NAMCO BANDAI Holdings Inc.

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

November 5, 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/)

November 5, 2009

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

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Scheduled filing date of the quarterly security report: November 13, 2009
Scheduled starting date for dividend payments: December 7, 2009

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

(1) Consolidated Operating Results (For the six months ended September 30, 2009)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Recurring income	
	¥ million	%	¥ million	%	¥ million	%
Second Quarter of the Fiscal Year Ending March 31, 2010	**172,733**	**(9.5)**	**(2,615)**	**—**	**(2,866)**	**—**
Second Quarter of the Fiscal Year Ended March 31, 2009	190,795	—	5,576	—	7,275	—

	Net income		Net income per share	Net income per share (diluted)
	¥ million	%	¥	¥
Second Quarter of the Fiscal Year Ending March 31, 2010	**(6,038)**	**—**	**(25.02)**	**—**
Second Quarter of the Fiscal Year Ended March 31, 2009	1,282	—	5.13	5.12

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of September 30, 2009	**355,835**	**258,146**	**71.8**	**1,057.96**
As of March 31, 2009	363,444	260,579	70.9	1,067.71

(Reference)
Equity: 255,462 million yen (as of September 30, 2009), 257,645 million yen (as of March 31, 2009)

2. Dividend

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Fiscal year-end	Total
Fiscal Year Ended March 31, 2009	—	¥12.00	—	¥12.00	¥24.00
Fiscal Year Ending March 31, 2010	—	¥12.00			
Fiscal Year Ending March 31, 2010 (Projections)			—	¥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 projection for the 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	%	¥
Full Fiscal Year	400,000	(6.2)	15,000	(32.9)	16,000	(34.7)	8,500	(28.1)	35.21

* Revision to the projections: No

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: 4 companies (Distribution Partners S.A.S., Atari Asia Holdings Pty.Ltd., Atari Australia Pty.,Ltd., Atari UK Ltd.)

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 10-11.

(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 10-11.

(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 10-11.

(4) Number of Issued Shares (Common Stock)

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

As of September 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 September 30, 2009	8,532,539 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 Second Quarter of the Fiscal Year ending March 31, 2010	241,349,257 shares
For the Second Quarter of the Fiscal Year ended March 31, 2009	250,264,456 shares

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

* 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 economic environment during the first six months of the fiscal year ending March 31, 2010 continued to be plagued by a severe employment situation and weak individual consumption despite indications that the slowdown of the global economy triggered by the financial crisis in the U.S. has stopped deteriorating. In addition, reduced consumption had substantial impact on the entertainment industry, causing a difficult market environment.

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, although long-established character toys in the Toys and Hobby Business sold strongly in Japan, overall performance did not reach the level of the same period of the previous fiscal year because of not only the fact that products and service for this fiscal year are more concentrated in the second half but also the impact of weak individual consumption.

In the current second quarter, NAMCO BANDAI Partners S.A.S. and its 18 subsidiaries became consolidated subsidiaries and this had a negative effect on profits for the second quarter as these companies’ business plans are lopsided towards the second half of the fiscal year.

Consequently, the Group’s consolidated results for the first six months were net sales of 172,733 million yen (year-on-year decrease of 9.5%), operating loss of 2,615 million yen (compared with an operating income of 5,576 million yen for the same period of the previous fiscal year), recurring loss of 2,866 million yen (compared with a recurring income of 7,275 million yen for the same period of the previous fiscal year), and net loss of 6,038 million yen (compared with a net income of 1,282 million yen for the same period of the previous fiscal year).

Operating Results by Business Segment (¥ million)

	Net Sales			Operating Income (Loss)		
	Current 2nd Quarter	Prior 2nd Quarter	Change	Current 2nd Quarter	Prior 2nd Quarter	Change
Toys and Hobby	66,700	73,213	Decrease of 6,513	3,765	4,416	Decrease of 650
Game Contents	57,181	61,657	Decrease of 4,476	(6,769)	501	Decrease of 7,271
Visual and Music Content	15,469	15,993	Decrease of 523	362	654	Decrease of 292
Amusement Facility	33,717	40,542	Decrease of 6,824	1,056	1,030	Increase of 25
Other Businesses	8,895	9,514	Decrease of 619	19	280	Decrease of 260
Eliminations and Corporate	(9,230)	(10,125)	Increase of 894	(1,050)	(1,307)	Increase of 256
Consolidated	172,733	190,795	Decrease of 18,062	(2,615)	5,576	Decrease of 8,191

