

NAMCO BANDAI Holdings Inc.

Notice of the Eighth Ordinary General Meeting of Shareholders to be held on June 24, 2013

An English translation of the original notice in Japanese

DISCLAIMER

The following is an English translation of the Japanese original “Notice of the Eighth Ordinary General Meeting of Shareholders of NAMCO BANDAI Holdings Inc.” which meeting is to be held on June 24, 2013. The Company provides this translation for your reference and convenience only and does not guarantee its accuracy or otherwise. In the event of any discrepancies, the Japanese original notice shall prevail.

These documents have been prepared solely in accordance with Japanese law and are offered here for informational purposes only. In particular, please note that the financial statements included in the following translation have been prepared in accordance with Japanese GAAP.

Securities code: 7832

June 3, 2013

4-5-15 Higashi-Shinagawa, Shinagawa-ku, Tokyo

NAMCO BANDAI Holdings Inc.

President and Representative Director

Shukuo Ishikawa

Dear Shareholders,

**NOTICE OF THE EIGHTH ORDINARY GENERAL MEETING
OF SHAREHOLDERS**

You are cordially invited to attend the Eighth Ordinary General Meeting of Shareholders of NAMCO BANDAI Holdings Inc. (“the Company”) to be held as set forth below.

If you are unable to attend the meeting in person, we ask you to please review the enclosed “Reference Documents for the General Meeting of Shareholders” and exercise your voting rights by either of the methods stated on the next page by 5:30 p.m., Saturday, June 22, 2013.

Meeting Details

- 1. Date and Time:** June 24, 2013 (Monday) at 10:00 a.m.
- 2. Place:** “Hiten,” Grand Prince Hotel New Takanawa
3-13-1 Takanawa, Minato-ku, Tokyo
- 3. Purpose of the Meeting:**

Matters to be Reported:

1. Report on the Contents of the Business Reports, the Consolidated Financial Statements and the Results of the Auditing of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the Eighth Fiscal Year (from April 1, 2012 to March 31, 2013)
2. Report on the Contents of the Non-Consolidated Financial Statements for the Eighth Fiscal Year (from April 1, 2012 to March 31, 2013)

Matters to be Resolved:

Proposal No. 1: Appropriation of Surplus

Proposal No. 2: Election of Nine (9) Directors

- 4. Information on Exercise of Voting Rights**

Please see “Information on Exercise of Voting Rights” on page 3 of this document.

[Information on Exercise of Voting Rights]

Please exercise your voting rights after reviewing the Reference Documents for the General Meeting of Shareholders on pages 5 to 13.

You may exercise your voting rights by one of the following three methods.

A: Exercise of Voting Rights via attending the General Meeting of Shareholders:

Please hand in the enclosed Voting Rights Exercise Form at the reception desk at the place of the shareholders' meeting.

In addition, please bring this NOTICE OF THE EIGHTH ORDINARY GENERAL MEETING OF SHAREHOLDERS.

B: Exercise of Voting Rights via Postal Mail:

Please indicate, on the enclosed Voting Rights Exercise Form, your approval or disapproval of each item on the agenda and return the completed form so that it arrives by 5:30 p.m., Saturday, June 22, 2013.

C: Exercise of Voting Rights via the Internet etc.:

Please access the website designated by the Company for the exercise of voting rights (<http://www.evotep.jp/>), enter and send your approval or disapproval of each item on the agenda by **5:30 p.m., Saturday, June 22, 2013.**

For details, please see the following page.

If you exercise your voting rights more than once via both postal mail and the Internet etc., then only the vote cast via the Internet etc. shall be deemed valid.

In addition, if you cast your vote via the Internet etc. multiple times, then only the last vote cast shall be deemed valid. If you cast your vote via the Internet etc. more than once, using a personal computer, a smartphone and/or a mobile phone, then only the last vote cast shall be deemed valid.

If you attend the meeting in person, you do not need to follow the procedures for the exercise of voting rights via postal mail (sending the Voting Rights Exercise Form) or via the Internet etc.

<p>If revisions to the contents of the "Reference Documents for the General Meeting of Shareholders," the "Business Reports," the "Non-Consolidated Financial Statements" and the "Consolidated Financial Statements" are required, the Company shall publish a notification on the Company website at the following URL: (http://www.bandainamco.co.jp/ir/stock/meeting/index.html).</p>
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[Information on Exercise of Voting Rights via the Internet]

1. The exercise of voting rights via the Internet is available only by gaining access to the Company's designated website for the exercise of voting rights (<http://www.evotep.jp/>) from a PC, a smartphone, or a mobile phone (i-mode, EZweb or Yahoo! Mobile). However, please note that you cannot exercise your voting rights via the Internet on the designated website between the hours of 2:00 a.m. and 5:00 a.m.
* "i-mode," "EZweb" and "Yahoo!" are trademarks or registered trademarks of NTT DOCOMO, INC., KDDI Corporation, and Yahoo Inc. in the U.S., respectively.
2. Please note that you may not be able to exercise your voting rights via PC or smartphone on the designated website for the exercise of voting rights, depending on the Internet settings configured on your PC or smartphone, such as firewalls, etc. that are in place to regulate your Internet connections, anti-virus software that has been installed on your PC or smartphone, or the use of a proxy server.
3. When exercising voting rights via mobile phone, you must use one of the following services: i-mode, EZweb or Yahoo! Mobile. For security reasons, you cannot vote using mobile handsets that cannot send encrypted information (SSL communications) or that cannot send information of the mobile phone used.
4. Please note that, in order to prevent unauthorized access to the designated website by individuals other than shareholders (persons impersonating shareholders) and to prevent the alteration of votes, we request that you change your "temporary password" to a permanent password on the designated website for the exercise of voting rights, when you want to exercise your voting rights via the Internet.
5. All costs associated with accessing the website for the exercise of voting rights (cost of dial-up connections, telephone tolls, etc.) are to be borne by the shareholder. Also, when voting via smartphone or mobile phone, all packet communication fees and other costs incurred in the use of a smartphone or a mobile phone are also to be borne by the shareholder.

For further assistance, regarding the system, etc., please contact:
Transfer Agent Department (Help Desk)
Mitsubishi UFJ Trust and Banking Corporation
Phone: 0120-173-027 (9:00 to 21:00 (Japan Time)); toll free only within Japan)

[For Institutional investors]

Institutional investors may make use of the Tokyo Stock Exchange's Electronic Voting Platform (commonly known as the TSE Platform).

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1 Appropriation of Surplus

Appropriation of surplus is as follows:

Fiscal Year-end Dividends

The Company places the return of profits to shareholders as one of its highest management priorities. The Company assumes 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's basic policy is to provide a return to shareholders that targets at a payout ratio of 30% in accordance with consolidated operational results and based on stable annual dividend payments of ¥24 per share.

In view of the Company's performance in this fiscal year, it will add a performance-based dividend of ¥21 per share to the stable year-end dividend of ¥12 per share, to pay a year-end dividend of ¥33 per share for this eighth fiscal year.

Since the Company paid an interim dividend of ¥12 per share on December 10, 2012, the total annual dividend for the fiscal year will be ¥45 per share.

(i) Type of dividend assets: Cash
(ii) Allocation of dividend assets to be paid to shareholders and total amount of dividend: Dividend per share of common stock of the Company¥33 Total amount of dividends¥7,253,560,116
(iii) Effective date of distribution of surplus (dividend): June 25, 2013

Proposal No. 2 Election of Nine (9) Directors

Since the terms of office of the nine (9) Directors of the Company will expire as of the conclusion of this General Meeting of Shareholders, the Company requests the election of nine (9) Directors.

The candidates for Director of the Company are as follows:

Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
1	Shukuo Ishikawa (April 15, 1955) Number of the Company's Shares Owned 33,800 Shares	President and Representative Director	<p>Apr. 1978: Joined NAMCO LIMITED (currently NAMCO BANDAI Games Inc.)</p> <p>Aug. 1991: General Manager, EM Development Department of NAMCO LIMITED</p> <p>Jun. 1995: Director in charge of Development Division II, General Manager, EM Development Department and VS Development Department of NAMCO LIMITED</p> <p>Jun. 1999: Managing Director in charge of Research, Development and Production, and Development Division II of NAMCO LIMITED</p> <p>Apr. 2005: Executive Vice President and Representative Director in charge of contents business of NAMCO LIMITED</p> <p>Apr. 2006: President and Representative Director of NAMCO BANDAI Games Inc.</p> <p>Jun. 2006: Director of the Company</p> <p>Apr. 2009: President and Representative Director of the Company (current position)</p> <p>Apr. 2010: President and Representative Director of NAMCO BANDAI Games Inc.</p> <p>Apr. 2012: Chairman of the Board of NAMCO BANDAI Games Inc.</p>

Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
2	<p data-bbox="373 622 558 734">Kazunori Ueno (September 16, 1953)</p> <p data-bbox="373 815 558 949">Number of the Company's Shares Owned 73,150 Shares</p>	<p data-bbox="593 674 782 898">Executive Vice President and Representative Director in charge of Toys and Hobby SBU</p>	<p data-bbox="817 374 1485 508">Apr. 1977: Joined Bandai Co., Ltd. Apr. 1991: General Manager, Candy Toy / Vending Machine Business Department of Bandai Co., Ltd.</p> <p data-bbox="817 508 1485 642">Jun. 2001: Director in charge of the Toy Business Projects and General Manager, Character Toy Business Department of Bandai Co., Ltd.</p> <p data-bbox="817 642 1485 754">Apr. 2003: Managing Director and President, Toys & Hobby Company and Chief Gundam Officer (CGO) of Bandai Co., Ltd.</p> <p data-bbox="817 754 1485 866">Jun. 2005: President and Representative Director of Bandai Co., Ltd., and Chief Gundam Officer (CGO) (current position)</p> <p data-bbox="817 866 1485 900">Sep. 2005: Director of the Company</p> <p data-bbox="817 900 1485 967">Jun. 2007: Director in charge of Toys and Hobby SBU of the Company</p> <p data-bbox="817 967 1485 1090">Apr. 2012: Executive Vice President and Representative Director in charge of Toys and Hobby SBU of the Company (current position)</p> <hr/> <p data-bbox="817 1102 1485 1191">(Major concurrent positions) President and Representative Director of Bandai Co., Ltd.</p>

Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
3	Shuji Ohtsu (August 6, 1959) Number of the Company's Shares Owned 17,300 Shares	Director and Division General Manager of the Group Administrative Headquarters	<p>Mar. 1986: Licensed as a CPA Dec. 1996: Partner in Century Audit Corporation Jan. 2000: Partner in Century Ota Showa & Co. (currently Ernst & Young ShinNihon LLC) Sep. 2003: Partner in KPMG AZSA & Co. (currently KPMG AZSA LLC) May 2004: Board Member of KPMG AZSA & Co. Oct. 2007: Joined the Company as Adviser Jun. 2008: Director in charge of Overseas Operations, Group Administrative Headquarters, Corporate Legal Affairs Office and Internal Auditing Division of the Company Jun. 2011: Director in charge of Overseas Regional Headquarters Companies and Division General Manager of the Group Administrative Headquarters of the Company Apr. 2013: Director and Division General Manager of the Group Administrative Headquarters of the Company (current position) President and Representative Director of NAMCO BANDAI Holdings (USA) Inc. (current position)</p> <p>(Major concurrent positions) President and Representative Director of NAMCO BANDAI Holdings (USA) Inc.</p>
4	Yuji Asako (January 18, 1966) Number of the Company's Shares Owned 16,200 Shares	Director and Division General Manager of the Corporate Planning Division	<p>Apr. 1986: Joined Bandai Co., Ltd. Aug. 2005: General Manager, Accounting Division of Bandai Co., Ltd. Sep. 2005: Joined the Company, as General Manager of the Corporate Administration Department Apr. 2006: Director, NAMCO BANDAI Games Inc. Apr. 2008: Executive Officer, Division General Manager of Corporate Planning Division of the Company Jun. 2010: Director in charge of Corporate Planning and Division General Manager of the Corporate Planning Division of the Company Jun. 2011: Director and Division General Manager of the Corporate Planning Division of the Company (current position)</p>

Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
5	Satoshi Oshita (July 3, 1953) Number of the Company's Shares Owned 27,500 Shares	Director in charge of Content SBU	<p>Mar. 1976: Joined Bandai Co., Ltd.</p> <p>Apr. 1992: General Manager, Toy Marketing Department of Bandai Co., Ltd.</p> <p>Jun. 1999: Executive Officer and Deputy Division Head, Consumer Business Division, and General Manager, SWAN Business Department of Bandai Co., Ltd.</p> <p>Mar. 2002: Joined Bandai Networks Co., Ltd., as Executive Manager</p> <p>Jun. 2002: President and Representative Director of Bandai Networks Co., Ltd.</p> <p>Jun. 2007: Director in charge of Network SBU of the Company</p> <p>Apr. 2009: Managing Director in charge of CS business and NE business of NAMCO BANDAI Games Inc.</p> <p>Apr. 2010: President and Representative Director of BANDAI VISUAL CO., LTD.</p> <p>Apr. 2012: Executive Officer in charge of Content SBU of the Company President and Representative Director of NAMCO BANDAI Games Inc. (current position)</p> <p>Jun. 2012: Director in charge of Content SBU of the Company (current position)</p> <p>(Major concurrent positions) President and Representative Director of NAMCO BANDAI Games Inc.</p>

Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
6	<p data-bbox="368 792 563 904">Masahiro Tachibana (April 16, 1951)</p> <p data-bbox="376 972 555 1106">Number of the Company's Shares Owned 53,300 Shares</p>	<p data-bbox="616 887 772 1010">Director in charge of Amusement Facility SBU</p>	<p data-bbox="815 371 1458 434">Apr. 1978: Joined NAMCO LIMITED (currently NAMCO BANDAI Games Inc.)</p> <p data-bbox="815 434 1458 497">Jul. 1986: General Manager, Operations Division of NAMCO LIMITED</p> <p data-bbox="815 497 1458 620">Jun. 1988: Director in charge of Operations Representative and General Manager, Operations Division of NAMCO LIMITED</p> <p data-bbox="815 620 1458 743">Jun. 1989: Managing Director in charge of Operations, and General Manager, Operations Division of NAMCO LIMITED</p> <p data-bbox="815 743 1458 806">Jun. 1994: Representative Director and Managing Director of NAMCO LIMITED</p> <p data-bbox="815 806 1458 929">Apr. 2004: Representative Director and Senior Managing Director, CT Company President, and Head of CT Control Division of NAMCO LIMITED</p> <p data-bbox="815 929 1458 992">Apr. 2005: Senior Managing Director of NAMCO LIMITED</p> <p data-bbox="815 992 1458 1055">Sep. 2005: Director in charge of domestic market of the Company</p> <p data-bbox="815 1055 1458 1120">Apr. 2008: Director in charge of Amusement Facility SBU of the Company</p> <p data-bbox="815 1120 1458 1205">President and Representative Director of NAMCO LIMITED* (current position)</p> <p data-bbox="815 1205 1458 1290">Jun. 2010: Director in charge of Amusement Facility SBU of the Company (current position)</p> <p data-bbox="815 1305 1458 1527">(Major concurrent positions) President and Representative Director of NAMCO LIMITED* * Newly established company through the incorporation-type company split of NAMCO LIMITED (currently NAMCO BANDAI Games Inc.)</p>

Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
7	<p><u>Outside Director</u></p> <p>Manabu Tazaki (November 8, 1948)</p> <p>Number of the Company's Shares Owned 5,300 Shares</p>	Director	<p>Jul. 1972: Joined McDonald's Company (Japan), Ltd. (currently McDonald's Holdings Japan)</p> <p>Dec. 1989: Joined Toys "R" US-Japan, Ltd.</p> <p>Apr. 1993: President and Representative Director of Toys "R" US-Japan, Ltd.</p> <p>Apr. 2004: Chairman, Representative Director, and Chief Executive Officer of Toys "R" US-Japan, Ltd.</p> <p>Jul. 2006: Business Advisor to the Company</p> <p>Apr. 2008: Outside Director of NAMCO LIMITED*</p> <p>Jun. 2009: Outside Director of the Company (current position)</p> <p>Mar. 2011: Outside Director of STUDIO ALICE Co., Ltd. (current position)</p> <p>* Newly established company through the incorporation-type company split of NAMCO LIMITED (currently NAMCO BANDAI Games Inc.)</p> <p>(Major concurrent positions) Outside Director of STUDIO ALICE Co., Ltd.</p>
<p>(Reason for proposing Mr. Manabu Tazaki as a candidate for Outside Director)</p> <p>Given his extensive experience in corporate management, his excellent character and knowledge, and his thorough knowledge of trends in the toys and hobby, and other industries within which the Group is developing its businesses, the Company anticipates that he will be able further to strengthen management oversight and check functions and to introduce a broader managerial perspective and thus believes that he will be able to perform the duties of an Outside Director appropriately.</p>			

Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
8	<u>Outside Director</u> Nobuo Sayama (December 3, 1953) Number of the Company's Shares Owned --- Shares	Director	Apr. 1976: Joined TEIJIN LIMITED Jul. 1987: Joined Mitsui Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation) Dec. 1998: Resigned from The Sakura Bank, Limited (currently Sumitomo Mitsui Banking Corporation) Jan. 1999: Representative Director of UNISON CAPITAL, Inc. Apr. 2004: Assistant Professor, Graduate School of International Corporate Strategy (ICS), Hitotsubashi University Representative Director of GCA Co, Ltd. (currently GCA Holdings Corporation) Apr. 2005: Professor, Graduate School of International Corporate Strategy (ICS), Hitotsubashi University (current position) Oct. 2005: Representative Director of Mezzanine Corporation Mar. 2008: Managing Director of GCA Savvian Group Corporation Representative Director of Integral Corporation (current position) Jun. 2011: Outside Director of the Company (current position) Outside Director of LAC Holdings, Inc. (currently Little eArth Corporation Co., Ltd.) (current position)
			(Major concurrent positions) Professor, Graduate School of International Corporate Strategy (ICS), Hitotsubashi University Representative Director of Integral Corporation Outside Director of Little eArth Corporation Co., Ltd.
			(Reason for proposing Mr. Nobuo Sayama as a candidate for Outside Director) Given his extensive experience in corporate management and his profound scholarly knowledge via his teaching activities in the field of corporate strategy, the Company anticipates that he will be able further to strengthen management oversight and check functions, and thus believes that he will be able to perform the duties of an Outside Director appropriately.

Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
9	<u>Outside Director</u> Tomohisa Tabuchi (December 9, 1957) Number of the Company's Shares Owned --- Shares	Director	Apr. 1984: Admitted to the bar in Japan Apr. 1991: Joined Mori Sogo Law Office (currently Mori Hamada & Matsumoto) Jun. 2006: Outside Audit & Supervisory Board Member of NAMCO BANDAI Games Inc. Apr. 2007: Established STW & Partners Partner of STW & Partners (current position) Jun. 2010: Outside Director of Hitachi Medical Corporation (current position) Jun. 2011: Outside Director of the Company (current position)
			(Major concurrent positions) Partner of STW & Partners Outside Director of Hitachi Medical Corporation
(Reason for proposing Mr. Tomohisa Tabuchi as a candidate for Outside Director) Although he has not been involved in corporate management other than through serving as an outside director or outside audit & supervisory board member, the Company anticipates, given his many years of experience as an attorney-at-law, that he will be able further to strengthen management oversight and check functions, mainly from a legal risk perspective, and thus believes that he will be able to perform the duties of an Outside Director appropriately.			

- (Notes)
- Each of Mr. Manabu Tazaki, Mr. Nobuo Sayama, and Mr. Tomohisa Tabuchi is a candidate for Outside Director of the Company. Each is currently an Outside Director of the Company. As of the close of this General Meeting of Shareholders, Mr. Manabu Tazaki will have served about four years, Mr. Nobuo Sayama about two years, and Mr. Tomohisa Tabuchi about two years. Liability Limitation Agreements under Article 427, Paragraph 1, of the Companies Act have not been concluded between Mr. Manabu Tazaki, Mr. Nobuo Sayama, or Mr. Tomohisa Tabuchi and the Company.
 - Independence as Outside Director
The Company believes that Mr. Manabu Tazaki, Mr. Nobuo Sayama, and Mr. Tomohisa Tabuchi, who are candidates for Outside Director of the Company, have no risk of conflicts of interest with general shareholders and have a high degree of independence. The Company has filed a notification that each of the candidates would be Independent Directors/Auditors as defined in the rules of the Tokyo Stock Exchange.
 - There are no special interests between each of the candidates for Director and the Company.

END

BUSINESS REPORTS*(From April 1, 2012 to March 31, 2013)***1. Current Status of the Group****(1) Business Status for This Fiscal Year****(i) Business Progress and Results**

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%).

(ii) Outline of Business by Business Segment

(Millions of yen)

Business Segment	Net Sales			Operating Income		
	Year Ended March 31, 2013	Year Ended March 31, 2012	Change	Year Ended March 31, 2013	Year Ended March 31, 2012	Change
Toys and Hobby	172,977	177,994	Decrease of 5,016	11,255	16,112	Decrease of 4,857
Content	263,595	225,503	Increase of 38,092	36,438	17,003	Increase of 19,434
Amusement Facility	60,185	61,032	Decrease of 847	1,683	2,380	Decrease of 696
Other	25,788	27,482	Decrease of 1,694	1,692	2,050	Decrease of 358
Eliminations and Corporate	(35,305)	(37,801)	Increase of 2,496	(2,427)	(2,941)	Increase of 514
Consolidated	487,241	454,210	Increase of 33,030	48,642	34,606	Increase of 14,036

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 operating income was 11,255 million yen (year-on-year decrease of 30.1%).

Description of Business
Manufacturing and sales of toys, candy toys, production for vending machines, cards, plastic models, apparel, sundries, etc.

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 pachislot 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 operating income was 36,438 million yen (year-on-year increase of 114.3%).

Description of Business
Planning, development and sales of home video game software, arcade game machines, and prizes for amusement machines, distribution services for network content, planning, production and sales of films, visual and music content software, distribution services for on-demand visual content, live entertainment operations, etc.

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 operating income was 1,683 million yen (year-on-year decrease of 29.3%).

Description of Business
Operation of amusement facilities, etc.

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 operating income was 1,692 million yen (year-on-year decrease of 17.5%).

Description of Business
Transportation and storage of products, management of real estate, printing, etc.

(iii) Capital Expenditures

In this fiscal year, the Group carried out 18,535 million yen in capital expenditures; the funds were primarily used for investments in the manufacturing of molds associated with the development of new products and in amusement facilities and machines.

(iv) Fundraising

Not applicable.

(v) Transfers of Business, Absorption-Type Company Splits, or Incorporation-Type Company Splits

Not applicable.

(vi) Acquisitions of Other Companies' Businesses

Not applicable.

(vii) Successions of Rights or Duties Related to the Businesses of Other Legal Entities, etc. due to Absorption-Type Mergers or Absorption-Type Company Splits

On September 28, 2012, NAMCO BANDAI Games Europe S.A.S. and NAMCO BANDAI Partners S.A.S., subsidiaries of the Company, carried out an absorption-type merger in which NAMCO BANDAI Games Europe S.A.S. was the surviving company.

(viii) Acquisitions and Disposals of Shares, Other Equities, and Stock Subscription Rights in Other Companies

Not applicable.

(2) Status of Assets and Profits & Losses for the Previous Three Fiscal Years

Fiscal Year Classification	5th Fiscal Year (Year Ended March 31, 2010)	6th Fiscal Year (Year Ended March 31, 2011)	7th Fiscal Year (Year Ended March 31, 2012)	8th Fiscal Year (This Fiscal Year) (Year Ended March 31, 2013)
Net sales (Millions of yen)	378,547	394,178	454,210	487,241
Recurring income (Millions of yen)	1,907	16,399	34,960	49,972
Net income (loss) (Millions of yen)	(29,928)	1,848	19,303	32,383
Net income (loss) per share	(¥123.98)	¥7.71	¥85.62	¥147.40
Total assets (Millions of yen)	325,935	308,269	342,171	374,203
Net assets (Millions of yen)	229,012	213,693	213,125	248,769
Net assets per share	¥938.74	¥896.83	¥962.45	¥1,124.45

(3) Important Parent Company and Subsidiaries

(i) Status of the Parent Company

Not applicable.

(ii) Important Subsidiaries

Name of Company	Capital	Ownership Ratio	Description of Principal Business
Bandai Co., Ltd.	¥ 10,000 million	100.0%	Manufacturing and sales of toys and apparel, etc.
NAMCO BANDAI Games Inc.	¥ 10,000 million	100.0%	Planning, development and sales of home video game software and arcade game machines, etc., and distribution services for network content, etc.
NAMCO LIMITED	¥ 10,000 million	100.0%	Operation of amusement facilities, etc.
NAMCO BANDAI Holdings (USA) Inc.	US\$ 10	100.0%	Pure holding company as regional headquarters in the U.S.
BANDAI S.A.	€21,690,000	100.0%	Regional headquarters company in Europe. Import and sales of toys, etc.
NAMCO Holdings UK LTD.	£ 29,500,000	100.0%	Pure holding company in the U.K.
BANDAI (H.K.) CO., LTD.	HK\$ 103,000,000	100.0%	Regional headquarters company in Asia. Import, manufacturing and sales of toys, etc.

(Notes) 1. Bandai Co., Ltd. carried out a capital reduction of 14,664 million yen on October 15, 2012, as part of the Group's capital strategy.

2. NAMCO BANDAI Games Inc. carried out a capital reduction of 5,000 million yen on October 4, 2012, as part of the Group's capital strategy.

