

Consolidated Financial Results
for the Six Months Ended September 30, 2017
(Prepared in Accordance with IFRS)

October 31, 2017

KONAMI HOLDINGS CORPORATION

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 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
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 Beginning date of dividend payment: November 21, 2017

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

1. Consolidated Financial Results for the Six Months ended September 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
Six months ended September 30, 2017	115,356	24,951	24,836	17,186	17,180	17,816
% change from previous year	13.8%	46.4%	52.9%	40.5%	40.6%	105.1%
Six months ended September 30, 2016	101,401	17,040	16,248	12,233	12,217	8,685
% change from previous year	(5.9)%	36.9%	33.3%	55.9%	55.7%	19.9%

	Basic earnings per share (attributable to owners of the parent) (yen)	Diluted earnings per share (attributable to owners of the parent) (yen)
Six months ended September 30, 2017	127.04	125.12
Six months ended September 30, 2016	90.33	89.02

(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
September 30, 2017	349,593	247,453	246,696	70.6%
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	-	30.00			
Year ending March 31, 2018 - Forecast-			-	30.00	60.00

Note: Recently announced change in dividend forecasts for the fiscal year ending March 31, 2018 during the three months ended September 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 September 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 September 30, 2017	143,500,000 shares
As of March 31, 2017	143,500,000 shares
2. Number of treasury shares:

As of September 30, 2017	8,265,166 shares
As of March 31, 2017	8,263,356 shares
3. Average number of shares outstanding:

Six months ended September 30, 2017	135,235,621 shares
Six months ended September 30, 2016	135,239,654 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 page 9 to 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 October 31, 2017.

1. Business Performance

(1) Analysis of Business Performance

(i) Business Overview

For the six months ended September 30, 2017, the Japanese economy continues its long-term recovery, with corporate earnings and the labor environment improving. Consumer spending, however, still lacks strength. While Western countries' economies are also gradually recovering, the future remains uncertain because of concerns about political and policy movements and North Korea's actions.

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 to offer new experiences through game content in various ways, including eSports, which are regarded as a form of sports competition and are attracting more and more attention.

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 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.

In the pachislot and pachinko machines’ industry, enforcement ordinance revisions to the Entertainment Business Law were issued in September 2017 and will be enforced starting on February 1, 2018. Nevertheless, it is expected that we will adapt quickly to changes and supply new gaming machines in order to revitalize the market.

Under such circumstances, in the Digital Entertainment segment, the mobile games continued to enjoy strong performance, including *JIKKYOU PAWAFURU PUROYAKYU*, *Yu-Gi-Oh! DUEL LINKS*, *PROFESSIONAL BASEBALL SPIRITS A (Ace)* and *Winning Eleven 2017* (known overseas as *PRO EVOLUTION SOCCER 2017*). As for card games, we distributed the *Yu-Gi-Oh! TRADING CARD GAME* series worldwide, and hosted the game’s world championship in Japan. Another championship for the mobile game, *Yu-Gi-Oh! DUEL LINKS*, was also held at the same time. This enabled users to have fun through eSports, as well. As for computer and video games, *Winning Eleven 2018* (known overseas as *PRO EVOLUTION SOCCER 2018*) was released and received favorable reviews. In addition, *SUPER BOMBERMAN R* (known overseas as *Super Bomberman R*) and *JIKKYOU PAWAFURU PUROYAKYU 2016* continued to enjoy strong performance.

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 arcade game titles, *MAH-JONG FIGHT CLUB HG* and the music genre game *NOSTALGIA FORTE* were launched. These titles continued to operate steadily. As for medal game machines, *Anima Lotta: Otogi no Kuni no Anima* continued to enjoy strong performance. As for pachislot and pachinko machines, we launched the latest pachislot machine, *Lucky VEGAS* and *PACHISLOT Akumajou Dracula*. Furthermore, *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 six months ended September 30, 2017, total revenue amounted to ¥115,356 million (a year-on-year increase of 13.8%), operating profit was ¥24,951 million (a year-on-year increase of 46.4%), profit before income taxes was ¥24,836 million (a year-on-year increase of 52.9%), and profit attributable to owners of the parent was ¥17,180 million (a year-on-year increase of 40.6%).

