NAMCO BANDAI Holdings Inc.

Consolidated Financial Report for the Fiscal Year Ended

March 31, 2013

May 9, 2013

NAMCO BANDAI Holdings Inc.

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

May 9, 2013

Consolidated Financial Report for the Fiscal Year Ended March 31, 2013 (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 24, 2013
Scheduled starting date for dividend payments: June 25, 2013
Scheduled filing date of the annual security report: June 25, 2013
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, 2013 (April 1, 2012 to March 31, 2013)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Recurring income	
	¥ million	%	¥ million	%	¥ million	%
Fiscal Year Ended March 31, 2013	**487,241**	**7.3**	**48,642**	**40.6**	**49,972**	**42.9**
Fiscal Year Ended March 31, 2012	454,210	15.2	34,606	111.8	34,960	113.2

	Net income		Net income per share	Net income per share (diluted)
	¥ million	%	¥	¥
Fiscal Year Ended March 31, 2013	**32,383**	**67.8**	**147.40**	**–**
Fiscal Year Ended March 31, 2012	19,303	944.3	85.62	–

(Note) Comprehensive income: 41,505 million yen [92.6%] (FY2013.3), 21,551 million yen [– %] (FY2012.3)

	ROE (Net income / Net assets)	ROA (Recurring income / Total assets)	Operating margin (Operating income / Net sales)
	%	%	%
Fiscal Year Ended March 31, 2013	**14.1**	**14.0**	**10.0**
Fiscal Year Ended March 31, 2012	9.1	10.7	7.6

(Reference) Gain or loss from application of equity method: 341 million yen (FY2013.3), (246) million yen (FY2012.3)

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of March 31, 2013	**374,203**	**248,769**	**66.0**	**1,124.45**
As of March 31, 2012	342,171	213,125	61.8	962.45

(Reference) Equity: 247,030 million yen (as of March 31, 2013), 211,443 million yen (as of March 31, 2012)

(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, 2013	**36,411**	**(14,861)**	**(12,500)**	**119,041**
Fiscal Year Ended March 31, 2012	39,112	(15,263)	(5,932)	107,327

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, 2012	–	12.00	–	14.00	26.00	5,783	30.4	2.8
Fiscal Year Ended March 31, 2013	–	12.00	–	33.00	45.00	9,891	30.5	4.3
Fiscal Year Ending March 31, 2014 (Projections)	–	12.00	–	12.00	24.00		20.3	

(Note) Concerning the projected amounts of the end of second quarter and year-end cash dividends for the fiscal year ending March 31, 2014, the stable dividend portions are stated based on the Company's basic policy regarding distribution of surplus. The year-end cash dividend for the fiscal year ending March 31, 2014, will be considered by the Company in consideration of the consolidated operating results and other factors.

3. Consolidated Projections for the Fiscal Year Ending March 31, 2014 (April 1, 2013 to March 31, 2014)

(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, 2013	218,000	(2.1)	18,000	(35.1)	18,000	(35.9)	11,500	(33.6)	52.35
Full Fiscal Year	480,000	(1.5)	40,000	(17.8)	40,000	(20.0)	26,000	(19.7)	118.35

*** Notes**

(1) Changes in Significant Subsidiaries during the Period

(Changes in Specified Subsidiaries Resulting in the Change in Scope of Consolidation): Yes

Included: – company Excluded: 1 company (NAMCO BANDAI Partners S.A.S.)

(Note) For more details, please refer to the section of "(5) Notes to Consolidated Financial Statements (Important Information Constituting the Basis for Preparation of Consolidated Financial Statements)" of "3. Consolidated Financial Statements" on page 20 of the attached material.

(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: Yes

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

c) Changes in accounting estimation: Yes

d) Restatement: No

(Note) These items fall under those set forth in Article 14-7 (Change in accounting policy that is difficult to distinguish from change in accounting estimation) of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements. For more details, please refer to the section of "(5) Notes to Consolidated Financial Statements (Change in Accounting Policy That Is Difficult to Distinguish from Change in Accounting Estimation)" of "3. Consolidated Financial Statements" on page 21 of the attached material.

(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, 2013 222,000,000 shares

As of March 31, 2012 222,000,000 shares

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

As of March 31, 2013	2,309,342 shares
As of March 31, 2012	2,308,176 shares

c) Average number of shares during the period

For the Fiscal Year ended March 31, 2013	219,691,255 shares
For the Fiscal Year ended March 31, 2012	225,464,803 shares

(Reference) Non-consolidated Information

1. Non-consolidated Results for the Fiscal Year Ended March 31, 2013 (April 1, 2012 to March 31, 2013)

(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, 2013	**18,188**	**46.5**	**15,233**	**54.9**	**15,259**	**57.6**
Fiscal Year Ended March 31, 2012	12,417	120.3	9,834	238.9	9,684	242.8

	Net income		Net income per share	Net income per share (diluted)
	¥ million	%	¥	¥
Fiscal Year Ended March 31, 2013	**15,298**	**–**	**69.60**	**–**
Fiscal Year Ended March 31, 2012	(2,944)	–	(13.05)	–

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of March 31, 2013	**323,642**	**236,159**	**73.0**	**1,074.40**
As of March 31, 2012	336,430	224,451	66.7	1,021.13

(Reference) Equity: 236,159 million yen (as of March 31, 2013), 224,451 million yen (as of March 31, 2012)

2. Non-consolidated Projections for the Fiscal Year Ending March 31, 2014 (April 1, 2013 to March 31, 2014)

(Percentages indicate year-on-year changes.)

