

**Consolidated Financial Results
for the Nine Months Ended December 31, 2015
(Prepared in Accordance with IFRS)**

January 29, 2016

KONAMI HOLDINGS CORPORATION

Address: 7-2, Akasaka 9-chome, Minato-ku, Tokyo, Japan
 Stock code number, TSE: 9766
 Ticker symbol, LSE: KNM
 URL: <https://www.konami.com/>
 Shares listed: Tokyo Stock Exchange and London Stock Exchange
 Representative: Takuya Kozuki, Representative Director, President
 Contact: Junichi Motobayashi, General Manager, Finance and Accounting
 (Phone: +81-3-5771-0222)
 Beginning date of dividend payment: -

(Amounts are rounded to the nearest million, except percentages and per share amounts)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2015

(1) Consolidated Results of Operations

	Revenue	Operating profit	Profit before income taxes	Profit for the period	Profit attributable to owners of the parent	Total comprehensive income for the period
Nine months ended December 31, 2015	179,251	17,423	17,142	6,275	6,262	5,948
% change from previous year	15.0%	62.3%	33.6%	(19.5)%	(19.1)%	(49.2)%
Nine months ended December 31, 2014	155,889	10,732	12,831	7,792	7,740	11,705
% change from previous year	-	-	-	-	-	-

	Basic earnings per share (attributable to owners of the parent) (yen)	Diluted earnings per share (attributable to owners of the parent) (yen)
Nine months ended December 31, 2015	45.28	45.22
Nine months ended December 31, 2014	55.84	55.84

(2) Consolidated Financial Position

(Millions of Yen, except percentages and per share amounts)

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
December 31, 2015	329,444	211,499	210,776	64.0%
March 31, 2015	311,592	218,499	217,789	69.9%

2. Cash Dividends

Record Date	Cash dividends per share (yen)				
	First quarter end	Second quarter end	Third quarter end	Year end	Annual
Year ended March 31, 2015	-	8.50	-	12.50	21.00
Year ending March 31, 2016	-	10.50	-		
Year ending March 31, 2016 -Forecast-				10.50	21.00

Note: Recently announced change in dividend forecasts for the fiscal year ending March 31, 2016 during the nine months ended December 31, 2015: None

3. Consolidated Earnings Forecast for the Year Ending March 31, 2016

(Millions of Yen, except percentages and per share data)

	Revenue	Operating profit	Profit before income taxes	Profit attributable to owners of the parent	Basic earnings per share (attributable to owners of the parent) (yen)
Year ending March 31, 2016	243,000	24,000	23,500	9,500	68.71
% change from previous year	11.4%	56.8%	38.6%	(4.2)%	

Note: Recently announced change in earnings forecasts for the fiscal year ending March 31, 2016 during the three months ended December 31, 2015: Yes

Noted Items

(1) Changes in significant consolidated subsidiaries during the period (status changes of subsidiaries due to changes in the scope of consolidation): None

(2) Changes in accounting policies and accounting estimate

1. Changes in accounting policies required by IFRS: No
2. Other changes: No
3. Changes in accounting estimate: No

(3) Number of shares issued (Share capital)

1. Number of shares issued: (Treasury shares included)
 - As of December 31, 2015 143,500,000 shares
 - As of March 31, 2015 143,500,000 shares
2. Number of treasury shares:
 - As of December 31, 2015 8,257,947 shares
 - As of March 31, 2015 4,890,951 shares
3. Average number of shares outstanding:
 - Nine months ended December 31, 2015 138,271,153 shares
 - Nine months ended December 31, 2014 138,611,422 shares

Information regarding the audit review procedure:

This report is outside the scope of the procedures for review of quarterly consolidated financial statements as required under the Financial Instruments and Exchange Act of Japan. The aforementioned procedures have not been completed for the quarterly financial statements included in this document as of the time of disclosure of this document.

Cautionary statement with respect to forward-looking statements and other matters:

Statements made in this document with respect to our current plans, estimates, strategies and beliefs, including the above forecasts, are forward-looking statements about our future performance. These statements are based on management's assumptions and beliefs in light of information currently available to it and, therefore, you should not place undue reliance on them. A number of important factors could cause actual results to be materially different from and worse than those discussed in forward-looking statements. Such factors include, but are not limited to: (i) changes in economic conditions affecting our operations; (ii) fluctuations in currency exchange rates, particularly with respect to the value of the Japanese yen, the U.S. dollar and the Euro; (iii) our ability to continue to win acceptance of our products, which are offered in highly competitive markets characterized by the

continuous introduction of new products, rapid developments in technology and subjective and changing consumer preferences; (iv) the timing of the release of new game titles and products, especially game titles and products that are part of historically popular series; (v) our ability to successfully expand internationally with a focus on our Digital Entertainment business and Gaming & Systems business; (vi) our ability to successfully expand the scope of our business and broaden our customer base through our Health & Fitness business; (vii) regulatory developments and changes and our ability to respond and adapt to those changes; (viii) our expectations with regard to further acquisitions and the integration of any companies we may acquire; and (ix) the outcome of existing contingencies.

