NAMCO BANDAI Holdings Inc.

Consolidated Financial Report for the First Quarter of the Fiscal Year Ending March 31, 2010

August 4, 2009

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

NAMCO BANDAI Holdings Inc.

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

August 4, 2009

Consolidated Financial Report for the First Quarter of the Fiscal Year Ending March 31, 2010

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Scheduled filing date of the quarterly security report: August 7, 2009
Scheduled starting date for dividend payments: —

1. Consolidated Results for the First Quarter of the Fiscal Year Ending March 31, 2010 (April 1, 2009 to June 30, 2009)

(1) Consolidated Operating Results (For the three months ended June 30, 2009)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Recurring income	
	¥ million	%	¥ million	%	¥ million	%
First Quarter of the Fiscal Year Ending March 31, 2010	**75,729**	**(15.8)**	**(2,758)**	—	**(2,197)**	—
First Quarter of the Fiscal Year Ended March 31, 2009	89,979	—	1,528	—	2,490	—

	Net income		Net income per share	Net income per share (diluted)
	¥ million	%	¥	¥
First Quarter of the Fiscal Year Ending March 31, 2010	**(2,846)**	—	**(11.80)**	—
First Quarter of the Fiscal Year Ended March 31, 2009	1,018	—	4.02	4.02

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of June 30, 2009	**346,108**	**260,307**	**74.4**	**1,066.58**
As of March 31, 2009	363,444	260,579	70.9	1,067.71

(Reference)
Equity: 257,370 million yen (as of June 30, 2009), 257,645 million yen (as of March 31, 2009)

2. Dividend

Dividend record dates	Dividend per share				
	End of first quarter	End of second quarter	End third quarter	Fiscal year-end	Total
Fiscal Year Ended March 31, 2009	—	¥12.00	—	¥12.00	¥24.00
Fiscal Year Ending March 31, 2010	—				
Fiscal Year Ending March 31, 2010 (Projections)		¥12.00	—	¥12.00	¥24.00

*1 Revision to the projections of dividend for the Fiscal Year Ending March 31, 2010: No

*2 The stable portion of the dividend is given in the projections for the End of second quarter and Fiscal year-end for the Fiscal Year Ending March 31, 2010 based on the company's basic policy regarding appropriation of profits. Thus, the actual Fiscal year-end dividend will be decided according to the consolidated financial results.

3. Consolidated Projections for the Fiscal Year Ending March 31, 2010 (April 1, 2009 to March 31, 2010)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Recurring income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Six Months Ending September 30, 2009	165,000	(13.5)	(3,800)	—	(3,200)	—	(4,700)	—	(19.48)
Full Fiscal Year	400,000	(6.2)	15,000	(32.9)	16,000	(34.7)	8,500	(28.1)	35.23

* Revision to the projections: Yes

4. Other Information

(1) Changes in Significant Subsidiaries during the Period (Changes in Specified Subsidiaries Resulting in the Change in Scope of Consolidation): Yes

New: — Excluded: 1 company (Bandai Networks Co., Ltd.)

Note: For more details, please refer to the section of "4. Others" of "Qualitative Information and Financial Statements" on pages 9-10.

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

Note: For more details, please refer to the section of "4. Others" of "Qualitative Information and Financial Statements" on pages 9-10.

(3) Changes in Accounting Policies, Procedures, and Methods of Presentation for Preparing the Quarterly Consolidated Financial Statements

a) Changes due to revisions to accounting standards and other regulations: No

b) Changes due to other reasons: Yes

Note: For more details, please refer to the section of "4. Others" of "Qualitative Information and Financial Statements" on pages 9-10.

(4) Number of Issued Shares (Common Stock)

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

As of June 30, 2009	250,000,000 shares
As of March 31, 2009	250,000,000 shares

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

As of June 30, 2009	8,696,122 shares
As of March 31, 2009	8,694,796 shares

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

For the First Quarter of the Fiscal Year ending March 31, 2010	241,304,602 shares
For the First Quarter of the Fiscal Year ended March 31, 2009	253,230,315 shares

Explanation regarding the appropriate use of forecasts of business results and other notes

* Consolidated projections for the Six Months and Full Fiscal Year of the fiscal year ending March 31, 2010 (announced on May 8, 2009) are revised in this report.
* Qualitative information regarding forward-looking statements:
  Forward-looking statements that have been released prior to this document are based on management's estimates, assumptions, projections and information available at the time of its publications. A number of factors could cause actual results to differ materially from expectations.
* Figures are in millions of yen, rounded down, except where noted.

