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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

HIGHLIGHTS

— Our gross pay-ins were ¥397,127 million (or HK$27,521 million[Δ]), recording a decrease of 4.6% as compared with the six months ended 30 September 2016;

— Our revenue was ¥77,211 million (or HK$5,351 million[Δ]), recording a decrease of 3.3% as compared with the six months ended 30 September 2016;

— Our profit before income taxes was ¥8,406 million (or HK$583 million[Δ]), recording an increase of 26.7% as compared with the six months ended 30 September 2016;

— Our net profit for the period attributable to owners of the Company was ¥5,430 million (or HK$376 million[Δ]), recording an increase of 40.7% as compared with the six months ended 30 September 2016;

— We operated 450 halls as at 30 September 2017 (444 halls as at 30 September 2016);

— Basic earnings per share of the Company were ¥7.09 (or HK$0.5[Δ]); and

— The Board has resolved to declare an interim dividend of ¥6 per ordinary share.

Δ Translated into Hong Kong dollars at the rate of ¥14.43 to HK$1.00, the exchange rate prevailing on 29 September 2017 (i.e. the last business day in September 2017).

Note: The above % increase and decrease 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 interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2017. The results have been reviewed by PricewaterhouseCoopers Aarata LLC, the Company's auditor and the audit committee.

* *For identification purposes only*

SUMMARY OF FINANCIAL RESULTS

	Six months ended 30 September			
	2017 (unaudited)		2016 (unaudited)	
	(in millions)			
	¥	***HK$***	¥	*HK$*
Gross pay-ins	**397,127**	**27,521**	416,246	31,921
Less: gross payouts	**(319,916)**	**(22,170)**	(336,438)	(25,800)
Revenue	**77,211**	**5,351**	79,808	6,120
Hall operating expenses	**(69,706)**	**(4,831)**	(72,474)	(5,558)
General and administrative expenses	**(2,445)**	**(169)**	(2,692)	(206)
Other income	**4,441**	**308**	4,676	359
Other operating expenses	**(779)**	**(54)**	(1,110)	(85)
Operating profit	**8,722**	**604**	8,208	629
Finance income	**146**	**10**	173	13
Finance expenses	**(462)**	**(32)**	(1,746)	(134)
Profit before income taxes	**8,406**	**583**	6,635	509
Income taxes	**(2,972)**	**(206)**	(2,815)	(216)
Net profit for the period	**5,434**	**377**	3,820	293
Net profit attributable to:				
Owners of the Company	**5,430**	**376**	3,860	296
Non-controlling interests	**4**	Δ	(40)	(3)
	5,434	**377**	3,820	293
Earnings per share				
Basic	**¥7.09**	**HK$0.5**	¥5.04	HK$0.4
Diluted	**¥7.09**	**HK$0.5**	¥5.04	HK$0.4
EBITDA(*)	**14,783**	**1,024**	14,431	1,107

* 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.

	30 September 2017 (unaudited)		31 March 2017 (audited)	
	(in millions)			
	¥	***HK$***	¥	*HK$*
Non-current assets	**138,370**	**9,589**	142,043	9,837
Current assets	**51,556**	**3,573**	63,072	4,368
Current liabilities	**38,074**	**2,639**	38,496	2,666
Net current assets	**13,482**	**934**	24,576	1,702
Total assets less current liabilities	**151,852**	**10,523**	166,619	11,539
Non-current liabilities	**14,394**	**998**	29,738	2,059
Total equity	**137,458**	**9,526**	136,881	9,479

BUSINESS OVERVIEW

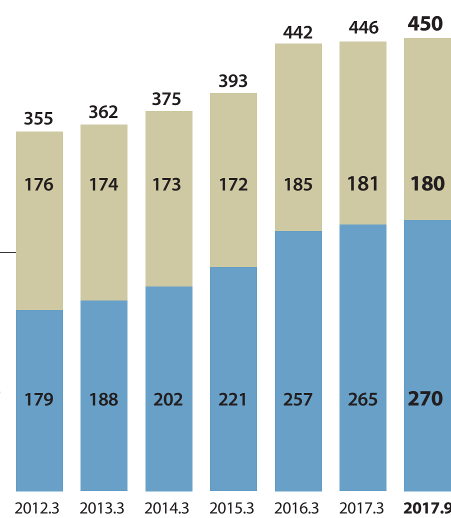
Number of Halls

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

For the six months ended 30 September 2017, we opened 5 low playing cost halls. In addition, we closed 1 low playing cost hall in line with a change in our business areas and converted 1 high playing cost hall to low playing cost hall. As a result, we had a total of 450 halls in operation as of 30 September 2017.

