

FY2009, the year ended March 31, 2010

Flash Report on the Consolidated Results for the Year Ended March 31, 2010

May 14, 2010

Company Name: DAIICHIKOSHO CO., LTD.

Code Number: 7458

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

Stock Exchange Listing: JASDAQ

Representative: Tadahiko Hoshi, Chairman and CEO

Contact: Shigeki Kobayashi, General Manager, Accounting Department, Administration Headquarters

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Date of the Ordinary General Meeting of Shareholders: June 27, 2010

Start Date for Dividend Payment: June 28, 2010

Scheduled Date to Submit the Securities Report: June 28, 2010

(Amounts below one million yen are truncated.)

1. Consolidated Performance for the Year Ended March 2010 (from April 1, 2009, to March 31, 2010)

(1) Consolidated operating results (Percentage figures indicate increase/decrease from a year earlier.)

	Net sales		Operating income		Ordinary income	
	¥ Million	%	¥ Million	%	¥ Million	%
Year ended March 2010	125,300	0.2	17,439	4.7	18,408	5.4
Year ended March 2009	125,083	(1.4)	16,659	1.7	17,460	6.3

	Net income		Net income per share	Fully diluted net income per share
	¥ Million	%	¥	¥
Year ended March 2010	10,725	(1.5)	160.17	—
Year ended March 2009	10,885	85.5	158.76	—

	Return on equity	Ordinary income to total assets	Operating income to net sales
	%	%	%
Year ended March 2010	13.3	14.7	13.9
Year ended March 2009	14.5	14.0	13.3

(Reference) Equity in net income of unconsolidated subsidiaries and affiliates:

Year ended March 2010: (¥53 million)

Year ended March 2009: (¥13 million)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ Million	¥ Million	%	¥
Year ended March 2010	125,776	84,054	66.2	1,263.54
Year ended March 2009	124,295	79,331	63.3	1,165.60

(Reference) Shareholders' equity

Year ended March 2010: ¥83,226 million

Year ended March 2009: ¥78,640 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
	¥ Million	¥ Million	¥ Million	¥ Million
Year ended March 2010	31,141	(14,116)	(12,754)	33,877
Year ended March 2009	27,490	(17,110)	(8,997)	29,584

2. Dividend

	Dividend per share				
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual
		Yen		Yen	Yen
Year ended March 2009	—	0.00	—	45.00	45.00
Year ended March 2010	—	20.00	—	30.00	50.00
Year ending March 2011 (forecast)	—	25.00	—	30.00	55.00

	Aggregate amount of dividend (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	¥ Million	%	%
Year ended March 2009	3,036	28.3	4.1
Year ended March 2010	3,309	31.2	4.1
Year ending March 2011 (forecast)		37.7	

3. Forecast Consolidated Performance for FY2010, the Year Ending March 31, 2011 (from April 1, 2010, to March 31, 2011)

(Percentage figures indicate increase/decrease from a year earlier: The percentages for full-year forecasts mean the increase/decrease from the end of the previous year, and the half-year forecast percentages represent the increase/decrease from the end of the previous interim term.)

	Net sales		Operating income		Ordinary income	
	¥ Million	%	¥ Million	%	¥ Million	%
Six months ending September 30, 2010	62,400	(0.1)	8,400	(1.2)	8,900	(1.7)
Year ending March 31, 2011 (full year)	127,000	1.4	16,400	(6.0)	17,300	(6.0)

	Net income		Net income per share
	¥ Million	%	¥
Six months ending September 30, 2010	4,750	(16.4)	72.11
Year ending March 31, 2011 (full year)	9,600	(10.5)	145.75

4. Other

- (1) Change in important subsidiaries during the period under review (Change in specific subsidiaries causing a change in the scope of consolidation): No
- (2) Change in accounting principals, procedure and presentation methods for preparation of consolidated financial statements (Items set forth in “Changes in important matters in preparing the consolidated financial statements”)
- 1) Changes following a revision of accounting standards: No
- 2) Other changes: No
- (3) Number of common shares issued
- 1) Number of shares issued (including treasury stock)
- Year ended March 2010: 66,670,596 shares
- Year ended March 2009: 69,600,596 shares
- 2) Number of shares of treasury stock
- Year ended March 2010: 802,735 shares
- Year ended March 2009: 2,132,586 shares

(Reference) Outline of Nonconsolidated Financial Results

1. Nonconsolidated Performance for the Year Ended March 2010 (from April 1, 2009, to March 31, 2010)

(1) Nonconsolidated operating results

(Percentage figures indicate increase/decrease from a year earlier.)

