

**Consolidated Financial Results  
for the Year Ended March 31, 2015  
(Prepared in Accordance with IFRS)**

June 29, 2015

**KONAMI CORPORATION**

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 Stock code number, TSE: 9766  
 Ticker symbol, LSE: KNM  
 URL: <http://www.konami.co.jp/en>  
 Shares listed: Tokyo Stock Exchange and London Stock Exchange  
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(Amounts are rounded to the nearest million, except percentages and per share amounts)

**1. Consolidated Financial Results for the Year Ended March 31, 2015**

**(1) Consolidated Results of Operations**

	Revenue	Operating profit	Profit before income taxes	Profit for the year	Profit attributable to owners of the parent	Total comprehensive income for the year
Year ended March 31, 2015	218,157	15,305	16,960	9,969	9,918	13,202
% change from previous year	0.3%	95.7%	80.9%	119.1%	122.1%	109.4%
Year ended March 31, 2014	217,595	7,823	9,377	4,550	4,465	6,304
% 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)	Return on profit attributable to owners of the parent	Ratio of profit before income taxes to total assets	Ratio of operating profit to revenue
Year ended March 31, 2015	71.55	-	4.7%	5.5%	7.0%
Year ended March 31, 2014	32.21	-	2.1%	3.1%	3.6%

Reference: Profit from investments accounted for using the equity method

Year ended March 31, 2015: ¥154 million

Year ended March 31, 2014: ¥22 million

**(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	Equity attributable to owners of the parent per share (yen)
March 31, 2015	311,592	218,499	217,789	69.9%	1,571.25
March 31, 2014	300,592	208,839	208,180	69.3%	1,501.89

**(3) Consolidated Cash Flows**

(Millions of Yen)

	Net cash provided by (used in)			Cash and cash equivalents at the end of year
	Operating activities	Investing activities	Financing activities	
Year ended March 31, 2015	45,254	(24,495)	(6,807)	64,654
Year ended March 31, 2014	29,709	(47,416)	3,448	50,024

## 2. Cash Dividends

Record Date	Cash dividends per share (yen)					Total cash dividends (annual)	Payout ratio (consolidated)	Cash dividend rate for equity attributable to owners of the parent (consolidated)
	First quarter end	Second quarter end	Third quarter end	Year end	Annual			
Year ended March 31, 2014	-	17.00	-	17.00	34.00	¥4,713 million	105.5%	2.3%
Year ended March 31, 2015	-	8.50	-	12.50	21.00	¥2,912 million	29.3%	1.4%
Year ending March 31, 2016 -Forecast-	-	10.50	-	10.50	21.00		30.6%	

## 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 tax	Profit attributable to owners of the parent	Basic earnings per share (attributable to owners of the parent) (yen)
Year ending March 31, 2016	228,000	17,000	16,000	9,500	68.54
% change from previous year	4.5%	11.1%	(5.7)%	(4.2)%	

### **Information regarding the audit review procedure:**

These Consolidated Results for the Year Ended March 31, 2015 are not subject to the auditing procedure pursuant to the Financial Instruments and Exchange Law. At the time of disclosing these Consolidated Results for the Year Ended March 31, 2015, the auditing procedure for financial statements pursuant to the Financial Instruments and Exchange Law have been completed.

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

KONAMI CORPORATION ("the Company") adopted International Financial Reporting Standards ("IFRS") for the consolidated financial statements incorporated in the annual report under the Financial Instruments and Exchange Act of Japan with a first IFRS reporting period ended March 31, 2015. This report is voluntary disclosure that provides selected IFRS financial data from the Company's annual report filed on June 29, 2015. Please note that the Company previously reported consolidated financial results based on U.S. GAAP for the year ended March 31, 2015 on May 8, 2015.

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 information available to the Company as of May 8, 2015. 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.

# 1. Consolidated Financial Statements

## (1) Consolidated Statement of Financial Position

	Millions of Yen		
	Date of Transition April 1, 2013	As of March 31, 2014	As of March 31, 2015
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	¥63,669	¥50,024	¥64,654
Trade and other receivables	33,571	29,637	30,869
Inventories	12,021	12,018	12,844
Income tax receivables	2,697	3,339	2,055
Other current assets	6,696	7,852	5,951
<b>Total current assets</b>	<b>118,654</b>	<b>102,870</b>	<b>116,373</b>
<b>Non-current assets</b>			
Property, plant and equipment, net	60,070	77,308	79,261
Goodwill and intangible assets	62,732	61,938	61,037
Investments accounted for using the equity method	2,247	2,249	2,370
Other investments	1,264	1,282	1,323
Other financial assets	24,262	24,231	24,257
Deferred tax assets	26,390	26,310	23,019
Other non-current assets	5,487	4,404	3,952
<b>Total non-current assets</b>	<b>182,452</b>	<b>197,722</b>	<b>195,219</b>
<b>Total assets</b>	<b>¥301,106</b>	<b>¥300,592</b>	<b>¥311,592</b>

