DYNAM JAPAN HOLDINGS Co., Ltd.

(incorporated in Japan with limited liability)

(Stock Code: 06889)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

HIGHLIGHTS

— Our gross pay-ins were ¥768,857 million (or HK$54,375 million$^{\Delta}$), recording a decrease of 0.8% as compared with the year ended 31 March 2018;

— Our revenue was ¥146,371 million (or HK$10,352 million$^{\Delta}$), recording a decrease of 3.8% as compared with the year ended 31 March 2018;

— Our profit before income tax was ¥19,369 million (or HK$1,370 million$^{\Delta}$), recording an increase of 15.3% as compared with the year ended 31 March 2018;

— Our net profit for the period attributable to owners of the Company was ¥12,596 million (or HK$891 million$^{\Delta}$), recording an increase of 15.9% as compared with the year ended 31 March 2018;

— We operated 450 halls as at 31 March 2019 (450 halls as at 31 March 2018);

— Basic earnings per share of the Company were ¥16.4 (or HK1^{\Delta}$); and

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

$^{\Delta}$ Translated into Hong Kong dollars at the rate of ¥14.14 to HK$1.00, the exchange rate prevailing on 29 March 2019 (i.e. the last business day in March 2019).

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 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 2019. The results have been audited by PricewaterhouseCoopers Aarata LLC, the Company's auditor and the Audit Committee.

SUMMARY OF FINANCIAL RESULTS

	Year ended 31 March (in millions)			
	2019		2018	
	¥	***HK$***	¥	*HK$*
Gross pay-ins	**768,857**	**54,375**	775,060	57,242
Less: gross payouts	**(622,486)**	**(44,023)**	(622,968)	(46,009)
Revenue	**146,371**	**10,352**	152,092	11,233
Hall operating expenses	**(128,024)**	**(9,054)**	(136,727)	(10,098)
General and administrative expenses	**(5,023)**	**(355)**	(5,049)	(373)
Other income	**8,971**	**634**	9,458	699
Other operating expenses	**(2,953)**	**(209)**	(2,425)	(179)
Operating profit	**19,342**	**1,368**	17,349	1,281
Finance income	**471**	**33**	236	17
Finance expenses	**(444)**	**(31)**	(781)	(58)
Profit before income taxes	**19,369**	**1,370**	16,804	1,241
Income taxes	**(6,778)**	**(479)**	(5,879)	(434)
Net profit for the year	**12,591**	**891**	10,925	807
Net profit attributable to:				
Owners of the Company	**12,596**	**891**	10,870	803
Non-controlling interests	**(5)**	**0**	55	4
Net profit for the year	**12,591**	**891**	10,925	807
Earnings per share				
Basic	**¥16.4**	**HK$1**	¥14.2	HK$1
Diluted	**N/A**	**N/A**	N/A	N/A
EBITDA(*)	**31,136**	**2,202**	29,524	2,181

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

	As at 31 March (in millions)			
	2019		2018	
	¥	***HK$***	¥	*HK$*
Non-current assets	**125,457**	**8,873**	131,826	9,736
Current assets	**59,875**	**4,234**	53,145	3,925
Current liabilities	**36,452**	**2,578**	39,643	2,928
Net current assets	**23,423**	**1,656**	13,502	997
Total assets less current liabilities	**148,880**	**10,529**	145,328	10,733
Non-current liabilities	**7,080**	**501**	7,813	577
Total equity	**141,800**	**10,028**	137,515	10,156

BUSINESS OVERVIEW

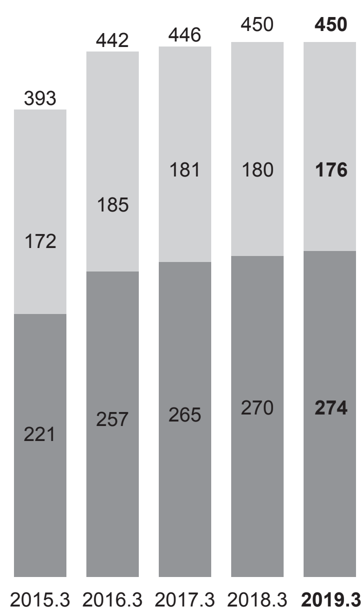
Number of Halls

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

For the year ended 31 March 2019, we opened 2 low playing cost halls. In addition, we closed 1 low playing cost hall and 1 high playing cost hall in line with a change in our business areas. Also, we converted 4 high playing cost halls to low playing cost halls and 1 low playing cost hall to high playing cost hall. As a result, we had a total of 450 halls in operation as of 31 March 2019.

