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: 6889

Interim Report 2012

** for identification purpose only*

Contents

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", together with its subsidiaries, the "Group") was incorporated under Japanese law, which differs from Hong Kong law in certain respects. Loss or destruction of share certificates can have serious implications under Japanese law on a shareholder's ability to sell his/her shares, rights to vote and rights to receive dividend payments. Shareholders of the Company (the "Shareholders") holding shares of the Company (the "Shares") in his/her own names (instead of holding through CCASS) are strongly advised to refer to the section headed "Material Shareholders' Matters under Japanese law" on the Company's website at http://www.dyjh.co.jp and/or seek independent professional advice.

* *For identification purpose only*

Corporate Information

Executive Director	Yoji SATO *(Chairman of the Board and Chief Executive Officer)*
Non-executive Director	Noriaki USHIJIMA
Independent Non-executive Directors	Katsuhide HORIBA Ichiro TAKANO Yukio YOSHIDA Mitsutoshi KATO Thomas Chun Kee YIP
Audit Committee	Ichiro TAKANO *(Chairman)* Yukio YOSHIDA Thomas Chun Kee YIP
Remuneration Committee	Katsuhide HORIBA *(Chairman)* Mitsutoshi KATO Yoji SATO
Nomination Committee	Katsuhide HORIBA *(Chairman)* Mitsutoshi KATO Yoji SATO
Joint Company Secretaries	Go UMEHARA Ming Wai MOK, *FCIS FCS*
Authorised Representatives	Mitsutoshi KATO Ming Wai MOK
Headquarters and Registered Office	2-25-1-702 Nishi-Nippori Arakawa-ku Tokyo, 116-0013 Japan
Principal Place of Business in Hong Kong	Level 8, Two Exchange Square 8 Connaught Place, Central Hong Kong
Corporate Website	www.dyjh.co.jp
Investor Relations	E-mail: dynamjapan_ir@dyjh.co.jp
Stock Code	6889

Corporate Information

Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712–1716 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Compliance Advisor	Shenyin Wanguo Capital (H.K.) Limited
Principal Legal Advisor as to Hong Kong Law	Deacons
Principal Legal Advisor as to Japanese Law	Soga Law Office
Auditors	RSM Nelson Wheeler *(Certified Public Accountants)*
Principal Bankers	Mizuho Bank Ltd. Sumitomo Mitsui Banking Corporation
Investor and Media Relations Consultant	Strategic Financial Relations Limited

Financial Highlights

	Six months ended 30 September			
	2012 (unaudited)		2011 (unaudited)	
	(in millions)			
	¥	**HK$**	¥	HK$
Gross pay-ins	**467,263**	**46,494**	444,584	44,862
Less: gross payouts	**(385,203)**	**(38,329)**	(364,288)	(36,760)
Revenue	**82,060**	**8,165**	80,296	8,102
Other income	**3,029**	**301**	3,588	362
Hall operating expenses	**(66,571)**	**(6,624)**	(69,052)	(6,968)
General and administrative expenses	**(1,759)**	**(175)**	(625)	(63)
Other operating expenses	**(1,238)**	**(123)**	(311)	(31)
Profit from operations	**15,521**	**1,544**	13,896	1,402
Finance costs	**(393)**	**(39)**	(1,287)	(130)
Profit before tax	**15,128**	**1,505**	12,609	1,272
Income tax expenses	**(5,804)**	**(578)**	(5,147)	(519)
Profit for the period attributable to owners of the Company	**9,324**	**927**	7,462	753
Earnings per share attributable to ordinary equity holders of the Company				
Basic	**¥14.02**	**HK$1.4**	¥11.83	HK$1.2
Diluted	**N/A**	**N/A**	N/A	N/A

Financial Highlights

	30 September 2012 (unaudited)		31 March 2012 (audited)	
		(in millions)		
	¥	HK$	¥	HK$
Non-current assets	**119,960**	**11,936**	119,590	11,241
Current assets	**50,936**	**5,069**	36,871	3,467
Current liabilities	**31,384**	**3,123**	33,384	3,139
Net current assets	**19,552**	**1,946**	3,487	328
Total assets less current liabilities	**139,512**	**13,882**	123,077	11,569
Non-current liabilities	**21,525**	**2,142**	29,603	2,783
Total equity	**117,987**	**11,740**	93,474	8,786

CURRENCY TRANSLATIONS

For the purpose of illustration only and unless otherwise specified in this Interim Report, certain amounts denominated in Japanese yen are translated into Hong Kong dollars at the rate described below:

1. ¥10.05 to HK$1.00, the exchange rate prevailing on 28 September 2012 (i.e. the last business day in September 2012).

2. ¥9.91 to HK$1.00, the exchange rate prevailing on 30 September 2011 (i.e. the last business day in September 2011).

3. ¥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.

Management Discussion and Analysis

MARKET REVIEW

Largest contributor to Japan's entertainment and gaming market

According to the Leisure White Paper 2012 published by Japan Productivity Centre, 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, the number of pachinko halls with low playing cost machines increased from 1,049 in 2007 to 7,935 in 2010, representing a compound annual growth rate of approximately 96.3%. In addition, approximately 71.3% of the new halls opened in 2010 were equipped with low playing cost machines, with approximately 14.5% 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.

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

Pachinko machines	Six months ended 30 September 2012	2011
Low playing cost	**35.3%**	31.0%
High playing cost	**64.7%**	69.0%

Pachislot machines	Six months ended 30 September 2012	2011
Low playing cost	**15.6%**	10.5%
High playing cost	**84.4%**	89.5%

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

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.

Management Discussion and Analysis

BUSINESS REVIEW

Overview

We are a pachinko hall operator in Japan which have 45 years of experience in the pachinko industry, and have built our pachinko operations from two halls in one prefecture to 356 halls in 46 out of 47 prefectures in Japan as at 30 September 2012.

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.

Management Discussion and Analysis

We operate 356 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 30 September 2012	As at 31 March 2012
Traditional	**176**	176
Yuttari Kan	**136**	135
Shinrai no Mori	**44**	44
Total	**356**	355

On 11 August 2012, we opened one new *Yuttari Kan* hall in Kumamoto prefecture.

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 2012, 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 55.1% as at 30 September 2011 to approximately 56.3% as at 30 September 2012.

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 plan to build additional pachinko halls over the next years, primarily entertainment-oriented halls. We believe that many opportunities for pachinko hall expansion continue to exist in Japan, particularly in rural/suburban areas. Moreover, we also intend to continue to expand the number of our *traditional* halls by targeting our competitors' market share of frequent pachinko players, through timely introduction of new and popular pachinko and pachislot games with higher playing costs.

Management Discussion and Analysis

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 of the Company (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.. It is our intention to continue to expand our pachinko hall network in Japan by building new halls when such opportunities arise.

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.

FINANCIAL REVIEW

The following table sets forth the gross pay-ins, gross payouts, and revenue by type of hall for the periods indicated:

	Six months ended 30 September				
	2012 (unaudited)		2011 (unaudited)		changes
	(in millions, except for percentages)				
	¥	**HK$[(1)]**	¥	HK$[(2)]	
Gross pay-ins					
— *Traditional*	**364,457**	**36,265**	360,823	36,410	+1.0%
— *Yuttari Kan*	**80,575**	**8,017**	63,946	6,453	+26.0%
— *Shinrai no Mori*	**22,231**	**2,212**	19,815	1,999	+12.2%
Total gross pay-ins	**467,263**	**46,494**	444,584	44,862	+5.1%
Gross payouts					
— *Traditional*	**310,634**	**30,909**	307,261	31,005	+1.1%
— *Yuttari Kan*	**58,142**	**5,785**	42,765	4,315	+36.0%
— *Shinrai no Mori*	**16,427**	**1,635**	14,262	1,440	+15.2%
Total gross payouts	**385,203**	**38,329**	364,288	36,760	+5.7%
Revenue					
— *Traditional*	**53,823**	**5,356**	53,562	5,405	+0.5%
— *Yuttari Kan*	**22,433**	**2,232**	21,181	2,138	+5.9%
— *Shinrai no Mori*	**5,804**	**577**	5,553	559	+4.5%
Total revenue	**82,060**	**8,165**	80,296	8,102	+2.2%

(1) Translated into Hong Kong dollars at the rate of ¥10.05 to HK$1.00, the exchange rate prevailing on 28 September 2012 (i.e. the last business day in September 2012).

(2) Translated into Hong Kong dollars at the rate of ¥9.91 to HK$1.00, the exchange rate prevailing on 30 September 2011 (i.e. the last business day in September 2011).

Management Discussion and Analysis

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 ¥22,679 million (equivalent to approximately HK$2,257 million), or 5.1%, from ¥444,584 million (equivalent to approximately HK$44,862 million) for the six months ended 30 September 2011 to ¥467,263 million (equivalent to approximately HK$46,494 million) for the six months ended 30 September 2012.

Traditional halls. Gross pay-ins for *traditional* halls increased by ¥3,634 million (equivalent to approximately HK$362 million), or 1.0%, from ¥360,823 million (equivalent to approximately HK$36,410 million) for the six months ended 30 September 2011 to ¥364,457 million (equivalent to approximately HK$36,265 million) for the six months ended 30 September 2012. The modest increase was primarily due to the decrease in utilisation rates of our high playing cost machines reflecting the market shifting to low playing cost machines.

Yuttari Kan halls. Gross pay-ins for *Yuttari Kan* halls increased by ¥16,629 million (equivalent to approximately HK$1,655 million), or 26.0%, from ¥63,946 million (equivalent to approximately HK$6,453 million) for the six months ended 30 September 2011 to ¥80,575 million (equivalent to approximately HK$8,017 million) for the six months ended 30 September 2012. 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 three new *Yuttari Kan* halls on a period-to-period basis.

