

**Consolidated Financial Results
for the Year ended March 31, 2016
(Prepared in Accordance with IFRS)**

May 10, 2016

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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 Date of General Shareholders Meeting: June 24, 2016
 Beginning date of dividend payment: June 3, 2016

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

1. Consolidated Financial Results for the Year ended March 31, 2016

(1) Consolidated Results of Operations

	Revenue	Operating profit	Profit before income taxes	Profit for the year	Profit attributable to owners of the parent	Total income for the year attributable to comprehensive owners of the parent
Year ended March 31, 2016	249,902	24,679	23,768	10,531	10,516	7,926
% change from previous year	14.6%	61.2%	40.1%	5.6%	6.0%	(40.0)%
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%

	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, 2016	76.44	76.13	4.9%	7.4%	9.9%
Year ended March 31, 2015	71.55	71.55	4.7%	5.5%	7.0%

Reference: Profit from investments accounted for using the equity method

Year ended March 31, 2016: ¥249 million

Year ended March 31, 2015: ¥154 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, 2016	328,187	213,475	212,750	64.8%	1,573.11
March 31, 2015	311,592	218,499	217,789	69.9%	1,571.25

(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, 2016	71,336	(18,746)	(1,877)	113,907
Year ended March 31, 2015	45,254	(24,495)	(6,807)	64,654

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, 2015	-	8.50	-	12.50	21.00	¥2,912 million	29.3%	1.4%
Year ended March 31, 2016	-	10.50	-	12.50	23.00	¥3,146 million	30.1%	1.5%
Year ending March 31, 2017 -Forecast-	-	17.00	-	17.00	34.00		30.7%	

3. Consolidated Earnings Forecast for the Year Ending March 31, 2017

(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, 2017	210,000	25,000	24,000	15,000	110.91
% change from previous year	(16.0)%	1.3%	1.0%	42.6%	

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 March 31, 2016	143,500,000 shares
As of March 31, 2015	143,500,000 shares
2. Number of treasury shares:

As of March 31, 2016	8,258,617 shares
As of March 31, 2015	4,890,951 shares
3. Average number of shares outstanding:

Year ended March 31, 2016	137,572,041 shares
Year ended March 31, 2015	138,610,956 shares

(Reference) Summary of Non-consolidated Financial Results

Results for the Year Ended March 31, 2016

(1) Non-consolidated Results of Operation (Millions of Yen, except percentages and per share data)

	Operating revenues	Operating income	Ordinary income	Net income
March 31, 2016	14,518	11,643	11,859	11,569
% change from previous year	(0.3)%	18.9%	(0.8)%	2.8%
March 31, 2015	14,560	9,792	11,951	11,259
% change from previous year	(9.0)%	(10.2)%	(4.6)%	(7.5)%

	Basic net income per share (yen)	Diluted net income per share (yen)
March 31, 2016	84.10	83.68
March 31, 2015	81.23	-

(2) Non-consolidated Financial Position (Millions of Yen, except percentages)

	Total assets	Total net assets	Equity ratio	Net assets per share (yen)
March 31, 2016	238,836	205,409	86.0%	1,518.84
March 31, 2015	242,053	207,051	85.5%	1,493.78

Reference: Total Stockholders' equity

Year ended March 31, 2016: ¥205,409 million

Year ended March 31, 2015: ¥207,051 million

Information regarding the audit review procedure:

These Consolidated Results for the Year Ended March 31, 2016 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, 2016, the auditing procedure for financial statements pursuant to the Financial Instruments and Exchange Law has not been completed.

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.

The Company disclosed the supplemental data for the consolidated financial statements via the Company's website on May 10, 2016.

1. Business Performance

(1) Analysis of Business Performance

(i) Business Overview

The business environment surrounding the Konami Group in Japan remains weak personal consumption despite solid corporate earnings and improvement in employment conditions and personal incomes supported by the weakening yen and rising stock prices. Also, the Japanese economy continues to stall mainly due to anxieties over deteriorations in corporate earnings and consumer trends. These may be affected by the rising yen and declining stock prices since the beginning of 2016 owing to concerns over an economic slowdown in emerging countries and unstable financial markets. In terms of the global economy, the economic environment remained uncertain due to concerns that an economic slowdown in emerging Asian countries, including China, may affect foreign economies.

In the entertainment market, along with the rapid spread of smartphones and tablet PCs, which spurred a worldwide increase in users, as well as enhanced device functionality and the development of information and telecommunications infrastructure, game contents continue to diversify. As new video game consoles also continue to spread at a record-setting pace in Western countries and production of video games utilizing virtual reality (VR) becomes full-scale, business opportunities in the game industry are increasing. In the gaming industry, gaming business is expected to continue to grow as the casino market worldwide continues to see the spread supported by development of resources related to tourism and opening new casino facilities.

In connection with the health and fitness industry, there is a growing health consciousness throughout society, especially among senior citizens and women, who year after year have shown an increasing tendency to focus their leisure activities on improving health and physical strength. We continue to see growing health-consciousness, a preference for sports and an interest in preventing the need for nursing care in old age. In addition, markets for new household training machines continue to grow. This is because household health and fitness equipment has dropped in price, and because a wide variety of machines were released by primarily overseas manufacturers.

Against this background, in the Digital Entertainment segment of the Konami Group, mobile games, including *JIKKYOU PAWAFURU PUROYAKYU*, the *World Soccer Collection* series and *PROFESSIONAL BASEBALL SPIRITS A (Ace)*, continued to enjoy steady sales. Also, *METAL GEAR SOLID V: THE PHANTOM PAIN*, which is the latest title in the *METAL GEAR* series, and *Winning Eleven 2016* (known in overseas as *PES 2016 - Pro Evolution Soccer -*) received favorable reviews from users, and these titles are available to provide long-term enjoyment through continuing operation.

