NAMCO BANDAI Holdings Inc.

Consolidated Financial Report for

the Fiscal Year Ended March 31, 2012

May 8, 2012

NAMCO BANDAI Holdings Inc.

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

May 8, 2012

Consolidated Financial Report for the Fiscal Year Ended March 31, 2012 (Japanese GAAP)

Representative: Shukuo Ishikawa, President and Representative Director
Contact: Yuji Asako, Director, Division General Manager of the Corporate Planning Division
Date of Ordinary General Meeting of Shareholders: June 18, 2012
Scheduled starting date for dividend payments: June 19, 2012
Scheduled filing date of the annual security report: June 19, 2012
The additional materials of the Financial Results: Yes
The information session of the Financial Results: Yes (for institutional investors and analysts)

* Figures are in millions of yen, rounded down

1. Consolidated Results for the Fiscal Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Recurring income	
	¥ million	%	¥ million	%	¥ million	%
Fiscal Year Ended March 31, 2012	454,210	15.2	34,606	111.8	34,960	113.2
Fiscal Year Ended March 31, 2011	394,178	4.1	16,338	767.3	16,399	759.6

	Net income		Net income per share	Net income per share (diluted)
	¥ million	%	¥	¥
Fiscal Year Ended March 31, 2012	19,303	944.3	85.62	–
Fiscal Year Ended March 31, 2011	1,848	–	7.71	7.71

(Note)
Comprehensive income: 21,551 million yen [– %] (FY2012.3), (4,599) million yen [– %] (FY2011.3)

	ROE (Net income / Net assets)	ROA (Recurring income / Total assets)	Operating margin (Operating income / Net sales)
	%	%	%
Fiscal Year Ended March 31, 2012	9.1	10.7	7.6
Fiscal Year Ended March 31, 2011	0.8	5.2	4.1

(Reference)
Gain or loss from application of equity method: (246) million yen (FY2012.3), (8) million yen (FY2011.3)

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of March 31, 2012	342,171	213,125	61.8	962.45
As of March 31, 2011	308,269	213,693	68.8	896.83

(Reference)
Equity: 211,443 million yen (as of March 31, 2012), 212,102 million yen (as of March 31, 2011)

(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, 2012	39,112	(15,263)	(5,932)	107,327
Fiscal Year Ended March 31, 2011	22,561	(7,372)	(18,825)	89,329

2. Cash Dividends

	Annual cash dividends					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, 2011	–	12.00	–	12.00	24.00	5,738	311.3	2.6
Fiscal Year Ended March 31, 2012	–	12.00	–	14.00	26.00	5,783	30.4	2.8
Fiscal Year Ending March 31, 2013 (Projections)	–	12.00	–	12.00	24.00		30.1	

(Note) The stable portion of the cash dividends is given in the projections for the end of second quarter and the fiscal year-end for the Fiscal Year Ending March 31, 2013 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, 2013 (April 1, 2012 to March 31, 2013)

(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, 2012	200,000	3.0	13,500	(14.3)	13,500	(15.5)	7,500	(6.6)	34.14
Full Fiscal Year	440,000	(3.1)	30,000	(13.3)	30,000	(14.2)	17,500	(9.3)	79.66

* Notes

(1) Changes in Significant Subsidiaries during the Period (Changes in Specified Subsidiaries Resulting in the Change in Scope of Consolidation): No

(2) Changes in Accounting Policies, Changes in Accounting Estimation and Restatement

a. Changes in accounting policies due to revisions to accounting standards and other regulations: No

b. Changes in accounting policies due to revisions to other reasons: No

c. Changes in accounting estimation: No

d. Restatement: No

(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, 2012	222,000,000 shares
As of March 31, 2011	240,000,000 shares

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

As of March 31, 2012	2,308,176 shares
As of March 31, 2011	3,497,884 shares

c. Average number of shares during the period

For the Fiscal Year ended March 31, 2012	225,464,803 shares
For the Fiscal Year ended March 31, 2011	239,810,150 shares

(Note) Please refer to the section of "Per-Share Data" on page 28 for the number of shares used to calculate "Net income per share."

(Reference) Non-consolidated Information

1. Non-consolidated Results for the Fiscal Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(1) Non-consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating income		Recurring income	
	¥ million	%	¥ million	%	¥ million	%
Fiscal Year Ended March 31, 2012	12,417	120.3	9,834	238.9	9,684	242.8
Fiscal Year Ended March 31, 2011	5,635	(41.4)	2,902	(58.4)	2,825	(56.3)

	Net income		Net income per share	Net income per share (diluted)
	¥ million	%	¥	¥
Fiscal Year Ended March 31, 2012	(2,944)	–	(13.05)	–
Fiscal Year Ended March 31, 2011	1,435	(80.3)	5.98	5.98

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of March 31, 2012	336,430	224,451	66.7	1,021.13
As of March 31, 2011	329,240	247,143	75.1	1,044.50

(Reference)

Equity: 224,451 million yen (as of March 31, 2012), 247,143 million yen (as of March 31, 2011)

2. Non-consolidated Projections for the Fiscal Year Ending March 31, 2013 (April 1, 2012 to March 31, 2013)

(Percentages indicate year-on-year changes.)

	Operating revenue		Recurring income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥
Full Fiscal Year	18,000	45.0	13,800	42.5	14,200	–	64.60

* Implementation status of audit

This Consolidated Financial Report was exempt from audit which was based on Financial Instruments and Exchange Law of Japan. As of the fiscal year disclosing, audit for the financial statements are under way.

* Explanation on appropriate use of the projections of business results, etc.

1. Forward-looking statements in this document are based on management’s estimates, assumptions, projections and information available at the time of its publications. A number of factors could cause actual results to differ materially from expectations. Please refer to the section of “(1) Analysis on Results of Operations” of “1. Results of Operations” on pages 3-4 for matters pertaining to the earnings projections.
2. The additional materials of the Financial Results will be posted on the Company’s website.

Attached Material

Index

1. Results of Operations 2

(1) Analysis on Results of Operations 2

(2) Analysis of Financial Position 4

(3) Fundamental Policy on Profit Sharing 6

2. Management Policies 7

(1) Fundamental Management Policy 7

(2) Targets and Management Performance Indicators 7

(3) Medium- to Long-term Business Strategy 7

(4) Issues to be Addressed 9

3. Consolidated Financial Statements 11

(1) Consolidated Balance Sheets 11

(2) Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income 13

(Consolidated Statements of Operations) 13

(Consolidated Statements of Comprehensive Income) 14

(3) Consolidated Statements of Changes in Net Assets 15

(4) Consolidated Statements of Cash Flows 18

(5) Notes on Premise of Going Concern 20

(6) Important Information Constituting the Basis for Preparation of Consolidated Financial Statements 20

(7) Additional Information 21

(8) Notes to Consolidated Financial Statements 22

(Segment Information) 22

(Per-Share Data) 28

(Significant Subsequent Events) 29

4. Other 32

Changes in Directors and Corporate Auditors 32

1. Results of Operations

(1) Analysis on Results of Operations

a. Summary for the Period (April 1, 2011 to March 31, 2012)

In this fiscal year, harsh economic conditions continued, due to factors related to the Great East Japan Earthquake, such as the extensive damage it caused and electric power shortages, as well as other factors such as the depressed markets in North America and Europe and the rapid appreciation of the yen. As for the entertainment industry, weak individual consumption and other factors have added further uncertainty to the outlook.

In this environment, the BANDAI NAMCO Group ("the Group") pressed ahead with the development of its global management foundation, in the final fiscal year of the three-year Mid-term Plan that started in April 2009, and sought to realize medium- to long-term growth.

