

Summary Report of Consolidated Financial Results

For the Fiscal Year Ended June 30, 2011

(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 fiscal year ended June 30, 2011 (From July 1, 2010 to June 30, 2011)

(1) Results of Business Operations

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Ordinary Income	Change (%)
Fiscal year ended June 30, 2011	507,661	4.1	25,336	20.3	25,138	19.1
Fiscal year ended June 30, 2010	487,571	1.4	21,067	22.7	21,109	32.0

	Net Income	Change (%)	Net Income Per Share (Yen)	Net Income Per Share-fully diluted (Yen)	Return on Equity (%)	Ordinary Income on Total Assets (%)	Operating Income on Net Sales (%)
Fiscal year ended June 30, 2011	12,663	23.7	167.82	164.34	11.1	7.8	5.0
Fiscal year ended June 30, 2010	10,238	19.7	147.35	137.64	10.5	7.0	4.3

(2) Financial Position

(Millions of yen, except per-share data)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
As of June 30, 2011	341,300	125,242	36.2	1,604.65
June 30, 2010	302,029	106,760	34.9	1,460.81

(3) The Consolidated Statements of Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents
Fiscal year ended June 30, 2011	26,029	△44,789	7,274	26,875
Fiscal year ended June 30, 2010	18,885	△16,497	△5,475	38,911

2. Dividends

	Yen					Total cash Dividends (Millions of yen)	Dividend Payout ratio (%)	Dividends/ Net Assets (%)
	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	1,777	17.0	1.8
Year Ended June 30, 2011	—	10.00	—	18.00	28.00	2,155	16.7	1.8
Year Ending June 30, 2012 (Forecast)	—	10.00	—	18.00	28.00		15.4	

3. Consolidated Business Forecast : For the year ending June 30, 2012(From July 1, 2011 to June 30, 2012)

(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, 2011	270,000	5.7	14,700	3.6	14,600	4.1	7,800	3.3	101.26
Year Ending June 30, 2012	528,900	4.2	27,000	6.6	26,800	6.6	14,000	10.6	181.75

4. Others

(1) Significant changes in the scope of consolidation: Yes

Newly consolidated: two companies (Fidec Corporation, Koigakubo SC TMK) Excluded:—

(2) Changes in accounting policies, procedures, and methods of presentation for preparing the consolidated financial statements

① Changes in line with revision to accounting standards: Yes

② Other changes: None

(3) Number of outstanding shares (Common stock)

① Number of outstanding shares (Treasury stock included)	June 30, 2011	77,030,780 shares
	June 30, 2010	72,095,109 shares
② Number of treasury stock	June 30, 2011	1,244 shares
	June 30, 2010	473 shares
③ Average number of outstanding shares during the period	June 30, 2011	75,451,847 shares
	June 30, 2010	69,482,278 shares

※Implementation Status of Financial Audit

Financial Audit based on Financial Instrument and Exchange Act for the fiscal year ended June 30, 2011 is in progress.

※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 June 30,	As of June 30,
	2011	2010
	Amount	Amount
Assets		
Current assets		
Cash and deposits	¥35,031	¥41,734
Notes and Accounts receivable-trade	4,585	4,045
Purchased receivables	6,787	—
Merchandise and finished goods	81,582	74,452
Prepaid expenses	2,096	2,106
Deferred tax assets	1,868	1,853
Other	2,580	4,061
Allowance for doubtful accounts	(14)	(53)
Total current assets	134,515	128,198
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	96,947	83,931
Accumulated depreciation	(35,487)	(31,437)
Accumulated impairment loss	(3,404)	(2,533)
Buildings and structures, net	58,056	49,961
Tools, furniture and fixtures	33,839	32,032
Accumulated depreciation	(23,877)	(22,631)
Accumulated impairment loss	(566)	(690)
Tools, furniture and fixtures, net	9,396	8,711
Other	166	165
Accumulated depreciation	(115)	(78)
Other, net	51	87
Land	87,187	64,378
Construction in progress	180	597
Total property, plant and equipment	154,870	123,734
Intangible assets	6,461	2,721
Investments and other assets		
Investment securities	4,362	6,297
Long-term loans receivable	1,332	1,311
Long-term prepaid expenses	2,014	2,225
Deferred tax assets	2,320	2,173
Lease and guarantee deposits	33,303	33,674
Other	6,808	4,857
Allowance for doubtful accounts	(4,685)	(3,161)
Total investments and other assets	45,454	47,376
Total noncurrent assets	206,785	173,831
Total assets	¥341,300	¥302,029

