

FY 2004, the year ended March 31, 2005

Summary of Nonconsolidated Financial Statements for the Year Ended March 31, 2005

May 16, 2005

Company Name: DAIICHIKOSHO CO., LTD.

Code Number: 7458

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

Stock Exchange Listing: JASDAQ

Location of Head Office (Prefecture): Metropolis of Tokyo

Representative: Tatsuyoshi Yoneda, President

Contact: Eiji Hata, Director and Corporate officer; and Executive Director, Administration Headquarters

Phone: (03) 3280-2151

Date of the Board of Directors Meeting on the Closing of Accounts: May 16, 2005

Interim Dividend System: Applied

Date of the Ordinary General Meeting of Shareholders: June 26, 2005

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

Start Date for Payment of Dividends: June 27, 2005

1. Nonconsolidated Performance for FY2004, the Year Ended March 31, 2005 (from April 1, 2004, to March 31, 2005)

(1) Nonconsolidated operating results

Note: Amounts below one million yen are truncated.

	Net sales		Operating income		Ordinary income	
	¥ Million	%	¥ Million	%	¥ Million	%
Year ended March 2005	82,862	2.7	6,447	(21.1)	6,490	(13.8)
Year ended March 2004	80,711	7.7	8,170	0.6	7,531	0.3

	Net income		Net income per share	Fully diluted net income per share
	¥ Million	%	¥	¥
Year ended March 2005	3,939	(15.8)	109.74	—
Year ended March 2004	4,679	7.6	129.47	123.22

	Return of Equity (ROE)	Ratio of ordinary income to total capital	Ratio of ordinary income to net sales
	%	%	%
Year ended March 2005	7.7	7.7	7.8
Year ended March 2004	9.7	8.8	9.3

Notes: 1. Average number of shares outstanding during the year:

Year ended March 2005: 35,745,780 shares Year ended March 2004: 35,958,418 shares

The Company conducted a two-for-one stock split on May 20, 2004. For comparison, "Net income per share" and "Fully diluted net income per share" are stated in the table above as if the stock split had occurred as of April 1, 2003.

"Fully diluted net income per share" for the year ended March 2005, is not stated because no residual securities existed as convertible bonds were redeemed at maturity as of March 31, 2005.

2. Change in accounting method: None

3. Percentages for net sales, operating income, ordinary income and net income show respective year-over-year changes from the previous fiscal year.

(2) Dividends

	Annual dividend per share			Total amount of dividends (annually)	Payout ratio	Ratio of dividends to shareholders' equity
		Interim	Year-end			
	¥	¥	¥	¥ Million	%	%
Year Ended March 2005	40.00	0	40.00	1,392	36.5	2.7
Year Ended March 2004	19.00	0	19.00	682	14.7	1.3

Note: The breakdown of the dividends for the year ended March 2005 was ¥20.00 in ordinary dividend and ¥20.00 in 30th anniversary commemorative dividend.

The Company conducted a two-for-one stock split on May 20, 2004. For comparison, "Annual dividend per share" is stated in the table above as if the stock split had occurred as of April 1, 2003.

(3) Nonconsolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	¥ Million	¥ Million	%	¥
Year ended March 2005	80,112	51,021	63.7	1,465.47
Year ended March 2004	88,578	50,815	57.4	1,413.14

Notes: 1. Number of shares outstanding at the end of the year:

34,804,216 shares at March 31, 2005 35,942,520 shares at March 31, 2004

The Company conducted a two-for-one stock split on May 20, 2004. For comparison, "Shareholders' equity per share" is stated in the table above as if the stock split had occurred as of April 1, 2003.

2. Number of treasury stocks at the end of the year:

1,817,082 shares at March 31, 2005 339,203 shares at March 31, 2004

2. Forecast Nonconsolidated Performance for FY2005, the Year Ending March 31, 2006 (from April 1, 2005, to March 31, 2006)

	Net sales	Ordinary income	Net income	Annual dividend per share		
				Interim	Year-end	
	¥ Million	¥ Million	¥ Million	¥	¥	¥
Interim period ending September 30, 2005	44,200	3,200	450	0	—	—
Year ending March 31, 2006 (full year)	88,400	5,700	1,800	—	30.00	30.00

(Reference) Forecast net income per share (full year): ¥51.24

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 11 of the Attachment for further information on forecasts.