Toys and Hobby Business

In the Toys and Hobby Business, long-established character toys such as the *MASKED RIDER* series, *Samurai Sentai Shinkenger* and *FRESH PRETTY CURE !* posted strong performances in Japan. Although the DATA CARDDASS *MASKED RIDER BATTLE: GANBARIDE* and card game *Battle Spirits* became popular, vending machine capsule products and other peripheral toy categories struggled amidst the stagnation of individual consumption.

Overseas, despite the strong sales of *BEN10* character toys, 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 66,700 million yen (year-on-year decrease of 8.9%), and operating income was 3,765 million yen (year-on-year decrease of 14.7%).

Game Contents Business

In the Game Contents Business, sales of game titles and machines for this fiscal year are concentrated in the second half. For home video game software in the current second quarter, in Japan, while game titles such as *Tales of Vesperia* for PlayStation 3 became popular, sales of other minor game titles struggled as the sluggish market continued. Overseas, the performance did not reach the level of the same period of the previous fiscal year in which localized game titles had sold strongly. Sales for arcade game machines were robust thanks to repeat sales of machines released in the previous fiscal year. So too were sales of game contents for mobile devices, 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 57,181 million yen (year-on-year decrease of 7.3%), and operating loss was 6,769 million yen (compared with an operating income of 501 million yen in the same period of the previous fiscal year). Note that due to changes in the business segments in the first quarter, in order to make year-on-year comparisons, the results of the second 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, although visual package software such as *GUNDAM 30th ANNIVERSARY COLLECTION*, and *Psalms of Planets Eureka Seven* became popular in Japan, the visual package software business struggled overall amidst the continuing transition period for hardware. Sales of music package software, on the other hand, were strong, particularly for animation-related music. Overseas, the profitability of business in the Americas was improved through greater efficiency.

As a result, net sales in the Visual and Music Content Business were 15,469 million yen (year-on-year decrease of 3.3%) and operating income was 362 million yen (year-on-year decrease of 44.7%).

Amusement Facility Business

In the Amusement Facility Business, despite the implementation of marketing strategies for each customer segment in Japan, the domestic existing-facility sales was at 89.7% of the figure for the same period of the previous fiscal year in the midst of a difficult market environment. Costs, on the other hand, were reduced as a result of the strategic closure or sale in the previous fiscal year of 63 facilities, most of which were unprofitable, and the ongoing efforts to improve business efficiency.

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

As a result, net sales in the Amusement Facility Business were 33,717 million yen (year-on-year decrease of 16.8%), and operating income was 1,056 million yen (year-on-year increase of 2.5%).

Facilities as of September 30, 2009

Directly Managed Facilities	Revenue-Sharing Facilities	Theme Parks	Spa Facilities	Total
298	929	4	3	1,234

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 second quarter, efforts were made to improve the efficiency of these operations related to group support. However, as a result of a decline in the amount of work handled, performance did not reach the level of the same period of the previous fiscal year.

As a result, net sales in Other Businesses were 8,895 million yen (year-on-year decrease of 6.5%), and operating income was 19 million yen (year-on-year decrease of 92.9%).

Operating Results By Geographic Segment (¥ million)

	Net Sales			Operating Income (Loss)		
	Current 2nd Quarter	Prior 2nd Quarter	Change	Current 2nd Quarter	Prior 2nd Quarter	Change
Japan	140,305	154,133	Decrease of 13,828	2,682	4,282	Decrease of 1,599
Americas	15,044	18,463	Decrease of 3,418	(3,808)	(813)	Decrease of 2,994
Europe	17,899	20,366	Decrease of 2,467	(819)	2,742	Decrease of 3,561
Asia	16,115	16,481	Decrease of 366	904	931	Decrease of 26
Eliminations and Corporate	(16,631)	(18,649)	Increase of 2,017	(1,574)	(1,564)	Decrease of 9
Consolidated	172,733	190,795	Decrease of 18,062	(2,615)	5,576	Decrease of 8,191

Japan

In the Toys and Hobby Business, although there were strong sales performances from long-established character toys, such as the *MASKED RIDER* series and *FRESH PRETTY CURE !*, and card games, the peripheral toy categories struggled under the impact of the economic downturn.

