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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the "Annual General Meeting") of 株式会社ダイナムジャパンホールディングス DYNAM JAPAN HOLDINGS Co., Ltd.* (the "Company") will be held at 2-27-5 Nishi-Nippori, Arakawa-ku, Tokyo, Japan on Thursday, 21 June 2018 at 10:00 a.m., (Japan time) for the following purposes:

MATTERS TO BE REPORTED

1. Report on the Business Report and the Consolidated Financial Statements, and report on results of the audit by the Accounting Auditor and the review by the Audit Committee on the Consolidated Financial Statements for the 7th fiscal year (from 1 April 2017 to 31 March 2018)

2. Report on the Non-consolidated Financial Statements for the 7th fiscal year (from 1 April 2017 to 31 March 2018)

MATTERS TO BE RESOLVED

First Resolution	**Proposed Partial Amendments to the Articles of Incorporation**
Second Resolution	**General Mandate to Allot, Issue and Deal in Shares**
Third Resolution	**General Mandate to Repurchase Shares**
Fourth Resolution	**Proposed Election of Nine (9) Directors**
Fifth Resolution	**Proposed Election of an Auditor pursuant to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited**

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

Tokyo, Japan, 30 May 2018

Registered office and headquarters:
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

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.

* *for identification purpose only*

This document has been prepared in compliance with the Companies Act of Japan (the "Companies Act") and the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

30 May 2018

Kohei Sato, Chairman of the Board
株式会社ダイナムジャパンホールディングス
DYNAM JAPAN HOLDINGS Co., Ltd.*
2-25-1-702 Nishi-Nippori, Arakawa-ku, Tokyo, Japan

CONVOCATION NOTICE FOR THE 7TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

NOTICE IS HEREBY GIVEN THAT the 7th Annual General Meeting of Shareholders (the "Meeting") of 株式会社ダイナムジャパンホールディングス DYNAM JAPAN HOLDINGS Co., Ltd.* (the "Company") will be held as detailed hereinafter, and your attendance is cordially requested.

Particulars:

1. **Date and time:** Thursday, 21 June 2018 at 10:00 a.m., Japan time (Reception starts at 9:30 a.m.)

2. **Location:** Head Office Building, DYNAM Co., Ltd.
2-27-5 Nishi-Nippori, Arakawa-ku, Tokyo, Japan

3. **Agenda of the Meeting:**

Matters to be Reported

(1) Report on the Business Report and the Consolidated Financial Statements, and report on results of the audit by the Accounting Auditor and the review by the Audit Committee on the Consolidated Financial Statements for the 7th fiscal year (from 1 April 2017 to 31 March 2018)

(2) Report on the Non-consolidated Financial Statements for the 7th fiscal year (from 1 April 2017 to 31 March 2018)

Matters to be Resolved

First Resolution	**Proposed Partial Amendments to the Articles of Incorporation**
Second Resolution	**General Mandate to Allot, Issue and Deal in Shares**
Third Resolution	**General Mandate to Repurchase Shares**
Fourth Resolution	**Proposed Election of Nine (9) Directors**
Fifth Resolution	**Proposed Election of an Auditor pursuant to the Listing Rules**

* *For identification purposes only*

4. Rules on Convocation for the Meeting

(1) Shareholders attending the Meeting in person

Shareholders of the Company (the "Shareholders") will be requested to confirm their identity at the reception. Confirmation of identity will be carried out by the method of comparing the Shareholder's signature with the signature he/she has registered in advance. Please bring a piece of identification such as a passport or driver's license.

(2) Proxies representing Shareholders who are unable to attend the Meeting

Please fill out the required information on the proxy form sent by the Company, and have it signed personally by the Shareholder. The signature will be compared to the signature of the Shareholder that has been registered in advance to confirm that it is the Shareholder's own signature, so Shareholders are requested to use the same signature that they have registered in advance.

Proxies are requested to submit the proxy form with the required information filled in and signed personally by the Shareholder to the reception desk of the Meeting on the day thereof.

Proxies will be asked to confirm their identity at the reception. Please bring a piece of identification such as a passport or driver's license to confirm your identity as the person named on the proxy form.

(3) Shareholders who are not attending the Meeting and who assign their proxies to the Chairman of the Meeting

Please fill out the required information on the proxy form sent by the Company (please do not fill out the spaces for the home or main office address of the proxy and name of the proxy), and have it signed personally by the Shareholder. The signature will be compared to the signature of the Shareholder that has been registered in advance to confirm that it is the Shareholder's own signature, so Shareholders are requested to use the same signature that they have registered in advance.

Please send the proxy form, filled in with the required information excluding the home or main office address of the proxy and name of the proxy and signed personally by the Shareholder by mail to the location of the Meeting by no later than the date of the Meeting OR deposit such proxy form at the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting.

5. Other Precautions

(1) All resolutions set out in this convocation notice (the "Notice") will be decided by poll at the Meeting in accordance with Rule13.39(4) of the Listing Rules.

(2) Shareholders having voting rights recorded in the most recent share registry as of 23 May 2018 shall be deemed to be Shareholders permitted to attend and vote at the Meeting.

(3) Shareholders who intend to cast their votes in different ways (i.e. partly for and partly against a resolution) are requested to notify the Company in writing of their intention to do so and the reason therefor no later than 3 days before the Meeting.

(4) Beneficial owners of the shares of the Company (the "Shares") who hold pecuniary interests and voting rights in the Company with respect to the Shares deposited into the Central Clearing and Settlement System ("CCASS") and registered in the name of HKSCC Nominees Limited ("HKSCC Nominees") (the "CCASS Beneficial Owners") are not recognised as Shareholders under Japanese law. HKSCC Nominees will exercise the voting rights entitled by the CCASS Beneficial Owners in accordance with the pre-determined arrangements between HKSCC Nominees and the CCASS Beneficial Owners and the general operational rules of CCASS.

Final Dividend for the 7th fiscal year

On 23 May 2018, the board of directors of the Company declared the final dividend of JPY6.00 or HKD0.4254 per ordinary share of the Company. The final dividend will be payable on Friday, 22 June 2018 to the Shareholders whose names appear on the share register of the Company at the close of business on Monday, 4 June 2018.

BUSINESS REPORT

(1 April 2017 to 31 March 2018)

1. THE COMPANY AND ITS SUBSIDIARIES (THE "GROUP")

(1) Business in the Consolidated Fiscal Year Ended 31 March 2018

Progress of Business and Results

During the fiscal year under review, the Japanese economy showed signs of continuous improvement in corporate profits and employment against the backdrop of continuing easy money policy by the Bank of Japan. However, the outlook for business climate is showing some matters of concern such as uncertainty over the U.S.'s trade policy in future, continuing strong yen and increasing costs due to the rising labour costs.

The severe business environment continued in the pachinko hall industry. The number of customers decreased especially for high playing cost halls, and we can see the continuing downward trend in the amount of gross pay-ins. Moreover, against the backdrop of the enactment of "Integrated Resort Promotion Act"[##] in December 2016, as an attempt to address the addiction issue in Pachinko gaming, the use of high volatility machines came to be much regulated and the revised regulations on game machines came into enforcement in February 2018. The revision further puts the limit on the number of balls returned to customers, and we foresee that the downward trend in volatility in the pachinko hall business will further continue.

As a part of the Group's efforts to create a better playing environment under which customers can play more casually, the Group released two new kinds of game machines under the new private brand "GORAKU" (meaning amusement) in January 2018, and started introduction thereof in the halls in February 2018. Moreover, the Group tried to improve the machine utilization by performing the hall renovation and various kinds of business measures under the important policies to create halls from the viewpoint of customers and to promote operation focusing on customers.

The Group aims at making Pachinko game a usual amusement everybody can enjoy and is working to expand the market shares in the industry by opening low playing cost halls. The Group opened 6 new low playing cost halls, closed 2 halls due to the review of the business area and converted 1 high playing cost hall into low playing cost hall during the fiscal year under review. As a results, as at 31 March 2018, the number of halls in the Group reached 450, consisting of 180 high playing cost halls and 270 low playing cost halls.

As a result, the consolidated operation results for the fiscal year under review were as follows:

The Group recorded operating revenue of ¥152,092 million (–3.0%, year-on-year), the operating profit of ¥17,349 million (+9.1%, year-on-year) and the net profit attributable to Owners of the Company of ¥10,870 million (+16.1%, year-on-year).

[##] *The Act Promoting Implementation of Specified Integrated Resort Areas*

(2) Material Corporate Restructuring Events

1) Business transfers, absorption-type mergers, consolidation-type mergers:

Not applicable.

2) Receipt of transfer of business from other companies:

Not applicable.

3) Succession of rights or responsibilities of other corporations through absorption-type mergers or consolidation-type mergers:

Not applicable.

4) Acquisition or disposal of the equity or stock acquisition rights of other companies:

Not applicable.

(3) Capital Expenditure

Total capital expenditures for the fiscal year under review was ¥4.836 billion, mainly consisting of buildings and structures as well as tools, furniture and fixtures accompanying the opening of new pachinko halls and renovation of existing pachinko halls.

(4) Financing

The Group raised funds during the fiscal year under review as follows.

(i) Using the cash at hand, the Group repaid ¥20.7 billion for the Syndicate Loan Contract (balance at the start of the fiscal year under review: ¥26.0 billion) for the purpose of plant and equipment investment.

(ii) The Group extended the Commitment Line Contract (Contract Amount: ¥15.0 billion, Contract Period: 3 years) responsive to earthquake disaster for one more year until March 2021.

Please note that the Group is making an effort to streamline funds and reduce interest-bearing debt through the introduction of CMS (cash management system) that allows the central management of funds for each subsidiary of the Group.

The Group had interest-bearing debt of ¥8.572 billion as of the end of fiscal year under review, decreased by ¥21.477 billion, year-on-year.

(5) Management Issues

1) Acceleration of opening of halls

The Group plans to increase the number of halls by opening new standardized halls and/or by using the mergers and acquisitions. While lands suited for opening halls become difficult to find, the Group continues to endeavour to expand its share in the industry by using the closed halls of other pachinko hall operators that ceased operation or by rebuilding the halls.

2) Increasing the number of customers

The Group endeavours to develop new customers and call back dormant customers through such measures as the development and introduction of new private brand machines taking advantage of a large amount of customer data whereby customers can enjoy the true nature of the game machines, a wide variety of national brand machines, and the interchange of popular machines between the halls. Moreover, the Group strives to attract broader customer segments by using the motion pictures and other marketing methods.

3) Pursuing low-cost management

The Group is promoting the introduction of halls specializing in low playing cost machines, since operating revenues and profits are lower for low playing cost machines compared to the existing machines. Therefore, technologies and know-how to achieve low-cost management are required. The Group will strive to achieve low-cost management by standardizing halls to allow efficient purchases of building materials, strengthening our product provision capabilities (product quality), thoroughly implementing the standardization and simplification of processes through on-site on the job training, reviewing the headquarters and supervisory organizations that serve to support halls, and streamlining through the deployment of the proper number of personnel.

4) Strengthening internal control

The Group has established the Group Internal Control Committee, made the internal control systems of the Group based on the "Basic Policy for Internal Control" decided by the board (the "Board") of directors (the "Directors"), checked and improved the systems according to the change of laws and regulations. The Group has in place the Group risk management committee under the Group, grasp the intrinsic risk of the whole Group comprehensively and resolve issues related to the risk management.

(6) Trends in Property and Gains (Losses)

	International Financial Reporting Standard ("IFRS")			
	4th Consolidated Fiscal Year	5th Consolidated Fiscal Year	6th Consolidated Fiscal Year	7th Consolidated Fiscal Year
	Fiscal Year ended 31 March 2015	Fiscal Year ended 31 March 2016	Fiscal Year ended 31 March 2017	Fiscal Year ended 31 March 2018
Revenue (Millions of yen)	154,556	155,911	156,869	152,092
Operating profit (Millions of yen)	19,344	18,166	15,899	17,349
Net profit attributable to Owners of the Company (Millions of yen)	11,303	10,544	9,360	10,870
Basic earnings per Share (Yen)	15.22	13.92	12.23	14.19
Total assets (Millions of yen)	180,936	189,184	205,115	184,971
Equity attributable to owners of the Company (Millions of yen)	135,077	132,645	136,953	137,532
Equity attributable to owners of the Company per Share (Yen)	181.84	173.40	178.79	179.55

(Note) Amounts stated above are rounded off to the nearest million yen.

(7) Important Parent Company and Subsidiaries

1) *Status of parent company:*

Not applicable.

