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 2014

HIGHLIGHTS

— Our gross pay-ins were ¥922,172 million (or HK$69,388 million$^{\Delta}$), recording a decrease of 0.8% as compared with the year ended 31 March 2013;

— Our revenue was ¥165,754 million (or HK$12,472 million$^{\Delta}$), recording an increase of 1.1% as compared with the year ended 31 March 2013;

— Our profit before tax was ¥34,678 million (or HK$2,609 million$^{\Delta}$), recording an increase of 3.7% as compared with the year ended 31 March 2013;

— Our profit for the year attributable to owners of the Company was ¥21,328 million (or HK$1,605 million$^{\Delta}$), recording an increase of 1.9% as compared with the year ended 31 March 2013;

— We operated 375 halls as at 31 March 2014 (362 halls as at 31 March 2013);

— Basic earnings per share of the Company were ¥28.7 (or HK2.2^{\Delta}$); and

— The Board has resolved to declare a final dividend of ¥7 per ordinary share (interim: ¥7 per ordinary share).

Δ Translated into Hong Kong dollars at the rate of ¥13.29 to HK$1.00, the exchange rate prevailing on 31 March 2014 (i.e. the last business day in March 2014).

Note: The above % increases and decreases refer 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 annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2014. 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			
	2014		2013	
	(in millions)			
	¥	***HK$***	¥	*HK$*
Gross pay-ins	**922,172**	**69,388**	929,158	76,600
Less: gross payouts	**(756,418)**	**(56,916)**	(765,197)	(63,083)
Revenue	**165,754**	**12,472**	163,961	13,517
Other income	**10,799**	**813**	9,250	763
Hall operating expenses	**(135,891)**	**(10,225)**	(133,904)	(11,039)
General and administrative expenses	**(4,075)**	**(307)**	(3,112)	(257)
Other operating expenses	**(1,128)**	**(85)**	(1,906)	(157)
Profit from operations	**35,459**	**2,668**	34,289	2,827
Finance costs	**(781)**	**(59)**	(853)	(70)
Profit before tax	**34,678**	**2,609**	33,436	2,757
Income tax expense	**(13,368)**	**(1,006)**	(12,511)	(1,031)
Profit for the year	**21,310**	**1,603**	20,925	1,726
Attributable to:				
Owners of the Company	**21,328**	**1,605**	20,925	1,726
Non-controlling interests	**(18)**	**(2)**	–	–
	21,310	**1,603**	20,925	1,726
Earnings per share attributable to ordinary equity holders of the Company				
Basic	**¥28.7**	**HK$2.2**	¥29.7	HK$2.4
Diluted	**N/A**	**N/A**	N/A	N/A

	At 31 March			
	2014		2013	
	(in millions)			
	¥	***HK$***	¥	*HK$*
Non-current assets	**134,786**	**10,142**	117,309	9,671
Current assets	**50,946**	**3,833**	50,568	4,168
Current liabilities	**33,666**	**2,533**	30,694	2,530
Net current assets	**17,280**	**1,300**	19,874	1,638
Total assets less current liabilities	**152,066**	**11,442**	137,183	11,309
Non-current liabilities	**9,249**	**696**	11,356	936
Total equity	**142,817**	**10,746**	125,827	10,373

BUSINESS OVERVIEW

Market Trends Surrounding Our Pachinko Hall Business

The pachinko industry has come to represent a massive market.

According to the Leisure White Paper 2013 published by the Japan Productivity Center, the size of the entertainment sector of the Japanese entertainment and gaming market including the pachinko industry is equivalent to ¥42.8 trillion. Pachinko and pachislots represented 45% of the market, or the equivalent of ¥19.1 trillion.

Market Shift to Lower Playing Pachinko and Pachislot Games

The pachinko industry faced escalating competition due to a growing trend toward more speculative odds for pachinko and pachislot machines. This was exasperated by aggressive hall expansions and excessive marketing mainly targeting heavy users. In recent years, lingering deflation has led to a decline in the number of customers opting for the conventional play style of ¥4 balls and ¥20 tokens. Today, we are seeing a rapid increase in low playing cost games including ¥1 balls and ¥5 tokens.

The transition toward low playing cost games promotes a move towards lower speculative odds, which will help win new customers and improve societal views on pachinko. The National Police Agency — charged with overseeing the pachinko hall industry — also is urging the use of low playing cost games among pachinko businesses as a way "constrain the speculative nature" of the industry. However, low playing cost games also result in a decline in both sales and profit. This means that the know-how related to low-cost operations is vital to success. This business style also requires that companies operating pachinko halls implement aggressive management strategies.

Our Hall Operation to Cope with the Market Change

Recognizing the demand for low playing cost games, the Company was one of the pioneers in developing halls specializing in low playing cost games.

We lowered the ratio of highly speculative machines focused on high playing cost games and began hall development focused on low playing cost games. Since low playing cost machines first hit the market in 2006, the industry has seen a steady increase in the number of pachinko halls offering such low playing cost machines.

Comparisons from June 2013 indicated that the national average for the ratio of low playing cost machines was 38.4%. However, the Company maintains a high ratio of low playing cost machines at 62.3%. By the end of the fiscal year ended March 2014, this ratio increased to 65.3%. Moving forward, the Company will continue to increase this ratio.

Operation of Three Hall Types Centered on *Yuttari Kan* with Low Playing Cost Games

Currently, the Company focuses on the promotion of low playing cost games and operates three different types of halls with different playing costs. As at 31 March 2014, the Company operated 172 *Yuttari Kan* halls with low playing cost games. The number of our low playing cost halls consisting of *Yuttari Kan* halls and *Shinrai no Mori* halls was 202 halls, representing a majority or 53.9% of the total number of halls.

Hall Number Transitions by Hall Type

Hall Type	**As at 31 March 2014**	As at 31 March 2013	Change
Traditional	**173**	174	–1
Yuttari Kan	**172**	154	+18
Shinrai no Mori	**30**	34	–4
Total	**375**	362	+13

During the fiscal year ended 31 March 2014, we have converted 1 *Traditional* hall and 4 *Shinrai no Mori* halls into *Yuttari Kan* halls respectively.

