NAMCO BANDAI Holdings Inc.

Consolidated Financial Report for the Fiscal Year Ended

March 31, 2010

May 7, 2010

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- This document does not include the non-consolidated financial statements of NAMCO BANDAI Holdings Inc.

NAMCO BANDAI Holdings Inc.

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

May 7, 2010

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Representative:	Shukuo Ishikawa, President and Representative Director
Contact:	Yuji Asako, Executive Officer, Corporate Planning Division
Date of Ordinary General Meeting of Shareholders:	June 21, 2010
Scheduled starting date for dividend payments:	June 22, 2010
Scheduled filing date of the annual security report:	June 22, 2010

1. Consolidated Results for the Fiscal Year Ended March 31, 2010
(April 1, 2009 to March 31, 2010)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Recurring income	
	¥ million	%	¥ million	%	¥ million	%
Fiscal Year Ended March 31, 2010	378,547	(11.2)	1,883	(91.6)	1,907	(92.2)
Fiscal Year Ended March 31, 2009	426,399	(7.4)	22,348	(33.1)	24,513	(32.3)

	Net income		Net income per share	Net income per share (diluted)
	¥ million	%	¥	¥
Fiscal Year Ended March 31, 2010	(29,928)	–	(123.98)	–
Fiscal Year Ended March 31, 2009	11,830	(63.8)	47.95	47.88

	ROE (Net income / Net assets)	ROA (Recurring income / Total assets)	Operating margin (Operating income / Net sales)
	%	%	%
Fiscal Year Ended March 31, 2010	(12.4)	0.6	0.5
Fiscal Year Ended March 31, 2009	4.3	6.3	5.2

(Reference)
Gain or loss from the equity method: 0 million yen (FY2010.3), 360 million yen (FY2009.3)

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of March 31, 2010	325,935	229,012	69.5	938.74
As of March 31, 2009	363,444	260,579	70.9	1,067.71

(Reference)
Equity: 226,666 million yen (as of March 31, 2010), 257,645 million yen (as of March 31, 2009)

(3) Consolidated Statements of Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	¥ million	¥ million	¥ million	¥ million
Fiscal Year Ended March 31, 2010	10,581	(9,863)	(15,276)	97,776
Fiscal Year Ended March 31, 2009	19,301	(10,327)	(16,529)	110,037

2. Dividend

Dividend record dates	Dividend per share					Total dividend payment (Full year)	Payout ratio (Consolidated)	Dividend / Net assets (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Fiscal year-end	Total			
	¥	¥	¥	¥	¥	¥ million	%	%
Fiscal Year Ended March 31, 2009	–	12.00	–	12.00	24.00	5,853	50.1	2.2
Fiscal Year Ended March 31, 2010	–	12.00	–	12.00	24.00	5,797	–	2.4
(Projection) Fiscal Year Ending March 31, 2011	–	12.00	–	12.00	24.00		–	

Note: The stable portion of the dividend is given in the projection for the end of second quarter and the fiscal year-end for the Fiscal Year Ending March 31, 2011 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, 2011
(April 1, 2010 to March 31, 2011)

(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, 2010	175,000	1.3	(1,000)	–	(1,000)	–	(3,500)	–	(14.50)
Full Year	400,000	5.7	11,000	483.9	10,500	450.4	4,500	–	18.64

4. Other Information

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

Included: 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 "2. The BANDAI NAMCO Group" on pages 13-20.

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

a. Changes due to revisions to accounting standards and other regulations: Yes

b. Changes due to other reasons: Yes

Note: For more details, please refer to the section of "Changes in the Important Information Constituting the Basis for Preparation of Consolidated Financial Statements" on page 43.

(3) Number of Issued Shares (Common Stock)

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

As of March 31, 2010	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 March 31, 2010	8,540,776 shares
As of March 31, 2009	8,694,796 shares

Note: Please refer to the section of "Per Share Data" on page 65 for the number of shares used to calculate "Net income per share".

(Reference) Non-consolidated Financial Statements

1. Non-consolidated Results for the Fiscal Year Ended March 31, 2010
(April 1, 2009 to March 31, 2010)

(1) Non-consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Recurring income	
	¥ million	%	¥ million	%	¥ million	%
Fiscal Year Ended March 31, 2010	9,608	(59.5)	6,976	(66.6)	6,465	(68.9)
Fiscal Year Ended March 31, 2009	23,754	98.7	20,869	146.5	20,773	144.7

	Net income		Net income per share	Net income per share (diluted)
	¥ million	%	¥	¥
Fiscal Year Ended March 31, 2010	7,296	(63.4)	30.21	30.20
Fiscal Year Ended March 31, 2009	19,936	161.5	80.72	80.62

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of March 31, 2010	329,222	255,757	77.4	1,055.39
As of March 31, 2009	306,579	252,893	82.0	1,041.48

(Reference)
Equity: 254,947 million yen (as of March 31, 2010), 251,425 million yen (as of March 31, 2009)

*Proper use of earnings projections, and other special matters

The above projections are based on information available to the Company as of the date of the announcement of these materials and on assumptions pertaining to uncertain factors, which may affect future operating results, as of the date of the announcement of these materials. Actual business results may differ from the projections due to a number of factors in the future. Please refer to the section of " (1) Analysis on Results of Operations" of "1. Results of Operations" on pages 5-9 for matters pertaining to the earnings projections.

1. Results of Operations

(1) Analysis on Results of Operations

a. Summary for the Period (April 1, 2009 to March 31, 2010)

In this fiscal year, during the global economic recession, there were visible signs of a partial recovery in the economy in the context of government deployment of emergency economic stimulus measures and other factors. However, economic conditions remained harsh due to, among other things, weakness in the self-sustainability of the recovery and high unemployment rates. Reduced consumption had a substantial impact on the entertainment industry, causing continued uncertainty in the industry as a whole.

In this environment, the Group has worked to put in place the global management foundation adopted in the three-year Mid-term Business Plan that has been implemented since April 2009. Moreover, prior to launching the "BANDAI NAMCO Group Restart Plan" in April 2010, for the purpose of a more assured implementation of the global management foundation, the Group carried out steps, including a review of its personnel structure, to improve profitability.

On the business front, although long-established character toys in the Toys and Hobby Business posted strong performance figures in Japan, amidst weak individual consumption world-wide, overall results for the Group were harsh, especially in the Game Contents Business.

Consequently, the Group's consolidated results at fiscal year-end were net sales of 378,547 million yen (year-on-year decrease of 11.2%), operating income of 1,883 million yen (year-on-year decrease of 91.6%), and recurring income of 1,907 million yen (year-on-year decrease of 92.2%). Moreover, the Group recorded losses on, among other things, the amusement facilities scheduled to be closed in the following fiscal year and recorded expenses related to the review of its personnel structure. Further, as a result of strict examination of the future business plans of certain subsidiaries, an impairment loss on goodwill was recognized, and there was a withdrawal of a fixed amount from deferred tax assets. As a result, the Group recorded a net loss of 29,928 million yen (compared with a net income of 11,830 million yen in the previous fiscal year).

An overview of each business is presented as follows.

Operating Results by Business Segment (¥ million)

	Net Sales			Operating Income		
	Year Ended March 31, 2010	Year Ended March 31, 2009	Change	Year Ended March 31, 2010	Year Ended March 31, 2009	Change
Toys and Hobby	148,843	165,725	Decrease of 16,881	10,786	11,533	Decrease of 746
Game Contents	137,528	149,891	Decrease of 12,362	Loss of 6,845	11,609	Decrease of 18,454
Visual and Music Content	29,236	34,638	Decrease of 5,402	Loss of 871	38	Decrease of 910
Amusement Facility	65,362	77,269	Decrease of 11,907	284	393	Decrease of 108
Other Businesses	17,452	19,009	Decrease of 1,556	358	565	Decrease of 206
Eliminations and Corporate	(19,876)	(20,133)	Increase of 257	(1,828)	(1,792)	Decrease of 36
Consolidated	378,547	426,399	Decrease of 47,852	1,883	22,348	Decrease of 20,464

Toys and Hobby Business

In the Toys and Hobby Business, long-established character toys, such as the *MASKED RIDER* series and *FRESH PRETTY CURE !,* posted strong performance figures in Japan, mainly during the Christmas shopping season. Also, *Tamagotchi*, for which there were tie-ups to a made-for-television animation, and the DATA CARDDASS *MASKED RIDER BATTLE: GANBARIDE* became popular. In addition, *HYPER YO-YO* and *VooV*, both of which were launched to expand the target population for the purpose of aiming for the overwhelming position of No. 1 in Japan, made favorable starts.

Overseas, despite the strong sales of *BEN10* character toys, overall performance was weak, especially in the Americas where the competitive environment was particularly fierce.

As a result, net sales in the Toys and Hobby Business were 148,843 million yen (year-on-year decrease of 10.2%), and operating income was 10,786 million yen (year-on-year decrease of 6.5%).

Game Contents Business

In the Game Contents Business, although some signs of recovery were discernible for home video game software, such as by the fact that *GOD EATER* for PlayStation Portable was launched in Japan in the fourth quarter and proved popular, this business segment faced difficulties throughout the fiscal year mainly with small to medium size game titles. Overseas, *Tekken 6,* released for the PlayStation 3 and Xbox 360, was a hit. However, a lack of other hit titles in a depressed market kept performance sluggish.

As for arcade game machines, despite the launch of the force-feedback battle party game *TANK! TANK! TANK!* in this fiscal year and repeat sales of machines launched in the previous fiscal year, performance did not reach the level of the previous fiscal year, when large medal machines and other machines were popular.

In addition, amortization of goodwill (1,263 million yen from July 2009 through March 2010) was recorded with respect to NAMCO BANDAI Partners S.A.S. (home video game software sales company), which became a wholly owned subsidiary of the Company this fiscal year.

As a result, net sales in the Game Contents Business were 137,528 million yen (year-on-year decrease of 8.2%), and operating loss was 6,845 million yen (compared with an operating income of 11,609 million yen in the previous fiscal year). Note that due to changes in the business segments in this fiscal year, in order to make year-on-year comparisons, the results 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, *GUNDAM 30th ANNIVERSARY COLLECTION*, *Psalms of Planets Eureka Seven*, and other visual package software were popular in Japan. In addition, application of the new business model, which called for simultaneous worldwide development through special theater screenings, packaged product sales, and on-demand distribution, helped to make the first episode of *Mobile Suit Gundam UC (Unicorn)* a huge hit in the fourth quarter. However, amidst a stagnant package software market, the visual package software business as a whole faced steep challenges. On the other hand, sales of music package software were solid, particularly for animation-related music. Overseas, the profitability of business in the Americas improved through greater efficiency of the business.

As a result, net sales in the Visual and Music Content Business were 29,236 million yen (year-on-year decrease of 15.6%), and operating loss was 871 million yen (compared with an operating income of 38 million yen in the previous fiscal year).

Amusement Facility Business

In the Amusement Facility Business, implementation of different marketing strategies for each customer segment in Japan led to glimmers of a gradual recovery in sales at existing facilities, but their sales remained sluggish throughout the fiscal year, at 91.2% of the figure for the previous fiscal year. Costs, on the other hand, were reduced as a result of the strategic closure or sale of 63 facilities, most of which were unprofitable, in the previous fiscal year, and the ongoing efforts to improve business efficiency. Overseas, despite efforts to improve operational efficiency in the Americas and business development in Europe centered on complex facilities, overall performance was sluggish.

As a result, net sales in the Amusement Facility Business were 65,362 million yen (year-on-year decrease of 15.4%), and operating income was 284 million yen (year-on-year decrease of 27.5%).

Facilities as of March 31, 2010

Directly Managed Facilities	Revenue-Sharing Facilities	Other	Total
289	896	5	1,190

Other Businesses

Other Businesses consist of companies that conduct operations, such as logistics support and building management for each of the Group’s strategic business units. During this fiscal year, efforts were made to improve the efficiency of these operations related to group support. However, due to a decline in the amount of work handled, performance did not reach the level of the previous fiscal year.

As a result, net sales in the Other Businesses were 17,452 million yen (year-on-year decrease of 8.2%), and operating income was 358 million yen (year-on-year decrease of 36.6%).

Operating Results by Geographic Segment (¥ million)

	Net Sales			Operating Income		
	Year Ended March 31, 2010	Year Ended March 31, 2009	Change	Year Ended March 31, 2010	Year Ended March 31, 2009	Change
Japan	297,978	333,534	Decrease of 35,556	5,537	15,863	Decrease of 10,326
Americas	32,852	50,933	Decrease of 18,081	Loss of 3,324	872	Decrease of 4,197
Europe	46,916	45,020	Increase of 1,895	Loss of 388	6,248	Decrease of 6,636
Asia	38,691	37,377	Increase of 1,313	2,768	2,289	Increase of 478
Eliminations and Corporate	(37,891)	(40,466)	Increase of 2,575	(2,708)	(2,926)	Increase of 218
Consolidated	378,547	426,399	Decrease of 47,852	1,883	22,348	Decrease of 20,464

Japan

In the Toys and Hobby Business, mainly during the Christmas shopping season, long-established character toys such as the *MASKED RIDER* series and *FRESH PRETTY CURE !*, as well as *Tamagotchi* and the DATA CARDDASS among others became popular. In the Game Contents Business, although some signs of recovery were discernible for home video game software, such as by the fact that *GOD EATER* for PlayStation Portable proved popular, this business segment faced difficulties throughout the fiscal year mainly with small to medium size game titles.

In the Visual and Music Content Business, amidst a stagnant package software market, the visual package software business faced steep challenges. In the Amusement Facility Business, although sales at existing facilities were weak, costs were reduced as a result of the efforts to improve business efficiency.

As a result, net sales in Japan were 297,978 million yen (year-on-year decrease of 10.7%) and operating income was 5,537 million yen (year-on-year decrease of 65.1%).

Americas

In the Toys and Hobby Business, the *BEN10* character toys performed solidly, but overall the business struggled due to intensified market competition. The Game Contents Business struggled due to a lack of hit titles amongst home video game software amidst a stagnant market. On the other hand, efforts on cutting costs by improving operational efficiency continued in the Visual and Music Content Business and the Amusement Facility Business.

As a result, net sales in Americas were 32,852 million yen (year-on-year decrease of 35.5%) and operating loss was 3,324 million yen (compared with an operating income of 872 million yen in the previous fiscal year).

Europe

In the Toys and Hobby Business, although the *BEN10* character toys became popular, overall business was sluggish in the midst of a difficult market environment. In the Game Contents Business, although *Tekken 6*, released for the PlayStation 3 and Xbox 360, was a hit, the segment struggled due to a lack of other hit titles amongst home video game software in a depressed market, and the Amusement Facility Business performed weakly under the impact of the economic downturn. In addition, NAMCO BANDAI Partners S.A.S. (home video game software sales company) became a wholly owned subsidiary of the Company this fiscal year, and while sales increased, amortization of goodwill (1,263 million yen from July 2009 through March 2010) was recorded.

As a result, net sales in Europe were 46,916 million yen (year-on-year increase of 4.2%) and operating loss was 388 million yen (compared with an operating income of 6,248 million yen in 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 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. In addition, NAMCO BANDAI Partners S.A.S. (home video game software sales company) became a wholly owned subsidiary of the Company this fiscal year, and its Asian subsidiaries contributed to the sales and profit of the Game Contents Business.

As a result, net sales in Asia were 38,691 million yen (year-on-year increase of 3.5%) and operating income was 2,768 million yen (year-on-year increase of 20.9%).

b. Outlook for the Fiscal Year Ending March 31, 2011

As for the future of the economy, the uncertain environment of weak individual consumption and employment instability on a global environment is expected to continue. This, moreover, is having a global impact on the entertainment industry, in which the Group is extensively involved.

Facing these circumstances, the Group has commenced the “BANDAI NAMCO Group Restart Plan” for the purpose of a more assured implementation of the global management foundation adopted in the three-year Mid-term Business Plan that has been in operation since April 2009. Through these measures, the Group intends to transform itself into a speedy Group, improve its profitability and strengthen its financial standing.

Specifically, in the Toys and Hobby Business our plan for Japan is to further develop the long-established character series aimed at existing users such as *GOSEIGER (Power Rangers series)* and *MASKED RIDER W (Double)*, aimed at boys, and *HEART CATCH PRETTY CURE !*, aimed at girls, while strengthening others including *Mobile Suit Gundam* plastic models, which is celebrating its 30th anniversary, and the popular DATA CARDDASS. In addition, to expand the target population for the purpose of aiming for the overwhelming position of No. 1 in Japan, we shall focus on further strengthening new products such as *HYPER YO-YO* and *VooV*. Meanwhile overseas, in addition to the *BEN10* character toys, which have become a long-established character series, we shall place our attention on expanding new categories such as girls’ toys and pre-school toys.

In the Content Business, the Group will place particular focus on the home video game software business in North America and Europe as it continues its world-wide deployment of multiple major software titles that are potential candidates for new franchise titles. Considering that this segment faced difficulties in Japan in the fiscal year ended March 31, 2010, mainly with small to medium size game titles, our plan for Japan is to more strictly scrutinize each title during the development process in order to improve our profitability. Also, effective April 2010, the Group integrated the existing Game Contents Business and Visual and Music Content Business, which will allow the Group to respond swiftly to the increasing diversification of customer needs and to maximize the value of the Group’s content.

For the Amusement Facility Business, the Group shall improve profitability by continuing to implement various efficiency measures mainly overseas, while pursuing a strategy of differentiation through the promotion of stores as places where users can experience the Group’s unique world-view of characters in Japan.

In light of the above considerations, the consolidated projections of the fiscal year ending March 31, 2011 are as follows: net sales of 400,000 million yen (year-on-year increase of 5.7%), operating income of 11,000 million yen (year-on-year increase of 483.9%), recurring income of 10,500 million yen (year-on-year increase of 450.4%), and net income of 4,500 million yen (compared with a net loss of 29,928 million yen in this fiscal year).

