株式会社ダイナムジャパンホールディングス
DYNAM JAPAN HOLDINGS Co., Ltd.*
(incorporated in Japan with limited liability)
(Stock Code: 06889)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2016

HIGHLIGHTS

— Our gross pay-ins were ¥844,885 million (or HK$58,148 million^Δ), recording an increase of 2.3% as compared with the year ended 31 March 2015;

— Our revenue was ¥155,911 million (or HK$10,730 million^Δ), recording an increase of 0.9% as compared with the year ended 31 March 2015;

— Our profit before tax was ¥17,403 million (or HK$1,198 million^Δ), recording a decrease of 10.8% as compared with the year ended 31 March 2015;

— Our profit for the year attributable to owners of the Company was ¥10,544 million (or HK$726 million^Δ), recording a decrease of 6.7% as compared with the year ended 31 March 2015;

— We operated 442 halls as at 31 March 2016 (393 halls as at 31 March 2015);

— Basic earnings per share of the Company were ¥13.9 (or HK$1.0^Δ); and

— The Board has resolved to declare a final dividend of ¥6 per ordinary share (interim: ¥7 per ordinary share).

Δ Translated into Hong Kong dollars at the rate of ¥14.53 to HK$1.00, the exchange rate prevailing on 31 March 2016 (i.e. the last business day in March 2016).

Note: The above % increases and decreases are referred to the changes in respect of the Japanese yen amounts but not the translated amounts in Hong Kong dollars.

The board (the "Board") of directors (the "Directors") of 株式会社ダイナムジャパンホールディングス DYNAM JAPAN HOLDINGS Co., Ltd.* (the "Company") is pleased to announce the annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2016. The results have been audited by PricewaterhouseCoopers Aarata, the Company's auditor.

* *For identification purpose only*

SUMMARY OF FINANCIAL RESULTS

	Year ended 31 March			
	2016		2015	
	(in millions)			
	¥	***HK$***	¥	*HK$*
Gross pay-ins	**844,885**	**58,148**	826,072	53,261
Less: gross payouts	**(688,974)**	**(47,417)**	(671,516)	(43,296)
Revenue	**155,911**	**10,730**	154,556	9,965
Hall operating expenses	**(138,326)**	**(9,520)**	(134,659)	(8,682)
General and administrative expenses	**(5,798)**	**(399)**	(5,456)	(352)
Other income	**8,184**	**563**	6,850	442
Other operating expenses	**(1,805)**	**(124)**	(1,947)	(126)
Operating profit	**18,166**	**1,250**	19,344	1247
Finance income	**311**	**21**	2,151	139
Finance expenses	**(1,074)**	**(74)**	(1,977)	(127)
Profit before income taxes	**17,403**	**1,198**	19,518	1,258
Income taxes	**(6,864)**	**(472)**	(8,259)	(532)
Net profit for the year	**10,539**	**725**	11,259	726
Net profit attributable to:				
Owners of the Company	**10,544**	**726**	11,303	729
Non-controlling interests	**(5)**	**(Δ)**	(44)	(3)
	10,539	**725**	11,259	726
Earnings per share				
Basic	**¥13.9**	**HK$1**	¥15.2	HK$1
Diluted	**N/A**	**N/A**	N/A	N/A
EBITDA(*)	**30,494**	**2,099**	30,637	1,975

* 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.

Δ Less than 0.5 million

	At 31 March			
	2016		2015	
	(in millions)			
	¥	***HK$***	¥	*HK$*
Non-current assets	**145,944**	**10,044**	132,213	8,524
Current assets	**43,240**	**2,976**	48,723	3,141
Current liabilities	**30,838**	**2,122**	31,380	2,023
Net current assets	**12,402**	**854**	17,343	1,118
Total assets less current liabilities	**158,346**	**10,898**	149,556	9,643
Non-current liabilities	**25,727**	**1,771**	14,503	935
Total equity	**132,619**	**9,127**	135,053	8,707

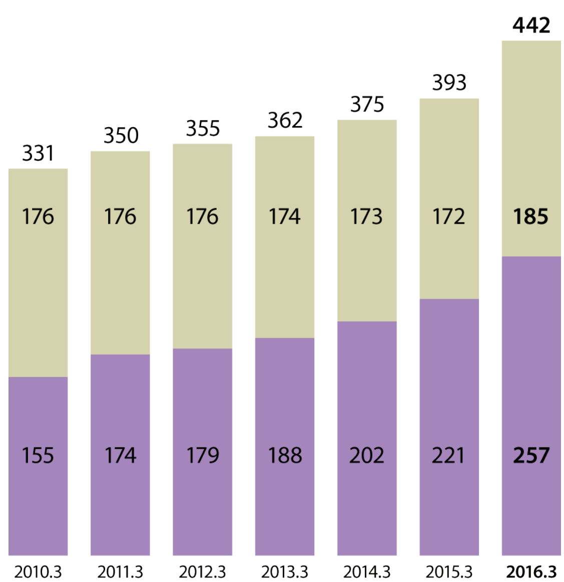
BUSINESS OVERVIEW

Number of halls

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

In the year ended 31 March 2016, we opened 5 high playing cost halls and 9 low playing cost halls. In addition, we closed 4 low playing cost halls in line with a change in our business areas. Furthermore, we acquired Yume Corporation into the Group and their 39 halls joined our chain. As a result, we had a total of 442 halls in operation as of 31 March 2016.

Changes in the number of halls of the Group



As at the end of March

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 11 halls operated by Yume Corporation and 2 halls operated by Cabin Plaza.

Low playing cost halls
Main hall brand: DYNAM *Yuttari Kan* / DYNAM *Shinrai no Mori*

Machines are mainly low playing cost machines and there is a wide selection of general prizes. This hall type includes *Yuttari Kan*, where smoking is allowed in the halls, and *Shinrai no Mori*, where smoking is not allowed except in designated areas. It is comprised of 28 halls operated by Yume Corporation and 7 halls operated by Cabin Plaza.