By hall type, we operate 176 high playing cost halls and 274 low playing cost halls, with low playing cost halls making up the majority at 61% 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 9 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				
	2019		2018		changes[3]
	(in millions, except for percentages)				
	¥	***HK$*[1]**	¥	*HK$*[2]	%
Gross pay-ins					
— High playing cost halls	**441,304**	**31,210**	456,042	33,681	-3.2%
— Low playing cost halls	**327,553**	**23,165**	319,018	23,561	+2.7%
Total gross pay-ins	**768,857**	**54,375**	775,060	57,242	-0.8%
Gross payouts					
— High playing cost halls	**368,190**	**26,039**	378,360	27,944	-2.7%
— Low playing cost halls	**254,296**	**17,984**	244,608	18,066	+4.0%
Total gross payouts	**622,486**	**44,023**	622,968	46,009	-0.1%
Revenue					
— High playing cost halls	**73,114**	**5,171**	77,682	5,737	-5.9%
— Low playing cost halls	**73,257**	**5,181**	74,410	5,496	-1.5%
Total revenue	**146,371**	**10,352**	152,092	11,233	-3.8%

(1) Translated into Hong Kong dollars at the rate of ¥14.14 to HK$1.00, the exchange rate prevailing on 29 March 2019 (i.e. the last business day in March 2019).

(2) 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).

(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 2 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 2019 became 450. By hall type, we operate 176 high playing cost halls and 274 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 ¥6,203 million (equivalent to approximately HK$439 million*), or 0.8%*, from ¥775,060 million (equivalent to approximately HK$57,242 million) for the year ended 31 March 2018 to ¥768,857 million (equivalent to approximately HK$54,375 million) for the year ended 31 March 2019.

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

Gross pay-ins for high playing cost halls decreased by ¥14,738 million (equivalent to approximately HK$1,042 million*), or 3.2%*, from ¥456,042 million (equivalent to approximately HK$33,681 million) for the year ended 31 March 2018 to ¥441,304 million (equivalent to approximately HK$31,210 million) for the year ended 31 March 2019. 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 ¥8,535 million (equivalent to approximately HK$603 million*), or 2.7%*, from ¥319,018 million (equivalent to approximately HK$23,561 million) for the year ended 31 March 2018 to ¥327,553 million (equivalent to approximately HK$23,165 million) for the year ended 31 March 2019. The increase was due primarily to the positive effect of operational measures for improvement of machine utilization.

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 ¥482 million (equivalent to approximately HK$34 million*), or 0.1%*, from ¥622,968 million (equivalent to approximately HK$46,009 million) for the year ended 31 March 2018 to ¥622,486 million (equivalent to approximately HK$44,023 million) for the year ended 31 March 2019.

Our gross payouts by hall type are as follows.

Gross payouts for high playing cost halls decreased by ¥10,170 million (equivalent to approximately HK$719 million*), or 2.7%*, from ¥378,360 million (equivalent to approximately HK$27,944 million) for the year ended 31 March 2018 to ¥368,190 million (equivalent to approximately HK$26,039 million) for the year ended 31 March 2019, which was in line with the decrease in gross pay-ins.

Gross payouts for low playing cost halls increased by ¥9,688 million (equivalent to approximately HK$685 million*), or 4.0%*, from ¥244,608 million (equivalent to approximately HK$18,066 million) for the year ended 31 March 2018 to ¥254,296 million (equivalent to approximately HK$17,984 million) for the year ended 31 March 2019. 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 ¥5,721 million (equivalent to approximately HK$405 million), or 3.8%*, from ¥152,092 million (equivalent to approximately HK$11,233 million) for the year ended 31 March 2018 to ¥146,371 million (equivalent to approximately HK$10,352 million) for the year ended 31 March 2019.

Our revenue by hall type are as follows.