By hall type, we operate 180 high playing cost halls and 270 low playing cost halls, with low playing cost halls making up the majority at 60% of the total.

Changes in the number of halls of the Group
(As at the end of March (except for "2017.9"))



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

Low playing cost halls
Main hall brand:
DYNAM *Yuttari Kan (ゆったり館)*/DYNAM *Shinrai no Mori (信頼の森)*

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 6 halls operated by Cabin Plaza.

Chain Store Management and Growth Strategy of the Group

The Group will maximize leverage of its position as the pachinko industry's leading company in terms of the number of pachinko halls and will steadily accumulate profits over the long term through multiple-hall development and low cost operations.

One of the Group's management policies is implementing chain store management. Chain store theory is to maximize profit with low cost operation, which means that the greater the expansion in the number of halls, the more the profit and the greater the ratio of return to customers. Dynam, our wholly-owned subsidiary, was the pioneer which introduced the chain store management theory to the industry.

A feature of the Group's chain store management is multiple-hall development and low cost operations centered on low playing cost games. Devising low cost measures and the expertise needed from store openings to store management are crucial in promoting low playing cost games. By reaping the benefits of the economies of scale through multiple-hall development when purchasing game machines and general prizes, the Group will continue to leverage our status as the pachinko industry's leading company in terms of the number of pachinko halls and steadily accumulate profits over the long term by implementing chain store management.

Multiple-hall development

The Group is implementing multiple-hall development based on its theory of chain store operations by opening new standardized halls and acquiring 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 hall specifications*

The Group standardizes the interior layout and installation of gaming machines of the halls. This has enabled the Group to cut down initial investment costs 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.

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

Making the most of its advantage as 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. As an example, the Company acquired Yume Corporation into the Group through share exchange on 1 November 2015.

Low-cost operations

By reaping the benefits of the economies of scale, 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 machines and personnel expenses, which account for approximately 60% of hall operating expenses.

■ ***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. The Group has established 16 distribution centers throughout Japan, each of which covers the logistical needs and facilitates the sharing of gaming machines among our 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.

■ ***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 as well as saving time and effort for customers. Apart from that, ICT systems are applied strategically to streamline and reduce the cost of corporate functions including hall management, formulation of marketing strategies, personnel administration and accounting.

* Information and communication technology

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				
	2017 (unaudited)		2016 (unaudited)		
	(in millions, except for percentages)				
	¥	**HK$[(1)]**	¥	HK$[(2)]	changes[(3)]
Gross pay-ins					
— High playing cost halls	**234,204**	**16,230**	254,500	19,517	-8.0%
— Low playing cost halls	**162,923**	**11,291**	161,746	12,404	+0.7%
Total gross pay-ins	**397,127**	**27,521**	416,246	31,921	-4.6%
Gross payouts					
— High playing cost halls	**194,714**	**13,494**	213,239	16,353	-8.7%
— Low playing cost halls	**125,202**	**8,677**	123,200	9,448	+1.6%
Total gross payouts	**319,916**	**22,170**	336,438	25,800	-4.9%
Revenue					
— High playing cost halls	**39,490**	**2,737**	41,262	3,164	-4.3%
— Low playing cost halls	**37,721**	**2,614**	38,547	2,956	-2.1%
Total revenue	**77,211**	**5,351**	79,808	6,120	-3.3%

(1) Translated into Hong Kong dollars at the rate of ¥14.43 to HK$1.00, the exchange rate prevailing on 29 September 2017 (i.e. the last business day in September 2017).

(2) Translated into Hong Kong dollars at the rate of ¥13.04 to HK$1.00, the exchange rate prevailing on 30 September 2016 (i.e. the last business day in September 2016).

(3) The increase and decrease are referred to the changes in respect of the Japanese yen amounts but not the translated amounts in Hong Kong dollars.

During this interim period, as reflected in a decrease in the utilization of pachinko machines, the business environment for the pachinko hall operators has continued to be severe in the entire industry.