Chain store management and group growth strategy

As the industry leader in terms of the number of halls, the Group aims for sustainable growth over 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 focusing 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 number of customers and increased visit frequency as well as development 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 gaming 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

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.

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

The Group is promoting a suburban strategy for hall development by opening new halls in small regional business areas with 30,000 to 50,000 residents.

— *Standardizing installation number at 480 gaming machines*

Having standardized the interior layout of the halls, the Group has set 480 gaming machines as the standard installation number for its pachinko and pachislot halls. This has enabled the Group to cut down initial investments, for example, 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, so as to scrap the halls easily 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.

■ ***Acquiring other pachinko hall operators into the Group***

Having the advantage of being a listed company, the Group implements schemes such as share exchanges to acquire other pachinko hall operators into the Group and expand its network of halls.

— *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 becomes parent company of Yume Corporation and thereby Yume Corporation became the wholly-owned subsidiary of the Company. On 1 November 2015, Yume Corporation officially joined the Group.

Yume Corporation is a leading company among Japan's approximately 3,500 pachinko hall operators. It had a nationwide network of 39 halls operated under Yumeya brand as of 31 March 2016. As the two companies committed to chain store management, the Company 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 the Group.

Low-cost operations

The Group enjoys economies of scale to steadily accumulate revenues and profits. To this end, the Group has used second-hand gaming machines, 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 not only installs 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 expenses.

■ *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 time for customers to keep 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.

FINANCIAL REVIEW

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

	For the year ended 31 March				
	2016		2015		
	(in millions, except for percentages)				
	¥	*HK$*[(1)]	¥	*HK$*[(2)]	changes
Gross pay-ins					
— High playing cost halls	**539,205**	**37,110**	554,341	35,741	–2.7%
— Low playing cost halls	**305,680**	**21,038**	271,732	17,520	+12.5%
Total gross pay-ins	**844,885**	**58,148**	826,072	53,261	+2.3%
Gross payouts					
— High playing cost halls	**455,107**	**31,322**	463,614	29,891	–1.8%
— Low playing cost halls	**233,866**	**16,095**	207,903	13,404	+12.5%
Total gross payouts	**688,974**	**47,417**	671,516	43,296	+2.6%
Revenue					
— High playing cost halls	**84,097**	**5,788**	90,727	5,850	–7.3%
— Low playing cost halls	**71,814**	**4,942**	63,829	4,115	+12.5%
Total revenue	**155,911**	**10,730**	154,556	9,965	+0.9%

(1) Translated into Hong Kong dollars at the rate of ¥14.53 to HK$1.00, the exchange rate prevailing on 31 March 2016 (i.e. the last business day in March 2016).

(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).

GROSS PAY-INS

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

Our total gross pay-ins increased by ¥18,813 million (equivalent to approximately HK$1,295 million), or 2.3%, from ¥826,072 million (equivalent to approximately HK$53,261 million) for the year ended 31 March 2015 to ¥844,885 million (equivalent to approximately HK$58,148 million) for the year ended 31 March 2016.

During the year ended 31 March 2016, the utilization of pachinko machines has shown downward trend and the pachinko hall operators have continued to face challenging business circumstances in the entire industry.

Under this business environment, in an effort to achieve sustainable growth on long-term basis, we implemented measures to improve the utilization of pachinko machines in our halls including renovation of halls and change of machine mix reflecting our customers' needs. Also, the Company opened new halls under the hall launch plan, and we acquired Yume Corporation, an operator of 39 pachinko halls, into the Group in November 2015. As a result, the total number of halls as at 31 March 2016 was 442 halls, increased by 49 halls compared with the end of the previous fiscal year. These measures resulted in increased performance of total gross pay-ins year on year.

Our gross pay-ins by hall type are as follows:

Gross pay-ins for high playing cost halls decreased by ¥15,136 million (equivalent to approximately HK$1,042 million), or 2.7%, from ¥554,341 million (equivalent to approximately HK$35,741 million) for the year ended 31 March 2015 to ¥539,205 million (equivalent to approximately HK$37,110 million) for the year ended 31 March 2016. The decrease was primarily due to the decrease in utilization of our high playing cost machines.

Gross pay-ins for low playing cost halls increased by ¥33,948 million (equivalent to approximately HK$2,336 million), or 12.5%, from ¥271,732 million (equivalent to approximately HK$17,520 million) for the year ended 31 March 2015 to ¥305,680 million (equivalent to approximately HK$21,038 million) for the year ended 31 March 2016. The increase was due primarily to new hall openings and acquisition of Yume Corporation into the Group which resulted in an addition of 36 low playing cost halls.

GROSS PAYOUTS

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

Our total gross payouts increased by ¥17,458million (equivalent to approximately HK$1,202 million), or 2.6%, from ¥671,516 million (equivalent to approximately HK$43,296 million) for the year ended 31 March 2015 to ¥688,974 million (equivalent to approximately HK$47,417 million) for the year ended 31 March 2016.

Gross payouts for high playing cost halls decreased by ¥8,507 million (equivalent to approximately HK$585 million), or 1.8%, from ¥463,614 million (equivalent to approximately HK$29,891 million) for the year ended 31 March 2015 to ¥455,107 million (equivalent to approximately HK$31,322 million) for the year ended 31 March 2016, which was in line with the decrease in gross pay-ins.

Gross payouts for low playing cost halls increased by ¥25,963 million (equivalent to approximately HK$1,787 million), or 12.5%, from ¥207,903 million (equivalent to approximately HK$13,404 million) for the year ended 31 March 2015 to ¥233,866 million (equivalent to approximately HK$16,095 million) for the year ended 31 March 2016. The increase was due primarily to the increase in gross pay-ins as a result of the addition of 36 low playing cost halls as mentioned above.

