

**FY2007 First Quarter Financial Results**  
**(April 1, 2006 – June 30, 2006)**

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**KONAMI CORPORATION**  
**July 27, 2006**

1. Financial Highlights
2. Revenues and Operating Income by Business Segment
3. Digital Entertainment Business
4. Health & Fitness Business
5. Gaming & System Business

## Cautionary statement with respect to forward-looking statements

Statements made in this presentation with respect to the KONAMI's current plans, estimates, strategies and beliefs, including forecasts, are forward-looking statements about the future performance of KONAMI. These statements are based on management's assumptions and beliefs in light of information currently available to it and, therefore, you should not place undue reliance on them. A number of important factors could cause actual results to be materially different from and worse than those discussed in forward-looking statements. Such factors include, but are not limited to (1) Changes in economic conditions affecting our operations; (2) Fluctuations in foreign exchange rates, particularly with respect to the value of the Japanese yen, the U.S. dollar and the Euro; (3) KONAMI's ability to continue to win acceptance of our products, which are offered in highly competitive markets characterized by the continuous introduction of new products, rapid developments in technology and subjective and changing consumer preferences; (4) KONAMI's ability to successfully expand internationally with a focus on our video game software business, card game business and gaming machine business; (5) KONAMI's ability to successfully expand the scope of our business and broaden our customer base through our health & fitness business; (6) Regulatory developments and changes and our ability to respond and adapt to those changes; (7) KONAMI's expectations with regard to further acquisitions and the integration of any companies we may acquire; and (8) the outcome of contingencies.

- Financial information included herein is not audited by independent public accountants

(1) Numbers included in this presentation material are;

a) are in accordance with U.S. GAAP

b) are rounded to the nearest one hundred million yen

(2) Revenues of each segment include inter-segment sales

## 1. Financial Highlights

### A Good Start Under the New Management Structure

(In JPY Billions)

	<b>FY2006</b> <b>First Quarter</b> <b>ended Jun. 30, 2005</b>	<b>FY2007</b> <b>First Quarter</b> <b>ended Jun. 30, 2006</b>	<b>FY2006</b> <b>Full-Year Results</b> <b>ended Mar. 31, 2006</b>	<b>FY2007</b> <b>Forecasts</b> <b>ending Mar. 31, 2007</b>
<b>Net Revenues</b>	<b>48.0</b>	<b>57.6</b>	<b>262.1</b>	<b>275.0</b>
<b>Operating Income</b>	<b>3.1</b>	<b>6.0</b>	<b>2.5</b>	<b>29.0</b>
<b>Income before Income Taxes</b>	<b>9.9<sup>(*)</sup></b>	<b>5.8</b>	<b>8.4<sup>(*)</sup></b>	<b>28.5</b>
<b>Income Taxes</b>	<b>4.4</b>	<b>3.5</b>	<b>-10.3</b>	<b>11.8</b>
<b>Minority Interest</b>	<b>0.1</b>	<b>0.2</b>	<b>-4.3</b>	<b>0.7</b>
<b>Equity in net income of affiliates</b>	<b>-</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Net Income</b>	<b>5.4</b>	<b>2.1</b>	<b>23.0</b>	<b>16.0</b>

(\*) Income before income taxes in FY2006 includes approximately JPY 6.9 billion of gain on sales of entire shares of TAKARA CO., LTD, previously an equity-method affiliate.

## 2. Revenues and Operating Income by Business Segment

### Achieved a Profit Growth at All Business Segment

(In JPY Billions)

	FY2006 First Quarter ended Jun. 30, 2005	FY2007 First Quarter ended Jun. 30, 2006	FY2006 Full-Year Results ended Mar. 31, 2006	FY2007 Forecasts ending Mar. 31, 2007
Digital Entertainment	25.6	32.0	165.3	167.5
Health & Fitness	19.7	21.3	81.2	85.0
Gaming & System	2.7	3.5	10.6	15.0
Other / Elimination	0.0	0.8	5.0	7.5
<b>Consolidated Net Revenues</b>	<b>48.0</b>	<b>57.6</b>	<b>262.1</b>	<b>275.0</b>
Digital Entertainment	5.3	6.6	33.9	34.5
Health & Fitness	0.2	1.8	-17.1	5.0
Gaming & System	0.3	0.4	0.1	2.0
Other / Elimination / Non-allocable	-2.7	-2.8	-14.4	-12.5
<b>Consolidated Operating Income</b>	<b>3.1</b>	<b>6.0</b>	<b>2.5</b>	<b>29.0</b>

