NAMCO BANDAI Holdings Inc.

Consolidated Financial Report for the Fiscal Year Ended

March 31, 2009

May 8, 2009

NAMCO BANDAI Holdings Inc.

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

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Consolidated Financial Report for the Fiscal Year Ended March 31, 2009

Representative:	Shukuo Ishikawa, President and Representative Director
Contact:	Yuji Asako, Executive Officer, Corporate Planning Division
Date of Ordinary General Meeting of Shareholders:	June 22, 2009
Scheduled starting date for dividend payments:	June 23, 2009
Scheduled filing date of the annual security report:	June 23, 2009

1. Consolidated Results for the Fiscal Year Ended March 31, 2009
(April 1, 2008 to March 31, 2009)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Recurring income	
	¥ million	%	¥ million	%	¥ million	%
Fiscal Year Ended March 31, 2009	426,399	(7.4)	22,348	(33.1)	24,513	(32.3)
Fiscal Year Ended March 31, 2008	460,473	0.3	33,411	(20.9)	36,198	(20.6)

	Net income		Net income per share	Net income per share (diluted)
	¥ million	%	¥	¥
Fiscal Year Ended March 31, 2009	11,830	(63.8)	47.95	47.88
Fiscal Year Ended March 31, 2008	32,679	34.7	128.65	128.47

	ROE (Net income / Net assets)	ROA (Recurring income / Total assets)	Operating Margin (Operating income / Net sales)
	%	%	%
Fiscal Year Ended March 31, 2009	4.3	6.3	5.2
Fiscal Year Ended March 31, 2008	11.7	8.8	7.3

(Reference)
Gain or loss from the equity method: 360 million yen (FY2009.3), (441) million yen (FY2008.3)

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of March 31, 2009	363,444	260,579	70.9	1,067.71
As of March 31, 2008	413,023	289,944	69.4	1,127.72

(Reference)
Equity: 257,645 million yen (as of March 31, 2009), 286,795 million yen (as of March 31, 2008)

(3) Consolidated Statements of Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	¥ million	¥ million	¥ million	¥ million
Fiscal Year Ended March 31, 2009	19,301	(10,327)	(16,529)	110,037
Fiscal Year Ended March 31, 2008	35,000	(14,980)	(15,066)	129,289

2. Dividend

	Dividend per share					Total dividend payment (Full year)	Payout ratio (Consolidated)	Dividend / Net assets (Consolidated)
Dividend record dates	End of first quarter	End of second quarter	End of third quarter	Fiscal year-end	Total			
	¥	¥	¥	¥	¥	¥ million	%	%
Fiscal Year Ended March 31, 2008	–	12.00	–	12.00	24.00	6,092	18.7	2.2
Fiscal Year Ended March 31, 2009	–	12.00	–	12.00	24.00	5,853	50.1	2.2
(Projection) Fiscal Year Ending March 31, 2010	–	12.00	–	12.00	24.00	–	46.3	–

Note: The stable portion of the dividend is given in the projection for the end of second quarter and the 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 the Fiscal Year Ending March 31, 2010
(April 1, 2009 to March 31, 2010)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Recurring income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Six Months Ending September 30, 2009	195,000	2.2	2,500	(55.2)	3,000	(58.8)	1,000	(22.0)	4.14
Full Year	430,000	0.8	22,500	0.7	23,500	(4.1)	12,500	5.7	51.80

4. Other Information

(1) Changes in Significant Subsidiaries during the Period (Changes in Specified Subsidiaries Resulting in the Change in Scope of Consolidation): Yes

Included: 1 company (D3 INC.) Excluded: 1 company (Banpresto Co., Ltd.)

Note: For more details, please refer to the section of "2. The BANDAI NAMCO Group" on pages 14-21.

(2) Changes in Accounting Policies, Procedures, and Methods of Presentation for Preparing the Consolidated Financial Statements

a. Changes due to revisions to accounting standards and other regulations: Yes

b. Changes due to other reasons: No

Note: For more details, please refer to the section of "Changes in the Important Information Constituting the Basis for Preparation of Consolidated Financial Statements" on page 47.

(3) Number of Issued Shares (Common Stock)

a. Total number of issued shares at the end of the period (including treasury stock)

As of March 31, 2009 250,000,000 shares

As of March 31, 2008 256,080,191 shares

b. Number of shares of treasury stock at the end of the period

As of March 31, 2009 8,694,796 shares

As of March 31, 2008 1,766,271 shares

Note: Please refer to the section of "Per Share Data" on page 86 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, 2009
   (April 1, 2008 to March 31, 2009)

(1) Non-consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Recurring income	
	¥ million	%	¥ million	%	¥ million	%
Fiscal Year Ended March 31, 2009	23,754	98.7	20,869	146.5	20,773	144.7
Fiscal Year Ended March 31, 2008	11,958	91.6	8,465	124.9	8,489	119.0

	Net income		Net income per share	Net income per share (diluted)
	¥ million	%	¥	¥
Fiscal Year Ended March 31, 2009	19,936	161.5	80.72	80.62
Fiscal Year Ended March 31, 2008	7,624	49.9	30.00	29.96

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of March 31, 2009	306,579	252,893	82.0	1,041.48
As of March 31, 2008	299,245	255,764	85.0	998.13

(Reference)
Equity: 251,425 million yen (as of March 31, 2009), 254,233 million yen (as of March 31, 2008)

*Proper use of earnings projections, and other special matters

1. The above projections are based on information available to the Company as of the date of the announcement of these materials and on assumptions pertaining to uncertain factors, which may affect future operating results, as of the date of the announcement of these materials. Actual business results may differ from the projections due to a number of factors in the future. Please refer to the section of "(1) Analysis on Results of Operations" of "1. Results of Operations" on pages 5-10 for matters pertaining to the earnings projections.

1. Results of Operations

(1) Analysis on Results of Operations

a. Summary for the Period (April 1, 2008 to March 31, 2009)

The economic environment in this fiscal year saw the disarray in the U.S. financial markets arising from the subprime loan issues which evolved into a global financial crisis, with reduced individual consumption worldwide and employment instability due to the rapid declining of the business performance developing into a social problem. In addition, reduced consumption had substantial impact on the entertainment industry, causing continued uncertainty in the industry as a whole.

In such environment, the BANDAI NAMCO Group ("the Group") continued to push ahead with strengthening, enriching, and expanding its portfolio management in the third and final year of the three-year Mid-term Business Plan implemented in April 2006.

On the business front, in this difficult market environment, boys' toys based on popular characters in both Japan and abroad performed well in the Toys and Hobby Business. In the Game Contents Business, popular home video game software titles made a positive contribution to performance overseas. The decline in individual consumption, however, kept performance sluggish as a whole and below the levels of the previous fiscal year. On the expenses front, the Group recorded, among other things, amortization of goodwill resulting from Bandai Visual Co., Ltd. and Bandai Networks Co., Ltd. having been made wholly owned subsidiaries during the previous fiscal year, loss on valuation of investment securities, and impairment loss on amusement facilities.

Consequently, the Group's consolidated results at fiscal year-end were net sales of 426,399 million yen (year-on-year decrease of 7.4%), operating income of 22,348 million yen (year-on-year decrease of 33.1%), recurring income of 24,513 million yen (year-on-year decrease of 32.3%), and net income of 11,830 million yen (year-on-year decrease of 63.8%).

An overview of each business is presented as follows.

Operating Results by Business Segment (¥ million)

	Net Sales			Operating Income		
	Year Ended March 31, 2009	Year Ended March 31, 2008	Change	Year Ended March 31, 2009	Year Ended March 31, 2008	Change
Toys and Hobby	165,725	180,164	Decrease of 14,439	11,533	14,309	Decrease of 2,776
Amusement Facility	77,269	89,829	Decrease of 12,559	393	1,631	Decrease of 1,238
Game Contents	139,405	145,672	Decrease of 6,267	10,940	14,793	Decrease of 3,853
Network	10,890	12,044	Decrease of 1,153	669	904	Decrease of 235
Visual and Music Content	34,638	36,949	Decrease of 2,311	38	3,832	Decrease of 3,793
Other Businesses	19,009	19,809	Decrease of 800	565	753	Decrease of 188
Eliminations and Corporate	(20,538)	(23,997)	Increase of 3,459	(1,791)	(2,813)	Increase of 1,021
Consolidated	426,399	460,473	Decrease of 34,073	22,348	33,411	Decrease of 11,063

Toys and Hobby Business

In the Toys and Hobby Business, boys' toys based on the character, *Engine Sentai Go-onger*, posted strong performances in Japan. In addition, the card game *Battle Spirits*, newly launched in this fiscal year with tie-ups to a made-for-television animation, also became popular. Amidst the stagnation of individual consumption, however, candy toys, children's clothing and other peripheral toy categories were struggling.

Overseas, the *BEN10* character boys' toys made a positive contribution to performance in Europe and North America. Given the economic downturn, however, the results did not equal the strong performance of the previous fiscal year, when the *Tamagotchi* sold well.

As a result, net sales in the Toys and Hobby Business were 165,725 million yen (year-on-year decrease of 8.0%), and operating income was 11,533 million yen (year-on-year decrease of 19.4%).

Amusement Facility Business

In the difficult market environment, the Amusement Facility Business was sluggish, with domestic existing-facility sales at 86.7% of the figure for the previous fiscal year. In view of such environment, continued efforts were made to cut costs in order to improve profitability and about 20% of existing amusement facilities in Japan, a total of 63, were closed to increase efficiency.

Overseas, efforts in the United States were continuously focused on improving operational efficiency. In Europe, this business performed well, particularly in complex facilities in Great Britain. In Asia, *Wonder Park Plus*, a large-scale amusement facility in Hong Kong making use of Group synergies, became popular.

As a result, net sales in the Amusement Facility Business were 77,269 million yen (year-on-year decrease of 14.0%), and operating income was 393 million yen (year-on-year decrease of 75.9%).

Facilities as of March 31, 2009

Directly Managed Facilities	Revenue-Sharing Facilities	Theme Parks	Spa Facilities	Total
322	1,129	4	3	1,458

Game Contents Business

In the Game Contents Business, the worldwide launch of *Soul Caliber IV*, home video game software, for the PLAYSTATION 3 and the Xbox360, contributed strongly to business results. In Europe and North America, *Active Life Outdoor Challenge* (*Family Trainer Athletic World*, in Japan) and *WE SKI* (*Family Ski*, in Japan) for the Wii performed well. In Japan, the multi-platform developed *Gundam Musou 2* for the PLAYSTATION 3, the Xbox360 and the PlayStation 2 and *Taiko Drum Master* series for the Wii and the DS became popular. Minor titles, however, faced difficulties as a whole. Moreover, in preparation for the implementation of the Mid-term Business Plan from April 2009, the valuation of work-in-process related to games under development was revisited and treated part of the costs as an expense.

With respect to arcade game machines, the large medal machine *Sea Story Lucky Marine Theater* gained popularity, but sales did not reach the performance levels of the previous fiscal year, which were strong particularly in repeat sales. Game contents for mobile phones and other mobile devices, however, performed robustly, thanks to the development of a wide variety of content to suit increasingly diverse user preferences.

As a result, net sales in the Game Contents Business were 139,405 million yen (year-on-year decrease of 4.3%), and operating income was 10,940 million yen (year-on-year decrease of 26.0%).

Network Business

In the Network Business, game contents tailored to suit a variety of user preferences in the mobile content sector, from high value-added content, such as *Dragon Ball Mobile* and *ONE PIECE Mobile Jack*, to casual games, such as the *Simple 100* series and *Zoo Keeper*, performed well. Further, customizable contents for mobile phones, particularly customizable *Mobile Suit Gundam* and *Hello Kitty* for standby displays, were popular, but the number of ringtone service subscribers continued to decline.

As a result, net sales in the Network Business were 10,890 million yen (year-on-year decrease of 9.6%). With amortization of goodwill, operating income was 669 million yen (year-on-year decrease of 26.0%).

Visual and Music Content Business

In the Visual and Music Content Business, the animated television series *Mobile Suit Gundam 00 (Double O), Macross F (Frontier),* and *CODE GEASS: Lelouch of the Rebellion R2,* released on Blu-ray Disc and DVD in Japan, were popular visual software packages. In this transition period for hardware, where there is a shift from DVD to Blu-ray Disc; however, overall performance was sluggish. Sales of music software packages, particularly those related to animation, performed strongly. Overseas, we accepted returning of merchandise in conjunction with a review of the business model for package sales in the United States.

As a result, net sales in the Visual and Music Content Business were 34,638 million yen (year-on-year decrease of 6.3%). With amortization of goodwill, operating income was 38 million yen (year-on-year decrease of 99.0%).

Other Businesses

Other Businesses consist of companies that conduct operations such as logistics support and building management to the Group’s each strategic business unit. During this fiscal year, efforts were made to improve the efficiency of these operations related to group support.

As a result, net sales in Other Business were 19,009 million yen (year-on-year decrease of 4.0%), and operating income was 565 million yen (year-on-year decrease of 25.0%).

Operating Results By Geographic Segment (¥ million)

	Net Sales			Operating Income		
	Year Ended March 31, 2009	Year Ended March 31, 2008	Change	Year Ended March 31, 2009	Year Ended March 31, 2008	Change
Japan	333,534	360,697	Decrease of 27,162	15,863	24,480	Decrease of 8,616
Americas	50,933	54,566	Decrease of 3,632	872	2,318	Decrease of 1,445
Europe	45,020	46,397	Decrease of 1,376	6,248	6,830	Decrease of 581
Asia	37,377	37,932	Decrease of 554	2,289	2,854	Decrease of 565
Eliminations and Corporate	(40,466)	(39,119)	Decrease of 1,346	(2,926)	(3,072)	Increase of 146
Consolidated	426,399	460,473	Decrease of 34,073	22,348	33,411	Decrease of 11,063

Japan

In the Toys and Hobby Business, although the *Engine Sentai Go-onger* character boys' toys and the card game *Battle Spirits*, newly launched in this fiscal year, posted strong performance, the peripheral toy categories struggled due to weak individual consumption. In the Game Contents Business, the home video game software titles *Gundam Musou 2*, developed for the multiple platforms of PLAYSTATION 3, Xbox360 and PlayStation 2, and *Taiko Drum Master* series for the Wii and the DS became popular. Minor titles, however, faced difficulties as a whole. With respect to arcade game machines, sales did not reach the performance levels of the previous fiscal year, which were strong particularly in repeat sales. In the Visual and Music Content Business, sales remained sluggish amid a transition period for hardware. The Amusement Facility Business also struggled under difficult market environment, particularly existing facilities.

As a result, net sales in Japan were 333,534 million yen (year-on-year decrease of 7.5%). Operating income, which includes the recording of amortization of goodwill in association with Bandai Visual Co., Ltd. and Bandai Networks Co., Ltd. becoming wholly owned subsidiaries, was 15,863 million yen (year-on-year decrease of 35.2%).

Americas

In the Toys and Hobby Business, the *BEN10* character boys' toys performed strongly. Given the economic downturn, however, performance did not reach the levels of the previous fiscal year which enjoyed strong performance from *POWER RANGERS* and *Tamagotchi*. In the Game Contents Business, *Soul Calibur IV* for the PLAYSTATION 3 and the Xbox360 contributed strongly to business results, while *Active Life Outdoor Challenge* (*Family Trainer Athletic World*, in Japan) and *WE SKI* (*Family Ski*, in Japan) for the Wii performed well. Moreover, in preparation for the implementation of the Mid-term Business Plan from April 2009, the valuation of work-in-process related to games under development was revisited and treated part of the costs as an expense. In the Visual and Music Content Business, we accepted returning of merchandise in conjunction with a review of the business model for package sales, while in the Amusement Facility Business, efforts continued to be focused on improving operational efficiency.

As a result, net sales in Americas were 50,933 million yen (year-on-year decrease of 6.7%) and operating income was 872 million yen (a year-on-year decrease of 62.4%).

Europe

In the Toys and Hobby Business, although the *BEN10* character boys' toys performed strongly, performance did not reach the levels of the previous fiscal year which enjoyed strong performance from *POWER RANGERS* and *Tamagotchi*. In the Game Contents Business, *Soul Calibur IV*, developed for the PLAYSTATION 3 and the Xbox360, and *Dragon Ball Z: Burst Limit*, also for the PLAYSTATION 3 and the Xbox360, and others delivered strong performance. The Amusement Facility Business showed steady performance, particularly in complex facilities in Great Britain.

As a result, net sales in Europe were 45,020 million yen (year-on-year decrease of 3.0%) and operating income was 6,248 million yen (year-on-year decrease of 8.5%).

Asia

Although the Toys and Hobby Business delivered a steady performance centering on the *Mobile Suit Gundam* plastic models and the *POWER RANGERS* character boys' toys, performance did not reach the levels of the previous fiscal year due to a decline in production transactions for Europe and North America. In the Amusement Facility Business, *Wonder Park Plus*, a large-scale amusement facility in Hong Kong also serving as the base for the Group's information dissemination in the Asia region, became popular.