2) *Important subsidiaries (As of 31 March 2018):*

Name of Company	Capital Stock (Millions of Yen) (if applicable)	Ratio of Voting Rights	Principal Business Description
DYNAM Co., Ltd.	5,000	100%	Operation of pachinko halls
Yume Corporation Co., Ltd.	50	100%	Operation of pachinko halls
Cabin Plaza Co., Ltd.	10	100%	Operation of pachinko halls

Name of Company	Capital Stock (Millions of Yen) (if applicable)	Ratio of Voting Rights	Principal Business Description
DYNAM Business Support Co., Ltd.	1,020	100%	Property Management, Hall Development
Nihon Humap Co., Ltd.	100	100%	Restaurant, Cleaning Services
Dynam Hong Kong Co., Limited	HK$500,000,000	100%	Investment businesses in Asian regions

3) *Matters of Specified Wholly Owned Subsidiary*

Name	Address	Total Book Value	Total Assets
DYNAM Co., Ltd.	2-27-5 Nishi-Nippori, Arakawa-ku, Tokyo	49,701 million yen	105,311 million yen

(8) Principal Business Description

The Company, as a pure holding company, coordinates the management of the entire Group.

The principal businesses of the Group are as follows. *(As of 31 March 2018)*

Business Segment	Principal Business Description
Pachinko Hall	Operation of pachinko halls
Real Estate Development	Real estate management and development of halls
Restaurant Business	Operation of restaurants adjacent to pachinko halls
Cleaning Business	Cleaning services in pachinko halls
Investment Business	Investment in businesses in Asian regions

(9) Principal Business Premises

1) *The Company* *(As of 31 March 2018)*

Head Office	2-25-1-702 Nishi-Nippori, Arakawa-ku, Tokyo, Japan
Principal place of business in Hong Kong	Unit A1, 32nd Floor, United Centre, 95 Queensway, Admiralty, Hong Kong

2) Principal Subsidiaries *(As of 31 March 2018)*

DYNAM Co., Ltd.	Head Office	2-27-5 Nishi-Nippori, Arakawa-ku, Tokyo, Japan
	Pachinko Halls	405 halls in 46 prefectures in Japan
	Distribution Centers	16 locations in 16 prefectures in Japan
Yume Corporation Co., Ltd.	Head Office	1-135 Ekimae Odori, Toyohashi, Aichi, Japan
	Pachinko Halls	37 halls in 23 prefectures in Japan
Cabin Plaza Co., Ltd.	Head Office	5-21-7 Nishi-Nippori, Arakawa-ku, Tokyo, Japan
	Pachinko Halls	8 halls in 5 prefectures in Japan
DYNAM Business Support Co., Ltd.	Head Office	5-21-7 Nishi-Nippori, Arakawa-ku, Tokyo, Japan
Nihon Humap Co., Ltd.	Head Office	5-15-7 Nishi-Nippori, Arakawa-ku, Tokyo, Japan
	Restaurants	389 restaurants in 46 prefectures in Japan
Dynam Hong Kong Co., Limited	Head Office	Unit A1, 32nd Floor, United Centre, 95 Queensway, Admiralty, Hong Kong

(10) Status of Employees

1. Number of employees in the Group *(As of 31 March 2018)*

Number of Employees	Changes from the End of the Previous Fiscal Year
4,958	-62

(Note) The above number refers to the number of employees at work in the Group. Apart from the above number, there are 13,119 temporary employees (average number of temporary workers during the consolidated fiscal year under review).

2) Number of employees in the Company *(As of 31 March 2018)*

Number of Employees	Changes from the End of the Previous Fiscal Year
44	-7

(Notes)

1. The above number refers to the number of employees at work in the Company. Apart from the above, the Company has employed 6 temporary employees (the average number of temporary employees during the current consolidated fiscal year).

2. Number of employees includes secondees from subsidiaries to the Company, and excludes secondees from the Company to subsidiaries.

(11) Lenders

(As of 31 March 2018)

Major Lender	Loan Balance (Millions of yen)
Mizuho Bank, Ltd.	3,127
Sumitomo Mitsui Banking Corporation	2,085

(Note) Amounts are rounded off to the nearest million yen.

(12) Other Significant Matters Related to the Corporate Group

Not applicable.

2. MATTERS RELATED TO THE SHARES IN THE COMPANY

(As of 31 March 2018)

(1) Total Number of Shares Authorized for Issue: 2,520,000,000 Shares

(2) Total Number of Issued Shares: 765,985,896 Shares

(3) Number of Shareholders: 163 Shareholders

(4) Major Shareholders:

	Investment in the Company	
Major Shareholders	**Number of Shares Held (Thousands of Shares)**	**Shareholding Ratio (%)**
HKSCC Nominees Limited	182,247	23.79
Sato Aviation Capital Limited	162,522	21.22
Rich-O Co., Ltd.	95,810	12.51
One Asia Foundation	80,000	10.44
Kohei Sato	55,139	7.20
Shigehiro Sato	46,575	6.08
Masahiro Sato	45,059	5.88
Yaeko Nishiwaki	40,896	5.34
DYNAM JAPAN HOLDINGS Employee Stock Ownership Plan	17,618	2.30
DYNAM JAPAN HOLDINGS Suppliers Stock Ownership Plan	10,347	1.35

(Notes)

1. There are no treasury Shares held.

2. Number of Shares held is stated based on the number of Shares beneficially held by the relevant shareholder.

3. HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited, and the nominee shareholder of the Company's shares listed on the Stock Exchange that are deposited in the account of the CCASS.

(5) Other Important Matters Related to Shares:

Not applicable.

3. STOCK ACQUISITION RIGHTS

Not applicable.

4. COMPANY OFFICERS

(1) Directors and Executive Officers

(As of 31 March 2018)

Name	Position and Area of Responsibilities in the Company	Responsibilities and Other Significant Concurrent Offices Held
Mr. Kohei SATO	Executive Director, Chairman of the Board, Chief Executive Officer, Member of Nomination Committee and Member of Remuneration Committee	Director and Chairman of DYNAM Co., Ltd. Director and CEO of Dynam Hong Kong Co., Limited (大樂門香港有限公司)
Mr. Yoji SATO	Non-executive Director Senior Corporate Advisor of the Board	Director of Dynam Hong Kong Co., Limited (大樂門香港有限公司) and Representative Director of One Asia Foundation
Mr. Tatsuji FUJIMOTO	Non-executive Director	Representative Director and President of DYNAM Co., Ltd.
Mr. Ichiro TAKANO	Independent Non-executive Director and Chairman of Audit Committee	Attorney-at-law, Outside Director and Audit Committee Member of HIKARI TSUSHIN, INC.
Mr. Noriaki USHIJIMA	Non-executive Director	Nil

Name	Position and Area of Responsibilities in the Company	Responsibilities and Other Significant Concurrent Offices Held
Mr. Mitsutoshi KATO	Independent Non-executive Director, Chairman of Nomination Committee and Chairman of Remuneration Committee	Representative Director and CFO of ECO-MATERIAL CORPORATION
Mr. Thomas Chun Kee YIP	Independent Non-executive Director and Member of Audit Committee	Practicing Director (Hong Kong Certified Public Accountant) of AIP Partners C.P.A. Limited
Mr. Kei MURAYAMA	Independent Non-executive Director, Member of Nomination Committee and Member of Remuneration Committee	Nil
Mr. Kiyohito KANDA	Independent Non-executive Director, Member of Audit Committee	Tax Accountant
Mr. Makoto SAKAMOTO	Executive Officer	Managing Director of DYNAM Co., Ltd.
Mr. Yoshiyuki MIZUTANI	Executive Officer	Managing Director of DYNAM Co., Ltd.
Mr. Hisao KATSUTA	Executive Officer	Director of Dynam Hong Kong Co., Limited (大樂門香港有限公司)
Mr. Seiji OBE	Executive Officer	
Mr. Kimiharu SATO	Executive Officer	Director of DYNAM Co., Ltd.

(Notes)

1. Messrs. Ichiro Takano, Noriaki Ushijima, Mitsutoshi Kato, Thomas Chun Kee Yip, Kei Murayama and Kiyohito Kanda are Outside Directors as prescribed under Article 2, Item 15 of the Companies Act.

2. Mr. Yoji Sato, Mr. Tatsuji Fujimoto and Mr. Noriaki Ushijima are non-executive Directors and Messrs. Ichiro Takano, Mitsutoshi Kato, Thomas Chun Kee Yip, Kei Murayama and Kiyohito Kanda are independent non-executive Directors pursuant to the Listing Rules.

3. Mr. Ichiro Takano, the chairman of the Audit Committee, is an attorney with thorough knowledge of corporate legal affairs. Having served as outside company auditor and other positions in other companies, he has adequate knowledge and insight in finance and accounting as well.

4. Mr. Thomas Chun Kee Yip, a member of the Audit Committee, a Hong Kong Certified Public Accountant, is currently serving as tax advisor in Hong Kong. He has adequate knowledge and insight in finance and accounting.

5. Mr. Kiyohito Kanda, a member of the Audit Committee, is a tax accountant. He has adequate knowledge and insight in finance and accounting.

6. The Company has assigned to the Audit Committee Office a full-time audit assistant for supporting the duties of the Audit Committee, and so has not selected a full-time member of the Audit Committee.

7. Mr. Tatsuji Fujimoto was appointed as a new non-executive Director on the 6th annual general meeting of the Company held on 22 June 2017 and assumed the position.

8. Mr. Seiji Obe assumed the position as a new Executive Officer of the Company with effect from 22 June 2017.

9. Mr. Kimiharu Sato assumed the position as a new Executive Officer of the Company with effect from 1 November 2017.

(2) Remuneration Committee's Policies for Determining Remuneration for Directors and Executive Officers, and its Description

At the Remuneration Committee meeting, a resolution was passed to revise the method of payment of executive remunerations and bonuses as follows.

1) The principle applicable to the remuneration for Directors and Executive Officers

Remuneration for each of the Directors and Executive Officers shall be individually determined at an amount commensurate with the role expected, as well as the responsibility required in each position, in view of the standard at the industry peers as well as private businesses of equivalent scale in the similar sectors.

2) Remuneration for Directors

Remuneration for Directors shall be comprised of fixed remuneration and performance-related bonus to Company Officers.

A fixed remuneration shall be set based on the remuneration rank which is decided considering the rank and role, and the classification of whether the Director is full-time or part-time in the Group.

Bonus shall be determined by the level of performance of the Company.

Director's remuneration shall not be payable to a Director concurrently serving as an Executive Officer.

3) Remuneration for Executive Officers

Remuneration for Executive Officers consists of fixed remuneration and performance-related bonus and a fixed remuneration shall be set based on each Officer's rank and role and a bonus shall be determined by the level of performance of the Company.

(3) Total Amount of Remuneration for Directors and Executive Officers

(From 1 April 2017 to 31 March 2018)

	Number of Officers	Total amount of paid remuneration
Directors	9	¥70 million
(Outside Directors)	(7)	(¥38 million)
Executive Officers	7	¥140 million

(Notes)

1. Amounts are rounded off to the nearest million yen.

2. As of the end of the fiscal year under review, there are nine (9) Directors (including six (6) Outside Directors and one (1) Executive Director concurrently serving as Executive Officer) and five (5) Executive Officers. Please note that the remuneration for Director shall not be paid to a Director concurrently serving as an Executive Officer.

(4) Matters Regarding Outside Directors

1) Significant concurrent offices which the Outside Directors hold at other companies

Concurrent services of Directors and Executive Officers are stated in "(1) Directors and Executive Officers" under item 4 headed "COMPANY OFFICERS". Other entities in which Directors and Executive Officers serve concurrently have no business relations with the Company.

2) Relationship with the specified related business operators including primarily main trade connections:

Not applicable.

3) Outline of activities in the fiscal year under review

Name of Outside Directors	Outline of Activities
Mr. Ichiro TAKANO	Mr. Takano attended all of 13 Board meetings and 15 Audit Committee meetings held in the fiscal year under review. He made remarks as appropriate in the course of deliberation of proposals, etc. from the viewpoint of a legal expert.
Mr. Noriaki USHIJIMA	Mr. Ushijima attended all of 13 Board meetings held in the fiscal year under review. He made remarks as appropriate in the course of deliberation of proposals, etc. from the viewpoint of, and based on the insight into the management of financial/securities business.

Name of Outside Directors	Outline of Activities
Mr. Mitsutoshi KATO	Mr. Kato attended all of 13 Board meetings, 4 Nomination Committee meetings and 8 Remuneration Committee meetings held in the fiscal year under review. He made remarks as appropriate in the course of deliberation of proposals, etc. from the viewpoint of, and based on the insight into the management of manufacturing/financial business.
Mr. Thomas Chun Kee YIP	Mr. Yip attended all of 13 Board meetings and 15 Audit Committee meetings held in the fiscal year under review. He made remarks as appropriate in the course of deliberation of proposals, etc. from the viewpoint of a tax and accounting expert.
Mr. Kei MURAYAMA	Mr. Murayama attended all of 13 Board meetings, 6 Nomination Committee meetings and 9 Remuneration Committee meetings. He made remarks as appropriate in the course of deliberation of proposals, etc. from the viewpoint of an expert on human resources and labor relations.
Mr. Kiyohito KANDA	Mr. Kanda attended all of 10 Board meetings and 11 Audit Committee meetings. He made remarks as appropriate in the course of deliberation of proposals, etc. from the viewpoint of a tax and accounting expert.

