FY 2004, the year ended March 31, 2005

Flash Report on the Consolidated Results 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
Adoption of U.S. GAAP: No

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

Note: Amounts below one million yen are truncated.

	Net sales		Operating income		Ordinary income	
	¥ Million	%	¥ Million	%	¥ Million	%
Year ended March 2005	122,085	2.3	10,383	(20.9)	9,932	(19.5)
Year ended March 2004	119,335	1.9	13,126	5.1	12,331	13.8

	Net income		Net income per share	Fully diluted net income per share
	¥ Million	%	¥	¥
Year ended March 2005	5,118	4.5	139.83	—
Year ended March 2004	4,898	(29.4)	132.54	126.11

	Return of Equity (ROE)	Ratio of ordinary income to total capital	Ratio of ordinary income to net sales
	%	%	%
Year ended March 2005	8.3	7.3	8.1
Year ended March 2004	8.4	9.1	10.3

Notes: 1. Average number of shares outstanding during the year (consolidated):
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) Consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	¥ Million	¥ Million	%	¥
Year ended March 2005	131,996	62,194	47.1	1,783.56
Year ended March 2004	138,453	60,856	44.0	1,689.46

Note: Number of shares outstanding at the end of the year (consolidated):
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.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	¥ Million	¥ Million	¥ Million	¥ Million
Year ended March 2005	24,221	(10,999)	(11,106)	22,428
Year ended March 2004	27,200	(26,056)	(3,606)	20,300

(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): 1 (excluded): 2
Equity method (newly applied): — (excluded): —

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

	Net sales	Ordinary income	Net income
	¥ Million	¥ Million	¥ Million
Interim period ending September 30, 2005	64,100	5,300	900
Year ending March 31, 2006 (full year)	129,400	10,500	3,600

(Reference) Forecast net income per share (full year): ¥100.00

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.

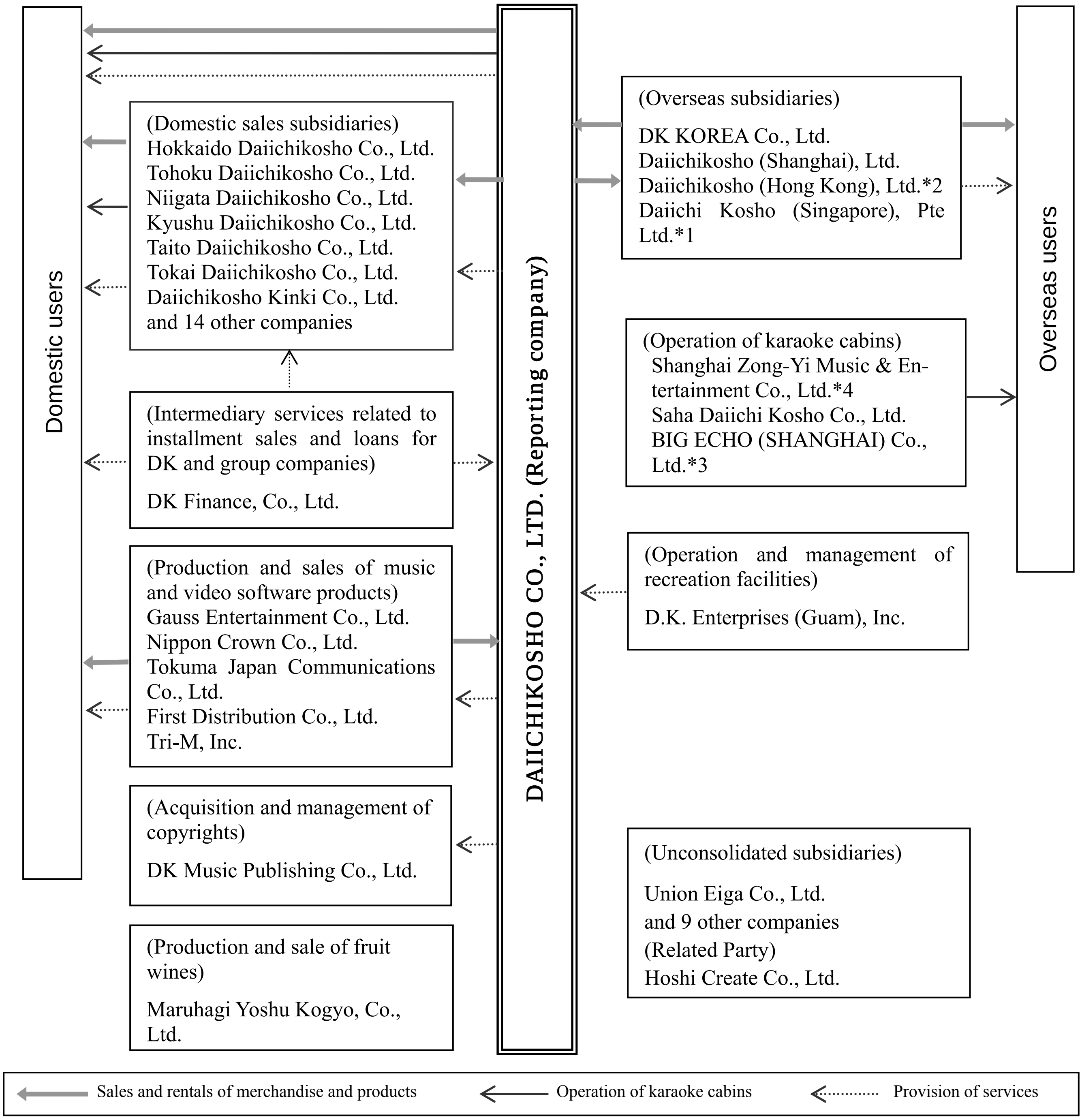
(Attachment)

1. Corporate Group

The Daiichikosho Group ("DKG") consists of Daiichikosho Co., Ltd. ("DK" or "the Company"), and 37 consolidated subsidiaries. The major group companies engage 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	Daiichikosho Co., Ltd. Hokkaido Daiichikosho Co., Ltd. Tohoku Daiichikosho Co., Ltd. Taito Daiichikosho Co., Ltd. Niigata Daiichikosho Co., Ltd. Tokai Daiichikosho Co., Ltd. Daiichikosho Kinki Co., Ltd. Kyushu Daiichikosho Co., Ltd. and 14 other subsidiaries	DK KOREA Co., Ltd. Daiichikosho (Shanghai), Ltd. and two 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. BIG ECHO (SHANGHAI) Co., Ltd.
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	Daiichikosho Co., Ltd. Gauss Entertainment Co., Ltd. Nippon Crown Co., Ltd. Tokuma Japan Communications Co., Ltd. First Distribution Co., Ltd. Tri-M, Inc.	
Other business	Real estate lease and rental business, restaurant business, Gateway business, etc.	Daiichikosho Co., Ltd. DK Finance, Co., Ltd. DK Music Publishing Co., Ltd. Maruhagi Yoshu Kogyo, Co., Ltd.	D.K. Enterprises (Guam), Inc.

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



Notes:
1. *1 indicates a dormant company.
2. *2 indicates a company that is under liquidation proceedings.
3. *3 has been newly included in consolidation as it was newly established in April 2004.
4. *4 Shanghai Zong-Yi Music & Entertainment Co., Ltd. was renamed in July 2004.
5. Liquidation procedures for H.K. Elektronik und Musik GmbH were completed in April 2004 and for World Wide Top Co., Ltd., in January 2005.
6. As a result of the reorganization of domestic subsidiaries in April 2005, Kita-Tohoku Daiichikosho Co., Ltd., Fukushima Daiichikosho Co., Ltd., Tochigi Daiichikosho Co., Ltd., Hokuriku Daiichikosho Co., Ltd., and Okinawa Daiichikosho Co., Ltd., were newly established, whereas Kita-Kanto Daiichikosho Co., Ltd., Cosmo Daiichikosho Co., Ltd., and Daiichikosho Sales Co., Ltd., were renamed Saitama Daiichikosho Co., Ltd., Shizuoka Daiichikosho Co., Ltd., and Josai Daiichikosho Co., Ltd., respectively.

2. 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 content that meet users' needs, as well as karaoke cabins where people can easily gather to enjoy singing karaoke songs. DKG is proud that this objective has been well completed.