Please refer to pages from 11 to 14 for further information regarding our business forecasts.

The Company disclosed the supplemental data for the consolidated financial statements via the Company's website on January 29, 2016.

1. Business Performance

(1) Analysis of Business Performance

(i) Business Overview

The business environment surrounding the Konami Group in Japan remains one of cautious investment and weak personal consumption despite solid corporate earnings and improvement in employment conditions and personal incomes. In terms of the global economy, the economic environment for growth remained uncertain due to concerns that a sharp economic slowdown in China may affect foreign economies, including emerging countries, although the U.S. economy continued a steady recovery supported by strong personal consumption owing to lasting improvement in employment conditions.

In the entertainment market, along with the rapid spread of smartphones and tablet PCs, which spurred a worldwide increase in users, as well as enhanced device functionality and the development of information and telecommunications infrastructure, game contents continue to diversify. As new video game consoles also continue to spread at a record-setting pace in Western countries, business opportunities in the game industry are increasing. In the gaming industry, gaming business is expected to continue to grow as the development of resources related to tourism continues to help spread the casino market worldwide.

In connection with the health and fitness industry, there is a growing health consciousness throughout society, especially among senior citizens and women, who year after year have shown an increasing tendency to focus their leisure activities on improving health and physical strength. We continue to see growing health-consciousness, a preference for sports and an interest in preventing the need for nursing care in old age.

Against this background, in the Digital Entertainment segment of the Konami Group, a new mobile game *PROFESSIONAL BASEBALL SPIRITS A (Ace)* was released. This continued to enjoy steady sales as well as previously released mobile games, including *JKKYOU PAWAFURU PUROYAKYU* and the *World Soccer Collection* series. In addition, we released *METAL GEAR SOLID V: THE PHANTOM PAIN*, which is the latest title in the *METAL GEAR* series, and *Winning Eleven 2016* (known in overseas as *PES 2016 - Pro Evolution Soccer -*). These titles received favorable reviews.

In our Health & Fitness segment, we continued to develop our pricing and membership plans. These plans enable customers to select a pricing plan based on the number of times they use our facilities and to use more than one facility. We have intended to promote and spread the Konami Sports Club's services supporting the concept of "sustainable fitness."

In our Gaming & Systems segment, we have promoted sales of the *Podium* video slot machine and the *SYNKROS* casino management system mainly in the U.S. and Australian markets.

In the Pachislot and Pachinko Machines segment, we released new pachislot machines *SILENT HILL* and *High School DxD*, following *GUN SWORD* and *SKYGIRLS—Zero, Again*.

In terms of the consolidated results for the nine months ended December 31, 2015, total revenue amounted to ¥179,251 million (a year-on-year increase of 15.0%), operating profit was ¥17,423 million (a year-on-year increase of 62.3%), profit before income taxes was ¥17,142 million (a year-on-year increase of 33.6%), and profit attributable to owners of the parent was ¥6,262 million (a year-on-year decrease of 19.1%).

During the three-month-period ended December 31, 2015, in light of rapid changes in market environment surrounding the Pachislot & Pachinko Machines business and towards its restructuring, impairment and other losses on property, plant and equipment and intangible assets were recognized of ¥8,320 million, included in other income and other expenses, net in the consolidated statement of profit or loss.

Further, as a result of our careful consideration to the recoverability of the deferred tax assets based on projections for future business performance, we determined to extinguish a part of deferred tax assets and recognize deferred tax expenses of ¥4,117 million during the three-month-period ended December 31, 2015.

(ii) Performance by Business Segment

Summary of total revenue by business segment:

	Millions of Yen, except percentages		
	Nine months ended December 31, 2014	Nine months ended December 31, 2015	% change
Total revenue:			
Digital Entertainment	¥67,943	¥93,392	37.5
Health & Fitness	55,147	53,603	(2.8)
Gaming & Systems	23,231	24,357	4.8
Pachislot & Pachinko Machines	10,055	8,219	(18.3)
Intersegment eliminations	(487)	(320)	-
Total revenue	¥155,889	¥179,251	15.0

Digital Entertainment

As for mobile games, while *JIKKYOU PAWAFURU PUROYAKYU* has surpassed 19 million downloads in the one year since its distribution started, *PROFESSIONAL BASEBALL SPIRITS A (Ace)* was released in October 2015. This title reproduces the real experience of a professional baseball game with top-quality graphics. They are enjoying strong performance. Moreover, the *WORLD SOCCER COLLECTION* series, the *CROWS×WORST* series and the *Professional Baseball Dream Nine* series have received favorable reviews. In overseas markets, *Star Wars™: Force Collection* and *Winning Eleven CLUB MANAGER* (known in overseas as *PES CLUB MANAGER*), which received a number of awards for the best game in various countries, continued stable operation.

