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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 2018

HIGHLIGHTS

— Our gross pay-ins were ¥775,060 million (or HK$57,242 million[Δ]), recording a decrease of 5.2% as compared with the year ended 31 March 2017;

— Our revenue was ¥152,092 million (or HK$11,233 million[Δ]), recording a decrease of 3.0% as compared with the year ended 31 March 2017;

— Our profit before tax was ¥16,804 million (or HK$1,241 million[Δ]), recording an increase of 13.3% as compared with the year ended 31 March 2017;

— Our profit for the year attributable to owners of the Company was ¥10,870 million (or HK$803 million[Δ]), recording an increase of 16.1% as compared with the year ended 31 March 2017;

— We operated 450 halls as at 31 March 2018 (446 halls as at 31 March 2017);

— Basic earnings per share of the Company were ¥14.2 (or HK$1[Δ]); and

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

Δ Translated into Hong Kong dollars at the rate of ¥13.54 to HK$1.00, the exchange rate prevailing on 30 March 2018 (i.e. the last business day in March 2018).

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 2018. The results have been audited by PricewaterhouseCoopers Aarata LLC, the Company's auditor.

* *For identification purpose only*

SUMMARY OF FINANCIAL RESULTS

	Year ended 31 March (in millions)			
	2018		2017	
	¥	***HK$***	¥	*HK$*
Gross pay-ins	**775,060**	**57,242**	817,777	56,633
Less: gross payouts	**(622,968)**	**(46,009)**	(660,908)	(45,769)
Revenue	**152,092**	**11,233**	156,869	10,864
Hall operating expenses	**(136,727)**	**(10,098)**	(142,142)	(9,844)
General and administrative expenses	**(5,049)**	**(373)**	(5,622)	(389)
Other income	**9,458**	**699**	9,224	639
Other operating expenses	**(2,425)**	**(179)**	(2,430)	(168)
Operating profit	**17,349**	**1,281**	15,899	1,101
Finance income	**236**	**17**	233	16
Finance expenses	**(781)**	**(58)**	(1,307)	(91)
Profit before income taxes	**16,804**	**1,241**	14,825	1,027
Income taxes	**(5,879)**	**(434)**	(5,520)	(382)
Net profit for the year	**10,925**	**807**	9,305	644
Net profit attributable to:				
Owners of the Company	**10,870**	**803**	9,360	648
Non-controlling interests	**55**	**4**	(55)	(4)
Net profit for the year	**10,925**	**807**	9,305	644
Earnings per share				
Basic	**¥14.2**	**HK$1**	¥12.2	HK$1
Diluted	**N/A**	**N/A**	N/A	N/A
EBITDA(*)	**29,524**	**2,181**	28,469	1,972

* EBITDA is defined as earnings before finance costs, taxation, depreciation, amortisation, and net foreign exchange gain or loss.

	As at 31 March (in millions)			
	2018		2017	
	¥	***HK$***	¥	*HK$*
Non-current assets	**131,826**	**9,736**	142,043	9,837
Current assets	**53,145**	**3,925**	63,072	4,368
Current liabilities	**39,643**	**2,928**	38,496	2,666
Net current assets	**13,502**	**997**	24,576	1,702
Total assets less current liabilities	**145,328**	**10,733**	166,619	11,539
Non-current liabilities	**7,813**	**577**	29,738	2,059
Total equity	**137,515**	**10,156**	136,881	9,479

BUSINESS OVERVIEW

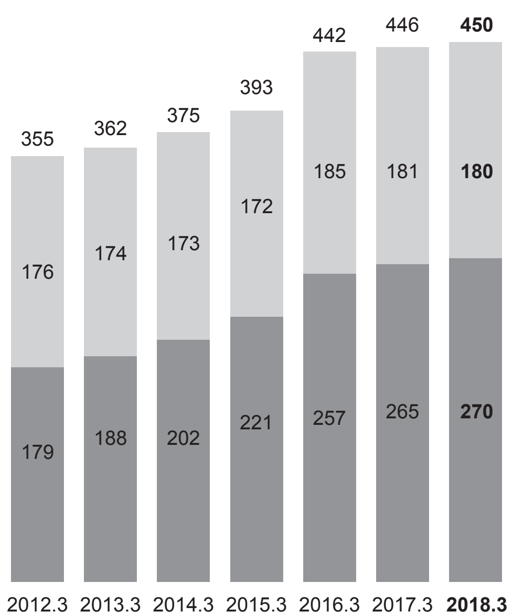
Number of Halls

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

For the year ended 31 March 2018, we opened 6 low playing cost halls. In addition, we closed 2 low playing cost halls in line with a change in our business areas. Also, we converted 1 high playing cost halls to low playing cost halls. As a result, we had a total of 450 halls in operation as of 31 March 2018.