	(Millions of yen)	
	As of June 30,	As of June 30,
	2011	2010
	Amount	Amount
Liabilities		
Current liabilities		
Accounts payable-trade	¥42,430	¥42,670
Short-term loans	14,935	698
Current portion of long-term loans	11,774	10,834
Current portion of bonds	12,922	41,507
Current portion of convertible bonds	—	8,625
Accrued expenses	5,739	6,119
Income taxes payable	4,434	4,014
Provision for point card certificates	186	247
Reserve for loss on disaster	1,132	—
Asset retirement obligations	153	—
Derivatives liabilities	2,978	—
Other provision	—	72
Other	9,388	7,219
Total current liabilities	106,071	122,005
Noncurrent liabilities		
Bonds	58,029	33,851
Convertible bonds	350	350
Long-term loans	35,570	20,379
Derivatives liabilities	128	2,848
Provision for retirement benefits	—	84
Provision for directors' retirement benefits	367	375
Asset retirement obligations	1,705	—
Negative goodwill	2,449	3,306
Other	11,389	12,071
Total noncurrent liabilities	109,987	73,264
Total liabilities	216,058	195,269
Net assets		
Shareholders' equity		
Capital stock	19,561	15,049
Capital surplus	22,364	17,856
Retained earnings	85,165	74,503
Treasury stock	(3)	(1)
Total shareholders' equity	127,087	107,407
Valuation and translation adjustments		
Valuation difference on investment securities	(327)	(104)
Foreign currency translation adjustment	(3,155)	(1,986)
Total valuation and translation adjustments	(3,482)	(2,090)
Subscription rights to shares	—	0
Minority interests	1,637	1,443
Total net assets	125,242	106,760
Total liabilities and net assets	¥341,300	¥302,029

Consolidated Statements of Income

	(Millions of yen)	
	Fiscal year ended June 30, 2011	Fiscal year ended June 30, 2010
	Amount	Amount
Net sales	¥507,661	¥487,571
Cost of sales	378,587	364,065
Gross profit	129,074	123,506
Selling, general and administrative expenses	103,738	102,439
Operating income	25,336	21,067
Non-operating income		
Interest and dividends income	497	617
Gain on investments in silent partnership	—	58
Amortization of negative goodwill	857	857
Commission fee	343	292
Other	1,002	1,076
Total non-operating income	2,699	2,900
Non-operating expenses		
Interest expenses paid on loans and bonds	1,681	1,678
Loss on valuation of derivatives	253	615
Amortization of bond issuance cost	390	—
Equity in losses of affiliates	175	1
Other	398	564
Total non-operating expenses	2,897	2,858
Ordinary income	25,138	21,109
Extraordinary income		
Gain on sales of property, plant and equipment	21	442
Litigation settlement	167	—
Compensation income for expropriation	387	—
Gain on redemption of convertible bonds	—	221
Marginal gain of repaid corporate reorganization debts	258	—
Gain on step acquisitions	197	—
Other	358	229
Total extraordinary income	1,388	892
Extraordinary losses		
Loss on valuation of investment securities	716	2,659
Loss on adjustment for changes of accounting standard for asset retirement obligations	682	—
Impairment loss	779	163
Loss on closing of stores	425	399
Loss on retirement of property, plant and equipment	118	318
Loss on disaster	1,894	—
Other	765	1,617
Total extraordinary losses	5,379	5,156
Income before income taxes and minority interests	21,147	16,845
Income taxes - Current	7,732	7,103
Income taxes - Deferred	179	(796)
Total income taxes	7,911	6,307
Income before minority interests	13,236	—
Minority interests in income	573	300
Net income	¥12,663	¥10,238

Consolidated statements of comprehensive income

	(Millions of yen)	
	Fiscal year ended June 30, 2011	Fiscal year ended June 30, 2010
	Amount	Amount
Income before minority interests	¥13,236	¥—
Other comprehensive income		
Valuation difference on available-for-sale securities	(223)	—
Foreign currency translation adjustment	(1,169)	—
Total other comprehensive income	(1,392)	—
Comprehensive income	¥11,844	¥—
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	¥11,271	¥—
Comprehensive income attributable to minority interests	573	—

