

A series of thick, vibrant green swooshes that originate from the bottom left and curve upwards and to the right, creating a sense of motion and energy. They are layered behind the main title text.

Fiscal Year 2007 Results Presentation

May 12, 2008

◆ FY2007 Results Summary	2P
◆ Business Strategy for our 41st Term	3P
- Toy Business	4P~ 8P
- Video-Related Business	9P~15P
- Video Game Business	16P~20P
- Amusement Business	21P~24P
◆ Full Year Projections for FY2008	25P
◆ Next Generation Mission-Critical System	26P

FY2007 Results Summary

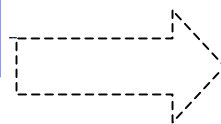
Hideo Asatsu
CFO

Business Strategy for our 41st Term

Kazuhiko Note
President and COO

Toy Business Strategy

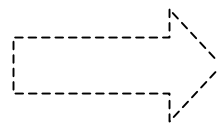
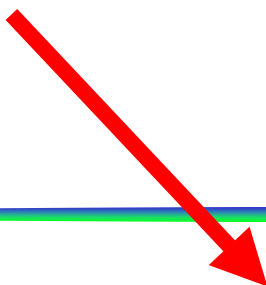
A multi-company structure geared towards achieving our growth strategy and establishing advanced capabilities



- Central buying company
- Centered around Kanto area

Net sales: approx. 30 billion yen
No. of companies: 75

Increasing share of Bandai products and extending bookkeeping practices to other manufacturers

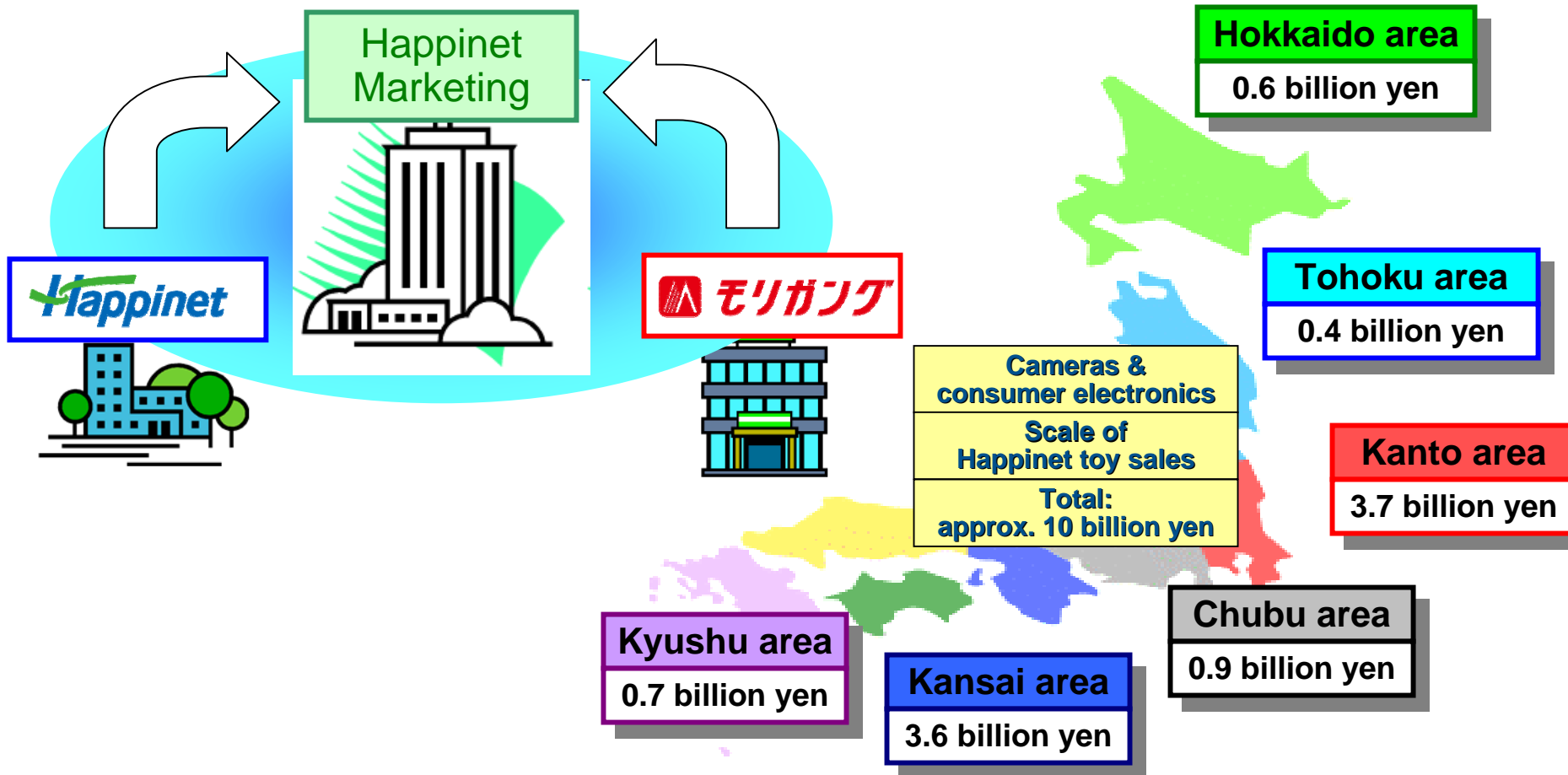


- Mainly cameras and consumer electronics
- Area-specific activities

Net sales: approx. 30 billion yen
No. of companies: 400

Improving sales via core companies in each location and increasing efficiency

Increasing the efficiency of camera and consumer electronics sales in each area via core companies



Reviewing organizational structure and personnel to improve operational efficiency and revising trade terms for unprofitable companies

Aiming to establish exclusive distribution (vendor status) with major convenience store company

