

KONAMI

**Digital Entertainment
Health & Fitness
Gaming & System**

**Fiscal 2008
KONAMI GROUP Interim Report**

April 1, 2007 – September 30, 2007

KONAMI CORPORATION

KONAMI will keep moving up by continuing to create and provide “Valuable Time” to ever more people around the world.

Aiming to further operational efficiency and Group consolidation, KONAMI integrated operational bases that had been scattered throughout the Tokyo area at a single location in April 2007. In our first interim period since that relocation, we made a favorable start, with consolidated year-on-year increases of 11.8% in net revenues, to ¥133.7 billion, and 28.9% in operating income, to ¥13.0 billion.

The Digital Entertainment segment made a particularly strong contribution to higher revenues and earnings. The segment posted solid sales of home video game software that incorporates playing methods to suit the features of different video game consoles. Also, the segment’s amusement arcade machines sold briskly.

Further, the Health & Fitness segment and the Gaming & System segment made solid contributions to revenues.

We will keep moving up by continuing fast-paced Group management that responds instantly to changes in business conditions.

We ask our shareholders for their continued guidance and support as we forge ahead.

November 2007

Kagemasa Kozuki
CEO, KONAMI Group

KONAMI Group: Our Corporate Goal

We, KONAMI Group of Companies, are aiming to be a business group that is always highly expected by all the people around the globe, through creating and providing them with “Valuable Time”.

KONAMI Group Brand

[Brand Concept]

Creating a shift from
“The Consumption of Time” to
“The Value of Time”

Changing all aspects of life
into a bright and inspiring experience.
Turning “Everyday Life” into
“High Quality Life”

Based on this corporate goal
and brand concept,
the KONAMI Group pursues operations
in three business segments—

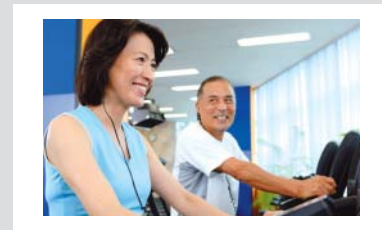
- Digital Entertainment
- Health & Fitness
- Gaming & System

CONTENTS

To Our Shareholders	1
Consolidated Financial Highlights	3
Business Performance	5
Digital Entertainment Segment	7
CLOSE UP: KONAMI’s Strategies for Video Game Software	9



Health & Fitness Segment	11
--------------------------------	----



Gaming & System Segment	13
-------------------------------	----



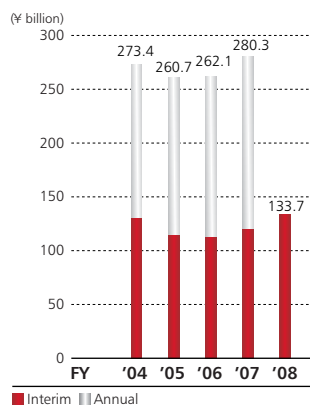
Q&A	14
Interim Consolidated Financial Statements (U.S. GAAP)	15
Stock Information	18

Consolidated Financial Highlights

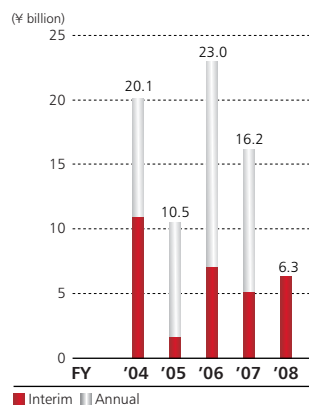
Financial Highlights (U.S. GAAP)

	Six months ended September 30, 2005	Six months ended September 30, 2006	Six months ended September 30, 2007	Year ended March 31, 2007
Net Revenues (¥ million)	111,870	119,599	133,743	280,279
Operating Income (¥ million)	7,462	10,115	13,042	28,145
Income before Income Taxes (¥ million)	14,335	9,884	13,075	27,567
Net Income (¥ million)	6,964	5,114	6,288	16,211
Earnings per Share (EPS) (¥)	53.45	37.28	45.81	118.15
Total Assets (¥ million)	304,021	280,535	305,246	304,657
Total Stockholders' Equity (¥ million)	133,941	165,947	177,449	174,662
Total Stockholders' Equity per Share (¥)	1,027.89	1,209.39	1,292.48	1,272.54
Equity-to-Asset Ratio (%)	44.1	59.2	58.1	57.3
Return on Equity (ROE) (%)	5.8	3.1	3.6	9.6

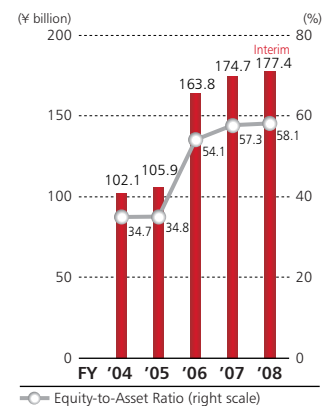
Net Revenues



Net Income



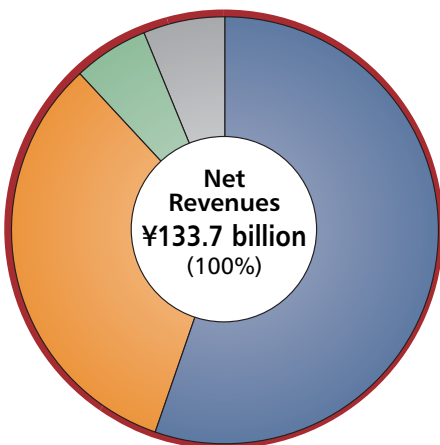
Total Stockholders' Equity



Summary of Performance by Business Segment

Net Revenues by Segment

(Six months ended September 30, 2007)



Digital Entertainment Segment

55.3% (¥74.0 billion)

