

Financial Results in the Year ended March 2001

May 21, 2001

DAIICHIKOSHO CO., LTD.

Company code number: 7458

Shares traded: OTC

Location of headquarters: 5-5-26, Kita-Shinagawa, Shinagawa-ku, Tokyo

Please address all communications to: Tomio Suzuki, Senior Managing Director

Administration Division

Phone: (03) 3280-2151

Date of Board of Directors' meeting for approval of financial results: May 21, 2001

Adoption of system of interim dividends: Yes

Date of Regular General Meeting of Shareholders: June 27, 2001

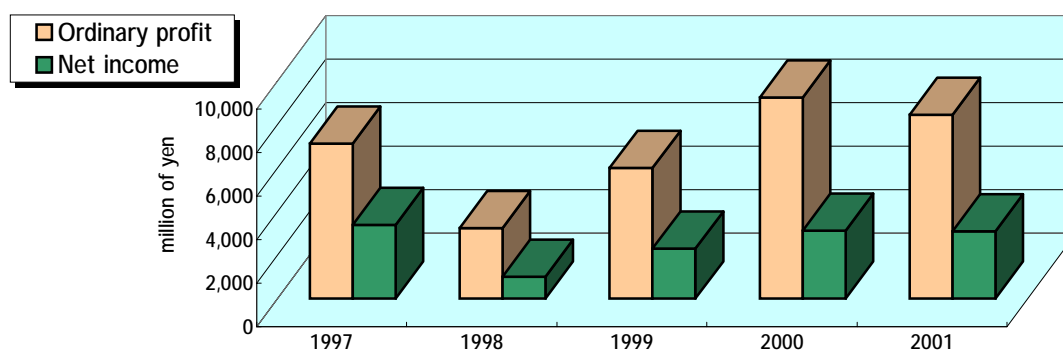
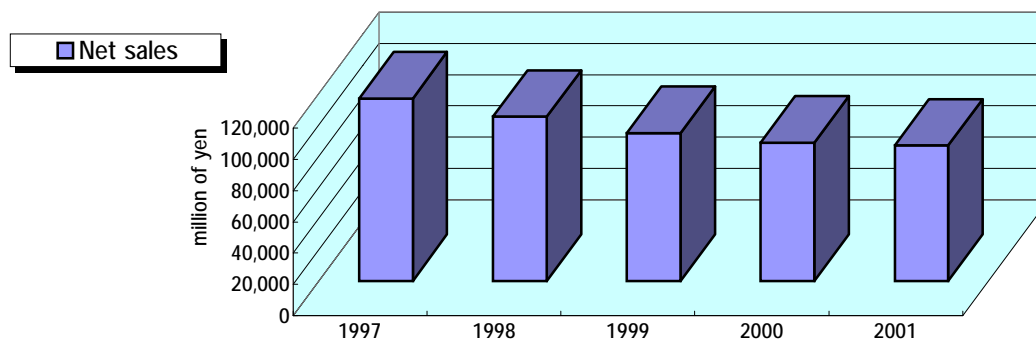
Adoption of U.S. accounting standards : No

Financial highlights

Years ended March 31; Millions of yen	1997	1998	1999	2000	2001
Consolidated					
Net sales	116,778	105,116	94,681	88,397	86,730
Ordinary profit	7,122	3,222	5,998	9,240	8,430
Net income	3,375	1,007	2,307	3,131	3,079
Shareholders' equity	62,484	62,890	64,481	71,798	48,678
Total assets	196,064	174,921	168,135	159,159	123,775
Shareholders' equity per share (Yen)	4,165.61	3,354.27	3,439.13	3,829.25	2,596.50
Net income per share (Yen)	225.04	55.20	123.09	167.01	164.28
Net income per share, fully diluted (Yen)	200.12	51.67	111.91	152.73	153.37
Net cash used in operating activities	-	-	-	14,709	14,835
Net cash used in investment activities	-	-	-	(416)	(7,350)
Net cash provided by financing activities	-	-	-	(15,358)	(13,682)
Cash and cash equivalents at end of period	-	-	28,718	27,653	21,499
Non consolidated					
Net sales	84,546	75,395	63,302	59,884	61,200
Ordinary profit	5,502	4,185	2,870	4,449	4,683
Net income	3,646	2,438	909	1,078	1,157
Shareholders' equity	61,975	63,865	64,080	67,145	42,011
Total assets	145,029	125,422	120,088	112,651	78,376
Shareholders' equity per share (Yen)	4,131.63	3,406.10	3,417.56	3,581.05	2,240.57
Net income per share (Yen)	243.10	133.66	48.53	57.50	61.71
Equity ratio (%)	42.7	50.9	53.4	59.6	53.6
Return on equity (%)	6.0	3.9	1.4	1.6	2.1
PER	17.2	13.5	29.1	51.7	32.6