	Net sales		Operating income		Ordinary income	
	¥ Million	%	¥ Million	%	¥ Million	%
Year ended March 2010	83,588	0.9	11,307	14.3	12,628	10.7
Year ended March 2009	82,882	(3.1)	9,892	(2.8)	11,411	2.2

	Net income		Net income per share	Fully diluted net income per share
	¥ Million	%	¥	¥
Year ended March 2010	8,592	23.6	128.32	—
Year ended March 2009	6,949	147.7	101.36	—

(2) Nonconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ Million	¥ Million	%	Yen
Year ended March 2010	82,617	58,730	71.1	891.64
Year ended March 2009	78,837	56,297	71.4	834.43

(Reference) Shareholders' equity:

Year ended March 2010: ¥58,730 million

Year ended March 2009: ¥56,297 million

* Explanation for the appropriate use of performance forecasts and other special notes:

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.

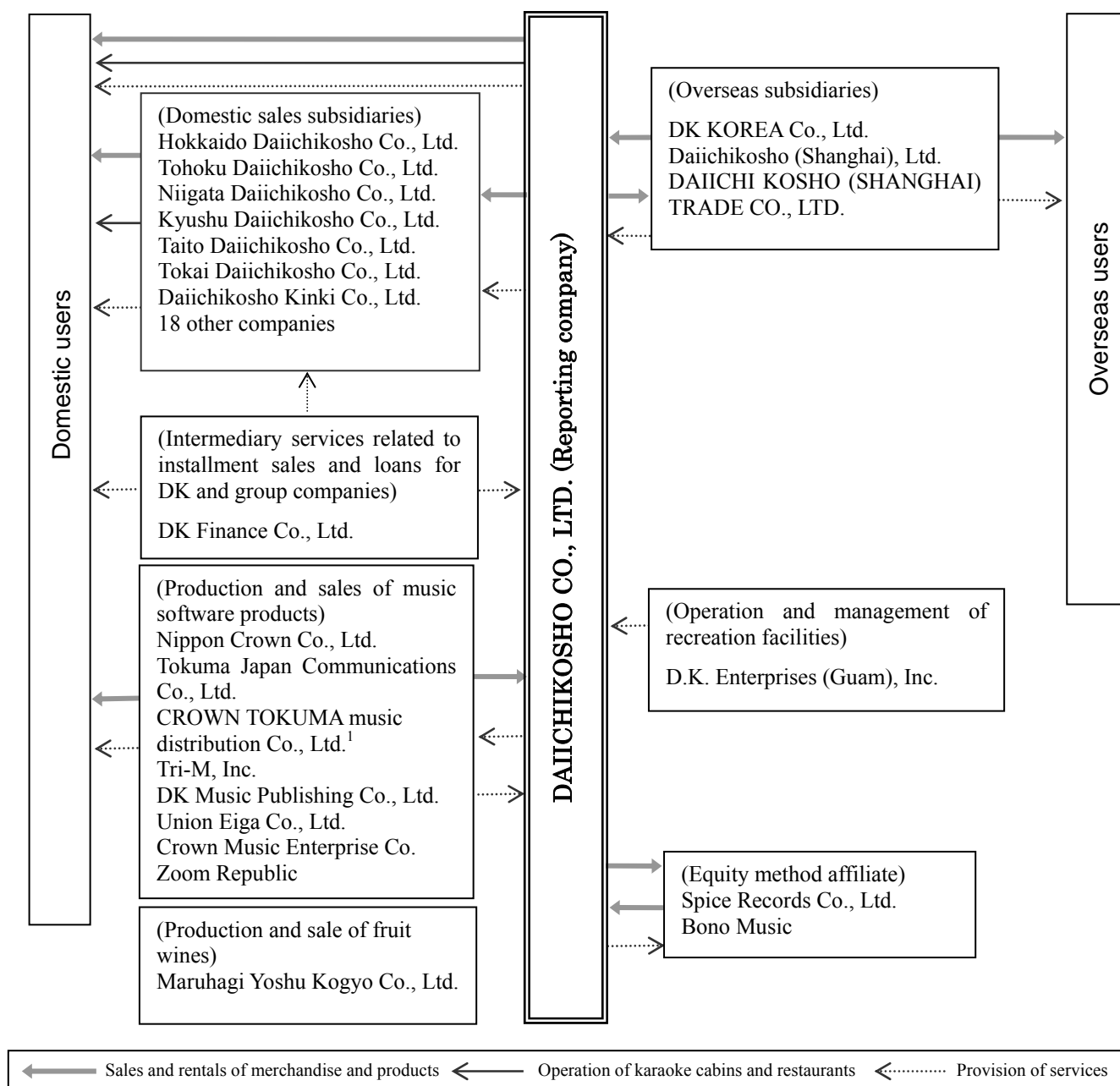
(Attachment)