	Millions of Yen		
	Date of Transition April 1, 2013	As of March 31, 2014	As of March 31, 2015
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bonds and borrowings	¥9,679	¥6,458	¥6,009
Other financial liabilities	4,614	4,509	4,355
Trade and other payables	32,583	26,700	27,717
Income tax payables	4,104	686	1,248
Other current liabilities	10,939	9,898	12,270
<b>Total current liabilities</b>	<b>61,919</b>	<b>48,251</b>	<b>51,599</b>
<b>Non-current liabilities</b>			
Bonds and borrowings	-	14,925	14,943
Other financial liabilities	22,588	20,487	18,448
Deferred tax liabilities	1,214	908	708
Other non-current liabilities	7,014	7,182	7,395
<b>Total non-current liabilities</b>	<b>30,816</b>	<b>43,502</b>	<b>41,494</b>
<b>Total liabilities</b>	<b>92,735</b>	<b>91,753</b>	<b>93,093</b>
<b>Equity</b>			
Share capital	47,399	47,399	47,399
Share premium	74,175	74,175	74,175
Treasury shares	(11,250)	(11,264)	(11,271)
Other components of equity	25	1,779	5,012
Retained earnings	97,448	96,091	102,474
Total equity attributable to owners of the parent	207,797	208,180	217,789
Non-controlling interests	574	659	710
<b>Total equity</b>	<b>208,371</b>	<b>208,839</b>	<b>218,499</b>
<b>Total liabilities and equity</b>	<b>¥301,106</b>	<b>¥300,592</b>	<b>¥311,592</b>

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

### Consolidated Statements of Profit or Loss

	Millions of Yen	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Revenue		
Product sales revenue	¥97,649	¥95,298
Service and other revenue	119,946	122,859
Total revenue	217,595	218,157
Cost of revenue		
Cost of product sales revenue	(60,385)	(56,237)
Cost of service and other revenue	(89,069)	(90,466)
Total cost of revenue	(149,454)	(146,703)
Gross profit	68,141	71,454
Selling, general and administrative expenses	(52,546)	(50,207)
Other income and other expenses, net	(7,772)	(5,942)
Operating profit	7,823	15,305
Finance income	2,793	2,596
Finance costs	(1,261)	(1,095)
Profit from investments accounted for using the equity method	22	154
Profit before income taxes	9,377	16,960
Income taxes	(4,827)	(6,991)
Profit for the year	4,550	9,969
Profit attributable to:		
Owners of the parent	4,465	9,918
Non-controlling interests	¥85	¥51

	Yen	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Earnings per share (attributable to owners of the parent)		
Basic	¥32.21	¥71.55
Diluted	-	-

## Consolidated Statement of Comprehensive Income

	Millions of Yen	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Profit for the year	¥4,550	¥9,969
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Exchange differences on foreign operations	1,704	3,169
Net change in fair values of available-for-sale financial assets	50	64
Total items that may be reclassified to profit or loss	1,754	3,233
Total other comprehensive income	1,754	3,233
<b>Total comprehensive income for the year</b>	<b>6,304</b>	<b>13,202</b>
Comprehensive income attributable to:		
Owners of the parent	6,219	13,151
Non-controlling interests	¥85	¥51

### (3) 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		
<b>Balance at the Date of Transition, April 1, 2013</b>	¥47,399	¥74,175	¥(11,250)	¥25	¥97,448	¥207,797	¥574	¥208,371
Profit for the year					4,465	4,465	85	4,550
Other comprehensive income				1,754		1,754		1,754
Total comprehensive income for the year	-	-	-	1,754	4,465	6,219	85	6,304
Purchase of treasury shares			(15)			(15)		(15)
Disposal of treasury shares		0	1			1		1
Dividends					(5,822)	(5,822)		(5,822)
Total transactions with the owners	-	0	(14)	-	(5,822)	(5,836)	-	(5,836)
<b>Balance at March 31, 2014</b>	¥47,399	¥74,175	¥(11,264)	¥1,779	¥96,091	¥208,180	¥659	¥208,839
Profit for the year					9,918	9,918	51	9,969
Other comprehensive income				3,233		3,233		3,233
Total comprehensive income for the year	-	-	-	3,233	9,918	13,151	51	13,202
Purchase of treasury shares			(8)			(8)		(8)
Disposal of treasury shares		0	1			1		1
Dividends					(3,535)	(3,535)		(3,535)
Total transactions with the owners	-	0	(7)	-	(3,535)	(3,542)	-	(3,542)
<b>Balance at March 31, 2015</b>	¥47,399	¥74,175	¥(11,271)	¥5,012	¥102,474	¥217,789	¥710	¥218,499

#### (4) Consolidated Statement of Cash Flows

	Millions of Yen	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
<b>Operating activities</b>		
Profit for the year	¥4,550	¥9,969
Depreciation and amortization	21,225	20,631
Impairment losses	7,015	5,361
Interest and dividends income	(229)	(262)
Interest expense	1,187	1,029
Loss on sale or disposal of property, plant and equipment	757	581
Profit from investments accounted for using the equity method	(22)	(154)
Income taxes	4,827	6,991
Decrease (increase) in trade and other receivables	5,337	(49)
Decrease in inventories	992	340
Decrease in trade and other payables	(5,365)	(867)
Decrease (increase) in prepaid expense	(775)	1,889
Increase (decrease) in deferred revenue	(110)	2,216
Other, net	115	320
Interest and dividends received	285	279
Interest paid	(1,151)	(1,090)
Income taxes paid	(8,929)	(1,930)
<b>Net cash provided by operating activities</b>	<b>29,709</b>	<b>45,254</b>
<b>Investing activities</b>		
Capital expenditures	(47,237)	(25,769)
Decrease in lease deposits, net	204	523
Decrease (increase) in term deposits, net	(483)	886
Other, net	100	(135)
<b>Net cash used in investing activities</b>	<b>(47,416)</b>	<b>(24,495)</b>
<b>Financing activities</b>		
Increase (decrease) in short-term borrowings, net	1,600	(1,095)
Proceeds from issuance of bonds	15,000	-
Redemption of bonds	(5,000)	-
Principal payments under capital lease and financing obligations	(2,239)	(2,173)
Dividends paid	(5,814)	(3,532)
Other, net	(99)	(7)
<b>Net cash provided by (used in) financing activities</b>	<b>3,448</b>	<b>(6,807)</b>
Effect of exchange rate changes on cash and cash equivalents	614	678
Net increase (decrease) in cash and cash equivalents	(13,645)	14,630
Cash and cash equivalents at the beginning of the year	63,669	50,024
<b>Cash and cash equivalents at the end of the year</b>	<b>¥50,024</b>	<b>¥64,654</b>