(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.

(i) 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 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.

(ii) 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 and reforming its organizational structure, 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 consumer 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.

We ask for our shareholders' further assistance and guidance.

(5) Principal Business Offices of the Group (As of March 31, 2013)

(i) The Company

Head Office	4-5-15 Higashi-Shinagawa, Shinagawa-ku, Tokyo
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(ii) Principal Subsidiaries

Bandai Co., Ltd.	Taito-ku, Tokyo
NAMCO BANDAI Games Inc.	Shinagawa-ku, Tokyo
NAMCO LIMITED	Ota-ku, Tokyo
NAMCO BANDAI Holdings (USA) Inc.	California, U.S.A.
BANDAI S.A.	Cergy-Pontoise, France
NAMCO Holdings UK LTD.	London, U.K.
BANDAI (H.K.) CO., LTD.	Hong Kong, China

(6) Outline of Employees (As of March 31, 2013)

(i) Employees of the Group

Business Segment	Number of Employees		Change from the End of Previous Fiscal Year	
Toys and Hobby Business	2,170	(1,464)	Increase of 34	(Decrease of 43)
Content Business	2,939	(393)	Decrease of 38	(Increase of 82)
Amusement Facility Business	1,110	(3,586)	Increase of 4	(Decrease of 169)
Other Businesses	594	(371)	Increase of 58	(Increase of 59)
Corporate (Common)	170	(21)	Decrease of 88	(Decrease of 26)
Total	6,983	(5,835)	Decrease of 30	(Decrease of 97)

- (Notes) 1. The number of employees refers to the employees actually at work.
2. The average numbers of temporary personnel employed for this fiscal year are presented separately in parentheses.
3. The number of employees listed for "Corporate (Common)" is the number of employees in the administration sector, etc. of the Company, NAMCO BANDAI Holdings (USA) Inc., and NAMCO Holdings UK Ltd.

(ii) Employees of the Company

Number of Employees	Change from the End of Previous Fiscal Year	Average Age	Average Years of Service
161 (21)	Decrease of 87 (Decrease of 26)	39.5	13.3

- (Notes)
1. The number of employees refers to the employees actually at work.
 2. The average number of temporary personnel employed for this fiscal year is presented separately in parentheses.
 3. In calculating the average years of service, with respect to the employees who have transferred from other Group companies, including Bandai Co., Ltd. and NAMCO BANDAI Games Inc., to the Company, the aggregate number of each employee's years of service at each company is used for calculation.
 4. The decrease in the number of employees is mainly due to transfers to other companies within the Group.

(7) Principal Lenders (As of March 31, 2013)

Lenders	Amount
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥5,887 million
Sumitomo Mitsui Banking Corporation	¥4,748 million
Mizuho Corporate Bank, Ltd.	¥1,283 million
Mitsubishi UFJ Trust and Banking Corporation	¥1,026 million

(8) Other Important Matters of the Group

Not applicable.

2. Current Status of the Company

(1) Status of Shares (As of March 31, 2013)

- (i) Total Number of Shares Issuable: 1,000,000,000 shares
- (ii) Total Number of Issued Shares: 222,000,000 shares
- (iii) Number of Shareholders: 42,800
(increase of 2,463 from the end of the previous fiscal year)

(iv) Major Shareholders (Top 10 Shareholders)

Name of Shareholders	Number of Shares Held	Shareholding Ratio
The Master Trust Bank of Japan, Ltd. (Trust account)	9,518,500	4.33
Japan Trustee Services Bank, Ltd. (Trust account)	7,407,900	3.37
MAL Ltd.	7,010,100	3.19
The Chase Manhattan Bank, N.A. London S.L. Omnibus Account	6,618,285	3.01
XIL, LTD.	6,000,000	2.73
Masaya Nakamura	5,960,000	2.71
The Nomura Trust and Banking Co., Ltd. (Retirement and severance benefits trust. The Bank of Tokyo-Mitsubishi UFJ account)	4,586,100	2.09
State Street Bank and Trust Company 505225	3,926,753	1.79
Nintendo Co., Ltd.	3,845,700	1.75
Japan Trustee Services Bank, Ltd. (Trust account 9)	3,675,300	1.67

(Notes) 1. The shareholding ratio is calculated after reduction of the number of treasury stocks (2,195,148 shares).

2. Out of the above number of shares held, the numbers of shares relating to the trust business are as follows:

The Master Trust Bank of Japan, Ltd. (Trust account)	7,268,400 shares
Japan Trustee Services Bank, Ltd. (Trust account)	6,906,600 shares
The Nomura Trust and Banking Co., Ltd. (Retirement and severance benefits trust. The Bank of Tokyo-Mitsubishi UFJ account)	4,586,100 shares
Japan Trustee Services Bank, Ltd. (Trust account 9)	3,675,300 shares

3. The 4,586,100 shares owned by The Nomura Trust and Banking Co., Ltd. (Retirement and severance benefits trust. The Bank of Tokyo-Mitsubishi UFJ account) were the shares of Bandai Co., Ltd. that were owned by UFJ Bank (now The Bank of Tokyo-Mitsubishi UFJ, Ltd.), entrusted for retirement and severance benefits. Those shares were exchanged with the Company's shares through the share transfer on September 29, 2005, and The Bank of Tokyo-Mitsubishi UFJ directs the exercise of the voting rights pertaining to those shares.

(2) Stock Subscription Rights, etc.

- (i) Stock Subscription Rights Held by Company Directors and Audit & Supervisory Board Members of the Company That Were Delivered as Consideration for the Execution of Their Duties at the End of This Fiscal Year

Not applicable.

- (ii) Stock Subscription Rights Delivered to Employees, etc. as Consideration for the Execution of Their Duties in This Fiscal Year

Not applicable.

(3) Directors and Audit & Supervisory Board Members of the Company

- (i) Directors and Audit & Supervisory Board Members (As of March 31, 2013)

Title	Name	Responsibilities in the Company and Major Concurrent Positions
President and Representative Director	Shukuo Ishikawa	Chairman of the Board of NAMCO BANDAI Games Inc.
Executive Vice President and Representative Director	Kazunori Ueno	Responsible for the Toys and Hobby SBU President and Representative Director of Bandai Co., Ltd.
Director	Shuji Ohtsu	Responsible for Overseas Regional Headquarters Companies and the Division General Manager of the Group Administrative Headquarters
Director	Yuji Asako	Division General Manager of the Corporate Planning Division
Director	Satoshi Oshita	Responsible for the Content SBU President and Representative Director of NAMCO BANDAI Games Inc.
Director	Masahiro Tachibana	Responsible for the Amusement Facility SBU President and Representative Director of NAMCO LIMITED
Director	Manabu Tazaki	Outside Director of STUDIO ALICE CO., LTD
Director	Nobuo Sayama	Professor, Graduate School of International Corporate Strategy (ICS), Hitotsubashi University Representative Director of Integral Corporation
Director	Tomohisa Tabuchi	Outside Director of Little eArth Corporation Co., Ltd. Attorney-at-Law Partner in STW & Partners Outside Director of Hitachi Medical Corporation
Full Time Audit & Supervisory Board Member	Koichiro Honma	
Full Time Audit & Supervisory Board Member	Katsuhiko Kohtari	Certified Public Accountant
Audit & Supervisory Board Member	Osamu Sudoh	Attorney-at-Law Partner in Sudoh & Takai Law Offices Outside Director of Rakuten Bank, Ltd. Outside Director of Accordia Golf Co., Ltd. Outside Audit & Supervisory Board Member of Mitsui-Soko Co., Ltd.
Audit & Supervisory Board Member	Kouji Yanase	Attorney-at-Law Partner in Marunouchi-Chuo Law Office

- (Notes) 1. Directors Manabu Tazaki, Nobuo Sayama and Tomohisa Tabuchi are Outside Directors.
2. Full Time Audit & Supervisory Board Member Katsuhiko Kohtari and Audit & Supervisory Board Members Osamu Sudoh and Kouji Yanase are Outside Audit & Supervisory Board Members.
3. Full Time Audit & Supervisory Board Member Katsuhiko Kohtari is a certified public accountant and has considerable knowledge of finance and accounting.
4. Audit & Supervisory Board Member Osamu Sudoh has considerable experience with bankruptcy issues as an attorney-at-law and has the deep knowledge of finance and accounting necessary to engage in such bankruptcy issues.
5. President and Representative Director Shukuo Ishikawa stepped down as Chairman of the Board of NAMCO BANDAI Games Inc. on March 31, 2013.
6. The Company has appointed Outside Directors Manabu Tazaki, Nobuo Sayama, and Tomohisa Tabuchi and Outside Audit & Supervisory Board Members Katsuhiko Kohtari, Osamu Sudoh, and Kouji Yanase as Independent Directors/Auditors as defined in the rules of the Tokyo Stock Exchange and has filed therewith the notification regarding their appointments.

- (ii) Directors and Audit & Supervisory Board Members Who Retired or Were Dismissed during This Fiscal Year

Not applicable.

- (iii) Remuneration, etc. Paid to Directors and Audit & Supervisory Board Members

Total Amount of Remuneration, etc., Paid During This Fiscal Year

	Number of People	Amount of Remuneration, etc.
Directors	8	¥406 million
Audit & Supervisory Board Members	4	¥67 million
Total	12	¥474 million
(Outside Directors and Outside Audit & Supervisory Board Members)	(6)	(¥88 million)

- (Notes) 1. There are no employees serving as Directors.
2. At the 1st Ordinary General Meeting of Shareholders held on June 26, 2006, it was resolved that the remuneration limit for Directors must be 700 million yen per fiscal year, of which 350 million yen is the limit for base remuneration and the remaining 350 million yen is the limit for cash bonus. In addition, at the 7th Ordinary General Meeting of Shareholders held on June 18, 2012, it was resolved that the upper limit on their stock option remuneration is 120 million yen per year.
3. At the Ordinary General Meetings of Shareholders for Bandai Co., Ltd. and NAMCO LIMITED (currently NAMCO BANDAI Games Inc.) held on June 23, 2005 and on June 25, 2005 respectively, it was resolved that the remuneration limit for Audit & Supervisory Board Members must be 8 million yen per month.

(iv) Matters Concerning Outside Directors and Outside Audit & Supervisory Board Members

a. Status of Major Concurrent Positions of Other Companies, etc. and Relationships Between Those Companies, etc. and the Company

Major concurrent positions of Outside Directors and Outside Audit & Supervisory Board Members are as stated in “(i) Directors and Audit & Supervisory Board Members” on pages 23.

Moreover, there are no special relationships between the Company and the entities with which Outside Directors and Outside Audit & Supervisory Board Members have concurrent positions.

b. Main Activities in This Fiscal Year

(Directors)

	Board of Directors Meetings (Held 18 times)		Statements Made at Board of Directors Meetings
	Number of Meetings Attended	Attendance Rate	
Manabu Tazaki	18	100.0%	Provided advice and proposals by giving opinions, etc. based on his wealth of experience and position as a corporate officer to ensure the appropriateness and validity of decisions of the Board of Directors.
Nobuo Sayama	18	100.0%	Provided advice and proposals by giving opinions, etc. based on his wealth of experience and position as a corporate officer and from his profound scholarly knowledge via his teaching activities in the field of corporate strategy to ensure the appropriateness and validity of decisions of the Board of Directors.
Tomohisa Tabuchi	18	100.0%	Provided advice and proposals by giving opinions, etc. primarily from his position as an attorney-at-law to ensure the appropriateness and validity of decisions of the Board of Directors.

(Audit & Supervisory Board Members)

	Board of Directors Meetings (Held 18 times)		Audit & Supervisory Board Meetings (Held 10 times)		Statements Made at Board of Directors Meetings and Audit & Supervisory Board Meetings
	Number of Meetings Attended	Attendance Rate	Number of Meetings Attended	Attendance Rate	
Katsuhiko Kohtari	18	100.0%	10	100.0%	Provided advice and proposals by giving opinions, etc. primarily from his position as a certified public accountant to ensure the appropriateness and validity of decisions of the Board of Directors and the Audit & Supervisory Board.
Osamu Sudoh	16	88.9%	10	100.0%	Provided advice and proposals by giving opinions, etc. primarily from his position as an attorney-at-law to ensure the appropriateness and validity of decisions of the Board of Directors and the Audit & Supervisory Board.
Kouji Yanase	17	94.4%	10	100.0%	Provided advice and proposals by giving opinions, etc. primarily from his position as an attorney-at-law to ensure the appropriateness and validity of decisions of the Board of Directors and the Audit & Supervisory Board.

c. Summary of Contracts Concerning Limited Liability

Not applicable.

d. Total Amount of Remuneration, etc. Paid to Directors and Audit & Supervisory Board Members by the Parent Company and Subsidiaries, etc.

Not applicable.

(4) Accounting Auditors

- (i) Name: KPMG AZSA LLC
- (ii) Amount of Remuneration, etc.