Shinrai no Mori halls. Gross pay-ins for *Shinrai no Mori* halls increased by ¥2,416 million (equivalent to approximately HK$240 million), or 12.2%, from ¥19,815 million (equivalent to approximately HK$1,999 million) for the six months ended 30 September 2011 to ¥22,231 million (equivalent to approximately HK$2,212 million) for the six months ended 30 September 2012. The increase was primarily due to the continuing increase in popularity of halls with a non-smoking environment and low playing cost machines.

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 ¥20,915 million (equivalent to approximately HK$2,081 million), or 5.7%, from ¥364,288 million (equivalent to approximately HK$36,760 million) for the six months ended 30 September 2011 to ¥385,203 million (equivalent to approximately HK$38,329 million) for the six months ended 30 September 2012. 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 increased by ¥3,373 million (equivalent to approximately HK$336 million), or 1.1%, from ¥307,261 million (equivalent to approximately HK$31,005 million) for the six months ended 30 September 2011 to ¥310,634 million (equivalent to approximately HK$30,909 million) for the six months ended 30 September 2012, which was in line with the increase in gross pay-ins.

Yuttari Kan halls. Gross payouts increased by ¥15,377 million (equivalent to approximately HK$1,530 million), or 36.0%, from ¥42,765 million (equivalent to approximately HK$4,315 million) for the six months ended 30 September 2011 to ¥58,142 million (equivalent to approximately HK$5,785 million) for the six months ended 30 September 2012. 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 three new *Yuttari Kan* halls on a period-to-period basis.

Shinrai no Mori halls. Gross payouts increased by ¥2,165 million (equivalent to approximately HK$215 million), or 15.2%, from ¥14,262 million (equivalent to approximately HK$1,440 million) for the six months ended 30 September 2011 to ¥16,427 million (equivalent to approximately HK$1,635 million) for the six months ended 30 September 2012. 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 increased by ¥1,764 million (equivalent to approximately HK$176 million), or 2.2%, from ¥80,296 million (equivalent to approximately HK$8,102 million) for the six months ended 30 September 2011 to ¥82,060 million (equivalent to approximately HK$8,165 million) for the six months ended 30 September 2012.

Traditional halls. Revenue for *traditional* halls slightly increased by ¥261 million (equivalent to approximately HK$26 million), or 0.5%, from ¥53,562 million (equivalent to approximately HK$5,405 million) for the six months ended 30 September 2011 to ¥53,823 million (equivalent to approximately HK$5,356 million) for the six months ended 30 September 2012. The increase was primarily due to a modest increase in gross pay-ins offset by increase in gross payouts over the period. The revenue margin remained stable at 14.8% for the six months ended 30 September 2011 and 2012.

Yuttari Kan halls. Revenue for *Yuttari Kan* halls increased by ¥1,252 million (equivalent to approximately HK$125 million), or 5.9%, from ¥21,181 million (equivalent to approximately HK$2,138 million) for the six months ended 30 September 2011 to ¥22,433 million (equivalent to approximately HK$2,232 million) for the six months ended 30 September 2012. 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 33.1% to 27.8%.

Shinrai no Mori halls. Revenue for *Shinrai no Mori* halls increased by ¥251 million (equivalent to approximately HK$25 million), or 4.5%, from ¥5,553 million (equivalent to approximately HK$559 million) for the six months ended 30 September 2011 to ¥5,804 million (equivalent to approximately HK$577 million) for the six months ended 30 September 2012. The increase in revenue is less than that in gross pay-ins, which was primarily due to the lower of G-prize mark-ups adopted in our *Shinrai no Mori* halls, leading to a decrease in the revenue margin from 28.0% to 26.1%.

Hall operating expenses

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

	Six months ended 30 September															
	2012 (unaudited)								2011 (unaudited)							
	Traditional		Yuttari Kan		Shinrai no Mori		Total		Traditional		Yuttari Kan		Shinrai no Mori		Total	
	(in ¥ millions, except for percentages)															
		%		%		%		%		%		%		%		%
Hall staff costs	14,643	35.1	6,656	34.5	1,843	33.0	23,142	34.8	14,883	33.8	6,479	34.5	1,849	29.7	23,211	33.6
Machine expenses	11,821	28.3	3,361	17.4	868	15.5	16,050	24.1	12,348	28.0	3,341	17.8	1,160	18.6	16,849	24.4
Depreciation charges	2,409	5.8	1,704	8.8	911	16.3	5,024	7.5	2,348	5.3	1,776	9.5	1,184	19.0	5,308	7.7
Rental	2,587	6.2	2,009	10.4	480	8.6	5,076	7.6	2,685	6.1	1,882	10.0	474	7.6	5,041	7.3
Advertising expenses	2,011	4.8	612	3.2	161	2.9	2,784	4.2	2,172	4.9	592	3.2	225	3.6	2,989	4.3
Utilities expenses	1,412	3.4	933	4.8	263	4.7	2,608	3.9	1,301	3.0	898	4.8	249	4.0	2,448	3.5
G-prize expenses	1,320	3.2	963	5.0	305	5.5	2,588	3.9	1,213	2.8	857	4.6	277	4.4	2,347	3.4
Cleaning and ancillary services	1,247	3.0	759	3.9	187	3.3	2,193	3.3	1,223	2.8	726	3.9	176	2.8	2,125	3.1
Repair and maintenance	1,230	2.9	754	3.9	97	1.7	2,081	3.1	1,547	3.5	604	3.2	80	1.3	2,231	3.2
Others	3,030	7.3	1,524	8.1	471	8.5	5,025	7.6	4,342	9.8	1,602	8.5	559	9.0	6,503	9.5
Total	41,710	100.0	19,275	100.0	5,586	100.0	66,571	100.0	44,062	100.0	18,757	100.0	6,233	100.0	69,052	100.0

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

	Six months ended 30 September															
	2012 (unaudited)								2011 (unaudited)							
	Traditional		Yuttari Kan		Shinrai no Mori		Total		Traditional		Yuttari Kan		Shinrai no Mori		Total	
	(in ¥ millions, except for percentages)															
		%		%		%		%		%		%		%		%
Hall staff costs	**83.2**	**35.1**	**48.9**	**34.5**	**41.9**	**33.0**	**65.0**	**34.8**	84.6	33.8	48.7	34.5	42.0	29.7	65.8	33.6
Machine expenses	**67.2**	**28.3**	**24.7**	**17.4**	**19.7**	**15.5**	**45.1**	**24.1**	70.2	28.0	25.1	17.8	26.4	18.6	47.7	24.4
Depreciation charges	**13.7**	**5.8**	**12.5**	**8.8**	**20.7**	**16.3**	**14.1**	**7.5**	13.3	5.3	13.4	9.5	26.9	19.0	15.0	7.7
Rental	**14.7**	**6.2**	**14.8**	**10.4**	**10.9**	**8.6**	**14.3**	**7.6**	15.3	6.1	14.2	10.0	10.8	7.6	14.3	7.3
Advertising expenses	**11.4**	**4.8**	**4.5**	**3.2**	**3.7**	**2.9**	**7.8**	**4.2**	12.3	4.9	4.5	3.2	5.1	3.6	8.5	4.3
Utilities expenses	**8.0**	**3.4**	**6.9**	**4.8**	**6.0**	**4.7**	**7.3**	**3.9**	7.4	3.0	6.8	4.8	5.7	4.0	6.9	3.5
G-prize expenses	**7.5**	**3.2**	**7.1**	**5.0**	**6.9**	**5.5**	**7.3**	**3.9**	6.9	2.8	6.4	4.6	6.3	4.4	6.7	3.4
Cleaning and ancillary services	**7.1**	**3.0**	**5.6**	**3.9**	**4.3**	**3.3**	**6.2**	**3.3**	7.0	2.8	5.5	3.9	4.0	2.8	6.0	3.1
Repair and maintenance	**7.0**	**2.9**	**5.5**	**3.9**	**2.2**	**1.7**	**5.8**	**3.1**	8.8	3.5	4.5	3.2	1.8	1.3	6.3	3.2
Others	**17.2**	**7.3**	**11.2**	**8.1**	**10.7**	**8.5**	**14.1**	**7.6**	24.6	9.8	12.0	8.5	12.6	9.0	18.5	9.5
Total	**237.0**	**100.0**	**141.7**	**100.0**	**127.0**	**100.0**	**187.0**	**100.0**	250.4	100.0	141.1	100.0	141.6	100.0	195.7	100.0

Hall operating expenses decreased by ¥2,481 million (equivalent to approximately HK$247 million), or 3.6%, from ¥69,052 million (equivalent to approximately HK$6,968 million) for the six months ended 30 September 2011 to ¥66,571 million (equivalent to approximately HK$6,624 million) for the six months ended 30 September 2012, primarily attributable to a decrease in pachinko and pachislot machine expenses and the loss on earthquake recognised for the six months ended 30 September 2011.

Traditional halls. Hall operating expenses decreased by ¥2,352 million (equivalent to approximately HK$234 million), or 5.3%, from ¥44,062 million (equivalent to approximately HK$4,446 million) for the six months ended 30 September 2011 to ¥41,710 million (equivalent to approximately HK$4,150 million) for the six months ended 30 September 2012. On a per hall basis, average hall expenses also decreased by 5.4%. The decrease was due primarily to a 4.3% decrease in pachinko and pachislot machine expenses resulting from acquisition of more second-hand machines than new machines.

