株式会社ダイナムジャパンホールディングス
DYNAM JAPAN HOLDINGS Co., Ltd.*

(incorporated in Japan with limited liability)

Stock Code: 06889

Interim Report 2013

** For identification purpose only*

Group Philosophy

A centurial commitment to building trust and encouraging dreams

A company cannot exist unless it consistently fulfills the responsibilities it has towards its employees, shareholders, financial institutions, business partners and other stakeholders, while at the same time supports and contributes to customers and local residents.

A company is expected to improve the daily lives of its stakeholders. It must also create a world in which all people are united in trust and able to live in peace.

This corporate philosophy represents the spirit in which people and organizations that are united in trust continuously strive to achieve sustainable growth by using their collective energy to achieve their dreams. The term, “centurial” that is used in our corporate philosophy refers to the long term.

The DYNAM Group maintains a long-term commitment to building trust and encouraging dreams.

Five Management Policies

Principle of Customers First
The DYNAM Group adopts the principle of customers first, and acts accordingly

Information Disclosure
The DYNAM Group carries out transparent and fair management by appropriately disclosing information

Chain Store Management
The DYNAM Group is fully committed to achieving growth through its chain store management

Training of Human Resources
The DYNAM Group trains human resources and uses their collective energy

Social Contribution
The DYNAM Group contributes to society by becoming an organization that is indispensable to local communities

Three Principles of Actions

1. The DYNAM Group complies with laws and regulations and rules, and deals with people respectfully.

2. The DYNAM Group takes decisive actions and values team work.

3. The DYNAM Group confirms the actual situation on site, and presents it using numerical expressions.

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

BASIC INFORMATION

Chief Executive Officer	Kohei SATO
Executive Director	Yoji SATO *(Chairman of the Board)*
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	Unit A1, 32nd Floor, United Centre 95 Queensway, Admiralty Hong Kong
Corporate Website	www.dyjh.co.jp
Investor Relations	E-mail: dynamjapan_ir@dyjh.co.jp
Stock Code	06889

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
Li, Wong, Lam & W.I. Cheung

Principal Legal Advisor as to Japanese Law
Soga Law Office

Auditors
RSM Nelson Wheeler *(Certified Public Accountants)*

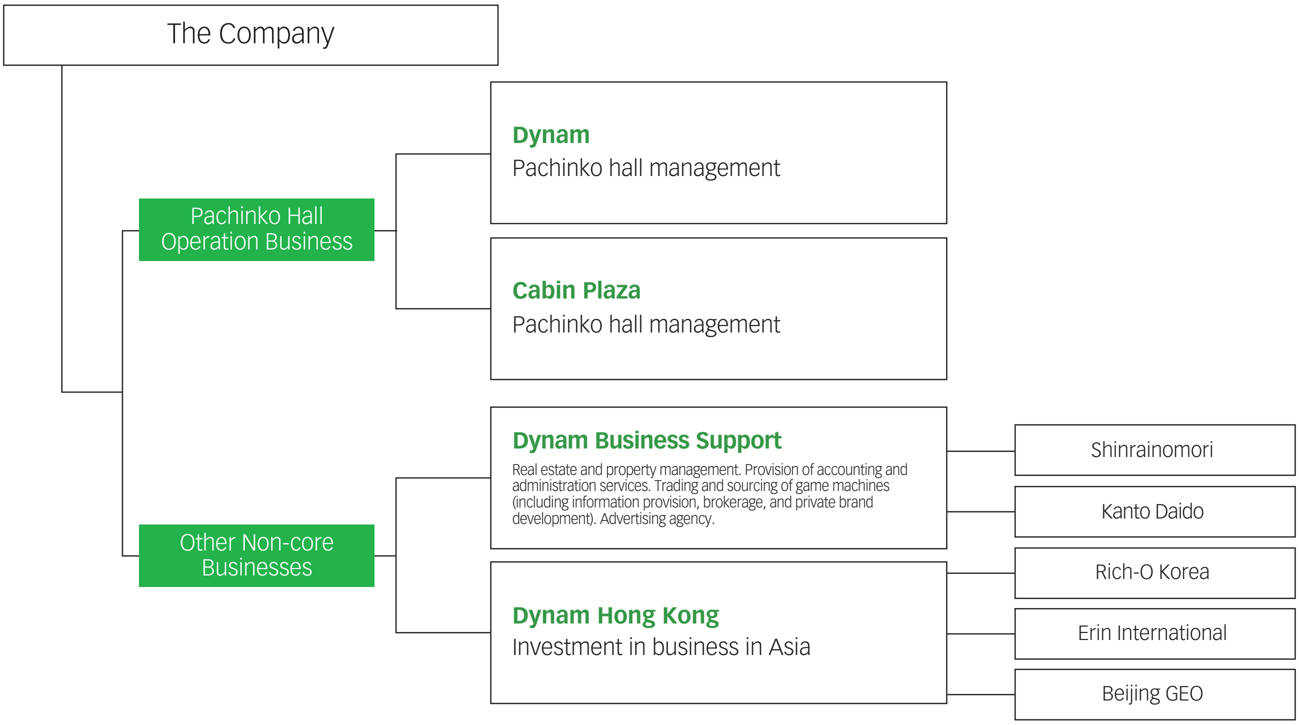
Principal Bankers
Mizuho Bank Ltd.
Sumitomo Mitsui Banking Corporation

Investor and Media Relations Consultant
Strategic Financial Relations Limited

Corporate Information

OUR GROUP ORGANIZATION

As at 30 September 2013



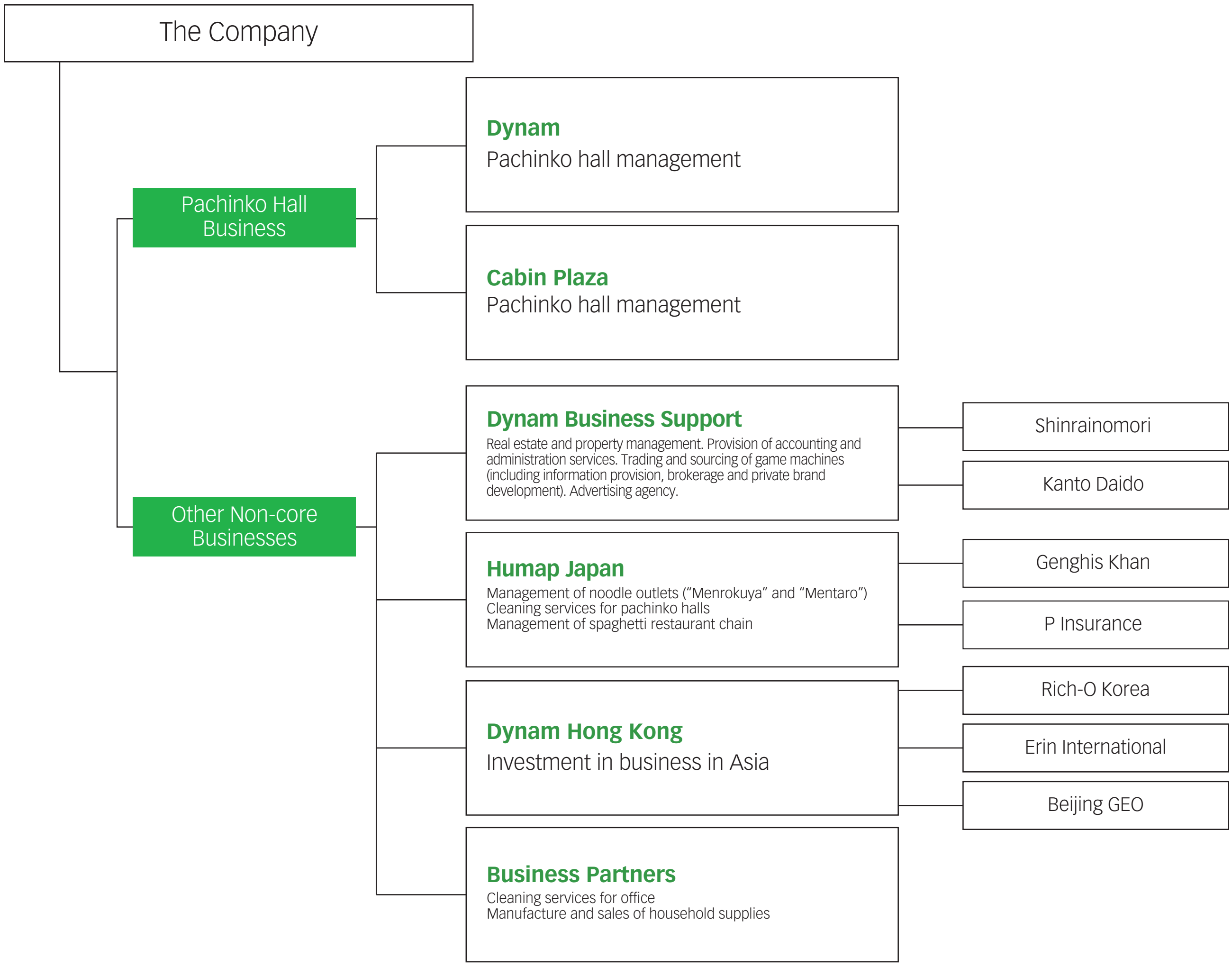
1. Acquisition of subsidiaries

The Company acquired 100% of the equity interests of Rich-O Korea and Beijing GEO, and 87.61% of the equity interest of Erin International, respectively. The acquisition of Rich-O Korea and Beijing GEO were completed on 5 April 2013 and 1 May 2013, respectively. As for the acquisition of Erin International, Dynam Hong Kong entered a supplementary agreement with Humap Japan on 20 August 2013 and the effective acquisition date of Erin International was designated to be 1 May 2013.

Details of the acquisitions are set out in the Company's announcements dated 25 April 2013 and 9 May 2013 respectively. Also, please refer to note 18 to the interim condensed consolidated financial statements from page 62 to page 64 of this Interim Report.

Corporate Information

After 1 October 2013



2. Acquisition of subsidiaries

On 25 July 2013, the Company entered into the equity transfer agreements with Dynam Holdings (the "Vender"), pursuant to which the Company agreed to acquire, and the Vender agreed to dispose of, the relevant shares, being the entire issued share capital of Humap Japan and Business Partners, which are wholly-owned subsidiaries of the Vender, on the terms and subject to the conditions set out in the equity transfer agreements, at a consideration of ¥3,830 million (equivalent to approximately HK$303 million[1]).

Upon completion of the acquisition on 1 October 2013, Humap Japan and Business Partners became wholly-owned subsidiaries of the Company and members of the Group.

Details of the acquisition are set out in the Company's announcements and circular dated 25 July 2013, 14 August 2013, and 10 September 2013. Also, please refer to note 22 to the interim condensed consolidated financial statements on page 67 of this Interim Report.

(1) Translated into Hong Kong dollars at the rate of ¥12.66 to HK$1.00, the exchange rate prevailing on 30 September 2013 (i.e. the last business day in September 2013).

Financial Highlights

	Six months ended 30 September			
	2013 (unaudited)		2012 (unaudited)	
	(in millions)			
	¥	HK$	¥	HK$
Gross pay-ins	**470,532**	**37,167**	467,263	46,494
Less: gross payouts	**(388,373)**	**(30,677)**	(385,203)	(38,329)
Revenue	**82,159**	**6,490**	82,060	8,165
Other income	**3,598**	**284**	3,029	301
Hall operating expenses	**(68,156)**	**(5,384)**	(66,571)	(6,624)
General and administrative expenses	**(1,474)**	**(116)**	(1,759)	(175)
Other operating expenses	**(239)**	**(19)**	(1,238)	(123)
Profit from operations	**15,888**	**1,255**	15,521	1,544
Finance costs	**(402)**	**(32)**	(393)	(39)
Profit before tax	**15,486**	**1,223**	15,128	1,505
Income tax expenses	**(5,588)**	**(441)**	(5,804)	(578)
Profit for the period	**9,898**	**782**	9,324	927
Attributable to owners of the Company	**9,930**	**784**	9,324	927
Non-controlling interests	**(32)**	**(2)**	–	–
	9,898	**782**	9,324	927
Earnings per share attributable to ordinary equity holders of the Company				
Basic	**¥13.37**	**HK$1.1**	¥14.02	HK$1.4
Diluted	**N/A**	**N/A**	N/A	N/A

	30 September 2013 (unaudited)		31 March 2013 (audited)	
	(in millions)			
	¥	HK$	¥	HK$
Non-current assets	**123,054**	**9,720**	117,309	9,671
Current assets	**49,824**	**3,936**	50,568	4,168
Current liabilities	**30,547**	**2,413**	30,694	2,530
Net current assets	**19,277**	**1,523**	19,874	1,638
Total assets less current liabilities	**142,331**	**11,243**	137,183	11,309
Non-current liabilities	**10,318**	**815**	11,356	936
Total equity	**132,013**	**10,428**	125,827	10,373

Financial Highlights

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. ¥12.66 to HK$1.00, the exchange rate prevailing on 30 September 2013 (i.e. the last business day in September 2013).

2. ¥10.05 to HK$1.00, the exchange rate prevailing on 28 September 2012 (i.e. the last business day in September 2012).

3. ¥12.13 to HK$1.00, the exchange rate prevailing on 29 March 2013 (i.e. the last business day in March 2013).

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

Management Discussion and Analysis

MARKET OVERVIEW

Largest contributor to Japan's entertainment and gaming market

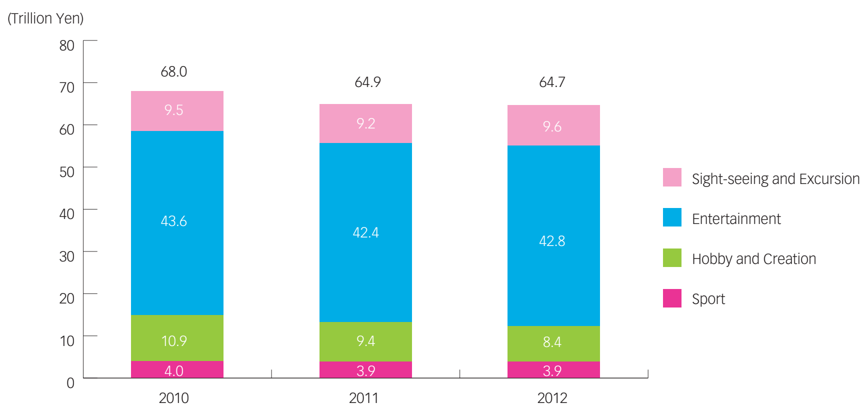
The entire leisure market size in Japan is estimated to be ¥64.7 trillion in 2012, wherein the entertainment sector including the pachinko industry occupies 66.1% which is equivalent to ¥42.8 trillion. The pachinko industry, with gross pay-ins of ¥19.1 trillion, was the largest contributor to the entire entertainment sector accounting for 44.6% thereof.

