

**Consolidated Financial Results
for the Three Months Ended June 30, 2017
(Prepared in Accordance with IFRS)**

July 28, 2017

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, Corporate Officer, 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 Three Months Ended June 30, 2017

(1) Consolidated Results of Operations

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

	Revenue	Operating profit	Profit before income taxes	Profit for the period	Profit attributable to owners of the parent	Total comprehensive income for the period
Three months ended June 30, 2017	55,743	12,196	12,068	8,514	8,511	8,664
% change from previous year	12.8%	34.2%	43.3%	46.2%	46.4%	208.5%
Three months ended June 30, 2016	49,417	9,089	8,419	5,822	5,814	2,808
% change from previous year	(3.5)%	40.2%	22.7%	35.8%	35.8%	(42.8)%

	Basic earnings per share (attributable to owners of the parent) (yen)	Diluted earnings per share (attributable to owners of the parent) (yen)
Three months ended June 30, 2017	62.94	61.99
Three months ended June 30, 2016	42.99	42.37

(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
June 30, 2017	336,067	238,304	237,550	70.7%
March 31, 2017	337,144	235,192	234,441	69.5%

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, 2017	-	17.00	-	41.00	58.00
Year ending March 31, 2018	-				
Year ending March 31, 2018 -Forecast-		30.00	-	30.00	60.00

Note: Recently announced change in dividend forecasts for the fiscal year ending March 31, 2018 during the three months ended June 30, 2017: No

3. Consolidated Earnings Forecast for the Year Ending March 31, 2018

(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, 2018	245,000	40,000	39,000	27,000	199.65
% change from previous year	6.6%	10.0%	9.8%	4.0%	

Note: Recently announced change in earnings forecasts for the fiscal year ending March 31, 2018 during the three months ended June 30, 2017: No

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 June 30, 2017	143,500,000 shares
As of March 31, 2017	143,500,000 shares
2. Number of treasury shares:

As of June 30, 2017	8,264,720 shares
As of March 31, 2017	8,263,356 shares
3. Average number of shares outstanding:

Three months ended June 30, 2017	135,236,131 shares
Three months ended June 30, 2016	135,240,272 shares

Earnings release (Kessan Tanshin) regarding these consolidated financial results is not subject to auditing procedures.

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 10, 11 and 12 for further information regarding our business forecasts.

KONAMI HOLDINGS CORPORATION (the "Company") disclosed the supplemental data for the consolidated financial statements via the Company's website on July 28, 2017.

1. Business Performance

(1) Analysis of Business Performance

(i) Business Overview

For the three months ended June 30, 2017, the global economy surrounding the Konami Group has recovered, supported by an improving employment and income environment in the U.S. and an improving export environment in the eurozone. While the Japanese economy is also gradually recovering, along with consumer spending due to robust employment and improved incomes, the future remains uncertain because of concerns about political and policy movements in Western countries and a slowdown in the Chinese economy.

In the entertainment market, game contents continue to diversify along with functional enhancement of various devices, including mobile devices and video game consoles, and development of information and telecommunications infrastructure. In conjunction with the changing times, the preference for enriching daily life through full and abundant experiences in personal spending has been strengthened. In that context, there are high hopes for the game industry in various situations, including in offering new experiences through game contents as points of contact between customers and games.

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 a preference for sports, health-consciousness and an interest in preventing the need for nursing care in old age. In addition, we are seeing a steady increase in customers engaging in activities to improve their personal appearance and a diversification of related needs and products, including dieting, getting in shape, personal training and studio programs. Markets for household training machines continue to grow since a wide variety of machines were released.

In the gaming industry, as the casino market worldwide continues to see its spread supported by the development and opening of new casino facilities and integrated resorts (IR) including casinos, the gaming market continues to grow further. Furthermore, opportunities in the gaming business are expected to grow, including the legalization of skill factor loading to slot machines in some states in the U.S. This will enable the machines to reflect players' skill levels, as a countermeasure against young people's lack of interest in gaming slot machines. In Japan, expectations concerning the availability of gaming at casinos have increased due to the enactment of the "Bill Promoting Implementation of Specified Integrated Resort Areas" (the 'IR Promotion Law') in December 2016 and the establishment of the "Headquarters for the Promotion of Designated Zones for

Integrated Resorts” in March 2017. These expectations are also boosted by the beginning of the formulation of a “follow-up IR implementation bill,” including detailed legislative measures for selections of operators for the establishment and operation of facilities and for the exclusion of members of anti-social forces.