In the Game Contents Business, while home video game software titles such as *Tales of Vesperia* for PlayStation 3 became popular, sales of other minor game titles struggled as the sluggish market continued. Furthermore, because sales of game titles and machines for this fiscal year are concentrated in the second half, performance did not reach the level of the same period of the previous fiscal year. In the Visual and Music Content Business, although visual package software such as *GUNDAM 30th ANNIVERSARY COLLECTION*, and *Psalms of Planets Eureka Seven* became popular, the visual package software business struggled overall amidst the continuing transition period for hardware.

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 and other factors.

As a result, net sales in Japan were 140,305 million yen (year-on-year decrease of 9.0%) and operating income was 2,682 million yen (year-on-year decrease of 37.4%).

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 not only because the game titles for this fiscal year are concentrated in the second half, but also due to the strong sales of localized game titles that occurred in the same period of the previous fiscal year. 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 15,044 million yen (year-on-year decrease of 18.5%) and operating loss was 3,808 million yen (compared with an operating loss of 813 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 not only because the game titles for this fiscal year are concentrated in the second half, but also due to the strong sales of localized game titles that occurred in the same period of the previous fiscal year. Also, the Amusement Facility Business performed weakly under the impact of the economic downturn.

As a result, net sales in Europe were 17,899 million yen (year-on-year decrease of 12.1%) and operating loss was 819 million yen (compared with an operating income of 2,742 million yen in the same period of the previous fiscal year).

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 16,115 million yen (year-on-year decrease of 2.2%) and operating income was 904 million yen (year-on-year decrease of 2.8%).

2. Qualitative Information Regarding Consolidated Financial Position

At the end of the second quarter of fiscal year ending March 31, 2010, total assets stood at 355,835 million yen, a decrease of 7,608 million yen from the end of the previous fiscal year. The main factors of this decline were as follows. Notwithstanding increases such as a 10,074 million yen increase of inventories, including work in process affected by concentration of products of the Game Contents Business in the second half of the fiscal year, and a 4,582 million yen increase of goodwill as a result of consolidation of NAMCO BANDAI Partners S.A.S. and its 18 subsidiaries from the current second quarter, cash and time deposits decreased by 12,457 million yen and trade receivables decreased by 12,208 million yen.

Total liabilities amounted to 97,689 million yen, a decrease of 5,175 million yen from the end of the previous fiscal year. The main factors of this decline were as follows. Although provision increased by 1,382 million yen, long-term debt was reduced by 4,335 million yen through partial repayments and accounts payable–other, which is included in other current liabilities, decreased by 2,647 million yen.

Total net assets stood at 258,146 million yen, a decrease of 2,432 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 4,609 million yen in translation adjustments due to currency fluctuation, and an increase of 1,602 million yen in other securities valuation difference, there was a decrease of 8,793 million yen in retained earnings as a result of the recording of dividends paid and net loss.

As a result, the equity ratio became 71.8% compared with 70.9% at the end of the previous fiscal year.

As of the end of the second quarter, cash and cash equivalents (hereafter “funds”) remaining on hand had decreased by 11,700 million yen from the end of the previous fiscal year to 98,336 million yen. Below is the breakdown of cash flows by activities.

Cash Flows from Operating Activities

The amount of funds used in operating activities amounted to 458 million yen (down 83.5% compared with the same period of the previous fiscal year). Out of this, the main factor providing funds was a decrease in trade receivables of 16,581 million yen (compared with 16,291 million yen in the same period of the previous fiscal year), while the main factors using funds were a decrease in trade payables of 7,541 million yen (compared with 5,035 million yen in the same period of the previous fiscal year), an increase in inventories of 6,707 million yen (compared with 4,763 million yen in the same period of the previous fiscal year), and a decrease in accounts payable–other of 4,160 million yen (compared with 7,563 million yen in the same period of the previous fiscal year).

