NAMCO BANDAI Holdings Inc.

Financial Summary

Consolidated Financial Results for the Interim Period Ended

September 30, 2006

November 10, 2006

DISCLAIMER

- NAMCO BANDAI Holdings Inc. provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy, the original "Kessan Tanshin" in Japanese shall prevail.
- This document has been prepared as a guide to non-Japanese investors and contains forward-looking statements that are based on management's estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations.
- This document does not include the non-consolidated financial statements of NAMCO BANDAI Holdings Inc.

NAMCO BANDAI Holdings Inc.

Stock Listing: Tokyo Stock Exchange
Code Number: 7832
Registered Business Location: Tokyo
(URL: http://www.bandainamco.co.jp)

November 10, 2006

Consolidated Financial Report for the Interim Period Ended September 30, 2006

Representative: Takeo Takasu, President and Representative Director
Contact: Keiji Tanaka, Director

Date of the Meeting of the Board of Directors: November 10, 2006
U.S. GAAP Applied: No

1. Consolidated Results for the Interim Period Ended September 30, 2006 (April 1, 2005 ~ September 30, 2006)

(1) Consolidated Operating Results

	Net sales		Operating income		Recurring income	
	¥ million	%	¥ million	%	¥ million	%
Interim Period Ended September 30, 2006	**206,636**	**(5.6)**	**17,263**	**(1.6)**	**18,561**	**1.7**
Interim Period Ended September 30, 2005	218,873	—	17,546	—	18,244	—
(Ref.) FYE March 31, 2006	450,829		35,669		37,122	

	Net income		Net income per share	Net income per share (diluted)
	¥ million	%	¥	¥
Interim Period Ended September 30, 2006	**11,011**	**40.6**	**43.53**	**43.51**
Interim Period Ended September 30, 2005	7,834	—	30.98	30.97
(Ref.) FYE March 31, 2006	14,149		54.39	54.37

Notes:
1. Equity in earnings (losses) of affiliates:
   - Interim period ended September 30, 2006 — 1 million yen
   - Interim period ended September 30, 2005 — (25) million yen
   - Fiscal year ended March 31, 2006 — 27 million yen
2. Average number of shares outstanding during interim period (fiscal year) (Consolidated):
   - Interim period ended September 30, 2006 — 252,957,362
   - Interim period ended September 30, 2005 — 252,916,758
   - Fiscal year ended March 31, 2006 — 252,487,961
3. Changes in accounting method: Yes
4. Percentage figures accompanying net sales, operating income, recurring income and net income represent changes compared to the same period of the prior year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
	¥ million	¥ million	%	¥
Interim Period Ended September 30, 2006	**381,452**	**260,337**	**65.8**	**992.26**
Interim Period Ended September 30, 2005	376,280	230,535	61.3	918.42
(Ref.) FYE March 31, 2006	386,651	243,607	63.0	961.36

Note:
1. Number of shares outstanding at the end of the interim period (fiscal year) (Consolidated):
   Interim period ended September 30, 2006 252,952,465 shares
   Interim period ended September 30, 2005 251,014,315 shares
   Fiscal year ended March 31, 2006 252,963,299 shares
2. Previous figures of “Stockholders’ equity”, “Stockholders’ equity ratio”, and “Stockholders’ equity per share” are used for figures from interim period ended September 30, 2005 and fiscal year ended March 31, 2006

(3) Consolidated Statement of Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at year-end
	¥ million	¥ million	¥ million	¥ million
Interim Period Ended September 30, 2006	**20,417**	**(4,385)**	**(18,121)**	**111,566**
Interim Period Ended September 30, 2005	16,338	(3,551)	(16,327)	120,933
(Ref.) FYE March 31, 2006	31,808	(24,406)	(19,965)	113,186

(4) Scope of Consolidation and Application of Equity Method

Consolidated subsidiaries: 55
Non-consolidated subsidiaries accounted for by the equity method: 1
Affiliates accounted for by the equity method: 4

(5) Changes in Scope of Consolidation and Application of Equity Method

Consolidated: New 4; Excluded 1
Equity method: New —; Excluded 1

2. Consolidated Projections for Fiscal Year ending March 2007 (April 1, 2006 ~ March 31, 2007)

	Net sales	Recurring income	Net income
	¥ million	¥ million	¥ million
Fiscal Year Ending March 31, 2007	470,000	40,500	23,500

(Reference)
Projected net income per share (full year): 92.90 yen

Notes:
*Figures are in millions of yen, rounded down, except where noted.

*Qualitative information regarding forward-looking statements:
Forward-looking statements that are stated in this document are based on management’s estimates, assumptions, projections and information available at the time of its publications. A number of factors could cause actual results to differ materially from expectations. Please refer to page 17 for more details.

1. The BANDAI NAMCO Group

The BANDAI NAMCO Group (the Group) comprises NAMCO BANDAI Holdings Inc. (The Company), 80 subsidiaries and 7 affiliates. Operations primarily encompass the manufacture and sale of toys and plastic models, the core activity of the character merchandising business; amusement facility operations; coin-operated game machines and other related products; the production and sale of home videogame software; mobile content; and the production and sale of video-related products.

The Group is also engaged in distribution, planning, development and the provision of other services related to the above areas of business.

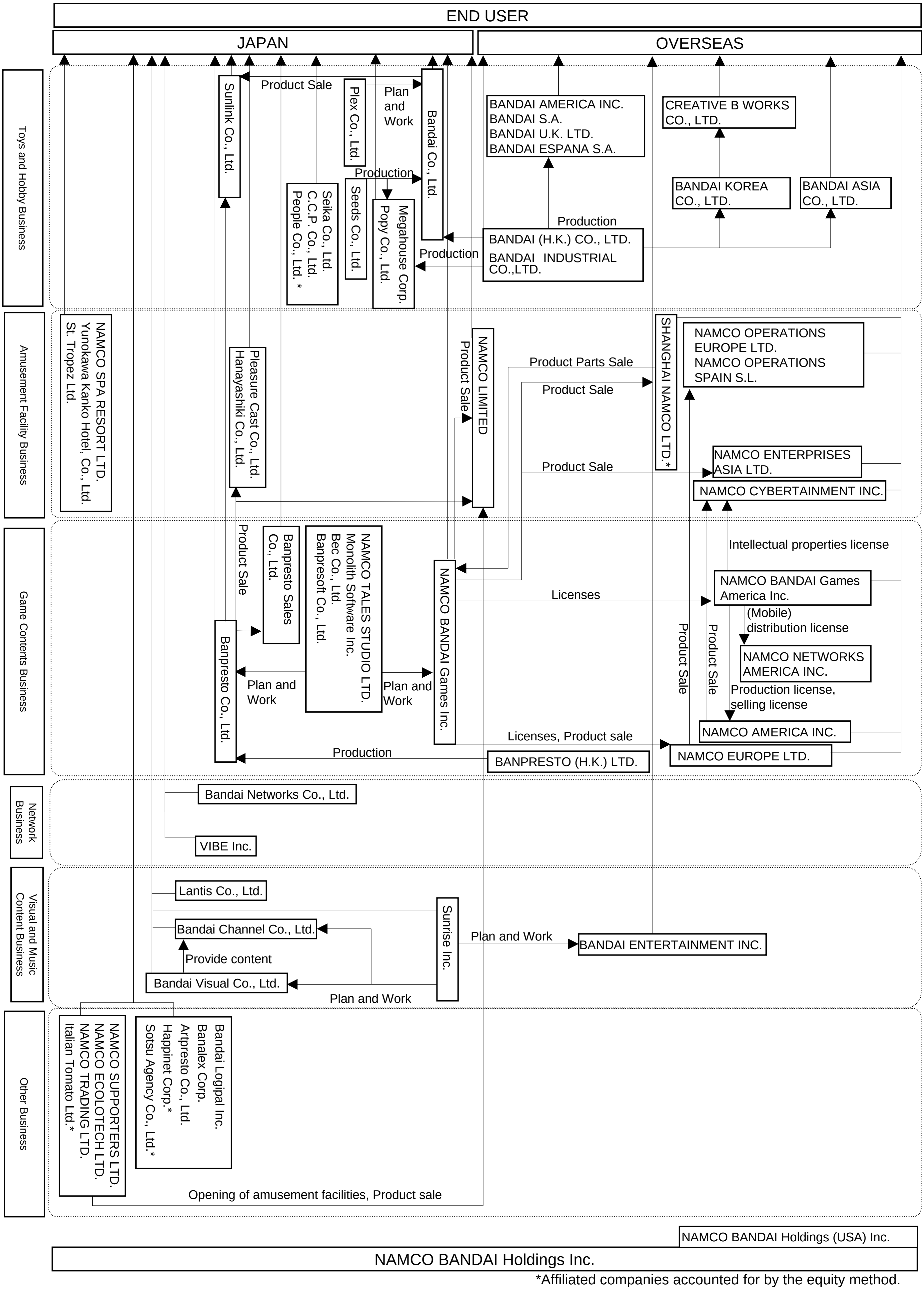
The Group's businesses and the relationships among NAMCO BANDAI Holdings Inc. and its subsidiaries and affiliates with business segments are outlined below. Business classifications correspond directly to the classifications for business segment information.

Business Segment	Business Outline	Region	Major Companies
Toys and Hobby Business	Toys, candy toys, products for vending machines, cards, plastic models, apparel, sundries, stationery and other products	Domestic	Bandai Co., Ltd., Megahouse Corp., Popy Co., Ltd., Seika Co., Ltd., Seeds Co., Ltd., Plex Co., Ltd., Sunlink Co., Ltd., CCP Co. Ltd., People Co., Ltd., and 5 other companies
		Overseas	BANDAI AMERICA INC., BANDAI S. A., BANDAI U.K. LTD., BANDAI ESPANA S.A., BANDAI (H.K.) CO., LTD., BANDAI ASIA CO. LTD. (formerly BHK Trading Ltd.), BANDAI INDUSTRIAL CO., LTD., BANDAI KOREA CO., LTD., CREATIVE B WORKS CO. LTD., and 5 other companies
Amusement Facility Business	Amusement facility operations, and other operations	Domestic	NAMCO LIMITED, Pleasure Cast Co., Ltd., Hanayashiki Co. Ltd., St. Tropez Ltd., NAMCO SPA RESORT LTD., Yunokawa Kanko Hotel Co., Ltd.
		Overseas	NAMCO CYBERTAINMENT INC., XS ENTERTAINMENT INC. *1, NAMCO OPERATIONS EUROPE LTD., NAMCO OPERATIONS SPAIN S.L., NAMCO ENTERPRISES ASIA LTD., SHANGHAI NAMCO LTD.
Game Contents Business	Software for home videogames, coin-operated game machines, prizes for amusement machines, and other products	Domestic	NAMCO BANDAI Games Inc., Banpresto Co., Ltd., Banpresto Sales Co., Ltd., Bec Co., Ltd., Banpresoft Co., Ltd., Monolith Software Inc., NAMCO TALES STUDIO LTD., and 1 other company
		Overseas	NAMCO BANDAI GAMES America Inc., NAMCO AMERICA INC., NAMCO NETWORKS AMERICA INC., NAMCO EUROPE LTD., NAMCO IRELAND LTD. *2, BANPRESTO (H.K.) LTD., and 1 other company

Business Segment	Business Outline	Region	Major Companies
Network Business	Mobile content and other services	Domestic	Bandai Networks Co., Ltd., VIBE Inc.
Visual and Music Content Business	Visual works, visual software, on-demand video distribution and other products and services	Domestic	Bandai Visual Co., Ltd., Sunrise Inc., Bandai Channel Co., Ltd., Lantis Co., Ltd., and 3 other companies
		Overseas	BANDAI ENTERTAINMENT INC., and 3 other companies
Other Business	Transportation and warehousing of products, leasing, real estate management, printing, development and sale of environmental equipment, licensing, restaurant management, and other activities	Domestic	Bandai Logipal Inc., Banalex Corp., Artpresto Co., Ltd., NAMCO ECOLOTECH LTD., NAMCO SUPPORTERS LTD., NAMCO TRADING LTD., Happinet Corp., Sotsu Agency Co.,Ltd., Italian Tomato Ltd. and 6 other companies
		Overseas	3 companies (includes 1 company *2)

*1: Not operational as of September 30, 2006.
*2: In liquidation proceedings as of September 30, 2006.

Chart of business system is as follows:



*Affiliated companies accounted for by the equity method.

2. Management Policies

1. Fundamental Management Policy

Guided by our vision of becoming "The World's Most Inspiring Entertainment Group," the BANDAI NAMCO Group's mission is to offer "Dreams, Fun and Inspiration" through entertainment to people around the world.

Moreover, based on the "entertainment hub concept" referenced in the Medium-Term Management Plan, the Group, across its wide group-internal business expanse will engage in initiatives involving content derived from a host of products and services and content made available to the Group by content and partner companies. At the same time, we will strengthen the Group's relations with external business partners in this ever changing and competitive entertainment industry, expand and cultivate our operations, and continually aim to achieve higher corporate value.

2. Fundamental Policy on Profit Sharing

The Company positions the return of profits to stockholders as one of its highest management priorities. The fundamental policy is to maintain a stable dividend and increase corporate value while becoming an even more competitive Group, and preserving a sound financial position. In concrete terms, the Company plans to maintain the consolidated dividend payout ratio at a level of 30%, based on stable annual dividend payments of ¥24 per share.

The Company plans to use retained earnings to actively invest in areas that will boost corporate value going forward, including the development of new business fields and M&A.

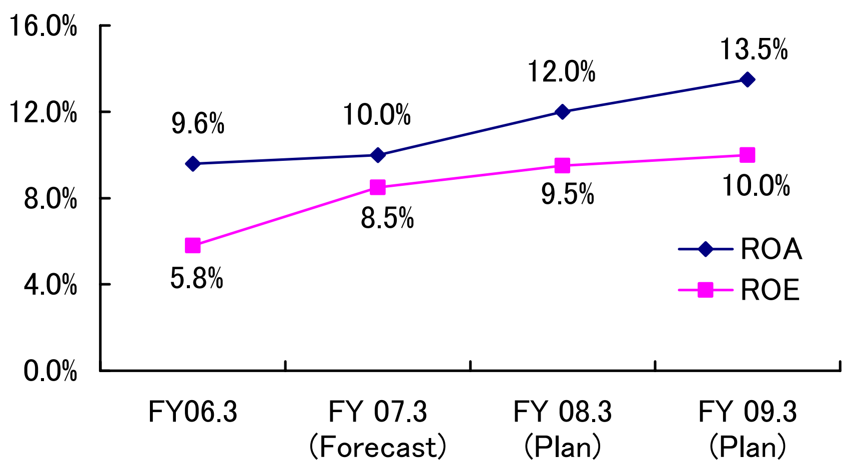
3. Policy on Reducing the Investment Unit

The Company recognizes that widening the stockholder base and promoting share liquidity are important aspects of its capital policy. The Company will therefore examine measures such as reducing its investment unit while taking into account future market trends and operating results.

4. Targets and Management Performance Indicators

The Group has adopted return on assets (ROA) and return on equity (ROE) as medium-term management performance indicators. The Group's aim is to create a robust and stable management base over the medium term by ensuring all assets are always utilized to maximum efficiency and by effectively using our equity.

The Group aims to attain consolidated ROA of 13.5% and consolidated ROE of 10.0% in the fiscal year ending March 2009, which is the last fiscal year of the Medium-Term Management Plan launched in April 2006, and will work to enhance management efficiency in parallel with business expansion.



5. Medium- to Long-term Management Strategy

The Group aims to achieve maximum enterprise value through “strengthening, enhancement, and expansion” of its portfolio-management, while implementing the 3-year Medium-Term Management Plan initiated in April 2006.

In order to promote attainment of the Medium-Term Management Plan, the Company, as the group holding company, implements management strategies spanning across the entire Group, while the promotion of business strategies is centered on the five Strategic Business Units (Toys and Hobby, Amusement Facility, Game Contents, Network, and Visual and Music Content) formed by agglomerations of the Group’s business operating companies.

(1) Portfolio Management of the Group

In order to generate stable earnings, the Group has combined three portfolios comprising a “business portfolio” engulfing multiple areas of business initiatives, a “content portfolio” encompassing initiatives based on various content including character-based content offerings, and a “geographic portfolio” comprising business initiatives in locations worldwide, with portfolio management implemented through a three-dimensional and multi-layered administration. Under the Medium-Term Management Plan, together with reinforcing these portfolios and through creating new businesses going forward; the company will generate growth from inter-portfolio synergy effects, and work to strengthen, enrich, and expand overall portfolio management.

(2) Management Strategies

(i) Strengthening Corporate Governance

Aiming to become a Group that features heightened management transparency, trusted by society, and capable of sustained contributions to society, we will promote brand strategies, enhance CSR and compliance arrangements, and advance appropriate corporate disclosure, and in this way work to reinforce governance systems.

(ii) Effectively Utilizing Human Resources

In order to realize the maximum potential of human resources, the foremost among management resources, the Group will provide employees with opportunities and venues for self realization by introducing efficient and flexible systems such as personnel exchange within the Group, reinforcement of personnel training programs, and adoption of new hiring rules.

(iii) Building Optimal Management System

While aiming to enhance the efficiency of group management through organizational integration, etc. in the case of mature markets and markets that need to be approached with the Group’s comprehensive strength, in growth markets we will implement initiatives through multiple organizations in order to mobilize the principles of competition. Moreover, we will implement measures towards continued dynamic change to organizational structures such as consolidation of back office functions with a view to enhanced efficiency.

(3) Business Strategies

(i) Entertainment Hub Concept

The entertainment hub function, which forms the Group’s business model, is equipped with comprehensive capabilities reaching from content creation to product development and sales, capable of providing products and services across a wide range of businesses. Together with our partner companies and creators in and outside Japan, we will make active mutual use of the entertainment hub function to create new businesses as well as products and services, and provide further strengthening in the process.

(ii) Strengthening Overseas Business

In overseas business initiatives, we will establish companies with controlling functions in the Americas, Europe, and Asia, allocate appropriate management resources to each region, and work to expand operations though optimized business portfolios and content portfolios.

As numeric targets, through the pursuit of these management and business strategies, the Group aims to reach net sales of 550 billion yen and operating income of 58 billion yen for the fiscal year ending March 2009.