Health & Fitness Segment

32.8% (¥43.9 billion)

Gaming & System Segment

5.7% (¥7.6 billion)

Other, Corporate and Eliminations

6.2% (¥8.3 billion)

Digital Entertainment Segment

[Principal Businesses]

Production, manufacture, and sale of digital contents and related products of our Computer & Video Games, Toy & Hobby, Amusement, Online, and Multimedia businesses

[Major Group Companies]

Konami Digital Entertainment Co., Ltd. (Japan)
 Konami Digital Entertainment, Inc. (U.S.)
 Konami Digital Entertainment B.V. (U.K.)
 Konami Digital Entertainment GmbH (Germany)
 Konami Digital Entertainment Limited (Hong Kong)
 Konami Software Shanghai, Inc. (China)

Health & Fitness Segment

[Principal Businesses]

Management of fitness clubs / Production, manufacture, and sale of fitness machines and health service products

[Major Group Companies]

Konami Sports & Life Co., Ltd. (Japan)
 Combi Wellness Corporation (Japan)

Gaming & System Segment

[Principal Businesses]

Production, manufacture, sale, and service of gaming machines and *Konami Casino Management System* for casinos

[Major Group Companies]

Konami Gaming, Inc. (U.S.)
 Konami Australia Pty Ltd (Australia)

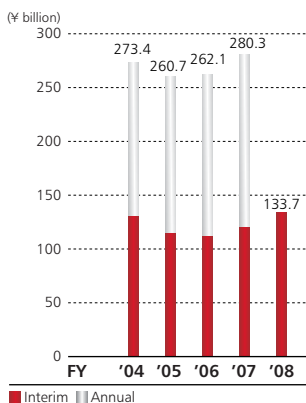
OVERVIEW

In the entertainment industry as it relates to the Company and its subsidiaries ("KONAMI"), the home video game software market is thriving as a new wave of home video game consoles makes inroads while demand for traditional handheld consoles remains strong. A new crop of video game software titles capitalizing on the differing features of these consoles is appearing as well and is allowing the industry to expand beyond the existing player base to attract an increasingly broad cross section of users of both sexes and all ages. The Tokyo Game Show 2007, which took place in September, was a strong success. The number of companies that displayed their products from both Japan and overseas was the greatest on record, and the number of visitors that attended the event also set a new record.

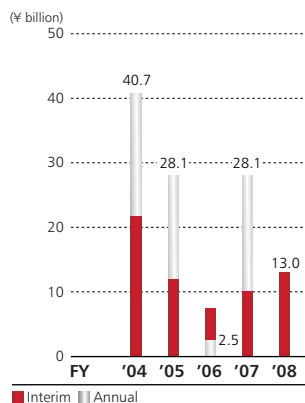
In the health industry, demand in the areas of maintaining and promoting good health is climbing due to trends in Japanese society. In particular, the government will launch a policy of mandatory specified health checkups and health guidance in the coming fiscal year. This policy is designed to address the aging of Japan's population by forestalling the need for nursing care, to provide for the beginning of the retirement of the baby boom generation, and to prevent lifestyle diseases.

Against this backdrop, our Digital Entertainment segment enjoyed strong sales with the release of *PROYAKYU SPIRITS 4* for PlayStation 3, in April 2007, and also with a new version of the *JIKKYOU PAWAFURU PUROYAKYU* series released for Wii. KONAMI is bringing players a new way of enjoyment with multiplatform capabilities that take advantage of the features of the various equipment

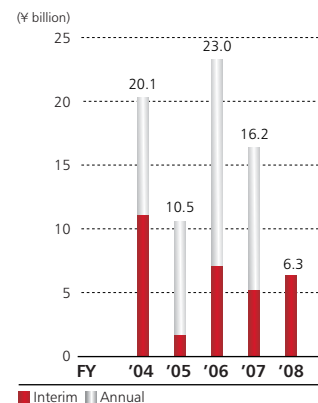
Net Revenues



Operating Income



Net Income



now available as well as with the new generation of home video game consoles. Furthermore, the *Winning Eleven* (called *PRO EVOLUTION SOCCER* in Europe) series has been selling steadily and sales of products for amusement arcades have remained favorable thanks to strong market support for video games like our flagship *MAH-JONG FIGHT CLUB 6* as well as our latest token-operated games.

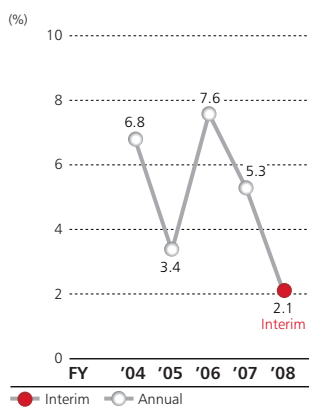
In our Health & Fitness segment, steps have been taken to improve both facilities and services. Specifically, we have expanded our various health support programs and health products targeting people of all ages, notably baby boomers with their growing interest in improving their fitness and avoiding the need for nursing care. We have also installed our proprietary IT health management system in more of our fitness clubs. Also, our expertise

and track record in running outsourced facilities are now widely recognized throughout Japan.

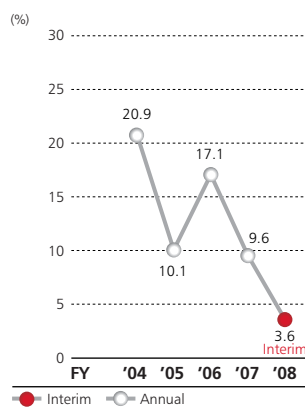
Within our Gaming & System segment, we have been taking steps to stabilize the profit structure by expanding our lineup of content to cater to the growing market. In particular, we are endeavoring to consolidate our operating base in North America.

