



# **NAMCO BANDAI Holdings Inc.**

## **Consolidated Financial Report for the Third Quarter of the Fiscal Year Ending March 31, 2013**

February 5, 2013

### **DISCLAIMER**

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

# NAMCO BANDAI Holdings Inc.

Stock Listing: Tokyo Stock Exchange

Code Number: 7832

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

February 5, 2013

## Consolidated Financial Report for the Third Quarter of the Fiscal Year Ending March 31, 2013 (Japanese GAAP)

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Scheduled filing date of the quarterly security report: February 12, 2013

Scheduled starting date for dividend payments: -

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

The information session of the Financial Results for the Quarter: Yes (for institutional investors and analysts)

\* Figures are in millions of yen, rounded down

### 1. Consolidated Results for the Third Quarter of the Fiscal Year Ending March 31, 2013 (April 1, 2012 to December 31, 2012)

#### (1) Consolidated Operating Results (For the Nine Months Ended December 31, 2012)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Recurring income	
	¥ million	%	¥ million	%	¥ million	%
<b>Third Quarter of the Fiscal Year Ending March 31, 2013</b>	<b>350,637</b>	<b>8.4</b>	<b>44,194</b>	<b>43.6</b>	<b>45,046</b>	<b>46.2</b>
Third Quarter of the Fiscal Year Ended March 31, 2012	323,397	12.3	30,783	85.3	30,811	85.9

	Net income		Net income per share	Net income per share (diluted)
	¥ million	%	¥	¥
<b>Third Quarter of the Fiscal Year Ending March 31, 2013</b>	<b>27,995</b>	<b>71.7</b>	<b>127.43</b>	-
Third Quarter of the Fiscal Year Ended March 31, 2012	16,301	343.7	71.75	-

(Note) Comprehensive income: 29,208 million yen [89.7%] (FY2013.3 3Q), 15,398 million yen [- %] (FY2012.3 3Q)

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
<b>As of December 31, 2012</b>	<b>349,361</b>	<b>236,464</b>	<b>67.2</b>
As of March 31, 2012	342,171	213,125	61.8

(Reference) Equity: 234,728 million yen (as of December 31, 2012), 211,443 million yen (as of March 31, 2012)

## 2. Cash Dividends

	Annual cash dividends				
	End of first quarter	End of second quarter	End of third quarter	Fiscal year-end	Total
Fiscal Year Ended March 31, 2012	–	¥12.00	–	¥14.00	¥26.00
Fiscal Year Ending March 31, 2013	–	¥12.00	–		
Fiscal Year Ending March 31, 2013 (Projections)				¥18.00	¥30.00

(Note) Revision to the projections of cash dividends for the Fiscal Year Ending March 31, 2013: Yes

## 3. Consolidated Projections for the Fiscal Year Ending March 31, 2013 (April 1, 2012 to March 31, 2013)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Recurring income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full Fiscal Year	460,000	1.3	42,500	22.8	42,500	21.6	24,500	26.9	111.52

(Note) Revision to the projections: Yes

Consolidated projections for the full fiscal year ending March 31, 2013 (announced on November 2, 2012) are revised in this document. For more details, please refer to the section of “(3) Qualitative Information Regarding Consolidated Projections” of “1. Qualitative Information Regarding Consolidated Results for the Third Quarter” on page 4 of the attached material.

### \* Notes

#### (1) Changes in Significant Subsidiaries during the Period

(Changes in Specified Subsidiaries Resulting in the Change in Scope of Consolidation): Yes

Included: – company Excluded: 1 company (NAMCO BANDAI Partners S.A.S.)

(Note) For more details, please refer to the section of “(1) Changes in Significant Subsidiaries during the Period” of “2. Matters Regarding Summary Information (Notes)” on page 5 of the attached material.

#### (2) Application of Special Accounting for Preparing the Quarterly Consolidated Financial Statements: Yes

(Note) For more details, please refer to the section of “(2) Application of Special Accounting for Preparing the Quarterly Consolidated Financial Statements” of “2. Matters Regarding Summary Information (Notes)” on page 5 of the attached material.

#### (3) Changes in Accounting Policies, Changes in Accounting Estimation and Restatement

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

b) Changes in accounting policies due to revisions to other reasons: No

c) Changes in accounting estimation: Yes

d) Restatement: No

(Note) These items fall in those set forth in Article 10-5 of the Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements. For more details, please refer to the section of “(3) Changes in Accounting Policies, Changes in Accounting Estimation and Restatement” of “2. Matters Regarding Summary Information (Notes)” on page 5 of the attached material.

