

August 9, 2005

First-quarter Consolidated Operating Results for Fiscal 2006

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1. Matters concerning preparation of quarterly financial information, etc.:

- (i) Application of simplified accounting methods: Yes
Simplified calculation of corporate income taxes using the statutory effective tax rate
- (ii) Changes in accounting methods compared to the most recent fiscal year: None
- (iii) Changes in scope of consolidation and application of the equity method: Yes
Consolidated subsidiaries;
New: 2 (VIBE Inc., BANDAI GAMES INC.)
Excluded: 2 (Pal Box Co., Ltd., Ban Pocket Co., Ltd.)

2. Financial position and operating results for the first quarter of fiscal 2006 (April 1, 2005 ~ June 30, 2005)

(1) Consolidated operating results

	Net sales		Operating income		Recurring income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY ending March 2006 First Quarter	59,772	1.5	5,234	(8.0)	5,564	(5.8)	1,464	(50.2)
FY ended March 2005 First Quarter	58,862	1.3	5,687	(25.3)	5,906	(22.3)	2,939	(26.7)
(Ref) FY ended March 2005	269,945		24,398		25,723		11,225	

	Net income per share	Fully diluted net income per share
	¥	¥
FY ending March 2006 First Quarter	14.83	14.83
FY ended March 2005 First Quarter	29.85	29.79
(Ref) FY ended March 2005	111.13	110.99

Note: Percentage figures for net sales, operating income, etc. represent year-on-year changes.

(2) Consolidated financial position

	Total assets	Stockholders' equity	Equity ratio	Equity per share
	¥ million	¥ million	%	¥
As of June 30, 2005	230,313	131,458	57.1	1,330.00
As of June 30, 2004	216,636	123,635	57.1	1,254.76
(Ref) As of March 31, 2005	240,290	131,750	54.8	1,333.06

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	¥ million	¥ million	¥ million	¥ million
FY ending March 2006 First Quarter	9,378	(13,386)	(2,609)	81,177
FY ended March 2005 First Quarter	(618)	(3,126)	(780)	77,470
(Ref) FY ended March 2005	14,839	(10,153)	1,212	88,517

3. Consolidated forecasts for fiscal 2006 (April 1, 2005 ~ March 31, 2006)

	Net sales	Recurring income	Net income
	¥ million	¥ million	¥ million
Interim	131,000	12,000	5,000
Full year	285,000	30,000	15,500

Reference: Projected net income per share for fiscal 2006: ¥154.06

Notes:

1. The above forecasts are based on information available to the Company at the time of release, and assumptions involving uncertain factors thought likely to have an effect on future results at the time of release. Consequently, actual results may differ significantly from projections due to a variety of factors.
2. The Company and NAMCO LIMITED have agreed to implement management integration through the creation of a joint holding company on September 29, 2005. The above consolidated forecasts are for the Company only. Forecasts for the joint holding company will be announced later.

4. Qualitative information related to quarterly operating results, financial position and forecasts

(1) Qualitative information related to consolidated operating results

In the first quarter of fiscal 2006, the three months from April 1, 2005 to June 30, 2005, the Japanese economy showed signs of a moderate recovery, supported by expanding capital investment due to improving corporate earnings and other factors. However, there is still some uncertainty caused by surging oil prices and other factors.

Against this backdrop and based on the current three-year Medium-Term Management Plan, now in its final year, the Bandai Group focused on business expansion with an emphasis on efficiency and profitability. Specifically, the Group actively promoted a business creation strategy leveraging its character assets, and a business expansion strategy aimed at growing existing operations. Based on a range of initiatives along these themes, the Group worked to boost sales.

As a result, Bandai posted consolidated first-quarter net sales of ¥59,772 million, an increase of 1.5% from a year earlier. However, operating income declined 8.0% to ¥5,234 million, and recurring income fell 5.8% to ¥5,564 million. This reflected a range of factors, including an increase in advertising and publicity expenses related to the roll out of new character merchandise and changes in launch dates for major video game software titles. First-quarter net income dropped 50.2% year on year to ¥1,464 million due to the write-off of goodwill following the purchase of shares in VIBE Inc., booked as an extraordinary loss.