## (5) Segment Information

### (i) Operating segment information

	Millions of Yen	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
<b>Revenue:</b>		
Digital Entertainment –		
External customers	¥103,733	¥96,673
Intersegment	602	302
<b>Total</b>	<b>¥104,335</b>	<b>¥96,975</b>
Health & Fitness –		
External customers	¥76,482	¥72,974
Intersegment	29	366
<b>Total</b>	<b>¥76,511</b>	<b>¥73,340</b>
Gaming & Systems –		
External customers	¥31,600	¥33,825
Intersegment	-	-
<b>Total</b>	<b>¥31,600</b>	<b>¥33,825</b>
Pachislot & Pachinko Machines –		
External customers	¥5,780	¥14,685
Intersegment	8	6
<b>Total</b>	<b>¥5,788</b>	<b>¥14,691</b>
Intersegment eliminations and Eliminations	(639)	(674)
<b>Consolidated</b>	<b>¥217,595</b>	<b>¥218,157</b>

	Millions of Yen	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
<b>Segment profit (loss):</b>		
Digital Entertainment	¥13,954	¥16,983
Health & Fitness	1,636	1,899
Gaming & Systems	7,325	6,343
Pachislot & Pachinko Machines	(1,612)	564
<b>Total segment profit and loss, net</b>	<b>21,303</b>	<b>25,789</b>
Corporate expenses and eliminations	(5,708)	(4,542)
Other income and other expenses, net	(7,772)	(5,942)
Finance income and finance costs, net	1,532	1,501
Profit from investments accounted for using the equity method	22	154
<b>Profit before income taxes</b>	<b>¥9,377</b>	<b>¥16,960</b>

(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, computer and video games, arcade games and card 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	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
<b>Revenues:</b>		
Japan	¥155,364	¥161,976
United States	41,679	39,844
Europe	14,088	9,427
Asia/Oceania	6,464	6,910
Consolidated	¥217,595	¥218,157

(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, and attributes assets based on where assets are located.

## (6) Earnings per Share

The breakdown of the basic net income attributable to owners of the parent per share is as follows:

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Net income attributable to owners of the parent	4,465 million yen	9,918 million yen
Basic weighted average ordinary shares outstanding	138,614,929 shares	138,610,956 shares
Basic earnings per share for the year	32.21 yen	71.55 yen

Diluted earnings per share data is omitted because there were no potentially dilutive shares outstanding for each reporting year.

## 2. IFRS transition disclosure

The consolidated financial statements are the first consolidated financial statements that Konami Group has prepared in accordance with IFRS.

### IFRS 1 Exemptions

Under IFRS, in principle an entity adopting IFRS for the first time (“first-time adopter”) must apply the standards required under IFRS retrospectively. However, IFRS 1 permits optional exemptions to certain requirements under IFRS. Konami Group applies IFRS 1 in preparing its consolidated financial statements. The impacts of applying these requirements are adjusted in retained earnings and other components of equity as at the IFRS transition date (“the Date of Transition”, April 1, 2013).

The principal optional exemptions Konami Group has applied are as follows:

- Business Combinations:

Under IFRS 1, an entity may elect not to apply IFRS 3 Business Combinations retrospectively to business combinations that occurred before the transition date. Konami Group has elected not to apply IFRS 3 retrospectively to business combinations that occurred before the transition date. As a result, goodwill arising

from business combinations prior to the transition date is recognized at its carrying amount under U.S.GAAP. Such goodwill was tested for impairment at the transition date, irrespective of whether or not there was any indication that the goodwill may be impaired.

- Deemed cost:

Under IFRS 1, an entity is permitted to use the fair value of an item of property, plant and equipment at the Date of Transition to IFRS as the deemed cost as of the Date of Transition. For certain property, plant and equipment, Konami Group uses its fair value as of the Date of Transition as its deemed cost as of the Date of Transition.

- Translation difference of foreign operations:

Under IFRS 1, an entity is permitted to elect to deem the cumulative translation difference of foreign operations at the transition date to be zero. Konami Group has elected to deem the cumulative translation difference of foreign operations at the transition date to be zero.

- Designation of previously recognized financial instruments:

Under IFRS 1, an entity is permitted to designate previously recognized financial instruments according to IAS 39 on the basis of facts and circumstances that exist at the Date of Transition. Konami Group has designated financial instruments in accordance with IAS 39 on the basis of facts and circumstances that existed at the Date of Transition.

### **Mandatory exception to retrospective application of IFRS 1**

IFRS 1 prohibits the retrospective application of IFRS to “estimates”, “derecognition of financial assets and financial liabilities”, “non-controlling interests” and “classification and measurement of financial assets”. The Company applies IFRS to these items prospectively from the Date of Transition.

