

Non-Consolidated Financial Results for the Third Quarter Ended December 31, 2003

January 29, 2004

Company name:	Konami Computer Entertainment Tokyo, Inc.	
Stock code number:	4780, JASDAQ	
Company URL:	http://www.konamityo.com/	
Location of head office:	Tokyo, Japan	
Representative:	Michihiro Ishizuka President and Representative Director	
Contact:	Katsuhiko Ichii Director and Executive Corporate Officer	Phone: +81-3-5144-0573

1. Preparation Basis for Non-Consolidated Financial Results for the Third Quarter Ended December 31, 2003

Change in accounting principles: None

* The third quarterly results of operation in previous fiscal year and the increase or decrease ratio (%) in relation with the same period of the previous year were not presented herein because the nine months ended December 31, 2003 was the first period in which Konami Computer Entertainment Tokyo, Inc. prepared its third quarterly financial statements.

2. Financial Results for the Third Quarter Ended December 31, 2003

(1) Results of Operations

	Net revenues (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Net income (Millions of yen)
Nine months ended December 31, 2003	9,763 - %	3,560 - %	3,595 - %	2,065 - %
Nine months ended December 31, 2002	-	-	-	-
Year ended March 31, 2003	13,614	4,515	4,537	2,574

	Net income per share (Yen)	Diluted net income per share (Yen)
Nine months ended December 31, 2003	143.75	-
Nine months ended December 31, 2002	-	-
Year ended March 31, 2003	174.52	-

Notes:

1. Weighted-average common shares outstanding:

Nine months ended December 31, 2003:	14,367,141 shares
Year ended March 31, 2003:	14,457,980 shares
2. No diluted net income per share data is presented herein because no potential shares with dilutive effects existed.
3. The percentages shown next to the amounts of net revenues, operating income, ordinary income and net income represent year-on-year changes.

(2) Financial Position

	Total assets (Millions of yen)	Total shareholders' equity (Millions of yen)	Equity-assets ratio (%)	Shareholders' equity per share (Yen)
December 31, 2003	13,476	11,712	86.9	822.04
December 31, 2002	-	-	-	-
March 31, 2003	14,131	11,237	79.5	776.47

Notes:

1. Number of shares outstanding

December 31, 2003: 14,248,240shares

March 31, 2003: 14,406,080shares

2. Number of treasury stocks

December 31, 2003: 353,600shares

March 31, 2003: 195,760shares

(3) Cash Flows

	Net cash provided by (used in)			(Millions of yen)
	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of the period
Nine months ended December 31, 2003	1,093	(68)	(1,537)	8,713
Nine months ended December 31, 2002	-	-	-	-
Year ended March 31, 2003	3,225	(209)	(557)	9,226

1. Results of Operations and Financial Position

(1) Results of Operations

Signs of recovery were observed in the Japanese economy during the nine months ended December 31, 2003, with improvements in corporate earnings and capital investments. Nonetheless, personal consumption failed to regain full strength.

Fortunately, the markets fared well in the computer entertainment industry in which Konami Computer Entertainment Tokyo, Inc. (hereinafter referred to as "Konami TYO") operates, with sustained solid demand amidst generally stagnant personal consumption.

Under these circumstances, Konami TYO released a total of 28 titles on the Japanese and overseas markets, including 1 title for the PlayStation, 3 titles for GAMEBOY ADVANCE, 4 titles for PC platforms, and 20 titles for the PlayStation2.

One of the main releases for the term, "Pro Evolution Soccer 3," achieved million-sales status in Europe for the second consecutive year, matching the success of the Japanese title "World Soccer Winning Eleven 7" for PlayStation2 (a Japanese version of the same game that moved into its second year of million-seller status during the first half of the year). Konami TYO also extended and further strengthened the "Winning Eleven" brand by releasing "J-League Winning Eleven Tactics," a new soccer coach simulation game for the PlayStation2.

Other highly acclaimed releases included "Silent Hill 3" (PlayStation2 version), the latest title in the "Silent Hill" series; "DDRMAX 2-Dance Dance Revolution" (PlayStation2 version), the newest title in the "Dance Dance Revolution" series; and the new full-scale, 3-dimensionalized action version of "Castlevania" (PlayStation2 version). Sales steadily grew for these titles, gaining momentum from the enthusiasm of gamers mainly in North America and Europe.