In regards to arcade games, our e-AMUSEMENT Participation system titles, centered on *MAH-JONG FIGHT CLUB* and music genre games, continued to operate steadily. In December 2015, we also released *MÚSECA*, which is the latest title in the music genre games. In addition, we are holding the 5th KONAMI Arcade Championship. This tournament will decide the ultimate arcade game player. Each of the games leading up to the final rounds, which began from January 2016, has been very popular.

As for card games, the *Yu-Gi-Oh! TRADING CARD GAME* series continued to develop in the global market. Especially in Japan, this series continues to receive favorable reviews from many customers, including the annual world tournament held in Kyoto.

As for computer and video games, *METAL GEAR SOLID V: THE PHANTOM PAIN*, which is the latest title in the *METAL GEAR* series, received high acclaim from a number of users. In October 2015, we also released *Winning Eleven 2016* (known in overseas as *PES 2016 - Pro Evolution Soccer -*) in Japan following Western countries. This is the latest title in the *Winning Eleven* series, celebrated the 20th anniversary of its first release with improved controllability and reality.

In terms of financial performance, total revenue for the nine months ended December 31, 2015 in this segment amounted to ¥93,392 million (a year-on-year increase of 37.5%) and segment profit for the nine months ended December 31, 2015 amounted to ¥25,459 million (a year-on-year increase of 138.7%).

Health & Fitness

With respect to the management of facilities that we operate directly, we developed the services, including the addition of a free exercise plan without limitation on frequency of use and discounted ticket books to be sold year-round, as well as revised pricing plans that customers can select the pricing plan based on frequency of use. In October 2015, four more facilities, formerly franchises,

became available for use mutually with Konami Sports Clubs nationwide. We intend to enhance convenience for the customers of these facilities by introducing the frequency-based pricing plan similar to Konami Sports Club and further expanding services. Through continuing these measures and developing our management expertise, we intend to enhance the Konami Sports Club brand power and its degree of recognition.

At the Nasu Highland Golf Club - Konami Sports Club Beginners' Golf Course that we opened in August 2015, we intend to widely expand player population by offering a new operation style for beginners with over 20 years experience of operation in golf school facilities. In addition, we reopened Grancise Yebisu Garden in September 2015. Consequently, there are now three Grancise, the top-brand facilities.

We also renewed the programs in the facilities with our long-term expertise of fitness guidance and effects, including *BIOMETRICS*, a dieting program, and *V-BODY*, a body conditioning program. These training programs, which combine training, diet and supplements, are receiving favorable reviews from a wide range of customers. At the *OyZ* exercise school program which mainly targets individuals ages 60 and older, we added the new program, "brain activation course," aimed at preventing senile dementia, to the existing national program "strengthening legs and hip course." In our drive to develop supplements that have a synergistic effect with exercises, we launched supplements including *LOCOPIN*, an amino acid beverage produced in response to the customers' feedback, *PROTEIN PRO 10* for women, and *EXERCHARGE PROTEIN* for speedy replenishment of water and protein.

In systematizing the "Konami Method" of correct ways to perform and practice physical activities, we introduced the "Konami Method Matome" web video series. The videos feature athletes affiliated with the Konami Sports Club Gymnastics and Swimming Athlete Teams, and provide parents with ideas for how to stay active with their children. These developments were part of our efforts to make people more and more familiar with exercise and enhance the Konami Sports Club brand power.

For the nine months ended December 31, 2015, sales from this business decreased mainly due to the closing of large-scale facilities and a reduction in the number of facilities with management outsourced to Konami Group in the previous fiscal year. On the other hand, expenses were reduced due to improved operational efficiency.

In terms of financial performance, total revenue for the nine months ended December 31, 2015 in this segment amounted to ¥53,603 million (a year-on-year decrease of 2.8%) and segment profit for the nine months ended December 31, 2015 amounted to 2,824 million (a year-on-year increase of 108.0%).