6. Nonconsolidated Financial Statements

(1) Nonconsolidated Balance Sheet

(Millions of yen)

Fiscal year Account item	FY 2003 (As of March 31, 2004)		FY 2004 (As of March 31, 2005)		Year-over- year change
	Amount	Composi- tion ratio (%)	Amount	Composi- tion ratio (%)	
(Assets)					
Current assets					
Cash and bank deposits	17,476		11,010		(6,466)
Notes receivable—trade	1,136		783		(352)
Accounts receivable—trade	6,609		6,270		(339)
Marketable securities	121		—		(121)
Merchandise	2,592		4,546		1,953
Finished products	49		—		(49)
Work in process	781		—		(781)
Advance money	313		510		197
Prepaid expenses	683		1,501		818
Deferred tax assets	3,340		2,880		(460)
Current portion of long-term loans receivable from subsidiaries and af- filiates	327		—		(327)
Other	588		588		(0)
Allowance for doubtful accounts	(451)		(489)		(38)
Total current assets	33,571	37.9	27,601	34.5	(5,969)
Fixed assets					
Tangible fixed assets					
Buildings	3,241		1,721		(1,519)
Structures	263		177		(86)
Tools, furniture and fixtures	757		1,168		411
Karaoke equipment for rental	4,388		4,628		239
Karaoke cabin facilities	6,992		8,296		1,304
Land	4,853		3,506		(1,346)
Other	165		159		(6)
Total tangible fixed assets	20,662	23.3	19,659	24.5	(1,003)
Intangible assets					
Patent right	2		2		(0)
Leasehold	44		44		—
Trademark right	1		2		0
Software	3,811		3,963		152
Sound delivery/video software	4,369		3,847		(522)
Other	208		208		(0)
Total intangible assets	8,437	9.5	8,067	10.0	(370)
Investments and other assets					
Investments in securities	6,341		6,123		(218)
Investment in stocks of subsidiaries and affiliates	5,080		4,001		(1,078)
Investment in capital	685		64		(621)
Investment in capital of subsidiaries and affiliates	100		116		16
Long-term loans receivable	5,373		4,860		(512)
Claims in bankruptcy, reorganization claims and similar claims	968		1,146		178
Long-term prepaid expenses	100		702		601

DAIICHIKOSHO CO., LTD.

Fiscal year Account item	FY 2003 (As of March 31, 2004)		FY 2004 (As of March 31, 2005)		Year-over-year change
	Amount	Composi- tion ratio (%)	Amount	Composi- tion ratio (%)	
Deferred tax assets	963		1,242		279
Prepaid plan assets	1,015		1,041		25
Leasehold deposits and guarantee money	9,860		10,365		505
Other	311		302		(9)
Allowance for doubtful accounts	(4,893)		(5,183)		(289)
Total investments and other assets	25,907	29.3	24,784	31.0	(1,122)
Total fixed assets	55,007	62.1	52,510	65.5	(2,497)
Total Assets	88,578	100.0	80,112	100.0	(8,466)

DAIICHIKOSHO CO., LTD.