In spite of a continuously harsh market environment for the arcade game industry, there are signs of recovery in the market, including an increase in users with families at arcade game areas in shopping malls due to an ease in restrictions on the hours minors can be admitted by prefectural enforcement ordinance revisions in accordance with partial revisions to the “Act on Control and Improvement of Amusement Businesses” (Entertainment Business Law) which began to be enforced from June 2016, as well as the addition of new users led by measures toward revitalizing the industry as a whole.

During the transition to machines adapted to new standards for suppressing gambling which follow voluntary restrictions put in place by industry groups in the pachislot and pachinko machines’ industry, it is expected that we will adapt quickly to changes and supply new gaming machines that will be supported by a wide range of customers in order to revitalize the market.

Under such circumstances, we released the mobile game in the Digital Entertainment segment, *Winning Eleven 2017* (known overseas as *PES 2017 -PRO EVOLUTION SOCCER-*), globally in approximately 150 countries and regions, which has received favorable reviews from many customers. Other mobile game titles, *JIKKYOU PAWAFURU PUROYAKYU*, *PROFESSIONAL BASEBALL SPIRITS A (Ace)* and *Winning Eleven CLUB MANAGER* (known overseas as *PES CLUB MANAGER*), also continued to enjoy steady sales. In regard to card games, the *Yu-Gi-Oh! TRADING CARD GAME* series, which is distributed worldwide, continued to perform well supported by steady popularity. As for computer and video games, *SUPER BOMBERMAN R* (known overseas as *Super Bomberman R*) and *Winning Eleven 2017* (known overseas as *PRO EVOLUTION SOCCER 2017*) continued to enjoy strong performance. *JIKKYOU PAWAFURU PUROYAKYU 2016* received further promotion, including an update with new player data from 2017 to boost popularity among its many players and enable them to continue having fun.

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. As for products related to health and fitness, we began to develop new products with the aim of enhancing its degree of recognition and increasing its market share in the health and fitness equipment market. This market is expanding centered on household machines.

In our Gaming & Systems segment, we have promoted sales of *Concerto*, a key product of the video slot machine series, the long-selling *Podium* series and the

SYNKROS casino management system mainly in the U.S., Asian and Oceanian markets.

In our Amusement segment, our *e-AMUSEMENT* Participation system titles of arcade games, centered on *MAH-JONG FIGHT CLUB ZERO* and music genre games, continued to operate steadily. In the medal game machine, the latest title in the *Anima* medal game series, *Anima Lotta: Otogi no Kuni no Anima*, started full operation. As for pachislot and pachinko machines, we launched the latest pachislot machine, *Lucky VEGAS*. In addition, *G1 Derby Club*, which was launched in the previous fiscal year, has continued a top-ranked level of long-term stable operation among the pachislot machine 5.5 units which were adapted to meet new standards and has performed strongly with support by additional orders and favorable market reviews.

In terms of the consolidated results for the three months ended June 30, 2017, total revenue amounted to ¥55,743 million (a year-on-year increase of 12.8%), operating profit was ¥12,196 million (a year-on-year increase of 34.2%), profit before income taxes was ¥12,068 million (a year-on-year increase of 43.3%), and profit attributable to owners of the parent was ¥8,511 million (a year-on-year increase of 46.4%).

(ii) Performance by Business Segment

Summary of total revenue by business segment:

	Millions of Yen, except percentages		
	Three months ended June 30, 2016	Three months ended June 30, 2017	% change
Total revenue:			
Digital Entertainment	¥21,653	¥28,914	33.5
Health & Fitness	17,230	16,079	(6.7)
Gaming & Systems	6,774	6,479	(4.4)
Amusement	3,882	4,609	18.7
Intersegment eliminations	(122)	(338)	-
Total revenue	¥49,417	¥55,743	12.8

(Notes)

Reportable segment classifications have been changed effective from the six months ended September 30, 2016. For the purpose of comparison to the three months ended June 30, 2016, figures for the three months ended June 30, 2016 have been reclassified under the new segment classification, and compared with those for the three months ended June 30, 2017.

