Summary of Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2011 (Japanese Standards)

All information contained in this document has been prepared in accordance with generally accepted accounting principles in Japan.
This document has been translated from the Japanese original for reference purpose only.

July 30, 2010

Company name: Duskin Co., Ltd.
Code number: 4665
Representative: Teruji Yamamura, President & Co-CEO
Contact: Akihisa Tsurumi, Director
Scheduled date of filing quarterly report: August 13, 2010
Preparation of supplemental explanatory materials: No
Holding of quarterly financial results meeting: No

Shares listed: Tokyo and Osaka
(URL http: //www.duskin.co.jp/)
Tel: (06) 6821-5071
Scheduled date of dividend payment: -

(Amounts less than one million yen are dropped.)

1. Consolidated financial results for the period from April 1, 2010 to June 30, 2010

(1) Results of operation

(Percentages indicate the change against the same period of the previous fiscal year.)

	Sales		Operating income		Ordinary income		Net income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
3 months ended June 30, 2010	43,950	-3.5	2,824	-17.0	3,335	-13.6	863	-46.7
3 months ended June 30, 2009	45,567	-2.9	3,403	-12.2	3,859	-15.2	1,619	-15.5

	Net income per share	Net income per share (fully diluted)
	yen	yen
3 months ended June 30, 2010	13.03	—
3 months ended June 30, 2009	24.23	—

(2) Financial position

	Total assets	Net assets	Ratio of equity to total assets	Net assets per share
	millions of yen	millions of yen	%	yen
As of June 30, 2010	195,256	146,608	74.7	2,200.93
As of Mar. 31, 2010	200,889	148,308	73.4	2,226.72

(Reference: Shareholders' equity: June 30, 2010: 145,782 million yen March 31, 2010: 147,490 million yen)

2. Dividends

	Dividends per share				
	End of 1st Q	End of 2nd Q	End of 3rd Q	Year-end	Total (Annual)
	yen	yen	yen	yen	yen
Year ended Mar. 31, 2010	—	0.00	—	40.00	40.00
Year ending Mar. 31, 2011	—				
Year ending Mar. 31, 2011 (Forecast)		0.00	—	40.00	40.00

(Note) Revision of forecast for dividend in FY2010 1Q: None

3. Forecast of consolidated financial results for the FY2010 (April 1, 2010 - March 31, 2011)

(Percentages indicate the change against the same period of the previous fiscal year.)

	Sales		Operating income		Ordinary income		Net income		Net income per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
6 months ending Sept. 30, 2010	90,000	-0.3	4,000	-38.5	4,500	-37.8	2,500	-21.4	37.45
Year ending Mar. 31, 2011	183,500	1.2	10,000	-17.6	11,500	-16.7	6,000	-23.3	89.87

(Note) Revision of forecast for consolidated financial results for FY2010 1Q: None

4. Other (Please refer to page 4, 2. Other information)

(1) Changes in significant subsidiaries during the period: None

(Note) Indicates changes in subsidiaries resulting in a change in the scope of consolidation during three months ended June 30, 2010.

(2) Adoption of simplified accounting methods and special accounting methods: Yes

(Note) Indicates adoption of simplified accounting methods and special accounting methods for quarterly consolidated financial statements.

(3) Changes in accounting standards, procedures and methods of presentation

1) Revisions involving changes to accounting standards: Yes

2) Changes due to other revisions: Yes

(Note) Indicates changes in accounting principles, procedures, and the presentation for quarterly consolidated financial statements. (revisions to be included in significant items concerning the basis for preparing quarterly financial statements)

(4) Number of shares issued (Common stock)

1) Number of shares issued at the end of the period (including treasury stock)	3 months ended June 30, 2010	67,394,823	Year ended Mar. 31, 2010	67,394,823
2) Number of treasury stock at the end of the period	3 months ended June 30, 2010	1,158,179	Year ended Mar. 31, 2010	1,158,109
3) Average number of shares during the period (during the quarter)	3 months ended June 30, 2010	66,236,662	3 months ended June 30, 2009	66,838,142

*Implementation status of quarterly review

This summary of financial statements is exempt from the quarterly review procedure required by the Financial Instruments and Exchange Act. Review procedures for the quarterly financial statements based on the Financial Instruments and Exchange Act were being performed at the time of the announcement of this summary of financial statements.