	Operating revenue		Recurring income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥
Full Fiscal Year	22,000	21.0	18,000	18.0	18,000	17.7	81.89

* 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.

- Forward-Looking Statements:

Forward-looking statements included in this document are based on management's estimates, assumptions, projections and information available at the time of its publications and do not purport to be a promise by the Company to achieve such results. 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 (Outlook for the Fiscal Year Ending March 31, 2014)" of "1. Analysis on Results of Operations and Financial Position" on pages 3-4 of the attached material for matters pertaining to the earnings projections.

- To obtain the additional materials:

The additional materials of the Financial Results will be posted on the Company's website on May 9, 2013.

Attached Material

Index

1. Analysis on Results of Operations and Financial Position

(1) Analysis on Results of Operations

a. Summary for the Period (April 1, 2012 to March 31, 2013)

In this fiscal year, although some signs of improvement in economic conditions have begun appearing thanks to positive expectations towards factors such as economic policies aimed at promoting growth in the domestic environment from late 2012, the economic slowdown in Europe resulting from financial instability and the effect of exchange rate fluctuations have meant that, overall, harsh economic conditions continued. As for the entertainment industry, weak individual consumption and other factors added further uncertainty to conditions.

In this environment, the BANDAI NAMCO Group ("the Group") is implementing various measures aimed at medium-to long-term growth under the concept of "Empower, Gain Momentum, Accelerate Evolution," which is the vision of the Group's new Mid-term Plan, started in this fiscal year. On the business front, the Content Business contributed to performance in each category, particularly in network content by coordinated deployment revolving around IP (intellectual property) such as characters.

Consequently, the Group's consolidated results at fiscal year-end were net sales of 487,241 million yen (year-on-year increase of 7.3%), operating income of 48,642 million yen (year-on-year increase of 40.6%), recurring income of 49,972 million yen (year-on-year increase of 42.9%), and net income of 32,383 million yen (year-on-year increase of 67.8%).

Operating results by segment are as follows.

Toys and Hobby Business

In the Toys and Hobby Business, domestically, sales performed favorably due to coordinated sales of products in the variety of categories revolving around toys including long-established characters such as the *KAMEN RIDER* series and *PRETTY CURE!* series. Although domestic performance was lower year on year in total, for reasons such as a lower gross margin ratio resulting from changes in the product mix, the Group made steady efforts toward broadening the scope of target customers, including by developing products such as the new *Aikatsu!* characters for girls, plastic models for elementary school students, and highly collectable toys for adults.

Overseas, in North America and Europe, although products of the *Power Rangers* series sold favorably, overall performance was weak amid a harsh market environment. In the Asian region, plastic models and highly collectable toys for adults became popular in addition to character toys thanks to developments in conjunction with Japan.

As a result, net sales in the Toys and Hobby Business were 172,977 million yen (year-on-year decrease of 2.8%), and segment income was 11,255 million yen (year-on-year decrease of 30.1%).

Content Business

In the Content Business, the network content area made a significant contribution to performance mainly through social games such as the *Mobile Suit Gundam* series, *ONE PIECE Grand Collection*, and *THE IDOL M@STER CINDERELLA GIRLS*. Arcade game machines for well-established series and new game machines such as *Fishing Spirits* became popular, and prize sales of popular characters were favorable. Also contributing to performance were visual and music content areas, which enjoyed favorable sales of *Mobile Suit Gundam UC (Unicorn)* and repeat sales of visual packages that were launched in previous years, as well as sales of LCD units for pachinko and pachi-slot machines. In home video game software, the launch of the latest titles of popular series such as *SOULCALIBUR*, *NARUTO*, *TALES OF*, and *ONE PIECE* in both the Japanese and overseas markets, and domestic sales of titles with concepts based on popular television programs, trended strongly.

As a result, net sales in the Content Business were 263,595 million yen (year-on-year increase of 16.9%), and segment income was 36,438 million yen (year-on-year increase of 114.3%).

Amusement Facility Business

In the Amusement Facility Business, domestically, despite a steady performance mainly by differentiated facilities located in shopping centers that offer customers the opportunity to experience the distinctive worldview of specific characters, sales at existing facilities declined to 95.5% from the previous fiscal year, when we recorded a high level of sales.

In the challenging market environment presented by countries outside Japan, results were roughly level with those of the previous fiscal year as a result of efficiency in operations from the selection and concentration of stores.

As a result, net sales in the Amusement Facility Business were 60,185 million yen (year-on-year decrease of 1.4%), and segment income was 1,683 million yen (year-on-year decrease of 29.3%).