In our Health & Fitness segment, we continued to develop our pricing and membership plans. These plans enable customers to select a pricing plan based on the number of times they use our facilities and to use more than one facility. We have intended to promote and spread the Konami Sports Club's services supporting the concept of "sustainable fitness." In addition, Konami Sports Life Co., Ltd., established in October 2015, began to develop new products related to health and fitness 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 the new cabinet *Concerto* of the video slot machine as well as the *Podium* cabinet series and the *SYNKROS* casino management system mainly in the U.S. and Australian markets.

In the Pachislot and Pachinko Machines segment, we released new pachislot machines *MAGICAL HALLOWEEN 5* following *GUN SWORD*, *SKYGIRLS-Zero*, *Futatabi* and *SILENT HILL*. As for pachinko machines, we released *CR PACHINKO Castlevania* (Japanese Title: *CR PACHINKO Akumajo Dracula*), which was derived from our original content.

In terms of the consolidated results for the year ended March 31, 2016, total revenue amounted to ¥249,902 million (a year-on-year increase of 14.6%), operating profit was ¥24,679 million (a year-on-year increase of 61.2%), profit before income taxes was ¥23,768 million (a year-on-year increase of 40.1%), and profit attributable to owners of the parent was ¥10,516 million (a year-on-year increase of 6.0%).

For the year ended March 31, 2016, in light of rapid changes in market environment surrounding the Pachislot & Pachinko Machines business and towards its restructuring, impairment and other losses on property, plant and equipment and intangible assets were recognized of ¥8,443 million, included in other income and other expenses, net in the consolidated statement of profit or loss.

Further, as a result of our careful consideration to the recoverability of the deferred tax assets based on projections for future business performance, we determined to extinguish a part of deferred tax assets and recognize deferred tax expenses of ¥3,895 million for the year ended March 31, 2016.

(ii) Performance by Business Segment

Summary of total revenue by business segment:

	Millions of Yen, except percentages		
	Year ended March 31, 2015	Year ended March 31, 2016	% change
Total revenue:			
Digital Entertainment	¥96,975	¥132,682	36.8
Health & Fitness	73,340	71,286	(2.8)
Gaming & Systems	33,825	34,284	1.4
Pachislot & Pachinko Machines	14,691	12,083	(17.8)
Intersgment eliminations	(674)	(433)	-
Total revenue	¥218,157	¥249,902	14.6

Digital Entertainment

As for mobile games, *JIKKYOU PAWAFURU PUROYAKYU* has surpassed 22 million downloads and became the top seller in the App Store sales ranking (game category) in March 2016, for the first time since its distribution began. In addition, *PROFESSIONAL BASEBALL SPIRITS A (Ace)* was released in October 2015. This title reproduces the real experience of a professional baseball game with top-quality graphics. Moreover, the *WORLD SOCCER COLLECTION* series, the *CROWS×WORST* series and the *Professional Baseball Dream Nine* series are enjoying strong performance. In overseas markets, *Star Wars™: Force Collection* and *Winning Eleven CLUB MANAGER* (known in overseas as *PES CLUB MANAGER*) continued stable operation.

In regards to arcade games, our e-AMUSEMENT Participation system titles, centered on *MAH-JONG FIGHT CLUB* and music genre games, continued to operate steadily. In February 2016, we also released *TSUNAGA Lotta*, which is new generation ball-drawing medal game that connects cabinets via a network. This allows for a single physical jackpot to be shared nationwide. In addition, we held the 5th KONAMI Arcade Championship, which is to decide the ultimate arcade game player, and it was more exciting than the previous time.

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

As for computer and video games, *METAL GEAR SOLID V: THE PHANTOM PAIN*, which is the latest title in the *METAL GEAR* series, received high acclaim from a number of users around the world. In addition, *Winning Eleven 2016* (known in overseas as *PES 2016 - Pro Evolution Soccer -*), which is the latest title in the *Winning Eleven* series, celebrated the 20th anniversary of its first release with improved controllability and realism. Furthermore, we will strive to operate it in such a way that it will offer long-term enjoyment to customers. This includes the

online mode *myClub* and a large-scale update featuring the UEFA EURO 2016, one of the pinnacles of worldwide soccer competition featuring competing national soccer teams representing European countries.

In terms of financial performance, total revenue for the year ended March 31, 2016 in this segment amounted to ¥132,682 million (a year-on-year increase of 36.8%) and segment profit for the year ended March 31, 2016 amounted to ¥35,669 million (a year-on-year increase of 110.0%).

Health & Fitness

With respect to the management of facilities that we operate directly, we developed the services, including the addition of a free exercise plan without limitation on frequency of use and discounted ticket books to be sold year-round, as well as revised pricing plans that customers can select the pricing plan based on frequency of use. In October 2015, four more facilities, formerly franchises, became available for use mutually with Konami Sports Clubs nationwide by introducing the frequency-based pricing plan similar to Konami Sports Club as one of the means for further expanding its services. Through continuing these measures and developing our management expertise, we intend to enhance convenience for the customers, the Konami Sports Club brand power and its degree of recognition.