Yuttari Kan halls. Hall operating expenses increased by ¥518 million (equivalent to approximately HK$52 million), or 2.8%, from ¥18,757 million (equivalent to approximately HK$1,893 million) for the six months ended 30 September 2011 to ¥19,275 million (equivalent to approximately HK$1,918 million) for the six months ended 30 September 2012, due primarily to the addition of three new *Yuttari Kan halls*. On a per hall basis, average hall expenses slightly increased by 0.4%, from ¥141.1 million (equivalent to approximately HK$14.2 million) for the six months ended 30 September 2011 to ¥141.7 million (equivalent to approximately HK$14.1 million) for the six months ended 30 September 2012. The modest increase reflects the increase in repair and maintenance costs and G-prize expenses.

Shinrai no Mori halls. Hall operating expenses decreased by ¥647 million (equivalent to approximately HK$64 million), or 10.4%, from ¥6,233 million (equivalent to approximately HK$629 million) for the six months ended 30 September 2011 to ¥5,586 million (equivalent to approximately HK$556 million) for the six months ended 30 September 2012. On a per hall basis, average hall operating expenses decreased by 10.3%, from ¥141.6 million (equivalent to approximately HK$14.3 million) for the six months ended 30 September 2011 to ¥127.0 million (equivalent to approximately HK$12.6 million) for the six months ended 30 September 2012. The decrease was due primarily to the reduction in pachinko and pachislot machine expenses reflecting a greater use of second hand machines transferred from our *traditional* halls.

Management Discussion and Analysis

General and administrative expenses

General and administrative expenses increased by ¥1,134 million (equivalent to approximately HK$113 million), or 181.4%, from ¥625 million (equivalent to approximately HK$63 million) for the six months ended 30 September 2011 to ¥1,759 million (equivalent to approximately HK$175 million) for the six months ended 30 September 2012. 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 ¥927 million (equivalent to approximately HK$92 million), or 298.1%, from ¥311 million (equivalent to approximately HK$31 million) for the six months ended 30 September 2011 to ¥1,238 million (equivalent to approximately HK$123 million) for the six months ended 30 September 2012. 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 ¥894 million (equivalent to approximately HK$89 million), or 69.5%, from ¥1,287 million (equivalent to approximately HK$130 million) for the six months ended 30 September 2011 to ¥393 million (equivalent to approximately HK$39 million) for the six months ended 30 September 2012. The decrease was primarily attributable to the decrease in amortisation of syndicated loan bank charges and total borrowing.

CASH FLOW AND LIQUIDITY

Cash flows

We meet our working capital and other capital requirements principally with the following: (i) cash generated from our operations, (ii) bank borrowings, and (iii) proceeds from the initial public offering. On 6 August 2012, we received ¥15,884 million (equivalent to approximately HK$1,568 million) from the completion of the initial public offering. The table below sets out the cash flow data extracted from our condensed consolidated statement of cash flows:

	Six months ended 30 September			
	2012 (unaudited)		2011 (unaudited)	
	(in millions)			
	¥	HK$[1]	¥	HK$[2]
Net cash generated from operating activities	**13,023**	**1,296**	12,298	1,241
Net cash (used in)/generated from investing activities	**(6,035)**	**(601)**	14,115	1,424
Net cash generated from/(used in) financing activities	**6,609**	**658**	(23,515)	(2,373)
Effect of exchange rate changes on cash and cash equivalents	**(219)**	**(22)**	—	—
Net increase in cash and cash equivalents	**13,378**	**1,331**	2,898	292
Cash and cash equivalents at the beginning of period	**28,524**	**2,838**	17,460	1,762
Cash and cash equivalents at the end of period	**41,902**	**4,169**	20,358	2,054

Net cash generated from operating activities

The following table sets forth a summary of our cash flows from operating activities for the periods indicated:

	Six months ended 30 September			
	2012		2011	
	(unaudited)		(unaudited)	
		(in millions)		
	¥	**HK$[1]**	¥	HK$[2]
Operating profit before working capital changes	**21,984**	**2,187**	19,375	1,955
Change in working capital — (used in)/ generated from	**(1,893)**	**(188)**	230	23
Cash generated from operations	**20,091**	**1,999**	19,605	1,978
Income taxes paid	**(6,133)**	**(610)**	(6,793)	(685)
Finance costs paid	**(935)**	**(93)**	(514)	(52)
Net cash generated from operating activities	**13,023**	**1,296**	12,298	1,241

(1) Translated into Hong Kong dollars at the rate of ¥10.05 to HK$1.00, the exchange rate prevailing on 28 September 2012 (i.e. the last business day in September 2012).

(2) Translated into Hong Kong dollars at the rate of ¥9.91 to HK$1.00, the exchange rate prevailing on 30 September 2011 (i.e. the last business day in September 2011).

Net cash generated from operating activities was ¥12,298 million (equivalent to approximately HK$1,241 million) and ¥13,023 million (equivalent to approximately HK$1,296 million) for the six months ended 30 September 2011 and 2012, respectively.

Our net cash generated from operating activities was ¥13,023 million (equivalent to approximately HK$1,296 million) for the six months ended 30 September 2012 as compared to ¥12,298 million (equivalent to approximately HK$1,241 million) for the six months ended 30 September 2011. The increase in our net cash generated from operating activities was mainly due to the increase of ¥2,609 million (equivalent to approximately HK$260 million) in operating profit before working capital changes and decrease in income taxes paid, partially offset by a negative change in working capital of ¥2,123 million (equivalent to approximately HK$211 million). We used ¥1,893 million (equivalent to approximately HK$189 million) in working capital during the six months ended 30 September 2012, which mainly reflected an increase of ¥1,642 million (equivalent to approximately HK$163 million) in prepayments, deposits and other receivables and a decrease of ¥1,050 million (equivalent to approximately HK$104 million) in accruals and other payables. These negative effects on working capital were partially offset by a decrease of ¥1,038 million (equivalent to approximately HK$103 million) in inventories.

Net cash (used in)/generated from investing activities

Cash flows from investing activities primarily consist of capital expenditures for property, plant and equipment, including buildings and leasehold improvements, tools and equipment, motor vehicles and construction in progress.

For the six months ended 30 September 2012, net cash used in investing activities was ¥6,035 million (equivalent to approximately HK$601 million) for the six months ended 30 September 2012 compared to cash generated from investing activities of ¥14,115 million (equivalent to approximately HK$1,424 million) for the six months ended 30 September 2011. The cash outflow for the six months ended 30 September 2012 was primarily due to the purchase of property, plant, and equipment amounted to ¥6,026 million (equivalent to approximately HK$600 million) as compared with ¥4,579 million (equivalent to approximately HK$462 million) for the six months ended 30 September 2011.

Management Discussion and Analysis

Net cash generated from/(used in) financing activities

Our cash generated from financing activities primarily consists of proceeds from issue of new Shares in the initial public offering and borrowings. Our cash used in financing activities primarily consists of repayment of bank borrowings, dividends paid to Shareholders and repayment of finance leases.

For the six months ended 30 September 2012, net cash generated from financing activities was ¥6,609 million (equivalent to approximately HK$658 million) for the six months ended 30 September 2012 compared to net cash used in financing activities of ¥23,515 million (equivalent to approximately HK$2,373 million) for the six months ended 30 September 2011. The cash inflow for the six months ended 30 September 2012 was primarily due to the issue of new Shares in the amount of ¥15,884 million (equivalent to approximately HK$1,568 million) and bank loans raised in the amount of ¥8,000 million (equivalent to approximately HK$796 million) partially offset by repayment of bank loans in the amount of ¥15,917 million (equivalent to approximately HK$1,583 million).

Liquidity

Net current assets and working capital sufficiency

The following table sets forth our current assets and current liabilities for the periods indicated:

	30 September 2012 (unaudited)		31 March 2012 (audited)	
		(in millions)		
	¥	**HK$(1)**	¥	HK$(2)
Current assets				
Inventories	**3,493**	**348**	4,531	426
Trade receivables	**338**	**34**	381	36
Prepayments, deposits and other receivables	**5,173**	**515**	3,415	322
Held-to-maturity investment	**10**	**1**	—	—
Amounts due from related companies	**20**	**2**	20	2
Bank and cash balances	**41,902**	**4,169**	28,524	2,681
	50,936	**5,069**	36,871	3,467
Current liabilities				
Trade payables	**789**	**78**	1,148	108
Accruals and other payables	**20,040**	**1,994**	21,090	1,983
Derivative financial instruments	**54**	**5**	62	6
Amounts due to related companies	**446**	**44**	443	42
Borrowings	**1,384**	**138**	1,654	155
Finance lease payables	**1,203**	**120**	1,187	112
Provisions	**1,483**	**148**	1,460	137
Current tax liabilities	**5,985**	**596**	6,340	596
	31,384	**3,123**	33,384	3,139
Net current assets	**19,552**	**1,946**	3,487	328

(1) Translated into Hong Kong dollars at the rate of ¥10.05 to HK$1.00, the exchange rate prevailing on 28 September 2012 (i.e. the last business day in September 2012).

(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).

Management Discussion and Analysis

As at 31 March 2012 and 30 September 2012, our net current assets totalled ¥3,487 million (equivalent to approximately HK$328 million) and ¥19,552 million (equivalent to approximately HK$1,946 million), respectively, and our current ratio was 1.1 and 1.6, respectively.

Gearing Ratio

The gearing ratio is an indicator of our capital structure, which is calculated as total borrowings divided by total assets. Total borrowings comprised long and short-term bank borrowings. The gearing ratio decreased from 14.9% as at 31 March 2012 to 9.0% as at 30 September 2012, primarily due to the increase in total assets and decrease in total borrowings.