(Source: Leisure White Paper 2013 published by Japan Productivity Center)

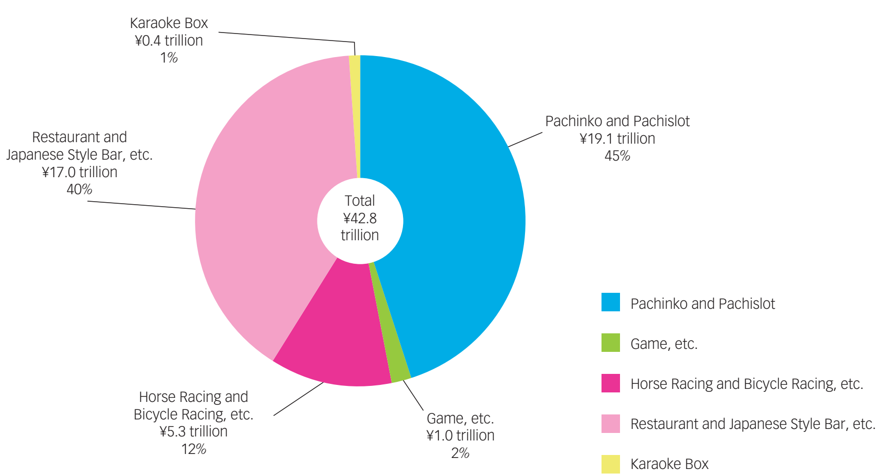
Unit: Trillion Yen

Market Sector	2010	2011	2012
Leisure Market	68.0	64.9	64.7
Sport	4.0	3.9	3.9
Hobby and Creation	10.9	9.4	8.4
Entertainment	43.6	42.4	42.8
Sight-seeing and Excursion	9.5	9.2	9.6

Leisure Market Size in 3 Years



2012 Details of Entertainment Sector



Management Discussion and Analysis

Comparison with other industries

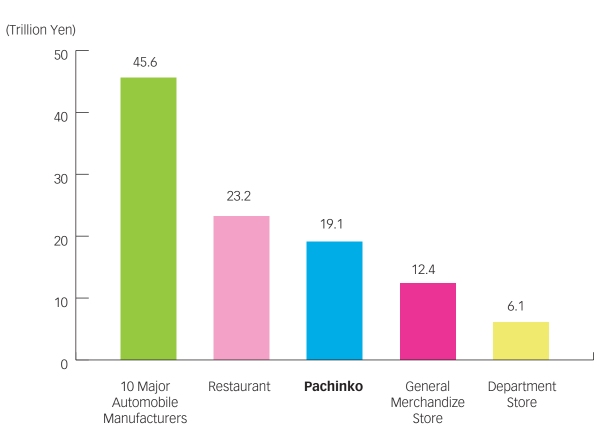
As compared to other industries, the revenue of the pachinko industry falls below that of the restaurant industry at ¥19.1 trillion, which is 1.5 times of that of the general merchandize store industry. Further, the number of employees in the pachinko industry is 310 thousands, which is 1.5 times of that of the 10 major automobile manufacturers*. Thus, the pachinko industry plays a prominent role in employment creation.

(Source: Leisure White Paper 2013 published by Japan Productivity Center and PCSA Challenge Book 2014 published by Pachinko Chain Stores Association)

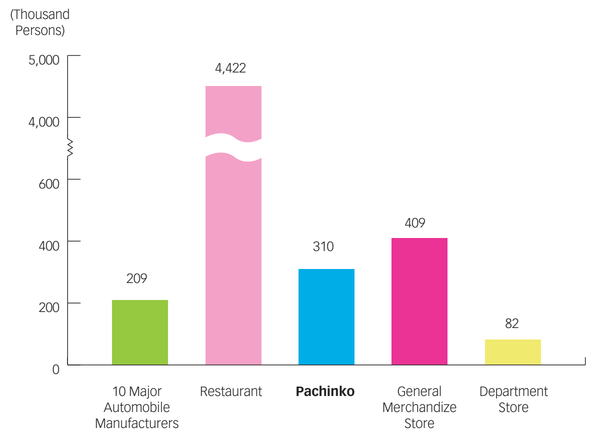
Unit: Trillion Yen, Thousand Persons

Industry	Revenue	Number of Employees
10 Major Automobile Manufacturers*	45.6	209
Restaurant	23.2	4,422
Pachinko	19.1	310
General Merchandize Store	12.4	409
Department Store	6.1	82

Comparison with Other Industries (Revenue)



Comparison with Other Industries (Number of Employees)



Note: The above comparison data of industries were developed by Pachinko Chain Stores Association based on the government statistics and other industry trend research data obtained during the period from 2009 to 2013.

* 10 major automobile manufacturers consist of Toyota Motor Corporation, Nissan Motor Co., Ltd., Honda Motor Co., Ltd., Suzuki Motor Corporation, MAZDA Motor Corporation, MITSUBISHI MOTORS CORPORATION, Fuji Heavy Industries Ltd., Daihatsu Motor Co., Ltd., Isuzu Motors Limited and Hino Motors, Ltd.

Market shift to lower playing pachinko and pachislot games

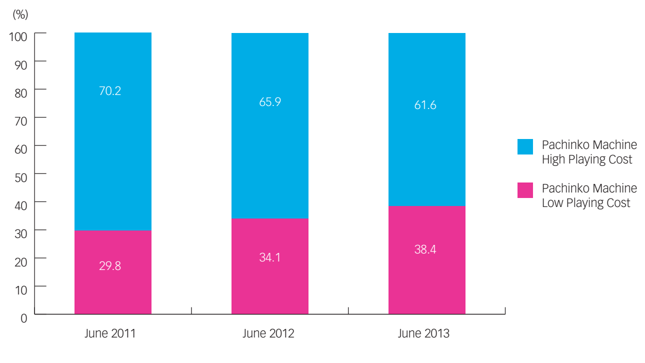
The pachinko industry first introduced low playing cost machines in 2006. Since then, the number of pachinko halls equipped with low playing cost machines has increased steadily. As at June 2013, the number of halls equipped with low playing cost machines was 8,868, which accounted for 89.1% of a total of 9,949 halls equipped with pachinko machines. The following tables show the installation rates of lower playing cost machines and higher playing cost machines.

(Source: A pachinko hall information portal site "P-World" URL http://www.p-world.co.jp/index.html)

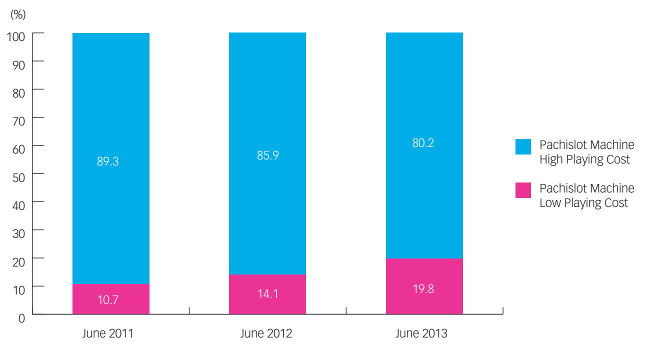
Pachinko and Pachislot Machine Installation Rate

Type	June 2011	June 2012	June 2013
Pachinko			
Low playing cost	29.8%	34.1%	**38.4%**
High playing cost	70.2%	65.9%	**61.6%**
Pachislot			
Low playing cost	10.7%	14.1%	**19.8%**
High playing cost	89.3%	85.9%	**80.2%**

Pachinko Machine Installation Rate



Pachislot Machine Installation Rate



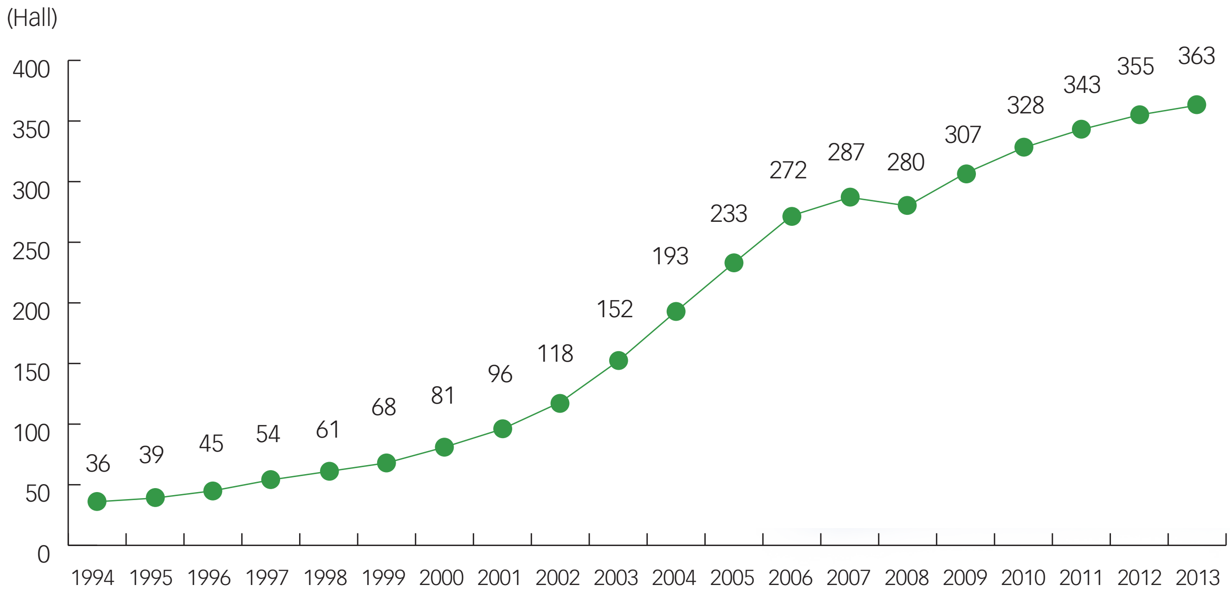
Management Discussion and Analysis

BUSINESS OVERVIEW

Transition in the number of halls

The Company has a 47-year history of pachinko hall operation in Japan. In July 1967, the Company started its operation only with two halls in Tokyo and has drastically grown up to operate 363 halls in 46 out of 47 prefectures in Japan except for Okinawa Prefecture as at 30 September 2013.

Transition in the number of DYNAM Group Halls in 20 Years



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 to ¥4 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 to ¥20 per token. Customers borrow 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 the industry common practice, the Company is providing both general prizes and G-prizes. General prizes are types of goods sold in convenience stores such as snacks and cigarettes. G-prizes are decorative cards with a small embedded piece of gold or silver or coin-shaped pendants of gold or silver.

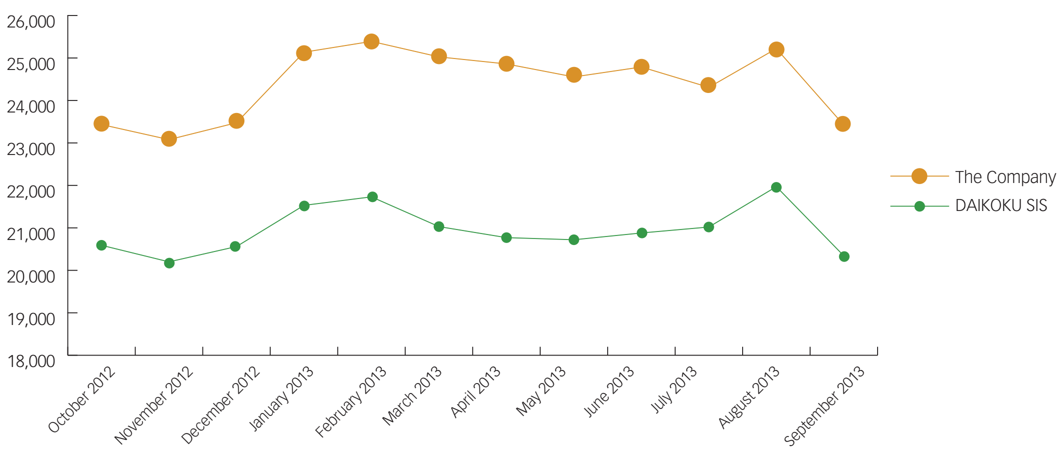
Players who opt to claim G-prizes in exchange for the pachinko balls and pachislot tokens collected may sell their G-prizes to an independent prize buyer for cash outside of pachinko hall.

Prize Display Area

Transition in the machine utilization

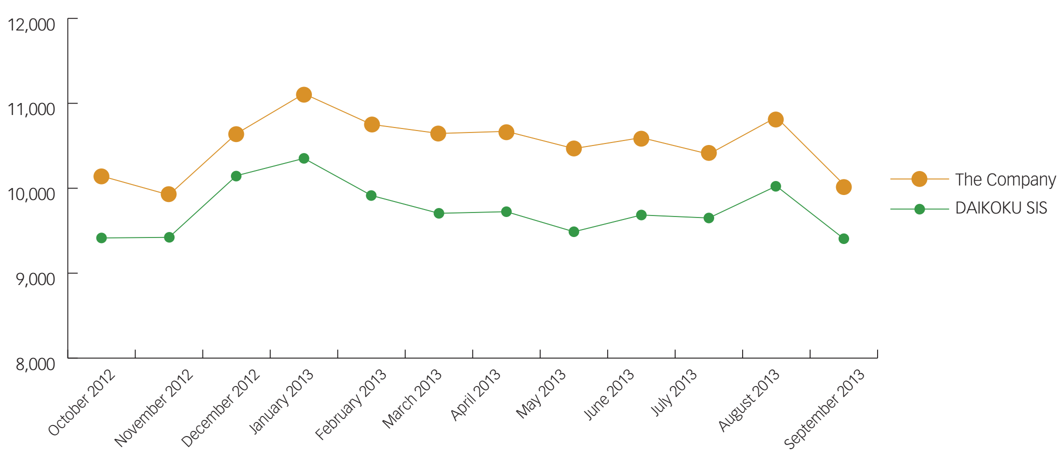
One of indexes showing acceptance by customers who visit a pachinko hall is “machine utilization”, which means the number of pachinko balls/pachislot tokens played per machine per day. A hall is equipped with pachinko and pachislot machines having specifications approved by a regulatory authority. The value of pachinko balls or pachislot tokens that may be legally put into play per minute is ¥400. In the case of a pachinko machine, the maximum number of balls that may be fired per minute is 100 if the playing cost is ¥4 per ball. The following graph can be construed to show the machine utilization of the Company is performing better than that of other competitors (The data on machine utilization of other competitors was cited from “SIS Data” issued by DAIKOKU DENKI Co., Ltd. which provides the data on 26.3% of the number of game machines installed in Japan).

