

Information for Shareholders

Business term	From April 1 of each year to March 31 of the following year
Annual general shareholders' meeting	June of each year
Record date for above	Annual general shareholders' meeting: March 31 Other occasions: Other record date separately determined as necessary upon a prior public notice
Record date of shareholders to receive dividends from surplus	Year-end dividend: March 31 Interim dividend: September 30
Number of shares constituting one unit	100 shares
Newspaper in which public notices are inserted	The Nikkei
Transfer Agent and account management institution for the special account	Mitsubishi UFJ Trust and Banking Corporation
Contact of above (postal address and telephone number)	7-10-11 Higashisuna, Koto-ku, Tokyo 137-8081 Mitsubishi UFJ Trust and Banking Corporation, Corporate Agency Division Telephone: 0120-232-711 (toll-free in Japan only)
Securities code	7458

[NOTICE]

1. Account management institution where a shareholder has its account with (securities company, etc.) is principally responsible for handling shareholder's address change, repurchase requests and other processes. The relevant inquiries should be made to the securities company, etc. where the shareholder has its account with. Please note that the transfer agent (Mitsubishi UFJ Trust and Banking Corporation) does not handle such processes.
2. Mitsubishi UFJ Trust and Banking Corporation serves as the account management institution to handle procedures concerning shares registered in special accounts. The relevant inquiries should be made to the account management institution for the special account specified above (Mitsubishi UFJ Trust and Banking Corporation). All domestic branches of Mitsubishi UFJ Trust and Banking Corporation also accept inquiries.
3. Outstanding dividends can be received at headquarters and branches of Mitsubishi UFJ Trust and Banking Corporation.
4. The Company posts its non-consolidated balance sheets, non-consolidated statements of income, consolidated balance sheets and consolidated statements of income on its website (<http://www.dkkaraoke.co.jp/>).

Shareholder Special Benefits

Shareholders recorded in the final shareholder registry on September 30, 2012 as holding 100 or more shares will be granted special benefits coupons according to the number of shares held.

Number of shares held	Issued semiannually	
	Special Benefit Coupon(*1)	Exchange with CD(s)(*2)
100 to 999 shares	Ten sheets of 500-yen coupon	1 CD
1,000 shares or more	25 sheets of 500-yen coupon	2 CDs

(*1) The coupons can be used at businesses operated by the Company including "Big Echo" karaoke shops, and "Rakuzo", "Umeko No Ie", "Bisutoroya" and other restaurants.
(*2) CD albums are granted in exchange with all coupons corresponding to the shares held.

Timing of delivery: On or after December 4, 2012
Validity period: January 1, 2013 to June 30, 2013

ECHO

Vol.34 Business Report for the 38th Term (Interim Period)
April 1, 2012 to September 30, 2012



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To Our Shareholders



President
Saburo Hayashi

It gives me great pleasure to present the Business Report of Daiichikoshō Co., Ltd. for the interim period of the 38th Term (April 1, 2012 to September 30, 2012).

The Daiichikoshō Group possesses comprehensive assets throughout Japan. Having built a system that can cover earnings even if contingency occurs in some areas, its robust corporate structure is capable of increasing stable earnings on a continuous basis.

In the interim period under review, there had been concerns about consumers reining in their spending prior to our new product launches, but thanks to all our stakeholders we were able to steadily increase product shipments.

Although such factors as the Olympic Games and typhoons did have a slight impact on our ability to attract customers, our karaoke cabin and restaurant business performed steadily and secured increase in revenues.

In October of this year, the Company launched three new products: LIVE DAM GOLD EDITION, Cyber DAM HD, and SmartDAM.

We are raising product value by evolving content and functions—for example by making those in the existing LIVE DAM conform with those in the new flagship model, LIVE DAM GOLD EDITION—thereby enabling us to attract customers to our shops.

For Cyber DAM HD, which was exclusively designed equipment for the NIGHT MARKET (such as small pubs and clubs that have installed karaoke machines), we pursued high quality. The high cost performance of its many incorporated features, which include high-definition video and new content, make Cyber DAM HD a highly attractive product.

Exceeding the standards set by our DENMOKU (A device for selecting songs (DK's brand name)), the feature-packed SmartDAM tablet is indispensable as a terminal capable of supporting shop management.

Armed with these new products, we will endeavor to further strengthen sales in the second half of the current fiscal year.

By continuing to respond to all of the needs of everyone in its market, the Daiichikoshō Group will remain a corporate group that is capable of making a contribution to society.

The entire Company will work as one to meet the expectations of all its shareholders. Please accept my sincerest thanks in anticipation of your ongoing support and patronage.

Overview of First Six Months of FY2012

In the first six months of the fiscal year ending March 31, 2013, partial signs of a trend toward recovery were seen in the Japanese economy due to such factors as post-disaster reconstruction demand. In contrast, the future remained clouded by uncertainty, as there remained the risk of a downturn in the world economy against a backdrop of the situations in Europe and China, as well as concerns about a prolonged appreciation of the yen.