4) *Outline of the contracts for limitation of liability*

Not applicable.

5. ACCOUNTING AUDITOR

(1) Name of Accounting Auditor

PricewaterhouseCoopers Aarata LLC

(2) Amount of Remuneration of Accounting Auditor for the Fiscal Year under Review

Classification	Amount paid
Amount of remuneration of Accounting Auditor payable by the Company	71 million yen
Amount of remuneration for Accounting Auditor payable by subsidiaries	26 million yen

(Note) Amounts are rounded off to the nearest million yen.

(3) Reason Audit Committee Consented to Remuneration of Accounting Auditor

The Audit Committee reviewed and considered the Accounting Auditor's team formation, audit plan, implementation status, establishment of quality control system and quotation of remuneration based on "Practical Guidelines for Alliance with Accounting Auditor". As a result, the Audit Committee consented to the remuneration of the Accounting Auditor as specified in Article 399, Paragraph 2 of the Companies Act.

(4) Outline of the Contracts for Limitation of Liability

Not applicable.

(5) Policy on Determination of Removal or Disapproval of Re-appointment

If the Accounting Auditor is deemed to fall under any item of Article 340, Paragraph 1 of the Companies Act, the Audit Committee will remove the Accounting Auditor by consent of all of the Audit Committee members. In that case, the Audit Committee members elected by the Board shall report the dismissal of the Accounting Auditor and the reason therefor at the first General Meeting of Shareholders convened after the dismissal.

Apart from the above, the Audit Committee will review re-appointment or non-re-appointment of the Accounting Auditor each year, in consideration of the quality of audit and the effectiveness and efficiency of audit implementation by the Accounting Auditor.

6. FRAMEWORKS AND POLICIES OF THE COMPANY

(1) Frameworks for Ensuring Proper Execution of Business Operations

At the Board meeting, a resolution was passed on the basic policy of internal control as per the following:

1) *Framework for Data Storage and Management Relating to Execution of Duties by Executive Officers*

Executive Officers shall follow laws and rules in respect of document management, while maintaining and controlling information concerning the execution of their duties.

Executive Officers shall establish and maintain a system which, in response to the request by the Directors, the Audit Committee, or the Accounting Auditor, can disclose the information concerning the execution of their duties.

2) *Rules for Risk of Loss Management and Other Similar Frameworks*

Executive Officers shall establish the Group Risk Management Committee and maintain rules concerning risk management.

The Group Risk Management Committee shall summarize risk information exhaustively and develop risk analysis and countermeasure thereof.

Executive Officers shall, in response to unforeseen circumstances, set up an emergency headquarters to minimize the magnitude of losses.

3) *Framework for Ensuring the Efficient Execution of Duties by Executive Officers*

The Company shall hold the Board meeting monthly, as well as an urgent meeting as necessary, to ensure the efficient execution of duties by Executive Officers while maintaining the internal rules to define the responsibility and authority of Executive Officers and deliberation procedure at meeting structure for ensuring the efficient framework of business execution and Executive Officers' responsibility.

4) *Framework for Ensuring Execution of Duties by Executive Officers and Employees are in Compliance with Laws and Regulations and Articles*

The Company shall conform to the following matters to run the business according to the corporate philosophy in addition to the compliance with laws and regulations and articles of incorporation of the Company (the "Articles").

(i) The Company shall establish "DYNAM JAPAN HOLDINGS Group Charter of Corporate Behavior" for executives and employees to comply with laws and regulations and articles of incorporation.

(ii) The Company shall keep executives and employees of the Group informed thoroughly of the "DYNAM JAPAN HOLDINGS Group Charter of Corporate Behavior".

(iii) The Company shall countermeasure any issues concerning compliance based on “DYNAM JAPAN HOLDINGS Group Charter of Corporate Behavior”.

(iv) Executive Officers shall establish a whistle-blowing system for the Group to enhance effectiveness of the compliance framework.

5) *Framework for Ensuring Proper Execution of Business Operations in Corporate Group Consisting of the Company and Subsidiaries*

The Company shall promote following activities to comply with laws and regulations for the transactions between subsidiaries and proper business execution of the subsidiaries.

(i) The Company shall, through regularly held Management Strategy Conference and Business Briefing Sessions, grasp the action plans of subsidiaries which received correction instruction from the Company to conduct proper management guidance and control, in addition to the deliberation for the report of business and financial condition and other essential information. Meanwhile, the Company keeps identifying business risks that can be envisaged, and takes necessary risk management measures.

(ii) Executive Officers shall establish the Group Risk Management Committee under the Group Internal Control Committee to develop and operate a system necessary to manage risks of loss.

(iii) The Board lays out the primary Group management policies, while approving the business plans/budgets to ensure their prompt business execution.

In the course of their business execution, Executive Officers shall make business decisions according to due internal procedures based on the Board of Directors’ Rules, Rules for Executive Officers’ Business Execution and other rules concerning the responsibility and authority of Executive Officers, while supporting the duties of subsidiaries such as finance, accounting, personnel affairs and judicial affairs depending on their circumstances.

(iv) Executive Officers shall keep executives and employees of the Group informed thoroughly of the “DYNAM JAPAN HOLDINGS Group Charter of Corporate Behavior”, relevant laws and regulations and rules and regulations of each Group company.

Executive Officers shall ensure the credibility of financial reports by examining the financial statements which may affect reliability thereof significantly.

Executive Officers shall strive for early detection of, and timely response to the violation of laws and regulations within the Group, by utilizing an attitude survey of employees over compliance and an intra-Group whistle blowing system. In response to any issue on a practice of whistle blowing system, Executive Officers shall request an improvement thereof.

The Company shall thoroughly stay away from the anti-social force or organizations that threaten the order and security of civil society, flatly reject any demand from them, and have no transactions whatsoever with the businesses, bodies and individuals related to them. Meanwhile, the whole Group shall address them in a resolute attitude, and coordinate with the external parties professionally addressing them including the police and our legal advisors.

6) *Matters Related to Directors and Employees Who Are to Assist the Duties of the Audit Committee*

Executive Officers shall establish the Audit Committee Support Office consisting of employees who are to assist the duties of the Audit Committee.

7) *Matters Related to the Employees' Independence from Executive Officers in the Preceding Item*

Executive Officers shall set out internal procedures regarding employees who are to assist the duties of the Audit Committee, which must formulate and operate the provisions necessary to ensure independence of the employees who are appointed to work at the Audit Committee Support Office, in terms of their execution of duty and personnel matters.

8) *Framework for Ensuring the Effective Instruction to Directors and Employees Who Are to Assist the Duties of the Audit Committee*

Executive Officers shall establish a system in which employees may execute their duties based on the instruction of the Audit Committee or the designated member of the Audit Committee, and Executive Officers shall not appoint any employee who is concurrently served other duties.

9) *Framework for Reporting by Executive Officers and Employees to the Audit Committee and Framework for Other Types of Reporting to the Audit Committee*

The Company is committed to the following measures for Executive Officers and employees to regularly report on the status of execution of such Executive Officers' duties and material matters for ensuring that audits are efficiently conducted by the Audit Committee.

(i) An Executive Officer or a person designated by such Executive Officer shall make regular reports on the status of execution of such Executive Officer's or such employee's duties to the Audit Committee.

(ii) Directors (except for those who are members of the Audit Committee), Executive Officers and employees and executives and employees of its subsidiaries shall report on the status of such Executive Officers' and executives' duties to the Audit Committee upon the request by the Audit Committee.

(iii) Directors (except for those who are members of Audit Committee), Executive Officers and employees and executives and employees of its subsidiaries shall be able to report to the Audit Committee in case they find matters that may significantly and adversely affect the Company and its subsidiaries and facts in violation of material laws and regulation and the Articles.

(iv) A section of the Group in charge of its whistle blowing system shall regularly report on the status of the Group's whistle blowing activities to the Audit Committee.

(v) Executive Officers shall not treat adversely the Group's executives and employees who have made a report to the Audit Committee for the reason that they have made such report to the Audit Committee.

10) Matters Related to Policies Pertaining to Process such as Prepayment of Expenses Resulting from Execution of the Audit Committee's Duties

In the event the Audit Committee requests the Company to make the prepayment of expenses, etc. under the Companies Act, the Company may not refuse to do so and shall promptly account for expenses and debts unless there is a special circumstance where expenses or debts pertaining to such request are deemed unnecessary for the execution of the Audit Committee's duties.

11) Other Frameworks for Ensuring that the Audit Committee Effectively Executes Audits

An Executive Officer shall provide a member of the Audit Committee designated by the Audit Committee with opportunities to attend conference bodies presided over by such Executive Officer.

The responsible person of the Group's audit section shall discuss the internal audit plan with the Audit Committee and report on the results of audits on the Group's affairs and audits on improvement and operation of internal control to the Audit Committee.

(2) Summary of Operational Status of the Above Frameworks

The summary of operational status of the above frameworks is as shown below.

1) Compliance

The Company has established "DYNAM JAPAN HOLDINGS Group Charter of Corporate Behavior" consisting of corporate philosophy and management policies. The Group continuously provides education to all officers and employees for ensuring each of them will understand thoroughly and act in accordance with this Behavior.

The Company is operating an internal whistle blowing system for earlier discovery of organizational or individual compliance violations such as illegal action, injustice, regulatory violation and so on and violations in the course of business. Further, as the countermeasure for excluding the anti-social force, the Company has been conducting screening surveys on suppliers and has agreed with new suppliers not to have any relationship with the anti-social force. In this manner, the Company has taken necessary actions to block any relationship with the anti-social force.

2) Risk Management

Executive Officers have established the Group Risk Management Committee under the Group Internal Control Committee and the Group has been discussing analysis of risks impeding business activities and urgent countermeasure for the occurrence of cases and accidents. The Group Risk Management Committee regularly holds a meeting every month and has held 12 meetings in the fiscal year under review.

3) Management of Subsidiaries

The Company has received reports on the management situation, financial condition and any other significant matters from subsidiaries and conducted proper management guidance to them in monthly Business Briefing Sessions and other meetings. Further, the Company has conducted the audit of subsidiaries for checking the status of compliance with laws and regulations, the execution status of their duties and so on. Through such audit, the Company has confirmed each Group company's issues and problems earlier and made the improvement plan on such issues thereby having secured the appropriateness of business operations and improved the business efficiency.

(3) Basic Policies for the Control of the Company

Not applicable.

(4) Policies for Determining Dividends from Surplus

Performance-related distribution of profit to Shareholders is one of the priority agendas of the Company, and its basic policy is to pay dividends from surplus not less than 35% of the consolidated net profit calculated according to IFRS.

