株式会社ダイナムジャパンホールディングス
DYNAM JAPAN HOLDINGS Co., Ltd.*
(incorporated in Japan with limited liability)
(Stock Code: 06889)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2013

HIGHLIGHTS

— Our gross pay-ins were ¥929,158 million (or HK$76,600 million$^{\Delta}$), recording an increase of 2.3% as compared with the year ended 31 March 2012;

— Our revenue was ¥163,961 million (or HK$13,517 million$^{\Delta}$), recording a decrease of 0.7% as compared with the year ended 31 March 2012;

— Our profit before tax was ¥33,436 million (or HK$2,757 million$^{\Delta}$), recording an increase of 17.7% as compared with the year ended 31 March 2012;

— Our profit for the year attributable to owners of the Company was ¥20,925 million (or HK$1,726 million$^{\Delta}$), recording an increase of 31.6% as compared with the year ended 31 March 2012;

— We operated 362 halls as at 31 March 2013 (2012: 355 halls);

— Basic earnings per share of the Company were ¥29.7 (or HK2.4^{\Delta}$); and

— The Board has resolved to declare a final dividend of ¥7.25 per ordinary share (interim: ¥5.75 per ordinary share).

$^{\Delta}$ Translated into Hong Kong dollars at the rate of ¥12.13 to HK$1.00, the exchange rate prevailing on 29 March 2013 (i.e. the last business day in March 2013).

Note: The above % increases and decrease are referred to the changes in respect of the Japanese yen amounts but not the translated amounts in Hong Kong dollars.

The board (the "Board") of directors (the "Directors") of 株式会社ダイナムジャパンホールディングス DYNAM JAPAN HOLDINGS Co., Ltd.* (the "Company") is pleased to announce the results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2013. The results have been audited by RSM Nelson Wheeler, the Company's auditor.

* *For identification purpose only*

SUMMARY OF FINANCIAL RESULTS

	Year ended 31 March			
	2013		2012	
	(in millions)			
	¥	***HK$***	¥	*HK$*
Gross pay-ins	**929,158**	**76,600**	908,309	85,368
Less: gross payouts	**(765,197)**	**(63,083)**	(743,231)	(69,853)
Revenue	**163,961**	**13,517**	165,078	15,515
Other income	**9,250**	**763**	6,572	617
Hall operating expenses	**(133,904)**	**(11,039)**	(138,785)	(13,043)
General and administrative expenses	**(3,112)**	**(257)**	(1,754)	(164)
Other operating expenses	**(1,906)**	**(157)**	(874)	(81)
Profit from operations	**34,289**	**2,827**	30,237	2,844
Finance costs	**(853)**	**(70)**	(1,833)	(172)
Profit before tax	**33,436**	**2,757**	28,404	2,672
Income tax expense	**(12,511)**	**(1,031)**	(12,506)	(1,175)
Profit for the year attributable to owners of the Company	**20,925**	**1,726**	15,898	1,497
Earnings per share attributable to ordinary equity holders of the Company				
Basic	**¥29.7**	**HK$2.4**	¥25.2	HK$2.4
Diluted	**N/A**	**N/A**	N/A	N/A

	At 31 March			
	2013		2012	
	(in millions)			
	¥	***HK$***	¥	*HK$*
Non-current assets	**117,309**	**9,671**	119,590	11,241
Current assets	**50,568**	**4,168**	36,871	3,467
Current liabilities	**30,694**	**2,530**	33,384	3,139
Net current assets	**19,874**	**1,638**	3,487	328
Total assets less current liabilities	**137,183**	**11,309**	123,077	11,569
Non-current liabilities	**11,356**	**936**	29,603	2,783
Total equity	**125,827**	**10,373**	93,474	8,786

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

Largest contributor to Japan's entertainment and gaming market

According to the Leisure White Paper 2012(*1) published by Japan Productivity Centre(*2), Japan's entertainment market is estimated to be a ¥64.9 trillion business. The pachinko industry, with gross pay-ins of ¥18.9 trillion, was the largest contributor to Japan's entertainment market, accounting for approximately 29.1% thereof.

Market shift to lower playing cost pachinko and pachislot games

Since 2007, the number of pachinko halls equipped with low playing cost machines has increased steadily. According to Yano Research(*3), the number of pachinko halls with low playing cost machines increased from 1,049 in 2007 to 8,875 in 2011. In addition, approximately 79.8% of the new halls opened in 2011 were equipped with low playing cost machines, with approximately 9.2% of these new halls specialising solely in low playing cost machines. It is expected that the number of halls equipped with low playing cost machines will increase till 2013 and subsequently stabilise, and that the proportion of low playing cost machines will also increase until the market has become saturated, according to Entertainment Business Institute(*4).

The following table below sets forth the share ratios for low and high playing cost pachinko and pachislot machines in the market:

	For the year ended 31 March	
Pachinko machines	**2013**	2012
Low playing cost	**36.9%**	32.5%
High playing cost	**63.1%**	67.5%

	For the year ended 31 March	
Pachislot machines	**2013**	2012
Low playing cost	**18.2%**	11.2%
High playing cost	**81.8%**	88.8%

(Source: Daikoku Denki Co., Ltd., DK-SIS data(*5))

*1. Research report on leisure industry and its market trend published by Japan Productivity Centre.

*2. Non-profit organization (NPO) and non-governmental organization (NGO) established in 1955 to promote the productivity in Japan's industrial society and in improving the quality of people's lives.

*3. Yano Research Institute Limited, a private marketing research and consulting firm.

*4. Research institute specialized in pachinko and casino industries.

*5. Daikoku Denki Co., Ltd. is a pachinko related equipments supplier and the company also operates membership organization to manage information on registered member of pachinko hall operators including the utilization of pachinko and pachislot machines.

Leading the market with lower playing cost machines and promotion of the entertainment aspect of pachinko

We were among the first pachinko hall operators to promote the entertainment, instead of gaming, aspect of pachinko when we introduced low playing cost machines to our halls in 2006. We believe that our development of low playing cost pachinko is key to our continued success in the industry, as this strategy has allowed us to reach out to a broader and previously untapped customer base stemming from a growing trend towards playing pachinko for recreation in addition to winning prizes. This strategy also involves planned geographical expansion to continue to target players in rural/suburban areas.

BUSINESS REVIEW

Overview

We are a pachinko hall operator in Japan which have almost 46 years of experience in the pachinko industry, and have built our pachinko operations from two halls in one prefecture to 362 halls in 46 out of 47 prefectures in Japan as at 31 March 2013.