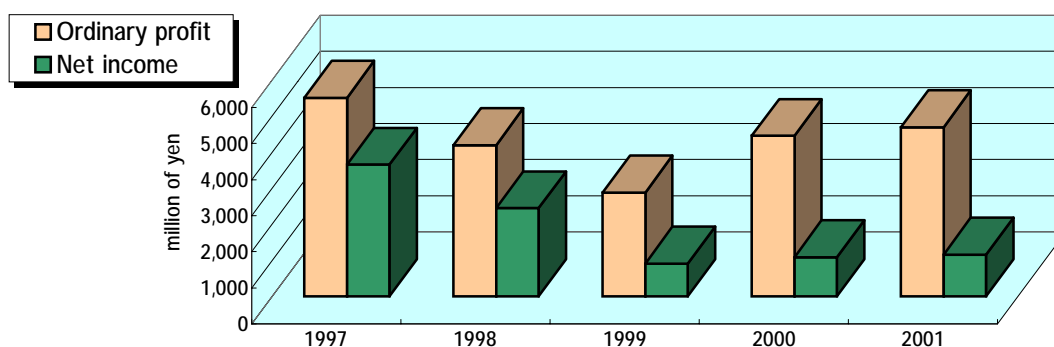
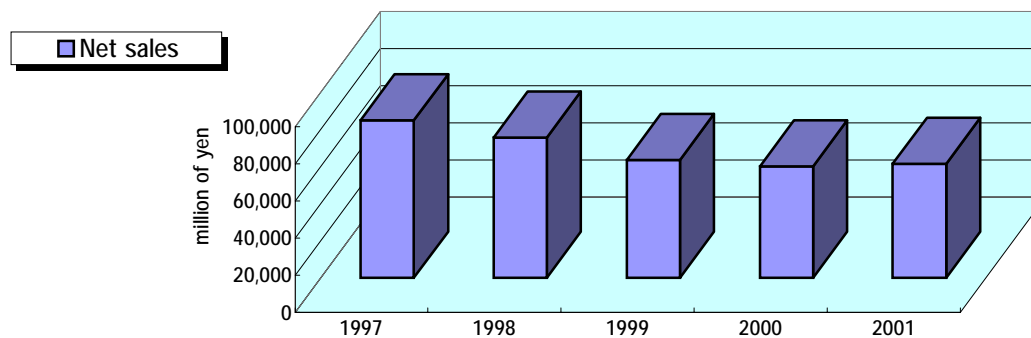
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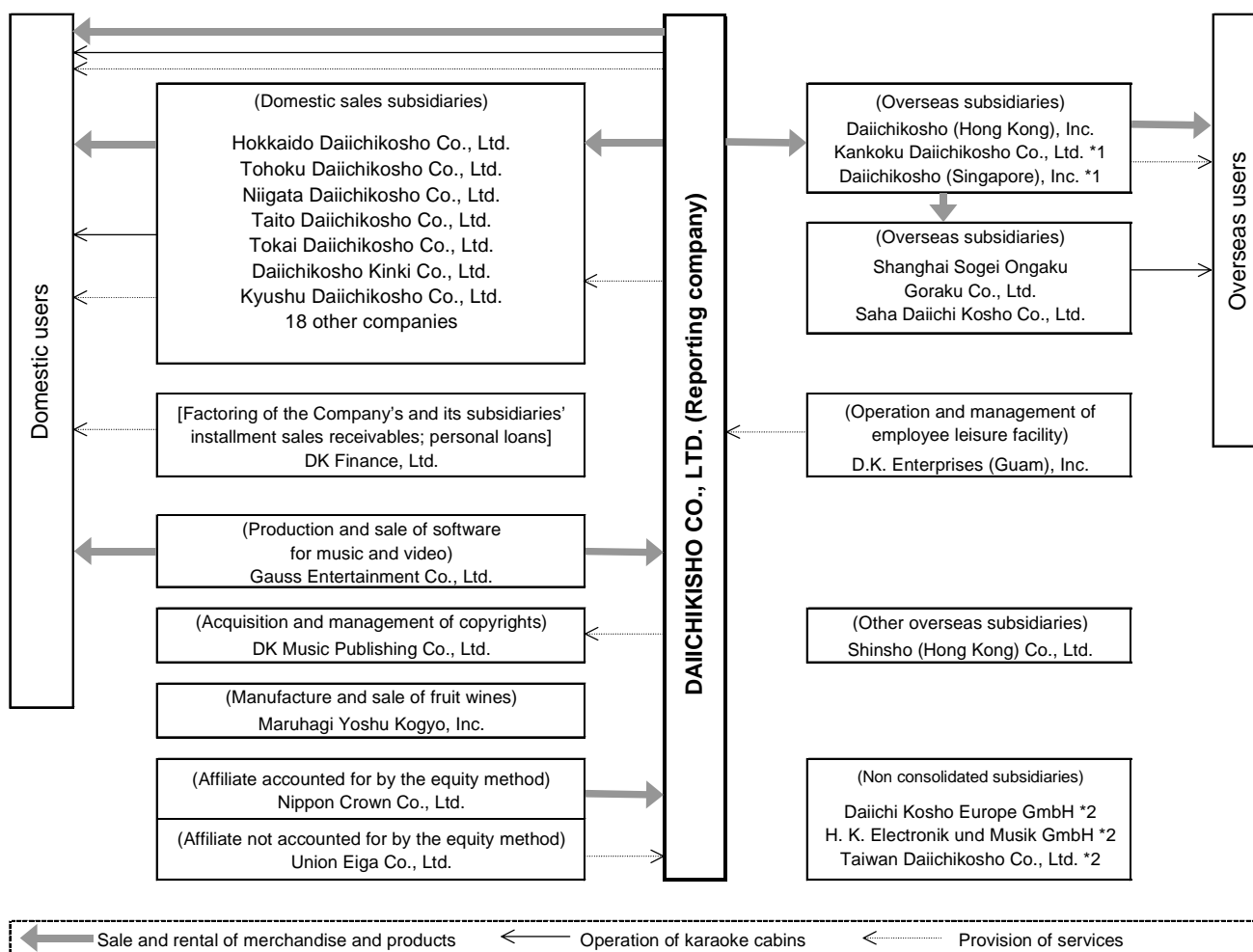
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Net income	3,646	2,438	909	1,078	1,157



Group organization

The Company's corporate group comprises the Company, 36 subsidiaries, and 2 affiliated companies. Its principal business is the selling and renting of karaoke products, the operating of karaoke cabin facilities, and the broadcasting of programs as an outside service provider over satellite channels.