Pachinko Machine Utilization in One Year



Pachinko		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep
12 months ended 30 Sep 2013	The Company	23,433	23,078	23,475	25,136	25,391	25,026	24,860	24,554	24,788	24,309	25,221	23,420
	DAIKOKU SIS	20,590	20,200	20,560	21,530	21,730	21,030	20,770	20,720	20,880	21,020	21,970	20,341

Pachislot Machine Utilization in One Year



Pachislot		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep
12 months ended 30 Sep 2013	The Company	10,144	9,922	10,643	11,113	10,752	10,645	10,670	10,467	10,596	10,402	10,836	10,044
	DAIKOKU SIS	9,415	9,422	10,148	10,352	9,915	9,705	9,724	9,488	9,685	9,650	10,026	9,406

Operation of 3 types of halls

The Company has been saving the playing cost and promoting the entertainment aspect of pachinko and pachislot machines in a manner as customers can enjoy playing pachinko/pachislot machines as time consuming leisure while continuing to secure customers who play game machines mainly for the purpose of getting prizes. Based on customers' needs, the Company is operating the following three types of halls with different playing costs:

Traditional halls feature a greater proportion of high playing cost machines and allow smoking therein.

Yuttari Kan halls primarily feature low playing cost machines with a wider variety of general prizes and allow smoking therein.

Shinrai no Mori halls also feature primarily low playing cost machines 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.

The Company is operating 363 pachinko halls in 46 out of 47 prefectures except for Okinawa Prefecture throughout Japan. The following table sets forth the number of the Company's halls by type as at the dates indicated:

Unit: Hall

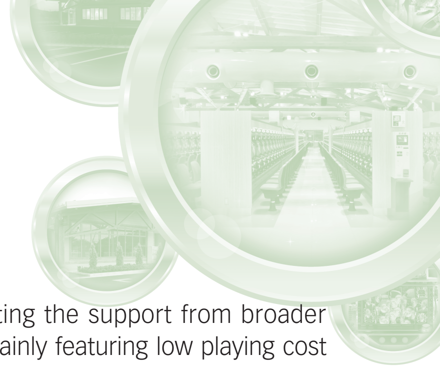
Hall Type	As at 30 September 2011	As at 30 September 2012	**As at 30 September 2013**
Traditional	176	176	**174**
Yuttari Kan	133	136	**155**
Shinrai no Mori	44	44	**34**
Total	353	356	**363**

The number of halls as at 30 September 2013 increased by 7 halls compared with the number of halls as at 30 September 2012. We opened one new *Yuttari Kan* hall during the period from 1 April 2013 to 30 September 2013. Further, in consideration of customers' needs, we have changed 2 *Traditional* halls and 10 *Shinrai no Mori* halls into *Yuttari Kan* halls respectively.

Proportion of low playing cost machines

Because cost burden on customers has increased due to spending in high playing cost machines with high gaming aspect, the number of visits and playing time is decreasing.

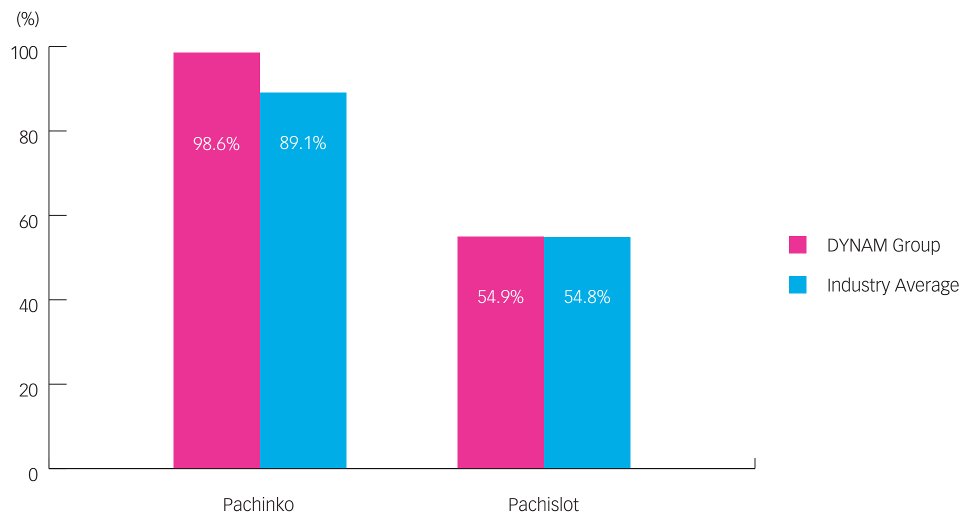
We believe it is critical to broaden our customer base in order to increase overall customer spending in our pachinko halls. Therefore, we are occasionally adjusting the mix of high playing cost and low playing cost machines among our halls, particularly when opening new halls, in order to maintain customer interest as well as to grow our customer base.



Management Discussion and Analysis

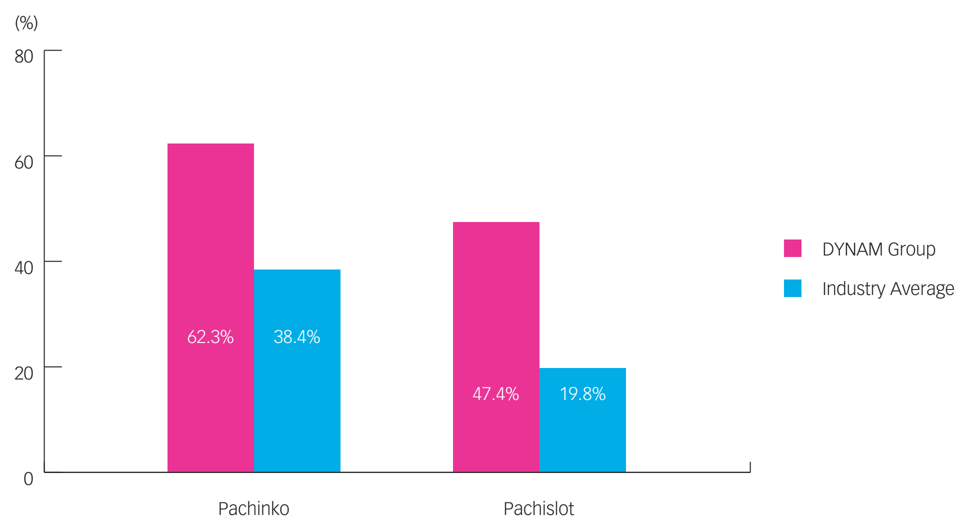
Since we consider low playing cost machines installed in our halls are effective in getting the support from broader customer base, we have adopted the policy to increase the number of *Yuttari Kan* halls mainly featuring low playing cost machines, out of 3 types of halls.

Ratio of Halls Featuring Low Playing Cost Machines



As at June 2013	Pachinko	Pachislot
DYNAM Group	98.6%	54.9%
Industry average	89.1%	54.8%

Proportion of Low Playing Cost Machines Over The Total Number of Machines



As at June 2013	Pachinko	Pachislot
DYNAM Group	62.3%	47.4%
Industry average	38.4%	19.8%

Distinction of low playing cost machines

Through our low playing cost machines, at which more customers can enjoy playing pachinko or pachislot games without excessive playing cost, the number of customers and their visit frequency are increasing. Since pachinko industry is experiencing a transition towards low playing cost games, which is more pastime-oriented, our halls are having bigger proportion of low playing cost machines. Customers intend to choose low playing cost games for entertainment and recreation rather than prizes, thus we can expect relatively more profit margin than that of high playing cost games by alleviating our customers' financial burden. We are planning to increase our revenue by opening more halls with low playing cost games.

Cost controls and operational efficiency

We have adopted the chain-store management* structure for the first time in the pachinko industry, and have been seeking to achieve nationwide growth aggressively. Not like most of the other steel-framed pachinko halls, we build our hall by wood and hold down the building cost by using package deal of building materials and standardizing exterior, structure and designing.

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 14 centralized distribution centers 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.

Also, we are implementing an inventory ordering system for our general prizes to minimize 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.

* chain-store management
Rational management approach to realize low cost operations by implementing store expansion based on standardized operation, service contents and store exterior, and securing bulk purchasing and private brand development, which was established owing to the forming of chain-store foundation among retail businesses after mid 19th century.

Continuous promotion for entertainment aspect of pachinko

Our unique branding strategy has enabled us to attract a diverse customer base by emphasizing 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 strategy, 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.

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 opening new halls

We have a proven track record of nationwide business expansion by performing our management strategy which is in line with chain-store operation strategy. We are committed to enhancing further competitive force and taking continuous actions for the advancement of our status as a market leader.

For next several years, we will mainly focus on opening entertainment-oriented halls to meet our suburban customers' demand in accordance with our business expansion strategy. For the halls with higher playing cost, we aggressively install popular pachinko and pachislot machines to strengthening our competitive edges for the higher profit.

When it comes to opening new halls, we need to negotiate with proprietors for the long-term lease on land and may face with uncontrollable difficulties sometimes. Considering our initial capital investment, we make attentive opening plan for the secured profit. We will make further efforts to enhance our nationwide pachinko hall network in line with the foregoing expansion policy.

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

Overseas business development

We are actively investing in overseas businesses through our wholly-owned subsidiary, Dynam Hong Kong. In May 2013, we made an investment of US$35 million in construction project of residential apartments and commercial outlets in Mongolia. In June 2013, we invested another US$35 million in the initial public offering of Macau Legend, a casino operator giant in Macau. Moreover, we have made an agreement with IGG who is a developer of online game software located in Singapore, for subscription of US$15 million initial public offering shares in October 2013.

In line with overseas business development, we are expecting synergy effect with our domestic pachinko hall operation and aiming for developing new business domain by utilizing our accumulated business know-how and human resources in Asian market.

Erin Town in construction

Ulaanbaatar, Mongolia

Casino institutions in Macau

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				
	2013 (unaudited)		2012 (unaudited)		**changes**
	(in millions, except for percentages)				
	¥	**HK$[(1)]**	¥	HK$[(2)]	
Gross pay-ins					
— *Traditional*	**343,925**	**27,167**	364,457	36,265	–5.6%
— *Yuttari Kan*	**107,249**	**8,471**	80,575	8,017	+33.1%
— *Shinrai no Mori*	**19,358**	**1,529**	22,231	2,212	–12.9%
Total gross pay-ins	**470,532**	**37,167**	467,263	46,494	+0.7%
Gross payouts					
— *Traditional*	**292,328**	**23,091**	310,634	30,909	–5.9%
— *Yuttari Kan*	**81,359**	**6,426**	58,142	5,785	+39.9%
— *Shinrai no Mori*	**14,686**	**1,160**	16,427	1,635	–10.6%
Total gross payouts	**388,373**	**30,677**	385,203	38,329	+0.8%
Revenue					
— *Traditional*	**51,597**	**4,076**	53,823	5,356	–4.1%
— *Yuttari Kan*	**25,890**	**2,045**	22,433	2,232	+15.4%
— *Shinrai no Mori*	**4,672**	**369**	5,804	577	–19.5%
Total revenue	**82,159**	**6,490**	82,060	8,165	+0.1%

(1) Translated into Hong Kong dollars at the rate of ¥12.66 to HK$1.00, the exchange rate prevailing on 30 September 2013 (i.e. the last business day in September 2013).

(2) 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).

Gross pay-ins

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

Our gross pay-ins increased by ¥3,269 million (equivalent to approximately HK$258 million), or 0.7%, from ¥467,263 million (equivalent to approximately HK$46,494 million) for the six months ended 30 September 2012 to ¥470,532 million (equivalent to approximately HK$37,167 million) for the six months ended 30 September 2013. The steady performance in gross pay-ins reflects our successful operation that placed emphasis on low playing cost halls such as the increased number of *Yuttari kan* halls.

Traditional halls. Gross pay-ins for *traditional* halls decreased by ¥20,532 million (equivalent to approximately HK$1,622 million), or 5.6%, from ¥364,457 million (equivalent to approximately HK$36,265 million) for the six months ended 30 September 2012 to ¥343,925 million (equivalent to approximately HK$27,167 million) for the six months ended 30 September 2013. The decrease was primarily due to the decrease in utilization rates of our high playing cost machines reflecting the market shifting to low playing cost games and decrease in number of halls associated with changeover of 2 *Traditional* halls to *Yuttari Kan* halls.

Yuttari Kan halls. Gross pay-ins for *Yuttari Kan* halls increased by ¥26,674 million (equivalent to approximately HK$2,107 million), or 33.1%, from ¥80,575 million (equivalent to approximately HK$8,017 million) for the six months ended 30 September 2012 to ¥107,249 million (equivalent to approximately HK$8,471 million) for the six months ended 30 September 2013. The increase was due primarily to the addition of 19 new *Yuttari Kan* halls compared with the previous interim period including conversion of hall types from *Traditional* halls and *Shinrai no Mori* halls. The positive performance is the outcome of our successful operation that placed emphasis on low playing cost halls corresponding to the market shifting to low playing cost games and changing needs of our customers.

Shinrai no Mori halls. Gross pay-ins for *Shinrai no Mori* halls decreased by ¥2,873 million (equivalent to approximately HK$227 million), or 12.9 %, from ¥22,231 million (equivalent to approximately HK$2,212 million) for the six months ended 30 September 2012 to ¥19,358 million (equivalent to approximately HK$1,529 million) for the six months ended 30 September 2013. The decrease was primarily due to the decrease of 10 *Shinrai no Mori* halls associated with conversion of hall type to *Yuttari Kan* halls.

* Unutilized balls and tokens represent the sum of (i) the value of balls and tokens stored in our membership system and (ii) unutilised value of pre-paid integrated circuit ("IC") cards sold. In the process of the initial public offering of the Company in August 2012, the Company changed the basis for revenue recognition from the gross basis to the net basis in the fiscal year ended 31 March 2013 for the reporting purpose in accordance with the International Financial Reporting Standards. Accordingly, the tax calculation with regard to the unutilised balls and tokens was also changed from the gross basis to the net basis. We have been making confirmation to the revenue authority in Japan regarding appropriateness of this change in tax calculation and we have not received official response from the revenue authority as at the date of this Interim Report.

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 ¥3,170 million (equivalent to approximately HK$250 million), or 0.8%, from ¥385,203 million (equivalent to approximately HK$38,329 million) for the six months ended 30 September 2012 to ¥388,373 million (equivalent to approximately HK$30,677 million) for the six months ended 30 September 2013.

Traditional halls. Gross payouts decreased by ¥18,306 million (equivalent to approximately HK$1,446 million), or 5.9%, from ¥310,634 million (equivalent to approximately HK$30,909 million) for the six months ended 30 September 2012 to ¥292,328 million (equivalent to approximately HK$23,091 million) for the six months ended 30 September 2013, which was in line with the decrease in gross pay-ins.