Gaming & Systems

The North American market environment was in severe conditions due to affected by the entry of European manufacturers and the resulting intensified competition and increasingly prudent investments by casino operators when purchasing machines. On the other hand, we have expanded the category of the *Podium* series video slot machine and accelerated the development of products which precisely meet each market's demands, including a wider offering in the Central and South American and European markets. We also released *Concerto* new cabinet since the late in the three-month-period ended December 31, 2015. Furthermore, we expanded our lineup of premium products in which are subject to a participation agreement (in which profits are shared with casino operators). These products raised higher expectations and willingness from players, by introducing products such as *Podium Goliath*, a larger size version of *Podium*, and contributed stable earnings. The *SYNKROS* casino management system was sequentially introduced into multiple states in North America, and enjoyed strong sales.

In the Asian and Oceania market, we continued to roll out a richly diverse product lineup, including *Podium Stack* of the *Podium* series. We have been also aggressively marketing in the South African market and extending our sales worldwide.

In addition, we exhibited our products at the world's largest gaming expo, Global Gaming Expo, held in Las Vegas, U.S. The titles we exhibited include *Concerto*, a next generation machine revealed for the first time, *Podium Monument* in the *Podium* series, and *Frogger*, leveraging our original content. These rich products and new lineup received high acclaim from operators.

For the nine months ended December 31, 2015, operating expenses of this segment increased mainly due to advance investments, including increases in product approval fees and product development costs resulting from expansion of the product lineup in the North American and Australian markets.

In terms of financial performance, total revenue for the nine months ended December 31, 2015 in this segment amounted to ¥24,357 million (a year-on-year increase of 4.8%) and segment profit for the nine months ended December 31, 2015 amounted to ¥3,587 million (a year-on-year decrease of 12.3%).

Pachislot & Pachinko Machines

As for new pachislot machines, we released *SILENT HILL*, the new pachislot product that leverages our original content from the popular horror and adventure video game, and *High School DxD*, a tie-up machine with an animation series based on a popular light novel with more than 3 million copies published combined during the three-month-period ended December 31, 2015, following *GUN SWORD*,

which was derived from a popular animation series, and *SKYGIRLS—Zero, Again*, the second pachislot machine version of our original content *SKYGIRLS*.

As for pachinko machines, we released the second pachinko machine developed by our group *CR PACHINKO Castlevania*, which was derived from our original content of *Castlevania: Rondo of Blood* in the *Castlevania* series. However, old standard machines faced difficult sales conditions as self-imposed restraints are driving a change to new standards, and the sales quantity remained sluggish.

In terms of financial performance, total revenue for the nine months ended December 31, 2015 in this segment amounted to ¥8,219 million (a year-on-year decrease of 18.3%) and segment loss for the nine months ended December 31, 2015 amounted to 679 million (for the nine months ended December 31, 2014, segment loss amounted to 40 million).

During the three-month-period ended December 31, 2015, in light of rapid changes in market structure surrounding the Pachislot & Pachinko Machine business including the trend of pachinko market shrinking and strengthening the regulations for pachislot and pachinko machines, impairment and other losses on property, plant and equipment and intangible assets were recognized of ¥8,320 million, included in other income and other expenses, net in the consolidated statement of profit or loss, due to selection and concentration of the titles for restructuring of the pachinko machine business.

(2) Consolidated Financial Position

(i) Total Assets, Total Liabilities and Total equity

Total Assets:

Total assets amounted to ¥329,444 million as of December 31, 2015, increasing by ¥17,852 million compared with March 31, 2015. This mainly resulted from increases in cash and cash equivalents despite decreases in intangible assets and trade and other receivables.

Total Liabilities:

Total liabilities amounted to ¥117,945 million as of December 31, 2015, increasing by ¥24,852 million compared with March 31, 2015. This primarily resulted from increases in other current liabilities and bonds and borrowings.

Total Equity:

Total equity amounted to ¥211,499 million as of December 31, 2015, decreasing by ¥7,000 million compared with March 31, 2015. This mainly resulted from an increase in treasury shares due to purchases, which offset an increase in retained earnings due to recognition of profit for the period. Total equity attributable to owners of the parent was 64.0%, decreasing by 5.9 points compared with March 31, 2015.

(ii) Cash Flows

	Millions of Yen		
	Nine months ended December 31, 2014	Nine months ended December 31, 2015	Change
Cash flow summary:			
Net cash provided by operating activities	¥35,946	¥56,507	¥20,561
Net cash used in investing activities	(20,409)	(14,287)	6,122
Net cash used in financing activities	(6,217)	(4,725)	1,492
Effect of exchange rate changes on cash and cash equivalents	978	(337)	(1,315)
Net increase in cash and cash equivalents	10,298	37,158	26,860
Cash and cash equivalents at the end of the period	¥60,322	¥101,812	¥41,490

Cash and cash equivalents (hereafter, referred to as “Net cash”), as of December 31, 2015, amounted to ¥101,812 million, an increase of ¥37,158 million compared to the year ended March 31, 2015.