New Hall Openings and Expansion of Scale

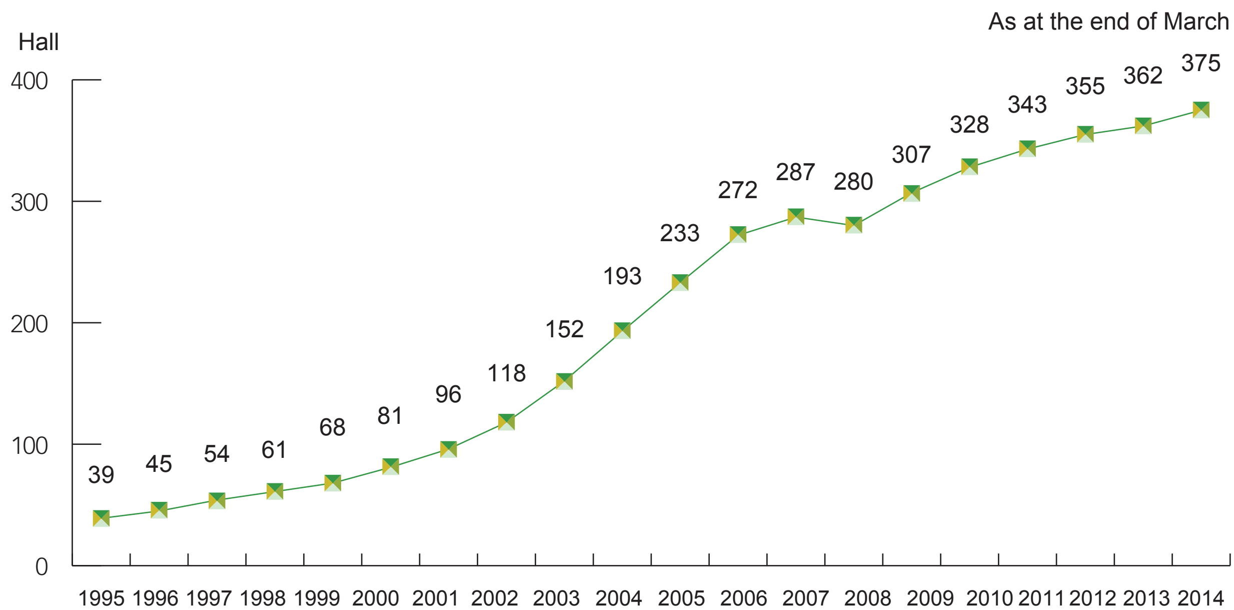
We have set a goal of having 1,000 pachinko halls by the end of March 2023 and strives for business expansion through new hall openings.

During the fiscal year ended March 2014, we opened 13 new *Yuttari Kan* halls specializing in low playing cost games. This resulted in a total of 375 pachinko halls in operation as at the end of March 2014.

The Company targets small rural commercial zones of 30,000 to 50,000 people, and not on large urban markets, for the opening of standard wood-frame construction halls able to offer 480 to 560 pachinko machines. This is one of the greatest characteristics and strengths of our pachinko hall operations.

The Company is creating a national chain of standardized halls with wood-frame structures based on common design specifications to take advantage of the economics of scale achieved by opening of multiple halls. We continue our strategy of low cost operations and profit management, and aim for continuous profit growth on the long term.

Transition in the number of Halls of the Group



Our Low Cost Operations and Profit Improvement

Our success at recording solid operational performance while continuing to increase the ratio of low playing cost machines is the result of the Company's business framework. The opening of new low playing cost halls ensures a steady stream of gross pay-ins and revenue. Additionally, the Company manages pachinko halls based on a unique style of low cost operations. One characteristic of this management style is that the Company takes advantage of the economy of scale by adopting chain store management. This enables the Company to reduce costs in every aspect of operations.

This low cost hall management system is a business model unique to the Company and is based on the theory of chain store operations. This system enables the Company to secure high profitability even from pachinko halls primarily offering low playing cost machines.

We aim for long term profit growth through the scheme of low cost operations and profit improvement.

Business Collaborations in Asia

After being listed on the Stock Exchange in Hong Kong in 2012, the Company established Dynam Hong Kong as our Hong Kong affiliate in 2013 as part of the Company's plan to explore business collaborations in Asian markets.

Through Dynam Hong Kong, in May 2013 the Company invested US$35 million in Mongolia's Erin Town Project. In June 2013, the Company concluded a letter of intent to underwrite the equivalent of US$35 million for the initial public offering by casino operator Macau Legend and in January 2014, the Company added an additional investment of US$50 million for a total of US$85 million. In October 2013, the Company underwrote the equivalent of US$15 million for the initial public offering of IGG, a company involved in the development of online gaming software.

The Company will use Dynam Hong Kong as a platform for gathering information and researching business domains in which we can utilize our know-how and human resources toward business collaborations through stock investments.

Initiatives aimed at Bringing Casinos to Japan

In terms of new business opportunities in Japan, the selection of Tokyo to host the 2020 Olympics has given new feasibility to the concept of casino development in Japan.

The timing for the development of processes aimed at casino development remains unclear. However, the establishment of a basic law allowing casinos would mean that organization of legal code related to actual operation would need to progress at a rapid pace.

There are not many companies in Japan that would be able to conduct casino operations properly given the likely time constraints. However, the Company has created opportunities for the accumulation of knowledge from casinos in Macau and has built a wealth of know-how and human resources over our 47-year history. Without a doubt, the Company will seek to have a space on the first page on a new history of casino operation in Japan.

FINANCIAL REVIEW

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

	For the year ended 31 March				
	2014		2013		changes
	(in millions, except for percentages)				
	¥	***HK$*** [(1)]	¥	*HK$* [(2)]	
Gross pay-ins					
— *Traditional*	**668,586**	**50,307**	716,842	59,097	–6.7%
— *Yuttari Kan*	**215,827**	**16,240**	168,243	13,870	+28.3%
— *Shinrai no Mori*	**37,759**	**2,841**	44,073	3,633	–14.3%
Total gross pay-ins	**922,172**	**69,388**	929,158	76,600	–0.8%
Gross payouts					
— *Traditional*	**564,465**	**42,473**	609,535	50,250	–7.4%
— *Yuttari Kan*	**163,449**	**12,298**	122,804	10,124	+33.1%
— *Shinrai no Mori*	**28,504**	**2,145**	32,858	2,709	–13.3%
Total gross payouts	**756,418**	**56,916**	765,197	63,083	–1.1%
Revenue					
— *Traditional*	**104,121**	**7,834**	107,307	8,847	–3.0%
— *Yuttari Kan*	**52,378**	**3,942**	45,439	3,746	+15.3%
— *Shinrai no Mori*	**9,255**	**696**	11,215	924	–17.5%
Total revenue	**165,754**	**12,472**	163,961	13,517	+1.1%

(1) Translated into Hong Kong dollars at the rate of ¥13.29 to HK$1.00, the exchange rate prevailing on 31 March 2014 (i.e. the last business day in March 2014).

(2) 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).

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 slightly decreased by ¥6,986 million (equivalent to approximately HK$526 million), or 0.8%, from ¥929,158 million (equivalent to approximately HK$76,600 million) for the year ended 31 March 2013 to ¥922,172 million (equivalent to approximately HK$69,388 million) for the year ended 31 March 2014. The steady performance in spite of slight decrease in gross pay-ins reflects our successful operation that placed emphasis on low playing cost halls such as the increased number of *Yuttari Kan* halls.

Traditional halls. Gross pay-ins for *Traditional* halls decreased by ¥48,256 million (equivalent to approximately HK$3,631 million), or 6.7%, from ¥716,842 million (equivalent to approximately HK$59,097 million) for the year ended 31 March 2013 to ¥668,586 million (equivalent to approximately HK$50,307 million) for the year ended 31 March 2014. The decrease was primarily due to the decrease in utilisation of our high playing cost machines reflecting the market shifting to low playing cost games, and decrease in number of halls associated with changeover of 2 *Traditional* halls to *Yuttari Kan* halls during the previous fiscal year and subsequent conversion of 1 *Traditional* hall during the year ended 31 March 2014.