The following is a graphic presentation of the group's operations.



(Notes) 1. *1 indicates companies in dormancy.
2. *2 indicates companies that are now being liquidated.

1. Management policy

(1) Basic management policy

The Daiichikosho group has adopted the corporate credo of “greater music and service to the world.” In managing its operations, its basic policy is “to promote musical culture through karaoke, and to provide places of pleasant and enjoyable communication.”

Toward this end, the group will be required to provide both karaoke equipment that suits users’ needs and an abundant and attractive range of karaoke software; karaoke cabins, where people gather to enjoy karaoke, will also have to be further developed.

Building on the “know-how” and entertainment-related content that we have accumulated to date, the goal will be to create companies capable of responding to the expectations of all of our stakeholders. We will accomplish this through the continued expansion of business centering on karaoke and through the generation of high rates of return.

(2) Basic policy on dividends

Our basic policy will be to maintain the long-term stability of our pay out while increasing dividends to match profit growth. Retained earnings will be invested systematically into product development and operating assets.

(3) Targeted performance indices

We believe that an important index of management performance is return on equity. The group will aim to achieve an ROE of above 9.5 percent in the year to March 2003 and above 12 percent in the year to March 2005.

(4) Outstanding issues facing the group

{ 1 } Expansion of telecommunications-based karaoke network

The group will invest maximal efforts into increasing sales and rental income from the Company’s “DAM” telecommunications product, with the aim of expanding the business model in which revenues of sound delivery services are derived from a communications-based karaoke network.

{ 2 } Improvement of profit margins in karaoke cabin business

By continuing to close inefficient and unprofitable karaoke cabins of less than 20 rooms per facility, and simultaneously opening large facilities of around 50 rooms per outlet, the group will seek to improve the profitability of its karaoke cabin operations.

{3} Reducing losses in the broadcasting business

The group currently uses the digital satellite broadcaster, Sky PerfecTV, as a platform for programming which is delivered over two television channels and 100 radio channels. By increasing the number of subscribers to this service hereafter, it will aim to reverse the division's operating losses and achieve profitability at the earliest possible date.

{4} Reducing total assets

By revaluing its land assets and establishing credit commitment line agreements with its major banks, the group made progress in reducing its outstanding debt and in systematically shrinking its asset base. It will also begin a systematic effort to reduce outstanding debt at its subsidiaries hereafter.

2. Financial Performance

(1) Results for the year ended March 2001

During the year to March 2001, the Japanese economy continued to falter amid worsening deflationary trends.

In the karaoke industry, replacement demand for new products weakened, spurring an increasing number of equity-based and operational alliances among industry participants.

Under these conditions the Daiichikosho group sought to increase its market share by launching a new "Cyber DAM" product in October.

In the karaoke cabin division, the group continued to close unprofitable outlets and to open new large-scale facilities.

The group also took steps to increase its subscriber base in the satellite broadcasting business, and to expand the scope of services in this division by launching a customized ring-tone operation targeting users of cellular phones.

The group took steps to strengthen itself financially by recognizing valuation losses such items as unlisted shares, entering into credit commitment lines with major banks, and revaluing land holdings.

(2) Segment-related information (percentage changes, year-on-year)

Sales and rental of merchandise and products

Sales: 53,680 million yen (-3.5%)

Operating profit: 7,882 million yen (+0.7%)

In this segment the group sells and rents karaoke equipment, and provides karaoke streaming services for telecommunications-based systems.

The group's launch of its new "Cyber DAM" product in October 2000 resulted in an increase in number of units shipped in this segment. Sales nevertheless declined, because of weaker prices for such equipment. Rental income also declined, reflecting lower rental rates, while revenues in karaoke streaming services increased sharply.

Karaoke cabin operations

Sales: 23,041 million yen (-6.1%)

Operating profit: 2,193 million yen (+52.7%)

In this segment the group rents karaoke cabin on an hourly basis and provides light food and drinks.

During the term, the group opened seven new facilities and closed 16 unprofitable outlets. Sales declined because closures outpaced new openings, but operating profit increased as a result of improved profit margins.

Satellite broadcasting operations

Sales: 4,083 million yen (-34.4%)

Operating deficit: 1,091 million yen (improvement of 41.0%)

In this segment the group uses the digital satellite broadcaster, Sky PerfecTV, as a platform for providing services over two television channels and 100 radio channels.

During the term, the commencement of BS digital broadcasting dampened growth of this segment's subscription contracts in the second half. However, sales increased because new contract growth registered during the term exceeded the number of new contracts added last term. This enabled the group to report a smaller operating loss.