Under such business environment, in order to achieve sustainable growth on a long-term basis, the Group implemented measures to improve the utilization of pachinko machines in our halls by setting up our halls from the customer's point of view, such as conversion of hall type to cater our customers' needs, improvement of game environment by facility update, and corporate-wide sharing of successful cases at our pachinko halls.

As the infrastructure for the community, the Group is committed to expanding its market share by multiple-hall development focusing on low playing cost halls for realizing the vision “Remaking Pachinko and Pachislot More Familiar National Pastime”.

During this interim period, the Group opened 5 new low playing cost halls, closed 1 hall as a result of reviewing commercial areas and converted 1 high playing cost hall to low playing cost hall. As a result, the number of halls as at the end of September 2017 became 450. By hall type, we operated 180 high playing cost halls and 270 low playing cost halls, with low playing cost halls making up the majority at 60% of the total.

Set out below is detailed performance of our gross pay-ins, gross payouts, and revenue for this interim period.

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 gross pay-ins were ¥416,246 million (equivalent to approximately HK$31,921 million) and ¥397,127 million (equivalent to approximately HK$27,521 million) for the six months ended 30 September 2016 and 2017 respectively.

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

Gross pay-ins for high playing cost halls decreased by ¥20,296 million (equivalent to approximately HK$1,407 million), or 8.0%*, from ¥254,500 million (equivalent to approximately HK$19,517 million) for the six months ended 30 September 2016 to ¥234,204 million (equivalent to approximately HK$16,230 million) for the six months ended 30 September 2017. 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 ¥1,177 million (equivalent to approximately HK$82 million), or 0.7%*, from ¥161,746 million (equivalent to approximately HK$12,404 million) for the six months ended 30 September 2016 to ¥162,923 million (equivalent to approximately HK$11,291 million) for the six months ended 30 September 2017. The increase was primarily due to the addition of 7 halls compared with the end of the previous interim period through new hall openings and conversion from high playing cost hall.

Gross payouts

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

Our gross payouts were ¥336,438 million (equivalent to approximately HK$25,800 million) and ¥319,916 million (equivalent to approximately HK$22,170 million) for the six months ended 30 September 2016 and 2017 respectively.

Our gross payouts by hall type are as follows.

Gross payouts for high playing cost halls decreased by ¥18,525 million (equivalent to approximately HK$1,284 million), or 8.7%*, from ¥213,239 million (equivalent to approximately HK$16,353 million) for the six months ended 30 September 2016 to ¥194,714 million (equivalent to approximately HK$13,494 million) for the six months ended 30 September 2017, which was in line with the decrease in gross pay-ins.

Gross payouts for low playing cost halls increased by ¥2,002 million (equivalent to approximately HK$139 million), or 1.6%*, from ¥123,200 million (equivalent to approximately HK$9,448 million) for the six months ended 30 September 2016 to ¥125,202 million (equivalent to approximately HK$8,677 million) for the six months ended 30 September 2017. The increase was primarily due to the increase in gross pay-ins as a result of the addition of 7 halls.

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 decreased by ¥2,597 million (equivalent to approximately HK$180 million), or 3.3%*, from ¥79,808 million (equivalent to approximately HK$6,120 million) for the six months ended 30 September 2016 to ¥77,211 million (equivalent to approximately HK$5,351 million) for the six months ended 30 September 2017.

Our revenue by hall type are as follows.

Revenue for high playing cost halls decreased by ¥1,772 million (equivalent to approximately HK$123 million), or 4.3%*, from ¥41,262 million (equivalent to approximately HK$3,164 million) for the six months ended 30 September 2016 to ¥39,490 million (equivalent to approximately HK$2,737 million) for the six months ended 30 September 2017. The decrease was primarily due to a decrease in gross pay-ins. The revenue margin for the six months ended 30 September 2017 increased by 0.7 points to 16.9% as compared with the previous interim period.

Revenue for low playing cost halls decreased by ¥826 million (equivalent to approximately HK$57 million), or 2.1%*, from ¥38,547 million (equivalent to approximately HK$2,956 million) for the six months ended 30 September 2016 to ¥37,721 million (equivalent to approximately HK$2,614 million) for the six months ended 30 September 2017. The decrease was primarily due to the increased ratio of gross payouts to gross pay-ins. The revenue margin for the six months ended 30 September 2017 decreased by 0.6 points to 23.2% as compared with the previous interim period.

