BANDAI NAMCO Holdings Inc.

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

February 9, 2016

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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/)

February 9, 2016

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

Representative: Mitsuaki Taguchi, President and Representative Director
Contact: Yuji Asako, Director, Division General Manager of the Corporate Planning Division
Scheduled filing date of the quarterly security report: February 12, 2016
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, 2016 (April 1, 2015 to December 31, 2015)

(1) Consolidated Operating Results (For the Nine Months Ended December 31, 2015)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Recurring income	
	¥ million	%	¥ million	%	¥ million	%
Third Quarter of the Fiscal Year Ending March 31, 2016	**425,183**	**3.9**	**45,273**	**(5.0)**	**47,175**	**(6.1)**
Third Quarter of the Fiscal Year Ended March 31, 2015	409,176	11.2	47,639	11.4	50,226	9.9

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	¥ million	%	¥	¥
Third Quarter of the Fiscal Year Ending March 31, 2016	**34,620**	**8.3**	**157.60**	**157.56**
Third Quarter of the Fiscal Year Ended March 31, 2015	31,963	7.6	145.49	145.47

(Note) Comprehensive income: 34,762 million yen [(9.3)%] (FY2016.3 3Q), 38,309 million yen [1.0%] (FY2015.3 3Q)

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
As of December 31, 2015	**446,308**	**324,689**	**72.6**
As of March 31, 2015	441,763	303,512	68.6

(Reference) Equity: 324,111 million yen (as of December 31, 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	–	¥12.00	–		
Fiscal Year Ending March 31, 2016 (Projections)				¥30.00	¥42.00

(Note) Revision to the projections of cash dividends for the Fiscal Year Ending March 31, 2016: Yes

For details of the revisions to the projection of cash dividend, please refer to "Notice Regarding Revision to Projection of Cash Dividend for the Fiscal Year Ending March 31, 2016" announced today (February 9, 2016).

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	%	¥
Full Fiscal Year	560,000	(1.0)	43,000	(23.7)	45,000	(24.2)	30,000	(20.2)	136.56

(Note) Revision to the projections: Yes

Consolidated projections for the full fiscal year ending March 31, 2016 (announced on November 5, 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 Full Fiscal Year" announced today (February 9, 2016).

*** 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 December 31, 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 December 31, 2015	2,321,449 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 Third Quarter of the Fiscal Year Ending March 31, 2016	219,679,522 shares
For the Third Quarter of the Fiscal Year Ended March 31, 2015	219,686,482 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 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 Third Quarter" on page 3 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 9, 2016.

Attached Material

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1. Qualitative Information Regarding Consolidated Results for the Third Quarter

(1) Explanation Regarding Operating Results

During the third quarter (nine months) of the fiscal year ending March 31, 2016, the Japanese economy continued to moderately recover overall, supported by a recovery in personal consumption, improved corporate profitability, and growth in purchasing demand from overseas visitors. However, the outlook for the overall economy remained uncertain. Overseas, the global economy recovered at a moderate pace overall, despite signs of more subdued growth in some 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, while there were favorable sales in the Toys and Hobby Business, network content and overseas home video game software in the Network Entertainment Business, and the Visual and Music Production Business, sales of arcade game machines in the Network Entertainment Business struggled.

Consequently, the Group's consolidated results for the third quarter (nine months) were net sales of 425,183 million yen (year-on-year increase of 3.9%), operating income of 45,273 million yen (year-on-year decrease of 5.0%), recurring income of 47,175 million yen (year-on-year decrease of 6.1%), and profit attributable to owners of parent of 34,620 million yen (year-on-year increase of 8.3%).

Operating Results by Segment

Operating results by segment are as follows.

Effective from the first quarter of the fiscal year ending March 31, 2016, 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 long-established IP products such as *Mobile Suit Gundam* and *Dragon Ball*, while products of *Yo-kai Watch* became popular. Moreover, although collectable toys for adults expected to contribute to broadening its base of target customers also became popular, there was a decline in sales domestically in comparison with the same period of the previous fiscal year.

Overseas, in the Asian region, products of *Mobile Suit Gundam* and collectable toys for adults became popular. In North America and Europe, products of the *Power Rangers* series sold steadily. In addition, certain results were realized by changing to a system that controls functions such as planning and development in Japan, and creates dedicated sales and marketing in North America and Europe.