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

In the Konami Sports Club facilities, we developed training programs, which combine training, diet and supplements, including renewals in *BIOMETRICS*, a dieting program, and *V-BODY*, a body conditioning program. At the *OyZ* exercise school program which mainly targets individuals ages 60 and older, we also added the new “Strengthening legs and hip course” and “Brain activation course” programs to enhance measures aimed at preventing dementia and improving cognitive function. In addition, with systematizing the “Konami Method” of correct ways to perform and practice physical activities, we introduced the “Konami Method Matome” web video series. The videos feature athletes affiliated with the Konami Sports Club Gymnastics and Swimming Athlete Teams, and provide ideas how to practice and for parents how to stay active with their children. These developments were a part of our efforts to make people more and more familiar with exercise and reach a wider range of customers.

As for products relating to health and fitness, a revamped product was released, which updated part of the design and specifications of the home fitness bike *S-BODY* in the *AEROBIKE* series.

For the year ended March 31, 2016, sales from this business decreased mainly due to the closing of large-scale facilities and a reduction in the number of facilities with management outsourced to Konami Group in the previous fiscal year. On the other hand, expenses were reduced due to improved operational efficiency.

In terms of financial performance, total revenue for the year ended March 31, 2016 in this segment amounted to ¥71,286 million (a year-on-year decrease of 2.8%) and segment profit for the year ended March 31, 2016 amounted to 2,689 million (a year-on-year increase of 41.6%).

Gaming & Systems

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

In the Asian and Oceania market, we started sales of *Concerto* new cabinet during the three-month-period ended March 31, 2016 as well as we continued to roll out a richly diverse product lineup, including *Podium Stack* of the *Podium* series. We have been also aggressively marketing in the South African market and extending our sales worldwide.

In addition, we exhibited the *Concerto* new cabinet at the Europe's largest gaming expo, ICE Totally Gaming Show, held in London, U.K for the first time in European market. We also exhibited *Concerto* as well as *Podium Monument* of the *Podium* series featuring *Frogger*, which was leveraging our original content, at National Indian Gaming Association Tradeshow & Convention, held in Arizona, U.S. This lineup received notable attention from visitors.

For the year ended March 31, 2016, operating expenses of this segment increased mainly due to advance investments, including increases in product approval fees and product development costs resulting from expansion of the product lineup in the North American and Australian markets as well as slow growth in earnings in the harsh market condition by intensified competition and stalled North American market.

In terms of financial performance, total revenue for the year ended March 31, 2016 in this segment amounted to ¥34,284 million (a year-on-year increase of 1.4%) and segment profit for the year ended March 31, 2016 amounted to ¥5,572 million (a year-on-year decrease of 12.2%).

Pachislot & Pachinko Machines

As for new pachislot machines, we released *GUN SWORD*, which was derived from a popular animation series, *SKYGIRLS-Zero, Futatabi*, the second pachislot machine version of our original content *SKYGIRLS*, and *SILENT HILL*, the new pachislot product that leverages our original content from the popular horror and adventure video game. Furthermore, during the three-month-period ended March 31, 2016, we launched a new pachislot machine, *MAGICAL HALLOWEEN 5*, which is the latest title in the popular original series, *MAGICAL HALLOWEEN*. This machine operates the top of the market among new standard pachislot machines, and received favorable reviews from users and pachinko parlor operators.

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

In terms of financial performance, total revenue for the year ended March 31, 2016 in this segment amounted to ¥12,083million (a year-on-year decrease of 17.8%) and segment loss for the year ended March 31, 2016 amounted to 1,121 million (for the year ended March 31, 2015, segment profit amounted to 564 million).

For the year ended March 31, 2016, in light of rapid changes in market structure surrounding the Pachislot & Pachinko Machine business including the trend of pachinko market shrinking and strengthening the regulations for pachislot and pachinko machines, impairment and other losses on property, plant and equipment and intangible assets were recognized of ¥8,443 million, included in other income and other expenses, net in the consolidated statement of profit or

loss, due to selection and concentration of the titles for restructuring of the pachinko machine business.

(iii) Outlook for the Fiscal Year Ending March 31, 2017

Digital Entertainment

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

As for mobile games, the total number of registered users of all contents we developed continues to increase steadily. *JIKKYOU PAWAFURU PUROYAKYU*, surpassed 22 million downloads, and *Winning Eleven CLUB MANAGER* (known in overseas as *PES CLUB MANAGER*), being distributed worldwide, are expected to continue to contribute toward our profits. We are further focusing our managerial resources on the development of content that we believe will become major hits in order to produce more hit content, especially in the native application market. Looking ahead, we will continue to expand our lineup, utilizing previously established production and operational expertise and rich content resources. We also intend to develop more content for overseas market and enhance new releases with attractive content by adapting to local preferences. As for global expansion titles, *Yu-Gi-Oh! DUEL LINKS* will be distributed in advance in Japan, and expanded globally later. We intend to enhance both mobile conveniences and the enjoyment of the *Yu-Gi-Oh! TRADING CARD GAME*.

As for arcade games, Konami Group intends to work to revitalize the amusement arcade industry by providing new entertainment that can be enjoyed only at an amusement facility through “interpersonal communication” using the e-AMUSEMENT system. This will involve promoting the continual development of equipment compatible with the PASELI e-money service and e-AMUSEMENT Participation, as well as enhancements to and the expansion of various services. Concerning the introduction of e-money services to amusement arcades, we have agreed with other major companies in the industry to consider cooperative operations of the services in order to offer a joint infrastructure in the summer of 2016. We also continue to promote medal games that are enjoyed by wide range of users.