Qualitative Information and Financial Statements

1. Qualitative Information Regarding Consolidated Operating Results

The Japanese economy during the first quarter of the fiscal year ending March 31, 2010 remained in difficult circumstances that were marked by a continuing economic slump caused by the abrupt slowdown of the global economy triggered by the financial crisis in the U.S. In addition, reduced consumption had substantial impact on the entertainment industry, causing continued uncertainty in the industry as a whole.

In such environment, the BANDAI NAMCO Group (“the Group”) pressed ahead with its sights set on the medium- to long-term Group vision of becoming a “Globally Recognized Entertainment Group.” By promoting up-front investment in growing business areas and improving profitability of businesses, the Group shall further develop its global management foundation, based on the three-year Mid-term Business Plan that started this fiscal year.

On the business front, in the Toys and Hobby Business, although long-established character toys sold strongly in Japan, taking into account the impact of weak individual consumption, and that the second half of the fiscal year is generally where products and services are concentrated, performance was below the levels of the same period in the previous fiscal year.

Consequently, the Group’s consolidated results for the first quarter were net sales of 75,729 million yen (year-on-year decrease of 15.8%), operating loss of 2,758 million yen (compared with an operating income of 1,528 million yen for the same period of the previous fiscal year), recurring loss of 2,197 million yen (compared with a recurring income of 2,490 million yen for the same period of the previous fiscal year), and net loss of 2,846 million yen (compared with a net income of 1,018 million yen for the same period of the previous fiscal year).

Operating Results by Business Segment (¥ million)

	Net Sales			Operating Income (Loss)		
	Current 1st Quarter	Prior 1st Quarter	Change	Current 1st Quarter	Prior 1st Quarter	Change
Toys and Hobby	31,741	35,390	Decrease of 3,648	1,874	1,994	Decrease of 119
Game Contents	20,210	28,010	Decrease of 7,799	(4,136)	(40)	Decrease of 4,095
Visual and Music Content	7,997	7,247	Increase of 750	(13)	(234)	Increase of 221
Amusement Facility	15,835	19,470	Decrease of 3,635	(45)	69	Decrease of 115
Other Businesses	4,484	4,822	Decrease of 337	36	206	Decrease of 170
Eliminations and Corporate	(4,540)	(4,961)	Increase of 421	(474)	(467)	Decrease of 7
Consolidated	75,729	89,979	Decrease of 14,250	(2,758)	1,528	Decrease of 4,287

Toys and Hobby Business

In the Toys and Hobby Business, long-established character toys such as *Samurai Sentai Shinkenger*, *MASKED RIDER DECADE*, and *FRESH PRETTY CURE* posted strong performances in Japan. The card game *Battle Spirits* also continued to be popular. Amidst the stagnation of individual consumption, however, candy toys, vending machine capsule products and other peripheral toy categories struggled.

Overseas, the *BEN10* character toys maintained a similar popularity compared with the previous fiscal year, but performance overall was weak, especially in the Americas where the market was particularly difficult.

As a result, net sales in the Toys and Hobby Business were 31,741 million yen (year-on-year decrease of 10.3%), and operating income was 1,874 million yen (year-on-year decrease of 6.0%).

Game Contents Business

In the Game Contents Business, encompassing home video game software and arcade game machines, there were no major title or major product sales for the current first quarter. Sales of minor titles struggled as the sluggish market continued in Japan, and repeat sales also were down overseas; thus these categories were down compared to the same period of the previous fiscal year. Game contents for mobile devices, however, showed solid performance, thanks to the development of a wide variety of content to suit increasingly diverse user preferences.

As a result, net sales in the Game Contents Business were 20,210 million yen (year-on-year decrease of 27.8%), and operating loss was 4,136 million yen (compared with an operating loss of 40 million yen in the same period of the previous fiscal year). Note that due to changes in the business segments in the current first quarter, in order to make year-on-year comparisons, the results of the first quarter of the previous fiscal year were reconfigured to reflect the post-change segments.

Visual and Music Content Business

In the Visual and Music Content Business, concerning visual package software, although the market was weak amidst the transitional period for hardware, the animated television series *Mobile Suit Gundam 00 (Double O),* and *Psalms of Planets Eureka Seven* became popular in Japan. Overseas, the profitability of business in the Americas was improved through greater efficiency. Sales of music package software, particularly those related to animation, delivered a solid performance.

As a result, net sales in the Visual and Music Content Business were 7,997 million yen (year-on-year increase of 10.3%) and operating loss was 13 million yen (compared with an operating loss of 234 million yen in the same period of the previous fiscal year).

Amusement Facility Business

In the difficult market environment, the Amusement Facility Business was sluggish, with domestic existing-facility sales at 89.3% of the figure for the same period of the previous fiscal year, despite the implementation of marketing strategies for each customer segment. On the other hand, costs decreased significantly as a result of strategically closing down or selling 63 existing amusement facilities in the previous fiscal year.