Yuttari Kan halls. Gross pay-ins for *Yuttari Kan* halls increased by ¥47,584 million (equivalent to approximately HK$3,580 million), or 28.3%, from ¥168,243 million (equivalent to approximately HK$13,870 million) for the year ended 31 March 2013 to ¥215,827 million (equivalent to approximately HK$16,240 million) for the year ended 31 March 2014. The increase was due primarily to the addition of 19 new *Yuttari Kan* halls during the previous fiscal year including conversion of hall types from *Traditional* halls and *Shinrai no Mori* halls. Subsequently, following the previous fiscal year, the number of *Yuttari Kan* halls increased by 18 halls during the year ended 31 March 2014, which partly affects on the increase in gross pay-ins. The positive performance is the outcome of our successful operation that placed emphasis on low playing cost halls corresponding to the market shifting to low playing cost games and changing needs of our customers.

Shinrai no Mori halls. Gross pay-ins for *Shinrai no Mori* halls decreased by ¥6,314 million (equivalent to approximately HK$475 million), or 14.3%, from ¥44,073 million (equivalent to approximately HK$3,633 million) for the year ended 31 March 2013 to ¥37,759 million (equivalent to approximately HK$2,841 million) for the year ended 31 March 2014. The decrease was primarily due to the decrease in number of *Shinrai no Mori* halls associated with conversion of hall type to *Yuttari Kan* halls by 10 halls and 4 halls during the years ended 31 March 2013 and 2014, respectively.

Gross payouts

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

Our gross payouts decreased by ¥8,779 million (equivalent to approximately HK$661 million), or 1.1%, from ¥765,197 million (equivalent to approximately HK$63,083 million) for the year ended 31 March 2013 to ¥756,418 million (equivalent to approximately HK$56,916 million) for the year ended 31 March 2014.

Traditional halls. Gross payouts decreased by ¥45,070 million (equivalent to approximately HK$3,391 million), or 7.4%, from ¥609,535 million (equivalent to approximately HK$50,250 million) for the year ended 31 March 2013 to ¥564,465 million (equivalent to approximately HK$42,473 million) for the year ended 31 March 2014, which was in line with the decrease in gross pay-ins.

Yuttari Kan halls. Gross payouts increased by ¥40,645 million (equivalent to approximately HK$3,058 million), or 33.1%, from ¥122,804 million (equivalent to approximately HK$10,124 million) for the year ended 31 March 2013 to ¥163,449 million (equivalent to approximately HK$12,298 million) for the year ended 31 March 2014. 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 and 18 *Yuttari Kan* halls during the years ended 31 March 2013 and 2014, respectively.

Shinrai no Mori halls. Gross payouts decreased by ¥4,354 million (equivalent to approximately HK$328 million), or 13.3%, from ¥32,858 million (equivalent to approximately HK$2,709 million) for the year ended 31 March 2013 to ¥28,504 million (equivalent to approximately HK$2,145 million) for the year ended 31 March 2014. The decrease for *Shinrai no Mori* halls was due primarily to the decrease in gross pay-ins.

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 was ¥163,961 million (equivalent to approximately HK$13,517 million) and ¥165,754 million (equivalent to approximately HK$12,472 million) for the years ended 31 March 2013 and 2014 respectively, which shows steady performance of our hall operation increasing our revenue by ¥1,793 million (equivalent to approximately HK$135 million) , or 1.1% compared with the previous fiscal year.

Traditional halls. Revenue for *Traditional* halls decreased by ¥3,186 million (equivalent to approximately HK$240 million), or 3.0%, from ¥107,307 million (equivalent to approximately HK$8,847 million) for the year ended 31 March 2013 to ¥104,121 million (equivalent to approximately HK$7,834 million) for the year ended 31 March 2014. The decrease was primarily due to a decrease in gross pay-ins. The revenue margins for the years ended 31 March 2013 and 2014 were 15.0% and 15.6% respectively, which maintained equivalent revenue margin reflecting stable performance in line with the decrease in gross pay-ins offset by decrease in gross payouts.

Yuttari Kan halls. Revenue for *Yuttari Kan* halls increased by ¥6,939 million (equivalent to approximately HK$522 million), or 15.3%, from ¥45,439 million (equivalent to approximately HK$3,746 million) for the year ended 31 March 2013 to ¥52,378 million (equivalent to approximately HK$3,942 million) for the year ended 31 March 2014. 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 27.0% to 24.3%.

Shinrai no Mori halls. Revenue for *Shinrai no Mori* halls decreased by ¥1,960 million (equivalent to approximately HK$147 million), or 17.5%, from ¥11,215 million (equivalent to approximately HK$924 million) for the year ended 31 March 2013 to ¥9,255 million (equivalent to approximately HK$696 million) for the year ended 31 March 2014. The decrease was primarily due to a decrease in gross pay-ins partly offset by decrease in gross payouts over the year. The lower of G-prize mark-ups adopted in our *Shinrai no Mori* halls led to a decrease in the revenue margin from 25.4% to 24.5%.

Other income

Other income primarily comprises commission income from vending machines and in-store sales, fair value gain on financial assets, and net foreign exchange gain. Other income increased by ¥1,549 million (equivalent to approximately HK$117 million), or 16.7%, from ¥9,250 million (equivalent to approximately HK$763 million) for the year ended 31 March 2013 to ¥10,799 million (equivalent to approximately HK$813 million) for the year ended 31 March 2014 due primarily to the fair value gain on financial assets reflecting the increase in market value of the IGG shares and gain on bargain purchases in relation to the acquisition of Humap Japan partially offset by decrease in net foreign exchange gain.