(billion yen)

	Fiscal Year Ended March 2006	Fiscal Year 2007 (Forecast)	Fiscal Year 2008 (Plan)	Fiscal Year 2009 (Plan)
Net Sales	450.8	470.0	500.0	550.0
Operating Income	35.6	40.0	50.0	58.0

6. Issues to be Addressed

The Group and this industry must address many important, long-term issues, including “the increasing diversification of consumer preferences” and “changes in the market and the environment”. In response, the Group is working to reinforce its portfolio management further, based on the “Entertainment Hub Concept” laid out in its medium-term management plan. Operationally, the Group placed “Strategic Business Units (SBUs)”, which grouped all the business the Group is engaged in, at the core, and is working to enrich its cross functional capabilities across each of the SBUs.

(1) Common issues faced by all SBUs

Domestic business expansion

The Group will maximize utilization of the managerial resources it owns—contents, technologies, and locations—to create markets and attract new customer segments in order to expand its domestic operations. The implementation of strategies spanning across the Group, the use of alliances with outside partners and M&A will further contribute to expanding its operations. In addition, in response to the changing environment for the entertainment industry, the Group will also engage in building new business models free from the constraints imposed by existing business practices and models.

Overseas business expansion

The Group is strengthening cooperation among regions and examining concepts towards building the optimal business model for expanding operations overseas. Reorganization within the Group in each region—the Americas, Europe, and Asia--has been conducted establishing regional integration functions and allocating managerial resources appropriately in each region. Expanding operations by the SBUs and optimizing management suitable for the characteristics of each region through these regional integration will permit the Group to reinforce its portfolio management in each region.

Corporate Social Responsibility

The Group’s stated mission is to provide “Dreams, Fun and Inspiration” to people around the world through entertainment. To continue to achieve that goal, it is committed to addressing the following three areas of responsibility:

- Legal and ethical responsibilities (compliance)
- Environmental and social responsibilities (safety/quality, environmental conservation, social support activities)
- Economic initiatives

Under the “CSR Committee” chaired by the president and representative director of the Company, issues are being undertaken across the Group, specifically through committees as “Environmental Project Committee” and “Social Contribution Committee,” both being a central role in the implementation of CSR activities.

(2) Issues specific to each SBU

Toys and Hobby SBU

This unit's industry is facing a "shrinking domestic market due to the falling birthrate" and "diversifying consumer needs". It is addressing those challenges by expanding its target population segment and creating new businesses in Japan as well as actively expanding operations in overseas markets. For speedy implementation of its plans, this unit will also actively build cooperative relationships with external partners.

Amusement Facility SBU

"Changes in business revenue structures" and "diversifying consumer needs" are among the issues for this unit's industry. To address them, the Amusement Facility SBU is working to enhance profitability by improving its cost structure as well as working in conjunction with other SBUs to develop and provide highly valued-added, distinctive facilities that target a broad range of customer segments. The Amusement Facility SBU is also working proactively to build new major revenue sources, develop overseas operations, and pioneer new business formats.

Game Contents SBU

Due to the launch of new game platforms is anticipated to be soon, the industry is facing issues such as "diversifying consumer needs" and "soaring content development costs". In response, this business unit is reviewing and reviseing the content development process through sharing know-how and technologies between the amusement machines, home video game software, and mobile content businesses, to build a flexible development system. Those initiatives will enable the Game Contents SBU to develop the optimal number of titles across each platform and to respond swiftly to changing customer preferences.

Network SBU

The issues for this industry include "responding to the rapid generational transition in mobile phone handsets" as well as "responding to a broader and more highly evolved network environment". In the mobile content business, which is the foundation of this business unit's income, the Network SBU will work aggressively to plan and develop captivating content as well as to reinforce its capacity to propose and develop the new technologies that will lead the industry. With ever increasing fierce competition in the industry, the Network SBU is working proactively with the development of new business domains with growth potential going forward, such as net-based advertising businesses along with the creation of a solid foundation for income through enhanced efficiency.

Visual and Music Content SBU

This industry's issues include the "emergence of next-generation media" as well as "adapting to new high-performance hardware". This business unit will work to build a business model for the new media, including distribution of visual and music content and electronic publishing, while also fully utilizing content the Group already owns, in a swift response to new hardware developments. Furthermore, the SBU is making efforts to create high quality content to further strengthen the above mentioned developments.

7. Notes Regarding the Parent Company, etc.

None.

3. Results of Operations and Financial Position

I. Results of Operations

1. Summary for the Interim Period Ended September 30, 2006

(April 1, 2006 to September 30, 2006)

Overview of Operating Results

In the period under review (April 1, 2006 – September 30, 2006), Japan's economy overall continued to recover due to improved corporate earnings, rising private-sector capital expenditure, and growing personal consumption, despite strong headwinds from factors such as rising crude oil prices.

In the entertainment industry, the popularity of home video game software focuses on handheld platforms. In addition, consumer trends in the network and visual sectors are changing rapidly as evidenced by factors including the commencement of the *1seg* terrestrial digital TV broadcasting service for mobile devices and further media diversification.

In this environment, the Group is implementing its "strengthening, enhancement, and expansion" of its portfolio-management, based on its 3-year Medium-Term Management plan initiated this fiscal year.

By business segment, in the Toys and Hobby Business, good performance of the *Tamagotchi Plus* series in terms of both unit and peripheral products was achieved, and the introduction of the new *Tamagotchi Cup* for *DATA CARDDASS* expanded the consumer target base. Conditions were sluggish for the Game Contents Business, wherein certain product releases were pushed back to the second half, as well as for the Network Business which faced a continuing decline in the number of subscribers. However, the Visual and Music Content Business, demonstrating the effectiveness of group synergy with the *Mobile Suit GUNDAM* series, contributed to profits.

As a result, the Company's consolidated operational results for the interim period ended with net sales of ¥206,636 million, a decrease of 5.6% compared to the prior interim period, operating income of ¥17,263 million, a decrease of 1.6% compared to the prior interim period, recurring income of ¥18,561 million, an increase of 1.7% compared to the prior interim period. Also, net income was ¥11,011 million, an increase of 40.6%, due to the proceedings from the sale of shares of Tohato, Inc. and a loss on impairment of property, plant and equipment in regards to NAMCO NAMJA TOWN (Toshima-ku, Tokyo).

An overview of each business is presented as follows.

Results by Business Segment

(¥ million)

	Net Sales			Operating Income		
	First Half of FY07.3	First Half of FY06.3	Change	First Half of FY07.3	First Half of FY06.3	Change
Toys & Hobby	85,784	82,539	3,245	8,186	8,397	(210)
Amusement Facility	43,216	42,001	1,215	1,883	1,983	(99)
Game Contents	57,007	63,990	(6,982)	1,853	7,162	(5,309)
Network	6,266	5,950	316	540	857	(316)
Visual & Music Content	19,282	23,053	(3,771)	4,516	3,095	1,421
Other	10,943	11,220	928	899	543	356

* The proportion of overhead cost borne by the Toys and Hobby, Amusement Facility, and Game Contents segments has increased compared to the same period last year due to organizational restructuring accompanying management integration.

* Figures following rearrangement have been used for the prior interim period. Details of the rearrangement are given in the segment information.

Toys and Hobby Business

In the Toys and Hobby Business, the popularity of the *Tamagotchi Plus* series continued worldwide, while accessories and other related products of *Tamagotchi* characters performed very well in Japan. Also, in *DATA CARDDASS*, which has gained great popularity in Japan, *Tamagotchi Cup* was newly introduced, resulting in expanding customer target into girls. Furthermore, *Treasure Gaust*, which introduced a new play experience, and plastic models of the *Mobile Suit GUNDAM* series, which link with various media, gained popularity. In addition, boys' toys featuring long-established characters such as *Boukenjar (Power Rangers)* showed solid performance.

Overseas, along with the popularity of the above mentioned *Tamagotchi*, in the Americas and Europe, boys' toys featuring characters, based on the *Power Rangers* series performed well. Also, plastic models based on the *Mobile Suit GUNDAM* series were popular in Asia.

As a result, the Toys and Hobby Business booked net sales of ¥85,784 million, an increase of 3.9% compared to the prior interim period and operating income of ¥8,186 million, a decrease of 2.5% compared to the prior interim period.

Amusement Facility Business

With respect to the Amusement Facility Business, domestically, the popularity of card game machines such as *DATA CARDDASS* attracted family-oriented visitors, and gun shooting games such as *TIME CRISIS 4* attracted core users. As a result, net sales at existing directly-managed locations and amusement facilities increased 2.2% compared to the previous year's interim period. Also, along with the launch of large-scale facilities such as NAMCO WONDERPARK HERO'S BASE (Kawasaki, Kanagawa Prefecture) in pursuit of group synergy, we also focused on acquiring new customers by expanding on new business concepts, such as our full-fledged entry into the "healing entertainment" business.

Responding to regional characteristics, we pushed forward with our overseas expansion effort. Starting with the U.K. in Europe, we worked on hybrid facility launches with entertainment offerings such as bowling alleys. In the Americas, we worked to increase profitability, expanding revenue-sharing locations, and implementing various measures aimed at reducing cost.

As a result, the Amusement Facility Business reported net sales of ¥43,216 million, an increase of 2.9% compared to the prior interim period and operating income of ¥1,883 million, a decrease of 5.0% compared to the prior interim period.

Facilities as of September 30, 2006

Directly-managed facilities	Revenue-sharing facilities	Theme parks	Spa Resort	Total
466	1,216	5	2	1,689

Game Contents Business

In the Game Contents Business, as for home video game software, we released *Tamagotchi Connection: Corner Shop 2* for the Nintendo DS on the domestic market which was particularly successful with girls in the elementary school age group, like its predecessor of the previous year. For the Playstation Portable, we started the worldwide sales of *Tekken DARK RESURRECTION in domestic market. In addition, SD GUNDAM G GENERATION PORTABLE* performed well in Japan. Moreover, *Dragon Ball Z Sparking! NEO* for Playstation2 met with favourable reception. Overseas, the American releases of *ACE COMBAT ZERO:THE BELKAN WAR* and *NARUTO: ULTIMATE NINJA*, both for Playstation2, were well received.

In sales of coin-operated game machines, strong sales were recorded by *TIME CRISIS 4* in Japan and overseas. Also, measures were taken for the expansion of new contents for game contents for mobile devices such as mobile phones.

However, certain product releases were pushed back to the latter half of the fiscal period. Given that the same period of the previous year saw major releases of home video game software, overall performance did not measure up to the same period last year.

As a result, the Game Contents Business recorded net sales of ¥57,007 million, a decrease of 10.9% compared to the prior interim period and operating income of ¥1,853 million, a decrease of 74.1.% compared to the prior interim period.

Network Business

In the Network Business, new mobile phone technology offerings including a "3D engine" and solutions aimed at companies handling businesses such as mobile site systems development have performed well, contributing to the sales growth of the Solution Business. However, with respect to profits, the Mobile Content Business struggled from the effects of a decrease in the overall number of subscribers for stand-by screens and ring tones.

As a result, the Network Business reported net sales of ¥6,266 million, an increase of 5.3% compared to the prior interim period and operating income of ¥540 million, a decrease of 36.9% compared to the prior interim period.

Visual and Music Content Business

The Visual and Music Content Business performed well thanks to the theatrical release and sales from packaged software such as compilation versions of the TV animation of the *Mobile Suit GUNDAM* series. Moreover, sales to rental-use DVD video, an area of market growth since last year, contributed to the performance. Also, with respect to music package software from Lantis Co., Ltd, which became a consolidated subsidiary in May of this year, CDs and products related to the TV animation series, *Suzumiya Haruhi No Yuutsu*, were well received.

As a result, the Visual and Music Content Business recorded net sales of ¥19,282 million, a decrease of 16.4% compared to the prior interim period and operating income of ¥4,516 million, an increase of 45.9% compared to the prior interim period.

In addition, Nikkatsu Corporation is no longer a subsidiary following the sale of its shares at the end of the same period of the prior fiscal year.

Other Business

Other Business consists of companies that provide support to the Group's strategic business units through operations that include logistics, leasing, and building management. During the interim under review, the business remained focused in its efforts at efficient operations of these group support services.

As a result of the foregoing, the Other Business booked net sales of ¥10,943 million, an increase of 9.3% compared to the prior interim period, and operating income of ¥899 million, an increase of 65.6% compared to the prior interim period.

Operating Results By Geographic Segment

(¥ million)

	Net Sales			Operating Income (Loss)		
	First Half of FY07.3	First Half of FY06.3	Change	First Half of FY07.3	First Half of FY06.3	Change
Japan	171,103	184,728	(13,625)	16,598	22,377	(5,779)
Americas	20,793	20,629	163	(867)	(3,226)	2,359
Europe	13,998	12,659	1,339	1,405	1,791	(386)
Asia	16,414	13,829	2,584	1,373	1,202	170

* The proportion of overhead cost borne by the Japan segment has increased compared to the same period last year due to organizational restructuring accompanying management integration.

Japan

In Japan, the Toys and Hobby Business performed well thanks to good performances from the *Tamagotchi Plus series* and *DATA CARDDASS*. As for the Amusement Facility Business, card game machines and *TIME CRISIS 4*, among others, proved popular and net sales for existing facilities are on the path to recovery, up 2.2% compared with the same period last year.

In the Game Contents Business, as for home video game software, *Tamagotchi Connection: Corner Shop 2* for Nintendo DS proved popular, while in coin-operated game machine sales, *TIME CRISIS 4* was well received. However, certain product releases were pushed back to the second half of the fiscal year. Taking into account that the same period of the previous year saw major releases of home video game software, overall performance fell short of the same period last year.

Although the mobile content business struggled with the effects of a decline in the number of subscribers for mobile phone content in the Network Business, the Visual and Music Content Business performed favourably with solid content centered on the *Mobile Suit GUNDAM* series of visual package software.

As a result, net sales in Japan totaled ¥171,103 million, a decrease of 7.4% compared to the prior interim period and operating income totaled ¥16,598 million, a decrease of 25.8% compared to the prior interim period.

Americas

In the Americas, the *Tamagotchi Plus* series and boys' toys featuring characters of the *Power Rangers* series performed well in the Toys and Hobby Business. Furthermore, the continuing expansion of revenue-sharing locations in the Amusement Facility Business and implemented cost reductions, together with efforts to improve profitability through a review of marketing activities in the Visual and Music Content Business have contributed to improvements in the profit structure. However, with home video game software titles being concentrated in the second half, overall performance remained steady.

As a result, in the Americas, net sales totaled ¥20,793 million, an increase of 0.8% compared to the prior interim period and an operating loss of ¥867 million.

Europe

In Europe, in the Toys and Hobby Business, *Tamagotchi Plus* series and boys' toys featuring characters of the *Power Rangers* series were popular items for the period under review. The Amusement Facility Business worked on hybrid facility launches with entertainment offerings such as bowling alleys. Also, the popular *TIME CRISIS 4* coin-operated game machine performed well. However, with strong home video game software titles releases scheduled in the second half, profits were lower than in the same period last year.

As a result, net sales in Europe totaled ¥13,998 million, an increase of 10.6% compared to the prior interim period and operating income totaled ¥1,405 million, a decrease of 21.6% compared to the prior interim period.

Asia

In Asia, the Toys and Hobby Business performed well, focusing on the *Tamagotchi Plus* series and plastic models from the *Mobile Suit GUNDAM* series, while the Amusement Facility Business reinforced initiatives involving prize games and Group products.

As a result, net sales in Asia totaled ¥16,414 million, an increase of 18.7% compared to the prior interim period and operating income totaled ¥1,373 million, an increase of 14.2% compared to the prior interim period.

2. Full-Year Outlook

Looking at economic conditions going forward, while the economy is expected to remain on a recovery track with moderate signs of improved corporate profits and increased capital expenditure, rises in the price of oil and increased interest rates are also anticipated. Regarding the entertainment business environment surrounding the Group, as consumer trends continue to diversify further, the game industry in particular is expected to change significantly with the release of new consoles and thus uncertainty regarding outlook is expected to continue.

In this context, we will push to "strengthen, enrich, and expand the Group's portfolio management" based on the 3-year medium-term management plan implemented from April 2006.

In the second half we will work to reinforce the positioning of popular products such as *Boukenjar* (*Power Rangers)*, the *Tamagotchi Plus* series and others in the Toys and Hobby Business in preparation for the year-end sales season. Also, we are creating and fostering new characters in further strengthening merchandising activities targeted at a wide range of customers.

In the Amusement Facility Business, we will utilize our group synergy created by large-scale facilities such as the NAMCO WONDERPARK HERO'S BASE (Kawasaki, Kanagawa Prefecture) which opened in September 2006. Moreover, we will work to increase the scale of our revenues by actively launching large-scale amusement facilities and developing hybrid facilities overseas, as we take steps to increase income by sharing our expertise in low-cost business operations.

In the Game Contents Business, we will focus our efforts on the balanced development of key home video game software titles for various platforms in domestic and overseas markets, and enhance the efficiency of product sales and development. Through *"Mobile Suit GUNDAM: Senjo no Kizuna"* – released in October 2006 – and other coin-operated game machines that take advantage of the Group's strengths, we will focus on generating synergic effects with the Amusement Facility Business.

In the Network Business, we will work to strengthen our base through the development of well-modulated content with a strong emphasis on profitability. We will also actively develop new business domains with future growth potential such as the Solution Business and net-based advertising businesses.

In the Visual and Music Content Business, we will work to further cultivate our existing business in DVD video sales, as in the sale of DVD box sets of the hugely popular TV series *Mobile Suit GUNDAM*, while responding to environmental changes involving new markets and media.

The Group as a whole will focus its efforts on pursuing internal synergies through various initiatives that span across all five Strategic Business Units. For its business overseas, we will continue to work to widen targets and strengthen distribution networks to promote overseas operations as a focus strategy under the "Medium-Term Management Plan".

In light of the aforementioned, the Group maintains its unamended forecast of business results released on October 26, 2006, for consolidated and non-consolidated results.

Forward-looking statements

This document contains forward-looking statements based on information currently available to the Company and Group, and as such, include inherent risks and uncertainties. Actual results may differ materially from forecasts for a variety of reasons.

Significant factors that may actually affect actual results include but are not limited to, changes in the Company and Group's operating environment, market trends and exchange rate fluctuations.

II. Financial Position

1. Cash Flows

Cash and cash equivalents at September 30, 2006 totaled ¥111,566 million, a decrease of ¥9,367 million compared to the same period of the prior year. Cash flows in the interim period were as follows:

Cash flows from operating activities

Operating activities provided net cash of ¥20,417 million, an increase of 25.0% compared to the same period of the prior year. This mainly reflected net income before income taxes of ¥21,507 million, a decrease in trade receivables of ¥12,700 million, a decrease in accounts payable of ¥7,874 million, and income taxes paid of ¥7,102 million.