Overseas, overall performance was sluggish amidst difficult market environments. This was despite efforts focused on improving operational efficiency in the Americas and business development centered on complex facilities in Europe.

As a result, net sales in the Amusement Facility Business were 15,835 million yen (year-on-year decrease of 18.7%), and operating loss was 45 million yen (compared with an operating income of 69 million yen in the same period of the previous fiscal year).

Facilities as of June 30, 2009

Directly Managed Facilities	Revenue-Sharing Facilities	Theme Parks	Spa Facilities	Total
308	1,036	4	3	1,351

Other Businesses

Other Businesses consist of companies that conduct operations such as logistics support and building management to each of the Group's strategic business units. During the current first quarter, efforts were made to improve the efficiency of these operations related to group support.

As a result, net sales in Other Businesses were 4,484 million yen (year-on-year decrease of 7.0%), and operating income was 36 million yen (year-on-year decrease of 82.4%).

Operating Results By Geographic Segment (¥ million)

	Net Sales			Operating Income (Loss)		
	Current 1st Quarter	Prior 1st Quarter	Change	Current 1st Quarter	Prior 1st Quarter	Change
Japan	60,966	70,616	Decrease of 9,649	(1,393)	889	Decrease of 2,282
Americas	8,558	9,704	Decrease of 1,146	(1,860)	(279)	Decrease of 1,581
Europe	6,951	10,144	Decrease of 3,192	547	1,353	Decrease of 805
Asia	7,924	7,818	Increase of 106	562	428	Increase of 133
Eliminations and Corporate	(8,672)	(8,304)	Decrease of 368	(615)	(863)	Increase of 248
Consolidated	75,729	89,979	Decrease of 14,250	(2,758)	1,528	Decrease of 4,287

Japan

In the Toys and Hobby Business, long-established character toys such as *MASKED RIDER DECADE* and *FRESH PRETTY CURE* posted strong performances. In the Visual and Music Content Business, visual package software such as *Mobile Suit Gundam 00 (Double O)*, and *Psalms of Planets Eureka Seven* became popular. In the Game Contents Business, however, there were no major title or major product sales in the first quarter and sales of minor titles also struggled as the sluggish market continued. Moreover, while the Amusement Facility Business also struggled under difficult market environment, particularly existing facilities, costs were slashed as a result of the existing facility closures that were carried out in the previous fiscal year.

As a result, net sales in Japan were 60,966 million yen (year-on-year decrease of 13.7%) and operating loss was 1,393 million yen (compared with an operating income of 889 million yen in the same period of the previous fiscal year).

Americas

In the Toys and Hobby Business, the *BEN10* character toys performed solidly, but overall the business struggled in the midst of a difficult market environment. In the Game Contents Business, performance did not reach the level of the same period of the previous fiscal year because the titles for this fiscal year are more concentrated in the second half. On the other hand, in the Visual and Music Content Business, profitability improved as a result of changes to the business model, while in the Amusement Facility Business, efforts continued to be on cutting costs by improving operational efficiency in the midst of a difficult market environment.

As a result, net sales in Americas were 8,558 million yen (year-on-year decrease of 11.8%) and operating loss was 1,860 million yen (compared with an operating loss of 279 million yen in the same period of the previous fiscal year).

Europe

In the Toys and Hobby Business, performance remained solid, particularly the performance of the *BEN10* character toys. In the Game Contents Business, performance did not reach the level of the same period of the previous fiscal year because the titles for this fiscal year are more concentrated in the second half, as well as repeat sales decreased this first quarter. The Amusement Facility Business performed weakly under the impact of the economic downturn.

As a result, net sales in Europe were 6,951 million yen (year-on-year decrease of 31.5%) and operating income was 547 million yen (year-on-year decrease of 59.5%).

Asia

In the Toys and Hobby Business, in addition to long-established character products such as *Mobile Suit Gundam*, the *BEN10* character toys newly became popular. Also, in the Amusement Facility Business, performance was solid, particularly with respect to *Wonder Park Plus*, a large-scale amusement facility in Hong Kong.

As a result, net sales in Asia were 7,924 million yen (year-on-year increase of 1.4%) and operating income was 562 million yen (year-on-year increase of 31.2%).

2. Qualitative Information Regarding Consolidated Financial Position

At the end of the first quarter of fiscal year ending March 31, 2010, total assets stood at 346,108 million yen, a decrease of 17,336 million yen from the end of the previous fiscal year. The main factors of this decline were a decrease of 22,340 million yen in trade receivables, despite an increase of 5,434 million yen in inventories such as work in process etc.