In terms of dividends from surplus, an interim dividend of ¥6.00 per Share was paid out in accordance with the resolution at the Board meeting held on 21 November 2017. At the Board meeting held on 23 May 2018, it was resolved to pay ¥6.00 per Share as a final dividend.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(As of 31 March 2018)

(Millions of yen)

Item	Amount
(Assets)	
Non-current assets	
Property, plant and equipment	98,794
Investment properties	1,490
Intangible assets	3,545
Financial assets measured at fair value through other comprehensive income	5,894
Deferred tax assets	10,694
Other non-current assets	11,409
Total non-current assets	**131,826**
Current assets	
Inventories	2,925
Trade receivables	469
Prizes in operation of pachinko halls	4,114
Other current assets	5,104
Cash and cash equivalents	40,533
Total current assets	**53,145**
Total assets	**184,971**

(Millions of yen)

Item	Amount
(Liabilities)	
Current liabilities	
Trade and other payables	19,220
Borrowings	7,351
Finance lease payables	256
Provisions	1,971
Income taxes payables	2,891
Other current liabilities	7,954
Total current liabilities	**39,643**
Non-current liabilities	
Deferred tax liabilities	6
Borrowings	1,221
Finance lease payables	326
Other non-current liabilities	799
Provisions	5,461
Total non-current liabilities	**7,813**
Total liabilities	**47,456**
(Equity)	
Share capital	15,000
Capital reserve	12,741
Retained earnings	114,106
Other component of equity	(4,315)
Equity attributable to owners of the Company	137,532
Non-controlling interests	(17)
Total equity	**137,515**
Total liabilities and equity	**184,971**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(From 1 April 2017 to 31 March 2018)

(Millions of yen)

Item	Amount	
Revenue		152,092
Hall operating expenses	(136,727)	
General and administrative expenses	(5,049)	
Other income	9,458	
Other operating expenses	(2,425)	
Operating profit		**17,349**
Finance income	236	
Finance expenses	(781)	
Profit before income tax		**16,804**
Income taxes		(5,879)
Net profit for the year		**10,925**
Net profit attributable to:		
Owners of the Company		10,870
Non-controlling interests		55
Net profit		**10,925**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(From 1 April 2017 to 31 March 2018)

(Millions of yen)

	Attributable to equity holders of the Company				
				Other component of equity	
Item	Share capital	Capital reserve	Retained earnings	Fair value of financial assets at FVTOCI	Foreign currency translation reserve
At 1 April 2017	15,000	12,741	112,403	(4,721)	1,515
Profit for the year	—	—	10,870	—	—
Other comprehensive income for the year	—	—	—	(335)	(765)
Transfer to retained earnings	—	—	25	(24)	—
Total comprehensive income for the year	—	—	10,895	(359)	(765)
Change in ownership interest of parent due to transactions with non-controlling interests	—	—	—	—	—
2018 dividend	—	—	(9,192)	—	—
Total changes in equity for the year	—	—	1,703	(359)	(765)
At 31 March 2018	15,000	12,741	114,106	(5,080)	750

	Attributable to equity holders of the Company				
	Other component of equity				
Item	Other reserves	Total	Total	Non-controlling interests	Total equity
At 1 April 2017	15	(3,191)	136,953	(72)	136,881
Profit for the year	—	—	10,870	55	10,925
Other comprehensive income for the year	1	(1,099)	(1,099)	1	(1,098)
Transfer to retained earnings	(1)	(25)	—	—	—
Total comprehensive income for the year	—	(1,124)	9,771	56	9,827
Change in ownership interest of parent due to transactions with non-controlling interests	—	—	—	(1)	(1)
2018 dividend	—	—	(9,192)	—	(9,192)
Total changes in equity for the year	—	(1,124)	579	55	634
At 31 March 2018	15	(4,315)	137,532	(17)	137,515

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICY

1) SCOPE OF CONSOLIDATION

Number of Consolidated Subsidiaries	18
Name of Main Consolidated Subsidiaries	DYNAM Co., LTD., CABIN PLAZA Co., Ltd., Yume Corporation Co., Ltd., DYNAM BUSINESS SUPPORT Co., Ltd., Nihon Humap Co., Ltd. and DYNAM Hong Kong Co., Ltd.

2) SUMMARY OF ACCOUNTING POLICIES

(1) Standards for Preparation of Consolidated Financial Statements

Consolidated Financial Statements are made in accordance with the designated IFRS pursuant to Article 120, Paragraph 1 of the Ordinance on Company Accounting. But part of the disclosure items the designated IFRS requires is omitted pursuant to the provisions in the latter part of the Article 120, Paragraph 1 in this Consolidated Financial Statement.

(2) Valuation standard and method of significant assets and liabilities

(i) Inventories

(a) Supplies

Supplies represent pachinko and pachislot machineries and consumables for use in the operation of halls and are stated at the lower of cost and net realisable value.

Pachinko and pachislot machineries which are not yet installed for the use in a pachinko hall are stated on the individual costing basis. The carrying amount is reduced to the net realisable value when the value becomes lower than the cost.

Cost of consumables for use in the operation of halls is determined using the first in, first out basis.

(b) Property under development for sale

Property under development for sale is carried at the lower of cost and net realizable value.

The cost of property under development for sale comprises specifically identified cost, including aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised. Net realisable value is determined by reference to sale proceeds received after the reporting period less selling expenses, or by estimates based on prevailing market condition. On completion, the properties are reclassified to properties held for sale at the then carrying amount.

(ii) Prizes in operation of pachinko halls

Prizes are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to sale proceeds less selling expenses. Cost is determined using the weighted average basis.

(iii) Financial Instruments

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

(a) Financial assets

i) Derivative instruments and hedge accounting

The Group utilises derivative instruments primarily to manage interest rate risks and to reduce exposure to movements in foreign exchange rates. The Group initially recognises derivatives as assets or liabilities at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. For derivatives designated as qualifying hedge instruments, subsequent changes in fair value are recognised according to the objective and designation of the hedge. Subsequent changes in the fair value of derivatives not designated as qualifying hedging instruments are recognised in profit or loss.

ii) Non-derivative financial assets

Initial Recognition and measurement

The Group recognises trade receivable and other receivables on the date they arise and all other financial assets on the trade date when the Group became a party to the contract concerning such financial instruments.

At the point of initial recognition, the Group classifies financial assets into the following categories: an asset category measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification and measurement of financial assets is determined on the basis of the contractual cash flow characteristics and the objective of the business model associated with holding the asset.

The Group recognises financial assets at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets except for those financial assets that subsequent change in fair value is recognised in profit or loss. For financial assets measured at FVTPL, transaction costs are recognised in profit or loss when they occur.

Subsequent measurement

Subsequent measurement of financial assets after initial recognition depends on the classifications of financial assets as follows:

1) Financial assets measured at amortised cost

The Group measures financial assets at amortised cost when both of the following conditions are met:

— the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

— the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At the end of each reporting period, interest revenue is calculated by using the effective interest method, applying the effective interest rate to the gross carrying amount of financial assets.

In case where financial assets measured at amortised cost is derecognised, the difference between the carrying amount and the consideration received or receivable is recognised in profit or loss.

2) Financial assets measured at fair value through other comprehensive income

The Group measures financial assets at FVTOCI when both of the following conditions are met:

— The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

— The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Changes in the fair value of financial assets measured at FVTOCI are recognised in other comprehensive income until derecognised. Upon derecognition, the accumulated changes are reclassified from equity to profit or loss.

Interest revenue from these financial assets is recognised directly in profit or loss.

In addition to those financial assets meeting both of the conditions above and measured at FVTOCI, the Group presents subsequent changes in fair value of particular investments in equity instruments in other comprehensive income when at initial recognition, the Group makes an irrevocable election on those investments in equity instruments that are not held with the objective of obtaining gains on short-term sales.

Dividends from these investments are recognised in profit or loss.

3) Financial assets measured at fair value through profit or loss (FVTPL)

All financial assets that are other than those categorised in 1) and 2) above are categorised as financial assets measured at FVTPL.

iii) Impairment

Financial assets measured at amortised cost and fair value through other comprehensive income (i.e. loans, debt securities, and accounts receivables), lease receivables and certain loan commitments and financial guarantee contracts are assessed for credit risks.

The Group recognises either a 12-months' or lifetime expected credit losses (ECL) depending on whether there has been a significant increase in credit risk since initial recognition. When there is a significant increase in credit risk, an allowance is recognised for ECL resulting from possible defaults over the expected life of the financial instrument. When there is not, an allowance is recognised for ECL resulting from possible defaults within the next 12 months.

An impairment gain or loss, the amount required to adjust the loss allowance at the reporting date is recognised in profit or loss.

The assessment of credit risk and the estimation of ECL are to be unbiased and probability-weighted, and to incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable information about future events and economic conditions at the reporting date.

iv) Derecognition of financial assets

The Group derecognises financial assets when and only when the contractual rights to the cash flows from the financial assets expire, or when the financial assets and substantially all the risks and rewards of ownership are transferred.

v) Presentation of financial assets and liabilities

When both of the following conditions are met, financial assets and financial liabilities are offset and the net amount is disclosed in the consolidated statement of financial position.

— The Group currently has a legally enforceable right to offset the recognised amounts; and

— The Group intends to settle on a net amount basis or to simultaneously realise the asset and settle the liability.

(b) Financial liabilities

The Group has non-derivative financial liabilities including loans payable, trade and other payables and derivative financial liabilities.

(For derivative financial liabilities, refer to (2) (iii) (a) Financial assets i) Derivative instruments and hedge accounting for further details.)

Non-derivative financial liabilities are initially recognised at fair value minus transaction costs that are directly attributable to the issue of the financial liability. After initial recognition, changes in fair value of the financial liabilities are measured at amortised cost based on the effective interest method with interest expense recognised on an effective yield basis.

Non-derivative financial liabilities are derecognised when the underlying obligation specified in the contract is discharged, cancelled or expires.

(iv) Investment properties

Investment properties are land, buildings and structures held for long-term rental yields or for capital appreciation or both. An investment property is measured initially at its cost including all direct costs attributable to the property. After initial recognition, the investment property is stated at its fair value based on valuation by an external independent valuer.

Gains or losses arising from changes in fair value of the investment property are recognised in profit or loss for the period in which they arise.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment as appropriate, and its fair value at the date of reclassification becomes its cost for accounting purposes.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

(3) Depreciation method for significant depreciable assets

(i) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost also includes the initially estimated costs of dismantling and removing the item and restoring the site to the original state.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates appropriate to write off their cost less their residual values over the estimated useful lives on a straight-line basis and reducing balance basis.

The principal useful lives are as follows:

Freehold land	Not applicable
Buildings including leasehold improvements	2–50 years
Tools and equipment	2–20 years
Motor vehicles	2–6 years

The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents buildings and structures under construction, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(ii) Intangible assets

(a) Goodwill

Goodwill arises on the acquisitions of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

(b) Trademarks and Computer software

Trademarks and Computer software are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives as follows:

Trademarks	10 years
Computer software	5 years

The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at the end of each reporting period.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets.

(4) Impairment of non-financial assets

(i) Impairment of tangible and intangible assets except goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except goodwill to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) if no impairment loss had been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(ii) Impairment of goodwill

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The recoverable amount of goodwill is determined from the higher of fair value less costs of disposal and value in use calculation. If the recoverable amount declines below the carrying amount, impairment losses are recognised. The recoverable amount under value in use calculation is mainly calculated based on the discounted cash flow model. Certain assumptions are made for the discount rates, the growth rates, gross pay-ins from customers and operating costs.

Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed.

(5) Provisions

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

In assessing present value, the estimated future expenditures are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liabilities.

(6) Employee benefits

(i) Short-term employee benefits

The Group recognises the undiscounted amount of short-term employee benefits as an expense of the period during which the related service is rendered.

A provision is made for the estimated liability for annual leave and long service leave when the Group has a present obligation (legal or constructive) as a result of services rendered by employees up to the end of the reporting period and reliable estimate can be made of the amount of the obligation.

(ii) Retirement benefit obligations

The Group operates various post-employment schemes, including both defined contribution retirement plans and defined benefit retirement plans.

(a) Defined contribution retirement plans

Contributions to the plans by the Group are calculated as a percentage of employees' basic salaries. The retirement benefit plan cost charged to profit or loss represents contributions payable by the Group to the funds.

(b) Defined benefit retirement plans

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of reporting period less the fair value of plan assets.

The present value of the defined benefit obligation, current service costs and past service costs are calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the consolidated statement of changes in equity and in the consolidated statement of financial position.

(7) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Japanese yen ("¥" or "JPY"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

— Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

— Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

— All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

(8) Treasury share

The Company's own equity instruments which are reacquired are recognised at cost including acquisition related costs, after tax effects, as a deduction from equity.

When the Company cancels treasury shares, carrying amount of the shares is recognised as the deduction to capital reserves.

No gain or loss is recognised in profit or loss on reacquisition, sale, or cancellation of the Group's own equity instruments.

Any differences between the carrying amount and the consideration are recognised in equity.

(9) Accounting procedure for consumption taxes

The amounts in the financial statements are presented without consumption or local consumption taxes.

3) Adoption of new and revised international financial reporting standards

The following new standards and amendments have been issued and effective for annual periods beginning on 1 April 2017 with no impact on the Group's results of operations and financial position:

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

2. NOTES TO CONSOLIDATED BALANCE SHEET

1) Accumulated depreciation for property, plant and equipment **¥161,822 million**

Accumulated depreciation includes accumulated impairment loss.

2) Assets submitted as collateral and secured liabilities

(1) The book value of the assets submitted as collateral

Buildings including leasehold improvements	¥494 million
Freehold land	¥2,410 million
Total	¥2,904 million

(2) Secured liabilities

Borrowings	¥2,957 million

3) Allowance for doubtful accounts **¥79 million**

3. NOTES TO CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1) Total number of issued Shares as at the end of the consolidated fiscal year

Ordinary Shares	765,985,896 Shares

2) Dividend from surplus during the consolidated fiscal year

Resolution	Class of Share	Dividend amount (Millions of yen)	Dividend amount per Share	Record date	Effective date
Board of Directors' meeting on 25 May 2017	Ordinary Share	4,596	6.00	2 June 2017	23 June 2017
Board of Directors' meeting on 21 November 2017	Ordinary Share	4,596	6.00	11 December 2017	12 January 2018

3) Dividend from surplus of which record date and effective date come in the subsequent fiscal year

Resolution	Class of Share	Dividend amount (Millions of yen)	Fund of Dividend	Dividend amount per Share	Record date	Effective date
Board of Directors' meeting on 23 May 2018	Ordinary Share	4,596	Retained earnings	6.00	4 June 2018	22 June 2018

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

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

4. NOTES TO FINANCIAL INSTRUMENTS

1) Conditions of financial instruments

(1) Policy for financial instruments

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

(2) Contents and risks of financial instruments

(i) Market risk

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as some of its business transactions, assets and liabilities are denominated in Hong Kong dollars ("HK$") and United States dollars ("USD").