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

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*/ 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, Shinrai no Mori, where smoking is not allowed except in designated areas. It is comprised of 27 halls operated by Yume Corporation and 6 halls operated by Cabin Plaza.

Chain Store Management and Growth Strategy of the Group

- ***Initiatives to Realize Everyday Entertainment***

  Our vision is to reinvent pachinko gaming as a form of everyday entertainment that everyone can easily enjoy, as a regional infrastructure. To realize everyday entertainment, we must manage our business so that our customers consider the time and money they spend in our halls are at acceptable levels for everyday entertainment.

  Therefore, the Group practices chain store management as one of its management policies.

  We are building a framework that enables us to fully leverage the advantages derived from multiple-hall development, and manage all hall operations at low cost.

  Managing our pachinko halls at low cost leaves space to enable us to entertain customers with low playing cost games, which in turn leads to the realizing of everyday entertainment.

- ***Multiple-Hall Development and Low-Cost Operations are the Source of Profit***

  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 has positioned itself in a strong, advantageous position to develop the pachinko hall operation business. Moving forward, we will continue to leverage our status as the pachinko industry's leading company in terms of the number of pachinko halls and steadily accumulated 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 number 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 leased land 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 machine 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 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 year indicated:

	For the year ended 31 March				
	2018		2017		changes[3]
	(in millions, except for percentages)				
	¥	***HK\$*[1]**	¥	*HK\$*[2]	%
Gross pay-ins					
— High playing cost halls	**456,042**	**33,681**	498,995	34,556	–8.6%
— Low playing cost halls	**319,018**	**23,561**	318,782	22,076	+0.1%
Total gross pay-ins	**775,060**	**57,242**	817,777	56,633	–5.2%
Gross payouts					
— High playing cost halls	**378,360**	**27,944**	417,676	28,925	–9.4%
— Low playing cost halls	**244,608**	**18,066**	243,232	16,844	+0.6%
Total gross payouts	**622,968**	**46,009**	660,908	45,769	–5.7%
Revenue					
— High playing cost halls	**77,682**	**5,737**	81,319	5,632	–4.5%
— Low playing cost halls	**74,410**	**5,496**	75,550	5,232	–1.5%
Total revenue	**152,092**	**11,233**	156,869	10,864	–3.0%

(1) Translated into Hong Kong dollars at the rate of 13.54 to HK$1.00, the exchange rate prevailing on 30 March 2018 (i.e. the last business day in March 2018).

(2) Translated into Hong Kong dollars at the rate of 14.44 to HK$1.00, the exchange rate prevailing on 31 March 2017 (i.e. the last business day in March 2017).

(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.

The pachinko hall industry continues to operate under a harsh environment as the number of customers declines, centering on high playing cost halls, and the playing revenues continue to decrease. On the other hand, moving to draw back customers are making headway by creating easily accessible and secure environments through an increase in low playing cost halls and a staged reduction of the percentage of gambling game machines installed.

Under such an environment, the Group adopted a key policy of prioritizing hall creation from the customers' viewpoint and promoting sales focused on customers at each hall, and so refurbished halls and implemented various experimental sales policies, all as an initiative for growing and developing together with the local community. Furthermore, as an effort to improve operations, the Group incorporated the company-wide sharing of successful examples of gaming environment improvements and sales measures that each hall is engaged in.

The Group aims to establish pachinko halls as a part of the community infrastructure to provide daily entertainment that everyone can easily enjoy, and is engaged in expanding its industry share of low playing cost halls to realize this objective.

During this fiscal year, the Group opened 6 new low playing cost halls, closed 2 halls as a result of reviewing commercial areas. Through such countermeasure, the number of halls as at the end of March 2018 became 450. By hall type, we operate 180 high playing cost halls and 270 low playing cost halls.

