

Information for Shareholders

| | |
|---|--|
| Business term | From April 1 of each year to March 31 of the following year |
| Ordinary General Meeting of Shareholders | June of each year |
| Record date for above | Ordinary General Meeting of Shareholders: 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) | Mitsubishi UFJ Trust and Banking Corporation, Corporate Agency Division 7-10-11 Higashisuna, Koto-ku, Tokyo 137-8081 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 the head office and branches of Mitsubishi UFJ Trust and Banking Corporation.

Shareholder Special Benefits

Shareholders recorded in the final shareholder registry on September 30, 2014 as holding 100 or more shares will be granted special benefits coupons according to the number of shares held.

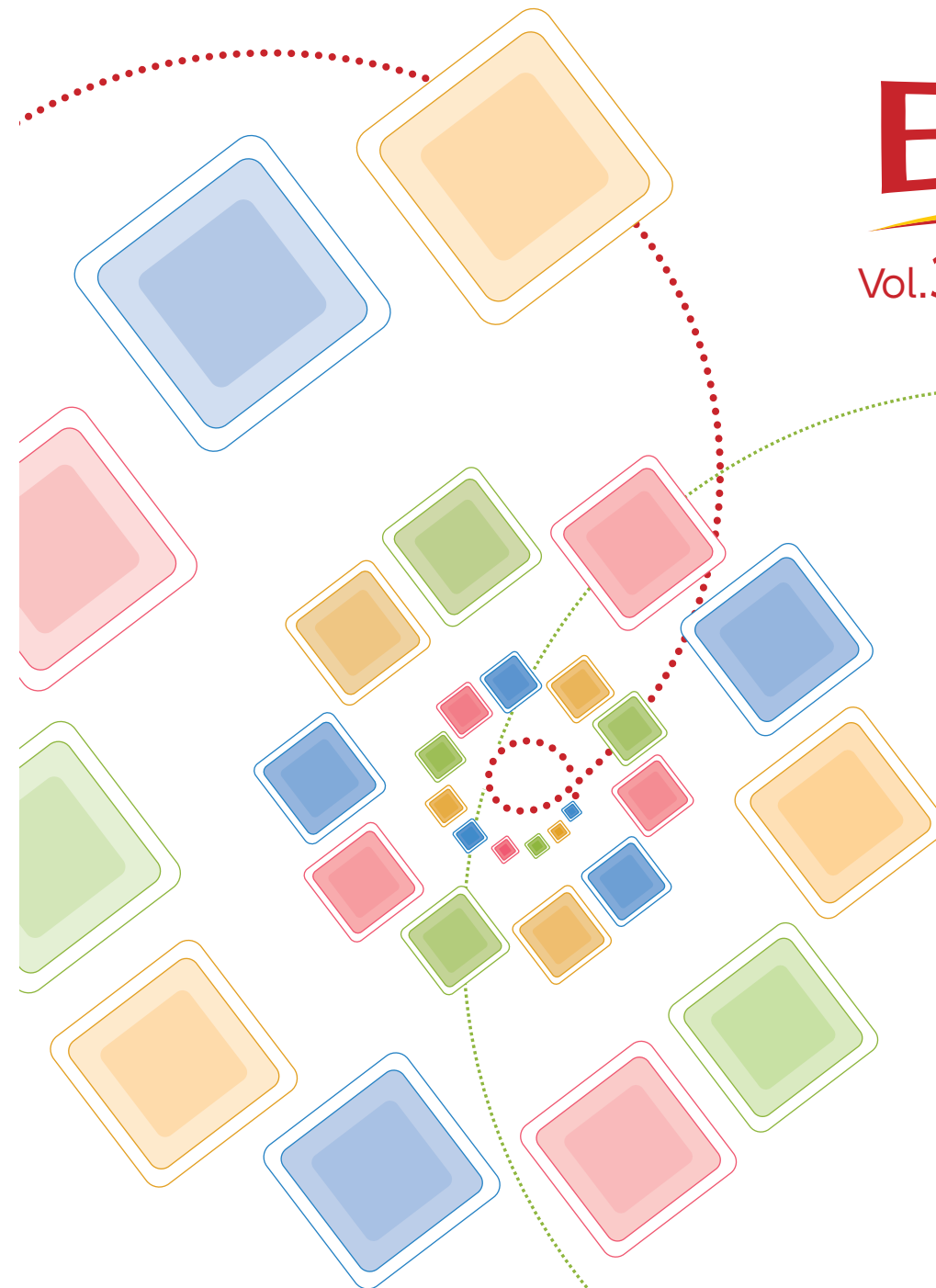
| Number of shares held | Issued semiannually | |
|-----------------------|---|-------------------------------------|
| | Special benefits coupon ^{(*)1} | Exchange with CD(s) ^{(*)2} |
| 100 to 999 shares | Ten sheets of 500-yen coupon | 1 CD |
| 1,000 shares or more | 25 sheets of 500-yen coupon |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

^{(*)1} The coupons can be used at businesses operated by the Company including "BIG ECHO" karaoke shops and restaurants such as "Rakuzo," "Umeko No Ie" and "Bisutoroya."