Our Business

Games

Our pachinko halls provide a venue for customers to play two types of games: pachinko and pachislot. Pachinko is similar to a vertical pinball machine and is played by firing small metal pachinko balls in rapid succession into the playing field of the machine and into pockets which trigger the release of more pachinko balls. Playing costs generally range from 0.5 yen to 4 yen per ball.

Pachislot is similar to casino slot machines, and is played by spinning the reels on the machine, then stopping them so that the pictures on each reel match, which triggers the release of pachislot tokens. Playing costs generally range from 5 yen to 20 yen per token. Customers rent pachinko balls and pachislot tokens to play the games, and the balls or tokens won can be either exchanged for prizes or saved for subsequent visits.

Prizes

Consistent with standard industry practice, we offer both general prizes, which are generally the types of goods sold in convenience stores, such as snacks, drinks and cigarettes, as well as “G-prizes”, which are decorative cards with a small embedded piece of gold or silver or coin-shaped pendants of gold or silver. Players who opt to claim G-prizes in exchange for the pachinko balls and pachislot tokens collected may sell their G-prizes to an independent prize buyer for cash outside of pachinko hall.

Operation of Three Types of Halls

We have focused on promoting the entertainment, instead of gaming, aspect of pachinko. We operate three types of halls, which offer various mixes of pachinko and pachislot games with different playing costs:

- *Traditional* halls feature a greater proportion of high playing cost games, and allow smoking inside the halls.
- *Yuttari Kan* halls offer primarily low playing cost games with a wider variety of general prizes, and generally allow smoking.
- *Shinrai no Mori* halls also feature primarily low playing cost games with a wider variety of general prizes, and include additional features such as a general prohibition on smoking with designated closed-off smoking areas, and the addition of a "relaxation space" in which customers can socialise.

We operate 362 pachinko halls in 46 out of 47 prefectures throughout Japan. The following table sets forth the number of halls by type as at the dates indicated:

	As at 31 March 2013	As at 31 March 2012
Traditional	**174**	176
Yuttari Kan	**154**	135
Shinrai no Mori	**34**	44
Total	**362**	355

We opened 7 new *Yuttari Kan* halls in several prefectures in Japan. Also, we changed over the hall type of 2 *traditional* halls and 10 *Shinrai no Mori* halls to *Yuttari Kan* halls so that we respond to the changing needs of our customers in trading zones and improve operating profit in our halls. As a result, the number of *Yuttari Kan* halls increased from 135 halls to 154 halls for the year ended March 2013.

Focus on low playing cost machines

We are among the first pachinko hall operators to promote, through our *Yuttari Kan* and *Shinrai no Mori* brands, the entertainment, instead of gaming, aspect of pachinko. We began offering low playing cost pachinko in 2006, and as at 31 March 2013, entertainment-oriented pachinko halls made up over half of our pachinko hall network. In doing so, we have been able to expand to a more demographically diverse customer base to include women, and players from older age groups and regional towns and cities. This has led to an increase in our market share and has provided us with a competitive edge over other pachinko hall operators.

Proportion of low playing cost machines in our pachinko halls

Because of the stagnation of the Japanese economy and the corresponding decline in the number of and spending by traditional pachinko players, we believe it is critical to broaden our customer base in order to increase overall customer spending in our pachinko halls. As a result, we may occasionally adjust the mix of high playing cost and low playing cost machines among our halls, particularly when opening new halls, in order to maintain customer interest as well as to grow our customer base. We also intend to continue to increase the number of our pachinko halls, with a particular focus on increasing the relative proportions of our *Yuttari Kan* and *Shinrai no Mori* halls, as the low playing cost machines featured in these hall types help to attract a broader customer base. The percentage of low playing cost machines increased from approximately 55.6% as at 31 March 2012 to approximately 58.4% as at 31 March 2013.

Cost controls and operational efficiency

Through our chain-store operational and management structure, we seek to achieve greater operational efficiency and cost controls.

As pachinko and pachislot machine expenses especially form a significant and controllable part of our operating expenses, we take several measures, resulting from our strategy of chain-store operation and volume purchasing.

For example, we use second-hand machines in our halls, sourced from our operations and third party suppliers, and reconfigure high playing cost machines into low playing cost machines, which allows us to control our machine expenses and profitability.

Another example of cost control measures for pachinko and pachislot machine expenses is our initiative to begin developing and installing our own private brand machines, the production of which we outsource in bulk to manufacturers for cost savings over the average market price of national brand machines. Using information that we gather from our membership system, we negotiate with manufacturers to produce machines specifically tailored to meet the preferences of our customers. We aim to continue to increase the proportion of private brand machines in our pachinko halls to further reduce our operating costs.

Other examples of operational efficiency and cost control measures include our 13 centralised distribution centres to support our machine sourcing functions, redeploying machines within our network and reconfiguring high playing cost machines into low playing cost machines, to reduce our machine expenses as mentioned above, and implementing an inventory ordering system for our general prizes to minimise our spending on working capital. With our chain store operational and management practices, rigorous cost control measures and greater economies of scale in our operations, we aim to continue to lower our per hall operating expenses.

PROSPECTS

We seek to maintain our position as an industry leader and further grow our business by implementing the following major strategies.

Continue to promote the entertainment aspect of pachinko

Our unique branding strategy has enabled us to attract a diverse customer base by emphasising the entertainment, rather than gaming, aspect of pachinko. With the introduction of our *Yuttari Kan* and *Shinrai no Mori* brands, we are reinventing the image of pachinko halls and distinguishing our branded pachinko halls as venues in which a broader range of customers, such as women, younger players, and other non-traditional pachinko customers, can play for entertainment and recreation rather than prizes. In line with this focus, we will also continue to concentrate our efforts on promoting our low playing cost games, as we believe that the pachinko industry is experiencing a transition towards low playing cost games.

As part of our initiative to shift the image of pachinko as a gaming activity to one of entertainment and leisure, we will focus on improving the overall quality of the customer experience in our pachinko halls. This includes introducing more *Yuttari Kan* and *Shinrai no Mori* halls featuring lower playing cost pachinko and pachislot machines, as we believe that many potential players are deterred by the high playing costs involved in pachinko and pachislot. Furthermore, in order to address the concerns of loud noise volumes and smoking inside pachinko halls, our *Shinrai no Mori* halls have controlled, lower noise volumes and are non-smoking, with separate designated smoking areas. We will also continue to focus on improving the quality of our customer service by providing ongoing personnel training. We believe that this is an important factor in customer loyalty and retention, which we believe will lead to increased market share and improved industry standing.