Cash flows from investing activities

Investing activities used net cash of ¥4,385 million, an increase of 23.5% compared to the same period of the prior year. Despite cash of ¥5,301 million from the sale of investment securities in shares of Tohato, Inc. and others, cash outflows of ¥6,729 million for the acquisition of intangible assets and property, plant and equipment, and ¥1,099 million for the acquisition of shares in Banpresto Co. Ltd. for its planned consolidation as a wholly owned subsidiary, and ¥1,215 million for costs related to the acquisition of bowling businesses in Europe.

Cash flows from financing activities

Financing activities used net cash of ¥18,121 million, an increase of 11.0% compared to the same period of the prior year. This primarily reflected ¥13,451 million from the net decrease in short-term borrowings and dividends paid of ¥3,036 million, etc.

2. Full-year Cash flow Forecasts

Cash flows from operating activities is forecast to exceed last year's figure due to the projected increase of net income this fiscal year before income taxes and minority interests compared to that of last year, as well as a refund of corporate tax. With respect to cash flows from investment activities, the amount of investment is forecast to decrease compared to the previous year, when share acquisitions and other investments were made in connection with group restructuring. Although expenditures for the redemption of bonds are expected to decrease, cash flows from financing activities is forecast to increase due to the repayment of short-term borrowings initiated last year.

As a result, net cash flow for this period is projected to shift to income, and the cash and cash equivalents balance for the period end is projected to exceed the balance from the end of last year.

3. Cash Flow Indices

	FY 2006.3		FY 2007.3
	Interim period	End of Year	Interim period
Equity ratio	61.3%	63.0%	65.8%
Equity ratio (market capitalization basis)	126.1%	105.5%	123.1%
Debt retirement period (years)	1.0	1.0	0.6
Interest coverage ratio	110.8	90.4	144.7

Notes:

(1) "Stockholders' equity ratio" has been changed to "Equity ratio"

(2) Equity ratio = Total stockholders' equity/Total assets

(3) Equity ratio (market capitalization basis) = Market capitalization/Total assets

(4) Debt retirement period = Interest-bearing debt/Operating cash flow

(5) Interest coverage ratio = Operating cash flow/Interest expenses

(Reference)

1. All figures are calculated using data from the consolidated financial statements.
2. Market capitalization is calculated by multiplying the share price at the end of the interim period (fiscal year end) by the number of shares outstanding (net of treasury stock) at the end of the interim period (fiscal year end).
3. Operating cash flow is the figure shown in the consolidated statements of cash flows. Interest-bearing debt is the sum of all debt upon which interest must be paid as shown in the consolidated balance sheets. Interest expenses are interest payments as shown in the consolidated statements of cash flows.
4. For calculating the debt retirement period for the interim period, operating cash flow is doubled to create a full-year figure.

III. Business Risks

Risk factors related to the Group's businesses that may significantly affect decisions made by the investment community, include, but are not limited to, those listed below. These statements on risk are based on information available to the Group as of November 10, 2006, the filing date for the NAMCO BANDAI Holdings Inc.'s financial report (Kessan Tanshin) for the interim period ended September 30, 2006.

Risks associated with the core business model

The BANDAI NAMCO Group's businesses are centered on products and services based on content, including various characters. The Group's operating results may be affected by changes in the popularity of specific content or related trends. Therefore, the Group is working to achieve stable earnings by strengthening, enriching, and expanding its portfolio management through three-dimensional and multi-lateral business administration. This portfolio compromises a business portfolio, in which the Group conducts operations in a diverse array of business domains; a contents portfolio, consisting of many different characters and content; and a regional portfolio, where businesses are conducted in various regions around the world. In each business, the Group works to develop new content, and conducts marketing activities designed to cultivate and develop that content over the long term.

Risks associated with overseas business expansion

The Group is aggressively expanding its business overseas. This initiative exposes the Group to a variety of risks, including business risks associated with regional characteristics, such as local media and distribution systems; risks associated with intellectual property rights, such as those related to counterfeit products; and risks associated with fluctuations in exchange rates. Operationally, the Group conducts sufficient research to minimize these risks and formulates countermeasures before proceeding with overseas business expansion. With respect to intellectual property rights, the Group cooperates with local government agencies and other authorities to identify counterfeit products, promote enhanced recognition of genuine products, etc. In addition, for foreign exchange risks, the Group uses forward contracts to lower the risks from short-term fluctuations in the exchange rates for major currencies.

Retaining and developing key personnel

In the fast-changing entertainment industry, it is essential for the Group to retain and developing personnel who can respond effectively to rapid changes. In addition to developing a compensation system that will facilitate the retention of these employees, the Group actively delegates authority. To develop the next generation of employees, the Group is devoting resources to training seminars and other development programs.

Risk associated with Game Contents Business

In the game contents business, titles are a significant cause of fluctuations in profits, and there is a risk that changes in the timing of product launches will affect earnings in a given period. The Group tightly controls software development schedules for every game while striving to diversify risks by flexibly developing multiple products with different software characteristics and development periods. Moreover, the launch of new game platforms and diversification of customer needs lead to market conditions remain marked by uncertainty. The Group has therefore implemented a multi-platform strategy with titles that respond to customer needs across individual game platforms.

Risks associated with advances in and new generations of platforms

In developing game content, visual content, and network content, the Group faces the risk of delays in responding to advances in and new generations of content-provision platforms and the risk of delays in changing its business models in response to these developments. The Group conducts research into new technologies and works to develop competitive content that is in step with the latest advances. At the same time, the Group actively works to accumulate expertise on new business models. Additionally, the Group takes steps to further develop the content that it has created and to acquire rights to new content.

Decline in domestic birthrate

In the future, an ongoing decline in the domestic birthrate might affect the financial results of the Group. Accordingly, the Group has been expanding the scope and target of its business activities in Japan and is aggressively taking steps to expand its operations in overseas markets.

Concentration of production in China

In the Group's Toys and Hobby SBU, approximately 90% of the toys are manufactured in China. The Group faces the risk of higher production costs from the revaluation of the yuan and country risk stemming from the regional concentration of production. In response, the Group is working to reduce production costs and to diversify its production bases into Southeast Asia and other regions.

Risks from higher crude oil prices

The Group faces the risk that higher crude oil prices could lead to higher production costs from increased product raw material prices and to higher transportation costs. Accordingly, the Group is working to standardize the metal casts and molds used for character toys marketed worldwide and to reduce costs by enhancing the efficiency of processes, ranging from production to distribution.

Additional risks include disasters, such as natural disasters or accidents, changes in laws and regulations, defective or deficient products or services, leaks of customer information, and litigation associated with business activities. The Group maintains risk management systems and works to strengthen its management foundation in order to minimize the effects on its results in the unlikely event that any of these risks should materialize.

4. Interim Consolidated Financial Statements

(1) Interim Consolidated Balance Sheet

		Prior interim period As of September 30, 2005			Current interim period As of September 30, 2006			VS. Prior Interim Period	Ref: prior fiscal year condensed balance sheet As of March 31, 2006		
	Note	Millions of yen		Share (%)	Millions of yen		Share (%)	Change	Millions of yen		Share (%)
(Assets)											
Current assets:											
1. Cash and time deposits	*2		112,526			108,985				109,513	
2. Trade receivables	*5		61,609			60,740				70,910	
3. Short-term investments			9,893			4,434				5,546	
4. Inventories			32,472			34,485				27,529	
5. Deferred tax assets			4,257			5,580				7,037	
6. Other current assets			18,837			17,642				21,062	
7. Allowance for doubtful receivables			(1,346)			(575)				(1,506)	
Total current assets			**238,249**	**63.3**		**231,293**	**60.6**			**240,634**	**62.2**
II Fixed assets											
1. Property, plant and equipment	*1										
(1) Buildings and structures		16,169			14,020				14,460		
(2) Amusement facilities and machines		22,038			24,780				23,910		
(3) Land		23,342			22,190				22,094		
(4) Other property, plant and equipment		14,046	75,596		16,022	77,013		1,417	13,606	74,073	
2. Intangible assets											
(1) Consolidation adjustment accounts		67			-				7,668		
(2) Goodwill		-			10,818				-		
(3) Other intangible assets		8,457	8,525		8,495	19,314		10,789	9,326	16,994	
3. Investments and other assets											
(1) Investment securities		20,707			19,869				22,521		
(2) Guarantee money deposited		25,602			25,139				24,916		
(3) Deferred tax assets		3,680			5,292				3,901		
(4) Other investments and assets		5,423			4,905				4,821		
(5) Allowance for doubtful receivables		(1,505)	53,908		(1,375)	53,830		(78)	(1,211)	54,948	
Total fixed assets			**138,030**	**36.7**		**150,158**	**39.4**	**12,128**		**146,016**	**37.8**
Total assets			**376,280**	**100.0**		**381,452**	**100.0**	**5,171**		**386,651**	**100.0**

	Note	Prior interim period As of September 30, 2005		Current interim period As of September 30, 2006		VS. Prior Interim Period	Ref: prior fiscal year condensed balance sheet As of March 31, 2006	
		Millions of yen	Share (%)	Millions of yen	Share (%)	Change	Millions of yen	Share (%)
(Liabilities)								
I Current Liabilities								
1. Trade payables	*5	40,347		44,960			40,561	
2. Short-term borrowings		3,521		2,453			14,888	
3. Bonds—current portion		11,000		5,000			5,000	
4. Accounts payable—other		20,565		16,534			23,767	
5. Accrued income taxes		8,457		8,473			6,827	
6. Provision for directors' bonus		-		339			-	
7. Provision for losses from business restructuring		-		147			147	
8. Other current liabilities		11,810		16,796			16,335	
Total current liabilities		**95,701**	**25.4**	**94,705**	**24.9**	**(996)**	**107,527**	**27.8**
II Long-term Liabilities								
1. Bonds		15,000		10,000			10,000	
2. Long-term debt		3,277		1,497			2,542	
3. Deferred tax liabilities, land revaluation difference		849		690			690	
4. Accrued retirement and severance benefits		2,015		2,130			2,065	
5. Directors' and auditors' retirement and severance benefits		867		602			904	
6. Other long-term liabilities		7,765		11,488			10,677	
Total long-term liabilities		**29,775**	**7.9**	**26,409**	**6.9**	**(3,366)**	**26,879**	**7.0**
Total liabilities		**125,477**	**33.3**	**121,114**	**31.8**	**(4,362)**	**134,407**	**34.8**
(Minority Interests)								
Minority Interests		**20,267**	**5.4**	**-**	**-**	**(20,267)**	**8,636**	**2.2**
(Stockholders' Equity)								
I Common stock		**10,000**	**2.7**	**-**	**-**	**(10,000)**	**10,000**	**2.6**
II Additional paid-in capital		**92,430**	**24.6**	**-**	**-**	**(92,430)**	**95,772**	**24.8**
III Retained earnings		**157,885**	**42.0**	**-**	**-**	**(157,885)**	**164,503**	**42.5**
IV Land revaluation difference		**(21,246)**	**(5.7)**	**-**	**-**	**21,246**	**(21,459)**	**(5.6)**
V Other securities valuation difference		**3,381**	**0.9**	**-**	**-**	**(3,381)**	**4,145**	**1.1**
VI Translation adjustment		**(778)**	**(0.2)**	**-**	**-**	**778**	**1,801**	**0.5**
VII Treasury stock		**(11,136)**	**(3.0)**	**-**	**-**	**11,136**	**(11,156)**	**(2.9)**
Total stockholders' equity		**230,535**	**61.3**	**-**	**-**	**(230,535)**	**243,607**	**63.0**
Total liabilities, minority interests and stockholders' equity		**376,280**	**100.0**	**-**	**-**	**(376,280)**	**386,651**	**100.0**

		Prior interim period As of September 30, 2005		Current interim period As of September 30, 2006		VS. Prior Interim Period	Ref: prior fiscal year condensed balance sheet As of March 31, 2006	
	Note	Millions of yen	Share (%)	Millions of yen	Share (%)	Change	Millions of yen	Share (%)
(Net Assets)								
I Stockholders' Equity								
1. Common stock		-	-	10,000	2.6	10,000	-	-
2. Additional paid-in capital		-	-	95,772	25.1	95,772	-	-
3. Retained earnings		-	-	172,358	45.2	172,358	-	-
4. Treasury stock		-	-	(11,173)	(2.9)	(11,173)	-	-
Total stockholders' equity		-	-	266,956	70.0	266,956	-	-
II. Valuation difference and translation adjustments								
1. Other securities valuation difference		-	-	3,053	0.8	3,053	-	-
2. Deferred gains or losses on hedges		-	-	10	-	10	-	-
3. Land revaluation difference		-	-	(21,459)	(5.6)	(21,459)	-	-
4. Translation adjustment		-	-	2,432	0.6	2,432	-	-
Total valuation difference and translation adjustments		-	-	(15,963)	(4.2)	(15,963)	-	-
III. Stock subscription rights		-	-	478	0.1	478	-	-
IV. Minority Interests		-	-	8,865	2.3	8,865	-	-
Total net assets		-	-	260,337	68.2	260,337	-	-
Total liabilities and net assets		-	-	381,452	100.0	381,452	-	-

(2) Interim Consolidated Statements of Income

	Note	Prior interim period (April 1, 2005 ~ September 30, 2005)			Current interim period (April 1, 2006 ~ September 30, 2006)			VS prior interim period	Ref: Prior fiscal year condensed statements of income (April 1, 2005 ~ March 31, 2006)		
		Millions of yen		Share (%)	Millions of yen		Share (%)	Change	Millions of yen		Share (%)
I Net sales			**218,873**	**100.0**		**206,636**	**100.0**	**(12,237)**		**450,829**	**100.0**
II Cost of sales			**141,346**	**64.6**		**130,896**	**63.3**	**(10,450)**		**294,263**	**65.3**
Gross profit			**77,526**	**35.4**		**75,739**	**36.7**	**(1,787)**		**156,565**	**34.7**
III Selling, general and administrative expenses	*1		**59,979**	**27.4**		**58,476**	**28.3**	**(1,503)**		**120,896**	**26.8**
Operating income			**17,546**	**8.0**		**17,263**	**8.4**	**(283)**		**35,669**	**7.9**
IV Non-operating income											
1. Interest income		396			625				820		
2. Dividend income		101			106				140		
3. Rental income		131			127				248		
4. Foreign exchange gain		186			347				17		
5. Operation consignment income		138			195				266		
6. Other non-operating income		327	1,282	0.6	271	1,673	0.8	390	1,021	2,514	0.5
V Non-operating expenses											
1. Interest expense		147			112				292		
2. Equity in loss of affiliated companies		25			-				-		
3. Amortization of goodwill		242			-				485		
4. Expenses related to rental assets		-			52				63		
5. Loss on valuation of derivatives		-			158				-		
6. Other non-operating expenses		170	585	0.3	51	375	0.2	(210)	220	1,061	0.2
Recurring income			**18,244**	**8.3**		**18,561**	**9.0**	**317**		**37,122**	**8.2**
VI Extraordinary income											
1. Gain on sale of property, plant and equipment	*2	182			32				1,270		
2. Gain on sale of investment securities		282			316				480		
3. Gain on sale of investments in affiliated companies		2,602			4,917				2,592		
4. Reversal of allowance for doubtful receivables		195			92				58		
5. Government subsidy income		-			102				-		
6. Other extraordinary income		7	3,271	1.5	-	5,461	2.6	2,189	335	4,737	1.1

		Prior interim period (April 1, 2005 ~ September 30, 2005)			Current interim period (April 1, 2006 ~ September 30, 2006)			VS prior interim period	Ref: Prior fiscal year condensed statements of income (April 1, 2005 ~ March 31, 2006)		
	Note	Millions of yen		Share (%)	Millions of yen		Share (%)	Change	Millions of yen		Share (%)
VII Extraordinary loss											
1. Loss on sale of property, plant and equipment	*3	19			2				799		
2. Loss on disposal of property, plant and equipment	*4	174			164				538		
3. Loss on impairment of property, plant and equipment	*5	1,636			1,616				3,001		
4. Loss on business restructuring		50			-				296		
5. Loss on valuation of investment securities		201			462				244		
6. Loss on valuation of investments in affiliated		17			-				16		
7. Loss on valuation of guarantee money deposited		2			-				2		
8. Loss on changes in equity interests		15			-				21		
9. Provision for allowance of doubtful receivables		317			168				480		
10. Loss for deferring income tax of depreciation of property, plant and equipment		-			100				-		
11. Other extraordinary loss		-	2,436	1.1	1	2,515	1.2	79	889	6,290	1.4
Net income before income taxes and minority interests			19,079	8.7		21,507	10.4	2,427		35,569	7.9
Corporate income, inhabitant and enterprise taxes		7,633			8,406				14,468		
Deferred income taxes		2,735	10,369	4.7	1,285	9,692	4.7	(676)	4,813	19,282	4.3
Minority interests			875	0.4		803	0.4	(72)		2,137	0.5
Net income			**7,834**	**3.6**		**11,011**	**5.3**	**3,177**		**14,149**	**3.1**

(3) Interim Consolidated Statements of Retained Earnings and Interim Consolidated Statements of Changes in Net Assets

Interim Consolidated Statements of Retained Earnings

	Note	Current interim period (April 1, 2006 ~ September 30, 2006)		Ref: Prior fiscal year consolidated statements of retained earnings (April 1, 2005 ~ March 31, 2006)	
		Millions of yen		Millions of yen	
(Additional paid-in capital)					
I Consolidated additional paid-in capital at the beginning of the period			**92,033**		**92,033**
II Increase in consolidated additional paid-in capital					
1. Increase in additional paid-in capital by exercise of rights to subscribe for new shares		396		396	
2. Increase in additional paid-in capital for issuance of new shares		-	**396**	3,341	**3,738**
III Consolidated additional paid-in capital at the end of the period			**92,430**		**95,772**
(Retained Earnings)					
I Consolidated retained earnings at the beginning of the period			**158,181**		**158,181**
II Increase in retained earnings					
1. Net income		7,834		14,149	
2. Increase in retained earnings resulting from exclusion from the scope of consolidation		29		29	
3. Increase in retained earnings resulting from the new application of the equity method		15		15	
4. Reversal of land revaluation difference		83	**7,962**	303	**14,497**
III Decrease in retained earnings					
1. Cash dividends		4,415		4,415	
2. Share transfer payments		3,097		3,013	
3. Bonuses to directors and corporate auditors		559		559	
4. Decrease in retained earnings resulting from exclusion of subsidiaries from the scope of consolidation		186	**8,258**	186	**8,174**
V Consolidated retained earnings at the end of the interim period (fiscal year)			**157,885**		**164,503**

Interim Consolidated Statement of Changes in Net Assets

For the current interim period ended September 30, 2006 (April 1, 2006 to September 30, 2006)

	Stockholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total stockholders' equity
Balance at March 31, 2006 (¥ million)	10,000	95,772	164,503	-11,156	259,119
Changes during the period					
Cash dividends (*)			-3,036		-3,036
Directors' bonuses (*)			-417		-417
Net income			11,011		11,011
Purchase of treasury stock				-17	-17
Changes in the scope of consolidation (increase in consolidated subsidiaries)			30		30
Changes in the scope of application of the equity method (decrease in companies to which the equity method applies)			295		295
Decrease in retained earnings on merger of consolidated subsidiaries			-28		-28
Net changes other than for changes in stockholders' equity					
Total changes during the period (¥ million)	-	-	7,854	-17	7,837
Balance, September 30, 2006 (¥ million)	10,000	95,772	172,358	-11,173	266,956

(*) June 2006 annual general meeting of shareholders earned surplus item.