As a result, Konami TYO's financial results for the nine months ended December 31, 2003 were as follows: net revenues of ¥9,763 million, ordinary income of ¥3,595 million, and net income of ¥2,065 million.

Net income for the nine months ended December 2003 turned out to be slightly higher than the projections for the fiscal year ending March 31, 2004 reported in Konami TYO's "Summary on Unconsolidated Financial Results for the Six Months Ended September 30, 2003," released on November 13, 2003. Notwithstanding, in consideration of the present conditions in the domestic market and Konami TYO's plans to release new titles during the last quarter ending March 31, 2004, the performance projections for the current fiscal year will remain unchanged from our original forecasts.

(2) Financial Position

Although income before income taxes was ¥3,593 million, cash and cash equivalents decreased by ¥512 million for the nine months ended December 31, 2003 and amounted to ¥8,713 million as of December 31, 2003. This was primarily due to income tax payments of ¥2,895 million and payment of dividends of ¥1,286 million.

Cash flows for the nine months ended December 31, 2003 were as follows:

Cash Flows from Operating Activities

Net cash provided by operating activities for the nine months ended December 31, 2003 amounted to ¥1,093 million.

This was primarily due to income before income taxes of ¥3,593 million and income tax payments of ¥2,895 million.

Cash Flows from Investing Activities

Net cash used in investing activities for the nine months ended December 31, 2003 amounted to ¥68 million.

This was primarily due to expenditures of ¥67 million for the acquisition of tangible fixed assets such as production machinery and materials.

Cash Flows from Financing Activities

Net cash used in financing activities for the nine months ended December 31, 2003 amounted to ¥1,537 million.

This was primarily due to payment of dividends ¥1,286 million and purchases of treasury stocks ¥249 million.

2. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets (Unaudited)

	(Thousands of yen)			
	December 31, 2003		March 31, 2003	
		%		%
ASSETS:				
CURRENT ASSETS:				
Cash on hand and in banks	8,713,943		9,226,683	
Trade accounts receivable	201,417		136,036	
Inventories	2,389,218		2,540,074	
Deferred tax assets	1,066,684		1,027,697	
Other	241,781		228,149	
Total current assets	12,613,044	93.6	13,158,641	93.1
FIXED ASSETS:				
Tangible fixed assets				
Buildings	105,631		119,640	
Tools, furniture and fixtures	231,725		292,812	
Total tangible fixed assets	337,357		412,452	
Intangible fixed assets				
Total intangible fixed assets	107,568		137,623	
Investments and other assets				
Lease deposits	311,266		322,259	
Other	107,256		100,061	
Total investments and other assets	418,523		422,320	
Total fixed assets	863,449	6.4	972,396	6.9
TOTAL ASSETS	13,476,493	100.0	14,131,037	100.0

	(Thousands of yen)			
	December 31, 2003		March 31, 2003	
		%		%
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Trade notes payable	43,845		93,849	
Trade accounts payable	237,475		87,253	
Other	1,482,416		2,712,474	
Total current liabilities	1,763,737	13.1	2,893,576	20.5
Total liabilities	1,763,737	13.1	2,893,576	20.5
SHAREHOLDERS' EQUITY:				
Common stock	2,323,100	17.2	2,323,100	16.4
Capital surplus	4,204,095	31.2	4,204,095	29.8
Additional paid-in capital	4,204,095		4,204,095	
Earned surplus	5,739,552	42.6	5,015,155	35.5
Legal reserve	40,448		40,448	
Unappropriated earned surplus	5,699,104		4,974,707	
Treasury stock	(553,991)	(4.1)	(304,890)	(2.2)
Total shareholders' equity	11,712,756	86.9	11,237,460	79.5
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	13,476,493	100.0	14,131,037	100.0

(2) Non-consolidated Statements of Income (Unaudited)

