Summary of Consolidated Financial Results for the First Nine 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.

January 30, 2012

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	
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Scheduled date of filing quarterly report: February 10, 2012
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 December 31, 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	%
9 months ended Dec. 31, 2011	130,634	-3.1	7,830	-8.3	9,274	-5.9	3,069	-34.2
9 months ended Dec. 31, 2010	134,821	-2.3	8,539	-19.8	9,859	-16.7	4,664	-14.8

(Note) Comprehensive income: Dec. 31, 2011: 2,955 million yen (-29.6%) Dec. 31, 2010: 4,199 million yen (-%)

	Net income per share	Net income per share (fully diluted)
	yen	yen
9 months ended Dec. 31, 2011	47.56	—
9 months ended Dec. 31, 2010	70.43	—

(2) Financial position

	Total assets	Net assets	Ratio of equity to total assets
	millions of yen	millions of yen	%
As of Dec. 31, 2011	191,174	147,238	76.6
As of Mar. 31, 2011	198,876	148,565	74.3

(Reference) Shareholders' equity: Dec. 31, 2011: 146,442 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	—	0.00	—		
Year ending Mar. 31, 2012 (Forecast)				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
Year ending Mar. 31, 2012	172,200	-2.9	8,900	-18.6	10,800	-14.4	4,200	-20.0	65.33

(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 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 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)	9 months ended Dec. 31, 2011	67,394,823	Year ended Mar. 31, 2011	67,394,823
2) Number of treasury stock at the end of the period	9 months ended Dec. 31, 2011	3,109,254	Year ended Mar. 31, 2011	2,092,494
3) Average number of shares during the period (during the quarter)	9 months ended Dec. 31, 2011	64,550,513	9 months ended Dec. 31, 2010	66,236,635

* 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 nine months ended December 31, 2011

(1) Business results

During the first nine months of FY 2011 (April 1 - December 31, 2011), Japan's economy showed signs of a recovery along with the restoration of supply chains and production facilities that were damaged by the Great East Japan Earthquake.

However, the outlook is increasingly unclear due to nuclear problems, power shortage concerns, fears of a downturn in the overseas economy, prolonged effects of the strong yen, the impact of flooding in Thailand, and other concerns. Consumers continued to hold down spending.

Under these circumstances, we continued our efforts to expand our customer base by 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.

As a result, consolidated sales were 130,634 million yen, down 3.1% from one year earlier, operating income was 7,830 million yen, down 8.3%, ordinary income was 9,274 million yen, down 5.9%, and net income was 3,069 million yen, down 34.2%.

Duskin decided to review the Medium-Term Management Policy ending on March 31, 2013, which was announced on January 29, 2010. When we established this policy, we could not foresee significant changes in the business climate, such as the Great East Japan Earthquake in March 2011, and the subsequent nuclear problems, the higher cost of crude oil and raw materials, and major changes in the overseas economy. Based on these changes and progress in the implementation of the Policy, Duskin concluded that it would be extremely difficult to achieve the goals of the Policy as originally planned. Currently, we are working on the development of a new three-year plan that starts in FY2012, and plan to announce the plan as soon as it is finalized.

a. Result by business segment

(a) Clean Group

Home Service, which provides cleaning tools and technical services to customers, continued sales activities for a New Cleaning Style that uses a floor mop and a new product called Dust Cleaner. This product, which is an electrically-powered dust box placed on the floor, makes it possible to remove dust collected by floor mops whenever dust is spotted. Along with the sales activities for New Cleaning Style, the rental of a new stylishly designed floor mop called LaLa with highly functional compact and slim swivel mop head was offered in combination with the Dust Cleaner. As a result, total sales of floor mops were higher than one year earlier. Technical services also recorded steady growth due to more clearly stating the standard service charge for the customers' convenience, and to increasing service staff to meet the highest cleaning demand at the year-end. Among the services rendered, 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 compared with the same period in the previous year.

Business Service, which provides services in the commercial market, has focused on offering proposals to support customers' needs for hygiene in their businesses. Air-Purifier Deo, which is the core product for indoor hygiene support services, recorded steady sales growth. Business Service also focused on receiving orders from national accounts and regional companies that have many stores or other business sites, and achieved positive results. However, Business Service sales decreased from one year earlier because of lower sales of mat products, the main product category of this segment, which were affected by greater emphasis on cost reductions at companies.

