

FY2012, the year ended March 31, 2013

Flash Report on the Consolidated Results for the Year Ended March 31, 2013
[JGAAP]

May 15, 2013

Company Name: DAIICHIKOSHO CO., LTD.
 Stock Exchange Listing: Osaka (JASDAQ)
 Code Number: 7458
 URL: <http://www.dkkaraoke.co.jp>
 Representative: Saburo Hayashi, President
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 Phone: +81-3-3280-2151
 Date of the Ordinary General Meeting of Shareholders: June 21, 2013
 Start Date for Dividend Payment: June 24, 2013
 Scheduled Date to Submit the Securities Report: June 25, 2013
 Availability of Supplementary Briefing Material on Financial Results: Available
 Schedule of Financial Results Briefing Session: None

(Amounts below one million yen are truncated.)

1. Consolidated Performance for the Year Ended March 31, 2013 (From April 1, 2012, to March 31, 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	%
Year ended March 31, 2013	128,901	1.3	18,395	(2.0)	22,280	8.5
Year ended March 31, 2012	127,246	(0.5)	18,774	13.7	20,544	17.7

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Year ended March 31, 2013	12,819	19.9	209.06	—
Year ended March 31, 2012	10,689	11.5	167.70	—

Note: Comprehensive income

Year ended March 31, 2013: 15,839 million yen 38.3%

Year ended March 31, 2012: 11,454 million yen 15.6%

	Return on equity	Ordinary income to total assets	Operating income to net sales
	%	%	%
Year ended March 31, 2013	13.3	14.8	14.3
Year ended March 31, 2012	11.9	14.7	14.8

(Reference) Equity in net income of unconsolidated subsidiaries and affiliates:

Year ended March 31, 2013: 0 million yen

Year ended March 31, 2012: (10) million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2013	159,479	100,315	62.2	1,662.00
Year ended March 31, 2012	142,238	93,804	65.3	1,477.71

(Reference) Shareholders' equity:

Year ended March 31, 2013: 99,258 million yen

Year ended March 31, 2012: 92,826 million yen

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2013	24,482	(18,553)	(989)	41,963
Year ended March 31, 2012	32,808	(17,619)	(7,404)	34,367

2. Dividend

	Annual dividend				
	First Quarter	Second Quarter	Third Quarter	Year-end	Total
		Yen		Yen	Yen
Year ended March 31, 2012	—	25.00	—	30.00	55.00
Year ended March 31, 2013	—	25.00	—	35.00	60.00
Year ending March 31, 2014 (forecast)	—	30.00	—	30.00	60.00

	Aggregate amount of dividend (total)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	Millions of yen	%	%
Year ended March 31, 2012	3,470	32.8	3.9
Year ended March 31, 2013	3,635	28.7	3.8
Year ending March 31, 2014 (forecast)		29.9	

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

***Notes**

(1) Significant changes in subsidiaries during the period under review (changes to specific subsidiaries resulting from changes in scope of consolidation): None

(2) Changes in accounting standard, accounting estimation change and error correction

1) Changes due to changes in accounting standard: Yes

2) Changes due to changes in accounting standard except (2) 1): None

3) Changes due to accounting estimation change: Yes

4) Error correction: None

(3) Number of common shares issued

1) Number of shares issued
(including treasury stock)

As of March 31, 2013	59,725,000 shares	As of March 31, 2012	63,420,596 shares
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2) Number of shares of treasury
stock

As of March 31, 2013	2,714 shares	As of March 31, 2012	602,863 shares
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3) Average number of shares
during the period

Year ended March 31, 2013	61,318,793 shares	Year ended March 31, 2012	63,742,957 shares
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(Reference) Outline of Nonconsolidated Financial Results

1. Nonconsolidated Performance for the Year Ended March 31, 2013 (From April 1, 2012, to March 31, 2013)

(1) Nonconsolidated 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	%
Year ended March 31, 2013	90,934	5.4	12,266	7.1	16,672	30.5
Year ended March 31, 2012	86,276	(0.7)	11,451	9.3	12,774	7.8

