NAMCO BANDAI Holdings Inc.

Consolidated Financial Report for the First Quarter of the Fiscal Year Ending March 31, 2011

August 5, 2010

NAMCO BANDAI Holdings Inc.

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Consolidated Financial Report for the First Quarter of the Fiscal Year Ending March 31, 2011 (Japanese GAAP)

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Scheduled filing date of the quarterly security report: August 11, 2010
Scheduled starting date for dividend payments: —
The additional materials of the Financial Results for the First Quarter : Yes
The information session of the Financial Results for the First Quarter : No

* Figures are in millions of yen, rounded down

1. Consolidated Results for the First Quarter of the Fiscal Year Ending March 31, 2011 (April 1, 2010 to June 30, 2010)

(1) Consolidated Operating Results (For the first quarter ended June 30, 2010)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Recurring income	
	¥ million	%	¥ million	%	¥ million	%
First Quarter of the Fiscal Year Ending March 31, 2011	**81,912**	**8.2**	**2,953**	**—**	**2,942**	**—**
First Quarter of the Fiscal Year Ended March 31, 2010	75,729	(15.8)	(2,758)	—	(2,197)	—

	Net income		Net income per share	Net income per share (diluted)
	¥ million	%	¥	¥
First Quarter of the Fiscal Year Ending March 31, 2011	**(1,644)**	**—**	**(6.81)**	**—**
First Quarter of the Fiscal Year Ended March 31, 2010	(2,846)	—	(11.80)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of June 30, 2010	**309,157**	**223,258**	**71.6**	**917.13**
As of March 31, 2010	325,935	229,012	69.5	938.74

(Reference)
Equity: 221,445 million yen (as of June 30, 2010), 226,666 million yen (as of March 31, 2010)

2. Cash Dividend

	Annual cash dividend				
	End of first quarter	End of second quarter	End of third quarter	Fiscal year-end	Total
Fiscal Year Ended March 31, 2010	—	¥12.00	—	¥12.00	¥24.00
Fiscal Year Ending March 31, 2011	—				
Fiscal Year Ending March 31, 2011 (Projections)		¥12.00	—	¥12.00	¥24.00

*1 Revision to the projections of dividend for the Fiscal Year Ending March 31, 2011: No

*2 The stable portion of the dividend is given in the projections for the End of second quarter and Fiscal year-end for the Fiscal Year Ending March 31, 2011 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, 2011 (April 1, 2010 to March 31, 2011)

(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, 2010	175,000	1.3	1,500	—	1,500	—	(3,500)	—	(14.50)
Full Fiscal Year	400,000	5.7	11,000	483.9	10,500	450.4	4,500	—	18.64

* Revision to the projections: Yes

4. Other Information (For details, please refer to "2. Other Information" on page 6 of the Attached Material)

(1) Changes in Significant Subsidiaries during the First Quarter: No

Note: Changes in Specified Subsidiaries Resulting in the Change in Scope of Consolidation

(2) Application of Simplified Accounting and Special Accounting for the First Quarter: Yes

Note: Application of Simplified Accounting and Special Accounting for Preparing the Quarterly Consolidated Financial Statements

(3) Changes in Accounting Policies, Procedures, and Methods of Presentation

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

b) Changes due to other reasons: No

Note: Change in significant accounting policies, Procedures, and Methods, which are stated in "Change in Important Matters in Preparing Quarterly Consolidated Financial Statements".

(4) Number of Issued Shares (Common Stock)

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

As of June 30, 2010	250,000,000 shares
As of March 31, 2010	250,000,000 shares

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

As of June 30, 2010	8,544,994 shares
As of March 31, 2010	8,540,776 shares

c) Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the First Quarter of the Fiscal Year ending March 31, 2011	241,455,286 shares
For the First Quarter of the Fiscal Year ended March 31, 2010	241,304,602 shares

* Implementation status of quarterly review

This Consolidated Financial Report for the First Quarter was exempt from quarterly review which was based on Financial Instruments and Exchange Law of Japan. As of the first quarter disclosing, quarterly review for the quarterly financial statements are under way.

* Explanation on appropriate use of the projections of business results, etc.:

Consolidated projections for the Six Months of the fiscal year ending March 31, 2011 (announced on May 7, 2010) are revised in this report. Forward-looking statements that have been released prior to this document are based on management's estimates, assumptions, projections and information available at the time of its publications. A number of factors could cause actual results to differ materially from expectations. Please refer to the section of "(3) Qualitative Information Regarding Consolidated Projections" of "1. Qualitative Information Regarding Consolidated Results for the First Quarter" on pages 4-5 of the attached material to the quarterly financial results report for matters pertaining to the earnings projections.