Corporate Group

The Daiichikoshō Group (“DKG”) consists of Daiichikoshō Co., Ltd. (“DK” or “the Company”), 39 consolidated subsidiaries and 2 affiliates. The major group companies engage in the commercial karaoke business, the karaoke cabin and restaurant business, and the music software business.

Business segment	Business line	Domestic	Overseas
Commercial karaoke business	Sales and rental of commercial-use karaoke equipment, supply of sound source and video content for communication karaoke and supply of content services via the special “ DAM Station ” information terminal	Daiichikoshō Co., Ltd., Hokkaido Daiichikoshō Co., Ltd., Tohoku Daiichikoshō Co., Ltd., Taito Daiichikoshō Co., Ltd., Niigata Daiichikoshō Co., Ltd., Tokai Daiichikoshō Co., Ltd., Daiichikoshō Kinki Co., Ltd., Kyushu Daiichikoshō Co., Ltd., and 18 other subsidiaries	DK KOREA Co., Ltd., Daiichikoshō (Shanghai), Ltd., and 1 other subsidiary
Karaoke cabin and restaurant business	Operation of karaoke cabins and restaurants		
Music software business	Production and sales of music and video software products	Daiichikoshō Co., Ltd., Nippon Crown Co., Ltd., Tokuma Japan Communications Co., Ltd., CROWN TOKUMA music distribution Co., Ltd. ¹ , Union Eiga Co., Ltd., and 4 other subsidiaries	
Other business	Satellite broadcasting, supply of content services via mobile phone and real estate lease and rental business, etc.	Daiichikoshō Co., Ltd., DK Finance Co., Ltd., and Maruhagi Yoshu Kogyo Co., Ltd.	D.K. Enterprises (Guam), Inc.

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



- Note: 1. BIG ECHO (SHANGHAI) Co., Ltd. and BIG ECHO (SHXG) CO., LTD. have been excluded from the scope of consolidation due to sale of all shares in December 2009.
 2. Daiichi Kosho (Singapore) Pte Ltd. completed its liquidation in February 2010.
 3. First Distribution Co., Ltd. changed its trade name to CROWN TOKUMA music distribution Co., Ltd.¹ in March 2010.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	FY2008	FY2009
	(As of March 31, 2009)	(As of March 31, 2010)
Assets		
Current assets		
Cash and deposits	30,003	34,170
Notes and accounts receivable-trade	8,925	7,367
Inventories	4,778	4,371
Deferred tax assets	1,221	1,601
Other	3,841	3,875
Allowance for doubtful accounts	(446)	(461)
Total current assets	48,321	50,926
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	14,565	14,972
Accumulated depreciation	(8,492)	(8,838)
Buildings and structures, net	6,073	6,133
Karaoke equipment for rental	27,985	27,487
Accumulated depreciation	(20,448)	(20,628)
Karaoke equipment for rental, net	7,537	6,859
Karaoke cabin and restaurant facilities	30,077	30,864
Accumulated depreciation	(16,506)	(17,471)
Karaoke cabin and restaurant facilities, net	13,571	13,393
Land	18,463	18,213
Lease assets	35	39
Accumulated depreciation	(14)	(14)
Lease assets, net	21	25
Construction in progress	525	89
Other	7,981	8,096
Accumulated depreciation	(6,495)	(6,823)
Other, net	1,485	1,272
Total property, plant and equipment	47,677	45,986
Intangible assets	7,026	7,420
Investments and other assets		
Investment securities	2,738	2,849
Long-term loans receivable	620	506
Deferred tax assets	3,037	3,381
Lease and guarantee deposits	13,332	13,116
Other	2,520	2,040
Allowance for doubtful accounts	(979)	(453)
Total investments and other assets	21,269	21,441
Total noncurrent assets	75,973	74,849
Total assets	124,295	125,776