Cash Flows from Investing Activities

The amount of funds used in investing activities totaled 7,584 million yen (an increase of 669 million yen compared with the same period of the previous fiscal year). As a breakdown of funds used, there were purchases of property, plant and equipment and intangible assets of 4,886 million yen (compared with 4,713 million yen in the same period of the previous fiscal year), purchase of subsidiary shares affecting the scope of consolidation of 1,821 million yen (non-existent in the same period of the previous fiscal year) and advances of loans receivable of 1,049 million yen (compared with 60 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 7,141 million yen (down 56.0% compared with the same period of the previous fiscal year). The main factors for funds used were repayment of long-term debt of 4,425 million yen (compared with 2,669 million yen in the same period of the previous fiscal year) and 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, despite signs of partial improvement such as recovery in capital investment and production, the environment continues to be affected by the high yen, the uncertain employment situation and weak individual consumption and under such conditions, it is extremely difficult to make economic forecasts.

While these circumstances continue, the business environment of entertainment industry, in which the Group is extensively involved, is also expected to remain uncertain.

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, *MASKED RIDER W (Double)* and *Tamagotchi*, both of which started airing on TV from this autumn. The Group will also strengthen the development of its long-established character series such as *Samurai Sentai Shinkenger* and *FRESH PRETTY CURE !* Also overseas, aiming for dynamic growth in the medium- to long-term, the Group will strengthen new categories of merchandise such as girls’ toys and preschoolers’ toys.

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 game titles originated in Japan such as *Tekken 6*, developed for PlayStation 3, Xbox360 and PlayStation Portable, the world-wide focus will also include casual games such as the “*Family*” series, for the Wii. In arcade games machines, the Group will strengthen 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, focusing on 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.

As a result, the Group has not revised its consolidated projections for the full fiscal year of the fiscal year ending March 31, 2010 announced on August 4, 2009.

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.

Also, on July 7, 2009, NAMCO BANDAI Games Europe S.A.S., the Company's wholly owned subsidiary, made an additional acquisition of 66% of the shares of Distribution Partners S.A.S. held by Atari Europe S.A.S. and it now holds 100% of said company's shares.

As a result of these changes, Distribution Partners S.A.S. and its 18 subsidiaries have become consolidated subsidiaries from the current second quarter. The following four companies now fall under the definition of a specified subsidiary of the Company because the amount of their common stock is equivalent to 10% or more of the Company's common stock.

Name
NAMCO BANDAI Partners S.A.S. (Distribution Partners S.A.S.)
NAMCO BANDAI Partners Asia Holdings Pty.Ltd. (Atari Asia Holdings Pty.Ltd.)
NAMCO BANDAI Partners Australia Pty.Ltd. (Atari Australia Pty.Ltd.)
NAMCO BANDAI Partners UK Ltd. (Atari UK Ltd.)

Note: In the table above, the former names of the companies before they became wholly owned subsidiaries are written in parentheses.

(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 second 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 second 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 second 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

In the Amusement Facility Business, the costs of supportive operations at the rear of the store was treated as cost of sales. However, commencing in the first quarter, these costs are now presented as selling, general and administrative expenses.

The reason for this change is as follows. After conducting reviews of the store operation methods and the role of operations staff to address intensifying competition in the Amusement Facility Business, a better understanding of store management operations was obtained. From the perspective of having a corresponding relationship between sales and cost of sales, it was decided to present the costs relating to store management operations using more appropriate categorization.

As a result of this change, compared to if the previous standard was applied, the cost of sales decreased by 1,034 million yen, resulting in an increase in gross profit of the same amount. 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 2nd Quarter As of September 30, 2009	(Summary) Prior Fiscal Year As of March 31, 2009
Assets		
Current assets		
Cash and time deposits	94,289	106,747
Trade receivables	50,310	62,518
Short-term investments	5,020	4,426
Merchandise and finished goods	16,233	11,642
Work in process	26,714	21,653
Raw materials and supplies	4,777	4,354
Other current assets	29,495	25,190
Allowance for doubtful receivables	(903)	(446)
Total current assets	225,937	236,085
Fixed assets		
Property, plant and equipment	51,211	51,991
Intangible assets		
Goodwill	16,637	12,054
Other intangible assets	9,732	10,230
Total intangible assets	26,369	22,285
Investments and other assets		
Other investments and assets	53,561	54,336
Allowance for doubtful receivables	(1,245)	(1,254)
Total investments and other assets	52,316	53,081
Total fixed assets	129,897	127,359
Total assets	355,835	363,444
Liabilities		
Current liabilities		
Trade payables	35,131	36,760
Short-term borrowings	10,025	8,857
Accrued income taxes	5,187	6,374
Provision	3,084	1,701
Other current liabilities	29,747	30,609
Total current liabilities	83,175	84,303
Long-term liabilities		
Long-term debt	7,655	11,990
Provision	2,190	1,953
Negative goodwill	210	246
Other long-term liabilities	4,457	4,371
Total long-term liabilities	14,513	18,561
Total liabilities	97,689	102,865