In terms of financial performance, for the period ended September 30, 2007, net revenues amounted to ¥133,743 million, an 11.8% increase compared with the previous same period; operating income was ¥13,042 million, a 28.9% increase compared with the previous same period; income before income taxes was ¥13,075 million, a 32.3% increase compared with the previous same period; and net income was ¥6,288 million, a 23.0% increase compared with the previous same period.

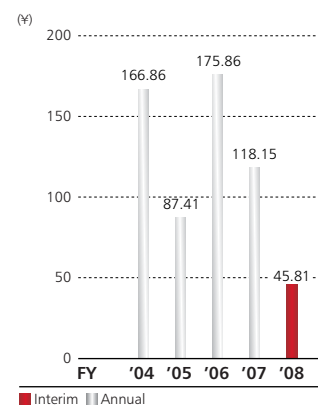
Return on Assets (ROA)



Return on Equity (ROE)

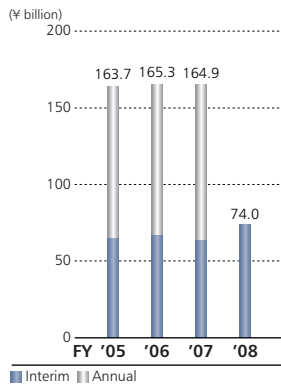


Earnings per Share (EPS)

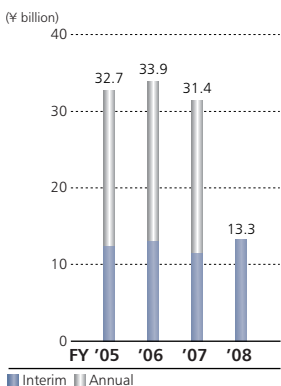




Net Revenues



Operating Income



OVERVIEW

Computer & Video Games

In Japan, we achieved strong sales across our diverse lineup. This includes our sports titles, a genre in which KONAMI is particularly strong, *PROYAKYU SPIRITS 4*, *JIKKYOU PAWAFURU PUROYAKYU 14*, and *J.LEAGUE Winning Eleven 2007 CLUB CHAMPIONSHIP*, our music titles such as *pop'n music 14 FEVER!*, and our anime titles including *KIRARIN☆REVOLUTION Mezase! Idol Queen*. In Europe, *METAL GEAR SOLID PORTABLE OPS* and *PRO EVOLUTION SOCCER 6*, a title that debuted just last year, continued to record strong sales. Meanwhile, in North America, the *DanceDanceRevolution* series again put in a strong showing.

Toy & Hobby

The mainstay *YU-GI-OH! TRADING CARD GAME* series continued to sell well worldwide. Three new card games debuted that were tied in with a triad of anime TV programs that went on air in April 2007: *BLUE DRAGON*, *HAYATENOGOTOKU*, and *GURRENLAGANN*. The *BUSOU SHINKI* series of original action figures, meanwhile, has been winning over more fans since it became synchronized more closely with the online game.

Amusement

In the video game field, the gun-shooting game *SILENT HILL THE ARCADE* was released to strong sales. While incorporating the *SILENT HILL* horror content that has proved popular in the home video game of the same name, this game utilizes the e-AMUSEMENT system, a service networking amusement

arcades across Japan. Meanwhile *MAH-JONG FIGHT CLUB 6*, which enables players to match wits on line, has been released on a new platform. In the area of mainstay music games, two new offerings were released, *GuitarFreaksV4* and *DrumManiaV4*, both of which have recorded strong sales. In the field of token-operated games, *ETERNAL KNIGHTS*, the latest addition to the RPG game *MONSTER GATE* series, which is a unique adventure game, and *SPINFEVER*, a mid-sized pusher game with a new jackpot mechanism, which partially takes its inspiration from a pinball machine, were both warmly received by the market.

Online

As the capacity of mobile phones increases and their features become more sophisticated, KONAMI made "Super Rich Content" their watchword, and such game applications as *TOKIMEKI MEMORIAL 2* and *Mobile PAWAFURU PUROYAKYU OFFICIALLY LICENSED 2007* are now available for download from sites like *Konami Net DX* and *PAWAPURO World*.

Multimedia

A number of guides, books, DVDs, music CDs, and other merchandise tied in with popular game software and anime titles were released, and these have sold well.

In terms of financial performance, consolidated net revenues in the Digital Entertainment segment were ¥73,978 million, a 16.4% increase compared with the previous same period.

TOPICS

PRO EVOLUTION SOCCER 2008 Tops Two Categories at Games Convention 2007

In Leipzig, Germany, *PRO EVOLUTION SOCCER 2008* claimed two Best of GC2007 awards at Europe's largest video game trade show, Games Convention 2007, held from August 23 to 26, 2007. *PRO EVOLUTION SOCCER 2008* is the latest installment in the *Winning Eleven* series, which shipped 8.47 million units in the previous fiscal year. Based on the trade show's exhibits, Best of GC2007 awards go to the most outstanding product for each platform. *PRO EVOLUTION SOCCER 2008* was awarded Best PS3 Game and Best PS2 Game.



Licensed by OLIVEDESPORTOS (Official Agent of the FPF)
All other copyrights or trademarks are the property of their respective owners and are used under license.

KONAMI's Token-Operated Game Machines Winning High Acclaim

Our token-operated game machines have earned a strong reputation. Since its launch last year, our large token-operated game machine *GRANDCROSS* has enjoyed strong sales. Further, we are creating and marketing new token-operated game machines that offer unique enjoyment, making them popular with new customer groups, such as families and couples, and with existing customers. For example, in August 2007 we launched a fresh role-playing game, the *ETERNAL KNIGHTS* adventure simulation game. September 2007 saw the debut of *SPINFEVER*, a mid-sized pusher token-operated game machine incorporating elements of pinball.