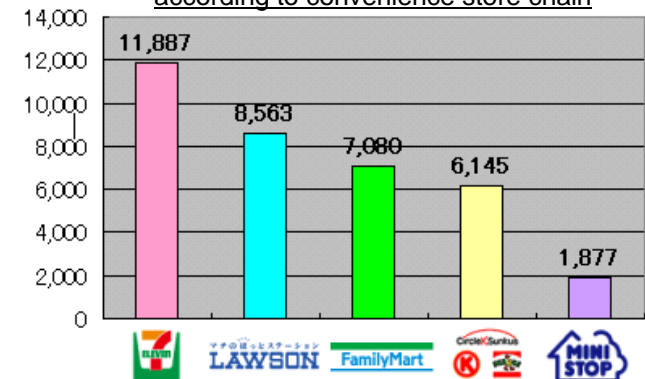
Improving profit margins through total delivery operations

Enhancing solutions capabilities in order to avoid missed opportunities and reduce disposal costs

Developing compatible systems in order to promote low cost operations



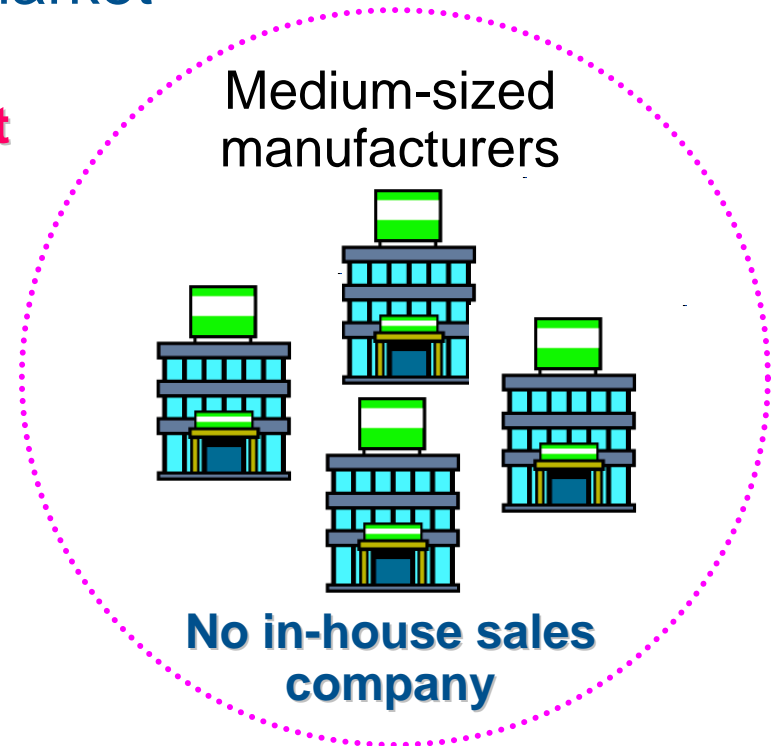
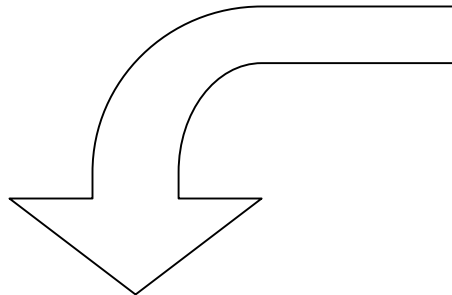
[Reference]
Number of stores according to convenience store chain



* Source: Monthly Convenience Magazine, March 2008 issue, The Shogyokai Publishing

Capitalizing on the growing oligopoly over intermediate toy distribution as an opportunity to quickly increase our share of the market

Sales outsourced to Happinet



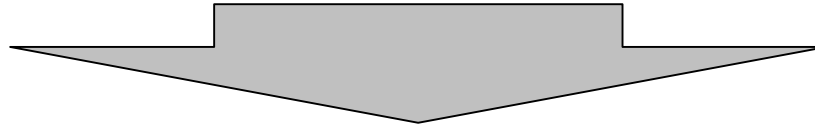
Sales: 20 billion yen last year \Rightarrow 25 billion yen this year

Video-Related Business Strategy

Policy for current year: Acquiring titles with a focus on profit rather than sales

■ Previous top priority = Sales

Expanding genres and increasing number of titles



□ Top priority for current year: Profit

Acquiring titles with a focus on profit

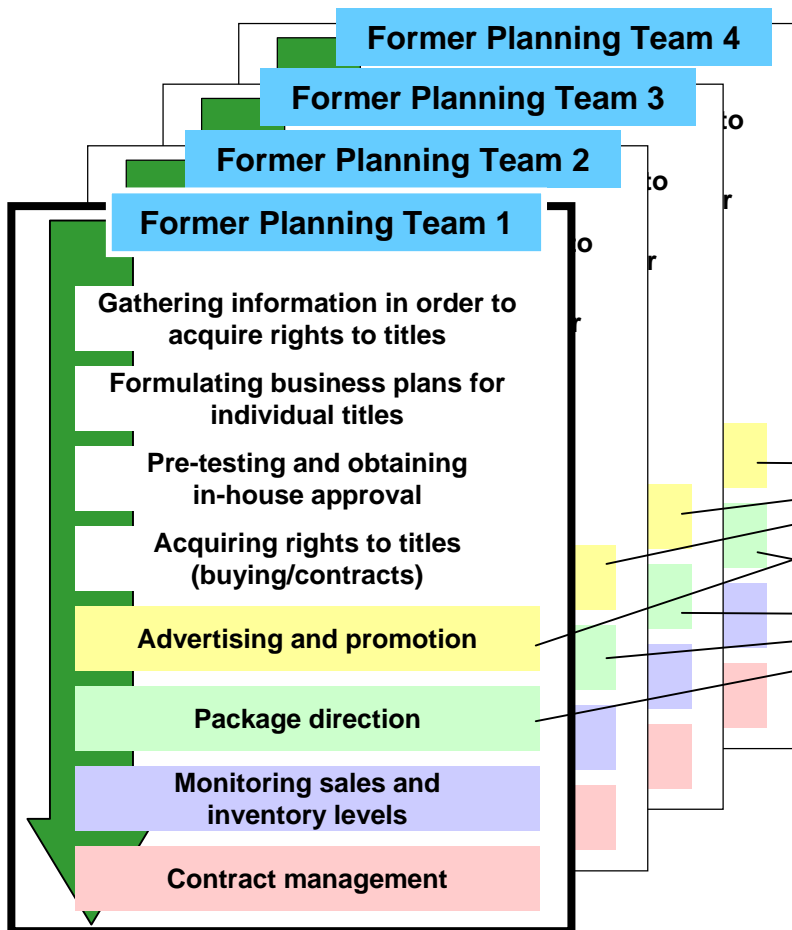
Guidelines for acquisition based on scale and rights ownership in individual genres

