

FY2011, the year ended March 31, 2012

Flash Report on the Consolidated Results for the Year Ended March 31, 2012
[JGAAP]

May 14, 2012

Company Name: DAIICHIKOSHO CO., LTD.
 Stock Exchange Listing: Osaka (JASDAQ)
 Code Number: 7458
 URL: <http://www.dkkaraoke.co.jp/>
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 Date of the Ordinary General Meeting of Shareholders: June 22, 2012
 Start Date for Dividend Payment: June 25, 2012
 Scheduled Date to Submit the Securities Report: June 26, 2012
 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, 2012 (From April 1, 2011, to March 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	%
Year ended March 31, 2012	127,246	(0.5)	18,774	13.7	20,544	17.7
Year ended March 31, 2011	127,885	2.1	16,510	(5.3)	17,457	(5.2)

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Year ended March 31, 2012	10,689	11.5	167.70	—
Year ended March 31, 2011	9,590	(10.6)	147.26	—

Note: Comprehensive income

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

Year ended March 31, 2011: 9,908 million yen (10.3%)

	Return on equity	Ordinary income to total assets	Operating income to net sales
	%	%	%
Year ended March 31, 2012	11.9	14.7	14.8
Year ended March 31, 2011	11.3	13.3	12.9

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

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

Year ended March 31, 2011: (35) 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, 2012	142,238	93,804	65.3	1,477.71
Year ended March 31, 2011	137,447	88,034	63.4	1,356.06

(Reference) Shareholders' equity:

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

Year ended March 31, 2011: 87,083 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from 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, 2012	32,808	(17,619)	(7,404)	34,367
Year ended March 31, 2011	19,343	(28,213)	1,626	26,573

2. Dividend

	Annual dividend				
	First Quarter	Second Quarter	Third Quarter	Year-end	Total
		Yen		Yen	Yen
Year ended March 31, 2011	—	25.00	—	30.00	55.00
Year ended March 31, 2012	—	25.00	—	30.00	55.00
Year ending March 31, 2013 (forecast)	—	25.00	—	30.00	55.00

	Aggregate amount of dividend (total)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	Millions of yen	%	%
Year ended March 31, 2011	3,551	37.3	4.2
Year ended March 31, 2012	3,470	32.8	3.9
Year ending March 31, 2013 (forecast)		30.3	

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)	79.60
Year ending March 31, 2013 (full year)	11,400	6.6	181.48

*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: None
 - 2) Changes due to changes in accounting standard except (2) 1): None
 - 3) Changes due to accounting estimation change: None
 - 4) Error correction: None

(3) 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 March 31, 2012	63,420,596 shares	As of March 31, 2011	64,220,596 shares
As of March 31, 2012	602,863 Shares	As of March 31, 2011	2,813 shares
Year ended March 31, 2012	63,742,957 shares	Year ended March 31, 2011	65,123,736 shares

(Reference) Outline of Nonconsolidated Financial Results

1. Nonconsolidated Performance for the Year Ended March 31, 2012 (From April 1, 2011, to March 31, 2012)

(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, 2012	86,276	(0.7)	11,451	9.3	12,774	7.8
Year ended March 31, 2011	86,883	3.9	10,479	(7.3)	11,851	(6.1)

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Year ended March 31, 2012	6,440	(2.8)	101.04	—
Year ended March 31, 2011	6,627	(22.9)	101.77	—

(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, 2012	99,274	61,230	61.7	974.74
Year ended March 31, 2011	93,675	59,715	63.8	929.89

(Reference) Shareholders' equity:

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

Year ended March 31, 2011: 59,715 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.

