

FY2011, the year ending March 31, 2012

Flash Report on the Consolidated Results for the First Quarter Ended
June 30, 2011 [JGAAP]

August 8, 2011

Company Name: **DAIICHIKOSHO CO., LTD.**
 Stock Exchange Listing: Osaka (JASDAQ)
 Code Number: 7458
 URL: <http://www.dkkaraoke.co.jp>
 Representative: Saburo Hayashi, President
 Contact: Shigeki Kobayashi,
 General Manager, Accounting Department, Administration Headquarters
 Phone: +81-3-3280-2151
 Scheduled Date to Submit the Quarterly Securities Report: August 11, 2011
 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, 2011 (From April 1, 2011,
to June 30, 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	%
Three months ended June 30, 2011	30,685	0.5	4,770	(3.5)	5,275	2.2
Three months ended June 30, 2010	30,538	1.3	4,941	27.9	5,162	24.9

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Three months ended June 30, 2011	3,126	2.4	48.68	—
Three months ended June 30, 2010	3,054	10.2	46.37	—

(Note) Comprehensive income:

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

Three months ended June 30, 2010: 3,160 million yen —%

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2011	137,506	89,435	64.3
As of March 31, 2011	137,447	88,034	63.4

(Reference) Shareholders' equity:

As of June 30, 2011: 88,475 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	—				
Year ending March 31, 2012 (forecast)		25.00	—	25.00	50.00

(Note) Changes in dividends forecast for FY2011 as of June 30, 2011: 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 a year earlier: The percentages for full-year forecasts mean the increase/decrease from the end of the previous year, and the half-year forecast percentages represent the increase/decrease from the end of the previous interim term.)

	Net sales		Operating income		Ordinary income	
	¥ Million	%	¥ Million	%	¥ Million	%
Six months ending September 30, 2011	62,300	2.4	7,600	(16.7)	8,100	(15.4)
Year ending March 31, 2012 (full year)	126,200	(1.3)	15,100	(8.5)	16,300	(6.6)

	Net income		Net income per share
	¥ Million	%	¥
Six months ending September 30, 2011	4,700	(12.8)	73.19
Year ending March 31, 2012 (full year)	9,300	(3.0)	144.82

(Note) Changes in forecast of consolidated operating results for FY2011 as of June 30, 2011: None

4. Other

(1) Significant 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)

2) Number of shares of treasury stock

3) Average number of shares during the period

As of June 30, 2011	64,220,596 shares	As of March 31, 2011	64,220,596 shares
As of June 30, 2011	2,863 Shares	As of March 31, 2011	2,813 shares
Three months ended June 30, 2011	64,217,756 shares	Three months ended June 30, 2010	65,867,861 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 first quarter (As of June 30, 2011)
Assets		
Current assets		
Cash and deposits	26,955	28,844
Notes and accounts receivable-trade	10,597	7,069
Inventories	7,354	8,207
Other	5,936	7,450
Allowance for doubtful accounts	(397)	(256)
Total current assets	50,446	51,315
Noncurrent assets		
Property, plant and equipment		
Karaoke equipment for rental, net	6,300	6,352
Karaoke cabin and restaurant facilities, net	14,735	14,370
Land	19,143	19,007
Other, net	6,906	6,722
Total property, plant and equipment	47,085	46,452
Intangible assets		
Goodwill	641	605
Other	7,421	6,981
Total intangible assets	8,063	7,586
Investments and other assets		
Investment securities	12,919	13,216
Lease and guarantee deposits	13,198	13,285
Other	6,018	5,931
Allowance for doubtful accounts	(283)	(282)
Total investments and other assets	31,852	32,151
Total noncurrent assets	87,001	86,190
Total assets	137,447	137,506

DAIICHIKOSHO CO., LTD.

	FY2010 (As of March 31, 2011)	Current first quarter (As of June 30, 2011)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	6,091	5,087
Short-term loans payable	5,465	5,556
Income taxes payable	3,120	2,648
Provision for bonuses	1,121	462
Other	9,599	10,977
Total current liabilities	25,398	24,731
Noncurrent liabilities		
Long-term loans payable	16,831	16,471
Provision for retirement benefits	3,011	3,075
Provision for directors' retirement benefits	2,318	2,045
Negative goodwill	234	223
Other	1,618	1,522
Total noncurrent liabilities	24,014	23,339
Total liabilities	49,413	48,070
Net assets		
Shareholders' equity		
Capital stock	12,350	12,350
Capital surplus	14,035	14,035
Retained earnings	61,552	62,752
Treasury stock	(4)	(4)
Total shareholders' equity	87,934	89,134
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	91	285
Revaluation reserve for land	(777)	(777)
Foreign currency translation adjustment	(164)	(166)
Total accumulated other comprehensive income	(851)	(659)
Minority interests	951	960
Total net assets	88,034	89,435
Total liabilities and net assets	137,447	137,506

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statements of Income)
Three months ended June 30, 2011

	(Millions of yen)	
	Three months ended June 30, 2010 (From April 1, 2010, to June 30, 2010)	Three months ended June 30, 2011 (From April 1, 2011, to June 30, 2011)
Net sales	30,538	30,685
Cost of sales	17,101	17,585
Gross profit	13,437	13,100
Selling, general and administrative expenses	8,495	8,329
Operating income	4,941	4,770
Non-operating income		
Interest income	34	177
Dividends income	35	36
Reversal of allowance for doubtful accounts	—	135
Amortization of negative goodwill	11	10
Other	259	285
Total non-operating income	341	646
Non-operating expenses		
Interest expenses	51	74
Other	69	66
Total non-operating expenses	121	141
Ordinary income	5,162	5,275
Extraordinary income		
Gain on sales of noncurrent assets	7	12
Gain on sales of investment securities	4	—
Reversal of allowance for doubtful accounts	60	—
Reversal of provision for directors' retirement benefits	44	—
Other	10	—
Total extraordinary income	127	12
Extraordinary loss		
Loss on disposal of noncurrent assets	54	50
Loss on adjustment for changes of accounting standard for asset retirement obligations	440	—
Other	31	2
Total extraordinary losses	526	52
Income before income taxes and minority interests	4,763	5,236
Income taxes-current	2,198	2,344
Income taxes-deferred	(514)	(248)
Total income taxes	1,683	2,095
Income before minority interests	3,079	3,140
Minority interests in income	25	13
Net income	3,054	3,126

(Quarterly Consolidated Statements of Comprehensive Income)
Three months ended June 30, 2011

	(Millions of yen)	
	Three months ended June 30, 2010 (From April 1, 2010, to June 30, 2010)	Three months ended June 30, 2011 (From April 1, 2011, to June 30, 2011)
Income before minority interests	3,079	3,140
Other comprehensive income		
Valuation difference on available-for-sale securities	138	194
Foreign currency translation adjustment	(57)	(1)
Total other comprehensive income	80	192
Comprehensive income	3,160	3,332
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,134	3,318
Comprehensive income attributable to minority interests	25	13

Segment Information**Three months ended June 30, 2010 (From April 1, 2010, to June 30, 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	15,494	9,661	2,954	28,109	2,428	30,538	—	30,538
Segment income (Operating income)	3,807	1,374	338	5,520	256	5,777	(835)	4,941

Three months ended June 30, 2011 (From April 1, 2011, to June 30, 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	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