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

Gross pay-ins

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

Our total gross pay-ins decreased by ¥42,717 million (equivalent to approximately HK$3,155 million*), or 5.2%*, from ¥817,777 million (equivalent to approximately HK$56,633 million) for the year ended 31 March 2017 to ¥775,060 million (equivalent to approximately HK$57,242 million) for the year ended 31 March 2018.

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

Gross pay-ins for high playing cost halls decreased by ¥42,953 million (equivalent to approximately HK$3,172 million*), or 8.6%*, from ¥498,995 million (equivalent to approximately HK$34,556 million) for the year ended 31 March 2017 to ¥456,042 million (equivalent to approximately HK$33,681 million) for the year ended 31 March 2018. The decrease was primarily due to the decrease in utilisation of our high playing cost machines.

Gross pay-ins for low playing cost halls increased by ¥236 million (equivalent to approximately HK$17 million*), or 0.1%*, from ¥318,782 million (equivalent to approximately HK$22,076 million) for the year ended 31 March 2017 to ¥319,018 million (equivalent to approximately HK$23,561 million) for the year ended 31 March 2018. The increase was due primarily to the positive effect of operational measures for improvement of machine utilization and increased number of halls.

Gross payouts

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

Our total gross payouts decreased by ¥37,940 million (equivalent to approximately HK$2,802 million*), or 5.7%*, from ¥660,908 million (equivalent to approximately HK$45,769 million) for the year ended 31 March 2017 to ¥622,968 million (equivalent to approximately HK$46,009 million) for the year ended 31 March 2018.

Our gross payouts by hall type are as follows.

Gross payouts for high playing cost halls decreased by ¥39,316 million (equivalent to approximately HK$2,904 million*), or 9.4%*, from ¥417,676 million (equivalent to approximately HK$28,925 million) for the year ended 31 March 2017 to ¥378,360 million (equivalent to approximately HK$27,944 million) for the year ended 31 March 2018, which was in line with the decrease in gross pay-ins.

Gross payouts for low playing cost halls increased by ¥1,376 million (equivalent to approximately HK$102 million*), or 0.6%*, from ¥243,232 million (equivalent to approximately HK$16,844 million) for the year ended 31 March 2017 to ¥244,608 million (equivalent to approximately HK$18,066 million) for the year ended 31 March 2018. The increase was due primarily to the increase in gross pay-ins.

Revenue and revenue margin

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

Our revenue decreased by ¥4,777 million (equivalent to approximately HK$353 million), or 3%*, from ¥156,869 million (equivalent to approximately HK$10,864 million) for the year ended 31 March 2017 to ¥152,092 million (equivalent to approximately HK$11,233 million) for the year ended 31 March 2018.

Our revenue by hall type are as follows.

Revenue for high playing cost halls decreased by ¥3,637 million (equivalent to approximately HK$269 million*), or 4.5%*, from ¥81,319 million (equivalent to approximately HK$5,632 million) for the year ended 31 March 2017 to ¥77,682 million (equivalent to approximately HK$5,737 million) for the year ended 31 March 2018. The decrease was primarily due to a decrease in gross pay-ins. The revenue margin for the year ended 31 March 2018 increased by 0.7 points to 17% year-on-year, reflecting the decreased ratio of gross payouts to gross pay-ins.

Revenue for low playing cost halls decreased by ¥1,140 million (equivalent to approximately HK$84 million*), or 1.5%*, from ¥75,550 million (equivalent to approximately HK$5,232 million) for the year ended 31 March 2017 to ¥74,410 million (equivalent to approximately HK$5,496 million) for the year ended 31 March 2018. The revenue margin decreased by 0.4 points to 23.3% as compared with the previous fiscal year, reflecting the increased ratio of gross payouts to gross pay-ins.

Hall operating expenses

Hall operating expenses for the year ended 31 March 2018 was ¥136,727 million (equivalent to approximately HK$10,098 million), recording a decrease by ¥5,415 million (equivalent to approximately HK$400 million*), or 3.8%* as compared to the previous fiscal year of ¥142,142 million (equivalent to approximately HK$9,844 million).

Our hall operating expenses by hall type are as follows.

