

FY2010, the year ended March 31, 2011

Flash Report on the Consolidated Results for the Year Ended March 31, 2011
[JGAAP]

May 13, 2011

Company Name: DAIICHIKOSHO CO., LTD.
 Stock Exchange Listing: Osaka (JASDAQ)
 Code Number: 7458
 URL: <http://www.dkkaraoke.co.jp>
 Representative: Tadahiko Hoshi, Chairman and CEO
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 General Manager, Accounting Department, Administration Headquarters
 Phone: +81-3-3280-2151
 Date of the Ordinary General Meeting of Shareholders: June 24, 2011
 Start Date for Dividend Payment: June 27, 2011
 Scheduled Date to Submit the Securities Report: June 27, 2011
 Availability of Supplementary Briefing Material on Financial Results: Available
 Schedule of Financial Results Briefing Session: None

(Amounts below one million yen are truncated.)

1. Consolidated Performance for the Year Ended March 31, 2011 (From April 1, 2010, to March 31, 2011)

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2011	127,885	2.1	16,510	(5.3)	17,457	(5.2)
Year ended March 31, 2010	125,300	0.2	17,439	4.7	18,408	5.4

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Year ended March 31, 2011	9,590	(10.6)	147.26	—
Year ended March 31, 2010	10,725	(1.5)	160.17	—

Note: Comprehensive income:

Year ended March 31, 2011: 9,908 million yen (10.3%)

Year ended March 31, 2010: 11,051 million yen —%

	Return on equity	Ordinary income to total assets	Operating income to net sales
	%	%	%
Year ended March 31, 2011	11.3	13.3	12.9
Year ended March 31, 2010	13.3	14.7	13.9

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

Year ended March 31, 2011: (35) million yen

Year ended March 31, 2010: (53) million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2011	137,447	88,034	63.4	1,356.06
Year ended March 31, 2010	125,776	84,054	66.2	1,263.54

(Reference) Shareholders' equity:

Year ended March 31, 2011: 87,083 million yen

Year ended March 31, 2010: 83,226 million yen

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2011	19,343	(28,213)	1,626	26,573
Year ended March 31, 2010	31,141	(14,116)	(12,754)	33,877

2. Dividend

	Annual dividend				
	First Quarter	Second Quarter	Third Quarter	Year-end	Total
		Yen		Yen	Yen
Year ended March 31, 2010	—	20.00	—	30.00	50.00
Year ended March 31, 2011	—	25.00	—	30.00	55.00
Year ending March 31, 2012 (forecast)	—	—	—	—	—

	Aggregate amount of dividend (total)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	Millions of yen	%	%
Year ended March 31, 2010	3,309	31.2	4.1
Year ended March 31, 2011	3,551	37.3	4.2
Year ending March 31, 2012 (forecast)		—	

Note: Dividends forecast for FY2011, the year ending March 31, 2012 has not yet been determined.

3. Forecast Consolidated Performance for FY2011, the Year Ending March 31, 2012 (From April 1, 2011, to March 31, 2012)

Due to the influence of the Great East Japan Earthquake that occurred on March 11, 2011, the forecast of performance for the year ending March 31, 2012 has not yet been determined and not stated in the financial results as it is difficult to disclose the forecast at the time of the announcement of the financial results.

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 principles, procedure and presentation methods

1) Changes following a revision of accounting standards: Yes

2) Other changes: No

(3) Number of common shares issued

1) Number of shares issued (including treasury stock)

2) Number of shares of treasury stock

3) Average number of shares during the period

Year ended March 31, 2011	64,220,596 shares	Year ended March 31, 2010	66,670,596 shares
Year ended March 31, 2011	2,813 shares	Year ended March 31, 2010	802,735 shares
Year ended March 31, 2011	65,123,736 shares	Year ended March 31, 2010	66,962,701 shares

(Reference) Outline of Nonconsolidated Financial Results

Nonconsolidated Performance for the Year Ended March 31, 2011 (From April 1, 2010, to March 31, 2011)