Capital expenditure

Our capital expenditures consist primarily of purchases of land, buildings including the cost of leasehold improvements, tools and equipment, motor vehicles and construction in progress. Our capital expenditures for the six months ended 30 September 2011 and 2012 were ¥4,818 million (equivalent to approximately HK$486 million) and ¥6,033 million (equivalent to approximately HK$599 million), respectively. Our capital expenditures were primarily related to the improvements of facilities in our halls to enhance our competitiveness in attracting customers.

The following table sets forth our capital expenditures for the periods indicated:

	Six months ended 30 September			
	2012 (unaudited)		2011 (unaudited)	
	(in millions)			
	¥	**HK$[1]**	¥	HK$[2]
Freehold land	**—**	**—**	1	Δ
Buildings including leasehold improvements	**2,144**	**213**	1,672	169
Tools and equipment	**3,359**	**334**	2,954	298
Motor vehicles	**1**	**Δ**	4	Δ
Construction in progress	**529**	**52**	187	19
	6,033	**599**	4,818	486

Δ Less than HK$0.5 million.

(1) Translated into Hong Kong dollars at the rate of ¥10.05 to HK$1.00, the exchange rate prevailing on 28 September 2012 (i.e. the last business day in September 2012).

(2) Translated into Hong Kong dollars at the rate of ¥9.91 to HK$1.00, the exchange rate prevailing on 30 September 2011 (i.e. the last business day in September 2011).

Management Discussion and Analysis

Inventories

The following table sets forth the components of our inventories as at the dates indicated:

	30 September 2012 (unaudited)		31 March 2012 (audited)	
		(in millions)		
	¥	HK$[1]	¥	HK$[2]
G-prize	**2,142**	**213**	2,276	214
General prize	**968**	**97**	1,093	103
Supplies	**383**	**38**	1,162	109
	3,493	**348**	4,531	426

(1) Translated into Hong Kong dollars at the rate of ¥10.05 to HK$1.00, the exchange rate prevailing on 28 September 2012 (i.e. the last business day in September 2012).

(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).

Our total inventories decreased from ¥4,531 million (equivalent to approximately HK$426 million) as at 31 March 2012 to ¥3,493 million (equivalent to approximately HK$348 million) as at 30 September 2012. The decrease was primarily attributable to decrease in G-prize of ¥134 million (equivalent to approximately HK$13 million), general prize of ¥125 million (equivalent to approximately HK$12 million), and supplies of ¥779 million (equivalent to approximately HK$78 million).

PLEDGE OF ASSETS

As at 30 September 2012, certain property, plant, and equipment, other long-term assets and prepayments and other receivables were pledged as securities for the bank borrowings of ¥13,829 million (equivalent to approximately HK$1,377 million). For the relevant information, please refer to the “Loan facilities” on page 21.

CONTINGENT LIABILITIES

As at 30 September 2012, we had no material contingent liabilities.

CAPITAL COMMITMENTS

The details to capital commitments are provided in note 19 to the interim condensed consolidated financial statements on page 47 of this report.

ACQUISITION AND DISPOSAL

For the six months ended 30 September 2012, there was no material acquisition and disposal any of our subsidiaries.

Management Discussion and Analysis

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

We have not used or do not propose to use the proceeds from the initial public offering in a manner different from that detailed in the prospectus of our Company dated 24 July 2012.

SIGNIFICANT INVESTMENTS

Save for the new hall opened, we did not have any significant investments during the six months ended 30 September 2012. Please refer to the Company's prospectus dated 24 July 2012 for the details of the plan of material investments.

EMPLOYEES

As at 30 September 2012, we had approximately 9,912 employees (31 March 2012: 10,124). We will regularly review remuneration and benefits of its employees according to the relevant market practice and individual performance of the employees. In addition to basic salary, employees are entitled to other benefits including social insurance contribution, housing fund schemes and discretionary incentive. The staff costs incurred in the six months ended 30 September 2012 was ¥23,787 million (equivalent to approximately HK$2,367 million).

CAPITAL STRUCTURE

Principal sources of funds

Our principal sources of funds are cash generated from our operations and various short-term and long-term bank borrowings and lines of credit. Our primary liquidity requirements are to finance working capital, fund the payment of interest and principal due on our indebtedness and fund our capital expenditures and the growth and expansion of our operations.

We have historically met our working capital and other liquidity requirements principally from cash generated by our operations, while financing the remainder primarily through bank borrowings. Going forward, we expect to continue relying principally on our internally-generated cash flows for our working capital and other liquidity requirements, and will also use the proceeds from the initial public offering and bank borrowings as capital resources to finance a portion of our operations. We have historically relied primarily on short-term debt, rather than long-term debt, in order to take advantage of the significantly lower interest rates on short-term debt, which in turn lowers our financing costs, and is also consistent with our approach to finance working capital. Should we increase the amount of our long-term capital expenditures and other capital commitments in the future, we may finance these long-term expenditures with long-term debt, if necessary.

Indebtedness

The following table sets forth our short-term and long term borrowings as at the dates indicated:

	30 September 2012 (unaudited)		31 March 2012 (audited)	
		(in millions)		
	¥	HK$[1]	¥	HK$[2]
Borrowings:				
Bank loans	**12,212**	**1,215**	19,772	1,858
Syndicated loans	**3,127**	**312**	3,465	326
	15,339	**1,527**	23,237	2,184
Represented by:				
Secured	**13,829**	**1,377**	15,331	1,441
Unsecured	**1,510**	**150**	7,906	743
	15,339	**1,527**	23,237	2,184
The borrowings are repayable as follows:				
On demand or within one year	**1,384**	**138**	1,654	155
In the second year	**10,262**	**1,021**	17,258	1,622
In the third to fifth years, inclusive	**2,793**	**278**	3,275	308
After five years	**900**	**90**	1,050	99
	15,339	**1,527**	23,237	2,184
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(1,384)**	**(138)**	(1,654)	(155)
Amount due for settlement after 12 months	**13,955**	**1,389**	21,583	2,029

The following table sets forth our finance lease payables as at the dates indicated:

	30 September 2012 (unaudited)		31 March 2012 (audited)	
		(in millions)		
	¥	HK$[1]	¥	HK$[2]
Finance lease payables:				
Present value of lease obligations	**2,935**	**292**	3,518	331
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(1,203)**	**(120)**	(1,187)	(112)
Amount due for settlement after 12 months	**1,732**	**172**	2,331	219

(1) Translated into Hong Kong dollars at the rate of ¥10.05 to HK$1.00, the exchange rate prevailing on 28 September 2012 (i.e. the last business day in September 2012).

(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).

Management Discussion and Analysis

Loan facilities

On 15 September 2011, our subsidiary, Dynam*, entered into a loan agreement with a syndicate of lenders that amended a commitment line agreement dated 31 March 2011, which provided for a revolving loan facility in an amount of up to ¥25,000 million (the "Revolving Loan Facility"). The Revolving Loan Facility consists of two loans, and the commitment of the lenders to provide loans under the Revolving Loan Facility is available for a three-year period from the execution date of the original loan agreement. Borrowings under the Revolving Loan Facility bear interest at the rate of 1.0% per annum over the interest rate for the corresponding loan term published by the Japanese Bankers Association for euroyen TIBOR, subject to adjustment from time to time. On 28 September 2012, in addition to the above revolving loan facility, the Company entered into a loan agreement with a syndicated of lenders, which provided for a revolving loan facility in an amount of up to ¥15,000 million. The commitment of the lenders to provide for loans under the Revolving Loan Facility is available for a three year period from the execution date of the original loan agreement. Borrowings under the Revolving Loan Facility bear interest at the rate of 0.875% per annum over the interest rate for the corresponding loan term published by the Japanese Bankers Association for euroyen TIBOR, subject to adjustment from time to time.

* 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 Companies Act on 25 July 1967 (registration number 0115-01-007357). Dynam is a wholly-owned subsidiary of the Company.

As at 30 September 2012, ¥9,000 million (equivalent to approximately HK$896 million) of the Revolving Loan Facility had been drawn down and ¥31,000 million (equivalent to approximately HK$3,085 million) remained available to be drawn down.

We have a number of additional bank borrowings, with both floating and fixed interest rates. As at 30 September 2012, our fixed interest rate bank borrowings bore interest at rates ranging from 1.180% to 2.725% per annum. All of our bank borrowings were denominated in Japanese yen.

As at 30 September 2012, we had total bank borrowings of approximately ¥15,339 million (equivalent to approximately HK$1,527 million), of which the bank borrowings of approximately ¥13,829 million (equivalent to approximately HK$1,377 million) were secured by our property, plant and equipment, other long-term assets and prepayments and other receivables and the remaining bank borrowings of approximately ¥1,510 million (equivalent to approximately HK$150 million) were unsecured. We also had total finance lease payables of approximately ¥2,935 million (equivalent to approximately HK$292 million), of which approximately ¥1,203 million (equivalent to approximately HK$120 million) was to be repaid within one year.

At the close of business on 30 September 2012, we had a total amount of approximately ¥40,000 million (equivalent to approximately HK$3,981 million) of banking facilities available to us, of which approximately ¥31,000 million (equivalent to approximately HK$3,085 million) was unutilised.

MARKET RISKS

We are exposed to various market risks in the ordinary course of business. Our risk management strategy aims to minimise the adverse effects of these risks on our financial results.