Hall operating expenses

Hall operating expenses for the six months ended 30 September 2017 were ¥69,706 million (equivalent to approximately HK$4,831 million), recording a decrease by ¥2,768 million (equivalent to approximately HK$192 million), or 3.8%* as compared to the previous interim period.

Our hall operating expenses by hall type are as follows.

Hall operating expenses for high playing cost halls decreased by ¥2,357 million (equivalent to approximately HK$163 million), or 6.9%*, from ¥34,119 million (equivalent to approximately HK$2,616 million) for the six months ended 30 September 2016 to ¥31,762 million (equivalent to approximately HK$2,201 million) for the six months ended 30 September 2017. The decrease is primarily due to the reduction of overall operating costs in our high playing cost halls as well as an equivalent procurement of pachinko and pachislot machines as the previous interim period. The average hall operating expenses per hall also decreased by 5.6%*.

Hall operating expenses for low playing cost halls decreased by ¥411 million (equivalent to approximately HK$28 million), or 1.1%*, from ¥38,355 million (equivalent to approximately HK$2,941 million) for the six months ended 30 September 2016 to ¥37,944 million (equivalent to approximately HK$2,630 million) for the six months ended 30 September 2017. The decrease is primarily due to the reduction of operating costs in our low playing cost halls except for the increases of machine expenses and hall staff costs for the addition of 7 halls. The average hall operating expenses per hall also decreased by 3.8%*.

General and administrative expenses

General and administrative expenses decreased by ¥247 million (equivalent to approximately HK$17 million), or 9.2%*, from ¥2,692 million (equivalent to approximately HK$206 million) for the six months ended 30 September 2016 to ¥2,445 million (equivalent to approximately HK$169 million) for the six months ended 30 September 2017. The decrease was primarily due to the outcome of improved productivity such as cost reduction.

Other income

Other income for the six months ended 30 September 2016 and 2017 were ¥4,676 million (equivalent to approximately HK$359 million) and ¥4,441 million (equivalent to approximately HK$308 million) respectively. The decrease was primarily attributable to the decreased commission income from vending machines and in-store sales, etc..

Other operating expenses

Other operating expenses decreased by ¥331 million (equivalent to approximately HK$23 million), or 29.8%*, from ¥1,110 million (equivalent to approximately HK$85 million) for the six months ended 30 September 2016 to ¥779 million (equivalent to approximately HK$54 million) for the six months ended 30 September 2017. The decrease was primarily attributable to the decreased amount of the loss on disposal of property, plant and equipment.

Finance income

Finance income decreased by ¥27 million (equivalent to approximately HK$2 million), from ¥173 million (equivalent to approximately HK$13 million) for the six months ended 30 September 2016 to ¥146 million (equivalent to approximately HK$10 million) for the six months ended 30 September 2017. The decrease was primarily attributable to the decreased bank interest income and dividends income.

Finance expenses

Finance expenses decreased by ¥1,284 million (equivalent to approximately HK$89 million), from ¥1,746 million (equivalent to approximately HK$134 million) for the six months ended 30 September 2016 to ¥462 million (equivalent to approximately HK$32 million) for the six months ended 30 September 2017. The decrease was primarily attributable to the decreased net exchange loss.

* The increase and decrease are referred to the changes in respect of the Japanese yen amounts but not the translated amounts in Hong Kong dollars.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2017

	Note	Six months ended 30 September 2017 ¥ million (unaudited)	2016 ¥ million (unaudited)
Revenue	4	**77,211**	79,808
Hall operating expenses	5	**(69,706)**	(72,474)
General and administrative expenses		**(2,445)**	(2,692)
Other income	6	**4,441**	4,676
Other operating expenses	7	**(779)**	(1,110)
Operating profit		**8,722**	8,208
Finance income	8	**146**	173
Finance expenses	9	**(462)**	(1,746)
Profit before income taxes		**8,406**	6,635
Income taxes	10	**(2,972)**	(2,815)
Net profit for the period		**5,434**	3,820
Attributable to:			
Owners of the Company		**5,430**	3,860
Non-controlling interests		**4**	(40)
		5,434	3,820
Earnings per share			
Basic (expressed in ¥)	15	**7.09**	5.04
Diluted (expressed in ¥)	15	**7.09**	5.04