Expansion of operations by setting up new halls

We have a proven track record in successfully expanding our operations throughout Japan in a careful, cost-conscious and strategic manner and in line with our chain-store operational management strategy. We intend to exploit our competitive strengths to continue to expand our pachinko hall network and add to our leading market position.

We believe that many opportunities for pachinko hall expansion continue to exist in Japan, particularly in rural/suburban areas. On the other hand, we realize that opening new halls is always subject to certain market conditions which are beyond our control, and negotiation with the landowner for a long term land lease at an acceptable rental. Therefore, the Directors will ensure that we pursue such new hall opening opportunities when the prospects of new halls warrant us to do so, taking into consideration initial investment amounts etc..

In line with the above basic policy, we intend to establish the system for quickly opening not less than 40 halls annually to achieve the goal of "1,000 hall organization and 10% share in the number of halls in the fiscal year ending 31 March 2023".

Consolidate the pachinko industry by strategically acquiring potential competitors

In addition to growing organically, we plan to take advantage of the fragmented nature of the pachinko industry in Japan and leverage our listing status to acquire additional pachinko halls that complement our existing operations. In doing so, we will also take advantage of the pachinko industry trend of smaller and medium-sized hall operators gradually being pushed out of the market by larger operators. We are committed to becoming a driving force for this industry's consolidation from now on.

Establishment of Hong Kong-based affiliate and business development in Asia

In January 2013, the Group established Dynam Hong Kong Co., Limited as our Hong Kong-based affiliate. In Japan, acceleration of demographic aging is anticipated. As the entire Group, we will promote to collect information at Dynam Hong Kong Co., Limited for enhancement of new business development in Asia expecting synergy with our domestic pachinko hall operation in addition to our expansion of pachinko hall business in Japan through our promotion of low playing cost games bringing closer and casual entertainment to our customers.

FINANCIAL REVIEW

The following table sets forth the gross pay-ins, gross payouts, and revenue by types of halls for the years indicated:

	For the year ended 31 March				
	2013		2012		changes
	(in millions, except for percentages)				
	¥	**HK$(1)**	¥	HK$(2)	
Gross pay-ins					
— *Traditional*	**716,842**	**59,097**	734,245	69,008	-2.4%
— *Yuttari Kan*	**168,243**	**13,870**	133,496	12,547	+26.0%
— *Shinrai no Mori*	**44,073**	**3,633**	40,568	3,813	+8.6%
Total gross pay-ins	**929,158**	**76,600**	908,309	85,368	+2.3%
Gross payouts					
— *Traditional*	**609,535**	**50,250**	623,331	58,584	-2.2%
— *Yuttari Kan*	**122,804**	**10,124**	90,574	8,513	+35.6%
— *Shinrai no Mori*	**32,858**	**2,709**	29,326	2,756	+12.0%
Total gross payouts	**765,197**	**63,083**	743,231	69,853	+3.0%
Revenue					
— *Traditional*	**107,307**	**8,847**	110,914	10,424	-3.3%
— *Yuttari Kan*	**45,439**	**3,746**	42,922	4,034	+5.9%
— *Shinrai no Mori*	**11,215**	**924**	11,242	1,057	-0.2%
Total revenue	**163,961**	**13,517**	165,078	15,515	-0.7%

(1) Translated into Hong Kong dollars at the rate of ¥12.13 to HK$1.00, the exchange rate prevailing on 29 March 2013 (i.e. the last business day in March 2013).

(2) Translated into Hong Kong dollars at the rate of ¥10.64 to HK$1.00, the exchange rate prevailing on 30 March 2012 (i.e. the last business day in March 2012).

Gross pay-ins

Gross pay-ins represents the amount received from pachinko balls and pachislot tokens rented to customers less unutilised balls and tokens(*).

Our gross pay-ins increased by ¥20,849 million (equivalent to approximately HK$1,719 million), or 2.3%, from ¥908,309 million (equivalent to approximately HK$85,368 million) for the year ended 31 March 2012 to ¥929,158 million (equivalent to approximately HK$76,600 million) for the year ended 31 March 2013.

Traditional halls. Gross pay-ins for *traditional* halls decreased by ¥17,403 million (equivalent to approximately HK$1,435 million), or 2.4%, from ¥734,245 million (equivalent to approximately HK$69,008 million) for the year ended 31 March 2012 to ¥716,842 million (equivalent to approximately HK$59,097 million) for the year ended 31 March 2013. The decrease was primarily due to the decrease in utilisation rates of our high playing cost machines reflecting the market shifting to low playing cost machines and decrease in number of halls associated with changeover of 2 *Traditional* halls to *Yuttari Kan* halls.

Yuttari Kan halls. Gross pay-ins for *Yuttari Kan* halls increased by ¥34,747 million (equivalent to approximately HK$2,865 million), or 26.0%, from ¥133,496 million (equivalent to approximately HK$12,547 million) for the year ended 31 March 2012 to ¥168,243 million (equivalent to approximately HK$13,870 million) for the year ended 31 March 2013. The increase was due primarily to the increasing popularity in the market of our low playing cost machine, entertainment oriented strategy as well as the addition of 19 new *Yuttari Kan halls* on a year-to-year basis including changeover of hall types from *Traditional* halls and *Shinrai no Mori* halls.

Shinrai no Mori halls. Gross pay-ins for *Shinrai no Mori* halls increased by ¥3,505 million (equivalent to approximately HK$289 million), or 8.6%, from ¥40,568 million (equivalent to approximately HK$3,813 million) for the year ended 31 March 2012 to ¥44,073 million (equivalent to approximately HK$3,633 million) for the year ended 31 March 2013. The increase was primarily due to the continuing increase in popularity of existing *Shinrai no Mori* halls with a non-smoking environment and low playing cost machines partly offset by the decrease of 10 *Shinrai no Mori* halls associated with changeover of hall type to *Yuttari Kan* halls.

* Unutilised balls and tokens represents the sum of (i) the value of balls and tokens stored in our membership system and (ii) unutilised value of pre-paid integrated circuit (“IC”) cards sold.

Gross payouts

Gross payouts represents the aggregate cost of G-prizes and general prizes exchanged at our halls by our customers.

