Interim Report 2017

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

* For identification purpose only

DYNAM JAPAN HOLDINGS Co., Ltd.*

Interim Report 2017

CONTENTS

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

* For identification purpose only

A CENTURIAL COMMITMENT TO BUILDING TRUST AND ENCOURAGING DREAMS

A company cannot exist unless it consistently fulfills the responsibilities it has towards its employees, shareholders, financial institutions, business partners and other stakeholders, while at the same time supports and contributes to customers and local residents.

A company is expected to improve the daily lives of its stakeholders. It must also create a world in which all people are united in trust and able to live in peace.

This corporate philosophy represents the spirit in which people and organizations that are united in trust continuously strive to achieve sustainable growth by using their collective energy to achieve their dreams. The term, “centurial” that is used in our corporate philosophy refers to the long term.

The Group maintains a long-term commitment to building trust and encouraging dreams.

FIVE MANAGEMENT POLICIES

1
Principle of Customers First
The Group always adopts the principle of customers first, and acts accordingly.

2
Information Disclosure
The Group carries out transparent and fair management by appropriately disclosing information.

3
Chain Store Management
The Group is fully committed to achieving growth through its chain store management.

4
Training of Human Resources
The Group trains human resources and uses their collective energy.

5
Social Contribution
The Group contributes to society by becoming an organization that is indispensable to local communities.

THREE PRINCIPLES OF ACTIONS

1. The Group complies with laws and regulations and rules, and deals with people respectfully.
2. The Group takes decisive actions and values team work.
3. The Group confirms the actual situation on site, and presents it using numerical expressions.

Top Management and **Committees**

Executive Directors	Kohei SATO *(Chairman of the Board, President and Chief Executive Officer)* Haruhiko MORI *(retired on 22 June 2017)*
Non-executive Directors	Yoji SATO *(Senior Corporate Advisor of the Board)* Noriaki USHIJIMA Tatsuji FUJIMOTO *(appointed on 22 June 2017)*
Independent Non-executive Directors	Ichiro TAKANO Mitsutoshi KATO Thomas Chun Kee YIP Eisho KUNITOMO *(retired on 22 June 2017)* Kei MURAYAMA Kiyohito KANDA *(appointed on 22 June 2017)*
Audit Committee	Ichiro TAKANO *(Chairman)* Thomas Chun Kee YIP Eisho KUNITOMO *(retired on 22 June 2017)* Kiyohito KANDA *(appointed on 22 June 2017)*
Remuneration Committee	Mitsutoshi KATO *(Chairman)* Kohei SATO Kei MURAYAMA
Nomination Committee	Mitsutoshi KATO *(Chairman)* Kohei SATO Kei MURAYAMA

Corporate **Information**

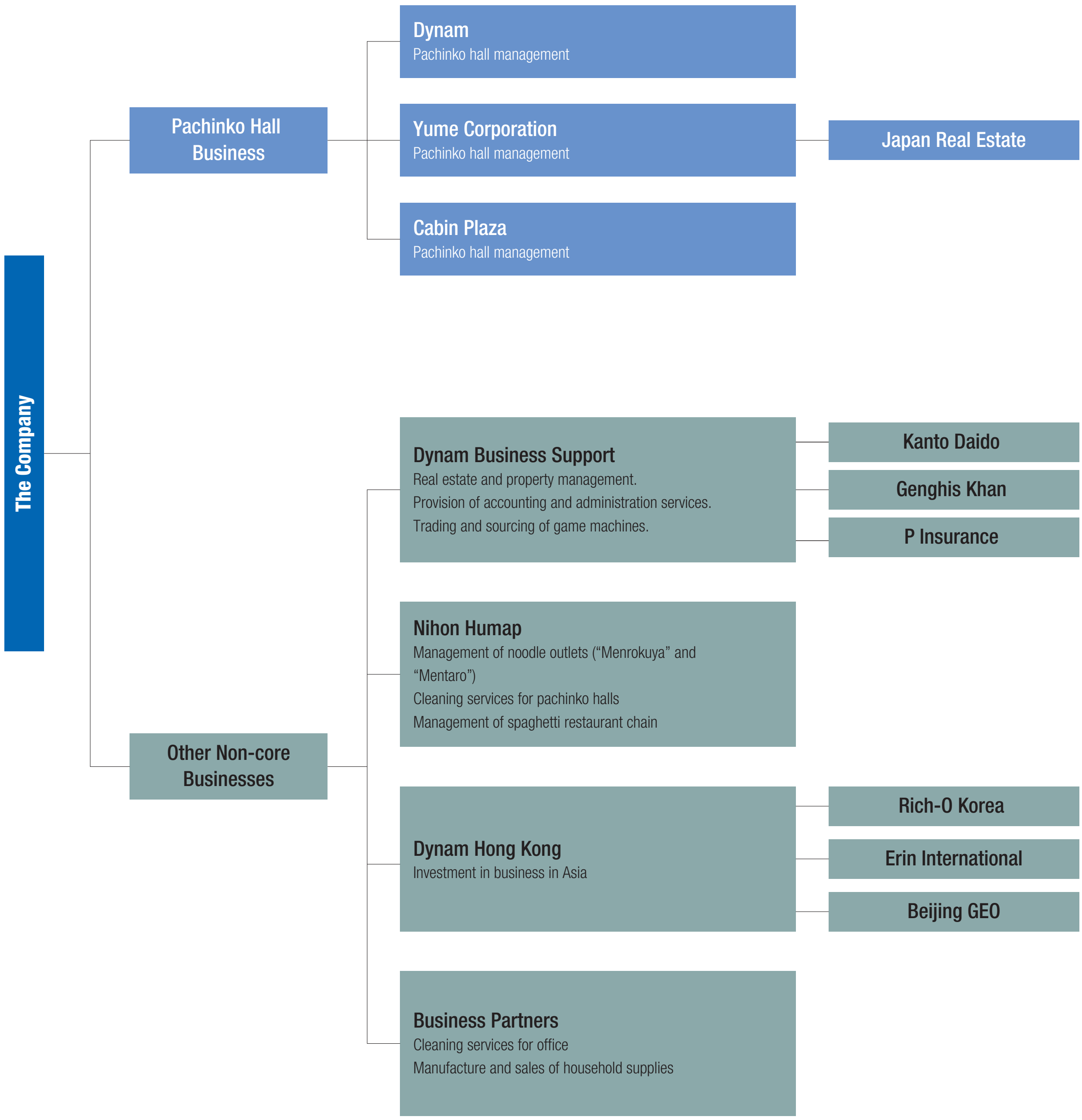
Headquarters and Registered Office	2-25-1-702 Nishi-Nippori Arakawa-ku Tokyo, 116-0013 Japan
Principal Place of Business in Hong Kong	Unit A1, 32nd Floor, United Centre 95 Queensway, Admiralty Hong Kong
Corporate Website	www.dyjh.co.jp
Investor Relations	E-mail: info@dyjh.co.jp
Stock Code	06889
Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712–1716 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal Legal Advisor as to Hong Kong Law	Deacons Li, Wong, Lam & W.I.Cheung
Principal Legal Advisor as to Japanese Law	Soga Law Office
Auditors	PricewaterhouseCoopers Aarata LLC *(Certified Public Accountants)*
Principal Bankers	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation

Our Group **Organization**

OUTLINE OF THE GROUP

The Company is a holding company which directly controls the entire shares of 7 subsidiaries.