Account item	FY 2003 (Year ended March 31, 2004)		FY 2004 (Year ended March 31, 2005)		Year-over-year change
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	
(Liabilities)					
Current liabilities					
Notes payable—trade	2,556		2,538		(17)
Accounts payable—trade	3,049		3,547		498
Short-term borrowings	600		600		—
Convertible bonds redeemable within one year	10,799		—		(10,799)
Current portion of long-term borrowings	3,400		4,130		730
Accounts payable—other	4,711		5,169		457
Accrued expenses	205		196		(8)
Income taxes payable	161		343		182
Consumption taxes payable	267		47		(219)
Unrealized profit on installment sales	176		85		(91)
Reserve for bonuses	605		633		27
Other	582		373		(208)
Total current liabilities	27,116	30.6	17,667	22.0	(9,448)
Long-term liabilities					
Long-term borrowings	8,049		8,616		567
Reserve for employees' retirement benefits	1,026		1,115		88
Reserve for directors' retirement allowances	1,130		1,252		121
Other	440		439		(0)
Total long-term liabilities	10,647	12.0	11,424	14.3	776
Total Liabilities	37,763	42.6	29,091	36.3	(8,671)
(Shareholders' Equity)					
Capital stock	12,349	14.0	12,350	15.4	0
Capital surplus					
Capital reserve	4,001		4,002		0
Other capital surplus					
Gain on decrease in capital stock and capital reserve	20,000		20,000		—
Gain on disposal of treasury stock	0		0		0
Total capital surplus	24,001	27.1	24,002	29.9	1
Retained earnings					
Voluntary reserve					
General reserve	18,602		18,602		—
Unappropriated retained earnings	1,114		380		(734)
Total retained earnings	19,716	22.3	18,982	23.7	(734)
Land revaluation difference	(5,761)	(6.5)	(1,794)	(2.2)	3,966
Net unrealized gains or losses on available-for-sale securities	1,277	1.4	1,109	1.4	(167)
Treasury stock	(767)	(0.9)	(3,629)	(4.5)	(2,861)
Total Shareholders' Equity	50,815	57.4	51,021	63.7	205
Total Liabilities and Shareholders' Equity	88,578	100.0	80,112	100.0	(8,466)

(2) Nonconsolidated Statement of Income

(Millions of yen)

Account item	FY 2003 (From April 1, 2003, to March 31, 2004)		FY 2004 (From April 1, 2004, to March 31, 2005)		Year-over-year change (%)		
	Amount	Percentage (%)	Amount	Percentage (%)			
Net sales		80,711	100.0		82,862	100.0	102.7
Cost of sales		51,217	63.5		54,874	66.2	107.1
Gross profit before adjustment for unrealized profit on installment sales		29,493	36.5		27,988	33.8	94.9
Unrealized profit on installment sales—reversal (+)	231			135			
Unrealized profit on installment sales—deferred (–)	106	125	0.2	44	91	0.1	
Gross profit on sales		29,619	36.7		28,080	33.9	94.8
Selling, general and administrative expenses		21,448	26.6		21,632	26.1	100.9
Operating income		8,170	10.1		6,447	7.8	78.9
Nonoperating income							
Interest and dividend income	557			553			
Fees and commissions received	164			140			
Other	327	1,049	1.3	380	1,074	1.3	102.4
Nonoperating expenses							
Interest expense	202			189			
Loss on valuation of inventories	198			101			
Loss on disposal of inventories	414			56			
Provision for allowance for doubtful accounts	500			451			
Other	372	1,688	2.1	232	1,031	1.3	61.1
Ordinary income		7,531	9.3		6,490	7.8	86.2
Extraordinary gains							
Gain on sales of fixed assets	14			189			
Reversal of allowance for doubtful accounts	201			97			
Gain on sales of investments in securities	208			748			
Indemnity on relocation of warehouse	—	424	0.5	128	1,164	1.4	274.5
Extraordinary losses							
Loss on sales and disposal of fixed assets	1,136			2,149			
Loss on valuation of investments in securities	77			27			
Loss on valuation of investment in stocks of subsidiaries and affiliates	303			1,124			
Loss on sales of investments in securities	—			6			
Provision for reserve for directors' retirement allowances for prior years	1,097			—			
Loss on arrangement of subsidiaries and affiliates	5	2,621	3.2	—	3,308	4.0	126.2
Income before income taxes		5,334	6.6		4,345	5.2	81.5
Income taxes—current	100			112			
Income taxes—deferred	555	655	0.8	294	406	0.5	
Net income		4,679	5.8		3,939	4.7	84.2
Surplus brought forward from the previous year		679			408		
Reversal of land revaluation difference		(4,243)			(3,966)		
Unappropriated retained earnings		1,114			380		