(1) Nonconsolidated operating results

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2011	86,883	3.9	10,479	(7.3)	11,851	(6.1)
Year ended March 31, 2010	83,588	0.9	11,307	14.3	12,628	10.7

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Year ended March 31, 2011	6,627	(22.9)	101.77	—
Year ended March 31, 2010	8,592	23.6	128.32	—

(2) Nonconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2011	93,675	59,715	63.8	929.89
Year ended March 31, 2010	82,617	58,730	71.1	891.64

(Reference) Shareholders' equity:

Year ended March 31, 2011: 59,715 million yen

Year ended March 31, 2010: 58,730 million yen

* Presentation regarding the implementation status of the audit procedure:

This flash report on the consolidated results is not covered by the audit procedure stipulated in the Financial Instruments and Exchange Act. At the time of the publication of this report, the audit procedure for consolidated financial statements is being implemented.

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

The statements regarding forecast of financial results in this report are based on the information that is available, as well as estimates, assumptions and projections that are believed to be reasonable at the time of publication. Therefore, there might be cases in which actual results greatly differ from forecast values.

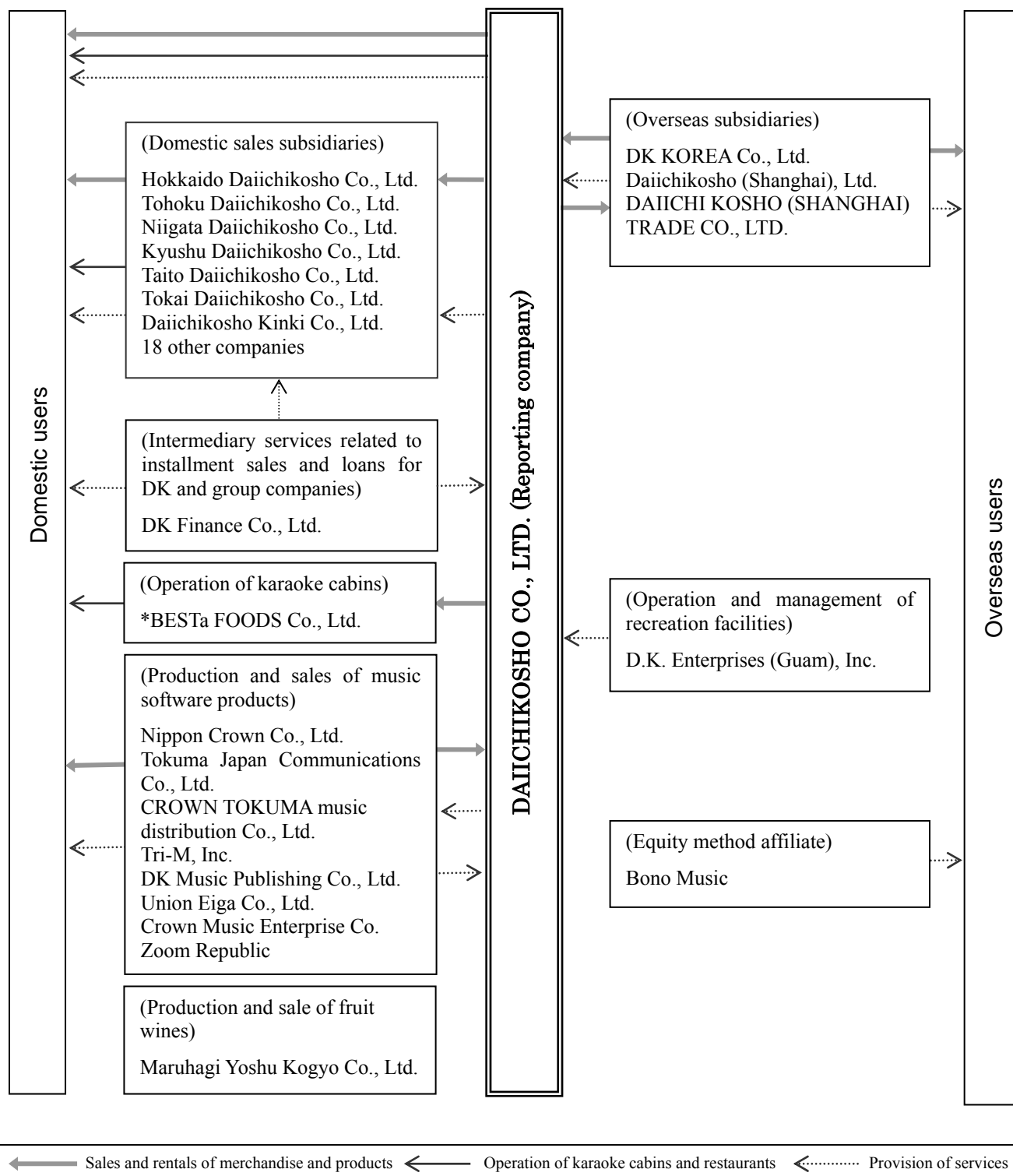
(Attachment)

