

**NOTICE OF THE 39TH ORDINARY
GENERAL MEETING OF SHAREHOLDERS**

Stock Code Number: 9766

June 7, 2011

Dear Shareholder,

We would like to offer our deepest sympathy to our shareholders who have suffered hardship from the Great East Japan Earthquake in March 2011.

You are cordially invited to attend the 39th Ordinary General Meeting of Shareholders of KONAMI 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.

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

MEETING AGENDA

1. Date and time: 10:00 a.m., Wednesday, June 29, 2011
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 39th fiscal year (from April 1, 2010 to March 31, 2011); and on the Reports of the accounting auditor and of the Board of Corporate Auditors regarding Consolidated Financial Statements for the 39th fiscal year
 2. Financial Statements for the 39th fiscal year
 - Proposals
 - Proposal 1 Election of seven members to the Board of Directors
 - Proposal 2 Election of three members to the Board of Corporate Auditors

4. Matters regarding the exercise of voting rights:

1) Voting by mail

To vote by mail, please complete the voting form enclosed indicating “for” or “against” for each agenda item, and return the completed form to us no later than 6:00 p.m. on Tuesday, June 28, 2011.

2) Voting via the Internet, etc.

To vote via the Internet, please carefully read the item entitled “Instructions for the Exercise of Voting Rights via the Internet, etc.” on page 3, and exercise your voting rights. Your vote via the Internet must be received by 6:00 p.m. on Tuesday, June 28, 2011.

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- If attending the meeting in person, please remember to bring the voting form enclosed with these materials and hand it to the receptionist. 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 may not attend the meeting.
 - In case any amendments or changes are made to the reference materials for the General Meeting of Shareholders, Business Report, financial statements and consolidated financial statements prior to the date of the meeting, the Company shall notify its shareholders via the Company’s web site (<http://www.konami.co.jp>).

[This is an English translation of the Report for the 39th Fiscal Year (the “Report”) of the Company provided for your reference and convenience. This translation includes a translation of the auditors’ report of KPMG AZSA LLC, 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, etc.

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

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

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

2) 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.

3) Online votes may be accepted up to **6:00 p.m. on Tuesday, June 28, 2011**. However, shareholders are kindly requested to register online votes as early as possible to facilitate the counting of online votes.

4) 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.

5) If you vote a number of times over the Internet, or both by a personal computer and a mobile phone, we will consider the final vote to be the valid one.

6) 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.

2. Exercise of voting rights using the electronic voting rights exercise platform

If you are a nominee shareholder such as a trust bank (including a standing proxy) and apply in advance to use the electronic voting platform operated by ICJ, Inc., you are entitled to use the platform as a method for exercising your voting rights in addition to the aforementioned exercise of your voting rights electronically via the Internet.

System requirements for voting by electronic means

The following are systems requirements for accessing voting website.

(1) Internet access.

(2) Shareholders choosing to exercise their voting rights using a PC should note that the site only supports the following browser software: Microsoft® Internet Explorer 6.0 or above. The site supports any hardware platform running the software specified above.

(3) Shareholders choosing to exercise their voting rights using a mobile phone should note that a handset model that supports 128-bit SSL (encrypted) communication is required (for security reasons, the site has been designed only to be accessible by mobile phones with 128-bit SSL encryption technology). You may also exercise your voting right via a mobile phone with a full browser function, including smartphones, although some phones may not be compatible depending on the model.

(Microsoft® is a registered trademark in the United States and other countries of Microsoft Corporation of the U.S.)

(Attached documents)

Business Report

(April 1, 2010 – March 31, 2011)

1. Business Performance

(1) Konami Group Business Conditions and Results

A difficult business climate persisted in the environment surrounding KONAMI CORPORATION and its subsidiaries (“KONAMI”) as uncertainty over the future due to factors such as the impact of the appreciation of the yen and deflation.

Efforts are being made in the entertainment market to create new demand. They include the launching of new video game consoles that offer new ways to play games through the addition of novel methods of operation as well as games that make full use of 3D video technology. The growth of social networking services (SNS) is also creating new business opportunities for the video game industry. Meanwhile, the tourism market related to the gaming market, such as Las Vegas, where a severe business environment has persisted, is expected to bottom out. Major casino operators are still cautious about their investments; however, we will continue to focus more attention on the market trends.

In the health and fitness industry, challenging business conditions persisted in the fitness club industry as consumer spending remained under pressure due to uncertainty over the future economic climate, revenue per member declined, price wars intensified and low monthly membership fees increasingly took hold.

Against this backdrop, in the Digital Entertainment segment of KONAMI, sales of SNS games, including *DRAGON COLLECTION* and *SENGOKU COLLECTION*, increased steadily. As for the home video games, it rolled out the latest title of *METAL GEAR* series, and *Winning Eleven* (known in the U.S. and Europe as *Pro Evolution Soccer*) series on multiple platforms. Those sales progressed favorably. Furthermore the release of the latest romance simulation game *LOVEPLUSPLUS* received a highly positive response among Japanese consumers.

In our Gaming & Systems segment, sales of the *Advantage 5* five-reel stepper machine series and the *Podium* video slot machine, etc. progressed steadily, centered on the North American market.

In our Pachinko & Pachinko Slot Machines segment, KONAMI saw strong sales of pachinko slot machines based on the *Castlevania II* series and other Konami Group content. Liquid crystal displays’ (“LCDs”) units for pachinko machine manufacturers also sold strongly.

In our Health & Fitness segment, we developed and introduced new services, in order to meet diversifying customers’ needs, utilizing IT, which is one of KONAMI’s strengths, in health management,

exercise and nutritional guidance, and provided upgraded services to our customers whose health consciousness is on the rise. Separately, the Great East Japan Earthquake caused damage to multiple KONAMI facilities in the Kanto and Tohoku regions. Operations at certain facilities have been suspended over an extended period.

In terms of the consolidated results for the year ended March 31, 2011, net revenues amounted to ¥257,988 million (a year-on-year decrease of 1.6%), operating income was ¥20,791 million (a year-on-year increase of 11.4%), income before income taxes and equity in net income of affiliated companies was ¥19,082 million (a year-on-year increase of 11.4%), and net income attributable to KONAMI CORPORATION was ¥12,934 million (a year-on-year decrease of 2.9%).

Performance by business segment

Digital Entertainment

Computer & Video Games business: In game software, Master League Online and Copa Santander Libertadores, the championship that decides the strongest club team in South America, debuted in *WORLD SOCCER Winning Eleven 2011* (known in the US and Europe as *PES 2011 - Pro Evolution Soccer*), which further expands the scope of game playing in the latest title of the popular *Winning Eleven* (known in the US and Europe as *Pro Evolution Soccer*) series that boasts total global sales that exceed 69.7 million units. Meanwhile, *WORLD SOCCER Winning Eleven 2010 Aoki Samurai no Chosen* was launched on multiple platforms to coincide with the once-every-four-years festivities that excite soccer fans worldwide. This title includes the ‘Japan Challenge Mode,’ which has the Japanese national team competing to become No.1 in the world. Furthermore, KONAMI unveiled *Winning Eleven 3DSoccer* (known in the US and Europe as *PES 2011 - Pro Evolution Soccer 2011 3D*) upon the launch of NINTENDO 3DS. This game’s 3D graphics add an enhanced degree of realism that makes users feel as if they are really playing on the soccer field.

METAL GEAR SOLID PEACE WALKER – the first sequel to the *METAL GEAR* series for the PSP platform – was also launched and met high reviews on the market. Featuring a cooperative mode and other features that fully utilizing the capabilities of the portable platform, the game has been well received by long-term fans of the series. Furthermore, global shipments of *Castlevania: Lords of Shadow*, which is the latest title in the *Castlevania* series reborn in association with Kojima Productions and in collaboration with Mercury Steam of Spain, enjoyed healthy sales. In addition, a wide-ranging lineup of other games was also released, including *JIKKYO PAWAFURU PUROYAKYU 2010*, the latest in the *JIKKYO PAWAFURU PUROYAKYU* series and the first title in the series to launch a version for the PS3 console; communication game *Tongari Boshi to Maho no Omise*; the music game, which remains a perennial favorite, *Def Jam Rapstar*, in which famous artists have collaborated with their record labels; and the karaoke game *Karaoke Revolution Glee*, which is based on the highly popular musical comedy TV series “Glee” broadcast in the U.S. on Fox Broadcasting.

Meanwhile, the strength of the romance-themed communication game series *LOVEPLUS* as a product that proposed a new style of video game, displayed through record first week sales of the latest title *LOVEPLUSPLUS* exceeding those of the previous title, was recognized through receipt of the Excellence Award in the 25th Digital Content Grand Prix and the Award for Excellence in the Games of the Year

Division of the Japan Game Awards 2010. Series' content and its world view will continue to be expanded in the future.

