



# **NAMCO BANDAI Holdings Inc.**

## **Consolidated Financial Report for the Second Quarter of the Fiscal Year Ending March 31, 2011**

November 5, 2010

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- This document contains forward-looking statements that are based on management’s estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations.

# NAMCO BANDAI Holdings Inc.

Stock Listing: Tokyo Stock Exchange

Code Number: 7832

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

November 5, 2010

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

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Scheduled filing date of the quarterly security report: November 11, 2010

Scheduled starting date for dividend payments: December 6, 2010

The additional materials of the Financial Results for the Second Quarter: Yes

The information session of the Financial Results for the Second Quarter: Yes

\* Figures are in millions of yen, rounded down

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

#### (1) Consolidated Operating Results (For the second quarter ended September 30, 2010)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Recurring income	
	¥ million	%	¥ million	%	¥ million	%
<b>Second Quarter of the Fiscal Year Ending March 31, 2011</b>	<b>173,595</b>	<b>0.5</b>	<b>5,067</b>	–	<b>5,006</b>	–
Second Quarter of the Fiscal Year Ended March 31, 2010	172,733	(9.5)	(2,615)	–	(2,866)	–

	Net income		Net income per share		Net income per share (diluted)	
	¥ million	%	¥		¥	
<b>Second Quarter of the Fiscal Year Ending March 31, 2011</b>	<b>(1,930)</b>	–	<b>(8.00)</b>		–	
Second Quarter of the Fiscal Year Ended March 31, 2010	(6,038)	–	(25.02)		–	

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
<b>As of September 30, 2010</b>	<b>303,710</b>	<b>217,854</b>	<b>71.2</b>	<b>895.27</b>
As of March 31, 2010	325,935	229,012	69.5	938.74

(Reference)

Equity: 216,167 million yen (as of September 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	–	¥12.00			
Fiscal Year Ending March 31, 2011 (Projections)			–	¥12.00	¥24.00

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

\* The stable portion of the cash dividend is given in the projections for the Fiscal year-end of the Fiscal Year Ending March 31, 2011 based on the Company's basic policy regarding appropriation of profits. Thus, the actual Fiscal year-end cash 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	%	¥
Full Fiscal Year	400,000	5.7	11,000	483.9	10,500	450.4	1,800	–	7.45

\* Revision to the projections: Yes

## 4. Other Information (For details, please refer to “2. Other Information” on page 5 of the Attached Material)

(1) Changes in Significant Subsidiaries during the Second 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 Second 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 September 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 September 30, 2010 8,544,786 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 Second Quarter ended September 30, 2010 241,455,138 shares

For the Second Quarter ended September 30, 2009 241,349,257 shares

\* Implementation status of quarterly review

This Consolidated Financial Report for the Second Quarter was exempt from quarterly review which was based on Financial Instruments and Exchange Law of Japan. As of the second 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 fiscal year ending March 31, 2011 (announced on August 5, 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 Second Quarter” on pages 4-5 of the attached material to the quarterly financial results report for matters pertaining to the earnings projections.

## Attached Material

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## 1. Qualitative Information Regarding Consolidated Results for the Second Quarter

### (1) Qualitative Information Regarding Consolidated Operating Results

During the second quarter (six months) of the fiscal year ending March 31, 2011, while recovery was evident in some parts of the economy, there continues to be uncertainty towards the economy, including the entertainment industry, as the effect of weak consumption is being felt amidst international financial instability, an unfavorable employment situation, the sharp rise in the yen and other factors.

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, the long-established character toys and card products posted strong performances in the Toys and Hobby Business in Japan. In addition, the Group benefitted from certain achievements, particularly in the Content Business and the Amusement Facility Business, through a range of measures being implemented according to the Restart Plan.

Consequently, the Group’s consolidated results for the second quarter (six months) were net sales of 173,595 million yen (year-on-year increase of 0.5%), operating income of 5,067 million yen (compared with an operating loss of 2,615 million yen for the same period of the previous fiscal year), and recurring income of 5,006 million yen (compared with a recurring loss of 2,866 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 1,930 million yen (compared with a net loss of 6,038 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 the *KAMEN RIDER* series and *HEART CATCH PRETTY CURE !*, posted strong performance figures in Japan. Another toy popular in Japan was *VooV*, the new toy vehicle that was launched to expand the target population. The digital card game *DATA CARDDASS* and the card game *PRO BASEBALL OWNERS LEAGUE* that can be played in conjunction with an online game were also strong contributors to performance.

Meanwhile, overseas, the *BENIO* 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 second quarter (six months).