Corporate Group

The Daiichikoshō Group (“DKG”) consists of Daiichikoshō Co., Ltd. (“DK” or “the company”), 40 consolidated subsidiaries and 1 affiliate. The major group companies engage in sales and rental of commercial-use karaoke equipment, supply of sound source and video content for communication karaoke, operation of karaoke cabins and restaurants, and production and sales of music and video software products.

Business segment	Business line	Domestic	Overseas
Commercial karaoke	Sales and rental of commercial-use karaoke equipment and supply of sound source and video content for communication karaoke	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 19 other subsidiaries	DK KOREA Co., Ltd., Daiichikoshō (Shanghai), Ltd., and 1 other subsidiary
Karaoke cabin and restaurant	Operation of karaoke cabins and restaurants		
Music software	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., Union Eiga Co., Ltd., and 4 other subsidiaries	
Other	Satellite broadcasting, supply of content services via mobile phone and real estate lease and rental, 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*: Daiichikoshi Co., Ltd. acquired all shares of BESTa FOODS Co., Ltd. in June 2010. Therefore, BESTa FOODS Co., Ltd. is included in the scope of consolidation.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	FY2009 (As of March 31, 2010)	FY2010 (As of March 31, 2011)
Assets		
Current assets		
Cash and deposits	34,170	26,955
Notes and accounts receivable-trade	7,367	10,597
Inventories	4,371	7,354
Deferred tax assets	1,601	1,746
Other	3,875	4,190
Allowance for doubtful accounts	(461)	(397)
Total current assets	50,926	50,446
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	14,972	14,622
Accumulated depreciation	(8,838)	(8,865)
Buildings and structures, net	6,133	5,757
Karaoke equipment for rental	27,487	29,389
Accumulated depreciation	(20,628)	(23,089)
Karaoke equipment for rental, net	6,859	6,300
Karaoke cabin and restaurant facilities	30,864	33,438
Accumulated depreciation	(17,471)	(18,703)
Karaoke cabin and restaurant facilities, net	13,393	14,735
Land	18,213	19,143
Lease assets	39	138
Accumulated depreciation	(14)	(71)
Lease assets, net	25	66
Construction in progress	89	42
Other	8,096	8,024
Accumulated depreciation	(6,823)	(6,985)
Other, net	1,272	1,039
Total property, plant and equipment	45,986	47,085
Intangible assets		
Goodwill	—	641
Other	7,420	7,421
Total intangible assets	7,420	8,063
Investments and other assets		
Investment securities	2,849	12,919
Long-term loans receivable	506	994
Deferred tax assets	3,381	3,852
Lease and guarantee deposits	13,116	13,198
Other	2,040	1,171
Allowance for doubtful accounts	(453)	(283)
Total investments and other assets	21,441	31,852
Total noncurrent assets	74,849	87,001
Total assets	125,776	137,447

DAIICHIKOSHO CO., LTD.