(2) Analysis of Financial Position

a. Assets, Liabilities, and Net Assets

At the end of the fiscal year ended March 31, 2010, total assets stood at 325,935 million yen, a decrease of 37,509 million yen from the end of the previous fiscal year. The main factors of this decline were decreases of 10,099 million yen in cash and time deposits, 9,792 million yen in trade receivables and 9,103 million yen in goodwill from recognition of impairment losses. Concerning goodwill, the impairment losses, including one related to the goodwill that generated in this fiscal year as a result of NAMCO BANDAI Partners S.A.S. becoming a wholly owned subsidiary, were recognized.

Total liabilities amounted to 96,923 million yen, a decrease of 5,942 million yen from the end of the previous fiscal year. The main factors were as follows. While there were increases of 4,324 million yen in advances received included in other current liabilities due to the deferral of game software revenue at a U.S. subsidiary and 1,864 million yen in accrued income taxes due to the recording of income taxes for the previous period, there were decreases of 4,695 million yen in accounts payable-other and 8,657 million yen in long-term borrowings due to repayment.

Total net assets stood at 229,012 million yen, a decrease of 31,566 million yen from the end of the previous fiscal year. This decline was mainly due to the net loss of 29,928 million yen.

As a result, the equity ratio became 69.5% compared with 70.9% at the end of the previous fiscal year.

b. Cash Flows

As of the end of the fiscal year, cash and cash equivalents (hereafter "funds") remaining on hand had decreased by 12,260 million yen from the end of the previous fiscal year to 97,776 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 10,581 million yen (down 45.2% compared with the previous fiscal year). As a main breakdown of funds used, loss before income taxes and minority interests was 19,294 million yen (compared with income before income taxes and minority interests of 21,125 million yen in the previous fiscal year), income taxes paid was 8,761 million yen (compared with 12,726 million yen in the previous fiscal year) and a decrease in trade payables was 6,701 million yen (compared with 58 million yen in the previous fiscal year). However, overall, there was a net increase in funds due to depreciation and amortization of 18,988 million yen (compared with 22,545 million yen in the previous fiscal year), loss on impairment of fixed assets of 15,902 million yen (compared with 953 million yen in the previous fiscal year), and a decrease in trade receivables of 13,478 million yen (compared with 3,826 million yen in the previous fiscal year).

(Cash Flows from Investing Activities)

The amount of funds used in investing activities totaled 9,863 million yen (down 4.5% compared with the previous fiscal year). As a breakdown of funds used, there were purchases of property, plant and equipment and intangible assets of 10,008 million yen (compared with 10,811 million yen in the previous fiscal year).

(Cash Flows from Financing Activities)

The amount of funds used in financing activities amounted to 15,276 million yen (down 7.6% compared with the previous fiscal year). The main factors for funds used were repayment of long-term borrowings of 8,761 million yen (compared with 5,338 million yen in the previous fiscal year) and dividends paid of 5,795 million yen (compared with 6,009 million yen in the previous fiscal year).

(Reference) Cash Flow Indices

	FY2006.3	FY2007.3	FY2008.3	FY2009.3	FY2010.3
Equity ratio (%)	63.0	67.1	69.4	70.9	69.5
Equity ratio (market capitalization basis) (%)	105.5	116.1	83.1	65.3	67.5
Cash flows to interest bearing debt ratio (%)	102.0	53.8	41.9	95.5	156.2
Interest coverage ratio (times)	90.4	180.1	199.6	113.0	32.9

Equity ratio: Total stockholders' equity/Total assets
Equity ratio (market capitalization basis): Market capitalization/Total assets
Cash flows to interest bearing debt ratio: Interest-bearing debt/Cash flow
Interest coverage ratio: Cash flow/Interest expenses
Note 1: All calculations are performed using consolidated financial figures.
Note 2: Market capitalization is calculated on the basis of the number of issued shares excluding treasury stock.
Note 3: Operating cash flow is used for cash flow.
Note 4: Interest-bearing debt covers all debt reported in the consolidated balance sheets for which interest is paid.

(3) Fundamental Policy on Profit Sharing

The Company places the return of profits to shareholders as one of its highest priorities in its management. The Company assumes that its basic policy is to further strengthen the Group's competitiveness and, while maintaining a sound financial status, to achieve regular distributions of dividends and improvement in the Company's corporate value. In concrete terms, the Company will provide a return to shareholders that targets a consolidated payout ratio of 30%, based on stable annual dividend payments of 24 yen per share. In addition, part of any profit, after deduction of dividends, may be used to acquire treasury stock upon comprehensive consideration of the amount of funds on hand, performance trends, recent share price trends, the existence or nonexistence of major investment proposals, and other factors.

The Company will make priority use of profit, after deduction of dividends, for forward-looking investment in expanding operations overseas under the three-year Mid-term Business Plan that has been implemented since April 2009.

* Please refer to page 3 for the dividend forecasts of FY2010.3 and FY2011.3.

(4) 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 May 7, 2010, the filing date for the NAMCO BANDAI Holdings Inc.'s financial report (Kessan Tanshin) for the fiscal year ended March 31, 2010.

Risks associated with the core business model

The Group's businesses are centered on products and services based on content, including various characters. The Group's operating results may be affected by changes in the popularity of specific content or related trends. Therefore, the Group is working to achieve stable earnings by striving to diversify risks by expanding business in a diverse array of business fields, using a wide variety of characters and content, and across various regions around the world.

Risks associated with overseas business expansion

The Group is aggressively expanding its business overseas. This initiative exposes the Group to a variety 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. Operationally, the Group conducts sufficient research to minimize these risks, develops the organizational structures 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 enhanced recognition of genuine products, etc. In addition, for foreign exchange risks, the Group uses forward contracts as needed to lower the risks from short-term fluctuations in the exchange rates for major currencies.

Retaining and developing key personnel

In the fast-changing entertainment industry, it is essential for the Group to retain and develop personnel who can respond effectively to rapid changes. In addition to developing compensation system that will facilitate the retention of these employees, the Group actively delegates authority. To develop the next generation of employees, the Group is devoting resources to training seminars and other development programs. Furthermore, we will actively adopt personnel exchanges with the aim of reinforcing cooperation between each Strategic Business Unit.

Risks associated with diversification of platforms and customer needs

In developing game content, visual content, and network content, the Group faces the risk of delays in changing its business models in response to increasing diversification of content-provision platforms and customer needs. The Group will review development based on existing business categories and drive forward business strategies based on the Group's content, which will allow the Group to respond swiftly to the increasing diversification of platforms and customer needs and to maximize the value of the Group's content.

Decline in domestic birthrate

In the future, an ongoing decline in the domestic birthrate might affect the financial results of the Group. Accordingly, the Group has been expanding the scope and target of its business activities in Japan and is aggressively taking steps to expand its scope of business and the regions in which it conducts operations in overseas markets.

Concentration of production and quality control in China

In the Group's Toys and Hobby Business, most of the products, particularly toys, are manufactured in China. Thus the Group faces the following risks: the risk of higher production costs from the revaluation of the yuan and labor cost increases, country risk stemming from the regional concentration of production, and risk regarding quality control of the products. In response, the Group is working to reduce production costs and to diversify its production bases into Southeast Asia and other regions. Additionally, the Group is realizing its social responsibility as a company thoroughly committed to quality and safety such as by establishing stricter quality standards and designing products with safety in mind based on relevant legal restrictions and industry quality and safety standards in all of its business fields, and regularly implementing C.O.C. (Code of Conduct) audits of contracted producers by third-party organizations.

Additional risks include disasters, such as natural disasters or accidents, changes in laws and regulations, defective or deficient products or services, leaks of customer information, litigation associated with business activities, and increased production costs etc. as a result of higher crude oil prices. The Group maintains risk management systems and works to strengthen its management foundation in order to minimize the effects on its results in the unlikely event that any of these risks should materialize.

2. The BANDAI NAMCO Group

(1) Business Overview

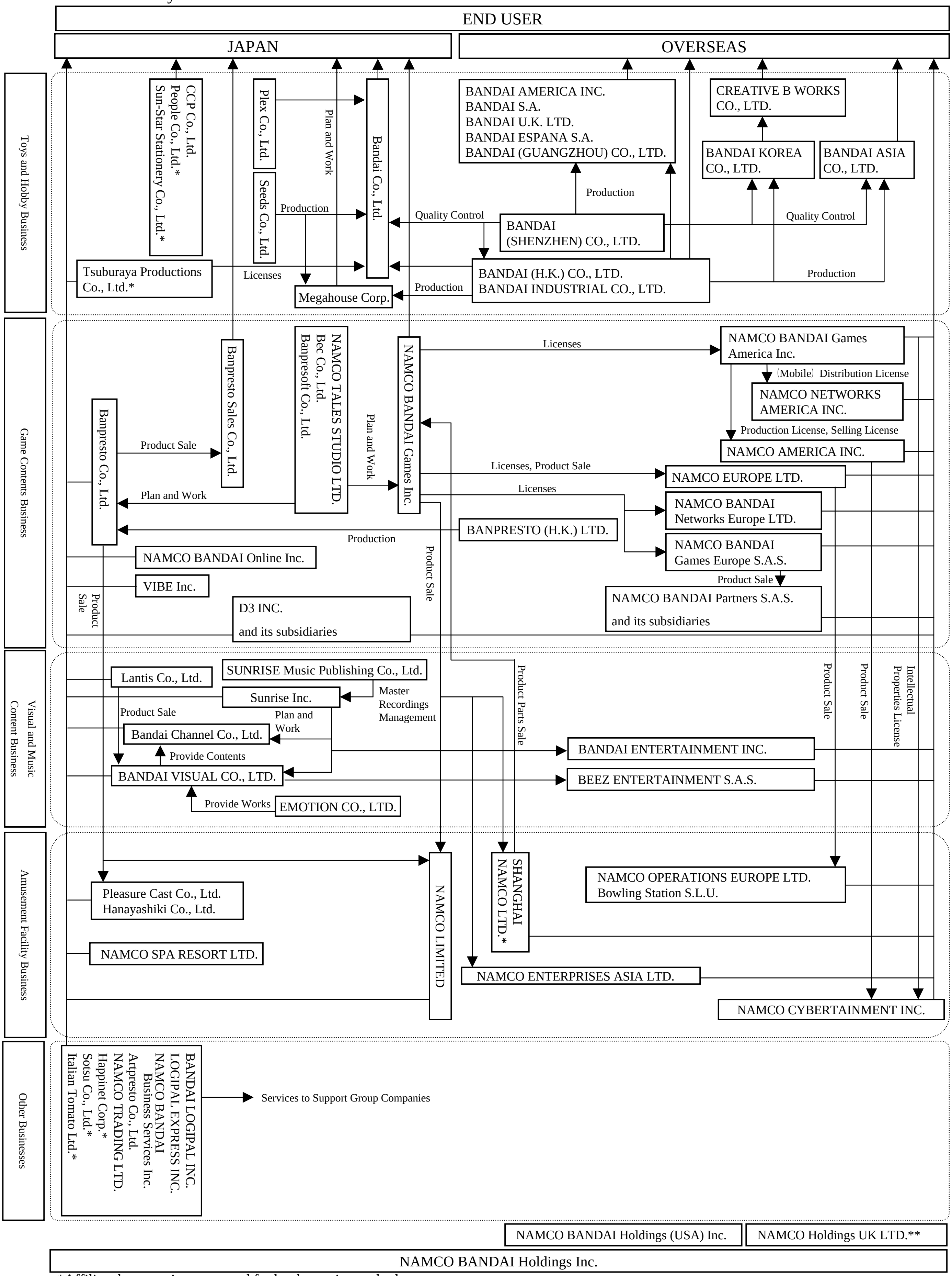
The BANDAI NAMCO Group ("the Group") comprises NAMCO BANDAI Holdings Inc. ("the Company"), 97 subsidiaries and 10 affiliates. Operations primarily encompass the manufacture and sales of toys and plastic models, the core activity of the character merchandising business; production and sales of home video game software; manufacture and sales of arcade game machines and other related products; mobile content; production and sales of video-related products; and amusement facility operations. 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 the Company 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 and Hobby Business	Toys, candy toys, products for vending machines, cards, plastic models, apparel, sundries	Domestic	Bandai Co., Ltd., Megahouse Corp., Seeds Co., Ltd., Plex Co., Ltd., CCP Co., Ltd., People Co., Ltd., Sun-Star Stationery Co., Ltd., Tsuburaya Productions Co., Ltd. and 1 other company
		Overseas	BANDAI AMERICA INC., BANDAI S.A., BANDAI U.K. LTD., BANDAI ESPANA S.A., BANDAI (H.K.) CO., LTD., BANDAI ASIA CO., LTD., BANDAI INDUSTRIAL CO., LTD., BANDAI KOREA CO., LTD., CREATIVE B WORKS CO., LTD., BANDAI (SHENZHEN) CO., LTD., BANDAI (GUANGZHOU) CO., LTD., and 5 other companies

<table>
<tr><th>Business Segment</th><th>Business Outline</th><th>Region</th><th>Major Companies</th></tr>
<tr><td rowspan="2">Game Contents Business</td><td rowspan="2">Home-use video game software, arcade game machines, mobile contents, prizes for amusement arcade machines</td><td>Domestic</td><td>NAMCO BANDAI Games Inc.,
Banpresto Co., Ltd., D3 INC.,
D3PUBLISHER INC.,
Entertainment Software Publishing Inc.,
VIBE Inc., Bec Co., Ltd.,
Banpresoft Co., Ltd.,
NAMCO TALES STUDIO LTD.,
NAMCO BANDAI Online Inc.,
Banpresto Sales Co., Ltd.,
and 3 other companies</td></tr>
<tr><td>Overseas</td><td>NAMCO BANDAI Games America Inc.,
NAMCO AMERICA INC.,
NAMCO NETWORKS AMERICA INC.,
D3Publisher of America, Inc.,
Vicious Cycle Software, Inc.,
NAMCO Holdings UK LTD.,
NAMCO BANDAI Games Europe S.A.S.,
NAMCO EUROPE LTD.,
NAMCO BANDAI Networks Europe LTD.,
D3Publisher of Europe Ltd., D3DB S.r.l.,
NAMCO BANDAI Partners S.A.S. and its 18 subsidiaries, BANPRESTO (H.K.) LTD.,
and 2 other companies</td></tr>
<tr><td rowspan="2">Visual and Music Content Business</td><td rowspan="2">Video contents, video software, on demand video distribution, music software</td><td>Domestic</td><td>BANDAI VISUAL CO., LTD., Sunrise Inc.,
Bandai Channel Co., Ltd., Lantis Co., Ltd.,
EMOTION CO., LTD.,
SUNRISE Music Publishing Co., Ltd.</td></tr>
<tr><td>Overseas</td><td>BANDAI ENTERTAINMENT INC.,
BEEZ ENTERTAINMENT S.A.S.,
and 1 other company</td></tr>
<tr><td rowspan="2">Amusement Facility Business</td><td rowspan="2">Amusement facilities operation</td><td>Domestic</td><td>NAMCO LIMITED, Pleasure Cast Co., Ltd.,
Hanayashiki Co., Ltd., NAMCO SPA RESORT LTD.</td></tr>
<tr><td>Overseas</td><td>NAMCO CYBERTAINMENT INC.,
NAMCO OPERATIONS EUROPE LTD.,
Bowling Station S.L.U.,
NAMCO ENTERPRISES ASIA LTD.,
SHANGHAI NAMCO LTD.</td></tr>
<tr><td rowspan="2">Other Businesses</td><td rowspan="2">Transportation and storage of products, leases, real estate management, printing, sales of environmental devices</td><td>Domestic</td><td>BANDAI LOGIPAL INC.,
LOGIPAL EXPRESS INC.,
NAMCO BANDAI Business Services Inc.,
Artpresto Co., Ltd., NAMCO TRADING LTD.,
Happinet Corp., Sotsu Co., Ltd., Italian Tomato Ltd.,
and 5 other companies</td></tr>
<tr><td>Overseas</td><td>3 companies</td></tr>
<tr><td rowspan="2">Corporate</td><td>Planning and implementation of management strategy and business management and instruction of the group companies</td><td>Domestic</td><td>NAMCO BANDAI Holdings Inc. (the Company)</td></tr>
<tr><td>Management and instruction of regional business companies</td><td>Overseas</td><td>NAMCO BANDAI Holdings (USA) Inc.</td></tr>
</table>

Chart of business system is as follows:



*Affiliated companies accounted for by the equity method.