### **Reconciliation from U.S.GAAP to IFRS**

Upon preparing the consolidated statement of financial position at the Date of Transition, the Company has made adjustments to the amounts in the consolidated financial statements prepared in accordance with U.S.GAAP.

The impact of the transition from U.S.GAAP to IFRS on the Company’s consolidated financial position, results of operations and cash flows is as follows.

## Adjustment to equity as of the Date of Transition (April 1, 2013)

Millions of Yen					
	U.S.GAAP	Reclassifi- cation	Difference in recognition and measure- ment	IFRS	Notes
<b>ASSETS</b>					<b>Assets</b>
CURRENT ASSETS:					<b>Current assets</b>
Cash and cash equivalents	¥63,669	-	-	¥63,669	Cash and cash equivalents
Trade notes and accounts receivable, net of allowance for doubtful accounts	33,066	¥505	-	33,571	Trade and other receivables
Inventories	26,349	(14,328)	-	12,021	e Inventories
Deferred income taxes, net	20,749	(20,749)	-	2,697	e Income tax receivables
Prepaid expenses and other current assets	9,650	(3,202)	¥248	6,696	Other current assets
Total current assets	153,483	(35,077)	248	118,654	<b>Total current assets</b>
PROPERTY AND EQUIPMENT, net	62,651	50	(2,631)	60,070	a, b <b>Non-current assets</b>
INVESTMENTS AND OTHER ASSETS:					Property, plant and equipment, net
Investments in marketable securities	440	(440)			
		85,125	(22,393)	62,732	a, e Goodwill and intangible assets
Investment in affiliate	2,247	-	-	2,247	Investments accounted for using the equity method
Identifiable intangible assets	42,225	(42,225)			
Goodwill	21,934	(21,934)			
		1,264	-	1,264	Other investments
		27,933	(3,671)	24,262	e Other financial assets
Lease deposits	26,625	(26,625)			
Deferred income taxes, net	1,875	20,749	3,766	26,390	d, e Deferred tax assets
Other assets	11,468	(11,468)			
		2,648	2,839	5,487	a Other non-current assets
Total investments and other assets	106,814				
		¥35,077	(22,090)	182,452	<b>Total non-current assets</b>
TOTAL ASSETS	¥322,948	-	¥ (21,842)	¥301,106	<b>Total assets</b>

Millions of Yen					
	U.S.GAAP	Reclassifi- cation	Difference in recognition and measure- ment	IFRS	Notes
<b>LIABILITIES</b>					<b>Liabilities and equity</b>
CURRENT LIABILITIES:					<b>Current liabilities</b>
Short-term borrowings	¥4,681	¥(4,681)			
Current portion of long-term debt	5,000	4,681	¥(2)	¥9,679	Bonds and borrowings
Current portion of capital lease and financing obligations	2,166	(2,166)			
		4,614	-	4,614	Other financial liabilities
Trade notes and accounts payable	14,443	17,757	383	32,583	Trade and other payables
Accrued income taxes	4,104	-	-	4,104	Income tax payables
Accrued expenses	19,971	(19,971)			
Deferred revenue	5,464	(5,464)			
Other current liabilities	3,683	7,256	-	10,939	Other current liabilities
Total current liabilities	59,512	2,026	381	61,919	<b>Total current liabilities</b>
LONG-TERM LIABILITIES:					<b>Non-current liabilities</b>
Capital lease and financing obligations, less current portion	22,588	-	-	22,588	e Other financial liabilities
Accrued pension and severance costs	1,531	(1,531)			
Deferred income taxes, net	4,424	371	(3,581)	1,214	d, e Deferred tax liabilities
Other long-term liabilities	8,894	(866)	(1,014)	7,014	Other non-current liabilities
Total long-term liabilities	37,437	¥(2,026)	(4,595)	30,816	<b>Total non-current liabilities</b>
TOTAL LIABILITIES	¥96,949	-	¥ (4,214)	¥92,735	<b>Total liabilities</b>
<b>EQUITY</b>					
KONAMI CORPORATION stockholders' equity:					<b>Equity</b>
Common stock, no par value	¥47,399	-	-	¥47,399	Share capital
Additional paid-in capital	74,175	-	-	74,175	Share premium
Legal reserve	284	¥(284)			
Retained earnings	113,808	(113,808)			
Accumulated other comprehensive income	1,009	(1,009)			
Treasury stock, at cost	(11,250)	-	-	(11,250)	Treasury shares
		1,009	¥(984)	25	c Other components of equity
		¥114,092	(16,644)	97,448	Retained earnings
Total KONAMI CORPORATION stockholders' equity	225,425	-	(17,628)	207,797	Equity attributable to owners of the parent
Noncontrolling interest	574	-	-	574	Non-controlling interests
TOTAL EQUITY	225,999	-	(17,628)	208,371	<b>Total equity</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	¥322,948	-	¥(21,842)	¥301,106	<b>Total liabilities and equity</b>