Amid circumstances of this kind, the Daiichikoshō Group focused on expanding Daiichikoshō Amusement Multimedia (DAM) sales

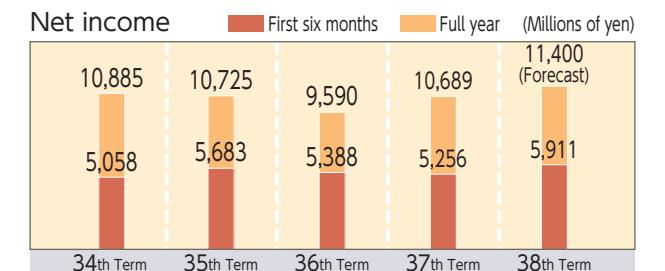
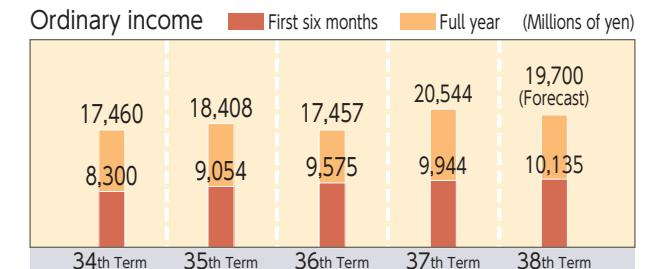
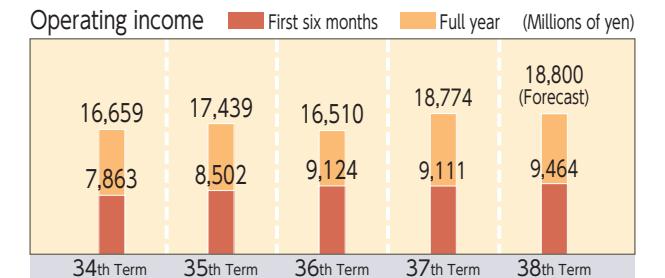
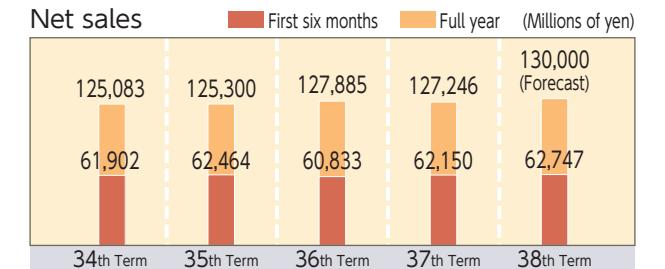
in the strategically prioritized areas of its commercial karaoke business and on expanding the seniors market, which is now seen as an area of rapid growth. In its karaoke cabin and restaurant business, the Group endeavored to attract customers and improve customer satisfaction levels by such measures as working to make its karaoke cabin and restaurants differentiate from those of its competitors and by a range of promotional campaigns. In the Group's music software business, a range of albums from major artists contributed to sales, streamlined management was established through cost controls, and revenues remained steady.

As a result of the above, and because both the commercial karaoke and karaoke cabin and restaurant businesses increased their net sales, while sales in music software and other businesses decreased, net sales for the interim period under review amounted to 62,747 million yen (up 1.0% compared with the corresponding period of the previous fiscal year). From the income standpoint, although the commercial karaoke business experienced a profit decrease due to a temporary increase in operating expenses, the karaoke cabin and restaurant business as well as the music software and other businesses increased profit. Operating income for the period under review totaled 9,464 million yen (up 3.9% compared with the corresponding period of the previous fiscal year), and ordinary income amounted to 10,135 million yen (up 12.5%) due to improvements in extraordinary income and extraordinary loss.

Outlook for FY2012

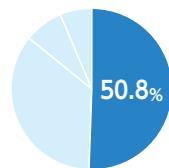
The outlook for the fiscal year ending March 31, 2013, remains unchanged from the business performance forecast announced on August 6, 2012: net sales of 130 billion yen, operating income of 18.8 billion yen, ordinary income of 19.7 billion yen, and net income of 11.4 billion yen.

Consolidated Financial Highlights



Overview by Segment

Commercial Karaoke Business

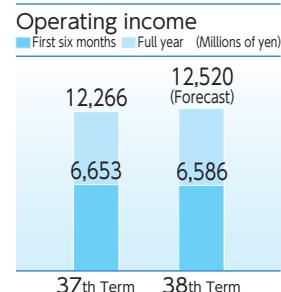
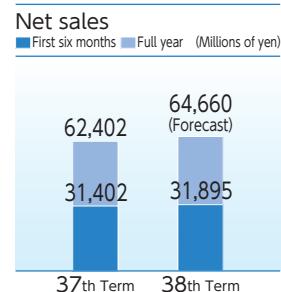


Net sales: **31,895** million yen
(year-on-year increase of **1.6%**)

Operating income: **6,586** million yen
(year-on-year decrease of **1.0%**)

While commercial karaoke business shipments steadily increased driven by the high-end LIVE DAM equipment that boasts high performance and high-quality content as the unquestioned bestseller, the Company saw a significant growth in the number of DAM systems in operation attributable to an increase in the number of equipment rentals following the strengthening of sales in strategically prioritized areas. Main reasons which contributed to these favorable results are the strengthening of sales in the seniors market and the service improvements by adding new content to FREE DAM, one of the DK ELDER SYSTEM which we recommend for seniors, since April.

As a result of the above, net sales of the commercial karaoke business segment for the interim period under review increased 1.6% compared with the corresponding period of the previous fiscal year, to 31,895 million yen; operating income fell 1.0%, to 6,586 million yen.