Consolidated statements of changes in net assets

	(Millions of yen)	
	Fiscal year ended June 30, 2011	Fiscal year ended June 30, 2010
	Amount	Amount
Shareholders' equity		
Capital stock		
Balance at the end of previous period	¥15,049	¥14,977
Changes of items during the period		
Issuance of new shares	4,512	72
Total changes of items during the period	4,512	72
Balance at the end of current period	19,561	15,049
Capital surplus		
Balance at the end of previous period	17,856	16,289
Changes of items during the period		
Issuance of new shares	4,508	72
Disposal of treasury stock	—	1,495
Total changes of items during the period	4,508	1,567
Balance at the end of current period	22,364	17,856
Retained earnings		
Balance at the end of previous period	74,503	65,806
Changes of items during the period		
Dividends from surplus	(1,850)	(1,595)
Net income	12,663	10,238
Change of scope of consolidation	(150)	54
Total changes of items during the period	10,662	8,697
Balance at the end of current period	85,165	74,503
Treasury stock		
Balance at the end of previous period	(1)	(4,976)
Changes of items during the period		
Purchase of treasury stock	(2)	(0)
Disposal of treasury stock	—	4,975
Total changes of items during the period	(2)	4,975
Balance at the end of current period	(3)	(1)
Total shareholders' equity		
Balance at the end of previous period	107,407	92,096
Changes of items during the period		
Issuance of new shares	9,020	144
Dividends from surplus	(1,850)	(1,595)
Net income	12,663	10,238
Purchase of treasury stock	(2)	(0)
Disposal of treasury stock	—	6,470
Change of scope of consolidation	(150)	54
Total changes of items during the period	19,680	15,311
Balance at the end of current period	¥127,087	¥107,407

	(Millions of yen)	
	Fiscal year ended June 30, 2011	Fiscal year ended June 30, 2010
	Amount	Amount
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	¥(104)	¥(1,856)
Changes of items during the period		
Net changes of items other than shareholders' equity	(223)	1,752
Total changes of items during the period	(223)	1,752
Balance at the end of current period	(327)	(104)
Foreign currency translation adjustment		
Balance at the end of previous period	(1,986)	(1,401)
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,169)	(585)
Total changes of items during the period	(1,169)	(585)
Balance at the end of current period	(3,155)	(1,986)
Total valuation and translation adjustments		
Balance at the end of previous period	(2,090)	(3,257)
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,392)	1,167
Total changes of items during the period	(1,392)	1,167
Balance at the end of current period	(3,482)	(2,090)
Subscription rights to shares		
Balance at the end of previous period	0	1
Changes of items during the period		
Net changes of items other than shareholders' equity	(0)	(1)
Total changes of items during the period	(0)	(1)
Balance at the end of current period	—	0
Minority interests		
Balance at the end of previous period	1,443	1,132
Changes of items during the period		
Net changes of items other than shareholders' equity	194	311
Total changes of items during the period	194	311
Balance at the end of current period	1,637	1,443
Total net assets		
Balance at the end of previous period	106,760	89,972
Changes of items during the period		
Issuance of new shares	9,020	144
Dividends from surplus	(1,850)	(1,595)
Net income	12,663	10,238
Purchase of treasury stock	(2)	(0)
Disposal of treasury stock	—	6,470
Change of scope of consolidation	(150)	54
Net changes of items other than shareholders' equity	(1,198)	1,477
Total changes of items during the period	18,483	16,788
Balance at the end of current period	¥125,242	¥106,760

Consolidated Statements of Cash Flows

	(Millions of yen)	
	Fiscal year ended June 30, 2011	Fiscal year ended June 30, 2010
	Amount	Amount
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	¥21,147	¥16,845
Depreciation and other amortization	9,908	9,823
Impairment loss	779	163
Amortization of negative goodwill	(857)	(857)
Increase in allowance for doubtful accounts	129	274
Increase in provision for directors' retirement benefits	21	212
Decrease in provision for retirement benefits	—	(388)
Decrease in provision for point card certificates	(61)	(139)
Provision for loss on disaster	1,132	—
Payments for loss on disaster	762	—
Interest and dividends income	(497)	(617)
Loss on valuation of derivatives	253	615
Equity in losses of affiliates	175	1
Loss (gain) on investments in silent partnership	4	(58)
Interest expenses paid on loans and bonds	1,681	1,678
Loss on sales of investment securities	148	510
Loss (gain) on sales and retirement of property, plant and equipment	123	(123)
Loss on store closings	245	152
Offset payments for house rental fee with lease and guarantee deposits	1,171	1,192
Gain on redemption of convertible bonds	—	(221)
Loss on valuation of investment securities	716	2,659
Loss on adjustment for changes of accounting standard for asset retirement obligations	682	—
Decrease (increase) in notes and accounts receivable-trade	(501)	566
Increase in inventories	(7,655)	(3,879)
Decrease (increase) in other current assets	913	(1,016)
Increase in notes and accounts payable - trade	4,750	1,911
Increase (decrease) in other current liabilities	545	(1,825)
Decrease in other noncurrent liabilities	(809)	(1,052)
Other, net	(221)	398
Sub total	34,683	26,824
Interest and dividends income received	330	452
Interest expenses paid	(1,681)	(1,660)
Income taxes paid	(7,303)	(6,731)
Net cash provided by operating activities	¥26,029	¥18,885

