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)

Interim Report 2015

Stock Code: 06889

* For identification purpose only

Contents

株式会社ダイナムジャパンホールディングス (DYNAM JAPAN HOLDINGS Co., Ltd.*) (the "Company", together with its subsidiaries, the "Group") was incorporated under Japanese law, which differs from Hong Kong law in certain respects. Loss or destruction of share certificates can have serious implications under Japanese law on a shareholder's ability to sell his/her shares, rights to vote and rights to receive dividend payments. Shareholders of the Company (the "Shareholders") holding shares of the Company (the "Shares") in his/her own names (instead of holding through CCASS) are strongly advised to refer to the section headed "Material Shareholders' Matters under Japanese law" on the Company's website at **http://www.dyjh.co.jp and/ or seek independent professional advice.**

* *For identification purpose only*

Corporate **Philosophy**

‡

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.

‡

Three Principles of Actions

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

The DYNAM Group takes decisive actions and values team work.

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

FIVE MANAGEMENT POLICIES

1

Principle of Customers First

The DYNAM Group always adopts the principle of customers first,and acts accordingly

2

Information Disclosure

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

3

Chain Store Management

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

4

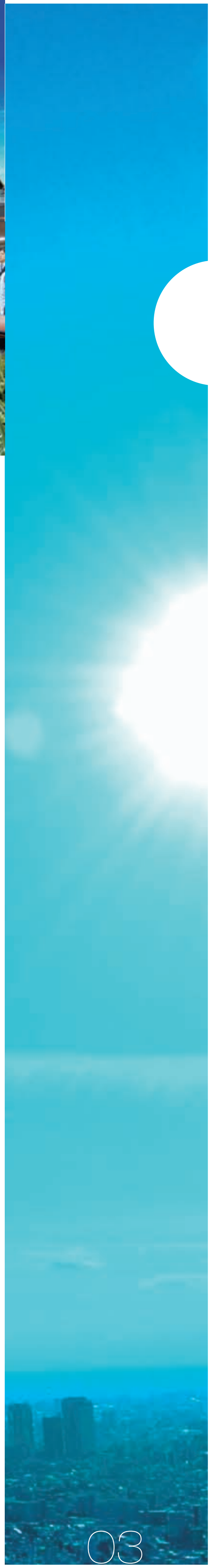
Training of Human Resources

The DYNAM Group trains human resources and uses their collective energy

5

Social Contribution

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



Top Management and **Committees**

Executive Directors

Kohei SATO *(Chief Executive Officer) (also appointed as the Chairman of the Board on 24 June 2015)*
Yoji SATO *(appointed as the Senior Corporate Advisor of the Board on 24 June 2015)*
Haruhiko MORI *(appointed on 24 June 2015)*

Non-executive Director

Noriaki USHIJIMA

Independent Non-executive Directors

Ichiro TAKANO
Mitsutoshi KATO
Thomas Chun Kee YIP
Eisho KUNITOMO *(appointed on 24 June 2015)*
Kei MURAYAMA *(appointed on 24 June 2015)*
Katsuhide HORIBA *(retired on 24 June 2015)*
Yukio YOSHIDA *(retired on 24 June 2015)*

Authorised Representatives

Mitsutoshi KATO
Ming Wai MOK

Audit Committee

Ichiro TAKANO *(Chairman)*
Thomas Chun Kee YIP
Eisho KUNITOMO *(appointed on 24 June 2015)*
Yukio YOSHIDA *(retired on 24 June 2015)*

Remuneration Committee

Mitsutoshi KATO *(Chairman) (appointed on 24 June 2015)*
Kohei SATO *(appointed on 24 June 2015)*
Kei MURAYAMA *(appointed on 24 June 2015)*
Yoji SATO *(retired on 24 June 2015)*
Katsuhide HORIBA *(retired on 24 June 2015)*

Nomination Committee

Mitsutoshi KATO *(Chairman) (appointed on 24 June 2015)*
Kohei SATO *(appointed on 24 June 2015)*
Kei MURAYAMA *(appointed on 24 June 2015)*
Yoji SATO *(retired on 24 June 2015)*
Katsuhide HORIBA *(retired on 24 June 2015)*

Corporate **Information**

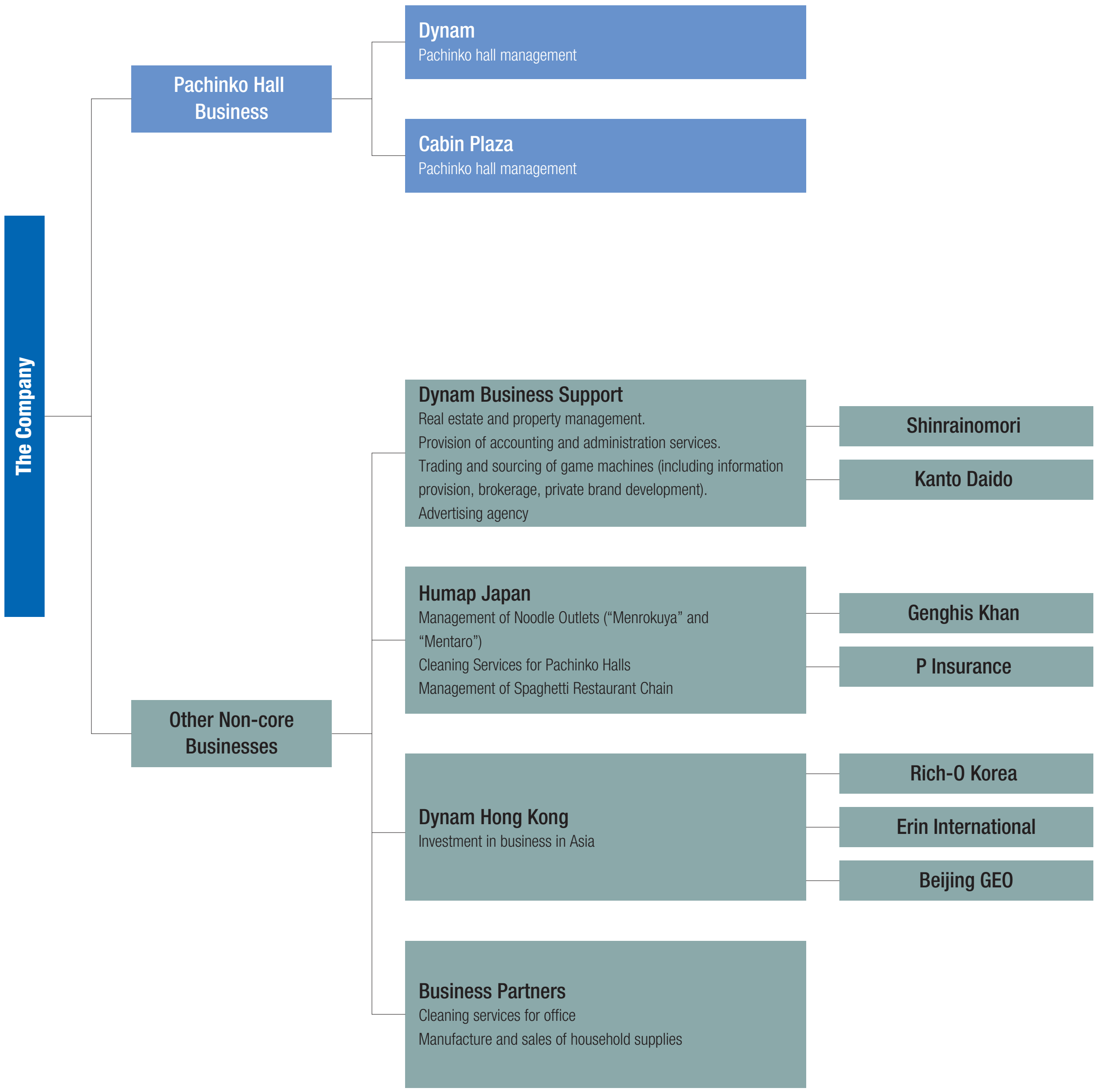
Headquarters and Registered Office	2-25-1-702 Nishi-Nippori Arakawa-ku Tokyo, 116-0013 Japan
Principal Place of Business in Hong Kong	Unit A1, 32nd Floor, United Centre 95 Queensway, Admiralty Hong Kong
Corporate Website	www.dyjh.co.jp
Investor Relations	E-mail: info@dyjh.co.jp
Stock Code	06889
Joint Company Secretaries	Norio HARASAWA Ming Wai MOK, *FCIS FCS*
Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712–1716 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
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	PricewaterhouseCoopers Aarata *(Certified Public Accountants)*
Principal Bankers	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation
Investor and Media Relations Consultant	Strategic Financial Relations Limited

Our Group **Organization**

OUTLINE OF THE GROUP

The Company is a holding company which directly holds shares of 6 subsidiaries.

As at 30 September 2015



PACHINKO HALL OPERATION AS OUR CORE BUSINESS

Largest Pachinko Hall Operator in Japan

The Company is a holding company which directly holds shares of 6 subsidiaries including the largest pachinko hall operator Dynam. The Group operates the largest pachinko hall chain in Japan as the core business.

The Group operates the industry's largest pachinko hall network with 400 halls as at the end of September 2015.

Pachinko Game Play Summary

Pachinko is one of the most popular forms of entertainment in Japan.

Pachinko and pachislot machines

Pachinko halls offer two types of machines: pachinko and pachislot.

Pachinko resembles a pinball machine stood vertically. Small metal pachinko balls are shot continuously toward the playing field of the machine. Several pachinko balls can be earned when a pachinko ball falls into a pocket. Gameplay costs generally range from ¥0.5 to ¥4 per ball.

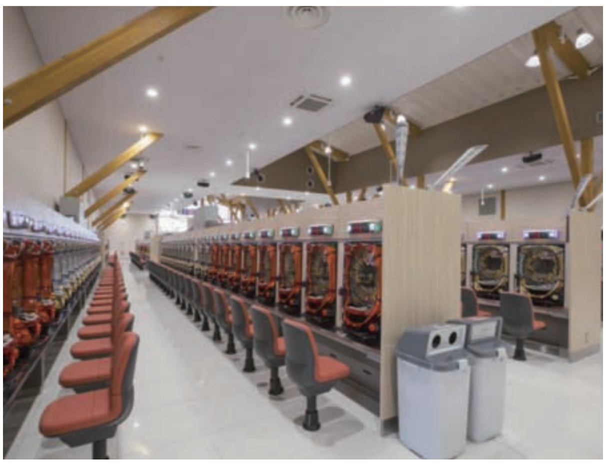
Pachislot is similar to the slot machines found in a casino. Inserting a token and hitting a lever rotates a reel — a spinning body on which images are displayed. Once the reel stops, the player can earn more tokens if the reel images are aligned. Gameplay costs generally range from ¥5 to ¥20 per token.

The customer borrows pachinko balls or pachislot tokens to play. Earned balls and tokens can be exchanged for prizes or recorded electronically on a member card to be used during a future visit.

Prizes

There are two types of prizes that can be exchanged for pachinko balls and pachislot tokens: general prizes and G-prizes. General prizes include household goods, snacks, tobacco and other goods typically sold at a convenience store. G-prizes include small decorated cards containing gold or silver on the inside as well as gold or silver pendants in the shape of a token.

The Group offers 1,000 different types of prizes and also provides a service that allows customers to select a desired prize from a catalog. The Group also holds various seasonal prize campaigns for festivals like Christmas and Halloween. The Group will continue to incorporate new products and popular items in order to improve service to our customers.



Prize display area

Financial **Highlights**

	Six months ended 30 September			
	2015 (unaudited)		2014 (unaudited)	
	(in millions)			
	¥	**HK$**	¥	HK$
Gross pay-ins	**417,104**	**26,945**	425,297	30,163
Less: gross payouts	**(341,261)**	**(22,045)**	(344,615)	(24,441)
Revenue	**75,843**	**4,899**	80,682	5,722
Hall operating expenses	**(68,855)**	**(4,448)**	(64,791)	(4,595)
General and administrative expenses	**(2,738)**	**(177)**	(2,383)	(169)
Other income	**3,644**	**235**	3,549	252
Other operating expenses	**(511)**	**(33)**	(990)	(70)
Operating profit	**7,383**	**477**	16,067	1,140
Finance income	**275**	**18**	1,028	73
Finance expenses	**(335)**	**(22)**	(2,366)	(168)
Profit before income taxes	**7,323**	**473**	14,729	1,045
Income taxes	**(2,539)**	**(164)**	(5,693)	(404)
Net profit for the period	**4,784**	**309**	9,036	641
Net profit attributable to:				
Owners of the Company	**4,784**	**309**	9,040	641
Non-controlling interests	**(0)**	**(0)**	(4)	(Δ)
	4,784	**309**	9,036	641
Earnings per Share				
Basic	**¥6.44**	**HK$0.4**	¥12.17	HK$0.9
Diluted	**¥6.44**	**HK$0.4**	¥12.17	HK$0.9
EBITDA(*)	**13,170**	**851**	21,522	1,526

Δ: Less than HK$0.5 mill.

* EBITDA is defined as earnings before finance costs, taxation, depreciation, amortisation, net foreign exchange gain or loss and fair value gain or loss on financial assets at fair value through profit or loss.