(Millions of yen)

	FY2009 (As of March 31, 2010)	FY2010 (As of March 31, 2011)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,714	6,091
Short-term loans payable	6,792	5,465
Accounts payable-other	6,194	5,827
Income taxes payable	5,379	3,120
Provision for bonuses	1,192	1,121
Other	3,593	3,771
Total current liabilities	26,866	25,398
Noncurrent liabilities		
Long-term loans payable	7,976	16,831
Deferred tax liabilities	150	150
Provision for retirement benefits	3,068	3,011
Provision for directors' retirement benefits	2,088	2,318
Negative goodwill	281	234
Other	1,289	1,468
Total noncurrent liabilities	14,854	24,014
Total liabilities	41,721	49,413
Net assets		
Shareholders' equity		
Capital stock	12,350	12,350
Capital surplus	17,285	14,035
Retained earnings	55,563	61,552
Treasury stock	(973)	(4)
Total shareholders' equity	84,226	87,934
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(153)	91
Revaluation reserve for land	(777)	(777)
Foreign currency translation adjustment	(68)	(164)
Total accumulated other comprehensive income	(1,000)	(851)
Minority interests	828	951
Total net assets	84,054	88,034
Total liabilities and net assets	125,776	137,447

**(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)**

	(Millions of yen)	
	FY2009 (From April 1, 2009, to March 31, 2010)	FY2010 (From April 1, 2010, to March 31, 2011)
Net sales	125,300	127,885
Cost of sales	72,324	75,819
Gross profit	52,976	52,065
Selling, general and administrative expenses		
Advertising expenses	3,195	2,834
Promotion expenses	1,570	2,049
Packing and freight expenses	1,083	1,126
Directors' compensations	1,638	1,702
Provision for directors' retirement benefits	388	376
Salaries and bonuses	14,311	13,922
Provision for bonuses	946	901
Retirement benefit expenses	645	646
Rent expenses	1,627	1,379
Depreciation	702	805
Other	9,427	9,810
Total selling, general and administrative expenses	35,537	35,554
Operating income	17,439	16,510
Non-operating income		
Interest income	179	223
Cooperative monetary aid received	481	499
Amortization of negative goodwill	54	66
Other	888	685
Total non-operating income	1,603	1,475
Non-operating expenses		
Interest expenses	252	208
Equity in losses of affiliates	53	35
Foreign exchange losses	126	96
Other	201	188
Total non-operating expenses	633	528
Ordinary income	18,408	17,457

DAIICHIKOSHO CO., LTD.

	(Millions of yen)	
	FY2009 (From April 1, 2009, to March 31, 2010)	FY2010 (From April 1, 2010, to March 31, 2011)
Extraordinary income		
Gain on sales of noncurrent assets	11	13
Gain on redemption of investment securities	—	148
Reversal of allowance for doubtful accounts	218	49
Reversal of provision for directors' retirement benefits	—	44
Reversal of provision for retirement benefits	—	110
Indemnity of cancellation of leases	248	—
Other	11	17
Total extraordinary income	490	383
Extraordinary loss		
Loss on disposal of noncurrent assets	691	344
Impairment loss	857	284
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	440
Loss on sales of investment securities	—	105
Loss on sales of stocks of subsidiaries and affiliates	57	—
Loss on valuation of investment securities	64	24
Loss on abolishment of qualified pension plan	—	857
Loss on disaster	—	237
Other	12	—
Total extraordinary losses	1,683	2,294
Income before income taxes and minority interests	17,215	15,546
Income taxes-current	7,133	6,493
Income taxes-deferred	(784)	(707)
Total income taxes	6,348	5,786
Income before minority interests	10,866	9,759
Minority interests in income	140	169
Net income	10,725	9,590

(Consolidated Statements of Comprehensive Income)