Our gross payouts increased by ¥21,966 million (equivalent to approximately HK$1,811 million), or 3.0%, from ¥743,231 million (equivalent to approximately HK$69,853 million) for the year ended 31 March 2012 to ¥765,197 million (equivalent to approximately HK$63,083 million) for the year ended 31 March 2013. The increase was primarily due to reduced G-prize mark-ups in our halls as part of our strategy to enhance our competitiveness to increase our market share.

Traditional halls. Gross payouts decreased by ¥13,796 million (equivalent to approximately HK$1,137 million), or 2.2%, from ¥623,331 million (equivalent to approximately HK$58,584 million) for the year ended 31 March 2012 to ¥609,535 million (equivalent to approximately HK$50,250 million) for the year ended 31 March 2013, which was in line with the decrease in gross pay-ins.

Yuttari Kan halls. Gross payouts increased by ¥32,230 million (equivalent to approximately HK$2,657 million), or 35.6%, from ¥90,574 million (equivalent to approximately HK$8,513 million) for the year ended 31 March 2012 to ¥122,804 million (equivalent to approximately HK$10,124 million) for the year ended 31 March 2013. The increase was due primarily to the increase in gross pay-ins and the lower of G-prize mark-ups for machines in some of these halls, in order to enhance our competitiveness in attracting customers as well as the addition of 19 *Yuttari Kan* halls on a year-to-year basis.

Shinrai no Mori halls. Gross payouts increased by ¥3,532 million (equivalent to approximately HK$291 million), or 12.0%, from ¥29,326 million (equivalent to approximately HK$2,756 million) for the year ended 31 March 2012 to ¥32,858 million (equivalent to approximately HK$2,709 million) for the year ended 31 March 2013. The increase for *Shinrai no Mori* halls was due primarily to the increase in gross pay-ins as well as the lower of G-prize mark-ups to our customers.

Revenue and revenue margin

Our revenue represents the gross pay-ins, less gross payouts to customers and our revenue margin represents revenue divided by gross pay-ins.

Our revenue slightly decreased by ¥1,117 million (equivalent to approximately HK$92 million), or 0.7%, from ¥165,078 million (equivalent to approximately HK$15,515 million) for the year ended 31 March 2012 to ¥163,961 million (equivalent to approximately HK$13,517 million) for the year ended 31 March 2013.

Traditional halls. Revenue for *traditional* halls slightly decreased by ¥3,607 million (equivalent to approximately HK$298 million), or 3.3%, from ¥110,914 million (equivalent to approximately HK$10,424 million) for the year ended 31 March 2012 to ¥107,307 million (equivalent to approximately HK$8,847 million) for the year ended 31 March 2013. The slight decrease was primarily due to a modest decrease in gross pay-ins offset by modest decrease in gross payouts over the year. The revenue margin slightly decreased from 15.1% to 15.0% which was in line with the decrease in gross pay-ins partly offset by decrease in gross payouts.

Yuttari Kan halls. Revenue for *Yuttari Kan* halls increased by ¥2,517 million (equivalent to approximately HK$208 million), or 5.9%, from ¥42,922 million (equivalent to approximately HK$4,034 million) for the year ended 31 March 2012 to ¥45,439 million (equivalent to approximately HK$3,746 million) for the year ended 31 March 2013. The increase in revenue is less than that in gross pay-ins, which was primarily due to the lower of G-prize mark-ups for machines in most of our *Yuttari Kan* halls, leading to a decrease in the revenue margin from 32.2% to 27.0%.

Shinrai no Mori halls. Revenue for *Shinrai no Mori* halls were ¥11,242 million (equivalent to approximately HK$1,057 million) and ¥11,215 million (equivalent to approximately HK$924 million) for the year ended 31 March 2012 and 2013 respectively. The stable outcome reflects increase in gross pay-ins offset by comparable increase in gross payouts. The lower of G-prize mark-ups adopted in our *Shinrai no Mori* halls led to a decrease in the revenue margin from 27.7% to 25.4%.

Other income

Other income primarily comprises commission income from vending machines and in-store sales, which represented 63.3% and 44.1% of total other income for the years ended 31 March 2012 and 2013 respectively. Other income increased by ¥2,678 million (equivalent to approximately HK$221 million), or 40.7%, from ¥6,572 million (equivalent to approximately HK$617 million) for the year ended 31 March 2012 to ¥9,250 million (equivalent to approximately HK$763 million) for the year ended 31 March 2013 due primarily to extraordinary gain on foreign exchange.

Hall operating expenses

The following table sets forth a breakdown of our hall operating expenses by hall type for the years indicated:

	For the year ended 31 March															
	2013								2012							
	Traditional		Yuttari Kan		Shinrai no Mori		Total		Traditional		Yuttari Kan		Shinrai no Mori		Total	
	(in ¥ millions, except for percentages)															
		%		%		%		%		%		%		%		%
Hall staff costs	**28,738**	**35.3%**	**13,415**	**32.8%**	**3,602**	**31.1%**	**45,755**	**34.2%**	29,437	33.2%	13,176	34.7%	3,684	30.2%	46,297	33.4%
Machine expenses	**22,932**	**28.1%**	**8,649**	**21.1%**	**2,285**	**19.7%**	**33,866**	**25.2%**	26,460	29.9%	7,067	18.6%	2,212	18.1%	35,739	25.8%
Depreciation charges	**5,051**	**6.2%**	**3,633**	**8.9%**	**1,796**	**15.5%**	**10,480**	**7.8%**	4,818	5.4%	3,617	9.5%	2,353	19.3%	10,788	7.8%
Rental	**5,226**	**6.4%**	**4,096**	**10.0%**	**946**	**8.2%**	**10,268**	**7.7%**	5,410	6.1%	3,804	10.0%	952	7.8%	10,166	7.3%
Advertising expenses	**3,581**	**4.4%**	**1,207**	**3.0%**	**330**	**2.8%**	**5,118**	**3.8%**	4,626	5.2%	1,224	3.2%	415	3.4%	6,265	4.5%
Utilities expenses	**2,608**	**3.2%**	**1,793**	**4.4%**	**496**	**4.3%**	**4,897**	**3.7%**	2,505	2.8%	1,728	4.5%	483	4.0%	4,716	3.4%
G-prize expenses	**2,707**	**3.3%**	**1,993**	**4.9%**	**614**	**5.3%**	**5,314**	**4.0%**	2,481	2.8%	1,780	4.7%	570	4.7%	4,831	3.5%
Cleaning and ancillary services	**2,485**	**3.1%**	**1,550**	**3.8%**	**372**	**3.2%**	**4,407**	**3.3%**	2,451	2.8%	1,463	3.9%	359	2.9%	4,273	3.1%
Repair and maintenance	**2,137**	**2.6%**	**1,330**	**3.3%**	**191**	**1.6%**	**3,658**	**2.7%**	2,652	3.0%	1,090	2.9%	147	1.2%	3,889	2.8%
Others	**6,004**	**7.4%**	**3,180**	**7.8%**	**957**	**8.3%**	**10,141**	**7.6%**	7,745	8.8%	3,049	8.0%	1,027	8.4%	11,821	8.4%
Total	**81,469**	**100.0%**	**40,846**	**100.0%**	**11,589**	**100.0%**	**133,904**	**100.0%**	88,585	100.0%	37,998	100.0%	12,202	100.0%	138,785	100.0%

