

FY 2003 ending March 31, 2004

Flash Report on the Consolidated Results for the Interim Period Ended September 30, 2003

November 17, 2003

Company Name: DAIICHIKOSHO CO., LTD.

Code Number: 7458

(URL <http://www.dkkaraoke.co.jp>)

Registered Stock: JASDAQ Location of Head Office (Prefecture): Metropolis of Tokyo

Representative: Tatsuyoshi Yoneda, President and Senior Executive Corporate Officer

Contact: Eiji Hata, Executive Director; Administration Headquarters and General Manager,
Finance Dept. Phone: (03) 3280-2151

Date of the Board of Directors Meeting on the Closing of Accounts: November 17, 2003

Adoption of US GAAP: No

1. Consolidated Performance for the Current Interim Period (from April 1, 2003, to September 30, 2003)

(1) Consolidated operating results

Note: Amounts below one million yen are truncated.

	Net sales		Operating income		Ordinary income	
	¥ Million	%	¥ Million	%	¥ Million	%
Current interim period	56,910	(2.6)	6,880	15.4	6,392	17.1
Previous interim period	58,447	34.9	5,960	17.2	5,460	16.6
Last fiscal year	117,057	18.7	12,493	31.4	10,831	28.2

	Net income		Net income per share	Fully diluted net income per share
	¥ Million	%	¥	¥
Current interim period	1,398	(39.9)	77.75	74.40
Previous interim period	2,325	21.9	127.75	120.36
Last fiscal year	6,938	110.0	375.89	354.25

Notes: 1. Equity in net income of unconsolidated subsidiaries and affiliates:

Current interim period: (¥ - million) Previous interim period: (¥ - million)

Last fiscal year: (¥ - million)

2. Average number of shares outstanding during the respective periods (consolidated):

Current interim period: 17,982,827 shares Previous interim period: 18,203,156 shares

Last fiscal year: 18,097,192 shares

3. Change in accounting method: Yes

4. Percentages for net sales, operating income, ordinary income and net income show year-over-year change from the corresponding previous period.

(2) Consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	¥ Million	¥ Million	%	¥
Current interim period	133,923	56,366	42.1	3,134.99
Previous interim period	128,511	50,856	39.6	2,825.74
Last fiscal year	131,938	55,555	42.1	3,081.34

Note: Number of shares outstanding at the end of the respective periods (consolidated):

17,979,846 shares at September 30, 2003 17,997,496 shares at September 30, 2002

17,985,551 shares at March 31, 2003

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	¥ Million	¥ Million	¥ Million	¥ Million
Current interim period	11,918	(11,348)	(2,642)	20,740
Previous interim period	8,623	(5,943)	(2,978)	20,019
Last fiscal year	19,876	(14,286)	(3,076)	22,831

(4) Scope of consolidation and application of the equity method

Number of consolidated subsidiaries: 37

Number of unconsolidated subsidiaries accounted for by the equity method: -

Number of affiliates accounted for by the equity method: -

(5) Change in the scope of consolidation and application of the equity method

Consolidation (newly included): - (Excluded): 1

Equity method (newly applied): - (Excluded): -

2. Forecast Consolidated Performance for FY 2003 (from April 1, 2003, to March 31, 2004)

	Net sales	Ordinary income	Net income
	¥ Million	¥ Million	¥ Million
FY 2003 (full year)	118,800	13,200	5,000

(Reference) Forecast net income per share (full year): ¥270.51

Note: These projected performance figures are based on information available to the Company's management at the time of preparing this report. There are many uncertain factors inherent in forecasting, and there might be cases in which actual results differ from forecast values. See page 10 of the Attachment for further information on forecasts.

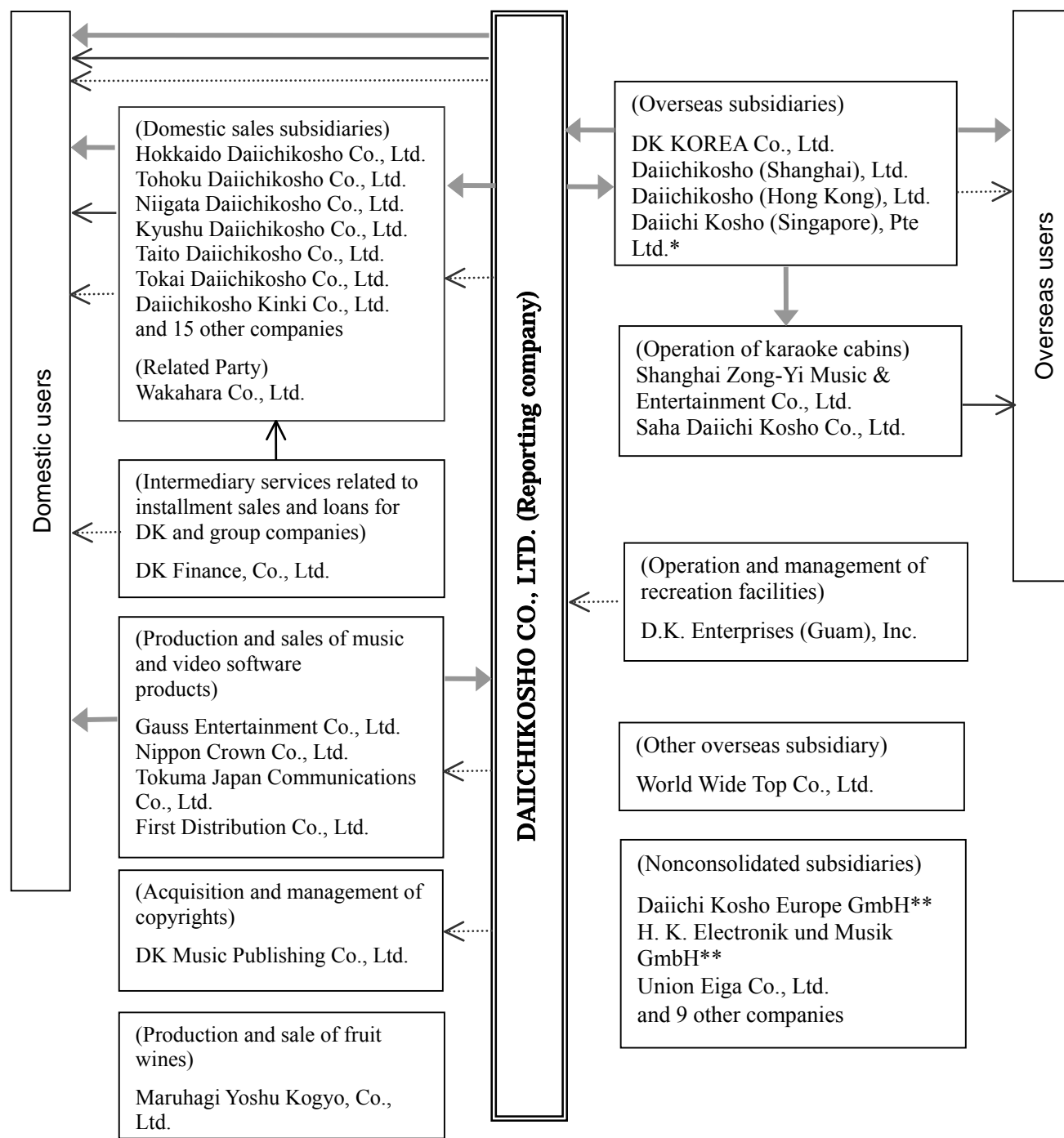
(Attachment)

Corporate Group

The Daiichikoshō Group (“DKG”) consists of Daiichikoshō Co., Ltd. (“DK”), and 37 subsidiaries. The major group companies are engaged in the commercial karaoke business, the karaoke cabin business, the content business and the music software business.

Business segment	Business line	Domestic	Overseas
Commercial karaoke business	Sales and rental of commercial-use karaoke equipment and software	Daiichikoshō Co., Ltd. Hokkaido Daiichikoshō Co., Ltd. Tohoku Daiichikoshō Co., Ltd. Taito Daiichikoshō Co., Ltd. Niigata Daiichikoshō Co., Ltd. Tokai Daiichikoshō Co., Ltd. Daiichikoshō Kinki Co., Ltd. Kyushu Daiichikoshō Co., Ltd. and 15 other subsidiaries	DK KOREA Co., Ltd. Daiichikoshō (Shanghai), Ltd. and 2 other subsidiaries
Karaoke cabin business	Operation of karaoke cabins, as well as the supply of food and beverages in the cabins		Shanghai Zong-Yi Music & Entertainment Co., Ltd. Saha Daiichi Kosho Co., Ltd.
Content business	Satellite broadcasting and supply of music content, etc., via mobile phones		
Music software business	Production and sales of music and video software products	Gauss Entertainment Co., Ltd. Nippon Crown Co., Ltd. Tokuma Japan Communications Co., Ltd. First Distribution Co., Ltd.	
Other business	Real estate lease and rental business, restaurant business, etc.	Daiichikoshō Co., Ltd. DK Finance, Co., Ltd. DK Music Publishing Co., Ltd. Maruhagi Yoshu Kogyo, Co., Ltd.	D.K. Enterprises (Guam), Inc. World Wide Top Co., Ltd.

