

(Translation)

February 8, 2005

**BRIEF STATEMENT OF FINANCIAL AND OPERATING RESULTS  
FOR THE THIRD QUARTER OF THE YEAR ENDING MARCH 31, 2005  
(CONSOLIDATED)**

**BANDAI CO., LTD.**(URL: <http://www.bandai.co.jp/>)

Stock Code: 7967

Stock Exchange: Tokyo Stock Exchange (TSE),  
First Section

Representative:

Takeo Takasu  
President and Representative Director

Person to contact:

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General Manager, President Office  
TEL (03) 3847-5005**1. Matters concerning the preparation of the brief quarterly financial information:**

- 1) Application of simplified accounting methods: Yes

Corporate income taxes are calculated based on a simplified method, by application of the statutory effective tax rate.

- 2) Difference in accounting methods compared with the most recent consolidated business year: Yes

The Accounting Standard for Impairment of Fixed Assets has become applicable.

- 3) Changes in the scope of consolidation and the application of equity method: Yes

Consolidated subsidiaries (inclusion): 1 company (Hanayashiki Co., Ltd.)

## 2. Summary of the financial and operating results for the third quarter of the year ending March 31, 2005 (from April 1, 2004 to December 31, 2004)

### (1) Progress of consolidated operating results

(In millions of yen, rounded down, except where noted)

|                                                     | Net Sales |          | Operating Income |           | Recurring Income |           |
|-----------------------------------------------------|-----------|----------|------------------|-----------|------------------|-----------|
| Third Quarter Ended December 31, 2004               | 192,691   | (- 0.2%) | 18,452           | (- 25.9%) | 19,183           | (- 21.7%) |
| Third Quarter Ended December 31, 2003               | 193,092   | -%       | 24,893           | -%        | 24,511           | -%        |
| (For reference)<br>Fiscal Year Ended March 31, 2004 | 263,174   |          | 27,651           |           | 27,221           |           |

|                                                     | Net Income |           | Net Income Per Share |  | Fully Diluted Earnings Per Share |  |
|-----------------------------------------------------|------------|-----------|----------------------|--|----------------------------------|--|
| Third Quarter Ended December 31, 2004               | 9,451      | (- 25.5%) | 95.92 yen            |  | 95.77 yen                        |  |
| Third Quarter Ended December 31, 2003               | 12,690     | -%        | 129.60 yen           |  | 129.31 yen                       |  |
| (For reference)<br>Fiscal Year Ended March 31, 2004 | 14,206     |           | 142.28 yen           |  | 141.95 yen                       |  |

(Note) All percentages in the items of net sales, operating income, etc. represent changes compared to the third quarter of the prior fiscal year. The preparation of brief quarterly operating results has commenced as from the prior consolidated fiscal year. Hence, no comparison of the actual results for the third quarter of the year ending March 31, 2005 with those for the third quarter of the year ended March 31, 2004 is given herein.

### (2) Movement in the consolidated financial position

(In millions of yen, rounded down, except where noted)

|                                                     | Total Assets | Stockholders' Equity | Equity Ratio | Equity Per Share |
|-----------------------------------------------------|--------------|----------------------|--------------|------------------|
| Third Quarter Ended December 31, 2004               | 234,538      | 130,824              | 55.8%        | 1,327.01 yen     |
| Third Quarter Ended December 31, 2003               | 229,200      | 127,859              | 55.7%        | 1,300.94 yen     |
| (For reference)<br>Fiscal Year Ended March 31, 2004 | 228,075      | 121,068              | 53.1%        | 1,227.16 yen     |

### (3) Consolidated statement of cash flows

(In millions of yen, rounded down)

|                                                     | Net cash provided by operating activities | Net cash provided by investing activities | Net cash provided by financing activities | Cash and cash equivalents at the end of the period |
|-----------------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|----------------------------------------------------|
| Third Quarter Ended December 31, 2004               | 1,432                                     | (8,308)                                   | 841                                       | 76,816                                             |
| Third Quarter Ended December 31, 2003               | 5,256                                     | (7,709)                                   | (11,163)                                  | 69,196                                             |
| (For reference)<br>Fiscal Year Ended March 31, 2004 | 20,032                                    | (9,830)                                   | (10,885)                                  | 82,193                                             |

### 3. Forecasts of consolidated operating results for the year ending March 31, 2005 ( from April 1, 2004 to March 31, 2005 )

(In millions of yen, rounded down)

|                                   | Net Sales | Recurring Income | Net Income |
|-----------------------------------|-----------|------------------|------------|
| Fiscal Year Ending March 31, 2005 | 280,000   | 27,500           | 14,200     |

For reference: Projected net income per share for the current fiscal year (full year): 141.41 yen

The above projections are based on the information available to management as of the date hereof, and estimates involving uncertain factors thought likely to have an effect on future results as of the date hereof. Actual results may differ materially from these projections for a variety of factors in the future.

### 4. Qualitative information on the summary of operating results for the third quarter and the forecasts of operating results, etc.

#### (1) Qualitative information on the progress of consolidated operating results, etc.

For the third quarter of the fiscal year under review (from April 1, 2004 to December 31, 2004), the Japanese economy registered tones of steady recovery as corporate earnings and the stock market began to recover and the employment environment and private spending were improving slowly.

Under these circumstances, the Bandai Group, based on its three-year medium-term business plan, which commenced in April 2003, has worked for the "expansion of business" placing emphasis on efficiency and profitability. Specifically, the Group has actively promoted a character-based "business creation strategy" and "business expansion strategy" focusing on further growth in existing businesses, as well as various measures, in order to achieve sales growth rates higher than those achievable heretofore.

However, during the third quarter under review, in the toys & hobby area, while toys for girls and "*Tamagotchi*" series showed strong performance, poor performance in America was not fully covered. In the video game software area, "*Mobile Suit Gundam*" software gained popularity in the year-end sale season. However, as the marketing of other major titles is expected to be intensive in the fourth quarter of the current fiscal year, operating results were below the level of the same period of the prior fiscal year.

On a consolidated basis, net sales for the third quarter under review were 192,691 million yen, down 0.2% compared to the same period of the prior fiscal year. Due to greater up-front expenses to expand our businesses, operating income was 18,452 million yen, down 25.9%, recurring income was 19,183 million yen, down 21.7%, and net income was 9,451 million yen, down 25.5%.