The following table sets forth a breakdown of our average hall operating expenses per hall, by hall type, for the years indicated:

	For the year ended 31 March															
	2013								2012							
	Traditional		Yuttari Kan		Shinrai no Mori		Total		Traditional		Yuttari Kan		Shinrai no Mori		Total	
	(in ¥ millions, except for percentages)															
		%		%		%		%		%		%		%		%
Hall staff costs	**165.2**	**35.3%**	**87.1**	**32.8%**	**105.9**	**31.1%**	**126.4**	**34.2%**	167.3	33.2%	97.6	34.7%	83.7	30.2%	130.4	33.4%
Machine expenses	**131.8**	**28.1%**	**56.2**	**21.1%**	**67.3**	**19.7%**	**93.5**	**25.2%**	150.3	29.9%	52.3	18.6%	50.3	18.1%	100.7	25.8%
Depreciation charges	**29.0**	**6.2%**	**23.6**	**8.9%**	**52.8**	**15.5%**	**29.0**	**7.8%**	27.4	5.4%	26.8	9.5%	53.5	19.3%	30.4	7.8%
Rental	**30.0**	**6.4%**	**26.6**	**10.0%**	**27.8**	**8.2%**	**28.4**	**7.7%**	30.7	6.1%	28.2	10.0%	21.6	7.8%	28.6	7.3%
Advertising expenses	**20.6**	**4.4%**	**7.8**	**3.0%**	**9.7**	**2.8%**	**14.1**	**3.8%**	26.3	5.2%	9.1	3.2%	9.4	3.4%	17.6	4.5%
Utilities expenses	**15.0**	**3.2%**	**11.6**	**4.4%**	**14.6**	**4.3%**	**13.5**	**3.7%**	14.2	2.8%	12.8	4.5%	11.0	4.0%	13.3	3.4%
G-prize expenses	**15.6**	**3.3%**	**12.9**	**4.9%**	**18.1**	**5.3%**	**14.7**	**4.0%**	14.1	2.8%	13.2	4.7%	13.0	4.7%	13.6	3.5%
Cleaning and ancillary services	**14.3**	**3.1%**	**10.1**	**3.8%**	**11.0**	**3.2%**	**12.2**	**3.3%**	13.9	2.8%	10.8	3.9%	8.2	2.9%	12.0	3.1%
Repair and maintenance	**12.3**	**2.6%**	**8.6**	**3.3%**	**5.6**	**1.6%**	**10.1**	**2.7%**	15.1	3.0%	8.1	2.9%	3.3	1.2%	11.0	2.8%
Others	**34.4**	**7.4%**	**20.7**	**7.8%**	**28.1**	**8.3%**	**28.0**	**7.6%**	44.0	8.8%	22.6	8.0%	23.3	8.4%	33.3	8.4%
Total	**468.2**	**100.0%**	**265.2**	**100.0%**	**340.9**	**100.0%**	**369.9**	**100.0%**	503.3	100.0%	281.5	100.0%	277.3	100.0%	390.9	100.0%

Hall operating expenses decreased by ¥4,881 million (equivalent to approximately HK$402 million), or 3.5%, from ¥138,785 million (equivalent to approximately HK$13,043 million) for the year ended 31 March 2012 to ¥133,904 million (equivalent to approximately HK$11,039 million) for the year ended 31 March 2013, primarily attributable to a decrease in pachinko and pachislot machine expenses, advertising expenses and the loss on earthquake recognised for the year ended 31 March 2012.

Traditional halls. Hall operating expenses decreased by ¥7,116 million (equivalent to approximately HK$587 million), or 8.0%, from ¥88,585 million (equivalent to approximately HK$8,326 million) for the year ended 31 March 2012 to ¥81,469 million (equivalent to approximately HK$6,716 million) for the year ended 31 March 2013, due primarily to the decrease in pachinko and pachislot machine expenses resulting from acquisition of more second-hand machines than new machines and the reduction of advertising expenses as well as the decreased number of halls associated with changeover of 2 *Traditional* halls to *Yuttari Kan* halls. On a per hall basis, average hall expenses also decreased by 7.0%. The decrease was due primarily to a 12.3% decrease in pachinko and pachislot machine expenses per hall.

Yuttari Kan halls. Hall operating expenses increased by ¥2,848 million (equivalent to approximately HK$235 million), or 7.5%, from ¥37,998 million (equivalent to approximately HK$3,571 million) for the year ended 31 March 2012 to ¥40,846 million (equivalent to approximately HK$3,367 million) for the year ended 31 March 2013, due primarily to the addition of 19 new *Yuttari Kan* halls including changeover of hall types from *Traditional* halls and *Shinrai no Mori* halls as well as additional procurement of low playing cost machines leading to the increase in pachinko and machislot machine expenses. On a per hall basis, average hall operating expenses decreased by 5.8%, from ¥281.5 million (equivalent to approximately HK$26.5 million) for the year ended 31 March 2012 to ¥265.2 million (equivalent to approximately HK$21.9 million) for the year ended 31 March 2013. The decrease in average hall operating expenses primarily reflects the increment of total amount of hall operating expenses by increased number of halls.

Shinrai no Mori halls. Hall operating expenses decreased by ¥613 million (equivalent to approximately HK$51 million), or 5.0%, from ¥12,202 million (equivalent to approximately HK$1,147 million) for the year ended 31 March 2012 to ¥11,589 million (equivalent to approximately HK$955 million) for the year ended 31 March 2013, due primarily to the decrease of 10 *Shinrai no Mori* halls associated with changeover of hall type to *Yuttari Kan* halls. On a per hall basis, average hall operating expenses increased by 22.9%, from ¥277.3 million (equivalent to approximately HK$26.1 million) for the year ended 31 March 2012 to ¥340.9 million (equivalent to approximately HK$28.1 million) for the year ended 31 March 2013. The increase in average hall operating expenses was due primarily to the deduction of the total amount of the expenses by decreased number of halls.

