

FY2005, the year ended March 31, 2006

Flash Report on the Consolidated Results for the Year Ended March 31, 2006

May 15, 2006

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, Managing Director and Senior Corporate Officer; and Executive Director, Administration Headquarters

Phone: (03) 3280-2151

Date of the Board of Directors Meeting on the Closing of Accounts: May 15, 2006

Adoption of U.S. GAAP: No

1. Consolidated Performance for the Year Ended March 2006 (from April 1, 2005, to March 31, 2006)

(1) Consolidated operating results

Note: Amounts below one million yen are truncated.

	Net sales		Operating income		Ordinary income	
	¥ Million	%	¥ Million	%	¥ Million	%
Year ended March 2006	129,341	5.9	11,286	8.7	11,618	17.0
Year ended March 2005	122,085	2.3	10,383	(20.9)	9,932	(19.5)

	Net income		Net income per share	Fully diluted net income per share
	¥ Million	%	¥	¥
Year ended March 2006	4,009	(21.7)	112.60	—
Year ended March 2005	5,118	4.5	139.83	—

	Return on equity	Ordinary income to total assets	Ordinary income to net assets
	%	%	%
Year ended March 2006	6.2	8.8	9.0
Year ended March 2005	8.3	7.3	8.1

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

Year ended March 2006: (¥ 0 million)

Year ended March 2005: (¥ - million)

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

Year ended March 2006: 34,802,451 shares

Year ended March 2005: 35,745,780 shares

“Fully diluted net income per share” is not stated because no residual securities existed as convertible bonds were redeemed at maturity as of March 31, 2005 and 2006.

3. Change in accounting method: Yes

4. 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

Note: Amounts below one million yen are truncated.

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	¥ Million	¥ Million	%	¥
Year ended March 2006	133,524	66,440	49.8	1,906.58
Year ended March 2005	131,996	62,194	47.1	1,783.56

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

34,800,491 shares at March 31, 2006

34,804,216 shares at March 31, 2005

(3) Consolidated cash flows

Note: Amounts below one million yen are truncated.

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
	¥ Million	¥ Million	¥ Million	¥ Million
Year ended March 2006	24,081	(21,808)	(2,018)	24,222
Year ended March 2005	24,221	(10,999)	(11,106)	22,428

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

Number of consolidated subsidiaries: 47

Number of nonconsolidated subsidiaries accounted for by the equity method: —

Number of affiliates accounted for by the equity method: 2

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

Consolidation (newly included): 15 (Excluded): 5

Equity method (newly applied): 2 (Excluded): —

2. Forecast Consolidated Performance for FY2006, the Year Ending March 31, 2007 (from April 1, 2006, to March 31, 2007)

	Net sales	Ordinary income	Net income
	¥ Million	¥ Million	¥ Million
Six months ending September 30, 2006	65,400	5,600	2,800
Year ending March 31, 2007 (full year)	134,200	12,000	6,000

(Reference) Forecast net income per share (full year): ¥172.41

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.

(Attachment)