	Amount of Remuneration, etc.
Amount of Remuneration, etc. for Accounting Auditors for This Fiscal Year	¥68 million
Total in Money and Other Financial Benefits to Be Paid by the Company and Its Subsidiaries to Accounting Auditors	¥228 million

- (Notes) 1. NAMCO BANDAI Holding (USA) Inc., BANDAI S.A., NAMCO Holdings UK LTD., and BANDAI (H.K.) CO., LTD., among major subsidiaries of the Company, are audited (within the meaning of being audited as required by the Companies Act and Financial Instruments and Exchange Act or the equivalent laws and regulations in other countries) by audit firms (including entities overseas with qualifications equivalent to those of a Japanese audit firm) other than the Company's Accounting Auditor.
2. Under the audit agreement between the Company and its Accounting Auditor, there is no clear distinction between the amount of remuneration, etc., for audits under the Companies Act and that under the Financial Instruments and Exchange Act; furthermore, it is practically impossible to make such distinction. Therefore, the amount of remuneration, etc., for Accounting Auditors for this fiscal year described above is the total amount of remuneration, etc., for these audits.

(iii) Non-Auditing Operations

The Company delegates and provides remuneration for its Accounting Auditor to carry out services apart from those defined under Article 2, Paragraph 1 of the Certified Public Accountants Act, namely, "to provide guidance and advice as a specialist for the purpose of conversion to the International Financial Reporting Standards."

(iv) Policy on Removal or Non-Renewal of an Accounting Auditor

In the event that an Accounting Auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act, in principle, the Audit & Supervisory Board will remove such Accounting Auditor with the unanimous approval of the Audit & Supervisory Board Members.

Additionally, in the event that the Audit & Supervisory Board judges that an Accounting Auditor's behavior caused a material impediment to the audit operations of the Company, it will request the Board of Directors to present a proposal for the removal or non-renewal of such Accounting Auditor at a General Meeting of Shareholders, as prescribed in Article 344, Paragraph 2 of the Companies Act, even if such Accounting Auditor does not fall under any of the items of Article 340, Paragraph 1 of the Companies Act.

Under these circumstances, the Board of Directors will be responsible for proposing such agenda to the General Meeting of Shareholders. Moreover, if the Board of Directors finds it necessary because of an impediment to the execution of the duties of the Accounting Auditor, etc., it will, having received the approval of the Audit & Supervisory Board, present the proposal for removal or non-renewal of such Accounting Auditor at a General Meeting of Shareholders, as prescribed in Article 344, Paragraph 1 of the Companies Act.

(v) Summary of Contracts Concerning Limited Liability

Not applicable.

(5) Systems for Ensuring the Properness of Operations

The following outlines decisions regarding systems to ensure that the execution of the duties by Directors complies with the laws and regulations and the Articles of Incorporation, and other systems to ensure the properness of the Company's operations.

- (i) Systems to Ensure that the Execution of the Duties by Directors Is in Compliance with the Laws and Regulations and the Articles of Incorporation
 - a. The Group has established the Group's Corporate Philosophy, the Group Compliance Charter, and the BANDAI NAMCO Group Rules for Executives so that the Directors of the Group companies shall always exercise care in carrying out their duties fairly and in accordance with the law. The president of each Group company has submitted declarations to the President and Representative Director of the Company of intent to comply with the Group Compliance Charter.
 - b. The Group has established regulations concerning compliance as a part of Group management. The Group as a whole has a system to ensure that compliance with laws and regulations, respect for ethical principles, and compliance with company regulations are implemented appropriately.
 - c. The relevant Director is put in charge of compliance and is responsible for supervision of compliance overall. Should violations of compliance or suspicions thereof occur within the Group, the Risk Compliance Committee is convened immediately to discuss and decide how the issue should be handled.
 - d. To ensure that the execution of the duties by Directors complies with the laws and regulations and the Articles of Incorporation, the Company and Group companies have put in place internal consultation points, external consultation points with external legal advisors, and the Audit & Supervisory Board Members hotline, which enables reporting directly to the Audit & Supervisory Board Members.
- (ii) Systems for Preserving and Managing Information Related to Directors' Execution of Their Duties
 - a. The Company has established regulations concerning information security as a part of Group management. These regulations provide for a system to ensure appropriate safekeeping and preservation of information.
 - b. The Company has established regulations concerning document management and ensures (i) the centralized collection and management of minutes of several kinds of meetings, contracts and other documents, and (ii) appropriate safekeeping and management of important documents including documents circulated for approval in each department. The Company has a system to ensure that Directors and Audit & Supervisory Board Members may peruse those documents at any time.
- (iii) Regulations Concerning Management for Risk of Loss and Other Systems
 - a. The Company has established regulations concerning risk management and compliance as a part of Group management. Throughout the Group, we are working to prevent risk and to discover factors creating risk as rapidly as possible, and aiming to minimize the impact of risk on our business by responding to risk quickly and in an appropriate manner when risk arises.
In particular, positing the occurrence of a situation that could cause drastic damage to the management of the Group through a major disaster or the like, the Group has defined the

basic policy for a Business Continuity Plan (BCP) for the Group, and is drawing up a BCP for the Group and organizing a Business Continuity Management (BCM) system to achieve rapid recovery and restart of operations.

- b. The Company has put a Group emergency contact network in place and ensured that should information concerning risk, including violations of laws and regulations, develop, it is reported immediately to the Company's President and Representative Director and a meeting of the Group Risk Compliance Committee is held to discuss and decide the Group's response to such risk.

(iv) Systems to Ensure that Directors Execute their Duties Efficiently

- a. To promote greater efficiency in Group business operations, subsidiaries are assigned to SBUs categorized by business segment and a Director is put in charge of each SBU. Mid-term Plan and annual budgets are determined for each SBU and the Group as a whole, and each Director in charge of each SBU is responsible for the efficient execution of such SBU businesses.
- b. An overseas regional headquarters company is determined for each overseas region, to provide region-specific management and support for strategies in the Group as a whole and in each SBU, through which a system that permits efficient execution of duties is ensured.
- c. The Company has established several meetings, including the SBU Quarterly Report Meeting, the Group Management Meeting, and the *Waigaya* (Weekly Meeting) at which Directors and important employees exchange opinions, putting in place a system for reporting inside the Group and decision making. In addition, the Company has established performance management regulations, organizational regulations, regulations concerning division of duty, regulations concerning operating authority, regulations concerning managerial decisions, etc., which define the scope of authority and responsibility of each Director and design a system to ensure efficient execution of their respective work duties.

(v) Systems to Ensure that Employees Execute their Duties in Compliance with Laws and Regulations and the Articles of Incorporation

- a. The Group has established the Group's Corporate Philosophy and the Group Compliance Charter as the foundations of its compliance system, so that employees shall be fully informed in order to execute their duties fairly and in accordance with the law.
- b. The Company has established organizational regulations, regulations concerning division of duty, regulations concerning operating authority, regulations concerning managerial decisions, etc., which clarify the responsibilities and authority of employees.
- c. An Internal Auditing Division has been established independently of the executive sections to work towards the properness of execution of operations through internal audits, and the Risk Compliance Committee has been established to serve as the overall compliance body, putting in place a system such that, should violations of laws or regulations or suspicions thereof occur, the Risk Compliance Committee will immediately discuss and decide how the issue should be handled.
- d. Along with the establishment of the regulations concerning compliance, the Company and Group companies have put in place internal consultation points, external consultation points with external legal advisors, and the Audit & Supervisory Board Members hotline,

which enables reporting directly to the Audit & Supervisory Board Members, to receive reports or consultations concerning compliance from employees and others.

(vi) Systems to Ensure Proper Business Behavior by the Group

- a. The Group has established the Group Compliance Charter, with which all officers and employees of the Group shall comply while conducting business. The president of each Group company has submitted declarations to the President and Representative Director of the Company of intent to comply with the Group Compliance Charter. Moreover, the Group Compliance Charter has been revised as needed in response to revisions in the laws and regulations, etc., or changes in the social context surrounding the Group, and a guidebook, the Compliance Book, has been issued and distributed to all officers and employees in the Group in order to ensure thorough knowledge of the Group Compliance Charter throughout the Group. Furthermore, training on compliance is being carried out by, for example, the Group's training system, using its internal network.
- b. The Group management regulations including, among other regulations, regulations concerning compliance, risk management, performance management and information security management have been established to ensure proper performance of business responsibilities throughout the Group.
- c. To promote greater efficiency in Group operations, Group businesses are segmented with separate SBUs for each category. The Company has put in place a system primarily headed by the Director in charge of each SBU, to ensure close communication, with each Group company and to provide each Group company with appropriate guidance, advice, etc., as necessary.
- d. A project is underway to make the Group's internal controls function more effectively, with the primary focus on greater effectiveness and efficiency in operations, reliability in financial reporting, and compliance with related laws and regulations.

(vii) Matters Concerning the Systems Related to Employees who Assist the Audit & Supervisory Board Members and those Employees' Independence from the Directors

- a. The Audit & Supervisory Boards' regulations and the audit standards for Audit & Supervisory Board Members specify in writing and the Board of Directors has adopted a resolution to the effect that the Audit & Supervisory Board Members may request the President and Representative Director to assign employees to assist the Audit & Supervisory Board Members in carrying out their duties and that, to ensure those employees' independence from the Board of Directors, the Directors and the Audit & Supervisory Board Members are given an opportunity to confer on personnel matters concerning those employees in advance.

- (viii) Systems for Reports to the Audit & Supervisory Board Members, Including Reports to the Audit & Supervisory Board Members Made by Directors and Employees
- a. Directors and employees must promptly report to the Audit & Supervisory Board any matters prescribed by laws and regulations, matters likely to have a major impact on the Company and the Group, and matters related to the current status of internal audits and compliance.
 - b. Along with the establishment of regulations concerning compliance, the Company and Group companies have put in place an Audit & Supervisory Board Members hotline, which enables reporting directly to the Audit & Supervisory Board Members, to receive reports or consultations concerning compliance from employees and others.
 - c. Directors make regular reports to the Board of Directors on the current state of construction and operations of internal control systems.
 - d. Besides meetings of the Board of Directors, Audit & Supervisory Board Members also participate in important meetings including the SBU Quarterly Report Meeting and meetings of the Boards of Directors of principal subsidiary companies, and have regular meetings with Directors and important employees to confirm the current state of affairs of the Company, receive reports, exchange opinions, and so on.
- (ix) Systems to Ensure the Effectiveness of Audits Conducted by the Audit & Supervisory Board Members
- a. Besides (i) establishment of the Audit & Supervisory Board's regulations, audit standards for Audit & Supervisory Board Members, standards for audits of internal control systems and audit plans, and (ii) allocation of duties of Audit & Supervisory Board Members, Audit & Supervisory Board Members ensure efficient audits by regularly meeting with Directors and important employees, auditing important documents, and communicating with the Internal Auditing Division and Accounting Auditor.
 - b. Besides participating in meetings of the Board of Directors, Audit & Supervisory Board Members also participate in important meetings including the SBU Monthly Report Meeting and meetings of the Boards of Directors of principal subsidiary companies, with the aim of strengthening audits of the subsidiaries.
 - c. The Group Audit & Supervisory Board, which consists of Full Time Audit & Supervisory Board Members, holds workshops aimed at improving the quality of audits to provide information about audit policies and other relevant matters, confirm the current status of audits, receive reports, and discuss. In addition, it provides training in audit procedures for employees who also serve as part-time Audit & Supervisory Board Members, with the aim of improving the effectiveness of audits for the Group as a whole.

(6) Basic Policy Concerning Control of the Company

(i) Content of Basic Policy

The Corporate Value of the Group

Guided by our vision of becoming “The Leading Innovator in Global Entertainment,” the Group mission is to continue to offer “Dreams, Fun and Inspiration,” through entertainment, to people throughout the world.

Emerging victoriously in the global competition of the fast-changing world of entertainment requires not only construction of a solid management foundation but also the creation of entertainment constantly predicting the changes of times and environments. Such creation is closely linked to raising the corporate value of the Company.

Therefore, in determining what and how a person or entity controlling decisions on the financial and business policies should be, the Company should take the enhancement of the corporate value into account.

What and How a Person or Entity Controlling Decisions on the Financial and Business Policies Should Be

We believe that a person or entity controlling decisions on financial and business policies should be the one who sufficiently understands the importance of the above kind of managerial vision and mission of the Group, the managing resources, such as content, that support the accomplishment of that vision and mission, and the importance of various stakeholders related to the Company, and who maximizes the corporate value of the Company and its shareholders’ common interests over the mid- to long-term.

Therefore, we believe that, in the event that any person or entity that attempts to acquire large quantities of the Company’s shares falls under any of the following and would harm the Company’s corporate value for such reason, such person or entity is inappropriate to control the decisions of the Company’s financial and business policies:

- Any person or entity who could clearly harm the Company’s corporate value,
- Any person or entity who forces shareholders to sell their shares in a hurry by creating a disadvantageous situation if they do not accept a takeover proposal, or
- Any person or entity that does not provide the Company with the information or the time required for making decisions.