^{(*)2} CD albums are granted in exchange for total face value of coupons held.

Timing of delivery: On or after December 4, 2014

Validity period: January 1, 2015 to June 30, 2015



ECHO

Vol.38 Business Report for the First Half of the 40th Term
April 1, 2014 to September 30, 2014

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- Overview by Segment
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- Status of the Shares of the Company



President

Saburo Hayashi

It gives me great pleasure to present the Business Report of DAIICHIKOSHO CO., LTD. (the "Company") for the first half of the 40th Term (April 1, 2014 to September 30, 2014).

In the first half under review, the DAIICHIKOSHO Group steadily expanded the share of its karaoke brand, DAM in all markets of commercial karaoke with a comprehensive product lineup centered on LIVE DAM RED TUNE, which was launched in April. The elder business (business aimed at the elderly), into which the Group has channeled much effort over recent years, performed robustly with the number of facilities that have introduced the DK ELDER SYSTEM surpassing 15,000 facilities, and this business contributed to stable growth as a new pillar in the commercial

karaoke business.

Meanwhile, we have been aggressively opening new shops for the karaoke room business BIG ECHO, and new restaurants, mostly dining bars, to expand the scale of these businesses as the growth drivers of the DAIICHIKOSHO Group.

The Company has been steadily expanding its business operations centered on the karaoke business by putting its company slogan "Bringing More Music and Entertainment to People Around the World" into practice through its business activities. Looking forward, we will further enhance and strengthen our business foundation as a leading company in the karaoke industry.

As we proceed with this endeavor, the entire Group will keep working as one to meet the expectations of all our shareholders. Please accept my sincerest thanks in anticipation of your ongoing support.

Overview of First Half of FY2014

During the first half under review, Japan's economy continued to experience economic uncertainty, not just from a reactive lull following a rush in demand ahead of the consumption tax increase, but also from sluggish consumer spending due to bad weather such as typhoons and torrential rain in July and August, concerns of rises in the cost of goods, among other factors.

In the karaoke industry, in contrast to the

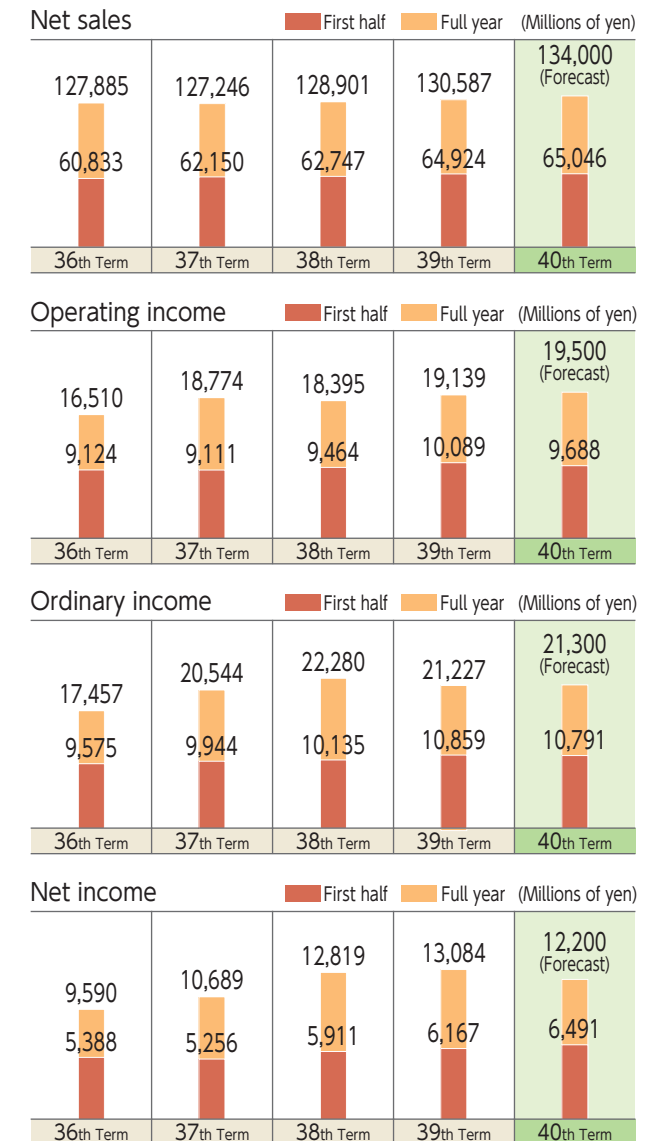
continuing trend of declining number of shops in the night-time market, the karaoke room market was vibrant with a push by large operators to open shops and showed an increasing trend in the number of karaoke rooms. The elder market, an expected growth area, also expanded robustly, and across all markets, the number of karaoke systems in use increased slightly.