General and administrative expenses

General and administrative expenses increased by ¥1,358 million (equivalent to approximately HK$112.0 million), or 77.4%, from ¥1,754 million (equivalent to approximately HK$164.8 million) for the year ended 31 March 2012 to ¥3,112 million (equivalent to approximately HK$256.6 million) for the year ended 31 March 2013. The increase was primarily due to the expenses incurred in the initial public offering and the increase in staff costs.

Other operating expenses

Other operating expenses increased by ¥1,032 million (equivalent to approximately HK$85.1 million), or 118.1%, from ¥874 million (equivalent to approximately HK$81.0 million) for the year ended 31 March 2012 to ¥1,906 million (equivalent to approximately HK$157.1 million) for the year ended 31 March 2013. The increase was primarily attributable to the increase in loss on disposals of property, plant and equipment and impairment loss on property, plant and equipment.

Finance costs

Finance costs decreased by ¥980 million (equivalent to approximately HK$80.8 million), or 53.5%, from ¥1,833 million (equivalent to approximately HK$172.3 million) for the year ended 31 March 2012 to ¥853 million (equivalent to approximately HK$70.3 million) for the year ended 31 March 2013. The decrease was primarily attributable to the decrease in amortisation of syndicated loan bank charges and total borrowing.

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2013

	Note	**2013** **¥ million**	2012 ¥ million
Revenue	3	**163,961**	165,078
Other income	4	**9,250**	6,572
Hall operating expenses	5	**(133,904)**	(138,785)
General and administrative expenses		**(3,112)**	(1,754)
Other operating expenses		**(1,906)**	(874)
Profit from operations		**34,289**	30,237
Finance costs	6	**(853)**	(1,833)
Profit before tax		**33,436**	28,404
Income tax expense	7	**(12,511)**	(12,506)
Profit for the year attributable to owners of the Company	8	**20,925**	15,898
Earnings per share	10		
Basic (¥)		**29.7**	25.2
Diluted (¥)		**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	2013	2012
	¥ million	*¥ million*
Profit for the year	**20,925**	15,898
Other comprehensive income:		
Exchange differences on translating foreign operations	**375**	–
Fair value changes of available-for-sale financial assets	**197**	(10)
— Income tax arising from fair value changes thereof	**(68)**	3
Actuarial loss on defined benefit retirement plans	**(48)**	(194)
— Income tax arising from actuarial loss thereof	**16**	82
Revaluation gain of freehold land upon reclassification from property, plant and equipment to investment properties	**–**	5
— Income tax arising from revaluation gain thereof	**–**	(2)
Other comprehensive income for the year, net of tax	**472**	(116)
Total comprehensive income for the year attributable to owners of the Company	**21,397**	15,782

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2013

	Note	**2013** **¥ million**	2012 ¥ million
Non-current assets			
Property, plant and equipment		**93,853**	95,033
Investment properties		**769**	1,027
Intangible assets		**1,411**	1,489
Available-for-sale financial assets		**706**	509
Held-to-maturity investment		**–**	10
Deferred tax assets		**9,934**	10,864
Other long-term assets		**10,636**	10,658
		117,309	119,590
Current assets			
Inventories		**3,375**	4,531
Trade receivables	*11*	**359**	381
Held-to-maturity investment		**10**	–
Prepayments and other receivables		**5,337**	3,415
Amounts due from related companies		**21**	20
Bank and cash balances		**41,466**	28,524
		50,568	36,871
TOTAL ASSETS		**167,877**	156,461
Current liabilities			
Trade payables	*12*	**905**	1,148
Accruals and other payables		**19,376**	21,090
Derivative financial instruments		**57**	62
Amounts due to related companies		**452**	443
Borrowings		**1,258**	1,654
Finance lease payables		**1,223**	1,187
Provisions		**1,438**	1,460
Current tax liabilities		**5,985**	6,340
		30,694	33,384
Net current assets		**19,874**	3,487
Total assets less current liabilities		**137,183**	123,077

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
At 31 March 2013

	2013 ¥ million	2012 ¥ million
Non-current liabilities		
Derivative financial instruments	**132**	134
Borrowings	**4,325**	21,583
Finance lease payables	**1,120**	2,331
Retirement benefit obligations	**1,869**	1,804
Other long-term liabilities	**305**	338
Provisions	**3,605**	3,413
	11,356	29,603
NET ASSETS	**125,827**	93,474
Capital and reserves		
Share capital	**15,000**	5,000
Reserves	**110,827**	88,474
TOTAL EQUITY	**125,827**	93,474

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2013

1. GENERAL INFORMATION

The Company was incorporated in Japan under the Companies Law with limited liability on 20 September 2011. The address of its registered office and principal place of business in Japan are 2-25-1-702 Nishi-Nippori, Arakawa-ku, Tokyo 116-0013, Japan and the principal place of business in Hong Kong is Unit A1, 32nd Floor, United Centre, 95 Queensway, Admiralty, Hong Kong.

On 6 August 2012, the shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

In the opinion of the directors of the Company, as at 31 March 2013, Mr. Yoji Sato and Sato Family Members as defined in the prospectus of the Company dated 24 July 2012 are the ultimate controlling parties of the Company.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") that are relevant to its operations and effective for its accounting year beginning on 1 April 2012. IFRSs comprise International Financial Reporting Standards; International Accounting Standards ("IAS"); and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

The Group has not applied the new IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new IFRSs but is not yet in a position to state whether these new IFRSs would have a material impact on its results of operations and financial position.

These financial statements have been prepared in accordance with IFRSs and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, investment properties and derivative financial instruments which are carried at their fair values.

3. REVENUE

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group has carried on a single business in a single geographical location, which is the operation of pachinko halls in Japan, and all the assets are principally located in Japan. Accordingly, there is only one single reportable segment of the Group which is regularly reviewed by the chief operating decision maker.

3. **REVENUE (continued)**

The Group's customer base is diversified and there are no customers with whom transactions have exceed 10% of the Group's revenue.