Attached Material

Index

1. Qualitative Information Regarding Consolidated Results for the First Quarter

(1) Qualitative Information Regarding Consolidated Operating Results

During the first quarter of the fiscal year ending March 31, 2011, while there were visible signs of a partial recovery amidst the persisting global economic recession, the economic conditions remained harsh due to, among other things, continuing high rates of unemployment. Reduced consumption had a substantial impact on the entertainment industry, causing continued uncertainty in the industry as a whole.

In such environment, the BANDAI NAMCO Group (“the Group”) pressed ahead with its sights set on the medium- to long-term Group vision of becoming a “Globally Recognized Entertainment Group,” and it is further developing its global management foundation, based on the three-year Mid-term Business Plan that started in April 2009. Moreover, the Group commenced the “BANDAI NAMCO Group Restart Plan” in April 2010, for the purpose of a more assured implementation of this global management foundation, and it carried out steps to transform itself into a speedy Group, improve its profitability and strengthen its financial standing.

On the business front, in addition to long-established character toys and card products posting strong performances in the Toys and Hobby Business in Japan, the Group benefitted in certain areas, particularly in the Content Business and the Amusement Facility Business, from cost-reduction efforts conducted according to the Restart Plan.

Consequently, the Group’s consolidated results for the first quarter were net sales of 81,912 million yen (year-on-year increase of 8.2%), operating income of 2,953 million yen (compared with an operating loss of 2,758 million yen for the same period of the previous fiscal year), and recurring income of 2,942 million yen (compared with a recurring loss of 2,197 million yen for the same period of the previous fiscal year). Furthermore, as a result of recognizing extraordinary loss from loss on valuation of investment securities and the loss on adjustment for changes of accounting standard for asset retirement obligations, the Group recorded a net loss of 1,644 million yen (compared with a net loss of 2,846 million yen for the same period of the previous fiscal year).

Operating Results by Segment

Toys and Hobby Business

In the Toys and Hobby Business, long-established character toys, such as *MASKED RIDER W (Double)* and *HEART CATCH PRETTY CURE !*, and the digital card game DATA CARDDASS posted strong performance figures in Japan, and strongly contributed to earnings. In addition, the new *HYPER YO-YO* and *VooV*, both of which were launched to expand the target population, also became popular.

Meanwhile, overseas, the *BEN10* character toys posted solid performance figures. In North America and Europe, the Group started to expand into new categories and content in the aim of achieving growth in the medium- to long-term, but the results of such efforts were yet to appear in the first quarter.

As a result, net sales in the Toys and Hobby Business were 34,812 million yen, and segment profit was 4,110 million yen.

Content Business

In the Content Business, there were no new launches of major titles in home video game software during the first quarter. Sales in Americas of the popular *TEKKEN 6*, which was launched for the PlayStation 3 and Xbox 360 previous fiscal year, were recorded in this first quarter based on U.S. GAAP.

In arcade game machines, performance was solid, particularly with respect to *Deadstorm Pirates*, which began rollout in the previous fiscal year. In visual and music content, the application of the management principles of selection and concentration led to improved profitability. However, in the mobile content, a decline in fee-paying subscribers led to the posting of weak performance figures.

As a result, net sales in the Content Business were 32,948 million yen, and segment loss was 619 million yen.

Amusement Facility Business

In the Amusement Facility Business, the Group implemented different marketing strategies for each customer segment in the continuing difficult market environment in Japan. As a result, it posted solid performance figures, particularly thanks to stores that have been differentiated by providing the experience of a unique world-view of characters. Existing-facility sales were 96.3% of the figure for the same period of the previous fiscal year. Meanwhile, costs were reduced due to the various efficiency measures that have been continuing since the previous fiscal year.

Overseas, although the Group posted weak performance figures in Europe amidst difficult market environment, profitability in the Americas was improved due to the efficiency efforts that carried out in the previous fiscal year.

As a result, net sales in the Amusement Facility Business were 14,770 million yen, and segment profit was 157 million yen.

Facilities as of June 30, 2010

Directly Managed Facilities	Revenue-Sharing Facilities	Others	Total
281	869	4	1,154

Other Businesses

Other Businesses consist of companies that conduct operations, such as logistics support and building management for each of the Group's strategic business units. During the first quarter, efforts were made to improve the efficiency of these operations related to group support.

