

Consolidated Balance Sheet

(As of March 31, 2010)

(Unit: million yen)

Account	Amount	Account	Amount
Assets		Liabilities	
Current assets	43,024	Current liabilities	51,022
Cash and deposits	23,290	Accounts payable-trade	1,582
Accounts receivable-trade	360	Short-term loans payable	4,500
Securities	389	Current portion of long-term loans payable	19,489
Gifts and raw materials	4,571	Current portion of bonds	3,040
Supplies	1,626	Accounts payable-other	7,261
Deferred tax assets	8,006	Income taxes payable	2,045
Other	4,781	Accrued consumption taxes	1,533
Allowance for doubtful accounts	-2	Accrued expenses	7,498
Noncurrent assets	116,278	Provision for directors' bonuses	31
Property, plant and equipment	90,691	Other	4,040
Buildings	44,788	Noncurrent liabilities	34,010
Structures	8,892	Bonds payable	740
Vehicles	0	Long-term loans payable	28,427
Tools, furniture and fixtures	17,475	Long-term accounts payable-other	2,473
Land	17,202	Provision for retirement benefits	1,553
Construction in progress	2,332	Provision for directors' retirement benefits	381
Intangible assets	6,321	Other	434
Leasehold right	4,402	Total liabilities	85,032
Other	1,918	Net assets	
Investments and other assets	19,266	Shareholders' equity	74,264
Investment securities	257	Capital stock	5,000
Stocks of subsidiaries and affiliates	2,617	Capital surplus	995
Investments in capital	122	Retained earnings	72,194
Long-term loans receivable	266	Treasury stock	-3,925
Long-term construction assistance fund receivables	607	Valuation and translation adjustments	5
Long-term prepaid expenses	3,480	Valuation difference on available-for-sale securities	11
Noncurrent assets for rent	1,374	Deferred gains or losses on hedges	-6
Guarantee deposits	6,484	Total net assets	74,270
Deferred tax assets	3,247	Total liabilities and net assets	159,302
Other	821		
Allowance for doubtful accounts	-13		
Total assets	159,302		

Consolidated Statement of Income

From April 1, 2009 to March 31, 2010

(Unit: million yen)

Account	Amount	
Net sales		870,122
Cost of sales		816,953
Gross profit		53,168
Selling, general and administrative expenses		18,452
Operating income		34,715
Non-operating income		
Interest income and dividends income	101	
Rent of real estate	605	
Gain on recycle cards received	269	
Other	239	1,215
Non-operating expenses		
Interest expenses	1,824	
Expenses of real estate rent	352	
Commission for syndicate loan	829	
Other	45	3,051
Ordinary income		32,879
Extraordinary income		
Gain on negative goodwill	712	
Gain on valuation of derivatives	4	
Other	6	723
Extraordinary loss		
Loss on retirement of noncurrent assets	83	
Loss on valuation of noncurrent assets	10,237	
Impairment loss	161	
Loss on valuation of derivatives	11	
Other	179	10,673
Income before income taxes and minority interests		22,930
Income taxes-current	9,487	
Income taxes-deferred	-11	9,476
Net income		13,453

Consolidated Statement of Changes in Net Assets

From April 1, 2009 to March 31, 2010

(Unit: million yen)

Items	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2009	5,000	966	61,367	-3,762	63,571
Changes of items during the consolidated period					
Dividends from surplus			-2,523		-2,523
Net income			13,453		13,453
Increase of consolidated subsidiaries			-101		-101
Purchase of treasury stock				-309	-309
Disposal of treasury stock		28		146	174
Net changes of items other than shareholders' equity					-
Total changes of items during the consolidated period	-	28	10,827	-163	10,693
Balance as of March 31, 2010	5,000	995	72,194	-3,925	74,264

Items	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at March 31, 2009	10	-32	-22	63,549
Changes of items during the consolidated period				
Dividends from surplus				-2,523
Net income				13,453
Increase of consolidated subsidiaries				-101
Purchase of treasury stock				-309
Disposal of treasury stock				174
Net changes of items other than shareholders' equity	1	26	27	27
Total changes of items during the consolidated period	1	26	27	10,720
Balance as of March 31, 2010	11	-6	5	74,270

Notes to Consolidated Financial Statements

Significant accounting policies

1. Scope of consolidation

(1) Consolidated subsidiaries

Number of consolidated subsidiaries 6

Names of major consolidated subsidiaries DYNAM Co., Ltd.