(ii) Details of Engagement

The Board of Directors of the Company, to whom the shareholders have entrusted the management of the Company, is engaged in the following efforts to implement the Group’s basic policy.

Steps to Increase the Corporate Value of the Group

· Promoting the Mid-term Plan

Under the three-year Mid-term Plan, which 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. Specifically, we will promote five Focus Strategies for implementing the Mid-term Plan. The first three are Business Area Strategies: the Basic Business Area, the Profit Recovering Area, and the New Growth Area. The Basic Business Area is the area in which the Group has secured a certain level of stable market share and profit and, as the Group’s basic business, the focus is on profitability in expanding the business further. In the Profit Recovering Area, the

priority will be on the recovery of profitability and achieving a stable market share and profit. The New Growth Area is the area in which we expect the region and businesses to develop as new growth pillars. Crosscutting them are two Functional Strategies that apply across all business areas: the Group-wide Network Strategy and the Human Resources Strategy. By implementing these strategies, the Group will work to promote growth in profit in the domestic and overseas markets.

- Strengthening Corporate Governance

The president and representative director of each major company responsible for each SBU also serves on the Company's Board of Directors, to strengthen the collaborative efforts between the holding company and the operating companies and between the operating companies and to facilitate speedier decision-making as a Group. In addition, the Company has made three of the nine Directors outside directors, to strengthen management oversight functions.

- Promoting Efficient Management

The Group has put in place standards for business reconstruction; it has reinforced systems for continuous monitoring in order to discern business trends more swiftly, and is making swift decisions on restructuring businesses or withdrawing from them, based on in-house indicators. In addition, the Group is working towards cost reductions by standardizing processes across the Group as a whole and is promoting managerial efficiency.

- Reinforcing Personnel Strategies

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

- Reinforcing CSR (Corporate Social Responsibilities) Activities

The Group, as an enterprise delivering "Dreams, Fun, and Inspiration," has defined "Group-wide CSR Initiatives" that include three types of responsibilities; "Environmental and Social Contribution Responsibilities," "Economic Responsibilities," and "Legal and Ethical Responsibilities (compliance)," and is promoting a variety of CSR activities.

- Proactive IR Activities

Our Group discloses information in a timely and appropriate manner in accordance with the Financial Instruments and Exchange Act and rules prescribed by the Tokyo Stock Exchange. We aim to be a highly transparent corporation that clearly provides shareholders with information concerning management strategies and business directions. We thus work to provide ample opportunities, for instance, company information meetings and financial information meetings for the president and other executives of the Company to explain directly to both foreign and Japanese individual investors, institutional investors, stock analysts, etc.

- Proactive Policy for the Return of Profits to Shareholders

The Company places the return of profits to shareholders as one of its highest priorities in its management. The Company assumes that its basic policy is to further strengthen the Group's competitiveness and, while maintaining a sound financial status, to achieve regular distributions of dividends and improvement in the Company's corporate value. In concrete terms, the Company will provide a return to shareholders that targets a consolidated payout

ratio of 30%, based on stable annual dividend payments of 24 yen per share.

In addition, 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.

Takeover Defenses

At present, the Company has taken no specific measures as takeover defenses. We regard implementing our management and business strategies in accordance with the measures to increase the corporate value of the Group and aiming to increase the corporate value of the Group as a whole as a substantial defense against inappropriate takeovers.

That said, since we are entrusted by shareholders as the management of the Group, we will study and develop a system of takeover defenses in anticipation of situations in which an inappropriate entity or person might emerge to have decision-making power over the Company's financial and business policies.

In concrete terms, in the event an inappropriate bidder emerges, the management team will not take steps to guard its own interests against the takeover offer by the bidder, but will construct a system that enables the Company to judge from the perspective of improving corporate value first. The Company will continue to study takeover defenses by utilizing stock subscription rights, etc. with a close eye on legal and social trends.

(Note) In this Business Report, fractional amounts less than the indicated unit amount are rounded down for sums of money and numbers of shares, while percentages and other values are rounded off to the nearest figure.

Consolidated Balance Sheet
(As of March 31, 2013)

	(Millions of yen)
	Amount
ASSETS	
Current assets	
Cash and time deposits	119,132
Trade receivables	77,069
Short-term investments	4,379
Finished goods and merchandise	10,915
Work in process	19,597
Raw materials and supplies	6,130
Deferred tax assets	10,579
Other current assets	17,483
Allowance for doubtful receivables	(484)
Total current assets	264,804
Fixed assets	
Property, plant and equipment	
Buildings and structures	10,403
Amusement facilities and machines	13,007
Land	11,537
Other property, plant and equipment	12,307
Total property, plant and equipment	47,255
Intangible assets	8,497
Investments and other assets	
Investment securities	25,404
Deferred tax assets	8,398
Other investments and assets	21,180
Allowance for doubtful receivables	(1,338)
Total investments and other assets	53,646
Total fixed assets	109,399
TOTAL ASSETS	374,203

	(Millions of yen)
	Amount
LIABILITIES	
Current liabilities	
Trade payables	46,471
Short-term borrowings	5,596
Accounts payable-other	22,495
Accrued income taxes	7,852
Provision for directors' bonuses	1,173
Provision for losses from business restructuring	352
Provision for sales returns	1,344
Other current liabilities	23,105
Total current liabilities	108,391
Long-term liabilities	
Long-term borrowings	7,500
Deferred tax liabilities for land revaluation	590
Accrued retirement and severance benefits	3,724
Other long-term liabilities	5,227
Total long-term liabilities	17,042
TOTAL LIABILITIES	125,433
NET ASSETS	
Stockholders' equity	
Common stock	10,000
Additional paid-in capital	52,245
Retained earnings	199,118
Treasury stock	(2,385)
Total stockholders' equity	258,979
Accumulated other comprehensive income	
Unrealized gains or losses on other securities, net of tax	5,212
Deferred gains or losses on hedges, net of tax	642
Land revaluation, net of tax	(5,608)
Foreign currency translation adjustments	(12,194)
Minority interests	1,738
TOTAL NET ASSETS	248,769
TOTAL LIABILITIES AND NET ASSETS	374,203

Consolidated Statements of Operations

(From April 1, 2012 to March 31, 2013)

		(Millions of yen)
		Amount
Net sales		487,241
Cost of sales		304,162
Gross profit		183,078
Selling, general and administrative expenses		134,435
Operating income		48,642
Non-operating income		1,634
Interest income	193	
Dividend income	264	
Equity in gain of affiliated companies	341	
Foreign exchange gain	264	
Other non-operating income	571	
Non-operating expenses		305
Interest expense	141	
Loss on investments in partnerships	90	
Other non-operating expenses	72	
Recurring income		49,972
Extraordinary income		173
Gain on sales of fixed assets	46	
Gain on sales of investments in affiliated companies	34	
Gain on negative goodwill	24	
State subsidy	51	
Other extraordinary income	17	
Extraordinary loss		1,656
Loss on sales of fixed assets	76	
Loss on disposal of fixed assets	203	
Loss on impairment of fixed assets	505	
Provision for losses from business restructuring	401	
Other extraordinary loss	469	
Income before income taxes and minority interests		48,489
Corporate income, inhabitant and enterprise taxes	19,649	
Adjustment for income taxes	(3,611)	16,038
Income before minority interests		32,451
Minority interests		68
Net income		32,383

Consolidated Statement of Changes in Net Assets
(From April 1, 2012 to March 31, 2013)

(Millions of yen)

Stockholders' equity	
Common stock	
Balance as of April 1, 2012	10,000
Changes during the period	
Total changes during the period	—
Balance as of March 31, 2013	10,000
Additional paid-in capital	
Balance as of April 1, 2012	52,245
Changes during the period	
Disposal of treasury stock	(0)
Total changes during the period	(0)
Balance as of March 31, 2013	52,245
Retained earnings	
Balance as of April 1, 2012	173,250
Changes during the period	
Cash dividends	(5,714)
Net income	32,383
Reversal of land revaluation	(800)
Total changes during the period	25,868
Balance as of March 31, 2013	199,118
Treasury stock	
Balance as of April 1, 2012	(2,383)
Changes during the period	
Purchase of treasury stock	(1)
Disposal of treasury stock	0
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied	0
Total changes during the period	(1)
Balance as of March 31, 2013	(2,385)

	(Millions of yen)
Total stockholders' equity	
Balance as of April 1, 2012	233,112
Changes during the period	
Cash dividends	(5,714)
Net income	32,383
Purchase of treasury stock	(1)
Disposal of treasury stock	0
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied	0
Reversal of land revaluation	(800)
Total changes during the period	<u>25,866</u>
Balance as of March 31, 2013	<u>258,979</u>
Accumulated other comprehensive income	
Unrealized gains or losses on other securities, net of tax	
Balance as of April 1, 2012	2,867
Changes during the period	
Net changes in the period other than changes in stockholders' equity	2,344
Total changes during the period	<u>2,344</u>
Balance as of March 31, 2013	<u>5,212</u>
Deferred gains or losses on hedges, net of tax	
Balance as of April 1, 2012	229
Changes during the period	
Net changes in the period other than changes in stockholders' equity	412
Total changes during the period	<u>412</u>
Balance as of March 31, 2013	<u>642</u>
Land revaluation, net of tax	
Balance as of April 1, 2012	(6,408)
Changes during the period	
Reversal of land revaluation	800
Total changes during the period	<u>800</u>
Balance as of March 31, 2013	<u>(5,608)</u>
Foreign currency translation adjustments	
Balance as of April 1, 2012	(18,357)
Changes during the period	
Net changes in the period other than changes in stockholders' equity	6,163
Total changes during the period	<u>6,163</u>
Balance as of March 31, 2013	<u>(12,194)</u>

	(Millions of yen)
Total accumulated other comprehensive income	
Balance as of April 1, 2012	(21,669)
Changes during the period	
Reversal of land revaluation	800
Net changes in the period other than changes in stockholders' equity	8,921
Total changes during the period	<u>9,721</u>
Balance as of March 31, 2013	<u>(11,948)</u>
Minority interests	
Balance as of April 1, 2012	1,682
Changes during the period	
Net changes in the period other than changes in stockholders' equity	56
Total changes during the period	<u>56</u>
Balance as of March 31, 2013	<u>1,738</u>
Total net assets	
Balance as of April 1, 2012	213,125
Changes during the period	
Cash dividends	(5,714)
Net income	32,383
Purchase of treasury stock	(1)
Disposal of treasury stock	0
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied	0
Reversal of land revaluation	—
Net changes in the period other than changes in stockholders' equity	8,977
Total changes during the period	<u>35,644</u>
Balance as of March 31, 2013	<u>248,769</u>

Notes to Consolidated Financial Statements

All sums are shown in millions of yen and have been rounded down.

I. Notes to Important Information Constituting the Basis for Preparation of Consolidated Financial Statements

1. Information Concerning the Scope of Consolidation

(1) Status of Consolidated Subsidiaries:

(i) Total Number of Consolidated Subsidiaries:

70 companies

(ii) 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.

(iii) Changes in the Scope of Consolidation

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) Status of Non-Consolidated Subsidiaries:

(i) Names of the Principal Non-Consolidated Subsidiaries:

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

(ii) Reason for Exclusion from the Scope of Consolidation:

As the scale of the business conducted by each of the non-consolidated subsidiaries is small, 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.

2. Information Concerning Application of the Equity Method

(1) Status of Non-Consolidated Subsidiaries and Affiliated Companies to Which the Equity Method Was Applied:

(i) Number of Non-Consolidated Subsidiaries and Affiliated Companies to Which the Equity Method Was Applied:

7 companies

(ii) Names of the Principal Non-Consolidated Subsidiaries and Affiliated Companies to Which the Equity Method Was Applied:

Non-consolidated subsidiary: SHANGHAI NAMCO LTD.

Affiliated companies: Happinet Corporation, Sotsu Co., Ltd. and People Co., Ltd.

(2) Status of Non-Consolidated Subsidiaries and Affiliated Companies to Which the Equity Method Was Not Applied:

(i) Name of the Principal Companies, etc.:

BANDAI LOGIPAL (H.K.) LTD.

(ii) Reason the Equity Method Was Not Applied to the Company:

The equity method was not applied to this company, because it was deemed that the exclusion of the company 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 the company's net income or loss and retained earnings, etc. corresponding to the Company's equity share in it.

(iii) Special Notes Regarding Procedures for Applying the Equity Method

If any of the companies to which the equity method is applied has a fiscal year 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

(1) Valuation Basis and Methods for Significant Assets:

(i) Valuation Basis and Methods for Securities:

Other securities:

Securities with market values:

Stated using the market price method based on amounts using market prices, etc. on the closing date. (Valuation differences are reflected directly in net assets and cost of sales is calculated using the moving average method.)