Yuttari Kan halls. Gross payouts increased by ¥23,217 million (equivalent to approximately HK$1,834 million), or 39.9%, from ¥58,142 million (equivalent to approximately HK$5,785 million) for the six months ended 30 September 2012 to ¥81,359 million (equivalent to approximately HK$6,426 million) for the six months ended 30 September 2013. The increase was due primarily to the increase in gross pay-ins and the lower of G-prize mark-ups for machines in some of these halls, in order to enhance our competitiveness in attracting customers as well as the addition of 19 *Yuttari Kan* halls on a year-to-year basis.

Shinrai no Mori halls. Gross payouts decreased by ¥1,741 million (equivalent to approximately HK$138 million), or 10.6%, from ¥16,427 million (equivalent to approximately HK$1,635 million) for the six months ended 30 September 2012 to ¥14,686 million (equivalent to approximately HK$1,160 million) for the six months ended 30 September 2013. The decrease for *Shinrai no Mori* halls was due primarily to the decrease in gross pay-ins.

Revenue and revenue margin

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

Our revenue was ¥82,060 million (equivalent to approximately HK$8,165 million) and ¥82,159 million (equivalent to approximately HK$6,490 million) for the six months ended 30 September 2012 and 2013 respectively, which shows stable trend of our operation maintaining almost the same performance as the previous first half of the year.

Traditional halls. Revenue for *traditional* halls decreased by ¥2,226 million (equivalent to approximately HK$176 million), or 4.1%, from ¥53,823 million (equivalent to approximately HK$5,356 million) for the six months ended 30 September 2012 to ¥51,597 million (equivalent to approximately HK$4,076 million) for the six months ended 30 September 2013. The decrease was primarily due to a decrease in gross pay-ins offset by decrease in gross payouts over the period. The revenue margin for the six months ended 30 September 2012 and 2013 was 14.8% and 15.0% respectively, which was stable in line with the decrease in gross pay-ins offset by decrease in gross payouts.

Yuttari Kan halls. Revenue for *Yuttari Kan* halls increased by ¥3,457 million (equivalent to approximately HK$273 million), or 15.4%, from ¥22,433 million (equivalent to approximately HK$2,232 million) for the six months ended 30 September 2012 to ¥25,890 million (equivalent to approximately HK$2,045 million) for the six months ended 30 September 2013. The increase in revenue is less than that in gross pay-ins, which was primarily due to the lower of G-prize mark-ups for machines in most of our *Yuttari Kan* halls, leading to a decrease in the revenue margin from 27.8% to 24.1%.

Shinrai no Mori halls. Revenue for *Shinrai no Mori* halls decreased by ¥1,132 million (equivalent to approximately HK$89 million), or 19.5%, from ¥5,804 million (equivalent to approximately HK$577 million) for the six months ended 30 September 2012 to ¥4,672 million (equivalent to approximately HK$369 million) for the six months ended 30 September 2013. The decrease was primarily due to a decrease in gross pay-ins partly offset by decrease in gross payouts over the period. The lower of G-prize markups adopted in our *Shinrai no Mori* halls led to a decrease in the revenue margin from 26.1% to 24.1%.

Other income

Other income primarily comprises commission income from vending machines and in-store sales, which represented 68.2% and 58.4% of total other income for the six months ended 30 September 2012 and 2013 respectively. Other income increased by ¥569 million (equivalent to approximately HK$45 million), or 18.8%, from ¥3,029 million (equivalent to approximately HK$301 million) for the six months ended 30 September 2012 to ¥3,598 million (equivalent to approximately HK$284 million) for the six months ended 30 September 2013 due primarily to extraordinary gain on foreign exchange.

Hall operating expenses

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

	Six month ended 30 September															
	2013 (unaudited)								2012 (unaudited)							
	Traditional		Yuttari Kan		Shinrai no Mori		Total		Traditional		Yuttari Kan		Shinrai no Mori		Total	
	(in millions, except for percentages)															
	¥	%	¥	%	¥	%	¥	%	¥	%	¥	%	¥	%	¥	%
Hall staff costs	13,611	33.5%	7,536	32.6%	1,435	32.4%	22,582	33.1%	14,643	35.1%	6,656	34.5%	1,843	33.0%	23,142	34.8%
Machine expenses	12,617	31.1%	5,233	22.6%	919	20.7%	18,769	27.5%	11,821	28.3%	3,361	17.4%	868	15.5%	16,050	24.1%
Depreciation charges	2,371	5.8%	1,967	8.5%	556	12.6%	4,894	7.2%	2,409	5.8%	1,704	8.8%	911	16.3%	5,024	7.5%
Rental	2,527	6.2%	2,287	9.9%	374	8.4%	5,188	7.6%	2,587	6.2%	2,009	10.4%	480	8.6%	5,076	7.6%
Advertising expenses	1,520	3.8%	660	2.9%	120	2.7%	2,300	3.4%	2,011	4.8%	612	3.2%	161	2.9%	2,784	4.2%
Utilities expenses	1,443	3.6%	1,127	4.9%	216	4.9%	2,786	4.1%	1,412	3.4%	933	4.8%	263	4.7%	2,608	3.9%
G-prize expenses	1,306	3.2%	1,095	4.7%	235	5.3%	2,636	3.9%	1,320	3.2%	963	5.0%	305	5.5%	2,588	3.9%
Cleaning and ancillary services	1,238	3.1%	837	3.6%	206	4.7%	2,281	3.4%	1,247	3.0%	759	3.9%	187	3.3%	2,193	3.3%
Repair and maintenance	889	2.2%	553	2.4%	73	1.6%	1,515	2.2%	1,230	2.9%	754	3.9%	97	1.7%	2,081	3.1%
Others	3,058	7.5%	1,849	7.9%	298	6.7%	5,205	7.6%	3,030	7.3%	1,524	8.1%	471	8.5%	5,025	7.6%
Total	40,580	100.0%	23,144	100.0%	4,432	100.0%	68,156	100.0%	41,710	100.0%	19,275	100.0%	5,586	100.0%	66,571	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 month ended 30 September															
	2013 (unaudited)								2012 (unaudited)							
	Traditional		Yuttari Kan		Shinrai no Mori		Total		Traditional		Yuttari Kan		Shinrai no Mori		Total	
	(in millions, except for percentages)															
	¥	%	¥	%	¥	%	¥	%	¥	%	¥	%	¥	%	¥	%
Hall staff costs	78.2	33.5%	48.6	32.6%	42.2	32.4%	62.2	33.1%	83.2	35.1%	48.9	34.5%	41.9	33.0%	65.0	34.8%
Machine expenses	72.5	31.1%	33.7	22.6%	27.0	20.7%	51.7	27.5%	67.2	28.3%	24.7	17.4%	19.7	15.5%	45.1	24.1%
Depreciation charges	13.6	5.8%	12.7	8.5%	16.4	12.6%	13.5	7.2%	13.7	5.8%	12.5	8.8%	20.7	16.3%	14.1	7.5%
Rental	14.5	6.2%	14.7	9.9%	11.0	8.4%	14.3	7.6%	14.7	6.2%	14.8	10.4%	10.9	8.6%	14.3	7.6%
Advertising expenses	8.8	3.8%	4.3	2.9%	3.5	2.7%	6.3	3.4%	11.4	4.8%	4.5	3.2%	3.7	2.9%	7.8	4.2%
Utilities expenses	8.3	3.6%	7.3	4.9%	6.4	4.9%	7.7	4.1%	8.0	3.4%	6.9	4.8%	6.0	4.7%	7.3	3.9%
G-prize expenses	7.5	3.2%	7.1	4.7%	6.9	5.3%	7.3	3.9%	7.5	3.2%	7.1	5.0%	6.9	5.5%	7.3	3.9%
Cleaning and ancillary services	7.1	3.1%	5.4	3.6%	6.1	4.7%	6.3	3.4%	7.1	3.0%	5.6	3.9%	4.3	3.3%	6.2	3.3%
Repair and maintenance	5.1	2.2%	3.6	2.4%	2.1	1.6%	4.2	2.2%	7.0	2.9%	5.5	3.9%	2.2	1.7%	5.8	3.1%
Others	17.6	7.5%	11.9	7.9%	8.8	6.7%	14.3	7.6%	17.2	7.3%	11.2	8.1%	10.7	8.5%	14.1	7.6%
Total	233.2	100.0%	149.3	100.0%	130.4	100.0%	187.8	100.0%	237.0	100.0%	141.7	100.0%	127.0	100.0%	187.0	100.0%

Hall operating expenses increased by ¥1,585 million (equivalent to approximately HK$125 million), or 2.4%, from ¥66,571 million (equivalent to approximately HK$6,624 million) for the six months ended 30 September 2012 to ¥68,156 million (equivalent to approximately HK$5,384 million) for the six months ended 30 September 2013, primarily attributable to an increase in pachinko and pachislot machine expenses. We introduced new machines mainly into the *Yuttari Kan halls* with a focus on low playing cost games to improve customer gathering power aggressively over the period in contrast with restrained machine procurement during the previous corresponding period due to the modest release of new popular model of machines by pachinko machine makers. Also, the total number of halls increased by 7 halls compared with the end of the previous interim period, which also affects on the increase of the total machine expenses.

Traditional halls. Hall operating expenses decreased by ¥1,130 million (equivalent to approximately HK$89 million), or 2.7%, from ¥41,710 million (equivalent to approximately HK$4,150 million) for the six months ended 30 September 2012 to ¥40,580 million (equivalent to approximately HK$3,205 million) for the six months ended 30 September 2013. The average hall operating expenses per hall also decreased by 1.6% due primarily to the decrease in average staff costs and advertising expenses per hall by 6.0% and 22.8% respectively.

Yuttari Kan halls. Hall operating expenses increased by ¥3,869 million (equivalent to approximately HK$306 million), or 20.1%, from ¥19,275 million (equivalent to approximately HK$1,918 million) for the six months ended 30 September 2012 to ¥23,144 million (equivalent to approximately HK$1,828 million) for the six months ended 30 September 2013, due primarily to the addition of 19 new *Yuttari Kan halls* including changeover of hall types from *Traditional halls* and *Shinrai no Mori halls* as well as aggressive procurement of new machines leading to the increase in pachinko and pachislot machine expenses. On a per hall basis, average hall operating expenses increased by 5.4%, from ¥142 million (equivalent to approximately HK$14 million) for the six months ended 30 September 2012 to ¥149 million (equivalent to approximately HK$12 million) for the six months ended 30 September 2013. The increase in average hall operating expenses also reflects the increase in pachinko and pachislot machine expenses on a per hall basis.

Shinrai no Mori halls. Hall operating expenses decreased by ¥1,154 million (equivalent to approximately HK$91 million), or 20.7%, from ¥5,586 million (equivalent to approximately HK$556 million) for the six months ended 30 September 2012 to ¥4,432 million (equivalent to approximately HK$350 million) for the six months ended 30 September 2013, due primarily to the decrease of 10 *Shinrai no Mori halls* associated with conversion of hall type to *Yuttari Kan halls*. On a per hall basis, average hall operating expenses increased by 2.7%, from ¥127 million (equivalent to approximately HK$13 million) for the six months ended 30 September 2012 to ¥130 million (equivalent to approximately HK$10 million) for the six months ended 30 September 2013. The increase in average hall operating expenses was due primarily to the deduction of the total amount of the expenses by decreased number of halls.

General and administrative expenses

General and administrative expenses decreased by ¥285 million (equivalent to approximately HK$23 million), or 16.2%, from ¥1,759 million (equivalent to approximately HK$175 million) for the six months ended 30 September 2012 to ¥1,474 million (equivalent to approximately HK$116 million) for the six months ended 30 September 2013. The decrease was primarily due to listing expenses recognized for the six months period ended 30 September 2012.

Other operating expenses

Other operating expenses decreased by ¥999 million (equivalent to approximately HK$79 million), or 80.7%, from ¥1,238 million (equivalent to approximately HK$123 million) for the six months ended 30 September 2012 to ¥239 million (equivalent to approximately HK$19 million) for the six months ended 30 September 2013. The decrease was primarily attributable to the decrease in loss on disposals of property, plant and equipment and impairment loss on property, plant and equipment.

Finance costs

Finance costs slightly increased by ¥9 million (equivalent to approximately HK$1 million), or 2.3%, from ¥393 million (equivalent to approximately HK$39 million) for the six months ended 30 September 2012 to ¥402 million (equivalent to approximately HK$32 million) for the six months ended 30 September 2013. The increase was primarily attributable to the increase in amortisation of syndicated loan bank charges partly offset by the decrease in interest expenses.

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 approximately ¥15,884 million (equivalent to HK$1,568 million) from the completion of the initial public offering. The table below sets out the cash flow data extracted from our interim condensed consolidated statement of cash flows:

	Six months ended 30 September			
	2013 (unaudited)		2012 (unaudited)	
	(in millions)			
	¥	**HK$[1]**	¥	HK$[2]
Net cash generated from operating activities	**12,893**	**1,018**	13,023	1,296
Net cash used in from investing activities	**(7,611)**	**(601)**	(6,035)	(601)
Net cash (used in)/generated from financing activities	**(6,634)**	**(524)**	6,609	658
Effect of exchange rate changes on cash and cash equivalents	**820**	**65**	(219)	(22)
Net (decrease)/increase in cash and cash equivalents	**(532)**	**(42)**	13,378	1,331
Cash and cash equivalents at the beginning of period	**41,466**	**3,275**	28,524	2,838
Cash and cash equivalents at the end of period	**40,934**	**3,233**	41,902	4,169

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			
	2013 (unaudited)		2012 (unaudited)	
	(in millions)			
	¥	**HK$(1)**	¥	HK$(2)
Operating profit before working capital changes	**20,712**	**1,636**	21,984	2,187
Change in working capital — used in	**(1,680)**	**(133)**	(1,893)	(188)
Cash generated from operations	**19,032**	**1,503**	20,091	1,999
Income taxes paid	**(5,790)**	**(457)**	(6,133)	(610)
Finance costs paid	**(349)**	**(28)**	(935)	(93)
Net cash generated from operating activities	**12,893**	**1,018**	13,023	1,296

(1) Translated into Hong Kong dollars at the rate of ¥12.66 to HK$1.00, the exchange rate prevailing on 30 September 2013 (i.e. the last business day in September 2013).

(2) 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).

Our net cash generated from operating activities was ¥12,893 million (equivalent to approximately HK$1,018 million) for the six months ended 30 September 2013 as compared to ¥13,023 million (equivalent to approximately HK$1,296 million) for the six months ended 30 September 2012. The slight decrease in our net cash generated from operating activities was mainly due to the decrease of ¥1,272 million (equivalent to approximately HK$100 million) in operating profit before working capital changes and decrease in income taxes paid, partially offset by a positive change in working capital of ¥213 million (equivalent to approximately HK$17 million). We used ¥1,680 million (equivalent to approximately HK$133 million) in working capital during the six months ended 30 September 2013, which mainly reflected an increase of ¥1,528 million (equivalent to approximately HK$121 million) in inventories and a decrease of ¥2,661 million (equivalent to approximately HK$210 million) in accruals and other payables. These negative effects on working capital were partially offset by a decrease of ¥2,070 million (equivalent to approximately HK$164 million) in prepayments, deposits and other receivables.

