# Summary of Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2012 (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 28, 2011

Company name: Duskin Co., Ltd. Shares listed: Tokyo and Osaka
Code number: 4665 (URL http://www.duskin.co.jp/corp/index.html)
Representative: Teruji Yamamura, President & CEO
Contact: Akihisa Tsurumi, Executive Director (06) 6821-5071
Scheduled date of filing quarterly report: August 12, 2011
Scheduled date of dividend payment: -
Preparation of supplemental explanatory materials: No
Holding of quarterly financial results meeting: No

(Amounts less than one million yen are dropped.)

1. Consolidated financial results for the period from April 1, 2011 to June 30, 2011

(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 Jun. 30, 2011 | 42,909 | -2.4 | 2,458 | -13.0 | 3,125 | -6.3 | 1,692 | 96.1 |
| 3 months ended Jun. 30, 2010 | 43,950 | -3.5 | 2,824 | -17.0 | 3,335 | -13.6 | 863 | -46.7 |

(Note) Comprehensive income: Jun. 30, 2011: 1,903 million yen (98.4%) Jun. 30, 2010: 959 million yen (-%)

| | Net income per share | Net income per share (fully diluted) |
|---|---|---|
| | yen | yen |
| 3 months ended Jun. 30, 2011 | 26.11 | — |
| 3 months ended Jun. 30, 2010 | 13.03 | — |

(2) Financial position

| | Total assets | Net assets | Ratio of equity to total assets |
|---|---|---|---|
| | millions of yen | millions of yen | % |
| As of Jun. 30, 2011 | 190,686 | 146,401 | 76.3 |
| As of Mar. 31, 2011 | 198,876 | 148,565 | 74.3 |

(Reference) Shareholders' equity: Jun. 30, 2011: 145,509 million yen Mar. 31, 2011: 147,740 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, 2011 | — | 0.00 | — | 40.00 | 40.00 |
| Year ending Mar. 31, 2012 | — | | | | |
| Year ending Mar. 31, 2012 (Forecast) | | 0.00 | — | 40.00 | 40.00 |

(Note) Revision of forecast for dividend recently announced: None

3. Forecast of consolidated financial results for the FY2011 (April 1, 2011 - March 31, 2012)

(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, 2011 | 88,900 | 1.3 | 2,900 | -43.7 | 3,900 | -35.4 | 2,200 | -16.2 | 33.69 |
| Year ending Mar. 31, 2012 | 179,200 | 1.1 | 8,900 | -18.6 | 10,800 | -14.4 | 6,200 | 18.1 | 94.94 |

(Note) Revision of forecast for consolidated financial results recently announced: None

4. Other

(1) Changes in significant subsidiaries during the period (Changes in specific subsidiaries resulting in an adjustment to the scope of consolidation): None

(2) Adoption of special accounting methods for preparation of quarterly consolidated financial statements: Yes

(Please refer to page 3, 2. Summary information (other information).)

(3) Changes in accounting principles and estimates, and retrospective restatements
1) Changes due to revision of accounting standards: None
2) Changes other than in 1): None
3) Changes in accounting estimates: None
4) Retrospective restatements: None

(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, 2011 | 67,394,823 | Year ended Mar. 31, 2011 | 67,394,823 |
| 2) Number of treasury stock at the end of the period | 3 months ended June 30, 2011 | 2,998,904 | Year ended Mar. 31, 2011 | 2,092,494 |
| 3) Average number of shares during the period (during the quarter) | 3 months ended June 30, 2011 | 64,837,742 | 3 months ended June 30, 2010 | 66,236,662 |

* 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 for the first quarter ended June 30, 2011

## (1) Business results

In the first quarter of fiscal 2011(April 1,2011 - June 30, 2011), Japan's economy faced a difficult situation due to the prolonged effects of the strong yen, higher prices of crude oil and raw materials, and the impact of the Great East Japan Earthquake. Even determining the economy's prospects has become difficult due to concerns about the power supply shortage and health of overseas economies.