As a result, net sales in the Other Businesses were 4,308 million yen, and segment profit was 179 million yen.

(2) Qualitative Information Regarding Consolidated Financial Position

At the end of the first quarter of fiscal year ending March 31, 2011, total assets stood at 309,157 million yen, a decrease of 16,777 million yen from the end of the previous fiscal year. The main factors were decreases of 11,682 million yen in trade receivables and 8,502 million yen in cash and time deposits resulting from income taxes paid and cash dividends paid.

Total liabilities amounted to 85,899 million yen, a decrease of 11,024 million yen from the end of the previous fiscal year. The main factors were decreases of 6,020 million yen in trade payables and 4,139 million yen in advances received included in other current liabilities.

Total net assets stood at 223,258 million yen, a decrease of 5,753 million yen from the end of the previous fiscal year. The main factors were decreases of 4,556 million yen in retained earnings resulting from the cash dividends paid and the recording of net loss and 1,213 million yen in foreign currency translation adjustments due to currency fluctuation.

As a result, the equity ratio became 71.6% compared with 69.5% at the end of the previous fiscal year.

(3) Qualitative Information Regarding Consolidated Projections

As for the future of the economy, the current uncertainty of weak individual consumption and employment instability on a global environment is expected to continue. This, moreover, is having a global impact on the entertainment industry, in which the Group is extensively involved.

Facing these circumstances, the Group intends to transform itself into a speedy Group, improve its profitability and strengthen its financial standing based on the “BANDAI NAMCO Group Restart Plan” for the purpose of a more assured implementation of the global management foundation adopted in the three-year Mid-term Business Plan that has been in operation since April 2009.

Specifically, in the Toys and Hobby Business our plan for Japan is to strengthen development of the long-established character series aimed at existing users such as *GOSEIGER (POWER RANGERS series)* and *MASKED RIDER* series, aimed at boys, and *HEART CATCH PRETTY CURE !*, aimed at girls, while strengthening others including *Mobile Suit Gundam* plastic models, which celebrated its 30th anniversary, and the popular DATA CARDDASS. In addition, to expand the target population for the purpose of aiming for the overwhelming position of No. 1 in Japan, we will focus on further strengthening new products such as *HYPER YO-YO* and *VooV*. Overseas, in addition to the *BEN10* character toys, which have become a long-established character series, we will place our attention on girls’ toys such as *POP PIXIE* and pre-school toys such as *POCOYO* in order to strengthen new categories and new content.

In the Content Business, the Group is focusing on developing game software that are potential candidates for new franchise titles in the home video game software business, particularly for the North American and European markets. Considering that this segment faced difficulties in Japan in the previous fiscal year, mainly with small to medium size game titles, our plan for Japan is to more strictly scrutinize each title during the development process in order to strengthen our profitability. Also, in April 2010, the Group integrated the existing Game Contents Business and Visual and Music Content Business. This will allow the Group to respond swiftly to the increasing diversification of customer needs and to maximize the value of the Group’s content.

For the Amusement Facility Business, the Group will strengthen profitability by continuing to implement various efficiency measures in Japan and overseas, while pursuing a strategy of differentiation through the promotion of store operations that provide the experience of the Group’s unique world-view of characters in Japan.

In its projections for the current fiscal year, the Group has upwardly revised its consolidated projections for the six months of the fiscal year ending March 31, 2011 announced in Consolidated Financial Report for the Fiscal Year Ended March 31, 2010 on May 7, 2010 in light of the strong performance of the Toys and Hobby Business in Japan over the first quarter and more recently. Please see page 5 for the details of the revision.

In its consolidated projections for the full fiscal year, the Group has taken into account that the main products and services provided mainly by the Toys and Hobby Business and the Content Business are concentrated from the third quarter onward, and that the entertainment industry is expected to continue to experience a difficult business environment as mentioned above, and no changes have been made to the previously announced projections.

