NAMCO BANDAI Holdings Inc.

Financial Summary

Consolidated Financial Results for the Fiscal Year Ended

March 31, 2008

May 8, 2008

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 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
(URL: http://www.bandainamco.co.jp/)

May 8, 2008

Consolidated Financial Report for the Fiscal Year Ended March 31, 2008

Representative:	Takeo Takasu, President and Representative Director
Contact:	Yuji Asako, Executive Officer, Corporate Planning Division
Date of General Meeting of Stockholders:	June 23, 2008
Scheduled starting date for dividend payments:	June 24, 2008
Scheduled filing date of the annual security report:	June 24, 2008

1. Consolidated Results for the Fiscal Year Ended March 31, 2008
(April 1, 2007 ~ March 31, 2008)

(1) Consolidated Operating Results

	Net sales		Operating income		Recurring income	
	¥ million	%	¥ million	%	¥ million	%
Fiscal Year Ended March 31, 2008	**460,473**	**0.3**	**33,411**	**(20.9)**	**36,198**	**(20.6)**
Fiscal Year Ended March 31, 2007	459,132	1.8	42,224	18.4	45,615	22.9

	Net income		Net income per share	Net income per share (diluted)
	¥ million	%	¥	¥
Fiscal Year Ended March 31, 2008	**32,679**	**34.7**	**128.65**	**128.47**
Fiscal Year Ended March 31, 2007	24,252	71.4	95.73	95.67

	ROE (Net income / Net assets)	ROA (Recurring income / Total assets)	Operating Margin (Operating income / Net sales)
	%	%	%
Fiscal Year Ended March 31, 2008	**11.7**	**8.8**	**7.3**
Fiscal Year Ended March 31, 2007	9.4	11.5	9.2

(Reference)
Gain or loss from the equity method: (441) million yen (FY 2008.3), 191 million yen (FY 2007.3)

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
	¥ million	¥ million	%	¥
Fiscal Year Ended March 31, 2008	**413,023**	**289,944**	**69.4**	**1,127.72**
Fiscal Year Ended March 31, 2007	408,490	284,254	67.1	1,063.29

(Reference)
Shareholder's equity: 286,795 million yen (FY 2008.3), 274,169 million yen (FY 2007.3)

(3) Consolidated Statement of Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at year-end
	¥ million	¥ million	¥ million	¥ million
Fiscal Year Ended March 31, 2008	**35,000**	**(14,980)**	**(15,066)**	**129,289**
Fiscal Year Ended March 31, 2007	42,493	(15,253)	(18,856)	124,155

2. Dividend

	Dividend per share					Total dividend payment (Full Year)	Payout Ratio (Consolidated)	Dividend / Net Assets (Consolidated)
Dividend record dates	End of 1Q	End of Interim	End of 3Q	Fiscal Year-end	Total			
	¥	¥	¥	¥	¥	¥ million	%	%
Fiscal Year Ended March 31, 2007	—	12	—	16	28	7,254	29.2	2.8
Fiscal Year Ended March 31, 2008	**—**	**12**	**—**	**12**	**24**	**6,092**	**18.7**	**2.2**
(Projection) Fiscal Year Ending March 31, 2009 (*)	**—**	**12**	**—**	**12**	**24**	**—**	**27.1**	**—**

* The stable portion of the dividend is given in the projection for the interim-end and fiscal year-end based on the company's basic policy regarding appropriation of profits. Thus, the actual fiscal year-end dividend will be decided according to the consolidated financial results.

3. Consolidated Projections for Fiscal Year ending March 2009
(April 1, 2008 ~ March 31, 2009)

	Net sales		Operating income		Recurring income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Interim Period	202,000	(5.4)	7,500	(50.3)	8,500	(51.1)	4,500	(43.6)	17.69
Full Year	470,000	2.1	38,000	13.7	39,500	9.1	22,500	(31.1)	88.47

* The company recently announced that it will acquire its own shares, but the number of shares to be bought back is not included in the calculation of the net income per share.

4. Other Information

(1) Significant changes in scope of consolidation: No

(2) Changes in accounting policies
a) Changes due to changes in accounting standard: Yes
b) Other changes: Yes
Note: Pease refer to P41-43 and P46-47 for details.

(3) Number of shares issued (common shares)
a) Number of shares issued at the fiscal year end (including treasury stocks)
Fiscal Year ended March 31, 2008 256,080,191
Fiscal Year ended March 31, 2007 260,580,191
b) Number of treasury stocks at the fiscal year end
Fiscal Year ended March 31, 2008 1,766,271
Fiscal Year ended March 31, 2007 2,731,047
Note: Please refer to P86 ("Per share data") for the number of shares used to calculate "Net income per share".

【Reference】 Non-consolidated Financial Statements

1. Non-consolidated Results for the Fiscal Year Ended March 31, 2008 (April 1, 2007 ~ March 31, 2008)

(1) Non-consolidated Operating Results

	Ordinary Revenue		Operating income		Recurring income	
	¥ million	%	¥ million	%	¥ million	%
Fiscal Year Ended March 31, 2008	**11,958**	**91.6**	**8,465**	**124.9**	**8,489**	**119.0**
Fiscal Year Ended March 31, 2007	6,239	(77.5)	3,764	(85.8)	3,877	(85.3)

	Net income		Net income per share	Net income per share (diluted)
	¥ million	%	¥	¥
Fiscal Year Ended March 31, 2008	**7,624**	**49.9**	**30.00**	**29.96**
Fiscal Year Ended March 31, 2007	5,085	(80.7)	19.57	19.56

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
	¥ million	¥ million	%	¥
Fiscal Year Ended March 31, 2008	**299,245**	**255,764**	**85.0**	**998.13**
Fiscal Year Ended March 31, 2007	291,923	265,286	90.7	1,026.20

(Reference)
Shareholder's equity: 254,233 million yen (FY 2008.3), 264,709 million yen (FY 2007.3)

Notes:
*Figures are in millions of yen, rounded down, except where noted.
*Qualitative information regarding forward-looking statements:
Forward-looking statements that have been released prior to 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.

1. Results of Operations

(1) Analysis on Results of Operations

a. Summary for the Period (April 1, 2007 to March 31, 2008)

This fiscal year created a distinct sense of caution about the direction of Japan's economy because of soaring oil prices and the effect on global financial markets by the subprime mortgage crisis in the U.S. This caution toward the future economy, and the generational transition of the hardware caused uncertainty in the business environment of the entertainment industry as a whole.

With these general economic concerns as a background, the BANDAI NAMCO Group ("the Group") pushed ahead with strengthening, enriching, and expanding its portfolio management, which was based on the three-year medium-term management plan launched in April 2006.

On the business front, although the Game Contents Business performed strongly – particularly in domestic arcade game machines and overseas home video game software – the Toys and Hobby Business, and Visual and Music Content Business did not continue their strong performances of the prior fiscal year when they had benefited from hit products and group synergies. Meanwhile, the Amusement Facility Business performed weakly amid harsh market conditions, particularly at existing facilities. As a result of the reconsidering its business strategy in light of trends of the future market, the Amusement Facility Business decided to close down some facilities to improve profitability.

On the expenses front, there were some factors increasing costs such as base integration in the Game Contents Business and changes to the depreciation accounting rules.

Consequently, the Group's consolidated results for this fiscal year ended with net sales of 460,473 million yen (year-on-year increase of 0.3%); operating income of 33,411 million yen (year-on-year decrease of 20.9%); recurring income of 36,198 million yen (year-on-year decrease of 20.6%). Net income of this fiscal year was 32,679 million yen (year-on-year increase of 34.7%) due to the report of the extraordinary income arising from the sales of fixed assets and the loss of impaired fixed assets arising from the closed amusement facilities in Japan as noted above.

An overview of each business is presented as follows.

Results by Business Segment (million yen)

	Net Sales			Operating Income		
	FY08.3	FY07.3	change	FY08.3	FY07.3	change
Toys & Hobby	180,164	185,586	(5,421)	14,309	17,403	(3,093)
Amusement Facility	89,829	88,196	1,633	1,631	4,004	(2,372)
Game Contents	145,672	139,187	6,485	14,793	11,509	3,283
Network	12,044	12,489	(445)	904	880	24
Visual & Music Content	36,949	43,006	(6,056)	3,832	9,496	(5,664)
Other	19,809	20,900	(1,090)	753	1,017	(264)
Elimination and Corporate	(23,997)	(30,234)	6,236	(2,813)	(2,088)	(725)
Consolidated	460,473	459,132	1,341	33,411	42,224	(8,812)

Toys and Hobby Business

In the Toys & Hobby Business, boys' toys based on the *Masked Rider Den-O* characters and girls' toys based on *YES! Pretty Cure 5* characters posted strong performances in Japan. However, results fell short of the prior fiscal year, when the business posted strong earnings fuelled by hit products including *Tamagotchi Plus series* and *DATA CARDDASS*.

Overseas, the *Power Rangers* and *Tamagotchi* series continued to perform steadily, mainly in America and Europe, while boys' toys featuring the characters from *BEN 10* gained popularity in Europe in addition to America.

As a result, net sales in the Toys & Hobby Business were 180,164 million yen (year-on-year decrease of 2.9%) and operating income was 14,309 million yen (year-on-year decrease of 17.8%).

Amusement Facility Business

In the Amusement Facility Business, the domestic market sales at existing facilities amounted to 94.1% of the figure for the prior fiscal year amid harsh market conditions, but large-scale facilities that opened in the previous and current fiscal years supplemented sales by performing well. Nevertheless, profits were dulled by struggling existing facilities and lower gross margins due to changes in the sales mix.

Overseas, sales in Europe were solid, particularly among hybrid facilities, but in America the impact of the sluggish market environment and costs associated with boosting prize category weighed down earnings in spite of the Group's efforts to streamline directly-managed facilities and expand revenue sharing facilities.

As a result, net sales in the Amusement Facility Business were 89,829 million yen (year-on-year increase of 1.9%) and operating income was 1,631 million yen (year-on-year decrease of 59.3%).

Number of Facilities

Directly-Managed Facilities	Revenue-Sharing Facilities	Theme Parks	Spa Facilities	Total
408	1,320	5	3	1,736

Game Contents Business

In the Game Contents Business, home video games, particularly *Ace Combat 6: Fires of Liberation* for Xbox360 and *Dragon Ball Z Sparking! METEOR* for PlayStation 2 and Wii, were promoted intensively worldwide. In addition, *SD Gundam G Generation Spirits* for PlayStation 2 performed well in the domestic market, while titles in the *NARUTO* and the *Dragon Ball Z* series delivered strong performances in America and in Europe, respectively.

Arcade game machines, particularly *Tekken 6* and *Wangan Midnight Maximum Tune 3,* were well received and repeat sales of machines released in the prior fiscal year contributed to earnings. Game contents for mobile phones and other mobile devices showed solid performance by developing a wide variety of contents catering to users' increasingly diverse preferences.

As a result, net sales in the Game Contents Business were 145,672 million yen (year-on-year increase of 4.7%) and operating income was 14,793 million yen (year-on-year increase of 28.5%).

Network Business

In the Network Business, game contents within the mobile content sector tailored to users' needs from high value-added contents such as *Dragonball Mobile* to casual games such as the *Simple 100* series performed well. Although the ring tone services continued to struggle, the customizable wallpapers for mobile phones became popular, and the overall number of paid subscribers, which had been falling, turned to increase. In the solutions services sector, consignment work developing and operating mobile content sites for other companies generated strong revenues.

As a result, net sales in the Network Business were 12,044 million yen (year-on-year decrease of 3.6%) and operating income was 904 million yen (year-on-year increase of 2.7%).

Visual and Music Content Business

In the Visual and Music Content Business, visual software packages including the animated TV series *CODE GEASS: Lelouch of the Rebellion* and music software packages from the animated TV series *Lucky Star* proved popular. Sales were launched of the Mobile Suit Gundam Memorial Box (the Movie Version) and Mobile Suit Gundam 00, the latest Gundam series, DVD packaged software. However, with the industry on the whole stagnant, sales of the Group's DVD software were sluggish. In addition, since some merchandise was returned at the year end in anticipation of the definitive shift to the Blu-ray Disc format in the near future, this sector faced difficult challenges.

As a result, net sales in the Visual and Music Content Business were 36,949 million yen (year-on-year decrease of 14.1%) and operating income was 3,832 million yen (year-on-year decrease of 59.6%).

Other Business

Other Businesses consist of companies that provide support to the Group's strategic business units. Operations conducted by such companies include logistics, leasing, and building management. During the fiscal year under review, the business remained focused in its efforts to improve the operational efficiency of these group support services.

As a result of the foregoing, net sales in the Other Business were 19,809 million yen (year-on-year decrease of 5.2%) and operating income was 753 million yen (year-on-year decrease of 26.0%).

Operating Results By Geographic Segment

(million yen)

	Net Sales			Operating Income		
	FY08.3	FY07.3	change	FY08.3	FY07.3	change
Japan	360,697	367,447	(6,750)	24,480	33,127	(8,647)
Americas	54,566	53,989	577	2,318	3,376	(1,057)
Europe	46,397	37,763	8,633	6,830	5,253	1,576
Asia	37,932	37,060	871	2,854	2,730	124
Elimination and Corporate	(39,119)	(37,129)	(1,990)	(3,072)	(2,263)	(808)
Consolidated	460,473	459,132	1,341	33,411	42,224	(8,812)

Japan

In the Toys & Hobby Business, although some products became popular, such as the *Masked Rider Den-O* character toys for boys, results as a whole did not match those of the previous term; when hit products like the *Tamagotchi Plus* series and DATA CARDDASS performed well.

In the Amusement Facility Business, decreased sales at existing facilities amid harsh market conditions and lower gross margins due to changes in the sales mix resulted in sluggish results.

As for the Game Contents Business, the home videogame software showed solid performance with titles such as *SD Gundam G Generation Spirits* for the Play Station 2. As for the arcade game machines, *Tekken 6* became popular, and the repeat sales of machines released in the previous term contributed to earnings results.

In the Network Business, the mobile contents category benefited from the popularity of high-value-added games, casual games and other game content, as well as customized content for mobile phones. Likewise, the number of pay-subscribers, which had previously been in a downward trend, is shifting to flat or upward trend.

In the Visual and Music Content Business, although some packaged software became popular, DVD software sales for the Group lacked vitality with the industry as a whole performing sluggishly. In addition, the Group accepted the return of certain products from the retailers for the future wholesale-shift to the Blu-ray Disc format in mind, causing this Business to struggle overall.

As a result, net sales in Japan were 360,697 million yen (year-on-year decrease of 1.8%) and operating income was 24,480 million yen (year-on-year decrease of 26.1%).

Americas

In the Toys & Hobby Business, *BEN10* character toys for boys became popular in addition to the solid performance by *Tamagotchi* series. On the other hand, the results for *POWER RANGERS* did not match those of the previous term.

In the Amusement Facility Business, the impact of the sluggish market environment and costs associated with strengthening prize sales weighed on earnings in spite of the Group’s efforts to streamline directly-managed facilities and expand revenue-sharing facilities.

The Game Contents Business performed well centering on videogame software, such as *ACE COMBAT 6: Fires of Liberation* for the Xbox 360, *NARUTO*, and other repeat sales.

As a result, net sales in Americas were 54,566 million yen (year-on-year increase of 1.1%) and operating income was 2,318 million yen (year-on-year decrease of 31.3%).

Europe

In the Toys & Hobby Business, *POWER RANGERS* and *Tamagotchi* continued to show solid performance. In addition, the *BEN10* character toys for boys, which went on release in European markets this period, also proved popular. In the Amusement Facility Business, hybrid facilities acquired in the previous fiscal year contributed to sales, and in the Game Contents Business, home videogame titles, especially the *Dragon Ball Z* series, delivered a strong performance.

As a result, net sales in Europe were 46,397 million yen (year-on-year increase of 22.9%) and operating income was 6,830 million yen (year-on-year increase of 30.0%).

Asia

In Asia, the Toys and Hobby Business enjoyed solid performance from boys' toys based on *POWER RANGERS* and *Masked Rider* characters and from plastic models based on the *Mobile Suit Gundam* series. In the Amusement Facility Business, the Group continued to expand its presence with prize games and own-brand products.

As a result, net sales in Asia were 37,932 million yen (year-on-year increase of 2.4%) and operating income was 2,854 million yen (year-on-year increase of 4.6%).

b. Outlook for the Fiscal Year ending March 2009

Economic conditions are likely to continue to be unstable in the future due to numerous factors; including the impact of the slowdown in the U.S. economy on exports, high crude oil prices, the appreciation of the *Japanese Yen*, and sluggish personal consumption in response to rising prices for daily necessities. Moreover, the entertainment business environment will likely continue to be characterized by uncertainty moving forward with the diversification of consumer trends, and further changes to the industry with the introduction of new technologies and services.

Amidst these conditions, during this final year of the current medium-term management plan, the BANDAI NAMCO Group will continue to promote the "Strengthening, enriching, and expanding of the group's portfolio management". In addition, the Group will focus on developing the foundations for growth in the next medium-term management plan starting April 2009.

In the Toys & Hobby Business in Japan, the Group is aiming to cultivate deeper loyalty among existing customers through established character series, such as new *POWER RANGER* series and new *Masked Rider* series for boys, as well as *Yes! Pretty Cure 5, Go, Go!* for girls. Further, it will develop products for adults so as to expand the target customer age. Overseas, in addition to the *POWER RANGERS* and *BEN10* character toys for boys, along with the *Tamagotchi* products, *Dragon Ball* and other new character products will be on the market.

For the Amusement Facility Business in Japan, the Group will pursue further efficiency in the operations by closing approximately 20 percent of the existing stores, mainly unprofitable ones, reviewing the rules for future store openings/closures, and pooling low-cost business operations proficiency. In overseas, the emphasis is on achieving a balance between expansion and efficiency according to the regional characteristics. Moreover, it will develop new facilities with added value unique to the Group.

In the Game Contents Business, the Group will strengthen its balanced multiplatform-strategy, which adapts to user preferences, and release worldwide videogame titles such as *Soul Calibur IV* for the Play Station 3 and the Xbox360, as well as *Family Trainer* for the Wii. It will also trim down the total number of titles it offers and devote more attention to marketing individual titles in order to pursue greater profitability. As for the arcade game machines, the Group will beef up its arcade game machines in tandem with its amusement facilities and concentrate its efforts on developing large medal machines, such as the *Umi Monogatari—Lucky Marine Theater* in order to expand its market share,

As for the Network Business, it will develop content designed with profitability in mind and bolster the earnings base by strengthening collaboration throughout the Group. In addition, it will continue to bolster its solution business by offering new technologies for mobile phones and concentrating on system development for mobile sites.

The Visual & Music Content Business is concentrating its efforts on developing software to each platform according to the characteristics of contents, including those for the Blu-ray Disc format; such as the animated TV programs *CODE GEASS: Lelouch of the Rebellion R2*, *Mobile Suit Gundam 00* and *Macross F*. In addition, the Group is planning full-scale involvement in supplying Blu-ray Disc software to the rental industry from this summer.

In light of all of the above considerations, the consolidated plans of the fiscal year ending March 2009 are the followings:

A Net Sales of 470,000 million yen (year-on-year increase of 2.1%), an Operating Income of 38,000 million yen (year-on-year increase of 13.7%) , a Recurring Income of 39,500 million yen (year-on-year increase of 9.1%), and a Net Income of 22,500 million yen (year-on-year decrease of 31.1%).

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.

(2) Financial Position

a. Analysis of assets, liabilities, and net assets

Looking to the assets situation as of the end of the term in question, in a year-on-year comparison there was an increase of 4,532 million yen to 413,023 million yen. This was largely due to the fact that the 11,509 million yen decrease in property, plant and equipment (such as Land and amusement facilities/machines) was more than offset by a 12,392 million yen increase in cash and time deposits.

Meanwhile, liabilities declined by 1,157 million yen (YOY) to 123,079 million yen. This largely resulted from the fact that, although long-term debt and short-term borrowings increased by 9,529 million yen and 3,168 million yen respectively, trade payables fell by 4,493 million yen and bonds decreased by 10,000 million yen.

Net assets increased by 5,690 million yen (YOY) to 289,944 million yen. This was mainly due to a 32,679 million yen increase in Net Income, which more than counterbalanced the 10,235 million yen reductions in acquisition of its own stocks and the 15,001 million yen decrease caused by land reevaluation differences.

As a result, the equity ratio grew from 67.1% a year before to 69.4%.

b. Cash Flows

As of the end of the term in question, cash and cash equivalents (hereafter “funds”) remaining on hand had increased by 5,133 million yen (YOY) to 129,289 million yen. Below is the breakdown of cash flows by activities.