We engaged in supportive activities by providing hygiene control products such as mats and mops as well as donuts to evacuation centers for those affected by Great East Japan Earthquake. At the same time we are working on the recovery of offices and shops of the Duskin Group including Duskin franchisees. However, as of June 30, 2011, business activities were still suspended at four Clean Group shops, one comprehensive plant that functions as a cleaning and distribution plant, and five Mister Donut shops.

We are establishing a structure that enables us to promptly respond to the requests of customers, to develop products that reflect the needs of customers and markets, and to build more convenient systems for customers in fiscal 2011, the second year of our 3-year Medium-Term Management Policy.

As a result, consolidated sales were 42,909 million yen, down 2.4% from one year earlier, operating income was 2,458 million yen, down 13.0%, and ordinary income was 3,125 million yen, down 6.3%. Net income was 1,692 million yen, a 96.1% increase from one year earlier, when a valuation loss on investment securities and an extraordinary loss resulting from adoption of the Accounting Standard for Asset Retirement Obligations were recorded.

### a. Results by business segments

#### (a) Clean Group

Clean Group has focused on developing new products and increasing customer contact to enhance the level of convenience for customers.

Since autumn 2010, Home Service, which provides cleaning tools and technical services to residential customers, has focused its sales efforts on a New Cleaning Style that uses a floor mop and a new product called Dust Cleaner. In April, we started advance sales of the compact and stylish floor mop "LaLa" in Western Japan. This mop can be left in a room without giving a feeling of "out-of-place" and in order to be available to use immediately. As for the services rendered, the fees have been changed to a flat rate nationwide so that customers can buy the services with ease. In April, we started sales of "Duskin Professional Cleaning Gift" (Cleaning Gift Card). The gift card can be used on the occasions of Mother's Day, Respect for the Aged Day, as a mid-summer gift or year-end gift, as a birthday gift and in other ways. The card has been popular among customers. Among technical services, orders for the air-conditioner cleaning service steadily increased as the power shortage made customers aware of the need to conserve electricity. As a result, Home Service posted higher sales over the same period in the previous year.

Business Service, which provides services in the commercial market, has focused on services for clean air by utilizing Air-Purifier "Deo." In addition, a kitchen hygiene support program that utilizes "Germ Check Service" and a floor hygiene program that utilizes a "Carpet Brush" were offered to "Duskin Maintenance Club" customers in restaurant business. We have started a "Window Film Application Service" as the needs for window thermal barriers or shatter resistance increased in offices and shops following the Great East Japan Earthquake. However, Business Service posted lower sales from one year earlier because of greater emphasis on cost reductions at companies.

In other businesses in the Clean Group segment, Drink Service performed well. However, Uniform Service recorded lower sales than one year earlier as a result of the cancellation of key accounts and Rent-All sales decreased as a result of fewer events held and greater desire to conserve electricity, following the Great East Japan Earthquake.

Clean Group sales were 28,469 million yen, down 0.7% from one year earlier, and operating income was 3,527 million yen, down 0.5%.

#### (b) Food Group

Food Group focused on increasing its customer base and customer contacts. Aiming to increase its customer base, Mister Donut started sales of "Baked Donut" nationwide in May as Mister Donut started its 41st year. Concentrated advertisements contributed to sales. However, this increase did not cover the downturn in consumer confidence caused by the Great East Japan Earthquake. As a result, sales decreased from one year earlier. In order to increase contact with customers, a new specialized takeout shop that does not have a kitchen, was opened on June 1, 2011 in Osaka (Momoyamadai Station, Kita-Osaka Kyuko Railway). Starting with this shop, we will open more of these shops in busy areas such as station buildings and stations.

In the other food service businesses, both Café Du Monde, which closed under-performing shops, and The Don, a seafood donburi chain, posted lower sales from one year earlier. On the other hand, Katsu & Katsu opened new units and increased sales.

As a result, the Food Group posted sales of 11,807 million yen, down 5.7%, and operating income of 391 million yen, down 59.6%.

(c) Other Businesses

At Duskin Healthcare, which provides management services to medical facilities, sales were higher than one year earlier due to the acquisition of a large account in April.