Total liabilities amounted to 85,800 million yen, a decrease of 17,065 million yen from the end of the previous fiscal year. The main factors of this decline were 7,263 million yen in trade payables, 6,792 million yen in accounts payable–other, included in other current liabilities and a decrease of 3,599 million yen in accrued income taxes.

Total net assets stood at 260,307 million yen, a decrease of 271 million yen from the end of the previous fiscal year. The main factors of this decline were as follows. While there was an increase of 3,093 million yen in translation adjustments due to currency fluctuation, and an increase of 1,850 million yen in other securities valuation difference, there was a decrease of 5,602 million yen in the retained earnings as a result of the recording of dividends paid and net loss.

As a result, the equity ratio became 74.4% compared with 70.9% at the end of the previous fiscal year.

As of the end of the first quarter, cash and cash equivalents (hereafter “funds”) remaining on hand had decreased by 2,228 million yen from the end of the previous fiscal year to 107,808 million yen. Below is the breakdown of cash flows by activities.

Cash Flows from Operating Activities

The amount of funds provided by operating activities totaled 128 million yen (down 2,358 million yen compared with the same period of the previous fiscal year). As a main breakdown of funds used, there was a decrease in trade payables of 8,215 million yen (compared with 6,659 million yen in the same period of the previous fiscal year), a decrease in accounts payable–other of 7,137 million yen (compared with 8,967 million yen in the same period of the previous fiscal year) and income taxes paid was 5,088 million yen (compared with 6,880 million yen in the same period of the previous fiscal year). However, overall, there was a net increase in funds due to a decrease in trade receivables of 23,663 million yen (compared with 22,071 million yen in the same period of the previous year).

Cash Flows from Investing Activities

The amount of funds used in investing activities totaled 1,980 million yen (an increase of 2,143 million yen compared with the same period of the previous fiscal year). The main factor for funds used was 2,082 million yen in purchases of property, plant and equipment and intangible assets (compared with 2,293 million yen in the same period of the previous fiscal year).

Cash Flows from Financing Activities

The amount of funds used in financing activities amounted to 2,828 million yen (down 81.3% compared with the same period of the previous fiscal year). The main factor for funds used was dividends paid of 2,896 million yen (compared with 3,053 million yen in the same period of the previous fiscal year).

3. Qualitative Information Regarding Consolidated Projections

As for the future of the economy in Japan, despite the presence of factors working to halt the rapid deterioration of economy such as a pickup in exports, the employment situation continues to be severe and it is difficult to make forecasts concerning individual consumption. This, moreover, is having an impact on the business environment of the entertainment industry, in which the Group is extensively involved. Based on current circumstances, the Group expects the harsh business environment will continue.

Amidst these conditions, the Group will press ahead with its sights set on the medium- to long-term Group vision of becoming a "Globally Recognized Entertainment Group." By promoting up-front investment in growing business areas and improving profitability of businesses, the Group shall further develop its global management foundation, based on the three-year Mid-term Business Plan that started this fiscal year.

Specifically, for the Toys and Hobby Business, the Group's attention in Japan will be to strengthening the development of long-established character series such as *Mobile Suit Gundam*, which is celebrating its 30th anniversary, *Samurai Sentai Shinkenger*, *FRESH PRETTY CURE*, as well as *MASKED RIDER W (Double)*, which will start in September 2009. Overseas, the Group will begin development in the United States of the *MASKED RIDER* series and the card game *Battle Spirits*, which have proved very popular in Japan.

In the Game Contents Business, the Group will place particular focus on the home video game software business in North America and Europe. In addition to the popular series titles originated in Japan such as *Tekken 6*, developed for PLAYSTATION 3, Xbox360 and PlayStation Portable, the focus on North America and Europe will also include casual games such as the "*Family*" series, for the Wii. In arcade games machines, the Group will strengthen development in the second half of the fiscal year, concentrating on major casual games such as *"TANK! TANK! TANK!"*.

In the Visual and Music Content Business, in addition to developing package software to commemorate the 30th anniversary of *Mobile Suite Gundam*, the Group will aim to boost profitability by ensuring a balance of content for all target groups.

For the Amusement Facility Business, the Group will improve profitability by executing marketing strategies aimed at each customer segment and further promoting operational efficiency.

However, in its projections for the current fiscal year, the Group made a major revision to the sales plan for the Game Contents Business from the second quarter onward, in light of the recent downturn in the game software market. The revision was made following a strategic review based on management by the title portfolio map, introduced to facilitate medium and long-term dynamic growth, and executed in response to the weak market for home video game software in Japan.

The Group also revised its sales plan for the Toys and Hobby Business for the current fiscal year due to its struggling performance in the U.S. market, as well as the sales plan for the Visual and Music Content Business, to reflect an unclear outlook for the package software market as hardware transitional period continues.