Net cash used in investing activities

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

Net cash used in investing activities was ¥6,035 million (equivalent to approximately HK$601 million) and ¥7,611 million (equivalent to approximately HK$601 million) for the six months ended 30 September 2012 and 2013, respectively. The cash outflow for the six months ended 30 September 2013 was primarily due to the purchase of property, plant, and equipment amounted to ¥3,384 million (equivalent to approximately HK$267 million) and the purchase of available-for-sale financial assets amounted to ¥3,717 million (equivalent to approximately HK$294 million) as compared with ¥6,026 million (equivalent to approximately HK$600 million) for the six months ended 30 September 2012.

Net cash (used in)/generated from 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 the six months ended 30 September 2013, net cash used in financing activities was ¥6,634 million (equivalent to approximately HK$524 million) compared to net cash generated from financing activities of ¥6,609 million (equivalent to approximately HK$658 million) for the six months ended 30 September 2012. The cash outflow for the six months ended 30 September 2013 was primarily due to the dividend payment in the amount of ¥5,386 million (equivalent to approximately HK$425 million) and repayment of bank loans and finance leases in the amount of ¥1,248 million (equivalent to approximately HK$99 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 2013 (unaudited)		31 March 2013 (audited)	
	(in millions)			
	¥	HK$(1)	¥	HK$(2)
Current assets				
Inventories	**4,987**	**394**	3,375	278
Trade receivables	**476**	**38**	359	30
Prepayments, deposits and other receivables	**3,403**	**269**	5,337	440
Held-to-maturity investment	**–**	**–**	10	1
Amounts due from related companies	**24**	**2**	21	2
Bank and cash balances	**40,934**	**3,233**	41,466	3,418
	49,824	**3,936**	50,568	4,169
Current liabilities				
Trade payables	**1,079**	**85**	905	75
Accruals and other payables	**16,743**	**1,323**	19,376	1,597
Derivative financial instruments	**55**	**4**	57	5
Amounts due to related companies	**536**	**42**	452	37
Borrowings	**1,266**	**100**	1,258	104
Finance lease payables	**1,162**	**92**	1,223	101
Provisions	**1,541**	**122**	1,438	119
Current tax liabilities	**8,165**	**645**	5,985	493
	30,547	**2,413**	30,694	2,531
Net current assets	**19,277**	**1,523**	19,874	1,638

(1) Translated into Hong Kong dollars at the rate of ¥12.66 to HK$1.00, the exchange rate prevailing on 30 September 2013 (i.e. the last business day in September 2013).

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

As at 31 March 2013 and 30 September 2013, our net current assets totalled ¥19,874 million (equivalent to approximately HK$1,638 million) and ¥19,277 million (equivalent to approximately HK$1,523 million), respectively, and our current ratio was 1.6 and 1.6, respectively and stable.

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-term and short-term bank borrowings. The gearing ratio decreased from 3.3% as at 31 March 2013 to 2.9% as at 30 September 2013, 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 2012 and 2013 were ¥6,033 million (equivalent to approximately HK$599 million) and ¥3,416 million (equivalent to approximately HK$270 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			
	2013 (unaudited)		2012 (unaudited)	
	(in millions)			
	¥	**HK$(1)**	¥	HK$(2)
Freehold land	**–**	**–**	–	–
Buildings including leasehold improvements	**935**	**74**	2,144	213
Tools and equipment	**2,189**	**173**	3,359	334
Motor vehicles	**–**	**–**	1	Δ
Construction in progress	**292**	**23**	529	52
	3,416	**270**	6,033	599

Δ Less than HK$0.5 million.

(1) Translated into Hong Kong dollars at the rate of ¥12.66 to HK$1.00, the exchange rate prevailing on 30 September 2013 (i.e. the last business day in September 2013).

(2) 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).

Inventories

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

	30 September 2013 (unaudited)		31 March 2013 (audited)	
	(in millions)			
	¥	HK$[1]	¥	HK$[2]
Property development				
Properties held for future development and under development for sales	**715**	**56**	–	–
Operation of pachinko halls				
G-prize	**2,989**	**236**	2,154	178
General prize	**830**	**66**	891	73
Supplies	**401**	**32**	330	27
	4,220	**334**	3,375	278
Others	**52**	**4**	–	–
	4,987	**394**	3,375	278

(1) Translated into Hong Kong dollars at the rate of ¥12.66 to HK$1.00, the exchange rate prevailing on 30 September 2013 (i.e. the last business day in September 2013).

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

Our total inventories increased from ¥3,375 million (equivalent to approximately HK$278 million) as at 31 March 2013 to ¥4,987 million (equivalent to approximately HK$394 million) as at 30 September 2013. The increase was primarily attributable to increase in G-prize of ¥835 million (equivalent to approximately HK$66 million), increase in properties held for future development and under development for sales of ¥715 million (equivalent to approximately HK$56 million) and supplies of ¥71 million (equivalent to approximately HK$6 million) partly offset by decrease in general prize of ¥61 million (equivalent to approximately HK$5 million).

PLEDGE OF ASSETS

As at 30 September 2013, certain property, plant, and equipment, other long-term assets and prepayments and other receivables were pledged as securities for the bank borrowings of ¥4,959 million (equivalent to approximately HK$392 million). For the relevant information, please refer to the "Loan facilities" on page 31 of this Interim Report.

CONTINGENT LIABILITIES

As at 30 September 2013, we had no material contingent liabilities.

CAPITAL AND OTHER COMMITMENTS

The details to capital and other commitments are provided in note 20 to the interim condensed consolidated financial statements on page 65 of this Interim Report.

ACQUISITION AND DISPOSAL

On 5 April 2013, Dynam Hong Kong entered into the Rich-O Korea Share Purchase Agreement with Humap Japan, pursuant to which Humap Japan agreed to dispose and Dynam Hong Kong agreed to acquire the entire equity interest in Rich-O Korea at a cash consideration of WON 106,623,000; and on 25 April 2013, Dynam Hong Kong entered into Erin International Share Purchase Agreement and Beijing GEO Share Purchase Agreement with Humap Japan, pursuant to which Humap Japan agreed to dispose and Dynam Hong Kong agreed to acquire 87.61% and 100% of equity interests, respectively, in Erin International and Beijing GEO at a cash consideration of MNT 4,400,207,741 and Renminbi 8,711,000, respectively. Beijing GEO is principally engaged in roasting and sales of coffee beans, Erin International is principally engaged in the operation of international freight forwarding services, contracting services for construction works, property transactions and management services as well as development and sale of land in Mongolia and Rich-O Korea is principally engaged in trading of LCD monitors, and provision of after-sales services in respect of LCD monitors.

Details of the acquisitions are set out in the Company's announcements dated 25 April 2013 and 9 May 2013 respectively.

As for acquisitions subsequent to 30 September 2013, please refer to note 22 to the interim condensed consolidated financial statements on page 67 of this Interim Report.

SIGNIFICANT INVESTMENT

Dynam Hong Kong has on 6 June 2013 entered into a cornerstone investment agreement with, among others, Macau Legend, pursuant to which Dynam Hong Kong has agreed to subscribe for certain number of shares in Macau Legend the aggregate value of which would be equivalent to US$35 million (equivalent to HK$271,645,500). The said investment is subject to, among others, the granting by the Listing Committee of the Stock Exchange the listing of, and the permission to deal in, the shares of Macau Legend on the Main Board of the Stock Exchange. Macau Legend became listed on 5 July 2013.

Details of the investment agreement with Macau Legend are set out in the Company's announcement dated 17 June 2013.

EMPLOYEES

As at 30 September 2013, we had approximately 9,497 employees (31 March 2013: 9,506). 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 2013 were ¥23,299 million (equivalent to approximately HK$1,840 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.

Indebtedness

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

	30 September 2013 (unaudited)		31 March 2013 (audited)	
		(in millions)		
	¥	**HK$(1)**	¥	HK$(2)
Borrowings:				
Bank loans	**2,514**	**199**	2,796	230
Syndicated loans	**2,445**	**193**	2,787	230
	4,959	**392**	5,583	460
Represented by:				
Secured	**4,959**	**392**	5,583	460
Unsecured	**–**	**–**	–	–
	4,959	**392**	5,583	460
The borrowings are repayable as follows:				
On demand or within one year	**1,266**	**100**	1,258	104
In the second year	**1,134**	**90**	1,265	104
In the third to fifth years, inclusive	**1,960**	**155**	2,310	190
After five years	**599**	**47**	750	62
	4,959	**392**	5,583	460
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(1,266)**	**(100)**	(1,258)	(104)
Amount due for settlement after 12 months	**3,693**	**292**	4,325	356

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

	30 September 2013 (unaudited)		31 March 2013 (audited)	
		(in millions)		
	¥	HK$(1)	¥	HK$(2)
Finance lease payables:				
Present value of lease obligations	**1,741**	**138**	2,343	193
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(1,162)**	**(92)**	(1,223)	(101)
Amount due for settlement after 12 months	**579**	**46**	1,120	92

(1) Translated into Hong Kong dollars at the rate of ¥12.66 to HK$1.00, the exchange rate prevailing on 30 September 2013 (i.e. the last business day in September 2013).

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

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.

As at 30 September 2013, total amount of the Revolving Loan Facility remained available to be drawn down.

All carrying amount of the borrowings at 30 September 2013 is arranged at floating interest rate and exposes the Group to cash flow interest rate risk. The remaining portion of Group's borrowings is arranged at fixed interest rates, thus exposing the Group to fair value interest rate risk.

As at 30 September 2013, we had total bank borrowings of approximately ¥4,959 million (equivalent to approximately HK$392 million) and were secured by our property, plant and equipment. We also had total finance lease payables of approximately ¥1,741 million (equivalent to approximately HK$138 million), of which approximately ¥1,162 million (equivalent to approximately HK$92 million) was to be repaid within one year.

At the close of business on 30 September 2013, we had a total amount of approximately ¥40,000 million (equivalent to approximately HK$3,160 million) of banking facilities available to us.

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 certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of our subsidiaries, but certain business transactions, assets and liabilities are denominated in Hong Kong dollars and United States dollars. We currently do not have a foreign currency hedging policy in respect of other foreign currency transactions, assets and liabilities. We will monitor its 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 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 no significant concentration of credit risk. We have policies in place to ensure that our third party vending machine operators have appropriate credit histories. Amounts due from related companies are closely monitored by our Directors. 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.

Interest rate risk

Our exposure to interest rate risk arises from bank deposits and borrowings. 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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the period from 1 April 2013 to 30 September 2013 (the "Reporting Period"), the Company has complied with all applicable code provisions set out in the Code except for the following deviations.

Code Provision A.2.1

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

Code Provision E.1.3

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

Under the Companies Act and the Articles of Incorporation, the Company is required to hold an AGM within three months after the expiration of each financial year (i.e. on or before 30 June 2013 for the financial year ended 31 March 2013). It imposes a more stringent timing requirement than the Hong Kong Companies Ordinance, which stipulates normally not more than 15 months shall elapse between the date of one AGM and the next. The Companies Act also requires the notice for the AGM to be despatched together with the audited financial statements under the Japanese Generally Accepted Accounting Principles, which must be approved by the Board. On the other hand, the annual report must contain audited financial statements prepared under the International Financial Reporting Standards as required under the Listing Rules. In addition, that was the first time for the Group to prepare the annual report and hold an AGM in compliance with both the Hong Kong and Japanese requirements after the listing of the shares of the Company. As a result, more time was required to finalise that annual report which accompanied the AGM notice despatched to the Shareholders. The Board will take a reasonable action to prevent the recurrence of this issue in future years.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction 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. Employees of the Company who are likely to get unpublished inside information of the Group must abide by the procedure set out in the document thereof. 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 Reporting Period. The Company does not have any case of non-compliance therewith.

THE BOARD OF DIRECTORS

The Board is collectively responsible for the management and operations of the Company, setting fundamental business strategies and policies for the management and operation of the Group's business and monitoring their implementation. It is accountable to the Shareholders for its performance and activities and is the ultimate decision making body of the Group except for those matters that are reserved for approval by Shareholders in accordance with the Articles of Incorporation, the Listing Rules and other applicable laws and regulations. All Directors have carried out their duties in good faith, in compliance with applicable laws and regulations and in the interests of the Company and its Shareholders at all times. The running of the day-to-day businesses of the Company is delegated by the Board to the Chief Executive Officer and other senior management except that authority is reserved for the Board to approve fundamental business strategies and policies, and all important matters such as interim and annual financial statements, dividend policy, annual budgets, business plans, internal control system, material transactions and other significant operational matters. The delegated functions and responsibilities are periodically reviewed. The senior management is responsible for contributing to the success of the implementation of the policies laid down by the Board in connection with the conduct of the businesses of the Group. It is accountable to the Board and is required to report back to the Board every three months. 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 AGM. The term of office of a Director shall expire at the end of the next AGM 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, except that Mr. Yoji SATO, who is the executive Director of the Company, is an elder brother of Mr. Kohei SATO, the Chief Executive Officer of the Company.

Attendance of each Director at Board meetings, committees' meetings and Shareholders' meetings held during the six months ended 30 September 2013 is as follows:

	Number of meetings held/attended				
	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meetings	Shareholders' meetings
Number of meetings held	9	8	7	5	2
Executive Director					
Mr. Yoji SATO *(Chairman of the Board)*	9/9	N/A	7/7	5/5	2/2
Non-executive Director					
Mr. Noriaki USHIJIMA	9/9	N/A	N/A	N/A	2/2
Independent Non-executive Directors					
Mr. Katsuhide HORIBA	9/9	N/A	7/7	5/5	2/2
Mr. Ichiro TAKANO	9/9	8/8	N/A	N/A	2/2
Mr. Yukio YOSHIDA	9/9	8/8	N/A	N/A	2/2
Mr. Mitsutoshi KATO	9/9	N/A	7/7	5/5	2/2
Mr. Thomas Chun Kee YIP	8/9	8/8	N/A	N/A	1/2

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 April 2013 and 30 September 2013, Mr. Katsuhide HORIBA, Mr. Ichiro TAKANO, Mr. Yukio YOSHIDA and Mr. Thomas Chun Kee YIP were outside directors (*shagai torishimariyaku* 社外取締役) of the Company. The Directors are of the view that this position does not affect these four persons' independence under Rule 3.13(7) of the Listing Rules because (i) as confirmed by the Company's Japan legal adviser, Soga Law Office, the four persons, as outside directors (*shagai torishimariyaku* 社外取締役), were not allowed to perform any executive functions in the Company under the relevant Japanese law and (ii) the four persons are independent of the Company, Directors, Chief Executive Officer, substantial Shareholders, Controlling Shareholders, each of our subsidiaries and each of their respective associates.