(Cash Flows from Operating Activities)

Operating Activities generated 35,000 million yen in funds (down 17.6% YOY). There are some factors to decrease in funds, such as corporate tax and other disbursements of 16,286 million yen (13,670 million yen in the previous term) and installation of amusement facility equipment of 9,286 million yen (10,601 million yen in the previous term). On the other hand, the overall amount of funds booked was up, because the Net income before income taxes was 45,964 million yen (43,713 million yen in the previous term).

(Cash Flows from Investing Activities)

The amount of funds employed for Investment Activities totaled 14,980 million yen (up 1.8% YOY). There was 22,424 million yen in revenue from the sale of property, plant and equipment (568 million yen in the previous term). However, this was more than offset by the 15,982 million yen in expenditures (1,102 million yen in the previous term) for the take over bid of consolidated subsidiary shares; including Bandai Visual and Bandai Networks. It was even further offset by the 14,670 million yen in expenditures for the acquisition of property, plant and equipment (14,520 million yen in the previous term), as well as the 4,993 million yen (7,594 million yen in the previous term) in expenditures for purchase of investment securities, such as in Toei Company, Ltd.

(Cash Flows from Financing Activities)

Funds employed for Financing Activities came to 15,066 million yen (down 20.1% YOY). This total includes 16,000 million yen in revenue from long-term debt (not applicable to previous term). The other side of the ledger includes disbursements of 10,235 million yen for the acquisition of its own shares (11 million yen in the previous term), 10,000 million yen for redemption of corporate bonds (5,000 million yen in the previous term), and 7,162 million yen for Dividends paid (6,073 million yen in the previous term).

(Reference) Cash Flow Indices

	FY2006.3	FY2007.3	FY2008.3
Equity ratio (%)	63.0	67.1	69.4
Equity ratio (market capitalization basis) (%)	105.5	116.1	83.1
Cash flows to interest bearing debt ratio (%)	102.0	53.8	41.9
Interest coverage ratio (times)	90.4	180.1	199.6

Stockholders' equity ratio: Total stockholders' equity/Total assets
Stockholders' equity ratio (market capitalization basis): Market capitalization/Total assets
Cash flows to interest bearing debt ratio: Interest-bearing debt/Cash flow
Interest coverage ratio: Cash flow/Interest expenses

(Note 1) All calculations are performed using consolidated financial figures.
(Note 2) Market capitalization is calculated on the basis of the number of issued shares excluding treasury stock.
(Note 3) Operating cash flow is used for cash flow.
(Note 4) Interest-bearing debt covers all debt reported in the consolidated balance sheet for which interest is paid.

c. 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 yen per share.

In addition, in the past, after appropriation of dividend from the consolidated periodical net income, the Company, in principle, allocated the remaining balance of net income to the retained earnings as a reserve for the future investments and for strengthening its financial position. After consideration of the current level of shareholders' equity, the Company has resolved to attribute a portion of this remaining balance to the acquisition of its own shares, with comprehensive consideration of aspects such as the level of cash held, its operating performance, its share price trend, and its plan for large-scale investments.

Based on the thinking outlined above, on March 13, 2008, the Board of Directors made a decision on the acquisition of Own Shares as stipulated below.

Share classes subject to acquisition:	Shares of common stock
Total number of shares authorized to be acquired:	Up to 8,000,000 shares (Equivalent to 3.14% of the total shares issued, excluding treasury stocks)
Total amount of shares to be acquired:	Up to 12,000 million yen
Schedule of acquisition:	From April 1, 2008 to December 30, 2008

* Please refer to Page 3 for the Dividend forecasts of FY2008.3 and FY2009.3.

d. 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 May 8, 2008, the filing date for the NAMCO BANDAI Holdings Inc.'s financial report (Kessan Tanshin) for the Fiscal Year ended March 31, 2008.

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 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. Furthermore, we will actively adopt personnel exchanges with the aim of reinforcing cooperation between each Strategic Business Unit.

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 market environment is undergoing tremendous changes due to the diversification of customer needs. Therefore, the BANDAI NAMCO Group is seeking to implement a title lineup that will reflect a balance among the various platforms, and respond promptly to customer needs.

Risks associated with advances in and new generations of platforms

In developing game content, visual content, and network content, the Group faces the risk related 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 takes steps to further develop the content it creates and to acquire rights to new content. In line with its medium- to long-term strategy, the Group is also distributing the appropriate management resources to growth areas with an eye toward the global market.

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 and quality control in China

In the Group’s Toys and Hobby SBU, approximately 90% of the toys are manufactured in China. Thus the Group faces risk of higher production costs from the revaluation of the yuan, country risk stemming from the regional concentration of production, and risk regarding quality control of the products. In response, the Group is working to reduce production costs and to diversify its production bases into Southeast Asia and other regions. Additionally, the Group is establishing stricter quality standards and designing products with safety in mind based on relevant legal restrictions and industry quality and safety standards in all of its business fields.

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.

2. The BANDAI NAMCO Group

(1) Business Overview

The BANDAI NAMCO Group (the Group) comprises NAMCO BANDAI Holdings Inc. (The Company), 73 subsidiaries and 11 affiliates. Operations primarily encompass the manufacture and sale of toys and plastic models, the core activity of the character merchandising business; amusement facility operations; arcade 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.

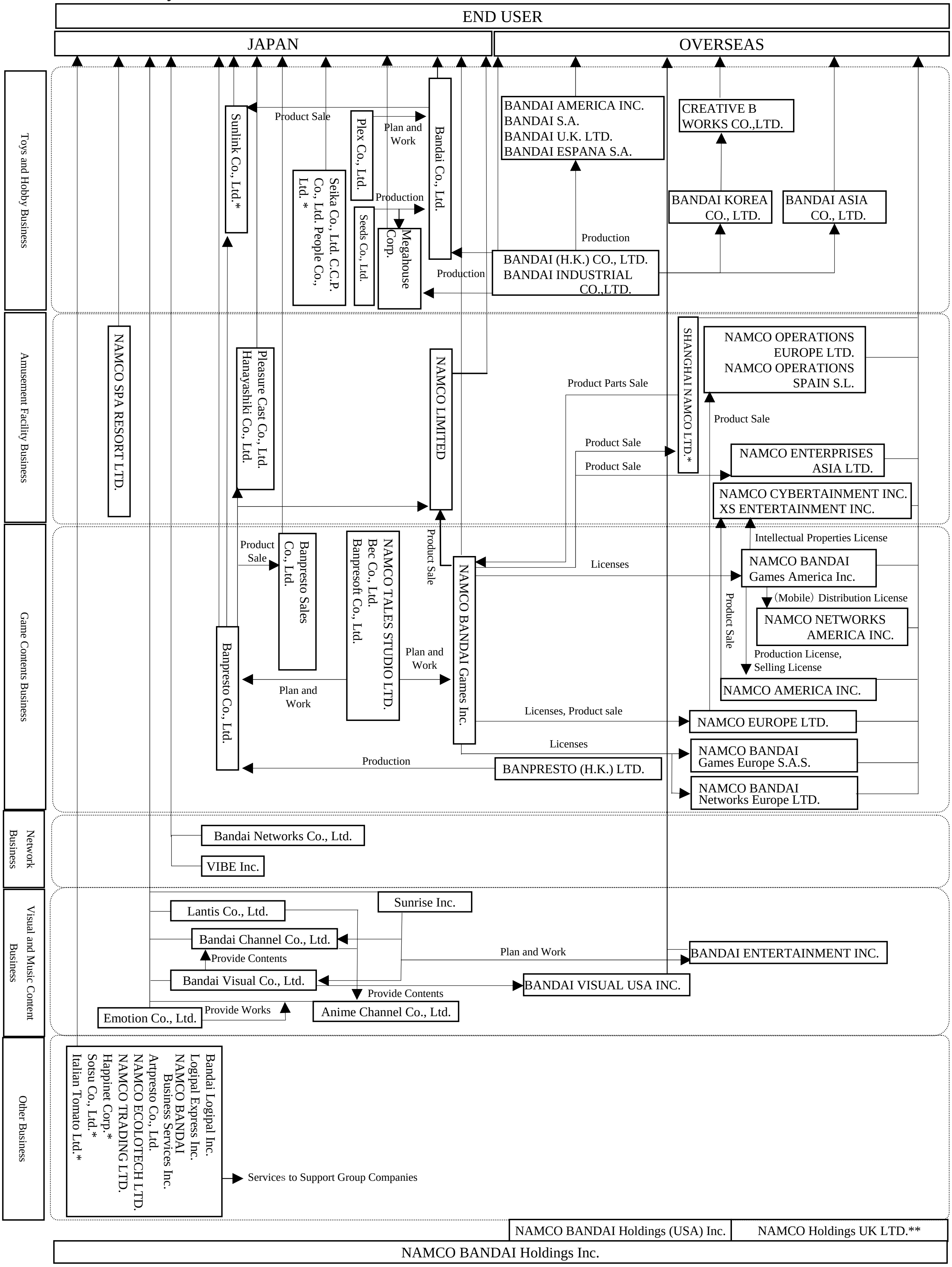
The Group's businesses and the relationships among NAMCO BANDAI Holdings Inc. and its subsidiaries and affiliates with business segments are outlined below. Business classifications correspond directly to the classifications for business segment information.

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., Seika Co., Ltd., Seeds Co., Ltd., Plex Co., Ltd., CCP Co. Ltd., People Co., Ltd., Sunlink Co., Ltd., and 4 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., 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., NAMCO SPA RESORT LTD.
		Overseas	NAMCO CYBERTAINMENT INC., NAMCO OPERATIONS EUROPE LTD., NAMCO OPERATIONS SPAIN S.L., NAMCO ENTERPRISES ASIA LTD., XS ENTERTAINMENT INC. *1, SHANGHAI NAMCO LTD.
Game Contents Business	Software for home videogames, carcade game machines, prizes for amusement machines, and other products	Domestic	NAMCO BANDAI Games Inc., Banpresto Co., Ltd., Bec Co., Ltd., Banpresto Sales Co., Ltd., Banpresoft Co., Ltd., NAMCO TALES STUDIO LTD., and 3 other company
		Overseas	NAMCO BANDAI Games America Inc., NAMCO AMERICA INC., NAMCO NETWORKS AMERICA INC., NAMCO Holdings UK LTD., NAMCO EUROPE LTD., NAMCO BANDAI Games Europe S.A.S., BANPRESTO (H.K.) LTD., NAMCO BANDAI Network Europe LTD.

Business Segment	Business Outline	Region	Major Companies
Network Business	Mobile content and other services	Domestic	Bandai Networks Co., Ltd., VIBE Inc. and 1 other company
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., EMOTION CO., LTD., ANIME CHANNEL CO., LTD., and 1 other company
		Overseas	BANDAI ENTERTAINMENT INC., BANSAI VISUAL USA INC., and 2 other companies
Other Business	Transportation and warehousing of products, leasing, real estate management, printing, development and sale of environmental equipment, and other activities	Domestic	Bandai Logipal Inc. *2, Logipal Express Inc. *2, NAMCO BANDAI Business Services Inc., Artpresto Co., Ltd., NAMCO ECOLOTECH LTD., NAMCO TRADING LTD., Happinet Corp., Sotsu Co.,Ltd. *3, Italian Tomato Ltd. and 5 other companies
		Overseas	2 companies
Corporate	Management of regional business companies	Overseas	NAMCO BANDAI Holdings (USA) Inc.

*1: Not operational as of March 31, 2008.
*2: On July 2, 2007, Logipal Express Inc. was formed as a spin of Bandai Logipal Inc.
*3: On April 1, 2007, Sotsu Agency Co., Ltd. changed its name to Sotsu Co., Ltd.

Chart of business system is as follows:



*Affiliated companies accounted for by the equity method.
** NAMCO Holdings UK LTD. is a regional holding company in Europe, and is included in the Game Contents segment.

(2) Associated Companies (Subsidiaries and Affiliated Companies)

Name	Address	Capital	Main Business	% of Voting Rights by NAMCO BANDAI Holding Inc.	Description of Relationship	Notes
(Consolidated subsidiaries)						
Bandai Co., Ltd.	Taito-ku, Tokyo	¥24,664 million	Toys & Hobby	100.0%	A: 1 B: ¥5 billion	4, 9
Megahouse Corp.	Taito-ku, Tokyo	¥10 million	Toys & Hobby	100.0% (100.0%)	-	-
Seika Co., Ltd	Taito-ku, Tokyo	¥10 million	Toys & Hobby	87.3% (87.3%)	-	-
Seeds Co., Ltd	Shimotsuga-gun, Tochigi	¥100 million	Toys & Hobby	100.0% (100.0%)	-	-
Plex Co., Ltd.	Taito-ku, Tokyo	¥50 million	Toys & Hobby	100.0% (100.0%)	-	-
CCP Co., Ltd.	Taito-ku, Tokyo	¥300 million	Toys & Hobby	100.0% (100.0%)	-	-
BANDAI AMERICA INC.	California, U.S.A.	US$ 24.6 million	Toys & Hobby	100.0% (100.0%)	-	4
BANDAI S.A.	CERGY-PONTOISE, FRANCE	Euro 9 million	Toys & Hobby	100.0%	-	-
BANDAI U.K. LTD.	Southampton, U.K.	Stg £. 5 million	Toys & Hobby	100.0%	-	-
BANDAI ESPANA S.A.	Madrid , Spain	Euro 4,808 thousand	Toys & Hobby	100.0%	-	-
BANDAI (H.K.) CO., LTD.	Central, Hong Kong	HK$ 103 million	Toys & Hobby	100.0%	-	4
BANDAI ASIA CO., LTD.	Central, Hong Kong	HK$ 7 million	Toys & Hobby	100.0% (100.0%)	-	-
BANDAI INDUSTRIAL CO., LTD.	Chacheongsao, Thailand	Bart 475 million	Toys & Hobby	100.0% (100.0%)	-	-
BANDAI KOREA CO., LTD.	Seoul, Korea	WON 1,500 million	Toys & Hobby	66.7%	-	-
CREATIVE B WORKS CO., LTD.	Seoul, Korea	WON 50 million	Toys & Hobby	100.0% (100.0%)	-	-
NAMCO LIMITED	Ota-ku, Tokyo	¥10,000 million	Amusement Facilities	100.0%	A: 2 B: ¥1 billion	4, 10
Pleasure Cast Co., Ltd.	Shinagawa-ku, Tokyo	¥480 million	Amusement Facilities	100.0% (100.0%)	-	-
Hanayasiki Co., Ltd	Taito-ku, Tokyo	¥480 million	Amusement Facilities	100.0% (100.0%)	-	-
NAMCO SPA・RESORT LTD.	Kishiwada, Osaka	¥100 million	Amusement Facilities	100.0% (100.0%)	-	-

Name	Address	Capital	Main Business	% of Voting Rights by NAMCO BANDAI Holding Inc.	Description of Relationship	Notes
NAMCO CYBERTAINMENT INC.	Illinois, U.S.A.	US$ 2,800	Amusement Facilities	100.0% (100.0%)	A:1	-
NAMCO OPERATIONS EUROPE LTD.	London, U.K.	Stg £. 23 million	Amusement Facilities	100.0% (100.0%)	-	4
NAMCO OPERATIONS SPAIN S.L.	Madrid , Spain	Euro 500 thousand	Amusement Facilities	100.0% (100.0%)	-	-
NAMCO ENTERPRISES ASIA LTD.	Causeway Bay, Hong Kong	HK$ 47 million	Amusement Facilities	100.0%	A:1	-
XS ENTERTAINMENT INC.	Florida, U.S.A.	US$ 10	Amusement Facilities	100.0% (100.0%)	-	13
NAMCO BANDAI Games Inc.	Shinagawa-ku, Tokyo	¥15,000 million	Game Contents	100.0%	A: 1 B: ¥3.5 billion	4, 11
Banpresto Co., Ltd.	Shinagawa-ku, Tokyo	¥3,020 million	Game Contents	100.0%	-	4
Bec Co., Ltd.	Taito-ku, Tokyo	¥166 million	Game Contents	100.0% (100.0%)	-	-
Banpresto Sales Co., Ltd.	Shinagawa-ku, Tokyo	¥200 million	Game Contents	100.0% (100.0%)	-	-
Banpresoft Co., Ltd.	Shinagawa-ku, Tokyo	¥200 million	Game Contents	100.0% (100.0%)	-	-
NAMCO TALES STUDIO LTD.	Toshima-ku, Tokyo	¥100 million	Game Contents	94.0% (94.0%)	-	-
NAMCO BANDAI Games America Inc.	California, U.S.A.	US$ 100	Game Contents	100.0% (100.0%)	-	-
NAMCO AMERICA INC.	Illinois, U.S.A.	US$ 10	Game Contents	100.0% (100.0%)	-	-
NAMCO NETWORKS AMERICA INC.	California, U.S.A.	US$ 10	Game Contents	100.0% (100.0%)	-	-
NAMCO Holdings UK LTD.	London, U.K.	Stg £ 24.5 million	Game Contents	100.0%		4
NAMCO EUROPE LTD.	London, U.K.	Stg £ 7.3 million	Game Contents	100.0% (100.0%)	-	4
NAMCO BANDAI Games Europe S.A.S.	CERGY-PONTOISE, FRANCE	Euro 14,241 thousand	Game Contents	100.0% (100.0%)	-	4
BANPRESTO (H.K.) LTD.	New Territories, Hong Kong	HK$ 32 million	Game Contents	100.0% (100.0%)	-	-
NAMCO BANDAI Networks Europe LTD.	London, U.K.	Stg £ 500 thousand	Game Contents	100.0% (100.0%)	-	-

Name	Address	Capital	Main Business	% of Voting Rights by NAMCO BANDAI Holding Inc.	Description of Relationship	Notes
Bandai Networks Co., Ltd.	Minato-ku, Tokyo	¥1,113 million	Network	100.0%	A: 1 B: ¥3 billion	4
VIBE Inc.	Minato-ku, Tokyo	¥352 million	Network	100.0% (100.0%)	-	-
Bandai Visual Co., Ltd.	Minato-ku, Tokyo	¥2,182 million	Visual & Music Content	100.0%	A: 1 B: ¥5.2 billion	4
Sunrise Inc.	Suginami-ku, Tokyo	¥49 million	Visual & Music Content	99.1% (7.6%)	B: ¥8 billion	-
Bandai Channel Co., Ltd.	Minato-ku, Tokyo	¥30 million	Visual & Music Content	94.5%	A: 1	-
Lantis Co., Ltd.	Shibuya-ku Tokyo	¥420 million	Visual & Music Content	50.6% (50.6%)	-	-
EMOTION CO., LTD.	Minato-ku, Tokyo	¥120 million	Visual & Music Content	100.0% (100.0%)	A: 1	-
ANIME CHANNEL CO., LTD.	Minato-ku, Tokyo	¥200 million	Visual & Music Content	100.0% (100.0%)	-	-
BANDAI ENTERTAINMENT INC.	California, U.S.A.	US$ 100 Thousand	Visual & Music Content	100.0% (100.0%)	-	-
BANDAI VISUAL USA INC.	California, U.S.A.	US$ 4 million	Visual & Music Content	100.0% (100.0%)	-	-
Bandai Logipal Inc.	Katsushika-ku, Tokyo	¥1,424 million	Affiliated Business	100.0%	A: 1 B: ¥1 billion	4
Logipal Express Inc.	Katsushika-ku, Tokyo	¥100 million	Affiliated Business	100.0% (100.0%)	A: 1	-
NAMCO BANDAI Business Services Inc.	Taito-ku, Tokyo	¥1,405 million	Affiliated Business	100.0% (100.0%)	-	4, 12
Artpresto Co., Ltd	Taito-ku, Tokyo	¥30 million	Affiliated Business	100.0% (100.0%)	-	-
NAMCO ECOLOTECH LTD.	Ota-ku, Tokyo	¥225 million	Affiliated Business	89.6%	-	-
NAMCO TRADING LTD.	Ota-ku, Tokyo	¥40 million	Affiliated Business	100.0% (100.0%)	-	-
NAMCO BANDAI Holdings (USA) Inc.	California, U.S.A.	US$ 10	North America Region Business. Management of companies' operations	100.0%	A: 1	-
(Companies accounted for by the equity method)						
SHANGHAI NAMCO LTD.	Shanghai, China	RMB 26,724 thousand	Amusement Facilities	70.0% (70.0%)	-	-
People Co., Ltd	Chuo-ku, Tokyo	¥238 million	Toys & Hobby	20.5% (0.1%)	-	5, 7

Name	Address	Capital	Main Business	% of Voting Rights by NAMCO BANDAI Holding Inc.	Description of Relationship	Notes
Sunlink Co., Ltd.	Bunkyo-ku, Tokyo	¥480 million	Toys & Hobby	33.4% (33.4%)	-	-
Happinet Corp.	Taito-ku, Tokyo	¥2,751 million	Affiliated Business	25.3% (0.5%)	-	5, 6
Sotsu Co., Ltd.	Chuo-ku, Tokyo	¥414 million	Affiliated Business	16.5%	-	5, 7, 8
Italian Tomato Ltd.	Minato-ku, Tokyo	¥759 million	Affiliated Business	30.6% (30.6%)	-	-

* The value of 'A' represents the number of directors and auditors at the company in question who are also directors, auditors, or employers of NAMCO BANDAI Holdings Inc.
* The value of 'B' represents the amount of borrowings from the subsidiaries to NAMCO BANDAI Holdings Inc.