	Valuation difference and translation adjustments					Stock subscrip-tion rights	Minority interests	Total net assets
	Other securities valuation difference	Deferred gains or losses on hedges	Land revaluation difference	Translation adjustment	Total valuation difference and translation adjustments			
Balance at March 31, 2006 (¥ million)	4,145	-	-21,459	1,801	-15,512	-	8,636	252,243
Changes during the period								
Cash dividends (*)								-3,036
Directors' bonuses (*)								-417
Net income								11,011
Purchase of treasury stock								-17
Changes in the scope of consolidation (increase in consolidated subsidiaries)								30
Changes in the scope of application of the equity method (decrease in companies to which the equity method applies)								295
Decrease in retained earnings on merger of consolidated subsidiaries								-28
Net changes other than for changes in stockholders' equity	-1,092	10	-	631	-450	478	228	256
Total changes during the period (¥ million)	-1,092	10	-	631	-450	478	228	8,093
Balance, September 30, 2006 (¥ million)	3,053	10	-21,459	2,432	-15,963	478	8,865	260,337

(*) June 2006 annual general meeting of shareholders earned surplus item.

(4) Interim Consolidated Statements of Cash Flows

	Note	Prior interim period (April 1, 2005 ~ September 30, 2005)	Current interim period (April 1, 2006 ~ September 30, 2006)	VS. Prior interim period	Ref: Condensed statements of cash flows for the prior fiscal year (April 1, 2005 ~ March 31, 2006)
	Note	Millions of yen	Millions of yen	Change	Millions of yen
I Cash Flows from Operating Activities					
Income before income taxes and minority interests		19,079	21,507		35,569
Depreciation and amortization		8,743	8,988		19,144
Loss on impairment of property, plant and equipment		1,636	1,616		3,001
Amortization of consolidated adjustment account		83	-		753
Amortization of goodwill		-	1,136		-
Increase (decrease) in allowance for doubtful receivables		679	(782)		260
Increase in directors' bonus		-	337		-
Increase in accrued retirement and severance benefits		126	60		174
Decrease in directors' and auditors' retirement and severance benefits		(129)	(309)		(92)
Interest and dividend income		(498)	(731)		(960)
Interest expense		147	112		292
Foreign exchange gain		(31)	(46)		(41)
Equity in loss (gain) of affiliated companies		25	(1)		(27)
Loss on disposal of property, plant and equipment		174	164		538
Loss on sale of property, plant and equipment		(162)	(30)		(470)
Loss on disposal of amusement facilities and machines		575	435		1,347
Gain on sale of investment securities		(2,885)	(5,232)		(3,073)
Loss on valuation of investment securities		219	462		260
Decrease in trade receivables		11,546	12,700		4,454
Decrease (increase) in inventories		(1,151)	(6,236)		5,841
Investment for amusement facilities and machines		(5,149)	(4,506)		(10,892)
Increase (decrease) in trade payables		(1,930)	2,613		(2,678)
Increase (decrease) in accounts payable—other		(4,328)	(7,874)		3,254
Bonuses to directors		(627)	(448)		(627)
Other		(2,526)	3,000		(8,076)
Subtotal		23,616	26,932	3,316	47,952
Interest and dividends received		574	727		1,348
Interest paid		(147)	(141)		(352)
Income taxes paid		(7,704)	(7,102)		(17,140)
Net cash provided by operating activities		16,338	20,417	4,078	31,808

		Prior interim period (April 1, 2005 ~ September 30, 2005)	Current interim period (April 1, 2006 ~ September 30, 2006)	VS. Prior interim period	Ref: Condensed statements of cash flows for the prior fiscal year (April 1, 2005 ~ March 31, 2006)
	Note	Millions of yen	Millions of yen	Change	Millions of yen
II Cash Flows from Investing Activities					
Payments for deposit in time deposits		(143)	(147)		(954)
Proceeds from withdrawal from time deposits		170	171		603
Proceeds from sales of short-term investments		499	-		499
Purchases of property, plant and equipment		(5,628)	(4,534)		(9,924)
Proceeds from sales of property, plant and equipment		588	34		4,387
Purchases of intangible assets		(1,656)	(2,194)		(3,203)
Purchases of investment securities		(1,194)	(447)		(2,063)
Sales of investment securities		341	5,301		783
Acquisition of shares in consolidated subsidiaries, net of cash acquired		(26)	(1,099)		(18,032)
Proceeds from sales of shares in consolidated subsidiaries		220	-		349
Purchase of subsidiary shares related to changes in scope of consolidation		(1,780)	(416)		(1,780)
Proceeds from sale of subsidiary shares related to changes in scope of consolidation		5,185	-		5,439
Proceeds from decrease in capital at non-consolidated subsidiaries		100	-		150
Advances of loans receivable		(308)	(10,977)		(528)
Collection of loans receivable		293	10,948		581
Guarantee money deposited		(463)	(784)		(883)
Proceeds from collection of guarantee money deposited		627	974		1,963
Net of cash used for business transfer		-	(1,215)		-
Other		(376)	1		(1,793)
Net cash used in investing activities		(3,551)	(4,385)	(834)	(24,406)

		Prior interim period (April 1, 2005 ~ September 30, 2005)	Current interim period (April 1, 2006 ~ September 30, 2006)	VS. Prior interim period	Ref: Condensed statements of cash flows for the prior fiscal year (April 1, 2005 ~ March 31, 2006)
	Note	Millions of yen	Millions of yen	Change	Millions of yen
III Cash Flows from Financing Activities					
Net decrease in short-term borrowings		(444)	(13,451)		10,847
Repayment of long-term debt		(1,118)	(1,405)		(2,398)
Repayment of bond redemption		-	-		(11,000)
Proceeds from issuance of shares		396	-		396
Proceeds from capital paid by minority interests		20	-		20
Purchases of treasury stock		(10,539)	(4)		(10,552)
Dividends paid		(4,415)	(3,036)		(4,415)
Dividends paid to minority interests		(226)	(222)		(426)
Other		-	-		(2,436)
Net cash used in financing activities		(16,327)	(18,121)	(1,794)	(19,965)
IV Effect of exchange rate changes on cash and cash equivalents		410	439	28	1,675
V Net increase (decrease) in cash and cash equivalents		(3,129)	(1,651)	1,478	(10,887)
VI Cash and cash equivalents at beginning of period		124,923	113,186	(11,737)	124,923
VII Net increase in cash and cash equivalents due to additional consolidation of subsidiaries		-	10	10	10
VIII Increase in cash and cash equivalents due to merger of subsidiaries		-	21	21	-
IX Decrease in cash and cash equivalents due to exclusion of consolidated subsidiaries		(860)	-	860	(860)
X Cash and cash equivalents at end of interim period (fiscal year)	*	120,933	111,566	(9,367)	113,186

Important Information Constituting the Basis for Preparation of Interim Consolidated Financial Statements (April 1, 2006 ~ September 30, 2006)

	Prior interim period (April 1, 2005 ~ September 30, 2005)	Current interim period (April 1, 2006 ~ September 30, 2006)	Fiscal Year Ended March 31, 2006 (April 1, 2005 ~ March 31, 2006)
1. Information Concerning the Scope of Consolidation	(1) Consolidated subsidiaries: There are 51 consolidated subsidiaries. The major consolidated subsidiaries are listed here: Bandai Co., Ltd., NAMCO LIMITED, Bandai Networks Co., Ltd., Bandai Visual Co., Ltd., Bandai Logipal Inc., NAMCO HOLDING CORP., BANDAI S.A., NAMCO EUROPE LTD., BANDAI (H.K.) CO., LTD. Two companies were added to the scope of consolidation from the interim period: BANDAI GAMES INC, a newly established company, and VIBE Inc., which became a subsidiary following the purchase of stock. Three companies were excluded from the scope of consolidation from the interim period: PalBox Co., Ltd., due to liquidation, and Italian Tomato Ltd. and Nikkatsu Corporation, which are no longer treated as consolidated subsidiaries following sales of stock in these companies Effective April 1, 2005, Banwave Co., Ltd. and BanPocket Co., Ltd. merged, with Banwave, the surviving company. The company has been renamed Banpresto Sales Co., Ltd.	(1) Consolidated subsidiaries: There are 55 consolidated subsidiaries. The major consolidated subsidiaries are listed here: Bandai Co., Ltd., NAMCO LIMITED, NAMCO BANDAI Games Inc., Bandai Networks Co., Ltd., Bandai Visual Co., Ltd., Bandai Logipal Inc., NAMCO BANDAI Holdings (USA) Inc., BANDAI S.A., NAMCO EUROPE LTD., BANDAI (H.K.) CO., LTD. Four companies were added to the scope of consolidation from the interim period under review: NAMCO NETWORKS AMERICA INC., a newly established company, and Lantis Co., Ltd and C.C.P. Co. Ltd. which became a subsidiaries following the purchase of stock and CREATIVE B WORKS CO. LTD., due to increase in significance. Moreover, effective April 1, 2006, NAMCO HOMETEK INC. and BANDAI GAMES INC. merged, with NAMCO HOMETEK INC. as the surviving entity. NAMCO HOMETEK INC. subsequently changed its corporate name to NAMCO BANDAI Games America Inc. Due to above, BANDAI GAMES, has been excluded from the scope of consolidation from the interim period under review. Additionally, BHK TRADING LTD. changed its corporate name to BANDAI ASIA CO. LTD.	(1) Consolidated subsidiaries: There are 52 consolidated subsidiaries. The major consolidated subsidiaries are listed here: Bandai Co., Ltd., NAMCO BANDAI Games Inc., NAMCO LIMITED, Bandai Networks Co., Ltd., Bandai Visual Co., Ltd., Bandai Logipal Inc., NAMCO BANDAI Holdings (USA) Inc., BANDAI S.A., NAMCO EUROPE LTD., BANDAI (H.K.) CO., LTD. Beginning with the fiscal year under review, added to the consolidation were newly established NAMCO SPA RESORT LTD and Bandai Games Inc., as well as VIBE Inc. which became a subsidiary due to acquisition of its stock. Removed from consolidation were PalBox Co., Ltd. following completion of liquidation, and BRENT LEISURE LTD. in liquidation proceedings, which is under administration. Also removed from consolidation were Italian Tomato Ltd. and Nikkatsu Corporation, which ceased to be subsidiaries due to the sale of their equities. Moreover, effective April 1, 2005, Banwave Co., Ltd. and Banpocket Co., Ltd. merged, with Banwave Co., Ltd. as the surviving entity. Banwave Co., Ltd. subsequently changed its corporate name to Banpresto Sales Co., Ltd. Additionally, effective March 31, 2006, NAMCO LIMITED implemented a spin-off, with the divested operations re-incorporated as NAMCO LIMITED and the name of the divesting entity changed to NAMCO BANDAI Games Inc. Assets and liabilities of the newly established entity NAMCO LIMITED were freshly consolidated.

	Prior interim period (April 1, 2005 ~ September 30, 2005)	Current interim period (April 1, 2006 ~ September 30, 2006)	Fiscal Year Ended March 31, 2006 (April 1, 2005 ~ March 31, 2006)
	(2) Non-consolidated subsidiaries: Including SUNRISE INTERACTIVE INC., 22 of the Company's subsidiaries are excluded from the scope of consolidation, because total assets, net sales, interim net income (corresponding to equity therein) and retained earnings (corresponding to equity therein) for each company would not have a material impact on the interim consolidated financial statements of the Company.	(2) Non-consolidated subsidiaries: Including SHANGHAI NAMCO LTD, 25 of the Company's subsidiaries are excluded from the scope of consolidation, because total assets, net sales, net income (corresponding to equity therein) and retained earnings (corresponding to equity therein) for each company would not have a material impact on the interim consolidated financial statements of the Company.	(2) Non-consolidated subsidiaries: Including SHANGHAI NAMCO LTD, 21 of the Company's subsidiaries are excluded from the scope of consolidation, because total assets, net sales, interim net income (corresponding to equity therein) and retained earnings (corresponding to equity therein) for each company would not have a material impact on the interim consolidated financial statements of the Company.

	Prior interim period (April 1, 2005 ~ September 30, 2005)	Current interim period (April 1, 2006 ~ September 30, 2006)	Fiscal Year Ended March 31, 2006 (April 1, 2005 ~ March 31, 2006)
2. Information Concerning Application of the Equity Method	(1) Application of equity method: 1 non-consolidated subsidiary, SHANGHAI NAMCO LTD., is accounted for by the equity method. Five affiliates are accounted for by the equity method: Happinet Corp., Sotsu Agency Co., Ltd., Tohato Inc., People Co., Ltd. and Italian Tomato Ltd. People Co., Ltd. and Italian Tomato Ltd. became equity-method affiliates from the interim period under review. (2) Non-consolidated subsidiaries and affiliates to which the equity method is not applied The equity method was not applied to 21 non-consolidated subsidiaries and five affiliates, because these companies would have only a minimal impact on the Company's interim consolidated net income and retained earnings, as their significance is minimal as a whole.	(1) Application of equity method: 1 non-consolidated subsidiary, SHANGHAI NAMCO LTD., is accounted for by the equity method. Four affiliates are accounted for by the equity method: Happinet Corp., Sotsu Agency Co., Ltd., People Co., Ltd. and Italian Tomato Ltd. Tohato Inc. has been excluded as an equity method affiliate due to sale of its shares and there fore the equity method was not applied for the interim period under review. (2) Non-consolidated subsidiaries and affiliates to which the equity method is not applied The equity method was not applied to 24 non-consolidated subsidiaries including SUNLINK KYUSHU CO. LTD. as well as 3 affiliates such as EURO VISUAL S.A.S., because these companies would have only a minimal impact on the Company's interim consolidated net income and retained earnings, as their significance is minimal as a whole.	(1) Application of equity method: 1 non-consolidated subsidiary, SHANGHAI NAMCO LTD., is accounted for by the equity method. Five affiliates are accounted for by the equity method: Happinet Corp., Sotsu Agency Co., Ltd., Tohato Inc., People Co., Ltd. and Italian Tomato Ltd. People and Italian Tomato became equity-method affiliates from the interim period under review. (2) Non-consolidated subsidiaries and affiliates to which the equity method is not applied The equity method was not applied to 20 non-consolidated subsidiaries including SUNLINK KYUSHU CO. LTD. as well as 5 affiliates such as Primeworks Corporation because these companies would have only a minimal impact on the Company's consolidated net income and retained earnings, as their significance is minimal as a whole.

<table>
<tr><th></th><th>Prior interim period
(April 1, 2005 ~
September 30, 2005)</th><th>Current interim period
(April 1, 2006 ~
September 30, 2006)</th><th>Fiscal Year Ended
March 31, 2006
(April 1, 2005 ~ March 31, 2006)</th></tr>
<tr><td>3. Information Concerning the Interim Settlement Date for Consolidated Subsidiaries</td><td>Consolidated subsidiaries with an interim settlement date of September 30:
Bandai Co., Ltd.,
NAMCO LIMITED,
Banpresto Co., Ltd.,
Bandai Networks Co., Ltd.,
Banpresoft Co., Ltd.,
NAMCO Tales Studio Ltd.,
VIBE Inc.

Consolidated subsidiaries with an interim settlement date of July 31:
Artpresto Co., Ltd.
St. Tropez Ltd.

Consolidated subsidiaries with an interim settlement date of June 30:
BANDAI AMERICA INC.
BANDAI ENTERTAINMENT INC.
BANDAI GAMES INC.
BANDAI S.A.
BANDAI U.K.LTD.
BANDAI ESPANA S.A.
BANDAI (H.K.) CO., LTD.,
BANPRESTO（H.K.）LTD.
BHK TRADING LTD.
BANDAI INDUSTRIAL CO., LTD.
BANDAI KOREA CO., LTD.

Consolidated subsidiaries not listed above have the interim settlement date of August 31:

All of the above settlement dates fall within three months of the consolidated interim settlement date. Consequently, the interim results of the above consolidated subsidiaries are reflected in the consolidated interim financial statements. However, necessary adjustments are made to the consolidated financial statements for material transactions occurring between the subsidiary interim settlement dates and the consolidated interim settlement date.</td><td>Consolidated subsidiaries with an interim settlement date of September 30:
Bandai Co., Ltd.
NAMCO LIMITED
NAMCO BANDAI Games Inc.
Banpresto Co., Ltd.
Bandai Networks Co., Ltd.
Banpresoft Co., Ltd.
NAMCO TALES STUDIO LTD.
VIBE Inc.
C.C.P. Co., Ltd.

Consolidated subsidiaries with an interim settlement date of July 31:
Same as left column

Consolidated subsidiaries with an interim settlement date of June 30:
NAMCO BANDAI Holdings (USA) Inc.
BANDAI AMERICA INC.
NAMCO CYBERTAINMENT INC.
NAMCO BANDAI GAMES INC.
NAMCO AMERICA INC.
NAMCO NETWORKS AMERICA INC.
BANDAI ENTERTAINMENT INC.
NAMCO BANDAI Holdings (USA) Inc.
BANDAI S.A.
BANDAI U.K. LTD.
BANDAI ESPANA S.A.
BANDAI (H.K.) CO., LTD.
BANPRESTO (H.K.) LTD.
BHK TRADING LTD.
BANDAI INDUSTRIAL CO., LTD.
BANDAI KOREA CO., LTD.