As a result, net sales in the Toys and Hobby Business were 162,050 million yen (year-on-year decrease of 9.5%), and segment income was 17,532 million yen (year-on-year decrease of 9.9%).

Network Entertainment Business

In the Network Entertainment Business, in home video game software, repeat sales of products including *DRAGONBALL XENOVERSE*, which was launched in North America and Europe in the previous fiscal year, and sales of new titles of the BANDAI NAMCO Group and local third-party titles were strong. Moreover, in network content such as social games, game applications for smartphones and PC online games, key titles already existing in Japan retained stable popularity, and the new title *The iDOLM@STER Cinderella Girls: Starlight Stage* performed favorably and contributed to performance. The Group also started provision of services overseas, including the Asian region. In addition, in amusement facilities, the Group started implementing a range of measures, including targeting resources on key facilities and strengthening stores in new business formats, resulting in efforts such as boosting efficiency. However, sales from arcade game machines struggled due to the effects of uncertainty in the market.

As a result, net sales in the Network Entertainment Business were 227,631 million yen (year-on-year increase of 13.4%), and segment income was 19,042 million yen (year-on-year increase of 6.0%).

Visual and Music Production Business

In the Visual and Music Production Business, *LoveLive! School idol project*, which is IP for which visual content was developed in conjunction with music content and live events, became popular due to synergies with a movie release and products and services. Moreover, visual package software of *Mobile Suit Gundam THE ORIGIN* series sold favorably and contributed to performance.

As a result, net sales in the Visual and Music Production Business were 37,784 million yen (year-on-year increase of 11.7%), and segment income was 10,058 million yen (year-on-year decrease of 0.9%).

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 20,766 million yen (year-on-year increase of 0.0%), and segment income was 1,078 million yen (year-on-year decrease of 31.1%).

(2) Explanation Regarding Financial Position

At the end of the third quarter of the fiscal year ending March 31, 2016, total assets stood at 446,308 million yen, an increase of 4,545 million yen from the end of the previous fiscal year. The main factors were increases of 1,784 million yen in finished goods and merchandise, 7,889 million yen in work in process, and 4,238 million yen in investment securities included in other investments and assets due to market valuation, while there were decreases of 4,595 million yen in cash and time deposits and 6,195 million yen in trade receivables.

Total liabilities amounted to 121,618 million yen, a decrease of 16,632 million yen from the end of the previous fiscal year. The main factors were decreases of 5,271 million yen in accrued income taxes included in other current liabilities mainly due to income taxes paid, 5,212 million yen in accrued employee bonuses included in other current liabilities due to employee bonuses paid, and 7,031 million yen in accounts payable-other included in other current liabilities, while there was an increase of 2,254 million yen in trade payables.

Total net assets stood at 324,689 million yen, an increase of 21,177 million yen from the end of the previous fiscal year. The main factor was an increase of 20,993 million yen in retained earnings thanks to the recording of 34,620 million yen in profit attributable to owners of parent, despite cash dividends paid of 13,627 million yen.

As a result, the equity ratio became 72.6% 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 the Asian region.

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 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.

Going forward, the Group will continue to implement a range of measures to respond rapidly and flexibly to the fast-changing entertainment market based on constant monitoring of conditions in the Group and the operating environment.

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 the results in the third quarter (nine months) and the recent business trends in each business, the Group expects operating income of the Network Entertainment Business to fall below the previously announced forecast due to struggling sales in arcade game machines, and the recording of a loss on valuation of inventories, etc. As a result, the Group has revised its consolidated projections for the fiscal year ending March 31, 2016, which were announced on November 5, 2015 as shown in the table below.