#### (4) Number of Issued Shares (Common Stock)

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

As of December 31, 2012 222,000,000 shares

As of March 31, 2012 222,000,000 shares

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

As of December 31, 2012 2,308,895 shares

As of March 31, 2012 2,308,176 shares

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

For the Third Quarter of the Fiscal Year ending March 31, 2013 219,691,394 shares

For the Third Quarter of the Fiscal Year ended March 31, 2012 227,196,486 shares

### \* Implementation status of quarterly review

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

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

- Forward-Looking Statements:

Forward-looking statements that have been released prior to this document are based on management’s estimates, assumptions, projections and information available at the time of its publications and do not purport to be a promise by the Company to achieve such results. A number of factors could cause actual results to differ materially from expectations. Please refer to the section of “(3) Qualitative Information Regarding Consolidated Projections” of “1. Qualitative Information Regarding Consolidated Results for the Third Quarter” on page 4 of the attached material for matters pertaining to the earnings projections.

- To obtain the additional materials:

The additional materials of the Financial Results for the Quarter will be posted on the Company’s website on February 5, 2013.

## Attached Material

### Index

<b>1. Qualitative Information Regarding Consolidated Results for the Third Quarter .....</b>	<b>2</b>
(1) Qualitative Information Regarding Consolidated Operating Results.....	2
(2) Qualitative Information Regarding Consolidated Financial Position .....	3
(3) Qualitative Information Regarding Consolidated Projections .....	4
<b>2. Matters Regarding Summary Information (Notes).....</b>	<b>5</b>
(1) Changes in Significant Subsidiaries during the Period .....	5
(2) Application of Special Accounting for Preparing the Quarterly Consolidated Financial Statements .....	5
(3) Changes in Accounting Policies, Changes in Accounting Estimation and Restatement .....	5
(4) Additional Information.....	5
<b>3. Consolidated Financial Statements .....</b>	<b>6</b>
(1) Quarterly Consolidated Balance Sheets .....	6
(2) Quarterly Consolidated Statements of Operations and Quarterly Consolidated Statements of Comprehensive Income....	8
(Quarterly Consolidated Statements of Operations) .....	8
(Quarterly Consolidated Statements of Comprehensive Income) .....	9
(3) Notes on Premise of Going Concern.....	10
(4) Notes on Significant Changes in the Amount of Stockholders' Equity.....	10
(5) Segment Information .....	10

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

## (1) Qualitative Information Regarding Consolidated Operating Results

During the third quarter (nine months) of the fiscal year ending March 31, 2013, despite some signs of recovery in the Japanese economy, overall economic conditions continued to be harsh, mainly because of a slowdown in overseas economies caused by financial instability in Europe and foreign exchange fluctuation. As for the entertainment industry, weak individual consumption and other factors have added further uncertainty to the outlook.

In this environment, the BANDAI NAMCO Group (“the Group”) is implementing various measures aimed at medium- to long-term growth under the concept of “Empower, Gain Momentum, Accelerate Evolution,” which is the vision of the Group’s new Mid-term Plan, started in the current fiscal year. On the business front, the Content Business contributed to performance in each category, particularly in network content by coordinated deployment revolving around IP (Intellectual Property) such as characters.

Consequently, the Group’s consolidated results for the third quarter (nine months) were net sales of 350,637 million yen (year-on-year increase of 8.4%), operating income of 44,194 million yen (year-on-year increase of 43.6%), recurring income of 45,046 million yen (year-on-year increase of 46.2%), and net income of 27,995 million yen (year-on-year increase of 71.7%).

### Operating Results by Segment

#### Toys and Hobby Business

In the Toys and Hobby Business, domestically, sales performed favorably due to coordinated sales of products in the variety of categories revolving around toys including the *KAMEN RIDER* series and *SMILE PRETTY CURE!*. Although domestic performance was lower year on year in total, for reasons such as the latest *Super Sentai* series (*POWER RANGERS* series) not performing as well as the successful predecessor and a lower gross margin ratio resulting from changes in the product mix, the Group made steady efforts toward broadening the variety of customers targeted with products such as *Aikatsu!* new characters for girls, plastic models for elementary school students, and highly collectable toys for adults.