	30 September 2015 (unaudited)		31 March 2015 (audited)	
		(in millions)		
	¥	HK$	¥	HK$
Non-current assets	**132,480**	**8,558**	132,213	8,524
Current assets	**45,373**	**2,931**	48,723	3,141
Current liabilities	**29,235**	**1,889**	31,380	2,023
Net current assets	**16,138**	**1,043**	17,343	1,118
Total assets less current liabilities	**148,618**	**9,601**	149,556	9,643
Non-current liabilities	**18,796**	**1,214**	14,503	935
Total equity	**129,822**	**8,386**	135,053	8,707

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. ¥15.48 to HK$1.00, the exchange rate prevailing on 30 September 2015 (i.e. the last business day in September 2015).

2. ¥14.10 to HK$1.00, the exchange rate prevailing on 30 September 2014 (i.e. the last business day in September 2014).

3. ¥15.51 to HK$1.00, the exchange rate prevailing on 31 March 2015 (i.e. the last business day in March 2015).

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.

Top **Message**

Aiming for Sustainable Growth

Kohei SATO
Chairman of the Board and
Chief Executive Officer

Aiming for Sustainable Growth under a New Management Team

I would like to open this message by expressing my heartfelt appreciation to all of the Group's stakeholders, including our Shareholders and other investors, for your continuous support and understanding.

In June 2015, the Company implemented changes in Directors and other important positions and I was appointed as Chairman of the Board and remained as Chief Executive Officer of the Company. I previously served as Representative Director and President of the Company's subsidiary Dynam. In this role, I was responsible for operating the nationwide chain store network of pachinko halls in Japan, and for the overall management of Dynam. Taking full advantage of this experience, I will now lead the entire Group.

We have also strengthened the management team of Dynam. Four directors, who joined Dynam as new graduates from university and have worked in various departments, including the operational front line at our pachinko halls, have been appointed from employees, making up half of Dynam's eight Directors. We believe that leading by directors of Dynam who are well versed in the operational front line will strengthen Dynam's management team.

In order to consistently achieve sustainable growth, companies must constantly put new frameworks in place according to changes in the business environment. At the same time, it is extremely crucial for companies to allow new generations of personnel to replace older generations in management as well as at every employee level. Under a new management team, the Group will continue working to achieve sustainable growth.

Executing Chain Store Management

The Group has advocated chain store management as one of its management policies. We have consistently executed business management based on our theory of chain store operations. At present, the Group continues to achieve low-cost operations by creating economies of scale through multiple-hall development in tandem with increasing hall numbers by opening new pachinko halls and merging other pachinko firms into Group companies. In the process, we are working to steadily accumulate profits over the medium and long terms.

As part of these activities, the Company concluded a share exchange agreement on 24 September 2015 with Yume Corporation, pursuant to which the Company becomes the parent company of Yume Corporation and thereby Yume Corporation becomes a wholly-owned subsidiary of the Company. Yume Corporation operated a nationwide chain of 39 pachinko halls as of the end of September 2015. On 1 November 2015, Yume Corporation joined the Group. With this move, the Group increased its number of pachinko halls to 439 as of 26 November 2015. Going forward, we will pursue synergies between both companies as we execute chain store management leveraging greater economies of scale than ever.

Top **Message**

Achieving Our Vision and Cultivating New Business Fields

Pachinko has become well established in Japanese society as one of Japan's most popular and widely enjoyed pastimes.

In this environment, our vision is to reinvent pachinko as a genuine public entertainment that everyone can enjoy by operating pachinko halls as the Group's core business. Guided by this vision, we seek to achieve sustainable business growth. To achieve this vision, the Group must further solidify its position as the pachinko industry's leading company. We will do so by collaborating with various companies in our industry who share the same ambitions as ours, while striving to increase our market share and spur our development.

In recent years, the pachinko industry has been impacted by a decline in individual consumer sentiment. The industry is rapidly splitting into two groups: companies that can have an abundance of funds to open new pachinko halls, and those that cannot do so. In addition, the number of pachinko machines has remained constant even as the number of pachinko halls continues to inexorably decline. This has led to a situation in which some pachinko halls become increasingly larger as smaller pachinko halls go out of business.

Under these industry conditions, the Company listed its shares on the Main Board of the Stock Exchange in August 2012 and this year is the 4th year since our stock listing. Moreover, in April 2015, NIRAKU GC HOLDINGS, INC. became the second company in our industry to list its shares on the Stock Exchange. If these stock listings lead to a steady string of initial public offerings by other pachinko hall operators, we could see more operators making use of merger and acquisition ("M&A") schemes including share exchange. This, in turn, could lead to further consolidation of approximately 3,700 pachinko hall operators currently in Japan.

In this manner, an environment conducive to industry realignment is now taking shape in the pachinko industry. We believe that this shift in the management environment will work to the Group's advantage as we are an enterprise focused on practising chain store management. Yume Corporation joining the Group is one example of these developments. The Group will continue to increase its share of the pachinko industry by opening pachinko halls and merging other pachinko firms into the Group.

Moreover, we are working to engage in the resort development business, which we see as a new business that will underpin the Group's sustainable growth in the future, in addition to the pachinko hall operation business. As part of these efforts, we set up a specialized resort development division in the first half of the fiscal year ending March 2016.

The Group also possesses experience and knowledge in the areas of pachinko hall operation and customer service. We have been continuously recruiting and training a certain number of people every year, centered on university graduates since 1989. We believe that our wealth of human resources will also give us an advantage in commercializing resort development.

Pachinko Halls Will Take the Lead in Building Stronger Relationships of Trust with Customers and Local Communities

Building stronger relationships of trust with a broad cross-section of society, including customers visiting our pachinko halls and people of the communities where our pachinko halls are located, is vital to ensuring the Group's sustainable growth over the long term. That is why we have established the Principle of Customer First and Social Contribution as part of our management policies.

Conforming to the above, we have developed frameworks for incorporating proposals from pachinko hall staff, who are in daily contact with our customers, into our services. Our staff from the operational frontline takes the lead in improving services. Our pachinko halls, the front line of our operations, are the starting point for improving our services to customers. We will continue to operate pachinko halls so as to deliver the utmost customer satisfaction at all of our nationwide halls.

Our pachinko halls are also proactively building stronger relationships with people of their communities mainly through participating in events and clean-up activities held by local communities, as well as charitable activities. Additionally, the operational front line and head office are working in unison to solve social issues such as addiction to pachinko and pachislot (i.e. getting absorbed) and the problem of children being left unattended in parked vehicles*, so that the Group is continuously remaining as a company that is widely trusted by society.

The Group will celebrate its 50th founding anniversary in the year 2017, which will mark a major milestone in its history. Looking ahead to the next 50 years, the Group will continue to cultivate trust and dreams in line with our corporate philosophy, as we seek to achieve sustainable growth.

Kohei SATO
Chairman of the Board and
Chief Executive Officer

26 November 2015

* The problem of leaving children unattended in parked vehicles in parking lots by customers driving to pachinko halls.

At a **Glance**

Industry Position

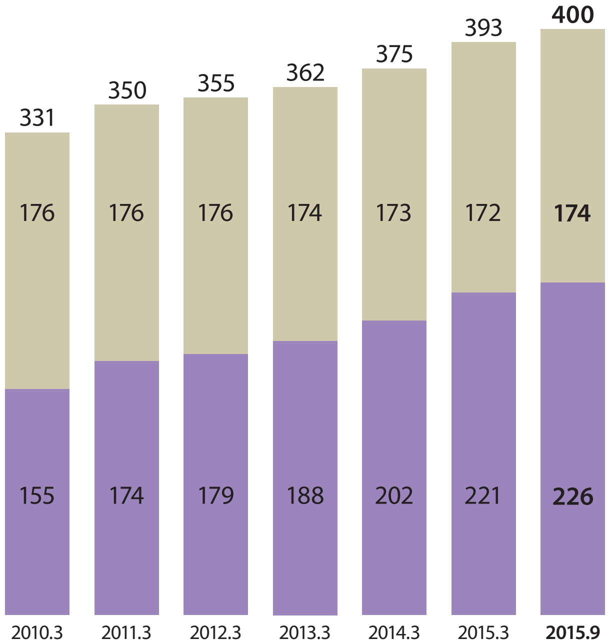
No.1

The Group is the pachinko industry's leading company in terms of the number of pachinko halls.

Number of halls

400

As of 30 September 2015



Operation of two hall types centered on low playing cost games

The Group operates two types of halls with different gaming costs, centered on promoting low playing cost games.

The Group has increased the number of its halls to 439 as of 26 November 2015 after Yume Corporation joined the Group on 1 November 2015.

High playing cost halls

Main hall brand: DYNAM

Most machines are high playing cost machines and smoking is allowed in the halls. This hall type includes two halls operated by Cabin Plaza.

Low playing cost halls

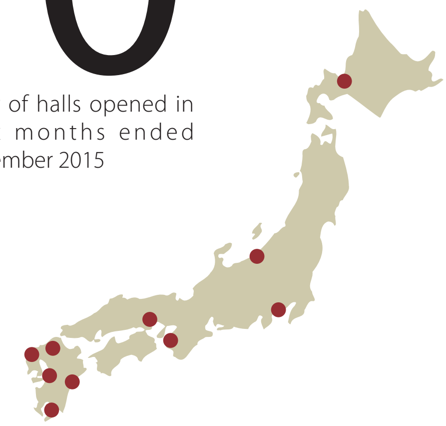
Main hall brand: DYNAM *Yuttari Kan* /
DYNAM *Shinrai no Mori*

Mainly low playing cost machines and a wide selection of general prizes are complete. This hall type includes Yuttari Kan, where smoking is allowed in the halls, Shinrai no Mori, where smoking is not allowed except in designated areas, and seven halls operated by Cabin Plaza.

Number of new halls

10

Number of halls opened in the six months ended 30 September 2015

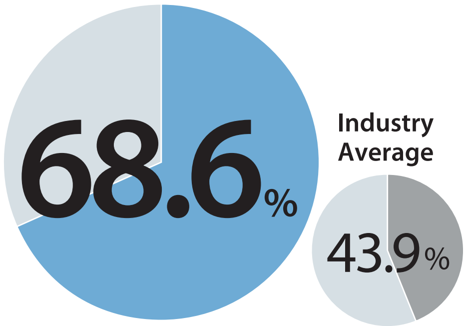


In the six months ended 30 September 2015, we opened 2 high playing cost halls and 8 low playing cost halls. In addition, we closed 3 low playing cost halls in line with a change in our business areas. As a result, we had a total of 400 halls in operation as of 30 September 2015.

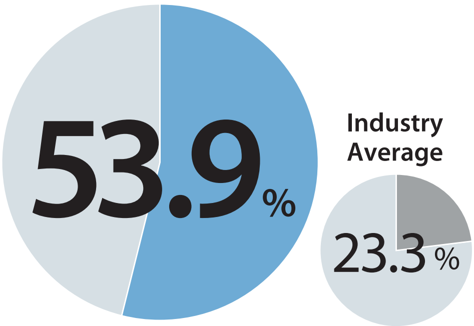
We operate 174 high playing cost halls and 226 low playing cost halls, with low playing cost halls making up the majority at 57% of the total number of halls as of 30 September 2015.

Proportion of Low Playing Cost Machines to Total Number of Machines

Pachinko



Pachislot



Source: P-World Insights Corporation

Customer needs have been gradually shifting toward enjoying gaming as time consumption type leisure rather than primarily gaming as a means of winning prizes. In this environment, the Group has been shifting its emphasis to low playing cost games.

As of 30 June 2015, the Group's low playing cost pachinko machines represented 68.6% of its total number of machines, compared with the national average of 43.9%. The proportion of halls featuring low playing cost machines is 100%, meaning that we have installed low playing cost machines at all of our halls.

Going forward, we will continue to drive the expansion of low playing cost operation under our vision of reinventing pachinko as a genuine public entertainment that everyone can enjoy.

Number of Group Employees

16,835

According to research conducted by the Pachinko Trustee Board*, the pachinko industry plays a major role in job creation in Japan with an industry-wide workforce of 310,000 employees, which is approximately 1.5 times larger than the combined number of employees of Japan's top ten automotive companies**. As of 30 September 2015, the Group had a workforce of 16,835 employees. The Group's creation and retention of these jobs has helped to enhance its recognition from society.

Moreover, since 1989, when the Group began opening halls outside the Tokyo metropolitan area, the Group has continuously recruited a certain number of people every year as management candidates, centered on university graduates. Those employees have performed well in their respective positions, and have become crucial business resources underpinning the Group's sustainable growth.

* An organization comprising third-party experts and specialists from outside the pachinko industry that aims to improve the social standing of pachinko hall management companies. The purpose of the organization is to establish a framework for managing pachinko halls that can engender public trust and provide reassurance to society.