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															
	2014								2013							
	Traditional		Yuttari Kan		Shinrai no Mori		Total		Traditional		Yuttari Kan		Shinrai no Mori		Total	
	(in millions, except for percentages)															
	¥	%	¥	%	¥	%	¥	%	¥	%	¥	%	¥	%	¥	%
Hall staff costs	26,449	33.9%	15,239	31.2%	2,839	31.7%	44,527	32.8%	28,738	35.3%	13,415	32.8%	3,602	31.1%	45,755	34.2%
Machine expenses	23,807	30.5%	12,310	25.2%	1,990	22.2%	38,107	28.0%	22,932	28.1%	8,649	21.1%	2,285	19.7%	33,866	25.2%
Depreciation charges	4,859	6.2%	4,143	8.5%	1,114	12.4%	10,116	7.4%	5,051	6.2%	3,633	8.9%	1,796	15.5%	10,480	7.8%
Rental	4,982	6.4%	4,734	9.7%	743	8.3%	10,459	7.7%	5,226	6.4%	4,096	10.0%	946	8.2%	10,268	7.7%
Advertising expenses	2,886	3.7%	1,541	3.2%	259	2.9%	4,686	3.5%	3,581	4.4%	1,207	3.0%	330	2.8%	5,118	3.8%
Utilities expenses	2,763	3.6%	2,243	4.6%	423	4.7%	5,429	4.0%	2,608	3.2%	1,793	4.4%	496	4.3%	4,897	3.7%
G-prize expenses	2,607	3.3%	2,225	4.5%	470	5.3%	5,302	3.9%	2,707	3.3%	1,993	4.9%	614	5.3%	5,314	4.0%
Cleaning and ancillary services	2,124	2.7%	1,440	2.9%	364	4.1%	3,928	2.9%	2,485	3.1%	1,550	3.8%	372	3.2%	4,407	3.3%
Repair and maintenance	1,511	1.9%	989	2.0%	147	1.6%	2,647	1.9%	2,137	2.6%	1,330	3.3%	191	1.6%	3,658	2.7%
Others	6,071	7.8%	4,008	8.2%	611	6.8%	10,690	7.9%	6,004	7.4%	3,180	7.8%	957	8.3%	10,141	7.6%
Total	78,059	100.0%	48,872	100.0%	8,960	100.0%	135,891	100.0%	81,469	100.0%	40,846	100.0%	11,589	100.0%	133,904	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															
	2014								2013							
	Traditional		Yuttari Kan		Shinrai no Mori		Total		Traditional		Yuttari Kan		Shinrai no Mori		Total	
	(in millions, except for percentages)															
	¥	%	¥	%	¥	%	¥	%	¥	%	¥	%	¥	%	¥	%
Hall staff costs	152.9	33.9%	88.6	31.2%	94.6	31.7%	118.7	32.8%	165.2	35.3%	87.1	32.8%	105.9	31.1%	126.4	34.2%
Machine expenses	137.6	30.5%	71.6	25.2%	66.3	22.2%	101.6	28.0%	131.8	28.1%	56.2	21.1%	67.3	19.7%	93.5	25.2%
Depreciation charges	28.1	6.2%	24.1	8.5%	37.1	12.4%	27.0	7.4%	29.0	6.2%	23.6	8.9%	52.8	15.5%	29.0	7.8%
Rental	28.8	6.4%	27.5	9.7%	24.8	8.3%	27.9	7.7%	30.0	6.4%	26.6	10.0%	27.8	8.2%	28.4	7.7%
Advertising expenses	16.7	3.7%	9.0	3.2%	8.6	2.9%	12.5	3.5%	20.6	4.4%	7.8	3.0%	9.7	2.8%	14.1	3.8%
Utilities expenses	16.0	3.6%	13.0	4.6%	14.1	4.7%	14.5	4.0%	15.0	3.2%	11.6	4.4%	14.6	4.3%	13.5	3.7%
G-prize expenses	15.1	3.3%	12.9	4.5%	15.7	5.3%	14.1	3.9%	15.6	3.3%	12.9	4.9%	18.1	5.3%	14.7	4.0%
Cleaning and ancillary services	12.3	2.7%	8.4	2.9%	12.1	4.1%	10.5	2.9%	14.3	3.1%	10.1	3.8%	11.0	3.2%	12.2	3.3%
Repair and maintenance	8.7	1.9%	5.8	2.0%	4.9	1.6%	7.1	1.9%	12.3	2.6%	8.6	3.3%	5.6	1.6%	10.1	2.7%
Others	35.1	7.8%	23.3	8.2%	20.4	6.8%	28.5	7.9%	34.4	7.4%	20.7	7.8%	28.1	8.3%	28.0	7.6%
Total	451.3	100.0%	284.2	100.0%	298.6	100.0%	362.4	100.0%	468.2	100.0%	265.2	100.0%	340.9	100.0%	369.9	100.0%

Hall operating expenses increased by ¥1,987 million (equivalent to approximately HK$150 million), or 1.5%, from ¥133,904 million (equivalent to approximately HK$11,039 million) for the year ended 31 March 2013 to ¥135,891 million (equivalent to approximately HK$10,225 million) for the year ended 31 March 2014, primarily attributable to an increase in pachinko and pachislot machine expenses partially offset by decrease in hall staff costs by 2.7% due to introduction of the Personal System and improvement of personnel productivity. We introduced new machines mainly into the *Yuttari Kan* halls with a focus on low playing cost games to improve customer gathering power aggressively over the year in contrast with restrained machine procurement during the previous fiscal year due to the modest release of new popular model of machines by pachinko machine makers. Also, the total number of halls increased by 13 halls compared with the end of the previous fiscal year, which also affects on the increase of the total machine expenses.

Traditional halls. Hall operating expenses decreased by ¥3,410 million (equivalent to approximately HK$257 million), or 4.2%, from ¥81,469 million (equivalent to approximately HK$6,716 million) for the year ended 31 March 2013 to ¥78,059 million (equivalent to approximately HK$5,874 million) for the year ended 31 March 2014, primarily due to the decrease in average staff costs and advertising expenses per hall by 7.4% and 18.9% respectively.

Yuttari Kan halls. Hall operating expenses increased by ¥8,026 million (equivalent to approximately HK$604 million), or 19.6%, from ¥40,846 million (equivalent to approximately HK$3,367 million) for the year ended 31 March 2013 to ¥48,872 million (equivalent to approximately HK$3,677 million) for the year ended 31 March 2014, primarily due to the addition of new *Yuttari Kan* halls by 19 halls and 18 halls during the years ended 31 March 2013 and 2014, respectively, including changeover of hall types from *Traditional* halls and *Shinrai no Mori* halls as well as aggressive procurement of new machines leading to the increase in pachinko and pachislot machine expenses. On a per hall basis, average hall operating expenses increased by 7.2%, from ¥265 million (equivalent to approximately HK$22 million) for the year ended 31 March 2013 to ¥284 million (equivalent to approximately HK$21 million) for the year ended 31 March 2014. The increase in average hall operating expenses also reflects the increase in pachinko and pachislot machine expenses on a per hall basis.

Shinrai no Mori halls. Hall operating expenses decreased by ¥2,629 million (equivalent to approximately HK$198 million), or 22.7%, from ¥11,589 million (equivalent to approximately HK$955 million) for the year ended 31 March 2013 to ¥8,960 million (equivalent to approximately HK$674 million) for the year ended 31 March 2014, primarily due to the decrease of 10 *Shinrai no Mori* halls and 4 *Shinrai no Mori* halls associated with conversion of hall type to *Yuttari Kan* halls during the years ended 31 March 2013 and 2014, respectively. On a per hall basis, average hall operating expenses decreased by 12.3%, from ¥341 million (equivalent to approximately HK$28 million) for the year ended 31 March 2013 to ¥299 million (equivalent to approximately HK$22 million) for the year ended 31 March 2014. The decrease 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 ¥963 million (equivalent to approximately HK$72 million), or 30.9%, from ¥3,112 million (equivalent to approximately HK$257 million) for the year ended 31 March 2013 to ¥4,075 million (equivalent to approximately HK$307 million) for the year ended 31 March 2014. The increase was primarily due to the increased number of employees as a result of the acquisition of Humap Japan.

Other operating expenses

Other operating expenses decreased by ¥778 million (equivalent to approximately HK$59 million), or 40.8%, from ¥1,906 million (equivalent to approximately HK$157 million) for the year ended 31 March 2013 to ¥1,128 million (equivalent to approximately HK$85 million) for the year ended 31 March 2014. The decrease was primarily attributable to the impairment loss on property, plant and equipment recognized in the previous fiscal year.