	2013	2012
	¥ million	*¥ million*
Gross pay-ins	**929,158**	908,309
Less: gross payouts	**(765,197)**	(743,231)
Revenue	**163,961**	165,078

4. **OTHER INCOME**

	2013	2012
	¥ million	*¥ million*
Bank interest income	**1**	1
Commission income from vending machines and in-store sales	**4,083**	4,163
Dividends income	**21**	127
Income from forfeiture of unutilised balls and tokens	**409**	332
Interest income on loan to related companies	**–**	46
Net foreign exchange gain	**2,959**	–
Net gain on disposals of used machines	**454**	453
Rental income	**862**	845
Others	**461**	605
	9,250	6,572

5. **HALL OPERATING EXPENSES**

	2013	2012
	¥ million	*¥ million*
Advertising expenses	**5,118**	6,265
Cleaning and ancillary services	**4,407**	4,273
Depreciation charges	**10,480**	10,788
G-prize expenses	**5,314**	4,831
Hall staff costs	**45,755**	46,297
Pachinko and pachislot machine expenses	**33,866**	35,739
Rental	**10,268**	10,166
Repair and maintenance	**3,658**	3,889
Utilities expenses	**4,897**	4,716
Others	**10,141**	11,821
	133,904	138,785

6. FINANCE COSTS

	2013	2012
	¥ million	*¥ million*
Bond and convertible bonds interest expenses	**–**	39
Finance leases charges	**115**	165
Interest expenses on loan from related companies	**–**	82
Interest on bank loans and syndicated loans		
— Wholly repayable within five years	**200**	428
— Not wholly repayable within five years	**48**	135
Total borrowing costs	**363**	849
Amortisation of syndicated loan bank charges	**414**	872
Loss on redemption of convertible bonds	**–**	40
Provision, unwinding of discount	**75**	70
Others	**1**	2
	853	1,833

7. INCOME TAX EXPENSE

	2013	2012
	¥ million	*¥ million*
Current tax — Japan Profits Tax		
Provision for the year	**11,633**	11,737
Under-provision in prior years	**–**	1
	11,633	11,738
Deferred tax	**878**	768
Income tax expense	**12,511**	12,506

No provision for Hong Kong Profits Tax has been made for the year ended 31 March 2013 (2012: ¥Nil) as the Group did not generate any assessable profits arising in Hong Kong during the year.

7. INCOME TAX EXPENSE (continued)

Profits taxes are calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof and are stated as follows:

	2013	2012
The Company	**38.0%**	40.7%
株式会社ダイナム DYNAM Co., Ltd.* ("Dynam")	**38.0%**	40.7%
株式会社キャビンプラザ Cabin Plaza Co., Ltd.* ("Cabin Plaza")	**38.6%**	41.2%
大黒天株式会社 Daikokuten Co., Ltd.* ("Daikokuten")	**38.9%**	41.5%
株式会社オークワジャパン Okuwa Japan Co., Ltd.* ("Okuwa Japan")	**37.5%**	40.1%
株式会社ダイナム土地建物 DYNAM Land & Building Co., Ltd.* ("Dynam Land & Building")	**38.0%**	40.7%
株式会社ダイナム情報処理 DYNAM Data Processing Co., Ltd.* ("Dynam Data Processing")	**39.4%**	42.1%
株式会社ダイナムPトレーディング Dynam P Trading Co., Ltd.* ("Dynam P Trading")	**39.4%**	42.1%
株式会社ダイナムアド企画 Dynam Advertisement Planning Co., Ltd.* ("Dynam Advertisement")	**38.4%**	40.9%
株式会社関東大同販売 Kanto Daido Selling Co., Ltd.* ("Kanto Daido")	**38.4%**	40.9%
株式会社信頼の森 Shinrainomori Co., Ltd.* ("Shinrainomori")	**38.4%**	40.9%
一般社団法人信頼の森 General Incorporated Association Shinrainomori* ("Shinrainomori Association")	**38.0%**	40.7%
Dynam Hong Kong Co., Limited	**16.5%**	–

Note: On 1 April 2013, Dynam Land & Building has effected an absorption-type merger of Dynam Data Processing, Dynam P Trading and Dynam Advertisement and Cabin Plaza has effected an absorption-type merger of Daikokuten and Okuwa Japan. Upon the completion of merger, Dynam Land & Building has changed its business name to Dynam Business Support Co., Ltd. ("Dynam Business Support").

Under the Tax Reform 2011 announced by The Ministry of Finance of Japan in December 2011 that the corporate income tax rate will be cut by 1.95% from 30.00% to 28.05% from the fiscal years beginning on or after 1 April 2012 to 2014, and further reduced by 2.55% from 28.05% to 25.50% from the fiscal years beginning on or after 1 April 2015. Consequently, the effective corporate tax rate, including the corporate income tax, resident tax and business tax, will be reduced by approximately 5.1% from 40.7% to 35.6% as follows:

	Effective tax rate	
	Y/E 2014 – Y/E 2015	**Y/E 2016**
The Company	38.0%	35.6%
Dynam	38.0%	35.6%
Cabin Plaza	38.6%	36.3%
Dynam Business Support	38.0%	35.6%
Kanto Daido	38.4%	36.1%
Shinrainomori	38.4%	36.1%
Shinrainomori Association	38.0%	35.6%

7. INCOME TAX EXPENSE (continued)

The reconciliation between the income tax expense and the product of profit before tax multiplied by the Japan Profits Tax rate is as follows:

	2013	2012
	¥ million	*¥ million*
Profit before tax	**33,436**	28,404
Japan Profits Tax rate	**38%**	40%
Tax at the domestic income tax rate	**12,706**	11,362
Tax effect of income that is not taxable	**(4)**	(24)
Tax effect of expenses that are not deductible	**289**	267
Tax effect of temporary differences not recognised	**103**	(29)
Tax effect of utilisation of tax losses not previously recognised	**(310)**	(13)
Tax losses not recognised	**1**	254
Under-provision in prior years	**–**	1
Effect of different tax rates of subsidiaries	**(94)**	84
Effect of change in tax rate	**68**	599
Others	**(248)**	5
Income tax expense	**12,511**	12,506

8. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	2013	2012
	¥ million	*¥ million*
Amortisation of intangible assets (included in hall operating expenses)	**473**	495
Auditor's remuneration	**45**	47
Depreciation	**10,507**	10,804
Directors' emoluments		
— As directors	**85**	49
— As management	**–**	–
	85	49
Fair value loss on investment properties	**10**	21
Impairment loss on property, plant and equipment	**1,082**	226
Impairment loss on available-for-sale financial assets	**–**	1
Impairment loss on other long-term assets	**7**	58
Impairment loss on intangible assets	**47**	–
Intangible assets written off	**1**	94
Loss on disposals and write off of property, plant and equipment	**385**	230
Loss on disposal of investment properties	**50**	–
Net foreign exchange gain	**(2,959)**	–
Net loss on derivative financial instruments	**57**	12
Operating lease charges		
— Land and buildings	**10,340**	10,249
Staff costs including directors' emoluments		
— Salaries, bonus and allowances	**46,293**	46,540
— Expenses recognised in respect of defined benefit retirement plans	**292**	259
— Contribution to defined contribution retirement plans	**474**	448
	47,059	47,247

9. DIVIDENDS

The Company and the Company's subsidiaries made the following distributions to its then shareholders.

