

**NOTICE OF THE 44TH ORDINARY
GENERAL MEETING OF SHAREHOLDERS**

Stock Code Number: 9766

June 2, 2016

Dear Shareholder,

You are cordially invited to attend the 44th Ordinary General Meeting of Shareholders of KONAMI HOLDINGS CORPORATION (the “Company”). The meeting will be held as described hereunder.

If you are unable to attend the meeting, you may exercise your voting right in writing or via the Internet, etc. Please review the reference materials for the General Meeting of Shareholders contained herein and exercise your voting right in the manner described hereafter by 6:00 p.m. on Thursday, June 23, 2016.

Sincerely yours,
Kagemasa Kozuki
Representative Director
KONAMI HOLDINGS CORPORATION
7-2, Akasaka 9-chome, Minato-ku, Tokyo

MEETING AGENDA

1. Date and time: 10:00 a.m., Friday, June 24, 2016

2. Venue: “Arena”, Main Office of Konami Sports Club, 10-1, Higashi Shinagawa 4-chome, Shinagawa-ku, Tokyo

3. Agenda:

- Reports**
1. Business Report, Consolidated Financial Statements for the 44th fiscal year (from April 1, 2015 to March 31, 2016); and on the Reports of the accounting auditor and of the Audit & Supervisory Board regarding Consolidated Financial Statements for the 44th fiscal year
 2. Financial Statements for the 44th fiscal year (from April 1, 2015 to March 31, 2016)

Proposal

Proposal Election of nine members to the Board of Directors

- In case any amendments or changes are made to the reference materials for the General Meeting of Shareholders, Business Report, consolidated financial statements and financial statements prior to the date of the meeting, the Company shall notify its shareholders via the Company’s website.
- Notification of Business Conducted at the 44th Ordinary General Meeting of Shareholders that provides the results of resolutions will be posted on the Company’s website instead of being distributed in writing.
- Institutional investors may use the electronic voting platform operated by ICJ, Inc., as a method of exercising their voting rights for the General Meeting of Shareholders of the Company.

Company’s website (https://www.konami.com/ir/en/stockbond/stockholderinfo/meeting.html)
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[Matters regarding the exercise of voting rights]

There are three ways to exercise your voting rights.

1) Attendance at the meeting in person

Please remember to bring the voting form enclosed and hand it to the receptionist.*1

Date and time of the 44th Ordinary General Meeting of Shareholders: 10:00 a.m., Friday, June 24, 2016

2) Voting by mail (in writing)

To vote by mail, please complete the voting form enclosed indicating “for” or “against” for the agenda items, and return the completed form to us. *2

Exercise deadline: No later than 6:00 p.m., Thursday, June 23, 2016

3) Voting via the Internet

Please access the website for exercise of voting rights designated by the Company (<http://www.web54.net>) and enter “for” or “against” for the agenda items.

Exercise deadline: By 6:00 p.m. on Thursday, June 23, 2016.

For details, please see the next page.

*1 Please be informed that any persons other than a shareholder entitled to exercise the voting right such as any proxy or person accompanying a shareholder, who is not a shareholder of the Company is not permitted to attend the meeting.

*2 When there is no indication of “for” or “against” for agenda item on the voting form, the Company shall treat it as an indication of “for”.

[This is an English translation of the Report for the 44th Fiscal Year (the “Report”) of the Company provided for your reference and convenience. This translation includes a translation of the auditors’ report of PricewaterhouseCoopers Aarata, the Company’s accounting auditor, of the financial statements included in the original Japanese language Report.]

Instructions for the Exercise of Voting Rights via the Internet

If you are unable to attend the meeting, you may exercise your voting right by following one of the procedures described below. ADR holders cannot vote in this manner. Please contact the ADR Depository if you wish to vote.

1. Exercise of your voting rights via the Internet

Shareholders may only exercise their voting rights online through the dedicated voting website designated by the Company.

Voting website URL: <http://www.web54.net>

2. Handling of your voting rights

- 1) Shareholders choosing to exercise their voting rights online need to use the voting code and password specified on the enclosed voting form. Once you have entered the site, please vote for or against the resolution by following the instructions on screen.
- 2) If you duplicate your vote, i.e., if you exercise your voting rights both by voting forms and via the Internet, we will consider only the Internet vote to be valid. Also, if you vote a number of times over the Internet, or both by a personal computer and smartphone, etc., we will consider the final vote to be the valid one.
- 3) Any connection fees to the Internet providers or time charges (telephone charges, etc.) incurred by shareholders in exercising votes online are to be borne by such shareholders.

3. Handling of password and voting code

- 1) If you incorrectly enter your password more than a certain number of times, you will be locked out. Please follow the instructions on the screen to have your password reissued.
- 2) The voting code indicated on the voting form is valid for this General Meeting of Shareholders only.

4. System requirements

You may not be able to use the website for exercise of voting rights depending on the system environment and services/models used for your PC and smartphone, etc.

Reference Materials Concerning the Exercise of Voting Rights

Proposal: Election of nine members to the Board of Directors

Because the terms of office of all nine Directors expire at the conclusion of this General Meeting of Shareholders, this proposal requests the election of nine Directors.

Candidates for the new Board are as follows:

	Name (Date of birth)	Resume, position and areas of responsibility at the Company, and significant concurrent positions outside the Company	Shares of the Company's stock owned
1	Kagemasa Kozuki (Nov. 12, 1940)	Mar. 1973 Established Konami Industries Co., Ltd. (current KONAMI HOLDINGS CORPORATION) Jun. 1987 Representative Director, Chairman (to present) Significant concurrent position: Chairman of the Board of Directors, Kozuki Foundation	163,079
2	Takuya Kozuki (May 19, 1971)	Nov. 1997 Director, Vice President, Konami Computer Entertainment America, Inc. Jun. 2009 Director of the Company Jun. 2011 Representative Director Jun. 2012 Director, Chairman, Konami Corporation of America (to present) Jun. 2012 Representative Director, President (to present)	22,631
3	Osamu Nakano (Jan. 11, 1959)	May 2015 Joined the Company Jun. 2015 Executive Director Oct. 2015 Director, Executive Vice President (to present)	815
4	Kimihiko Higashio (Sep. 24, 1959)	Dec. 1997 Joined the Company Jun. 2005 Director, Division Director, Human Resources Division (to present) Significant concurrent positions: Director, Kanto IT Software Health Insurance Association Outside Director, RESORT SOLUTION Co., Ltd.	27,983
5	Fumiaki Tanaka (Mar. 10, 1961)	Apr. 1981 Joined the Company Mar. 2006 President and Representative Director, Konami Digital Entertainment Co., Ltd. Jun. 2014 Director of the Company (to present)	88,520

	Name (Date of birth)	Resume, position and areas of responsibility at the Company, and significant concurrent positions outside the Company	Shares of the Company's stock owned
6	Satoshi Sakamoto (Aug. 22, 1948)	Nov. 1996 Managing Director, Konami Australia Pty Ltd. (to present) Jul. 2002 Chief Executive Officer and President, Konami Gaming, Inc. (to present) Jun. 2014 Director of the Company (to present)	-
7	Tomokazu Godai (Oct. 6, 1939)	Jun. 1975 Representative Director, President, Maya Shoji Co., Ltd. (current MAYATEC Co., Ltd.) May 1992 Director of the Company (to present) Jun. 2006 Representative Director, Chairman, MAYATEC Co., Ltd. (to present)	14,250
8	Akira Gemma (Aug. 1, 1934)	Jun. 1997 Representative Director, President, Shiseido Company, Limited Jun. 2001 Representative Director, Chairman, Shiseido Company, Limited Jun. 2004 Director of the Company (to present) Apr. 2013 Advisor, Shiseido Company, Limited (to present) Significant concurrent position: Outside Director (Audit and Supervisory Committee Member), TV Asahi Holdings Corporation	8,000
9	Kaori Yamaguchi (Dec. 28, 1964)	Apr. 2007 Professor, Faculty of Humanities, Musashi University Apr. 2008 Associate Professor, Graduate School of Comprehensive Human Sciences, University of Tsukuba Oct. 2011 Associate Professor, Faculty of Health and Sport Sciences, University of Tsukuba (to present) Jun. 2014 Director of the Company (to present) Significant concurrent positions: Committee Member, Tokyo Metropolitan Board of Education Executive Board Member, Japanese Olympic Committee Outside Director, Nippon BS Broadcasting Corporation	2,098

- Notes: 1. No special conflicts of interest exist between the Company and the proposed candidates for director.
2. Shares of the Company's stock owned by each candidate include the candidate's holdings in the KONAMI officers' stock ownership plan.
3. Mr. Akira Gemma and Ms. Kaori Yamaguchi are the candidates for Outside Directors.
4. The Company registers Mr. Akira Gemma and Ms. Kaori Yamaguchi as Independent Officers with Tokyo Stock

Exchange, Inc. If the election of these two persons is approved, the Company plans to continue appointing these two persons as Independent Officers.

5. Matters concerning the candidates for Outside Directors are as follows:

(1) Reasons for appointing them as the candidates for Outside Directors

We have decided to appoint Mr. Akira Gemma as a candidate for Outside Director based on our judgment that he would make a significant contribution to the management of the Company as Outside Director, given his considerable experience, achievements and insight as manager of business enterprise and given that he is in an objective position, independent of the executive management of the Company.

Ms. Kaori Yamaguchi, as a pioneer of women's judo, has accomplished a multitude of achievements in past international competitions. She currently teaches at a national university and acts as an advisor in the field of sports and education. Given her considerable experience and extensive knowledge, the Company decided to appoint Ms. Yamaguchi as a candidate for an Outside Director based on our judgment that she would make a significant contribution to the management of the Company's Board of Directors that requires a variety of perspectives.

(2) Number of years since assuming the post of Outside Director of the Company (until the conclusion of this General Meeting of Shareholders)

Akira Gemma: 12 years

Kaori Yamaguchi: 2 years

(3) Overview of the Limited Liability Contract

The Company has entered into a limited liability contract with Mr. Akira Gemma and Ms. Kaori Yamaguchi with respect to their liabilities provided for in Article 423, Paragraph 1 of the Corporate Law. Under this contract, the liabilities of the two persons shall be limited to the aggregate total of the amounts stipulated in Article 425, Paragraph 1 of the said law. If these two persons are elected, the Company will renew the contract with each of them.

(Attached documents)

Business Report

(April 1, 2015 – March 31, 2016)

1. Business Performance

(1) Konami Group Business Conditions and Results

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.

Performance by business segment

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*, 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.