**Segment performance by business area:**

(In millions of yen, rounded down)

|                        | Net Sales                                   |                                             |                        | Operating Income (Loss)                     |                                             |                        |
|------------------------|---------------------------------------------|---------------------------------------------|------------------------|---------------------------------------------|---------------------------------------------|------------------------|
|                        | Third quarter<br>ended December<br>31, 2004 | Third quarter<br>ended December<br>31, 2003 | Increase<br>(decrease) | Third quarter<br>ended December<br>31, 2004 | Third quarter<br>ended December<br>31, 2003 | Increase<br>(decrease) |
| Toys & Hobby           | 109,388<br>[41,954]                         | 107,968<br>[40,960]                         | 1,420<br>[994]         | 11,460<br>[6,522]                           | 12,589<br>[5,759]                           | (1,128)<br>[762]       |
| Life-style             | 14,087<br>[4,686]                           | 13,747<br>[4,214]                           | 339<br>[472]           | 810<br>[309]                                | 1,430<br>[229]                              | (619)<br>[80]          |
| Amusement              | 12,761<br>[3,916]                           | 11,814<br>[3,795]                           | 946<br>[121]           | 708<br>[256]                                | 770<br>[290]                                | (62)<br>[(33)]         |
| Video Game<br>Software | 24,544<br>[9,884]                           | 27,092<br>[13,304]                          | (2,547)<br>[(3,420)]   | 1,205<br>[(120)]                            | 4,584<br>[2,980]                            | (3,379)<br>[(3,100)]   |
| Visual                 | 22,514<br>[7,553]                           | 23,386<br>[7,599]                           | (871)<br>[(45)]        | 3,146<br>[1,026]                            | 4,091<br>[1,225]                            | (945)<br>[(199)]       |
| Networks               | 7,641<br>[2,719]                            | 7,686<br>[2,689]                            | (45)<br>[29]           | 1,279<br>[527]                              | 1,477<br>[340]                              | (198)<br>[186]         |
| Other                  | 11,544<br>[4,053]                           | 9,953<br>[3,509]                            | 1,591<br>[544]         | 828<br>[362]                                | 710<br>[370]                                | 117<br>[(7)]           |

The figures in the parentheses [ ] represent those for the period from October 1 through December 31.

In the toys & hobby area, while the toy market in Japan stagnated in the year-end sale season, our toys for girls "*Futariha Precure*" and "*Tamagotchi*" series produced very strong performance and our character toys for boys "*Power Rangers (Tokuso Sentai DekaRangers)*" showed steady performance. Sales of "*Konjiki no Gashbell*" cards and products for vending machines also were favorable. Overseas, our "*Tamagotchi*" series, with the expansion of the selling area, gained popularity globally. Our mainstay characters "*Power Rangers*" series also produced steady performance. However, in terms of profits, poor performance in America was not made up for. The business area overall achieved increased revenue and decreased profits.

In the life-style area, sales of clothing items for children mainly featuring characters from "*Soreike! Anpanman*" and "*Futariha Precure*" showed strong performance. Additionally, our "*Cinnamoroll*" clothing items and sundries and "*Rakugaki Kodomo Sekken*", lovely soap for drawings in bathrooms, which were launched during the second half of the current fiscal year, gained popularity and contributed to a sales increase. However, these did not offset a cost increase for improving the competitiveness of our "*Bikkura Tamago*" series of egg-shaped bath salts with a figure of a popular character and related with new products. The business area overall achieved increased revenue and decreased profits.

In the amusement area, in addition to our "*Conveni Catcher 2*" and other amusement equipment for kids, which sold well during the interim period of the current fiscal year, we exerted our efforts to expand business with the opening of new large-scale amusement facilities full of popular character attractions. However, as the market remained slow in general due to external factors, including the unusual weather since the summer sale season, increased costs related with the opening of such new facilities and the development of amusement equipment were not offset. The business area overall achieved increased revenue and decreased profits.

In the video game software area, in Japan, while new game machines were launched one after another towards the end of the year and competition in the game software market intensified, our

"*Mobile Suit Gundam Gundam vs. Z (Zeta) Gundam*" gained popularity. However, operating results were below the level of the same period of the prior fiscal year when we marketed major titles. Additionally, the business area produced poor performance due to increased costs related with the software development of major titles expected to be marketed intensively in the fourth quarter of the current fiscal year. Overseas operations also produced poor performance due to the lack of major titles, such as ".hack (dot hack)" series, which gained strong loyalty in the prior fiscal year. The business area overall achieved decreased revenue and decreased profits.

In the visual area, DVD software led by "*Ghost In The Shell*" series has continued to show strong performance since the interim period of the current fiscal year. Sales of DVD software for video rental stores also increased substantially with the development of the environment for viewing DVD software. However, in Japan, the "*Mobile Suit Gundam SEED*" produced Group synergies in the same period of the prior fiscal year. Overseas, we have established a new system of our own distribution network for DVD software in America, which has resulted in an increase in returned articles. The business area overall achieved decreased revenue and decreased profits.

In the networks area, the number of paid subscribers for contents of mobile phones, which has decreased, is turning up in the second half of the current fiscal year, due to steady sales of game contents, including "*SIMPLE 100*" series and "*Bandai Collection*" series. Our on-demand distribution services focused on animations also continued to gain popularity. However, we saw a decrease in the number of paid subscribers for contents of stand-by displays of mobile phones and increased costs in relation with the development of high value-added contents could not be offset. The business area overall achieved decreased revenue and decreased profits.

In other areas, we exerted our efforts to improve operational efficiency in our distribution business. The business area overall achieved increased revenue and increased profits.

### Segment performance by place of business:

(In millions of yen, rounded down)

|         | Net Sales                             |                                       |                     | Operating Income (Loss)               |                                       |                      |
|---------|---------------------------------------|---------------------------------------|---------------------|---------------------------------------|---------------------------------------|----------------------|
|         | Third quarter ended December 31, 2004 | Third quarter ended December 31, 2003 | Increase (decrease) | Third quarter ended December 31, 2004 | Third quarter ended December 31, 2003 | Increase (decrease)  |
| Japan   | 164,717<br>[58,803]                   | 161,176<br>[60,552]                   | 3,541<br>[(1,749)]  | 17,607<br>[6,566]                     | 19,684<br>[8,376]                     | (2,077)<br>[(1,810)] |
| America | 13,619<br>[6,562]                     | 19,200<br>[6,992]                     | (5,581)<br>[(430)]  | (2,392)<br>[283]                      | 2,058<br>[883]                        | (4,450)<br>[(599)]   |
| Europe  | 13,371<br>[5,721]                     | 12,579<br>[5,393]                     | 792<br>[328]        | 2,833<br>[1,430]                      | 2,583<br>[1,348]                      | 249<br>[82]          |
| Asia    | 23,273<br>[9,910]                     | 20,884<br>[8,265]                     | 2,389<br>[1,645]    | 1,951<br>[879]                        | 1,691<br>[710]                        | 260<br>[169]         |

The figures in the parentheses [ ] represent those for the period from October 1 through December 31.