Overseas, in North America and Europe, although products of the *Power Rangers* series sold favorably, overall performance was weak amid a harsh market environment. In the Asian region, plastic models and highly collectable toys for adults became popular in addition to character toys thanks to developments in conjunction with Japan.

As a result, net sales in the Toys and Hobby Business were 129,279 million yen (year-on-year decrease of 3.2%), and segment income was 12,529 million yen (year-on-year decrease of 28.3%).

#### Content Business

In the Content Business, the network content area made a significant contribution to this business’s performance mainly through social games such as the *Mobile Suit Gundam* series, *ONE PIECE Grand Collection*, and *THE IDOL M@STER CINDERELLA GIRLS*. Arcade game machines for well-established series and new game machines such as *Fishing Spirits* became popular, and prize sales of popular characters were favorable. Also contributing to performance were visual and music content areas, which enjoyed favorable sales of *Mobile Suit Gundam UC (Unicorn)* and repeat sales of visual packages that were launched in previous years, as well as sales of LCD units for pachinko and pachislot machines. In home video game software, in addition to the launch of the latest titles of popular series such as *SOULCALIBUR*, *NARUTO*, and *TALES OF* in both the Japanese and overseas markets, *Mobile Suit Gundam Battle*

*Operation*, a download-only PlayStation 3 title, and titles modeled on popular television programs etc. sold favorably in Japan.

As a result, net sales in the Content Business were 184,898 million yen (year-on-year increase of 22.1%), and segment income was 30,982 million yen (year-on-year increase of 166.3%).

#### **Amusement Facility Business**

In the Amusement Facility Business, domestically, despite a steady performance mainly by differentiated facilities located in shopping centers that offer customers the opportunity to experience the distinctive worldview of specific characters, sales of existing facilities declined to 94.6% from the same period of the previous fiscal year, when we recorded high level of sales.

In the challenging market environment presented by countries outside Japan, results were roughly level with those of the same period of the previous fiscal year as a result of efficiency in operations from the selection and concentration of stores.

As a result, net sales in the Amusement Facility Business were 43,845 million yen (year-on-year decrease of 4.6%), and segment income was 940 million yen (year-on-year decrease of 48.6%).

Number of Facilities as of December 31, 2012

Directly Managed Facilities	Revenue-Sharing Facilities	Others	Total
255	1,024	2	1,281

#### **Other Businesses**

Other Businesses consist of companies that conduct businesses such as logistics support, printing, and other kinds of administration and operational support for each of the Group's strategic business units. We are making efforts to manage such operations related to group support in an efficient manner.

As a result, net sales in the Other Businesses were 19,520 million yen (year-on-year increase of 10.0%), and segment income was 1,732 million yen (year-on-year decrease of 1.5%).

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

At the end of the third quarter of the fiscal year ending March 31, 2013, total assets stood at 349,361 million yen, an increase of 7,189 million yen from the end of the previous fiscal year. The main factors were increases of 5,589 million yen in work in process, 4,843 million yen in trade receivables, and 2,638 million yen in property, plant and equipment, while there was a decrease of 6,362 million yen in cash and time deposits mainly due to payments of cash dividends and income taxes.

Total liabilities amounted to 112,897 million yen, a decrease of 16,149 million yen from the end of the previous fiscal year. The main factors were decreases of 4,396 million yen in trade payables, 4,057 million yen in accrued income taxes mainly due to income taxes paid, 2,716 million yen in long-term borrowings, and 1,212 million yen in short-term borrowings due to repayment, and 1,923 million yen in accrued employee bonuses included in other current liabilities mainly due to employee bonuses paid.

Total net assets stood at 236,464 million yen, an increase of 23,339 million yen from the end of the previous fiscal year.

The main factors were increases of 21,480 million yen in retained earnings thanks to the recording of net income through favorable consolidated results, and 1,400 million yen in foreign currency translation adjustments due to foreign exchange fluctuation, despite cash dividends paid of 5,714 million yen.

As a result, the equity ratio became 67.2% compared with 61.8% at the end of the previous fiscal year.

### **(3) Qualitative Information Regarding Consolidated Projections**

As for the future of the economy, the Group expects a difficult business environment to continue, including a weak individual consumption in Japan and an economic slowdown in North America and Europe. Such factors are also expected to have an 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 started its three-year Mid-term Plan in the current fiscal year, and will steadily implement the strategies in this plan, aiming for medium- to long-term growth.