(ii) Performance by Business Segment

Summary of total revenue by business segment:

	Millions of Yen, except percentages		
	Six months ended September 30, 2016	Six months ended September 30, 2017	% change
Total revenue:			
Digital Entertainment	¥44,894	¥57,765	28.7
Health & Fitness	35,023	33,017	(5.7)
Gaming & Systems	13,789	12,641	(8.3)
Amusement	7,938	12,553	58.1
Intersegment eliminations	(243)	(620)	-
Total revenue	¥101,401	¥115,356	13.8

Digital Entertainment

The mobile games continued to receive favorable reviews, including *JIKKYOU PAWAFURU PUROYAKYU* and *PROFESSIONAL BASEBALL SPIRITS A (Ace)*. In addition, titles for global markets, *Yu-Gi-Oh! DUEL LINKS*, *Winning Eleven 2017* (known overseas as *PRO EVOLUTION SOCCER 2017*) and *Winning Eleven CLUB MANAGER* (known overseas as *PES CLUB MANAGER*) continued stable performance.

As for card games, the *Yu-Gi-Oh! TRADING CARD GAME* series continued to develop in the global market. In August 2017, we hosted the world championship in Japan together with that for the mobile game *Yu-Gi-Oh! DUEL LINKS*. By distributing video of the venue worldwide, many customers were able to enjoy this championship. In addition, we continued to work to revitalize the contents, including the release of new cards with additional rules which appeared in the new television animated series in the Western countries as well.

As for computer and video games, we released *Winning Eleven 2018* (known overseas as *PRO EVOLUTION SOCCER 2018*), and it has received favorable reviews. Also, *SUPER BOMBERMAN R* (known overseas as *Super Bomberman R*) and *JIKKYOU PAWAFURU PUROYAKYU 2016* continued perform well. Starting in August 2017, we began hosting nationwide qualifying rounds for the booming "PAWAPURO

CHAMPIONSHIPS 2017” eSports tournament, which is officially recognized by the Nippon Professional Baseball Organization (NPB).

In terms of financial performance, total revenue for the six months ended September 30, 2017 in this segment amounted to ¥57,765 million (a year-on-year increase of 28.7%) and segment profit for the six months ended September 30, 2017 amounted to ¥19,252 million (a year-on-year increase of 24.5%).

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. In addition, we 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), a compact facility specializing in machines and studios. Furthermore, supported by people's increasing interest in sports in anticipation of 2020, we launched a sport climbing business in the spring of this year. We opened bouldering facilities for sport climbing at Konami Sports Club Kawagoe following that at Konami Sports Club Ikebukuro. As for our fitness program, we revamped our popular dieting program, *BIOMETRICS*, to 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 customers to participate. These measures were to create a service that allowed more people to participate. In addition, we began offering the smartphone application *Konami Sports Club Official App* for the purpose of supporting customers' smart and pleasant fitness lifestyles.

As for products relating to health and fitness, as new additions to the “Konami Sports Club Original” product lineup, we began selling the *Konami Sports Club Yoga Mat*, the *Konami Sports Club Fitness Pole*, and the *Konami Sports Club Body Ball*. We also began distributing how-to-use videos featuring instructors from Konami Sports Club in order to help users use these new products more effectively.

For the six months ended September 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 promotion to invite new members, despite some recovery in number of members.

In terms of financial performance, total revenue for the six months ended September 30, 2017 in this segment amounted to ¥33,017 million (a year-on-year decrease of 5.7%) and segment profit for the six months ended September 30, 2017 amounted to ¥1,814 million (a year-on-year decrease of 31.3%).

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 six months ended September 30, 2017, total revenue from this segment decreased because number of installation of new slot machines decreased so that opening of new casino facilities were limited and a part of installations of casino management system were postponed in the second half of this fiscal year.

In terms of financial performance, total revenue for the six months ended September 30, 2017 in this segment amounted to ¥12,641 million (a year-on-year decrease of 8.3%) and segment profit for the six months ended September 30, 2017 amounted to ¥1,236 million (a year-on-year decrease of 22.2%).

