NAMCO BANDAI Holdings Inc.

Consolidated Results for the Interim period of the Fiscal Year ending March 2006
(April 1, 2005 to September 30, 2005)

Financial Summary

November 22, 2005

- This document has been prepared as a guide to non-Japanese investors and 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. This document is a translation of the Japanese language original.
- This English translation does not include the non-consolidated financial statements of NAMCO BANDAI Holdings Inc., and consolidated financial statements of Bandai Co., Ltd. and NAMCO LIMITED.

NAMCO BANDAI Holdings Inc.
Stock Listing: Tokyo Stock Exchange
Code Number: 7832
Registered Business Location: Tokyo
(URL: http://www.bandainamco.co.jp)

November 22, 2005

Consolidated Earnings Report for the Interim Period of Fiscal Year 2006 Ended September 30, 2005

Representative: Takeo Takasu, President and Representative Director
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Date of the Meeting of the Board of Directors: November 22, 2005

U.S. GAAP Applied: No

1. Consolidated Business Results for the Interim Period of Fiscal Year 2006 Ended September 30, 2005 (April 1, 2005 ~ September 30, 2005)

(1)Consolidated Business Results

	Net sales		Operating income		Recurring income	
	¥ million	%	¥ million	%	¥ million	%
Interim Period Ended September 30, 2005	**218,873**	—	**17,546**	—	**18,244**	—
Interim Period Ended September 30, 2004	—	—	—	—	—	—
Fiscal Year Ended March 31, 2005	—		—		—	

	Net income		Net income per share	Net income per share (diluted)
	¥ million	%	¥	¥
Interim Period Ended September 30, 2005	**7,834**	—	**30.98**	**30.97**
Interim Period Ended September 30, 2004	—	—	—	—
Fiscal Year Ended March 31, 2005	—		—	—

Notes:

1. Equity in earnings (losses) of affiliates:
   - Interim period ended September 30, 2005 (¥25 million)
   - Interim period ended September 30, 2004 —
   - Fiscal year ended March 31, 2005 —
2. Average number of shares outstanding during period (consolidated):
   - Interim period ended September 30, 2005 252,916,758
   - Interim period ended September 30, 2004 —
   - Fiscal year ended March 31, 2005 —
3. Changes in accounting treatment: None
4. Percentage figures accompanying net sales, operating income, recurring income and net income represent year-on-year changes.

(2) Consolidated Financial Position

	Total assets	Stockholders' equity	Stockholders' equity ratio	Stockholders' equity per share
	¥ million	¥ million	%	¥
Interim Period Ended September 30, 2005	**376,280**	**230,535**	**61.3**	**918.42**
Interim Period Ended September 30, 2004	—	—	—	—
Fiscal Year Ended March 31, 2005	—	—	—	—

Note:
Number of shares outstanding at period-end (consolidated):
Interim period ended September 30, 2005 251,014,315
Interim period ended September 30, 2004 —
Fiscal year ended March 31, 2005 —

(3) Consolidated Statement of Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at period-end
	¥ million	¥ million	¥ million	¥ million
Interim Period Ended September 30, 2005	**16,338**	**(3,551)**	**(16,327)**	**120,933**
Interim Period Ended September 30, 2004	—	—	—	—
Fiscal Year Ended March 31, 2005	—	—	—	—

(4) Scope of Consolidation and Application of Equity Method

Consolidated subsidiaries: 51
Non-consolidated subsidiaries accounted for by the equity method: 1
Affiliates accounted for by the equity method: 5

(5) Changes in Scope of Consolidation and Application of Equity Method

Consolidated: New 2; Excluded 4
Equity method: New 2; Excluded —

2. Consolidated Projections for Fiscal Year 2006 (April 1, 2005 ~ March 31, 2006)

	Net sales	Recurring income	Net income
	¥ million	¥ million	¥ million
Fiscal Year Ending March 31, 2006	**470,000**	**44,100**	**24,400**

(Reference)
Projected net income per share (full year): ¥94.98

*Figures less than ¥1 million have been omitted

Note:
The above projections are based on information available to the Company at the time of release, and assumptions involving uncertain factors thought likely to have an effect on future results. Actual results may differ significantly from projections due to a variety of factors. Please refer to page 18 of the supplementary materials for more details.

1. The BANDAI NAMCO Group

On September 29, 2005, Bandai Co., Ltd. and NAMCO LIMITED established a joint holding company, NAMCO BANDAI Holdings Inc., through a transfer of shares, heralding the start of the new BANDAI NAMCO Group (the Group).

The Group comprises NAMCO BANDAI Holdings, 73 subsidiaries and 10 affiliates. Operations primarily encompass the manufacture and sale of toys and plastic models, the core activity of the character merchandising business; amusement facility operations; coin-operated game machines and other related products; the production and sale of home videogame software; mobile content; and the production and sale of video-related products. The Group is also engaged in distribution, planning, development and the provision of other services related to the above areas of business.

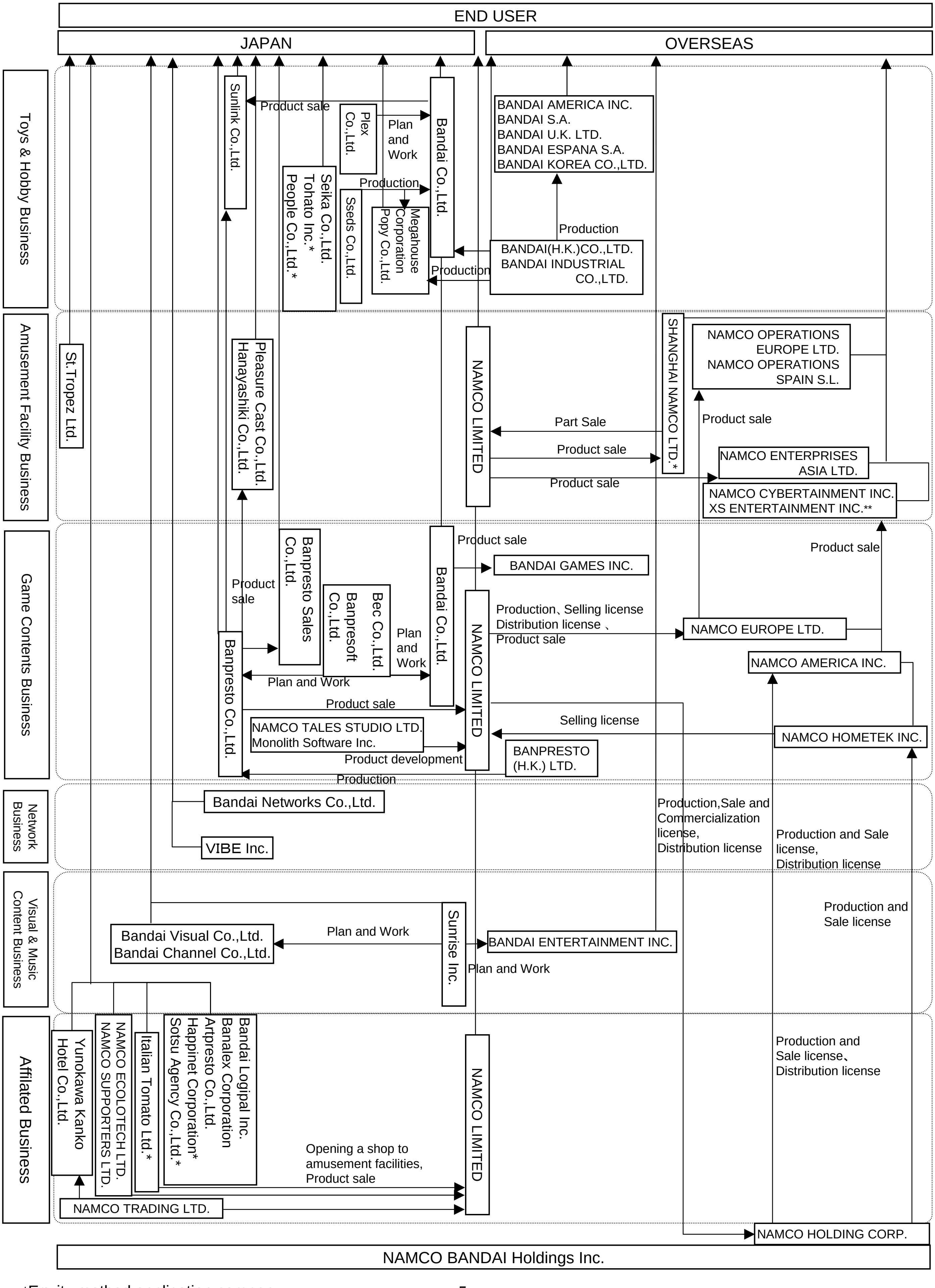
The Group’s businesses and the relationships among NAMCO BANDAI Holdings and its subsidiaries and affiliates with business segments are outlined below. Business classifications correspond directly to the classifications for business segment information.

Business Segment	Business Outline	Region	Major Companies
Toys & Hobby Business	Toys, candy toys, products for vending machines, cards, plastic models, apparel, sundries, stationery and other products	Domestic	Bandai Co., Ltd., Megahouse Corp., Popy Co., Ltd., Seika Co., Ltd., Seeds Co., Ltd., Plex Co., Ltd., Sunlink Co., Ltd., Tohato Inc., People Co., Ltd. and 3 other companies
		Overseas	BANDAI AMERICA INC., BANDAI S.A., BANDAI U.K.LTD., BANDAI ESPANA S.A., BANDAI (H.K.) CO.LTD., BANDAI INDUSTRIAL CO.,LTD., BANDAI KOREA CO.,LTD., and 6 other companies (includes 1 company*[1])
Amusement Facility Business	Amusement facility operations, and other operations	Domestic	NAMCO LIMITED, Pleasure Cast Co., Ltd., Hanayashiki Co., Ltd., St. Tropez Ltd.
		Overseas	NAMCO CYBERTAINMENT INC., XS ENTERTAINMENT INC.*[1], NAMCO OPERATIONS EUROPE LTD., NAMCO OPERATIONS SPAIN S.L., NAMCO ENTERPRAISES ASIA LTD., SHANGHAI NAMCO LTD.
Game Contents Business	Software for home videogames, coin-operated game machines, prizes for amusement machines, and other products	Domestic	Bandai Co., Ltd., NAMCO LIMTED, Banpresto Co., Ltd., Banpresto Sales Co., Ltd., Bec Co., Ltd., Banpresoft Co., Ltd., Monolith Software Inc., NAMCO TALES STUDIO LTD. and 1 other company
		Overseas	BANDAI GAMES INC., BANPRESTO (H.K.) LTD., NAMCO AMERICA INC., NAMCO HOMETEK INC., NAMCO EUROPE LTD., and 2 other companies.*[1]

Business Segment	Business Outline	Region	Major Companies
Network Business	Mobile content and other products	Domestic	Bandai Networks Co., Ltd., VIBE Inc. and 2 other companies
Visual & Music Content Business	Animation works, visual software, on-demand video distribution and other products and services	Domestic	Bandai Visual Co., Ltd., Sunrise Inc., Bandai Channel Co., Ltd. and 4 other companies
		Overseas	BANDAI ENTERTAINMENT INC., and 3 other companies
Affiliated Business	Transportation and warehousing of products, leasing, real estate management, printing, licensing, restaurant management, welfare and nursing care facilities, development and sale of environmental equipment and other activities	Domestic	Bandai Logipal Inc., Banalex Corp., Artpresto Co., Ltd., Happinet Corp., Sotsu Agency Co., Ltd., NAMCO ECOLOTECH LTD., NAMCO SUPPORTERS LTD., NAMCO TRADING LTD., Yunokawa Kanko Hotel Co., Ltd., Italian Tomato Ltd. and 4 other companies
		Overseas	3 companies (includes 1 company*[1])

*[1] Not operational as of September 30, 2005

Chart of business system is as follows:



*Equity method application company

**Not operational as of September 30,2005

2. Management Policies

1. Fundamental Management Policy

On September 29, 2005, Bandai Co., Ltd. (Bandai) and NAMCO LIMITED (NAMCO) established a joint holding company, NAMCO BANDAI Holdings Inc.(the Company), through a transfer of shares, heralding the start of the new BANDAI NAMCO Group (the Group). With this move, Bandai and NAMCO are aiming to boost their corporate value in a fast-changing, increasingly competitive entertainment industry by building even greater strength and depth into their operations.

Guided by its vision of becoming the world's most inspiring entertainment group, the BANDAI NAMCO Group's mission is to offer Dreams, Fun and Inspiration through entertainment to people around the world.

The BANDAI NAMCO Group can use content born from a variety of products and services, or provided by partner companies, in a wide range of business fields. Acting as an "entertainment hub," the BANDAI NAMCO Group is aiming to deliver further growth by effectively utilizing internal resources and enhancing cooperation with external partners.