In Japan, in the year-end sale season, our toys for girls "*Futariha Precure*" and "*Cinnamoroll*", as well as "*Tamagotchi*" series produced strong performance. Our character toys for boys "*Power Rangers (Tokuso Sentai DekaRangers)*" showed steady performance and sales of "*Konjiki no Gashbell*" cards and products for vending machines also were favorable. However, the marketing of major titles of video game software is expected to be intensive in the fourth quarter of the current fiscal year. Additionally, we incurred up-front costs to "expand business". The business in the region overall achieved increased revenue and decreased profits.

In America, in addition to our popular long-established characters "*Power Rangers*" series, "*Teen Titans*" and "*Tamagotchi Connexion*" contributed to a sales increase in the third quarter of the current fiscal year. However, in the difficult market conditions, such sales increase could not offset the poor performance due to increased costs to launch new products from our new characters in the interim period of the current fiscal year and an increase in returned articles resulting from the establishment of a new system of our own distribution network for DVD software. The business in the region overall achieved decreased revenue and decreased profits.

In Europe, products from our "*Power Rangers*" series continued to show strong movement. Also, while marketing of our "*Bratz*", which gained a high level of popularity in the same period of the prior fiscal year, was limited in Spain, new products launched during the current fiscal year, such as "*Strawberry Shortcake*", "*Tamagotchi Connexion*" and "*Pokémon*", became popular. The business in the region overall achieved increased revenue and increased profits.

In Asia, which is comprised of toy-related production companies in the Asian region (mainly Hong Kong and Thailand), activities such as production management, material procurement, and supply of products to Bandai and its overseas Group companies are involved. In the marketing division, favorable growth was seen in the "*Mobile Suit Gundam*" series and "*Power Rangers*" series, among other things. In the production division, efforts were exerted to improve production efficiencies. The business in the region overall achieved increased revenue and increased profits.

## **(2) Qualitative information on changes in the consolidated financial status, etc.**

### **1) Summary of assets, liabilities and stockholders' equity at the end of the third quarter of the fiscal year under review:**

Total assets (the total liabilities, minority interests and stockholders' equity) increased by 6,462 million yen due to an increase in investment securities as a result of the acquisition of additional shares of Tohato Inc. and an increase in intangible assets as a result of the acquisition by transfer of the operations of amusement park "*Asakusa Hanayashiki*".

Stockholders' equity increased by 9,756 million yen as net income accounted for 9,451 million yen.

### **2) Summary of cash flows for the third quarter of the fiscal year under review:**

Cash flows from operating activities were 1,432 million yen as 19,072 million yen of net income before income taxes exceeded the effects of a decrease in accounts receivable - other and the payment of income taxes.

Cash flows from investing activities were 8,308 million yen of expenditure due to payments of 7,319 million yen for purchase of tangible fixed assets.

Cash flows from financing activities were 841 million yen as proceeds of 2,500 million yen from long-term debt exceeded the payment of 1,478 million yen in dividends.

As a result, after an exchange adjustment for cash and cash equivalents, cash and cash equivalents at the end of the third quarter of the fiscal year under review decreased by 5,377 million yen from the end of the prior fiscal year to 76,816 million yen.

### (3) Qualitative information on the forecasts of operating results, etc.

The Japanese economy is expected to continue registering tones of slow recovery, as shown in better corporate earnings and higher capital expenditure, while there are some causes for concern, including higher oil prices.

Under these circumstances, we will aggressively carry on business, specifically focusing on our long-established characters for boys led by "*Mobile Suit Gundam SEED Destiny*", a sequel to its big-hit predecessor, "*Super Sentai (Power Rangers)*" series and "*Masked Rider*" series, as well as our popular characters for girls led by "*Futariha Precure*" series and "*Cinnamoroll*". In the video game software area, we will launch new major titles, including "*Mobile Suit Gundam One Year War*" under "Project Pegasus", a joint project with NAMCO LIMITED to develop video game software.

Overseas, in addition to our popular long-established characters, "*Power Rangers*" series, we will aggressively market new characters, such as "*Teen Titans*", in the toys & hobby area. In the video game software area, we will market our major titles to expand our businesses.

With regard to the forecast of operating results for the whole-year period of the fiscal year ending March 31, 2005, no amendment is made to the forecast thereof given upon publication of the financial statements for the interim period of the current fiscal year on November 10, 2004.

[Attachment]

## Consolidated Financial Statements for the Third Quarter

### (1) Summary of Consolidated Balance Sheet for the Third Quarter

(In millions of yen, rounded down)