Notes:
1) In the "Main business" column, the name of the relevant type-of-business segment is given.
2) In "% of Voting Rights or Equity Owned by NAMCO BANDAI Holding Inc.", amounts within parenthesis represent indirect ownership.
3) NAMCO BANDAI Holdings Inc. manages and provides guidance to BANDAI NAMCO Group companies, except for certain affiliated companies.
4) These companies are "Tokutei Kogaisha" (specified subsidiaries).
5) These companies file their "Yuka Shoken Houkokusho" (securities reports)
6) Listed on the First Section of the Tokyo Stock Exchange (TSE).
7) Listed on the JASDAQ Stock Exchange.
8) Although less than 20% of the equity is owned, the company in question is classified as an affiliated company because NAMCO BANDAI Holdings Inc. has effective leverage over the company.
9) The percentage of net sales (excluding inter-segment sales among consolidated subsidiaries) of Bandai Co., Ltd. exceeds 10% of the consolidated net sales.

Key financial data	(millions of yen)
(1) Net sales	108,199
(2) Recurring income	6,900
(3) Net income	18,137
(4) Net assets	70,362
(5) Total assets	96,010

10) The percentage of net sales (excluding inter-segment sales among consolidated subsidiaries) of NAMCO LIMITED exceeds 10% of the consolidated net sales.

Key financial data	(millions of yen)
(1) Net sales	64,883
(2) Recurring income	1,923
(3) Net income	(332)
(4) Net assets	37,974
(5) Total assets	48,318

11) The percentage of net sales (excluding inter-segment sales among consolidated subsidiaries) of NAMCO BANDAI Games Inc. exceeds 10% of the consolidated net sales.

Key financial data	(millions of yen)
(1) Net sales	85,575
(2) Recurring income	9,926
(3) Net income	7,272
(4) Net assets	50,840
(5) Total assets	66,921

12) As a result of the recent capital reduction implemented on March 25, 2008, as of March 31, 2008 NAMCO BANDAI Business Services Inc's Common Stock stood at ¥100 million. Incidentally, as a result of the reduction in capital, NAMCO BANDAI Business Services Inc. is no longer categorized as a specified subsidiary.
13) Business activities ceased as of March 31, 2008.

3. Management Policies

(1) Fundamental Management Policy

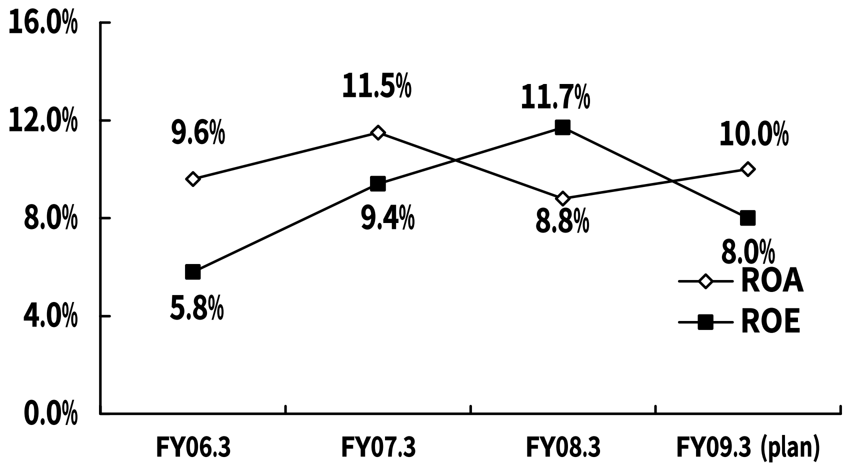
Guided by our vision of becoming “The World’s Most Inspiring Entertainment Group,” the BANDAI NAMCO Group’s mission is to offer “Dreams, Fun and Inspiration” through entertainment to people around the world.

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) Targets and Management Performance Indicators

The Group has adopted ROA (Return on Assets) and ROE (Return on Equity) 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.

Specifically, the Group plans consolidated ROA of 10.0% and ROE of 8.0% for the fiscal year ending March 2009, and pursues more efficient management and business expansion at the same time.



(3) 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.

a. 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.

b. Management Strategies

1) 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.

2) 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.

3) Building Optimal Management System

The Group constantly strives toward achieving the ideal group structure for its strategy and the changing environment and will continue to take a flexible approach. Specifically, the Group will optimally allocate its management resources to markets that need a full-Group approach through organizational restructuring and other measures. The Group will also continue to implement measured efforts toward organizational restructuring, such as consolidating its back office functions to streamline operations.

c. Business Strategies

1) 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.

2) Strengthening Overseas Business

In overseas business initiatives, we have established the regional holdings companies in the Americas, Europe, and Asia, and each Strategic Business Unit works to expand operations though optimized business portfolios and content portfolios according to regional characteristics.

(4) 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, enrich and expand its portfolio management further, based on the “Entertainment Hub Concept” laid out in its medium-term management plan. Operationally, the Group places “strategic business units” (“SBUs”) – i.e., groupings of businesses that the Group is engaged in - at its core, and is working to enrich its cross-functional capabilities across each of the SBUs.

a. Common issues faced by all SBUs

Efforts toward Domestic Business Expansion

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

Efforts toward Overseas Business Expansion

The Group is examining ways to build the optimal business model and strengthening cooperation among regions for the expansion of operations overseas. In addition, we have established the regional holdings companies in America, Europe, and Asia, and are working to expand well-balanced operations according to regional characteristics.

Efforts toward Corporate Social Responsibility (CSR)

The Group's corporate philosophy is to provide “Dreams, Fun and Inspiration” to people around the world through entertainment based on creativity and boundless enthusiasm. To ensure that we can continue to provide “Dreams, Fun and Inspiration,” we have formulated Groupwide CSR initiatives that include three types of responsibilities.

In accordance with these fundamental principles, a range of measures are implemented by the Groupwide CSR Committee and its sub-committees—the Social Contribution Committee and the Environmental Project Committee—as well as by the Crisis Management Committee, the Compliance Committee and the Internal Control Committee.

- Environmental and social responsibilities (safety/quality, environmental conservation, cultural/social support activities)

  Safety / quality initiatives

  We follow industry standards and in-house standards, and we have built a system that facilitates the achievement of higher levels of safety and quality, so that customers can use our products with confidence.

  Environmental conservation initiatives

  We are aggressively implementing forward-looking environmental conservation measures to ensure that we can continue to provide “Dreams, Fun and Inspiration” to people around the world.

  Cultural / social support activities

  We are also active in areas outside the provision of products and services, such as museum operations and volunteer activities.

- Economic initiatives

  We are continually working to enhance management transparency and monitoring the management plans and conditions of Group companies. Moreover, we are working to provide maximum returns to society and stakeholders by selecting the optimal operational fields for Group development and focusing our management resources on those fields.

- Legal and ethical responsibilities (compliance)

  We have formulated basic compliance standards for Group companies, officers, and employees in Japan and overseas, and we conduct continual monitoring to ensure appropriate observance of legal and ethical standards.

b. 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 addition to enhancing its toy business, a core business of the unit 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 outside partners.

Amusement Facility SBU

“Changes in business revenue structures”, “diversifying consumer needs”, and “revision of consumption tax rate” are among the issues for this unit’s industry. To address them, this unit is working to enhance profitability by closing unprofitable facilities, reviewing its standards for opening and closing facilities, and working in conjunction with other SBUs to develop and provide highly valued-added, distinctive facilities and services that target a broad range of customer segments. The Amusement Facility SBU is also working proactively to develop overseas operations depending on the regional characteristics.

Game Contents SBU

This unit's industry is facing issues such as "changing consumer needs" and "soaring content development costs for higher performance platforms". In response, this unit is reviewing and revising the content development process through sharing know-how and technologies among 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 needs.

Network SBU

The issues for this unit's industry include "responding to the continuous evolutions of new technology and function for mobile phone handsets" as well as "responding to a broader and more highly evolved network environment". In regards to these issues, the Group will aggressively plan and develop attractive new content while reinforcing our B to B business by developing and innovating new technologies. In addition, as competition in the industry grows fiercer, we will facilitate cooperation within the Group to create a solid foundation for income and achieve the optimal allocation of management resources to new growing businesses.

Visual and Music Content SBU

This industry's issues include the "changes of content business toward emergence of next-generation media," "adaptation to the Blu-ray Disc format," and "enhancing overseas development". In order to respond to these problems, the Group strives to maximize the value of its content and foster cross-media strategies. In concrete terms, we focus our attention on the creation of superior content, as well as the expansion into music / publishing content development, in order to increase business opportunities. Furthermore, we will be constructing new business models by developing both Blu-ray Disc offerings and networks simultaneously in the world and we will be assessing the most suitable group organization structure to meet such models.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

		Prior fiscal year As of March 31, 2007			Current fiscal year As of March 31, 2008			vs. Prior fiscal year
	Note	Millions of yen		Share (%)	Millions of yen		Share (%)	Change
(Assets)								
I Current assets:								
1. Cash and time deposits	*2		113,710			126,103		
2. Trade receivables	*5		78,429			73,140		
3. Short-term investments			12,191			7,068		
4. Inventories			32,291			36,428		
5. Deferred tax assets			5,717			5,908		
6. Other current assets			16,816			19,670		
7. Allowance for doubtful receivables			(1,947)			(607)		
Total current assets			**257,209**	**63.0**		**267,713**	**64.8**	**10,504**
II Fixed assets								
1. Property, plant and equipment								
(1) Buildings and structures		30,285			26,315			
Accumulated Depreciation		18,277	12,007		14,477	11,838		
(2) Amusement facilities and machines		85,262			81,042			
Accumulated Depreciation		59,138	26,123		57,241	23,801		
(3) Land	*4		20,597			14,346		
(4) Other property, plant and equipment		65,093			66,576			
Accumulated Depreciation		48,867	16,226		53,115	13,460		
Total Property, plant and equipment			**74,955**	**18.3**		**63,446**	**15.4**	**(11,509)**
2. Intangible assets								
(1) Goodwill			9,739			15,800		
(2) Other intangible assets			9,729			11,191		
Total Intangible assets			**19,468**	**4.8**		**26,991**	**6.5**	**7,523**
3. Investments and other assets								
(1) Investment securities	*1		28,817			26,143		
(2) Guarantee money deposited			21,022			20,112		
(3) Deferred tax assets			4,141			6,290		
(4) Other investments and assets			4,171			3,541		
(5) Allowance for doubtful receivables			(1,296)			(1,215)		
Total Investments and other assets			**56,857**	**13.9**		**54,871**	**13.3**	**(1,985)**
Total fixed assets			**151,281**	**37.0**		**145,309**	**35.2**	**(5,971)**
Total assets			**408,490**	**100.0**		**413,023**	**100.0**	**4,532**

	Note	Prior fiscal year As of March 31, 2007 Millions of yen	Share (%)	Current fiscal year As of March 31, 2008 Millions of yen	Share (%)	vs. Prior fiscal year Change
(Liabilities)						
I Current Liabilities						
1. Trade payables	*5	47,097		42,603		
2. Short-term borrowings	*2	2,169		5,338		
3. Bonds—current portion		10,000		—		
4. Accounts payable—other		22,334		24,889		
5. Accrued income taxes		10,875		9,262		
6. Provision for directors' bonus		651		473		
7. Provision for losses from business restructuring		—		1,082		
8. Provision for sales return		—		829		
9. Other current liabilities		17,701		17,169		
Total current liabilities		**110,829**	**27.1**	**101,648**	**24.6**	**(9,180)**
II Long-term Liabilities						
1. Long-term debt		1,133		10,662		
2. Deferred tax liabilities		5,194		4,239		
3. Deferred tax liabilities, land revaluation difference	*4	591		492		
4. Accrued retirement and severance benefits		2,223		1,571		
5. Accrued directors' and auditors' retirement and severance benefits		525		27		
7. Other long-term liabilities		3,738		4,438		
Total long-term liabilities		**13,407**	**3.3**	**21,430**	**5.2**	**8,022**
Total liabilities		**124,236**	**30.4**	**123,079**	**29.8**	**(1,157)**

		Prior fiscal year As of March 31, 2007		Current fiscal year As of March 31, 2008		vs. Prior fiscal year
	Note	Millions of yen	Share (%)	Millions of yen	Share (%)	Change
(Stockholders' Equity)						
I Stockholders' Equity						
1. Common stock		10,000		10,000		
2. Additional paid-in capital		97,142		87,945		
3. Retained earnings		182,389		192,865		
4. Treasury stock		(3,952)		(2,840)		
Total stockholders' equity		**285,578**	**69.9**	**287,971**	**69.7**	**2,392**
II. Valuation difference and translation adjustments						
1. Other securities valuation difference		4,100		192		
2. Deferred gains or losses on hedges, net of taxes		91		(112)		
3. Land revaluation difference	*4	(21,286)		(6,284)		
4. Translation adjustment		5,684		5,028		
Total valuation difference and translation adjustments		**(11,409)**	**(2.8)**	**(1,175)**	**(0.3)**	**10,233**
III. Stock subscription rights		**577**	**0.2**	**1,531**	**0.4**	**954**
IV. Minority Interests		**9,507**	**2.3**	**1,616**	**0.4**	**(7,890)**
Total net assets		**284,254**	**69.6**	**289,944**	**70.2**	**5,690**
Total liabilities and net assets		**408,490**	**100.0**	**413,023**	**100.0**	**4,532**

(2) Consolidated Statements of Income

		Prior fiscal year (April 1, 2006 ~ March 31, 2007)			Current fiscal year (April 1, 2007 ~ March 31, 2008)			vs. prior fiscal year
	Note	Millions of yen		Share (%)	Millions of yen		Share (%)	Change
I Net sales			**459,132**	**100.0**		**460,473**	**100.0**	**1,341**
II Cost of sales	*1		**291,052**	**63.4**		**296,400**	**64.4**	**5,348**
Gross profit			**168,079**	**36.6**		**164,072**	**35.6**	**(4,007)**
III Selling, general and administrative expenses	*2 *3		**125,855**	**27.4**		**130,661**	**28.3**	**4,805**
Operating income			**42,224**	**9.2**		**33,411**	**7.3**	**(8,812)**
IV Non-operating income								
1. Interest income		1,448			2,342			
2. Dividend income		639			210			
3. Foreign exchange gain		573			—			
4. Other non-operating income		1,371	**4,032**	**0.9**	1,400	**3,954**	**0.9**	**(78)**
V Non-operating expenses								
1. Interest expense		237			202			
2. Foreign exchange loss		—			225			
3. Loss of investment in the equity method		—			441			
4. Loss on valuation of derivatives		246			96			
5. Other non-operating expenses		157	**641**	**0.2**	201	**1,167**	**0.3**	**526**
Recurring income			**45,615**	**9.9**		**36,198**	**7.9**	**(9,417)**

		Prior fiscal year (April 1, 2006 ~ March 31, 2007)			Current fiscal year (April 1, 2007 ~ March 31, 2008)			vs. prior fiscal year
	Note	Millions of yen		Share (%)	Millions of yen		Share (%)	Change
VI Extraordinary income								
1. Gain on sale of fixed assets	*4	160			16,974			
2. Gain on sale of investment securities		498			1			
3. Gain on sale of investments in affiliated companies		4,917			298			
4. Reversal of accrued retirement and severance benefits		—			501			
5. Reversal of allowance for doubtful receivables		145			208			
6. Government subsidy income		102			—			
7. Other extraordinary income		13	**5,837**	**1.3**	—	**17,984**	**3.9**	**12,146**
VII Extraordinary loss								
1. Loss on sale of fixed assets	*5	20			125			
2. Loss on disposal of fixed assets	*6	406			743			
3. Loss on impairment of fixed assets	*7	5,069			4,247			
4. Extraordinary depreciation of fixed assets		246			—			
5. Non-deductible consumption tax, etc.		—			775			
6. Litigation settlement		3			282			
7. Loss on liquidation of affiliates		38			—			
8. Loss on business restructuring		—			460			
9. Provision for losses on business restructuring		—			1,082			
10. Loss on valuation of investment securities		690			224			
11. Loss on sale of investment in affiliated companies		587			—			
12. Loss on valuation of investments in affiliated companies		10			—			
13. Provision for allowance of doubtful receivables		343			200			
14. Office relocation expenses		221			—			
15. Loss for deferring income tax of depreciation of property, plant and equipment		100			—			
16. Other extraordinary loss		1	**7,739**	**1.7**	73	**8,217**	**1.8**	**477**
Net income before income taxes and minority interests			**43,713**	**9.5**		**45,964**	**10.0**	**2,250**
Corporate income, inhabitant and enterprise taxes		17,822			14,843			
Deferred income taxes		(253)	17,569	3.8	(2,209)	12,633	2.8	(4,935)
Minority interests			1,891	0.4		651	0.1	(1,240)
Net income			**24,252**	**5.3**		**32,679**	**7.1**	**8,426**

(3) Consolidated Statement of Changes in Net Assets

Prior fiscal year (April 1, 2006 ~ March 31, 2007)

	Stockholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total stockholders' equity
Balance, March 31, 2006 (¥ million)	10,000	95,772	164,503	(11,156)	259,119
Changes during the period					
Cash dividends (*)			(3,036)		(3,036)
Cash dividends			(3,036)		(3,036)
Directors' bonuses (*)			(417)		(417)
Net income			24,252		24,252
Purchase of treasury stock				(23)	(23)
Disposal of treasury stock		867		7,227	8,095
Acquisition of treasury stock from consolidated subsidiaries		502			502
Changes in the scope of consolidation (increase in the number of consolidated subsidiaries)			30		30
Decrease in retained earnings on merger of consolidated subsidiaries			(28)		(28)
Changes in the scope of application of the equity method (decrease in companies to which the equity method applies)			295		295
Reversal of land revaluation difference			(173)		(173)
Net changes other than changes in stockholders' equity					
Total changes during the period (¥ million)	—	1,369	17,885	7,203	26,458
Balance, March 31, 2007 (¥ million)	10,000	97,142	182,389	(3,952)	285,578

	Valuation difference and translation adjustments					Stock subscription 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, March 31, 2006 (¥ million)	4,145	—	(21,459)	1,801	(15,512)	—	8,636	252,243
Changes during the period								
Cash dividends (*)								(3,036)
Cash dividends								(3,036)
Directors' bonuses (*)								(417)
Net income								24,252
Purchase of treasury stock								(23)
Disposal of treasury stock								8,095
Acquisition of treasury stock from consolidated subsidiaries								502
Changes in the scope of consolidation (increase in the number of consolidated subsidiaries)								30
Decrease in retained earnings on merger of consolidated subsidiaries								(28)
Changes in the scope of application of the equity method (decrease in companies to which the equity method applies)								295
Reversal of land revaluation difference								(173)
Net changes other than changes in stockholders' equity	(44)	91	173	3,882	4,103	577	870	5,551
Total changes during the period (¥ million)	(44)	91	173	3,882	4,103	577	870	32,010
Balance, March 31, 2007 (¥ million)	4,100	91	(21,286)	5,684	(11,409)	577	9,507	284,254

(*) Item for appropriation of earnings at the Ordinary General Meeting of Shareholders

Current fiscal year (April 1, 2007 ~ March 31, 2008)

	Stockholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total stockholders' equity
Balance, March 31, 2007 (¥ million)	10,000	97,142	182,389	(3,952)	285,578
Changes during the period					
Cash dividends			(7,162)		(7,162)
Net income			32,679		32,679
Purchase of treasury stock				(10,235)	(10,235)
Retirement of treasury stock		(8,184)		8,184	—
Decrease in treasury stock due to share exchange		(1,012)		3,164	2,152
Increase in treasury stock accompanying changes to holdings in companies to which the equity method is applied				(1)	(1)
Changes in the scope of consolidation (increase in the number of consolidated subsidiaries)			(103)		(103)
Changes in the scope of Consolidation (decrease in the number of consolidated subsidiaries)			(27)		(27)
Increase due to transition of consolidated subsidiaries into companies to which the equity method is applied			92		92
Reversal of land revaluation difference			(15,001)		(15,001)
Net changes other than changes in stockholders' equity					
Total changes during the period (¥ million)	—	(9,196)	10,476	1,112	2,392
Balance, March 31, 2008 (¥ million)	10,000	87,945	192,865	(2,840)	287,971