*Explanation regarding the appropriate use of business forecasts

The financial forecast contained in this report is based on information available at the time of preparation, and thus involves inherent uncertainties. Accordingly, readers are advised that actual results may differ significantly from the forecast.

Contents of attachment:

1. Qualitative information and financial statements

(1) Business results

Fiscal 2010, which ends on March 31, 2011, is the first year of our Three-year Mid-term Management Policy that ends on March 31, 2013. We have undertaken our initiatives to make our services more convenient and improve customer satisfaction by adopting the customers' perspective. Our efforts are focused on four areas: region-driven operations, female sensitivity, more customer contact and efficiency optimization.

In the first quarter of fiscal 2010 (April 1 – June 30, 2010), Japan's economy moved slowly toward recovery owing to improved corporate earnings and an end of the decline in capital expenditures. However, our business climate remained difficult due to the strong commitment of companies to cost cutting and to consumers' increasingly defensive mindset and reluctance to make purchases because of high unemployment. As a result, consolidated sales were 43,950 million yen, a 1,617 million yen decrease (3.5%) from one year earlier. Operating income decreased 578 million yen (17.0%) to 2,824 million yen mainly due to expenses for starting and operating the Shop Operation System at the Clean Group. Ordinary income decreased 523 million yen (13.6%) to 3,335 million yen. Net income was 863 million yen, a 756 million yen decrease (46.7%) from one year earlier. This is mainly due to an extraordinary loss resulting from adoption of Accounting Standard for Asset Retirement Obligations.

a. Results by business segment

In order to better respond to customer needs, the Company restructured its organization by switching from business units grouped by business activities to an organization based on markets. The Company believes this change is essential to create more synergies among its business activities. Along with this organizational change effective at the beginning of the first quarter, business segments were revised. This change creates a fully integrated structure for each market that extends from the development of products and services through sales activities. The Company believes this organization will enable Mid-term Management Policy to produce even more benefits. For overview of the new business segments, please refer to "Segment Information" on pages 9 - 12.

(a) Clean Group

Home Service conducted sales activities through repeated visits to customers in small markets (the sales areas of each customer representative) with emphasis on dialogue with customers. The new handy mop "shushu" that was introduced last autumn recorded strong sales due to focused efforts to increase sales. However, this growth was not enough to offset stagnant sales of floor mops, resulting in a decline in total sales of mop products, the main product category of this segment. As a result, Home Service sales were lower than one year earlier. Cleaning services for residential customers posted an increase in sales, because of revised air conditioner cleaning service fees and promotional campaigns. Sales of housekeeping services were unchanged.

Business Service conducted aggressive sales activities through repeated visits to customers in small markets (the sales areas of each customer representative), offering support services for clean air by utilizing the Plasmacluster Ion Generator of Sharp Electronics Corporation and kitchen sanitation. However, sales of mat products, the main products of this segment, were lower due to the decline in the number of shops and offices. As a result, Business Service sales were lower than one year earlier.

Clean Group sales were 28,683 million yen, down 2.5% from one year earlier, and operating income was down 17.4% to 3,544 million yen.

(b) Food Group

Mister Donut continued its efforts from the previous year to increase customer visits by offering new products every month. New products with special ingredients or recipes, included donuts made with special regional ingredients, and seasonal donuts, beverages and dim sum items. Items developed in collaboration with other companies, including Hole Thing in collaboration with Morinaga Milk Caramel, were also launched. 40th anniversary promotion campaigns include a premium goods campaign, offering plates specially designed by Osamu Harada. Although all of these activities were well received among customers, they did not contribute to sales as much as the various programs conducted one year earlier. As a result, Mister Donut posted lower sales. Sales of other food service businesses decreased due to weak sales at existing shops/restaurants and decrease in the number of shops/restaurants in operation resulting from shop closings in the previous year. The stick-type cake business was transferred to the Company from its subsidiary on June 1, 2010. We plan to further expand this business.