In other businesses in the Clean Group segment, Rent-All achieved higher sales than one year earlier, due to strong performance in its Health Rent's rental services for assisted-living and health care products. Drink Service, which supplies natural water, performed well. However, Uniform Service recorded lower sales than one year earlier.

Clean Group sales were 86,889 million yen, down 1.9% from one year earlier, and operating income was up 5.6% to 10,950 million yen.

(b) Food Group

Mister Donut, the core business in the Food Group, focused on expanding its customer base by starting sales of the non-fried, “Baked Donut” nationwide in May. Starting in the second quarter, Mister Donut marketed a variety of product lines in showcases by adding new products every month, including donuts made of rice powder and special Christmas donuts. The original MOSDO items, offered at its first collaboration store with MOS Food Services, were also sold nationwide. In October, Mister Donut started a sales campaign with the SNOOPY character. Along with enhanced freshness and seasonality of its products, Mister Donut continued its efforts to appeal to existing "MISDO" fans as well as new customers. In order to increase contact with customers, new specialized takeout shops that do not have a kitchen were opened on June 1, 2011 in Momoyamadai Station, Kita-Osaka Kyuko Railway, and on November 1, 2011 in Toyonaka Station, Hankyu Railway. On September 7, we opened our second MOSDO shop (Kawaramachi-dori, Kyoto). However, these activities did not offset the downturn in consumer confidence caused by the Great East Japan Earthquake. As a result, sales decreased from one year earlier. Mister Donut also took the initiative to offer donuts in the areas affected by the Great East Japan Earthquake, by utilizing its mobile store, "Mister Donut Car."

In other businesses in the Food Group segment, Katsu & Katsu, and Stick Sweets Factory increased their sales due to larger number of units. Sales were down from one year earlier at Café Du Monde because of a decline in the number of shops due to the closing of under-performing locations, and at the Don, a seafood donburi chain.

As a result, Food Group posted sales of 36,168 million yen, down 5.6% from one year earlier, and operating income of 1,840 million yen, down 45.4%.

(c) Other Businesses

Duskin Healthcare, which provides management services to medical facilities, recorded the same level sales as one year earlier as new key accounts were acquired and some existing accounts were canceled.

At Duskin Kyoeki, a leasing company, sales were lower than one year earlier because this company revised the coverage of a maintenance service agreement for POS equipment at Mister Donut shops.

The overseas dust control business and Mister Donut business performed well in the existing markets and continued their business development initiatives to expand their markets. On August 22, 2011, Mister Donut opened its first shop in Malaysia, the Jusco Bandar Utama shop, making Malaysia the sixth foreign market that Mister Donut has entered.

As a result, Other Businesses recorded sales of 7,577 million yen, down 4.6% from one year earlier, and operating income of 286 million yen, up 182.7%.

Segment sales figures do not include consumption tax.

(2) Financial position

At the end of the third quarter of fiscal 2011, total assets were 191,174 million yen, a 7,701 million yen decrease from the end of the previous fiscal year. This is mainly due to a 4,597 million yen decrease in cash and deposits, and a 2,517 million yen decrease in deferred tax assets.

Liabilities amounted to 43,935 million yen, a 6,375 million yen decrease from the end of the previous fiscal year due to a 2,087 million yen decline in income taxes payable, a 1,778 million yen decrease in the provision for bonuses, and a 1,439 million yen decrease in accounts payable-other.

Net assets totaled 147,238 million yen at the end of the third quarter, a 1,326 million yen decrease from the end of the previous fiscal year. This is due to a 1,614 million yen purchase of treasury stock, offset partially by an increase in retained earnings of 457 million yen after dividend payments of 2,612 million yen from net income of 3,069 million yen for the first three quarters.

(3) Forecast

As announced in the "Forecast Revision for the Fiscal Year Ending March 31, 2012" on January 12, 2012, the full-year forecast was revised from the previous forecast.

1) Revision of consolidated forecast for the fiscal year ending March 31, 2012 (April 1, 2011 - March 31, 2012)

(millions of yen)

	Year ended Mar. 31, 2011 (actual)		Year ending Mar. 31, 2012 (forecast)		Change	
		%		%		%
Sales	177,320	100	172,200	100	-5,120	-2.9
Operating income	10,937	6.2	8,900	5.2	-2,037	-18.6
Ordinary income	12,613	7.1	10,800	6.3	-1,813	-14.4
Net income	5,248	3.0	4,200	2.4	-1,048	-20.0

2) Revision of non-consolidated forecast for the fiscal year ending March 31, 2012 (April 1, 2011 - March 31, 2012)

(millions of yen)

	Year ended Mar. 31, 2011 (actual)		Year ending Mar. 31, 2012 (forecast)		Change	
		%		%		%
Sales	155,150	100	150,500	100	-4,650	-3.0
Operating income	8,256	5.3	6,800	4.5	-1,456	-17.6
Ordinary income	10,826	7.0	9,800	6.5	-1,026	-9.5
Net income	4,615	3.0	3,800	2.5	-815	-17.7

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 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.

