

FY2011, the year ending March 31, 2012

Flash Report on the Consolidated Results for the Interim Period Ended
September 30, 2011 [JGAAP]

November 7, 2011

Company Name: **DAIICHIKOSHO CO., LTD.**
 Stock Exchange Listing: Osaka (JASDAQ)
 Code Number: 7458
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 Scheduled Date to Submit the Quarterly Securities Report: November 14, 2011
 Start Date for Dividend Payment: December 5, 2011
 Availability of Supplementary Briefing Material on Quarterly Financial Results: Available
 Schedule of Quarterly Financial Results Briefing Session: None

(Amounts below one million yen are truncated.)

1. Consolidated Performance for the Interim Period Ended September 30, 2011 (from April 1, 2011, to September 30, 2011)

(1) Consolidated operating results (Percentage figures indicate increase/decrease from a year earlier.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim Period ended September 30, 2011	62,150	2.2	9,111	(0.1)	9,944	3.8
Interim Period ended September 30, 2010	60,833	(2.6)	9,124	7.3	9,575	5.8

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Interim Period ended September 30, 2011	5,256	(2.4)	81.99	—
Interim Period ended September 30, 2010	5,388	(5.2)	81.95	—

(Note) Comprehensive income:

Interim Period ended September 30, 2011: 4,792 million yen (11.9)%

Interim Period ended September 30, 2010: 5,442 million yen —%

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2011	137,343	89,791	64.7
As of March 31, 2011	137,447	88,034	63.4

(Reference) Equity

As of September 30, 2011: 88,809 million yen

As of March 31, 2011: 87,083 million yen

2. Dividend

	Annual dividend				
	First Quarter	Second Quarter	Third Quarter	Year-end	Total
Year ended March 31, 2011	—	Yen 25.00	—	Yen 30.00	Yen 55.00
Year ending March 31, 2012	—	25.00			
Year ending March 31, 2012 (forecast)			—	30.00	55.00

Note: Changes in dividends forecast from most recently announced figures: Yes

3. Forecast Consolidated Performance for FY2011, the Year Ending March 31, 2012 (From April 1, 2011, to March 31, 2012)

(Percentage figures indicate increase/decrease from the end of the previous term.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ending March 31, 2012 (full year)	127,000	(0.7)	18,000	9.0	19,400	11.1

	Net income		Net income per share
	Millions of yen	%	Yen
Year ending March 31, 2012 (full year)	10,500	9.5	165.52

Note: Changes in forecast of consolidated operating results from most recently announced figures: Yes

4. Other

- (1) Significant changes in subsidiaries during the period under review (changes to specific subsidiaries resulting from changes in scope of consolidation): None
- (2) Adoption of special accounting policies for quarterly financial statements: None
- (3) Changes in accounting standard, accounting estimation change and error correction
 - 1) Changes due to changes in accounting standard: None
 - 2) Changes due to changes in accounting standard except (3) 1): None
 - 3) Changes due to accounting estimation change: None
 - 4) Error correction: None

(4) Number of common shares issued

1) Number of shares issued (including treasury stock)	As of September 30, 2011	64,220,596 shares	As of March 31, 2011	64,220,596 shares
2) Number of shares of treasury stock	As of September 30, 2011	785,563 shares	As of March 31, 2011	2,813 shares
3) Average number of shares during the period	Interim period ended September 30, 2011	64,113,999 shares	Interim period ended September 30, 2010	65,747,015 shares

* Presentation regarding the implementation status of the quarterly review

This flash report on the consolidated results for the interim period is not covered by the quarterly review procedure stipulated in the Financial Instruments and Exchange Act. At the time of the publication of this report, the quarterly review procedure for quarterly consolidated financial statements is being implemented.