DAIICHIKOSHO CO., LTD.

(Millions of yen)

	FY2008 (As of March 31, 2009)	FY2009 (As of March 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,214	3,714
Short-term loans payable	11,018	6,792
Accounts payable-other	6,861	6,194
Income taxes payable	1,397	5,379
Provision for bonuses	1,167	1,192
Other	3,329	3,593
Total current liabilities	27,988	26,866
Noncurrent liabilities		
Long-term loans payable	10,178	7,976
Deferred tax liabilities	150	150
Provision for retirement benefits	2,891	3,068
Provision for directors' retirement benefits	2,105	2,088
Negative goodwill	335	281
Other	1,314	1,289
Total noncurrent liabilities	16,975	14,854
Total liabilities	44,964	41,721
Net assets		
Shareholders' equity		
Capital stock	12,350	12,350
Capital surplus	20,362	17,285
Retained earnings	49,207	55,563
Treasury stock	(2,094)	(973)
Total shareholders' equity	79,825	84,226
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(317)	(153)
Revaluation reserve for land	(777)	(777)
Foreign currency translation adjustment	(90)	(68)
Total valuation and translation adjustments	(1,184)	(1,000)
Minority interests	690	828
Total net assets	79,331	84,054
Total liabilities and net assets	124,295	125,776

(2) Consolidated Statements of Income

	(Millions of yen)	
	FY2008 (From April 1, 2008, to March 31, 2009)	FY2009 (From April 1, 2009, to March 31, 2010)
Net sales	125,083	125,300
Cost of sales	72,072	72,324
Gross profit	53,010	52,976
Selling, general and administrative expenses		
Advertising expenses	3,478	3,195
Promotion expenses	1,841	1,570
Packing and freight expenses	1,142	1,083
Provision of allowance for doubtful accounts	53	—
Directors' compensations	1,614	1,638
Provision for directors' retirement benefits	346	388
Salaries and bonuses	14,337	14,311
Provision for bonuses	917	946
Retirement benefit expenses	553	645
Rent expenses	1,607	1,627
Depreciation	793	702
Other	9,665	9,427
Total selling, general and administrative expenses	36,350	35,537
Operating income	16,659	17,439
Non-operating income		
Interest income	241	179
Cooperative monetary aid received	373	481
Amortization of negative goodwill	55	54
Other	939	888
Total non-operating income	1,609	1,603
Non-operating expenses		
Interest expenses	328	252
Provision of allowance for doubtful accounts	10	—
Equity in losses of affiliates	13	53
Foreign exchange losses	248	126
Other	207	201
Total non-operating expenses	808	633
Ordinary income	17,460	18,408

DAIICHIKOSHO CO., LTD.