As a result, net sales in the Toys and Hobby Business were 72,224 million yen, and segment profit was 7,072 million yen.

#### Content Business

In the Content Business, new titles in home video game software that were released as potential candidates for new franchises, particularly overseas performed below the planned targets. However, character games such as *ONE PIECE GIGANT BATTLE!* for the Nintendo DS and *Another Century’s Episode: R* for the PlayStation 3 enjoyed popularity in

Japan thanks to a speedier response to meet customer needs.

In arcade game machines, performance was solid, particularly with respect to *Deadstorm Pirates*, which began rollout in the previous fiscal year, and popular character prizes. In visual and music content, favorable package software sales of *Gundam UC (Unicorn)* and the management principles of selection and concentration of titles led to improved profitability. However, in the mobile content, a decline in fee-paying subscribers led to the posting of weak performance figures.

Note that due to impairment loss on goodwill related to certain subsidiaries that was recognized in the previous fiscal year, amortization of goodwill for the second quarter (six months) has declined compared with the same period of the previous fiscal year. Fixed costs also declined due to the implementation of efficiency measures.

As a result, net sales in the Content Business were 71,452 million yen, and segment loss was 2,600 million yen.

### **Amusement Facility Business**

In the Amusement Facility Business, the Group implemented different marketing strategies for each customer segment in Japan. As a result, solid performance figures were posted, particularly thanks to stores that have been differentiated by providing the experience of a unique world-view of characters. Existing-facility sales were 99% of the figure for the same period of the previous fiscal year. In addition, profitability was boosted by the achievements of various efficiency measures.

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 31,604 million yen, and segment profit was 1,520 million yen.

Facilities as of September 30, 2010

Directly Managed Facilities	Revenue-Sharing Facilities	Others	Total
279	852	3	1,134

### **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 second quarter (six months), efforts were made to improve the efficiency of these operations related to group support.

As a result, net sales in the Other Businesses were 8,701 million yen, and segment profit was 429 million yen.

## **(2) Qualitative Information Regarding Consolidated Financial Position**

At the end of the second quarter of fiscal year ending March 31, 2011, total assets stood at 303,710 million yen, a decrease of 22,225 million yen from the end of the previous fiscal year. The main factors were as follows. Although there was an increase of 14,887 million yen in short-term investments due to an increase in investments by means such as certificate of deposit, this was offset by a decrease of 32,476 million yen in cash and time deposits as a result of the aforesaid investments, income taxes paid, cash dividends paid and repayment of borrowings.

Total liabilities amounted to 85,856 million yen, a decrease of 11,067 million yen from the end of the previous fiscal

year. The main factors of this decline were decreases of 4,073 million yen in advances received included in other current liabilities, 2,230 million yen in trade payables, 1,184 million yen in short-term borrowings due to repayment, and 1,666 million yen in long-term borrowings included in other long-term liabilities due to repayment.

Total net assets stood at 217,854 million yen, a decrease of 11,158 million yen from the end of the previous fiscal year. The main factors were decreases of 5,597 million yen in foreign currency translation adjustments due to currency fluctuation and 4,842 million yen in retained earnings resulting from the cash dividends paid and the recording of net loss.

As a result, the equity ratio became 71.2% 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, taking into consideration the global financial instability, the weak individual consumption and other factors, the current uncertainty is expected to continue and have an 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 products of the long-established character series such as *KAMEN RIDER OOO* (pronounced “O’s”), aimed at boys, and *HEART CATCH PRETTY CURE !*, aimed at girls, and also development of *Mobile Suit Gundam* plastic models, which celebrated its 30th anniversary. Furthermore, in addition to launching a new machine for the popular *DATA CARDDASS*, we will concentrate our efforts in Japan on further strengthening new products such as *PRO BASEBALL OWNERS LEAGUE* and *VooV*, aiming to expand the target population. Overseas, in addition to the *BENIO* character toys, which have become a long-established character series, we will launch girls’ toys such as *POP PIXIE* and pre-school toys such as *POCOYO* in order to expand into new categories and new content.

In the Content Business, the Group will carry out a speedier rollout of its business under a new virtual organization based on the Group’s content. Specifically, in character games in Japan, which struggled in the previous fiscal year, we aim to boost profitability by supplying more selectively chosen content in a timely fashion. Also, in sales of arcade game machine, we will strengthen our rollout focused on *Mobile Suit Gundam Extreme VS.*, the latest release of the popular series. In addition, we aim to more speedily respond to new customer needs by launching video/game hybrid packs, through content development aimed at SNS (Social Networking Services) as well as other means.