(2) Capital Expenditures and Financing Activities

Capital expenditures in the year ended March 31, 2016 totaled ¥17,468 million. This primarily consists of costs for production of game contents, investments for plant facilities, and purchase of production and manufacturing equipment.

Regarding financing, during the fiscal year under review the Company issued euro-yen convertible bond-type bonds with subscription rights to shares worth ¥10.0 billion due 2022, and used the proceeds to fund the purchase of its own shares to hold them as treasury shares. Moreover, consolidated subsidiaries obtained short-term loans totaling ¥3,380 million to meet working capital needs. The Company will continue to endeavor to secure adequate short-term liquidity and credit lines for fund raising to finance dynamic business development.

(3) Trend of Assets and Business Results

1. Financial and business results of the Konami Group

(Millions of yen, except per share data)

Years ended March 31	U.S. GAAP			IFRS	
	2013	2014	2015	2015	2016
Net revenues	225,995	217,595	218,157	218,157	249,902
Operating profit	21,875	7,696	14,451	15,305	24,679
Profit attributable to owners of the parent	13,174	3,834	9,479	9,918	10,516
Basic earnings per share (yen)	95.04	27.66	68.38	71.55	76.44
Total assets	322,948	320,251	329,760	311,592	328,187
Total equity attributable to owners of the parent	225,425	225,133	234,310	217,789	212,750

Notes: 1. Starting from the 44th fiscal year, the Company prepared consolidated financial statements by applying International Financial Reporting Standards (IFRS). For reference, figures for the 43rd fiscal year conforming to IFRS are shown alongside.

2. The trends of assets and business results of the corporate group are presented using terms conforming to IFRS. The term “profit attributable to owners of the parent” under IFRS is equivalent to the term “net income attributable to KONAMI HOLDINGS CORPORATION” under U.S. GAAP, and the term “basic earnings per share” under IFRS is equivalent to the term “basic net income attributable to KONAMI HOLDINGS CORPORATION per share” under U.S. GAAP, and the term “total assets” under IFRS is equivalent to the term “total assets” under U.S. GAAP, and the term “total equity attributable to owners of the parent” under IFRS is equivalent to the term “KONAMI HOLDINGS CORPORATION stockholders’ equity” under U.S. GAAP.

2. Financial and business results of the Company (Japanese GAAP)

(Millions of yen, except per share data)

Years ended March 31	2013	2014	2015	2016
Operating income	28,469	15,995	14,560	14,518
Ordinary income	23,959	12,534	11,951	11,859
Net income	23,900	12,170	11,259	11,569
Basic net income per share (yen)	172.42	87.80	81.23	84.10
Total assets	218,170	222,893	242,053	238,836
Total net assets	192,906	199,293	207,051	205,409

(4) Issues for the Konami Group

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

The world economy, as a whole, is now in a period of moderate recovery, supported by rebounding US and European economies. However, the future outlook of the Chinese and emerging Asian economies still presents a risk factor for the global economy. 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, and 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.

(5) Principal Business (as of March 31, 2016)

The principal businesses of the Konami Group are as shown below:

- | | |
|--|---|
| <i>1. Digital Entertainment Business</i> | Production, manufacture and sale of digital content and related products including mobile games, arcade games ,card games and computer & video games etc. |
| <i>2. Health & Fitness Business</i> | Operation of health and fitness clubs, and production, manufacture and sale of health and fitness-related goods |
| <i>3. Gaming & Systems Business</i> | Production, manufacture, sale and service of gaming machines and casino management systems |
| <i>4. Pachislot & Pachinko Machines Business</i> | Production, manufacture and sale of amusement machines |

(6) Main Konami Group Offices (as of March 31, 2016)

Holding company

KONAMI CORPORATION Minato-ku, Tokyo

Operating companies in Japan

Konami Digital Entertainment Co., Ltd.	Minato-ku, Tokyo
Konami Sports Club Co., Ltd.	Shinagawa-ku, Tokyo
KPE, Inc.	Minato-ku, Tokyo
TAKASAGO ELECTRIC INDUSTRY CO., LTD.	Ichinomiya-shi, Aichi
Konami Sports Life Co., Ltd.	Zama-shi, Kanagawa
Internet Revolution, Inc.	Minato-ku, Tokyo

Operating companies overseas

Konami Digital Entertainment, Inc.	USA
Konami Gaming, Inc.	USA
Konami Australia Pty Ltd	Australia

Konami Digital Entertainment B.V.
Konami Digital Entertainment Limited

UK
Hong Kong

(7) Employees (as of March 31, 2016)

1. Konami Group

Business segment	Number of employees	Change from end of previous term
Digital Entertainment Business	2,161	(349)
Health & Fitness Business	1,136	(96)
Gaming & Systems Business	611	41
Pachislot & Pachinko Machines Business	314	(137)
Entire Company (corporate staff)	356	71
Total	4,578	(470)

Notes: 1. Employees include all persons on the Konami Group payroll.

2. Employees classified as corporate staff for the entire Company are administrative staff not assigned to any particular business segment.

2. The Company

Number of employees	Change from end of previous term
54	(17)

Note: Employees include all persons on the Company payroll.

(8) Major Subsidiaries (as of March 31, 2016)

Company	Capital	Equity ratio (%)	Major businesses
Konami Digital Entertainment Co., Ltd.	¥100 million	100.0	Planning, production, manufacture and sale of mobile games, arcade games, card games, computer & video games etc.
Konami Sports Club Co., Ltd. (Note3)	¥100 million	100.0	Operation of sports clubs; services of health and fitness and care prevention
KPE, Inc.	¥100 million	100.0	Production and manufacture of amusement machines
TAKASAGO ELECTRIC INDUSTRY CO., LTD.	¥100 million	100.0	Production and manufacture of amusement machines
Konami Sports Life Co., Ltd. (Note3)	¥20 million	100.0	Production, manufacture and sale of health and fitness-related products
Internet Revolution Inc.	¥100 million	(70.0) 70.0	Building and operation of network infrastructure
Konami Corporation of America	US\$35,500 thousand	100.0	Holding company in U.S.A.
Konami Digital Entertainment, Inc.	US\$23,870 thousand	(100.0) 100.0	The digital entertainment business in U.S.A.
Konami Gaming, Inc.	US\$25,000 thousand	(100.0) 100.0	Production, manufacture and sale of gaming machines in U.S.A., etc.
Konami Digital Entertainment B.V.	Eur 9,019 thousand	100.0	The digital entertainment business in Europe
Konami Digital Entertainment Limited	HK\$19,500 thousand	100.0	The digital entertainment business in Asia
Konami Australia Pty Ltd.	A\$30,000 thousand	100.0	Production, manufacture and sale of gaming machines in Australia, etc.

Notes: 1. Percentage of Equity ratio shown in parentheses is indirect ownership percentages, and is included in the percentage indicated in the second line.

2. The Company consolidates 21 companies, including the major subsidiaries listed above, and applies the equity method to one affiliated company.

3. Effective October 1, 2015, Konami Sports & Life Co., Ltd. established Konami Sports Life Co., Ltd. through an incorporation-type company split before changing its trade name to Konami Sports Club Co., Ltd. effective on the same date.

4. Shown below are details of the specified wholly-owned subsidiary at the end of the fiscal year under review.

Name of specified wholly-owned subsidiaries	Konami Sports Club Co., Ltd.
Address of specified wholly-owned subsidiary	4-10-1, Higashi Shinagawa, Shinagawa-ku, Tokyo, Japan
Book value of shares in specified wholly-owned subsidiary that are held by KONAMI HOLDINGS CORPORATION or any of its wholly-owned subsidiaries	¥55,491 million
Total assets of KONAMI HOLDINGS CORPORATION	¥238,836 million

(9) Major Lenders (as of March 31, 2016)

(Millions of yen)

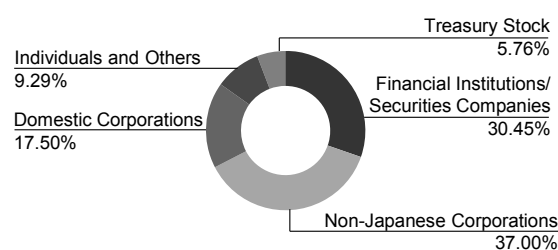
Lender	Amount of loans
Sumitomo Mitsui Banking Corporation	5,634
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,380

2. Status of shares of the Company

Status of Shares (as of March 31, 2016)

1. Number of shares authorized: 450,000,000
2. Number of shares issued: 143,500,000
3. Number of shareholders: 37,315
4. The 10 largest shareholders:

Composition of Shareholders



	Number of shares (Thousands)	Shareholding Ratio (%)
Kozuki Foundation	16,600	12.27
Kozuki Holding	15,700	11.61
The Master Trust Bank of Japan, Ltd. (Trust Account)	15,521	11.48
Japan Trustee Services Bank, Ltd. (Trust Account)	8,645	6.39
Kozuki Capital Corporation	7,048	5.21
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	3,095	2.29
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	2,409	1.78
BNP Paribas Securities (Japan) Ltd.	2,308	1.71
BBH BOSTON CUSTODIAN FOR JAPAN VALUE EQUITY CONCENTRATED FUND A SERIES OF 620135	2,072	1.53
Sumitomo Mitsui Banking Corporation	2,017	1.49

Note: The above shareholding ratios are calculated after the deduction of treasury shares (8,258 thousand shares).

3. Matters concerning subscription rights to shares

Outline of share subscription rights of euro-yen convertible bond-type bonds with subscription rights to shares due 2022 (total face value of ¥10,000 million) issued in accordance with a resolution of a Board of Directors meeting held on December 3, 2015

Date of issue	December 22, 2015
Number of share subscription rights	1,000
Class of stock to which share subscription rights apply	Common stock (board lot of 100 shares)
Number of shares of stock to which share subscription rights apply	A number determined by dividing by conversion price the total face value of bonds pertaining to share subscription rights exercised; provided, however, that any shares less than 1 share shall be truncated and no cash-based adjustment shall be made.
Amount of cash payment for share subscription rights	No cash payment is required in exchange for share subscription rights.
Conversion price	¥4,553 (subject to adjustment according to certain terms and conditions) (Note)
Exercise period for share subscription rights	From January 5, 2016 to December 8, 2022 (exercise application receipt place and local time)

Note: At the meeting of the Board of Directors held on May 10, 2016, accompanying the decision to set the payment of the annual dividend for the fiscal year under review to ¥23 per share, the conversion price of euro-yen convertible bond-type bonds with subscription rights to shares due 2022 was adjusted to ¥4,549.7 pursuant to the terms and conditions on conversion price of the said bonds.