Digital Entertainment

The mobile games continued to perform strongly, including the global distribution of *Winning Eleven 2017* (known overseas as *PES 2017 -PRO EVOLUTION SOCCER-*) in 150 countries and regions and the release of *Yu-Gi-Oh! DUEL LINKS* in South Korea. Moreover, in the domestic market, various titles continued to receive favorable reviews, including *JIKKYOU PAWAFURU PUROYAKYU* and *PROFESSIONAL BASEBALL SPIRITS A (Ace)*. In addition, titles for global markets, *Winning Eleven CLUB MANAGER* (known overseas as *PES CLUB MANAGER*) and *Star Wars™: Force Collection* continued stable performance.

As for card games, the *Yu-Gi-Oh! TRADING CARD GAME* series continued to develop in the global market. Aiming for the global tournament to be held in August 2017, the qualifying round began. In addition, for *Yu-Gi-Oh!* fans, the release of new cards with additional rules which appeared in the new television animated series and the global release of the *Yu-Gi-Oh! DUEL LINKS* mobile game created a great deal of excitement due to all of the new content.

As for computer and video games, various titles continued to remain robust, including *SUPER BOMBERMAN R* (known overseas as *Super Bomberman R*), *Winning Eleven 2017* (known overseas as *PRO EVOLUTION SOCCER 2017*) and *JIKKYOU PAWAFURU PUROYAKYU 2016*. Starting in May 2017, we also launched *JIKKYOU PAWAFURU PUROYAKYU CHAMPIONSHIP 2017*. This software is an exclusive download for the “PAWAPURO CHAMPIONSHIPS 2017” eSports tournament to be held nationwide in Japan from August 2017 and is available for many customers to enjoy.

In terms of financial performance, total revenue for the three months ended June 30, 2017 in this segment amounted to ¥28,914 million (a year-on-year increase of 33.5%) and segment profit for the three months ended June 30, 2017 amounted to ¥10,449 million (a year-on-year increase of 37.8%).

Health & Fitness

With respect to the management of facilities that we operate directly, we continued to make efforts to develop the services to meet diversifying individual needs. In addition to pricing plans that customers can select based on their frequency of use, we have promoted a per-use plan for customers who are unable to visit facilities regularly. The service developments included improvements to facility settings and drastic replacements of studio programs and training machines. As for our fitness program, we revamped our popular dieting program, *BIOMETRICS*, to include support for meals and exercise and create a more effective dieting program. We also enabled customers who were not already members of the Konami Sports Club to join the program. For our studio program, we also

added new 15-minute classes that made it easier for beginners and customers with limited schedules to join, and created a service that allowed more people to participate. In addition, registration for short summer trial classes for the *Undo-jyuku* swimming school and gymnastics school was made available, not only at those facilities, but also via the website to improve customer convenience.

As for products relating to health and fitness, “Konami Sports Club Selection” products, which were selected brand products by the Konami Sports Club, were newly put on sale at the Konami Sports Club Online Shop in addition to being made available at Konami Sports Club stores.

For the three months ended June 30, 2017, sales from this business decreased mainly due to closing of the facilities operated directly. Meanwhile, the segment profit decreased compared with those for the same period of the previous fiscal year because of investments aiming to increase its members, including opening new facilities, renovation of existing ones and spring promotion to invite new members.

In terms of financial performance, total revenue for the three months ended June 30, 2017 in this segment amounted to ¥16,079 million (a year-on-year decrease of 6.7%) and segment profit for the three months ended June 30, 2017 amounted to ¥578 million (a year-on-year decrease of 42.5%).

Gaming & Systems

With respect to our slot machines, we expanded our *Concerto* series in the North American market, including new cabinets of *Concerto Crescent*, which utilizes KONAMI’s first curved screen, and *Concerto Stack*, which utilizes a large-scale vertical screen, in order to meet the various demands from players and casino operators. We also focused on sales of the long-selling *Podium* series, which has a richly diverse product lineup and continues to receive favorable reviews in the Central and South American, African and Asian markets. In addition, we expanded our lineup of premium products and game contents which are subject to a participation agreement (in which profits are shared with casino operators), including the *Concerto* series. These premium products raised higher expectations and willingness from players. The *SYNKROS* casino management system performed well, which included the steady introduction into casino facilities in the various states of the U.S, as well as the introduction into large cruise ships in service overseas.

