

FY2011, the year ending March 31, 2012

Flash Report on the Consolidated Results for the Third Quarter Ended  
December 31, 2011 [JGAAP]

February 10, 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: February 14, 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 Third Quarter Ended December 31, 2011 (From April 1, 2011, to December 31, 2011)

(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	%
Nine months ended December 31, 2011	95,968	(0.1)	14,673	4.6	15,941	8.5
Nine months ended December 31, 2010	96,105	0.6	14,024	0.2	14,698	(0.3)

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Nine months ended December 31, 2011	8,297	3.3	129.88	—
Nine months ended December 31, 2010	8,031	(8.5)	122.77	—

(Note) Comprehensive income:

Nine months ended December 31, 2011: 8,484 million yen 2.3%

Nine months ended December 31, 2010: 8,290 million yen — %

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2011	140,618	91,872	64.6
As of March 31, 2011	137,447	88,034	63.4

(Reference) Equity

As of December 31, 2011: 90,875 million yen

As of March 31, 2011: 87,083 million yen

## 2. Dividend

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

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

### 3. Forecast Consolidated Performance for FY2011, the Year Ending March 31, 2012 (From April 1, 2011, to March 31, 2012)

(Percentage figures indicate increase/decrease from the end of the previous term.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ending March 31, 2012 (full year)	127,000	(0.7)	18,000	9.0	19,400	11.1

	Net income		Net income per share
	Millions of yen	%	Yen
Year ending March 31, 2012 (full year)	10,500	9.5	165.57

Note: Changes in forecast of consolidated operating results from most recently announced figures: None

## 4. Other

- (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

## (4) Number of common shares issued

1) Number of shares issued (including treasury stock)	As of December 31, 2011	63,420,596 shares	As of March 31, 2011	64,220,596 shares
2) Number of shares of treasury stock	As of December 31, 2011	2,863 shares	As of March 31, 2011	2,813 shares
3) Average number of shares during the period	Nine months ended December 31, 2011	63,881,411 shares	Nine months ended December 31, 2010	65,420,229 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.

## Quarterly Consolidated Financial Statements

## (1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	FY2010 (As of March 31, 2011)	Current third quarter (As of December 31, 2011)
<b>Assets</b>		
Current assets		
Cash and deposits	26,955	29,490
Notes and accounts receivable-trade	10,597	7,981
Inventories	7,354	6,589
Other	5,936	6,725
Allowance for doubtful accounts	(397)	(258)
Total current assets	50,446	50,529
Noncurrent assets		
Property, plant and equipment		
Karaoke equipment for rental, net	6,300	6,561
Karaoke cabin and restaurant facilities, net	14,735	14,877
Land	19,143	23,780
Other, net	6,906	6,604
Total property, plant and equipment	47,085	51,823
Intangible assets		
Goodwill	641	508
Other	7,421	6,282
Total intangible assets	8,063	6,791
Investments and other assets		
Investment securities	12,919	13,192
Lease and guarantee deposits	13,198	12,819
Other	6,018	5,744
Allowance for doubtful accounts	(283)	(281)
Total investments and other assets	31,852	31,474
Total noncurrent assets	87,001	90,089
Total assets	137,447	140,618

## DAIICHIKOSHO CO., LTD.

(Millions of yen)

	FY2010 (As of March 31, 2011)	Current third quarter (As of December 31, 2011)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	6,091	5,116
Short-term loans payable	5,465	5,827
Income taxes payable	3,120	3,541
Provision for bonuses	1,121	824
Other	9,599	10,980
Total current liabilities	25,398	26,291
Noncurrent liabilities		
Long-term loans payable	16,831	15,250
Provision for retirement benefits	3,011	3,199
Provision for directors' retirement benefits	2,318	2,231
Negative goodwill	234	201
Other	1,618	1,571
Total noncurrent liabilities	24,014	22,455
Total liabilities	49,413	48,746
<b>Net assets</b>		
Shareholders' equity		
Capital stock	12,350	12,350
Capital surplus	14,035	12,905
Retained earnings	61,552	66,337
Treasury stock	(4)	(4)
Total shareholders' equity	87,934	91,589
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	91	295
Revaluation reserve for land	(777)	(777)
Foreign currency translation adjustment	(164)	(231)
Total accumulated other comprehensive income	(851)	(713)
Minority interests	951	996
Total net assets	88,034	91,872
<b>Total liabilities and net assets</b>	<b>137,447</b>	<b>140,618</b>

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

	(Millions of yen)	
	Nine months ended December 31, 2010 (From April 1, 2010, to December 31, 2010)	Nine months ended December 31, 2011 (From April 1, 2011, to December 31, 2011)
Net sales	96,105	95,968
Cost of sales	55,721	56,100
Gross profit	40,384	39,868
Selling, general and administrative expenses	26,360	25,194
Operating income	14,024	14,673
Non-operating income		
Interest income	120	525
Dividends income	83	90
Cooperative monetary aid received	376	417
Reversal of allowance for doubtful accounts	—	105
Amortization of negative goodwill	35	32
Other	436	508
Total non-operating income	1,052	1,678
Non-operating expenses		
Interest expenses	144	218
Other	233	192
Total non-operating expenses	377	410
Ordinary income	14,698	15,941
Extraordinary income		
Gain on sales of noncurrent assets	13	24
Gain on sales of investment securities	7	19
Gain on redemption of investment securities	148	—
Reversal of allowance for doubtful accounts	31	—
Reversal of provision for retirement benefits	107	—
Other	54	—
Total extraordinary income	362	44
Extraordinary loss		
Loss on disposal of noncurrent assets	226	157
Loss on cancellation of a new business	—	678
Loss on adjustment for changes of accounting standard for asset retirement obligations	440	—
Loss on abolishment of qualified pension plan	901	—
Other	48	25
Total extraordinary losses	1,617	861
Income before income taxes and minority interests	13,444	15,125
Income taxes-current	5,622	6,517
Income taxes-deferred	(328)	261
Total income taxes	5,293	6,778
Income before minority interests	8,150	8,346
Minority interests in income	119	49
Net income	8,031	8,297

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

	(Millions of yen)	
	Nine months ended December 31, 2010 (From April 1, 2010, to December 31, 2010)	Nine months ended December 31, 2011 (From April 1, 2011, to December 31, 2011)
Income before minority interests	8,150	8,346
Other comprehensive income		
Valuation difference on available-for-sale securities	250	204
Foreign currency translation adjustment	(109)	(66)
Total other comprehensive income	140	138
Comprehensive income	8,290	8,484
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	8,171	8,435
Comprehensive income attributable to minority interests	119	49

**(3) Segment Information****I Nine months ended December 31, 2010 (From April 1, 2010, to December 31, 2010)**

(Millions of yen)

	Reportable segments				Other	Total	Adjusted amount	Posted amount to the consolidated quarterly statements of income
	Commercial karaoke	Karaoke cabin and restaurant	Music software	Subtotal				
Sales	48,907	31,318	8,614	88,841	7,264	96,105	—	96,105
Segment income (Operating income)	9,742	4,835	909	15,487	740	16,228	(2,203)	14,024

(Note) The (2,203) 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.

**II Nine months ended December 31, 2011 (From April 1, 2011, to December 31, 2011)**

(Millions of yen)

	Reportable segments				Other	Total	Adjusted amount	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.