Consolidated subsidiaries not listed above have the interim settlement date of August 31:

All of the above settlement dates fall within three months of the consolidated interim settlement date. Consequently, the interim results of the above consolidated subsidiaries are reflected in the consolidated interim financial statements. However, necessary adjustments are made to the consolidated financial statements for material transactions occurring between the subsidiary interim settlement dates and the consolidated interim settlement date.</td><td>Consolidated subsidiaries with fiscal years to March 31st.
Bandai Co., Ltd.
NAMCO BANDAI Games Inc. (formerly NAMCO LIMITED)
NAMCO LIMITED (the newly established entity)
Banpresto Co., Ltd.
Bandai Networks Co., Ltd.
Banpresoft Co., Ltd.
NAMCO TALES STUDIO LTD.
VIBE Inc.

Consolidated subsidiaries with an interim settlement date of July 31:
Same as left column

Consolidated subsidiaries with fiscal years to December 31st:.
BANDAI AMERICA INC.
NAMCO CYBERTAINMENT INC.
NAMCO HOMETEK INC.
BANDAI GAMES INC.
NAMCO AMERICA INC.
BANDAI ENTERTAINMENT INC.
NAMCO BANDAI Holdings (USA) Inc.
BANDAI S.A.
BANDAI U.K. LTD.
BANDAI ESPANA S.A.
BANDAI (H.K.) CO., LTD.
BANPRESTO (H.K.) LTD.
BHK TRADING LTD.
BANDAI INDUSTRIAL CO., LTD.
BANDAI KOREA CO., LTD.

Consolidated subsidiaries other than those above have fiscal years to the end of February.

All of the above settlement dates fall within three months of the consolidated settlement date. Consequently, the results of the above consolidated subsidiaries are reflected in the consolidated financial statements.
However, necessary adjustments are made to the consolidated financial statements for material transactions occurring between the subsidiary settlement dates and the consolidated settlement date.</td></tr>
</table>

	Prior interim period (April 1, 2005 ~ September 30, 2005)	Current interim period (April 1, 2006 ~ September 30, 2006)	Fiscal Year Ended March 31, 2006 (April 1, 2005 ~ March 31, 2006)
4. Information Concerning Capital Consolidation Related to the Stock Transfer	(1) NAMCO BANDAI Holdings Inc., the parent company of Bandai Co., Ltd. and NAMCO LIMITED, was established through a transfer of stock. Management integration through capital consolidation is being carried out based on the pooling-of-interests method in accordance with "Accounting for the Consolidation of a Holding Company Established by Stock Exchange or Stock Transfers" (JICPA Accounting Committee Research Report No. 6).	-	(1) NAMCO BANDAI Holdings Inc., the parent company of Bandai Co., Ltd. and NAMCO LIMITED, was established through a transfer of stock. Management integration through capital consolidation is being carried out based on the pooling-of-interests method in accordance with "Accounting for the Consolidation of a Holding Company Established by Stock Exchange or Stock Transfers" (JICPA Accounting Committee Research Report No.6).
	(2) Based on comprehensive analysis of the operations and financial position of each wholly owned subsidiary, the pooling of interests was judged to be the appropriate method for carrying out management integration to allow each wholly owned subsidiary to continuously share the risks and benefits of the NAMCO BANDAI Group	-	(2) Based on comprehensive analysis of the operations and financial position of each wholly owned subsidiary, the pooling of interests was judged to be the appropriate method for carrying out management integration to allow each wholly owned subsidiary to continuously share the risks and benefits of the NAMCO BANDAI Group
5. Information Concerning Accounting Policies	(1) Valuation basis and methods for significant assets: (i)Short-term investments: Bonds to be held to maturity Stated at amortized cost (straight-line method) Other securities Securities with market values: Stated at market value using, among others, market prices at interim period settlement dates. (Valuation differences are reflected directly in stockholders' equity and the cost of securities sold is calculated by the moving-average method). Securities without market values: Stated at cost based on the moving-average method. However, with respect to investments in limited liability partnerships for investment businesses and similar partnerships, the amount corresponding to the equity holding of the partnership's assets is stated as investment in securities, and the amount corresponding to the profit or loss derived from the operations of the partnership is stated as profit or loss for the interim period.	(1) Valuation basis and methods for significant assets: (i)Short-term investments: Bonds to be held to maturity Same as left column Other securities Securities with market values: Stated at market value using, among others, market prices at interim period settlement dates. (Valuation differences are reflected directly in stockholders' equity and the cost of securities sold is calculated by the moving-average method). Securities without market values: Same as left column	(1) Valuation basis and methods for significant assets: (i)Short-term investments: Bonds to be held to maturity Same as left column Other securities Securities with market values: Stated at market value using, among others, market prices at period end settlement dates. (Valuation differences are reflected directly in stockholder's equity and the cost of securities sold is calculated by the moving-average method). Securities without market values: Stated at cost based on the moving-average method. However, with respect to investments in limited liability partnerships for investment businesses and similar partnerships, the amount corresponding to the equity holding of the partnership's assets is stated as investment in securities, and the amount corresponding to the profit or loss derived from the operations of the partnership is stated as profit or loss for the fiscal year.

	Prior interim period (April 1, 2005 ~ September 30, 2005)	Current interim period (April 1, 2006 ~ September 30, 2006)	Fiscal Year Ended March 31, 2006 (April 1, 2005 ~ March 31, 2006)
	(ii) Derivative trading: Stated using the market price method (iii) Inventories: Domestic consolidated subsidiaries: Game software and other work in progress: Stated at cost using the specific cost method Other inventories: Generally stated at cost using the moving-average method Overseas consolidated subsidiaries: Game software and other work in progress: Stated at cost using the specific cost method Other inventories: Generally stated at the lower of cost or market using the first-in, first-out method (2) Depreciation methods for significant depreciable assets: (i) Property, plant and equipment: The Company and its domestic consolidated subsidiaries Generally the declining-balance method is used. However, for buildings (excluding equipment attached thereto) acquired on or after April 1, 1998, and certain amusement facilities and equipment, the straight-line method is used. The useful life of buildings and structures is 2 to 50 years. The useful life of amusement facilities and equipment is 3 to 15 years. Overseas consolidated subsidiaries The straight-line method is used. The useful life of buildings and structures is 5 to 50 years. The useful life of amusement facilities and equipment is 2 to 7 years	(ii) Derivative trading: Same as left column (iii) Inventories: Domestic consolidated subsidiaries Game software and other work in progress: Same as left column Other inventories: Same as left column Overseas consolidated subsidiaries: Game software and other work in progress Same as left column Other inventories: Same as left column (2) Depreciation methods for significant depreciable assets: (i) Property, plant and equipment: The Company and its domestic consolidated subsidiaries Same as left column Overseas consolidated subsidiaries Same as left column	(ii) Derivative trading: Same as left column (iii) Inventories: Domestic consolidated subsidiaries Game software and other work in progress: Same as left column Other Inventories: Same as left column Overseas consolidated subsidiaries: Game software and other work in progress Same as left column Other inventories: Same as left column (2) Depreciation methods for significant depreciable assets: (i) Property, plant and equipment: The Company and its domestic consolidated subsidiaries Same as left column Overseas consolidated subsidiaries Same as left column

	Prior interim period (April 1, 2005 ~ September 30, 2005)	Current interim period (April 1, 2006 ~ September 30, 2006)	Fiscal Year Ended March 31, 2006 (April 1, 2005 ~ March 31, 2006)
	(ii) Intangible assets: The straight-line method is used. The useful life of software used internally is 2 to 5 years. Goodwill at domestic consolidated subsidiaries is amortized equally over a period of five years in accordance with enforcement regulations of the Japanese Commercial Code. Goodwill at overseas consolidated subsidiaries is treated in accordance with the accounting regulations of the country of domicile.	(ii) Intangible assets: The straight-line method is used. The useful life of goodwill is 5 years. Goodwill at overseas consolidated subsidiaries is treated in accordance with the accounting regulations of the country of domicile. The useful life of software used internally is 2 to 5 years.	(ii) Intangible assets: The straight-line method is used. The useful life of software used internally is 2 to 5 years. Goodwill at domestic consolidated subsidiaries is amortized equally over a period of five years in accordance with enforcement regulations of the Japanese Commercial Code. Goodwill at overseas consolidated subsidiaries is treated in accordance with the accounting regulations of the country of domicile.
	(3) Basis of recognition for significant provisions: (i) Allowance for doubtful receivables: The Company provides for potential losses due to bad debts using historical credit loss ratios for ordinary receivables. Projected uncollectible amounts are also recorded for receivables clearly at risk and receivables from companies under bankruptcy or reorganization processes, based on individual consideration of the account's potential for collection.	(3) Basis of recognition for significant provisions: (i) Allowance for doubtful receivables: Same as left column	(3) Basis of recognition for significant provisions: (i) Allowance for doubtful receivables: Same as left column

	Prior interim period (April 1, 2005 ~ September 30, 2005)	Current interim period (April 1, 2006 ~ September 30, 2006)	Fiscal Year Ended March 31, 2006 (April 1, 2005 ~ March 31, 2006)
	(ii)-	(ii) Provision for directors' bonus The portion of the amount expected to be payable for directors' bonus in the current fiscal year that is attributable to the current interim accounting period is booked by the Company and its domestic consolidated subsidiaries against the bonus payment. Changes in Accounting Policies: The Accounting Standard for Directors' Bonus (Corporate Accounting Standard No.4, November 29, 2005) applies from the current interim accounting period. As a result of this, operating income, recurring income, interim net income before income taxes and minority interests, and net income are each reduced by ¥337 million.	(ii)-
	(iii)-	(iii) Provisions for losses from business restructuring The Company provides for losses from business restructuring by recognizing provisions in the expected loss amounts to be absorbed by domestic consolidated subsidiaries.	(iii) Provisions for losses from business restructuring Same as left column
	(iv) Allowance for retirement and severance benefits: The Company provides for retirement and severance benefits for employees based on estimated retirement benefit obligations and pension assets as of the consolidated fiscal year-end. The amount recognized to as having been accrued at the end of the interim period-end has been recorded. Actuarial gain/loss is amortized in equal amounts in each fiscal year over a fixed period (10 to 17 years) from the following consolidated fiscal year within the average remaining period of service for affected employees. At certain domestic consolidated subsidiaries, past service obligations are amortized over a fixed period (10 years) within the average remaining period of service for affected employees when incurred.	(iv) Allowance for retirement and severance benefits: Same as left column	(iv) Allowance for retirement and severance benefits: The Company provides for retirement and severance benefits for employees based on estimated retirement benefit obligations and pension assets as of the consolidated fiscal year-end. Actuarial gain/loss is amortized in equal amounts in each fiscal year over a fixed period (10 to 17 years) from the following consolidated fiscal year within the average remaining period of service for affected employees. At certain domestic consolidated subsidiaries, past service obligations are amortized over a fixed period (10 years) within the average remaining period of service for affected employees when incurred.

	Prior interim period (April 1, 2005 ~ September 30, 2005)	Current interim period (April 1, 2006 ~ September 30, 2006)	Fiscal Year Ended March 31, 2006 (April 1, 2005 ~ March 31, 2006)
	(v) Directors' and auditors' retirement and severance benefits: Certain domestic consolidated subsidiaries record provisions for retirement and severance benefits payable at the end of the interim period in accordance with internal rules. (4) Accounting policies for translation of significant assets and liabilities into Japanese currency Receivables and payables denominated in foreign currencies are translated at spot exchange rates prevailing at the end of each interim period, and resulting gains or losses are included in income. Assets and liabilities of overseas subsidiaries are translated at spot exchange rates prevailing at the end of each interim period, while revenues and expenses of the same are translated at the average rates for the period. The differences resulting from such translations are recorded in minority interests and in stockholders' equity under foreign currency translation adjustment.	(v) Directors' and auditors' retirement and severance benefits: Same as left column (4) Accounting policies for translation of significant assets and liabilities into Japanese currency Receivables and payables denominated in foreign currencies are translated at spot exchange rates prevailing at the end of each interim period, and resulting gains or losses are included in income. Assets and liabilities of overseas subsidiaries are translated at spot exchange rates prevailing at the end of each interim period, while revenues and expenses of the same are translated at the average rates for the period. The differences resulting from such translations are recorded in minority interests and in foreign currency translation adjustments under net assets.	(v) Directors' and auditors' retirement and severance benefits: Certain domestic consolidated subsidiaries record provisions for retirement and severance benefits payable at the end of the fiscal year in accordance with internal rules. (4) Accounting policies for translation of significant assets and liabilities into Japanese currency Receivables and payables denominated in foreign currencies are translated at spot exchange rates prevailing at the end of each fiscal year, and resulting gains or losses are included in income. Assets and liabilities of overseas subsidiaries are translated at spot exchange rates prevailing at the end of each fiscal year, while revenues and expenses of the same are translated at the average rates for the period. The differences resulting from such translations are recorded in minority interests and in stockholders' equity under foreign currency translation adjustment.

	Prior interim period (April 1, 2005 ~ September 30, 2005)	Current interim period (April 1, 2006 ~ September 30, 2006)	Fiscal Year Ended March 31, 2006 (April 1, 2005 ~ March 31, 2006)
	(5) Accounting standards for recording income and expenses Videogame software production costs: The production of videogame software involves the complex combination of both software and content. Consequently, it is difficult to treat these constituent items as separate components for accounting purposes. The Company judges the main component of videogame software to be content, which includes visual image and music data, including the game itself. Based on the above, videogame software production costs are recorded as either inventories or advance payments effective from the point an internal decision is made to commercialize a product. For software production costs recorded under assets, cost of sales is recorded based on estimated sales volume. (6) Accounting policies for significant lease transactions The Company and its consolidated subsidiaries account for financing lease transactions, other than those in which titles to leased property are transferred to lessees, by applying accounting treatment applicable to ordinary lease transactions. However, overseas consolidated subsidiaries follow the accounting standards in the country of domicile and therefore treat financing lease transactions in accordance with accounting treatment applicable to ordinary sale and purchase transactions.	(5) Accounting standards for recording income and expenses Same as left column (6) Accounting policies for significant lease transactions Same as left column	(5) Accounting standards for recording income and expenses Same as left column (6) Accounting policies for significant lease transactions Same as left column

	Prior interim period (April 1, 2005 ~ September 30, 2005)	Current interim period (April 1, 2006 ~ September 30, 2006)	Fiscal Year Ended March 31, 2006 (April 1, 2005 ~ March 31, 2006)
	(7) Significant accounting policies for hedging (i) Accounting for hedging: The Company uses deferred hedge accounting. The allocation method is used for forward exchange contracts when appropriate. The special method is used for interest rate swaps when appropriate. (ii) Hedging instruments and hedged items: Hedging instruments: Forward exchange contracts, interest rate swaps, etc. Hedged items: Foreign currency-denominated liabilities and scheduled transactions, and interest on debt. (iii) Hedging policies: Hedging is implemented for the purpose of reducing risks arising from fluctuations in exchange rates and interest rates involved in operational and financing activities. (iv) Method of assessing the effectiveness of hedging: The effectiveness of a hedging transaction is in principle determined by comparing the cumulative change in the cash flows or market movement of the hedged item and that of the hedging instrument from the start of hedging to the time of assessing the effectiveness thereof. However, if important conditions are common for the hedging instrument and the hedged asset, liability, or scheduled transaction, no such determination is made because it is apparent that 100% effectiveness in hedging was achieved.	(7) Significant accounting policies for hedging (i) Accounting for hedging: Same as left column (ii) Hedging instruments and hedged items: Hedging instruments: Same as left column Hedged items: Same as left column (iii) Hedging policies: Same as left column (iv) Method of assessing the effectiveness of hedging: Same as left column	(7) Significant accounting policies for hedging (i) Accounting for hedging Same as left column (ii) Hedging instruments and hedged items: Hedging instruments: Same as left column Hedged items: Same as left column (iii) Hedging policies: Same as left column (iv) Method of assessing the effectiveness of hedging: Same as left column

	Prior interim period (April 1, 2005 ~ September 30, 2005)	Current interim period (April 1, 2006 ~ September 30, 2006)	Fiscal Year Ended March 31, 2006 (April 1, 2005 ~ March 31, 2006)
	(8) Other important information constituting the basis of preparation of interim financial statements (i) Accounting treatment of consumption tax: Consumption tax is accounted for separately and is not included in each account. (ii) Reserve for deferring income tax of depreciation of plant, property and equipment by appropriation of earnings. The amounts of current and deferred income taxes for the interim period under review are calculated assuming the reversal of the reserve for deferring income tax of depreciation of plant, property and equipment set forth in the proposal for appropriation of retained earnings for the current fiscal year.	(8) Other important information constituting the basis of preparation of interim financial statements (i) Accounting treatment of consumption tax: Consumption tax is accounted for separately and is not included in each account. (ii) Reserve for deferring income tax of depreciation of plant, property and equipment The amounts of current and deferred income taxes for the interim period under review are calculated assuming the reversal of reserve for deferring income tax of depreciation of plant, property and equipment set forth for the current fiscal year.	(8) Other important information constituting the basis of preparation of interim financial statements (i) Accounting treatment of consumption tax: Consumption tax is accounted for separately and is not included in each account. -
6. Scope of Cash and Cash Equivalents in Interim Consolidated Statements of Cash Flows	Cash and cash equivalents include cash on hand, deposits on demand, and short-term, highly liquid investments with maturities of three months or less from the date of acquisition that are readily convertible to cash and are subject to only insignificant risk of changes in value.	Same as left column	Same as left column

Changes in Important Information Constituting the Basis for Preparation of the Interim Consolidated Financial Statements (April 1, 2006 ~ September 30, 2006)

Prior interim period (April 1, 2005 ~ September 30, 2005)	Current interim period (April 1, 2006 ~ September 30, 2006)	Fiscal Year Ended March 31, 2006 (April 1, 2005 ~ March 31, 2006)
–	Accounting Standard For Presentation of Net Assets From the current interim consolidated accounting period, “Accounting Standard for Presentation of Net Assets” (Corporate Accounting Standard No.5, December 9, 2005) and “Guidance on the Accounting Standard for Presentation of Net Assets” (Guidance on Corporate Accounting Standard No.8, December 9, 2005) are adopted. The amount corresponding to total stockholders’ equity until now has been ¥250,983 million. In line with this revision in the standards for interim consolidated financial statements, this method was applied in the net assets section of the interim consolidated balance sheets for the current interim consolidated accounting period.	–
–	Accounting Standard for Share-based Payment From the current interim consolidated accounting period, “Accounting Standard for Share-based Payment”(Corporate Accounting Standard No.8, December 27, 2005) and the “Guidance on the Accounting Standard for Share-based Payment” (Guidance on Corporate Accounting Standard No.11, May 31, 2006) are adopted. As a result of this, operating income, recurring income, interim net income before income tax and minority interests and interim net income are each reduced by ¥478 million. The effect of this on segment information is set out in that section.	–

Changes in Display of Accounting Categories

Prior interim period (April 1, 2005 ~ September 30, 2005)	Current interim period (April 1, 2006 ~ September 30, 2006)
–	Interim Consolidated Balance Sheet Amounts recorded in “Other (business rights)” under Intangible assets in the previous interim consolidated balance sheet are presented as “Goodwill" from the current interim consolidated accounting period. Also, amounts recorded in the “Consolidation adjustment accounts” are presented as "Goodwill” or “Other (Negative goodwill)” under long-term liabilities.
–	Interim Consolidated Statement of Income 1.”Expenses related to rental assets”, which have been included in “Other non-operating expenses” on the interim consolidated statement of income up until the previous interim consolidated accounting period, have been changed to be recorded under the category “Expenses related to rental assets” in the current interim consolidated accounting period as it exceeds 10/100 of non-operating expenses. Expenses related to rental assets included in other non-operating expenses in the previous interim consolidated accounting period were ¥53 million. 2.Amounts recorded in the previous interim consolidated accounting period as “Amortization of goodwill” are presented from the current interim consolidated accounting period as “Selling, general and administrative expenses (Amortization of goodwill)”.
–	Interim Consolidated Statement of Cash Flow Amounts for the “Amortization of business rights” included in “Depreciation and amortization” and amounts recorded as “Amortization of consolidated adjustment accounts" in the previous interim consolidated accounting period are presented as “Amortization of goodwill” from the current interim consolidated accounting period.