In games for SNS, *DRAGON COLLECTION*, for which online distribution was launched on GREE in September 2010, saw membership top 2 million players. *DRAGON COLLECTION* has also remained the top-ranking GREE title for 23 straight weeks and received the Best Overall Application Award at GREE Platform Awards 2010. In these ways, this game has won strong customer support from many quarters and sales are expanding steadily. KONAMI also continued to reinforce content roll-out for the social gaming market with membership surpassing 1 million players for *SENGOKU COLLECTION*, a warlord social game in which players aim to become a shogun ruler, after online distribution commenced on Mobage-town in December 2010.

Amusement business: In amusement arcade video games, *MAH-JONG FIGHT CLUB ultimate version*, the latest in the *MAH-JONG FIGHT CLUB* series, began operations. This title has adopted e-AMUSEMENT Participation in which operators and KONAMI share the revenue of game playing by users. A new business model for game units at amusement facilities, this system provides continuous content distribution according to user demand and operational status. This new system not only contributes to enhancing the operation rate of game units and providing a steady stream of revenue but also lowering the initial investment fees on the part of operators by providing game units and equipment required for the system at low cost. In addition, the newest rhythm and action match-up game *REFLEC BEAT* which creates a fun fusion of music games and action games; *BASEBALL HEROES 2010 WINNER*, the newest game in the *BASEBALL HEROES* series; *Animalotta*, a roulette-based lottery medal game that can be played via PSP, iPhone and other Wi-Fi devices; *GI-Turf TV*, an online horse racing simulator medallion game that can be played as a nationwide online competition; and the video game *LOVEPLUSARCADE COLORFUL CLIP* as well as the medal-pusher game *LOVEPLUSMEDAL Happy Daily Life* which were the first amusement arcade video games for the series also entered service.

Card Games business: Yu-Gi-Oh! Trading Card Game series continuously sold well.

In terms of financial performance, consolidated net revenues for the year ended March 31, 2011 in this segment amounted to ¥133,124 million (a year-on-year decrease of 6.7%).

Gaming & System

In the North American market, the *Advantage 5* five-reel stepper machine series, which has become a standard item, and the *Podium* video slot machine continued to enjoy favorable sales. Sales through participation agreements (in which profits are shared with casino operators) increased and are steadily expanding market share. In the Australian market, sales of the *Podium* also progressed favorably. Full-scale marketing is also in progress in Europe and Central, South America and Asia, in order to build a distributor network for the market.

In addition, the *Podium* loaded with new content was exhibited at the Global Gaming Expo (G2E), held in Las Vegas in November, 2010. Other exhibits at G2E, one of the largest trade fairs for the gaming industry, included *Advantage Revolution*, which has been proving popular since the previous fiscal year for its entertaining effects, and *KP3*—a software-controlled next generation platform capable of real-time, high-resolution 3D graphics.

The exhibits enjoyed favorable reviews for their rich lineup and high-quality content.

In terms of financial performance, consolidated net revenues for the year ended March 31, 2011 in this segment amounted to ¥21,868 million (a year-on-year increase of 9.4%).

Pachinko & Pachinko Slot Machines

KONAMI sold pachinko slot machines based on Konami Group content such as *Castlevania II*, *Gokuraku Parodius*, and *GENSO SUIKODEN*. As for original content, *Magical Halloween 2*, a model rolled out in the previous fiscal year, sold briskly. Strong sales of LCDs units for pachinko machine manufacturers were also recorded.

In terms of financial performance, consolidated net revenues for the year ended March 31, 2011 in this segment amounted to ¥17,987 million (a year-on-year increase of 24.7%).

Health & Fitness

Operation of fitness clubs: Challenging business conditions persisted in the fitness club industry as consumer spending remained under pressure due to uncertainty over the future economic climate, revenue per member declined, price wars intensified and low monthly membership fees increasingly took hold. Against this backdrop, KONAMI opened the new facility in Nishioji-Oike (Kyoto City) in October, 2010 added two new facilities in April, 2010: one in Niigata (Niigata City) and another in Kami-Ooka (Yokohama City). We developed and introduced new health programs utilizing IT, which is one of KONAMI's strengths, in health management, exercise and nutritional guidance, and provided upgraded services to our customers, whose health consciousness is on the rise.

KONAMI also opened the Konami Sports Club Golf Academy at Konami Sports Clubs nationwide. The golf academy offers a unique golf instruction service that combines KONAMI's fitness instruction know-how, its teaching theories and state-of-the-art golf swing analysis technology. The academy is being introduced sequentially and is enjoying favorable reviews of its unique service. Efforts were made for the development of junior golf with the hosting of the Kid's Golfer Challenge Cup for children, with the national tournament held in Chiba prefecture in December, 2010.

Furthermore, we undertook efforts for the enhancement of member services and introduced the *Life Support Service*, which further enriches member's lives through leisure, healthcare and other services, and *Anshin Plus*, a plan that comes with coverage against accidents or injuries at the sports club.

Operation of sports facilities outsourced to us: In the management of facilities outsourced to KONAMI, we began to operate the health promotion center at the area for general health in the Toyooka City (Hyogo Prefecture), the Spark Aoba (Ibaraki Prefecture) and the Fureai (Communicating) health promotion center in Takaishi City (Osaka Prefecture), and we continued to promote the health of community residents by making use of KONAMI's know-how and experience in the operation of public facilities, etc.

Separately, the Great East Japan Earthquake caused damage to buildings at KONAMI facilities in the Tohoku and Kanto regions. Other impacts included reduced business hours and the temporary closure of facilities subject to rolling blackouts. KONAMI has closed part of the directly-operated facilities that sustained heavy damage for an extended period.

In terms of financial performance, consolidated net revenues for the year ended March 31, 2011 in this segment amounted to ¥85,911 million (a year-on-year increase of 0.2%).

(2) Capital Expenditures and Financing Activities

Capital expenditures in the consolidated fiscal year ended March 31, 2011 totaled ¥8,265 million. Principal capital investments included investments for production equipment and for the opening and renovation of sports and fitness club facilities.

With respect to financing, funding requirements for the above capital expenditures and so forth were mainly financed by cash and deposits on hand, cash flows from operating activities and partly from borrowings.

In November 2006, the Company established a 5-year commitment line (¥20,000 million) for the purpose of securing liquidity in hand to flexibly meet financing demands. In the coming years, 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 (U.S. GAAP)

(Millions of yen, except per share data)

Years ended March 31	2008	2009	2010	2011
Net revenues	297,402	309,771	262,144	257,988
Operating income (loss)	33,839	27,361	18,664	20,791
Net income attributable to KONAMI CORPORATION	18,345	10,874	13,314	12,934
Basic net income attributable to KONAMI CORPORATION per share (yen)	133.63	79.30	99.76	96.48
Total assets	319,248	301,670	298,198	313,891
KONAMI CORPORATION stockholders' equity	182,759	178,632	184,465	193,914

Notes: 1. Financial and business results of the Group is prepared in conformity with the accounting principles and procedures and indication methods which are required for the issue of American Depository Receipts (ADR), namely, the U.S. generally accepted in the United States (U.S. GAAP).

2. In the fiscal year ended March 31, 2009, the Company recorded ¥11,121 million in business structure improvement expenses (e.g. accelerated depreciation of tangible fixed assets) in the Health & Fitness Business.

3. Effective the fiscal year ended March 31, 2010, the Company has applied the FASB Accounting Standards Codification 810 "Consolidation"(former SFAS No. 160 "Noncontrolling Interests in Consolidated Financial Statement, an amendment of ARB No. 51"). In conjunction with this application, some changes in presentations for the past fiscal years have been made.

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

(Millions of yen, except per share data)

Years ended March 31	2008	2009	2010	2011
Operating income	25,478	21,456	19,295	16,430
Ordinary income	20,475	15,721	14,495	11,943
Net income (loss)	17,395	9,454	14,092	12,423
Basic net income (loss) per share (yen)	126.70	68.95	105.60	92.67
Total assets	178,565	180,952	178,743	190,189
Total net assets	149,272	146,136	153,012	164,269

(4) Issues for the Konami Group

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

Although there were signs of gradual recovery from the ongoing economic slowdown from the previous fiscal year, the global economy remains uncertain. There is also concern of a difficult business climate which persisted in our businesses – Digital Entertainment, Gaming & System, Pachinko & Pachinko Slot Machines and Health & Fitness – due to the impact of the economic uncertainty. On the other hand, in our business environment, progress has been made in developing a network environment. In the process, users have begun sharing a variety of information, and communities are starting to emerge each of which is characterized by its distinct taste. KONAMI has shifted to a holding company structure so that it may respond appropriately to a 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. In promoting the globalization of each business segment, we shifted to a system in which each KONAMI director is ultimately responsible for a business segment. This is to enable on-target response to the needs of each market as well as promote the agile development of each business. We also intend to promote the competitiveness and the sustainable growth of each group company. We believe that this will allow the whole Konami Group to make a leap forward.

