

FY2013, the year ending March 31, 2014

Flash Report on the Consolidated Results for the Interim Period Ended
September 30, 2013 [JGAAP]

November 11, 2013

Company Name: **DAIICHIKOSHO CO., LTD.**
 Stock Exchange Listing: Tokyo Stock Exchange, JASDAQ
 Code Number: 7458
 URL: <http://www.dkkaraoke.co.jp>
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 Scheduled Date to Submit the Quarterly Securities Report: November 14, 2013
 Start Date for Dividend Payment: December 5, 2013
 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, 2013 (From April 1, 2013,
to September 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	%
Interim Period ended September 30, 2013	64,924	3.5	10,089	6.6	10,859	7.1
Interim Period ended September 30, 2012	62,747	1.0	9,464	3.9	10,135	1.9

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Interim Period ended September 30, 2013	6,167	4.3	103.27	—
Interim Period ended September 30, 2012	5,911	12.5	94.77	—

(Note) Comprehensive income:

Interim Period ended September 30, 2013: 5,706 million yen (10.3) %

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

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2013	160,771	103,928	64.0
As of March 31, 2013	159,479	100,315	62.2

(Reference) Shareholders' equity:

As of September 30, 2013: 102,822 million yen

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

2. Dividend

	Annual dividend				
	First Quarter	Second Quarter	Third Quarter	Year-end	Total
Year ended March 31, 2013	—	Yen 25.00	—	Yen 35.00	Yen 60.00
Year ending March 31, 2014	—	30.00			
Year ending March 31, 2014 (forecast)			—	35.00	65.00

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

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	%
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
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 September 30, 2013	59,725,000 shares	As of March 31, 2013	59,725,000 shares
2) Number of shares of treasury stock	As of September 30, 2013	2,714 shares	As of March 31, 2013	2,714 shares
3) Average number of shares during the period	Interim Period ended September 30, 2013	59,722,286 shares	Interim Period ended September 30, 2012	62,379,823 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 Interim Period (As of September 30, 2013)
Assets		
Current assets		
Cash and deposits	41,248	42,074
Notes and accounts receivable-trade	8,337	6,494
Inventories	6,718	6,281
Other	6,735	7,879
Allowance for doubtful accounts	(134)	(123)
Total current assets	62,365	62,606
Noncurrent assets		
Property, plant and equipment		
Karaoke equipment for rental, net	7,598	8,620
Karaoke cabin and restaurant facilities, net	15,251	15,488
Land	24,497	26,107
Other, net	7,135	5,490
Total property, plant and equipment	54,484	55,706
Intangible assets		
Goodwill	405	327
Other	5,956	5,834
Total intangible assets	6,361	6,162
Investments and other assets		
Investment securities	18,998	18,014
Lease and guarantee deposits	13,060	13,407
Other	4,355	5,019
Allowance for doubtful accounts	(146)	(144)
Total investments and other assets	36,268	36,295
Total noncurrent assets	97,113	98,164
Total assets	159,479	160,771

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(Millions of yen)

	FY2012 (As of March 31, 2013)	Current Interim Period (As of September 30, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,540	4,836
Short-term loans payable	4,836	5,048
Income taxes payable	4,524	4,655
Provision for bonuses	1,063	1,508
Other	12,419	9,209
Total current liabilities	27,384	25,258
Noncurrent liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	14,151	13,546
Provision for retirement benefits	3,683	3,902
Provision for directors' retirement benefits	2,088	2,151
Other	1,856	1,982
Total noncurrent liabilities	31,780	31,584
Total liabilities	59,164	56,842
Net assets		
Shareholders' equity		
Capital stock	12,350	12,350
Capital surplus	6,026	6,026
Retained earnings	78,119	82,196
Treasury stock	(5)	(5)
Total shareholders' equity	96,490	100,567
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,646	3,034
Revaluation reserve for land	(777)	(777)
Foreign currency translation adjustment	(100)	(1)
Total accumulated other comprehensive income	2,768	2,254
Minority interests	1,056	1,106
Total net assets	100,315	103,928
Total liabilities and net assets	159,479	160,771