Building on the know-how and entertainment content it has accumulated to date, DKG aims to satisfy 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 this basic dividend policy with due regard to the consolidated performance level, the payout ratio and other factors. Retained earnings not distributed to shareholders will be systematically and effectively reinvested in the development of new products and operating assets to improve DKG's market share and reinforce its profit-enhancing foundation.

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

DK intends to flexibly address this issue by taking into account the increasing liquidity of its shares, past performance and market conditions while focusing on the shareholders' interests.

(4) Target management indicator

As a priority indicator, DKG aims to achieve consolidated return on equity (ROE) of 12% or more.

(5) Medium- and long-term management strategies

For the ongoing growth of DKG around the mainstay karaoke business, DKG's basic management strategies are to a) create new customer-oriented, value-added products and services leveraging off of the latest information technology (IT) and the expanded karaoke telecommunications network; b) encourage reforms of the karaoke business environment and the revitalization of the karaoke market; and c) establish an integrated music entertainment business in which "music, karaoke and entertainment" are harmoniously intertwined.

(6) DKG's tasks ahead

DKG needs to proactively address the following groupwide issues: ①further extending its karaoke telecommunications network and increasing revenue from the network, ② improving profitability in the karaoke cabin business, ③expanding operating performance of the satellite broadcasting business, ④ reinforcing the business foundations of the music software business and improving revenue from the business and ⑤ steadily commercializing the new "Gateway Business."

① DKG has established a business model to earn the fee revenue from the provision of the karaoke-streaming service in the karaoke telecommunications network. As of March 31, 2005, the market share of the operating ***"DAM"*** karaoke equipment had increased to above 50% of the telecommunications karaoke market. To further expand the network, DKG will focus on increasing the sales and rental contracts of "*DAM*" karaoke equipment to improve profits including the fee revenue from the provision of the karaoke-streaming service.

② As of March 31, 2005, DKG operated 210***"BIG ECHO"*** karaoke cabin stores, including those overseas. DKG intends to focus on raising the capacity operating rate via differentiation of its stores and enhanced investment efficiency in pursuit of an improved operating margin.

③ With the multichannel direct broadcast satellite provider, **Sky PerfecTV**, as its platform, DKG now offers two television channels and 100 radio channels. As the targeted consistent surplus in the satellite broadcasting business seems to have been achieved, DKG aims to increase operating performance in the future.

④ In view of the harsh business environment in the music recording industry, in which DK's subsidiaries mainly engage, DK will reinforce the management foundation of the music software business and improve profitability by increasing synergies with DKG's mainstay karaoke business.

⑤ Effective from the year ended March 31, 2005, DKG substantially began supplying a new, broadband-based interactive service that combines the ***"Broadband Cyber DAM (DAM-G100)"*** equipment with the information terminal ***"DAM Station."*** DKG will endeavor to commercialize this new "Gateway Business."

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

① Basic views on corporate governance

"Shareholders first" corporate governance has become a predominant view among corporations given recent stock market pressures. Shareholders who shoulder the burden of monetary risk should be the most respected among a corporation's various stakeholders, which also include employees and business partners, etc. DK believes its corporate governance should be carried out and improved in the direction of maximizing shareholder value while meeting the requirements of the different stakeholders.

② Current status of corporate governance implemented

a. Board of Directors and Executive Board

Meetings of the Board of Directors and the Executive Board are held periodically according to the "Board of Directors Rules" and the "Executive Board Rules," respectively. The proposals at these meetings are carefully discussed and decisions are made after requesting opinions of all the member attendees. Transparency in managerial decisions is emphasized and respected by allowing responsible staff from the related departments to attend these meetings, and complicated subjects are thoroughly reviewed on the spot to ensure quicker decision making. Although DK currently does not intend to introduce the outside director system, its implementation will be examined as business activities develop in the future.

b. Corporate officer system

Based on the basic concept of corporate governance, DK reduced the number of directors to eight in FY2001 from a high of 25 in FY1997 to achieve swifter managerial decision making. Along with the reduction in the number of directors, DK introduced the corporate officer system in June 2001, in which the responsibility of each corporate officer in each significant department has been clarified with regard to his/her duties, and these corporate officers are currently in place.

c. Managerial Liaison Conference

The Managerial Liaison Conference is held once every week, in principle. Although the conference is not a decision-making organ, directors and statutory auditors attend meetings and responsible persons at related departments report the progress of the basic policies and plans that were approved by the Board of Directors, as well as other important subjects. DK therefore positions the Managerial Liaison Conference as the third important internal organ after the Board of Directors and the Executive Board.

d. Board of Statutory Auditors and internal audit

DK adopts the statutory auditor system. The Board of Statutory Auditors consists of four statutory auditors, of which three are outside auditors. They carry out stringent audits by attending the meetings of the Board of Directors and other important meetings, such as the Managerial Liaison Conference, examine important authorized documents and receive reports and explanations on business operations directly from the Directors, the internal audit department and the staff in charge, as required.

Two of the three outside auditors, Juichi Ishikawa (12,000 shares) and Hiroshi Kakegawa (200 shares), held the Company's shares as of March 31, 2005. However, as these two outside auditors having DK's shares have no specific interest such as that in human relations other than the interest of having shares in DKG, the Board of Statutory Auditors may be deemed to conduct its functions from an objective viewpoint.

DK also has an Audit Dept. as an internal control organization under the direct control of the President. The department consists of eight dedicated staff members who conduct an internal audit of the overall operations of both DK and DKG, and quickly report the audit results to the President.

e. Audit of accounts

DK has appointed Ernst & Young ShinNihon as its auditing firm. The names and continuous service years of the relevant staff who served as Certified Public Accountants for the year in the accountancy services, as well as the composition of the supporting staff related to the accountancy services, are as follows:

- Names and continuous service years as Certified Public Accountants for the Company:
  Michiko Tomonaga, Designated partner and executive partner; 17 years
  Takayoshi Ono, Designated partner and executive partner; 13 years
  Yasuo Matsuura, Designated partner and executive partner
- Composition of the supporting staff related to the Company's accountancy services:
  Certified Public Accountants: 6 persons
  Assistant Certified Public Accountants: 10 persons

③ Actions implemented in the year under review toward enhanced corporate governance

DK believes management oversight organs such as the Board of Directors and the Board of Statutory Auditors should be streamlined to solidify corporate governance while seeking guidance from specialists. At the same time, management executives such as directors and corporate officers, as well as all managerial staff and employees, must maintain a high sense of ethics and risk management in carrying out their respective duties.

Based on the above policy on corporate governance, DK has upgraded the audit and legal affairs departments to reinforce the internal control function, and reviewed the substance and operating procedures of all internal regulations. In addition, DK formulated and distributed the “Daiichi Kosho Code of Conducts” to its employees to help raise their consciousness.

Meanwhile, DK believes it is most efficient and rational for DK as the parent company to take the initiative in reinforcing the corporate governance of its subsidiaries. Therefore, to integrate and share an overall understanding as a powerful corporate group, DK places corporate governance-related matters on the agenda, as required, at the Subsidiary Presidents’ Conference and the Sales Promotion Strategy Conference, which are held periodically by convening the presidents and major management executives of the subsidiaries. DK’s ideas on corporate governance are communicated there so that each subsidiary can carry out its respective corporate activities under a unified groupwide understanding.

(8) Matters related to the parent company, etc.

None applicable.

(9) Streamlining and operation of internal management systems

① Current status of streamlined and operated internal management systems

At present, DK endeavors to review its *Ringi* & Final Decision Authority Standards and reinforce its internal management systems so that its internal controls can be more appropriately and rationally operated. Furthermore, an internal audit by the Audit Dept. is under way regarding DK and its group subsidiaries to investigate whether the internal management systems are properly operated under the reviewed standards.

If any change to the provisions of a law or a regulation, or an organization or an operation, occurs, the relevant departments around the central General Affairs Dept. will immediately check and review the relevant internal regulations. In case of any problematic operation of the internal regulations, the substance of the management systems is reviewed every time an objection or an opinion is raised, as required.

②Actions implemented in the year under review to enhance the internal management systems

DK is reviewing all the internal regulations of DK and its group subsidiaries to reinforce the groupwide internal management systems, and the review for DK has been completed. As for the internal audit, the audit items were reconsidered and the Audit Dept. conducted its periodic audit with an increased number of staff.