2. Fundamental Policy on Profit Sharing

The Company positions the return of profits to stockholders as one of its highest management priorities. The fundamental policy is to maintain a stable dividend and increase corporate value while becoming an even more competitive Group, and preserving a sound financial position. In concrete terms, the Company plans to maintain the consolidated dividend payout ratio at a level of 30%, based on stable annual dividend payments of ¥24 per share.

The Company plans to use retained earnings to actively invest in areas that will boost corporate value going forward, including the development of new business fields, M&As and joint business ventures.

3. Policy on Reducing the Investment Unit

The Company recognizes that widening the stockholder base and promoting share liquidity are important aspects of its capital policy. The Company will therefore examine the possibility of reducing its investment unit while taking into account future market trends and operating results.

4. Targets and Management Performance Indicators

The Group has adopted return on assets (ROA) and return on equity (ROE) as medium-term management performance indicators. The Group's aim is to create a robust and stable management base over the medium term by ensuring all assets are always utilized to maximum efficiency and by aiming to effectively use stockholders' equity.

Aiming to enhance management efficiency in parallel with business expansion, the Group is aiming to achieve ROA of 11.0% and ROE of 10.0% on a consolidated basis for the year ending March 31, 2006.

5. Medium- to Long-term Management Strategy

The BANDAI NAMCO Group has divided its operations into the five strategic business units listed below and an Affiliated Business Group that perform cross functional duties, to maximize the benefits of management integration between Bandai and NAMCO.

- Toys & Hobby Strategic Business Unit
- Amusement Facility Strategic Business Unit
- Game Contents Strategic Business Unit
- Network Strategic Business Unit
- Visual and Music Content Strategic Business Unit

Each strategic business unit will work to deliver growth as the autonomous and principal actor in formulating and implementing business strategy. Based on this approach, they will develop and strengthen their existing business portfolios and aim to create new businesses. The Group plans to establish and develop new strategic business units as new businesses are created.

Also, by fusing and complementing the respective strengths of its founding partners—the character-based products and merchandising expertise of Bandai, and the game content development capabilities and extensive amusement facility network of NAMCO— the BANDAI NAMCO Group will pursue synergy effects while boosting profitability by enhancing efficiency in operating and back-office divisions..

The Group is currently formulating a three-year medium-term management plan to commence in April 2006. Details will be announced when they become available.

6. Issues to be Addressed

The Group and its industry are currently faced with a range of important long-term issues, including diversifying consumer needs and changes in the market and economic landscapes. The Group plans to respond to these issues through actions centered on its strategic business units.

(1) Common issues faced by all strategic business units

Overseas business expansion

The Group's strategic business units are driving efforts to create an optimal business model geared to overseas expansion, as well as reinforcing cooperation between operating regions. The BANDAI NAMCO Group is also realigning internal organizations related to the U.S., a strategic market for the Group, culminating in the planned establishment of a holding company in January 2006 to run operations in the country. As a result, the creation of a number of strategic business units, as in Japan, will reinforce the management of the Group's business portfolio in the U.S. and strengthen results. The Group will also strive to expand its operations in Europe, Asia and other areas based on careful examination of respective market environments and regional characteristics.

Responding to environmental issues

As a member of society, the BANDAI NAMCO Group is actively working to respond to environmental issues. Centered on the Groupwide Environment Project, headed by one of the directors of NAMCO BANDAI Holdings Inc., the BANDAI NAMCO Group is striving to ensure high levels of quality control and tackle environmental issues such as excessive product packaging and environmental hormones.

(2) Issues specific to each business unit

Toys & Hobby Strategic Business Unit

This business unit is faced with an array of issues, including the falling birthrate in Japan, diversifying consumer needs and changes in the retailing environment. In response to Japan's falling birthrate, the business unit will actively take a range of steps such as diversifying its operations, expanding the target age group for its products, and pursuing overseas business expansion. And responding to diversifying consumer needs and changes in the retailing environment, the business unit will develop products and reform its retailing approach by adopting marketing methods and business practices that differ from those used in the past.

Amusement Facility Strategic Business Unit

The two main issues for this business unit are slowing market growth, and as a result of this, intensifying competition in the industry. In response, the BANDAI NAMCO Group will work to raise profitability by achieving low-cost operations. In parallel, this business unit will use closer cooperation with other business units to develop unique, high value-added facilities and services that appeal to a wide range of customer segments. Additionally, active steps will be taken to develop new earnings streams, boost profitability in overseas markets and develop new business formats.

Game Contents Strategic Business Unit

Issues for this business unit include an anticipated jump in content development costs related to the expected launch of new game consoles, falling repeat sales of titles due to the rise of the used game software market, and responding to the spread of online gaming. Against this backdrop, this business unit will forge stronger links between its coin-operated game machine, home videogame software and mobile content businesses to share know-how and technical expertise and create a more flexible product development framework. Based on this approach, this business unit will boost efficiency and develop high value-added content to create a unique position in the marketplace for the BANDAI NAMCO Group. Aggressive steps to expand operations in overseas markets will also be taken.

Network Strategic Business Unit

One of the main issues for this business unit is how to respond to the rapid generational transition in mobile phone handsets. The BANDAI NAMCO Group plans to enhance its content download services—a key source of earnings—to maintain and boost registered subscribers of these services. This business unit will also strengthen its ability to plan and develop highly competitive content by enhancing its product development and technical capabilities and effectively using content derived from products and services across the Group.

Visual and Music Content Strategic Business Unit

The key issue in this business unit is how to respond to changes in markets and business models brought about by the emergence of next-generation media and other factors. Responding to rapid shifts in the marketplace, the BANDAI NAMCO Group is carrying out research into next-generation media formats to allow it to respond flexibly to any developments in the future. In response to new customer needs, this business unit will acquire expertise in visual content distribution to supplement its existing packaged content business, as well as secure and reinforce the management of rights to highly competitive content compatible with a range of media.

The Game Contents, Network and Visual and Music Content strategic business units plan to work more closely to respond to changing customer needs arising from innovative new technologies

7. Fundamental Policy and Measures Regarding Corporate Governance

(1) Fundamental Policy

The BANDAI NAMCO Group is aiming to become the world's most inspiring entertainment group by consistently providing Dreams, Fun and Inspiration to people around the world through entertainment based on creativity and boundless enthusiasm. Consequently, the Group believes that strengthening its corporate governance system is an important management issue from the standpoint of providing benefits for all stakeholders who support its corporate activities, and for continuously maximizing stockholder value over the long term.

(2) Measures

1. Management framework and other systems related to decision-making, executive actions and oversight

(i) NAMCO BANDAI Holdings Inc.

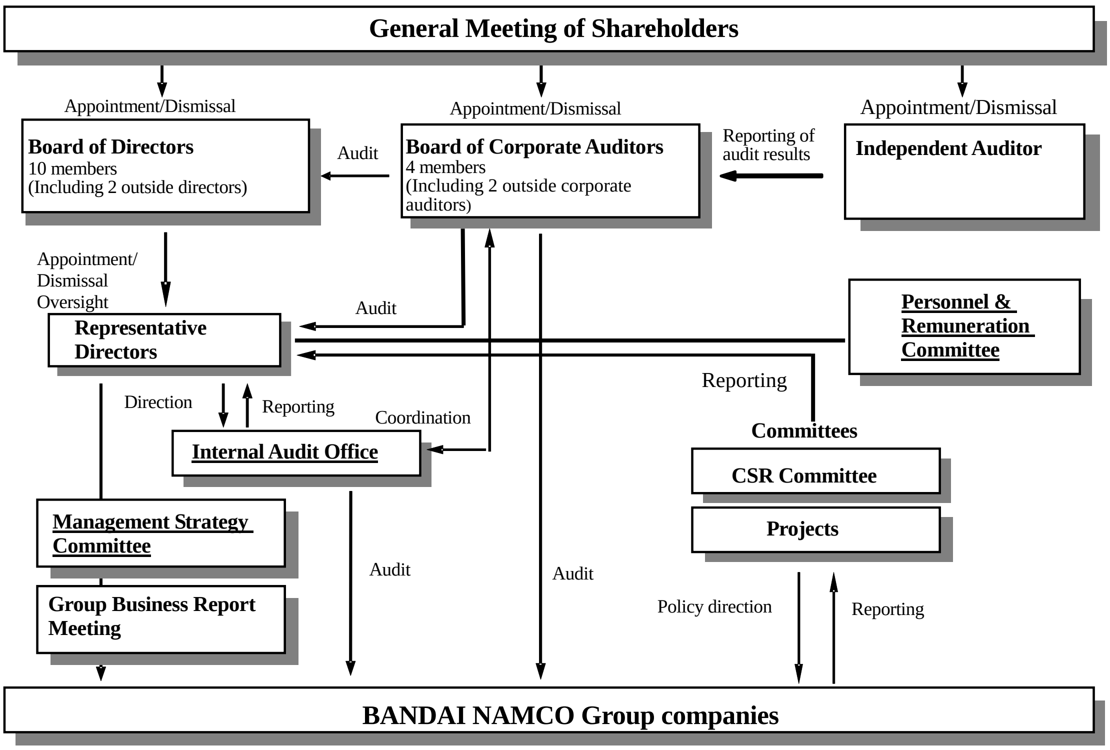
The Board of Directors of NAMCO BANDAI Holdings Inc. comprises ten members, including two outside directors, who work to strengthen management oversight functions. In order to respond rapidly to changes in the operating environment, the term of office for directors has been set at one year to clarify responsibilities and raise awareness of their respective roles. The BANDAI NAMCO Group has also established a Personnel & Remuneration Committee to provide objective and neutral advice on matters of particular interest such as personnel and remuneration issues related to directors. Outside directors comprise half of the members of this committee.

NAMCO BANDAI Holdings Inc. has adopted the corporate auditor system. The Board of Corporate Auditors has four members (including two full-time auditors), two of whom fulfill the conditions of outside corporate auditors. Based on the allocation of duties determined by the Board of Corporate Auditors, the corporate auditors monitor the operations of the Company while working with the independent auditors as needed.

In addition to the corporate auditors and the Internal Audit Office, which are respectively responsible for strictly monitoring the management of the Company and performing operational audits, the Company also employs an independent auditing firm to carry out audits. The corporate auditors work closely with the independent auditing firm and other personnel to monitor internal control systems on a daily basis and then identify, point out and suggest improvements to any issues that arise.

NAMCO BANDAI Holdings Inc.'s corporate governance framework is shown in the schematic below:

(As of September 30, 2005)



Directors and corporate auditors attend the following key meetings:

(As of September 30, 2005)

Name	Schedule	Purpose/Description	Participants
Board of Directors	Monthly	Resolution and reporting on matters stipulated by the Commercial Code, as well as resolution, discussion and reporting on matters related to the management of the BANDAI NAMCO Group.	Directors: 10 Corporate auditors: 4
Management Strategy Committee	Monthly	Discussion of the BANDAI NAMCO Group management strategies as well as measures for business creation and expansion.	Directors, excluding outside directors: 8 Other attendees depending on the agenda under discussion
Group Business Report Meeting	Monthly	Reports on the state of the BANDAI NAMCO Group's operations and discussion of issues and problems related to the Group's business activities.	Directors, excluding outside directors: 8 Corporate auditors, excluding outside corporate auditors: 2 Directors of Group companies
Waigaya Meeting	Weekly	Weekly reports by each director of NAMCO BANDAI Holdings on their respective business divisions and other matters.	Full-time directors: 6 General managers: 4

In terms of compliance, the Bandai Group and NAMCO Group have integrated their respective compliance committees in order to create a framework capable of centrally managing important issues related to compliance. Based on the Bandai Compliance Program and the NAMCO Code of Corporate Behavior, Bandai and NAMCO have established Compliance Committees to monitor and supervise importance compliance issues.

The Bandai Group and NAMCO Group have taken separate approaches to crisis management until now. Going forward, as the combined BANDAI NAMCO Group, both companies will further reinforce their crisis management systems to forestall or respond rapidly to crises.

KPMG AZSA & Co. has been selected to carry out audits as the Company's independent auditor.

The following CPAs are responsible for performing independent audits:
Designated partner/engagement partner: Seiichi Sasa
Designated partner/engagement partner: Shuji Otsu
Designated partner/engagement partner: Toshihiro Otsuka

The above individuals are supported by a team mainly comprising other CPAs and assistant CPAs, including systems specialists and other experts.

(ii) Bandai Co., Ltd.

Bandai has adopted the corporate auditor system. The Board of Corporate Auditors has three members, including two full-time auditors, all of whom are outside auditors. The auditors work to improve transparency and ensure objectivity.