Revenue for high playing cost halls decreased by ¥4,568 million (equivalent to approximately HK$323 million*), or 5.9%*, from ¥77,682 million (equivalent to approximately HK$5,737 million) for the year ended 31 March 2018 to ¥73,114 million (equivalent to approximately HK$5,171 million) for the year ended 31 March 2019. The decrease was primarily due to a decrease in gross pay-ins. The revenue margin decreased by 0.4 points to 16.6% as compared with the previous fiscal year, reflecting the increased ratio of gross payouts to gross pay-ins.

Revenue for low playing cost halls decreased by ¥1,153 million (equivalent to approximately HK$82 million*), or 1.5%*, from ¥74,410 million (equivalent to approximately HK$5,496 million) for the year ended 31 March 2018 to ¥73,257 million (equivalent to approximately HK$5,181 million) for the year ended 31 March 2019. The revenue margin decreased by 0.9 points to 22.4% 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 2019 was ¥128,024 million (equivalent to approximately HK$9,054 million), recording a decrease by ¥8,703 million (equivalent to approximately HK$616 million*), or 6.4%* as compared to the previous fiscal year of ¥136,727 million (equivalent to approximately HK$10,098 million).

Our hall operating expenses by hall type are as follows.

Hall operating expenses for high playing cost halls decreased by ¥5,157 million (equivalent to approximately HK$365 million*), or 8.2%*, from ¥62,678 million (equivalent to approximately HK$4,629 million) for the year ended 31 March 2018 to ¥57,521million (equivalent to approximately HK$4,068 million) for the year ended 31 March 2019.

Hall operating expenses for low playing cost halls decreased by ¥3,546 million (equivalent to approximately HK$251 million*), or 4.8%*, from ¥74,049 million (equivalent to approximately HK$5,469 million) for the year ended 31 March 2018 to ¥70,503 million (equivalent to approximately HK$4,986 million) for the year ended 31 March 2019.

General and administrative expenses

General and administrative expenses decreased by ¥26 million (equivalent to approximately HK$2 million*), or 0.5%*, from ¥5,049 million (equivalent to approximately HK$373 million) for the year ended 31 March 2018 to ¥5,023 million (equivalent to approximately HK$355 million) for the year ended 31 March 2019. 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 2018 and 2019 were ¥9,458 million (equivalent to approximately HK$699 million) and ¥8,971 million (equivalent to approximately HK$634 million), respectively. The main reason for the decrease is the decrease in gain on sale of used pachinko machines.

Other operating expenses

Other operating expenses increased by ¥528 million (equivalent to approximately HK$37 million*), or 21.8%*, from ¥2,425 million (equivalent to approximately HK$179 million for the year ended 31 March 2018 to ¥2,953 million (equivalent to approximately HK$209 million) for the year ended 31 March 2019. The main reason of the increase is the occurrence of disaster losses.

Finance income

Finance income increased by ¥235 million (equivalent to approximately HK$17 million*), or 99.6%*, from ¥236 million (equivalent to approximately HK$17 million) for the year ended 31 March 2018 to ¥471 million (equivalent to approximately HK$33 million) for the year ended 31 March 2019. The main reason for the increase is the increase in dividend income.

Finance expenses

Finance expenses decreased by ¥337 million (equivalent to approximately HK$24 million*), or 43.1%*, from ¥781 million (equivalent to approximately HK$58 million) for the year ended 31 March 2018 to ¥444 million (equivalent to approximately HK$31 million) for the year ended 31 March 2019. The main reason for the decrease is the decrease in interest expenses from bank borrowing repayment.