As a result, net sales in Asia were 37,377 million yen (year-on-year decrease of 1.5%) and operating income was 2,289 million yen (year-on-year decrease of 19.8%).

b. Outlook for the Fiscal Year Ending March 31, 2010

As for the future of the economy, there are fears that the trend of economic recession that has occurred from the disarray of the global financial market will become prolonged and serious. Also, the uncertain environment of weak individual consumption and employment instability is expected to continue. This, moreover, is having a global impact on the entertainment industry, in which the Group is extensively involved. Based on current circumstances, the Group expects the harsh business environment will continue.

Amidst these conditions, the Group will press ahead with its sights set on the medium- to long-term Group vision of becoming a "Globally Recognized Entertainment Group." By promoting up-front investment in growing business areas and improving profitability of businesses, the Group shall further develop its global management foundation, based on the three-year Mid-term Business Plan that started in April 2009.

Specifically, in the Toys and Hobby Business, in Japan, while strengthening development of long-established character series aimed at existing users such as *Samurai Sentai Shinkenger*, *Masked Rider Decade*, aimed at boys, and *FRESH Pretty Cure*, aimed at girls, and *Mobile Suit Gundam*, which is celebrating its 30th anniversary, the Group will also focus on new content development including the card game *Battle Spirits.* Overseas, the Group will work on strengthening product development centering on not only *POWER RANGERS* and *BEN10* for boys, but also new characters such as *Kamen Rider Dragon Knight* (*Kamen Rider Ryuki*, in Japan).

In the Game Contents Business, the Group will place particular focus on the home video game software business in Europe and North America. In addition to the popular series titles originated in Japan such as *Tekken 6*, developed for PLAYSTATION 3 and Xbox360, the focus on Europe and North America will also include casual games such as the "*Family*" series, for the Wii.

In the Visual and Music Content Business, amidst the transition period for hardware, where there is a shift from DVD to Blu-ray Disc, the Group will aim to boost profitability by ensuring a balance of content for all target groups.

For the Amusement Facility Business, the Group will improve profitability by continuing to implement scrap-and-build measures and differentiating its stores from competitors' by utilizing the Group's assets.

In light of the above considerations, the consolidated projections of the fiscal year ending March 31, 2010 are as follows: net sales of 430,000 million yen (year-on-year increase of 0.8%), operating income of 22,500 million yen (year-on-year increase of 0.7%), recurring income of 23,500 million yen (year-on-year decrease of 4.1%), and net income of 12,500 million yen (year-on-year increase of 5.7%).

(2) Analysis of Financial Position

a. Assets, Liabilities, and Net Assets

At the end of the fiscal year ended March 31, 2009, total assets stood at 363,444 million yen, a decrease of 49,578 million yen from the end of the previous fiscal year. The main factors of this decline were decreases of 19,356 million yen in cash and time deposits, 11,454 million yen in property, plant and equipment including amusement facilities and machines, and land, and 10,622 million yen in trade receivables.

Total liabilities amounted to 102,865 million yen, a decrease of 20,213 million yen from the end of the previous fiscal year. The main factors were as follows. While there were increases of 3,519 million yen in short-term borrowings and 1,328 million yen in long-term debt, there were decreases of 5,842 million yen in trade payables, 6,451 million yen in accounts payable–other, and 3,623 million yen in deferred tax liabilities (long-term liabilities).

Total net assets stood at 260,579 million yen, a decrease of 29,364 million yen from the end of the previous fiscal year. The main factors of this decline were as follows. While there was an increase of 11,830 million yen in net income, as a result of purchases and retirement of treasury stock, there was an increase in treasury stock of 6,784 million yen and a decrease in additional paid-in capital of 8,058 million yen, and a decrease of 18,784 million yen in translation adjustments as a result of currency fluctuation.

As a result, the equity ratio became 70.9% compared with 69.4% at the end of the previous fiscal year.

b. Cash Flows

As of the end of the fiscal year, cash and cash equivalents (hereafter "funds") remaining on hand had decreased by 19,252 million yen from the end of the previous fiscal year to 110,037 million yen. Below is the breakdown of cash flows by activities.

(Cash Flows from Operating Activities)

The amount of funds provided by operating activities totaled 19,301 million yen (down 44.9% compared with the previous fiscal year). As a main breakdown of funds used, income taxes paid was 12,726 million yen (16,286 million yen in the previous fiscal year) and investment for amusement facilities and machines was 6,646 million yen (compared with 9,286 million yen in the previous fiscal year). However, overall, there was a net increase in funds due to income before income taxes and minority interests of 21,125 million yen (45,964 million yen in the previous fiscal year), and depreciation and amortization of 22,545 million yen (24,758 million yen in the previous fiscal year).

(Cash Flows from Investing Activities)

The amount of funds used by investing activities totaled 10,327 million yen (down 31.1% compared with the previous fiscal year). Although there were 4,512 million yen in proceeds from withdrawal from time deposits (1,988 million yen in the previous fiscal year) and 4,052 million yen in proceeds from sales of property, plant and equipment (22,424 million yen in the previous fiscal year), this was offset by 10,811 million yen in purchases of property, plant and equipment and intangible assets (14,670 million yen in the previous fiscal year), 5,645 million yen in advances of loans receivable (1,617 million yen in the previous fiscal year), and 3,344 million yen in purchases of investment securities including Distribution Partners S.A.S. (4,993 million yen in the previous fiscal year).

(Cash Flows from Financing Activities)

The amount of funds used in financing activities amounted to 16,529 million yen (up 9.7% compared with the previous fiscal year). Although there was 10,000 million yen in proceeds from long-term debt (16,000 million yen in the previous fiscal year), this was offset by 17,500 million yen in payments into fund trust for purchase of treasury stock (not applicable in the previous fiscal year) and dividends paid of 6,009 million yen (7,162 million yen in the previous fiscal year).

(Reference) Cash Flow Indices

	FY2006.3	FY2007.3	FY2008.3	FY2009.3
Equity ratio (%)	63.0	67.1	69.4	70.9
Equity ratio (market capitalization basis) (%)	105.5	116.1	83.1	65.3
Cash flows to interest bearing debt ratio (%)	102.0	53.8	41.9	95.5
Interest coverage ratio (times)	90.4	180.1	199.6	113.0

Equity ratio: Total stockholders' equity/Total assets

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 sheets for which interest is paid.

(3) 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, after appropriation of dividend from the consolidated periodical net income, the Company has resolved to attribute a portion of the 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.

As part of our three-year Mid-term Business Plan that started in April 2009, we shall place priority on allocating the remaining portion of net income after appropriation of dividend to up-front investment aimed at business expansion overseas.

* Please refer to page 3 for the dividend forecasts of FY2009.3 and FY2010.3.

(4) 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, 2009, the filing date for the NAMCO BANDAI Holdings Inc.'s financial report (Kessan Tanshin) for the fiscal year ended March 31, 2009.

Risks associated with the core business model

The 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 content portfolio, consisting of many different characters and content; and a regional portfolio, where businesses are conducted in various regions around the world. In particular, as part of our Mid-term Business Plan that started from April 2009, we shall work on further developing our regional portfolio through business expansion in the European and North American markets.

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, develops the organizational structures 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 develop 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, taking a world-wide perspective of operations, tightly controls schedules and resource allocation while striving to diversify risks by considering the key strengths of the Group and flexibly developing multiple products with different software characteristics and development periods. Moreover, while the market environment is undergoing tremendous changes due to the diversification of customer needs, the 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, in which there is a specific focus on the global market, the Group is examining ways to establish next-generation business models and optimal organizational structures and distributing the appropriate managerial resources to growth areas.

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 scope of business and the regions in which it conducts operations in overseas markets.

Concentration of production and quality control in China

In the Group’s Toys and Hobby Business, most of the products, particularly toys, are manufactured in China. Thus the Group faces the following risks: the risk of higher production costs from the revaluation of the yuan and labor cost increases, 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 if crude oil prices rise from now on, it could lead to higher production costs from increased product raw material prices and higher transportation costs. Accordingly, in addition to 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, the Group is also reviewing its business structures to improve profitability.

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

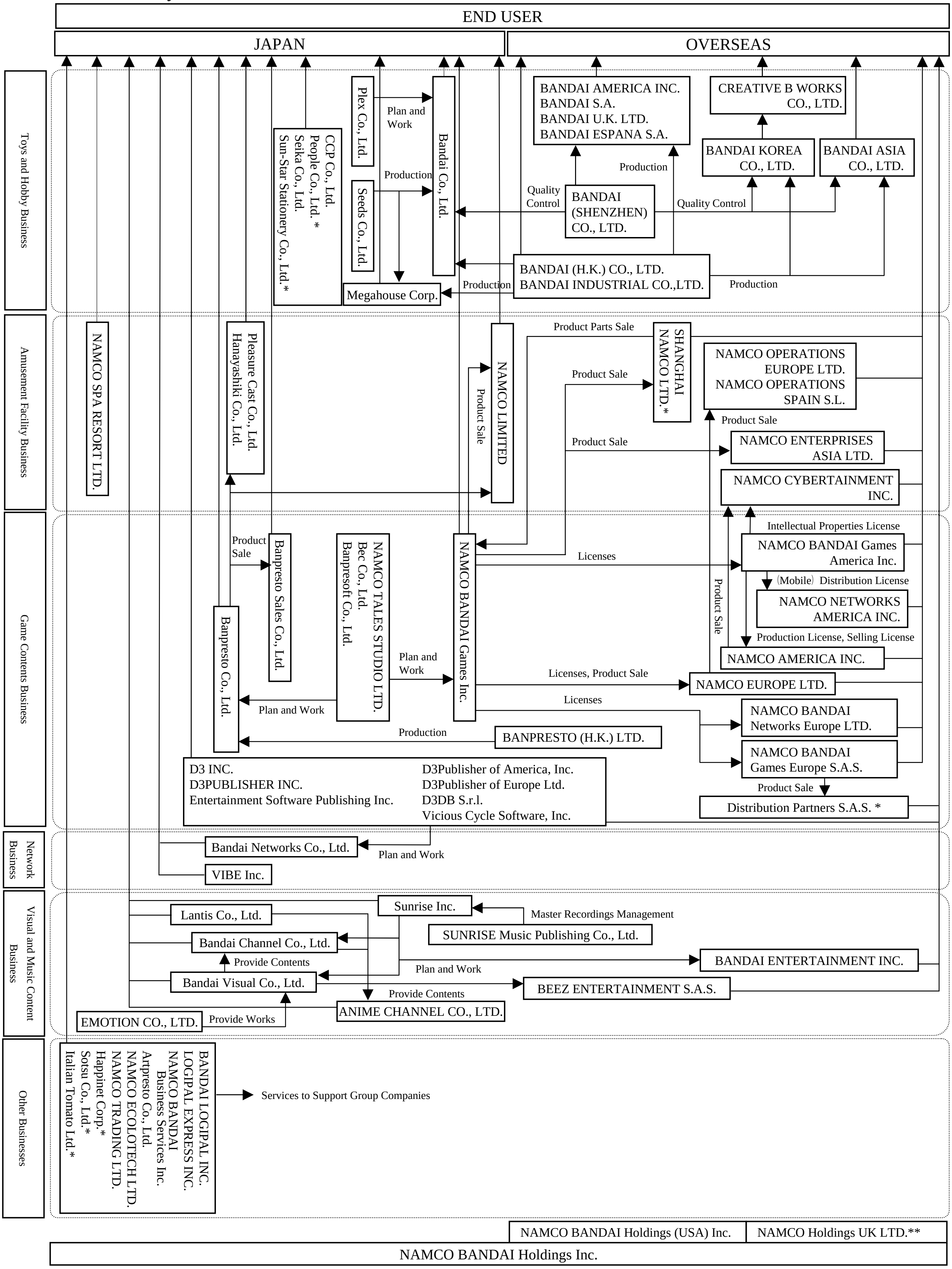
The BANDAI NAMCO Group (“the Group”) comprises NAMCO BANDAI Holdings Inc. (“the Company”), 79 subsidiaries and 11 affiliates. Operations primarily encompass the manufacture and sales of toys and plastic models, the core activity of the character merchandising business; amusement facility operations; manufacture and sales of arcade game machines and other related products; the production and sales of home video game software; mobile content; and the production and sales 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 the Company 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, vending machine capsule products, cards, plastic models, apparel, sundries, stationery, etc.	Domestic	Bandai Co., Ltd., Megahouse Corp., Seika Co., Ltd., Seeds Co., Ltd., Plex Co., Ltd., CCP Co., Ltd., People Co., Ltd., Sun-Star Stationery Co., Ltd., and 3 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., BANDAI (SHENZHEN) CO., LTD., and 4 other companies
Amusement Facility Business	Operation of amusement facilities, etc.	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., SHANGHAI NAMCO LTD.

Business Segment	Business Outline	Region	Major Companies
Game Contents Business	Home video game software, arcade game machines, prizes for amusement machines, etc.	Domestic	NAMCO BANDAI Games Inc., Banpresto Co., Ltd., Bec Co., Ltd., Banpresto Sales Co., Ltd., Banpresoft Co., Ltd., NAMCO TALES STUDIO LTD., D3 INC., D3PUBLISHER INC., Entertainment Software Publishing Inc., and 2 other companies
		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 Networks Europe LTD., D3Publisher of America, Inc., D3Publisher of Europe Ltd., D3DB S.r.l., Vicious Cycle Software, Inc., Distribution Partners S.A.S., and 1 other company
Network Business	Mobile content, etc.	Domestic	Bandai Networks Co., Ltd., VIBE Inc., and 1 other company
Visual and Music Content Business	Visual content, visual software, on demand visual distribution, etc.	Domestic	Bandai Visual Co., Ltd., Sunrise Inc., Bandai Channel Co., Ltd., Lantis Co., Ltd., EMOTION CO., LTD., ANIME CHANNEL CO., LTD., SUNRISE Music Publishing Co., Ltd.
		Overseas	BANDAI ENTERTAINMENT INC., BEEZ ENTERTAINMENT S.A.S., and 1 other company
Other Businesses	Transportation and storage of products, leasing, management of real estate, printing, development and sales of environmental equipment, etc.	Domestic	BANDAI LOGIPAL INC., LOGIPAL EXPRESS INC., NAMCO BANDAI Business Services Inc., Artpresto Co., Ltd., NAMCO ECOLOTECH LTD., NAMCO TRADING LTD., Happinet Corp., Sotsu Co., Ltd., Italian Tomato Ltd., and 5 other companies
		Overseas	3 companies
Corporate	Management of regional business companies	Overseas	NAMCO BANDAI Holdings (USA) Inc.