Cash flow summary for each activity for the nine months ended December 31, 2015 is as follows:

Cash flows from operating activities:

Net cash provided by operating activities amounted to ¥56,507 million for the nine months ended December 31, 2015, a year-on-year increase of 57.2%. This primarily resulted from a decrease in trade and other receivables, an increase in deferred revenue and recognition of depreciation and amortization expenses.

Cash flows from investing activities:

Net cash used in investing activities amounted to ¥14,287 million for the nine months ended December 31, 2015, a year-on-year decrease of 30.0%. This mainly resulted from a decrease in capital expenditures for property, plant and equipment.

Cash flows from financing activities:

Net cash used in financing activities amounted to ¥4,725 million for the nine months ended December 31, 2015, a year-on-year decrease of 24.0%. This primarily resulted from purchases of treasury shares, while there were proceeds from issuance of bonds.

(3) Outlook for the Fiscal Year Ending March 31, 2016

Digital Entertainment

With the spread of smartphones and tablet PCs worldwide, the available means of providing games continue to diversify, and opportunities to reach an even greater audience for games are increasing. Against this background, we intend to develop ways of playing games that match the characteristics of each device.

As for mobile games, the total number of registered users of all contents we developed continues to increase steadily. *JIKKYOU PAWAFURU PUROYAKYU*, surpassed 19 million downloads, *Winning Eleven CLUB MANAGER* (known in overseas as *PES CLUB MANAGER*), being distributed worldwide, and *PROFESSIONAL BASEBALL SPIRITS A (Ace)*, new distributed title, are expected to continue to contribute toward our profits. We are further focusing our managerial resources on the development of content that we believe will become major hits in order to produce more hit content, especially in the native application market. Looking ahead, we will continue to expand our lineup, utilizing previously established production and operational expertise and rich content resources. We also intend to develop more content for overseas market and enhance new releases with attractive content by adapting to local preferences.

As for arcade games, Konami Group intends to work to revitalize the amusement arcade industry by providing new entertainment that can be enjoyed only at an amusement facility through “interpersonal communication” using the e-AMUSEMENT system. This will involve promoting the continual development of equipment compatible with the PASELI e-money service and e-AMUSEMENT Participation, as well as enhancements to and the expansion of various services. We also continue to promote medal games that are enjoyed by wide range of users.

As for card games, we will continue the aggressive promotion of the popular *Yu-Gi-Oh! TRADING CARD GAME* series in order to continue to please customers in worldwide as well as in Japan by implementing various measures.

As for computer and video games, *METAL GEAR SOLID V: THE PHANTOM PAIN* and *Winning Eleven 2016* (known in overseas as *PES 2016 - Pro Evolution Soccer -*) were released as the latest titles of Konami Group and received high acclaim from customers. We intend to continue global introduction of titles that have been carefully chosen according to selection and concentration. Furthermore, the new

game mode *myClub*, which has been newly adopted for the *Winning Eleven* series (known in overseas as the *Pro Evolution Soccer* series), is expected to provide a sustained enjoyment to our customers.

Health & Fitness

In our Health and Fitness business, we will continue striving to accurately grasp the needs of our increasingly diverse customer base and to increase the value of Konami Sports Clubs by offering a new lifestyle.

As the revised pricing plan based on usage frequency became established since introducing it in 2013, we are pleased to inform that many customers think the pricing plan meets the theme of “sustainable fitness.” The plan has received favorable reviews especially from beginner customers who have never been to sports clubs before, and there is a rise in new member registrations.

Konami Sports Club was certified as a 2015 Sports Promotion Company by the Tokyo Prefecture and was highly acclaimed for its sports promotion activities, including employing athletes, managing gymnastics and swimming athlete teams and providing lessons by athletes belonging to its sports teams. We intend to continue familiarizing people with the pleasure and importance of sports and exercise increasing the number of participants as well as contributing to the development of more world-class athletes and the promotion of sports in Japan.

As Japan’s population continues to age, the government continues to take measures to combat lifestyle diseases and also develop new plans for boosting sports clubs and other aspects of the healthy prolonged life industry as part of the governmental growth strategy. As part of an integrated approach from national and private organizations, we intend to continue to promote fitness club operation and health and fitness equipment development and marketing. The aim of these efforts is to enhance customer satisfaction for a variety of users with diverse lifestyles and age ranges as the leading company in the health and fitness industry.

Gaming & Systems

In regard to slot machine sales, we will strengthen sales and product expansion, focusing on the *Podium* video slot machine, which has received positive reviews, *Podium Monument*, *Podium Stack* and *Rapid Revolver*. We will also focus on developing business for the new *Concerto* cabinet as well as promote participation agreements by addressing the needs of casino operators and expanding our product lineup in order to stabilize our operational results by increasing periodical income. In the Asian, Central and South American, European and African markets, we intend to continue to develop sales by adapting to local needs and customs.