The Group currently does not have a foreign currency hedging policy in respect of other foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Price risk

The Group's financial assets, listed equity securities are measured at fair value at the end of each reporting period and are exposed to equity security price risk. The Group periodically reviews the fair values of these investments as well as the financial condition of investees.

(c) Interest rate risk

The Group's exposure to interest-rate risk arises mainly from its bank deposits and borrowings. These deposits and borrowings bear interests at variable rates varied with the then prevailing market condition.

(ii) Credit risk

Credit risk arises from the possibility that customers may not be able to settle their obligations as agreed. The carrying amount of cash and bank balance, pledged bank deposits, trade, financial lease receivables and other receivables and derivative financial instruments included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. Amounts due from related customers are closely monitored by the directors.

In order to minimise credit risk, management have 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 receivables and finance lease receivables regularly to ensure that adequate impairment losses are recognised for irrecoverable receivables. In this regard, management considers that the Group's credit risk is significantly reduced.

The credit risk on cash and bank balances and derivative financial instruments are limited because the customers are banks with high credit ratings assigned by international credit-rating agencies. The credit quality of the customers in respect of trade receivables and financial lease receivables is assessed by taking into account their financial position, credit history and other factors. Given the constant repayment history, management is of the opinion that risk of default by these customers is low.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

— External credit rating (as far as available)

— Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations

— Actual or expected significant changes in the operating results of the borrower

— Significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the customer fails to make contractual payments within a reasonable period of time when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where trade receivables and financial lease receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

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

The gross carrying amount of trade receivable is ¥469 million yen as at 31 March 2018.

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

(iii) 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 its bankers to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

2) Fair Value of Financial Instruments

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

	At 31 March 2018	
	Carrying amount	Fair value
	¥ million	
Financial assets		
Financial assets measured at FVTOCI	5,894	5,894
Financial assets measured at amortised cost		
Receivables (including cash and cash equivalents)	42,007	42,007
Rental deposits	6,387	6,864
Finance lease receivables	892	892
Total	55,180	55,657
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade payables and other financial liabilities	9,362	9,362
Borrowings	8,572	8,572
Finance lease payables	582	582
Total	18,516	18,516

(2) Income, expenses and gain and losses recognised in the statement of profit or loss for the financial instruments:

Financial assets	At 31 March 2018 *¥ million*
Dividends from equity investments held at FVTOCI	
Related to investments held at the end of the reporting period	112
Total	112

(3) Fair Value measurement

(i) Financial assets measured at fair value through other comprehensive income

The fair values of listed investments are based on quoted bid prices at the end of the reporting period. If the market for a financial asset is not active and for unlisted financial assets, the Group establishes fair value by using reasonable valuation.

(ii) Receivables (including cash and cash equivalents)

The fair values of the Group's financial assets, including trade and other receivables, and cash and cash equivalents approximate their carrying amounts due to their short-term maturities.

(iii) Rental deposits

Rental deposits are measured at present value discounted by the interest rate which takes into account duration and credit risk.

(iv) Finance lease receivables

Finance lease receivables are measured at present value discounted by the interest rate which takes into account duration and credit risk.

(v) Financial liabilities

Financial liabilities which include borrowings and lease obligations are subsequently measured, by each liabilities classified by period, at present value discounted by the interest rate which takes into account duration and credit risk. The carrying amounts of financial liabilities other than above approximate their fair values, hence they are settled in short term.

(4) 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 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 estimate the fair value of 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.

(5) Recognised fair value measurements

Assets and liabilities that are measured at fair value on a recurring basis

At 31 March 2018

Description	Fair value measurements using: Level 1	Level 2	Level 3	Total
	¥ million	*¥ million*	*¥ million*	*¥ million*
Financial assets measured at FVTOCI				
Listed securities in Hong Kong	4,441	—	—	4,441
Listed securities in Japan	586	—	—	586
Others	—	—	867	867
Total	5,027	—	867	5,894

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 are no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

(6) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial statements include:

— the use of net asset value method

— the use of quoted prices or dealer quotes for similar instruments

— the use of discounted cash flow analysis

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

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

Changes in level 3 for the period ended 31 March 2018:

	2018
	¥ million
Balance at beginning of the period	1,055
Loss in other comprehensive income	(123)
Purchases	4
Sales/Redemptions	(69)
Balance at end of the period	867

(8) Valuation inputs and relationship to fair value

The information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Valuation technique	Unobservable Inputs	31 March 2018 *¥ million*
Unlisted equity securities and others	Net Asset value method	—	867

(9) 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 level 3 fair value measurements, the Group engages external, independent and qualified valuers to determine the fair value of the Group's financial instruments.

(10) Assets and liabilities that are not measured at fair value in the consolidated statement of financial position but for which the fair value is disclosed

Following items are included within financial assets and liabilities which are not measured at fair value as of the reporting period. The fair values of these items are shown in the table below. Note that items with the carrying amounts which are reasonable approximation of fair values are not presented in the table.

At 31 March 2018

	Fair value measurements using:			
Description	**Level 1** *¥ million*	**Level 2** *¥ million*	**Level 3** *¥ million*	**Total** *¥ million*
Financial assets				
Rental deposits	—	6,864	—	6,864
Total	—	6,864	—	6,864

(11) Financial assets at fair value through other comprehensive income

(i) Equity investments at fair value through other comprehensive income comprise the following individual investments:

	At 31 March 2018 *¥ million*
Non-current assets	
Macau Legend Development Limited	2,632
IGG Inc	1,809
Others	1,453
	5,894

The Group elects to present the subsequent change in fair value of investments in equity instruments in other comprehensive income when those investments are held for the objective that is to expand the medium and long-term revenue through maintenance and reinforcement of relationships with investees.

(ii) Disposal of equity investments

During the year ended 31 March 2018, the Group has not significant disposal of equity investment.

5. NOTES TO INFORMATION PER SHARE

1)	**Equity attributable to owners of the Company per Share**	**179.55 yen**
2)	**Basic earnings per Share**	**14.19 yen**

6. NOTES TO SIGNIFICANT SUBSEQUENT EVENTS

Not applicable.

CERTIFIED COPY OF THE ACCOUNTING AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

(Translation*)

INDEPENDENT AUDITOR'S REPORT

23 May 2018

To the Board of Directors of
株式会社ダイナムジャパンホールディングス
DYNAM JAPAN HOLDINGS Co., Ltd.*:

PricewaterhouseCoopers Aarata LLC
Yoshihisa Chiyoda, CPA
Designated limited liability Partner
Engagement Partner
Naoyuki Suzuki, CPA
Designated limited liability Partner
Engagement Partner

We have audited, pursuant to Article 444 (4) of the Companies Act of Japan, the accompanying consolidated financial statements, which comprise the consolidated statement of financial position, consolidated statement of income, consolidated statement of changes in equity and notes to the financial statements of DYNAM JAPAN HOLDINGS CO., LTD. (hereinafter referred to as the "Company") for the 7th fiscal year from 1 April 2017 to 31 March 2018.

Management's Responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with designated International Financial Reporting Standard with certain omissions of disclosure items pursuant to the latter part of the first paragraph of Article 120 of the Ordinance of Companies Accounting, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statements audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as examining the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and its financial performance for the period covered by the consolidated financial statements in accordance with designated International Financial Reporting Standard with certain omissions of disclosure items pursuant to the latter part of the first paragraph of Article 120 of the Ordinance of Companies Accounting.

Conflict of Interest

We have no interest in or relationship with the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

* The original audit report is in Japanese. This translation is for readers' convenience and reading this translation is not a substitute for reading the original audit report in Japanese.

BALANCE SHEET

(As of 31 March 2018)

(Millions of yen)

(Assets)	
Current assets	36,484
Cash and deposits	14,505
Prepaid expenses	2
Accrued income	3
Short-term loans receivable	20,000
Income taxes receivable	1,906
Other	66
Non-current assets	68,827
Property, plant and equipment	454
Buildings	136
Tools and equipment	3
Land	314
Intangible assets	6
Trademarks	6
Investments and other assets	68,366
Stocks of subsidiaries and affiliates	66,064
Long-term loans receivable	2,031
Others	271
Total assets	105,311

(Millions of yen)

(Liabilities)	
Current liabilities	11,074
Accounts payable	89
Income taxes payables	26
Consumption taxes payables	3
Accrued expenses	69
Deposits received	10,854
Provision for Directors' bonuses	30
Non-current liabilities	25
Long-term accounts payable	20
Deferred tax liabilities	5
Total liabilities	11,100
(Net assets)	
Shareholders' equity	94,211
Capital stock	15,000
Capital surplus	58,091
Legal capital surplus	12,909
Other capital surplus	45,182
Retained earnings	21,120
Other retained earnings	21,120
Retained earnings brought forward	21,120
Total net assets	94,211
Total liabilities and net assets	105,311

STATEMENT OF PROFIT OR LOSS
(From 1 April 2017 to 31 March 2018)

(Millions of yen)

Net sales		10,038
Gross profit		10,038
Selling, general and administrative expenses		1,418
Operating income		8,620
Non-operating income		
Interest income	174	
Others	42	217
Non-operating expense		
Foreign exchange loss	265	265
Ordinary income		8,572
Income before income taxes		8,572
Income taxes — current	3	
Income taxes — deferred	(4)	(0)
Net income		8,573

STATEMENT OF CHANGES IN NET ASSETS

(From 1 April 2017 to 31 March 2018)

(Millions of yen)

	Shareholders' equity					
		Capital surplus			Retained earnings	
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	— Other retained earnings — Retained earnings brought forward	Total retained earnings
Balance as of 1 April 2017	15,000	12,909	45,182	58,091	21,738	21,738
Changes during the current fiscal year						
2017 dividend	—	—	—	—	(9,191)	(9,191)
Profit for the year	—	—	—	—	8,573	8,573
Total changes during the current fiscal Year					(618)	(618)
Balance as of 31 March 2018	15,000	12,909	45,182	58,091	21,120	21,120

	Shareholders' equity Total shareholders' equity	Total net assets
Balance as of 1 April 2017	94,829	94,829
Changes during the current fiscal year		
2017 dividend	(9,191)	(9,191)
Profit for the year	8,573	8,573
Total changes during the current fiscal Year	(618)	(618)
Balance as of 31 March 2018	94,211	94,211

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

1) Valuation method of significant assets

Valuation method of securities

Stocks of subsidiaries:	Stocks of subsidiaries are stated at cost less impairment, determined by the moving average method.

Available-for-sale securities:

Securities with market value:	Securities with market value are stated at the quoted market prices prevailing at the end of the fiscal year. Differences between market value and acquisition costs are reported as “Unrealized losses on available-for-sale securities’ a separate component of net assets. The cost of securities sold is determined using the moving average basis.
Securities without market value:	Securities without market value are stated at cost less impairment, determined using the moving average basis.

2) Depreciation method of depreciable assets

Property, plant, and equipment:	Depreciation of property, plant and equipment is calculated on the declining-balance method, while the straight-line method is applied to buildings (excluding leasehold improvements) and leasehold improvements acquired after April 1, 2016.
Intangible assets:	Amortisation of intangible assets is calculated on the straight-line method. Software used for internal purposes is amortised on the straight-line method over its estimated useful life (5 years).

3) Recognition and measurement of significant provisions and allowances

Provision for Directors‘bonuses

Provision for Directors’ bonuses is made for the estimated amounts to be paid during the fiscal year under review.

4) Translations of foreign currency receivables and payables

Foreign currency receivables and payables are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

5) Other significant accounting policies for financial statements

Cash Management System (CMS)

As a result of utilization of Cash Management System (CMS) for the purpose of promoting efficient use of the Group funds, the Company has “short-term loans receivable” of¥20,000 million due from the Group companies and “deposits received” of¥10,847 million due to the Group companies.

Accounting for consumption tax

The amounts in the financial statements are presented without consumption or local consumption taxes.