DIRECTOR'S TRAINING

Pursuant to code provision A.6.5 of the Code, Directors should participate in continuous professional development to develop and refresh their knowledge and skills. 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. At the meeting of the Board of Directors held on 25 July 2013, Mr. Go UMEHARA, a joint company secretary of the Company, provided information on Directors' duties and responsibilities in connection with the addition of Code Provision A.5.6 concerning "Board Diversity".

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

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

The audit committee held 8 meetings during the Reporting Period with an attendance rate of 100%. The interim results for the six months ended 30 September 2013 are unaudited but have been reviewed by the audit committee.

The interim condensed consolidated financial statements for the six months ended 30 September 2013 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 of two independent non-executive Directors, namely Mr. Katsuhide HORIBA (chairman) and Mr. Mitsutoshi KATO, and one executive Director, namely Mr. Yoji SATO. Main duties of the remuneration committee is to review and recommend the remuneration package of all Directors and other senior management of the Group.

The remuneration committee held 7 meetings during the Reporting Period with an attendance rate of 100%. The remuneration committee reviewed and recommended to the Board for approval of the remuneration package of all Directors and other senior management of the Company.

NOMINATION COMMITTEE

The Company has established the nomination committee in accordance with the requirements of the Code. The Nomination committee consists of 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 5 meetings during the Reporting Period with an attendance rate of 100%. The nomination committee recommended the appointment of Directors of the Company for the approval from the AGM held in June 2013. In addition, the nomination committee has established the board diversity policy of the Company.

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.

AUDITOR'S REMUNERATION

The Company's external auditor is RSM Nelson Wheeler.

During the six months ended 30 September 2013, 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 *	59	4.7
Non-audit services	–	–
Total fees	59	4.7

* Audit services in connection with the audit of the financial statements of the Company and its subsidiaries for the year ending 31 March 2014.

^ Translated into Hong Kong dollars at the rate of ¥12.66 to HK$1.00, the exchange rate prevailing on 30 September 2013 (i.e. the last business day in September 2013).

SHAREHOLDERS' RIGHTS

Rights to demand that Directors to call a Shareholders' meeting

Shareholders continuously holding Shares representing not less than 3% of the votes of all Shareholders for six months 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 continuously holding not less than 1% of the votes of all Shareholders or not less than 300 votes of all Shareholders for six months 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.

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.

In addition, the Company has amended its Articles of Incorporation on 25 June 2013 and 10 September 2013. Please refer to the Company's circulars dated 3 June 2013 and 14 August 2013 for details.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Save as disclosed herein, for the Reporting Period and up to the date of this Interim Report, there were no changes to information required to be disclosed by the Directors pursuant to Rule 13.51B(1) of the Listing Rules except that Mr. Yoji SATO has ceased to act as a Chief Executive Officer of the Company since 25 June 2013.

INTERIM DIVIDENDS

The Board declared on 29 October 2013 an interim dividend of ¥7.00 per ordinary share in respect of the six months ended 30 September 2013, payable on 12 December 2013 to Shareholders whose names appear on the Company's share register as at the close of business on 14 November 2013. Based on the 742,850,360 shares in issue as at 14 November 2013, it is expected that the interim dividend payable will amount to approximately ¥5,200 million (equivalent to approximately HK$413 million). No Shareholder has waived or agreed to waive any dividends.

The exchange rate for the conversion of Japanese yen to Hong Kong dollars for the dividend to be distributed to Shareholders in the currency other than Japanese yen was based on the average currency rates prevailing five trading days immediately preceding 29 October 2013 which was ¥1 to HK$0.0794.

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 Reporting Period.

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 2013, 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 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, will be as follows:

(i) Interests in the Company

Name of Directors/ Chief Executive Officer	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(5)	248,335,800	
		506,669,120	68.206%
Mr. Noriaki USHIJIMA	Beneficial owner	838,000	0.113%
Mr. Ichiro TAKANO	Beneficial owner	20,000	0.003%
Mr. Yukio YOSHIDA	Beneficial owner	140,000	0.019%
Mr. Kohei SATO	Beneficial owner(3)	55,139,680	
	Other(5)	451,529,440	
		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 2013.

(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, which owns 95,810,000 Shares is a company owned as to 99.9% and controlled by Mr. Sato.

(4) Mr. Kohei SATO, one of the Sato Family Members (as hereinafter defined), has been appointed as Chief Executive Officer since June 2013. He is beneficially interested in 55,139,680 Shares.

(5) The Sato family members ("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 the Company in which Mr. Sato is interested, and Mr. Sato is deemed to be interested in the Shares in the Company in which each of the Sato Family Members is interested.

Save as disclosed above, as at 30 September 2013, 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 2013, 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. 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 2013.

(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. 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 2013, 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 of the Board

27 November 2013

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 44 to 67 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 2013 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other 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.

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

27 November 2013

* *For identification purpose only*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	Note	Six months ended 30 September 2013 ¥ million (unaudited)	2012 ¥ million (unaudited)
Revenue	*5*	**82,159**	82,060
Other income		**3,598**	3,029
Hall operating expenses	*6*	**(68,156)**	(66,571)
General and administrative expenses		**(1,474)**	(1,759)
Other operating expenses		**(239)**	(1,238)
Profit from operations		**15,888**	15,521
Finance costs	*7*	**(402)**	(393)
Profit before tax		**15,486**	15,128
Income tax expenses	*8*	**(5,588)**	(5,804)
Profit for the period	*9*	**9,898**	9,324
Attributable to:			
Owners of the Company		**9,930**	9,324
Non-controlling interests		**(32)**	–
		9,898	9,324
Earnings per share	*11*		
Basic (¥)		**13.37**	14.02
Diluted (¥)		**N/A**	N/A

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	Six months ended 30 September	
	2013	2012
	¥ million	¥ million
	(unaudited)	(unaudited)
Profit for the period	**9,898**	9,324
Other comprehensive income:		
Item that will not be reclassified to profit or loss:		
Remeasurements of defined benefit retirement plans	**(1)**	(33)
— Income tax arising from actuarial losses thereof	**–**	11
	(1)	(22)
Items that will be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**252**	–
Fair value changes of available-for-sale financial assets	**1,393**	(25)
— Income tax arising from fair value changes thereof	**(15)**	9
	1,630	(16)
Other comprehensive income for the period, net of tax	**1,629**	(38)
Total comprehensive income for the period	**11,527**	9,286
Attributable to:		
Owners of the Company	**11,559**	9,286
Non-controlling interests	**(32)**	–
	11,527	9,286

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2013

	Note	At 30 September 2013 ¥ million (unaudited)	At 31 March 2013 ¥ million (audited)
Non-current assets			
Property, plant and equipment	12	**92,509**	93,853
Investment properties		**769**	769
Intangible assets		**1,282**	1,411
Available-for-sale financial assets		**5,748**	706
Held-to-maturity investment		**10**	–
Deferred tax assets		**12,301**	9,934
Other long-term assets		**10,435**	10,636
		123,054	117,309
Current assets			
Inventories	13	**4,987**	3,375
Trade receivables	14	**476**	359
Prepayments, deposits and other receivables		**3,403**	5,337
Held-to-maturity investment		**–**	10
Amounts due from related companies		**24**	21
Bank and cash balances		**40,934**	41,466
		49,824	50,568
TOTAL ASSETS		**172,878**	167,877
Current liabilities			
Trade payables	15	**1,079**	905
Accruals and other payables		**16,743**	19,376
Derivative financial instruments		**55**	57
Amounts due to related companies		**536**	452
Borrowings	16	**1,266**	1,258
Finance lease payables	17	**1,162**	1,223
Provisions		**1,541**	1,438
Current tax liabilities		**8,165**	5,985
		30,547	30,694

Interim Condensed Consolidated Financial Statements

	Note	At 30 September 2013 ¥ million (unaudited)	At 31 March 2013 ¥ million (audited)
Net current assets		**19,277**	19,874
Total assets less current liabilities		**142,331**	137,183
Non-current liabilities			
Derivative financial instruments		**134**	132
Amount due to a related company		**31**	–
Borrowings	16	**3,693**	4,325
Finance lease payables	17	**579**	1,120
Retirement benefit obligations		**1,911**	1,869
Other long-term liabilities		**296**	305
Provisions		**3,674**	3,605
		10,318	11,356
NET ASSETS		**132,013**	125,827
Capital and reserves			
Share capital		**15,000**	15,000
Reserves		**117,000**	110,827
Equity attributable to owners of the Company		**132,000**	125,827
Non-controlling interests		**13**	–
TOTAL EQUITY		**132,013**	125,827

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	(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	Foreign currency translation reserve ¥ million	Retained profits ¥ million	Proposed dividend ¥ million	Total ¥ million	Non-controlling interests ¥ million	Total equity ¥ million
At 1 April 2012	5,000	(14)	(44,619)	1,250	1,257	48,271	60	–	82,269	–	93,474	–	93,474
Total comprehensive income for the period	–	(16)	–	–	–	–	(22)	–	9,324	–	9,286	–	9,286
Issue of new shares	10,000	–	–	5,884	–	–	–	–	–	–	15,884	–	15,884
Shares issue expenses	–	–	–	(657)	–	–	–	–	–	–	(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	–	24,513
At 30 September 2012	15,000	(30)	(44,619)	6,477	1,257	48,271	38	–	87,322	4,271	117,987	–	117,987
At 1 April 2013	15,000	115	(44,619)	6,477	1,257	48,271	28	375	93,537	5,386	125,827	–	125,827
Total comprehensive income for the period	-	1,378	-	-	-	-	(1)	252	9,930	-	11,559	(32)	11,527
Increase due to acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	45	45
2013 final dividend paid	-	-	-	-	-	-	-	-	-	(5,386)	(5,386)	-	(5,386)
2014 proposed interim dividend	-	-	-	-	-	-	-	-	(5,200)	5,200	-	-	-
Total changes in equity for the period	-	1,378	-	-	-	-	(1)	252	4,730	(186)	6,173	13	6,186
At 30 September 2013	15,000	1,493	(44,619)	6,477	1,257	48,271	27	627	98,267	5,200	132,000	13	132,013

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	Six months ended 30 September	
	2013	2012
	¥ million	¥ million
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**15,486**	15,128
Adjustments for:		
Finance costs	**402**	393
Interest income	**(58)**	(60)
Dividends income	**(12)**	(12)
Depreciation	**4,922**	5,037
Foreign exchange (gain)/loss	**(484)**	219
Amortisation of intangible assets	**260**	235
Loss on disposals and write off of property, plant and equipment	**31**	229
Intangible assets written off	**1**	–
Impairment loss on property, plant and equipment	**24**	682
Impairment loss on intangible asset	**2**	–
Impairment loss on other long-term assets	**16**	–
Provision for retirement benefit obligations	**41**	143
Provision for staff vacation payable	**103**	23
Unrealised gain on derivative financial instruments	**–**	(33)
Gain on bargain purchases	**(22)**	–
Operating profit before working capital changes	**20,712**	21,984
(Increase)/decrease in inventories	**(1,528)**	1,038
Decrease in trade receivables	**2**	43
Decrease in other long-term assets	**340**	121
Decrease/(increase) in prepayments, deposits and other receivables	**2,070**	(1,642)
Increase in amounts due from related companies	**(3)**	–
Increase/(decrease) in trade payables	**111**	(359)
Decrease in accruals and other payables	**(2,661)**	(1,050)
Decrease in other long-term liabilities	**(9)**	(18)
Increase in retirement benefit obligations	**–**	(29)
(Decrease)/increase in amounts due to related companies	**(2)**	3
Cash generated from operations	**19,032**	20,091
Income taxes paid	**(5,790)**	(6,133)
Finance costs paid	**(349)**	(935)
Net cash generated from operating activities	**12,893**	13,023

	Note	Six months ended 30 September 2013 ¥ million (unaudited)	2012 ¥ million (unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(3,384)**	(6,026)
Purchase of intangible assets		**(132)**	(81)
Purchase of held-to-maturity investment		**(10)**	–
Proceeds from disposal of property, plant and equipment		**6**	–
Proceed from disposal of held-to-maturity investment		**10**	–
Acquisition of subsidiaries	18	**(299)**	–
Purchase of available-for-sale financial assets		**(3,717)**	–
Interest received		**58**	60
Dividends received		**12**	12
Increase in other long-term assets		**(155)**	–
Net cash used in investing activities		**(7,611)**	(6,035)
CASH FLOWS FROM FINANCING ACTIVITIES			
Bank loans raised		**–**	8,000
Repayment of bank loans		**(646)**	(15,917)
Repayment of finance leases		**(602)**	(584)
Issue of new shares		**–**	15,884
Shares issue expenses paid		**–**	(774)
Dividends paid		**(5,386)**	–
Net cash (used in)/generated from financing activities		**(6,634)**	6,609
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**820**	(219)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(532)**	13,378
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**41,466**	28,524
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**40,934**	41,902
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		**40,934**	41,902

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

1. GENERAL INFORMATION

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

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

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 2013 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 2013 except as stated below:

(a) Consolidation

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

(b) Property under development for sale

Inventories in respect of property development activities are carried at the lower of cost and net realisable value.

The cost of property under development for sale comprises specifically identified cost, including aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised. Net realisable value is determined by reference to sale proceeds received after the reporting period less selling expenses, or by estimates based on prevailing market condition. On completion, the properties are reclassified to properties held for sale at the then carrying amount.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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 year beginning on 1 April 2013. IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years except as stated below.

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

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

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

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

b. IFRS 13 "Fair Value Measurement"

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

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

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

4. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy:

Description	Fair value measurements as at 30 September 2013 using: Level 1 ¥ million (unaudited)	Level 2 ¥ million (unaudited)	Level 3 ¥ million (unaudited)	Total ¥ million (unaudited)
Recurring fair value measurements:				
Available-for-sale financial assets				
Listed securities in Hong Kong	**4,811**	**–**	**–**	**4,811**
Listed securities in Japan	**654**	**–**	**–**	**654**
	5,465	**–**	**–**	**5,465**
Derivatives — interest rate swap contracts	**–**	**(189)**	**–**	**(189)**
Total recurring fair value measurements	**5,465**	**(189)**	**–**	**5,276**

Description	Fair value measurements as at 31 March 2013 using: Level 1 ¥ million (audited)	Level 2 ¥ million (audited)	Level 3 ¥ million (audited)	Total ¥ million (audited)
Recurring fair value measurements:				
Available-for-sale financial assets				
Listed securities in Japan	611	–	–	611
Derivatives — interest rate swap contracts	–	(189)	–	(189)
Total recurring fair value measurements	611	(189)	–	422

During the period, there were no transfers among level 1, 2 and 3 respectively.