DYNAM Land & Building Co., Ltd., which was an unconsolidated subsidiary in the previous fiscal year, has been consolidated from the end of the consolidated fiscal year under review since its importance in the consolidated financial statements has increased.

As a result of the acquisition of its shares on April 1, 2009, **Kinkai Shoji Ltd.** has been included in consolidation from the consolidated fiscal year under review.

As a result of the acquisition of its shares on December 1, 2009, **Daikokuten Co., Ltd.** has been included in consolidation from the consolidated fiscal year under review. Its deemed acquisition date is December 31, 2009.

(2) Unconsolidated subsidiaries

Names of major unconsolidated subsidiaries

Dynam Sogo Investment Co., Ltd. and other companies

Reasons for the exclusion from consolidation

All unconsolidated subsidiaries are small in scale, and their total assets, net sales, net income (the share allocated under the equity method), and retained earnings (the share allocated under the equity method) do not have a significant impact on the Company's consolidated financial statements.

2. Equity method

(1) Unconsolidated subsidiaries and affiliates accounted for by the equity method

Number of unconsolidated subsidiaries and affiliates accounted for by the equity method 0

(2) Unconsolidated subsidiaries and affiliates not accounted for by the equity method

Names of major companies

Dynam Sogo Investment Co., Ltd. and other companies

Reasons for not being accounted for by the equity method

Considering the size of net income (the share allocated under the equity method) and retained earnings (the share allocated under the equity method) of the above companies, the impact on the Company's consolidated financial statements from such companies not accounted for by the equity method is negligible. Because their overall importance is also low, the above companies have not been accounted for by the equity method.

3. Accounting period of consolidated subsidiaries

Accounting period of consolidated subsidiaries

The last date of the accounting period of all consolidated subsidiaries is the same as the consolidated settlement date.

4. Significant accounting policies

(1) Valuation standards and methods for significant assets

(i) Securities

Stocks of subsidiaries and affiliates

Stocks of subsidiaries and affiliates are stated at cost, determined by the moving-average method.

Other securities

	Marketable securities	Marketable securities classified as other securities are stated at fair value on the settlement date with any changes in unrealized holding gain or loss, net of applicable income taxes, directly included in net assets. The cost of securities sold is calculated using the moving average method.
	Non-marketable securities	Non-marketable securities classified as other securities are stated at cost determined by the moving average method.
(ii)	Derivatives	Derivatives are stated at fair value.
(iii)	Inventories	
	Gifts	Gifts are stated at cost determined by the gross average method. (The cost of gifts is written-down when the carrying amount is unrecoverable.)
	Supplies	Supplies are stated at cost determined by the last cost method. (The cost of supplies is written down when the carrying amount is unrecoverable.)
	Raw materials	Raw materials are stated at cost determined by the last cost method. (The cost of raw materials is written down when the carrying amount is unrecoverable.)
(2)	Depreciation and Amortization of Fixed Assets	
(i)	Property, plant and equipment	
	Game machines	Game machines are fully depreciated when they become operational.
	Other property, plant and equipment	Depreciation of other property, plant and equipment is calculated by the declining-balance method. (Depreciation of buildings (excluding buildings and accompanying facilities) that were acquired on or after April 1, 1998 is calculated by the straight-line method.) Main useful lives are as follows: Buildings: Between 15 and 22 years Structures: Between 10 and 20 years
(ii)	Intangible fixed assets	Amortization of intangible fixed assets is calculated using the straight-line method. Amortization of software for internal use is calculated using the straight-line method over the estimated useful lives (5 years). For business leaseholds, the straight-line method is used based on the leasehold term.
(iii)	Fixed assets for rent	Depreciation of fixed assets for rent is calculated by the declining-balance method. (Depreciation of buildings that are included in fixed assets for rent (excluding buildings and accompanying facilities) that were acquired on or after April 1, 1998) is calculated by the straight-line method.)
(iv)	Long-term prepaid expenses	Depreciation of long-term prepaid expenses is calculated evenly over the period.
(3)	Accounting for deferred charges	
	Bond issuance costs	Bond issuance costs are fully charged to income when they are paid.
(4)	Basis for reserves	
(i)	Allowance for doubtful accounts	To provide for a possible loss on notes and accounts receivable-trade, loans receivable, and other claims, an allowance for doubtful accounts is provided based on past experience for normal receivables and on an estimate of the collectibility of receivables from companies in financial difficulty.
(ii)	Provision for directors' bonuses	To provide for directors' bonuses, a provision for directors' bonuses is made based on an estimate of bonuses payable for the consolidated fiscal year under review.