SPINFEVER

ETERNAL KNIGHTS

Marketed Major League Version of JIKKYOU PAWAFURU PUROYAKYU Series in North America

In the North American market, we launched the latest installment in the *JIKKYOU PAWAFURU PUROYAKYU* series, *MLB POWER PROS* (Wii and PlayStation 2) in October 2007. Our baseball video game series has cumulative sales of more than 14.8 million units. In developing *MLB POWER PROS*, we drew fully on expertise in baseball video game software garnered in Japan to create a product that is packed with features likely to earn rapid product acceptance in the North American market, including the use of actual data from major league clubs and about players, simple operability, and realistic sound effects. By rolling out the *JIKKYOU PAWAFURU PUROYAKYU* series in the North American market, KONAMI aims to further increase sales of its baseball video game software.



©2K Games, Inc.
©2007 Konami Digital Entertainment Co., Ltd.
Major League Baseball trademarks and copyrights are used with permission of Major League Baseball Properties, Inc.
©MLBPA-Official Licensee, Major League Baseball Players Association.
Visit the Players Choice on the web at www.MLBPLAYERS.com.
Copyright 2007 by STATS LLC.
©Getty Images

CLOSE UP

KONAMI's Strategies for Video Game Software

Conditions in the home video game market are changing dramatically. The popularity of new home video game consoles is spreading, while the market for handheld video game systems continues to grow. In addition, home video game markets in North America, Europe, and other regions are growing. In this section, we outline KONAMI's strategies for video game software in response to such changing market conditions.

Roll Out Video Game Software to Fully Exploit Content Appeal

The content of each of KONAMI's video games has distinctive appealing features. Accordingly, we believe that it is important to develop and market products for video game consoles that will accentuate such features to give customers the most entertainment.

For example, the creation of a film-like world differentiates *METAL GEAR SOLID 4 GUNS OF THE PATRIOTS*. Therefore, we plan to introduce a version of that video game software for PlayStation 3 to take advantage of the video game console's outstanding computing power and image representation capabilities. *DanceDanceRevolution HOTTEST PARTY* promotes exercise and health by requiring players to

move their entire bodies. Mindful of that characteristic, we developed and marketed the video game for Wii, which enables unimpeded operability.

Also, for Nintendo DS we developed *TIME HOLLOW Ubawaretakakowomotomete*, which offers a new playing style that incorporates the console's touch pen and two screens. For PlayStation Portable, we created *METAL GEAR SOLID PORTABLE OPS +*, which realizes high-quality image representation despite being a video game for handheld video game systems. Such initiatives reflect KONAMI's strategy of developing and marketing video game software for consoles that will optimize the appeal of each video game's content.

Introducing video game software for video game consoles that maximize content appeal

PS3



**METAL GEAR SOLID 4
GUNS OF THE PATRIOTS**

Wii



**DanceDanceRevolution
HOTTEST PARTY**

Nintendo DS



**TIME HOLLOW
Ubawaretakakowomotomete**

PSP



**METAL GEAR SOLID
PORTABLE OPS +**

Roll Out Health-Related Video Game Software

As our major strategy is to establish a new category of products that combines our mainstays of entertainment and health, we are developing health-related video game software.

By incorporating fitness programs introduced at Konami sports clubs, our yoga instruction software, *DOKODEMO YOGA*, launched in July 2007, and our pilates instruction software, *DOKODEMO PILATES*, slated for launch in December 2007, enable users to undertake authentic exercise regimes. Also, our *Saeki Chizu Shiki YUMEMIHADA~Dream Skincare~*, beauty advice software, unveiled in October 2007, gives users a convenient way of studying general skin care methods at any time and in any place.



Roll Out Video Game Software That Caters to Demand Overseas

Among strategies for video game software, strategies for overseas markets are of considerable importance. In particular, markets in North America and Europe are expanding as the popularity of new home video game consoles spreads, and these markets will likely continue growing in the medium-to-long term. However, overseas regional demand varies due to countries' different cultures and customs. In response, we are building a system that can develop and deploy products reflecting each market's demand by establishing local marketing and production bases.

For example, because soccer is particularly popular in Europe, we targeted the region when introducing the popular *Winning Eleven* soccer video game series (called *PRO EVOLUTION SOCCER* in Europe). As a result, the video game has become even more popular in Europe than it is in Japan. Similarly, we are actively marketing music video games, such as the *DanceDanceRevolution* series, in the United States, where music games are very popular.

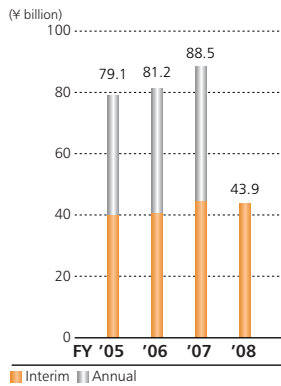
We aim to achieve sustainable growth in overseas markets by strengthening the production, manufacturing, and marketing of local bases for their respective regions while constructing a system that will further enable global roll outs.



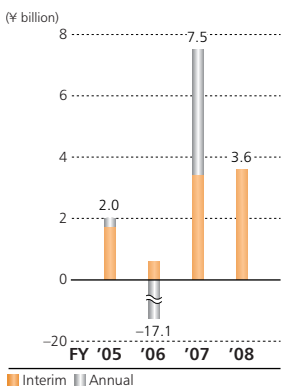
Licensed by OLIVEDESSPORTOS (Official Agent of the FFF)
All other copyrights or trademarks are the property of their respective owners and are used under license.