Ambitious envisioned profit margins at planning stage

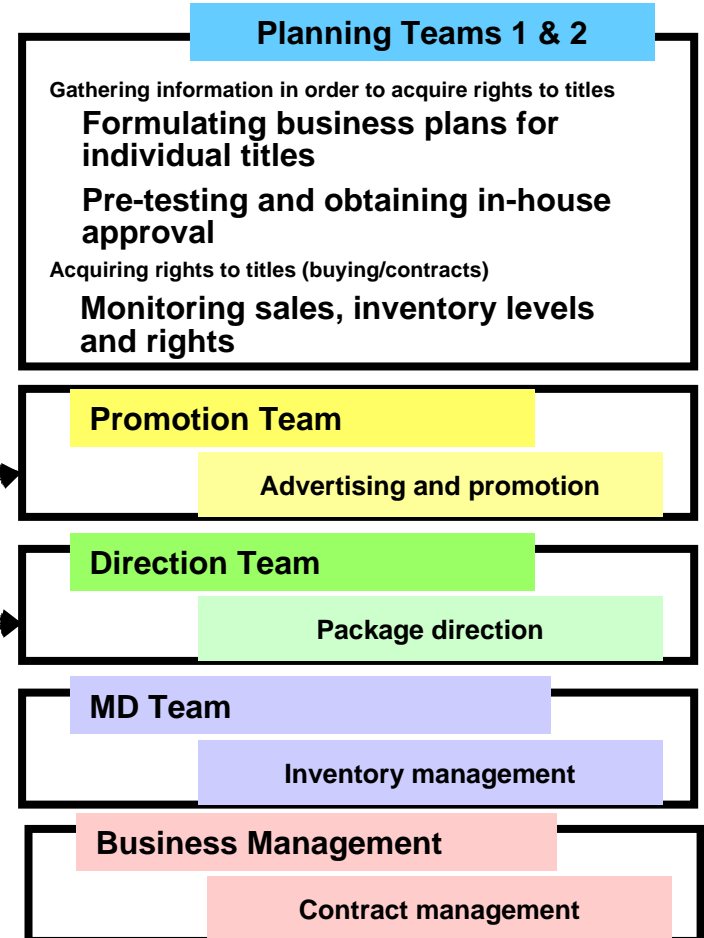
Investment risk management based on management of contracts and recipients of advance payments

Structuring planning department according to specific functions and reinforcing revenue management structure

Self-contained structure



Specialized structure



Outline of major titles for the current year



© 2007 Hiroshi Takahashi "Crows Zero" Production Committee

Sales in excess of 200,000!!

Brand new original movie based on the legendary comic *Crows*, which has sold over 32 million copies

Cast includes Shun Oguri and Takayuki Yamada

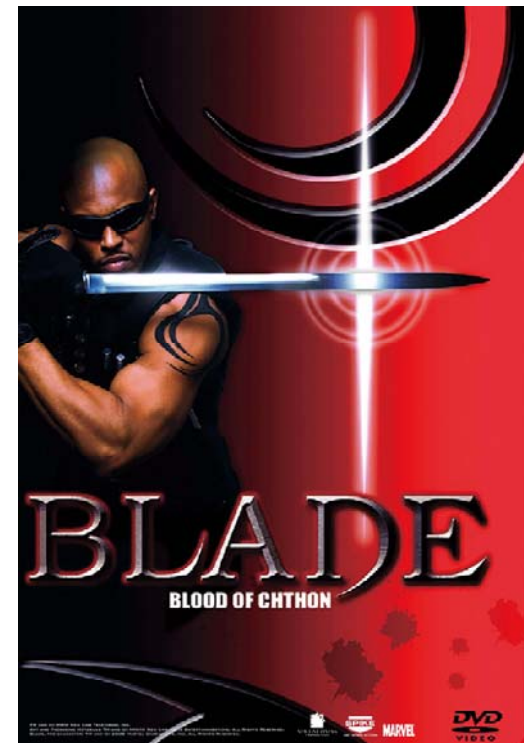


© 2008 "Hito no Sekkusu o Warauna" Production Committee

Straight in as top seller on 7&Y mail order site!

The 100% heartbreaking romance movie that women everywhere have been waiting for

Amazing dream cast featuring fresh talent such as Hiromi Nagasaku, Kenichi Matsuyama, Yu Aoi and Shugo Oshinari,



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The legendary hero returns as the follow-up to the third instalment in the smash hit vampire action series *Blade* is finally here!!

Cast including Kirk Jones

Outline of major titles for the current year



© Akihisa Ikeda/Shueisha/Yokai Gakuen Shimbunbu

The popular comic currently running in the hit new magazine *Jump SQ* (Shueisha) and repeatedly voted number one by readers is coming to DVD!

Stars popular voice actress Nana Mizuki, whose career as a singer is also starting to take off

2nd season scheduled for broadcast from October 2008



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A new anime project is underway in celebration of the 30th anniversary of the timeless classic "Cobra!"