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 total revenue was ¥154,556 million (equivalent to approximately HK$9,965 million) and ¥155,911 million (equivalent to approximately HK$10,730 million) for the years ended 31 March 2015 and 2016 respectively. During this fiscal year, our total revenue increased year on year in response to increased total gross pay-ins through our operational measures and increase in the number of halls.

Revenue for high playing cost halls decreased by ¥6,630 million (equivalent to approximately HK$456 million), or 7.3%, from ¥90,727 million (equivalent to approximately HK$5,850 million) for the year ended 31 March 2015 to ¥84,097 million (equivalent to approximately HK$5,788 million) for the year ended 31 March 2016. The decrease was primarily due to a decrease in gross pay-ins. The revenue margin for the year ended 31 March 2016 decreased by 0.8 points from 16.4% to 15.6% 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.

Revenue for low playing cost halls increased by ¥7,985 million (equivalent to approximately HK$550 million), or 12.5%, from ¥63,829 million (equivalent to approximately HK$4,115 million) for the year ended 31 March 2015 to ¥71,814 million (equivalent to approximately HK$4,942 million) for the year ended 31 March 2016. The revenue margin was 23.5% for the year ended 31 March 2016 and maintained the same level as the previous fiscal year.

HALL OPERATING EXPENSES

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

	For the year ended 31 March											
	2016						2015					
	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	**24,679**	**35.3%**	**22,693**	**33.2%**	**47,372**	**34.2%**	24,746	34.6%	20,344	32.2%	45,090	33.5%
Machine expenses	**19,565**	**27.9%**	**16,267**	**23.8%**	**35,832**	**25.9%**	20,186	28.2%	16,420	26.0%	36,607	27.2%
Depreciation charges	**4,531**	**6.5%**	**5,922**	**8.7%**	**10,453**	**7.6%**	4,457	6.2%	5,582	8.8%	10,040	7.5%
Rental	**4,790**	**6.8%**	**7,258**	**10.6%**	**12,048**	**8.7%**	4,692	6.6%	6,282	10.0%	10,974	8.1%
Advertising expenses	**2,566**	**3.7%**	**2,251**	**3.3%**	**4,817**	**3.5%**	2,558	3.6%	2,357	3.7%	4,915	3.6%
Utilities expenses	**2,735**	**3.9%**	**3,358**	**4.9%**	**6,093**	**4.4%**	2,684	3.8%	3,152	5.0%	5,836	4.3%
G-prize expenses	**1,128**	**1.6%**	**1,273**	**1.9%**	**2,401**	**1.7%**	1,516	2.1%	1,681	2.7%	3,197	2.4%
Cleaning and ancillary services	**1,770**	**2.5%**	**1,938**	**2.8%**	**3,707**	**2.7%**	1,703	2.4%	1,703	2.7%	3,406	2.5%
Repair and maintenance	**2,118**	**3.0%**	**1,558**	**2.3%**	**3,676**	**2.7%**	2,127	3.0%	1,257	2.0%	3,384	2.5%
Others	**6,120**	**8.7%**	**5,807**	**8.5%**	**11,927**	**8.6%**	6,887	9.6%	4,323	6.9%	11,210	8.3%
Total	**70,001**	**100.0%**	**68,325**	**100.0%**	**138,326**	**100.0%**	71,556	100.0%	63,103	100.0%	134,659	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 year ended 31 March											
	2016						2015					
	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	**133.4**	**35.3%**	**88.3**	**33.2%**	**107.2**	**34.2%**	143.9	34.6%	92.1	32.2%	114.7	33.5%
Machine expenses	**105.8**	**27.9%**	**63.3**	**23.8%**	**81.1**	**25.9%**	117.4	28.2%	74.3	26.0%	93.1	27.2%
Depreciation charges	**24.5**	**6.5%**	**23.0**	**8.7%**	**23.6**	**7.6%**	25.9	6.2%	25.3	8.8%	25.5	7.5%
Rental	**25.9**	**6.8%**	**28.2**	**10.6%**	**27.3**	**8.7%**	27.3	6.6%	28.4	10.0%	27.9	8.1%
Advertising expenses	**13.9**	**3.7%**	**8.8**	**3.3%**	**10.9**	**3.5%**	14.9	3.6%	10.7	3.7%	12.5	3.6%
Utilities expenses	**14.8**	**3.9%**	**13.1**	**4.9%**	**13.8**	**4.4%**	15.6	3.8%	14.3	5.0%	14.8	4.3%
G-prize expenses	**6.1**	**1.6%**	**5.0**	**1.9%**	**5.4**	**1.7%**	8.8	2.1%	7.6	2.7%	8.1	2.4%
Cleaning and ancillary services	**9.6**	**2.5%**	**7.5**	**2.8%**	**8.4**	**2.7%**	9.9	2.4%	7.7	2.7%	8.7	2.5%
Repair and maintenance	**11.4**	**3.0%**	**6.1**	**2.3%**	**8.3**	**2.7%**	12.4	3.0%	5.7	2.0%	8.6	2.5%
Others	**33.1**	**8.7%**	**22.6**	**8.5%**	**27.0**	**8.6%**	40.0	9.6%	19.6	6.9%	28.5	8.3%
Total	**378.4**	**100.0%**	**265.9**	**100.0%**	**313.0**	**100.0%**	416.0	100.0%	285.5	100.0%	342.6	100.0%

Hall operating expenses increased by ¥3,667 million (equivalent to approximately HK$252 million), or 2.7%, from ¥134,659 million (equivalent to approximately HK$8,682 million) for the year ended 31 March 2015 to ¥138,326 million (equivalent to approximately HK$9,520 million) for the year ended 31 March 2016.

The increase of total amount of the entire hall operating expenses was primarily attributable to the increase in hall staff costs and rental expenses in low playing cost halls reflecting substantial increase in the number of halls including new hall openings and acquisition of Yume Corporation into the Group.