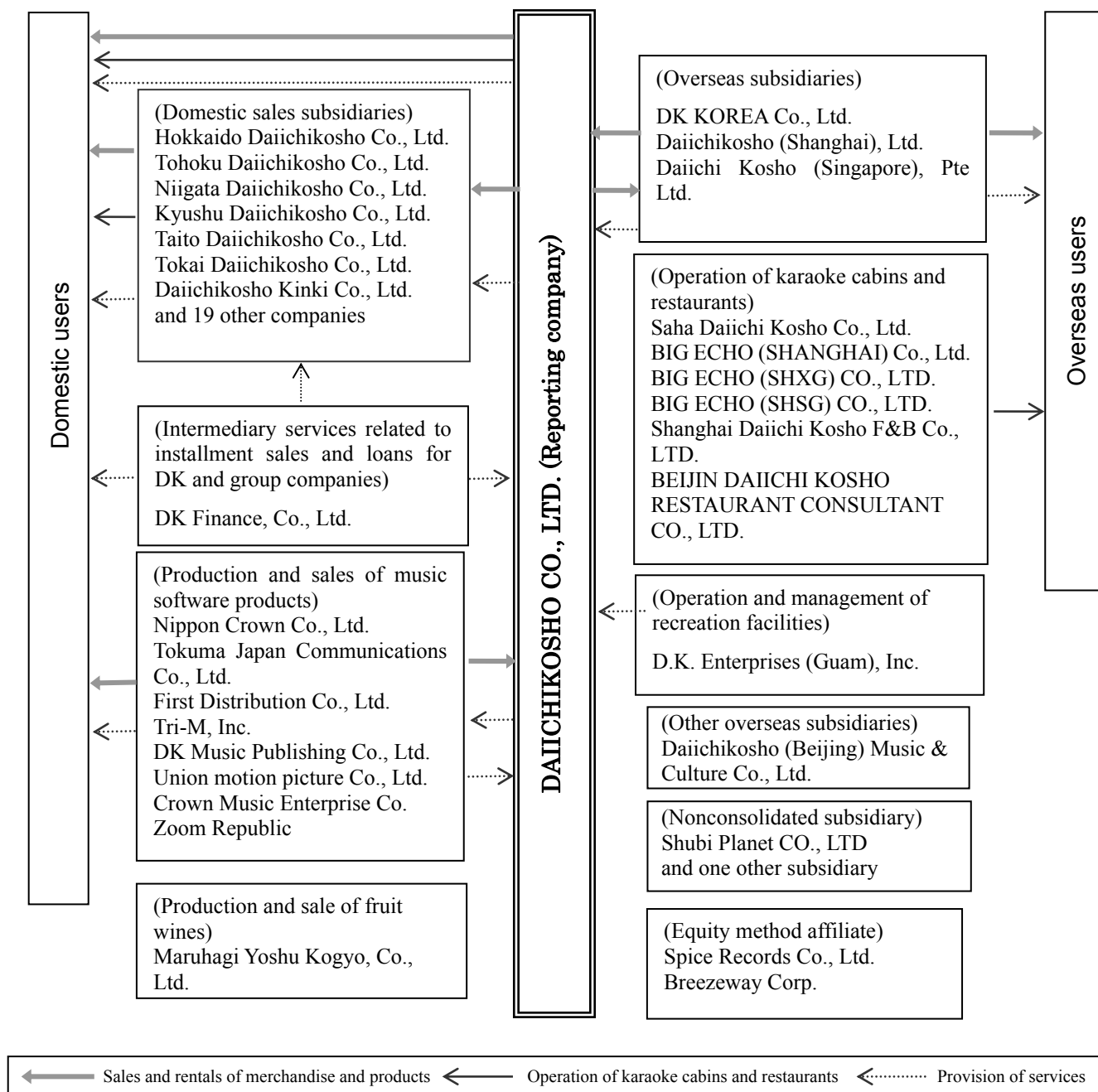
1. Corporate Group

The Daiichikoshō Group (“DKG”) consists of Daiichikoshō Co., Ltd. (“DK” or “the Company”), 47 consolidated subsidiaries and two affiliates. The major group companies engage in the commercial karaoke business, the karaoke cabin and restaurant business, the Gateway business and the music software business.

Effective from the fiscal year under review, the business segmentation was changed as shown in (Segment Information).

Business segment	Business line	Domestic	Overseas
Commercial karaoke business	Sales and rental of commercial-use karaoke equipment	Daiichikoshō Co., Ltd. Hokkaido Daiichikoshō Co., Ltd. Tohoku Daiichikoshō Co., Ltd. Taito Daiichikoshō Co., Ltd. Niigata Daiichikoshō Co., Ltd. Tokai Daiichikoshō Co., Ltd.	DK KOREA Co., Ltd. Daiichikoshō (Shanghai), Ltd. and one other subsidiary
Karaoke cabin and restaurant business	Operation of karaoke cabins and restaurants	Daiichikoshō Kinki Co., Ltd. Kyushu Daiichikoshō Co., Ltd. and 19 other subsidiaries	Saha Daiichi Kosho Co., Ltd. BIG ECHO (SHANGHAI) Co., Ltd. and four other subsidiaries
Gateway business	Supply of content service via the special “ <i>DAM Station</i> ” information terminal and mobile phones		
Music software business	Production and sales of music and video software products	Daiichikoshō Co., Ltd. Nippon Crown Co., Ltd. Tokuma Japan Communications Co., Ltd. First Distribution Co., Ltd. Union motion picture Co., Ltd. and four other subsidiaries	
Other business	Satellite broadcasting, real estate lease and rental business, etc.	Daiichikoshō Co., Ltd. DK Finance, Co., Ltd. Maruhagi Yoshu Kogyo, Co., Ltd.	D.K. Enterprises (Guam), Inc. and one other subsidiary