3. Operating Results and Financial Position

(1) Overview for the Year

① Operating results

During the year ended March 31, 2005, the Japanese economy showed a steady undertone of recovery in the first half, supported by constant increases in exports and capital investment together with an improved employment situation and corporate profits. In the second half, however, the Japanese economy was uncertain due to a rise in crude oil prices and the progress of yen appreciation.

The decline in product and service prices continued in the karaoke industry. In the nighttime market, karaoke operators, along with bars and clubs, experienced a harsh business environment on the whole. In the daytime market, several karaoke cabin operators adjusted the scale and timing of store openings in view of the decreased number of customers affected by home TV viewing of the Olympic Games and such unusual meteorological phenomena as record hot temperatures in the summer and the effects of several typhoons, although large-scale karaoke cabin operators continued to open new stores. Meanwhile, karaoke equipment in the commercial karaoke market was being shifted from conventional models to broadband-compliant models, which led several equipment manufacturers to launch new products.

In these circumstances, DKG actively concentrated its promotional efforts on the sales and rental of karaoke equipment to raise its top market share, achieving more than 50% on an operating equipment basis in the commercial-use karaoke telecommunications market. The mainstay ***"Broadband Cyber DAM (DAM-G100)"*** equipment gained high acclaim in the market, and approximately 50,000 units (an increase of 23,200 units year over year) of the more than 200,000 ***"DAM"*** series units in operation were shifted from conventional models to broadband-compliant models. In the ***"BIG ECHO"*** karaoke cabin business, DKG opened 20 new stores, principally large ones, at prime locations in the Tokyo metropolitan area and regional core cities to expand the business scale, and unprofitable stores were closed as promptly as possible.

In the content business, DKG successfully increased business-use service contracts for its satellite broadcasting service, despite weak growth in subscribers for the mobile phone ringtone service. In the music software businesses, DKG actively promoted sales to expand operations through the group-owned media despite a harsh business environment. DKG started a new "Gateway Business" during the year, and focused on establishing ***"DAM Station"*** information terminals and preparing attractive content menus to develop the business. With this product line, DKG intends to innovate the karaoke business environment and revitalize the karaoke market.

As described above, DKG aggressively undertook these measures to realize the ideal of integrating the music entertainment business such that "music, karaoke and entertainment" are intertwined in an effort to respond flexibly to rapid environmental changes in the existing businesses.

Consequently, consolidated net sales for the year under review increased 2.3% year over year to ¥122,085 million. Consolidated operating income decreased 20.9% to ¥10,383 million and consolidated ordinary income fell 19.5% to ¥9.932 million, reflecting an increase in store opening expense due to active openings of ***"BIG ECHO"*** karaoke cabins, the burden of anticipatory investment for new businesses and harsh music software business performance, which were partly offset by revenue from the steady performance in the commercial karaoke business. As a result of eliminating the provision for reserve for directors' retirement allowances for prior years, which had been recorded for the previous fiscal year, consolidated net income for the year ended March 31, 2005, increased 4.5% to ¥5,118 million, despite a ¥4,547 million loss on disposal of fixed assets recorded as an extraordinary loss item, which resulted from an advanced measure to maintain the soundness of tangible fixed assets such as land and buildings in view of the implementation of impairment accounting.

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

Commercial karaoke business
Net sales: ¥68,678 million (+3.3%)
Operating income: ¥12,210 million (+14.3%)

In this segment, given the progress of lower-priced products and the multifunctionality in the market, DKG's "***DAM"*** brand still achieved high acclaim. In addition, with the help of a user-oriented, enhanced after-sales maintenance system, DKG had record shipments of 36,740 units including 29,620 ***"Broadband Cyber DAM (DAM-G100),"*** our mainstay product, in the karaoke telecommunications business. As for the rental of karaoke equipment, the recent decline in the monthly rental fee was more than offset by a firm rise of 5,470 rental contracts. In addition, the number of contracts on the karaoke-streaming service with music content and images increased by 16,360 annually in line with increases in equipment sold and the number of equipment rental contracts. As a consequence, our market share in the karaoke telecommunications market exceeded 50%, leading to a year-over-year rise of 3.3% in segment net sale and a 14.3% increase in operating income.

Karaoke cabin business
Net sales: ¥26,532 million (+5.5 %)
Operating income: ¥769 million (–69.2%)

In the operation of karaoke cabin stores with the ***"BIG ECHO"*** brand, DKG actively pushed ahead with store openings to expand the business. DKG closed 11 unprofitable stores but opened 20 new stores in prime locations in the Tokyo metropolitan area and regional core cities during the year. Accordingly, the karaoke cabin stores directly operated by DKG totaled 210 as of March 31, 2005 (208 domestically and two overseas), and the number of karaoke cabins totaled 6,224, up 862 compared with March 31, 2004. As a result, net sales at existing stores fell 6.1% mainly affected by increased home TV viewing of the Olympic Games in summer, unusual meteorological phenomena such as the violent heat and the effects of sequential typhoons and intensified competition in several areas. Nevertheless, segment net sales increased 5.5% year over year. Operating income plummeted 69.2%, due principally to increases in store opening expense for aggressive store openings and the provision for allowance for doubtful accounts to compensate for guarantee money for leased buildings to cope with the deteriorated financial position of store renters, as well as the adverse effects of unseasonable weather conditions.

Content business
Net sales: ¥9,188million (–11.0%)
Operating income: ¥839 million (–48.9%)

In this segment, DKG engages in two business fields: satellite broadcasting using **Sky PerfecTV** as its platform and e-business principally with the mobile phone ringtone service. Despite a gradual decline in the number of household-use subscribers, subscribers of the ***"Stardam"*** commercial-use satellite broadcasting service, which offers content menus similar to those supplied for household-use subscribers, increased steadily and profitability remained steady through stringent cost-cutting efforts. In the e-business, DKG strove to minimize the adverse effect of a decline in the number of subscribers with extended services to cope with a decline in subscribers. However, the decrease of subscribers in the e-business market was overwhelming. As a result, segment net sales declined 11.0% and operating income fell 48.9% year over year.

Music software business
Net sales: ¥11,672 million (–3.5%)
Operating loss: ¥750 million (down ¥1,093 million from the previous fiscal year)

In this segment, DKG actively promoted effective promotional activities through the group-owned media in light of the continuously shrinking market volume of the music CD market. Segment net sales, however, decreased 3.5% year over year owing to fewer hit items in the year under review. The operating loss amounted to ¥750 million after taking into account temporary increases in operating expenses such as the cost of sales.

Other business
Net sales: ¥6,013 million (+14.5%)
Operating income: ¥162 million (–66.5%)

This segment mainly consists of the restaurant business and the real estate lease and rental business. Effective from the year ended March 31, 2005, DKG started new businesses including the "Gateway Business." In this new business, DKG actively installed the ***"DAM Station"*** information terminals and focused on the development of new content menus, which should enhance recognition of the service. As a result, segment net sales increased 14.5 % year over year, owing to increased revenues for the favorable existing restaurant and the real estate lease and rental businesses. However, operating income declined 66.5% year over year reflecting capital investment in the ***"DAM Station"*** and other anticipatory investments in new businesses.

② Financial position

(Cash flows)

Consolidated cash and cash equivalents as of March 31, 2005, totaled ¥22,428 million, up ¥2,127 million compared with March 31, 2004.

The following describes the respective consolidated cash flow conditions for the year ended March 31, 2005, and their major factors.

(Cash flows from operating activities)

Net cash provided by operating activities decreased ¥2,978 million year over year to ¥24,221 million. This amount reflected ¥6,499 million in income before income taxes and minority interests and ¥14,561 million in depreciation expense.

(Cash flows from investing activities)

Net cash used in investing activities decreased ¥15,057 million year over year to ¥10,999 million. This decline was primarily attributable to ¥8,943 million in proceeds from repayment of time and saving deposits and ¥16,071 million in payments for acquisition of tangible fixed assets.

(Cash flows from financing activities)

Net cash used in financing activities increased ¥7,499 million year over year to ¥11,106 million. This reflected ¥14,576 million in proceeds from long-term borrowings, ¥12,159 million in payments for repayment of long-term borrowings and ¥9,955 million in payments for redemption of convertible bonds.