Number of Facilities as of March 31, 2013

Directly Managed Facilities	Revenue-Sharing Facilities	Others	Total
254	1,015	2	1,271

Other Businesses

Other Businesses consist of companies that conduct businesses such as logistics support, printing, and other kinds of administration and operational support for each of the Group’s strategic business units. We are making efforts to manage such operations related to group support in an efficient manner.

As a result, net sales in the Other Businesses were 25,788 million yen (year-on-year decrease of 6.2%), and segment income was 1,692 million yen (year-on-year decrease of 17.5%).

b. Outlook for the Fiscal Year Ending March 31, 2014

Looking ahead, although there are some bright signs such as a recovery in Japan’s stock markets, the business environment is expected to remain beset by uncertainties including individual consumption trends and economic developments in North America and Europe. 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 in April 2012, and will steadily implement the strategies in this plan. Specific areas of focus include obtaining new IP, developing products and services, and working to construct new business models with the aim of medium-to long-term growth, in addition to strengthening the business foundation further to stabilize and improve profitability.

In the Toys and Hobby Business, our plan for the Japanese market is to strengthen development through coordinated sales of products in the variety of categories revolving around long-established character toys, such as the *KAMEN RIDER* series, *Super Sentai* series (*POWER RANGERS* series), and *PRETTY CURE!* series. We will also expand our character lineup by such means as developing the new *Aikatsu!* characters for girls through cross-functional efforts undertaken across all businesses and launching new characters for boys. In tandem with this, we will aim to be No. 1 in Japan by an overwhelming margin by introducing new products and services such as card games, plastic models, and highly collectable toys for adults targeting a variety of customers. Outside Japan, in North America and Europe where the market environment continues to be harsh, the Group will strive to improve profitability by strengthening integrated brand management structure of North America and Europe and developing product sales with a focus on content for boys such as the mainstay *Power Rangers* series. In Asian markets, the Group aims to achieve growth through developments in conjunction with Japan, focusing on plastic models, highly collectable toys for adults and card products that are popular in Japan.

In the Content Business, the Group will enhance its IP strategy for offering products and services in a wide variety of categories with a focus on IP. To this end, the Group will supplement its existing IP lineup by cultivating new properties mainly through various business operations centered around *PAC-MAN and the Ghostly Adventures*, a new animated series scheduled to be broadcast primarily in North America and Europe. Furthermore, the Group will put in place and improve the development environment from a medium- and long-term perspective, such as by implementing measures to respond swiftly to technological progress and changes in the environment. Looking at approaches by business, in the network content area, the Group will work to achieve stable deployment of social games and online games through the launch of new games and timely upgrades of existing content. In the area of home video game software, the Group will introduce popular series while also taking a more proactive approach to new initiatives that make use of network functions such as download-only titles. For arcade game machines, in addition to development and sale of popular game machines, the Group will work to diversify sales methods through approaches including a system in which fees vary according to the amount of use. In the area of visual and music content, the Group will work to supplement sales of the *Mobile Suit Gundam* series by taking a proactive approach to creating new IP like the *Aikatsu!* characters.

In the Amusement Facility Business, in Japan, the Group will plan and operate facilities and services aimed at each target customer through reinforcement of its marketing by customer segment. The Group will also continue to promote the development of differentiated facilities that offer the experience of the Group’s distinctive worldview of specific characters. In the summer of 2013, the Group will open new facilities including an indoor theme park based on popular creations from the comic book Weekly Shonen Jump. These various facilities will be operated as promotional venues for the entire Group. The Group will also strive to improve profitability by implementing various efficiency measures in North America and Europe.

In light of the above considerations, the consolidated projections of the fiscal year ending March 31, 2014 are as follows: net sales of 480,000 million yen (year-on-year decrease of 1.5%), operating income of 40,000 million yen (year-on-year decrease of 17.8%), recurring income of 40,000 million yen (year-on-year decrease of 20.0%), and net income of 26,000 million yen (year-on-year decrease of 19.7%).

(2) Analysis of Financial Position

a. Assets, Liabilities, and Net Assets

At the end of the fiscal year ended March 31, 2013, total assets stood at 374,203 million yen, an increase of 32,031 million yen from the end of the previous fiscal year. The main factors were increases of 12,174 million yen in cash and time deposits and 7,967 million yen in trade receivables in connection with favorable results, 3,227 million yen in investment securities due to market valuation, and 3,818 million yen in deferred tax assets.

Total liabilities amounted to 125,433 million yen, a decrease of 3,612 million yen from the end of the previous fiscal year. The main factors were decreases of 5,383 million yen in long-term borrowings and 1,176 million yen in short-term borrowings, both due to repayment.

Total net assets stood at 248,769 million yen, an increase of 35,644 million yen from the end of the previous fiscal year. The main factors were increases of 25,868 million yen in retained earnings thanks to the recording of net income through favorable consolidated results, and 6,163 million yen in foreign currency translation adjustments due to foreign exchange fluctuation, despite cash dividends paid of 5,714 million yen.