** NAMCO Holdings UK LTD. is a regional holding company in Europe, and is included in the Game Contents segment.

(2) Associated Companies (Subsidiaries and Affiliated Companies)

Name	Address	Capital	Main Business	Ratio of Voting Rights Ownership (%)	Description of Relationship	Notes
(Consolidated subsidiaries)						
Bandai Co., Ltd.	Taito-ku, Tokyo	¥24,664 million	Toys and Hobby	100.0	A: 2 B: ¥19,052 million	4, 10, 18
Megahouse Corp.	Taito-ku, Tokyo	¥10 million	Toys and Hobby	100.0 (100.0)	–	–
Seeds Co., Ltd.	Shimotsuga-gun, Tochigi	¥100 million	Toys and Hobby	100.0 (100.0)	–	–
Plex Co., Ltd.	Taito-ku, Tokyo	¥50 million	Toys and Hobby	100.0 (100.0)	–	–
CCP Co., Ltd.	Taito-ku, Tokyo	¥10 million	Toys and Hobby	100.0 (100.0)	–	–
BANDAI AMERICA INC.	California, U.S.A.	US$ 24,600 thousand	Toys and Hobby	100.0 (100.0)	–	4
BANDAI S.A.	Cergy-Pontoise, France	Euro 15.0 million	Toys and Hobby	100.0	–	4, 13
BANDAI U.K. LTD.	Southampton, U.K.	Stg £. 5 million	Toys and Hobby	100.0	–	14
BANDAI ESPANA S.A.	Madrid, Spain	Euro 4,808 thousand	Toys and Hobby	100.0	–	13
BANDAI (H.K.) CO., LTD.	Kowloon, Hong Kong	HK$ 103 million	Toys and Hobby	100.0	–	4
BANDAI ASIA CO., LTD.	Kowloon, Hong Kong	HK$ 7 million	Toys and Hobby	100.0 (100.0)	–	–
BANDAI INDUSTRIAL CO., LTD.	Chachoengsao, Thailand	Baht 475 million	Toys and Hobby	100.0 (100.0)	–	4
BANDAI KOREA CO., LTD.	Seoul, Korea	WON 1,500 million	Toys and Hobby	66.7	–	–
CREATIVE B WORKS CO., LTD.	Seoul, Korea	WON 50 million	Toys and Hobby	100.0 (100.0)	–	–
BANDAI (SHENZHEN) CO., LTD.	Shenzhen City, China	RMB 25,034 thousand	Toys and Hobby	100.0 (100.0)	–	–
BANDAI (GUANGZHOU) CO., LTD.	Guangzhou, China	RMB 11,164 thousand	Toys and Hobby	100.0 (100.0)	–	–
NAMCO BANDAI Games Inc.	Shinagawa-ku, Tokyo	¥15,000 million	Game Contents	100.0	B: ¥13,079 million	4, 11, 18
Banpresto Co., Ltd.	Shinagawa-ku, Tokyo	¥100 million	Game Contents	100.0 (100.0)	B: ¥4,680 million	18
D3 INC.	Shibuya-ku, Tokyo	¥100 million	Game Contents	100.0 (100.0)	–	–
D3PUBLISHER INC.	Shibuya-ku, Tokyo	¥100 million	Game Contents	100.0 (100.0)	–	–

Name	Address	Capital	Main Business	Ratio of Voting Rights Ownership (%)	Description of Relationship	Notes
Entertainment Software Publishing Inc.	Shibuya-ku, Tokyo	¥90 million	Game Contents	100.0 (100.0)	–	–
VIBE Inc.	Shinagawa-ku, Tokyo	¥352 million	Game Contents	100.0 (100.0)	–	–
Bec Co., Ltd.	Shinagawa-ku, Tokyo	¥10 million	Game Contents	100.0 (100.0)	–	–
Banpresoft Co., Ltd.	Shinagawa-ku, Tokyo	¥200 million	Game Contents	100.0 (100.0)	–	–
NAMCO TALES STUDIO LTD.	Toshima-ku, Tokyo	¥100 million	Game Contents	100.0 (100.0)	–	–
NAMCO BANDAI Online Inc.	Shinagawa-ku, Tokyo	¥50 million	Game Contents	100.0 (100.0)	–	–
Banpresto Sales Co., Ltd.	Shinagawa-ku, Tokyo	¥200 million	Game Contents	100.0 (100.0)	–	–
NAMCO BANDAI Games America Inc.	California, U.S.A.	US$ 100	Game Contents	100.0 (100.0)	–	–
NAMCO AMERICA INC.	Illinois, U.S.A.	US$ 10	Game Contents	100.0 (100.0)	–	–
NAMCO NETWORKS AMERICA INC.	California, U.S.A.	US$ 10	Game Contents	100.0 (100.0)	–	–
D3Publisher of America, Inc.	California, U.S.A.	US$ 975 thousand	Game Contents	100.0 (100.0)	–	–
Vicious Cycle Software, Inc.	North Carolina, U.S.A.	US$ 230	Game Contents	100.0 (100.0)	–	–
NAMCO Holdings UK LTD.	London, U.K.	Stg £. 24,500 thousand	Game Contents	100.0	–	4, 14
NAMCO BANDAI Games Europe S.A.S.	Cergy-Pontoise, France	Euro 34,241 thousand	Game Contents	100.0 (100.0)	–	4, 15
NAMCO EUROPE LTD.	London, U.K.	Stg £. 7,300 thousand	Game Contents	100.0 (100.0)	–	4
NAMCO BANDAI Networks Europe LTD.	London, U.K.	Stg £. 1,500 thousand	Game Contents	100.0 (100.0)	–	–
D3Publisher of Europe Ltd.	Cambridge, U.K.	Stg £. 683 thousand	Game Contents	100.0 (100.0)	–	–
D3DB S.r.l.	Milano, Italy	Euro 10 thousand	Game Contents	50.0 (50.0)	–	8
NAMCO BANDAI Partners S.A.S.	Lyon, France	Euro 80 million	Game Contents	100.0 (100.0)	–	4, 16, 17
NAMCO BANDAI Partners UK Ltd.	London, U.K.	Stg £. 25 million	Game Contents	100.0 (100.0)	–	4, 16, 17
BANPRESTO (H.K.) LTD.	New Territories, Hong Kong	HK$ 32 million	Game Contents	100.0 (100.0)	–	–
NAMCO BANDAI Partners Asia Holdings Pty. Ltd.	New South Wales, Australia	AU$ 68,826 thousand	Game Contents	100.0 (100.0)	–	4, 16, 17

Name	Address	Capital	Main Business	Ratio of Voting Rights Ownership (%)	Description of Relationship	Notes
NAMCO BANDAI Partners Australia Pty. Ltd.	New South Wales, Australia	AU$ 60,800 thousand	Game Contents	100.0 (100.0)	–	4, 16, 17
BANDAI VISUAL CO., LTD.	Shinagawa-ku, Tokyo	¥2,182 million	Visual and Music Content	100.0	A: 1 B: ¥4,391 million	4, 18
Sunrise Inc.	Suginami-ku, Tokyo	¥49 million	Visual and Music Content	99.5 (7.6)	B: ¥9,786 million	18
Bandai Channel Co., Ltd.	Minato-ku, Tokyo	¥30 million	Visual and Music Content	94.5	–	–
Lantis Co., Ltd.	Shibuya-ku, Tokyo	¥420 million	Visual and Music Content	53.2 (53.2)	–	–
EMOTION CO., LTD.	Shinagawa-ku, Tokyo	¥120 million	Visual and Music Content	100.0 (100.0)	–	–
SUNRISE Music Publishing Co., Ltd.	Suginami-ku, Tokyo	¥10 million	Visual and Music Content	100.0 (100.0)	–	–
BANDAI ENTERTAINMENT INC.	California, U.S.A.	US$ 100 thousand	Visual and Music Content	100.0 (100.0)	–	–
BEEZ ENTERTAINMENT S.A.S.	Paris, France	Euro 5 million	Visual and Music Content	100.0 (100.0)	–	–
NAMCO LIMITED	Ota-ku, Tokyo	¥10 billion	Amusement Facility	100.0	A: 1 B: ¥8,486 million	4, 12, 18
Pleasure Cast Co., Ltd.	Shinagawa-ku, Tokyo	¥480 million	Amusement Facility	100.0 (100.0)	–	–
Hanayashiki Co., Ltd.	Taito-ku, Tokyo	¥480 million	Amusement Facility	100.0 (100.0)	–	–
NAMCO SPA RESORT LTD.	Kishiwada, Osaka	¥100 million	Amusement Facility	100.0 (100.0)	–	–
NAMCO CYBERTAINMENT INC.	Illinois, U.S.A.	US$ 2,800	Amusement Facility	100.0 (100.0)	–	–
NAMCO OPERATIONS EUROPE LTD.	London, U.K.	Stg £. 23 million	Amusement Facility	100.0 (100.0)	–	4
Bowling Station S.L.U.	Madrid, Spain	Euro 500 thousand	Amusement Facility	100.0 (100.0)	–	–
NAMCO ENTERPRISES ASIA LTD.	Causeway Bay, Hong Kong	HK$ 47 million	Amusement Facility	100.0	–	–
BANDAI LOGIPAL INC.	Katsushika-ku, Tokyo	¥1,424 million	Other	100.0	B: ¥1,136 million	4, 18
LOGIPAL EXPRESS INC.	Katsushika-ku, Tokyo	¥100 million	Other	100.0 (100.0)	–	–
NAMCO BANDAI Business Services Inc.	Taito-ku, Tokyo	¥100 million	Other	100.0	–	4
Artpresto Co., Ltd.	Taito-ku, Tokyo	¥30 million	Other	100.0	–	–

Name	Address	Capital	Main Business	Ratio of Voting Rights Ownership (%)	Description of Relationship	Notes
NAMCO TRADING LTD.	Shinagawa-ku, Tokyo	¥40 million	Other	100.0 (100.0)	–	–
NAMCO BANDAI Holdings (USA) Inc.	California, U.S.A.	US$ 10	Management and instruction of business companies in the North America Region	100.0	A: 1	–
(Companies accounted for by the equity method)						
SHANGHAI NAMCO LTD.	Shanghai, China	RMB 26,724 thousand	Amusement Facility	70.0 (70.0)	–	–
People Co., Ltd.	Chuo-ku, Tokyo	¥238 million	Toys and Hobby	20.5 (0.1)	–	5, 7
Happinet Corp.	Taito-ku, Tokyo	¥2,751 million	Other	26.7 (0.3)	–	5, 6
Sotsu Co., Ltd.	Chuo-ku, Tokyo	¥414 million	Other	17.0	–	5, 7, 9
Italian Tomato Ltd.	Minato-ku, Tokyo	¥100 million	Other	30.6 (30.6)	–	–
Sun-Star Stationery Co., Ltd.	Taito-ku, Tokyo	¥50 million	Toys and Hobby	33.4 (33.4)	–	–
Tsuburaya Productions Co., Ltd.	Setagaya-ku, Tokyo	¥310 million	Toys and Hobby	49.0 (49.0)	–	–

* The value of 'A' represents the number of Directors and Corporate Auditors at the company in question who are also Directors, Corporate Auditors, or employers of NAMCO BANDAI Holdings Inc.

* The value of 'B' represents the amount of borrowings from the subsidiaries to NAMCO BANDAI Holdings Inc.

Notes:
1. In the "Main Business" column, the name of the relevant type-of-business segment is given.
2. In "Ratio of Voting Rights Ownership," amounts within parenthesis represent indirect ownership.
3. NAMCO BANDAI Holdings Inc. manages and provides guidance to BANDAI NAMCO Group companies, except for certain affiliated companies.
4. These companies are "Tokutei Kogaisha" (specified subsidiaries).
5. These companies file their "Yuka Shoken Houkokusho" (annual security reports).
6. Listed on the First Section of the Tokyo Stock Exchange (TSE).
7. Listed on the JASDAQ Stock Exchange.
8. Although 50% or less voting rights are owned, the company in question is classified as a subsidiary because NAMCO BANDAI Holdings Inc. substantially controls the company.
9. Although less than 20% voting rights are owned, the company in question is classified as an affiliated company because NAMCO BANDAI Holdings Inc. has effective leverage over the company.

10. The percentage of net sales (excluding inter-segment sales among consolidated subsidiaries) of Bandai Co., Ltd. exceeds 10% of the consolidated net sales.

Key financial data	(¥ million)
(1) Net sales	102,327
(2) Recurring income	7,764
(3) Net income	3,018
(4) Net assets	61,101
(5) Total assets	86,285

11. The percentage of net sales (excluding inter-segment sales among consolidated subsidiaries) of NAMCO BANDAI Games Inc. exceeds 10% of the consolidated net sales.

Key financial data	(¥ million)
(1) Net sales	79,609
(2) Recurring loss	3,621
(3) Net loss	7,912
(4) Net assets	60,791
(5) Total assets	81,243

12. The percentage of net sales (excluding inter-segment sales among consolidated subsidiaries) of NAMCO LIMITED exceeds 10% of the consolidated net sales.

Key financial data	(¥ million)
(1) Net sales	50,452
(2) Recurring income	473
(3) Net loss	4,249
(4) Net assets	35,763
(5) Total assets	42,498

13. BANDAI S.A. carried out a capital increase by a debt equity swap and a contribution in kind where shares of BANDAI ESPANA S.A. and other subsidiary owned by the Company were contributed on February 25, 2010. Through this action, the capital of BANDAI S.A. is 21,690 thousand euro as of March 31, 2010, and the shares of BANDAI ESPANA S.A. and other subsidiary are owned by BADAI S.A (shareholding ratio of the Company is 100% (indirect ownership)).
14. NAMCO Holdings UK LTD. carried out a capital increase by a contribution in kind where shares of BANDAI U.K. LTD. owned by the Company were contributed on February 25, 2010. Through this action, the capital of NAMCO Holdings UK LTD. is 29,500 thousand pounds as of March 31, 2010, and the shares of BANDAI U.K. LTD. are owned by NAMCO Holdings UK LTD. (shareholding ratio of the Company is 100% (indirect ownership)).
15. NAMCO BANDAI Games Europe S.A.S. carried out a capital increase by a debt equity swap on February 25, 2010. Through this action, the capital of NAMCO BANDAI Games Europe S.A.S. is 50,000 thousand euro as of March 31, 2010.
16. The corporate name changed after becoming a wholly owned subsidiary.
17. NAMCO BANDAI Partners S.A.S. has 15 subsidiaries in addition to the subsidiaries listed above, and 18 subsidiaries in total.
18. This is a loan for the Company to centrally manage the Group’s fund surplus based on the Group’s financial rules.

3. Management Policies

(1) Fundamental Management Policy

Guided by our vision of becoming "The Leading Innovator in Global Entertainment," the Group mission is to continue to offer "Dreams, Fun and Inspiration," through entertainment, to people throughout the world. Moreover, with the sights set on the medium- to long-term Group vision of becoming a "Globally Recognized Entertainment Group," the Group will press ahead with various medium- to long-term strategies for strengthening overseas business, making innovation in our content strategy, and expanding our scale to compete in the global market. Furthermore, for the purpose of a more assured implementation of these strategies, the Group began implementing the "BANDAI NAMCO Group Restart Plan" in April 2010 under the new management structure to transform itself into a speedy Group and to improve its profitability and strengthen its financial standing.

The Group aims to achieve an operating income of 100 billion yen, overseas sales ratio of 50% and ROE of 10% or higher in the Mid-term Business Plan starting from 2015.

(2) Targets and Management Performance Indicators

The Group has adopted ROE (Return on Equity) as management performance indicators. Looking ahead, we aim to further expand profits by strengthening investments, particularly in overseas business, as well as effectively utilize stockholders' equity to build a strong and stable management base over the medium- to long-term. Specifically, the Group aims to achieve consolidated ROE of 10% or higher in the Mid-term Business Plan starting from 2015, and are tackling to achieve this target on two fronts: business expansion and efficient management. In addition, the Group has introduced the use of return on invested capital (ROIC) as an indicator in making rapid decisions about restructuring businesses or withdrawing from them in the rapidly changing entertainment industry.

(3) Medium- to Long-term Business Strategy

a. Strategy of Mid-term Business Plan

The three-year Mid-term Business Plan that went into effect on April 1, 2009, promotes two strategies, "Focus," the business strategy, and "Enhancing the Entertainment-hub," the functional strategy, to lay the foundation for global growth.

<u>Efforts toward the business strategy "Focus"</u>

Under "Focus," the business strategy, the Group clarifies the mission of each of the business units on the basis of market environment and competitive superiority. In concrete terms, aiming for growth overseas, the Group will make forward-looking investments in the area of the Toys and Hobby SBU and the Content SBU. On the other hand, in the domestic market, the Group will focus on implementing measures to improve profitability, particularly in the Amusement Facility SBU.

<u>Efforts toward the functional strategy "enhance the Entertainment-hub"</u>

The functional strategy, "Enhancing the Entertainment-hub," is directed at further strengthening a series of functions such as creation and acquisition, development and utilization of contents by adding synergies among the Group as well as between the Group and external partner companies. The Mid-term Business Plan calls for developing that approach, which thus far has largely been implemented domestically, into a global model.

b. Initiatives in Support of Mid-term Business Plan Strategies

Strengthening the corporate governance structure

The Company, after the relevant proposal is approved by the Ordinary General Meeting of Shareholders scheduled for June 21, 2010, plans to appoint the President and Representative Directors of the major companies of each strategic business unit as Directors of the Company so that they each hold interlocking directorate positions. While strengthening the collaborative efforts between the holding companies and business companies, and between the business companies, this move will facilitate a speedier decision-making process as a Group. In addition, three out of nine Directors will be from outside the Company to strengthen the management oversight function.

Promoting efficient management

The Group has put in place rules for restructuring and withdrawing from businesses; it has reinforced systems for continuous monitoring in order to discern business trends more swiftly, and has introduced the use of return on invested capital (ROIC) as an indicator in making rapid decisions about restructuring businesses or withdrawing from them. In addition, the Group is working towards cost reductions by standardizing processes across the Group as a whole and is promoting managerial efficiency.

Reinforcing personnel strategies

Aiming for dynamic growth in overseas markets, the Group is strengthening its global systems for acquiring and training personnel. In addition, the Group is driving forward a proactive system for personnel exchanges within the Group to invigorate its human resources.

Reinforcing CSR activities

Strengthening its environmental management, the Group is aiming at a 5.4% reduction in CO_2 emissions from each of our worksites by Fiscal Year ending March 2012 (as compared with the Fiscal Year ended March 2009 level) as a mid-term Group environmental target.

(4) Issues to be Addressed

The Group and this industry must address many important, long-term issues, including (i) the increasing diversification of consumer needs, (ii) reacting to changes in the market and the environment, and (iii) increasingly intense competition on a global scale. To address these issues, the Group is using “Focus,” a business strategy called for in its Mid-term Business Plan, to clarify the mission of each of its business units.