On the business front, long-established character toys and peripheral toy category products such as cards in the Toys and Hobby Business and arcade game machines, network content, and home video game software in the Content Business contributed to performance. In the Amusement Facility Business, existing-facility sales in Japan trended favorably.

Consequently, the Group's consolidated results at fiscal year-end were net sales of 454,210 million yen (year-on-year increase of 15.2%), operating income of 34,606 million yen (year-on-year increase of 111.8%), recurring income of 34,960 million yen (year-on-year increase of 113.2%), and net income of 19,303 million yen (year-on-year increase of 944.3%).

Operating results by segment are as follows.

Toys and Hobby Business

In the Toys and Hobby Business, domestically, products in the *KAMEN RIDER* series and the *Super Sentai* series (*POWER RANGERS* series) proved extremely popular as a result of product categories being developed in coordination with each other. Also contributing to this business's results was strong performance by card games, including digital card games such as *DRAGON BALL HEROES* and trading card games such as *Battle Spirits*. In new developments, *The Little Battlers* plastic models gained popularity, mainly among elementary-school-age boys, and highly collectable toys for adults also performed well.

Overseas, in the North American region, *Power Rangers SAMURAI* toys, the first new creation in the *Power Rangers* series in two years, proved popular, and sales in the Asian region, mainly of character products popular in Japan, trended favorably. In the European region, products were developed in new categories, including toys for girls and for pre-school-aged children, but performance did not reach the level of the previous fiscal year, when this business's solid performance centered mainly on popular character toys.

As a result, net sales in the Toys and Hobby Business were 177,994 million yen (year-on-year increase of 12.4%), and segment profit was 16,112 million yen (year-on-year increase of 16.7%).

Content Business

In the Content Business, in the arcade game machines area, in addition to the latest arcade game machines for popular series such as *Wangan Midnight Maximum Tune 4*, repeat sales of well-established prize machines and sales of prizes and the like contributed to performance. In home video game software, the popular title in North America and Europe was *DARK SOULS*, for PlayStation 3 and Xbox 360. Domestically, games such as *TALES OF XILLIA* and *ONE PIECE KAIZOKU MUSOU* for PlayStation 3 and *AKB1/48 Idol to Guam de Koishitara . . .* for PlayStation Portable proved highly popular. In addition, in the network content area, social games such as the *Mobile Suit Gundam* series and *ONE PIECE Grand Collection* performed extremely well. In the visual and music content areas, visual package software such as *Mobile Suit Gundam UC (Unicorn)* and *TIGER & BUNNY* also proved popular.

As a result, net sales in the Content Business were 225,503 million yen (year-on-year increase of 25.3%), and segment profit was 17,003 million yen (year-on-year increase of 449.9%).

Amusement Facility Business

In the Amusement Facility Business, domestically, differentiated facilities located in shopping centers that offer customers the opportunity to experience the distinctive worldview of specific characters were particularly popular. Within a market environment that is difficult to read, existing facilities performed favorably, with net sales rising to 100.1% of the result for the previous fiscal year. In addition, in implementing the plan to specialize in core businesses with the objective of increasing profitability, transfers of some businesses were carried out.

In the challenging market environment presented by countries outside Japan, sales declined in North America and Europe, but profits trended favorably, due to selection and concentration of stores.

As a result, net sales in the Amusement Facility Business were 61,032 million yen (year-on-year decrease of 2.1%), and segment profit was 2,380 million yen (year-on-year increase of 33.8%).

Number of Facilities as of March 31, 2012

Directly Managed Facilities	Revenue-Sharing Facilities	Others	Total
255	1,008	2	1,265

Other Businesses

Other Businesses consist of companies that conduct businesses such as logistics support, building management, and printing for each of the Group’s businesses. During this fiscal year, such businesses related to group support expanded, while efforts were also made to improve the efficiency of their operations.

As a result, net sales in the Other Businesses were 27,482 million yen (year-on-year increase of 48.5%), and segment profit was 2,050 million yen (year-on-year increase of 153.0%).

b. Outlook for the Fiscal Year Ending March 31, 2013

As for the future of the economy, a difficult business environment is expected to continue due to factors such as weak individual consumption in Japan, economic sluggishness in North America and Europe and the rise in the yen. Such factors are also expected to have an impact on the entertainment industry, in which the Group is extensively involved, resulting in ongoing uncertainty in this business environment.

Facing these circumstances, the Group started its three-year Mid-term Plan with the mid-term vision of “Empower, Gain Momentum, Accelerate Evolution” in April 2012, and under this Plan, it is pursuing initiatives to achieve growth.

Specifically, in the Toys and Hobby Business, our plan for the Japanese market is to strengthen development through coordinated movement of categories revolving around long-established character toys, such as the *KAMEN RIDER* series, *Super Sentai* series (*POWER RANGERS* series), and *PRETTY CURE!* series. In addition, while aiming for the position as the overwhelming No. 1 in Japan, we will introduce new products and services such as card games, plastic models for elementary school students, and products for adults in order to broaden the variety of customers targeted. Overseas, the

Group will strive to improve profitability by focusing on products of the mainstay content *Power Rangers* series by strengthening integrated brand management of North America and Europe. In the Asian region, the Group aims to achieve growth through developments in conjunction with Japan, focusing on plastic models and products for adults that are popular in Japan.

With respect to the Content Business, in arcade game machines, while strengthening development and sales of machines that provide new play experiences, we aim to achieve growth by establishing multiple sales channels and strengthening development aimed at the developing countries, particularly those in Asia. In home video game software, we aim to boost profitability by releasing franchise titles that are linked with arcade game machines and titles that match customer needs in a timely manner. Additionally, aiming to maximize the value of our content, we shall strengthen our social games by ensuring speedy provision of content and appropriate operation, and strengthen our sales of visual package software for the *Mobile Suit Gundam* series aimed at each generation, among other measures.

In the Amusement Facility Business, in Japan, we will continue to promote differentiated facilities that offer the experience of the Group’s distinctive worldview of specific characters, while developing facilities and services aimed at each target customer through reinforcement of our marketing by customer segment. Overseas, while striving to boost profitability by implementing various efficiency measures in North America and Europe, we will embark upon the development of facilities utilizing popular characters aimed at the Asian market.

In light of the above considerations, the consolidated projections of the fiscal year ending March 31, 2013 are as follows: net sales of 440,000 million yen (year-on-year decrease of 3.1%), operating income of 30,000 million yen (year-on-year decrease of 13.3%), recurring income of 30,000 million yen (year-on-year decrease of 14.2%), and net income of 17,500 million yen (year-on-year decrease of 9.3%).

(2) Analysis of Financial Position

a. Assets, Liabilities, and Net Assets

At the end of the fiscal year ended March 31, 2012, total assets stood at 342,171 million yen, an increase of 33,902 million yen from the end of the previous fiscal year. The main factors were increases of 18,832 million yen in cash and time deposits, 11,839 million yen in trade receivables, and 2,808 million yen in deferred tax assets due to accounting treatment that assumes the application of the consolidated taxation regime, while there was a decrease of 7,323 million yen in work in process.

Total liabilities amounted to 129,046 million yen, an increase of 34,470 million yen from the end of the previous fiscal year. The main factors of this increase were increases of 12,101 million yen in trade payables, 12,883 million yen in long-term borrowings accompanying new borrowings, and 3,344 million yen in short-term borrowings.

Total net assets stood at 213,125 million yen, a decrease of 567 million yen from the end of the previous fiscal year. The main factor was an increase of 16,565 million yen in treasury stock through the acquisition of the Company’s own shares by tender offer and on the market, while there were increases of 13,758 million yen in retained earnings thanks to the recording of net income through favorable consolidated results, and 2,419 million yen in unrealized gains or losses on other securities, net of tax. Moreover, additional paid-in capital and treasury stock each decreased by 17,677 million yen due to the retirement of treasury stock.