## 3. Digital Entertainment Business

### Revenues by Business Unit

(In JPY Billions)

	FY2006 First Quarter ended Jun. 30, 2005	FY2007 First Quarter ended Jun. 30, 2006	FY2006 Full-Year Results ended Mar. 31, 2006	FY2007 Forecasts ending Mar. 31, 2007
Computer & Video Games	10.9	14.6	84.2	79.0
Toy & Hobby	7.6	5.4	36.7	36.5
Amusement	4.2	8.3	33.0	34.0
Online	3.4	4.2	15.1	21.1
Multimedia	0.3	0.5	2.3	3.5
Other / Elimination	-0.8	-1.0	-6.0	-6.6
<b>Consolidated Net Revenues</b>	25.6	32.0	165.3	167.5
<b>Operating Income</b>	5.3	6.6	33.9	34.5

## 3. Digital Entertainment Business

### 1Q Summary

- ✓ Shipped over one million units for PS2 WORLD SOCCER Winning Eleven 10
- ✓ Promoted multifaceted contents development such as soccer and baseball
- ✓ Continued strong sales of e-AMUSEMENT (\*) products for amusement arcades

### Leading Products

- PS2 WORLD SOCCER Winning Eleven 10 (Video Games)
- PS2 *JIKKYO PAWAFURU* MAJOR LEAGUE (Video Games)
- Yu-Gi-Oh! Trading Card Game (Toy & Hobby)
- BASEBALL HEROES (Amusement)
- MAH-JONG FIGHT CLUB 5 (Amusement)

(\*) e-AMUSEMENT: network-linked arcade game

## 3. Digital Entertainment Business

### Unit Sales Figure of Video Games

	FY2006 First Quarter ended Jun. 30, 2005	FY2007 First Quarter ended Jun. 30, 2006	FY2006 Full-Year Results ended Mar. 31, 2006
<b>Geographic Areas (Units in MM)</b>			
Japan	0.95	2.06	6.58
North America	0.67	0.48	6.09
Europe	0.62	1.18	7.32
Asia	0.04	0.08	0.37
<b>Publishing Subtotal</b>	<b>2.28</b>	<b>3.80</b>	<b>20.36</b>
<b>Distribution</b>	<b>0.49</b>	<b>0.34</b>	<b>1.85</b>
<b>Total Video Games</b>	<b>2.77</b>	<b>4.14</b>	<b>22.21</b>
<b>Genre/Series (Units in MM)</b>			
Sport Games: Soccer	0.50	1.92	7.08
Sport Games: Baseball	0.22	0.62	1.30
TV Animated	0.29	0.38	3.23
Music / Rhythm	0.16	0.15	2.03
METAL GEAR	0.23	0.12	1.48
Other titles	0.88	0.61	5.24
<b>Publishing Subtotal</b>	<b>2.28</b>	<b>3.80</b>	<b>20.36</b>
<b>Distribution</b>	<b>0.49</b>	<b>0.34</b>	<b>1.85</b>
<b>Total Video Games</b>	<b>2.77</b>	<b>4.14</b>	<b>22.21</b>

## 3. Digital Entertainment Business

### 2Q Outlook

- ✓ Great diversity in games for the baseball and original franchises
- ✓ GRANDCROSS, launch of anticipated large-scale token-operated game machines
- ✓ Expansion of sales for e-AMUSEMENT products

### Leading Products

- PS2 *JIKKYO PAWAFURU PUROYAKYU 13* (Baseball game - Video Games)
- NDS WORLD SOCCER Winning Eleven DS (Video Games)
- Dance Dance Revolution SuperNOVA (Amusement, Video Games)
- GRANDCROSS (Amusement)
- GI-HORSE PARK EX (Amusement)
- FAIRY MUSKETEERS *AKAZUKIN* (Multimedia, Toy & Hobby, Video Games)