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| (iii) | Provision for retirement benefits | To provide for employees' retirement benefits, a provision for retirement benefits is made based on an estimate of retirement benefit obligations as at the end of the consolidated fiscal year under review. The actuarial gain or loss is amortized in the consolidated fiscal year following the year in which the gain or loss is recognized. |
| (iv) | Provision for directors' retirement benefits | To provide directors' retirement benefits, the provision for retirement benefits is provided based on an estimate of retirement benefits payable based on the Company's internal regulations as at the end of the fiscal year. |
| (5) | Significant hedge accounting | |
| (i) | Hedge accounting | Primarily, deferred hedge accounting is applied for derivative instruments.
Special treatment is applied for interest rate swaps that qualify for such treatment. |
| (ii) | Hedging instruments and hedged items | The interest expenses of long-term loans payable with variable interest rates, the hedging item, are hedged through interest rate swap transactions, the hedging instrument. |
| (iii) | Hedging policy | As part of financial risk management measures, to reduce the risks of interest rate fluctuations, the Company uses derivatives transactions to hedge the above risks. |
| (iv) | Assessment of hedge effectiveness | The Company assesses the effectiveness of hedging by comparing the overall fluctuations of interest rates of loans payable and those of interest swap transactions during the period from the time of entering hedging transactions to the time of judging their effectiveness.
The assessment of the hedge effectiveness for interest swaps based on special treatment has been omitted. |
| (6) | Other significant accounting policies | |
| (i) | Accounting for consumption taxes | Transactions subject to consumption tax or local consumption tax are recorded at amounts exclusive of consumption tax or local consumption tax. |
| (ii) | Accounting for merchandise received | The Company regards saved balls (balls that players keep at the end of their play, registering the number in the member cards, instead of changing them to gifts on the same day, and use to exchange with gifts or play again subsequently) as gifts undelivered or received temporarily. Consequently, it records saved balls in "Other" in current liabilities based on the gift cost rate. |
| (iii) | Accounting for lease transactions | For leases entered into before the commencement of the first year when the revised Accounting Standards for Lease Transaction became effective, and leases other than those in which the ownership rights of the leased property are deemed to transfer to the lessee, an accounting method that is used for ordinary rental transactions is used. |

- (iv) Application of the Accounting Standard for Business Combinations and Other Accounting Standards
- The Accounting Standard for Business Combinations (ASBJ Statement No. 21 on December 26, 2008), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22 on December 26, 2008), partial amendments to the Accounting Standard for Research and Development Costs (ASBJ Statement No. 23 on December 26, 2008), the Accounting Standard for Business Divestiture (ASBJ Statement No. 7 on December 26, 2008), the Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16 on December 26, 2008) and the Guidance on Accounting Standard for Business Combinations and Accounting Standards for Business Divestiture (ASBJ Guidance No. 10 on December 26, 2008) were applied from the consolidated fiscal year under review, because the above accounting standards and guidance were applicable to the business combinations and business divestiture carried out for the first time in a consolidated fiscal year commencing on or after April 1, 2009.

