

FY2012, the year ending March 31, 2013

Flash Report on the Consolidated Results for the Interim Period Ended
December 31, 2012 [JGAAP]

February 12, 2013

Company Name: **DAIICHIKOSHO CO., LTD.**
 Stock Exchange Listing: Osaka (JASDAQ)
 Code Number: 7458
 URL: <http://www.dkkaraoke.co.jp>
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 Scheduled Date to Submit the Quarterly Securities Report: February 14, 2013
 Start Date for Dividend Payment: December —
 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 Interim Period Ended December 31, 2012 (From April 1, 2012, to December 31, 2012)

(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 December 31, 2012	96,621	0.7	15,155	3.3	17,160	7.6
Interim Period ended December 31, 2011	95,968	(0.1)	14,673	4.6	15,941	8.5

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Interim Period ended December 31, 2012	9,994	20.5	161.61	—
Interim Period ended December 31, 2011	8,297	3.3	129.88	—

(Note) Comprehensive income:

Interim Period ended December 31, 2012: 11,346 million yen 33.7%

Interim Period ended December 31, 2011: 8,484 million yen 2.3%

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2012	153,363	95,822	61.8
As of March 31, 2012	142,238	93,804	65.3

(Reference) Shareholders' equity:

As of December 31, 2012: 94,788 million yen

As of March 31, 2012: 92,826 million yen

2. Dividend

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

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

3. Forecast Consolidated Performance for FY2012, the Year Ending March 31, 2013

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

(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 ending March 31, 2013 (full year)	128,000	0.6	18,800	0.1	20,600	0.3

	Net income		Net income per share
	Millions of yen	%	Yen
Year ending March 31, 2013 (full year)	12,000	12.3	200.93

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

*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: Yes

2) Changes due to changes in accounting standard except (3) 1): None

3) Changes due to accounting estimation change: Yes

4) Error correction: None

1) Number of shares issued (including treasury stock)

2) Number of shares of treasury stock

3) Average number of shares during the period

As of December 31, 2012	59,725,000 shares	As of March 31, 2012	63,420,596 shares
As of December 31, 2012	2,667 shares	As of March 31, 2012	602,863 shares
Interim Period ended December 31, 2012	61,841,275 shares	Interim Period ended December 31, 2011	63,881,411 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 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)	
	FY2011 (As of March 31, 2012)	Current interim period (As of December 31, 2012)
Assets		
Current assets		
Cash and deposits	34,219	37,870
Notes and accounts receivable-trade	7,007	6,851
Inventories	5,155	6,682
Other	6,255	6,668
Allowance for doubtful accounts	(130)	(141)
Total current assets	52,508	57,932
Noncurrent assets		
Property, plant and equipment		
Karaoke equipment for rental, net	6,180	7,693
Karaoke cabin and restaurant facilities, net	14,479	15,030
Land	24,316	24,569
Other, net	6,097	7,324
Total property, plant and equipment	51,074	54,617
Intangible assets		
Goodwill	472	363
Other	6,081	5,923
Total intangible assets	6,553	6,286
Investments and other assets		
Investment securities	13,892	16,334
Lease and guarantee deposits	12,805	12,937
Other	5,656	5,512
Allowance for doubtful accounts	(251)	(258)
Total investments and other assets	32,102	34,525
Total noncurrent assets	89,730	95,430
Total assets	142,238	153,363

DAIICHIKOSHO CO., LTD.

	FY2011 (As of March 31, 2012)	(Millions of yen) Current interim period (As of December 31, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,328	6,768
Short-term loans payable	5,554	4,919
Income taxes payable	5,353	2,589
Provision for bonuses	1,062	819
Other	10,861	10,189
Total current liabilities	26,159	25,286
Noncurrent liabilities		
Bonds payable	—	10,000
Long-term loans payable	15,004	14,756
Provision for retirement benefits	3,299	3,596
Provision for directors' retirement benefits	2,220	2,014
Negative goodwill	190	157
Other	1,559	1,728
Total noncurrent liabilities	22,274	32,253
Total liabilities	48,433	57,540
Net assets		
Shareholders' equity		
Capital stock	12,350	12,350
Capital surplus	12,905	6,026
Retained earnings	68,730	75,294
Treasury stock	(989)	(5)
Total shareholders' equity	92,996	93,665
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	793	2,068
Revaluation reserve for land	(777)	(777)
Foreign currency translation adjustment	(186)	(168)
Total accumulated other comprehensive income	(170)	1,122
Minority interests	978	1,034
Total net assets	93,804	95,822
Total liabilities and net assets	142,238	153,363

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

	(Millions of yen)	
	Previous interim period (From April 1, 2011, to December 31, 2011)	Current interim period (From April 1, 2012, to December 31, 2012)
Net sales	95,968	96,621
Cost of sales	56,100	56,018
Gross profit	39,868	40,602
Selling, general and administrative expenses	25,194	25,447
Operating income	14,673	15,155
Non-operating income		
Interest income	525	509
Dividends income	90	82
Amortization of negative goodwill	32	32
Foreign exchange gains	—	928
Other	1,030	841
Total non-operating income	1,678	2,394
Non-operating expenses		
Interest expenses	218	220
Other	192	169
Total non-operating expenses	410	389
Ordinary income	15,941	17,160
Extraordinary income		
Gain on sales of noncurrent assets	24	32
Gain on sales of investment securities	19	—
Total extraordinary income	44	32
Extraordinary loss		
Loss on disposal of noncurrent assets	157	198
Impairment loss	2	78
Loss on liquidation of related business	678	—
Other	22	—
Total extraordinary losses	861	276
Income before income taxes and minority interests	15,125	16,917
Income taxes-current	6,517	6,678
Income taxes-deferred	261	185
Total income taxes	6,778	6,863
Income before minority interests	8,346	10,053
Minority interests in income	49	59
Net income	8,297	9,994

(Quarterly Consolidated Statements of Comprehensive Income)

	(Millions of yen)	
	Previous interim period (From April 1, 2011, to December 31, 2011)	Current interim period (From April 1, 2012, to December 31, 2012)
Income before minority interests	8,346	10,053
Other comprehensive income		
Valuation difference on available-for-sale securities	204	1,275
Foreign currency translation adjustment	(66)	18
Total other comprehensive income	138	1,293
Comprehensive income	8,484	11,346
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	8,435	11,287
Comprehensive income attributable to minority interests	49	59

(4) Segment Information**Previous interim period (From April 1, 2011, to December 31, 2011)**

(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	47,342	33,924	8,117	89,384	6,584	95,968	—	95,968
Segment income (Operating income)	9,608	5,718	912	16,239	556	16,796	(2,123)	14,673

(Note) The (2,123) 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.

Current interim period (From April 1, 2012, to December 31, 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	48,573	34,450	7,787	90,811	5,809	96,621	—	96,621
Segment income (Operating income)	9,644	5,780	960	16,385	960	17,346	(2,190)	15,155

(Note) The (2,190) 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.