◆Efforts in Preventive Care

In a guidance entitled *Overall Improvements in the life functioning*, Japan's Ministry of Health, Labour, and Welfare cited improvements in "motor, oral, and cognitive" functions as well as active "lifestyle, interaction, and participation" as the pillars of preventive care. The Company devised the DK ELDER SYSTEM, which has content that assists preventive care and the promotion of good health, with a view to bringing about those overall improvements in life functioning. As of the end of September 2012, the equipment had been installed in around 9,000 nursing homes and other welfare facilities. Particularly in the past few years, the DK ELDER SYSTEM has been attracting attention for its use in helping to maintain and promote seniors' health as well as in their rehabilitation; there is therefore burgeoning demand. In the years to come, the Company will steadily add content that assists in the provision of preventive care as well as the promotion of good health.

Profiles of New Premium Content

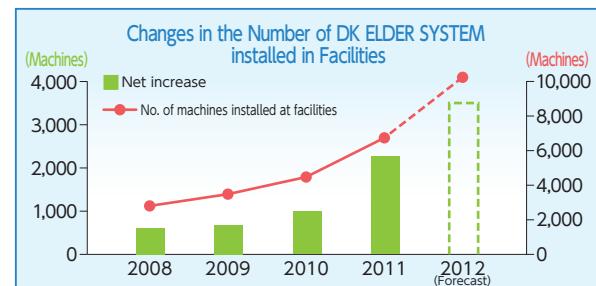
Sing to Stay Young Oral Health Clinic

Anti-aging content that assists to move the mouth through singing from the perspective of the importance of saliva, supervised by a professor of School of Dental Medicine at Tsurumi University.



Short Film Theater

Content to facilitate communication through the watching of short films and discussion programs, for the purpose of supporting brain activation and psychological care.



TOPICS (Commercial Karaoke Business)

◆Launch of New Flagship Model, Two Models for the NIGHT MARKET and of the Epoch-Making Evolution, DENMOKU (October 2012)

LIVE DAM GOLD EDITION - Advanced Model of LIVE DAM -

- High-capacity 5TB (terabyte) HDD
- Better power savings than current LIVE DAM
- New content to rate performances, *CASE CLOSED (DETECTIVE CONAN) NAZOTOKI KARAOKE* (content that provides customers with fun quizzes)
- Expanded lineup of music with Vocaloid™ singing synthesizer as well as of anime and indie label
- Enhanced anime song videos
- Enriched dance videos, including FURIKARA (content that enables people to sing and dance)
- Improvement both in quality and in quantity of videos in which artists appearing in person
- Continuous launches of LIVEHD, which allows to enjoy live performances by popular artists with full high-definition videos
- Enhanced varieties of MAMA OTO (literally meaning, natural sound) content, which allows to enjoy rare videos of legendary concerts with the sound as it was then

LIVEDAM GOLD EDITION



LIVE DAM GOLD EDITION (DAM-XG5000G)

DAM-AD5000G - High-Power Digital Amp for HITORI KARAOKE -

- Stylish design matches LIVE DAM GOLD EDITION and Cyber DAM HD
- Fitted with headphone socket and independent volume control, so to be applicable to popular "HITORI KARAOKE" (to sing alone using headphones in dedicated cabin)

DAM-AD5000G

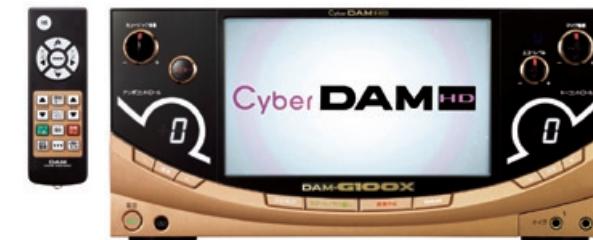


DAM-AD5000G

Cyber DAM HD with Full High-Vision Support - NIGHT MARKET -

- Unit with a large, 10.1-inch touch panel
- Shift to karaoke background video using full high-vision technology
- Comes with a simple remote control for easy operation from a distance
- Enhanced lineup of videos in which artists appearing in person

Cyber DAM HD



Cyber DAM HD (DAM-G100X)

SmartDAM - Tablet Terminal Overtaking Standards Set by DENMOKU -

- Large, 10.1-inch LCD screen focused on eye- and user-friendly
- Enables operation by the flick of a finger, in the same way as a smart phone or tablet terminal
- Screen flips vertically to match direction of terminal
- First model of DENMOKU Series being capable of video functions, such as playing DAM CHANNEL, etc.
- Magnetic cable allows charging wherever you like, terminal can be used while recharging
- Music search functions greatly improved (enables searches by keyword, partial lyrics, album cover photo, etc.)
- Selectable TOP screens according to customers preference (Kids DENMOKU / Raku Raku (easy to operate) DENMOKU)

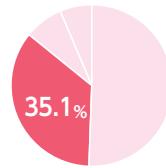
Smart DAM



SmartDAM(TM10)

Overview by Segment

Karaoke Cabin and Restaurant Business

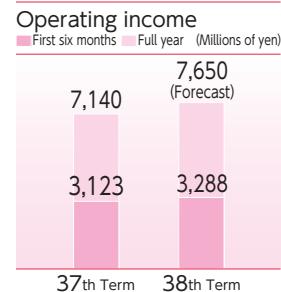
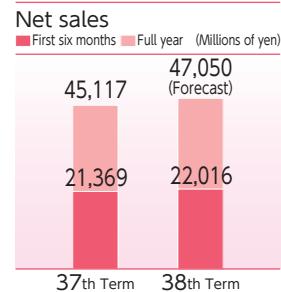