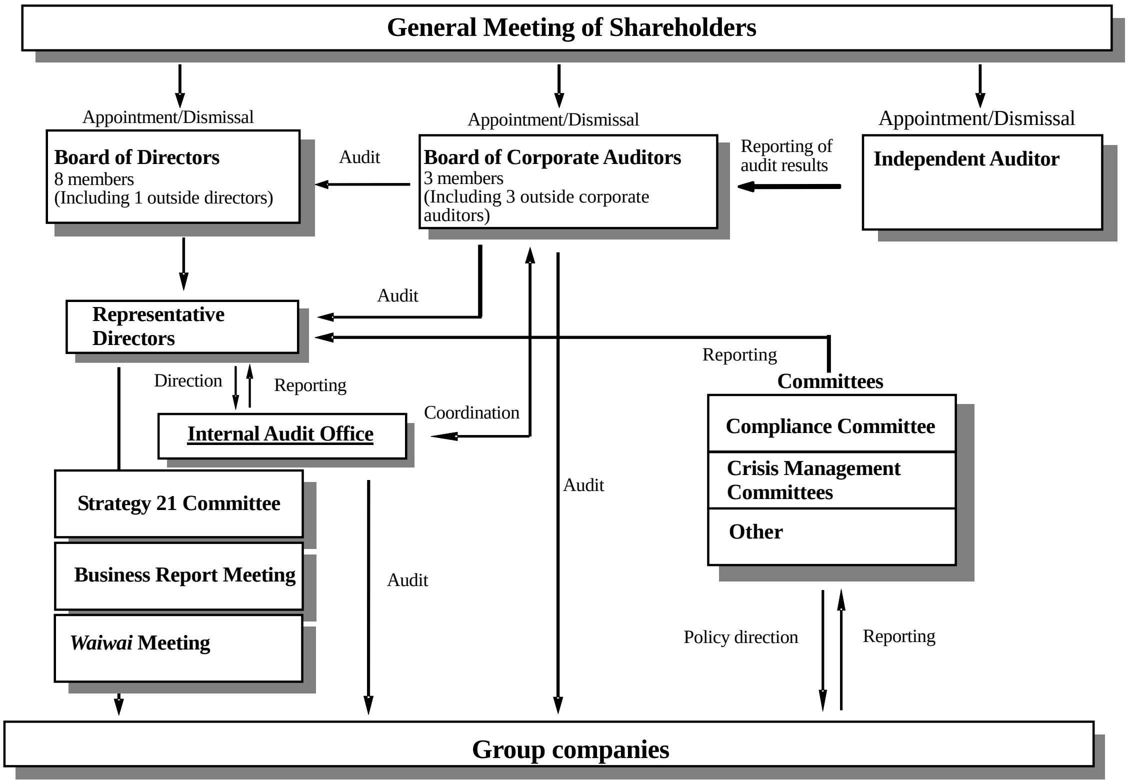
Bandai's Board of Directors comprises eight members, including one outside director. All directors work to reinforce management oversight functions. In order to respond rapidly to changes in the operating environment, the term of office for directors has been set at one year to clarify responsibilities and raise awareness of their respective roles. Bandai has also adopted an executive officer system to further clarify roles and responsibilities, thereby speeding up the decision-making process.

Bandai's Internal Audit Office, which reports directly to the president, is an independent internal body responsible for performing operational audits of each business division.

In addition to the corporate auditors and the Internal Audit Office, which are respectively responsible for strictly monitoring the management of the company and performing operational audits, Bandai also employs an independent auditing firm to carry out audits. The corporate auditors work closely with the independent auditing firm and other personnel to monitor internal control systems on a daily basis and then identify, point out and suggest improvements to any issues arising.

Bandai's corporate governance framework is shown in the schematic below:

(As of September 30, 2005)



Directors and corporate auditors attend the following key meetings:

(As of September 30, 2005)

Name	Schedule	Purpose/Description	Participants
Board of Directors	Monthly	Resolution and reporting on matters stipulated by the Commercial Code, as well as resolution, discussion and reporting on matters related to the management of Bandai.	Directors: 8 Corporate auditors: 3
Strategy 21 Committee	Monthly	Discussion of Bandai management strategies as well as measures for business creation and expansion.	Full-time directors: 7
Waiwai Meeting	Weekly	Weekly reports by Bandai's directors on their respective business divisions and other matters.	Full-time directors: 7
Business Report Meeting	Monthly	Reports on the state of Bandai's operations and discussion of issues and problems related to the company's business activities.	Full-time directors: 7 Full-time corporate auditors: 2 Executive officers and general managers

(iii) NAMCO LIMITED

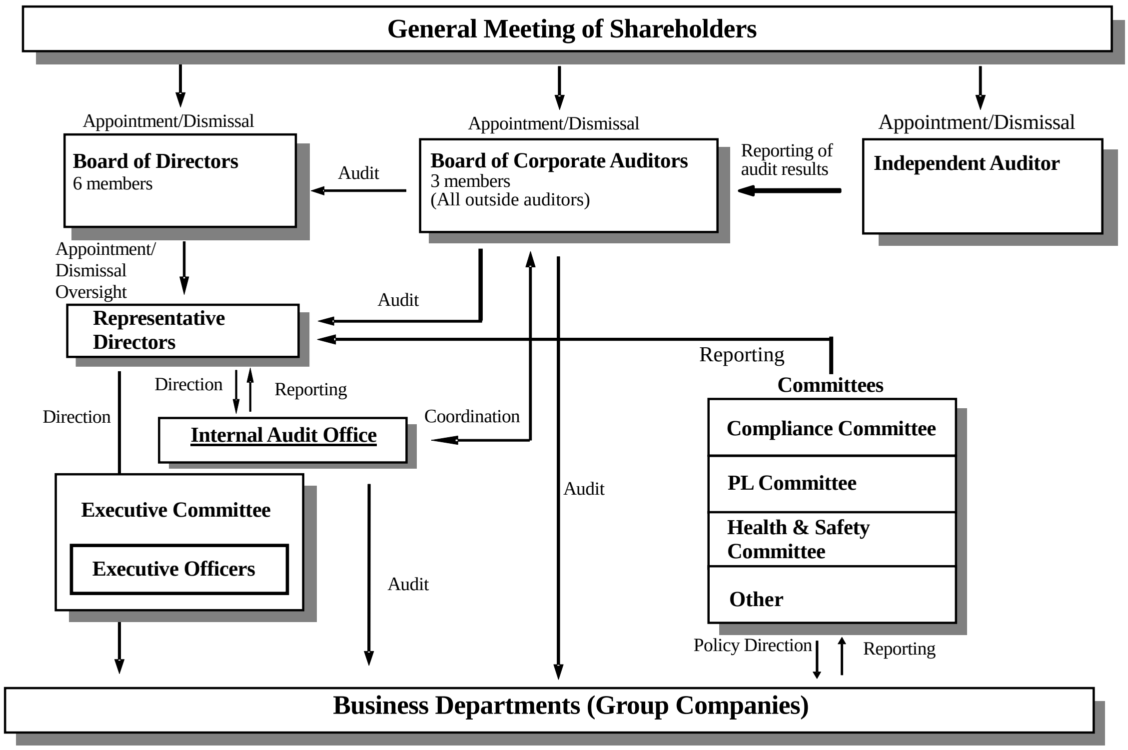
The NAMCO Board of Directors comprises six members and meets monthly. In addition to making decisions on management issues, the Board of Directors also works to ensure that business operations are carried out in an appropriate manner based on timely reports from representative directors and executive officers under them responsible for executive actions. Meetings of the Executive Committee are also held on a regular basis with the aim of realizing close communication between directors and executive officers to ensure business operations are effectively implemented. These meetings are used to communicate decisions made by the Board of Directors, raise a range of issues such as the respective operating results of each in-house company.

NAMCO has adopted the corporate auditor system. The Board of Corporate Auditors has three members (including one full-time auditor), all of whom fulfill the conditions of outside corporate auditors. Based on the allocation of duties determined by the Board of Corporate Auditors, the corporate auditors monitor the operations of the Company while working with the independent auditors as needed.

In addition to the corporate auditors and the Internal Audit Office, which are respectively responsible for strictly monitoring the management of the company and performing operational audits, NAMCO also employs an independent auditing firm to carry out audits. The corporate auditors work closely with the independent auditing firm and other personnel to monitor internal control systems on a daily basis and then identify, point out and suggest improvements to any issues arising.

NAMCO's corporate governance framework is shown in the schematic below:

(As of September 30, 2005)



Directors and corporate auditors attend the following key meetings:

(As of September 30, 2005)

Name	Schedule	Purpose/Description	Participants
Board of Directors	Monthly	Resolution and reporting on matters stipulated by the Commercial Code, as well as resolution, discussion and reporting on matters related to the management of NAMCO.	Directors: 6 Corporate auditors: 3
Executive Committee	Monthly	Discussion of NAMCO management strategies as well as measures for business creation and expansion.	Directors: 6 Full-time corporate auditors: 1 Executive Officers

2. Overview of personal, capital, business and other conflicts of interest between the Company and its outside directors and auditors

(i) NAMCO BANDAI Holdings Inc.

NAMCO BANDAI Holdings Inc. has two outside directors: Masatake Yone, a lawyer, and Kazuo Ichijo, a graduate school professor at Hitotsubashi University. Neither have any particular conflicts of interest with the Company. Kazuo Ichijo has a contract with Bandai as an advisor in management training services. There are also no particular conflicts of interest between the Company and its outside auditors, allowing them to monitor the executive actions of the Board of Directors from an objective standpoint. Osamu Sudo is concurrently an outside auditor for both NAMCO BANDAI Holdings Inc. and NAMCO.

(ii) Bandai Co., Ltd.

Bandai has one outside director and three outside auditors. None of these individuals have any particular conflicts of interest with the company.

(iii) NAMCO LIMITED

NAMCO has not appointed any outside directors. None of NAMCO's three outside auditors have any particular conflicts of interest with the company.

3. Actions taken to enhance corporate governance in the most recent fiscal period (Apr. ~ Sep. 2005) and current status

NAMCO BANDAI Holdings Inc.

Number of meetings held

Board of Directors: 3

Bandai Co., Ltd.

Number of meetings held

Board of Directors: 16 (including 9 extraordinary meetings)
Strategy 21 Committee: 6
Waiwai Meeting: 24
Group Business Report Meeting*: 5
Business Report Meeting: 6

* Group Business Report Meetings have been held under the auspices of Bandai's parent company, NAMCO BANDAI Holdings Inc., since October 2005.

NAMCO LIMITED

Number of meetings held

Board of Directors: 14 (including 8 extraordinary meetings)
Executive Committee: 6

3. Results of Operations and Financial Position

I. Results of Operations

1. Summary of the First Half of Fiscal Year 2006 (April 1, 2005 to September 30, 2005)

Overview of Operating Results

In the first half of fiscal 2006, Japan's economy saw strong corporate earnings, a slight improvement in business sentiment, and a sustained increase in capital investment. Despite the impact of rising crude oil prices and other factors, steady growth in personal income supported robust consumer spending on the whole.

In the entertainment industry, global competition has come to the fore, driven by the uptake and growth of networking infrastructure in step with technological innovation. In Japan, amid a falling birthrate and diversifying forms of hobbies and entertainment, entertainment companies must attract new customers by creating and providing appealing products and services, as well as conducting active R&D programs. These efforts are becoming increasingly crucial to delivering steady and sustained earnings.

In this environment, Bandai Co., Ltd. and NAMCO LIMITED determined that management integration would be the best way for the two companies to concentrate their resources in strategic domains under a common philosophy and strategy. This integration would also boost their corporate value by building even greater strength and depth into their operations, while ensuring success in the fast-changing, increasingly competitive entertainment industry. Guided by this thinking, on September 29, 2005, Bandai and NAMCO established NAMCO BANDAI Holdings Inc. as a joint holding company.

In terms of business performance, products that contributed to results during the first half of fiscal 2006 included the *Tamagotchi Plus* series, which is proving popular worldwide; the *Mobile Suit Gundam* series, which is generating groupwide synergies; and coin-operated game machines such as *The Idol Master and Medal No Tatsujin Doki!*

Due to the above items, consolidated net sales were ¥218,873 million, recurring income was ¥18,244 million and first-half net income was ¥7,834 million.

An overview of each business is presented as follows.

Results by Business Segment

(¥ million)

	First Half of Fiscal 2006 (April 1, 2005 to September 30, 2005)	
	Net Sales	Operating Income (Loss)
Toys & Hobby	82,539	8,397
Amusement Facility	41,052	2,300
Game Contents	63,733	7,448
Network	5,950	857
Visual & Music	23,053	3,095
Affiliated	11,220	(59)

Toys & Hobby Business

In the Toys & Hobby Business, in Japan, girls' toys and children's apparel based on the animation series *Pretty Cure Max Heart*, and the *Tamagotchi Plus* series continued to achieve strong sales, following on from the previous year. In addition, *DATA CARDDASS*, a new game category that fuses digital data with card games, made a strong start. Meanwhile, popular items for boys included toys based on *Maji Ranger (Power Rangers)*, and children's apparel and sundries based on

MUSHIKING (The King of Beetles).

