NAMCO BANDAI Holdings Inc.

Consolidated Financial Report for the Fiscal Year Ended

March 31, 2011

May 10, 2011

NAMCO BANDAI Holdings Inc.

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

May 10, 2011

Consolidated Financial Report for the Fiscal Year Ended March 31, 2011 (Japanese GAAP)

Representative: Shukuo Ishikawa, President and Representative Director
Contact: Yuji Asako, Director, Division General Manager of the Corporate Planning Division
Date of Ordinary General Meeting of Shareholders: June 20, 2011
Scheduled starting date for dividend payments: June 21, 2011
Scheduled filing date of the annual security report: June 21, 2011
The additional materials of the Financial Results: Yes
The information session of the Financial Results: Yes (for investors and the press)

* Figures are in millions of yen, rounded down

1. Consolidated Results for the Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Recurring income	
	¥ million	%	¥ million	%	¥ million	%
Fiscal Year Ended March 31, 2011	394,178	4.1	16,338	767.3	16,399	759.6
Fiscal Year Ended March 31, 2010	378,547	(11.2)	1,883	(91.6)	1,907	(92.2)

	Net income		Net income per share	Net income per share (diluted)
	¥ million	%	¥	¥
Fiscal Year Ended March 31, 2011	1,848	–	7.71	7.71
Fiscal Year Ended March 31, 2010	(29,928)	–	(123.98)	–

(Note)

Comprehensive income: (4,599) million yen [– %] (FY2011.3), (24,959) million yen [– %] (FY2010.3)

	ROE (Net income / Net assets)	ROA (Recurring income / Total assets)	Operating margin (Operating income / Net sales)
	%	%	%
Fiscal Year Ended March 31, 2011	0.8	5.2	4.1
Fiscal Year Ended March 31, 2010	(12.4)	0.6	0.5

(Reference)

Gain or loss from application of equity method: (8) million yen (FY2011.3), 0 million yen (FY2010.3)

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of March 31, 2011	308,269	213,693	68.8	896.83
As of March 31, 2010	325,935	229,012	69.5	938.74

(Reference)

Equity: 212,102 million yen (as of March 31, 2011), 226,666 million yen (as of March 31, 2010)

(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, 2011	22,561	(7,372)	(18,825)	89,329
Fiscal Year Ended March 31, 2010	10,581	(9,863)	(15,276)	97,776

2. Cash Dividends

	Annual Cash Dividends					Total dividend payment (Full year)	Payout ratio (Consolidated)	Dividend / Net assets (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Fiscal year-end	Total			
	¥	¥	¥	¥	¥	¥ million	%	%
Fiscal Year Ended March 31, 2010	–	12.00	–	12.00	24.00	5,797	–	2.4
Fiscal Year Ended March 31, 2011	–	12.00	–	12.00	24.00	5,738	311.3	2.6
(Projection) Fiscal Year Ending March 31, 2012	–	12.00	–	12.00	24.00		70.9	

Note: The stable portion of the cash dividends is given in the projection for the end of second quarter and the fiscal year-end for the Fiscal Year Ending March 31, 2012 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, 2012 (April 1, 2011 to March 31, 2012)

(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, 2011	165,000	(5.0)	3,000	(40.8)	3,000	(40.1)	500	–	2.11
Full Year	400,000	1.5	16,500	1.0	16,500	0.6	8,000	332.8	33.83

4. Other Information

(1) Changes in Significant Subsidiaries during the Period (Changes in Specified Subsidiaries Resulting in the Change in Scope of Consolidation): No

Included: – company Excluded: – company

(2) 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: For more details, please refer to the section of “Changes in Important Information Constituting the Basis for Preparation of Consolidated Financial Statements” on page 24.

(3) Number of Issued Shares (Common Stock)

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

As of March 31, 2011	240,000,000 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 March 31, 2011	3,497,884 shares
As of March 31, 2010	8,540,776 shares

c. Average number of shares during the period

For the Fiscal Year ended March 31, 2011	239,810,150 shares
For the Fiscal Year ended March 31, 2010	241,402,251 shares

Note: Please refer to the section of “Per Share Data” on page 38 for the number of shares used to calculate “Net income per share”.

* Implementation status of review

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

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

1. Forward-looking statements in this document are based on management’s estimates, assumptions, projections and information available at the time of its publications. A number of factors could cause actual results to differ materially from expectations. Please refer to the section of “(1) Analysis on Results of Operations” of “1. Results of Operations” on pages 2-5 for matters pertaining to the earnings projections.
2. The additional materials of the Financial Results are available on the Company’s web site.

Attached Material

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1. Results of Operations

(1) Analysis on Results of Operations

a. Summary for the Period (April 1, 2010 to March 31, 2011)

In this fiscal year, signs of a mild recovery were overtaken by the sudden rise in the yen and soaring oil prices in conjunction with the increasingly tense situation in the Middle East. The economy thus continued to be largely stagnant. The impact of the Great East Japan Earthquake, which struck on March 11, 2011, has added further uncertainty to the outlook for the entertainment industry.

In such environment, the BANDAI NAMCO Group (“the Group”) pressed ahead with the development of its global management foundation based on the three-year Mid-term Business Plan that started in April 2009, and sought to realize its medium- to long-term Group vision of becoming a “Globally Recognized Entertainment Group.” 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 domestic long-established character toys and card products posted strong performances in the Toys and Hobby Business. 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 at fiscal year-end were net sales of 394,178 million yen (year-on-year increase of 4.1%), operating income of 16,338 million yen (year-on-year increase of 767.3%), and recurring income of 16,399 million yen (year-on-year increase of 759.6%). Moreover, in addition to extraordinary loss on valuation of investment securities and adjustment for changes of accounting standard for asset retirement obligations in the first quarter, the Group recorded extraordinary loss (472 million yen) related to damage suffered, mainly at its amusement facilities, in the Great East Japan Earthquake in the fourth quarter. In spite of a deepening deficit of certain subsidiaries, mostly sales companies overseas, there was also an increase in the payment of income taxes from the initial forecast mainly due to increased profits from subsidiaries in Japan. As a result, the Group recorded net income of 1,848 million yen (compared with net loss of 29,928 million yen in the previous fiscal year).

From this fiscal year, the Company has applied “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, March 27, 2009) and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, March 21, 2008). In accordance with this new accounting standard and guidance, the Company discloses business results by segment classification based on management approach. To provide year-on-year comparisons, the results of the previous fiscal year have been recompiled based on the segment classification existing after the application of the aforesaid accounting standard and guidance.

Toys and Hobby Business

In the Toys and Hobby Business, sales of the domestic long-established character toys, particularly the *KAMEN RIDER OOO* (pronounced “O’s”) and *HEART CATCH PRETTY CURE !*, trended quite strongly. In addition, *GOKAIGER*, the new member of the Super Sentai (*Power Rangers*) series, launched in February 2011, has made a strong start. Digital card games such as *DRAGON BALL HEROES* and *PRO BASEBALL OWNERS LEAGUE* card game, which connects with the online game, also performed well, making a significant contribution to this business’s performance. Candy toys, children’s clothing, and other peripheral toy categories also reported improved performance due to developing product tie-ups in each category around popular characters in the *KAMEN RIDER* and other series.

Overseas in North America and Europe, facing a struggling performance from the *Power Rangers* series due to a decline in the frequency of TV broadcasts, the Group started to expand into new categories and content in the aim of achieving growth in the medium- to long-term. However, performance did not reach the level of the previous fiscal year, which enjoyed strong performance from *BEN10*.

As a result, net sales in the Toys and Hobby Business were 158,374 million yen (year-on-year increase of 6.4%), and segment profit was 13,812 million yen (year-on-year increase of 28.1%).

Content Business

In the Content Business, *Naruto Shippuden: Ultimate Ninja Storm 2*, a home video game software for the PlayStation 3 and Xbox 360, achieved over a million sold worldwide. In domestic sales, speedier response to changing customer preferences made such titles as *GOD EATER BURST* and *AKB1/48 Idol to Koishitara...*, which are games for the PlayStation Portable, hugely popular. The performance of new titles developed towards creating new franchises, however, fell below expectations, particularly overseas.

In the arcade game machines area, *Mobile Suit Gundam Extreme VS.* and prizes for amusement based on popular characters such as *ONE PIECE* trended favorably. In the visual and music content area, in addition to the strong package sales of *Mobile Suit Gundam UC (Unicorn)*, selecting and focusing on popular titles has led to improved profitability. In the network content area, the number of monthly subscribers to existing services has declined, but *GUNDAM ROYALE* for SNS (social networking services), for which service provision began in December 2010, has made a strong start.

With impairment of goodwill related to some subsidiaries in the previous fiscal year, total amortization of goodwill declined relative to the previous fiscal year, while the implementation of measures to improve efficiency has reduced fixed costs.

As a result, net sales in the Content Business were 179,917 million yen (year-on-year increase of 7.4%), and segment profit was 3,092 million yen (compared with segment loss of 7,760 million yen in the previous fiscal year).