Marking 30 years since the series was first published in *Weekly Shonen Jump*, the hugely popular classic SF action series *Cobra*, which boasts cumulative sales of 30 million copies, is back in the form of a new anime!!



© Mizuki Productions/Fuji Television/Toei Animation

Currently being broadcast nationwide by the Fuji Television Network, achieving top viewing figures of 12.3%, the hugely popular kids anime series is now into its second year!

As this year marks 40 years since it was first animated, the Toei network has announced the exciting news that it will be releasing a theatrical anime release at New Year!

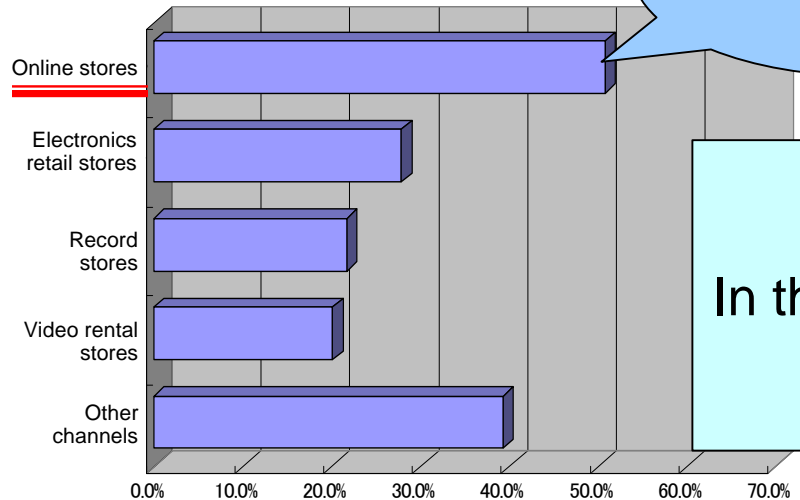
Actively expanding business with online companies in an effort to secure a substantial leading share of the market