Enhance profitability and channel managerial resources to growth areas

In the Digital Entertainment segment, the popularization of games for social networking services (SNS) and the development of a globally connected online environment have led to an increase in users who seek new modes of play that emphasize network connectivity. The needs of such users are expected to become increasingly diverse. With such diversity and globalization sought by users, KONAMI intends to channel appropriate managerial resources in selective and focused manners.

In the Gaming & Systems segment, as for the casino market where KONAMI 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, which manufactures and markets slot machines and offers participation agreements and the Konami Casino Management System that secure stable revenues for KONAMI. We will endeavor to expand our business in the future with strategic alliances with other companies.

In the Pachinko & Pachinko Slot Machines segment, KONAMI 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.

In the Health & Fitness segment, against the backdrop of higher health consciousness and increase in those 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 Club such as meeting the diversifying consumer needs and offering new lifestyle.

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

(5) Principal Business (as of March 31, 2011)

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

- 1. Digital Entertainment Business* Production, manufacture and sale of digital content and related products including social games, online games, computer & video games, amusement, card games
- 2. Gaming & System Business* Development, manufacture, sale and service of gaming machines and the Casino Management System for overseas markets
- 3. Pachinko & Pachinko Slot Machines Business* Production, manufacture and sale of pachinko slot machines and LCDs units for pachinko machines
- 4. Health & Fitness Business* Operation of health and fitness clubs, and production, manufacture and sale of health and fitness related goods

(6) Main Konami Group Offices (as of March 31, 2011)

Holding company

KONAMI CORPORATION Minato-ku, Tokyo

Operating companies in Japan

Konami Digital Entertainment Co., Ltd.	Minato-ku, Tokyo
Konami Sports & Life Co., Ltd.	Shinagawa-ku, Tokyo
KPE, Inc.	Minato-ku, Tokyo
TAKASAGO ELECTRIC INDUSTRY CO., LTD.	Chuo-ku, Osaka
Konami Real Estate, Inc.	Minato-ku, Tokyo
HUDSON SOFT CO., LTD.	Minato-ku, Tokyo
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.	UK
Konami Digital Entertainment GmbH	Germany
Konami Digital Entertainment Limited	Hong Kong
Konami Software Shanghai, Inc.	China

(7) Employees (as of March 31, 2011)

1. Konami Group

Business segment	Number of employees	Change from end of previous term
Digital Entertainment Business	3,085	(212)
Gaming & System Business	415	19
Pachinko & Pachinko Slot Machines Business	463	221
Health & Fitness Business	1,569	22
Entire Company (corporate staff)	226	-
Total	5,758	50

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
65	(9)

Note: Employees include all persons on the Company payroll.

(8) Major Subsidiaries (as of March 31, 2011)

1. Major subsidiaries

Company	Capital	Equity ratio (%)	Major businesses
Konami Digital Entertainment Co., Ltd.	¥26,000 million	100.0	Planning, production, manufacture and sale of social games, online games, consumer-use video game software, amusement machines, card games, content for mobile phones etc.
Konami Sports & Life Co., Ltd.	¥13,000 million	100.0	Operation of sports clubs; planning, production, and sale of health and fitness-related products and services
KPE, Inc.	¥1,000 million	100.0	Production, manufacture and sale of pachinko slot machines and LCDs units for pachinko machines
TAKASAGO ELECTRIC INDUSTRY CO., LTD.	¥6,651 million	100.0	Production, manufacture and sale of pachinko slot machines and pachinko machines
Konami Real Estate, Inc.	¥10,000 million	100.0	Real estate leasing and management
HUDSON SOFT CO., LTD.	¥5,064 million	53.9	Production, manufacture and sale of content for mobile phones and online games, and software for consumer-use games
Internet Revolution Inc.	¥1,250 million	(70.0) 70.0	Operation of portal sites
Konami Corporation of America	US\$35,500 thousand	100.0	Holding company in the United States
Konami Digital Entertainment, Inc.	US\$23,870 thousand	(100.0) 100.0	Production, manufacture and sale of consumer-use video game software, card game products, etc. 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.
Konami Digital Entertainment B.V.	Eur 9,019 thousand	100.0	Sale of products for amusement facilities, etc. in Europe
Konami Digital Entertainment GmbH	Eur 5,113 thousand	(100.0) 100.0	Production, manufacture and sale of consumer-use video game software, card game products, etc. in Europe
Konami Digital Entertainment Limited	HK\$19,500 thousand	100.0	Manufacture and sale of products in Asia
Konami Software Shanghai, Inc.	US\$2,000 thousand	100.0	Production of consumer-use video game software in Asia
Konami Australia Pty Ltd.	A\$30,000 thousand	100.0	Production, manufacture and sale of gaming machines in Australia

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 27 companies, including the major subsidiaries listed above, and applies the equity method to two affiliated companies.

2. Important business combinations

- i) In accordance with a share exchange agreement entered into with TAKASAGO ELECTRIC INDUSTRY CO., LTD. (the former ABILIT CORPORATION), the Company executed the share exchange in January 2011 and made the said firm a wholly owned subsidiary of the Company.
- ii) In accordance with a share exchange agreement entered into with DIGITAL GOLF Inc., the Company executed the share exchange in March 2011 and made the said firm a wholly owned subsidiary of the

Company.

(9) Major Lenders (as of March 31, 2011)

(Millions of yen)

Lender	Amount of loans
Sumitomo Mitsui Banking Corporation	2,000
The Sumitomo Trust and Banking Co., Ltd.	900
Mizuho Bank, Ltd.	600
Resona Bank, Limited.	500

2. Status of shares of the Company

Status of Shares (as of March 31, 2011)

1. Number of shares authorized	450,000,000
2. Number of shares issued	143,500,000
3. Number of shareholders	57,331
4. The 10 Largest shareholders	

	Number of shares (Thousands)	Shareholding Ratio (%)
Kozuki Foundation For Sports and Education	15,500	11.39
Kozuki Holding	15,000	11.02
The Master Trust Bank of Japan, Ltd. (Trust Account)	9,709	7.13
Japan Trustee Services Bank, Ltd. (Trust Account)	8,533	6.27
Kozuki Capital Corporation	7,036	5.17
Sumitomo Mitsui Banking Corporation	4,140	3.04
JPMorgan Securities Japan Co., Ltd.	3,765	2.77
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	2,720	2.00
KONAMI SHAIN MOCHIKABUKAI	1,468	1.08
Mizuho Securities Co., Ltd.	1,364	1.00

Note: The above shareholding ratios are calculated after the deduction of treasury shares (7,359 thousand shares).

3. Officers of the Company

(1) Directors and Corporate Auditors (as of March 31, 2011)

Position	Name	Areas of responsibility and primary duties at the Company, and significant concurrent positions outside the Company
Representative Director, Chairman of the Board, President	Kagemasa Kozuki	Chairman of the Board of Directors, Kozuki Foundation For Sports and Education
Representative Director	Noriaki Yamaguchi	
Representative Director	Kimihiko Higashio	Director, Kanto IT Software Health Insurance Association External Director, RESORT SOLUTION Co., Ltd.
Director	Takuya Kozuki	
Director	Tomokazu Godai	Representative Director and Chairman of the Board, MAYATEC Co., Ltd.
Director	Hiroyuki Mizuno	Director, Hiroshima Prefectural Institute of Industrial Science and Technology External Director, MegaChips Corporation (Former Vice President, Matsushita Electric Industrial Co., Ltd. *) * Current Panasonic Corporation
Director	Akira Gemma	Senior Corporate Adviser, SHISEIDO Co., Ltd. External Director, NKSJ Holdings, Inc. (Former Representative Director and President, SHISEIDO Co., Ltd.)
Standing Corporate Auditor	Noboru Onuma	(Former Director, Sumitomo Mitsui Banking Corporation)
Corporate Auditor	Tachio Otori	(Former Commissioner, Metropolitan Police Department)
Corporate Auditor	Masaru Mizuno	Senior Advisor, Japan Tobacco Inc. (Former Commissioner, National Tax Agency)
Corporate Auditor	Shogo Sasabe	Special Advisor, Bando Chemical Industries, Ltd. President, Kobe Pharmaceutical University External Director, THE JAPAN WOOL TEXTILE CO., Ltd. (Former Representative Director and President, BANDO CHEMICAL INDUSTRIES, LTD.)

Notes 1. Messrs. Tomokazu Godai, Hiroyuki Mizuno and Akira Gemma, Director, are the external director provided in Item 15 of Article 2 of the Corporate Law.

2. Messrs. Noboru Onuma, Tachio Otori, Masaru Mizuno and Shogo Sasabe, Corporate Auditor, are the external corporate auditor provided in Item 16 of Article 2 of the Corporate Law.