|                                                               | Third quarter ended<br>December 31, 2004<br>(As of December 31,<br>2004) |              | Fiscal year ended<br>March 31, 2004<br>(As of March 31,<br>2004) |              | Increase or<br>decrease |            | Third quarter ended<br>December 31, 2003<br>(As of December 31,<br>2003) |              |  |
|---------------------------------------------------------------|--------------------------------------------------------------------------|--------------|------------------------------------------------------------------|--------------|-------------------------|------------|--------------------------------------------------------------------------|--------------|--|
|                                                               | Amount                                                                   | %            | Amount                                                           | %            | Amount                  | %          | Amount                                                                   | %            |  |
| <b>(Assets)</b>                                               |                                                                          |              |                                                                  |              |                         |            |                                                                          |              |  |
| <b>I. CURRENT ASSETS</b>                                      |                                                                          |              |                                                                  |              |                         |            |                                                                          |              |  |
| 1. Cash and time deposits.....                                | 67,443                                                                   |              | 77,433                                                           |              |                         |            | 64,377                                                                   |              |  |
| 2. Trade receivables .....                                    | 53,116                                                                   |              | 51,287                                                           |              |                         |            | 55,292                                                                   |              |  |
| 3. Inventories.....                                           | 11,691                                                                   |              | 7,920                                                            |              |                         |            | 12,005                                                                   |              |  |
| 4. Deferred tax assets – current.....                         | 4,853                                                                    |              | 5,221                                                            |              |                         |            | 4,871                                                                    |              |  |
| 5. Other current assets.....                                  | 27,146                                                                   |              | 21,922                                                           |              |                         |            | 23,021                                                                   |              |  |
| 6. Allowance for doubtful receivables.....                    | (687)                                                                    |              | (655)                                                            |              |                         |            | (683)                                                                    |              |  |
| Total current assets                                          | 163,563                                                                  | 69.7         | 163,130                                                          | 71.5         | 432                     | 0.3        | 158,884                                                                  | 69.3         |  |
| <b>II. FIXED ASSETS</b>                                       |                                                                          |              |                                                                  |              |                         |            |                                                                          |              |  |
| 1. Property, plant and equipment.....                         | 41,183                                                                   | 17.6         | 40,369                                                           | 17.7         | 814                     | 2.0        | 39,432                                                                   | 17.2         |  |
| (1) Buildings and structures.....                             | 13,395                                                                   |              | 14,379                                                           |              |                         |            | 11,321                                                                   |              |  |
| (2) Land .....                                                | 17,724                                                                   |              | 16,372                                                           |              |                         |            | 16,410                                                                   |              |  |
| (3) Other tangible fixed assets.....                          | 10,063                                                                   |              | 9,617                                                            |              |                         |            | 11,699                                                                   |              |  |
| 2. Intangible Assets .....                                    | 3,698                                                                    | 1.6          | 2,247                                                            | 1.0          | 1,450                   | 64.5       | 2,277                                                                    | 1.0          |  |
| 3. Investments and Other Assets.....                          | 26,091                                                                   | 11.1         | 22,328                                                           | 9.8          | 3,763                   | 16.9       | 28,605                                                                   | 12.5         |  |
| (1) Investment securities .....                               | 17,431                                                                   |              | 14,751                                                           |              |                         |            | 13,502                                                                   |              |  |
| (2) Deferred tax assets-non-current ...                       | 4,746                                                                    |              | 3,577                                                            |              |                         |            | 3,446                                                                    |              |  |
| (3) Deferred tax assets, land<br>revaluation difference ..... | -                                                                        |              | -                                                                |              |                         |            | 8,398                                                                    |              |  |
| (4) Other investments and assets.....                         | 5,116                                                                    |              | 4,994                                                            |              |                         |            | 4,859                                                                    |              |  |
| (5) Allowance for investment loss.....                        | -                                                                        |              | -                                                                |              |                         |            | (540)                                                                    |              |  |
| (6) Allowance for doubtful<br>receivables.....                | (1,202)                                                                  |              | (994)                                                            |              |                         |            | (1,061)                                                                  |              |  |
| Total fixed assets                                            | 70,974                                                                   | 30.3         | 64,945                                                           | 28.5         | 6,029                   | 9.3        | 70,315                                                                   | 30.7         |  |
| <b>TOTAL ASSETS</b>                                           | <b>234,538</b>                                                           | <b>100.0</b> | <b>228,075</b>                                                   | <b>100.0</b> | <b>6,462</b>            | <b>2.8</b> | <b>229,200</b>                                                           | <b>100.0</b> |  |

(In millions of yen, rounded down)

|                                                                                  | Third quarter ended<br>December 31, 2004<br>(As of December 31,<br>2004) |              | Fiscal year ended<br>March 31, 2004<br>(As of March 31,<br>2004) |              | Increase or<br>decrease |              | Third quarter ended<br>December 31, 2003<br>(As of December 31,<br>2003) |              |
|----------------------------------------------------------------------------------|--------------------------------------------------------------------------|--------------|------------------------------------------------------------------|--------------|-------------------------|--------------|--------------------------------------------------------------------------|--------------|
|                                                                                  | Amount                                                                   | %            | Amount                                                           | %            | Amount                  | %            | Amount                                                                   | %            |
| <b>(Liabilities)</b>                                                             |                                                                          |              |                                                                  |              |                         |              |                                                                          |              |
| <b>I. CURRENT LIABILITIES</b>                                                    |                                                                          |              |                                                                  |              |                         |              |                                                                          |              |
| 1. Trade payables .....                                                          | 29,313                                                                   |              | 26,800                                                           |              |                         |              | 29,193                                                                   |              |
| 2. Short-term borrowings .....                                                   | 870                                                                      |              | 316                                                              |              |                         |              | 364                                                                      |              |
| 3. Current installments of long-term<br>bonds .....                              | 50                                                                       |              | -                                                                |              |                         |              | -                                                                        |              |
| 4. Accounts payable - other.....                                                 | 12,945                                                                   |              | 20,054                                                           |              |                         |              | 14,186                                                                   |              |
| 5. Other current liabilities .....                                               | 11,411                                                                   |              | 14,147                                                           |              |                         |              | 13,719                                                                   |              |
| Total current liabilities                                                        | 54,591                                                                   | 23.3         | 61,318                                                           | 26.9         | (6,727)                 | (11.0)       | 57,464                                                                   | 25.1         |
| <b>II. LONG-TERM LIABILITIES</b>                                                 |                                                                          |              |                                                                  |              |                         |              |                                                                          |              |
| 1. Bonds .....                                                                   | 25,150                                                                   |              | 25,200                                                           |              |                         |              | 25,200                                                                   |              |
| 2. Long-term debt .....                                                          | 1,875                                                                    |              | 10                                                               |              |                         |              | 13                                                                       |              |
| 3. Deferred tax liabilities, land revaluation<br>difference .....                | 907                                                                      |              | 813                                                              |              |                         |              | -                                                                        |              |
| 4. Accrued retirement and severance<br>benefits .....                            | 619                                                                      |              | 534                                                              |              |                         |              | 543                                                                      |              |
| 5. Directors' and corporate auditors'<br>retirement and severance benefits ..... | 954                                                                      |              | 1,416                                                            |              |                         |              | 1,346                                                                    |              |
| 6. Other long-term liabilities .....                                             | 1,272                                                                    |              | 1,042                                                            |              |                         |              | 550                                                                      |              |
| Total long-term liabilities                                                      | 30,778                                                                   | 13.1         | 29,018                                                           | 12.7         | 1,760                   | 6.1          | 27,654                                                                   | 12.1         |
| <b>TOTAL LIABILITIES</b>                                                         | <b>85,369</b>                                                            | <b>36.4</b>  | <b>90,336</b>                                                    | <b>39.6</b>  | <b>(4,967)</b>          | <b>(5.5)</b> | <b>85,118</b>                                                            | <b>37.2</b>  |
| <b>(Minority Interests)</b>                                                      |                                                                          |              |                                                                  |              |                         |              |                                                                          |              |
| Minority interests.....                                                          | 18,343                                                                   | 7.8          | 16,670                                                           | 7.3          | 1,673                   | 10.0         | 16,221                                                                   | 7.1          |
| <b>(Stockholders' Equity)</b>                                                    |                                                                          |              |                                                                  |              |                         |              |                                                                          |              |
| I. Common stock.....                                                             | 24,426                                                                   | 10.4         | 24,292                                                           | 10.6         | 133                     | 0.5          | 24,139                                                                   | 10.5         |
| II. Additional paid-in capital.....                                              | 23,759                                                                   | 10.1         | 23,625                                                           | 10.4         | 133                     | 0.6          | 23,472                                                                   | 10.2         |
| III. Retained earnings .....                                                     | 100,451                                                                  | 42.8         | 92,523                                                           | 40.6         | 7,927                   | 8.6          | 91,023                                                                   | 39.7         |
| IV. Land revaluation difference .....                                            | (21,163)                                                                 | (9.0)        | (21,298)                                                         | (9.3)        | 135                     | -            | (12,085)                                                                 | (5.3)        |
| V. Other securities valuation differences ...                                    | 2,888                                                                    | 1.3          | 2,600                                                            | 1.1          | 288                     | 11.1         | 1,639                                                                    | 0.7          |
| VI. Translation adjustment .....                                                 | 635                                                                      | 0.3          | (511)                                                            | (0.2)        | 1,146                   | -            | (167)                                                                    | (0.1)        |
| VII. Treasury stock .....                                                        | (172)                                                                    | (0.1)        | (165)                                                            | (0.1)        | (7)                     | -            | (161)                                                                    | -            |
| <b>TOTAL STOCKHOLDERS' EQUITY</b>                                                | <b>130,824</b>                                                           | <b>55.8</b>  | <b>121,068</b>                                                   | <b>53.1</b>  | <b>9,756</b>            | <b>8.1</b>   | <b>127,859</b>                                                           | <b>55.7</b>  |
| <b>TOTAL LIABILITIES, MINORITY<br/>INTERESTS AND STOCKHOLDERS'<br/>EQUITY</b>    | <b>234,538</b>                                                           | <b>100.0</b> | <b>228,075</b>                                                   | <b>100.0</b> | <b>6,462</b>            | <b>2.8</b>   | <b>229,200</b>                                                           | <b>100.0</b> |