(b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements as follows:

Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair value at 30 September 2013 ¥ million (unaudited)	31 March 2013 ¥ million (audited)
Derivatives — interest rate swap contracts	Discounted cash flow method	Swap rate and discount rate	**(189)**	(189)

There were no changes in the valuation techniques used.

5. 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.

For management purpose, the Group has carried on a single business in a single geographical location, which is the operation of pachinko halls in Japan, and all the assets are principally located in Japan. Accordingly, there is only one single reportable segment of the Group which is regularly reviewed by the chief operating decision maker. No analysis of other reportable segment is presented as they are not regularly provided to the executive directors of the Company.

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	
	2013	2012
	¥ million	¥ million
	(unaudited)	(unaudited)
Gross pay-ins	**470,532**	467,263
Less: Gross payouts	**(388,373)**	(385,203)
Revenue	**82,159**	82,060

6. HALL OPERATING EXPENSES

	Six months ended 30 September	
	2013	2012
	¥ million	¥ million
	(unaudited)	(unaudited)
Advertising expenses	**2,300**	2,784
Cleaning and ancillary services	**2,281**	2,193
Depreciation charges	**4,894**	5,024
G-prize expenses	**2,636**	2,588
Hall staff costs	**22,582**	23,142
Pachinko and pachislot machine expenses	**18,769**	16,050
Rental	**5,188**	5,076
Repair and maintenance	**1,515**	2,081
Utilities expenses	**2,786**	2,608
Others	**5,205**	5,025
	68,156	66,571

7. FINANCE COSTS

	Six months ended 30 September	
	2013	2012
	¥ million	¥ million
	(unaudited)	(unaudited)
Finance leases charges	**40**	64
Interest expense on loan from a related company	**1**	–
Interest on bank loans and syndicated loans		
— Wholly repayable within five years	**33**	85
— Not wholly repayable within five years	**21**	59
Total borrowing costs	**95**	208
Amortisation of syndicated loan bank charges	**265**	147
Provision, unwinding of discount	**38**	38
Others	**4**	–
	402	393

8. INCOME TAX EXPENSES

	Six months ended 30 September	
	2013	2012
	¥ million	¥ million
	(unaudited)	(unaudited)
Current tax		
— Japan Profits Tax	**7,969**	5,778
— Overseas	**1**	–
	7,970	5,778
Deferred tax	**(2,382)**	26
	5,588	5,804

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 2013 (2012: ¥Nil (unaudited)).

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

	Six months ended 30 September	
	2013	2012
	(unaudited)	(unaudited)
The Company	**38.0%**	38.0%
株式会社ダイナムDYNAM Co., Ltd.* ("Dynam")	**38.0%**	38.0%
株式会社キャビンプラザCabin Plaza Co., Ltd.* ("Cabin Plaza") *(note)*	**38.6%**	38.6%
大黒天株式会社Daikokuten Co., Ltd.* ("Daikokuten") *(note)*	**–**	38.9%
株式会社オークワジャパンOkuwa Japan Co., Ltd.* ("Okuwa Japan") *(note)*	**–**	37.5%
株式会社ダイナムビジネスサポートDynam Business Support Co., Ltd.* ("Dynam Business Support") *(note)*	**38.0%**	38.0%
株式会社ダイナム情報処理DYNAM Data Processing Co., Ltd.* ("Dynam Data Processing") *(note)*	**–**	39.4%
株式会社ダイナムPトレーディングDynam P Trading Co., Ltd.* ("Dynam P Trading") *(note)*	**–**	39.4%
株式会社ダイナムアド企画Dynam Advertisement Planning Co., Ltd.* ("Dynam Advertisement") *(note)*	**–**	38.4%
株式会社関東大同販売Kanto Daido Selling Co., Ltd.* ("Kanto Daido")	**38.4%**	38.4%
株式会社信頼の森Shinrainomori Co., Ltd.* ("Shinrainomori")	**38.4%**	38.4%
一般社団法人信頼の森General Incorporated Association Shinrainomori* ("Shinrainomori Association")	**38.0%**	38.0%
Dynam Hong Kong Co., Limited ("Dynam Hong Kong")	**16.5%**	–
Erin International Co., Ltd. ("Erin International")	**10.0%–25.0%**	–
Rich-O Korea Co., Ltd. ("Rich-O Korea")	**11.0%–24.2%**	–
Beijing GEO Coffee Co., Ltd.* ("Beijing GEO")	**25.0%**	–

* For identification purpose only

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

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

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

9. PROFIT FOR THE PERIOD

The Group's profit for the period is stated after charging the following:

	Six months ended 30 September	
	2013	2012
	¥ million	¥ million
	(unaudited)	(unaudited)
Dividends income	**12**	12
Interest income	**58**	60
Impairment loss on property, plant and equipment	**24**	682
Impairment loss on other long-term assets	**16**	–
Impairment loss on intangible assets	**2**	–
Intangible assets written off	**1**	–
Amortisation of intangible assets (included in hall operating expenses)	**260**	235
Depreciation	**4,922**	5,037
Directors' emoluments	**28**	42
Loss on disposals and write off of property, plant and equipment	**31**	229
Operating lease charges		
— Land and buildings	**5,225**	5,146

10. DIVIDENDS

During the six months ended 30 September 2013 and 2012, the Company made the following distributions to its shareholders.

	Six months ended 30 September			
	2013		2012	
Dividends declared and paid/ payable to its shareholders	**Dividend per share ¥**	**Total dividends ¥ million (unaudited)**	Dividend per share ¥	Total dividends ¥ million (unaudited)
Interim	**7.00**	**5,200**	5.75	4,271
		5,200		4,271

On 29 October 2013, the Board of Directors declared an interim dividend of ¥7.00 or HK$0.56 per ordinary share of the Company, payable on 12 December 2013 to the shareholders of the Company.

Details of the dividends are set out in the Company's announcement dated on 29 October 2013.

11. EARNINGS PER SHARE

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

	Six months ended 30 September 2013 ¥ million (unaudited)	2012 ¥ million (unaudited)
Earnings for the purpose of calculating basic earnings per share	**9,930**	9,324
Weighted average number of shares before sub-division and issue of new shares	**742,850,360**	31,542,518
Effect of sub-division of shares	**–**	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	**742,850,360**	665,123,584

No diluted earnings per share was presented for the six months ended 30 September 2013 and 2012 as there were no dilutive potential ordinary shares in existence during the six months ended 30 September 2013 and 2012.

12. PROPERTY, PLANT AND EQUIPMENT

(a) During the six months ended 30 September 2013, the Group acquired property, plant and equipment of ¥3,416 million (2012: ¥6,033 million (unaudited)).

(b) There were no additions to property, plant and equipment for the six months ended 30 September 2013 were financed by finance leases (2012: ¥1 million (unaudited)).

13. INVENTORIES

	At 30 September 2013 ¥ million (unaudited)	At 31 March 2013 ¥ million (audited)
Property development		
Properties held for future development and under development for sale	**715**	–
Operation of pachinko halls		
G-prize	**2,989**	2,154
General prize	**830**	891
Supplies	**401**	330
	4,220	3,375
Others	**52**	–
	4,987	3,375

14. TRADE RECEIVABLES

The Group normally allows credit terms to customers ranging from 30 to 60 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

At 30 September 2013, based invoices dates, the ageing analysis of the trade receivables is as follows:

	At 30 September 2013 ¥ million (unaudited)	At 31 March 2013 ¥ million (audited)
0 to 30 days	**469**	359
31 days to 60 days	**7**	–
	476	359

As of 30 September 2013, trade receivables of ¥2 million (31 March 2013: ¥Nil (audited)) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	At 30 September 2013 ¥ million (unaudited)	At 31 March 2013 ¥ million (audited)
Up to 1 month	**2**	–

15. TRADE PAYABLES

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

	At 30 September 2013 ¥ million (unaudited)	At 31 March 2013 ¥ million (audited)
0 to 30 days	**1,020**	905
31 days to 60 days	**6**	–
61 days to 365 days	**6**	–
Over 1 year	**47**	–
	1,079	905

16. BORROWINGS

	At 30 September 2013 ¥ million (unaudited)	At 31 March 2013 ¥ million (audited)
Secured bank loans	**2,514**	2,796
Secured syndicated loans	**2,445**	2,787
	4,959	5,583
The borrowings are repayable as follows:		
On demand or within one year	**1,266**	1,258
In the second year	**1,134**	1,265
In the third to fifth years, inclusive	**1,960**	2,310
After five years	**599**	750
	4,959	5,583
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(1,266)**	(1,258)
Amount due for settlement after 12 months	**3,693**	4,325

Notes:

(i) The weighted average interest rates per annum at the end of the reporting period were set out as follows:

	At 30 September 2013 (unaudited) %	At 31 March 2013 (audited) %
Bank loans	**1.9**	1.9
Syndicated loans	**1.9**	1.9

(ii) At the end of the reporting period, the borrowings were secured by the Group's property, plant and equipment of ¥28,303 million (31 March 2013: ¥28,076 million (audited)).

(iii) All carrying amount of the borrowings at 30 September 2013 and 31 March 2013 are arranged at floating interest rates and expose the Group to cash flow interest rate risk.

17. FINANCE LEASE PAYABLES

	Minimum lease payments		Present value of minimum payments	
	At 30 September 2013 ¥ million (unaudited)	At 31 March 2013 ¥ million (audited)	**At 30 September 2013 ¥ million (unaudited)**	At 31 March 2013 ¥ million (audited)
Within one year	**1,207**	1,291	**1,162**	1,223
In the second to fifth years, inclusive	**593**	1,151	**579**	1,120
	1,800	2,442	**1,741**	2,343
Less: Future finance charges	**(59)**	(99)	**–**	–
Present value of lease obligations	**1,741**	2,343	**1,741**	2,343
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(1,162)**	(1,223)
Amount due for settlement after 12 months			**579**	1,120

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 (At 31 March 2013: 5 years (audited)). The weighted average borrowing rate per annum at 30 September 2013 was 3.9% (At 31 March 2013: 3.9% (audited)). 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.

18. NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Acquisition of subsidiaries

(a) Rich-O Korea

On 5 April 2013, the Group acquired 100% of the equity interest of Rich-O Korea for a cash consideration of WON106,623,000 (equivalent to approximately ¥9 million). Rich-O Korea was principally engaged in trading of LCD monitors and provision of after-sales services in respect of LCD monitors during the period. In addition, it is currently expected that Rich-O Korea will be engaged in manufacturing and sale of virtual pachinko machines in Asia.

The fair value of the identifiable assets and liabilities of Rich-O Korea acquired as at its date of acquisition, which has no significant difference from its carrying amount, is as follows:

Net assets acquired:

	¥ million (unaudited)
Property, plant and equipment	61
Cash and cash equivalents	3
Bank borrowings	(7)
Amount due to a related company	(47)
	10
Gain on bargain purchase	(1)
Satisfied by:	
Cash	9
Net cash outflow arising on acquisition:	
Cash consideration paid	9
Cash and cash equivalents acquired	(3)
	6

This acquisition decreased profit for the period of the Group for the period between the date of acquisition and the end of the reporting period by ¥1 million.

(b) *Erin International*

On 1 May 2013, the Group acquired 87.61% of the equity interest of Erin International for a cash consideration of MNT4,400,207,741 (equivalent to approximately ¥297 million). Erin International was principally engaged in the operation of international freight forwarding services, contracting services for construction works, property transactions and management services as well as development and sale of land in Mongolia during the period.

The fair value of the identifiable assets and liabilities of Erin International acquired as at its date of acquisition, which has no significant difference from its carrying amount, is as follows:

Net assets acquired:

	¥ million (unaudited)
Property, plant and equipment	108
Inventories	27
Trade receivables	103
Prepayments, deposits and other receivables	114
Cash and cash equivalents	112
Trade payables	(1)
Accruals and other payables	(20)
Amount due to a related company	(80)
	363
Non-controlling interests	(45)
	318
Gain on bargain purchase	(21)
Satisfied by:	
Cash	297

Net cash outflow arising on acquisition:

Cash consideration paid	297
Cash and cash equivalents acquired	(112)
	185

This acquisition decreased profit for the period of the Group for the period between the date of acquisition and the end of the reporting period by ¥107 million.

(c) *Beijing GEO*

On 1 May 2013, the Group acquired 100% of the equity interest of Beijing GEO for a cash consideration of RMB8,711,000 (equivalent to approximately ¥136 million). Beijing GEO was principally engaged in roasting and sales of coffee beans during the period.

The fair value of the identifiable assets and liabilities of Beijing GEO acquired as at its date of acquisition, which has no significant difference from its carrying amount, is as follows:

Net assets acquired:

	¥ million (unaudited)
Property, plant and equipment	81
Inventories	57
Trade receivables	16
Prepayments, deposits and other receivables	22
Cash and cash equivalents	28
Trade payables	(62)
Accruals and other payables	(8)
	134
Goodwill	2
Satisfied by:	
Cash	136
Net cash outflow arising on acquisition:	
Cash consideration paid	136
Cash and cash equivalents acquired	(28)
	108

This acquisition decreased profit for the period of the Group for the period between the date of acquisition and the end of the reporting period by ¥21 million.

19. CONTINGENT LIABILITIES

At 30 September 2013, the Group did not have any significant contingent liabilities (At 31 March 2013: Nil (audited)).

20. COMMITMENTS

The Group's commitments at the end of the reporting period are as follows:

	At 30 September 2013 ¥ million (unaudited)	At 31 March 2013 ¥ million (audited)
Capital commitments		
Contracted but not provided for	**730**	132
Approved but not contracted for	**9,682**	4,345
	10,412	4,477
Other commitment *(note)*	**1,466**	–
	11,878	4,477

Note:

On 30 September 2013, Dynam Hong Kong has entered into a cornerstone investment agreement with IGG Inc ("IGG"). Pursuant to the agreement, Dynam Hong Kong agreed to subscribe certain number of shares of IGG with an aggregate value of US$15 million. IGG is a company incorporated in the Cayman Islands and engages in the development of online game software and the operation of online games.

Details of the investment are set out in the Company's announcement dated on 11 October 2013.