3. Standing Corporate Auditor Mr. Noboru Onuma has experience fostered over many years in financial institutions and possesses a keen insight in the areas of finance and accounting.

4. Corporate Auditor Mr. Masaru Mizuno served as Commissioner of the National Tax Agency and possesses a keen insight in the areas of finance and accounting.

5. The Company has appointed Director Mr. Tomokazu Godai as Independent Director as provided for in the regulations of the Tokyo Stock Exchange, Inc. and notified the person to the Exchange.

6. There are no special relationships between the Company and the companies in which the external directors and external auditors of the Company hold significant concurrent positions.

(2) Total Amount of Remuneration, etc. Paid to Directors and Corporate Auditors

Category	Number of paid officers	Amount of payment
Director	7	¥424 million
Corporate Auditor	4	¥45 million
Total	11	¥469 million

(3) External Officers

1. Major activities in the fiscal year under review

Category	Name	Major activities
Director	Tomokazu Godai	Attended all the 9 meetings of the Board of Directors held during the fiscal year under review and made necessary statements concerning deliberations on propositions, etc.
	Hiroyuki Mizuno	Attended all the 9 meetings of the Board of Directors held during the fiscal year under review and made necessary statements concerning deliberations on propositions, etc.
	Akira Gemma	Attended all the 9 meetings of the Board of Directors held during the fiscal year under review and made necessary statements concerning deliberations on propositions, etc.
Corporate Auditor	Noboru Onuma	Attended all the 9 meetings of the Board of Directors and all the 9 meetings of the Board of Corporate Auditors and made necessary statements concerning deliberations on propositions, etc.
	Tachio Ohori	Attended 7 of the 9 meetings of the Board of Directors and 8 of the 9 meetings of the Board of Corporate Auditors which were held during the fiscal year under review and made necessary statements concerning deliberations on propositions, etc.
	Masaru Mizuno	Attended 8 of the 9 meetings of the Board of Directors and all the 9 meetings of the Board of Corporate Auditors and made necessary statements concerning deliberations on propositions, etc.
	Shogo Sasabe	Attended all the 9 meetings of the Board of Directors and all the 9 meetings of the Board of Corporate Auditors and made necessary statements concerning deliberations on propositions, etc.

Note: In addition to the above, the Board of Directors reached a written resolution on one occasion based on the provisions of Article 370 of the Corporate Law.

2. Outline of the limit liability agreement

The Company entered into the agreement with all external directors and external corporate auditors to limit their liabilities as provided in Paragraph 1 of Article 423 of the Corporate Law subject to a limit which is the total of the amounts provided in all Items of Paragraph 1 of Article 425 of the Corporate Law.

3. Total amount of remuneration, etc. paid to external officers

Category	Number of paid officers	Amount of payment
Total amount of remuneration, etc. paid to external officers	7	¥79 million

Note: The above total amount of remuneration, etc. paid to external officers is included in “3. (2) Total Amount of Remuneration, etc. Paid to Directors and Corporate Auditors.”

4. Total amount of remuneration, etc. received by external officers from subsidiaries

During the fiscal year under review, external officers received a total of ¥8 million in remuneration, etc. from subsidiaries for which they concurrently serve as officers.

4. Status of Accounting Auditor

(1) Name of Accounting Auditor: KPMG AZSA LLC

Note: KPMG AZSA & Co. became KPMG AZSA LLC on July 1, 2010 as a result of a change in auditing firm classification.

(2) Amount of Remuneration, etc.

- | | |
|---|--------------|
| 1. Amount of remuneration, etc. paid to the accounting auditor during the fiscal year under review | ¥208 million |
| 2. Total of money and other financial benefits to be paid by the Company and its subsidiaries to the accounting auditor | ¥325 million |

Notes: 1. The amounts of remuneration, etc. for the audit based on the Corporate Law and the audit based on the Securities 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. The Company also underwent an audit based on the Sarbanes-Oxley Act (SOX) of the United States, and its total amount stated.

2. The subsidiaries of the Company pay compensation for the advisory service concerning International Financial Reporting Standards.

3. Of the important subsidiaries of the Company, Konami Corporation of America, Konami Digital Entertainment B.V. and six companies underwent an audit (limited to audits based on the provisions of the Corporate Law and the Securities and Exchange Law (including foreign laws and ordinances equivalent to these Laws)) by a certified public accountant or an audit firm (including parties with the same qualification as these in foreign countries) 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 Board of Corporate Auditors will dismiss the accounting auditor with the approval of all corporate auditors.

Besides the foregoing, when the conduct of a proper audit is deemed difficult because of the occurrence of an event, etc. damaging the eligibility and independence of an accounting auditor, Directors will present a proposal on the dismissal or non-reappointment of the accounting auditor to the General Meeting of Shareholders with the approval of the Board of Corporate Auditors or at the request of the Board of Corporate Auditors.

5. 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) Systems to ensure that the execution of the duties of directors conform to laws and ordinances and the Articles of Incorporation

The Company's Compliance Committee plays a leading role in ensuring the appropriateness of the fulfillment of the duties of directors through the establishment of operational procedures and regulations and the reinforcement of evaluation and monitoring systems. The Company is effectuating measures to prevent problems through the establishment of a system to report ethical issues and other matters as a checks-and-balance function against illegal activities, and a system is put in place to eliminate anti-social influences. In addition, the Company has made excellent progress with respect to the establishment of internal control systems as required under the Sarbanes-Oxley Act of the United States since listing on the New York Stock Exchange.

(2) Systems to store and control information on the fulfillment of the duties of directors

The Company has established an information control regulation and a document control regulation, and a system to properly store and control the information on the fulfillment of the duties of directors by specifying important documents and clarifying the form of storage.

(3) Regulation and other systems for the management of the risk of loss

To identify and control the risks that surround the Company, we have established a risk management regulation. The Risk Management Committee has played a leading role in establishing and strengthening the systems necessary for risk management.

(4) Systems to secure the effective fulfillment of the duties of directors

The Company is endeavoring to secure the effective fulfillment of the duties of directors by establishing a regulation concerning the division of duties and official authority to clarify the details of duties in which each division is in charge and official authority.

(5) Systems to ensure that the fulfillment of the duties of employees conforms to laws and ordinances and the Articles of Incorporation

The Company is committed to compliance in its corporate philosophy, code of conduct and guidelines for the behavior of officers and employees which are made known to all staff without exception through the information system. The Compliance Committee plays a leading role in strengthening systems.

(6) Systems to ensure the appropriateness of business as a corporate group consisting of a joint stock company, its parent company and its subsidiaries

As a holding company, the Company is managing the operations of the entire Group through means such

as the proper exercise of voting rights, to ensure the proper and balanced conduct of business of each company in the Group. In addition, the Company is preceding the establishment of an internal control system for each company in the Group. All Group companies will act in unison in such areas as information storage management, risk management and compliance, to ensure the establishment of integrated group management. With respect to the audit system by the Board of Corporate Auditors, we have established a group audit system that centers on the holding company, and will seek to strengthen it further.

(7) When a corporate auditor asks for the assigning of an employee to assist in the duties of the corporate auditor, matters concerning the employee

When the Board of Corporate Auditors judges that a person is required to assist in the fulfillment of its duties, the Board of Corporate Auditors may ask for a person with sufficient expertise, such as a member of the internal audit office, to assist in the fulfillment of the duties.

(8) Matters concerning the independence from directors of the employee set out in the preceding Item

The Board of Corporate Auditors may express opinions about the appointment, etc. of a person requested by the Board of Corporate Auditors for assistance in the fulfillment of duties. A member of the internal audit office to whom assistance is requested should not receive any instruction from directors concerning this assistance.

(9) System for a director and an employee to report to a corporate auditor and other systems concerning reports to corporate auditors

We will establish a regulation providing for matters to be reported by a director or employee to the Board of Corporate Auditors so that any important matter influencing the management and business results may be immediately reported to the Board of Corporate Auditors. A system to report ethical issues and other matters is in place to enable the Board of Corporate Auditors to obtain the reports from employees directly.

(10) Other systems to ensure the effective execution of audits by corporate auditors

When the Board of Corporate Auditors deems it necessary for the fulfillment of duties, the Board of Corporate Auditors may request experts such as lawyers and certified public accountant to provide opinions and advice.

6. 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 sections 2. below, based completely on the corporate goal of the Company and its sources of corporate value stated in 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

As its corporate goal, the Group aims, through the creation and provision of "valuable time", to be a business

group in which people can always place their expectations. Our fundamental management policies are to maintain a shareholder-focused approach, and to maintain a sound relationship with all stakeholders and contribute to society as a good corporate citizen. In order to implement these policies, and to do so pursuant to the specific management principles of international standards, fair competition, and the pursuit of high profits, we will endeavor to ensure and enhance the corporate value and the common interests of shareholders by further working toward optimal use of the Group's management resources and continuous and stable growth and expansion of the sources of corporate value stated in sub-section (ii) below.