## Adjustment to equity as of March 31, 2014

Millions of Yen					
	U.S.GAAP	Reclassifi- cation	Difference in recognition and measure- ment	IFRS	Notes
<b>ASSETS</b>					<b>Assets</b>
CURRENT ASSETS:					<b>Current assets</b>
Cash and cash equivalents	¥50,024	-	-	¥50,024	Cash and cash equivalents
Trade notes and accounts receivable	29,069	¥568	-	29,637	Trade and other receivables
Inventories	30,229	(18,211)	-	12,018	e Inventories
Deferred income taxes, net	18,773	(18,773)	-		e
		3,339	-	3,339	Income tax receivables
Prepaid expenses and other current assets	11,563	(3,961)	¥250	7,852	Other current assets
Total current assets	139,658	(37,038)	250	102,870	<b>Total current assets</b>
PROPERTY AND EQUIPMENT, net	80,213	34	(2,939)	77,308	a, b
INVESTMENTS AND OTHER ASSETS:					<b>Non-current assets</b>
Investments in marketable securities	518	(518)			
		83,637	(21,699)	61,938	a, e Goodwill and intangible assets
Investment in affiliate	2,249	-	-	2,249	Investments accounted for using the equity method
Identifiable intangible assets	39,279	(39,279)			
Goodwill	19,947	(19,947)			
		1,282	-	1,282	Other investments
		27,446	(3,215)	24,231	e Other financial assets
Lease deposits	26,381	(26,381)			
Deferred income taxes, net	1,913	18,773	5,624	26,310	d, e Deferred tax assets
Other assets	10,093	(10,093)			
		2,084	2,320	4,404	a Other non-current assets
Total investments and other assets	100,380				
		¥37,038	(19,909)	197,722	<b>Total non-current assets</b>
TOTAL ASSETS	¥320,251	-	¥(19,659)	¥300,592	<b>Total assets</b>

Millions of Yen					
	U.S.GAAP	Reclassifi- cation	Difference in recognition and measure- ment	IFRS	Notes
<b>LIABILITIES</b>					<b>Liabilities and equity</b>
CURRENT LIABILITIES:					<b>Current liabilities</b>
Short-term borrowings	¥6,458	¥(6,458)	-	¥6,458	Bonds and borrowings
Current portion of capital lease and financing obligations	2,078	(2,078)	-	4,509	Other financial liabilities
Trade notes and accounts payable	10,480	15,608	¥612	26,700	Trade and other payables
Accrued income taxes	686	-	-	686	Income tax payables
Accrued expenses	17,522	(17,522)	-	-	-
Deferred revenue	5,693	(5,693)	-	-	-
Other current liabilities	2,411	7,487	-	9,898	Other current liabilities
Total current liabilities	45,328	2,311	612	48,251	<b>Total current liabilities</b>
LONG-TERM LIABILITIES:					<b>Non-current liabilities</b>
Long-term debt, less current portion	15,000	-	(75)	14,925	Bonds and borrowings
Capital lease and financing obligations, less current portion	20,487	-	-	20,487	e Other financial liabilities
Accrued pension and severance costs	1,424	(1,424)	-	-	-
Deferred income taxes, net	3,052	78	(2,222)	908	d, e Deferred tax liabilities
Other long-term liabilities	9,168	(965)	(1,021)	7,182	Other non-current liabilities
Total long-term liabilities	49,131	¥(2,311)	(3,318)	43,502	<b>Total non-current liabilities</b>
TOTAL LIABILITIES	¥94,459	-	¥(2,706)	¥91,753	<b>Total liabilities</b>
<b>EQUITY</b>					
KONAMI CORPORATION stockholders' equity:					<b>Equity</b>
Common stock, no par value	¥47,399	-	-	¥47,399	Share capital
Additional paid-in capital	74,175	-	-	74,175	Share premium
Legal reserve	284	¥ (284)	-	-	-
Retained earnings	111,820	(111,820)	-	-	-
Accumulated other comprehensive income	2,719	(2,719)	-	-	-
Treasury stock, at cost	(11,264)	-	-	(11,264)	Treasury shares
		2,719	¥(940)	1,779	c Other components of equity
		¥112,104	(16,013)	96,091	Retained earnings
Total KONAMI CORPORATION stockholders' equity	225,133	-	(16,953)	208,180	Equity attributable to owners of the parent
Noncontrolling interest	659	-	-	659	Non-controlling interests
TOTAL EQUITY	225,792	-	(16,953)	208,839	<b>Total equity</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	¥320,251	-	¥ (19,659)	¥300,592	<b>Total liabilities and equity</b>



## Adjustment to equity as of March 31, 2015

Millions of Yen					
	U.S.GAAP	Reclassifi- cation	Difference in recognition and measure- ment	IFRS	Notes
<b>ASSETS</b>					<b>Assets</b>
CURRENT ASSETS:					<b>Current assets</b>
Cash and cash equivalents	¥64,654	-	-	¥64,654	Cash and cash equivalents
Trade notes and accounts receivable	30,878	¥(9)	-	30,869	Trade and other receivables
Inventories	32,847	(20,003)	-	12,844	e Inventories
Deferred income taxes, net	14,755	(14,755)	-		e Income tax receivables
		2,055	-	2,055	
Prepaid expenses and other current assets	7,839	(2,110)	¥222	5,951	Other current assets
Total current assets	150,973	(34,822)	222	116,373	<b>Total current assets</b>
PROPERTY AND EQUIPMENT, net	82,084	-	(2,823)	79,261	a, b <b>Non-current assets</b>
INVESTMENTS AND OTHER ASSETS:					Property, plant and equipment, net
Investments in marketable securities	606	(606)			
		82,052	(21,015)	61,037	a, e Goodwill and intangible assets
Investment in affiliate	2,370	-	-	2,370	Investments accounted for using the equity method
Identifiable intangible assets	37,375	(37,375)			
Goodwill	20,032	(20,032)			
		1,323	-	1,323	Other investments
		27,120	(2,863)	24,257	e Other financial assets
Lease deposits	25,897	(25,897)			
Deferred income taxes, net	1,970	14,755	6,294	23,019	d, e Deferred tax assets
Other assets	8,453	(8,453)			
		1,935	2,017	3,952	a Other non-current assets
Total investments and other assets	96,703				
		¥34,822	(18,390)	195,219	<b>Total non-current assets</b>
TOTAL ASSETS	¥329,760	-	¥(18,168)	¥311,592	<b>Total assets</b>