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

	(Millions of yen)	
	Previous Interim Period (From April 1, 2012, to September 30, 2012)	Current interim period (From April 1, 2013, to September 30, 2013)
Net sales	62,747	64,924
Cost of sales	36,620	37,522
Gross profit	26,127	27,402
Selling, general and administrative expenses	16,663	17,312
Operating income	9,464	10,089
Non-operating income		
Interest income	330	386
Cooperative monetary aid received	229	231
Compensation income	—	148
Other	414	436
Total non-operating income	973	1,203
Non-operating expenses		
Interest expenses	142	147
Foreign exchange losses	18	173
Other	142	112
Total non-operating expenses	302	433
Ordinary income	10,135	10,859
Extraordinary income		
Gain on sales of noncurrent assets	31	3
Total extraordinary income	31	3
Extraordinary loss		
Loss on disposal of noncurrent assets	102	135
Impairment loss	60	63
Other	—	2
Total extraordinary losses	162	202
Income before income taxes and minority interests	10,004	10,660
Income taxes-current	4,073	4,765
Income taxes-deferred	(22)	(325)
Total income taxes	4,051	4,440
Income before minority interests	5,952	6,220
Minority interests in income	40	52
Net income	5,911	6,167

(Quarterly Consolidated Statements of Comprehensive Income)

	(Millions of yen)	
	Previous Interim Period (From April 1, 2012, to September 30, 2012)	Current interim period (From April 1, 2013, to September 30, 2013)
Income before minority interests	5,952	6,220
Other comprehensive income		
Valuation difference on available-for-sale securities	444	(611)
Foreign currency translation adjustment	(36)	98
Total other comprehensive income	408	(513)
Comprehensive income	6,360	5,706
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	6,319	5,654
Comprehensive income attributable to minority interests	40	52

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Previous interim period (From April 1, 2012, to September 30, 2012)	Current interim period (From April 1, 2013, to September 30, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	10,004	10,660
Depreciation and amortization	6,441	6,293
Impairment loss	60	63
Amortization of negative goodwill	(21)	(16)
Increase (decrease) in allowance for doubtful accounts	10	(11)
Increase (decrease) in provision for bonuses	306	444
Increase (decrease) in provision for directors' retirement benefits	(293)	63
Interest and dividends income	(380)	(473)
Interest expenses	142	147
Foreign exchange losses (gains)	18	105
Loss (gain) on disposal of noncurrent assets	70	132
Decrease (increase) in notes and accounts receivable-trade	438	1,867
Decrease (increase) in inventories	(72)	(96)
Transfer of cost of sales on karaoke equipment for rental	155	210
Increase (decrease) in notes and accounts payable-trade	1,853	273
Increase (decrease) in accounts payable-other	(771)	(1,907)
Other, net	(840)	(811)
Subtotal	17,121	16,945
Interest and dividends income received	392	491
Interest expenses paid	(146)	(146)
Income taxes paid	(5,402)	(4,544)
Net cash provided by (used in) operating activities	11,965	12,746
Net cash provided by (used in) investing activities		
Increase in time and saving deposits	(47)	(39)
Proceeds from decrease in time and saving deposits	64	148
Purchase of property, plant and equipment	(5,051)	(6,214)
Proceeds from sales of property, plant and equipment	32	7
Purchase of intangible assets	(1,816)	(1,689)
Payments for acquisition of video licenses	(806)	(1,000)
Purchase of investment securities	(521)	—
Payments of loans receivable	(112)	(354)
Collection of loans receivable	509	343
Payments for lease and guarantee deposits	(486)	(553)
Proceeds from collection of lease and guarantee deposits	266	247
Other, net	(343)	(4)
Net cash provided by (used in) investing activities	(8,311)	(9,109)

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(Millions of yen)

	Previous interim period (From April 1, 2012, to September 30, 2012)	Current interim period (From April 1, 2013, to September 30, 2013)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	77	75
Proceeds from long-term loans payable	1,850	1,260
Repayment of long-term loans payable	(2,481)	(1,726)
Proceeds from issuance of bonds	9,946	—
Cash dividends paid	(1,882)	(2,090)
Purchase of treasury stock	(1,667)	—
Other, net	(21)	(20)
Net cash provided by (used in) financing activities	5,821	(2,503)
Effect of exchange rate change on cash and cash equivalents	(27)	(24)
Net increase (decrease) in cash and cash equivalents	9,447	1,108
Cash and cash equivalents at beginning of period	34,367	41,963
Cash and cash equivalents at end of period	43,814	43,071

(4) SEGMENT INFORMATION

Previous 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.

Current interim period (From April 1, 2013, to September 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	33,736	22,782	4,772	61,291	3,632	64,924	—	64,924
Segment income (Operating income)	7,327	3,103	403	10,834	691	11,526	(1,436)	10,089

(Note) The (1,436) 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.