As a result, Food Group posted sales of 12,527 million yen, down 6.0% from one year earlier, and operating income of 968 million yen, down 18.9%.

(c) Other Businesses

Duskin Healthcare, which provides management services to medical facilities, recorded lower sales due to a decrease in the number of customers and service menu items.

At Duskin Kyoeki, a leasing company, sales were lower because of declines in general leasing and car leasing sales.

As a result, Other Businesses recorded sales of 2,739 million yen, down 3.2% from one year earlier, and operating income of 107 million yen, down 40.6%.

Segment sales figures do not include consumption tax.

(2) Financial position

At the end of the first quarter, total assets were 195,256 million yen, a 5,632 million yen decrease from the end of the previous fiscal year. This is due to a 4,010 million yen decrease in marketable securities for short-term investments and a 2,155 million yen decrease in investment in securities.

Total liabilities were 48,647 million yen, a 3,933 million yen decrease due to a 1,958 million yen decline in accrued income taxes, and a 2,341 million yen decrease in the reserve for bonuses.

Net assets were 146,608 million yen, a 1,699 million yen decrease. This is due to a 1,786 million yen decrease in retained earnings resulting from first quarter net income of 863 million yen and 2,649 million yen of dividend payments.

(3) Forecast

No revisions have been made to the forecast of consolidated results of operations that was announced on May 14, 2010.

(Consolidated) (millions of yen, %)

	Year ending Mar. 31, 2011 (forecast)			Year ended Mar. 31, 2010 (actual)	
		%	change (%)		%
Sales	183,500	100.0	1.2	181,280	100.0
Operating income	10,000	5.4	-17.6	12,129	6.7
Ordinary income	11,500	6.3	-16.7	13,806	7.6
Net income	6,000	3.3	-23.3	7,824	4.3

(Non-consolidated) (millions of yen, %)

	Year ending Mar. 31, 2011 (forecast)			Year ended Mar. 31, 2010 (actual)	
		%	change (%)		%
Sales	162,000	100.0	1.9	158,966	100.0
Operating income	8,000	4.9	-17.9	9,742	6.1
Ordinary income	10,500	6.5	-23.7	13,770	8.7
Net income	5,500	3.4	-27.6	7,592	4.8

(Note) The above forecast is based on projections and assumptions using information available at the time of the announcement. Such projections and assumptions are subject to uncertainties inherent in future business operations. The actual results may differ materially, depending on various factors.

2. Other information

(1) Adoption of simplified accounting methods and special accounting methods

a. Adoption of simplified accounting methods

1) Method of calculating estimated losses on general loans

The Company believes that the loan loss ratio at the end of the first quarter of fiscal 2010 has not significantly changed from the loan loss ratio calculated at the end of the previous fiscal year. Therefore, the loan loss ratio at the end of the previous fiscal year was used to calculate estimated losses on loans.

2) Method of valuation of inventories

In writing-down the book value of inventories, the net selling price was estimated for inventory items where market prices have declined.

3) Method of calculating deferred tax assets and deferred tax liabilities

To determine the likelihood of recovering deferred tax assets, earnings forecasts and tax planning documents that were used at the end of the previous fiscal year were used. This is because there have been no significant changes in the operating environment, temporary differences or other factors since the end of the previous fiscal year.

b. Special accounting methods

1) Calculation of tax expenses

To determine tax expenses for consolidated subsidiaries, a reasonable estimate is made for the effective tax rate after the application of deferred tax accounting for net income before income taxes for the fiscal year, including the first quarter. Tax expenses for consolidated subsidiaries are then calculated by multiplying quarterly net income before income taxes by this estimated effective tax rate.

The income tax adjustment is included in income taxes-current on the statement of income.

(2) Changes in accounting standards, procedures and methods of presentation

Changes in accounting standards

1) Adoption of accounting standards related to asset retirement obligations

Effective from the first quarter of the current fiscal year, the Company adopted “Accounting Standard for Asset Retirement Obligations” (ASBJ statement No. 18, March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008).

As a result of this change, operating income and ordinary income decreased by 8 million yen, and income before income taxes decreased by 500 million yen. The change in Asset Retirement Obligations due to the application of this accounting standard is 702 million yen.