Net sales: **22,016** million yen
(year-on-year increase of **3.0%**)

Operating income: **3,288** million yen
(year-on-year increase of **5.3%**)

Karaoke cabin business is actively developing three shop brands with its "BIG ECHO with multi-choice" concept. We made efforts to attract customers and improve customer satisfaction by devising ways to differentiate its shops from those of its competitors, such as by having a women-only floor supervised by a popular interior design store and rooms in collaboration with popular artists for the limited period that become hot topics. In the restaurant business, we worked to change or combine business categories in line with shifts in the market, regional characteristics or the customer base.

As a result of the above, net sales increased 3.0% compared with the corresponding period in the previous fiscal year, to 22,016 million yen. Operating income rose 5.3%, to 3,288 million yen.



TOPICS (Karaoke Cabin and Restaurant Business)

"Dining Bars"

◆Refinement and New Initiatives

In the restaurant business, progress was made with new initiatives to refine each brand's food, space, and service. Giving customer satisfaction the highest priority, we will hone each brand.

For Women and Dinner Parties



Authentic French Cuisine
Diners can enjoy an authentic French menu at reasonable prices; all you can eat desserts for dating parties and groups of women are also available.



Specialty Kyoto Cuisine
Renewal was implemented on its logo and brand to enhance the relaxed atmosphere. Cuisine using specialty food from Kyoto and a luxury shabu shabu set menu are prepared as new menu.



For Men and Drinking Parties



Seafood Dining That Makes Best Use of Ingredients
Placing a greater focus on the origin and ingredients of seafood, tuna based dishes and grilled white clams are available.



Eye-Catching Broiled Dishes
Enhanced menu of broiled dishes of treasures from the sea and from the earth, dynamic and eye-catching dishes. Has commenced serving its winter recommendation of pot cuisine.



For Casual Dining



Bar Menus and Authentic Italian
Launched small dish menus, menu that customers can enjoy small portions of dishes, and an authentic menu with pasta, for example.



Lunch/Café Menu
Launched a menu that diners feel free to use not only during bar opening hours but also at lunch and coffee time.



"BIG ECHO"

◆Selectable Concept Rooms Launched

To achieve the targets to differentiate itself from other shops as well as further improve customer service, the Daiichikoshō Group has promoted "BIG ECHO with multi-choice" concept, currently we have 3 options, since last year. Following that, we are developing "selectable concept rooms".

We will advance the introduction of various types of concept room to, not only the new but the existing shops.



●Women-Only Rooms

Furniture in good design and cute interiors



●Restaurant Rooms

Rooms for parties that enable you to sing while you eat and drink

●Lighting Rooms

Rooms with lighting that matches the songs

●Furikara Rooms

Rooms for customers who want to practice dancing and singing



●Live Rooms

Rooms equipped with a stage and lighting like those found in a live music venue



◆New Grand Menus Launched

We have updated the menus at BIG ECHO and KARAOKE CLUB DAM franchises. Shops at which BIG ECHO appears in the letters of the alphabet offer high-grade authentic cooking, while those shops that have all or part of their name in katakana—BIG ECHO, BIG ECHO 25, and KARAOKE CLUB DAM—offer reasonably priced family menus as well as the multi-choice concepts. We have also improved the drink menu with a dessert drink that contains Placenta, which has health and beauty benefits, as well as non-alcoholic items, such as smoothies and shakes.



●Recording Rooms

Rooms for customers who want to record a CD using headphones and a stand microphone like professional artists.

●Kids Rooms

Have cushion floors for child safety

●No-Smoking Room

[Shop Information]
All eight types of concept rooms available.

BIG ECHO (Takadanobaba Station-Waseda Exit Shop)
2nd Floor, Kikuzuki Building, 2-17-4 Takadanobaba,
Shinjuku-ku, Tokyo
Tel: 03-5287-2525

Overview by Segment



Net sales: **4,895** million yen

(year-on-year decrease of **2.0%**)

Operating income: **399** million yen

(year-on-year increase of **6.1%**)

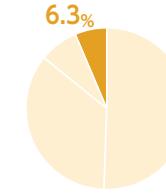
Amid weak music distribution sales due to changes in the music listening and viewing environments, sales of albums by young artists, such as Sonar Pocket and MAN WITH A MISSION, as well as Studio Ghibli-produced DVDs contributed to the music software business sales. In addition, revenues were steady due

to cost controls that focused on management efficiency.

Consequently, net sales decreased 2.0% compared with the corresponding period in the previous fiscal year, to 4,895 million yen. Operating income rose 6.1%, to 399 million yen.



Other Business



Net sales: **3,940** million yen

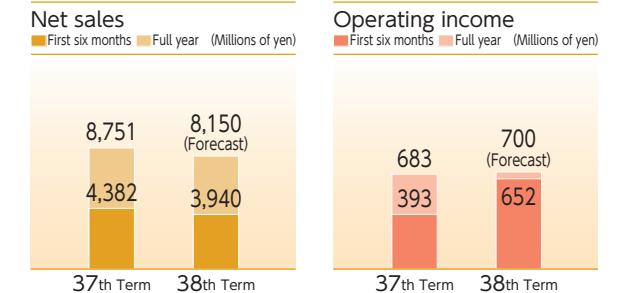
(year-on-year decrease of **10.1%**)

Operating income: **652** million yen

(year-on-year increase of **65.6%**)

In its content services to mobile phones the other business endeavored to reduce costs by content elimination and consolidation. Profitability was improved by reviewing the business, such as from the effect of withdrawing from TV channels in its satellite broadcast business.