Amusement Facility Business

In the Amusement Facility Business, amid a perception that this business has bottomed out in the domestic market, we have carried out the sales strategy to accommodate each specific customer need. Our facilities, having differentiated themselves by being able to offer the experience of the distinctive worldviews of such characters as *Ultraman*, *KAMEN RIDER*, and *Tamagotchi*, performed well. While this business’s facilities did suffer some damage in the Great East Japan Earthquake in March 2011, existing domestic amusement facilities’ net sales for the year rose to 101.0% of the previous fiscal year total. Due to the withdrawal from related businesses with poor profitability, in Japan, net sales decreased but profitability was improved.

In the challenging environment presented by countries outside Japan, performance continued to be sluggish in the European region, but measures to improve efficiency implemented in the North American region in the previous fiscal year have borne fruit, with improved profitability.

As a result, net sales in the Amusement Facility Business were 62,337 million yen (year-on-year decrease of 4.6%), and segment profit was 1,778 million yen (year-on-year increase of 524.4%).

Facilities as of March 31, 2011

Directly Managed Facilities	Revenue-Sharing Facilities	Others	Total
268	831	3	1,102

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 this fiscal year, efforts were made to improve the efficiency of these operations related to group support.

As a result, net sales in the Other Businesses were 18,503 million yen (year-on-year increase of 17.2%), and segment profit was 810 million yen (year-on-year increase of 151.0%).

b. Outlook for the Fiscal Year Ending March 31, 2012

A wide range of factors are expected to have an impact on the economy in the future such as the increasingly tense situation in the Middle East, and a weakening of consumption in Japan as a result of the Great East Japan Earthquake and anticipated electric power shortages, etc., and a difficult business environment is expected to continue. Such factors are also expected to have a global impact on the entertainment industry, in which the Group is extensively involved, resulting in ongoing uncertainty in this business environment.

Facing these circumstances, the Group is working to steadily develop its global management foundation as outlined in the three-year Mid-term Business Plan that started in April 2009, and expects these efforts will lead to medium- to long-term growth in the global market.

Specifically, in the Toys and Hobby Business, our plan for Japanese market is to promote long-established character toys, such as *KAMEN RIDER OOO* (pronounced "O's") and *GOKAIGER* (*Power Rangers* series) for boys and *SUITE PRETTY CURE* ♪ for girls, and strengthen card product development including digital card games and *PRO BASEBALL OWNERS LEAGUE*. In addition, while aiming for an overwhelming position of No. 1 in Japan, we will consecutively launch new products aimed at new targets. Overseas, the Group will strive to improve profitability by focusing on the core products *Power Rangers SAMURAI*, the first new creation from the *Power Rangers* series in two years, and the *BEN10* character toys, which have now become a long-established character series, while working to expand new categories such as girls' toys and pre-school toys.

In the Content Business, the Group aims to improve profitability in home video game software by expanding its market in Japan and overseas by focusing on popular franchise titles that were developed in Japan such as *ACE COMBAT ASSAULT HORIZON* for PlayStation 3 and Xbox 360. The Group will also strengthen its business by the latest machines for the popular series *Tekken* and *Dragon Ball* in arcade game machines and *Mobile Suit Gundam UC (Unicorn)* in visual and music content. In addition, in network content, the Group will aim to maximize content value by strengthening content and online games for SNS (social networking services) while interlinking these businesses with other categories.

In the Amusement Facility Business, the operations at four stores in Japan remain suspended due to damage from the Great East Japan Earthquake. However, while cooperating with electric power conservation activities, we will continue to promote differentiated facilities that offer the experience of the Group's distinctive worldviews of characters. Overseas, we will strive to boost profitability by continuing to implement various efficiency measures.

In light of the above considerations, the consolidated projections of the fiscal year ending March 31, 2012 are as follows: net sales of 400,000 million yen (year-on-year increase of 1.5%), operating income of 16,500 million yen (year-on-year increase of 1.0%), recurring income of 16,500 million yen (year-on-year increase of 0.6%), and net income of 8,000 million yen (year-on-year increase of 332.8%).

(2) Analysis of Financial Position

a. Assets, Liabilities, and Net Assets

At the end of the fiscal year ended March 31, 2011, assets stood at 308,269 million yen, a decrease of 17,666 million yen from the end of the previous fiscal year. The main factors were as follows. There were decreases of 8,521 million yen in cash and time deposits, 2,263 million yen in finished goods and merchandise, 2,224 million yen in goodwill included in other intangible assets, and 2,105 million yen in investment securities due to the recording of loss on valuation, etc.

Total liabilities amounted to 94,576 million yen, a decrease of 2,347 million yen from the end of the previous fiscal year. The main factors of this decline were as follows. Although accounts payable-other increased by 6,728 million yen, there were decreases of 5,447 million yen in short-term borrowings and 3,333 million yen in long-term borrowings due to repayment.

Total net assets stood at 213,693 million yen, a decrease of 15,318 million yen from the end of the previous fiscal year. The main factors were decreases of 6,875 million yen in foreign currency translation adjustments due to currency fluctuation and 3,962 million yen in retained earnings due to cash dividends paid etc., and the increase of 4,171 million yen in treasury stock through the acquisition of the Company’s own shares on the market.

As a result, the equity ratio became 68.8% compared with 69.5% 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 8,446 million yen from the end of the previous fiscal year to 89,329 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 22,561 million yen (up 113.2% compared with the previous fiscal year). As a main breakdown of funds used, income taxes paid was 10,437 million yen (compared with 8,761 million yen in the previous fiscal year) and an increase in trade receivables was 8,155 million yen (compared with a decrease in trade receivables of 13,478 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 11,460 million yen (compared with loss before income taxes and minority interests of 19,294 million yen in the previous fiscal year), depreciation and amortization of 18,000 million yen (compared with 18,988 million yen in the previous fiscal year), and an increase in accounts payable-other of 7,635 million yen (compared with a decrease in accounts payable-other of 5,955 million yen in the previous fiscal year).

(Cash Flows from Investing Activities)

The amount of funds used in investing activities totaled 7,372 million yen (down 25.3% compared with the previous fiscal year). As a main breakdown of funds used, although there was a collection of guarantee money deposited of 1,221 million yen (compared with 2,739 million yen in the previous fiscal year), purchases of property, plant and equipment and intangible assets totaled 9,312 million yen (compared with 10,008 million yen in the previous fiscal year).

(Cash Flows from Financing Activities)

The amount of funds used in financing activities amounted to 18,825 million yen (up 23.2% compared with the previous fiscal year). The main factors for funds used were repayment of long-term borrowings of 8,657 million yen (compared with 8,761 million yen in the previous fiscal year), cash dividends paid of 5,797 million yen (compared with 5,795 million yen in the previous fiscal year), and purchase of treasury stock of 4,171 million yen (compared with 9 million yen in the previous fiscal year).

(Reference) Cash Flow Indices

	FY2007.3	FY2008.3	FY2009.3	FY2010.3	FY2011.3
Equity ratio (%)	67.1	69.4	70.9	69.5	68.8
Equity ratio (market capitalization basis) (%)	116.1	83.1	65.3	67.5	69.6
Cash flows to interest bearing debt ratio (%)	53.8	41.9	95.5	156.2	34.7
Interest coverage ratio (times)	180.1	199.6	113.0	32.9	42.0

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 places the return of profits to shareholders as one of its highest priorities in its management. The Company assumes that its basic policy is to further strengthen the Group’s competitiveness and, while maintaining a sound financial status, to achieve regular distributions of dividends and improvement in the Company’s corporate value. In concrete terms, the Company will provide a return to shareholders that targets a consolidated payout ratio of 30%, based on stable annual dividend payments of 24 yen per share. The Company has decided on the dividend forecasts for this fiscal year (year ended March 31, 2011) and next fiscal year (year ending March 31, 2012) based on this basic policy. The Company expects to pay 24 yen per share for the annual dividend for this fiscal year. The Company is also planning to provide the same amount of 24 yen per share as the dividend forecast for next fiscal year.

In addition, part of any profit, after deduction of dividends, may be used to acquire treasury stock upon comprehensive consideration of the amount of funds on hand, performance trends, recent share price trends, the existence or nonexistence of major investment proposals, and other factors. Based on this policy, during this fiscal year, the Company made an acquisition of treasury stock and made the decision to acquire treasury stock as outlined below.

Resolution made by the Board of Directors at the meeting held on November 5, 2010

a. Period of acquisition: From November 11, 2010 to December 24, 2010

b. Total number of shares acquired: 5,000,000 shares

c. Total amount for share acquisition: 4,169 million yen

Resolution made by the Board of Directors at the meeting held on February 25, 2011

a. Period of acquisition: From February 28, 2011 to December 31, 2011

b. Total number of shares to be acquired: 20,000,000 shares (maximum)

c. Total amount for share acquisition: 20,000 million yen (maximum)

2. Management Policies

(1) Fundamental Management Policy

Guided by our vision of becoming “The Leading Innovator in Global Entertainment,” the Group mission is to continue to offer “Dreams, Fun and Inspiration,” through entertainment, to people throughout the world. Moreover, with the sights set on the medium- to long-term Group vision of becoming 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. Furthermore, for the purpose of a more assured implementation of these strategies, the Group has been promoting the “BANDAI NAMCO Group Restart Plan” from April 2010 under the new management structure to transform itself into a speedy Group and to improve its profitability and strengthen its financial standing. It has also begun to formulate the Mid-term Business Plan that will start from April 2012.