4. Officers of the Company

(1) Directors and Audit & Supervisory Board Members (as of March 31, 2016)

Position	Name	Areas of responsibility and primary duties at the Company, and significant concurrent positions outside the Company
Representative Director, Chairman	Kagemasa Kozuki	Chairman of the Board of Directors, Kozuki Foundation
Representative Director, President	Takuya Kozuki	Director, Chairman, Konami Corporation of America
Director, Executive Vice President	Osamu Nakano	
Director	Kimihiko Higashio	Division Director, Human Resources Division Director, Kanto IT Software Health Insurance Association Outside Director, RESORT SOLUTION Co., Ltd.
Director	Fumiaki Tanaka	
Director	Satoshi Sakamoto	Chief Executive Officer and President, Konami Gaming, Inc. Managing Director, Konami Australia Pty Ltd.
Director	Tomokazu Godai	Representative Director, Chairman, MAYATEC Co., Ltd.
Director	Akira Gemma	Advisor, Shiseido Company, Limited Outside Director (Audit and Supervisory Committee Member), TV Asahi Holdings Corporation
Director	Kaori Yamaguchi	Associate Professor, Faculty of Health and Sport Sciences, University of Tsukuba Committee Member, Tokyo Metropolitan Board of Education Executive Board Member, Japanese Olympic Committee Outside Director, Nippon BS Broadcasting Corporation
Audit & Supervisory Board Member (Full-time)	Shinichi Furukawa	
Audit & Supervisory Board Member (Full-time)	Minoru Maruoka	
Audit & Supervisory Board Member	Nobuaki Usui	Outside Director, ORIX Corporation (Former Administrative Vice Minister, Ministry of Finance; Former Commissioner of the National Tax Agency)
Audit & Supervisory Board Member	Setsuo Tanaka	Representative Director, Chairman, Japan Federation of Authorized Drivers School Associations Outside Audit & Supervisory Board Member, NGK INSULATORS, LTD. (Former Commissioner-General, National Police Agency)

Position	Name	Areas of responsibility and primary duties at the Company, and significant concurrent positions outside the Company
Audit & Supervisory Board Member	Hisamitsu Arai	Outside Audit & Supervisory Board Member, Soken Chemical & Engineering Co., Ltd. (Former Vice Minister for International Affairs, Ministry of International Trade and Industry; Former Commissioner of the Japan Patent Office)

Notes: 1. Mr. Akira Gemma and Ms. Kaori Yamaguchi, Director, are the Outside Director provided in Item 15 of Article 2 of the Corporate Law.

2. Messrs. Minoru Maruoka, Nobuaki Usui, Setsuo Tanaka and Hisamitsu Arai, Audit & Supervisory Board Member, are the Outside Audit & Supervisory Board Member provided in Item 16 of Article 2 of the Corporate Law.

3. Audit & Supervisory Board Member (Full-time) Mr. Minoru Maruoka has experience of managing finance & accounting division of a global company and possesses a keen insight in the areas of financial and accounting.

4. Audit & Supervisory Board Member Mr. Nobuaki Usui served as Administrative Vice Minister of the Ministry of Finance and Commissioner of the National Tax Agency and possesses a keen insight in the areas of finance and accounting.

5. Assignment changes of Directors in the fiscal year under review were as follows:

Name	Before change	After change	Date of change
Osamu Nakano	Advisor	Executive Director	June 26, 2015
	Executive Director	Director, Executive Vice President	October 1, 2015

6. The Company has appointed six individuals, Directors Akira Gemma and Kaori Yamaguchi and Audit & Supervisory Board Members Minoru Maruoka, Nobuaki Usui, Setsuo Tanaka and Hisamitsu Arai as Independent Officers as provided for in the regulations of the Tokyo Stock Exchange, Inc. and notified them to the Exchange.

7. There are no special relationships between the Company and the companies in which the Outside Directors and Outside Audit & Supervisory Board Members of the Company hold significant concurrent positions.

(2) Outline of liability limitation agreement

The Company and Outside Directors and Outside Audit & Supervisory Board Members have entered into an agreement stipulating that liability set forth in Article 423, Paragraph 1 of the Corporate law shall not exceed the total amount set forth in the items of Article 425, Paragraph 1 of the Corporate law.

(3) Total Amount of Remuneration, etc. Paid to Directors and Audit & Supervisory Board Members

Category	Number of paid officers	Amount of payment
Director	8	¥365 million
Audit & Supervisory Board Member	5	¥53 million
Total	13	¥418 million

(4) Outside Officers

1. Major activities in the fiscal year under review

Category	Name	Major activities
Director	Akira Gemma	Attended 9 of the 10 meetings of the Board of Directors held during the fiscal year under review and, based on his abundant experience and achievements as a corporate executive, made necessary statements concerning deliberations on propositions, etc., from an objective and neutral perspective.

Category	Name	Major activities
	Kaori Yamaguchi	Attended all the 10 meetings of the Board of Directors held during the fiscal year under review and based on her abundant achievements and knowledge in the field of education and sports, made necessary statements concerning deliberations on propositions, etc., from an objective and neutral perspective.
Audit & Supervisory Board Member	Minoru Maruoka	Attended all the 10 meetings of the Board of Directors and all the 12 meetings of the Audit & Supervisory Board held during the fiscal year under review and based on his abundant experience and achievements at a global company, made necessary statements concerning deliberations on propositions, etc., from an objective and neutral perspective.
	Nobuaki Usui	Attended all the 10 meetings of the Board of Directors and all the 12 meetings of the Audit & Supervisory Board held during the fiscal year under review and based on his abundant achievements and knowledge in finance and tax affairs, made necessary statements concerning deliberations on propositions, etc., from an objective and neutral perspective.
	Setsuo Tanaka	Attended 7 of the 10 meetings of the Board of Directors and 9 of the 12 meetings of the Audit & Supervisory Board held during the fiscal year under review and based on his abundant achievements and knowledge at government agencies, made necessary statements concerning deliberations on propositions, etc., from an objective and neutral perspective.
	Hisamitsu Arai	Attended all the 10 meetings of the Board of Directors and all the 12 meetings of the Audit & Supervisory Board held during the fiscal year under review and based on his abundant achievements and knowledge in the field of intellectual property and others, made necessary statements concerning deliberations on propositions, etc., from an objective and neutral perspective.

2. Total amount of remuneration, etc. paid to Outside Officers

Category	Number of paid officers	Amount of payment
Total amount of remuneration, etc. paid to Outside Officers	6	¥63 million

Note: The above total amount of remuneration, etc. paid to Outside Officers is included in “4. (3) Total Amount of Remuneration, etc. Paid to Directors and Audit & Supervisory Board Members.”

5. Status of Accounting Auditor

(1) Name of Accounting Auditor: PricewaterhouseCoopers Aarata

Notes: 1. KPMG AZSA LLC, the former Accounting Auditor of the Company, has retired as of the close of the 43rd Ordinary General Meeting of Shareholders held on June 26, 2015.

2. Effective July 1, 2015, the Japanese name of PricewaterhouseCoopers Aarata was changed from “Aarata Kansa-houjin” to “PwC Aarata Kansa-houjin.”

(2) Amount of Remuneration, etc.

- | | |
|---|--------------|
| 1. Amount of remuneration, etc. paid to the accounting auditor during the fiscal year under review | ¥96 million |
| 2. Total of money and other financial benefits to be paid by the Company and its subsidiaries to the accounting auditor | ¥173 million |

Notes: 1. The amounts of remuneration, etc. for the audit based on the Corporate Law and the audit based on the Financial Instruments and Exchange Law are not clearly divided, and cannot be divided substantially, based on the auditing agreement between the Company and the accounting auditor. Therefore, the total of these amounts is shown in the amount of remuneration, etc. shown in 1.

2. In consideration of “Practical Guidelines on Collaboration with Accounting Auditors” published by the Japan Audit & Supervisory Board Members Association, the Audit & Supervisory Board verified and considered the audit plan of the accounting auditors, as well as their accounting audit procedures and platform. As a result, the Audit & Supervisory Board consented to the accounting auditors’ remuneration, etc. pursuant to Article 399, Paragraph 1 of the Corporate law.

3. Accounting auditors’ non-audit duties for which a fee was paid by the Company comprised advice and guidance service concerning the introduction of IFRS.

4. Of the important subsidiaries of the Company, overseas subsidiaries underwent an audit by a certified public accountant or an audit firm other than the accounting auditor of the Company.

(3) Policy on Decision about the Dismissal or Non-reappointment of an Accounting Auditor

When it is acknowledged that an accounting auditor is subject to one of the Items of Paragraph 1 of Article 340 of the Corporate Law, the Audit & Supervisory Board will dismiss the accounting auditor with the approval of all Audit & Supervisory Board Members.

Besides the foregoing, when it is deemed appropriate to dismiss or not reappoint the accounting auditor due to such reasons as difficulties for the accounting auditor to perform its duties, the Audit & Supervisory Board decides details of a proposal on the dismissal or non-reappointment of the accounting auditor to be presented to the General Meeting of Shareholders.

6. Outline of system to secure operational adequacy and its operating state

(1) Systems to Ensure Appropriate Operations

An outline of matters resolved at a meeting of the Board of Directors as a system for the Company to ensure appropriate business operations is shown below:

1. A system to ensure that the duties of officers and employees of the corporate group comprising Konami Holdings Corporation and its subsidiaries (the “Konami Group”) are executed in conformance with laws and ordinances, as well as the Articles of Incorporation
 - (i) To ensure that corporate activities are pursued in conformance with high ethical standards, we establish the Konami Group Code of Business and Ethics. Moreover, as specific guidelines for the code, we establish the Konami Group Officers and Employees Conduct Guidelines, thereby demonstrating the importance of complying with laws and ordinances. In addition, the management ensures that it rigorously communicates the provisions of the guidelines to officers and employees of the Konami Group.
 - (ii) The Company has in place the Compliance Committee as a body to enhance the effectiveness of compliance by officers and employees of the Konami Group.
 - (iii) The Company has in place an internal notification system as a function to curb illegal acts, and strives to prevent improper incidents from occurring.
 - (iv) The Company strives to ensure that officers and employees of the Konami Group do not have any involvement with anti-social forces and organizations, and that any unfair demand by such is handled resolutely in cooperation with the police and/or other authorities.

2. System concerning the retention and control of information on the execution of duties within the Konami Group
 - (i) Information on the execution of duties by the Company’s Directors is retained and controlled appropriately by developing rules and regulations on information management, while specifying significant documents and defining the form of their retention.
 - (ii) Regarding information on the execution of duties by the Company’s subsidiaries, the Company has “Related Companies Control Regulations” in place, which provide that individual subsidiaries shall report significant business management information and other necessary information to the Company.