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2017

	Note	Six months ended 30 September 2017 ¥ million (unaudited)	2016 ¥ million (unaudited)
Net profit for the period		**5,434**	3,820
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss:			
Changes in fair value of financial assets measured at fair value through other comprehensive income		**(370)**	2,599
— Income tax effect of changes in fair value of financial assets measured at fair value through other comprehensive income		**14**	27
		(356)	2,626
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		**95**	(662)
		95	(662)
Other comprehensive income/(loss) for the period, net of tax		**(261)**	1,964
Total comprehensive income for the period		**5,173**	5,784
Attributable to:			
Owners of the Company		**5,169**	5,813
Non-controlling interests		**4**	(29)
		5,173	5,784

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

	Note	**At 30 September 2017 ¥ million (unaudited)**	At 31 March 2017 ¥ million (audited)
Non-current assets			
Property, plant and equipment	*11*	**102,976**	106,687
Investment properties		**1,778**	1,627
Intangible assets		**3,670**	3,833
Financial assets measured at fair value through other comprehensive income		**6,532**	7,008
Deferred tax assets		**12,013**	11,150
Other non-current assets		**11,401**	11,738
		138,370	142,043
Current assets			
Inventories		**3,503**	3,528
Trade receivables	*12*	**472**	563
Prizes in operation of pachinko halls		**4,433**	4,833
Other current assets		**4,118**	5,649
Cash and cash equivalents		**39,030**	48,499
		51,556	63,072
TOTAL ASSETS		**189,926**	205,115
Current liabilities			
Trade and other payables	*13*	**16,785**	18,282
Borrowings		**7,086**	7,281
Finance lease payables		**290**	302
Provisions		**2,040**	1,892
Income taxes payables		**4,054**	3,258
Other current liabilities		**7,819**	7,481
		38,074	38,496
Net current assets		**13,482**	24,576
Total assets less current liabilities		**151,852**	166,619

	Note	At 30 September 2017 ¥ million (unaudited)	At 31 March 2017 ¥ million (audited)
Non-current liabilities			
Deferred tax liabilities		**10**	6
Borrowings		**7,506**	22,768
Finance lease payables		**436**	575
Retirement benefit obligations		**235**	234
Other non-current liabilities		**762**	807
Provisions		**5,445**	5,348
		14,394	29,738
NET ASSETS		**137,458**	136,881
Capital and reserves			
Share capital		**15,000**	15,000
Capital reserve		**12,741**	12,741
Retained earnings		**113,261**	112,403
Other component of equity		**(3,476)**	(3,191)
Equity attributable to owners of the Company		**137,526**	136,953
Non-controlling interests		**(68)**	(72)
TOTAL EQUITY		**137,458**	136,881

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

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 2017 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 authorised for issuance by the Board of Directors on 21 November 2017.

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 2017 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 2017 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 2017 are the same as those applied in the consolidated financial statements for the fiscal year ended 31 March 2017 except for the following.

— IFRSs (Amendment), 'Annual Improvements to IFRSs 2014–2016 Cycle'
— IAS7 (Amendment), 'Disclosure Initiative'
— IAS12 (Amendment), 'Recognition of Deferred Tax Assets for Unrealised Losses'

The application of the above amendments to IFRSs in the six months ended 30 September 2017 has not had a material impact on the Group's results of operations and financial position.

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 interim condensed consolidated financial information, but the Group has not early adopted are as follows. The impact to the interim condensed consolidated financial information 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
IAS40 (Amendment)	Investment Property	1 January 2018	March 2019	Amendment with regard to the clarification of the requirements on transfers to, or from, investment property
IFRS15	Revenue from Contracts 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
IFRIC22	Foreign Currency Transactions and Advance Consideration	1 January 2018	March 2019	The exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency

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 2017, 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. 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	
	2017	2016
	¥ million	*¥ million*
	(unaudited)	(unaudited)
Gross pay-ins	**397,127**	416,246
Less: Gross payouts	**(319,916)**	(336,438)
Revenue	**77,211**	79,808

5. HALL OPERATING EXPENSES

	Six months ended 30 September	
	2017	2016
	¥ million	*¥ million*
	(unaudited)	(unaudited)
Advertising expenses	**2,353**	2,617
Cleaning and ancillary services	**1,990**	1,921
Depreciation expenses	**5,529**	5,667
Hall staff costs	**25,140**	25,070
Pachinko and pachislot machine expenses	**18,083**	17,074
Rental expenses	**6,475**	6,461
Repair and maintenance expenses	**1,191**	1,851
Utilities expenses	**3,282**	3,270
Others	**5,663**	8,543
	69,706	72,474