Net Revenues



Operating Income



OVERVIEW

Operation of fitness clubs

Among facilities that we directly manage ourselves, more clubs installed the e-XAX health management system, which keeps track of each individual's exercise history and manages data on his or her fitness progress. Further effort also went into promoting the *Biometrics* diet program, the *6WEEKS* lifestyle disease prevention program, and *Hatsuratsu Kenko-Jyuku* for senior citizens. Also, our aerobics program was overhauled in the interests of safety and greater fitness benefits. These improvements in facilities and fitness programs raised the quality of our services. In addition, the facilities outsourced to us grew with the addition of seven new centers, including such locations as Kariya (Aichi), Wako (Saitama), and Setagaya (Tokyo). Through the operation of such public facilities, we put KONAMI's know-how and proven record of achievement to good use in promoting better health in the community. As a result, the total number of directly managed facilities and facilities outsourced to us reached 319 at the end of September 2007.

Health products

We sell several items equipped with IT management capabilities, including the multifunctional USB pedometer *e-walkeylife2*, the TV-connectable health management tool *Kenshin Keikaku TV*, and the computer software program *Kenshin Keikaku 2*. We also offered our own original line of supplements tailored to different sporting situations. KONAMI is thus steadily expanding its product lineup to cater to today's evolving health needs.

In July 2007, we inaugurated a new service that gives Konami Sports Club members preferential access to over 6,000 services, including medical checkups and the use of such leisure facilities as hotels, travel resorts, and amusement parks. This move is designed to enhance the value of a Konami Sports Club membership card.

In terms of financial performance, consolidated net revenues in the Health & Fitness segment were ¥43,899 million, a 1.2% decrease compared with the previous same period.

TOPICS

Offering Programs in Response to Mandatory Specified Health Checkups and Health Guidance

KONAMI offers specified health guidance programs that anticipate the April 2008 introduction of mandatory specified health checkups and health guidance, which is part of a drive by the Japanese government to prevent lifestyle-related diseases. Themed on fun, effectiveness, and the satisfaction of continuing regular exercise, KONAMI's programs provide unique comprehensive support. They combine firsthand experience garnered from our lifestyle disease prevention program, *6WEEKS*; a wealth of health instruction expertise; and our original IT enabled health management system, e-XAX, which allows users to view their exercise histories stored in a database. Available nationwide, our health guidance programs come under two categories: those based at facilities we manage and those dispatching instructors to companies or municipal authorities.

Jointly Exhibited 41 of the Latest Fitness Machines at Health & Fitness Japan 2007



In June 2007, KONAMI exhibited at the Japanese fitness industry's only trade show, Health & Fitness Japan 2007, which was held at Tokyo Big Sight. Showcasing such leading-edge equipment as the *GROOVE MOTION DDR* digital studio program and *New Aero Bike*, which helps prevent metabolic syndrome, our display of 41 of the latest fitness machines was one of the trade show's main attractions. Further, the president of Konami Sports & Life Co., Ltd., Toshimitsu Oishi, participated as a panel member in a seminar titled *The Direction of the Fitness Industry and Our Medium-Term Vision*, which the Fitness Industry Association of Japan organized and held during the trade show. Oishi furthered understanding of our initiatives in fitness services by explaining Konami Sports & Life's business vision and the role fitness clubs will have to play in the future.

Providing More Than 6,000 Preferential Services to Konami Sports Club Members

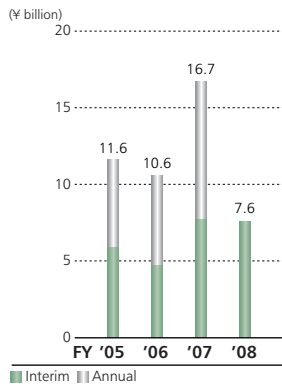
From July 10, 2007, KONAMI began providing e-XAX special members and full members with more than 6,000 discounts for a variety of services, including hotels, travel, leisure facilities, sports facilities, and health checkups. We introduced those preferential services as a way to enrich people's everyday lives and to offer leisure that complements our exercise initiatives. We will continue to support and promote healthy lifestyles not only through our sports clubs but through a wide range of health-related services.

Concluded Agreements for Industry-University Collaborations with Kagawa Nutrition University and Osaka Electro-Communication University

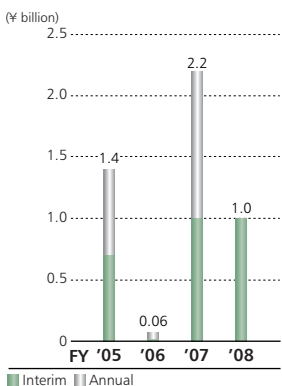
KONAMI concluded agreements for industry-university tie-ups in the fields of exercise and nutrition for health enhancement with Kagawa Nutrition University in July 2007 and in the fields of personnel development and device development with Osaka Electro-Communication University in September 2007. Those alliances will enable us to provide highly effective fitness and health guidance suited to the particular characteristics and conditions of a wide range of age groups. The tie-ups will help us train instructors that are better able to offer practical, integrated guidance on exercise and nutrition as well as instructors and engineers with expertise in clinical medicine and information science. Further, the alliances will contribute to research and development for new fitness- and health-related equipment. By rapidly realizing the benefits of the industry-university alliances, KONAMI will cater to demand in the field of health maintenance and enhancement.



Net Revenues



Operating Income



OVERVIEW

A growing number of jurisdictions are legalizing gaming, while existing markets continue to grow steadily. Under these conditions, our mainstream K2V series and gaming machines at Rhode Island, a license obtained this year, both showed favorable sales. In Australia, despite the fact that some of the major states have put a cap on the number of machines that can be installed or are making moves to overhaul the tax system and the market is starting to mature, KONAMI is taking steps to develop new markets, improve service to existing clientele, and win over new customers both in Australia and abroad.

