

**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. Because it is planned that the market of the Osaka Securities Exchange will be integrated with the Tokyo Stock Exchange effective July 16, 2013, the listed securities exchange of the Company will become the Tokyo Stock Exchange effective the same day.

**Shareholder Special Benefits**

Shareholders recorded in the final shareholder registry on March 31, 2013 as holding 100 or more shares will be granted special benefits coupons according to the number of shares held.

Number of shares held	Details of benefits	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 June 21, 2013  
Validity period: July 1, 2013 to December 31, 2013

**ECHO**

**Vol.35** Business Report for the 38th Term  
April 1, 2012 to March 31, 2013



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President

**Saburo Hayashi**

It gives me great pleasure to present the Business Report of Daiichikoshō Co., Ltd. (the "Company") for the 38th Term (April 1, 2012 to March 31, 2013).

Thanks to the shareholders, the Daiichikoshō Group was able to achieve steady growth in product shipments as a result of efforts to expand DAM sales through product strategy centering on a new product group launched in October last year.

In addition, the elder business (business aimed at the elderly), which has provided extra strength to the Company by making inroads in a new market, expanded firmly. The number of equipment installations of the DK ELDER SYSTEM, a content delivery system aimed at the elderly, exceeded 10,000 locations in February this year. More than simply "product sales", this is the result produced from our "human capital", in other words, honest efforts by the sales representatives who demonstrated the magnificence of the contents through actual performance. The capability of the nation-wide organization of our human capital is a strong point of the Company, and this new business is expected to continue to secure new revenue for the future.

Incidentally, at the 2013 Spring Conferment of Decorations, the Company's Honorary Chairman Tadahiko Hoshi was conferred with an Order of the Rising Sun, Gold Rays with Rosette for his achievements in the development of the karaoke industry. This is truly testimony that the karaoke industry has assumed a social importance in society. Moving forward, the Company also will put utmost effort into helping the karaoke industry develop together with society, and we will aim to be a company that can contribute 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.

## Overview of FY2012

In the fiscal year ended March 31, 2013, in addition to depressed exports resulting from economic recession in Europe and circumstances in China, the Japanese economy was impacted by slowing domestic activity, which had been supported by post-earthquake recovery demand. Future economic outlook therefore continued to be unclear. Nevertheless, a recovery in economic activity has been observed since January and there is optimism toward the financial and economic measures of the new government.

Operating under these circumstances, the Daiichikoshō Group focused on expanding sales of its Daiichikoshō Amusement Multimedia (DAM) systems, concentrating on the new product group launched in October 2012, and developing the seniors market. In its karaoke cabin and restaurant business, the Group implemented various measures to differentiate shops from competitors and strove to attract customers and improve customer satisfaction. In the music software business, the Group focused on developing young artists.

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 period under review amounted to 128,901 million yen (up 1.3% compared with the previous fiscal year).

From the income standpoint, despite receiving

increased income from the other business, income declined in the commercial karaoke and karaoke cabin and restaurant businesses because of increased operating expenses relating to measures to strengthen the revenue base. As a result, operating income totaled 18,395 million yen (down 2.0% compared with the previous fiscal year). Because of an increase in non-operating income including foreign exchange gains, ordinary income amounted to 22,280 million yen (up 8.5%) and net income came to 12,819 million yen (up 19.9%) owing to a net improvement in extraordinary income and loss. The ordinary income and net income were both the highest on record.

