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

October 31, 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
Contact: Akihisa Tsurumi, Executive Director Phone: (06) 6821-5071
Scheduled date of filing quarterly report: November 13, 2012
Scheduled date of dividend payment: December 3, 2012
Preparation of supplemental explanatory materials: Yes
Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are dropped.)

1. Consolidated financial results for the period from April 1, 2012 - September 30, 2012

(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	%
6 months ended Sept. 30, 2012	82,088	-3.9	4,751	12.1	5,746	7.8	2,967	3.5
6 months ended Sept. 30, 2011	85,399	-2.7	4,238	-17.8	5,332	-11.7	2,866	9.2

(Note) Comprehensive income: Sept. 30, 2012: 2,649 million yen (-8.7%) Sept. 30, 2011: 2,901 million yen (12.3%)

	Net income per share	Net income per share (fully diluted)
	yen	yen
6 months ended Sept. 30, 2012	46.17	—
6 months ended Sept. 30, 2011	44.34	—

(2) Financial position

	Total assets	Net assets	Ratio of equity to total assets
	millions of yen	millions of yen	%
As of Sept. 30, 2012	196,094	149,667	75.9
As of Mar. 31, 2012	197,316	149,604	75.4

(Reference) Shareholders' equity: Sept. 30, 2012: 148,816 million yen Mar. 31, 2012: 148,781 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, 2012	—	0.00	—	40.00	40.00
Year ending Mar. 31, 2013	—	20.00			
Year ending Mar. 31, 2013 (Forecast)			—	20.00	40.00

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

3. Forecast of consolidated financial results for the FY2012 (April 1, 2012 - March 31, 2013)

(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, 2013	170,000	-0.7	9,000	-8.6	10,800	-7.0	5,700	24.4	88.67

(Note) Revision of forecast for consolidated financial results recently announced: Yes

***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 5, 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)	6 months ended Sept. 30, 2012	66,294,823	Year ended Mar. 31, 2012	66,294,823
2)	Number of treasury stock at the end of the period	6 months ended Sept. 30, 2012	2,009,649	Year ended Mar. 31, 2012	2,009,339
3)	Average number of shares during the period	6 months ended Sept. 30, 2012	64,285,365	6 months ended Sept. 30, 2011	64,648,323

* 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. Accordingly, readers are advised that actual results may differ significantly from the forecast.

Contents of attachment:

1. Qualitative information for the first six months ended on September 30, 2012

(1) Business results

In the first six months ended September 30, 2012 (April 1 - September 30, 2012), Japan's economy showed slow recovery due to the increasing demand for reconstruction and restoration from the damages by the Great East Japan Earthquake. However, during the latter part of the period, the overseas economy slowed down, affected by recurrent European debt crisis issues, and slowed-down economic growth rate in China. In the domestic market, economic outlook grew increasingly unclear due to raised electric power charges and consumption tax hike bill establishment. The business climate saw even stronger commitment of companies to cost cutting and consumers' increasingly defensive mindset and reluctance to make purchases.

Under these circumstances, we have just started our new Medium-term Management Policy, focusing on business system innovation and its swift implementation. Consolidated sales were 82,088 million yen, down 3.9% from one year earlier, operating income was 4,751 million yen, up 12.1%, ordinary income was 5,746 million yen, up 7.8%, and net income was 2,967 million yen, up 3.5%.

＜Results by business segments＞

1. Clean & Care Group

Clean & Care Business, which provides cleaning tools and technical services to customers, has focused its sales efforts on promoting a New Cleaning Style in the residential market. This cleaning style that uses a floor mop, LaLa and Dust Cleaner, an electrically-powered dust box placed on the floor, makes it possible to easily remove dust collected by floor mops whenever dust is spotted. Sales of this floor mop, LaLa and Dust Cleaner increased steadily. However, the total sales of mop products were lower than the same period of the previous year, due to lower sales of handy mops and largely lower sales of accessories for LaLa mops, which incur in the beginning of the rental service, compared to the previous year when LaLa was introduced. Among the technical services, sales of the air-conditioner cleaning service remained the same level as the previous year, but other services recorded higher sales from one year earlier. As a result, total sales of the residential market were lower than one year earlier. (Down 4.1% based on the products shipped, in comparison with the same period of the previous year)

In the commercial market, our business climate remained difficult. Although there are some signs of recovery in corporate revenues, most companies still continued their cost reduction efforts. As a result, the total sales of commercial market were lower than the same period of the previous year. However, Clean and Care Group continued its sales efforts to offer comprehensive solutions tailored to meet customer needs, by combining rental of cleaning tools, cleaning service, pest control service and hygiene control services. Our committed sales efforts gradually saw positive results, and helped stem declining rate of sales of our dust control products, including mat products. Among technical services, pest control service and plant care service recorded steady growth, while facility management service and air-conditioner cleaning service posted lower sales from one year earlier. (Down 1.4% based on the products shipped, in comparison with the same period of the previous year)

Among other businesses in Clean & Care Group, Rent-All recovered sales due to increased rental orders for events, in addition to continued favorable results in rental services for assisted-living and health care products. Health & Beauty recorded higher sales from one year earlier due to favorable result in skin care product sales. Uniform Service recorded steady growth in uniform lease contracts, uniform sales and cleaning services, and its sales remained the same level as one year earlier. Home Instead, which provides senior care beyond the nursing care insurance program, increased in the number of clients, but decreased in average check. As a result, Home Instead sales were lower than the same period of the previous year.