3. Regulations and other systems for managing risk of losses for the Konami Group
 - (i) The Company develops the “Konami Group Risk Management Regulations” to avoid risks and minimize losses for the entire Group.
 - (ii) The Company and its key subsidiaries have a Risk Management Committee in place as a body to centrally identify and appropriately address risks.

4. System to ensure the efficient execution of duties by Directors of the Konami Group

To define the duties and authority of Directors in different divisions, the Company has in place regulations on

the segregation of duties and authority, and a system conforming to the regulations is also established at individual subsidiaries.

5. System to secure the appropriateness of the Konami Group's operations

(i) To ensure that individual group companies' business operations are performed in an appropriate and harmonious manner, in its capacity as a holding company, the Company administers the entire Group's business operations by adequately exercising voting rights.

(ii) All Konami Group companies implement internal control system development, risk control, and compliance in a consistent manner, seeking to build a unified group management structure.

(iii) The Company's Audit & Supervisory Board Members seek to build a group audit platform by periodically holding a "Group Audit & Supervisory Board Meeting" with Audit & Supervisory Board Members of individual subsidiaries to appropriately support necessary collaboration.

6. Matters related to an employee who is requested by an Audit & Supervisory Board Member to serve as an employee charged with assisting his/her duties ("Assistant Employee")

If an Audit & Supervisory Board Member requests an employee to be assigned as an assistant, the management assigns an employee equipped with sufficient specialized skills to provide assistance such as a member of the Internal Control Office.

7. Matters related to securing the independence of an employee assigned as an assistant from the Company's Directors and the effectiveness of the Audit & Supervisory Board Member's instructions to an employee assigned as an assistant

(i) An Audit & Supervisory Board Member may express an opinion on the selection and staff evaluation of an employee to be assigned as an assistant.

(ii) An employee assigned as an assistant shall perform assistance duties under the instructions and orders of the Audit & Supervisory Board Members without receiving directions from any Director.

8. System for reporting to Audit & Supervisory Board Members

(i) Officers and employees the Konami Group shall establish standards for determining matters required to be reported to the Company's Audit & Supervisory Board Members, and the internal notification system, among others, shall be used to report to the Audit & Supervisory Board Members any significant matter that may affect the Group's business operations and financial performance.

(ii) Pursuant to laws and ordinances and its internal regulations, the Konami Group preserves the confidentiality of any information provided by any of its officers and employees to Audit & Supervisory Board Members through the internal notification system, and forbids the informer from being subjected to detrimental treatment.

9. Matters concerning the policy on advance payment and reimbursement procedures for expenses arising

from the execution of duties by the Audit & Supervisory Board Member, as well as the processing of other expenses or obligations that arise in the execution of duties

(i) A budget is set for Audit & Supervisory Board Members to execute their duties on an annual basis.

(ii) If, in relation to the execution of duties, an Audit & Supervisory Board Member requests advance payment of expenses pursuant to Article 388 of the Corporate law, the expenses or obligation are processed promptly with the exception of cases where it is not deemed necessary for the execution of duties.

10. Other systems to ensure that audits of Audit & Supervisory Board Members are conducted effectively

An Audit & Supervisory Board Member, if deeming it necessary for the execution of duties, may request experts such as lawyer and Certified Public Account to provide opinions and advice.

(2) Outline of operation of the system

1. Compliance initiatives

(i) The Konami Group's internal network pages contain significant codes and guidelines for its officers and employees, such as its corporate philosophy, the Konami Group Code of Business and Ethics, and the Konami Group Officers and Employees Conduct Guidelines, thereby allowing them to be viewed by all officers and employees at all times.

(ii) The Company has in place the Compliance Committee as a body to ensure rigorous compliance by the Konami Group's officers and employees and to enhance its effectiveness, and the committee engages continuously in activities to control compliance at individual group companies.

(iii) The Konami Group has in place the internal notification system, including an external notification desk, as a system that is independent from the management. At the same time, we secure multiple means of notification while communicating them reliably to officers and employees of the Group. In the fiscal year under review, we did not experience any instance of an internal notification concerning a significant breach of laws or ordinances.

2. Risk control initiatives

(i) During the fiscal year under review, the Risk Management Committee in place at the Company performed risk control over the entire Konami Group in a cross-sectional manner. A crisis management committee has been in place at key group companies and facilities, and has been kept ready to handle any crisis promptly.

(ii) It is stipulated that, in the event of a major accident or disaster, that the Konami Group may set up an emergency management headquarters at the decision of the Representative Director. No such event occurred during the fiscal year under review.

3. Internal control initiatives at the Konami Group

(i) Significant decision-making at the Konami Group is done through an electronic approval procedure, in principle. Pursuant to work authority-related regulations, any matter exceeding a certain standard is subject to approval by a Director of the Company who is in charge of the area concerned, a process that enables prompt

and efficient internal control.

(ii) In its capacity as the holding company, the Company exercises voting rights appropriately for determining matters required to be deliberated at the General Meeting of Shareholders for resolution, including structure of directors and significant matters of group companies, thereby ensuring that the entire Group's business operations are performed smoothly.

(iii) The Company's Internal Control Office assesses the effectiveness of the entire Group's internal controls, while exchanging opinions with accounting auditors and Audit & Supervisory Board Members on a regular basis.

4. Matters relating to the execution of duties by Audit & Supervisory Board Members

(i) Each Audit & Supervisory Board Member receives a report from Directors and employees appropriately before questioning as necessary. Each Audit & Supervisory Board Member inquires to accounting auditors about the status of audits as well as the results of audits.

(ii) Full-time Audit & Supervisory Board Members collaborate with Audit & Supervisory Board Members of individual subsidiaries by holding a "Group Audit & Supervisory Board Meeting" on a quarterly basis. During the fiscal year under review, Full-time Audit & Supervisory Board Members conducted onsite audits of subsidiaries inside and outside Japan, including those based in Asia and Europe.

7. Basic Policy on Control of the Company

The basic policies of the Company concerning managerial control are as follows:

(1) Basic policy regarding the persons who control the decisions on the Company's financial and business policies

The Company believes that the persons who control decisions on the Company's financial and business policies need to fully understand the Company's financial and business operations and the sources of its corporate value, and must be able to ensure and enhance the corporate value of the Group and the common interests of its shareholders on an ongoing basis.

The Company will not unconditionally reject a large-scale acquisition of its shares if it would contribute to the corporate value of the Group and the common interests of shareholders. The Company believes that the final decision on acceptance of a large-scale acquisition should ultimately be made by its shareholders as a whole.

Nevertheless, in many cases, large-scale acquisitions do not contribute to the corporate value of the target company and the common interests of shareholders. This is the case, for example, with acquisitions conducted with a purpose that would obviously harm the corporate value and the common interests of its shareholders, those that may effectively force shareholders to sell their shares, those that do not provide sufficient time and information for the Board of Directors or shareholders of the target company to consider the terms of the acquisition, or for the target company's Board of Directors to offer an alternative proposal, and those that require negotiation with the acquirer in order to procure conditions more favorable than those originally proposed by the acquirer.

If a large-scale acquirer is not able to understand the Company's financial and business operations, or if it is not able to ensure and enhance the sources of corporate value (stated below) in the mid-to-long term based on an understanding of said sources, then the corporate value of the Company and the common interests of its shareholders would be harmed. The Company believes that in order to ensure the corporate value of the Company and the common interests of its shareholders it must take necessary and reasonable countermeasures against large-scale acquisitions that may harm the corporate value of the Company and the common interests of its shareholders.

(2) Special efforts to advance the realization of basic policy

In order to enable shareholders and investors to invest in the Company on a long term and ongoing basis, we will implement the measures stated in section 2. below, based completely on the corporate goal of the Company and its sources of corporate value stated in section 1. below, as initiatives to ensure and enhance the corporate value of the Company and the common interests of shareholders. We believe that this will contribute to the realization of the basic policy stated in (1) above.

1. Corporate Goal and the Sources of the Company's Corporate Value

(i) Corporate goal

We, the Konami Group, aim to be an enterprise that will continue to keep our stakeholders always looking forward with anticipation as we create and provide our current and future customers with products and services that offer "Valuable Time".

Our fundamental management policies are to maintain a shareholder-focused approach, and maintain a sound relationship with all stakeholders and contribute to development of a sustainable society as a good corporate citizen.

In order to realize open and transparent management, which is essential for holding fast to these fundamental management policies, we will endeavor to ensure and enhance the corporate value and the common interests of shareholders by promoting the management that keeps in mind at all times enhancement of the corporate governance system and work toward continuous and stable growth and expansion of the sources of corporate value stated in sub-section (ii) below.

(ii) Sources of corporate value

In the steadily evolving field of "entertainment," the Company has continued to move with the times and take on new challenges. Founded in 1969, we have been manufacturing and marketing arcade games since 1973. Subsequently, we expanded our business to production of computer & video games. In 1997, we entered the gaming machine market. Furthermore, since 2001, in preparation of the arrival of aging society, the Company entered the field of "health," in which the rise of demand and interest is expected, and have been developing our Health & Service Business.

Over the past 40-odd years, the Company has cultivated its sources of corporate value in the business areas of "entertainment" and "health". In the field of entertainment, as a leading digital entertainment company, we have developed creative ways of thinking, technology and production know-how and, in this way, we have accumulated digital content assets. In the field of health, we have gained expertise from operating one of Japan's largest fitness club networks, and our capabilities as a manufacturer enable us to develop and manufacture original fitness machines that utilize the Group's production expertise, as well as plan and develop, in-house, various supplements and other products. We continue to strive for further growth and expand our sources of corporate value in the areas of entertainment and health.

2. Specific initiatives taken

The Company moved to a holding company structure on March 31, 2006, with management and executive functions clearly separated, in order to maximize the products and services that the Company produces in the areas of entertainment and health. We endeavor to enhance corporate value by establishing a corporate structure that can respond quickly to changes in users' demands.

In addition to the existing Digital Entertainment Business, Health & Fitness Business, Gaming & Systems Business and Pachislot & Pachinko Machines Business, the Group aims to provide the most appropriate management resources, with a view to new fields of expected growth in the mid-to-long term.

It is essential for the Company to ensure open and transparent management in order to achieve the corporate goal and the management policies mentioned above and, as set forth below, we are striving to further strengthen the business management structure and effectively utilize this structure in our daily operations.