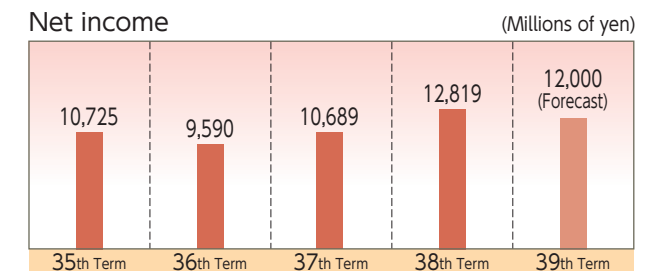
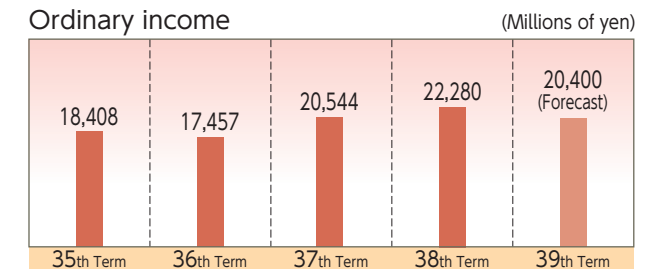
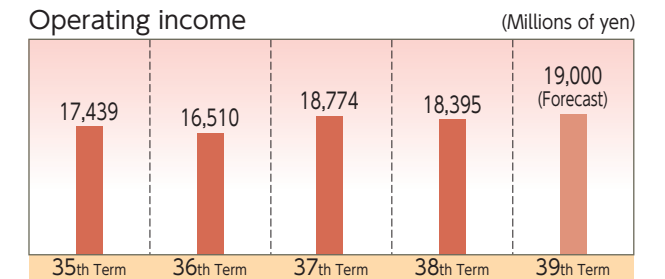
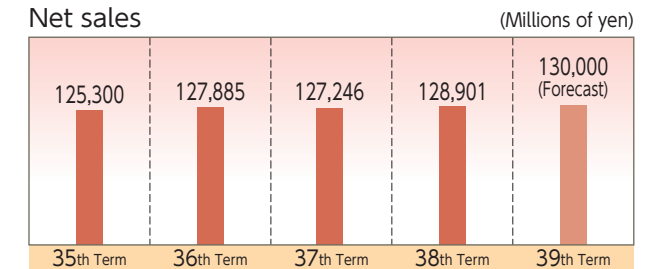
## Outlook for FY2013

Regarding the outlook for the fiscal year ending March 31, 2014, there is a rising optimism toward economic recovery as reflected in the improved business sentiment and consumer confidence accompanying the financial and economic measures of the new government. Nevertheless, there are also reasons for wariness, such as the ripple effect of these measures, the changes in consumer spending with the rise in consumption tax imminent and uncertainty about the overseas economic situation. Consequently, the outlook remains difficult to forecast.

Amid such conditions, in order to promote the enjoyment of karaoke among all age groups—from the young generation to seniors—the Daiichikoshō Group will focus on reinvigorating the karaoke market centering on the commercial karaoke (karaoke systems and contents provision) and karaoke cabin and restaurant businesses (provision of karaoke venues), and creating hit songs through the music software business, which we believe will lead to improving revenues. Moreover, the Group will expand its business activities that provide contribution to society by offering karaoke as a method of care prevention and health maintenance.

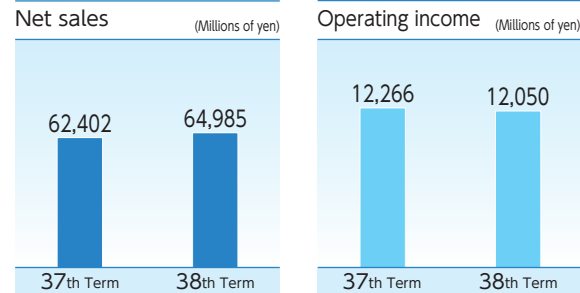
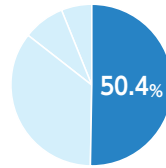
The business performance forecast for the next fiscal year ending March 31, 2014 is net sales of 130.0 billion yen, operating income of 19.0 billion yen, ordinary income of 20.4 billion yen, and net income of 12.0 billion yen.

## Consolidated Financial Highlights



# Overview by Segment

## Commercial Karaoke Business



In the commercial karaoke business, the number of DAM systems in use steadily increased. The new products launched in October 2012, which were received favorably by the market, included LIVE DAM GOLD EDITION, the top-of-the-range model, Cyber DAM HD, which is the first system with loaded high definition video for the night-time market, and SmartDAM, a tablet-type new-generation DENMOKU that is expected to penetrate the market. Also contributing to this increase were steady shipments of FREE DAM, the recommended system for the DK ELDER SYSTEM, and an increase in the number of system rentals due to intensified sales efforts in strategically prioritized areas.