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Year ended March 31, 2013	10,130	57.3	165.20	—
Year ended March 31, 2012	6,440	(2.8)	101.04	—

(2) Nonconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2013	116,095	64,886	55.9	1,086.46
Year ended March 31, 2012	99,274	61,230	61.7	974.74

(Reference) Shareholders' equity:

Year ended March 31, 2013: 64,886 million yen

Year ended March 31, 2012: 61,230 million yen

* Presentation regarding the implementation status of the audit procedure:

This flash report on the consolidated results is not covered by the audit procedure stipulated in the Financial Instruments and Exchange Act. At the time of the publication of this report, the audit procedure for 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.

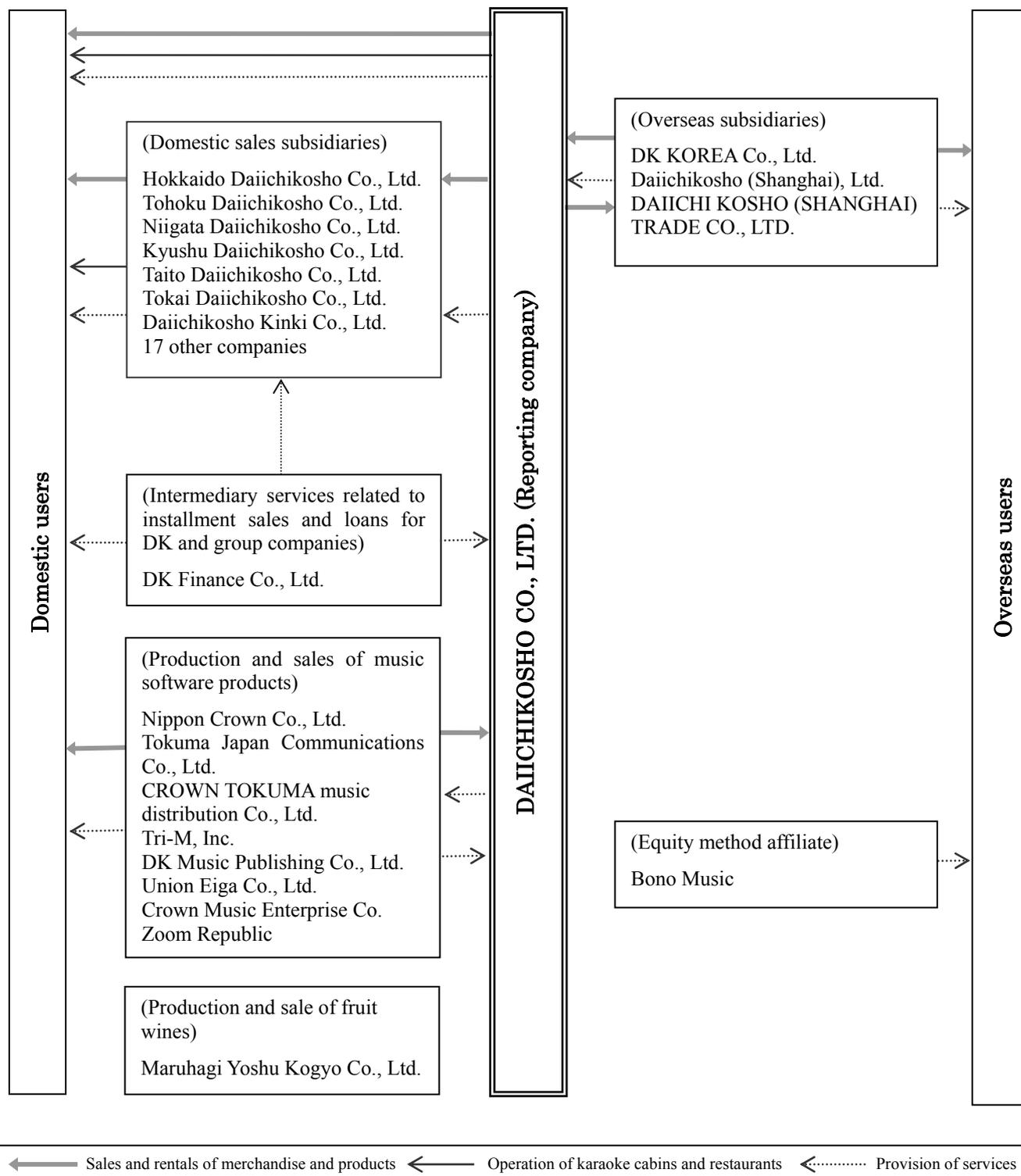
(Attachment)