2. NOTES TO BALANCE SHEET

1) Accumulated depreciation

	(Millions of yen)
Property, plant, and equipment	75

2) Guarantee obligation

Financial guarantees for the debts owed to other companies from financial institutions are as follows:

	(Millions of yen)
DYNAM Co., Ltd.	5,300

3) Assets due from and liabilities due to subsidiaries and affiliates

	(Millions of yen)
Short-term receivables	20,070
Long-term receivables	2,031
Short-term payables	10,877

3. NOTES TO STATEMENT OF PROFIT OR LOSS

1) Transactions with subsidiaries and affiliates

	(Millions of yen)
Business transactions	
Net sales	10,038
Selling, general and administrative expenses	113
Other transactions	188

4. NOTES TO INCOME TAXES

(Millions of yen)

1) Deferred tax assets (current)

Deferred tax assets	
Accrued bonuses	16
Others	7
Subtotal	24
Valuation allowance	(24)
Total	—

2) Deferred tax assets (non-current)

Deferred tax assets	
Stocks of subsidiaries and affiliates	2,465
Long-term loans receivable	41
Unused tax loss	543
Others	5
Subtotal	3,056
Valuation allowance	(3,056)
Total	—

3) Deferred tax liabilities (non-current)

Deferred tax liabilities	
Foreign exchange gains	5
Total	5

5. NOTES TO RELATED PARTY TRANSACTIONS

Transactions with subsidiaries (Millions of yen)

Type	Company Name	Ownership	Relationship		Transaction	Amounts	Account name	Balance
			Interlocking directors	Business relationship				
Subsidiaries	DYNAM Co., Ltd.	Directly held 100%	Present	Business Management	Funds in trust *(Note 2)*	—	Deposits received	8,463
					Interest Expense *(Note 2)*	0	—	—
					Management consulting fee *(Note 3)*	618	—	—
					Dividend income	9,115	—	—
					Guarantee of liabilities *(Note 4)*	(20,700)	Guarantee obligation	5,300
	DYNAM Business Support Co., Ltd	Directly held 100%	—	Business Management	Repayment of funds *(Note 1)*	800	Short-term loans receivable	13,700
					Income interest *(Note 1)*	104	Accrued income	2
					Funds in trust *(Note 2)*	—	Deposits received	410
					Interest Expense *(Note 2)*	0	—	—
					Management consulting fee *(Note 3)*	12	—	—
					Dividend income	108	—	—
	Cabin Plaza Co., Ltd.	Directly held 100%	—	Business Management	Funds in trust *(Note 2)*	—	Deposits received	1,627
					Interest Expense *(Note 2)*	0	—	—
					Management consulting fee *(Note 3)*	12	—	—
					Dividend income	10	—	—
	Nihon Humap Co., Ltd.	Directly held 100%	—	Business Management	Repayment of funds *(Note 1)*	300	Short-term loans receivable	700
					Income interest *(Note 1)*	6	Accrued income	0
					Funds in trust *(Note 2)*	—	Deposits received	107
					Interest Expense *(Note 2)*	0	—	—
					Management consulting fee *(Note 3)*	14	—	—
					Dividend income	99	—	—
	Dynam Hong Kong Co., Limited (大樂門香港有限公司)	Directly held 100%	Present	Business Management	Repayment of funds *(Note 1)*	6,464	Long-term loans receivable	2,031
					Income interest *(Note 1)*	19	Accrued income	0
	Yume Corporation Co., Ltd.,	Directly held 100%	—	Business Management	Lending of funds *(Note 1)*	—	Short-term loans receivable	5,500
					Income interest *(Note 1)*	40	Accrued income	0
					Funds in trust *(Note 2)*	—	Deposits received	0
					Interest Expense *(Note 2)*	0	—	—
					Management consulting fee *(Note 3)*	48	—	—

(Notes) Conditions of transactions and policy regarding determination of conditions of transactions

1. An interest rate on lending of funds is reasonably determined at the Board of Directors' meeting in consideration of the market interest rate.

2. The transaction amount of funds in trust is omitted since it is a short-term and recursive transaction. An interest rate thereon is reasonably determined at the Board of Directors' meeting in consideration of the market interest rate.

3. Management consulting fees are determined at the Board of Directors' meeting based on the objective standard in consideration of basic management indicators and financial capacity of subsidiaries.

4. The Company served as a guarantor for bank borrowing of DYNAM Co., Ltd. Guarantee of liabilities decreased as the outstanding borrowings decreased due to early repayment during the current fiscal year.

6. NOTES TO PER SHARE INFORMATION

	(Yen)
Net assets per Share	122.99
Net income per Share	11.19

7. NOTES TO SIGNIFICANT SUBSEQUENT EVENTS

Not applicable

CERTIFIED COPY OF THE ACCOUNTING AUDITOR' REPORT

(Translation*)

INDEPENDENT AUDITOR'S REPORT

23 May 2018

To the Board of Directors of
株式会社ダイナムジャパンホールディングス
DYNAM JAPAN HOLDINGS Co., Ltd.*:

PricewaterhouseCoopers Aarata LLC
Yoshihisa Chiyoda, CPA
Designated limited liability Partner
Engagement Partner
Naoyuki Suzuki, CPA
Designated limited liability Partner
Engagement Partner

We have audited, pursuant to Article 436 (2) (i) of the Companies Act of Japan, the accompanying financial statements, which comprise the balance sheet, statement of income, statement of changes in net assets and notes to the financial statements, and the supplementary schedules of DYNAM JAPAN HOLDINGS CO., LTD. (hereinafter referred to as the "Company") for the 7th fiscal year from 1 April 2017 to 31 March 2018.

Management's Responsibility for the financial statements and the supplementary schedules

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statements audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as examining the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and its financial performance for the period covered by the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan.

Conflict of Interest

We have no interest in or relationship with the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

* The original audit report is in Japanese. This translation is for readers' convenience and reading this translation is not a substitute for reading the original audit report in Japanese.

CERTIFIED COPY OF THE AUDIT COMMITTEE'S REPORT

(Translation)

AUDIT REPORT

The Audit Committee has conducted audits of the Directors and Executive Officers of the Company with regard to their performance of duties during the 7th fiscal year (1 April 2017 to 31 March 2018). A report covering the findings of the audit follows.

1. Method and Contents of Audit

The Company's Audit Committee monitored and examined the content of resolutions of the Board of Directors related to matters set forth in Article 416, Paragraph 1, Item 1 (b) and (e) of the Companies Act, as well as the structure and operational status of the Company's internal control system as set forth in the aforementioned resolutions. To this end, the Audit Committee received yearly reports from Directors, Executive Officers and employees regarding the content of the above resolutions, and where necessary, sought explanations and voiced opinions on these matters. Moreover, in accordance with its established policies and procedures and in collaboration with the divisions in charge of internal control, the Audit Committee attended important meetings, received reports on business activities from Directors and Executive Officers, sought explanations where necessary, and conducted appropriate surveys of the status of business operations and assets of the Company. The Audit Committee received business reports from subsidiaries as necessary, through communication and information sharing with the Directors and Corporate Auditors of the subsidiaries.

In addition, the Audit Committee monitored and verified whether the Accounting Auditors maintained its independence and properly conducted its audit, received a report from the Accounting Auditors on the status of their performance of duties, and requested explanations as necessary. The Audit Committee was notified by the Accounting Auditors that it had established a "system to ensure that the performance of the duties of the Accounting Auditors was properly conducted" (the matters listed in the items of Article 131 of the Ordinance on Company Accounting) in accordance with the "Quality Control Standards for Audits" (published by the Business Accounting Council on 28 October 2005), and requested explanations as necessary.

Based on the above-described methods, the Audit Committee examined the Business Report, the Financial Statements (balance sheet, statement of profit or loss, statement of changes in net assets, and notes to financial statements) and the accompanying supplementary schedules, and the Consolidated Financial Statements (consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity, and notes to Consolidated Financial Statements) for the fiscal year under review.

2. Results of Audit

(1) Results of Audit of Business Report, etc.

(i) We acknowledge that the Business Report and the accompanying supplementary schedules fairly present the status of the Company in conformity with the applicable laws, regulations, and the Articles of Incorporation.

(ii) We acknowledge that no misconduct or material fact constituting a violation of laws, regulations, or the Articles of Incorporation was found with respect to the Directors and Executive Officers' performance of their duties.

(iii) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter in the Business Report or the Directors and Executive Officers' performance of their duties concerning the internal control systems that requiring mentioning.

(2) Results of Audit of the Financial Statements and the Accompanying Supplementary Schedules

We acknowledge that the methods and results of audit performed by the Accounting Auditor, PricewaterhouseCoopers Aarata LLC, are appropriate.

(3) Results of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of audit performed by the Accounting Auditor, PricewaterhouseCoopers Aarata LLC, are appropriate.

23 May 2018

Audit Committee of
株式会社ダイナムジャパンホールディングス
DYNAM JAPAN HOLDINGS Co., Ltd.*

Chairman of Audit Committee	Ichiro Takano (Seal)
Member of Audit Committee	Thomas Chun Kee Yip (Seal)
Member of Audit Committee	Kiyohito Kanda (Seal)

(Note) Members of Audit Committee, Messrs. Ichiro Takano, Thomas Chun Kee Yip and Kiyohito Kanda are Outside Directors as prescribed under Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.

REFERENCE MATERIALS FOR THE 7TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

1. First Resolution: Proposed Partial Amendment to the Articles of Incorporation (Special Resolution)

The Board of Directors proposed to make a partial amendment to the Articles of Incorporation (the "AOI") as below.

(1) Reason for Amendments

The amendments to the AOI are proposed mainly (i) to expand the scope of business of the Company which needs to be expanded if a subsidiary of the Company has started to engage in such new business, and (ii) to allow the Company to send and supply corporate communications (as defined in the Listing Rules) to Shareholders by making them available on the Company's website and the Stock Exchange's website, subject to compliance with the Listing Rules and the applicable laws by the Company.

In addition, certain minor housekeeping amendments to the AOI will also be proposed, subject to the applicable laws and regulations, to delete certain obsolete provisions therein.

(2) Details of Amendments

Details of the amendments are shown as below (The underlined section shows the parts to be amended):

Existing AOI	Proposed Amendment
Article 2. (Purpose) 1. The purpose of the Company shall be to own controlling interests in companies engaged in the following lines of business, and thereby control and manage the businesses activities of such companies: (Description omitted) (Addition)	Article 2. (Purpose) 1. The purpose of the Company shall be to own controlling interests in companies engaged in the following lines of business, and thereby control and manage the businesses activities of such companies: (No change) <u>(53) Leasing, renting, sale and purchase, installment sale, and maintenance of aircrafts and ships, and various components and goods relating thereto; and</u> <u>(54) School management and other educational business</u>

Existing AOI	Proposed Amendment
Article 19. (Convocation of Shareholders Meetings)	Article 19. (Convocation of Shareholders Meetings)
2. The Company shall announce the date on which an annual shareholders meeting is planned to be held no less than 10 weeks prior to such date on the Company's website and the website of the Stock Exchange.	(Deleted)
Article 21. (Notice to Shareholders)	Article 21. (Notice to Shareholders)
(Addition)	6. The requirement to send a shareholder any corporate communication (as defined under the Listing Rules), shall be satisfied where, in accordance with the Listing Rules, the Company publishes it on the Company's website or in any other permitted manner (including by any form of electronic communication), and that shareholder has agreed or is deemed to have agreed to treat the publication or receipt of such notice or document in such manner as discharging the Company's obligation to send him a copy of such notice or document, subject always to the right of any such shareholder to change his choice of communication under the Listing Rules.

Existing AOI	Proposed Amendment
Article 54. (Record Date for Dividends Payable out of Surplus)	Article 54. (Record Date for Dividends Payable out of Surplus)
3. Where the Company specifies the record date in the case of the paragraph 1, the Company shall disclose such record date and the date of a meeting of the board of directors on the website of the Stock Exchange no later than 10 business days prior to such record date and no later than 7 clear business days prior to the date of such meeting of the board of directors to which dividends paid out of surplus are recommended.	(Deleted)
4. In the case of the preceding paragraph, a business day means a working day in Hong Kong.	(Deleted)

2. Second Resolution: General Mandate to Allot, Issue and Deal in Shares (Ordinary Resolution)

"**THAT**: a general unconditional mandate be and is hereby granted to the Board authorizing it to exercise all the powers of the Company during the Relevant Period (as defined below) to, subject to the requirements under the Listing Rules and/or all applicable laws and regulations in Hong Kong and Japan from time to time, allot, issue and deal in Shares or securities convertible into Shares and to make an offer or agreement or grant an option which would or might require such Shares to be allotted and issued, whether during the continuance of such mandate or thereafter (other than pursuant to an offer made to the Shareholders pro-rata (apart from fractional entitlements) to their existing shareholding, or under any arrangement adopted for the grant or issue of stock acquisition rights), provided that the aggregate number of the Shares allotted or agreed conditionally or unconditionally to be allotted under such mandate shall not exceed 20% of the aggregate number of Shares issued by the Company as at the date of this resolution, such mandate to remain in effect during the Relevant Period (as defined below).