(ii) Sources of corporate value

Over the past 40 years since its foundation in 1969, 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, comprised of 327 facilities nationwide (211 directly managed fitness clubs, 116 fitness clubs managed on behalf of other organizations) as of March 2010, and our capabilities as a manufacturer enable us to develop and manufacture original fitness machines that utilize the Company's production expertise, as well as plan and develop, in-house, various supplements and other products.

We continue to strive for further grow 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, Gaming & System Business and Health & Fitness 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, three out of our seven directors are external directors and all four statutory auditors are external statutory auditors. Furthermore, we have set a one year term of office for directors. The Company also works to proactively enhance its internal control system in response to the Sarbanes-Oxley Act of the United States (the SOX Act). Moreover, 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 casino 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 35th Ordinary General Meeting of Shareholders on June 28, 2007. Given the completion of the three-year effective period, the Company renewed the plan after making partial amendments, based on a resolution at the 38th Ordinary General Meeting of Shareholders on June 29, 2010. (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 external 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 29, 2010 to the end of the Ordinary General Meeting of Shareholders for the fiscal year ending March 2013.

(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 external 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 board members.

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, auditors 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, auditors 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:

(http://www.konami.co.jp/zaimu/1006/release_english.pdf)

7. 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. 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 ¥16 per share on November 25, 2010. Combined with a final dividend of ¥16 per share, we shall distribute an annual dividend of ¥32 per share for the fiscal year under review.

Consolidated Balance Sheet

(As of March 31, 2011)

(Millions of yen)

ASSETS:		LIABILITIES AND STOCKHOLDERS' EQUITY:	
Current assets	¥148,934	Current liabilities	¥63,155
Cash and cash equivalents	59,541	Short-term borrowings	4,000
Trade notes and accounts receivable, net of allowance for doubtful accounts of ¥275 million at March 31, 2011	28,564	Current portion of long-term debt and capital lease obligations	6,783
Inventories	25,479	Trade notes and accounts payable	19,003
Deferred income taxes, net	23,239	Accrued income taxes	6,121
Prepaid expenses and other current assets	12,111	Accrued expenses	16,747
Tangible fixed assets	¥59,508	Deferred revenue	4,804
		Other current liabilities	5,697
		Long-term liabilities	¥52,329
		Long-term debt and capital lease obligations, less current portion	35,516
Investments and other assets	¥105,449	Accrued pension and severance costs	2,932
Investments in marketable securities	140	Deferred income taxes, net	5,503
Investments in affiliates	2,131	Other long-term liabilities	8,378
Identifiable intangible assets	41,565	Total liabilities	¥115,484
Goodwill	21,880		
Lease deposits	27,360	Commitments and contingencies	
Deferred income taxes, net	2,934		
Other assets	9,439	EQUITY:	
		KONAMI CORPORATION	
		stockholders' equity	
		Common stock	47,399
		Additional paid-in capital	75,490
		Legal reserve	284
		Retained earnings	90,250
		Accumulated other comprehensive income (loss)	(2,547)
		Treasury stock	(16,962)
		Total KONAMI CORPORATION	
		stockholders' equity	¥193,914
		Noncontrolling interest	¥4,493
		Total equity	¥198,407
Total assets	¥313,891	Total liabilities and equity	¥ 313,891

Consolidated Statement of Income
(Year ended March 31, 2011)

(Millions of yen)

Net revenues	¥257,988
Costs and expenses	237,197
Costs of products sold and services rendered	189,032
Selling, general and administrative expenses	46,253
Earthquake and related impairment charges	4,455
Gain on bargain purchase	(2,543)
Operating income	20,791
Other income (expenses)	(1,709)
Interest income	268
Interest expense	(1,541)
Foreign currency exchange gain (loss), net	(342)
Other, net	(94)
Income before income taxes and equity in net income of affiliated companies	19,082
Income taxes	6,401
Equity in net income of affiliated companies	41
Net income	12,722
Net income attributable to the noncontrolling interest	(212)
Net income attributable to KONAMI CORPORATION	¥12,934

Consolidated Statement of Stockholders' Equity (Year ended March 31, 2011)

(Millions of yen)

	Stockholders' equity					Total KONAMI CORPORATION stockholders' equity	Non controlling interest	Total equity	
	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)				Treasury stock, at cost
Balance at March 31, 2010	¥47,399	¥77,089	¥284	¥83,055	¥(175)	¥(23,187)	¥184,465	¥4,766	¥189,231
Cash dividends attributable to KONAMI CORPORATION				(5,739)			(5,739)		(5,739)
Cash dividends attributable to noncontrolling interest								(54)	(54)
Purchase of treasury stock						(101)	(101)		(101)
Reissuance of treasury stock		(1,599)				6,326	4,727		4,727
Comprehensive income									
Net income				12,934			12,934	(212)	12,722
Foreign currency translation adjustments					(2,140)		(2,140)	(13)	(2,153)
Net unrealized losses on available-for-sale securities					(55)		(55)		(55)
Pension liability adjustment					(177)		(177)	6	(171)
Total comprehensive income for this year							10,562	(219)	10,343
Balance at March 31, 2011	¥47,399	¥75,490	¥284	¥90,250	¥(2,547)	¥(16,962)	¥193,914	¥4,493	¥198,407

Assumptions underlying preparation of consolidated financial statements

Scope of Consolidation

1. Number of consolidated subsidiaries: 27
2. Name of principal consolidated subsidiaries

Konami Digital Entertainment Co., Ltd.

Konami Sports & Life Co., Ltd.

KPE, Inc.

TAKASAGO ELECTRIC INDUSTRY CO., LTD.

Konami Real Estate, Inc.

HUDSON SOFT CO., LTD.

Internet Revolution Inc.

Konami Corporation of America

Konami Digital Entertainment, Inc.

Konami Gaming, Inc.

Konami Digital Entertainment B.V.

Konami Digital Entertainment GmbH

Konami Digital Entertainment Limited

Konami Software Shanghai, Inc.

Konami Australia Pty Ltd.

TAKASAGO ELECTRIC INDUSTRY CO., LTD. is included in the scope of consolidation effective the fiscal year under review as its shares were newly acquired in January 2011.

Application of the Equity Method

1. Number of equity-method affiliates: 2
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 the terminology, format and preparation method used in the accounting principles generally accepted in the United States of America (“U.S. GAAP”), in compliance with Article 3, Paragraph 1 of the Corporate Accounting Rules Supplementary Provisions (Ordinance of the Ministry of Justice No. 46; December 11, 2009). However, in compliance with such article, certain disclosure that is required on the basis of U.S. GAAP is omitted.

2. Methods and standards for the valuation of assets

(1) Securities

Marketable securities and securities held for trading purposes are stated at fair value when readily determinable. Held-to-maturity debt securities are stated at amortized cost after adjustment for any premium or discount. Realized gains and losses from the sale of available-for-sale securities are determined based on the average cost method.

(2) Inventories

Resalable products, finished products, work-in-process, raw materials and supplies are stated at the lower of cost or market. Cost is determined by the identified-cost method for software, and by averaging for all other items.

3. Depreciation methods

Tangible fixed assets are depreciated mainly using the declining balance method while in-house software is amortized mainly using the straight-line method.

4. Accounting standards for reserves

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.

5. Goodwill and identifiable intangible assets

Goodwill represents the difference between the cost of acquired companies and amounts allocated to the estimated fair value of their net assets. Identifiable intangible assets represent intangible assets related to trademarks, membership lists, gaming licenses, membership, patent and franchise contracts, etc. acquired in connection with acquisitions of subsidiaries. Reviews are conducted at least once annually to identify any impairment against fair value for goodwill and intangible assets subject to amortization with indefinite useful lives, and a test for any impairment loss is conducted at the end of each consolidated fiscal period. Intangible assets subject to amortization with definite useful lives are amortized over a period of 7–17 years corresponding to the estimated useful life.

6. Impairment or disposal of long-lived assets

The Company's long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When the carrying amount of assets exceeds the estimated future cash flows (undiscounted) for the assets, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

7. Accrued pension and severance costs

The accumulation of defined benefit type retirement benefit obligation (i.e., the variance between the fair value of plan assets and retirement benefit obligations) is recognized under the consolidated balance sheet and posted to accumulate other comprehensive income (loss) after tax effect considerations on corresponding adjustments. With respect to unrecognized actuarial net gain or loss, the portion of balance exceeding the corridor (10% of retirement benefit obligation or the fair value of plan assets, whichever is bigger) at the beginning of the fiscal year is amortized over the average residual service period of the relevant employee using the straight-line method. For some plans, as they are defined benefit plan by multiple businesses, the expense based on the amounts of necessary contributions for each period is recognized as the net pension expenses.