As a result, sales of Clean & Care Group totaled 54,194 million yen, down 5.4% from one year earlier, and operating income was 7,317 million yen, a 4.2% increase from one year earlier.

We revised the contract with the independent service operators who are engaged in sales activities in our branches, in order to enhance their independent business ownership. This revision resulted in an approximately 1,700 million yen decrease in sales during the second quarter. Excluding this impact in the comparison with the result of the same period of the previous year, decline of sales was approximately 1,400 million yen, down approximately 2.5%. There was no impact on operating income due to this contract revision.

2. Food Group

Mister Donut promoted its new brand slogan, "Encircling the Heart," introduced in the beginning of 2012, and undertook various initiatives to reinforce the brand. Among its product development efforts, Mister Donut placed its focus on "tasty products." One of the basic items, French Cruller, which has enjoyed wide popularity over 40 years, was reviewed in its ingredients and production process to further enhance its quality. Mister Donut released various items for seasonal events as well as introducing the products that drew customer attention. Included in these products are "Two Curry-Flavor Bun" developed under the direction by a popular comedian, Tomomitsu Yamaguchi, and scones introduced in the Olympic Year. Included its promotion initiatives are collaboration campaigns with Japan Airlines, and Universal Studio Japan, revival of popular "Lucky Card Campaign" with scratch cards, and lowered minimum points for exchanging with MISDO Club goods and products. With these promotions, Mister Donut offered fun and hot topics in order to increase customer visits to the shops. Mister Donut undertook new social media initiative, including opening its official corporate page in Facebook, and various campaigns through Twitter. Mister Donut opened a new shop, called "Pon de Lion Park" with a theme on Mister Donut original character, Pon de Lion in Tokyo Solamachi in May. In September, JR Nishi Kokubunji shop opened on a platform of Nishi Kokubunji Station, as a part of new shopping mall "nonowa Nishi Kokubunji" in the train station of JR Chuo Line. While these initiatives contributed to recovering the number of customers, Mister Donut recorded lower sales than the same period of the previous year due to decreased average check.

Among other businesses in Food Group, Café Du Monde, Katsu & Katsu, Stick Sweets Factory, and The Don, a seafood donburi chain, which is reviewing its business model, posted lower sales from one year earlier, due to closure of under-performing shops.

Including 436 million yen sales of Hachiya Dairy Products, a newly acquired consolidated subsidiary from the second quarter, sales of Food Group totaled 22,769 million yen, down 0.9%, and operating income was 478 million yen, 33.2% down from one year earlier.

3. Other Businesses

Duskin Healthcare, which provides management services to medical facilities, increased number of accounts from the same period of the previous year. However, it recorded lower sales from one year earlier, mainly due to decrease in contract fees from existing accounts. At Duskin Kyoeki, a leasing company, sales were higher than one year earlier, due to replacement of system equipment at Mister Donut shops.

Among the overseas dust control businesses, various marketing initiatives were executed in Korean residential market, which we entered in March 2012. The dust control business performed well in the other existing markets, due to product campaigns and other marketing initiatives, and synergic effects of technical services introduced in the previous year. Mister Donut posted steady sales growth in Malaysia, where it marked first anniversary of business in August. Sales in Thailand were also favorable, but sales in other areas decreased. As a result, Mister Donut overseas business recorded the same level sales as the same period of the previous year.

As a result, Other Businesses recorded sales of 5,124 million yen, up 0.2 % from the previous year, and operating income of 216 million yen, up 25.8%.

Segment sales figures do not include consumption tax.

(2) Financial position

At the end of the second quarter, total assets were 196,094 million yen, a 1,222 million yen decrease from the end of the previous year. This is due to a 4,087 million yen decrease in marketable securities for short-term investments, a 946 million yen increase in cash and deposits, 531 million yen increase in merchandise and finished goods, a 1,311 million yen increase in property, plant and equipment due to replacement of system equipment at Mister Donut shops.

Liabilities amounted to 46,426 million yen, a 1,285 million yen decrease compared to the previous fiscal year end. This is due to a 1,070 million yen decrease in accounts payable-other.

