



BANDAI NAMCO Holdings Inc.

Consolidated Financial Report for the First Quarter of the Fiscal Year Ending March 31, 2016

August 5, 2015

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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.

BANDAI NAMCO Holdings Inc.

Stock Listing: Tokyo Stock Exchange

Code Number: 7832

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

August 5, 2015

Consolidated Financial Report for the First Quarter of the Fiscal Year Ending March 31, 2016 (Japanese GAAP)

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Scheduled filing date of the quarterly security report: August 10, 2015

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 First Quarter of the Fiscal Year Ending March 31, 2016 (April 1, 2015 to June 30, 2015)

(1) Consolidated Operating Results (For the Three Months Ended June 30, 2015)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Recurring income	
	¥ million	%	¥ million	%	¥ million	%
First Quarter of the Fiscal Year Ending March 31, 2016	137,376	12.1	18,139	7.7	18,780	6.5
First Quarter of the Fiscal Year Ended March 31, 2015	122,504	15.7	16,847	26.2	17,633	22.1

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	¥ million	%	¥	¥
First Quarter of the Fiscal Year Ending March 31, 2016	13,949	19.9	63.50	63.48
First Quarter of the Fiscal Year Ended March 31, 2015	11,632	22.3	52.95	52.94

(Note) Comprehensive income: 15,549 million yen [52.9%] (FY2016.3 1Q), 10,167 million yen [(23.8)%] (FY2015.3 1Q)

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
As of June 30, 2015	432,201	308,116	71.1
As of March 31, 2015	441,763	303,512	68.6

(Reference) Equity: 307,436 million yen (as of June 30, 2015), 302,893 million yen (as of March 31, 2015)

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, 2015	–	¥12.00	–	¥50.00	¥62.00
Fiscal Year Ending March 31, 2016	–				
Fiscal Year Ending March 31, 2016 (Projections)		¥12.00	–	¥12.00	¥24.00

(Note) Revision to the projections of cash dividends for the Fiscal Year Ending March 31, 2016: No

3. Consolidated Projections for the Fiscal Year Ending March 31, 2016 (April 1, 2015 to March 31, 2016)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Recurring income		Profit attributable to owners of parent		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Six Months Ending September 30, 2015	255,000	(1.7)	25,000	(21.6)	25,500	(23.6)	17,000	(20.1)	77.39
Full Fiscal Year	530,000	(6.3)	45,000	(20.1)	46,000	(22.5)	30,000	(20.2)	136.56

(Note) Revision to the projections: Yes

Consolidated projections for the Six Months Ending September 30, 2015 (announced on May 8, 2015) are revised in this document. For details of the revisions to the consolidated projections, please refer to “Notice Regarding Revisions to Consolidated Projections for the Second Quarter (Six Months)” announced today (August 5, 2015).

* Notes

(1) Changes in Significant Subsidiaries during the Period

(Changes in Specified Subsidiaries Resulting in the Change in Scope of Consolidation): No

(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: No

d) Restatement: No

(Note) 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 June 30, 2015 222,000,000 shares

As of March 31, 2015 222,000,000 shares

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

As of June 30, 2015 2,320,646 shares

As of March 31, 2015 2,316,797 shares

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

For the First Quarter of the Fiscal Year Ending March 31, 2016 219,680,491 shares

For the First Quarter of the Fiscal Year Ended March 31, 2015 219,687,326 shares

* Implementation status of quarterly review

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

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

- Forward-Looking Statements:

This document contains forward-looking statements that are based on management’s estimates, assumptions and projections at the time of publication and those forward-looking statements 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) Explanation Regarding Consolidated Projections and Other Forward-Looking Statements” of “1. Qualitative Information Regarding Consolidated Results for the First 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 August 5, 2015.

Attached Material

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1. Qualitative Information Regarding Consolidated Results for the First Quarter

(1) Explanation Regarding Operating Results

During the first quarter (three months) of the fiscal year ending March 31, 2016, although the economic environment in Japan followed a path of recovery overall mainly reflecting a recovery in personal consumption and improved corporate profitability, the outlook for the overall economy remained uncertain. Overseas, in Asia and in North America and Europe, although there was a moderate economic recovery overall, the outlook became clouded by concerns over the impact on the world economy from geopolitical unrest in some overseas regions.