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	Ratio of Voting Rights Ownership (%)	Description of Relationship	Notes
(Consolidated subsidiaries)						
Bandai Co., Ltd.	Taito-ku, Tokyo	¥24,664 million	Toys and Hobby	100.0	A: 2 B: ¥8 billion	4, 10
Megahouse Corp.	Taito-ku, Tokyo	¥10 million	Toys and Hobby	100.0 (100.0)	–	–
Seika Co., Ltd.	Taito-ku, Tokyo	¥10 million	Toys and Hobby	99.9 (99.9)	–	–
Seeds Co., Ltd.	Shimotsuga-gun, Tochigi	¥100 million	Toys and Hobby	100.0 (100.0)	–	–
Plex Co., Ltd.	Taito-ku, Tokyo	¥50 million	Toys and Hobby	100.0 (100.0)	–	–
CCP Co., Ltd.	Taito-ku, Tokyo	¥300 million	Toys and Hobby	100.0 (100.0)	–	–
BANDAI AMERICA INC.	California, U.S.A.	US$ 24.6 million	Toys and Hobby	100.0 (100.0)	–	4
BANDAI S.A.	Cergy-Pontoise, France	Euro 9 million	Toys and Hobby	100.0	–	–
BANDAI U.K. LTD.	Southampton, U.K.	Stg £. 5 million	Toys and Hobby	100.0	–	–
BANDAI ESPANA S.A.	Madrid, Spain	Euro 4,808 thousand	Toys and Hobby	100.0	–	–
BANDAI (H.K.) CO., LTD.	Central, Hong Kong	HK$ 103 million	Toys and Hobby	100.0	–	4
BANDAI ASIA CO., LTD.	Central, Hong Kong	HK$ 7 million	Toys and Hobby	100.0 (100.0)	–	–
BANDAI INDUSTRIAL CO., LTD.	Chacheongsao, Thailand	Baht 475 million	Toys and Hobby	100.0 (100.0)	–	4
BANDAI KOREA CO., LTD.	Seoul, Korea	WON 1,500 million	Toys and Hobby	66.7	–	–
CREATIVE B WORKS CO., LTD.	Seoul, Korea	WON 50 million	Toys and Hobby	100.0 (100.0)	–	–
BANDAI (SHENZHEN) CO., LTD.	Shenzhen City, China	RMB 18,206 thousand	Toys and Hobby	100.0 (100.0)	–	–
NAMCO LIMITED	Ota-ku, Tokyo	¥10,000 million	Amusement Facility	100.0	A: 3 B: ¥2.5 billion	4, 11
Pleasure Cast Co., Ltd.	Shinagawa-ku, Tokyo	¥480 million	Amusement Facility	100.0 (100.0)	–	–
Hanayashiki Co., Ltd.	Taito-ku, Tokyo	¥480 million	Amusement Facility	100.0 (100.0)	–	–
NAMCO SPA RESORT LTD.	Kishiwada, Osaka	¥100 million	Amusement Facility	100.0 (100.0)	–	–
NAMCO CYBERTAINMENT INC.	Illinois, U.S.A.	US$ 2,800	Amusement Facility	100.0 (100.0)	–	–

Name	Address	Capital	Main Business	Ratio of Voting Rights Ownership (%)	Description of Relationship	Notes
NAMCO OPERATIONS EUROPE LTD.	London, U.K.	Stg £. 23 million	Amusement Facility	100.0 (100.0)	–	4
NAMCO OPERATIONS SPAIN S.L.	Madrid, Spain	Euro 500 thousand	Amusement Facility	100.0 (100.0)	–	–
NAMCO ENTERPRISES ASIA LTD.	Causeway Bay, Hong Kong	HK$ 47 million	Amusement Facility	100.0	–	–
NAMCO BANDAI Games Inc.	Shinagawa-ku, Tokyo	¥15,000 million	Game Contents	100.0	A: 1	4, 12
Banpresto Co., Ltd.	Shinagawa-ku, Tokyo	¥100 million	Game Contents	100.0 (100.0)	B: 2.5 billion	–
D3 INC.	Shibuya-ku, Tokyo	¥1,737 million	Game Contents	95.2 (95.2)	–	4, 5, 7
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	100.0 (100.0)	–	–
D3PUBLISHER INC.	Shibuya-ku, Tokyo	¥100 million	Game Contents	100.0 (100.0)	–	–
Entertainment Software Publishing Inc.	Shibuya-ku, Tokyo	¥90 million	Game Contents	100.0 (100.0)	–	–
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)	–	–
D3Publisher of America, Inc.	California, U.S.A.	US$ 975 thousand	Game Contents	100.0 (100.0)	–	–
Vicious Cycle Software, Inc.	North Carolina, U.S.A.	US$ 230	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 £. 1.5 million	Game Contents	100.0 (100.0)	–	–

Name	Address	Capital	Main Business	Ratio of Voting Rights Ownership (%)	Description of Relationship	Notes
D3Publisher of Europe Ltd.	Cambridge, U.K.	Stg £. 683 thousand	Game Contents	100.0 (100.0)	–	–
D3DB S.r.l.	Milano, Italy	Euro 10 thousand	Game Contents	50.0 (50.0)	–	8
Bandai Networks Co., Ltd.	Shinagawa-ku, Tokyo	¥1,113 million	Network	100.0	A: 2 B: ¥4 billion	4
VIBE Inc.	Shinagawa-ku, Tokyo	¥352 million	Network	100.0 (100.0)	–	–
Bandai Visual Co., Ltd.	Shinagawa-ku, Tokyo	¥2,182 million	Visual and Music Content	100.0	A: 2 B: ¥4 billion	4
Sunrise Inc.	Suginami-ku, Tokyo	¥49 million	Visual and Music Content	99.3 (7.6)	B: ¥9.7 billion	–
Bandai Channel Co., Ltd.	Minato-ku, Tokyo	¥30 million	Visual and Music Content	94.5	A: 1	–
Lantis Co., Ltd.	Shibuya-ku, Tokyo	¥420 million	Visual and Music Content	50.6 (50.6)	–	–
EMOTION CO., LTD.	Shinagawa-ku, Tokyo	¥120 million	Visual and Music Content	100.0 (100.0)	A: 1	–
ANIME CHANNEL CO., LTD.	Shinagawa-ku, Tokyo	¥200 million	Visual and Music Content	100.0 (100.0)	–	–
SUNRISE Music Publishing Co., Ltd.	Suginami-ki, Tokyo	¥10 million	Visual and Music Content	100.0 (100.0)	–	–
BANDAI ENTERTAINMENT INC.	California, U.S.A.	US$ 100 thousand	Visual and Music Content	100.0 (100.0)	–	–
BEEZ ENTERTAINMENT S.A.S.	Paris, France	Euro 5 million	Visual and Music Content	100.0 (100.0)	–	–
BANDAI LOGIPAL INC.	Katsushika-ku, Tokyo	¥1,424 million	Other	100.0	B: ¥1 billion	4
LOGIPAL EXPRESS INC.	Katsushika-ku, Tokyo	¥100 million	Other	100.0 (100.0)	–	–
NAMCO BANDAI Business Services Inc.	Taito-ku, Tokyo	¥100 million	Other	100.0	C: ¥600 million	4
Artpresto Co., Ltd.	Taito-ku, Tokyo	¥30 million	Other	100.0	–	–
NAMCO ECOLOTECH LTD.	Ota-ku, Tokyo	¥225 million	Other	94.8	A: 1	–
NAMCO TRADING LTD.	Ota-ku, Tokyo	¥40 million	Other	100.0 (100.0)	–	–
NAMCO BANDAI Holdings (USA) Inc.	California, U.S.A.	US$ 10	Management and instruction of business companies in the North America Region.	100.0	A: 1	–

Name	Address	Capital	Main Business	Ratio of Voting Rights Ownership (%)	Description of Relationship	Notes
(Companies accounted for by the equity method)						
SHANGHAI NAMCO LTD.	Shanghai, China	RMB 26,724 thousand	Amusement Facility	70.0 (70.0)	–	–
People Co., Ltd.	Chuo-ku, Tokyo	¥238 million	Toys and Hobby	20.5 (0.1)	–	5, 7
Happinet Corp.	Taito-ku, Tokyo	¥2,751 million	Other	26.3 (0.3)	–	5, 6
Sotsu Co., Ltd.	Chuo-ku, Tokyo	¥414 million	Other	16.8	–	5, 7, 9
Italian Tomato Ltd.	Minato-ku, Tokyo	¥100 million	Other	30.6 (30.6)	–	–
Sun-Star Stationery Co., Ltd.	Taito-ku, Tokyo	¥50 million	Toys and Hobby	33.4 (33.4)	–	–
Distribution Partners S.A.S.	Lyon, France	Euro 37 thousand	Game Contents	34.0 (34.0)	–	–

* The value of ‘A’ represents the number of Directors and Corporate Auditors at the company in question who are also Directors, Corporate 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.
* The value of ‘C’ represents the amount of financial assistance from NAMCO BANDAI Holdings Inc.

Notes:
1. In the “Main Business” column, the name of the relevant type-of-business segment is given.
2. In “Ratio of Voting Rights Ownership,” 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” (annual security reports)
6. Listed on the First Section of the Tokyo Stock Exchange (TSE).
7. Listed on the JASDAQ Stock Exchange.
8. Although 50% or less voting rights are owned, the company in question is classified as a subsidiary because NAMCO BANDAI Holdings Inc. substantially controls the company.
9. Although less than 20% voting rights are owned, the company in question is classified as an affiliated company because NAMCO BANDAI Holdings Inc. has effective leverage over the company.

10. 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	(¥ million)
(1) Net sales	102,013
(2) Recurring income	5,242
(3) Net income	3,317
(4) Net assets	60,436
(5) Total assets	82,761

11. 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	(¥ million)
(1) Net sales	57,793
(2) Recurring income	783
(3) Net loss	1,198
(4) Net assets	40,079
(5) Total assets	47,017

12. 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	(¥ million)
(1) Net sales	90,170
(2) Recurring income	5,671
(3) Net income	3,640
(4) Net assets	63,746
(5) Total assets	79,316

3. Management Policies

(1) Fundamental Management Policy

Guided by our vision of becoming “The Leading Innovator in Global Entertainment,” the Group’s mission is to continue to provide “Dreams, Fun and Inspiration” through entertainment to people around the world.

Moreover, with the sights set on the Medium to Long-term Group Vision of being a “Globally Recognized Entertainment Group,” the Group will press ahead with various medium- to long-term strategies for strengthening overseas business, making innovation in our content strategy, and expanding our scale to compete in the global market. The Group aims to achieve an operating income of 100 billion yen, overseas sales ratio of 50% and ROE of 10% or higher in the Mid-term Business Plan starting from 2015.

(2) Targets and Management Performance Indicators

The Group has adopted ROE (Return on Equity) as management performance indicators. Looking ahead, we aim to further expand profits by strengthening investments, particularly in overseas business, as well as effectively utilize stockholders’ equity to build a strong and stable management base over the medium- to long-term. Specifically, the Group aims to achieve consolidated ROE of 10% or higher in the Mid-term Business Plan starting from 2015, and are tackling to achieve this target on two fronts: business expansion and efficient management.

In addition, we will introduce Return on Invested Capital (ROIC) as a new indicator to facilitate swift decision-making with regard to business recovery and closure in the rapidly changing entertainment industry.

(3) Medium- to Long-term Business Strategy

a. Strategy of Mid-term Business Plan

The three-year Mid-term Business Plan that went into effect on April 1, 2009, promotes two strategies, “Focus,” the business strategy, and “enhance the Entertainment-hub,” the functional strategy, to lay the foundation for global growth.

<u>Efforts toward the business strategy “Focus”</u>

Under “Focus,” the business strategy, the Group clarifies the mission of each of the business units on the basis of market environment and competitive superiority, then categorizing each as (i) a “business for dynamic growth” in which the Group will actively invest and (ii) a “business for profit improvement” for which the Group implement measures to improve profitability. In particular, the Group defines the “Toys and Hobby Business” and the “Game Contents Business” as “businesses for dynamic growth” in which the Group will carry out aggressive up-front investments to expand the business, particularly in the European and North American markets. The Group defines the “Visual and Music Content Business” and the “Amusement Facility Business” as “businesses for profit improvement”, for which the Group will implement measures to improve profitability, with an emphasis on the domestic market.

<u>Efforts toward the functional strategy “enhance the Entertainment-hub”</u>

The functional strategy, “enhance the Entertainment-hub,” is directed at further strengthening a series of functions such as creation and acquisition, development and utilization of contents by adding synergies among the Group as well as between the Group and external partner companies. The Mid-term Business Plan calls for developing that approach, which thus far has largely been implemented domestically, into a global model.

b. Initiatives in Support of Mid-term Business Plan Strategies

Strengthening the corporate governance structure

Since the commencement of the current Mid-term Business Plan in April 2009, the Company has shifted from a single-representative-director structure to a structure featuring two Representative Directors: a Chairman and Representative Director who leads the entire group based on our long-term vision, and a President and Representative Director who will be responsible for the management and business operations of the Group. At the same time, after the relevant resolution item is passed by the Ordinary General Meeting of Shareholders scheduled for June 22, 2009, we shall add one Outside Director. As a result, three out of the nine Directors will be from outside the Company, which will further strengthen our management oversight function. Also, to further clarify distinction between corporate management and business operations, the Company shall strengthen the Executive Officer System and the Representative Directors of the Group's major business companies will dedicate themselves to business operations as Senior Executive Officers of the Company.

Pursuing management efficiency

To improve the existing rules of business recovery and closure of the Group, and to assess the circumstances of businesses more promptly, we will strengthen the mechanism for continuous monitoring and introduce Return on Invested Capital (ROIC) as a new indicator to facilitate swift decision-making with regard to business recovery and closure. In addition, we will take cost cutting measures by standardizing business processes across the entire Group to pursue more efficient operations.

Strengthening personnel strategy

To achieve dynamic growth of businesses in the overseas market, the Group is strengthening a system to recruit and develop personnel on a global basis. We are also energizing our personnel by actively exchanging employees amongst the entire group.

Strengthening CSR activities

To strengthen our environmental management, the Group will set a medium-term environmental target for the Group to cut CO_2 emissions by 5.4% from each of its facilities by the end of the fiscal year ending March 31, 2012 (compared with the fiscal year ended March 31, 2009).

(4) Issues to be Addressed

The Group and this industry must address many important, long-term issues, including (i) the increasing diversification of consumer needs, (ii) reacting to changes in the market and the environment, and (iii) increasingly intense competition on a global scale. To address these issues, the Group is using "Focus," a business strategy called for in its Mid-term Business Plan, to clarify the mission of each of its business units. In particular, such strategy categorizes each business as a "business for dynamic growth" or a "business for profit improvement." The Group will make proactive up-front investments in "business for dynamic growth" and will implement measures to improve revenues in "business for profit improvement." At the same time, progress in implementing "enhance the Entertainment-hub," its functional strategy, will enable the Group to evolve its business model, which is its core strength, from a domestically focused to a global model.

a. Common Issues Faced by All Strategic Business Units ("SBUs")

Efforts toward domestic business expansion

The Group will, in order to create new markets and attract new customer segments for the expansion of its domestic operations, maximize utilization of the managerial resources that it owns and expand its targets and categories through making effective use of synergies between its business units, alliances with external partners, and other approaches. In addition, in response to the changes in 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 is strengthening its structure to further the expansion of its operations overseas. In addition, based on the strategy defined in our Mid-term Business Plan, we are setting our sights on further growth through actively devoting managerial resources towards expansion of the Toys and Hobby Business and the Game Contents Business in the European and North American markets.

Efforts toward changing the content strategy

The Group is reinforcing its content creation, acquisition, development, and utilization functions in order to respond to changes in the environment, including the development of oligopolies in the distribution and media fields and the widespread penetration of networks. In addition, we are holding the Contents Business Strategy Meeting, a new body for conferring that cuts laterally across the Group to consider the synergy effects between the Group businesses and the optimal next-generation business models.

Efforts toward Corporate Social Responsibility (CSR)

The Group's corporate philosophy is to continue 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 Group-wide CSR initiatives that include three types of responsibilities.

In accordance with these fundamental principles, a range of measures is being implemented by the Group-wide CSR Committee and its sub-committees—the Group Environmental Committee, the Group Social Contribution Committee, and the Group Compliance Committee—as well as by the Group Crisis Management Committee, the Group Information Security Committee, and the Internal Control Committee.

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

  Safety/quality initiatives

  The Group follows industry standards and in-house standards corresponding to products and services, and the Group has 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

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

Cultural/social support activities

The Group is also active in areas outside the provision of products and services, such as museum operations and volunteer activities.

- Economic initiatives

The Group is continually working to enhance management transparency and is 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 through monitoring the management plan and conditions of each Group company.

- Legal and ethical responsibilities (compliance)

The Group has formulated basic compliance standards for Group companies, officers, and employees in Japan and overseas, and the Group conducts regular training as well as constant 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 issues such as “shrinking domestic market due to the falling birthrate” and “increasingly diverse consumer needs.” It is addressing these issues by expanding its target population segment and creating new businesses, in addition to enhancing its toy business, a core business of this unit in Japan, as well as by working to reinforce its existing operations and expand its categories overseas, particularly in the European and North American markets. For speedy implementation of its plans, this unit will actively devote managerial resources, especially in Europe and North America, with an eye to actively building cooperative relationships with external partners.

Game Contents SBU

This unit’s industry is facing issues such as “flattening of growth in the domestic market,” “change in customer needs,” and “soaring content development costs for higher performance platforms.” To address these issues, this unit is enhancing its world-wide development and marketing structure for home video game software. It is also addressing the construction of flexible development systems, including the sharing of know-how and technologies among units, for its arcade game machine and mobile content businesses. These initiatives will enable the Game Contents SBU to exercise its great strength in its development capacity on a world-wide scale, as well as to develop a balanced number of titles across each platform and to respond swiftly to changing customer needs.

Visual and Music Content SBU

The issues for this unit include “change in the profit model in accord with increasingly high performance platforms” and “adapting to the Blu-ray Disc format.” To address to these issues, the unit will work to improve profitability by implementing strategic resource allocation based on thorough content portfolio management, as well as maximize the Group’s capacity to create content and the value of content, and reinforce cross-media strategies. The Visual and Music Content SBU is also formulating new business models in response to the changing environment.