(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. The Group aims to achieve consolidated ROE of 10% or higher in the medium- to long-term.

(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 in April 2009, promotes two strategies, “Focus,” the business strategy, and “Enhancing 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. In concrete terms, the Toys and Hobby SBU is making “Continue aggressive expansion” its watchword to increasingly accelerate positive trends in the domestic market and continue to invest for improved profitability and future growth overseas. The Content SBU, which is experiencing drastic changes in its market environment, is making “Change business model” its watchword to respond swiftly to changes in customer preferences. The Amusement Facility SBU, which has been working to reinforce its revenue base, is making “Strengthen market position and launch a fresh start” its watchword to stabilize revenues through a process of selection and focus and is working to build new growth drivers.

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

The functional strategy, “Enhancing 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 corporate governance

The president and representative director of each major company responsible for each SBU also serves on the Company's Board of Directors, to strengthen the collaborative efforts between the holding company and the operating companies and between the operating companies and to facilitate speedier decision-making as a Group. In addition, the Company has made three of the nine Directors outside directors, to strengthen management oversight functions.

Promoting efficient management

The Group has put in place rules for restructuring and withdrawing from businesses; it has reinforced systems for continuous monitoring in order to discern business trends more swiftly, and has introduced the use of return on invested capital (ROIC) as one of the indicators used to make rapid decisions about restructuring businesses or withdrawing from them. In addition, the Group is working towards cost reductions by standardizing processes across the Group as a whole and is promoting managerial efficiency.

Reinforcing personnel strategies

Aiming for dynamic growth in overseas markets, the Group is strengthening its global systems for acquiring and training personnel. In addition, the Group is driving forward a proactive system for personnel exchanges within the Group to invigorate its human resources.

Reinforcing CSR (Corporate Social Responsibilities) activities

Strengthening its environmental management, the Group is aiming at a 5.4% reduction in CO_2 emissions from each of our worksites by March 31, 2012 (as compared with the fiscal year ended March 2009 level) as a mid-term Group environmental target.

(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 addition, given the difficult economic environment that now prevails and the Group's decline in profitability, the Group, seeking to realize its medium- to long-term Group vision of becoming a "Globally Recognized Entertainment Group," has been promoting the "BANDAI NAMCO Group Restart Plan" from April 2010 under the new management structure, to transform itself into a speedy Group and to improve its profitability and strengthen its financial standing.

Furthermore, with respect to the new issue of the economic impact of the Great East Japan Earthquake, the Group is implementing support for the speedy recovery of the affected region and is carrying out operations in response to the electric power shortages.

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 the environment surrounding the entertainment industry, the Group will tackle a variety of tasks with speed without resorting to existing business practices and models.

It will also strive for improved efficiency in the Group as a whole by taking actions such as a review of indirect operations.

Efforts toward overseas business expansion

Based on the strategies laid out in the Mid-term Business Plan, the Group will proactively invest in ways that are directed at medium- to long-term growth in the North American and European markets. In particular, it will strengthen its content line-up, broaden business categories, and expand regions with a view to expanding overseas operations.

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. Specifically, the Content Business Strategy Meeting, which crosscuts the entire Group, focuses on maximizing the value of each content asset, and aims for more vigorous creation and acquisition of new content.

Efforts toward (CSR) Corporate Social Responsibility

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 the CSR initiatives, which are crosscutting the Group and that include three types of responsibilities: environmental and social contribution responsibilities, economic responsibilities, and legal and ethical responsibilities. In accordance with these fundamental principles, a range of measures is being implemented by the Group CSR Committee and its sub-committee, the Group CSR Subcommittee, as well as by the Group Risk Compliance Committee, the Group Information Security Committee, and the Internal Control Committee.

b. Issues Specific to Each SBU

Toys and Hobby SBU

This unit's industry is facing issues, such as a "shrinking domestic market due to the falling birthrate" and "increasingly diverse consumer needs." This unit is addressing these issues by aiming for the overwhelming position of No. 1 in Japan, expanding its target population segment, and creating new businesses, as well as, in the overseas market, improving profitability by strengthening existing operations, growing content line-up, and expanding business categories and regions, with a view to achieving medium- to long-term growth. For the purpose of a more efficient and effective implementation of these actions, this unit will actively devote managerial resources, especially in North America and Europe, with a view to building cooperative relationships with external partners.

Content SBU

This unit’s industry is facing issues, such as the “diversification of both platforms and customer needs.” The Group will review development based on its existing business categories and promote business strategies revolving around content, thereby achieving speedy response to changing customer preferences throughout the world. This SBU’s Production Group, which is responsible for the creation and acquisition of content, will, as an aggregator of smaller organizations, respond rapidly to changing customer preferences through transfer of its authority. With Japan-based leadership in development, the Content SBU will roll out carefully selected home video game software worldwide, develop content and other products for a wide range of outlets, including arcade game machines and SNS (social networking services), to maximize the value of its content.

Amusement Facility SBU

“Increasingly diverse consumer needs,” “weak individual consumption,” and “revision of consumption tax rate” are among the issues for this unit’s industry. To address these issues, by using its know-how in character merchandizing, especially in its domestic operations, this unit will drive the operation of more differentiated facilities and provision of services with the added value that only the Group can offer. In addition, this unit will carry out the selection and concentration of operations, in Japan and overseas, on an ongoing basis.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(¥ million)

	Prior Fiscal Year (As of March 31, 2010)	Current Fiscal Year (As of March 31, 2011)
Assets		
Current assets		
Cash and time deposits	96,647	88,126
Trade receivables	52,726	57,262
Short-term investments	2,037	—
Finished goods and merchandise	12,817	10,553
Work in process	23,805	26,741
Raw materials and supplies	4,334	4,406
Deferred tax assets	5,763	6,591
Other current assets	20,769	18,072
Allowance for doubtful receivables	(1,138)	(820)
Total current assets	217,762	210,934
Fixed assets		
Property, plant and equipment		
Buildings and structures	24,671	24,160
Accumulated depreciation	(14,173)	(14,611)
Buildings and structures, net	10,497	9,548
Amusement facilities and machines	60,826	61,617
Accumulated depreciation	(45,499)	(47,557)
Amusement facilities and machines, net	15,327	14,059
Land	11,592	10,785
Other property, plant and equipment	71,180	68,422
Accumulated depreciation	(62,582)	(60,225)
Other property, plant and equipment, net	8,597	8,197
Total property, plant and equipment	46,014	42,591
Intangible assets		
Goodwill	2,951	—
Other intangible assets	9,550	8,536
Total intangible assets	12,501	8,536
Investments and other assets		
Investment securities	23,275	21,169
Deferred tax assets	5,886	5,759
Other investments and assets	22,302	21,181
Allowance for doubtful receivables	(1,807)	(1,905)
Total investments and other assets	49,656	46,206
Total fixed assets	108,172	97,334
Total assets	325,935	308,269

(¥ million)

	Prior Fiscal Year (As of March 31, 2010)	Current Fiscal Year (As of March 31, 2011)
Liabilities		
Current liabilities		
Trade payables	35,956	36,641
Short-term borrowings	8,876	3,428
Accounts payable-other	13,741	20,470
Accrued income taxes	8,239	7,979
Provision for directors' bonuses	402	878
Provision for losses from business restructuring	767	42
Provision for sales returns	2,034	1,505
Provision for loss on disaster	—	165
Other current liabilities	16,584	14,994
Total current liabilities	86,604	86,105
Long-term liabilities		
Long-term borrowings	3,333	—
Deferred tax liabilities for land revaluation	673	673
Provision for directors' bonuses	129	237
Accrued retirement and severance benefits	2,403	2,763
Accrued directors' and corporate auditors' retirement and severance benefits	32	—
Other long-term liabilities	3,746	4,795
Total long-term liabilities	10,319	8,470
Total liabilities	96,923	94,576
Net assets		
Stockholders' equity		
Common stock	10,000	10,000
Additional paid-in capital	79,960	69,923
Retained earnings	163,454	159,491
Treasury stock	(9,455)	(3,496)
Total stockholders' equity	243,958	235,919
Accumulated other comprehensive income		
Unrealized gains or losses on other securities, net of tax	19	447
Deferred gains or losses on hedges, net of tax	79	3
Land revaluation, net of tax	(6,491)	(6,491)
Foreign currency translation adjustments	(10,900)	(17,775)
Total accumulated other comprehensive income	(17,292)	(23,816)
Stock subscription rights	810	—
Minority interests	1,535	1,590
Total net assets	229,012	213,693
Total liabilities and net assets	325,935	308,269

(2) Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Operations)

(¥ million)