As a result, the equity ratio became 61.8% compared with 68.8% 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 increased by 17,997 million yen from the end of the previous fiscal year to 107,327 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 39,112 million yen (up 73.4% compared with the previous fiscal year). As a main breakdown of funds used, income taxes paid was 13,834 million yen (compared with 10,437 million yen in the previous fiscal year) and an increase in trade receivables was 12,667 million yen (compared with 8,155 million yen in the previous fiscal year). However, overall, there was a net increase in funds due to income before income taxes and minority interests of 30,408 million yen (compared with 11,460 million yen in the previous fiscal year), depreciation and amortization of 18,142 million yen (compared with 18,000 million yen in the previous fiscal year), and an increase in trade payables of 12,634 million yen (compared with 3,668 million yen in the previous fiscal year).

(Cash Flows from Investing Activities)

The amount of funds used in investing activities totaled 15,263 million yen (up 107.0% compared with the previous fiscal year). The main breakdown of funds used was purchases of property, plant and equipment and intangible assets totaling 14,529 million yen (compared with 9,312 million yen in the previous fiscal year).

(Cash Flows from Financing Activities)

The amount of funds used in financing activities amounted to 5,932 million yen (down 68.5% compared with the previous fiscal year). The main factors for funds used were purchase of treasury stock of 16,565 million yen (compared with 4,171 million yen in the previous fiscal year), cash dividends paid of 5,545 million yen (compared with 5,797 million yen in the previous fiscal year) and repayment of long-term borrowings of 5,166 million yen (compared with 8,657 million yen in the previous fiscal year), although there were proceeds from long-term borrowings of 20,050 million yen (not present in the previous fiscal year).

(Reference) Cash Flow Indices

	FY2008.3	FY2009.3	FY2010.3	FY2011.3	FY2012.3
Equity ratio (%)	69.4	70.9	69.5	68.8	61.8
Equity ratio (market capitalization basis) (%)	83.1	65.3	67.5	69.6	76.7
Cash flows to interest bearing debt ratio (%)	41.9	95.5	156.2	34.7	30.0
Interest coverage ratio (times)	199.6	113.0	32.9	42.0	338.4

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. The Company plans to add a performance-based dividend of 2 yen per share to the stable annual dividend of 24 yen per share, to pay 26 yen per share for the annual dividend for this fiscal year (year ended March 31, 2012). At present, the Company's annual dividend forecast for next fiscal year (year ending March 31, 2013) is the provision of the stable dividend 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. Based on this policy, during this fiscal year, the Company made an acquisition of treasury stock as outlined below.

Resolution made by the Board of Directors at the meeting held on February 25, 2011

a. Period of acquisition: From February 28, 2011 to December 31, 2011

(Actual period of acquisition: From April 19, 2011 to December 28, 2011)

b. Total number of shares acquired: 16,806,264 shares

c. Total amount for share acquisition: 16,561 million yen

2. Management Policies

(1) Fundamental Management Policy

The Group mission is to offer “Dreams, Fun and Inspiration,” to people throughout the world, through the products and services of the Group’s Toys and Hobby Business, Content Business and Amusement Facility Business, aiming at the vision of becoming “The Leading Innovator in Global Entertainment.” Under the three-year Mid-term Plan, which newly started in April 2012, the Group will “Empower, Gain Momentum, Accelerate Evolution” in every aspect of its businesses, including products, services, business models, operation, and numerical targets in order to achieve growth in the Japanese and overseas markets.

(2) Targets and Management Performance Indicators

The Group has adopted ROE (Return on Equity) as management performance indicators. Looking ahead, the Group shall strive to achieve consolidated ROE of 10% in the fiscal year ending March 31, 2015, the final year of the Mid-term Plan by aiming to further expand profits through execution of strategies under the Mid-term Plan, as well as by effectively utilizing stockholders’ equity.

(3) Medium- to Long-term Business Strategy

Under the three-year Mid-term Plan, which started in April 2012, we will promote five Focus Strategies. These consist of three Business Area Strategies, which will be applied to each business (strategic business unit (“SBU”)), and two Functional Strategies, which will be applied commonly across all businesses.

Business Area Strategies

Under the Mid-term Plan, we will classify the Group’s businesses into three areas and implement strategies for each of them.

a. Basic Business Area

Because each of the businesses in Japan has already secured stable market share and profit, these businesses have been classified as the Basic Business Area. The Group will aim to achieve No.1 position in each of these businesses by executing strategies aimed at profit growth.

b. Profit Recovering Area

Although currently facing various challenges, the businesses in North America and Europe have high future growth potential. The Group has classified these businesses as the Profit Recovering Area and aims to build a solid profit base for this area.

c. New Growth Area

The businesses in the Asian region have been classified as the New Growth Area, and the Group aims to foster and grow these businesses as a new growth pillar of the Group. An Asia Strategy Meeting was newly established in April 2012 to examine and promote Group strategies that will be commonly implemented by each SBU.

Functional Strategies

Included in the strategies to be commonly implemented by each SBU will be the Group-wide Network Strategy, which is aimed at constructing new business models which are unique to the Group, and the Human Resources Strategy, aimed at developing the personnel who can work successfully at a global level.

a. Group-wide Network Strategy

By assigning a single ID to the users of our various websites and network services that the Group are developing and expanding, we aim to interlink our existing media and services and promote horizontal integration between business and IP (contents). We will use this single ID as a marketing tool to send information directly to users.

b. Human Resources Strategy

We will be promoting our hiring and training of valuable personnel from a medium-term perspective by hiring more new graduates on a global basis and by implementing strategic personnel transfers across different businesses and regions. We will also promote employees based overseas more actively and offer training programs that take into account the Group's global development.

Strategies by Business

Focus strategies in each SBU to advance the Group's Business Area Strategies are as follows.

a. Toys and Hobby SBU

Focus Strategies

• Carry out integrated brand management of the U.S. and Europe
• Conduct Japan-originated business activities simultaneously in Asia
• Become overwhelming No. 1 in Japan
• Enhance competitiveness through value chain reform

b. Content SBU

Focus Strategies

• Reconstruct existing business: Strategy of achieving No. 1 share
• Maximize business integration using IP as an axis
• Form a network strategy scheme

c. Amusement Facility SBU

Focus Strategies

• Advance marketing by customer segment
• Establish chain store management
• Develop models to utilize IP at facilities
• Explore overseas markets

(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. The Group is applying the focus strategies defined in its Mid-term Plan to address these issues swiftly.

a. Common Issues Faced by All SBUs

Efforts Toward Maximizing the Value of Content

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 Content Business Strategy Meeting, which crosscuts the entire Group, seeks to maximize the value of each content asset and aims for more vigorous creation and acquisition of new content.

Efforts Toward CSR (Corporate Social Responsibility)

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 crosscut the entire Group and include three types of responsibilities: environmental and social contribution responsibilities, economic responsibilities, and legal and ethical responsibilities. In accordance with these fundamental principles, the Group CSR Committee and its sub-committee, the Group CSR Subcommittee, as well as the Group Risk Compliance Committee, the Group Information Security Committee, and the Internal Control Committee hold meetings and have been striving to implement a range of measures.

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 position as the overwhelming No. 1 in Japan, working at expanding its target population segment and creating new businesses, while reinforcing its coordinated deployment of content popular in Japan in the rest of Asia. In the North American and European markets, in addition to improving profitability by reinforcing its existing businesses, it is working to expand its content lineup, business categories, and regions in which it is operating, with a view to achieving mid-term growth. In addition, on the development and production side, improvements in the value chain will enable more speedy and price-competitive product development.