	FY2008 (From April 1, 2008, to March 31, 2009)	FY2009 (From April 1, 2009, to March 31, 2010)
(Millions of yen)		
Extraordinary income		
Gain on sales of noncurrent assets	16	11
Reversal of allowance for doubtful accounts	—	218
Indemnity of cancellation of leases	119	248
Reversal of loss on cancellation of a new business	116	—
Other	16	11
Total extraordinary income	269	490
Extraordinary loss		
Loss on disposal of noncurrent assets	484	691
Impairment loss	367	857
Loss on sales of stocks of subsidiaries and affiliates	—	57
Loss on valuation of investment securities	1,376	64
Other	53	12
Total extraordinary losses	2,281	1,683
Income before income taxes and minority interests	15,449	17,215
Income taxes-current	3,807	7,133
Income taxes-deferred	597	(784)
Total income taxes	4,405	6,348
Minority interests in income	158	140
Net income	10,885	10,725

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	FY2008 (From April 1, 2008, to March 31, 2009)	FY2009 (From April 1, 2009, to March 31, 2010)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	12,350	12,350
Balance at the end of current period	12,350	12,350
Capital surplus		
Balance at the end of previous period	20,362	20,362
Changes of items during the period		
Retirement of treasury stock	—	(3,076)
Total changes of items during the period	—	(3,076)
Balance at the end of current period	20,362	17,285
Retained earnings		
Balance at the end of previous period	40,149	49,207
Effect of changes in accounting policies applied to foreign subsidiaries	(9)	—
Changes of items during the period		
Dividends from surplus	(1,733)	(4,369)
Net income	10,885	10,725
Change of scope of equity method	(15)	—
Reversal of revaluation reserve for land	(67)	—
Total changes of items during the period	9,068	6,355
Balance at the end of current period	49,207	55,563
Treasury stock		
Balance at the end of previous period	(266)	(2,094)
Changes of items during the period		
Purchase of treasury stock	(1,828)	(1,955)
Retirement of treasury stock	—	3,076
Total changes of items during the period	(1,828)	1,121
Balance at the end of current period	(2,094)	(973)
Total shareholders' equity		
Balance at the end of previous period	72,595	79,825
Effect of changes in accounting policies applied to foreign subsidiaries	(9)	—
Changes of items during the period		
Dividends from surplus	(1,733)	(4,369)
Net income	10,885	10,725
Purchase of treasury stock	(1,828)	(1,955)
Retirement of treasury stock	—	—
Change of scope of equity method	(15)	—
Reversal of revaluation reserve for land	(67)	—
Total changes of items during the period	7,239	4,400
Balance at the end of current period	79,825	84,226

DAIICHIKOSHO CO., LTD.

(Millions of yen)

	FY2008 (From April 1, 2008, to March 31, 2009)	FY2009 (From April 1, 2009, to March 31, 2010)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	47	(317)
Changes of items during the period		
Net changes of items other than shareholders' equity	(364)	163
Total changes of items during the period	(364)	163
Balance at the end of current period	(317)	(153)
Revaluation reserve for land		
Balance at the end of previous period	(845)	(777)
Changes of items during the period		
Net changes of items other than shareholders' equity	67	—
Total changes of items during the period	67	—
Balance at the end of current period	(777)	(777)
Foreign currency translation adjustment		
Balance at the end of previous period	64	(90)
Changes of items during the period		
Net changes of items other than shareholders' equity	(155)	21
Total changes of items during the period	(155)	21
Balance at the end of current period	(90)	(68)
Total valuation and translation adjustments		
Balance at the end of previous period	(733)	(1,184)
Changes of items during the period		
Net changes of items other than shareholders' equity	(451)	184
Total changes of items during the period	(451)	184
Balance at the end of current period	(1,184)	(1,000)
Minority interests		
Balance at the end of previous period	537	690
Changes of items during the period		
Net changes of items other than shareholders' equity	153	137
Total changes of items during the period	153	137
Balance at the end of current period	690	828
Total net assets		
Balance at the end of previous period	72,399	79,331
Effect of changes in accounting policies applied to foreign subsidiaries	(9)	—
Changes of items during the period		
Dividends from surplus	(1,733)	(4,369)
Net income	10,885	10,725
Purchase of treasury stock	(1,828)	(1,955)
Change of scope of equity method	(15)	—
Reversal of revaluation reserve for land	(67)	—
Net changes of items other than shareholders' equity	(298)	322
Total changes of items during the period	6,941	4,723
Balance at the end of current period	79,331	84,054