Hall operating expenses for high playing cost halls decreased by ¥1,555 million (equivalent to approximately HK$107 million), or 2.2%, from ¥71,556 million (equivalent to approximately HK$4,614 million) for the year ended 31 March 2015 to ¥70,001 million (equivalent to approximately HK$4,818 million) for the year ended 31 March 2016. The average hall operating expenses per hall also decreased by 9% due primarily to the decrease in average pachinko and pachislot machine expenses and hall staff costs per hall by 9.9% and 7.3% respectively reflecting reduced procurement of pachinko and pachislot machines and increase in the number of halls in the second half of this fiscal year.

Hall operating expenses for low playing cost halls increased by ¥5,222 million (equivalent to approximately HK$359 million), or 8.3%, from ¥63,103 million (equivalent to approximately HK$4,069 million) for the year ended 31 March 2015 to ¥68,325 million (equivalent to approximately HK$4,702 million) for the year ended 31 March 2016, due primarily to the increase in hall staff costs and rental expenses as a result of the addition of 36 halls including new hall openings and acquisition of Yume Corporation into the Group. The average hall operating expenses per hall was ¥266 million (equivalent to approximately HK$18 million) for the year ended 31 March 2016, recording 6.9% decrease compared with the previous fiscal year due to substantial increase in the number of halls and reduced procurement of pachinko and pachislot machines in the second half of this fiscal year.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses increased by ¥342 million (equivalent to approximately HK$24 million), or 6.3%, from ¥5,456 million (equivalent to approximately HK$352 million) for the year ended 31 March 2015 to ¥5,798 million (equivalent to approximately HK$399 million) for the year ended 31 March 2016. The increase was primarily due to the increased number of employees as a result of the acquisition of Yume Corporation into the Group.

OTHER INCOME

Other income for the years ended 31 March 2015 and 2016 were ¥6,850 million (equivalent to approximately HK$442 million) and ¥8,184 million (equivalent to approximately HK$563 million) respectively. The increase was primarily attributable to the sales proceeds from property held for sale and increased commission income from vending machines and in-store sales, and increased income from catering services.

OTHER OPERATING EXPENSES

Other operating expenses decreased by ¥142 million (equivalent to approximately HK$10 million), or 7.3%, from ¥1,947 million (equivalent to approximately HK$126 million) for the year ended 31 March 2015 to ¥1,805 million (equivalent to approximately HK$124 million) for the year ended 31 March 2016. The decrease was primarily attributable to the decreased impairment loss on property, plant and equipment, partially offset by the sales costs of property held for sale.

FINANCE INCOME

Finance income decreased by ¥1,840 million (equivalent to approximately HK$127 million), or 85.5%, from ¥2,151 million (equivalent to approximately HK$139 million) for the year ended 31 March 2015 to ¥311 million (equivalent to approximately HK$21 million) for the year ended 31 March 2016. The decrease was primarily attributable to the net exchange gain recognized during the year ended 31 March 2015.

FINANCE EXPENSES

Finance expenses decreased by ¥903 million (equivalent to approximately HK$62 million), or 45.7%, from ¥1,977 million (equivalent to approximately HK$127 million) for the year ended 31 March 2015 to ¥1,074 million (equivalent to approximately HK$74 million) for the year ended 31 March 2016. The decrease was primarily attributable to the loss on change in fair value of listed shares recognized for the previous fiscal year end.

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 March 2016

	Note	**2016**	2015
		¥ million	*¥ million*
Revenue	*6*	**155,911**	154,556
Hall operating expenses	*7(a)*	**(138,326)**	(134,659)
General and administrative expenses	*7(b)*	**(5,798)**	(5,456)
Other income	*9(a)*	**8,184**	6,850
Other operating expenses	*9(b)*	**(1,805)**	(1,947)
Operating profit		**18,166**	19,344
Finance income	*10*	**311**	2,151
Finance expenses	*11*	**(1,074)**	(1,977)
Profit before income tax		**17,403**	19,518
Income taxes	*12*	**(6,864)**	(8,259)
Net profit for the year		**10,539**	11,259
Net profit attributable to:			
Owners of the Company		**10,544**	11,303
Non-controlling interests		**(5)**	(44)
Net profit		**10,539**	11,259
Earnings per share	*14*		
Basic (¥)		**13.9**	15.2
Diluted (¥)		**13.9**	15.2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	2016	2015
	¥ million	*¥ million*
Net profit for the year	**10,539**	11,259
Other comprehensive income:		
Item that will not be reclassified to profit or loss:		
Remeasurement of defined benefit retirement plans	**(9)**	–
— Income tax arising from actuarial gain or loss thereof	**3**	(1)
Changes in fair value of financial assets measured at fair value through other comprehensive income	**(4,510)**	–
— Income tax effect of changes in fair value of financial assets measured at fair value through other comprehensive income	**237**	–
	(4,279)	(1)
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(494)**	1,143
Changes in fair value of available-for-sale financial assets	**–**	(8,979)
— Income tax effect of changes in fair value of available-for-sale financial assets	**–**	21
	(494)	(7,815)
Other comprehensive income for the year, net of tax	**(4,773)**	(7,816)
Total comprehensive income for the year	**5,766**	3,443
Total comprehensive income attributable to:		
Owners of the Company	**5,768**	3,487
Non-controlling interests	**(2)**	(44)
Total comprehensive income	**5,766**	3,443