Amusement Facility SBU

“Changes in business revenue structures,” “increasingly diverse consumer needs,” and “revision of consumption tax rate” are among the issues for this unit’s industry. To address these issues, this unit is working to enhance profitability by closing unprofitable facilities and reviewing its standards for opening and closing facilities. It is also reinforcing its ability to target its marketing to each customer segment. In addition, the unit is making use of its know-how in character merchandizing, especially in its domestic operations, to drive the development of facilities and provision of services with the added value only the Group can offer.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(¥ million)

		As of March 31, 2008		As of March 31, 2009
Assets				
Current assets				
Cash and time deposits		126,103	*2	106,747
Trade receivables		73,140		62,518
Short-term investments		7,068		4,426
Inventories		36,428		–
Merchandise and finished goods		–		11,642
Work in process		–		21,653
Raw materials and supplies		–		4,354
Deferred tax assets		5,908		6,145
Other current assets		19,670		19,044
Allowance for doubtful receivables		(607)		(446)
Total current assets		267,713		236,085
Fixed assets				
Property, plant and equipment				
Buildings and structures		26,315		24,066
Accumulated depreciation		(14,477)		(13,410)
Buildings and structures, net		11,838		10,655
Amusement facilities and machines		81,042		70,823
Accumulated depreciation		(57,241)		(51,728)
Amusement facilities and machines, net		23,801		19,094
Land	*3	14,346	*3	11,782
Other property, plant and equipment		66,576		67,284
Accumulated depreciation		(53,115)		(56,825)
Other property, plant and equipment, net		13,460		10,459
Total property, plant and equipment		63,446		51,991
Intangible assets				
Goodwill		15,800		12,054
Other intangible assets		11,191		10,230
Total intangible assets		26,991		22,285
Investments and other assets				
Investment securities	*1	26,143	*1	24,949
Guarantee money deposited		20,112		18,012
Deferred tax assets		6,290		7,124
Other investments and assets		3,541		4,248
Allowance for doubtful receivables		(1,215)		(1,254)
Total investments and other assets		54,871		53,081
Total fixed assets		145,309		127,359
Total assets		413,023		363,444

(¥ million)

		As of March 31, 2008		As of March 31, 2009
Liabilities				
Current liabilities				
Trade payables		42,603		36,760
Short-term borrowings		5,338		8,857
Accounts payable–other		24,889		18,437
Accrued income taxes		9,262		6,374
Provision for directors' bonus		473		635
Provision for losses from business restructuring		1,082		154
Provision for sales return		829		911
Other current liabilities		17,169		12,171
Total current liabilities		101,648		84,303
Long-term liabilities				
Long-term debt		10,662		11,990
Deferred tax liabilities		4,239		—
Deferred tax liabilities, land revaluation	*3	492	*3	481
Accrued retirement and severance benefits		1,571		1,906
Accrued directors' and corporate auditors' retirement and severance benefits		27		46
Other long-term liabilities		4,438		4,136
Total long-term liabilities		21,430		18,561
Total liabilities		123,079		102,865
Net assets				
Stockholders' equity				
Common stock		10,000		10,000
Additional paid-in capital		87,945		79,887
Retained earnings		192,865		199,453
Treasury stock		(2,840)		(9,624)
Total stockholders' equity		287,971		279,717
Valuation difference and translation adjustments				
Other securities valuation difference		192		(1,911)
Deferred gains or losses on hedges, net of taxes		(112)		(105)
Land revaluation	*3	(6,284)	*3	(6,299)
Translation adjustments		5,028		(13,755)
Total valuation difference and translation adjustments		(1,175)		(22,071)
Stock subscription rights		1,531		1,468
Minority interests		1,616		1,465
Total net assets		289,944		260,579
Total liabilities and net assets		413,023		363,444

(2) Consolidated Statements of Income

(¥ million)

	Prior Fiscal Year (From April 1, 2007 to March 31, 2008)		Current Fiscal Year (From April 1, 2008 to March 31, 2009)	
Net sales		460,473		426,399
Cost of sales	*1	296,400	*1	280,376
Gross profit		164,072		146,023
Selling, general and administrative expenses	*2, *3	130,661	*2, *3	123,674
Operating income		33,411		22,348
Non-operating income				
Interest income		2,342		1,707
Dividend income		210		331
Equity in gain of affiliated companies		–		360
Other non-operating income		1,400		909
Total non-operating income		3,954		3,309
Non-operating expenses				
Interest expense		202		246
Foreign exchange loss		225		744
Equity in loss of affiliated companies		441		–
Loss on valuation of derivatives		96		–
Other non-operating expenses		201		153
Total non-operating expenses		1,167		1,144
Recurring income		36,198		24,513
Extraordinary income				
Gain on sales of fixed assets	*4	16,974	*4	1,635
Gain on sales of investment securities		1		–
Gain on sales of investments in affiliated companies		298		–
Reversal of allowance for doubtful receivables		208		47
Reversal of accrued retirement and severance benefits		501		–
Reversal of provision for losses from business restructuring		–		338
Gain on reversal of stock subscription rights		–		188
Other extraordinary income		–		110
Total extraordinary income		17,984		2,321

(¥ million)

	Prior Fiscal Year (From April 1, 2007 to March 31, 2008)		Current Fiscal Year (From April 1, 2008 to March 31, 2009)	
Extraordinary loss				
Loss on sales of fixed assets	*5	125	*5	45
Loss on disposal of fixed assets	*6	743	*6	256
Loss on impairment of fixed assets	*7	4,247	*7	953
Non-deductible consumption tax, etc.		775		–
Loss on business restructuring		460		–
Provision for losses on business restructuring		1,082		–
Loss on valuation of investment securities		224		997
Provision for allowance of doubtful receivables		200		642
Special retirement expenses		–		647
Litigation settlement		282		1,061
Other extraordinary loss		73		1,103
Total extraordinary loss		8,217		5,708
Income before income taxes and minority interests		45,964		21,125
Corporate income, inhabitant and enterprise taxes		14,843		9,843
Income taxes for the previous period		–		1,173
Deferred income taxes		(2,209)		(1,956)
Total income taxes		12,633		9,059
Minority interests		651		235
Net income		32,679		11,830

(3) Consolidated Statements of Changes in Net Assets

(¥ million)

	Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
Stockholders' equity		
Common stock		
Balance as of March 31, 2008	10,000	10,000
Changes during the period		
Total changes during the period	–	–
Balance as of March 31, 2009	10,000	10,000
Additional paid-in capital		
Balance as of March 31, 2008	97,142	87,945
Changes during the period		
Purchase of treasury stock from consolidated subsidiaries	–	278
Retirement of treasury stock	(8,184)	(8,336)
Decrease in treasury stock due to share exchange	(1,012)	–
Total changes during the period	(9,196)	(8,058)
Balance as of March 31, 2009	87,945	79,887
Retained earnings		
Balance as of March 31, 2008	182,389	192,865
Effect of changes in accounting policies applied to foreign subsidiaries	–	(66)
Changes during the period		
Cash dividends	(7,162)	(6,009)
Net income	32,679	11,830
Changes in the scope of consolidation	(131)	818
Increase due to transition of consolidated subsidiaries into companies to which the equity method is applied	92	–
Reversal of land revaluation	(15,001)	15
Total changes during the period	10,476	6,654
Balance as of March 31, 2009	192,865	199,453
Treasury stock		
Balance as of March 31, 2008	(3,952)	(2,840)
Changes during the period		
Purchase of treasury stock	(10,235)	(15,119)
Disposal of treasury stock	–	1
Retirement of treasury stock	8,184	8,336
Decrease in treasury stock due to share exchange	3,164	–
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied	(1)	(2)
Total changes during the period	1,112	(6,784)
Balance as of March 31, 2009	(2,840)	(9,624)

(¥ million)

	Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
Total stockholders’ equity		
Balance as of March 31, 2008	285,578	287,971
Effect of changes in accounting policies applied to foreign subsidiaries	–	(66)
Changes during the period		
Cash dividends	(7,162)	(6,009)
Net income	32,679	11,830
Purchase of treasury stock	(10,235)	(15,119)
Purchase of treasury stock from consolidated subsidiaries	–	278
Disposal of treasury stock	–	1
Retirement of treasury stock	–	–
Decrease in treasury stock due to share exchange	2,152	–
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied	(1)	(2)
Changes in the scope of consolidation	(131)	818
Increase due to transition of consolidated subsidiaries into companies to which the equity method is applied	92	–
Reversal of land revaluation	(15,001)	15
Total changes during the period	2,392	(8,188)
Balance as of March 31, 2009	287,971	279,717
Valuation difference and translation adjustments		
Other securities valuation difference		
Balance as of March 31, 2008	4,100	192
Changes during the period		
Net changes in the period other than changes in stockholders’ equity	(3,908)	(2,103)
Total changes during the period	(3,908)	(2,103)
Balance as of March 31, 2009	192	(1,911)
Deferred gains or losses on hedges		
Balance as of March 31, 2008	91	(112)
Changes during the period		
Net changes in the period other than changes in stockholders’ equity	(204)	7
Total changes during the period	(204)	7
Balance as of March 31, 2009	(112)	(105)
Land revaluation		
Balance as of March 31, 2008	(21,286)	(6,284)
Changes during the period		
Net changes in the period other than changes in stockholders’ equity	15,001	(15)
Total changes during the period	15,001	(15)
Balance as of March 31, 2009	(6,284)	(6,299)

(¥ million)

	Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
Translation adjustments		
Balance as of March 31, 2008	5,684	5,028
Changes during the period		
Net changes in the period other than changes in stockholders' equity	(655)	(18,784)
Total changes during the period	(655)	(18,784)
Balance as of March 31, 2009	5,028	(13,755)
Total valuation difference and translation adjustments		
Balance as of March 31, 2008	(11,409)	(1,175)
Changes during the period		
Net changes in the period other than changes in stockholders' equity	10,233	(20,896)
Total changes during the period	10,233	(20,896)
Balance as of March 31, 2009	(1,175)	(22,071)
Stock subscription rights		
Balance as of March 31, 2008	577	1,531
Changes during the period		
Net changes in the period other than changes in stockholders' equity	954	(63)
Total changes during the period	954	(63)
Balance as of March 31, 2009	1,531	1,468
Minority interests		
Balance as of March 31, 2008	9,507	1,616
Changes during the period		
Net changes in the period other than changes in stockholders' equity	(7,890)	(150)
Total changes during the period	(7,890)	(150)
Balance as of March 31, 2009	1,616	1,465

(¥ million)

	Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
Total net assets		
Balance as of March 31, 2008	284,254	289,944
Effect of changes in accounting policies applied to foreign subsidiaries	–	(66)
Changes during the period		
Cash dividends	(7,162)	(6,009)
Net income	32,679	11,830
Purchase of treasury stock	(10,235)	(15,119)
Purchase of treasury stock from consolidated subsidiaries	–	278
Disposal of treasury stock	–	1
Retirement of treasury stock	–	–
Decrease in treasury stock due to share exchange	2,152	–
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied	(1)	(2)
Changes in the scope of consolidation	(131)	818
Increase due to transition of consolidated subsidiaries into companies to which the equity method is applied	92	–
Reversal of land revaluation	(15,001)	15
Net changes in the period other than changes in stockholders' equity	3,297	(21,110)
Total changes during the period	5,690	(29,298)
Balance as of March 31, 2009	289,944	260,579

(4) Consolidated Statements of Cash Flows

(¥ million)

	Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
Cash flows from operating activities		
Income before income taxes and minority interests	45,964	21,125
Depreciation and amortization	24,758	22,545
Loss on impairment of fixed assets	4,247	953
Amortization of goodwill	2,870	4,080
Increase (decrease) in allowance for doubtful receivables	(1,272)	(79)
Increase (decrease) in provision for losses from business restructuring	1,082	(927)
Increase (decrease) in provision for sales return	324	267
Increase (decrease) in provision for directors' bonus	(177)	165
Increase (decrease) in accrued retirement and severance benefits	(421)	308
Increase (decrease) in accrued directors' and corporate auditors' retirement and severance benefits	(505)	1
Interest and dividend income	(2,553)	(2,038)
Interest expense	202	246
Foreign exchange loss (gain)	25	33
Equity in loss (gain) of affiliated companies	441	(360)
Loss on disposal of fixed assets	743	256
Loss (gain) on sales of fixed assets	(16,849)	(1,589)
Loss on disposal of amusement facilities and machines	1,214	795
Loss (gain) on sales of investment securities	(288)	(57)
Loss (gain) on valuation of investment securities	224	1,326
Decrease (increase) in trade receivables	6,128	3,826
Decrease (increase) in inventories	(3,936)	(2,128)
Investment for amusement facilities and machines	(9,286)	(6,646)
Increase (decrease) in trade payables	(4,203)	(58)
Increase (decrease) in accounts payable–other	2,074	(4,912)
Increase (decrease) in consumption tax payables	46	(1,108)
Other	(1,916)	(5,905)
Subtotal	48,940	30,124
Interest and dividends received	2,521	2,074
Interest paid	(175)	(170)
Income taxes paid	(16,286)	(12,726)
Net cash provided by operating activities	35,000	19,301

(¥ million)

	Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
Cash flows from investing activities		
Payments for deposit in time deposits	(4,206)	(1,639)
Proceeds from withdrawal from time deposits	1,988	4,512
Purchases of property, plant and equipment	(10,470)	(8,012)
Proceeds from sales of property, plant and equipment	22,424	4,052
Purchases of intangible assets	(4,199)	(2,799)
Purchases of investment securities	(4,993)	(3,344)
Proceeds from sales of investment securities	26	353
Acquisition of shares in consolidated subsidiaries, net of cash acquired	(15,982)	(49)
Proceeds from acquisition of subsidiary shares related to changes in scope of consolidation	–	*2 277
Payments for sales of subsidiary shares related to changes in scope of consolidation	*2 (62)	–
Advances of loans receivable	(1,617)	(5,645)
Collection of loans receivable	1,452	297
Guarantee money deposited	(1,587)	(1,198)
Proceeds from collection of guarantee money deposited	2,259	2,864
Other	(11)	2
Net cash used in investing activities	(14,980)	(10,327)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(739)	128
Proceeds from long-term debt	16,000	10,000
Repayment of long-term debt	(2,542)	(5,338)
Repayment of bond	(10,000)	–
Repayment of lease obligations	–	(104)
Payments into fund trust for purchase of treasury stock	–	(17,500)
Proceeds from withdrawal of fund trust for purchase of treasury stock	–	2,376
Purchase of treasury stock	(10,235)	(7)
Proceeds from disposal of treasury stock	–	1
Dividends paid	(7,162)	(6,009)
Dividends paid to minority interests	(387)	(76)
Net cash used in financing activities	(15,066)	(16,529)
Effect of exchange rate changes on cash and cash equivalents	(304)	(12,619)
Net increase (decrease) in cash and cash equivalents	4,648	(20,175)
Cash and cash equivalents at beginning of period	124,155	129,289
Increase in cash and cash equivalents due to consolidation of additional subsidiaries	485	1,142
Increase in cash and cash equivalents due to merger with non-consolidated subsidiaries	–	*3 85
Decrease in cash and cash equivalents due to company split	–	*4 (305)
Cash and cash equivalents at end of period	*1 129,289	*1 110,037

Events or conditions that may cast significant doubt on the premise of going concern

No items to report

Important Information Constituting the Basis for Preparation of Consolidated Financial Statements

	Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
1. Information Concerning the Scope of Consolidation	(1) Consolidated subsidiaries: Total number of consolidated subsidiaries: 55 companies The names of consolidated subsidiaries have been omitted as they are listed in 2. The BANDAI NAMCO Group; (2) Associated Companies (Subsidiaries and Affiliated Companies). Since EMOTION CO., LTD., ANIME CHANNEL CO., LTD., and BANDAI VISUAL USA INC., gained in importance and LOGIPAL EXPRESS INC. was newly incorporated as a result of an incorporation-type company split, those 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. 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., 18 of the Company's subsidiaries are excluded from the scope of consolidation, because total assets, net sales, net income or loss and retained earnings, etc. corresponding to the ownership held by the Company of each non-consolidated subsidiary have no material impact on the consolidated financial statements.	(1) Total number of consolidated subsidiaries: 63 companies The names of consolidated subsidiaries have been omitted as they are listed in 2. The BANDAI NAMCO Group; (2) Associated Companies (Subsidiaries and Affiliated Companies). Since BEEZ ENTERTAINMENT S.A.S. and SUNRISE Music Publishing Co., Ltd., gained in importance and BANDAI (SHENZHEN) CO., LTD., was newly incorporated, those companies were added to the scope of consolidation from this consolidated fiscal year. XS ENTERTAINMENT INC. and BANDAI VISUAL USA INC. were liquidated and thus were excluded from the scope of consolidation. Also, new Banpresto Co., Ltd., was newly incorporated as a result of an incorporation-type company split of Banpresto Co., Ltd., and was added to the scope of consolidation. Banpresto Co., Ltd., was merged with by NAMCO BANDAI Games Inc. due to an absorption-type merger, and thus was excluded from the scope of consolidation. A tender offer having been carried out by NAMCO BANDAI Games Inc. for D3 INC. and its consolidated subsidiaries, D3PUBLISHER INC., Entertainment Software Publishing Inc., D3Publisher of America, Inc., D3Publisher of Europe Ltd., D3DB S.r.l., and Vicious Cycle Software, Inc., those companies were added to the scope of consolidation. (2) Names etc. of the principal non-consolidated subsidiaries Principal non-consolidated subsidiaries SHANGHAI NAMCO LTD. BANDAI LOGIPAL (H.K.) LTD. Total assets, net sales, net income or loss and retained earnings, etc. corresponding to the ownership held by the Company of each non-consolidated subsidiary have no material impact on the consolidated financial statements and therefore excluded from the scope of consolidation.

	Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
2. Information Concerning Application of the Equity Method	(1) Application of equity method: 1 non-consolidated subsidiary, SHANGHAI NAMCO LTD., was accounted for by the equity method. 5 affiliated companies were accounted for by the equity method: Happinet Corporation Sotsu Co., Ltd. People Co., Ltd., Italian Tomato Ltd. Sunlink Co., Ltd. Note that in the consolidated fiscal year under review, Sotsu Agency Co., Ltd. changed its corporate name to Sotsu Co., Ltd.	(1) Number of non-consolidated subsidiaries and affiliated companies to which the equity method was applied: 7 companies Names of the principal non-consolidated subsidiary and affiliated companies: Non-consolidated subsidiary: SHANGHAI NAMCO LTD. Affiliated companies: Happinet Corporation Sotsu Co., Ltd. People Co., Ltd. With the sale of shares in Sunlink Co., Ltd. to Happinet Corporation, Sunlink Co., Ltd. was excluded from the scope of application of the equity method for this consolidated fiscal year. Furthermore, with the investment in Distribution Partners S.A.S. and the acquisition of shares in Sun-Star Stationery Co., Ltd., in connection with that company's split, those companies were treated as companies to which the equity method is applied.
	(2) Non-consolidated subsidiaries and affiliated companies to which the equity method was not applied The equity method was not applied to 17 non-consolidated subsidiaries including Sunrise Interactive as well as 6 affiliated companies including EURO VISUAL S.A.S., because it was deemed that the exclusion of these companies from the application of the equity method would have little, and no material, impact on the consolidated net income or loss and retained earnings, etc. and their significance is minimal as a whole.	(2) Non-consolidated subsidiaries and affiliated companies to which the equity method was not applied The equity method was not applied to non-consolidated subsidiaries and affiliated companies such as BANDAI LOGIPAL (H.K.) LTD., because it was deemed that the exclusion of these companies from the application of the equity method would have little, and no material, impact on the consolidated net income or loss and retained earnings, etc. and their significance is minimal as a whole.
3. Information Concerning the Fiscal Year, etc. for Consolidated Subsidiaries	Consolidated subsidiaries with fiscal years to March 31: 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.	NAMCO BANDAI Holdings (USA) Inc. and some other consolidated subsidiaries (21 domestic and 25 overseas subsidiaries) have the last day of December, January, or February as closing date. In, addition, Bandai Visual Co., Ltd. and NAMCO BANDAI Business Services Inc. changed their respective closing dates from the last day of February to March 31 and thus had a 13-month fiscal year. In the preparation of the consolidated financial statements, the financial statements of each company for the relevant fiscal year were used, and necessary adjustments for consolidation purposes were made in the case of material transactions conducted prior to the last day of the consolidated fiscal year for the consolidated financial statements of the Company.

	Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
	Consolidated subsidiaries with fiscal years to January 31: Artpresto Co., Ltd. Consolidated subsidiaries with fiscal years to December 31: 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 the last day of February as closing date. All of the above settlement dates fall within 3 months of the consolidated settlement date. Consequently, the results of the above consolidated subsidiaries are reflected in the consolidated financial statements. However, necessary adjustments for consolidation purposes were made in the case of material transactions conducted between the subsidiary closing dates and the consolidated closing date for the consolidated financial statements of the Company.	

	Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
4. Information Concerning the Basis for Accounting Treatment	(1) Valuation basis and methods for significant assets: (i) Securities: Bonds to be held to maturity Stated using the amortized cost method (straight-line method) Other securities Securities with market values: Stated using the market price method based on amounts using market prices, etc. on the closing date. (valuation differences are reflected directly in net assets and cost of sales is calculated using the moving average method.) Securities without market values: Stated using the cost method 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 securities, and the amount corresponding to profits or losses resulting from the operations of the partnership is stated as profits or losses for this consolidated fiscal year. (ii) Derivative trading: Stated using the market price method. (iii) Inventories: Domestic consolidated subsidiaries: Work in process, such as game software, etc.: Stated using the cost method based on the specific cost method. Others: Generally, stated using the cost method based on the total average method. Overseas consolidated subsidiaries: Work in process, such as game software, etc.: Stated using the cost method based on the specific cost method. Others: Generally, stated using the lower of cost method based on the first-in first-out (FIFO) method.	(1) Valuation basis and methods for significant assets: (i) Securities: 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: Same as left column (iii) Inventories: Work in process, such as game software, etc.: Stated using the cost method based on the specific cost method. (The value stated on the balance sheets was calculated by writing down the book value based on declining profitability.) Others: Domestic consolidated subsidiaries: Generally, stated using the cost method based on the total average method. (The value stated on the balance sheets was calculated by writing down the book value based on declining profitability.) Overseas consolidated subsidiaries: Generally, stated using the lower of cost method based on the total average method.

	Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
		(Change in accounting policies) "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, issued on July 5, 2006) was applied from this consolidated fiscal year. The impact of this change on operating income, recurring income, and net income before income taxes and minority interests is immaterial.
	(2) Depreciation methods for significant depreciable assets: (i) Property, plant and equipment: The Company and domestic consolidated subsidiaries: Generally, stated using the declining-balance method. However, for buildings (excluding equipment attached thereto) acquired on or after April 1, 1998, and for part of the amusement facilities and machines, etc., the straight-line method was 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 (Change 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 yen. The impact on segment information is noted in the relevant section.	(2) Depreciation methods for significant depreciable assets: (i) Property, plant and equipment (exclusive of leased assets): The Company and domestic consolidated subsidiaries: Generally, stated using the declining-balance method. However, for buildings (excluding equipment attached thereto) acquired on or after April 1, 1998, and for part of the amusement facilities and machines, etc., the straight-line method was 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 (Additional information) As for the property, plant and equipment of some domestic consolidated subsidiaries, the useful life was changed from this consolidated fiscal year, pursuant to the change in statutory useful life in the 2008 revision of the Corporation Tax Law. The impact of this change on operating income, recurring income, and net income before income taxes and minority interests is immaterial.

	Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
	(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 yen. The impact on segment information is noted in the relevant section. Overseas consolidated subsidiaries: Stated using the straight-line method. 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 (ii) Intangible assets: Stated using the straight-line method. The general useful life of software is as follows: Software (used internally): 1 to 5 years (iii) ______________ (3) Basis of recognition for significant provision: (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, etc., the amount of the allowance is based on individually estimated unrecoverable amounts.	Overseas consolidated subsidiaries: Same as left column (ii) Intangible assets: Stated using the straight-line method. Same as left column (iii) Leased assets: Stated using the straight-line method, with the useful life set to the lease period, for a residual value of zero. However, financing lease transactions other than those in which titles to leased property are determined to be transferred to lessees, which transactions started on or before March 31, 2008, are stated by applying the accounting treatment applicable to ordinary operating lease transactions. (3) Basis of recognition for significant provision: (i) Allowance for doubtful receivables: Same as left column

	Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
	(ii) Provision for directors' bonus: The Company and its domestic consolidated subsidiaries provide accrued bonuses for directors based on the estimated amounts to be paid in respect of this consolidated fiscal year. (iii) Provision for losses from business restructuring: Certain consolidated subsidiaries make provision for estimated losses on restructuring of operations. (iv) Provision for sales return: Certain consolidated subsidiaries provide for losses on returned goods after the end of this consolidated fiscal year based on historic experience. (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 yen. (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 this consolidated fiscal year. In addition, actuarial gain/loss is amortized in amounts using the straight-line method 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. In certain domestic consolidated subsidiaries, past service obligations are amortized over a fixed period (10 years) within the average remaining period of service for affected employees when incurred. (vi) Accrued directors' and corporate auditors' retirement and severance benefits: To prepare for the payment of directors' and corporate 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.	(ii) Provision for directors' bonus: Same as left column (iii) Provision for losses from business restructuring: Same as left column (iv) Provision for sales return: Certain consolidated subsidiaries provide for losses on returned goods after the end of this consolidated fiscal year based on historic experience. (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 this consolidated fiscal year. In addition, actuarial gain/loss is amortized in amounts using the straight-line method in each consolidated fiscal year over a fixed period (9 to 19 years) from the following consolidated fiscal year within the average remaining period of service for affected employees when incurred. In certain domestic consolidated subsidiaries, past service obligations are amortized over a fixed period (10 to 11 years) within the average remaining period of service for affected employees when incurred. (vi) Accrued directors' and corporate auditors' retirement and severance benefits: Same as left column

	Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
	(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 income and expense: 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. In addition, the Company judges the main component of videogame software is the so-called content, which includes visual image and music data, and the game itself. Therefore, based on the above, videogame software production costs are recorded as work in process effective from the point at which an internal decision is made to commercialize a product. Also, 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 costs recorded under assets in a more appropriate manner, the 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 costs included in “Other current assets (payments in advance)” in the previous consolidated fiscal year totals 2,026 million yen.	(5) Accounting standards for income and expense: 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. In addition, the Company judges the main component of videogame software is the so-called content, which includes visual image and music data, and the game itself. Therefore, based on the above, videogame software production costs are recorded as work in process effective from the point at which an internal decision is made to commercialize a product. Also, for software production costs recorded under assets, cost of sales is recorded based on estimated sales volume.

	Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
	(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:
	(7) Significant accounting policies for hedging: (i) Accounting for hedging: The Company uses deferred hedge accounting. In addition, the allocation method was used for forward exchange contracts when appropriate. The special method was 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 and interest rate swaps -Hedged items: Foreign-currency-denominated assets and liabilities and scheduled transactions, and interest on debt.	(ii) Hedging instruments and hedged items: -Hedging instruments: Same as left column -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 changes in the cash flows or the market movements of the hedged item and the cumulative changes in the cash flows or the market movements 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. Also, no such determination is made, either, for interest rate swaps using the special method.	(iv) Method of assessing the effectiveness of hedging: Same as left column

	Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
	(8) Other important information constituting the basis of preparation of consolidated financial statements: Accounting treatment of consumption tax: Consumption tax 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.	(8) Other important information constituting the basis of preparation of consolidated financial statements: Accounting treatment of consumption tax: Consumption tax is accounted for separately and is not figured into each listed item.
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
6. Amortization of Positive Goodwill 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.	Goodwill is amortized over a five-year period using the straight-line method.
7. Scope of Cash and Cash Equivalents in 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 3 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

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

Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
	(Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements) With the adoption of the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (PITF Practical Solution No. 18, issued on May 17, 2006), necessary adjustments to the consolidated returns were carried out. The impact of this change on operating income, recurring income, and net income before income taxes and minority interests is immaterial.
	(Accounting Standard for Lease Transactions) Before the change the accounting treatment for finance lease transactions not involving the transfer of ownership followed the method for operating lease transactions. However, the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13 [Business Accounting Council Committee No. 1, June 17, 1993; revised March 30, 2007]) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16 [The Japanese Institute of Certified Public Accountants (JICPA) Accounting Standard Committee, January 18, 1994; revised March 30, 2007]) are applied and the accounting treatment for such transactions follows the method for ordinary purchase or sales transactions from this consolidated fiscal year. In addition, for financing lease transactions other than those in which titles to leased property are determined to be transferred to lessees, which transactions started before the first year in which the new standard was adopted, the accounting treatment applicable to ordinary operating lease transactions continues to apply. This change has no impact on operating income, recurring income, and net income before income taxes and minority interests.

Change in Method of Presentation

Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
(Consolidated Balance Sheets) __________	(Consolidated Balance Sheets) 1. With the adoption of the “Cabinet Office Order Partially Amending Terminology, Format, and Method of Presentation of Financial Statements” (Cabinet Office Order No. 50, August 7, 2008), what had been stated in the previous consolidated fiscal year as “Inventories” is, from this consolidated fiscal year, subdivided into “Merchandise and finished goods,” “Work in process,” and “Raw materials and supplies.” In addition, the values of “Merchandise and finished goods,” “Work in process,” and “Raw materials and supplies” subsumed under “Inventories” in the previous consolidated fiscal year were 11,463 million yen, 21,481 million yen, and 3,484 million yen, respectively. 2. What had been stated through the previous consolidated fiscal year as “Deferred tax liabilities” (for which the balance for this consolidated fiscal year is 616 million yen) is stated within “Other long-term liabilities” under “Long-term liabilities” since it is at or below one percent of the total of liabilities and net assets.
(Consolidated Statements of Income) __________	(Consolidated Statements of Income) 1. What had been stated through the previous consolidated fiscal year as “Gain on sales of investments in affiliated companies” (for which the total for this consolidated fiscal year is 72 million yen) is stated within “Other extraordinary income” under “Extraordinary income” since it is at or below ten percent of the total extraordinary income. 2. What had been stated through the previous consolidated fiscal year as “Loss on business restructuring” (for which the total for this consolidated fiscal year is 114 million yen) and as “Provision for losses on business restructuring” (for which the total for this consolidated fiscal year is 130 million yen) is stated within “Other extraordinary loss” in “Extraordinary loss” since each is at or below ten percent of the total extraordinary loss. 3. “Income taxes for the previous period,” which had been stated through the previous consolidated fiscal year as part of “Corporate income, inhabitant and enterprise taxes,” has increased their importance in this consolidated fiscal year and are stated separately. In addition, the value of “Income taxes for the previous period” subsumed under “Corporate income, inhabitant and enterprise taxes” in the previous consolidated fiscal year was 13 million yen.

Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
(Consolidated Statements 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 return included in other operating cash flows in the previous fiscal year reflected a decline of 8 million yen. 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 yen.	(Consolidated Statements of Cash Flows) ―――――――――

Additional Information

Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
(Legal action, etc.) The Company and its U.S. 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 yen (2.4 million US dollars) was booked under "Litigation settlement" in respect of this settlement.	(Legal action, etc.) On December 4, 2006, Kevin Curran and three other persons, successors in interest to General Computer Corporation in the United States, sued the Company's group for compensation for damages related to payment of royalty payments. An out-of-court settlement was reached in December 2008 and a loss of 1,061 million yen (9,236 thousand US dollars) accompanying that settlement was stated as "Litigation settlement."