The following diagram schematically shows the relationships of the respective group companies and businesses.



Sales and rentals of merchandise and products
 Operation of karaoke cabins
 Provision of services

Notes:
 1. * indicates dormant company.
 2. ** indicates companies that are under liquidation proceedings.

1. Management Policies

(1) Basic management policy

Based on the corporate philosophy of “More music to the world, more service to the world,” DKG’s basic management policy is “to promote music culture through karaoke and provide people with many places of pleasant communications.”

To that end, DKG believes it must provide karaoke equipment and an attractive range of karaoke software products that meet diversified users’ needs, as well as karaoke cabins where people can easily gather to enjoy singing karaoke songs. DKG is proud of its role as a pioneer in the karaoke business in Japan and overseas.

Building on the know-how and entertainment content it has accumulated to date, DKG aims to become a multinational corporate group that satisfies the expectations and trust not only of investors but also of all the group’s stakeholders by ensuring continued business growth and higher earnings around the core karaoke business.

(2) Basic policy on profit distribution

DK attaches a high priority to ensuring stable, long-term profit distribution to shareholders and follows a policy of paying performance-based dividends with due regard for adequate earnings retention. In the meanwhile, retained earnings not distributed to shareholders will be on purpose and effectively reinvested in the development of new products and operating assets to raise DK’s market share in the industry and reinforce profit-enhancing foundations.

(3) Basic views on the reduction of the minimum investment lot of shares

DK intends to carefully examine this subject by taking into account the increasing liquidity of DK’s shares in the market, past performance and market conditions while focusing on the interests of its shareholders.

(4) Medium- and long-term management strategies

DKG aims to establish an integrated music entertainment business, in which karaoke business is centered as a core, to further expand its karaoke telecommunication network and create new customer-oriented and value-added services taking advantage of the latest information technology (IT).

(5) Basic views on corporate governance and the implementation of related measures

Basic views on corporate governance:

DK has restructured its management system for the purpose of realizing its basic management policy and establishing more efficient group management in quick response to the vehemently-changing business environment. To that end, DK has introduced the corporate officer system to reinforce the functions of the Board of Directors and achieve swifter managerial decision making. At the same time, DK seeks to realize more proper execution of each corporate officer’s duties.

Implementation of corporate governance related measures:

To ensure quicker managerial decision making, DK holds a weekly management council and a monthly Board of Directors’ meeting, both of which statutory auditors may attend. Extraordinary Board of Directors’ meetings are held as the need arises.

(6) DKG's tasks ahead

DKG needs to proactively address the following groupwide issues: further extending its karaoke telecommunication network, improving profitability in the karaoke cabin business, restoring profitability to the satellite broadcasting business from the current deficit situation, reinforcing the business foundations of the music software business and raising the consolidated return on equity (ROE).

DKG has established the karaoke telecommunication network for the provision of a karaoke-streaming service and holds a very strong position in the commercial karaoke market. DKG will make efforts to increase sales and rental of the "DAM" karaoke equipment to expand the network.

As of September 30, 2003, DKG operated 195 "**BIG ECHO**" karaoke cabin stores. DKG aims to raise its ratio of operating income to sales by improving overall management efficiency through the closure of unprofitable stores and the opening of large-scale stores and differentiation-oriented stores that address current customer needs in the Tokyo metropolitan area and important regional cities.

With the multi-channel, direct broadcast satellite provider, Sky PerfecTV, as its platform, DKG now offers two television channels and 100 radio channels. DKG intends to make the satellite broadcasting business profitable on a single-year basis with an aggressive effort to increase subscribers.

DKG will endeavor to strengthen the management foundations of each music software subsidiary in the highly competitive music industry, while increasing synergies with DKG's mainstay karaoke business.

DKG aims to raise its ROE as one of management's most important indicators.

(7) Basic policies on relations with the related party

DK clarifies the scope of the related party and also strictly investigates the scope and details of its transactions with the related party. In particular, it is DK's basic policy to disclose all transactions by its officers and principal individual shareholders regardless of the disclosure criteria on the amount.

(8) Management's target indicators

As a priority indicator, DK aims to achieve consolidated ROE of 12% or more for FY 2004 ending March 31, 2005.

2. Operating Results and Financial Position

(1) Overview for the current interim period

Operating Results

During the current interim period ended September 30, 2003, the Japanese economy showed signs of a slow upturn supported by an increase in exports and a rally in capital investments. Furthermore, market sentiment turned favorable owing to improved corporate performance and a rise in stock prices. Nevertheless, economic conditions during the interim period under review remained unpredictable with the persistent deflationary trend and a lack of strong momentum in a business recovery affected by the accelerated yen appreciation.

In the karaoke industry, the business environment remained difficult for the nighttime market, affected by the intensifying competition of low-priced product and service prices amid the lingering deflation. However, the daytime market saw several signs of recovery, such as an increase in the number of operational karaoke cabins, which had bottomed in the last fiscal year.

In these circumstances, DKG concentrated its promotional efforts on sales and rental of the mainstay “*New cyber DAM (DAM-G50II)*” equipment and the “*Denmoku*” electronic music selection remote control to raise its market share in the commercial karaoke business. Concurrently, DKG has proactively worked to integrate the karaoke cabin business, the content business and the music software business facing a very difficult business environment, around the core karaoke business.

Consequently, consolidated net sales for the interim period under review decreased 2.6% year over year to ¥56,910 million, mainly due to a decline in sales for the music software business despite steady growth in revenues from merchandise sales, rental of karaoke equipment, fee from the provision of karaoke-streaming service and karaoke cabin operations. Operating income increased 15.4% year over year to ¥6,880 million and ordinary income rose 17.1% to ¥6,392 million, owing principally to reductions in the cost of sales and selling, general and administrative expenses. Consolidated net income for the interim period decreased 39.9% year over year to ¥1,398 million, reflecting the provision for directors’ retirement allowances for prior years that were collectively recorded as an extraordinary loss item.

Operating results by business segment are summarized as follows (with year-over-year percentage changes):

Commercial karaoke business

Net sales: ¥31,674 million (+7.9%)

Operating income: ¥5,758 million (+17.7%)

In this segment, DKG sells and rents karaoke equipment and software, and provides the karaoke-streaming service. Amid the rising demand for low-priced products, the mainstay equipment “*New cyber DAM,*” which was first released in October 2002, continued to effectively hold replacement demand, and the popularity of the “*Denmoku*” electronic music selection remote control also pushed up shipments of DAM products, thereby leading to a 10% improvement in shipments year over year. In line with this steady growth, the fee revenue from the provision of the karaoke-streaming service grew along with an increase in the number of operating equipment. The decline in rental of karaoke equipment was more than offset by a considerable rise in the number of rental contracts, leading to an increase in revenue from equipment rental. As a result, segment net sales expanded 7.9% and operating income rose 17.7% year over year.

Karaoke cabin business

Net sales: ¥12,112 million (+8.4 %)

Operating income: ¥1,295 million (+86.7%)

In this segment, DKG operates 193 karaoke cabin stores domestically and two overseas with the “*BIG ECHO*” brand. Reflecting positive signs in the daytime market, the segment performed well as sales from existing stores exceeded those in the same term a year earlier. During the semiannual period under review, DKG opened four stores and closed one unprofitable store. As a result, segment net sales increased 8.4% and operating income jumped 86.7 % year over year.

Content business

Net sales: ¥5,273 million (+4.3%)

Operating income: ¥1,028 million (+36.0%)

In this segment, DKG engages in two business fields: satellite broadcasting and e-business. Subscribers of commercial-use satellite broadcasting services increased steadily despite a gradual decline in the number of household-use subscribers. In its e-business, DKG improved its conventional customized ringtone service for mobile phones to cope with the reduction of service fees and the saturation in the number of subscribers. In addition, DKG strove to increase earnings through the supply of a sound content delivery service for the karaoke software, “*Karaoke Revolution*,” for PlayStation 2 (PS2), which is furnished by Konami Co., Ltd. As a result, segment net sales increased 4.3% and operating income rose 36.0% year over year.

Music software business

Net sales: ¥5,306 million (−49.7%)

Operating loss: −¥44 million (−%)

In this segment, DKG produces and sells music and video software products. The business climate continued to be harsh during the semiannual period under review. Segment net sales declined 49.7% year over year mainly due to fewer hit items than before. For example, “*Spirited Away*” made a significant contribution to sales in the same term a year earlier. Despite a strong effort to reduce operating expenses, a marginal operating loss of ¥44 million was recorded.