Foreign currency risk

We have minimal exposure to foreign currency risk as most of our business transactions, assets and liabilities are principally denominated in the functional currencies of our subsidiaries. We currently do not have a foreign currency hedging policy in respect of other foreign currency transactions, assets and liabilities. We will monitor our foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Credit risk

The carrying amount of our bank and cash balances, derivative financial instruments, trade receivables such as commission income from vending machines, and other receivables such as G-prize refundable, and amounts due from related companies included in our statement of financial position represents our maximum exposure to credit risk in relation to our financial assets. We have policies in place to ensure that our third party vending machine operators have appropriate credit histories.

The credit risk on bank and cash balances and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

In order to minimise credit risk, our management has delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, management reviews the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, management considers that our credit risk is significantly reduced.

Due to the above factors, we have no significant concentration of credit risk.

Interest rate risk

Our exposure to interest rate risk arises from bank deposits, bank loans, syndicated loans and amounts due from and to related companies. These deposits and borrowings bear interest at variable rates.

We have used interest rate swaps in order to mitigate our exposure associated with fluctuations in interest rates.

Corporate Governance and Other Information

CORPORATE GOVERNANCE

The Company is committed to the principles of corporate governance and corporate responsibility consistent with prudent management. The board of the Company (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 30 September 2012, 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. 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 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 30 September 2012.

THE BOARD OF DIRECTORS

The Board is the primary decision-making body of the Company, setting fundamental business strategies and policies for the management and operation of the Group's business and monitoring their implementation. The Board currently consists of seven Directors, comprising one executive Director, one non-executive Director and five independent non-executive Directors. Pursuant to the Company's Articles of Incorporation, the Directors are elected by the Shareholders at the annual Shareholders' meetings. The term of office of a Director shall expire at the end of the next annual Shareholders' meeting to be held after his appointment. Directors may serve any number of consecutive terms.

The Directors have no financial, business, family or other material/relevant relationships with each other.

Attendance of each Director at Board meetings and committees' meetings held during the six months ended 30 September 2012 is as follows:

	Number of meetings held/attended			
	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meetings
Number of meetings held	7	7	4	4
Executive Director				
Mr. Yoji SATO (Chairman and Chief Executive Officer)	7/7	Not Applicable	4/4	4/4
Non-executive Director				
Mr. Noriaki USHIJIMA	7/7	Not Applicable	Not Applicable	Not Applicable
Independent Non-executive Directors				
Mr. Katsuhide HORIBA	7/7	Not Applicable	4/4	4/4
Mr. Ichiro TAKANO	7/7	7/7	Not Applicable	Not Applicable
Mr. Yukio YOSHIDA	7/7	7/7	Not Applicable	Not Applicable
Mr. Mitsutoshi KATO	7/7	Not Applicable	4/4	4/4
Mr. Thomas Chun Kee YIP	7/7	7/7	Not Applicable	Not Applicable

CONFIRMATION ON INDEPENDENCE

The Company has received from each of the independent non-executive Directors a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers such Directors to be independent.

Between 1 October 2006 and 20 September 2011, Mr. Katsuhide HORIBA was an outside director (shagai torishimariyaku 社外取締役) of DYNAM Holdings Co., Ltd. ("DYH"), a connected person of the Company under the Listing Rules. The Directors are of the view that this position does not affect Mr. Katsuhide HORIBA's independence under Rule 3.13(7) of the Listing Rules because (i) as confirmed by the Company's Japan legal adviser, Soga Law Office, Mr. Katsuhide HORIBA, as an outside director (shagai torishimariyaku 社外取締役), was not allowed to perform any executive functions in DYH under the relevant Japanese law and (ii) Mr. Horiba is independent of the Company, Directors, chief executive officer, substantial Shareholders, Controlling Shareholders*, each of our subsidiaries and each of their respective associates.

Mr. Ichiro TAKANO was an outside director (shagai torishimariyaku 社外取締役) of DYH between 29 March 2007 and 20 September 2011. The Directors are of the view that this position does not affect Mr. Ichiro TAKANO's independence under Rule 3.13(7) of the Listing Rules because (i) as confirmed by the Company's Japan legal adviser, Soga Law Office, Mr. Ichiro TAKANO, as an outside director (shagai torishimariyaku 社外取締役), was not allowed to perform any executive functions in DYH under the relevant Japanese law and (ii) Mr. Takano is independent of the Company, Directors, chief executive officer, substantial Shareholders, Controlling Shareholders, each of our subsidiaries and each of their respective associates.

* Controlling Shareholders: has the meaning ascribed to it under the Listing Rules, and in the context of this report, means the controlling Shareholders of our Company, namely Mr. Yoji SATO, Rich-O Co., Ltd. and each of the Sato family members (the "Sato Family Members"). The Sato Family Members are Mrs. Keiko SATO (佐藤恵子), Mrs. Yaeko NISHIWAKI (西脇八重子), Mr. Masahiro SATO (佐藤政洋), Mr. Shigehiro SATO (佐藤茂洋), Mr. Kohei SATO (佐藤公平) and Mr. Kiyotaka SATO (佐藤清隆) or any one of them, each being a family member of and an associate of Mr. Yoji SATO. Each of the Sato Family Members is a Controlling Shareholder.

Mr. Yukio YOSHIDA was an outside director (shagai torishimariyaku 社外取締役) of DYH between 27 June 2008 and 20 September 2011. The directors are of the view that this position does not affect Mr. Yukio YOSHIDA's independence under Rule 3.13(7) of the Listing Rules because (i) as confirmed by the Company's Japan legal adviser, Soga Law Office, Mr. Yukio YOSHIDA, as an outside director (shagai torishimariyaku 社外取締役), was not allowed to perform any executive functions in DYH under the relevant Japanese law and (ii) Mr. Yoshida is independent of the Company, Directors, chief executive officer, substantial Shareholders, Controlling Shareholders, each of our subsidiaries and each of their respective associates.

DIRECTORS' TRAINING

Pursuant to Code A.6.5 of the Code, Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Directors are committed to participating in appropriate continuous professional development activities by ways of attending training or reading material relevant to the Company's business or to the Directors' duties and responsibilities.

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 interim results for the six months ended 30 September 2012 are unaudited but have been reviewed by the audit committee.

The interim condensed consolidated financial statements for the six months ended 30 September 2012 have also been reviewed by RSM Nelson Wheeler, the external auditor of the Company, in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Federation of Accountants.

REMUNERATION COMMITTEE

The Company has established the remuneration committee in accordance with the requirements of the Code. The remuneration committee consists two independent non-executive Directors, namely Mr. Katsuhide HORIBA (chairman) and Mr. Mitsutoshi KATO, and one executive Director, namely Mr. Yoji SATO. The primary duties of the remuneration committee are to evaluate the performance of the Directors and senior management, determine the remuneration package of the Directors and senior management, and evaluate and make recommendations on employee benefits arrangements.

The remuneration committee held 4 meetings during the period from the Listing Date up to 30 September 2012 with an attendance rate of 100%. The remuneration committee met to approve and/or recommend the remuneration packages to the Directors and senior management.

NOMINATION COMMITTEE

The Company has established the nomination committee in accordance with the requirements of the Code. The Nomination committee consists two independent non-executive Directors, namely Mr. Katsuhide HORIBA (chairman) and Mr. Mitsutoshi KATO, and one executive Director, namely Mr. Yoji SATO. The primary duties of the nomination committee are to make recommendations to the Shareholders on the appointment of the Directors and senior management.

The nomination committee held 4 meetings during the period from the Listing Date up to 30 September 2012 with an attendance rate of 100%. The nomination committee met to review and to make recommendations on the appointment of the Directors and senior management for Shareholders' approval at the forthcoming annual general meeting.

DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS

The Directors recognise the responsibility for preparing the condensed consolidated financial statements of the Group. The Directors consider that the Group has adequate resources to continue in business for the foreseeable future and are not aware of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

INTERNAL CONTROLS AND ANTI-MONEY LAUNDERING

The Board is responsible for, among others, overseeing the overall management of compliance risks, including the review and approval of anti-money laundering measures as well as remediation of any issues that arise. The audit committee ensures the implementation, effectiveness and compliance with relevant laws and regulations of the various anti-money laundering measures. The audit committee also reviews any internal control issues highlighted by internal auditing division and regulatory authorities, and reports the audit findings to the Board on a regular basis to highlight any deficiencies in the anti-money laundering measures and internal control systems. The senior management develops operational guidelines on anti-money laundering measures and evaluates the measures for effectiveness on a regular basis.

The Group as a pachinko operator is subject to various requirements and restrictions under various Japanese law and regulations. The Company employs internal controls and procedures to ensure our pachinko operations are in compliance with the applicable laws and regulations in Japan and to detect and prevent money laundering activities in our pachinko operations. The internal control measures enable us to detect irregularities and unusual trends in the transactions that take place in the Group's pachinko halls which, if detected, are reported to the senior management for investigation and remediation. In addition, the hall staff are trained to detect irregular customer activities, particularly those involving large amounts of cash.

Corporate Governance and Other Information

AUDITOR'S REMUNERATION

The Company's external auditor is RSM Nelson Wheeler.

During the six months ended 30 September 2012, the fees payable by the Group to the external auditor in respect of audit and non-audit services provided by them were as follows:

	¥ million	HK$ million^
Audit services *	45.0	4.5
Non audit services	—	—
Total fees	45.0	4.5

* audit services in connection with the audit of the financial statements of the Company and its subsidiaries for the year ending 31 March 2013.

^ Translated into Hong Kong dollars at the rate of ¥10.05 to HK$1.00, the exchange rate prevailing on 28 September 2012 (i.e. the last business day in September 2012).

SHAREHOLDERS' RIGHTS

Rights to demand that Directors to call a Shareholders' meeting

Shareholders holding Shares representing not less than 3% of the votes of all Shareholders may demand that the Directors to convene a Shareholders' meeting, by illustrating the matters which shall be the purpose of the Shareholders' meeting (limited to matters on which the Shareholders may exercise their votes) and providing the reason for the calling of the Shareholders' meeting.