In this environment, the BANDAI NAMCO Group (“the Group”) implemented various measures aimed at medium- to long-term growth, focusing on strengthening its “IP (Intellectual Property: intellectual property of characters) Axis Strategy” to expand the value of its IPs by providing the best products and services at the best possible times, under the concept of “NEXT STAGE: Empower, Gain Momentum, and Accelerate Evolution,” which is the vision of the Group’s three-year Mid-term Plan, started in April 2015. The Group also strengthened business development in the Asian region with high growth potential. On the business front, there were favorable sales in the Toys and Hobby Business in Japan and the Asian region, network content and overseas home video game software in the Network Entertainment Business, and the Visual and Music Production Business.

Consequently, the Group’s consolidated results for the first quarter (three months) were net sales of 137,376 million yen (year-on-year increase of 12.1%), operating income of 18,139 million yen (year-on-year increase of 7.7%), recurring income of 18,780 million yen (year-on-year increase of 6.5%), and profit attributable to owners of parent of 13,949 million yen (year-on-year increase of 19.9%).

Operating results by segment are as follows.

Effective from the current first quarter, the Group changed the classification of its reportable segments. Consequently, in year-on-year comparisons the figures for the same period of the previous fiscal year have been restated into the figures for the classifications after the change.

Toys and Hobby Business

In the Toys and Hobby Business, in Japan, sales performed satisfactorily thanks to products of *Yo-kai Watch*, long-established IP such as *Mobile Suit Gundam*, and others. In addition, sales of products including the long-established IP *Super Sentai* series (*Power Rangers* series) and *Dragon Ball* performed steadily due to cross-functional efforts undertaken across all businesses. The Group also strived to broaden the variety of its target customers by such means as stepping up development of products for adults, and for babies and pre-school children.

Overseas, in the Asian region, products of *Mobile Suit Gundam* and *Yo-kai Watch*, collectable toys for adults, and others, became popular. In North America and Europe, products of the *Power Rangers* series sold steadily.

As a result, net sales in the Toys and Hobby Business were 50,008 million yen (year-on-year increase of 7.4%), and segment income was 5,207 million yen (year-on-year increase of 32.0%).

Network Entertainment Business

In the Network Entertainment Business, in North America and Europe, repeat sales of products including the home video game software *DRAGONBALL XENOVERSE*, which was launched in the previous fiscal year, and sales of new titles, were favorable. Moreover, key titles in network content such as social games, game applications for smartphones, and PC online games, sold stably in Japan, and the Group started provision of services overseas including Asia.

On the other hand, although the Group began developing and strengthening value chains in the overall amusement business in such areas as arcade game machines and facilities, and there were certain results in efforts such as boosting efficiency, on the whole this business struggled.

As a result, net sales in the Network Entertainment Business were 76,782 million yen (year-on-year increase of 17.0%), and segment income was 10,421 million yen (year-on-year increase of 29.8%).

Visual and Music Production Business

In the Visual and Music Production Business, products and services of *LoveLive! School idol project*, which is IP for which visual content was developed in conjunction with music content and live events, sold favorably, and visual package software of *Mobile Suit Gundam THE ORIGIN I Blue-Eyed Casval* became popular, contributing to performance.

As a result, net sales in the Visual and Music Production Business were 11,464 million yen (year-on-year decrease of 4.8%), and segment income was 3,171 million yen (year-on-year decrease of 36.2%).

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: Toys and Hobby SBU, Network Entertainment SBU, and Visual and Music Production SBU. 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 6,323 million yen (year-on-year decrease of 7.1%), and segment income was 138 million yen (year-on-year decrease of 75.8%).