**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.

Business Overview

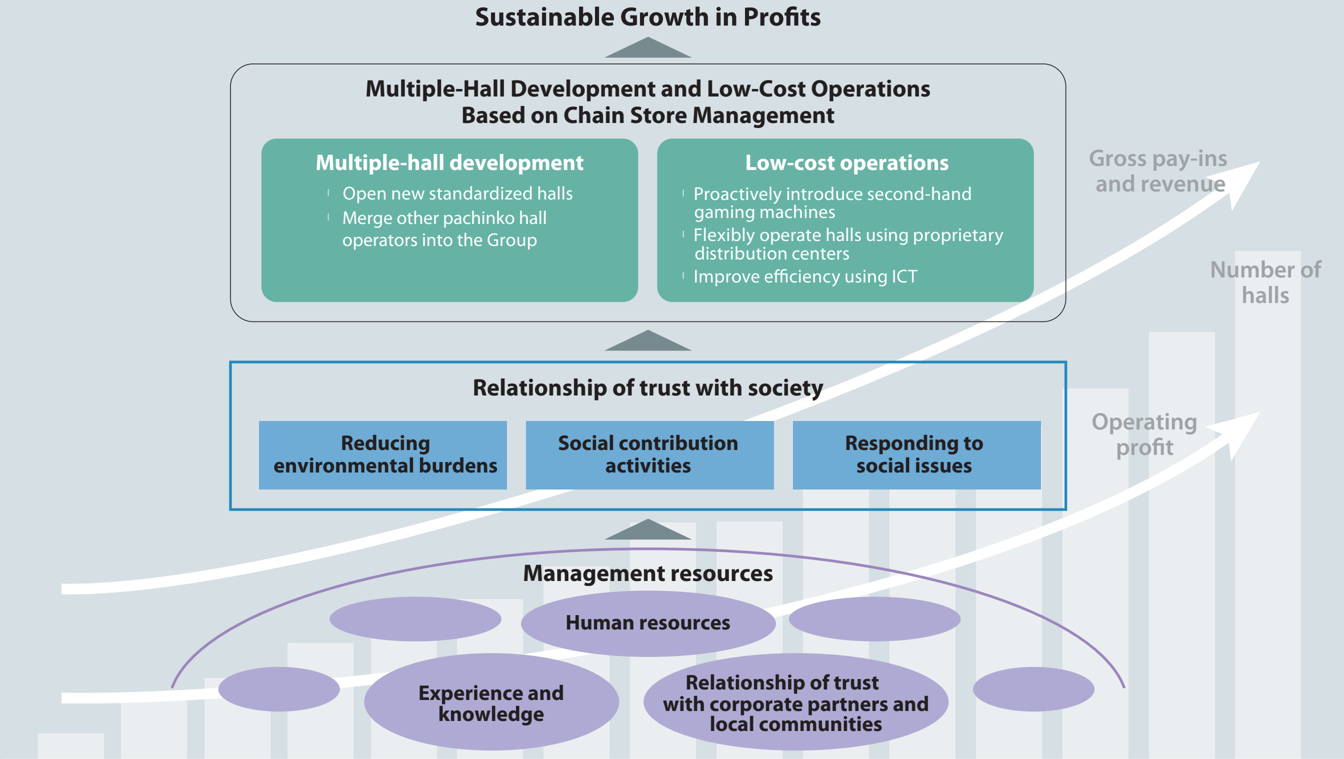
Chain Store Management and Growth Strategy of the Group

As the top leader in terms of hall numbers, the Group aims for sustainable growth over the long term by implementing chain store management, which is one of our five management policies. Two strategies are crucial to chain store management: multiple hall development and low-cost operations centered on low playing cost games.

Low playing cost games are designed to entertain customers without imposing a significant cost burden on them. Costs for users are reduced by setting ¥1-per-ball and ¥5-per-token games (as opposed to conventional ¥4-per-ball and ¥20-per-token games). These low playing cost games are also becoming popular at other pachinko companies.

Nevertheless, while low playing cost games lead to increased customer numbers and visit frequency as well as acquisition of a new customer base, there is also a risk of decreased profitability at pachinko halls. Therefore, in order to implement low playing cost games, innovation and expertise are needed to ensure low-cost operations in every aspect of the business, from new hall development to hall operation.

The Group is able to achieve low-cost operations by reaping the benefits of economies of scale in purchasing game machines and general prizes and other aspects of the business through its multiple-hall model. Accordingly, the Group is in a strong and advantageous position to develop the pachinko hall operation business.



Multiple-hall development

Multiple-hall development with the opening of new standardized halls and M&A

Based on its theory of chain store operations, the Group is opening new halls centered on low playing cost halls, while standardizing the format of those halls. At the same time, the Group will through M & A increase the number of its halls.

Low-cost operations

Reaping economies of scale to realize low-cost operations

The Group has used second-hand gaming machines, established distribution centers and leveraged ICT to streamline hall operations and optimize major costs such as gaming machine and personnel expenses, which account for approximately 60% of hall operating expenses. By reaping the benefits of the economies of scale through multi-hall development, the Group aims to steadily accumulate profits.

Relationship of trust with society

Relationship of trust with society supporting sustainable development

The Group's halls have taken the lead in promoting various initiatives for strengthening the Group's relationship of trust with society.

Management resources

Management resources supporting sustainable development

The Group's human resources, experience and knowledge, and relationship of trust with corporate partners, land owners and local communities are management resources supporting sustainable development over the long term.

Multiple-hall development

The Group is implementing multiple-hall development based on its theory of chain store operations by opening new standardized halls and merging other pachinko hall operators into the Group to drive an increase in the number of halls.

Opening new standardized halls

The Group is controlling its initial opening costs by standardizing hall types and concentrating on opening halls in smaller populated regional areas. At the same time, the Group is reaping the benefits of the economies of scale of multiple-hall development to limit purchasing cost of gaming machines and general prizes.

Standardized hall (exterior)

Standardized hall (interior)

Targeting small business areas with 30,000 to 50,000 residents

The Group is promoting a suburban strategy of hall development, targeting small regional business areas with 30,000 to 50,000 residents to open new halls.

Standardizing installation number of 480 game machines

Having standardized the interior layout of the halls, the Group has set 480 gaming machines as the standard installation number for the pachinko and pachislot halls. This has enabled the Group to cut down on initial investments, by reducing the cost and period of construction.

Wood-frame halls on land leased for 20 years

As a rule of thumb, the Group constructs wood-frame halls on land leased for 20 years to avoid excessive investment in land purchases, and so that it can easily scrap the halls if market conditions change in the future. This also minimizes loss on retirement of assets because fixed-asset depreciation will be almost completed by the time the land lease expires in 20 years.

Merging other pachinko hall operators into the Group

Making the most of its advantage as a listed company, the Group is implements schemes such as share exchanges to merge other pachinko hall operators into the Group and expand its network of halls.

FOCUS

Share Exchange Agreement with Yume Corporation

The Company concluded a share exchange agreement on 24 September 2015 with Yume Corporation, pursuant to which the Company become parent company of Yume Corporation and thereby Yume Corporation becomes the wholly-owned subsidiary of Yume Corporation. On 1 November 2015, Yume Corporation officially joined the Group.

Yume Corporation is a leading company among Japan's approximately 3,700 pachinko hall operators. It had a nationwide network of 39 halls, operated under "Yumeya" brand as of 30 September 2015. As the two companies committed to chain store management, the Group and Yume Corporation (we) will maximize the management resources we have developed and work together to increase our number of halls and industry market share as a Group.

Details of Shares Allotted in the Share Exchange

Company name	The Company (wholly owning parent company)	Yume Corporation (wholly-owned subsidiary)
Share exchange ratio*	1	3.466
Shares issued in the share exchange	38,805,336 ordinary shares of the Company	

* The Company issued new Shares to the shareholders of Yume Corporation at a ratio of 3.466 shares of the Company per one share of Yume Corporation.

Yume Corporation

Date of incorporation	14 December 1970
Capital stock	¥50 million (as of 30 September 2015)
Number of halls	39 (as of 30 September 2015)

Business **Overview**

Low-cost operations

The Group is enjoying economies of scale to steadily accumulate revenues and profits. To this end, the Group has used second-hand gaming machines for efficient hall development, established distribution centers, and utilized ICT systems to optimally control the operating cost of its halls.

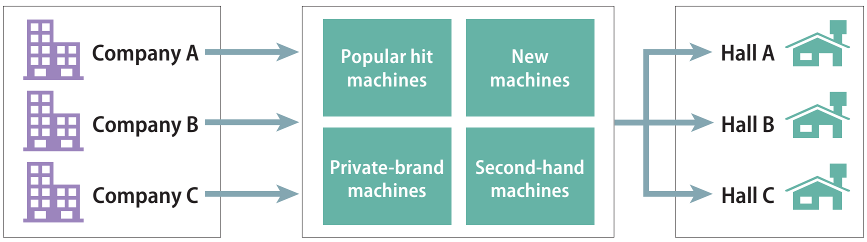
Using second-hand gaming machines and establishing distribution centers

The Group boasts a balanced installation of not only the newest and most popular hit models of gaming machines, but also an array of second-hand ones procured at low cost in its halls.

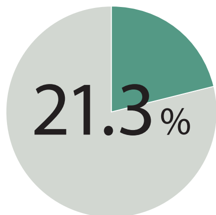
To control machine expenses (the procurement cost of gaming machines), the Group has established 16 distribution centers throughout Japan, each of which covers the logistical needs and facilitates the sharing of gaming machines among 20 to 30 halls. The gaming machines installed in the halls are centrally managed according to coverage area by these distribution centers. The centers help the Group to flexibly manage the lineup of gaming machines in the halls while reducing the transportation overhead.

Interior of a distribution center

Optimization of Hall Operating Costs by use of Private-Brand and Second-hand Gaming Machines



Procurement Ratio of Second-Hand Machines in installed number



Six months ended 30 September 2015

Use of ICT systems

The Group has installed an individual ball counter system to manage the number of pachinko balls and pachislot tokens that come out of each gaming machine in the halls. This serves to improve staff's productivity and reduce personnel expenses in the halls by saving the customers time keeping track of their win and streamlining the work of hall staff.

Apart from that, ICT systems are applied strategically to streamline and reduce the cost of corporate functions including hall management, the formulation of marketing strategies, personnel administration, and accounting.

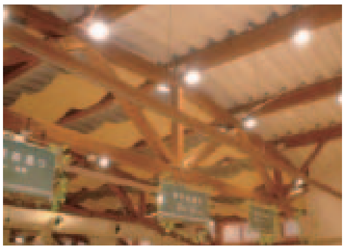
Deepening Relationships of Trust with Society

Building stronger relationships of trust with a broad cross-section of society, including members of the communities where our pachinko halls are located, is vital to ensuring the Group's sustainable growth over the long term. The Group's halls are taking the lead engaging in various initiatives for deepening their relationships of trust with society.

Environment

Power and energy conservation

The Group is implementing measures to conserve energy and reduce costs that include optimally controlling the thermostat settings of air conditioning equipment, the introduction of LED lighting, and switching off unnecessary electric power.



LED lighting within a hall

Reduction and recycling of wastes

As a member of the Yugiki Recycle Kyokai*, the Group sees to the proper end-disposal of gaming machines by recycling the reusable parts and materials through this industry association.

* an industry organization for the proper end-disposal of pachinko and pachislot machines

Society

Social contribution activities

Aside from eagerly participating in cleaning activities and other local community events throughout Japan, the Group has continued to donate some of general prizes to social welfare institutions.

Cleaning activities

Installation of AEDs

The Group has installed automated external defibrillators (AEDs) in its halls throughout Japan to provide customers with a safe environment in which they can be at peace enjoying their game.

An AED installed in a hall

Responding to social issues

Measures against gaming addiction

To counter addiction to pachinko and pachislot becoming a social issue, the Group has launched various initiatives including efforts to reduce the financial burden, to increase the enjoyment of the games and to launch campaign for warning the public against gaming addiction.

In addition, the Group supports non-profit organizations that were established with the goal of resolving the issue of addiction and has a training program to educate its employees on gaming addiction.

Resolving the problem of children left unattended in parked vehicles

Accidents triggered as a consequence of pachinko hall customers leaving their children unattended for long hours in parked vehicles have become a social problem in Japan. The Group is building a management framework to prevent them from happening, involving posters, banners and public announcements as a reminder to customers, in addition to patrolling the parking lots once every 30 minutes.

A parking lot patrol

The Group's Management Resources for Supporting Chain Store Management

The Group aims to achieve sustainable development over the long term by using our management resources that include personnel, experience and knowledge, and the relationship of trust with corporate partners, land owners and local communities.

Maintaining a sound financial condition

The Group has maintained a strong financial condition and sound management on the basis of having steadily accumulated profit over the course of many years. Furthermore, the Group has set forth a rigorous review standard that only new halls with a solid income outlook are approved.

As a result, the Group has a high credit capability among financial institutions. The Group as a whole had secured access to over ¥60 billion in loans as of 30 September 2015, mainly from major mega-banks in Japan and their commitment lines, and is capable of raising funds flexibly.

Know-how for opening halls both efficiently and effectively

The Group has established a specialized department being responsible for a series of development projects for new halls. This department selects numerous locations from among local populated regions and narrows down the number of potential locations for opening new halls based on the Group's review standard. It also conducts on-site surveys to confirm the information which cannot be ascertained from maps to decide on the locations.

Building up these specialized knowledge and experiences enables the Group to open new halls both efficiently and effectively.

Building relationships with land owners and local residents

Building relationships of trust with owners of the land for opening new halls, as well as the local residents and other stakeholders, are vital to the Group's aim of achieving sustainable growth. When negotiating agreements on land for opening new halls with land owners, staff from the department for developing new halls patiently explain the rent, duration and other land lease stipulations in details, while providing an overview of the Group's business philosophy and content.

Furthermore, the Group periodically publishes a DYNAM Group Newsletter and other reading materials for land owners in an effort to broaden their understanding of the Group through the featured articles.

DYNAM Group Newsletter

Communication with Suppliers

The Group pursues management emphasizing profitability and seeks to control its procurement costs through communication with suppliers including the manufacturers of gaming machines and other equipment and facilities, as well as the suppliers of general prizes.

For example, we arrange forums periodically with the gaming manufacturers for exchanging information and feedback on market trends, the specifications and effects of their gaming machines, and the evaluation of their machines after they are introduced in our halls.

Original employee education programs

Nurturing talented and experienced employees with the required knowledge and skills is indispensable to the Group's execution of chain store management.