The impact of this change on segment information is explained in the segment information section.

2) Rent income and expenses on facilities

Income including system fees and rent for machines and equipment, land and buildings paid by franchisees was presented as rent income on facilities, non-operating income, and corresponding expenses were presented as rent expenses, non-operating expenses. Beginning with the first quarter, income related to system fees, which is the provision of know-how to franchisees, and for rental of machines and equipment, land and buildings is included in sales, and the corresponding expenses are included in cost of sales, and selling, general and administrative expenses.

The Company will carry out the full-scale operation of the Branch/Shop Operation System, an initiative of the Network Program, at franchisees starting in this fiscal year. Along with the start of this system, the Company decided that the rental and licensing of machines, equipment and software needed to operate the Company's franchise businesses should be regarded as a provision of franchise business knowhow. As a result, these fees will be included in sales in order to better represent the income and expenses associated with franchise businesses.

Starting with this fiscal year, direct selling operations that were segmented by product and services are included in the Clean Group.

In the first quarter, compared with the previous accounting method, these changes resulted in increases of 514 million yen in sales, 90 million yen in cost of sales, 144 million yen in selling, general and administrative expenses, and 280 million yen in operating income. There was no effect on ordinary income and net income before income taxes.

The impact of these changes on information is explained in the segment information section.

3. Consolidated financial statements

(1) Consolidated balance sheets

(millions of yen)

	as of June 30, 2010	as of March 31, 2010
ASSETS		
Current assets		
Cash and deposits	19,920	19,849
Notes and accounts receivable-trade	11,989	12,027
Lease investment assets	1,938	1,863
Marketable securities	16,006	20,017
Merchandise and finished goods	7,455	7,017
Work in process	119	157
Raw materials and supplies	1,623	1,607
Deferred tax assets	1,680	2,649
Other	2,437	1,343
Allowance for doubtful accounts	-92	-78
Total current assets	63,078	66,453
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	40,766	40,112
Accumulated depreciation	-21,782	-21,177
Buildings and structures, net	18,984	18,935
Machinery, equipment and vehicles	21,077	21,144
Accumulated depreciation	-14,370	-14,243
Machinery, equipment and vehicles, net	6,707	6,901
Land	23,538	23,538
Construction in progress	148	177
Other	11,991	11,758
Accumulated depreciation	-8,324	-8,140
Other, net	3,666	3,618
Total property, plant and equipment	53,044	53,170
Intangible assets		
Goodwill	386	375
Other	6,131	6,379
Total intangible assets	6,517	6,754
Investments and other assets		
Investment securities	54,676	56,832
Long-term loans receivable	137	144
Deferred tax assets	7,340	7,143
Guarantee deposits	9,369	9,471
Other	1,272	1,126
Allowance for doubtful accounts	-181	-209
Total investments and other assets	72,615	74,509
Total noncurrent assets	132,178	134,435
Total Assets	195,256	200,889

(millions of yen)

	as of June 30, 2010	as of March 31, 2010
LIABILITIES		
Current liabilities		
Accounts payable-trade	6,727	7,498
Current portion of long-term loans payable	5,624	5,624
Income taxes payable	331	2,289
Provision for bonuses	1,777	4,118
Reserve for point card certificates	495	512
Accounts payable-other	6,348	6,345
Guarantee deposits received for rental products	10,790	10,946
Asset retirement obligations	229	—
Other	4,399	3,893
Total current liabilities	36,724	41,228
Noncurrent liabilities		
Long-term loans payable	331	362
Provision for retirement benefits	9,958	9,769
Provision for directors' retirement bonuses	—	15
Provision for loss on liabilities for guarantee	154	167
Long-term accounts payable-other	143	139
Long-term guarantee deposited	842	868
Negative goodwill	20	21
Asset retirement obligations	466	—
Other	6	8
Total noncurrent liabilities	11,923	11,352
Total liabilities	48,647	52,580
NET ASSETS		
Shareholders' equity		
Capital stock	11,352	11,352
Capital surplus	13,076	13,076
Retained earnings	125,233	127,020
Treasury stock	-1,832	-1,832
Total shareholders' equity	147,830	149,617
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-1,684	-1,730
Translation adjustment	-364	-396
Total valuation and translation adjustments	-2,048	-2,126
Minority interests	826	817
Total net assets	146,608	148,308
Total liabilities and net assets	195,256	200,889