(¥ million)

	Current 2nd Quarter As of September 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	79,960	79,887
Retained earnings	190,659	199,453
Treasury stock	(9,442)	(9,624)
Total stockholders' equity	271,177	279,717
Valuation difference and translation adjustments		
Other securities valuation difference	(308)	(1,911)
Deferred gains or losses on hedges, net of taxes	40	(105)
Land revaluation	(6,299)	(6,299)
Translation adjustments	(9,146)	(13,755)
Total valuation difference and translation adjustments	(15,714)	(22,071)
Stock subscription rights	1,206	1,468
Minority interests	1,477	1,465
Total net assets	258,146	260,579
Total liabilities and net assets	355,835	363,444

(2) Quarterly Consolidated Statements of Income

(¥ million)

	Prior 2nd Quarter (From April 1, 2008 to September 30, 2008)	Current 2nd Quarter (From April 1, 2009 to September 30, 2009)
Net sales	190,795	172,733
Cost of sales	124,098	114,197
Gross profit	66,696	58,536
Selling, general and administrative expenses	61,119	61,151
Operating income (loss)	5,576	(2,615)
Non-operating income		
Interest income	1,067	242
Dividend income	260	143
Amortization of negative goodwill	57	61
Equity in gain of affiliated companies	181	–
Other non-operating income	328	256
Total non-operating income	1,895	704
Non-operating expenses		
Interest expense	80	158
Foreign exchange loss	–	356
Equity in loss of affiliated companies	–	360
Expense related to rental assets	47	–
Other non-operating expenses	68	80
Total non-operating expenses	196	956
Recurring income (loss)	7,275	(2,866)
Extraordinary income		
Gain on sales of fixed assets	1,582	11
Reversal of allowance for doubtful receivables	47	17
Reversal of accrued retirement and severance benefits	–	12
Gain on reversal of stock subscription rights	–	6
Gain on liquidation of subsidiaries	–	49
Other extraordinary income	80	–
Total extraordinary income	1,709	97
Extraordinary loss		
Loss on sales of fixed assets	6	8
Loss on impairment of fixed assets	43	156
Loss on disposal of fixed assets	–	109
Loss on valuation of investment securities	880	–
Special retirement expenses	651	–
Litigation settlement	520	–
Other extraordinary loss	213	204
Total extraordinary loss	2,317	479
Income (loss) before income taxes and minority interests	6,667	(3,249)
Income taxes	5,255	2,678
Minority interests	128	110
Net income (loss)	1,282	(6,038)

(3) Quarterly Consolidated Statements of Cash Flows

(¥ million)