* 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 2019

	Note	**2019** **¥ million**	2018 ¥ million
Revenue	5	**146,371**	152,092
Hall operating expenses	6(a)	**(128,024)**	(136,727)
General and administrative expenses	6(b)	**(5,023)**	(5,049)
Other income	8(a)	**8,971**	9,458
Other operating expenses	8(b)	**(2,953)**	(2,425)
Operating profit		**19,342**	17,349
Finance income	9	**471**	236
Finance expenses	10	**(444)**	(781)
Profit before income tax		**19,369**	16,804
Income taxes	11	**(6,778)**	(5,879)
Net profit for the year		**12,591**	10,925
Net profit attributable to:			
Owners of the Company		**12,596**	10,870
Non-controlling interests		**(5)**	55
Net profit		**12,591**	10,925
Earnings per share	13		
Basic (¥)		**16.4**	14.2
Diluted (¥)		**16.4**	14.2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Note	**2019** ***¥ million***	2018 *¥ million*
Net profit for the year		**12,591**	10,925
Other comprehensive income/(loss):			
Item that will not be reclassified to profit or loss:			
Remeasurement of defined benefit retirement plans		**–**	2
— Income tax effect arising from actuarial gain or loss thereof		**–**	(1)
Revaluation surplus for properties		**–**	–
— Income tax effect arising from revaluation surplus for properties		**–**	–
Changes in fair value of financial assets measured at fair value through other comprehensive income/(loss)		**233**	(368)
— Income tax effect of changes in fair value of financial assets measured at fair value through other comprehensive income		**7**	33
		240	(334)
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		**646**	(764)
		646	(764)
Other comprehensive income/(loss) for the year, net of tax		**886**	(1,098)
Total comprehensive income for the year		**13,477**	9,827
Attributable to:			
Owners of the Company		**13,481**	9,771
Non-controlling interests		**(4)**	56
		13,477	9,827

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Note	2019 ¥ million	2018 ¥ million
Non-current assets			
Property, plant and equipment		**95,445**	98,794
Investment properties		**1,351**	1,490
Intangible assets		**3,112**	3,545
Financial assets measured at fair value through other comprehensive income		**3,774**	5,894
Deferred tax assets		**10,615**	10,694
Other non-current assets		**11,160**	11,409
		125,457	131,826
Current assets			
Inventories		**1,949**	2,925
Trade receivables	*14*	**614**	469
Prizes in operation of pachinko halls		**3,791**	4,114
Other current assets		**5,984**	5,104
Cash and cash equivalents		**47,537**	40,533
		59,875	53,145
TOTAL ASSETS		**185,332**	184,971
Current liabilities			
Trade and other payables	*15*	**19,297**	19,220
Borrowings		**2,124**	7,351
Finance lease payables		**227**	256
Provisions		**2,013**	1,971
Income taxes payables		**4,310**	2,891
Other current liabilities		**8,481**	7,954
		36,452	39,643
Net current assets		**23,423**	13,502
Total assets less current liabilities		**148,880**	145,328

	Note	**2019**	2018
		¥ million	*¥ million*
Non-current liabilities			
Deferred tax liabilities		**8**	6
Borrowings		**502**	1,221
Finance lease payables		**353**	326
Other non-current liabilities		**687**	799
Provisions		**5,530**	5,461
		7,080	7,813
NET ASSETS		**141,800**	137,515
Capital and reserves			
Share capital		**15,000**	15,000
Capital reserve		**12,741**	12,741
Retained earnings		**115,204**	114,106
Other component of equity		**(1,124)**	(4,315)
Equity attributable to owners of the Company		**141,821**	137,532
Non-controlling interests		**(21)**	(17)
TOTAL EQUITY		**141,800**	137,515

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2019

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 2019 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 (the "Board") of directors of the Company on 23 May 2019.

In the opinion of the directors of the Company, as at 31 March 2019, 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 and investment properties which are carried at their fair value.

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 2018 with no material impact on the Group's results of operations and financial position:

— IAS40 (Amendment), 'Investment Property'
— IFRS15, 'Revenue from Contracts with Customers'
— IFRIC22, 'Foreign Currency Transactions and Advance Consideration'

IFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. IFRS 15 replaces IAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services. The Group has elected to use the cumulative effect transition method. Therefore, comparative information has not been restated and continues to be reported under IAS 18. The contract liabilities consists of unutilised balls and token included in other current liabilities, which was ¥6,224 million as at 1 April 2018.

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

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.

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	31 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
IFRSs (Amendment)	Annual Improvements to IFRSs 2015–2017 Cycle	1 January 2019	31 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	31 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 16	Leases	1 January 2019	31 March 2020	Requirement for lessee to recognise most lease contracts on the statement of financial position
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019	31 March 2020	Amendment with regard to the clarification of how to reflect the effects of uncertainty in accounting for income taxes