Right to put enquiries to the Board

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong or the registered office in Japan, or by e-mail to dynamjapan_ir@dyjh.co.jp.

Rights to demand that Directors include a proposal in a convocation notice

Shareholders holding not less than 1% of the votes of all Shareholders or not less than 300 votes of all Shareholders may demand that the Directors, no later than eight weeks prior to the day of the Shareholders' meeting, notify Shareholders of the summary of the proposals which the demanding Shareholders intend to submit with respect to the matters that are the purpose of the Shareholders' meeting and include a proposal in the convocation notices of the Shareholders' meetings.

The Company will notify the Shareholders of the date on which an annual Shareholders' meeting is to be held no less than ten weeks prior to the date of such meeting by making a voluntary announcement on the websites of the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

INVESTOR RELATIONS

To manage its relationship with investment community and its Shareholders, the Company also communicates through announcements and annual and interim reports. All such reports and announcements can also be accessed via the Company's website. The Directors, company secretary or other appropriate members of the senior management also respond to inquiries from Shareholders and investment community promptly.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Save as disclosed herein, for the period from the Listing Date and up to the date of this report, there were no changes to information required to be disclosed by the Directors pursuant to Rule 13.51B(1) of the Listing Rules.

INTERIM DIVIDENDS

On 27 November 2012, the Board declared an interim dividend of ¥5.75 per ordinary Share in respect of the six months ended 30 September 2012, payable on 17 December 2012 to Shareholders whose names appear on the Company's share register as at the close of business on 30 September 2012. 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 28 to 30 November 2012 and 3 to 4 December 2012) immediately after 27 November 2012.

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 the Listing Date to 30 September 2012.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATION

As at 30 September 2012, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or would be required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Interests in the Company

Name of Director	Nature of Interest	Number of Shares of the Company(1)	Approximate percentage of interest in the Company(2)
Mr. Yoji SATO ("Mr. Sato")	Beneficial owner(3)	162,522,560	
	Interest in controlled corporation(3)	95,810,000	
	Interest in spouse(3)	760	
	Other(4)	248,335,800	
		506,669,120	68.206%
Mr. Noriaki USHIJIMA	Beneficial owner	838,000	0.113%
Mr. Katsuhide HORIBA	Beneficial owner	100,000	0.013%
Mr. Ichiro TAKANO	Beneficial owner	20,000	0.003%
Mr. Yukio YOSHIDA	Beneficial owner	140,000	0.019%

Notes:

(1) All interests stated are long positions.

(2) There were 742,850,360 Shares in issue as at 30 September 2012.

(3) Mr. Sato is beneficially interested in 162,522,560 Shares. Mrs. Keiko SATO, his wife, is beneficially interested in 760 Shares, and such interests are deemed to be Mr. Sato's interests under the SFO. Rich-O Co., Ltd. ("Rich-O"), which owns 95,810,000 Shares is a company owned as to 99.9% and controlled by Mr. Sato.

(4) The Sato Family Members consist of Mrs. Keiko SATO (wife of Mr. Sato), Mrs. Yaeko NISHIWAKI (sister of Mr. Sato), Mr. Masahiro SATO (brother of Mr. Sato), Mr. Shigehiro SATO (brother of Mr. Sato), Mr. Kohei SATO (brother of Mr. Sato), and Mr. Kiyotaka SATO (uncle of Mr. Sato). The Sato Family Members are the beneficial owners of 248,336,560 Shares. Each of the Sato Family Members is a family member of Mr. Sato and of each other, and is therefore deemed to be interested in the Shares in our Company in which Mr. Sato is interested, and Mr. Sato is deemed to be interested in the Shares in our Company in which each of the Sato Family Members is interested.

Save as disclosed above, as at 30 September 2012, none of the Directors and the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(ii) Interest in the associated corporation

None of our Directors or chief executive of the Company has any interests or short positions in the shares or underlying shares or debentures of any associated corporation of the Company.

INTEREST AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF SUBSTANTIAL SHAREHOLDERS

As at 30 September 2012, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Substantial Shareholders	Nature of Interest/Capacity	Number of Shares(1)	Approximate percentage of Shareholding(2)
Rich-O	Beneficial owner(3)	95,810,000	12.898%
One Asia Foundation ("One Asia")	Beneficial owner(4)	80,000,000	10.769%
Mrs. Keiko SATO	Beneficial owner(5)	760	
	Interest of spouse(5)	162,522,560	
	Other(6)	344,145,800	
		506,669,120	68.206%
Mr. Kiyotaka SATO	Beneficial owner	20,400,000	
	Other(6)	486,269,120	
		506,669,120	68.206%
Mr. Kohei SATO	Beneficial owner	55,139,680	
	Other(6)	451,529,440	
		506,669,120	68.206%
Mr. Masahiro SATO	Beneficial owner	55,259,680	
	Other(6)	451,409,440	
		506,669,120	68.206%
Mr. Shigehiro SATO	Beneficial owner	55,139,680	
	Other(6)	451,529,440	
		506,669,120	68.206%
Mrs. Yaeko NISHIWAKI	Beneficial owner	62,396,760	
	Other(6)	444,272,360	
		506,669,120	68.206%

Notes:

(1) All interests stated are long positions.

(2) There were 742,850,360 Shares in issue as at 30 September 2012.

(3) Rich-O is a company owned as to approximately 99.9% and controlled by Mr. Sato. Hence, Mr. Sato is deemed to be interested in the Shares held by Rich-O by virtue of Rich-O being controlled by Mr. Sato.

(4) One Asia is a general incorporated foundation (ippan shadan houjin 一般社団法人). The operation and management of One Asia is independent from the Controlling Shareholders and the Controlling Shareholders have no discretion in exercising One Asia's voting rights in the Company. The Shares held by One Asia are not counted as public Shares.

(5) Mr. Sato is the beneficial owner of 162,522,560 Shares. Mrs. Keiko SATO, his wife, is beneficially interested in 760 Shares, and such interests are deemed to be Mr. Sato's interests under the SFO.

(6) The Sato Family Members consist of Mrs. Keiko SATO (wife of Mr. Sato), Mrs. Yaeko NISHIWAKI (sister of Mr. Sato), Mr. Masahiro SATO (brother of Mr. Sato), Mr. Shigehiro SATO (brother of Mr. Sato), Mr. Kohei SATO (brother of Mr. Sato), and Mr. Kiyotaka SATO (uncle of Mr. Sato). The Sato Family Members are the beneficial owners of 248,336,560 Shares. Each of the Sato Family Members is a family member of Mr. Sato and of each other, and is therefore deemed to be interested in the Shares in which Mr. Sato is interested, and Mr. Sato is deemed to be interested in the Shares in which each of the Sato Family Members is interested.

Save as disclosed above, and as at 30 September 2012, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

On behalf of the Board
Yoji SATO
Chairman and Chief Executive Officer

27 November 2012

Independent Review Report

TO THE BOARD OF 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.*
(Incorporated in Japan with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 33 to 48 which comprises the condensed consolidated statement of financial position 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") as at 30 September 2012 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Federation of Accountants. A review of interim financial information consists of making inquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period ended 30 September 2011, and the relevant explanatory notes disclosed in the interim financial information have not been reviewed in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

27 November 2012

* *For identification purpose only*

Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2012

	Note	Six months ended 30 September 2012 ¥ million (unaudited)	2011 ¥ million (unaudited)
Revenue	4	**82,060**	80,296
Other income		**3,029**	3,588
Hall operating expenses	5	**(66,571)**	(69,052)
General and administrative expenses		**(1,759)**	(625)
Other operating expenses		**(1,238)**	(311)
Profit from operations		**15,521**	13,896
Finance costs	6	**(393)**	(1,287)
Profit before tax		**15,128**	12,609
Income tax expenses	7	**(5,804)**	(5,147)
Profit for the period attributable to owners of the Company	8	**9,324**	7,462
Earnings per share	10		
Basic (¥)		**14.02**	11.83
Diluted (¥)		**N/A**	N/A

Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2012

	Six months ended 30 September	
	2012	2011
	¥ million	¥ million
	(unaudited)	(unaudited)
Profit for the period	**9,324**	7,462
Other comprehensive income:		
Fair value changes of available-for-sale financial assets	**(25)**	(73)
— Income tax arising from fair value changes thereof	**9**	29
Actuarial losses on defined benefit retirement plans	**(33)**	(227)
— Income tax arising from actuarial losses thereof	**11**	91
Other comprehensive income for the period, net of tax	**(38)**	(180)
Total comprehensive income for the period attributable to owners of the Company	**9,286**	7,282

Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2012

	Note	**At 30 September 2012 ¥ million (unaudited)**	At 31 March 2012 ¥ million (audited)
Non-current assets			
Property, plant and equipment	11	**95,118**	95,033
Investment properties		**1,027**	1,027
Intangible assets		**1,335**	1,489
Available-for-sale financial assets		**484**	509
Held-to-maturity investment		**—**	10
Deferred tax assets		**10,860**	10,864
Other long-term assets		**11,136**	10,658
		119,960	119,590
Current assets			
Inventories	12	**3,493**	4,531
Trade receivables	13	**338**	381
Prepayments, deposits and other receivables		**5,173**	3,415
Held-to-maturity investment		**10**	—
Amounts due from related companies		**20**	20
Bank and cash balances		**41,902**	28,524
		50,936	36,871
Total assets		**170,896**	156,461