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

As for computer and video games, in April 2016, we released *JIKKYOU PAWAFURU PUROYAKYU 2016*, the latest, long-awaited title in the series, as well as started the simultaneous distribution of *JIKKYOU PAWAFURU PUROYAKYU SUCCESS SPECIAL*,

an online-only title that is free of charge for basic functionality. Players, items of the title, developed in *JIKKYOU PAWAFURU PUROYAKYU SUCCESS SPECIAL* can also be used in *JIKKYOU PAWAFURU PUROYAKYU 2016*. This is expected to offer new ways to enjoy the series. We intend to continue global introduction of titles that have been carefully chosen according to selection and concentration. Furthermore, the new game mode *myClub*, which has been adopted for the *Winning Eleven* series (known in overseas as the *Pro Evolution Soccer* series), is expected to provide a sustained enjoyment to our customers. As we continue to move with the times and take on new challenges, we aim to create and provide “Valuable Time” to customers, including through the production of new games that utilize virtual reality (VR) and the serious development of e-Sports.

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. We continue to offer services that not only have revised pricing plans based on usage frequency, but that also support customers’ “sustainable fitness.” These include programs to meet individual needs.

As Japan’s population continues to age, the government continues to take measures to combat lifestyle diseases and also develop new plans for boosting sports clubs and other aspects of the healthy prolonged life industry as part of the governmental growth strategy. As part of an integrated approach from national and private organizations, we intend to continue to promote fitness club operation, and 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.

In regard to the management of sports club facilities, we commenced management of 28 facilities outsourced to the Konami Group in April 2016, and intend to begin one franchise facility in July 2016. By leveraging our expertise in operations and guidance for not only our directly operated facilities, but also franchise facilities and those outsourced to us, we intend to continue taking full advantage of our strengths as one of the largest operators of a large number of sports facilities in Japan.

As for health and fitness related products, our existing *AEROBIKE* products and various new products are to be released by Konami Sports Life Co., Ltd., established in October 2015. Through the e-commerce site, we intend to promote these to members of our sports clubs and the general public, as well as improve brand value and expand our market share. We also intend to distinguish ourselves through coordinated product development with facilities.

Gaming & Systems

In regard to slot machine sales, especially focusing on the new *Concerto* cabinet for video slot machine, which has received positive reviews, we will promote various product expansions of the *Podium* series and strengthen sales. We will also make effort to accelerate to reduce costs of the latest released *Concerto*, and to improve the profitability.

We introduced the *SYNKROS* casino management system and its many functions at various trade shows and business conferences, including demonstrations of *True-Time Tournaments*, those features allow casino operators to configure on-demand slot tournaments, and *SYNKiosk*. They received positive reviews from major operators. Looking ahead, we intend to actively pursue the distribution and make efforts to enhance product strength while developing new product features.

Pachislot & Pachinko Machines

In the Pachislot & Pachinko Machines business, although it is expected that the pachislot and pachinko machine market may continue to face challenging conditions due to a decrease in the number of customers and strengthening of the self-restrictions promulgated by pachislot and pachinko machine manufacturers' unions and other factors, we intend to stabilize profitability in the business to boost our market presence by working integrally with production, manufacture and sales.

To achieve a higher rate of operation, we intend to develop our products with added value that is available only from the Konami Group through incorporating anticipated user demands into product development and leveraging Konami Group's original contents, including accumulated expertise in the Digital Entertainment business. We also intend to continue providing the familiar pachislot and pachinko machines that have been cherished and enjoyed for many years. As for manufacturing, we continue to develop a production system that can increase production volume in accordance with market demand, as well as promote cost reduction and quality enhancement.

In sales activities, we will strive to maximize sales volume by deepening further our cooperation with sales agents and building a stronger sales base thorough KPE-TAKASAGO Sales Co., Ltd.

Projected consolidated results for the fiscal year ending March 31, 2017 are as follows: total revenue of ¥210,000 million; operating profit of ¥25,000 million; profit before income tax of ¥24,000 million; and profit attributable to owners of the parent of ¥15,000 million.

KONAMI, as a business affected by “hit” products, requires flexibility in how its products are released and is subject to fluctuations in sales throughout the course of the fiscal year. For this reason, projected consolidated results for the half year are not disclosed.

We will continue to elaborate on the disclosure for the quarterly financial results.

(2) Consolidated Financial Position

(i) Total Assets, Total Liabilities and Total equity

Total Assets:

Total assets amounted to ¥328,187 million as of March 31, 2016, increasing by ¥16,595 million compared with March 31, 2015. This mainly resulted from increases in cash and cash equivalents despite decreases in intangible assets and trade and other receivables.

Total Liabilities:

Total liabilities amounted to ¥114,712 million as of March 31, 2016, increasing by ¥21,619 million compared with March 31, 2015. This primarily resulted from increases in income tax payables, bonds and borrowings and provisions.

Total Equity:

Total equity amounted to ¥213,475 million as of March 31, 2016, decreasing by ¥5,024 million compared with March 31, 2015. This mainly resulted from an increase in treasury shares due to purchases, which offset an increase in retained earnings due to recognition of profit for the year. Total equity attributable to owners of the parent was 64.8%, decreasing by 5.1 points compared with March 31, 2015.

(ii) Cash Flows

	Millions of Yen		
	Year ended March 31, 2015	Year ended March 31, 2016	Change
Cash flow summary:			
Net cash provided by operating activities	¥45,254	¥71,336	¥26,082
Net cash used in investing activities	(24,495)	(18,746)	5,749
Net cash used in financing activities	(6,807)	(1,877)	4,930
Effect of exchange rate changes on cash and cash equivalents	678	(1,460)	(2,138)
Net increase in cash and cash equivalents	14,630	49,253	34,623
Cash and cash equivalents at the end of the year	¥64,654	¥113,907	¥49,253

Cash and cash equivalents (hereafter, referred to as “Net cash”), as of March 31, 2016, amounted to ¥113,907 million, an increase of ¥49,253 million compared to the year ended March 31, 2015.