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2008 (From April 1, 2008, to March 31, 2009)	FY2009 (From April 1, 2009, to March 31, 2010)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	15,449	17,215
Depreciation and amortization	14,012	13,781
Impairment loss	367	857
Amortization of negative goodwill	(55)	(54)
Increase (decrease) in allowance for doubtful accounts	(306)	(511)
Increase (decrease) in provision for directors' retirement benefits	256	(17)
Interest and dividends income	(327)	(263)
Loss (gain) on sales of stocks of subsidiaries and affiliates	—	57
Gain or loss on investments in investment business associations	(4)	(5)
Interest expenses	328	252
Loss (gain) on disposal of noncurrent assets	467	680
Loss (gain) on valuation of investment securities	1,376	64
Decrease (increase) in notes and accounts receivable-trade	14	1,576
Decrease (increase) in inventories	(209)	449
Transfer of cost of sales on karaoke equipment for rental	493	439
Increase (decrease) in notes and accounts payable-trade	(324)	(504)
Other, net	2,019	159
Subtotal	33,557	34,178
Interest and dividends income received	325	262
Interest expenses paid	(321)	(247)
Income taxes paid	(6,071)	(3,052)
Net cash provided by (used in) operating activities	27,490	31,141
Net cash provided by (used in) investing activities		
Increase in time and saving deposits	(303)	(132)
Proceeds from decrease in time and saving deposits	373	257
Purchase of property, plant and equipment	(11,272)	(9,164)
Proceeds from sales of property, plant and equipment	175	59
Purchase of intangible assets	(4,360)	(3,914)
Payments for acquisition of video licenses	(1,170)	(1,163)
Purchase of investment securities	(31)	—
Proceeds from sales of investment securities	136	0
Payments of loans receivable	(710)	(292)
Collection of loans receivable	631	417
Payments for lease and guarantee deposits	(1,302)	(655)
Proceeds from collection of lease and guarantee deposits	589	443
Other, net	133	27
Net cash provided by (used in) investing activities	(17,110)	(14,116)

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(Millions of yen)

	FY2008 (From April 1, 2008, to March 31, 2009)	FY2009 (From April 1, 2009, to March 31, 2010)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(974)	(205)
Proceeds from long-term loans payable	6,250	3,730
Repayment of long-term loans payable	(10,700)	(9,952)
Cash dividends paid	(1,733)	(4,359)
Purchase of treasury stock	(1,828)	(1,955)
Other, net	(10)	(11)
Net cash provided by (used in) financing activities	(8,997)	(12,754)
Effect of exchange rate change on cash and cash equivalents	(98)	22
Net increase (decrease) in cash and cash equivalents	1,283	4,293
Cash and cash equivalents at beginning of period	28,300	29,584
Cash and cash equivalents at end of period	29,584	33,877

Items	FY2008 (From April 1, 2008, to March 31, 2009)	FY2009 (From April 1, 2009, to March 31, 2010)
Summary of Significant Accounting Policies	<p>(1) Valuation basis and method for important assets</p> <p>1) Marketable securities and investments in securities Other securities primarily designated as available-for-sale securities for which the fair values are readily determinable: Carried at fair value as of the balance-sheet date with changes in net unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. The cost of securities sold is determined by the moving-average method.</p> <p>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.</p> <p>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 Financial Instruments and Exchange Act), 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.</p> <p>2) Derivatives Carried at fair value.</p> <p>3) Inventories Principally stated at cost determined by the moving-average method. (balance sheet values are calculated by the method to reduce the book value to reflect declined profitability.)</p> <p>(Change in accounting method) Effective the current consolidated fiscal year, the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006) has been applied. Although this change decreased operating income by ¥635 million as compared with the amounts calculated using the former method, there is no effect on ordinary income or income before income taxes and minority interests. The impact on segment information is stated at the relevant points in the Segment Information.</p>	<p>(1) Valuation basis and method for important assets</p> <p>1) Marketable securities and investments in securities Other securities primarily designated as available-for-sale securities for which the fair values are readily determinable: Same as on the left</p> <p>Other securities primarily designated as available-for-sale securities for which the fair values are not readily determinable: Same as on the left</p> <p>2) Derivatives Same as on the left</p> <p>3) Inventories Principally stated at cost determined by the moving-average method. (balance sheet values are calculated by the method to reduce the book value to reflect declined profitability.)</p>