In addition, given the difficult economic environment that now prevails and the Group’s decline in profitability, the Group, seeking to realize its medium- to long-term Group vision of becoming a “Globally Recognized Entertainment Group,” began implementing the “BANDAI NAMCO Group Restart Plan” in April 2010 under the new management structure, to transform itself into a speedy Group and to improve its profitability and strengthen its financial standing.

a. Common Issues Faced by All Strategic Business Units (“SBUs”)

Efforts toward domestic business expansion

The Group will, in order to create new markets and attract new customer segments for the expansion of its domestic operations, maximize utilization of the managerial resources that it owns and expand its targets and categories through making effective use of synergies between its business units, alliances with external partners, and other approaches. In addition, in response to the changes in the environment surrounding the entertainment industry, the Group will tackle a variety of tasks with speed without resorting to existing business practices and models.

It will also strive for improved efficiency in the Group as a whole by taking actions such as a review of indirect operations.

Efforts toward overseas business expansion

Based on the strategies laid out in the Mid-term Business Plan, the Group will proactively invest in ways that are directed at dynamic growth in the Toys and Hobby SBU and the Content SBU in the European and North American markets. In particular, it will expand the business categories and regions for the Toys and Hobby Business and maximize the value of its content focusing on home video game software content with a view to expanding overseas operations.

Efforts toward changing the content strategy

The Group is reinforcing its content creation, acquisition, development, and utilization functions in order to respond to changes in the environment, including the development of oligopolies in the distribution and media fields and the widespread penetration of networks. Specifically, the Contents Business Strategy Meeting, which crosscuts the entire Group, focuses on maximizing the value of each content. The Group also founded the IP Project on April 1, 2010, to aim for more vigorous creation and acquisition of new content.

Efforts toward Corporate Social Responsibility (CSR)

The Group's corporate philosophy is to continue to provide "Dreams, Fun and Inspiration" to people around the world, through entertainment based on creativity and boundless enthusiasm. To ensure that we can continue to provide "Dreams, Fun and Inspiration," we have formulated the CSR initiatives, which are crosscutting the Group and that include three types of responsibilities: environmental and social contribution responsibilities, economic responsibilities, and legal and ethical responsibilities. In accordance with these fundamental principles, a range of measures is being implemented by the Group CSR Committee and its sub-committees—the Group Social Contribution Committee and the Group Environmental Committee, as well as by the Group Risk Compliance Committee, the Group Information Security Committee, and the Internal Control Committee.

b. Issues Specific to Each SBU

Toys and Hobby SBU

This unit's industry is facing issues, such as a "shrinking domestic market due to the falling birthrate" and "increasingly diverse consumer needs." This unit is addressing these issues by aiming for the overwhelming position of No. 1 in Japan, expanding its target population segment, and creating new businesses, as well as by working to reinforce its existing operations, expand its categories, and expand the business regions in the overseas market, particularly in the European and North American markets. For the purpose of a more efficient and effective implementation of these actions, this unit will actively devote managerial resources, especially in Europe and North America, with a view to building cooperative relationships with external partners.

Contents SBU

This unit's industry is facing issues, such as the "diversification of both platforms and customer needs." The Group integrated the Game Contents Business and Visual and Music Content Business in April 2010 and the Group will review development based on existing business categories and drive forward business strategies based on the Group's content, which will allow the Group to respond swiftly to changing customers' needs throughout the world and to maximize the value of the Group's content. Within this business unit, the Production Group, which focuses on creation and acquisition of content, will be an aggregator of smaller organizations and provide rapid response to changing customer needs by delegating its authority. In the medium term, this unit will reinforce its development and sales structures to expand its business, focusing on home video game software in the European and North American markets and to create and strengthen franchise titles suitable for worldwide deployment.

Amusement Facility SBU

"Increasingly diverse consumer needs," "weak individual consumption," and a "revision of consumption tax rate" are among the issues for this unit's industry. To address these issues, by using its know-how in character merchandizing, especially in its domestic operations, this unit will drive the operation of more differentiated facilities and provision of services with the added value that only the Group can offer.

In addition, this unit will work to improve profitability by specializing in its core operations and closing unprofitable facilities throughout the world.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(¥ million)

		Prior Fiscal Year (As of March 31, 2009)		Current Fiscal Year (As of March 31, 2010)
Assets				
Current assets				
Cash and time deposits	*2	106,747	*2	96,647
Trade receivables		62,518	*4	52,726
Short-term investments		4,426		2,037
Finished goods and merchandise		11,642		12,817
Work in process		21,653		23,805
Raw materials and supplies		4,354		4,334
Deferred tax assets		6,145		5,763
Other current assets		19,044		20,769
Allowance for doubtful receivables		(446)		(1,138)
Total current assets		236,085		217,762
Fixed assets				
Property, plant and equipment				
Buildings and structures		24,066		24,671
Accumulated depreciation		(13,410)		(14,173)
Buildings and structures, net		10,655		10,497
Amusement facilities and machines		70,823		60,826
Accumulated depreciation		(51,728)		(45,499)
Amusement facilities and machines, net		19,094		15,327
Land	*3	11,782	*3	11,592
Other property, plant and equipment		67,284		71,180
Accumulated depreciation		(56,825)		(62,582)
Other property, plant and equipment, net		10,459		8,597
Total property, plant and equipment		51,991		46,014
Intangible assets				
Goodwill		12,054		2,951
Other intangible assets		10,230		9,550
Total intangible assets		22,285		12,501
Investments and other assets				
Investment securities	*1	24,949	*1	23,275
Guarantee money deposited		18,012		–
Deferred tax assets		7,124		5,886
Other investments and assets		4,248		22,302
Allowance for doubtful receivables		(1,254)		(1,807)
Total investments and other assets		53,081		49,656
Total fixed assets		127,359		108,172
Total assets		363,444		325,935

(¥ million)

	Prior Fiscal Year (As of March 31, 2009)		Current Fiscal Year (As of March 31, 2010)	
Liabilities				
Current liabilities				
Trade payables		36,760		35,956
Short-term borrowings		8,857		8,876
Accounts payable-other		18,437		13,741
Accrued income taxes		6,374		8,239
Provision for directors' bonuses		635		402
Provision for losses from business restructuring		154		767
Provision for sales returns		911		2,034
Other current liabilities		12,171		16,584
Total current liabilities		84,303		86,604
Long-term liabilities				
Long-term borrowings		11,990		3,333
Deferred tax liabilities, land revaluation	*3	481	*3	673
Provision for directors' bonuses		–		129
Accrued retirement and severance benefits		1,906		2,403
Accrued directors' and corporate auditors' retirement and severance benefits		46		32
Other long-term liabilities		4,136		3,746
Total long-term liabilities		18,561		10,319
Total liabilities		102,865		96,923
Net assets				
Stockholders' equity				
Common stock		10,000		10,000
Additional paid-in capital		79,887		79,960
Retained earnings		199,453		163,454
Treasury stock		(9,624)		(9,455)
Total stockholders' equity		279,717		243,958
Valuation difference and foreign currency translation adjustments				
Unrealized gains or losses on other securities, net of tax		(1,911)		19
Deferred gains or losses on hedges, net of tax		(105)		79
Land revaluation, net of tax	*3	(6,299)	*3	(6,491)
Foreign currency translation adjustments		(13,755)		(10,900)
Total valuation difference and foreign currency translation adjustments		(22,071)		(17,292)
Stock subscription rights		1,468		810
Minority interests		1,465		1,535
Total net assets		260,579		229,012
Total liabilities and net assets		363,444		325,935

(2) Consolidated Statements of Operations

(¥ million)

		Prior Fiscal Year (From April 1, 2008 to March 31, 2009)		Current Fiscal Year (From April 1, 2009 to March 31, 2010)
Net sales		426,399		378,547
Cost of sales	*1	280,376	*1	249,793
Gross profit		146,023		128,753
Selling, general and administrative expenses	*2, *3	123,674	*2, *3	126,869
Operating income		22,348		1,883
Non-operating income				
Interest income		1,707		371
Dividend income		331		212
Amortization of negative goodwill		–		124
Equity in gain of affiliated companies		360		–
Other non-operating income		909		526
Total non-operating income		3,309		1,234
Non-operating expenses				
Interest expense		246		378
Foreign exchange loss		744		620
Other non-operating expenses		153		212
Total non-operating expenses		1,144		1,210
Recurring income		24,513		1,907
Extraordinary income				
Gain on sales of fixed assets	*4	1,635	*4	37
Gain on sales of investment securities		–		176
Reversal of allowance for doubtful receivables		47		61
Reversal of accrued retirement and severance benefits		–		14
Reversal of provision for losses from business restructuring		338		–
Gain on reversal of stock subscription rights		188		402
Other extraordinary income		110		49
Total extraordinary income		2,321		741

(¥ million)

	Prior Fiscal Year (From April 1, 2008 to March 31, 2009)		Current Fiscal Year (From April 1, 2009 to March 31, 2010)	
Extraordinary loss				
Loss on sales of fixed assets	*5	45	*5	20
Loss on disposal of fixed assets	*6	256	*6	321
Loss on impairment of fixed assets	*7	953	*7	15,902
Loss on business restructuring		–		1,865
Loss on valuation of investment securities		997		–
Provision for allowance of doubtful receivables		642		–
Special retirement expenses		647		1,899
Litigation settlement		1,061		–
Other extraordinary loss		1,103		1,933
Total extraordinary loss		5,708		21,943
Income (loss) before income taxes and minority interests		21,125		(19,294)
Corporate income, inhabitant and enterprise taxes		9,843		7,064
Income taxes for the previous period		1,173		963
Deferred income taxes		(1,956)		2,470
Total income taxes		9,059		10,498
Minority interests		235		135
Net income (loss)		11,830		(29,928)

(3) Consolidated Statements of Changes in Net Assets

(¥ million)

	Prior Fiscal Year (From April 1, 2008 to March 31, 2009)	Current Fiscal Year (From April 1, 2009 to March 31, 2010)
Stockholders' equity		
Common stock		
Balance as of March 31, 2009	10,000	10,000
Changes during the period		
Total changes during the period	–	–
Balance as of March 31, 2010	10,000	10,000
Additional paid-in capital		
Balance as of March 31, 2009	87,945	79,887
Changes during the period		
Purchase of treasury stock from consolidated subsidiaries	278	–
Disposal of treasury stock	–	72
Retirement of treasury stock	(8,336)	–
Total changes during the period	(8,058)	72
Balance as of March 31, 2010	79,887	79,960
Retained earnings		
Balance as of March 31, 2009	192,865	199,453
Effect of changes in accounting policies applied to foreign subsidiaries	(66)	–
Changes during the period		
Cash dividends	(6,009)	(5,795)
Net income (loss)	11,830	(29,928)
Changes in the scope of consolidation	818	115
Changes in the scope of application of the equity method	–	(416)
Increase due to company split	–	25
Reversal of land revaluation	15	–
Total changes during the period	6,654	(35,999)
Balance as of March 31, 2010	199,453	163,454
Treasury stock		
Balance as of March 31, 2009	(2,840)	(9,624)
Changes during the period		
Purchase of treasury stock	(15,119)	(9)
Disposal of treasury stock	1	184
Retirement of treasury stock	8,336	–
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied	(2)	(6)
Total changes during the period	(6,784)	168
Balance as of March 31, 2010	(9,624)	(9,455)

(¥ million)

	Prior Fiscal Year (From April 1, 2008 to March 31, 2009)	Current Fiscal Year (From April 1, 2009 to March 31, 2010)
Total stockholders' equity		
Balance as of March 31, 2009	287,971	279,717
Effect of changes in accounting policies applied to foreign subsidiaries	(66)	–
Changes during the period		
Cash dividends	(6,009)	(5,795)
Net income (loss)	11,830	(29,928)
Purchase of treasury stock	(15,119)	(9)
Purchase of treasury stock from consolidated subsidiaries	278	–
Disposal of treasury stock	1	256
Retirement of treasury stock	–	–
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied	(2)	(6)
Changes in the scope of consolidation	818	115
Changes in the scope of application of the equity method	–	(416)
Increase due to company split	–	25
Reversal of land revaluation	15	–
Total changes during the period	(8,188)	(35,758)
Balance as of March 31, 2010	279,717	243,958
Valuation difference and foreign currency translation adjustments		
Unrealized gains or losses on other securities, net of tax		
Balance as of March 31, 2009	192	(1,911)
Changes during the period		
Net changes in the period other than changes in stockholders' equity	(2,103)	1,930
Total changes during the period	(2,103)	1,930
Balance as of March 31, 2010	(1,911)	19
Deferred gains or losses on hedges, net of tax		
Balance as of March 31, 2009	(112)	(105)
Changes during the period		
Net changes in the period other than changes in stockholders' equity	7	185
Total changes during the period	7	185
Balance as of March 31, 2010	(105)	79
Land revaluation, net of tax		
Balance as of March 31, 2009	(6,284)	(6,299)
Changes during the period		
Net changes in the period other than changes in stockholders' equity	(15)	(192)
Total changes during the period	(15)	(192)
Balance as of March 31, 2010	(6,299)	(6,491)

(¥ million)

	Prior Fiscal Year (From April 1, 2008 to March 31, 2009)	Current Fiscal Year (From April 1, 2009 to March 31, 2010)
Foreign currency translation adjustments		
Balance as of March 31, 2009	5,028	(13,755)
Changes during the period		
Net changes in the period other than changes in stockholders’ equity	(18,784)	2,855
Total changes during the period	(18,784)	2,855
Balance as of March 31, 2010	(13,755)	(10,900)
Total valuation difference and foreign currency translation adjustments		
Balance as of March 31, 2009	(1,175)	(22,071)
Changes during the period		
Net changes in the period other than changes in stockholders’ equity	(20,896)	4,779
Total changes during the period	(20,896)	4,779
Balance as of March 31, 2010	(22,071)	(17,292)
Stock subscription rights		
Balance as of March 31, 2009	1,531	1,468
Changes during the period		
Net changes in the period other than changes in stockholders’ equity	(63)	(657)
Total changes during the period	(63)	(657)
Balance as of March 31, 2010	1,468	810
Minority interests		
Balance as of March 31, 2009	1,616	1,465
Changes during the period		
Net changes in the period other than changes in stockholders’ equity	(150)	69
Total changes during the period	(150)	69
Balance as of March 31, 2010	1,465	1,535

(¥ million)

	Prior Fiscal Year (From April 1, 2008 to March 31, 2009)	Current Fiscal Year (From April 1, 2009 to March 31, 2010)
Total net assets		
Balance as of March 31, 2009	289,944	260,579
Effect of changes in accounting policies applied to foreign subsidiaries	(66)	–
Changes during the period		
Cash dividends	(6,009)	(5,795)
Net income (loss)	11,830	(29,928)
Purchase of treasury stock	(15,119)	(9)
Purchase of treasury stock from consolidated subsidiaries	278	–
Disposal of treasury stock	1	256
Retirement of treasury stock	–	–
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied	(2)	(6)
Changes in the scope of consolidation	818	115
Changes in the scope of application of the equity method	–	(416)
Increase due to company split	–	25
Reversal of land revaluation	15	–
Net changes in the period other than changes in stockholders’ equity	(21,110)	4,191
Total changes during the period	(29,298)	(31,566)
Balance as of March 31, 2010	260,579	229,012

(4) Consolidated Statements of Cash Flows

(¥ million)

	Prior Fiscal Year (From April 1, 2008 to March 31, 2009)	Current Fiscal Year (From April 1, 2009 to March 31, 2010)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	21,125	(19,294)
Depreciation and amortization	22,545	18,988
Loss on impairment of fixed assets	953	15,902
Amortization of goodwill	4,080	4,844
Increase (decrease) in allowance for doubtful receivables	(79)	946
Increase (decrease) in provision for losses from business restructuring	(927)	622
Increase (decrease) in provision for sales returns	267	(1,265)
Increase (decrease) in provision for directors' bonuses	165	(102)
Increase (decrease) in accrued retirement and severance benefits	308	453
Increase (decrease) in accrued directors' and corporate auditors' retirement and severance benefits	1	–
Interest and dividend income	(2,038)	(584)
Interest expense	246	378
Foreign exchange loss (gain)	33	225
Equity in loss (gain) of affiliated companies	(360)	(0)
Loss on disposal of fixed assets	256	321
Loss (gain) on sales of fixed assets, net	(1,589)	(16)
Loss on disposal of amusement facilities and machines	795	570
Loss (gain) on sales of investment securities, net	(57)	(151)
Loss (gain) on valuation of investment securities	1,326	141
Decrease (increase) in trade receivables	3,826	13,478
Decrease (increase) in inventories	(2,128)	(1,725)
Acquisition of amusement facilities and machines	(6,646)	(4,410)
Increase (decrease) in trade payables	(58)	(6,701)
Increase (decrease) in accounts payable-other	(4,912)	(5,955)
Increase (decrease) in consumption tax payables	(1,108)	(96)
Other	(5,905)	2,512
Subtotal	30,124	19,082
Interest and dividends received	2,074	581
Interest paid	(170)	(321)
Income taxes paid	(12,726)	(8,761)
Net cash provided by (used in) operating activities	19,301	10,581

(¥ million)