As a result of carrying out various measures in each business, net sales for the first half under review amounted to 65,046 million yen (up 0.2% compared with the corresponding period of the previous fiscal year). Operating income totaled 9,688 million yen (down 4.0%), ordinary income amounted to 10,791 million yen (down 0.6%) and net income came to 6,491 million yen (up 5.3%). These figures for net sales and net income represent all-time highs for the first-half period.

Outlook for FY2014

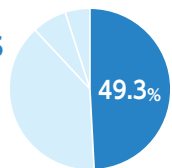
The outlook for the fiscal year ending March 31, 2015 remains unchanged from the full-year business performance forecasts announced on May 12, 2014: net sales of 134,000 million yen, operating income of 19,500 million yen, ordinary income of 21,300 million yen, and net income of 12,200 million yen.

Consolidated Financial Highlights



Overview by Segment

Commercial Karaoke Business



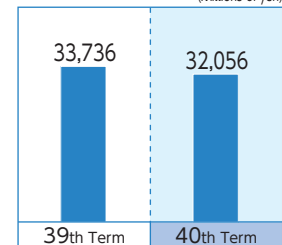
Net sales: **32,056** million yen
(year-on-year decrease of **5.0%**)

Operating income: **7,244** million yen
(year-on-year decrease of **1.1%**)

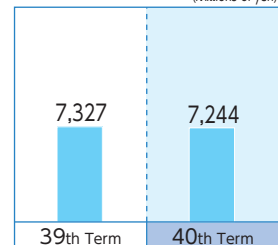
In the commercial karaoke business, the DAIICHIKOSHO Group worked on the product front to enhance its lineup of products by launching in April this year LIVE DAM RED TUNE, a third generation system of the LIVE DAM series, which proved popular in the market. On the sales front, the Group continuously worked to strengthen the stock type business structure by increasing shipments of equipment rentals and strengthening such measures as expanding the elder market. As a result, both the numbers of DAM systems in use and system rental contracts, which provide a stable source of revenue, steadily increased.

Nevertheless, with the absence of the contribution from transactions to large operators that occurred in the corresponding period of the previous fiscal year, net sales of the commercial karaoke business segment decreased 5.0% and operating income decreased 1.1%.

Net sales for first half (Millions of yen)



Operating income for first half (Millions of yen)



TOPICS (Commercial Karaoke Business)

◆Strengthening Content for Kids and Family

The DAIICHIKOSHO Group strengthened content in all genres to accompany the launch of the new product LIVE DAM RED TUNE. In particular, the Group enhanced content for kids and family. The Group distributed a large volume of songs and videos from TV program "With Mother", which is popular among younger children. Other songs and video popular among kids were steadily distributed, including Yokai Watch, KAMEN RIDER GAIM, DOKIDOKI! PRECURE, and Tomica Plarail no Uta. Through these measures, the Group is striving to promote karaoke use among families, as part of our wish to make karaoke a familiar leisure activity close to the hearts of people of many ages.



Image from "With Mother" ©NHK

◆Facilities with DK ELDER SYSTEM Surpassed 15,000 Facilities

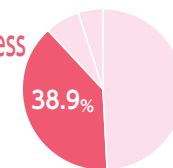
The number of facilities that have introduced the DK ELDER SYSTEM, which supports improvement in "oral, motor, and cognitive" functions among the elderly, surpassed 15,000 facilities in September 2014. While this partly reflects the result of strengthening the sales system, it also shows the needs for "health" are rising as we have expected.

Looking to the future, please expect much of the elder business, whose market is expected to grow.