The Company and some subsidiaries in Japan, following the abolition of the retirement benefit plan in the consolidated fiscal year under review, recorded gain on the relevant liquidation.

8. Consumption tax

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

9. Rounding policy

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

Changes in Significant Accounting Policies

1. Effective October 1, 2010, KONAMI has adopted Accounting Standards Update (“ASU”) of the Financial Accounting Standard Board Accounting Standard Codification No. 2010-20 “Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses”. ASU2010-20 requires to enhance disclosures about the credit quality of financing receivables and the allowance for credit losses. The adoption of ASU2010-20 did not have a material impact on KONAMI’s consolidated financial statements.
2. Effective April 1, 2010, KONAMI has adopted ASU2009-13 “Multiple-Deliverable Revenue Arrangements-a consensus of the FASB Emerging Issues Task Force”. ASU2009-13 provides amendments to the criteria for allocation of revenues in multiple-deliverable arrangements, and in the absence of vendor-specific objective evidence or a third-party evidence concerning a selling price of deliverable products and services, sets forth a provision to allocate revenues in relation to products and services by applying an estimated selling price. The adoption of ASU2009-13 had only a minor impact on KONAMI’s consolidated financial statements.
3. Effective April 1, 2010, KONAMI has adopted ASU2009-14 “Certain Revenue Arrangements That Include Software Elements-a consensus of the FASB Emerging Issues Task Force”. ASU2009-14 is to exclude tangible products containing software components that function to deliver the product’s essential functionality from the criteria for software revenues. The adoption of ASU2009-14 had only a minor impact on KONAMI’s consolidated financial statements.

Notes to Consolidated Balance Sheet

1. Accumulated depreciation of tangible fixed assets ¥85,743 million
2. Accumulated other comprehensive income (loss)

A breakdown of accumulated other comprehensive income (loss) as of March 31, 2011 is as follows.

Foreign currency translation adjustments	¥ (2,158) million
Net unrealized gains on available-for-sale securities	¥ (54) million
Pension liability adjustment	¥ (335) million
Accumulated other comprehensive income (loss)	¥ (2,547) million

Notes to Consolidated Statement of Stockholders' Equity

1. Type and number of shares issued at the end of the consolidated fiscal 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 13, 2010	Common stock	3,604	27.00	March 31, 2010	June 8, 2010
Board of Directors meeting held on November 4, 2010	Common stock	2,135	16.00	September 30, 2010	November 25, 2010
Total		5,739			

(2) Of dividends whose record date belongs to the consolidated fiscal 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 12, 2011	Common stock	Retained earnings	2,178	16.00	March 31, 2011	June 8, 2011
Total			2,178			

Notes on Financial Instruments

1. Matters concerning financial instruments

The Company and its subsidiaries limit 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 FX fluctuation risks related in part to operating receivables and payables, derivatives are not executed for speculative purposes.

The Company and its subsidiaries strive 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, and the repayment (redemption) due dates for such obligations arrive in order within the next three years.

Derivative transactions are forward exchange contracts executed for mitigating FX fluctuation risks

associated primarily with foreign currency-based operating receivables and payables. The Company and its subsidiaries manage derivative transactions in accordance with the transaction authorization rules defined in financial regulations and other rules. Furthermore, in utilizing derivatives, the Company and its subsidiaries execute 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 balance sheet, market value (projected fair value) and the variance as of March 31, 2011 (the financial closing date of the consolidated fiscal year under review) are as follows.

	Amount on consolidated balance sheet (*1) (millions of yen)	Market value (projected fair value) (*1) (millions of yen)	Variance (millions of yen)
Cash and cash equivalents	59,541	59,541	-
Trade notes and accounts receivable	28,839		
Allowance for doubtful accounts (*2)	(275)		
	28,564	28,564	-
Investments in marketable securities	140	140	-
Short-term borrowings	(4,000)	(4,000)	-
Trade notes and accounts payable	(19,003)	(19,003)	-
Accrued expenses	(16,747)	(16,747)	-
Long-term debt	(15,000)	(14,898)	(102)
Derivative transactions	(5)	(5)	-

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

(*2) General allowance for doubtful accounts and specific allowance for doubtful accounts that correspond to trade notes and accounts receivable have been deducted.

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

(Cash and cash equivalents, trade notes and accounts receivable, short-term borrowings, trade notes and accounts payable and accrued expenses)

These items are presented in book values, as they are due for payment in a short period of time and the market value is close to the book value.

(Investments in marketable securities)

The market value is based on prices on the stock market.

(Investments in non-marketable securities)

For investments in non-marketable securities for which there are no quoted markets prices, a reasonable estimate of fair value could not be made without incurring excessive costs. It was not practicable to estimate the fair value of the common stock a company that is not publicly listed. Therefore, investments in such stocks are posted at cost. Investments in non-marketable securities (¥639 million on the consolidated balance sheet) are not included in “Investments in marketable securities”.

(Long-term debt)

The market value of long-term debt of the Company and its subsidiaries is based on the quoted price in the most active market or the present value of future cash flows associated with each instrument discounted using the Company’s current borrowing rate for similar debt instruments of comparable maturity.

(Derivative transactions)

The market value of a derivative transaction, consisting of foreign exchange contracts, all of which are used for purposes other than trading, are estimated by obtaining quotes from the counterparty of the transaction or from a third party.

Notes on Per Share Data

KONAMI CORPORATION stockholders' equity per share:	¥1,424.36
Net income attributable to KONAMI CORPORATION per share:	¥96.48

Notes on Significant Subsequent Events

In accordance with a share exchange agreement between the Company and HUDSON SOFT CO., LTD. (“HUDSON”), a consolidated subsidiary of the Company, pursuant to the resolution of the Company’s Board of Directors’ meeting held on January 20, 2011, the Company executed the share exchange agreement on April 1, 2011 and made HUDSON a wholly owned subsidiary of the Company. Under the terms of the agreement, 0.188 shares of the Company’s common stock were exchanged for one common share of HUDSON. The Company used approximately 2,491 thousand shares of its treasury stock for the allocation of shares to HUDSON’s shareholders.

Balance Sheet
(As of March 31, 2011)

(Millions of yen)

ASSETS:		LIABILITIES:	
Current assets	¥54,852	Current liabilities	¥14,729
Cash and cash equivalents	39,835	Short-term borrowings	8,427
Trade accounts receivable	2,165	Current portion of long-term bonds	5,000
Prepaid expenses	163	Other accounts payable	393
Deferred income taxes, net	211	Accrued expenses	341
Short-term loans	10,588	Income taxes payable	540
Income tax receivable	1,641	Deposits received	26
Other	247		
Allowance for doubtful accounts	(1)	Long-term liabilities	¥11,190
		Straight bonds	10,000
Fixed assets	¥135,336	Asset retirement obligation	94
Tangible fixed assets	289	Other	1,096
Buildings improvement	144		
Transportation equipment	23	Total liabilities	¥25,919
Tools and fixtures	121		
Intangible fixed assets	11	NET ASSETS:	
In-house software	5	Stockholders' equity	¥164,322
Trademark	1	Common stock	47,398
Design	3	Capital surplus	41,867
Other	0	Additional paid-in capital	36,893
Investments and other assets	135,035	Other capital surplus	4,974
Investment securities	431	Retained earnings	91,413
Investments in subsidiaries and affiliates	120,686	Legal reserve	283
Long-term loans	13,461	Other retained earnings	91,129
Deferred income taxes, net	225	Special reserves	70,000
Lease deposit	171	Retained earnings brought forward	21,129
Other	61	Treasury Stock	(16,357)
		Difference of appreciation and	
Allowance for doubtful accounts	(1)	conversion	(53)
		Net unrealized gains on	
		available-for-sale securities	(53)
		Total net assets	¥164,269
Total assets	¥190,189	Total liabilities and net assets	¥190,189

Statement of Income
(Year ended March 31, 2011)

(Millions of yen)

I	Operating revenues	¥16,430
	Management fee revenue	3,775
	Dividend income	12,655
II	Costs and expenses	4,419
	Selling, general and administrative expenses	4,419
	Operating income	12,011
III	Non-operating income	232
	Interest income	211
	Foreign currency exchange gain	1
	Other	19
IV	Non-operating expense	300
	Interest expenses	21
	Bond interest expenses	242
	Other	36
	Ordinary income	11,943
V	Extraordinary gain	6
	Gain on reversal of allowance for doubtful accounts	6
<hr/>		
	Income before income taxes	11,949
	Income taxes	(473)
	Current	(310)
	Deferred	(163)
	Net income	12,423

Statement of Changes in Stockholders' Equity
(Year ended March 31, 2011)

(Millions of yen)

