Ltd. will be terminated and the Group will acquire the option premium as their income if the stock price is more than the exercise price (599 thousands yen) at October 6, 2011.

The Group will pay the amount of difference of 599 thousands yen and the stock price at October 6, 2011 multiplied by 8,346 shares to Daiwa Securities SMBC Co. Ltd. if the stock price of Sumitomo Mitsui Financial Group, Inc. is less than 599 thousands yen at October 6, 2011.