Notes

Notes to Interim Consolidated Balance Sheet

Prior interim period As of September 30, 2005	Current interim period As of September 30, 2006	Prior Fiscal Year As of March 31, 2006
*1. Accumulated depreciation of tangible assets: ¥123,336 million	*1. Accumulated depreciation of tangible assets: ¥122,591 million	*1. Accumulated depreciation of tangible assets: ¥122,360 million
*2. Secured assets and secured loans The following assets are accompanied by collateral (security). . Cash and time deposits: ¥54 million The above collateral is applicable to overdraft contracts by subsidiaries. However, at the end of the interim period, there was no applicable loan balance.	*2. Secured assets and secured loans The following assets are accompanied by collateral (security). . Cash and time deposits: ¥54 million The above collateral is applicable to overdraft contracts by subsidiaries. However, at the end of the interim period, there was no applicable loan balance.	*2. Secured assets and secured loans The following assets are accompanied by collateral (security). . Cash and time deposits: ¥54 million The above collateral is applicable to overdraft contracts by subsidiaries. At the end of the fiscal year, there was an applicable short term loan in the amount of ¥28 million
3. Guarantees for loans Guarantees for lease agreements concluded with trading partners of overseas subsidiaries: ¥80 million	3. Guarantees for loans Guarantees for lease agreements concluded with trading partners of overseas subsidiaries: ¥84 million	3. Guarantees for loans Guarantees for lease agreements concluded with trading partners of overseas subsidiaries: ¥85 million
4. Other occurring loans Additionally, in the stock purchase and sale agreement concluded with Index Corporation related to Nikkatsu Corporation stock, NAMCO LIMTED is obligated to pay Index compensation of up to ¥354 million for damages in the event of violations by NAMCO to clauses that it has declared or guaranteed. (Effective until April 30, 2006)	4. -	4. -
5. -	5. Notes due at the end of the interim consolidated accounting period Notes due at the end of the interim consolidated accounting period are settled on the appropriate note transfer date. However, the final day of the current interim consolidated accounting period coincided with a holiday for financial institutions. Therefore, the following notes due at the end of the interim consolidated accounting period are included in the balance sheet of the interim consolidated accounting period. Notes receivable ¥295 million Notes payable ¥1,115 million	5. -

Notes to Interim Consolidated Statements of Income

Prior interim period (April 1, 2005 ~ September 30, 2005)	Current interim period (April 1, 2006 ~ September 30, 2006)	Fiscal year ended March 31, 2006 (April 1, 2005 ~ March 31, 2006)
*1. Major components of selling, general and administrative expenses Advertising expenses: ¥15,359 million Officers' remuneration and employee salaries and benefits: ¥14,051 million Research and development expenses: ¥9,835 million Allowance for doubtful receivables: ¥689 million Provision for employee retirement and severance benefits: ¥571 million Provision for officers' retirement and severance benefits: ¥111 million	*1. Major components of selling, general and administrative expenses Advertising expenses: ¥14,038 million Officers' remuneration and employee salaries and benefits: ¥14,398 million Research and development expenses: ¥7,816 million Allowance for doubtful receivables: ¥201 million Provision for employee retirement and severance benefits: ¥582 million Provision for officers' retirement and severance benefits: ¥74 million Provision for directors' bonus: ¥337 million	*1. Major components of selling, general and administrative expenses Advertising expenses: ¥31,055 million Officers' remuneration and employee salaries and benefits: ¥28,219 million Research and development expenses: ¥20,239 million Allowance for doubtful receivables: ¥797 million Provision for employee retirement and severance benefits: ¥1,124 million Provision for officers' retirement and severance benefits: ¥186 million
*2. Breakdown of gains on sales of property, plant and equipment Buildings and structures: ¥99 million Machinery, equipment and vehicles: ¥2 million Tools, furniture and fixtures: ¥6 million Land: ¥74 million	*2. Breakdown of gains on sales of property, plant and equipment Machinery, equipment and vehicles: ¥12 million Other: ¥20 million	*2. Breakdown of gains on sales of property, plant and equipment Buildings and structures: ¥99 million Land: ¥1,154 million Other: ¥15 million
*3. Breakdown of losses on sales of property, plant and equipment Tools, furniture and fixtures: ¥4 million Land: ¥14 million	*3. Breakdown of losses on sales of property, plant and equipment Tools, furniture and fixtures: ¥2 million	*3. Breakdown of losses on sales of property, plant and equipment Buildings and structures: ¥538 million Tools, furniture and fixtures: ¥11 million Land: ¥249 million
*4. Breakdown of losses on disposal of property, plant and equipment Buildings and structures: ¥72 million Machinery, equipment and vehicles: ¥5 million Tools, furniture and fixtures: ¥83 million Construction in progress: ¥5 million Software: ¥7 million	*4. Breakdown of losses on disposal of property, plant and equipment Buildings and structures: ¥13 million Tools, furniture and fixtures: ¥132 million Software: ¥11 million Other: ¥ 6 million	*4. Breakdown of losses on disposal of property, plant and equipment Buildings and structures: ¥253 million Machinery, equipment and vehicles: ¥55 million Tools, furniture and fixtures: ¥215 million Software: ¥13 million
*5. Loss on impairment of property, plant and equipment In order to identify assets for impairment, the Company and its consolidated subsidiaries group their fixed assets according to management accounting classifications based on each business unit, except for important idle assets, assets to be disposed of and lease assets. To establish a more sound financial base, the Company has reduced the book value of the following intangible assets in the period under review to a level deemed recoverable, and recorded the reduction under extraordinary loss as loss on impairment of property, plant and equipment.	*5. Loss on impairment of property, plant and equipment In order to identify assets for impairment, the Company and its consolidated subsidiaries group their fixed assets according to management accounting classifications based on each strategic business unit, except for important idle assets, assets to be disposed of and lease assets. To establish a more sound financial base, the book value of the following assets, except for those assets which may be reused, is reduced to the recoverable amount and the decrease in value accounted for as an impairment loss in extraordinary losses. Recoverable amounts are calculated taking the value in use of the asset to be zero.	*5. Loss on impairment of property, plant and equipment In order to identify assets for impairment, the Company and its consolidated subsidiaries group their fixed assets according to management accounting classifications based on each business unit, except for important idle assets, assets to be disposed of and lease assets. To establish a sounder financial base, the Company has reduced the book value of the following intangible assets and assets to be disposed of in the period under review to a level deemed recoverable, and recorded the reduction under extraordinary loss as a loss on impairment of property, plant and equipment.

Prior interim period (April 1, 2005 ~ September 30, 2005)	Current interim period (April 1, 2006 ~ September 30, 2006)	Fiscal year ended March 31, 2006 (April 1, 2005 ~ March 31, 2006)

Prior interim period (April 1, 2005 ~ September 30, 2005)

Location	Items	Classification	Impairment loss (¥ million)
Shibuya-ku, Tokyo (VIBE Inc.)	—	Consolidation adjustment accounts	1,610
Taito-ku, Tokyo	Internet content and administrative software	Other intangible assets	25
Total			1,636

In determining loss on impairment of property, plant and equipment, the Company assumes a zero value in use to calculate recoverable asset value.

Current interim period (April 1, 2006 ~ September 30, 2006)

Location	Items	Classification	Impairment loss (¥ million)
Toshima-ku, Tokyo	Amusement facility (Theme park)	Amusement facility, machines, etc.	1,543
Minato-ku, Tokyo	Amusement facility	Amusement facility, machines, etc.	46
Saitama-shi, Saitama	Amusement facility	Amusement facility, machines, etc.	26
Total			1,616

Since the management of amusement facilities is spread widely around Japan and overseas, asset grouping is carried out mainly according to fixed regions based on the management accounts classifications.

The above facilities have been separated from the existing groupings and have had impairment losses booked against them for the following reasons:

Toshima-ku Theme Park

For this facility, it was decided to change the main operational objective from sales aimed at attaining profits to concentrating on the facility's advertising value, and it is considered as a different category of investment decision from the group, which consists of facilities, etc. the purpose of which is to attain profits.

Minato-ku and Saitama facilities

The recoverable amount of the fixed assets has fallen significantly as a result of the decision to close these facilities.

Fiscal year ended March 31, 2006 (April 1, 2005 ~ March 31, 2006)

Location	Items	Classification	Impairment loss (¥ million)
Minato-ku, Tokyo	—	Consolidation adjustment accounts	1,619
Matsudo-shi, Chiba	Suburban Cultural facility	Buildings, structures, etc.	825
Ota-ku, Tokyo	Parking lot	Land	530
Taito-ku, Tokyo	Internet content and administrative software	Other intangible assets	25
Total			3,001

Notes to Interim Consolidated Statement of Changes in Net Assets

For the interim period ended September 30, 2006
(April 1, 2006 to September 30, 2006)

Matters concerning the total number and category of shares in issue and the total number and category of treasury stock.

	Number of shares at the end of the previous fiscal period	Increase in number of shares in the current interim period	Decrease in number of shares in the current interim period	Number of shares at the end of the current interim period
Issued shares				
Common stock	260,580,191	-	-	260,580,191
Total	260,580,191	-	-	260,580,191
Treasury Stock				
Common stock	7,616,892	10,904	70	7,627,726
Total	7,616,892	10,904	70	7,627,726

1.The increase in treasury stock (shares of common stock) of 10,904 shares consists of an increase of 2,818 shares from the repurchase of fractional shares, an increase of 17 shares as a result of an increase in the shareholding ratio in respect of affiliates to which the equity method applies, and 8,069 shares being the company's portion of treasury stock acquired by affiliated companies to which the equity method applies.

2.The decrease in treasury stock (shares of common stock) of 70 shares resulted from the sale of fractional shares.

Notes to stock subscription rights and treasury stock subscription rights

Category	Details of stock subscription rights		Type of stock for stock subscription rights	Number of shares covered by stock subscription rights				Balance at end of interim period (¥ million)
				At end of previous fiscal period	Increase in current interim period	Decrease in current interim period	At end of interim period	
The Company	Stock subscription rights as stock options	Series 1 Stock subscription rights	-	-	-	-	-	195
		Series 2 Stock subscription rights	-	-	-	-	-	232
		Series 3 Stock subscription rights	-	-	-	-	-	50
Consolidated subsidiaries	-		-	-	-	-	-	-
Total			-	-	-	-	-	478

Matters concerning dividends

Dividend payment amount

Resolved	Share category	Total dividend amount (millions of yen)	Dividend per share (¥)	Date of record	Effective date
Annual general meeting of shareholders June 26, 2006	Common stock	3,126	12	March 31, 2006	June 27, 2006

Dividends the date of record for which falls in the consolidated interim period and the effective date for which falls after the end of the consolidated interim period.

Resolved	Share category	Total dividend amount (millions of yen)	Assets underlying dividend	Dividend per share (¥)	Date of record	Effective date
Meeting of the Board of Directors October 26, 2006	Common Stock	3,126	Retained Earnings	12	September 30, 2006	December 8, 2006

Notes to Interim Consolidated Statements of Cash Flows

Prior interim period (April 1, 2005 ~ September 30, 2005)	Current interim period (April 1, 2006 ~ September 30, 2006)	Fiscal year ended March 31, 2006 (April 1, 2005 ~ March 31, 2006)
* Relationship between cash and cash equivalents at the end of the interim period and the amounts accounted for on the consolidated balance sheets: (As of September 30, 2005) Cash and time deposits: ¥112,526 million Short-term investments: ¥9,893 million Total ¥122,419 million Time deposits with maturities exceeding three months: (¥1,485 million) Cash and cash equivalents: ¥120,933 million	* Relationship between cash and cash equivalents at the end of the interim period and the amounts accounted for on the consolidated balance sheets: (As of September 30, 2006) Cash and time deposits: ¥108,985 million Short-term investments: ¥4,434 million Total ¥113,419 million Time deposits with maturities exceeding three months: (¥1,853 million) Cash and cash equivalents: ¥111,566 million	* Relationship between cash and cash equivalents at the end of the period under review and the amounts accounted for on the consolidated balance sheets: (As of March 31, 2006) Cash and time deposits: ¥109,513 million Short-term investments: ¥5,546 million Total ¥115,060 million Time deposits with maturities exceeding three months: (¥1,874 million) Cash and cash equivalents: ¥113,186 million

1. Lease Transactions

Descriptions are omitted as information is disclosed via EDINET (Electronic Disclosure for Investors' NETwork).

2. Marketable Securities

At the end of the prior interim period (As of September 30, 2005)

1. Bonds held to maturity with market values

(¥ million)

	Book value on consolidated balance sheet	Market Price	Difference
1. Government and local government bonds, etc.	9	9	-
2. Corporate bonds	-	-	-
3. Other	-	-	-
Total	9	9	-

2. Other securities with market values

(¥ million)

	Book value on consolidated balance sheet	Market Price	Difference
1. Securities	2,832	9,802	6,970
2. Bonds			
i) Government and local government bonds, etc.	-	-	-
ii) Corporate bonds	-	-	-
iii) Other	-	-	-
3. Other	242	274	32
Total	3,074	10,077	7,002

Note: Stocks and other securities with market values included in Other Securities were recognized as 200 million yen for the prior interim period as impairment losses. These were:

Stocks whose market value declined 50% or more:	All stocks
Stocks whose market value declined more than 30% but less than 50%:	Stocks for which no recovery in value is expected

3. Principal securities holdings without market value

(¥ million)

	Book value on consolidated balance sheet
1. Bonds held to maturity	
Unlisted bonds	36
2. Other marketable securities	
i) Unlisted stocks	1,310
ii) MMF	6,893
iii) CP	499
iv) Other	2,562
3. Securities of subsidiaries and affiliates	
Unlisted stocks	2,777

At the end of the current interim period (As of September 30, 2006)

1. Bonds held to maturity with market values

(¥ million)

	Book value on consolidated balance sheet	Market Price	Difference
1. Government and local government bonds, etc.	2,009	2,008	-
2. Corporate bonds	-	-	-
3. Other	-	-	-
Total	2,009	2,008	-

2. Other securities with market values

(¥ million)

	Book value on consolidated balance sheet	Market Price	Difference
1. Securities.	2,537	8,672	6,135
2. Bonds			
i) Government and local government bonds, etc.	-	-	-
ii) Corporate bonds	100	98	(1)
iii) Other	-	-	-
3. Other	222	258	36
Total	2,860	9,030	6,169

Note: Stocks and other securities with market values included in Other Securities were recognized as 200 million yen for the current interim period as impairment losses. These were:

Stocks whose market value declined 50% or more: All stocks

Stocks whose market value declined more than 30% but less than 50%: Stocks for which no recovery in value is expected

3. Principal securities holdings without market value

(¥ million)

	Book value on consolidated balance sheet
1. Bonds held to maturity	
Unlisted bonds	36
2. Other marketable securities	
i) Unlisted stocks	2,089
ii) MMF	1,294
iii Other	1,199
3. Securities of subsidiaries and affiliates	
Unlisted stocks	1,835

At the end of the prior fiscal year (As of March 31, 2006)

1. Bonds held to maturity with market values

(¥ million)

	Book value on consolidated balance sheet	Market Price	Difference
1. Government and local government bonds, etc.	9	9	-
2. Corporate bonds	-	-	-
3. Other	-	-	-
Total	9	9	-

2. Other securities with market values

(¥ million)

	Book value on consolidated balance sheet	Market Price	Difference
1. Securities	2,970	11,159	8,188
2. Bonds			
i) Government and local government bonds, etc.	-	-	-
ii) Corporate bonds	100	98	(2)
iii) Other	-	-	-
3. Other	232	290	58
Total	3,303	11,548	8,244

Note: Stocks and other securities with market values included in Other Securities were recognized as 200 million yen for the prior fiscal year as impairment losses. These were:

Stocks whose market value declined 50% or more:	All stocks
Stocks whose market value declined more than 30% but less than 50%:	Stocks for which no recovery in value is expected

3. Principal securities holdings without market value

(¥ million)

	Book value on consolidated balance sheet
1. Bonds held to maturity	
Unlisted bonds	36
2. Other marketable securities	
i) Unlisted stocks	1,579
ii) MMF	5,046
iii) Other	563
3. Securities of subsidiaries and affiliates	
Unlisted stocks	2,489

3. Derivative Transactions

Descriptions are omitted as information is disclosed via EDINET.