Cash flow summary for each activity for the year ended March 31, 2016 is as follows:

Cash flows from operating activities:

Net cash provided by operating activities amounted to ¥71,336 million for the year ended March 31, 2016, a year-on-year increase of 57.6%. This primarily resulted from a decrease in trade and other receivables and inventories, and recognition of depreciation and amortization expenses.

Cash flows from investing activities:

Net cash used in investing activities amounted to ¥18,746 million for the year ended March 31, 2016, a year-on-year decrease of 23.5%. This mainly resulted from a decrease in capital expenditures for property, plant and equipment.

Cash flows from financing activities:

Net cash used in financing activities amounted to ¥1,877 million for the year ended March 31, 2016, a year-on-year decrease of 72.4%. This primarily resulted from purchases of treasury shares, while there were proceeds from issuance of bonds and short-term borrowings.

The trends of cash flow index are as follows:

	Year ended March 31, 2015	Year ended March 31, 2016
Equity-assets ratio (%)	69.9	64.8
Equity-assets ratio at fair value (%)	100.1	137.2
Liabilities to cash flow ratio (years)	0.9	0.7
Interest coverage ratio (times)	44.0	75.4

Equity-assets ratio: Total equity attributable to owners of the parent / Total assets

Equity-assets ratio at fair value: Total equity attributable to owners of the parent at fair value / Total assets

Liabilities to cash flow ratio: Interest-bearing liabilities / Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities / Interest expense

Notes:

1. Each indicator is calculated on a consolidated basis.
2. Cash flows from operating activities derive from our consolidated cash flow statement.
3. Interest-bearing debt covers all liabilities with interest in our consolidated balance sheet.

(iii) Basic Policy on the Distribution of Profits

Konami Group believes that the provision of dividends and the enhancement of corporate value are important ways to return profits to our shareholders. It is our policy to emphasize payment of dividends as a target of a consolidated payout ratio of more than 30% and to use retained earnings for investments focused on business fields with good future prospects in order to continually reinforce Konami Group's growth potential and competitiveness.

The term-end dividends for the consolidated year ended March 31, 2016 will be 12.50 yen per share as we have announced. As a result, the dividends on an annual basis will be 23 yen per share, including a distributed interim dividend of 10.50 yen per share.

KONAMI HOLDINGS CORPORATION intends to distribute dividends of 34 yen per share for the fiscal year ending March 31, 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. Organizational Structure of the Konami Group

The Konami Group is a corporate group engaged in the entertainment and health fitness industries providing customers with “High Quality Life.” The Konami Group is comprised of KONAMI HOLDINGS CORPORATION (“the Company”) and its 21 consolidated subsidiaries and one equity-method affiliate.

The summary overview of the Company, the consolidated subsidiaries and the equity-method affiliate and the business segment in which they operate are as follows.

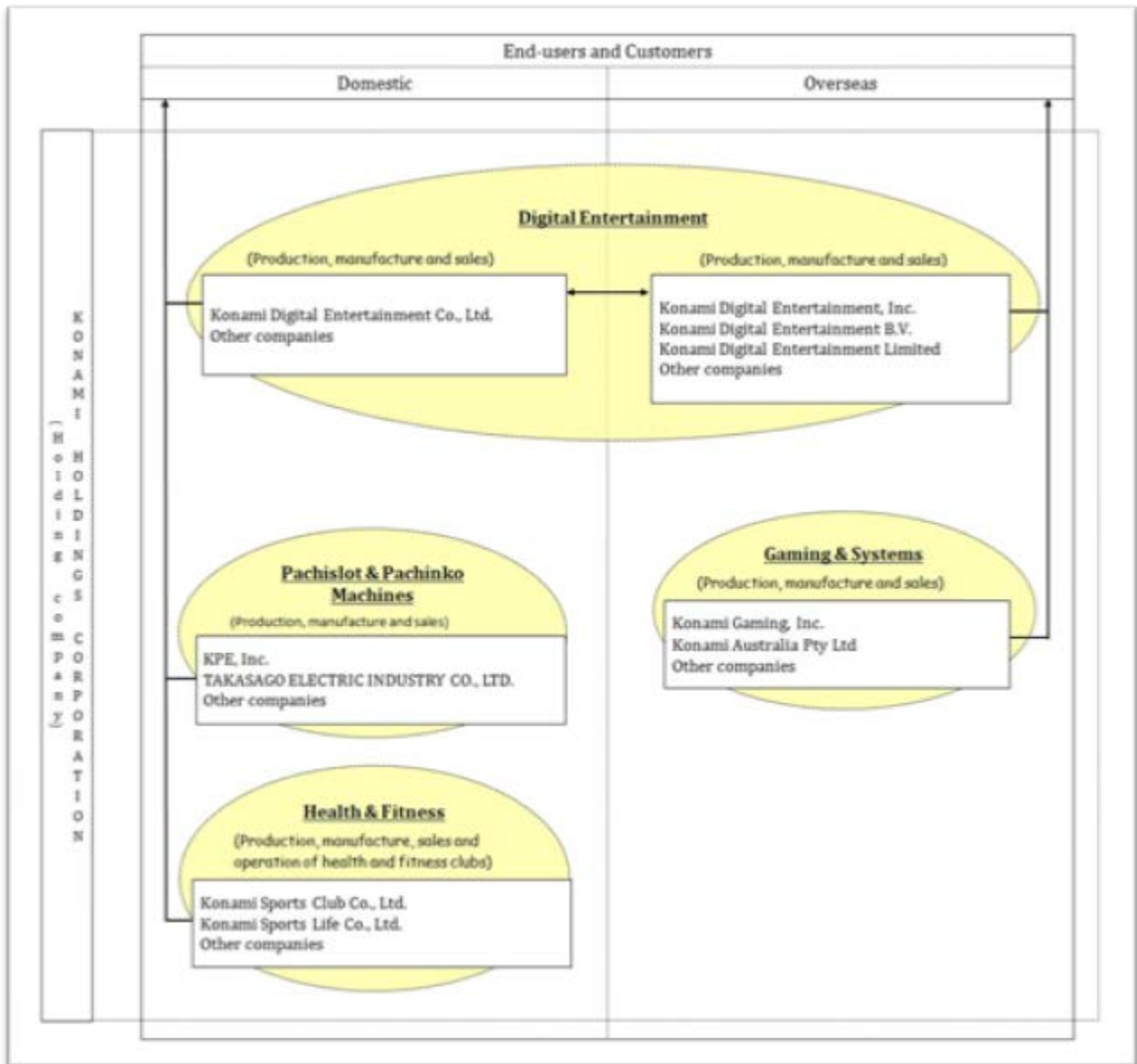
The four business segments shown below are based on the same categorization as described below in “(6) Segment Information” under “5. Consolidated Financial Statements.”