Millions of Yen					
	U.S.GAAP	Reclassifi- cation	Difference in recognition and measure- ment	IFRS	Notes
<b>LIABILITIES</b>					<b>Liabilities and equity</b>
CURRENT LIABILITIES:					<b>Current liabilities</b>
Short-term borrowings	¥6,009	¥(6,009)	-	¥6,009	Bonds and borrowings
Current portion of capital lease and financing obligations	1,996	(1,996)	-	4,355	Other financial liabilities
Trade notes and accounts payable	10,966	16,163	¥588	27,717	Trade and other payables
Accrued income taxes	1,248	-	-	1,248	Income tax payables
Accrued expenses	17,252	(17,252)	-	-	-
Deferred revenue	8,076	(8,076)	-	-	-
Other current liabilities	3,194	9,076	-	12,270	Other current liabilities
Total current liabilities	48,741	2,270	588	51,599	<b>Total current liabilities</b>
LONG-TERM LIABILITIES:					<b>Non-current liabilities</b>
Long-term debt, less current portion	15,000	-	(57)	14,943	Bonds and borrowings
Capital lease and financing obligations, less current portion	18,448	-	-	18,448	e Other financial liabilities
Accrued pension and severance costs	1,301	(1,301)	-	-	-
Deferred income taxes, net	1,840	20	(1,152)	708	d, e Deferred tax liabilities
Other long-term liabilities	9,410	(989)	(1,026)	7,395	Other non-current liabilities
Total long-term liabilities	45,999	¥(2,270)	(2,235)	41,494	<b>Total non-current liabilities</b>
TOTAL LIABILITIES	¥94,740	-	¥(1,647)	¥93,093	<b>Total liabilities</b>
<b>EQUITY</b>					
KONAMI CORPORATION stockholders' equity:					<b>Equity</b>
Common stock, no par value	¥47,399	-	-	¥47,399	Share capital
Additional paid-in capital	74,175	-	-	74,175	Share premium
Legal reserve	284	¥(284)	-	-	-
Retained earnings	117,764	(117,764)	-	-	-
Accumulated other comprehensive income	5,959	(5,959)	-	-	-
Treasury stock, at cost	(11,271)	-	-	(11,271)	Treasury shares
		5,959	¥(947)	5,012	c Other components of equity
		¥118,048	(15,574)	102,474	Retained earnings
Total KONAMI CORPORATION stockholders' equity	234,310	-	(16,521)	217,789	Equity attributable to owners of the parent
Noncontrolling interest	710	-	-	710	Non-controlling interests
TOTAL EQUITY	235,020	-	(16,521)	218,499	<b>Total equity</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	¥329,760	-	¥ (18,168)	¥311,592	<b>Total liabilities and equity</b>

# Adjustment to net profit and comprehensive income for the fiscal year ended March 31, 2014

Millions of Yen					
	U.S.GAAP	Reclassifi- cation	Difference in recognition and measure- ment	IFRS	Notes
NET REVENUES:					Revenue
Product sales revenue	¥97,649	-	-	¥97,649	Product sales revenue
Service and other revenue	119,946	-	-	119,946	Service and other revenue
Total net revenues	217,595	-	-	217,595	Total revenue
COSTS AND EXPENSES:					a Cost of revenue
Costs of products sold	(61,352)	¥967	-	(60,385)	Cost of product sales revenue
Costs of services rendered and others	(90,927)	1,527	331	(89,069)	Cost of service and other revenue
				(149,454)	Total cost of revenue
				68,141	Gross profit
Selling, general and administrative	(52,369)	101	(278)	(52,546)	Selling, general and administrative expenses
Impairment charges for goodwill	(2,031)	2,031			
Impairment charges for property and equipment, and other intangible assets	(3,220)	3,220			
		(7,846)	74	(7,772)	a Other income and other expenses, net
Total costs and expenses	(209,899)				
Operating income	7,696	-	127	7,823	Operating profit
OTHER INCOME (EXPENSES):					
Interest income	233	(233)			
Interest expense	(1,187)	1,187			
Foreign currency exchange gain (loss), net	2,560	(2,560)			
Other, net	(74)	74			
		2,793	-	2,793	f Finance income
		(1,261)	-	(1,261)	f Finance costs
Other income (expenses), net	1,532				
		22	-	22	Income from investments accounted for using the equity method
INCOME BEFORE INCOME TAXES AND EQUITY IN NET INCOME OF AFFILIATED COMPANY	9,228	22	127	9,377	Profit before income taxes
INCOME TAXES:					
Current	(4,695)				
Deferred	(636)				
Total	(5,331)	-	504	(4,827)	d Income taxes
EQUITY IN NET INCOME OF AFFILIATED COMPANY	22	(22)			
NET INCOME	3,919	-	631	4,550	Profit for the year
	85	(85)			Profit attributable to:
NET INCOME ATTRIBUTABLE TO THE NONCONTROLLING INTEREST	¥3,834	-	¥631	4,465	Owners of the parent
NET INCOME ATTRIBUTABLE TO KONAMI CORPORATION		¥85	-	¥85	Non-controlling interests