4. Stock option and related information

Descriptions are omitted as information is disclosed via EDINET.

Other Notes

5. Segment Information

1. By Business Segment

(¥ million)

	Prior interim period ended September 30, 2005 (April 1, 2005 ~ September 30, 2005)								
	Toys & Hobby Business	Amusement Facility Business	Game Contents Business	Network Business	Visual & Music Content Business	Other Business	Total	Eliminations and Corporate	Consolidated
Net sales									
1. To external customers	81,106	40,908	62,151	5,805	22,557	6,342	218,873	—	218,873
2. Intersegment sales and transfers	1,432	143	1,621	144	495	4,878	8,716	(8,716)	—
Total	82,539	41,052	63,773	5,950	23,053	11,220	227,590	(8,716)	218,873
Operating expenses	74,142	38,751	56,325	5,092	19,958	11,280	205,551	(4,224)	201,326
Operating income (loss)	8,397	2,300	7,448	857	3,095	(59)	22,039	(4,492)	17,546

Notes:

1. Business segment classifications are in accordance with classifications adopted for internal management purposes.
2. Principal products and business in each business segment:

(1) Toys and Hobby Business:	Toys, candy toys, products for vending machines, cards, plastic models, apparel, sundries, stationery and other products
(2) Amusement Facility Business:	Amusement facility operations, and other operations
(3) Game Contents Business:	Software for home videogames, coin-operated game machines, prizes for coin-operated game machines and other products
(4) Network Business:	Mobile content and other services
(5) Visual and Music Content Business:	Video titles, visual software, on-demand video distribution and other products and services
(6) Other Business:	Transportation and warehousing of products, leasing, real estate management, printing, licensing, restaurant management, human services and nursing care facilities, development and sale of environmental equipment and other activities

3. Operating expenses include an unallocatable amount of ¥4,762 million under eliminations and corporate. This figure primarily consists of expenses related to management divisions at Bandai Co., Ltd. and NAMCO LIMITED.

(¥ million)

	Current interim period ended September 30, 2006 (April 1, 2006 ~ September 30, 2006)								
	Toys & Hobby Business	Amusement Facility Business	Game Contents Business	Network Business	Visual & Music Content Business	Other Business	Total	Eliminations and Corporate	Consolidated
Net sales									
1. To external customers	82,613	43,074	50,700	6,086	18,714	5,446	206,636	—	206,636
2. Intersegment sales and transfers	3,171	141	6,307	179	568	5,496	15,865	(15,865)	—
Total	85,784	43,216	57,007	6,266	19,282	10,943	222,501	(15,865)	206,636
Operating expenses	77,598	41,332	55,154	5,725	14,765	10,043	204,619	(15,247)	189,372
Operating income (loss)	8,186	1,883	1,853	540	4,516	899	17,881	(617)	17,263

Note: Business segment classifications are in accordance with classifications adopted for internal management purposes.
(Changes in accounting policy)

As part of the group restructuring, a formational-divisive reorganisation was implemented splitting off the Amusement Facility Management Business from NAMCO LIMITED (currently NAMCO BANDAI Games Inc.) and newly establishing NAMCO LIMITED on March 31, 2006. With this reorganisation, the structure of each of the Group’s strategic business units has been made clearer and in order to present details of the Group’s products and services more appropriately, NAMCO LIMITED’s welfare and senior citizens facilities business and all the operations of Yunokawa Kanko Hotel Co., Ltd have been moved from “Affiliated Business” to “Amusement Facility Business”. The NAMCO BANDAI Games Inc. incubation business has also been moved from “Affiliated Business" to “Game Contents Business".

Segment information for the previous interim consolidated accounting period and the previous consolidated accounting year compiled according to the business segments used in the current interim consolidated accounting period is as follows.

(¥ million)

	Prior interim period ended September 30, 2005 (April 1, 2005 ~ September 30, 2005)								
	Toys & Hobby Business	Amusement Facility Business	Game Contents Business	Network Business	Visual & Music Content Business	Other Business	Total	Eliminations and Corporate	Consolidated
Net sales									
1. To external customers	81,106	41,926	62,368	5,805	22,557	5,108	218,873	—	218,873
2. Intersegment sales and transfers	1,432	74	1,621	144	495	4,906	8,676	(8, 676)	—
Total	82,539	42,001	63,990	5,950	23,053	10,015	227,549	(8,676)	218,873
Operating expenses	74,142	40,017	56,827	5,092	19,958	9,471	205,510	(4,184)	201,326
Operating income (loss)	8,397	1,983	7,162	857	3,095	543	22,039	(4,492)	17,546

(¥ million)

	Prior fiscal year ended March 31, 2006 (April 1, 2005 ~ March 31, 2005)								
	Toys & Hobby Business	Amusement Facility Business	Game Contents Business	Network Business	Visual & Music Content Business	Other Business	Total	Eliminations and Corporate	Consolidated
Net sales									
1. To external customers	176,474	80,769	128,448	12,196	42,279	10,661	450,829	—	450,829
2. Intersegment sales and transfers	4,533	525	2,326	324	1,048	10,142	18,901	(18,901)	—
Total	181,007	81,294	130,774	12,521	43,328	20,804	469,730	(18,901)	450,829
Operating expenses	161,922	79,406	121,067	10,685	37,141	19,616	429,838	(14,678)	415,160
Operating income (loss)	19,085	1,888	9,707	1,835	6,187	1,187	39,892	(4,222)	35,669

Notes:

1. Principal products and business in each business segment:

(1) Toys and Hobby Business:	Toys, candy toys, products for vending machines, cards, plastic models, apparel, sundries, stationery and other products
(2) Amusement Facility Business:	Amusement facility operations, and other operations
(3) Game Contents Business:	Software for home videogames, coin-operated game machines, prizes for coin-operated game machines and other products
(4) Network Business:	Mobile content and other services
(5) Visual and Music Content Business:	Video titles, visual software, on-demand video distribution and other products and services
(6) Other Business:	Transportation and warehousing of products, leasing, real estate management, printing, development and sale of environmental equipment and other activities

3. Operating expenses include an unallocatable amount of ¥1,336 million under eliminations and corporate. This figure primarily consists of expenses related to management divisions the Company and NAMCO BANDAI HOLDINGS (USA) Inc.

4. Changes in accounting policy

As set out in “Changes in Important Information Constituting the Basis for Preparation of Interim Consolidated Financial Statements” 5. (3) ②, the Accounting Standard for Directors’ Bonuses (Corporate Accounting Standard No. 4, November 29, 2005) applies from the current interim consolidated accounting period. Also, as set out in “Changes in Important Information Constituting the Basis for Preparation of Interim Consolidated Financial Statements”, the Accounting Standard for Stock Options (Corporate Accounting Standard No. 8, December 27, 2005) and the Application Guideline for the Accounting Standard for Stock Options (Corporate Accounting Standard Application Guideline No. 11, May 31, 2006) apply from the current interim consolidated accounting period.

These changes had the following effect on Operating Income for each segment.

(¥ million)

	Toys & Hobby Business	Amusement Facility Business	Game Contents Business	Network Business	Visual & Music Content Business	Other Business	Total	Eliminations and Corporate	Consolidated
Directors' bonus	(84)	(33)	(83)	(54)	(12)	(19)	(286)	(50)	(337)
Stock options	(100)	(31)	(99)	-	-	-	(232)	(246)	(478)
Operating income (loss)	(184)	(65)	(183)	(54)	(12)	(19)	(518)	(296)	(815)

(¥ million)

	Prior fiscal year ended March 31, 2006 (April 1, 2005 ~ March 31, 2006)								
	Toys & Hobby Business	Amusement Facility Business	Game Contents Business	Network Business	Visual & Music Content Business	Other Business	Total	Eliminations and Corporate	Consolidated
Net sales									
1. To external customers	176,474	78,792	128,104	12,196	42,279	12,981	450,829	—	450,829
2. Intersegment sales and transfers	4,533	591	2,326	324	1,048	10,089	18,914	(18,914)	—
Total	181,007	79,384	130,430	12,521	43,328	23,071	469,744	(18,914)	450,829
Operating expenses	161,922	76,878	119,979	10,685	37,141	23,242	429,849	(14,689)	415,160
Operating income (loss)	19,085	2,506	10,451	1,835	6,187	(171)	39,894	(4,225)	35,669

Notes:

1. Business segment classifications are in accordance with classifications adopted for internal management purposes.
2. Principal products and business in each business segment:

(1) Toys and Hobby Business:	Toys, candy toys, products for vending machines, cards, plastic models, apparel, sundries, stationery and other products
(2) Amusement Facility Business:	Amusement facility operations, and other operations
(3) Game Contents Business:	Software for home videogames, coin-operated game machines, prizes for coin-operated game machines and other products
(4) Network Business:	Mobile content and other services
(5) Visual and Music Content Business:	Video titles, visual software, on-demand video distribution and other products and services
(6) Other Business:	Transportation and warehousing of products, leasing, real estate management, printing, licensing, restaurant management, human services and nursing care facilities, development and sale of environmental equipment and other activities

3. Operating expenses include an unallocatable amount of ¥5,812 million under eliminations and corporate. This figure primarily consists of expenses related to management divisions at the Company, Bandai Co., Ltd. and NAMCO LIMITED (currently NAMCO BANDAI Games Inc.).

2. By Geographic Segment

(¥ million)

	Prior interim period ended September 30, 2005 (April 1, 2005 ~ September 30, 2005)						
	Japan	Americas	Europe	Asia	Total	Eliminations and Corporate	Consolidated
Net sales							
1. To external customers	180,849	20,048	12,659	5,315	218,873	—	218,873
2. Intersegment sales and transfers	3,879	581	—	8,513	12,974	(12,974)	—
Total	184,728	20,629	12,659	13,829	231,847	(12,974)	218,873
Operating expenses	162,350	23,856	10,867	12,626	209,701	(8,375)	201,326
Operating income (loss)	22,377	(3,226)	1,791	1,202	22,145	(4,598)	17,546

Notes:

1. Methods for classifying geographic segments and principal countries and regions
   (1) The Company classifies geographic segments by such factors as degree of geographic closeness, similarities in economic activities, and mutual relationship of business activities.
   (2) Principal countries and regions belonging to 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 an unallocatable amount of ¥4,762 million under eliminations and corporate. This figure primarily consists of expenses related to management divisions at Bandai Co., Ltd. and NAMCO LIMITED.

(¥ million)

	Current interim period ended September 30, 2006 (April 1, 2006 ~ September 30, 2006)						
	Japan	Americas	Europe	Asia	Total	Eliminations and Corporate	Consolidated
Net sales							
1. To external customers	166,121	19,975	13,998	6,541	206,636	—	206,636
2. Intersegment sales and transfers	4,981	818	—	9,873	15,673	(15,673)	—
Total	171,103	20,793	13,998	16,414	222,309	(15,673)	206,636
Operating expenses	154,504	21,661	12,593	15,040	203,799	(14,427)	189,372
Operating income (loss)	16,598	(867)	1,405	1,373	18,509	(1,245)	17,263

Notes:

1. Methods for classifying geographic segments and principal countries and regions
   (1) The Company classifies geographic segments by such factors as degree of geographic closeness, similarities in economic activities, and mutual relationship of business activities.
   (2) Principal countries and regions belonging to 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 an unallocatable amount of ¥1,336 million under eliminations and corporate. This figure primarily consists of expenses related to management divisions at the Company and NAMCO BANDAI Holdings (USA) Inc.

3. Change in accounting policy

As set out in “Changes in Important Information Constituting the Basis for Preparation of Interim Consolidated Financial Statements” 5. (3) ②, the Accounting Standard for Directors’ Bonuses (Corporate Accounting Standard No. 4, November 29, 2005) applies from the current interim consolidated accounting period. Also, as set out in “Changes in Important Information Constituting the Basis for Preparation of Interim Consolidated Financial Statements”, the Accounting Standard for Stock Options (Corporate Accounting Standard No. 8, December 27, 2005) and the Application Guideline for the Accounting Standard for Stock Options (Corporate Accounting Standard Application Guideline No. 11, May 31, 2006) apply from the current interim consolidated accounting period.

These changes had the following effect on Operating Income for each segment.

(¥ million)

	Japan	Americas	Europe	Asia	Total	Eliminations and Corporate	Consolidated
Directors' bonus	(286)	-	-	-	(286)	(50)	(337)
Stock Options	(232)	-	-	-	(232)	(246)	(478)
Operating income (loss)	(518)	-	-	-	(518)	(296)	(815)

(¥ million)

	Prior fiscal year ended March 31, 2006 (April 1, 2005 ~ March 31, 2006)						
	Japan	Americas	Europe	Asia	Total	Eliminations and Corporate	Consolidated
Net sales							
1. To external customers	365,823	42,769	31,231	11,005	450,829	—	450,829
2. Intersegment sales and transfers	8,497	1,334	13	21,106	30,951	(30,951)	—
Total	374,320	44,103	31,244	32,112	481,780	(30,951)	450,829
Operating expenses	336,705	47,388	26,914	29,841	440,848	(25,688)	415,160
Operating income (loss)	37,614	(3,284)	4,330	2,270	40,931	(5,262)	35,669

Notes:

1. Methods for classifying geographic segments and principal countries and regions
   (1) The Company classifies geographic segments by such factors as degree of geographic closeness, similarities in economic activities, and mutual relationship of business activities.
   (2) Principal countries and regions belonging to 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 an unallocatable amount of ¥5,812 million under eliminations and corporate. This figure primarily consists of expenses related to management divisions at Bandai Co., Ltd. and NAMCO LIMITED (currently NAMCO BANDAI Games Inc.).

3. Overseas Sales

		Prior interim period ended September 30, 2005 (April 1, 2005 ~ September 30, 2005)			
		Americas	Europe	Asia	Total
I	Overseas sales (¥ million)	21,200	19,359	5,928	46,487
II	Consolidated sales (¥ million)	—	—	—	218,873
III	Overseas sales as a ratio of consolidated sales (%)	9.6	8.8	2.7	21.2

Notes:

1. Overseas sales represent the total of sales generated in countries and regions other than Japan by the Company and its consolidated subsidiaries.
2. Methods for classifying geographic segments and principal countries and regions
   (1) The Company classifies geographic segments by such factors as degree of geographic closeness, similarities in economic activities, and mutual relationship of business activities.
   (2) Principal countries and regions belonging to each geographic segment
      (i) Americas: U.S.A., Canada and Latin America
      (ii) Europe: France, U.K., Spain, the Middle East, and Africa
      (iii) Asia: Hong Kong, Singapore, Thailand, South Korea, Australia, China and Taiwan

		Current interim period ended September 30, 2006 (April 1, 2006 ~ September 30, 2006)			
		Americas	Europe	Asia	Total
I	Overseas sales (¥ million)	20,361	15,971	7,354	43,687
II	Consolidated sales (¥ million)	—	—	—	206,636
III	Overseas sales as a ratio of consolidated sales (%)	9.9	7.7	3.6	21.1

Notes:

1. Overseas sales represent the total of sales generated in countries and regions other than Japan by the Company and its consolidated subsidiaries.
2. Methods for classifying geographic segments and principal countries and regions
   (1) The Company classifies geographic segments by such factors as degree of geographic closeness, similarities in economic activities, and mutual relationship of business activities.
   (2) Principal countries and regions belonging to each geographic segment
      (i) Americas: U.S.A., Canada and Latin America
      (ii) Europe: France, U.K., Spain, the Middle East, and Africa
      (iii) Asia: Hong Kong, Singapore, Thailand, South Korea, Australia, China and Taiwan

		Prior fiscal year ended March 31, 2006 (April 1, 2005 ~ March 31, 2006)			
		Americas	Europe	Asia	Total
I	Overseas sales (¥ million)	43,406	31,537	10,843	85,787
II	Consolidated sales (¥ million)	—	—	—	450,829
III	Overseas sales as a ratio of consolidated sales (%)	9.6	7.0	2.4	19.0

Notes:

1. Overseas sales represent the total of sales generated in countries and regions other than Japan by the Company and its consolidated subsidiaries.
2. Methods for classifying geographic segments and principal countries and regions
   (1) The Company classifies geographic segments by such factors as degree of geographic closeness, similarities in economic activities, and mutual relationship of business activities.
   (2) Principal countries and regions belonging to each geographic segment
      (i) Americas: U.S.A., Canada and Latin America
      (ii) Europe: France, U.K., Spain, the Middle East, and Africa
      (iii) Asia: Hong Kong, Singapore, Thailand, South Korea, Australia, China and Taiwan

Per share data

Prior interim period (April 1, 2005 ~ September 30, 2005)		Current interim period (April 1, 2006 ~ September 30, 2006)		Prior fiscal year ended March 31, 2006 (April 1, 2005 ~ March 31, 2006)	
Net asset per share	¥918.42	Net asset per share	¥992.26	Net asset per share	¥961.36
Net income per share	¥30.98	Net income per share	¥43.53	Net income per share.	¥54.39
Diluted net income per share	¥30.97	Diluted net income per share	¥43.51	Diluted net income per share	¥54.37

Note: The basis of calculation net income per share figure for the interim (current period) and the diluted net income per share figure interim (current period) is as follows:

	Prior interim period (April 1, 2005 ~ September 30, 2005)	Current interim period (April 1, 2006 ~ September 30, 2006)	Prior fiscal year ended March 31, 2006 (April 1, 2005 ~ March 31, 2006)
Net income per share			
Net income (¥ million)	7,834	11,011	14,149
Amount not applicable to common stockholders (¥ million)	-	-	417
Unappropriated directors' bonus	(-)	(-)	(417)
Net income available to common stock (¥ million)	7,834	11,011	13,731
Average number of common stock outstanding	252,916,758	252,957,362	252,487,961
Diluted net income per share			
Net income adjustment (¥ million)	-1	-	-4
(Effect of dilutive shares in certain affiliated companies)	(-1)	(-)	(-4)
Increase in number of common stock	16,754	118,286	8,377
(Stock subscription rights)	(16,754)	(118,286)	(8,377)
Summary of potential shares not included in the calculation of diluted net income per share as they do not have a diluting effect.	Affiliate Bandai Networks Co., Ltd. Stock options agreed at the annual general meeting of shareholders on June 23, 2004 (245 stock subscription rights) 1,225 common stock	The Company Third series of stock subscription rights agreed under resolution 9 of the annual general meeting of shareholders on June 26, 2006. 1,831,000 common stock Affiliate Bandai Networks Co., Ltd. Stock options agreed at the annual general meeting of shareholders on June 23, 2004 (245 stock subscription rights) 1,225 common stock	Affiliate Bandai Networks Co., Ltd. Stock options agreed at the annual general meeting of shareholders on June 23, 2004 (245 stock subscription rights) 1,225 common stock

Significant Subsequent Events

Prior consolidated interim period (April 1, 2005 to September 30, 2005):

None

Current consolidated interim period (April 1, 2006 to September 30, 2006)

None

Prior consolidated fiscal year (April 1, 2005 to March 31, 2006)

1. Simplified share exchange with grant

The Company implemented a share exchange which BANPRESTO Co., Ltd. (BANPRESTO), became a wholly owned subsidiary on June 1, 2006, based on a decision of the Company's Board of Directors held on March 29, 2006, and a share exchange agreement concluded with BANPRESTO on that date. In accordance with Article 358, Paragraph 1 of the former Commercial Code for the Company and in accordance with Article 12, Paragraph 4, Clause 2 of the Industrial Revitalization Law for BANPRESTO, a simplified share exchange was conducted without obtaining the approval of the general meetings of shareholders as stipulated in Article 353, Paragraph 1 of the former Commercial Code. The share exchange allows the Company to acquire the remaining shares for cash in accordance with Article 12-9 of the Industrial Revitalization Law.