As a result of the above, net sales increased 4.1% compared with the previous fiscal year due to the increase in sales of products and revenues from equipment rentals and information fees in association with the increased number of systems in use. However, operating income decreased 1.8% due to a prior investment for enhancement of business base and an increase in operating expenses including selling expenses in association with launching new products.

## TOPICS (Commercial Karaoke Business)

### ◆DK ELDER SYSTEM Passes 10,000 Installations

Installations of the DK ELDER SYSTEM, equipment designed to improve general functional ability in everyday life, passed 10,000 in February 2013 (approx. 10,500 installations as of March 31, 2013). We can therefore say that our efforts, which included conducting effectiveness studies in joint research with universities and proposing sessions combined with content, have borne fruit.

### ◆New Product Launch Party DAM HD

Party DAM HD, which was launched in April 2013, is our first integrated mobile unit with full HD video. It offers beautiful video images and a sense of realism. Suitable for various locations such as hotels, traveler inns and wedding halls, it can liven up the venue with a range of party content that can produce fun moments.

### ◆Completion of Lineup for the Entire Market and Focus on SmartDAM, the New-Generation DENMOKU

With the launch of Party DAM HD, aimed at the hotel and traveler inn market, the Group now has a complete system lineup for the entire market when combined with LIVE DAM GOLD EDITION, the flagship model launched in October 2012, Cyber DAM HD, designed with the night-time market in mind, and FREE DAM, the DK ELDER SYSTEM series model recommended for the seniors market. Also, the Group is offering various programs and content to be interlinked with karaoke systems via SmartDAM, the new-generation DENMOKU, which has opened up new potential for karaoke.

FREE DAM



FREE DAM

Party DAM HD



Party DAM HD



LIVE DAM GOLD EDITION

LIVEDAM GOLD EDITION

Cyber DAM HD



Cyber DAM HD

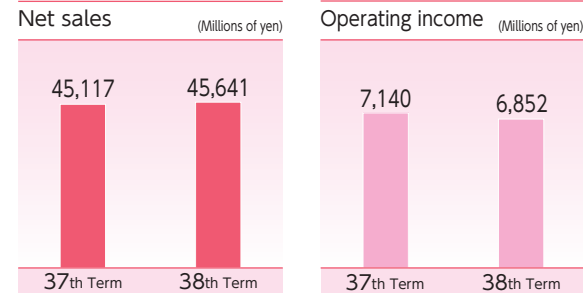
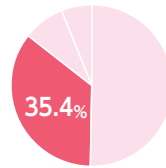
Smart DAM



SmartDAM

# Overview by Segment

## Karaoke Cabin and Restaurant Business



In the karaoke cabin business, we are actively developing three distinctly different shop brands, each catering to different market attributes. Aiming to attract customers and improve customer satisfaction, we are differentiating our shops from those of our competitors, such as by installing a women-only floor decorated under the direction of an interior design shop, establishing limited-period popular-artist or anime themed collaboration rooms, and developing “concept rooms” that match customers’ needs. In the restaurant business, we developed new formats including Japanese-style taverns and Italian- and Spanish-style bars to complement our existing dining bars and worked to select or combine business formats that best meet the shifts in the market, regional characteristics and the customer base.

As a result of the above efforts, although sales from existing shops were weak from the second quarter onwards, new shops provided additional contribution and net sales increased 1.2% compared with the previous fiscal year. Operating income, on the other hand, decreased 4.0% on account of increased costs associated with shop renewal and the conversion of business formats aimed at strengthening the revenue base.

## TOPICS (Karaoke Cabin and Restaurant Business)

### ◆ Launch of New Collaboration Rooms at BIG ECHO

The popular-artist and anime-character themed collaboration rooms of BIG ECHO, which became a big hit each time the plan was realized, included EXILE, a popular vocal and dance group, BOØWY, a legendary rock band, and KUMAMON, the PR character mascot for Kumamoto prefecture.