As a result, net sales for the interim period under review decreased 10.1% compared with the corresponding period in the previous fiscal year, to 3,940 million yen, while operating income jumped 65.6%, to 652 million yen.



TOPICS (Music Software Business)

Profiles of Much-Talked-About Artists

◆POPS



Sonar Pocket

Sonar Pocket's 12th single, *Kimi Kinenbi—Umarete Kitekurete Arigatou*, and the DVD of their first Nippon Budokan concert, for which tickets were sold out in three minutes, went on sale at the same time in November. In December, they decided on live tour dates at the Zepp music venues in Fukuoka, Osaka, and Tokyo as well as at the Nagoya Gaisai Hall, so look out for more Sonar Pocket success!



MAN WITH A MISSION

MAN WITH A MISSION's first video, *Okami Daizenshu 1*, went on sale in October and hit the big time by debuting at the top of the music category in the Oricon DVD Weekly Ranking. In addition to the "one-man live" video recorded at Tokyo's SHIBUYA-AX in May 2012, the video contains all the tracks recorded for the music videos announced up to now. The video is packed with highlights, and there is also a wealth of valuable footage, including some taken behind the scenes at live venues.

◆Enka (Popular Ballads) / Popular Songs



Kaori Mizumori

Now on sale, the concept of the 11 songs on Kaori Mizumori's new album, *Kayou Kikou 11—Hitori Nagaragawa*, is to take you on a journey in song. Chosen for *Seiryuu Nagaragawa Shinzentaishi*, just as the title of one of her songs, she has been appointed tourism ambassador for 10th locations.



Jang Yoon Jeong

The "goddess of the South Korean music industry," Jang Yoon Jeong finally made her debut in Japan in October with *Usotsuki Taiyo*. Having been in the top five of the South Korean popular singer rankings for five consecutive years from 2007, great things can be expected of her in the years to come in Japan, where her popularity and ability have earned her staunch praise.

TOPICS (Other Business)

◆GAAD Series Food Hygiene Monitors Rentals of "Fst GAAD" Commenced

In recent years, cases of food poisoning at restaurant chains where people eat out have come under close scrutiny, awareness of food safety has increased, and the necessity of food inspections has become acutely recognized. In response, the Company jointly developed the "Fst GAAD" ("First Guard") food hygiene monitor with Micro Blood Science Co., Ltd. and started renting it from October.

Simply, rapidly, and at low cost, "Fst GAAD" is capable of testing for the bacteria that cause food poisoning. Although there are currently a variety of methods used to test for bacteria, many of these take more than a day to produce results. If there are 100,000 viable bacteria, "Fst GAAD" can determine their presence in around three hours.

The unit's market introduction leverages the know-how the Company has gained from its business of renting commercial karaoke equipment. By renting "Fst GAAD" units primarily to factories that handle food as well as supplying them with expendable supplies, the Company will generate stable earnings and provide a rapid after-sales service.



▲Expendable supplies (testing agents, etc.)



A Fst GAAD unit▶

Consolidated Financial Summary

▶ For detailed financial information, please see the Investor Relations section on the Company's website (Japanese only) : <http://www.dkkaraoke.co.jp/stockinfo/>

Summarized Consolidated Balance Sheets (Interim Period)

(Millions of yen)

Item	37th Term As of March 31, 2012	38th Term (Interim Period) As of September 30, 2012
Assets		
Current assets	52,508	62,193
Noncurrent assets	89,730	91,698
Property, plant and equipment	51,074	51,956
Intangible assets	6,553	6,145
Investments and other assets	32,102	33,597
Total assets	142,238	153,892
Liabilities		
Current liabilities	26,159	25,005
Noncurrent liabilities	22,274	32,276
Total liabilities	48,433	57,281
Net assets		
Shareholders' equity	92,996	95,357
Capital stock	12,350	12,350
Capital surplus	12,905	10,254
Retained earnings	68,730	72,757
Treasury stock	△ 989	△ 5
Accumulated other comprehensive income	△ 170	237
Valuation difference on available-for-sale securities	793	1,237
Revaluation reserve for land	△ 777	△ 777
Foreign currency translation adjustment	△ 186	△ 222
Minority interests	978	1,016
Total net assets	93,804	96,610
Total liabilities and net assets	142,238	153,892

*Amounts of less than one million yen are truncated.

[Notes]	37th Term	38th Term (Interim Period)
1. Guarantee obligation	163 million yen	96 million yen
2. Net assets per share	1,477.71 yen	1,546.39 yen

POINT

Current assets

The 9,685 million yen increase in current assets was mainly due to an increase of 9,229 million yen in cash and deposits and a decrease of 441 million yen in notes and accounts receivable—trade.

Noncurrent assets

The 1,968 million yen increase in noncurrent assets was mainly due to an increase of 1,249 million yen in investment securities, an increase of 1,012 million yen in karaoke rental equipment, and a decrease of 340 million yen in sound delivery/video software included under other intangible assets.