Revision to the consolidated projections for the six months
(April 1, 2010 to September 30, 2010) (¥ million)

	Net Sales	Operating Income (Loss)	Recurring Income (Loss)	Net Loss	Net Loss per Share
Previous projections (A)	175,000	(1,000)	(1,000)	(3,500)	(14.50) yen
Revised projections (B)	175,000	1,500	1,500	(3,500)	(14.50) yen
Change in amount (B–A)	–	2,500	2,500	–	–
Change (%)	–	–	–	–	–
Reference: Results for the same period of the previous fiscal year (April 1, 2009 to September 30, 2009)	172,733	(2,615)	(2,866)	(6,038)	(25.02) yen

2. Other Information

(1) Summary of Changes in Significant Subsidiaries

No items to report

(2) Summary of Simplified Accounting and Special Accounting

a. Simplified accounting

i. Calculation of debt default estimate for general receivables

As it is deemed that there is no material change in the debt default ratio and the like at the end of the current first quarter from what was calculated at the end of the previous fiscal year, debt default estimate was calculated using the debt default ratio and the like at the end of the previous fiscal year.

ii. Inventory valuation method

With respect to the calculation of inventories at the end of the current first quarter, physical inventories were omitted and a reasonable calculation method based on the physical inventories at the end of the previous fiscal year was employed.

In addition, concerning the write-down of the book value of inventories, only for those items whose drop in profitability was apparent, was an estimate of net selling price made and were book values written down.

iii. Calculation of depreciation of fixed assets

For fixed assets to which the declining-balance method is applied, the amount of depreciation for the fiscal year is proportionally divided up into amounts for the quarterly period.

b. Special accounting

Calculation of taxes

Taxes are calculated first by reasonably estimating the effective tax rate after applying tax effect accounting against income before income taxes and minority interests for the fiscal year including the current first quarter, and next by multiplying the quarterly income before income taxes and minority interests by such estimated effective tax rate.

Also, adjustment for income taxes is included in income taxes.

(3) Summary of Changes in Accounting Policies, Procedures, and Methods of Presentation

a. Application of “Accounting Standard for Asset Retirement Obligations”

“Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008) were applied from the current first quarter.

As a result of this change, gross profit, operating income and recurring income have each decreased by 21 million yen and income before income taxes and minority interests decreased by 1,227 million yen. Also, the change in the amount of asset retirement obligations arising from the application of this accounting standard is 1,637 million yen.

b. Application of accounting standards for business combinations

“Accounting Standard for Business Combinations” (ASBJ Statement No. 21, December 26, 2008), “Accounting

Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008), “Partial Amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23, December 26, 2008), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, December 26, 2008), “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16, December 26, 2008) and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008) were applied from the current first quarter.

3. Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(¥ million)

	Current 1st Quarter As of June 30, 2010	(Summary) Prior Fiscal Year As of March 31, 2010
Assets		
Current assets		
Cash and time deposits	88,145	96,647
Trade receivables	41,043	52,726
Short-term investments	5,185	2,037
Finished goods and merchandise	11,678	12,817
Work in process	28,371	23,805
Raw materials and supplies	4,682	4,334
Other current assets	25,769	26,532
Allowance for doubtful receivables	(1,009)	(1,138)
Total current assets	203,867	217,762
Fixed assets		
Property, plant and equipment	46,322	46,014
Intangible assets		
Other intangible assets	11,649	12,501
Total intangible assets	11,649	12,501
Investments and other assets		
Other investments and assets	49,114	51,463
Allowance for doubtful receivables	(1,796)	(1,807)
Total investments and other assets	47,318	49,656
Total fixed assets	105,290	108,172
Total assets	309,157	325,935
Liabilities		
Current liabilities		
Trade payables	29,936	35,956
Short-term borrowings	8,657	8,876
Accrued income taxes	7,548	8,239
Provision	1,767	3,204
Other current liabilities	26,387	30,326
Total current liabilities	74,297	86,604
Long-term liabilities		
Long-term borrowings	3,333	3,333
Provision	2,627	2,565
Other long-term liabilities	5,641	4,420
Total long-term liabilities	11,602	10,319
Total liabilities	85,899	96,923

(¥ million)

	Current 1st Quarter As of June 30, 2010	(Summary) Prior Fiscal Year As of March 31, 2010
Net assets		
Stockholders' equity		
Common stock	10,000	10,000
Additional paid-in capital	79,960	79,960
Retained earnings	158,897	163,454
Treasury stock	(9,456)	(9,455)
Total stockholders' equity	239,401	243,958
Valuation difference and foreign currency translation adjustments		
Unrealized gains or losses on other securities, net of tax	488	19
Deferred gains or losses on hedges, net of tax	159	79
Land revaluation, net of tax	(6,491)	(6,491)
Foreign currency translation adjustments	(12,113)	(10,900)
Total valuation difference and foreign currency translation adjustments	(17,956)	(17,292)
Stock subscription rights	95	810
Minority interests	1,718	1,535
Total net assets	223,258	229,012
Total liabilities and net assets	309,157	325,935