Specifically, in the Toys and Hobby Business, our plan for the Japanese market is to strengthen development through coordinated sales of products in the variety of categories revolving around long-established character toys, such as *KAMEN RIDER WIZARD* as well as *Kyouryuger* (*Power Rangers* series) and *DOKIDOKI! PRETTY CURE*, which started in February 2013. In addition, we will aim for the position as the overwhelming No. 1 in Japan by introducing new products and services such as card games, plastic models, and highly collectable toys for adults targeting the variety of customers. Overseas, in the ongoing harsh market environment of North America and Europe, the Group will strive to improve profitability by focusing on products of the mainstay content *Power Rangers* series by strengthening integrated brand management of North America and Europe while restoring the business foundation for next fiscal year. In the Asian region, the Group aims to achieve growth through developments in conjunction with Japan, focusing on plastic models and highly collectable toys for adults that are popular in Japan.

With respect to the Content Business, in the popular network contents, the Group aims to achieve stable deployment of social games through the launch of new games and timely upgrades of existing content and strengthening deployment of content for PC such as *Mobile Suit Gundam Online*. Aiming to promote sales, we will release *ONE PIECE KAIZOKU MUSOU 2* for PlayStation 3 and PS Vita for home video game software, which will enter the off-season for title releases, and *Mobile Suit Gundam UC episode 6 "SORA to HOSHI to"* for our strongly performing visual and music content.

In the Amusement Facility Business, in Japan, we will continue to promote the development of differentiated facilities that offer the experience of the Group's distinctive worldview of specific characters, while developing facilities and services aimed at each target customer through reinforcement of our marketing by customer segment. Overseas, we will strive to improve profitability by implementing various efficiency measures in North America and Europe.

In light of the favorable performance of the Content Business in Japan in the third quarter (nine months) and more recently, the Group has revised its consolidated projections for the full fiscal year ending March 31, 2013 that was announced in the Consolidated Financial Report for the Second Quarter of the Fiscal Year Ending March 31, 2013 on November 2, 2012. Please see page 5 for the details of the revision.

Revision to the consolidated projections for the full fiscal year  
(April 1, 2012 to March 31, 2013)

	Net Sales (¥ million)	Operating Income (¥ million)	Recurring Income (¥ million)	Net Income (¥ million)	Net Income per Share
Previous projections (A)	455,000	40,000	40,000	23,000	104.69 yen
Revised projections (B)	460,000	42,500	42,500	24,500	111.52 yen
Change in amount (B-A)	5,000	2,500	2,500	1,500	-
Change (%)	1.1	6.3	6.3	6.5	-
Reference: Results for the previous fiscal year (April 1, 2011 to March 31, 2012)	454,210	34,606	34,960	19,303	85.62 yen

## 2. Matters Regarding Summary Information (Notes)

### (1) Changes in Significant Subsidiaries during the Period

During the second quarter, on September 28, 2012, a consolidated subsidiary NAMCO BANDAI Partners S.A.S. was merged into a consolidated subsidiary NAMCO BANDAI Games Europe S.A.S., and it was excluded from the scope of consolidation as a result.

### (2) Application of Special Accounting for Preparing the Quarterly Consolidated Financial Statements

#### *Calculation of taxes*

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

### (3) Changes in Accounting Policies, Changes in Accounting Estimation and Restatement

#### *Change in accounting policy that is difficult to distinguish from change in accounting estimation*

Following the revision of the Corporation Tax Act, the Company and part of its domestic consolidated subsidiaries applied the depreciation method in compliance with the revised Corporation Tax Act to property, plant and equipment acquired on or after April 1, 2012 from the first quarter of the fiscal year ending March 31, 2013.

Consequently, operating income, recurring income, and income before income taxes and minority interests for the third quarter (nine months) increased by 183 million yen, respectively, compared with the previous method.

### (4) Additional Information

#### *Application of consolidated taxation regime*

Effective from April 1, 2012, the Company applied consolidated taxation regime.