The overseas dust control business and Mister Donut business performed well and continued their business development initiatives in existing markets.

As a result, Other Businesses recorded sales of 2,632 million yen, down 3.9 % from the previous year, and operating income of 310 million yen, up 188.3 %.

Segment sales figures do not include consumption tax.

(2) Financial position

At the end of the first quarter, total assets were 190,686 million yen, an 8,189 million yen decrease from the end of the previous year. This is mainly due to a 4,011 million yen decrease in marketable securities for short-term investment and a 3,706 million yen decrease in cash and deposits.

Total liabilities were 44,285 million yen, a 6,025 million yen decrease due mainly to 2,218 million yen decline in accrued income tax, a 1,910 million yen decrease in the reserve for bonuses, a 621 million yen decrease in the provision for the allowance for disaster losses, and a 572 million yen decrease in accounts payable-trade.

Net assets totaled 146,401million yen, a 2,163 million yen decrease from the end of the previous year. This is due to a 919 million yen decrease in retained earnings resulting from first quarter net income of 1,692 million yen and 2,612 million yen of dividend payments, and a decrease of 1,445 million yen as a result of the purchase of treasury stock.

(3) Forecast

No revisions have been made to the forecast for consolidated results of operations that was announced on May 13, 2011.

## 2. Summary Information (Other information)

(1) Changes in significant subsidiaries during the period

None

(2) Adoption of special accounting methods for preparation of quarterly consolidated financial statements

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 of 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.

(3) Changes in accounting principles and estimates, and retrospective restatements

None

## 3. Consolidated financial statements

### (1) Consolidated balance sheets

(millions of yen)

| | as of March 31, 2011 | as of June 30, 2011 |
|---|---|---|
| ASSETS | | |
| Current assets | | |
| Cash and deposits | 18,733 | 15,026 |
| Notes and accounts receivable-trade | 12,353 | 11,795 |
| Lease investment assets | 1,864 | 1,901 |
| Marketable securities | 13,017 | 9,006 |
| Merchandise and finished goods | 6,297 | 7,531 |
| Work in process | 155 | 202 |
| Raw materials and supplies | 1,956 | 2,011 |
| Deferred tax assets | 2,982 | 2,172 |
| Other | 3,065 | 3,136 |
| Allowance for doubtful accounts | -63 | -44 |
| Total current assets | 60,364 | 52,739 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 41,099 | 41,040 |
| Accumulated depreciation | -22,376 | -22,554 |
| Buildings and structures, net | 18,722 | 18,485 |
| Machinery, equipment and vehicles | 21,680 | 21,587 |
| Accumulated depreciation | -15,130 | -15,231 |
| Machinery, equipment and vehicles, net | 6,550 | 6,356 |
| Land | 23,818 | 23,818 |
| Construction in progress | 142 | 271 |
| Other | 12,207 | 12,231 |
| Accumulated depreciation | -8,051 | -8,265 |
| Other, net | 4,155 | 3,965 |
| Total property, plant and equipment | 53,389 | 52,897 |
| Intangible assets | | |
| Goodwill | 294 | 304 |
| Other | 6,485 | 6,268 |
| Total intangible assets | 6,779 | 6,573 |
| Investments and other assets | | |
| Investment securities | 59,955 | 60,176 |
| Long-term loans receivable | 115 | 241 |
| Deferred tax assets | 8,417 | 8,265 |
| Guarantee deposits | 8,735 | 8,617 |
| Other | 1,334 | 1,417 |
| Allowance for doubtful accounts | -214 | -243 |
| Total investments and other assets | 78,343 | 78,476 |
| Total noncurrent assets | 138,512 | 137,947 |
| Total assets | 198,876 | 190,686 |