	Prior Fiscal Year (From April 1, 2009 to March 31, 2010)	Current Fiscal Year (From April 1, 2010 to March 31, 2011)
Net sales	378,547	394,178
Cost of sales	249,793	254,763
Gross profit	128,753	139,414
Selling, general and administrative expenses	126,869	123,076
Operating income	1,883	16,338
Non-operating income		
Interest income	371	170
Dividend income	212	218
Amortization of negative goodwill	124	118
Rent income	—	106
Other non-operating income	526	257
Total non-operating income	1,234	870
Non-operating expenses		
Interest expense	378	142
Foreign exchange loss	620	487
Other non-operating expenses	212	179
Total non-operating expenses	1,210	809
Recurring income	1,907	16,399
Extraordinary income		
Gain on sales of fixed assets	37	247
Gain on sales of investment securities, net	176	252
Gain on transfer of business	—	405
Reversal of allowance for doubtful receivables	61	331
Reversal of accrued retirement and severance benefits	14	—
Gain on reversal of stock subscription rights	402	715
Other extraordinary income	49	404
Total extraordinary income	741	2,356
Extraordinary loss		
Loss on sales of fixed assets	20	4
Loss on disposal of fixed assets	321	—
Loss on impairment of fixed assets	15,902	996
Loss on valuation of investment securities	—	2,059
Loss on business restructuring	1,865	—
Special retirement expenses	1,899	848
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	1,205
Other extraordinary loss	1,933	2,179
Total extraordinary loss	21,943	7,295
Income (loss) before income taxes and minority interests	(19,294)	11,460
Corporate income, inhabitant and enterprise taxes	7,064	10,946
Income taxes for the previous period	963	—
Adjustment for income taxes	2,470	(1,474)
Total income taxes	10,498	9,471
Income before minority interests	—	1,988
Minority interests	135	140
Net income (loss)	(29,928)	1,848

(Consolidated Statements of Comprehensive Income)

(¥ million)

	Prior Fiscal Year (From April 1, 2009 to March 31, 2010)	Current Fiscal Year (From April 1, 2010 to March 31, 2011)
Income before minority interests	—	1,988
Other comprehensive income		
Unrealized gains or losses on other securities, net of tax	—	465
Deferred gains or losses on hedges, net of tax	—	(76)
Foreign currency translation adjustments	—	(6,928)
Share of other comprehensive income of associates accounted for using equity method	—	(49)
Total other comprehensive income	—	*2 (6,588)
Comprehensive income	—	*1 (4,599)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	—	(4,675)
Comprehensive income attributable to minority interests	—	75

(3) Consolidated Statements of Changes in Net Assets

(¥ million)

	Prior Fiscal Year (From April 1, 2009 to March 31, 2010)	Current Fiscal Year (From April 1, 2010 to March 31, 2011)
Stockholders' equity		
Common stock		
Balance as of March 31, 2010	10,000	10,000
Changes during the period		
Total changes during the period	—	—
Balance as of March 31, 2011	10,000	10,000
Additional paid-in capital		
Balance as of March 31, 2010	79,887	79,960
Changes during the period		
Disposal of treasury stock	72	41
Retirement of treasury stock	—	(10,077)
Total changes during the period	72	(10,036)
Balance as of March 31, 2011	79,960	69,923
Retained earnings		
Balance as of March 31, 2010	199,453	163,454
Changes during the period		
Cash dividends	(5,795)	(5,797)
Net income (loss)	(29,928)	1,848
Changes in the scope of consolidation	115	(13)
Changes in the scope of application of equity method	(416)	—
Increase due to company split	25	—
Total changes during the period	(35,999)	(3,962)
Balance as of March 31, 2011	163,454	159,491
Treasury stock		
Balance as of March 31, 2010	(9,624)	(9,455)
Changes during the period		
Purchase of treasury stock	(9)	(4,171)
Disposal of treasury stock	184	54
Retirement of treasury stock	—	10,077
Changes in treasury stock accompanying changes to holdings in associates accounted for using equity method	(6)	(1)
Total changes during the period	168	5,959
Balance as of March 31, 2011	(9,455)	(3,496)

(¥ million)

	Prior Fiscal Year (From April 1, 2009 to March 31, 2010)	Current Fiscal Year (From April 1, 2010 to March 31, 2011)
Total stockholders’ equity		
Balance as of March 31, 2010	279,717	243,958
Changes during the period		
Cash dividends	(5,795)	(5,797)
Net income (loss)	(29,928)	1,848
Purchase of treasury stock	(9)	(4,171)
Disposal of treasury stock	256	95
Retirement of treasury stock	—	—
Changes in treasury stock accompanying changes to holdings in associates accounted for using equity method	(6)	(1)
Changes in the scope of consolidation	115	(13)
Changes in the scope of application of equity method	(416)	—
Increase due to company split	25	—
Total changes during the period	(35,758)	(8,039)
Balance as of March 31, 2011	243,958	235,919
Accumulated other comprehensive income		
Unrealized gains or losses on other securities, net of tax		
Balance as of March 31, 2010	(1,911)	19
Changes during the period		
Net changes in the period other than changes in stockholders’ equity	1,930	428
Total changes during the period	1,930	428
Balance as of March 31, 2011	19	447
Deferred gains or losses on hedges, net of tax		
Balance as of March 31, 2010	(105)	79
Changes during the period		
Net changes in the period other than changes in stockholders’ equity	185	(76)
Total changes during the period	185	(76)
Balance as of March 31, 2011	79	3
Land revaluation, net of tax		
Balance as of March 31, 2010	(6,299)	(6,491)
Changes during the period		
Net changes in the period other than changes in stockholders’ equity	(192)	—
Total changes during the period	(192)	—
Balance as of March 31, 2011	(6,491)	(6,491)
Foreign currency translation adjustments		
Balance as of March 31, 2010	(13,755)	(10,900)
Changes during the period		
Net changes in the period other than changes in stockholders’ equity	2,855	(6,875)
Total changes during the period	2,855	(6,875)
Balance as of March 31, 2011	(10,900)	(17,775)

(¥ million)

	Prior Fiscal Year (From April 1, 2009 to March 31, 2010)	Current Fiscal Year (From April 1, 2010 to March 31, 2011)
Total accumulated other comprehensive income		
Balance as of March 31, 2010	(22,071)	(17,292)
Changes during the period		
Net changes in the period other than changes in stockholders' equity	4,779	(6,524)
Total changes during the period	4,779	(6,524)
Balance as of March 31, 2011	(17,292)	(23,816)
Stock subscription rights		
Balance as of March 31, 2010	1,468	810
Changes during the period		
Net changes in the period other than changes in stockholders' equity	(657)	(810)
Total changes during the period	(657)	(810)
Balance as of March 31, 2011	810	—
Minority interests		
Balance as of March 31, 2010	1,465	1,535
Changes during the period		
Net changes in the period other than changes in stockholders' equity	69	54
Total changes during the period	69	54
Balance as of March 31, 2011	1,535	1,590
Total net assets		
Balance as of March 31, 2010	260,579	229,012
Changes during the period		
Cash dividends	(5,795)	(5,797)
Net income (loss)	(29,928)	1,848
Purchase of treasury stock	(9)	(4,171)
Disposal of treasury stock	256	95
Retirement of treasury stock	—	—
Changes in treasury stock accompanying changes to holdings in associates accounted for using equity method	(6)	(1)
Changes in the scope of consolidation	115	(13)
Changes in the scope of application of equity method	(416)	—
Increase due to company split	25	—
Net changes in the period other than changes in stockholders' equity	4,191	(7,279)
Total changes during the period	(31,566)	(15,318)
Balance as of March 31, 2011	229,012	213,693

(4) Consolidated Statements of Cash Flows

(¥ million)

	Prior Fiscal Year (From April 1, 2009 to March 31, 2010)	Current Fiscal Year (From April 1, 2010 to March 31, 2011)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	(19,294)	11,460
Depreciation and amortization	18,988	18,000
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	1,205
Loss on impairment of fixed assets	15,902	996
Amortization of goodwill	4,844	2,106
Increase (decrease) in allowance for doubtful receivables	946	(83)
Increase (decrease) in provision for losses from business restructuring	622	(708)
Increase (decrease) in provision for sales returns	(1,265)	(363)
Increase (decrease) in provision for directors' bonuses	(102)	584
Increase (decrease) in accrued retirement and severance benefits	453	373
Increase (decrease) in provision for loss on disaster	—	165
Interest and dividend income	(584)	(388)
Interest expense	378	142
Foreign exchange loss (gain)	225	343
Equity in loss (gain) of affiliated companies	(0)	8
Loss on disposal of fixed assets	321	564
Loss (gain) on sales of fixed assets, net	(16)	(241)
Loss on disposal of amusement facilities and machines	570	425
Loss (gain) on sales of investment securities, net	(151)	(443)
Loss (gain) on valuation of investment securities	141	2,102
Loss (gain) on transfer of business	—	(405)
Decrease (increase) in trade receivables	13,478	(8,155)
Decrease (increase) in inventories	(1,725)	(1,849)
Acquisition of amusement facilities and machines	(4,410)	(4,126)
Increase (decrease) in trade payables	(6,701)	3,668
Increase (decrease) in accounts payable-other	(5,955)	7,635
Increase (decrease) in consumption tax payables	(96)	675
Other	2,512	(538)
Subtotal	19,082	33,157
Interest and dividends received	581	379
Interest paid	(321)	(536)
Income taxes paid	(8,761)	(10,437)
Net cash provided by operating activities	10,581	22,561