5. Valuation of assets and liabilities of consolidated subsidiaries
- Valuation of assets and liabilities of consolidated subsidiaries
- Assets and liabilities of consolidated subsidiaries are carried at fair value at the time of acquisition.

Notes to Consolidated Balance Sheets

1. Assets pledged as collateral and liabilities secured by the collateral

(1) Assets pledged as collateral

B u i l d i n g s	8,017	million yen
S t r u c t u r e s	457	million yen
L a n d	10,752	million yen
Noncurrent assets for r e n t	2	million yen
Guarantee deposits	349	million yen
Long-term construction a s s i s t a n c e f u n d r e c e i v a b l e s	333	million yen
Total	<u>19,912</u>	million yen

Liabilities secured by the collateral

Short-term loans p a y a b l e	400	million yen
Long-term loans p a y a b l e (including current portion of long-term loans payable)	25,065	million yen
Total	<u>25,465</u>	million yen

(2) Assets, other than the assets described above, pledged as collateral

Investment securities	10	million yen
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2. Accumulated depreciation of property, plant and equipment and property, plant and equipment that are held as investments

(including accumulated impairment loss)

Property, plant and e q u i p m e n t	74,231	million yen
Investments and other a s s e t s		
Noncurrent assets for r e n t	1,161	million yen
Total	<u>75,392</u>	million yen

3. Guarantees

The Company provides guarantees to other companies for their borrowings from financial institutions and other institutions.

DYNAM Land & Building C o . , L t d .	5,000	million yen
Genghis Khan Travel C o . , L t d .	17	million yen
Total	<u>5,017</u>	million yen

Notes to Consolidated Statements of Income

1. Loss on valuation of noncurrent assets

The loss on valuation of noncurrent assets is an unrealized loss on trading of land and buildings among consolidated subsidiaries.

2. Impairment loss

(Unit: million yen)

Location	Usage	Type	Impairment loss
Tsuruoka City, Yamagata Prefecture	Idle assets	Land	135
Kosuge Mura, Kitatsurugun, Yamanashi Prefecture	Idle assets	Land	26

The Company bases its grouping on stores, the smallest units that generate cash flows. It bases the grouping of idle assets on each property.

The Company reduced the book value of the above properties to the recoverable value, and recorded an impairment loss as an extraordinary loss for the consolidated fiscal year under review.

The recoverable value was measured at its net sale value, which was estimated based on an appraisal value for the idle assets that was assessed by third parties who are professional property appraisers.

Notes to Consolidated Statements of Changes in Net Assets

1. Shares and treasury stocks issued and outstanding

	Number of shares/stocks at the end of the prior consolidated fiscal year (thousand shares)	Increase (thousand shares)	Decrease (thousand shares)	Number of shares/stocks at the end of the current consolidated fiscal year (thousand shares)
Shares issued Common stock	36,363	—	—	36,363
Treasury stocks Common stock	2,108	173	87	2,194

2. Dividends from surplus

(1) Dividends paid

Resolution	Type of shares	Total dividends (million yen)	Dividends per share (Yen)	Base date	Effective date
Meeting of Board of Directors held on June 9, 2009	Common stock	1,370	40.00	March 31, 2009	June 30, 2009
Meeting of Board of Directors held on November 25, 2009	Common stock	1,363	40.00	September 30, 2009	December 18, 2009

(2) Dividends, whose base date was in the consolidated fiscal year ended March 31, 2010, and the effective date of which will be in the year ending March 31, 2011

Resolution	Type of shares	Dividend resource	Total dividends (million yen)	Dividends per share (Yen)	Base date	Effective date
Meeting of Board of Directors held on June 7, 2010	Common stock	Retained earnings	1,366	40.00	March 31, 2010	June 18, 2010

Notes to Financial Instruments

1. Status of financial instruments

The DYNAM Group's fund management is primarily limited to deposits, excluding certain securities, and it raises funds through borrowings from banks and other financial institutions.