DK ELDER SYSTEM recommended model FREE DAM

Karaoke Room and Restaurant Business



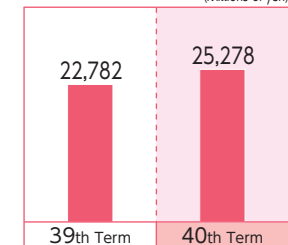
Net sales: **25,278** million yen
(year-on-year increase of **11.0%**)

Operating income: **3,229** million yen
(year-on-year increase of **4.0%**)

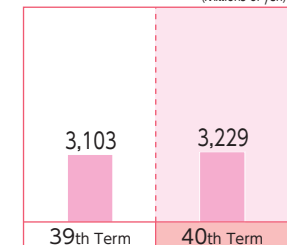
In the karaoke room and restaurant business, the DAIICHIKOSHO Group has made progress in its efforts in the karaoke room business on new shop development, and development of its karaoke shops as multi-brand or as complexes to acquire a broad customer base. In addition to the new challenge of opening shops with a new industry-first shop format that combines convenience store with karaoke room, efforts have also been focused on developing famous-artist-themed collaboration rooms. In the restaurant business, the DAIICHIKOSHO Group concentrated on developing shop formats suited to the locality and target customer range to respond rapidly and accurately to the changes in market and customer needs.

As a result of the above, net sales of the karaoke room and restaurant business segment for the period under review increased 11.0% compared with the corresponding period of the previous fiscal year owing not only to the contribution of revenues by the two subsidiaries acquired in February this year, but also the effect of new shop openings and improvements at existing shops. Operating income also increased 4.0%.

Net sales for first half (Millions of yen)



Operating income for first half (Millions of yen)



TOPICS (Karaoke Room and Restaurant Business)

◆BIG ECHO in Industry First to Surpass 400 Shops

In December 2014, the karaoke room business BIG ECHO will become the first in the industry to surpass 400 shops.

Presently BIG ECHO boasts the highest number of shops in the industry. Looking forward, the DAIICHIKOSHO Group will further secure its position as the leading company in the karaoke industry by expanding its business scale and raising share of its DAM systems through the acceleration of new shop openings.

In addition, the Group aims to be the industry No.1 brand not just in terms of the number of shop but also in terms of customer satisfaction by improving the quality of shops through personnel training in tandem with the business growth.

Among the karaoke room formats, in addition to the two brands BIG ECHO (English logo), which are luxury, high-class shops, and BIG ECHO (Japanese logo), which are casual-style shops, the Group aims to attract a wide range of customers to suit various locations by developing self-service karaoke shops that allow customers to freely bring in food and beverages.

Looking forward, the DAIICHIKOSHO Group will make efforts to further enhance services that put smiles on customers' faces as they enjoy BIG ECHO karaoke.

Karaoke Entertainment **BIG ECHO** Luxury, high-class BIG ECHO

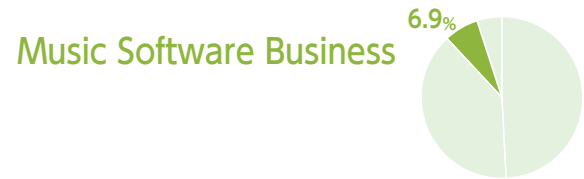
Karaoke Entertainment **ビッグエコー** Casual-style BIG ECHO

FamilyMart + カラオケ DAM

セルフカラオケ Let's sing together! **カラオケ CLUB** KARAOKE CLUB DAM
Self-service karaoke shops (freely bring in own food and beverage)
Shops combined with convenience stores KARAOKE CLUB DAM

セルフカラオケ **Happy party!** **ハッピーパーティー**
Self-service karaoke shops (freely bring in own food and beverage)
Stand-alone karaoke shops (located close to convenience stores, etc.)
Happy party!
Produced by BIG ECHO

Overview by Segment



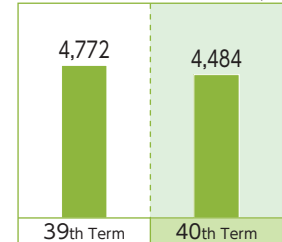
Net sales: **4,484** million yen
(year-on-year decrease of **6.0%**)

Operating income: **33** million yen
(year-on-year decrease of **91.8%**)

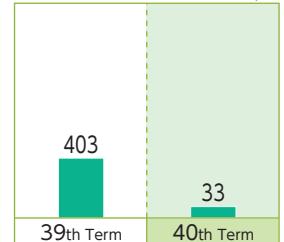
In the music software business, works that contributed to revenues were works by young artists such as Sonar Pocket and LOVELY DOLL as well as the DVD of the STUDIO GHIBLI film, *The Wind Rises (Kaze Tachinu)*, in addition to mainstay enka (popular ballads) works by artists such as Saburo Kitajima and Kaori Mizumori.