As at 30 September 2017



PACHINKO HALL OPERATION AS OUR CORE BUSINESS

Largest Pachinko Hall Operator in Japan

The Company is a holding company which directly holds the entire issued share capital in 7 subsidiaries including the largest pachinko hall operator Dynam. The Group operates the largest pachinko hall chain in Japan as the core business.

The Group operates the industry's largest pachinko hall network with 450 halls as at the end of September 2017.

Pachinko Game Play Summary

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

Pachinko and pachislot machines

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

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

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

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

Prizes

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

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

Prize display area

Financial **Highlights**

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

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

Δ Less than 50 million.

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

CURRENCY TRANSLATIONS

For the purpose of illustration only and unless otherwise specified in this Interim Report, certain amounts denominated in Japanese yen are translated into Hong Kong dollars at the rate described below:

1. ¥14.43 to HK$1.00, the exchange rate prevailing on 29 September 2017 (i.e. the last business day in September 2017).

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

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

No representation is made that the Japanese yen amounts could have been, or could be, converted into Hong Kong dollars, or vice versa, at such rates or at any other rates on such date or on any other dates.

At a **Glance**

NO.1

Industry Position

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

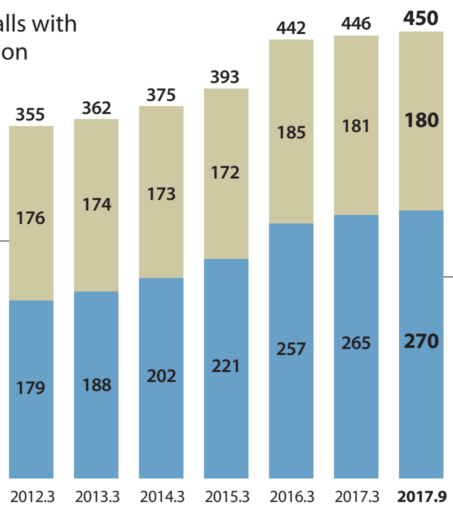
450

Number of halls

As of 30 September 2017

Operation of two hall types focusing on low playing cost games

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



High playing cost halls
Main hall brand: DYNAM

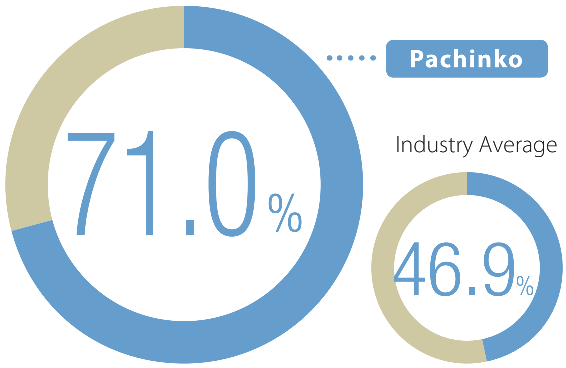
Most machines are high playing cost machines and smoking is allowed in the halls. This hall type includes 10 halls operated by Yume Corporation and 2 halls operated by Cabin Plaza.

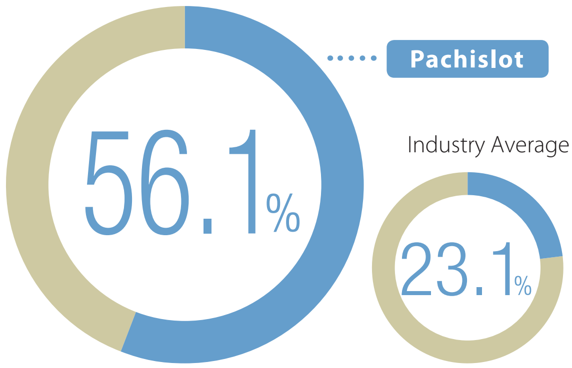
Low playing cost halls
Main hall brand:
DYNAM Yuttari Kan (ゆったり館)/
DYNAM Shinrai no Mori (信頼の森)

Machines are mainly low playing cost machines and there is a wide selection of general prizes. This hall type includes *Yuttari Kan*, where smoking is allowed in the halls, and *Shinrai no Mori*, where smoking is not allowed except in designated areas. They are comprised of 28 halls operated by Yume Corporation and 6 halls operated by Cabin Plaza.

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

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





As at 30 June 2017

Proportion of Low Playing Cost Machines to Total Number of Machines

Customer needs have been gradually shifting towards enjoying gaming as a pastime for leisure rather than primarily as a mean of winning prizes. Under this trend, the Group has been shifting its emphasis to low playing cost games. As of 30 June 2017, the national average proportion of low playing cost machines to total number of machines was 46.9%. On the other hand, the Group has developed this to 71.1% as of 30 September 2017. Also, the proportion of halls featuring low playing cost machines is 100%, meaning that we have installed low playing cost machines at all of our halls.

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

18,043 employees

Number of Group Employees

According to research conducted by the Pachinko Chainstore Association※1, the pachinko industry plays a major role in job creation in Japan with an industry-wide workforce of 240,000 employees, which is larger than the combined number of employees of Japan's top ten automotive companies※2. As of 30 September 2017, the Group had a workforce of 18,043 employees. The Group's creation of these jobs and retention of the employees have helped to enhance its recognition from society.

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

※1 An industry group consisting of pachinko hall operators

※2 10 major automobile manufacturers consist of Toyota Motor Corporation, Nissan Motor Co., Ltd., Honda Motor Co., Ltd., Suzuki Motor Corporation, MAZDA Motor Corporation, MITSUBISHI MOTORS CORPORATION, Fuji Heavy industries Ltd., Daihatsu Motor Co., Ltd., Isuzu Motors Limited and Hino Motors, Ltd.