The Group also expects to record the amortization of goodwill (around 600 million yen), following the acquisition of all shares in a new subsidiary, NAMCO BANDAI Partners S.A.S., announced on July 2, 2009.

As a result, the Group has revised its consolidated projections for the six months and the full fiscal year of the fiscal year ending March 31, 2010 announced on May 8, 2009, as described in the following tables.

Revision to the consolidated projections for the six months
(April 1, 2009 to September 30, 2009) (¥ million)

	Net sales	Operating income (loss)	Recurring income (loss)	Net income (loss)	Net income (loss) per share
Previous projections (A)	195,000	2,500	3,000	1,000	4.14 yen
Revised projections (B)	165,000	(3,800)	(3,200)	(4,700)	(19.48) yen
Change in amount (B–A)	(30,000)	(6,300)	(6,200)	(5,700)	–
Change (%)	(15.4%)	–	–	–	–
Reference: Results for the same period of the previous fiscal year (April 1, 2008 to September 30, 2008)	190,795	5,576	7,275	1,282	5.13 yen

Revision to the consolidated projections for the full fiscal year
(April 1, 2009 to March 31, 2010) (¥ million)

	Net sales	Operating income	Recurring income	Net income	Net income per share
Previous projections (A)	430,000	22,500	23,500	12,500	51.80 yen
Revised projections (B)	400,000	15,000	16,000	8,500	35.23 yen
Change in amount (B–A)	(30,000)	(7,500)	(7,500)	(4,000)	–
Change (%)	(7.0%)	(33.3%)	(31.9%)	(32.0%)	–
Reference: Results for the same period of the previous fiscal year (April 1, 2008 to March 31, 2009)	426,399	22,348	24,513	11,830	47.95 yen

4. Others

(1) Changes in Significant Subsidiaries during the Period (Changes in Specified Subsidiaries Resulting in the Change in Scope of Consolidation)

On April 1, 2009, Bandai Networks Co., Ltd., a specified subsidiary of the Company, was merged by absorption-type merger with NAMCO BANDAI Games Inc., a specified subsidiary of the Company. As a result of this merger, Bandai Networks Co., Ltd. is an extinct company and is not included within the scope of specified subsidiary from the first quarter.

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

a. Calculation of debt default estimate for general receivables

As it is deemed that there is no material change in the debt default ratio and the like at the end of the current first quarter from what was calculated at the end of the previous fiscal year, debt default estimate was calculated using the debt default ratio and the like at the end of the previous fiscal year.

b. Inventory valuation method

With respect to the calculation of inventories at the end of the current first quarter, physical inventories were omitted and a reasonable calculation method based on the physical inventories at the end of the previous fiscal year was employed.

In addition, concerning the write-down of the book value of inventories, only for those items whose drop in profitability was apparent, was an estimate of net selling price made and were book values written down.

c. Calculation of depreciation of fixed assets

For fixed assets to which the declining-balance method is applied, the amount of depreciation for the fiscal year is proportionally divided up into amounts for the quarterly period.

d. Calculation of taxes

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

Also, adjustment for income taxes is included in income taxes.

(3) Changes in Accounting Policies, Procedures, and Methods of Presentation for Preparing the Quarterly Consolidated Financial Statements

Changes in Accounting Treatments

Changes in presented segments

Up until this change, in the Amusement Facility Business, part of the costs of supportive operations at the rear of the store was treated as cost of sales. However, from the perspective of having a corresponding relationship between sales and cost of sales, these costs shall be presented as selling, general and administrative expenses from the current first quarter.

As a result of this change, compared to if the previous standard was applied, the cost of sales decreased by 471 million yen and selling, general and administrative expenses rose by the same amount.

This change does not impact operating loss, recurring loss and loss before income taxes and minority interests.

It also does not impact the operating results presented in segment information.

5. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(¥ million)

	Current 1st Quarter As of June 30, 2009	(Summary) Prior Fiscal Year As of March 31, 2009
Assets		
Current assets		
Cash and time deposits	103,959	106,747
Trade receivables	40,177	62,518
Short-term investments	4,993	4,426
Merchandise and finished goods	12,682	11,642
Work in process	25,682	21,653
Raw materials and supplies	4,719	4,354
Other current assets	27,078	25,190
Allowance for doubtful receivables	(398)	(446)
Total current assets	218,896	236,085
Fixed assets		
Property, plant and equipment	51,667	51,991
Intangible assets		
Goodwill	11,319	12,054
Other intangible assets	9,839	10,230
Total intangible assets	21,159	22,285
Investments and other assets		
Other investments and assets	55,621	54,336
Allowance for doubtful receivables	(1,236)	(1,254)
Total investments and other assets	54,384	53,081
Total fixed assets	127,212	127,359
Total assets	346,108	363,444
Liabilities		
Current liabilities		
Trade payables	29,497	36,760
Short-term borrowings	9,001	8,857
Accrued income taxes	2,775	6,374
Provision	1,203	1,701
Other current liabilities	24,690	30,609
Total current liabilities	67,168	84,303
Long-term liabilities		
Long-term debt	11,990	11,990
Provision	2,020	1,953
Negative goodwill	241	246
Other long-term liabilities	4,379	4,371
Total long-term liabilities	18,632	18,561
Total liabilities	85,800	102,865