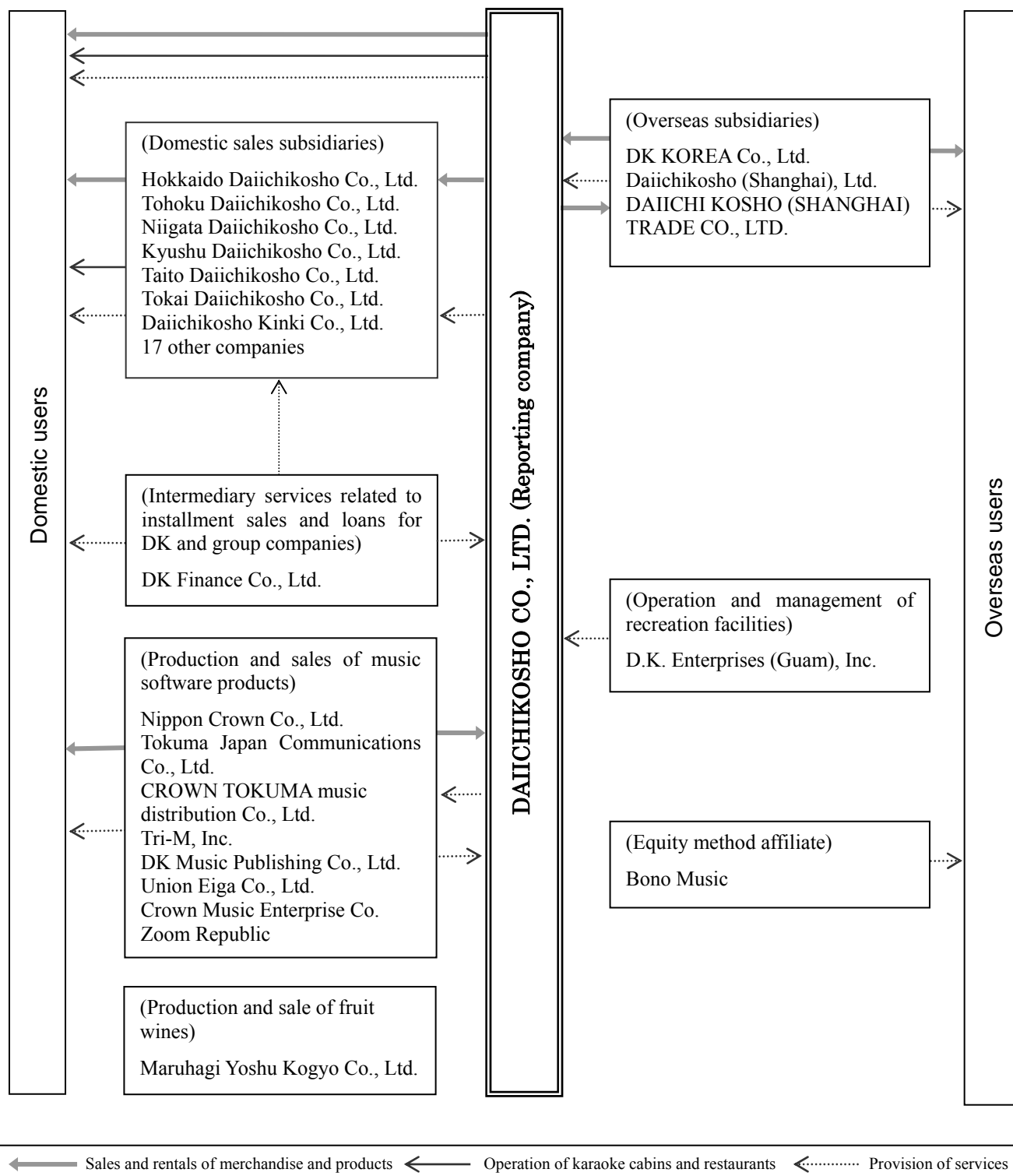
(Attachment)

Corporate Group

The Daiichikoshō Group (“DKG”) consists of Daiichikoshō Co., Ltd. (“DK” or “the company”), 38 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.	D.K. Enterprises (Guam), Inc.