Amusement

In regards to arcade games, we launched the new cabinet *MAH-JONG FIGHT CLUB HG* to celebrate the 15th anniversary of operation of the online versus mahjong game *MAH-JONG FIGHT CLUB*. The new cabinet provides 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. Because game content was also enriched by the installation of new modes, the new cabinet has received favorable reviews from customers. In terms of music genre games, we launched *NOSTALGIA FORTE*. This game captures the feel and enjoyment

of playing the piano. We sought to incorporate these elements in its gameplay and upgraded game content to allow a wide range of customers to have fun. In terms of medal games, the latest title in the *Anima* medal game series, *Anima Lotta: Ootogi no Kuni no Anima*, 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 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 the latest pachislot machines, *Lucky Vegas* and *PACHISLOT Akumajou Dracula*, 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 six months ended September 30, 2017 in this segment amounted to ¥12,553 million (a year-on-year increase of 58.1%) and segment profit for the six months ended September 30, 2017 amounted to ¥4,613 million (a year-on-year increase of 156.3%).

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, a new title, *Winning Eleven CARD COLLECTION* (known overseas as *PES CARD COLLECTION*), is intended to be released. In addition, we intend to release *LovePlus EVERY* and *Tokimeki Idol*, which were both popular at

Tokyo Game Show 2017. As for the existing mobile titles, 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 55 million downloads, and *Winning Eleven 2017* (known overseas as *PRO EVOLUTION SOCCER 2017*), which surpassed 50 million downloads. In addition, we intend to develop the PC version of the mobile game *Yu-Gi-Oh DUEL LINKS*. With a focus on these titles, we will strive to provide content that enables us to deliver pleasure to customers in various regions.

As for card games, we will continue to strengthen our expansion in the global market as well as continue aggressive promotions within the area of eSports.

As for computer and video games, we will release *Puri-Puri Chii-chan!! Puri-Puri Deco Room!* for Nintendo 3DS™ in November 2017 for domestic market. As an approach to eSports, we also intend to host the “PES LEAGUE” eSports event, a tournament now officially recognized by UEFA (the Union of European Football Associations), and the “PAWAPURO CHAMPIONSHIPS” eSports event, a tournament officially recognized by the Nippon Professional Baseball Organization (NPB). We will strive to enable customers to have fun on a continual basis. In addition, *METAL GEAR SURVIVE*, which was exhibited at Tokyo Game Show 2017, is intended to be released in February 2018. *ANUBIS ZONE OF THE ENDERS : M∀R S*, which we are working on in earnest, is intended to be released in 2018.

As the preference for enriching daily life through full and abundant experiences has strengthened in the entertainment market, we continue to make efforts to create and provide “Valuable Time” to customers through game contents.

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. Following the opening of *XAX Nishikujo* (Konohana-ku, Osaka prefecture), our first facility redesigned for the modern age, we opened *XAX Kanade no Mori* (Narashino City, Chiba prefecture) in October 2017. This is our second such facility. 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 an expansion to our “Konami Sports Club Original” Konami Sports Club brand products, as well as to our specially selected lineup of “Konami Sports Club Selection” brand products. 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 Australasian Gaming Expo 2017, held in Sydney, Australia in August 2017, we exhibited *Beat Square*, a slot machine based on *jubeat* from the *BEMANI* series, one of our music genre game series for arcades. We also exhibited *Frogger: Get Hoppin'*, which was enabled to reflect players' skill levels, and *Fortune Cup*, a horserace betting station with a model track. These titles received excellent reviews from gaming industry. We intend to develop products leveraged our expertise and technology accumulated through KONAMI arcade games with striving to grasp the market needs.

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 terms of the video game machines, we intend to launch *beatmania IIDX 25 CANNON BALLER* from the *beatmania IIDX* series in December 2017, which celebrates the 20th anniversary of the release of *beatmania*. In addition to improving loading music and images, the hardware was drastically improved with the installation of a new camera function to take videos. We will also develop it for an eSports tournament. In terms of the medal game machines, we intend to start operating new compact *Anima Lotta*

cabinets in December 2017 as a staple product in medal sections at arcades. This new cabinet integrates all functions of the *Anima Lotta* lottery-type medal game. We will also continue to promote the *Anima* medal games that are enjoyed by a wide range of users at more arcades.