Performance by business segment

(¥ million)

	Net Sales			Operating Income (Loss)		
	FY06 First Quarter	FY05 First Quarter	Change	FY06 First Quarter	FY05 First Quarter	Change
Toys & Hobby	32,599	32,781	(182)	2,933	2,916	17
Life-Style	5,673	4,149	1,523	702	168	533
Amusement	4,310	4,124	186	207	227	(20)
Video Game Software	4,571	6,729	(2,158)	(1,474)	516	(1,991)
Visual	8,920	8,127	793	2,485	1,531	953
Networks	3,197	2,356	840	547	405	141
Other	3,655	3,724	(68)	219	242	(23)

In the Toys & Hobby business, toys for girls, centered on Pretty Cure Max Heart, and the Tamagotchi Plus series, maintained their strong performances from the previous fiscal period. Sales of DATACARDDASS, a new product category combining digital data and cards, made a strong start. In toys for boys, although Maji Ranger (Power Rangers) products proved to be popular, sales in other product categories were only steady in a challenging market environment.

Overseas, Bandai only managed to post steady sales in America, where the Group is currently channeling its resources into strategic areas in its character business, and where sales of major products are concentrated in the second half of the year, including the key Christmas sales period. Sales were strong in Europe and Asia centered on Power Rangers and Tamagotchi.

The Toys & Hobby business posted an increase in operating income despite lower sales due to improvements in profitability.

The Life-Style business recorded strong results by children's apparel and sundries based on the Cinnamoroll, Pretty Cure Max Heart and Mushiking product lines. Rakugaki Kodomo Sekken (children's soap) launched in the previous fiscal period also proved popular. Combined with improved efficiency in the stationery business, this helped the Life-Style business to post an increase in both sales and operating income for the first quarter.

In the Amusement business, amusement facility operations contributed to segment results thanks to an increase in large-scale amusement facilities and sales generated by the Asakusa Hanayashiki amusement park. DATACARDDASS, developed and launched in conjunction with the Toys & Hobby business, also made a good start. However, despite achieving an increase in sales year on year, the Amusement business posted a decline in operating income. This is due to launch of major amusement machines for fiscal 2006 from the second quarter.

The Video Game Software business generated strong sales from the Dragon Ball Z series in Europe, continuing the trend from the previous fiscal year. However, the Video Game Software business posted a decline in both sales and operating income year on year. This was because the launch of major titles in Japan, like the popular Super Robot War series that boosted results in the first quarter of the previous fiscal year, are not scheduled to be launched until the second quarter.

In the Visual business, strong DVD sales of the animated movie Steamboy and Group synergies with Mobile Suit Gundam SEED DESTINY, a TV series that began airing in the previous fiscal year, contributed to segment results. The release of Mobile Suit Z Gundam – A New Translation-in movie theaters also ignited demand for DVDs of past Mobile Suit Gundam TV series. As a result, the Visual business recorded higher sales and operating income in the first quarter.

In the Networks business, mobile content distribution services for mobile phones contributed to results thanks to the popularity of game content and comprehensive character sites for Mobile Suit Gundam and other characters. Together with strong revenues from licensing and outsourcing operations in the solutions field, this helped the Networks business to post higher sales and operating income compared to a year earlier.

The Other business segment comprises a number of companies supporting the Bandai Group through the provision of logistics, leasing, printing and other services. In the period under review, ongoing measures were implemented to boost the efficiency of logistics operations. However, both sales and operating income declined year on year.

Performance by region

(¥ million)

	Net Sales			Operating Income (Loss)		
	FY06 First Quarter	FY05 First Quarter	Change	FY06 First Quarter	FY05 First Quarter	Change
Japan	49,919	50,982	(1,062)	4,802	5,863	(1,061)
Americas	4,408	4,840	(432)	(583)	(558)	(24)
Europe	4,765	3,097	1,668	899	367	532
Asia	6,130	6,287	(156)	555	539	15

In Japan, toys for girls, centered on Pretty Cure Max Heart, and the Tamagotchi Plus series, maintained their strong popularity from the previous fiscal year. Sales of DATACARDDASS, a new product category, also made a strong start. However, sales and operating income in Japan were both down on the same period a year earlier due to the scheduled launch of major video game software titles for fiscal 2006 from the second quarter.