Finance costs

Finance costs decreased by ¥72 million (equivalent to approximately HK$5 million), or 8.4%, from ¥853 million (equivalent to approximately HK$70 million) for the year ended 31 March 2013 to ¥781 million (equivalent to approximately HK$59 million) for the year ended 31 March 2014. The decrease was primarily attributable to the decrease in interest on bank loans and syndicated loans.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2014

	Note	**2014** **¥ million**	2013 ¥ million
Revenue	4	**165,754**	163,961
Other income	5	**10,799**	9,250
Hall operating expenses	6	**(135,891)**	(133,904)
General and administrative expenses		**(4,075)**	(3,112)
Other operating expenses		**(1,128)**	(1,906)
Profit from operations		**35,459**	34,289
Finance costs	7	**(781)**	(853)
Profit before tax		**34,678**	33,436
Income tax expense	8	**(13,368)**	(12,511)
Profit for the year	9	**21,310**	20,925
Attributable to:			
Owners of the Company		**21,328**	20,925
Non-controlling interests		**(18)**	–
		21,310	20,925
Earnings per share	11		
Basic (¥)		**28.7**	29.7
Diluted (¥)		**N/A**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2014

	2014	2013
	¥ million	*¥ million*
Profit for the year	**21,310**	20,925
Other comprehensive income:		
Item that will not be reclassified to profit or loss:		
Remeasurement of defined benefit retirement plans	**(8)**	(48)
— Income tax arising from actuarial loss thereof	**3**	16
	(5)	(32)
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**512**	375
Fair value changes of available-for-sale financial assets	**5,720**	197
— Income tax arising from fair value changes thereof	**(6)**	(68)
	6,226	504
Other comprehensive income for the year, net of tax	**6,221**	472
Total comprehensive income for the year	**27,531**	21,397
Attributable to:		
Owners of the Company	**27,556**	21,397
Non-controlling interests	**(25)**	–
	27,531	21,397

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	Note	**2014** **¥ million**	2013 ¥ million
Non-current assets			
Property, plant and equipment		**94,605**	93,853
Investment properties		**745**	769
Intangible assets		**1,408**	1,411
Available-for-sale financial assets		**15,413**	706
Held-to-maturity investment		**10**	–
Finance lease receivables		**171**	–
Deferred tax assets		**11,937**	9,934
Other long-term assets		**10,497**	10,636
		134,786	117,309
Current assets			
Inventories		**6,125**	3,375
Trade receivables	*12*	**563**	359
Held-to-maturity investment		**–**	10
Financial assets at fair value through profit or loss		**3,875**	–
Finance lease receivables		**395**	–
Prepayments and other receivables		**5,142**	5,337
Amounts due from related companies		**10**	21
Pledged bank deposits		**6**	–
Bank and cash balances		**34,830**	41,466
		50,946	50,568
TOTAL ASSETS		**185,732**	167,877
Current liabilities			
Trade payables	*13*	**1,722**	905
Accruals and other payables		**19,160**	19,376
Derivative financial instruments		**47**	57
Amounts due to related companies		**–**	452
Borrowings		**1,265**	1,258
Finance lease payables		**869**	1,223
Provisions		**1,619**	1,438
Current tax liabilities		**8,984**	5,985
		33,666	30,694
Net current assets		**17,280**	19,874
Total assets less current liabilities		**152,066**	137,183

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 31 March 2014

	2014 ¥ million	2013 ¥ million
Non-current liabilities		
Derivative financial instruments	**83**	132
Deferred tax liabilities	**380**	–
Borrowings	**3,059**	4,325
Finance lease payables	**332**	1,120
Retirement benefit obligations	**63**	1,869
Other long-term liabilities	**1,545**	305
Provisions	**3,787**	3,605
	9,249	11,356
NET ASSETS	**142,817**	125,827
Capital and reserves		
Share capital	**15,000**	15,000
Reserves	**127,797**	110,827
Equity attributable to owners of the Company	**142,797**	125,827
Non-controlling interests	**20**	–
TOTAL EQUITY	**142,817**	125,827

1. GENERAL INFORMATION

The Company was incorporated in Japan under the Companies Act 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. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 6 August 2012.

On 1 April 2013, DYNAM Land & Building Co., Ltd. (株式会社ダイナム土地建物) ("Dynam Land & Building") has effected an absorption-type merger of Dynam Data Processing Co., Ltd. (株式会社ダイナム情報処理), Dynam P Trading Co., Ltd. (株式会社ダイナムPトレーディング) and Dynam Advertisement Planning Co., Ltd. (株式会社ダイナムアド企画); and Cabin Plaza has effected an absorption-type merger of Daikokuten Co., Ltd. (大黒天株式会社) ("Daikokuten") and Okuwa Japan Co., Ltd. (株式会社オークワジャパン) ("Okuwa Japan"). Upon the completion of merger, Dynam Land & Building has changed its business name to Dynam Business Support.

In the opinion of the Directors, as at 31 March 2014, 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. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with International Financial Reporting Standards ("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 investment properties, available-for-sale financial assets and financial assets at fair value through profit or loss and derivative financial instruments which are carried at their fair values.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised IFRSs that are relevant to its operations and effective for its accounting year beginning on 1 April 2013. IFRSs comprise International Financial Reporting Standards ("IFRS"); 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 except as stated below.

a. Amendments to IAS 1 "Presentation of Financial Statements"

Amendments to IAS 1 titled Presentation of Items of Other Comprehensive Income introduce new optional terminology for the statements of comprehensive income and income statement that has been applied by the Group. Under the amendments to IAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

a. Amendments to IAS 1 "Presentation of Financial Statements" (continued)

The amendments to IAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 did not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

b. IFRS 13 "Fair Value Measurement"

IFRS 13 "Fair Value Measurement" establishes a single source of guidance for all fair value measurements required or permitted by IFRSs. It clarifies the definition of fair value as an exit price, which is defined as a price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under market conditions, and enhances disclosures about fair value measurements.

The adoption of IFRS 13 affected only disclosures on fair value measurements in the consolidated financial statements. IFRS 13 has been applied prospectively.

c. IAS 19 (2011) "Employee Benefits"

IAS 19 (2011) changes the accounting for defined benefit obligations and plan assets. It requires the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminates the 'corridor approach' permitted under the previous version of IAS 19 and accelerates the recognition of past service costs. It requires all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus.

The adoption of IAS 19 (2011) did not result in any significant impact on the Group's accounting 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. The Group does not plan to adopt these standards prior to its mandatory effective date.

4. 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 ("CODM") in order to allocate resources to the segment and to assess its performance.

The Group is principally engaged in the operation of pachinko halls in Japan. Other activities such as cleaning and catering services are considered ancillary to pachinko halls operation. For those non-halls activities operated in other countries, the Group considered that their contributions results, assets and liabilities are not significantly to the Group.

In the manner consistent with the way in which information is reported internally to the Group's CODM for the purpose of resources allocation and performance assessment, the Group has identified a single business in a single geographical location, which is the operation of pachinko halls in Japan. Accordingly, there is only one single reportable segment of the Group which is regularly reviewed by the CODM. No analysis of the Group's results, assets and liabilities of other reportable segment is presented as it is not regularly provided to the CODM of the Company for review.