(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 December 31, 2011
ASSETS		
Current assets		
Cash and deposits	18,733	14,135
Notes and accounts receivable-trade	12,353	12,840
Lease investment assets	1,864	1,901
Marketable securities	13,017	13,471
Merchandise and finished goods	6,297	6,243
Work in process	155	171
Raw materials and supplies	1,956	1,642
Deferred tax assets	2,982	1,658
Other	3,065	3,353
Allowance for doubtful accounts	-63	-46
Total current assets	60,364	55,373
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	41,099	41,144
Accumulated depreciation	-22,376	-23,084
Buildings and structures, net	18,722	18,060
Machinery, equipment and vehicles	21,680	21,651
Accumulated depreciation	-15,130	-15,440
Machinery, equipment and vehicles, net	6,550	6,211
Land	23,818	23,818
Construction in progress	142	286
Other	12,207	11,761
Accumulated depreciation	-8,051	-8,206
Other, net	4,155	3,554
Total property, plant and equipment	53,389	51,931
Intangible assets		
Goodwill	294	236
Other	6,485	8,215
Total intangible assets	6,779	8,452
Investments and other assets		
Investment securities	59,955	58,652
Long-term loans receivable	115	80
Deferred tax assets	8,417	7,223
Guarantee deposits	8,735	8,167
Other	1,334	1,501
Allowance for doubtful accounts	-214	-208
Total investments and other assets	78,343	75,416
Total noncurrent assets	138,512	135,801
Total assets	198,876	191,174

(millions of yen)

	as of March 31, 2011	as of December 31, 2011
LIABILITIES		
Current liabilities		
Accounts payable-trade	7,322	7,270
Current portion of long-term loans payable	116	94
Income taxes payable	2,651	564
Provision for bonuses	3,542	1,764
Provision for point card certificates	506	437
Allowance for disaster loss	671	—
Asset retirement obligations	254	248
Accounts payable-other	6,962	5,522
Guarantee deposit received for rental products	10,792	11,157
Other	4,615	3,518
Total current liabilities	37,436	30,578
Noncurrent liabilities		
Long-term loans payable	245	175
Provision for retirement benefits	11,112	11,828
Provision for loss on guarantees	117	72
Asset retirement obligations	398	365
Long-term guarantee deposited	833	845
Long-term accounts payable-other	140	62
Negative goodwill	17	—
Other	8	7
Total noncurrent liabilities	12,874	13,357
Total liabilities	50,311	43,935
NET ASSETS		
Shareholders' equity		
Capital stock	11,352	11,352
Capital surplus	13,076	13,076
Retained earnings	129,619	130,077
Treasury stock	-3,301	-4,915
Total shareholders' equity	150,747	149,591
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-2,528	-2,581
Deferred gains or losses on hedges	-1	-6
Foreign currency translation adjustment	-477	-560
Total accumulated other comprehensive income	-3,007	-3,148
Minority interests	825	796
Total net assets	148,565	147,238
Total liabilities and net assets	198,876	191,174

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

Consolidated statements of income

(millions of yen)