(millions of yen)

| | as of March 31, 2011 | as of June 30, 2011 |
|---|---|---|
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable-trade | 7,322 | 6,749 |
| Current portion of long-term loans payable | 116 | 109 |
| Income taxes payable | 2,651 | 433 |
| Provision for bonuses | 3,542 | 1,632 |
| Reserve for point card certificates | 506 | 460 |
| Allowance for disaster loss | 671 | 50 |
| Asset retirement obligations | 254 | 245 |
| Accounts payable-other | 6,962 | 6,662 |
| Guarantee deposit received for rental products | 10,792 | 10,470 |
| Other | 4,615 | 4,477 |
| Total current liabilities | 37,436 | 31,290 |
| Noncurrent liabilities | | |
| Long-term loans payable | 245 | 222 |
| Provision for retirement benefits | 11,112 | 11,397 |
| Provision for loss on guarantees | 117 | 90 |
| Asset retirement obligations | 398 | 389 |
| Long-term guarantee deposited | 833 | 822 |
| Long-term accounts payable-other | 140 | 63 |
| Negative goodwill | 17 | — |
| Other | 8 | 7 |
| Total noncurrent liabilities | 12,874 | 12,994 |
| Total liabilities | 50,311 | 44,285 |
| NET ASSETS | | |
| Shareholders' equity | | |
| Capital stock | 11,352 | 11,352 |
| Capital surplus | 13,076 | 13,076 |
| Retained earnings | 129,619 | 128,700 |
| Treasury stock | -3,301 | -4,746 |
| Total shareholders' equity | 150,747 | 148,383 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | -2,528 | -2,420 |
| Deferred gains or losses on hedges | -1 | -10 |
| Foreign currency translation adjustment | -477 | -442 |
| Total accumulated other comprehensive income | -3,007 | -2,873 |
| Minority interests | 825 | 891 |
| Total net assets | 148,565 | 146,401 |
| Total liabilities and net assets | 198,876 | 190,686 |

(2) Consolidated statements of income and statements of comprehensive income

Consolidated statements of income

(millions of yen)

| | Three months April 1, 2010 - June 30, 2010 | Three months April 1, 2011 - June 30, 2011 |
|---|---|---|
| Net sales | 43,950 | 42,909 |
| Cost of sales | 23,724 | 23,149 |
| Gross profit | 20,225 | 19,760 |
| Selling, general and administrative expenses | 17,400 | 17,301 |
| Operating income | 2,824 | 2,458 |
| Non-operating income | | |
| Interest income | 210 | 224 |
| Dividends income | 122 | 125 |
| Rent income on facilities | 35 | 37 |
| Commission fee | 67 | 54 |
| Amortization of negative goodwill | 1 | 17 |
| Equity in earnings of affiliates | 22 | 29 |
| Gain on transfer of goodwill | 5 | 72 |
| Miscellaneous income | 121 | 145 |
| Total non-operating income | 586 | 706 |
| Non-operating expenses | | |
| Interest expenses | 18 | 1 |
| Foreign exchange losses | — | 9 |
| Loss on cancellation of leasehold contracts | 23 | — |
| Miscellaneous loss | 34 | 27 |
| Total non-operating expenses | 76 | 39 |
| Ordinary income | 3,335 | 3,125 |
| Extraordinary income | | |
| Gain on sales of noncurrent assets | 6 | — |
| Reversal of allowance for doubtful accounts | 13 | — |
| Reversal of allowance for liabilities of affiliates | 12 | — |
| Other | 18 | 0 |
| Total extraordinary income | 50 | 0 |
| Extraordinary loss | | |
| Loss on sales of noncurrent assets | 13 | 1 |
| Loss on abandonment of noncurrent assets | 52 | 26 |
| Loss on valuation of investment securities | 768 | 0 |
| Loss on disaster | — | 115 |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | 0 | — |
| Other | 66 | 15 |
| Total extraordinary losses | 1,393 | 157 |
| Income before income taxes and minority interests | 1,992 | 2,969 |
| Income taxes | 1,121 | 1,214 |
| Income before minority interests | 870 | 1,754 |
| Minority interests in income | 7 | 62 |
| Net income | 863 | 1,692 |