Yen					
	U.S.GAAP	Reclassifi- cation	Difference in recognition and measure- ment	IFRS	Notes
Net income attributable to KONAMI CORPORATION stockholders per share					Profit attributable to owners of the parent per share
Basic	27.66	-	4.55	32.21	Basic
Diluted	-	-	-	-	Diluted

Millions of Yen					
	U.S.GAAP	Reclassifi- cation	Difference in recognition and measure- ment	IFRS	Notes
Net income	¥3,919	-	¥631	¥4,550	Profit for the year
Other comprehensive income, net of tax:					Other comprehensive income
Foreign currency translation adjustments	1,658	-	46	1,704	Items that may be reclassified to profit or loss:
Net unrealized gains on available-for-sale securities	50	-	-	50	Exchange differences on foreign operations
Pension liability adjustment	2	-	(2)		Net change in fair values of available-for-sale financial assets
				1,754	Total items that may be reclassified to profit or loss
Other comprehensive income	1,710	-	44	1,754	Total other comprehensive income
Comprehensive income	5,629	-	675	6,304	Total comprehensive income for the year
Comprehensive income attributable to the noncontrolling interest	85	¥ (85)			Comprehensive income attributable to:
Comprehensive income attributable to KONAMI CORPORATION	¥5,544	-	¥675	6,219	Owners of the parent
		¥85	-	¥85	Non-controlling interests

# **Adjustment to net profit and comprehensive income for the fiscal year ended March 31, 2015**

Millions of Yen					
	U.S.GAAP	Reclassifi- cation	Difference in recognition and measure- ment	IFRS	Notes
NET REVENUES:					Revenue
Product sales revenue	¥95,298	-	-	¥95,298	Product sales revenue
Service and other revenue	122,859	-	-	122,859	Service and other revenue
Total net revenues	218,157	-	-	218,157	Total revenue
COSTS AND EXPENSES:					a Cost of revenue
Costs of products sold	(57,151)	¥914	-	(56,237)	Cost of product sales revenue
Costs of services rendered and others	(93,657)	2,718	473	(90,466)	Cost of service and other revenue
				(146,703)	Total cost of revenue
				71,454	Gross profit
Selling, general and administrative	(50,615)	374	34	(50,207)	Selling, general and administrative expenses
Impairment charges for property and equipment, and other intangible assets	(2,283)	2,283			
		(6,289)	347	(5,942)	a Other income and other expenses, net
Total costs and expenses	(203,706)				
Operating income	14,451	-	854	15,305	Operating profit
OTHER INCOME (EXPENSES):					
Interest income	293	(293)			
Interest expense	(1,029)	1,029			
Foreign currency exchange gain (loss), net	2,295	(2,295)			
Other, net	(63)	63			
		2,591	5	2,596	f Finance income
		(1,095)	-	(1,095)	f Finance costs
Other income (expenses), net	1,496				
		154	-	154	Income from investments accounted for using the equity method
INCOME BEFORE INCOME TAXES AND EQUITY IN NET INCOME OF AFFILIATED COMPANY	15,947	154	859	16,960	Profit before income taxes
INCOME TAXES:					
Current	(3,318)				
Deferred	(3,253)				
Total	(6,571)	-	(420)	(6,991)	d Income taxes
EQUITY IN NET INCOME OF AFFILIATED COMPANY	154	(154)			
NET INCOME	9,530	-	439	9,969	Profit for the year
	51	(51)			Profit attributable to:
NET INCOME ATTRIBUTABLE TO THE NONCONTROLLING INTEREST	¥9,479	-	¥439	9,918	Owners of the parent
NET INCOME ATTRIBUTABLE TO KONAMI CORPORATION		¥51	-	¥51	Non-controlling interests

Yen					
	U.S.GAAP	Reclassifi- cation	Difference in recognition and measure- ment	IFRS	Notes
Net income attributable to KONAMI CORPORATION stockholders per share					Profit attributable to owners of the parent per share
Basic	68.38	-	3.17	71.55	Basic
Diluted	-	-	-	-	Diluted

Millions of Yen					
	U.S.GAAP	Reclassifi- cation	Difference in recognition and measure- ment	IFRS	Notes
Net income	¥9,530	-	¥439	¥9,969	Profit for the year
Other comprehensive income, net of tax:					Other comprehensive income
Foreign currency translation adjustments	3,174	-	(5)	3,169	Items that may be reclassified to profit or loss:
Net unrealized gains on available-for-sale securities	64	-	-	64	Exchange differences on foreign operations
Pension liability adjustment	2	-	(2)		Net change in fair values of available-for-sale financial assets
				3,233	Total items that may be reclassified to profit or loss
Other comprehensive income	3,240	-	(7)	3,233	Total other comprehensive income
Comprehensive income	12,770	-	432	13,202	Total comprehensive income for the year
Comprehensive income attributable to the noncontrolling interest	51	¥ (51)			Comprehensive income attributable to:
Comprehensive income attributable to KONAMI CORPORATION	¥12,719	-	¥432	13,151	Owners of the parent
		¥51	-	¥51	Non-controlling interests

## Notes on adjustments to equity and comprehensive income and loss

### (a) Impairment

Under U.S.GAAP, impairment is tested by comparing the carrying amount of a non-current asset to the undiscounted future cash flows when there is an indication that the asset may be impaired, and only if the carrying amount exceeds the undiscounted cash flows, such excess over the fair value is recognized as an impairment loss. Under IFRS, when there is an indication that a non-current asset may be impaired, the excess of the carrying amount of the asset over its recoverable amount (the higher of the value in use or the fair value less costs of disposal) is recognized as an impairment loss.