In Americas, the Tamagotchi series proved to be popular, while sales of the Power Rangers series were firm. However, due to focusing its resources into key strategic areas in characters, and the concentration of sales of major products in the second half of the fiscal year, including the key Christmas sales period, sales and operating income in the region were both down compared to a year earlier.

In Europe, there was strong demand for the Power Rangers and Tamagotchi series, while the Dragon Ball Z series of video game software also proved to be popular. As result, sales and operating income overall rose year on year.

In Asia, sales of manufactured products to Group companies declined. However, sales in Asia were strong, centered on character toys such as Mobile Suit Gundam, Power Rangers and Masked Rider, as well as the Tamagotchi series. As a result, while sales declined, operating income was up.

(2) Qualitative information related to consolidated financial position

1. Summary of first-quarter assets, liabilities and stockholders' equity

Total assets declined ¥9,976 million compared to the end of the previous fiscal year. This primarily reflected an increase in investment securities of ¥10,619 million due mainly to the purchase of shares in NAMCO LIMITED, outweighed by a decline in trade receivables of ¥16,311 million.

Total liabilities declined ¥9,543 million due to a drop in trade payables of ¥3,515 million and a decline in accounts payable—other of ¥3,071 million.

Although the Company reported first-quarter net income of ¥1,464 million, stockholders' equity declined ¥292 million compared to March 31, 2005, due to dividends paid of ¥2,220 million and other factors.

2. Summary of first-quarter cash flows

Operating activities provided net cash of ¥9,378 million. This mainly reflected income taxes paid of ¥3,654 million, a decrease in accounts payable—other of ¥3,047 million, and a decrease in trade payables of ¥3,223 million, against a decrease in trade receivables of ¥16,396 million and income before income taxes and minority interests of ¥4,189 million.

Investing activities used net cash of ¥13,386 million. This was chiefly attributable to ¥1,978 million for purchases of property, plant and equipment, ¥10,680 million for purchases of investment securities in NAMCO and others, and ¥1,798 million for the acquisition of shares in VIBE Inc., net of cash acquired.

Financing activities used net cash of ¥2,609 million, mainly for dividends paid of ¥2,220 million.

As a result of the above, after the effect of exchange rate changes and other adjustments, cash and cash equivalents at the end of the first quarter stood at ¥81,177 million, a decline of ¥7,339 million compared to March 31, 2005.

(3) Qualitative information related to operating forecasts

Despite the effects of the expected revaluation of the Chinese yuan, the Company expects the Japanese economy to continue its moderate recovery supported by improving corporate earnings and rising capital investment.

The outlook for the Bandai Group's operating environment is projected to remain unclear due to the increasing diversification of consumer needs in the toy industry and significant changes in the video game industry prior to the launch of new video game consoles.

Against this backdrop, Bandai will aggressively develop its operations in Japan centered on popular mainstay character toys like Maji Rangers, Mobile Suit Gundam SEED DESTINY, the Tamagotchi Plus series, and toys aimed at girls such as Pretty Cure Max Heart and Cinnamoroll. Efforts will also be made to strengthen the lineup of content for wider customer segments such as Psalms of Planets Eureka Seven.

Overseas, Bandai will cultivate locally developed characters to augment the popular home-grown Power Rangers and Tamagotchi series. Efforts to grow operations in America will focus on the card and video game software businesses using new characters like Zatchbell!.

Based on the above and other initiatives, and in light of recent business performance, the Company has revised its interim fiscal 2006 operating forecasts (April 1, 2005 ~ September 30, 2005), previously announced on May 10, 2005 as follows:

Revisions to consolidated interim operating forecasts

(¥ million)

	Net Sales	Recurring Income	Net Income
Previous forecast (A) (Announced May 10, 2005)	131,000	10,000	4,500
Revised forecast (B)	131,000	12,000	5,000
Change (B-A)	—	+2,000	+500
Change (%)	—	+20.0	+11.1
(Reference) Previous FY interim operating results	121,277	10,132	3,883

Revisions to non-consolidated interim operating forecasts

(¥ million)

	Net Sales	Recurring Income	Net Income
Previous forecast (A) (Announced May 10, 2005)	70,000	4,000	2,300
Revised forecast (B)	70,000	5,000	2,800
Change (B-A)	—	+1,000	+500
Change (%)	—	+25.0	+21.7
(Reference) Previous FY interim operating results	61,493	5,897	2,758

Consolidated and non-consolidated full-year operating forecasts for fiscal 2006, announced on May 10, 2005, are unchanged.