Consolidated statements of comprehensive income

(millions of yen)

| | Three months April 1, 2010 - June 30, 2010 | Three months April 1, 2011 - June 30, 2011 |
|---|---|---|
| Income before minority interests | 870 | 1,754 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 47 | 108 |
| Deferred gains or losses on hedges | － | -8 |
| Foreign currency translation adjustment | 24 | 36 |
| Share of other comprehensive income of associates accounted for using equity method | 16 | 12 |
| Total other comprehensive income | 88 | 148 |
| Comprehensive income | 959 | 1,903 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent | 941 | 1,826 |
| Comprehensive income attributable to minority interests | 17 | 76 |

(3) Notes relating to going concern assumption
None

(4) Segment information
I Three-month period (April 1, 2010- June 30, 2010)
1. Sales, profit/loss by business segment

(millions of yen)

| | Clean Group | Food Group | Other Businesses (Note: 1) | Total | Adjustment (Note: 2) | Consolidated total (Note: 3) |
|---|---|---|---|---|---|---|
| Sales | | | | | | |
| To outside customers | 28,683 | 12,527 | 2,739 | 43,950 | — | 43,950 |
| 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. Other Businesses 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 income has been adjusted for consistency with operating income that is shown in the consolidated statements of income.
4. Effective from the first quarter that ended on June 30, 2010, 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 that ended on June 30, 2010.
5. Starting with the first quarter that ended on June 30, 2010, the Company and some of its subsidiaries are recording the 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. As a result of this change, Clean Group sales and segment income increased 210 million yen and 118 million yen respectively, and Food Group sales and segment income increased 303 million yen and 232 million yen respectively, and Other Businesses segment income decreased 70 million yen.

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

(Significant impairment loss on noncurrent assets)

None

(Significant change in the amount of goodwill)

There were no significant events that significantly affected the amount of goodwill during the first quarter ended June 30, 2010.

The amortization of goodwill during the first quarter and the balance of goodwill at the end of first quarter are as follows:

(millions of yen)

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

(Note) Balance at the end of the first quarter includes 187 million yen of goodwill of Ami Corporation, which was acquired in July 2008 (currently integrated into Duskin Serve Tohoku) by Clean Group, and 133 million yen of goodwill resulting from the purchase by the Company of the business operations of several franchisees in the Clean Group.

(Significant gains on negative goodwill)

None

II Three-month period (April 1, 2011- June 30, 2011)

1. Sales, profit/loss by business segment

(millions of yen)

| | Clean Group | Food Group | Other Businesses (Note: 1) | Total | Adjustment (Note: 2) | Consolidated total (Note: 3) |
|---|---|---|---|---|---|---|
| Sales | | | | | | |
| 1) To outside customers | 28,469 | 11,807 | 2,632 | 42,909 | — | 42,909 |
| 2) Inter-segment sales | 217 | 1 | 601 | 820 | -820 | — |
| Total | 28,686 | 11,809 | 3,233 | 43,729 | -820 | 42,909 |
| Segment income | 3,527 | 391 | 310 | 4,228 | -1,770 | 2,458 |

(Notes)

1. Other Businesses 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 1,770 million yen include a 14 million yen elimination for inter-segment sales and transfers and 1,756 million yen of corporate expenses that cannot be allocated to a particular business segment.
3. Segment income has been adjusted for consistency with operating income that is shown in the consolidated statements of income.

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

(Significant impairment loss on noncurrent assets)

None

(Significant change on the amount of goodwill)

There were no significant events that significantly affected the amount of goodwill during the first quarter ended June 30, 2011.

The amortization of goodwill during the first quarter and the balance of goodwill at the end of first quarter are as follows:

(millions of yen)

| | Clean Group | Food Group | Other Businesses | Elimination or corporate | Consolidated total |
|---|---|---|---|---|---|
| Amortization - Goodwill | 31 | 0 | 0 | — | 33 |
| Balance (Note) | 282 | 10 | 12 | — | 304 |

(Note) Balance at the end of the first quarter includes 125 million yen of goodwill of Ami Corporation, which was acquired in July 2008 (currently integrated into Duskin Serve Tohoku) at Clean Group, and 111 million yen of goodwill resulting from the purchase by the Company of the business operations of several franchisees in the Clean Group.

(Significant gains on negative goodwill)

None

(5) Notes on significant changes in shareholders' equity

None