(3) Proposal for Appropriation of Retained Earnings

(Millions of yen)

Account item	Fiscal year	FY 2003 (Year ended March 31, 2004)		FY 2004 (Year ended March 31, 2005)	
		Amount		Amount	
Unappropriated retained earnings			1,114		380
Reversal of voluntary reserve					
Reversal of general reserve		-	-	2,000	2,000
Total			1,114		2,380
To be appropriated as follows:					
Amounts of profit appropriation:					
Cash dividends		682		1,392	
Bonuses to directors		23		16	
(including those to statutory auditors)		(3)	706	(1)	1,408
Retained earnings to be carried forward			408		971

Note: Breakdown of the dividend per share

(¥)

	FY 2003 (Year ended March 31, 2004)			FY 2004 (Year ended March 31, 2005)		
	Annual	Interim	Year-end	Annual	Interim	Year-end
Common share	19.00	0.0	19.00	40.00	0.0	40.00
(Breakdown)						
Ordinary dividend	19.00	0.0	19.00	20.00	0.0	20.00
30th anniversary commemorative dividend	0.00	0.0	0.00	20.00	0.0	20.00

Note: The Company conducted a two-for-one stock split on May 20, 2004. For comparison, "Dividend per share" amounts are stated in the table above as if the stock split had occurred as of April 1, 2003.

Significant Accounting Policies

1. Valuation basis and method for securities

(1) Investment in stocks of subsidiaries and affiliates:

Stated at cost determined by the moving-average method.

(2) Other securities:

Other securities primarily designated as available-for-sale securities for which the fair values are readily determinable:

Carried at fair value as of the 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. Valuation basis and method for inventories

Merchandise and finished products:

Carried at cost determined by the moving-average method.

3. 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.

Buildings 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 (five years), and sound delivery and video software is amortized by the straight-line method over two years.

(3) Long-term prepaid expenses

Straight-line method is adopted.

4. 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 DK's 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 balance-sheet date, based on the projected benefit obligations and plan assets as of March 31, 2005.

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 recognition, from the following fiscal year of recognition.

(4) Reserve for directors' retirement allowances:

The reserve for directors' retirement allowances is provided at an amount that would be required to be paid in accordance with the DK's internal rules concerning directors' retirement allowances if all eligible directors and statutory auditors were to resign their positions as of the balance-sheet date.

5. Accounting for leases

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

6. 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.

7. 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.

Additional Information

Presentation of Pro Forma Taxation Components of Corporate Income Tax on the Nonconsolidated Statement of Income:

Pursuant to the public announcement of the Practical Compliance Report No. 12 "Practical Treatment of the Presentation of Pro Forma Taxation Components of Corporate Income Tax on the Statement of Income" (by the Accounting Standards Board of Japan, February 13, 2004), DK treats the values of corporate income tax divided by the value added-value and by capital stock as components of selling, general and administrative expenses, based on the practical compliance report, effective from the year ended March 31, 2004.

As a result, selling, general and administrative expenses increased ¥171 million year over year, and operating income, ordinary income and income before income taxes each decreased by the same amount.

Notes to Nonconsolidated Financial Statements

(Nonconsolidated Balance Sheet)

(Millions of yen)

	As of March 31, 2004	As of March 31, 2005
1. Accumulated depreciation for tangible fixed assets	23,102	22,058
2. Liabilities for guarantee		
Liabilities for guarantee	3,928	3,350
Guarantee by subscription	301	375
Letter of undertaking on management services	-	58
Total	4,230	3,784
3 Commitment line contract		
Total amount of commitment line contracts	10,000	10,000
Residual amount of borrowed funds	—	—
On balance	10,000	10,000

4. DK revalued the land used for its business based on the provisions prescribed in the Law Concerning Revaluation of Land (1998 Law No.34). The resulting revaluation difference is included in shareholders' equity as "Land revaluation difference."