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



4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

Fiscal year		FY2004		FY2005		Year-over-year change
		(As of March 31, 2005)		(As of March 31, 2006)		
Account item		Amount	Com-position ratio (%)	Amount	Com-position ratio (%)	
(Assets)						
I Current assets						
1. Cash and bank deposits		23,094		24,732		1,637
2. Notes and accounts receivable—trade		12,241		12,092		(149)
3. Inventories		6,843		7,683		839
4. Deferred tax assets		3,102		2,254		(848)
5. Other		4,706		4,376		(329)
6. Allowance for doubtful accounts		(1,075)		(1,173)		(98)
Total current assets		48,913	37.1	49,965	37.4	1,052
II Fixed assets						
1. Tangible fixed assets						
(1) Buildings and structures		15,519		14,977		
Accumulated depreciation		8,597	6,921	9,069	5,907	(1,013)
(2) Karaoke equipment for rental		29,402		28,537		
Accumulated depreciation		19,404	9,998	18,834	9,702	(295)
(3) Karaoke cabin and restaurant facilities		27,643		29,640		
Accumulated depreciation		14,628	13,015	15,956	13,684	669
(4) Land			15,463		14,284	(1,178)
(5) Construction in progress			179		172	(7)
(6) Other		8,015		9,902		
Accumulated depreciation		5,341	2,674	6,015	3,886	1,212
Total tangible fixed assets		48,252	36.5	47,638	35.7	(613)
2. Intangible assets		8,665	6.6	7,950	5.9	(715)
3. Investments and other assets						
(1) Investments in securities		6,971		10,719		3,748
(2) Long-term loans receivable		1,294		1,086		(208)
(3) Deferred tax assets		2,494		1,111		(1,383)
(4) Leasehold deposits and guarantee money		13,418		13,373		(45)
(5) Other		4,331		3,789		(542)
(6) Allowance for doubtful accounts		(2,345)		(2,110)		235
Total investments and other assets		26,165	19.8	27,969	21.0	1,804
Total fixed assets		83,083	62.9	83,558	62.6	474
Total Assets		131,996	100.0	133,524	100.0	1,527

(Millions of yen)

Fiscal year Account item	FY2004 (As of March 31, 2005)		FY2005 (As of March 31, 2006)		Year-over- year change
	Amount	Com- position ratio (%)	Amount	Com- position ratio (%)	
(Liabilities)					
I Current liabilities					
1. Notes and accounts payable—trade	7,672		5,262		(2,409)
2. Short-term borrowings	21,107		20,109		(998)
3. Accounts payable—other	7,067		6,466		(600)
4. Income taxes payable	907		1,407		499
5. Reserve for bonuses	1,035		1,044		9
6. Unrealized profit on installment sales	463		373		(89)
7. Other	2,660		3,151		491
Total current liabilities	40,914	31.0	37,815	28.3	(3,098)
II Long-term liabilities					
1. Long-term borrowings	20,492		21,096		604
2. Deferred tax liabilities	226		817		590
3. Reserve for employees' retirement benefits	2,764		2,590		(174)
4. Reserve for directors' retirement allowances	2,959		2,153		(805)
5. Consolidation adjustment account	818		620		(197)
6. Other	1,096		1,224		127
Total long-term liabilities	28,358	21.5	28,502	21.3	144
Total Liabilities	69,272	52.5	66,318	49.6	(2,954)
(Minority Interests)					
Minority Interests	528	0.4	764	0.6	236
(Shareholders' Equity)					
I Capital stock	12,350	9.4	12,350	9.2	—
II Capital surplus	24,002	18.2	24,003	18.0	0
III Retained earnings	30,050	22.8	32,029	24.0	1,978
IV Land revaluation difference	(1,794)	(1.4)	(845)	(0.6)	948
V Net unrealized gains or losses on available-for-sale securities	1,113	0.8	2,354	1.8	1,241
VI Foreign currency translation adjustments	101	0.1	188	0.1	87
VII Treasury stock	(3,629)	(2.8)	(3,639)	(2.7)	(10)
Total Shareholders' Equity	62,194	47.1	66,440	49.8	4,246
Total Liabilities, Minority Interests and Shareholders' Equity	131,996	100.0	133,524	100.0	1,527