Other operations

Sales: 5,924 million yen (+14.3%)

Operating profit: 1,608 million yen (+171.7%)

The group's businesses in this segment span sky sports, real estate rentals, food service, and customized ring tones for users of cellular phones.

The latter was added during the term as a new e-business venture, and contributed significantly to growth in sales and operating profit.

(3) Forecasts for the year to March 2002

Our forecasts assume that genuine economic recovery is still a while away, and that the business environment for the industry will remain treacherous.

The Company is committed to dealing with the significant issues highlighted by its medium-term management plan. Specifically, it will take vigorous steps to reform its operations into a content-based business by expanding its telecommunications-based karaoke network, and will place customer service more squarely in the center of its marketing program. It will continue to press forward aggressively in opening new karaoke cabin facilities. And, in the area of e-businesses, it will endeavor to develop new services that utilize the net environment.

Based on the foregoing, the group is forecasting the following results for the year to March 2002: sales, 88,000 million yen; ordinary profit, 8,600 million yen; and net income, 3,300 million yen.

Consolidated balance sheet

Years ended March 31; Millions of yen	2000	%	2001	%	Year-on-year change
Current assets					
Cash	31,013		24,227		(6,785)
Trade notes and accounts receivable - total	12,056		12,736		679
Marketable securities	4,156		312		(3,844)
Inventories	5,667		4,290		(1,376)
Deferred tax assets	1,645		1,582		(62)
Others	2,300		2,298		(1)
Allowance for doubtful accounts	(428)		(644)		(216)
	56,411	35.5	44,804	36.2	(11,606)
Fixed assets					
Tangible fixed assets					
Buildings and structures	14,456		12,505		(1,950)
Karaoke equipment for rental	6,225		6,554		329
Karaoke-cabin facilities	10,198		9,424		(773)
Land	43,820		16,142		(27,677)
Construction in progress	390		302		(87)
Others	1,530		1,639		108
	76,621	48.1	46,570	37.6	(30,050)
Intangible fixed assets	4,205	2.6	5,283	4.3	1,078
Investments and other assets					
Investments in securities	2,761		5,152		2,391
Long-term loans	3,951		4,007		55
Deferred tax assets	2,586		1,794		(791)
Deferred tax assets arising from revaluation	-		2,251		2,251
Leasehold deposits	11,351		12,580		1,228
Other investments and other assets	5,111		4,771		(339)
Allowance for doubtful accounts	(3,841)		(3,441)		400
	21,920	13.8	27,116	21.9	5,196
Total fixed assets	102,747	64.5	78,970	63.8	(23,776)
Total assets	159,159	100.0	123,775	100.0	(35,383)

Years ended March 31; Millions of yen	2000	%	2001	%	Year-on-year change
Current liabilities					
Trade notes and accounts payable - total	5,796		5,513		(283)
Short-term loans - total	29,699		22,490		(7,208)
Accounts payable - other	4,024		3,718		(305)
Income taxes payable	960		2,048		1,087
Reserve for bonuses	1,071		1,031		(39)
Unrealized profit on installment sales	1,038		976		(62)
Others	2,409		2,525		116
	<u>45,000</u>	28.3	<u>38,304</u>	31.0	<u>(6,695)</u>
Long-term liabilities					
Convertible bonds	20,800		16,850		(3,950)
Long-term loans	17,077		14,991		(2,085)
Reserve for employees' retirement benefits	1,089		1,552		463
Consolidation adjustments	259		288		29
Others	1,040		984		(56)
	<u>40,265</u>	25.3	<u>34,666</u>	28.0	<u>(5,599)</u>
Foreign currency conversion adjustments	53	0.0	-	-	(53)
	<u>85,319</u>	53.6	<u>72,971</u>	59.0	<u>(12,348)</u>
Minority interests in consolidated subsidiaries	2,041	1.3	2,125	1.7	84
Shareholders' equity					
Common stock	12,348	7.7	12,348	10.0	-
Additional paid-in capital	24,000	15.1	24,000	19.4	-
Unrealized gains or losses on land valuation	-	-	(25,431)	(20.6)	(25,431)
Consolidated retained earnings	35,450	22.3	37,782	30.5	2,332
Unrealized gains or losses on securities	-	-	(175)	(0.1)	(175)
Foreign currency conversion adjustments	-	-	159	0.1	159
	<u>71,799</u>	45.1	<u>48,683</u>	39.3	<u>(23,115)</u>
Treasury stock	(0)	(0.0)	(5)	(0.0)	(4)
Total shareholders' equity	<u>71,798</u>	45.1	<u>48,678</u>	39.3	<u>(23,120)</u>
Total liabilities and shareholders' equity	<u>159,159</u>	100.0	<u>123,775</u>	100.0	<u>(35,383)</u>