	Stockholders' equity									
	Common stock	Capital surplus			Legal reserve	Retained earnings			Treasury stock	Total stockholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus		Special reserves	Retained earnings brought forward	Total retained earnings		
Balance at March 31, 2010	¥47,398	¥36,893	¥6,346	¥43,240	¥283	¥58,294	¥26,150	¥84,729	¥(22,355)	¥153,012
Changes during the year										
Cash dividends							(5,738)	(5,738)		(5,738)
Other reserves						11,705	(11,705)	-		-
Net income							12,423	12,423		12,423
Purchase of treasury stock									(100)	(100)
Reissuance of treasury stock			(1,372)	(1,372)					6,099	4,726
Net change of items other than Stockholders' equity										
Total changes during the year	-	-	(1,372)	(1,372)	-	11,705	(5,020)	6,684	5,998	11,310
Balance at March 31, 2011	¥47,398	¥36,893	¥4,974	¥41,867	¥283	¥70,000	¥21,129	¥91,413	¥(16,357)	¥164,322

	Difference of appreciation and conversion		Total net assets
	Net unrealized gains on available-for-sale securities	Total difference of appreciation and conversion	
Balance at March 31, 2010	-	-	¥153,012
Changes during the year			
Cash dividends			(5,738)
Other reserves			-
Net income			12,423
Purchase of treasury stock			(100)
Reissuance of treasury stock			4,726
Net change of items other than Stockholders' equity	(53)	(53)	(53)
Total changes during the year	(53)	(53)	11,257
Balance at March 31, 2011	¥(53)	¥(53)	¥164,269

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 declining balance 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 5 years.

3. Accounting standards for reserves

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.

4. Consumption tax

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

5. Rounding policy

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

Additional Information

To provide for retirement benefits of employees, the Company had conventionally recorded provision for retirement benefits (prepaid pension expense) based on the estimated amount of the projected benefit obligation and the plan assets at year-end. However, effective the fiscal year under review, the retirement benefit plan has been abolished. In line with this change, the Company has adopted the “Guidance on Accounting for Transfers between Retirement Benefit Plans (ASBJ Guidance No. 1, January 31, 2002) and the “Practical Solution on Accounting for Transfer between Retirement Benefit Plans (ASBJ PITF No. 2, February 7, 2007) and performed the respective accounting for the termination of the retirement benefit plan. The impact of this process is immaterial.

Notes to Balance Sheet

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

	(Millions of yen)
Short-term assets	12,757
Short-term liabilities	8,750
Long-term assets	13,610
2. Accumulated depreciation of tangible fixed assets	699
3. Guarantee obligation	

The Company extends guarantee to TAKASAGO ELECTRIC INDUSTRY CO., LTD., its consolidated subsidiary, for bank loans of ¥4,000 million.

Notes to Statement of Income

1. Transactions with subsidiaries and affiliates

	(Millions of yen)
Operating revenues	16,427
Selling, general and administrative expenses	1,818
Non-operating transactions	239

Notes to Statement of Changes in Stockholders' Equity

Type and number of treasury shares at the end of the fiscal year under review

(Thousand shares)

	Number of shares as of March 31, 2010	Number of shares increased during the period	Number of shares decreased during the period	Number of shares as of March 31, 2011
Common stock	10,039	58	2,739	7,359
Total	10,039	58	2,739	7,359

Notes:

1. The increase of 58 thousand shares of treasury shares of common stock is due to the purchase of treasury shares from shareholders opposed to share exchanges and the purchase of shares constituting less than one unit.
2. The decrease of 2,739 thousand shares of treasury shares of common stock is due to the disposal of treasury shares associated with share exchanges and the sale of shares constituting less than one unit.

Notes on Tax Effect Accounting

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

(Millions of yen)

Deferred tax assets	
Investments and other	2,190
Long-term other accounts payable	446
Accrued expenses, etc.	133
Others	<u>696</u>
Deferred tax assets subtotal	3,466
Valuation allowance	<u>(3,007)</u>
Total deferred tax assets	458
Deferred tax liabilities	
Tangible fixed assets	<u>(21)</u>
Total deferred tax liabilities	<u>(21)</u>
Net deferred tax assets	<u>437</u>

Notes on Fixed Assets Used on Lease

Other than fixed assets written in the balance sheet, some office machines are used based on an agreement for a finance lease other than those that are deemed to transfer ownership of the leased property to the lessee.

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%	Interlocking of directors	Receipt of business management fees	2,623	Trade accounts receivable	1,533
				Lending and borrowing of funds	5,411	Short-term borrowings	5,411
				Interest income Interest expense	9 12		
	Konami Sports & Life Co., Ltd.	Direct 100%	Interlocking of directors	Lending of funds	21,770	Short-term loans	9,508
				Interest income	189	Long-term loans	12,262
	KPE, Inc.	Direct 100%	-	Lending and borrowing of funds	2,088	Short-term borrowings	2,088
	Interest income	1					
	Interest expense	4					
	Konami Real Estate, Inc.	Direct 100%	Real estate leasing	Payment of office rent	1,169	Prepaid expenses	102
						Lease deposit	148

Note: 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. The lending and borrowing of funds include funds that the Company provides to companies in the Konami Group through the cash management system, and their net ending balance is posted. The interest rates are determined based on the market interest rates and others.
3. Payment of office rent, etc. is determined based on actual prices in the neighboring areas.
4. 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: ¥1,206.61

Net income per share: ¥92.67

Notes on Significant Subsequent Events

In accordance with a share exchange agreement between the Company and HUDSON SOFT CO., LTD. (“HUDSON”), a consolidated subsidiary of the Company, pursuant to the resolution of the Company’s Board of Directors’ meeting held on January 20, 2011, the Company executed the share exchange agreement on April 1, 2011 and made HUDSON a wholly owned subsidiary of the Company. Under the terms of the agreement, 0.188 shares of the Company’s common stock were exchanged for one common share of HUDSON. The Company used approximately 2,491 thousand shares of its treasury stock for the allocation of shares to HUDSON’s shareholders.

Independent Auditors' Report

May 11, 2011

The Board of Directors
KONAMI CORPORATION:

KPMG AZSA LLC

Masafumi Tanabu (Seal)
Designated limited liability partner
Certified Public Accountant

Hiroto Yamane (Seal)
Designated limited liability partner
Certified Public Accountant

We have audited the Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Stockholders' Equity, and notes to the consolidated financial statements of KONAMI CORPORATION for the consolidated fiscal year beginning on April 1, 2010 and ending on March 31, 2011, in accordance with Paragraph 4, Article 444 of the Corporate Law. Responsibility for preparation of these financial statements lies with the Company's management. Our responsibility is to express an opinion on these financial statements from an independent perspective.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that an Accounting Auditor obtain reasonable assurance that consolidated financial statements contain no material misstatements. An audit includes an assessment, on a test basis, of the overall presentation of consolidated financial statements, including accounting principles used, application of those principles, and estimates made by management. We believe that, as a result of our audits, we have obtained a reasonable basis upon which to express our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of KONAMI CORPORATION and its consolidated subsidiaries for the related consolidated fiscal year, in conformity with accounting principles generally accepted in the United States in compliance with Article 3, Paragraph 1 of the Corporate Accounting Rules Supplementary Provisions (Ordinance of the Ministry of Justice No. 46; December 11, 2009) of Japan (refer to Note of "Basic significant matters 1 regarding preparation of consolidated financial statements" of the notes to consolidated financial statements).

Additional Information

As described in Significant Subsequent Events, the Company made HUDSON SOFT CO., LTD. a wholly owned subsidiary of the Company on April 1, 2011 by means of a share exchange.

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 11, 2011

The Board of Directors
KONAMI CORPORATION:

KPMG AZSA LLC

Masafumi Tanabu (Seal)
Designated limited liability partner
Certified Public Accountant

Hiroto Yamane (Seal)
Designated limited liability partner
Certified Public Accountant

We have audited the non-consolidated Balance Sheet, Statement of Income, Statement of Changes in Stockholders' Equity, notes to the non-consolidated financial statements, and detailed statements of KONAMI CORPORATION for the 39th business year beginning on April 1, 2010 and ending on March 31, 2011, in accordance with Item 1, Paragraph 2, Article 436 of the Corporate Law. Responsibility for preparation of these financial statements and detailed statements lies with the Company's management. Our responsibility is to express an opinion on these financial statements from an independent perspective.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that an Accounting Auditor obtain reasonable assurance that non-consolidated financial statements and detailed statements contain no material misstatements. An audit includes an assessment, on a test basis, of the overall presentation of non-consolidated financial statements and detailed statements, including accounting principles used, application of those principles, and estimates made by management. We believe that, as a result of our audits, we have obtained a reasonable basis upon which to express our 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 results of operations of KONAMI CORPORATION for the business year under review, in conformity with accounting principles generally accepted in Japan.

Additional Information

As described in Significant Subsequent Events, the Company made HUDSON SOFT CO., LTD. a wholly owned subsidiary of the Company on April 1, 2011 by means of a share exchange.