Business **Overview**

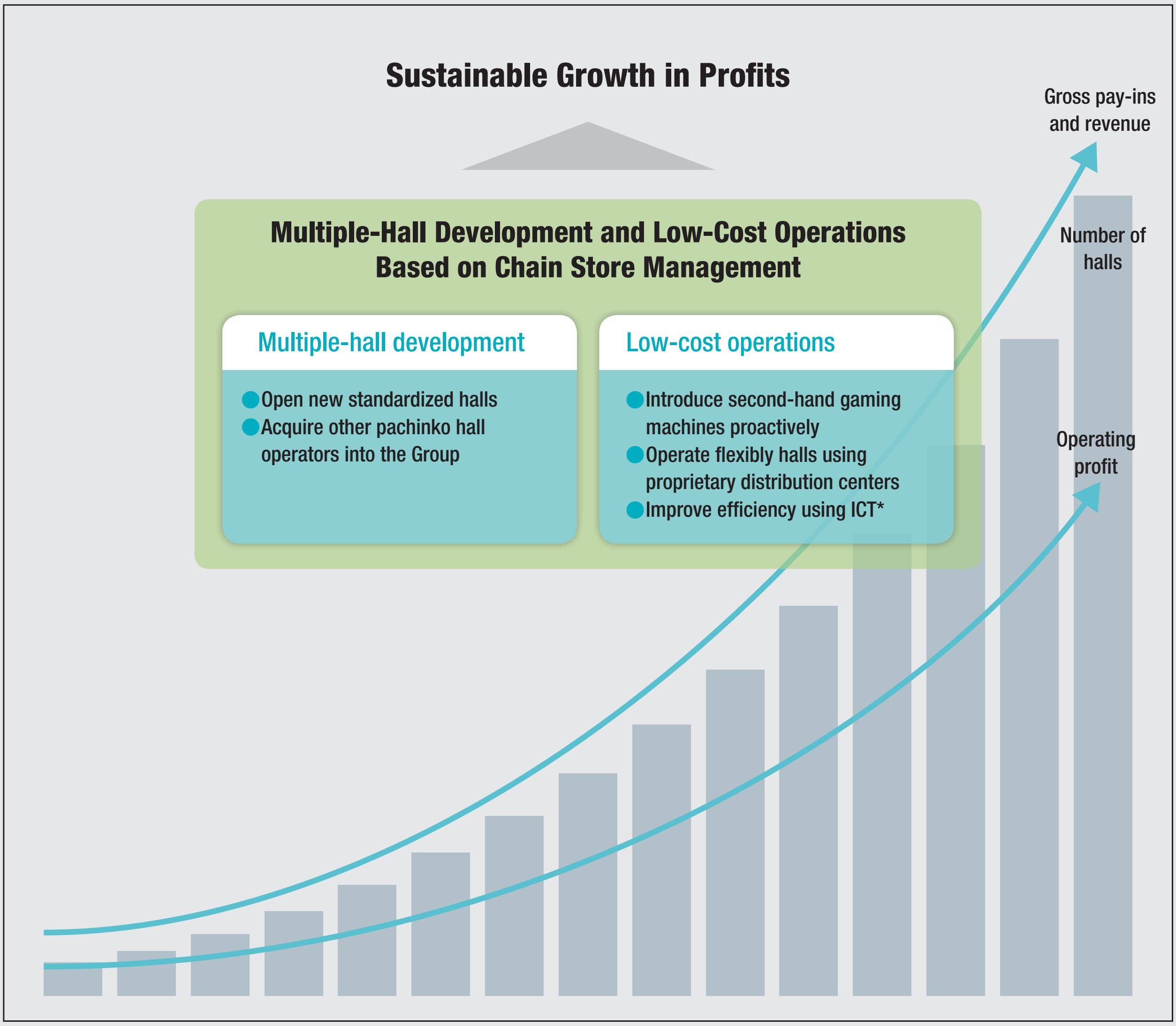
The Group will maximize leverage of its position as the pachinko industry's leading company in terms of the number of pachinko halls and will steadily accumulate profits over the long term through multiple-hall development and low cost operations.

Chain-store Management

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

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 will continue to leverage our status as the pachinko industry's leading company in terms of the number of pachinko halls and steadily accumulate profits over the long term by implementing chain store management.



* *Information and communication technology*

Multiple-hall development

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

Opening new standardized halls

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

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

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

● Standardizing hall specifications

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

● Wood-frame halls on land leased for 20 years

As a rule of thumb, the Group constructs wood-frame halls on 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 machines and personnel expenses, which account for approximately 60% of hall operating expenses.

Using second-hand gaming machines and establishing distribution centers

The Group not only installs the newest and most popular hit models of gaming machines, but also an array of second-hand ones procured at low cost in its halls. The Group has established 16 distribution centers throughout Japan, each of which covers the logistical needs and facilitates the sharing of gaming machines among our halls. The gaming machines installed in the halls are centrally managed according to coverage area by these distribution centers. The centers help the Group to flexibly manage the lineup of gaming machines in the halls.

Use of ICT systems

The Group has installed an individual ball counter system to manage the number of pachinko balls and pachislot tokens that come out of each gaming machine in the halls. This serves to improve staff's productivity and reduce personnel expenses as well as saving time and effort for customers. Apart from that, ICT systems are applied strategically to streamline and reduce the cost of corporate functions including hall management, formulation of marketing strategies, personnel administration and accounting.

Financial **Review**

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

	Six months ended 30 September				
	2017 (unaudited)		2016 (unaudited)		
	(in millions, except for percentages)				
	¥	**HK$(1)**	¥	HK$(2)	changes(3)
Gross pay-ins					
— High playing cost halls	**234,204**	**16,230**	254,500	19,517	-8.0%
— Low playing cost halls	**162,923**	**11,291**	161,746	12,404	+0.7%
Total gross pay-ins	**397,127**	**27,521**	416,246	31,921	-4.6%
Gross payouts					
— High playing cost halls	**194,714**	**13,494**	213,239	16,353	-8.7%
— Low playing cost halls	**125,202**	**8,677**	123,200	9,448	+1.6%
Total gross payouts	**319,916**	**22,170**	336,438	25,800	-4.9%
Revenue					
— High playing cost halls	**39,490**	**2,737**	41,262	3,164	-4.3%
— Low playing cost halls	**37,721**	**2,614**	38,547	2,956	-2.1%
Total revenue	**77,211**	**5,351**	79,808	6,120	-3.3%

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

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

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

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

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

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

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

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

GROSS PAY-INS

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

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

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

Gross pay-ins for high playing cost halls decreased by ¥20,296 million (equivalent to approximately HK$1,407 million), or 8.0%*, from ¥254,500 million (equivalent to approximately HK$19,517 million) for the six months ended 30 September 2016 to ¥234,204 million (equivalent to approximately HK$16,230 million) for the six months ended 30 September 2017. The decrease was primarily due to the decrease in utilization of our high playing cost machines.

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

GROSS PAYOUTS

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

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

Our gross payouts by hall type are as follows.

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

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

Financial **Review**

REVENUE AND REVENUE MARGIN

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

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

Our revenue by hall type are as follows.

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

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

HALL OPERATING EXPENSES

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

Our hall operating expenses by hall type are as follows.

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

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

GENERAL AND ADMINISTRATIVE EXPENSES

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

OTHER INCOME

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

OTHER OPERATING EXPENSES

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

FINANCE INCOME

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

FINANCE EXPENSES

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

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

CASH FLOW AND LIQUIDITY

Cash flows

We meet our working capital and other capital requirements principally with the following: (i) cash generated from our operations; and (ii) bank borrowings.