The trends of DKG's several cash flow indicators are as follows:

	As of March 31, 2003	As of March 31, 2004	As of March 31, 2005
Equity ratio (%)	42.1	44.0	47.1
Market value–based equity ratio (%)	47.7	87.5	72.8
Debt redemption (years)	2.6	1.8	1.7
Interest coverage ratio (times)	31.6	47.6	43.8

Notes:

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 by the number of shares outstanding at the end of the year (after deducting the treasury stock).
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.

(2) Future Outlook

Although a gradual recovery is expected to continue, ongoing geopolitical and economic uncertainties persist especially relative to the United States and China.

Although the overall business environment surrounding the karaoke industry remains difficult, replacement demand for broadband-compliant models is expected to expand as the nighttime and daytime markets have entered a renewal period for conventional equipment models. As a result, new broadband-based services including the supply of various content menus are expected to expand.

Given such a business environment, DKG aims to proactively launch "***DAM Station (DS II),***" a new information terminal that allows users to enjoy extended content and higher convenience, to restructure the karaoke business environment and revitalize the karaoke market. Concurrently, DKG will steadily commercialize the "Gateway Business" services through effective sales promotion and advertising activities. Moreover, DKG's future-oriented commitment to solidify its top share in the commercial karaoke market and create business opportunities in the broadband-enhanced market includes improving the DAM brand value with further differentiated services and enhanced quality for continued shipments of ambitious products. Furthermore, in the karaoke cabin business, DKG will strive to improve the profitability of each store by raising the capacity operating rate via store-differentiating measures and an emphasis on investment efficiency. In the satellite broadcasting content business, DKG will pursue expanded performance as its preceding target of a firm surplus seems assured. Meanwhile, in the e-business, the supply of superior and effective content service and a reduction in operating expenses will be keys for DKG to improve profitability.

DKG's subsidiaries engage in the music software business, and DKG will reorganize these to improve efficiency and strengthen sales capability. Furthermore, DKG will devote itself to scouting new artists using the group network and the production of hit songs.

Despite the increased burden expected due to the anticipated investment and business development of the new "Gateway Business," DK and DKG plan to achieve net sales of ¥129.4 billion, ordinary income of ¥10.5 billion and net income of ¥3.6 billion for FY2005, the year ending March 31, 2006, on a consolidated basis by carrying out the above measures and absorbing the investment burden.

(Business risks)

The following describes potential risk factors in DKG's business development. The descriptions may not necessarily refer to risk factors but mention matters deemed material for the convenience of investors' judgment from the viewpoint of active information disclosure. In recognition of the possibility of being exposed to these risk factors, DKG endeavors to avoid them and to properly handle them should they occur.

The projections in this section are based on information available to DK's management as of March 31, 2005. There might be cases in which actual results differ from forecast values due to the many uncertain factors inherent in forecasting.

(1) Risk factors that might change performance in each business segment

DKG's businesses are categorized into five segments: 1) Commercial karaoke business, 2) Karaoke cabin business, 3) Content business, 4) Music software business and 5) Other business. DKG's operating performance and business deployment could be influenced by the following factors.

1) Commercial karaoke business:

a. Sales from the commercial karaoke business might decline owing to possible decreases in shipments and the number of operational units of commercial karaoke equipment, affected by the shrinkage of market size if many bars, clubs and karaoke cabin stores are closed.

b. Sales from the commercial karaoke business might be influenced by variations in shipments and the number of commercial karaoke equipment in operation, depending on the release of new models and the level of support in the karaoke cabin market. :

c. Sales from the commercial karaoke business might decline due to intensified competition and falling selling prices of products.

2) Karaoke cabin business:

a. Sales from the karaoke cabin business might be influenced by a variable number of new store openings, depending on the number of good candidate sites in the new store-opening plan.

b. Sales from the karaoke cabin business might vary depending on the extent of support by customers in the karaoke cabin market, which is linked with changes in user needs.

c. Sales from the karaoke cabin business might decline due to a decrease in the number of customers and a reduction in the per-customer transaction along with intensified competition.

3) Content business:

a. Sales from the content business might be influenced by a variable number of paid subscribers, etc., depending on the extent of market support for the content menus supplied by DKG.

b. The sales and income summary from the content business might vary owing to the suspension of business or any change to business policies with regard to broadcasting and/or telecommunications carriers.

c. Sales from the content business might decline due to a decrease in the number of subscribers and a reduction of audiovisual service fees through intensifying competition with similar services such as ground digital broadcasting.

4) Music software business:

a. Sales from the music software business might be influenced by variable sales volume, which would depend on the support of newly released music CDs and DVD by the market.

b. The sales and income summary from the music software business might vary due to a possible decline in sales volume of music CDs and DVDs via media shifting, and a possible increase in sales volume via other media such as the Internet.

5) Other business:

a. Sales from the other business and segment business policies might vary depending on the market support for DKG's new businesses.

b. Sales from the restaurant business might decline due to a decrease in the number of customers and a reduction of per-customer transactions along with intensified competition among restaurants.

(2) Legal restrictions

At present, there is no specific legal restriction through which DKG might be directly controlled within its industry. However, DKG's operating results and financial position might be influenced by future revisions or changes to the provisions of laws, regulations and ordinances by local governments, such as the Copyright Act, the Food Sanitation Law, the Broadcast Law and the Telecommunications Business Law, if business operations are restricted by such a revision or a change.

(3) Competition

DKG has solidified the top share in the commercial karaoke business owing to strong support in the market for relevant products and services. There is no guarantee that the market will continuously accept DKG's products and services in the future. Moreover, DKG's operating results and financial position might be affected if DKG cannot maintain an advantageous position in its increasingly competitive business environment.

(4) Quality control

DK's products and merchandise are manufactured and supplied in compliance with certain rigorous quality control standards. However, there is no guarantee that all the products and merchandise are without defect. Even DK's products and completed operation liability insurance will not always cover 100% of a claim. In the event that a large claim and/or indemnity is pursued in conjunction with any product/merchandise defect, DK's products and merchandise would lose considerable consumer trust and DKG's operating results and financial position might be affected.

(5) Supply of new products and services

In the karaoke industry, technological innovations are occurring rapidly, thereby requiring the development and swift supply of corresponding new products and services. However, the success of such new products and services involves various risks such as the following.

- There is no guarantee that funds and resources required to develop and supply new products or services can be fully appropriated in the future.
- There is no guarantee that long-term investment and the use of significant resources will always result in successful products or services.
- In response to diversifying or changing user needs, DKG's new products or services might fail to receive high acclaim in the market.
- There is no guarantee that a newly developed product or technology is protected as a proprietary intellectual property.
- The delayed commercialization of a new product might fail to match well with market needs. Or, if a competitor commercializes a similar product sooner than DKG, the DKG product might not be able to gain sufficient market share.

Apart from the above risks, DKG's operating results and financial position might be affected by stagnant growth and profitability if it cannot appropriately predict changes in the industry and the market and/or cannot supply attractive products or services.

(6) Dependency on outside corporations

DK planned and developed the commercial "*DAM*" karaoke equipment sold by DKG. Its production is entrusted to outside corporations such as YAMAHA CORPORATION based on the OEM agreement. DK therefore has entered into contracts regarding "technological" and "purchase" alliances with several outside corporations on a one-year renewal basis. DKG's operating results and financial position may be affected by revisions to any contractual conditions or the termination of these contracts in the future.

(7) Intellectual property rights

Various intellectual property rights have been acquired for the merchandise supplied by DKG. Moreover, DKG strives not to infringe on the intellectual property rights of any third parties. There is no guarantee that such investigations are appropriately carried out for a sufficient and reasonable range. In case DK infringes anyone's intellectual property rights, the infringed party may bring a suit to appeal a claim for damage and/or an injunction relief, in addition to a request for payment of a consideration for the intellectual property rights in question. Moreover, a third party might infringe DK's intellectual property rights. In these cases, DKG's operating results and financial position might be affected.

(8) System failure

DKG's services distribute or transmit various content menus such as music, videos and data through a variety of networks such as fixed lines, mobile phones, the Internet and satellite broadcasting. As a result, if a network is down due to a natural disaster or a grave accident, temporary service suspension might occur. System failure accompanying the suspended normal transmission of data might be also caused by a possible hardware/software defect, any unauthorized and improper access into the computer or any erroneous operation by the staff in charge. In these cases, DKG's operating results and financial position might be affected by a decline in the reliability of the related DKG service.