(2) Explanation Regarding Financial Position

At the end of the first quarter of the fiscal year ending March 31, 2016, total assets stood at 432,201 million yen, a decrease of 9,562 million yen from the end of the previous fiscal year. The main factors were decreases of 10,910 million yen in cash and time deposits mainly due to cash dividends and income taxes paid, and 11,593 million yen in trade receivables, while there were increases of 5,513 million yen in work in process, and 1,941 million yen in finished goods and merchandise.

Total liabilities amounted to 124,084 million yen, a decrease of 14,166 million yen from the end of the previous fiscal year. The main factors were decreases of 8,272 million yen in accrued employee bonuses included in other current liabilities due to employee bonuses paid, and 8,820 million yen in accounts payable-other included in other current liabilities, while there was an increase of 2,952 million yen in trade payables.

Total net assets stood at 308,116 million yen, an increase of 4,604 million yen from the end of the previous fiscal year. The main factors were an increase of 2,959 million yen in retained earnings thanks to the recording of 13,949 million yen in profit attributable to owners of parent, and an increase of 2,083 million yen in foreign currency translation adjustment due to foreign exchange fluctuation, despite cash dividends paid of 10,989 million yen.

As a result, the equity ratio became 71.1% compared with 68.6% at the end of the previous fiscal year.

(3) Explanation Regarding Consolidated Projections and Other Forward-Looking Statements

Looking ahead, although there are bright signs in Japanese and overseas economic trends, the business environment is expected to remain beset by uncertainties, including the impact on personal consumption from uncertainty in the overall economy as well as economic trends in 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 a new Mid-term Plan with the vision “NEXT STAGE: Empower, Gain Momentum, and Accelerate Evolution” in April 2015. In the Mid-term Plan, the Group will further strengthen the “IP Axis Strategy” to expand the value of its IPs through taking advantage of the worldview and unique characteristics of its IPs and providing the best products and services at the best possible times. In addition, aiming towards growing in the global market, the Group will further strengthen business development in the area of high growth potential, which is Asia.

For its main strategies in the Mid-term Plan, the Group will implement Business Strategies to “Accelerate Evolution in IP Axis Strategy,” Region Strategies to “Gain Momentum in Global Markets” and Functional Strategies to “Empower and Innovate Business Model.” In its Business Strategies to “Accelerate Evolution in IP Axis Strategy,” the Group will not only cultivate original Group IP by such means as creating and obtaining IP, but also expand new IP business such as live events, expand its target markets, and strengthen collaboration among its businesses. In its Region Strategies to “Gain Momentum in Global Markets,” the Group will not only maintain its pursuit of becoming No. 1 in each of its markets in Japan, but also proactively expand its business in Asia, where there is a promising outlook for future growth. In Americas and Europe, the Group will implement initiatives aimed at maintaining its business foundations and expanding its businesses. Furthermore, in its Functional Strategies to “Empower and Innovate Business Model,” the Group will create and cultivate new IP business for the next generation and push ahead with creating foundations for the implementation of its IP axis strategy in global markets.

In order to carry out these initiatives, in April 2015, the Group changed its organizational structure into one centered on three SBUs (Strategic Business Units): the Toys and Hobby SBU, the Network Entertainment SBU, and the Visual and Music Production SBU. The Group will push ahead with its strategies with a focus on these three SBUs. The Toys and Hobby SBU will aim to strengthen the “IP Axis Strategy” and gain momentum in global markets, the Network Entertainment SBU will aim to deploy a new business that goes beyond the framework of the existing game business and fuses networks and entertainment, and the Visual and Music Production SBU will create IP and strengthen the Group’s business deployment as it looks toward new outlets.

The Group will push ahead with the various strategies in the Mid-term Plan, and aims to achieve the following numerical targets for the fiscal year ending March 31, 2018: net sales of 600,000 million yen, operating income of 60,000 million yen, and ROE of at least 10%.

In light of results in the first quarter (three months) and recent business trends in each business, the Group has revised its consolidated projections for the six months ending September 30, 2015, which were announced on May 8, 2015, as shown in the table below.

The consolidated projections for the full fiscal year are not revised in light of coming Christmas and New Year selling season and the continuation of dramatic changes in the market environment.