(2) Consolidated Statement of Income

(Millions of yen)

Fiscal year Account item	FY2004 (From April 1, 2004, to March 31, 2005)		FY2005 (From April 1, 2005, to March 31, 2006)		Year-over-year change (%)		
	Amount	Percent age (%)	Amount	Percent- age (%)			
I Net sales		122,085	100.0		129,341	100.0	105.9
II Cost of sales		73,868	60.5		78,999	61.1	106.9
Gross profit before adjustment for unrealized profit on installment sales		48,216	39.5		50,342	38.9	104.4
Unrealized profit on installment sales—reversal (+)	250			106			
Unrealized profit on installment sales—deferred (–)	48	202	0.2	16	89	0.1	44.3
Gross profit on sales		48,419	39.7		50,431	39.0	104.2
III Selling, general and administrative expenses		38,035	31.2		39,145	30.3	102.9
Operating income		10,383	8.5		11,286	8.7	108.7
IV Nonoperating income							
1. Interest income	115			95			
2. Interest income on installment sales	294			244			
3. Insurance payment received	12			182			
4. Fees and commissions received	241			180			
5. Amortization of consolidation adjustments account	230			232			
6. Foreign exchange gain	191			273			
7. Other	657	1,743	1.4	975	2,184	1.7	125.3
V Nonoperating expenses							
1. Interest expense	551			477			
2. Loss on disposal of inventories	96			33			
3. Loss on devaluation of inventories	1,203			887			
4. Provision for allowance for doubtful accounts	25			50			
5. Other	318	2,195	1.8	402	1,852	1.4	84.4
Ordinary income		9,932	8.1		11,618	9.0	117.0
VI Extraordinary gains							
1. Gain on sales of fixed assets	54			98			
2. Gain on sales of investments in securities	757			370			
3. Reversal of allowance for doubtful accounts	71			75			
4. Reversal of reserve for directors' retirement allowances	139			55			
5. Indemnity on relocation of warehouse	128	1,150	0.9	—	599	0.5	52.1
VII Extraordinary losses							
1. Loss on sales and disposal of fixed assets	4,547			1,165			
2. Impairment loss on fixed assets	—			2,493			
3. Loss on sales of investments in securities	6			4			
4. Loss on valuation of investments in securities	29			7			
5. Loss on cancellation of a new business	—	4,583	3.7	435	4,107	3.2	89.6
Income before income taxes and minority interests		6,499	5.3		8,110	6.3	124.8
Income taxes—current	1,342			2,062			
Income taxes—deferred	330	1,672	1.3	2,041	4,104	3.2	245.4
Minority interests in income (loss) of consolidated subsidiaries		(291)	(0.2)		(3)	0.0	1.3
Net income		5,118	4.2		4,009	3.1	78.3

(3) Consolidated Statements of Retained Earnings

(Millions of yen)

Account item	FY2004 (From April 1, 2004, to March 31, 2005)		FY2005 (From April 1, 2005, to March 31, 2006)	
	Amount		Amount	
(Capital surplus)				
I Capital surplus at the beginning of the year		24,001		24,002
II Increase in capital surplus				
1. Conversion of convertible bonds	0		—	
2. Gain from purchase and redemption of treasury stock	0	1	0	0
III Capital surplus at the end of the fiscal year		24,002		24,003
(Retained earnings)				
I Retained earnings at the beginning of the year		29,716		30,050
II Increase in retained earnings				
1. Net income	5,118		4,009	
2. Increase in retained earnings due to the increase in the number of consolidated subsidiaries	—	5,118	414	4,424
III Decrease in retained earnings				
1. Cash dividends	682		1,392	
2. Bonuses to directors and statutory auditors	134		104	
3. Reversal of land revaluation difference	3,966	4,783	948	2,445
IV Retained earnings at the end of the fiscal year		30,050		32,029

(4) Consolidated Statements of Cash Flows

(Millions of yen)