(9) Information management

DK keeps a large amount of data and information, including personal information on customers and a variety of music and musical composition information used for the karaoke telecommunications service. Moreover, several DK businesses use personal information–dependent services. As DK has paid special attention to the strict management of important information, no leakage problems have occurred in the past. However, should such an information leakage incident occur for whatever reason, DK's social responsibility would be criticized and possibly management's involvement as well, which would involve the risk of losing social trust. In such cases, DKG's operating results and financial position might be affected.

(10) Securing and nurturing excellent human resources

Consistent future growth will require DKG to maintain and nurture good human resources along with its scale expansion. Unless such talented people can be maintained and nurtured internally, DKG's operating results and financial position might be affected.

(11) Impairment accounting

As for the fixed assets owned by DKG, the "Accounting Standard on the Impairment of Fixed Assets" is scheduled to be compulsorily adopted, effective from the year ending March 31, 2006. Currently, management anticipates recording an impairment loss of approximately ¥2.0 billion, but this amount might vary depending on fluctuation in DKG's income.

(12) Lending of trademarks, etc.

DK owns several trademarks such as the karaoke cabin "*BIG ECHO*" and endeavors to raise its brand power and the protection of brand values. If any corporation other than DK wishes to use the trademarks for any purpose, DK authorizes their utilization by entering into a "Trademark License Contract," even with any its subsidiaries, in principle. For example, a business partner with which DK has a long business relationship uses the company name "Daiichikosho Co., Ltd." Also, DK authorizes several business partners to use the "*BIG ECHO*" trademark based on previous transaction results and under an agreement with certain conditions. If any contingency takes place at such a business partner, DKG's operating results and financial position might be affected.

(13) Recommendation issued by the Japan Fair Trade Commission

DK has received an admonition from the Japan Fair Trade Commission for allegedly violating the provision of the Anti-Monopoly Law with regard to the licensing of musical compositions owned by its music software subsidiaries. DK has forwarded a notice of non-acceptance to the Commission, and an appeal is under way. DK believes the admonition is unfair and inadequate. However, the results and the effects of the appeal cannot be forecast at this time.

(14) Lawsuits

ASIA COPYRIGHT ASSOCIATION has filed a suit requesting a claim for damages against DK to the Tokyo District Court for alleged unauthorized use of Korean musical compositions it controls in DKG's communications karaoke songs. DK considers the Association's complaint to be unreasonable.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

Account item / Fiscal year	FY 2003 (As of March 31, 2004) Amount		FY 2003 Composition ratio (%)	FY 2004 (As of March 31, 2005) Amount		FY 2004 Composition ratio (%)	Year-over-year change
(Assets)							
Current assets							
Cash and bank deposits		29,280			23,094		(6,185)
Notes and accounts receivable—trade		14,011			12,241		(1,770)
Marketable securities		131			—		(131)
Inventories		5,907			6,843		936
Deferred tax assets		3,613			3,102		(510)
Other		3,131			4,706		1,575
Allowance for doubtful accounts		(1,432)			(1,075)		356
Total current assets		54,644	39.5		48,913	37.1	(5,730)
Fixed assets							
Tangible fixed assets							
Buildings and structures		9,094			7,036		(2,057)
Karaoke equipment for rental		9,392			9,998		605
Karaoke cabin facilities		10,813			12,890		2,077
Land		16,626			15,463		(1,163)
Construction in progress		398			179		(218)
Other		2,020			2,683		663
Total tangible fixed assets		48,345	34.9		48,252	36.5	(93)
Intangible assets							
Other		8,950			8,665		(284)
Total intangible assets		8,950	6.5		8,665	6.6	(284)
Investments and other assets							
Investments in securities		7,214			6,971		(243)
Long-term loans receivable		2,985			1,294		(1,691)
Deferred tax assets		2,193			2,494		300
Leasehold deposits and guarantee money		12,604			13,418		814
Other		4,001			4,331		330
Allowance for doubtful accounts		(2,486)			(2,345)		141
Total investments and other assets		26,513	19.1		26,165	19.8	(347)
Total fixed assets		83,808	60.5		83,083	62.9	(725)
Total Assets		138,453	100.0		131,996	100.0	(6,456)

(Millions of yen)

Account item \ Fiscal year	FY 2003 (As of March 31, 2004) Amount	FY 2003 Composition ratio (%)	FY 2004 (As of March 31, 2005) Amount	FY 2004 Composition ratio (%)	Year-over-year change
(Liabilities)					
Current liabilities					
Notes and accounts payable—trade	7,249		7,672		423
Short-term borrowings	19,418		21,107		1,689
Convertible bonds redeemable within one year	10,799		—		(10,799)
Accounts payable—other	6,705		7,067		361
Income taxes payable	1,125		907		(217)
Reserve for bonuses	998		1,035		36
Unrealized profit on installment sales	667		463		(203)
Other	2,576		2,660		83
Total current liabilities	49,541	35.8	40,914	31.0	(8,626)
Long-term liabilities					
Long-term borrowings	18,935		20,492		1,557
Deferred tax liabilities	226		226		—
Reserve for employees' retirement benefits	2,662		2,764		101
Reserve for directors' retirement allowances	3,141		2,959		(182)
Consolidation adjustments account	1,016		818		(198)
Other	1,161		1,096		(64)
Total long-term liabilities	27,144	19.6	28,358	21.5	1,213
Total Liabilities	76,685	55.4	69,272	52.5	(7,412)
(Minority Interests)					
Minority interests	910	0.6	528	0.4	(381)
(Shareholders' Equity)					
Capital stock	12,349	8.9	12,350	9.4	0
Capital surplus	24,001	17.3	24,002	18.2	1
Retained earnings	29,716	21.5	30,050	22.8	334
Land revaluation difference	(5,761)	(4.1)	(1,794)	(1.4)	3,966
Net unrealized gains or losses on available-for-sale securities	1,286	0.9	1,113	0.8	(173)
Foreign currency translation adjustments	31	0.0	101	0.1	70
Treasury stock	(767)	(0.5)	(3,629)	(2.8)	(2,861)
Total Shareholders' Equity	60,856	44.0	62,194	47.1	1,338
Total Liabilities, Minority Interests and Shareholders' Equity	138,453	100.0	131,996	100.0	(6,456)

(2) Consolidated Statements of Income

(Millions of yen)

Account item / Fiscal year	FY 2003 (From April 1, 2003, to March 31, 2004) Amount		Percentage (%)	FY 2004 (From April 1, 2004, to March 31, 2005) Amount		Percentage (%)	Year-over-year change
Net sales		119,335	100.0		122,085	100.0	102.3
Cost of sales		68,855	57.7		73,868	60.5	107.3
Gross profit before adjustment for unrealized profit on installment sales		50,479	42.3		48,216	39.5	95.5
Unrealized profit on installment sales─reversal (+)	219			250			
Unrealized profit on installment sales─deferred (–)	127	92	0.1	48	202	0.2	219.0
Gross profit on sales		50,572	42.4		48,419	39.7	95.7
Selling, general and administrative expenses		37,445	31.4		38,035	31.2	101.6
Operating income		13,126	11.0		10,383	8.5	79.1
Nonoperating income							
Interest income	511			410			
Fees and commissions received	275			241			
Amortization of consolidation adjustments account	283			230			
Foreign exchange gain	—			191			
Other	721	1,792	1.5	670	1,743	1.4	97.3
Nonoperating expenses							
Interest expense	570			551			
Loss on disposal of inventories	729			96			
Loss on valuation of inventories	519			1,203			
Provision for allowance for doubtful accounts	102			25			
Other	665	2,587	2.2	318	2,195	1.8	84.8
Ordinary income		12,331	10.3		9,932	8.1	80.5
Extraordinary gains							
Gain on sales of fixed assets	16			54			
Gain on sales of investments in securities	208			757			
Reversal of allowance for doubtful accounts	201			71			
Reversal of reserve for directors' retirement allowances	—			139			
Indemnity on relocation of warehouse	—	426	0.4	128	1,150	0.9	269.9
Extraordinary losses							
Loss on disposal of fixed assets	1,843			4,547			
Loss on sales of investments in securities	—			6			
Loss on valuation of investments in securities	82			29			
Provision for reserve for directors' retirement allowances for prior years	2,921			—			
Loss on arrangement of subsidiaries and affiliates	5	4,853	4.1	—	4,583	3.7	94.4
Income before income taxes and minority interests		7,904	6.6		6,499	5.3	82.2
Income taxes—current	1,975			1,342			
Income taxes—deferred	1,021	2,996	2.5	330	1,672	1.3	55.8
Minority interests in income (loss) of consolidated subsidiaries		8	0.0		(291)	(0.2)	(3,303.5)
Net income		4,898	4.1		5,118	4.2	104.5