With respect to our governance structure, the Company has several Outside Directors. Furthermore, we have set a one year term of office for directors.

With regard to compliance, we have established our Konami Group Conduct Charter and the Konami Group Code of Business and Ethics, and we encourage the use of an internal notification system group-wide to prevent corporate corruption, while also rigorously protecting the privacy of informants. From the perspective also of maintaining the license in the United States for the manufacture and sale of gaming machines, the Company strives to maintain strict compliance on an ongoing basis.

(3) Efforts to prevent the control over financial and operational decisions to fall under inappropriate parties based on the basic policy

The Company's Board of Directors considers that the decision on whether or not to accept any proposed Large-scale Acquisition of shares in the Company should be made by the shareholders. However, as described in the basic policy, the Company considers that a party that conducts a Large-scale Acquisition of shares in the Company which does not contribute to the corporate value of the Company and the common interests of shareholders is inappropriate as a party to control the decisions on the Company's financial and business policies.

The Company henceforth has introduced Countermeasures Against Large-Scale Acquisition of the Company's shares (Takeover Defense Measures) based on a resolution at the 38th Ordinary General Meeting of Shareholders on June 29, 2010. Given the completion of the three-year effective period, the Company renewed the plan after making partial amendments, based on a resolution at the 41st Ordinary General Meeting of Shareholders on June 27, 2013. (The revised Takeover Defense Measures shall be hereinafter referred to as "the Plan.")

The Plan in outline is that the Company's Board of Directors shall, with respect to a party intending to conduct a Large-scale Acquisition (such party, hereinafter, a "Large-scale Acquirer") (i) prior to the acquisition, request provision of Large-scale Acquisition information, including the purpose, method and terms of the Acquisition, and the basis for calculating the purchase price, (ii) fully evaluate and review the Large-scale Acquisition information during the acquisition evaluation period, which shall be a 60-day or 90-day period depending on the type of Large-scale Acquisition, (iii) disclose its opinion and present an alternative plan etc., to the shareholders, and conduct negotiations with the Large-scale Acquirer and after these specific procedures of evaluation, review and negotiation, it may be possible for the Large-scale Acquirer to conduct the Large-scale Acquisition (the above (i) to (iii) are the "Large-scale Acquisition Rules").

After which, the Company's Board of Directors shall, if the Large-scale Acquirer does not comply with the Large-scale Acquisition Rules, implement the appropriate measures to resist the Large-scale Acquirer, as provided for in the Corporate Law or any other laws and the Articles of Incorporation of the Company, such as a gratis allotment of Stock Acquisition Rights with conditions for exercise that are discriminatory with

respect to the Large-scale Acquirer. If the Large-scale Acquirer does comply with the Large-scale Acquisition Rule, in principle, the Company's Board of Directors shall not take countermeasures against the Large-scale Acquirer; although, in exceptional circumstances, if it is determined that the proposed Large-scale Acquisition would have a materially adverse effect on the corporate value of the Company and the common interests of its shareholders, the Company's Board of Directors may take countermeasures. In either case, the Company shall, when taking countermeasures, not provide any economic benefit such as monetary payments etc., to the Large-scale Acquirer.

In order to prevent arbitrary decisions by the directors with respect to the propriety of the countermeasures and specific methods etc., the Company shall establish an independent committee composed solely of Outside Directors and others who are independent of the Company's management in order to obtain their objective judgment, and the Company's Board of Directors will respect the recommendation of the Independent Committee to the maximum extent possible.

In addition, if the necessary conditions for the specific countermeasures in this Plan are satisfied, a General Meeting of Shareholders shall be held to confirm the intent of the shareholders. The Plan shall be effective for a period of three (3) years from the end of the Ordinary General Meeting of Shareholders on June 27, 2013 to the end of the Ordinary General Meeting of Shareholders for the fiscal year ending March 2016.

(4) Determination of Board of Directors and underlying reasons for which the Plan complies with the basic policy, does not adversely affect the common interests of the shareholders

For the following reasons, the Board of Directors believes that the Plan reflects the basic policy, and does not adversely affect the corporate value and the common interests of the shareholders, nor aims to maintain the position of the directors or officers of the Company.

(i) Establishment of the Independent Committee

In order to eliminate arbitrary triggering of the countermeasures by the Board of Directors of the Company and to ensure the fairness and reasonableness of the procedures and decisions, the Company will establish the Independent Committee which consists of Outside Directors and others who are independent from the directors and officers of the Company. The Independent Committee, as an advisory body to the Board of Directors, will check whether the Large-scale Acquisition Rule is complied with, consider details of acquisition and countermeasures and recommend to the Board of Directors whether the countermeasures should be triggered.

(ii) Emphasis on the intention of shareholders

The Plan was introduced subject to approval by the shareholders at the Ordinary General Meeting of Shareholders, in order to reflect the opinions of shareholders with respect to the Plan. Since the Plan includes a sunset clause which, in this case, specifies an effective period of three (3) years, even after the approval at the said Ordinary General Meeting of Shareholders, or before expiration of the effective period of such clause, all shareholders may indicate their intention with respect to the Plan through the selection of directors. If a resolution to amend or abolish the Plan passes at a subsequent General Meeting of Shareholders of the

Company, the Plan will be amended or abolished in accordance with such resolutions.

In addition, the Company's Board of Directors may, in certain cases, convene a meeting of shareholders and confirm the intent of shareholders as to whether the Plan should be triggered.

(iii) Advice of outside experts

The Board of Directors, Audit & Supervisory Board Members and the Independent Committee of the Company may obtain advice from independent experts such as financial advisors, certified public accountants, lawyers, consultants, etc. in order to enhance the fairness and reasonableness of the considerations and decisions by the Board of Directors, Audit & Supervisory Board Members and the Independent Committee.

(iv) Establishment of reasonable objective requirements

The countermeasures under the Plan are designed such that they will not be triggered unless certain predetermined reasonable objective requirements have been satisfied and that maximum value shall be placed on the recommendation of the Independent Committee, and ensure that a system is in place to prevent arbitrary triggering by the Board of Directors of the Company.

(v) Fulfillment of the requirements of the Guidelines Regarding Takeover Defense

The Plan fully complies with the three principles set out in the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005 (the "Principle of Securing and Enhancement in the Corporate Value and the Common Interests of the Shareholders," "Principle of Prior Disclosure and Shareholders' Will" and "Principle of Need and Reasonableness"), and it has been developed in line with the report entitled "Takeover Defense Measures in Light of Recent Environmental Changes," released by the Corporate Value Study Group on June 30, 2008.

Also, the Plan has been developed in line with the rules and regulations on introduction of the Takeover Defense stipulated by the Tokyo Stock Exchange.

(vi) No dead-hand or slow-hand takeover defense measures

The Plan is not a dead-hand takeover defense measure (a takeover defense measure in which even if a majority of the members of the Board of Directors are replaced, the triggering of the measure cannot be stopped) due to the fact that the Large-scale Acquirer may elect, at a General Meeting of Shareholders of the Company, directors nominated by that person and, through a resolution of the Board of Directors of the Company attended by the so-elected directors, that person may abolish the Plan.

Also, the Company has not adopted a staggered board and nor is the Plan a slow-hand takeover defense measure (a takeover defense measure in which triggering takes more time to stop due to the fact that the directors cannot be replaced all at once).

The full text of the Plan is available on the Company's website:

(https://www.konami.com/ir/zaimu/2013/0509/en_2_4p7fe9.pdf)

Reference

The Plan remains effective until the conclusion of the 44th Ordinary General Meeting of Shareholders, which will be held on June 24, 2016 (hereinafter referred to as the “Shareholders Meeting”). The Company decided at its Board of Directors meeting held on May 10, 2016 that it would not continue the Plan after expiration of the effective period.

8. Policy on Decisions About Dividends from Retained Earnings, etc.

The Company believes that the provision of dividends and the enhancement of corporate value are important ways to return profits to our shareholders. As for dividends, we have set a consolidated dividend payout ratio target of over 30 percent and are striving to further increase dividend levels. It is our policy to use retained earnings for investments focused on business fields with good future possibility in order to continually reinforce the Company’s growth potential and competitiveness.

We paid an interim dividend of ¥10.50 per share on November 20, 2015. Combined with a final dividend of ¥12.50 per share, we shall distribute an annual dividend of ¥23 per share for the fiscal year under review.

Consolidated Statement of Financial Position

(As of March 31, 2016)

(Millions of yen)

ASSETS:		LIABILITIES AND EQUITY:	
Current assets	¥154,235	Current liabilities	¥61,493
Cash and cash equivalents	113,907	Bonds and borrowings	9,014
Trade and other receivables	23,401	Other financial liabilities	4,126
Inventories	9,170	Trade and other payables	24,757
Income tax receivables	2,139	Income tax payables	9,261
Other current assets	5,618	Other current liabilities	14,335
Non-current assets	¥173,952	Non-current liabilities	¥53,219
Property, plant and equipment, net	80,264	Bonds and borrowings	24,606
Goodwill and intangible assets	39,470	Other financial liabilities	16,459
Investments accounted for using the equity method	2,585	Provisions	8,679
Other investments	1,268	Deferred tax liabilities	280
Other financial assets	24,123	Other non-current liabilities	3,195
Deferred tax assets	22,651	Total liabilities	¥114,712
Other non-current assets	3,591	EQUITY:	
		Total equity attributable to owners of the parent	212,750
		Share capital	47,399
		Share premium	74,426
		Treasury shares	(21,284)
		Other components of equity	2,407
		Retained earnings	109,802
		Non-controlling interests	¥725
		Total equity	¥213,475
Total assets	¥328,187	Total liabilities and equity	¥328,187

Consolidated Statements of Profit or Loss
(Year ended March 31, 2016)

(Millions of yen)

Revenue	¥249,902
Cost of revenue	(162,450)
Gross profit	87,452
Selling, general and administrative expenses	(49,292)
Other income and other expenses, net	(13,481)
Operating profit	24,679
Finance income	230
Finance costs	(1,390)
Profit from investments accounted for using the equity method	249
Profit before income taxes	23,768
Income taxes	(13,237)
Profit for the year	10,531
Profit attributable to:	
Owners of the parent	10,516
Non-controlling interests	15

Consolidated Statement of Changes in Equity (Year ended March 31, 2016)

(Millions of yen)

	Equity attributable to owners of the parent					Total	Non controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Other components of equity	Retained earnings			
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

Assumptions underlying preparation of consolidated financial statements

Scope of Consolidation

1. Number of consolidated subsidiaries: 21
2. Name of principal consolidated subsidiaries
 - Konami Digital Entertainment Co., Ltd.
 - Konami Sports Club Co., Ltd.
 - KPE, Inc.
 - TAKASAGO ELECTRIC INDUSTRY CO., LTD.
 - Konami Real Estate, Inc.
 - Internet Revolution Inc.
 - Konami Corporation of America
 - Konami Digital Entertainment, Inc.
 - Konami Gaming, Inc.
 - Konami Digital Entertainment B.V.
 - Konami Digital Entertainment Limited
 - Konami Australia Pty Ltd.