Interim Condensed Consolidated Financial Statements

	Note	At 30 September 2012 ¥ million (unaudited)	At 31 March 2012 ¥ million (audited)
Current liabilities			
Trade payables	14	**789**	1,148
Accruals and other payables		**20,040**	21,090
Derivative financial instruments		**54**	62
Amounts due to related companies		**446**	443
Borrowings	15	**1,384**	1,654
Finance lease payables	16	**1,203**	1,187
Provisions		**1,483**	1,460
Current tax liabilities		**5,985**	6,340
		31,384	33,384
Net current assets		**19,552**	3,487
Total assets less current liabilities		**139,512**	123,077
Non-current liabilities			
Derivative financial instruments		**109**	134
Borrowings	15	**13,955**	21,583
Finance lease payables	16	**1,732**	2,331
Retirement benefit obligations		**1,951**	1,804
Other long-term liabilities		**320**	338
Provisions		**3,458**	3,413
		21,525	29,603
NET ASSETS		**117,987**	93,474
Capital and reserves			
Share capital	17	**15,000**	5,000
Reserves		**102,987**	88,474
TOTAL EQUITY		**117,987**	93,474

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2012

	(Unaudited)									
	Attributable to owners of the Company									
	Share capital ¥ million	Investment revaluation reserve ¥ million	Capital reserve ¥ million	Capital surplus ¥ million	Legal reserve ¥ million	Other capital surplus ¥ million	Other reserves ¥ million	Retained profits ¥ million	Proposed dividend ¥ million	Total equity ¥ million
At 1 April 2011	6,100	(7)	1,980	1,040	1,257	—	169	73,161	1,670	85,370
Total comprehensive income for the period	—	(44)	—	—	—	—	(136)	7,462	—	7,282
Change due to incorporation of the Company	(1,090)	—	(46,551)	210	—	49,533	—	—	—	2,102
2011 final dividend paid	—	—	—	—	—	—	—	—	(1,670)	(1,670)
2012 interim dividend paid	—	—	—	—	—	—	—	(6,790)	—	(6,790)
Total changes in equity for the period	(1,090)	(44)	(46,551)	210	—	49,533	(136)	672	(1,670)	924
At 30 September 2011	5,010	(51)	(44,571)	1,250	1,257	49,533	33	73,833	—	86,294
At 1 April 2012	5,000	(14)	(44,619)	1,250	1,257	48,271	60	82,269	—	93,474
Total comprehensive income for the period	—	(16)	—	—	—	—	(22)	9,324	—	9,286
Issue of new shares	10,000	—	—	5,884	—	—	—	—	—	15,884
Share issue expenses	—	—	—	(657)	—	—	—	—	—	(657)
2013 proposed interim dividend	—	—	—	—	—	—	—	(4,271)	4,271	—
Total changes in equity for the period	10,000	(16)	—	5,227	—	—	(22)	5,053	4,271	24,513
At 30 September 2012	15,000	(30)	(44,619)	6,477	1,257	48,271	38	87,322	4,271	117,987

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2012

	Six months ended 30 September	
	2012	2011
	¥ million	¥ million
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**15,128**	12,609
Adjustments for:		
Finance costs	**393**	1,287
Interest income	**(60)**	(45)
Dividends income	**(12)**	(108)
Depreciation	**5,037**	5,311
Foreign exchange loss	**219**	—
Amortisation of intangible assets	**235**	278
Loss on disposals and write off of property, plant and equipment	**229**	91
Impairment loss/(reversal of impairment loss) on property, plant and equipment	**682**	(206)
Fair value loss on investment properties	**—**	9
Provision for retirement benefit obligations	**143**	124
Provision for staff vacation payable	**23**	166
Unrealised gain on derivative financial instruments	**(33)**	(141)
Operating profit before working capital changes	**21,984**	19,375
Decrease/(increase) in inventories	**1,038**	(18)
Decrease/(increase) in trade receivables	**43**	(38)
Decrease in other long-term assets	**121**	135
Increase in prepayments, deposits and other receivables	**(1,642)**	(296)
Increase in amounts due from related companies	**—**	(15)
Decrease in trade payables	**(359)**	(28)
(Decrease)/increase in accruals and other payables	**(1,050)**	502
(Decrease)/increase in other long-term liabilities	**(18)**	3
Decrease in retirement benefit obligations	**(29)**	(63)
Increase in amounts due to related companies	**3**	48
Cash generated from operations	**20,091**	19,605
Income taxes paid	**(6,133)**	(6,793)
Finance costs paid	**(935)**	(514)
Net cash generated from operating activities	**13,023**	12,298

	Six months ended 30 September 2012 ¥ million (unaudited)	2011 ¥ million (unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(6,026)**	(4,579)
Purchase of intangible assets	**(81)**	(60)
Decrease in fixed bank deposit	**—**	1,163
Decrease in amounts due from related companies	**—**	17,438
Interest received	**60**	45
Dividends received	**12**	108
Net cash (used in)/generated from investing activities	**(6,035)**	14,115
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank loans raised	**8,000**	21,000
Repayment of bank loans	**(15,917)**	(30,536)
Repayment of finance leases	**(584)**	(769)
Decrease in amounts due to related companies	**—**	(16,887)
Issue of new shares	**15,884**	—
Share issue expenses paid	**(774)**	—
Proceeds from incorporation of the Company under the reorganisation	**—**	7,300
Dividends paid	**—**	(3,623)
Net cash generated from/(used in) financing activities	**6,609**	(23,515)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(219)**	—
NET INCREASE IN CASH AND CASH EQUIVALENTS	**13,378**	2,898
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**28,524**	17,460
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**41,902**	20,358
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**41,902**	20,358

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

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 Level 8, Two Exchange Square, 8 Connaught Place, Central, 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").

2. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

These condensed financial statements should be read in conjunction with the 2012 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2012.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

These condensed 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.

In the current period, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board that are relevant to its operations and effective for its accounting period beginning on 1 April 2012. IFRSs comprise International Financial Reporting Standards; International Accounting Standards; 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 period and prior years.

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 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 located in Japan. Accordingly, there is only one single reportable segment of the Group which is regularly reviewed by the chief operating decision maker.

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

	Six months ended 30 September	
	2012	2011
	¥ million	¥ million
	(unaudited)	(unaudited)
Gross pay-ins	**467,263**	444,584
Less: gross payouts	**(385,203)**	(364,288)
Revenue	**82,060**	80,296

5. HALL OPERATING EXPENSES

	Six months ended 30 September 2012 ¥ million (unaudited)	2011 ¥ million (unaudited)
Advertising expenses	**2,784**	2,989
Cleaning and ancillary services	**2,193**	2,125
Depreciation charges	**5,024**	5,308
G-prize expenses	**2,588**	2,347
Hall staff costs	**23,142**	23,211
Pachinko and pachislot machine expenses	**16,050**	16,849
Rental	**5,076**	5,041
Repair and maintenance	**2,081**	2,231
Utilities expenses	**2,608**	2,448
Others	**5,025**	6,503
	66,571	69,052

6. FINANCE COSTS

	Six months ended 30 September 2012 ¥ million (unaudited)	2011 ¥ million (unaudited)
Finance leases charges	**64**	88
Interest expenses on loan from related companies	**—**	80
Interest on bank loans and syndicated loans		
— Wholly repayable within five years	**85**	284
— Not wholly repayable within five years	**59**	70
Total borrowing costs	**208**	522
Amortisation of syndicated loan bank charges	**147**	727
Provision, unwinding of discount	**38**	35
Others	**—**	3
	393	1,287

7. INCOME TAX EXPENSES

	Six months ended 30 September 2012 ¥ million (unaudited)	2011 ¥ million (unaudited)
Current tax — Japan	**5,778**	6,026
Deferred tax	**26**	(879)
	5,804	5,147

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 September 2012 (2011: ¥Nil (unaudited)).

Profits tax arising in Japan (the "Japan Profits Tax") is calculated at the rates prevailing in Japan during the six months ended 30 September 2012. The rates for the companies throughout that period are as follows:

	Six months ended 30 September 2012 (unaudited)	2011 (unaudited)
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%

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 2012	Y/E 2013– Y/E 2015	Y/E 2016
The Company	40.7%	38.0%	35.6%
Dynam	40.7%	38.0%	35.6%
Cabin Plaza	41.2%	38.6%	36.3%
Daikokuten	41.5%	38.9%	36.6%
Okuwa Japan	40.1%	37.5%	35.1%
Dynam Land & Building	40.7%	38.0%	35.6%
Dynam Data Processing	42.1%	39.4%	37.1%
Dynam P Trading	42.1%	39.4%	37.1%
Dynam Advertisement	40.9%	38.4%	36.1%
Kanto Daido	40.9%	38.4%	36.1%
Shinrainomori	40.9%	38.4%	36.1%
Shinrainomori Association	40.7%	38.0%	35.6%

8. PROFIT FOR THE PERIOD

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

	Six months ended 30 September 2012 ¥ million (unaudited)	2011 ¥ million (unaudited)
Impairment loss/(reversal of impairment loss) on property, plant and equipment	**682**	(206)
Amortisation of intangible assets (included in hall operating expenses)	**235**	278
Depreciation	**5,037**	5,311
Directors' emoluments	**42**	—
Fair value loss on investment properties	**—**	9
Loss on disposals and write off of property, plant and equipment	**229**	91
Operating lease charges		
— Land and buildings	**5,146**	5,080

9. DIVIDENDS

During the six months ended 30 September 2012 and 2011, the Company and the Company's subsidiary made the following distributions to its then shareholders.