#### BIG ECHO

#### 1 EXILE Room

##### BIG ECHO Shibuya

Period: February 8 to July 31, 2013 (Scheduled)

##### BIG ECHO Umeda Kitashinchi Osaka Station 3 Building Mae

Period: March 27 to July 31, 2013 (Scheduled)

##### BIG ECHO Kumamoto Shimotori

Period: March 31 to July 31, 2013 (Scheduled)

##### BIG ECHO Shibuya Ekimae

Period: April 19 to July 31, 2013 (Scheduled)

#### 2 BOØWY Room

##### BIG ECHO Yurakucho

Period: March 9 to July 31, 2013 (Scheduled)

#### 3 KUMAMON's Room

##### BIG ECHO Kumamoto Shimotori

Period: From March 31, 2013 onwards



BIG ECHO Kumamoto Shimotori



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### ◆ Developing New Restaurant Formats and Expanding Bar Formats

Newly introduced business formats in the restaurant business were “Hokkaido Izakaya Zenibako”, a Japanese-style tavern that uses only quality Hokkaido produce to provide the delicious flavors such ingredients offer, and “Italian Bar Komugi” and “Hokkaido Bar Komugi”, an Italian-Spanish-style bar format based on the casual-dining concept of a Spanish tavern.

#### Japanese-Style “Izakaya” Tavern Format

#### Hokkaido Izakaya Zenibako

##### Hamamatsucho Ekimae

Opened: March 14, 2013



#### Bar Format

#### Italian & Spain Bar Komugi

##### Yaesu

Opened: March 29, 2013

##### Kumamoto Shimotori

Opened: March 31, 2013



#### Hokkaido Bar Komugi

##### Keikyu Kawasaki Ekimae

Opened: March 11, 2013

#### J's Bar

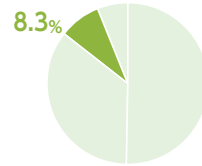
##### Yurakucho

Opened: March 11, 2013



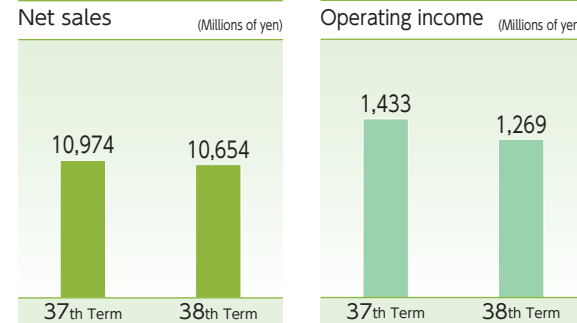
# Overview by Segment

## Music Software Business

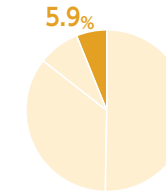


In the music software business, in addition to compilations of young artists such as Sonar Pocket and MAN WITH A MISSION, the stable sales of enka (popular ballad) works by artists such as Saburo Kitajima and Kaori Mizumori contributed to revenues.

Consequently, despite responding to a weakening trend in music distribution sales with cost controls that focused on management efficiency, net sales decreased 2.9% and operating income decreased 11.5% year on year.

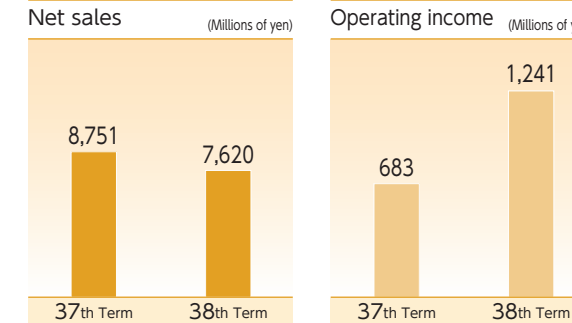


## Other Business



In the content services to mobile phones, we endeavored to reduce costs by eliminating or consolidating certain content. Having fully withdrawn from TV channels in the satellite broadcasting business by the end of the previous fiscal year, we focused on the BGM business.