(¥ million)

	Prior Fiscal Year (From April 1, 2009 to March 31, 2010)	Current Fiscal Year (From April 1, 2010 to March 31, 2011)
Cash flows from investing activities		
Payments for deposit in time deposits	(121)	(984)
Proceeds from withdrawal from time deposits	448	275
Purchases of property, plant and equipment	(7,177)	(6,642)
Sales of property, plant and equipment	123	1,110
Purchases of intangible assets	(2,830)	(2,670)
Purchases of investment securities	(421)	(92)
Sales of investment securities	471	604
Acquisition of shares in consolidated subsidiaries, net of cash acquired	(81)	—
Acquisition of subsidiary shares affecting the scope of consolidation	(1,760)	—
Sales of subsidiary shares affecting the scope of consolidation	—	8
Proceeds from transfer of business	—	405
Payments of loans receivable	(1,069)	(1,372)
Collection of loans receivable	171	1,160
Payments of guarantee money deposited	(398)	(370)
Collection of guarantee money deposited	2,739	1,221
Other	42	(26)
Net cash used in investing activities	(9,863)	(7,372)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings, net	(576)	(105)
Repayment of long-term borrowings	(8,761)	(8,657)
Payment of lease obligations	(83)	(73)
Purchase of treasury stock	(9)	(4,171)
Proceeds from disposal of treasury stock	0	0
Cash dividends paid	(5,795)	(5,797)
Cash dividends paid to minority interests	(51)	(21)
Net cash used in financing activities	(15,276)	(18,825)
Effect of exchange rate changes on cash and cash equivalents	2,010	(4,837)
Net increase (decrease) in cash and cash equivalents	(12,547)	(8,474)
Cash and cash equivalents at beginning of year	110,037	97,776
Increase in cash and cash equivalents due to consolidation of additional subsidiaries	270	27
Increase in cash and cash equivalents due to merger of non-consolidated subsidiaries	61	—
Decrease in cash and cash equivalents due to company split	(45)	—
Cash and cash equivalents at end of year	97,776	89,329

(5) Notes on Premise of Going Concern

Not applicable.

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

	Prior Fiscal Year (From April 1, 2009 to March 31, 2010)	Current Fiscal Year (From April 1, 2010 to March 31, 2011)
1. Information Concerning the Scope of Consolidation	(1) Total Number of Consolidated Subsidiaries: 80 companies Names of Principal Consolidated Subsidiaries: Bandai Co., Ltd., NAMCO BANDAI Games Inc., BANDAI VISUAL CO., LTD., NAMCO LIMITED, NAMCO BANDAI Holdings (USA) Inc., BANDAI S.A., NAMCO Holdings UK LTD. and BANDAI (H.K.) CO., LTD. Since BANDAI (GUANGZHOU) CO., LTD. gained in importance, that company was added to the scope of consolidation from this consolidated fiscal year. Since Bandai Networks Co., Ltd., and ANIME CHANNEL, CO., LTD., were merged into consolidated subsidiaries, those companies were excluded from the scope of consolidation. NAMCO BANDAI Games Europe S.A.S., a consolidated subsidiary of the Company, additionally acquired shares in Distribution Partners S.A.S., making that company a wholly owned subsidiary, in conjunction with which Distribution Partners S.A.S. (which changed its corporate name to NAMCO BANDAI Partners S.A.S. after becoming a wholly owned subsidiary) and its 18 subsidiaries were added to the scope of consolidation. Furthermore, NAMCO BANDAI Online Inc. was newly incorporated as a result of an incorporation-type company split of NAMCO BANDAI Games Inc., a consolidated subsidiary of the Company, and was added to the scope of consolidation. Seika Co., Ltd., and NAMCO ECOLOTECH LTD. were liquidated and thus were excluded from the scope of consolidation.	(1) Total Number of Consolidated Subsidiaries: 77 companies Names of Principal Consolidated Subsidiaries: Bandai Co., Ltd., NAMCO BANDAI Games Inc., NAMCO LIMITED, NAMCO BANDAI Holdings (USA) Inc., BANDAI S.A., NAMCO Holdings UK LTD. and BANDAI (H.K.) CO., LTD. Since BANDAI Polska sp. zo. o gained in importance and NAMCO BANDAI Live Creative Inc. was newly incorporated, those companies were added to the scope of consolidation from this consolidated fiscal year. In addition, regarding the companies included among consolidated subsidiaries in the previous consolidated fiscal year, (i) D3 Publisher Inc., and Entertainment Software Publishing, Inc., were merged into a consolidated subsidiary, (ii) NAMCO TRADING LTD. and NAMCO SPA RESORT LTD. were liquidated, and (iii) stock of Bowling Station S.L.U. was sold. Accordingly, those companies were excluded from 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.	(2) Names etc. of the Principal Non-Consolidated Subsidiaries: Same as left column

	Prior Fiscal Year (From April 1, 2009 to March 31, 2010)	Current Fiscal Year (From April 1, 2010 to March 31, 2011)
2. Information Concerning Application of Equity Method	(1) Number of Non-Consolidated Subsidiaries and Affiliated Companies to Which Equity Method Was Applied: 7 companies Names of the Principal Non-Consolidated Subsidiaries and Affiliated Companies to Which Equity Method Was Applied: Non-consolidated subsidiary: SHANGHAI NAMCO LTD. Affiliated companies: Happinet Corporation Sotsu Co., Ltd. People Co., Ltd. In addition, Distribution Partners S.A.S., through an additional acquisition of its shares, was made a wholly owned subsidiary, and thus was excluded from the scope of application of the equity method for this consolidated fiscal year. Tsuburaya Productions Co., Ltd. gained in importance and thus was treated as an associate accounted for using equity method. (2) Non-Consolidated Subsidiaries and Affiliated Companies to Which 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.	(1) Number of Non-Consolidated Subsidiaries and Affiliated Companies to Which Equity Method Was Applied: 7 companies Names of the Principal Non-Consolidated Subsidiaries and Affiliated Companies to Which Equity Method Was Applied: Non-consolidated subsidiary: SHANGHAI NAMCO LTD. Affiliated companies: Happinet Corporation Sotsu Co., Ltd. People Co., Ltd. (2) Non-Consolidated Subsidiaries and Affiliated Companies to Which Equity Method Was Not Applied Same as left column
3. Information Concerning the Fiscal Year, etc. for Consolidated Subsidiaries	NAMCO BANDAI Holdings (USA) Inc. and some other consolidated subsidiaries (18 domestic and 26 overseas subsidiaries) have the last day of December, January, or February as closing date. 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.	NAMCO BANDAI Holdings (USA) Inc. and some other consolidated subsidiaries (10 domestic and 25 overseas subsidiaries) have the last day of December, January, or February as closing date. 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, 2009 to March 31, 2010)	Current Fiscal Year (From April 1, 2010 to March 31, 2011)
4. Information Concerning the Basis for Accounting Treatment	(1) Basis of Recognition for Significant Provision:	(1) Basis of Recognition for Significant Provision:
	(i) Provision for Directors' Bonuses: Domestic consolidated subsidiaries provide accrued bonuses for directors based on the estimated amounts to be paid in respect of this consolidated fiscal year.	(i) Provision for Directors' Bonuses: 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.
	―――	(ii) Provision for Loss on Disaster: Certain domestic consolidated subsidiaries include the provision for loss on disaster in the estimated amount at the end of this consolidated fiscal year for expenditures to restore assets damaged by the Great East Japan Earthquake.
	(ii) Accrued Directors' and Corporate Auditors' Retirement and Severance Benefits: To provide for payment of retirement and severance benefits to directors and corporate auditors, certain domestic consolidated subsidiaries record the amount payable at the end of the consolidated fiscal year in accordance with internal regulations.	―――

Apart from the information contained above and in (7), other important information constituting the basis for preparation of consolidated financial statements has been omitted as no significant changes have occurred since this information was presented in the most recent annual security report (filed on June 22, 2010).

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

Prior Fiscal Year (From April 1, 2009 to March 31, 2010)	Current Fiscal Year (From April 1, 2010 to March 31, 2011)
(Change in Accounting Policies) Changes in classification of costs for the Amusement Facility Business Prior consolidated fiscal years, the costs of backroom support operations at amusement facilities was treated as cost of sales for the Amusement Facility Business; however, from this consolidated fiscal year, such costs are stated as selling, general and administrative expenses. This change is made to provide a more appropriate presentation of costs of facilities management operations from the point of view of the relationship between sales and cost of sales, in conjunction with reviewing how facilities are operated and the roles of operating staff, and clarifying the scope of facilities management operations, given that competition has grown more intense in the amusement facilities business. The impact of this change, in comparison with the classification used until the previous consolidated fiscal year, is a 2,011 million yen reduction in the cost of sales for this consolidated fiscal year with an equivalent increase in gross profit, as well as an increase in selling, general and administrative expenses by the same amount. This change has no impact upon operating income, recurring income and loss before income taxes and minority interests.	
	(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 this consolidated fiscal year. As a result, gross profit, operating income, and recurring income have each decreased by 83 million yen and income before income taxes and minority interests decreased by 1,334 million yen.
	(Application of Accounting Standard 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 this fiscal year.