Items	FY2008 (From April 1, 2008, to March 31, 2009)	FY2009 (From April 1, 2009, to March 31, 2010)
	<p>(2) Depreciation method of major depreciable assets</p> <p>1) Property, plant and equipment (excluding lease assets) At DK and its domestic consolidated subsidiaries, depreciation is principally computed by the declining-balance method at rates based on the estimated useful lives of the assets as shown below, while the straight-line method is adopted by the overseas consolidated subsidiaries. However, the straight-line method is adopted for buildings (excluding building improvements) acquired by DK and its domestic consolidated subsidiaries on and after April 1, 1998. Buildings and structures: 3–50 years Karaoke equipment for rental: 5–6 years Karaoke cabin and restaurant facilities: 3–19 years</p> <p>(Additional Information) DK reviewed the depreciation period for machinery and equipment following the tax system revision in 2008 and changed the depreciation method for machinery and equipment to the method of shortening the depreciation period for certain assets. The effect of this change on the consolidated financial statements is immaterial.</p> <p>2) Intangible assets At DK and its subsidiaries, amortization of intangible assets is computed by the straight-line method.</p> <p>3) Lease assets Lease assets are depreciated by the straight-line method with the useful being the lease period with a remaining value being zero. Finance lease transactions that do not transfer ownership of leased property whose lease inception predate March 31, 2008 are accounted for as rental transactions.</p> <p>(3) Accounting standard for important reserves</p> <p>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.</p> <p>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.</p>	<p>(2) Depreciation method of major depreciable assets</p> <p>1) Property, plant and equipment (excluding lease assets) At DK and its domestic consolidated subsidiaries, depreciation is principally computed by the declining-balance method at rates based on the estimated useful lives of the assets as shown below, while the straight-line method is adopted by the overseas consolidated subsidiaries. However, the straight-line method is adopted for buildings (excluding building improvements) acquired by DK and its domestic consolidated subsidiaries on and after April 1, 1998. Buildings and structures: 3–50 years Karaoke equipment for rental: 5–6 years Karaoke cabin and restaurant facilities: 3–19 years</p> <p>2) Intangible assets (excluding lease assets) Same as on the left</p> <p>3) Lease assets Same as on the left</p> <p>(3) Accounting standard for important reserves</p> <p>1) Allowance for doubtful accounts Same as on the left</p> <p>2) Reserve for bonuses Same as on the left</p>

Items	FY2008 (From April 1, 2008, to March 31, 2009)	FY2009 (From April 1, 2009, to March 31, 2010)
	<p>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 the end of the current consolidated fiscal year. 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.</p> <p>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.</p> <p>(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 of the overseas subsidiaries are translated into yen at the spot exchange rate in effect at their respective balance-sheet dates, and the revenue and expense accounts are translated into yen at the average rate during the fiscal year. The resulting translation differences have been included in "Foreign currency translation adjustments" in Net Assets.</p>	<p>3) Reserve for employees' retirement benefits Same as on the left</p> <p>(Change in accounting method) Effective the current consolidated fiscal year, the "Partial Amendments to Accounting Standard for Retirement Benefits (Part3) (ASBJ Statement No. 19, July 31, 2008)" has been applied. This change has had no impact on operating income, ordinary income, nor income before income taxes and minority interests.</p> <p>4) Reserve for directors' retirement allowances Same as on the left</p> <p>(4) Translation of important assets and liabilities denominated in foreign currencies into yen Same as on the left</p>