(1) **Date of revaluation:** March 31, 2001

(2) **Revaluation method:**

The value of land is calculated by reasonably adjusting the "land prices calculated under the method determined and announced by the Director-General of the National Tax Administration Agency for calculating land value as the basis of calculating taxable prices of land value tax set forth in Article 16 of the Land Value Tax Law," stipulated in Article 2, Item 4, of the "Ordinance Implementing the Law Concerning Revaluation of Land (1998 Government Ordinance No. 119)."

(3) **The difference between the total market values of the revalued land for business use as of March 31, 2005, and the total carrying amounts after the revaluation:** (¥ 167 million)

Increase in the number of shares outstanding during the year ended March 31, 2005

Date of issuance	Issuance category	Number of shares issued	Issue price (¥)	Amount credited to capital stock (¥)
April 21, 2004	Conversion of convertible bonds	372	5,371.2	2,686
May 20, 2004	Stock split (two-for-one)	18,310,463	—	—

(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 of leased assets as of March 31, 2004 and 2005**

	FY 2003 (From April 1, 2003, to March 31, 2004)			FY 2004 (From April 1, 2004, to March 31, 2005)		
	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value
Tools, furniture and fixtures	2,423	1,281	1,142	2,170	938	1,232
Karaoke cabin facilities	303	247	55	99	90	9
Total	2,726	1,529	1,197	2,270	1,028	1,241

(Millions of yen)

(2) Assumed future lease payments as of March 31, 2004 and 2005, under finance leases

	(Millions of yen)	
	As of March 31, 2004	As of March 31, 2005
Due within one year	668	501
Due after one year	540	747
Total	1,209	1,248

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

	(Millions of yen)	
	As of March 31, 2004	As of March 31, 2005
Lease payments	828	722
Assumed depreciation expense	807	706
Assumed interest expense	15	11

(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**Future lease payments under operating leases**

	(Millions of yen)	
	As of March 31, 2004	As of March 31, 2005
Due within one year	331	324
Due after one year	2,144	1,817
Total	2,476	2,142

(Securities)

DK had no available-for-sale securities for which the fair value was readily determinable in its investment in stocks of subsidiaries and affiliates for the years ended March 31, 2004 and 2005.

(Tax-Effect Accounting)**1. Breakdown by cause of deferred tax assets and liabilities**

(Millions of yen)

FY 2003 (as of March 31, 2004)		FY 2004 (As of March 31, 2005)	
Deferred tax assets:		Deferred tax assets:	
Loss brought forward	3,724	Loss brought forward	3,119
Loss on valuation of investment in stocks of subsidiaries and affiliates	1,574	Loss on valuation of investment in stocks of subsidiaries and affiliates	2,029
Allowance for doubtful accounts	1,808	Allowance for doubtful accounts	1,985
Loss on valuation of investments in securities	865	Loss on valuation of investments in securities	499
Reserve for employees' retirement benefits	336	Reserve for employees' retirement benefits	412
Reserve for directors' retirement allowances	458	Reserve for directors' retirement allowances	507
Reserve for bonuses	245	Reserve for bonuses	268
Loss on valuation of inventories	33	Loss on valuation of inventories	48
Others	242	Others	306
Deferred tax assets: subtotal	<u>9,288</u>	Deferred tax assets: subtotal	<u>9,176</u>
Valuation reserve	<u>(3,703)</u>	Valuation reserve	<u>(3,876)</u>
Total deferred tax assets	<u>5,584</u>	Total deferred tax assets	<u>5,300</u>
Deferred tax liabilities:		Deferred tax liabilities:	
Net unrealized gains or losses on available-for-sale securities	(869)	Net unrealized gains or losses on available-for-sale securities	(755)
Prepaid plan expense	(411)	Prepaid plan expense	(421)
Net deferred tax assets	<u>4,304</u>	Net deferred tax assets	<u>4,123</u>

2. Reconciliation between the statutory income tax rate and the effective income tax rate after the adoption of tax-effect accounting