Net assets were 149,667 million yen, a 62 million yen increase. This is due to a 396 million yen increase in retained earnings resulting from second quarter net income of 2,967 million yen and 2,571 dividend payments, and a 375 million yen decrease in valuation difference on available-for-sale securities.

(3) Forecast

The full-year forecast for FY 2012 ending on March 31, 2013 was revised as below.

Considering the six month result and current business environment, we expect sales to be 5,000 million yen lower than the original forecast. Incomes during the first six months were higher than the plan. However, we expect full-year incomes to be lower than the original plan, considering the lower income from lower sales, and newly included promotion expenses.

(1) Revision of consolidated financial forecast for the fiscal year ending March 31, 2013 (April 1, 2012 - March 31, 2013)

	Sales millions of yen	Operating income millions of yen	Ordinary income millions of yen	Net income millions of yen	Net income per share yen
Previous forecast (A)	175,000	9,200	11,200	6,200	96.44
Revised forecast (B)	170,000	9,000	10,800	5,700	88.67
Change (B-A)	-5,000	-200	-400	-500	—
Rate of change (%)	-2.9	-2.2	-3.6	-8.1	—
(For reference) Results of the FY 2011	171,118	9,841	11,609	4,583	71.07

(2) Revision of non-consolidated financial forecast for the fiscal year ending March 31, 2013 (April 1, 2012 - March 31, 2013)

	Sales millions of yen	Operating income millions of yen	Ordinary income millions of yen	Net income millions of yen	Net income per share yen
Previous forecast (A)	151,000	6,700	9,400	5,300	82.44
Revised forecast (B)	147,000	6,000	8,800	5,000	77.78
Change (B-A)	-4,000	-700	-600	-300	—
Rate of change (%)	-2.6	-10.4	-6.4	-5.7	—
(For reference) Results of the FY 2011	150,019	6,928	10,313	4,428	68.66

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 six months. Tax expenses for consolidated subsidiaries are then calculated by multiplying net income of the period before income taxes of the period by this estimated effective tax rate.

The income tax adjustment is included in income taxes 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, 2012	as of September 30, 2012
ASSETS		
Current assets		
Cash and deposits	15,600	16,547
Notes and accounts receivable-trade	10,891	10,733
Lease investment assets	1,850	1,875
Marketable securities	18,153	14,065
Merchandise and finished goods	6,345	6,876
Work in process	195	179
Raw materials and supplies	1,456	1,909
Deferred tax assets	2,306	2,166
Other	2,675	2,781
Allowance for doubtful accounts	-72	-35
Total current assets	59,401	57,100
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	41,283	41,659
Accumulated depreciation	-23,361	-23,842
Buildings and structures, net	17,922	17,817
Machinery, equipment and vehicles	21,742	23,255
Accumulated depreciation	-15,507	-16,859
Machinery, equipment and vehicles, net	6,235	6,396
Land	23,818	24,092
Construction in progress	268	76
Other	11,881	13,646
Accumulated depreciation	-8,317	-8,771
Other, net	3,563	4,875
Total property, plant and equipment	51,809	53,258
Intangible assets		
Goodwill	200	560
Other	8,926	8,363
Total intangible assets	9,126	8,924
Investments and other assets		
Investment securities	60,816	61,198
Long-term loans receivable	45	120
Deferred tax assets	6,998	6,720
Guarantee deposits	7,876	7,641
Other	1,454	1,330
Allowance for doubtful accounts	-212	-199
Total investments and other assets	76,979	76,811
Total noncurrent assets	137,915	138,993
Total assets	197,316	196,094

(millions of yen)

	as of March 31, 2012	as of September 30, 2012
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	6,616	6,991
Current portion of long-term loans payable	94	99
Income taxes payable	1,902	1,834
Provision for bonuses	3,422	3,098
Provision for point card certificates	449	433
Asset retirement obligations	253	11
Accounts payable-other	6,669	5,599
Guarantee deposit received for rental products	10,634	10,468
Other	4,281	3,662
Total current liabilities	34,323	32,200
Noncurrent liabilities		
Long-term loans payable	151	139
Provision for retirement benefits	11,965	12,643
Provision for loss on guarantees	60	42
Asset retirement obligations	355	578
Long-term guarantee deposited	791	782
Long-term accounts payable-other	62	37
Other	2	2
Total noncurrent liabilities	13,388	14,225
Total liabilities	47,711	46,426
NET ASSETS		
Shareholders' equity		
Capital stock	11,352	11,352
Capital surplus	11,337	11,337
Retained earnings	131,591	131,987
Treasury stock	-3,176	-3,177
Total shareholders' equity	151,104	151,500
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-1,793	-2,169
Deferred gains or losses on hedges	3	-5
Foreign currency translation adjustment	-533	-509
Total accumulated other comprehensive income	-2,323	-2,684
Minority interests	823	850
Total net assets	149,604	149,667
Total liabilities and net assets	197,316	196,094

