Summary of Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2014 (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, 2013

Company name: Duskin Co., Ltd. Shares listed: Tokyo
Code number: 4665 (URL http://www.duskin.co.jp/corp/index.html)
Representative: Teruji Yamamura, President & CEO
Contact: Akihisa Tsurumi, Executive Director Phone: (06) 6821-5071

Scheduled date of filing quarterly report: August 12, 2013
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, 2013 to June 30, 2013

(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, 2013	41,818	2.9	1,525	-39.6	2,046	-35.8	1,150	21.3
3 months ended Jun. 30, 2012	40,635	-5.3	2,526	2.8	3,187	2.0	948	-44.0

(Note) Comprehensive income: Jun. 30, 2013: 1,626 million yen (36.7%) Jun. 30, 2012: 1,189 million yen (-37.5%)

	Net income per share	Net income per share (fully diluted)
	yen	yen
3 months ended Jun. 30, 2013	18.27	—
3 months ended Jun. 30, 2012	14.75	—

(2) Financial position

	Total assets	Net assets	Ratio of equity to total assets
	millions of yen	millions of yen	%
As of Jun. 30, 2013	197,935	152,254	76.4
As of Mar. 31, 2013	202,375	152,811	75.1

(Reference) Shareholders' equity: Jun. 30, 2013: 151,304 million yen Mar. 31, 2013: 151,891 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, 2013	—	20.00	—	20.00	40.00
Year ending Mar. 31, 2014	—				
Year ending Mar. 31, 2014 (Forecast)		40.00	—	20.00	60.00

(Note) Revision of forecast for dividend recently announced: None
Dividends to be paid at the end of second quarter (forecast): ordinary dividend 20 yen, commemorative dividend 20 yen

3. Forecast of consolidated financial results for the FY2013 (April 1, 2013 - March 31, 2014)

(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, 2013	84,500	2.9	3,100	-34.8	3,900	-32.1	2,400	-19.1	38.35
Year ending Mar. 31, 2014	173,000	2.9	6,300	-31.5	7,800	-29.3	4,400	-27.8	70.31

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

***Notes**

(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 4, 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 1) above: 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 Jun. 30, 2013	64,994,823	Year ended Mar. 31, 2013	64,994,823
2) Number of treasury stock at the end of the period	3 months ended Jun. 30, 2013	2,414,369	Year ended Mar. 31, 2013	1,913,819
3) Average number of shares during the period (during the quarter)	3 months ended Jun. 30, 2013	62,955,664	3 months ended Jun. 30, 2012	64,285,447

* 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 of the report and certain assumptions considered reasonable, and thus the Company makes no warranty as to the achievability of the forecast.
The Company repurchased 500,000 shares on June 24, 2013. Net income per share in forecast of consolidated financial results is calculated based on the number of shares issued (excluding treasury stock) after this purchase.

Contents of attachment:

1. Qualitative information

(1) Business results

In the first quarter of fiscal 2013 (April 1 - June 30, 2013), Japan's economy showed a sign of an uptick in business confidence as the government's monetary easing policy led to a weaker yen and higher stock prices. However, Japan's economy has not really entered a full scale growth phase. The economy is affected by volatile exchange rates and stock prices, and uncertainties caused by higher electric power charges and higher prices of raw materials.

Under these circumstances, we celebrate our 50th anniversary this year. Since the beginning of this fiscal year, we have been conducting, through joint efforts with our franchisees, Thank-you Campaigns to show our appreciation to customers for their patronage over the years. At the same time, we continued our initiatives aligned with the Medium-term Management Policy to innovate our sales systems to encourage more people to use our products and services.

As a result, consolidated sales were 41,818 million yen, up 2.9% from one year earlier. Operating income was 1,525 million yen, down 39.6%, and all segments recorded a decrease in income. Ordinary income was 2,046 million yen, down 35.8% from one year earlier. However, net income was 1,150 million yen, up 21.3% from one year earlier, mainly because of the loss on valuation of investment securities in the same period of the previous year.