For the three months ended June 30, 2017, total revenue from this segment decreased because its new casino management systems were mostly installed at small and medium-sized casinos, despite strong sales of slot machines mainly in

the North American market. The segment profit, however, increased mainly due to promoting cost reduction in existing products.

In terms of financial performance, total revenue for the three months ended June 30, 2017 in this segment amounted to ¥6,479 million (a year-on-year decrease of 4.4%) and segment profit for the three months ended June 30, 2017 amounted to ¥804 million (a year-on-year increase of 8.7%).

Amusement

In regards to arcade games, our *e-AMUSEMENT* Participation system titles, centered on the online match-up mahjong game *MAH-JONG FIGHT CLUB ZERO* and music genre games, continued to operate steadily. As for medal games, the latest title in the *Anima* medal game series, *Anima Lotta: Otogi no Kuni no Anima*, started full operation and continues to perform strongly. The *Anima* series is made up of medal games of chance which are played with balls and a roulette. Since its introduction in 2011, its easy-to-learn gameplay has won it high praise and legions of fans both in Japan and overseas. In addition, we started the launch and sequential introduction of the *Thincaterminal* multi-electronic money payment system services for amusement facilities. Through this service, we intend to continue to promote building environments where amusement-facility users can enjoy arcade games more easily to use electronic money that they already have.

As for pachislot and pachinko machines, in addition to the release of a new original title, *Lucky Vegas*, the latest pachislot machine, additional orders of *G1 Derby Club* were sold. Launched in the previous fiscal year, this game has players groom and train racehorses based on real horses, and has gained a large following due to its strong gameplay. This machine has continued a top-ranked level of long-term stable operation among the pachislot machine 5.5 units which were adapted to meet new standards and has performed strongly with support by additional orders and favorable market reviews.

In terms of financial performance, total revenue for the three months ended June 30, 2017 in this segment amounted to ¥4,609 million (a year-on-year increase of 18.7%) and segment profit for the three months ended June 30, 2017 amounted to 1,610 million (a year-on-year increase of 95.5%).

Please refer to “(1) Quarterly Condensed Consolidated Statement of Financial Position” and “(4) Quarterly Condensed Consolidated Statement of Cash Flows” in “2. Quarterly Condensed Consolidated Financial Statements and Notes” regarding the financial position and cash flows.

(2) Outlook for the Fiscal Year Ending March 31, 2018

Digital Entertainment

With the spread of entertainment offered through networks, the available means of providing games continue to diversify. 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. Those game titles include *Yu-Gi-Oh! DUEL LINKS*, which surpassed 45 million downloads and was released in South Korea beginning in April 2017, *JIKKYOU PAWAFURU PUROYAKYU*, which surpassed 32 million downloads in July 2017, and *Winning Eleven 2017* (known overseas as *PES 2017 -PRO EVOLUTION SOCCER-*), which surpassed 30 million downloads and launched globally in May 2017. We will strive to provide content that enables us to deliver pleasure to customers in various regions.

As for card games, at the “Yu-Gi-Oh! World Championship 2017” to be held in August 2017, we will also host a *Yu-Gi-Oh DUEL LINKS* mobile game division this year in order to promote the *Yu-Gi-Oh! TRADING CARD GAME* series further.

As for computer and video games, we released *100% Pascal (Pasukaru) Sensei Perfect Paint Bombers* for Nintendo 3DS™ in July 2017 for domestic market and will release the latest title in the *Winning Eleven* series, *Winning Eleven 2018* (known overseas as *PRO EVOLUTION SOCCER 2018*), in September 2017 for global market. We will pursue strong game characteristics that enable customers to continuously have fun, including holding the eSports event “*PES LEAGUE*,” in which anyone can participate, and “Yu-Gi-Oh! World Championship 2017.”

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. In recent years, the fitness market has diversified with smaller facilities and facilities limited to machines and studios. With the goal of creating a fitness club for a new era, the Konami Sports Club re-branded the sports club brand *XAX*, a former pioneer in the sports club industry that was always ahead of the times, and opened *XAX Nishikujo* (Konohana-ku, Osaka prefecture) in July 2017 as the first facility redesigned for the modern age. Based on the brand concept of “creating a comfortable space for the mind and body in your town,” we intend to develop our services according to the unique characteristics of each area and customer. With our sports club brands, *Konami Sports club*, *Grancise* and *XAX*, we will continue to provide services that support customers’ sustainable fitness.