	Valuation difference and translation adjustments					Stock subscription 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, March 31, 2007 (¥ million)	4,100	91	(21,286)	5,684	(11,409)	577	9,507	284,254
Changes during the period								
Cash dividends								(7,162)
Net income								32,679
Purchase of treasury stock								(10,235)
Retirement of treasury stock								—
Decrease in treasury stock due to share exchange								2,152
Increase in treasury stock accompanying changes to holdings in companies to which the equity method is applied								(1)
Changes in the scope of consolidation (increase in the number of consolidated subsidiaries)								(103)
Changes in the scope of consolidation (decrease in the number of consolidated subsidiaries)								(27)
Increase due to transition of consolidated subsidiaries into companies to which the equity method is applied								92
Reversal of land revaluation difference								(15,001)
Net changes other than changes in stockholders' equity	(3,908)	(204)	15,001	(655)	10,233	954	(7,890)	3,297
Total changes during the period (¥ million)	(3,908)	(204)	15,001	(655)	10,233	954	(7,890)	5,690
Balance, March 31, 2008 (¥ million)	192	(112)	(6,284)	5,028	(1,175)	1,531	1,616	289,944

(4) Consolidated Statements of Cash Flows

		Prior fiscal year (April 1, 2006 ~ March 31, 2007)	Current fiscal year (April 1, 2007 ~ March 31, 2008)	vs. prior fiscal year
	Note	Millions of yen	Millions of yen	Change
I Cash Flows from Operating Activities				
Income before income taxes and minority interests		43,713	45,964	
Depreciation and amortization		20,954	24,758	
Extraordinary depreciation of fixed assets		246	—	
Loss on impairment of fixed assets		5,069	4,247	
Amortization of goodwill		2,399	2,870	
Increase (decrease) in allowance for doubtful receivables		473	(1,272)	
Increase (decrease) in allowance for loss on business restructuring		(147)	1,082	
Increase (decrease) in provision for sales return		—	324	
Increase in provision for directors' bonus		649	(177)	
Increase in accrued retirement and severance benefits		72	(421)	
Decrease in directors' and auditors' retirement and severance benefits		(387)	(505)	
Interest and dividend income		(2,087)	(2,553)	
Interest expense		237	202	
Foreign exchange loss (gain)		5	25	
Equity in loss (gain) of affiliated companies		(191)	441	
Loss on disposal of fixed assets		406	743	
Loss (gain) on sale of fixed assets		(139)	(16,849)	
Loss on disposal of amusement facilities and machines		1,129	1,214	
Gain on sale of investment securities		(4,826)	(288)	
Loss on valuation of investment securities		700	224	
Decrease (increase) in trade receivables		(3,111)	6,128	
Decrease (increase) in inventories		(3,636)	(3,936)	
Investment for amusement facilities and machines		(10,601)	(9,286)	
Increase (decrease) in trade payables		3,465	(4,203)	
Increase (decrease) in accounts payable—other		(2,574)	2,074	
Increase (decrease) in consumption tax payables		777	46	
Bonuses to directors		(448)	—	
Other		2,175	(1,916)	
Subtotal		54,322	48,940	(5,381)
Interest and dividends received		2,077	2,521	
Interest paid		(235)	(175)	
Income taxes paid		(13,670)	(16,286)	
Net cash provided by operating activities		42,493	35,000	(7,493)

		Prior fiscal year (April 1, 2006 ~ March 31, 2007)	Current fiscal year (April 1, 2007 ~ March 31, 2008)	vs. prior fiscal year
	Note	Millions of yen	Millions of yen	Change
II Cash Flows from Investing Activities				
Payments for deposit in time deposits		(1,413)	(4,206)	
Proceeds from withdrawal from time deposits		1,546	1,988	
Purchases of property, plant and equipment		(9,730)	(10,470)	
Proceeds from sales of property, plant and equipment		568	22,424	
Purchases of intangible assets		(4,789)	(4,199)	
Purchases of investment securities		(7,594)	(4,993)	
Sales of investment securities		6,165	26	
Acquisition of shares in consolidated subsidiaries, net of cash acquired		(1,102)	(15,982)	
Acquisition of subsidiary shares related to changes in scope of consolidation	*2	(416)	—	
Proceeds from sale of subsidiary shares related to changes in scope of consolidation	*3	445	(62)	
Advances of loans receivable		(11,701)	(1,617)	
Collection of loans receivable		14,941	1,452	
Guarantee money deposited		(2,577)	(1,587)	
Proceeds from collection of guarantee money deposited		1,556	2,259	
Cost of business acquisition	*4	(1,248)	—	
Other		98	(11)	
Net cash used in investing activities		(15,253)	(14,980)	272

	Note	Prior fiscal year (April 1, 2006 ~ March 31, 2007)	Current fiscal year (April 1, 2007 ~ March 31, 2008)	vs. prior fiscal year
	Note	Millions of yen	Millions of yen	Change
III Cash Flows from Financing Activities				
Net increase (decrease) in short-term borrowings		(13,112)	(739)	
Proceeds from long-term debt		—	16,000	
Repayment of long-term debt		(2,434)	(2,542)	
Repayment of bond		(5,000)	(10,000)	
Purchases of treasury stock		(11)	(10,235)	
Proceeds from disposal of treasury stock		8,095	—	
Dividends paid		(6,073)	(7,162)	
Dividends paid to minority interests		(319)	(387)	
Net cash used in financing activities		(18,856)	(15,066)	3,789
IV Effect of exchange rate changes on cash and cash equivalents		2,548	(304)	(2,852)
V Net increase (decrease) in cash and cash equivalents		10,932	4,648	(6,284)
VI Cash and cash equivalents at the beginning of the period		113,186	124,155	10,969
VII Net increase in cash and cash equivalents due to additional consolidation of subsidiaries		15	485	470
VIII Increase in cash and cash equivalents due to merger of subsidiaries	*5	21	—	(21)
IX Cash and cash equivalents at the end of the period	*1	124,155	129,289	5,133

(5) Important Information Constituting the Basis for Preparation of Consolidated Financial Statements

(April 1, 2007 ~ March 31, 2008)

	Prior fiscal year (April 1, 2006 ~ March 31, 2007)	Current fiscal year (April 1, 2007 ~ March 31, 2008)
1. Information Concerning the Scope of Consolidation	(1) Consolidated subsidiaries: There are 54 consolidated subsidiaries. The names of consolidated subsidiaries have been omitted as they are listed in Section 2; Corporate Group; (2) Group companies. Four companies were added to the scope of consolidation from the current period under review: NAMCO NETWORKS AMERICA INC., a newly established company, and Lantis Co., Ltd and C.C.P. Co. Ltd. which became subsidiaries following the purchase of stock and CREATIVE B WORKS CO. LTD., due to increase in significance. On the other hand, St. Tropez Ltd. and NAMCO IRELAND LTD have been removed from the consolidation, the former because it no longer counts as a subsidiary owing to the sale of its shares, and the latter due to its liquidation. 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 current period under review. Additionally, BHK TRADING LTD. changed its corporate name to BANDAI ASIA CO. LTD. NAMCO BANDAI Games Europe S.A.S, which started operating in July 2006, was newly included in the consolidation, associated with the concentration of home video game software operations.	(1) Consolidated subsidiaries: There are 55 consolidated subsidiaries. The names of consolidated subsidiaries have been omitted as they are listed in Section 2; Corporate Group; (2) Group companies. As EMOTION CO., LTD., ANIME CHANNEL, CO., LTD., and BANDAI VISUAL USA INC. gained in importance, and as LOGIPAL EXPRESS INC. was newly incorporated as a result of an incorporation-type company split, such companies were added to the scope of consolidation from this consolidated fiscal year. Following (i) the sale of stocks in MONOLITH SOFTWARE Inc. and Yunokawa Kanko Hotel Co., Ltd. and (ii) the merger of NAMCO SUPPORTERS LTD., and Popy Co., Ltd. with other consolidated subsidiaries, the said companies were excluded from the scope of consolidation. Sunlink Co., Ltd., was also excluded from the scope of consolidation after Bandai Co., Ltd.'s sold a part of its shares to Happinet Corporation, and the equity method was applied thereto. In addition, the corporate name of NAMCO EUROPE LTD. was changed in January, 2007, to NAMCO Holdings UK LTD., NAMCO EUROPE LTD. and NAMCO BANDAI Networks Europe LTD. were newly established as subsidiaries and added to the scope of consolidation.
	(2) Non-consolidated subsidiaries: Including SHANGHAI NAMCO LTD, 26 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, 18 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. 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. 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 therefore the equity method was not applied for the current period under review.	(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., People Co., Ltd. and Italian Tomato Ltd. Sunlink Co. Note that beginning with the period under review, Sotsu Agency Co., Ltd. changed its corporate name to Sotsu Co., Ltd.

	Prior fiscal year (April 1, 2006 ~ March 31, 2007)	Current fiscal year (April 1, 2007 ~ March 31, 2008)
	(2) Non-consolidated subsidiaries and affiliates to which the equity method is not applied The equity method was not applied to 25 nonconsolidated subsidiaries including SUNLINK KYUSHU CO. LTD. as well as an affiliate, 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.	(2) Non-consolidated subsidiaries and affiliates to which the equity method is not applied The equity method was not applied to 17 nonconsolidated subsidiaries including Sunrise Interactive as well as 6 affiliates, including 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.
3. Information Concerning the Settlement Date for Consolidated Subsidiaries	Consolidated subsidiaries with fiscal years to March 31st. 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.	Consolidated subsidiaries with fiscal years to March 31st. 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.
	Consolidated subsidiaries with fiscal years to January 31: Artpresto Co., Ltd.	Consolidated subsidiaries with fiscal years to January 31: Artpresto Co., Ltd.
	Consolidated subsidiaries with fiscal years to December 31st: NAMCO BANDAI Holdings (USA) Inc. BANDAI AMERICA INC. NAMCO CYBERTAINMENT INC. NAMCO BANDAI Games America Inc. NAMCO AMERICA INC. NAMCO NETWORKS AMERICA INC. BANDAI ENTERTAINMENT INC. BANDAI S.A. BANDAI U.K. LTD. BANDAI ESPANA S.A. NAMCO EUROPE LTD. NAMCO OPERATRIONS EUROPE LTD. NAMCO OPERATRIONS SPAIN S.L. NAMCO BANDAI Games Europe S.A.S. BANDAI (H.K.) CO., LTD. BANPRESTO (H.K.) LTD. BANDAI ASIA CO., LTD. (Formerly BHK TRADING LTD.) NAMCO ENTERPRISES ASIA LTD. BANDAI INDUSTRIAL CO., LTD. BANDAI KOREA CO., LTD. CREATIVE B WORKS CO., LTD. XS ENTERTAINMENT INC. 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.	Consolidated subsidiaries with fiscal years to December 31st: NAMCO BANDAI Holdings (USA) Inc. BANDAI AMERICA INC. NAMCO CYBERTAINMENT INC. NAMCO BANDAI Games America Inc. NAMCO AMERICA INC. NAMCO NETWORKS AMERICA INC. BANDAI ENTERTAINMENT INC. BANDAI VISUAL USA INC. BANDAI S.A. BANDAI U.K. LTD. BANDAI ESPANA S.A. NAMCO Holdings UK LTD. NAMCO EUROPE LTD. NAMCO OPERATRIONS EUROPE LTD. NAMCO OPERATRIONS SPAIN S.L. NAMCO BANDAI Games Europe S.A.S. NAMCO BANDAI Networks Europe LTD. BANDAI (H.K.) CO., LTD. BANPRESTO (H.K.) LTD. BANDAI ASIA CO., LTD. NAMCO ENTERPRISES ASIA LTD. BANDAI INDUSTRIAL CO., LTD. BANDAI KOREA CO., LTD. CREATIVE B WORKS CO., LTD. XS ENTERTAINMENT INC. 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.

	Prior fiscal year (April 1, 2006 ~ March 31, 2007)	Current fiscal year (April 1, 2007 ~ March 31, 2008)
4. 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 price method based on amounts using, among other amounts, market prices, etc. on the last day of the fiscal year (valuation differences are reflected directly in net assets and cost of sales is calculated using the moving average method). Securities without market values: Stated at cost based on the moving average method. However, with respect to the contributions to limited liability partnerships for investment businesses and similar partnerships, the amount corresponding to the equity holdings of the partnership's assets is stated as investment in securities, and the amount corresponding to profits or losses resulting from the operations of the partnership is stated as profits or losses for the fiscal year.	(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: Same as left column Securities without market values: Same as left column
	(ii) Derivative trading: Stated using the market price method	(ii) Derivative trading: Same as left column
	(iii) Inventories: Domestic consolidated subsidiaries Products in progress, such as game software, etc.: Stated at cost using the specific cost method. Others: Generally, stated at cost using the total average method. Overseas consolidated subsidiaries: Products in progress, such as game software, etc.: Stated at cost using the specific cost method. Others: Generally, stated at the lower of cost or market value using the first-in first-out (FIFO) method.	(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 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 general useful life of property, plant and equipment is as follows: Buildings and structures: 2 to 50 years Amusement facilities and machines: 3 to 15 years	(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 general useful life of property, plant and equipment is as follows: Buildings and structures: 2 to 50 years Amusement facilities and machines: 3 to 15 years Changes in Accounting Policies: Due to the revision of the Corporation Tax Law, the Company and some of its domestic consolidated subsidiaries changed the method of calculating the depreciation of property, plant and equipment acquired on or after April 1, 2007 for the accounting period of this consolidated fiscal year (from April 1, 2007 to March 31, 2008) based on the revised Corporation Tax Law. As a result of this, operating income, recurring income and net income before taxes and minority interests each decreased by ¥988 million. The impact on segment information is noted in the relevant section.

	Prior fiscal year (April 1, 2006 ~ March 31, 2007)	Current fiscal year (April 1, 2007 ~ March 31, 2008)
		(Additional Information) Due to the revision of the Corporation Tax Law, the Company and some of its domestic consolidated subsidiaries, in respect of the property, plant and equipment acquired prior to March 31, 2007, are depreciating the amount of difference between the memorandum value and an amount equivalent to 5% of the acquisition cost of the assets using the straight-line method over a period of 5 years, from the consolidated fiscal year following the consolidated fiscal year when the book value of the assets was depreciated to the amount equivalent to 5% of the acquisition cost based on the Corporation Tax Law prior to revision. As a result of this, operating income, recurring income and net income before taxes and minority interests each decreased by ¥186 million. The impact on segment information is noted in the relevant section.
	Overseas consolidated subsidiaries: The straight-line method was used. The general useful life of property, plant and equipment is as follows: Buildings and structures: 5 to 50 years Amusement facilities and machines: 2 to 7 years	Overseas consolidated subsidiaries: Same as left column
	(ii) Intangible assets: The straight-line method was used. The general useful life of software is as follows: Software (used internally): 1 to 5 years	(ii) Intangible assets: Same as left column
	3) Basis of recognition for significant provisions: (i) Allowance for doubtful receivables: The allowance for doubtful receivables is provided for possible losses on unrecoverable receivables. For ordinary receivables, the amount of the allowance is based on the historical rate of loss. For receivables from debtors at risk of bankruptcy and receivables from debtors in bankruptcy or under reorganization, the amount of allowance is based on individually estimated unrecoverable amounts.	3) Basis of recognition for significant provisions: (i) Allowance for doubtful receivables: Same as left column
	(ii) Provision for directors' bonus: The Company and its domestic consolidated subsidiaries provide for the amount expected to be payable for directors' bonus in the consolidated fiscal year for 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 fiscal year. As a result of this, operating income, recurring income, and net income before income taxes and minority interests are each reduced by ¥657 million. The impact on segment information is noted in the relevant section.	(ii) Provision for directors' bonus: The Company and its domestic consolidated subsidiaries provide for the amount expected to be payable for directors' bonus in the consolidated fiscal year for the bonus payment.
	(iii) ————	(iii) Provisions for losses from business restructuring:
		Some consolidated subsidiaries state an estimated loss in provision for losses from restructuring operations.
	(iv) ————	(iv) Provision for sales return: Some consolidated subsidiaries book estimated amounts in the current consolidated fiscal year based on sales return in the past, in order to provide for losses on returned goods after the end of the current consolidated fiscal year.

	Prior fiscal year (April 1, 2006 ~ March 31, 2007)	Current fiscal year (April 1, 2007 ~ March 31, 2008)
		(Changes in display of accounting categories) Estimated losses on returned goods at foreign subsidiaries that were disclosed within "Other current liabilities" in the previous consolidated fiscal year are disclosed within "Provision for sales return" in the consolidated fiscal year because some domestic consolidated subsidiaries now book provision for sales return. Estimated losses on returned goods included in "Other current liabilities" in the previous consolidated fiscal year amounted to ¥514 million.
	(v) Accrued retirement and severance benefits: The Company and its consolidated subsidiaries provide for retirement and severance benefits for employees based on estimated retirement benefit obligations and pension assets as of the end of the consolidated fiscal year. Actuarial gain/loss is amortized in equal amounts in each consolidated fiscal year over a fixed period (9 to 17 years) from the following consolidated fiscal year within the average remaining period of service for affected employees when incurred. At some domestic consolidated subsidiaries, past service obligations are amortized over a fixed period (10 to 11years) within the average remaining period of service for affected employees when incurred.	(v) Accrued retirement and severance benefits: The Company and its consolidated subsidiaries provide for retirement and severance benefits for employees based on estimated retirement benefit obligations and pension assets as of the end of the consolidated fiscal year. Actuarial gain/loss is amortized in equal amounts in each consolidated fiscal year over a fixed period (9 to 17 years) from the following consolidated fiscal year within the average remaining period of service for affected employees when incurred. At some 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.
	(vi) Directors' and auditors' retirement and severance benefits: To prepare for the payment of directors' and auditors' retirement and severance benefits, some domestic consolidated subsidiaries record the amounts payable at the end of fiscal year in accordance with their respective internal rules.	(vi) 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 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 translation adjustment under net assets.	(4) Accounting policies for translation of significant assets and liabilities into Japanese currency: Same as left column
	(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 is the 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.	(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 is the content, which includes visual image and music data, including the game itself. Based on the above, videogame software production costs are recorded as inventories 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. (Change in display of accounting categories) In order to disclose videogame software production cost recorded under assets in a more appropriate manner, the

	Prior fiscal year (April 1, 2006 ~ March 31, 2007)	Current fiscal year (April 1, 2007 ~ March 31, 2008)
		account in which such costs are to be disclosed has been changed from “Other current assets (payments in advance)” to “Inventories” in some consolidated subsidiaries. The videogame software production cost included in “Other current assets (payments in advance)” in the previous consolidated fiscal year totals ¥2,026 million.
	(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.	(6) Accounting policies for significant lease transactions: Same as left column
	(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.	(7) Significant accounting policies for hedging: (i) Accounting for hedging: Same as left column
	(ii) Hedging instruments and hedged items: -Hedging instruments: Forward exchange contracts, interest rate swaps, etc.	(ii) Hedging instruments and hedged items: -Hedging instruments: Same as left column
	-Hedged items: Foreign currency-denominated liabilities and scheduled transactions, and interest on debt.	-Hedged items: Same as left column
	(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.	(iii) Hedging policies: Same as left column
	(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. No such determination is made, either, for interest rate swaps with using the special method.	(iv) Method of assessing the effectiveness of hedging: Same as left column
	(8) Other important information constituting the basis of preparation of consolidated fiscal year-end statements: (i) Accounting treatment of consumption tax: Consumption tax is accounted for separately and is not included in each account.	(8) Other important information constituting the basis of preparation of consolidated fiscal year-end statements: (i) Accounting treatment of consumption tax: Consumption tax, etc. is accounted for separately and is not figured into each listed item. Note that non-deductible consumption taxes, etc. regarding assets, etc. were recorded as expenses for the current consolidated fiscal year.
5. Valuation of Assets and Liabilities of Consolidated Subsidiaries	Assets and liabilities of consolidated subsidiaries are assessed based on their fair market value.	Same as left column

	Prior fiscal year (April 1, 2006 ~ March 31, 2007)	Current fiscal year (April 1, 2007 ~ March 31, 2008)
6. Amortization of positive and negative goodwill	Goodwill is amortized over a five-year period using the straight-line method. Goodwill of overseas consolidated subsidiaries is treated in accordance with the accounting regulations of the country of domicile.	Same as left column
7. 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

(6)Changes in Important Information Constituting the Basis for Preparation of the Consolidated Financial Statements