Account item	Fiscal year	FY2004 (From April 1, 2004, to March 31, 2005)	FY2005 (From April 1, 2005, to March 31, 2006)	Year-over-year change
		Amount	Amount	Increase and decrease
I Cash flows from operating activities:				
Income before income taxes and minority interests		6,499	8,110	
Depreciation expense		14,853	15,783	
Impairment loss on fixed assets		—	2,493	
Amortization of consolidation adjustment account		(230)	(232)	
Increase in allowance for doubtful accounts		23	43	
Decrease in reserve for directors' retirement allowances		(182)	(842)	
Dividend and interest income		(447)	(460)	
Gain or loss on sales of investments in securities		(751)	(365)	
Gain or loss on investments in investment business associations		(2)	4	
Interest expense		551	477	
Gain or loss on disposal of fixed assets		4,493	1,067	
Loss on valuation of investments in securities		29	7	
Loss on cancellation of a new business		—	435	
Decrease in trade receivables		1,707	415	
Increase in inventories		(1,717)	(928)	
Transfer of cost of sales on karaoke equipment for rental		1,293	1,016	
Increase (decrease) in trade payables		85	(1,980)	
Other		(148)	626	
Subtotal		26,059	25,672	
Interest and dividends received		448	453	
Interest paid		(552)	(460)	
Income taxes paid		(1,732)	(1,583)	
Net cash provided by operating activities		24,221	24,081	(140)
II Cash flows from investing activities:				
Increase in time and saving deposits		(630)	(358)	
Proceeds from decrease in time and saving deposits		8,943	515	
Payments for acquisition of tangible fixed assets		(16,071)	(14,628)	
Proceeds from sales of tangible fixed assets		1,477	605	
Payments for acquisition of intangible assets		(4,269)	(4,766)	
Payments for acquisition of video licenses		(1,057)	(1,512)	
Payments for purchase of investments in securities		(358)	(2,598)	
Proceeds from sales of investments in securities		1,628	544	
Payments for purchase of subsidiaries' stocks		(45)	—	
Payments for loans		(395)	(996)	
Proceeds from collection of loans receivable		1,129	1,249	
Payments for leasehold deposits and guarantee money		(1,709)	(908)	
Proceeds from repayment of leasehold deposits and guarantee money		220	819	
Other		139	227	
Net cash used in investing activities		(10,999)	(21,808)	(10,809)
III Cash flows from financing activities:				
Net increase in short-term borrowings		829	(2,606)	
Increase in long-term borrowings		14,576	15,322	
Payments for repayment of long-term borrowings		(12,159)	(13,330)	
Payments for retirement of convertible bonds		(845)	—	
Payments for redemption of convertible bonds		(9,955)	—	
Cash dividends paid		(683)	(1,391)	
Payments for purchase of treasury stock		(2,862)	(10)	
Other		(7)	(2)	
Net cash used in financing activities		(11,106)	(2,018)	9,088
IV Effect of exchange rate changes on cash and cash equivalents		11	141	130
V Net increase (decrease) in cash and cash equivalents		2,127	395	(1,731)
VI Cash and cash equivalents at the beginning of the year		20,300	22,428	2,127
VII Increase in cash and cash equivalents due to the increase in the number of newly consolidated subsidiaries		—	1,398	1,398
VIII Cash and cash equivalents at the end of the fiscal year		22,428	24,222	1,794

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.

With regard to investments in the Investment Business Limited Liability Partnership and similar organizations (which are regarded as "securities" in accordance with Article 2, Paragraph 2, of the Securities Exchange Law), initial investments in such associations are recognized as receivables from associations and the amount assumed to be held by the Company for fluctuations due to the financial situation of the associations after such investment is recognized as receivables and payables related to such associations.

② Derivatives

Carried at fair value.

③ 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 after March 31, 1998.

Buildings and structures: 3–50 years

Karaoke equipment for rental: 5–6 years

Karaoke cabin and restaurant 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 of DK and its domestic consolidated subsidiaries 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 of DK and its domestic consolidated subsidiaries 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, 2006.

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.

(Change of accounting policies)

From the current consolidated fiscal year, the Company has adopted the "Partial Amendment to the Accounting Standard for Retirement Benefits" (Financial Accounting Standard No. 3, March 16, 2005) and the "Implementation Guidance for Partial Amendment to the Accounting Standard for Retirement Benefits" (Financial Accounting Standards Implementation Guidance No. 7, March 16, 2005). As a result, operating income, ordinary income and income before income taxes each increased ¥26 million. The adoption of these

standards does not have a significant impact on the segment information.