As a result, the equity ratio became 66.0% compared with 61.8% 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 11,714 million yen from the end of the previous fiscal year to 119,041 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 36,411 million yen (down 6.9% compared with the previous fiscal year). As a main breakdown of funds used, income taxes paid was 20,378 million yen (compared with 13,834 million yen in the previous fiscal year) and an increase in trade receivables was 5,522 million yen (compared with 12,667 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 48,489 million yen (compared with 30,408 million yen in the previous fiscal year), depreciation and amortization of 20,415 million yen (compared with 18,142 million yen in the previous fiscal year), and an increase in accounts payable-other of 2,235 million yen (compared with a decrease of 1,434 million yen in the previous fiscal year).

(Cash Flows from Investing Activities)

The amount of funds used in investing activities totaled 14,861 million yen (down 2.6% compared with the previous fiscal year). The main breakdown of funds used was purchases of property, plant and equipment and intangible assets totaling 13,531 million yen (compared with 14,529 million yen in the previous fiscal year).

(Cash Flows from Financing Activities)

The amount of funds used in financing activities amounted to 12,500 million yen (up 110.7% compared with the previous fiscal year). The main factors for funds used were cash dividends paid of 5,714 million yen (compared with 5,545 million yen in the previous fiscal year) and repayment of long-term borrowings of 5,333 million yen (compared with 5,166 million yen in the previous fiscal year).

(Reference) Cash Flow Indices

	FY2009.3	FY2010.3	FY2011.3	FY2012.3	FY2013.3
Equity ratio (%)	70.9	69.5	68.8	61.8	66.0
Equity ratio (market capitalization basis) (%)	65.3	67.5	69.6	76.7	97.8
Cash flows to interest bearing debt ratio (years)	1.1	1.2	0.2	0.5	0.4
Interest coverage ratio (times)	113.0	32.9	42.0	338.4	244.8

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 21 yen per share to the stable annual dividend of 24 yen per share, to pay 45 yen per share for the annual dividend for this fiscal year (year ended March 31, 2013). At present, the Company's annual dividend forecast for next fiscal year (year ending March 31, 2014) is the provision of the stable dividend of 24 yen per share, and this will be considered by the Company in light of the consolidated operating results and other factors.

In addition, its fundamental policy is that 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.

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 continue to secure ROE of 10% or more 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.

<u>Business Area Strategies</u>

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.

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

We will construct unique business models by using the various websites and network services that the Group is developing and expanding 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

- 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

- 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

- 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 Strategic Business Units ("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 is a Group-wide body, 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 are applied across 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 and the regions in which it is operating, with a view to achieving medium-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 is reviewing development based on its existing business categories and promoting its content-focused IP strategy, thereby achieving a speedy response to changing customer needs throughout the world while working to maximize the value of its content. Specifically, in the domestic market, it is aiming to secure the No. 1 position in each of its main business categories. For overseas, it is reinforcing deployment of its arcade game machines in developing countries, mainly in Asia, and is carrying out the world-wide launch of carefully selected home video game software titles developed domestically, seeking to improve profitability. On the development front, it will put in place and improve the development environment from a medium- and long-term perspective, such as by implementing measures to respond swiftly to technological progress and changes in the environment.

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 is reinforcing its domestic sales and marketing by customer segment, while it increases added value by making use of its know-how in character merchandising and works to differentiate the Group’s facilities. Overseas, it is considering development of business in Asia while implementing 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, 2012)	Current Fiscal Year (As of March 31, 2013)
Assets		
Current assets		
Cash and time deposits	106,958	119,132
Trade receivables	69,102	77,069
Short-term investments	2,073	4,379
Finished goods and merchandise	12,907	10,915
Work in process	19,417	19,597
Raw materials and supplies	4,714	6,130
Deferred tax assets	8,733	10,579
Other current assets	17,689	17,483
Allowance for doubtful receivables	(677)	(484)
Total current assets	240,920	264,804
Fixed assets		
Property, plant and equipment		
Buildings and structures	25,252	25,318
Accumulated depreciation	(14,923)	(14,915)
Buildings and structures, net	10,328	10,403
Amusement facilities and machines	60,592	60,999
Accumulated depreciation	(47,034)	(47,992)
Amusement facilities and machines, net	13,558	13,007
Land	11,388	11,537
Other property, plant and equipment	74,870	86,537
Accumulated depreciation	(65,646)	(74,229)
Other property, plant and equipment, net	9,224	12,307
Total property, plant and equipment	44,500	47,255
Intangible assets	8,194	8,497
Investments and other assets		
Investment securities	22,177	25,404
Deferred tax assets	6,426	8,398
Other investments and assets	21,663	21,180
Allowance for doubtful receivables	(1,711)	(1,338)
Total investments and other assets	48,556	53,646
Total fixed assets	101,251	109,399
Total assets	342,171	374,203

(¥ million)