As for health and fitness related products, we will continue to sell a variety of new products, including the new home fitness bike *AEROBIKE TYPEeGG*, which supports customers who want to lose weight, as well as the compatible diet support application *Calorie Diet* for iOS and Android, and an expansion of our Konami Sports Club Selection lineup. We intend to enhance their appeal to customers through e-commerce site and Konami sports clubs, as well as improve brand value and expand our market share. We also intend to distinguish ourselves through coordinated product development with facilities.

As Japan's population continues to age and the government continues to take measures to combat lifestyle diseases, there is a growing health consciousness throughout society. We intend to continue to promote fitness club operation, and intend to develop and market health and fitness equipment. 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

As for slot machines, we continue to make efforts to develop and enhance our sales centered on *Concerto*, a key product of the video slot machine series, and the *Podium* series, continuing to be popular and long-selling. Meanwhile, at the world's largest gaming expo, Global Gaming Expo 2016 (G2E), held in Las Vegas in the U.S. in 2016, we exhibited *Beat Square*, a slot machine based on *jubeat* of the *BEMANI* series and received favorable reviews. At G2E Asia 2017, held in Macau, we also exhibited *Fortune Cup*, a horserace betting station with a model track, received considerable attention and excellent reviews from gaming industry. We intend to develop products leveraged our expertise and technology accumulated through KONAMI arcade games.

As for the *SYNKROS* casino management system, we provide a variety of functions which have received positive reviews, including the business intelligence function *SYNKROS Dashboards* and *SYNKROS Offers Management*, which offers privileges and customer-friendly information to customers. We continue to make efforts to actively pursue the expansion of sales, including the development of new functions, and enhancing product appeal.

Amusement

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 person-to-person communication using the *e-AMUSEMENT* system and developing eSports tournament. In July 2017, we hosted an eSports tournament aimed at school-aged children called *Young Wizards' Cup - QMA Ultimate Student Battle* where participants played the online versus

quiz game *Quiz Magic Academy: THE WORLD EVOLVE*, and we are supporting to help everyone enjoy playing and watching the games. In addition, in the fall, we intend to launch the new *MAH-JONG FIGHT CLUB HG Cabinets* to celebrate the 15th anniversary of operation of the online versus mahjong game *MAH-JONG FIGHT CLUB*. Our goal is to continue developing new content by providing a comfortable playing environment that allows customers to enjoy playing on large-sized monitors, using devices for USB charging terminals, and new designs that offer more legroom. We also continue to promote medal games that are enjoyed by a wide range of users

As for pachislot and pachinko machines, based on the game world of the popular video game *Castlevania -Lords of Shadow -*, our latest pachislot machine *PACHISLOT Akumajou Dracula* started operation in July 2017, and creates a fully realized world with a 32-inch Full HD liquid crystal display. Although it is expected that the market will change due to efforts toward strengthening the game industry, including countermeasures against gambling addiction and legislative changes, we intend to stabilize the business profitability mainly by series that are received favorable reviews in the market to boost our market presence by working integrally with production, manufacture and sales.

Projected consolidated results for the fiscal year ending March 31, 2018 are as follows: total revenue of ¥245,000 million; operating profit of ¥40,000 million; profit before income tax of ¥39,000 million; and profit attributable to owners of the parent of ¥27,000 million. Thus, there is no change from the forecast figures released in the “Consolidated Financial Results for the Year Ended March 31, 2017” dated May 11, 2017.

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. Quarterly Condensed Consolidated Financial Statements and Notes