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

	Six months ended 30 September			
	2017		2016	
	(unaudited)		(unaudited)	
	(in millions)			
	¥	**HK$[(1)]**	¥	HK$[(2)]
Net cash generated from operating activities	**13,803**	**957**	14,866	1,140
Net cash used in investing activities	**(2,916)**	**(202)**	(5,414)	(415)
Net cash used in financing activities	**(20,397)**	**(1,414)**	(4,564)	(350)
Effects of exchange rate changes on cash and cash equivalents	**41**	**3**	(236)	(18)
Net (decrease)/increase in cash and cash equivalents	**(9,469)**	**(656)**	4,652	357
Cash and cash equivalents at beginning of the period	**48,499**	**3,361**	28,134	2,158
Cash and cash equivalents at end of the period	**39,030**	**2,705**	32,786	2,514

Net cash generated from operating activities

The following table sets forth a summary of our cash flows from operating activities for the periods indicated:

	Six months ended 30 September			
	2017		2016	
	(unaudited)		(unaudited)	
	(in millions)			
	¥	**HK$(1)**	¥	HK$(2)
Operating profit before working capital changes	**14,731**	**1,021**	14,559	1,116
Change in working capital	**2,185**	**151**	2,727	209
Cash generated from operations	**16,916**	**1,172**	17,286	1,326
Income taxes paid	**(3,021)**	**(209)**	(2,328)	(179)
Finance expenses paid	**(92)**	**(6)**	(92)	(7)
Net cash generated from operating activities	**13,803**	**957**	14,866	1,140

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

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

Our net cash generated from operating activities was ¥13,803 million (equivalent to approximately HK$957 million) for the six months ended 30 September 2017 as compared to ¥14,866 million (equivalent to approximately HK$1,140 million) for the six months ended 30 September 2016. The decrease in our net cash generated from operating activities was mainly due to negative change in working capital and increased income taxes, partially offset by increase in operating profit before working capital change.

Net cash used in investing activities

Our cash used in investing activities primarily consist of capital expenditures for property, plant and equipment, including freehold land, buildings and leasehold improvements, tools and equipment, motor vehicles and construction in progress. Net cash used in investing activities was ¥5,414 million (equivalent to approximately HK$415 million) and ¥2,916 million (equivalent to approximately HK$202 million) for the six months ended 30 September 2016 and 2017 respectively. The cash outflow for the six months ended 30 September 2017 was primarily due to the purchase of property, plant, and equipment amounted to ¥3,294 million (equivalent to approximately HK$228 million).

Net cash used in financing activities

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

For the six months ended 30 September 2017, net cash used in financing activities was ¥20,397 million (equivalent to approximately HK$1,414 million) compared to net cash used in financing activities of ¥4,564 million (equivalent to approximately HK$350 million) for the six months ended 30 September 2016. The cash outflow for the six months ended 30 September 2017 was primarily due to the repayment of bank loans in the amount of ¥17,059 million (equivalent to approximately HK$1,182 million) and dividend payment in the amount of ¥4,596 million (equivalent to approximately HK$319 million), while cash inflow by bank loans raised in the amount of ¥1,409 million (equivalent to approximately HK$98 million).

LIQUIDITY

Net current assets and working capital sufficiency

The following table sets forth our current assets and current liabilities for the periods indicated:

	30 September 2017		31 March 2017	
	(in millions)			
	(unaudited)		(audited)	
	¥	**HK$(1)**	¥	HK$(2)
Current assets				
Inventories	**3,503**	**243**	3,528	244
Trade receivables	**472**	**33**	563	39
Prizes in operation of pachinko halls	**4,433**	**307**	4,833	335
Other current assets	**4,118**	**285**	5,649	391
Cash and cash equivalents	**39,030**	**2,705**	48,499	3,359
	51,556	**3,573**	63,072	4,368
Current liabilities				
Trade and other payables	**16,785**	**1,163**	18,282	1,266
Borrowings	**7,086**	**491**	7,281	504
Finance lease payables	**290**	**20**	302	21
Provisions	**2,040**	**141**	1,892	131
Income taxes payables	**4,054**	**281**	3,258	226
Other current liabilities	**7,819**	**542**	7,481	518
	38,074	**2,639**	38,496	2,666
Net current assets	**13,482**	**934**	24,576	1,702

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

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

As at 31 March 2017 and 30 September 2017, our net current assets totalled ¥24,576 million (equivalent to approximately HK$1,702 million) and ¥13,482 million (equivalent to approximately HK$934 million) respectively, and our current ratio was 1.6 and 1.4 respectively.

CAPITAL EXPENDITURE

Our capital expenditures consist primarily of purchases of land, buildings including the cost of leasehold improvements, tools and equipment, motor vehicles and construction in progress. Our capital expenditures for the six months ended 30 September 2016 and 2017 were ¥5,066 million (equivalent to approximately HK$388 million) and ¥2,425 million (equivalent to approximately HK$168 million) respectively. Our capital expenditures were primarily related to the improvements of facilities in our halls to enhance our competitiveness in attracting customers and the construction of new halls.

CONTINGENT LIABILITIES

As at 30 September 2017, we had no material contingent liabilities.

CAPITAL COMMITMENTS

The information on capital commitments is provided on note 13 to the interim condensed consolidated financial information on page 47 of this Interim Report.

ACQUISITION AND DISPOSAL

For the six months ended 30 September 2017, there was no material acquisition and disposal of any of our subsidiaries.

SIGNIFICANT INVESTMENTS

Save for the new halls opened, we did not have any significant investments during the six months ended 30 September 2017.

EMPLOYEES

As at 30 September 2017, we had approximately 18,043 employees (31 March 2017: 17,809). We will regularly review remuneration and benefits of our employees according to the relevant market practice and individual performance of the employees. In addition to basic salary, employees are entitled to other benefits including social insurance contribution, housing fund schemes and discretionary incentive. The employee remuneration incurred for the six months ended 30 September 2017 was ¥26,800 million (equivalent to approximately HK$1,857 million).

Financial **Review**

CAPITAL STRUCTURE

Principal sources of funds

Our principal sources of funds are cash generated from our operations and various short-term and long-term bank borrowings and lines of credit. Our primary liquidity requirements are to finance working capital, fund the payment of interest and principal incurred from our indebtedness and fund our capital expenditures and the growth and expansion of our operations.

We have historically met our working capital and other liquidity requirements principally from cash generated by our operations, while financing the remainder primarily through bank borrowings. Going forward, we expect to continue relying principally on our internally-generated cash flows for our working capital and other liquidity requirements, and bank borrowings as capital resources to finance a portion of our operations.

Indebtedness

Our outstanding short-term and long-term borrowings as at 30 September 2017 were ¥7,086 million (equivalent to approximately HK$491 million) and ¥7,506 million (equivalent to approximately HK$520 million) respectively.

Loan facilities

As at 30 September 2017, we had a total amount of approximately ¥34,000 million (equivalent to approximately HK$2,356 million) of banking facilities and an installment facility available to us, of which the total amount was unutilized.

The overview of our loan facilities is as follows.

Dynam has been continuing the commitment line contract with banks and syndicate of lenders with regard to the one responsive to earthquake disaster. The previous commitment line contract has remained a slight concern in fund-raising due to effectuation of immunity for financial institutions at the time of large scale earthquake disaster. Dynam has signed the new commitment line contract responsive to earthquake disaster to resolve the above concern, which has enabled Dynam to secure the fund promptly even in the case earthquake disaster occurs.

This commitment line provides a revolving loan facility in an amount of up to ¥15,000 million. The commitment of the lenders to provide loans under the revolving loan facility is available for the period from the execution date of the original loan agreement to 31 March 2020.