Consolidated statement of income

Years ended March 31; Millions of yen	2000	%	2001	%	Year-on-year change (%)
Net sales	88,397	100.0	86,730	100.0	98.1
Cost of sales	52,019	58.8	48,980	56.5	94.2
Gross profit before adjustment for unrealized profit on installment sales	36,377	41.2	37,749	43.5	103.8
Unrealized profit on installment sales - reversal	179		185		
Unrealized profit on installment sales - deferred	42		123		
	137	0.1	62	0.1	45.2
Gross profit on sales	36,514	41.3	37,811	43.6	103.6
Selling, general and administrative expenses	30,787	34.8	29,356	33.9	95.4
Operating income	5,727	6.5	8,454	9.7	147.6
Non operating income					
Interest and dividend income	1,152		1,040		
Profit on retirement of convertible bonds	862		285		
Interest in profit of investment partnerships	3,733		263		
Amortization of consolidated adjustments	67		21		
Gain on sales of marketable securities	189		-		
Others	914		1,057		
	6,919	7.8	2,668	3.1	38.6
Non operating expenses					
Interest expenses	1,117		913		
Loss on disposal of inventories	198		156		
Loss on valuation of inventories	668		611		
Provision for allowance for doubtful accounts	-		450		
Loss on valuation of marketable securities	258		-		
Others	1,163		560		
	3,406	3.8	2,692	3.1	79.0
Ordinary profit	9,240	10.5	8,430	9.7	91.2
Extraordinary gain					
Gain on sales of fixed assets	11		73		
Reversal of allowance for doubtful accounts	175		151		
Gain on sales of investment securities	-		1,253		
Gain resulting from change in retirement benefit accounting standards	-		197		
	187	0.2	1,675	1.9	895.1

Years ended March 31; Millions of yen	2000	%	2001	%	Year-on-year change (%)
Extraordinary loss					
Loss on disposal of fixed assets	2,674		970		
Provision for doubtful accounts	-		429		
Loss on sales of investment securities	-		276		
Loss on valuation of investment securities	-		1,046		
Loss on valuation of memberships in leisure facilities	-		173		
Directors' retirement allowances	777		92		
	3,452	3.9	2,989	3.4	86.6
Net income before taxes for the period	5,975	6.8	7,116	8.2	119.1
Corporate, inhabitant and enterprises taxes	1,952	2.2	2,835	3.3	145.2
Deferred taxes	744	0.9	981	1.1	131.8
Minority interest in consolidated subsidiaries	146	0.2	220	0.2	149.9
Net income for the period	3,131	3.5	3,079	3.6	98.4

Consolidated statement of retained earnings

Years ended March 31; Millions of yen	2000	2001
Consolidated retained earnings, beginning of period	28,134	35,450
Adjustment for tax effect in prior years	4,901	-
	33,035	35,450
Consolidated deductions from retained earnings		
Dividends - total	656	656
Directors' bonuses	59	91
	716	747
Net Income	3,131	3,079
Retained earnings, end of period	35,450	37,782

Consolidated statement of cash flow

Years ended March 31; Millions of yen	2000	2001
Net cash used in operating activities		
Net income before taxes and other adjustments	5,975	7,116
Depreciation	10,321	9,582
Increase (decrease) in allowance for doubtful accounts	(738)	681
Interest and dividend income	(1,152)	(1,040)
Profit on retirement of convertible bonds	(862)	(285)
Loss (gain) on sales of investment securities	-	(975)
Interest in profit of investment partnerships	(3,733)	(263)
Interest expenses	1,117	913
Loss (gain) on disposal of fixed assets	2,830	1,037
Loss on valuation of investment securities	-	1,220
Decrease (increase) in trade receivables	2,150	(679)
Increase (decrease) in trade payables	272	(15)
Others	343	(832)
	<u>16,522</u>	<u>16,459</u>
Interest and dividend income	1,131	1,032
Interest payments	(1,102)	(909)
Income tax and others	(1,842)	(1,747)
	<u>14,709</u>	<u>14,835</u>
Net cash used in investment activities		
Increase in time deposits	(2,864)	(2,149)
Proceeds from decrease in time deposits	4,606	2,931
Payments for purchase of marketable securities	(533)	(100)
Proceeds from sales of marketable securities	1,321	-
Payments for acquisition of tangible fixed assets	(6,160)	(8,513)
Proceeds from sales of tangible fixed assets	388	2,213
Payments for acquisition of intangible fixed assets	-	(1,299)
Payments for purchase of investment securities	(718)	(2,878)
Proceeds from sales of investment securities	-	3,719
Payments for loans	(610)	(1,432)
Proceeds from collection of loans	1,339	1,190
Payments of leasehold deposits	(287)	(1,877)
Proceeds from repayments of leasehold deposits	1,018	357
Dividend from business and investment partnerships	2,168	488
Others	(85)	1
	<u>(416)</u>	<u>(7,350)</u>

Years ended March 31; Millions of yen	2000	2001
Net cash provided by financing activities		
Net decrease in short-term borrowings	(2,425)	(6,659)
Proceeds from long-term debt	9,200	11,011
Payments for long-term debt	(16,116)	(13,696)
Payments for retirement of convertible bonds	(5,357)	(3,664)
Dividends	(655)	(657)
Others	(2)	(15)
	(15,358)	(13,682)
Effect of exchange rate changes on cash and cash equivalents	-	43
Cash and cash equivalents	(1,065)	(6,153)
Cash and cash equivalents at beginning of period	28,718	27,653
Cash and cash equivalents at end of period	27,653	21,499