Business Segments	Major Companies	
Digital Entertainment	Domestic	Konami Digital Entertainment Co., Ltd. Other companies
	Overseas	Konami Digital Entertainment, Inc. Konami Digital Entertainment B.V. Konami Digital Entertainment Limited Other companies
Health & Fitness	Domestic	Konami Sports Club Co., Ltd. (Note 2) Konami Sports Life Co., Ltd. (Note 2) Resort Solution Co., Ltd. (Note 3) Other companies
Gaming & Systems	Overseas	Konami Gaming, Inc. Konami Australia Pty Ltd. Other companies
Pachislot & Pachinko Machines	Domestic	KPE, Inc. Takasago Electric Industry Co., Ltd. Other companies

Notes:

1. Major companies that have operations in more than one business segment are included in each segment in which they operate.
2. Konami Sports Life Co., Ltd. was newly established to take over a part of Konami Sports & Life Co., Ltd.'s business on October 1, 2015, and the latter changed its trade name to Konami Sports Club Co., Ltd on the same date.
3. Resort Solution Co., Ltd. is an equity-method affiliate.

Business Organization



3. Management Policy

(1) Management Policy

We, the Konami Group, are aiming to be a business group that is always highly regarded by all people, by creating and providing them with “Valuable Time.” Furthermore, our basic management policy is to “value shareholders” and to “maintain sound relationships with all stakeholders, including our shareholders, and contribute to society as a good corporate citizen.” We aim for the optimum use of the group's managerial resources with the following as specific guiding principles for management: to “follow global standards,” “engage in fair competition” and “pursue high profits.”

To “value shareholders,” our basic policy is to emphasize payment of dividends as a target for more than 30% in the consolidated payout ratio and enhance our corporate value to return profits to our shareholders. It is also our policy to focus the investment of retained earnings after dividends in highly promising fields so that we may increase corporate value and enlarge resources for the payment of dividends in the future.

To “maintain sound relationships with all stakeholders, including our shareholders, and contribute to society as a good corporate citizen,” we focus on maintaining sound relationships with shareholders, investors, customers, business partners, employees and society as a whole, as well as carrying out support activities in a wide range of fields including education, sports and culture. In accordance with such basic policies, Konami Group will continue to seek to deliver dreams and excitement to people around the world by creating and providing “Valuable Time.”

(2) Profit Appropriation Policy

Konami Group aims to continually enhance profitability through the improvement of operational efficiency. Emphasis is placed on three managerial indexes: the ratio of operating income to net sales, the ratio of net income to net sales and return on equity.

(3) Medium- to Long-term Corporate Strategies and Objectives

Build a powerful organization that can respond to rapid changes in the global economy

There are still risk factors facing the global economy due to concerns over the prospect of emerging Asian countries' economies, including that of China. However, the world economy shows signs of a slow recovery as a whole, supported by the U.S. and European economies. The business environment surrounding our businesses – Digital Entertainment, Health & Fitness, Gaming & Systems and Pachislot & Pachinko Machines – requires the ability to adapt to changes in consumer confidence and consumer behavior resulting from national economic

trends. On the other hand, progress has been made in developing a network environment in the business environment in which we operate. In the process, users have begun sharing a variety of information, and communities are starting to emerge, each with distinct tastes. Konami Group has a holding company structure so that it may respond appropriately to this rapidly changing market environment and evolve into a flexible and sustainable entity. As such, there is now a clear separation between the management of the Konami Group and the execution of duties for each business segment. This is to enable on-target response to the needs of each market and changes of users as well as promote the agile development of each business. We also intend to promote the competitiveness and the sustainable growth of each group company. We believe that this will allow the Konami Group as a whole to make a leap forward.

Enhance profitability and channel managerial resources to growth areas

In the Digital Entertainment segment, with the spread of smartphones and tablet PCs worldwide and the development of an online environment, we expect to increase size of the population of users who seek new modes of play that emphasize network connectivity. The needs of such users are expected to become increasingly diverse. Given that we expect such diversity and globalization to be sought by users, Konami Group intends to channel appropriate managerial resources to respond in a selective and focused manner.