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

Consolidated statements of income

(millions of yen)

	Six months April 1, 2011 - September 30, 2011	Six months April 1, 2012 - September 30, 2012
Net sales	85,399	82,088
Cost of sales	47,410	45,926
Gross profit	37,989	36,162
Selling, general and administrative expenses	33,751	31,411
Operating income	4,238	4,751
Non-operating income		
Interest income	446	470
Dividends income	145	142
Rent income on facilities	63	58
Commission fee	145	146
Amortization of negative goodwill	17	—
Equity in earnings of affiliates	41	—
Gain on transfer of goodwill	72	131
Miscellaneous income	319	253
Total non-operating income	1,250	1,202
Non-operating expenses		
Interest expenses	3	2
Foreign exchange losses	20	34
Equity in losses of affiliates	—	31
Compensation expenses	15	46
Loss on cancellation of leasehold contracts	76	24
Miscellaneous loss	39	66
Total non-operating expenses	156	206
Ordinary income	5,332	5,746
Extraordinary income		
Gain on sales of noncurrent assets	0	0
Gain on sales and redemption of investment securities	130	939
Gain on negative goodwill	0	—
Reversal of allowance for doubtful accounts	24	—
Other	3	8
Total extraordinary income	158	948
Extraordinary loss		
Loss on sales of noncurrent assets	4	3
Loss on abandonment of noncurrent assets	53	67
Impairment loss	71	67
Loss on valuation of investment securities	0	1,030
Loss on disaster	280	—
Other	18	9
Total extraordinary losses	428	1,178
Income before income taxes and minority interests	5,061	5,517
Income taxes	2,167	2,515
Income before minority interests	2,894	3,002
Minority interests in income	28	34
Net income	2,866	2,967

Consolidated statements of comprehensive income

(millions of yen)

	Six months April 1, 2011 - September 30, 2011	Six months April 1, 2012 - September 30, 2012
Income before minority interests	2,894	3,002
Other comprehensive income		
Valuation difference on available-for-sale securities	-10	-375
Deferred gains or losses on hedges	-15	-9
Foreign currency translation adjustment	30	19
Share of other comprehensive income of associates accounted for using equity method	2	12
Total other comprehensive income	6	-352
Comprehensive income	2,901	2,649
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,860	2,607
Comprehensive income attributable to minority interests	40	42

(3) Notes relating to going concern assumption

None

(4) Notes on significant changes in shareholders' equity

None

(5) Segment information

I Six-month period (April 1, 2011 - September 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						
To outside customers	57,317	22,970	5,111	85,399	—	85,399
Inter-segment sales	437	2	1,191	1,631	-1,631	—
Total	57,755	22,973	6,302	87,031	-1,631	85,399
Segment income	7,019	716	172	7,908	-3,670	4,238

(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 -3,670 million yen include a -26 million yen elimination for inter-segment sales and transfers and -3,643 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 second quarter ended September 30, 2011.

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

(millions of yen)

	Clean Group	Food Group	Other Businesses	Elimination or corporate	Consolidated total
Amortization - Goodwill	65	1	1	—	67
Balance (Note)	267	9	11	—	289

(Note) The balance of goodwill at the end of the second quarter includes 109 million yen of goodwill in Clean Group for Ami Corporation, which was acquired in July 2008 (currently integrated into Duskin Serve Tohoku) and 116 million yen of goodwill in Clean 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 Six-month period (April 1, 2012- September 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	54,194	22,769	5,124	82,088	—	82,088
Inter-segment sales	482	7	1,213	1,702	-1,702	—
Total	54,677	22,776	6,337	83,791	-1,702	82,088
Segment income	7,317	478	216	8,012	-3,261	4,751

(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 -3,261 million yen include a -8 million yen elimination for inter-segment sales and transfers and -3,253 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. Clean Group has been renamed the Clean & Care Group. This is only a name change and does not affect business segment classifications.

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)

During the six-month period ended September 30, 2012, 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 six-month period ended September 30, 2012 and the balance of goodwill at the end of second quarter are as follows:

(millions of yen)

	Clean & Care Group	Food Group	Other Businesses	Elimination or corporate	Consolidated total
Amortization - Goodwill	54	20	—	—	75
Balance (Note)	176	384	—	—	560

(Note) The balance of goodwill at the end of the second quarter includes 384 million yen of goodwill in Food Group for Hachiya Dairy Products Co., Ltd., which was acquired in May 2012, 46 million yen of goodwill in Clean & Care Group for Ami Corporation, which was acquired in July 2008 (currently integrated into Duskin Serve Tohoku) and 101 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