Las Vegas-based Konami Gaming, Inc. and Sydney-based Konami Australia Pty Ltd have recently exhibited together at two events: Global Gaming Expo Asia, which was held for the first time in Macau in June 2007; and Australasian Gaming Expo 2007, the Oceania region's largest casino trade show, which took place in Sydney in August. Visitors were particularly intrigued by *Mystical Temple*, a

progressive payout machine that has been highly popular in the North American market, and by the *Konami Casino Management System*. KONAMI intends to continue taking advantage of growth in the global market as follows. In North America, we are seeking to secure steady revenues from participation agreements (a form of equipment sale in which profits are shared) and from maintaining and servicing the *Konami Casino Management System*. We are meanwhile building a global development regime capable of catering to the emerging markets of Asia, South America, and Europe. We will also pursue options like strategic alliances with other companies, such as the OEM agreements that are already being implemented to expand our revenue base.

In terms of financial performance, consolidated net revenues in the Gaming & System segment were ¥7,600 million, a 1.5% decrease compared with the previous same period.

TOPICS

Exhibited at Australasian Gaming Expo 2007

In August 2007, KONAMI participated in the Oceania region's largest casino trade show, Australasian Gaming Expo 2007, in Sydney, Australia. Among the booths of approximately 200 companies, the KONAMI display area proved a major attraction for many of the visiting casino operators. Our display area comprised 56 video reel slot machines and 4 mechanical slot machines. Our lineup of video reel slot machines included *CATCH ME* and *SPORT OF KINGS 2*, featuring popular, newly approved progressive jackpots. In addition, we unveiled the *Konami Casino Management System*, which has advanced functions that have earned it an unshakable reputation throughout the casino industry. Visitors were intrigued by the system's technology for linking players and game data in real time.

To ensure equitable disclosure and familiarize more people with KONAMI, the Company discloses answers to investors' questions on its website.

In this section, we summarize some of those questions and answers. For more detailed information, please access the URL below.

<http://www.konami.co.jp/ja/ir/qa/index.html>

Q. What is KONAMI's policy for returns to shareholders?

KONAMI has a long-standing commitment to paying shareholders high cash dividends. We aim for a dividend payout ratio of 30% or more of consolidated net income. For seven consecutive fiscal years, we have maintained an annual cash dividend of ¥54 per share. In the current fiscal year, we also intend to pay a dividend of ¥54 per share. We will continue to pay high cash dividends by improving business performance while reflecting earnings increases through the maintenance of a dividend payout ratio that is 30% or more of consolidated net income.

Q. How is KONAMI's acquisition of gaming licenses progressing?

The casino market is characterized by globalization as well as by technological innovations that are enabling increasing incorporation of information technology. Amid continued globalization of the market, overseas forays by North American casino operators will likely spur even stronger growth in such emerging markets as Asia, Europe, and South America. To develop the casino business, we must obtain licenses from each country's states. However, screening processes for license approvals are exacting, and after acquiring licenses we must remain compliant with states' regulations. With licenses from 8 Australian states, 27 U.S. states, and 6 Canadian states, KONAMI has established a solid sales base that covers major markets in North America, the Asia-Pacific region, and other regions.

Q. KONAMI's soccer video games are extremely popular. Would you outline the Company's regional sales performances and strategies?

In the fiscal year ended March 2007, KONAMI sold 8.47 million units of the *Winning Eleven* game series, setting a new record for annual sales. As of March 31, 2007, cumulative sales of the series had passed the 36-million-unit mark. We achieved those favorable results on the back of particularly robust sales growth in Europe. Of the 8.47 million units, we sold approximately 5.90 million units in Europe. In this region, following its multiplatform rollout strategy, KONAMI will market *PRO EVOLUTION SOCCER 2008* in stages for seven platforms: PlayStation 3, Xbox 360, Wii, PlayStation 2, Nintendo DS, PlayStation Portable, and PCs.

Q. How large is the fitness club market in Japan?

The fitness club market has been on a growth track since spring 2003. Compared with revenues of ¥357.5 billion in 2002, the market recorded revenues of ¥427.2 billion in 2006. Over that period, the numbers of private sports clubs and sports club members rose sharply. Moreover, from 2001 the average amount spent by each sports club member—which had been declining since 1996—began rising gradually, reaching a record high in 2006.

Interim Consolidated Balance Sheets (Unaudited) (Yen in Millions)

	September 30, 2007	March 31, 2007		September 30, 2007	March 31, 2007
ASSETS			LIABILITIES		
CURRENT ASSETS:	¥134,501	¥138,261	CURRENT LIABILITIES:	¥ 64,936	¥ 82,466
Cash and cash equivalents	49,088	57,333	Current portion of long-term debt and capital lease obligations	7,895	23,073
Trade notes and accounts receivable, net of allowance for doubtful accounts	30,764	29,729	Trade notes and accounts payable	21,516	24,002
Inventories	26,540	24,236	Accrued income taxes	4,382	1,740
Deferred income taxes, net	15,245	14,877	Accrued expenses	17,041	19,179
Prepaid expenses and other current assets	12,864	12,086	Deferred revenue	6,003	5,661
PROPERTY AND EQUIPMENT, NET	58,509	53,294	Other current liabilities	8,099	8,811
INVESTMENTS AND OTHER ASSETS:	112,236	113,102	LONG-TERM LIABILITIES:	59,222	44,832
Investments in marketable securities	655	701	Long-term debt and capital lease obligations, less current portion	38,123	24,248
Investments in affiliates	6,317	6,213	Accrued pension and severance costs	2,673	2,708
Identifiable intangible assets	38,249	38,585	Deferred income taxes, net	12,296	12,207
Goodwill	22,541	22,738	Other long-term liabilities	6,130	5,669
Lease deposits	26,446	24,906	TOTAL LIABILITIES	124,158	127,298
Other assets	16,000	17,366	MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES		
Deferred income taxes, net	2,028	2,593	MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES	3,639	2,697
TOTAL ASSETS	¥305,246	¥304,657	COMMITMENTS AND CONTINGENCIES		
			COMMITMENTS AND CONTINGENCIES		
			STOCKHOLDERS' EQUITY:		
			Common stock, no par value	47,399	47,399
			Additional paid-in capital	77,215	77,213
			Legal reserve	284	284
			Retained earnings	65,142	62,560
			Accumulated other comprehensive income	5,711	5,617
			Treasury stock, at cost	(18,302)	(18,411)
			TOTAL STOCKHOLDERS' EQUITY	177,449	174,662
			TOTAL LIABILITIES, MINORITY INTEREST AND STOCKHOLDERS' EQUITY	¥305,246	¥304,657

1 LONG-TERM DEBT

In September 2007, we issued and redeemed ¥15.0 billion of unsecured bonds.