Securities without market values:

Stated using the cost method based on the moving average method. With respect, however, to contributions to limited partnerships for investment and similar partnerships (deemed to be securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), these are stated by the net amount corresponding to the Company's equity share, based on the most recent available financial reports according to the date for settlement of accounts provided for in the partnership agreement.

(ii) Derivative Transactions: Stated using the market price method.

(iii) Valuation Basis and Methods for Inventories:

Work in process, such as game software, etc.:

Stated using the cost method based on the specific-cost method. (The value stated on the balance sheet was calculated by writing down the book value based on declining profitability.)

Others:

Domestic consolidated subsidiaries:

Generally, stated using the cost method based on the average method. (The value stated on the balance sheet was calculated by writing down the book value based on declining profitability.)

Overseas consolidated subsidiaries:

Generally, stated using the lower of cost or market method based on the average method.

(2) Depreciation Methods for Significant Depreciable Assets:

(i) Property, Plant and Equipment (Exclusive of leased assets):

The Company and domestic consolidated subsidiaries:

Generally stated using the declining-balance method.

However, for buildings (excluding equipment attached thereto) acquired on or after April 1, 1998 and for part of the amusement facilities and machines, etc., the straight-line method was used. The general useful life of property, plant and equipment is as follows:

Buildings and structures:	3 to 50 years
Amusement facilities and machines:	3 to 15 years

Overseas consolidated subsidiaries:

Stated using the straight-line method.

The general useful life of property, plant and equipment is as follows:

Buildings and structures: 5 to 50 years

Amusement facilities and machines: 3 to 7 years

(ii) Intangible Assets (Exclusive of leased assets):

Stated using the straight-line method.

The general useful life of software is as follows:

Software (used internally): 3 to 5 years

(iii) Leased Assets:

Stated using the straight-line method, with the useful life set to the lease period, for a residual value of zero.

However, financing lease transactions other than those in which titles to leased property are determined to be transferred to lessees, which transactions started on or before March 31, 2008, are stated by applying the accounting treatment applicable to ordinary operating lease transactions.

(3) Basis of Recognition for Significant Provision:

(i) Allowance for Doubtful Receivables:

The allowance for doubtful receivables is provided for possible losses on unrecoverable receivables. For ordinary receivables, the amount of the allowance is based on the historical rate of loss. For receivables from debtors at risk of bankruptcy and receivables from debtors in bankruptcy or under reorganization, etc., the amount of the allowance is based on individually estimated unrecoverable amounts.

(ii) Provision for Directors' Bonuses:

Accrued bonuses for directors are provided based on the estimated amounts to be paid in respect of this consolidated fiscal year.

(iii) Provision for Losses from Business Restructuring:

Accrued losses on restructuring of operations are provided for estimated losses on restructuring of operations.

(iv) Provision for Sales Returns:

Accrued losses on returned goods after the end of this consolidated fiscal year are provided based on historic experience.

(v) Accrued Retirement and Severance Benefits:

Accrued retirement and severance benefits for employees in respect of defined benefit plans are provided for based on the estimated values of projected benefit obligations and pension plan assets at the end of the consolidated fiscal year. Unrecognized actuarial gain or loss is amortized, beginning from the consolidated fiscal year following the year in which it is incurred, using the straight-line method over a fixed period (9 to 19 years) that does not exceed the average remaining years of service of employees as of the end of the fiscal year in which it is incurred. Certain domestic consolidated subsidiaries amortize prior service costs over a fixed period (10 to 11 years) that does not exceed the average remaining years of service of employees at the point when the costs are incurred.

(4) Accounting Standards for Significant Income and Expense:

(i) Video Game Software Revenue Recognition:

Consolidated subsidiaries operating in the United States recognized revenue in accordance with “Software Revenue Recognition” of FASB Accounting Standards Codification No. 985-605, treating video game software with online functions as software products with multiple-element arrangements. Unless the vendor can objectively and reasonably prove the fair value of undelivered elements specified by the vendor, recording of any revenue attributable to video game software is deferred until all the elements are delivered.

(ii) Video Game Software Production Costs:

A distinctive characteristic of video game software is the process through which the software is highly combined with the content that cannot be separated into identifiable components.

The content is considered to be an important component of each video game title, which includes the game content and visual / music data. Once management makes a decision to go forward in distributing a title, the Company records the software and content development costs as work in process.

The capitalized production costs are amortized to cost of sales based on projected sales volumes.

(5) Significant Accounting Policies for Hedging:

(i) Accounting for Hedging:

The Company used deferred hedge accounting.

In cases where forward foreign exchange contracts meet certain hedging criteria, they are accounted for under the allocation method.

(ii) Hedging Instruments and Hedged Items:

Hedging instruments:	Forward exchange contracts
Hedged items:	Foreign-currency-denominated assets and liabilities and scheduled transactions

(iii) Hedging Policies:

Hedging is implemented for the purpose of reducing risks arising from fluctuations in exchange rates involved in operational and financing activities.

(iv) Method of Assessing the Effectiveness of Hedging:

The Company assesses the effectiveness of hedging transactions, in principle, from the start of the transaction to the point at which effectiveness is assessed by comparing the cumulative changes in the fair value or the cumulative changes in the cash flows of the hedged item with the cumulative changes in the fair value or the cumulative changes in the cash flows of the hedging instrument. In the event that critical terms are the same for the hedging instrument and the hedged assets, liabilities, or scheduled transaction, it is assumed that the hedge is 100% effective, so the assessment of effectiveness is not performed.

(6) Amortization of Goodwill

Goodwill is amortized over a five-year period using the straight-line method.

(7) Other Important Information Constituting the Basis of Preparation of Consolidated Financial Statements

(i) Accounting treatment of consumption tax:

Consumption tax is accounted for separately and is not figured into each listed item.

(ii) Application of consolidated taxation system:

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

II. Notes to Changes in Accounting Policy

(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.

III. Notes to Changes in Method of Presentation

(Consolidated Balance Sheet)

“Short-term investments,” which had been stated within “Other current assets” under “Current assets” until the previous consolidated fiscal year, was stated separately, since it is above 1 percent of the total assets.

The total of “Short-term investments” for the previous consolidated fiscal year was 2,073 million yen.

(Consolidated Statements of Operations)

(1) “Reversal of allowance for doubtful receivables” (the balance of which at the end of this consolidated fiscal year is 107 million yen), which had been stated separately until the previous consolidated fiscal year, is included in “Other non-operating income” under “Non-operating income” since it is at or below 10 percent of the total non-operating income.

(2) “Commission for purchase of treasury stock” (the balance of which at the end of this consolidated fiscal year is 1 million yen), which had been stated separately until the previous consolidated fiscal year, is included in “Other non-operating expenses” under “Non-operating expenses” since it is at or below 10 percent of the total non-operating expenses.

(3) “Loss on investments in partnerships,” which had been included in “Other non-operating expenses” under “Non-operating expenses” until the previous consolidated fiscal year, is stated separately since it is above 10 percent of the total non-operating expenses for this consolidated fiscal year.

The total of “Loss on investments in partnerships” for the previous consolidated fiscal year was 8 million yen.

(4) “Gain on sales of investment securities, net” (the balance of which at the end of this consolidated fiscal year is 15 million yen), which had been stated separately until the previous consolidated fiscal year, is included in “Other extraordinary income” under

“Extraordinary income” since it is at or below 10 percent of the total extraordinary income.

- (5) “Reversal of provision for loss on disaster” (the balance of which at the end of this consolidated fiscal year is 1 million yen), which had been stated separately until the previous consolidated fiscal year, is included in “Other extraordinary income” under “Extraordinary income” since it is at or below 10 percent of the total extraordinary income.
- (6) “Loss on valuation of investment securities” (the balance of which at the end of this consolidated fiscal year is 18 million yen), which had been stated separately until the previous consolidated fiscal year, is included in “Other extraordinary loss” under “Extraordinary loss” since it is at or below 10 percent of the total extraordinary loss.
- (7) “Special retirement expenses” (the balance for this consolidated fiscal year is 51 million yen), which had been stated separately until the previous consolidated fiscal year, is included in “Other extraordinary loss” under “Extraordinary loss” since it is at or below 10 percent of the total extraordinary loss.
- (8) “Provision for losses from business restructuring” which had been included in “Other extraordinary loss” under “Extraordinary loss” until the previous consolidated fiscal year, is stated separately since it is above 10 percent of the total extraordinary loss for this consolidated fiscal year.
The total of “Provision for losses from business restructuring” for the previous consolidated fiscal year was 167 million yen.

IV. Notes to Consolidated Balance Sheet

1. Amount of Accumulated Depreciation of Property, Plant and Equipment:

¥137,137 million

2. Guarantee Obligation: ¥135 million

Pledged for guarantees for liabilities arising from lease agreements executed by affiliated companies.

3. Land revaluation

A revaluation of land for business-use was implemented pursuant to the “Law Concerning Land revaluation” (Law No. 34, March 31, 1998) and the revalued difference was recorded under net assets.

Revaluation Method:

The fair value of land is determined based on official notice prices that are calculated by the method assessed and published by the Commissioner of the National Tax Agency. The Commissioner assesses and publishes the method to calculate land value that forms the foundation for calculating taxable value for land value tax prescribed in “Article 16 of Land Value Tax Law (Law No. 69, May 2, 1991)”, as stipulated in “Article 2-4 of the Ordinance Implementing the Law Concerning Land revaluation (Cabinet Order No. 119, March 31, 1998)”. Reasonable adjustments are made to the official notice prices.

Revaluation Date: March 31, 2002

Difference between the market value of the revalued land at the end of this consolidated fiscal year and the revaluated book value after the revaluation: negative 1,121 million yen.

4. Bills maturing on the last day of the consolidated fiscal year

Bills maturing on the last day of the consolidated fiscal year are settled as of a bill clearing day. However, since the last day of this consolidated fiscal year was a holiday for financial institutions, the following bills maturing on the last day of the consolidated fiscal year are included in the balance at the end of the consolidated fiscal year.

Notes receivable	¥181 million
Notes payable	¥220 million

5. Restrictive financial covenants

The Company raised funds by means of long-term borrowings from a financial institution as of August 5, 2011. The terms of those borrowings include the following restrictive financial covenants:

- (1) The Company shall maintain the amount of net assets on the consolidated balance sheet as of the closing dates of the interim and end of each fiscal year (the “Interim or End of Fiscal Year”) at 75% or above of whichever is greater: (i) the amount of net assets on the consolidated balance sheet as of the closing date of the immediately preceding Interim or End of Fiscal Year or (ii) the amount of the net assets on the consolidated balance sheet as of the closing date of the fiscal year ended March 2011.
- (2) With respect to the recurring income or loss on the consolidated statements of operations for each fiscal year end, the Company shall not record recurring losses for two consecutive fiscal years.
- (3) From the date of this loan agreement and until all obligations to the lender and its agents under the terms of this agreement have been fulfilled, the Company shall maintain the ownership ratio (direct or indirect) at 100% with respect to Bandai Co., Ltd., NAMCO BANDAI Games Inc., and NAMCO LIMITED.

V. Notes to Consolidated Statement of Changes in Net Assets

1. Type and Total Number of Shares Issued

Common stock 222,000,000 shares

2. Matters Concerning Distribution of Surplus

(1) Paid Dividend Amounts, etc.

Date of Resolution	Type of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Date of record	Effective date
June 18, 2012 Ordinary General Meeting of Shareholders	Common stock	3,077	14	March 31, 2012	June 19, 2012
November 2, 2012, Board of Directors Meeting	Common stock	2,637	12	September 30, 2012	December 10, 2012

(2) Dividends with a Date of Record in This Consolidated Fiscal Year but an Effective Date in the Following Consolidated Fiscal Year

Date of Scheduled Resolution	Type of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividend per share (yen)	Date of record	Effective date
June 24, 2013, Ordinary General Meeting of Shareholders	Common stock	7,253	Retained earnings	33	March 31, 2013	June 25, 2013

VI. Notes Concerning Financial Instruments

1. Financial Instruments

The Group manages funds by means of highly secure financial instruments only and procures funds through borrowing from banks and other financial institutions.

With regard to credit risk posed by customers with respect to trade receivables, which are operating receivables, credit information on major customers is updated at least once a year, to minimize such credit risk. Hedging is implemented as necessary through the use of forward exchange contracts for the purpose of reducing risks arising from fluctuations in exchange rates for foreign-currency-denominated operating receivables.

Shares, which are investment securities, are exposed to the risk of market price fluctuations; their market values are checked once a quarter.

Part of trade payables, which are operating liabilities, is denominated in foreign currencies. Hedging is implemented as necessary through the use of forward exchange contracts for the purpose of reducing risks arising from fluctuations in exchange rates for foreign-currency-denominated operating liabilities.

Borrowings are used mainly to procure funds needed for capital expenditures and for investment financing. Hedging is implemented as necessary for variable rate borrowings through the use of interest rate swaps for the purpose of reducing risks arising from fluctuations in interest rates.