	Prior Fiscal Year (As of March 31, 2012)	Current Fiscal Year (As of March 31, 2013)
Liabilities		
Current liabilities		
Trade payables	48,742	46,471
Short-term borrowings	6,773	5,596
Accounts payable-other	19,191	22,495
Accrued income taxes	9,360	7,852
Provision for directors' bonuses	1,693	1,173
Provision for losses from business restructuring	58	352
Provision for sales returns	1,169	1,344
Provision for loss on disaster	7	–
Other current liabilities	20,950	23,105
Total current liabilities	107,946	108,391
Long-term liabilities		
Long-term borrowings	12,883	7,500
Deferred tax liabilities for land revaluation	590	590
Accrued retirement and severance benefits	3,140	3,724
Other long-term liabilities	4,485	5,227
Total long-term liabilities	21,099	17,042
Total liabilities	129,046	125,433
Net assets		
Stockholders' equity		
Common stock	10,000	10,000
Additional paid-in capital	52,245	52,245
Retained earnings	173,250	199,118
Treasury stock	(2,383)	(2,385)
Total stockholders' equity	233,112	258,979
Accumulated other comprehensive income		
Unrealized gains or losses on other securities, net of tax	2,867	5,212
Deferred gains or losses on hedges, net of tax	229	642
Revaluation reserve for land, net of tax	(6,408)	(5,608)
Foreign currency translation adjustments	(18,357)	(12,194)
Total accumulated other comprehensive income	(21,669)	(11,948)
Minority interests	1,682	1,738
Total net assets	213,125	248,769
Total liabilities and net assets	342,171	374,203

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

(Consolidated Statements of Operations)

(¥ million)

	Prior Fiscal Year (From April 1, 2011 to March 31, 2012)	Current Fiscal Year (From April 1, 2012 to March 31, 2013)
Net sales	454,210	487,241
Cost of sales	286,708	304,162
Gross profit	167,502	183,078
Selling, general and administrative expenses	132,896	134,435
Operating income	34,606	48,642
Non-operating income		
Interest income	214	193
Dividend income	235	264
Equity in gain of affiliated companies	–	341
Foreign exchange gain	–	264
Other non-operating income	772	571
Total non-operating income	1,222	1,634
Non-operating expenses		
Interest expense	137	141
Equity in loss of affiliated companies	246	–
Foreign exchange loss	162	–
Loss on investments in partnerships	8	90
Other non-operating expenses	313	72
Total non-operating expenses	869	305
Recurring income	34,960	49,972
Extraordinary income		
Gain on sales of fixed assets	22	46
Gain on sales of investments in affiliated companies	84	34
Gain on transfer of business	53	–
Gain on negative goodwill	–	24
State subsidy	–	51
Other extraordinary income	137	17
Total extraordinary income	297	173
Extraordinary loss		
Loss on sales of fixed assets	9	76
Loss on disposal of fixed assets	937	203
Loss on impairment of fixed assets	1,105	505
Provision for losses from business restructuring	167	401
Other extraordinary loss	2,628	469
Total extraordinary loss	4,848	1,656
Income before income taxes and minority interests	30,408	48,489
Corporate income, inhabitant and enterprise taxes	15,583	19,649
Adjustment for income taxes	(4,634)	(3,611)
Total income taxes	10,949	16,038
Income before minority interests	19,459	32,451
Minority interests	155	68
Net income	19,303	32,383

(Consolidated Statements of Comprehensive Income)

(¥ million)

	Prior Fiscal Year (From April 1, 2011 to March 31, 2012)	Current Fiscal Year (From April 1, 2012 to March 31, 2013)
Income before minority interests	19,459	32,451
Other comprehensive income		
Unrealized gains or losses on other securities, net of tax	2,452	2,325
Deferred gains or losses on hedges, net of tax	226	412
Revaluation reserve for land, net of tax	82	–
Foreign currency translation adjustments	(636)	6,283
Share of other comprehensive income of associates accounted for using equity method	(32)	32
Total other comprehensive income	2,092	9,053
Comprehensive income	21,551	41,505
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	21,451	41,304
Comprehensive income attributable to minority interests	100	200

(3) Consolidated Statements of Changes in Net Assets

(¥ million)

	Prior Fiscal Year (From April 1, 2011 to March 31, 2012)	Current Fiscal Year (From April 1, 2012 to March 31, 2013)
Stockholders' equity		
Common stock		
Balance as of April 1, 2012	10,000	10,000
Changes during the period		
Total changes during the period	–	–
Balance as of March 31, 2013	10,000	10,000
Additional paid-in capital		
Balance as of April 1, 2012	69,923	52,245
Changes during the period		
Disposal of treasury stock	0	(0)
Retirement of treasury stock	(17,677)	–
Total changes during the period	(17,677)	(0)
Balance as of March 31, 2013	52,245	52,245
Retained earnings		
Balance as of April 1, 2012	159,491	173,250
Changes during the period		
Cash dividends	(5,545)	(5,714)
Net income	19,303	32,383
Reversal of revaluation reserve for land	–	(800)
Total changes during the period	13,758	25,868
Balance as of March 31, 2013	173,250	199,118
Treasury stock		
Balance as of April 1, 2012	(3,496)	(2,383)
Changes during the period		
Purchase of treasury stock	(16,565)	(1)
Disposal of treasury stock	0	0
Retirement of treasury stock	17,677	–
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied	(0)	0
Total changes during the period	1,112	(1)
Balance as of March 31, 2013	(2,383)	(2,385)