(¥ million)

	Current 1st Quarter As of June 30, 2009	(Summary) Prior Fiscal Year As of March 31, 2009
Net assets		
Stockholders' equity		
Common stock	10,000	10,000
Additional paid-in capital	79,887	79,887
Retained earnings	193,851	199,453
Treasury stock	(9,625)	(9,624)
Total stockholders' equity	274,113	279,717
Valuation difference and translation adjustments		
Other securities valuation difference	(60)	(1,911)
Deferred gains or losses on hedges, net of taxes	279	(105)
Land revaluation	(6,299)	(6,299)
Translation adjustments	(10,662)	(13,755)
Total valuation difference and translation adjustments	(16,743)	(22,071)
Stock subscription rights	1,465	1,468
Minority interests	1,471	1,465
Total net assets	260,307	260,579
Total liabilities and net assets	346,108	363,444

(2) Quarterly Consolidated Statements of Income

(¥ million)

	Prior 1st Quarter (From April 1, 2008 to June 30, 2008)	Current 1st Quarter (From April 1, 2009 to June 30, 2009)
Net sales	89,979	75,729
Cost of sales	58,610	50,374
Gross profit	31,368	25,354
Selling, general and administrative expenses	29,840	28,113
Operating income (loss)	1,528	(2,758)
Non-operating income		
Interest income	561	130
Dividend income	106	105
Amortization of negative goodwill	28	30
Equity in gain of affiliated companies	121	173
Foreign exchange gain	257	–
Gain on valuation of derivatives	–	168
Other non-operating income	84	143
Total non-operating income	1,161	752
Non-operating expenses		
Interest expense	56	53
Foreign exchange loss	–	117
Loss on valuation of derivatives	55	–
Expense related to rental assets	42	–
Other non-operating expenses	45	20
Total non-operating expenses	199	190
Recurring income (loss)	2,490	(2,197)
Extraordinary income		
Gain on sales of fixed assets	1,563	6
Gain on reversal of stock subscription rights	–	2
Reversal of allowance for doubtful receivables	5	16
Other extraordinary income	2	–
Total extraordinary income	1,571	25
Extraordinary loss		
Loss on sales of fixed assets	1	5
Loss on impairment of fixed assets	38	–
Special retirement expenses	662	–
Litigation settlement	507	–
Loss on disposal of fixed assets	–	48
Other extraordinary loss	159	14
Total extraordinary loss	1,369	68
Income (loss) before income taxes and minority interests	2,692	(2,240)
Income taxes	1,601	513
Minority interests	73	92
Net income (loss)	1,018	(2,846)

(3) Quarterly Consolidated Statements of Cash Flows

(¥ million)

	Prior 1st Quarter (From April 1, 2008 to June 30, 2008)	Current 1st Quarter (From April 1, 2009 to June 30, 2009)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	2,692	(2,240)
Depreciation and amortization	4,956	4,203
Loss on impairment of fixed assets	38	–
Amortization of goodwill	993	1,015
Increase (decrease) in allowance for doubtful receivables	68	32
Increase (decrease) in provision	(167)	(476)
Interest and dividend income	(668)	(236)
Interest expense	56	53
Foreign exchange loss (gain)	(81)	14
Equity in loss (gain) of affiliated companies	(121)	(173)
Loss on disposal of fixed assets	36	48
Loss (gain) on sales of fixed assets	(1,561)	–
Loss on disposal of amusement facilities and machines	117	30
Loss (gain) on valuation of investment securities	114	5
Decrease (increase) in trade receivables	22,071	23,663
Decrease (increase) in inventories	(3,869)	(4,792)
Investment for amusement facilities and machines	(1,568)	(877)
Increase (decrease) in trade payables	(6,659)	(8,215)
Increase (decrease) in accounts payable–other	(8,967)	(7,137)
Increase (decrease) in consumption tax payables	(1,272)	(255)
Other	(2,335)	398
Subtotal	3,871	5,059
Interest and dividends received	687	240
Interest paid	(36)	(83)
Income taxes paid	(6,880)	(5,088)
Net cash provided by (used in) operating activities	(2,358)	128
Cash flows from investing activities		
Payments for deposit in time deposits	(18)	(80)
Proceeds from withdrawal from time deposits	1,000	72
Purchases of property, plant and equipment	(1,644)	(1,568)
Proceeds from sales of property, plant and equipment	3,405	7
Purchases of intangible assets	(649)	(514)
Purchases of investment securities	(136)	–
Proceeds from sales of investment securities	–	3
Acquisition of shares in consolidated subsidiaries, net of cash acquired	–	(18)
Advances of loans receivable	(30)	(41)
Collection of loans receivable	1	18
Guarantee money deposited	(278)	(177)
Proceeds from collection of guarantee money deposited	491	287
Other	3	31
Net cash provided by (used in) investing activities	2,143	(1,980)