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016

	Note	**2016** **¥ million**	2015 ¥ million
Non-current assets			
Property, plant and equipment		**109,532**	99,961
Investment properties		**2,179**	740
Intangible assets		**3,991**	1,029
Financial assets measured at fair value through other comprehensive income		**6,479**	–
Available-for-sale financial assets		**–**	8,807
Deferred tax assets		**11,229**	10,954
Other non-current assets		**12,534**	10,722
		145,944	132,213
Current assets			
Inventories		**3,580**	4,493
Trade receivables	*15*	**459**	486
Financial assets measured at fair value through profit or loss (under IAS39)		**–**	2,925
Prizes in operation of pachinko halls		**4,916**	4,292
Other current assets		**6,151**	7,288
Cash and cash equivalents		**28,134**	29,239
		43,240	48,723
TOTAL ASSETS		**189,184**	180,936
Current liabilities			
Trade and other payables	*16*	**17,786**	20,468
Borrowings		**2,369**	3,160
Finance lease payables		**86**	254
Provisions		**1,731**	1,610
Income taxes payables		**2,497**	719
Other current liabilities		**6,369**	5,169
		30,838	31,380
Net current assets		**12,402**	17,343
Total assets less current liabilities		**158,346**	149,556

	2016	2015
	¥ million	*¥ million*
Non-current liabilities		
Deferred tax liabilities	**20**	175
Borrowings	**18,394**	9,160
Finance lease payables	**126**	66
Retirement benefit obligations	**243**	–
Other non-current liabilities	**1,685**	1,002
Provisions	**5,259**	4,100
	25,727	14,503
NET ASSETS	**132,619**	135,053
Capital and reserves		
Share capital	**15,000**	15,000
Capital reserve	**12,883**	10,129
Treasury shares	**(289)**	–
Retained earnings	**110,253**	111,037
Other component of equity	**(5,202)**	(1,089)
Equity attributable to owners of the Company	**132,645**	135,077
Non-controlling interests	**(26)**	(24)
TOTAL EQUITY	**132,619**	135,053

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

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 consolidated financial statements of the Company as of 31 March 2016 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 consolidated financial information was approved and authorised for issuance by the Board of Directors on 26 May 2016.

In the opinion of the directors of the Company, as at 31 March 2016, Mr. Yoji Sato and Sato Family Members (as defined in the prospectus of the Company dated 24 July 2012) are the controlling shareholders (as defined under the Listing Rules) of the Company.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets measured at fair value through other comprehensive income, investment properties and defined benefit pension plan which are carried at their fair values.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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 position:

— IAS19 (Amendment), 'Defined Benefit Plans: Employee Contributions'
— 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 consolidated financial information.

IFRSs	Title	Summary of new standards and amendments
IFRS9	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

In accordance with the transitional provisions in IFRS 9.7.2.15, comparative figures have not been restated. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities; de-recognition of financial instruments; impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.

(a) Classification and measurement of financial instruments

The total impact on the Group's retained earnings due to classification and measurement of financial instruments as at 1 April 2015 is as follows:

	¥ million
Opening retained earnings — IAS 39	111,037
Elected to present subsequent changes in fair value of investments in equity instruments in other comprehensive income (FVTOCI)(*) that were measured through profit or loss (FVTPL)(**)	(868)
Opening retained earnings — IFRS 9	110,169

* FVTOCI: Financial assets measured at fair value through other comprehensive income
** FVTPL: Financial assets measured at fair value through profit or loss

On 1 April 2015, management has assessed which business model apply to the financial assets held by the Group at the date of initial application of IFRS 9 (1 April 2015) and has classified its financial instruments into the appropriate IFRS 9 categories. The reclassification to IFRS 9 categories has no impact on measurement categories. The main effects resulting from this reclassification are as follows:

	Note	**IAS 39 carrying amount 31 March 2015**	**Reclassifications**	**Re-measurements**	**IFRS 9 carrying amount 1 April 2015**
Financial assets					
Fair value through profit or loss					
Reclassified to FVTOCI (IFRS 9)	*(i)*	2,925	(2,925)	–	–
Total change to FVTPL		2,925	(2,925)	–	–
Fair value through other comprehensive income					
Reclassified from available-for-sales (IAS 39)	*(ii)*	8,807	–	–	8,807
Reclassified from FVTPL (IAS 39)	*(i)*	–	2,925	–	2,925
Total change to FVTOCI		8,807	2,925	–	11,732

The impact of these changes on the Group's equity is as follows:

	Notes	Effect on AFS(*) reserves ¥ million	Effect on FVTOCI reserve ¥ million	Effect on Foreign Exchange ¥ million	Effect on retained earnings ¥ million
Opening balance — IAS 39		(3,129)	–	2,037	111,037
Reclassify investments in non-trading equities instruments from AFS to FVTOCI	*(ii)*	3,129	(3,129)	–	–
Reclassify investments in non-trading equity instruments from FVTPL to FVTOCI	*(i)*	–	928	(60)	(868)
Total impact		3,129	(2,201)	(60)	(868)
Opening balance — IFRS 9		–	(2,201)	1,977	110,169

* AFS: Available-for-sale financial assets

(i) Equity investments previously classified as financial assets measured at fair value through profit or loss

The Group elected to present in other comprehensive income changes in fair value of all its equity investments previously classified as financial assets measured at fair value through profit or loss because the Group considered their investment purpose at the date of initial application of IFRS 9. As a result, assets with a fair value of ¥2,925 million were reclassified from financial assets measured at fair value through profit or loss to financial assets at fair value through other comprehensive income, and fair value gains of ¥928 million and foreign exchange losses of ¥60 million were reclassified from retained earnings to financial assets at fair value through other comprehensive reserve. The change in fair value of financial assets reclassified from through profit or loss to through other comprehensive income as a result of transition to IFRS 9 at the end of the year ended 31 March 2016 is ¥1,936 million. Finance expenses for the year ended 31 March 2016 was ¥989 million lower as there is no longer recognition of changes in fair value in profit or loss.

(ii) Equity investments previously classified as available-for-sale financial assets

The Group elected to present in other comprehensive income changes in the fair value of all its equity: investments previously classified as available-for-sale financial assets, because these investments are not held for trading. As a result, financial assets with a fair value of ¥8,807 million were reclassified from available-for-sale financial assets to financial assets at fair value through other comprehensive income and fair value losses of ¥3,129 million were reclassified from the available-for-sale financial assets reserve to the financial assets at fair value through other comprehensive income reserve on 1 April 2015. Finance income for the year ended 31 March 2016 was ¥212 million lower as there is no longer reclassification of accumulated amounts from reserves to profit or loss on the disposal of these investments (tax impact ¥70 million).