(2) Quarterly Consolidated Statements of Operations

(¥ million)

	Prior 1st Quarter (From April 1, 2009 to June 30, 2009)	Current 1st Quarter (From April 1, 2010 to June 30, 2010)
Net sales	75,729	81,912
Cost of sales	50,374	50,974
Gross profit	25,354	30,938
Selling, general and administrative expenses	28,113	27,984
Operating income (loss)	(2,758)	2,953
Non-operating income		
Interest income	130	44
Dividend income	105	118
Amortization of negative goodwill	30	–
Equity in gain of affiliated companies	173	–
Gain on valuation of derivatives	168	–
Other non-operating income	143	170
Total non-operating income	752	332
Non-operating expenses		
Interest expense	53	40
Equity in loss of affiliated companies	–	28
Foreign exchange loss	117	228
Other non-operating expenses	20	45
Total non-operating expenses	190	343
Recurring income (loss)	(2,197)	2,942
Extraordinary income		
Gain on sales of fixed assets	6	8
Gain on transfer of business	–	405
Reversal of allowance for doubtful receivables	16	61
Reversal of provision for losses from business restructuring	–	21
Gain on reversal of stock subscription rights	2	715
Other extraordinary income	–	19
Total extraordinary income	25	1,230
Extraordinary loss		
Loss on sales of fixed assets	5	1
Loss on disposal of fixed assets	48	33
Loss on valuation of investment securities	–	2,052
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	1,205
Other extraordinary loss	14	81
Total extraordinary loss	68	3,374
Income (loss) before income taxes and minority interests	(2,240)	798
Income taxes	513	2,271
Loss before minority interests	–	(1,473)
Minority interests	92	171
Net loss	(2,846)	(1,644)

(3) Notes on Premise of Going Concern

No items to report

(4) Segment Information

[By Business Segment]

Prior 1st quarter (From April 1, 2009 to June 30, 2009) (¥ million)

	Toys and Hobby Business	Game Contents Business	Visual and Music Content Business	Amusement Facility Business	Other Businesses	Total	Eliminations and Corporate	Consolidated
Net sales								
(1) To external customers	31,073	19,177	7,691	15,787	1,998	75,729	–	75,729
(2) Inter-segment sales and transfers	668	1,032	305	48	2,485	4,540	(4,540)	–
Total	31,741	20,210	7,997	15,835	4,484	80,269	(4,540)	75,729
Operating income (loss)	1,874	(4,136)	(13)	(45)	36	(2,284)	(474)	(2,758)

Notes: 1. The industry segments used above are those used for internal management purposes.

2. Main products in each business segment:

(1)	Toys and Hobby Business:	Toys, candy toys, products for vending machines, cards, plastic models, apparel, sundries
(2)	Game Contents Business:	Home-use video game software, arcade game machines, mobile contents, prizes for amusement arcade machines
(3)	Visual and Music Content Business:	Video contents, video software, on demand video distribution, music software
(4)	Amusement Facility Business:	Amusement facilities operation
(5)	Other Businesses:	Transportation and storage of products, leases, real estate management, printing, sales of environmental devices

3. Changes in business segments

On April 1, 2009, for the further growth expected in the network-related market, an absorption-type merger was executed between the Company's consolidated subsidiary Bandai Networks Co., Ltd. (the extinct company) and the Company's consolidated subsidiary NAMCO BANDAI Games Inc. (the surviving company). As a result of a review of business segments that accompanied this merger, it was decided to merge the Network Business segment with the Game Contents Business segment from the current first quarter because they had similar business characteristics such as contents of services, content development, and support for multiple media.

The table below presents the results of the first quarter of the previous fiscal year (business segment information) under the new business segments.

(¥ million)

	Toys and Hobby Business	Game Contents Business	Visual and Music Content Business	Amusement Facility Business	Other Businesses	Total	Eliminations and Corporate	Consolidated
Net sales								
(1) To external customers	34,779	26,673	6,993	19,349	2,183	89,979	–	89,979
(2) Inter-segment sales and transfers	611	1,336	253	121	2,639	4,961	(4,961)	–
Total	35,390	28,010	7,247	19,470	4,822	94,941	(4,961)	89,979
Operating income (loss)	1,994	(40)	(234)	69	206	1,996	(467)	1,528

[By Geographic Segment]

Prior 1st quarter (From April 1, 2009 to June 30, 2009) (¥ million)