(¥ million)

	Prior Fiscal Year (From April 1, 2011 to March 31, 2012)	Current Fiscal Year (From April 1, 2012 to March 31, 2013)
Total stockholders' equity		
Balance as of April 1, 2012	235,919	233,112
Changes during the period		
Cash dividends	(5,545)	(5,714)
Net income	19,303	32,383
Purchase of treasury stock	(16,565)	(1)
Disposal of treasury stock	0	0
Retirement of treasury stock	–	–
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied	(0)	0
Reversal of revaluation reserve for land	–	(800)
Total changes during the period	(2,807)	25,866
Balance as of March 31, 2013	233,112	258,979
Accumulated other comprehensive income		
Unrealized gains or losses on other securities, net of tax		
Balance as of April 1, 2012	447	2,867
Changes during the period		
Net changes in the period other than changes in stockholders' equity	2,419	2,344
Total changes during the period	2,419	2,344
Balance as of March 31, 2013	2,867	5,212
Deferred gains or losses on hedges, net of tax		
Balance as of April 1, 2012	3	229
Changes during the period		
Net changes in the period other than changes in stockholders' equity	226	412
Total changes during the period	226	412
Balance as of March 31, 2013	229	642
Revaluation reserve for land, net of tax		
Balance as of April 1, 2012	(6,491)	(6,408)
Changes during the period		
Reversal of revaluation reserve for land	–	800
Net changes in the period other than changes in stockholders' equity	82	–
Total changes during the period	82	800
Balance as of March 31, 2013	(6,408)	(5,608)
Foreign currency translation adjustments		
Balance as of April 1, 2012	(17,775)	(18,357)
Changes during the period		
Net changes in the period other than changes in stockholders' equity	(581)	6,163
Total changes during the period	(581)	6,163
Balance as of March 31, 2013	(18,357)	(12,194)

(¥ million)

	Prior Fiscal Year (From April 1, 2011 to March 31, 2012)	Current Fiscal Year (From April 1, 2012 to March 31, 2013)
Total accumulated other comprehensive income		
Balance as of April 1, 2012	(23,816)	(21,669)
Changes during the period		
Reversal of revaluation reserve for land	–	800
Net changes in the period other than changes in stockholders' equity	2,147	8,921
Total changes during the period	2,147	9,721
Balance as of March 31, 2013	(21,669)	(11,948)
Minority interests		
Balance as of April 1, 2012	1,590	1,682
Changes during the period		
Net changes in the period other than changes in stockholders' equity	91	56
Total changes during the period	91	56
Balance as of March 31, 2013	1,682	1,738
Total net assets		
Balance as of April 1, 2012	213,693	213,125
Changes during the period		
Cash dividends	(5,545)	(5,714)
Net income	19,303	32,383
Purchase of treasury stock	(16,565)	(1)
Disposal of treasury stock	0	0
Retirement of treasury stock	–	–
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied	(0)	0
Reversal of revaluation reserve for land	–	–
Net changes in the period other than changes in stockholders' equity	2,239	8,977
Total changes during the period	(567)	35,644
Balance as of March 31, 2013	213,125	248,769

(4) Consolidated Statements of Cash Flows

(¥ million)

	Prior Fiscal Year (From April 1, 2011 to March 31, 2012)	Current Fiscal Year (From April 1, 2012 to March 31, 2013)
Cash flows from operating activities		
Income before income taxes and minority interests	30,408	48,489
Depreciation and amortization	18,142	20,415
Loss on impairment of fixed assets	1,105	505
Amortization of goodwill	369	289
Gain on negative goodwill	–	(24)
Increase (decrease) in allowance for doubtful receivables	(317)	(571)
Increase (decrease) in provision for losses from business restructuring	18	266
Increase (decrease) in provision for sales returns	(266)	71
Increase (decrease) in provision for directors’ bonuses	578	(522)
Increase (decrease) in accrued retirement and severance benefits	380	567
Increase (decrease) in provision for loss on disaster	(157)	(7)
Interest and dividend income	(450)	(457)
Interest expense	137	141
Foreign exchange loss (gain)	81	(251)
Equity in loss (gain) of affiliated companies	246	(341)
Loss on disposal of fixed assets	937	203
Loss (gain) on sales of fixed assets, net	(12)	30
Loss on disposal of amusement facilities and machines	434	406
Loss (gain) on sales of investment securities, net	(81)	(49)
Loss (gain) on valuation of investment securities	1,405	21
Loss (gain) on transfer of business	(53)	–
Decrease (increase) in trade receivables	(12,667)	(5,522)
Decrease (increase) in inventories	4,081	(1,558)
Acquisition of amusement facilities and machines	(2,925)	(3,516)
Increase (decrease) in trade payables	12,634	(4,264)
Increase (decrease) in accounts payable-other	(1,434)	2,235
Increase (decrease) in consumption tax payables	680	107
Other	(684)	(188)
Subtotal	52,592	56,476
Interest and dividends received	468	461
Interest paid	(115)	(148)
Income taxes paid	(13,834)	(20,378)
Net cash provided by operating activities	39,112	36,411