Content SBU

This unit’s industry is facing issues that include “evolution of platforms and networks” and “increasingly diverse customer needs.” The Group will review development based on its existing business categories and promote business strategies revolving around content, thereby achieving speedy response to changing customer needs throughout the world while maximizing the value of its content. Specifically, it will aim to secure the No. 1 position in each of its main business categories, domestically. Overseas, it will reinforce deployment of its arcade game machines in developing countries, mainly in Asia, will carry out the world-wide launch of carefully-selected home video game software titles developed domestically, and will seek to improve profitability. On the development front, NAMCO BANDAI Studios Inc., a development company spun off in April, 2012, from NAMCO BANDAI Games Inc., the core company in this SBU, will work to enhance the level of game development while promoting speedier and more efficient development.

Amusement Facility SBU

“Increasingly diverse consumer preferences,” “weak individual consumption,” and “revision of consumption tax rate” are among the issues for this unit’s industry. To address these issues, this unit will reinforce its domestic sales by customer segment, using added value created by making use of its know-how in character merchandising, and working to differentiate the Group’s facilities. Overseas, it will promote development of character facilities for elsewhere in Asia and will implement a continuous process of selection and concentration of businesses in North America and Europe.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(¥ million)

	Prior Fiscal Year (As of March 31, 2011)	Current Fiscal Year (As of March 31, 2012)
Assets		
Current assets		
Cash and time deposits	88,126	106,958
Trade receivables	57,262	69,102
Finished goods and merchandise	10,553	12,907
Work in process	26,741	19,417
Raw materials and supplies	4,406	4,714
Deferred tax assets	6,591	8,733
Other current assets	18,072	19,763
Allowance for doubtful receivables	(820)	(677)
Total current assets	210,934	240,920
Fixed assets		
Property, plant and equipment		
Buildings and structures	24,160	25,252
Accumulated depreciation	(14,611)	(14,923)
Buildings and structures, net	9,548	10,328
Amusement facilities and machines	61,617	60,592
Accumulated depreciation	(47,557)	(47,034)
Amusement facilities and machines, net	14,059	13,558
Land	10,785	11,388
Other property, plant and equipment	68,422	74,870
Accumulated depreciation	(60,225)	(65,646)
Other property, plant and equipment, net	8,197	9,224
Total property, plant and equipment	42,591	44,500
Intangible assets		
Total intangible assets	8,536	8,194
Investments and other assets		
Investment securities	21,169	22,177
Deferred tax assets	5,759	6,426
Other investments and assets	21,181	21,663
Allowance for doubtful receivables	(1,905)	(1,711)
Total investments and other assets	46,206	48,556
Total fixed assets	97,334	101,251
Total assets	308,269	342,171

(¥ million)

	Prior Fiscal Year (As of March 31, 2011)	Current Fiscal Year (As of March 31, 2012)
Liabilities		
Current liabilities		
Trade payables	36,641	48,742
Short-term borrowings	3,428	6,773
Accounts payable-other	20,470	19,191
Accrued income taxes	7,979	9,360
Provision for directors’ bonuses	878	1,693
Provision for losses from business restructuring	42	58
Provision for sales returns	1,505	1,169
Provision for loss on disaster	165	7
Other current liabilities	14,994	20,950
Total current liabilities	86,105	107,946
Long-term liabilities		
Long-term borrowings	—	12,883
Deferred tax liabilities for land revaluation	673	590
Provision for directors’ bonuses	237	—
Accrued retirement and severance benefits	2,763	3,140
Other long-term liabilities	4,795	4,485
Total long-term liabilities	8,470	21,099
Total liabilities	94,576	129,046
Net assets		
Stockholders’ equity		
Common stock	10,000	10,000
Additional paid-in capital	69,923	52,245
Retained earnings	159,491	173,250
Treasury stock	(3,496)	(2,383)
Total stockholders’ equity	235,919	233,112
Accumulated other comprehensive income		
Unrealized gains or losses on other securities, net of tax	447	2,867
Deferred gains or losses on hedges, net of tax	3	229
Land revaluation, net of tax	(6,491)	(6,408)
Foreign currency translation adjustments	(17,775)	(18,357)
Total accumulated other comprehensive income	(23,816)	(21,669)
Minority interests	1,590	1,682
Total net assets	213,693	213,125
Total liabilities and net assets	308,269	342,171

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

(Consolidated Statements of Operations)

(¥ million)

	Prior Fiscal Year (From April 1, 2010 to March 31, 2011)	Current Fiscal Year (From April 1, 2011 to March 31, 2012)
Net sales	394,178	454,210
Cost of sales	254,763	286,708
Gross profit	139,414	167,502
Selling, general and administrative expenses	123,076	132,896
Operating income	16,338	34,606
Non-operating income		
Interest income	170	214
Dividend income	218	235
Reversal of allowance for doubtful receivables	–	256
Other non-operating income	481	515
Total non-operating income	870	1,222
Non-operating expenses		
Interest expense	142	137
Foreign exchange loss	487	162
Equity in loss of affiliated companies	8	246
Commission for purchase of treasury stock	6	125
Other non-operating expenses	163	196
Total non-operating expenses	809	869
Recurring income	16,399	34,960
Extraordinary income		
Gain on sales of fixed assets	247	22
Gain on sales of investment securities, net	252	56
Gain on sales of investments in affiliated companies	197	84
Gain on transfer of business	405	53
Reversal of allowance for doubtful receivables	331	–
Reversal of provision for loss on disaster	–	49
Gain on reversal of stock acquisition rights	715	–
Other extraordinary income	207	31
Total extraordinary income	2,356	297
Extraordinary loss		
Loss on sales of fixed assets	4	9
Loss on disposal of fixed assets	564	937
Loss on impairment of fixed assets	996	1,105
Loss on valuation of investment securities	2,059	1,325
Special retirement expenses	848	541
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,205	–
Other extraordinary loss	1,615	928
Total extraordinary loss	7,295	4,848
Income before income taxes and minority interests	11,460	30,408
Corporate income, inhabitant and enterprise taxes	10,946	15,583
Adjustment for income taxes	(1,474)	(4,634)
Total income taxes	9,471	10,949
Income before minority interests	1,988	19,459
Minority interests	140	155
Net income	1,848	19,303

(Consolidated Statements of Comprehensive Income)

(¥ million)

	Prior Fiscal Year (From April 1, 2010 to March 31, 2011)	Current Fiscal Year (From April 1, 2011 to March 31, 2012)
Income before minority interests	1,988	19,459
Other comprehensive income		
Unrealized gains or losses on other securities, net of tax	465	2,452
Deferred gains or losses on hedges, net of tax	(76)	226
Land revaluation, net of tax	–	82
Foreign currency translation adjustments	(6,928)	(636)
Share of other comprehensive income of associates accounted for using equity method	(49)	(32)
Total other comprehensive income	(6,588)	2,092
Comprehensive income	(4,599)	21,551
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(4,675)	21,451
Comprehensive income attributable to minority interests	75	100

(3) Consolidated Statements of Changes in Net Assets

(¥ million)

