

FY2013, the year ending March 31, 2014

Flash Report on the Consolidated Results for the First Quarter Ended
June 30, 2013 [JGAAP]

August 5, 2013

Company Name: **DAIICHIKOSHO CO., LTD.**
 Stock Exchange Listing: Tokyo (JASDAQ)
 Code Number: 7458
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 Scheduled Date to Submit the Quarterly Securities Report: August 14, 2013
 Start Date for Dividend Payment: —
 Availability of Supplementary Briefing Material on Quarterly Financial Results: None
 Schedule of Quarterly Financial Results Briefing Session: None

(Amounts below one million yen are truncated.)

1. Consolidated Performance for the First Quarter Ended June 30, 2013 (From April 1, 2013,
to June 30, 2013)

(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	%
Three months ended June 30, 2013	32,400	4.0	5,404	15.9	5,782	16.1
Three months ended June 30, 2012	31,156	1.5	4,661	(2.3)	4,979	(5.6)

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Three months ended June 30, 2013	3,277	10.0	54.88	—
Three months ended June 30, 2012	2,980	(4.7)	47.54	—

(Note) Comprehensive income:

Three months ended June 30, 2013: 2,960 million yen (2.8) %

Three months ended June 30, 2012: 3,047 million yen (8.6) %

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2013	157,893	101,182	63.4
As of March 31, 2013	159,479	100,315	62.2

(Reference) Shareholders' equity:

As of June 30, 2013: 100,105 million yen

As of March 31, 2013: 99,258 million yen

2. Dividend

	Annual dividend				
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual
Year ended March 31, 2013	—	Yen 25.00	—	Yen 35.00	Yen 60.00
Year ending March 31, 2014	—				
Year ending March 31, 2014 (forecast)		30.00	—	30.00	60.00

(Note) Changes in dividends forecast from most recently announced figures: None

3. Forecast Consolidated Performance for FY2013, the Year Ending March 31, 2014
(From April 1, 2013, to March 31, 2014)

(Percentage figures indicate increase/decrease from a year earlier.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ending September 30, 2013	63,700	1.5	9,000	(4.9)	9,700	(4.3)
Year ending March 31, 2014 (full year)	130,000	0.9	19,000	3.3	20,400	(8.4)

	Net income		Net income per share	
	Millions of yen	%	Yen	
Six months ending September 30, 2013	5,730	(3.1)	95.94	
Year ending March 31, 2014 (full year)	12,000	(6.4)	200.93	

(Note) Changes in forecast of consolidated operating results from most recently announced figures: None

*Notes

- (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

1) Number of shares issued (including treasury stock)	As of June 30, 2013	59,725,000 shares	As of March 31, 2013	59,725,000 shares
2) Number of shares of treasury stock	As of June 30, 2013	2,714 shares	As of March 31, 2013	2,714 shares
3) Average number of shares during the period	Three months ended June 30, 2013	59,722,286 shares	Three months ended August 30, 2012	62,686,395 shares

* Presentation regarding the implementation status of the quarterly review:
This flash report on the consolidated results for the Three months 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 are 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)	
	FY2012 (As of March 31, 2013)	Current First quarter (As of June 30, 2013)
Assets		
Current assets		
Cash and deposits	41,248	38,572
Notes and accounts receivable-trade	8,337	6,760
Inventories	6,718	6,354
Other	6,735	8,428
Allowance for doubtful accounts	(134)	(123)
Total current assets	62,365	59,993
Noncurrent assets		
Property, plant and equipment		
Karaoke equipment for rental, net	7,598	8,331
Karaoke cabin and restaurant facilities, net	15,251	15,369
Land	24,497	24,498
Other, net	7,135	7,120
Total property, plant and equipment	54,484	55,320
Intangible assets		
Goodwill	405	366
Other	5,956	5,847
Total intangible assets	6,361	6,214
Investments and other assets		
Investment securities	18,998	18,380
Lease and guarantee deposits	13,060	13,279
Other	4,355	4,851
Allowance for doubtful accounts	(146)	(146)
Total investments and other assets	36,268	36,365
Total noncurrent assets	97,113	97,900
Total assets	159,479	157,893

DAIICHIKOSHO CO., LTD.