	Prior Fiscal Year (From April 1, 2008 to March 31, 2009)		Current Fiscal Year (From April 1, 2009 to March 31, 2010)	
Cash flows from investing activities				
Payments for deposit in time deposits		(1,639)		(121)
Proceeds from withdrawal from time deposits		4,512		448
Purchases of property, plant and equipment		(8,012)		(7,177)
Sales of property, plant and equipment		4,052		123
Purchases of intangible assets		(2,799)		(2,830)
Purchases of investment securities		(3,344)		(421)
Sales of investment securities		353		471
Acquisition of shares in consolidated subsidiaries, net of cash acquired		(49)		(81)
Acquisition of subsidiary shares affecting the scope of consolidation		–	*2	(1,760)
Acquisition of subsidiary shares affecting the scope of consolidation	*2	277		–
Payments of loans receivable		(5,645)		(1,069)
Collection of loans receivable		297		171
Payments of guarantee money deposited		(1,198)		(398)
Collection of guarantee money deposited		2,864		2,739
Other		2		42
Net cash provided by (used in) investing activities		(10,327)		(9,863)
Cash flows from financing activities				
Increase (decrease) in short-term borrowings, net		128		(576)
Proceeds from long-term debt		10,000		–
Repayment of long-term debt		(5,338)		(8,761)
Payment of lease obligations		(104)		(83)
Increase in treasury stock		(17,500)		–
Decrease in treasury stock		2,376		–
Purchase of treasury stock		(7)		(9)
Proceeds from disposal of treasury stock		1		0
Cash dividends paid		(6,009)		(5,795)
Cash dividends paid to minority interests		(76)		(51)
Net cash provided by (used in) financing activities		(16,529)		(15,276)
Effect of exchange rate changes on cash and cash equivalents		(12,619)		2,010
Net increase (decrease) in cash and cash equivalents		(20,175)		(12,547)
Cash and cash equivalents at beginning of year		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 of non-consolidated subsidiaries	*3	85	*3	61
Decrease in cash and cash equivalents due to company split	*4	(305)		(45)
Cash and cash equivalents at end of year	*1	110,037	*1	97,776

Notes on Premise of Going Concern

No items to report

Important Information Constituting the Basis for Preparation of Consolidated Financial Statements

	Prior Fiscal Year (From April 1, 2008 to March 31, 2009)	Current Fiscal Year (From April 1, 2009 to March 31, 2010)
1. Information Concerning the Scope of Consolidation	(1) Total Number of Consolidated Subsidiaries: 63 companies The names of consolidated subsidiaries have been omitted as they are listed in 2. The BANDAI NAMCO Group; (2) Associated Companies (Subsidiaries and Affiliated Companies). Since BEEZ ENTERTAINMENT S.A.S. and SUNRISE Music Publishing Co., Ltd., gained in importance, and BANDAI (SHENZHEN) CO., LTD., was newly incorporated, those companies were added to the scope of the consolidation from this consolidated fiscal year. Since XS ENTERTAINMENT INC. and BANDAI VISUAL USA INC., were liquidated, they were excluded from the scope of consolidation. Furthermore, new Banpresto Co., Ltd., was newly incorporated as a result of an incorporation-type company split of Banpresto Co., Ltd., and was added to the scope of consolidation. Banpresto Co., Ltd. was merged with by NAMCO BANDAI Games Inc. due to an absorption-type merger, and thus was excluded from the scope of consolidation. Since a tender offer having been carried out by NAMCO BANDAI Games Inc. for D3 INC. and its consolidated subsidiaries, D3PUBLISHER INC., Entertainment Software Publishing Inc., D3Publisher of America, Inc., D3Publisher of Europe Ltd., D3DB S.r.l., and Vicious Cycle Software, Inc., those companies were added to the scope of consolidation.	(1) Total Number of Consolidated Subsidiaries: 80 companies The names of consolidated subsidiaries have been omitted as they are listed in 2. The BANDAI NAMCO Group; (2) Associated Companies (Subsidiaries and Affiliated Companies). Since BANDAI (GUANGZHOU) CO., LTD., gained in importance, that company was added to the scope of the consolidation from this consolidated fiscal year. Since Bandai Networks Co., Ltd., and ANIME CHANNEL, CO., LTD., were merged with consolidated subsidiaries of the Company, they were excluded from the scope of consolidation. NAMCO BANDAI Games Europe S.A.S., a consolidated subsidiary of the Company, additionally acquired shares in Distribution Partners S.A.S., making that company a wholly owned subsidiary, in conjunction with which Distribution Partners S.A.S. (which changed its corporate name to NAMCO BANDAI Partners S.A.S. after becoming a wholly owned subsidiary) and its 18 subsidiaries were added to the scope of consolidation. Furthermore, NAMCO BANDAI Online Inc. was newly incorporated as a result of an incorporation-type company split of NAMCO BANDAI Games Inc., a consolidated subsidiary of the Company, and was added to the scope of consolidation. Seika Co., Ltd., and NAMCO ECOLOTECH LTD. were liquidated and thus were excluded from the scope of consolidation.
	(2) Names etc. of the Principal Non-Consolidated Subsidiaries Principal non-consolidated subsidiaries SHANGHAI NAMCO LTD. BANDAI LOGIPAL (H.K.) LTD. Total assets, net sales, net income or loss and retained earnings, etc. corresponding to the ownership held by the Company of each non-consolidated subsidiary have no material impact on the consolidated financial statements and therefore excluded from the scope of consolidation.	(2) Names etc. of the Principal Non-Consolidated Subsidiaries Principal non-consolidated subsidiaries SHANGHAI NAMCO LTD. BANDAI LOGIPAL (H.K.) LTD. Total assets, net sales, net income or loss and retained earnings, etc. corresponding to the ownership held by the Company of each non-consolidated subsidiary have no material impact on the consolidated financial statements and therefore excluded from the scope of consolidation.

	Prior Fiscal Year (From April 1, 2008 to March 31, 2009)	Current Fiscal Year (From April 1, 2009 to March 31, 2010)
2. Information Concerning Application of the Equity Method	(1) Number of Non-Consolidated Subsidiaries and Affiliated Companies to Which the Equity Method Was Applied: 7 companies Names of the Principal Non-Consolidated Subsidiaries and Affiliated Companies: Non-consolidated subsidiary: SHANGHAI NAMCO LTD. Affiliated companies: Happinet Corporation Sotsu Co., Ltd. People Co., Ltd. With the sale of shares in Sunlink Co., Ltd. to Happinet Corporation, Sunlink Co., Ltd. was excluded from the scope of application of the equity method for this consolidated fiscal year. Furthermore, with the investment in Distribution Partners S.A.S. and the acquisition of shares in Sun-Star Stationery Co., Ltd., in connection with that company's split, those companies were treated as companies to which the equity method is applied. (2) Non-Consolidated Subsidiaries and Affiliated Companies to Which the Equity Method Was Not Applied The equity method was not applied to non-consolidated subsidiaries and affiliated companies such as BANDAI LOGIPAL (H.K.) LTD., because it was deemed that the exclusion of these companies from the application of the equity method would have little, and no material, impact on the consolidated net income or loss and retained earnings, etc. and their significance is minimal as a whole.	(1) Number of Non-Consolidated Subsidiaries and Affiliated Companies to Which the Equity Method Was Applied: 7 companies Names of the Principal Non-Consolidated Subsidiaries and Affiliated Companies: Non-consolidated subsidiary: SHANGHAI NAMCO LTD. Affiliated companies: Happinet Corporation Sotsu Co., Ltd. People Co., Ltd. In addition, Distribution Partners S.A.S., through an additional acquisition of its shares, was made a wholly owned subsidiary, and thus was excluded from the scope of application of the equity method for this consolidated fiscal year. Tsuburaya Productions Co., Ltd., gained in importance and thus was treated as a company to which the equity method is applied. (2) Non-Consolidated Subsidiaries and Affiliated Companies to Which the Equity Method Was Not Applied The equity method was not applied to non-consolidated subsidiaries and affiliated companies such as BANDAI LOGIPAL (H.K.) LTD., because it was deemed that the exclusion of these companies from the application of the equity method would have little, and no material, impact on the consolidated net income or loss and retained earnings, etc. and their significance is minimal as a whole.
3. Information Concerning the Fiscal Year, etc. for Consolidated Subsidiaries	NAMCO BANDAI Holdings (USA) Inc. and some other consolidated subsidiaries (21 domestic and 25 overseas subsidiaries) have the last day of December, January, or February as closing date. In, addition, BANDAI VISUAL CO., LTD. and NAMCO BANDAI Business Services Inc. changed their respective closing dates from the last day of February to March 31 and thus had a 13-month fiscal year. In the preparation of the consolidated financial statements, the financial statements of each company for the relevant fiscal year were used, and necessary adjustments for consolidation purposes were made in the case of material transactions conducted prior to the last day of the consolidated fiscal year for the consolidated financial statements of the Company.	NAMCO BANDAI Holdings (USA) Inc. and some other consolidated subsidiaries (18 domestic and 26 overseas subsidiaries) have the last day of December, January, or February as closing date. In the preparation of the consolidated financial statements, the financial statements of each company for the relevant fiscal year were used, and necessary adjustments for consolidation purposes were made in the case of material transactions conducted prior to the last day of the consolidated fiscal year for the consolidated financial statements of the Company.

	Prior Fiscal Year (From April 1, 2008 to March 31, 2009)	Current Fiscal Year (From April 1, 2009 to March 31, 2010)
4. Information Concerning the Basis for Accounting Treatment	(1) Valuation Basis and Methods for Significant Assets: (i) Securities: Held-to-maturity securities Stated using the amortized cost method (straight-line method) Other securities Securities with market values: Stated using the market price method based on amounts using market prices, etc. on the closing date. (Unrealized gains or losses on other securities, net of tax are reflected directly in net assets and cost of sales is calculated using the moving average method.) Securities without market values: Stated using the cost method based on the moving average method. However, with respect to the contributions to limited liability partnerships for investment businesses and similar partnerships, the amount corresponding to the equity holdings of the partnership's assets is stated as investment securities, and the amount corresponding to profits or losses resulting from the operations of the partnership is stated as profits or losses for this consolidated fiscal year. (ii) Derivative Transactions: Stated using the market price method. (iii) Inventories: Work in process, such as game software, etc.: Stated using the cost method based on the specific-cost method. (The value stated on the balance sheets was calculated by writing down the book value based on declining profitability.) Others: Domestic consolidated subsidiaries: Generally, stated using the cost method based on the average method. (The value stated on the balance sheets was calculated by writing down the book value based on declining profitability.) Overseas consolidated subsidiaries: Generally, stated using the lower of cost method based on the average method.	(1) Valuation Basis and Methods for Significant Assets: (i) Securities: Held-to-maturity securities Same as left column Other securities Securities with market values: Same as left column Securities without market values: Same as left column (ii) Derivative Transactions: Same as left column (iii) Inventories: Work in process, such as game software, etc.: Stated using the cost method based on the specific-cost method. (The value stated on the balance sheets was calculated by writing down the book value based on declining profitability.) Others: Domestic consolidated subsidiaries: Generally, stated using the cost method based on the average method. (The value stated on the balance sheets was calculated by writing down the book value based on declining profitability.) Overseas consolidated subsidiaries: Generally, stated using the lower of cost method based on the average method.

	Prior Fiscal Year (From April 1, 2008 to March 31, 2009)	Current Fiscal Year (From April 1, 2009 to March 31, 2010)
	(Change in Accounting Policies) "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, issued on July 5, 2006) was applied from this consolidated fiscal year. The impact of this change on operating income, recurring income, and net income before income taxes and minority interests is immaterial. (2) Depreciation Methods for Significant Depreciable Assets: (i) Property, Plant and Equipment (Exclusive of leased assets): The Company and domestic consolidated subsidiaries: Generally stated using the declining-balance method. However, for buildings (excluding equipment attached thereto) acquired on or after April 1, 1998 and for part of the amusement facilities and machines, etc., the straight-line method was used. The general useful life of property, plant and equipment is as follows: Buildings and structures: 2 to 50 years Amusement facilities and machines: 3 to 15 years (Additional Information) The useful life of the property, plant and equipment of some domestic consolidated subsidiary was changed from this consolidated fiscal year, pursuant to the change in statutory useful life in the 2008 revision of the Corporation Tax Law. The impact of this change on operating income, recurring income, and net income before income taxes and minority interests is immaterial. Overseas consolidated subsidiaries: Stated using the straight-line method. The general useful life of property, plant and equipment is as follows: Buildings and structures: 5 to 50 years Amusement facilities and machines: 2 to 7 years (ii) Intangible Assets: Stated using the straight-line method. The general useful life of software is as follows: Software (used internally): 1 to 5 years	(2) Depreciation Methods for Significant Depreciable Assets: (i) Property, Plant and Equipment (Exclusive of leased assets): The Company and domestic consolidated subsidiaries: Generally stated using the declining-balance method. However, for buildings (excluding equipment attached thereto) acquired on or after April 1, 1998 and for part of the amusement facilities and machines, etc., the straight-line method was used. The general useful life of property, plant and equipment is as follows: Buildings and structures: 2 to 50 years Amusement facilities and machines: 3 to 15 years Overseas consolidated subsidiaries: Same as left column (ii) Intangible Assets: Same as left column

	Prior Fiscal Year (From April 1, 2008 to March 31, 2009)	Current Fiscal Year (From April 1, 2009 to March 31, 2010)
	(iii) Leased Assets: Stated using the straight-line method, with the useful life set to the lease period, with a residual value of zero. However, financing lease transactions other than those in which titles to leased property are determined to be transferred to lessees, which transactions started on or before March 31, 2008, are stated by applying the accounting treatment applicable to ordinary operating lease transactions.	(iii) Leased Assets: Same as left column
	(3) Basis of Recognition for Significant Provision: (i) Allowance for Doubtful Receivables: The allowance for doubtful receivables is provided for possible losses on unrecoverable receivables. For ordinary receivables, the amount of the allowance is based on the historical rate of loss. For receivables from debtors at risk of bankruptcy and receivables from debtors in bankruptcy or under reorganization, etc., the amount of the allowance is based on individually estimated unrecoverable amounts.	(3) Basis of Recognition for Significant Provision: (i) Allowance for Doubtful Receivables: Same as left column
	(ii) Provision for Directors' Bonuses: The Company and its domestic consolidated subsidiaries provide accrued bonuses for directors based on the estimated amounts to be paid in respect of this consolidated fiscal year.	(ii) Provision for Directors' Bonuses: Same as left column
	(iii) Provision for Losses from Business Restructuring: Certain consolidated subsidiaries make provision for estimated losses on restructuring of operations.	(iii) Provision for Losses from Business Restructuring: Same as left column
	(iv) Provision for Sales Returns Certain consolidated subsidiaries provide for losses on returned goods after the end of this consolidated fiscal year based on historic experience.	(iv) Provision for Sales Returns Same as left column
	(v) Accrued Retirement and Severance Benefits: Accrued retirement and severance benefits for employees in respect of defined benefit plans is provided for based on the estimated values of projected benefit obligations and pension plan assets at the end of the consolidated fiscal year. Unrecognized actuarial gain or loss is amortized, beginning from the consolidated fiscal year following the year in which it is incurred, using the straight-line method over a fixed period (9 to 19 years) that does not exceed the average remaining years of service of employees as of the end of the fiscal year in which it is incurred. Certain domestic consolidated subsidiaries amortize prior service costs over a fixed period (10 to 11 years) that does not exceed the average remaining years of service of employees at the point when the costs are incurred.	(v) Accrued Retirement and Severance Benefits: Same as left column

	Prior Fiscal Year (From April 1, 2008 to March 31, 2009)	Current Fiscal Year (From April 1, 2009 to March 31, 2010)
	(vi) Accrued Directors' and Corporate Auditors' Retirement and Severance Benefits: To provide for payment of retirement and severance benefits to directors and corporate auditors, certain domestic consolidated subsidiaries record the amount payable at the end of the consolidated fiscal year in accordance with internal regulations. ————	(Change in Accounting Policies) "Partial Amendments to 'Accounting Standards for Retirement Benefits' (Part 3)" (ASBJ Statement No. 19, issued on July 31, 2008) were applied from this consolidated fiscal year. This change has no impact on operating income, recurring income and net loss before income taxes and minority interests. (vi) Accrued Directors' and Corporate Auditors' Retirement and Severance Benefits: Same as left column (4) Accounting Standards for Significant Income and Expense: (i) Video Game Software Revenue Recognition: Consolidated subsidiaries operating in the United States recognize revenue in accordance with "Software Revenue Recognition" of FASB Accounting Standards Codification No. 985-605, treating video game software with online functions as software products with multiple-element arrangements. Unless the vendor can objectively and reasonably identify the fair value of undelivered elements specified by the vendor, recording of any revenue attributable to video game software is deferred until all the elements are delivered. (ii) Video Game Software Production Costs: A distinctive characteristic of video game software is the process through which the software is highly combined with content that cannot be separated into identifiable components. The content is considered to be an important component of each video game title, which includes the game content and visual / music data. Once management makes a decision to go forward in distributing a title, the Company records the software and content development costs as work in process. The capitalized production costs are amortized to cost of sales based on projected sales volumes.