[Supplementary Materials]

Quarterly Consolidated Financial Statements

(1) Summary Consolidated Balance Sheets

(¥ million)

Item	Fiscal 2006 First Quarter (As of June 30, 2005)		Fiscal 2005 (As of March 31, 2005)		Change		Fiscal 2005 First Quarter (As of June 30, 2004)	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Composition (%)	Amount	Composition (%)
(Assets)								
I Current Assets								
Cash and time deposits	71,056		81,228				57,991	
Trade receivables	39,816		56,128				37,694	
Inventories	9,644		8,935				9,197	
Deferred tax assets—current	4,406		4,406				5,221	
Other current assets	27,751		23,334				37,967	
Allowance for doubtful receivables	(574)		(632)				(702)	
Total current assets	152,102	66.0	173,401	72.2	(21,299)	(12.3)	147,368	68.0
II Fixed Assets								
Property, plant and equipment	40,929	17.8	40,625	16.9	303	0.7	41,962	19.4
Buildings and structures	12,709		12,944				14,367	
Land	17,649		17,662				17,908	
Other tangible fixed assets	10,569		10,018				9,686	
Intangible assets	3,924	1.7	3,780	1.6	143	3.8	2,149	1.0
Investments and other assets	33,357	14.5	22,482	9.3	10,875	48.4	25,156	11.6
Investment securities	28,054		17,434				17,472	
Deferred tax assets—non-current	1,196		1,021				3,450	
Other investments and assets	5,011		4,954				5,201	
Allowance for doubtful receivables	(904)		(929)				(968)	
Total fixed assets	78,211	34.0	66,888	27.8	11,322	16.9	69,268	32.0
Total assets	230,313	100.0	240,290	100.0	(9,976)	(4.2)	216,636	100.0

Item	Fiscal 2006 First Quarter (As of June 30, 2005)		Fiscal 2005 (As of March 31, 2005)		Change		Fiscal 2005 First Quarter (As of June 30, 2004)	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Composition (%)	Amount	Composition (%)
(Liabilities)								
I Current liabilities								
Trade payables	26,998		30,514				24,319	
Short-term borrowings	639		1,008				332	
Current maturities of bonds	10,000		10,050				50	
Accounts payable—other	13,650		16,721				12,988	
Other current liabilities	8,416		10,567				8,986	
Total current liabilities	59,705	25.9	68,862	28.7	(9,157)	(13.3)	46,677	21.6
II Long-term liabilities								
Bonds	15,000		15,150				25,150	
Long-term debt	1,891		2,016				8	
Deferred tax liabilities, land revaluation difference	851		907				813	
Accrued retirement and severance benefits	667		627				560	
Officers' retirement and severance benefits	815		1,019				900	
Other long-term liabilities	1,406		1,296				1,449	
Total long-term liabilities	20,631	9.0	21,017	8.7	(385)	(1.8)	28,882	13.3
Total liabilities	80,336	34.9	89,880	37.4	(9,543)	(10.6)	75,559	34.9
(Minority interests)								
Minority interests	18,518	8.0	18,659	7.8	(141)	(0.8)	17,441	8.0
(Stockholders' equity)								
I Common stock	24,664	10.7	24,466	10.2	198	0.8	24,374	11.3
II Additional paid-in capital	23,997	10.4	23,799	9.9	198	0.8	23,707	10.9
III Retained earnings	101,392	44.0	102,225	42.5	(832)	(0.8)	94,838	43.8
IV Land revaluation difference	(21,244)	(9.2)	(21,163)	(8.8)	(81)	-	(21,298)	(9.8)
V Unrealized gain on other securities	2,754	1.2	2,835	1.2	(81)	(2.9)	3,122	1.4
VI Translation adjustment	68	-	(238)	(0.1)	307	-	(943)	(0.4)
VII Treasury stock	(175)	-	(173)	(0.1)	(1)	-	(166)	(0.1)
Total stockholders' equity	131,458	57.1	131,750	54.8	(292)	(0.2)	123,635	57.1
Total liabilities, minority interests and stockholders' equity	230,313	100.0	240,290	100.0	(9,976)	(4.2)	216,636	100.0