We introduced the *SYNKROS* casino management system and its many functions at various trade shows and business conferences, including demonstrations of

SYNKiosk, a newly equipped casino management tool. They received positive reviews from major operators.

In September 2015, construction of the second factory for gaming devices was completed in Las Vegas, Nevada, U.S. We intend to respond to expanding worldwide demand of gaming machines and casino management systems by strengthening development, manufacture and logistic capability.

Pachislot & Pachinko Machines

In the Pachislot & Pachinko Machines business, we intend to launch a new pachislot machine, *MAGICAL HALLOWEEN 5*, which is the latest title in the popular original series, *MAGICAL HALLOWEEN*.

To achieve a higher rate of operation, we intend to focus on production and sales activities of our pachislot machines by incorporating anticipated user demands into product development and leveraging Konami Group's original contents. We intend to continue to offer products with a higher rate of operation and to stabilize profitability in the business to boost our market presence by working integrally with production, manufacture and sales in addition to making efforts to reinforce development.

Also, we revised our consolidated earnings forecast for the fiscal year ending March 31, 2016 as set forth below mainly due to strong performance in the Digital Entertainment segment of the mobile games, including *JIKKYOU PAWAFURU PUROYAKYU* and the *World Soccer Collection* series, and the computer and video games, including *METAL GEAR SOLID V: THE PHANTOM PAIN* which is the latest title in the *METAL GEAR* series. There is no change in profit attributable to owners of the parent from the previous forecast figures released in the "Consolidated Financial Results for the Year Ended March 31, 2015" dated May 8, 2015 mainly due to an extinguishment of deferred tax assets.

Please refer to "Notice on Revision of the Consolidated Forecast for the Fiscal Year Ending March 31, 2016, Recognition of Impairment and Other Losses on Non-current Assets and Extinguishment of Deferred Tax Assets" announced today, on January 29, 2016, for further details.

< Consolidated Earnings Forecast for the Year Ending March 31, 2016 >

(Millions of yen, except percentages)

	Year ending March 31, 2016		Results for the year ended March 31, 2015	% change from previous year
	Previous forecast	Revised forecast		
Revenue	¥228,000	¥243,000	¥218,157	11.4%
Operating profit	17,000	24,000	15,305	56.8%
Profit before income tax	16,000	23,500	16,960	38.6%
Profit attributable to owners of the parent	9,500	9,500	9,918	(4.2)%

Special Note:

This document contains “forward-looking statements,” or statements related to future events that are based on management’s assumptions and beliefs in light of information currently available. These statements are subject to various risks and uncertainties.

When relying on forward-looking statements to make investments, you should not place undue reliance on such forward-looking statements. Actual results may be affected by a number of important factors and may be materially different from those discussed in forward-looking statements. Such factors include, but are not limited to, changes in economic conditions affecting our operations, market trends and fluctuations in currency exchange rates, particularly with respect to the value of the Japanese yen, the U.S. dollar and the Euro.

2. Other

(1) Changes in significant consolidated subsidiaries during the period (status changes of subsidiaries due to changes in the scope of consolidation):

None

(2) Changes in accounting principles, procedures and reporting policies:

None

3. Quarterly Condensed Consolidated Financial Statements

(1) Quarterly Condensed Consolidated Statement of Financial Position

	Millions of Yen	
	As of March 31, 2015	As of December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	¥64,654	¥101,812
Trade and other receivables	30,869	24,289
Inventories	12,844	15,731
Income tax receivables	2,055	1,463
Other current assets	5,951	7,333
Total current assets	116,373	150,628
Non-current assets		
Property, plant and equipment, net	79,261	77,970
Goodwill and intangible assets	61,037	45,639
Investments accounted for using the equity method	2,370	2,505
Other investments	1,323	1,319
Other financial assets	24,257	24,077
Deferred tax assets	23,019	23,539
Other non-current assets	3,952	3,767
Total non-current assets	195,219	178,816
Total assets	311,592	329,444
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	6,009	6,031
Other financial liabilities	4,355	4,178
Trade and other payables	27,717	25,498
Income tax payables	1,248	7,514
Other current liabilities	12,270	25,542
Total current liabilities	51,599	68,763
Non-current liabilities		
Bonds and borrowings	14,943	24,589
Other financial liabilities	18,448	16,960
Deferred tax liabilities	708	555
Other non-current liabilities	7,395	7,078
Total non-current liabilities	41,494	49,182
Total liabilities	93,093	117,945
Equity		
Share capital	47,399	47,399
Share premium	74,175	74,426
Treasury shares	(11,271)	(21,282)
Other components of equity	5,012	4,685
Retained earnings	102,474	105,548
Total equity attributable to owners of the parent	217,789	210,776
Non-controlling interests	710	723
Total equity	218,499	211,499
Total liabilities and equity	¥311,592	¥329,444