	(Thousands of yen)			
	Nine months ended December 31, 2003		Year ended March 31, 2003	
		%		%
Net revenues	9,763,813	100.0	13,614,847	100.0
Cost of revenues	5,713,029	58.5	8,569,538	62.9
Gross profit	4,050,784	41.5	5,045,308	37.1
Selling, general and administrative expenses	489,944	5.0	529,489	3.9
Operating income	3,560,839	36.5	4,515,819	33.2
Non-operating income	37,225	0.3	24,662	0.1
Non-operating expenses	2,119	0.0	2,619	0.0
Ordinary income	3,595,946	36.8	4,537,862	33.3
Extraordinary losses	2,478	0.0	36,795	0.2
Income before income taxes	3,593,468	36.8	4,501,067	33.1
Income taxes				
Current	1,574,339		2,327,152	
Deferred	(46,182)		(400,949)	
Total income taxes	1,528,157	15.6	1,926,202	14.2
Net income	2,065,311	21.2	2,574,864	18.9
Unappropriated earned surplus carried forward	3,633,793		2,399,843	
Unappropriated earned surplus	5,699,104		4,974,707	

(3) Non-consolidated Statements of Cash Flows (Unaudited)

(Thousands of yen)

	Nine months ended December 31, 2003	Year ended March 31, 2003
Cash flows from operating activities:		
Income before income taxes	3,593,468	4,501,067
Depreciation and amortization	133,035	211,955
Increase in accounts and notes receivable	(65,380)	(36,848)
Decrease (increase) in inventories	150,856	(172,708)
Increase (decrease) in trade accounts payable	100,218	(48,024)
Payments for directors' bonuses	(51,570)	(21,410)
Other-net	128,447	99,613
Subtotal	3,989,075	4,533,644
Interest and dividend received	32	443
Income taxes paid	(2,895,329)	(1,308,379)
Net cash provided by operating activities	1,093,779	3,225,708
Cash flows from investing activities:		
Acquisition of tangible fixed assets	(67,087)	(117,639)
Acquisition of intangible fixed assets	(12,820)	(34,941)
Decrease in lease deposits	10,992	-
Other-net	-	(57,112)
Net cash used in investing activities	(68,915)	(209,692)
Cash flows from financing activities:		
Purchases of treasury stock	(249,101)	(128,687)
Dividends paid	(1,286,380)	(426,624)
Other-net	(2,119)	(2,619)
Net cash used in financing activities	(1,537,601)	(557,932)
Effect of exchange rate changes on cash and cash equivalents	(2)	(12,175)
Net increase (decrease) in cash and cash equivalents	(512,740)	2,445,908
Cash and cash equivalents, beginning of the period	9,226,683	6,780,775
Cash and cash equivalents, end of the period	8,713,943	9,226,683

Summary of Significant Accounting Policies

1. Marketable and Investment Securities

Other securities for which market value is not readily determinable are stated at cost based on the moving average method.

2. Inventories

Finished products are stated at cost determined by the moving average method.

Work in process is stated at cost determined by specific identification method.

3. Depreciation Methods

(1) Tangible fixed assets are depreciated using the declining balance method.

Useful life is estimated as follows:

Building	3 to 15 years
Tools, furniture and fixtures	2 to 20 years

(2) Intangible fixed assets

For software for internal use and intellectual property rights, amortization is computed using the straight-line method based on the estimated useful life of 5 years.

4. Provisions

Allowance for employees' retirement benefits (prepaid pension expense)

Allowance for retirement benefits to be paid to employees as of balance sheet date is calculated based on the estimated amount of projected benefit obligation and the plan assets at the fiscal year-end. Based on this, the amount recognized as accruing at the end of the third quarter is stated herein.

Unrecognized net transition asset or obligation (¥32,907 thousand) is amortized over 13 years.

Unrecognized actuarial net gain or loss will be amortized from the following fiscal year within the average remaining service period of 13 years on a straight-line basis.

5. Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the current exchange rates as of the balance sheet date, and the translation gains and losses are credited or charged to income.

6. Leases

Finance leases other than those that deem to transfer ownership of the leased property to the lessee are accounted for as operating lease transactions.

7. Cash and cash equivalents stated in the Non-consolidated Statements of Cash Flows

Cash and cash equivalents stated in the Non-consolidated Statements of Cash Flows comprise of cash on hand, cash in banks that can be withdrawn at any time, and short-term investments that can be easily converted to cash, carry minimal risk from price fluctuations, and whose maturity falls within 3 months of the acquisition date.