Dividends declared and paid/payable to its then shareholders by:	**2013** Dividend per share ¥	**2013** Total dividends *¥ million*	2012 Dividend per share ¥	2012 Total dividends *¥ million*	
The Company					
— Interim	**5.75**	**4,271**	40	1,262	
— Final	**7.25**	**5,386**	–	–	
Dynam					
— First interim	**–**	**–**	149	4,837	(*)
— Second interim	**–**	**–**	60	1,953	
		9,657		8,052	

(*) It was settled by the available-for-sale financial assets.

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following:

	2013 *¥ million*	2012 *¥ million*
Earnings for the purpose of calculating basic earnings per share	**20,925**	15,898
Weighted average number of shares before sub-division and issue of new shares	**31,542,518**	31,542,518
Effect of sub-division of shares	**599,307,842**	599,307,842
Weighted average number of issue of new shares	**73,030,137**	–
Weighted average number of shares for the purpose of calculating basic earnings per share	**703,880,497**	630,850,360

No diluted earnings per share was presented for the years ended 31 March 2013 and 2012 as there were no dilutive potential ordinary shares in existence during the years ended 31 March 2013 and 2012.

11. TRADE RECEIVABLES

The Group's trade receivables relate to commission income from vending machines. During the year, the credit terms generally range to 30 days (2012: 30 days). The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The Group's aging analysis of trade receivables, based on invoice date, is as follows:

	2013	2012
	¥ million	*¥ million*
0 to 30 days	**359**	381

No balances were past due during the year ended 31 March 2013 (2012: ¥Nil).

12. TRADE PAYABLES

The aging analysis of the Group's trade payables, based on invoice date, is as follows:

	2013	2012
	¥ million	*¥ million*
0 to 30 days	**905**	1,148

CORPORATE GOVERNANCE

The Company is committed to the principles of corporate governance and corporate responsibility consistent with prudent management. The Board believes that such commitment will in the long term serve to enhance shareholders' value. The Board has set up procedures on corporate governance that comply with the requirements of the Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Since 6 August 2012 (the "Listing Date") up to 31 March 2013, the Company has complied with all the applicable code provisions set out in the Code, save and except for the following deviation:

Code Provision A.2.1

Under code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Notwithstanding that Mr. Kohei SATO has been appointed as another chief executive officer of the Company on 25 January 2013, Mr. Yoji SATO currently holds both positions.

Throughout the Group's business history of over four decades, Mr. Yoji SATO has been the key leadership figure of the Group who has been primarily involved in formulation of business strategies and determination of the overall direction of the Group. He has also been chiefly responsible for the Group's operations as he directly supervises the Company's executive officers. Taking into account the continuation of the implementation of the Company's business plans, the Directors (including the independent non-executive Directors) consider Mr. Yoji SATO to be the best candidate for both positions and the present arrangements are beneficial and in the interests of the Company and the shareholders of the Company (the "Shareholders") as a whole.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as a code of conduct of the Company regarding Directors' transactions of the listed securities of the Company. The Company has made specific enquiry to all of the Directors, and all of the Directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the period commenced from the Listing Date and ended on 31 March 2013.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Company has established the audit committee in accordance with the requirements of the Code. The audit committee consists of three independent non-executive Directors, namely Mr. Ichiro TAKANO (chairman), Mr. Yukio YOSHIDA and Mr. Thomas Chun Kee YIP. The primary duties of the audit committee are to assist the Board in providing an independent view of the effectiveness of financial reporting process, internal control and risk management system, overseeing the audit process and performing other duties and responsibilities as assigned by the Board. The audit committee also monitors the Directors in fulfilling their fiduciary duties. The annual results for the year ended 31 March 2013 have been reviewed by the audit committee.

FINAL DIVIDEND

The Board proposed to declare a final dividend of ¥7.25 per ordinary share for the year ended 31 March 2013, the final dividend will be payable on or around 26 June 2013 to the Shareholders whose names appear on the Company's share register at close of business on 31 March 2013. Based on the 742,850,360 shares in issue as at 31 March 2013, it is expected that the final dividend payable will amount to approximately ¥5,386 million (equivalent to approximately HK$444 million). No Shareholder has waived or agreed to waive any dividends.

The exchange rate for the conversion of Japanese yen to Hong Kong dollars for the dividend distributed to Shareholders in the currency other than Japanese yen will be based on the average currency rates prevailing five trading days (being 29 to 31 May 2013 and 3 to 4 June 2013) immediately after 28 May 2013.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date to 31 March 2013.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.dyjh.co.jp). The annual report of the Company for the year ended 31 March 2013 containing all the information required by the Listing Rules will be despatched to the shareholders and made available for review on the aforesaid websites in due course.

CURRENCY TRANSLATIONS

For the purpose of illustration only and unless otherwise specified in this announcement, certain amounts denominated in Japanese yen are translated into Hong Kong dollars at the rates (as the case may be) described below:

1. ¥12.13 to HK$1.00, the exchange rate prevailing on 29 March 2013 (i.e. the last business day in March 2013); or

2. ¥10.64 to HK$1.00, the exchange rate prevailing on 30 March 2012 (i.e. the last business day in March 2012).

No representation is made that the Japanese yen amounts could have been, or could be, converted into Hong Kong dollars, or vice versa, at such rates or at any other rates on such date or on any other dates.

On behalf of the Board
株式会社ダイナムジャパンホールディングス
DYNAM JAPAN HOLDINGS Co., Ltd.*
Yoji SATO
Chairman

Tokyo, Japan, 28 May 2013

As of the date of this announcement, the executive Director is Mr. Yoji SATO, the non-executive Director is Mr. Noriaki USHIJIMA and the independent non-executive Directors are Mr. Katsuhide HORIBA, Mr. Ichiro TAKANO, Mr. Yukio YOSHIDA, Mr. Mitsutoshi KATO and Mr. Thomas Chun Kee YIP.