Borrowings under the revolving loan facility bear interest at the rate of 0.35% per annum on top of the interest rate for the corresponding loan term published by the Japanese Bankers Association for euroyen TIBOR (Tokyo Interbank Offered Rate), subject to adjustment from time to time.

On 30 September 2017, Dynam also entered into a new installment facility contract with a syndicate of leasing companies in an amount of up to ¥15,000 million for the purpose of procurement of pachinko and pachislot machines upon expiration of the previous installment facility contract dated 30 September 2016. The loan facility is available for one year period from the execution date of the agreement.

FINANCIAL RISKS

The Group's activities expose it to a variety of market risks, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Market Risks

Foreign currency risk

We have certain exposure to foreign currency risk as most of our business transactions, assets and liabilities are principally denominated in the functional currencies of our subsidiaries, but certain business transactions, assets and liabilities are denominated in Hong Kong dollars and United States dollars. We currently do not have a foreign currency hedging policy in respect of other foreign currency transactions, assets and liabilities. We will monitor the Group's foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Price risk

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

Interest rate risk

Our exposure to interest rate risk arises from bank deposits and borrowings. These deposits and borrowings bear interest at variable rates.

Credit Risk

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers. The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. Amounts due from related companies are closely monitored by the Directors.

In order to minimize credit risk, management has delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, management reviews the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, management considers that the Group's credit risk is significantly reduced.

Liquidity Risk

The Group's policy is to regularly monitor its current and expected liquidity requirements, its compliance with lending covenants and its relationship with bankers to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet Its liquidity requirements in the short and long term.

Other **Information**

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at the end of the period from 1 April 2017 to 30 September 2017 (the "Reporting Period"), the interests and short positions of directors of the Company (the "Directors") and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (the "SFO")), which should be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO, or was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or was required, pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to be notified to the Company and the Stock Exchange, are as follows:

(i) Interests in the Company

Name	Nature of Interest/Capacity	Number of Shares(1)	Approximate Percentage of Interests in the Company(2)
Mr. Yoji SATO	Interest of controlled corporations(3)	258,332,560	
	Interest of spouse(3)	760	
	Other(4)	197,571,800	
		455,905,120	59.519%
Mr. Kohei SATO	Beneficial Owner(5)	55,139,680	
	Other(4)	400,765,440	
		455,905,120	59.519%
Mr. Tatsuji FUJIMOTO	Beneficial Owner	209,300	0.027%
Mr. Ichiro TAKANO	Beneficial Owner	20,000	0.003%
Mr. Noriaki USHIJIMA	Beneficial Owner	414,000	0.054%

Notes:

(1) All interests stated are long positions.

(2) There were 765,985,896 Shares in issue as at the end of the Reporting Period.

(3) Out of the total 258,332,560 Shares, SATO AVIATION CAPITAL LIMITED ("SAC"), which is wholly owned and controlled by Mr. Yoji SATO, is beneficially interested in 162,522,560 Shares. Rich-O., Ltd. ("Rich-O") is beneficially interested in remaining 95,810,000 Shares and is owned as to 79.45% by SAC, 4.82% by Mr. Yoji SATO and 15.73% by One Asia Foundation (Hong Kong) Co., Limited ("One Asia Hong Kong") which is also wholly owned by Mr. Yoji SATO. Therefore, each of SAC and Rich-O is directly or indirectly controlled by Mr. Yoji SATO and the interests in the Company held by SAC and Rich-O are deemed to be Mr. Yoji SATO's interests under the SFO. Mrs. Keiko SATO, his wife, is beneficially interested in 760 Shares, and such interests are deemed to be Mr. Yoji SATO's interests under the SFO.

(4) Each of Mrs. Keiko SATO (wife of Mr. Yoji SATO), Mrs. Yaeko NISHIWAKI (sister of Mr. Yoji SATO), Mr. Masahiro SATO (brother of Mr. Yoji SATO), Mr. Shigehiro SATO (brother of Mr. Yoji SATO), Mr. Kohei SATO (brother of Mr. Yoji SATO), and Mr. Kiyotaka SATO (uncle of Mr. Yoji SATO)(collectively, the "Sato Family Members") is a party acting in concert with Mr. Yoji SATO, SAC and Rich-O and each other to obtain or consolidate the holding of 30% or more of the Company, and is therefore deemed to be interested in the Shares in which Mr. Yoji SATO or any other Sato Family Member is interested, and Mr. Yoji SATO is deemed to be interested in the Shares in which any Sato Family Member is interested.

(5) Mr. Kohei SATO, one of the Sato Family Members, has been reappointed as an executive Director on 22 June 2017 to serve concurrently as chief executive of the Company. He is beneficially interested in 55,139,680 Shares.

(ii) Interests in the associated corporation

None of our Directors or chief executive of the Company has any interests or short positions in the shares, underlying shares or debentures of any associated corporation of the Company.

Save as disclosed above, to the best knowledge of the Directors, as at the end of the Reporting Period, none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required, pursuant to the Section 352 of the SFO, to be recorded in the register of the Company or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other **Information**

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the end of the Reporting Period, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Nature of Interest/Capacity	Number of Shares[1]	Approximate Percentage of Interests in the Company[2]
SAC	Beneficial owner[3]	162,522,560	
	Interest of controlled corporation[3]	95,810,000	
		258,332,560	33.725%
Rich-O	Beneficial owner[3]	95,810,000	12.508%
One Asia Foundation	Beneficial owner	80,000,000	10.444%
Mrs. Keiko SATO	Beneficial owner	760	
	Interest of spouse[4]	258,332,560	
	Other[5]	197,571,800	
		455,905,120	59.519%
Mr. Kiyotaka SATO	Beneficial owner	9,900,000	
	Other[5]	446,005,120	
		455,905,120	59.519%
Mr. Masahiro SATO	Beneficial owner	45,059,680	
	Other[5]	410,845,440	
		455,905,120	59.519%
Mr. Shigehiro SATO	Beneficial owner	46,575,680	
	Other[5]	409,329,440	
		455,905,120	59.519%
Mrs. Yaeko NISHIWAKI	Beneficial owner	40,896,760	
	Other[5]	415,008,360	
		455,905,120	59.519%

Notes:

(1) All interests stated are long positions.

(2) There were 765,985,896 Shares in issue as at the end of the Reporting Period.

(3) See Note (3) on page 25 of this Interim Report.

(4) Mr. Yoji SATO is Mrs. Keiko SATO's husband and therefore, pursuant to the SFO, she is deemed to be interested in the Shares held by him.

(5) See Note (4) on page 25 of this Interim Report.

Save as disclosed above, at the end of the Reporting Period, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company has complied with all applicable code provisions set out in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules except for the following deviations.

Code Provision A.2.1

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

However, the board of Directors (the "Board") believes that Mr. Kohei SATO, in his dual capacity as the chairman of the Board and chief executive, provides strong and consistent leadership for the development of the Group, and this is beneficial and in the interests of the Company and the Shareholders. Further, the Board considers that a balance of power and authority can be ensured by the current Board composition, with over half of the Board members being independent non-executive Directors.