Hall operating expenses for high playing cost halls decreased by ¥4,696 million (equivalent to approximately HK$347 million*), or 7%*, from ¥67,374 million (equivalent to approximately HK$4,666 million) for the year ended 31 March 2017 to ¥62,678 million (equivalent to approximately HK$4,629 million) for the year ended 31 March 2018. The decrease is due primarily 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 previous fiscal year. The average hall operating expenses per hall also decreased by 5.7%*.

Hall operating expenses for low playing cost halls decreased by ¥718 million (equivalent to approximately HK$53 million*), or 1%*, from ¥74,767 million (equivalent to approximately HK$5,178 million) for the year ended 31 March 2017 to ¥74,049 million (equivalent to approximately HK$5,469 million) for the year ended 31 March 2018. The decrease is due primarily to the reduction of operating costs in our low playing cost halls except for machine expenses and hall staff costs increased for addition of 5 halls. The average hall operating expenses per hall also decreased by 3.4%*.

General and administrative expenses

General and administrative expenses decreased by ¥573 million (equivalent to approximately HK$42 million*), or 10.2%*, from ¥5,622 million (equivalent to approximately HK$389 million) for the year ended 31 March 2017 to ¥5,049 million (equivalent to approximately HK$373 million) for the year ended 31 March 2018. The decrease was primarily due to the outcome of improved productivity such as cost reduction.

Other income

Other income for the years ended 31 March 2017 and 2018 were ¥9,224 million (equivalent to approximately HK$639 million) and ¥9,458 million (equivalent to approximately HK$699 million), respectively. The increase was primarily attributable to recording of sales revenue from finance leases and net gains on disposals of used machines.

Other operating expenses

Other operating expenses decreased by ¥5 million (equivalent to approximately HK$∆ million*), or 0.2%*, from ¥2,430 million (equivalent to approximately HK$168 million for the year ended 31 March 2017 to ¥2,425 million (equivalent to approximately HK$179 million) for the year ended 31 March 2018.

∆ less than 0.5 million.

Finance income

Finance income increased by ¥3 million (equivalent to approximately HK$∆ million*), or 1.3%*, from ¥233 million (equivalent to approximately HK$16 million) for the year ended 31 March 2017 to ¥236 million (equivalent to approximately HK$17 million) for the year ended 31 March 2018. The increase was primarily attributable to recording of finance leases interest income, partially offset by the decreased dividend income.

∆ less than 0.5 million.

Finance expenses

Finance expenses decreased by ¥526 million (equivalent to approximately HK$39 million*), or 40.2%*, from ¥1,307 million (equivalent to approximately HK$91 million) for the year ended 31 March 2017 to ¥781 million (equivalent to approximately HK$58 million) for the year ended 31 March 2018. 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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 march 2018

	Note	**2018** **¥ million**	2017 ¥ million
Revenue	5	**152,092**	156,869
Hall operating expenses	6(a)	**(136,727)**	(142,142)
General and administrative expenses	6(b)	**(5,049)**	(5,622)
Other income	8(a)	**9,458**	9,224
Other operating expenses	8(b)	**(2,425)**	(2,430)
Operating profit		**17,349**	15,899
Finance income	9	**236**	233
Finance expenses	10	**(781)**	(1,307)
Profit before income tax		**16,804**	14,825
Income taxes	11	**(5,879)**	(5,520)
Net profit for the year		**10,925**	9,305
Net profit attributable to:			
Owners of the Company		**10,870**	9,360
Non-controlling interests		**55**	(55)
Net profit		**10,925**	9,305
Earnings per share	13		
Basic (¥)		**14.2**	12.2
Diluted (¥)		**14.2**	12.2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 march 2018

	Note	**2018** **¥ million**	2017 ¥ million
Net profit for the year		**10,925**	9,305
Other comprehensive income/(loss):			
Item that will not be reclassified to profit or loss:			
Remeasurement of defined benefit retirement plans		**2**	6
— Income tax effect arising from actuarial gain or loss thereof		**(1)**	(2)
Revaluation surplus for properties		**–**	18
— Income tax effect arising from revaluation surplus for properties		**–**	(6)
Changes in fair value of financial assets measured at fair value through other comprehensive (loss)/income		**(368)**	3,966
— Income tax effect of changes in fair value of financial assets measured at fair value through other comprehensive income		**33**	(30)
		(334)	3,952
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(764)**	43
		(764)	43
Other comprehensive (loss)/income for the year, net of tax		**(1,098)**	3,995
Total comprehensive income for the year		**9,827**	13,300
Attributable to:			
Owners of the Company		**9,771**	13,347
Non-controlling interests		**56**	(47)
		9,827	13,300