Other business

Net sales: ¥2,542 million (+9.7%)

Operating income: ¥266 million (−8.1%)

This segment mainly consists of the restaurant business and the real estate lease and rental business. Although segment net sales increased 9.7%, largely supported by the prosperous restaurant business, operating income declined 8.1% due to an increase in selling, general and administrative expenses.

Financial position**(Cash flows)**

For the interim period ended September 30, 2003, income before income taxes and minority interests decreased ¥1,239 million year over year to ¥3,115 million and proceeds from long-term borrowings decreased, whereas directors’ retirement allowances increased and income taxes paid decreased. As a result of these cash flows, consolidated cash and cash equivalents at the end of the interim period totaled ¥20,740 million, up ¥721 million, compared with those at the end of the same term a year earlier. The following describes the consolidated cash flow conditions for the semiannual period ended September 30, 2003.

(Cash flows from operating activities)

Net cash provided by operating activities increased ¥3,294 million year over year to ¥11,918 million. This increase was attributable to increases of ¥3,001 million in directors’ retirement allowances and ¥987 million in inventories, and a decrease of ¥1,419 million in income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities increased ¥5,405 million year over year to ¥11,348 million. This rise was primarily the result of an increase of ¥6,280 million due to increase in time deposits and a decrease of ¥517 million in proceeds from collection of loans.

(Cash flows from financing activities)

Net cash used in financing activities decreased ¥335 million year over year to ¥2,642 million. The principal factors in this decline were decreases of ¥6,525 million in increase in long-term borrowings and ¥1,368 million in payments from repayments of long-term borrowings and a net increase of ¥3,911 million in short-term borrowings.

The trends of several cash flow indicators are as follows:

	FY 2001 ended March 31, 2002		FY 2002 ended March 31, 2003		FY 2003 ending March 31, 2004
	Interim period	Fiscal year-end	Interim period	Fiscal year-end	Interim period
Equity ratio (%)	37.3	38.1	39.6	42.1	42.1
Market value-based equity ratio (%)	34.8	27.6	37.8	47.7	56.9
Debt redemption (years)	3.8	3.6	3.0	2.6	2.1
Interest coverage ratio (times)	19.8	20.3	26.7	31.6	40.1

Note: Equity ratio: Shareholders' equity/Total assets

Market value-based equity ratio: Total market capitalization/Total assets

Debt redemption: Interest-bearing debt/Operating cash flow

Interest coverage ratio: Operating cash flow/Interest payment

1. All of the above indicators are calculated for their respective values on a consolidated basis.
2. Total market capitalization is calculated by multiplying the closing stock price at the end of the year (interim period) by the number of shares outstanding at the end of the year (interim period).
3. Operating cash flow is the value stated as "Cash flows from operating activities" in the consolidated statements of cash flows.
4. Interest-bearing debt indicates the liabilities for which interest is paid on all the liabilities posted in the consolidated balance sheets. Interest payment corresponds to the amount of interest paid in the consolidated statements of cash flows.
5. As for debt redemption, operating cash flow values for the interim period are doubled to calculate them in annual amounts.

(2) Future outlook (on a full-year basis)

Despite several signs of recovery, concerns of future uncertainty persist, and a full-fledged recovery of personal consumption and an improvement in the stringent employment situation have yet to be achieved.

A distinct bipolar tendency has become apparent in the karaoke industry: a rally underlying the daytime market and a lingering depression in the nighttime market.

Given this business environment, DKG plans aggressive efforts to improve and/or differentiate product quality and reinforce service content to solidify its current top share in the karaoke telecommunication market. In October 2003, DKG will release and ship a new product, "**Broadband cyber DAM (DAM-G100)**," which substantially leverages broadband technology. Early in 2004, DKG will introduce a new information terminal, "**DAM Station**," to promote new services through which users can enjoy interactive music content such as the automatic grade authorization system and an audition system by delivering and exchanging sound contents and picture images recorded by users themselves. DKG also strives to propose promising businesses that could contribute to corporate earnings to quickly fix them in the core business. In the karaoke cabin business, DKG will work to open new stores at carefully screened sites and increase the number of guests through enhanced service quality, thereby improving the profitability and investment efficiency of each store. DKG will strive to increase commercial-use subscriptions and reduce overall costs in the satellite broadcasting business, and expand the number of subscribers through effective and concentrated promotional measures and service reinforcement in the e-business. In the music software business, DKG will endeavor to improve profitability by quickly implementing various measures including the scouting, nurturing and promotion of new artists through the group network.

By aggressively carrying out these measures, DKG expects to achieve net sales of ¥118.8 billion, ordinary income of ¥13.2 billion and net income of ¥5.0 billion for the year ending March 31, 2004, on a consolidated basis.

DAIICHIKOSHO received an advisory as of October 31, 2003, from the Japan Fair Trade Commission to the effect that DK has infringed on regulations of the Anti-Monopoly Law. However, as DK's management cannot comply with this advisory, it has submitted a letter of non-acceptance to the commission, and this issue will be referred to the adjudication procedure.

DK expresses its apologies for any anxiety or inconvenience this may have caused investors and/or the parties concerned.

Consolidated Balance Sheets

(Millions of yen)

Fiscal period Account item	Current interim period (As of September 30, 2003)		Previous interim period (As of September 30, 2002)		Last fiscal year (As of March 31, 2003)		Year-over- year change
	Amount	Composi- tion ratio (%)	Amount	Composi- tion ratio (%)	Amount	Composi- tion ratio (%)	
(Assets)							
Current assets							
Cash and bank deposits	21,953		21,497		26,077		(4,124)
Notes and accounts receivable trade	13,757		15,132		13,786		(28)
Marketable securities	117		10		9		107
Inventories	7,319		7,018		6,689		629
Deferred tax assets	3,744		1,126		3,852		(107)
Other	3,995		3,947		4,021		(25)
Allowance for doubtful accounts	(1,346)		(1,313)		(1,235)		(110)
Total current assets	49,542	37.0	47,419	36.9	53,201	40.3	(3,659)
Fixed assets							
Tangible fixed assets							
Buildings and structures	10,115		11,130		10,375		(260)
Karaoke equipment for rental	9,333		8,137		8,641		692
Karaoke cabin facilities	9,626		10,478		9,774		(148)
Land	15,828		17,042		16,085		(257)
Other	2,273		1,802		2,090		182
Total tangible fixed assets	47,176	35.2	48,592	37.8	46,967	35.6	209
Intangible assets							
Consolidation adjustments account	-		900		-		-
Other	7,615		7,085		7,709		(94)
Total intangible assets	7,615	5.7	7,986	6.2	7,709	5.9	(94)
Investments and other assets							
Investments in securities	3,422		2,878		3,084		337
Long-term loans receivable	3,571		3,631		3,719		(148)
Deferred tax assets	3,116		2,011		3,930		(813)
Deferred tax assets arising from re- valuation	-		2,251		-		-
Leasehold deposits and guarantee money	11,670		12,059		11,824		(153)
Long-term deposits	6,300		-		-		6,300
Other	4,793		5,159		4,596		196
Allowance for doubtful accounts	(3,285)		(3,479)		(3,096)		(189)
Total investments and other assets	29,588	22.1	24,513	19.1	24,059	18.2	5,528
Total fixed assets	84,381	63.0	81,092	63.1	78,736	59.7	5,644
Total Assets	133,923	100.0	128,511	100.0	131,938	100.0	1,984

DAIICHIKOSHO CO., LTD.