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



- Notes: 1. BESTa FOODS Co., Ltd. was dissolved in August 2011 through an absorption-type merger in which the company was the surviving company.
 2. Fukushima Daiichikoshō Co., Ltd. was dissolved in October 2011 through an absorption-type merger in which Tohoku Daiichikoshō Co., Ltd. was the surviving company.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	FY2010	FY2011
	(As of March 31, 2011)	(As of March 31, 2012)
Assets		
Current assets		
Cash and deposits	26,955	34,219
Notes and accounts receivable-trade	10,597	7,007
Short-term investment securities	—	463
Inventories	7,354	5,155
Deferred tax assets	1,746	1,601
Other	4,190	4,190
Allowance for doubtful accounts	(397)	(130)
Total current assets	50,446	52,508
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	14,622	14,000
Accumulated depreciation	(8,865)	(8,814)
Buildings and structures, net	5,757	5,185
Karaoke equipment for rental	29,389	30,648
Accumulated depreciation	(23,089)	(24,467)
Karaoke equipment for rental, net	6,300	6,180
Karaoke cabin and restaurant facilities	33,438	34,343
Accumulated depreciation	(18,703)	(19,864)
Karaoke cabin and restaurant facilities, net	14,735	14,479
Land	19,143	24,316
Other	8,206	7,171
Accumulated depreciation	(7,057)	(6,260)
Other, net	1,148	911
Total property, plant and equipment	47,085	51,074
Intangible assets		
Goodwill	641	472
Other	7,421	6,081
Total intangible assets	8,063	6,553
Investments and other assets		
Investment securities	12,919	13,892
Long-term loans receivable	994	1,161
Deferred tax assets	3,852	3,410
Lease and guarantee deposits	13,198	12,805
Other	1,171	1,083
Allowance for doubtful accounts	(283)	(251)
Total investments and other assets	31,852	32,102
Total noncurrent assets	87,001	89,730
Total assets	137,447	142,238

DAIICHIKOSHO CO., LTD.

(Millions of yen)

	FY2010 (As of March 31, 2011)	FY2011 (As of March 31, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	6,091	3,328
Short-term loans payable	5,465	5,554
Accounts payable-other	5,827	7,146
Income taxes payable	3,120	5,353
Provision for bonuses	1,121	1,062
Other	3,771	3,714
Total current liabilities	25,398	26,159
Noncurrent liabilities		
Long-term loans payable	16,831	15,004
Deferred tax liabilities	150	43
Provision for retirement benefits	3,011	3,299
Provision for directors' retirement benefits	2,318	2,220
Negative goodwill	234	190
Other	1,468	1,516
Total noncurrent liabilities	24,014	22,274
Total liabilities	49,413	48,433
Net assets		
Shareholders' equity		
Capital stock	12,350	12,350
Capital surplus	14,035	12,905
Retained earnings	61,552	68,730
Treasury stock	(4)	(989)
Total shareholders' equity	87,934	92,996
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	91	793
Revaluation reserve for land	(777)	(777)
Foreign currency translation adjustment	(164)	(186)
Total accumulated other comprehensive income	(851)	(170)
Minority interests	951	978
Total net assets	88,034	93,804
Total liabilities and net assets	137,447	142,238

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

	(Millions of yen)	
	FY2010 (From April 1, 2010, to March 31, 2011)	FY2011 (From April 1, 2011, to March 31, 2012)
Net sales	127,885	127,246
Cost of sales	75,819	74,872
Gross profit	52,065	52,373
Selling, general and administrative expenses		
Advertising expenses	2,834	2,645
Promotion expenses	2,049	1,572
Packing and freight expenses	1,126	1,047
Directors' compensations	1,702	1,735
Provision for directors' retirement benefits	376	258
Salaries and bonuses	13,922	13,148
Provision for bonuses	901	853
Retirement benefit expenses	646	527
Rent expenses	1,379	1,319
Depreciation	805	863
Other	9,810	9,626
Total selling, general and administrative expenses	35,554	33,598
Operating income	16,510	18,774
Non-operating income		
Interest income	223	702
Cooperative monetary aid received	499	578
Reversal of allowance for doubtful accounts	—	112
Amortization of negative goodwill	66	72
Other	685	802
Total non-operating income	1,475	2,267
Non-operating expenses		
Interest expenses	208	285
Equity in losses of affiliates	35	10
Other	284	202
Total non-operating expenses	528	498
Ordinary income	17,457	20,544

DAIICHIKOSHO CO., LTD.