(8) Change in Method of Presentation

Prior Fiscal Year (From April 1, 2009 to March 31, 2010)	Current Fiscal Year (From April 1, 2010 to March 31, 2011)
(Consolidated Balance Sheets) What had been stated separately through the previous consolidated fiscal year as “Guarantee money deposited” (for which the balance at the end of this consolidated fiscal year is 15,394 million yen) was stated within “Other investments and assets” under “Investments and other assets,” since it is at or below 5 percent of total of assets.	(Consolidated Balance Sheets) 1. What had been stated separately through the previous consolidated fiscal year as “Short-term investments” (for which the balance at the end of this consolidated fiscal year is 2,817 million yen) was stated within “Other current assets” under “Current assets,” since it is at or below 1 percent of total assets. 2. What had been stated separately through the previous consolidated fiscal year as “Goodwill” (for which the balance at the end of this consolidated fiscal year is 726 million yen) was stated within “Other intangible assets” under “Intangible assets,” since it is at or below 1 percent of total assets.
(Consolidated Statements of Operations) 1. “Amortization of negative goodwill,” which had been stated through the previous consolidated fiscal year within “Other non-operating income” under “Non-operating income” was stated separately, since it is above 10 percent of the total non-operating income. The total of “Amortization of negative goodwill” for the previous consolidated fiscal year was 116 million yen. 2. What had been stated through the previous consolidated fiscal year as “Equity in gain of affiliated companies” (for which the balance for this consolidated fiscal year is 0 million yen) was stated within “Other non-operating income” under “Non-operating income,” since it is at or below 10 percent of the total non-operating income. 3. “Loss on business restructuring,” which had been stated through the previous consolidated fiscal year within “Other extraordinary loss” under “Extraordinary loss” was stated separately, since its monetary importance has increased in this consolidated fiscal year. The total of “Loss on business restructuring” for the previous consolidated fiscal year was 114 million yen. 4. What had been stated through the previous consolidated fiscal year as “Loss on valuation of investment securities” (for which the balance for this consolidated fiscal year is 122 million yen), “Provision for allowance of doubtful receivables” (for which the balance for this consolidated fiscal year is 718 million yen), and “Litigation settlement” (for which the balance for this consolidated fiscal year is 66 million yen) were stated within “Other extraordinary loss” under “Extraordinary loss,” since each is at or below 10 percent of the total extraordinary loss.	(Consolidated Statements of Operations) 1. “Rent income,” which had been stated through the previous consolidated fiscal year within “Other non-operating income” under “Non-operating income” was stated separately, since it is above 10 percent of the total non-operating income. The total of “Rent income” for the previous consolidated fiscal year was 115 million yen. 2. What had been stated through the previous consolidated fiscal year as “Reversal of accrued retirement and severance benefits” (for which the balance for this consolidated fiscal year is 0 million yen) was stated within “Other extraordinary income” under “Extraordinary income,” since it is at or below 10 percent of the total extraordinary income. 3. “Loss on valuation of investment securities,” which had been stated through the previous consolidated fiscal year within “Other extraordinary loss” under “Extraordinary loss” was stated separately, since it is above 10 percent of the total extraordinary loss. The total of “Loss on valuation of investment securities” for the previous consolidated fiscal year was 122 million yen. 4. What had been stated through the previous consolidated fiscal year as “Loss on disposal of fixed assets” (for which the balance for this consolidated fiscal year is 564 million yen) and “Loss on business restructuring” (for which the balance for this consolidated fiscal year is 104 million yen), were stated within “Other extraordinary loss” under “Extraordinary loss,” since each is at or below 10 percent of the total extraordinary loss. 5. What had been stated through the previous consolidated fiscal year as “Income taxes for the previous period” (for which the balance for this consolidated fiscal year is 42 million yen) was stated within “Corporate income, inhabitant and enterprise taxes,” since its monetary importance has decreased in this consolidated fiscal year. 6. With the adoption of “Cabinet Office Ordinance for Partial Revision of the Regulation for Terminology, Forms and Preparation Methods of Financial Statements, etc.” (Cabinet Office Ordinance No. 5 of March 24, 2009), based on “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008), from this consolidated fiscal year, “Income before minority interests” is stated separately.

Prior Fiscal Year (From April 1, 2009 to March 31, 2010)	Current Fiscal Year (From April 1, 2010 to March 31, 2011)
(Consolidated Statements of Cash Flows) What had been stated through the previous consolidated fiscal year as “Increase (decrease) in accrued directors’ and corporate auditors’ retirement and severance benefits” (for which the balance for this consolidated fiscal year is negative 14 million yen) was stated within “Other” in “Cash flows from operating activities” due to its diminished monetary importance.	―――――――

(9) Additional Information

Prior Fiscal Year (From April 1, 2009 to March 31, 2010)	Current Fiscal Year (From April 1, 2010 to March 31, 2011)
(Additional Investment in NAMCO BANDAI Partners S.A.S.) On July 7, 2009, NAMCO BANDAI Games Europe S.A.S., a consolidated subsidiary of the Company, additionally acquired shares in Distribution Partners S.A.S. (which changed its corporate name to NAMCO BANDAI Partners S.A.S. after becoming a wholly owned subsidiary of NAMCO BANDAI Games Europe S.A.S.), making that company a consolidated subsidiary of the Company. 1. Name and Business Content of Acquired Company, Main Reason for the Business Combination, Date of the Business Combination, Legal Form of the Business Combination and Percentage of Voting Rights Acquired: (1) Name and Business Content of Acquired Company: Name: Distribution Partners S.A.S. (The Acquired Company changed its corporate name to NAMCO BANDAI Partners S.A.S. after becoming a wholly owned subsidiary of NAMCO BANDAI Games Europe S.A.S.) Business content: Distribution of electronic products and products for PCs and game consoles (2) Main Reason for the Business Combination: The objective is to build a distribution network for the Group in European region and strengthen its Game Contents Business in that region. (3) Date of the Business Combination: July 1, 2009 (4) Legal Form of the Business Combination: Acquisition of shares (5) Percentage of Voting Rights Acquired: 66.0% (Total percentage of voting rights after the additional acquisition of shares: 100.0%) 2. Period of Performance of the Acquired Company Included in the Consolidated Financial Statements: From July 1, 2009 to March 31, 2010 In addition, during the period from April 1, 2009 to June 30, 2009, the Acquired Company was an affiliated company of the Company to which the equity method was applied. 3. Acquisition Cost of the Acquired Company and the Breakdown of the Cost: Consideration paid for the additional acquisition of shares: 3,627 million yen Direct cost of acquisition: 53 million yen Existing equity: 631 million yen Acquisition cost: 4,312 million yen	―――――

<table>
<tr><th>Prior Fiscal Year
(From April 1, 2009 to March 31, 2010)</th><th>Current Fiscal Year
(From April 1, 2010 to March 31, 2011)</th></tr>
<tr><td>4. Value of Goodwill or Negative Goodwill Generated, Cause of the Generation, Amortization Method and Amortization Period:
(1) Value of Goodwill: 8,305 million yen
(2) Cause of the Generation:
Because the cost of the acquisition exceeded the market value of the net assets of the company at the time the business combination was carried out, the difference is recognized as goodwill.
(3) Amortization Method and Amortization Period:
Amortized by the straight-line method over five years.
At the end of this consolidated fiscal year, however, as a result of reviewing the business plan which was considered at the time of acquisition of the shares, it was determined that the future super-profit initially assumed could not be expected; thus, the relevant book value was reduced by the entire amount and that reduction is stated as an impairment loss under extraordinary loss.

5. Value of Assets Acquired and Liabilities Undertaken on the Date of the Business Combination and their Main Breakdown:
Current assets 17,344 million yen
Fixed assets 484 million yen
Total assets 17,828 million yen
Current liabilities 19,408 million yen
Long-term liabilities 2,413 million yen
Total liabilities 21,822 million yen

6. Contents of the Conditional Payment of Acquisition Price Stipulated in the Business Combination Agreement and the Subsequent Accounting Processing Policies:
Not applicable.

7. Amount Allocated to Research and Development Expenses, etc. in the Acquisition Cost, and its Category:
Not applicable.

8. Allocation of Acquisition Cost:
There are no distinguishable assets or liabilities that are allocated other than goodwill.</td><td></td></tr>
</table>

Prior Fiscal Year (From April 1, 2009 to March 31, 2010)	Current Fiscal Year (From April 1, 2010 to March 31, 2011)
9. Approximate amounts of impact on consolidated statements of operations if the business combination had been completed at the beginning of this consolidated fiscal year. Net sales 25,980 million yen Operating loss 3,926 million yen Recurring loss 4,396 million yen Net loss 4,592 million yen In the above calculation of approximate amounts for net sales and income/loss, the net sales and income/loss of Distribution Partners S.A.S. from April 1, 2009 through June 30, 2009 was added to the calculation. The above approximate amounts have not undergone attestation by an auditor.	
―――――――	"Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, June 30, 2010) is applied from this consolidated fiscal year. However, the amounts of "Accumulated other comprehensive income" and "Total accumulated other comprehensive income" for the previous consolidated fiscal year indicate the amounts of "Valuation difference and foreign currency translation adjustments" and "Total valuation difference and foreign currency translation adjustments," respectively.