(Millions of yen)

Fiscal period Account item	Current interim period (As of September 30, 2003)		Previous interim period (As of September 30, 2002)		Last fiscal year (As of March 31, 2003)		Year-over- year change
	Amount	Composi- tion ratio (%)	Amount	Composi- tion ratio (%)	Amount	Composi- tion ratio (%)	
(Liabilities)							
Current liabilities							
Notes and accounts payable trade	7,069		7,727		6,537		532
Short-term borrowings	19,219		19,904		18,782		437
Accounts payable other	5,714		5,564		5,825		(110)
Income taxes payable	1,157		2,069		1,154		3
Reserve for bonuses	1,139		1,095		1,032		107
Unrealized profit on installment sales	708		832		759		(51)
Other	2,425		2,562		2,506		(81)
Total current liabilities	37,435	28.0	39,756	30.9	36,598	27.7	837
Long-term liabilities							
Convertible bonds	11,514		12,650		12,165		(651)
Long-term borrowings	19,338		19,531		21,049		(1,711)
Deferred tax liabilities	226		249		226		-
Reserve for employees' retirement benefits	2,748		2,640		2,696		51
Reserve for directors' retirement allowances	3,001		-		-		3,001
Consolidation adjustments account	1,091		-		1,105		(13)
Other	1,258		1,267		1,238		19
Total long-term liabilities	39,179	29.2	36,339	28.3	38,482	29.2	697
Total Liabilities	76,615	57.2	76,095	59.2	75,080	56.9	1,534
(Minority Interests)							
Minority interests	941	0.7	1,559	1.2	1,301	1.0	(360)
(Shareholders' Equity)							
Capital stock	12,348	9.2	12,348	9.6	12,348	9.4	-
Capital surplus	24,001	17.9	24,000	18.7	24,000	18.2	0
Retained earnings	30,436	22.7	40,450	31.5	29,879	22.6	556
Land revaluation difference	(9,981)	(7.5)	(25,189)	(19.6)	(10,005)	(7.6)	23
Net unrealized gains or losses on available-for-sale securities	191	0.2	(240)	(0.2)	(103)	(0.1)	294
Foreign currency translation adjustments	91	0.1	155	0.1	135	0.1	(43)
Treasury stock	(721)	(0.5)	(668)	(0.5)	(700)	(0.5)	(20)
Total Shareholders' Equity	56,366	42.1	50,856	39.6	55,555	42.1	810
Total Liabilities, Minority Interests and Shareholders' Equity	133,923	100.0	128,511	100.0	131,938	100.0	1,984

Consolidated Statements of Income

(Millions of yen)

Fiscal period Account item	Current interim period (From April 1, 2003, to September 30, 2003)		Previous interim period (From April 1, 2002, to September 30, 2002)		Year-over-year change (%)	Last fiscal year (From April 1, 2002, to March 31, 2003)				
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)			
Net sales		56,910	100.0		58,447	100.0	97.4		117,057	100.0
Cost of sales		31,798	55.9		34,215	58.5	92.9		67,720	57.9
Gross profit before adjustment for unrealized profit on installment sales		25,112	44.1		24,231	41.5	103.6		49,337	42.1
Unrealized profit on installment sales—reversal (+)	120			129				243		
Unrealized profit on installment sales—deferred (-)	69	51	0.1	92	37	0.0	137.4	132	110	0.1
Gross profit on sales		25,163	44.2		24,268	41.5	103.7		49,447	42.2
Selling, general and administrative expenses		18,283	32.1		18,307	31.3	99.9		36,954	31.6
Operating income		6,880	12.1		5,960	10.2	115.4		12,493	10.6
Nonoperating income										
Interest and dividend income	295			331				619		
Profit on retirement of convertible bonds	-			36				42		
Amortization of consolidation adjustments account	139			-				-		
Other	425	860	1.5	668	1,035	1.8	83.1	1,136	1,798	1.6
Nonoperating expenses										
Interest expenses	290			345				658		
Loss on disposal of inventories	256			182				475		
Loss on valuation of inventories	429			606				1,140		
Provision for allowance for doubtful accounts	12			149				19		
Other	360	1,348	2.4	252	1,536	2.6	87.8	1,165	3,460	2.9
Ordinary income		6,392	11.2		5,460	9.4	117.1		10,831	9.3
Extraordinary gains										
Gain on sales of fixed assets	-			16				15		
Gain on sales of investments in securities	2			13				87		
Reversal of allowance for doubtful accounts	118			20				126		
Gain on correction of copyright use fees for prior years	-	121	0.2	-	49	0.1	244.2	262	492	0.4
Extraordinary losses										
Loss on disposal of fixed assets	400			201				1,626		
Loss on valuation of investments in securities	76			65				507		
Loss on valuation of memberships	-			-				7		
Directors' retirement allowances	-			119				156		

DAIICHIKOSHO CO., LTD.

Provision for directors' retirement allowances for prior years	2,921			-				-		
Loss on sales of investments in securities	-			767				767		
Amortization of consolidation adjustments account	-	3,398	5.9	-	1,155	2.0	294.2	1,742	4,808	4.1
Income before income taxes and minority interests		3,115	5.5		4,354	7.5	71.5		6,516	5.6
Income taxes current	1,081			1,966				1,999		
Income taxes deferred	706	1,787	3.1	14	1,980	3.4	90.2	(2,499)	(499)	(0.4)
Minority interests in income (loss) of consolidated subsidiaries		(70)	(0.1)		48	0.1	(144.7)		76	0.1
Net income for the period		1,398	2.5		2,325	4.0	60.1		6,938	5.9

Consolidated Statements of Retained Earnings

(Millions of yen)

Fiscal period Account item	Current interim period (From April 1, 2003, to September 30, 2003)		Previous interim period (From April 1, 2002, to September 30, 2002)		Last fiscal year (From April 1, 2002, to March 31, 2003)	
	Amount		Amount		Amount	
(Capital surplus)						
Capital surplus at beginning of period		24,000		24,000		24,000
Increase in capital surplus						
Gain from purchase and redemption of treasury stock	0	0	-	-	-	-
Capital surplus at end of period		24,001		24,000		24,000
(Retained earnings)						
Retained earnings at beginning of period		29,879		38,889		38,889
Increase in retained earnings						
Net income	1,398	1,398	2,325	2,325	6,938	6,938
Decrease in retained earnings						
Cash dividends	683		658		658	
Bonuses to directors and statutory auditors	134		105		105	
Transferred from land re-valuation difference	23	841	-	764	15,184	15,948
Retained earnings at end of period		30,436		40,450		29,879

Consolidated Statements of Cash Flows

(Millions of yen)

Account item	Fiscal period	Current interim period (From April 1, 2003, to September 30, 2003)	Previous interim period (From April 1, 2002, to September 30, 2002)	Last fiscal year (From April 1, 2002, to March 31, 2003)
		Amount	Amount	Amount
Cash flows from operating activities:				
Income before income taxes and minority interests		3,115	4,354	6,516
Depreciation expenses		5,892	5,203	11,312
Increase (decrease) in allowance for doubtful accounts		299	34	(21)
Increase in reserve for directors' retirement allowances		3,001	-	-
Dividend and interest income		(295)	(331)	(619)
Gain or loss on sales of investments in securities		-	754	680
Interest expenses		290	345	658
Gain or loss on disposal of fixed assets		400	185	1,610
Loss on valuation of investments in securities		76	65	515
Decrease (increase) in trade receivables		(99)	(408)	835
Decrease (increase) in inventories		(629)	358	686
Increase (decrease) in trade payables		489	436	(723)
Other		(534)	100	1,873
Subtotal		12,006	11,099	23,325
Interest and dividends received		285	337	619
Interest paid		(297)	(322)	(629)
Income taxes paid		(1,078)	(2,497)	(3,445)
Income taxes refunded		1,002	6	6
Net cash provided by operating activities		11,918	8,623	19,876
Cash flows from investing activities:				
Increase in time deposits		(6,904)	(623)	(3,213)
Proceeds from decrease in time deposits		2,638	937	1,759
Payments for acquisition of tangible fixed assets		(4,668)	(5,406)	(9,959)
Payments for acquisition of intangible assets		(2,291)	(2,120)	(4,610)
Payments for purchase of investments in securities		(93)	(381)	(908)
Payments for purchase of subsidiaries' stocks		(174)	(306)	(442)
Payments for loans		(224)	(688)	(1,628)
Proceeds from collection of loans		499	1,017	1,846
Payments for leasehold deposits and guarantee money		(345)	(215)	(433)
Proceeds from repayment of leasehold deposits and guarantee money		162	579	808
Other		53	1,264	2,495
Net cash used in investing activities		(11,348)	(5,943)	(14,286)
Cash flows from financing activities:				
Net increase (decrease) in short-term borrowings		745	(3,166)	(4,655)
Increase in long-term borrowings		3,777	10,302	18,646
Payments for repayment of long-term borrowings		(5,796)	(7,164)	(13,606)
Payments for retirement of convertible bonds		(654)	(1,613)	(2,091)
Cash dividends paid		(683)	(658)	(660)
Payments for purchase of treasury stock		(21)	(653)	(685)
Other		(9)	(24)	(24)
Net cash used in financing activities		(2,642)	(2,978)	(3,076)
Effect of exchange rate changes on cash and cash equivalents		(17)	(0)	(0)
Net increase (decrease) in cash and cash equivalents		(2,090)	(298)	2,513
Cash and cash equivalents at beginning of period		22,831	20,317	20,317
Cash and cash equivalents at end of period		20,740	20,019	22,831

Basis of Presenting the Consolidated Interim Financial Statements

1. Scope of Consolidation

(1) Consolidated subsidiaries: 37

The names of the consolidated subsidiaries are omitted as they are stated in the “Corporate Group.”

(2) Major unconsolidated subsidiaries

Major unconsolidated subsidiaries are Union Eiga Co., Ltd., Crown Music Enterprise Co., Ltd., and Zoom Republic.