＜Results by business segment＞

1. Clean & Care Group

Clean & Care Business, which provides cleaning tools and technical services to customers, conducted “Try Me Festival” promotion events in shopping malls and other stores across Japan. This event invited our residential customers to try out our products, and experience the effectiveness of our products. This promotion focused on increasing the number of customers who casually try our products. We also continued our sales efforts focused on promoting a new, easy but thorough cleaning style in the residential market. This cleaning style uses a floor mop, LaLa and a handy mop, Shushu, which are stylish products with excellent performance, and Dust Cleaner, which is an electric dust box placed on the floor that allows easily removing dust collected by floor mops. The rental sales of these products steadily grew, but sales of other mops decreased. As a result, sales of residential use dust control products were lower than in the same period of the previous year. However, technical services for the residential market, including house cleaning, air-conditioner cleaning and housekeeping services, posted higher sales than in the same period of the previous year. As a result, total sales in residential market were higher than in the same period of the previous year.

The commercial market continued to face a difficult business climate. The Clean and Care Group continued its sales efforts to offer comprehensive solutions tailored to meet customer needs by combining the rental of cleaning tools with cleaning, pest control and hygiene control services. However, sales were lower than in the same period of the previous year mainly due to a decrease in sales of dust control products. Regarding technical services for commercial facilities, including floor cleaning, air conditioner cleaning service, and pest control, sales were higher than one year earlier while facility management services recorded lower sales.

As a result, sales for the Clean & Care Group totaled 27,335 million yen, up 0.8% from one year earlier. Operating income was 3,305 million yen, a 6.2% decrease due to higher sales promotion expenses for 50th Anniversary Thank-you Campaigns.

2. Food Group

Mister Donut, aiming to enhance its brand value, undertook initiatives to pursue even better taste. Among these initiatives, Mister Donut introduced a new frying oil to enhance the flavor of donuts and a new donut glaze in April. At the same time, Mister Donut improved the dough of popular items, including Old Fashions, with an enhanced selection of ingredients and blend details. With these improvements, the "Try New MISDO!" campaign was conducted. In addition, new product Pon De Ring - Fresh which was well received in January 2013, and a new line of Calpico Donuts developed in collaboration with Calpis Co., Ltd. were released. As a result of product development that offers fun and new ideas for customers along with focused advertisements with popular TV personalities, Mister Donut recorded higher sales than in the same period of the previous year.

Including sales of Hachiya Dairy Products, which became a consolidated subsidiary in the second quarter of FY2012, sales of the Food Group totaled 11,747 million yen, a 7.9 % increase from one year earlier. Mister Donut posted a 245 million yen operating loss due to the higher advertisement expenses for "TRY NEW MISDO!" (Operating income in the same period of the previous year was 431 million yen.)

3. Other Businesses

Overseas Mister Donut posted steady sales growth in Thailand, the Philippines and Malaysia. Sales in Taiwan, Shanghai and South Korea decreased mainly due to the closure of underperforming stores. As a result, Mister Donut's overseas business recorded slightly lower sales than in the same period of the previous year.

Clean & Care Businesses posted higher sales than in the same period of the previous year in all overseas markets of Taiwan, China (Shanghai) and South Korea. Technical services in Taiwan are growing steadily and the number of residential dust control customers steadily increased in South Korea.

As a result, sales of Other Businesses, including affiliated companies such as the leasing company Duskin Kyoeki, totaled 2,735 million yen, up 3.9%, and operating income was 153 million yen, down 17.3% from one year earlier.

Segment sales figures do not include consumption tax.

(2) Financial Position

At the end of the first quarter, total assets were 197,935 million yen, a 4,439 million yen decrease from the end of the previous year. This is due to a 1,171 million yen increase in cash and deposits, and a 5,999 million yen decrease in short-term marketable securities.

Total liabilities were 45,681 million yen, a 3,881 million yen decrease due mainly to a 1,751 million yen decline in income taxes payable and a 1,772 million yen decrease in the provision for bonuses.

Net assets totaled 152,254 million yen, a 557 million yen decrease from the end of the previous year. This is due to a 399 million yen increase in valuation difference on available-for-sale securities, and a decrease of 906 million yen as a resulting from the repurchase of company stock.

(3) Forecast

No revisions have been made to the forecast for consolidated results of operations for the first six months and the full fiscal year (April 1, 2013 -March 31, 2014) that was announced on May 15, 2013.