(3) Consolidated Statements of Retained Earnings

(Millions of yen)

Account item	FY 2003 (From April 1, 2003, to March 31, 2004) Amount		FY 2004 (From April 1, 2004, to March 31, 2005) Amount	
(Capital surplus)				
Capital surplus at beginning of year		24,000		24,001
Increase in capital surplus				
Conversion of convertible bonds	0		0	
Gain from purchase and redemption of treasury stock	0	0	0	1
Capital surplus at end of year		24,001		24,002
(Retained earnings)				
Retained earnings at beginning of year		29,879		29,716
Increase in retained earnings				
Net income	4,898	4,898	5,118	5,118
Decrease in retained earnings				
Cash dividends	683		682	
Bonuses to directors and statutory auditors	134		134	
Reversal of land revaluation difference	4,243	5,062	3,966	4,783
Retained earnings at end of year		29,716		30,050

(4) Consolidated Statements of Cash Flows

(Millions of yen)

Account item \ Fiscal year	FY 2003 (From April 1, 2003, to March 31, 2004) Amount	FY 2004 (From April 1, 2004, to March 31, 2005) Amount	Year-over-year change
Cash flows from operating activities:			
Income before income taxes and minority interests	7,904	6,499	
Depreciation expense	12,884	14,561	
Amortization of video license fees	—	292	
Amortization of consolidated adjustments account	(283)	(230)	
Increase in allowance for doubtful accounts	504	23	
Increase (decrease) in reserve for directors' retirement allowances	3,141	(182)	
Dividend and interest income	(540)	(447)	
Gain or loss on sales of investments in securities	(208)	(751)	
Gain or loss on investments in investment business associations	18	(2)	
Interest expense	570	551	
Gain or loss on disposal of fixed assets	1,827	4,493	
Loss on valuation of investments in securities	82	29	
Decrease (increase) in trade receivables	(353)	1,707	
Decrease (increase) in inventories	820	(1,717)	
Transfer of cost of sales on karaoke equipment for rental	943	1,293	
Increase in trade payables	625	85	
Other	295	(148)	
Subtotal	28,232	26,059	
Interest and dividends received	541	448	
Interest paid	(571)	(552)	
Income taxes paid	(2,004)	(1,821)	
Income taxes refunded	1,002	89	
Net cash provided by operating activities	27,200	24,221	(2,978)
Cash flows from investing activities:			
Increase in time and saving deposits	(9,008)	(630)	
Proceeds from decrease in time and saving deposits	3,275	8,943	
Payments for acquisition of tangible fixed assets	(11,684)	(16,071)	
Proceeds from sales of tangible fixed assets	46	1,477	
Payments for acquisition of intangible assets	(6,064)	(4,269)	
Payments for acquisition of video licenses	—	(1,057)	
Payments for purchase of investments in securities	(2,093)	(358)	
Proceeds from sales of investments in securities	223	1,628	
Payments for purchase of subsidiaries' stocks	(265)	(45)	
Payments for loans	(495)	(395)	
Proceeds from collection of loans receivable	1,101	1,129	
Payments for leasehold deposits and guarantee money	(1,405)	(1,709)	
Proceeds from repayment of leasehold deposits and guarantee money	241	220	
Other	70	139	
Net cash used in investing activities	(26,056)	(10,999)	15,057
Cash flows from financing activities:			
Net increase in short-term borrowings	618	829	
Increase in long-term borrowings	9,391	14,576	
Payments for repayment of long-term borrowings	(11,481)	(12,159)	
Payments for retirement of convertible bonds	(1,373)	(845)	
Payments for redemption of convertible bonds	—	(9,955)	
Cash dividends paid	(684)	(683)	
Payments for purchase of treasury stock	(67)	(2,862)	
Other	(9)	(7)	
Net cash used in financing activities	(3,606)	(11,106)	(7,499)
Effect of exchange rate changes on cash and cash equivalents	(66)	11	77
Net increase (decrease) in cash and cash equivalents	(2,530)	2,127	4,657
Cash and cash equivalents at beginning of year	22,831	20,300	(2,530)
Cash and cash equivalents at end of year	20,300	22,428	2,127

Basis of Presenting the Consolidated Financial Statements

1. Scope of Consolidation

(1) Consolidated subsidiaries: 37

The names of the consolidated subsidiaries are omitted as they are stated in “1. 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 above are excluded from consolidation because they are small-scale corporations and their respective sums of total assets, net sales and others have no significant impact on DKG’s consolidated financial position and operating results for the year.

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 method (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) and retained earnings have no significant impact on these account items in the consolidated financial statements for the year, and they are immaterial on the whole.

3. Closing Date for the Settlement of Accounts of Consolidated Subsidiaries

Of the consolidated subsidiaries, the closing date of the following companies is different from the consolidated closing date, which is March 31. In preparing the consolidated financial statements, the financial statements for the respective years are used for those that have a closing date that differs from the consolidated 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 closing dates and the consolidated closing date.

Closing date is December 31

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

Closing date is March 20:

Nippon Crown Co., Ltd., Tokuma Japan Communications Co., Ltd., and Tri-M, Inc.

4. Summary of Significant Accounting Policies

(1) Valuation basis and method for important assets

① Marketable securities and investments in securities

Held-to-maturity debt securities:

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 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

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

(2) Depreciation method of major depreciable assets

① 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.

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.

(3) Accounting standard for important 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 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 of DK and its domestic consolidated subsidiaries is 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 balance-sheet dates.

(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 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 overseas subsidiaries are translated into yen at the spot exchange rate in effect at their respective balance-sheet dates. The resulting translation differences have been recorded and presented as a component of minority interests and as "Foreign currency translation adjustments" in shareholders' equity.

(5) Accounting for important leases

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

(6) Hedge accounting

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 in preparing the consolidated financial statements

① **Accounting for installment sales**

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

② **Accounting for consumption taxes**

Consumption taxes are accounted for using the tax exclusion method.

5. Valuation of Assets and Liabilities of Consolidated Subsidiaries

The assets and liabilities of consolidated subsidiaries are fully valued at their market value as of the respective dates when the subsidiaries were initially consolidated.

6. Amortization of the Consolidation Adjustments Account

The amount of the consolidation adjustments account is equally amortized over five or 15 years on a straight-line basis.

7. Treatment of Appropriation of Profit Items

The consolidated statements of retained earnings are based on the distribution of profit finalized during the consolidation fiscal year at the consolidated subsidiaries.

8. Cash and Cash Equivalents in the Consolidated Statements of Cash Flows

Cash and cash equivalents in the consolidated 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.

Additional Information:

Presentation of Pro Forma Taxation Components of Corporate Income Tax on the Consolidated Statements 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 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, 2005.

As a result, selling, general and administrative expenses increased ¥172 million year over year, and operating income, ordinary income and income before income taxes and minority interests each decreased by the same amount.