Prior fiscal year (April 1, 2006 ~ March 31, 2007)	Current fiscal year (April 1, 2007 ~ March 31, 2008)
Accounting Standard For Presentation of Net Assets From the current 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 ¥274,077 million. In line with this revision in the standards for consolidated financial statements, this method was applied in the net assets section of the consolidated balance sheets for the current consolidated accounting period.	———
Accounting Standard for Share-based Payment From the current 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, and net income before income tax and minority interests are each reduced by ¥577 million. The effect of this on segment information is set out in that section.	———
Accounting Standard for Business Combinations From this consolidated fiscal year, Accounting Standards for Business Combinations (Business Accounting Council, October 31, 2003), Accounting Standards for Business Divestitures (Corporate Accounting Standard No. 7, December 27, 2005), and Guidance on Accounting Standards for Business Combinations and Accounting Standards for Business Divestitures (Guidance on Corporate Accounting Standard No.10, December 27, 2005) apply.	———

(7) Changes in Display of Accounting Categories

Prior fiscal year (April 1, 2006 ~ March 31, 2007)	Current fiscal year (April 1, 2007 ~ March 31, 2008)
Consolidated balance sheet Amounts recorded in “Other (business rights) (¥2,248 million in the prior consolidated accounting period)” under Intangible assets in the previous consolidated balance sheet are presented as “Goodwill" from the current consolidated accounting period. Also, amounts recorded in the “Consolidation adjustment accounts” are presented as "Goodwill” or “Other (Negative goodwill)” under long-term liabilities.	Consolidated balance sheet ———
Consolidated statements of income 1. Rental income (¥250 million in the current consolidated accounting period), which has been recorded under independent item in the consolidated statement of income up until the previous consolidated accounting period, has been changed to be included in “Other non-operating income” as it does not exceed 10/100 of non-operating income. 2. Operation consignment income (¥349 million in the current consolidated accounting period), which has been recorded under independent item in the consolidated statement of income up until the previous consolidated accounting period, has been changed to be included in “Other non-operating income” as it does not exceed 10/100 of non-operating income.	Consolidated statements of income ———

Prior fiscal year (April 1, 2006 ~ March 31, 2007)	Current fiscal year (April 1, 2007 ~ March 31, 2008)
3. “Foreign exchange gain”, which has been included in “Other non-operating income until the previous consolidated fiscal year, has been changed to be recorded under the category in the current consolidated fiscal year as it exceeds 10/100 of non-operating income. “Foreign exchange gain” included in “Other non-operating income” in the previous consolidated accounting period was ¥17 million. 4. Amounts recorded in the previous consolidated accounting period as “Amortization of goodwill” are presented from the current consolidated fiscal year as “Selling, general and administrative expenses”.	
Statement of Cash Flows Amortization of business rights (¥610 million in the previous term) which was previously included in depreciation, and stated amortization of consolidation goodwill are, beginning with the current term, presented as amortization of acquired goodwill.	Statement of Cash Flows 1. Changes in foreign subsidiaries’ estimated losses from sales return, which in the previous fiscal year were included in other operating cash flows, are in the period under review presented as changes in provision for sales return, as some domestic consolidated subsidiaries reported provision for sales return. Changes in estimated losses from sales retun included in other operating cash flows in the previous fiscal year reflected a decline of ¥8 million. 2. To achieve a more appropriate presentation of capitalized game software costs, at some consolidated subsidiaries the line item was changed from other current assets (advances) to inventories. Owing to this adjustment, changes in capitalized software production cost, which in the previous fiscal year were included in changes in advances among other operating cash flows, are in the period under review included in changes in inventories. Changes in capitalized game software production cost included in the previous fiscal year in changes in advances among other operating cash flows reflected a decline of ¥48 million.

(8) Supplemental information

Prior fiscal year (April 1, 2006 ~ March 31, 2007)	Current fiscal year (April 1, 2007 ~ March 31, 2008)
Change of useful life of fixed assets Previously, Data Carddass hardware and software was depreciated based on a useful life of five (5) years but, because product cycles were shortened due to escalating competition, the useful life for hardware was changed to three (3) years and one (1) year for software from this consolidated fiscal period. Due to this change, depreciation of ¥560 million was added to selling, general and administrative expenses and an “Extraordinary Depreciation of Fixed Assets” of ¥246 million was added to extraordinary loss for past fiscal years. Accordingly, by comparison, operating income and recurring income decreased respectively by ¥560 million and net income before-tax for this fiscal term decreased by ¥806 million.The effect of this on segment information is set out in that section. (Legal action) The Company and its US consolidated subsidiaries had a suit brought against them on October 5, 2006 in California by Game Ballers Inc, claiming compensatory damages in relation to certain business transactions.	——— (Legal action) The Company and its US consolidated subsidiaries had a suit brought against them on October 5, 2006 in California by Game Ballers Inc, claiming compensatory damages in relation to certain business transactions, but a settlement was reached and a settlement agreement concluded in September 2007. An extraordinary loss of ¥282 million (US$2.4 million) was booked under “Litigation Settlement” in respect of this settlement.

(9) Notes to Consolidated Financial Statements

Consolidated Balance Sheet

Prior fiscal year As of March 31, 2007	Current fiscal year As of March 31, 2008
*1. Shares of non-consolidated subsidiaries and shares of Affiliates Investment securities (shares) 9,056 million yen	*1. Shares of non-consolidated subsidiaries and shares of Affiliates Investment securities (shares) 9,122 million yen
*2. Secured assets and secured loans The following assets are accompanied by collateral (security). Cash and time deposits 54 million yen Obligations secured by the above collateral Short-term borrowings 23 million yen	*2. ―――
3. Guarantees for loans Guarantees for lease agreements concluded with trading partners of overseas subsidiaries 86 million yen	3. Guarantees for loans Guarantees for lease agreements concluded with trading partners of overseas subsidiaries 82 million yen
*4. Land revaluation Due to revaluation of land used for operations in accordance with the Law Concerning Revaluation of Land (Law No. 34, promulgated March 31, 1998), the Company booked a land revaluation reserve in capital accounts. Revaluation method: In order to calculate the land prices that provide the basis of calculation for the ratable values for land value taxation stipulated in Article 16 of the Land Value Tax Law (Law No. 69, promulgated May 2, 1991) in accordance with Article 2, Clause 4, of the Enforcement order for the Law Concerning Revaluation of Land (Cabinet Order No. 119, promulgated March 31, 1998), reasonable adjustments for property depth have been made to road side values based on prices established in accordance with the methods prescribed and published by the National Tax Agency. Revaluation date…March 31, 2002	*4. Land revaluation Due to revaluation of land used for operations in accordance with the Law Concerning Revaluation of Land (Law No. 34, promulgated March 31, 1998), the Company booked a land revaluation reserve in capital accounts. Revaluation method: In order to calculate the land prices that provide the basis of calculation for the ratable values for land value taxation stipulated in Article 16 of the Land Value Tax Law (Law No. 69, promulgated May 2, 1991) in accordance with Article 2, Clause 4, of the Enforcement order for the Law Concerning Revaluation of Land (Cabinet Order No. 119, promulgated March 31, 1998), reasonable adjustments for property depth have been made to road side values based on prices established in accordance with the methods prescribed and published by the National Tax Agency. Revaluation date…March 31, 2002 -Difference between the fair value of revalued land at the end of the fiscal year and the carrying value after revaluation. (581) million yen
*5. Notes due at the end of the consolidated accounting period Notes due at the end of the consolidated accounting period are settled on the appropriate note transfer date. However, the final day of the current consolidated accounting period coincided with a holiday for financial institutions. Therefore, the following notes due at the end of the consolidated accounting period are included in the balance sheet of the consolidated accounting period. Notes receivable ¥683 million Notes payable ¥1,891 million	*5. ―――

Consolidated Income Statements

Prior fiscal year (April 1, 2006 ~ March 31, 2007)		Current fiscal year (April 1, 2007 ~ March 31, 2008)	
*1. 88 million yen of inventory valuation loss of by cost or market method is included		*1. 199 million yen of inventory valuation loss of by cost or market method is included	
*2. Major components of selling, general and administrative expenses		*2. Major components of selling, general and administrative expenses	
Advertising expenses:	¥31,031 million	Advertising expenses:	¥30,549 million
Officers' remuneration and employee salaries and benefits:	¥29,425 million	Officers' remuneration and employee salaries and benefits:	¥30,884 million
Provision for employee retirement and severance benefits:	¥1,163 million	Provision for employee retirement and severance benefits:	¥1,115 million
Provision for directors' bonus:	¥657 million	Provision for directors' bonus:	¥497 million
Provision for officers' retirement and severance benefits:	¥138 million	Provision for officers' retirement and severance benefits:	¥46 million
Research and development expenses:	¥18,004 million	Research and development expenses:	¥17,583 million
Allowance for doubtful receivables:	¥397 million	Allowance for doubtful receivables:	¥55 million
		Depreciation	¥7,082 million
		Property rents	¥7,146 million
*3. Research and development expenses included in selling, general and administrative expenses:	18,004 million yen	*3. Research and development expenses included in selling, general and administrative expenses:	17,583 million yen
*4. Gains from sale of property, plant and equipment related mainly to the sales of land		*4. Gains from sale of property, plant and equipment related mainly to the sales of land	
*5. Losses from sales of fixed assets related mainly to the sales of land.		*5. Losses from sales of fixed assets related mainly to the sales of land.	
*6. Losses from disposal of fixed assets related mainly to the disposal of buildings and structures and disposal of tools, furniture and fixtures:		*6. Losses from disposal of fixed assets related mainly to the disposal of buildings and structures and disposal of tools, furniture and fixtures:	

Prior fiscal year (April 1, 2006 ~ March 31, 2007)	Current fiscal year (April 1, 2007 ~ March 31, 2008)

Prior fiscal year (April 1, 2006 ~ March 31, 2007)

*7. Loss on impairment of fixed assets

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 scheduled for disposal and lease assets. Of these, in the amusement facilities business, most are grouped according to fixed regions because the assets owned for the business of this unit are widely spread across Japan and overseas.

Also, the book value of the following assets, except for those assets which may be reused, is reduced to the collectible amount and the decrease in value is recorded as an impairment loss in extraordinary losses.

Location	Items	Classification	Impairment loss (¥ million)
Toshima-ku, Tokyo (Note 1)	Amusement facility (theme park)	Amusement facility and machines, etc.	1,543
Sapporo City, Hokkaido (Note 2)	Amusement facility	Amusement facility and machines, etc.	160
Hakodate City, Hokkaido (Note 3)	Amusement facility (tourist hotel)	Buildings & structures, and land	1,338
Yokohama City, Kanagawa (Note 4)	LAN entertainment business	Other intangible fixed assets; other investments, etc.	219
Ota-ku, Tokyo, etc. (Note 5)	Management, Sales, Production control, R&D	Buildings & structures, and land	1,160
Shimotsukagun, Tochigi, etc. (Note 6)	Idle assets and Assets scheduled for disposal	Buildings & structures, and land, etc.	486
Ibaragi City, Osaka (Note 7)	Assets for lease, etc.	Buildings & structures, and land, etc.	160
Total			5,069

Current fiscal year (April 1, 2007 ~ March 31, 2008)

*7. Loss on impairment of fixed assets

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 schedule for disposal of and lease assets. Of these, in the amusement facilities business, most are grouped according to fixed regions because the assets owned for the business of this unit are widely spread across Japan and overseas.

Also, the book value of the following assets, except for those assets which may be reused, is reduced to the collectible amount and the decrease in value is recorded as an impairment loss in extraordinary losses.

Location	Items	Classification	Impairment loss (¥ million)
Yokohama City, Kanagawa, etc. (Note 1)	Amusement facility	Amusement facility and machines, etc.	937
Kanazawa City, Ishikawa (Note 2)	Amusement facility	Amusement facility and machines, etc.	173
Ayase City, Kanagawa, etc. (Note 3)	Amusement facility	Amusement facility and machines, etc.	84
Hakodate City, Hokkaido (Note 2)	Amusement facility (tourist hotel)	Buildings & structures, etc.	482
BEDFORDSHIRE, U.K., etc. (Note 2)	Amusement facility	Amusement facility and machines, etc.	946
CAUSEWAY BAY, HONG KONG. (Note 4)	Assets scheduled for disposal, etc.	Amusement facility and machines, etc.	2
ILLINOIS, U.S.A. (Note 5)	Amusement facility	Goodwill	662
Shimotsukagun, Tochigi, etc. (Note 6)	Idle assets	Buildings & structures, and land, etc.	789
Bunkyo-ku, Tokyo, etc. (Note 4)	Assets scheduled for disposal, etc.	Buildings & structures, property, plant and equipment (others), etc.	116
Inashikigun Ibaraki (Note 7)	Warehouse	Buildings & structures, and land	35
Koto-ku, Tokyo (Note 2)	Software for internet contents operations	Property, plant and equipment (others), and software	17
Total			4,247

Prior interim period (April 1, 2006 ~ September 30, 2006)	Current interim period (April 1, 2007 ~ September 30, 2007)
Notes 1. This asset was separated from its current grouping and registered as a loss because it was decided to change the primary management objective from generating income via sales to concentrating on its advertising value, and it was considered a different category of investment decision from the group, which consisted of facilities that aimed at generating income. The collectible amount was calculated using a value of use of "zero". 2. Because it was judged that the collectable amount from this fixed asset would decrease greatly due to the decision to close the facility, this asset was separated from its group and registered as a loss. The collectible amount was calculated using a value of use of "zero". 3. A loss was registered because it was predicted that the book value of this fixed asset could not be collected due to the decrease in business profitability. The collectible amount was measured by the net sale value and assessed based on the appraised real estate value. 4. Assets used for unprofitable businesses slated for closing were registered as losses. The collectible amounts were calculated using a value of use of "zero". 5. Assets that had no foreseeable use due to integration or relocation of subsidiary bases were registered as losses. The collectible amounts for real estate were measured by the net sale value and assessed based on the appraised real estate value. Collectible amounts of other assets were calculated using a value of use of "zero". 6. Assets that had no foreseeable use because of integration of subsidiary bases were registered as losses. The collectible amounts for real estate were measured by the net sale value and assessed based on the appraised real estate value, planned sales price, etc. Collectible amounts of other assets were calculated using a value of use of "zero". 7. Assets scheduled for sale and leased assets of no foreseeable use were registered as losses. Collectible amounts for assets scheduled for sale were assessed based on the planned sales price. Collectible amounts for leased assets added income from the remainder of the lease to the land value as frontage property.	Notes 1. This asset was separated from its current grouping and recorded as an impairment loss because the collectible amount of this asset largely decreased due to the decision to close the facility. The collectible amount was calculated using a value of use as “zero”. 2. An impairment loss was recorded because it was predicted that the book value of this fixed asset could not be collected due to the decrease in business profitability. The collectible amount was calculated using a value of use as “zero”. 3. This asset was separated from its current grouping and recorded as an impairment loss because it was decided to change the primary management objective from business aiming at generating income to concentrating on the value of social welfare projects, and this asset was considered to have largely decreased its collectible amount due to the decision and have lost its mutually complementary function in its current grouping. The collectible amount was calculated using a value of use as “zero”. 4. An impairment loss was recorded of the asset which is unlikely to be used because of relocation of facilities, etc. The collectible amounts were calculated using a value of use as “zero”. 5. An impairment loss was recorded because the profitability over the book value of this fixed asset could not be predicted due to the decrease in profitability of the takeover business. The collectible amount was calculated using a value of use as “zero”. 6. An impairment loss was recorded of the assets that had no foreseeable use due to integration, etc. of subsidiary bases. The collectible amounts for real estate were measured by the net sale value and assessed based on road rating. 7. An impairment loss was recorded because it was predicted that the book value of this fixed asset could not be collected due to the decrease in business profitability. The collectible amounts for real estate were measured by the net sale value and assessed based on fixed assets tax rating.

Consolidated Statement of Changes in Net Assets
For the fiscal year ended March 31, 2007
(April 1, 2006 to March 31, 2007)

1. 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 period	Decrease in number of shares in the current period	Number of shares at the end of the current period
Issued shares				
Common stock	260,580,191	-	-	260,580,191
Total	260,580,191	-	-	260,580,191
Treasury stock				
Common stock (Note 1, 2)	7,616,892	14,277	4,900,122	2,731,047
Total	7,616,892	14,277	4,900,122	2,731,047

Note:1. The increase in treasury stock (shares of common stock) of 14,277 shares consists of an increase of 6,191 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 4,900,122 shares consists of decrease of 122 shares from the sale of fractional shares and 4,900,000 shares from the disposal of treasury stock through private placements.

2. 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 period (¥ million)
				At end of previous fiscal period	Increase in current period	Decrease in current period	At end of period	
The Company	Stock subscription rights as stock options (Note 1)	Series 1 Stock subscription rights	-	-	-	-	-	195
		Series 2 Stock subscription rights	-	-	-	-	-	232
		Series 3 Stock subscription rights	-	-	-	-	-	149
Total			-	-	-	-	-	577

Note: Exercise periods have not started for any of the stock acquisition rights tabulated above.

3. Matters concerning dividends

(1)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	3,036	12	March 31, 2006	June 27, 2006 (Note 2)
Board of Directors October 26, 2006	Common stock	3,036	12	September 30, 2006	December 8, 2006

Note:1. Information is stated net of dividends on treasury stock held by affiliates. Amounts before deductions are 3,126 million with respect to the annual general meeting of shareholders held June 26, 2006, and ¥3,126 million with respect to the board meeting held October 26, 2006.

2. The effective date denotes the payment start date.

(2) Out of dividends whose record date concerns the current term, the following resolution is planned concerning dividends whose effective date falls into the next term.

Resolved	Share category	Total dividend amount (millions of yen)	Assets underlying dividend	Dividend per share (¥)	Date of record	Effective date
Annual general meeting of shareholders June 25, 2007	Common stock	4,127	Retained earnings	16	March 31, 2007	June 26, 2007

For the fiscal year ended March 31, 2008
(April 1, 2007 to March 31, 2008)

1. 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 period	Decrease in number of shares in the current period	Number of shares at the end of the current period
Issued shares				
Common stock	260,580,191	-	4,500,000	256,080,191
Total	260,580,191	-	4,500,000	256,080,191
Treasury stock				
Common stock (Note 1, 2, 3)	2,731,047	5,186,011	6,150,787	1,766,271
Total	2,731,047	5,186,011	6,150,787	1,766,271

Notes:

1. The decrease of 4,500,000 shares in the total number of shares issued resulted from the retirement of treasury stock.
2. The increase of 5,186,011 shares in treasury stock (shares of common stock) consists of an increase of 4,980,000 shares from the purchase of treasury stock as per a decision made by the Board of Directors, 5,646 shares from the repurchase of shares less than a unit, 198,600 shares from the purchase of treasury stock via a put for purchase in connection with the share exchange between the Company and Bandai Visual Co., Ltd., and 1,765 shares as a result of an increase in the shareholding ratio in respect of affiliates to which the equity method applies.
3. The decrease of 6,150,787 shares in treasury stock (shares of common stock) consists of a decrease of 4,500,000 shares from the retirement of treasury stock, 1,650,696 shares from the allotment of treasury stock to shareholders of Bandai Networks Co., Ltd. and Bandai Visual Co., Ltd., via the share exchange carried out between them and the Company, and 91 shares from the sale of shares less than a unit.

2. 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 period (¥ million)
				At end of previous fiscal period	Increase in current period	Decrease in current period	At end of period	
The Company	Stock subscription rights as stock options (Note 1)	Series 1 Stock subscription rights	-	-	-	-	-	195
		Series 2 Stock subscription rights	-	-	-	-	-	232
		Series 3 Stock subscription rights	-	-	-	-	-	345
		Series 4 Stock subscription rights	-	-	-	-	-	80
		Series 2-1 Stock subscription rights	-	-	-	-	-	175
		Series 2-2 Stock subscription rights	-	-	-	-	-	501
Total			-	-	-	-	-	1,531

Note 1: Exercise periods have not started for any of the stock acquisition rights tabulated above.

3. Matters concerning dividends

(1) 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 25, 2007	Common stock	4,127	16	March 31, 2007	June 26, 2007
Board of Directors November 8, 2007	Common stock	3,035	12	September 30, 2007	December 10, 2007

(2) Out of dividends whose record date concerns the current term, the following resolution is planned concerning dividends whose effective date falls into the next term.