For goodwill, under U.S. GAAP, the fair value of a reporting unit and its carrying amount including goodwill is compared, and if the fair value of the reporting unit is below its carrying amount, the fair value of the goodwill is calculated, and then when the fair value of the goodwill calculated is below its carrying amount, the difference is recognized as an impairment loss of the goodwill. Under IFRS, if the

carrying amount of a cash-generating unit (“CGU”) including goodwill exceeds its recoverable amount, the excess is recognized as an impairment loss.

Intangible assets with indefinite useful lives are individually tested for impairment under U.S. GAAP, whereas they are considered as corporate assets and allocated to CGUs for an impairment test under IFRS.

As a result, at the Date of Transition, April 1, 2013, “Property, plant and equipment, net” decreased by ¥1,682 million, goodwill and intangible assets with indefinite useful lives in “goodwill and intangible assets” decreased by ¥3,511 million and ¥18,757 million, respectively, and “other non-current assets” decreased by ¥167 million, and the adjustment difference, net of ¥7,344 million adjustments of deferred taxes, is included in “retained earnings”. At March 31, 2014, “property, plant and equipment, net” decreased by ¥2,939 million, goodwill and intangible assets with indefinite useful lives in “goodwill and intangible assets” decreased by ¥1,948 million and ¥19,625 million, respectively, and “other non-current assets” decreased by ¥161 million, and the adjustment difference, net of ¥8,100 million adjustments of deferred taxes, is included in “retained earnings”. “Costs of sales” and “other income and other expenses” decreased by ¥325 million and by ¥72 million, respectively. At March 31, 2015, “property, plant and equipment, net” decreased by ¥2,822 million, goodwill and intangible assets with indefinite useful lives in “goodwill and intangible assets” decreased by ¥2,096 million and ¥18,808 million, respectively, and “other non-current assets” decreased by ¥136 million, and the adjustment difference, net of ¥7,697 million adjustments of deferred taxes, is included in “retained earnings”. “Costs of sales” and “other income and other expenses” decreased by ¥465 million and by ¥347 million, respectively.

(b) Deemed cost

Konami Group has applied the optional exemption to use the fair values of certain items of property, plant and equipment at the Date of Transition as their deemed costs.

At the Date of Transition, the previous carrying amount of property, plant and equipment to which the deemed cost election was applied was ¥3,403 million, and the fair value was ¥2,454 million.

As a result, at the Date of Transition, “property, plant and equipment” decreased by ¥949 million, and the adjustment difference, net of ¥338 million adjustments of deferred taxes, is included in “retained earnings”.

(c) Translation difference of foreign operations

Under IFRS, Konami Group has elected to deem the cumulative translation difference of foreign operations at the Date of Transition to be zero.

As a result, the cumulative amount of exchange differences of ¥1,033 million at the Date of Transition was entirely reclassified from accumulated other comprehensive income to “retained earnings”.

(d) Income taxes

Due to the aforementioned adjustments in (a) and (b), “deferred tax assets” (net of deferred tax liabilities) increased by ¥7,347 million, ¥7,846 million and ¥7,446 million, respectively, as of the Date of Transition, March 31, 2014 and 2015. This resulted in an increase of ¥7,347 million, ¥7,846 million and ¥7,446 million in “retained earnings” as of the Date of Transition, March 31, 2014 and 2015.

(e) Reclassification of the consolidated statement of financial position

The accompanying consolidated statement of financial position has been reclassified in conformity to IFRS requirements, but the consolidated statement of income, the consolidated statement of other comprehensive income and retained earnings have not been affected. The principal reclassifications made in the consolidated statement of financial position are follows:

- (i) *Under U.S.GAAP, production costs relating to packaged game software were presented as a part of “Inventories”. However, under IFRS, they are all considered as internally generated intangible assets arising from development and presented in “Intangible assets”.*
- (ii) *Under U.S.GAAP, the deferred tax assets/liabilities are classified as current and non-current assets/liabilities. However, under IFRS, deferred tax assets and liabilities are not permitted to be presented as current assets and liabilities, and they have been reclassified to non-current assets and liabilities.*
- (iii) *Under IFRS, financial assets and financial liabilities are separately presented.*

(f) Reclassification of the consolidated statement of income

The accompanying consolidated statement of income has been reclassified in conformity to IFRS but retained earnings have not been affected. The principal reclassification made in the consolidated statement of profit or loss is following:

- (i) *Under IFRS, financial income and financial costs are separately presented.*

**Adjustment items of consolidated statement of cash flows for the fiscal year ended March 31, 2014 and 2015**

Under U.S.GAAP, expenditures on development costs are classified in “cash flows from operating activities”. However, under IFRS, expenditures relating to capitalized development costs are classified in “cash flows from investing activities”.



As a result, for the fiscal year ended March 31, 2014, the cash flows from investing activities decreased by ¥20,683 million, and cash flows from operating activities increased by the same amount. For the fiscal year ended March 31, 2015, the cash flows from investing activities decreased by ¥15,231 million, and cash flows from operating activities increased by the same amount.