Usage of DVD sales channels

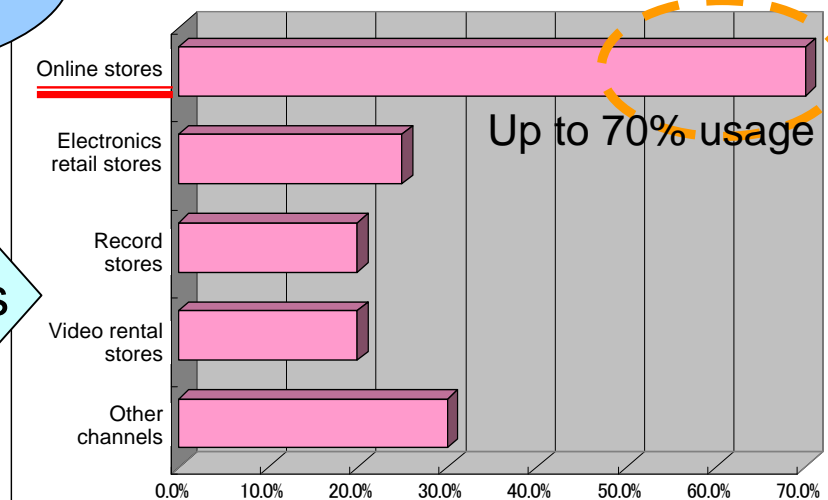
50% of users visit online stores

In three years

Up to 70% usage



Current figures

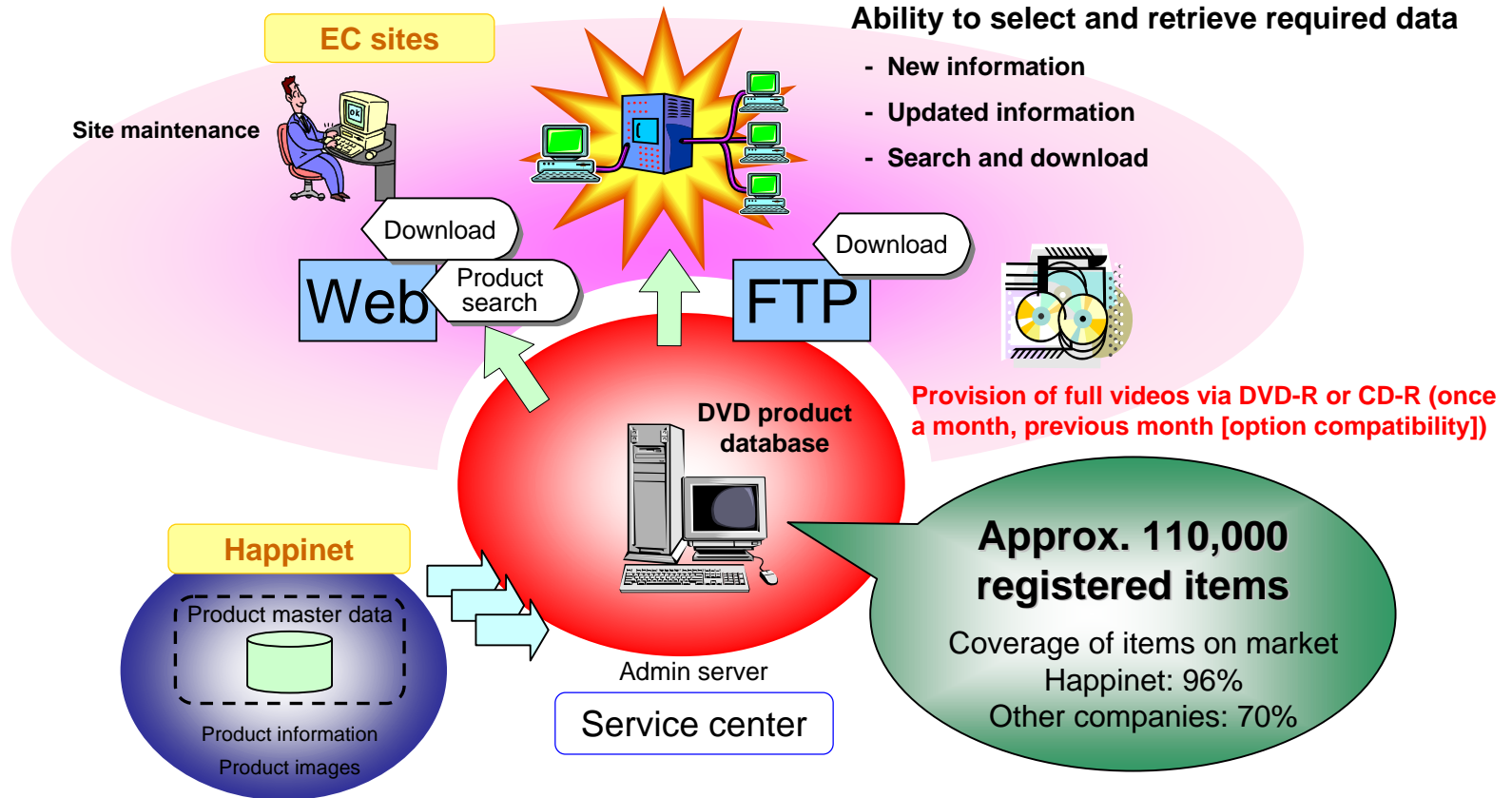


Projected figures

* Source: Japan Video Software Association

Harnessing existing Happinet data and distribution systems to develop more advanced B-to-C business operations

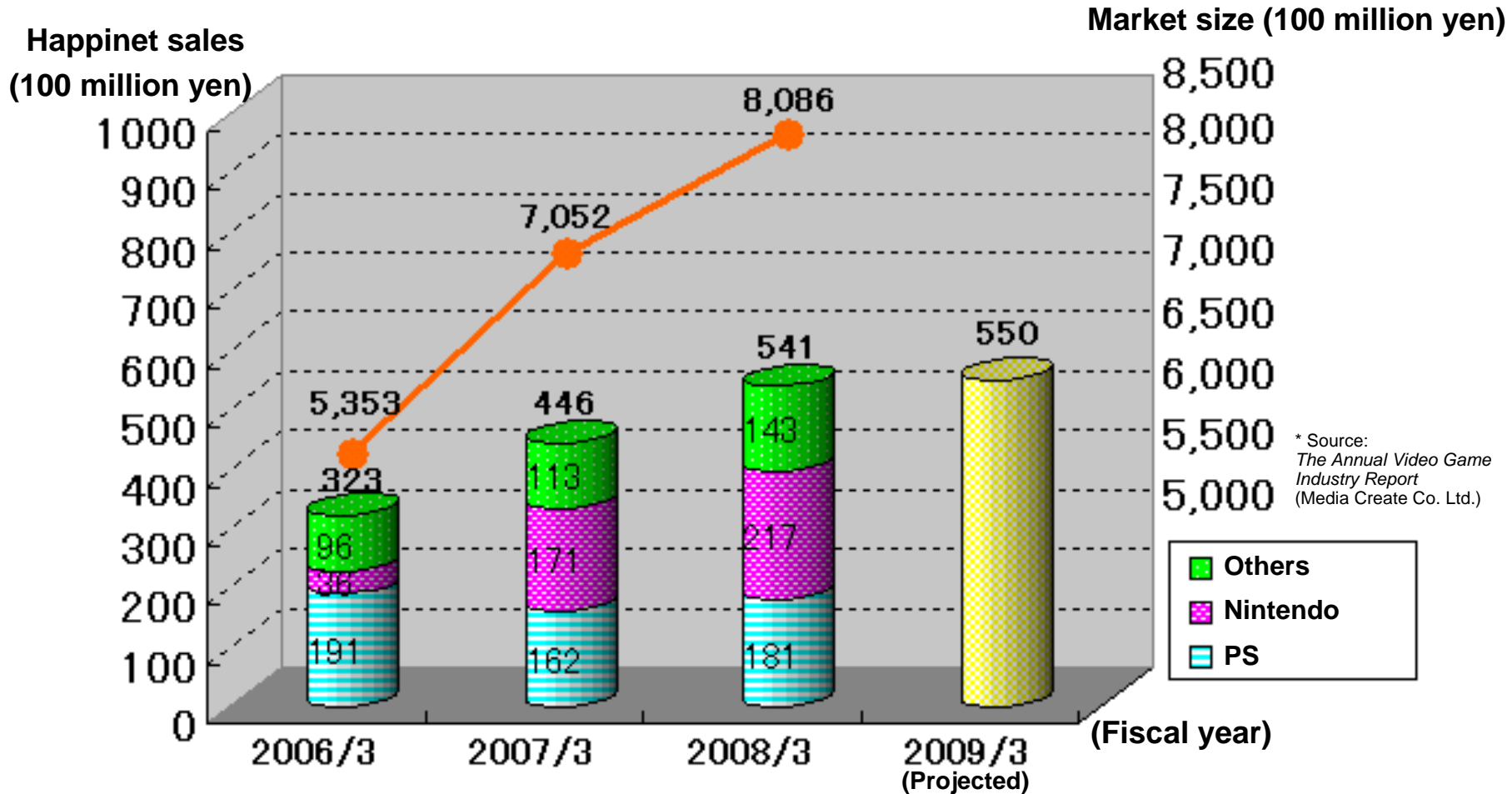
Furthering our differentiation strategy through the development and operation of an industry leading product database (HN-DL)