Notes to Consolidated Financial Statements

(Consolidated Balance Sheets)

Prior Fiscal Year (As of March 31, 2008)	Current Fiscal Year (As of March 31, 2009)
*1. Shares of non-consolidated subsidiaries and affiliated companies Investment securities (shares) 9,122 million yen ――――――――― 2. Guarantees for loans Guarantees for lease agreements concluded with trading partners of overseas subsidiaries 82 million yen *3. Land revaluation A revaluation of land for business-use was implemented pursuant to the "Law Concerning Revaluation of Land" (Law No. 34, promulgated on March 31, 1998) and the revalued difference was recorded under net assets. Revaluation method: The fair value of land is determined based on official notice prices that are calculated by the method assessed and published by the Commissioner of the National Tax Agency. The Commissioner assesses and publishes the method to calculate land value that forms the foundation for calculating taxable value for land value tax prescribed in "Article 16 of Land Value Tax Law (Law No. 69, promulgated on May 2, 1991)", as stipulated in "Article 2-4 of the Ordinance Implementing the Law Concerning Land Revaluation (Cabinet Order No. 119, promulgated on March 31, 1998)". Reasonable adjustments are made to the official notice prices. Revaluation date: March 31, 2002 Difference between the market price of the revalued land at the end of this consolidated fiscal year and the revaluated book value after the revaluation: (581) million yen	*1. Shares of non-consolidated subsidiaries and affiliated companies Investment securities (shares) 12,150 million yen *2. Pledged assets: Time deposits: 131 million yen Pledged for bank transaction guarantees ――――――――― *3. Land revaluation A revaluation of land for business-use was implemented pursuant to the "Law Concerning Revaluation of Land" (Law No. 34, promulgated on March 31, 1998) and the revalued difference was recorded under net assets. Revaluation method: The fair value of land is determined based on official notice prices that are calculated by the method assessed and published by the Commissioner of the National Tax Agency. The Commissioner assesses and publishes the method to calculate land value that forms the foundation for calculating taxable value for land value tax prescribed in "Article 16 of Land Value Tax Law (Law No. 69, promulgated on May 2, 1991)", as stipulated in "Article 2-4 of the Ordinance Implementing the Law Concerning Land Revaluation (Cabinet Order No. 119, promulgated on March 31, 1998)". Reasonable adjustments are made to the official notice prices. Revaluation date: March 31, 2002 Difference between the market price of the revalued land at the end of this consolidated fiscal year and the revaluated book value after the revaluation: (157) million yen

(Consolidated Statements of Income)

<table>
<tr><th>Prior Fiscal Year
(From April 1, 2007 to March 31, 2008)</th><th>Current Fiscal Year
(From April 1, 2008 to March 31, 2009)</th></tr>
<tr><td>*1. 199 million yen of inventory valuation loss of by cost or market method is included.</td><td>*1. The book value of ending inventories is devalued based upon the declining in profitability. The following loss on valuation of inventories is included in cost of sales.
3,844 million yen</td></tr>
<tr><td>*2. Major components of selling, general and administrative expenses
Advertising expenses: 30,549 million yen
Officers’ remuneration and employee salaries and benefits: 30,884 million yen
Provision for employee retirement and severance benefits: 1,115 million yen
Provision for directors’ bonus: 497 million yen
Provision for officers’ retirement and severance benefits: 46 million yen
Research and development expenses: 17,583 million yen
Allowance for doubtful receivables: 55 million yen</td><td>*2. Major components of selling, general and administrative expenses
Advertising expenses: 28,409 million yen
Officers’ remuneration and employee salaries and benefits: 27,992 million yen
Provision for employee retirement and severance benefits: 1,247 million yen
Provision for directors’ bonus: 625 million yen
Provision for officers’ retirement and severance benefits: 12 million yen
Research and development expenses: 17,511 million yen
Allowance for doubtful receivables: 134 million yen</td></tr>
<tr><td>*3. Research and development expenses included in selling, general and administrative expenses: 17,583 million yen</td><td>*3. Research and development expenses included in selling, general and administrative expenses: 17,511 million yen</td></tr>
<tr><td>*4. Gains from sales of property, plant and equipment related mainly to the sales of land.</td><td>*4. Gains from sales of property, plant and equipment related mainly to the sales of land.</td></tr>
<tr><td>*5. Losses from sales of fixed assets related mainly to the sales of land.</td><td>*5. Losses from sales of fixed assets related mainly to the sales of buildings and structures.</td></tr>
<tr><td>*6. Losses from disposal of fixed assets related mainly to the disposal of buildings and structures and disposal of tools, furniture and fixtures.</td><td>*6. Losses from disposal of fixed assets related mainly to the disposal of buildings and structures and disposal of tools, furniture and fixtures.</td></tr>
<tr><td>*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 and lease assets. Of these, in the Amusement Facility 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, was reduced to the collectible amount and the decrease in value was recorded as a loss on impairment of fixed assets in extraordinary loss.</td><td>*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 Facility Business, the smallest unit mainly used in managerial accounting, the individual facility, is the basic unit for grouping assets.
(Changes in grouping of assets)
In the past, in the Amusement Facility Business, asset groupings were mainly organized by a certain region; in some domestic consolidated subsidiaries, however, due to changes in their organization, the units used in the managerial accounting and the units in those groupings diverge; thus, from this consolidated fiscal year, the smallest unit mainly used in managerial accounting, the individual facility, is the basic unit for grouping assets.
Accompanying these changes, the Company stated an impairment loss of 160 million yen as an extraordinary loss and reduced net income before income taxes and minority interests in the same amount of the impairment loss.
In addition, the book value of the following assets, except for those assets which may be reused, was reduced to the collectible amount and the decrease in value was recorded as a loss on impairment of fixed assets in extraordinary loss.</td></tr>
</table>

Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)

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

Location	Items	Classification	Impairment loss (¥ million)
Yokohama City, Kanagawa, etc. (Note 1)	Amusement facility	Amusement facilities and machines, etc.	937
Kanazawa City, Ishikawa (Note 2)	Amusement facility	Amusement facilities and machines, etc.	173
Ayase City, Kanagawa, etc. (Note 3)	Amusement facility	Amusement facilities 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 facilities and machines, etc.	946
CAUSEWAY BAY, HONG KONG. (Note 4)	Assets scheduled for disposal, etc.	Amusement facilities and machines, etc.	2
ILLINOIS, U.S.A. (Note 5)	Amusement facility	Goodwill	662
Shimotsuga-gun, 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
Inashiki-gun Ibaraki (Note 7)	Warehouse	Buildings & structures, and land	35
Koto-ku, Tokyo (Note 2)	Software for Internet content business	Property, plant and equipment (others), and software	17
Total			4,247

Current Fiscal Year (From April 1, 2008 to March 31, 2009)

Location	Items	Classification	Impairment Loss (¥ million)
Kanazawa City, Ishikawa, etc. (Note 1)	Amusement facility	Amusement facilities and machines, etc.	208
Sendai City, Miyagi, etc. (Note 2)	Amusement facility	Amusement facilities and machines, etc.	93
Osaka City, Osaka, etc. (Note 3)	Amusement facility	Amusement facilities and machines, etc.	474
Sapporo City, Hokkaido, etc. (Note 1)	Assets for business use	Buildings & structures, property, plant and equipment (others)	48
Shibuya-ku, Tokyo (Note 4)	Assets for business use	Buildings & structures, property, plant and equipment (others)	38
Seoul, KOREA (Note 1)	Software for Internet content business	Other intangible fixed assets	25
Minato-ku, Tokyo (Note 5)	Assets scheduled for disposal	Buildings & structures, property, plant and equipment (others)	22
Minato-ku, Tokyo (Note 5)	Assets scheduled for disposal	Buildings & structures	13
Ibaraki City, Osaka, etc. (Note 6)	Idle assets	Land	28
Total			953

Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
Notes: 1. This asset was separated from its current grouping and an impairment loss was recorded because the recoverable amount of this fixed asset largely decreased due to the decision to close the facility. In addition, the asset was determined to have no value. 2. An impairment loss was recorded because it was forecasted that the book value of this fixed asset could not be recovered due to the decrease in business profitability. In addition, the asset was determined to have no value. 3. These asset were separated from its current grouping and an impairment loss was recorded because, it was decided to change the use of the assets from income generating to use of social welfare projects which resulted in a reduction in their recoverable amount , and these asset were considered to have lost its mutually complementary function in its current grouping. In addition, the asset was determined to have no value. 4. An impairment loss was recorded for this asset which is unlikely to be used because of relocation of facilities. In addition, the asset was determined to have no value. 5. An impairment loss was recorded because the book value of this fixed asset could not be recovered due to the decrease in profitability of the acquired business. In addition, the asset was determined to have no value. 6. Assets that had no foreseeable use in the future due to integration of business units were written down and impairment loss was recorded. The recoverable amount of real estate assets was measured to be the net selling price, which was assessed based on road rating.. 7. An impairment loss was recorded because it was forecasted that the book value of this fixed asset could not be recovered due to the decrease in business profitability. In addition, the recoverable amount of real estate assets were measured by the net sales value and assessed based on fixes assets tax rating.	Notes: 1. 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. In addition, the asset was determined to have no value. 2. An impairment loss was recorded because it was judged that the value that could be collected on this fixed asset had fallen substantially, due to the decision to close the facility. In addition, the asset was determined to have no value. 3. This asset was separated from its existing grouping and an impairment loss was recorded for the asset because, while it had previously been operated to generate income, a rethinking of the main objective of the operation led to a decision to operate the asset as a research facility for new product development and development of new types of facilities; upon that decision, the asset was recognized that the value that could be collected on this fixed asset had fallen substantially. In addition, the asset was determined to have no value. 4. This asset was separated from its current grouping and recorded as an impairment loss because the collectible amount of this fixed asset largely decreased due to the decision to close the facility. The asset was determined to have no value. 5. An impairment loss was recorded on this asset, for which no future use is anticipated, accompanying the relocation of the Company and its subsidiaries’ head office functions. In addition, the asset was determined to have no value. 6. Assets that had no foreseeable use in the future were written down and impairment loss was recorded. The recoverable amount of real estate assets was measured to be the net selling price, which was assessed based on real assets appraisals.

(Consolidated Statements of Changes in Net Assets)

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

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

	Number of shares at the end of the previous 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 (Note 1)	260,580,191	–	4,500,000	256,080,191
Total	260,580,191	–	4,500,000	256,080,191
Treasury stock				
Common stock (Note 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 sales 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 period	Increase in current period	Decrease in current period	At end of period	
The Company	Stock subscription rights as stock options (Note)	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: Exercise periods have not started for any of the stock subscription rights tabulated above.

3. Matters concerning dividends

(1) Paid dividend amounts

Date of resolution	Type of shares	Total amount of dividends (¥ million)	Dividend per share (¥)	Date of record	Effective date
June 25, 2007, Annual General Meeting of Shareholders	Common stock	4,127	16	March 31, 2007	June 26, 2007
November 8, 2007, Board of Directors' Meeting	Common stock	3,035	12	September 30, 2007	December 10, 2007

(2) Dividends with a date of record in this consolidated fiscal year but an effective date in the following consolidated fiscal year

Date of resolution	Type of shares	Total amount of dividends (¥ million)	Source of dividends	Dividend per share (¥)	Date of record	Effective date
June 23, 2008, Annual General Meeting of Shareholders	Common stock	3,056	Retained earnings	12	March 31, 2008	June 24, 2008

Current Fiscal Year (From April 1, 2008 to March 31, 2009)

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

	Number of shares at the end of the previous 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 (Note 1)	256,080,191	–	6,080,191	250,000,000
Total	256,080,191	–	6,080,191	250,000,000
Treasury stock				
Common stock (Note 2, 3)	1,766,271	13,009,676	6,081,151	8,694,796
Total	1,766,271	13,009,676	6,081,151	8,694,796

Notes:
1. The decrease of 6,080,191 shares in the total number of shares issued resulted from the retirement of treasury stock.
2. The increase of 13,009,676 shares in treasury stock (shares of common stock) consists of an increase of 13,000,000 shares from the purchase of treasury stock as per a decision made by the Board of Directors, 6,550 shares from the repurchase of shares less than a unit and 3,126 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 6,081,151 shares in treasury stock (shares of common stock) consists of a decrease of 6,080,191 shares from the retirement of treasury stock and 960 shares from sales 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 period	Increase in current period	Decrease in current period	At end of period	
The Company	Stock subscription rights as stock options	Series 1 Stock subscription rights (Note)	–	–	–	–	–	195
		Series 2 Stock subscription rights (Note)	–	–	–	–	–	60
		Series 3 Stock subscription rights	–	–	–	–	–	389
		Series 4 Stock subscription rights (Note)	–	–	–	–	–	159
		Series 2–1 Stock subscription rights (Note)	–	–	–	–	–	175
		Series 2–2 Stock subscription rights (Note)	–	–	–	–	–	487
Total			–	–	–	–	–	1,468

Note: Exercise periods have not started for the Series 1, Series 2, Series 4, Series 2–1 and Series 2–2 stock subscription rights.

3. Matters concerning dividends

(1) Paid dividend amounts

Date of resolution	Type of shares	Total amount of dividends (¥ million)	Dividend per share (¥)	Date of record	Effective date
June 23, 2008, Annual General Meeting of Shareholders (Note)	Common stock	3,053	12	March 31, 2008	June 24, 2008
November 5, 2008, Board of Directors' Meeting	Common stock	2,956	12	September 30, 2008	December 8, 2008

Note: The above is stated excluding dividends on treasury stock owned by affiliated companies. In addition, the total amount of dividends before that exclusion was 3,056 million yen.

(2) Dividends with a date of record in this consolidated fiscal year but an effective date in the following consolidated fiscal year

The following resolution is planned.

Date of scheduled Resolution	Type of shares	Total amount of dividends (¥ million)	Source of dividends	Dividend per share (¥)	Date of record	Effective date
June 22, 2009, Annual General Meeting of Shareholders	Common stock	2,896	Retained earnings	12	March 31, 2009	June 23, 2009

(Consolidated Statements of Cash Flows)

Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
*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 (¥ million)

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

Current Fiscal Year (¥ million)

Cash and time deposits	106,747
Short-term investments	4,426
Total	111,173
Time deposits with maturities exceeding 3 months	(1,135)
Cash and cash equivalents	110,037

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

D3 INC.

Breakdown of assets and liabilities of D3 INC. and its subsidiaries at the time of its new consolidation due to the acquisition of its shares and the reconciliation between the share acquisition value and the net proceeds from the acquisition are as follows:

(¥ million)

Current assets	7,892
Fixed assets	848
Current liabilities	(1,954)
Long-term liabilities	(5,144)
Negative goodwill	(250)
Minority interests	(79)
Share acquisition value	1,313
Existing equity	(3)
Cost of share acquisition	1,309
Cash and cash equivalents of D3 INC. and its subsidiaries	1,586
Difference: Net proceeds from the acquisition	277

Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
*2. 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.

	(¥ million)
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.

	(¥ million)
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 sales of shares	298
Proceeds from sale of shares	113
Cash and cash equivalents	(237)
Difference: Net received	(124)

Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
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. (¥ million) Current assets 127 Fixed assets 545 Current liabilities (2,567) Long-term liabilities (194) Book value of the shares (2,087) Gain on sales of investments 2,097 Proceeds from sale of shares (i) 10 (2) Sale of claims in the company (¥ million) Claims amount 2,387 Allowance for doubtful receivables (2,272) Disposal book value of claims 115 Gain on sales of claims 30 Proceeds from sale of claims (ii) 145 Proceeds – Total (i + ii) 155 Cash and cash equivalents (15) Difference: Net received 140	
――――――	*3. Main assets and liabilities succeeded in connection with a merger of non-consolidated subsidiaries The following assets and liabilities are assumed from Bandai Automobile Co., Ltd., which in the period under review merged with LOGIPAL EXPRESS INC. The merger caused increase of 215 million yen in additional paid-in capital of the Company. (¥ million) Current assets 117 Fixed assets 156 Total assets 273 Current liabilities 49 Long-term liabilities 8 Total liabilities 57

<table>
<tr><th>Prior Fiscal Year
(From April 1, 2007 to March 31, 2008)</th><th>Current Fiscal Year
(From April 1, 2008 to March 31, 2009)</th></tr>
<tr><td>―――――</td><td>*4. Major breakdown of assets and liabilities which are decreased due to company split
The major breakdown of assets and liabilities of Seika Co., Ltd. succeeded by Sun-Star Stationery Co., Ltd. Cash and cash equivalents are decreased by 305 million yen due to this company split. .
(¥ million)
Current assets 1,556
Fixed assets 21
Total assets 1,577
Current liabilities 906
Long-term liabilities 342
Total liabilities 1,249</td></tr>
</table>

(Lease Transactions)

Disclosure of lease transactions is omitted because there were no material changes from the previous fiscal year-end.