	Prior 2nd Quarter (From April 1, 2008 to September 30, 2008)	Current 2nd Quarter (From April 1, 2009 to September 30, 2009)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	6,667	(3,249)
Depreciation and amortization	10,351	8,819
Loss on impairment of fixed assets	43	156
Amortization of goodwill	2,029	2,363
Increase (decrease) in allowance for doubtful receivables	(240)	118
Increase (decrease) in provision	(372)	(579)
Interest and dividend income	(1,327)	(385)
Interest expense	80	158
Foreign exchange loss (gain)	(29)	95
Equity in loss (gain) of affiliated companies	(181)	360
Loss on disposal of fixed assets	76	109
Loss (gain) on sales of fixed assets	(1,575)	(2)
Loss on disposal of amusement facilities and machines	283	67
Loss (gain) on sales of investment securities	(66)	–
Loss (gain) on valuation of investment securities	880	17
Decrease (increase) in trade receivables	16,291	16,581
Decrease (increase) in inventories	(4,763)	(6,707)
Investment for amusement facilities and machines	(4,543)	(1,804)
Increase (decrease) in trade payables	(5,035)	(7,541)
Increase (decrease) in accounts payable–other	(7,563)	(4,160)
Increase (decrease) in consumption tax payables	(1,369)	(304)
Other	(4,158)	554
Subtotal	5,475	4,669
Interest and dividends received	1,355	352
Interest paid	(69)	(95)
Income taxes paid	(9,542)	(5,385)
Net cash used in operating activities	(2,780)	(458)
Cash flows from investing activities		
Payments for deposit in time deposits	(1,155)	(95)
Proceeds from withdrawal from time deposits	2,108	257
Purchases of property, plant and equipment	(3,430)	(3,716)
Proceeds from sales of property, plant and equipment	3,492	15
Purchases of intangible assets	(1,283)	(1,169)
Purchases of investment securities	(139)	(378)
Proceeds from sales of investment securities	233	3
Acquisition of shares in consolidated subsidiaries, net of cash acquired	(25)	(18)
Purchase of subsidiary shares affecting the scope of consolidation	–	(1,821)
Advances of loans receivable	(60)	(1,049)
Collection of loans receivable	268	56
Guarantee money deposited	(384)	(285)
Proceeds from collection of guarantee money deposited	1,052	611
Other	(5)	6
Net cash provided by (used in) investing activities	669	(7,584)

(¥ million)

	Prior 2nd Quarter (From April 1, 2008 to September 30, 2008)	Current 2nd Quarter (From April 1, 2009 to September 30, 2009)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	283
Repayment of long-term debt	(2,669)	(4,425)
Repayment of lease obligations	–	(50)
Payments into fund trust for purchase of treasury stock	(12,000)	–
Proceeds from withdrawal of fund trust for purchase of treasury stock	1,555	–
Purchase of treasury stock	(5)	(1)
Dividends paid	(3,053)	(2,896)
Dividends paid to minority interests	(76)	(51)
Net cash used in financing activities	(16,248)	(7,141)
Effect of exchange rate changes on cash and cash equivalents	(2,342)	3,197
Net increase (decrease) in cash and cash equivalents	(20,701)	(11,987)
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	109,731	98,336

(4) Notes on Premise of Going Concern

No items to report

(5) Segment Information

[By business segment]

Prior 2nd quarter (From April 1, 2008 to September 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	71,865	40,330	53,525	5,201	15,619	4,253	190,795	–	190,795
(2) Inter-segment sales and transfers	1,348	211	2,964	154	373	5,260	10,313	(10,313)	–
Total	73,213	40,542	56,490	5,355	15,993	9,514	201,109	(10,313)	190,795
Operating income	4,416	1,030	123	378	654	280	6,883	(1,307)	5,576

Current 2nd quarter (From April 1, 2009 to September 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	65,227	55,047	14,944	33,593	3,919	172,733	–	172,733
(2) Inter-segment sales and transfers	1,472	2,133	524	123	4,976	9,230	(9,230)	–
Total	66,700	57,181	15,469	33,717	8,895	181,963	(9,230)	172,733
Operating income (loss)	3,765	(6,769)	362	1,056	19	(1,564)	(1,050)	(2,615)

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, 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 the first six months 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	71,865	58,727	15,619	40,330	4,253	190,795	–	190,795
(2) Inter-segment sales and transfers	1,348	2,930	373	211	5,260	10,125	(10,125)	–
Total	73,213	61,657	15,993	40,542	9,514	200,920	(10,125)	190,795
Operating income	4,416	501	654	1,030	280	6,883	(1,307)	5,576

[By geographic segment]

Prior 2nd quarter (From April 1, 2008 to September 30, 2008) (¥ million)

	Japan	Americas	Europe	Asia	Total	Eliminations and Corporate	Consolidated
Net sales							
(1) To external customers	146,599	17,371	20,358	6,465	190,795	–	190,795
(2) Inter-segment sales and transfers	7,534	1,091	7	10,015	18,649	(18,649)	–
Total	154,133	18,463	20,366	16,481	209,444	(18,649)	190,795
Operating income (loss)	4,282	(813)	2,742	931	7,141	(1,564)	5,576