Corporate Group

The Daiichikoshō Group (“DKG”) consists of Daiichikoshō Co., Ltd. (“DK” or “the company”), 37 consolidated subsidiaries and 1 affiliate. The major group companies engage in sales and rental of commercial-use karaoke equipment, supply of sound source and video content for communication karaoke, operation of karaoke cabins and restaurants, and production and sales of music and video software products.

Business segment	Business line	Domestic	Overseas
Commercial karaoke	Sales and rental of commercial-use karaoke equipment and supply of sound source and video content for communication karaoke	Daiichikoshō Co., Ltd., Hokkaido Daiichikoshō Co., Ltd., Tohoku Daiichikoshō Co., Ltd., Taito Daiichikoshō Co., Ltd., Niigata Daiichikoshō Co., Ltd., Tokai Daiichikoshō Co., Ltd., Daiichikoshō Kinki Co., Ltd., Kyushu Daiichikoshō Co., Ltd., and 17 other subsidiaries	DK KOREA Co., Ltd., Daiichikoshō (Shanghai), Ltd., and 1 other subsidiary
Karaoke cabin and restaurant	Operation of karaoke cabins and restaurants		
Music software	Production and sales of music and video software products	Daiichikoshō Co., Ltd., Nippon Crown Co., Ltd., Tokuma Japan Communications Co., Ltd., CROWN TOKUMA music distribution Co., Ltd., Union Eiga Co., Ltd., and 4 other subsidiaries	
Other	Satellite broadcasting, supply of content services via mobile phone and real estate lease and rental, etc.	Daiichikoshō Co., Ltd., DK Finance Co., Ltd., and Maruhagi Yoshu Kogyo Co., Ltd.	

The following diagram schematically shows the relationships of the respective group companies and businesses.



Note: Daiichikoshi Co., Ltd. sold all of its shares held in Inarajan Garden House, Inc., formerly known as D.K. Enterprises (Guam), Inc., in August 2012. Therefore, Inarajan Garden House, Inc. is excluded from the scope of consolidation.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	FY2011 (As of March 31, 2012)	FY2012 (As of March 31, 2013)
Assets		
Current assets		
Cash and deposits	34,219	41,248
Notes and accounts receivable-trade	7,007	8,337
Short-term investment securities	463	1,072
Inventories	5,155	6,178
Deferred tax assets	1,601	1,422
Other	4,190	4,240
Allowance for doubtful accounts	(130)	(134)
Total current assets	52,508	62,365
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	14,000	13,097
Accumulated depreciation	(8,814)	(8,270)
Buildings and structures, net	5,185	4,826
Karaoke equipment for rental	30,648	32,811
Accumulated depreciation	(24,467)	(25,212)
Karaoke equipment for rental, net	6,180	7,598
Karaoke cabin and restaurant facilities	34,343	36,125
Accumulated depreciation	(19,864)	(20,874)
Karaoke cabin and restaurant facilities, net	14,479	15,251
Land	24,316	24,497
Other	7,171	7,880
Accumulated depreciation	(6,260)	(5,571)
Other, net	911	2,308
Total property, plant and equipment	51,074	54,484
Intangible assets		
Goodwill	472	405
Other	6,081	5,956
Total intangible assets	6,553	6,361
Investments and other assets		
Investment securities	13,892	18,998
Long-term loans receivable	1,161	813
Deferred tax assets	3,410	2,148
Lease and guarantee deposits	12,805	13,060
Other	1,083	1,394
Allowance for doubtful accounts	(251)	(146)
Total investments and other assets	32,102	36,268
Total noncurrent assets	89,730	97,113
Total assets	142,238	159,479

DAIICHIKOSHO CO., LTD.