Item	FY2008 (From April 1, 2008, to March 31, 2009)	FY2009 (From April 1, 2009, to March 31, 2010)
	<p>(5) Hedge accounting DK 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. Evaluation of the effectiveness of these interest rate swaps is omitted as they conform to the preferential treatment requirements.</p> <p>(6) Other important matters in preparing the consolidated financial statements Accounting for consumption taxes Consumption taxes are accounted for using the tax exclusion method.</p>	<p>(5) Hedge accounting Same as on the left</p> <p>(6) Other important matters in preparing the consolidated financial statements Same as on the left</p>
Valuation for assets and liabilities of consolidated subsidiaries	Assets and liabilities of consolidated subsidiaries are carried at fair value.	Same as on the left
Amortization of goodwill and negative goodwill	Negative goodwill is equally amortized over 5 or 15 years on a straight-line basis.	Same as on the left
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.	Same as on the left

Segment Information

Business segments

FY2008 (From April 1, 2008, to March 31, 2009)

(Millions of yen)

Item	Commercial karaoke	Karaoke cabin and restaurant	Music software	Other	Total	Eliminations and corporate	Consolidated
Sales and operating income							
Sales							
Sales to third parties	61,031	40,574	12,811	10,665	125,083	—	125,083
Intersegment sales and transfers	275	—	234	834	1,344	(1,344)	—
Total	61,307	40,574	13,045	11,500	126,427	(1,344)	125,083
Operating expenses	50,725	35,024	11,129	9,908	106,788	1,634	108,423
Operating income (loss)	10,581	5,549	1,916	1,591	19,639	(2,979)	16,659
Assets, depreciation and amortization, impairment loss and capital expenditure							
Assets	55,221	36,287	8,854	6,064	106,427	17,868	124,295
Depreciation and amortization	8,124	2,983	39	1,422	12,570	35	12,606
Impairment loss	—	349	—	17	367	—	367
Capital expenditure	9,465	4,674	62	1,089	15,291	156	15,448

FY2009 (From April 1, 2009, to March 31, 2010)

(Millions of yen)

Item	Commercial karaoke	Karaoke cabin and restaurant	Music software	Other	Total	Eliminations and corporate	Consolidated
Sales and operating income							
Sales							
Sales to third parties	61,513	40,897	12,501	10,388	125,300	—	125,300
Intersegment sales and transfers	306	—	212	857	1,376	(1,376)	—
Total	61,819	40,897	12,713	11,246	126,677	(1,376)	125,300
Operating expenses	50,419	34,695	11,339	9,747	106,201	1,659	107,861
Operating income	11,399	6,202	1,374	1,498	20,475	(3,035)	17,439
Assets, depreciation and amortization, impairment loss and capital expenditure							
Assets	54,419	35,920	7,427	6,316	104,085	21,690	125,776
Depreciation and amortization	8,274	2,857	39	1,285	12,456	34	12,491
Impairment loss	200	532	—	124	857	—	857
Capital expenditure	8,495	3,630	14	1,052	13,193	25	13,218

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, supply of sound source and video content for communication karaoke, and supply of content services via the special "DAM Station" information terminal
Karaoke cabin and restaurant business	Operation of karaoke cabins and restaurants
Music software business	Production and sales of music and video software products
Other business	Satellite broadcasting business, supply of content services via mobile phones and real estate lease and rental business, etc.

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

(Millions of yen)

	FY2008	FY2009	Major items
Amounts of unabsorbed operating expenses included in “Eliminations and corporate”	¥2,979	¥3,035	Expenses required for operations by administrative departments such as the General Affairs Dept.
Amounts of assets of the overall Company included in “Eliminations and corporate”	¥18,288	¥22,125	Surplus funds of the Company (cash and bank deposits), long-term investment funds (investments in securities) and management-related assets

Significant Subsequent Events**Abolition of the qualified retirement pension plan**

The Company has maintained the qualified retirement pension plan and the lump-sum retirement benefit plan. However, at the meeting of Board of Directors held on April 26, 2010, the Company resolved to abolish the qualified retirement pension plan as of July 1, 2010, and to revise the rules for its retirement benefit plan. In executing this change, the Company plans to apply the “Accounting for Transfer between Retirement Benefit Plans” (ASBJ Guidance No.1).

The effects of this change on the Company’s consolidated financial statements for the next fiscal year are being calculated.