Code Provision E.1.3

Code provision E.1.3 stipulates that the notice for an annual general meeting should be sent to shareholders by issuer at least 20 clear business days before the meeting. The annual general meeting of the Company (the "AGM") for the year ended 31 March 2017 was held on 22 June 2017, while the AGM notice was despatched on 31 May 2017. The above arrangement complied with the Articles of Incorporation of the Company, as amended and supplemented from time to time (the "Articles of Incorporation") prepared pursuant to the Companies Act of Japan (Act No. 86 of 2005, as amended) (the "Companies Act") in respect of the minimum notice period of 21 calendar days (the date of sending and the date of the meeting was not included within this period) but the AGM notice period was less than 20 clear business days before the AGM.

Under the Companies Act and the Articles of Incorporation, the Company is required to hold an AGM within three months after the expiration of each financial year (i.e. on or before 30 June 2017). The Companies Act also requires that the notice for the AGM be despatched together with the audited financial statements under the Japanese Generally Accepted Accounting Principles, which must be approved by the Board. On the other hand, the annual report must contain audited financial statements prepared under the International Financial Reporting Standards as required under the Listing Rules. As a result, more time was required to finalize the annual report which accompanied the AGM notice being despatched to the Shareholders.

Other **Information**

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 and the "Rules on Prevention of Insider Dealings" as a code of conduct regarding Directors' transactions of the listed securities of the Company. The "Rules on Prevention of Insider Dealings", in addition to the Model Code, has been formulated and adopted by the Company on 1 April 2014 for Directors and employees of the Company who are likely to have access to unpublished inside information of the Group. The Company has made specific enquiry to all of the Directors, and all of the Directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code and the "Rules on Prevention of Insider Dealings" throughout the Reporting Period.

AUDIT COMMITTEE'S REVIEW OF FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements of the Group for the Reporting Period have been reviewed by PricewaterhouseCoopers Aarata LLC, the external auditor of the Company, in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Federation of Accountants. The audit committee of the Company (the "Audit Committee") has also reviewed the unaudited interim condensed consolidated financial statements of the Group for the Reporting Period.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

The changes in the information relating to the Directors since the publication of the Company's Annual Report for the fiscal year ended 31 March 2017 are set out below pursuant to Rule 13.51B(1) of the Listing Rules:

(1) As disclosed in the announcement of the Company dated 23 June 2017, on 22 June 2017, Mr. Tatsuji FUJIMOTO was appointed as a non-executive Director; and Mr. Kiyohito KANDA was appointed as an independent non-executive Director and a member of the Audit Committee.

(2) On 15 June 2017, Mr. Haruhiko MORI retired as representative director, director and president of DYNAM.

(3) As disclosed in the announcement of the Company dated 23 June 2017, on 22 June 2017, Mr. Haruhiko MORI retired as an executive Director and an executive officer of the Company; and Mr. Eisho KUNITOMO retired as an independent non-executive Director and a member of the Audit Committee.

INTERIM DIVIDENDS

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

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

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

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

On behalf of the Board
Kohei SATO
Chairman of the Board

21 November 2017

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

TO THE BOARD OF DIRECTORS OF DYNAM JAPAN HOLDINGS CO., LTD.

(Incorporated in Japan with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial information set out on pages 31 to 49, which comprises the interim condensed consolidated statement of financial position of Dynam Japan Holdings Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 September 2017 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six months then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial information referred to above is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers Aarata LLC

21 November 2017

PricewaterhouseCoopers Aarata LLC
Otemachi Park Building 1-1-1 Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan
Tel: +81 (3) 6212 6800, Fax: +81 (3) 6212 6801, www.pwc.com/jp/assurance

Interim Condensed Consolidated Statement of **Profit or Loss**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	Note	**Six months ended 30 September 2017 ¥ million (unaudited)**	2016 ¥ million (unaudited)
Revenue	5	**77,211**	79,808
Hall operating expenses	6	**(69,706)**	(72,474)
General and administrative expenses		**(2,445)**	(2,692)
Other income	7	**4,441**	4,676
Other operating expenses	8	**(779)**	(1,110)
Operating profit		**8,722**	8,208
Finance income	9	**146**	173
Finance expenses	10	**(462)**	(1,746)
Profit before income taxes		**8,406**	6,635
Income taxes	11	**(2,972)**	(2,815)
Net profit for the period		**5,434**	3,820
Attributable to:			
Owners of the Company		**5,430**	3,860
Non-controlling interests		**4**	(40)
		5,434	3,820
Earnings per share			
Basic (expressed in ¥)	17	**7.09**	5.04
Diluted (expressed in ¥)	17	**7.09**	5.04

Interim Condensed Consolidated Statement of **Comprehensive Income**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

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

Interim Condensed Consolidated Statement of **Financial Position**

AT 30 SEPTEMBER 2017

	Note	At 30 September 2017 ¥ million (unaudited)	At 31 March 2017 ¥ million (audited)
Non-current assets			
Property, plant and equipment	12,13	**102,976**	106,687
Investment properties		**1,778**	1,627
Intangible assets		**3,670**	3,833
Financial assets measured at fair value through other comprehensive income		**6,532**	7,008
Deferred tax assets		**12,013**	11,150
Other non-current assets		**11,401**	11,738
		138,370	142,043
Current assets			
Inventories		**3,503**	3,528
Trade receivables	14	**472**	563
Prizes in operation of pachinko halls		**4,433**	4,833
Other current assets		**4,118**	5,649
Cash and cash equivalents		**39,030**	48,499
		51,556	63,072
TOTAL ASSETS		**189,926**	205,115
Current liabilities			
Trade and other payables	15	**16,785**	18,282
Borrowings		**7,086**	7,281
Finance lease payables		**290**	302
Provisions		**2,040**	1,892
Income taxes payables		**4,054**	3,258
Other current liabilities		**7,819**	7,481
		38,074	38,496

Interim Condensed Consolidated Statement of **Financial Position**

AT 30 SEPTEMBER 2017

	Note	At 30 September 2017 ¥ million (unaudited)	At 31 March 2017 ¥ million (audited)
Net current assets		**13,482**	24,576
Total assets less current liabilities		**151,852**	166,619
Non-current liabilities			
Deferred tax liabilities		**10**	6
Borrowings		**7,506**	22,768
Finance lease payables		**436**	575
Retirement benefit obligations		**235**	234
Other non-current liabilities		**762**	807
Provisions		**5,445**	5,348
		14,394	29,738
NET ASSETS		**137,458**	136,881
Capital and reserves			
Share capital		**15,000**	15,000
Capital reserve		**12,741**	12,741
Retained earnings		**113,261**	112,403
Other component of equity		**(3,476)**	(3,191)
Equity attributable to owners of the Company		**137,526**	136,953
Non-controlling interests		**(68)**	(72)
TOTAL EQUITY		**137,458**	136,881