Current 2nd quarter (From April 1, 2009 to September 30, 2009) (¥ million)

	Japan	Americas	Europe	Asia	Total	Eliminations and Corporate	Consolidated
Net sales							
(1) To external customers	134,457	13,414	17,820	7,041	172,733	–	172,733
(2) Inter-segment sales and transfers	5,848	1,630	78	9,073	16,631	(16,631)	–
Total	140,305	15,044	17,899	16,115	189,364	(16,631)	172,733
Operating income (loss)	2,682	(3,808)	(819)	904	(1,040)	(1,574)	(2,615)

Note: 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, Spain, Germany, etc.

c. Asia: Hong Kong, Thailand, South Korea, China, Australia, etc.

As a result of consolidation of NAMCO BANDAI Partners S.A.S. and its 18 subsidiaries in the current second quarter, Germany has been added to the segment of Europe and Australia has been added to the segment of Asia.

[Overseas sales]

Prior 2nd quarter (From April 1, 2008 to September 30, 2008)

	Americas	Europe	Asia	Total
I. Overseas sales (¥ million)	18,076	21,029	8,399	47,505
II. Consolidated sales (¥ million)	–	–	–	190,795
III. Overseas sales as a ratio of consolidated sales (%)	9.5	11.0	4.4	24.9

Current 2nd quarter (From April 1, 2009 to September 30, 2009)

	Americas	Europe	Asia	Total
I. Overseas sales (¥ million)	14,667	18,001	8,797	41,467
II. Consolidated sales (¥ million)	–	–	–	172,733
III. Overseas sales as a ratio of consolidated sales (%)	8.5	10.4	5.1	24.0

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, Germany, the Middle East, Africa, etc.

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

As a result of consolidation of NAMCO BANDAI Partners S.A.S. and its 18 subsidiaries in the current second quarter, Germany has been added to the segment of Europe.

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

No items to report

(7) Significant Subsequent Event

(Capital increase in subsidiary)

The Company decided by the resolution at the Board of Directors' meeting held on October 29, 2009 to increase the capital of consolidated subsidiaries BANDAI S.A., NAMCO BANDAI Games Europe S.A.S., NAMCO BANDAI Partners S.A.S. and 10 subsidiaries of NAMCO BANDAI Partners S.A.S.

1. Purpose for the capital increases

   The purpose of the capital increases is to improve the financial standing of part of the subsidiaries of NAMCO BANDAI Partners S.A.S.

2. Method of the capital increases

   The main method used to increase capital will be by debt equity swap (hereinafter "DES").

3. Details of capital increases of major subsidiaries

(1) BANDAI S.A.

a. Common stock before capital increase:	15,000 thousand euros
b. Amount of capital increase:	30,000 thousand euros (of which 30,000 thousand euros is DES)
c. Recipient:	NAMCO BANDAI Holdings Inc. (the Company)

(2) NAMCO BANDAI Games Europe S.A.S.

a. Common stock before capital increase:	34,241 thousand euros
b. Amount of capital increase:	30,000 thousand euros (of which 30,000 thousand euros is DES)
c. Recipient:	BANDAI S.A.

(3) NAMCO BANDAI Partners S.A.S.

a. Common stock before capital increase:	35,037 thousand euros
b. Amount of capital increase:	44,963 thousand euros (of which 44,963 thousand euros is DES)
c. Recipient:	NAMCO BANDAI Games Europe S.A.S.

(4) NAMCO BANDAI Partners France S.A.S.

a. Common stock before capital increase:	530 thousand euros
b. Amount of capital increase:	7,069 thousand euros (of which 3,107 thousand euros is DES)
c. Recipient:	NAMCO BANDAI Partners S.A.S.

(5) NAMCO BANDAI Partners UK Ltd.

a. Common stock before capital increase:	18,306 thousand British pounds
b. Amount of capital increase:	6,693 thousand British pounds (of which 3,465 thousand British pounds is DES)
c. Recipient:	NAMCO BANDAI Partners S.A.S.

4. Schedule of capital increases

The circumstances of the capital increase procedures of each consolidated subsidiary shall be examined with respect to the laws and regulations and corporate tax practices of the relevant countries and the Company plans to execute the capital increases by March 31, 2010.