Interim Consolidated Statements of Operations (Unaudited) (Yen in Millions)

	Six months ended September 30, 2007	Six months ended September 30, 2006
NET REVENUES: ②	¥133,743	¥119,599
Product sales revenue	93,539	79,353
Service revenue	40,204	40,246
COSTS AND EXPENSES:	120,701	109,484
Costs of products sold	56,384	45,547
Costs of services rendered	38,208	37,797
Selling, general and administrative	26,109	26,140
OPERATING INCOME ③	13,042	10,115
OTHER INCOME (EXPENSES), NET:	33	(231)
Interest income	505	398
Interest expense	(516)	(579)
Other, net	44	(50)
INCOME BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN NET INCOME OF AFFILIATED COMPANIES	13,075	9,884
INCOME TAXES	5,988	4,473
INCOME BEFORE MINORITY INTEREST AND EQUITY IN NET INCOME OF AFFILIATED COMPANIES	7,087	5,411
MINORITY INTEREST IN INCOME OF CONSOLIDATED SUBSIDIARIES	946	378
EQUITY IN NET INCOME OF AFFILIATED COMPANIES	147	81
NET INCOME	¥ 6,288	¥ 5,114

② NET REVENUES

	Six months ended September 30, 2007	Six months ended September 30, 2006
Digital Entertainment Segment	¥ 73,978	¥ 63,540
Health & Fitness Segment	43,899	44,445
Gaming & System Segment	7,600	7,718
Other, Corporate and Eliminations	8,266	3,896
Consolidated	¥133,743	¥119,599

③ OPERATING INCOME

	Six months ended September 30, 2007	Six months ended September 30, 2006
Digital Entertainment Segment	¥13,304	¥11,386
Health & Fitness Segment	3,613	3,372
Gaming & System Segment	950	1,004
Other, Corporate and Eliminations	(4,825)	(5,647)
Consolidated	¥13,042	¥10,115

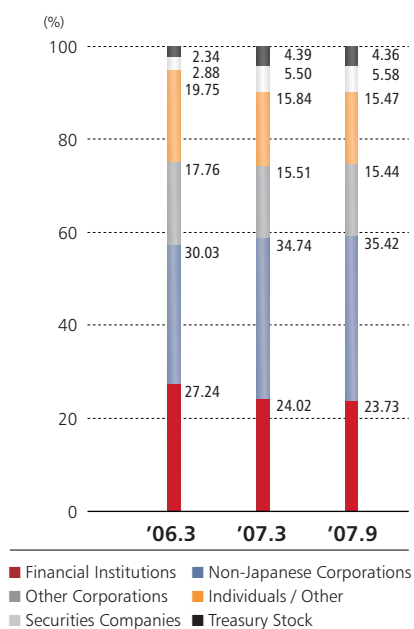
Interim Consolidated Statements of Cash Flows (Unaudited) (Yen in Millions)

	Six months ended September 30, 2007	Six months ended September 30, 2006		Six months ended September 30, 2007	Six months ended September 30, 2006
CASH FLOWS FROM OPERATING ACTIVITIES			CASH FLOWS FROM INVESTING ACTIVITIES		
Net income	¥ 6,288	¥ 5,114	Capital expenditures	¥ (7,983)	¥ (5,141)
Adjustments to reconcile net income to net cash provided by operating activities:			Proceeds from sales of property and equipment	3	25
Depreciation and amortization	5,875	4,902	Acquisition of new subsidiaries, net of cash acquired	—	(227)
Provision for doubtful receivables	(22)	(18)	Increase in lease deposits, net	(2,369)	(768)
Loss on sale or disposal of property and equipment, net	204	76	Acquisition of business	—	(1,061)
Equity in net income of affiliated companies	(147)	(81)	Other, net	(231)	(58)
Minority interest	946	378	Net cash used in investing activities	(10,580)	(7,230)
Deferred income taxes	381	501	CASH FLOWS FROM FINANCING ACTIVITIES		
Change in assets and liabilities, net of business acquired:			Net decrease in short-term borrowings	—	(452)
Decrease (increase) in trade notes and accounts receivable	(1,508)	6,556	Repayments of long-term debt	(296)	(1,696)
Increase in inventories	(2,974)	(4,119)	Principal payments under capital lease obligations	(1,327)	(1,541)
Decrease in trade notes and accounts payable	(2,169)	(353)	Proceeds from issuance of bonds	15,000	—
Increase (decrease) in accrued income taxes	1,951	(5,265)	Redemption of bonds	(15,000)	(15,000)
Decrease in accrued expenses	(3,162)	(1,923)	Dividends paid	(3,712)	(3,714)
Increase (decrease) in deferred revenue	343	(34)	Purchase of treasury stock	(13)	(52)
Other, net	1,153	(1,913)	Other, net	(1)	125
Net cash provided by operating activities	¥ 7,159	¥ 3,821	Net cash used in financing activities	(5,349)	(22,330)
			Effect of exchange rate changes on cash and cash equivalents	525	392
			Net decrease in cash and cash equivalents	(8,245)	(25,347)
			Cash and cash equivalents, beginning of the period	57,333	68,694
			Cash and cash equivalents, end of the period	¥ 49,088	¥ 43,347