Overseas, in the U.S., measures to concentrate the launch of mainstay products in the second half of the fiscal year, which includes the Christmas shopping season, has underpinned a robust performance. These measures come as part of efforts to concentrate resources on carefully selected characters and businesses in the U.S. Meanwhile, in Europe and Asia, sales centered on *POWER RANGERS* and the *Tamagotchi* series went well.

Due to the above items, the Toys & Hobby Business posted net sales of ¥82,539 million and operating income of ¥8,397 million.

Amusement Facility Business

In Japan, this business focused on capturing new customers mainly through the launch of The Idol Master, a proprietary coin-operated game machine. Two new large-scale amusement facilities that were opened in the previous fiscal year and Asakusa Hanayashiki, an amusement park transferred to the Group on August 30, 2004, also contributed to results. However, deteriorating market conditions, including the waning popularity of prize machines, reduced first-half sales at existing directly managed locations by 4.5% year on year.

In the U.S., the Amusement Facility Business continued to take steps to expand its network of facilities operated under revenue-sharing arrangements, close unprofitable sites, and reduce costs. As a result, sales at existing directly managed locations in the interim period bottomed out, falling only 2.3% year on year. However, overall performance was lackluster, due to the impact of deteriorating market conditions, impacted by the landfall of successive hurricanes and high gasoline prices. In Europe, operations were generally favorable, centered on business in the U.K., despite some impact from terrorist incidents. In Asia, the operating environment remained difficult due to the lack of progress on deregulation in China, but prize games performed well. As of September 30, 2005, the total number of amusement facilities was 1,688 locations, including 479 directly managed sites, 1,205 sites operated under revenue-sharing arrangements, and 4 theme parks.

Due to the above items, the Amusement Facility Business posted net sales of ¥41,052 million and operating income of ¥2,300 million

Game Contents Business

In the Game Contents Business, home videogame software sales in Japan were supported by the launch of *Tales of Legendia* for the PlayStation2 (PS2), in addition to strong sales of *Super Robot Wars α* and *Dragon Ball Z Sparking!!*. In the U.S., *Ridge Racer* for the PlayStation Portable (PSP) performed well. In Europe, strong performers included *Tekken 5* for the PS2 and the *Dragon Ball Z* series. In Asia, the Group launched *Tekken 5* for the PS2 and other titles.

The Bandai Group will apply accounting standards for content to videogame software production undertaken since the first fiscal half. Previously, accounting standards for software were applied. As a result of this change, R&D expenses decreased during the first fiscal half.

In sales of coin-operated game machines in Japan, strong sales were recorded by titles such as *The Idol Master*, a game that has attracted significant attention because its content promises diverse applications. Overseas, strong performers included *Wangan Midnight MAXIMUM TUNE 2* in the U.S. and *The Fast and The Furious* (RAW THRILLS INC.) in Europe. However, first-half sales were not sufficient to offset the impact of the postponed launch of certain products.

In the pachinko and pachislot LCD business, LCD display units for the *Matsuri No Tatsujin* pachislot machine were sold to YAMASA CO., LTD., but overall sales declined compared to the same period a year earlier.

NAMCO runs a content distribution business for users of mobile phones and other portable devices. In Japan, this business saw *Taiko No Tatsujin* and other mobile phone sites perform well. As of September 30, 2005, the number of subscribers had reached 1,025,300, topping the one million mark for the first time. Overseas, there was an increase in the number of carriers offering NAMCO

mobile phone sites in the U.S. However, in Europe, this business struggled due to delays in launching new services and other factors.
Due to the above items, the Game Contents Business recorded net sales of ¥63,773 million and operating income of ¥7,448 million.

Network Business
In the Network Business, which is conducted by Bandai Networks Co., Ltd., good results were delivered with the launch of a variety of game content tailored to content distribution services targeting mobile phone users. This included *GNO Mobile*, a service linked to *Gundam Network Operation 2,* an online game for PC users. Furthermore, the provision of new technologies for mobile phones, such as *3D Engine*, which generates 3D character images, solutions for companies, and web content contributed to results.

As a result of the foregoing, the Network Business reported net sales of ¥5,950 million and operating income of ¥857 million.

Visual and Music Content Business
In the Visual and Music Content Business, the Group benefited from strong groupwide synergies generated through initiatives such as the airing of *Mobile Suit Gundam SEED DESTINY*, an animated TV series, since the previous fiscal year. Meanwhile, strong sales of DVD releases of original animated programs, such as *Super Robot Wars ORIGINAL GENERATION THE ANIMATION* and *Steamboy*, an animated film, contributed to results. The active launch of rental DVDs and videos also helped to boost results.

Nikkatsu Corporation is no longer a subsidiary following the transfer of part of the Group's shareholding in Nikkatsu to Index Corporation on September 28, 2005, in accordance with a share transfer agreement with Index.

Due to the above items, the Visual and Music Content Business recorded net sales of ¥23,053 million and operating income of ¥3,095 million.

Affiliated Business
In this business, the logistics business performed well by boosting further efficiency. The Incubation Center expanded its human services business with the opening of its second *Kaikaya* day-care center in April 2005. The center is located in the *Kaikaya Ayase Town Hills Shopping Center*, Ayase City, Kanagawa Prefecture. The business also expanded its lineup of human service equipment with the launch of *Talkingaid Light*, a lightweight and compact version of the *Talkingaid* portable communication support device for the disabled and elderly.

As a result of the foregoing, the Affiliated Business posted net sales of ¥11,220 million, and an operating loss of ¥59 million.

Geographic Segment Information

(¥ million)

	First Half of Fiscal Year 2006 (April 1, 2005 to September 30, 2005)	
	Net Sales	Operating Income (Loss)
Japan	184,728	22,377
Americas	20,629	(3,226)
Europe	12,659	1,791
Asia	13,829	1,202

Japan
In Japan, strong-selling products included girls' toys and children's apparel based on the animation series *Pretty Cure Max Heart*; the *Tamagotchi Plus* series; *Super Robot Wars* α and *Dragon Ball Z Sparking!* for the PS2; and coin-operated game machine *The Idol Master*. As for the Amusement Facility Business, due to lackluster market conditions, such as the waning popularity of prize machines, sales at existing directly managed stores fell 4.5% year on year.

In content distribution services for users of mobile phones and other portable devices, *Taiko No Tatsujin* and other mobile phone sites performed well. The provision of new technologies for mobile phones, such as *3D Engine*, which generates 3D character images, and other actions also contributed to results. Meanwhile, the Group benefited from strong groupwide synergies generated through initiatives such as the airing of *Mobile Suit Gundam SEED DESTINY*, an animated TV series, since the previous fiscal year. In addition, strong sales of video releases of original animated programs, such as *Super Robot Wars ORIGINAL GENERATION THE ANIMATION* also contributed to results.

Due to the above items, net sales in Japan were ¥184,728 million and operating income was ¥22,377 million.

Americas
In the Americas (U.S. and Canada), strong-selling products included the *Tamagotchi* series, *Ridge Racer* for the PSP, and coin-operated game machine *Wangan Midnight MAXIMUM TUNE 2*. However, measures to concentrate the launch of mainstay products in the second half of the fiscal year, which includes the Christmas shopping season, has underpinned a sluggish performance. These measures come as part of efforts to concentrate resources on carefully selected characters and businesses in this region. In the Amusement Facility Business, sales at existing directly managed locations bottomed out, decreasing only 2.3% year on year. However, overall performance was lackluster, due to the impact of deteriorating market conditions, including the landfall of successive hurricanes and high gasoline prices.

Consequently, in this region, the BANDAI NAMCO Group posted net sales of ¥20,629 million and an operating loss of ¥3,226 million.

Europe
In Europe, strong-selling products included toys centered on the *POWER RANGERS* and *Tamagotchi* series; *Tekken 5* for the PS2; the *Dragon Ball Z* series for the PS2; and coin-operated game machine *The Fast and The Furious* (RAW THRILLS INC.). Meanwhile, amusement facility operations were generally favorable, centered on business in the U.K., despite some impact from terrorist incidents.

As a result of the foregoing, net sales in Europe were ¥12,659 million and operating income was ¥1,791 million.

Asia
In Asia, strong-selling products included toys centered on the *POWER RANGERS* and *Tamagotchi* series as well as *Tekken 5* for the PS2. Meanwhile, the operating environment for amusement facility operations remained difficult due to the lack of progress on deregulation in China, but prize games performed well.

Consequently, net sales in Asia were ¥13,829 million and operating income was ¥1,202 million.

2. Full-Year Outlook

Japan's economic outlook calls for a gradual, sustained recovery supported mainly by improving corporate earnings and higher capital expenditures, although the revaluation of China's currency will have some impact on the economy.

Furthermore, the operating environment surrounding the BANDAI NAMCO Group will be shaped by diversifying customer preferences in the toy market, and dramatic shifts in the game industry in anticipation of the emergence of next-generation game consoles. The outlook for the Group's operating environment thus remains shrouded in uncertainty.

In this context, the Group intends to bring an extensive range of products to the domestic market. In addition to products based on well-established popular characters such as *Maji Ranger (POWER RANGERS;* the *Tamagotchi Plus* series, products for girls based on *Pretty Cure Max Heart* and *Cinnamoroll*, were developed. The Group also plans to launch the following game titles: *Tales of the Abyss* for the PS2; franchise titles such as *Soul Calibur III*; titles for next-generation game consoles, including *Ridge Racer 6* for Xbox 360; coin-operated game machines such as *Mario Kart Arcade Grand Prix* and *Tekken 5 DARK RESURRECTION*. There are also plans to continue the first-half packaged media sales of the *Mobile Suit Gundam* series.

Overseas, in addition to launching products based on the popular *POWER RANGERS* and *Tamagotchi* series, the Group intends to take steps to cultivate new characters. The Group will also release game titles including *Soul Calibur III* for the PS2 and other franchise titles, as well as coin-operated game machines such as *Mario Kart Arcade Grand Prix*.

In light of the foregoing, the BANDAI NAMCO Group has not revised its consolidated and non-consolidated forecasts for the fiscal year ending March 31, 2006 announced on November 7, 2005 and September 29, 2005, respectively.

Forward-looking statements

This document contains forward-looking statements based on information currently available to the Company and Group, and as such, include inherent risks and uncertainties. Actual results may differ materially from forecasts for a variety of reasons, including changes in the Company and Group's operating environment, market trends and exchange rate fluctuations.

II. Financial Position

1. Cash Flows

Cash and cash equivalents at September 30, 2005 totaled ¥120,933 million, a decrease of ¥3,990 million compared to the beginning of the current fiscal year. Cash flows in the interim period were as follows:

Cash flows from operating activities

Operating activities provided net cash of ¥16,338 million. This mainly reflected income before income taxes of ¥19,079 million and decrease in trade receivables of ¥11,546 million, against acquisition of amusement machines and facilities of ¥5,149 million, and income taxes paid of ¥7,704 million.

Cash flows from investing activities

Investing activities used net cash of ¥3,551 million. This was chiefly attributable to cash outflows of ¥5,628 million for the acquisition of property, plant and equipment and ¥1,807 million for the acquisition of shares in VIBE Inc. and other subsidiaries, despite cash of ¥5,185 million from the sale of shares in Italian Tomato Ltd. and Nikkatsu Corporation.

Cash flows from financing activities

Financing activities used net cash of ¥16,327 million. This primarily reflected ¥10,539 million from the purchase of treasury stock and dividends paid of ¥4,415 million, as well as the repayment of long-term debt of ¥1,118 million.

2. Full-year Cash flow Forecasts

On September 29, 2005, Bandai Co., Ltd. and NAMCO LIMITED established a joint holding company, NAMCO BANDAI Holdings Inc., through a transfer of shares. At the start of the fiscal year, Bandai and NAMCO held a combined total of ¥124,923 million in cash and cash equivalents.

Although the Company expects operating cash flow to increase in line with earnings, cash used in investing and financing activities is forecast to exceed cash provided by operating activities as a result of cash used for the acquisition of shares related to management integration and the redemption of corporate bonds.

As a result, total cash and cash equivalents at March 31, 2006 are expected to be less than at the start of the fiscal year.

3. Cash Flow Indices

	Fiscal Year 2006
	Interim
Stockholders' equity ratio	61.3%
Stockholders' equity ratio (market capitalization basis)	126.1%
Debt retirement period (years)	1.0
Interest coverage ratio	110.8

Notes:

(1) Stockholders' equity ratio = Total stockholders' equity/Total assets
(2) Stockholders' equity ratio (market capitalization basis) = Market capitalization/Total assets
(3) Debt retirement period = Interest-bearing debt/Operating cash flow
(4) Interest coverage ratio = Operating cash flow/Interest expenses

(Reference)

1. All figures are calculated using data from the consolidated financial statements.
2. Market capitalization is calculated by multiplying the share price at the end of the interim period by the number of shares outstanding (net of treasury stock) at the end of the interim period.
3. Operating cash flow is the figure shown in the consolidated statements of cash flows. Interest-bearing debt is the sum of all debt upon which interest must be paid as shown in the consolidated balance sheets. Interest expenses are interest payments as shown in the consolidated statements of cash flows.
4. For calculating the debt retirement period for the interim period, operating cash flow is doubled to create a full-year figure.