Derivative transactions are executed and managed according to internal rules that determine trading authority and limits on amounts traded; derivatives are used in ways that minimize credit risk, and thus transactions are carried out only with highly creditworthy financial institutions.

2. Market Values of Financial Instruments

The book values of financial instruments as stated in the consolidated balance sheet, their market value as of March 31, 2013, and the difference between book value and market value are as stated below. This table does not include assets for which it was judged extremely difficult to assess the market value.

	Book value stated in the consolidated balance sheet (Millions of yen)	Market value (Millions of yen)	Difference (Millions of yen)
(1) Cash and time deposits	119,132	119,132	—
(2) Trade receivables	77,069	77,069	—
(3) Short-term investments and investment securities			
1. Other securities	18,901	18,901	—
2. Stock of affiliated companies	7,389	9,124	1,735
Total assets	222,493	224,228	1,735
(1) Trade payables	46,471	46,471	—
(2) Short-term borrowings	5,596	5,596	—
(3) Accounts payable-other	22,495	22,495	—
(4) Accrued income taxes	7,852	7,852	—
(5) Long-term borrowings	7,500	7,500	—
Total liabilities	89,915	89,915	—
Derivative transactions (*)	963	963	—

(*) Debts and credits derived from derivative transactions are stated on a net basis. Items to be recorded as net debts in the total are enclosed in brackets.

(Notes) 1. Relevant matters of method of calculating the market value of financial instruments and securities and derivative transactions

Assets

(1) Cash and time deposits, (2) Trade receivables

Since these are readily convertible into cash, their market value is almost identical with the book value; and these are stated at the book value.

(3) Short-term investments and investment securities

The market value of these is stated at the price on the stock exchange or the price as presented by counterparty financial institutions and others.

Liabilities

(1) Trade payables, (2) Short-term borrowings, (3) Accounts payable-other, (4) Accrued income taxes

Since these are readily convertible into cash, their market value is almost identical with the book value; and these are stated at the book value.

(5) The market value of long-term borrowings is calculated by discounting the total amount of principal and interest, using the interest rate assumed to apply if the similar new borrowings are made.

Derivative transactions

The market value of derivative transactions is stated at the price as presented by counterparty financial institutions and others.

2. Unlisted stocks (stated as 1,527 million yen in the consolidated balance sheet), stocks of affiliated companies (unlisted stocks) (stated as 1,882 million yen in the consolidated balance sheet), and contributions to investment partnerships (stated as 82 million yen in the consolidated balance sheet) have no market price and it is extremely difficult to assess their market value, so they are not included in “(3) Short-term investments and investment securities”.

VII. Notes Concerning Per-Share Data

1. Net assets per share:	¥1,124.45
2. Net income per share for this consolidated fiscal year:	¥147.40

VIII. Other Notes

1. Loss on Impairment of Fixed Assets

Groupings for evaluating fixed asset impairment are made by the Company and its consolidated subsidiaries according to management accounting classifications based on strategic business units, excluding significant idle assets, assets scheduled for disposal, and assets for rental use. Of these, in the amusement facility business, the individual facility, the smallest unit used in management accounting, is mainly the basic unit for grouping assets.

In addition, the book values of the following assets, which exclude reusable assets, were reduced to the recoverable amount. The amount of reduction was recorded as a loss on impairment of fixed assets in extraordinary loss.

SBU	Items	Classification	Location	Impairment Loss (Millions of yen)
Toys and Hobby	Internet content business software	Intangible assets	Seoul, Korea (Note 1)	90
	Assets scheduled for disposal	Buildings & structures, Other property, plant and equipment	Taito-ku, Tokyo (Note 3)	71
			Funabashi City, Chiba, etc. (Note 2)	16
Content	Assets scheduled for disposal	Property, plant and equipment and other assets	Shinagawa-ku, Tokyo (Note 3)	12
Amusement Facility	Amusement facility	Amusement facilities and machines and other assets	Nagoya City, Aichi, etc. (Note 3)	185
			Kobe City, Hyogo (Note 2)	44
Corporate (Common)	Assets scheduled for disposal	Buildings & structures, Other property, plant and equipment	Shinagawa-ku, Tokyo (Note 3)	84
Total				505

- (Notes) 1. Impairment loss was recorded because it was forecast that the book value of these fixed assets could not be recovered due to a decline in business profitability. The recoverable amount was calculated by the estimated value in use of zero.
2. Impairment loss was recorded because it was judged that the recoverable value of these fixed assets had declined sharply due to the decision to close them. The recoverable amount was calculated by the estimated value in use of zero.
3. Impairment loss was recorded on these assets, for which no future use is anticipated. The recoverable amount was calculated by the estimated value in use of zero.

2. Notes Concerning Business Combinations, etc.

(Transactions conducted by commonly controlled entities, etc.)

(1) Names and business content of the companies involved in the combination, the date of combination, legal form of the combination, name of the company after the combination, and outline of the transaction, including its purpose.

- (i) Names and business content of the companies involved in the combination
- a. NAMCO BANDAI Games Europe S.A.S. (a consolidated subsidiary of the Company)
Sales and marketing of home video game software
 - b. NAMCO BANDAI Partners S.A.S. (a consolidated subsidiary of the Company)
A holding company and a shared-service company of the NAMCO BANDAI Partners group that carries out sales, etc., of home video game software

(ii) Date of combination
September 28, 2012

(iii) Legal form of the combination
An absorption-type merger in which NAMCO BANDAI Games Europe S.A.S. is the surviving company and NAMCO BANDAI Partners S.A.S. was the company absorbed.

(iv) Name of the company after the combination

NAMCO BANDAI Games Europe S.A.S. (a consolidated subsidiary of the Company)

(v) Outline of the transaction, including its purpose

Based on the Mid-term Plan that went into effect in April of 2012, the marketing operations of NAMCO BANDAI Games Europe S.A.S. and the sales operations of NAMCO BANDAI Partners S.A.S. were integrated for more efficient operations, aiming at recovering profitability in the Content Business in the European region.

(2) Overview of Accounting Process

The accounting process for the consolidated financial statements was conducted as transactions made by commonly controlled entities, handled in accordance with the provisions of the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, December 26, 2008) and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, final revision issued on December 26, 2008).

Non-Consolidated Balance Sheet
(As of March 31, 2013)

	(Millions of yen)
	Amount
ASSETS	
Current assets	
Cash and time deposits	45,811
Trade receivables	9
Prepaid expenses	341
Deferred tax assets	44
Accounts receivable-other	10,791
Other current assets	80
Total current assets	57,079
Fixed assets	
Property, plant and equipment	
Buildings	81
Structures	157
Tools, furniture and fixtures	444
Construction in progress	194
Total property, plant and equipment	877
Intangible assets	
Goodwill	56
Software	1,687
Other intangible assets	1,207
Total intangible assets	2,951
Investments and other assets	
Investment securities	13,536
Investments in affiliated companies	247,844
Long term prepaid expenses	30
Other investments and assets	1,322
Total investments and other assets	262,734
Total fixed assets	266,563
TOTAL ASSETS	323,642

	(Millions of yen)
	Amount
LIABILITIES	
Current liabilities	
Short-term borrowings from affiliated companies	68,319
Short-term borrowings	5,333
Accounts payable-other	1,227
Accrued expenses	489
Accrued income taxes	3,040
Deposits receivables	13
Unearned revenue	224
Provision for directors' bonuses	143
Provision for stock-based compensation	64
Other current liabilities	7
Total current liabilities	78,864
Long-term liabilities	
Long-term borrowings	7,500
Deferred tax liabilities	1,048
Accrued retirement and severance benefits	21
Other long-term liabilities	49
Total long-term liabilities	8,619
TOTAL LIABILITIES	87,483
NET ASSETS	
Stockholders' equity	
Common stock	10,000
Additional paid-in capital	174,282
Capital reserve	2,500
Other capital surplus	171,782
Retained earnings	49,563
Legal reserve	1,645
Other retained earnings	47,918
General reserve	26,104
Retained earnings carried forward	21,813
Treasury stock	(2,299)
Total stockholders' equity	231,547
Valuation difference and foreign currency translation adjustments	
Unrealized gains or losses on other securities, net of tax	4,611
Total valuation difference and foreign currency translation adjustments	4,611
TOTAL NET ASSETS	236,159
TOTAL LIABILITIES AND NET ASSETS	323,642

Non-Consolidated Statements of Operations
(From April 1, 2012 to March 31, 2013)

		(Millions of yen)
		Amount
Operating revenue		18,188
Dividend income from affiliated companies	16,041	
Business management income from affiliated companies	2,147	
Operating expenses		2,955
General and administrative expenses	2,955	
Operating income		15,233
Non-operating income		1,709
Interest income	24	
Dividend income	188	
Rent income	1,401	
Other non-operating income	94	
Non-operating expenses		1,683
Interest expense	197	
Expenses related to rental assets	1,387	
Other non-operating expenses	98	
Recurring income		15,259
Extraordinary income		4
Gain on sales of investment securities, net	4	
Extraordinary loss		71
Loss on disposal of fixed assets	53	
Loss on impairment of fixed assets	5	
Other extraordinary losses	11	
Income before income taxes		15,192
Corporate income, inhabitant and enterprise taxes	(126)	
Adjustment for income taxes	20	(105)
Net income		15,298

Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2012 to March 31, 2013)

(Millions of yen)

Stockholders' equity	
Common stock	
Balance as of April 1, 2012	10,000
Changes during the period	
Total changes during the period	—
Balance as of March 31, 2013	10,000
Additional paid-in capital	
Capital reserve	
Balance as of April 1, 2012	2,500
Changes during the period	
Total changes during the period	—
Balance as of March 31, 2013	2,500
Other capital surplus	
Balance as of April 1, 2012	171,782
Changes during the period	
Disposal of treasury stock	(0)
Total changes during the period	(0)
Balance as of March 31, 2013	171,782
Total additional paid-in capital	
Balance as of April 1, 2012	174,282
Changes during the period	
Disposal of treasury stock	(0)
Total changes during the period	(0)
Balance as of March 31, 2013	174,282
Retained earnings	
Legal reserve	
Balance as of April 1, 2012	1,645
Changes during the period	
Total changes during the period	—
Balance as of March 31, 2013	1,645
Other retained earnings	
General reserve	
Balance as of April 1, 2012	26,104
Changes during the period	
Total changes during the period	—
Balance as of March 31, 2013	26,104
Retained earnings carried forward	
Balance as of April 1, 2012	12,230
Changes during the period	
Cash dividends	(5,714)
Net income	15,298
Total changes during the period	9,583
Balance as of March 31, 2013	21,813
Total retained earnings	
Balance as of April 1, 2012	39,980
Changes during the period	
Cash dividends	(5,714)
Net income	15,298
Total changes during the period	9,583
Balance as of March 31, 2013	49,563

(Millions of yen)

Treasury stock	
Balance as of April 1, 2012	(2,297)
Changes during the period	
Purchase of treasury stock	(1)
Disposal of treasury stock	0
Total changes during the period	(1)
Balance as of March 31, 2013	(2,299)
Total stockholders' equity	
Balance as of April 1, 2012	221,965
Changes during the period	
Cash dividends	(5,714)
Net income	15,298
Purchase of treasury stock	(1)
Disposal of treasury stock	0
Total changes during the period	9,581
Balance as of March 31, 2013	231,547
Valuation difference and foreign currency translation adjustments	
Unrealized gains or losses on other securities, net of tax	
Balance as of April 1, 2012	2,485
Changes during the period	
Net changes in the period other than changes in stockholders' equity	2,126
Total changes during the period	2,126
Balance as of March 31, 2013	4,611
Total valuation difference and foreign currency translation adjustments	
Balance as of April 1, 2012	2,485
Changes during the period	
Net changes in the period other than changes in stockholders' equity	2,126
Total changes during the period	2,126
Balance as of March 31, 2013	4,611
Total net assets	
Balance as of April 1, 2012	224,451
Changes during the period	
Cash dividends	(5,714)
Net income	15,298
Purchase of treasury stock	(1)
Disposal of treasury stock	0
Net changes in the period other than changes in stockholders' equity	2,126
Total changes during the period	11,708
Balance as of March 31, 2013	236,159

Notes to Non-Consolidated Financial Statements

All sums are shown in millions of yen and have been rounded down.

1. Notes Concerning Significant Accounting Policies

(1) Valuation Basis and Methods for Assets:

Valuation basis and methods for securities:

(i) Shares of Subsidiaries and Affiliated Companies:

Stated using cost method based on the moving average method.

(ii) Other Securities:

Securities with market values:

Stated using the market price method based on amounts using market prices, etc. on the closing date. (Valuation differences are reflected directly in net assets and cost of sales is calculated using the moving average method.)

Securities without market values:

Stated using cost method based on the moving average method.