In light of this, since 1989, when the Group began opening halls outside the Tokyo metropolitan area, the Group has concentrated on nurturing a certain number of university graduates employed every year as executive candidates. To enhance the experience and skills of the employees needed for chain store management, the Group also has original education programs for certain employee levels and purposes, and conducts assignments for educational purposes designed to provide on-the-job (OJT) training at the branch or head office. Furthermore, the Group has established two large-scale training centers in Japan for group training.

Main Education and Training Programs

- OJT training
- Group training
- Self-development training (e-learning, etc.)

A unique Jinsei Daigaku education program

The Group also conducts a Jinsei Daigaku (University of Life) program for all employees after they have been with the Company for certain number of years. In this program, employees of all ages from various departments and job assignments share meals and accommodations as they read books and participate in group discussions.

A scene from group training

Supporting the success of female employees in the workplace

The Group is proactively promoting success of female employees in the workplace and has various systems in place providing support for its female employees.

For example, the Group provides internal job postings and self-application sheets to help women seeking career advancements achieve growth. Employees with parenting needs are supported by means such as shortening their working hours, childcare leave (eligible for both men and women), and curbs on overtime and late-night working.

There is a mentor system in which female employees can consult with the older colleagues about issues, which are difficult to discuss with supervisors, as well as a Dynam Nadeshiko Project for periodically nurturing women for senior and management positions who can serve as role models for other female staff.

Furthermore, the Group has a plan which aims to raise the ratio of new university graduate up to around 25%.

A female employee thriving in one of the Group's halls

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				
	2015 (unaudited)		2014 (unaudited)		
	(in millions, except for percentages)				
	¥	**HK$[(1)]**	¥	HK$[(2)]	changes
Gross pay-ins					
— High playing cost halls	**269,133**	**17,386**	289,840	20,556	-7.1%
— Low playing cost halls	**147,971**	**9,559**	135,456	9,607	+9.2%
Total gross pay-ins	**417,104**	**26,945**	425,297	30,163	-1.9%
Gross payouts					
— High playing cost halls	**227,804**	**14,716**	241,744	17,145	-5.8%
— Low playing cost halls	**113,457**	**7,329**	102,870	7,296	+10.3%
Total gross payouts	**341,261**	**22,045**	344,615	24,441	-1.0%
Revenue					
— High playing cost halls	**41,328**	**2,670**	48,096	3,411	-14.1%
— Low playing cost halls	**34,515**	**2,230**	32,586	2,311	+5.9%
Total revenue	**75,843**	**4,899**	80,682	5,722	-6.0%

(1) Translated into Hong Kong dollars at the rate of ¥15.48 to HK$1.00, the exchange rate prevailing on 30 September 2015 (i.e. the last business day in September 2015).

(2) Translated into Hong Kong dollars at the rate of ¥14.10 to HK$1.00, the exchange rate prevailing on 30 September 2014 (i.e. the last business day In September 2014).

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 decreased by ¥8,193 million (equivalent to approximately HK$529 million), or 1.9%, from ¥425,297 million (equivalent to approximately HK$30,163 million) for the six months ended 30 September 2014 to ¥417,104 million (equivalent to approximately HK$26,945 million) for the six months ended 30 September 2015.

During this interim period, the utilization of pachinko machines continuously showed downward trend in the entire industry. With respect to the Company, during the first half of this fiscal year, the utilization mainly in our high playing cost halls was in a continuous downturn year-on-year. Correspondingly, gross pay-ins in our high playing cost halls decreased and as a result, total gross pay-ins were lower than the performance of the previous interim period. Following the last fiscal year, we have been implementing measures to improve the utilization in our high playing cost halls including renovation of halls and change of machine mix. These measures resulted in mitigation of the downward trend in utilization since the beginning of this September compared with those in previous months. On the other hand, gross pay-ins in our low playing cost halls increased year-on-year through the new hall openings as the outcome of our strategic focus on low playing cost games.

High playing cost halls. Gross pay-ins for high playing cost halls decreased by ¥20,707 million (equivalent to approximately HK$1,338 million), or 7.1%, from ¥289,840 million (equivalent to approximately HK$20,556 million) for the six months ended 30 September 2014 to ¥269,133 million (equivalent to approximately HK$17,386 million) for the six months ended 30 September 2015. The decrease was primarily due to the decrease in utilization of our high playing cost machines and decreased number of high playing cost machines while increased number of low playing cost machines.

Low playing cost halls. Gross pay-ins for low playing cost halls increased by ¥12,515 million (equivalent to approximately HK$808 million), or 9.2%, from ¥135,456 million (equivalent to approximately HK$9,607 million) for the six months ended 30 September 2014 to ¥147,971 million (equivalent to approximately HK$9,559 million) for the six months ended 30 September 2015. The increase was due primarily to the addition of 17 halls compared with the previous interim period including new hall openings and conversion of hall types from high playing cost halls.

GROSS PAYOUTS

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

Our gross payouts decreased by ¥3,354 million (equivalent to approximately HK$217 million), or 1%, from ¥344,615 million (equivalent to approximately HK$24,441 million) for the six months ended 30 September 2014 to ¥341,261 million (equivalent to approximately HK$22,045 million) for the six months ended 30 September 2015.

High playing cost halls. Gross payouts decreased by ¥13,940 million (equivalent to approximately HK$901 million), or 5.8%, from ¥241,744 million (equivalent to approximately HK$17,145 million) for for the six months ended 30 September 2014 to ¥227,804 million (equivalent to approximately HK$14,716 million) for for the six months ended 30 September 2015, which was in line with the decrease in gross pay-ins.

Low playing cost halls. Gross payouts increased by ¥10,587 million (equivalent to approximately HK$684 million), or 10.3%, from ¥102,870 million (equivalent to approximately HK$7,296 million) for the six months ended 30 September 2014 to ¥113,457 million (equivalent to approximately HK$7,329 million) for the six months ended 30 September 2015. The increase was due primarily to the increase in gross pay-ins as a result of the addition of 17 halls.

Financial **Review**

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 ¥80,682 million (equivalent to approximately HK$5,722 million) and ¥75,843 million (equivalent to approximately HK$4,899 million) for the six months ended 30 September 2014 and 2015 respectively.

During the first half of this fiscal year, total revenue decreased from the previous interim period influenced by the decline of gross pay-ins in high playing cost halls. By contrast, revenue in our low playing cost halls increased year-on-year through increased number of halls mainly with new hall openings as the outcome of our strategic focus on low playing cost games.

High playing cost halls. Revenue for high playing cost halls decreased by ¥6,768 million (equivalent to approximately HK$437 million), or 14.1%, from ¥48,096 million (equivalent to approximately HK$3,411 million) for the six months ended 30 September 2014 to ¥41,328 million (equivalent to approximately HK$2,670 million) for the six months ended 30 September 2015. The decrease was primarily due to a decrease in gross pay-ins. The revenue margin for the six months ended 30 September 2015 decreased by 1.2 points to 15.4% year-on-year, reflecting increased ratio of gross payouts to gross pay-ins. The increase in the ratio of gross payouts was a result of change in mix of machines implemented to encourage machine utilization in high playing cost halls.

Low playing cost halls. Revenue for low playing cost halls increased by ¥1,929 million (equivalent to approximately HK$125 million), or 5.9%, from ¥32,586 million (equivalent to approximately HK$2,311 million) for the six months ended 30 September 2014 to ¥34,515 million (equivalent to approximately HK$2,230 million) for the six months ended 30 September 2015. The revenue margin for the six months ended 30 September 2015 decreased by 0.8 points to 23.3% year-on-year, reflecting increased ratio of gross payouts to gross pay-ins. The increase in the ratio of gross payouts was a result of change in mix of machines implemented to encourage machine utilization in low playing cost halls.

HALL OPERATING EXPENSES

Hall operating expenses

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

	For the six months ended 30 September											
	2015						2014					
	High playing cost halls		Low playing cost halls		Total		High playing cost halls		Low playing cost halls		Total	
	(in ¥ millions, except for percentages)											
		%		%		%		%		%		%
Hall staff costs	12,207	34.4%	10,827	32.4%	23,034	33.5%	12,712	37.3%	10,042	32.7%	22,754	35.1%
Machine expenses	10,571	29.8%	8,585	25.7%	19,156	27.8%	9,121	26.8%	7,608	24.8%	16,729	25.8%
Depreciation charges	2,339	6.6%	2,890	8.7%	5,228	7.6%	2,160	6.3%	2,619	8.5%	4,779	7.4%
Rental	2,308	6.5%	3,354	10.0%	5,662	8.2%	2,397	7.0%	3,025	9.9%	5,422	8.4%
Advertising expenses	1,365	3.8%	1,179	3.5%	2,543	3.7%	1,070	3.1%	954	3.1%	2,025	3.1%
Utilities expenses	1,454	4.1%	1,693	5.1%	3,147	4.6%	1,487	4.4%	1,559	5.1%	3,046	4.7%
G-prize expenses	551	1.6%	642	1.9%	1,194	1.7%	1,172	3.4%	1,284	4.2%	2,455	3.8%
Cleaning and ancillary services	836	2.4%	921	2.8%	1,757	2.6%	808	2.4%	809	2.6%	1,617	2.5%
Repair and maintenance	1,379	3.9%	750	2.2%	2,128	3.1%	567	1.7%	620	2.0%	1,188	1.8%
Others	2,471	7.0%	2,535	7.6%	5,006	7.3%	2,590	7.6%	2,187	7.1%	4,776	7.4%
Total	35,479	100.0%	33,376	100.0%	68,855	100.0%	34,084	100.0%	30,707	100.0%	64,791	100.0%

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

	For the six months ended 30 September											
	2015						2014					
	High playing cost halls		Low playing cost halls		Total		High playing cost halls		Low playing cost halls		Total	
	(in ¥ millions, except for percentages)											
		%		%		%		%		%		%
Hall staff costs	70.2	34.4%	47.9	32.4%	57.6	33.5%	74.3	37.3%	48.0	32.7%	59.9	35.1%
Machine expenses	60.8	29.8%	38.0	25.7%	47.9	27.8%	53.3	26.8%	36.4	24.8%	44.0	25.8%
Depreciation charges	13.4	6.6%	12.8	8.7%	13.1	7.6%	12.6	6.3%	12.5	8.5%	12.6	7.4%
Rental	13.3	6.5%	14.8	10.0%	14.2	8.2%	14.0	7.0%	14.5	9.9%	14.3	8.4%
Advertising expenses	7.8	3.8%	5.2	3.5%	6.4	3.7%	6.3	3.1%	4.6	3.1%	5.3	3.1%
Utilities expenses	8.4	4.1%	7.5	5.1%	7.9	4.6%	8.7	4.4%	7.5	5.1%	8.0	4.7%
G-prize expenses	3.2	1.6%	2.8	1.9%	3.0	1.7%	6.9	3.4%	6.1	4.2%	6.5	3.8%
Cleaning and ancillary services	4.8	2.4%	4.1	2.8%	4.4	2.6%	4.7	2.4%	3.9	2.6%	4.3	2.5%
Repair and maintenance	7.9	3.9%	3.3	2.2%	5.3	3.1%	3.3	1.7%	3.0	2.0%	3.1	1.8%
Others	14.2	7.0%	11.2	7.6%	12.5	7.3%	15.1	7.6%	10.5	7.1%	12.6	7.4%
Total	203.9	100.0%	147.7	100.0%	172.1	100.0%	199.3	100.0%	146.9	100.0%	170.5	100.0%

Financial **Review**

Hall operating expenses increased by ¥4,064 million (equivalent to approximately HK$263 million), or 6.3%, from ¥64,791 million (equivalent to approximately HK$4,595 million) for the six months ended 30 September 2014 to ¥68,855 million (equivalent to approximately HK$4,448 million) for the six months ended 30 September 2015.

The increase in the total amount of entire hall operating expenses is primarily attributable to (i) increase in pachinko and pachislot machine expenses and maintenance expenses in high playing cost halls as a result of the renovation of halls implemented to encourage machine utilization, and (ii) increase in pachinko and pachislot machine expenses and hall staff costs in low playing cost halls due to increased number of halls.

High playing cost halls. Hall operating expenses increased by ¥1,395 million (equivalent to approximately HK$90 million), or 4.1%, from ¥34,084 million (equivalent to approximately HK$2,417 million) for the six months ended 30 September 2014 to ¥35,479 million (equivalent to approximately HK$2,292 million) for the six months ended 30 September 2015. The average hall operating expenses per hall also increased by 2.3% due primarily to increased pachinko and pachislot machine expenses and repair and maintenance expenses per hall by 14.1% and 139%, respectively which is partially offset by decreased staff costs as a result of renovation of high playing cost halls in this interim period following the last fiscal year.

Low playing cost halls. Hall operating expenses increased by ¥2,669 million (equivalent to approximately HK$ 172 million), or 8.7%, from ¥30,707 million (equivalent to approximately HK$ 2,178 million) for the six months ended 30 September 2014 to ¥33,376 million (equivalent to approximately HK$ 2,156 million) for the six months ended 30 September 2015, due primarily to the increase in pachinko and pachislot machine expenses and hall staff costs associated with addition of 17 halls from the previous interim period. The average hall operating expenses per hall was ¥148 million (equivalent to approximately HK$ 10 million) for the six months ended 30 September 2015 and maintained the same level as the previous interim period.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses increased by ¥355 million (equivalent to approximately HK$23 million), or 14.9%, from ¥2,383 million (equivalent to approximately HK$169 million) for the six months ended 30 September 2014 to ¥2,738 million (equivalent to approximately HK$177 million) for the six months ended 30 September 2015. The increase was primarily due to the increased number of employees.