As for pachislot and pachinko machines, *SENGOKU COLLECTION 3* is intended to be released in late November 2017. This is the latest title in the *SENGOKU COLLECTION* series, the previous of which performed exceedingly well. 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 September 30, 2017
Assets		
Current assets		
Cash and cash equivalents	¥134,743	¥136,947
Trade and other receivables	25,951	29,679
Inventories	7,430	9,807
Income tax receivables	846	893
Other current assets	5,978	7,780
Total current assets	174,948	185,106
Non-current assets		
Property, plant and equipment, net	75,598	76,194
Goodwill and intangible assets	34,774	37,920
Investments accounted for using the equity method	2,798	2,859
Other investments	1,266	1,254
Other financial assets	22,362	21,954
Deferred tax assets	22,335	21,478
Other non-current assets	3,063	2,828
Total non-current assets	162,196	164,487
Total assets	337,144	349,593
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	10,607	10,631
Other financial liabilities	4,007	3,899
Trade and other payables	25,852	26,204
Income tax payables	2,745	3,198
Other current liabilities	13,635	18,968
Total current liabilities	56,846	62,900
Non-current liabilities		
Bonds and borrowings	19,678	14,715
Other financial liabilities	14,633	13,702
Provisions	8,106	8,115
Deferred tax liabilities	0	31
Other non-current liabilities	2,689	2,677
Total non-current liabilities	45,106	39,240
Total liabilities	101,952	102,140
Equity		
Share capital	47,399	47,399
Share premium	74,426	74,426
Treasury shares	(21,304)	(21,314)
Other components of equity	2,157	2,787
Retained earnings	131,763	143,398
Total equity attributable to owners of the parent	234,441	246,696
Non-controlling interests	751	757
Total equity	235,192	247,453
Total liabilities and equity	¥337,144	¥349,593

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

Quarterly Condensed Consolidated Statement of Profit or Loss

	Millions of Yen	
	Six months ended September 30, 2016	Six months ended September 30, 2017
Revenue		
Product sales revenue	¥37,093	¥40,606
Service and other revenue	64,308	74,750
Total revenue	101,401	115,356
Cost of revenue		
Cost of product sales revenue	(16,928)	(17,598)
Cost of service and other revenue	(44,057)	(49,095)
Total cost of revenue	(60,985)	(66,693)
Gross profit	40,416	48,663
Selling, general and administrative expenses	(20,768)	(23,288)
Other income and other expenses, net	(2,608)	(424)
Operating profit	17,040	24,951
Finance income	92	196
Finance costs	(1,032)	(428)
Profit from investments accounted for using the equity method	148	117
Profit before income taxes	16,248	24,836
Income taxes	(4,015)	(7,650)
Profit for the period	12,233	17,186
Profit attributable to:		
Owners of the parent	12,217	17,180
Non-controlling interests	¥16	¥6

	Yen	
	Six months ended September 30, 2016	Six months ended September 30, 2017
Earnings per share (attributable to owners of the parent)		
Basic	¥90.33	¥127.04
Diluted	¥89.02	¥125.12

Quarterly Condensed Consolidated Statement of Comprehensive Income

	Millions of Yen	
	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit for the period	¥12,233	¥17,186
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Exchange differences on foreign operations	(3,510)	638
Net change in fair values of available-for-sale financial assets	(39)	(8)
Share of other comprehensive income of entity accounted for using the equity method	1	(0)
Total items that may be reclassified to profit or loss	(3,548)	630
Total other comprehensive income	(3,548)	630
<i>Total comprehensive income for the period</i>	8,685	17,816
Comprehensive income attributable to:		
Owners of the parent	8,669	17,810
Non-controlling interests	¥16	¥6

(3) Quarterly Condensed Consolidated Statement of Changes in Equity

Millions of Yen

	Equity attributable to owners of the parent						Non-controlling interests	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					12,217	12,217	16	12,233
Other comprehensive income				(3,548)		(3,548)		(3,548)
Total comprehensive income for the period	-	-	-	(3,548)	12,217	8,669	16	8,685
Purchase of treasury shares			(11)			(11)		(11)
Disposal of treasury shares		0	0			0		0
Dividends					(1,691)	(1,691)		(1,691)
Total transactions with the owners	-	0	(11)	-	(1,691)	(1,702)	-	(1,702)
Balance at September 30, 2016	¥47,399	¥74,426	¥(21,295)	¥(1,141)	¥120,328	¥219,717	¥741	¥220,458