(Millions of yen)

	FY2011 (As of March 31, 2012)	FY2012 (As of March 31, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,328	4,540
Short-term loans payable	5,554	4,836
Accounts payable-other	7,146	8,815
Income taxes payable	5,353	4,524
Provision for bonuses	1,062	1,063
Other	3,714	3,603
Total current liabilities	26,159	27,384
Noncurrent liabilities		
Bonds payable	—	10,000
Long-term loans payable	15,004	14,151
Deferred tax liabilities	43	62
Provision for retirement benefits	3,299	3,683
Provision for directors' retirement benefits	2,220	2,088
Negative goodwill	190	146
Other	1,516	1,647
Total noncurrent liabilities	22,274	31,780
Total liabilities	48,433	59,164
Net assets		
Shareholders' equity		
Capital stock	12,350	12,350
Capital surplus	12,905	6,026
Retained earnings	68,730	78,119
Treasury stock	(989)	(5)
Total shareholders' equity	92,996	96,490
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	793	3,646
Revaluation reserve for land	(777)	(777)
Foreign currency translation adjustment	(186)	(100)
Total accumulated other comprehensive income	(170)	2,768
Minority interests	978	1,056
Total net assets	93,804	100,315
Total liabilities and net assets	142,238	159,479

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

	(Millions of yen)	
	FY2011 (From April 1, 2011, to March 31, 2012)	FY2012 (From April 1, 2012, to March 31, 2013)
Net sales	127,246	128,901
Cost of sales	74,872	75,884
Gross profit	52,373	53,016
Selling, general and administrative expenses		
Advertising expenses	2,645	2,617
Promotion expenses	1,572	2,150
Packing and freight expenses	1,047	1,040
Directors' compensations	1,735	1,648
Provision for directors' retirement benefits	258	369
Salaries and bonuses	13,148	13,473
Provision for bonuses	853	842
Retirement benefit expenses	527	494
Rent expenses	1,319	1,261
Depreciation	863	794
Other	9,626	9,926
Total selling, general and administrative expenses	33,598	34,620
Operating income	18,774	18,395
Non-operating income		
Interest income	702	717
Cooperative monetary aid received	578	490
Amortization of negative goodwill	72	43
Foreign exchange gains	—	2,471
Other	914	709
Total non-operating income	2,267	4,433
Non-operating expenses		
Interest expenses	285	295
Other	213	252
Total non-operating expenses	498	548
Ordinary income	20,544	22,280

DAIICHIKOSHO CO., LTD.

(Millions of yen)

	FY2011 (From April 1, 2011, to March 31, 2012)	FY2012 (From April 1, 2012, to March 31, 2013)
Extraordinary income		
Gain on sales of noncurrent assets	24	50
Gain on sales of investment securities	20	92
Total extraordinary income	45	142
Extraordinary loss		
Loss on disposal of noncurrent assets	267	569
Impairment loss	438	359
Loss on liquidation of related business	634	—
Other	31	—
Total extraordinary losses	1,371	928
Income before income taxes and minority interests	19,218	21,495
Income taxes-current	8,309	8,604
Income taxes-deferred	135	(9)
Total income taxes	8,444	8,594
Income before minority interests	10,774	12,900
Minority interests in income	84	81
Net income	10,689	12,819

(Consolidated Statements of Comprehensive Income)

	(Millions of yen)	
	FY2011 (From April 1, 2011, to March 31, 2012)	FY2012 (From April 1, 2012, to March 31, 2013)
Income before minority interests	10,774	12,900
Other comprehensive income		
Valuation difference on available-for-sale securities	702	2,852
Foreign currency translation adjustment	(21)	86
Total other comprehensive income	680	2,939
Comprehensive income	11,454	15,839
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	11,370	15,758
Comprehensive income attributable to minority interests	84	81