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	Note	**2018** ***¥ million***	2017 *¥ million*
Non-current assets			
Property, plant and equipment		**98,794**	106,687
Investment properties		**1,490**	1,627
Intangible assets		**3,545**	3,833
Financial assets measured at fair value through other comprehensive income		**5,894**	7,008
Deferred tax assets		**10,694**	11,150
Other non-current assets		**11,409**	11,738
		131,826	142,043
Current assets			
Inventories		**2,925**	3,528
Trade receivables	*14*	**469**	563
Prizes in operation of pachinko halls		**4,114**	4,833
Other current assets		**5,104**	5,649
Cash and cash equivalents		**40,533**	48,499
		53,145	63,072
TOTAL ASSETS		**184,971**	205,115
Current liabilities			
Trade and other payables	*15*	**19,220**	18,282
Borrowings		**7,351**	7,281
Finance lease payables		**256**	302
Provisions		**1,971**	1,892
Income taxes payables		**2,891**	3,258
Other current liabilities		**7,954**	7,481
		39,643	38,496
Net current assets		**13,502**	24,576
Total assets less current liabilities		**145,328**	166,619

	Note	**2018**	2017
		¥ million	*¥ million*
Non-current liabilities			
Deferred tax liabilities		**6**	6
Borrowings		**1,221**	22,768
Finance lease payables		**326**	575
Retirement benefit obligations		**–**	234
Other non-current liabilities		**799**	807
Provisions		**5,461**	5,348
		7,813	29,738
NET ASSETS		**137,515**	136,881
Capital and reserves			
Share capital		**15,000**	15,000
Capital reserve		**12,741**	12,741
Retained earnings		**114,106**	112,403
Other component of equity		**(4,315)**	(3,191)
Equity attributable to owners of the Company		**137,532**	136,953
Non-controlling interests		**(17)**	(72)
TOTAL EQUITY		**137,515**	136,881

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 march 2018

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 2018 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 23 May 2018.

In the opinion of the directors of the Company, as at 31 March 2018, Mr. Yoji Sato and Sato Family Members are the ultimate controlling parties 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 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 2017 with no impact on the Group's results of operations and financial position:

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

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 Group has assessed the impact of these standards and interpretations that are subject to be adopted for the coming fiscal year and has considered that there would be no significant impacts on the Group's consolidated financial statements for the fiscal year ended 31 March 2019. The impact to the consolidated financial statements for the year ended 31 March 2020 through adoption is still under investigation and it is difficult to estimate at this moment.

The Group elected to adopt IFRS 9 Financial Instruments from fiscal year ended 31 March 2016.

IFRS		Mandatory for fiscal year beginning on or after	Adopted by the group from fiscal year ended	Summary of new standards and amendments
IAS 28 (Amendment)	Long-term interests in Associates and Joint Ventures	1 January 2019	March 2020	Amendment with regard to the clarification of the application of IFRS 9 'Financial Instruments' to long-term interests in an associate or joint venture to which the equity method is not applied
IAS 40 (Amendment)	Investment Property	1 January 2018	March 2019	Amendment with regard to the clarification of the requirements on transfers to, or from, investment Property
IFRSs (Amendment)	Annual Improvements to IFRSs 2015–2017 Cycle	1 January 2019	March 2020	Minor amendments with regard to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs
IFRS 9 (Amendment)	Prepayment Features with Negative Compensation	1 January 2019	March 2020	Amendment with regard to the measurement of prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met
IFRS 15	Revenue from Contracts with Customers	1 January 2018	March 2019	Amendment with regard to the accounting of revenue recognition
IFRS 16	Leases	1 January 2019	March 2020	Requirement for lessee to recognise most lease contracts on the statement of financial position
IFRIC 22	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
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019	March 2020	Amendment with regard to the clarification of how to reflect the effects of uncertainty in accounting for income taxes

5. 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

	2018	2017
	¥ million	*¥ million*
Gross pay-ins	**775,060**	817,777
Less: Gross payouts	**(622,968)**	(660,908)
Revenue	**152,092**	156,869