(Reason for exclusion from consolidation)

The unconsolidated subsidiaries are excluded from consolidation because they are small-scale firms, for which the respective sums of total assets, net sales and net income (loss) (corresponding to their total equity) and retained earnings (corresponding to their total equity) have no significant impact on the consolidated interim financial statements of the DKG.

2. Application of the Equity Method

(1) Unconsolidated companies accounted for by the equity method: None

(2) Unconsolidated companies not accounted for by the equity method:

Unconsolidated subsidiaries that are not accounted for by the equity (e.g., Union Eiga Co., Ltd., Crown Music Enterprise Co., Ltd., and Zoom Republic) are excluded from the application of the equity method because the respective sums of net income (loss) (corresponding to their total equity) and retained earnings (corresponding to their total equity) for the current interim period have no significant impact on these account items in the consolidated interim financial statements even if they are excluded therefrom, and they are immaterial on the whole.

3. Closing Date for Settlement of Accounts of Consolidated Subsidiaries

Of the consolidated subsidiaries, the interim closing date of the following companies is different from the consolidation closing date, which is September 30. In preparing the consolidated interim financial statements, the financial statements for the respective interim periods are used for those that have an interim closing date that differs from the consolidated interim closing date, provided that necessary adjustments are made for consolidation purposes with regard to material transactions that might take place in the period between their respective interim closing dates and the consolidated interim closing date.

Interim closing date is June 30:

Shanghai Zong-Yi Music & Entertainment Co., Ltd., Saha Daiichi Kosho Co., Ltd., Daiichikosho (Shanghai), Ltd.

Interim closing date is September 20:

Nippon Crown Co., Ltd., Tokuma Japan Communications Co., Ltd.

4. Summary of Significant Accounting Policies

(1) Valuation basis and method for important assets

Marketable securities and investments in securities

Held-to-maturity debt securities that are expected to be held to maturity: Carried at amortized cost using the straight-line method.

Other securities primarily designated as available-for-sale securities for which the fair values are readily determinable: Carried at fair value as of the interim balance-sheet date with

changes in net unrealized holding gain or loss, net of the applicable income taxes, included directly in shareholders' equity. The cost of securities sold is determined by the moving-average method.

Other securities primarily designated as available-for-sale securities for which the fair values are not readily determinable: Carried at cost determined by the moving-average method.

Inventories:

Principally stated at cost determined by the moving-average method.

(2) Depreciation method of major depreciable assets

Tangible fixed assets:

Depreciation is principally computed by the declining-balance method at rates based on the estimated useful lives of the assets as shown below. However, the straight-line method is adopted for buildings (excluding building improvements) acquired on or after April 1, 1998.

Building and structures: 3–50 years

Karaoke equipment for rental: 5–6 years

Karaoke cabin facilities: 3–19 years

Intangible assets:

Amortization of intangible assets is computed by the straight-line method.

(3) Accounting standard for important reserves

Allowance for doubtful accounts:

The allowance for doubtful accounts is provided at an amount of possible losses from uncollectible receivables based on the actual rate of losses from bad debt for ordinary receivables, and on the estimated recoverability for specific doubtful receivables.

Reserve for bonuses:

The reserve for bonuses is provided at an estimated amount based on the internal payment prediction standard.

Reserve for employees' retirement benefits:

The reserve for employees' retirement benefits is provided at an amount recognized to have accrued as of the interim balance-sheet date, based on the projected benefit obligations and plan assets at the end of the year ending March 31, 2004.

Actuarial differences are amortized on a pro-rata basis by the straight-line method over a certain period (10 years), which is shorter than the average remaining service years for employees at the time of their occurrence, from the following fiscal period of recognition.

Reserve for directors' retirement allowances:

The directors' retirement allowances of DK and domestic consolidated subsidiaries are provided at amounts that would be required to be paid in accordance with their respective internal rules concerning directors' retirement allowances if all eligible directors and statutory auditors were to resign their positions as of the respective interim balance-sheet dates.

(Change in accounting method)

The directors' retirement allowances have been previously charged to income as incurred when disbursed. Effective from this interim period under review, the accounting method has been changed to provide for possible payments at amounts that would be required to be paid in accordance with the respective internal rules concerning directors' retirement allowances if all eligible directors and statutory auditors were to resign their positions as of the interim balance-sheet date. This change, which was implemented when the relevant internal rules

were reviewed, aims to regularize the periodic accounting of profit and loss and achieve a sounder financial base by allocating the directors' retirement allowances to the tenure of directors and statutory auditors. Pursuant to this change, ¥182 million that occurred in the current interim period was included in selling, general and administrative expenses, whereas ¥2,921 million was collectively recorded as an extraordinary loss as the provision for prior years. As a result, compared with the previous accounting method, operating income and ordinary income each declined by ¥182 million, and income before income taxes and minority interest decreased by ¥3,001 million.

(4) Translation of important assets and liabilities denominated in foreign currencies into yen

Monetary receivables and payables denominated in foreign currencies are translated into yen at the spot exchange rate in effect at the interim balance-sheet date. The resulting exchange differences are charged or credited to income. The balance sheet accounts as well as the revenue and expense accounts of the foreign subsidiaries are translated into yen at the spot exchange rate in effect at their respective interim balance-sheet dates. The resulting translation differences have been recorded as a component of minority interests and presented as "Foreign currency translation adjustments" in shareholders' equity.

(5) Accounting for leases

Finance leases that do not transfer ownership of leased property to the lessee are accounted for as rental transactions.

(6) Hedge accounting

The DKG hedges against risks of interest rate fluctuations for its variable-rate borrowings using interest rate swaps. The preferential treatment is applied to these interest rate swaps.

(7) Other important matters

Accounting for installment sales

Installment profit involved in installment sales is deferred for the amount corresponding to the portion of installment receivables for which the due date has not expired based on the DKG's installment standards.

Accounting for consumption taxes

Consumption taxes are accounted for using the tax exclusion method.

5. Cash and Cash Equivalents in the Consolidated Interim Statements of Cash Flows

Cash and cash equivalents in the consolidated interim statements of cash flows include cash on hand, demand deposits and short-term investments due within three months from the acquired date, which are easily convertible into cash with little risk of value fluctuation.

Notes to Consolidated Financial Statements

(Notes to Consolidated Balance Sheets)

	(Millions of yen)		
	As of September 30, 2003	As of September 30, 2002	As of March 31, 2003
1. Accumulated depreciation for tangible fixed assets	50,335	49,856	49,268
2. Liabilities for guarantee	901	1,192	1,136
3. Assets pledged as collateral and secured debt			
Notes and accounts receivable trade	3,642	3,248	4,007
Buildings and structures	3,610	5,379	5,164
Karaoke equipment for rental	43	69	59
Land	7,984	10,375	10,293
Other tangible fixed assets	834	533	876
Investments in securities	-	706	626
Long-term loans receivable	1,793	1,632	2,011
Leasehold deposits and guarantee money	155	208	155
Total	18,065	22,154	23,195
Debt corresponding to the above:			
Short-term borrowings	6,238	7,932	7,245
Long-term borrowings	8,442	14,481	15,563
Total	14,681	22,413	22,809
4. Treasury stock	330,524 shares	312,781 shares	324,819 shares

(Note to Consolidated Statements of Cash Flows)

Relations between the period-end balance of cash and cash equivalents and the accounts listed in the consolidated balance sheets

	(Millions of yen)		
	As of September 30, 2003	As of September 30, 2002	As of March 31, 2003
Cash and bank deposits	21,953	21,497	26,077
Time deposits for which the deposit period exceeds three months	(1,212)	(1,478)	(3,246)
Cash and cash equivalents	20,740	20,019	22,831

(Segment Information)

The business and geographical segments of DK and its consolidated subsidiaries for the interim periods ended September 30, 2003 and 2002, as well as the last fiscal year ended March 31, 2003, are summarized as follows:

1. Business segments

Current interim period (From April 1, 2003, to September 30, 2003)

(Millions of yen)

Item	Commercial karaoke	Karaoke cabin	Content	Music software	Other	Total	Eliminations and corporate	Consolidated
Sales and operating income								
Sales								
Sales to third parties	31,674	12,112	5,273	5,306	2,542	56,910	-	56,910
Intersegment sales and transfers	76	-	-	158	174	409	(409)	-
Total	31,751	12,112	5,273	5,464	2,717	57,319	(409)	56,910
Operating expenses	25,992	10,817	4,245	5,509	2,450	49,014	1,015	50,030
Operating income	5,758	1,295	1,028	(44)	266	8,304	(1,424)	6,880

Previous interim period (From April 1, 2002, to September 30, 2002)

(Millions of yen)

Item	Commercial karaoke	Karaoke cabin	Content	Music software	Other	Total	Eliminations and corporate	Consolidated
Sales and operating income								
Sales								
Sales to third parties	29,361	11,170	5,054	10,543	2,317	58,447	-	58,447
Intersegment sales and transfers	73	-	-	124	226	424	(424)	-
Total	29,435	11,170	5,054	10,667	2,543	58,871	(424)	58,447
Operating expenses	24,541	10,476	4,297	10,304	2,253	51,874	611	52,486
Operating income	4,893	693	756	363	290	6,997	(1,036)	5,960

Last fiscal year (From April 1, 2002, to March 31, 2003)

(Millions of yen)

Item	Commercial karaoke	Karaoke cabin	Content	Music software	Other	Total	Eliminations and corporate	Consolidated
Sales and operating income								
Sales								
Sales to third parties	61,498	23,722	10,308	16,648	4,879	117,057	-	117,057
Intersegment sales and transfers	143	-	-	234	449	826	(826)	-
Total	61,642	23,722	10,308	16,882	5,328	117,884	(826)	117,057
Operating expenses	51,885	21,364	8,375	16,964	4,701	103,291	1,272	104,564
Operating income (loss)	9,756	2,358	1,932	(82)	627	14,593	(2,099)	12,493

Notes: 1. Segmentation method

According to the DKG's sales tabulation categories.