(10) Notes to Consolidated Financial Statements

(Consolidated Statements of Comprehensive Income)

Current Fiscal Year (From April 1, 2010 to March 31, 2011)

*1. Comprehensive income for the consolidated fiscal year immediately prior to this consolidated fiscal year

	(¥ million)
Comprehensive income attributable to owners of the parent	(25,149)
Comprehensive income attributable to minority interests	189
Total	(24,959)

*2. Other comprehensive income for the consolidated fiscal year immediately prior to this consolidated fiscal year

	(¥ million)
Unrealized gains or losses on other securities, net of tax	1,879
Deferred gains or losses on hedges, net of tax	185
Land revaluation, net of tax	(192)
Foreign currency translation adjustments	2,906
Share of other comprehensive income of associates accounted for using equity method	53
Total	4,833

(Segment Information)

a. By Business Segment

Prior Fiscal Year (From April 1, 2009 to March 31, 2010)

(¥ million)

	Toys and Hobby Business	Game Contents Business	Visual and Music Content Business	Amusement Facility Business	Other Businesses	Total	Eliminations and Corporate	Consolidated Total
I Net sales and operating income (loss)								
Net sales								
(1) To external customers	145,672	132,177	27,909	65,112	7,674	378,547	–	378,547
(2) Inter-segment sales and transfers	3,170	5,350	1,326	250	9,777	19,876	(19,876)	–
Total	148,843	137,528	29,236	65,362	17,452	398,423	(19,876)	378,547
Operating expenses	138,057	144,373	30,107	65,077	17,093	394,710	(18,047)	376,663
Operating income (loss)	10,786	(6,845)	(871)	284	358	3,712	(1,828)	1,883
II Assets, depreciation and amortization, impairment loss, and capital expenditure								
Assets	111,992	101,495	19,240	38,775	17,578	289,082	36,853	325,935
Depreciation and amortization	8,194	5,477	2,266	7,319	482	23,740	216	23,956
Impairment loss	146	7,041	6,312	2,351	50	15,902	–	15,902
Capital expenditure	6,865	1,870	513	4,496	422	14,168	249	14,418

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. Unallocatable operating expenses included in the “Eliminations and Corporate” column under “Operating expenses” were 2,685 million yen. The majority of this cost represents administrative costs incurred by the administration sector of the Company and NAMCO BANDAI Holdings (USA) Inc.
4. Unallocatable assets included in the “Eliminations and Corporate” column under “Assets” were 44,168 million yen. The significant assets included in the amounts were surplus operating funds (cash and time deposits) of the Company, long-term investment funds (investment securities), and assets held by the administration sector.
5. Depreciation and amortization includes amortization of goodwill.

6. 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 this fiscal year 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 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 Total
I Net sales and operating income (loss)								
Net sales								
(1) To external customers	163,068	144,221	33,633	76,917	8,559	426,399	–	426,399
(2) Inter-segment sales and transfers	2,656	5,669	1,004	352	10,449	20,133	(20,133)	–
Total	165,725	149,891	34,638	77,269	19,009	446,533	(20,133)	426,399
Operating expenses	154,191	138,281	34,599	76,876	18,443	422,393	(18,341)	404,051
Operating income	11,533	11,609	38	393	565	24,140	(1,792)	22,348
II Assets, depreciation and amortization, impairment loss, and capital expenditure								
Assets	130,404	119,604	48,071	54,400	19,206	371,687	(8,242)	363,444
Depreciation and amortization	8,972	4,073	3,113	9,570	926	26,657	85	26,742
Impairment loss	63	–	13	776	77	930	22	953
Capital expenditure	6,723	2,609	885	6,712	385	17,316	164	17,481

b. By Geographic Segment

Prior Fiscal Year (From April 1, 2009 to March 31, 2010)

(¥ million)

	Japan	Americas	Europe	Asia	Total	Eliminations and Corporate	Consolidated Total
I Net sales and operating income (loss)							
Net sales							
(1) To external customers	286,209	29,269	45,955	17,112	378,547	–	378,547
(2) Inter-segment sales and transfers	11,768	3,582	961	21,578	37,891	(37,891)	–
Total	297,978	32,852	46,916	38,691	416,438	(37,891)	378,547
Operating expenses	292,440	36,177	47,305	35,922	411,846	(35,182)	376,663
Operating income (loss)	5,537	(3,324)	(388)	2,768	4,592	(2,708)	1,883
II Assets	206,157	28,465	40,432	24,888	299,942	25,992	325,935

Notes: 1. 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 fiscal year ended March 31, 2010, 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.

2. Unallocatable operating expenses included in the "Eliminations and Corporate" column under "Operating expenses" were 2,685 million yen. The majority of this cost represents administrative costs incurred by the administration sector of the Company and NAMCO BANDAI Holdings (USA) Inc.

3. Assets included in the "Eliminations and Corporate" column under "Assets" approximated 44,168 million yen. The significant assets included in the amounts were surplus operating funds (cash and time deposits) of the Company, long-term investment funds (investment securities), and assets held by the administration sector.

c. Foreign Sales

Prior Fiscal Year (From April 1, 2009 to March 31, 2010)

		Americas	Europe	Asia	Total
I	Foreign sales (¥ million)	31,370	46,196	21,720	99,286
II	Consolidated sales (¥ million)	–	–	–	378,547
III	Share of sales to customers outside Japan (%)	8.3	12.2	5.7	26.2

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 fiscal year ended March 31, 2010, due to the new consolidation of NAMCO BANDAI Partners S.A.S. and its 18 subsidiaries, Germany was added to the Europe geographic segment.

d. Segment Information

Current Fiscal Year (From April 1, 2010 to March 31, 2011)

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

2. Method for calculating the amounts of net sales, profit/loss, assets, liabilities and others by reportable segment

The accounting method used for the business segments reported is the same as the accounting method stated in “Important Information Constituting the Basis for Preparation of Consolidated Financial Statements.”

The profit of reportable segments is measured by operating income.

The inter-segment transactions are based on prevailing market prices.

3. Information regarding the amounts of net sales, profit/loss, assets, liabilities and others by reportable segment

Prior Fiscal Year (From April 1, 2009 to March 31, 2010)

(¥ million)

	Reportable Segments				Other Businesses (Note 1)	Total	Adjustments (Note 2)	Consolidated Total (Note 3)
	Toys and Hobby Business	Content Business	Amusement Facility Business	Total				
Net sales								
To external customers	145,672	161,644	65,112	372,429	6,117	378,547	–	378,547
Inter-segment sales and transfers	3,170	5,827	250	9,248	9,672	18,921	(18,921)	–
Total	148,843	167,471	65,362	381,678	15,790	397,468	(18,921)	378,547
Segment profit (loss)	10,786	(7,760)	284	3,310	322	3,633	(1,749)	1,883
Segment assets	111,992	120,335	38,775	271,103	17,278	288,382	37,553	325,935
Others								
Depreciation and amortization	8,194	7,747	7,319	23,261	478	23,740	216	23,956
Impairment loss	146	13,354	2,351	15,852	50	15,902	–	15,902
Increase in property, plant and equipment and intangible assets	6,865	2,384	4,496	13,747	421	14,168	249	14,418

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. The details of adjustment amounts are as follows:

(1) Included in the 1,749 million yen deducted from segment profit or loss as adjustment are an addition of 935 million yen in inter-segment eliminations, and a deduction of 2,685 million yen in corporate expenses that cannot be allocated to any reportable segment. The corporate expenses are mainly costs related to the administration sector that has not been attributed to a reportable segment.

(2) Included in the 37,553 million yen added to segment assets as adjustment are a deduction of 6,614 million yen in inter-segment eliminations, and an addition of 44,168 million yen in corporate assets that cannot be allocated to any reportable segment. The corporate assets are mainly cash and time deposits, investment securities, and assets etc. related to the administration sector that has not been attributed to a reportable segment.

(3) Included in the 216 million yen added to depreciation and amortization as adjustment are a deduction of 152 million yen in inter-segment eliminations, and an addition of 368 million yen in depreciation and amortization related to the administration sector that has not been attributed to a reportable segment. The amount of depreciation and amortization includes the amount of amortization of goodwill.

(4) Included in the 249 million yen added to increase in property, plant and equipment and intangible assets as adjustment is the amount of corporate assets that cannot be allocated to any reportable segment.