FY 2003 (as of March 31, 2004)	%	FY 2004 (As of March 31, 2005)	%
Statutory income tax rate	42.0	Statutory income tax rate	40.5
Reconciliation items:		Reconciliation items:	
Reversal of unrecognized land revaluation difference	(33.4)	Reversal of unrecognized land revaluation difference	(37.0)
Entertainment expenses and others, which are permanently nondeductible	2.6	Entertainment expenses and others, which are permanently nondeductible	3.0
Dividend income and others, which are permanently excluded from taxable income	(3.4)	Dividend income and others, which are permanently excluded from taxable income	(4.3)
Per capita inhabitant's tax	1.9	Per capita inhabitant's tax	2.6
Valuation reserve	0.9	Valuation reserve	4.0
Others	1.7	Others	0.6
Effective income tax rate after the adoption of tax-effect accounting	<u>12.3</u>	Effective income tax rate after the adoption of tax-effect accounting	<u>9.4</u>

(Per Share Data)

Item	FY 2003 (From April 1, 2003, to March 31, 2004)	FY 2004 (From April 1, 2004, to March 31, 2005)
Shareholders' equity per share	¥2,826.29	¥1,465.47
Net income per share	¥258.95	¥109.74
Fully diluted net income per share	¥246.44	-----

Notes: 1. The Company conducted a two-for-one stock split on May 20, 2004. The per share data for FY 2003, the year ended March 31, 2004, supposing that the stock split was conducted as of April 1, 2003, was as follows:

Shareholders' equity per share	¥1,413.14
Net income per share	¥129.47
Fully diluted net income per share	¥123.22

2. "Fully diluted net income per share" for FY2004, the year ended March 31, 2005, is not stated above because no residual securities existed as convertible bonds were redeemed at maturity as of March 31, 2005.

3. Assumptions in the computation of net income per share and fully diluted net income per share are as follows:

	FY 2003 (From April 1, 2003, to March 31, 2004)	FY 2004 (From April 1, 2004, to March 31, 2005)
Net income per share:		
Net income (Millions of yen)	4,679	3,939
Amount not belonging to common shareholders (Millions of yen)	23	16
(Bonuses to directors through profit appropriation included therein)	(23)	(16)
Net income related to common shares of the Company (Millions of yen)	4,655	3,922
Average number of shares during the year (Thousand shares)	17,979	35,745
Fully diluted net income per share:		
Adjustment to net income (Millions of yen)	46	—
(Interest expense included therein (after excluding an amount corresponding to the tax))	(43)	(—)
Increase in the number of common shares (Thousand shares)	1,101	—
(Convertible bonds included therein)	(1,101)	—
Summary of residual securities not included in the calculation of fully diluted net income per share because they have no dilutive effect.	None	-----

(Significant Subsequent Events)