	Prior Fiscal Year (From April 1, 2008 to March 31, 2009)	Current Fiscal Year (From April 1, 2009 to March 31, 2010)
	(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 fiscal year, 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 fiscal year, 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 translation adjustments under net assets.	(5) Accounting Policies for Translation of Significant Assets and Liabilities into Japanese Currency: Same as left column
	(5) Accounting Standards for Income and Expense: Video game software production costs: A distinctive characteristic of video game software is the process through which the software is highly combined with the content that cannot be separated into identifiable components. The content is considered to be an important component of each video game title, which includes the game content and visual / music data. Once management makes a decision to go forward in distributing a title, the Company records the software and content development costs as work in process. The capitalized production costs are amortized to cost of sales based on projected sales volumes.	――――――
	(6) Significant Accounting Policies for Hedging: (i) Accounting for Hedging: The Company used deferred hedge accounting. In cases where forward foreign exchange contracts meet certain hedging criteria, the hedged receivables and payables are translated at the corresponding foreign exchange contract rate, “Allocation method.” Interest rate swaps that meet specific matching criteria are accounted for using specific allowed methods under relevant accounting standards. (ii) Hedging Instruments and Hedged Items: -Hedging instruments: Forward exchange contracts and interest rate swaps -Hedged items: Foreign-currency-denominated assets and liabilities and scheduled transactions, and interest on borrowings	(6) Significant Accounting Policies for Hedging: (i) Accounting for Hedging: Same as left column (ii) Hedging Instruments and Hedged Items: -Hedging instruments: Same as left column -Hedged items: Same as left column

	Prior Fiscal Year (From April 1, 2008 to March 31, 2009)	Current Fiscal Year (From April 1, 2009 to March 31, 2010)
	(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.	(iii) Hedging Policies: Same as left column
	(iv) Method of Assessing the Effectiveness of Hedging: The Company assesses the effectiveness of hedging transactions, in principle, from the start of the transaction to the point at which effectiveness is assessed by comparing the cumulative changes in the fair value or the cumulative changes in the cash flows of the hedged item with the cumulative changes in the fair value or the cumulative changes in the cash flows of the hedging instrument. In the event that critical terms are the same for the hedging instrument and the hedged assets, liabilities, or scheduled transaction, it is assumed that the hedge is 100% effective, so the assessment of effectiveness is not performed. Also, for interest rate swaps for which the specific allowed methods are applied, the assessment of effectiveness is not performed.	(iv) Method of Assessing the Effectiveness of Hedging: Same as left column
	(7) Other Important Information Constituting the Basis of Preparation of Consolidated Financial Statements Accounting treatment of consumption tax: Consumption tax is accounted for separately and is not figured into each listed item.	(7) Other Important Information Constituting the Basis of Preparation of Consolidated Financial Statements Accounting treatment of consumption tax: Same as left column
5. Valuation of Assets and Liabilities of Consolidated Subsidiaries	Assets and liabilities of consolidated subsidiaries are assessed based on their fair market value.	Same as left column
6. Amortization of Positive Goodwill and Negative Goodwill	Goodwill is amortized over a five-year period using the straight-line method.	Same as left column
7. Scope of Cash and Cash Equivalents in 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 3 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.	Same as left column

Changes in the Important Information Constituting the Basis for Preparation of Consolidated Financial Statements

Prior Fiscal Year (From April 1, 2008 to March 31, 2009)	Current Fiscal Year (From April 1, 2009 to March 31, 2010)
(Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements) With the adoption of the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF Practical Solution No. 18, issued on May 17, 2006), necessary adjustments to the consolidated returns were carried out. The impact of this change on operating income, recurring income, and net income before income taxes and minority interests is immaterial.	――――――
(Accounting Standard for Lease Transactions) Before the change the accounting treatment for finance lease transactions not involving the transfer of ownership followed the method for operating lease transactions. However, the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 [Business Accounting Council Committee No. 1, June 17, 1993; revised March 30, 2007]) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 [The Japanese Institute of Certified Public Accountants (JICPA) Accounting Standard Committee, January 18, 1994; revised March 30, 2007]) are applied and the accounting treatment for such transactions follows the method for ordinary purchase or sales transactions from this consolidated fiscal year. In addition, for financing lease transactions other than those in which titles to leased property are determined to be transferred to lessees, which transactions started before the first year in which the new standard was adopted, the accounting treatment applicable to ordinary operating lease transactions continues to apply. This change has no impact upon operating income, recurring income and net income before income taxes and minority interests.	――――――
	(Change in Accounting Policies) Changes in classification of costs for the Amusement Facility Business Prior consolidated fiscal years, the costs of backroom support operations at amusement facilities was treated as cost of sales for the Amusement Facility Business; however, from this consolidated fiscal year, such costs are stated as selling, general and administrative expenses. This change is made to provide a more appropriate presentation of costs of facilities management operations from the point of view of the relationship between sales and cost of sales, in conjunction with reviewing how facilities are operated and the roles of operating staff, and clarifying the scope of facilities management operations, given that competition has grown more intense in the amusement facilities business. The impact of this change, in comparison with the classification used until the previous consolidated fiscal year, is a 2,011 million yen reduction in the cost of sales for this consolidated fiscal year with an equivalent increase in gross profit, as well as an increase in selling, general and administrative expenses by the same amount. This change has no impact upon operating income, recurring income and net loss before income taxes and minority interests.

Change in Method of Presentation

Prior Fiscal Year (From April 1, 2008 to March 31, 2009)	Current Fiscal Year (From April 1, 2009 to March 31, 2010)
(Consolidated Balance Sheets) 1. With the adoption of the "Cabinet Office Order Partially Amending Terminology, Format, and Method of Presentation of Financial Statements" (Cabinet Office Order No. 50, August 7, 2008), what had been stated through the previous consolidated fiscal year as "Inventories" is, from this consolidated fiscal year, stated separately as "Finished goods and merchandise," "Work in process," and "Raw materials and supplies." In addition, the values of "Finished goods and merchandise," "Work in process," and "Raw materials and supplies" subsumed under "Inventories" in the previous consolidated fiscal year were 11,463 million yen, 21,481 million yen, and 3,484 million yen, respectively.	(Consolidated Balance Sheets) What had been stated separately through the previous consolidated fiscal year as "Guarantee money deposited" (for which the balance at the end of this consolidated fiscal year is 15,394 million yen) was stated within "Other investments and assets" under "Investments and other assets," since it is at or below 5 percent of the total of assets.
2. What had been stated through the previous consolidated fiscal year as "Deferred tax liabilities" (for which the balance for this consolidated fiscal year is 616 million yen) was stated within "Other long-term liabilities" under "Long-term liabilities," since it is below one percent of the total of liabilities and net assets.	________
(Consolidated Statements of Operations) 1. What had been stated through the previous consolidated fiscal year as "Gain on sales of investments in affiliated companies" (for which the balance for this consolidated fiscal year is 72 million yen) was stated within "Other extraordinary income" under "Extraordinary income," since it is below 10 percent of the total extraordinary income. 2. What had been stated through the previous consolidated fiscal year as "Loss on business restructuring" (for which the balance for this consolidated fiscal year is 114 million yen) and as "Provision for losses on business restructuring" (for which the balance for this consolidated fiscal year is 130 million yen) were stated within "Other extraordinary loss" under "Extraordinary loss," since each is below 10 percent of the total extraordinary loss. 3. "Income taxes for the previous period," which had been stated through the previous consolidated fiscal year within "Corporate income, inhabitant and enterprise taxes," was stated separately, since its monetary importance has increased this consolidated fiscal year. "Income taxes for the previous period" subsumed under "Corporate income, inhabitant and enterprise taxes" for the previous consolidated fiscal year was 13 million yen.	(Consolidated Statements of Operations) 1. "Amortization of negative goodwill," which had been stated through the previous consolidated fiscal year within "Other non-operating income" under "Non-operating income" was stated separately, since it is above 10 percent of the total non-operating income. The total of "Amortization of negative goodwill" for the previous consolidated fiscal year was 116 million yen. 2. What had been stated through the previous consolidated fiscal year as "Equity in gain of affiliated companies" (for which the balance for this consolidated fiscal year is 0 million yen) was stated within "Other non-operating income" under "Non-operating income," since it is below 10 percent of the total non-operating income. 3. "Loss on business restructuring," which had been stated through the previous consolidated fiscal year within "Other extraordinary loss" under "Extraordinary loss" was stated separately, since its monetary importance has increased this consolidated fiscal year. The total of "Loss on business restructuring" for the previous consolidated fiscal year was 114 million yen. 4. What had been stated through the previous consolidated fiscal year as "Loss on valuation of investment securities" (for which the balance for this consolidated fiscal year is 122 million yen), "Provision for allowance of doubtful receivables" (for which the balance for this consolidated fiscal year is 718 million yen), and "Litigation settlement" (for which the balance for this consolidated fiscal year is 66 million yen) were stated within "Other extraordinary loss" under "Extraordinary loss," since each is below 10 percent of the total extraordinary loss.
	(Consolidated Statements of Cash Flows) What had been stated through the previous consolidated fiscal year as "Increase (decrease) in accrued directors' and corporate auditors' retirement and severance benefits" (for which the balance for this consolidated fiscal year is negative 14 million yen) was stated within "Other" in "Cash flows from operating activities" due to its diminished monetary importance.

Additional Information

<table>
<tr><th>Prior Fiscal Year
(From April 1, 2008 to March 31, 2009)</th><th>Current Fiscal Year
(From April 1, 2009 to March 31, 2010)</th></tr>
<tr><td>(Legal Action, etc.)

On December 4, 2006, Kevin Curran and three other persons, successors in interest to General Computer Corporation in the United States, sued the Company's group for compensation for damages related to payment of royalty payments. An out-of-court settlement was reached in December 2008 and a loss of 1,061 million yen (9,236 thousand US dollars) accompanying that settlement was stated as "Litigation settlement."</td><td>(Additional Investment in NAMCO BANDAI Partners S.A.S.)

On July 7, 2009, NAMCO BANDAI Games Europe S.A.S., a consolidated subsidiary of the Company, additionally acquired shares in Distribution Partners S.A.S. (which changed its corporate name to NAMCO BANDAI Partners S.A.S. after becoming a wholly owned subsidiary of NAMCO BANDAI Games Europe S.A.S.), making that company a consolidated subsidiary of the Company.

1. Name and Business Content of Acquired Company, Main Reason for the Business Combination, Date of the Business Combination, Legal Form of the Business Combination and Percentage of Voting Rights Acquired:
(1) Name and Business Content of the Acquired Company:
Name: Distribution Partners S.A.S.
(The Acquired Company changed its corporate name to NAMCO BANDAI Partners S.A.S. after becoming a wholly owned subsidiary of NAMCO BANDAI Games Europe S.A.S.)
Business content: Distribution of electronic products and products for PCs and game consoles
(2) Main Reason for the Business Combination:
The objective is to build a distribution network for the Group in European region and strengthen its Game Contents Business in that region.
(3) Date of the Business Combination:
July 1, 2009
(4) Legal Form of the Business Combination:
Acquisition of shares
(5) Percentage of Voting Rights Acquired:
66.0% (Total percentage of voting rights after the additional acquisition of shares: 100.0%)

2. Period of Performance of the Acquired Company Included in the Consolidated Financial Statements:
From July 1, 2009 to March 31, 2010
In addition, during the period from April 1, 2009 to June 30, 2009, the Acquired Company was an affiliated company of the Company to which the equity method was applied.

3. Acquisition Cost of the Acquired Company and the Breakdown of the Cost:
Consideration paid for the additional acquisition of shares: 3,627 million yen
Direct cost of acquisition: 53 million yen
Existing equity: 631 million yen
Acquisition cost: 4,312 million yen</td></tr>
</table>

Prior Fiscal Year (From April 1, 2008 to March 31, 2009)	Current Fiscal Year (From April 1, 2009 to March 31, 2010)
	4. Value of Goodwill or Negative Goodwill Generated, Cause of the Generation, Amortization Method and Amortization Period: (1) Value of Goodwill: 8,305 million yen (2) Cause of the Generation: Because the cost of the acquisition exceeded the market value of the net assets of the company at the time of the business combination was carried out, the difference is recognized as goodwill. (3) Amortization Method and Amortization Period Amortized by the straight-line method over five years. At the end of this consolidated fiscal year, however, as a result of reviewing the business plan which was considered at the time of acquisition of the shares, it was determined that the future super-profit initially assumed could not be expected; thus, the relevant book value was reduced by the entire amount and that reduction stated as an impairment loss under extraordinary loss. 5. Value of Assets Acquired and Liabilities Undertaken on the Date of the Business Combination and their Main Breakdown: Current assets 17,344 million yen Fixed assets 484 million yen Total assets 17,828 million yen Current liabilities 19,408 million yen Fixed liabilities 2,413 million yen Total liabilities 21,822 million yen 6. Contents of the Conditional Payment of Acquisition Price Stipulated in the Business Combination Agreement and the Subsequent Accounting Processing Policies: Not applicable. 7. Amount Allocated to Research and Development Expenses, etc. in the Acquisition Cost, and its Category: Not applicable. 8. Allocation of Acquisition Cost: There are no distinguishable assets or liabilities that are allocated other than goodwill.

Prior Fiscal Year (From April 1, 2008 to March 31, 2009)	Current Fiscal Year (From April 1, 2009 to March 31, 2010)
	9. Approximate amounts of impact on consolidated statements of operations if the business combination had been completed at the beginning of this consolidated fiscal year. Net sales 25,980 million yen Operating loss 3,926 million yen Recurring loss 4,396 million yen Net loss 4,592 million yen In the above calculation of approximate amounts for net sales and income/loss, the net sales and income/loss of Distribution Partners S.A.S. from April 1, 2009 through June 30, 2009 was added to the calculation. The above approximate amounts have not undergone attestation by an auditor.

Notes to Consolidated Financial Statements

(Consolidated Balance Sheets)

Prior Fiscal Year (As of March 31, 2009)	Current Fiscal Year (As of March 31, 2010)
*1. Shares of non-consolidated subsidiaries and affiliated companies Investment securities (shares) 12,150 million yen	*1. Shares of non-consolidated subsidiaries and affiliated companies Investment securities (shares) 9,420 million yen
*2. Pledged assets: Time deposits: 131 million yen Pledged for bank transaction guarantees	*2. Pledged assets: Time deposits: 4 million yen Pledged for bank transaction guarantees
*3. Land revaluation A revaluation of land for business-use was implemented pursuant to the "Law Concerning Land Revaluation" (Law No. 34, promulgated on March 31, 1998) and land revaluation, net tax was reported in net assets. Revaluation method: The fair value of land is determined based on official notice prices that are calculated by the method assessed and published by the Commissioner of the National Tax Agency. The Commissioner assesses and publishes the method to calculate land value that forms the foundation for calculating taxable value for land value tax prescribed in "Article 16 of Land Value Tax Law (Law No. 69, promulgated on May 2, 1991)", as stipulated in "Article 2-4 of the Ordinance Implementing the Law Concerning Land Revaluation (Cabinet Order No. 119, promulgated on March 31, 1998)." Reasonable adjustments are made to the official notice prices. Revaluation date: March 31, 2002 Difference between the fair value of the revalued land at the end of this consolidated fiscal year and the revaluated carrying amount after the revaluation: (157) million yen	*3. Land revaluation A revaluation of land for business-use was implemented pursuant to the "Law Concerning Land Revaluation" (Law No. 34, promulgated on March 31, 1998) and land revaluation, net of tax was reported in net assets. Revaluation method: The fair value of land is determined based on official notice prices that are calculated by the method assessed and published by the Commissioner of the National Tax Agency. The Commissioner assesses and publishes the method to calculate land value that forms the foundation for calculating taxable value for land value tax prescribed in "Article 16 of Land Value Tax Law (Law No. 69, promulgated on May 2, 1991)", as stipulated in "Article 2-4 of the Ordinance Implementing the Law Concerning Land Revaluation (Cabinet Order No. 119, promulgated on March 31, 1998)." Reasonable adjustments are made to the official notice prices. Revaluation date: March 31, 2002 Difference between the fair value of the revalued land at the end of this consolidated fiscal year and the revaluated carrying amount after the revaluation: (513) million yen
――――	*4. Discounted notes receivable: 50 million yen

(Consolidated Statements of Operations)

Prior Fiscal Year (From April 1, 2008 to March 31, 2009)		Current Fiscal Year (From April 1, 2009 to March 31, 2010)	
*1. The book value of ending inventories is devalued based upon the declining in profitability. The following loss on valuation of inventories is included in cost of sales.	3,844 million yen	*1. The book value of ending inventories is devalued based upon the declining in profitability. The following loss on valuation of inventories is included in cost of sales.	7,651 million yen
*2. Major components of selling, general and administrative expenses	(¥ million)	*2. Major components of selling, general and administrative expenses	(¥ million)
Advertising expenses:	28,409	Advertising expenses:	29,514
Directors’ remuneration and employees’ wages:	27,992	Directors’ remuneration and employees’ wages:	31,645
Employees’ retirement and severance benefits:	1,247	Employees’ retirement and severance benefits:	1,516
Provision for directors’ bonuses:	625	Provision for directors’ bonuses:	421
Provision for directors’ and corporate auditors’ retirement and severance benefits:	12	Provision for directors’ and corporate auditors’ retirement and severance benefits:	33
Research and development expenses:	17,511	Research and development expenses:	16,144
Allowance for doubtful receivables, investments, and other assets:	134	Allowance for doubtful receivables, investments, and other assets:	276
*3. Research and development expenses included in general and administrative expenses and manufacturing costs:	17,511 million yen	*3. Research and development expenses included in general and administrative expenses and manufacturing costs:	16,144 million yen
*4. Gain on sales of fixed assets related mainly to the sales of land.		*4. Gain on sales of fixed assets related mainly to the sales of buildings and structures and sales of vehicles.	
*5. Loss on sales of fixed assets related mainly to the sales of buildings and structures.		*5. Loss on sales of fixed assets related mainly to the sales of tools, furniture and fixtures.	
*6. Loss on disposal of fixed assets related mainly to the disposal of buildings and structures and disposal of tools, furniture and fixtures.		*6. Loss on disposal of fixed assets related mainly to the disposal of buildings and structures and disposal of tools, furniture and fixtures.	