As a result, net sales in the other business decreased 12.9% year on year while operating income jumped 81.7% as our business reforms led to significantly better profitability.



### TOPICS (Music Software Business)

#### Profiles of Much-Talked-About Artists

##### ◆POPS

##### Sonar Pocket



Sonar Pocket's album, *Sonapokeism Vol. 4*, which was released on February 6, 2013, continued on from the success of preceding works to debut at No. 2 on the Oricon Album Ranking. On May 15, 2013, a new single was released that includes the theme music for NHK TV animation *Danchi Tomoo*. From March to June, they went on national tour, playing 27 concerts in 25 cities to 60,000 fans.



##### MAN WITH A MISSION

MAN WITH A MISSION's latest single *Emotions*, released in February 2013, broke through the Oricon chart to reach No. 3. Their opportunities to appear in the media are becoming more frequent and their name recognition and popularity are increasing. In addition, their second album *MASH UP THE WORLD*, released in July 2012, received the 5th CD SHOP AWARDS and became an extraordinarily long selling album. Their first live performance at the Nippon Budokan and their overseas tour were both remarkable successes.



##### ◆Enka (Popular Ballads) / Popular Songs



##### Saburo Kitajima

This year, Saburo Kitajima is full of vigor, performing on stage in *Ina-no Kantaro Shinshu Hitori Tabi* at the Meijiza theater, Tokyo in March and performing at the Shinkabukiza theater, Osaka in June. In November, he is scheduled to perform at the Hakataza theater, Fukuoka. On June 5, his debut anniversary, he released some energy-filled new songs.



##### Kaori Mizumori

On April 3, 2013, Kaori Mizumori released the new song *Ise Meguri*. A promotional campaign targeting various regions commenced in conjunction with the release. She made appearances on music shows on NHK and other TV stations and gave numerous performances. The *Kaori Mizumori Concert - Kayou Kikou -* has been touring various locations across Japan.



### TOPICS (Other Business)

#### ◆HD Conversion of Commercial BGM/BGV Service STAR DAM

Spaces that play tasteful and relaxing background music and video (BGM/BGV) such as restaurants, hotel lobbies, and medical clinic waiting rooms, enhance their feeling of high-class comfort.

STAR DAM is a service package of commercial-use BGM/BGV that can be played in such places. Included in STAR DAM is a package of STAR digio, our BGM channel, and video channels (7 channels). The video channels now play in HD video format.

The terrestrial television broadcasting has converted to digital and high definition images have become the norm. Accompanying this change, TV monitors have also grown in size. Our conversion to high definition video has been therefore well received by the customers who watch our video channels, as well as by our distributors.



# 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>

## Summarized Consolidated Balance Sheets (Millions of yen)

Item	37th Term As of March 31, 2012	38th Term As of March 31, 2013
<b>Assets</b>		
<b>Current assets</b>	<b>52,508</b>	<b>62,365</b>
<b>Noncurrent assets</b>	<b>89,730</b>	<b>97,113</b>
Property, plant and equipment	51,074	54,484
Intangible assets	6,553	6,361
Investments and other assets	32,102	36,268
<b>Total assets</b>	<b>142,238</b>	<b>159,479</b>
<b>Liabilities</b>		
<b>Current liabilities</b>	<b>26,159</b>	<b>27,384</b>
<b>Noncurrent liabilities</b>	<b>22,274</b>	<b>31,780</b>
<b>Total liabilities</b>	<b>48,433</b>	<b>59,164</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>	<b>92,996</b>	<b>96,490</b>
Capital stock	12,350	12,350
Capital surplus	12,905	6,026
Retained earnings	68,730	78,119
Treasury stock	△ 989	△ 5
<b>Accumulated other comprehensive income</b>	<b>△ 170</b>	<b>2,768</b>
Valuation difference on available-for-sale securities	793	3,646
Revaluation reserve for land	△ 777	△ 777
Foreign currency translation adjustment	△ 186	△ 100
<b>Minority interests</b>	<b>978</b>	<b>1,056</b>
<b>Total net assets</b>	<b>93,804</b>	<b>100,315</b>
<b>Total liabilities and net assets</b>	<b>142,238</b>	<b>159,479</b>

\*Amounts of less than one million yen are truncated.