OTHER INCOME

Other income primarily comprises commission income from vending machines and in-store sales, which represented 57.5% and 57.4% of total other income for the six months ended 30 September 2014 and 2015 respectively. Other income for the six months ended 30 September 2014 and 2015 were ¥3,549 million (equivalent to approximately HK$252 million) and ¥3,644 million (equivalent to approximately HK$235 million) respectively, which maintained steady performance year on year.

OTHER OPERATING EXPENSES

Other operating expenses decreased by ¥479 million (equivalent to approximately HK$31 million), or 48.4%, from ¥990 million (equivalent to approximately HK$70 million) for the six months ended 30 September 2014 to ¥511 million (equivalent to approximately HK$33 million) for the six months ended 30 September 2015. The decrease was primarily attributable to decreased amount of the impairment loss on property, plant and equipment recognized for this interim period.

FINANCE INCOME

Finance income decreased by ¥753 million (equivalent to approximately HK$49 million), or 73.2%, from ¥1,028 million (equivalent to approximately HK$73 million) for the six months ended 30 September 2014 to ¥275 million (equivalent to approximately HK$18 million) for the six months ended 30 September 2015. The decrease was primarily attributable to decreased amount of the net exchange gain recognized for this interim period.

FINANCE COSTS

Finance costs decreased by ¥2,031 million (equivalent to approximately HK$131 million), or 85.8%, from ¥2,366 million (equivalent to approximately HK$168 million) for the six months ended 30 September 2014 to ¥335 million (equivalent to approximately HK$22 million) for the six months ended 30 September 2015. The decrease was primarily attributable to the loss on change in fair value of IGG shares recognized for the previous interim period.

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 and (ii) bank borrowings.

The table below sets out the cash flow data extracted from our consolidated statement of cash flows:

	Six months ended 30 September			
	2015 (unaudited)		2014 (unaudited)	
	(in millions)			
	¥	**HK$[(1)]**	¥	HK$[(2)]
Net cash generated from operating activities	**13,010**	**840**	13,278	942
Net cash used in investing activities	**(8,031)**	**(519)**	(7,576)	(537)
Net cash used in financing activities	**(1,956)**	**(126)**	(10,126)	(718)
Effects of exchange rate changes on cash and cash equivalents	**156**	**10**	391	28
Net increase / (decrease) in cash and cash equivalents	**3,179**	**205**	(4,033)	(286)
Cash and cash equivalents at the beginning of period	**29,239**	**1,889**	34,836	2,471
Cash and cash equivalents at the end of period	**32,418**	**2,094**	30,803	2,185

Financial **Review**

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			
	2015		2014	
	(unaudited)		(unaudited)	
	(in millions)			
	¥	**HK$(1)**	¥	HK$(2)
Operating profit before working capital changes	**13,147**	**849**	21,442	1,521
Change in working capital — (used in)	**666**	**43**	1,059	75
Cash generated from operations	**13,813**	**892**	22,501	1,596
Income taxes paid	**(546)**	**(35)**	(8,872)	(629)
Finance expenses paid	**(257)**	**(17)**	(351)	(25)
Net cash generated from operating activities	**13,010**	**840**	13,278	942

(1) Translated into Hong Kong dollars at the rate of ¥15.48 to HK$1.00, the exchange rate prevailing on 30 September 2015 (i.e. the last business day in September 2015).

(2) Translated into Hong Kong dollars at the rate of ¥14.10 to HK$1.00, the exchange rate prevailing on 30 September 2014 (i.e. the last business day In September 2014).

Our net cash generated from operating activities was ¥13,010 million (equivalent to approximately HK$840 million) for the six months ended 30 September 2015 as compared to ¥13,278 million (equivalent to approximately HK$942 million) for the six months ended 30 September 2014. The slight decrease in our net cash generated from operating activities was mainly due to the decrease in operating profit before working capital change of ¥8,295 million (equivalent to approximately HK$536 million) and decrease in the amount of change in working capital of ¥393 million (equivalent to approximately HK$25 million), while decrease in income taxes paid of ¥8,326 million (equivalent to approximately HK$538 million).

Net cash used in investing activities

Our cash used in investing activities primarily consists 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 ¥7,576 million (equivalent to approximately HK$537 million) and ¥8,031 million (equivalent to approximately HK$519 million) for the six months ended 30 September 2014 and 2015 respectively. The cash outflow for the six months ended 30 September 2015 was primarily due to the purchase of property, plant and equipment amounted to ¥8,104 million (equivalent to approximately HK$524 million).

Net cash used in financing activities

Our cash used in financing activities primarily consists of dividends paid to Shareholders, repayment of bank borrowings and repayment of finance leases.

For the six months ended 30 September 2015, net cash used in financing activities was ¥1,956 million (equivalent to approximately HK$126 million) compared to net cash used in financing activities of ¥10,126 million (equivalent to approximately HK$718 million) for the six months ended 30 September 2014.

The cash outflow for the six months ended 30 September 2015 was primarily due to the dividend payment in the amount of ¥5,200 million (equivalent to approximately HK$336 million) and repayment of bank loans in the amount of ¥3,080 million (equivalent to approximately HK$199 million), while cash inflow by bank loans raised in the amount of ¥6,500 million (equivalent to approximately HK$420 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 2015 (unaudited)		31 March 2015 (audited)	
		(in millions)		
	¥	**HK$[(1)]**	¥	HK$[(2)]
Current assets				
Inventories	**4,014**	**259**	4,493	290
Trade receivables	**450**	**29**	486	31
Financial assets at fair value through profit or loss (under IAS 39)	**–**	**–**	2,925	189
Prizes in operation of pachinko halls	**4,409**	**285**	4,292	277
Other current assets	**4,082**	**264**	7,288	470
Cash and cash equivalents	**32,418**	**2,094**	29,239	1,885
	45,373	**2,931**	48,723	3,141
Current liabilities				
Trade and other payables	**16,244**	**1,049**	20,468	1,320
Borrowings	**2,158**	**139**	3,160	204
Finance lease payables	**114**	**7**	254	16
Provisions	**1,689**	**109**	1,610	104
Income taxes payables	**3,206**	**207**	719	46
Other current liabilities	**5,824**	**376**	5,169	333
	29,235	**1,889**	31,380	2,023
Net current assets	**16,138**	**1,043**	17,343	1,118

(1) Translated into Hong Kong dollars at the rate of ¥15.48 to HK$1.00, the exchange rate prevailing on 30 September 2015 (i.e. the last business day in September 2015).

(2) Translated into Hong Kong dollars at the rate of ¥15.51 to HK$1.00, the exchange rate prevailing on 31 March 2015 (i.e. the last business day in March 2015).

Financial **Review**

As at 31 March 2015 and 30 September 2015, our net current assets totalled ¥17,343 million (equivalent to approximately HK$1,118 million) and ¥16,138 million (equivalent to approximately HK$1,043 million) respectively, and our current ratio was 1.6 and 1.6 respectively.

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 2014 and 2015 were ¥6,375 million (equivalent to approximately HK$452 million) and ¥7,494 million (equivalent to approximately HK$484 million) respectively. Our capital expenditures were primarily related to the improvements of facilities in our halls to enhance our competitiveness in attracting customers and the construction of new halls.

CONTINGENT LIABILITIES

As at 30 September 2015, we had no material contingent liabilities.

CAPITAL COMMITMENTS

The information on capital commitments is provided on note 13 to the interim condensed consolidated financial statements on page 63 of this Interim Report.

ACQUISITION AND DISPOSAL

For the six months ended 30 September 2015, there was no material acquisition and disposal of any of our subsidiaries.

SIGNIFICANT INVESTMENTS

Save for the new halls opened, we did not have any significant investments during the six months ended 30 September 2015.

EMPLOYEES

As at 30 September 2015, we had approximately 16,835 employees (31 March 2015: 16,394). 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 employee remuneration incurred for the six months ended 30 September 2015 was ¥24,668 million (equivalent to approximately HK$1,594 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 bank borrowings as capital resources to finance a portion of our operations.

Indebtedness

Our short-term and long-term borrowings outstanding as at 30 September 2015 were ¥2,158 million (equivalent to approximately HK$139 million) and ¥13,619 million (equivalent to approximately HK$880 million) respectively.

Loan facilities

On 30 December 2014, Dynam has changed the commitment line contract signed on 31 March 2014 into the one responsive to earthquake disaster. The previous commitment line contract has remained a slight concern in the fund-raising due to effectuation of immunity reason for financial institutions at the time of large scale disaster including earthquake. Dynam has signed the new commitment line contract responsive to earthquake disaster to resolve the above concern, which has enabled to secure the fund promptly even in the case earthquake disaster occurs. This commitment line provides 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 0.475% 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 20 March 2015, Dynam also entered into a new loan agreement with a syndicated of lenders, which provided for a revolving loan facility in an amount of up to ¥30,000 million. The loan facility is available for a three year period from the execution date of the original loan agreement. Borrowings under the loan facility bear interest at the rate of 0.5% 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.

Further to the above loan facilities, on 30 September 2015, Dynam entered into an installment facility contract with a syndicated of leasing companies in an amount of up to ¥15,000 million for the purpose of procurement of pachinko and pachislot machines. The loan facility is available for one year period from the execution date of the original agreement.

At the close of business on 30 September 2015, we had a total amount of approximately ¥64,000 million (equivalent to approximately HK$4,134 million) of banking facilities and an installment facility including overdraft facilities available to us, of which approximately ¥48,500 million (equivalent to approximately HK$3,133 million) was unutilized.

Financial **Review**

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 our 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 the Group's 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 recognized 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.

Price risk

The Group's financial assets at fair value through other comprehensive income are measured at fair value at the end of each reporting period, exposing us to equity security price risk. We periodically review the fair values of these investments as well as the financial condition of investees.

Corporate Governance and Other **Information**

CORPORATE GOVERNANCE

The Company is committed to the principles of consistent corporate governance and corporate responsibility. 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 Code included in the Appendix 14 to the Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company has complied with all applicable code provisions set out in the Code except for the following deviation.

Code Provision A.2.1

Under code provision A.2.1, the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr.Yoji SATO ceased to act as a chairman of the Board and Mr. Kohei SATO took over the office of Chairman on 24 June 2015 and has been in both roles since then.

The Board believes that Mr. Kohei SATO, in his dual capacity as the chairman of the Board and the chief executive, will provide strong and consistent leadership for the development of the Company and its subsidiaries, and this will be beneficial and in the interests of the Company and its shareholders. Further, the Board considers that a balance of power and authority can be ensured by the current Board composition, with over half of the Board members being independent non-executive Directors.

Code Provision E.1.3

Code provision E.1.3 stipulates that notice for an annual general meeting should be sent to its shareholders by the issuer at least 20 clear business days before the meeting. The AGM for the year ended 31 March 2015 was held on 24 June 2015, while the AGM notice was despatched on 2 June 2015. 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 period 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 2015 for the financial year ended 31 March 2015). 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 IFRS as required under the Listing Rules. As a result, more time was required to finalise the annual report which accompanied the AGM notice despatched to the Shareholders.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as a code of conduct 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 Directors, and all 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.

Corporate Governance and Other **Information**

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 Executive Officers 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 Executive Officers are 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. The Executive Officers are accountable to the Board and are required to report back to the Board every three months. The Board currently consists of nine Directors, comprising three executive Directors, one non-executive Director and five independent non-executive Directors. Pursuant to the 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. Kohei SATO who is the executive Director, Chief Executive Officer and Chairman of the Board and Mr. Yoji SATO who is the executive Director are brothers.

Attendance of each Director at Board meetings, committees' meetings and Shareholders' meetings held during six months of the Reporting Period ended 30 September 2015 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	7	8	5	5	1
Executive Directors					
Mr. Kohei SATO (Chairman of the Board)(1)	7/7	N/A	2/2	2/2	1/1
Mr. Yoji SATO(1)	7/7	N/A	3/3	3/3	1/1
Mr. Haruhiko MORI(2)*	4/4	N/A	N/A	N/A	1/1
Non-executive Director					
Mr. Noriaki USHIJIMA	7/7	N/A	N/A	N/A	1/1
Independent Non-executive Directors					
Mr. Katsuhide HORIBA(3)#	3/3	N/A	3/3	3/3	1/1
Mr. Ichiro TAKANO	7/7	8/8	N/A	N/A	1/1
Mr. Yukio YOSHIDA(3)#	3/3	4/4	N/A	N/A	1/1
Mr. Mitsutoshi KATO	7/7	N/A	5/5	5/5	1/1
Mr. Thomas Chun Kee YIP	7/7	8/8	N/A	N/A	1/1
Mr. Eisho KUNITOMO(2)*	4/4	4/4	N/A	N/A	1/1
Mr. Kei MURAYAMA(2)*	4/4	N/A	2/2	2/2	1/1

Notes:

(1) On 24 June 2015, Mr. Yoji SATO retired as members of the Nomination Committee and Remuneration Committee respectively and Mr. Kohei SATO was appointed as members of the Nomination Committee and Remuneration Committee respectively.

(2) Mr. Harukhiko MORI, Mr. Eisho KUNITOMO and Mr. Kei MURAYAMA were appointed as the Directors at the AGM held on 24 June 2015. Mr. Kei MURAYAMA was also appointed as a member of the Nomination Committee and Remuneration Committee respectively. Mr. Eisho KUNITOMO was also appointed as a member of the Audit Committee.

(3) Mr. Katsuhide HORIBA and Mr. Yukio YOSHIDA retired as the Directors on 24 June 2015.