(Millions of yen)

	FY2010 (From April 1, 2010, to March 31, 2011)	FY2011 (From April 1, 2011, to March 31, 2012)
Extraordinary income		
Gain on sales of noncurrent assets	13	24
Gain on sales of investment securities	7	20
Gain on redemption of investment securities	148	—
Reversal of allowance for doubtful accounts	49	—
Reversal of provision for directors' retirement benefits	44	—
Reversal of provision for retirement benefits	110	—
Other	10	—
Total extraordinary income	383	45
Extraordinary loss		
Loss on disposal of noncurrent assets	344	267
Impairment loss	284	438
Loss on liquidation of related business	—	634
Loss on adjustment for changes of accounting standard for asset retirement obligations	440	—
Loss on sales of investment securities	105	—
Loss on abolishment of qualified pension plan	857	—
Loss on disaster	237	—
Other	24	31
Total extraordinary losses	2,294	1,371
Income before income taxes and minority interests	15,546	19,218
Income taxes-current	6,493	8,309
Income taxes-deferred	(707)	135
Total income taxes	5,786	8,444
Income before minority interests	9,759	10,774
Minority interests in income	169	84
Net income	9,590	10,689

(Consolidated Statements of Comprehensive Income)

	(Millions of yen)	
	FY2010 (From April 1, 2010, to March 31, 2011)	FY2011 (From April 1, 2011, to March 31, 2012)
Income before minority interests	9,759	10,774
Other comprehensive income		
Valuation difference on available-for-sale securities	244	702
Foreign currency translation adjustment	(96)	(21)
Total other comprehensive income	148	680
Comprehensive income	9,908	11,454
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	9,738	11,370
Comprehensive income attributable to minority interests	169	84

(3) Consolidated Statements of Changes in Net Assets

	(Millions of yen)	
	FY2010 (From April 1, 2010, to March 31, 2011)	FY2011 (From April 1, 2011, to March 31, 2012)
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	17,285	14,035
Changes of items during the period		
Retirement of treasury stock	(3,249)	(1,130)
Total changes of items during the period	(3,249)	(1,130)
Balance at the end of current period	14,035	12,905
Retained earnings		
Balance at the beginning of current period	55,563	61,552
Changes of items during the period		
Dividends from surplus	(3,601)	(3,512)
Net income	9,590	10,689
Total changes of items during the period	5,988	7,177
Balance at the end of current period	61,552	68,730
Treasury stock		
Balance at the beginning of current period	(973)	(4)
Changes of items during the period		
Purchase of treasury stock	(2,280)	(2,115)
Retirement of treasury stock	3,249	1,130
Total changes of items during the period	969	(984)
Balance at the end of current period	(4)	(989)
Total shareholders' equity		
Balance at the beginning of current period	84,226	87,934
Changes of items during the period		
Dividends from surplus	(3,601)	(3,512)
Net income	9,590	10,689
Purchase of treasury stock	(2,280)	(2,115)
Retirement of treasury stock	—	—
Total changes of items during the period	3,708	5,062
Balance at the end of current period	87,934	92,996

(Millions of yen)

	FY2010 (From April 1, 2010, to March 31, 2011)	FY2011 (From April 1, 2011, to March 31, 2012)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	(153)	91
Changes of items during the period		
Net changes of items other than shareholders' equity	244	702
Total changes of items during the period	244	702
Balance at the end of current period	91	793
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	(68)	(164)
Changes of items during the period		
Net changes of items other than shareholders' equity	(96)	(21)
Total changes of items during the period	(96)	(21)
Balance at the end of current period	(164)	(186)
Total accumulated other comprehensive income		
Balance at the beginning of current period	(1,000)	(851)
Changes of items during the period		
Net changes of items other than shareholders' equity	148	680
Total changes of items during the period	148	680
Balance at the end of current period	(851)	(170)
Minority interests		
Balance at the beginning of current period	828	951
Changes of items during the period		
Net changes of items other than shareholders' equity	123	27
Total changes of items during the period	123	27
Balance at the end of current period	951	978
Total net assets		
Balance at the beginning of current period	84,054	88,034
Changes of items during the period		
Dividends from surplus	(3,601)	(3,512)
Net income	9,590	10,689
Purchase of treasury stock	(2,280)	(2,115)
Net changes of items other than shareholders' equity	271	708
Total changes of items during the period	3,979	5,770
Balance at the end of current period	88,034	93,804