Prior Fiscal Year (From April 1, 2008 to March 31, 2009)	Current Fiscal Year (From April 1, 2009 to March 31, 2010)
*7. Loss on impairment of fixed assets Evaluation of fixed asset impairment is performed by grouping assets by the Company and its consolidated subsidiaries according to management accounting classifications based on strategic business units, excluding significant idle assets, assets scheduled for disposal, and leased assets. In the Amusement Facility Business, the individual facility is the smallest unit used in management accounting and the basic unit for evaluating impairment. (Changes in grouping of assets) In the past, in the Amusement Facility Business, asset groupings were mainly organized by a certain region; in some domestic consolidated subsidiaries, however, due to changes in their organization, the units used in the managerial accounting and the units in those groupings diverge; thus, from this consolidated fiscal year, the individual facility, the smallest unit used in management accounting, is mainly the basic unit for grouping assets. Accompanying these changes, the Company stated an impairment loss of 160 million yen as an extraordinary loss and reduced net income before income taxes and minority interests in the same amount of the impairment loss. In addition, the book values of the following assets, which exclude reusable assets, were reduced to the recoverable amount. The amount of reduction was recorded as a loss on impairment of fixed assets in extraordinary loss.	*7. Loss on impairment of fixed assets Evaluation of fixed asset impairment is performed by grouping assets by the Company and its consolidated subsidiaries according to management accounting classifications based on strategic business units, excluding significant idle assets, assets scheduled for disposal, and leased assets. In the Amusement Facility Business, the individual facility is the smallest unit used in management accounting and the basic unit for evaluating impairment. In addition, the carrying amounts of the following assets, which exclude reusable assets, were reduced to the recoverable amount. The amount of reduction was recorded as a loss on impairment of fixed assets in extraordinary loss.

Prior Fiscal Year (From April 1, 2008 to March 31, 2009)	Current Fiscal Year (From April 1, 2009 to March 31, 2010)

Prior Fiscal Year (From April 1, 2008 to March 31, 2009)

Location	Items	Classification	Impairment loss (¥ million)
Kanazawa City, Ishikawa, etc. (Note 1)	Amusement facility	Amusement facilities and machines, and other assets	208
Sendai City, Miyagi, etc. (Note 2)	Amusement facility	Amusement facilities and machines, and other assets	93
Osaka City, Osaka, etc. (Note 3)	Amusement facility	Amusement facilities and machines, and other assets	474
Sapporo City, Hokkaido, etc. (Note 1)	Assets for business use	Buildings and structures, and Other property, plant and equipment	48
Shibuya-ku, Tokyo (Note 4)	Assets for business use	Buildings and structures, and Other property, plant and equipment	38
Seoul, KOREA (Note 1)	Software for Internet content business	Other intangible fixed assets	25
Minato-ku, Tokyo (Note 5)	Assets scheduled for disposal	Buildings and structures, and Other property, plant and equipment	22
Minato-ku, Tokyo (Note 5)	Assets scheduled for disposal	Buildings and structures	13
Ibaraki City, Osaka, etc. (Note 6)	Idle assets	Land	28
Total			953

Current Fiscal Year (From April 1, 2009 to March 31, 2010)

Location	Items	Classification	Impairment loss (¥ million)
Muko City, Kyoto, etc. (Note 1)	Amusement facility	Amusement facilities and machines, and other assets	284
Toshima-ku, Tokyo, etc. (Note 2)	Amusement facility	Amusement facilities and machines, and other assets	90
Kishiwada City, Osaka (Note 3)	Amusement facility	Amusement facilities and machines, Land, and other assets	1,152
Illinois, U.S.A., etc. (Note 4)	Amusement facility	Amusement facilities and machines	480
Braintree, U.K., etc. (Note 1)	Amusement facility	Amusement facilities and machines, and other assets	342
New Territories, H.K., etc. (Note 1)	Amusement facility	Amusement facilities and machines, and other assets	1
Cambridge, U.K. (Note 1)	Assets for business use	Buildings and structures, and Other property, plant and equipment	3
Shinagawa-ku, Tokyo (Note 4)	Assets for business use	Other property, plant and equipment, Other intangible fixed assets, and other assets	747
Kasuya-gun, Fukuoka, etc. (Note 1)	Warehouse	Buildings and structures, and Other property, plant and equipment	50
— (Note 5)	—	Goodwill	12,749
Total			15,902

Prior Fiscal Year (From April 1, 2008 to March 31, 2009)	Current Fiscal Year (From April 1, 2009 to March 31, 2010)
Notes: 1. An impairment loss was recorded because it was forecasted that the carrying amount of these fixed assets could not be recovered due to the decline in business profitability. In addition, these assets were determined to have no fair value. 2. An impairment loss was recorded because it was judged that the carrying amount that could be recovered for these fixed assets had fallen substantially due to the decision to close the facility. In addition, these assets were determined to have no fair value. 3. An impairment loss was recorded for these fixed assets because, while it had previously been operated to generate income, an assessment of the main objective of the operation led to a decision to operate these assets as a research facility for new product development and development of new types of facilities. Based on that decision, it was judged that the value that could be recovered for these fixed assets had fallen substantially. In addition, these assets were determined to have no fair value. 4. An impairment loss was recorded because the recoverable amount of these fixed assets substantially decreased, due to the decision to close the facility. In addition, these assets were determined to have no fair value. 5. An impairment loss was recorded on these assets for which no future use is anticipated, accompanying the relocation of the Company and its subsidiaries' head office functions. In addition, these assets were determined to have no fair value. 6. Assets that had no foreseeable use in the future were written down and an impairment loss was recorded. The recoverable amount of real estate assets was measured based on the estimated net selling price, which was assessed based on real estate appraisals.	Notes: 1. An impairment loss was recorded because it was forecasted that the carrying amount of these fixed assets could not be recovered due to the decline in business profitability. In addition, these assets were determined to have no fair value. 2. An impairment loss was recorded because it was judged that the carrying amount that could be recovered for these fixed assets had fallen substantially due to the decision to close the facility. In addition, these assets were determined to have no fair value. 3. An impairment loss was recorded because it was forecasted that the carrying amount of these fixed assets could not be recovered due to the decline in business profitability. The recoverable amount was measured based on the estimated net selling price, which was assessed based on a reasonable estimate. 4. An impairment loss was recorded because it was forecasted that the carrying amount of these fixed assets could not be recovered due to the decline in business profitability. The recoverable amount was measured as the estimated value in use based on future cash flows. 5. It was determined that the future super-profit assumed in the business plan considered at the time of acquisition of the shares was unlikely to be realized. Therefore, the total unamortized balance was recorded as an impairment loss.

(Consolidated Statements of Changes in Net Assets)

Prior Fiscal Year (From April 1, 2008 to March 31, 2009)

1. Matters concerning the type and total number of shares issued and the type and total number of treasury stock

	Number of shares at the end of the previous period	Increase in number of shares in the current period	Decrease in number of shares in the current period	Number of shares at the end of the current period
Issued shares				
Common stock (Note 1)	256,080,191	–	6,080,191	250,000,000
Total	256,080,191	–	6,080,191	250,000,000
Treasury stock				
Common stock (Note 2, 3)	1,766,271	13,009,676	6,081,151	8,694,796
Total	1,766,271	13,009,676	6,081,151	8,694,796

Notes:
1. The decrease of 6,080,191 shares in the total number of shares issued resulted from the retirement of treasury stock.
2. The increase of 13,009,676 shares in treasury stock (shares of common stock) consists of an increase of 13,000,000 shares from the purchase of treasury stock as per a decision made by the Board of Directors, 6,550 shares from the repurchase of shares less than a unit, and 3,126 shares as a result of an increase in the shareholding ratio in respect of affiliates to which the equity method applies.
3. The decrease of 6,081,151 shares in treasury stock (shares of common stock) consists of a decrease of 6,080,191 shares from the retirement of treasury stock and 960 shares from sales of shares less than a unit.

2. Notes to stock subscription rights and treasury stock subscription rights

Category	Details of stock subscription rights		Type of stock for stock subscription rights	Number of shares covered by stock subscription rights				Balance at end of period (¥ million)
				At end of previous period	Increase in current period	Decrease in current period	At end of period	
The Company	Stock subscription rights as stock options	Series 1 Stock subscription rights (Note)	–	–	–	–	–	195
		Series 2 Stock subscription rights (Note)	–	–	–	–	–	60
		Series 3 Stock subscription rights	–	–	–	–	–	389
		Series 4 Stock subscription rights (Note)	–	–	–	–	–	159
		Series 2–1 Stock subscription rights (Note)	–	–	–	–	–	175
		Series 2–2 Stock subscription rights (Note)	–	–	–	–	–	487
Total			–	–	–	–	–	1,468

Note: Exercise periods have not started for the Series 1, Series 2, Series 4, Series 2–1 and Series 2–2 stock subscription rights.

3. Matters concerning dividends

(1) Paid cash dividend amounts

Date of resolution	Type of shares	Total amount of cash dividends (¥ million)	Cash dividend per share (¥)	Date of record	Effective date
June 23, 2008, Ordinary General Meeting of Shareholders (Note)	Common stock	3,053	12	March 31, 2008	June 24, 2008
November 5, 2008, Board of Directors' Meeting	Common stock	2,956	12	September 30, 2008	December 8, 2008

Note: The above is stated excluding dividends on treasury stock owned by affiliated companies. In addition, the total amount of dividends before that exclusion was 3,056 million yen.

(2) Cash dividends with a date of record in this consolidated fiscal year but an effective date in the following consolidated fiscal year

Date of resolution	Type of shares	Total amount of cash dividends (¥ million)	Source of cash dividends	Cash dividend per share (¥)	Date of record	Effective date
June 22, 2009, Ordinary General Meeting of Shareholders	Common stock	2,896	Retained earnings	12	March 31, 2009	June 23, 2009

Current Fiscal Year (From April 1, 2009 to March 31, 2010)

1. Matters concerning the type and total number of shares issued and the type and total number of treasury stock

	Number of shares at the end of the previous period	Increase in number of shares in the current period	Decrease in number of shares in the current period	Number of shares at the end of the current period
Issued shares				
Common stock	250,000,000	–	–	250,000,000
Total	250,000,000	–	–	250,000,000
Treasury stock				
Common stock (Note 1, 2)	8,694,796	11,562	165,582	8,540,776
Total	8,694,796	11,562	165,582	8,540,776

Notes: 1. The increase of 11,562 shares in treasury stock (shares of common stock) consists of an increase of 10,204 shares from the repurchase of shares less than a unit and 1,358 shares as a result of an increase in the shareholding ratio in respect of affiliates to which the equity method applies.

2. The decrease of 165,582 shares in treasury stock (shares of common stock) consists of a decrease of 164,800 shares from exercising stock subscription rights and 782 shares from sales of shares less than a unit.

2. Notes to stock subscription rights and treasury stock subscription rights

Category	Details of stock subscription rights		Type of stock for stock subscription rights	Number of shares covered by stock subscription rights				Balance at end of period (¥ million)
				At end of previous period	Increase in current period	Decrease in current period	At end of period	
The Company	Stock subscription rights as stock options	Series 3 Stock subscription rights	–	–	–	–	–	384
		Series 4 Stock subscription rights	–	–	–	–	–	156
		Series 2–1 Stock subscription rights (Note)	–	–	–	–	–	175
		Series 2–2 Stock subscription rights (Note)	–	–	–	–	–	94
Total			–	–	–	–	–	810

Note: Exercise periods have not started for the Series 2–1 and Series 2–2 stock subscription rights.

3. Matters concerning dividends

(1) Paid cash dividend amounts

Date of resolution	Type of shares	Total amount of cash dividends (¥ million)	Cash dividend per share (¥)	Date of record	Effective date
June 22, 2009, Ordinary General Meeting of Shareholders	Common stock	2,896	12	March 31, 2009	June 23, 2009
November 5, 2009, Board of Directors' Meeting	Common stock	2,898	12	September 30, 2009	December 7, 2009

(2) Cash dividends with a date of record in this consolidated fiscal year but an effective date in the following consolidated fiscal year

Date of resolution	Type of shares	Total amount of cash dividends (¥ million)	Source of cash dividends	Cash Dividend per share (¥)	Date of record	Effective date
June 21, 2010, Ordinary General Meeting of Shareholders	Common stock	2,898	Retained earnings	12	March 31, 2010	June 22, 2010

(Consolidated Statements of Cash Flows)

Prior Fiscal Year (From April 1, 2008 to March 31, 2009)	Current Fiscal Year (From April 1, 2009 to March 31, 2010)
*1. Relationship between cash and cash equivalents at the end of the period under review and the amounts accounted for on the consolidated balance sheets:	*1. Relationship between cash and cash equivalents at the end of the period under review and the amounts accounted for on the consolidated balance sheets:

	(¥ million)
Cash and time deposits	106,747
Short-term investments	4,426
Total	111,173
Time deposits with maturities exceeding 3 months	(1,135)
Cash and cash equivalents	110,037

	(¥ million)
Cash and time deposits	96,647
Short-term investments	2,037
Total	98,685
Time deposits with maturities exceeding 3 months	(908)
Cash and cash equivalents	97,776

Prior Fiscal Year

*2. Key assets and liabilities of companies newly consolidated as subsidiaries due to acquisition of their equity

D3 INC.

Breakdown of assets and liabilities of D3 INC. and its subsidiaries at the time of its new consolidation due to the acquisition of its shares and the reconciliation between the share acquisition value and the net proceeds from the acquisition are as follows:

	(¥ million)
Current assets	7,892
Fixed assets	848
Current liabilities	(1,954)
Long-term liabilities	(5,144)
Negative goodwill	(250)
Minority interests	(79)
Share acquisition value	1,313
Existing equity	(3)
Cost of share acquisition	1,309
Cash and cash equivalents of D3 INC. and its subsidiaries	1,586
Difference: Net proceeds from the acquisition	277

Current Fiscal Year

*2. Key assets and liabilities of companies newly consolidated as subsidiaries due to acquisition of their equity

NAMCO BANDAI Partners S.A.S.

Breakdown of assets and liabilities of Distribution Partners S.A.S. (which changed its corporate name to NAMCO BANDAI Partners S.A.S. after becoming a wholly owned subsidiary) and its subsidiaries at the time of its new consolidation due to the acquisition of its shares and the reconciliation between the share acquisition value and the net purchases from the acquisition are as follows:

	(¥ million)
Current assets	17,344
Fixed assets	484
Current liabilities	(19,408)
Long-term liabilities	(2,413)
Goodwill	8,305
Share acquisition value	4,312
Existing equity	(631)
Cost of share acquisition	3,680
Cash and cash equivalents of NAMCO BANDAI Partners S.A.S. and its subsidiaries	1,920
Difference: Net purchases from the acquisition	1,760

Prior Fiscal Year (From April 1, 2008 to March 31, 2009)	Current Fiscal Year (From April 1, 2009 to March 31, 2010)
*3. Main assets and liabilities succeeded in connection with a merger of non-consolidated subsidiaries The following assets and liabilities are assumed from Bandai Automobile Co., Ltd., which in the period under review merged with LOGIPAL EXPRESS INC. The merger caused increase of 215 million yen in capital reserve of the Company. (¥ million) Current assets 117 Fixed assets 156 Total assets 273 Current liabilities 49 Long-term liabilities 8 Total liabilities 57 *4. Major breakdown of assets and liabilities which are decreased due to company split The major breakdown of assets and liabilities of Seika Co., Ltd. succeeded by Sun-Star Stationery Co., Ltd. Cash and cash equivalents are decreased by 305 million yen due to this company split. (¥ million) Current assets 1,556 Fixed assets 21 Total assets 1,577 Current liabilities 906 Long-term liabilities 342 Total liabilities 1,249	*3. Main assets and liabilities succeeded in connection with a merger of non-consolidated subsidiaries The following assets and liabilities are assumed from Creer Beaute Co., Ltd., which in the period under review merged with Bandai Co., Ltd. (¥ million) Current assets 163 Fixed assets – Total assets 163 Current liabilities 126 Long-term liabilities 150 Total liabilities 276 ―――――――

(Segment Information)

a. By Business Segment

Prior Fiscal Year (From April 1, 2008 to March 31, 2009)

(¥ 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
I Net sales and operating income (loss)									
Net sales									
(1) To external customers	163,068	76,917	133,722	10,499	33,633	8,559	426,399	–	426,399
(2) Inter-segment sales and transfers	2,656	352	5,683	391	1,004	10,449	20,538	(20,538)	–
Total	165,725	77,269	139,405	10,890	34,638	19,009	446,938	(20,538)	426,399
Operating expenses	154,191	76,876	128,465	10,221	34,599	18,443	422,798	(18,746)	404,051
Operating income	11,533	393	10,940	669	38	565	24,140	(1,791)	22,348
II Assets, depreciation and amortization, impairment loss, and capital expenditure									
Assets	130,404	54,400	108,965	11,091	48,071	19,206	372,139	(8,695)	363,444
Depreciation and amortization	8,972	9,570	3,766	307	3,113	926	26,657	85	26,742
Impairment loss	63	776	–	–	13	77	930	22	953
Capital expenditure	6,723	6,712	2,527	82	885	385	17,316	164	17,481

Notes:
1. The industry segments used above are those used for internal management purposes.
2. Main products in each business segment:
   (1) Toys and Hobby Business: Toys, candy toys, products for vending machines, cards, plastic models, apparel, sundries, stationery
   (2) Amusement Facility Business: Amusement facilities operation
   (3) Game Contents Business: Home-use video game software, arcade game machines, prizes for amusement arcade machines
   (4) Network Business: Mobile contents
   (5) Visual and Music Content Business: Video contents, video software, on demand video distribution
   (6) Other Businesses: Transportation and storage of products, leases, real estate management, printing, development and sales of environmental devices
3. Unallocatable operating expenses included in the "Eliminations and Corporate" column under "Operating expenses" was 3,086 million yen. The majority of this cost represents administrative costs incurred by the general administration department of the Company and NAMCO BANDAI Holdings (USA) Inc.
4. Unallocatable assets included in the "Eliminations and Corporate" column under "Assets" were 36,217 million yen. The significant assets included in the amounts were surplus operating funds (cash and time deposits) of the Company, long-term investment funds (investment securities), and assets held by the administrative sections.
5. Depreciation includes amortization of goodwill.