Resolved	Share category	Total dividend amount (millions of yen)	Assets underlying dividend	Dividend per share (¥)	Date of record	Effective date
Annual general meeting of shareholders June 23, 2008	Common stock	3,056	Retained earnings	12	March 31, 2008	June 24, 2008

Consolidated Statements of Cash Flows

Prior Fiscal year (April 1, 2006 ~ March 31, 2007)	Current Fiscal year (April 1, 2007 ~ March 31, 2008)
*1 Relationship between cash and cash equivalents at the end of the period under review and the amounts accounted for on the consolidated balance sheets:	*1 Relationship between cash and cash equivalents at the end of the period under review and the amounts accounted for on the consolidated balance sheets:

Prior Fiscal year (millions of yen)

Cash and time deposits	113,710
Short-term investments	12,191
Total	125,901
Time deposits with maturities exceeding 3 months	(1,746)
Cash and cash equivalents	124,155

Current Fiscal year (millions of yen)

Cash and time deposits	126,103
Short-term investments	7,068
Total	133,172
Time deposits with maturities exceeding 3 months	(3,882)
Cash and cash equivalents	129,289

Prior Fiscal year:

*2 Key assets and liabilities of companies newly consolidated as subsidiaries due to acquisition of their equity.

Lantis Co. Ltd.

Main assets and liabilities of Lantis Co.Ltd. at the time of its new consolidation due to the acquisition of its shares by the Company related as follows to the share acquisition price and net acquisition cost.

(millions of yen)

Current assets	687
Fixed assets	159
Goodwill	578
Current liabilities	(548)
Long-term liabilities	(207)
Minority interests	(411)
Cost of share acquisition	259
Cash and cash equivalents	(160)
Difference: Net acquisition cost	98

CCP Co. Ltd.

Main assets and liabilities of CCP Co. Ltd. at the time of its new consolidation due to the acquisition of its shares by the Company related as follows to the share acquisition price and net acquisition cost.

(millions of yen)

Current assets	2,399
Fixed assets	322
Goodwill	416
Current liabilities	(2,464)
Long-term liabilities	(104)
Cost of share acquisition	568
Cash and cash equivalents	(249)
Difference: Net acquisition cost	318

Current Fiscal year:

*2

Prior Fiscal year (April 1, 2006 ~ March 31, 2007)	Current fiscal year (April 1, 2007 ~ March 31, 2008)

Prior Fiscal year (April 1, 2006 ~ March 31, 2007)

*3 Principal assets and liabilities of companies removed from the consolidation due to the sale of the Company’s shareholdings

St. Tropez Ltd.

St. Tropez Ltd. was removed from the consolidation owing to the sale of the Company’s shareholdings. Assets and liabilities at the time of removal from the consolidation, the sales price of the shares, and the net effect on income were as follows.

(millions of yen)

Current assets	607
Fixed assets	6,477
Current liabilities	(508)
Long-term liabilities	(4,674)
Minority interests	(551)
Book value of the shares	1,351
Loss on sale of shares	(480)
Proceeds from sale of shares	871
Cash and cash equivalents	(426)
Difference: Net received	445

Current fiscal year (April 1, 2007 ~ March 31, 2008)

*3 Principal assets and liabilities of companies removed from the consolidation due to the sale of the Company’s shareholdings

MONOLITH SOFTWARE INC.

MONOLITH SOFTWARE INC. was removed from the consolidation owing to the sale of the Company’s shareholdings. Assets and liabilities at the time of removal from the consolidation, the sales price of the shares, and the net effect on income were as follows.

(millions of yen)

Current assets	1,290
Fixed assets	167
Current liabilities	(1,125)
Long-term liabilities	(50)
Minority interests	(9)
Decrease in retained earnings due to exclusion from the consolidation	(27)
Equity interest at the time of exclusion from the consolidation	(20)
Book value of the shares	226
Gain or loss on sale of shares	—
Proceeds from sale of shares	226
Cash and cash equivalents	(304)
Difference: Net received	(78)

SUNLINK co.,ltd

SUNLINK co.,ltd was removed from the consolidation owing to the sale of the Company’s shareholdings. Assets and liabilities at the time of removal from the consolidation, the sales price of the shares, and the net effect on income were as follows.

(millions of yen)

Current assets	2,613
Fixed assets	653
Current liabilities	(3,074)
Long-term liabilities	(471)
Increase in retained earnings due to exclusion from the consolidation	92
Book value of the shares	(185)
Gain on sale of shares	298
Proceeds from sale of shares	113
Cash and cash equivalents	(237)
Difference: Net received	(124)

Prior Fiscal year (April 1, 2006 ~ March 31, 2007)	Current fiscal year (April 1, 2007 ~ March 31, 2008)
	Yunokawa Kanko Hotel Co., Ltd. Yunokawa Kanko Hotel Co., Ltd. was removed from the consolidation due to the disposition of the Company's equity interest. The following states the amounts of assets and liabilities of Yunokawa Kanko Hotel Co., Ltd. at that time, as well as the selling price of and the net proceeds from the sale of equity shares and claims in Yunokawa Kanko Hotel Co., Ltd. (1) Disposal of shares in Yunokawa Kanko Hotel Co., Ltd.

(millions of yen)

Current assets	127
Fixed assets	545
Current liabilities	(2,567)
Long-term liabilities	(194)
Book value of the shares	(2,087)
Gain on sale of investments	2,097
Proceeds from sale of shares (i)	10

(2) Sale of claims in the company

(millions of yen)

Claims amount	2,387
Allowance for doubtful receivables	(2,272)
Disposal book value of claims	115
Gain on sale of claims	30
Proceeds from sale of claims (ii)	145
Proceeds – Total (i + ii)	155
Cash and cash equivalents	(15)
Difference: Net received	140

Prior Fiscal year	Current fiscal year
*4 Principal asset increases due to business acquisitions NAMCO OPERATIONS EUROPE LTD. The acquisition of bowling alley operations in Europe entailed the following expenses.	*4

(millions of yen)

Fixed assets	1,248
Cost of business acquisition	1,248

<table>
<tr><th>Prior Fiscal year
(April 1, 2006 ~ March 31, 2007)</th><th>Current fiscal year
(April 1, 2007 ~ March 31, 2008)</th></tr>
<tr><td>*5. Main assets and liabilities assumed in connection with a merger of subsidiaries
The Company assumed the following assets and liabilities from On The Run Co., Ltd., which in the period under review merged with Lantis Co., Ltd. The merger caused no increase in common stock and additional paid-in capital of the Company.
(millions of yen)
<table>
<tr><td>Current assets</td><td>85</td></tr>
<tr><td>Fixed assets</td><td>2</td></tr>
<tr><td>Total assets</td><td>87</td></tr>
<tr><td>Current liabilities</td><td>176</td></tr>
<tr><td>Total liabilities</td><td>176</td></tr>
</table>
</td><td>*5</td></tr>
</table>

Lease Transactions

Descriptions are omitted as information is considered to be not important.

Marketable Securities

1. Bonds held to maturity with market values

millions of yen

	Type	Prior fiscal year As of March 31, 2007			Current fiscal year As of March 31, 2008		
		Book value on the consolidated balance sheet	Market Price	Difference	Book value on the consolidated balance sheet	Market Price	Difference
Bonds held to maturity (Market price exceeds balance sheet amount)	i. Government and local government bonds, etc.	—	—	—	10	10	—
	ii. Corporate bonds	—	—	—	—	—	—
	iii. Other items	—	—	—	—	—	—
	Subtotal	—	—	—	10	10	—
(Market price does not exceed balance sheet amount)	i. Government and local government bonds, etc.	6,017	6,016	—	19	19	—
	ii. Corporate bonds	—	—	—	—	—	—
	iii. Other items	—	—	—	—	—	—
	Subtotal	6,017	6,016	—	19	19	—
Total		6,017	6,016	—	30	30	—

2. Other securities with market values

millions of yen

	Type	Prior fiscal year As of March 31, 2007			Current fiscal year As of March 31, 2008		
		Acquisition Cost	Book value on the consolidated balance sheet	Difference	Acquisition Cost	Book value on the consolidated balance sheet	Difference
Other securities (Balance sheet amount exceeds acquisition cost)	(i) Equity securities	8,980	17,239	8,259	1,888	6,820	4,931
	(ii) Bonds						
	Corporate bonds	―	―	―	―	―	―
	(iii) Other	149	195	45	―	―	―
	Sub-total	9,130	17,435	8,304	1,888	6,820	4,931
(Balance sheet amount does not exceed acquisition cost)	(i) Equity securities	395	274	(120)	10,521	7,775	(2,745)
	(ii) Bonds						
	Corporate bonds	100	98	(1)	300	298	(1)
	(iii) Other	72	69	(3)	222	206	(16)
	Sub-total	568	442	(125)	11,044	8,280	(2,763)
Total		9,699	17,878	8,178	12,933	15,101	2,167

Note: Stocks and other securities with market values included in Other Securities were recognized as 547 million yen for the prior period and 132 million yen for the current 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. Other marketable securities sold during the current year (April 1, 2007 to march 31, 2008)

millions of yen

Prior fiscal year As of March 31, 2007			Current fiscal year As of March 31, 2008		
Proceeds of sale	Total gains on sale	Total loss on sale	Proceeds of sale	Total gains on sale	Total loss on sale
533	498	1	26	1	11

4. Principal securities holdings without market value

millions of yen

	Prior fiscal year As of March 31, 2007	Current fiscal year As of March 31, 2008
	Book value on consolidated balance sheet	Book value on consolidated balance sheet
1. Bonds held to maturity	37	34
Unlisted bonds	37	34
2. Other marketable securities	8,018	8,924
i) Unlisted stocks	1,762	1,720
ii) MMF	5,706	5,863
iii) Other	549	1,339

5. Redemption amounts for other marketable securities with maturities and bonds which are to be held to maturity

	Prior fiscal year As of March 31, 2007				Current fiscal year As of March 31, 2008			
	One year or less	More than one, up to five years	More than five, up to ten years	More than ten years	One year or less	More than one, up to five years	More than five, up to ten years	More than ten years
Bonds								
Government and local government bonds, etc.	5,996	20	—	—	9	20	—	—
Corporate bonds	—	—	37	—	—	34	—	—
Total	5,996	20	37	—	9	54	—	—

Derivative Transactions

Descriptions are omitted as information is considered to be not important.

Retirement and Severance Benefits

1. Retirement plan types

The Company and part of domestic consolidated subsidiaries	The Company has established a fixed benefit plan for lump sum retirement awards and a comprehensive employee’s pension fund.
Other domestic consolidated subsidiaries (excluding domestic consolidated subsidiaries without retirement benefit schemes)	Domestic consolidated subsidiaries have established as fixed benefit types, qualified retirement benefit plans, retirement lump-sum grants, or comprehensive employees’ pension funds. Additional benefits may also be paid at retirement.
Foreign consolidated subsidiaries	Some foreign consolidated subsidiaries have established defined contribution types or retirement lump-sum grants.

2. Retirement benefit liabilities

millions of yen

	Prior Fiscal Year (as of March 31, 2007)	Current Fiscal Year (as of March 31, 2008)
i. Projected benefit obligations	(15,381)	(13,544)
ii. Plan assets at fair value	12,811	10,531
iii. Projected benefit obligation in excess of plan assets (i + ii)	(2,569)	(3,013)
iv. Unrecognized transition liability	—	—
v. Unrecognized actuarial gain/loss	524	1,996
vi. Unrecognized prior service liability (reduction in liability)	(41)	(413)
vii. Net retirement and severance benefits recognized on the balance sheets (iii + iv + v + vi)	(2,086)	(1,429)
viii. Prepaid pension expense	137	141
ix. Accrued retirement and severance benefits (vii + viii)	(2,223)	(1,571)

Notes:

1. In addition to the plan assets shown above, there are 1,191 million yen for the prior fiscal year and 539 million yen for the current fiscal year in plan assets under the employee’s pension fund (accounted for by the ratio of contribution).
2. To calculate retirement benefit liabilities, some subsidiaries have adopted the simplified method.

3. Retirement benefit expenses

millions of yen

	Prior fiscal year As of March 31, 2007	Current fiscal year As of March 31, 2008
i. Service cost for benefits earned – net of employee contributions	1,545	1,470
ii. Interest cost on projected benefit obligation	271	237
iii. Estimated return on plan assets	(245)	(253)
iv. Transition liability charged off	—	—
v. Amortization of unrecognized actuarial gain	197	236
vi. Amortization of prior service cost	16	(40)
vii. Net periodic cost (total i-vi)	1,785	1,650

Notes:

1. In addition to the retirement benefit expenses shown above, there are also 102 million for the prior fiscal year and 37 million for the current fiscal year in contributions to the employees' pension fund charged to the cost of sales and selling, general and administrative expenses. Additional benefits are 109 million yen for the prior fiscal year and 117 million for the current fiscal year.
2. Retirement benefit expenses for the subsidiaries which have adopted the simplified methods are included in (i) service cost above.
3. A portion of overseas defined contribution values related to the establishment of a defined contribution pension plan has been recorded as (i) service cost.
4. Retirement benefit expenses in the amount of ¥501 million due to the change in the Company's retirement benefit scheme were recognized as extraordinary gain.

4. Key factors in calculation of retirement benefit liabilities

	Prior Fiscal Year	Current Fiscal Year
i. Method of the benefit attribution	Benefit/year of service	Benefit/year of service
ii. Discount rate:	1.3% – 2.0%	2.0%
iii. Estimated rate of return on plan assets	1.5% – 3.0%	2.0% – 3.0%
iv. Period of amortization of prior unrecognized service cost	10 – 11 years	10 years
v. Period of amortization of unrecognized actuarial gain or loss	Amortized in equal amounts over a given number of years (9-17) from the following consolidated fiscal year (within the average remaining period of service for affected employees)	Amortized in equal amounts over a given number of years (9-17) from the following consolidated fiscal year (within the average remaining period of service for affected employees)

Concerning stock options, etc.
Previous fiscal year (from April 1, 2006 to March 31, 2007)

1. Item and amount of stock option expenses in the consolidated fiscal year

Selling, general and administrative expenses: ¥577 million

2. Types, sizes and changes of stock options

(1) Types of Stock Option

	2006 Stock Options		
	Series 1 Stock subscription rights	Series 2 Stock subscription rights	Series 3 Stock subscription rights
Position and number of beneficiaries	Directors of the Company (8)	Directors of subsidiaries (14)	Employees of the Company and subsidiaries (603)
Type and number of stock options (Note 1)	Common stock 126,300	Common stock 149,700	Common stock 1,838,000
Grant date	July 18, 2006	July 18, 2006	July 18, 2006
Conditions for exercising rights	(Note 2)	(Note 3)	(Note 4)
Required tenure	Not specified	Not specified	from July 18, 2006 to July 9, 2008
Applicable period for exercising rights	from July 10, 2009 to June 30, 2014	from July 10, 2009 to June 30, 2014	from July 10, 2008 to June 30, 2010

(Notes)

1. The number of stock options is given in that of shares.
2. After stock subscription rights are allocated, if the Company's stock price growth rate up to the start of the period for exercising those rights does not exceed the TOPIX (Tokyo Stock Price Index) growth rate, then those stock subscription rights cannot be exercised. The Company's stock price growth rate shall be calculated as the average closing price for common shares of the Company on the Tokyo Stock Exchange on each of the days within the previous three months prior to the month in which the starting date for the period for exercising the stock subscription rights falls (except if there is no trading) divided by the average closing price for common shares of the Company on the Tokyo Stock Exchange on each of the days within the previous three months prior to the month in which the allotment date falls (except if there is no trading). The TOPIX growth rate is calculated in the same way as the Company's stock price growth rate.
3. The annual target of business performance and evaluation period (3 years from the time of the issuance of rights to the time it is possible to exercise those rights) shall be determined, with the sales and operating income, etc. of the strategic business unit – to which persons to whom stock subscription rights were allotted (hereinafter referred to as "Stock Subscription Rights Holder(s)") belongs at the time of issuance of the stock subscription rights – used as the evaluation index. The ratio of achievement of that target shall be measured for each fiscal year during that evaluation period. If the ratio of achievement at the end of evaluation period is above 50% on average during the evaluation period, those rights may be exercised.
   However, even if the ratio of achievement is above 50% on average during the evaluation period, the number of shares that can be acquired by exercising those rights shall be based on a ratio equivalent to the average ratio of achievement (maximum of 100%).
4. (i) Stock Subscription Rights Holder(s) must be an employee of the Company or of its Group Companies at the time those rights are exercised.
   (ii) Regardless of the regulation in (i), if the Stock Subscription Rights Holder leaves the Company or its Group companies due to his or her own personal reasons, that person may possess and exercise the corresponding rights only up to 6 months from the time of leaving. However, he or she may not possess and exercise the corresponding rights beyond the period for exercising those rights. If that person leaves upon the company's request or for any other reason that the company believes to be appropriate, those rights and the period for exercising those rights shall remain unchanged.

(2) Stock Option Sizes and Changes

Information is given only for stock options that existed in this consolidated fiscal year. The number of stock options is given in that of underlying shares.

(i) Number of Stock Options (Shares)

	2006 Stock Options		
	Series 1 Stock subscription rights	Series 2 Stock subscription rights	Series 3 Stock subscription rights
Before rights become effective (shares)			
End of previous consolidated term	—	—	—
Granted	126,300	149,700	1,838,000
Expired	—	—	21,000
Offered rights	—	—	—
Unoffered	126,300	149,700	1,817,000
After offer (shares)			
End of previous consolidated term	—	—	—
Offered rights	—	—	—
Exercised rights	—	—	—
Expired	—	—	—
Unexercised	—	—	—

(ii) Price Information

	2006 Stock Options		
	Series 1 Stock subscription rights	Series 2 Stock subscription rights	Series 3 Stock subscription rights
Exercise price of option (Yen)	1	1	1,754
Average stock price when exercised (Yen)	—	—	—
Fair market price on grant date (Yen)	1,550.90	1,550.90	219.07

3. Method for Estimating Fair Market Price for Stock Options

The method for estimating a fair market price for 2006 stock options granted in this fiscal year is as follows.

(i) Valuation Formula … Black-Scholes Model

(ii) Basic Figures and Estimation Method

	2006 Stock Options		
	Series 1 Stock subscription rights	Series 2 Stock subscription rights	Series 3 Stock subscription rights
Stock price fluctuation (Note 1)	24.17%	24.17%	24.17%
Estimated remaining life (Note 2)	5.464 years	5.464 years	2.964 years
Estimated dividends (Note 3)	1.04%	1.04%	1.04%
No-risk interest rate (Note 4)	1.424%	1.424%	0.959%

(Notes)

1. Stock price fluctuation is based on stock prices over the period from the company's incorporation to the grant date (from September 29, 2005 to July 18, 2006).
2. The remaining life of the stock options could not be rationally estimated due to a lack of data stock. Estimated remaining life is therefore based on the assumption that options would be exercised at the midpoint of the applicable period for exercising rights.
3. Estimated dividends were based on actual dividends over the period from the company's incorporation to grant date (from September 29, 2005 to July 18, 2006).
4. The no-risk interest rate is the rate of yield on government bonds for the period corresponding to the estimated remaining life.

4. Method for estimating the number of effective rights of stock options

Basically, it is difficult to rationally estimate the number of expired options at a future date. The number of previously expired options was therefore used.

Concerning stock options, etc.

Fiscal Year to March 2007 (from April 1, 2007 to March 31, 2008)

1. Item and amount of stock option expenses in the consolidated fiscal year

Selling, general and administrative expenses: ¥954 million

2. Types, sizes and changes of stock options

(1) Types of Stock Option

	2006 Stock Options		
	Series 1 Stock subscription rights	Series 2 Stock subscription rights	Series 3 Stock subscription rights
Position and number of beneficiaries	Directors of the Company (8)	Directors of subsidiaries (14)	Employees of the Company and subsidiaries (603)
Type and number of stock options (Note 1)	Common stock 126,300	Common stock 149,700	Common stock 1,838,000
Grant date	July 18, 2006	July 18, 2006	July 18, 2006
Conditions for exercising rights	(Note 2)	(Note 3)	(Note 4)
Required tenure	Not specified	Not specified	from July 18, 2006 to July 9, 2008
Applicable period for exercising rights	from July 10, 2009 to June 30, 2014	from July 10, 2009 to June 30, 2014	from July 10, 2008 to June 30, 2010

	2007 Stock Options		
	Series 4 Stock subscription rights	Series 2–1 Stock acquisition rights	Series 2–2 Stock acquisition rights
Position and number of beneficiaries	Employees of the Company and subsidiaries (231)	Directors of the Company (6)	Directors of subsidiaries (85)
Type and number of shares (Note 1)	Common stock 583,000	Common stock 92,600	Common stock 268,100
Grant date	April 18, 2007	July 19, 2007	July 19, 2007
Conditions for exercising rights	(Note 4)	(Note 2)	(Note 3)
Required tenure	from April 18, 2007 to March 31, 2009	Not specified	Not specified
Applicable period for exercising rights	from April 1, 2009 to June 30, 2010	from July 10, 2010 to June 30, 2015	from July 10, 2010 to March 31, 2015

(Notes)

1. The number of stock options is given in that of shares.
2. After stock subscription rights are allocated, if the Company's stock price growth rate up to the start of the period for exercising those rights does not exceed the TOPIX (Tokyo Stock Price Index) growth rate, then those stock subscription rights cannot be exercised. The Company's stock price growth rate shall be calculated as the average closing price for common shares of the Company on the Tokyo Stock Exchange on each of the days within the previous three months prior to the month in which the starting date for the period for exercising the stock subscription rights falls (except if there is no trading) divided by the average closing price for common shares of the Company on the Tokyo Stock Exchange on each of the days within the previous three months prior to the month in which the allotment date falls (except if there is no trading). The TOPIX growth rate is calculated in the same way as the Company’s stock price growth rate.
3. The annual target of business performance and evaluation period (3 years from the time of the issuance of rights to the time it is possible to exercise those rights) shall be determined, with the sales and operating income, etc. of the strategic business unit – to which persons to whom stock subscription rights were allotted (hereinafter referred to as “Stock Subscription Rights Holder(s)”) belongs at the time of issuance of the stock subscription rights – used as the evaluation index. The ratio of achievement of that target shall be measured for each fiscal year during that evaluation period. If the ratio of achievement at the end of evaluation period is above 50% on average during the evaluation period, those rights may be exercised.
   However, even if the ratio of achievement is above 50% on average during the evaluation period, the number of shares that can be acquired by exercising those rights shall be based on a ratio equivalent to the average ratio of achievement (maximum of 100%).
4. (i) Stock Subscription Rights Holder(s) must be an employee of the Company or of its Group Companies at the time those rights are exercised.
   (ii) Regardless of the regulation in (i), if the Stock Subscription Rights Holder leaves the Company or its Group companies due to his or her own personal reasons, that person may possess and exercise the corresponding rights only up to 6 months from the time of leaving. However, he or she may not possess and exercise the corresponding rights beyond the period for exercising those rights. If that person leaves upon the company's request or for any other reason that the company believes to be appropriate, those rights and the period for exercising those rights shall remain unchanged.

