

FY2012, the year ending March 31, 2013

Flash Report on the Consolidated Results for the Interim Period Ended  
September 30, 2012 [JGAAP]

November 9, 2012

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: November 14, 2012  
 Start Date for Dividend Payment: December 5, 2012  
 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, 2012 (From April 1, 2012,  
to September 30, 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 September 30, 2012	62,747	1.0	9,464	3.9	10,135	1.9
Interim Period ended September 30, 2011	62,150	2.2	9,111	(0.1)	9,944	3.8

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Interim Period ended September 30, 2012	5,911	12.5	94.77	—
Interim Period ended September 30, 2011	5,256	(2.4)	81.99	—

(Note) Comprehensive income:

Interim Period ended September 30, 2012: 6,360 million yen 32.7%

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

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2012	153,892	96,610	62.1
As of March 31, 2012	142,238	93,804	65.3

(Reference) Shareholders' equity:

As of September 30, 2012: 95,594 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)	130,000	2.2	18,800	0.1	19,700	(4.1)

	Net income		Net income per share
	Millions of yen	%	Yen
Year ending March 31, 2013 (full year)	11,400	6.6	184.41

(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: 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
- (4) Number of common shares issued

1) Number of shares issued (including treasury stock)	As of September 30, 2012	61,820,596 shares	As of March 31, 2012	63,420,596 shares
2) Number of shares of treasury stock	As of September 30, 2012	2,863 shares	As of March 31, 2012	602,863 shares
3) Average number of shares during the period	Interim Period ended September 30, 2012	62,379,823 shares	Interim Period ended September 30, 2011	64,113,999 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 September 30, 2012)
<b>Assets</b>		
Current assets		
Cash and deposits	34,219	43,449
Notes and accounts receivable-trade	7,007	6,565
Inventories	5,155	5,228
Other	6,255	7,083
Allowance for doubtful accounts	(130)	(133)
Total current assets	52,508	62,193
Noncurrent assets		
Property, plant and equipment		
Karaoke equipment for rental, net	6,180	7,193
Karaoke cabin and restaurant facilities, net	14,479	14,221
Land	24,316	24,469
Other, net	6,097	6,072
Total property, plant and equipment	51,074	51,956
Intangible assets		
Goodwill	472	399
Other	6,081	5,745
Total intangible assets	6,553	6,145
Investments and other assets		
Investment securities	13,892	15,142
Lease and guarantee deposits	12,805	12,918
Other	5,656	5,795
Allowance for doubtful accounts	(251)	(259)
Total investments and other assets	32,102	33,597
Total noncurrent assets	89,730	91,698
Total assets	142,238	153,892

## DAIICHIKOSHO CO., LTD.

(Millions of yen)

	FY2011 (As of March 31, 2012)	Current interim period (As of September 30, 2012)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	3,328	5,178
Short-term loans payable	5,554	4,988
Income taxes payable	5,353	4,017
Provision for bonuses	1,062	1,368
Other	10,861	9,451
Total current liabilities	26,159	25,005
Noncurrent liabilities		
Bonds payable	—	10,000
Long-term loans payable	15,004	15,015
Provision for retirement benefits	3,299	3,487
Provision for directors' retirement benefits	2,220	1,927
Negative goodwill	190	168
Other	1,559	1,677
Total noncurrent liabilities	22,274	32,276
<b>Total liabilities</b>	<b>48,433</b>	<b>57,281</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	12,350	12,350
Capital surplus	12,905	10,254
Retained earnings	68,730	72,757
Treasury stock	(989)	(5)
Total shareholders' equity	92,996	95,357
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	793	1,237
Revaluation reserve for land	(777)	(777)
Foreign currency translation adjustment	(186)	(222)
Total accumulated other comprehensive income	(170)	237
Minority interests	978	1,016
<b>Total net assets</b>	<b>93,804</b>	<b>96,610</b>
<b>Total liabilities and net assets</b>	<b>142,238</b>	<b>153,892</b>