Over 90% of the Group's revenue, assets and liabilities are derived from customers and operation based in Japan and accordingly, no further analysis of the Group's geographical information is disclosed.

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

	2014	2013
	¥ million	*¥ million*
Gross pay-ins	**922,172**	929,158
Less: Gross payouts	**(756,418)**	(765,197)
Revenue	**165,754**	163,961

5. OTHER INCOME

	2014	2013
	¥ million	*¥ million*
Bank interest income	**44**	1
Commission income from vending machines and in-store sales	**4,084**	4,083
Dividends income	**23**	21
Fair value gain on financial assets at fair value through profit or loss	**2,301**	–
Gain on bargain purchases	**754**	–
Income from forfeiture of unutilised balls and tokens	**343**	409
Income from catering services	**264**	–
Net foreign exchange gain	**1,159**	2,959
Net gain on disposals of used machines	**467**	454
Rental income	**717**	862
Reversal of impairment loss on property, plant and equipment	**55**	–
Others	**588**	461
	10,799	9,250

6. HALL OPERATING EXPENSES

	2014	2013
	¥ million	*¥ million*
Advertising expenses	**4,686**	5,118
Cleaning and ancillary services	**3,928**	4,407
Depreciation charges	**10,116**	10,480
G-prize expenses	**5,302**	5,314
Hall staff costs	**44,527**	45,755
Pachinko and pachislot machine expenses	**38,107**	33,866
Rental	**10,459**	10,268
Repair and maintenance	**2,647**	3,658
Utilities expenses	**5,429**	4,897
Others	**10,690**	10,141
	135,891	133,904

7. FINANCE COSTS

	2014	2013
	¥ million	*¥ million*
Finance leases charges	**69**	115
Interest expenses on loan from related companies	**1**	–
Interest on bank loans and syndicated loans		
— Wholly repayable within five years	**60**	200
— Not wholly repayable within five years	**40**	48
Total borrowing costs	**170**	363
Amortisation of syndicated loan bank charges	**530**	414
Provision, unwinding of discount	**77**	75
Others	**4**	1
	781	853

8. INCOME TAX EXPENSE

	2014	2013
	¥ million	*¥ million*
Current tax — Japan Profits Tax		
Provision for the year	**13,749**	11,633
Under-provision in prior years	**440**	–
	14,189	11,633
Current tax — Overseas		
Provision for the year	**35**	–
Deferred tax		
(Reversal of provision)/provision for the year	**(856)**	878
Income tax expense	**13,368**	12,511

8. INCOME TAX EXPENSE (continued)

Hong Kong Profits Tax included in overseas taxation above has been provided at a rate of 16.5% on the estimated assessable profit for the year ended 31 March 2014. No provision for Hong Kong Profits Tax has been made for the year ended 31 March 2013 as the Group did not generate any assessable profits arising in Hong Kong during that year.

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.

Under the Tax Reform 2014 announced by The Ministry of Finance of Japan in December 2013 that, 10% surcharge on the special corporate tax for reconstruction ceased one year ahead of schedule in order to enable the revitalisation of the Japanese economy. Consequently, starting from the fiscal year beginning on or after 1 April 2014, the effective corporate tax rate including the corporate income tax, resident tax and business tax, of the Group has reduced as follows:

	Effective tax rate	
	Fiscal year beginning on or after 1 April 2012	**Fiscal year beginning on or after 1 April 2014**
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%
HUMAP Japan	38.6%	36.3%
Genghis Khan	38.6%	36.3%
P Insurance	39.4%	37.1%
Business Partners	38.6%	36.3%

8. 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:

	2014	2013
	¥ million	*¥ million*
Profit before tax	**34,678**	33,436
Japan Profits Tax rate	**38%**	38%
Tax at the domestic income tax rate	**13,178**	12,706
Tax effect of income that is not taxable	**(318)**	(4)
Tax effect of expenses that are not deductible	**600**	289
Tax effect of temporary differences not recognised	**11**	103
Tax effect of utilisation of tax losses not previously recognised *(note)*	**(191)**	(310)
Tax effect of temporary differences not previously recognised *(note)*	**(318)**	–
Tax effect of recognition of unused tax losses not previously recognised *(note)*	**(29)**	–
Tax losses not recognised	**12**	1
Under-provision in prior years	**440**	–
Effect of different tax rates of subsidiaries	**(646)**	(94)
Effect of change in tax rate	**790**	68
Others	**(161)**	(248)
Income tax expense	**13,368**	12,511

Note:

Cabin Plaza has effected an absorption-type merger of Daikokuten and Okuwa Japan on 1 April 2013, with Cabin Plaza as the surviving company and Daikokuten and Okuwa Japan as the dissolving companies. Cabin Plaza is carrying on the same business previously carried on by Daikokuten and Okuwa Japan (i.e. operation of pachinko halls in Japan) and under Japan Tax Law, the surviving company is permitted to inherit the unused tax losses and capital allowances of the dissolved companies given it is proved that the losses have not been allowed against any assessable profits or income of that company for any such year.

Cabin Plaza has obtained the approval from the Japan Tax authority to inherit the unused tax losses and capital allowances of Daikokuten and Okuwa Japan upon the completion of merger. As a result, they are deemed to be unused tax losses and capital allowances incurred by Cabin Plaza not previously recognised. During the year, Cabin Plaza recognised the utilisation of tax losses, temporary differences and unused tax losses not previously recognised by Daikokuten and Okuwa Japan amounting to ¥181 million, ¥318 million and ¥29 million respectively.

9. PROFIT FOR THE YEAR

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

	2014	2013
	¥ million	*¥ million*
Amortisation of intangible assets (included in hall operating expenses)	**533**	473
Acquisition-related costs (included in other operating expenses)	**45**	–
Auditor's remuneration	**59**	45
Allowance for finance lease receivables	**2**	–
Allowance for trade receivables	**12**	–
Depreciation	**10,234**	10,507
Directors' emoluments		
— As directors	**57**	85
— As management	**–**	–
	57	85
Fair value loss on investment properties	**24**	10
Fair value gain on financial assets at fair value through profit or loss	**(2,301)**	–
Impairment loss on other long-term assets (included in other operating expenses)	**16**	7
Impairment loss on intangible assets (included in other operating expenses)	**10**	47
Intangible assets written off	**16**	1
Loss on disposals and write off of property, plant and equipment	**59**	385
Loss on disposal of investment properties	**–**	50
Net foreign exchange gain	**(1,159)**	(2,959)
Net (gain)/loss on derivative financial instruments	**(1)**	57
Operating lease charges		
— Land and buildings	**10,649**	10,340
(Reversal of impairment)/impairment loss on property, plant and equipment	**(55)**	1,082
Staff costs including directors' emoluments		
— Salaries, bonus and allowances	**48,144**	46,293
— Expenses recognised in respect of defined benefit retirement plans	**787**	292
— Contribution to defined contribution retirement plans	**505**	474
	49,436	47,059

10. DIVIDENDS

The Company made the following distributions to its shareholders:

Dividends declared and paid/payable to its shareholders by:	**2014** Dividend per share ¥	**2014** Total dividends *¥ million*	2013 Dividend per share ¥	2013 Total dividends *¥ million*
The Company				
— Interim	**7.00**	**5,200**	5.75	4,271
— Final	**7.00**	**5,200**	7.25	5,386
		10,400		9,657

11. EARNINGS PER SHARE

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

	2014 *¥ million*	2013 *¥ million*
Earnings for the purpose of calculating basic earnings per share	**21,328**	20,925
Issued ordinary shares at beginning of year/weighted average number of ordinary shares before sub-division and issue of new shares	**742,850,360**	31,542,518
Effect of sub-division of ordinary shares	**–**	599,307,842
Weighted average number of issue of new shares	**–**	73,030,137
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**742,850,360**	703,880,497

No diluted earnings per share were presented for the years ended 31 March 2014 and 2013 as there were no dilutive potential ordinary shares in existence during the years ended 31 March 2014 and 2013.