In the Health & Fitness segment, against the backdrop of higher health consciousness and an increase in people with more leisure time due to the retirement of baby boomers, it is anticipated that health consciousness will become even higher in the future while preferences and lifestyles will diversify. In order to achieve further growth, we will take proactive steps to create value-added Konami Sports Clubs that meet the diversifying consumer needs and offer a new lifestyle. We are promoting a new corporate vision, "Total Health Partner," with the aim of establishing ourselves as a leading provider of new health-themed services, not only providing places for exercise but also becoming the most reliable provider of a wide range of health and body services for all of our customers, from children to senior citizens.

In the Gaming & Systems segment, as for the casino market where Konami Group operates, the legalization of gambling is progressing in various countries and regions around the world, and the number of casinos is increasing each year. Business opportunities are continuously increasing for Konami Group, which manufactures and markets slot machines and offers participation agreements and the casino management system that secure stable revenues for Konami Group. We will endeavor to expand our business in the future with strategic alliances with other companies.

In the Pachislot & Pachinko Machines segment, Konami Group will strive to increase its market share by providing products leveraging the Group's extensive

entertainment expertise in step with market developments such as changes in how games are played and user preferences.

Konami Group plans to allocate appropriate managerial resources not only to the existing Digital Entertainment, Health & Fitness, Gaming & Systems, and Pachislot & Pachinko Machines but also to new business fields where growth is anticipated in the medium to long-term.

4. Basic Policy on the Selection of Accounting Standards

The Company has voluntarily adopted International Financial Reporting Standards (IFRS) from the fiscal year ended March 31, 2015, for the purpose of enhancing comparability with the financial information of overseas companies in the same industry.

5. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

	Millions of Yen	
	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and cash equivalents	¥64,654	¥113,907
Trade and other receivables	30,869	23,401
Inventories	12,844	9,170
Income tax receivables	2,055	2,139
Other current assets	5,951	5,618
Total current assets	116,373	154,235
Non-current assets		
Property, plant and equipment, net	79,261	80,264
Goodwill and intangible assets	61,037	39,470
Investments accounted for using the equity method	2,370	2,585
Other investments	1,323	1,268
Other financial assets	24,257	24,123
Deferred tax assets	23,019	22,651
Other non-current assets	3,952	3,591
Total non-current assets	195,219	173,952
Total assets	311,592	328,187
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	6,009	9,014
Other financial liabilities	4,355	4,126
Trade and other payables	27,717	24,757
Income tax payables	1,248	9,261
Other current liabilities	12,270	14,335
Total current liabilities	51,599	61,493
Non-current liabilities		
Bonds and borrowings	14,943	24,606
Other financial liabilities	18,448	16,459
Provisions	3,610	8,679
Deferred tax liabilities	708	280
Other non-current liabilities	3,785	3,195
Total non-current liabilities	41,494	53,219
Total liabilities	93,093	114,712
Equity		
Share capital	47,399	47,399
Share premium	74,175	74,426
Treasury shares	(11,271)	(21,284)
Other components of equity	5,012	2,407
Retained earnings	102,474	109,802
Total equity attributable to owners of the parent	217,789	212,750
Non-controlling interests	710	725
Total equity	218,499	213,475
Total liabilities and equity	¥311,592	¥328,187

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

Consolidated Statements of Profit or Loss

	Millions of Yen	
	Year ended March 31, 2015	Year ended March 31, 2016
Revenue		
Product sales revenue	¥95,298	¥118,795
Service and other revenue	122,859	131,107
Total revenue	218,157	249,902
Cost of revenue		
Cost of product sales revenue	(56,237)	(70,974)
Cost of service and other revenue	(90,466)	(91,476)
Total cost of revenue	(146,703)	(162,450)
Gross profit	71,454	87,452
Selling, general and administrative expenses	(50,207)	(49,292)
Other income and other expenses, net	(5,942)	(13,481)
Operating profit	15,305	24,679
Finance income	2,596	230
Finance costs	(1,095)	(1,390)
Profit from investments accounted for using the equity method	154	249
Profit before income taxes	16,960	23,768
Income taxes	(6,991)	(13,237)
Profit for the year	9,969	10,531
Profit attributable to:		
Owners of the parent	9,918	10,516
Non-controlling interests	¥51	¥15

	Yen	
	Year ended March 31, 2015	Year ended March 31, 2016
Earnings per share (attributable to owners of the parent)		
Basic	¥71.55	¥76.44
Diluted	¥71.55	¥76.13

Consolidated Statement of Comprehensive Income

	Millions of Yen	
	Year ended March 31, 2015	Year ended March 31, 2016
Profit for the year	¥9,969	¥10,531
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Exchange differences on foreign operations	3,169	(2,576)
Net change in fair values of available-for-sale financial assets	64	(29)
Total items that may be reclassified to profit or loss	3,233	(2,605)
Total other comprehensive income	3,233	(2,605)
<i>Total comprehensive income for the year</i>	13,202	7,926
Comprehensive income attributable to:		
Owners of the parent	13,151	7,911
Non-controlling interests	¥51	¥15

(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		
Balance at April 1, 2014	¥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)
Balance at March 31, 2015	¥47,399	¥74,175	¥(11,271)	¥5,012	¥102,474	¥217,789	¥710	¥218,499