21. 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 2013 ¥ million (unaudited)	2012 ¥ million (unaudited)
株式会社ダイナムホールディングス DYNAM HOLDINGS Co., Ltd. ("Dynam Holdings")	Miscellaneous income	**–**	△
一般財団法人ワンアジア財団 One Asia Foundation * *(note i)*	Accounting service income	△	△
	Messing expenses	**–**	△
	Rental income	**1**	–
株式会社チンギスハーン旅行 Genghis Khan Travel Co., Ltd. *	Messing and staff welfare expenses	**44**	47
	Recruitment and training expenses	**8**	8
	Travel agency charges	**3**	3
株式会社パチンコリース Pachinko Leasing Co., Ltd. * ("Pachinko Leasing") *(note iii)*	Miscellaneous income	**–**	△
	Others	**–**	2
株式会社ピーインシユアランス P Insurance Co., Ltd. *	Insurance expenses	**2**	2
株式会社日本ヒユウマツプ Humap Japan Co., Ltd. * ("Humap Japan")*(note iii)*	Hall cleaning and ancillary services	**2,257**	2,174
	Interest expense	**1**	–
	Messing and staff welfare expenses	**17**	9
	Miscellaneous income	**11**	10
	Rental income	**88**	83
	Rental expense	**27**	–
	Repair and maintenance fee	**12**	8
	Royalty from coffee wagon license	**17**	16
	Royalty from vending machine license	**20**	16
	Staff cafeteria service	**35**	38
	Supply of general prize	**201**	242
	Utilities charges	**73**	71
株式会社ダイナム綜合投資 Dynam Investment Co., Ltd. * ("Dynam Investment")*(note iii)*	Miscellaneous income	**–**	△
	Rental income	**–**	4
	Rental expense	**–**	27
	Others	**–**	3
株式会社ビジネスパートナーズ Business Partners Co., Ltd. * ("Business Partners")	Office cleaning and ancillary services	**7**	7
	Rental income	**2**	2
	Others	**–**	△
株式会社X-GOLF JAPAN X-Golf JAPAN Co., Ltd. *	Fees (including rental charges, property management fee and utilities)	**12**	11

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 to the extent that they are beneficial shareholders of Dynam Holdings.

(iii) On 1 April 2013, Humap Japan has effected an absorption-type merger of Pachinko Leasing and Dynam Investment. Upon the completion of merger, all transactions between Pachinko Leasing and Dynam Investment were recognised in the books of Humap Japan.

△ Less than ¥0.5 million.

22. EVENTS AFTER THE REPORTING PERIOD

On 25 July 2013, the Company entered into the equity transfer agreements with Dynam Holdings. Pursuant to the agreements, the Company agreed to acquire and Dynam Holdings agreed to dispose of, the relevant shares, being the entire issued share capital of Humap Japan and Business Partners, which are wholly-owned subsidiaries of Dynam Holdings, on the terms and subject to the conditions set out in the equity transfer agreements. Upon completion of the acquisition, Humap Japan and Business Partners will become wholly-owned subsidiaries of the Company and members of the Group.

An extraordinary general meeting was held on 10 September 2013, the ordinary resolution was duly passed for the proposed acquisition of Humap Japan and Business Partners.

The acquisition was completed on 1 October 2013 and the consideration of ¥3,830 million has been paid in a lump sum in cash by the Company to Dynam Holdings.

As the Group has not yet completed the fair value determination of the acquired companies' identifiable assets and liabilities at the acquisition date, the disclosure of such amounts and amount of goodwill is impracticable.

Details of the acquisition are set out in the Company's announcements dated on 25 July 2013, 14 August 2013 and 10 September 2013 respectively.

23. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 27 November 2013.

Definitions

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

"AGM"	annual Shareholders' general meeting of the Company
"Articles of Incorporation"	the articles of incorporation of the Company, as amended and supplemented from time to time
"associate"	has the meaning ascribed to it under the Listing Rules
"Beijing GEO"	Beijing GEO Coffee Co., Ltd.* (北京吉意歐咖啡有限公司), a company incorporated in the People's Republic of China on 4 August 2004 (registration number 0154966). Beijing GEO is held as to 100% by the Company
"Board" or "Board of Directors"	the board of Directors of the Company
"Business Partners"	Business Partners Co., Ltd.* (株式会社ビジネスパートナーズ), a stock company (kabushiki-gaisha 株式会社) incorporated in Japan with limited liability under the Companies Act on 11 January 2011 (registration number 0118-01-024446). Business Partners is a wholly-owned subsidiary of the Company
"Cabin Plaza"	Cabin Plaza Co., Ltd.* (株式会社キャビンプラザ), a stock company (kabushiki-gaisha 株式会社) incorporated in Japan with limited liability under the Companies Act (registration number 3800-01-019664) on 25 May 1988. Cabin Plaza was acquired by DYNAM Holdings Co., Ltd. (株式会社ダイナムホールディングス) on 1 April 2009 and is a wholly-owned subsidiary of the Company
"CCASS"	Central Clearing and Settlement System ("CCASS") established and operated by Hong Kong Securities Clearing Company Limited
"Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Companies Act"	the Companies Act of Japan* (kaisha hou 会社法) (Act No. 86 of 2005, as amended)
"Company", "our", "we", or "us"	DYNAM JAPAN HOLDINGS Co., Ltd.* (株式会社ダイナムジャパンホールディングス), a stock company (kabushikigaisha 株式会社) incorporated in Japan with limited liability under the Companies Act on 20 September 2011 (registration number 0115-01-017114), or where the context requires, the Company and its subsidiaries collectively
"Controlling Shareholder(s)"	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 and each of the Sato Family Members
"cornerstone investor"	an institutional investor who purchases shares of an issuer as a core investor prior to the public offering in connection with the listing of such shares
"Director(s)"	the director(s) of the Company
"Dynam"	DYNAM Co., Ltd.* (株式会社ダイナム), a stock company 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

Definitions

"Dynam Business Support"	Dynam Business Support Co., Ltd.* (株式会社ダイナムビジネスサポート), a stock company incorporated in Japan with limited liability under the Companies Act on 1 April 2013 (registration number 0115-01-010575). Dynam Business Support is a wholly-owned subsidiary of the Company and a service provider that support our pachinko hall operation in the Group
"DYNAM Group" or "Group"	the Company and its subsidiaries at the relevant point in time (including, where the context requires, in respect of the period before our Company became the holding company of its present subsidiaries)
"Dynam Holdings"	DYNAM Holdings Co., Ltd.* (株式会社ダイナムホールデイングス), a stock company incorporated in Japan with a limited liability on 15 December 1987 under the Companies Act (registration number 0115-01-010630)
"Dynam Hong Kong"	Dynam Hong Kong Co., Ltd., a stock company incorporated in Hong Kong with a limited liability on 7 January 2013 (registration number 1848306). Dynam Hong Kong is a wholly-owned subsidiary of the Company
"Dynam Investment"	Dynam Investment Co., Ltd.* (株式会社ダイナム綜合投資), a stock company (kabushiki-gaisha 株式会社) incorporated in Japan with limited liability under the Companies Act on 9 April 2003 (registration number 0115-01-010317). Dynam Investment was absorbed into Humap Japan through an absorption-type merger on 1 April 2013
"Erin International"	Erin International Co., Ltd., a company incorporated in Mongolia with limited liability on 30 May 2003 (registration number 9019015133). As at the date of this Interim Report, Erin International is held as to 87.61% by the Company in number of shares
"Erin Town" or "Erin Town Project"	the construction project conducted by Erin International to build the apartments compound and business service building in Ulaanbaatar, Mongolia. The housing compound is included to the middle term mission of Mongolian Parliament programme named "New Constructive". The Erin Town Project is planned to provide total housing solutions with 12 and 15 floors buildings, trade and service centers, comfortable surroundings with car parking, pedestrian roads and lawns as at the date of this Interim Report
"GEM Board"	the Growth Enterprise Market of the stock exchange (excluding the option market) operated by the Stock Exchange which is independent of and operated in parallel with the Main Board of the Stock Exchange
"general prize"	any prize offered by a pachinko hall that is not a G-prize
"Genghis Khan"	Genghis Khan Travel Co., Ltd.* (株式会社チンギスハーン旅行), a stock company (kabushiki-gaisha 株式会社) incorporated in Japan with limited liability under the Companies Act on 13 November 2003 (registration number 0115-01-010593). Genghis Khan is a wholly-owned subsidiary of the Company
"GIA/GIF Law"	the General Incorporated Associations and General Incorporated Foundations Law of Japan* (ippan shadan houjin oyobi ippan zaidan houjin nikansuru houritsu 一般社団法人及び一般財団法人に関する法律) (Act No. 48 of 2006, as amended)

Definitions

"G-prize"	a decorative plastic card with a small embedded piece of gold or silver or a small coin-shaped pendant of gold or silver
"G-prize mark-up"	the excess of the monetary value of the number of pachinko balls or pachislot tokens required to collect a G-prize over the cost of the G-prize paid by the hall operator
"gross pay-ins"	the amount received from pachinko balls and pachislot tokens rented to customers less unutilised balls and tokens
"gross payouts"	the aggregate cost of G-prizes and general prizes exchanged by customers for pachinko balls or pachislot tokens collected
"high playing cost machines"	pachinko machines with a playing cost of 4-yen per pachinko ball and pachislot machines with a playing cost of 20-yen per pachislot token
"Humap Japan"	HUMAP Japan Co., Ltd.* (株式会社日本ヒユウマツプ), a stock company (kabushiki-gaisha 株式会社) incorporated in Japan with limited liability under the Companies Act on 1 November 1982 (registration number 0115-01-008097). On 1 April 2013, Humap Japan has effected an absorption-type merger of Pachinko Leasing and Dynam Investment. Humap Japan is a wholly-owned subsidiary of the Company
"IC card" or "pre-paid IC card"	a card purchased by pachinko hall customers to store cash value, which can be used to rent pachinko balls or pachislot tokens
"IFRS"	International Financial Reporting Standards which include standards and interpretations promulgated by the International Accounting Standards Board (IASB)
"IGG"	IGG Inc, a company incorporated in Singapore and engages in the development of online game software, and the operation of online games. IGG shares are listed on the GEM Board of the Stock Exchange (Stock Code: 08002). The Company invested US$15 million in the initial public offering of IGG in October 2013 as a cornerstone investor through its wholly-owned subsidiary, Dynam Hong Kong
"Japan Productivity Center"	a non-profit organization (NPO) and nongovernmental organization (NGO) established in 1955 to promote the productivity in Japan's industrial society and in improving the quality of people's lives
"Kanto Daido"	Kanto Daido Selling Co., Ltd.* (株式会社関東大同販売), a stock company (kabushiki-gaisha 株式会社) incorporated in Japan with limited liability under the Companies Act on 22 January 1992 (registration number 0105-01-002705). Kanto Daido is a wholly-owned subsidiary of the Company
"Leisure White Paper"	research report on leisure industry and its market trend published by Japan Productivity Center
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"low playing cost machines"	pachinko machines with playing costs of ¥0.5, ¥1, ¥1.25, ¥2 and ¥2.5 per pachinko ball and pachislot machines with playing costs of ¥5, ¥6.25 and ¥10 per pachislot token

Definitions

"Macau Legend"	Macau Legend Development Limited, a company incorporated in the Cayman Islands and whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 01680). The Company invested US$35 million in the initial public offering of Macau Legend in June 2013 as a cornerstone investor through its wholly-owned subsidiary, Dynam Hong Kong
"machine utilization"	the number of pachinko balls/pachislot tokens played per machine per day
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent of and operated in parallel with the GEM Board of the Stock Exchange
"One Asia"	One Asia Foundation* (一般財団法人ワンアジア財団), a general incorporated foundation (ippan zaidan houjin 一般財団法人) established in Japan under the GIA/GIF Law on 21 December 2009 (registration number 0115-05-01395) and a substantial Shareholder
"online game"	the gaming technology that is run by connecting players to play games over a computer network
"outside director"	outside directors (*shagai torishimariyaku* 社外取締役) of the Company. Our independent non-executive directors were appointed as outside directors on the date of the incorporation of the Company. Outside directors (*shagai torishimariyaku* 社外取締役) has a different meaning under the Companies Act when compared with the meaning of "independent non-executive director" under the Listing Rules. The Directors have considered all of the factors under Rule 3.13 of the Listing Rules and are satisfied with the independence of our independent non-executive Directors
"pachinko balls" or "balls"	small metal balls used to play pachinko games
"Pachinko Chain Stores Association" or "PCSA"	Pachinko Chain Stores Association* (パチンコ • チェーンストア協会), a leading industry organization in the pachinko industry of Japan, promoting pachinko as a mean of entertainment and leisure among the general public in Japan
"Pachinko Leasing"	Pachinko Leasing Co. Ltd* (株式会社パチンコリース), a stock company (kabushiki-gaisha 株式会社) incorporated in Japan with limited liability under the Companies Act on 31 October 2003 (registration number 0115-01-010574). Pachinko Leasing was absorbed into Humap Japan through an absorption-type merger on 1 April 2013
"pachislot tokens" or "tokens"	small metal tokens used to play pachislot games
"PCSA Challenge Book 2014"	an industry guide book and activity report of the member companies of PCSA published by the Pachinko Chain Stores Association every year
"P Insurance"	P Insurance Co., Ltd.* (株式会社ピーインシユアランス), a stock company (kabushiki-gaisha 株式会社) incorporated in Japan with limited liability under the Companies Act on 28 January 2005 (registration number 0115-01-013256). P Insurance is a wholly-owned subsidiary of the Company
"P-World"	a pachinko hall information portal site

Definitions

"Reporting Period"	the period from 1 April 2013 to 30 September 2013
"Rich-O"	Rich-O Co., Ltd.* (リツチオ株式会社), a stock company incorporated in Japan with limited liability on 1 August 2006 under the Companies Act (registration number 0115-01-011944)
"Rich-O Korea"	Rich-O Korea Co., Ltd.* (株式会社リッチオコリア), a company incorporated with limited liability in South Korea on 27 February 2006 (registration number 110111-3408732). Rich-O Korea is held as to 100% by the Company
"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
"SFO"	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Shareholders"	the shareholders of the Company
"Shinrainomori"	Shinrainomori Co., Ltd.* (株式会社信頼の森), a stock company (kabushiki-gaisha 株式会社) incorporated in Japan with limited liability under the Companies Act on 3 December 2008 (registration number 0115-01-014420). Shinrainomori is a wholly-owned subsidiary of the Company
"*Shinrai no Mori*" (信頼の森)	our pachinko hall brand and hall type featuring primarily low playing cost games in a non-smoking environment with reduced noise levels, space for players to relax and socialise, and a larger selection of general prizes
"Shinrainomori Association"	General Incorporated Association Shinrainomori* (一般社団法人信頼の森), a general incorporated association (ippan shadan houjin 一般社団法人) established in Japan on 3 December 2008 under the Companies Act (registration number 0115-05-001319). Shinrainomori Association is a subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial Shareholders"	has the meaning ascribed to it under the Listing Rules
"*Traditional*"	our pachinko hall type featuring primarily high playing cost games in a traditional hall environment that allows smoking
"*Yuttari Kan*" (ゆったり館)	our pachinko hall brand and hall type featuring primarily low playing cost games in a Yuttari Kan hall environment that allows smoking, and a larger selection of general prizes

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

* *For identification purpose only*

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.*