(2) Consolidated statements of income

(millions of yen)

	Three months Apr. 1, 2009 - June 30, 2009	Three months Apr. 1, 2010 - June 30, 2010
Net sales	45,567	43,950
Cost of sales	24,807	23,724
Gross profit	20,759	20,225
Selling, general and administrative expenses	17,356	17,400
Operating income	3,403	2,824
Non-operating income		
Interest income	175	210
Dividends income	100	122
Rent income on facilities	282	35
Commission fee	48	67
Amortization of negative goodwill	43	1
Equity in gains of affiliates	―	22
Gain on transfer of goodwill	―	5
Miscellaneous income	152	121
Total non-operating income	804	586
Non-operating expenses		
Interest expenses	19	18
Rent expenses on facilities	83	―
Equity in losses of affiliates	229	―
Loss on cancellation of leasehold contracts	―	23
Miscellaneous loss	16	34
Total non-operating expenses	348	76
Ordinary income	3,859	3,335
Extraordinary income		
Gain on sales of noncurrent assets	―	6
Reversal of allowance for doubtful accounts	2	13
Reversal of allowance for liabilities of affiliates	8	12
Income on compensation for damage	57	―
Other extraordinary income	42	18
Total extraordinary income	111	50
Extraordinary loss		
Loss on sales of noncurrent assets	0	13
Loss on retirement of noncurrent assets	90	52
Impairment loss	16	―
Loss on valuation of investment securities	500	768
Loss on sale of stocks of affiliates	86	―
Loss on adjustment for changes of accounting standard for asset retirement obligations	―	491
Other extraordinary loss	11	66
Total extraordinary loss	705	1,393
Income before income taxes	3,265	1,992
Income taxes-current	1,657	1,121
Income before minority interests	―	870
Minority interests in income (loss)	-12	7
Net income	1,619	863

(3) Notes relating to going concern assumption

None

(4) Segment information

[Business segment information]

Three-month period (April 1, 2009 – June 30, 2009)

(millions of yen)

	Aino-Mise Related Businesses	Food Service Businesses	Care Service Businesses	Other Businesses	Total	Elimination or corporate	Consolidated total
Sales							
1) To outside customers	25,106	13,413	4,636	2,410	45,567	—	45,567
2) Inter-segment sales	0	0	16	690	706	-706	—
Total	25,107	13,413	4,652	3,100	46,274	-706	45,567
Operating income/loss	5,107	1,196	-376	-36	5,889	-2,486	3,403

［Geographic segment information］

Three-month period (April 1, 2009 – June 30, 2009)

Segment information by geographic area is not presented because domestic sales are more than 90% of total segment sales.

［Overseas sales］

Three-month period (April 1, 2009 – June 30, 2009)

Overseas sales are not presented because overseas sales are less than 10% of consolidated sales.

[Segment information]

a. Overview of business segments

Duskin's reportable segments are components of the Company for which separate financial information is available, and whose operating results are reviewed regularly by the board of directors to determine the allocation of resources and evaluate performance.

The Company has business operating units classified by product and service type. Each business unit establishes comprehensive product and service strategies for Japan and conducts its own business activities.

The Company is organized into two reportable segments, Clean Group and Food Group, comprised of business operating units such as business groups and divisions based on product and service types.

Clean Group, with a focus on direct selling, includes rental of cleaning tools, sales of daily commodities and cosmetics, rental of cabinet towels, sales of bathroom products, rental of shop towels, rental of water-purifiers and air-purifiers, house cleaning services, housekeeping services, pest control and prevention services, tree and lawn care services, plant and facility management services, senior care services, rental and sales of travel goods, baby goods, leisure goods, health and nursing care equipments, uniform rental and sales of coffee to offices.