Assumptions underlying preparation of consolidated financial statements

Item	Assumptions underlying preparation of consolidated financial statements
1. Item relating to scope of consolidation	(1) Number of consolidated subsidiaries: 36 (2) Names of major non-consolidated subsidiaries: Because of the small size of their operations, Taiwan Daiichikosho Co., Ltd. and Daiichi Kosho Europe GmbH have been excluded from consolidation on the grounds of lack of materiality
2. Item relating to application of the equity method	(1) Affiliate accounted for by the equity method: Nippon Crown Co., Ltd. (2) Affiliate not accounted for by the equity method: Because of its small impact on profits, Union Eiga Co., Ltd. has not been consolidated under the equity method on the grounds of lack of materiality
3. Items related to accounting standards	(1) Standards and methods of valuation for important assets {1} Marketable and investment securities Bonds held to maturity: cost amortization method Other securities: Quoted securities: market value method, based on market prices etc. Unquoted securities: valued at cost using the moving average method {2} Inventories Valued at cost, using the moving average method (2) Depreciable assets and methods of depreciation {1} Tangible fixed assets: declining-balance method (certain buildings, however, are depreciated on a straight-line basis) {2} Intangible fixed assets: straight-line method (3) Standards for important allowances {1} Allowance for doubtful accounts: allowance recognized on the basis of a statutory deduction ratio {2} Reserve for bonuses: estimated-payment standard {3} Reserve for employees' retirement benefits: amounts based on retirement-benefit liabilities and estimated pension assets as of the end of the fiscal year (4) Standard for converting foreign currency-denominated assets and liabilities Foreign currency-denominated assets and liabilities are converted into yen at market rates on the day of the closing of accounts, with any gains or losses from conversion recognized on the income statement. Any gains or losses resulting from the conversion at current market rates of assets, liabilities, revenues or expenses of overseas subsidiaries etc. are debited or credited to the foreign currency adjustment account of the shareholders' equity section of the balance sheet. (5) Accounting for significant lease transactions Financing leases are treated as ordinary rental transactions (6) Hedge accounting methods The Company hedges against risks of interest rate fluctuations by engaging in interest rate swap transactions (7) Others {1} Accounting for installment sales: profits on installment sales are deferred {2} Accounting for consumption taxes: tax-exclusion method
4. Amortization of consolidated adjustment account	Amortized in equal installments over a five-year period
5. Scope of funds in the consolidated statement of cash flow	Funds are defined as cash on hand, readily withdrawable deposits, and short-term investments with maturities of less than three months from date of purchase

Notes

(Consolidated balance sheet-related)

Millions of yen	2000	2001
1. Aggregate amount of depreciation on fixed assets	47,728	49,551
2. Guarantee liabilities	2,673	2,113
3. Assets provided as collateral	33,998	23,903
Secured liabilities	23,196	18,925
4. The Company (Daiichikosho Co., Ltd.) revalued its land holdings as provided for under the "Law Relating to the Revaluation of Land." Differences resulting from this revaluation were debited to (decreased) the shareholders' equity section of the balance sheet.		
(1) Date of revaluation of land: March 31, 2001		
(2) Method of revaluation: revaluations based on land tax-related appraisals, to which reasonable adjustments were made.		
(3) Book value prior to revaluation: 33,732 million yen		
(4) Book value after revaluation: 6,049 million yen		

Segment information

Segment information by type of business

Millions of yen	Sales and rentals of merchandise and products	Karaoke-cabin operations	Satellite broadcasting operations	Other operations	Total	Eliminations	Consolidated
2001							
Sales							
Outside customer sales	53,680	23,041	4,083	5,924	86,730	-	86,730
Intersegment transactions and eliminations	175	-	-	352	527	(527)	-
	53,855	23,041	4,083	6,276	87,257	(527)	86,730
Operating expenses	45,973	20,847	5,174	4,667	76,663	1,611	78,275
Operating income	7,882	2,193	(1,091)	1,608	10,593	(2,139)	8,454
Identifiable assets	67,688	23,768	2,653	10,964	105,075	18,700	123,775
Depreciation	6,025	1,925	869	548	9,368	74	9,443
Capital expenditures	7,466	1,918	629	1,277	11,292	49	11,342
2000							
Sales							
Outside customer sales	55,638	24,538	3,037	5,183	88,397	-	88,397
Intersegment transactions and eliminations	218	-	-	211	429	(429)	-
	55,857	24,538	3,037	5,394	88,827	(429)	88,397
Operating expenses	48,032	23,102	4,885	4,801	80,821	1,847	82,669
Operating income	7,825	1,436	(1,848)	592	8,005	(2,277)	5,727
Identifiable assets	76,417	23,896	2,927	29,229	132,471	26,687	159,159
Depreciation	6,088	2,288	1,026	476	9,879	67	9,946
Capital expenditures	5,431	1,167	617	725	7,941	23	7,965

Segment-related businesses

1. Sales and rentals of merchandise and products

In this segment the group sells and rents karaoke equipment and karaoke software, and provides karaoke streaming services for telecommunications-based systems.

2. Karaoke cabin operations

In this segment the group rents karaoke cabins on an hourly basis and provides light food and drinks.

3. Satellite broadcasting operations

In this segment the group uses the digital satellite broadcaster, Sky PerfecTV, as a platform to provide services over two television channels and 100 radio channels.

4. Other operations

In this segment the group's businesses include sky sports, real estate rentals, food service, and customized ring tones for users of cellular phones.