Revisions to the consolidated projections for the six months

(April 1, 2015 to September 30, 2015)

	Net Sales	Operating Income	Recurring Income	Profit Attributable to Owners of Parent	Basic Earnings per Share
	(¥ million)	(¥ million)	(¥ million)	(¥ million)	¥
Previous projections (A)	245,000	20,000	20,500	13,500	61.45
Revised projections (B)	255,000	25,000	25,500	17,000	77.39
Change in amount (B-A)	10,000	5,000	5,000	3,500	–
Change (%)	4.1	25.0	24.4	25.9	–
Reference: Results for the same period of the previous fiscal year (April 1, 2014 to September 30, 2014)	259,333	31,875	33,389	21,272	96.83

2. Matters Regarding Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

Not applicable.

(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 first quarter, and next by multiplying the income before income taxes and minority interests by such estimated effective tax rate.

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

Changes in Accounting Policies

(Application of Accounting Standard for Business Combinations, etc.)

Effective from the current first quarter, the Company has applied the Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013), and the Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013), etc. Accordingly, the method of recording the amount of difference caused by changes in the Company's ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to one in which it is recorded as additional paid-in capital, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after the beginning of the current first quarter, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the provisional accounting treatment is reflected in the quarterly consolidated financial statements for the quarterly period to which the date of business combination belongs. In addition, the presentation method for "net income" and other related items was changed, and the presentation of "minority interests" was changed to "non-controlling interests." To reflect these changes, the Company has reclassified its quarterly and full-year consolidated financial statements for the previous first quarter (three months) and the previous fiscal year.

Application of the Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided for in paragraph 58-2 (4) of the Accounting Standard for Business Combinations, paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. The Company is applying the said standard, etc. prospectively from the beginning of the current first quarter.

As a result, there was no effect from this change on operating income, recurring income and income before income taxes and minority interests for the current first quarter (three months). In addition, the effect of this change on additional paid-in capital as of the end of the current first quarter is immaterial.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(¥ million)

	Prior Fiscal Year (As of March 31, 2015)	Current 1st quarter (As of June 30, 2015)
Assets		
Current assets		
Cash and time deposits	153,541	142,631
Trade receivables	87,875	76,282
Finished goods and merchandise	14,563	16,504
Work in process	23,183	28,696
Raw materials and supplies	5,164	5,008
Other current assets	33,643	38,073
Allowance for doubtful receivables	(455)	(533)
Total current assets	317,516	306,663
Fixed assets		
Property, plant and equipment	53,260	55,218
Intangible assets	10,275	10,255
Investments and other assets		
Other investments and assets	61,733	61,003
Allowance for doubtful receivables	(1,022)	(938)
Total investments and other assets	60,710	60,064
Total fixed assets	124,247	125,537
Total assets	441,763	432,201

(¥ million)

	Prior Fiscal Year (As of March 31, 2015)	Current 1st quarter (As of June 30, 2015)
Liabilities		
Current liabilities		
Trade payables	57,257	60,210
Provision	2,768	2,106
Other current liabilities	63,110	46,539
Total current liabilities	123,136	108,856
Long-term liabilities		
Provision	136	128
Net defined benefit liability	7,999	8,048
Other long-term liabilities	6,978	7,051
Total long-term liabilities	15,114	15,228
Total liabilities	138,250	124,084
Net assets		
Stockholders' equity		
Common stock	10,000	10,000
Additional paid-in capital	52,246	52,246
Retained earnings	244,274	247,234
Treasury stock	(2,403)	(2,407)
Total stockholders' equity	304,118	307,073
Accumulated other comprehensive income		
Unrealized gains or losses on other securities	6,757	6,550
Deferred gains or losses on hedges	1,300	913
Revaluation reserve for land	(5,695)	(5,695)
Foreign currency translation adjustment	(1,542)	541
Remeasurements of defined benefit plans	(2,045)	(1,946)
Total accumulated other comprehensive income	(1,224)	363
Subscription rights to shares	44	99
Non-controlling interests	575	580
Total net assets	303,512	308,116
Total liabilities and net assets	441,763	432,201

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

(¥ million)