Developing a new database to enhance functional infrastructure

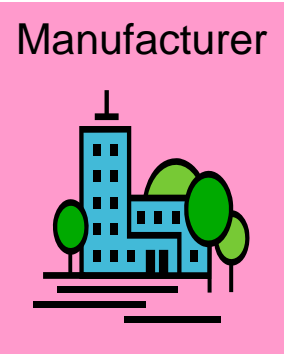
Video Game Business Strategy

Catering to all platforms in a growing market

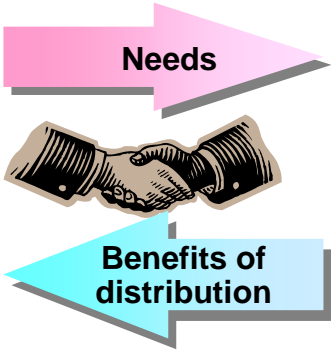


Focusing on strong-selling PSP products as well as Nintendo products during current year

Stepping up support for and exclusive distribution via medium-sized manufacturers



Manufacturer



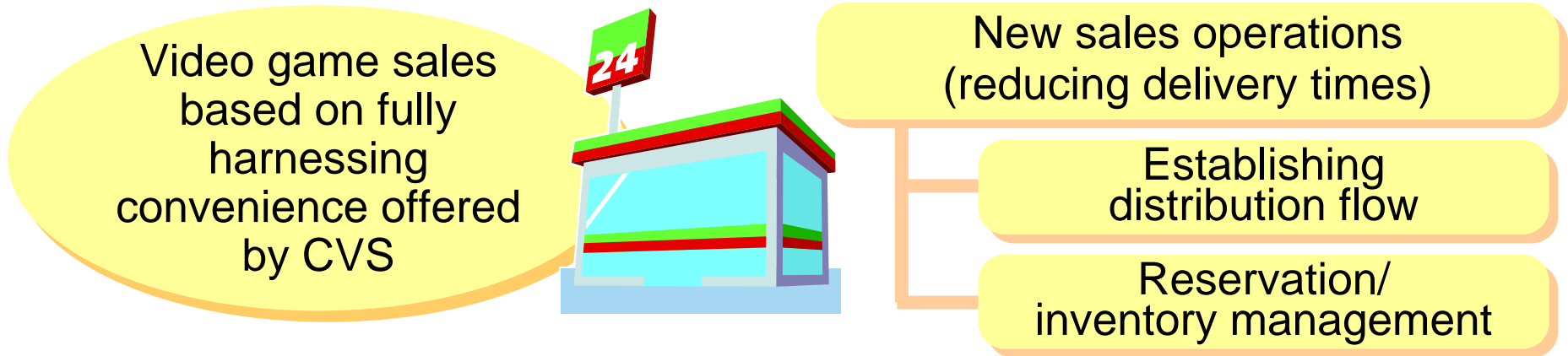
- Sales support
- Sales promotions
- Advance payments
- Licensing cooperation

	40th term	41st term
Scale of "bishojo" game market	11 billion yen	13 billion yen
Happinet sales	3.2 billion yen	5 billion yen
Market share (market price basis)	40%	50%

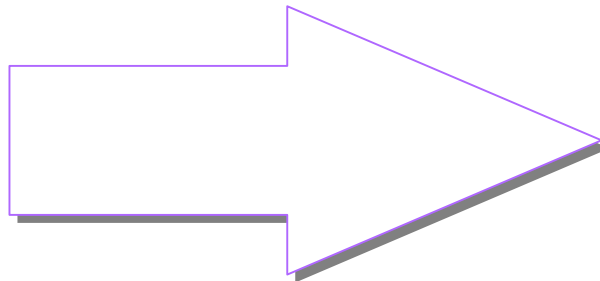
Improving profit margins by specializing more in high-margin exclusive distribution products

Establishing market position within specific genres

Stepping up initiatives with major convenience store and maximizing sales of *Dragon Quest IX*



Dragon Quest IX
- *Protectors of the Sky* -



Major CVS company
Target sales:
300,000 copies

Outline of major titles for the current year

Xbox360

- **NINJA GAIDEN 2** (TECMO, scheduled for release on June 5)
- **Tales of Vesperia** (NAMCO BANDAI Games, scheduled for release in 2008)
- **The Last Remnant** (SQUARE ENIX, release date TBA)