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	Attributable to equity holders of the Company										
					Other component of equity						
	Share capital	Capital reserve	Treasury shares	Retained earnings	Fair value of financial assets at FVTOCI	Foreign currency translation reserve	Other reserves	Total	Total	Non-controlling interests	Total equity
	¥ million (unaudited)	¥ million (unaudited)	¥ million (unaudited)	¥ million (unaudited)	¥ million (unaudited)	¥ million (unaudited)	¥ million (unaudited)	¥ million (unaudited)	¥ million (unaudited)	¥ million (unaudited)	¥ million (unaudited)
At 1 April 2016	15,000	12,883	(289)	110,253	(6,685)	1,480	3	(5,202)	132,645	(26)	132,619
Profit for the period	–	–	–	3,860	–	–	–	–	3,860	(40)	3,820
Other comprehensive income for the period	–	–	–	–	2,626	(673)	–	1,953	1,953	11	1,964
Total comprehensive income for the period	–	–	–	3,860	2,626	(673)	–	1,953	5,813	(29)	5,784
Disposals of treasury shares	–	(2)	149	–	–	–	–	–	147	–	147
Cancellation of treasury shares	–	(140)	140	–	–	–	–	–	–	–	–
2016 final dividend paid	–	–	–	(4,590)	–	–	–	–	(4,590)	–	(4,590)
Total changes in equity for the period	–	(142)	289	(730)	2,626	(673)	–	1,953	1,370	(29)	1,341
At 30 September 2016	15,000	12,741	–	109,523	(4,059)	807	3	(3,249)	134,015	(55)	133,960
At 1 April 2017	**15,000**	**12,741**	**–**	**112,403**	**(4,721)**	**1,515**	**15**	**(3,191)**	**136,953**	**(72)**	**136,881**
Profit for the period	**–**	**–**	**–**	**5,430**	**–**	**–**	**–**	**–**	**5,430**	**4**	**5,434**
Other comprehensive income for the period	**–**	**–**	**–**	**–**	**(356)**	**95**	**–**	**(261)**	**(261)**	**0**	**(261)**
Transfer to retained earnings	**–**	**–**	**–**	**24**	**(24)**	**–**	**–**	**(24)**	**–**	**–**	**–**
Total comprehensive income for the period	**–**	**–**	**–**	**5,454**	**(380)**	**95**	**–**	**(285)**	**5,169**	**4**	**5,173**
2017 final dividend paid	**–**	**–**	**–**	**(4,596)**	**–**	**–**	**–**	**–**	**(4,596)**	**–**	**(4,596)**
Total changes in equity for the period	**–**	**–**	**–**	**858**	**(380)**	**95**	**–**	**(285)**	**573**	**4**	**577**
At 30 September 2017	**15,000**	**12,741**	**–**	**113,261**	**(5,101)**	**1,610**	**15**	**(3,476)**	**137,526**	**(68)**	**137,458**

Interim Condensed Consolidated Statement of **Cash Flows**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	Six months ended 30 September	
	2017	2016
	¥ million	¥ million
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income taxes	**8,406**	6,635
Adjustments for:		
Finance expenses	**462**	1,746
Finance income	**(146)**	(173)
Depreciation	**5,703**	5,840
Amortisation of intangible assets	**212**	210
Impairment loss on property, plant and equipment	**66**	43
Loss on disposals and write off of property, plant and equipment	**40**	249
Other adjustments	**(12)**	9
Operating profit before working capital changes:	**14,731**	14,559
Decrease/(increase) in prizes in operation of pachinko halls	**400**	(37)
Decrease/(increase) in inventories	**28**	(1,179)
Decrease/(increase) in trade receivables	**91**	(31)
Decrease in other non-current assets	**201**	229
Decrease in other current assets	**1,584**	1,473
(Decrease)/increase in trade and other payables	**(560)**	1,328
Increase in other current liabilities	**337**	1,001
Decrease in other non-current liabilities	**(45)**	(206)
Increase in current provisions	**148**	150
Increase/(decrease) in retirement benefit obligations	**1**	(1)
Cash generated from operations	**16,916**	17,286
Income taxes paid	**(3,021)**	(2,328)
Finance expenses paid	**(92)**	(92)
Net cash generated from operating activities	**13,803**	14,866

	Note	Six months ended 30 September 2017 ¥ million (unaudited)	2016 ¥ million (unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(3,294)**	(5,371)
Proceeds from disposal of property, plant and equipment		**382**	67
Purchase of investment properties		**(160)**	–
Proceeds from disposal of investment properties		**21**	–
Purchase of intangible assets		**(70)**	(175)
Payments for asset retirement obligations		**–**	(74)
Purchase of financial assets measured at fair value through other comprehensive income		**(0)**	(1)
Proceeds from sales of financial assets measured at fair value through other comprehensive income		**100**	10
Finance income received		**102**	125
Other adjustments		**3**	5
Net cash used in investing activities		**(2,916)**	(5,414)
CASH FLOWS FROM FINANCING ACTIVITIES			
Bank loans raised		**1,409**	3,300
Repayment of bank loans		**(17,059)**	(3,369)
Repayment of finance leases		**(151)**	(52)
Proceeds from disposal of treasury shares		**–**	147
Dividends paid	16	**(4,596)**	(4,590)
Net cash used in financing activities		**(20,397)**	(4,564)
Effects of exchange rate changes on cash and cash equivalents		**41**	(236)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(9,469)**	4,652
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		**48,499**	28,134
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**39,030**	32,786

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

1. GENERAL INFORMATION

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

The interim condensed consolidated financial information of the Company as of 30 September 2017 consist of the Company and its subsidiaries (the "Group"). The principal activities of the Group are operations of pachinko halls and services subordinated to the operation.

The interim condensed consolidated financial information was approved and authorised for issuance by the Board of Directors on 21 November 2017.

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

2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 September 2017 has been prepared in accordance with IAS 34, "Interim financial reporting". The interim condensed consolidated financial information should be read in conjunction with the basis presented in the consolidated financial statements for the year ended 31 March 2017 which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

Adoption of new and revised International Financial Reporting Standards

Significant accounting policies applied in the interim condensed consolidated financial information for the six months ended 30 September 2017 are the same as those applied in the consolidated financial statements for the fiscal year ended 31 March 2017 except for the following.

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

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

2. BASIS OF PREPARATION *(Continued)*

New standards, amendments to existing standards and interpretations that are published but have not yet been adopted by the Group

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

IFRS		Mandatory for fiscal year beginning on or after	Adopted by the group from fiscal year ended	Summary of new standards and amendments
IAS40 (Amendment)	Investment Property	1 January 2018	March 2019	Amendment with regard to the clarification of the requirements on transfers to, or from, investment property
IFRS15	Revenue from Contracts with Customers	1 January 2018	March 2019	Amendment with regard to the accounting of revenue recognition
IFRS16	Leases	1 January 2019	March 2020	Requirement for lessee to recognise most lease contracts on the statement of financial position
IFRIC22	Foreign Currency Transactions and Advance Consideration	1 January 2018	March 2019	The exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency

3. USE OF ESTIMATES AND JUDGEMENTS

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

The estimates and underlying assumptions which have significant impact on these interim condensed consolidated financial information are the same as those of the consolidated financial information for the year ended 31 March 2017, with the exception that income taxes in the interim periods are calculated based upon the tax rate that would be applicable to estimated annual earnings.