(2) Summary Consolidated Statements of Income

(¥ million)

Item	Fiscal 2006 First Quarter (April 1, 2005 ~ June 30, 2005)		Fiscal 2005 First Quarter (April 1, 2004 ~ June 30, 2004)		Change		Fiscal 2005 Full Year (April 1, 2004 ~ March 31, 2005)	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Composition (%)	Amount	Composition (%)
I Net sales	59,772	100.0	58,862	100.0	909	1.5	269,945	100.0
II Cost of sales	33,206	55.6	32,840	55.8	366	1.1	153,144	56.7
Gross profit	26,565	44.4	26,022	44.2	543	2.1	116,801	43.3
III Selling, general and administrative expenses	21,331	35.6	20,335	34.5	996	4.9	92,402	34.3
Operating income	5,234	8.8	5,687	9.7	(452)	(8.0)	24,398	9.0
IV Non-operating income	539	0.9	434	0.7	105	24.2	1,806	0.7
Interest income	143		111				526	
Equity in earnings of affiliated companies	66		-				-	
Other non-operating income	329		323				1,280	
V Non-operating expenses	209	0.4	215	0.4	(5)	(2.6)	481	0.2
Interest expense	75		42				190	
Equity in loss of affiliated companies	-		98				24	
Other non-operating expenses	134		73				266	
Recurring income	5,564	9.3	5,906	10.0	(341)	(5.8)	25,723	9.5
VI Extraordinary income	299	0.5	1,075	1.8	(776)	(72.1)	3,157	1.2
Gain on sale of property, plant and equipment	180		-				21	
Gain on sale of investment securities	82		1,053				2,953	
Others	36		21				181	
VII Extraordinary loss	1,674	2.8	426	0.7	1,247	292.3	3,912	1.5
Loss on disposal and sale of property, plant and equipment	63		15				711	
Impairment loss	1,610		-				1,528	
Extraordinary depreciation of fixed assets	-		-				104	
Loss on business reorganization	-		-				590	
Amortization of goodwill	-		392				392	
Loss on legal settlement	-		-				54	
Loss on revaluation of investment securities	-		15				156	
Loss on revaluation of guarantee money deposited	-		2				25	
Transfer to allowance for doubtful receivables	-		-				348	
Income before income taxes and minority interests	4,189	7.0	6,555	11.1	(2,365)	(36.1)	24,968	9.2
Income taxes	2,850	4.7	2,808	4.8	41	1.5	12,125	4.4
Minority interests	(125)	(0.2)	806	1.3	(931)	-	1,616	0.6
Net income	1,464	2.5	2,939	5.0	(1,475)	(50.2)	11,225	4.2

(3) Summary Consolidated Statements of Cash Flows

(¥ million)