Application of the Equity Method

1. Number of equity-method affiliate: 1
2. Name of the equity-method affiliate: RESORT SOLUTION Co., Ltd.

Summary of Significant Accounting Policies

1. Basis of presentation for consolidated financial statements

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), in compliance with Article 120, Paragraph 1, of the Corporate Accounting Rules of Japan. However, in compliance with the second sentence of the paragraph, certain disclosures required on the basis of IFRS are omitted.

2. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by averaging. Net realizable value is estimated selling price in the ordinary course of business, less estimated cost of completion and estimated selling cost.

3. Property, plant and equipment, net

- (1) Recognition and measurement

Property, plant and equipment, net are stated at cost, less accumulated depreciation and accumulated impairment losses.

Cost includes costs directly related to the acquisition of assets, costs to dismantle and remove assets, initially estimated restoration costs, and borrowing costs to meet the requirements for capitalization. When the useful lives of components of property, plant and equipment, net differ according to each component, assets are recorded as separate property plant and equipment, net items.

(2) Payment after acquisition

Costs generated after the acquisition of property, plant and equipment related to ordinary repairs and maintenance are treated as an expense as incurred. Costs related to major replacements and improvements are capitalized only when they are expected to bring economic benefits to the Group in the future.

(3) Depreciation

Depreciation is calculated primarily using the straight-line method over the estimated useful life of each component of property, plant and equipment, net.

Lease assets are depreciated over the shorter of lease period or estimated useful life except for cases when acquisition by the Group by the end of the lease contract is reasonably certain.

Depreciation method, useful life, and residual value are reviewed at the end of the reporting period and revised as needed.

4. Goodwill and intangible assets

(1) Goodwill

Goodwill is valued as the total of the consideration transferred at the acquisition date, the amount of non-controlling interests in acquired companies, and if the business combination is achieved in stages, the fair value at the acquisition date of equity in acquired companies held prior to the acquisition date, less the net recognized amount (generally fair value) of identifiable assets at the acquisition date and liabilities assumed. Goodwill is stated at cost, less accumulated impairment losses. Goodwill is not depreciated, but is tested for impairment annually at about the same time and every time there is a sign of impairment.

(2) Intangible assets

1. Intangible assets acquired in business combination

Intangible assets such as trademarks, membership, patent, and merchandising contracts acquired through a business combination and recognized separately from goodwill are stated at fair value at the acquisition date. Subsequently, they are valued at cost, less accumulated depreciation and accumulated impairment losses.

2. Development assets

Costs incurred for research activities for the purpose of gaining new scientific or technical knowledge are recognized as expenses as incurred. Costs incurred for development activities are capitalized only if all of the following criteria are demonstrated: the technical feasibility of completing the assets, the ability to generate economic benefits in the future, the ability to measure reliably, and the intention, ability, and resources to use or sell after completion.

Development assets are initially recognized as the total of costs incurred from the date when all criteria for capitalization are met to completion of development. After initial recognition, development assets are stated at cost, less accumulated depreciation and accumulated impairment losses.

3. Other intangible assets

Intangible assets acquired by the Group with fixed useful lives are stated at cost, less accumulated depreciation and accumulated impairment losses.

4. Depreciation

Development assets and intangible assets with fixed useful lives such as patent and merchandising contracts are depreciated using the straight-line method over their estimated useful lives and tested for impairment when there is a sign of impairment. Depreciation method, useful life, and residual value are reviewed at the end of the reporting period and revised as needed.

Intangible assets with indefinite useful lives such as trademarks and memberships, or those not yet available for use, are not depreciated but are tested for impairment annually at about the same time and every time there is a sign of impairment.

5. Financial instruments

The Group classifies non-derivative financial assets into loans and receivables and available-for sale financial assets. In addition, the Group classifies non-derivative financial liabilities into the category of financial liabilities valued at amortized cost.

(1) Non-derivative financial assets and non-derivative financial liabilities — recognition and derecognition

The Group initially recognizes loans and receivables on the date that they are originated. All other financial assets and financial liabilities are recognized initially on the transaction date.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the contractual rights to receive the cash flows from the financial asset in a transaction in which substantially all risks and rewards of ownership of the asset are transferred.

A financial liability is derecognized when the contractual obligations are discharged, cancelled, or expired.

(2) Non-derivative financial assets — measurement

1. Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. After initial recognition, they are valued at amortized cost using the effective interest method, less impairment losses. Amortization is recognized in profit or loss as finance income.

2. Available-for sale financial assets

Non-derivative financial assets that are initially designated as available for sale or not classified in any of the other categories are classified as available-for sale financial assets. Available-for sale financial assets are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. After initial recognition, they are valued at fair value at the

end of the reporting period. Changes in fair value are recognized as net change in fair values of available-for-sale financial assets under other comprehensive income.

When available-for sale financial assets are derecognized, the accumulated gain or loss in other comprehensive income is transferred to profit or loss.

(3) Non-derivative financial liabilities—measurement

Non-derivative financial liabilities are recognized initially at fair value, less transaction costs directly attributable to the issuance of the financial liabilities. After initial recognition, these financial liabilities are valued at amortized cost using the effective interest method. Amortization is recognized in profit or loss as finance cost.

(4) Derivatives and hedging activities

The Group may use forward exchange contracts to periodically control foreign exchange fluctuation risks.

Derivatives are initially recognized at fair value and transaction costs directly attributable to the acquisition of the derivatives are recognized in profit or loss as they are originated. After initial recognition, derivatives are valued at fair value and their changes are recognized in profit or loss.

The Group does not apply hedge accounting.

6. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the time value of money is material, provisions are estimated at present value using a discount rate adjusted for risks specific to the liabilities.

7. Consumption tax

Consumption tax is excluded from the stated amount of revenue and expenses.

8. Rounding policy

Amounts of less than one million yen are rounded to the nearest unit.

Notes to Consolidated Statement of Financial Position

1. Allowance for credit losses deducted directly from assets
Trade and other receivables ¥100 million
Other financial assets (non-current) ¥160 million
2. Accumulated depreciation and accumulated impairment losses of property, plant and equipment, net ¥102,081 million

Notes to Consolidated Statement of Changes in Equity

1. Type and number of shares issued at the end of the year under review

Common stock: 143,500,000 shares

2. Dividends

(1) Dividend payment

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting held on May 8, 2015	Common stock	1,733	12.50	March 31, 2015	June 5, 2015
Board of Directors meeting held on October 30, 2015	Common stock	1,455	10.50	September 30, 2015	November 20, 2015
Total		3,188			

- (2) Of dividends whose record date belongs to the year under review, those dividends whose effective date is in the subsequent fiscal year

Resolution	Type of shares	Fund of dividends	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting held on May 10, 2016	Common stock	Retained earnings	1,691	12.50	March 31, 2016	June 3, 2016
Total			1,691			

3. Matters concerning subscription rights to shares

Class and number of shares to be issued upon exercise of subscription rights to shares (excluding those for which the initial date of exercise period has not arrived) as of March 31, 2016

Common stock: 2,196,354 shares

Notes on Financial Instruments

1. Matters concerning financial instruments

The Group limits their fund management activities to short-term deposits and the like, and funds are procured primarily through bank loans and issuance of corporate bonds. With respect to derivative transactions, although forward exchange contracts are used primarily to mitigate foreign exchange fluctuation risks related in part to operating receivables and payables, derivatives are not executed for speculative purposes.

The Group strives to mitigate customers' credit risk associated with trade notes and accounts receivable, which are operating receivables through management of due dates and outstanding balances by customer, and periodical monitoring of the conditions of principal customers in an effort to promptly detect any doubtful collectibles caused by deterioration in the financial conditions of customers and other factors.

Investment securities are primarily stocks of corporate customers with which the Company has business alliances and relationships, and the market price and financial conditions of each issuing entity (corporate customer) are periodically monitored in the course of continuously reviewing the holding status in consideration of the relationships with customers.

With respect to trade notes and accounts payable which are operating payables and accrued expenses, the majority of them are due for payment within a year.

Debt obligations are primarily required funds procured for the purpose of operating transactions and capital investment.

Derivative transactions are forward exchange contracts executed for mitigating foreign exchange fluctuation risks associated primarily with foreign currency-based operating receivables and payables. The Group manages derivative transactions in accordance with the transaction authorization rules defined in financial regulations and other rules. Furthermore, in utilizing derivatives, the Group executes transactions only with highly rated financial institutions in order to mitigate credit risk.

Although operating payables and debt obligations are exposed to liquidity risk, that risk is managed by monthly preparing and updating the funding plan of each Group company and implementing other controls.

2. Matters concerning the market value of financial instruments

Amount on the consolidated statement of financial position, market value (projected fair value) and the variance as of March 31, 2016 (the financial closing date of the year under review) are as follows.

	Amount on consolidated statement of financial position (*) (millions of yen)	Market value (projected fair value) (*) (millions of yen)	Variance (millions of yen)
Cash and cash equivalents	113,907	113,907	-
Trade and other receivables	23,401	23,401	-
Other financial assets			
Lease deposits	23,275	23,735	460
Other	1,284	1,290	6
Other investments			
Shares	1,166	1,166	-
Other	102	102	-
Bonds and borrowings	(33,620)	(33,258)	(362)
Other financial liabilities			
Lease obligations	(18,392)	(20,709)	2,317
Other	(2,193)	(2,193)	-
Trade and other payables	(24,757)	(24,757)	-

(*) Items posted under liabilities are presented in a bracket of“()”.

(Note) Calculation method for the market value of financial instruments

(Cash and cash equivalents, trade and other receivables, and trade and other payables)

These items are presented at book value, because they are due for payment within a short time and market value is equivalent to book value.

(Other financial assets)

For other financial assets that are due for payment within a short time, market value is equivalent to book value. Other financial assets that are not due for payment within a short time are estimated by discounting total principal using a discount rate that reflects credit risks estimated by the Group.

(Other investments)

The market value is based on the stock market or the quoted price for identical or similar assets in markets that are not active.