2. Major products and/or services of each business segment

Business segment	Major products and/or services
Commercial karaoke business	Sales and rental of commercial-use karaoke equipment and software
Karaoke cabin business	Operation of karaoke cabins, as well as the supply of food and beverages in the cabins
Content business	Supply of music content, etc., via satellite broadcasting and mobile phones
Music software business	Production and sales of music and video software products
Other business	Real estate lease and rental business, restaurant business, etc.

3. Amounts and major items included in “Elimination and corporate”

	Current interim period (¥ Million)	Previous interim period (¥ Million)	Last fiscal year (¥ Million)	Major items
Amounts of unabsorbed operating expenses included in “Elimination and corporate”	1,424	1,159	2,346	Expenses required for operations by administrative departments such as General Affairs Dept.

2. Geographical segments

As sales in Japan account for more than 90% of the sum of sales in each region of the respective geographical segments, the segment information by geographical region is omitted.

3. Overseas sales

As sales overseas account for less than 10% of consolidated net sales, overseas sales related information is omitted.

(Notes to Leases)

1. Finance lease contracts that do not transfer ownership of leased property to the lessee

(1) Assumed data as to acquisition cost, accumulated depreciation and net book value at end of period

(Millions of yen)

	Current interim period (From April 1, 2003, to September 30, 2003)			Previous interim period (From April 1, 2002, to September 30, 2002)			Last fiscal year (From April 1, 2002, to March 31, 2003)		
	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value
Karaoke cabin facilities	1,023	801	221	1,504	990	513	1,188	841	346
Other tangible fixed assets	1,624	990	634	4,519	3,541	977	1,844	1,145	698
Total	2,647	1,791	855	6,023	4,532	1,490	3,032	1,986	1,045

(2) Assumed future lease payments at end of period under finance leases

(Millions of yen)

	As of September 30, 2003	As of September 30, 2002	As of March 31, 2003
Due within one year	491	889	588
Due after one year	377	638	474
Total	868	1,527	1,063

(3) Lease payments, and assumed depreciation expense and interest expense

(Millions of yen)

	As of September 30, 2003	As of September 30, 2002	As of March 31, 2003
Lease payments	355	645	1,171
Assumed depreciation expense	344	612	1,114
Assumed interest expense	6	15	23

(4) Computation method of assumed depreciation expense

Depreciation expense is computed by the straight-line method, assuming the lease period as the useful life and no residual value.

(5) Computation method of assumed interest expense

The difference between the total lease contract amount and the assumed acquisition cost is assumed to be interest, and interest expense is computed by the interest method.

2. Operating lease contracts

Assumed future lease payments at end of period under operating leases

	(Millions of yen)		
	As of September 30, 2003	As of September 30, 2002	As of March 31, 2003
Due within one year	424	415	432
Due after one year	2,599	2,999	2,807
Total	3,024	3,414	3,239

(Notes to Securities)

1. Available-for-sale securities for which the fair value is readily determinable

(Millions of yen)

	Current interim period (As of September 30, 2003)			Previous interim period (As of September 30, 2002)			Last fiscal year (As of March 31, 2003)		
	Acquisition cost	Book value per consolidated balance sheets	Unrealized gain (loss)	Acquisition cost	Book value per consolidated balance sheets	Unrealized gain (loss)	Acquisition cost	Book value per consolidated balance sheets	Unrealized gain (loss)
Stocks	1,132	1,443	311	905	715	(189)	1,138	1,154	15
Bonds and debentures									
Government and municipal bonds	-	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-	-
Other bonds and debentures	-	-	-	-	-	-	-	-	-
Other	944	971	26	1,083	880	(203)	944	772	(172)
Total	2,077	2,415	338	1,988	1,595	(392)	2,083	1,926	(157)

2. Securities for which the fair value was not known at September 30, 2003 and 2002, and March 31, 2003

(Millions of yen)

	Book value per consolidated balance sheets		
	Current interim period (As of September 30, 2003)	Previous interim period (As of September 30, 2002)	Last fiscal year (As of March 31, 2003)
Held-to-maturity debt securities			
Discount bank debentures	9	9	9
Available-for-sale securities			
Unlisted stocks (excluding OTC issues)	398	585	460

(Note to Derivative Transactions)

Relevant information is omitted as hedge accounting is applied.

(Production, Orders Received and Sales)

1. Production

(Millions of yen)

Fiscal period Segment	Current interim period (From April 1, 2003, to September 30, 2003)		Previous interim period (From April 1, 2002, to September 30, 2002)		Last fiscal year (From April 1, 2002, to March 31, 2003)	
		Year-over-year change (%)		Year-over-year change (%)		Year-over-year change (%)
Commercial karaoke business:						
Telecommunication-type karaoke software	1,014	95.8	1,058	173.3	2,261	122.1
Disk-type karaoke software	520	92.3	564	78.4	1,226	90.1
Subtotal	1,535	94.6	1,622	122.0	3,487	108.5
Content business:						
Sound delivery/video software for satellite broadcasting	172	81.1	212	81.3	474	94.1
Music content business:						
Music and video software	1,110	81.2	1,367	-	2,718	118.7
Total	2,817	88.0	3,202	201.2	6,680	111.2

Note: The above amounts are indicated in terms of manufacturing cost.

2. Orders received

Inapplicable as the DKG follows a policy of project production.

3. Sales

(Millions of yen)

Fiscal period Segment	Current interim period (From April 1, 2003, to September 30, 2003)			Previous interim period (From April 1, 2002, to September 30, 2002)			Last fiscal year (From April 1, 2002, to March 31, 2003)		
		Composition ratio (%)	Year-over-year change (%)		Composition ratio (%)	Year-over-year change (%)		Composition ratio (%)	Year-over-year change (%)
Commercial karaoke business:									
Turnover of merchandise and products	13,182	23.2	103.8	12,703	21.7	122.1	27,234	23.2	124.6
Revenue from rental of karaoke equipment	8,844	15.5	105.8	8,356	14.3	98.9	16,948	14.5	100.8
Fee revenue from the provision of karaoke-streaming service	9,648	17.0	116.2	8,301	14.2	113.7	17,314	14.8	114.9
Subtotal	31,674	55.7	107.9	29,361	50.2	112.3	61,498	52.5	114.4
Karaoke cabin business:	12,112	21.3	108.4	11,170	19.1	105.7	23,722	20.3	107.9
Content business:									
Satellite broadcasting	2,293	4.0	99.7	2,299	4.0	102.1	4,583	3.9	101.0
e-business	2,980	5.2	108.2	2,754	4.7	141.9	5,724	4.9	125.6
Subtotal	5,273	9.2	104.3	5,054	8.7	120.6	10,308	8.8	113.3
Music software business:	5,306	9.3	50.3	10,543	18.0	-	16,648	14.2	182.8
Other business:	2,542	4.5	109.7	2,317	4.0	96.5	4,879	4.2	104.8
Total	56,910	100.0	97.4	58,447	100.0	134.9	117,057	100.0	118.7

FY 2003 ending March 31, 2004

Summary of Nonconsolidated Financial Statements for the Interim Period Ended September 30, 2003

November 17, 2003

Company Name: DAIICHIKOSHO CO., LTD.

Code Number: 7458

(URL <http://www.dkkaraoke.co.jp>)

Registered Stock: JASDAQ Location of Head Office (Prefecture): Metropolis of Tokyo

Representative: Tatsuyoshi Yoneda, President and Senior Executive Corporate Officer

Contact: Eiji Hata, Executive Director; Administration Headquarters and General Manager,
Finance Dept. Phone: (03) 3280-2151

Date of the Board of Directors Meeting on the Closing of Accounts: November 17, 2003

Interim Dividend System: Applied

Start Date for Payment of Interim Dividends: -

Unit (*tangen*) Stock System: Adopted (Unit (*tangen*) stock of shares: 100 shares)

1. Nonconsolidated Performance for the Current Interim Period (from April 1, 2003, to September 30, 2003)

(1) Nonconsolidated operating results

Note: Amounts below one million yen are truncated.