"Relevant Period" for the second resolution means the period from the passing of this resolution until the earliest of:

(i) the conclusion of the next annual general meeting of the Company following the passing of this resolution;

(ii) the expiration of a 12-month period following the passing of this resolution; or

(iii) the date on which the authority set out in this resolution is revoked or varied by a special resolution at a general meeting."

3. Third Resolution: General Mandate to Repurchase Shares (Ordinary Resolution)

"**THAT**: subject to and in accordance with all applicable laws and ordinances in Japan and Hong Kong and the requirements of the Listing Rules, a general unconditional mandate be and is hereby given to the Board authorizing it to exercise all powers during the Relevant Period (as defined below) for and on behalf of the Company to repurchase Shares on the Stock Exchange. However, the aggregate number of the Shares that could be repurchased by the Company pursuant to the aforementioned mandate shall not exceed 10% of the aggregate number of Shares issued by the Company as at the date of passing of this resolution.

Please note that the aforementioned mandate shall be effective only during the Relevant Period (as defined below).

"Relevant Period" for the third resolution means the period from the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company unless the authority is renewed either unconditionally or subject to conditions by the passing of the ordinary resolution at the said meeting; or

(ii) the passing of the ordinary resolution revoking, varying or renewing such mandate at a general meeting."

Notes

(1) Please refer to the attached document entitled "Explanatory Statement" in APPENDIX III for the summary of important provisions of the Listing Rules with respect to the repurchase of Shares.

(2) The original of the attached document entitled "Explanatory Statement" in APPENDIX III was made in English and the enclosed Japanese version is just a translation thereof. In case of any discrepancies between the English original version and the Japanese translation, the English original version shall prevail.

4. Fourth Resolution: Proposed Election of Nine (9) Directors (Ordinary Resolution)

The term of office of all nine (9) current Directors will expire as of the end of this Meeting. Accordingly, the Company proposes that nine (9) Directors be elected based on the decisions by the Nomination Committee.

The details of Director candidates are as follows. Director candidates Messrs. Ichiro TAKANO, Noriaki USHIJIMA, Mitsutoshi KATO, Thomas Chun Kee YIP, Kei MURAYAMA and Kiyohito KANDA are the candidates for Outside Directors under Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held		Number of Shares Beneficially Owned
1	**Kohei SATO** (26 November 1954)	March 1983	Joined Advantest Corporation	55,139,680
		June 1985	Joined Kodak Co., Ltd.	
		June 1995	Joined DYNAM Co., Ltd.	
		June 1998	Director, Corporate Planning Office of DYNAM Co., Ltd.	
		April 1999	Director, Sales Department of DYNAM Co., Ltd.	
		June 2000	President and Representative Director of DYNAM Co., Ltd.	
		January 2013	CEO of the Company	
		June 2014	Executive Director and CEO of the Company	
		June 2015	Chairman of the Board of DYNAM Co., Ltd. (present)	
		June 2015	Director and CEO of Dynam Hong Kong Co., Ltd. (present)	
		June 2015	Executive Director, Chairman of the Board, CEO and President of the Company (present)	
2	**Yoji SATO** (24 September 1945)	January 1970	Joined Sawa Shoji Co., Ltd. (now called DYNAM Co., Ltd.)	0
		September 1978	President and Representative Director of Sawa Shoji Co., Ltd.	
		June 2000	Chairman and Representative Director of DYNAM Co., Ltd.	
		April 2003	President and Representative Director of Dynam Investment Co., Ltd.	
		March 2007	Representative Director and CEO of DYNAM Holdings Co., Ltd.	
		December 2009	Representative Chairman of One Asia Foundation (present)	
		September 2011	Executive Director and CEO of the Company	
		January 2013	Director of Dynam Hong Kong Co., Limited (present)	
		June 2013	Executive Director and Chairman of the Board of the Company (present)	
		June 2015	Executive Director and Senior Corporate Advisor of the Company	
		June 2016	Non-executive Director and Senior Corporate Advisor of the Company (Present)	
3	**Tatsuji FUJIMOTO** (14 February 1961)	January 1986	Joined The Daiei, Inc.	
		December 2001	Joined DYNAM Co., Ltd.	209,300
		March 2009	Head of Purchasing Department. of DYNAM Co., Ltd.	
		March 2012	Head of Logistics Department of DYNAM Co., Ltd.	
		June 2015	Corporate Executive Officer and Head of Logistics Department of DYNAM Co., Ltd.	
		March 2016	Corporate Executive Officer and Head of Purchasing Department of DYNAM Co., Ltd.	
		June 2016	Director and Head of Purchasing Department of DYNAM Co., Ltd.	
		January 2017	Director and Head of Information Control Department of DYNAM Co., Ltd.	
		June 2017	Representative Director of DYNAM Co., Ltd. (present)	
		June 2017	Non-executive Director of the Company (present)	
4	**Ichiro TAKANO** (8 May 1956)	April 1987	Registered as Attorney-at-Law	20,000
		April 1992	Joined Tokyo Eiwa Law Offices	
		June 2005	Outside Company Auditor of HIKARI TSUSHIN, INC.	
		October 2006	Outside Company Auditor of DYNAM Holdings Co., Ltd.	
		March 2007	Director of DYNAM Holdings Co., Ltd.	
		July 2008	Established Takano Law Offices (present)	
		September 2011	Independent Non-executive Director of the Company (present)	
		June 2017	Outside Director and Audit Committee Member of HIKARI TSUSHIN, INC. (present)	
5	**Noriaki USHIJIMA** (12 May 1950)	April 1973	Joined Tokyo Stock Exchange, Inc.	414,000
		June 2004	Director and Corporate Executive Officer of Jasdaq, Inc.	
		July 2006	Advisor of Jasdaq System Solution, Inc.	
		March 2008	Director of DYNAM Holdings Co., Ltd.	
		September 2011	Non-executive Director of the Company (present)	

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held		Number of Shares Beneficially Owned
6	**Mitsutoshi KATO** (20 March 1958)	April 1982	Joined The Bank of Tokyo, Ltd. (currently MUFG Bank, Ltd.)	0
		April 1988	Seconded to Kincheng-Tokyo Finance Company Limited	
		March 1990	Joined Banque Indosuez (currently Credit Agricole Corporate and Investment Bank)	
		April 1991	Vice President of Banque Indosuez, Tokyo Branch	
		January 2005	Statutory Auditor of ECO-MATERIAL CORPORATION	
		December 2006	Director and CFO of ECO-MATERIAL CORPORATION	
		February 2012	Representative Director and CFO of ECO-MATERIAL CORPORATION (present)	
		February 2012	Independent Non-executive Director of the Company (present)	
7	**Thomas Chun Kee YIP** (22 March 1961)	May 1984	Joined Touche Ross & Co. Hong Kong	0
		January 1986	Joined Price Waterhouse, Sydney Office	
		December 1988	Price Waterhouse, Hong Kong Office	
		July 1994	Senior Audit Manager of Price Waterhouse	
		January 2002	Joined CCIF CPA Limited	
		October 2003	Practicing Director of CCIF CPA Ltd	
		March 2008	Joined AIP Partners C.P.A. Limited, Practicing Director (present)	
		February 2012	Independent Non-executive Director of the Company (present)	
8	**Kei MURAYAMA** (13 July 1954)	April 1978	Joined SWANY Corporation	0
		March 1986	Joined Lawson Japan, Inc. (now called Lawson, Inc.)(TSE:2651)	
		March 1996	Senior Manager for Labor Administration, Tokyo Head Office of Lawson, Inc.	
		March 2007	General Manager, Personnel and Training Division of Lawson, Inc.	
		March 2009	Corporate Executive Officer of Lawson, Inc.	
		March 2015	Executive Adviser for Personnel Matters of Lawson, Inc. (present)	
		June 2015	Independent Non-executive Director of the Company (present)	
9	**Kiyohito KANDA** (7 October 1964)	October 1991	Joined Yamaichi Securities Company, Limited	0
		December 1993	Registered as Tax Accountant	
		July 1995	Established Kanda Kiyohito Tax Accountant Office (present)	
		May 1998	Instructor, Training Center of the Board of Audit of Japan (present)	
		April 2011	Part-time teacher, Faculty of Business Administration, Mejiro University	
		June 2017	Independent Non-executive Director of the Company (present)	

(Notes)

1. Save as the interest disclosed above, each candidate has no special interest in the Company.

2. Reasons for the appointment of Outside Directors

   The Company is a "Company with Committees". A Company with Committees is an organizational framework in which the management supervision function and business execution function are clearly separated, so that both perform effectively. Under this framework, the Board specializes in management supervision, along with the 3 committees whose membership comprises a majority of the Outside Directors. These committees are the Nomination Committee, the Audit Committee and the Remuneration Committee, which were established to replace the conventional Auditors system to pursue enhanced management transparency, while Executive Officers are appointed as management personnel dedicated to perform the function of business execution. As is the case with a typical company with Committees in need of appointing a number of Outside Directors to operate the framework as described above, the Company proposes to elect six (6) Outside Directors with the aim of further strengthening the function of the Board.

In addition, all of the aforementioned candidates for Outside Directors meet the qualifications for Outside Directors required under Article 2, Item 15 of the Companies Act.

(1) Mr. Ichiro Takano is an attorney-at-law and currently serving as an outside auditor of another company as well. He has been nominated as candidate for Outside Director, as he is expected to perform his role to supervise and check the management practice, based on his knowledge and experience as legal expert developed through his career. He is currently serving as Outside Director of the Company and will have served in that capacity for six (6) years and nine (9) months as of the conclusion of this Meeting.

(2) Mr. Noriaki Ushijima has a wealth of experience in business and management and extensive knowledge and experience in the area of company management. He has been nominated as candidate for Outside Director, as he is expected to draw on his insight developed through his career, in performing his role to supervise and check the management practice. He is currently serving as Outside Director of the Company and will have served in that capacity for six (6) years and nine (9) months as of the conclusion of this Meeting.

(3) Mr. Mitsutoshi Kato has a wealth of experience in company management and extensive knowledge and sophisticated insight in the area of management. He has been nominated as candidate for Outside Director, as he is expected to perform his duty to supervise and check the management practice, based on his knowledge, experience and insight as corporate executive, developed through his career. He is currently serving as Outside Director of the Company and will have served in that capacity for six (6) years and three (3) months as of the conclusion of this Meeting.

(4) Mr. Thomas Chun Kee Yip, a Hong Kong Certified Public Accountant, is currently working as tax advisor in Hong Kong. He has been nominated as candidate for Outside Director, as he is expected to perform his role to supervise and check the management practice, based on his knowledge and experience developed through his career as tax and accounting expert. He is currently serving as Outside Director of the Company and will have served in that capacity for six (6) years and three (3) months as of the conclusion of this Meeting.

(5) Mr. Kei Murayama has a wealth of experience and knowledge in the convenience store industry and extensive knowledge and deep insight on chain store operation. He has been nominated as candidate for Outside Director, as he is expected to perform his role to supervise and check the management practice, based on his knowledge and experience developed through his career. He is currently serving as Outside Director of the Company and will have served in that capacity for three (3) years as of the conclusion of this Meeting.

(6) Mr. Kiyohito Kanda is a tax accountant and has been engaged in providing tax, finance and other related advice to corporations for long years. He has been nominated as candidate for Outside Director, as he is expected to perform his role to supervise and check the management practice, based on his knowledge and experience developed through his career as tax and accounting expert. He is currently serving as Outside Director of the Company and will have served in that capacity for one (1) year as of the conclusion of this Meeting.

3. Contracts for limitation of liability with Outside Directors

Not applicable.

5. **Fifth Resolution: Proposed Election of an Auditor pursuant to the Listing Rules (Ordinary Resolution)**

PricewaterhouseCoopers Aarata LLC ("PwC Aarata"), the current Auditor of the Company pursuant to Rule 13.88 of the Listing Rules, will retire upon the expiration of its current term of office with effect from the conclusion of the Meeting. Accordingly, the election of a candidate is newly proposed.

Details of a candidate are as follows:

(As of 31 March 2018)

Name	PricewaterhouseCoopers Aarata LLC	
Principal Office	1-1-1 Otemachi, Chiyoda-ku, Tokyo, Japan	
History	June 2006: Establishment of PwC Aarata July 2006: Commencement of operations July 2015: Changed the corporate name in Japanese from "Aarata Kansa Hojin" to "PwC Aarata Kansa Hojin" July 2016: Converted to a limited liability audit corporation and changed the corporate name to "PwC Aarata Yugen Sekinin Kansa Hojin (PwCあらた有限責任監査法人)" (English name: PricewaterhouseCoopers Aarata LLC)	
Capital	1,000 million yen	
Staffing	Partners	145
	Certified Public Accountants ("CPAs")	922
	Assistant CPAs	557
	US CPAs and other professionals	867
	Clerks	595
	Total	3,086

This resolution is proposed based on the recommendation of the Audit Committee.