## 4. Health & Fitness Business

(In JPY Billions)

	FY2006 First Quarter ended Jun. 30, 2005	FY2007 First Quarter ended Jun. 30, 2006	FY2006 Full-Year Results ended Mar. 31, 2006	FY2007 Forecasts ending Mar. 31, 2007
Direct-Management Facilities	17.0	18.2	70.1	
Contract-based Facilities	0.9	1.3	3.7	
Other	1.8	1.8	7.4	
<b>Consolidated Net Revenues</b>	19.7	21.3	81.2	85.0
Operating Income (Before Impairment loss)	0.2	1.8	2.7	5.0
Impairment loss	-	-	-19.7	-
<b>Operating Income</b>	0.2	1.8	-17.1	5.0

### 1Q Summary

- ✓ Increased in number of membership and revenues due to improvement of fitness clubs' profit margin
- ✓ 209 directly operated facilities, 101 contract-based facilities, total of 310 facilities (as of June 30, 2006)
- ✓ **Members** (directly operated facilities): **975 thousands**, up 17.3% from the same period of previous year (as of June 30, 2006)

## 4. Health & Fitness Business

### Transition of Number of Facilities

Unit: 1 facility

			FY2006 1Q	FY2007 1Q	FY2006 FULL YEAR
<b>At the beginning of FY</b>			<b>205</b>	<b>209</b>	<b>205</b>
<b>Directly Operated Facilities</b>	<b>Increase</b>	New Facility	2	1	6
		Refurbished	0	1	3
		Sub Total	2	2	9
	<b>Decrease</b>	Closed	1	0	2
		Refurbished	0	2	3
		Sub Total	1	2	5
<b>At the quarter end / year end</b>			<b>206</b>	<b>209</b>	<b>209</b>
<b>Contract-based Facilities</b>			<b>67</b>	<b>101</b>	<b>67</b>
<b>TOTAL</b>			<b>273</b>	<b>310</b>	<b>276</b>

#### Opened

	Name of Facilities	Location	Opened Month	Remarks
1	Yokohama	Kanagawa	June, 2006	Transfer of Business
2	Sanda	Hyogo	June, 2006	Refurbished