These standards and interpretation except for IFRS 16 are not expected to have any impact on the Group's consolidated financial statements for the year ending 31 March 2020. Further information about IFRS 16 that is expected to be applicable to the Group as follows: IFRS 16, Leases, replaces the existing standard on accounting for leases, IAS 17 Leases, and the related interpretations. IFRS 16 introduces a uniform lease accounting model for lessees, requiring recognition of a right-of-use asset and a liability for all leases with a term of more than 12 months unless such leases are immaterial. It will eliminate the current requirement for lessees to classify lease contracts as either operating leases or as finance leases. In contrast, the accounting requirements for lessors remain largely unchanged, particularly with regard to the continued requirement to classify leases according to IAS 17. On adoption of IFRS 16, the Group will recognise lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17. These liabilities will be measured at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rate at the date of initial application. The associated right-of-use assets for property leases will be measured on a retrospective basis as if the new rules had always been applied, discounted using the incremental borrowing rate at the date of initial application. Other right-of-use assets will be measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Consolidated Statement of Financial Position as at 31 March 2019. The Group will apply IAS 36 Impairment of Assets to assess the right-of-use assets for impairment at the date of initial application. In Consolidated Statement of Profit or Loss, amortization of right-of-use and interest expense for lease liabilities are recognised in place of expenses for operating leases and in Consolidated Statement of Cash Flows, repayments of the principal portion of the lease liabilities are classified as cash flows from financing activities.

The analysis conducted as part of the Group-wide project on the initial application indicated that IFRS 16 will have a material effect on the Group's consolidated financial statements, particularly on the presentation of the financial position, profit before income tax and cash flows from operating activities as follows:

Consolidated Statement of Financial Position:
Assets of approximately ¥85 billion, liabilities of approximately ¥94 billion and negative net assets of approximately ¥9 billion will be recognised.

Consolidated Statement of Profit or Loss:
Profit before income tax will increase by approximately ¥0.9 billion.

Consolidated Statement of Cash Flows:
Cash flows from operating activities of approximately ¥10 billion will increase and, in contrast, cash flows from financing activities will decrease by the same amount.

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

	2019	2018
	¥ million	*¥ million*
Gross pay-ins	**768,857**	775,060
Less: Gross payouts	**(622,486)**	(622,968)
Revenue	**146,371**	152,092

6. HALL OPERATING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

(a) Hall operating expenses

	2019	2018
	¥ million	*¥ million*
Advertising expenses	**3,954**	4,801
Cleaning and ancillary services	**3,975**	4,125
Depreciation expenses	**10,770**	11,170
Hall staff costs	**49,326**	49,887
Pachinko and pachislot machine expenses	**25,320**	31,910
Rental expenses	**12,604**	12,908
Repair and maintenance expenses	**4,125**	2,816
Utilities expenses	**6,334**	6,204
Others	**11,616**	12,906
	128,024	136,727

(b) General and administrative expenses

	2019	2018
	¥ million	*¥ million*
Salaries, bonus and allowances	**3,119**	3,122
Audit fee	**96**	96
Others	**1,808**	1,831
	5,023	5,049

7. STAFF COSTS AND DIRECTOR'S EMOLUMENTS

	2019 ¥ million	2018 ¥ million
Salaries, bonus and allowances	**56,234**	56,866
Expenses recognised in respect of defined benefit retirement plans	**–**	56
Contribution to defined contribution retirement plans	**921**	828
	57,155	57,750

The defined benefit retirement plans of Yume Corporation transferred to defined contribution retirement plans on 1 January 2018.

8. OTHER INCOME AND OTHER EXPENSES

(a) Other income

	2019 ¥ million	2018 ¥ million
Commission from vending machines and in-store sales	**4,633**	4,672
Income from forfeiture of customer's membership cards	**221**	280
Income from catering services	**784**	696
Sales revenue from property held for sale	**161**	205
Revenue from finance leases	**841**	1,390
Net gains on disposals of used machines	**221**	406
Rental income	**868**	876
Insurance income	**470**	–
Others	**772**	933
	8,971	9,458

(b) Other operating expenses

	2019 ¥ million	2018 ¥ million
Disposal cost of non-financial assets	**158**	292
Impairment loss of non-financial assets	**924**	595
Cost of sales of property held for sale	**83**	44
Cost of sales of finance leases	**483**	613
Rental cost	**334**	372
Loss on disaster	**616**	–
Others	**355**	509
	2,953	2,425

9. FINANCE INCOME

	2019	2018
	¥ million	*¥ million*
Bank interest income	**21**	9
Finance leases interest income	**90**	24
Dividend income	**273**	112
Others	**87**	91
	471	236