	Prior 1st quarter (From April 1, 2014 to June 30, 2014)	Current 1st quarter (From April 1, 2015 to June 30, 2015)
Net sales	122,504	137,376
Cost of sales	72,183	84,063
Gross profit	50,320	53,312
Selling, general and administrative expenses	33,473	35,173
Operating income	16,847	18,139
Non-operating income		
Dividend income	358	264
Foreign exchange gains	–	214
Other non-operating income	594	318
Total non-operating income	953	798
Non-operating expenses		
Foreign exchange losses	57	–
Loss on valuation of derivatives	4	84
Loss on investments in partnerships	28	36
Other non-operating expenses	77	35
Total non-operating expenses	167	156
Recurring income	17,633	18,780
Extraordinary income		
Gain on sales of fixed assets	13	48
Gain on sales of investment securities	331	–
Other extraordinary income	15	5
Total extraordinary income	359	54
Extraordinary loss		
Loss on impairment of fixed assets	94	43
Other extraordinary loss	35	17
Total extraordinary loss	129	61
Income before income taxes and minority interests	17,863	18,772
Income taxes	6,195	4,811
Profit	11,667	13,961
Profit attributable to non-controlling interests	35	12
Profit attributable to owners of parent	11,632	13,949

(Consolidated Statements of Comprehensive Income)

(¥ million)

	Prior 1st quarter (From April 1, 2014 to June 30, 2014)	Current 1st quarter (From April 1, 2015 to June 30, 2015)
Profit	11,667	13,961
Other comprehensive income		
Unrealized gains or losses on other securities	(711)	(241)
Deferred gains or losses on hedges	(354)	(382)
Foreign currency translation adjustment	(504)	2,083
Remeasurements of defined benefit plans, net of tax	63	98
Share of other comprehensive income of associates accounted for using equity method	7	29
Total other comprehensive income	(1,499)	1,587
Comprehensive income	10,167	15,549
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	10,129	15,536
Comprehensive income attributable to non-controlling interests	38	12

(3) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable.

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

Not applicable.

(Segment Information)

Segment Information

I. Prior 1st quarter (From April 1, 2014 to June 30, 2014)

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	Network Entertainment Business	Visual and Music Production Business	Subtotal				
Net sales								
To external customers	44,136	64,202	11,440	119,780	2,723	122,504	–	122,504
Inter-segment sales and transfers	2,409	1,412	607	4,428	4,079	8,508	(8,508)	–
Total	46,546	65,615	12,047	124,209	6,803	131,012	(8,508)	122,504
Segment income	3,945	8,027	4,972	16,945	570	17,515	(667)	16,847

- 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 667 million yen deducted from segment income as adjustment are a deduction of 83 million yen in inter-segment eliminations, and a deduction of 584 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 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 1st quarter (From April 1, 2015 to June 30, 2015)

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	Network Entertainment Business	Visual and Music Production Business	Subtotal				
Net sales								
To external customers	48,348	76,060	10,764	135,173	2,202	137,376	–	137,376
Inter-segment sales and transfers	1,660	721	699	3,081	4,120	7,202	(7,202)	–
Total	50,008	76,782	11,464	138,255	6,323	144,578	(7,202)	137,376
Segment income	5,207	10,421	3,171	18,800	138	18,938	(799)	18,139

- 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 799 million yen deducted from segment income as adjustment are an addition of 4 million yen in inter-segment eliminations, and a deduction of 803 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 consolidated statements of operations.

2. Information regarding change to reportable segments, etc.

The Group reviewed its organizational structure with the aim of implementing a range of initiatives defined as main strategies in its Mid-term Plan, which was started in April 2015. In line with this review, effective from the current first quarter, the Group changed the classification of its reportable segments from the previous classifications of the “Toys and Hobby Business,” the “Content Business,” and the “Amusement Facility Business” to the “Toys and Hobby Business,” the “Network Entertainment Business,” and the “Visual and Music Production Business.”

Segment information of the previous first quarter (three months) is prepared and disclosed based on the reportable segment classifications after the organizational change.

3. 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.