(Bonds, borrowings, and other financial liabilities)

For bonds, borrowings, and other financial liabilities that are due for payment within a short time, market value is equivalent to book value. Bonds, borrowings, and other financial liabilities that are not due for payment within a short time are calculated by discounting the total of principal using the rate for loans with the same residual period under similar conditions.

Other notes

As the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 15 of 2016) and the “Act for Partial Amendment of the Local Tax Act, etc.” (Act No. 13 of 2016) were enacted by the Diet on March 29, 2016, the corporate income tax rate has been lowered for a year that starts on April 1, 2016 or after.

In conjunction with this amendment, the statutory effective tax rate of the Group applied in the years starting April 1, 2016 and April 1, 2017 is revised to 30.9%, and the rate applied in the year starting April 1, 2018 or after is revised to 30.6%. The Group calculates deferred tax assets and deferred tax liabilities based on the tax rate applied in the year when temporary differences are expected to be reversed. After the revision to the tax rate, deferred tax assets (net of the amount of deferred tax liabilities) decreased ¥782 million and income taxes – deferred increased by the same amount.

Notes on Per Share Data

Equity attributable to owners of the parent per share:	¥1,573.11
Basic profit for the year per share:	¥76.44

Notes on Significant Subsequent Events

There is no applicable item.

Balance Sheet
(As of March 31, 2016)

(Millions of yen)

ASSETS:		LIABILITIES:	
Current assets	¥66,894	Current liabilities	¥7,085
Cash and deposits	50,191	Short-term borrowings	224
Trade accounts receivable	762	Other accounts payable	1,834
Prepaid expenses	40	Accrued expenses	127
Deferred income taxes, net	37	Income taxes payable	4,778
Short-term loans	15,547	Deposits received	18
Other	315	Provision for bonuses	49
		Other	51
		Long-term liabilities	¥26,341
		Straight bonds	15,000
		Bonds with subscription rights to shares	10,048
		Deferred income taxes, net	101
		Asset retirement obligations	135
		Other	1,055
Fixed assets	¥171,941	Total liabilities	¥33,426
Property and equipment, net	41		
Buildings improvement	29	NET ASSETS:	
Tools and fixtures	11	Stockholders' equity	¥205,316
Intangible fixed assets	47	Common stock	47,398
In-house software	45	Capital surplus	40,118
Trademark	1	Additional paid-in capital	36,893
Design	0	Other capital surplus	3,224
Other	0	Retained earnings	138,683
Investments and other assets	171,853	Legal reserve	283
Investment securities	544	Other retained earnings	138,399
Investments in subsidiaries and affiliates	144,304	Special reserves	80,000
Long-term loans	26,934	Retained earnings brought forward	58,399
Long-term prepaid expenses	2	Treasury Stock	(20,883)
Other	67	Difference of appreciation and conversion	93
		Net unrealized gains on available-for-sale securities	93
		Total net assets	¥205,409
Total assets	¥238,836	Total liabilities and net assets	¥238,836

Statement of Income
(Year ended March 31, 2016)

(Millions of yen)

I	Operating revenues	¥14,518
	Management fee revenue	3,195
	Dividend income	11,322
II	Costs and expenses	2,874
	Selling, general and administrative expenses	2,874
	Operating income	11,643
III	Non-operating income	386
	Interest income	245
	Commission received	111
	Foreign currency exchange gain (loss), net	3
	Other	26
IV	Non-operating expense	170
	Interest expenses	9
	Bond interest expenses	82
	Bond issuance cost	32
	Commitment fee	18
	Other	28
	Ordinary income	11,859

	Income before income taxes	11,859
	Income taxes	289
	Current	140
	Deferred	149
	Net income	11,569

Statement of Changes in Stockholders' Equity
(Year ended March 31, 2016)

(Millions of yen)

	Stockholders' equity									
	Common stock	Capital surplus			Retained earnings				Treasury stock	Total stockholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings		Total retained earnings		
						Special reserves	Retained earnings brought forward			
Balance at April 1, 2015	¥47,398	¥36,893	¥3,224	¥40,118	¥283	¥80,000	¥50,017	¥130,301	¥(10,870)	¥206,947
Changes during the year										
Cash dividends							(3,187)	(3,187)		(3,187)
Net income							11,569	11,569		11,569
Purchase of treasury stock									(10,013)	(10,013)
Reissuance of treasury stock			0	0					0	0
Net change of items other than Stockholders' equity										
Total changes during the year	-	-	0	0	-	-	8,381	8,381	(10,013)	(1,631)
Balance at March 31, 2016	¥47,398	¥36,893	¥3,224	¥40,118	¥283	¥80,000	¥58,399	¥138,683	¥(20,883)	¥205,316

	Difference of appreciation and conversion		Total net assets
	Net unrealized gains on available-for-sale securities	Total difference of appreciation and conversion	
Balance at April 1, 2015	¥103	¥103	¥207,051
Changes during the year			
Cash dividends			(3,187)
Net income			11,569
Purchase of treasury stock			(10,013)
Reissuance of treasury stock			0
Net change of items other than Stockholders' equity	(10)	(10)	(10)
Total changes during the year	(10)	(10)	(1,641)
Balance at March 31, 2016	¥93	¥93	¥205,409

Summary of Significant Accounting Policies

1. Methods and standards for the valuation of assets

Securities

Shares in subsidiaries and affiliates: Stated at cost based on the moving average method.

Other investment securities:

Quoted securities: The market value method is applied, based on the market value as of the fiscal year-end. The entire positive or negative valuation difference with the acquisition price is booked directly as net assets, and the cost of securities sold is calculated using the moving average method.

Unquoted securities: Valued at cost using the moving average method.

2. Depreciation and amortization methods of fixed assets

Tangible fixed assets: Depreciated mainly using the straight-line method.

Intangible fixed assets: Amortized mainly using the straight-line method. For in-house software, amortization is computed using the straight-line method based on the estimated useful life of within 5 years.

3. Method of treating deferred assets

Bond issuance cost The total is treated as an expense upon payment

4. Accounting standards for reserves

(1) Allowance for doubtful accounts

Generally, allowance for doubtful accounts is calculated based on the actual ratio of bad debt losses incurred. For specific accounts with higher possibility of bad debt loss, the allowance is determined by respective judgment.

(2) Provision for bonuses

To provide for payments of bonuses to employees, the Company sets aside an estimate of bonuses payable in the next fiscal year that is applicable to the current fiscal year.

5. Consumption tax

Consumption tax is excluded from the stated amount of revenue and expenses.

6. Adoption of the consolidated tax payment system

The Company adopts the consolidated tax payment system.

7. Rounding policy

Amounts of less than one million yen are rounded to the nearest unit.

Changes in Method of Presentation

Statement of Income

“Commission received”, which had been included in “Other” under Non-operating expense up till the previous fiscal year, is reported as items of accounts in the fiscal year under review because the amount is of more importance.

The amount of “Commission received” in the previous fiscal year was ¥92 million.

Notes to Balance Sheet

1. Monetary assets and liabilities in relation to subsidiaries and affiliates

	(Millions of yen)
Short-term assets	16,624
Short-term liabilities	2,006
Long-term assets	26,934
2. Accumulated depreciation of property and equipment	335

3. Guarantee obligation

The Company extends guarantees to the following consolidated subsidiaries for bank loans.

	(Millions of yen)
Konami Gaming, Inc.	9,014

Notes to Statement of Income

Transactions with subsidiaries and affiliates

	(Millions of yen)
Operating revenues	14,500
Selling, general and administrative expenses	768
Non-operating transactions	401

Notes to Statement of Changes in Stockholders' Equity

Type and number of treasury shares

(Thousand shares)

	Number of shares as of April 1, 2015	Number of shares increased during the period	Number of shares decreased during the period	Number of shares as of March 31, 2016
Common stock	4,890	3,367	0	8,258
Total	4,890	3,367	0	8,258

Notes: 1. The increase of 3,367 thousand shares of treasury shares of common stock represents an increase of 3,362 thousand shares obtained through the acquisition of treasury shares based on a resolution of the Board of Directors and an increase of 5,000 shares through purchases of shares constituting less than one unit.

2. The decrease of 0 thousand shares of treasury shares of common stock is due to the sale of shares constituting less than one unit.

Notes on Tax Effect Accounting

1. Breakdown by major cause for the occurrence of deferred tax assets and deferred tax liabilities

(Millions of yen)

Deferred tax assets

Investments and other	1,614
Long-term other accounts payable	323
Accrued expenses, etc.	38
Others	<u>332</u>
Deferred tax assets subtotal	2,309
Valuation allowance	<u>(2,220)</u>
Total deferred tax assets	88

Deferred tax liabilities

Investments and other	(146)
Others	<u>(6)</u>
Total deferred tax liabilities	<u>(152)</u>
Net deferred tax assets	<u>(64)</u>

2. Amendments to the amounts of deferred tax assets and deferred tax liabilities due to changes in the rates of income tax, etc.

As the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 15 of 2016) and the “Act for Partial Amendment of the Local Tax Act, etc.” (Act No. 13 of 2016) were enacted on March 29, 2016, the corporate income tax rate is lowered for the fiscal year that starts on April 1, 2016 or after.

In conjunction with this amendment, the statutory effective tax rate of the Company applied in the fiscal years starting April 1, 2016 and April 1, 2017 is revised to 30.9%, and the rate applied in the fiscal year starting April 1, 2018 or after is revised to 30.6%. The Company

calculates deferred tax assets and deferred tax liabilities based on the tax rate applied in the fiscal year when temporary differences are expected to be reversed. After the revision to the tax rate, tax assets (net deferred tax liabilities) decreased ¥123 million and income taxes – deferred increased by the same amount.

Notes on Transactions with Related Parties

Subsidiaries and affiliates, etc.