(2) Stock Option Sizes and Changes

Information is given only for stock options that were existed in this consolidated fiscal year. The number of stock options is given in that of underlying shares.

(i) Number of Stock Options (Shares)

	2006 Stock Options		
	Series 1 Stock subscription rights	Series 2 Stock subscription rights	Series 3 Stock subscription rights
Before rights become effective (shares)			
End of previous consolidated term	126,300	149,700	1,817,000
Granted	—	—	—
Expired	—	—	12,000
Offered rights	—	—	—
Unoffered	126,300	149,700	1,805,000
After offer (shares)			
End of previous consolidated term	—	—	—
Offered rights	—	—	—
Exercised rights	—	—	—
Expired	—	—	—
Unexercised	—	—	—

	2007 Stock Options		
	Series 4 Stock subscription rights	Series 2–1 Stock acquisition rights	Series 2–2 Stock acquisition rights
Before rights become effective (shares)			
End of previous consolidated term	—	—	—
Granted	583,000	92,600	268,100
Expired	4,000	—	3,400
Offered rights	—	—	—
Unoffered	579,000	92,600	264,700
After offer (shares)			
End of previous consolidated term	—	—	—
Offered rights	—	—	—
Exercised rights	—	—	—
Expired	—	—	—
Unexercised	—	—	—

(ii) Price Information

	2006 Stock Options		
	Series 1 Stock subscription rights	Series 2 Stock subscription rights	Series 3 Stock subscription rights
Exercise price of option (Yen)	1	1	1,754
Average stock price when exercised (Yen)	—	—	—
Fair market price on grant date (Yen)	1,550.90	1,550.90	219.07

	2007 Stock Options		
	Series 4 Stock subscription rights	Series 2–1 Stock acquisition rights	Series 2–2 Stock acquisition rights
Exercise price of option (Yen)	1,895	1	1
Average stock price when exercised (Yen)	—	—	—
Fair market price on grant date (Yen)	279.13	1,893.38	1,893.38

3. Method for Estimating Fair Market Price for Stock Options

The method for estimating a fair market price for 2006 Stock Options granted in the previous consolidated fiscal year and 2007 Stock Options granted in this consolidated fiscal year is as follows.

(i) Valuation Formula … Black-Scholes Model

(ii) Basic figures and Estimation Method

	2006 Stock Options		
	Series 1 Stock subscription rights	Series 2 Stock subscription rights	Series 3 Stock subscription rights
Stock price fluctuation (Note 1)	24.17%	24.17%	24.17%
Estimated remaining life (Note 2)	5.464 years	5.464 years	2.964 years
Estimated dividends (Note 3)	1.04%	1.04%	1.04%
No-risk interest rate (Note 4)	1.424%	1.424%	0.959%

	2007 Stock Options		
	Series 4 Stock subscription rights	Series 2–1 Stock acquisition rights	Series 2–2 Stock acquisition rights
Stock price fluctuation (Note 1)	23.85%	23.20%	23.20%
Estimated remaining life (Note 2)	2.576 years	5.461 years	5.461 years
Estimated dividends (Note 3)	1.50%	1.27%	1.27%
No-risk interest rate (Note 4)	0.9387%	1.551%	1.551%

(Notes)

1. Stock price fluctuation is based on stock prices over the period from the company’s incorporation to the grant date (*).
2. The remaining life of the stock options could not be rationally estimated due to a lack of data stock. Estimated remaining life is therefore based on the assumption that options would be exercised at the midpoint of the applicable period for exercising rights.
3. Estimated dividends were based on actual dividends over the period from the company’s incorporation to grant date (*).
4. The no-risk interest rate is the rate of yield on government bonds for the period corresponding to the estimated remaining life.

(*) Series 1 Stock subscription rights: from September 29, 2005, to July 18, 2006
Series 2 Stock subscription rights: from September 29, 2005, to July 18, 2006
Series 3 Stock subscription rights: from September 29, 2005, to July 18, 2006
Series 4 Stock subscription rights: from September 29, 2005, to April 18, 2007
Series 2-1 Stock subscription rights: from 29 September, 2005, to 19 July, 2007
Series 2-2 Stock subscription rights: from 29 September, 2005, to 19 July, 2007

4. Method for estimating the number of effective rights of stock options

Basically, it is difficult to rationally estimate the number of expired options at a future date. The number of previously expired options was therefore used.

Tax effect accounting

(millions of yen)

Prior fiscal year (April 1, 2006 ~ March 31, 2007)		Current fiscal year (April 1, 2007 ~ March 31, 2008)	
1. Significant components of deferred tax assets and liabilities		1. Significant components of deferred tax assets and liabilities	
Deferred tax assets:		Deferred tax assets:	
Excess depreciation on fixed assets	4,588	Excess depreciation on fixed assets	4,830
Losses carried forward	3,387	Losses carried forward	2,983
Loss on impairment of fixed assets	1,889	Accrued employee bonuses	1,743
Inventory valuation loss	1,626	Loss on impairment of fixed assets	1,536
Accrued employee bonuses	1,348	Inventory valuation loss	1,253
Valuation loss on advance money	1,269	Valuation loss on advance money	924
Accrued enterprise taxes etc.	1,066	Excess allowance for doubtful accounts	906
Employee retirement and severance benefits	824	Accrued enterprise taxes etc.	801
Research and development expenses	442	Research and development expenses	614
Excess allowance for doubtful accounts	321	Employee retirement and severance benefits	580
Other	5,058	Other	5,740
Subtotal deferred tax assets	21,822	Subtotal deferred tax assets	21,913
Valuation allowance	(10,520)	Valuation allowance	(8,870)
Total deferred tax assets	11,302	Total deferred tax assets	13,043
Deferred tax liabilities:		Deferred tax liabilities:	
Retained earnings of foreign consolidated subsidiaries	(3,652)	Retained earnings of foreign consolidated subsidiaries	(4,177)
Other securities valuation difference	(3,324)	Other securities valuation difference	(1,294)
Deduction for inventories	(867)	Reserve for deferred income tax on fixed assets	(134)
Reserve for deferred income tax on fixed assets	(147)	Other	(75)
Other	(105)	Total deferred tax liabilities	(5,682)
Total deferred tax liabilities	(8,096)	Net deferred tax assets	7,360
Net deferred tax assets	3,205		

Prior fiscal year (April 1, 2006 ~ March 31, 2007)	Current fiscal year (April 1, 2007 ~ March 31, 2008)

Prior fiscal year (April 1, 2006 ~ March 31, 2007):

Net deferred tax assets are reported on the consolidated balance sheet as:

Current assets — Deferred tax assets	5,717
Fixed assets — Deferred tax assets	4,141
Current liabilities — Other (deferred tax liabilities)	1,458
Long-term liabilities — Deferred tax liabilities	5,194

In addition to the above, deferred tax assets and liabilities due to land revaluation recorded as "deferred tax liabilities – land revaluation" are as follows:

Deferred tax assets due to land revaluation	9,185
Valuation allowance	(8,993)
Total deferred tax assets	192
Deferred tax liabilities due to land revaluation	(783)
Total deferred tax liabilities	(591)

2. Principle reasons for significant differences between normal effective statutory tax rate and the effective tax rate after application of tax effect accounting:

Effective statutory tax rate	40.6%
(Adjustments)	
Increase in valuation allowance related to deferred tax assets	1.6
Amortization of goodwill	1.7
Permanent nondeductible expense such as entertainment expense	1.0
Inhabitants tax lump-sum payments	0.6
Reversal of deferred tax liabilities for retained income of foreign subsidiaries	(5.1)
Other	(0.2)
Actual effective tax rate after application of tax effect accounting	40.2

Current fiscal year (April 1, 2007 ~ March 31, 2008):

Net deferred tax assets are reported on the consolidated balance sheet as:

Current assets — Deferred tax assets	5,908
Fixed assets — Deferred tax assets	6,290
Current liabilities — Other (deferred tax liabilities)	599
Long-term liabilities — Deferred tax liabilities	4,239

In addition to the above, deferred tax assets and liabilities due to land revaluation recorded as "deferred tax liabilities – land revaluation" are as follows:

Deferred tax assets due to land revaluation	3,035
Valuation allowance	(2,843)
Total deferred tax assets	192
Deferred tax liabilities due to land revaluation	(684)
Total deferred tax liabilities	(492)

2. Principle reasons for significant differences between normal effective statutory tax rate and the effective tax rate after application of tax effect accounting:

Effective statutory tax rate	40.6%
(Adjustments)	
Amortization of goodwill	1.9
Permanent nondeductible expense such as entertainment expense	0.8
Inhabitants tax lump-sum payments	0.6
Directors' bonuses	0.5
Increase in valuation allowance related to deferred tax assets	(14.1)
Tax deductible testing and research expenses	(1.3)
Tax rate differential of foreign subsidiaries	(0.9)
Other	(0.6)
Actual effective tax rate after application of tax effect accounting	27.5

Segment Information

a. By Business Segment

(¥ million)

	Prior fiscal year (April 1, 2006 to March 31, 2007)								
	Toys & Hobby Business	Amusement Facility Business	Game Contents Business	Network Business	Visual & Music Content Business	Affiliated Business	Total	Eliminations and Corporate	Consolidated
(i) Net sales and operating income									
Net sales									
(1) To external customers	179,473	87,862	127,389	12,081	41,954	10,369	459,132	—	459,132
(2) Inter-segment sales and transfers	6,112	333	11,798	407	1,051	10,530	30,234	(30,234)	—
Total	185,586	88,196	139,187	12,489	43,006	20,900	489,366	(30,234)	459,132
Operating expenses	168,183	84,192	127,677	11,608	33,509	19,882	445,054	(28,145)	416,908
Operating income	17,403	4,004	11,509	880	9,496	1,017	44,312	(2,088)	42,224
(ii) Assets, depreciation and amortization, impairment loss, and capital expenditure									
Assets	151,547	65,144	119,102	11,191	42,268	23,571	412,824	(4,334)	408,490
Depreciation and amortization	8,054	8,706	4,422	173	663	1,639	23,660	(158)	23,501
Impairment loss	486	3,752	670	—	—	208	5,116	(47)	5,069
Capital expenditure	9,062	10,678	4,220	156	1,436	2,368	27,924	—	27,924

Note1: 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 fiscal year (April 1, 2005 to March 31, 2006)								
	Toys & Hobby Business	Amusement Facility Business	Game Contents Business	Network Business	Visual & Music Content Business	Affiliated Business	Total	Eliminations and Corporate	Consolidated
(i) Net sales and operating income									
Net sales									
(1)To external customers	176,474	80,769	128,448	12,196	42,279	10,661	450,829	—	450,829
(2)Inter-segment 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	19,085	1,888	9,707	1,835	6,187	1,187	39,892	(4,222)	35,669
(ii) Assets, depreciation and amortization, impairment loss, and capital expenditure									
Assets	136,692	60,180	113,799	10,578	36,927	20,742	378,921	7,729	386,651
Depreciation and amortization	5,055	9,292	2,240	151	527	1,184	18,450	693	19,144
Impairment loss	825	—	556	1,619	—	—	3,001	—	3,001
Capital expenditure	8,456	11,168	1,458	252	1,594	510	23,441	578	24,020

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, development and sale of environmental equipment and other activities

3. Operating expenses include an unallocatable amount of ¥2,538 million under eliminations and corporate. This figure primarily consists of expenses related to management divisions the Company and NAMCO BANDAI Holdings (USA) Inc.
4. Assets include 34,674 million yen in corporate assets included in eliminations and corporate. This figure primarily consists of surplus working capital (cash and deposits), long-term investments (investment securities), and assets, etc. related to management divisions.
5. Depreciation includes goodwill amortization. Extraordinary depreciation on fixed assets is not included.
6. Changes in accounting policy

As set out in "Important Information Constituting the Basis for Preparation of Interim Consolidated Financial Statements" 4. (3) (ii), 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.

	Toys & Hobby Business	Amusement Facility Business	Game Contents Business	Network Business	Visual & Music Content Business	Other Business	Total	Eliminations and Corporate	Consolidated
Directors' bonus	(176)	(48)	(99)	—	(162)	(61)	(547)	(110)	(657)
Stock options	(100)	(31)	(99)	—	—	—	(232)	(345)	(577)
Operating income (loss)	(276)	(80)	(199)	—	(162)	(61)	(779)	(455)	(1,235)

7. Additional information

In prior years, Data Carddass hardware and software were depreciated based on a useful life of 5 years, in fiscal year 2007, the useful life for hardware and software was changed to 3 years and 1 year, respectively.

The change in accounting estimate caused depreciation and operating loss to increase by 560 million yen and operating income decreased by the same corresponding amount in Toys and Hobby Business segment.

Current fiscal year (April 1, 2007 ~ March 31, 2008)

(¥ million)

	Toys & Hobby Business	Amusement Facility Business	Game Contents Business	Network Business	Visual & Music Content Business	Affiliated Business	Total	Eliminations and Corporate	Consolidated
(i) Net sales and operating income									
Net sales									
(1) To external customers	175,991	89,430	137,946	11,687	36,019	9,397	460,473	—	460,473
(2)Inter-segment sales and transfers	4,172	399	7,725	356	930	10,412	23,997	(23,997)	—
Total	180,164	89,829	145,672	12,044	36,949	19,809	484,471	(23,997)	460,473
Operating expenses	165,855	88,198	130,878	11,139	33,117	19,056	448,246	(21,184)	427,062
Operating income	14,309	1,631	14,793	904	3,832	753	36,224	(2,813)	33,411
(ii) Assets, depreciation and amortization, impairment loss, and capital expenditure									
Assets	160,334	62,034	118,785	11,752	52,897	20,534	426,339	(13,316)	413,023
Depreciation and amortization	9,128	11,312	4,643	223	1,351	1,665	28,325	(561)	27,763
Impairment loss	940	3,289	17	—	—	—	4,247	—	4,247
Capital expenditure	9,225	9,827	3,439	1,043	10,079	484	34,101	14	34,115

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, development and sale of environmental equipment and other activities

3. Operating expenses include an unallocatable amount of ¥3,253 million under eliminations and corporate. This figure primarily consists of expenses related to management divisions the Company and NAMCO BANDAI Holdings (USA) Inc.
4. Assets include 26,151 million yen in corporate assets included in eliminations and corporate. This figure primarily consists of surplus working capital (cash and deposits), long-term investments (investment securities), and assets, etc. related to management divisions.
5. Depreciation includes goodwill amortization.
6. Changes in accounting policy
   Beginning with the period under review, as set forth in Item 4. (2) (i) of the "Important Matters Concerning the Basis of Preparation of Consolidated Financial Statements," the Company and some of its domestic consolidated subsidiaries have in

accordance with the revision of the Corporation Tax Law changed their depreciation method with respect to assets acquired on or after April 1, 2007.

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

	Toys & Hobby Business	Amusement Facility Business	Game Contents Business	Network Business	Visual & Music Content Business	Other Business	Total	Eliminations and Corporate	Consolidated
Operating income (loss)	(681)	(3)	(175)	(13)	(105)	(9)	(988)	—	(988)

7. Additional information

Beginning with the period under review, as set forth in Item 4. (2) (i) of the "Important Matters Concerning the Basis of Preparation of Consolidated Financial Statements," in respect of the property, plant and equipment acquired prior to March 31, 2007, are depreciating the amount of difference between the memorandum value and an amount equivalent to 5% of the acquisition cost of the assets using the straight-line method over a period of 5 years, from the consolidated fiscal year following the consolidated fiscal year when the book value of the assets was depreciated to the amount equivalent to 5% of the acquisition cost based on the Corporation Tax Law prior to revision.

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

	Toys & Hobby Business	Amusement Facility Business	Game Contents Business	Network Business	Visual & Music Content Business	Other Business	Total	Eliminations and Corporate	Consolidated
Operating income (loss)	(160)	—	(20)	(3)	—	(2)	(186)	—	(186)

b. By Geographic Segment

Prior fiscal year (April 1, 2006 ~ March 31, 2007)

(¥ million)

	Japan	Americas	Europe	Asia	Total	Eliminations and Corporate	Consolidated
(i) Net sales and operating income							
Net sales							
1) To external customers	356,248	52,315	37,763	12,805	459,132	—	459,132
2) Inter-segment sales and transfers	11,199	1,673	—	24,255	37,129	(37,129)	—
Total	367,447	53,989	37,763	37,060	496,261	(37,129)	459,132
Operating expenses	334,320	50,612	32,510	34,330	451,773	(34,865)	416,908
Operating income	33,127	3,376	5,253	2,730	44,487	(2,263)	42,224
(ii) Assets	310,465	37,369	45,763	21,239	414,837	(6,347)	408,490

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 ¥2,538 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. Assets include 34,674 million yen in corporate assets included in eliminations and corporate. This figure primarily consists of surplus working capital (cash and deposits), long-term investments (investment securities), and assets, etc. related to management divisions.
4. Change in accounting policy
   As set out in "Important Information Constituting the Basis for Preparation of Interim Consolidated Financial Statements" 4. (3) (ii), 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	(547)	—	—	—	(547)	(110)	(657)
Stock options	(232)	—	—	—	(232)	(345)	(577)
Operating income (loss)	(779)	—	—	—	(779)	(455)	(1,235)

5. Additional information
   In prior years, Data Carddass hardware and software were depreciated based on a useful life of 5 years, in fiscal year 2007, the useful life for hardware and software was changed to 3 years and 1 year, respectively.

The change in accounting estimate caused operating loss to increase by 560 million yen and operating income decreased by the same corresponding amount in Japan geographic segment.

Current fiscal year (April 1, 2007 ~ March 31, 2008)

(¥ million)

	Japan	Americas	Europe	Asia	Total	Eliminations and Corporate	Consolidated
(i) Net sales and operating income							
Net sales							
1) To external customers	346,736	52,623	46,387	14,726	460,473	—	460,473
2) Inter-segment sales and transfers	13,961	1,943	9	23,206	39,119	(39,119)	—
Total	360,697	54,566	46,397	37,932	499,593	(39,119)	460,473
Operating expenses	336,217	52,247	39,567	35,077	463,109	(36,047)	427,062
Operating income	24,480	2,318	6,830	2,854	36,483	(3,072)	33,411
(ii) Assets	321,489	35,619	48,864	23,938	429,912	(16,889)	413,023

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 ¥3,253 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. Assets include 26,151 million yen in corporate assets included in eliminations and corporate. This figure primarily consists of surplus working capital (cash and deposits), long-term investments (investment securities), and assets, etc. related to management divisions.
4. Change in accounting policy
   Beginning with the period under review, as set forth in Item 4. (2) (i) of the "Important Matters Concerning the Basis of Preparation of Consolidated Financial Statements", the Company and some of its domestic consolidated subsidiaries have in accordance with the revision of the Corporation Tax Law changed their depreciation method with respect to assets acquired on or after April 1, 2007.
   As a result of this change, consolidated operating expenses in Japan in the term under review increased ¥988 million while operating income decreased by the same amount.
5. Additional information
   Beginning with the period under review, as set forth in Item 4. (2) (i) of the "Important Matters Concerning the Basis of Preparation of Consolidated Financial Statements", in respect of the property, plant and equipment acquired prior to March 31, 2007, are depreciating the amount of difference between the memorandum value and an amount equivalent to 5% of the acquisition cost of the assets using the straight-line method over a period of 5 years, from the consolidated fiscal year following the consolidated fiscal year when the book value of the assets was depreciated to the amount equivalent to 5% of the acquisition cost based on the Corporation Tax Law prior to revision.