Notes to Consolidated Financial Statements

(Consolidated Balance Sheets)

(Millions of yen)

	As of March 31, 2004	As of March 31, 2005
1. Accumulated depreciation for tangible fixed assets	49,527	47,971
2. Liabilities for guarantee	899	919
3. Assets pledged as collateral		
Notes and accounts receivable—trade	3,282	2,255
Other current assets	—	553
Buildings and structures	3,311	3,058
Karaoke equipment for rental	28	8
Land	7,576	7,294
Other tangible fixed assets	897	1,141
Long-term loans receivable	1,634	552
Leasehold deposits and guarantee money	155	155
Total	16,886	15,020
Debt corresponding to the above:		
Short-term borrowings	6,000	5,755
Long-term borrowings	6,993	7,732
Total	12,994	13,487
4. Treasury stock	339,203 shares	1,817,082 shares

5. 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 publicly announced by the Director-General of the National Tax Administration Agency for calculating the value of land as the basis of calculating taxable prices of land value tax set forth in Article 16 of the Land Price Tax Law," as 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 land for business use as of March 31, 2005, and the total carrying amounts after the revaluation: (¥167 million)

(Consolidated Statements of Cash Flows)

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

(Millions of yen)

	As of March 31, 2004	As of March 31, 2005
Cash and bank deposits	29,280	23,094
Time and saving deposits for which the deposit period exceeds three months	(8,979)	(666)
Cash and cash equivalents	20,300	22,428

(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

(Millions of yen)

	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
Karaoke cabin facilities	476	319	157	285	194	90
Other tangible fixed assets	1,534	964	569	914	489	425
Total	2,010	1,283	726	1,200	684	516

(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	444	246
Due after one year	292	274
Total	736	520

(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	654	442
Assumed depreciation expense	635	431
Assumed interest expense	11	6

(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	422	378
Due after one year	2,495	2,030
Total	2,918	2,409

(Securities)

1. Other securities primarily designated as available-for-sale securities for which fair values are readily determinable

(Millions of yen)

	Category	FY 2003 (As of March 31, 2004) Acquisition cost	FY 2003 Book value per consolidated balance sheets	FY 2003 Unrealized gain (loss)	FY 2004 (As of March 31, 2005) Acquisition cost	FY 2004 Book value per consolidated balance sheets	FY 2004 Unrealized gain (loss)
Securities with the book value exceeding the acquisition cost	Stocks	848	2,837	1,989	881	2,766	1,884
	Other	822	1,016	194	—	—	—
	Subtotal	1,670	3,854	2,183	881	2,766	1,884
Securities with the book value not exceeding the acquisition cost	Stocks	334	329	(4)	—	—	—
	Other	122	121	(0)	—	—	—
	Subtotal	456	451	(5)	—	—	—
Total		2,127	4,305	2,178	881	2,766	1,884

2. Available-for-sale securities sold in the years ended March 31, 2004 and 2005

(Millions of yen)

FY 2003 (As of March 31, 2004)			FY 2004 (As of March 31, 2005)		
Proceeds from sales	Gross realized gains	Gross realized losses	Proceeds from sales	Gross realized gains	Gross realized losses
223	208	—	1,631	757	6

3. Held-to-maturity debt securities and Other securities primarily designated as available-for-sale securities for which values were not readily determinable at March 31, 2004 and 2005

(Millions of yen)

	FY 2003 (As of March 31, 2004) Book value per consolidated balance sheets	FY 2004 (As of March 31, 2005) Book value per consolidated balance sheets
Held-to-maturity debt securities:		
Discount bank debentures	9	—
Available-for-sale securities:		
Unlisted stocks (excluding OTC issues)	2,313	2,866
Other	—	623

4. Future repayment schedule of available-for-sale securities with maturities and held-to-maturity debt securities

(Millions of yen)

	FY 2003 (As of March 31, 2004) Within 1 year	FY 2003 Above 1year and within 5 years	FY 2003 Above 5years and within 10 years	FY 2003 Above 10 years	FY 2004 (As of March 31, 2005) Within 1 year	FY 2004 Above 1year and within 5 years	FY 2004 Above 5years and within 10 years	FY 2004 Above 10 years
Bonds and debentures								
Others	9	—	—	—	—	—	—	—
Other	121	1,016	—	—	—	123	500	—
Total	131	1,016	—	—	—	123	500	—

(Derivative Transactions)

FY 2003, the year ended March 31, 2004:
Relevant information is omitted as hedge accounting is applied.

FY 2004, the year ended March 31, 2005:
Relevant information is omitted as hedge accounting is applied.

(Retirement Benefits)

1. Summary of DKG's retirement benefit plans

DK and its five consolidated domestic subsidiaries have defined-benefit retirement plans that consist of qualified pension plans and lump-sum retirement payment plans, whereas other consolidated subsidiaries have lump-sum retirement payment plans. DK and certain consolidated subsidiaries may also pay extra retirement benefits upon the resignation of their employees that are not considered subject to the retirement benefit obligations by the actuarial calculation based on the retirement benefit accounting standards.

2. Balance and details of the retirement benefit obligations as of March 31, 2005

(Millions of yen)

	FY 2003 (As of March 31, 2004)	FY 2004 (As of March 31, 2005)
(1) Projected benefit obligations	(4,596)	(4,931)
(2) Fair value of plan assets	2,205	2,548
(3) Unfunded benefit obligations (1) + (2)	(2,391)	(2,383)
(4) Unrecognized plan assets	(131)	(265)
(5) Unrecognized actuarial differences	875	926
(6) Net amount recorded in the consolidated balance sheets (3) + (4) + (5)	(1,646)	(1,722)
(7) Prepaid plan assets	(1,015)	(1,041)
(8) Reserve for employees' retirement benefits	(2,662)	(2,764)

Note: Consolidated subsidiaries adopt a simplified method in calculating their projected benefit obligations.

3. Retirement benefit expenses

(Millions of yen)

	FY 2003 (From April 1, 2003, to March 31, 2004)	FY 2004 (From April 1, 2004, to March 31, 2005)
(1) Service cost	467	526
(2) Interest expense	44	46
(3) Expected return on plan assets (subtraction)	(32)	(40)
(4) Amortization of actuarial differences	109	110
(5) Extra retirement benefits	—	8
(6) Retirement benefit expenses (1) + (2) + (3) + (4) + (5)	587	651

Note: The retirement benefit expenses of certain consolidated subsidiaries that adopt the simplified method are included in "(1) Service cost."

4. Assumptions in the computation of retirement benefit obligations and others

	FY 2003 (As of March 31, 2004)	FY 2004 (As of March 31, 2005)
(1) Discount rate	1.7%	1.7%
(2) Expected rate of return on plan assets	2.0%	2.0%
(3) Interperiod allocation method of estimated retirement benefits	Straight-line basis	Straight-line basis
(4) Number of years for amortization of actuarial differences	10 years from the following fiscal year of recognition	10 years from the following fiscal year of recognition

(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	4,535	Loss brought forward	5,100
Depreciation expense	585	Depreciation expense	339
Allowance for doubtful accounts	1,083	Allowance for doubtful accounts	1,110
Reserve for employees' retirement benefits	953	Reserve for employees' retirement benefits	1,031
Reserve for directors' retirement allowances	1,301	Reserve for directors' retirement allowances	1,199
Loss on valuation of investments in securities	913	Loss on valuation of investments in securities	541
Inventories	689	Inventories	706
Reserve for bonuses	407	Reserve for bonuses	421
Others	738	Others	620
Deferred tax assets subtotal	11,209	Deferred tax assets subtotal	11,071
Valuation reserve	(4,112)	Valuation reserve	(4,294)
Total deferred tax assets	7,097	Total deferred tax assets	6,776
Deferred tax liabilities:		**Deferred tax liabilities:**	
Net unrealized gains or losses on available-for-sale securities	(878)	Net unrealized gains or losses on available-for-sale securities	(757)
Prepaid plan expense	(411)	Prepaid plan expense	(421)
Unrealized gain or loss	(226)	Unrealized gain or loss	(226)
Net deferred tax assets	5,580	Net deferred tax assets	5,370

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 land revaluation difference unrecognized as deferred tax assets	(22.6)	Reversal of land revaluation difference unrecognized as deferred tax assets	(24.8)
Entertainment expenses and others, which are permanently nondeductible	2.8	Entertainment expenses and others, which are permanently nondeductible	3.2
Per capita inhabitant's tax	1.5	Per capita inhabitant's tax	2.2
Valuation reserve	13.1	Valuation reserve	4.1
Others	1.1	Others	0.5
Effective income tax rate after the adoption of tax-effect accounting	37.9	Effective income tax rate after the adoption of tax-effect accounting	25.7

(Segment Information)

The business and geographical segments of DK and its consolidated subsidiaries for the years ended March 31, 2004 and 2005, are summarized as follows:

1. Business segments

FY2003 (From April 1, 2003, to March 31, 2004)

(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	66,505	25,156	10,324	12,098	5,249	119,335	—	119,335
Intersegment sales and transfers	164	—	—	248	340	753	(753)	—
Total	66,670	25,156	10,324	12,347	5,590	120,088	(753)	119,335
Operating expenses	55,986	22,656	8,682	12,004	5,105	104,434	1,773	106,208
Operating income (loss)	10,683	2,499	1,642	342	485	15,653	(2,527)	13,126
Assets, depreciation expense and capital expenditures								
Assets	64,290	25,775	6,245	10,136	11,377	117,825	20,627	138,453
Depreciation expense	8,758	2,077	1,075	28	659	12,599	79	12,679
Capital expenditures	10,683	5,279	1,598	35	736	18,333	53	18,387

FY2004 (From April 1, 2004, to March 31, 2005)

(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	68,678	26,532	9,188	11,672	6,013	122,085	—	122,085
Intersegment sales and transfers	210	—	—	141	693	1,045	(1,045)	—
Total	68,888	26,532	9,188	11,814	6,706	123,130	(1,045)	122,085
Operating expenses	56,678	25,763	8,348	12,564	6,543	109,899	1,802	111,701
Operating income (loss)	12,210	769	839	(750)	162	13,231	(2,847)	10,383
Assets, depreciation expense and capital expenditures								
Assets	59,111	29,828	5,820	9,775	14,499	119,035	12,961	131,996
Depreciation expense	9,501	2,568	1,255	25	932	14,283	60	14,344
Capital expenditures	10,334	7,342	1,348	17	1,334	20,378	57	20,436

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, Gateway business, etc.