12. TRADE RECEIVABLES

The Group's credit terms generally range from 30 to 60 days (2013: 30 days). The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors.

As at 31 March 2014, an allowance was made for estimated irrecoverable trade receivables of ¥12 million (2013: Nil).

Reconciliation of allowance for trade receivables:

	2014	2013
	¥ million	*¥ million*
At 1 April	**–**	–
Allowance for the year	**12**	–
At 31 March	**12**	–

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

	2014	2013
	¥ million	*¥ million*
1 to 30 days	**546**	359
31 days to 60 days	**17**	–
	563	359

No balances were past due during the year ended 31 March 2014 (2013: Nil).

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2014	2013
	¥ million	*¥ million*
JPY	**478**	359
USD	**46**	–
Others	**39**	–
	563	359

13. TRADE PAYABLES

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

	2014	2013
	¥ million	*¥ million*
1 to 30 days	**1,697**	905
31 days to 60 days	**1**	–
Over 60 days	**24**	–
	1,722	905

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2014	2013
	¥ million	*¥ million*
JPY	**1,708**	905
USD	**14**	–
	1,722	905

CORPORATE GOVERNANCE

COMPLIANCE WITH THE CODE

During the period from 1 April 2013 to 31 March 2014 and up to the date of this announcement, the Company has complied with all applicable code provisions set out in the Code except for the following deviations.

Code Provision A.2.1

Under code provision A.2.1, the roles of chairman and chief executive should be separated and should not be performed by the same individual. Currently, Mr. Yoji SATO, who has ceased to act as a Chief Executive Officer since 25 June 2013, remains as the chairman of the Board and Mr. Kohei SATO, who was appointed as another Chief Executive Officer on 25 January 2013, has become the only Chief Executive Officer of the Company since 25 June 2013. The Board has arranged the roles of chairman and Chief Executive Officer of the Company separated for the purpose of complying with the code provision A.2.1.

Code Provision E.1.3

Code provision E.1.3 stipulates that notice for an annual general meeting should be sent to shareholders at least 20 clear business days before the meeting. The AGM for the year ended 31 March 2013 was held on 25 June 2013 and its notice was despatched on 3 June 2013. Furthermore, the AGM for the year ended 31 March 2014 is scheduled to be held on 26 June 2014, while the AGM notice is expected to be despatched on 3 June 2014. The above arrangement complies with the Articles of Incorporation prepared pursuant to the Companies Act in respect of the minimum notice period of 21 calendar days (the date of sending and the date of the meeting shall not be included within this period) but the AGM notice is less than 20 clear business days before the AGM.

Under the Companies Act and the Articles of Incorporation, the Company is required to hold an AGM within three months (i.e. on or before 30 June) after the expiration of each financial year. The Companies Act also requires the notice for the AGM to be despatched together with the audited financial statements under Japanese Generally Accepted Accounting Principles, which must be approved by the Board. On the other hand, the Annual Report must contain audited financial statements prepared under the IFRS as required under the Listing Rules. As a result, more time was required to finalise the Annual Report which accompanies the AGM notice to be despatched to the shareholders of the Company (the “Shareholders”).

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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 year ended 31 March 2014. In addition to the Model Code, the Company has formulated and adopted the "Code of Conduct for Prevention of Insider Trading" as at 1 April 2014 for employees of the Company who are likely to have access to unpublished inside information of the Group.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Company has established the Audit Committee in accordance with the requirements of the Listing Rules. 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 Audit Committee held 15 meetings during the year ended 31 March 2014 with an attendance rate of 100%. The results for the year ended 31 March 2014 have been reviewed by the Audit Committee.

FINAL DIVIDEND

The Board proposed to declare a final dividend of ¥7 per ordinary share for the year ended 31 March 2014 on 29 May 2014, the final dividend will be payable on 27 June 2014 to the Shareholders whose names appear on the Company's share register at close of business on 5 June 2014. Based on the 742,850,360 shares of the Company in issue as at 31 March 2014, it is expected that the final dividend payable will amount to approximately ¥5,200 million (equivalent to approximately HK$391 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 the Shareholders in the currency other than Japanese yen is based on the average currency rates prevailing five trading days immediately prior to 29 May 2014 (being 22 to 23 May 2014 and 26 to 28 May 2014).

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

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period from 1 April 2013 to 31 March 2014.

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 2014 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. ¥13.29 to HK$1.00, the exchange rate prevailing on 31 March 2014 (i.e. the last business day in March 2014); or

2. ¥12.13 to HK$1.00, the exchange rate prevailing on 29 March 2013 (i.e. the last business day in March 2013).

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.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings.

"AGM"	annual Shareholders' general meeting of the Company
"Articles of Incorporation"	the articles of incorporation of the Company, as amended and supplemented from time to time
"Board" or "Board of Directors"	the board of Directors of the Company
"Business Partners"	Business Partners Co., Ltd.* (株式会社ビジネスパートナーズ), a stock company (kabushiki-gaisha 株式会社) incorporated in Japan with limited liability under the Companies Act on 11 January 2011 (registration number 0118-01-024446). Business Partners is a wholly-owned subsidiary of the Company

"Cabin Plaza"	Cabin Plaza Co., Ltd.* (株式会社キャビンプラザ), a stock company (kabushiki-gaisha 株式会社) incorporated in Japan with limited liability under the Companies Act (registration number 3800-01-019664) on 25 May 1988. Cabin Plaza was acquired by Dynam Holdings on 1 April 2009 and is a wholly-owned subsidiary of the Company
"Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Companies Act"	the Companies Act of Japan* (kaisha hou 会社法) (Act No. 86 of 2005, as amended)
"Company", "our", "we", or "us"	DYNAM JAPAN HOLDINGS Co., Ltd.* (株式会社ダイナムジャパンホールディングス), a stock company (kabushiki-gaisha 株式会社) incorporated in Japan with limited liability under the Companies Act on 20 September 2011 (registration number 0115-01-017114), or where the context requires, the Company and its subsidiaries collectively
"Director(s)"	the director(s) of the Company
"Dynam"	DYNAM Co., Ltd.* (株式会社ダイナム), a stock company (kabushiki-gaisha 株式会社) incorporated in Japan with limited liability under the Compaines Act on 25 July 1967 (registration number 0115-01-007357). Dynam is a wholly-owned subsidiary of the Company
"Dynam Business Support"	Dynam Business Support Co., Ltd.* (株式会社ダイナムビジネスサポート), a stock company (kabushiki-gaisha 株式会社) incorporated in Japan with limited liability under the Compaines Act on 1 April 2013 (registration number 0115-01-010575). Dynam Business Support is a wholly-owned subsidiary of the Company and a service provider that support our pachinko hall operation in the Group
"DYNAM Group" or "Group"	the Company and its subsidiaries at the relevant point in time (including, where the context requires, in respect of the period before the Company became the holding company of its present subsidiaries)
"Dynam Hong Kong"	Dynam Hong Kong Co., Ltd., a company incorporated in Hong Kong with a limited liability on 7 January 2013 (registration number 1848306). Dynam Hong Kong is a wholly-owned subsidiary of the Company