	Japan	Americas	Europe	Asia, excluding Japan	Total	Eliminations and Corporate	Consolidated
Net sales (1) To external customers	57,941	7,691	6,940	3,155	75,729	–	75,729
(2) Inter-segment sales and transfers	3,025	866	11	4,769	8,672	(8,672)	–
Total	60,966	8,558	6,951	7,924	84,401	(8,672)	75,729
Operating income (loss)	(1,393)	(1,860)	547	562	(2,143)	(615)	(2,758)

Note: Definition of geographic segments and main countries and regions in geographic segments:

(1) Foreign geographic segments are defined by geographic region, similarity of economic activities, and interrelation of business activities.

(2) The main countries and regions in each geographic segment are as follows:

a. Americas: United States and Canada

b. Europe: France, United Kingdom and Spain

c. Asia, excluding Japan: Hong Kong, Thailand, Korea and China

[Foreign Sales]

Prior 1st quarter (From April 1, 2009 to June 30, 2009)

	Americas	Europe	Asia, excluding Japan	Total
I Foreign sales (¥ million)	8,270	7,050	3,599	18,920
II Consolidated sales (¥ million)	–	–	–	75,729
III Share of sales to customers outside Japan (%)	10.9	9.3	4.8	25.0

Notes: 1. Foreign sales are defined as total sales by the Company and its consolidated subsidiaries in countries and regions other than Japan.

2. Segmentation by country or by region and the main countries and regions in each geographic segment are as follows:

(1) Foreign geographic segments are defined by geographic region, similarity of economic activities, and interrelation of business activities.

(2) The main countries and regions in each geographic segment are as follows:

a. Americas: United States, Canada and Latin America

b. Europe: France, United Kingdom, Spain, Middle East and Africa

c. Asia, excluding Japan: Hong Kong, Singapore, Thailand, Korea, Australia, China and Taiwan

[Segment Information]

1. Overview of reportable segments

The reportable segments of the Company are components of the Group whose separate financial information is available. These segments are periodically evaluated by the Board of Directors in deciding how to allocate management resources and in assessing the performance.

The Group is made up of (1) three strategic business units, one for each business domain, namely the Toys and Hobby SBU, the Content SBU, and the Amusement Facility SBU, and (2) the affiliated business companies that mainly serve a supporting role for these strategic business units. The major company of each strategic business unit leads the planning and promotion of the business strategies of the strategic business unit for Japan and overseas.

Accordingly, the Group has the following three reportable segments: Toys and Hobby Business, Content Business and Amusement Facility Business.

The Toys and Hobby Business conducts manufacturing and sales of toys, candy toys, products for vending machines and other products. The Content Business conducts production and sales etc. of home-use video game software and video related products, and the manufacturing and sales of arcade game machines and others. The Amusement Facility Business conducts the operation etc. of amusement facilities.

2. Information regarding the amounts of net sales and profit/loss by reportable segment

Current 1st quarter (From April 1, 2010 to June 30, 2010) (¥ million)

	Reportable Segments				Other Businesses (Note 1)	Total	Adjustment (Note 2)	Amount recorded in the quarterly consolidated statements of operations (Note 3)
	Toys and Hobby Business	Content Business	Amusement Facility Business	Total				
Net sales								
To external customers	33,985	31,557	14,754	80,297	1,615	81,912	–	81,912
Inter-segment sales and transfers	827	1,391	15	2,234	2,692	4,927	(4,927)	–
Total	34,812	32,948	14,770	82,532	4,308	86,840	(4,927)	81,912
Segment profit (loss)	4,110	(619)	157	3,647	179	3,827	(873)	2,953

Notes:
1. The “Other Businesses” category is a business segment not included in reportable segments under which operations such as logistics support and building management for each of the Group’s strategic business units are classified.
2. Included in the 873 million yen deducted from segment profit as adjustment are 26 million yen as inter-segment eliminations, and 847 million yen as corporate expenses that cannot be allocated to any reportable segment. The corporate expenses are mainly costs related to the administrative division that have not been attributed to a reportable segment.
3. Segment profit (loss) is adjusted with operating income in the quarterly consolidated statements of operations.

3. Information regarding impairment loss of fixed assets and goodwill. by reportable segment

No items to report

(Additional information)

“Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, March 27, 2009) and “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, March 21, 2008) were applied from the current first quarter.

(5) Notes on Significant Changes in the Amount of Stockholders’ Equity

No items to report