3. Amounts and major items included in "Elimination and corporate"

(Millions of yen)

	FY 2003	FY 2004	Major items
Amounts of unabsorbed operating expenses included in "Elimination and corporate"	¥2,527	¥2,847	Expenses required for operations by administrative departments such as General Affairs Dept.
Amount of corporate assets included in "Eliminations and corporate"	¥21,026	¥13,390	Surplus funds operated by the Company (cash and bank deposits, and securities), long-term investment funds (investments in securities) and properties related to administrative departments.

2. Geographical segments

(Years ended March 31, 2004 and 2005)

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

(Years ended March 31, 2004 and 2005)

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

(Transactions with Related Parties)

FY 2003 (From April 1, 2003, to March 31, 2004)
Directors and major individual shareholders, etc.

(Millions of yen)

Attribute		A company in which a majority of the voting rights are held by DK's director and his/her relative(s)	
Company name		Wakahara Co., Ltd.	
Location		Kawaguchi, Saitama	
Capital stock or investment in capital		3	
Principal business or profession		Operation of karaoke cabins	
Ownership percentage of voting rights, etc.		The relatives of DK's statutory auditor Kumiko Takahashi directly hold 100% of its shares.	
Relationship with the Company	Directors' posts held concurrently	—	
	Business relationship	Lending of trademark, etc.	
Description of transactions		Lending of trade mark	Charges forward for management expense, etc.
Transaction amount		0	1
Account item		—	—
Year-end balance		—	—

(Millions of yen)

Attribute		A company in which a majority of the voting rights are held by DK's director and his/her relative(s)	
Company name		Hoshi Create Co., Ltd.	
Location		Minato-ku, Tokyo	
Capital stock or investment in capital		941	
Principal business or profession		Lease and rental of real estate	
Ownership percentage of voting rights, etc.		The Chairman of DK, Tadahiko Hoshi, and his relatives directly hold 100% of its shares.	
Relationship with the Company	Directors' posts held concurrently	Three posts concurrently held (1 officer and 2 employees)	
	Business relationship	Lease of stores	
Description of transactions		Payment of rents	Depositing of guarantee money
Transaction amount		7	85
Account item		Other current assets (prepaid expenses)	Leasehold deposits and guarantee money
Year-end balance		3	85

Notes:
1. The transactions between Wakahara Co., Ltd., and DK are so-called arm's length transactions and were determined by reference to the selling prices and payment conditions for unrelated entities with regard to the terms and conditions and the decision policy thereon.
2. The transactions for store lease between Hoshi Create Co., Ltd. and DK were determined via a third party through consultations by reference to rent quotations in the neighborhood with regard to the terms and conditions and the decision policy thereon.
3. "Transaction amount" does not include consumption taxes.

FY 2004 (From April 1, 2004, to March 31, 2005)
Directors and major individual shareholders, etc.

(Millions of yen)

Attribute		A company in which a majority of the voting rights are held by DK's director and his/her relative(s)	
Company name		Hoshi Create Co., Ltd.	
Location		Minato-ku, Tokyo	
Capital stock or investment in capital		941	
Principal business or profession		Lease and rental of real estate	
Ownership percentage of voting rights, etc.		The Chairman of DK, Tadahiko Hoshi , and his relatives directly hold 100% of its shares.	
Relationship with the Company	Directors' posts held concurrently	One post concurrently held	
	Business relationship	Lease of stores	
Description of transactions		Payment of rents	Depositing of guarantee money
Transaction amount		81	—
Account item		Other current assets (prepaid expenses)	Leasehold deposits and guarantee money
Year-end balance		7	85

Note: The transactions for store lease between Hoshi Create Co., Ltd. and DK were determined via a third party through consultations by reference to rent quotations in the neighborhood with regard to the terms and conditions and the decision policy thereon. "Transaction amount" does not include consumption taxes.

(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	¥3,378.93	¥1,783.56
Net income per share	¥265.08	¥139.83
Fully diluted net income per share	¥252.21	—

Notes:

1. The Company conducted a two-for-one stock split on May 20, 2004. The per share data for FY2003, 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	¥1,689.46
Net income per share	¥132.54
Fully diluted net income per share	¥126.11

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)	4,898	5,118
Amount not belonging to common shareholders (Millions of yen)	133	119
(Bonuses to directors through profit appropriation included therein)	(133)	(119)
Net income related to common shares of the Company (Millions of yen)	4,765	4,998
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)
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.	-----------------------
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: **(1) Two-for-one stock split for common shares on May 20, 2004** **1) Number of shares increased via the stock split:** 18,310,463 common shares **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. **2) Initial date of reckoning for dividends** April 1, 2004 **The per share data for the year ended March 31, 2003, supposing that the stock split was conducted as of April 1, 2002, and those for the year ended March 31, 2004, supposing that the stock split was conducted as of April 1, 2003, are as follows:**	-----------------------

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
¥1,540.67	¥1,689.46
Net income per share	Net income per share
¥187.95	¥132.54
Fully diluted net income per share	Fully diluted net income per share
¥177.12	¥126.11

5. Production, Orders Received and Sales Performance

(1) Production

(Millions of yen)

Segment	FY 2003 (From April 1, 2003, to March 31, 2004)		FY 2004 (From April 1, 2004, to March 31, 2005)	
		Year-over-year change (%)		Year-over-year change (%)
Commercial karaoke business:				
Telecommunication-type karaoke software	3,610	159.6	1,998	55.4
Disk-type karaoke software	1,032	84.2	—	—
Subtotal	4,642	133.1	1,998	43.1
Content business:				
Sound delivery/video software for satellite broadcasting	972	205.0	836	86.1
Music software business:				
Music and video software	3,474	127.8	3,766	108.4
Total	9,089	136.1	6,601	72.6

Note: The above amounts indicate manufacturing costs and software production output.

(2) Orders received

Inapplicable as DKG follows a policy of project production.

(3) Sales performance

(Millions of yen)

Segment	FY 2003 (From April 1, 2003, to March 31, 2004)			FY 2004 (From April 1, 2004, to March 31, 2005)		
		Composition ratio (%)	Year-over-year change (%)		Composition ratio (%)	Year-over-year change (%)
Commercial karaoke business:						
Sales volume of merchandise and products	28,421	23.8	104.4	26,723	21.9	94.0
Revenue from rental of karaoke equipment	18,062	15.1	106.6	19,050	15.6	105.5
Fee revenue from the provision of karaoke-streaming service	20,020	16.8	115.6	22,904	18.8	114.4
Subtotal	66,505	55.7	108.1	68,678	56.3	103.3
Karaoke cabin business:	25,156	21.1	106.0	26,532	21.7	105.5
Content business:						
Satellite broadcasting	4,592	3.9	100.2	4,521	3.7	98.4
e-business	5,731	4.8	100.1	4,667	3.8	81.4
Subtotal	10,324	8.7	100.2	9,188	7.5	89.0
Music software business:	12,098	10.1	72.7	11,672	9.6	96.5
Other business:	5,249	4.4	107.6	6,013	4.9	114.5
Total	119,335	100.0	101.9	122,085	100.0	102.3