(1) Quarterly Condensed Consolidated Statement of Financial Position

	Millions of Yen	
	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and cash equivalents	¥134,743	¥134,225
Trade and other receivables	25,951	21,997
Inventories	7,430	7,939
Income tax receivables	846	1,489
Other current assets	5,978	6,736
Total current assets	174,948	172,386
Non-current assets		
Property, plant and equipment, net	75,598	76,286
Goodwill and intangible assets	34,774	36,422
Investments accounted for using the equity method	2,798	2,750
Other investments	1,266	1,259
Other financial assets	22,362	22,146
Deferred tax assets	22,335	21,854
Other non-current assets	3,063	2,964
Total non-current assets	162,196	163,681
Total assets	337,144	336,067
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	10,607	10,599
Other financial liabilities	4,007	3,903
Trade and other payables	25,852	21,844
Income tax payables	2,745	1,156
Other current liabilities	13,635	15,553
Total current liabilities	56,846	53,055
Non-current liabilities		
Bonds and borrowings	19,678	19,694
Other financial liabilities	14,633	14,170
Provisions	8,106	8,108
Deferred tax liabilities	0	0
Other non-current liabilities	2,689	2,736
Total non-current liabilities	45,106	44,708
Total liabilities	101,952	97,763
Equity		
Share capital	47,399	47,399
Share premium	74,426	74,426
Treasury shares	(21,304)	(21,311)
Other components of equity	2,157	2,307
Retained earnings	131,763	134,729
Total equity attributable to owners of the parent	234,441	237,550
Non-controlling interests	751	754
Total equity	235,192	238,304
Total liabilities and equity	¥337,144	¥336,067

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

Quarterly Condensed Consolidated Statements of Profit or Loss

	Millions of Yen	
	Three months ended June 30, 2016	Three months ended June 30, 2017
Revenue		
Product sales revenue	¥17,187	¥18,142
Service and other revenue	32,230	37,601
Total revenue	49,417	55,743
Cost of revenue		
Cost of product sales revenue	(7,656)	(7,375)
Cost of service and other revenue	(22,195)	(24,711)
Total cost of revenue	(29,851)	(32,086)
Gross profit	19,566	23,657
Selling, general and administrative expenses	(10,357)	(11,045)
Other income and other expenses, net	(120)	(416)
Operating profit	9,089	12,196
Finance income	60	80
Finance costs	(740)	(216)
Profit from investments accounted for using the equity method	10	8
Profit before income taxes	8,419	12,068
Income taxes	(2,597)	(3,554)
Profit for the period	5,822	8,514
Profit attributable to:		
Owners of the parent	5,814	8,511
Non-controlling interests	¥8	¥3

	Yen	
	Three months ended June 30, 2016	Three months ended June 30, 2017
Earnings per share (attributable to owners of the parent)		
Basic	¥42.99	¥62.94
Diluted	¥42.37	¥61.99

Quarterly Condensed Consolidated Statement of Comprehensive Income

	Millions of Yen	
	Three months ended June 30, 2016	Three months ended June 30, 2017
Profit for the period	¥5,822	¥8,514
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Exchange differences on foreign operations	(2,963)	145
Net change in fair values of available-for-sale financial assets	(51)	5
Share of other comprehensive income of entity accounted for using the equity method	0	(0)
Total items that may be reclassified to profit or loss	(3,014)	150
Total other comprehensive income	(3,014)	150
Total comprehensive income for the period	2,808	8,664
Comprehensive income attributable to:		
Owners of the parent	2,800	8,661
Non-controlling interests	¥8	¥3

(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, 2016	¥47,399	¥74,426	¥(21,284)	¥2,407	¥109,802	¥212,750	¥725	¥213,475
Profit for the period					5,814	5,814	8	5,822
Other comprehensive income				(3,014)		(3,014)		(3,014)
Total comprehensive income for the period	-	-	-	(3,014)	5,814	2,800	8	2,808
Purchase of treasury shares			(7)			(7)		(7)
Dividends					(1,691)	(1,691)		(1,691)
Total transactions with the owners	-	-	(7)	-	(1,691)	(1,698)	-	(1,698)
Balance at June 30, 2016	¥47,399	¥74,426	¥(21,291)	¥(607)	¥113,925	¥213,852	¥733	¥214,585

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, 2017	¥47,399	¥74,426	¥(21,304)	¥2,157	¥131,763	¥234,441	¥751	¥235,192
Profit for the period					8,511	8,511	3	8,514
Other comprehensive income				150		150		150
Total comprehensive income for the period	-	-	-	150	8,511	8,661	3	8,664
Purchase of treasury shares			(7)			(7)		(7)
Dividends					(5,545)	(5,545)		(5,545)
Total transactions with the owners	-	-	(7)	-	(5,545)	(5,552)	-	(5,552)
Balance at June 30, 2017	¥47,399	¥74,426	¥(21,311)	¥2,307	¥134,729	¥237,550	¥754	¥238,304