6. **RECOMMENDATION**

The Directors are of the opinion that the proposed partial amendments to the AOI, the general mandate to allot, issue and deal in Shares, the general mandate to repurchase Shares, the proposed election of the Director candidates and the proposed election of an Auditor pursuant to the Listing Rules as detailed in the sections above and Appendix III are in the best interests of the Company and the Shareholders as a whole. Accordingly, they recommend the Shareholders to vote in favour of the First, Second, Third, Fourth and Fifth Resolutions, as set out in the Notice.

EXPLANATORY STATEMENT

This is an explanatory statement given to all the shareholders (the "Shareholders") of 株式会社ダイナムジャパンホールディングス (DYNAM JAPAN HOLDINGS Co., Ltd.*) (the "Company") relating to a proposed ordinary resolution to grant to the directors of the Company (the "Directors") a general mandate (the "Repurchase Mandate") to repurchase the shares of the Company (the "Shares") to be passed by the Shareholders at the 7th annual general meeting of the Company (the "AGM") to be held on 21 June 2018.

This explanatory statement contains the information required to be given to all the Shareholders pursuant to Rule 10.06(1)(b) of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") concerning the repurchase by the Company of its own Shares.

(1) All repurchases of Shares by the Company must be approved in advance by an ordinary resolution of the general meeting of the Company either by way of a general mandate or by a specific approval to the Directors.

(2) On the date of this document, 765,985,896 ordinary Shares are in issue and fully paid. Assuming there will be no changes from the date of this document to the date of the AGM in number of the Company's issued and fully paid Shares and subject to the passing of the said proposed ordinary resolution, exercise in full of the Repurchase Mandate would result in up to 76,598,589 ordinary Shares being repurchased by the Company during the period up to the earliest of: (i) the conclusion of the next annual general meeting of the Company; and (ii) the revocation or variation or renewal of the Repurchase Mandate by an ordinary resolution of the Shareholders in a general meeting of the Company.

Under the Listing Rules, Shares proposed to be repurchased by the Company must be fully paid up. The total number of Shares which the Company is authorized to repurchase shall not exceed ten percent (10%) of the total number of Shares issued by the Company as at the date of the AGM. The Company may not issue or announce an issue of new Shares for a period of 30 days immediately following a repurchase of Shares, whether on the Stock Exchange or otherwise (other than an issue of Shares pursuant to an exercise of warrants, share options or similar instruments requiring the Company to issue Shares which were outstanding prior to such repurchase), without the prior approval of the Stock Exchange. In addition, the Company shall not repurchase the Shares if the purchase price is higher by five percent (5%) or more than the average closing market price for the five preceding trading days on which the Shares were traded on the Stock Exchange. The Listing Rules also prohibit the Company from making repurchases of its own Shares on the Stock Exchange if the repurchase would result in the number of the Shares which are in the hands of the public falling below the relevant prescribed minimum percentage for the Company (as determined by the

Stock Exchange at the time of the listing of the Shares), which is currently 20.9%, subject to the exercise of discretion by the Stock Exchange under Rule 8.08(1)(b) of the Listing Rules.

The Listing Rules further prohibit the Company from purchasing its own Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange prevailing from time to time.

The Company shall procure that any broker appointed by it to effect the purchase of its Shares shall disclose to the Stock Exchange such information with respect to purchases made on behalf of the Company as the Stock Exchange may request.

(3) The Directors believe that it is in the best interests of the Company and the Shareholders for the Directors to have a general authority from the Shareholders to enable the Company to repurchase Shares in the market. Repurchases of Shares will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and its assets and/or its earnings per Share. If the Directors believe that the Shares have been trading at a level which significantly undervalues the Company's underlying value, the grant of the Repurchase Mandate will authorize the Directors to exercise the Repurchase Mandate whenever necessary. Since the Directors are committed to actively managing the Company's capital, the Directors believe that the exercise of the Repurchase Mandate (whenever necessary) would create capital management benefits to the Shareholders. The Directors also believe that the Company's strong financial position will enable it to conduct the exercise of the Repurchase Mandate with its own resources while maintaining sufficient financial resources for the continued growth of the Company's operations.

(4) In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles and the applicable laws of Japan. Repurchases will be made out of funds of the Company legally permitted to be utilized in this connection.

(5) The Directors, in their opinion, may from time to time when they consider to be appropriate for the Company, not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital or gearing position of the Company, which in the opinion of the Directors, are from time to time appropriate for the Company. However, there might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited consolidated financial statements of the Company for the year ended 31 March 2018 contained in the published annual report of the Company) in the event that the Repurchase Mandate is exercised in full.

(6) None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), has any present intention, if the Repurchase Mandate is approved by the Shareholders, to sell any Shares to the Company or its subsidiaries.

(7) The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the applicable laws of Japan and the Articles.

(8) If, as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers issued by the Securities and Futures Commission (the "Takeovers Code"). Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase in the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of a repurchase of Shares.

As of the date of this document, to the best knowledge and belief of the Company, in the event that the Directors shall exercise in full the Repurchase Mandate, the total interests of the persons as recorded in the register required to be kept by the Company pursuant to section 336 of the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong) would be increased, however, such increase will not give rise to an obligation to make a mandatory general offer under Rule 26 of the Takeovers Code and will not reduce the number of Shares held by the public to less than 20.9%.

Save as aforesaid, the Directors are not aware of any other consequences which may arise under the Takeovers Code as a consequence of any repurchases made pursuant to the Repurchase Mandate.

(9) No repurchase of Shares has been made by the Company in the previous six months.

(10) The Listing Rules prohibit the Company from knowingly repurchasing its Shares on the Stock Exchange from a core connected person (as defined under the Listing Rules), that is, a director, chief executive or substantial Shareholder of the Company or any of its subsidiaries or their respective close associates (as defined in the Listing Rules), and a core connected person (as defined under the Listing Rules) shall not knowingly sell Shares to the Company on the Stock Exchange.

No core connected person (as defined in the Listing Rules) of the Company has notified the Company that he or she or it has a present intention to sell any Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

(11) The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous twelve months were as follows:

	Price per Share (HK$)	
	Highest	**Lowest**
2017		
May	16.38	13.76
June	14.90	12.58
July	14.02	13.08
August	13.30	12.02
September	12.96	11.78
October	12.76	11.86
November	12.46	11.88
December	12.40	11.28
2018		
January	11.82	10.70
February	11.02	10.02
March	11.18	10.34
April	11.20	10.06
May (up to 23 May 2018#)	10.72	10.20

Being the latest practicable date prior to the printing of this convocation notice

General

The Listing Rules provide that the listing of all repurchased Shares (whether on the Stock Exchange or otherwise) shall be automatically cancelled upon repurchase and the certificates of such repurchased Shares must be cancelled and destroyed as soon as reasonably practicable following settlement of any such repurchase. Under the Articles, the Company shall without delay cancel any treasury Shares acquired by the Company through the resolution of the Board or decision of executive officer(s) of the Company authorized by the Board, if such cancellation is required under the Listing Rules. Hence, in compliance with Rule 10.06(5) of the Listing Rules, the listing of all repurchased Shares (whether effected on the Stock Exchange or otherwise) will be cancelled without undue delay and the certificates for those securities will be cancelled and destroyed. The issued share capital of the Company shall also be reduced accordingly.

The Listing Rules provide that the Company shall not purchase its Shares on the Stock Exchange at any time while in possession of inside information until the inside information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for an announcement of the Company's annual or interim results under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, the Company may not purchase its Shares on the Stock Exchange unless the circumstances are exceptional. In addition, the Stock Exchange may prohibit the Company to purchase its Shares on the Stock Exchange if it has breached the Listing Rules.

Under the Listing Rules, certain information on the repurchases of Shares (whether on the Stock Exchange or otherwise) must be submitted for publication on the Stock Exchange through HKEx-EPS (as defined in the Listing Rules) not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following any day on which the Company makes a repurchase of Shares. In addition, the Company shall include in its annual report and accounts details regarding repurchases of Shares made during the financial year under review, including the number of Shares repurchased each month (whether on the Stock Exchange or otherwise), the purchase price per Share or the highest and lowest price paid by the Company for all such repurchases (where relevant) and the aggregate price paid by the Company for such repurchases. The Directors' report is also required to contain reference to the repurchases made during the year and the Directors' reasons for making such repurchases.

* *For identification purpose only*

SUPPLEMENTAL INFORMATION ON THE FOURTH RESOLUTION:
Proposed Election of Nine (9) Directors (Ordinary Resolution)

ELECTION OF DIRECTORS

As stated in Part 4 of Appendix II, the following candidates (the "Candidates") are recommended by the Nomination Committee of the Board to be, subject to Shareholders' approval, elected as Directors:

Mr. Kohei SATO
Mr. Yoji SATO
Mr. Tatsuji FUJIMOTO
Mr. Ichiro TAKANO
Mr. Noriaki USHIJIMA
Mr. Mitsutoshi KATO
Mr. Thomas Chun Kee YIP
Mr. Kei MURAYAMA
Mr. Kiyohito KANDA

The Board wishes to supply the following additional information relating to the Candidates pursuant to Rule 13.51(2) of the Listing Rules to enable the Shareholders to make an informed decision on the election. This additional information should be read in conjunction with those provided in Part 4 of Appendix II.

Length of service

The Candidates, if elected as Directors at the Meeting, will hold office with immediate effect until the close of the next annual general meeting of the Shareholders to be held in 2019. The length of service of the Candidates with the Company shall be one year.

Proposed remuneration

Pursuant to Rule 13.51(2)(g) of the Listing Rules, the proposed annual remuneration of the Candidates is set out below:

Mr. Kohei SATO	¥42,000,000
Mr. Yoji SATO	¥6,300,000
Mr. Tatsuji FUJIMOTO	¥34,548,000
Mr. Ichiro TAKANO	¥7,200,000
Mr. Noriaki USHIJIMA	¥6,000,000
Mr. Mitsutoshi KATO	¥7,200,000
Mr. Thomas Chun Kee YIP	¥6,000,000
Mr. Kei MURAYAMA	¥6,000,000
Mr. Kiyohito KANDA	¥6,000,000

The proposed remuneration set out above is conditional upon the election of the Candidates as Directors at the Meeting.

Relationship with Directors, senior management, substantial Shareholders and/or controlling Shareholders

The Candidates have no financial, business, family or other material/relevant relationships with each other, except that each of Mr. Yoji SATO and Mr. Kohei SATO is a controlling Shareholder and these two persons are brothers. In addition, each of the Sato Family Members (as defined hereinafter) is a controlling Shareholder and a family member of Mr. Yoji SATO.

Interests in the Company and/or associated corporations of the Company

As at the date of the Notice, the interests and short positions of the Candidates 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 (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or would be required, pursuant to section 352 of the SFO, to be entered in the register referred to there in, or would be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), are as follows:

(i) Interests in the Company

Name of Candidate	**Nature of Interest**	**Number of Shares of the Company(1)**	**Approximate Percentage of Interest in the Company(2)**
Mr. Yoji SATO	Interest in controlled corporation(3)	258,332,560	
	Interest in spouse(3)	760	
	Other(4)	197,571,800	
		455,905,120	59.519%
Mr. Kohei SATO	Beneficial Owner	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 31 March 2018.

(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 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.

Save as disclosed above, as at the date of the Notice, none of the Candidates had or was deemed to have any interest or short position 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 to be recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(ii) Interest in the associated corporation

None of the Candidates has any interests or short positions in the shares or underlying shares or debentures of any associated corporation of the Company.

Additional information under Rule 13.51(2)

Save as disclosed in the Notice, the Candidates have not been the directors of public companies the securities of which are listed on a securities exchange in Hong Kong or overseas in the three years immediately preceding the date of the Notice, and there is no other information regarding the Candidates to be disclosed pursuant to any requirements of provisions under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor are there other matters that would otherwise need to be brought to the attention of the Shareholders and the Stock Exchange.

Independence requirements under Rule 3.13

Mr. Ichiro TAKANO, Mr. Mitsutoshi KATO, Mr. Thomas Chun Kee YIP, Mr. Kei MURAYAMA and Mr. Kiyohito KANDA are candidates for independent non-executive Directors under the Listing Rules. The Company has received from each of the candidates for independent non-executive Directors a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers them to be independent.

APPENDIX V

The guide map of Annual General Meeting of Shareholders

Location	Location 2-27-5 Nishi-Nippori, Arakawa-ku, Tokyo, Japan DYNAM Headquarter
Tel.	03-5850-3660
Access	JR Yamanote Line, Keihin Tohoku Line, Joban Line “Nippori Station”