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 39th fiscal year from April 1, 2010 to March 31, 2011, the Board of Corporate Auditors hereby submits its audit report, which has been prepared through discussions based on the audit report prepared by each Corporate Auditor.

1. Auditing Methods and Details of Such Methods

The Board of Corporate Auditors established auditing policies, allocation of duties and other relevant matters and received reports from each Corporate Auditor 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.

Each Corporate Auditor followed the auditing standards of corporate auditors, auditing policies, allocation of duties, and other relevant matters established by the Board of Corporate Auditors, 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 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. In addition, we confirmed the details of the resolution of the Board of Directors related to the establishment of the “systems to ensure appropriate operations including systems to ensure that the execution of the duties of Directors conform to laws and regulations and the Articles of Incorporation (internal control system)” (Item 6 in Paragraph 4 of Article 362 of the Corporate Law and Paragraphs 1 and 3 of Article 100 of the Ordinance of Enforcement of the Corporate Law) indicated in the Business Report. We received periodical reporting from directors and employees with regard to the condition of the systems put in place in accordance with the aforesaid resolution, sought explanations as necessary, and provided our recommendations. 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. With respect to subsidiaries, we communicated and exchanged information with directors, corporate auditors, and other relevant personnel of the subsidiaries, received business reports from subsidiaries, and visited their offices and studied their operations and financial positions as necessary.

With respect to accounting audits, 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 and their supporting schedules (Balance Sheet, Statement of Income and Statement of Changes in Stockholders' Equity), as well as consolidated financial statements (Consolidated Balance Sheet, Consolidated Statement of Income and Consolidated Statement of Stockholders' Equity) 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 KPMG AZSA LLC, 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 KPMG AZSA LLC, accounting auditors, are fair and reasonable.

May 11, 2011

Board of Corporate Auditors
KONAMI CORPORATION

Standing Corporate Auditor	Noboru Onuma	(Seal)
Corporate Auditor	Tachio Ohori	(Seal)
Corporate Auditor	Masaru Mizuno	(Seal)
Corporate Auditor	Shogo Sasabe	(Seal)

Note: Corporate Auditors Messrs. Noboru Onuma, Tachio Ohori, Masaru Mizuno and Shogo Sasabe are external corporate auditors as provided for in Article 2, Item 16 and Article 335, Paragraph 3 of the Corporate Law.

Reference Materials Concerning the Exercise of Voting Rights

Proposal 1: Election of seven members to the Board of Directors

Because the terms of office for all seven Directors expire at the conclusion of this General Meeting of Shareholders, this proposal requests

the election of seven 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)	<p>Mar. 1973 Established Konami Industries Co., Ltd. (current KONAMI CORPORATION)</p> <p>Jun. 1987 Representative Director and Chairman of the Board</p> <p>Jun. 1994 Representative Director and Chairman of the Board, President (to present)</p> <p>Significant concurrent positions: Chairman of the Board of Directors, Kozuki Foundation For Sports and Education</p>	131,117
2	Noriaki Yamaguchi (Jan. 26, 1944)	<p>Jun. 1994 Joined the Company</p> <p>Jun. 2001 Representative Director and Executive Corporate Officer, Finance and Accounting Division</p> <p>Apr. 2007 Representative Director, Vice President</p> <p>Apr. 2011 Representative Director (to present)</p>	61,753
3	Kimihiko Higashio (Sep. 24, 1959)	<p>Dec. 1997 Joined the Company</p> <p>Jun. 2005 Director and Division President, Human Resources</p> <p>May 2008 Representative Director, Vice President</p> <p>Apr. 2011 Representative Director (to present)</p> <p>Significant concurrent positions: Director, Kanto IT Software Health Insurance Association External Director, RESORT SOLUTIONS Co., Ltd.</p>	24,972

	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
4	Takuya Kozuki (May 19, 1971)	Nov. 1997 Director and Vice President, Konami Computer Entertainment America, Inc. Oct. 2001 Director and President, Konami Corporation of America Oct. 2002 Director and Chairman, Konami Computer Entertainment Hawaii, Inc. and Director and Chairman, Konami Corporation of America Jun. 2009 Director of the Company (to present)	14,736
5	Tomokazu Godai (Oct. 6, 1939)	May 1992 Director of the Company (to present) Significant concurrent positions: Representative Director and Chairman of the Board, MAYATEC Co., Ltd.	11,070
6	Hiroyuki Mizuno (Apr. 20, 1929)	Jun. 1990 Vice President, Matsushita Electric Industrial Co., Ltd. (current Panasonic Corporation) Aug. 1994 Adjunct Professor, Stanford University Jun. 2001 Director of the Company (to present) Significant concurrent positions: Director, Hiroshima Prefectural Institute of Industrial Science and Technology External Director, MegaChips Corporation	10,451
7	Akira Gemma (Aug. 1, 1934)	Jun. 1997 Representative Director and President, SHISEIDO Co., Ltd. Jun. 2001 Representative Director and Corporate Officer, Chairman of the Board Jun. 2003 Senior Corporate Adviser (to present) Jun. 2004 Director of the Company (to present) Significant concurrent positions: External Director, NKSJ Holdings, Inc.	8,000

Notes: 1. No special conflicts of interest exist between the Company and the proposed candidates for director.

2. Messrs. Tomokazu Godai, Hiroyuki Mizuno and Akira Gemma are the candidates for external directors. The Company has appointed Mr. Tomokazu Godai as Independent Director as provided for in the regulations of the Tokyo Stock Exchange, Inc. and notified the person to the Exchange.

3. Matters concerning the candidates for external directors are as follows:

(1) Reasons for appointing them as the candidates for external directors

We have decided to appoint these persons as candidates for external directors based on our judgment that each would make a significant contribution to the management of the Company as external directors, given their considerable experience, achievements and insight as managers of business corporations and given that they are in an objective position, independent of the executive management of the Company.

- (2) Number of years since assuming the post of external director of the Company (until the conclusion of this General Meeting of Shareholders)

Tomokazu Godai: 19 years

Hiroyuki Mizuno: 10 years

Akira Gemma: 7 years

- (3) Overview of the Limited Liability Contract

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

Proposal 2: Election of three members to the Board of Corporate Auditors

Because the terms of office of three corporate auditors, Messrs. Tachio Otori, Masaru Mizuno and Shogo Sasabe will expire at the conclusion of this General Meeting of Shareholders, this proposal requests the election of three Corporate Auditors.

The Board of Corporate Auditors has given agreement to this proposal.

The candidates for the post of Corporate Auditor are as follows:

	Name (Date of Birth)	Resume and position at the Company, and significant concurrent positions outside the Company	Shares of the Company's stock owned
1*	Nobuaki Usui (Jan. 1, 1941)	May 1995 Director-General of the Tax Bureau, Ministry of Finance Jan. 1998 Commissioner, National Tax Agency Jul. 1999 Administrative Vice Minister, Ministry of Finance Jan. 2003 Governor & CEO, National Life Finance Corporation Dec. 2008 Chairman, The Japan Research Institute, Limited (to present)	0
2*	Setsuo Tanaka (Apr. 29, 1943)	Aug. 1993 Director of Traffic Bureau, National Police Agency Jan. 2000 Commissioner-General, National Police Agency Jun. 2006 President, Japan Automobile Federation (to present) Significant concurrent positions: External Corporate Auditor, NGK INSULATORS, LTD.	0
3*	Hisamitsu Arai (Jan. 10, 1944)	Jul. 1996 Commissioner, Japan Patent Office Jun. 1998 Vice Minister for International Affairs, Ministry of International, Trade and Industry Apr. 2001 Chairman, Nippon Export and Investment Insurance Mar. 2003 Secretary-General of Intellectual Property Strategy Headquarters, Cabinet Secretariat Jun. 2007 President, Tokyo Small and Medium Business Investment & Consultation Co., Ltd. (to present)	0

Notes: 1. Persons marked with an asterisk are new candidates for corporate auditor.

2. No special conflicts of interest exist between the Company and the proposed candidates for auditor.

3. Messrs. Nobuaki Usui, Setsuo Tanaka and Hisamitsu Arai are candidates for external corporate auditors.

4. We have nominated Messrs. Nobuaki Usui, Setsuo Tanaka and Hisamitsu Arai as candidates for external corporate auditors since we believe that these three persons are capable of properly executing the duties of an external corporate auditor, given their considerable experience, achievements and their extensive knowledge and insight.

5. When this proposal has been approved in its original form, the Company will enter into a limited liability contract with Messrs. Nobuaki Usui, Setsuo Tanaka and Hisamitsu Arai with respect to their liabilities as provided in Article 423, Paragraph 1 of the Corporate Law. Under this contract, the liabilities of the three persons shall be limited to the aggregate total of the amounts stipulated in Article 425, Paragraph 1 of the said law.