	Prior Fiscal Year (From April 1, 2010 to March 31, 2011)	Current Fiscal Year (From April 1, 2011 to March 31, 2012)
Stockholders’ equity		
Common stock		
Balance as of April 1, 2011	10,000	10,000
Changes during the period		
Total changes during the period	–	–
Balance as of March 31, 2012	10,000	10,000
Additional paid-in capital		
Balance as of April 1, 2011	79,960	69,923
Changes during the period		
Disposal of treasury stock	41	0
Retirement of treasury stock	(10,077)	(17,677)
Total changes during the period	(10,036)	(17,677)
Balance as of March 31, 2012	69,923	52,245
Retained earnings		
Balance as of April 1, 2011	163,454	159,491
Changes during the period		
Cash dividends	(5,797)	(5,545)
Net income	1,848	19,303
Change in scope of consolidation	(13)	–
Total changes during the period	(3,962)	13,758
Balance as of March 31, 2012	159,491	173,250
Treasury stock		
Balance as of April 1, 2011	(9,455)	(3,496)
Changes during the period		
Purchase of treasury stock	(4,171)	(16,565)
Disposal of treasury stock	54	0
Retirement of treasury stock	10,077	17,677
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied	(1)	(0)
Total changes during the period	5,959	1,112
Balance as of March 31, 2012	(3,496)	(2,383)

(¥ million)

	Prior Fiscal Year (From April 1, 2010 to March 31, 2011)	Current Fiscal Year (From April 1, 2011 to March 31, 2012)
Total stockholders' equity		
Balance as of April 1, 2011	243,958	235,919
Changes during the period		
Cash dividends	(5,797)	(5,545)
Net income	1,848	19,303
Purchase of treasury stock	(4,171)	(16,565)
Disposal of treasury stock	95	0
Retirement of treasury stock	–	–
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied	(1)	(0)
Change in scope of consolidation	(13)	–
Total changes during the period	(8,039)	(2,807)
Balance as of March 31, 2012	235,919	233,112
Accumulated other comprehensive income		
Unrealized gains or losses on other securities, net of tax		
Balance as of April 1, 2011	19	447
Changes during the period		
Net changes in the period other than changes in stockholders' equity	428	2,419
Total changes during the period	428	2,419
Balance as of March 31, 2012	447	2,867
Deferred gains or losses on hedges, net of tax		
Balance as of April 1, 2011	79	3
Changes during the period		
Net changes in the period other than changes in stockholders' equity	(76)	226
Total changes during the period	(76)	226
Balance as of March 31, 2012	3	229
Land revaluation, net of tax		
Balance as of April 1, 2011	(6,491)	(6,491)
Changes during the period		
Net changes in the period other than changes in stockholders' equity	–	82
Total changes during the period	–	82
Balance as of March 31, 2012	(6,491)	(6,408)
Foreign currency translation adjustments		
Balance as of April 1, 2011	(10,900)	(17,775)
Changes during the period		
Net changes in the period other than changes in stockholders' equity	(6,875)	(581)
Total changes during the period	(6,875)	(581)
Balance as of March 31, 2012	(17,775)	(18,357)

(¥ million)

	Prior Fiscal Year (From April 1, 2010 to March 31, 2011)	Current Fiscal Year (From April 1, 2011 to March 31, 2012)
Total accumulated other comprehensive income		
Balance as of April 1, 2011	(17,292)	(23,816)
Changes during the period		
Net changes in the period other than changes in stockholders’ equity	(6,524)	2,147
Total changes during the period	(6,524)	2,147
Balance as of March 31, 2012	(23,816)	(21,669)
Stock acquisition rights		
Balance as of April 1, 2011	810	–
Changes during the period		
Net changes in the period other than changes in stockholders’ equity	(810)	–
Total changes during the period	(810)	–
Balance as of March 31, 2012	–	–
Minority interests		
Balance as of April 1, 2011	1,535	1,590
Changes during the period		
Net changes in the period other than changes in stockholders’ equity	54	91
Total changes during the period	54	91
Balance as of March 31, 2012	1,590	1,682
Total net assets		
Balance as of April 1, 2011	229,012	213,693
Changes during the period		
Cash dividends	(5,797)	(5,545)
Net income	1,848	19,303
Purchase of treasury stock	(4,171)	(16,565)
Disposal of treasury stock	95	0
Retirement of treasury stock	–	–
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied	(1)	(0)
Change in scope of consolidation	(13)	–
Net changes in the period other than changes in stockholders’ equity	(7,279)	2,239
Total changes during the period	(15,318)	(567)
Balance as of March 31, 2012	213,693	213,125

(4) Consolidated Statements of Cash Flows

(¥ million)

	Prior Fiscal Year (From April 1, 2010 to March 31, 2011)	Current Fiscal Year (From April 1, 2011 to March 31, 2012)
Cash flows from operating activities		
Income before income taxes and minority interests	11,460	30,408
Depreciation and amortization	18,000	18,142
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,205	–
Loss on impairment of fixed assets	996	1,105
Amortization of goodwill	2,106	369
Increase (decrease) in allowance for doubtful receivables	(83)	(317)
Increase (decrease) in provision for losses from business restructuring	(708)	18
Increase (decrease) in provision for sales returns	(363)	(266)
Increase (decrease) in provision for directors' bonuses	584	578
Increase (decrease) in accrued retirement and severance benefits	373	380
Increase (decrease) in provision for loss on disaster	165	(157)
Interest and dividend income	(388)	(450)
Interest expense	142	137
Foreign exchange loss (gain)	343	81
Equity in loss (gain) of affiliated companies	8	246
Loss on disposal of fixed assets	564	937
Loss (gain) on sales of fixed assets, net	(241)	(12)
Loss on disposal of amusement facilities and machines	425	434
Loss (gain) on sales of investment securities, net	(443)	(81)
Loss (gain) on valuation of investment securities	2,102	1,405
Loss (gain) on transfer of business	(405)	(53)
Decrease (increase) in trade receivables	(8,155)	(12,667)
Decrease (increase) in inventories	(1,849)	4,081
Acquisition of amusement facilities and machines	(4,126)	(2,925)
Increase (decrease) in trade payables	3,668	12,634
Increase (decrease) in accounts payable-other	7,635	(1,434)
Increase (decrease) in consumption tax payables	675	680
Other	(538)	(684)
Subtotal	33,157	52,592
Interest and dividends received	379	468
Interest paid	(536)	(115)
Income taxes paid	(10,437)	(13,834)
Net cash provided by operating activities	22,561	39,112

(¥ million)

	Prior Fiscal Year (From April 1, 2010 to March 31, 2011)	Current Fiscal Year (From April 1, 2011 to March 31, 2012)
Cash flows from investing activities		
Payments for deposit in time deposits	(984)	(1,582)
Proceeds from withdrawal from time deposits	275	1,498
Purchases of property, plant and equipment	(6,642)	(9,882)
Sales of property, plant and equipment	1,110	33
Purchases of intangible assets	(2,670)	(4,647)
Purchases of investment securities	(92)	(239)
Sales of investment securities	604	336
Proceeds from redemption of investment securities	–	24
Payments for investments in capital of affiliated companies	–	(1,235)
Sales of subsidiary shares affecting the scope of consolidation	8	–
Proceeds from transfer of business	405	100
Payments of loans receivable	(1,372)	(544)
Collection of loans receivable	1,160	435
Payments of guarantee money deposited	(370)	(393)
Collection of guarantee money deposited	1,221	900
Other	(26)	(68)
Net cash used in investing activities	(7,372)	(15,263)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings, net	(105)	1,382
Proceeds from long-term borrowings	–	20,050
Repayment of long-term borrowings	(8,657)	(5,166)
Payment of lease obligations	(73)	(77)
Purchase of treasury stock	(4,171)	(16,565)
Proceeds from disposal of treasury stock	0	0
Cash dividends paid	(5,797)	(5,545)
Proceeds from capital paid by minority interests	–	25
Cash dividends paid to minority interests	(21)	(35)
Net cash used in financing activities	(18,825)	(5,932)
Effect of exchange rate changes on cash and cash equivalents	(4,837)	81
Net increase (decrease) in cash and cash equivalents	(8,474)	17,997
Cash and cash equivalents at beginning of year	97,776	89,329
Increase in cash and cash equivalents due to consolidation of additional subsidiaries	27	–
Cash and cash equivalents at end of year	89,329	107,327

(5) Notes on Premise of Going Concern

Not applicable.