	Fiscal 2006 First Quarter (April 1, 2005 ~ June 30, 2005)	Fiscal 2005 First Quarter (April 1, 2004 ~ June 30, 2004)	Fiscal 2005 Full Year (April 1, 2004 ~ March 31, 2005)
Item	Amount	Amount	Amount
I Cash flows from operating activities			
Income before income taxes and minority interests	4,189	6,555	24,968
Depreciation and amortization and impairment losses	3,464	1,612	9,685
Decrease in allowances and reserves	(190)	(461)	(391)
Equity in loss (earnings) of affiliated companies	(66)	98	24
Loss (gain) on disposal and sale of property, plant and equipment	(116)	15	690
Gain on sale and revaluation of investment securities	(82)	(1,037)	(2,797)
Decrease (increase) in trade receivables	16,396	13,386	(4,607)
Increase in inventories	(855)	(1,326)	(979)
Increase (decrease) in trade payables	(3,223)	(2,391)	3,458
Decrease in accounts payable—other	(3,047)	(6,985)	(3,380)
Bonuses to directors	(337)	(313)	(313)
Other	(3,332)	(2,760)	(26)
Subtotal	12,797	6,391	26,331
Interest and dividends received	274	213	909
Interest paid	(38)	(3)	(138)
Income taxes paid	(3,654)	(7,220)	(12,263)
Net cash provided by (used in) operating activities	9,378	(618)	14,839
II Cash flows from investing activities			
Decrease in time deposits	43	450	543
Decrease (increase) in marketable securities	499	(97)	4
Purchases of property, plant and equipment	(1,978)	(3,059)	(8,922)
Sales of property, plant and equipment	501	3	57
Purchases of intangible assets	(408)	-	(2,616)
Purchases of investment securities	(10,680)	(1,412)	(2,498)
Sales of investment securities	107	1,295	2,972
Acquisition of shares in consolidated subsidiaries, net of cash acquired	(1,798)	-	(38)
Sale of shares in consolidated subsidiaries	114	-	1,139
Advances of loans receivable	(34)	(231)	(1,331)
Collection of loans receivable	246	61	479
Other	-	(136)	58
Net cash used in investing activities	(13,386)	(3,126)	(10,153)
III Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	(404)	21	218
Proceeds from long-term borrowings	-	-	2,766
Repayment of long-term borrowings	(163)	(3)	(271)
Proceeds from issuance of shares	396	163	346
Proceeds from capital paid by minority interests	-	-	3
Purchase of treasury stock	(1)	(1)	(8)
Dividends paid	(2,220)	(738)	(1,478)
Dividends paid to minority interests	(216)	(222)	(363)
Net cash provided by (used in) financing activities	(2,609)	(780)	1,212
IV Effect of exchange rate changes on cash and cash equivalents	138	(198)	396
V Net increase (decrease) in cash and cash equivalents	(6,478)	(4,723)	6,295
VI Cash and cash equivalents at beginning of period	88,517	82,193	82,193
VII Increase in cash and cash equivalents due to additional consolidation of subsidiaries	-	-	28
VIII Decrease in cash and cash equivalents due to exclusion of consolidated subsidiaries	(860)	-	-
IX Cash and cash equivalents at the end of the period	81,177	77,470	88,517

(4) Segment Information

[By Business Segment]

(¥ million)

	FY06 First Quarter (April 1, 2005 ~ June 30, 2005)									
	Toys & Hobby	Life-Style	Amusement	Video Game Software	Visual	Networks	Other	Total	Eliminations and Corporate	Consolidated
Net sales										
1. Sales to external customers	32,058	5,668	4,104	4,566	8,659	3,124	1,589	59,772	-	59,772
2. Intersegment sales or transfers	540	5	205	4	261	72	2,065	3,155	(3,155)	-
Total	32,599	5,673	4,310	4,571	8,920	3,197	3,655	62,927	(3,155)	59,772
Operating expenses	29,665	4,971	4,102	6,045	6,435	2,650	3,435	57,305	(2,768)	54,537
Operating income (loss)	2,933	702	207	(1,474)	2,485	547	219	5,621	(386)	5,234

(¥ million)

	FY05 First Quarter (April 1, 2004 ~ June 30, 2004)									
	Toys & Hobby	Life-Style	Amusement	Video Game Software	Visual	Networks	Other	Total	Eliminations and Corporate	Consolidated
Net sales										
1. Sales to external customers	32,515	4,140	3,852	6,725	7,896	2,314	1,417	58,862	-	58,862
2. Intersegment sales or transfers	266	8	271	3	230	42	2,307	3,130	(3,130)	-
Total	32,781	4,149	4,124	6,729	8,127	2,356	3,724	61,993	(3,130)	58,862
Operating expenses	29,865	3,981	3,896	6,212	6,595	1,951	3,481	55,983	(2,807)	53,175
Operating income	2,916	168	227	516	1,531	405	242	6,010	(322)	5,687

(¥ million)