(iii) Reclassifications of financial instruments on adoption of IFRS 9

On the date of initial application, 1 April 2015, the financial instruments of the Group were as follows, with any reclassifications noted:

	Measurement Category		**Carrying amount**		
	Original (IAS 39)	**New (IFRS 9)**	**Original** *¥ million*	**New** *¥ million*	**Difference**
Non-current financial assets					
Equity securities	Available for sale	FVTOCI	8,807	8,807	–
Government bonds	Held to maturity	Amortised cost	10	10	–
Rental deposits	Amortised cost	Amortised cost	5,510	5,510	–
Current financial assets					
Trade receivables	Amortised cost	Amortised cost	486	486	–
Equity securities	FVTPL	FVTOCI	2,925	2,925	–
Cash and equivalents	Amortised cost	Amortised cost	29,239	29,239	–
Other receivables	Amortised cost	Amortised cost	1,522	1,522	–
Current financial liabilities					
Trade and other payables	Amortised cost	Amortised cost	11,100	11,100	–
Borrowings	Amortised cost	Amortised cost	12,320	12,320	–

(b) Derivatives and hedging activities

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.

However, the adoption of IFRS 9 did not have a material impact on the Group's results of operations and financial position.

(c) Impairment of financial assets

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.

However, the adoption of IFRS 9 did not have a material impact on the Group's results of operations and financial position.

4. NEW STANDARDS, AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS THAT ARE PUBLISHED BUT HAVE NOT YET BEEN ADOPTED BY THE GROUP

The new standards, amendments to existing standards and interpretations have been published before the approval date of the consolidated financial statements, but the Group has not early adopted are as follows. The impact to the consolidated financial statements through adoption is still under investigation and it is difficult to estimate at this moment.

IFRS		Mandatory for fiscal year beginning on or after	Adopted by the group from fiscal year ended	Summary of new standards and amendments
IFRS15	Revenue from Contract with Customers	1 January 2018	March 2019	Amendment with regard to the accounting of revenue recognition
IFRS16	Leases	1 January 2019	March 2020	Requirement for lessee to recognise most lease contracts on the statement of financial position

In addition to the above, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap.622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

5. BUSINESS COMBINATION

The Acquisition of the Entire Issued Share Capital of Yume Corporation

Pursuant to the acquisition agreement dated 24 September 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 issued 38,805,336 Shares in total 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.

(a) Principal business of the acquiree

Yume Corporation is engaged in the business of pachinko halls operation in Japan.

(b) The purpose of the acquisition

The purpose of the acquisition is to expand the Group's existing scale of operation and to enlarge the Group's market share.

(c) *The fair values of the identifiable assets and liabilities*

The fair values of the identifiable assets and liabilities of Yume Corporation acquired as at their dates of acquisition, are as follows:

Consideration:		*¥ million*
At 1 November 2015		
Equity instruments (38,805,336 ordinary shares)		
Total consideration transferred		5,775
Recognised amounts of identifiable assets acquired and liabilities assumed		
Property, plant and equipment	10,958	
Investment properties	422	
Intangible assets	142	
Inventories	284	
Trade receivables	7	
Other assets	2,559	
Cash and cash equivalents	1,756	
Deferred tax assets	1,820	17,948
Trade and other payables	2,095	
Borrowings	9,491	
Retirement benefit obligations	242	
Provisions	951	
Other liabilities	2,071	14,850
Total identifiable net assets		3,098
Goodwill		2,677
Consideration for acquisition:		5,775
Increase of capital reserve by Share Exchange		5,775

The goodwill arising on the acquisition of Yume Corporation is attributable to the anticipated profitability of its operations of pachinko halls and the anticipated future operating synergies from the combination of the operations. It will not be deductible for tax purpose.

(d) *Inflow of cash arising on acquisition*

Cash and cash equivalents owned by Yume Corporation was ¥1,756 million. There was no outflow of cash to acquire Yume Corporation since the business combination was executed by the Share Exchange.

(e) *Acquisition-related costs*

Acquisition-related costs of ¥23 million that were not directly attributable to the issue of shares are incurred in general and administrative expenses in profit or loss.

(f) *Amounts of revenue and profit of the acquiree since the acquisition date included in the consolidated statement of comprehensive income for the reporting period*

This acquisition increased the Group's consolidated revenue by ¥5,704 million and decreased the consolidated profit by ¥20 million respectively for the year ended 31 March 2016.

(g) *Amounts of revenue and profit of the combined entity for the year ended 31 March 2016 as though the acquisition date had been as of the beginning of the annual reporting period*

Amounts of consolidated revenue and profit of the Group for the year ended 31 March 2016 as though the acquisition date had been as of the beginning of the annual reporting period are ¥164,277 million and ¥9,930 million, respectively.

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 the operations of pachinko halls and those related services are 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

	2016 ***¥ million***	2015 *¥ million*
Gross pay-ins	**844,885**	826,072
Less: Gross payouts	**(688,974)**	(671,516)
Revenue	**155,911**	154,556

7. HALL OPERATING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

(a) Hall operating expenses

	2016 ***¥ million***	2015 *¥ million*
Advertising expenses	**4,817**	4,915
Cleaning and ancillary services	**3,707**	3,406
Depreciation charges expenses	**10,453**	10,040
G-prize expenses	**2,401**	3,197
Hall staff costs	**47,372**	45,090
Pachinko and pachislot machine expenses	**35,832**	36,607
Rental expenses	**12,048**	10,974
Repair and maintenance expenses	**3,676**	3,384
Utilities expenses	**6,093**	5,836
Others	**11,927**	11,210
	138,326	134,659