6. OTHER INCOME

	Six months ended 30 September	
	2017	2016
	¥ million	*¥ million*
	(unaudited)	(unaudited)
Commission from vending machines and in-store sales	**2,369**	2,400
Income from forfeiture of customer's membership cards	**122**	118
Income from catering services	**362**	300
Sales from property held for sale	**466**	480
Net gains on disposals of used machines	**263**	210
Rental income	**474**	458
Others	**385**	710
	4,441	4,676

7. OTHER OPERATING EXPENSES

	Six months ended 30 September	
	2017	2016
	¥ million	*¥ million*
	(unaudited)	(unaudited)
Disposal cost of non-financial assets	**40**	274
Impairment loss of non-financial assets	**82**	43
Cost of sales of property held for sale	**254**	245
Rental expenses	**229**	257
Others	**174**	291
	779	1,110

8. FINANCE INCOME

	Six months ended 30 September	
	2017	2016
	¥ million	*¥ million*
	(unaudited)	(unaudited)
Bank interest income	**1**	6
Dividend income	**101**	119
Others	**44**	48
	146	173

9. FINANCE EXPENSES

	Six months ended 30 September	
	2017	2016
	¥ million	*¥ million*
	(unaudited)	(unaudited)
Interest expenses	**176**	140
Amortisation of syndicated bank loan charges	**62**	124
Early repayment cost	**109**	–
Foreign exchange loss, net	**71**	1,439
Others	**44**	43
	462	1,746

10. INCOME TAXES

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss are:

	Six months ended 30 September	
	2017	2016
	¥ million	*¥ million*
	(unaudited)	(unaudited)
Current taxes	**3,805**	3,606
Deferred taxes	**(833)**	(791)
	2,972	2,815

11. COMMITMENTS

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

	At 30 September 2017	At 31 March 2017
	¥ million	*¥ million*
	(unaudited)	(audited)
Capital commitment for purchase of property, plant and equipment	**10**	650
	10	650

12. TRADE RECEIVABLES

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

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

	At 30 September 2017 ¥ *million* (unaudited)	At 31 March 2017 ¥ *million* (audited)
1 to 30 days	**439**	470
31 to 60 days	**31**	26
Over 60 days	**2**	67
	472	563

13. TRADE AND OTHER PAYABLES

	At 30 September 2017 ¥ *million* (unaudited)	At 31 March 2017 ¥ *million* (audited)
Trade payables	**1,471**	1,698
Halls construction and system payables	**717**	2,399
Other tax expenses	**2,464**	2,816
Pachinko and pachislot machine payables	**2,172**	2,340
Accrued staff costs	**8,692**	7,913
Others	**1,269**	1,116
	16,785	18,282

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

	At 30 September 2017 ¥ *million* (unaudited)	At 31 March 2017 ¥ *million* (audited)
1 to 30 days	**1,380**	1,491
31 to 60 days	**–**	126
Over 60 days	**91**	81
	1,471	1,698

14. DIVIDENDS

During the six months ended 30 September 2017 and 2016, the Company made the following distributions, which is shown in the interim condensed consolidated statement of changes in equity.

	Six months ended 30 September			
	2017		2016	
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	**6.00**	**4,596**	6.00	4,590
		4,596		4,590

On 21 November 2017, the Board of Directors declared an interim dividend of ¥6.00 per ordinary share of the Company, which is payable on 12 January 2018 to the shareholders of the Company.

15. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2017 ***¥ million*** **(unaudited)**	2016 *¥ million* (unaudited)
Earnings for the purpose of calculating basic earnings per share	**5,430**	3,860
Weighted average number of shares	**765,985,896**	765,007,753
Basic earnings per share (¥)	**7.09**	5.04

Diluted earnings per share was the same as basic earnings per share for the six months ended 30 September 2017 and 2016 as there were no dilutive potential ordinary shares in existence during the six months ended 30 September 2017 and 2016.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the period from 1 April 2017 to 30 September 2017 (the "Reporting Period"), the Company has complied with all applicable code provisions set out in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules except for the following deviations.

Code Provision A.2.1

Code provision A.2.1 provides that the roles of chairman and chief executive should be performed by different individuals. Mr. Kohei SATO has been in both roles during the Reporting Period.