Current liabilities

The 1,154 million yen decrease in current liabilities was mainly due to an increase of 1,850 million yen in notes and accounts payable—trade, a decrease of 1,335 million yen in income taxes payable, and a decrease of 1,061 million yen in accounts payable—other included under other current liabilities.

Noncurrent liabilities

The 10,002 million yen increase in noncurrent liabilities was mainly due to an increase of 10,000 million yen in corporate bonds.

Summarized Consolidated Statements of Income (Interim Period)

(Millions of yen)

Item	Interim Period of 37th Term from April 1, 2011 to September 30, 2011	Interim Period of 38th Term from April 1, 2012 to September 30, 2012
Net sales	62,150	62,747
Cost of sales	36,336	36,620
Gross profit	25,813	26,127
Selling, general and administrative expenses	16,701	16,663
Operating income	9,111	9,464
Non-operating income	1,151	973
Non-operating expenses	318	302
Ordinary income	9,944	10,135
Extraordinary income	39	31
Extraordinary loss	812	162
Income before income taxes and minority interests	9,171	10,004
Income taxes—current	4,241	4,073
Income taxes—deferred	△ 362	△ 22
Income before minority interests	5,292	5,952
Minority interests in income	35	40
Net income	5,256	5,911

*Amounts of less than one million yen are truncated.

[Notes]	Interim Period of 37th Term	Interim Period of 38th Term
Net income per share	81.99 yen	94.77 yen

POINT

Net sales

Although the music software business and other business experienced reduced sales, sales increased in the commercial karaoke business as well as in the karaoke cabin and restaurant business. As a result, net sales totaled 62,747 million yen, a 1.0% increase compared with the corresponding period in the previous fiscal year.

Operating income and ordinary income

Although the commercial karaoke business experienced a drop in income due to a temporary increase in operating expenses, the karaoke cabin and restaurant business, the music software business, and the other business all recorded increases in income. As a result, operating income totaled 9,464 million yen, a 3.9% increase compared with the corresponding period in the previous fiscal year, and ordinary income rose 1.9% to 10,135 million yen.

Net income

Net income totaled 5,911 million yen, an increase of 12.5% compared with the corresponding period of the previous fiscal year, due to the improvements in extraordinary income and extraordinary loss.

POINT

Net cash provided by (used in) operating activities

- Income before income taxes and minority interests 10,004 million yen
- Depreciation and amortization 6,441 million yen
- Increase in notes and accounts payable—trade 1,853 million yen
- Income taxes paid 5,402 million yen

Net cash provided by (used in) investing activities

- Purchase of property, plant and equipment 5,051 million yen
- Purchase of intangible assets 1,816 million yen
- Payments for acquisition of video license 806 million yen

Net cash provided by (used in) financing activities

- Proceeds from issuance of bonds 9,946 million yen
- Proceeds from long-term loans payable 1,850 million yen
- Repayment of long-term loans payable 2,481 million yen
- Cash dividends paid 1,882 million yen
- Purchase of treasury stock 1,667 million yen

Summarized Statements of Cash Flows (Interim Period)

(Millions of yen)

Item	Interim Period of 37th Term from April 1, 2011 to September 30, 2011	Interim Period of 38th Term from April 1, 2012 to September 30, 2012
Net cash provided by (used in) operating activities	14,488	11,965
Net cash provided by (used in) investing activities	△ 10,109	△ 8,311
Net cash provided by (used in) financing activities	△ 3,840	5,821
Effect of exchange rate change on cash and cash equivalents	△ 26	△ 27
Net increase (decrease) in cash and cash equivalents	511	9,447
Cash and cash equivalents at beginning of period	26,573	34,367
Cash and cash equivalents at end of period	27,085	43,814

*Amounts of less than one million yen are truncated.



New Content and Functions Incorporated into Three Potent New Products Unveiled

“DK FESTA 2012” New Product Launch Events Held in Five Cities in Japan

In October, Daiichikosho held new product launch events “DK FESTA 2012” in five main cities: Tokyo, Osaka, Fukuoka, Nagoya, and Sendai. Among the highlights with great excitement at the Tokyo event were live

performances by the popular artist KYARY PAMYU PAMYU and the talented singer Ms.OOJA. Showcased here were the new content and functions incorporated into the three new products presented at the events.

Content in “LIVE DAM GOLD EDITION”

“LIVE Karaoke”

Customers can enjoy karaoke while feeling the buzz and the air of excitement of live venues through full HD videos vividly delivering the images of live performances by popular artists and unparalleled sound.



NMB48

Content for Children

We further boosted the lineup of content for children and anime fans by preparing ANPANMAN, CASE CLOSED (DETECTIVE CONAN) NAZOTOKI KARAOKE SHINJITSU WA ITSUMO HITOTSU which provides entertainment such as ratings of performance and quiz games, and Anime/Special Effect Heroes Films which offers images ranging from nostalgic masterpieces to the very latest presentations. Every family member can enjoy karaoke even when they bring along children.