(1) Objective of making BANPRESTO a wholly owned subsidiary through a share exchange

From February 24, 2006, to March 16, 2006, the Company made a take-over bid for the shares of BANPRESTO with the objective of making BANPRESTO a wholly owned subsidiary. The Company acquired 97.01% of the 10.8 million shares of BANPRESTO. Subsequently, on June 1, 2006, through the share exchange, the Company achieved its final objective of making BANPRESTO a wholly owned subsidiary. BANPRESTO becoming a wholly owned subsidiary was undertaken for the purpose of creating an organization that responds flexibly to the Group's management strategy.

(2) Terms of share exchange agreement

In accordance with the share exchange agreement concluded on March 29, 2006, the Company will pay ¥3,450 for each BANPRESTO stock owned by the remaining shareholders of BANPRESTO, who have entered or otherwise recorded their shares in the shareholders' register as of May 31, 2006, which is the day prior to the effective date of the share exchange. The share exchange will not apply to those shares held by the Company.

2. Announcement of Zapf Creation AG take-over bid

On June 13, 2006, the Company decided to make a take-over bid to acquire the shares of Zapf Creation AG ("Zapf") of Germany through Bandai GmbH of Germany. Bandai GmbH is a subsidiary of BANDAI S.A., a wholly owned subsidiary of the Company. Zapf's Supervisory Board and Management Board have expressed their support for this take-over bid.

(1) Purpose of take-over bid

Under the three-year medium-term management plan (April 2006 to March 2009) being implemented by the BANDAI NAMCO Group, the key theme is "Strengthening, Enriching, and Expanding the BANDAI NAMCO Group's portfolio management", and one of the key business strategies is to strengthen overseas operations. The take-over bid for Zapf will enable the Company to achieve one of the strategies in the medium-term management plan.

Zapf is headquartered in Germany and has an extremely high name recognition in the European markets for large dolls for infants and girls, with a share of more than 60% in Germany and more than 40% in the United Kingdom. In Europe, the BANDAI NAMCO Group's toys and hobby product portfolio is centered on products for boys. Zapf's product portfolio and the Group's product portfolio complement each other well. Zapf has operations not just in Central Europe but also in Eastern Europe, where the Company does not have a sales network. Zapf and the Company will also complement each other well in markets. Accordingly, the Company decided that a capital tie-up with Zapf will enable the two companies to synergize their products and markets.

(2) Summary of take-over bid

1. Summary of target company

Company name:	Zapf Creation AG
Main business:	Production and sales of toys
Establishment:	1932
Head office:	Rödental, Germany
Representative:	Georg Kellinghusen, CFO
Stock exchange listings:	Frankfurt, Stuttgart, Munich
Number of shares issued and outstanding:	8,000,000 shares of common stock
Relationship with the Company:	There are no capital, personal, or trading relationships.
Number of employees, consolidated:	408 (as of December 31, 2005)
Net sales:	140.7 million euro (year ended December 31, 2005)*
Net loss:	27.0 million euro (year ended December 31, 2005)*
Total assets:	135.6 million euro (as of December 31, 2005)*
Net assets:	11.0 million euro (as of December 31, 2005)*

* Figures for the year ended December 31, 2005, are unaudited.

2. Type of shares to be acquired
   Shares of common stock

3. Take-over bid period
   Approximately a 6-week period from the end of June 2006 is scheduled.

4. Purchase price (per share)
   One share of common stock: 10.50 euro

5. Planned total number of shares to be acquired
   More than 75% of shares issued and outstanding
   Planned total number of shares to be acquired: 6,000,001 or more

6. Movement of shares owned as a result of tender offer bid
   Before take-over bid: 0 shares
   After take-over bid: 6,000,001 or more (ownership rate of 75% or more)

7. Public announcement of take-over bid
   The take-over bid will be made pursuant to Germany's regulations, and accordingly, a local take-over bid public announcement will be made based on Germany's securities exchange laws. There will be no public announcement in Japan.

8. Take-over bid agent
BNP PARIBAS Securities Services

9. The target company acceptance of the take-over bid
   The target company's Supervisory Board and Management Board have accepted in principal the take-over bid.

10. Other
   In Germany, BANDAI GmbH has not yet submitted the notification of the take-over bid to Deutsche Gesellschaft für Ad-hoc-Publizität mbH, which is responsible for handling these procedures. There is a possibility that the application may not be accepted. If the application is not accepted, the take-over bid will not commence.

5. Production, Orders Received and Net Sales

1. Production

Production by business segment during the current consolidated interim period was as follows:

Business Segment	Output (¥ million)	YoY Change (%)
Toys and Hobby Business	4,541	(2.7)
Game Contents Business	22,350	4.2
Visual and Music Content Business	7,600	(20.3)
Affiliated Business	65	(50.6)
Total	34,558	(3.5)

Notes:

1. The above amounts are stated at manufacturing cost.
2. The above amounts include fees for product commercialization rights.
3. Intersegment transactions have been eliminated from the above amounts.

2. Orders Received

Orders received by business segment during the current consolidated interim period were as follows:

Business Segment	Orders Received (¥ million)	YoY Change (%)	Order Backlog (¥ million)	YoY Change (%)
Toys and Hobby Business	485	(5)	92	26
Visual and Music Content Business	211	168	822	782
Total	696	162	914	809

Note: Intersegment transactions have been eliminated from the above amounts.

3. Net Sales

Net sales by business segment during the current consolidated interim period were as follows:

Business Segment	Net Sales (¥ million)	YoY Change (%)
Toys and Hobby Business	85,784	3.9
Amusement Facility Business	43,216	2.9
Game Contents Business	57,007	(10.9)
Network Business	6,266	5.3
Visual and Music Contents Business	19,282	(16.4)
Other Business	10,943	9.3.
Eliminations and Corporate	(15,865)	-
Total	206,636	(5.6)

Note: Changes have been made to the configuration of business segments during the current interim period. Segments from the prior interim period have been modified to reflect the changes in regard to year on year comparisons.

NAMCO BANDAI Holdings Inc.

Stock Listing: Tokyo Stock Exchange
Code Number: 7832
Registered Business Location: Tokyo
(URL: http://www.bandainamco.co.jp)

November 10, 2006

Non-Consolidated Financial Report for the Interim Period Ended September 30, 2006

Representative: Takeo Takasu, President and Representative Director
Contact: Keiji Tanaka, Director

Date of the Meeting of the Board of Directors: November 10, 2006
Interim period dividend payment starting date: December 8, 2006
Use of unit system of shares: Yes (1 unit: 100 shares)

1. Non-consolidated Operating Results for the Interim Period Ended September 30, 2006 (April 1, 2006 ~ September 30, 2006)

(1) Non-consolidated Operating Results

	Ordinary Revenue		Operating income		Recurring income	
	¥ million	%	¥ million	%	¥ million	%
Interim Period Ended September 30, 2006	**3,126**	—	**1,644**	—	**1,741**	—
Interim Period Ended September 30, 2005	**10**	—	**(263)**	—	**(286)**	—
(Ref.) FYE March 31, 2006	**27,747**		**26,428**		**26,365**	

	Net income		Net income per share
	¥ million	%	¥
Interim Period Ended September 30, 2006	**2,885**	—	**11.07**
Interim Period Ended September 30, 2005	**(286)**	—	**(1.11)**
(Ref.) FYE March 31, 2006	**26,365**		**101.62**

Notes:
1. Average number of shares outstanding during period under review:
   - Interim period ended September 30, 2006 260,571,685
   - Interim period ended September 30, 2005 258,613,382
   - Fiscal year ended March 31, 2005 259,452,088
2. Changes in accounting treatment: None
3. Percentage figures accompanying ordinary revenue, operating income, recurring income and net income represent changes compared to the same period of the prior year.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
Interim Period Ended September 30, 2006	**288,460**	**271,222**	**93.9**	**1,039.04**
Interim Period Ended September 30, 2005	200,131	196,545	98.2	760.00
(Ref.) FYE March 31, 2006	283,397	271,441	95.8	1,041.71

Note:

1. Number of shares outstanding at period-end:
   - Interim period ended September 30, 2006 260,570,254
   - Interim period ended September 30, 2005 258,613,382
   - Fiscal year ended March 31, 2005 260,573,002
2. Number of shares of treasure stock at period-end:
   - Interim period ended September 30, 2005 9,937
   - Interim period ended September 30, 2004 —
   - Fiscal year ended March 31, 2005 7,189
3. Previous figures of "Stockholders' equity", "Stockholders' equity ratio", and "Stockholders' equity per share" are used for figures from interim period ended September 30, 2005 and fiscal year ended March 31, 2006.

2. Non-consolidated Projections for Fiscal Year ending March 2007 (April 1, 2006 ~ March 31, 2007)

	Ordinary Revenue	Recurring income	Net income
	¥ million	¥ million	¥ million
Fiscal Year Ending March 31, 2007	**6,500**	**4,000**	**5,500**

(Reference)

Projected net income per share (full year): ¥21.11

3. Dividend payment: Current Status

Cash Dividends	Dividend payment per share (¥)					
	End of 1st Quarter	End of 1st Half	End of 3rd Quarter	End of Fiscal Year	Other	For the Year
(Ref.) FYE March 31, 2006	—	—*1	—	12.0	—	12.0
Interim Period Ended September 30, 2006	—	12.0	—	—	—	24.0
FYE March 31, 2007 (Forecast)	—	—	—	12.0 *2	—	

Note:

*1: Share transfer payments to stockholders of BANDAI Co., Ltd. and NAMCO LIMITED（currently NAMCO BANDAI Games Inc.）listed in the September 28, 2005 were made, instead of the interim dividend, on December 19, 2005, amounting to ¥18 and ¥12 respectively for each common stock, giving a total of ¥3,097,276,824.

*2: The stable portion of the period-end dividend is given in the forecast based on the company's basic policy regarding appropriation of profits. Thus, the actual period-end dividend will be decided according to the consolidated financial results.

*Figures less than ¥1 million have been omitted

Note:

The above projections 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. Actual results may differ significantly from projections due to a variety of factors. Please refer to page 17 of the supplementary materials for more details.

Significant Subsequent Events

Prior interim period (April 1, 2005 to September 30, 2005)

1. Transfer of Operations After Corporate Separation

As part of Group business restructuring, NAMCO BANDAI Holdings Inc. resolved at a meeting of the Board of Directors on September 30, 2005 to separate the supervision and management of certain subsidiaries and affiliates conducted by BANDAI and NAMCO, and activities related to the management of all listed investment securities owned by BANDAI and NAMCO, and transfer them to NAMCO BANDAI Holdings Inc. On the same date, NAMCO BANDAI Holdings Inc. concluded a corporate separation agreement with both BANDAI and NAMCO.

Overview of the Corporate Separation Agreement
A corporate separation in which BANDAI and NAMCO are the separated companies and whereby the supervision and management of certain BANDAI and NAMCO subsidiaries and affiliates stipulated in the agreement and activities related to the management of all listed investment securities owned by BANDAI and NAMCO are transferred to the parent company NAMCO BANDAI Holdings Inc. on December 1, 2005, the date of the separation.

As a result of the corporate separation, NAMCO BANDAI Holdings Inc.'s common stock will increase as follows. There will be no increase in capital.

Capital reserve:
The amount of the Company's capital increase in accordance with Article 374-21 of Japan's Commercial Code, less retained earnings appropriated for legal reserves and general reserves to be transferred, both indicated below.

Retained earnings appropriated for legal reserves:
The entire amount of BANDAI's retained earnings appropriated for legal reserves.

Retained earnings appropriated for general reserves:
The amount remaining after the deduction of ¥17.6 billion and the entire amount of BANDAI's retained earnings from the assets separated from BANDAI.

No shares will be allotted and no payments will be made with regard to the corporate separation.

As of September 30, 2005, the book values of shares of subsidiaries and affiliates and listed investment securities to be transferred from BANDAI and NAMCO to NAMCO BANDAI Holdings Inc. as a result of the corporate separation are as follows.

BANDAI:	Shares of affiliates:	¥27,785 million
	Investment securities:	¥4,357 million
NAMCO:	Shares of affiliates:	¥12,434 million
	Investment securities:	¥908 million

2. Share-for-share Exchange Agreement

A share-for-share exchange agreement was concluded between NAMCO BANDAI Holdings Inc. and BANDAI LOGIPAL INC. on October 14, 2005. This agreement was made at NAMCO BANDAI Holdings Inc.'s Board of Directors' meeting held on October 14, 2005 to conduct a corporate separation in which BANDAI's operations was partially split and transferred to NAMCO BANDAI Holdings Inc., as well as on BANDAI LOGIPAL INC.'s extraordinary meeting of shareholders conducting a share-for-share exchange under which NAMCO BANDAI Holdings Inc. making BANDAI LOGIPAL INC. a wholly-owned subsidiary on January 31, 2006. A divestiture was undertaken on December 1, 2005 under which the company succeeded to part of the business of BANDAI Co., Ltd. and a share swap was approved at an extraordinary general meeting of the shareholders of Bandai Logipal Inc. held on December 15, 2005.

(1) Objective of share-for-share exchange agreement

As competition intensifies in a rapidly changing environment, it can be expected that the logistics industry in Japan will experience even more industry consolidation. Under these conditions, NAMCO BANDAI Holdings Inc. and BANDAI LOGIPAL INC. have determined it necessary to proceed with the centralized management of logistics capabilities in the Toys & Hobby business, the Group's main business, and over the mid-term, realize synergistic effects in the Group's logistics capabilities.

By making BANDAI LOGIPAL INC. a wholly-owned subsidiary through a share-for-share exchange, NAMCO BANDAI Holdings Inc. will aim to realize efficiencies such as cost reduction by achieving effective cooperation between business line and logistics over multiple business lines over the mid- to long-term in the BANDAI NAMCO Group.

(2) Terms, etc., of the share-for-share exchange agreement

(i) Outline of schedule

October 14, 2005:	Board of Director meetings to approve the share-for-share exchange
December 1, 2005:	Succession of BANDAI LOGIPAL INC. shares by corporate separation (NAMCO BANDAI Holdings Inc.)
December 15, 2005:	Extraordinary meeting of shareholders (BANDAI LOGIPAL INC.) to approve the share-for-share exchange agreement
January 25, 2006 (expected):	JASDAQ delisting date (BANDAI LOGIPAL INC.)
January 30, 2006 (expected):	Due date for submitting share certificates (BANDAI LOGIPAL INC.)
January 31, 2006 (expected):	Share-for-share exchange date
March 20, 2006 (expected):	Grant new shares

* Pursuant to the provisions of Article 358, Paragraph 1 (Share-for-share exchanges) of the Commercial Code of Japan, at NAMCO BANDAI Holdings Inc., the share-for-share exchange will be conducted without obtaining approval for the share-for-share agreement at a general meeting of shareholders.

(ii) Share-for-share exchange ratios

0.6 shares of common stock of NAMCO BANDAI Holdings Inc. for 1 share of common stock of BANDAI LOGIPAL INC. will be allotted.

However, no shares will be allotted with respect to the BANDAI LOGIPAL INC. shares (2,640,000 shares), which NAMCO BANDAI Holdings Inc. will succeed from BANDAI Co., Ltd. as a result of the corporate split on December 1, 2005 (expected).

As a result of the above, the number of NAMCO BANDAI Holdings Inc.'s outstanding shares will total 260,580,191 shares.

(iii) Cash payments upon the share-for-share exchange

NAMCO BANDAI Holdings Inc. will not make any cash payments upon the share-for-share exchange.

3. Interim Dividends From Wholly-owned Subsidiaries

On October 3, 2005, NAMCO BANDAI Holdings Inc. received interim dividends of ¥16,822 million and ¥9,915 million from wholly-owned subsidiaries BANDAI and NAMCO, respectively.

Current interim period (April 1, 2006 to September 30, 2006)

None

Prior fiscal year (September 29, 2005 to March 31, 2006)

1.Loans from affiliates

As part of the group financing policy, the company took out a total of ¥13,100 million in loans for repayment on July 3, 2006 from Bandai Networks Co., Ltd., Bandai Visual Co., Ltd., Banpresto Co., Ltd., and Bandai Logipal Inc. on April 3, 2006, and from Sunrise Inc. on April 17, 2006 with the objective of focusing the funding of group companies in this company.

2.Simplified share swap by cash transfer

The company passed a resolution at a meeting of the board of directors on March 29, 2006 for a share swap to make Banpresto Co., Ltd a wholly-owned subsidiary, and undertook a share swap on June 1, 2006 to make that company a wholly-owned subsidiary, based on a share-swap agreement entered into with that company. This share swap was a simplified share swap undertaken without the approval of a general meeting of shareholders as stipulated in Article 353, 1 of the pre-revision Commercial Code, on the basis for this company of the provisions of Article 358, 1 of the pre-revision Commercial Code and on the basis for Banpresto Co., Ltd. of Article 12, 4, 2 of the Law on Special Measures for Industrial Revitalisation. Furthermore this share swap was carried out by cash transfer under the provisions of Article 12, 9 of the Law on Special Measures for Industrial Revitalisation.

Details are set out in "4. Interim Consolidated Financial Statements, Notes (Significant Subsequent Events).