Securities are exchangeable bonds, which are held because of business relationships with the issuers of such securities. Most investment securities are stocks, which are also held because of business relationships with the issuers of such securities. The fair value of the above instruments, which are exposed to risks of fluctuations in market prices, is reported to management on a regular basis.

Short-term loans payable are primarily used as working capital, and long-term loans payable are used as funds for capital spending. To avoid adverse fluctuations in interest rates and to fix interest expenses, the Group uses interest rate swaps transactions for certain long-term loans payable as hedging. In accordance with the internal control rules, the approval of the Board of Directors is obtained when derivatives transactions are executed. Moreover, to reduce credit risks, the Group only enters into such transactions with financial institutions with high credit ratings.

2. Fair value of financial instruments

The following table indicates the amount recorded in the consolidated balance sheets, the fair value and the difference as of March 31, 2010 (the settlement date for the consolidated fiscal year under review).

(Unit: million yen)

	Amount recorded in the consolidated balance sheets (*)	Fair value (*)	Difference
(1) Cash and deposits	23,290	23,290	—
(2) Securities			
Available-for-sale securities	389	389	-
(3) Investment securities			
Available-for-sale securities	167	167	-
(4) Short-term loans payable	(4,500)	(4,500)	-
(5) Current portion of long-term loans payable	(19,489)	(19,489)	-
(6) Current portion of bonds	(3,040)	(3,040)	-
(7) Bonds	(740)	(737)	-2
(8) Long-term loans payable	(28,427)	(27,969)	-457
(9) Derivatives transactions	(10)	(10)	-

(*) Figures presented in brackets are those recorded in liabilities.

(Note 1) Method of calculation of the fair value of financial instruments and matters relating to securities and derivative transactions

(1) Cash and deposits

The fair value is calculated based on the book value as these assets are settled within a short time and the fair value is almost equal to the book value.

(2) Securities

The fair value of bonds is based on the prices indicated by financial institutions from which the bonds were acquired.

(3) Investment securities

The fair value of stocks and securities is determined using the prices quoted on the stock exchange.

(4) Short-term loans payable, (5) Current portion of long-term loans payable, and (6) Current portion of bonds

The fair value is calculated based on book value, as these assets are settled within a short time and the fair value is almost equal to the book value.

(7) Bonds

The fair value of bonds issued by the DYNAM Group is calculated based on the value estimated by discounting the total principal and interest, using discount rates which would be applicable for the issuance of similar new bonds.

(8) Long-term loans payable

The fair value of long-term loans payable is calculated based on the value estimated by discounting the total principal and interest, using discount rates that would be applicable for similar new borrowings. The fair value of long-term loans payable with variable interest rates, to which the special treatment of interest rate swaps are applied, is calculated based on the value estimated by discounting the total principal and interest that take into account the effects of the relevant interest rate swaps, using reasonably estimated discount rates that would be applicable for similar new borrowings.

(9) Derivatives transactions

Derivatives transactions, to which the special treatment of interest rate swaps are applied, are treated as part of hedged long-term loans payable. For this reason, their fair values are included in the fair value of the relevant long-term loans payable. The fair value of derivatives transactions to which the principle treatment is applied is based on the prices indicated by the relevant financial institutions.

(Note 2) Unlisted stocks of 90 million yen recorded in the consolidated balance sheets are not included in “(3) Investment securities, Available-for-sale securities” as it is deemed difficult to measure the fair value of such stocks because they are nonmarketable and future cash flows cannot be estimated.

(Additional information)

Effective from the consolidated fiscal year under review, the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10 issued on March 10, 2008) and the “Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19 issued on March 10, 2008) have been applied.