	<b>POINT</b>
<b>Current assets</b>	The 9,857 million yen increase in current assets was mainly due to an increase of 7,029 million yen in cash and deposits and an increase of 1,329 million yen in notes and accounts receivable—trade.
<b>Noncurrent assets</b>	The 7,383 million yen increase in noncurrent assets was mainly due to an increase of 5,106 million yen in investment securities and an increase of 1,418 million yen in karaoke rental equipment.
<b>Current liabilities</b>	The 1,224 million yen increase in current liabilities was mainly due to an increase of 1,668 million yen in accounts payable—other, an increase of 1,212 million yen in notes and accounts payable—trade, a decrease of 829 million yen in income taxes payable, and a decrease of 718 million yen in short-term loans payable.
<b>Noncurrent liabilities</b>	The 9,505 million yen increase in noncurrent liabilities was mainly due to an increase of 10,000 million yen in bonds payable.

## Summarized Consolidated Statements of Income (Millions of yen)

Item	37th Term from April 1, 2011 to March 31, 2012	38th Term from April 1, 2012 to March 31, 2013
<b>Net sales</b>	<b>127,246</b>	<b>128,901</b>
Cost of sales	74,872	75,884
<b>Gross profit</b>	<b>52,373</b>	<b>53,016</b>
Selling, general and administrative expenses	33,598	34,620
<b>Operating income</b>	<b>18,774</b>	<b>18,395</b>
Non-operating income	2,267	4,433
Non-operating expenses	498	548
<b>Ordinary income</b>	<b>20,544</b>	<b>22,280</b>
Extraordinary income	45	142
Extraordinary loss	1,371	928
Income before income taxes and minority interests	19,218	21,495
Income taxes—current	8,309	8,604
Income taxes—deferred	135	△ 9
Income before minority interests	10,774	12,900
Minority interests in income	84	81
<b>Net income</b>	<b>10,689</b>	<b>12,819</b>

\*Amounts of less than one million yen are truncated.

[Notes]	37th Term	38th Term
1. Accumulated depreciation of property, plant and equipment	59,406 million yen	59,927 million yen
2. Guarantee obligation	163 million yen	60 million yen
3. Pledged assets	5,229 million yen	4,437 million yen
Corresponding liabilities	1,605 million yen	1,195 million yen
4. Net income per share	167.70 yen	209.06 yen
5. Net assets per share	1,477.71 yen	1,662.00 yen

	<b>POINT</b>
<b>Net sales</b>	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 128,901 million yen, a 1.3% increase compared with the previous fiscal year.
<b>Operating income</b>	Profit increased in the other business but decreased in the commercial karaoke business and the karaoke cabin and restaurant business because of increased operating expenses relating to measures to strengthen the revenue base. As a result, operating income came to 18,395 million yen, a 2.0% decrease compared with the previous fiscal year.
<b>Ordinary income and net income</b>	Ordinary income increased 8.5% year on year to 22,280 million yen, reflecting increases in non-operating income including foreign exchange gains, and net income increased 19.9% year on year to 12,819 million yen owing to a net improvement in extraordinary income and loss. The ordinary income and net income were both the highest on record.

## Summarized Consolidated Statements of Cash Flows (Millions of yen)

Item	37th Term from April 1, 2011 to March 31, 2012	38th Term from April 1, 2012 to March 31, 2013
Net cash provided by (used in) operating activities	32,808	24,482
Net cash provided by (used in) investing activities	△ 17,619	△ 18,553
Net cash provided by (used in) financing activities	△ 7,404	△ 989
Effect of exchange rate change on cash and cash equivalents	9	2,656
Net increase (decrease) in cash and cash equivalents	7,793	7,596
Cash and cash equivalents at beginning of period	26,573	34,367
Cash and cash equivalents at end of period	34,367	41,963

\*Amounts of less than one million yen are truncated.