### 3. Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

(¥ million)

	Prior Fiscal Year (As of March 31, 2012)	Current 3rd quarter (As of December 31, 2012)
Assets		
Current assets		
Cash and time deposits	106,958	100,596
Trade receivables	69,102	73,945
Short-term investments	2,073	4,428
Finished goods and merchandise	12,907	13,636
Work in process	19,417	25,007
Raw materials and supplies	4,714	5,117
Other current assets	26,423	23,773
Allowance for doubtful receivables	(677)	(512)
Total current assets	240,920	245,992
Fixed assets		
Property, plant and equipment	44,500	47,138
Intangible assets	8,194	8,155
Investments and other assets		
Other investments and assets	50,267	49,454
Allowance for doubtful receivables	(1,711)	(1,379)
Total investments and other assets	48,556	48,074
Total fixed assets	101,251	103,369
Total assets	342,171	349,361

(¥ million)

	Prior Fiscal Year (As of March 31, 2012)	Current 3rd quarter (As of December 31, 2012)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade payables	48,742	44,346
Short-term borrowings	6,773	5,560
Accrued income taxes	9,360	5,302
Provision	2,980	2,705
Other current liabilities	40,091	36,401
<b>Total current liabilities</b>	<b>107,946</b>	<b>94,315</b>
<b>Long-term liabilities</b>		
Long-term borrowings	12,883	10,166
Accrued retirement and severance benefits	3,140	3,526
Other long-term liabilities	5,075	4,888
<b>Total long-term liabilities</b>	<b>21,099</b>	<b>18,581</b>
<b>Total liabilities</b>	<b>129,046</b>	<b>112,897</b>
<b>Net assets</b>		
<b>Stockholders' equity</b>		
Common stock	10,000	10,000
Additional paid-in capital	52,245	52,245
Retained earnings	173,250	194,730
Treasury stock	(2,383)	(2,384)
<b>Total stockholders' equity</b>	<b>233,112</b>	<b>254,592</b>
<b>Accumulated other comprehensive income</b>		
Unrealized gains or losses on other securities, net of tax	2,867	2,711
Deferred gains or losses on hedges, net of tax	229	(8)
Land revaluation, net of tax	(6,408)	(5,608)
Foreign currency translation adjustments	(18,357)	(16,957)
<b>Total accumulated other comprehensive income</b>	<b>(21,669)</b>	<b>(19,863)</b>
<b>Minority interests</b>	<b>1,682</b>	<b>1,735</b>
<b>Total net assets</b>	<b>213,125</b>	<b>236,464</b>
<b>Total liabilities and net assets</b>	<b>342,171</b>	<b>349,361</b>

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

(¥ million)

	Prior 3rd quarter (From April 1, 2011 to December 31, 2011)	Current 3rd quarter (From April 1, 2012 to December 31, 2012)
Net sales	323,397	350,637
Cost of sales	200,158	212,100
Gross profit	123,239	138,536
Selling, general and administrative expenses	92,455	94,342
Operating income	30,783	44,194
Non-operating income		
Dividend income	222	237
Equity in gain of affiliated companies	–	243
Other non-operating income	823	586
Total non-operating income	1,045	1,067
Non-operating expenses		
Interest expense	90	137
Equity in loss of affiliated companies	341	–
Other non-operating expenses	586	77
Total non-operating expenses	1,017	215
Recurring income	30,811	45,046
Extraordinary income		
Gain on sales of fixed assets	17	38
Gain on sales of investments in affiliated companies	84	32
Gain on negative goodwill	–	24
Other extraordinary income	199	0
Total extraordinary income	300	95
Extraordinary loss		
Provision for losses from business restructuring	206	322
Other extraordinary loss	1,135	627
Total extraordinary loss	1,342	950
Income before income taxes and minority interests	29,770	44,191
Income taxes	13,234	16,014
Income before minority interests	16,536	28,176
Minority interests	234	181
Net income	16,301	27,995

**(Quarterly Consolidated Statements of Comprehensive Income)**

(¥ million)

	Prior 3rd quarter (From April 1, 2011 to December 31, 2011)	Current 3rd quarter (From April 1, 2012 to December 31, 2012)
Income before minority interests	16,536	28,176
Other comprehensive income		
Unrealized gains or losses on other securities, net of tax	1,056	(153)
Deferred gains or losses on hedges, net of tax	(91)	(238)
Land revaluation, net of tax	82	-
Foreign currency translation adjustments	(2,125)	1,425
Share of other comprehensive income of associates accounted for using equity method	(60)	(2)
Total other comprehensive income	(1,137)	1,031
Comprehensive income	15,398	29,208
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	15,237	29,001
Comprehensive income attributable to minority interests	160	206

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

Not applicable.