10. FINANCE EXPENSES

	2019	2018
	¥ million	*¥ million*
Interest expenses	**100**	292
Amortisation of syndicated loan charges	**99**	120
Foreign exchange loss, net	**158**	152
Early repayment cost	**–**	130
Others	**87**	87
	444	781

11. INCOME TAXES

	2019	2018
	¥ million	*¥ million*
Current taxes — Japan Profits Tax		
Provision for the year	**6,739**	5,378
Under-provision in prior years	**–**	0
	6,739	5,378
Current taxes — Overseas		
Provision for the year	**2**	1
Under-provision in prior years	**9**	–
	11	1
Deferred taxes		
Provision for the year	**28**	500
Income tax expense	**6,778**	5,879

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 2019.

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

	2019	2018
	¥ million	*¥ million*
Profit before tax	**19,369**	16,804
Japan Profits Tax rate	**31%**	32%
Tax at the domestic income tax rate	**6,094**	5,325
Tax effect of income that is not taxable	**(65)**	(197)
Tax effect of expenses that are not deductible	**616**	681
Tax effect of temporary differences not recognised	**(23)**	47
Tax losses not recognised	**103**	144
Under-provision in prior years	**9**	0
Effect of different tax rates of subsidiaries	**(71)**	(40)
Impairment loss of goodwill	**111**	–
Others	**4**	(81)
Income tax expense	**6,778**	5,879

12. DIVIDENDS

	2019		2018	
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 2019, the Board declared a final dividend of ¥6.00 per ordinary share of the Company, which is payable on 21 June 2019 to the shareholders of the Company (the "Shareholders").

The amount of proposed final dividend for the year ended 31 March 2019 is based on 765,985,896 shares in issue as at 23 May 2019 when the consolidated financial statements was approved by the Board.

If the Group owns any treasury shares as at 3 June 2019 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:

	2019	2018
	¥ million	*¥ million*
Earnings for the purpose of calculating basic earnings per share	**12,596**	10,870
Weighted average number of ordinary shares	**765,985,896**	765,985,896
Basic earnings per share (¥)	**16.4**	14.2

Diluted earnings per share was the same as basic earnings per share for the year ended 31 March 2019 and 2018 as there were no dilutive potential ordinary shares in existence during the years ended 31 March 2019 and 2018.

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 614 million yen as at 31 March 2019 (2018: 469 million yen).

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

	2019	2018
	¥ million	*¥ million*
1 to 30 days	**504**	445
31 days to 60 days	**31**	18
Over 60 days	**79**	6
	614	469

There is no significant past due balance nor loss allowance provision recognised for trade receivables as at 31 March 2019 (2018: Nil).

15. TRADE AND OTHER PAYABLES

	2019	2018
	¥ million	*¥ million*
Trade payables	**1,465**	1,456
Halls construction and system payables	**1,681**	1,815
Other tax expenses	**3,144**	3,400
Pachinko and pachislot machine payables	**2,192**	2,103
Accrued staff costs	**8,689**	8,635
Advertisement and promotions	**297**	353
Housing rent	**223**	239
Others	**1,606**	1,219
	19,297	19,220

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

	2019	2018
	¥ million	*¥ million*
1 to 30 days	**1,401**	1,435
31 days to 60 days	**6**	1
Over 60 days	**58**	20
	1,465	1,456

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 2018 to 31 March 2019 (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 2018 was held on 21 June 2018, while the AGM notice was dispatched on 30 May 2018. 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 2018). 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 20 June 2019 and its notice will be dispatched on 29 May 2019, 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 2019, and the final dividend will be payable on 21 June 2019 to the Shareholders whose names appear on the Company's share register at close of business on 3 June 2019. Based on the assumption that 765,985,896 shares shall be in issue as at 3 June 2019, it is expected that the final dividend payable will amount to approximately ¥4,596 million (equivalent to approximately HK$325 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 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 2019 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. ¥14.14 to HK$1.00, the exchange rate prevailing on 29 March 2019 (i.e. the last business day in March 2019); or

2. ¥13.54 to HK$1.00, the exchange rate prevailing on 30 March 2018 (i.e. the last business day in March 2018).

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
DYNAM JAPAN HOLDINGS Co., Ltd.
Kohei SATO
Chairman of the Board

Tokyo, Japan, 23 May 2019

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.