Current Fiscal Year (From April 1, 2009 to March 31, 2010)

(¥ million)

	Toys and Hobby Business	Game Contents Business	Visual and Music Content Business	Amusement Facility Business	Other Businesses	Total	Eliminations and Corporate	Consolidated
I Net sales and operating income (loss)								
Net sales								
(1) To external customers	145,672	132,177	27,909	65,112	7,674	378,547	–	378,547
(2) Inter-segment sales and transfers	3,170	5,350	1,326	250	9,777	19,876	(19,876)	–
Total	148,843	137,528	29,236	65,362	17,452	398,423	(19,876)	378,547
Operating expenses	138,057	144,373	30,107	65,077	17,093	394,710	(18,047)	376,663
Operating income (loss)	10,786	(6,845)	(871)	284	358	3,712	(1,828)	1,883
II Assets, depreciation and amortization, impairment loss, and capital expenditure								
Assets	111,992	101,495	19,240	38,775	17,578	289,082	36,853	325,935
Depreciation and amortization	8,194	5,477	2,266	7,319	482	23,740	216	23,956
Impairment loss	146	7,041	6,312	2,351	50	15,902	–	15,902
Capital expenditure	6,865	1,870	513	4,496	422	14,168	249	14,418

Notes:
1. The industry segments used above are those used for internal management purposes.
2. Main products in each business segment:
   (1) Toys and Hobby Business: Toys, candy toys, products for vending machines, cards, plastic models, apparel, sundries
   (2) Game Contents Business: Home-use video game software, arcade game machines, mobile contents, prizes for amusement arcade machines
   (3) Visual and Music Content Business: Video contents, video 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. Unallocatable operating expenses included in the “Eliminations and Corporate” column under “Operating expenses” was 2,685 million yen. The majority of this cost represents administrative costs incurred by the general administration department of the Company and NAMCO BANDAI Holdings (USA) Inc.
4. Unallocatable assets included in the “Eliminations and Corporate” column under “Assets” were 44,168 million yen. The significant assets included in the amounts were surplus operating funds (cash and time deposits) of the Company, long-term investment funds (investment securities), and assets held by the administrative sections.
5. Depreciation includes amortization of goodwill.

6. 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 current fiscal year 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 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
I Net sales and operating income (loss)								
Net sales								
(1) To external customers	163,068	144,221	33,633	76,917	8,559	426,399	–	426,399
(2) Inter-segment sales and transfers	2,656	5,669	1,004	352	10,449	20,133	(20,133)	–
Total	165,725	149,891	34,638	77,269	19,009	446,533	(20,133)	426,399
Operating expenses	154,191	138,281	34,599	76,876	18,443	422,393	(18,341)	404,051
Operating income	11,533	11,609	38	393	565	24,140	(1,792)	22,348
II Assets, depreciation and amortization, impairment loss, and capital expenditure								
Assets	130,404	119,604	48,071	54,400	19,206	371,687	(8,242)	363,444
Depreciation and amortization	8,972	4,073	3,113	9,570	926	26,657	85	26,742
Impairment loss	63	–	13	776	77	930	22	953
Capital expenditure	6,723	2,609	885	6,712	385	17,316	164	17,481

b. By Geographic Segment

Prior Fiscal Year (From April 1, 2008 to March 31, 2009)

(¥ million)

	Japan	Americas	Europe	Asia	Total	Eliminations and Corporate	Consolidated
I Net sales and operating income (loss)							
Net sales							
(1) To external customers	319,535	48,337	45,004	13,522	426,399	–	426,399
(2) Inter-segment sales and transfers	13,999	2,595	16	23,855	40,466	(40,466)	–
Total	333,534	50,933	45,020	37,377	466,866	(40,466)	426,399
Operating expenses	317,670	50,060	38,772	35,087	441,591	(37,540)	404,051
Operating income	15,863	872	6,248	2,289	25,274	(2,926)	22,348
II Assets	293,053	28,703	37,035	19,397	378,188	(14,743)	363,444

Notes: 1. Definition of geographic segments and main countries and regions in geographic segments:

(1) Foreign geographic segments are defined by geographic region, similarity of economic activities, and interrelation of business activities.

(2) The main countries and regions in each geographic segment are as follows:

a. Americas: United States and Canada

b. Europe: France, United Kingdom and Spain

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

In the fiscal year ended March 31, 2009, China was included in the segment of Asia following the new incorporation of BANDAI (SHENZHEN) CO., LTD.

2. Unallocatable operating expenses included in the “Eliminations and Corporate” column under “Operating expenses” were 3,086 million yen. The majority of this cost represents administrative costs incurred by the general administration department of the Company and NAMCO BANDAI Holdings (USA) Inc.

3. Assets included in the “Eliminations and Corporate” column under “Assets” approximated 36,217 million yen. The significant assets included in the amounts were surplus operating funds (cash and time deposits) of the Company, long-term investment funds (investment securities) and assets held by the administrative sections.

Current Fiscal Year (From April 1, 2009 to March 31, 2010)

(¥ million)

	Japan	Americas	Europe	Asia	Total	Eliminations and Corporate	Consolidated
I Net sales and operating income (loss)							
Net sales							
(1) To external customers	286,209	29,269	45,955	17,112	378,547	–	378,547
(2) Inter-segment sales and transfers	11,768	3,582	961	21,578	37,891	(37,891)	–
Total	297,978	32,852	46,916	38,691	416,438	(37,891)	378,547
Operating expenses	292,440	36,177	47,305	35,922	411,846	(35,182)	376,663
Operating income (loss)	5,537	(3,324)	(388)	2,768	4,592	(2,708)	1,883
II Assets	206,157	28,465	40,432	24,888	299,942	25,992	325,935

Notes:
1. Definition of geographic segments and main countries and regions in geographic segments:
   (1) Foreign geographic segments are defined by geographic region, similarity of economic activities, and interrelation of business activities.
   (2) The main countries and regions in each geographic segment are as follows:
      a. Americas: United States, Canada, etc.
      b. Europe: France, United Kingdom, Spain, Germany, etc.
      c. Asia: Hong Kong, Thailand, Korea, China, Australia, etc.

   In the fiscal year ended March 31, 2010, due to the new consolidation of NAMCO BANDAI Partners S.A.S. and its 18 subsidiaries, Germany was added to the Europe geographic segment and Australia to the Asia geographic segment.
2. Unallocatable operating expenses included in the “Eliminations and Corporate” column under “Operating expenses” were 2,685 million. The majority of this cost represents administrative costs incurred by the general administration department of the Company and NAMCO BANDAI Holdings (USA) Inc.
3. Assets included in the “Eliminations and Corporate” column under “Assets” approximated 44,168 million yen. The significant assets included in the amounts were surplus operating funds (cash and time deposits) of the Company, long-term investment funds (investment securities) and assets held by the administrative sections.

c. Foreign Sales

Prior Fiscal Year (From April 1, 2008 to March 31, 2009)

		Americas	Europe	Asia	Total
I	Foreign sales (¥ million)	50,617	46,005	17,444	114,066
II	Consolidated sales (¥ million)	–	–	–	426,399
III	Share of sales to customers outside Japan (%)	11.9	10.8	4.1	26.8

Notes: 1. Foreign sales are defined as total sales by the Company and its consolidated subsidiaries in countries and regions other than Japan.

2. Segmentation by country or by region and the main countries and regions in each geographic segment are as follows:

(1) Foreign geographic segments are defined by geographic region, similarity of economic activities, and interrelation of business activities.

(2) The main countries and regions in each geographic segment are as follows:

a. Americas: United States, Canada and Latin America

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

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

Current Fiscal Year (From April 1, 2009 to March 31, 2010)

		Americas	Europe	Asia	Total
I	Foreign sales (¥ million)	31,370	46,196	21,720	99,286
II	Consolidated sales (¥ million)	–	–	–	378,547
III	Share of sales to customers outside Japan (%)	8.3	12.2	5.7	26.2

Notes: 1. Foreign sales are defined as total sales by the Company and its consolidated subsidiaries in countries and regions other than Japan.

2. Segmentation by country or by region and the main countries and regions in each geographic segment are as follows:

(1) Foreign geographic segments are defined by geographic region, similarity of economic activities, and interrelation of business activities.

(2) The main countries and regions in each geographic segment are as follows:

a. Americas: United States, Canada and Latin America

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

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

In the fiscal year ended March 31, 2010, due to the new consolidation of NAMCO BANDAI Partners S.A.S. and its 18 subsidiaries, Germany was added to the Europe geographic segment.

(Per Share Data)

Prior Fiscal Year (From April 1, 2008 to March 31, 2009)		Current Fiscal Year (From April 1, 2009 to March 31, 2010)	
Net assets per share	¥1,067.71	Net assets per share	¥938.74
Net income per share	¥47.95	Net loss per share	¥123.98
Diluted net income per share	¥47.88	Although potential shares exist, diluted net income per share is not disclosed due to the recording of a net loss per share.	

Note: The basis of calculating net income (loss) per share figure and the diluted net income per share figure is as follows:

	Prior Fiscal Year (From April 1, 2008 to March 31, 2009)	Current Fiscal Year (From April 1, 2009 to March 31, 2010)
Net income (loss) per share		
Net income (loss) (¥ million)	11,830	(29,928)
Amount not applicable to common stockholders (¥ million)	–	–
Net income (loss) available to common stock (¥ million)	11,830	(29,928)
Average number of common stock outstanding (shares)	246,743,204	241,402,251
Diluted net income per share		
Net income adjustment (¥ million)	–	–
Increase in number of common stock (shares)	312,908	–
[Stock subscription rights]	[312,908]	–
Summary of potential shares not included in the calculation of diluted net income per share as they do not have a diluting effect.	(the Company): Pursuant to resolution of the Ordinary General Meeting of Shareholders of June 26, 2006, proposal No. 9: series 3 stock subscription rights for 1,776,000 shares of common stock; Pursuant to resolution of the Ordinary General Meeting of Shareholders of June 26, 2006, proposal No. 9: series 4 stock subscription rights for 572,000 shares of common stock	(the Company): Pursuant to resolution of the Ordinary General Meeting of Shareholders of June 26, 2006, proposal No. 9: series 3 stock subscription rights for 1,753,000 shares of common stock; Pursuant to resolution of the Ordinary General Meeting of Shareholders of June 26, 2006, proposal No. 9: series 4 stock subscription rights for 562,000 shares of common stock; Pursuant to resolution of the Ordinary General Meeting of Shareholders of June 25, 2007, proposal No. 3: series 2–1 stock subscription rights for 92,600 shares of common stock

(Significant Subsequent Events)

Prior Fiscal Year (From April 1, 2008 to March 31, 2009)	Current Fiscal Year (From April 1, 2009 to March 31, 2010)
(Transactions Conducted by Commonly Controlled Entities, etc.) The merger of subsidiaries and succession to part of the businesses of subsidiaries due to a company split in the course of the restructuring of the Group's businesses On April 1, 2009, NAMCO BANDAI Games Inc. merged with and absorbed Bandai Networks Co., Ltd. due to an absorption-type merger. Also, the Company succeeded to a part of the share management business that had been carried out by Bandai Networks Co., Ltd., due to the company split (absorption-type company split) on such date. 1. Names and Business Content of Combined Companies, Legal Form of Business Combinations, and Overview of Transaction Including Transaction Objectives (1) Names and Business Content of Combined Companies a. NAMCO BANDAI Games Inc. Planning, development, and sales of home video game software and arcade game machines, etc. b. Bandai Networks Co., Ltd. Distribution of content for mobile phones, consignment of website development, mail order sales, etc. c. NAMCO BANDAI Holdings Inc. (the Company) Planning and implementation of management strategy and business management and instruction of the group companies (2) Legal Form of the Business Combinations a. An absorption-type merger in which Bandai Networks Co., Ltd. was the disappearing company; and NAMCO BANDAI Games Inc. was the surviving company. b. An absorption-type company split in which Bandai Networks Co., Ltd. was the split company; and the Company was the successor company.	――――――

Prior Fiscal Year (From April 1, 2008 to March 31, 2009)	Current Fiscal Year (From April 1, 2009 to March 31, 2010)
(3) Overview of Transaction Including Transaction Objectives The Group has considered what its optimal organizational structure would be to work for further growth in the network-related market, which includes distributing content for mobile phones: this is a market for which technological progress and other factors have produced drastic changes in the environment and in which competition is becoming increasingly intense on a global scale. Thus far, NAMCO BANDAI Games Inc. has strengths in leveraging its in-house technical development capabilities and effectively utilizing content for each platform, including home video game software, arcade game machines, and mobile phones. Also, Bandai Networks Co., Ltd. has strengths in the comprehensive development of operations, such as e-commerce, centered on the distribution of mobile phone content and the provision of technical solutions. NAMCO BANDAI Games Inc., and Bandai Networks Co., Ltd., have each worked to grow their businesses by leveraging their respective strengths. The merger of these two companies and the establishment of a new business unit within NAMCO BANDAI Games Inc. are designed to reinforce the total power of the network business within the Group and to create new content and businesses through the synergistic fusion of varied strengths. In addition, upon this restructuring within the Group, the Company has succeeded to part of the share management business that had been carried out by Bandai Networks Co., Ltd., due to the company split (absorption-type company split). 2. Overview of Accounting Process The accounting process for the consolidated financial statements was conducted as transactions conducted by commonly controlled entities, handled in accordance with the provisions of the "Accounting Standard for Business Combinations" (issued by the Business Accounting Council on October 31, 2003) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, final revision issued on November 15, 2007). (Capital Increase in Subsidiary) As of April 27, 2009, the Company carried out a paid-in capital increase of 50 million euro in BANDAI S.A., a subsidiary of the Company. In addition, as of June 16, 2009, BANDAI S.A., a subsidiary of the Company, carried out a paid-in capital increase of 50 million euro in NAMCO BANDAI Games Europe S.A.S., a subsidiary of BANDAI S.A. Reason for capital increase and use of funds The capital increase was executed to secure the funds for the acquisition of shares in Distribution Partners S.A.S. from Atari Europe S.A.S. by NAMCO BANDAI Games Europe S.A.S., a subsidiary of BANDAI S.A. The money shall be used as funds to acquire the aforementioned shares.	―――――――

Prior Fiscal Year (From April 1, 2008 to March 31, 2009)	Current Fiscal Year (From April 1, 2009 to March 31, 2010)

(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 next fiscal year 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 current fiscal year (business segment information) under the new business segments.

(¥ million)

	Toys and Hobby Business	Amusement Facility Business	Game Contents Business	Visual and Music Content Business	Other Businesses	Total	Eliminations and Corporate	Consolidated
I Net sales and operating income								
Net sales								
(1) To external customers	163,068	76,917	144,221	33,633	8,559	426,399	–	426,399
(2) Inter-segment sales and transfers	2,656	352	5,669	1,004	10,449	20,133	(20,133)	–
Total	165,725	77,269	149,891	34,638	19,009	446,533	(20,133)	426,399
Operating expenses	154,191	76,876	138,281	34,599	18,443	422,393	(18,341)	404,051
Operating income	11,533	393	11,609	38	565	24,140	(1,792)	22,348
II Assets, depreciation and amortization, impairment loss, and capital expenditure								
Assets	130,404	54,400	119,604	48,071	19,206	371,687	(8,242)	363,444
Depreciation and amortization	8,972	9,570	4,073	3,113	926	26,657	85	26,742
Impairment loss	63	776	–	13	77	930	22	953
Capital expenditure	6,723	6,712	2,609	885	385	17,316	164	17,481

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, etc.

(2) Amusement Facility Business: Operation of amusement facilities, etc.

(3) Game Contents Business: Home video game software, arcade game machines, mobile content, prizes for amusement machines, etc.

(4) Visual and Music Content Business: Visual content, visual package software, on demand visual distribution, etc.

(5) Other Businesses: Transportation and storage of products, leasing, management of real estate, printing, development and sales of environmental equipment, etc.

(Disclosure Omissions)

Disclosure of the following is omitted because the necessity of disclosure in this financial report is deemed immaterial: lease transactions, transactions with related parties, tax effect accounting; financial instruments, short-term investments, derivative transactions, retirement and severance benefits, stock options etc., and matters concerning business combinations etc.

5. Other

Changes in Directors and Corporate Auditors

(1) Change in Representative

No items to report

(2) Other Changes in Directors and Corporate Auditors (Effective June 21, 2010)

New candidates for Directors

Director	Yuji Asako (current position: Executive Officer, Division General Manager of Corporate Planning Division of the Company)
Director	Masahiro Tachibana (current position: Senior Executive Officer of the Company, President and Representative Director of NAMCO LIMITED)

Retiring Directors

Director	Jun Higashi
Director	Yusuke Fukuda

New candidate for Corporate Auditor

Corporate Auditor (Outside)	Katsuhiko Kohtari (current position: Full Time Corporate Auditor of Bandai Co., Ltd.)

Retiring Corporate Auditor

Corporate Auditor	Katsutoshi Hirasawa

(3) Responsible Area of Directors (Effective June 21, 2010)

Takeo Takasu	Chairman and Director
Shukuo Ishikawa	President and Representative Director
Shuji Ohtsu	Director in charge of Overseas Operations, Group Administrative Headquarters, and the Internal Auditing Division
Yuji Asako	Director in charge of Corporate Planning and Division General Manager of Corporate Planning Division
Kazunori Ueno	Director (Part-time) in charge of Toys and Hobby SBU
Masahiro Tachibana	Director (Part-time) in charge of Amusement Facility SBU
Masatake Yone	Director (Outside)
Kazuo Ichijo	Director (Outside)
Manabu Tazaki	Director (Outside)