(3) Consolidated Statements of Changes in Net Assets

	(Millions of yen)	
	FY2011 (From April 1, 2011, to March 31, 2012)	FY2012 (From April 1, 2012, to March 31, 2013)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	12,350	12,350
Balance at the end of current period	12,350	12,350
Capital surplus		
Balance at the beginning of current period	14,035	12,905
Changes of items during the period		
Retirement of treasury stock	(1,130)	(6,879)
Total changes of items during the period	(1,130)	(6,879)
Balance at the end of current period	12,905	6,026
Retained earnings		
Balance at the beginning of current period	61,552	68,730
Changes of items during the period		
Dividends from surplus	(3,512)	(3,429)
Net income	10,689	12,819
Total changes of items during the period	7,177	9,389
Balance at the end of current period	68,730	78,119
Treasury stock		
Balance at the beginning of current period	(4)	(989)
Changes of items during the period		
Purchase of treasury stock	(2,115)	(5,895)
Retirement of treasury stock	1,130	6,879
Total changes of items during the period	(984)	983
Balance at the end of current period	(989)	(5)
Total shareholders' equity		
Balance at the beginning of current period	87,934	92,996
Changes of items during the period		
Dividends from surplus	(3,512)	(3,429)
Net income	10,689	12,819
Purchase of treasury stock	(2,115)	(5,895)
Retirement of treasury stock	—	—
Total changes of items during the period	5,062	3,493
Balance at the end of current period	92,996	96,490

(Millions of yen)

	FY2011 (From April 1, 2011, to March 31, 2012)	FY2012 (From April 1, 2012, to March 31, 2013)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	91	793
Changes of items during the period		
Net changes of items other than shareholders' equity	702	2,852
Total changes of items during the period	702	2,852
Balance at the end of current period	793	3,646
Revaluation reserve for land		
Balance at the beginning of current period	(777)	(777)
Balance at the end of current period	(777)	(777)
Foreign currency translation adjustment		
Balance at the beginning of current period	(164)	(186)
Changes of items during the period		
Net changes of items other than shareholders' equity	(21)	86
Total changes of items during the period	(21)	86
Balance at the end of current period	(186)	(100)
Total accumulated other comprehensive income		
Balance at the beginning of current period	(851)	(170)
Changes of items during the period		
Net changes of items other than shareholders' equity	680	2,939
Total changes of items during the period	680	2,939
Balance at the end of current period	(170)	2,768
Minority interests		
Balance at the beginning of current period	951	978
Changes of items during the period		
Net changes of items other than shareholders' equity	27	78
Total changes of items during the period	27	78
Balance at the end of current period	978	1,056
Total net assets		
Balance at the beginning of current period	88,034	93,804
Changes of items during the period		
Dividends from surplus	(3,512)	(3,429)
Net income	10,689	12,819
Purchase of treasury stock	(2,115)	(5,895)
Net changes of items other than shareholders' equity	708	3,017
Total changes of items during the period	5,770	6,510
Balance at the end of current period	93,804	100,315