(Securities)

1. Bonds held to maturity with market values

(¥ million)

	Type	Prior Fiscal Year (As of March 31, 2008)			Current Fiscal Year (As of March 31, 2009)		
		Book value on the consolidated balance sheets	Market price	Difference	Book value on the consolidated balance sheets	Market price	Difference
Bonds held to maturity whose market price exceeds balance sheet amount	i. Government and local government bonds, etc.	10	10	–	–	–	–
	ii. Corporate bonds	–	–	–	–	–	–
	iii. Other	–	–	–	–	–	–
	Subtotal	10	10	–	–	–	–
Bonds held to maturity whose market price does not exceed balance sheet amount	i. Government and local government bonds, etc.	19	19	–	–	–	–
	ii. Corporate bonds	–	–	–	–	–	–
	iii. Other	–	–	–	–	–	–
	Subtotal	19	19	–	–	–	–
Total		30	30	–	–	–	–

2. Other securities with market values

(¥ million)

	Type	Prior Fiscal Year (As of March 31, 2008)			Current Fiscal Year (As of March 31, 2009)		
		Acquisition cost	Book value on the consolidated balance sheets	Difference	Acquisition cost	Book value on the consolidated balance sheets	Difference
Other securities whose balance sheet amount exceeds acquisition cost	i. Stocks	1,888	6,820	4,931	1,725	3,890	2,165
	ii. Bonds Corporate bonds	–	–	–	200	203	3
	iii. Other	–	–	–	–	–	–
	Subtotal	1,888	6,820	4,931	1,925	4,094	2,168
Other securities whose balance sheet amount does not exceed acquisition cost	i. Stocks	10,521	7,775	(2,745)	9,719	6,607	(3,111)
	ii. Bonds Corporate bonds	300	298	(1)	100	97	(2)
	iii. Other	222	206	(16)	222	156	(66)
	Subtotal	11,044	8,280	(2,763)	10,042	6,862	(3,180)
Total		12,933	15,101	2,167	11,968	10,956	(1,011)

Note: Stocks and other securities with market values included in other securities were recognized as 132 million yen for the prior period and 952 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 30% or more but less than 50%:	Stocks for which no recovery in value is expected

3. Other securities sold during the prior fiscal year and current fiscal year

(¥ million)

Prior Fiscal Year (From April 1, 2007 to March 31, 2008)			Current Fiscal Year (From April 1, 2008 to March 31, 2009)		
Proceeds of sale	Total gains on sale	Total loss on sale	Proceeds of sale	Total gains on sale	Total loss on sale
26	1	11	57	–	16

4. Principal securities holdings without market value

(¥ million)

	Prior Fiscal Year (As of March 31, 2008)	Current Fiscal Year (As of March 31, 2009)
	Book value on consolidated balance sheets	Book value on consolidated balance sheets
(1) Bonds held to maturity	34	30
Unlisted bonds	34	30
(2) Other securities	8,924	6,238
i) Unlisted stocks	1,720	1,690
ii) MMF	5,863	3,694
iii) Other	1,339	853

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

(¥ million)

	Prior Fiscal Year (As of March 31, 2008)				Current Fiscal Year (As of March 31, 2009)			
	1 year or less	More than 1, up to 5 years	More than 5, up to 10 years	More than 10 years	1 year or less	More than 1, up to 5 years	More than 5, up to 10 years	More than 10 years
Bonds								
Government and local government bonds, etc.	9	20	–	–	–	–	–	–
Corporate bonds	–	34	–	–	–	30	–	–
Total	9	54	–	–	–	30	–	–

(Derivative Transactions)

1. Matters Regarding Transaction Status

Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
The Company and its consolidated subsidiaries use derivative instruments, such as forward exchange contracts and interest rate swap contracts, to reduce market risks stemming from fluctuations in foreign exchange rates and interest rates. The Company and its consolidated subsidiaries implement these financial transactions solely for the purpose of reducing the risks resulting from such fluctuations to which they are exposed in the course of their ordinary business activities. Accordingly, the Company does not use derivative instruments or other financial instruments for speculative purposes. The Company's counterparties for derivative instruments are all highly creditworthy financial institutions and, therefore, the Company believes that it is exposed to almost no counterparty risk. Derivative transactions are conducted in accordance with internal rules that specify transaction authority and transaction amount limits. Contract amounts in themselves in "Matters Regarding Fair Value of Transactions" should not be considered indicative of the market risk associated with the derivative financial instruments. The accounting for hedging, hedging instruments and hedged items, hedging policies, and method of assessing the effectiveness of hedging are as per "Important Information Constituting the Basis for Preparation of Consolidated Financial Statements, 4. Information Concerning the Basis for Accounting Treatment, (7) Significant accounting policies for hedging."	Same as left column

2. Matters Regarding Fair Value

Currency items

(¥ million)

Categories	Type	Prior fiscal year As of March 31, 2008				Current fiscal year As of March 31, 2009			
		Contract amount etc.	Contract amount etc. whose period exceeds 1 year	Fair value	Unrealized gain (loss)	Contract amount etc.	Contract amount etc. whose period exceeds 1 year	Fair value	Unrealized gain (loss)
Transactions outside markets	Forward exchange contracts								
	Short								
	British pounds	560	–	548	11	–	–	–	–
	Yen	856	–	882	(25)	728	–	824	(95)
	Won	229	–	223	6	161	–	165	(4)
	Long								
	Yen	–	–	–	–	12	–	12	–
	U.S. dollars	2,612	–	2,348	(264)	952	–	976	23
Total		–	–	–	(271)	–	–	–	(76)

Notes: 1. Fair value is measured using forward exchange rates

2. Derivative financial instruments subject to hedge accounting are excluded from disclosure.

3. The above foreign exchange contracts were entered to manage currency risks from intercompany receivables and payables in foreign currency and hedge accounting is to apply for the non-consolidated financial statements. However, such intercompany receivables and payables are eliminated during consolidation, therefore, these derivatives are not subject to hedge accounting but to disclosure.

Retirement and Severance Benefits

1. Retirement plan types

The Company and part of domestic consolidated subsidiaries	Qualified retirement benefit plan and retirement lump-sum benefits as qualified retirement benefit type and defined contribution pension plan as defined contribution type have been established.
Other domestic consolidated subsidiaries (excluding domestic consolidated subsidiaries without retirement benefit schemes)	Other domestic consolidated subsidiaries have established as qualified retirement benefit type, qualified retirement benefit plans, retirement lump-sum benefits, or comprehensive employees' pension funds. Some of the consolidated subsidiaries have concurrently utilized the Smaller Enterprise Retirement Allowance Mutual Aid Scheme. Additional benefits may also be paid at retirement.
Foreign consolidated subsidiaries	Some foreign consolidated subsidiaries have established defined contribution types or retirement lump-sum benefits.

2. Retirement benefit liabilities

(¥ million)

		Prior Fiscal Year (As of March 31, 2008)	Current Fiscal Year (As of March 31, 2009)
i.	Projected benefit obligations	(13,544)	(14,254)
ii.	Plan assets at fair value	10,531	9,326
iii.	Projected benefit obligation in excess of plan assets (i + ii)	(3,013)	(4,928)
iv.	Unrecognized transition liability	–	–
v.	Unrecognized actuarial gain/loss	1,996	3,531
vi.	Unrecognized prior service liability (reduction in liability)	(413)	(372)
vii.	Net retirement and severance benefits recognized on the balance sheets (iii + iv + v + vi)	(1,429)	(1,769)
viii.	Prepaid pension expense	141	137
ix.	Accrued retirement and severance benefits (vii – viii)	(1,571)	(1,906)

Notes: 1. In addition to the plan assets shown above, there are 539 million yen for the prior fiscal year and 438 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

(¥ million)

	Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
i. Service cost for benefits earned – net of employee contributions	1,470	1,629
ii. Interest cost on projected benefit obligation	237	244
iii. Estimated return on plan assets	(253)	(274)
iv. Transition liability charged off	–	–
v. Amortization of unrecognized actuarial gain	236	285
vi. Amortization of prior service cost	(40)	(40)
vii. Net periodic cost (total i - vi)	1,650	1,844

Notes:
1. In addition to the retirement benefit expenses shown above, there are also 37 million yen for the prior fiscal year and 30 million yen 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 117 million yen for the prior fiscal year and 97 million yen for the current fiscal year. Moreover, certain domestic consolidated subsidiaries, as part of a second career support system/early retirement system, recognized 553 million yen of additional benefits among special retirement benefits and recorded the amount in extraordinary loss.
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. The contribution of certain consolidated subsidiaries that concurrently utilize the Smaller Enterprise Retirement Allowance Mutual Aid Scheme has been recorded as i. service cost.

4. Key factors in calculation of retirement benefit liabilities

	Prior Fiscal Year (As of March 31, 2008)	Current Fiscal Year (As of March 31, 2009)
i. Method of the benefit attribution	Benefit/year of service	Benefit/year of service
ii. Discount rate:	2.0%	1.7% to 2.0%
iii. Estimated rate of return on plan assets	2.0% to 3.0%	2.5% to 3.0%
iv. Period of amortization of prior unrecognized service cost	10 years	10 to 11 years
v. Period of amortization of unrecognized actuarial gain or loss	Amortized in amounts using the straight-line method 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.	Amortized in amounts using the straight-line method in each consolidated fiscal year over a fixed period (9 to 19 years) from the following consolidated fiscal year within the average remaining period of service for affected employees when incurred.

(Concerning Stock Options, etc.)

Prior Fiscal Year (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 subscription rights	Series 2–2 Stock subscription rights
Position and number of beneficiaries	Employees of subsidiaries (231)	Directors of the Company (6)	Directors of subsidiaries (85)
Type and number of stock options (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 June 30, 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 3 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 3 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.

a. 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)			
Previous fiscal year-end	126,300	149,700	1,817,000
Granted	–	–	–
Expired	–	–	12,000
Offered rights	–	–	–
Unoffered	126,300	149,700	1,805,000
After offer (shares)			
Previous fiscal year-end	–	–	–
Offered rights	–	–	–
Exercised rights	–	–	–
Expired	–	–	–
Unexercised	–	–	–

	2007 Stock Options		
	Series 4 Stock subscription rights	Series 2–1 Stock subscription rights	Series 2–2 Stock subscription rights
Before rights become effective (shares)			
Previous fiscal year-end	–	–	–
Granted	583,000	92,600	268,100
Expired	4,000	–	3,400
Offered rights	–	–	–
Unoffered	579,000	92,600	264,700
After offer (shares)			
Previous fiscal year-end	–	–	–
Offered rights	–	–	–
Exercised rights	–	–	–
Expired	–	–	–
Unexercised	–	–	–

b. Price information

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

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

3. Method for estimating fair value for stock options

The method for estimating a fair value for 2007 Stock Options granted in the current consolidated fiscal year is as follows.

a. Valuation formula Black-Scholes Model

b. Basic figures and estimation method

	2007 Stock Options		
	Series 4 Stock subscription rights	Series 2–1 Stock subscription rights	Series 2–2 Stock subscription 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 4 Stock subscription rights: from September 29, 2005 to April 18, 2007
Series 2–1 Stock subscription rights: from September 29, 2005 to July 19, 2007
Series 2–2 Stock subscription rights: from September 29, 2005 to July 19, 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.

Current Fiscal Year (From April 1, 2008 to March 31, 2009)

Disclosure is omitted because the necessity of disclosure in this financial report deems immaterial.

(Tax Effect Accounting)

Prior Fiscal Year (As of March 31, 2008)		Current Fiscal Year (As of March 31, 2009)	
1. Significant components of deferred tax assets and liabilities		1. Significant components of deferred tax assets and liabilities	
	(¥ million)		(¥ million)
Deferred tax assets:		Deferred tax assets:	
Excess depreciation on fixed assets	4,830	Losses carried forward	8,411
Losses carried forward	2,983	Excess depreciation on fixed assets	4,471
Accrued employee bonuses	1,743	Inventory valuation loss	3,084
Loss on impairment of fixed assets	1,536	Accrued employee bonuses	1,207
Inventory valuation loss	1,253	Valuation loss on advance money	941
Valuation loss on advance money	924	Other securities valuation difference	927
Excess allowance for doubtful accounts	906	Loss on impairment of fixed assets	802
Accrued enterprise taxes etc.	801	Excess allowance for doubtful accounts	799
Research and development expenses	614	Employee retirement and severance benefits	737
Employee retirement and severance benefits	580	Accrued enterprise taxes etc.	733
Other	5,740	Research and development expenses	507
Subtotal deferred tax assets	21,913	Other	3,466
Valuation allowance	(8,870)	Subtotal deferred tax assets	26,090
Total deferred tax assets	13,043	Valuation allowance	(13,034)
		Total deferred tax assets	13,056
Deferred tax liabilities:			
Retained earnings of foreign consolidated subsidiaries	(4,177)	Deferred tax liabilities:	
Other securities valuation difference	(1,294)	Retained earnings of foreign consolidated subsidiaries	(591)
Reserve for deferred income tax on fixed assets	(134)	Other securities valuation difference	(490)
Other	(75)	Reserve for deferred income tax on fixed assets	(128)
Total deferred tax liabilities	(5,682)	Other	(161)
Net deferred tax assets	7,360	Total deferred tax liabilities	(1,371)
		Net deferred tax assets	11,684
Net deferred tax assets are reported on the consolidated balance sheets as:		Net deferred tax assets are reported on the consolidated balance sheets as:	
	(¥ million)		(¥ million)
Current assets — Deferred tax assets	5,908	Current assets — Deferred tax assets	6,145
Fixed assets — Deferred tax assets	6,290	Fixed assets — Deferred tax assets	7,124
Current liabilities — Other (deferred tax liabilities)	599	Current liabilities — Other (deferred tax liabilities)	969
Long-term liabilities — Deferred tax liabilities	4,239	Long-term liabilities —Other(Deferred tax liabilities)	616
In addition to the above, deferred tax assets and liabilities due to land revaluation recorded as “deferred tax liabilities – land revaluation” are as follows:		In addition to the above, deferred tax assets and liabilities due to land revaluation recorded as “deferred tax liabilities – land revaluation” are as follows:	
	(¥ million)		(¥ million)
Deferred tax assets due to land revaluation	3,035	Deferred tax assets due to land revaluation	3,035
Valuation allowance	(2,843)	Valuation allowance	(2,843)
Total deferred tax assets	192	Total deferred tax assets	192
Deferred tax liabilities due to land revaluation	(684)	Deferred tax liabilities due to land revaluation	(673)
Total deferred tax liabilities	(492)	Total deferred tax liabilities	(481)

Prior Fiscal Year (As of March 31, 2008)	Current Fiscal Year (As of March 31, 2009)
2. Principle reasons for significant differences between normal effective statutory tax rate and the effective tax rate after application of tax effect accounting:	2. Principle reasons for significant differences between normal effective statutory tax rate and the effective tax rate after application of tax effect accounting:

Prior Fiscal Year (As of March 31, 2008)

	(%)
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 (decrease) in valuation allowance related to deferred tax assets	(14.1)
Tax deductible testing and research expenses	(1.3)
Tax rate differential of foreign consolidated subsidiaries	(0.9)
Other	(0.6)
Actual effective tax rate after application of tax effect accounting	27.5

Current Fiscal Year (As of March 31, 2009)

	(%)
Effective statutory tax rate	40.6
(Adjustments)	
Reversal of deferred tax liabilities for retained earnings of foreign consolidated subsidiaries	(17.2)
Amortization of goodwill	7.6
Increase (decrease) in valuation allowance related to deferred tax assets	6.6
Income taxes for the previous period	5.5
Tax rate differential of foreign consolidated subsidiaries	(3.4)
Permanent nondeductible expense such as entertainment expense	1.6
Inhabitants tax lump-sum payments	1.2
Other	0.4
Actual effective tax rate after application of tax effect accounting	42.9

(Segment Information)

a. By business segment

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

(¥ million)

	Toys and Hobby Business	Amusement Facility Business	Game Contents Business	Network Business	Visual and Music Content Business	Other Businesses	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 in each business segment:
   - (1) Toys and Hobby Business: Toys, candy toys, production for vending machine, cards, plastic models, apparel, sundries, stationery
   - (2) Amusement Facility Business: Amusement facilities operation
   - (3) Game Contents Business: Home-use video game software, commercial-use video game machines, prizes for amusement arcade machines
   - (4) Network Business: Mobile content
   - (5) Visual and Music Content Business: Video products, visual software, on-demand video distribution
   - (6) Other Businesses: Transportation and storage of products, lease, real estate management, printing, development and sales of environmental devices
3. Operating expenses include an unallocatable amount of 3,253 million yen under eliminations and corporate. This figure primarily consists of expenses related to management divisions at 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 time deposits), long-term investments (investment securities), and assets, etc. related to management divisions.
5. Depreciation and amortization includes amortization of goodwill.
6. Changes in accounting policy

Beginning with the fiscal year under review, as set forth in Item 4. (2) (i) of the "Important Information Constituting the Basis for Preparation of Consolidated Financial Statements," 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.

These changes had the following effect on operating income for each segment.

(¥ million)

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

7. Additional information

Beginning with the fiscal year under review, as set forth in Item 4. (2) (i) of the "Important Information Constituting the Basis for Preparation of Consolidated Financial Statements," 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.

These changes had the following effect on operating income for each segment.

(¥ million)

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

Current Fiscal Year (From April 1, 2008 to March 31, 2009)

(¥ million)

	Toys and Hobby Business	Amusement Facility Business	Game Contents Business	Network Business	Visual and Music Content Business	Other Businesses	Total	Eliminations and Corporate	Consolidated
I Net sales and operating income									
Net sales									
(1) To external customers	163,068	76,917	133,722	10,499	33,633	8,559	426,399	–	426,399
(2) Inter-segment sales and transfers	2,656	352	5,683	391	1,004	10,449	20,538	(20,538)	–
Total	165,725	77,269	139,405	10,890	34,638	19,009	446,938	(20,538)	426,399
Operating expenses	154,191	76,876	128,465	10,221	34,599	18,443	422,798	(18,746)	404,051
Operating income	11,533	393	10,940	669	38	565	24,140	(1,791)	22,348
II Assets, depreciation and amortization, impairment loss, and capital expenditure									
Assets	130,404	54,400	108,965	11,091	48,071	19,206	372,139	(8,695)	363,444
Depreciation and amortization	8,972	9,570	3,766	307	3,113	926	26,657	85	26,742
Impairment loss	63	776	–	–	13	77	930	22	953
Capital expenditure	6,723	6,712	2,527	82	885	385	17,316	164	17,481

Notes:
1. Business segment classifications are in accordance with classifications adopted for internal management purposes.
2. Principal products in each business segment:
   - (1) Toys and Hobby Business: Toys, candy toys, production for vending machine, cards, plastic models, apparel, sundries, stationery
   - (2) Amusement Facility Business: Amusement facilities operation
   - (3) Game Contents Business: Home-use video game software, commercial-use video game machines, prizes for amusement arcade machines
   - (4) Network Business: Mobile contents
   - (5) Visual and Music Content Business: Video products, visual software, on-demand video distribution
   - (6) Other Businesses: Transportation and storage of products, lease, real estate management, printing, development and sales of environmental devices
3. Operating expenses include an unallocatable amount of 3,086 million yen under eliminations and corporate. This figure primarily consists of expenses related to management divisions at the Company and NAMCO BANDAI Holdings (USA) Inc.
4. Assets include 36,217 million yen in corporate assets included in eliminations and corporate. This figure primarily consists of surplus working capital (cash and time deposits), long-term investments (investment securities), and assets, etc. related to management divisions.
5. Depreciation and amortization includes amortization of goodwill.

b. By geographic segment

Prior Fiscal Year (From April 1, 2007 to 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

a. Americas: United States and Canada

b. Europe: France, United Kingdom and Spain

c. Asia: Hong Kong, Thailand and South Korea

2. Operating expenses include an unallocatable amount of 3,253 million yen 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 time deposits), long-term investments (investment securities), and assets, etc. related to management divisions.