**(2) Summary of Consolidated Statement of Income for the Third Quarter**

(In millions of yen, rounded down)

|                                                                          | Third quarter ended<br>December 31, 2004 |       | Third quarter ended<br>December 31, 2003 |       | Increase or<br>decrease |        | Fiscal year ended<br>March 31, 2004  |       |
|--------------------------------------------------------------------------|------------------------------------------|-------|------------------------------------------|-------|-------------------------|--------|--------------------------------------|-------|
|                                                                          | (April 1, 2004 to<br>December 31, 2004)  |       | (April 1, 2003 to<br>December 31, 2003)  |       |                         |        | (April 1, 2003 to<br>March 31, 2004) |       |
|                                                                          | Amount                                   | %     | Amount                                   | %     | Amount                  | %      | Amount                               | %     |
| I. Net Sales .....                                                       | 192,691                                  | 100.0 | 193,092                                  | 100.0 | (401)                   | (0.2)  | 263,174                              | 100.0 |
| II. Cost of Sales.....                                                   | 107,935                                  | 56.0  | 105,946                                  | 54.9  | 1,988                   | 1.9    | 146,916                              | 55.8  |
| Gross Profit .....                                                       | 84,755                                   | 44.0  | 87,146                                   | 45.1  | (2,390)                 | (2.7)  | 116,258                              | 44.2  |
| III. Selling, General and<br>Administrative Expenses .....               | 66,303                                   | 34.4  | 62,252                                   | 32.2  | 4,051                   | 6.5    | 88,607                               | 33.7  |
| Operating Income.....                                                    | 18,452                                   | 9.6   | 24,893                                   | 12.9  | (6,441)                 | (25.9) | 27,651                               | 10.5  |
| IV. Non-operating Income .....                                           | 1,144                                    | 0.6   | 984                                      | 0.5   | 159                     | 16.2   | 1,359                                | 0.5   |
| 1. Interest income.....                                                  | 384                                      |       | 302                                      |       |                         |        | 386                                  |       |
| 2. Equity in income of affiliated<br>companies.....                      | 5                                        |       | -                                        |       |                         |        | -                                    |       |
| 3. Other non-operating income .....                                      | 754                                      |       | 682                                      |       |                         |        | 973                                  |       |
| V. Non-operating Expenses .....                                          | 413                                      | 0.2   | 1,366                                    | 0.7   | (953)                   | (69.7) | 1,789                                | 0.7   |
| 1. Interest expense.....                                                 | 135                                      |       | 304                                      |       |                         |        | 347                                  |       |
| 2. Equity in loss of affiliated<br>companies.....                        | -                                        |       | 592                                      |       |                         |        | 838                                  |       |
| 3. Other non-operating expenses .....                                    | 278                                      |       | 469                                      |       |                         |        | 603                                  |       |
| Recurring Income.....                                                    | 19,183                                   | 10.0  | 24,511                                   | 12.7  | (5,328)                 | (21.7) | 27,221                               | 10.3  |
| VI. Extraordinary Income.....                                            | 2,697                                    | 1.4   | 1,415                                    | 0.7   | 1,281                   | 90.5   | 2,028                                | 0.8   |
| 1. Gain on sale of property, plant<br>and equipment.....                 | 2                                        |       | 24                                       |       |                         |        | 29                                   |       |
| 2. Gain on sale of investments<br>securities.....                        | 2,636                                    |       | 1,228                                    |       |                         |        | 1,867                                |       |
| 3. Others .....                                                          | 57                                       |       | 162                                      |       |                         |        | 130                                  |       |
| VII. Extraordinary Loss .....                                            | 2,807                                    | 1.5   | 1,013                                    | 0.5   | 1,794                   | 177.0  | 1,932                                | 0.7   |
| 1. Loss on disposal and sale of<br>property, plant and equipment .....   | 287                                      |       | 164                                      |       |                         |        | 1,005                                |       |
| 2. Loss on impairment of property,<br>plant and equipment .....          | 1,528                                    |       | -                                        |       |                         |        | -                                    |       |
| 3. Expense of special depreciation<br>of property plant and equipment .. | 104                                      |       | -                                        |       |                         |        | -                                    |       |
| 4. Amortization of goodwill.....                                         | 392                                      |       | -                                        |       |                         |        | -                                    |       |
| 5. Loss on sale of investment<br>securities.....                         | -                                        |       | 12                                       |       |                         |        | 16                                   |       |
| 6. Loss on valuation of investment<br>securities.....                    | 101                                      |       | 125                                      |       |                         |        | 691                                  |       |
| 7. Payment for compromise.....                                           | 49                                       |       | -                                        |       |                         |        | -                                    |       |
| 8. Transfer to allowance for<br>doubtful receivables.....                | 316                                      |       | -                                        |       |                         |        | -                                    |       |
| 9. Transfer to allowance for<br>investments loss .....                   | -                                        |       | 540                                      |       |                         |        | -                                    |       |
| 10. Others .....                                                         | 25                                       |       | 171                                      |       |                         |        | 218                                  |       |