## 4. Health & Fitness Business

### 2Q Outlook

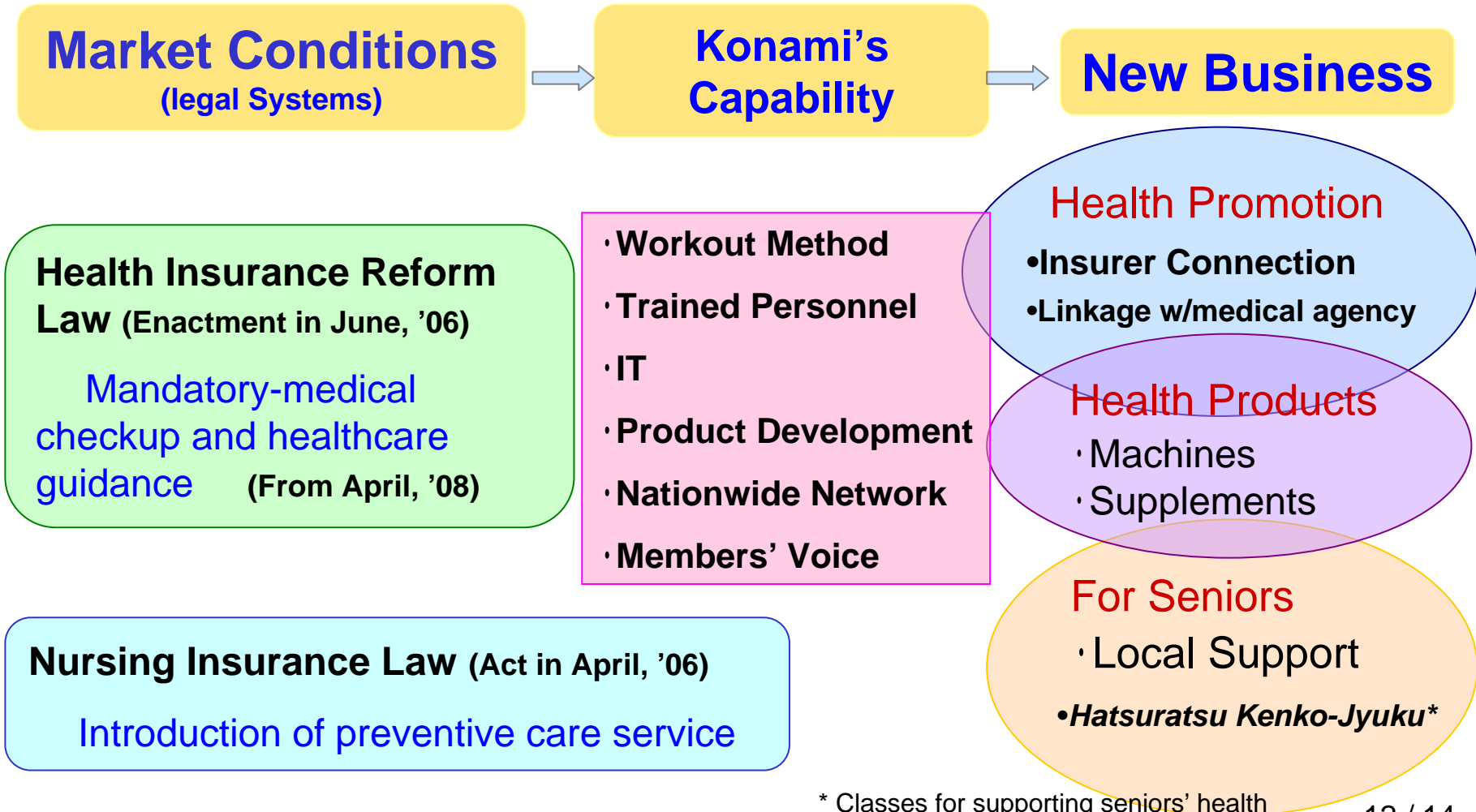
- ✓ Improvement of the profitability through a “scrap and build” strategy
- ✓ Promoting of new business - health promotions and for seniors
- ✓ Opening of new style club “Self-Fitness Club *Tokeidai*”  
Opening Plan (Released)

	Name of Facilities	Location	Opening Month	Remarks
1	Sapporo	Hokkaido	July, 2006	Refurbished
2	Musashi-Urawa	Saitama	July, 2006	
3	Inagi	Tokyo	July, 2006	
4	Kawasaki Nishi-guchi (*)	Kanagawa	September, 2006	
5	Yawata	Kyoto	September, 2006	Refurbished
✓	Tokeidai	Hokkaido	August, 2006	Self-Fitness

(\*) The name of facility is subject to change without notice

## 4. Health & Fitness Business

### Changing Market Environment and New Business



\* Classes for supporting seniors' health

## 5. Gaming & System Business

(In JPY Billions)

	FY2006 First Quarter ended Jun. 30, 2005	FY2007 First Quarter ended Jun. 30, 2006	FY2006 Full-Year Results ended Mar. 31, 2006	FY2007 Forecasts ending Mar. 31, 2007
Net Revenues	2.7	3.5	10.6	15.0
Operating Income	0.3	0.4	0.1	2.0

### 1Q Summary

- ✓ Solid sales of Konami Casino Management System
- ✓ Obtained a gaming license from Pennsylvania, USA

### Looking Ahead

- ✓ Stabilization of the profit structure by increasing recurring revenues
- ✓ Response to market expansion by license acquisition and product development

### Konami Casino Management System

**Casino Management System** is;

the system to integrate necessary information including slot machines, table games and any other cash desk, making total control of all the financial operations through any time period

**Casino Management System** allows;

- To make timely and accurate control of management
- To enhance customer service depend on the value
- To protect from ticket-in and ticket-out (TITO) forgery and unauthorized use



**Feature of Konami Casino Management System**

- Realization of a high-speed and high-performance environment by TCP/IP(\*)
- Real-time, machine and patron game-level tracking in multi-site with a single card



(\*) TCP/IP -The internet protocol suit on which most commercial networks LAN, allows to transmit real-time huge volumes of information

**KONAMI**

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**THANK YOU**