(¥ million)

	Prior 1st Quarter (From April 1, 2008 to June 30, 2008)	Current 1st Quarter (From April 1, 2009 to June 30, 2009)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	182
Repayment of long-term debt	–	(41)
Repayment of lease obligations	–	(21)
Payments into fund trust for purchase of treasury stock	(12,000)	–
Purchase of treasury stock	(3)	–
Dividends paid	(3,053)	(2,896)
Dividends paid to minority interests	(76)	(51)
Net cash used in financing activities	(15,132)	(2,828)
Effect of exchange rate changes on cash and cash equivalents	(4,982)	2,164
Net increase (decrease) in cash and cash equivalents	(20,330)	(2,515)
Cash and cash equivalents at beginning of period	129,289	110,037
Increase in cash and cash equivalents due to consolidation of additional subsidiaries	1,142	270
Increase in cash and cash equivalents due to merger with non-consolidated subsidiaries	–	61
Decrease in cash and cash equivalents due to company split	–	(45)
Cash and cash equivalents at end of period	110,102	107,808

(4) Notes on Premise of Going Concern

No items to report

(5) Segment Information

[By business segment]

Prior 1st quarter (From April 1, 2008 to June 30, 2008) (¥ million)

	Toys and Hobby Business	Amusement Facility Business	Game Contents Business	Network Business	Visual and Music Content Business	Other Businesses	Total	Eliminations and Corporate	Consolidated
Net sales									
(1) To external customers	34,779	19,349	24,136	2,537	6,993	2,183	89,979	–	89,979
(2) Inter-segment sales and transfers	611	121	1,377	54	253	2,639	5,057	(5,057)	–
Total	35,390	19,470	25,514	2,591	7,247	4,822	95,036	(5,057)	89,979
Operating income (loss)	1,994	69	(214)	174	(234)	206	1,996	(467)	1,528

Current 1st quarter (From April 1, 2009 to June 30, 2009) (¥ million)

	Toys and Hobby Business	Game Contents Business	Visual and Music Content Business	Amusement Facility Business	Other Businesses	Total	Eliminations and Corporate	Consolidated
Net sales								
(1) To external customers	31,073	19,177	7,691	15,787	1,998	75,729	–	75,729
(2) Inter-segment sales and transfers	668	1,032	305	48	2,485	4,540	(4,540)	–
Total	31,741	20,210	7,997	15,835	4,484	80,269	(4,540)	75,729
Operating income (loss)	1,874	(4,136)	(13)	(45)	36	(2,284)	(474)	(2,758)

Notes: 1. Business segment classifications are in accordance with classifications adopted for internal management purposes.

2. Principal products in each business segment:

(1) Toys and Hobby Business: Toys, candy toys, production for vending machines, cards, plastic models, apparel, sundries

(2) Game Contents Business: Home-use video game software, commercial-use video game machines, mobile content, prizes for amusement arcade machines

(3) Visual and Music Content Business: Video products, visual software, on-demand video distribution, music software

(4) Amusement Facility Business: Amusement facilities operation

(5) Other Businesses: Transportation and storage of products, leases, real estate management, printing, development and sales of environmental devices

3. Changes in business segments

On April 1, 2009, for the further growth expected in the network-related market, an absorption-type merger was executed between the Company's consolidated subsidiary Bandai Networks Co., Ltd. (the extinct company) and the Company's consolidated subsidiary NAMCO BANDAI Games Inc., (the surviving company). As a result of a review of business segments that accompanied this merger, it was decided to merge the Network Business segment with the Game Contents Business segment from the first quarter because they had similar business characteristics such as contents of services, content development, and support for multiple media.

The table below presents the results of first quarter of the previous fiscal year (business segment information) under the new business segments.