Millions of Yen

	Equity attributable to owners of the parent						Non-controlling interests	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					17,180	17,180	6	17,186
Other comprehensive income				630		630		630
Total comprehensive income for the period	-	-	-	630	17,180	17,810	6	17,816
Purchase of treasury shares			(10)			(10)		(10)
Disposal of treasury shares		0	0			0		0
Dividends					(5,545)	(5,545)		(5,545)
Total transactions with the owners	-	0	(10)	-	(5,545)	(5,555)	-	(5,555)
Balance at September 30, 2017	¥47,399	¥74,426	¥(21,314)	¥2,787	¥143,398	¥246,696	¥757	¥247,453

(4) Quarterly Condensed Consolidated Statement of Cash Flows

	Millions of Yen	
	Six months ended September 30, 2016	Six months ended September 30, 2017
<i>Operating activities</i>		
Profit for the period	¥12,233	¥17,186
Depreciation and amortization	5,365	5,341
Impairment losses	2,219	325
Interest and dividends income	(90)	(90)
Interest expense	478	418
Loss on sale or disposal of property, plant and equipment	59	16
Profit from investments accounted for using the equity method	(148)	(117)
Income taxes	4,015	7,650
Decrease (increase) in trade and other receivables	1,635	(3,399)
Increase in inventories	(2,979)	(2,245)
Decrease in trade and other payables	(956)	(812)
Increase in prepaid expense	(1,459)	(542)
Increase in deferred revenue	4,699	5,325
Other, net	(1,046)	(190)
Interest and dividends received	69	100
Interest paid	(484)	(418)
Income taxes paid	(11,332)	(6,377)
<i>Net cash provided by operating activities</i>	12,278	22,171
<i>Investing activities</i>		
Capital expenditures	(7,340)	(8,493)
Decrease in lease deposits, net	403	607
Decrease (increase) in term deposits, net	143	(1,205)
Other, net	3	7
<i>Net cash used in investing activities</i>	(6,791)	(9,084)
<i>Financing activities</i>		
Decrease in short-term (within 3 months) borrowings, net	-	(1,121)
Proceeds from short-term (more than 3 months) borrowings	8,229	5,623
Repayments of short-term (more than 3 months) borrowings	(8,229)	(4,502)
Redemption of bonds	-	(5,000)
Principal payments under capital lease and financing obligations	(1,025)	(901)
Dividends paid	(1,688)	(5,536)
Other, net	(11)	(10)
<i>Net cash used in financing activities</i>	(2,724)	(11,447)
Effect of exchange rate changes on cash and cash equivalents	(1,958)	564
Net increase in cash and cash equivalents	805	2,204
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>	¥114,712	¥136,947

(5) Going Concern Assumption

None

(6) Segment Information

(i) Operating segment information

	Millions of Yen	
	Six months ended September 30, 2016	Six months ended September 30, 2017
Revenue:		
Digital Entertainment –		
External customers	¥44,869	¥57,373
Intersegment	25	392
Total	¥44,894	¥57,765
Health & Fitness –		
External customers	¥34,859	¥33,009
Intersegment	164	8
Total	¥35,023	¥33,017
Gaming & Systems –		
External customers	¥13,789	¥12,641
Intersegment	-	-
Total	¥13,789	¥12,641
Amusement –		
External customers	¥7,884	¥12,333
Intersegment	54	220
Total	¥7,938	¥12,553
Intersegment eliminations	¥(243)	¥(620)
Consolidated	¥101,401	¥115,356

	Millions of Yen	
	Six months ended September 30, 2016	Six months ended September 30, 2017
Segment profit (loss):		
Digital Entertainment	¥15,469	¥19,252
Health & Fitness	2,641	1,814
Gaming & Systems	1,589	1,236
Amusement	1,799	4,613
Total segment profit and loss, net	21,498	26,915
Corporate expenses and eliminations	(1,850)	(1,540)
Other income and other expenses, net	(2,608)	(424)
Finance income and finance costs, net	(940)	(232)
Profit from investments accounted for using the equity method	148	117
Profit before income taxes	¥16,248	¥24,836

(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.

(ii) Geographic Information

Revenue from external customers

	Millions of Yen	
	Six months ended September 30, 2016	Six months ended September 30, 2017
Revenue:		
Japan	¥76,487	¥90,902
United States	17,151	16,474
Europe	4,404	4,419
Asia/Oceania	3,359	3,561
Consolidated	¥101,401	¥115,356

(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.