8. Other Significant Matters

Accounting for consumption tax

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

Suspense receipts and payments of consumption tax are offset against each other and included in the "Other" category of "Current Liabilities."

<Reference> Data on Number of Titles and Unit Sales Volume

Number of Titles and Unit Sales Volume by Major Brand

(Sales units in thousands)

	Nine months ended December 31, 2003		Year ended March 31, 2003	
	Units	Titles	Units	Titles
"Winning Eleven" series	3,640	5	3,940	11
"Tokimeki Memorial" series	20	-	180	2
"SUIKODEN" series	100	-	700	2
"Silent Hill" series	970	7	340	4
"Castlevania" series	810	6	380	3
"Contra" series	20	-	440	7
"Dance Dance Revolution" series	1,170	7	1,300	4
Other	170	3	400	9
Total	6,900	28	7,680	42

Overview of the nine months ended December 31, 2003

The "Winning Eleven" series continued to perform outstandingly in the markets. "World Soccer Winning Eleven 7" (PS2 version), released on the Japanese market in the first half of the year, recorded sales of approximately 1.16 million units. "Pro Evolution Soccer 3" (PS2 version), the European version of "World Soccer Winning Eleven 7" (PS2 version) released in October, recorded sales of 1.55 million units. This series achieved double-million sales for the second consecutive year in Japan and Europe. The "Winning Eleven" series was also expanded with the December release of "J-League Winning Eleven Tactics" (PS2 version) on the Japanese market, the first simulation game in the series.

In the "Silent Hill" series, the "Silent Hill 3" (PS2 version) released in Japan, North America, Europe, and South Korea in the first half of the term recorded steadily growing sales, especially in the overseas markets.

The first PS2 version of "Castlevania" was released in Japan, North America, and South Korea. The number of units sold in North America reached approximately 420 thousand units.

Both new and repeat productions in the "Dance Dance Revolution" series which were released for this period and previous periods sold at a steadily growing pace, mainly in the overseas markets.

Number of Titles and Unit Sales Volume by Platform

(Sales units in thousands)

	Nine months ended December 31, 2003		Year ended March 31, 2003	
	Units	Titles	Units	Titles
PlayStation2 (PS2)	5,810	20	5,200	24
PlayStation (PS)	650	1	1,780	4
GAMEBOY ADVANCE (GBA)	220	3	560	12
NINTENDO GAMECUBE (GC)	-	-	30	1
Xbox	10	-	110	1
PC	210	4	-	-
Total	6,900	28	7,680	42

Overview of the nine months ended December 31, 2003

PS2 version software had an overwhelming share in the platform market both in terms of the number of unit sales (84% of total sales) and number of titles (71% of all titles released). Only 1 title was marketed for the PS version software, but the game still enjoyed strong demand, mainly in the European markets. PS versions of the "Winning Eleven" series and "Dance Dance Revolution" series in Europe, which were released for previous periods, have steadily continued to be sold, earning an approximately 9% share of all unit sales. In addition, 4 new titles for PC platforms were released overseas.

Number of Titles and Unit Sales Volume by Region of Shipment

(Sales units in thousands)

	Nine months ended December 31, 2003		Year ended March 31, 2003	
	Units	Titles	Units	Titles
Japan	1,860	10	3,300	19
North America	1,500	5	1,420	9
Europe	3,450	8	2,900	10
South Korea	90	5	60	4
Total	6,900	28	7,680	42

Overview of the nine months ended December 31, 2003

Among the total of 6.9 million units sold, 27% were sold in Japan and 73% were sold overseas. The overseas share increased by 16% compared to the year ended March 31, 2003.

Sales growth in Japan was supported by the million-seller status of the PS2 versions of "World Soccer Winning Eleven 7" and "Castlevania" series.

The PS2 versions of "Castlevania" and "Silent Hill" series performed well in North America, contributing to the strong sales results in the region. New and repeat titles in the "Dance Dance Revolution" series, which were released for this periods and previous periods, also recorded solid North American sales.

In Europe, the PS2 version of "Pro Evolution Soccer 3" achieved million-sales status and the "Dance Dance Revolution" series posted healthy results.