III. Business Risks

Risk factors related to the Group's businesses that may significantly affect decisions made by the investment community, include, but are not limited to, those listed below. These statements on risk are based on information available to the Group as of November 22, 2005, the filing date for the NAMCO BANDAI Holdings Inc.'s earnings report (*Kessan Tanshin*) for the first half of fiscal year 2006.

Risks associated with the core business model

The BANDAI NAMCO Group's businesses are centered on products and services based on content, including various characters. The Group's operating results may be affected by shifts in the popularity of specific content or related developments. Therefore, the Group manages a diverse and multifaceted content portfolio to ensure that it delivers steady earnings. This portfolio comprises a business portfolio, in which the Group conducts operations in a diverse array of business domains; a character portfolio, where many different content lines are developed; and a regional portfolio, where businesses are conducted in various regions worldwide. In each business, the Group develops new content, and conducts marketing activities geared to cultivate and develop this content over the long term.

Risks associated with overseas business expansion

The Group is actively seeking to drive overseas business expansion. However, these efforts expose the Group to a diverse array of risks, including business risks associated with regional characteristics, such as local media and distribution systems; risks associated with intellectual property rights, such as those related to counterfeit products; and risks associated with fluctuations in exchange rates. From a business standpoint, the Group conducts ample research to minimize these risks and formulates countermeasures before proceeding with overseas business expansion. With respect to intellectual property rights, the Group cooperates with local government agencies and other authorities to identify counterfeit products, promote greater recognition of authentic products, and achieve other ends. With respect to foreign exchange risk, the Group enters into foreign exchange forward contracts to mitigate the impact of short-term fluctuations in principal exchange rates on operating results.

Difficulties in retaining and fostering key personnel

In the fast-changing entertainment industry, it is essential for the Group to retain and foster personnel who can respond effectively to rapid changes. In addition to developing a remuneration structure capable of retaining these individuals, the Group has incorporated systems that transfer authority to them so that they can fully maximize their abilities. Efforts are also being focused on personnel development in order to foster the next-generation of successful personnel through training seminars and other programs.

Risks associated with the Game Contents Business

In the Game Contents Business, changes in the timing of product launches may affect earnings in a given period because game titles usually generate a substantial proportion of revenues. The Group tightly controls software development schedules for videogames, while seeking to diversify risks by flexibly developing multiple products with different software characteristics and development periods.

Risks associated with advances in and new generations of platforms

The Group is exposed to the risk of delays in responding to advances in and new generations of content-provision platforms with respect to its game-, visual-, and network-related content, and delays in changing its business models in response to these developments. The Group pursues research into new technologies to develop competitive content in step with the latest advances, while actively working to acquire expertise on new business models. Meanwhile, the Group strives to create and incubate new content, the source of its competitiveness, and protect intellectual property rights.

Japan's falling birthrate

Looking ahead, the Group's operating results may be affected by Japan's falling birthrate. In response, the Group is actively taking a range of steps such as expanding the target age group for its products, diversifying its operations, and pursuing overseas business expansion.

Concentration of production in China

The Group's Toys & Hobby Business manufactures approximately 90% of its toys in China. In future, the revaluation of China's currency may drive up production costs or the Group may be affected by country risks such as unforeseeable disasters. In response, the Group is working to reduce production costs and diversify production bases into Southeast Asia and other regions.

Risks associated with rising crude oil prices

With rising crude oil prices, the Group faces the risk of higher production costs due to a surge in raw material prices and higher freight costs. In response, the Group is pursuing cost reductions mainly by using standardized dyes for character toys sold worldwide and raising the efficiency of production processes ranging from manufacturing to distribution.

In addition, the Group also faces risks associated with natural disasters and accidents, changes in laws and regulations, defects in products and services, leakages of customer information, lawsuits accompanying business activities and other issues. Efforts will be made to reinforce the Group's operating base to minimize the impact of these risks on operating results in the event that they are realized.

4. Interim Consolidated Financial Statements

(1) Consolidated Balance Sheet

	Note	As of September 30, 2005		
		Millions of yen		Share (%)
(Assets)				
Ⅰ **Current assets:**				
1. Cash and time deposits	※2		112,526	
2. Trade receivables			61,609	
3. Short-term investments			9,893	
4. Inventories			32,472	
5. Deferred tax assets			4,257	
6. Other current assets			18,837	
7. Allowance for doubtful receivables			(1,346)	
Total current assets			**238,249**	**63.3**
II Fixed assets				
1. Property, plant and equipment	※1			
(1) Buildings and structures		16,169		
(2) Amusement facilities and machines		22,038		
(3) Land		23,342		
(4) Other property, plant and equipment		14,046	75,596	
2. Intangible assets				
(1) Consolidation adjustment accounts		67		
(2) Other intangible assets		8,457	8,525	
3. Investments and other assets				
(1) Investment securities		20,707		
(2) Guarantee money deposited		25,602		
(3) Deferred tax assets		3,680		
(4) Other investments and assets		5,423		
(5) Allowance for doubtful receivables		(1,505)	53,908	
Total fixed assets			**138,030**	**36.7**
Total assets			**376,280**	**100.0**

	Note	As of September 30, 2005	
		Millions of yen	Share (%)
(Liabilities)			
I Current Liabilities			
1. Trade payables		40,347	
2. Short-term borrowings		3,521	
3. Bonds—current portion		11,000	
4. Accounts payable—other		20,565	
5. Accrued income taxes		8,457	
6. Other current liabilities		11,810	
Total current liabilities		**95,701**	**25.4**
II Long-term Liabilities			
1. Bonds		15,000	
2. Long-term debt		3,277	
3. Deferred tax liabilities, land revaluation difference		849	
4. Accrued retirement and severance benefits		2,015	
5. Directors' and auditors' retirement and severance benefits		867	
6. Other long-term liabilities		7,765	
Total long-term liabilities		**29,775**	**7.9**
Total liabilities		**125,477**	**33.3**
(Minority Interests)			
Minority Interests		**20,267**	**5.4**
(Stockholders' Equity)			
I Common stock		**10,000**	**2.7**
II Additional paid-in capital		**92,430**	**24.6**
III Retained earnings		**157,885**	**42.0**
IV Land revaluation difference		**(21,246)**	**(5.7)**
V Other securities valuation difference		**3,381**	**0.9**
VI Translation adjustment		**(778)**	**(0.2)**
VII Treasury stock		**(11,136)**	**(3.0)**
Total stockholder's equity		**230,535**	**61.3**
Total liabilities, minority interests and stockholders' equity		**376,280**	**100.0**

(2) Consolidated Statements of Income

		Six months ended September 30, 2005		
	Note	Millions of yen		Share (%)
I Net sales			**218,873**	**100.0**
II Cost of sales			**141,346**	**64.6**
Gross profit			**77,526**	**35.4**
III Selling, general and administrative expenses	*1		**59,979**	**27.4**
Operating income			**17,546**	**8.0**
IV Non-operating income				
1. Interest income		396		
2. Dividend income		101		
3. Rental income		131		
4. Foreign exchange gain		186		
5. Operation consignment income		138		
6. Other non-operating income		327	1,282	0.6
V Non-operating expenses				
1. Interest expense		147		
2. Equity in loss of affiliated companies		25		
3. Amortization of goodwill		242		
4. Other non-operating expenses		170	585	0.3
Recurring income			**18,244**	**8.3**
VI Extraordinary income				
1. Gain on sale of property, plant and equipment	*2	182		
2. Gain on sale of investment securities		282		
3. Gain on sale of investments in affiliated companies		2,602		
4. Reversal of allowance for doubtful receivables		195		
5. Other extraordinary income		7	3,271	1.5

		Six months ended September 30, 2005		
	Note	Millions of yen		Share (%)
VII Extraordinary loss				
1. Loss on sale of property, plant and equipment	*3	19		
2. Loss on disposal of property, plant and equipment	*4	174		
3. Loss on impairment of property, plant and equipment	*5	1,636		
4. Loss on business restructuring		50		
5. Loss on valuation of investment securities		201		
6. Loss on valuation of investments in affiliated companies		17		
7. Loss on valuation of guarantee money deposited		2		
8. Loss on changes in equity interests		15		
9. Provision for allowance for doubtful receivables		317	2,436	1.1
Net income before income taxes and minority interests			**19,079**	**8.7**
Corporate income, inhabitant and enterprise taxes		7,633		
Tax adjustments		2,735	10,369	4.7
Minority interests			875	0.4
Net income			**7,834**	**3.6**

(3) Consolidated Statements of Retained Earnings

		Six months ended September 30, 2005	
	Note	Millions of yen	
(Additional paid-in capital)			
I Consolidated additional paid-in capital at the beginning of the period			**92,033**
II Increase in consolidated additional paid-in capital			
1. Increase in additional paid-in capital by exercise of rights to subscribe for new shares		396	**396**
III Consolidated additional paid-in capital at the end of the period			**92,430**
(Retained Earnings)			
I Consolidated retained earnings at the beginning of the period			**158,181**
II Increase in retained earnings			
1. Net income		7,834	
2. Increase in retained earnings resulting from exclusion from the scope of consolidation		29	
3. Increase in retained earnings resulting from the new application of the equity method		15	
4. Reversal of land revaluation difference		83	**7,962**
III Decrease in retained earnings			
1. Cash dividends		4,415	
2. Share transfer payments		3,097	
3. Bonuses to directors and corporate auditors		559	
4. Decrease in retained earnings resulting from exclusion of subsidiaries from the scope of consolidation		186	**8,258**
V Consolidated retained earnings at the end of the period			**157,885**

(4) Consolidated Statements of Cash Flows

		Six months ended September 30, 2005
	Note	Millions of yen
I Cash Flows from Operating Activities		
Income before income taxes and minority interests		19,079
Depreciation and amortization		8,743
Loss on impairment of property, plant and equipment		1,636
Amortization of goodwill		83
Increase in allowance for doubtful receivables		679
Increase in accrued retirement and severance benefits		126
Decrease in directors’ and auditors’ retirement and severance benefits		(129)
Interest and dividend income		(498)
Interest expense		147
Foreign exchange loss		(31)
Equity in loss of affiliated companies		25
Loss on disposal of property, plant and equipment		174
Loss on sale of property, plant and equipment		(162)
Loss on disposal of amusement facilities and machines		575
Gain on sale of investment securities		(2,885)
Loss on valuation of investment securities		219
Decrease in trade receivables		11,546
Increase in inventories		(1,151)
Investment for amusement facilities and machines		(5,149)
Decrease in trade payables		(1,930)
Decrease in accounts payable—other		(4,328)
Bonuses to directors and corporate auditors		(627)
Other		(2,526)
Subtotal		23,616
Interest and dividends received		574
Interest paid		(147)
Income taxes paid		(7,704)
Net cash provided by operating activities		16,338

		Six months ended September 30, 2005
	Note	Millions of yen
II Cash Flows from Investing Activities		
Payments for deposit in time deposits		(143)
Proceeds from withdrawal from time deposits		170
Proceeds from sales of short-term investments		499
Purchases of property, plant and equipment		(5,628)
Proceeds from sales of property, plant and equipment		588
Purchases of intangible assets		(1,656)
Purchases of investment securities		(1,194)
Sales of investment securities		341
Acquisition of shares in consolidated subsidiaries, net of cash acquired		(26)
Proceeds from sales of shares in consolidated subsidiaries		220
Purchase of subsidiary shares related to changes in scope of consolidation		(1,780)
Proceeds from sale of subsidiary shares related to changes in scope of consolidation		5,185
Proceeds from decrease in capital at non-consolidated subsidiaries		100
Advances of loans receivable		(308)
Collection of loans receivable		293
Guarantee money deposited		(463)
Proceeds from collection of guarantee money deposited		627
Other		(376)
Net cash used in investing activities		(3,551)
III Cash Flows from Financing Activities		
Net decrease in short-term borrowings		(444)
Repayment of long-term debt		(1,118)
Proceeds from issuance of shares		396
Proceeds from capital paid by minority interests		20
Purchases of treasury stock		(10,539)
Dividends paid		(4,415)
Dividends paid to minority interests		(226)
Net cash used in financing activities		(16,327)
IV Effect of exchange rate changes on cash and cash equivalents		410
V Net decrease in cash and cash equivalents		(3,129)
VI Cash and cash equivalents at beginning of period		124,923
VII Net decrease in cash and cash equivalents due to elimination from consolidation		(860)
VIII Cash and cash equivalents at end of period	※	120,933

Important Information Constituting the Basis for Preparation of Interim Consolidated Financial Statements (April 1, 2005 ~ September 30, 2005)

	Six months ended September 30, 2005
1. Information Concerning the Scope of Consolidation	(1) Consolidated subsidiaries: There are 51 consolidated subsidiaries. The major consolidated subsidiaries are listed here: Bandai Co., Ltd., NAMCO LIMITED, Banpresto Co., Ltd., Bandai Visual Co., Ltd., Bandai Networks Co., Ltd., Bandai Logipal Inc., Sunrise Inc., NAMCO HOLDING CORP., NAMCO AMERICA INC., NAMCO HOMETEK INC., NAMCO CYBERTAINMENT INC., NAMCO EUROPE LTD., NAMCO OPERATIONS EUROPE LTD., NAMCO ENTERPRISES ASIA LTD., BANDAI AMERICA INC., BANDAI S.A., Two companies were included in the scope of consolidation from the interim period: BANDAI GAMES INC, a newly established company, and VIBE Inc., which became a subsidiary following the purchase of stock. Three companies were excluded from the scope of consolidation from the interim period: PalBox Co., Ltd., due to liquidation, and Italian Tomato Ltd. and Nikkatsu Corporation, which are no longer treated as consolidated subsidiaries following sales of stock in these companies Effective April 1, 2005, Banwave Co., Ltd. and BanPocket Co., Ltd. merged, with Banwave, the surviving company. The company has been renamed Banpresto Sales Co., Ltd. (2) Non-consolidated subsidiaries: Including Sunrise Interactive Co., Ltd., 22 of the Company’s subsidiaries are excluded from the scope of consolidation, because total assets, net sales, interim net income (corresponding to equity therein) and retained earnings (corresponding to equity therein) for each company would not have a material impact on the interim consolidated financial statements of the Company.