	(Millions of yen)	
	FY2009 (From April 1, 2009, to March 31, 2010)	FY2010 (From April 1, 2010, to March 31, 2011)
Income before minority interests	10,866	9,759
Other comprehensive income		
Valuation difference on available-for-sale securities	163	244
Foreign currency translation adjustment	21	(96)
Total other comprehensive income	184	148
Comprehensive income	11,051	9,908
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	10,910	9,738
Comprehensive income attributable to minority interests	140	169

(3) Consolidated Statements of Changes in Net Assets

	(Millions of yen)	
	FY2009 (From April 1, 2009, to March 31, 2010)	FY2010 (From April 1, 2010, to March 31, 2011)
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	17,285
Changes of items during the period		
Retirement of treasury stock	(3,076)	(3,249)
Total changes of items during the period	(3,076)	(3,249)
Balance at the end of current period	17,285	14,035
Retained earnings		
Balance at the end of previous period	49,207	55,563
Changes of items during the period		
Dividends from surplus	(4,369)	(3,601)
Net income	10,725	9,590
Total changes of items during the period	6,355	5,988
Balance at the end of current period	55,563	61,552
Treasury stock		
Balance at the end of previous period	(2,094)	(973)
Changes of items during the period		
Purchase of treasury stock	(1,955)	(2,280)
Retirement of treasury stock	3,076	3,249
Total changes of items during the period	1,121	969
Balance at the end of current period	(973)	(4)
Total shareholders' equity		
Balance at the end of previous period	79,825	84,226
Changes of items during the period		
Dividends from surplus	(4,369)	(3,601)
Net income	10,725	9,590
Purchase of treasury stock	(1,955)	(2,280)
Retirement of treasury stock	—	—
Total changes of items during the period	4,400	3,708
Balance at the end of current period	84,226	87,934

DAIICHIKOSHO CO., LTD.

(Millions of yen)

	FY2009 (From April 1, 2009, to March 31, 2010)	FY2010 (From April 1, 2010, to March 31, 2011)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(317)	(153)
Changes of items during the period		
Net changes of items other than shareholders' equity	163	244
Total changes of items during the period	163	244
Balance at the end of current period	(153)	91
Revaluation reserve for land		
Balance at the end of previous period	(777)	(777)
Balance at the end of current period	(777)	(777)
Foreign currency translation adjustment		
Balance at the end of previous period	(90)	(68)
Changes of items during the period		
Net changes of items other than shareholders' equity	21	(96)
Total changes of items during the period	21	(96)
Balance at the end of current period	(68)	(164)
Total accumulated other comprehensive income		
Balance at the end of previous period	(1,184)	(1,000)
Changes of items during the period		
Net changes of items other than shareholders' equity	184	148
Total changes of items during the period	184	148
Balance at the end of current period	(1,000)	(851)
Minority interests		
Balance at the end of previous period	690	828
Changes of items during the period		
Net changes of items other than shareholders' equity	137	123
Total changes of items during the period	137	123
Balance at the end of current period	828	951
Total net assets		
Balance at the end of previous period	79,331	84,054
Changes of items during the period		
Dividends from surplus	(4,369)	(3,601)
Net income	10,725	9,590
Purchase of treasury stock	(1,955)	(2,280)
Net changes of items other than shareholders' equity	322	271
Total changes of items during the period	4,723	3,979
Balance at the end of current period	84,054	88,034