CASE CLOSED (DETECTIVE CONAN) NAZOTOKI KARAOKE © Goshō Aoyama/Shogakukan·YTV·TMS 1996



Anime/Special Effect Heroes Films ANPANMAN © Takashi Yanase/Froebel-Kan, TMS, NTV © Takashi Yanase/Anpanman Project

Other Content

A wide range of dance videos is installed, including FURIKARA, which enables customers to check artists' dance choreography from various angles. This has broadened the ways that karaoke is enjoyed by providing options of dancing to music and exercising. By including the immensely popular Hatsune Miku singing synthesizer application, the delivery of Vocaloid™ music has also been enhanced. We also deliver various kinds of Vocaloid™ videos, such as LIVE video and collaborations with PIAPRO. A number of heart touching scenes from Fuji TV's program The Nonfiction have been installed as karaoke background images. Scenes taken from true stories will move the customers more than ever.



FURIKARA KARA



Vocaloid™ video Hatsune Miku -Project DIVA- f © SEGA/© Crypton Future Media, Inc. www.crypton.net



A still from The Nonfiction © Fuji Television Network, Inc.

Content in “Cyber DAM HD”

16:9 full HD video vividly shows each artist's world view and conveys the atmosphere created by each music in its background images. Its high-quality videos spectacularly present enjoyable nighttime scenes. In addition, a vast amount of cutting-edge and unique content is prepared: DOKUSEN! SHUTTER CHANCE!!, which provides customers with “after-singing fun” to browse through a collection of still shots from videos of idols by using the DAM button at the desired time during performance, and Virtual Karaoke, which offers the enjoyment of a virtual duet with a woman acting realistically on the screen.



DOKUSEN! SHUTTER CHANCE!!



Virtual Karaoke

Functions in “SmartDAM”

In addition to a standard screen that retains a conventional TOP screen, the SmartDAM comes with new top screens; Kids DENMOKU, which enables children to select tracks while playing with it, and Raku Raku DENMOKU, which simplifies searches by a simple, easy-to-view menu. These selectable screens increased the flexibility for users and usage scenes. Meanwhile, the search function has also been enhanced. Besides Matrix Tabs that shorten the search time by controlling the search screen with vertical and horizontal tabs, it is equipped with Keyword Search, which enables a free word search using words that form an impression of a song; Lyric Search that enables searches with partial lyrics; and Album Cover Photo Search that shows CD jackets on the search screen. Song searches have been made more refined by these search functions.



Kids DENMOKU

Raku Raku DENMOKU



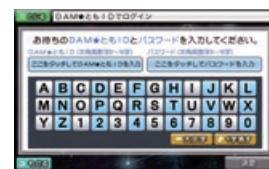
Matrix Tabs



Album Cover Photo Search

Enhanced Functions in “DAM★Tomo”

Since the member registration for “DAM★Tomo” (DAM Karaoke Web services) was introduced, it is now possible to access and log-in to it from “SmartDAM” machines at shops; log-in has also been made possible without a conventional member card or FeliCa* card. “DAM★Tomo Video,” with which customers upload and replay videos they shot, has been made compatible with a maximum of six screens working together. Moreover, “DAM★Tomo Recording,” which enables customers to enjoy high-quality recordings that characterizes DAM, was also improved to overdub a maximum of 12 voices.



Log-in screen on DAM★Tomo



DAM★Tomo Video

* FeliCa is a contactless IC card technology developed by Sony Corporation.

Customer Management Function

For the purpose of supporting sales increases for each shop, we are providing the “MAMA-SAN* DENMOKU” function. We are supporting improvements in shop services by means of a customer management function in which “SmartDAM” collectively manages customer information such as name, age, favorite alcoholic drink, and song selection history. It is also planned that, in spring 2013, it will be possible to send mass messages giving campaign information, etc., from stores to the e-mail addresses of customers registered on our list. Furthermore, it is possible for customers to create their own greeting messages, such as for their friends' birthdays and promotions at work, on the DENMOKU screen, and show these on the main monitor as surprise performances.



*MAMA-SAN means owner of a drinking bar Customer management function

Corporate Profile

Corporate Profile (as of September 30, 2012)

Corporate name	Daiichikoshō Co., Ltd.	
Location	5-5-26 Kitashinagawa, Shinagawa-ku, Tokyo 141-8701 Telephone: +81-3-3280-2151 (switchboard)	
Established	April 16, 1973	
Paid-in capital	12,350 million yen	
Number of employees	The Company	1,524
	The Group	3,013
Listing on JASDAQ	September 19, 1995	

Officers (as of September 30, 2012)

Honorary Chairman	Tadahiko Hoshi
President	Saburo Hayashi
Senior Managing Director and Senior Corporate Officer	Kenichi Nemoto
Senior Managing Director and Senior Corporate Officer	Tatsuya Kumagai
Senior Managing Director and Senior Corporate Officer	Hiroshi Mitomi
Managing Director and Senior Corporate Officer	Tadahiro Hoshi
Managing Director and Senior Corporate Officer	Yuichi Murai
Managing Director and Senior Corporate Officer	Yasutaka Wada
Director and Corporate Officer	Yasuhito Watanabe
Director and Corporate Officer	Akira Miyake
Director	Mitsuru Yoshikawa
Director	Yoshimi Shimizu
Standing Corporate Auditor (outside)	Fumito Ishizaka
Standing Corporate Auditor (outside)	Nobuaki Otsuka
Standing Corporate Auditor	Nobuyuki Takase
Corporate Auditor (outside)	Masumi Arichika
Corporate Officer	Shinji Arima
Corporate Officer	Shinichi Ozawa
Corporate Officer	Hisahiro Ogura
Corporate Officer	Akihito Yoshizawa
Corporate Officer	Shigeki Kobayashi
Corporate Officer	Hiroshi Kunitsu
Corporate Officer	Kenji Otsuka
Corporate Officer	Ichio Odagiri