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2010 (From April 1, 2010, to March 31, 2011)	FY2011 (From April 1, 2011, to March 31, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	15,546	19,218
Depreciation and amortization	13,551	14,113
Impairment loss	284	438
Loss on adjustment for changes of accounting standard for asset retirement obligations	440	—
Amortization of negative goodwill	(66)	(72)
Increase (decrease) in allowance for doubtful accounts	(233)	(298)
Increase (decrease) in provision for directors' retirement benefits	230	(98)
Interest and dividends income	(308)	(794)
Interest expenses	208	285
Loss (gain) on disposal of noncurrent assets	331	242
Loss (gain) on valuation of investment securities	24	21
Decrease (increase) in notes and accounts receivable-trade	(3,240)	3,590
Decrease (increase) in inventories	(2,979)	2,196
Transfer of cost of sales on karaoke equipment for rental	379	317
Increase (decrease) in notes and accounts payable-trade	2,377	(2,761)
Increase (decrease) in accounts payable-other	63	997
Other, net	1,444	1,064
Subtotal	28,053	38,459
Interest and dividends income received	252	700
Interest expenses paid	(189)	(260)
Income taxes paid	(8,772)	(6,091)
Net cash provided by (used in) operating activities	19,343	32,808
Net cash provided by (used in) investing activities		
Increase in term deposits	(280)	(218)
Proceeds from decrease in term deposits	191	283
Purchase of property, plant and equipment	(9,998)	(13,386)
Proceeds from sales of property, plant and equipment	47	197
Purchase of intangible assets	(4,333)	(3,125)
Payments for acquisition of video licenses	(1,651)	(1,258)
Purchase of investment securities	(11,895)	—
Proceeds from sales of investment securities	1,933	48
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(1,083)	—
Payments of loans receivable	(1,100)	(885)
Collection of loans receivable	486	606
Payments for lease and guarantee deposits	(1,030)	(677)
Proceeds from collection of lease and guarantee deposits	304	866
Other, net	198	(71)
Net cash provided by (used in) investing activities	(28,213)	(17,619)

DAIICHIKOSHO CO., LTD.

(Millions of yen)

	FY2010 (From April 1, 2010, to March 31, 2011)	FY2011 (From April 1, 2011, to March 31, 2012)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	237	106
Proceeds from long-term loans payable	13,135	2,513
Repayment of long-term loans payable	(5,843)	(4,358)
Cash dividends paid	(3,596)	(3,509)
Purchase of treasury stock	(2,280)	(2,115)
Other, net	(24)	(40)
Net cash provided by (used in) financing activities	1,626	(7,404)
Effect of exchange rate change on cash and cash equivalents	(61)	9
Net increase (decrease) in cash and cash equivalents	(7,304)	7,793
Cash and cash equivalents at beginning of period	33,877	26,573
Cash and cash equivalents at end of period	26,573	34,367

Segment Information

FY2010 (From April 1, 2010, to March 31, 2011)

(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	66,091	40,727	11,613	118,432	9,452	127,885	—	127,885
Intersegment sales and transfers	—	—	—	—	—	—	—	—
Total	66,091	40,727	11,613	118,432	9,452	127,885	—	127,885
Segment income (Operating income)	12,220	5,129	1,315	18,665	829	19,494	(2,984)	16,510
Other items								
Depreciation and amortization	8,424	2,831	40	11,296	859	12,156	35	12,192
Amortization of goodwill	—	84	—	84	—	84	—	84

Note: The (2,984) 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.

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.

Significant Subsequent Events

Issuance of Bonds

The company at the meeting of Board of Directors held on May 14, 2012, adopted a comprehensive resolution on the issuance of domestic unsecured straight bonds. The terms and conditions of which are as follows.

(1) Type of bond	Domestic unsecured straight bonds
(2) Total amount of the issue	Maximum 10 billion yen (May be divided into multiple issues)
(3) Offering period	From May 15, 2012 to March 31, 2013
(4) Interest rate	1.5% or below per annum
(5) Method of interest payment	Interest will accrue from the date following the payment date to the maturity date and paid semiannually on a specified date in the amount corresponding to the half year up to such date.
(6) Issue price	100 yen per 100 yen of each bond
(7) Date of Maturity	To be redeemed in a lump sum at maturity between 5 years and 7 years
(8) Purpose of funds	The funds are to be used in capital investments, as working capital and for the repayment of borrowings.
(9) Others	Matters stated in each item of Article 676 of the Companies Act, including the specific issue date, total amount of the issue and interest rates, and all other necessary matters concerning the issuance of bonds within the scope of this comprehensive resolution shall be left to the discretion of the Representative Director.