6. HALL OPERATING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

(a) Hall operating expenses

	2018	2017
	¥ million	*¥ million*
Advertising expenses	**4,801**	5,098
Cleaning and ancillary services	**4,125**	3,973
Depreciation expenses	**11,170**	11,536
Hall staff costs	**49,887**	49,974
Pachinko and pachislot machine expenses	**31,910**	34,229
Rental expenses	**12,908**	12,950
Repair and maintenance expenses	**2,816**	3,074
Utilities expenses	**6,204**	6,116
Others	**12,906**	15,192
	136,727	142,142

(b) General and administrative expenses

	2018	2017
	¥ million	*¥ million*
Salaries, bonus and allowances	**3,122**	3,286
Audit fee	**96**	96
Others	**1,831**	2,240
	5,049	5,622

7. STAFF COSTS AND DIRECTOR'S EMOLUMENTS

	2018	2017
	¥ million	*¥ million*
Salaries, bonus and allowances	**56,866**	56,991
Expenses recognised in respect of defined benefit retirement plans	**56**	46
Contribution to defined contribution retirement plans	**828**	822
	57,750	57,859

8. OTHER INCOME AND OTHER EXPENSES

(a) Other income

	2018	2017
	¥ million	*¥ million*
Commission from vending machines and in-store sales	**4,672**	4,758
Income from forfeiture of customer's membership cards	**280**	233
Income from catering services	**696**	642
Sales revenue from property held for sale	**205**	674
Revenue from finance leases	**1,390**	–
Net gains on disposals of used machines	**406**	797
Rental income	**876**	944
Others	**933**	1,176
	9,458	9,224

(b) Other operating expenses

	2018	2017
	¥ million	*¥ million*
Disposal cost of non-financial assets	**292**	487
Impairment loss of non-financial assets	**595**	424
Cost of sales of property held for sale	**44**	267
Cost of sales of finance leases	**613**	–
Rental cost	**372**	532
Others	**509**	720
	2,425	2,430

9. FINANCE INCOME

	2018	2017
	¥ million	*¥ million*
Bank interest income	**9**	3
Finance leases interest income	**24**	–
Dividend income	**112**	133
Others	**91**	97
	236	233

10. FINANCE EXPENSES

	2018	2017
	¥ million	*¥ million*
Interest expenses	**292**	222
Amortisation of syndicated loan charges	**120**	212
Foreign exchange loss, net	**152**	787
Early repayment cost	**130**	–
Others	**87**	86
	781	1,307

11. INCOME TAXES

	2018	2017
	¥ million	*¥ million*
Current taxes — Japan Profits Tax		
Provision for the year	**5,378**	5,441
Under-provision in prior years	**0**	65
	5,378	5,506
Current taxes — Overseas		
Provision for the year	**1**	1
Under-provision in prior years	**–**	(25)
	1	(24)
Deferred taxes		
Provision for the year	**500**	38
Income tax expense	**5,879**	5,520

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 2018.

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

	2018 *¥ million*	2017 *¥ million*
Profit before tax	**16,804**	14,825
Japan Profits Tax rate	**32%**	32%
Tax at the domestic income tax rate	**5,325**	4,698
Tax effect of income that is not taxable	**(197)**	(140)
Tax effect of expenses that are not deductible	**681**	542
Tax effect of temporary differences not recognised	**47**	131
Tax losses not recognised	**144**	284
Under-provision in prior years	**0**	40
Effect of different tax rates of subsidiaries	**(40)**	(18)
Effect of change in tax rate	**–**	17
Others	**(81)**	(34)
Income tax expense	**5,879**	5,520

12. DIVIDENDS

	2018		2017	
Dividends declared and paid/ payable to its shareholders by:	**Dividend per share** **¥**	**Total dividends** ***¥ million***	Dividend per share ¥	Total dividends *¥ million*
— Interim	**6.00**	**4,596**	6.00	4,596
— Final	**6.00**	**4,596**	6.00	4,596
		9,192		9,192

On 23 May 2018, the Board of Directors declared a final dividend of ¥6.00 per ordinary share of the Company, which is payable on 22 June 2018 to the shareholders of the Company.

The amount of proposed final dividend for the year ended 31 March 2018 is based on 765,985,896 shares in issue as at 23 May 2018 when the consolidated financial statements was approved by the Board of directors.

If the Group owns any treasury shares as at 4 June 2018 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.