	<b>POINT</b>
<b>Net cash provided by (used in) operating activities</b>	
• Income before income taxes and minority interests	21,495 million yen
• Depreciation and amortization	13,321 million yen
• Increase in notes and accounts payable—trade	1,184 million yen
<b>Net cash provided by (used in) investing activities</b>	
• Purchase of property, plant and equipment	12,158 million yen
• Purchase of intangible assets	3,818 million yen
• Payments for acquisition of video licenses	1,700 million yen
<b>Net cash provided by (used in) financing activities</b>	
• Proceeds from issuance of bonds	9,946 million yen
• Repayment of long-term loans payable	4,372 million yen
• Cash dividends paid	3,430 million yen

## Consolidated Statements of Changes in Net Assets 38th Term (from April 1, 2012 to March 31, 2013) (Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of current period	12,350	12,905	68,730	△ 989	92,996	793	△ 777	△ 186	△ 170	978	93,804
Changes of items during the period											
Dividends from surplus			△ 3,429		△ 3,429						△ 3,429
Net income			12,819		12,819						12,819
Purchase of treasury stock				△ 5,895	△ 5,895						△ 5,895
Retirement of treasury stock		△ 6,879		6,879	—						—
Net changes of items other than shareholders' equity						2,852		86	2,939	78	3,017
Total changes of items during the period	—	△ 6,879	9,389	983	3,493	2,852	—	86	2,939	78	6,510
Balance at the end of current period	12,350	6,026	78,119	△ 5	96,490	3,646	△ 777	△ 100	2,768	1,056	100,315

\*Amounts of less than one million yen are truncated.

## Increased Attention Attracted to the Elderly (over sixty-fives) Business Its Enhanced Value to Society and Cooperation with Administration



FREE DAM

We have been installing the DK ELDER SYSTEM (equipment designed to improve general functional ability in everyday life) in nursing homes and community centers since 2001. In the last three years, we increased the number of these installations by more than 7,000, passing 10,000 in February 2013 (10,500 installations as of March 31, 2013).

In addition to our efforts for expanding the market and planning and development of contents, an important contributing factor is that we are gaining greater understanding of the system from the facility staff members by providing advice for constructing session programs and the results of effectiveness studies carried out in joint research with Tohoku Fukushi University and Tsurumi University.

In addition, a DAM Club was opened at Koenji in Tokyo in November 2011 as a place for healthy and vital elderly people to gather under the theme of "singing and health". We plan for DAM Clubs to serve as a place to develop and test content and programs that promote care prevention and good health.

Then in April 2012, we opened a DAM Club in Hari Onsen Land, a hot springs facility for health promotion owned by the Nara City (name was previously Tsuge Hot Springs, Fitness Bird). Moreover, accompanying a relocation of the DAM Club Koenji to Nakano in Tokyo in April 2013, we deepened ties with Nakano City (Nakano-ku), and as a means of contributing

to care prevention and health promotion for the citizens of Nakano City, we opened up part of the facility as a place of free-entry, calling it Arai Enjoy Hiroba. There, we are strengthening ties with local government not only by allowing the local senior citizens free use of karaoke, but also by providing visitors access to programs that use DK ELDER SYSTEM and a 1-to-2 hour session Research Class each day that offers sessions for care prevention under the direction of Tohoku Fukushi University.

Faced with the present situation of a super aging society, all local governments are leading initiatives aimed at preventing care-dependence in order to reduce medical costs and nursing care costs. Amid this, increased attention is being given to the karaoke-based DK ELDER SYSTEM, which is attractive because the elderly are familiar to karaoke and they can enjoy themselves while at the same time looking forward to positive health benefits.

The Daiichikosho Group will continue to give attention to the elderly (over sixty-fives) business that renders value to society.



DAM Club Nakano



Users taking part in a program

## Rating Karaoke Performance Just Like on TV Shows SEIMITSU SAITEN DX (Precision scoring content) - How It Works and Why It Is Fun



To have one's karaoke performance rated as often seen on TV shows, one needs the SEIMITSU SAITEN DX (Precision scoring content), which is preinstalled on the LIVE DAM and LIVE DAM GOLD EDITION systems.