However, the Board believes that Mr. Kohei SATO, in his dual capacity as the chairman of the Board and chief executive, provides strong and consistent leadership for the development of the Group, and this is beneficial and in the interests of the Company and the shareholders of the Company (the "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 the notice for an annual general meeting should be sent to shareholders by issuer at least 20 clear business days before the meeting. The annual general meeting of the Company (the "AGM") for the year ended 31 March 2017 was held on 22 June 2017, while the AGM notice was despatched on 31 May 2017. The above arrangement complied with the Articles of Incorporation of the Company, as amended (the "Articles of Incorporation") prepared pursuant to the Companies Act of Japan (Act No. 86 of 2005, as amended) (the "Companies Act") in respect of the minimum notice period of 21 calendar days (the date of sending and the date of the meeting was not 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 was required to hold an AGM within three months after the expiration of each financial year (i.e. on or before 30 June 2017). The Companies Act also requires that the notice for the AGM be despatched together with the audited financial statements under the Japanese Generally Accepted Accounting Principles, which must be approved by the Board. On the other hand, the annual report must contain audited financial statements prepared under the International Financial Reporting Standards as required under the Listing Rules. As a result, more time was required to finalize the annual report which accompanied the AGM notice being despatched to the Shareholders.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS AND "RULES ON PREVENTION OF INSIDER DEALINGS" BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules and the "Rules on Prevention of Insider Dealings" as a code of conduct regarding Directors' transactions of the listed securities of the Company. The "Rules on Prevention of Insider Dealings", in addition to the Model Code, has been formulated and adopted by the Company on 1 April 2014 for Directors and employees of the Company who are likely to have access to unpublished inside information of the Group. 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 and the "Rules on Prevention of Insider Dealings" throughout the Reporting Period.

AUDIT COMMITTEE'S REVIEW OF FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements of the Group for the Reporting Period have been reviewed by PricewaterhouseCoopers Aarata LLC, 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. The audit committee of the Company (the "Audit Committee") has also reviewed the unaudited interim condensed consolidated financial statements of the Group for the Reporting Period.

INTERIM DIVIDENDS

The Board declared an interim dividend of ¥6 per ordinary share in respect of the Reporting Period, payable on 12 January 2018 to Shareholders whose names appear on the Company's share register as at the close of business on 11 December 2017. Based on the assumption that 765,985,896 shares shall be in issue as at 11 December 2017, it is expected that the interim dividend payable will amount to approximately ¥4,596 million (equivalent to approximately HK$319 million).

In the case when the dividends are distributed to the Shareholders in Hong Kong dollars, the exchange rate for the conversion of Japanese yen to Hong Kong dollar are based on the average currency rates prevailing five business days immediately before 21 November 2017 (being 14 to 17 and 20 November 2017).

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.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (http://www.hkexnews.hk) and the Company (http://www.dyjh.co.jp). The interim report of the Company for the six months ended 30 September 2017 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. ¥14.43 to HK$1.00, the exchange rate prevailing on 29 September 2017 (i.e. the last business day in September 2017); or

2. ¥13.04 to HK$1.00, the exchange rate prevailing on 30 September 2016 (i.e. the last business day in September 2016).

3. ¥14.44 to HK$1.00, the exchange rate prevailing on 31 March 2017 (i.e. the last business day in March 2017).

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.

"Cabin Plaza" キャビンプラザ	Cabin Plaza Co., Ltd., a stock company incorporated in Japan with limited liability. Cabin Plaza is a wholly-owned subsidiary of the Company
"Dynam" ダイナム	DYNAM Co., Ltd., a stock company incorporated in Japan with limited liability. Dynam is a wholly-owned subsidiary of the Company
"Yume Corporation" 夢コーポレーション	Yume Corporation Co., Ltd., a stock company incorporated in Japan with limited liability. Yume Corporation is a wholly-owned subsidiary of the Company

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, 21 November 2017

As of the date of this announcement, the executive director of the Company is Mr. Kohei SATO, the non-executive directors of the Company are Mr. Yoji SATO, Mr. Tatsuji FUJIMOTO and Mr. Noriaki USHIJIMA, and the independent non-executive directors of the Company are Mr. Ichiro TAKANO, Mr. Mitsutoshi KATO, Mr. Thomas Chun Kee YIP, Mr. Kei MURAYAMA and Mr. Kiyohito KANDA.