13. EARNINGS PER SHARE

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

	2018 ¥ million	2017 ¥ million
Earnings for the purpose of calculating basic earnings per share	**10,870**	9,360
Weighted average number of ordinary shares	**765,985,896**	765,495,485
Basic earnings per share (¥)	**14.2**	12.2

Diluted earnings per share was the same as basic earnings per share for the year ended 31 March 2018 and 2017 as there were no dilutive potential ordinary shares in existence during the year ended 31 March 2018 and 2017.

14. TRADE RECEIVABLES

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

The gross carrying amount of trade receivable is 469 million yen as at 31 March 2018 (2017: 563 million yen).

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

	2018 ¥ million	2017 ¥ million
1 to 30 days	**445**	470
31 days to 60 days	**18**	26
Over 60 days	**6**	67
	469	563

There is no significant past due balance nor loss allowance provision recognised for trade receivables as at 31 March 2018 (2017: Nil).

15. TRADE AND OTHER PAYABLES

	2018 *¥ million*	2017 *¥ million*
Trade payables	**1,456**	1,698
Halls construction and system payables	**1,815**	2,399
Other tax expenses	**3,400**	2,816
Pachinko and pachislot machine payables	**2,103**	2,340
Accrued staff costs	**8,635**	7,913
Others	**1,811**	1,116
	19,220	18,282

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

	2018 *¥ million*	2017 *¥ million*
1 to 30 days	**1,435**	1,491
31 days to 60 days	**1**	126
Over 60 days	**20**	81
	1,456	1,698

CORPORATE GOVERNANCE

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the period from 1 April 2017 to 31 March 2018 (the "Reporting Period"), the Company has complied with all applicable code provisions set out in the Code except for the following deviations.

Code Provision E.1.3

Code provision E.1.3 stipulates that notice for an annual general meeting (the "AGM") should be sent to the Shareholders at least 20 clear business days before the meeting. The AGM for the year ended 31 March 2017 was held on 22 June 2017, while the AGM notice was dispatched on 31 May 2017. The above arrangement complies with the articles of incorporation of the Company (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 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 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 finalize the annual report which accompanies the AGM notice to be dispatched to the Shareholders.

The AGM for the Reporting Period will be held on 21 June 2018 and its notice will be dispatched on 30 May 2018, which will not satisfy the minimum notice period as required by the code provision E.1.3, for the same reason as stated in the preceding paragraph.

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. Throughout the Reporting Period, the roles of the chairman and chief executive were performed by the same individual, Mr. Kohei SATO, and were not separated.

However, the Board believes that Mr. Kohei SATO, in his dual capacity as the chairman of the Board and chief executive, will provide strong and consistent leadership for the development of the Company and its subsidiaries, and this will be beneficial and in the interests of the Company and 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.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") and the "Rules on Prevention of Insider Dealings" as 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 at 1 April 2014 for Directors, executive officers and employees of the Company who are likely to have access to unpublished inside information of the Group. The Company has made specific enquiries to all of the Directors, and all 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.

EVENTS AFTER THE REPORTING PERIOD

There is no important event affecting the Group which has occurred since the ending of the Reporting Period.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Company has established the audit committee of the Company (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. Kiyohito KANDA.

The primary duties of the Audit Committee are to review the financial information and the auditor's reports and monitor the integrity of the financial statements, to oversee the financial reporting process, risk management and internal control systems, and the audit process, and to perform other duties and responsibilities as assigned by the Board. The Audit Committee also monitors the Directors in fulfilling their fiduciary duties. The results for the Reporting Period have been reviewed by the Audit Committee.

FINAL DIVIDEND

The Board proposed to declare a final dividend of ¥6 per ordinary share for the Reporting Period on 23 May 2018, and the final dividend will be payable on 22 June 2018 to the Shareholders whose names appear on the Company's share register at close of business on 4 June 2018. Based on the assumption that 765,985,896 shares shall be in issue as at 4 June 2018, it is expected that the final dividend payable will amount to approximately ¥4,596 million (equivalent to approximately HK$339 million). No Shareholder has waived or agreed to waive any dividends.

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 ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Hong Kong 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 2018 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. ¥13.54 to HK$1.00, the exchange rate prevailing on 30 March 2018 (i.e. the last business day in March 2018); or

2. ¥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, 23 May 2018

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.