As a result of the above, net sales of the music software business segment for the period under review decreased 6.0% compared with the corresponding period of the previous fiscal year mainly on account of delays and cancellations in works scheduled for release, and operating income decreased 91.8% due to video works such as DVDs, which have a higher cost-price ratio, representing a rising share of sales.

Net sales for first half (Millions of yen)



Operating income for first half (Millions of yen)



TOPICS (Music Software Business)

Profiles of Much-Talked-About Artists

◆POPS Nanami

Singer-songwriter Nanami's debut single *Ai ga Sakenderu*, was released by e-stretch RECORDS, after a grand prize-winning performance of that song at the final of the amateur music contest The 6th Music Revolution JAPAN FINAL (2013). She is on the way of achieving a big break from this miraculous song. It is truly a fairy-tale success story as she finished the song in only 30 minutes to send it in an application entry for the contest, won a grand prize at the national final, and then made her debut by recording the song in a session with the best of LA's musicians.



CROWN NIPPON CROWN Co., Ltd.

◆Enka (Popular Ballads) / Popular Songs

Nobue Matsubara

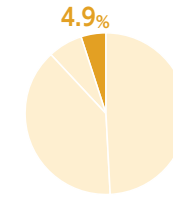
This year, Nobue Matsubara celebrates 35 years since her debut. As one of the great talents of female enka singers, she is supported by a great number of fans.

The new song *Gassho Kaido* is the first new geographical ballad to appear in a while, made in a first-time collaboration with Makoto Kitajyo and Junpei Oda. The geographical setting for this song is the *Gassho Kaido* road that connects the A-frame houses of the villages of Shirakawa-go, Gifu Prefecture and Gokayama, Toyama Prefecture, and the song itself has a more popular music flavor than Matsubara's other melodies until now.



TOKUMA JAPAN COMMUNICATIONS

Other Business



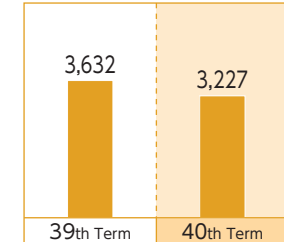
Net sales: **3,227** million yen
(year-on-year decrease of **11.2%**)

Operating income: **568** million yen
(year-on-year decrease of **17.8%**)

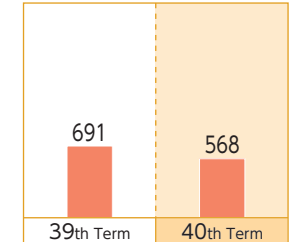
In the other business, in addition to making efforts to expand sales of STAR digio Hikari, a BGM broadcast service utilizing optical fiber networks in the BGM broadcasting business, the DAIICHIKOSHO Group also worked to enhance its services by such means as starting Hikari Karaoke BOX+@DAM in collaboration with NTT WEST in July this year so that people can enjoy high quality karaoke at home.

Nevertheless, net sales in the other business segment decreased 11.2% compared with the corresponding period of the previous fiscal year owing to poor performance from services to mobile phone, such as ring-tone melodies, and the sale of one hotel in October last year. Operating income decreased 17.8%.

Net sales for first half (Millions of yen)



Operating income for first half (Millions of yen)



TOPICS (Other Business)

Two New Streaming Karaoke Consumer Services have Started

1. Hikari Karaoke Box+@DAM (Service started July 1, 2014)

The DAIICHIKOSHO Group has started Hikari Karaoke Box+@DAM, which is a karaoke application for consumers that the Group developed jointly with NTT WEST. This streaming service provides sound delivery of commercial-service communication-compatible karaoke LIVE DAM with a set-top box provided by NTT WEST. It has received tremendous reception as it enables people to practice karaoke in their own homes and proves useful for communication with friends and family.



The service can be used at a reasonable 500 yen per month (excluding tax) for which subscribers can enjoy more than 100,000 songs.



2. Xbox One Karaoke@DAM (Service started November 18, 2014)

The DAIICHIKOSHO Group has started a karaoke application Karaoke@DAM service for the console game machine Xbox One, which was jointly developed by Microsoft Japan. In addition to providing the sound and video of LIVE DAM, the application includes SEIMITSU SAITEN ONE, an arrangement of the SEIMITSU SAITEN DX that has become familiar through television programs. Users can enjoy authentic ratings of performance while singing karaoke at home. To use this service, which also provides more than 100,000 songs, users can purchase a 24-hour ticket for 300 yen (excluding tax) or a 30-day ticket for 1,000 yen (excluding tax) via the Xbox One game unit.



