

FY2013, the year ending March 31, 2014

Flash Report on the Consolidated Results for the Third Quarter Ended
December 31, 2013 [JGAAP]

February 10, 2014

Company Name: **DAIICHIKOSHO CO., LTD.**
 Stock Exchange Listing: Tokyo Stock Exchange, JASDAQ
 Code Number: 7458
 URL: <http://www.dkkaraoke.co.jp>
 Representative: Saburo Hayashi, President
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 Scheduled Date to Submit the Quarterly Securities Report: February 10, 2014
 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, 2013 (From April 1, 2013, to December 31, 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	%
Nine months ended December 31, 2013	98,878	2.3	15,685	3.5	17,237	0.5
Nine months ended December 31, 2012	96,621	0.7	15,155	3.3	17,160	7.6

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Nine months ended December 31, 2013	9,898	(1.0)	165.74	—
Nine months ended December 31, 2012	9,994	20.5	161.61	—

(Note) Comprehensive income:

Nine months ended December 31, 2013: 8,686 million yen (23.4) %

Nine months ended December 31, 2012: 11,346 million yen 33.7 %

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2013	160,968	105,117	64.6
As of March 31, 2013	159,479	100,315	62.2

(Reference) Shareholders' equity:

As of December 31, 2013: 103,989 million yen

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

2. Dividend

	Annual dividend				
	First Quarter	Second Quarter	Third Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2013	—	25.00	—	35.00	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: None

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 December 31, 2013	59,725,000 shares	As of March 31, 2013	59,725,000 shares
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2) Number of shares of treasury stock

As of December 31, 2013	2,714 shares	As of March 31, 2013	2,714 shares
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3) Average number of shares during the period

Nine months ended December 31, 2013	59,722,286 shares	Nine months ended December 31, 2012	61,841,275 shares
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* 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 third quarter (As of December 31, 2013)
Assets		
Current assets		
Cash and deposits	41,248	32,676
Notes and accounts receivable-trade	8,337	6,763
Inventories	6,718	6,743
Other	6,735	7,864
Allowance for doubtful accounts	(134)	(145)
Total current assets	62,365	53,901
Noncurrent assets		
Property, plant and equipment		
Karaoke equipment for rental, net	7,598	8,740
Karaoke cabin and restaurant facilities, net	15,251	15,861
Land	24,497	26,103
Other, net	7,135	5,401
Total property, plant and equipment	54,484	56,106
Intangible assets		
Goodwill	405	288
Other	5,956	5,804
Total intangible assets	6,361	6,092
Investments and other assets		
Investment securities	18,998	26,405
Lease and guarantee deposits	13,060	13,454
Other	4,355	5,149
Allowance for doubtful accounts	(146)	(142)
Total investments and other assets	36,268	44,866
Total noncurrent assets	97,113	107,066
Total assets	159,479	160,968

DAIICHIKOSHO CO., LTD.

(Millions of yen)

	FY2012 (As of March 31, 2013)	Current third quarter (As of December 31, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,540	5,169
Short-term loans payable	4,836	4,934
Income taxes payable	4,524	2,954
Provision for bonuses	1,063	1,005
Other	12,419	10,173
Total current liabilities	27,384	24,237
Noncurrent liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	14,151	13,422
Provision for retirement benefits	3,683	4,040
Provision for directors' retirement benefits	2,088	2,239
Other	1,856	1,911
Total noncurrent liabilities	31,780	31,613
Total liabilities	59,164	55,851
Net assets		
Shareholders' equity		
Capital stock	12,350	12,350
Capital surplus	6,026	6,026
Retained earnings	78,119	84,135
Treasury stock	(5)	(5)
Total shareholders' equity	96,490	102,506
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,646	2,203
Revaluation reserve for land	(777)	(777)
Foreign currency translation adjustment	(100)	56
Total accumulated other comprehensive income	2,768	1,482
Minority interests	1,056	1,127
Total net assets	100,315	105,117
Total liabilities and net assets	159,479	160,968

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

	(Millions of yen)	
	Nine months ended December 31, 2012 (From April 1, 2012, to December 31, 2012)	Nine months ended December 31, 2013 (From April 1, 2013, to December 31, 2013)
Net sales	96,621	98,878
Cost of sales	56,018	57,455
Gross profit	40,602	41,423
Selling, general and administrative expenses	25,447	25,738
Operating income	15,155	15,685
Non-operating income		
Interest income	509	704
Cooperative monetary aid received	373	372
Compensation income	—	283
Foreign exchange gains	928	—
Other	583	744
Total non-operating income	2,394	2,104
Non-operating expenses		
Interest expenses	220	220
Foreign exchange losses	—	172
Other	169	159
Total non-operating expenses	389	552
Ordinary income	17,160	17,237
Extraordinary income		
Gain on sales of noncurrent assets	32	18
Other	—	0
Total extraordinary income	32	18
Extraordinary loss		
Loss on disposal of noncurrent assets	198	204
Impairment loss	78	64
Other	—	2
Total extraordinary losses	276	271
Income before income taxes and minority interests	16,917	16,985
Income taxes-current	6,678	6,994
Income taxes-deferred	185	18
Total income taxes	6,863	7,012
Income before minority interests	10,053	9,972
Minority interests in income	59	74
Net income	9,994	9,898

(Quarterly Consolidated Statements of Comprehensive Income)

	(Millions of yen)	
	Nine months ended December 31, 2012 (From April 1, 2012, to December 31, 2012)	Nine months ended December 31, 2013 (From April 1, 2013, to December 31, 2013)
Income before minority interests	10,053	9,972
Other comprehensive income		
Valuation difference on available-for-sale securities	1,275	(1,442)
Foreign currency translation adjustment	18	156
Total other comprehensive income	1,293	(1,285)
Comprehensive income	11,346	8,686
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	11,287	8,612
Comprehensive income attributable to minority interests	59	74

(3) SEGMENT INFORMATION

I Nine months ended (From April 1, 2012, to December 31, 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	48,573	34,450	7,787	90,811	5,809	96,621	—	96,621
Segment income (Operating income)	9,644	5,780	960	16,385	960	17,346	(2,190)	15,155

(Note) The (2,190) 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 (From April 1, 2013, to December 31, 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	50,323	35,657	7,550	93,530	5,347	98,878	—	98,878
Segment income (Operating income)	10,714	5,462	642	16,820	1,016	17,836	(2,151)	15,685

(Note) The (2,151) 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.