As a result of this change, consolidated operating expenses in Japan in the term under review increased ¥186 million while operating income decreased by the same amount.

c. Overseas Sales

Prior fiscal year (April 1, 2006 ~ March 31, 2007)

	Americas	Europe	Asia	Total
I. Overseas sales (¥ million)	53,719	41,267	17,813	112,799
II. Consolidated sales (¥ million)	—	—	—	459,132
III. Overseas sales as a ratio of consolidated sales (%)	11.7	9.0	3.9	24.6

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
(ii)	Asia	Hong Kong, Singapore, Thailand, South Korea, Australia, China and Taiwan

Current fiscal year (April 1, 2007 ~ March 31, 2008)

	Americas	Europe	Asia	Total
I. Overseas sales (¥ million)	54,835	47,855	20,232	122,923
II. Consolidated sales (¥ million)	—	—	—	460,473
III. Overseas sales as a ratio of consolidated sales (%)	11.9	10.4	4.4	26.7

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

Related Party Transactions

Prior fiscal year (April 1, 2006 ~ March 31, 2007)

None

Current fiscal year (April 1, 2007 ~ March 31, 2008)

None

Business Integration, etc.

Prior fiscal year (April 1, 2006 to March 31, 2007)
Transactions under common control, etc.
I. Company Restructuring in North America
1. Names and Business Content of Restructured Companies, Legal Form of Combination and Divestiture and Overview of Business and Business Objectives
(1) Overview of Business and Business Objectives
Overview of Business and Business Objectives With the objective of maximizing group value in North America, North American subsidiaries were restructured from January 2 to 4, 2006. As a result, the North American holding company NAMCO BANDAI Holdings (USA) Inc. controls the five companies listed as [ii] to [vi] in (2) below as well as the business company of NAMCO CYBERTAINMENT INC. operating amusement facilities, and is now structured to promote strategies for the North American region.
(2) Names and Business Content of Restructured Companies

(i) NAMCO BANDAI Holdings (USA) Inc.	Management administration, instruction and supporting of business companies in North America region Promotion of North America region
(ii) BANDAI AMERICA INC.	Sales of toys
(iii) NAMCO BANDAI Games America Inc.	Development and sales of home videogame software
(iv) NAMCO AMERICA INC.	Sales of coin-operated game machines
(v) NAMCO NETWORKS AMERICA INC.	Development and distribution of Mobile content
(vi) BANDAI ENTERTAINMENT INC.	Planning, production, sales and copyrights
(vii) BANDAI GAMES INC.	Development and sales of home videogame software

(3) Legal Form of Combination and Divestiture
Legal Form of Combination and Divestiture Transaction in form of combination or divestiture in the aforementioned restructuring are as follows.
(i) The Company made an in-kind investment of BANDAI AMERICA INC. in NAMCO BANDAI Holdings (USA) Inc.
(ii) BANDAI AMERICA INC. transferred shares of BANDAI GAMES INC. and BANDAI ENTERTAINMENT INC. to NAMCO BANDAI Holdings (USA) Inc.
(iii) To spin off the mobile content business of the former NAMCO AMERICA INC., which sold coin-operated machines and developed and distributed mobile content, the former NAMCO AMERICA INC. merged with NAMCO BANDAI Holdings (USA) Inc. and remaining business was transferred to the new NAMCO AMERICA INC. and NAMCO NETWORKS AMERICA INC.
(iv) BANDAI GAMES INC. merged with NAMCO HOMETEK INC. (newly created after the merger) and was renamed NAMCO BANDAI Games America Inc.

2. Overview of Accounting
Accounting process of consolidated financial statements was handled in accordance with the provision in (1) “Business Transaction of Commonly Controlled Entities”, Paragraph 4 “Accounting Process for Commonly Controlled Entities” in Article 3 of “Accounting Standards for Business Combinations”.

II. Making Banpresto Co., Ltd. a wholly owned subsidiary
1. Names and Business Content of Restructured Companies, Legal Form of Combination and Divestiture and Overview of Business and Business Objectives
(1) Names and Business Content of Restructured Companies
(i) Integrating Company (Parent company after share exchange)
Name: NAMCO BANDAI Holdings Inc. (the “Company”)
Business content: Planning and implementation of management strategy and business management and instruction of the Group companies
(ii) Integrated Company (Wholly owned subsidiary after share exchange)
Name: Banpresto Co., Ltd.
Business content: Planning, development and sales of amusement machines and prizes etc.

(2) Legal form of Business Combination

In the share exchange, the Company is a parent company and Banpresto Co., Ltd. is a wholly owned subsidiary. In accordance with Article 358, Paragraph 1 of the former Commercial Code for the Company and in accordance with Article 12-4, Paragraph 2 of the Industrial Revitalization Law for Banpresto, Co., Ltd. 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.

(3) Transaction guideline including transaction objective

The share exchange was undertaken for the purpose of creating an organization that responds flexibly to the Group's management strategy through making Banpresto Co., Ltd. a wholly owned subsidiary. In accordance with the share exchange agreement concluded on March 29, 2006, the Company paid ¥3,450 for each Banpresto Co., Ltd. Stock owned by the remaining shareholders of Banpresto Co., Ltd., 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. Overview of Accounting

Accounting process of the non-consolidated financial statements and consolidated financial statements was handled in accordance with the provision in "(2) Business with Minor Shareholders" in "Accounting for Commonly Controlled Business" of Article 3, Paragraph 4 of "the Accounting Standards for Business Combinations".

3. Additional Acquisitions of Subsidiary Companies' Shares

(1) Acquisition Cost and its Breakdown

Price of Acquisition	
Cash and deposits	¥1,060 million
Amount required directly for acquisition	¥50 million
Acquisition cost	¥1,110 million

(2) Amount, Source, Method and Period of Depreciation of Goodwill Incurred

(i) Amount of Goodwill: ¥555 million

(ii) Source

The difference between the cost of additional acquiring shares of Banpresto CO., LTD. and the decreased amount of minor shareholders' holdings was handled as goodwill.

(iii) Method and Period of Depreciation: Straight-line method, 5 years

Current fiscal year (April 1, 2007 ~ March 31, 2008)
Transactions conducted by commonly controlled entities, etc.

I. Making Bandai Visual Co., Ltd. a wholly owned subsidiary
1. Names and Business Content of Restructured Companies, Legal Form of Business Combination and Overview of Transaction including Transaction Objectives.
(1) Names and Business Content of Restructured Companies, Legal Form of Business Combination and Overview of Transaction including Transaction Objectives.
(i) Integrating Company (Parent company after share exchange)

Name	NAMCO BANDAI Holdings Inc. (the "Company")
Business content	Planning and implementation of management strategy and business management and instruction of the Group companies

(ii) Integrated Company (Wholly owned subsidiary after share exchange)

Name	Bandai Visual Co., Ltd.
Business content	Planning, production, and sales of visual and music contents

(2) Legal form of Business Combination
A summary share exchange was conducted for the Company as stipulated in Article 796, Paragraph 3 of the Companies Act, and a simplified share exchange was conducted for Bandai Visual, Co., Ltd. (Bandai Visual) as stipulated in Article 784, Paragraph 1 of the Companies Act.
(3) Overview of Transaction including Transaction Objective
The Company, with the goal of making Bandai Visual a wholly owned subsidiary, commenced a tender offer for Bandai Visual shares during the period from November 9, 2007 to December 10, 2007. Consequently, as of December 17, 2007, the Company acquired 134,824 shares of Bandai Visual, 93.63% of Bandai Visual's outstanding shares. The Company and Bandai Visual judged that making Bandai Visual a wholly owned subsidiary would promote (i) optimal efficiency in decision making under the Group's medium to long-term management strategy, (ii) business expansion by way of the effective use of comprehensive capabilities through Group synergies, and (iii) maximization of the value of the Group companies. Thus, as of December 17, 2007, both parties entered into a share exchange agreement to make Bandai Visual a wholly owned subsidiary of the Company ("the share exchange agreement"), and on February 21, 2008, the share exchange became effective, and Bandai Visual became a wholly owned subsidiary of the Company.

2. Overview of Accounting Process
The accounting process for the non-consolidated financial statements and consolidated financial statements was handled in accordance with the provision of "Accounting for transactions conducted by commonly controlled entities, etc." of Article 3, Paragraph 4 of "the Accounting Standards for Business Combinations".

3. Additional Acquisitions of Subsidiary Companies' Shares
(1) Acquisition Cost Detail
The acquisition cost was ¥1,866 million, which was paid solely from treasury stock.
(2) Type of Shares
Common Shares
(3) The Share Exchange Ratio, Basis of Calculation, Number of Shares Delivered, and their Valuation Amount
(i) Share Exchange Ratio
156 shares in the Company were delivered for one (1) share in Bandai Visual.
(ii) Basis of Calculation
To arrive at the above share exchange ratio, the market value method was used for the Company's shares; the discounted cash flow method, market value method, and comparable companies method were used for Bandai Visual's shares; and upon prudent consideration of the results of the evaluation so calculated and mutual deliberation, both parties agreed to the share exchange ratio stated above.
The Company and Bandai Visual chose, as the third-party advisor for each. Daiwa Securities SMBC Co. Ltd. and Nomura Securities Co., Ltd., respectively.
(iii) Number of Shares Delivered and Valuation Amount

Number of shares	1,431,456 shares
Valuation amount	¥1,866 million

(4) Amount, Source, Method and Period of Depreciation of Goodwill Incurred
(i) Amount of Goodwill: ¥1,064 million
(ii) Source
The difference between the cost of acquiring additional shares of Bandai Visual and the decreased amount of minor shareholders' holdings was handled as goodwill.
(iii) Method and Period of Depreciation: Straight-line method, 5 years

II. Making Bandai Networks Co., Ltd. a wholly owned subsidiary
1. Names and Business Content of Restructured Companies, Legal Form of Business Combination and Overview of Transaction including Transaction Objectives
(1) Names and Business Content of Restructured Companies
(i) Integrating Company (Parent company after share exchange)

Name	NAMCO BANDAI Holdings Inc. (the "Company")
Business content	Planning and implementation of management strategy and business management and instruction of the Group companies

(ii) Integrated Company (Wholly owned subsidiary after share exchange)

Name	Bandai Networks Co., Ltd.
Business content	Distributing content for mobile phones, website development, and mail-order sales, etc..

(2) Legal form of Business Combination
A summary share exchange was conducted for the Company as stipulated in Article 796, Paragraph 3 of the Companies Act, and a simplified share exchange was conducted for Bandai Networks, Co., Ltd. (Bandai Networks) as stipulated in Article 784, Paragraph 1 of the Companies Act.
(3) Overview of Transaction Including Transaction Objective
The Company, with the goal of making Bandai Networks a wholly owned subsidiary, commenced a tender offer for Bandai Networks shares during the period from November 9, 2007 to December 10, 2007. Consequently, as of December 17, 2007, the Company acquired 177,951 shares in Bandai Networks, 92.00% of Bandai Networks' outstanding shares. The Company and Bandai Networks judged that making Bandai Networks a wholly owned subsidiary would promote (i) optimal efficiency in decision making under the Group's medium to long-term management strategy, (ii) business expansion by way of the effective use of comprehensive capabilities through Group synergies, and (iii) maximization of the value of the Group companies. Thus, as of December 17, 2007, both parties entered into a share exchange agreement to make Bandai Networks a wholly owned subsidiary of the Company ("the share exchange agreement"), and on February 21, 2008, the share exchange became effective, and Bandai Networks became a wholly owned subsidiary of the Company.

2. Overview of Accounting Process
The accounting process for the non-consolidated financial statements and consolidated financial statements was handled in accordance with the provision of "Accounting for transactions conducted by commonly controlled entities, etc." of Article 3, Paragraph 4 of "the Accounting Standards for Business Combinations".

3. Additional Acquisitions of Subsidiary Companies' Shares

(1) Acquisition Cost Detail

The share exchange ratio, basis of calculation, number of shares exchanged, and their valuation

The acquisition cost was ¥666 million, which was paid solely from treasury stock.

(2) Type of Share

Common Shares

(3) The Share Exchange Ratio, Basis of Calculation, Number of Shares Delivered, and their Valuation Amount

(i) Stock Exchange ratio

33 shares in the Company were delivered for one (1) share in Bandai Networks.

(ii) Basis of Calculation

To arrive at the above share exchange ratio, the market value method was used for the Company's shares; the discounted cash flow method, market value method, and comparable companies method were used for Bandai Networks' shares; and upon prudent consideration of the results of the evaluation so calculated and mutual deliberation, both parties agreed to the share exchange ratio stated above.

The Company and Bandai Networks chose, as the third-party advisor for each, Daiwa Securities SMBC Co. Ltd. and PwC Advisory Co., Ltd., respectively.

(iii) Number of Shares and Valuation Amount

Number of shares	510,972 shares
Valuation Amount	¥666 million

(4) Amount, Source, Method and Period of Depreciation of Goodwill Incurred

(i) Amount of Goodwill: ¥39 million

(ii) Source

The difference between the cost of acquiring additional shares of Bandai Networks and the decreased amount of minor shareholders' holdings was handled as goodwill.

(iii) Method and Period of Depreciation: Straight-line method, 5 years

Per share data

Prior fiscal year (April 1, 2006 to March 31, 2007)		Current fiscal year (April 1, 2007 to March 31, 2008)	
Net asset per share	¥1,063.29	Net asset per share	¥1,127.72
Net income per share	¥95.73	Net income per share	¥128.65
Diluted net income per share	¥95.67	Diluted net income per share	¥128.47

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 fiscal year (April 1, 2006 to March 31, 2007)	Current fiscal year (April 1, 2007 to March 31, 2008)
Net income per share		
Net income (¥ million)	24,252	32,679
Amount not applicable to common stockholders (¥ million)		
Net income available to common stock (¥ million)	24,252	32,679
Average number of common stock outstanding	253,331,026	254,024,711
Diluted net income per share		
Net income adjustment (¥ million)		
Increase in number of common stock	182,608	341,026
[Stock subscription rights]	(182,608)	(341,026)
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”): Pursuant to resolution of the ordinary general meeting of shareholders of June 26, 2006, proposal No. 9: series 3 stock acquisition rights for 1,805,000 shares; Pursuant to resolution of the ordinary general meeting of shareholders of June 26, 2006, proposal No. 9: series 4 stock acquisition rights for 579,000 shares of common stock; pursuant to resolution of the ordinary general meeting of shareholders of June 25, 2007, proposal No. 3: series 2 - 1 stock acquisition rights for 92,600 shares of 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 fiscal year (April 1, 2006 to March 31, 2007)	Current consolidated fiscal year (April 1, 2007 to March 31, 2008)
1. At the Board of Directors' Meeting of April 18, 2007, the Company decided to acquire treasury stocks as follows, based on Article 156 of the Corporation Law and Article 165, Paragraph 3 of the same Law. (1) Reasons for the acquisition The acquisition occurred with a view to making effective use of group assets and implementing flexible asset policies in response to changes in the management environment. (2) Type of share to be acquired: Common stock of the Company (3) Total number of shares to be acquired: 5,000,000 shares (maximum) (4) Total amount of share to be acquired: ¥10,000 million (maximum) (5) Acquisition method Acquisition occurred through open market purchases on the Tokyo Stock Exchange. (6) Period of acquisition: From May 10, 2007 to September 30, 2007 The Company purchased 4,980,000 shares at a cost of ¥9,960 million in the time until June 12, 2007, on which date the Company terminated purchasing. 2. Cancellation of treasury stock In accordance with a resolution by the board of directors meeting on June 20, 2007, the Company resolved to cancel treasury stocks pursuant to Article 178 of the Company Law, which cancellation was implemented as follows. (1) Reason for the cancellation To enhance capital efficiency and increase shareholder value (2) Cancellation method Reduction of other capital surplus (3) Class of cancelled shares Shares of common stock (4) Number of cancelled shares 4,500,000 shares (5) Cancellation date June 20, 2007	(Transactions conducted by commonly controlled entities, etc.) Organizational Restructuring of the Domestic Group 1. Overview of Transaction Including Transaction Objectives, Names and Business Content of Restructured Companies, and Legal Form of Business Combination and Split of Operations. (1) Overview of Transaction including Transaction Objectives An organizational restructuring of the Group companies in Japan was carried out as of April 1, 2008, to maximize the value of the Group companies. a. Transfer of Game Operations from Banpresto Co., Ltd., and Merger The game operations of Banpresto Co., Ltd., which planned and developed home video game software and coin-operated game machines, was transferred and consolidated into BANDAI NAMCO Games, Inc., which integrates the Group game operations; Pleasure Cast Co., Ltd., and Hanayashiki Co., Ltd., subsidiaries of Banpresto engaged in operating amusement facilities, were made subsidiaries of NAMCO LIMITED, which integrates the amusement facilities operations of the Group. Banpresto Co., Ltd. was redefined as focusing on the prize business, with an emphasis on prizes for coin-operated game machines. b. Consolidation of Subsidiaries with Group Support Functions As of 1 April, 2008, a Shared Services Division was established within the Company and the share management operations for BANDAI NAMCO Business Services Inc., and Artpresto Co., Ltd., which had been carried out by Bandai Co, Ltd., and Banpresto Co., Ltd., were transferred to the Company. (2) Names and Business Content of Restructured Companies a) BANDAI NAMCO Games Inc. Planning, development, and sales of home video game software and coin-operated game machines, etc b) NAMCO LIMITED Management of amusement facilities, etc. c) Banpresto Co., Ltd. (a newly-incorporated company in an incorporation-type company split) Planning, development, and sales of prizes, etc., for coin-operated game machines. d) Bandai Co., Ltd. Manufacturing and sales of toys, apparel, and related products. e) NAMCO BANDAI Holdings Inc. Planning and implementation of management strategy and business management and instruction of the Group companies.

Prior consolidated fiscal year (April 1, 2006 to March 31, 2007)	Current consolidated fiscal year (April 1, 2007 to March 31, 2008)
	(3) Legal Form of the Business Combination and Split of Operations a) An incorporation-type company split of Banpresto Co., Ltd., with the establishment of a subsidiary, the new Banpresto Co., Ltd. b) A company split in which Banpresto Co., Ltd., is a split company in an absorption-type company split and NAMCO LIMITED is the successor company in the absorption-type company split. c) A company split in which Banpresto Co., Ltd., is a split company in an absorption-type company split and the Company is the successor company in the absorption-type company split. d) A merger in which Banpresto Co., Ltd., is a merged company in an absorption-type merger and NAMCO BANDAI Games, Inc., is the surviving company in the absorption-type merger. e) A company split in which Bandai Co., Ltd., is a company of an absorption-type company split and the Company is the successor company in the absorption-type company split. 2. Overview of Accounting Process The accounting process for the consolidated financial statements was handled in accordance with the provisions of “Accounting for transactions conducted by commonly controlled entities, etc.” of Article 3, Paragraph 4 of the “Accounting Standard for Business Combinations”.

Changes in Officers

1. Changes in Representative Directors

No changes to be reported.

2. Other Changes in Officers (Effective June 23, 2008)

(1) Candidates for Directors

Name: Shuji Ohtsu

Current position: Advisor of NAMCO BANDAI Holdings Inc.

Name: Yusuke Fukuda

Current position: Advisor of NAMCO BANDAI Holdings Inc., Director of Bandai Co., Ltd.

(2) Retiring Directors

Director: Masaatsu Hayakawa

(3) Responsible Area of Directors (Effective June 23, 2008)

Takeo Takasu	President and Representative Director
Jun Higashi	Director, responsible for all SBUs and Affiliated Business Companies
Shuji Ohtsu	Director, responsible for Regional Holdings Companies, Administrative Headquarter, and Internal Auditing Division
Yusuke Fukuda	Director, responsible for Corporate Planning Division and Corporate Legal Services Department
Kazunori Ueno	Director (part time), responsible for Toys and Hobby SBU
Masahiro Tachibana	Director (part time), responsible for Amusement Facility SBU
Shukuo Ishikawa	Director (part time), responsible for Game Contents SBU
Satoshi Oshita	Director (part time), responsible for Network SBU
Kazumi Kawashiro	Director (part time), responsible for Visual and Music Content SBU
Masatake Yone	Director (outside)
Kazuo Ichijo	Director (outside)