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2011 (From April 1, 2011, to March 31, 2012)	FY2012 (From April 1, 2012, to March 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	19,218	21,495
Depreciation and amortization	14,113	13,321
Impairment loss	438	359
Amortization of negative goodwill	(72)	(43)
Increase (decrease) in allowance for doubtful accounts	(298)	(102)
Increase (decrease) in provision for directors' retirement benefits	(98)	(132)
Interest and dividends income	(794)	(805)
Interest expenses	285	295
Loss (gain) on disposal of noncurrent assets	242	518
Foreign exchange losses (gains)	(23)	(2,576)
Decrease (increase) in notes and accounts receivable-trade	3,590	(1,286)
Decrease (increase) in inventories	2,196	(1,018)
Transfer of cost of sales on karaoke equipment for rental	317	307
Increase (decrease) in notes and accounts payable-trade	(2,761)	1,184
Increase (decrease) in accounts payable-other	997	956
Other, net	1,109	1,026
Subtotal	38,459	33,500
Interest and dividends income received	700	796
Interest expenses paid	(260)	(298)
Income taxes paid	(6,091)	(9,516)
Net cash provided by (used in) operating activities	32,808	24,482
Net cash provided by (used in) investing activities		
Increase in time and saving deposits	(218)	(236)
Proceeds from decrease in time and saving deposits	283	194
Purchase of property, plant and equipment	(13,386)	(12,158)
Proceeds from sales of property, plant and equipment	197	251
Purchase of intangible assets	(3,125)	(3,818)
Payments for acquisition of video licenses	(1,258)	(1,700)
Purchase of investment securities	—	(789)
Proceeds from sales of investment securities	48	93
Payments of loans receivable	(885)	(412)
Collection of loans receivable	606	828
Payments for lease and guarantee deposits	(677)	(1,039)
Proceeds from collection of lease and guarantee deposits	866	507
Other, net	(71)	(273)
Net cash provided by (used in) investing activities	(17,619)	(18,553)

DAIICHIKOSHO CO., LTD.

(Millions of yen)

	FY2011 (From April 1, 2011, to March 31, 2012)	FY2012 (From April 1, 2012, to March 31, 2013)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	106	5
Proceeds from long-term loans payable	2,513	2,796
Repayment of long-term loans payable	(4,358)	(4,372)
Proceeds from issuance of bonds	—	9,946
Cash dividends paid	(3,509)	(3,430)
Purchase of treasury stock	(2,115)	(5,895)
Other, net	(40)	(39)
Net cash provided by (used in) financing activities	(7,404)	(989)
Effect of exchange rate change on cash and cash equivalents	9	2,656
Net increase (decrease) in cash and cash equivalents	7,793	7,596
Cash and cash equivalents at beginning of period	26,573	34,367
Cash and cash equivalents at end of period	34,367	41,963

(5) Segment Information**FY2011 (From April 1, 2011, to March 31, 2012)**

(Millions of yen)

	Reportable segments				Other	Total	Adjusted amount (Note)	Amount on consolidated statements of income
	Commercial karaoke	Karaoke cabin and restaurant	Music software	Subtotal				
Sales								
Sales to third parties	62,402	45,117	10,974	118,494	8,751	127,246	—	127,246
Intersegment sales and transfers	—	—	—	—	—	—	—	—
Total	62,402	45,117	10,974	118,494	8,751	127,246	—	127,246
Segment income (Operating income)	12,266	7,140	1,433	20,841	683	21,524	(2,749)	18,774
Other items								
Depreciation and amortization	8,604	3,145	36	11,787	728	12,516	34	12,550
Amortization of goodwill	—	169	—	169	—	169	—	169

Note: The (2,749) million yen adjustment posted to segment income is primarily composed of general and administrative expenses incurred by the administrative department at the head office that are not attributable to any particular reportable segment.

FY2012 (From April 1, 2012, to March 31, 2013)

(Millions of yen)

	Reportable segments				Other	Total	Adjusted amount (Note)	Amount on consolidated statements of income
	Commercial karaoke	Karaoke cabin and restaurant	Music software	Subtotal				
Sales								
Sales to third parties	64,985	45,641	10,654	121,280	7,620	128,901	—	128,901
Intersegment sales and transfers	—	—	—	—	—	—	—	—
Total	64,985	45,641	10,654	121,280	7,620	128,901	—	128,901
Segment income (Operating income)	12,050	6,852	1,269	20,171	1,241	21,413	(3,017)	18,395
Other items								
Depreciation and amortization	8,327	2,915	42	11,285	379	11,665	25	11,691
Amortization of goodwill	0	147	—	147	—	147	—	147

Note: The (3,017) million yen adjustment posted to segment income is primarily composed of general and administrative expenses incurred by the administrative department at the head office that are not attributable to any particular reportable segment.