The DAIICHIKOSHO Group is working to expand all services in order to further raise recognition of the DAM brand, which is being fostered by the commercial karaoke business, and attract karaoke users to karaoke shops. We will appreciate your further understanding and support.



Consolidated Financial Summary

▶ For detailed financial information, please see the Financial Highlights section on the Company's website: <http://www.dkkaraoke.co.jp/english/financial.html>

Condensed Consolidated Balance Sheet for First Half

(Millions of yen)

| Item | 39th Term As of March 31, 2014 | First half of 40th Term As of September 30, 2014 |
|---|-----------------------------------|---|
| Assets | | |
| Current assets | 63,729 | 72,189 |
| Non-current assets | 97,857 | 100,823 |
| Property, plant and equipment | 55,679 | 58,774 |
| Intangible assets | 7,691 | 7,521 |
| Investments and other assets | 34,486 | 34,528 |
| Total assets | 161,587 | 173,013 |
| Liabilities | | |
| Current liabilities | 26,647 | 24,303 |
| Non-current liabilities | 32,670 | 42,388 |
| Total liabilities | 59,318 | 66,692 |
| Net assets | | |
| Shareholders' equity | 101,270 | 105,568 |
| Capital stock | 12,350 | 12,350 |
| Capital surplus | 4,001 | 4,001 |
| Retained earnings | 84,926 | 89,225 |
| Treasury shares | (7) | (8) |
| Accumulated other comprehensive income | (156) | (426) |
| Valuation difference on available-for-sale securities | 1,172 | 810 |
| Revaluation reserve for land | (777) | (777) |
| Foreign currency translation adjustment | 51 | 93 |
| Remeasurements of defined benefit plans | (602) | (552) |
| Minority interests | 1,153 | 1,178 |
| Total net assets | 102,268 | 106,321 |
| Total liabilities and net assets | 161,587 | 173,013 |

* Amounts of less than one million yen are truncated.

| [Notes] | 39th Term | First half of 40th Term |
|-------------------------|----------------|-------------------------|
| 1. Guarantee obligation | 19 million yen | 7 million yen |
| 2. Net assets per share | 1,736.70 yen | 1,812.11 yen |

POINT

Current assets

The 8,460 million yen increase in current assets was mainly due to an increase of 8,143 million yen in cash and deposits, an increase of 962 million yen in prepaid expenses-other included in other, a decrease of 504 million yen in notes and accounts receivable-trade, a decrease of 407 million yen in inventories.

Non-current assets

The 2,965 million yen increase in non-current assets was mainly due to an increase of 1,382 million yen in construction in progress included in other, an increase of 1,236 million yen in karaoke equipment for rental and a decrease of 587 million yen in investment securities.

Current liabilities

The 2,344 million yen decrease in current liabilities was mainly due to a decrease of 785 million yen in income taxes payable, a decrease of 759 million yen in accounts payable-other, a decrease of 439 million yen in notes and accounts payable-trade.

Non-current liabilities

The 9,717 million yen increase in non-current liabilities was mainly due to an increase of 10,066 million yen in long-term loans payable and a decrease of 488 million yen in net defined benefit liability.

Condensed Consolidated Statements for First Half

(Millions of yen)

| Item | First half of 39th Term from April 1, 2013 to September 30, 2013 | First half of 40th Term from April 1, 2014 to September 30, 2014 |
|--|--|--|
| Net sales | 64,924 | 65,046 |
| Cost of sales | 37,522 | 38,535 |
| Gross profit | 27,402 | 26,511 |
| Selling, general and administrative expenses | 17,312 | 16,823 |
| Operating income | 10,089 | 9,688 |
| Non-operating income | 1,203 | 1,312 |
| Non-operating expenses | 433 | 209 |
| Ordinary income | 10,859 | 10,791 |
| Extraordinary income | 3 | 187 |
| Extraordinary losses | 202 | 159 |
| Income before income taxes and minority interests | 10,660 | 10,819 |
| Income taxes-current | 4,765 | 4,685 |
| Income taxes-deferred | (325) | (387) |
| Income before minority interests | 6,220 | 6,521 |
| Minority interests in income | 52 | 29 |
| Net income | 6,167 | 6,491 |

* Amounts of less than one million yen are truncated.

| [Notes] | First half of 39th Term | First half of 40th Term |
|----------------------|-------------------------|-------------------------|
| Net income per share | 103.27 yen | 111.75 yen |

POINT

Net sales

Although the absence of the transaction to large operators in the commercial karaoke business that occurred in the corresponding period of the previous fiscal year and the poor sales in the music software business both contributed to decreased sales, sales increased in the karaoke room and restaurant business owing mainly to the contribution of subsidiaries acquired in the previous fiscal year and the improvements at existing shops. As a result, net sales totaled 65,046 million yen, a 0.2% increase compared with the corresponding period of the previous fiscal year. This figure represents an all-time high for the first-half period.