With a graphic display well-known from TV shows, the system's evaluation of pitch and timing accuracy as well as such vocal techniques as vibrato and tremolo are shown on the screen, which are then converted into a score.

Apparently a common request at karaoke cabin reception desk is, "We want to sing in a cabin (using a system) with a scoring function!" The aforementioned graphic display is no doubt one of the reasons for its popularity.

Older scoring functions compared the karaoke song data with the singing voice from the microphone and produced a score based on accuracy of pitch and timing. This, however, tended to result in even quite bland renditions attaining high scores.

Aiming to give high scores to great-sounding performances, the SEIMITSU SAITEN series use an improved scoring mechanism. For example, it positively evaluates vocal techniques such as vibrato rather than recognizing it as off-pitch, and it also adds points for



diminuendo and crescendo.

The SEIMITSU SAITEN DX (Precision scoring content) also includes an analysis report function that displays hundreds of comments regarding appraisal and advice. There are also heaps of hints on how to obtain a higher score. Users are inspired to continually strive to do better.

Knowing all these features, the karaoke scoring contests on TV shows become more interesting and users are able to better enjoy the SEIMITSU SAITEN DX (Precision scoring content) at karaoke venues.

We definitely recommend that readers try it out.

# Corporate Profile

## Corporate Profile (as of March 31, 2013)

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	1,540
	The Group	3,025
Listing on JASDAQ	September 19, 1995	

## Officers (as of June 21, 2013)

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 and Corporate Officer	Noriyuki Takehana
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 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 March 31, 2013)

37  
companies



### 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.
Kitatohoku 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.	DAIICHI KOSHO (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.

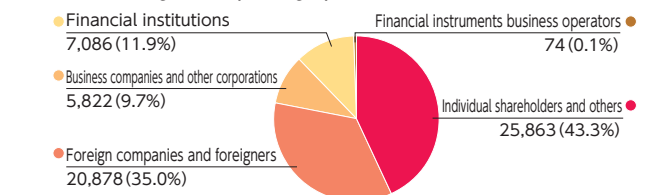
# Status of the Shares of the Company (as of March 31, 2013)

- Number of authorized shares 200,000,000 shares
- Number of shares outstanding 59,725,000 shares
- Number of shareholders 15,600
- Major shareholders

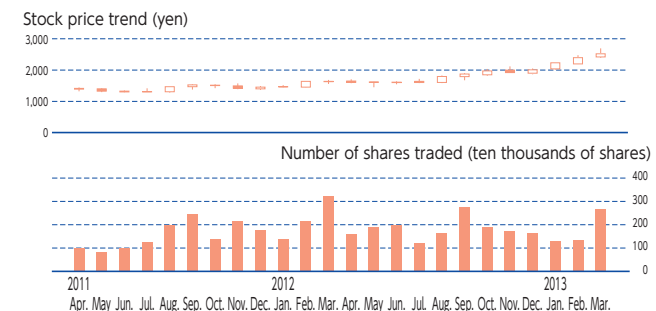
Name of shareholder	Number of shares held (thousands of shares)	Ratio of voting rights (%)
Tadahiro Hoshi	6,846	11.5
Harutoshi Hoshi	6,719	11.3
State Street Bank and Trust Company	4,475	7.5
Hoshi Create Limited	2,449	4.1
Asahi Breweries, Ltd.	2,120	3.5
The Chase Manhattan Bank N.A. London S.L. Omnibus Account	1,395	2.3
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,335	2.2
Mitsubishi UFJ Trust and Banking Corporation	1,148	1.9
Japan Trustee Services Bank, Ltd. (Trust Account)	1,133	1.9
The Dai-ichi Life Insurance Company, Limited	900	1.5

(Notes) 1. The Company holds 2,714 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 are posted on DAM★Tomo information, which was redesigned in October 2012. (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 May 31, 2013