(¥ million)

	Prior Fiscal Year (From April 1, 2011 to March 31, 2012)	Current Fiscal Year (From April 1, 2012 to March 31, 2013)
Cash flows from investing activities		
Payments for deposit in time deposits	(1,582)	(4,272)
Proceeds from withdrawal from time deposits	1,498	1,920
Purchases of property, plant and equipment	(9,882)	(8,842)
Sales of property, plant and equipment	33	271
Purchases of intangible assets	(4,647)	(4,689)
Purchases of investment securities	(239)	(102)
Sales of investment securities	336	101
Proceeds from redemption of investment securities	24	73
Purchase of investments in subsidiaries	–	(249)
Payments for investments in capital of affiliated companies	(1,235)	–
Proceeds from transfer of business	100	–
Payments of loans receivable	(544)	(228)
Collection of loans receivable	435	676
Payments of guarantee money deposited	(393)	(609)
Collection of guarantee money deposited	900	1,174
Other	(68)	(84)
Net cash used in investing activities	(15,263)	(14,861)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings, net	1,382	(1,317)
Proceeds from long-term borrowings	20,050	–
Repayment of long-term borrowings	(5,166)	(5,333)
Payment of lease obligations	(77)	(83)
Purchase of treasury stock	(16,565)	(1)
Proceeds from disposal of treasury stock	0	0
Cash dividends paid	(5,545)	(5,714)
Proceeds from capital paid by minority interests	25	–
Cash dividends paid to minority interests	(35)	(49)
Net cash used in financing activities	(5,932)	(12,500)
Effect of exchange rate changes on cash and cash equivalents	81	2,664
Net increase (decrease) in cash and cash equivalents	17,997	11,714
Cash and cash equivalents at beginning of year	89,329	107,327
Cash and cash equivalents at end of year	107,327	119,041

(5) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable.

(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: 72 companies

Current Fiscal Year: 70 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.

Since NAMCO BANDAI Studios Inc. and BANDAI PHILIPPINES INC. were newly incorporated, those companies have been added to the scope of consolidation for this consolidated fiscal year.

In addition, with respect to companies included among consolidated subsidiaries in the previous consolidated fiscal year, since NAMCO BANDAI Partners S.A.S. was merged into the consolidated subsidiary NAMCO BANDAI Games Europe S.A.S. and since NAMCO BANDAI Networks Europe Ltd., BEEZ ENTERTAINMENT S.A.S. and NAMCO BANDAI Partners Israel Ltd. were liquidated, those companies have been 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, those companies have been excluded from the scope of consolidation.

2. Information Concerning Application of the Equity Method

(1) Number of Non-Consolidated Subsidiaries to Which the Equity Method Was Applied:

1 company

Name of the Company:

SHANGHAI NAMCO LTD.

(2) Number of Affiliated Companies to Which the Equity Method Was Applied:

6 companies

Names of the Principal Companies:

Happinet Corporation, Sotsu Co., Ltd. and People Co., Ltd.

(3) 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.

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

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

BANDAI (H.K.) CO., LTD. and some other consolidated subsidiaries (9 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 consolidated closing date for the consolidated financial statements of the Company.

From this consolidated fiscal year, the closing date has been changed to March 31 for NAMCO BANDAI Holdings (USA) Inc. and nine other companies whose closing date had been December 31. In connection with those changes, the number of months included in this consolidated fiscal year for each of those companies is 15 months.

4. Information Concerning the Basis for Accounting Treatment

Application of Consolidated Taxation System:

From this consolidated fiscal year, the Company has applied the consolidated taxation system.

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 19, 2012).

(Change in Accounting Policy That Is Difficult to Distinguish from Change in Accounting Estimation)

(Change in Depreciation Method)

Following the revision of the Corporation Tax Act, from this consolidated fiscal year, the Company and a portion of its domestic consolidated subsidiaries have applied the depreciation method based on the revised Corporation Tax Act to property, plant and equipment acquired on or after April 1, 2012.

In connection with those changes, operating income, recurring income, and income before income taxes and minority interests for this consolidated fiscal year each increased by 382 million yen compared with the previous method.

(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 distribution services for network content, 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.

(Change in Depreciation Method)

Following the revision of the Corporation Tax Act, from this consolidated fiscal year, the Company and a portion of its domestic consolidated subsidiaries have applied the depreciation method based on the revised Corporation Tax Act to property, plant and equipment acquired on or after April 1, 2012.

In accordance with these changes, the amount of impact on the segment income of each reportable segment in this consolidated fiscal year is as follows.

(¥ million)

	Reportable Segments				Other	Total	Adjustments (Note)	Consolidated Total
	Toys and Hobby Business	Content Business	Amusement Facility Business	Subtotal				
Segment income	249	132	0	382	19	401	(19)	382

Note: Included in the 19 million yen deducted from segment income as adjustment are a deduction of 44 million yen in inter-segment eliminations, and an addition of 25 million yen in corporate expenses that cannot be allocated to any reportable segment.