Millions of Yen

	Equity attributable to owners of the parent						Non-controlling interest	Total equity
	Share capital	Share premium	Treasury shares	Other components of equity	Retained earnings	Total		
Balance at April 1, 2015	¥47,399	¥74,175	¥(11,271)	¥5,012	¥102,474	¥217,789	¥710	¥218,499
Profit for the year					10,516	10,516	15	10,531
Other comprehensive income				(2,605)		(2,605)		(2,605)
Total comprehensive income for the year	-	-	-	(2,605)	10,516	7,911	15	7,926
Issuance of convertible bond-type bonds with subscription rights to shares		251				251		251
Purchase of treasury shares			(10,013)			(10,013)		(10,013)
Disposal of treasury shares		0	0			0		0
Dividends					(3,188)	(3,188)		(3,188)
Total transactions with the owners	-	251	(10,013)	-	(3,188)	(12,950)	-	(12,950)
Balance at March 31, 2016	¥47,399	¥74,426	¥(21,284)	¥2,407	¥109,802	¥212,750	¥725	¥213,475

(4) Consolidated Statement of Cash Flows

	Millions of Yen	
	Year ended March 31, 2015	Year ended March 31, 2016
<i>Operating activities</i>		
Profit for the year	¥9,969	¥10,531
Depreciation and amortization	20,631	29,087
Impairment losses	5,361	9,062
Interest and dividends income	(262)	(217)
Interest expense	1,029	946
Loss on sale or disposal of property, plant and equipment	581	4,167
Profit from investments accounted for using the equity method	(154)	(249)
Income taxes	6,991	13,237
Decrease (increase) in trade and other receivables	(49)	5,999
Decrease in inventories	340	3,453
Increase (decrease) in trade and other payables	(867)	93
Decrease (increase) in prepaid expense	1,889	(95)
Increase (decrease) in deferred revenue	2,216	(1,981)
Other, net	320	3,367
Interest and dividends received	279	190
Interest paid	(1,090)	(995)
Income taxes paid	(1,930)	(5,259)
<i>Net cash provided by operating activities</i>	45,254	71,336
<i>Investing activities</i>		
Capital expenditures	(25,769)	(19,079)
Decrease in lease deposits, net	523	262
Decrease (increase) in term deposits, net	886	(7)
Other, net	(135)	78
<i>Net cash used in investing activities</i>	(24,495)	(18,746)
<i>Financing activities</i>		
Decrease in short-term borrowings (within three months), net	(1,095)	(5,904)
Proceeds from short-term borrowings (more than three months)	-	9,289
Proceeds from issuance of bonds	-	10,050
Principal payments under capital lease and financing obligations	(2,173)	(2,082)
Dividends paid	(3,532)	(3,185)
Purchase of treasury shares	(8)	(10,013)
Other, net	1	(32)
<i>Net cash used in financing activities</i>	(6,807)	(1,877)
Effect of exchange rate changes on cash and cash equivalents	678	(1,460)
Net increase in cash and cash equivalents	14,630	49,253
Cash and cash equivalents at the beginning of the year	50,024	64,654
<i>Cash and cash equivalents at the end of the year</i>	¥64,654	¥113,907

(5) Going concern assumption

None

(6) Segment Information

(i) Operating segment information

	Millions of Yen	
	Year ended March 31, 2015	Year ended March 31, 2016
Revenue:		
Digital Entertainment –		
External customers	¥96,673	¥132,578
Intersegment	302	104
Total	¥96,975	¥132,682
Health & Fitness –		
External customers	¥72,974	¥70,966
Intersegment	366	320
Total	¥73,340	¥71,286
Gaming & Systems –		
External customers	¥33,825	¥34,284
Intersegment	-	-
Total	¥33,825	¥34,284
Pachislot & Pachinko Machines –		
External customers	¥14,685	¥12,074
Intersegment	6	9
Total	¥14,691	¥12,083
Intersegment eliminations and Eliminations	¥(674)	¥(433)
Consolidated	¥218,157	¥249,902

	Millions of Yen	
	Year ended March 31, 2015	Year ended March 31, 2016
Segment profit (loss):		
Digital Entertainment	¥16,983	¥35,669
Health & Fitness	1,899	2,689
Gaming & Systems	6,343	5,572
Pachislot & Pachinko Machines	564	(1,121)
Total segment profit and loss, net	25,789	42,809
Corporate expenses and eliminations	(4,542)	(4,649)
Other income and other expenses, net	(5,942)	(13,481)
Finance income and finance costs, net	1,501	(1,160)
Profit from investments accounted for using the equity method	154	249
Profit before income taxes	¥16,960	¥23,768

(Notes)

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

a) Digital Entertainment:	Production, manufacture and sale of digital content and related products including mobile games, arcade games, card games and computer and video games.
b) Health & Fitness:	Operation of health and fitness clubs, and production, manufacture and sale of health and fitness related goods.
c) Gaming & Systems:	Production, 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.” 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	
	Year ended March 31, 2015	Year ended March 31, 2016
Revenues:		
Japan	¥161,976	¥167,858
United States	39,844	53,284
Europe	9,427	20,447
Asia/Oceania	6,910	8,313
Consolidated	¥218,157	¥249,902

(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.

(7) Earnings per Share

	Year ended March 31, 2015	Year ended March 31, 2016
Profit attributable to owners of the parent	9,918 million yen	10,516 million yen
Adjustments for profit used in the calculation of diluted earnings per share	-	9 million yen
Profit used in the calculation of diluted earnings per share	9,918 million yen	10,525 million yen
Basic weighted average ordinary shares outstanding	138,610,956 shares	137,572,041 shares
Adjustments for convertible bond-type bonds with subscription rights to shares	-	675,801 shares
Basic weighted average ordinary shares outstanding used in the calculation of diluted earnings per share	138,610,956 shares	138,247,842 shares
Earnings per share attributable to owners of the parent for the year		
Basic	71.55 yen	76.44 yen
Diluted	71.55 yen	76.13 yen

(8) Subsequent Events

None