The Daiichikoshō Group The Company and consolidated subsidiaries

(as of September 30, 2012)



Main Business Activities

- Commercial karaoke business
- Karaoke cabin and restaurant business
- Music software business

Domestic sales subsidiaries: 24 companies

Hokkaido Daiichikoshō Co., Ltd.	Johoku Daiichikoshō Co., Ltd.	Tokai Daiichikoshō Co., Ltd.
Kushiro Daiichikoshō Co., Ltd.	Taito Daiichikoshō Co., Ltd.	Hokuriku Daiichikoshō Co., Ltd.
Kitahoku Daiichikoshō Co., Ltd.	Joto Daiichikoshō Co., Ltd.	Kyoto Daiichikoshō Co., Ltd.
Tohoku Daiichikoshō Co., Ltd.	Josai Daiichikoshō Co., Ltd.	Daiichikoshō Kinki Co., Ltd.
Jyoban Daiichikoshō Co., Ltd.	Shonan Daiichikoshō Co., Ltd.	Keihan Daiichikoshō Co., Ltd.
Gunma Daiichikoshō Co., Ltd.	Niigata Daiichikoshō Co., Ltd.	Hyogo Daiichikoshō Co., Ltd.
Tochigi Daiichikoshō Co., Ltd.	Nagano Daiichikoshō Co., Ltd.	Kyushu Daiichikoshō Co., Ltd.
Saitama Daiichikoshō Co., Ltd.	Shizuoka Daiichikoshō Co., Ltd.	Okinawa Daiichikoshō Co., Ltd.

Other domestic subsidiaries: 10 companies

DK Finance Co., Ltd.	DK Music Publishing Co., Ltd.
Nippon Crown Co., Ltd.	Crown Music Enterprise Co.
Tokuma Japan Communications Co., Ltd.	Zoom Republic
CROWN TOKUMA music distribution Co., Ltd.	Union Eiga Co., Ltd.
Tri-M, Inc.	Maruhagi Yoshu Kogyo Co., Ltd.

Overseas subsidiaries: 3 companies

DK KOREA Co., Ltd.	DAIICHIKOSHŌ (SHANGHAI) TRADE CO., LTD.
Daiichikoshō (Shanghai), Ltd.	

Note: D.K. Enterprises (Guam), Inc. has been excluded from the scope of consolidation due to the sale of all its shares.

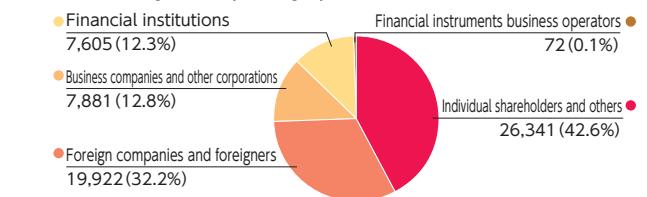
Status of the Shares of the Company (as of September 30, 2012)

- Number of authorized shares: 200,000,000 shares
- Number of shares outstanding: 61,820,596 shares
- Number of shareholders: 16,351
- Major shareholders

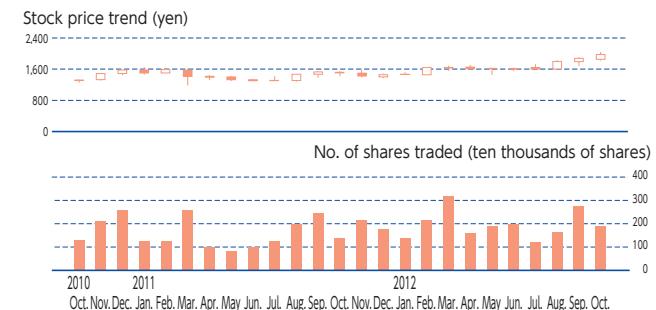
Name of shareholder	No. of shares held (thousands of shares)	Ratio of voting rights (%)
Tadahiro Hoshi	6,846	11.0
Harutoshi Hoshi	6,717	10.8
State Street Bank and Trust Company	4,718	7.6
Hoshi Create Limited	4,449	7.1
Asahi Breweries, Ltd.	2,120	3.4
The Chase Manhattan Bank N.A. London S.L. Omnibus Account	1,327	2.1
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,209	1.9
Japan Trustee Services Bank, Ltd. (Trust Account)	1,188	1.9
Mitsubishi UFJ Trust and Banking Corporation	1,148	1.8
Daiichikoshō Employee Shareholding Association	952	1.5

(Notes) 1. The Company holds 2,863 shares of treasury stock.
2. Values in "Number of shares held" and "Ratio of voting rights" are rounded down to the nearest unit.

Shareholding Ratio by Category (thousands of shares/shareholding ratio)



Stock price (monthly candlestick chart)



The Company's website

Information to help everyone invest and the latest information on BIG ECHO is posted on DAM★Tomo information, which was updated in October. (Japanese only)
Please visit us online and find more details.

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



Front page

BIG ECHO



<http://big-echo.jp/>

DAM★Tomo



<http://www.clubdam.com/damtomo/>

Above screen current as of October 31, 2012