(In millions of yen, rounded down)

|                                 | Third quarter ended<br>December 31, 2004<br>(April 1, 2004 to<br>December 31, 2004) |               | Third quarter ended<br>December 31, 2003<br>(April 1, 2003 to<br>December 31, 2003) |               | Increase or<br>decrease |                | Fiscal year ended<br>March 31, 2004<br>(April 1, 2003 to<br>March 31, 2004) |               |
|---------------------------------|-------------------------------------------------------------------------------------|---------------|-------------------------------------------------------------------------------------|---------------|-------------------------|----------------|-----------------------------------------------------------------------------|---------------|
|                                 | Amount                                                                              | %             | Amount                                                                              | %             | Amount                  | %              | Amount                                                                      | %             |
|                                 | <b>Net Income before Income<br/>Taxes and Minority Interests....</b>                | <b>19,072</b> | <b>9.9</b>                                                                          | <b>24,913</b> | <b>12.9</b>             | <b>(5,840)</b> | <b>(23.4)</b>                                                               | <b>27,318</b> |
| <b>Income Taxes .....</b>       | <b>8,209</b>                                                                        | <b>4.3</b>    | <b>11,391</b>                                                                       | <b>5.9</b>    | <b>(3,182)</b>          | <b>(27.9)</b>  | <b>12,137</b>                                                               | <b>4.6</b>    |
| <b>Minority Interests .....</b> | <b>1,412</b>                                                                        | <b>0.7</b>    | <b>831</b>                                                                          | <b>0.4</b>    | <b>580</b>              | <b>69.8</b>    | <b>974</b>                                                                  | <b>0.4</b>    |
| <b>Net Income.....</b>          | <b>9,451</b>                                                                        | <b>4.9</b>    | <b>12,690</b>                                                                       | <b>6.6</b>    | <b>(3,239)</b>          | <b>(25.5)</b>  | <b>14,206</b>                                                               | <b>5.4</b>    |

**(3) Summary of Consolidated Statement of Cash Flows for the Third Quarter**

(In millions of yen, rounded down)

|                                                                                                | Third quarter ended<br>December 31, 2004<br>(April 1, 2004 to<br>December 31, 2004) | Third quarter ended<br>December 31, 2003<br>(April 1, 2003 to<br>December 31, 2003) | Fiscal year ended March<br>31, 2004<br>(April 1, 2003 to<br>March 31, 2004) |
|------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| <b>I. Cash Flows from Operating Activities</b>                                                 |                                                                                     |                                                                                     |                                                                             |
| Income before income taxes and minority interests.....                                         | 19,072                                                                              | 24,913                                                                              | 27,318                                                                      |
| Depreciation and amortization and loss on impairment of<br>property, plant and equipment ..... | 7,182                                                                               | 5,015                                                                               | 7,169                                                                       |
| Increase (decrease) in allowances and reserves.....                                            | (149)                                                                               | 507                                                                                 | (80)                                                                        |
| Equity in loss (earnings) of affiliated companies.....                                         | (5)                                                                                 | 592                                                                                 | 838                                                                         |
| Loss (gain) on disposal and sale of property, plant and<br>equipment .....                     | 285                                                                                 | 139                                                                                 | 975                                                                         |
| Loss (gain) on sale and valuation of investment<br>securities.....                             | (2,534)                                                                             | (1,090)                                                                             | (1,159)                                                                     |
| Decrease (increase) in trade receivables .....                                                 | (1,386)                                                                             | (9,754)                                                                             | (5,889)                                                                     |
| Decrease (increase) in inventories .....                                                       | (3,629)                                                                             | (3,986)                                                                             | 159                                                                         |
| Increase (decrease) in trade payables.....                                                     | 2,293                                                                               | 2,054                                                                               | (291)                                                                       |
| Increase (decrease) in accounts payable - other.....                                           | (7,280)                                                                             | (2,971)                                                                             | 2,895                                                                       |
| Bonus to directors and corporate auditors.....                                                 | (313)                                                                               | (280)                                                                               | (280)                                                                       |
| Other .....                                                                                    | (928)                                                                               | (635)                                                                               | (1,493)                                                                     |
| <b>Subtotal</b>                                                                                | <b>12,606</b>                                                                       | <b>14,504</b>                                                                       | <b>30,161</b>                                                               |
| Interest and dividends received .....                                                          | 557                                                                                 | 513                                                                                 | 628                                                                         |
| Interest paid .....                                                                            | (96)                                                                                | (372)                                                                               | (414)                                                                       |
| Income taxes paid.....                                                                         | (11,634)                                                                            | (9,389)                                                                             | (10,342)                                                                    |
| <b>Net cash provided by operating activities</b>                                               | <b>1,432</b>                                                                        | <b>5,256</b>                                                                        | <b>20,032</b>                                                               |
| <b>II. Cash Flows from Investing Activities</b>                                                |                                                                                     |                                                                                     |                                                                             |
| Decrease (increase) in time deposits.....                                                      | 238                                                                                 | 812                                                                                 | 750                                                                         |
| Decrease (increase) in marketable securities.....                                              | 4                                                                                   | (985)                                                                               | 109                                                                         |
| Purchase of property, plant and equipment.....                                                 | (7,319)                                                                             | (7,351)                                                                             | (11,032)                                                                    |
| Sale of property, plant and equipment.....                                                     | 18                                                                                  | 473                                                                                 | 483                                                                         |
| Purchase of intangible assets.....                                                             | (2,269)                                                                             | -                                                                                   | -                                                                           |
| Purchase of investment securities .....                                                        | (2,041)                                                                             | (2,474)                                                                             | (2,823)                                                                     |
| Sale of investment securities .....                                                            | 2,346                                                                               | 859                                                                                 | 1,918                                                                       |
| Acquisition of shares in consolidated subsidiaries, net of<br>cash acquired.....               | (38)                                                                                | 144                                                                                 | 144                                                                         |
| Proceeds from sales of shares in consolidated<br>subsidiaries.....                             | 1,134                                                                               | 1,325                                                                               | 1,325                                                                       |
| Advances of loans receivable .....                                                             | (772)                                                                               | (575)                                                                               | (600)                                                                       |
| Collection of loans receivable .....                                                           | 341                                                                                 | 396                                                                                 | 436                                                                         |
| Other .....                                                                                    | 48                                                                                  | (334)                                                                               | (542)                                                                       |
| <b>Net cash provided by (used in) investing activities</b>                                     | <b>(8,308)</b>                                                                      | <b>(7,709)</b>                                                                      | <b>(9,830)</b>                                                              |