(2) Quarterly Condensed Consolidated Statements of Profit or Loss and Comprehensive Income

Quarterly Condensed Consolidated Statements of Profit or Loss

	Millions of Yen	
	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Revenue		
Product sales revenue	¥63,990	¥82,553
Service and other revenue	91,899	96,698
Total revenue	155,889	179,251
Cost of revenue		
Cost of product sales revenue	(38,385)	(48,072)
Cost of service and other revenue	(67,252)	(66,868)
Total cost of revenue	(105,637)	(114,940)
Gross profit	50,252	64,311
Selling, general and administrative expenses	(37,007)	(35,945)
Other income and other expenses, net	(2,513)	(10,943)
Operating profit	10,732	17,423
Finance income	2,826	262
Finance costs	(839)	(712)
Profit from investments accounted for using the equity method	112	169
Profit before income taxes	12,831	17,142
Income taxes	(5,039)	(10,867)
Profit for the period	7,792	6,275
Profit attributable to:		
Owners of the parent	7,740	6,262
Non-controlling interests	¥52	¥13

	Yen	
	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Earnings per share (attributable to owners of the parent)		
Basic	¥55.84	¥45.28
Diluted	¥55.84	¥45.22

Quarterly Condensed Consolidated Statement of Comprehensive Income

	Millions of Yen	
	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Profit for the period	¥7,792	¥6,275
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Exchange differences on foreign operations	3,829	(320)
Net change in fair values of available-for-sale financial assets	84	(7)
Total items that may be reclassified to profit or loss	3,913	(327)
Total other comprehensive income	3,913	(327)
<i>Total comprehensive income for the period</i>	11,705	5,948
Comprehensive income attributable to:		
Owners of the parent	11,653	5,935
Non-controlling interests	¥52	¥13

(3) Quarterly Condensed Consolidated Statement of Changes in Equity

Millions of Yen

	Equity attributable to owners of the parent						Non-controlling interest	Total equity
	Share capital	Share premium	Treasury shares	Other components of equity	Retained earnings	Total		
Balance at April 1, 2014	¥47,399	¥74,175	¥(11,264)	¥1,779	¥96,091	¥208,180	¥659	¥208,839
Profit for the period					7,740	7,740	52	7,792
Other comprehensive income				3,913		3,913		3,913
Total comprehensive income for the period	-	-	-	3,913	7,740	11,653	52	11,705
Purchase of treasury shares			(6)			(6)		(6)
Disposal of treasury shares		0	1			1		1
Dividends					(3,535)	(3,535)		(3,535)
Total transactions with the owners	-	0	(5)	-	(3,535)	(3,540)	-	(3,540)
Balance at December 31, 2014	¥47,399	¥74,175	¥(11,269)	¥5,692	¥100,296	¥216,293	¥711	¥217,004

Millions of Yen

	Equity attributable to owners of the parent						Non-controlling interest	Total equity
	Share capital	Share premium	Treasury shares	Other components of equity	Retained earnings	Total		
Balance at April 1, 2015	¥47,399	¥74,175	¥(11,271)	¥5,012	¥102,474	¥217,789	¥710	¥218,499
Profit for the period					6,262	6,262	13	6,275
Other comprehensive income				(327)		(327)		(327)
Total comprehensive income for the period	-	-	-	(327)	6,262	5,935	13	5,948
Issuance of convertible bond-type bonds with subscription rights to shares		251				251		251
Purchase of treasury shares			(10,011)			(10,011)		(10,011)
Disposal of treasury shares		0	0			0		0
Dividends					(3,188)	(3,188)		(3,188)
Total transactions with the owners	-	251	(10,011)	-	(3,188)	(12,948)	-	(12,948)
Balance at December 31, 2015	¥47,399	¥74,426	¥(21,282)	¥4,685	¥105,548	¥210,776	¥723	¥211,499