* Approinted as Director on 26 June 2015

Retired as Director on 26 June 2015

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.

During the Reporting Period, Mr. Ichiro TAKANO, Mr. Mitsutoshi KATO and Mr. Thomas Chun Kee YIP were outside directors (shagai torishimariyaku 社外取締役). Mr. Katsuhide HORIBA and Mr. Yukio YOSHIDA were outside directors from 1 April 2015 until they retired from their offices at the end of the fourth AGM held on 24 June 2015. Mr. Eisho KUNITOMO and Mr. Kei MURAYAMA were outside directors since they were appointed at the fourth AGM held on 24 June 2015. The Directors are of the view that this position does not affect these seven 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, these seven 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) they are independent of the Company, Directors, Chief Executive Officer, substantial Shareholders, Controlling Shareholders, each of our subsidiaries and each of their respective close associates.

DIRECTORS' TRAINING

Pursuant to code provision A.6.5 of the Code, directors of an issuer should participate in continuous professional development to develop and refresh their knowledge and skills. All Directors are committed to participating in appropriate continuous professional development activities by ways of attending training or reading material relevant to the Company's business or to the Directors' duties and responsibilities.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Company has established the Audit Committee in accordance with the requirements of the Listing Rules. The Audit Committee consists of three independent non-executive Directors, namely Mr. Ichiro TAKANO (chairman), Mr. Thomas Chun Kee YIP and Mr. Eisho KUNITOMO. 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% since the appointment of the respective members of the Audit Committee. The interim results for the Reporting Period are unaudited but have been reviewed by the Audit Committee.

The interim condensed consolidated financial statements for the Reporting Period have also been reviewed by PricewaterhouseCoopers Aarata, 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.

PricewaterhouseCoopers Aarata has been reappointed as the auditor of the Company at the fourth AGM on 24 June 2015.

Corporate Governance and Other **Information**

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. Mitsutoshi KATO (chairman) and Mr. Kei MURAYAMA, and one executive Director, namely Mr. Kohei SATO. Main duties of the Remuneration Committee are to review and decide the remuneration package of all Directors and other senior management of the Group.

The Remuneration Committee held 5 meetings during the Reporting Period with an attendance rate of 100% since the appointment of the respective members of the Remuneration Committee. The Remuneration Committee reviewed and decided 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. Mitsutoshi KATO (chairman), Mr. Kei MURAYAMA and one executive Director, namely Mr. Kohei SATO. The primary duties of the Nomination Committee are to make recommendations to the Shareholders on the appointment of the Directors.

The Nomination Committee held 5 meetings during the Reporting Period with an attendance rate of 100% since the appointment of the respective members of the Nomination Committee. The Nomination Committee recommended the appointment of Directors for the approval from the AGM held in June 2015.

DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS

The Directors recognize 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 Executive Officers develop operational guidelines on anti-money laundering measures and evaluate 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 related 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 Executive Officers for investigation and remediation. In addition, the hall staff are educated to detect irregular customer activities, particularly those involving large amounts of cash.

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 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 info@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.

Corporate Governance and Other **Information**

INVESTOR RELATIONS

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

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

During the Reporting Period, Mr. Katsuhide HORIBA and Mr. Yukio YOSHIDA retired as independent non-executive Directors and Mr. Haruhiko MORI who is an executive officer, Mr. Eisho KUNITOMO and Mr. Kei MURAYAMA who are outside the Company, started the offices of Director on 24 June 2015. Save as disclosed herein, there were no changes to information required to be disclosed by the Directors pursuant to Rule 13.51B(1) of the Listing Rules.

INTERIM DIVIDEND

The Board declared an interim dividend of ¥7 per ordinary Share in respect of the six months ended 30 September 2015, payable on Wednesday, 13 January 2016 to Shareholders whose names appear on the Company's share register as at the close of business on Monday, 14 December 2015. Based on the assumption that there will be no changes in the 781,655,696 Shares in issue as at the date of declaration of interim dividend until 14 December 2015, it is expected that the interim dividend payable will amount to approximately ¥5,472 million (equivalent to approximately HK$353 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 (5) business days immediately preceding 26 November 2015.

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 2015, 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, are as follows:

(i) Interests in the Company

Name of Directors/ Chief Executive Officer	Nature of Interest	Number of Shares(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)	197,571,800	
		455,905,120	61.372%
Mr. Kohei SATO	Beneficial Owner(4)	55,139,680	
	Other(5)	400,765,440	
		455,905,120	61.372%
Mr. Haruhiko MORI	Beneficial Owner(6)	230,000	0.031%
Mr. Noriaki USHIJIMA	Beneficial Owner	838,000	0.113%
Mr. Ichiro TAKANO	Beneficial Owner	20,000	0.003%

Notes:

(1) All interests stated are long positions.

(2) There were 742,850,360 Shares in issue as at 30 September 2015.

(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 reappointed as executive Director on 24 June 2015 to serve concurrently as Chief Executive Officer. He is beneficially interested in 55,139,680 Shares.

(5) 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). 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.

(6) Mr. Haruhiko MORI has been appointed as executive Director on 24 June 2015 and is beneficially interested in 230,000 Shares.

Save as disclosed above, as at 30 September 2015, 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 2015, 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 (currently not applicable) 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	Beneficial owner(4)	80,000,000	10.769%
Mrs. Keiko SATO	Beneficial owner(5)	760	
	Interest of spouse(5)	162,522,560	
	Other(6)	293,381,800	
		455,905,120	61.372%
Mr. Kiyotaka SATO	Beneficial owner	9,900,000	
	Other(6)	446,005,120	
		455,905,120	61.372%
Mr. Masahiro SATO	Beneficial owner	45,059,680	
	Other(6)	410,845,440	
		455,905,120	61.372%
Mr. Shigehiro SATO	Beneficial owner	46,575,680	
	Other(6)	409,329,440	
		455,905,120	61.372%
Mrs. Yaeko NISHIWAKI	Beneficial owner	40,896,760	
	Other(6)	415,008,360	
		455,905,120	61.372%

Notes:

(1) All interests stated are long positions.

(2) There were 742,850,360 Shares in issue as at 30 September 2015.

(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). 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, as at 30 September 2015, 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
Kohei SATO
Chairman of the Board

26 November 2015

Report on Review of the Interim Condensed Consolidated **Financial Information**

TO THE BOARD OF DIRECTORS OF
DYNAM JAPAN HOLDINGS CO., LTD.*
(Incorporated in Japan with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial information set out on pages 43 to 66, which comprises the interim condensed consolidated statement of financial position of Dynam Japan Holdings Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 September 2015 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months then ended, and notes, comprising 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". The directors of the Company are responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated 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". A review of interim financial information consists of making inquiries, 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 condensed consolidated financial information referred to above is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers Aarata
26 November 2015

PricewaterhouseCoopers Aarata
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Interim Condensed Consolidated Statement of **Income**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Note	Six months ended 30 September 2015 ¥ million (unaudited)	2014 ¥ million (unaudited)
Revenue	6	**75,843**	80,682
Hall operating expenses	7	**(68,855)**	(64,791)
General and administrative expenses		**(2,738)**	(2,383)
Other income	8	**3,644**	3,549
Other operating expenses		**(511)**	(990)
Operating profit		**7,383**	16,067
Finance income	9	**275**	1,028
Finance expenses	10	**(335)**	(2,366)
Profit before income taxes		**7,323**	14,729
Income taxes	11	**(2,539)**	(5,693)
Net profit for the period		**4,784**	9,036
Net profit attributable to:			
Owners of the Company		**4,784**	9,040
Non-controlling interests		**(0)**	(4)
Net profit		**4,784**	9,036
Earnings per share			
Basic (expressed in ¥)	17	**6.44**	12.17
Diluted (expressed in ¥)	17	**6.44**	12.17

Interim Condensed Consolidated Statement of **Comprehensive Income**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Note	Six months ended 30 September 2015 ¥ million (unaudited)	2014 ¥ million (unaudited)
Net profit for the period		**4,784**	9,036
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurements on defined benefit retirement plans		**–**	(1)
Changes in fair value of financial assets measured at fair value through other comprehensive income		**(4,937)**	–
— Income tax effect of changes in fair value of financial assets measured at fair value through other comprehensive income		**172**	–
		(4,765)	(1)
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(50)**	405
Changes in fair value of available-for-sale financial assets		**–**	(5,690)
— Income tax effect of changes in fair value of available-for-sale financial assets		**–**	9
		(50)	(5,276)
Other comprehensive income for the period, net of tax		**(4,815)**	(5,277)
Total comprehensive income for the period		**(31)**	3,759
Total comprehensive income attributable to:			
Owners of the Company		**(31)**	3,763
Non-controlling interests		**(0)**	(4)
Total comprehensive income		**(31)**	3,759

Interim Condensed Consolidated Statement of **Financial Position**

AT 30 SEPTEMBER 2015

	Note	At 30 September 2015 ¥ million (unaudited)	At 31 March 2015 ¥ million (audited)
Non-current assets			
Property, plant and equipment	12,13	**101,327**	99,961
Intangible assets		**1,088**	1,029
Financial assets measured at fair value through other comprehensive income		**6,536**	–
Available-for-sale financial assets		**–**	8,807
Deferred tax assets		**11,445**	10,954
Other non-current assets		**12,084**	11,462
		132,480	132,213
Current assets			
Inventories		**4,014**	4,493
Trade receivables	14	**450**	486
Financial assets measured at fair value through profit or loss(under IAS39)		**–**	2,925
Prizes in operation of pachinko halls		**4,409**	4,292
Other current assets		**4,082**	7,288
Cash and cash equivalents		**32,418**	29,239
		45,373	48,723
TOTAL ASSETS		**177,853**	180,936
Current liabilities			
Trade and other payables	15	**16,244**	20,468
Borrowings		**2,158**	3,160
Finance lease payables		**114**	254
Provisions		**1,689**	1,610
Income taxes payables		**3,206**	719
Other current liabilities		**5,824**	5,169
		29,235	31,380

	Note	At 30 September 2015 ¥ million (unaudited)	At 31 March 2015 ¥ million (audited)
Net current assets		**16,138**	17,343
Total assets less current liabilities		**148,618**	149,556
Non-current liabilities			
Deferred tax liabilities		**12**	175
Borrowings		**13,619**	9,160
Finance lease payables		**31**	66
Other non-current liabilities		**895**	1,002
Provisions		**4,239**	4,100
		18,796	14,503
NET ASSETS		**129,822**	135,053
Capital and reserves			
Share capital		**15,000**	15,000
Capital reserve		**10,129**	10,129
Retained earnings		**109,964**	111,037
Other component of equity		**(5,247)**	(1,089)
Equity attributable to owners of the Company		**129,846**	135,077
Non-controlling interests		**(24)**	(24)
TOTAL EQUITY		**129,822**	135,053

Interim Condensed Consolidated Statement of **Changes in Equity**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Attributable to equity holders of the Company										
				Other component of equity							
	Share capital ¥ million (unaudited)	**Capital reserve** ¥ million (unaudited)	**Retained earnings** ¥ million (unaudited)	**Investment revaluation reserve** ¥ million (unaudited)	**Fair value of financial assets measured at FVTOCI** ¥ million (unaudited)	**Foreign currency translation reserve** ¥ million (unaudited)	**Other reserves** ¥ million (unaudited)	**Total** ¥ million (unaudited)	**Total** ¥ million (unaudited)	**Non-controlling interests** ¥ million (unaudited)	**Total equity** ¥ million (unaudited)
At 1 April 2014	15,000	10,129	110,136	5,829	–	894	2	6,725	141,990	20	142,010
Profit for the period	–	–	9,040	–	–	–	–	–	9,040	(4)	9,036
Other comprehensive income for the period	–	–	–	(5,681)	–	405	(1)	(5,277)	(5,277)	–	(5,277)
Transfer to retained earnings	–	–	(2)	–	–	–	2	2	–	–	–
Total comprehensive income for the period	–	–	9,038	(5,681)	–	405	1	(5,275)	3,763	(4)	3,759
2014 final dividend paid	–	–	(5,200)	–	–	–	–	–	(5,200)	–	(5,200)
Total changes in equity for the period	–	–	3,838	(5,681)	–	405	1	(5,275)	(1,437)	(4)	(1,441)
At 30 September 2014	15,000	10,129	113,974	148	–	1,299	3	1,450	140,553	16	140,569
At 1 April 2015	**15,000**	**10,129**	**111,037**	**(3,129)**	**–**	**2,037**	**3**	**(1,089)**	**135,077**	**(24)**	**135,053**
Cumulative effect of applying new standards and interpretations	**–**	**–**	**(868)**	**3,129**	**(2,201)**	**(60)**	**–**	**868**	**–**	**–**	**–**
Profit for the period	**–**	**–**	**4,784**	**–**	**–**	**–**	**–**	**–**	**4,784**	**(0)**	**4,784**
Other comprehensive income for the period	**–**	**–**	**–**	**–**	**(4,765)**	**(50)**	**–**	**(4,815)**	**(4,815)**	**(0)**	**(4,815)**
Transfer to retained earnings	**–**	**–**	**211**	**–**	**(211)**	**–**	**–**	**(211)**	**–**	**–**	**–**
Total comprehensive income for the period	**–**	**–**	**4,995**	**–**	**(4,976)**	**(50)**	**–**	**(5,026)**	**(31)**	**(0)**	**(31)**
2015 final dividend paid	**–**	**–**	**(5,200)**	**–**	**–**	**–**	**–**	**–**	**(5,200)**	**–**	**(5,200)**
Total changes in equity for the period	**–**	**–**	**(205)**	**–**	**(4,976)**	**(50)**	**–**	**(5,026)**	**(5,231)**	**(0)**	**(5,231)**
At 30 September 2015	**15,000**	**10,129**	**109,964**	**–**	**(7,177)**	**1,927**	**3**	**(5,247)**	**129,846**	**(24)**	**129,822**