	Net sales		Operating income		Ordinary income	
	¥ Million	%	¥ Million	%	¥ Million	%
Current interim period	38,888	8.4	4,752	42.7	4,498	21.3
Previous interim period	35,879	14.1	3,330	3.4	3,709	30.9
Last fiscal year	74,974	14.5	8,125	37.9	7,510	40.9

	Net income		Net income per share
	¥ Million	%	¥
Current interim period	1,710	19.0	95.09
Previous interim period	1,436	17.6	78.92
Last fiscal year	4,350	115.4	238.37

Notes: 1. Average number of shares outstanding during the respective periods:

Current interim period: 17,982,827 shares Previous interim period: 18,203,156 shares

Last fiscal year: 18,097,192 shares

2. Change in accounting method: Yes

3. Percentages for net sales, operating income, ordinary income and net income show increases (decreases) from the corresponding previous period.

(2) Dividends

	Interim dividend per share	Annual dividend per share
	¥	¥
Current interim period	0.0	-
Previous interim period	0.0	-
Last fiscal year	-	38.00

(3) Nonconsolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	¥ Million	¥ Million	%	¥
Current interim period	84,986	46,801	55.1	2,602.98
Previous interim period	80,358	42,522	52.9	2,362.69
Last fiscal year	82,546	45,543	55.2	2,530.19

Notes: 1. Number of shares outstanding at the end of the respective periods:

17,979,846 shares at September 30, 2003 17,997,496 shares at September 30, 2002;
17,985,551 shares at March 31, 2003

2. Number of treasury stocks at the end of the respective periods:

330,524 shares at September 30, 2003 312,781 shares at September 30, 2002;
324,819 shares at March 31, 2003

2. Forecast Nonconsolidated Performance for FY 2003 (from April 1, 2003, to March 31, 2004)

	Net sales	Ordinary income	Net income	Annual dividend per share	
				Year-end	
	¥ Million	¥ Million	¥ Million	¥	¥
Full-year	80,400	8,300	3,500	38.00	38.00

(Reference) Projected net income per share (full year): ¥192.63

Note: These projected performance figures are based on information available to the Company's management at the time of preparing this report. There are many uncertain factors inherent in forecasting, and there might be cases in which actual results differ from forecast values. See page 10 of the Attachment for further information on forecasts.

(Attachment)

Nonconsolidated Balance Sheet

(Millions of yen)

Fiscal period Account item	Current interim period (As of September 30, 2003)		Previous interim period (As of September 30, 2002)		Last fiscal year (As of March 31, 2003)		Year-over- year change
	Amount	Composi- tion ratio (%)	Amount	Composi- tion ratio (%)	Amount	Composi- tion ratio (%)	
(Assets)							
Current assets							
Cash and bank deposits	10,251		8,240		13,980		(3,728)
Notes receivable trade	1,704		2,088		2,142		(437)
Accounts receivable trade	6,091		6,657		5,753		337
Inventories	5,217		4,101		4,405		811
Deferred tax assets	3,257		606		3,362		(104)
Other	2,970		3,150		2,554		416
Allowance for doubtful accounts	(446)		(545)		(437)		(8)
Total current assets	29,046	34.2	24,298	30.2	31,761	38.5	(2,714)
Fixed assets							
Tangible fixed assets							
Buildings	4,403		5,093		4,569		(166)
Karaoke equipment for rental	4,100		3,140		3,621		478
Karaoke cabin facilities	6,175		6,446		6,058		117
Land	4,798		6,051		4,807		(9)
Other	1,298		1,309		1,170		128
Total tangible fixed assets	20,776	24.4	22,041	27.4	20,228	24.5	548
Intangible assets	7,138	8.4	6,459	8.1	7,087	8.6	50
Investments and other assets							
Investments in securities	2,559		1,921		2,252		306
Investment in stocks of subsidiaries and affiliates	5,134		8,112		5,178		(43)
Long-term loans receivable	5,801		6,249		5,717		84
Deferred tax assets	930		523		2,438		(1,508)
Deferred tax assets arising from re-valuation	-		2,251		-		-
Leasehold deposits and guarantee money	8,914		9,141		9,069		(154)
Long-term deposits	6,300		-		-		6,300
Other	3,743		3,844		3,501		241
Allowance for doubtful accounts	(5,357)		(4,485)		(4,687)		(669)
Total investments and other assets	28,026	33.0	27,558	34.3	23,469	28.4	4,556
Total fixed assets	55,940	65.8	56,060	69.8	50,785	61.5	5,155
Total Assets	84,986	100.0	80,358	100.0	82,546	100.0	2,440

DAIICHIKOSHO CO., LTD.

Fiscal period Account item	Current interim period (As of September 30, 2003)		Previous interim period (As of September 30, 2002)		Last fiscal year (As of March 31, 2003)		Year-over- year change
	Amount	Composi- tion ratio (%)	Amount	Composi- tion ratio (%)	Amount	Composi- tion ratio (%)	
(Liabilities)							
Current liabilities							
Notes payable trade	2,294		1,935		2,365		(71)
Accounts payable trade	3,450		2,401		2,617		832
Short-term borrowings	2,000		2,510		1,250		750
Current portion of long-term bor- rowings	3,189		3,061		3,388		(198)
Accounts payable other	3,907		4,023		3,884		23
Income taxes payable	112		1,028		-		112
Reserve for bonuses	700		655		631		69
Other	1,001		1,070		1,120		(119)
Total current liabilities	16,655	19.6	16,686	20.8	15,258	18.5	1,397
Long-term liabilities							
Convertible bonds	11,514		12,650		12,165		(651)
Long-term borrowings	7,514		7,135		8,179		(665)
Reserve for employees' retirement benefits	1,021		953		1,002		18
Reserve for directors' retirement al- lowances	1,070		-		-		1,070
Other	410		410		397		13
Total long-term liabilities	21,530	25.3	21,149	26.3	21,744	26.3	(214)
Total Liabilities	38,185	44.9	37,836	47.1	37,002	44.8	1,182
(Shareholders' Equity)							
Capital stock	12,348	14.5	12,348	15.4	12,348	14.9	-
Capital surplus							
Capital reserve	4,000		4,000		4,000		-
Other capital surplus	20,000		20,000		20,000		0
Total capital surplus	24,001	28.2	24,000	29.9	24,000	29.1	0
Retained earnings							
Voluntary reserve	18,600		29,750		29,750		(11,150)
Unappropriated retained earnings for the period	2,365		2,519		(9,750)		12,116
Total retained earnings	20,965	24.7	32,269	40.1	19,999	24.2	966
Land revaluation difference	(9,981)	(11.7)	(25,189)	(31.4)	(10,005)	(12.1)	23
Net unrealized gains or losses on available-for-sale securities	188	0.2	(237)	(0.3)	(99)	(0.1)	288
Treasury stock	(721)	(0.8)	(668)	(0.8)	(700)	(0.8)	(20)
Total Shareholders' Equity	46,801	55.1	42,522	52.9	45,543	55.2	1,257
Total Liabilities and Shareholders' Equity	84,986	100.0	80,358	100.0	82,546	100.0	2,440

Nonconsolidated Statement of Income

(Millions of yen)

Fiscal period Account item	Current interim period (From April 1, 2003, to September 30, 2003)		Previous interim period (From April 1, 2002, to September 30, 2002)		Year-over-year change (%)	Last fiscal year (From April 1, 2002, to March 31, 2003)				
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)			
Net sales		38,888	100.0		35,879	100.0	108.4		74,974	100.0
Cost of sales		23,709	61.0		22,709	63.3	104.4		46,529	62.1
Gross profit before adjustment for unrealized profit on installment sales		15,179	39.0		13,169	36.7	115.3		28,445	37.9
Unrealized profit on installment sales—reversal (+)	124			114				196		
Unrealized profit on installment sales—deferred (-)	86	37	0.1	116	(2)	(0.0)	(1597.7)	189	7	0.0
Gross profit on sales		15,216	39.1		13,167	36.7	115.6		28,452	37.9
Selling, general and administrative expenses		10,464	26.9		9,837	27.4	106.4		20,326	27.1
Operating income		4,752	12.2		3,330	9.3	142.7		8,125	10.8
Nonoperating income										
Interest and dividend income	504			406				485		
Profit on retirement of convertible bonds	-			36				42		
Fees and commissions received	79			67				126		
Other	188	771	2.0	214	724	2.0	106.5	411	1,066	1.4
Nonoperating expenses										
Interest expenses	103			121				235		
Provision for allowance for doubtful accounts	476			7				712		
Loss on disposal of inventories	192			32				93		
Loss on valuation of inventories	94			37				144		
Other	158	1,025	2.6	146	345	1.0	297.1	495	1,681	2.2
Ordinary income		4,498	11.6		3,709	10.3	121.3		7,510	10.0
Extraordinary gains										
Reversal of allowance for doubtful accounts	118			20				206		
Gain on sales of investments in securities	2			13				13		
Gain on correction of copyright use fees for prior years	-	121	0.3	-	33	0.1	363.3	262	482	0.7
Extraordinary losses										
Loss on sales and disposal of fixed assets	64			83				1,278		
Loss on sales of investments in securities	-			767				767		
Loss on valuation of investments in securities	76			64				483		
Loss on valuation of investment in stocks of subsidiaries and affiliates	218			300				3,370		
Directors' retirement allowances	-			83				83		
Provision for directors' retirement allowances for prior years	1,097	1,455	3.8	-	1,299	3.6	112.0	-	5,984	8.0

DAIICHIKOSHO CO., LTD.