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 consolidated 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

DK and its domestic consolidated subsidiaries hedge 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 the installment standards used by DK and some of its domestic consolidated subsidiaries.

② Accounting for consumption taxes

Consumption taxes are accounted for using the tax exclusion method.

5. Valuation for assets and liabilities of consolidated subsidiaries

Assets and liabilities of consolidated subsidiaries are carried at fair value.

6. Amortization of consolidation adjustment account

The consolidation adjustment account is equally amortized over 5 or 15 years on a straight-line basis.

7. Appropriation of retained earnings

The appropriation of retained earnings for consolidated subsidiaries was prepared based on the appropriation determined during the consolidated fiscal year under review.

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

Cash and cash equivalents in the consolidated statements of cash flows included 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.

(Segment Information)**1. Business segments****CFY2004 (From April 1, 2004, to March 31, 2005)**

(Millions of yen)

Item	Commer- cial karaoke	Karaoke cabin and restaurant	Gateway	Music software	Other	Total	Elimina- tions and corporate	Consolidated
Sales and operating income								
Sales								
Sales to third parties	68,678	30,027	4,769	11,672	6,937	122,085	—	122,085
Intersegment sales and transfers	210	—	—	141	716	1,068	(1,068)	—
Total	68,888	30,027	4,769	11,814	7,653	123,153	(1,068)	122,085
Operating expenses	56,678	28,775	5,526	12,564	6,377	109,922	1,779	111,701
Operating income (loss)	12,210	1,252	(756)	(750)	1,275	13,231	(2,847)	10,383
Assets, depreciation and amortization and capital expenditure								
Assets	59,111	30,052	7,807	9,775	12,288	119,035	12,961	131,996
Depreciation and amortization	9,501	2,575	1,044	25	1,136	14,283	60	14,344
Capital expenditure	10,334	7,346	2,169	17	510	20,378	57	20,436

CFY2005 (From April 1, 2005, to March 31, 2006)

(Millions of yen)

Item	Commer- cial karaoke	Karaoke cabin and restaurant	Gateway	Music software	Other	Total	Elimina- tions and corporate	Consolidated
Sales and operating income								
Sales								
Sales to third parties	69,672	33,307	4,780	14,261	7,319	129,341	—	129,341
Intersegment sales and transfers	238	—	—	166	696	1,101	(1,101)	—
Total	69,910	33,307	4,780	14,428	8,015	130,442	(1,101)	129,341
Operating expenses	58,660	30,101	7,238	13,988	6,118	116,106	1,948	118,054
Operating income (loss)	11,250	3,206	(2,457)	439	1,896	14,336	(3,049)	11,286
Assets, depreciation and amortization, impairment loss and capital expenditure								
Assets	67,314	30,497	10,664	8,741	3,130	120,347	13,176	133,524
Depreciation and amortization	8,823	2,854	1,624	35	1,182	14,521	60	14,582
Impairment loss	65	1,273	—	—	814	2,153	340	2,493
Capital expenditure	9,924	5,183	3,041	46	349	18,545	38	18,583

Notes: 1. Segmentation method
According to 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 and restaurant business	Operation of karaoke cabins and restaurants
Gateway business	Supply of music content, etc., via "DAM Station" special information terminals and mobile phones
Music software business	Production and sales of music and video software products
Other business	Satellite broadcasting business and real estate lease and rental business, etc.

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

(Millions of yen)

	FY2004	FY2005	Major items
Amounts of unabsorbed operating expenses included in "Eliminations and corporate"	¥2,847	¥3,049	Expenses required for operations by administrative departments such as General Affairs Dept.
Amounts of assets of the overall Company included in "Eliminations and corporate"	¥13,390	¥13,596	Surplus fund of the Company (cash and bank deposits), long-term investment fund (investments in securities) and management-related assets

4. Change in business segmentation

The business segmentation was reviewed and changed for this consolidated fiscal year as follows:

The "Restaurant business," which was included in "Other businesses" until fiscal 2004, was combined with the former "Karaoke cabin business" and changed to the "Karaoke cabin and restaurant business," effective from the consolidated fiscal year under review. This change clarifies the corresponding relationships between our internal management segmentation and business segmentation subsequent to the system change to develop the multifunctional store business that combines the karaoke cabin business and the restaurant business.