Interim Condensed Consolidated Statement of **Cash Flows**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Six months ended 30 September 2015 ¥ million (unaudited)	2014 ¥ million (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income taxes	**7,322**	14,729
Adjustments for:		
Finance expenses	**335**	2,366
Finance income	**(275)**	(1,028)
Depreciation	**5,399**	4,858
Amortisation of intangible assets	**202**	307
Loss on disposals and write off of property, plant and equipment	**131**	53
Other adjustments	**33**	157
Operating profit before working capital changes:	**13,147**	21,442
(Increase)/decrease in prizes in operation of pachinko halls	**(117)**	80
Decrease/(increase) in inventories	**415**	(1,564)
Decrease/(increase) in trade receivables	**36**	(87)
Decrease in other non-current assets	**65**	49
Decrease/(increase) in other current assets	**3,205**	(484)
(Decrease)/increase in trade and other payables	**(3,558)**	628
Increase in other current liabilities	**660**	2,634
Decrease in other non-current liabilities	**(107)**	(241)
Increase in current provisions	**67**	44
Cash generated from operations	**13,813**	22,501
Income taxes paid	**(546)**	(8,872)
Finance expenses paid	**(257)**	(351)
Net cash generated from operating activities	**13,010**	13,278

Interim Condensed Consolidated Statement of **Cash Flows**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Note	Six months ended 30 September 2015 ¥ million (unaudited)	2014 ¥ million (unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(8,104)**	(7,444)
Purchase of intangible assets		**(297)**	(270)
Purchase of financial assets measured at fair value through other comprehensive income		**(239)**	–
Proceeds from sales of financial assets measured at fair value through other comprehensive income		**474**	–
Finance income received		**131**	95
Other adjustments		**4**	43
Net cash used in investing activities		**(8,031)**	(7,576)
CASH FLOWS FROM FINANCING ACTIVITIES			
Bank loans raised		**6,500**	–
Repayment of bank loans		**(3,080)**	(4,365)
Repayment of finance leases		**(176)**	(561)
Dividends paid	16	**(5,200)**	(5,200)
Net cash used in financing activities		**(1,956)**	(10,126)
Effects of exchange rate changes on cash and cash equivalents		**156**	391
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**3,179**	(4,033)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		**29,239**	34,836
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**32,418**	30,803

Notes to the Interim Condensed Consolidated Financial Information

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

1. GENERAL INFORMATION

Dynam Japan Holdings Co., Ltd.* (the "Company") was incorporated in Japan under the Companies Act on 20 September 2011. The address of its registered office and principal place of business in Japan are 2-25-1-702 Nishi-Nippori, Arakawa-ku, Tokyo 116-0013, Japan and the principal place of business in Hong Kong is Unit A1, 32nd Floor, United Centre, 95 Queensway, Admiralty, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 6 August 2012.

The interim condensed consolidated financial information of the Company as of 30 September 2015 consist of the Company and its subsidiaries (the "Group"). The principal activities of the Group are operations of pachinko halls and services subordinated to the operation.

The interim condensed consolidated financial information was approved and authorized for issuance by the Board of Directors on 26 November 2015.

The interim condensed consolidated financial information has been reviewed, but not audited.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 September 2015 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The interim condensed consolidated financial information should be read in conjunction with the basis presented in the consolidated financial statements for the year ended 31 March 2015 which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

Adoption of new and revised International Financial Reporting Standards

Significant accounting policies applied in the interim condensed consolidated financial information for the six months ended 30 September 2015 are the same as those applied in the consolidated financial statements for the fiscal year ended 31 March 2015 except for the following.

The following new standards and amendments have been issued and effective for annual periods beginning on 1 April 2015 with no impact on the Group's results of operations and financial positions:

— IFRSs (Amendment), 'Annual Improvements to IFRSs 2010–2012 Cycle'

— IFRSs (Amendment), 'Annual Improvements to IFRSs 2011–2013 Cycle

Effective from 1 April 2015, the Group has early adopted the below listed new standard for the interim condensed consolidated financial information.

IFRSs	Title	Summaries of new IFRSs and amendments
IFRS 9	Financial Instruments	IFRS 9 'Financial Instruments' (issued in July 2014) is the comprehensive standard, containing new requirements for classification and measurement, impairment and hedge accounting for financial assets and liabilities.

2. BASIS OF PREPARATION *(Continued)*

In accordance with IFRS 9 paragraph 7.2.15, the Group did not restate prior periods and the cumulative effect of initially applying the standard as an adjustment was recognised in either retained earnings or an appropriate equity reserve as of the opening balance as at 1 April 2015.

The retained earnings as at 1 April 2015 decreased by ¥868 million and the other comprehensive income as at 1 April 2015 increased by ¥868 million respectively, after electing to present subsequent changes in fair value of investments in equity instruments in other comprehensive income.

The areas of impact from application of IFRS 9 are summarized as follows:

1. Classification and measurements

The financial assets are categorized into the following categories at the point of initial recognition: an asset category measured at amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). The classification and measurement of financial assets is determined on the basis of the contractual cash flow characteristics and the objective of the business model associated with holding the asset.

In accordance with IFRS 9 paragraph 7.2.3, on the date of initial application, the Group assessed whether a financial asset meets the conditions set out in the standard on the basis of the facts and circumstances that exist on that date. As a result, investments in equity instruments, which used to be categorized as financial assets measured at fair value through profit or loss and available-for-sale financial assets, are elected to present their subsequent changes in fair value in other comprehensive income.

2. Impairment

The IFRS 9 impairment requirements are based on an expected credit loss model that replaces the incurred loss model under IAS39 Financial Instruments: Recognition and Measurement.

As a result, the impairment allowance is intended to be more forward-looking and the resulting impairment charge will tend to be more volatile than under the previous accounting standard.

3. Hedge Accounting

Hedge accounting is more closely aligned with financial risk management, and the requirements for general hedge accounting have been simplified for effectiveness testing.

As a result, hedge accounting is applied to a greater variety of hedging instruments and risks.

Other amendments to IFRSs effective for the six months ended 30 September 2015 did not have a material impact on the Group's results of operations and financial position.

3. USE OF ESTIMATES AND JUDGEMENTS

In the preparation of the Group's interim condensed consolidated financial information, management is required to make estimates, judgments and assumptions about the reporting amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods, if the revision affects both current and future periods.

The estimates and underlying assumptions which have significant impact on these interim condensed consolidated financial information are the same as those of the consolidated financial information for the year ended 31 March 2015, with the exception that income taxes in the interim periods are calculated based upon the tax rate that would be applicable to estimated annual earnings.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the consolidated financial statements for the year ended 31 March 2015, as described in those consolidated financial statements except for the following.

Effective from 1 April 2015, the Group has early adopted IFRS 9 "Financial Instruments" (issued in July 2014).

(a) Financial assets

The Group has financial assets including cash and cash equivalents, trade receivable, loans receivable, equity financial assets and derivative financial assets.

(i) Derivative instruments and hedge accounting

The Group utilises derivative instruments primarily to manage interest rate risks and to reduce exposure to movements in foreign exchange rates. The Group initially recognises derivatives as assets or liabilities at fair value. For derivatives designated as qualifying hedge instruments, subsequent changes in fair value are recognised according to the objective and designation of the hedge. Subsequent changes in the fair value of derivatives not designated as qualifying hedging instruments are recognised in profit or loss.

(ii) Non-derivative financial assets

Initial Recognition and measurement

The Group recognises trade receivable and other receivables on the date they arise and all other financial assets on the trade date when the Group became a party to the contract concerning such financial instruments.

At the point of initial recognition, the Group classifies financial assets into the following categories: an asset category measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). The classification and measurement of financial assets is determined on the basis of the contractual cash flow characteristics and the objective of the business model associated with holding the asset.

The Group recognises financial assets at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets except for those financial assets that subsequent change in fair value is recognised in profit or loss. For financial assets measured at FVTPL, transaction costs are recognised in profit or loss when they occur.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Financial assets *(Continued)*

(ii) Non-derivative financial assets *(Continued)*

Subsequent measurement

Subsequent measurement of financial assets after initial recognition depends on the classifications of financial assets as follows:

(1) *Financial assets measured at amortized cost*

The Group measures financial assets at amortised cost when both of the following conditions are met:

— the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

— the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At the end of each reporting period, interest revenue is calculated by using the effective interest method, applying the effective interest rate to the gross carrying amount of financial assets.

In case where financial assets measured at amortised cost is derecognised, the difference between the carrying amount and the consideration received or receivable is recognised in profit or loss.

(2) *Financial assets measured at fair value through other comprehensive income (FVTOCI)*

The Group measures financial assets at FVTOCI when both of the following conditions are met:

— the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

— the contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Changes in the fair value of financial assets measured at FVTOCI are recognised in other comprehensive income until derecognised. Upon derecognition, the accumulated changes are reclassified from equity to profit or loss. Interest revenue from these financial assets is recognised directly in profit or loss.

In addition to those financial assets meeting both of the conditions above and measured at FVTOCI, the Group presents subsequent changes in fair value of particular investments in equity instruments in other comprehensive income when at initial recognition, the Group makes an irrevocable election on those investments in equity instruments that are not held with the objective of obtaining gains on short-term sales.

Dividends from these investments are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) ***Financial assets*** *(Continued)*

(ii) Non-derivative financial assets *(Continued)*

Subsequent measurement (Continued)

(3) Financial assets measured at fair value through profit or loss (FVTPL)

All financial assets that are other than those categorised in (1) and (2) above are categorised as financial assets measured at FVTPL.

(iii) Impairment

In accordance with IFRS 9 impairment requirements, financial assets measured at amortised cost and fair value through other comprehensive income (i.e. loans, debt securities, and accounts receivables), lease receivables and certain loan commitments and financial guarantee contracts are assessed for credit risks.

The Group recognises either a 12-months' or lifetime expected credit losses (ECL) depending on whether there has been a significant increase in credit risk since initial recognition. When there is a significant increase in credit risk, an allowance is recognised for ECL resulting from possible defaults over the expected life of the financial instrument. When there is not, an allowance is recognised for ECL resulting from possible defaults within the next 12 months.

An impairment gain or loss, the amount required to adjust the loss allowance at the reporting date is recognised in profit or loss.

The assessment of credit risk and the estimation of ECL are to be unbiased and probability-weighted, and incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable information about future events and economic conditions at the reporting date.

(iv) Derecognition of financial assets

The Group derecognises financial assets when and only when the contractual rights to the cash flows from the financial assets expire, or when the financial assets and substantially all the risks and rewards of ownership are transferred.

(v) Presentation of financial assets and liabilities

When both of the following conditions are met, financial assets and financial liabilities are offset and the net amount is disclosed in the consolidated statement of financial position.

— The Group currently has a legally enforceable right to offset the recognised amounts; and

— The Group intends to settle on a net amount basis or to simultaneously realise the asset and settle the liability.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Financial liabilities

The Group has non-derivative financial liabilities including loans payable, trade and other payables and derivative financial liabilities. (For derivative financial liabilities, refer to (a) (i) Derivative instruments and hedge accounting for further details.)

Non-derivative financial liabilities are initially recognised at fair value minus transaction costs that are directly attributable to the issue of the financial liability. After initial recognition, changes in fair value of the financial liabilities are measured at amortised cost based on the effective interest method with interest expense recognised on an effective yield basis.

Non-derivative financial liabilities are derecognised when the underlying obligation specified in the contract is discharged, cancelled or expires.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of financial assets and liabilities are as follows:

	At 30 September 2015 ¥ million (unaudited)		At 31 March 2015 ¥ million (audited)	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Financial assets measured at FVTOCI	**6,536**	**6,536**	–	–
Available-for-sale financial assets	**–**	**–**	8,807	8,807
Financial assets measured at FVTPL (under IAS39)	**–**	**–**	2,925	2,925
Financial assets measured at amortized cost	**10**	**10**	–	–
Held-to-maturity investment	**–**	**–**	10	10
Loan and receivables (including cash and cash equivalents)	**34,065**	**34,065**	31,247	31,247
Rental deposits	**5,582**	**6,089**	5,510	6,019
Total	**46,193**	**46,700**	48,499	49,008
Financial liabilities				
Financial liabilities measured at amortized cost	**8,453**	**8,453**	11,100	11,100
Borrowings	**15,777**	**15,777**	12,320	12,320
Finance lease payables	**145**	**145**	320	320
Total	**24,375**	**24,375**	23,740	23,740

5. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Fair Value estimation

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 on the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels of inputs as 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 on 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.

The fair value of financial instruments traded in active markets is based on quoted market prices on the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices present actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise listed equity securities.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where they are available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Other investments categorised as level 3 mainly consist of unlisted equity securities in inactive markets. These assets are measured mainly based on income approach (i.e. discounted future cash flow method). Significant unobservable inputs used in the fair value measurement of investments whose fair value are measured on a recurring basis categorised as level 3 are discount rates.