	(Millions of yen)	
	Fiscal year ended June 30, 2011	Fiscal year ended June 30, 2010
	Amount	Amount
Net cash provided by (used in) investing activities:		
Payments into time deposits	¥(45,962)	¥(23,766)
Proceeds from withdrawal of time deposits	41,498	21,323
Purchase of property, plant and equipment	(34,864)	(20,952)
Proceeds from sales of property, plant and equipment	482	1,412
Purchase of intangible assets	(2,704)	(288)
Payments for lease and guarantee deposits	(869)	(1,145)
Proceeds from collection of lease and guarantee deposits	794	2,743
Purchase of investment securities	(0)	(63)
Proceeds from sales of investment securities	1,045	3,427
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(4,935)	—
Proceeds from withdrawal of investments in silent partnership	3	22
Proceeds from liquidation of anonymous association	—	825
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	1,178	—
Purchase of investments in subsidiaries	(321)	(10)
Proceeds from liquidation of investment funds	—	914
Other, net	(134)	(939)
Net cash used in investing activities	(44,789)	(16,497)
Net cash provided by (used in) financing activities:		
Net decrease in short-term loans payable	(964)	(10,302)
Proceeds from long-term loans payable	28,300	19,702
Repayment of long-term loans payable	(12,731)	(11,761)
Proceeds from issuance of bonds	37,591	23,200
Redemption of bonds	(42,407)	(10,790)
Repayments of lease obligations	(109)	(186)
Proceeds from issuance of common stock	420	144
Purchase of treasury stock	—	(0)
Proceeds from sales of treasury stock	—	5,675
Redemption of convertible bonds	(25)	(19,950)
Cash dividends paid	(1,850)	(1,595)
Proceeds from stock issuance to minority shareholders	—	8
Cash dividends paid to minority shareholders	(945)	—
Other, net	(6)	380
Net cash provided by (used in) financing activities	7,274	(5,475)
Effect of exchange rate change on cash and cash equivalents	(344)	(114)
Net decrease in cash and cash equivalents	(11,830)	(3,201)
Cash and cash equivalents at beginning of period	38,911	42,040
Increase in cash and cash equivalents from newly consolidated subsidiary	9	10
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	¥26,875	¥38,911

Segment Information

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. Calculation of net sales, profit and loss, and assets, etc.

The same accounting method with which is applied to the consolidated financial statements is applied to segment accounting.

Income of reporting segment and others are calculated based on operating income.

Intersegment sales and transfers calculated based on market value.

3. Information related to net sales, profit and loss, and assets, etc. by reporting segment

For the Fiscal Year Ended June 30, 2011

(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	¥487,875	¥15,669	¥503,544	¥4,117	¥507,661	¥—	¥507,661
Intersegment sales	4	2,601	2,605	1,159	3,764	(3,764)	—
Total	487,879	18,270	506,149	5,276	511,425	(3,764)	507,661
Segment income	19,821	4,485	24,306	1,174	25,480	(144)	25,336
Segment Assets	255,925	66,550	322,475	24,074	346,549	(5,249)	341,300
Others (Note 4)							
(1) Depreciation expenses	8,436	1,382	9,818	157	9,975	(67)	9,908
(2) Increase in property, plant and equipment, and intangible assets	¥19,597	¥18,945	¥38,542	¥231	¥38,773	¥(477)	¥38,296

Notes

- The other businesses segment includes the services of real estate business, marketing business, cellular phones sales business, financial service business that are not included in other reporting segments.
- The segment adjusted income of ¥ (144) million is an intersegment elimination.
The segment adjusted assets of ¥ (5,249) million includes ¥34,318 million of companywide assets not allocated to the respective reporting segments, and ¥ (39,567) million of net eliminations for intersegment transaction.
- Segment income is adjusted with operating income.
- Increase in property, plant and equipment, and intangible assets includes long-term prepaid expenses.

For the Fiscal Year Ended June 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	¥467,363	¥15,734	¥483,097	¥4,474	¥487,571	¥—	¥487,571
Intersegment sales	—	2,152	2,152	1,084	3,236	(3,236)	—
Total	467,363	17,886	485,249	5,558	490,807	(3,236)	487,571
Segment income	16,381	4,333	20,714	451	21,165	(98)	21,067
Segment Assets	242,018	40,773	282,791	4,210	287,001	15,028	302,029
Others (Note 4)							
(1) Depreciation expenses	8,148	1,619	9,767	128	9,895	(92)	9,803
(2) Increase in property, plant and equipment, and intangible assets	¥18,556	¥3,371	¥21,927	¥163	¥22,090	¥40	¥22,130

Notes

1. 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.
2. The segment adjusted income of ¥ (98) million is an intersegment elimination.
The segment adjusted assets of ¥15,028 million includes ¥47,383 million of companywide assets not allocated to the respective reporting segments, and ¥ (32,355) million of net eliminations for intersegment transaction.
3. Segment income is adjusted with operating income.
4. Increase in property, plant and equipment, and intangible assets includes long-term prepaid expenses.