3. Segment profit is adjusted with operating income in the consolidated statements of operations.

Current Fiscal Year (From April 1, 2010 to March 31, 2011)

(¥ million)

	Reportable Segments				Other Businesses (Note 1)	Total	Adjustments (Note 2)	Consolidated Total (Note 3)
	Toys and Hobby Business	Content Business	Amusement Facility Business	Total				
Net sales								
To external customers	154,706	170,653	62,268	387,627	6,550	394,178	–	394,178
Inter-segment sales and transfers	3,667	9,263	69	13,001	11,952	24,953	(24,953)	–
Total	158,374	179,917	62,337	400,629	18,503	419,132	(24,953)	394,178
Segment profit	13,812	3,092	1,778	18,684	810	19,494	(3,156)	16,338
Segment assets	99,385	119,044	34,153	252,583	17,979	270,563	37,705	308,269
Others								
Depreciation and amortization	9,475	2,434	6,183	18,094	470	18,565	(564)	18,000
Amortization of goodwill	2	1,792	147	1,943	–	1,943	281	2,224
Impairment loss	324	83	587	995	1	996	–	996
Investment in associates accounted for using equity method	1,097	–	137	1,235	7,343	8,578	–	8,578
Increase in property, plant and equipment and intangible assets	7,075	1,688	4,185	12,948	220	13,168	270	13,438

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. The details of adjustment amounts are as follows:
   (1) Included in the 3,156 million yen deducted from segment profit as adjustment are a deduction of 254 million yen in inter-segment eliminations, and a deduction of 2,901 million yen in corporate expenses that cannot be allocated to any reportable segment. The corporate expenses are mainly costs related to the administration sector that has not been attributed to a reportable segment.
   (2) Included in the 37,705 million yen added to segment assets as adjustment are a deduction of 7,327 million yen in inter-segment eliminations, and an addition of 45,033 million yen in corporate assets that cannot be allocated to any reportable segment. The corporate assets are mainly cash and time deposits, investment securities, and assets etc. related to the administration sector that has not been attributed to a reportable segment.
   (3) Included in the 564 million yen deducted from depreciation and amortization as adjustment are a deduction of 811 million yen in inter-segment eliminations, and an addition of 246 million yen in depreciation and amortization related to the administration sector that has not been attributed to a reportable segment.
   (4) Included in the 281 million yen added to amortization of goodwill as adjustment is amortization related to goodwill that cannot be allocated to any reportable segment.
   (5) Included in the 270 million yen added to increase in property, plant and equipment and intangible assets as adjustment is the amount of corporate assets that cannot be allocated to any reportable segment.

3. Segment profit is adjusted with operating income in the consolidated statements of operations.

(Additional information)

"Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, March 21, 2008) were applied from this fiscal year.

e. Related Information

Current Fiscal Year (From April 1, 2010 to March 31, 2011)

1. Information by product and service

This information is omitted because the same information has been presented in Segment Information.

2. Information by region

(1) Net sales

(¥ million)

Japan	Americas	Europe	Asia	Total
307,660	29,690	37,274	19,553	394,178

Note: Net sales are classified by country and region based on customer location.

(2) Property, plant and equipment

(¥ million)

Japan	Americas	Europe	Asia	Total
37,244	1,673	1,953	1,719	42,591

3. Information by major customer

(¥ million)

Name of customer	Net sales	Names of related segments
Happinet Corporation	43,046	Toys and Hobby Business and Content Business

f. Information Regarding Loss on Impairment of Fixed Assets by Reportable Segment

Current Fiscal Year (From April 1, 2010 to March 31, 2011)

(¥ million)

	Toys and Hobby Business	Content Business	Amusement Facility Business	Other Businesses (Note)	Eliminations and Corporate	Total
Loss on impairment of fixed assets	324	83	587	1	–	996

Note: The amount of "Other Businesses" is the amount belonging to the logistics support business for each of the Group's strategic business units.

g. Information Regarding Amortized Amounts and Unamortized Balance of Goodwill by Reportable Segment

Current Fiscal Year (From April 1, 2010 to March 31, 2011)

(¥ million)

	Toys and Hobby Business	Content Business	Amusement Facility Business	Other Businesses	Eliminations and Corporate (Note)	Total
Amortized amount	2	1,792	147	–	281	2,224
Unamortized balance	–	384	0	–	341	726

Note: The amount of “Eliminations and Corporate” is the amount for investment securities etc. that were transferred from subsidiaries to the Company as a result of business combinations.

Note that the amortized amounts and unamortized balance of negative goodwill that were recognized as a result of business combinations conducted before April 1, 2010 are as follows.

(¥ million)

	Toys and Hobby Business	Content Business	Amusement Facility Business	Other Businesses (Note)	Eliminations and Corporate	Total
Amortized amount	–	4	–	114	–	118
Unamortized balance	–	9	–	–	–	9

Note: The amount of “Other Businesses” is the amount belonging to the logistics support business for each of the Group’s strategic business units.

h. Information Regarding Gain on Negative Goodwill by Reportable Segment

Current Fiscal Year (From April 1, 2010 to March 31, 2011)

Not applicable.

(Per Share Data)

Prior Fiscal Year (From April 1, 2009 to March 31, 2010)		Current Fiscal Year (From April 1, 2010 to March 31, 2011)	
Net assets per share	938.74 yen	Net assets per share	896.83 yen
Net loss per share	123.98 yen	Net income per share	7.71 yen
Although potential shares exist, diluted net income per share is not disclosed due to the recording of a net loss per share.		Diluted net income per share	7.71 yen

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

	Prior Fiscal Year (From April 1, 2009 to March 31, 2010)	Current Fiscal Year (From April 1, 2010 to March 31, 2011)
Net income (loss) per share		
Net income (loss) (¥ million)	(29,928)	1,848
Amount not applicable to common stockholders (¥ million)	–	–
Net income (loss) available to common stock (¥ million)	(29,928)	1,848
Average number of common stock outstanding (shares)	241,402,251	239,810,150
Diluted net income per share		
Net income adjustment (¥ million)	–	–
Increase in number of common stock (shares)	–	31,487
[Stock subscription rights]	–	(31,487)
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): Stock subscription rights pursuant to resolution of the Ordinary General Meeting of Shareholders of June 26, 2006: Series 3 stock subscription rights for 1,753,000 shares of common stock Series 4 stock subscription rights for 562,000 shares of common stock Stock subscription rights pursuant to resolution of the Ordinary General Meeting of Shareholders of June 25, 2007: Series 2–1 stock subscription rights for 92,600 shares of common stock Series 2–2 stock subscription rights for 49,700 shares of common stock	―――

(Significant Subsequent Events)

Prior Fiscal Year (From April 1, 2009 to March 31, 2010)	Current Fiscal Year (From April 1, 2010 to March 31, 2011)
―――――――	(Method of treasury stock acquisition) Concerning a resolution made by the Board of Directors meeting held on February 25, 2011 on the acquisition of treasury stock, the Company, at a Board of Directors meeting held on May 10, 2011, resolved the concrete acquisition method set forth below in accordance with the provision of Article 156, Paragraph 1 of the Companies Act as applied by replacing the relevant terms pursuant to Article 165, Paragraph 3 of the Companies Act and the Company's Articles of Incorporation. (1) Reason for acquisition To improve capital efficiency by effectively utilizing assets held and to execute capital policy with the flexibility to respond to change in the business environment. (2) Acquisition method Acquisition from market, etc. The Company will acquire shares from the market up to the total number and amount not exceeding those calculated after deducting the number and amount of the shares acquired by tender offer from February 28 to March 28, 2011. (3) Period of acquisition From May 11, 2011 to December 31, 2011 (4) Other Contents of resolution at Board of Directors meeting held on February 25, 2011 a. Type of shares to be acquired Common stock b. Total number of shares to be acquired 20,000,000 shares (maximum) c. Total amount for share acquisition 20,000 million yen (maximum) d. Period of share acquisition From February 28, 2011 to December 31, 2011 e. Status of shares acquired after above Board of Directors resolution Total number of acquired shares: 5,005,364 shares Total amount paid for acquired shares: 4,434 million yen

(Disclosure Omissions)

Disclosure of the following is omitted because the necessity of disclosure in this financial report is deemed immaterial: lease transactions, transactions with related parties, tax effect accounting; financial instruments, short-term investments, derivative transactions, retirement and severance benefits, stock options etc., and matters concerning asset retirement obligations.

4. Other

Changes in Directors and Corporate Auditors

(1) Change in Representative

Not applicable.

(2) Other Changes in Directors and Corporate Auditors (Effective June 20, 2011)

New candidates for Directors

Director (Outside)	Nobuo Sayama (current position: Professor, Graduate School of International Corporate Strategy (ICS), Hitotsubashi University, Director of GCA Savvian Group Corporation)
Director (Outside)	Tomohisa Tabuchi (current position: Partner of STW & Partners, Corporate Auditor (Outside) of NAMCO BANDAI Games Inc.)

Retiring Directors

Director (Outside)	Masatake Yone
Director (Outside)	Kazuo Ichijo

(3) Responsible Area of Directors (Effective June 20, 2011)

Shukuo Ishikawa	President and Representative Director
Takeo Takasu	Director and Senior Advisor
Shuji Ohtsu	Director in charge of Overseas Operations and Division General Manager of Group Administrative Headquarters
Yuji Asako	Director and Division General Manager of the Corporate Planning Division
Kazunori Ueno	Director (Part-time) in charge of Toys and Hobby SBU
Masahiro Tachibana	Director (Part-time) in charge of Amusement Facility SBU
Manabu Tazaki	Director (Outside)
Nobuo Sayama	Director (Outside)
Tomohisa Tabuchi	Director (Outside)