(6) Important Information Constituting the Basis for Preparation of Consolidated Financial Statements

1. Information Concerning the Scope of Consolidation

(1) Total Number of Consolidated Subsidiaries:

Prior Fiscal Year: 77 companies

Current Fiscal Year: 72 companies

Names of Principal Consolidated Subsidiaries:

Bandai Co., Ltd., NAMCO BANDAI Games Inc., NAMCO LIMITED, NAMCO BANDAI Holdings (USA) Inc., BANDAI S.A., NAMCO Holdings UK LTD. and BANDAI (H.K.) CO., LTD.

Among the above, since I WILL Co., Ltd., and BNDeNA inc. were newly incorporated in this consolidated fiscal year, those companies have been added to the scope of consolidation.

With respect to companies included among consolidated subsidiaries in the previous consolidated fiscal year, since D3DB S.r.l., BEC Co., Ltd. and D3Publisher of Europe Ltd., were liquidated, those companies were excluded from the scope of consolidation.

In addition, since CREATIVE B WORKS CO., LTD., NAMCO NETWORKS AMERICA INC., EMOTION CO., LTD., and NAMCO TALES STUDIO LTD., were merged into consolidated subsidiaries, those companies were excluded from the scope of consolidation.

(2) Names etc. of the Principal Non-Consolidated Subsidiaries:

Principal Non-Consolidated Subsidiaries:

SHANGHAI NAMCO LTD. and BANDAI LOGIPAL (H.K.) LTD.

As the scale of the business conducted by each of the non-consolidated subsidiaries is small, and the 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, they were excluded from the scope of consolidation.

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:

SHANGHAI NAMCO LTD., Happinet Corporation, Sotsu Co., Ltd. and People Co., Ltd.

(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 those companies from the application of the equity method would have little, and no material impact on the consolidated financial statements of the Company and it seemed unimportant as a whole in consideration of net income or loss and retained earnings, etc. corresponding to the Company's equity share in it.

(3) If any of the companies to which the equity method is applied has a closing date that differs from the consolidated closing date, then the financial statements for the relevant fiscal year of that company are used.

3. Information Concerning the Fiscal Year, etc. for Consolidated Subsidiaries

NAMCO BANDAI Holdings (USA) Inc. and some other consolidated subsidiaries (one domestic and 17 overseas subsidiaries) have the last day of December as their 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.

The closing date has been changed to March 31 from this consolidated fiscal year on for BANDAI S.A. and five other companies whose closing date had been December 31, for ARTPRESTO Co., Ltd., whose closing date had been January 31, and for Sunrise Inc. and five other companies whose closing date had been the last day of February. In connection with those changes, the number of months included in this consolidated fiscal year for each of those companies is 15, 14, and 13 months, respectively.

Apart from the information contained above, other important information constituting the basis for preparation of consolidated financial statements has been omitted as no significant changes have occurred since this information was presented in the most recent annual security report (filed on June 21, 2011).

(7) Additional Information

(Application of accounting standards, etc., concerning accounting changes or error corrections)

Any accounting changes and corrections of past errors made after the beginning of this consolidated fiscal year are subject to the "Accounting Standard for Accounting Changes and Error Corrections" (Accounting Standards Board of Japan Statement No. 24, issued on December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (Accounting Standards Board of Japan Guidance No. 24, issued on December 4, 2009).

(Application of a consolidated taxation regime)

As the Company and some of its consolidated subsidiaries have applied for approval of the use of a consolidated taxation regime in which the Company is the consolidated parent corporation in this consolidated fiscal year and the consolidated taxation regime will be applied from the next consolidated fiscal year, accounting, from this consolidated fiscal year, has been carried out on the assumption of the application of the consolidated taxation regime, based on the "Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)" (Accounting Standards Board of Japan PITF No. 5, issued on March 18, 2011) and "Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)" (Accounting Standards Board of Japan PITF No. 7, issued on June 30, 2010).

(8) Notes to Consolidated Financial Statements

(Segment Information)

a. Segment Information

1. Overview of reportable segments

The reportable segments of the Company are components of the Group whose separate financial information is available. These segments are periodically evaluated by the Board of Directors in deciding how to allocate management resources and in assessing the performance.

The Group is made up of (1) three strategic business units, one for each business domain, namely the Toys and Hobby SBU, the Content SBU, and the Amusement Facility SBU, and (2) the affiliated business companies that mainly serve a supporting role for these strategic business units. The major company of each strategic business unit leads the planning and promotion of the business strategies of the strategic business unit for Japan and overseas.

Accordingly, the Group has the following three reportable segments: Toys and Hobby Business, Content Business, and Amusement Facility Business.

The Toys and Hobby Business conducts manufacturing and sales of toys, candy toys and production for vending machines. The Content Business conducts manufacturing and sales of arcade game machines, and production and sales of home video game software and video related products. The Amusement Facility Business conducts the operation of amusement facilities.

2. Method for calculating the amounts of net sales, income/loss, assets, liabilities and others by reportable segment

The accounting method used for the business segments reported is the same as the accounting method stated in "Important Information Constituting the Basis for Preparation of Consolidated Financial Statements."

The income of reportable segments is measured by operating income.

The inter-segment transactions are based on prevailing market prices.

3. Information regarding the amounts of net sales, income/loss, assets, liabilities and others by reportable segment

Prior Fiscal Year (From April 1, 2010 to March 31, 2011)

(¥ million)

	Reportable Segments				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated Total (Note 3)
	Toys and Hobby Business	Content Business	Amusement Facility Business	Subtotal				
Net sales								
To external customers	154,706	170,653	62,268	387,627	6,550	394,178	–	394,178
Inter-segment sales and transfers	3,667	9,263	69	13,001	11,952	24,953	(24,953)	–
Total	158,374	179,917	62,337	400,629	18,503	419,132	(24,953)	394,178
Segment income	13,812	3,092	1,778	18,684	810	19,494	(3,156)	16,338
Segment assets	99,385	119,044	34,153	252,583	17,979	270,563	37,705	308,269
Others								
Depreciation and amortization	9,475	2,434	6,183	18,094	470	18,565	(564)	18,000
Amortization of goodwill	2	1,792	147	1,943	–	1,943	281	2,224
Impairment loss	324	83	587	995	1	996	–	996
Investment in associates accounted for using equity method	1,097	–	137	1,235	7,343	8,578	–	8,578
Increase in property, plant and equipment and intangible assets	7,075	1,688	4,185	12,948	220	13,168	270	13,438

Notes:
1. The “Other” category is a business segment not included in reportable segments under which operations such as logistics services and building management for each of the Group’s strategic business units are classified.
2. The details of adjustment amounts are as follows:
   (1) Included in the 3,156 million yen deducted from segment income as adjustment are a deduction of 254 million yen in inter-segment eliminations, and a deduction of 2,901 million yen in corporate expenses that cannot be allocated to any reportable segment. The corporate expenses are mainly costs related to the administration division that has not been attributed to a reportable segment.
   (2) Included in the 37,705 million yen added to segment assets as adjustment are a deduction of 7,327 million yen in inter-segment eliminations, and an addition of 45,033 million yen in corporate assets that cannot be allocated to any reportable segment. The corporate assets are mainly cash and time deposits, investment securities, and assets etc. related to the administration division that has not been attributed to a reportable segment.
   (3) Included in the 564 million yen deducted from depreciation and amortization as adjustment are a deduction of 811 million yen in inter-segment eliminations, and an addition of 246 million yen in depreciation and amortization related to the administration division that has not been attributed to a reportable segment.
   (4) Included in the 281 million yen added to amortization of goodwill as adjustment is amortization related to goodwill that cannot be allocated to any reportable segment.
   (5) Included in the 270 million yen added to increase in property, plant and equipment and intangible assets as adjustment is the amount of corporate assets that cannot be allocated to any reportable segment.
3. Segment income is adjusted with operating income in the consolidated statements of operations.