	Nine months April 1, 2010 - December 31, 2010	Nine months April 1, 2011 - December 31, 2011
Net sales	134,821	130,634
Cost of sales	74,870	73,530
Gross profit	59,951	57,104
Selling, general and administrative expenses	51,411	49,274
Operating income	8,539	7,830
Non-operating income		
Interest income	636	675
Dividends income	215	222
Rent income on facilities	90	97
Commission fee	217	211
Amortization of negative goodwill	3	17
Equity in earnings of affiliates	—	17
Gain on transfer of goodwill	27	72
Miscellaneous income	409	458
Total non-operating income	1,599	1,772
Non-operating expenses		
Interest expenses	54	4
Equity in losses of affiliates	1	—
Foreign exchange losses	33	81
Loss on cancellation of leasehold contracts	49	86
Miscellaneous loss	142	155
Total non-operating expenses	280	328
Ordinary income	9,859	9,274
Extraordinary income		
Gain on sales of noncurrent assets	6	0
Gain on sales of investment securities	47	130
Gain on negative goodwill	7	0
Reversal of allowance for doubtful accounts	19	24
Reversal of provision for loss on guarantees	35	—
Other	26	9
Total extraordinary income	142	164
Extraordinary loss		
Loss on sales of noncurrent assets	33	32
Loss on abandonment of noncurrent assets	191	127
Impairment loss	88	71
Loss on sales of investment securities	15	—
Loss on valuation of investment securities	915	1,079
Loss on disaster	—	284
Loss on adjustment for changes of accounting standard for asset retirement obligations	491	—
Other	142	25
Total extraordinary losses	1,878	1,621
Income before income taxes and minority interests	8,123	7,817
Income taxes	3,421	4,698
Income before minority interests	4,702	3,119
Minority interests in income	37	49
Net income	4,664	3,069

Consolidated statements of comprehensive income

(millions of yen)

	Nine months April 1, 2010 - December 31, 2010	Nine months April 1, 2011 - December 31, 2011
Income before minority interests	4,702	3,119
Other comprehensive income		
Valuation difference on available-for-sale securities	-396	-53
Deferred gains or losses on hedges	―	-5
Foreign currency translation adjustment	-57	-56
Share of other comprehensive income of associates accounted for using equity method	-48	-48
Total other comprehensive income	-503	-164
Comprehensive income	4,199	2,955
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,184	2,928
Comprehensive income attributable to minority interests	14	26

(3) Notes relating to going concern assumption

None

(4) Segment information

I Nine-month period (April 1, 2010 - December 31, 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	88,552	38,328	7,941	134,821	—	134,821
Inter-segment sales	643	58	1,872	2,574	-2,574	—
Total	89,196	38,386	9,813	137,396	-2,574	134,821
Segment income	10,369	3,367	101	13,838	-5,298	8,539

(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 -5,298 million yen include a 28 million yen elimination for inter-segment sales and transfers and -5,326 million yen expenses 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 in the amount of goodwill)

There were no significant events that significantly affected the amount of goodwill during the third quarter ended December 31, 2010.

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

(millions of yen)

	Clean Group	Food Group	Other Businesses	Elimination or corporate	Consolidated total
Amortization - Goodwill	106	2	1	—	109
Balance (Note)	307	11	12	—	331

(Note) Balance at the end of the third quarter includes 156 million yen of goodwill of Ami Corporation, which was acquired in July 2008 (currently integrated into Duskin Serve Tohoku) at Clean Group and 98 million yen of goodwill resulting from the purchase by the Company and its subsidiaries of the business operations of several franchisees at the Clean Group.

(Significant gains on negative goodwill)

At Clean Group, negative goodwill was recorded because Duskin acquired all shares of Azare Products Co., Ltd. and shares of Kyowa Cosmetics Co., Ltd. except its treasury stock and shares owned by Azare on October 1, 2010. The gain on negative goodwill recorded in association with these acquisitions in the third quarter was 7 million yen.

II Nine-month period (April 1, 2011- December 31, 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						
To outside customers	86,889	36,168	7,577	130,634	—	130,634
Inter-segment sales	651	4	1,800	2,455	-2,455	—
Total	87,541	36,172	9,377	133,090	-2,455	130,634
Segment income	10,950	1,840	286	13,076	-5,246	7,830

(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 -5,246 million yen include a 20 million yen elimination for inter-segment sales and transfers and -5,226 million yen expenses 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 is no significant event that significantly affects the amount of goodwill during the third quarter ended December 31, 2011. The amortization of goodwill during the third quarter ended December 31, 2011 and the balance of goodwill at the end of third quarter are as follows:

(millions of yen)

	Clean Group	Food Group	Other Businesses	Elimination or corporate	Consolidated total
Amortization - Goodwill	96	2	0	—	99
Balance (Note)	236	0	–	—	236

(Note) Balance at the end of the third quarter includes 93 million yen of goodwill of Ami Corporation, which was acquired in July 2008 (currently integrated into Duskin Serve Tohoku) at Clean Group and 103 million yen of goodwill resulting from the purchase by the Company and its subsidiaries of the business operations of several franchisees at the Clean Group.

(Significant gains on negative goodwill)

None

(5) Notes on significant changes in shareholders' equity

None