2. Summary Information (Other information)

(1) Changes in significant subsidiaries during the period

None

(2) Adoption of special accounting methods for preparation of 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 for net income before income taxes for the fiscal year, including the first quarter. Tax expenses 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 policies and estimates, and retrospective restatements

None

3. Consolidated financial statements

(1) Consolidated balance sheets

(millions of yen)

	as of March 31, 2013	as of June 30, 2013
ASSETS		
Current assets		
Cash and deposits	19,255	20,426
Notes and accounts receivable-trade	10,366	10,576
Lease investment assets	1,782	1,750
Marketable securities	13,998	7,999
Merchandise and finished goods	6,203	7,014
Work in process	175	226
Raw materials and supplies	2,133	2,032
Deferred tax assets	2,609	2,111
Other	2,684	3,049
Allowance for doubtful accounts	-46	-47
Total current assets	59,162	55,140
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	42,138	42,224
Accumulated depreciation	-24,262	-24,520
Buildings and structures, net	17,876	17,703
Machinery, equipment and vehicles	23,624	23,749
Accumulated depreciation	-17,247	-17,463
Machinery, equipment and vehicles, net	6,376	6,286
Land	24,231	24,231
Construction in progress	279	554
Other	13,683	13,065
Accumulated depreciation	-9,328	-9,103
Other, net	4,355	3,962
Total property, plant and equipment	53,120	52,738
Intangible assets		
Goodwill	688	715
Other	7,788	7,524
Total intangible assets	8,477	8,240
Investments and other assets		
Investment securities	67,684	68,270
Long-term loans receivable	108	63
Deferred tax assets	5,147	4,972
Guarantee deposits	7,498	7,446
Other	1,385	1,265
Allowance for doubtful accounts	-209	-203
Total investments and other assets	81,614	81,815
Total noncurrent assets	143,212	142,794
Total assets	202,375	197,935

(millions of yen)

	as of March 31, 2013	as of June 30, 2013
LIABILITIES		
Current liabilities		
Accounts payable-trade	6,975	6,536
Current portion of long-term loans payable	99	99
Income taxes payable	2,066	315
Provision for bonuses	3,362	1,590
Provision for point card certificates	1,292	1,314
Asset retirement obligations	2	6
Accounts payable-other	6,229	5,960
Guarantee deposit received for rental products	10,326	10,219
Other	4,443	4,636
Total current liabilities	34,798	30,681
Noncurrent liabilities		
Long-term loans payable	89	63
Provision for retirement benefits	13,284	13,559
Provision for loss on guarantees	11	6
Asset retirement obligations	592	588
Long-term guarantee deposited	748	744
Long-term accounts payable-other	37	37
Other	0	0
Total noncurrent liabilities	14,764	15,000
Total liabilities	49,563	45,681
NET ASSETS		
Shareholders' equity		
Capital stock	11,352	11,352
Capital surplus	10,841	10,841
Retained earnings	132,222	132,110
Treasury stock	-3,092	-3,998
Total shareholders' equity	151,323	150,305
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	943	1,343
Deferred gains or losses on hedges	-3	—
Foreign currency translation adjustment	-371	-344
Total accumulated other comprehensive income	568	998
Minority interests	919	949
Total net assets	152,811	152,254
Total liabilities and net assets	202,375	197,935

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

Consolidated statements of income

(millions of yen)

	Three months April 1, 2012 - June 30, 2012	Three months April 1, 2013 - June 30, 2013
Net sales	40,635	41,818
Cost of sales	22,537	23,442
Gross profit	18,098	18,376
Selling, general and administrative expenses	15,571	16,851
Operating income	2,526	1,525
Non-operating income		
Interest income	233	244
Dividends income	134	128
Rent income on facilities	35	30
Commission fee	55	47
Equity in earnings of affiliates	12	—
Gain on transfer of goodwill	131	11
Miscellaneous income	116	124
Total non-operating income	719	586
Non-operating expenses		
Interest expenses	1	0
Equity in losses of affiliates	—	32
Foreign exchange losses	17	—
Compensation expenses	4	15
Miscellaneous loss	34	16
Total non-operating expenses	58	65
Ordinary income	3,187	2,046
Extraordinary income		
Gain on sales of noncurrent assets	5	1
Gain on sales of investment securities	55	—
Other	8	1
Total extraordinary income	69	2
Extraordinary loss		
Loss on sales of noncurrent assets	7	2
Loss on abandonment of noncurrent assets	40	13
Loss on valuation of investment securities	1,019	—
Other	4	0
Total extraordinary losses	1,072	15
Income before income taxes and minority interests	2,185	2,033
Income taxes	1,208	854
Income before minority interests	976	1,178
Minority interests in income	28	27
Net income	948	1,150