Operating income and ordinary income

Although the karaoke room and restaurant business recorded an increase in income, the music software business and the other business experienced drops in income. As a result, operating income totaled 9,688 million yen, a 4.0% decrease compared with the corresponding period of the previous fiscal year, and ordinary income fell 0.6%, to 10,791 million yen.

Net income

Despite the decreases in operating income and ordinary income, a reduction in the income tax burden resulted in net income of 6,491 million yen, a 5.3% increase compared with the corresponding period of the previous fiscal year. This figure represents an all-time high.

Condensed Consolidated Statements of Cash Flows for First Half

(Millions of yen)

| Item | First half of 39th Term from April 1, 2013 to September 30, 2013 | First half of 40th Term from April 1, 2014 to September 30, 2014 |
|---|--|--|
| Net cash provided by (used in) operating activities | 12,746 | 11,442 |
| Net cash provided by (used in) investing activities | (9,109) | (10,804) |
| Net cash provided by (used in) financing activities | (2,503) | 7,071 |
| Effect of exchange rate change on cash and cash equivalents | (24) | 66 |
| Net increase (decrease) in cash and cash equivalents | 1,108 | 7,775 |
| Cash and cash equivalents at beginning of period | 41,963 | 44,381 |
| Cash and cash equivalents at end of period | 43,071 | 52,156 |

* Amounts of less than one million yen are truncated.

POINT

Net cash provided by (used in) operating activities

- Income before income taxes and minority interests 10,819 million yen
- Depreciation and amortization 6,554 million yen
- Decrease in notes and accounts payable-trade 503 million yen

Net cash provided by (used in) investing activities

- Purchase of property, plant and equipment 7,693 million yen
- Purchase of intangible assets 2,052 million yen
- Payments for acquisition of video licenses 985 million yen

Net cash provided by (used in) financing activities

- Proceeds from long-term loans payable 11,430 million yen
- Cash dividends paid 2,037 million yen
- Repayment of long-term loans payable 1,907 million yen

Corporate Profile (as of September 30, 2014)

Corporate Profile

| | | |
|---------------------|--|-------|
| Corporate name | DAIICHIKOSHO 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 | 1,579 |
| | The Group | 3,164 |
| Listing on JASDAQ | September 19, 1995 | |

Officers (as of September 30, 2014)

| | |
|---|---------------------|
| 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 | Yasuhiro Watanabe |
| Director and Corporate Officer | Akira Miyake |
| Director and Corporate Officer | Noriyuki Takehana |
| Director (Part-time) | Mitsuru Yoshikawa |
| Director (Part-time) | Yoshimi Shimizu |
| Standing Corporate Auditor (Outside) | Michitoshi Tsuruoka |
| Standing Corporate Auditor (Outside) | Nobuaki Otsuka |
| Standing Corporate Auditor | Nobuyuki Takase |
| Corporate Auditor (Outside) | Masumi Arichika |
| Corporate Officer | Hisahiro Ogura |
| Corporate Officer | Akihito Yoshizawa |
| Corporate Officer | Shigeki Kobayashi |
| Corporate Officer | Hiroshi Kunitsu |
| Corporate Officer | Kenji Otsuka |
| Corporate Officer | Harutoshi Hoshi |
| Corporate Officer | Osamu Arima |
| Corporate Officer | Keisuke Totsuka |

The DAIICHIKOSHO Group The Company and consolidated subsidiaries

39
companies



Main Business Activities
Commercial karaoke business
Karaoke room and restaurant business
Music software business