Revisions to the consolidated projections for the fiscal year ending March 31, 2016

(April 1, 2015 to March 31, 2016)

	Net Sales	Operating Income	Recurring Income	Profit Attributable to Owners of Parent	Basic Earnings per Share
	(¥ million)	(¥ million)	(¥ million)	(¥ million)	¥
Previous projections (A)	560,000	50,000	52,000	34,000	154.77
Revised projections (B)	560,000	43,000	45,000	30,000	136.56
Change in amount (B-A)	0	(7,000)	(7,000)	(4,000)	–
Change (%)	0.0	(14.0)	(13.5)	(11.8)	–
Reference: Results for the previous fiscal year (April 1, 2014 to March 31, 2015)	565,486	56,320	59,383	37,588	171.10

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 third 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 first quarter of the fiscal year ending March 31, 2016, 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 first quarter of the fiscal year ending March 31, 2016, 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 third quarter (nine 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 first quarter of the fiscal year ending March 31, 2016.

The effect of this change on the quarterly consolidated financial statements for the third quarter (nine months) is immaterial.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(¥ million)

	Prior Fiscal Year (As of March 31, 2015)	Current 3rd quarter (As of December 31, 2015)
Assets		
Current assets		
Cash and time deposits	153,541	148,946
Trade receivables	87,875	81,679
Finished goods and merchandise	14,563	16,347
Work in process	23,183	31,072
Raw materials and supplies	5,164	4,844
Other current assets	33,643	34,871
Allowance for doubtful receivables	(455)	(425)
Total current assets	317,516	317,337
Fixed assets		
Property, plant and equipment	53,260	53,777
Intangible assets	10,275	10,470
Investments and other assets		
Other investments and assets	61,733	65,855
Allowance for doubtful receivables	(1,022)	(1,132)
Total investments and other assets	60,710	64,722
Total fixed assets	124,247	128,971
Total assets	441,763	446,308

(¥ million)

	Prior Fiscal Year (As of March 31, 2015)	Current 3rd quarter (As of December 31, 2015)
Liabilities		
Current liabilities		
Trade payables	57,257	59,512
Provision	2,768	3,434
Other current liabilities	63,110	43,875
Total current liabilities	123,136	106,821
Long-term liabilities		
Provision	136	103
Net defined benefit liability	7,999	8,032
Other long-term liabilities	6,978	6,660
Total long-term liabilities	15,114	14,796
Total liabilities	138,250	121,618
Net assets		
Stockholders' equity		
Common stock	10,000	10,000
Additional paid-in capital	52,246	52,246
Retained earnings	244,274	265,268
Treasury stock	(2,403)	(2,410)
Total stockholders' equity	304,118	325,104
Accumulated other comprehensive income		
Unrealized gains or losses on other securities	6,757	8,533
Deferred gains or losses on hedges	1,300	(5)
Revaluation reserve for land	(5,695)	(5,695)
Foreign currency translation adjustment	(1,542)	(1,992)
Remeasurements of defined benefit plans	(2,045)	(1,833)
Total accumulated other comprehensive income	(1,224)	(992)
Subscription rights to shares	44	99
Non-controlling interests	575	478
Total net assets	303,512	324,689
Total liabilities and net assets	441,763	446,308

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

(Consolidated Statements of Operations)

(¥ million)

	Prior 3rd quarter (From April 1, 2014 to December 31, 2014)	Current 3rd quarter (From April 1, 2015 to December 31, 2015)
Net sales	409,176	425,183
Cost of sales	249,831	269,408
Gross profit	159,345	155,775
Selling, general and administrative expenses	111,705	110,501
Operating income	47,639	45,273
Non-operating income		
Equity in gain of affiliated companies	946	1,527
Foreign exchange gains	716	–
Other non-operating income	1,136	1,172
Total non-operating income	2,800	2,699
Non-operating expenses		
Foreign exchange losses	–	456
Other non-operating expenses	213	342
Total non-operating expenses	213	798
Recurring income	50,226	47,175
Extraordinary income		
Gain on sales of fixed assets	32	56
Other extraordinary income	639	15
Total extraordinary income	671	71
Extraordinary loss		
Loss on impairment of fixed assets	1,555	421
Other extraordinary loss	283	134
Total extraordinary loss	1,838	555
Income before income taxes and minority interests	49,059	46,691
Income taxes	16,976	12,160
Profit	32,083	34,530
Profit (loss) attributable to non-controlling interests	120	(90)
Profit attributable to owners of parent	31,963	34,620

(Consolidated Statements of Comprehensive Income)

(¥ million)