(In millions of yen, rounded down)

|                                                                                                       | Third quarter ended<br>December 31, 2004<br>(April 1, 2004 to<br>December 31, 2004) | Third quarter ended<br>December 31, 2003<br>(April 1, 2003 to<br>December 31, 2003) | Fiscal year ended March<br>31, 2004<br>(April 1, 2003 to<br>March 31, 2004) |
|-------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| <b>III. Cash Flows from Financing Activities</b>                                                      |                                                                                     |                                                                                     |                                                                             |
| Net increase (decrease) in short-term borrowings.....                                                 | 67                                                                                  | (1,097)                                                                             | (1,108)                                                                     |
| Proceeds from long-term debt .....                                                                    | 2,500                                                                               | -                                                                                   | -                                                                           |
| Repayments of long-term borrowings.....                                                               | (146)                                                                               | (117)                                                                               | (146)                                                                       |
| Redemption of bonds.....                                                                              | -                                                                                   | (10,000)                                                                            | (10,000)                                                                    |
| Proceeds from issuance of shares.....                                                                 | 266                                                                                 | 1,011                                                                               | 1,318                                                                       |
| Proceeds from capital paid by minority interests .....                                                | 3                                                                                   | 1,340                                                                               | 1,354                                                                       |
| Purchase of treasury stock .....                                                                      | (7)                                                                                 | (12)                                                                                | (15)                                                                        |
| Dividends paid .....                                                                                  | (1,478)                                                                             | (1,957)                                                                             | (1,957)                                                                     |
| Dividends paid to minority interests .....                                                            | (363)                                                                               | (330)                                                                               | (330)                                                                       |
| <b>Net cash provided by (used in) financing activities</b>                                            | <b>841</b>                                                                          | <b>(11,163)</b>                                                                     | <b>(10,885)</b>                                                             |
| <b>IV. Effect of Exchange Rate Changes on Cash and Cash<br/>Equivalents</b>                           | <b>628</b>                                                                          | <b>(894)</b>                                                                        | <b>(830)</b>                                                                |
| <b>V. Net Increase (Decrease) in Cash and Cash<br/>Equivalents</b>                                    | <b>(5,405)</b>                                                                      | <b>(14,511)</b>                                                                     | <b>(1,513)</b>                                                              |
| <b>VI. Cash and Cash Equivalents at the Beginning of the<br/>Period</b>                               | <b>82,193</b>                                                                       | <b>83,326</b>                                                                       | <b>83,326</b>                                                               |
| <b>VII. Increase in Cash and Cash Equivalents due to<br/>Additional Consolidation of Subsidiaries</b> | <b>28</b>                                                                           | <b>506</b>                                                                          | <b>506</b>                                                                  |
| <b>VIII. Decrease in Cash and Cash Equivalents due to<br/>Exclusion of Consolidated Subsidiaries</b>  | <b>-</b>                                                                            | <b>(125)</b>                                                                        | <b>(125)</b>                                                                |
| <b>IX. Cash and Cash Equivalents at the End of the Period</b>                                         | <b>76,816</b>                                                                       | <b>69,196</b>                                                                       | <b>82,193</b>                                                               |

**(4) Information by Segment**

[Information by Business Area]

(In millions of yen, rounded down)

|                                      | Third quarter ended December 31, 2004<br>(April 1, 2004 to December 31, 2004) |            |           |                     |        |          |        |         |                          |              |
|--------------------------------------|-------------------------------------------------------------------------------|------------|-----------|---------------------|--------|----------|--------|---------|--------------------------|--------------|
|                                      | Toys & Hobby                                                                  | Life-style | Amusement | Video Game Software | Visual | Networks | Other  | Total   | Elimination or All Group | Consolidated |
| Net sales                            |                                                                               |            |           |                     |        |          |        |         |                          |              |
| (1) Sales to outside customers       | 108,448                                                                       | 14,042     | 11,934    | 24,532              | 21,815 | 7,468    | 4,448  | 192,691 | -                        | 192,691      |
| (2) Inter-segment sales or transfers | 940                                                                           | 44         | 826       | 12                  | 699    | 172      | 7,096  | 9,791   | (9,791)                  | -            |
| Total                                | 109,388                                                                       | 14,087     | 12,761    | 24,544              | 22,514 | 7,641    | 11,544 | 202,482 | (9,791)                  | 192,691      |
| Operating expenses                   | 97,927                                                                        | 13,276     | 12,053    | 23,339              | 19,368 | 6,361    | 10,716 | 183,044 | (8,806)                  | 174,238      |
| Operating income                     | 11,460                                                                        | 810        | 708       | 1,205               | 3,146  | 1,279    | 828    | 19,437  | (985)                    | 18,452       |

(In millions of yen, rounded down)

|                                      | Third quarter ended December 31, 2003<br>(April 1, 2003 to December 31, 2003) |            |           |                     |        |          |       |         |                          |              |
|--------------------------------------|-------------------------------------------------------------------------------|------------|-----------|---------------------|--------|----------|-------|---------|--------------------------|--------------|
|                                      | Toys & Hobby                                                                  | Life-style | Amusement | Video Game Software | Visual | Networks | Other | Total   | Elimination or All Group | Consolidated |
| Net sales                            |                                                                               |            |           |                     |        |          |       |         |                          |              |
| (1) Sales to outside customers       | 106,883                                                                       | 13,695     | 11,165    | 27,072              | 22,621 | 7,559    | 4,094 | 193,092 | -                        | 193,092      |
| (2) Inter-segment sales or transfers | 1,084                                                                         | 51         | 649       | 20                  | 765    | 126      | 5,858 | 8,556   | (8,556)                  | -            |
| Total                                | 107,968                                                                       | 13,747     | 11,814    | 27,092              | 23,386 | 7,686    | 9,953 | 201,648 | (8,556)                  | 193,092      |
| Operating expenses                   | 95,378                                                                        | 12,317     | 11,044    | 22,508              | 19,295 | 6,208    | 9,242 | 175,995 | (7,796)                  | 168,198      |
| Operating income                     | 12,589                                                                        | 1,430      | 770       | 4,584               | 4,091  | 1,477    | 710   | 25,653  | (760)                    | 24,893       |