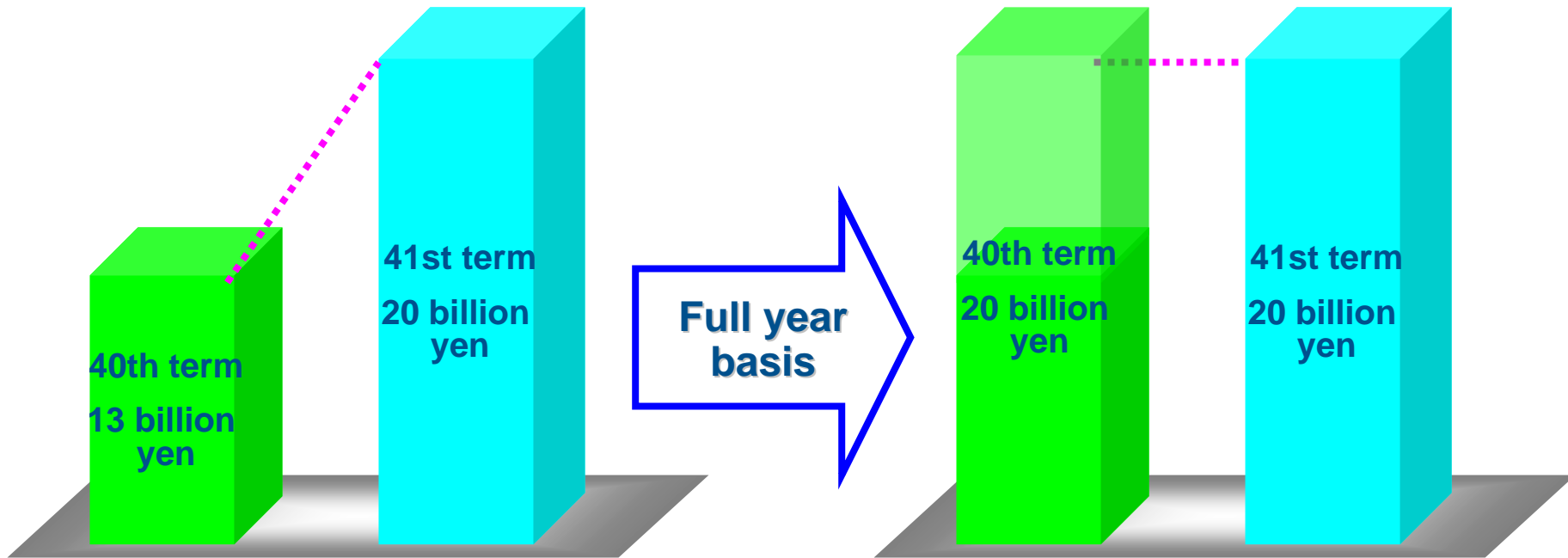
PlayStation3

- **DragonBall Z Burst Limit** (NAMCO BANDAI Games, scheduled for release on June 5)
- **Metal Gear Solid 4: Guns of the Patriots** (Konami, scheduled for release on June 12)

Wii, Nintendo DS

- **Mario Kart Wii** (Wii, Nintendo, released on April 12)
- **Pro Yakyu Family Stadium** (Wii, NAMCO BANDAI Games, released on May 1)
- **Dragon Quest IX: Protectors of the Sky** (Nintendo (DS), SQUARE ENIX, scheduled for release in 2008)

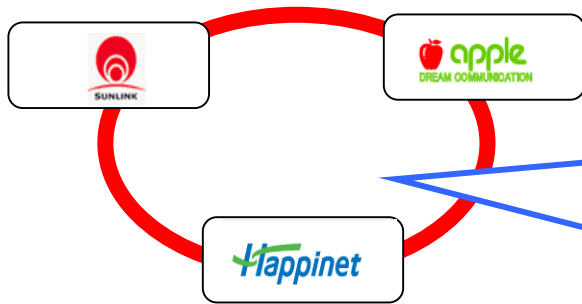
Amusement Business Strategy



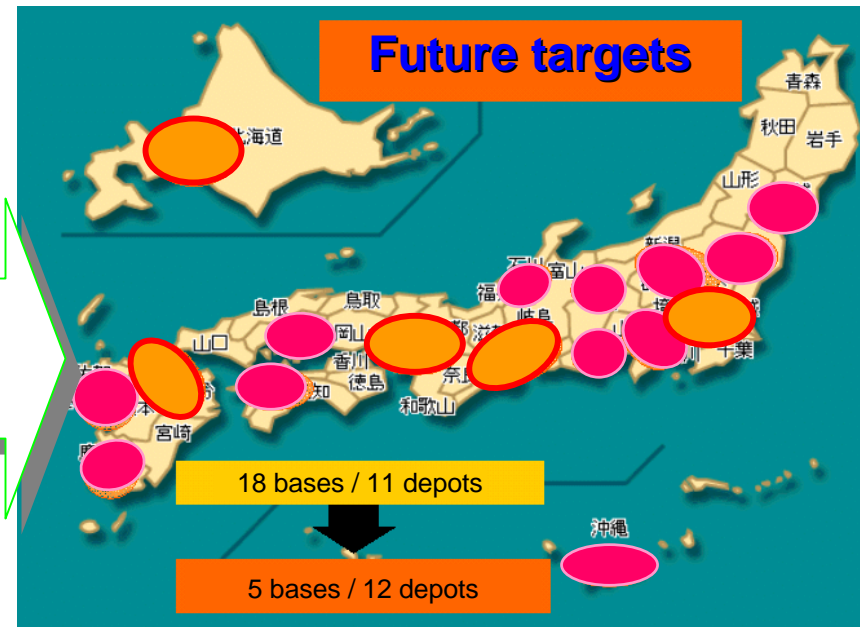
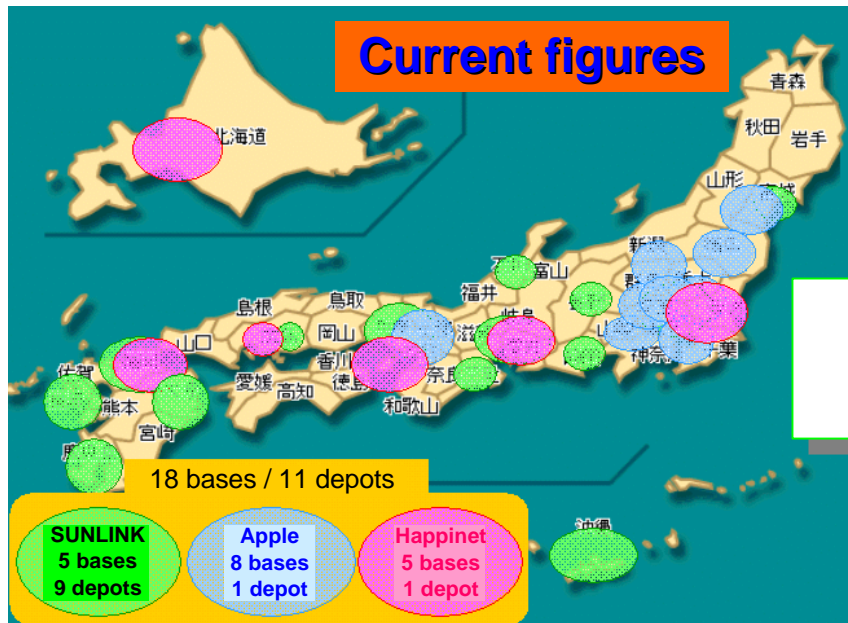
SUNLINK and Apple included under consolidated results from the 2nd half of the 40th term onwards

Projected to remain more or less level once SUNLINK and Apple figures have been calculated on a full year basis