* Explanation for the appropriate use of performance forecasts and other special notes:

The statements regarding forecast of financial results in this report is based on the information that is available, as well as estimates, assumptions and projections that are believed to be reasonable at the time of publication. Therefore, there might be cases in which actual results greatly differ from forecast values.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	FY2010 (As of March 31, 2011)	Current interim period (As of September 30, 2011)
Assets		
Current assets		
Cash and deposits	26,955	27,229
Notes and accounts receivable-trade	10,597	6,956
Inventories	7,354	6,515
Other	5,936	7,290
Allowance for doubtful accounts	(397)	(251)
Total current assets	50,446	47,740
Noncurrent assets		
Property, plant and equipment		
Karaoke equipment for rental, net	6,300	6,515
Karaoke cabin and restaurant facilities, net	14,735	14,649
Land	19,143	23,397
Other, net	6,906	6,805
Total property, plant and equipment	47,085	51,367
Intangible assets		
Goodwill	641	545
Other	7,421	6,604
Total intangible assets	8,063	7,150
Investments and other assets		
Investment securities	12,919	12,254
Lease and guarantee deposits	13,198	12,698
Other	6,018	6,415
Allowance for doubtful accounts	(283)	(283)
Total investments and other assets	31,852	31,085
Total noncurrent assets	87,001	89,602
Total assets	137,447	137,343

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(Millions of yen)

	FY2010 (As of March 31, 2011)	Current interim period (As of September 30, 2011)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	6,091	3,592
Short-term loans payable	5,465	5,879
Income taxes payable	3,120	4,315
Provision for bonuses	1,121	1,398
Other	9,599	9,710
Total current liabilities	25,398	24,896
Noncurrent liabilities		
Long-term loans payable	16,831	15,629
Provision for retirement benefits	3,011	3,147
Provision for directors' retirement benefits	2,318	2,140
Negative goodwill	234	212
Other	1,618	1,525
Total noncurrent liabilities	24,014	22,655
Total liabilities	49,413	47,552
Net assets		
Shareholders' equity		
Capital stock	12,350	12,350
Capital surplus	14,035	14,035
Retained earnings	61,552	64,883
Treasury stock	(4)	(1,108)
Total shareholders' equity	87,934	90,160
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	91	(337)
Revaluation reserve for land	(777)	(777)
Foreign currency translation adjustment	(164)	(236)
Total accumulated other comprehensive income	(851)	(1,351)
Minority interests	951	982
Total net assets	88,034	89,791
Total liabilities and net assets	137,447	137,343

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statements of Income)**

	(Millions of yen)	
	Previous interim period (From April 1, 2010, to September 30, 2010)	Current interim period (From April 1, 2011, to September 30, 2011)
Net sales	60,833	62,150
Cost of sales	34,828	36,336
Gross profit	26,005	25,813
Selling, general and administrative expenses	16,881	16,701
Operating income	9,124	9,111
Non-operating income		
Interest income	81	354
Dividends income	39	43
Cooperative monetary aid received	245	252
Reversal of allowance for doubtful accounts	—	119
Amortization of negative goodwill	23	21
Other	318	359
Total non-operating income	707	1,151
Non-operating expenses		
Interest expenses	100	147
Other	156	170
Total non-operating expenses	256	318
Ordinary income	9,575	9,944
Extraordinary income		
Gain on sales of noncurrent assets	13	19
Gain on sales of investment securities	7	19
Gain on redemption of investment securities	148	—
Reversal of allowance for doubtful accounts	56	—
Reversal of provision for retirement benefits	107	—
Other	54	—
Total extraordinary income	387	39
Extraordinary loss		
Loss on disposal of noncurrent assets	149	107
Loss on cancellation of a new business	—	680
Loss on adjustment for changes of accounting standard for asset retirement obligations	440	—
Loss on abolishment of qualified pension plan	531	—
Other	47	24
Total extraordinary losses	1,168	812
Income before income taxes and minority interests	8,794	9,171
Income taxes-current	3,863	4,241
Income taxes-deferred	(547)	(362)
Total income taxes	3,315	3,878
Income before minority interests	5,478	5,292
Minority interests in income	90	35
Net income	5,388	5,256

(Quarterly Consolidated Statements of Comprehensive Income)

	(Millions of yen)	
	Previous interim period (From April 1, 2010, to September 30, 2010)	Current interim period (From April 1, 2011, to September 30, 2011)
Income before minority interests	5,478	5,292
Other comprehensive income		
Valuation difference on available-for-sale securities	45	(428)
Foreign currency translation adjustment	(81)	(71)
Total other comprehensive income	(36)	(499)
Comprehensive income	5,442	4,792
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	5,352	4,757
Comprehensive income attributable to minority interests	90	35