Non consolidated balance sheet

Years ended March 31; Millions of yen	2000	%	2001	%	Year-on-year change
Current assets					
Cash	18,149		13,003		(5,146)
Notes receivable - trade	1,872		1,834		(37)
Accounts receivable - trade	4,498		5,511		1,013
Marketable securities	4,123		-		(4,123)
Merchandise	3,059		1,997		(1,061)
Finished products	336		190		(146)
Work in process	1,265		1,343		78
Prepaid expenses	789		768		(21)
Deferred tax assets	873		894		21
Long-term loans to affiliated companies due within one year	1,416		732		(683)
Others	613		644		30
Allowance for doubtful accounts	(218)		(456)		(238)
	<u>36,780</u>	32.6	<u>26,465</u>	33.8	<u>(10,315)</u>
Fixed assets					
Tangible fixed assets					
Buildings	7,429		5,768		(1,660)
Structures	733		604		(128)
Tools, furniture and fixtures	905		792		(113)
Karaoke equipment for rental	2,223		2,407		184
Karaoke-cabin facilities	5,962		5,754		(208)
Land	33,479		6,049		(27,429)
Others	286		154		(131)
	<u>51,019</u>	45.3	<u>21,531</u>	27.4	<u>(29,488)</u>
Intangible fixed assets					
Leaseholds	44		44		-
Trademarks	20		15		(5)
Software	1,497		2,447		949
Audio-visual software	1,846		1,979		132
Others	204		203		(1)
	<u>3,614</u>	3.2	<u>4,689</u>	6.0	<u>1,075</u>

DAIICHIKOSHO CO., LTD.

Years ended March 31; Millions of yen	2000	%	2001	%	Year-on-year change
Investments and other assets					
Investment in securities	2,711		5,105		2,394
Capital stock of affiliated companies	3,347		3,024		(322)
Investments other than securities	843		805		(38)
Long-term loans	7,637		6,233		(1,403)
Reorganization, bankruptcy and other claims	1,708		977		(731)
Long-term prepaid expenses	131		134		3
Deferred tax assets	1,132		454		(677)
Deffered tax assets arising from revaluation	-		2,251		2,251
Prepaid penshon assets	-		849		849
Leasehold deposits	8,106		9,565		1,458
Others	1,288		944		(344)
Allowance for doubtful accounts	(5,671)		(4,656)		1,015
	<u>21,236</u>	18.9	<u>25,690</u>	32.8	<u>4,453</u>
Total fixed assets	<u>75,870</u>	67.4	<u>51,911</u>	66.2	<u>(23,959)</u>
Total assets	<u>112,651</u>	100.0	<u>78,376</u>	100.0	<u>(34,274)</u>

Years ended March 31; Millions of yen	2000	%	2001	%	Year-on-year change
Current liabilities					
Notes payable - trade	3,575		2,958		(616)
Accounts payable - trade	1,981		2,367		385
Short-term loans	5,420		1,964		(3,455)
Current portion of long-term loans	3,964		3,247		(717)
Accounts payable - other	3,335		3,163		(172)
Accrued expenses	85		79		(6)
Income taxes payable	428		1,322		894
Consumption taxes payable	290		242		(47)
Reserve for bonuses	683		671		(12)
Unrealized profit on installment sales	173		173		0
Others	288		256		(32)
	20,227	18.0	16,447	21.0	(3,780)
Long-term liabilities					
Convertible bonds	20,800		16,850		(3,950)
Long-term loans	3,490		1,788		(1,702)
Reserve for employees' retirement benefits	582		896		314
Others	405		383		(22)
	25,278	22.4	19,917	25.4	(5,360)
Total current liabilities	45,505	40.4	36,365	46.4	(9,140)
Shareholders' equity					
Common stock	12,348	11.0	12,348	15.7	-
Additional paid-in capital	24,000	21.3	24,000	30.6	-
Legal reserves	345	0.3	415	0.5	70
Unrealized gains or losses on land valuation	-	-	(25,431)	(32.4)	(25,431)
Retained earnings	26,000		29,000		3,000
Unappropriated retained earnings	4,451		1,850		(2,601)
	30,451	27.0	30,850	39.4	398
Unrealized gains or losses on securities	-	-	(172)	(0.2)	(172)
Total shareholders' equity	67,145	59.6	42,011	53.6	(25,134)
Total liabilities and shareholders' equity	112,651	100.0	78,376	100.0	(34,274)

Non consolidated statement of income

Years ended March 31; Millions of yen	2000	%	2001	%	Year-on-year change (%)
Net sales	59,884	100.0	61,200	100.0	102.2
Cost of sales	38,188	63.8	38,224	62.5	100.1
Gross profit before adjustment for unrealized profit on installment sales	21,696	36.2	22,976	37.5	105.9
Unrealized profit on installment sales - reversal	196		135		
Unrealized profit on installment sales - deferred	120		135		
	75	0.2	(0)	(0.0)	(0.5)
Gross profit on sales	21,772	36.4	22,976	37.5	105.5
Selling, general and administrative expenses	18,627	31.1	18,429	30.1	98.9
Operating income	3,144	5.3	4,546	7.4	144.6
Non operating income					
Interest and dividend income	346		512		
Profit on retirement of convertible bonds	862		285		
Interest in profit of investment partnerships	1,847		263		
Gain on sales of marketable securities	184		-		
Others	557		730		
	3,798	6.3	1,791	2.9	47.2
Non operating expenses					
Interest expenses	416		303		
Loss on disposal of inventories	133		104		
Loss on valuation of inventories	657		535		
Provision for allowance for doubtful accounts	170		431		
Loss on valuation of marketable securities	255		-		
Loss on valuation of securities of affiliated companies	413		-		
Others	446		280		
	2,493	4.2	1,654	2.7	66.4
Ordinary profit	4,449	7.4	4,683	7.6	105.2