**(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 September 30, 2011)	Current interim period (From April 1, 2012, to September 30, 2012)
Net sales	62,150	62,747
Cost of sales	36,336	36,620
Gross profit	25,813	26,127
Selling, general and administrative expenses	16,701	16,663
Operating income	9,111	9,464
Non-operating income		
Interest income	354	330
Dividends income	43	49
Cooperative monetary aid received	252	229
Amortization of negative goodwill	21	21
Other	478	342
Total non-operating income	1,151	973
Non-operating expenses		
Interest expenses	147	142
Other	170	160
Total non-operating expenses	318	302
Ordinary income	9,944	10,135
Extraordinary income		
Gain on sales of noncurrent assets	19	31
Gain on sales of investment securities	19	—
Total extraordinary income	39	31
Extraordinary loss		
Loss on disposal of noncurrent assets	107	102
Impairment loss	2	60
Loss on cancellation of a new business	680	—
Other	22	—
Total extraordinary losses	812	162
Income before income taxes and minority interests	9,171	10,004
Income taxes-current	4,241	4,073
Income taxes-deferred	(362)	(22)
Total income taxes	3,878	4,051
Income before minority interests	5,292	5,952
Minority interests in income	35	40
Net income	5,256	5,911

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

	(Millions of yen)	
	Previous interim period (From April 1, 2011, to September 30, 2011)	Current interim period (From April 1, 2012, to September 30, 2012)
Income before minority interests	5,292	5,952
Other comprehensive income		
Valuation difference on available-for-sale securities	(428)	444
Foreign currency translation adjustment	(71)	(36)
Total other comprehensive income	(499)	408
Comprehensive income	4,792	6,360
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,757	6,319
Comprehensive income attributable to minority interests	35	40

**(3) Quarterly Consolidated Statements of Cash Flows**

(Millions of yen)

	Previous interim period (From April 1, 2011, to September 30, 2011)	Current interim period (From April 1, 2012, to September 30, 2012)
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes and minority interests	9,171	10,004
Depreciation and amortization	6,691	6,441
Impairment loss	2	60
Amortization of negative goodwill	(21)	(21)
Increase (decrease) in allowance for doubtful accounts	(146)	10
Increase (decrease) in provision for bonuses	276	306
Increase (decrease) in provision for directors' retirement benefits	(178)	(293)
Interest and dividends income	(397)	(380)
Interest expenses	147	142
Loss (gain) on disposal of noncurrent assets	87	70
Decrease (increase) in notes and accounts receivable-trade	3,635	438
Decrease (increase) in inventories	833	(72)
Transfer of cost of sales on karaoke equipment for rental	156	155
Increase (decrease) in notes and accounts payable-trade	(2,487)	1,853
Increase (decrease) in accounts payable-other	108	(771)
Other, net	(493)	(822)
Subtotal	17,386	17,121
Interest and dividends income received	307	392
Interest expenses paid	(145)	(146)
Income taxes paid	(3,060)	(5,402)
Net cash provided by (used in) operating activities	14,488	11,965
<b>Net cash provided by (used in) investing activities</b>		
Increase in time and saving deposits	(68)	(47)
Proceeds from decrease in time and saving deposits	103	64
Purchase of property, plant and equipment	(8,468)	(5,051)
Proceeds from sales of property, plant and equipment	141	32
Purchase of intangible assets	(1,437)	(1,816)
Payments for acquisition of video licenses	(664)	(806)
Purchase of investment securities	—	(521)
Payments of loans receivable	(250)	(112)
Collection of loans receivable	290	509
Payments for lease and guarantee deposits	(351)	(486)
Proceeds from collection of lease and guarantee deposits	620	266
Other, net	(24)	(343)
Net cash provided by (used in) investing activities	(10,109)	(8,311)

## DAIICHIKOSHO CO., LTD.

(Millions of yen)

	Previous interim period (From April 1, 2011, to September 30, 2011)	Current interim period (From April 1, 2012, to September 30, 2012)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	132	77
Proceeds from long-term loans payable	1,300	1,850
Repayment of long-term loans payable	(2,220)	(2,481)
Proceeds from issuance of bonds	—	9,946
Cash dividends paid	(1,925)	(1,882)
Purchase of treasury stock	(1,104)	(1,667)
Other, net	(21)	(21)
Net cash provided by (used in) financing activities	(3,840)	5,821
Effect of exchange rate change on cash and cash equivalents	(26)	(27)
Net increase (decrease) in cash and cash equivalents	511	9,447
Cash and cash equivalents at beginning of period	26,573	34,367
Cash and cash equivalents at end of period	27,085	43,814

**(4) Segment Information****Previous interim period (From April 1, 2011, to September 30, 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	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.

**Current interim period (From April 1, 2012, to September 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	31,895	22,016	4,895	58,807	3,940	62,747	—	62,747
Segment income (Operating income)	6,586	3,288	399	10,273	652	10,925	(1,461)	9,464

(Note) The (1,461) 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.