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Previous interim period (From April 1, 2010, to September 30, 2010)	Current interim period (From April 1, 2011, to September 30, 2011)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	8,794	9,171
Depreciation and amortization	6,005	6,691
Loss on adjustment for changes of accounting standard for asset retirement obligations	440	—
Amortization of negative goodwill	(23)	(21)
Increase (decrease) in allowance for doubtful accounts	(77)	(146)
Increase (decrease) in provision for bonuses	294	276
Increase (decrease) in provision for directors' retirement benefits	35	(178)
Interest and dividends income	(120)	(397)
Interest expenses	100	147
Loss (gain) on disposal of noncurrent assets	135	87
Decrease (increase) in notes and accounts receivable-trade	204	3,635
Decrease (increase) in inventories	(201)	833
Transfer of cost of sales on karaoke equipment for rental	256	156
Increase (decrease) in notes and accounts payable-trade	470	(2,487)
Other, net	(974)	(383)
Subtotal	15,340	17,386
Interest and dividends income received	119	307
Interest expenses paid	(97)	(145)
Income taxes paid	(5,293)	(3,060)
Net cash provided by (used in) operating activities	10,069	14,488
Net cash provided by (used in) investing activities		
Increase in time and saving deposits	(157)	(68)
Proceeds from decrease in time and saving deposits	80	103
Purchase of property, plant and equipment	(4,334)	(8,468)
Proceeds from sales of property, plant and equipment	41	141
Purchase of intangible assets	(2,127)	(1,437)
Payments for acquisition of video licenses	(661)	(664)
Purchase of investment securities	(51)	—
Proceeds from sales of investment securities	43	39
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(1,083)	—
Payments of loans receivable	(285)	(250)
Collection of loans receivable	222	290
Payments for lease and guarantee deposits	(705)	(351)
Proceeds from collection of lease and guarantee deposits	190	620
Other, net	213	(63)
Net cash provided by (used in) investing activities	(8,614)	(10,109)

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(Millions of yen)

	Previous interim period (From April 1, 2010, to September 30, 2010)	Current interim period (From April 1, 2011, to September 30, 2011)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	362	132
Proceeds from long-term loans payable	1,250	1,300
Repayment of long-term loans payable	(3,258)	(2,220)
Cash dividends paid	(1,971)	(1,925)
Purchase of treasury stock	(1,096)	(1,104)
Other, net	(9)	(21)
Net cash provided by (used in) financing activities	(4,722)	(3,840)
Effect of exchange rate change on cash and cash equivalents	(55)	(26)
Net increase (decrease) in cash and cash equivalents	(3,323)	511
Cash and cash equivalents at beginning of period	33,877	26,573
Cash and cash equivalents at end of period	30,554	27,085

(4) Segment Information**I Previous interim period (From April 1, 2010, to September 30, 2010)**

(Millions of yen)

	Reportable segments				Other	Total	Adjusted amount	Posted amount to the consolidated quarterly statements of income
	Commercial karaoke	Karaoke cabin and restaurant	Music software	Subtotal				
Sales	30,509	19,553	5,964	56,027	4,806	60,833	—	60,833
Segment income (Operating income)	6,867	2,591	691	10,150	463	10,613	(1,488)	9,124

(Note) The (1,488) million yen adjustment posted to Segment income is primarily composed of General and Administrative Expenses incurred from the administrative department at the head office that are not attributable to any particular segment.

II Current interim period (From April 1, 2011, to September 30, 2011)

(Millions of yen)

	Reportable segments				Other	Total	Adjusted amount	Posted amount to the consolidated quarterly statements of income
	Commercial karaoke	Karaoke cabin and restaurant	Music software	Subtotal				
Sales	31,402	21,369	4,996	57,767	4,382	62,150	—	62,150
Segment income (Operating income)	6,653	3,123	376	10,152	393	10,546	(1,434)	9,111

(Note) The (1,434) million yen adjustment posted to Segment income is primarily composed of General and Administrative Expenses incurred from the administrative department at the head office that are not attributable to any particular segment.