(In millions of yen, rounded down)

|                                      | Fiscal Year ended March 31, 2004<br>(April 1, 2003 to March 31, 2004) |            |           |                     |        |          |        |         |                          |              |
|--------------------------------------|-----------------------------------------------------------------------|------------|-----------|---------------------|--------|----------|--------|---------|--------------------------|--------------|
|                                      | Toys & Hobby                                                          | Life-style | Amusement | Video Game Software | Visual | Networks | Other  | Total   | Elimination or All Group | Consolidated |
| Net sales                            |                                                                       |            |           |                     |        |          |        |         |                          |              |
| (1) Sales to outside customers       | 144,328                                                               | 18,963     | 14,635    | 38,759              | 30,942 | 10,061   | 5,483  | 263,174 | -                        | 263,174      |
| (2) Inter-segment sales or transfers | 1,491                                                                 | 95         | 847       | 24                  | 916    | 193      | 7,842  | 11,412  | (11,412)                 | -            |
| Total                                | 145,820                                                               | 19,059     | 15,483    | 38,784              | 31,859 | 10,255   | 13,325 | 274,587 | (11,412)                 | 263,174      |
| Operating expenses                   | 134,166                                                               | 17,008     | 14,928    | 32,559              | 26,317 | 8,295    | 12,634 | 245,910 | (10,386)                 | 235,523      |
| Operating income                     | 11,653                                                                | 2,051      | 554       | 6,225               | 5,541  | 1,959    | 691    | 28,676  | (1,025)                  | 27,651       |

- Notes: 1. The "business area" classification is in accordance with the classification adopted for internal management purposes.
2. Main products of each business area:
- (1) Toys & Hobby area: Toys, candy toys, products toys for vending machines, cards, plastic models, etc.
  - (2) Life-style area: Apparel, sundries, stationery, etc.
  - (3) Amusement area: Amusement equipment, amusement prizes, management of amusement facilities, etc.
  - (4) Video Game Software area: Game software for home game machines and portable game machines, etc.
  - (5) Visual area: Visual works, visual software, etc.
  - (6) Networks area: Mobile contents, on-demand video distribution, on-line game, etc.
  - (7) Other area: Transportation and warehousing of products, leasing, real estate management, printing, etc.
3. Of the operating expenses, the unallocatable amounts included in "elimination or all group" were 1,429 million yen for the third quarter of the current fiscal year, 1,159 million yen for the third quarter of the prior fiscal year and 1,571 million yen for the prior fiscal year. Main components of these amounts include expenses incurred in the Company's general affairs and other administrative sections.

[Information by Place-of-Business Segment]

(In millions of yen, rounded down)

|                                      | Third quarter ended December 31, 2004<br>(April 1, 2004 to December 31, 2004) |         |        |                             |         |                             |              |
|--------------------------------------|-------------------------------------------------------------------------------|---------|--------|-----------------------------|---------|-----------------------------|--------------|
|                                      | Japan                                                                         | America | Europe | Asia,<br>excluding<br>Japan | Total   | Elimination<br>or all group | Consolidated |
| Net sales                            |                                                                               |         |        |                             |         |                             |              |
| (1) Sales to outside customers       | 160,415                                                                       | 12,905  | 13,371 | 5,999                       | 192,691 | -                           | 192,691      |
| (2) Inter-segment sales or transfers | 4,302                                                                         | 714     | -      | 17,274                      | 22,291  | (22,291)                    | -            |
| Total                                | 164,717                                                                       | 13,619  | 13,371 | 23,273                      | 214,982 | (22,291)                    | 192,691      |
| Operating expenses                   | 147,110                                                                       | 16,011  | 10,538 | 21,321                      | 194,981 | (20,743)                    | 174,238      |
| Operating income (loss)              | 17,607                                                                        | (2,392) | 2,833  | 1,951                       | 20,000  | (1,548)                     | 18,452       |

(In millions of yen, rounded down)

|                                      | Third quarter ended December 31, 2003<br>(April 1, 2003 to December 31, 2003) |         |        |                             |         |                             |              |
|--------------------------------------|-------------------------------------------------------------------------------|---------|--------|-----------------------------|---------|-----------------------------|--------------|
|                                      | Japan                                                                         | America | Europe | Asia,<br>excluding<br>Japan | Total   | Elimination<br>or all group | Consolidated |
| Net sales                            |                                                                               |         |        |                             |         |                             |              |
| (1) Sales to outside customers       | 157,671                                                                       | 18,698  | 12,579 | 4,142                       | 193,092 | -                           | 193,092      |
| (2) Inter-segment sales or transfers | 3,504                                                                         | 502     | -      | 16,741                      | 20,748  | (20,748)                    | -            |
| Total                                | 161,176                                                                       | 19,200  | 12,579 | 20,884                      | 213,840 | (20,748)                    | 193,092      |
| Operating expenses                   | 141,491                                                                       | 17,142  | 9,995  | 19,193                      | 187,822 | (19,623)                    | 168,198      |
| Operating income                     | 19,684                                                                        | 2,058   | 2,583  | 1,691                       | 26,018  | (1,124)                     | 24,893       |

(In millions of yen, rounded down)

|                                      | Fiscal Year ended March 31, 2004<br>(April 1, 2003 to March 31, 2004) |         |        |                             |         |                             |              |
|--------------------------------------|-----------------------------------------------------------------------|---------|--------|-----------------------------|---------|-----------------------------|--------------|
|                                      | Japan                                                                 | America | Europe | Asia,<br>excluding<br>Japan | Total   | Elimination<br>or all group | Consolidated |
| Net sales                            |                                                                       |         |        |                             |         |                             |              |
| (1) Sales to outside customers       | 208,157                                                               | 26,921  | 22,271 | 5,823                       | 263,174 | -                           | 263,174      |
| (2) Inter-segment sales or transfers | 5,048                                                                 | 799     | -      | 22,624                      | 28,472  | (28,472)                    | -            |
| Total                                | 213,206                                                               | 27,721  | 22,271 | 28,448                      | 291,647 | (28,472)                    | 263,174      |
| Operating expenses                   | 191,779                                                               | 26,092  | 18,145 | 26,428                      | 262,445 | (26,921)                    | 235,523      |
| Operating income                     | 21,426                                                                | 1,629   | 4,126  | 2,019                       | 29,201  | (1,550)                     | 27,651       |

- Notes: 1. Method of Classification of Countries and Areas by Segment and Main Countries Belonging to Each Segment
- (1) Classification of countries and areas by segment is based on geographical proximity.
  - (2) Main countries or areas included in each segment
    - (i) America: the United States, Canada
    - (ii) Europe: France, the United Kingdom, Spain
    - (iii) Asia, excluding Japan: Hong Kong, Thailand, South Korea
2. Of the operating expenses, the unallocatable amounts included in "elimination or all group" were 1,429 million yen for the third quarter of the current fiscal year, 1,159 million yen for the third quarter of the prior fiscal year and 1,571 million yen for the prior fiscal year. Main components of these amounts include expenses incurred in the Company's general affairs and other administrative sections.