(4) Quarterly Condensed Consolidated Statement of Cash Flows

	Millions of Yen	
	Three months ended June 30, 2016	Three months ended June 30, 2017
<i>Operating activities</i>		
Profit for the period	¥5,822	¥8,514
Depreciation and amortization	2,665	2,334
Impairment losses	115	325
Interest and dividends income	(59)	(49)
Interest expense	242	211
Loss on sale or disposal of property, plant and equipment	5	8
Profit from investments accounted for using the equity method	(10)	(8)
Income taxes	2,597	3,554
Decrease in trade and other receivables	5,801	4,068
Decrease (increase) in inventories	274	(482)
Decrease in trade and other payables	(4,505)	(4,087)
Increase in prepaid expense	(992)	(702)
Increase in deferred revenue	1,762	572
Other, net	(40)	1,031
Interest and dividends received	37	47
Interest paid	(225)	(194)
Income taxes paid	(11,403)	(5,305)
<i>Net cash provided by operating activities</i>	2,086	9,837
<i>Investing activities</i>		
Capital expenditures	(3,455)	(5,141)
Decrease in lease deposits, net	38	747
Decrease (increase) in term deposits, net	143	(224)
Other, net	1	4
<i>Net cash used in investing activities</i>	(3,273)	(4,614)
<i>Financing activities</i>		
Decrease in short-term (within 3 months) borrowings, net	-	(1,121)
Proceeds from short-term (more than 3 months) borrowings	-	1,121
Principal payments under capital lease and financing obligations	(496)	(470)
Dividends paid	(1,674)	(5,500)
Other, net	(8)	(7)
<i>Net cash used in financing activities</i>	(2,178)	(5,977)
Effect of exchange rate changes on cash and cash equivalents	(1,700)	236
Net decrease in cash and cash equivalents	(5,065)	(518)
Cash and cash equivalents at the beginning of the period	113,907	134,743
<i>Cash and cash equivalents at the end of the period</i>	¥108,842	¥134,225

(5) Going Concern Assumption

None

(6) Segment Information

(i) Operating segment information

	Millions of Yen	
	Three months ended June 30, 2016	Three months ended June 30, 2017
Revenue:		
Digital Entertainment -		
External customers	¥21,640	¥28,717
Intersegment	13	197
Total	¥21,653	¥28,914
Health & Fitness -		
External customers	¥17,149	¥16,075
Intersegment	81	4
Total	¥17,230	¥16,079
Gaming & Systems -		
External customers	¥6,774	¥6,479
Intersegment	-	-
Total	¥6,774	¥6,479
Amusement -		
External customers	¥3,854	¥4,472
Intersegment	28	137
Total	¥3,882	¥4,609
Intersegment eliminations	¥(122)	¥(338)
Consolidated	¥49,417	¥55,743

Millions of Yen		
	Three months ended June 30, 2016	Three months ended June 30, 2017
Segment profit (loss):		
Digital Entertainment	¥7,579	¥10,449
Health & Fitness	1,006	578
Gaming & Systems	740	804
Amusement	824	1,610
Total segment profit and loss, net	10,149	13,441
Corporate expenses and eliminations	(940)	(829)
Other income and other expenses, net	(120)	(416)
Finance income and finance costs, net	(680)	(136)
Profit from investments accounted for using the equity method	10	8
Profit before income taxes	¥8,419	¥12,068

(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, 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:	Production, manufacture, sale and service of gaming machines and casino management systems for overseas markets.
d) Amusement:	Production, manufacture and sale of arcade games and pachislot and pachinko machines.

2. Segment profit (loss) is determined by deducting “cost of revenue” and “selling, general and administrative expenses” from “revenue.” This 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.
6. Effective from the six months ended September 30, 2016, we carried out a business restructuring to combine the arcade games business segment, which formed part of our Digital Entertainment Business, with another BtoB business, the Pachislot & Pachinko Machines Business, and the segment classification was changed to the "Amusement Business" in order to further strengthen our business operating structure. As a results, segment information for the three month ended June 30, 2016 is disclosed with based on the new segment classification for the three month ended June 30, 2017.

(ii) Geographic Information

Revenue from external customers

	Millions of Yen	
	Three months ended June 30, 2016	Three months ended June 30, 2017
Revenue:		
Japan	¥37,520	¥44,121
United States	8,181	8,148
Europe	2,023	1,806
Asia/Oceania	1,693	1,668
Consolidated	¥49,417	¥55,743

(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.