Income before income taxes		3,164	8.1		2,444	6.8	129.5		2,009	2.7
Income taxes current	50			929				100		
Income taxes deferred	1,404	1,454	3.7	77	1,007	2.8	144.4	(2,441)	(2,341)	(3.1)
Net income for the period		1,710	4.4		1,436	4.0	119.0		4,350	5.8
Surplus brought forward from the previous period		679			598				598	
Transferred from legal reserve		-			485				485	
Transferred from land re-valuation difference		(23)			-				(15,184)	
Unappropriated retained earnings		2,365			2,519				(9,750)	

Summary of Significant Accounting Policies

1. Valuation basis and method for assets

(1) Marketable securities and investments in securities

Investment in stocks of subsidiaries and affiliates: Stated at cost determined by the moving-average method.

Other securities primarily designated as available-for-sale securities for which the fair values are readily determinable: Carried at fair value as of the interim balance-sheet date with changes in net unrealized holding gain or loss, net of the applicable income taxes, included directly in shareholders' equity. The cost of securities sold is determined by the moving-average method.

Other securities primarily designated as available-for-sale securities for which the fair values are not readily determinable: Carried at cost determined by the moving-average method.

(2) Inventories:

Merchandise and finished products: Carried at cost determined by the moving-average method.

Work in process: Carried at cost determined by the specific identification method.

2. Depreciation method of fixed assets

(1) Tangible fixed assets:

Depreciation is computed by the declining-balance method at rates based on the estimated useful lives of the assets as shown below. However, the straight-line method is adopted for buildings (excluding building improvements) acquired on or after April 1, 1998.

Building and structures: 3–50 years

Karaoke equipment for rental: 5–6 years

Karaoke cabin facilities: 3–19 years

(2) Intangible assets:

Amortization of intangible assets is computed by the straight-line method. Computer software for internal use is amortized by the straight-line method over the estimated useful life (5 years), and sound delivery and video software is amortized by the straight-line method over 2 years.

3. Accounting standards for reserves

(1) Allowance for doubtful accounts:

The allowance for doubtful accounts is provided at an amount of possible losses from uncollectible receivables based on the actual rate of losses from bad debt for ordinary receivables, and on the estimated recoverability for specific doubtful receivables.

(2) Reserve for bonuses:

The reserve for bonuses is provided at an estimated amount based on the internal payment prediction standard.

(3) Reserve for employees' retirement benefits:

The reserve for employees' retirement benefits is provided at an amount recognized to have accrued as of the interim balance-sheet date, based on the projected benefit obligations and plan assets at the end of the year ending March 31, 2004. Actuarial differences are amortized on a pro-rata basis by the straight-line method over a certain period (10 years), which is shorter than the average remaining service years for employees at the time of their occurrence, from the

following fiscal period of recognition.

(4) Reserve for directors' retirement allowances:

The directors' retirement allowances are provided at an amount that would be required to be paid in accordance with the internal rules concerning directors' retirement allowances if all eligible directors and statutory auditors were to resign their positions as of the respective interim balance-sheet dates.

(Change in accounting method)

DK's directors' retirement allowances have been previously charged to income as incurred when disbursed. Effective from this interim period under review, the accounting method has been changed to provide for possible payments at an amount that would be required to be paid in accordance with its internal rules concerning directors' retirement allowances if all eligible directors and statutory auditors were to resign their positions as of the interim balance-sheet date. This change, which was implemented when the relevant internal rules were reviewed, aims to regularize the periodic accounting of profit and loss and achieve a sounder financial structure by allocating the directors' retirement allowances to the tenure of directors and statutory auditors. Pursuant to this change, ¥62 million that occurred in the current interim period was included in selling, general and administrative expenses, whereas ¥1,097 million was collectively recorded in extraordinary loss as the provision for prior years. As a result, compared with the previous accounting method, operating income and ordinary income each declined by ¥62 million, and income before income taxes decreased by ¥1,070 million.

4. Translation of assets and liabilities denominated in foreign currencies into yen

Monetary receivables and payables denominated in foreign currencies are translated into yen at the spot exchange rate in effect at the interim balance-sheet date. The resulting exchange differences are charged or credited to income.

5. Accounting for leases

Finance leases that do not transfer ownership of leased property to the lessee are accounted for as rental transactions.

6. Other important matters

(1) Accounting for installment sales

DK's installment profit involved in installment sales is deferred for the amount corresponding to the portion of installment receivables for which the due date has not expired.

(2) Accounting for consumption tax, etc.

Consumption taxes are accounted for using the tax exclusion method. Consumption taxes related to installment sales are deferred for the amount corresponding to the portion of installment receivables for which the due date has not expired.

Notes to Nonconsolidated Financial Statements

(Notes to Nonconsolidated Balance Sheet)

	(Millions of yen)		
	As of September 30, 2003	As of September 30, 2002	As of March 31, 2003
1. Accumulated depreciation for tangible fixed assets	23,911	23,401	23,098
2. Liabilities for guarantee			
Liabilities for guarantee	4,455	5,178	5,288
Guarantee by subscription	326	631	356
Letter of undertaking on management services	-	-	-
Total	4,782	5,810	5,645
3. Assets pledged as collateral and secured debt			
Buildings	-	1,510	1,471
Land	-	2,141	2,141
Investments in securities	-	706	626
Total	-	4,357	4,239
Debt corresponding to the above:			
Current portion of long-term borrowings	-	1,198	696
Long-term borrowings	-	5,507	5,981
Total	-	6,705	6,677
4. Commitment line contract			
Total amount of commitment line contracts	10,000	10,000	10,000
Residual amount of borrowed funds	-	-	-
On balance	10,000	10,000	10,000

(Notes to Leases)

1. Finance lease contracts that do not transfer ownership of leased property to the lessee

(1) Assumed data as to acquisition cost, accumulated depreciation and net book value at end of period

(Millions of yen)

	Current interim period (From April 1, 2003, to September 30, 2003)			Previous interim period (From April 1, 2002, to September 30, 2002)			Last fiscal year (From April 1, 2002, to March 31, 2003)		
	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value
Karaoke cabin facilities	815	681	134	1,321	906	414	984	742	241
Other tangible fixed assets	2,356	1,198	1,157	4,744	3,472	1,272	2,509	1,197	1,312
Total	3,172	1,880	1,292	6,066	4,379	1,686	3,494	1,940	1,554

(2) Assumed future lease payments at end of period under finance leases

(Millions of yen)

	As of September 30, 2003	As of September 30, 2002	As of March 31, 2003
Due within one year	734	931	795
Due after one year	572	790	775
Total	1,306	1,722	1,571

(3) Lease payments, and assumed depreciation expense and interest expense

(Millions of yen)

	As of September 30, 2003	As of September 30, 2002	As of March 31, 2003
Lease payments	466	650	1,226
Assumed depreciation expense	454	619	1,169
Assumed interest expense	8	15	25

(4) Computation method of assumed depreciation expense

Depreciation expense is computed by the straight-line method, assuming the lease period as the useful life and no residual value.

(5) Computation method of assumed interest expense

The difference between the total lease contract amount and the assumed acquisition cost is assumed to be interest, and interest expense is computed by the interest method.

2. Operating lease contracts

Assumed future lease payments at end of period under operating leases

(Millions of yen)

	As of September 30, 2003	As of September 30, 2002	As of March 31, 2003
Due within one year	327	300	324
Due after one year	2,258	2,550	2,400
Total	2,586	2,851	2,725

(Note to Securities)

DK had no available-for-sale securities for which the fair value is readily determinable in its investment in stocks of subsidiaries and affiliates during the interim periods ended September 30, 2003 and 2002, and the last fiscal year ended March 31, 2003.

(Note to Derivative Transactions)

Relevant information is omitted as hedge accounting is applied.