FY 2003 (From April 1, 2003, to March 31, 2004)	FY 2004 (From April 1, 2004, to March 31, 2005)														
<p>1. The meeting of the Board of Directors held on March 22, 2004, adopted a resolution to the effect that the land and buildings at six sales office buildings be sold to an affiliated company (DK Finance, Co., Ltd.). The sales procedure completed on April 27, 2004, resulted in a ¥1,234 million loss on sales of fixed assets and caused a ¥(3,834) million reversal of land revaluation difference.</p> <p>2. Pursuant to a resolution adopted by the Board of Directors on February 23, 2004, the Company shall issue new shares via a stock split in the following manner:</p> <p>(1) Two-for-one stock split for common shares on May 20, 2004</p> <p>1) Number of shares increased via the stock split: 18,310,463 common shares</p> <p>2) Splitting method: The Company's common shares shall be split at the rate of two-for-one for the shares owned by shareholders whose names are registered or recorded in the last record of shareholders and the last record of beneficiary shareholders as of March 31, 2004.</p> <p>(2) Initial date of reckoning for dividends April 1, 2004</p> <p>The per share data for the year ended March 31, 2003, supposing that the stock split was conducted as of April 1, 2002, and that for the year ended March 31, 2004, supposing that the stock split was conducted as of April 2003, are as follows:</p>	<p>-----</p> <p>-----</p>														
<table border="1"> <thead> <tr> <th data-bbox="164 1178 464 1240">FY 2002 (From April 1, 2002, to March 31, 2003)</th> <th data-bbox="466 1178 766 1240">FY 2003 (From April 1, 2003, to March 31, 2004)</th> </tr> </thead> <tbody> <tr> <td data-bbox="164 1243 464 1305">Shareholders' equity per share</td> <td data-bbox="466 1243 766 1305">Shareholders' equity per share</td> </tr> <tr> <td data-bbox="164 1308 464 1339">¥1,265.09</td> <td data-bbox="466 1308 766 1339">¥1,413.14</td> </tr> <tr> <td data-bbox="164 1341 464 1373">Net income per share</td> <td data-bbox="466 1341 766 1373">Net income per share</td> </tr> <tr> <td data-bbox="164 1375 464 1406">¥119.19</td> <td data-bbox="466 1375 766 1406">¥129.47</td> </tr> <tr> <td data-bbox="164 1408 464 1471">Fully diluted net income per share</td> <td data-bbox="466 1408 766 1471">Fully diluted net income per share</td> </tr> <tr> <td data-bbox="164 1473 464 1505">¥112.82</td> <td data-bbox="466 1473 766 1505">¥123.22</td> </tr> </tbody> </table>	FY 2002 (From April 1, 2002, to March 31, 2003)	FY 2003 (From April 1, 2003, to March 31, 2004)	Shareholders' equity per share	Shareholders' equity per share	¥1,265.09	¥1,413.14	Net income per share	Net income per share	¥119.19	¥129.47	Fully diluted net income per share	Fully diluted net income per share	¥112.82	¥123.22	
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7. Changes in Management Executives

(1) Change of the representative (As of June 26, 2005)

Retiring representative

Tadahiko Hoshi	Currently Chairman	(Assumption of the Honorary Chairman scheduled)
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(2) Changes in the posts of other officers (As of June 26, 2005)

1) Promotion scheduled

Saburou Hayashi	Managing Director and Senior Executive Corporate Officer Executive Director, Sales Management Headquarters	(Currently Director and Corporate Officer; and Executive Director, Sales Management Headquarters)
Tomohiro Midorikawa	Managing Director and Senior Executive Corporate Officer; and Vice Executive Director, Sales Management Headquarters and General Manager, Subsidiary Sales Dept. and Branch Sales Dept.	(Currently Director and Corporate Officer; and Vice Executive Director, Sales Management Headquarters and General Manager, Subsidiary Sales Dept. and Branch Sales Dept.)
Eiji Hata	Managing Director and Senior Executive Corporate Officer Executive Director, Administration Headquarters and General Manager, Finance Dept.	(Currently Director and Corporate Officer; and Executive Director, Administration Headquarters and General Manager, Finance Dept.)

2) Candidates for new directors

Kenichi Nemoto	Managing Director and Senior Executive Corporate Officer; and Executive Director, Store Business Headquarters and General Manager, Store Business Promotion Dept.	(Currently President, Taito Daiichikosho Co., Ltd.)
Yuji Yamamoto	Managing Director and Senior Executive Corporate Officer; and Executive Director, Music Software Business Headquarters and General Manager, President's Office	(Currently Corporate Officer; and Executive Director, Production Headquarters and General Manager, President's Office)
Tatsuya Kumagai	Director and Corporate Officer; and Executive Director, Development Headquarters	(Currently Corporate Officer; and Executive Director, Development Headquarters)
Yuichi Murai	Director and Corporate Officer; and Executive Director, Gateway Business Headquarters and General Manager, DAM Station Business Force Dept.	(Currently Corporate Officer; and Vice Executive Director, Gateway Business Headquarters and General Manager, DAM Station Business Force Dept.)
Yasutaka Wada	Director and Corporate Officer; and Executive Director, Production Headquarters and General Manager, Production Management Dept.	(Currently Corporate Officer; and Vice Executive Director, Production Headquarters and General Manager, Production Management Dept.)