	Six months ended September 30, 2005
2. Information Concerning Application of the Equity Method	(1) Application of equity method: One non-consolidated subsidiary, SHANGHAI NAMCO LTD., is accounted for by the equity method. Five affiliates are accounted for by the equity method: Happinet Corp., Sotsu Agency Co., Ltd., Tohato Inc., People Co., Ltd. and Italian Tomato Ltd. People and Italian Tomato became equity-method affiliates from the interim period under review. (2) Non-consolidated subsidiaries and affiliates to which the equity method is not applied The equity method was not applied to 21 non-consolidated subsidiaries and five affiliates, because these companies would have only a minimal impact on the Company's interim consolidated net income and retained earnings, as their significance is minimal as a whole.

	Six months ended September 30, 2005
3. Information Concerning the Interim Settlement Date for Consolidated Subsidiaries	Consolidated subsidiaries with an interim settlement date of September 30: Bandai Co., Ltd., NAMCO LIMITED, Banpresto Co., Ltd., Bandai Networks Co., Ltd., Banpresoft Co., Ltd., NAMCO Tales Studio Ltd., VIBE Inc. Consolidated subsidiaries with an interim settlement date of July 31: Artpresto Co., Ltd. St. Tropez Ltd. Consolidated subsidiaries with an interim settlement date of June 30: BANDAI AMERICA INC. BANDAI ENTERTAINMENT INC. BANDAI GAMES INC. BANDAI S.A. BANDAI U.K.LTD. BANDAI ESPANA S.A. BANDAI (H.K.) CO., LTD., BANPRESTO（H.K.）LTD. BHK TRADING LTD. BANDAI INDUSTRIAL CO., LTD. BANDAI KOREA CO., LTD. Consolidated subsidiaries not listed above have the interim settlement date of August 31. All of the above settlement dates fall within three months of the consolidated interim settlement date. Consequently, the interim results of the above consolidated subsidiaries are reflected in the consolidated interim financial statements. However, necessary adjustments are made to the consolidated financial statements for material transactions occurring between the subsidiary interim settlement dates and the consolidated interim settlement date.

	Six months ended September 30, 2005
4. Information Concerning Capital Consolidation Related to the Stock Transfer	(1) NAMCO BANDAI Holdings Inc., the parent company of Bandai Co., Ltd. and NAMCO LIMITED, was established through a transfer of stock. Management integration through capital consolidation is being carried out based on the pooling-of-interests method in accordance with “Accounting for the Consolidation of a Holding Company Established by Stock Exchange or Stock Transfers” (JICPA Accounting Committee Research Report No. 6). (2) Based on comprehensive analysis of the operations and financial position of each wholly owned subsidiary, the pooling of interests was judged to be the appropriate method for carrying out management integration to allow each wholly owned subsidiary to continuously share the risks and benefits of the NAMCO BANDAI Group
5. Information Concerning Accounting Policies	(1) Valuation basis and methods for significant assets: (i)Short-term investments: Bonds to be held to maturity Stated at amortized cost (straight-line method) Other securities Securities with market values: Stated at market value using, among others, market prices at interim period settlement dates. (Valuation differences are reflected directly in stockholders’ equity and the cost of securities sold is calculated by the moving-average method). Securities without market values: Stated at cost based on the moving-average method. However, with respect to investments in limited liability partnerships for investment businesses and similar partnerships, the amount corresponding to the equity holding of the partnership’s assets is stated as investment in securities, and the amount corresponding to the profit or loss derived from the operations of the partnership is stated as profit or loss for the fiscal year.

	Six months ended September 30, 2005
	(ii) Derivative trading: Stated using the market price method (iii) Inventories: Domestic consolidated subsidiaries Game software and other work in progress Stated at cost using the specific cost method Other inventories Generally stated at cost using the moving-average method Overseas consolidated subsidiaries Game software and other work in progress Stated at cost using the specific cost method Other inventories: Generally stated at the lower of cost or market using the first-in, first-out method (2) Depreciation methods for significant depreciable assets: (i) Property, plant and equipment: The Company and its domestic consolidated subsidiaries Generally the declining-balance method is used. However, for buildings (excluding equipment attached thereto) acquired on or after April 1, 1998, and certain amusement facilities and equipment, the straight-line method is used. The useful life of buildings and structures is 2 to 50 years. The useful life of amusement facilities and equipment is 3 to 15 years. Overseas consolidated subsidiaries The straight-line method is used. The useful life of buildings and structures is 5 to 50 years. The useful life of amusement facilities and equipment is 2 to 7 years (ii) Intangible assets: The straight-line method is used. The useful life of software used internally is 2 to 5 years.

	Six months ended September 30, 2005
	Goodwill at domestic consolidated subsidiaries is amortized equally over a period of five years in accordance with enforcement regulations of the Japanese Commercial Code. Goodwill at overseas consolidated subsidiaries is treated in accordance with the accounting regulations of the country of domicile. (3) Basis of recognition for significant provisions: (i) Allowance for doubtful receivables: The Company provides for potential losses due to bad debts using historical credit loss ratios for ordinary receivables. Projected uncollectible amounts are also recorded for receivables clearly at risk and receivables from companies under bankruptcy or reorganization processes, based on individual consideration of the account's potential for collection. (ii) Allowance for retirement and severance benefits: The Company provides for retirement and severance benefits for employees based on estimated retirement benefit obligations and pension assets as of the consolidated fiscal year-end. The amount recognized to as having been accrued at the end of the interim period-end has been recorded. Actuarial gain/loss is amortized in equal amounts in each fiscal year over a fixed period (10 to 17 years) from the following consolidated fiscal year within the average remaining period of service for affected employees. At certain domestic consolidated subsidiaries, past service obligations are amortized over a fixed period (10 years) within the average remaining period of service for affected employees when incurred. (iii) Officers' retirement and severance benefits: Certain domestic consolidated subsidiaries record provisions for retirement and severance benefits payable at the end of the interim period in accordance with internal rules.

	Six months ended September 30, 2005
	(4) Accounting policies for translation of significant assets and liabilities into Japanese currency Receivables and payables denominated in foreign currencies are translated at spot exchange rates prevailing at the end of each interim period, and resulting gains or losses are included in income. Assets and liabilities of overseas subsidiaries are translated at spot exchange rates prevailing at the end of each interim period, while revenues and expenses of the same are translated at the average rates for the period. The differences resulting from such translations are recorded in minority interests and in stockholders' equity under foreign currency translation adjustment. (5) Accounting standards for recording income and expenses Videogame software production costs: The production of videogame software involves the complex combination of both software and content. Consequently, it is difficult to treat these constituent items as separate components for accounting purposes. The Company judges the main component of videogame software to be content, which includes visual image and music data, including the game itself. Based on the above, videogame software production costs are recorded as either inventories or advance payments effective from the point an internal decision is made to commercialize a product. For software production costs recorded under assets, cost of sales is recorded based on estimated sales volume.

	Six months ended September 30, 2005
	(6) Accounting policies for significant lease transactions The Company and its consolidated subsidiaries account for financing lease transactions, other than those in which titles to leased property are transferred to lessees, by applying accounting treatment applicable to ordinary lease transactions. However, overseas consolidated subsidiaries follow the accounting standards in the country of domicile and therefore treat financing lease transactions in accordance with accounting treatment applicable to ordinary sale and purchase transactions. (7) Significant accounting policies for hedging (i) Accounting for hedging: The Company uses deferred hedge accounting. The allocation method is used for forward exchange contracts when appropriate. The special method is used for interest rate swaps when appropriate. (ii) Hedging instruments and hedged items: Hedging instruments: Forward exchange contracts, interest rate swaps, etc. Hedged items: Foreign currency-denominated liabilities and scheduled transactions, and interest on debt. (iii) Hedging policies: Hedging is implemented for the purpose of reducing risks arising from fluctuations in exchange rates and interest rates involved in operational and financing activities.

	Six months ended September 30, 2005
	(iv) Method of assessing the effectiveness of hedging: The effectiveness of a hedging transaction is in principle determined by comparing the cumulative change in the cash flows or market movement of the hedged item and that of the hedging instrument from the start of hedging to the time of assessing the effectiveness thereof. However, if important conditions are common for the hedging instrument and the hedged asset, liability, or scheduled transaction, no such determination is made because it is apparent that 100% effectiveness in hedging was achieved. (8) Other important information constituting the basis of preparation of interim financial statements (i) Accounting treatment of consumption tax: Consumption tax is accounted for separately and is not included in each account. (ii) Appropriation of earnings for reversal of reserve for deferred gains on sales of fixed assets: The amounts of current and deferred income taxes for the interim period under review are calculated assuming the reversal of the reserve for deferred gains on sale of fixed assets set forth in the proposal for appropriation of retained earnings for the current fiscal year.
6. Scope of Cash and Cash Equivalents in Interim Consolidated Statements of Cash Flows	Cash and cash equivalents include cash on hand, deposits on demand, and short-term, highly liquid investments with maturities of three months or less from the date of acquisition that are readily convertible to cash and are subject to only insignificant risk of changes in value.

Notes

Notes to Consolidated Balance Sheet

As of September 30, 2005
*1. Accumulated depreciation of tangible assets: ¥123,336 million *2. Secured assets and secured loans The following assets are accompanied by collateral (security). . Cash and time deposits: ¥54 million The above collateral is applicable to overdraft contracts by subsidiaries. However, at the end of the interim period, there was no applicable loan balance. 3. Guarantees for loans The Company provides guarantees for loans extended by financial institutions and other financial obligations to companies that are not consolidated subsidiaries. Guarantees for lease agreements concluded with trading partners of overseas subsidiaries: ¥80 million 4. Other occurring loans Additionally, in the stock purchase and sale agreement concluded with Index Corporation related to Nikkatsu Corporation stock, NAMCO LIMTED is obligated to pay Index compensation of up to ¥354 million for damages in the event of violations by NAMCO to clauses that it has declared or guaranteed. (Effective until April 30, 2006)

Notes to Consolidated Statements of Income

Six months ended September 30, 2005
(April 1, 2005 ~ September 30, 2005)

*1. Major components of selling, general and administrative expenses
Advertising expenses: ¥15,359 million
Officers' remuneration and employee salaries and benefits: ¥14,051 million
Research and development expenses: ¥9,835 million
Allowance for doubtful receivables: ¥689 million
Provision for employee retirement and severance benefits: ¥571 million
Provision for officers' retirement and severance benefits: ¥111 million

*2. Breakdown of gains on sales of property, plant and equipment
Buildings and structures: ¥99 million
Machinery, equipment and vehicles: ¥2 million
Tools, furniture and fixtures: ¥6 million
Land: ¥74 million

*3. Breakdown of losses on sales of property, plant and equipment
Tools, furniture and fixtures: ¥4 million
Land: ¥14 million

*4. Breakdown of losses on disposal of property, plant and equipment
Buildings and structures: ¥72 million
Machinery, equipment and vehicles: ¥5 million
Tools, furniture and fixtures: ¥83 million
Construction in progress: ¥5 million
Software: ¥7 million

*5. Loss on impairment of property, plant and equipment
In order to identify assets for impairment, the Company and its consolidated subsidiaries group their fixed assets according to management accounting classifications based on each business unit, except for important idle assets, assets to be disposed of and lease assets.