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2009 (From April 1, 2009, to March 31, 2010)	FY2010 (From April 1, 2010, to March 31, 2011)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	17,215	15,546
Depreciation and amortization	13,781	13,551
Impairment loss	857	284
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	440
Amortization of negative goodwill	(54)	(66)
Increase (decrease) in allowance for doubtful accounts	(511)	(233)
Increase (decrease) in provision for directors' retirement benefits	(17)	230
Interest and dividends income	(263)	(308)
Loss (gain) on sales of stocks of subsidiaries and affiliates	57	—
Gain or loss on investments in investment business associations	(5)	(5)
Interest expenses	252	208
Loss (gain) on disposal of noncurrent assets	680	331
Loss (gain) on valuation of investment securities	64	24
Decrease (increase) in notes and accounts receivable-trade	1,576	(3,240)
Decrease (increase) in inventories	449	(2,979)
Transfer of cost of sales on karaoke equipment for rental	439	379
Increase (decrease) in notes and accounts payable-trade	(504)	2,377
Other, net	159	1,513
Subtotal	34,178	28,053
Interest and dividends income received	262	252
Interest expenses paid	(247)	(189)
Income taxes paid	(3,052)	(8,772)
Net cash provided by (used in) operating activities	31,141	19,343
Net cash provided by (used in) investing activities		
Increase in time and saving deposits	(132)	(280)
Proceeds from decrease in time and saving deposits	257	191
Purchase of property, plant and equipment	(9,164)	(9,998)
Proceeds from sales of property, plant and equipment	59	47
Purchase of intangible assets	(3,914)	(4,333)
Payments for acquisition of video licenses	(1,163)	(1,651)
Purchase of investment securities	—	(11,895)
Proceeds from sales of investment securities	0	1,933
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(1,083)
Payments of loans receivable	(292)	(1,100)
Collection of loans receivable	417	486
Payments for lease and guarantee deposits	(655)	(1,030)
Proceeds from collection of lease and guarantee deposits	443	304
Other, net	27	198
Net cash provided by (used in) investing activities	(14,116)	(28,213)

DAIICHIKOSHO CO., LTD.

(Millions of yen)

	FY2009 (From April 1, 2009, to March 31, 2010)	FY2010 (From April 1, 2010, to March 31, 2011)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(205)	237
Proceeds from long-term loans payable	3,730	13,135
Repayment of long-term loans payable	(9,952)	(5,843)
Cash dividends paid	(4,359)	(3,596)
Purchase of treasury stock	(1,955)	(2,280)
Other, net	(11)	(24)
Net cash provided by (used in) financing activities	(12,754)	1,626
Effect of exchange rate change on cash and cash equivalents	22	(61)
Net increase (decrease) in cash and cash equivalents	4,293	(7,304)
Cash and cash equivalents at beginning of period	29,584	33,877
Cash and cash equivalents at end of period	33,877	26,573

Segment Information

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

(Millions of yen)

	Reportable segments				Other	Total	Adjusted amount	Amount on consolidated statements of income
	Commercial karaoke	Karaoke cabin and restaurant	Music software	Subtotal				
Sales								
Sales to third parties	61,513	40,897	12,501	114,911	10,388	125,300	—	125,300
Intersegment sales and transfers	—	—	—	—	—	—	—	—
Total	61,513	40,897	12,501	114,911	10,388	125,300	—	125,300
Segment income (Operating income)	11,528	7,043	1,174	19,747	728	20,475	(3,035)	17,439
Other items								
Depreciation and amortization	8,586	2,878	39	11,504	951	12,456	34	12,491
Amortization of goodwill	—	—	—	—	—	—	—	—

FY2010 (From April 1, 2010, to March 31, 2011)

(Millions of yen)

	Reportable segments				Other	Total	Adjusted amount	Amount on consolidated statements of income
	Commercial karaoke	Karaoke cabin and restaurant	Music software	Subtotal				
Sales								
Sales to third parties	66,091	40,727	11,613	118,432	9,452	127,885	—	127,885
Intersegment sales and transfers	—	—	—	—	—	—	—	—
Total	66,091	40,727	11,613	118,432	9,452	127,885	—	127,885
Segment income (Operating income)	12,220	5,129	1,315	18,665	829	19,494	(2,984)	16,510
Other items								
Depreciation and amortization	8,424	2,831	40	11,296	859	12,156	35	12,192
Amortization of goodwill	—	84	—	84	—	84	—	84