	Fiscal 2005 (April 1, 2004 ~ March 31, 2005)									
	Toys & Hobby	Life-Style	Amusement	Video Game Software	Visual	Networks	Other	Total	Eliminations and Corporate	Consolidated
Net sales										
1. Sales to external customers	145,720	20,223	16,636	38,499	32,514	10,416	5,934	269,945	-	269,945
2. Intersegment sales or transfers	1,264	48	1,338	15	1,062	250	9,117	13,096	(13,096)	-
Total	146,984	20,271	17,975	38,514	33,577	10,667	15,051	283,042	(13,096)	269,945
Operating expenses	135,711	18,859	17,425	34,145	28,371	8,949	14,112	257,574	(12,027)	245,547
Operating income	11,273	1,412	549	4,368	5,206	1,718	938	25,467	(1,069)	24,398

Notes:

1. Business segment classifications are in accordance with classifications adopted for internal management purposes.

2. Principal products and businesses in each business segment:

Toys & Hobby Business: Toys, candy toys, capsule products for vending machines, cards, models and other products

Life-Style Business: Apparel, sundries, stationery and other products

Amusement Business: Amusement equipment, prizes for amusement equipment, operation of amusement facilities and other activities

Video Game Software Business: Software for home video games, mobile phone games and other products

Visual Business: Video titles, visual software and other products

Networks Business: Mobile content, on-demand video distribution, online games and other products

Other Business: Transportation and warehousing of products, leasing, real estate management, printing and other activities

3. Operating expenses include unallocatable amounts of ¥505 million, ¥458 million and ¥1,873 million for the first quarter of fiscal 2006, first quarter of fiscal 2005 and fiscal 2005, respectively. These amounts primarily consist of expenses incurred by the Company's general affairs and other administrative sections.

[By Geographic Segment]

(¥ million)

	FY06 First Quarter (April 1, 2005 ~ June 30, 2005)						
	Japan	Americas	Europe	Asia	Total	Eliminations and Corporate	Consolidated
Net sales							
1. Sales to external customers	48,580	4,082	4,765	2,343	59,772	-	59,772
2. Intersegment sales or transfers	1,339	326	-	3,787	5,452	(5,452)	-
Total	49,919	4,408	4,765	6,130	65,224	(5,452)	59,772
Operating expenses	45,117	4,991	3,865	5,575	59,550	(5,013)	54,537
Operating income (loss)	4,802	(583)	899	555	5,674	(439)	5,234

(¥ million)

	FY05 First Quarter (April 1, 2004 ~ June 30, 2004)						
	Japan	Americas	Europe	Asia	Total	Eliminations and Corporate	Consolidated
Net sales							
1. Sales to external customers	49,674	4,599	3,097	1,491	58,862	-	58,862
2. Intersegment sales or transfers	1,307	241	-	4,796	6,345	(6,345)	-
Total	50,982	4,840	3,097	6,287	65,207	(6,345)	58,862
Operating expenses	45,118	5,399	2,729	5,747	58,995	(5,820)	53,175
Operating income (loss)	5,863	(558)	367	539	6,212	(525)	5,687

(¥ million)

	Fiscal 2005 (April 1, 2004 ~ March 31, 2005)						
	Japan	Americas	Europe	Asia	Total	Eliminations and Corporate	Consolidated
Net sales							
1. Sales to external customers	219,221	20,749	21,744	8,230	269,945	-	269,945
2. Intersegment sales or transfers	5,666	1,096	-	22,606	29,369	(29,369)	-
Total	224,888	21,845	21,744	30,837	299,315	(29,369)	269,945
Operating expenses	201,847	24,573	17,776	28,856	273,053	(27,506)	245,547
Operating income (loss)	23,040	(2,728)	3,967	1,980	26,261	(1,863)	24,398

Notes:

1. Methods for classifying geographic segments and their principal countries and regions

(1) The Company classifies geographic segments by degree of geographic proximity.

(2) Principal countries and regions in each geographic segment:

- (i) Americas: U.S.A. and Canada
- (ii) Europe: France, U.K. and Spain
- (iii) Asia: Hong Kong, Thailand and South Korea

2. Operating expenses include unallocatable amounts of ¥505 million, ¥458 million and ¥1,873 million for the first quarter of fiscal 2006, first quarter of fiscal 2005 and fiscal 2005, respectively. These amounts primarily consist of expenses incurred by the Company's general affairs and other administrative sections.