	Prior 3rd quarter (From April 1, 2014 to December 31, 2014)	Current 3rd quarter (From April 1, 2015 to December 31, 2015)
Profit	32,083	34,530
Other comprehensive income		
Unrealized gains or losses on other securities	(1,151)	1,760
Deferred gains or losses on hedges	1,390	(1,291)
Foreign currency translation adjustment	5,749	(425)
Remeasurements of defined benefit plans, net of tax	198	212
Share of other comprehensive income of associates accounted for using equity method	39	(24)
Total other comprehensive income	6,226	231
Comprehensive income	38,309	34,762
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	38,186	34,852
Comprehensive income attributable to non-controlling interests	123	(90)

(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 3rd quarter (From April 1, 2014 to December 31, 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	172,242	197,747	31,549	401,539	7,636	409,176	–	409,176
Inter-segment sales and transfers	6,913	3,070	2,286	12,271	13,119	25,391	(25,391)	–
Total	179,156	200,818	33,836	413,810	20,756	434,567	(25,391)	409,176
Segment income	19,459	17,960	10,145	47,565	1,565	49,131	(1,491)	47,639

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 1,491 million yen deducted from segment income as adjustment are an addition of 318 million yen in inter-segment eliminations, and a deduction of 1,809 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 3rd quarter (From April 1, 2015 to December 31, 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	157,098	225,457	35,304	417,860	7,323	425,183	–	425,183
Inter-segment sales and transfers	4,952	2,174	2,479	9,606	13,443	23,049	(23,049)	–
Total	162,050	227,631	37,784	427,466	20,766	448,233	(23,049)	425,183
Segment income	17,532	19,042	10,058	46,633	1,078	47,711	(2,437)	45,273

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 2,437 million yen deducted from segment income as adjustment are an addition of 368 million yen in inter-segment eliminations, and a deduction of 2,806 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 first quarter of the fiscal year ending March 31, 2016, 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 third quarter (nine 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.

(Significant Subsequent Events)

Organizational restructuring in the Asian region and establishment of subsidiary in association thereof

At its meeting of the Board of Directors held on January 20, 2016, the Company has passed the resolution to restructure its organization in the Asian region and establish a subsidiary in association thereof.

1. Objective

BANDAI NAMCO ASIA CO., LTD. ("Current BNA"), a subsidiary of the Company, has two roles – a Toys and Hobby Business company and a holding company. Current BNA is a business holding company responsible for the Company's operations in the Asian region. The Company has decided to reorganize Current BNA in order to promote greater cooperation within the Group and expand operations in the Asian region by clearly separating Current BNA's business company and holding company roles.

Specifically, the Company will establish a new company called BANDAI NAMCO ASIA CO., LTD. ("New BNA") as a subsidiary of Current BNA. The Toys and Hobby Business of Current BNA will then be transferred to New BNA. Current BNA will become a pure holding company and its name will be changed to BANDAI NAMCO Holdings ASIA CO., LTD.

2. Overview of company to become pure holding company

(1) Name: BANDAI NAMCO Holdings ASIA CO., LTD. (name changed from Current BNA)
(2) Content of business: Pure holding company in the Asian region
(3) Common stock: HK$ 103 million
(4) Start of operations: April 1, 2016 (scheduled)
(5) Percentage of shares held: 100.0% by the Company

3. Overview of new company to be established

(1) Name: BANDAI NAMCO ASIA CO., LTD.
(2) Content of business: Toys and Hobby Business in the Asian region
(3) Common stock: HK$ 253 million (scheduled)
(4) Date of establishment: March 1, 2016 (scheduled)
(5) Percentage of shares held: 100.0% by Current BNA

4. Transactions conducted by commonly controlled entities

(1) Overview of transaction

(i) Name and content of business to be transferred
Toys and Hobby Business in the Asian region of Current BNA

(ii) Date of business combination
March 2016 (scheduled)

(iii) Legal form of business combination
All business assets, liabilities, personnel and other items related to the Toys and Hobby Business at Current BNA will be transferred to New BNA, which will issue shares to Current BNA as consideration for the transaction.

(2) Overview of accounting process

The accounting process for the consolidated financial statements is to be carried out as transactions conducted by commonly controlled entities, in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013), the Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013) and Guidance on the Accounting Standard for Business Combinations and the Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, September 13, 2013).