**(4) Notes on Significant Changes in the Amount of Stockholders' Equity**

Not applicable.

**(5) Segment Information****(Segment Information)****I. Prior 3rd quarter (From April 1, 2011 to December 31, 2011)****1. Information regarding the amounts of net sales and income/loss by reportable segment**

(¥ million)

	Reportable Segments				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated Total (Note 3)
	Toys and Hobby Business	Content Business	Amusement Facility Business	Subtotal				
Net sales								
To external customers	129,435	142,071	45,874	317,382	6,015	323,397	–	323,397
Inter-segment sales and transfers	4,134	9,339	92	13,566	11,733	25,300	(25,300)	–
Total	133,570	151,411	45,967	330,949	17,749	348,698	(25,300)	323,397
Segment income	17,485	11,636	1,827	30,949	1,758	32,708	(1,924)	30,783

- Notes: 1. The "Other" category is a business segment not included in reportable segments under which operations such as logistics services and building management for each of the Group's strategic business units are classified.
2. Included in the 1,924 million yen deducted from segment income as adjustment are an addition of 26 million yen in inter-segment eliminations, and a deduction of 1,951 million yen in corporate expenses that cannot be allocated to any reportable segment. The corporate expenses are mainly costs related to the administration division that has not been attributed to a reportable segment.
3. Segment income is adjusted with operating income in the quarterly consolidated statements of operations.

**2. Information regarding loss on impairment of fixed assets and goodwill by reportable segment**

(Material loss on impairment of fixed assets)

Not applicable.

(Material changes in the amount of goodwill)

Not applicable.

(Material gains on negative goodwill)

Not applicable.

## II. Current 3rd quarter (From April 1, 2012 to December 31, 2012)

### 1. Information regarding the amounts of net sales and income/loss by reportable segment

(¥ million)

	Reportable Segments				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated Total (Note 3)
	Toys and Hobby Business	Content Business	Amusement Facility Business	Subtotal				
Net sales								
To external customers	124,018	175,583	43,798	343,400	7,237	350,637	–	350,637
Inter-segment sales and transfers	5,260	9,315	47	14,622	12,283	26,905	(26,905)	–
Total	129,279	184,898	43,845	358,023	19,520	377,543	(26,905)	350,637
Segment income	12,529	30,982	940	44,452	1,732	46,184	(1,989)	44,194

- Notes: 1. The “Other” category is a business segment not included in reportable segments under which operations such as logistics services and printing for each of the Group’s strategic business units are classified.
2. Included in the 1,989 million yen deducted from segment income as adjustment are an addition of 333 million yen in inter-segment eliminations, and a deduction of 2,323 million yen in corporate expenses that cannot be allocated to any reportable segment. The corporate expenses are mainly costs related to the administration division that has not been attributed to a reportable segment.
3. Segment income is adjusted with operating income in the quarterly consolidated statements of operations.

### 2. Information regarding loss on impairment of fixed assets and goodwill by reportable segment

(Material loss on impairment of fixed assets)

Not applicable.

(Material changes in the amount of goodwill)

Not applicable.

(Material gains on negative goodwill)

Not applicable.

### 3. Changes in reportable segments etc.

Following the revision of the Corporation Tax Act, the Company and part of its domestic consolidated subsidiaries applied the depreciation method in compliance with the revised Corporation Tax Act to property, plant and equipment acquired on or after April 1, 2012, as described in the section of “(3) Changes in Accounting Policies, Changes in Accounting Estimation and Restatement, *Change in accounting policy that is difficult to distinguish from change in accounting estimation*” of “2. Matters Regarding Summary Information (Notes),” from the first quarter of the fiscal year ending March 31, 2013. As a result, the method of depreciation of reportable segments was changed to a method that is in compliance with the revised Corporation Tax Act.

In accordance with these changes, the amount of impact on the segment income of each reportable segment is as follows.

(¥ million)

	Reportable Segments				Other	Total	Adjustments (Note)	Consolidated Total
	Toys and Hobby Business	Content Business	Amusement Facility Business	Subtotal				
Segment income	136	39	0	176	11	188	(5)	183

- Note: Included in the 5 million yen deducted from segment income as adjustment are a deduction of 27 million yen in inter-segment eliminations, and an addition of 22 million yen in corporate expenses that cannot be allocated to any reportable segment.