With respect, however, to contributions to limited partnerships for investment and similar partnerships (deemed to be securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), these are stated by the net amount corresponding to the Company's equity share, based on the most recent available financial reports according to the date for settlement of accounts provided for in the partnership agreement.

(2) Depreciation Methods for Fixed Assets:

(i) Property, Plant and Equipment:

Stated using the declining-balance method.

The general useful life of property, plant and equipment is as follows:

Buildings	10 to 18 years
Structures	10 years
Tools, furniture and fixtures	2 to 15 years

(ii) Intangible Assets:

Stated using the straight-line method.

The general years of depreciation of intangible assets are as follows:

Goodwill	5 years
Software (used internally)	5 years

(3) Basis of Recognition for Provision:

(i) Provision for Directors' Bonuses:

The Company provides for directors' bonuses based on estimated bonus payments in this fiscal year.

(ii) Provision for Stock-based Compensation

The Company provides for stock-based compensation based on estimated amounts in this fiscal year.

(iii) Accrued Retirement and Severance Benefits:

The Company provides for retirement and severance benefits for employees based on estimated retirement benefit obligations as of the end of this fiscal year.

- (4) Other Important Information Constituting the Basis of Preparation of Non-Consolidated Financial Statements:
- (i) Accounting Treatment of Consumption Tax:
Consumption tax is accounted for separately and is not figured into each listed item.
 - (ii) Application of consolidated taxation system
From this consolidated fiscal year, the Company has applied the consolidated taxation system.

2. Notes to Changes in Accounting Policy

(Change in depreciation method)

Following the revision of the Corporation Tax Act, from this fiscal year the Company has 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 for this fiscal year each increased by 25 million yen compared with the previous method.

3. Notes to Change in Method of Presentation

(Non-Consolidated Balance Sheet)

“Accounts receivable-other,” which had been included in “Other current assets” under “Current assets” until the previous fiscal year, is stated separately since it is above 1 percent of the total assets for this fiscal year.

The total of “Accounts receivable-other” for the previous fiscal year was 518 million yen.

(Non-Consolidated Statements of Operations)

(1) “Loss on valuation of investment securities” (the balance for this fiscal year is 5 million yen), which had been stated separately until the previous fiscal year, is included in “Other extraordinary loss” under “Extraordinary loss” since it is at or below 10 percent of the total extraordinary loss from this fiscal year.

(2) “Loss on disposal of fixed assets,” which had been included in “Other extraordinary loss” under “Extraordinary loss” until the previous fiscal year, is stated separately since it is above 10 percent of the total extraordinary loss for this fiscal year.

The total of “Loss on disposal of fixed assets” for the previous fiscal year was 14 million yen.

4. Notes to Non-Consolidated Balance Sheet

- (1) Amount of accumulated depreciation of property, plant and equipment: ¥793 million
- (2) Monetary claims and obligations with respect to affiliated companies (excluding amounts given in specific categories)

Short-term monetary claims on affiliated companies:	¥10,763 million
Short-term monetary obligations to affiliated companies:	¥540 million

- (3) Restrictive Financial Covenants

The Company raised funds by means of long-term borrowings from a financial institution as of August 5, 2011. The terms of those borrowings include the following restrictive financial covenants:

- (i) The Company shall maintain the amounts of net assets on the consolidated balance sheet as of the closing dates of the interim and end of each fiscal year (the “Interim and End of Fiscal Year”) at 75% or above of whichever is greater: (a) the amount of net assets on the consolidated balance sheet as of the closing date of the immediately preceding Interim or End of Fiscal Year or (b) the amount of the net assets on the consolidated balance sheet as of the closing date of the fiscal year ended March 2011.

- (ii) With respect to the recurring income or loss on the consolidated statements of operations for each fiscal year end, the Company shall not record recurring losses for two consecutive fiscal years.
- (iii) From the date of this loan agreement and until all obligations to the lender and its agents under the terms of this agreement have been fulfilled, the Company shall maintain the ownership ratio (direct or indirect) at 100% with respect to Bandai Co., Ltd., NAMCO BANDAI Games Inc., and NAMCO LIMITED.

5. Notes to Non-Consolidated Statements of Operations

Transactions with affiliated companies (excluding amounts given in specific categories)

Non-operating Transactions:

Non-operating income	¥1,462 million
Non-operating expenses	¥120 million

6. Notes to Non-Consolidated Statement of Changes in Net Assets

The total number and type of treasury stock as of the end of this fiscal year

Common stock	2,195,148 shares
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7. Notes Concerning Tax Effect Accounting

Breakdown of Main Reasons for Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets

Loss on valuation of stocks of affiliated companies	¥4,813 million
Loss on valuation of investment securities	¥1,483 million
Others	<u>¥188 million</u>
Subtotal deferred tax assets	¥6,485 million
Valuation allowance	<u>(¥6,430 million)</u>
Total deferred tax assets	¥55 million

Deferred tax liabilities

Unrealized gains or losses on other securities, net of tax	<u>(¥1,058 million)</u>
Total gross deferred tax liabilities	<u>(¥1,058 million)</u>
Net deferred tax liabilities	(¥1,003 million)

8. Notes Concerning Transactions with Related Parties

Subsidiaries and Affiliated Companies, etc.

(Millions of yen)

Type	Company	Ratio of voting rights ownership	Relationship with related parties	Content	Amount	Account items	Balance as of March 31, 2013
Subsidiary	Bandai Co., Ltd.	Holding directly 100.0%	Interlocking directorate	Borrowings (Note)	27,330	Short-term borrowings from affiliated companies	22,257
				Payment of interest	27	–	–
Subsidiary	NAMCO BANDAI Games Inc.	Holding directly 100.0%	Interlocking directorate	Borrowings (Note)	9,894	Short-term borrowings from affiliated companies	8,536
				Payment of interest	9	–	–
				Amount to be received due to application of consolidated taxation system	3,267	Accounts receivable-other	3,267
Subsidiary	NAMCO LIMITED	Holding directly 100.0%	Interlocking directorate	Borrowings (Note)	11,633	Short-term borrowings from affiliated companies	9,188
				Payment of interest	11	–	–
Subsidiary	BANDAI VISUAL CO., LTD.	Holding directly 100.0%	–	Borrowings (Note)	4,778	Short-term borrowings from affiliated companies	4,787
				Payment of interest	4	–	–
Subsidiary	Banpresto Co., Ltd.	Holding indirectly 100.0%	–	Borrowings (Note)	4,901	Short-term borrowings from affiliated companies	5,834
				Payment of interest	4	–	–
Subsidiary	Sunrise Inc.	Holding directly 100.0%	–	Borrowings (Note)	11,205	Short-term borrowings from affiliated companies	11,791
				Payment of interest	11	–	–
Subsidiary	NAMCO BANDAI Studios Inc.	Holding indirectly 100.0%	Interlocking directorate	Borrowings (Note)	4,381	Short-term borrowings from affiliated companies	5,020
				Payment of interest	1	–	–

Conditions of transactions and policies for determining the conditions of transactions

(Note) The borrowings are transactions made by the cash management system (CMS); the amount stated is the average balance during this fiscal year. The interest rate on these borrowings is, based on intra-Group regulations, determined reasonably, taking into account market interest rates.

9. Notes Concerning Per-Share Data

Net assets per share:	¥1,074.40
Net income per share:	¥69.60

Independent Auditor's Report

May 20, 2013

The Board of Directors
NAMCO BANDAI Holdings Inc.

KPMG AZSA LLC

Yoshihiko Nakamura (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hiroo Iwaide (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Terukazu Nagamine (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statements of operations, the consolidated statement of changes in net assets and the related notes of NAMCO BANDAI Holdings Inc. as at March 31, 2013 and for the year from April 1, 2012 to March 31, 2013 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the

consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of NAMCO BANDAI Holdings Inc. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Independent Auditor's Report

May 20, 2013

The Board of Directors
NAMCO BANDAI Holdings Inc.

KPMG AZSA LLC

Yoshihiko Nakamura (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hiroo Iwaide (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Terukazu Nagamine (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the non-consolidated financial statements, comprising the non-consolidated balance sheet, the non-consolidated statements of operations, the non-consolidated statement of changes in net assets and the related notes, and the supplementary schedules of NAMCO BANDAI Holdings Inc. as at March 31, 2013 and for the year from April 1, 2012 to March 31, 2013 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the non-consolidated financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for

the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of NAMCO BANDAI Holdings Inc. for the period, for which the non-consolidated financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Audit & Supervisory Board's Report

Audit Report

We, the Audit & Supervisory Board, prepared this audit report, as a unanimous opinion of all members of the Audit & Supervisory Board, on the execution of duties by Directors during the 8th fiscal year from April 1, 2012 to March 31, 2013, based on audit reports prepared by each Audit & Supervisory Board Member.

1. Method and Content of Audits by Audit & Supervisory Board Members and the Audit & Supervisory Board

We devised the 8th auditing plan (auditing policies, duties assigned to each Audit & Supervisory Board Member and auditing methods), received reports on the progress on, and results of, audits from each Audit & Supervisory Board Member, as well as reports on the execution of their duties from Directors, etc. and the Accounting Auditor, and requested explanations as necessary.

Each Audit & Supervisory Board Member communicated with the Directors, the internal auditing division, and other employees, etc., in accordance with the internal regulations established by the Audit & Supervisory Board, such as Audit & Supervisory Board's regulations, Audit & Supervisory Board Members' regulations, auditing standards for internal control system, and the above-mentioned auditing plan, to collect information and improve the auditing environment. We attended the meetings of the Board of Directors and other significant meetings, received reports on the execution of duties from Directors and employees, etc., obtained explanations thereof as necessary, viewed documents concerning important decisions, and investigated the conditions of operations and assets of the Company. We also periodically received reports from Directors and employees, etc., requested explanations as necessary, and expressed opinion, regarding the development and operation of internal control systems that were organized based on decisions by the Board of Directors in relation to the development of a system to ensure that the execution of duties by Directors and other operations of the Company as described in the business reports were in conformity with applicable laws and regulations and the Company's Articles of Incorporation, and a system stipulated in Article 100, Paragraphs 1 and 3 of the Enforcement Ordinance of the Companies Act. We further examined the content of basic policies (Article 118, Item 3-(a) of the Enforcement Ordinance of the Companies Act) and actions (Article 118, Item 3-(b) of the Enforcement Ordinance of the Companies Act) described in business reports based on the meetings of the Board of Directors and other discussions. Regarding the Company's subsidiaries, we communicated and shared information with the Directors and the Audit & Supervisory Board Members, etc. of the subsidiaries, and received reports on their business as necessary from them. Using the aforementioned method, we examined the business reports and supplementary statements for this fiscal year under review.

Furthermore, we monitored and verified that the Accounting Auditor remained independent and performed audits appropriately, received reports on the execution of its duties from the Accounting Auditor and requested explanations as necessary. We were also notified that a "system for ensuring the proper execution of duties" (as per Article 131 of the Corporate Accounting Rules) was organized in accordance with "Quality Control Standards for Auditing" (October 28, 2005, Business Accounting Council), and requested explanations as necessary. Using the aforementioned method, we examined non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statements of operations, non-consolidated statement of changes in net assets, and notes thereto), their supplementary statements and consolidated financial statements (consolidated balance sheet, consolidated statements of operations, consolidated statement of changes in net assets, and notes thereto) for this fiscal year under review.

2. Results of the Audit

- (1) Audit Results of business reports, etc.
- (i) We confirm that the business reports and its supplementary statements fairly represent the condition of the Company and are in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
 - (ii) We confirm that, with respect to the execution of duties by Directors, there are no fraudulent acts, or material facts that violate applicable laws and regulations or the Articles of Incorporation.
 - (iii) We confirm that the decisions made by the Board of Directors with regard to internal control systems are proper. We recognize that there is nothing to be cited with respect to the description of those internal control systems in the business reports and the execution of duties by Directors.
 - (iv) We confirm that there is nothing to be cited in respect of the basic policy described in the business reports concerning what and how a person or entity controlling decisions on the financial and business policies of the Company should be. We confirm that actions (Article 118, Item 3-(b) of the Enforcement Ordinance of the Companies Act) described in the business reports are in accordance with this basic policy and that these actions do not damage our Group's value and shareholders' common interest, nor serve to maintain the position of the directors of the Company.
- (2) Audit Result of non-consolidated financial statements and their supplementary statements.
We confirm that the methods and the results of the audit by KPMG AZSA LLC, the Accounting Auditor of the Company, are appropriate.
- (3) Audit Result of consolidated financial statements
We confirm that the methods and the results of the audit by KPMG AZSA LLC, the Accounting Auditor of the Company, are appropriate.

May 20, 2013

Audit & Supervisory Board NAMCO BANDAI Holdings Inc. Standing Audit & Supervisory Board Member	Koichiro Honma	(Seal)
Standing Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Katsuhiko Kohtari	(Seal)
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Osamu Sudo	(Seal)
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Kouji Yanase	(Seal)

END