Food Group is comprised of food service chains that sell donuts, beignets, baked products, dim sum, food and beverages.

b. Sales and profit/loss by business segment

Three-month period (April 1, 2010 - June 30, 2010)

(millions of yen)

	Clean Group	Food Group	Other Businesses (Note: 1)	Total	Adjustment (Note: 2)	Consolidated total (Note: 3)
Sales						
1) To outside customers	28,683	12,527	2,739	43,950	—	43,950
2) Inter-segment sales	215	16	652	884	-884	—
Total	28,899	12,543	3,391	44,834	-884	43,950
Segment income	3,544	968	107	4,620	-1,795	2,824

(Notes) 1. "Others" are comprised of the businesses that are not categorized in reportable business segments, including hospital management services, office equipment and vehicle leasing, insurance agent services, and overseas businesses.

2. Segment income adjustments of 1,795 million yen include a 4 million yen elimination for inter-segment sales and transfers and 1,791 million yen of corporate expenses that cannot be allocated to a particular business segment.

3. Segment operating income has been adjusted for consistency with operating income that is shown in the quarterly consolidated statements of income.

4. Effective from the first quarter of the current fiscal year, the Company adopted “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, March

31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008).

As a result of this change, Clean Group segment income decreased 3 million yen and Food Group segment income decreased 4 million yen in the first quarter.

5. Starting with the first quarter, the Company and some of its subsidiaries are recording income and expenses for system use and rental of machines and equipment for franchisees as sales, cost of sales and selling, general and administrative expenses.

   This change increased Clean Group sales by 210 million yen and income by 118 million yen and Food Group sales by 303 million yen and income by 232 million yen and decreased Other segment income by 70 million yen.

c. Impairment loss of noncurrent assets or goodwill by business segment

(Significant impairment loss on noncurrent assets)

None applicable

(Significant change on the amount of goodwill)

	Clean Group	Food Group	Other Businesses	Elimination or corporate	Consolidated total
Amortization - Goodwill	35	0	0	—	36
Balance	358	12	15	—	386

(Note) Balance at the end of the first quarter includes 187 million yen of goodwill of Ami Corporation (currently integrated into Duskin Serve Tohoku) at Clean Group and 133 million yen of goodwill resulting from the purchase by the Company of the business operations of many franchisees in the Clean Group.

(Significant gains on negative goodwill)

None applicable

d. Change in reportable segments

Reportable segments were changed on April 1, 2010. Aino-Mise Related Business, which provides cleaning services, and Care Service Businesses, excluding Duskin Healthcare (hospital management services), have been combined with the Clean Group. Also included in Clean Group are Rent All (rental and sales of travel goods, baby goods, leisure goods, health and nursing care equipments), Uniform Service (uniform rental) and Drink Service (sales of coffee to offices). The Food Service Businesses segment has been renamed the Food Group. "Others" includes Duskin Healthcare (hospital management services), Duskin Kyoeki (leases of office equipment and vehicles), Duskin Insurance Service, an insurance agent, and overseas businesses.

Reclassified segment information of the same period of the previous year is as follows:

Three-month period (April 1, 2009 - June 30, 2009)

(millions of yen)

	Clean Group	Food Group	Other Businesses (Note: 1)	Total	Adjustment (Note: 2)	Consolidated total (Note: 3)
Sales						
1) To outside customers	29,408	13,328	2,830	45,567	—	45,567
2) Inter-segment sales	218	38	708	966	-966	—
Total	29,626	13,367	3,539	46,533	-966	45,567
Segment income	4,289	1,194	181	5,665	-2,262	3,403

(Notes) 1. "Others" is comprised of businesses that are not categorized in reportable business segments, including hospital management services, leases of office equipment and vehicles, insurance agent services, and overseas businesses.

2. Segment income adjustments of 2,262 million yen include a 174 million yen elimination for inter-segment sales and transfers and 2,087 million yen of corporate expenses that cannot be allocated to a particular business segment.

3. Segment operating income has been adjusted for consistency with operating income that is shown in the quarterly consolidated statements of income.

(Additional information)

Effective from the first quarter of current fiscal year, the Company adopted the “Accounting Standard for Disclosure of Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, March 27, 2009) and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Guidance No. 20, March 21, 2008).

(5) Notes on significant changes in shareholders’ equity

None