For the Amusement Facility Business, the Group will pursue 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, while strengthening profitability by continuing to implement various efficiency measures in Japan and overseas.

Based on the above, the Group’s consolidated projections for the full fiscal year ending March 31, 2011 for net sales, operating income, and recurring income have not changed from the projections that were announced in Consolidated Financial Report for the first quarter on August 5, 2010. Concerning net income, while certain subsidiaries, mostly sales companies overseas, are falling deeper into deficit compared with the projections announced in August, the Group expects an increase in income taxes accompanying increased profits mainly by subsidiaries in Japan. Consequently, the consolidated projections have been revised from the projections announced in Consolidated Financial Report for the first quarter on August 5, 2010. Please see page 5 for the details of the revision.

Revision to the consolidated projections for the full fiscal year  
(April 1, 2010 to March 31, 2011)

(¥ million)

	Net Sales	Operating Income	Recurring Income	Net Income (Loss)	Net Income (Loss) per Share
Previous projections (A)	400,000	11,000	10,500	4,500	18.64 yen
Revised projections (B)	400,000	11,000	10,500	1,800	7.45 yen
Change in amount (B-A)	–	–	–	(2,700)	–
Change (%)	–	–	–	(60.0)	–
Reference: Results for the previous fiscal year (April 1, 2009 to March 31, 2010)	378,547	1,883	1,907	(29,928)	(123.98) 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 second 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 second 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 second 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 43 million yen and income before income taxes and minority interests decreased by 1,248 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 2nd Quarter As of September 30, 2010	(Summary) Prior Fiscal Year As of March 31, 2010
<b>Assets</b>		
Current assets		
Cash and time deposits	64,170	96,647
Trade receivables	47,486	52,726
Short-term investments	16,925	2,037
Finished goods and merchandise	14,271	12,817
Work in process	29,556	23,805
Raw materials and supplies	4,454	4,334
Other current assets	25,207	26,532
Allowance for doubtful receivables	(1,092)	(1,138)
Total current assets	200,979	217,762
Fixed assets		
Property, plant and equipment	45,179	46,014
Intangible assets		
Other intangible assets	10,329	12,501
Total intangible assets	10,329	12,501
Investments and other assets		
Other investments and assets	49,141	51,463
Allowance for doubtful receivables	(1,920)	(1,807)
Total investments and other assets	47,221	49,656
Total fixed assets	102,730	108,172
Total assets	303,710	325,935
<b>Liabilities</b>		
Current liabilities		
Trade payables	33,725	35,956
Short-term borrowings	7,691	8,876
Accrued income taxes	6,335	8,239
Provision	1,886	3,204
Other current liabilities	26,423	30,326
Total current liabilities	76,062	86,604
Long-term liabilities		
Provision	2,742	2,565
Other long-term liabilities	7,051	7,753
Total long-term liabilities	9,793	10,319
Total liabilities	85,856	96,923

(¥ million)

	Current 2nd Quarter As of September 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	158,611	163,454
Treasury stock	(9,455)	(9,455)
Total stockholders' equity	239,115	243,958
Valuation difference and foreign currency translation adjustments		
Unrealized gains or losses on other securities, net of tax	56	19
Deferred gains or losses on hedges, net of tax	(15)	79
Land revaluation, net of tax	(6,491)	(6,491)
Foreign currency translation adjustments	(16,497)	(10,900)
Total valuation difference and foreign currency translation adjustments	(22,948)	(17,292)
Stock subscription rights	95	810
Minority interests	1,591	1,535
Total net assets	217,854	229,012
Total liabilities and net assets	303,710	325,935

**(2) Quarterly Consolidated Statements of Operations**

(¥ million)