"Dynam Investment"	Dynam Investment Co., Ltd.* (株式会社ダイナム綜合投資), a stock company (kabushiki-gaisha 株式会社) incorporated in Japan with limited liability under the Companies Act on 9 April 2003 (registration number 0115-01-010317). Dynam Investment was absorbed into Humap Japan through an absorption-type merger on 1 April 2013
''Erin Town'' or "Erin Town Project"	the construction project conducted by Erin International to build the apartments compound and business service building in Ulaanbaatar, Mongolia. The housing compound is included to the middle term mission of Mongolian Parliament programme named 'New Constructive'. The Erin Town project is planned to provide total housing solutions with 12 floors buildings, comfortable surroundings with car parking, pedestrian roads and lawns as at the date of this announcement
"general prize"	any prize offered by a pachinko hall that is not a G-prize
"Genghis Khan"	Genghis Khan Travel Co., Ltd.* (株式会社チンギスハーン旅行), a stock company (kabushiki-gaisha 株式会社) incorporated in Japan with limited liability under the Companies Act on 13 November 2003 (registration number 0115-01-010593). Genghis Khan is a wholly-owned subsidiary of the Company
"G-prize"	a decorative plastic card with a small embedded piece of gold or silver or a small coin-shaped pendant of gold or silver
"G-prize mark-up"	the excess of the monetary value of the number of pachinko balls or pachislot tokens required to collect a G-prize over the cost of the G-prize paid by the hall operator
"gross pay-ins"	the amount received from pachinko balls and pachislot tokens rented to customers less unutilised balls and tokens
"gross payouts"	the aggregate cost of G-prizes and general prizes exchanged by customers for pachinko balls or pachislot tokens collected
"high playing cost machines"	pachinko machines with a playing cost of 4-yen per pachinko ball and pachislot machines with a playing cost of 20-yen per pachislot token

"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"Humap Japan"	HUMAP Japan Co., Ltd.* (株式会社日本ヒユウマツプ), a stock company (kabushiki-gaisha 株式会社) incorporated in Japan with limited liability under the Companies Act on 1 November 1982 (registration number 0115-01-008097). On 1 April 2013, Humap Japan has effected an absorption-type merger of Pachinko Leasing and Dynam Investment. Humap Japan is a wholly-owned subsidiary of the Company
"IFRS"	International Financial Reporting Standards which include standards and interpretations promulgated by the International Accounting Standards Board (IASB)
"IGG"	IGG Inc, a company incorporated in Singapore and engages in the development of online game software, and the operation of online games. IGG shares are listed on the GEM Board of the Stock Exchange (Stock Code: 08002). The Company invested US$15 million in the initial public offering of IGG in October 2013 as a cornerstone investor through our wholly-owned subsidiary Dynam Hong Kong
"Japan Productivity Center"	a non-profit organization (NPO) and nongovernmental organization (NGO) established in 1955 to promote the productivity in Japan's industrial society and in improving the quality of people's lives
"Kanto Daido"	Kanto Daido Selling Co., Ltd.* (株式会社関東大同販売), a stock company (kabushiki-gaisha 株式会社) incorporated in Japan with limited liability under the Companies Act on 22 January 1992 (registration number 0105-01-002705). Kanto Daido is a wholly-owned subsidiary of the Company
"Leisure White Paper"	Research report on leisure industry and its market trend published by Japan Productivity Center
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"low playing cost machines"	pachinko machines with playing costs of 0.5-yen, 1-yen, 1.25-yen, 2-yen and 2.5-yen per pachinko ball and pachislot machines with playing costs of 5-yen, 6.25-yen and 10-yen per pachislot token
"Macau"	The Macau Special Administrative Region of the PRC

"Macau Legend"	Macau Legend Development Limited, a company incorporated in the Cayman Islands and whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 01680). In June 2013, the Company concluded a letter of intent to underwrite the US$35 million for the initial public offering by Macau Legend as a cornerstone investor through our wholly-owned subsidiary Dynam Hong Kong and in January 2014, the Company added an additional investment of US$50 million for a total of US$85 million
''Main Board''	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent of and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Model Code"	the Model Code for Securities Transaction by Directors of Listed Issuers contained in Appendix to the Listing Rules
"online game"	the gaming technology that is run by connecting players to play games over a computer network
"pachinko balls" or "balls"	small metal balls used to play pachinko games
"pachislot tokens" or "tokens"	small metal tokens used to play pachislot games
"Personal System"	a system technology which records the number of pachinko balls and pachislot tokens earned onto a card
"PRC"	The People's Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan
"P Insurance"	P Insurance Co., Ltd.* (株式会社ピーインシユアランス), a stock company (kabushiki-gaisha 株式会社) incorporated in Japan with limited liability under the Companies Act on 28 January 2005 (registration number 0115-01-013256). P Insurance is a wholly-owned subsidiary of the Company
"Shinrainomori"	Shinrainomori Co., Ltd.* (株式会社信頼の森), a stock company (kabushiki-gaisha 株式会社) incorporated in Japan with limited liability under the Companies Act on 3 December 2008 (registration number 0115-01-014420). Shinrainomori is a wholly-owned subsidiary of the Company

"*Shinrai no Mori*" (信頼の森)	our pachinko hall brand and hall type featuring primarily low playing cost games in a non-smoking environment with reduced noise levels, space for players to relax and socialise, and a larger selection of general prizes
"Shinrainomori Association"	General Incorporated Association Shinrainomori* (一般社団法人信頼の森), a general incorporated association (ippan shadan houjin 一般社団法人) established in Japan on 3 December 2008 under the Companies Act (registration number 0115-05-001319). Shinarainomori Association is a subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"*Traditional*"	our pachinko hall type featuring primarily high playing cost games in a traditional hall environment that allows smoking
"*Yuttari Kan*" (ゆったり館)	our pachinko hall brand and hall type featuring primarily low playing cost games in a Yuttari Kan hall environment that allows smoking, and a larger selection of general prizes

Note: Translated English names of Japanese natural persons, legal persons, government authorities, institutions or other entities for which no official English translation exist are unofficial translations for identification purpose only.

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, 29 May 2014

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.

* *For identification purpose only*