Current Fiscal Year (From April 1, 2011 to March 31, 2012)

(¥ million)

	Reportable Segments				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated Total (Note 3)
	Toys and Hobby Business	Content Business	Amusement Facility Business	Subtotal				
Net sales								
To external customers	172,151	211,568	60,888	444,607	9,603	454,210	–	454,210
Inter-segment sales and transfers	5,842	13,935	144	19,922	17,879	37,801	(37,801)	–
Total	177,994	225,503	61,032	464,530	27,482	492,012	(37,801)	454,210
Segment income	16,112	17,003	2,380	35,497	2,050	37,547	(2,941)	34,606
Segment assets	95,180	140,901	35,157	271,239	20,359	291,598	50,572	342,171
Others								
Depreciation and amortization	11,125	2,469	5,544	19,139	486	19,626	(1,483)	18,142
Amortization of goodwill	–	228	0	229	–	229	142	372
Impairment loss	379	310	398	1,088	16	1,105	–	1,105
Investment in associates accounted for using equity method	491	–	125	617	7,512	8,129	–	8,129
Increase in property, plant and equipment and intangible assets	10,147	2,535	3,017	15,700	537	16,238	1,217	17,455

Notes: 1. The “Other” category is a business segment not included in reportable segments under which operations such as logistics services and building management for each of the Group’s strategic business units are classified.

2. The details of adjustment amounts are as follows:

(1) Included in the 2,941 million yen deducted from segment income as adjustment are a deduction of 149 million yen in inter-segment eliminations, and a deduction of 2,792 million yen in corporate expenses that cannot be allocated to any reportable segment. The corporate expenses are mainly costs related to the administration division that has not been attributed to a reportable segment.

(2) Included in the 50,572 million yen added to segment assets as adjustment are a deduction of 11,714 million yen in inter-segment eliminations, and an addition of 62,287 million yen in corporate assets that cannot be allocated to any reportable segment. The corporate assets are mainly cash and time deposits, investment securities, and assets etc. related to the administration division that has not been attributed to a reportable segment.

(3) Included in the 1,483 million yen deducted from depreciation and amortization as adjustment are a deduction of 1,697 million yen in inter-segment eliminations, and an addition of 213 million yen in depreciation and amortization related to the administration division that has not been attributed to a reportable segment.

(4) Included in the 142 million yen added to amortization of goodwill as adjustment is amortization related to goodwill that cannot be allocated to any reportable segment.

(5) Included in the 1,217 million yen added to increase in property, plant and equipment and intangible assets as adjustment is the amount of corporate assets that cannot be allocated to any reportable segment.

3. Segment income is adjusted with operating income in the consolidated statements of operations.

b. Related Information

Prior Fiscal Year (From April 1, 2010 to March 31, 2011)

1. Information by product and service

This information is omitted because the same information has been presented in Segment Information.

2. Information by region

(1) Net sales

(¥ million)

Japan	Americas	Europe	Asia	Total
307,660	29,690	37,274	19,553	394,178

Note: Net sales are classified by country and region based on customer location.

(2) Property, plant and equipment

(¥ million)

Japan	Americas	Europe	Asia	Total
37,244	1,673	1,953	1,719	42,591

3. Information by major customer

(¥ million)

Name of customer	Net sales	Names of related segments
Happinet Corporation	43,046	Toys and Hobby Business and Content Business

Current Fiscal Year (From April 1, 2011 to March 31, 2012)

1. Information by product and service

This information is omitted because the same information has been presented in Segment Information.

2. Information by region

(1) Net sales

(¥ million)

Japan	Americas	Europe	Asia	Total
372,617	26,541	33,678	21,373	454,210

Note: Net sales are classified by country and region based on customer location.

(2) Property, plant and equipment

(¥ million)

Japan	Americas	Europe	Asia	Total
37,671	1,590	1,589	3,649	44,500

3. Information by major customer

(¥ million)

Name of customer	Net sales	Names of related segments
Happinet Corporation	47,521	Toys and Hobby Business and Content Business

c. Information Regarding Loss on Impairment of Fixed Assets by Reportable Segment

Prior Fiscal Year (From April 1, 2010 to March 31, 2011)

(¥ million)

	Toys and Hobby Business	Content Business	Amusement Facility Business	Other (Note)	Eliminations and Corporate	Total
Loss on impairment of fixed assets	324	83	587	1	–	996

Note: The amount of "Other" is the amount belonging to the logistics services for each of the Group's strategic business units.

Current Fiscal Year (From April 1, 2011 to March 31, 2012)

(¥ million)

	Toys and Hobby Business	Content Business	Amusement Facility Business	Other (Note)	Eliminations and Corporate	Total
Loss on impairment of fixed assets	379	310	398	16	–	1,105

Note: The amount of "Other" is the amount belonging to the logistics services for each of the Group's strategic business units.

d. Information Regarding Amortized Amounts and Unamortized Balance of Goodwill by Reportable Segment

Prior Fiscal Year (From April 1, 2010 to March 31, 2011)

(¥ million)

	Toys and Hobby Business	Content Business	Amusement Facility Business	Other	Eliminations and Corporate (Note)	Total
Amortized amount	2	1,792	147	–	281	2,224
Unamortized balance	–	384	0	–	341	726

Note: The amount of "Eliminations and Corporate" is the amount for investment securities etc. that were transferred from domestic consolidated subsidiaries to the Company as a result of business combinations.

Note that the amortized amounts and unamortized balance of negative goodwill that were recognized as a result of business combinations conducted before April 1, 2010 are as follows.

(¥ million)

	Toys and Hobby Business	Content Business	Amusement Facility Business	Other (Note)	Eliminations and Corporate	Total
Amortized amount	–	4	–	114	–	118
Unamortized balance	–	9	–	–	–	9

Note: The amount of "Other" is the amount belonging to the logistics services for each of the Group's strategic business units.

Current Fiscal Year (From April 1, 2011 to March 31, 2012)

(¥ million)

	Toys and Hobby Business	Content Business	Amusement Facility Business	Other	Eliminations and Corporate (Note)	Total
Amortized amount	–	228	0	–	142	372
Unamortized balance	–	155	–	–	198	354

Note: The amount of "Eliminations and Corporate" is the amount for investment securities etc. that were transferred from domestic consolidated subsidiaries to the Company as a result of business combinations.

Note that the amortized amounts and unamortized balance of negative goodwill that were recognized as a result of business combinations conducted before April 1, 2011 are as follows.

(¥ million)

	Toys and Hobby Business	Content Business	Amusement Facility Business	Other	Eliminations and Corporate	Total
Amortized amount	–	3	–	–	–	3
Unamortized balance	–	5	–	–	–	5

e. Information Regarding Gain on Negative Goodwill by Reportable Segment

Prior Fiscal Year (From April 1, 2010 to March 31, 2011)

Not applicable.

Current Fiscal Year (From April 1, 2011 to March 31, 2012)

Not applicable.