	Prior 2nd Quarter (From April 1, 2009 to September 30, 2009)	Current 2nd Quarter (From April 1, 2010 to September 30, 2010)
Net sales	172,733	173,595
Cost of sales	114,197	111,231
Gross profit	58,536	62,363
Selling, general and administrative expenses	61,151	57,296
Operating income (loss)	(2,615)	5,067
Non-operating income		
Interest income	242	91
Dividend income	143	158
Amortization of negative goodwill	61	–
Other non-operating income	256	271
Total non-operating income	704	521
Non-operating expenses		
Interest expense	158	85
Equity in loss of affiliated companies	360	97
Foreign exchange loss	356	334
Other non-operating expenses	80	66
Total non-operating expenses	956	582
Recurring income (loss)	(2,866)	5,006
Extraordinary income		
Gain on sales of fixed assets	11	24
Gain on liquidation of subsidiaries	49	–
Gain on transfer of business	–	405
Reversal of allowance for doubtful receivables	17	119
Reversal of accrued retirement and severance benefits	12	–
Reversal of provision for losses from business restructuring	–	30
Gain on reversal of stock subscription rights	6	715
Other extraordinary income	–	144
Total extraordinary income	97	1,439
Extraordinary loss		
Loss on sales of fixed assets	8	1
Loss on impairment of fixed assets	156	159
Loss on disposal of fixed assets	109	–
Loss on valuation of investment securities	–	2,058
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	1,205
Other extraordinary loss	204	553
Total extraordinary loss	479	3,977
Income (loss) before income taxes and minority interests	(3,249)	2,467
Income taxes	2,678	4,255
Loss before minority interests	–	(1,787)
Minority interests	110	143
Net loss	(6,038)	(1,930)

### (3) Notes on Premise of Going Concern

No items to report

### (4) Segment Information

[By Business Segment]

Prior 2nd quarter (From April 1, 2009 to September 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	65,227	55,047	14,944	33,593	3,919	172,733	–	172,733
(2) Inter-segment sales and transfers	1,472	2,133	524	123	4,976	9,230	(9,230)	–
Total	66,700	57,181	15,469	33,717	8,895	181,963	(9,230)	172,733
Operating income (loss)	3,765	(6,769)	362	1,056	19	(1,564)	(1,050)	(2,615)

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 second quarter (six months) 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	71,865	58,727	15,619	40,330	4,253	190,795	–	190,795
(2) Inter-segment sales and transfers	1,348	2,930	373	211	5,260	10,125	(10,125)	–
Total	73,213	61,657	15,993	40,542	9,514	200,920	(10,125)	190,795
Operating income	4,416	501	654	1,030	280	6,883	(1,307)	5,576

4. In the current second quarter, due to the new consolidation of Distribution Partners S.A.S. and its 18

subsidiaries, total assets in the Game Contents Business increased by 19,601 million yen.

[By Geographic Segment]

Prior 2nd quarter (From April 1, 2009 to September 30, 2009)

(¥ million)

	Japan	Americas	Europe	Asia, excluding Japan	Total	Eliminations and Corporate	Consolidated
Net sales							
(1) To external customers	134,457	13,414	17,820	7,041	172,733	–	172,733
(2) Inter-segment sales and transfers	5,848	1,630	78	9,073	16,631	(16,631)	–
Total	140,305	15,044	17,899	16,115	189,364	(16,631)	172,733
Operating income (loss)	2,682	(3,808)	(819)	904	(1,040)	(1,574)	(2,615)

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, Spain and Germany
  - c. Asia, excluding Japan: Hong Kong, Thailand, Korea, China and Australia

In the current second quarter, due to the new consolidation of NAMCO BANDAI Partners S.A.S. and its 18 subsidiaries, Germany was added to the Europe geographic segment and Australia to the Asia geographic segment.

[Foreign Sales]

Prior 2nd quarter (From April 1, 2009 to September 30, 2009)

	Americas	Europe	Asia, excluding Japan	Total
I Foreign sales (¥ million)	14,667	18,001	8,797	41,467
II Consolidated sales (¥ million)	–	–	–	172,733
III Share of sales to customers outside Japan (%)	8.5	10.4	5.1	24.0

- 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, Germany, Middle East and Africa
      - c. Asia, excluding Japan: Hong Kong, Singapore, Thailand, Korea, Australia, China and Taiwan
- In the current second quarter, due to the new consolidation of NAMCO BANDAI Partners S.A.S. and its 18 subsidiaries, Germany was added to the Europe geographic segment.

[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 2nd quarter (From April 1, 2010 to September 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	70,602	68,257	31,581	170,441	3,153	173,595	–	173,595
Inter-segment sales and transfers	1,621	3,194	22	4,839	5,547	10,386	(10,386)	–
Total	72,224	71,452	31,604	175,280	8,701	183,982	(10,386)	173,595
Segment profit (loss)	7,072	(2,600)	1,520	5,991	429	6,421	(1,354)	5,067

- 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 1,354 million yen deducted from segment profit as adjustment are 110 million yen as inter-segment eliminations, and 1,465 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 loss on impairment of fixed assets and goodwill by reportable segment

In the current second quarter, there was no recognition of any material loss on impairment of fixed assets, nor was there recognition of any material changes in the amount of goodwill or material gains on negative goodwill.

(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