(Change in Method for Calculating the Amount of Increases in Property, Plant and Equipment and Intangible Assets)

Up to and including the previous consolidated fiscal year, increases in property, plant and equipment and intangible assets had been presented without including transfers from inventories, etc. Effective from this consolidated fiscal year, however, transfers from inventories, etc. are included in the increases.

Increases in property, plant and equipment and intangible assets during the previous consolidated fiscal year are presented based on this new calculation method.

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

Prior 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	12,406	3,675	5,443	21,525	540	22,065	1,692	23,758

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 1,692 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, 2012 to March 31, 2013)

(¥ 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	165,957	251,790	60,112	477,860	9,381	487,241	–	487,241
Inter-segment sales and transfers	7,020	11,805	73	18,898	16,406	35,305	(35,305)	–
Total	172,977	263,595	60,185	496,758	25,788	522,546	(35,305)	487,241
Segment income	11,255	36,438	1,683	49,377	1,692	51,069	(2,427)	48,642
Segment assets	103,783	152,129	34,745	290,658	21,348	312,006	62,196	374,203
Others								
Depreciation and amortization	12,288	2,539	5,692	20,519	482	21,001	(585)	20,415
Amortization of goodwill	–	150	–	150	–	150	142	293
Impairment loss	178	12	229	420	–	420	84	505
Investment in associates accounted for using equity method	517	–	130	648	7,580	8,228	–	8,228
Increase in property, plant and equipment and intangible assets	11,560	4,635	5,017	21,213	489	21,702	2,133	23,835

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

2. The details of adjustment amounts are as follows:

(1) Included in the 2,427 million yen deducted from segment income as adjustment are an addition of 842 million yen in inter-segment eliminations, and a deduction of 3,269 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 62,196 million yen added to segment assets as adjustment are a deduction of 19,159 million yen in inter-segment eliminations, and an addition of 81,355 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 585 million yen deducted from depreciation and amortization as adjustment are a deduction of 1,644 million yen in inter-segment eliminations, and an addition of 1,058 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 84 million yen added to impairment loss as adjustment is related to corporate assets that cannot be allocated to any reportable segment.

(6) Included in the 2,133 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, 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

Current Fiscal Year (From April 1, 2012 to March 31, 2013)

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
399,261	35,803	28,568	23,607	487,241

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

(2) Property, plant and equipment

(¥ million)

Japan	Americas	Europe	Asia	Total
39,156	2,039	1,877	4,183	47,255

3. Information by major customer

Information by major customer is omitted because there is no specific external customer that accounts for 10% or more of net sales in the consolidated statements of operations.

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

Prior 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.

Current Fiscal Year (From April 1, 2012 to March 31, 2013)

(¥ million)

	Toys and Hobby Business	Content Business	Amusement Facility Business	Other	Eliminations and Corporate (Note)	Total
Loss on impairment of fixed assets	178	12	229	–	84	505

Note: The amount of “Eliminations and Corporate” is the amount related to corporate assets that cannot be allocated to any reportable segment.

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

Prior 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, 2010 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

Current Fiscal Year (From April 1, 2012 to March 31, 2013)

(¥ million)

	Toys and Hobby Business	Content Business	Amusement Facility Business	Other	Eliminations and Corporate (Note)	Total
Amortized amount	–	150	–	–	142	293
Unamortized balance	–	4	–	–	56	60

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	Eliminations and Corporate	Total
Amortized amount	–	3	–	–	–	3
Unamortized balance	–	2	–	–	–	2

e. Information Regarding Gain on Negative Goodwill by Reportable Segment

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

Not applicable.

Current Fiscal Year (From April 1, 2012 to March 31, 2013)

No significant items to be reported.

(Per-Share Data)

	Prior Fiscal Year (From April 1, 2011 to March 31, 2012)	Current Fiscal Year (From April 1, 2012 to March 31, 2013)
Net assets per share	962.45 yen	1,124.45 yen
Net income per share	85.62 yen	147.40 yen

Notes: 1. Diluted net income per share is not presented because there are no potential shares.

2. The basis of calculating net income per share figure is as follows:

	Prior Fiscal Year (From April 1, 2011 to March 31, 2012)	Current Fiscal Year (From April 1, 2012 to March 31, 2013)
Net income (¥ million)	19,303	32,383
Amount not applicable to common stockholders (¥ million)	–	–
Net income available to common stock (¥ million)	19,303	32,383
Average number of common stock outstanding (shares)	225,464,803	219,691,255

(Significant Subsequent Events)

Not applicable.

4. Other

Changes in Directors and Audit & Supervisory Board Members

(1) Change in Representative

Not applicable.

(2) Other Changes in Directors and Audit & Supervisory Board Members

Not applicable.

(3) Responsible Area of Directors (Effective June 24, 2013)

Shukuo Ishikawa	President and Representative Director
Kazunori Ueno	Executive Vice President and Representative Director in charge of Toys and Hobby SBU
Shuji Ohtsu	Director 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)