For levels 2 and 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Assets and liabilities that are measured at fair value on a recurring basis

At 30 September 2015	**Fair value measurements using:**			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
	¥ million	**¥ million**	**¥ million**	**¥ million**
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**
Financial assets measured at FVTOCI				
Listed securities in Japan	**681**	**–**	**–**	**681**
Listed securities in Hong Kong	**4,853**	**–**	**–**	**4,853**
Others	**–**	**–**	**1,002**	**1,002**
Total	**5,534**	**–**	**1,002**	**6,536**

At 31 March 2015	Fair value measurements using:			
Description	Level 1	Level 2	Level 3	Total
	¥ million	¥ million	¥ million	¥ million
	(audited)	(audited)	(audited)	(audited)
Financial assets measured at FVTPL (under IAS39)				
Listed securities in Hong Kong	2,925	–	–	2,925
Available-for-sale financial assets				
Listed securities in Japan	647	–	–	647
Listed securities in Hong Kong	7,132	–	–	7,132
Others	–	–	1,028	1,028
	7,779	–	1,028	8,807
Total	10,704	–	1,028	11,732

During the Reporting Period, there were no transfers between levels 1, 2 and 3 respectively.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(c) Reconciliation of Level 3 fair values

Changes in level 3 assets measured at fair value on a recurring basis by the Group for the six months ended 30 September 2015 were as follows:

	¥million (unaudited)
Financial assets measured at FVTOCI	
Balance at beginning of the period	1,028
Gains (loss) in other comprehensive income	(26)
Purchases	–
Sales/Redemptions	–
Net transfers in and/or (out) of level 3	–
Balance at end of the period	1,002

(d) Valuation process used by the Group and valuation techniques and inputs used in fair value measurements are as follows:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

Notes **to the Interim Condensed Consolidated Financial Information**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

6. SEGMENT INFORMATION

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 geographical location, which is the operations of pachinko halls and those related services 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.

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

REVENUE

	Six months ended 30 September	
	2015	2014
	¥ million	¥ million
	(unaudited)	(unaudited)
Gross pay-ins	**417,104**	425,297
Less: Gross payouts	**(341,261)**	(344,615)
Revenue	**75,843**	80,682

7. HALL OPERATING EXPENSES

	Six months ended 30 September 2015 ¥ million (unaudited)	2014 ¥ million (unaudited)
Advertising expenses	**2,543**	2,025
Cleaning and ancillary services expenses	**1,757**	1,617
Depreciation charges	**5,228**	4,779
G-prize expenses	**1,194**	2,455
Hall staff costs	**23,034**	22,754
Pachinko and pachislot machine expenses	**19,156**	16,729
Rental expenses	**5,662**	5,422
Repair and maintenance expenses	**2,128**	1,188
Utilities expenses	**3,147**	3,046
Others	**5,006**	4,776
	68,855	64,791

8. OTHER INCOME

	Six months ended 30 September 2015 ¥ million (unaudited)	2014 ¥ million (unaudited)
Commission from vending machines and in-store sales	**2,091**	2,039
Income from forfeiture of unutilised balls and tokens	**124**	201
Income from catering services	**258**	157
Net gains on disposals of used machines	**242**	153
Rental income	**278**	271
Reversal of impairment loss on property, plant and equipment	**–**	318
Others	**651**	410
	3,644	3,549

Notes **to the Interim Condensed Consolidated Financial Information**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

9. FINANCE INCOME

	Six months ended 30 September	
	2015	2014
	¥ million	¥ million
	(unaudited)	(unaudited)
Bank interest income	**5**	40
Dividend income	**126**	55
Foreign exchange gains, net	**89**	739
Others	**55**	194
	275	1,028

10. FINANCE EXPENSES

	Six months ended 30 September	
	2015	2014
	¥ million	¥ million
	(unaudited)	(unaudited)
Interest expenses	**88**	41
Amortization of syndicated bank loan charges	**206**	185
Loss from changes in fair value of financial assets measured at FVTPL	**–**	1,934
Others	**41**	206
	335	2,366

11. INCOME TAXES

	Six months ended 30 September 2015 ¥ million (unaudited)	2014 ¥ million (unaudited)
Current taxes	**3,019**	6,199
Deferred taxes	**(480)**	(506)
	2,539	5,693

The estimated average tax rate used in Japan is 34% for six months ended 30 September 2015 and 36% for six months ended 30 September 2014. Taxation for overseas is calculated at the rates of taxation prevailing in the relevant jurisdictions.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2015, the Group acquired property, plant and equipment of ¥7,494 million (2014: ¥6,375 million).

13. COMMITMENTS

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

	At 30 September 2015 ¥ million (unaudited)	At 31 March 2015 ¥ million (audited)
Capital commitment for purchase of property, plant and equipment	**839**	870
	839	870

14. TRADE RECEIVABLES

The Group normally allows credit terms to customers ranging from 1 to 30 days. Overdue balances are reviewed regularly by the Directors.

The aging analysis of the trade receivables based on invoice dates is as follows:

	At 30 September 2015 ¥ million (unaudited)	At 31 March 2015 ¥ million (audited)
1 to 30 days	**426**	437
31 to 60 days	**1**	22
Over 60 days	**23**	27
	450	486

15. TRADE AND OTHER PAYABLES

	At 30 September 2015 ¥ million (unaudited)	At 31 March 2015 ¥ million (audited)
Trade payables	**1,238**	1,287
Halls construction and system payables	**2,348**	4,000
Other tax expenses	**1,307**	3,801
Pachinko and pachislot machine payables	**2,807**	2,922
Accrued staff costs	**7,774**	7,734
Others	**770**	724
	16,244	20,468

15. TRADE AND OTHER PAYABLES *(Continued)*

The aging analysis of the trade payables based on invoice dates is as follows:

	At 30 September 2015 ¥ million (unaudited)	At 31 March 2015 ¥ million (audited)
1 to 30 days	**1,189**	1,211
31 to 60 days	**8**	60
Over 60 days	**41**	16
	1,238	1,287

16. DIVIDENDS

During the six months ended 30 September 2015 and 2014, the Company made the following distributions, which is shown in the interim condensed consolidated statement of changes in equity.

	Six months ended 30 September			
	2015		2014	
Dividends declared and paid/payable to its shareholders by:	**Dividend per share ¥**	**Total Dividends ¥ million (unaudited)**	Dividend per share ¥	Total Dividends ¥ million (unaudited)
Final dividend paid	**7.00**	**5,200**	7.00	5,200
		5,200		5,200

On 26 November 2015, the Board of Directors declared an interim dividend of ¥7.00 per ordinary share of the Company, which is payable on 13 January 2016 to the shareholders of the Company.

17. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2015	2014
	¥ million	¥ million
	(unaudited)	(unaudited)
Earnings for the purpose of calculating basic earnings per share	**4,784**	9,040
Weighted average number of shares	**742,850,360**	742,850,360
Basic earnings per share (¥)	**6.44**	12.17

Diluted earnings per share was the same as basic earnings per share for the six months ended 30 September 2015 and 2014 as there were no dilutive potential ordinary shares in existence during the six months ended 30 September 2015 and 2014.

18. EVENTS AFTER THE REPORTING PERIOD

The Acquisition of the Entire Issued Share Capital of Yume Corporation

Pursuant to the acquisition agreement dated 25 August 2015 entered into between the Company and Yume Corporation, a company incorporated in Japan, on 1 November 2015, the Company completed the acquisition of 100% of the issued share capital of Yume Corporation by the Share Exchange. The Company has issued 38,805,336 Shares in total (equivalent to approximately HK$370 million) to the Yume Corporation's shareholders in exchange of their total numbers of shares in the Yume Corporation (the "Share Exchange"). The Share Exchange was executed through a simplified share exchange procedure (kan'i kabushiki-koukan) pursuant to the provision of Article 796, paragraph 2 of the Companies Act. Yume Corporation is principally engaged in the business of pachinko halls operation in Japan. The purpose of the acquisition is to expand the Group's existing scale of operation and to enlarge the Group's market share. Details of the Share Exchange are set out in the Group's announcements dated 26 August 2015, 25 September 2015 and 2 November 2015. The initial accounting for the business combination is incomplete when the interim condensed consolidated financial information is authorised for issue, and the effect of this transaction is being evaluated for the impact that it will have on the Group's result of operations and financial position.

Definitions

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

"AGM"	annual general meeting of the Company
"Articles of Incorporation"	Articles of Incorporation of the Company as amended and supplemented from time to time
"Audit Committee"	audit committee of the Company
"Beijing GEO"	Beijing GEO Coffee Co., Ltd.* (北京吉意歐咖啡有限公司), a company incorporated in the PRC on 4 August 2004 incorporated with limited liability. Beijing GEO is a subsidiary held as to 100% through Dynam Hong Kong by the Company (registration number 110000410209201)
"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 0115-01-017394). Business Partners is a subsidiary held as to 100% through Dynam Hong Kong by the Company
"Cabin Plaza"	Cabin Plaza Co., Ltd.* (株式会社キヤビンプラザ), 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 is a wholly-owned subsidiary of the Company
"Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Companies Act"	the Companies Act of Japan* (kaisha hou 会社法) (Act No. 86 of 2005, as amended)
"Company"	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)

Definitions

"Controlling Shareholders"	namely Mr. Yoji SATO, Rich-O, and each of the Sato Family Members under the Listing Rules and in the context of this report
"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 Compaines Act on 25 July 1967 (registration number 0115-01-007357). Dynam is a wholly-owned subsidiary of the Company
"Dynam Business Support"	Dynam Business Support Co., Ltd.* (株式会社ダイナムビジネスサポート), a stock company incorporated in Japan with limited liability under the Compaines Act on 1 April 2013 (registration number 0115-01-010575). Dynam Business Support is a wholly-owned subsidiary of the Company
"DYNAM Group" or "Group"	the Company and its subsidiaries at the relevant point in time
"Dynam Hong Kong"	Dynam Hong Kong Co., Ltd.*, a stock company incorporated in Hong Kong with limited liability on 7 January 2013 (registration number 1848306). Dynam Hong Kong is a wholly-owned subsidiary of the Company
"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% through Dynam Hong Kong by the Company
"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 held as to 100% through Humap Japan by the Company
"GIA/GIF Law"	the General Incorporated Associations and General Incorporated Foundations Law of Japan* (ippan shadan houjin oyobi ippan zaidan houjin ni kansuru 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)

"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
"gross pay-ins"	the amount received from pachinko balls and pachislot tokens rented to customers less unutilized balls and tokens
"gross payouts"	the aggregate cost of G-prizes and general prizes exchanged by customers for pachinko balls or pachislot tokens collected at halls
"Group"	the Company and its subsidiaries at the relevant point in time
"high playing cost halls"	our hall type primarily featuring high playing cost machines and mainly operating under the brand of DYNAM and including two Cabin Plaza halls
"high playing cost machines"	pachinko machines with a playing cost of 4-yen per pachinko ball and pachislot machines with a playing cost of 20-yen per pachislot token
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"Humap Japan"	HUMAP Japan Co., Ltd.* (株式会社日本ヒュウマップ), 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). Humap Japan is a wholly-owned subsidiary of the Company
"ICT"	information and communication technology
"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 Cayman Islands and engaged in the development of online game software, and the operation of online games. IGG shares are listed on the Main Board of the Stock Exchange (Stock Code: 799)
"individual ball counter system"	the system for counting balls and tokens introduced at each machine at each of our halls, which enables us to manage pachinko ball and pachislot token numbers at each machine. Use of this system eliminates the need for customers to stack and carry boxes of balls they earn during game play and also reduces work volume and work hours for pachinko hall staff. This has led to reduced personnel expenses and improved personnel productivity at our halls

Definitions

"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 held as to 100% through Humap Japan by the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"low playing cost halls"	our hall type primarily featuring low playing cost machines and mainly operating under the brand of Yuttari Kan, where smoking is allowed in the halls and Shinrai no Mori, where smoking is not allowed except in designated areas, and including seven Cabin Plaza halls
"low playing cost machines"	pachinko machines with playing costs less than 4-yen per pachinko ball and pachislot machines with playing costs of less than 20-yen per pachislot token
"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 Growth Enterprise Market of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Nomination Committee"	nomination committee of the Company
"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. As at 30 September 2014, One Asia was interested in 80,000,000 Shares, representing approximately 10.77% of our entire issued share capital
"our", "we", or "us"	the Company, or where the context requires, the Company and its subsidiaries collectively

"outside director"	outside directors (shagai torishimariyaku 社外取締役) 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. 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
"pachislot tokens" or "tokens"	small metal tokens used to play pachislot games
"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 held as to 100% through Humap Japan by the Company
"PRC"	The People's Republic of China, excluding, for the purpose of this Interim Report, Hong Kong, Macau and Taiwan
"P-World"	a pachinko hall information portal site
"Remuneration Committee"	remuneration committee of the Company
"Reporting Period"	the period from 1 April 2015 to 30 September 2015
"Rich-O"	Rich-O Co., Ltd.* (リッチオ株式会社), 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% through Dynam Hong Kong 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

Definitions

"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
"Shinrai no Mori" (信頼の森)	our pachinko hall brand and hall type featuring primarily low playing cost machines in a non-smoking environment with reduced noise levels, space for players to relax and socialise, and a larger selection of general prizes
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial Shareholders"	ascribed to the meaning under the Listing Rules
"Yume Corporation"	Yume Corporation Co., Ltd.* (夢コーポレーション株式会社), a stock company (kabushiki-gaisha 株式会社) incorporated in Japan with limited liability under the Companies Act on 14 December 1970. It has become a wholly-owned subsidiary of the Company under the scheme of the Share Exchange on 1 November 2015
"Yuttari Kan" (ゆったり館)	our pachinko hall brand and hall type featuring primarily low playing cost machines

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.*