

FY2012, the year ending March 31, 2013

Flash Report on the Consolidated Results for the First Quarter Ended
June 30, 2012 [JGAAP]

August 6, 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: August 9, 2012
 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, 2012 (From April 1, 2012,
to June 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	%
Three months ended June 30, 2012	31,156	1.5	4,661	(2.3)	4,979	(5.6)
Three months ended June 30, 2011	30,685	0.5	4,770	(3.5)	5,275	2.2

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Three months ended June 30, 2012	2,980	(4.7)	47.54	—
Three months ended June 30, 2011	3,126	2.4	48.68	—

(Note) Comprehensive income:

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

Three months ended June 30, 2011: 3,332 million yen 5.5%

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2012	140,727	94,007	66.1
As of March 31, 2012	142,238	93,804	65.3

(Reference) Shareholders' equity:

As of June 30, 2012: 93,017 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	—				
Year ending March 31, 2013 (forecast)		25.00	—	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	%
Six months ending September 30, 2012	63,400	2.0	8,400	(7.8)	8,800	(11.5)
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
Six months ending September 30, 2012	5,000	(4.9)	80.36
Year ending March 31, 2013 (full year)	11,400	(6.6)	183.23

(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)
- 2) Number of shares of treasury stock
- 3) Average number of shares during the period

As of June 30, 2012	62,220,596 shares	As of March 31, 2012	63,420,596 Shares
As of June 30, 2012	2,863 Shares	As of March 31, 2012	602,863 Shares
Three months ended June 30, 2012	62,686,395 shares	Three months ended June 30, 2011	64,217,756 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 is 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.

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

Pursuant to the revisions to the Income Tax Law, Our company and its consolidated subsidiaries changed the method of depreciation of tangible fixed assets and use a method based on the revised Income Tax Law with regard to those assets acquired on and after April 1, 2012.

This change increased operating income, ordinary income and income before income taxes and minority interests each by 36 million yen for the three months ended June 30, 2012.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	FY2011 (As of March 31, 2012)	Current first quarter (As of June 30, 2012)
Assets		
Current assets		
Cash and deposits	34,219	31,239
Notes and accounts receivable-trade	7,007	6,653
Inventories	5,155	4,934
Other	6,255	7,745
Allowance for doubtful accounts	(130)	(115)
Total current assets	52,508	50,456
Noncurrent assets		
Property, plant and equipment		
Karaoke equipment for rental, net	6,180	6,737
Karaoke cabin and restaurant facilities, net	14,479	14,445
Land	24,316	24,289
Other, net	6,097	6,147
Total property, plant and equipment	51,074	51,620
Intangible assets		
Goodwill	472	436
Other	6,081	5,846
Total intangible assets	6,553	6,282
Investments and other assets		
Investment securities	13,892	13,993
Lease and guarantee deposits	12,805	12,838
Other	5,656	5,791
Allowance for doubtful accounts	(251)	(256)
Total investments and other assets	32,102	32,367
Total noncurrent assets	89,730	90,270
Total assets	142,238	140,727

DAIICHIKOSHO CO., LTD.

	FY2011 (As of March 31, 2012)	Current first quarter (As of June 30, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,328	4,813
Short-term loans payable	5,554	5,768
Income taxes payable	5,353	2,222
Provision for bonuses	1,062	457
Other	10,861	11,497
Total current liabilities	26,159	24,759
Noncurrent liabilities		
Long-term loans payable	15,004	14,943
Provision for retirement benefits	3,299	3,364
Provision for directors' retirement benefits	2,220	1,847
Negative goodwill	190	179
Other	1,559	1,624
Total noncurrent liabilities	22,274	21,960
Total liabilities	48,433	46,719
Net assets		
Shareholders' equity		
Capital stock	12,350	12,350
Capital surplus	12,905	10,964
Retained earnings	68,730	69,825
Treasury stock	(989)	(4)
Total shareholders' equity	92,996	93,136
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	793	854
Revaluation reserve for land	(777)	(777)
Foreign currency translation adjustment	(186)	(196)
Total accumulated other comprehensive income	(170)	(118)
Minority interests	978	990
Total net assets	93,804	94,007
Total liabilities and net assets	142,238	140,727

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statements of Income)
Three months ended June 30, 2012

	(Millions of yen)	
	Three months ended June 30, 2011 (From April 1, 2011, to June 30, 2011)	Three months ended June 30, 2012 (From April 1, 2012, to June 30, 2012)
Net sales	30,685	31,156
Cost of sales	17,585	18,077
Gross profit	13,100	13,078
Selling, general and administrative expenses	8,329	8,417
Operating income	4,770	4,661
Non-operating income		
Interest income	177	157
Dividends income	36	32
Cooperative monetary aid received	107	109
Amortization of negative goodwill	10	10
Other	313	148
Total non-operating income	646	459
Non-operating expenses		
Interest expenses	74	65
Foreign exchange losses	11	38
Other	54	36
Total non-operating expenses	141	140
Ordinary income	5,275	4,979
Extraordinary income		
Gain on sales of noncurrent assets	12	0
Total extraordinary income	12	0
Extraordinary loss		
Loss on disposal of noncurrent assets	50	19
Impairment loss	1	57
Other	0	—
Total extraordinary losses	52	77
Income before income taxes and minority interests	5,236	4,901
Income taxes-current	2,344	2,238
Income taxes-deferred	(248)	(332)
Total income taxes	2,095	1,906
Income before minority interests	3,140	2,995
Minority interests in income	13	15
Net income	3,126	2,980

(Quarterly Consolidated Statements of Comprehensive Income)
Three months ended June 30, 2012

	(Millions of yen)	
	Three months ended June 30, 2011 (From April 1, 2011, to June 30, 2011)	Three months ended June 30, 2012 (From April 1, 2012, to June 30, 2012)
Income before minority interests	3,140	2,995
Other comprehensive income		
Valuation difference on available-for-sale securities	194	61
Foreign currency translation adjustment	(1)	(9)
Total other comprehensive income	192	51
Comprehensive income	3,332	3,047
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,318	3,031
Comprehensive income attributable to minority interests	13	15

Segment Information**Three months ended June 30, 2011 (From April 1, 2011, to June 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	15,693	10,287	2,481	28,462	2,223	30,685	—	30,685
Segment income (Operating income)	3,562	1,572	176	5,311	201	5,512	(741)	4,770

(Note) The (741) 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, 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.