The "Gateway business," which was included in "Other businesses" until fiscal 2004, was combined with "e-business" in the "Content business" and changed to the "Gateway business." This change resulted from a review of business segmentation due to the increased importance of the Gateway business, which concluded that both the Gateway and e-businesses share the same function of offering content menus via information terminals. The similarity in service content and markets was also considered in reviewing the accounting items of sales from each business. The change could improve the effectiveness of segment information by relating new internal management segments and business segments resulting from the change.

The "Satellite broadcasting business" previously included with e-business in the "Content business" was newly included in "Other businesses," effective from the consolidated fiscal year under review, due to the decreased importance in the revenue amount.

The aforementioned segment information for the previous consolidated fiscal year was prepared based on the business segmentation after the change.

2. Geographical segments

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

3. Overseas sales

As sales overseas account for less than 10% of consolidated net sales for fiscal 2004 and 2005, overseas sales-related information is omitted.

FY2005, the year ended March 31, 2006

Summary of Nonconsolidated Financial Statements for the Year Ended March 31, 2006

May 15, 2006

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, Managing Director and Senior Corporate Officer; and Executive Director, Administration Headquarters

Phone: (03) 3280-2151

Date of the Board of Directors Meeting on the Closing of Accounts: May 15, 2006

Interim Dividend System: Applied

Start Date for Payment of Dividends: June 26, 2006

Date of the Ordinary General Meeting of Shareholders: June 24, 2006

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

1. Nonconsolidated Performance for the Year Ended March 2006 (from April 1, 2005, to March 31, 2006)

(1) Nonconsolidated operating results

Note: Amounts below one million yen are truncated.

	Net sales		Operating income		Ordinary income	
	¥ Million	%	¥ Million	%	¥ Million	%
Year ended March 2006	87,537	5.6	6,418	(0.5)	6,735	3.8
Year ended March 2005	82,862	2.7	6,447	(21.1)	6,490	(13.8)

	Net income		Net income per share	Fully diluted net income per share
	¥ Million	%	¥	¥
Year ended March 2006	2,333	(40.8)	66.48	—
Year ended March 2005	3,939	(15.8)	109.74	—

	Return on equity	Ordinary income to total assets	Ordinary income to net assets
	%	%	%
Year ended March 2006	4.5	8.3	7.7
Year ended March 2005	7.7	7.7	7.8

Notes: 1. Average number of shares outstanding at the end of the respective years:

Year ended March 2006: 34,802,451 shares

Year ended March 2005: 35,745,780 shares

“Fully diluted net income per share” is not stated because no residual securities existed as convertible bonds were redeemed at maturity as of March 31, 2005 and 2006.

2. Change in accounting method: Yes

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

(2) Dividends

	Annual dividend per share			Total dividends (annual)	Payout ratio	Ratio of dividends to shareholders' equity
		Interim	Year-end			
	¥	¥	¥	¥ Million	%	%
Year ended March 2006	30.00	0	30.00	1,044	45.1	2.0
Year ended March 2005	40.00	0	40.00	1,392	36.5	2.7

Note: Dividends at the end of the year ended March 31, 2005, consisted of an ordinary dividend of ¥20.00 and a memorial dividend for the 30th anniversary of ¥20.00.

(3) Nonconsolidated financial position

Note: Amounts below one million yen are truncated.

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	¥ Million	¥ Million	%	¥
Year ended March 2006	82,630	53,169	64.3	1,527.27
Year ended March 2005	80,112	51,021	63.7	1,465.47

Notes: 1. Average number of shares outstanding at the end of the respective years:

34,800,491 shares at March 31, 2006

34,804,216 shares at March 31, 2005

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

1,820,807 shares at March 31, 2006

1,817,082 shares at March 31, 2005

2. Forecast Nonconsolidated Performance for FY2006, the Year Ending March 31, 2007 (from April 1, 2006, to March 31, 2007)

	Net sales	Ordinary income	Net income	Annual dividend per share		
				Interim	Year-end	
	¥ Million	¥ Million	¥ Million	¥	¥	¥
Six months ending September 30, 2006	45,600	3,300	1,600	0	—	—
Year ending March 31, 2007 (full year)	91,500	6,300	3,200	—	40.00	40.00

(Reference) Forecast net income per share (full year): ¥91.95

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.