Streamlining unprofitable locations and restructuring sales offices

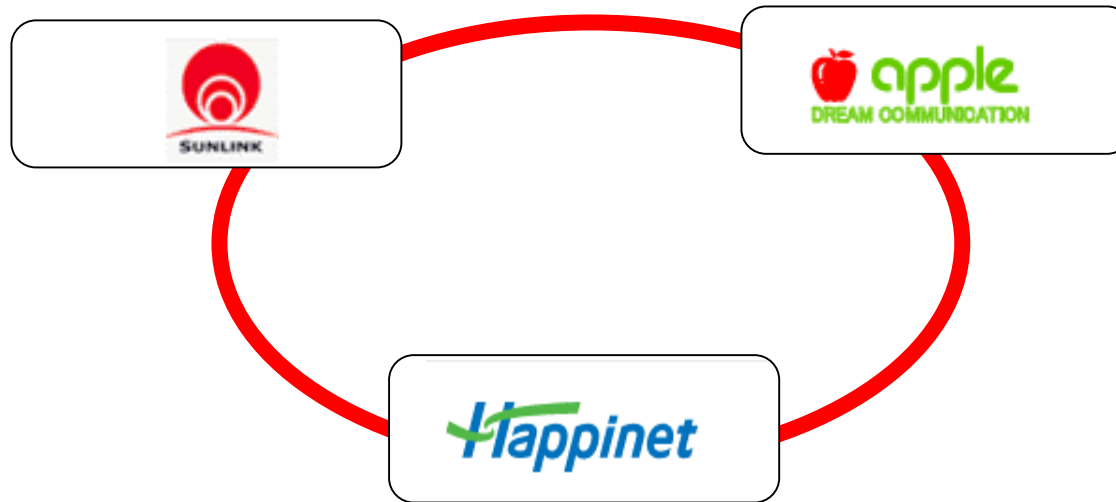


Number of locations		TOTAL
SUNLINK:	5,500 ⇒ 3,900	8,600 ⇒ 6,100 * Reduction of 2,500
Happinet:	1,800 ⇒ 1,100	
Apple:	1,300 ⇒ 1,100	



Continuing to increase efficiency by reducing locations, despite a 5% decline in sales

Reviewing nationwide operational structure based on three-way collaboration



Investigating and establishing a nationwide operational structure geared towards synergy between the three companies

Reappraising relationships with secondary wholesalers to improve the efficiency of national distribution

Exploring business models designed to harness nationwide field sales (touring operators) with an eye to the future

Forecast consolidated results for fiscal 2008

(Unit: 100 million yen, %, fractions rounded to nearest unit)

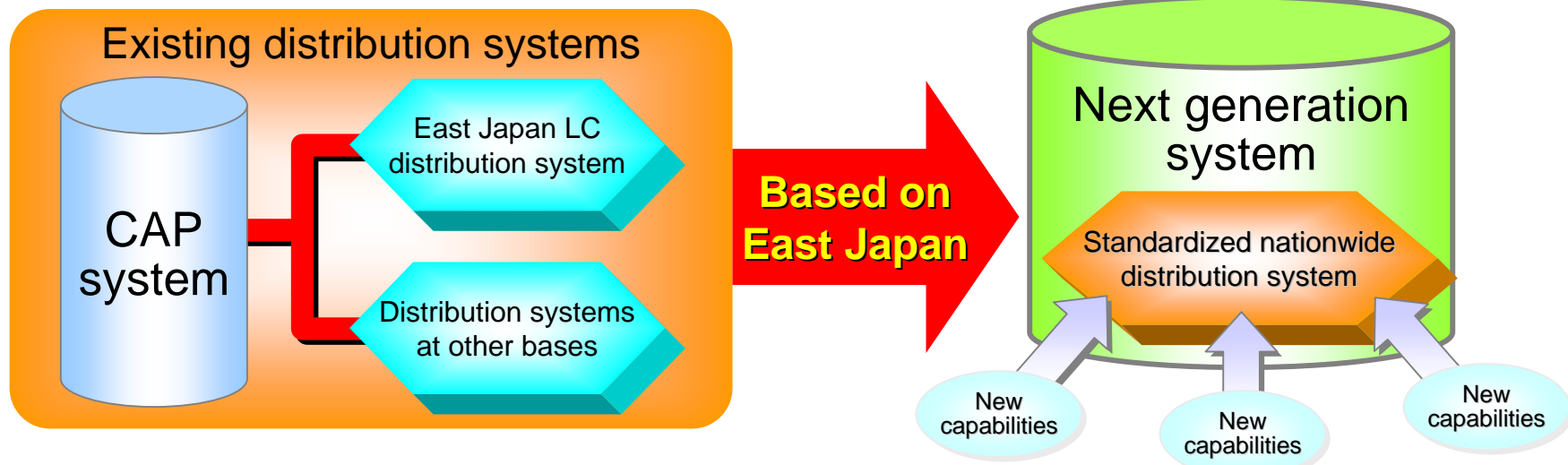
	FY08/3	FY09/3 E	YoY growth
Net sales	1,689	1,800	6.5
Operating profit	14	19	30.9
Recurring profit	15	20	27.4
Net profit	-14	12	—

Sales forecasts for fiscal 2008 by segment

(Unit: 100 million yen, %, fractions rounded to nearest unit)

Segment	FY	FY09/3 E		
	FY08/3		Breakdown	YoY growth
Toy business	577	650	36.1	12.5
Video-related business	385	350	19.4	-9.2
Video game business	545	550	30.6	0.9
Amusement business	129	200	11.1	54.4
Other business	51	50	2.8	-2.5
Total	1,689	1,800	100.0	6.5

Developing a next generation mission-critical system and introducing distribution systems for the future



Introduction schedule

Phased introduction of distribution system starting in July



Cautionary Statement

Estimates of future performance are provided as a reference for investors. They are based on projections and estimates and should not be construed as an assurance or guarantee of future performance. When using this information, please keep in mind that final results may vary.