(b) General and administrative expenses

	2016 ¥ million	2015 ¥ million
Salaries, bonus and allowances	**3,219**	3,141
Audit fee	**113**	86
Others	**2,466**	2,229
	5,798	5,456

8. STAFF COSTS AND DIRECTOR'S EMOLUMENTS

	2016 ¥ million	2015 ¥ million
Salaries, bonus and allowances	**54,281**	51,771
Expenses recognised in respect of defined benefit retirement plans	**20**	7
Contribution to defined contribution retirement plans	**839**	803
	55,140	52,581

9. OTHER INCOME AND OTHER EXPENSES

(a) Other income

	2016 ¥ million	2015 ¥ million
Commission from vending machines and in-store sales	**4,240**	4,053
Income from forfeiture of customer's membership cards	**254**	265
Income from catering services	**514**	407
Sales from property held for sale	**858**	–
Net gains on disposals of used machines	**423**	378
Rental income	**694**	543
Others	**1,201**	1,204
	8,184	6,850

(b) Other operating expenses

	2016 ¥ million	2015 ¥ million
Disposal cost of non-financial assets	**321**	181
Impairment loss of non-financial assets	**189**	878
Cost of sales of property held for sale	**440**	–
Rental cost	**322**	205
Others	**533**	683
	1,805	1,947

10. FINANCE INCOME

	2016	2015
	¥ million	*¥ million*
Bank interest income	**16**	54
Dividend income	**161**	65
Foreign exchange gains, net	**–**	1,782
Others	**134**	250
	311	2,151

11. FINANCE EXPENSES

	2016	2015
	¥ million	*¥ million*
Interest expenses	**299**	68
Amortisation of syndicated loan charges	**322**	370
Foreign exchange loss, net	**368**	–
Loss from changes in fair value of financial assets measured at fair value through profit or loss	**–**	1,258
Others	**85**	281
	1,074	1,977

12. INCOME TAXES

	2016	2015
	¥ million	*¥ million*
Current taxes — Japan Profits Tax		
Provision for the year	**5,197**	7,023
Under-provision in prior years	**9**	11
	5,206	7,034
Current taxes — Overseas		
Provision for the year	**28**	13
Deferred taxes		
Provision for the year	**1,630**	1,212
Income tax expense	**6,864**	8,259

As a result of the 2016 Tax Reform passed on 29 March 2016, applicable effective tax rate used to measure the deferred tax assets/liabilities at the period end was reduced from 33% to 32% for the year ending 31 March 2017 and 2018, and from 33% to 31% for the year ending 31 March 2019 and after.

The change of corporate tax rate does not have a material impact to the Company's financial statements.

Hong Kong profits tax included in overseas taxation above has been provided at a rate of approximately 16% on the estimated assessable profit for the year ended 31 March 2016.

The reconciliation between the income tax expense and the product of profit before tax multiplied by the Japan Profits Tax rate is as follows:

	2016 *¥ million*	2015 *¥ million*
Profit before tax	**17,403**	19,518
Japan Profits Tax rate	**33%**	36%
Tax at the domestic income tax rate	**5,743**	7,026
Tax effect of income that is not taxable	**(281)**	(206)
Tax effect of expenses that are not deductible	**674**	498
Tax effect of temporary differences not recognised	**(4)**	70
Tax losses not recognised	**305**	197
Under-provision in prior years	**9**	11
Effect of different tax rates of subsidiaries	**(29)**	(187)
Effect of change in tax rate	**251**	674
Others	**196**	176
Income tax expense	**6,864**	8,259

13. DIVIDENDS

	2016		2015	
Dividends declared and paid/ payable to its shareholders by:	**Dividend per share** **¥**	**Total dividends** ***¥ million***	Dividend per share ¥	Total dividends *¥ million*
— Interim	**7.00**	**5,465**	7.00	5,200
— Final	**6.00**	**4,596**	7.00	5,200
		10,061		10,400

On 26 May 2016, the Board of Directors declared a final dividend of ¥6.00 per ordinary share of the Company, which is payable on 24 June 2016 to the shareholders of the Company.

The amount of proposed final dividend for the year ended 31 March 2016 is based on 765,985,896 shares in issue as at 26 May 2016 when the consolidated financial statements was approved by the Board of directors.

If the Group owns any treasury shares as at 2 June 2016 when is the dividend record date, the amount of proposed final dividend represents the number of shares in issue, which exclude the number of treasury shares owned by the Group as of the date, multiplied by the amount of dividend per share.

14. EARNINGS PER SHARE

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

	2016	2015
	¥ million	*¥ million*
Earnings for the purpose of calculating basic earnings per share	**10,544**	11,303
Weighted average number of ordinary shares	**757,341,412**	742,850,360
Basic earnings per share (¥)	**13.9**	15.2

Diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in existence during the years ended 31 March 2016 and 2015.

15. TRADE RECEIVABLES

The Group's credit terms generally range from 1 to 30 days for those trade receivable.

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

	2016	2015
	¥ million	*¥ million*
1 to 30 days	**432**	437
31 days to 60 days	**23**	22
Over 60 days	**4**	27
	459	486

There is no significant past due balance nor loss allowance provision recognised for trade receivables as at 31 March 2016 (2015: Nil).

16. TRADE AND OTHER PAYABLES

	2016	2015
	¥ million	*¥ million*
Trade payables	**1,432**	1,287
Halls construction and system payables	**2,438**	4,000
Other tax expenses	**2,492**	3,801
Pachinko and pachinslot machine payables	**2,340**	2,922
Accrued staff costs	**8,102**	7,734
Others	**982**	724
	17,786	20,468

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

	2016	2015
	¥ million	*¥ million*
1 to 30 days	**1,372**	1,211
31 days to 60 days	**11**	60
Over 60 days	**49**	16
	1,432	1,287

CORPORATE GOVERNANCE

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 March 2016, the Company has complied with all applicable code provisions set out in the Code except for the following deviation.