	Six months ended 30 September			
	2012		2011	
	Dividend per share ¥	Total Dividends ¥ million (unaudited)	Dividend per share ¥	Total Dividends ¥ million (unaudited)
Dividends declared and paid/payable to its then shareholders during that period by:				
— The Company				
— Interim	5.75	4,271	—	—
— Dynam				
— First interim	—	—	149	4,837(*)
— Second interim	—	—	60	1,953
		4,271		6,790

(*) 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:

	Six months ended 30 September	
	2012 ¥ million (unaudited)	2011 ¥ million (unaudited)
Earnings for the purpose of calculating basic earnings per share	9,324	7,462
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	34,273,224	—
Weighted average number of shares for the purpose of calculating basic earnings per share	665,123,584	630,850,360

No diluted earnings per share was presented for the six months ended 30 September 2012 and 2011 as there were no dilutive potential ordinary shares in existence during the six months ended 30 September 2012 and 2011.

11. PROPERTY, PLANT AND EQUIPMENT

(a) During the six months ended 30 September 2012, the Group acquired property, plant and equipment of ¥6,033 million (2011: ¥4,818 million (unaudited)).

(b) Additions to property, plant and equipment of ¥1 million (2011: ¥225 million (unaudited)) for the six months ended 30 September 2012 were financed by finance leases.

12. INVENTORIES

	At 30 September 2012 ¥ million (unaudited)	At 31 March 2012 ¥ million (audited)
G-prize	**2,142**	2,276
General prize	**968**	1,093
Supplies	**383**	1,162
	3,493	4,531

13. TRADE RECEIVABLES

The Group's trade receivables relate to commission income from vending machines. During the six months ended 30 September 2012, the credit terms generally range to 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:

	At 30 September 2012 ¥ million (unaudited)	At 31 March 2012 ¥ million (audited)
0 to 30 days	**338**	381

No balances were past due during the six months ended 30 September 2012 (2011: ¥Nil (unaudited)).

14. TRADE PAYABLES

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

	At 30 September 2012 ¥ million (unaudited)	At 31 March 2012 ¥ million (audited)
0 to 30 days	**789**	1,148

15. **BORROWINGS**

	At 30 September 2012 ¥ million (unaudited)	At 31 March 2012 ¥ million (audited)
Bank loans	**12,212**	19,772
Syndicated loans	**3,127**	3,465
	15,339	23,237
Represented by:		
Secured	**13,829**	15,331
Unsecured	**1,510**	7,906
	15,339	23,237
The borrowings are repayable as follows:		
On demand or within one year	**1,384**	1,654
In the second year	**10,262**	17,258
In the third to fifth years, inclusive	**2,793**	3,275
After five years	**900**	1,050
	15,339	23,237
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(1,384)**	(1,654)
Amount due for settlement after 12 months	**13,955**	21,583

(a) The average interest rates at the end of the reporting period were set out as follows:

	At 30 September 2012 (unaudited) %	At 31 March 2012 (audited) %
Bank loans	**1.6**	1.3
Syndicated loans	**1.9**	1.9

(b) The Group's borrowings are arranged at fixed interest rates per annum as below and expose the Group to fair value interest rate risk at 30 September 2012. The remaining portion of Group's borrowings is arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

	At 30 September 2012 (unaudited) %	At 31 March 2012 (audited) %
Borrowings	**1.2–2.7**	2.0–2.7

16. FINANCE LEASE PAYABLES

	Present value of minimum payments At 30 September 2012 ¥ million (unaudited)	At 31 March 2012 ¥ million (audited)
Present value of lease obligations	**2,935**	3,518
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(1,203)**	(1,187)
Amount due for settlement after 12 months	**1,732**	2,331

It is the Group's policy to lease certain of its tools and equipment and motor vehicles under finance leases. The average lease term is 5 years. All finance lease payables are arranged at fixed rates thus expose the Group to fair value interest rate risk and no arrangements have been entered into for contingent rental payments.

17. SHARE CAPITAL

The Company was incorporated in Japan on 20 September 2011. At the date of incorporation, 31,542,518 shares of the Company with the fully paid amount of ¥5,000 million were issued to 株式会社ダイナムホールディングス DYNAM HOLDINGS Co., Ltd.* ("Dynam Holdings") as initial capital of the Company for the acquisition of the entire interest and control of Dynam, Dynam Land & Building, Cabin Plaza, Daikokuten, Okuwa Japan, Dynam Data Processing, Dynam P Trading, Dynam Advertisement and Shinrainomori Association and operating assets and liabilities. Consequently, the issued share capital as at 20 September 2011 represented the issued share capital of the Company as at 31 March 2012.

The numbers of the Company's shares authorised and issued are as follows:

	Note	Number of ordinary shares	¥ million
Authorised:			
At 31 March (audited) and 1 April 2012		126,000,000	—
Increase in authorised share capital	*(a)*	2,394,000,000	—
At 30 September 2012 (unaudited)		2,520,000,000	—
Issued and fully paid:			
Issued during the year and at 31 March (audited) and 1 April 2012		31,542,518	5,000
Share sub-division	*(a)*	599,307,842	—
Issue of new shares	*(b)*	112,000,000	10,000
At 30 September 2012 (unaudited)		742,850,360	15,000

Notes:

(a) Pursuant to the resolutions of the Board of Directors dated 5 June 2012, the Directors approved: (i) the increase of the number of shares authorised was issued by the Company from 126,000,000 shares to 2,520,000,000 shares; and (ii) the sub-division of every issued share of nil par value in the share capital into 20 shares of nil par value, such that the issued share capital of the Company increased from 31,542,518 shares to 630,850,360 shares. The sub-division took effect on 21 June 2012.

(b) In connection with the Company's IPO, 112,000,000 shares were issued at a price of HK$14 per share for a total cash consideration, before listing expenses, of HK$1,568 million (equivalent to approximately ¥15,884 million). The Directors resolved that ¥10,000 million and ¥5,884 million were allocated to share capital and capital surplus respectively. Dealings of these shares on the Stock Exchange commenced on 6 August 2012.

18. CONTINGENT LIABILITIES

At 30 September 2012, the Group did not have any significant contingent liabilities (At 31 March 2012: Nil (audited)).

19. CAPITAL COMMITMENTS

The capital commitments at the end of the reporting period are as follows:

	At 30 September 2012 ¥ million (unaudited)	At 31 March 2012 ¥ million (audited)
Contracted but not provided for	**279**	218
Approved but not contracted for	**2,769**	260
	3,048	478

20. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Group had the following transactions with its related parties during the period:

Related company	Type of transactions	Six months ended 30 September 2012 ¥ million (unaudited)	2011 ¥ million (unaudited)
株式会社ダイナムホールディングス	Accounting service income	—	19
Dynam Holdings	Dividend income	—	105
	Dividend paid	—	6,790
	Interest expense	—	81
	Interest income	—	45
	Management fee expense	—	281
	Miscellaneous income	Δ	2
	System usage income	—	3
一般財団法人ワンアジア財団	Accounting service income	Δ	Δ
One Asia Foundation* *(note i)*	Messing expenses	Δ	—
株式会社TRUSTY POWER	Accounting service income	—	2
TRUSTY POWER Co., Ltd.*	Miscellaneous income	—	3
	Recruitment and training expenses	—	374
	System usage income	—	4
株式会社チンギスハーン旅行	Accounting service income	—	2
Genghis Khan Travel Co., Ltd.*	Messing and staff welfare expenses	**47**	35
	System usage income	—	1
	Recruitment and training expenses	**8**	11
	Travel agency charges	**3**	2
株式会社パチンコリース	Accounting service income	—	2
Pachinko Leasing Co., Ltd.*	Interest expense	—	1
	Purchase of pachinko and pachislot machines	—	76
	System usage income	—	1
	Others	**2**	2
	Miscellaneous income	Δ	—

Related company	Type of transactions	Six months ended 30 September 2012 ¥ million (unaudited)	2011 ¥ million (unaudited)
株式会社ピーインシュアランス	Accounting service income	—	2
P Insurance Co., Ltd.*	System usage income	—	1
	Insurance expenses	2	—
株式会社日本ヒュウマップ	Accounting service income	—	19
Humap Japan Co., Ltd.*	Hall cleaning and ancillary services	2,174	2,114
	Messing and staff welfare expenses	9	1
	Miscellaneous income	10	10
	Rental income	83	82
	Repair and maintenance fee	8	17
	Royalty from coffee wagon license	16	13
	Royalty from vending machine license	16	11
	Staff cafeteria service	38	26
	Supply of general prize	242	265
	System usage income	—	20
	Utilities charges	71	71
株式会社ダイナム綜合投資	Accounting service income	—	2
Dynam Investment Co., Ltd.*	Miscellaneous income	Δ	—
	Rental income	4	4
	Rental expense	27	58
	System usage income	—	1
	Others	3	4
株式会社ビジネスパートナーズ	Accounting service income	—	Δ
Business Partners Co., Ltd.*	Office cleaning and ancillary services	7	4
	Rental income	2	2
	System usage income	—	1
	Training fee	—	15
	Others	Δ	—
株式会社 X-GOLF JAPAN	Accounting service income	—	Δ
X-Golf JAPAN Co., Ltd.*	Fees (including rental charges, property management fee and utilities)	11	Δ
	Miscellaneous income	—	Δ

Notes:

(i) Mr. Yoji Sato is interested in this transaction to the extent he is a founder of One Asia Foundation.

(ii) Except Mr. Mitsutoshi Kato and Mr. Thomas Chun Kee Yip, all directors are interested in the above transactions, excluding the transaction with One Asia Foundation, to the extent they are beneficial shareholders of Dynam Holdings.

Δ Less than 0.5.

21. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 27 November 2012.

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.*