Domestic sales subsidiaries: 24 companies

| | | |
|---------------------------------------|---------------------------------|---------------------------------|
| HOKKAIDO DAIICHIKOSHO CO., LTD. | JOHOKU DAIICHIKOSHO CO., LTD. | TOKAI DAIICHIKOSHO CO., LTD. |
| HIGASHIOKKAIDO DAIICHIKOSHO CO., LTD. | TAITO DAIICHIKOSHO CO., LTD. | HOKURIKU DAIICHIKOSHO CO., LTD. |
| KITATOCHOKU DAIICHIKOSHO CO., LTD. | JOTO DAIICHIKOSHO CO., LTD. | KYOTO DAIICHIKOSHO CO., LTD. |
| TOHOKU DAIICHIKOSHO CO., LTD. | JOSAI DAIICHIKOSHO CO., LTD. | DAIICHIKOSHO KINKI CO., LTD. |
| JYOBAN DAIICHIKOSHO CO., LTD. | SHONAN DAIICHIKOSHO CO., LTD. | KEIHAN DAIICHIKOSHO CO., LTD. |
| GUNMA DAIICHIKOSHO CO., LTD. | NIGATA DAIICHIKOSHO CO., LTD. | HYOGO DAIICHIKOSHO CO., LTD. |
| TOCHIGI DAIICHIKOSHO CO., LTD. | NAGANO DAIICHIKOSHO CO., LTD. | KYUSHU DAIICHIKOSHO CO., LTD. |
| SAITAMA DAIICHIKOSHO CO., LTD. | SHIZUOKA DAIICHIKOSHO CO., LTD. | OKINAWA DAIICHIKOSHO CO., LTD. |

Other domestic subsidiaries: 12 companies

| | |
|---------------------------------------|-------------------------------------|
| DK Finance CO., LTD. | DAIICHIKOSHO MUSIC PUBLISHING, INC. |
| NIPPON CROWN CO., LTD. | ZOOM REPUBLIC, INC. |
| TOKUMA JAPAN COMMUNICATIONS CO., LTD. | UNION TV&MONITOR PICTURE CO., LTD. |
| CROWN TOKUMA music distribution, Inc. | Maruhagi Yoshu Kogyo Co., Ltd. |
| CROWN MUSIC, INC. | ADVAN, K.K. |
| Tri-M, Inc. | Gold Ltd. |

Overseas subsidiaries: 3 companies

| | |
|------------------------------|---|
| D.K. KOREA CO., LTD. | DAIICHIKOSHO (SHANGHAI) TRADE CO., LTD. |
| DAIICHIKOSHO (SHANGHAI) LTD. | |

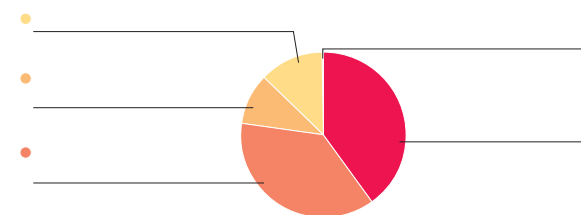
Status of the Shares of the Company (as of September 30, 2014)

- Number of authorized shares 200,000,000 shares
- Number of shares outstanding 58,025,000 shares
- Number of shareholders 16,226
- Major shareholders

| Name of shareholder | Number of shares held (share) | Ratio of voting rights (%) |
|--|-------------------------------|----------------------------|
| Tadahiro Hoshi | 6,246,000 | 10.76 |
| Harutoshi Hoshi | 6,119,600 | 10.55 |
| State Street Bank and Trust Company | 5,299,475 | 9.13 |
| Hoshi Create Limited | 2,449,800 | 4.22 |
| Asahi Breweries, Ltd. | 2,120,000 | 3.65 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 1,689,000 | 2.91 |
| NORTHERN TRUST CO. (AVFC) RE 15PCT TREATY ACCOUNT | 1,386,700 | 2.39 |
| Mitsubishi UFJ Trust and Banking Corporation | 1,148,000 | 1.98 |
| Japan Trustee Services Bank, Ltd. (Trust Account) | 1,093,600 | 1.88 |
| JPMorgan Chase Bank 385632 | 1,002,800 | 1.73 |

(Note) The Company holds 2,766 treasury shares.

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



■ Stock price (monthly candlestick chart)



The Company's website

Information to help everyone invest, the latest information on BIG ECHO, DAM★Tomo and other information are posted on our website. (Japanese only)
Please visit us online and find more details.

URL <http://www.dk karaoke.co.jp/>

Official website



BIG ECHO

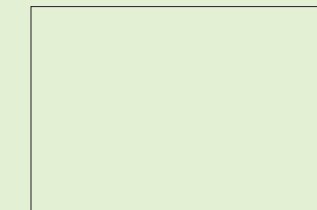


<http://big-echo.jp/>

DAM★Tomo

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

DK ELDER SYSTEM



<http://dk-eldersystem.com/>

Above screen current as of October 31, 2014