To establish a more sound financial base, the Company has reduced the book value of the following intangible assets in the period under review to a level deemed recoverable, and recorded the reduction under extraordinary loss as loss on impairment of property, plant and equipment.

Location	Items	Classification	Impairment loss (¥ million)
Shibuya-ku, Tokyo (VIBE Inc.)	—	Consolidation adjustment accounts	1,610
Taito-ku, Tokyo	Internet content and administrative software	Other intangible assets	25
Total			1,636

In determining loss on impairment of property, plant and equipment, the Company assumes a zero value in use to calculate recoverable asset value.

Notes to Consolidated Statements of Cash Flows

Six months ended September 30, 2005 (April 1, 2005 ~ September 30, 2005)
∗ Relationship between cash and cash equivalents at the end of the period under review and the amounts accounted for on the consolidated balance sheets: (As of September 30, 2005) Cash and time deposits: ¥112,526 million Short-term investments: ¥9,893 million Total ¥122,419 million Time deposits with maturities exceeding three months: (¥1,485 million) Cash and cash equivalents: ¥120,933 million

Other Notes

I. Segment Information

1. By Business Segment

(¥ million)

	Interim Period Fiscal Year 2006, Ended September 30, 2005 (April 1, 2005 ~ September 30, 2005)								
	Toys & Hobby Business	Amusement Facility Business	Game Contents Business	Network Business	Visual and Music Contents Business	Affiliated Business	Total	Eliminations and Corporate	Consolidated
Net sales									
1. To external customers	81,106	40,908	62,151	5,805	22,557	6,342	218,873	—	218,873
2. Intersegment sales and transfers	1,432	143	1,621	144	495	4,878	8,716	(8,716)	—
Total	82,539	41,052	63,773	5,950	23,053	11,220	227,590	(8,716)	218,873
Operating expenses	74,142	38,751	56,325	5,092	19,958	11,280	205,551	(4,224)	201,326
Operating income (loss)	8,397	2,300	7,448	857	3,095	(59)	22,039	(4,492)	17,546

Notes:

1. Business segment classifications are in accordance with classifications adopted for internal management purposes.
2. Principal products and business in each business segment:

(1) Toys & Hobby Business:	Toys, candy toys, products for vending machines, cards, plastic models, apparel, sundries, stationery and other products
(2) Amusement Facility Business:	Amusement facility operations, and other operations
(3) Game Contents Business:	Software for home videogames, coin-operated game machines, prizes for coin-operated game machines and other products
(4) Network Business:	Mobile content and other products
(5) Visual & Music Content Business:	Video titles, visual software, on-demand video distribution and other products and services
(6) Affiliated Business:	Transportation and warehousing of products, leasing, real estate management, printing, licensing, restaurant management, human services and nursing care facilities, development and sale of environmental equipment and other activities

3. Operating expenses include an unallocatable amount of ¥4,762 million under eliminations and corporate. This figure primarily consists of expenses related to management divisions at Bandai Co., Ltd. and NAMCO LIMITED.

2. By Geographic Segment

(¥ million)

	Interim Period Fiscal Year 2006, Ended September 30, 2005 (April 1, 2005 ~ September 30, 2005)						
	Japan	Americas	Europe	Asia	Total	Eliminations and Corporate	Consolidated
Net sales							
1. To external customers	180,849	20,048	12,659	5,315	218,873	—	218,873
2. Intersegment sales and transfers	3,879	581	—	8,513	12,974	(12,974)	—
Total	184,728	20,629	12,659	13,829	231,847	(12,974)	218,873
Operating expenses	162,350	23,856	10,867	12,626	209,701	(8,375)	201,326
Operating income (loss)	22,377	(3,226)	1,791	1,202	22,145	(4,598)	17,546

Notes:

1. Methods for classifying geographic segments and principal countries and regions
   (1) The Company classifies geographic segments by such factors as degree of geographic closeness, similarities in economic activities, and mutual relationship of business activities.
   (2) Principal countries and regions belonging to each geographic segment
   (i) Americas: U.S.A and Canada
   (ii) Europe: France, U.K. and Spain
   (iii) Asia: Hong Kong, Thailand and South Korea
2. Operating expenses include an unallocatable amount of ¥4,762 million under eliminations and corporate. This figure primarily consists of expenses related to management divisions at Bandai Co., Ltd. and NAMCO LIMITED.

3. Overseas Sales

		Interim Period Fiscal Year 2006, Ended September 30, 2005 (April 1, 2005 ~ September 30, 2005)			
		Americas	Europe	Asia	Total
Ⅰ	Overseas sales (¥ million)	21,200	19,359	5,928	46,487
Ⅱ	Consolidated sales (¥ million)	—	—	—	218,873
Ⅲ	Overseas sales as a ratio of consolidated sales (%)	9.6	8.8	2.7	21.2

Notes:

1. Overseas sales represent the total of sales generated in countries and regions other than Japan by the Company and its consolidated subsidiaries.
2. Methods for classifying geographic segments and principal countries and regions
   (1) The Company classifies geographic segments by such factors as degree of geographic closeness, similarities in economic activities, and mutual relationship of business activities.
   (2) Principal countries and regions belonging to each geographic segment
   (i) Americas: U.S.A, Canada and Latin America
   (ii) Europe: France, U.K., Spain, the Middle East, and Africa
   (iii) Asia: Hong Kong, Singapore, Thailand, South Korea, Australia, China and Taiwan

II. Marketable Securities

As of the end of period under review (September 30, 2005)

1. Bonds Held to Maturity With Market Values

(¥ million)

	Balance Sheet	Market Value	Difference
1. Government and local government bonds	9	9	—
2. Corporate bonds	—	—	—
3. Other	—	—	—
Total	9	9	—

2. Other Securities With Market Value

(¥ million)

	Acquisition Cost	Balance Sheet	Difference
1. Equity securities	2,832	9,802	6,970
2. Bonds	—	—	—
Government and local government bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
3. Other	242	274	32
Total	3,074	10,077	7,002

Notes:

The Company recorded impairment losses of ¥200 million on equity securities with market value classified as other securities for the period under review.

Impairment accounting is applied in the following way:

Stocks where the market value has declined 50% or more: all stocks

Stocks where the market value has declined more than 30% but less than 50%: stocks for which no recovery in value is expected

3. Principal Securities Without Market Value

	Amount recorded on balance sheet (¥ million)
1. Bonds held to maturity	36
Unlisted bonds	36
2. Other securities	11,266
(i) Unlisted stocks	1,310
(ii) MMF	6,893
(iii) CP	499
(iv) Other	2,562
3. Subsidiary and affiliate stock	2,777
Unlisted stocks	2,777

5. Production, Orders Received and Net Sales

1. Production

Production by business segment during the period under review was as follows:

Business Segment	Output (¥ million)	YoY Change (%)
Toys & Hobby Business	4,669	–
Game Contents Business	21,455	–
Visual and Music Content Business	9,536	–
Affiliated Business	132	–
Total	35,795	–

Notes:

1. The above amounts are stated at manufacturing cost.
2. The above amounts include fees for product commercialization rights.
3. Intersegment transactions have been eliminated from the above amounts.

2. Orders Received

Orders received by business segment during the period under review were as follows:

Business Segment	Orders Received (¥ million)	YoY Change (%)	Order Backlog (¥ million)	YoY Change (%)
Toys & Hobby Business	490	–	65	–
Visual and Music Content Business	43	–	40	–
Total	533	–	105	–

Note: Intersegment transactions have been eliminated from the above amounts.

3. Net Sales

Net sales by business segment during the period under review were as follows:

Business Segment	Net Sales (¥ million)	YoY Change (%)
Toys & Hobby Business	82,324	–
Amusement Facility Business	49,166	–
Game Contents Business	55,172	–
Network Business	5,950	–
Visual and Music Contents Business	23,053	–
Affiliated Business	11,220	–
Eliminations and Corporate	(8,015)	–
Total	218,873	–

NAMCO BANDAI Holdings Inc.
Stock Listing: Tokyo Stock Exchange
Code Number: 7832
Registered Business Location: Tokyo
(URL: http://www.bandainamco.co.jp)

November 22, 2005

Non-Consolidated Earnings Report for the Interim Period of Fiscal Year 2006 Ended September 30, 2005

Representative: Takeo Takasu, President and Representative Director
Contact: Keiji Tanaka, Director
Telephone: +81 (03) 5783-5500

Date of the Meeting of the Board of Directors: November 22, 2005
Interim period dividend payment: Yes
Interim period dividend payment date starting: -
Use of unit system of shares: Yes (1 unit: 100 shares)

1. Business Results for the Interim Period of Fiscal Year 2006 Ended September 30, 2005 (September 29, 2005 ~ September 30, 2005)

(1)Business Results

	Ordinary Revenue		Operating income		Recurring income	
	¥ million	%	¥ million	%	¥ million	%
Interim Period Ended September 30, 2005	**10**	—	**(263)**	—	**(286)**	—
Interim Period Ended September 30, 2004	—	—	—	—	—	—
Fiscal Year Ended March 31, 2005	—		—		—	

	Net income		Net income per share
	¥ million	%	¥
Interim Period Ended September 30, 2005	**(286)**	—	**(1.11)**
Interim Period Ended September 30, 2004	—	—	—
Fiscal Year Ended March 31, 2005	—-		—

Notes:
1. Average number of shares outstanding during period (consolidated):
   - Interim period ended September 30, 2005 258,613,382
   - Interim period ended September 30, 2004 —
   - Fiscal year ended March 31, 2005 —
2. Changes in accounting treatment: None
3. Percentage figures accompanying net sales, operating income, recurring income and net income represent year-on-year changes.

(2) Dividend payment: Current Status

	Interim period dividend payment per share	End of fiscal period dividend payment per share
	¥	¥
Interim Period Ended September 30, 2005	—	—
Interim Period Ended September 30, 2004	—	—
Fiscal Year Ended March 31, 2005	—	—

Note: Stockholders listed on the final Stockholders' list of both Bandai and NAMCO respectively, as of September 28, 2005, are to be paid, in substitution of the interim period dividend payment, the following share transfer payments.

1 share of common stock of Bandai Co., Ltd: 18 yen
1 share of common stock of NAMCO Ltd.: 12 yen

(3) Financial Position

	Total assets	Stockholders' equity	Stockholders' equity ratio	Stockholders' equity per share
	¥ million	¥ million	%	¥
Interim Period Ended September 30, 2005	**200,131**	**196,545**	**98.2**	**760.00**
Interim Period Ended September 30, 2004	—	—	—	—
Fiscal Year Ended March 31, 2005	—	—	—	—

Note:
1. Number of shares outstanding at period-end:
   Interim period ended September 30, 2005 258,613,382
   Interim period ended September 30, 2004 —
   Fiscal year ended March 31, 2005 —
2. Number of shares of treasure stock at period-end:
   Interim period ended September 30, 2005 —
   Interim period ended September 30, 2004 —
   Fiscal year ended March 31, 2005 —

2. Projections for Fiscal Year 2006 (September 29, 2005 ~ March 31, 2006)

	Ordinary Revenue	Recurring income	Net income	Dividend payment per share	
				End of fiscal period	
	¥ million	¥ million	¥ million	¥ million	¥ million
Fiscal Year Ending March 31, 2006	**28,000**	**27,000**	**27,000**	**12.00**	**12.00**

(Reference)
Projected net income per share (full year): ¥104.40

*Figures less than ¥1 million have been omitted

Note:
The above projections are based on information available to the Company at the time of release, and assumptions involving uncertain factors thought likely to have an effect on future results. Actual results may differ significantly from projections due to a variety of factors. Please refer to page 18 of the supplementary materials for more details.

Significant Subsequent Events

(Transfer of Operations After Corporate Separation)

As part of Group business restructuring, NAMCO BANDAI Holdings Inc. resolved at a meeting of the Board of Directors on September 30, 2005 to separate the supervision and management of certain subsidiaries and affiliates conducted by BANDAI and NAMCO, and activities related to the management of all listed investment securities owned by BANDAI and NAMCO, and transfer them to NAMCO BANDAI Holdings Inc. On the same date, NAMCO BANDAI Holdings Inc. concluded a corporate separation agreement with both BANDAI and NAMCO.

Overview of the Corporate Separation Agreement
A corporate separation in which BANDAI and NAMCO are the separated companies and whereby the supervision and management of certain BANDAI and NAMCO subsidiaries and affiliates stipulated in the agreement and activities related to the management of all listed investment securities owned by BANDAI and NAMCO are transferred to the parent company NAMCO BANDAI Holdings Inc. on December 1, 2005, the date of the separation.

As a result of the corporate separation, NAMCO BANDAI Holdings Inc.'s common stock will increase as follows. There will be no increase in capital.

Capital reserve:
The amount of the Company's capital increase in accordance with Article 374-21 of Japan's Commercial Code, less retained earnings appropriated for legal reserves and general reserves to be transferred, both indicated below.