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	At 30 September 2017 ¥ million (unaudited)		At 31 March 2017 ¥ million (audited)	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Financial assets measured at FVTOCI	**6,532**	**6,532**	7,008	7,008
Financial assets measured at amortised cost				
Loan and receivables (including cash and cash equivalents)	**40,786**	**40,786**	50,605	50,605
Rental deposits	**6,659**	**7,230**	6,727	7,252
Other financial assets at amortised cost	**10**	**10**	10	10
Total	**53,987**	**54,558**	64,350	64,875
Financial liabilities				
Financial liabilities measured at amortised cost				
Trade payables and other financial liabilities	**7,119**	**7,119**	10,017	10,017
Borrowings	**14,592**	**14,592**	30,049	30,049
Finance lease payables	**726**	**726**	877	877
Total	**22,437**	**22,437**	40,943	40,943

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

(a) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date.

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial assets and liabilities into the three levels prescribed under the accounting standards.

An explanation of each level at the fair value hierarchy is as follows:

Level 1 inputs:	quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access on the measurement date.
Level 2 inputs:	inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 inputs:	unobservable inputs for the asset or liability.

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

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Other investments categorised as level 3 mainly consist of unlisted equity securities in inactive markets.

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

(b) Recognised fair value measurements

Financial assets and financial liabilities measured and recognised at fair value on a recurring basis are as follows:

At 30 September 2017	**Fair value measurements using:**			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
	¥ million	**¥ million**	**¥ million**	**¥ million**
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**
Financial assets measured at FVTOCI				
Listed securities in Hong Kong	**5,000**	**–**	**–**	**5,000**
Listed securities in Japan	**603**	**–**	**–**	**603**
Others	**–**	**–**	**929**	**929**
Total	**5,603**	**–**	**929**	**6,532**

At 31 March 2017	Fair value measurements using:			
Description	Level 1	Level 2	Level 3	Total
	¥ million	¥ million	¥ million	¥ million
	(audited)	(audited)	(audited)	(audited)
Financial assets measured at FVTOCI				
Listed securities in Hong Kong	5,330	–	–	5,330
Listed securities in Japan	623	–	–	623
Others	–	–	1,055	1,055
Total	5,953	–	1,055	7,008

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the reporting period.

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

(c) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The use of net asset value method
- The use of quoted market prices or dealer quotes for similar instruments
- The use of discounted cash flow analysis

All of the resulting fair value estimate are included in level 3.

(d) Fair value measurements using significant unobservable inputs (level 3)

Changes in level 3 for the six months ended 30 September 2017 and 2016 were as follows:

	Six months ended 30 September	
	2017	2016
	¥ million	¥ million
	(unaudited)	(unaudited)
Balance at beginning of the period	**1,055**	1,161
Loss in other comprehensive income	**(63)**	(96)
Acquisitions	**0**	1
Sales/Redemptions	**(63)**	(10)
Balance at end of the period	**929**	1,056

(e) Valuation process

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes. The financial controller reports directly to the Board of Directors for these fair value measurements.

Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

For levels 2 and 3 fair value measurements, the Group engages external, independent and qualified valuers to determine the fair value of the Group's financial instruments.

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 is the operations of pachinko halls and those related services in Japan, and all the assets are principally located in Japan. Accordingly, there is only one single reportable segment of the Group which is regularly reviewed by the chief operating decision maker.

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

REVENUE

	Six months ended 30 September	
	2017	2016
	¥ million	¥ million
	(unaudited)	(unaudited)
Gross pay-ins	**397,127**	416,246
Less: Gross payouts	**(319,916)**	(336,438)
Revenue	**77,211**	79,808

6. HALL OPERATING EXPENSES

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

7. OTHER INCOME

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

8. OTHER OPERATING EXPENSES

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

Notes to the Interim Condensed Consolidated Financial Information

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

9. FINANCE INCOME

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

10. FINANCE EXPENSES

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

11. INCOME TAXES

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

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

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2017, the Group acquired property, plant and equipment of ¥2,425 million (2016: ¥5,066 million).

13. COMMITMENTS

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

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

14. TRADE RECEIVABLES

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

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

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

15. TRADE AND OTHER PAYABLES

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

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

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

16. DIVIDENDS

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

	Six months ended 30 September			
	2017		2016	
Dividends declared and paid/payable to its shareholders by:	**Dividend per share ¥**	**Total Dividends ¥ million (unaudited)**	Dividend per share ¥	Total Dividends ¥ million (unaudited)
Final dividend paid	**6.00**	**4,596**	6.00	4,590
		4,596		4,590

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

17. EARNINGS PER SHARE

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

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

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

Definitions

In this Interim Report (other than the Report on Review of the Interim Condensed Consolidated Financial Information), unless the context otherwise requires, the following words and expressions shall have the following meanings.

"Beijing GEO" 北京GEO社	Beijing GEO Coffee Co., Ltd., a company incorporated in the People's Republic of China with limited liability. Beijing GEO is a subsidiary held as to 100% through Dynam Hong Kong by the Company
"Business Partners" ビジネスパートナーズ	Business Partners Co., Ltd., a stock company incorporated in Japan with limited liability. Business Partners is a wholly-owned subsidiary of the Company
"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
"Dynam Business Support" ダイナムビジネスサポート	Dynam Business Support Co., Ltd., a stock company incorporated in Japan with limited liability. Dynam Business Support is a wholly-owned subsidiary of the Company
"Dynam Hong Kong" ダイナム香港	Dynam Hong Kong Co., Ltd., a stock company incorporated in Hong Kong with limited liability. Dynam Hong Kong is a wholly-owned subsidiary of the Company
"Erin International" エリンインターナショナル社	Erin International Co., Ltd., a company incorporated in Mongolia with limited liability. Erin International is held as to 87.61% by the Company through Dynam Hong Kong
"Genghis Khan" チンギスハーン旅行	Genghis Khan Travel Co., Ltd., a stock company incorporated in Japan with limited liability. Genghis Khan is held as to 100% by the Company through Dynam Business Support
"Japan Real Estate" ジャパンリアルエステイト	Japan Real Estate Co., Ltd., a stock company incorporated in Japan with limited liability. Japan Real Estate is held as to 100% by the Company through Yume Corporation
"Kanto Daido" 関東大同販売	Kanto Daido Selling Co., Ltd., a stock company incorporated in Japan with limited liability. Kanto Daido is held as to 100% by the Company through Dynam Business Support
'Nihon Humap" 日本ヒュウマップ	Nihon Humap Co., Ltd., a stock company incorporated in Japan with limited liability. Nihon Humap is a wholly-owned subsidiary of the Company
"P Insurance" ピーインシュアランス	P Insurance Co., Ltd., a stock company incorporated in Japan with limited liability. P Insurance is held as to 100% by the Company through Dynam Business Support
'Rich-O Korea" リッチオコリア社	Rich-O Korea Co., Ltd., a company incorporated with limited liability in South Korea. Rich-O Korea is held as to 100% by the Company through Dynam Hong Kong
"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


ダイナム

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.*

MIX
Paper from
responsible sources
FSC™ C105708
FSC
www.fsc.org