3) Change of a statutory auditor

Juichi Ishikawa	Statutory Auditor	(Currently Standing Statutory Auditor)
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4) Retiring directors

Shinichi Koshimizu	Currently Managing Director and Senior Executive Corporate Officer	Supreme Manager for Production Headquarters
Shinichi Matukawa	Currently Managing Director and Senior Executive Corporate Officer	Supreme Manager for Sales Management Headquarters
Hiroshi Mino	Currently Managing Director and Senior Executive Corporate Officer	Supreme Manager for Development Headquarters and Gateway Business Headquarters

(3) Changes in the post of corporate officers (As of June 26, 2005)

1) Candidates for corporate officers

Yoshihide Okubo	Corporate Officer	Executive Director, Core Business Headquarters and General Manager, Intellectual Property Dept.
Tadahiro Hoshi	Corporate Officer	Vice Executive Director, Music Software Business Headquarters and General Manager, Recording Subsidiaries Management Dept.

2) Retiring corporate officers

Takachika Narahara	Currently Corporate Officer	General Manager, Corporate Sales Dept.
Hirotsune Tahara	Currently Corporate Officer	General Manager, Satellite Broadcasting Dept.
Toshio Watanabe	Currently Corporate Officer	Executive Director, Gateway Business Headquarters

Reference: New Management System (As of June 26, 2005)

President	Tatsuyoshi Yoneda	
Managing Director and Senior Executive Corporate Officer	Saburo Hayashi	Executive Director, Sales Management Headquarters
Managing Director and Senior Executive Corporate Officer	Tomohiro Midorikawa	Vice Executive Director, Sales Management Headquarters and General Manager, Subsidiary Sales Dept. and Branch Sales Dept.
Managing Director and Senior Executive Corporate Officer	Eiji Hata	Executive Director, Administration Headquarters and General Manager, Finance Dept.
Managing Director and Senior Executive Corporate Officer (Newly appointed)	Kenichi Nemoto	Executive Director, Store Business Headquarters and General Manager, Store Business Promotion Dept.
Managing Director and Senior Executive Corporate Officer (Newly appointed)	Yuji Yamamoto	Executive Director, Music Software Business Headquarters and General Manager, President's Office
Director and Corporate Officer (Newly appointed)	Tatsuya Kumagai	Executive Director, Development Headquarters
Director and Corporate Officer (Newly appointed)	Yuuichi Murai	Executive Director, Gateway Business Headquarters and General Manager, DAM Station Business Force Dept.
Director and Corporate Officer (Newly appointed)	Yasutaka Wada	Executive Director, Production Headquarters and General Manager, Production Management Dept.
Standing Statutory Auditor	Hiroshi Kakegawa	
Standing Statutory Auditor	Nobuyuki Takase	
Statutory Auditor	Juichi Ishikawa	
Statutory Auditor	Masumi Arichika	

Corporate Officer	Shinji Arima	General Manager, Auditing Dept.
Corporate Officer	Yasuyuki Suzuki	Vice Executive Director, Administration Headquarters and General Manager, Accounting Dept.
Corporate Officer	Shunichi Sadasue	Vice Executive Director, Production Headquarters and General Manager, Planning and Production Dept.
Corporate Officer	Osamu Arima	General Manager, Overseas Subsidiaries Management Dept.
Corporate Officer	Akira Miyake	Vice Executive Director, Gateway Business Headquarters and General Manager, e-Commerce Business Force Dept.
Corporate Officer	Kentarou Kurokawa	General Manager, Satellite Broadcasting Dept.
Corporate Officer (Newly appointed)	Yoshihide Okubo	Executive Director, Core Business Headquarters and General Manager, Intellectual Property Dept.
Corporate Officer (Newly appointed)	Tadahiro Hoshi	Vice Executive Director, Music Software Business Headquarters and General Manager, Recording Subsidiaries Management Dept.