(Per-Share Data)

	Prior Fiscal Year (From April 1, 2010 to March 31, 2011)	Current Fiscal Year (From April 1, 2011 to March 31, 2012)
Net assets per share	896.83 yen	962.45 yen
Net income per share	7.71 yen	85.62 yen
Diluted net income per share	7.71 yen	–

Notes: 1. Diluted net income per share for the current fiscal year is not presented because there are no potential shares.
2. The basis of calculating net income per share figure and the diluted net income per share figure is as follows:

	Prior Fiscal Year (From April 1, 2010 to March 31, 2011)	Current Fiscal Year (From April 1, 2011 to March 31, 2012)
Net income per share		
Net income (¥ million)	1,848	19,303
Amount not applicable to common stockholders (¥ million)	–	–
Net income available to common stock (¥ million)	1,848	19,303
Average number of common stock outstanding (shares)	239,810,150	225,464,803
Diluted net income per share		
Net income adjustment (¥ million)	–	–
Increase in number of common stock (shares)	31,487	–
[Stock acquisition rights]	[31,487]	–
Summary of potential shares not included in the calculation of diluted net income per share as they do not have a diluting effect.	———	———

(Significant Subsequent Events)

At the Board of Directors Meeting on May 8, 2012, it was resolved that the Company would grant stock compensation-type stock options (stock acquisition rights) to the Directors of the Company as follows, and that it would submit the proposal to that effect to the Seventh Ordinary General Meeting of Shareholders (scheduled to be held on June 18, 2012).

1. Reason for issue of stock acquisition rights

The remuneration system for the Company's Directors (apart from Outside Directors) makes its basic policy the promotion of the sharing value with the Company's shareholders and enhancing the morale and motivation of the Directors to improve the Company's performance.

In addition, accompanying the start of the "Mid-term Plan of BANDAI NAMCO Group (from April 2012 to March 2015)" (the "Mid-term Plan") announced in February 2012, we have been making the relationship between performance and remuneration significantly clearer and placing more weight on performance-based remuneration in the Directors' remuneration in order to strongly orient their focus to achieving the goals defined in the Mid-term Plan. As one part of that effort, we would now like to introduce a new system for allotting stock compensation-type stock options on condition that the predefined performance goals are achieved.

Because the performance requirements have been imposed for these stock compensation-type stock options, not as a condition for exercising the options but as a condition for being allotted the options, the stock compensation-type stock options will not be granted to the Directors if those performance requirements are not satisfied.

2. Various conditions for grant of stock acquisition rights

(1) Persons to whom stock acquisition rights are allotted

Stock acquisition rights shall be allotted to the Directors of the Company (excluding Outside Directors).

If the "Election of Nine (9) Directors" proposal is approved without requiring any changes at the Ordinary General Meeting of Shareholders to be held on June 18, 2012, then six (6) Directors (excluding three (3) Outside Directors) will be subject to the proposal.

(2) Class and number of shares to be delivered upon exercise of stock acquisition rights

The maximum number of shares of common stock of the Company to be delivered upon exercise of stock acquisition rights per year is 120,000 (0.05% of shares issued).

In the event that the Company carries out a share split or share consolidation, the number of shares to be delivered upon exercise of stock acquisition rights will be adjusted in accordance with the following formula; provided, however, that such adjustment will only be carried out with respect to the number of shares to be delivered upon exercise of stock acquisition rights that are yet to be exercised at the time of the share split or share consolidation, and any fraction of less than one share resulting from such adjustment will be rounded down.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of share split or share consolidation}$$

Furthermore, if the number of shares to be delivered upon exercise of stock acquisition rights needs to be adjusted because the Company carries out an absorption-type merger or a consolidation-type merger with another company with succession to the stock acquisition rights provided for in this proposal or because the Company carries out an incorporation-type company split or an absorption-type company split, the Company will make the necessary adjustment in the number of the shares as well.

(3) Total number of stock acquisition rights

The maximum number of stock acquisition rights to be allotted per year is 1,200.

The number of shares to be delivered upon exercise of one stock acquisition right is 100 shares.

(If, however, the number of shares is adjusted as provided for in the Paragraph (2) above, then the number of shares to be delivered upon exercise of one stock acquisition right will be adjusted in the same manner.)

(4) Requirements for allotment of stock acquisition rights

If the requirement stated in (i) below is satisfied, then stock acquisition rights will be allotted up to a maximum of 60 million yen per year. If, in addition to the requirement stated in (i), the requirement stated in (ii) is also satisfied, then stock acquisition rights will be allotted up to a maximum of 120 million yen per year.

If, however, neither of the requirements stated in (i) or (ii) is satisfied, then no stock acquisition rights will be allotted.

(i) The Company’s consolidated operating income is 42,500 million yen or greater in any of the fiscal years from the fiscal year ending March 2013 through the fiscal year ending March 2015;

(ii) The Company’s consolidated operating income is 53,000 million yen or greater in any of the fiscal years from the fiscal year ending March 2013 through the fiscal year ending March 2015.

(5) Price for issuance of stock acquisition rights

The price for issuance of each stock acquisition right will be calculated based on the Black-Scholes model, an impartial method of valuing stock acquisition rights.

The person who receives an allotment of the stock acquisition rights will, instead of paying the price for issuance of the stock acquisition rights in cash, offset his or her obligation to pay for issuance of the stock acquisition rights against the recipient’s right to his or her remuneration from the Company.

(6) Amount to be paid upon exercising stock acquisition rights

The amount to be paid upon exercising each stock acquisition right will be one yen per share to be issued or transferred by the exercise of each stock acquisition right, multiplied by the number of shares to be granted.

(7) Exercise period for stock acquisition rights

The exercise period for stock acquisition rights will be decided by the Company’s Board of Directors but must not exceed 20 years from the allotment date of the stock acquisition rights.

(8) Conditions on exercise of stock acquisition rights

A person who has received an allotment of the stock acquisition rights may, within the period specified in the Paragraph (7) “Exercise period for stock acquisition rights,” exercise those stock acquisition rights between one and ten days after the date on which that person loses his or her position as a Director, Auditor, or employee of the Company or of a subsidiary of the Company.

(9) Restrictions on assignment of stock acquisition rights

Any assignment of stock acquisition rights requires the approval of the Board of Directors of the Company.

(10) Other details concerning stock acquisition rights

Other details concerning stock acquisition rights will be determined at the Board of Directors' meeting of the Company at which matters concerning the offering of such stock acquisition rights will be resolved.

4. Other

Changes in Directors and Corporate Auditors

(1) Change in Representative

Not applicable.

(2) Other Changes in Directors and Corporate Auditors (Effective June 18, 2012)

New candidate for Director

Director	Satoshi Oshita (current position: President and Representative Director of NAMCO BANDAI Games Inc.)

Retiring Director

Director	Takeo Takasu (planned position: Senior Advisor of NAMCO BANDAI Holdings Inc.)

(3) Responsible Area of Directors (Effective June 18, 2012)

Shukuo Ishikawa	President and Representative Director
Kazunori Ueno	Executive Vice President and Representative Director, in charge of Toys and Hobby SBU
Shuji Ohtsu	Director in charge of Overseas Regional Headquarters Companies and Division General Manager of the Group Administrative Headquarters
Yuji Asako	Director and Division General Manager of the Corporate Planning Division
Satoshi Oshita	Director (Part-time) in charge of Content SBU
Masahiro Tachibana	Director (Part-time) in charge of Amusement Facility SBU
Manabu Tazaki	Director (Outside)
Nobuo Sayama	Director (Outside)
Tomohisa Tabuchi	Director (Outside)