Notes to Business Combination

(Acquisition of companies through the stock acquisition)

1. Names and businesses of companies acquired, main reasons for the business combination, the business combinations date, legal format of the business combination, names of the companies after the business combination, the ratio of voting rights acquired, and the principal factors that made the Group decide to acquire the companies

(1) Names and businesses of the companies acquired

Names of the companies acquired	Details of businesses
Kinkai Shoji Ltd. Daikokuten Co., Ltd.	Management pinball game halls

(2) Main reasons for the business combination

Kinkai Shoji Ltd.	Expansion of the pinball game business in Fukushima City
Daikokuten Co., Ltd.	Expansion of the pinball game business in Yamanashi Prefecture

(3) Business combinations date

Kinkai Shoji Ltd.	April 1, 2009
Daikokuten Co., Ltd.	December 1, 2009

(4) Legal format of the business combination

Kinkai Shoji Ltd.	Stock acquisition
Daikokuten Co., Ltd.	Stock acquisition

(5) Names of the companies after the business combination

Unchanged

(6) Ratio of voting rights acquired

Kinkai Shoji Ltd.	100%
Daikokuten Co., Ltd.	100%

(7) Main factors that made the Group decide to acquire the companies

The Company acquired the relevant stocks in cash.

2. Fiscal year of the acquired companies that are included in the consolidated financial statements

Kinkai Shoji Ltd.	From April 1, 2009 to March 31, 2010
Daikokuten Co., Ltd.	From January 1, 2010 to March 31, 2010

3. Acquisition costs of the acquired companies and their details

Kinkai Shoji Ltd.	Acquisition consideration	Cash	1,000	million yen
	Expenses directly required for the acquisition		45	million yen
	<hr/>		Acquisition costs	1,045
Daikokuten Co., Ltd.	Acquisition consideration	Cash	350	million yen
	Expenses directly required for the acquisition		9	million yen
	<hr/>		Acquisition costs	359

4. Amount of negative goodwill incurred, reasons for recording negative goodwill, the method and the term of amortization

(1) Amount of negative goodwill

Kinkai Shoji Ltd.	517 million yen
Daikokuten Co., Ltd.	195 million yen

(2) Reasons for recording negative goodwill

Because net assets at market value at the time of the business combination exceeded acquisition costs, the Company recognized the above difference as negative goodwill.

(3) Method and the term of amortization

As a result of the early application of the Accounting Standard for Business Combinations (ASBJ Statement No. 21 on December 26, 2008), negative goodwill was recorded as profits for the consolidated fiscal year when negative goodwill took place.

5. Assets and liabilities received on the business combination date and their details

Kinkai Shoji Ltd.			Daikokuten Co., Ltd.		
Assets			Assets		
Current assets	1,022	million yen	Current assets	146	million yen
Noncurrent assets	1,094	million yen	Noncurrent assets	1,078	million yen
<hr/>		Total assets	<hr/>		Total assets
	2,116	million yen		1,225	million yen
Liabilities			Liabilities		
Current liabilities	546	million yen	Current liabilities	670	million yen
Noncurrent liabilities	6	million yen	Noncurrent liabilities	-	million yen
<hr/>		Total liabilities	<hr/>		Total liabilities
	553	million yen		670	million yen

6. Estimated amount that would have impacted on the consolidated statements of income for the consolidated fiscal year under review, assuming that the business combination was completed on the first date of the consolidated fiscal year under review

Because the impact on the consolidated statements of income was negligible, the presentation of the details was omitted.

(Note) The Company did not obtain an audit certificate for the calculation of the above estimated amount.

Notes to Amounts per Share

1. Net assets per share	¥2,173.59
2. Net income per share	¥393.99

Notes to Significant Subsequent Events

(Guarantees)

At the extraordinary meeting of the Board of Directors held on March 24, 2010 and the meeting of the Board of Directors held on March 25, 2010, the Company resolved that it would guarantee borrowings of DYNAM Co., Ltd. from financial institutions. Consequently, it concluded guarantee agreements with the financial institutions on April 20, 2010.

Guarantees

Total amount	103,000 million yen
Balance of loans payable as of March 31, 2010	41,856 million yen