Retained earnings appropriated for legal reserves:
The entire amount of BANDAI's retained earnings appropriated for legal reserves.

Retained earnings appropriated for general reserves:
The amount remaining after the deduction of ¥17.6 billion and the entire amount of BANDAI's retained earnings from the assets separated from BANDAI.

No shares will be allotted and no payments will be made with regard to the corporate separation.

As of September 30, 2005, the book values of shares of subsidiaries and affiliates and listed investment securities to be transferred from BANDAI and NAMCO to NAMCO BANDAI Holdings Inc. as a result of the corporate separation are as follows.

BANDAI:	Shares of affiliates:	¥27,785 million
	Investment securities:	¥4,357 million
NAMCO:	Shares of affiliates:	¥12,434 million
	Investment securities:	¥908 million

(Share-for-share Exchange Agreement)

A share-for-share exchange agreement was concluded between NAMCO BANDAI Holdings Inc. and BANDAI LOGIPAL INC. on October 14, 2005. This agreement is conditional upon the resolution made at NAMCO BANDAI Holdings Inc.'s Board of Directors' meeting held on October 14, 2005 to conduct a corporate separation in which BANDAI's operations will be partially split and transferred to NAMCO BANDAI Holdings Inc., as well as on BANDAI LOGIPAL INC.'s extraordinary meeting of shareholders to conduct a share-for-share exchange under which NAMCO BANDAI Holdings Inc. will make BANDAI LOGIPAL INC. a wholly-owned subsidiary on January 31, 2006.

1. Objective of share-for-share exchange agreement

As competition intensifies in a rapidly changing environment, it can be expected that the logistics industry in Japan will experience even more industry consolidation. Under these conditions, NAMCO BANDAI Holdings Inc. and BANDAI LOGIPAL INC. have determined it necessary to proceed with the centralized management of logistics capabilities in the Toys & Hobby business, the Group's main business, and over the mid-term, realize synergistic effects in the Group's logistics capabilities.

By making BANDAI LOGIPAL INC. a wholly-owned subsidiary through a share-for-share exchange, NAMCO BANDAI Holdings Inc. will aim to realize efficiencies such as cost reduction by achieving effective cooperation between business line and logistics over multiple business lines over the mid- to long-term in the BANDAI NAMCO Group.

2. Terms, etc., of the share-for-share exchange agreement

(1) Outline of schedule

October 14, 2005:	Board of Director meetings to approve the share-for-share exchange
December 1, 2005 (expected):	Succession of BANDAI LOGIPAL INC. shares by corporate separation (NAMCO BANDAI Holdings Inc.)
December 15, 2005 (expected):	Extraordinary meeting of shareholders (BANDAI LOGIPAL INC.) to approve the share-for-share exchange agreement
January 25, 2006 (expected):	JASDAQ delisting date (BANDAI LOGIPAL INC.)
January 30, 2006 (expected):	Due date for submitting share certificates (BANDAI LOGIPAL INC.)
January 31, 2006 (expected):	Share-for-share exchange date
March 20, 2006 (expected):	Grant new shares

* Based on the separation agreement entered into on September 30, 2005 between BANDAI and NAMCO BANDAI Holdings Inc., as a part of the management operation of the affiliated companies, the share-for-share exchange will be conducted on the condition of splitting and succeeding BANDAI LOGIPAL INC. shares to NAMCO BANDAI Holdings Inc. from BANDAI.

* This share-for-share exchange requires approval by BANDAI LOGIPAL INC.'s extraordinary meeting of shareholders scheduled for December 15, 2005.

* Pursuant to the provisions of Article 358, Paragraph 1 (Share-for-share exchanges) of the Commercial Code of Japan, at NAMCO BANDAI Holdings Inc., the share-for-share exchange will be conducted without obtaining approval for the share-for-share agreement at a general meeting of shareholders.

(2) Share-for-share exchange ratios

0.6 shares of common stock of NAMCO BANDAI Holdings Inc. for 1 share of common stock of BANDAI LOGIPAL INC. will be allotted.

However, no shares will be allotted with respect to the BANDAI LOGIPAL INC. shares (2,640,000 shares) which NAMCO BANDAI Holdings Inc. will succeed to as a result of the corporate split on December 1, 2005 (expected).

As a result of the above, the number of NAMCO BANDAI Holdings Inc.'s outstanding shares will total 260,580,191 shares.

(3) Cash payments upon the share-for-share exchange

NAMCO BANDAI Holdings Inc. will not make any cash payments upon the share-for-share exchange.

(Interim Dividends From Wholly-owned Subsidiaries)

On October 3, 2005, NAMCO BANDAI Holdings Inc. received interim dividends of ¥16,822 million and ¥9,915 million from wholly-owned subsidiaries BANDAI and NAMCO, respectively.

NAMCO BANDAI Holdings Inc.

(Bandai Co., Ltd)

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

November 22, 2005

Consolidated Earnings Report for the Interim Period of Fiscal Year 2006 Ended September 30, 2005

(Bandai Co., Ltd.)
Contact: Keiji Tanaka, Director
Telephone: +81 (03) 5783-5500

Date of the Meeting of the Board of Directors: November 21, 2005
Name of parent company: NAMCO BANDAI Holdings Inc.
% of voting rights held by parent company: 100%
U.S. GAAP Applied: No

1. Consolidated Business Results for the Interim Period of Fiscal Year 2006 Ended September 30, 2005 (April 1, 2005 ~ September 30, 2005)

(1)Consolidated Business Results

	Net sales		Operating income		Recurring income	
	¥ million	%	¥ million	%	¥ million	%
Interim Period Ended September 30, 2005	**134,645**	**11.0**	**15,332**	**56.0**	**15,946**	**57.4**
Interim Period Ended September 30, 2004	**121,277**	**1.1**	**9,829**	**(29.6)**	**10,132**	**(25.2)**
Fiscal Year Ended March 31, 2005	**269,945**		**24,398**		**25,723**	

	Net income		Net income per share	Net income per share (diluted)
	¥ million	%	¥	¥
Interim Period Ended September 30, 2005	**5,607**	**44.4**	**56.76**	**56.74**
Interim Period Ended September 30, 2004	**3,883**	**(42.3)**	**39.42**	**39.34**
Fiscal Year Ended March 31, 2005	**11,225**		**111.13**	**110.99**

Notes:

1. Equity in earnings (losses) of affiliates:
   Interim period ended September 30, 2005 (¥1 million)
   Interim period ended September 30, 2004 (¥235 million)
   Fiscal year ended March 31, 2005 (¥24 million)
2. Average number of shares outstanding during period (consolidated):
   Interim period ended September 30, 2005 98,789,972
   Interim period ended September 30, 2004 98,513,480
   Fiscal year ended March 31, 2005 98,552,426
3. Changes in accounting treatment: Yes
4. Percentage figures accompanying net sales, operating income, recurring income and net income represent year-on-year changes.

(2) Consolidated Financial Position

	Total assets	Stockholders' equity	Stockholders' equity ratio	Stockholders' equity per share
	¥ million	¥ million	%	¥
Interim Period Ended September 30, 2005	**245,617**	**137,866**	**56.1**	**1,393.17**
Interim Period Ended September 30, 2004	224,297	125,348	55.9	1,271.66
Fiscal Year Ended March 31, 2005	240,290	131,750	54.8	1,333.06

Note:
Number of shares outstanding at period-end (consolidated):

Interim period ended September 30, 2005 98,958,764
Interim period ended September 30, 2004 98,570,825
Fiscal year ended March 31, 2005 98,628,311

(3) Consolidated Statement of Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at period-end
	¥ million	¥ million	¥ million	¥ million
Interim Period Ended September 30, 2005	**15,776**	**(17,760)**	**(2,754)**	**82,938**
Interim Period Ended September 30, 2004	137	(8,079)	1,699	76,165
Fiscal Year Ended March 31, 2005	14,839	(10,153)	1,212	88,517

(4) Scope of Consolidation and Application of Equity Method

Consolidated subsidiaries: 31
Non-consolidated subsidiaries accounted for by the equity method: —
Affiliated companies accounted for by the equity method: 4

(5) Changes in Scope of Consolidation and Application of Equity Method

Consolidated: New 2; Excluded 2
Equity method: New 1; Excluded —

2. Consolidated Projections for Fiscal Year 2006 (April 1, 2005 ~ March 31, 2006)

For projections, please refer to "Consolidated Earnings Report for the Interim Period of Fiscal Year 2006 Ended September 30, 2005" of NAMCO BANDAI Holdings Inc.

*Figures less than ¥1 million have been omitted

NAMCO BANDAI Holdings Inc.

(NAMCO LIMITED)

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

November 22, 2005

Consolidated Earnings Report for the Interim Period of Fiscal Year 2006 Ended September 30, 2005

(NAMCO LIMITED)

Contact: Keiji Tanaka, Director
Telephone: +81 (03) 5783-5500

Date of the Meeting of the Board of Directors: November 21, 2005
Name of parent company: NAMCO BANDAI Holdings Inc.
% of voting rights held by parent company: 100%
U.S. GAAP Applied: No

1. Consolidated Business Results for the Interim Period of Fiscal Year 2006 Ended September 30, 2005 (April 1, 2005 ~ September 30, 2005)

(1)Consolidated Business Results

	Net sales		Operating income		Recurring income	
	¥ million	%	¥ million	%	¥ million	%
Interim Period Ended September 30, 2005	**85,052**	**3.7**	**2,538**	**(42.6)**	**2,632**	**(37.3)**
Interim Period Ended September 30, 2004	**81,980**	**(2.0)**	**4,422**	**(49.0)**	**4,200**	**(43.8)**
Fiscal Year Ended March 31, 2005	**178,551**		**15,085**		**14,588**	

	Net income		Net income per share	Net income per share (diluted)
	¥ million	%	¥	¥
Interim Period Ended September 30, 2005	**2,526**	**(5.7)**	**23.00**	—
Interim Period Ended September 30, 2004	**2,679**	**(28.2)**	**48.83**	—
Fiscal Year Ended March 31, 2005	**9,464**		**83.63**	—

Notes:

1. Equity in earnings (losses) of affiliates:
   Interim period ended September 30, 2005 (¥23 million)
   Interim period ended September 30, 2004 (¥10 million)
   Fiscal year ended March 31, 2005 (¥51 million)
2. Average number of shares outstanding during period (consolidated):
   Interim period ended September 30, 2005 109,817,381
   Interim period ended September 30, 2004 54,879,270
   Fiscal year ended March 31, 2005 109,758,418
3. Changes in accounting treatment: Yes
4. Percentage figures accompanying net sales, operating income, recurring income and net income represent year-on-year changes.
5. The company carried out a 2-for-1 stock split of common shares on November 19, 2004. As such, net income per share for the interim period is calculated presuming that the stock split was enacted at the beginning of the previous fiscal year.
6. Presuming that the stock split was enacted at the start of the previous fiscal year, for the period ended September 30, 2004, net income per share for the interim period is ¥24.42.
7. Diluted net income per share for the interim period is not shown because there are no shares with dilutive effect.

(2) Consolidated Financial Position

	Total assets	Stockholders' equity	Stockholders' equity ratio	Stockholders' equity per share
	¥ million	¥ million	%	¥
Interim Period Ended September 30, 2005	**145,499**	**109,105**	**75.0**	**990.29**
Interim Period Ended September 30, 2004	148,119	105,683	69.3	1,871.07
Fiscal Year Ended March 31, 2005	154,474	107,773	69.8	979.31

Note:

1. Number of shares outstanding at period-end (consolidated):
   - Interim period ended September 30, 2005 110,175,236
   - Interim period ended September 30, 2004 54,879,228
   - Fiscal year ended March 31, 2005 109,757,781
2. Presuming that the stock split was enacted at the start of the previous fiscal year, for the period ended September 30, 2004, stockholders' equity per share for the interim period is ¥935.54.

(3) Consolidated Statement of Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at period-end
	¥ million	¥ million	¥ million	¥ million
Interim Period Ended September 30, 2005	**513**	**3,723**	**(3,037)**	**37,995**
Interim Period Ended September 30, 2004	(6,235)	(1,333)	364	28,325
Fiscal Year Ended March 31, 2005	3,172	(188)	(1,767)	36,406

(4) Scope of Consolidation and Application of Equity Method

Consolidated subsidiaries: 18
Non-consolidated subsidiaries accounted for by the equity method: 1
Affiliates accounted for by the equity method: 1

(5) Changes in Scope of Consolidation and Application of Equity Method

Consolidated: New —; Excluded 2
Equity method: New 1; Excluded —

2. Consolidated Projections for Fiscal Year 2006 (April 1, 2005 ~ March 31, 2006)

For projections, please refer to "Consolidated Earnings Report for the Interim Period of Fiscal Year 2006 Ended September 30, 2005" of NAMCO BANDAI Holdings Inc.

*Figures less than ¥1 million have been omitted