4. Change in accounting policy

Beginning with the fiscal year under review, as set forth in Item 4. (2) (i) of the "Important Information Constituting the Basis for Preparation of Consolidated Financial Statements," 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.
As a result of this change, consolidated operating expenses in Japan in the fiscal year under review increased 988 million yen while operating income decreased by the same amount.

5. Additional information

Beginning with the fiscal year under review, as set forth in Item 4. (2) (i) of the "Important Information Constituting the Basis for Preparation of Consolidated Financial Statements," 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 change, consolidated operating expenses in Japan in the fiscal year under review increased 186 million yen while operating income decreased by the same amount.

Current Fiscal Year (From April 1, 2008 to March 31, 2009)

(¥ million)

	Japan	Americas	Europe	Asia	Total	Eliminations and Corporate	Consolidated
I Net sales and operating income							
Net sales							
(1) To external customers	319,535	48,337	45,004	13,522	426,399	–	426,399
(2) Inter-segment sales and transfers	13,999	2,595	16	23,855	40,466	(40,466)	–
Total	333,534	50,933	45,020	37,377	466,866	(40,466)	426,399
Operating expenses	317,670	50,060	38,772	35,087	441,591	(37,540)	404,051
Operating income	15,863	872	6,248	2,289	25,274	(2,926)	22,348
II Assets	293,053	28,703	37,035	19,397	378,188	(14,743)	363,444

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

a. Americas: United States and Canada

b. Europe: France, United Kingdom and Spain

c. Asia: Hong Kong, Thailand, South Korea and China

In the fiscal year ended March 31, 2009, China was included in the segment of Asia following the new incorporation of BANDAI (SHENZHEN) CO., LTD.

2. Operating expenses include an unallocatable amount of 3,086 million yen 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 36,217 million yen in corporate assets included in eliminations and corporate. This figure primarily consists of surplus working capital (cash and time deposits), long-term investments (investment securities), and assets, etc. related to management divisions.

c. Overseas sales

Prior Fiscal Year (From April 1, 2007 to 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
      a. Americas: United States, Canada and Latin America
      b. Europe: France, United Kingdom, Spain, the Middle East and Africa
      c. Asia: Hong Kong, Singapore, Thailand, South Korea, Australia, China and Taiwan

Current Fiscal Year (From April 1, 2008 to March 31, 2009)

	Americas	Europe	Asia	Total
I. Overseas sales (¥ million)	50,617	46,005	17,444	114,066
II. Consolidated sales (¥ million)	–	–	–	426,399
III. Overseas sales as a ratio of consolidated sales (%)	11.9	10.8	4.1	26.8

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
      a. Americas: United States, Canada and Latin America
      b. Europe: France, United Kingdom, Spain, the Middle East and Africa
      c. Asia: Hong Kong, Singapore, Thailand, South Korea, Australia, China and Taiwan

(Related Party Information)

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

No items to report

Current Fiscal Year (From April 1, 2008 to March 31, 2009)

(Additional information)

From this consolidated fiscal year, the “Accounting Standard for Related Party Disclosures” (ASBJ Statement No. 11, issued October 17, 2006) and “Guidance on Accounting Standard for Related Party Disclosures” (ASBJ Guidance No. 13, issued on October 17, 2006) have been adopted.

As a result, transactions with Happinet Corporation have been added to the scope of disclosure of transactions with related parties.

Transactions with Related Parties

Transactions with related parties by consolidated subsidiaries of the Company

Non-consolidated subsidiaries and affiliated companies, etc., of the Company

Type	Company	Location	Capital or Contribution to Capital (¥ million)	Content of Business or Occupation	Ratio of Voting Rights Ownership (%)	Relationship With Related Parties	Content	Amount (¥ million)	Account Items	Balance at the end of this Term (¥ million)
Affiliated companies	Happinet Corporation	Taito-ku, Tokyo	2,751	Wholesale of toys, video games and amusement products	Holding directly 26.0 indirectly 0.3	Sales agency	Sales of products, etc. (Note 2)	38,643	Accounts receivable -trade	7,444

Notes: 1. The above transaction amount does not include consumption tax; the balance at the end of this term does include consumption tax.

2. Transaction terms and policy for determining transaction terms:
For the transaction stated above, the products were sold on the same terms as in general transactions.

(Business Combination, etc.)

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

(Transactions, etc. conducted by commonly controlled entities)

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 the Transaction Including Transaction Objectives

(1) Names and Business Content of Restructured Companies

a. Combining 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

b. Combined 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 the Transaction Including Transaction Objectives

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 in 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 Subsidiaries' Shares

(1) Acquisition Cost Detail

The acquisition cost was 1,866 million yen, which was paid solely from treasury stock.

(2) Type of Shares

Common stock

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

a. Share Exchange Ratio

156 shares in the Company were delivered for one (1) share in Bandai Visual.

b. 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, Daiwa Securities SMBC Co. Ltd. and Nomura Securities Co., Ltd., respectively.

c. Number of Shares Delivered and their Valuation Amount

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

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

a. Amount of Goodwill: 1,064 million yen

b. Source

The difference between the cost of acquiring additional shares of Bandai Visual and the decreased amount of minority interests was handled as goodwill.

c. Method and Period of Amortization: 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 the Transaction Including Transaction Objectives

(1) Names and Business Content of Restructured Companies

a. Combining 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

b. Combined Company (Wholly owned subsidiary after share exchange)

Name	Bandai Networks Co., Ltd.
Business content	Distribution of content for mobile phones, consignment of website development, 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 the Transaction Including Transaction Objectives

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 Subsidiaries' Shares

(1) Acquisition Cost Detail

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

(2) Type of Share

Common stock

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

a. Share Exchange Ratio

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

b. 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, Daiwa Securities SMBC Co. Ltd. and PwC Advisory Co., Ltd., respectively.

c. Number of Shares Delivered and their Valuation Amount

Number of shares	510,972 shares
Valuation amount	666 million yen

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

a. Amount of Goodwill: 39 million yen

b. Source

The difference between the cost of acquiring additional shares of Bandai Networks and the decreased amount of minority interests was handled as goodwill.

c. Method and Period of Amortization: Straight-line method, 5 years

Current Fiscal Year (From April 1, 2008 to March 31, 2009)

(Transactions, etc. conducted by commonly controlled entities)

Organizational Restructuring of the Domestic Group

1. Names and Business Content of Restructured Companies, Legal Form of Business Combinations, and Overview of the Transaction Including Transaction Objectives

(1) Names and Business Content of Restructured Companies

a. NAMCO BANDAI Games Inc.	Planning, development, and sales of home video game software and arcade 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 arcade game machines.
d. Bandai Co., Ltd.	Manufacturing and sales of toys, apparel, and related products.
e. NAMCO BANDAI Holdings Inc. (the Company)	Planning and implementation of management strategy and business management and instruction of the group companies.

(2) Legal Form of Business Combinations

a. An incorporation-type company split of Banpresto Co., Ltd., with the establishment of a subsidiary (the new Banpresto Co., Ltd.).

b. An absorption-type company split in which Banpresto Co., Ltd. is the split company and NAMCO LIMITED is the successor company.

c. An absorption-type company split in which Banpresto Co., Ltd. is the split company and the Company is the successor company.

d. An absorption-type merger in which Banpresto Co., Ltd. is the merged company and NAMCO BANDAI Games Inc. is the surviving company.

e. An absorption-type company split in which Bandai Co., Ltd. is the split company and the Company is the successor company.

(3) 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 and Integration of Game Operations of Banpresto Co., Ltd.

The game operations of Banpresto Co., Ltd., which planned and developed home video game software and arcade game machines, was transferred to NAMCO BANDAI Games Inc., which integrates the Group game operations; Pleasure Cast Co., Ltd., and Hanayashiki Co., Ltd., engaged in operating amusement facilities, as subsidiaries of Banpresto, were made subsidiaries of NAMCO LIMITED, which integrates the amusement facilities operation business of the Group. Banpresto Co., Ltd. was redefined as focusing on the prize business, with an emphasis on prizes for arcade game machines.

b. Consolidation of Subsidiaries with Group Support Functions

As of April 1, 2008, a Shared Services Division was established within the Company and the share management operations for NAMCO BANDAI 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. Overview of Accounting Process

The accounting process for the consolidated financial statements was conducted as transactions conducted by commonly controlled entities, handled in accordance with the provisions of the "Accounting Standard for Business Combinations" (issued by the Business Accounting Council on October 31, 2003) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, final revision issued on November 15, 2007).

(Per Share Data)

Prior Fiscal Year (From April 1, 2007 to March 31, 2008)		Current Fiscal Year (From April 1, 2008 to March 31, 2009)	
Net asset per share	¥1,127.72	Net asset per share	¥1,067.71
Net income per share	¥128.65	Net income per share	¥47.95
Diluted net income per share	¥128.47	Diluted net income per share	¥47.88

Note: The basis of calculating net income per share figure and the diluted net income per share figure is as follows:

	Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
Net income per share		
Net income (¥ million)	32,679	11,830
Amount not applicable to common stockholders (¥ million)	–	–
Net income available to common stock (¥ million)	32,679	11,830
Average number of common stock outstanding (shares)	254,024,711	246,743,204
Diluted net income per share		
Net income adjustment (¥ million)	–	–
Increase in number of common stock (shares)	341,026	312,908
[Stock subscription rights]	[341,026]	[312,908]
Summary of potential shares not included in the calculation of diluted net income per share as they do not have a diluting effect.	(the Company): Pursuant to resolution of the Ordinary General Meeting of Shareholders of June 26, 2006, proposal No. 9: series 3 stock subscription rights for 1,805,000 shares of common stock; Pursuant to resolution of the Ordinary General Meeting of Shareholders of June 26, 2006, proposal No. 9: series 4 stock subscription 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 subscription rights for 92,600 shares of common stock	(the Company): Pursuant to resolution of the Ordinary General Meeting of Shareholders of June 26, 2006, proposal No. 9: series 3 stock subscription rights for 1,776,000 shares of common stock; Pursuant to resolution of the Ordinary General Meeting of Shareholders of June 26, 2006, proposal No. 9: series 4 stock subscription rights for 572,000 shares of common stock

	Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
	(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 Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
(Transactions conducted by commonly controlled entities, etc.) Organizational restructuring of the domestic Group 1. Overview of the transaction including transaction objectives, names and business content of restructured companies, and legal form of business combinations (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 and integration of game operations of Banpresto Co., Ltd. The game operations of Banpresto Co., Ltd., which planned and developed home video game software and arcade game machines, was transferred to NAMCO BANDAI Games Inc., which integrates the Group game operations; Pleasure Cast Co., Ltd., and Hanayashiki Co., Ltd., engaged in operating amusement facilities, as subsidiaries of Banpresto, were made subsidiaries of NAMCO LIMITED, which integrates the amusement facilities operation business of the Group. Banpresto Co., Ltd. was redefined as focusing on the prize business, with an emphasis on prizes for arcade game machines. b. Consolidation of subsidiaries with group support functions As of April 1, 2008, a Shared Services Division was established within the Company and the share management operations for NAMCO BANDAI 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.	(Transactions conducted by commonly controlled entities, etc.) The merger of subsidiaries and succession to part of the businesses of subsidiaries due to a company split in the course of the restructuring of the Group's businesses On April 1, 2009, NAMCO BANDAI Games Inc. merged with and absorbed Bandai Networks Co., Ltd. due to an absorption-type merger. Also, the Company succeeded to a part of the share management business that had been carried out by Bandai Networks Co., Ltd., due to the company split (absorption-type company split) on the same date. 1. Names and business content of combined companies, legal form of business combination, and overview of transaction including transaction objectives (1) Names and business content of combined companies a. NAMCO BANDAI Games Inc. Planning, development, and sales of home video game software and arcade game machines, etc. b. Bandai Networks Co., Ltd. Distribution of content for mobile phones, consignment of website development, e-commerce, etc. c. NAMCO BANDAI Holdings Inc. (the Company) Planning and implementation of management strategy and business management and instruction of the group companies. (2) Legal form of business combination a. A merger in which Bandai Networks Co., Ltd. is the merged company; and NAMCO BANDAI Games Inc. is the surviving company in the absorption-type merger. b. An absorption-type company split in which Bandai Networks Co., Ltd. is the split company; and the Company is the successor company.

Prior Fiscal Year (From April 1, 2007 to March 31, 2008)	Current Fiscal Year (From April 1, 2008 to March 31, 2009)
(2) Names and business content of restructured companies a. NAMCO BANDAI Games Inc. Planning, development, and sales of home video game software and arcade 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 arcade 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. (3) Legal form of business combinations 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. An absorption-type company split in which Banpresto Co., Ltd. is the split company and NAMCO LIMITED is the successor company. c. An absorption-type company split in which Banpresto Co., Ltd. is the split company and the Company is the successor company. d. An absorption-type merger in which Banpresto Co., Ltd. is the merged company and NAMCO BANDAI Games Inc. is the surviving company. e. An absorption-type company split in which Bandai Co., Ltd. is the split company and the Company is the successor company.	(3) Overview of transactions including transaction objectives The Group has considered what its optimal organizational structure would be to work for further growth in the network-related market, which includes distributing content for mobile phones: this is a market for which technological progress and other factors have produced drastic changes in the environment and in which competition is becoming increasingly intense on a global scale. Thus far, NAMCO BANDAI Games Inc. has strengths in leveraging its in-house technical development capabilities and effectively utilizing content for each platform, including home video game software, arcade game machines, and mobile phones. Also, Bandai Networks Co., Ltd. has strengths in the comprehensive development of operations, centered on the distribution of mobile phone content and the provision of technical solutions as well as e-commerce services. NAMCO BANDAI Games Inc., and Bandai Networks Co., Ltd., have each worked to grow their businesses by leveraging their respective strengths. This time, the merger of these two companies and the establishment of a new division within NAMCO BANDAI Games Inc. are designed to reinforce the total power of the network business within the Group and to create new content and businesses through the synergistic fusion of varied strengths. In addition, upon this restructuring within the Group, the Company has succeeded to part of the share management business that had been carried out by Bandai Networks Co., Ltd., due to the company split (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".	2. Overview of accounting process The accounting process for the consolidated financial statements was conducted as transactions conducted by commonly controlled entities, handled in accordance with the provisions of the "Accounting Standard for Business Combinations" (issued by the Business Accounting Council on October 31, 2003) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, final revision issued on November 15, 2007). (Capital increase in subsidiary) As of April 27, 2009, the Company carried out a paid-in capital increase of 50 million euros in BANDAI S.A., a subsidiary of the Company. 1. Reason for the capital increase To secure the funds for the acquisition of shares in Distribution Partners S.A.S. from Atari Europe S.A.S. by NAMCO BANDAI Games Europe S.A.S., a subsidiary of BANDAI S.A. 2. Use of the funds The funds were used to make a capital increase in NAMCO BANDAI Games Europe S.A.S.

5. Other

(1) Changes in Directors and Corporate Auditors

a. Change in Representative

No items to report

b. Other Changes in Directors and Corporate Auditors (Effective June 22, 2009)

Candidate for Director

Director (Outside)	Manabu Tasaki (current position: Business Advisor to the Company)

Retiring Directors

Director	Masahiro Tachibana
Director	Satoshi Oshita
Director	Kazumi Kawashiro

c. Responsible Area of Directors (Effective June 22, 2009)

Takeo Takasu	Chairman and Representative Director
Shukuo Ishikawa	President and Representative Director
Jun Higashi	Director in charge of the Strategic Business Units Overall and Affiliated Business Companies
Shuji Ohtsu	Director in charge of Overseas Operations, Administrative Headquarter and Internal Auditing Division
Yusuke Fukuda	Director in charge of Corporate Planning Division
Kazunori Ueno	Director (Part-time) in charge of Toys and Hobby Strategic Business Unit
Masatake Yone	Director (Outside)
Kazuo Ichijo	Director (Outside)
Manabu Tasaki	Director (Outside)