Attributes	Company name	Percentage of voting rights	Relationship with the related party	Transactions	Amount of transactions (Millions of yen)	Account title	Ending balance (Millions of yen)
Subsidiary	Konami Digital Entertainment Co., Ltd.	Direct 100%	Lending and borrowing of funds, etc. Interlocking of directors	Receipt of business management fees	2,442	-	-
				Borrowing of funds	(9,673)	-	-
				Interest expense	1	-	-
	Konami Sports Club Co., Ltd.	Direct 100%	Interlocking of directors	Payment of advertising expenses	301	Other accounts payable	81
	KPE, Inc.	Direct 100%	Lending and borrowing of funds, etc.	Lending of funds	693	Short-term loans	5,274
				Interest income	21		
	TAKASAGO ELECTRIC INDUSTRY CO., LTD.	Direct 100%	Lending and borrowing of funds, etc.	Lending of funds	(302)	Short-term loans	7,506
				Interest income	38		
	Konami Real Estate, Inc.	Direct 100%	Real estate leasing, etc. Interlocking of directors	Payment of office rent	290	Prepaid expenses	25
				Lending of funds	5,138	Short-term loans	2,016
Interest income				141	Long-term loans	26,934	
Konami Corporation of America	Direct 100%	Interlocking of directors	Underwriting of capital increase	2,780	-	-	
Konami Digital Entertainment, Inc.	Indirect 100%	Lending and borrowing of funds, etc.	Borrowing of funds	(3,105)	-	-	
			Interest expense	2	-	-	
Konami Gaming, Inc.	Indirect 100%	Interlocking of directors	Guarantee of obligation	9,014	-	-	

Notes: Transaction terms and the policy, etc. of deciding transaction terms

1. The receipt of business management fees is determined through negotiations, considering the running costs, etc. of the Company as a pure holding company.
2. Lending and borrowing of funds include funds the Company provides to companies in the Konami Group through the cash management system. The net increase (decrease) in the fiscal year under review is posted for the transactions. The interest rates are determined based on the market interest rates and others.
3. Advertising expenses are for advertising generated by all sports club activities.
4. Office rent, etc. are based on actual prices in neighboring areas.
5. When underwriting a capital increase, the Company underwrites all the capital increase made by its subsidiary.
6. Guarantee of obligation applies to loans by its subsidiary.
7. Consumption taxes are not included in the amount of transactions but are included in the ending balance.

Notes on Per Share Data

Net assets per share: ¥1,518.84

Basic net income per share: ¥84.10

Notes on Significant Subsequent Events

There is no applicable item.

Independent Auditors' Report

May 9, 2016

The Board of Directors
KONAMI HOLDINGS CORPORATION:

PricewaterhouseCoopers Aarata

Yasuhiro Nakajima (Seal)
Designated and Engagement Partner
Certified Public Accountant

Takeshi Tadokoro (Seal)
Designated and Engagement Partner
Certified Public Accountant

Yoshihisa Chiyoda (Seal)
Designated and Engagement Partner
Certified Public Accountant

We have audited the Consolidated Statement of Financial Position, Consolidated Statements of Profit or Loss, Consolidated Statement of Changes in Equity, and Notes to Consolidated Financial Statements of KONAMI HOLDINGS CORPORATION and its consolidated subsidiaries for the fiscal year from April 1, 2015 to March 31, 2016, in accordance with Article 444, Paragraph 4 of the Corporate Law.

Management's responsibility for the consolidated financial statements, etc.

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the provision of the second sentence of Article 120, Paragraph 1 of the Corporate Accounting Regulations of Japan, which permits the omission of some disclosure items required under the designated International Financial Reporting Standards (hereinafter "IFRS"); this includes the development, implementation, and maintenance of internal control deemed necessary by management for the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits as independent auditors. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessment, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our

opinion.

Audit opinion

In our opinion, the consolidated financial statements referred to above, which omit some disclosure items required under IFRS in accordance with the provision of second sentence of Article 120, Paragraph 1 of the Corporate Accounting Regulations of Japan, presents fairly, in all material respects, the financial position and the results of operations of KONAMI HOLDINGS CORPORATION and its consolidated subsidiaries for the period for which the consolidated financial statements were prepared.

Interest Relationships

There are no interest relationships either between the Company and our audit corporation or between the Company and the Designated Employees and Engagement Partners that are required to be reported by the Certified Public Accountant Law.

Independent Auditors' Report

May 9, 2016

The Board of Directors
KONAMI HOLDINGS CORPORATION:

PricewaterhouseCoopers Aarata

Yasuhiro Nakajima (Seal)
Designated and Engagement Partner
Certified Public Accountant

Takeshi Tadokoro (Seal)
Designated and Engagement Partner
Certified Public Accountant

Yoshihisa Chiyoda (Seal)
Designated and Engagement Partner
Certified Public Accountant

We have audited the non-consolidated Balance Sheet, Statement of Income, Statement of Changes in Stockholders' Equity, Notes to Non-consolidated Financial Statements, and detailed statements of KONAMI HOLDINGS CORPORATION for the 44th business year from April 1, 2015 to March 31, 2016, in accordance with Article 436, Paragraph 2, Item 1 of the Corporate Law.

Management's responsibility for the non-consolidated financial statements, etc.

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements and detailed statements in accordance with business accounting standards generally accepted in Japan; this includes the development, implementation, and maintenance of internal control deemed necessary by management for the preparation and fair presentation of non-consolidated financial statements and detailed statements that are free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility

Our responsibility is to express an opinion on the non-consolidated financial statements and detailed statements based on our audits as independent auditors. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and detailed statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and detailed statements. The audit procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and detailed statements, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessment, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and detailed statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and detailed statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit opinion

In our opinion, the non-consolidated financial statements and detailed statements referred to above present fairly, in all material respects, the financial position and the results of operations of KONAMI HOLDINGS CORPORATION for the period for which the non-consolidated financial statements and detailed statements were prepared in accordance with business accounting standards generally accepted in Japan.

Interest Relationships

There are no interest relationships either between the Company and our audit corporation or between the Company and the Designated Employees and Engagement Partners that are required to be reported by the Certified Public Accountant Law.

AUDIT REPORT

Regarding the performance of duties by the Directors for the 44th fiscal year from April 1, 2015 to March 31, 2016, the Audit & Supervisory Board hereby submits its audit report, which has been prepared through discussions based on the audit report prepared by each Audit & Supervisory Board Member.

1. Auditing Methods and Details of Such Methods

- (1) The Audit & Supervisory Board established auditing policies, allocation of duties and other relevant matters and received reports from each Audit & Supervisory Board Member regarding his or her audits and results thereof, as well as received reports from the Directors, other relevant personnel, and the accounting auditors regarding performance of their duties, and sought explanations as necessary.
- (2) Each Audit & Supervisory Board Member complied with the auditing standards of Audit & Supervisory Board Members, followed auditing policies, allocation of duties, and other relevant matters established by the Audit & Supervisory Board, communicated with the Directors, the internal audit department, other employees, and any other relevant personnel, and made efforts to optimize the environment for information collection and audit, and conducted an audit by following the methods described below.
 - (a) We participated in meetings of the Board of Directors and other important meetings, received reports from the Directors, employees, and other relevant personnel regarding performance of their duties, sought explanations as necessary, examined important authorized documents and associated information, and studied the operations and financial positions at the head office and principal place of business. With respect to subsidiaries, we communicated and exchanged information with Directors, Audit & Supervisory Board Members, and other relevant personnel of the subsidiaries, and received business reports from subsidiaries as necessary.
 - (b) As for the details of the resolution of the Board of Directors related to the establishment of the systems as indicated in the Business Report to ensure that the execution of the duties of Directors conform to laws and regulations and the Articles of Incorporation and the systems necessary to ensure appropriate operations of corporations and their subsidiaries as stipulated in Paragraphs 1 and 3 of Article 100 of the Ordinance of Enforcement of the Corporate Law, and the condition of the systems put in place in accordance with the aforesaid resolution (internal control system), we received periodical reporting from Directors and employees, sought explanations as necessary, and provided our recommendations.
 - (c) We reviewed the contents of the basic policy stipulated in Item 3(a) and actions stipulated in Item 3(b) of Article 118 of the Ordinance of Enforcement of the Corporate Law in consideration of the status of discussions held by the Board of Directors, etc.

- (d) We received audit reports from accounting auditors, monitored and verified whether the accounting auditors maintained their independence and implemented appropriate audits, and we received reports from the accounting auditors regarding the performance of their duties and sought explanations as necessary. In addition, we received notice from the accounting auditors that “the system for ensuring that duties are performed properly” (matters set forth in each Item of Article 131 of the Corporate Accounting Rules) is organized in accordance with the “product quality management standards regarding audits” (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the Business Report and its supporting schedules, non-consolidated financial statements (Balance Sheet, Statement of Income, Statement of Changes in Stockholders' Equity and Summary of Significant Accounting Policies and the related notes) and their supporting schedules, as well as consolidated financial statements (Consolidated Statement of Financial Position, Consolidated Statements of Profit or Loss, Consolidated Statement of Changes in Equity, and Notes to Consolidated Statement of Financial Position, all prepared with the omission of certain disclosures required by the IFRS pursuant to the second sentence of Article 120, Paragraph 1 of the Corporate Accounting Regulations of Japan) related to the fiscal year under review.

2. Results of Audit

(1) Results of audit of Business Report

- (a) In our opinion, the Business Report and its supporting schedules are in accordance with the related laws and regulations and the Articles of Incorporation, and fairly represent the Company's condition.
- (b) With regard to the performance of duties by the Directors, we have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation.
- (c) In our opinion, the contents of the resolutions of the Board of Directors regarding the internal control system are fair and reasonable. In addition, we have found no matters on which to remark in regard to the content of the Business Report and the performance of duties of the Directors regarding the internal control system.
- (d) With regard to the basic policy regarding the persons who control the decisions on the Company's financial and business policies in the Business Report, we have found no item worthy of special mention. We recognize that the actions stipulated in Article 118, Item 3(b) of the Ordinance for Enforcement of the Corporate Law mentioned in the Business Report are in line with the basic policy, are not detrimental to the common interests of shareholders and do not support the position of the executive officers of the Company.

(2) Results of audit of non-consolidated financial statements and their supporting schedules

In our opinion, the methods and results of audit employed and rendered by PricewaterhouseCoopers Aarata, accounting auditors, are fair and reasonable.

(3) Results of audit of consolidated financial statements

In our opinion, the methods and results of audit employed and rendered by PricewaterhouseCoopers Aarata, accounting auditors, are fair and reasonable.

May 9, 2016

Audit & Supervisory Board
KONAMI HOLDINGS CORPORATION

Audit & Supervisory Board Member (Full-time) Shinichi Furukawa (Seal)

Audit & Supervisory Board Member (Full-time) Minoru Maruoka (Seal)

Audit & Supervisory Board Member Nobuaki Usui (Seal)

Audit & Supervisory Board Member Setsuo Tanaka (Seal)

Audit & Supervisory Board Member Hisamitsu Arai (Seal)

Note: Audit & Supervisory Board Members (Full-time) Mr. Minoru Maruoka; Audit & Supervisory Board Members Messrs. Nobuaki Usui, Setsuo Tanaka and Hisamitsu Arai are Outside Audit & Supervisory Board Members as provided for in Article 2, Item 16 and Article 335, Paragraph 3 of the Corporate Law.