(¥ million)

	Toys and Hobby Business	Game Contents Business	Visual and Music Content Business	Amusement Facility Business	Other Businesses	Total	Eliminations and Corporate	Consolidated
Net sales								
(1) To external customers	34,779	26,673	6,993	19,349	2,183	89,979	–	89,979
(2) Inter-segment sales and transfers	611	1,336	253	121	2,639	4,961	(4,961)	–
Total	35,390	28,010	7,247	19,470	4,822	94,941	(4,961)	89,979
Operating income (loss)	1,994	(40)	(234)	69	206	1,996	(467)	1,528

[By geographic segment]

Prior 1st quarter (From April 1, 2008 to June 30, 2008) (¥ million)

	Japan	Americas	Europe	Asia	Total	Eliminations and Corporate	Consolidated
Net sales							
(1) To external customers	67,674	9,158	10,142	3,004	89,979	–	89,979
(2) Inter-segment sales and transfers	2,941	546	2	4,814	8,304	(8,304)	–
Total	70,616	9,704	10,144	7,818	98,283	(8,304)	89,979
Operating income (loss)	889	(279)	1,353	428	2,392	(863)	1,528

Current 1st quarter (From April 1, 2009 to June 30, 2009) (¥ million)

	Japan	Americas	Europe	Asia	Total	Eliminations and Corporate	Consolidated
Net sales							
(1) To external customers	57,941	7,691	6,940	3,155	75,729	–	75,729
(2) Inter-segment sales and transfers	3,025	866	11	4,769	8,672	(8,672)	–
Total	60,966	8,558	6,951	7,924	84,401	(8,672)	75,729
Operating income (loss)	(1,393)	(1,860)	547	562	(2,143)	(615)	(2,758)

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

a. Americas: United States and Canada

b. Europe: France, United Kingdom and Spain

c. Asia: Hong Kong, Thailand, South Korea and China

[Overseas sales]

Prior 1st quarter (From April 1, 2008 to June 30, 2008)

	Americas	Europe	Asia	Total
I. Overseas sales (¥ million)	9,386	10,473	3,740	23,600
II. Consolidated sales (¥ million)	–	–	–	89,979
III. Overseas sales as a ratio of consolidated sales (%)	10.4	11.6	4.2	26.2

Current 1st quarter (From April 1, 2009 to June 30, 2009)

	Americas	Europe	Asia	Total
I. Overseas sales (¥ million)	8,270	7,050	3,599	18,920
II. Consolidated sales (¥ million)	–	–	–	75,729
III. Overseas sales as a ratio of consolidated sales (%)	10.9	9.3	4.8	25.0

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

a. Americas: United States, Canada and Latin America

b. Europe: France, United Kingdom, Spain, the Middle East and Africa

c. Asia: Hong Kong, Singapore, Thailand, South Korea, Australia, China and Taiwan

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

No items to report

(7) Significant Subsequent Event

(Concerning the additional acquisition of shares of Distribution Partners S.A.S.)

NAMCO BANDAI Games Europe S.A.S., the Company's wholly owned subsidiary, received advance notice from Atari Europe S.A.S. that it would elect to exercise put options and sell 66% of the shares of Distribution Partners S.A.S. held by Atari Europe S.A.S. to the Group. After negotiating the detailed conditions of the aforesaid options, the Group agreed to make changes to the Share Purchase Agreement with Atari Europe S.A.S. on July 1, 2009.

Consequently, the Company has acquired 100% of the shares of Distribution Partners S.A.S. and has made it a wholly owned subsidiary of the Company.

From July 20, 2009, Distribution Partners S.A.S. changed its name to NAMCO BANDAI Partners S.A.S.

1. Purpose of acquisition of shares

   The Group aims to strengthen its overseas operations as one of its medium to long-term business strategies. Up until present, for game software sales in the Europe region, the Group has been outsourcing game software distribution to outside partners on the basis of individual titles. Through this investment, the Group aims to bolster the management structure in Europe by building its own sales network and achieve greater synergy with existing businesses.

2. Overview of company acquired as new subsidiary

Name	Distribution Partners S.A.S.
Business activities	Distribution of products for video games, PC and other electronic devices
Location	Lyon, France
Capital	35,037,000 euros

3. Date of share purchase

   July 7, 2009

4. Number and value of shares to be acquired, acquisition price and our shareholding before and after transfer

(1) Shares owned before transfer	11,912,580 shares (34% of total shares)
(2) Number of shares to be acquired	23,124,420 shares
(3) Shares owned after transfer	35,037,000 shares (100% of total shares)
(4) Acquisition price	35 million euros (Total amount based on 100% of share ownership)

5. Other information

   There is a possibility that the acquisition price could be amended in the future on account of the circumstances of the net debt of Distribution Partners S.A.S. as of June 30, 2009.