(4) Quarterly Condensed Consolidated Statement of Cash Flows

	Millions of Yen	
	Nine months ended December 31, 2014	Nine months ended December 31, 2015
<i>Operating activities</i>		
Profit for the period	¥7,792	¥6,275
Depreciation and amortization	14,485	19,755
Impairment losses	2,046	7,620
Interest and dividends income	(208)	(178)
Interest expense	839	712
Loss on sale or disposal of property, plant and equipment	467	3,071
Profit from investments accounted for using the equity method	(112)	(169)
Income taxes	5,039	10,867
Decrease in trade and other receivables	2,709	6,509
Increase in inventories	(2,942)	(2,809)
Increase (decrease) in trade and other payables	767	(1,182)
Decrease (increase) in prepaid expense	806	(886)
Increase in deferred revenue	5,299	10,623
Other, net	420	1,685
Interest and dividends received	222	158
Interest paid	(805)	(738)
Income taxes paid	(878)	(4,806)
<i>Net cash provided by operating activities</i>	35,946	56,507
<i>Investing activities</i>		
Capital expenditures	(21,435)	(14,480)
Decrease in lease deposits, net	342	203
Decrease (increase) in term deposits, net	886	(10)
Other, net	(202)	0
<i>Net cash used in investing activities</i>	(20,409)	(14,287)
<i>Financing activities</i>		
Decrease in short-term borrowings, net	(1,095)	-
Proceeds from issuance of bonds	-	10,050
Principal payments under capital lease and financing obligations	(1,590)	(1,551)
Dividends paid	(3,527)	(3,181)
Purchase of treasury shares	(6)	(10,011)
Other, net	1	(32)
<i>Net cash used in financing activities</i>	(6,217)	(4,725)
Effect of exchange rate changes on cash and cash equivalents	978	(337)
Net increase in cash and cash equivalents	10,298	37,158
Cash and cash equivalents at the beginning of the period	50,024	64,654
<i>Cash and cash equivalents at the end of the period</i>	¥60,322	¥101,812

(5) Going concern assumption

None

(6) Significant changes in the equity attributable to owners of the parent

In accordance with a resolution at a Board of Directors' meeting held on December 3, 2015, the Company repurchased its own shares of 3,362,800 shares.

Consequently, total treasury shares amounted to ¥21,282 million as of December 31, 2015, increasing ¥10,011 million during the three-month-period ended December 31, 2015.

(7) Segment Information

(i) Operating segment information

	Millions of Yen	
	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Revenue:		
Digital Entertainment -		
External customers	¥67,728	¥93,320
Intersegment	215	72
Total	¥67,943	¥93,392
Health & Fitness -		
External customers	¥54,880	¥53,361
Intersegment	267	242
Total	¥55,147	¥53,603
Gaming & Systems -		
External customers	¥23,231	¥24,357
Intersegment	-	-
Total	¥23,231	¥24,357
Pachislot & Pachinko Machines -		
External customers	¥10,050	¥8,213
Intersegment	5	6
Total	¥10,055	¥8,219
Intersegment eliminations and Eliminations	¥(487)	¥(320)
Consolidated	¥155,889	¥179,251

Millions of Yen		
	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Segment profit (loss):		
Digital Entertainment	¥10,664	¥25,459
Health & Fitness	1,357	2,824
Gaming & Systems	4,088	3,587
Pachislot & Pachinko Machines	(40)	(679)
Total segment profit and loss, net	16,069	31,191
Corporate expenses and eliminations	(2,824)	(2,825)
Other income and other expenses, net	(2,513)	(10,943)
Finance income and finance costs, net	1,987	(450)
Profit from investments accounted for using the equity method	112	169
Profit before income taxes	¥12,831	¥17,142

(Notes)

1. Konami Group operates on a worldwide basis principally with the following four business segments:

a) Digital Entertainment:	Production, manufacture and sale of digital content and related products including mobile games, arcade games, card games and computer and video games.
b) Health & Fitness:	Operation of health and fitness clubs, and production, manufacture and sale of health and fitness related goods.
c) Gaming & Systems:	Development, manufacture, sale and service of gaming machines and casino management systems for overseas markets.
d) Pachislot & Pachinko Machines:	Production, manufacture and sale of pachislot machines and pachinko machines.

2. Segment profit (loss) is determined by deducting “cost of revenue” and “selling, general and administrative expenses” from “revenue,” which does not include corporate expenses, finance income and finance costs, and certain non-regular expenses associated with each segment such as impairment losses on property, plant and equipment, goodwill and intangible assets.
3. Corporate expenses primarily consist of administrative expenses not directly associated with specific segments.
4. Intersegment eliminations primarily consist of eliminations of intercompany sales.

5. Other income and other expenses, net include impairment losses on property, plant and equipment and goodwill and intangible assets and profit or loss of sales and disposal on property, plant and equipment.

(ii) Geographic Information

Revenue from external customers

	Millions of Yen	
	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Revenues:		
Japan	¥118,462	¥122,315
United States	26,609	36,976
Europe	5,242	13,419
Asia/Oceania	5,576	6,541
Consolidated	¥155,889	¥179,251

(Note)

For the purpose of presenting operations in the geographic areas above, Konami Group attributes revenues from external customers to individual countries in each area based on where Konami Group sold products or rendered services.