Code Provision E.1.3

Code provision E.1.3 stipulates that notice for an annual general meeting should be sent to shareholders at least 20 clear business days before the meeting. The AGM for the year ended 31 March 2016 is scheduled to be held on 23 June 2016, while the AGM notice is expected to be dispatched on 31 May 2016. The above arrangement complies with the Articles of Incorporation prepared pursuant to the Companies Act in respect of the minimum notice period of 21 calendar days (the date of sending and the date of the meeting shall not be included within this period) but the AGM notice period is less than 20 clear business days before the AGM.

Under the Companies Act and the Articles of Incorporation, the Company is required to hold an AGM within three months after the expiration of each financial year (i.e. on or before 30 June 2016). The Companies Act also requires the notice for the AGM to be dispatched together with the audited financial statements under Japanese Generally Accepted Accounting Principles, which must be approved by the Board. On the other hand, the annual report must contain audited financial statements prepared under the IFRS as required under the Listing Rules. As a result, more time was required to finalise that annual report which accompanies the AGM notice to be dispatched to the Shareholders.

Code Provision A.2.1

Code provision of A.2.1 provides that the roles of chairman and chief executive should be performed by different individual.

However, the Board believes that Mr. Kohei SATO, in his dual capacity as the chairman of the Board and the Chief Executive Officer, 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.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as a code of conduct of the Company regarding Directors' transactions of the listed securities of the Company. The Company has made specific enquiry to all of the Directors, and all of the Directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the year ended 31 March 2016. In addition to the Model Code, the Company has formulated and adopted the "Code of Conduct for Prevention of Insider Trading" as at 1 April 2014 for employees of the Company who are likely to have access to unpublished inside information of the Group.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Company has established the Audit Committee in accordance with the requirements of the Listing Rules. The Audit Committee consists of three independent non-executive Directors, namely Mr. Ichiro TAKANO (chairman), Mr. 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 systems, overseeing the audit process and performing other duties and responsibilities as assigned by the Board. The Audit Committee also monitors the Directors in fulfilling their fiduciary duties.

The Audit Committee held 15 meetings during the year ended 31 March 2016 with an attendance rate of 100%. The results for the year ended 31 March 2016 have been reviewed by the Audit Committee.

FINAL DIVIDEND

The Board proposed to declare a final dividend of ¥6 per ordinary share for the year ended 31 March 2016 on 26 May 2016, the final dividend will be payable on 24 June 2016 to the Shareholders whose names appear on the Company's share register at close of business on 2 June 2016. Assuming 765,985,896 Shares shall be in issue as at 2 June 2016, it is expected that the final dividend payable will amount to approximately ¥4,596 million (equivalent to approximately HK$316 million). As at the date hereof, no Shareholder has waived or agreed to waive any dividends.

The exchange rate for the conversion of Japanese yen to Hong Kong dollar for the dividend distributed to Shareholders in the currency other than Japanese yen will be based on the average currency exchange rates prevailing five trading days immediately before 26 May 2016 (being 19 to 20 and 23 to 25 May 2016).

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

The Company has repurchased the Company's 15,669,800 ordinary shares listed on the Stock Exchange during the period from 1 February 2016 to 31 March 2016 and has cancelled 14,825,600 shares out of them. As at 31 March 2016, 844,200 shares were repurchased but not yet cancelled. As at the latest practicable date, all the repurchased Shares have been cancelled. Details of the share repurchases are summarized as follows:

Month of repurchase	Total no. of shares repurchased	Repurchase price per share Highest	Lowest	Aggregate consideration
		(HK$)	*(HK$)*	*(HK$)*
February	3,225,800	14.22	8.99	41,445,898
March	12,444,000	14.96	11.18	174,359,132

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year ended 31 March 2016.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.dyjh.co.jp). The annual report of the Company for the year ended 31 March 2016 containing all the information required by the Listing Rules will be despatched to the Shareholders and made available for review on the aforesaid websites in due course.

CURRENCY TRANSLATIONS

For the purpose of illustration only and unless otherwise specified in this announcement, certain amounts denominated in Japanese yen are translated into Hong Kong dollars at the rates (as the case may be) described below:

1. ¥14.53 to HK$1.00, the exchange rate prevailing on 31 March 2016 (i.e. the last business day in March 2016); or

2. ¥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.

DEFINITIONS

In this announcement, 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
"Board" or "Board of Directors"	the board of Directors of 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)
"Director(s)"	the director(s) of the Company
"EBITDA"	earning before interest, taxes, depreciation and amortization
"general prize"	any prize offered by a pachinko hall that is not a G-prize
"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 time
"high playing cost halls"	our hall type primarily featuring high playing cost machines and mainly operating under the brand of DYNAM, and including Yume Corporation halls and 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
"ICT"	information and communication technology
"IFRS"	International Financial Reporting Standards which include standards and interpretations promulgated by the International Accounting Standards Board (IASB)
"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
"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 Yume Corporation halls and 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
"our", "we", or "us"	the Company, or where the context requires, the Company and its subsidiaries collectively
"pachinko balls" or "balls"	small metal balls used to play pachinko games
"pachislot tokens" or "tokens"	small metal tokens used to play pachislot games
"PRC"	the People's Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan
"*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

"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

By order of the Board
株式会社ダイナムジャパンホールディングス
DYNAM JAPAN HOLDINGS Co., Ltd.*
Kohei SATO
Chairman of the Board

Tokyo, Japan, 26 May 2016

As of the date of this announcement, the executive Director is Mr. Kohei SATO, Mr. Yoji SATO and Mr. Haruhiko MORI, the non-executive Director is Mr. Noriaki USHIJIMA and the independent non-executive Directors are Mr. Ichiro TAKANO, Mr. Mitsutoshi KATO, Mr. Thomas Chun Kee YIP, Mr. Eisho KUNITOMO, and Mr. Kei MURAYAMA.

* *For identification purpose only*