Years ended March 31; Millions of yen	2000		2001		Year-on-year change (%)
Extraordinary gain					
Gain on sales of fixed assets	-		4		
Reversal of allowance for doubtful accounts	145		320		
Gain on sales of investment securities	-		1,250		
Gain resulting from change in retirement benefit accounting standards	-		312		
	145	0.3	1,888	3.1	1,301.4
Extraordinary loss					
Loss on sales and disposal of fixed assets	1,099		658		
Provision for doubtful accounts	310		347		
Loss on sales of investment securities	-		276		
Loss on valuation of investment securities	-		1,046		
Loss on valuation of securities of affiliated companies	-		420		
Loss on valuation of membership in leisure facilities	-		142		
Directors' retirement allowances	418		-		
Loss on disposal of affiliated companies	82		-		
	1,910	3.2	2,891	4.7	151.3
Net income before taxes and special reserves for the period	2,684	4.5	3,680	6.0	137.1
Corporate, inhabitant and enterprises taxes	935	1.6	1,742	2.8	186.3
Deferred taxes	670	1.1	781	1.3	116.5
Net income for the period	1,078	1.8	1,157	1.9	107.3
Retained earnings brought forward from previous period	696		693		
Adjustment for tax effect in prior years	2,676		-		
Unappropriated retained earnings	4,451		1,850		

Proposal for appropriation of retained earnings

Years ended March 31; Millions of yen	2000	2001
Unappropriated retained earnings	4,451	1,850
Appropriation of retained earnings	3,758	1,206
Legal reserves	70	70
Dividends - total	656	656
Directors' bonuses	32	30
Voluntary reserves - total		
Special reserves	3,000	450
Retained earnings carried forward to next period	693	644

Important accounting policies

Item	Accounting policies
1. Methods of valuation for marketable and investment securities	(1) Shares in subsidiaries and affiliated companies: valued at cost using the moving (2) Other securities: Quoted securities: market value method, based on market prices etc. Unquoted securities: valued at cost using the moving average method
2. Methods of valuation for Inventories	(1) Merchandise and finished goods: valued at cost, using the moving average (2) Work in process: valued at cost, using the specific identification method
3. Depreciable assets and methods of depreciation	(1) Tangible fixed assets: declining-balance method (certain buildings, however, are depreciated on a straight-line basis) (2) Intangible fixed assets: straight-line method
4. Standards for important allowances	(1) Allowance for doubtful accounts: allowance recognized on the basis of a statutory deduction ratio (2) Reserve for bonuses: estimated-payment standard (3) Reserve for employees' retirement benefits: amounts based on retirement-benefit liabilities and estimated pension assets as of the end of the fiscal year
5. Accounting for significant lease transactions	Financing leases are treated as ordinary rental transactions
6. Accounting for installment sales	Profits on installment sales are deferred
7. Accounting for consumption taxes	Tax-exclusion method

Notes

(Non consolidated balance sheet-related)

Millions of yen	2000	2001
1. Aggregate amount of depreciation on fixed assets	22,887	23,254
2. Guarantee liabilities	8,816	8,285
3. Assets provided as collateral	14,752	5,536
Secured liabilities	6,434	4,657
4. The Company (Daiichikoshō Co., Ltd.) revalued its land holdings as provided for under the "Law Relating to the Revaluation of Land." Differences resulting from this revaluation were debited to (decreased) the shareholders' equity section of the balance sheet		
(1) Date of revaluation of land: March 31, 2001		
(2) Revaluations based on land tax-related appraisals, to which reasonable adjustments were made		
(3) Book value prior to revaluation: 33,732 million yen		
(4) Book value after revaluation: 6,049 million yen		

Management

President	Tadahiko Hoshi	
Senior Managing Director	Tatsuyoshi Yoneda	General Manager, Sales Administration Division
Senior Managing Director	Tomio Suzuki	General Manager, Administration Division
Managing Director	Shinichi Koshimizu	Assistant General Manager, Sales Administration Division
Managing Director	Yoshihiro Saito	General Manager, Production Division
Managing Director	Shinichi Matsukawa	Assistant General Manager, Sales Administration Division
Managing Director	Hiroshi Mino	General Manager, Development Division and Intellectual Property Department
Director	Masuo Fukumoto	(Representative Director, DK Finance Co., Ltd.)
Standing Statutory Auditor	Juichi Ishikawa	
Standing Statutory Auditor	Haruhiko Tamura	
Statutory Auditor	Kumiko Takahashi	
Statutory Auditor	Masumi Arichika	
Executive Director	Shinji Arima	General Manager, Auditing Department
Executive Director	Takachika Narahara	General Manager, Corporate Sales Department
Executive Director	Yukio Hoshi	General Manager, Satellite Broadcasting Department
Executive Director	Saburo Hayashi	General Manager, Corporate Facility Sales Department
Executive Director	Tomohiro Midorikawa	General Manager, Subsidiary Sales Department
Executive Director	Yasuyuki Suzuki	General Manager, Accounting Department
Executive Director	Hirotsune Tahara	General Manager, General Affairs Department
Executive Director	Eiji Hata	General Manager, Finance Department
Executive Director	Shunichi Sadasue	General Manager, Sound Source Production Department