(Millions of yen)

	FY2012 (As of March 31, 2013)	Current First quarter (As of June 30, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,540	5,079
Short-term loans payable	4,836	5,264
Income taxes payable	4,524	2,649
Provision for bonuses	1,063	519
Other	12,419	11,877
Total current liabilities	27,384	25,389
Noncurrent liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	14,151	13,592
Provision for retirement benefits	3,683	3,772
Provision for directors' retirement benefits	2,088	2,060
Other	1,856	1,895
Total noncurrent liabilities	31,780	31,320
Total liabilities	59,164	56,710
Net assets		
Shareholders' equity		
Capital stock	12,350	12,350
Capital surplus	6,026	6,026
Retained earnings	78,119	79,306
Treasury stock	(5)	(5)
Total shareholders' equity	96,490	97,677
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,646	3,262
Revaluation reserve for land	(777)	(777)
Foreign currency translation adjustment	(100)	(56)
Total accumulated other comprehensive income	2,768	2,428
Minority interests	1,056	1,077
Total net assets	100,315	101,182
Total liabilities and net assets	159,479	157,893

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

	(Millions of yen)	
	Three months ended June 30, 2012 (From April 1, 2012, to June 30, 2012)	Three months ended June 30, 2013 (From April 1, 2013, to June 30, 2013)
Net sales	31,156	32,400
Cost of sales	18,077	18,416
Gross profit	13,078	13,984
Selling, general and administrative expenses	8,417	8,580
Operating income	4,661	5,404
Non-operating income		
Interest income	157	196
Compensation income	—	133
Other	302	314
Total non-operating income	459	645
Non-operating expenses		
Interest expenses	65	73
Foreign exchange losses	38	140
Other	36	52
Total non-operating expenses	140	267
Ordinary income	4,979	5,782
Extraordinary income		
Gain on sales of noncurrent assets	0	3
Total extraordinary income	0	3
Extraordinary loss		
Loss on disposal of noncurrent assets	19	96
Other	57	3
Total extraordinary losses	77	100
Income before income taxes and minority interests	4,901	5,685
Income taxes-current	2,238	2,752
Income taxes-deferred	(332)	(368)
Total income taxes	1,906	2,384
Income before minority interests	2,995	3,301
Minority interests in income	15	23
Net income	2,980	3,277

(Quarterly Consolidated Statements of Comprehensive Income)

	(Millions of yen)	
	Three months ended June 30, 2012 (From April 1, 2012, to June 30, 2012)	Three months ended June 30, 2012 (From April 1, 2013, to June 30, 2013)
Income before minority interests	2,995	3,301
Other comprehensive income		
Valuation difference on available-for-sale securities	61	(383)
Foreign currency translation adjustment	(9)	43
Total other comprehensive income	51	(340)
Comprehensive income	3,047	2,960
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,031	2,937
Comprehensive income attributable to minority interests	15	23

(4) Segment Information**Three months ended June 30, 2012 (From April 1, 2012, to June 30, 2012)**

(Millions of yen)

	Reportable segments				Other	Total	Adjusted amount (Note)	Posted amount to the consolidated quarterly statements of income
	Commercial karaoke	Karaoke cabin and restaurant	Music software	Subtotal				
Sales	15,907	10,973	2,319	29,201	1,955	31,156	—	31,156
Segment income (Operating income)	3,338	1,643	205	5,187	313	5,501	(840)	4,661

(Note) The (840) 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.

Three months ended June 30, 2013 (From April 1, 2013, to June 30, 2013)

(Millions of yen)

	Reportable segments				Other	Total	Adjusted amount (Note)	Posted amount to the consolidated quarterly statements of income
	Commercial karaoke	Karaoke cabin and restaurant	Music software	Subtotal				
Sales	17,130	11,284	2,168	30,583	1,816	32,400	—	32,400
Segment income (Operating income)	4,108	1,647	110	5,866	337	6,203	(799)	5,404

(Note) The (799) 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.