Consolidated statements of comprehensive income

(millions of yen)

	Three months April 1, 2012 - June 30, 2012	Three months April 1, 2013 - June 30, 2013
Income before minority interests	976	1,178
Other comprehensive income		
Valuation difference on available-for-sale securities	120	397
Deferred gains or losses on hedges	-6	-0
Foreign currency translation adjustment	50	44
Share of other comprehensive income of associates accounted for using equity method	48	7
Total other comprehensive income	213	448
Comprehensive income	1,189	1,626
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,141	1,580
Comprehensive income attributable to minority interests	48	45

(3) Notes relating to quarterly consolidated financial statements

(Notes relating to going concern assumption)

None

(Notes on significant changes in shareholders' equity)

None

(Segment information)

I Three-month period (April 1, 2012 - June 30, 2012)

1. Sales, profit/loss by business segment

(millions of yen)

	Clean & Care Group	Food Group	Other Businesses (Note: 1)	Total	Adjustment (Note: 2)	Consolidated total (Note: 3)
Sales						
To outside customers	27,112	10,891	2,631	40,635	—	40,635
Inter-segment sales	256	3	579	839	-839	—
Total	27,369	10,894	3,211	41,475	-839	40,635
Segment income	3,525	431	185	4,142	- 1,615	2,526

(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 -1,615 million yen include a -3 million yen elimination for inter-segment sales and transfers and -1,611 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.

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)

Goodwill of 404 million yen is recorded in Food Group segment due to the acquisition of Hachiya Dairy Products Co., Ltd. as a subsidiary in May 2012. The amortization of goodwill during the three-month period ended June 30, 2012 and the balance of goodwill at the end of first quarter are as follows:

(millions of yen)

	Clean & Care Group	Food Group	Other Businesses	Elimination or corporate	Consolidated total
Amortization - Goodwill	27	0	—	—	27
Balance (Note)	204	404	—	—	608

(Note) The balance of goodwill at the end of the first quarter includes 404 million yen of goodwill in Food Group for Hachiya Dairy Products Co., Ltd., which was acquired in May 2012, 62 million yen of goodwill in Clean & Care Group for Ami Corporation, which was acquired in July 2008 (currently integrated into Duskin Serve Tohoku) and 109 million yen of goodwill in Clean & Care Group resulting from the purchase by the Company and its subsidiaries of the business operations of several franchisees.

(Significant gains on negative goodwill)

None

II Three-month period (April 1, 2013- June 30, 2013)

1. Sales, profit/loss by business segment

(millions of yen)

	Clean & Care Group	Food Group	Other Businesses (Note: 1)	Total	Adjustment (Note: 2)	Consolidated total (Note: 3)
Sales						
To outside customers	27,335	11,747	2,735	41,818	—	41,818
Inter-segment sales	248	2	697	949	- 949	—
Total	27,584	11,750	3,433	42,767	- 949	41,818
Segment income	3,305	-245	153	3,213	- 1,687	1,525

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

2. Segment income adjustments of -1,687 million yen include a 6 million yen elimination for inter-segment sales and transfers and -1,694 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.

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, 2013.

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 & Care Group	Food Group	Other Businesses	Elimination or corporate	Consolidated total
Amortization - Goodwill	44	20	—	—	65
Balance (Note)	383	332	—	—	715

(Note) The balance of goodwill at the end of the first quarter includes 366 million yen of goodwill in Clean & Care Group resulting from the purchase by the Company and its subsidiaries of the business operations of several franchisees and 323 million yen of goodwill in Food Group for Hachiya Dairy Products Co., Ltd., which was acquired in May 2012.

(Significant gains on negative goodwill)

None