Common Stock

Authorized:	450,000,000 shares
Outstanding:	143,555,786 shares (including 6,261,702 treasury shares)
Number of Shareholders:	51,437

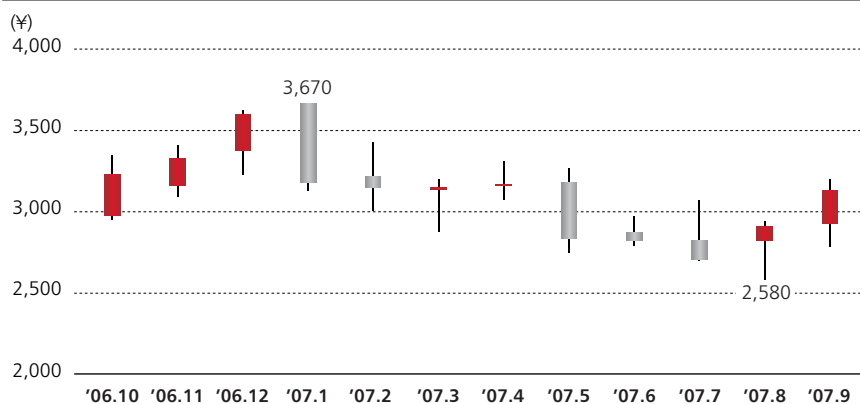
Composition of Shareholders



Principal Shareholders

Shareholder's Name	Shares (Thousands)	% of Total
Kozuki Foundation For Sports and Education	14,330	9.98
Kozuki Holding B.V.	13,530	9.42
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT)	9,336	6.50
THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT)	8,838	6.16
Kozuki Capital Corporation	7,036	4.90
KONAMI CORPORATION	6,261	4.36
The Chase Manhattan Bank, N.A. London	4,974	3.46
SUMITOMO MITSUI BANKING CORPORATION	4,135	2.88
BNP PARIBAS SECURITIES (JAPAN) LTD.	2,378	1.66
Deutsche Securities Inc.	2,355	1.64
CALYON DMA OTC	2,165	1.51
State Street Bank and Trust Company	2,132	1.49
NOMURA SECURITIES CO., LTD.	2,060	1.44
TRUST & CUSTODY SERVICES BANK, LTD. (INVESTMENT TRUST ACCOUNT)	1,887	1.31
KONAMI SHAIN MOCHIKABUKAI	1,330	0.93
Moxley and Company	1,278	0.89
CREDIT SUISSE SECURITIES LIMITED	1,103	0.77
NIKKO CITI TRUST AND BANKING CORPORATION (INVESTMENT ACCOUNT)	1,056	0.74
Morgan Stanley & Co. Inc	1,004	0.70
Societe Generale Paris O.B.E. Dept	971	0.68

Stock Price



Shareholder Information

Fiscal Year-End	March 31
Ordinary General Meeting of Shareholders	June
Record Date for Shareholders	Annual shareholders' meeting: March 31 Year-end dividend: March 31 Interim dividend: September 30 Other (when necessary): As announced in advance
Transfer Agent	The Sumitomo Trust and Banking Co., Ltd. 4-5-33, Kitahama, Chuo-ku, Osaka, Japan
Location of Transfer Agent Handling Office	The Sumitomo Trust and Banking Co., Ltd. Stock Transfer Agency Department 1-4-4, Marunouchi, Chiyoda-ku, Tokyo, Japan
■ Mailing address	The Sumitomo Trust and Banking Co., Ltd. Stock Transfer Agency Department 1-10, Nikko-cho, Fuchu, Tokyo 183-8701, Japan
■ Telephone inquiries	(Change in address): 0120-175-417 (Other inquiries): 0120-176-417
■ Internet URL	http://www.sumitomotrust.co.jp/STA/retail/service/daiko/index.html
Intermediary Offices	The Sumitomo Trust and Banking Co., Ltd. Head Office and all branches in Japan
Public Notices	Shown on the Company website. http://www.konami.co.jp
Stock Exchange Listings	Tokyo, New York, London, and Singapore

The Sumitomo Trust and Banking Co., Ltd., carries out various procedures related to the handling of KONAMI shares.

For more details on share-handling procedures, please visit The Sumitomo Trust and Banking Co., Ltd.'s website.

Guide to Investor Relations Site

Our website includes an investor relations section that provides easy access to our latest financial information, news releases, and other relevant IR information.

URL: www.konami.co.jp/en/ir

For ADR Holders

Depository and Transfer Agent for American Depositary Receipts:

JPMorgan Chase Bank, N.A.
4 New York Plaza, 13th Floor, New York, NY 10004, U.S.A.

ADR Holder Contact: JPMorgan Service Center

JPMorgan ADR Holder Transfer Services:

Telephone

Toll-free U.S. & Canada 1-800-990-1135

Outside U.S. 1-201-680-6630

Hearing impaired 1-201-680-5469

Automated IVR system is available 24 hours/7 days a week.

Representatives are available 9:00 am to 7:00 pm EST weekdays.

Internet

Visit www.adr.com and go to the Investor Services page.

Mail for regular correspondence

JPMorgan Service Center

P.O. Box 3408, South Hackensack, NJ 07606-3408, U.S.A.

Corporate Data (As of September 30, 2007)

Company Name	KONAMI CORPORATION
Representative	Kagemasa Kozuki, Chairman of the Board and Chief Executive Officer
Headquarters	9-7-2, Akasaka, Minato-ku, Tokyo 107-8323, Japan TEL: 81-3-5770-0573 FAX: 81-3-5412-3300
Founded	March 21, 1969
Incorporated	March 19, 1973
Paid-in Capital	¥47,399 million
Home Page URL	www.konami.co.jp/en