


**Financial Statements Outline and  
Business Plan for the Current Period  
Dec. 2007 Period**

**TECMO**

February 21<sup>st</sup> 2008



# **December 2007 Period Outline of Financial Statements**

## Dec.2007 Period Outline of Consolidated Financial Statements

(Unit: ¥Mil.)

	Dec.2006 Period	Dec.2007 Period		Change	
	Actual Results	Target	Actual Results	Y-o-Y	Variance from Target
Sales	11,628	14,000	12,047	419	-1,953
Operating Profit	1,223	2,100	1,886	662	-214
Ordinary Profit	1,363	2,200	1,975	611	-225
Current Net Profit	813	1,100	991	177	-109
Operating Profit%	10.5%	15.0%	15.7%	5.1%	0.7%
Ordinary Profit%	11.7%	15.7%	16.4%	4.7%	0.7%

○ Increase from previous year in both sales and profit, resulting in large profit increase

● Both sales and profit did not achieve the target figures.

# Consolidated Sales/Operating Profit Performance, by Segment

① Dec. 2007 Period								(Unit: ¥Mil.)
	Games	Online	Mobile	Commercial Use	Rights	AM	Deletion	Total
Sales	4,439	642	900	1,373	161	4,528		12,047
Operating Profit	847	353	255	730	72	316	-689	1,886
Operating Profit %	19.1%	55.0%	28.3%	53.2%	44.7%	7.0%		15.7%
② Dec. 2006 Period								(Unit: ¥Mil.)
	Games	Online	Mobile	Commercial Use	Rights	AM	Deletion	Total
Sales	4,392	190	908	1,367	239	4,530		11,628
Operating Profit	296	118	253	972	115	284	-817	1,223
Operating Profit %	6.7%	62.1%	27.9%	71.1%	48.1%	6.3%		10.5%
③ Y-o-Y Increase/Decrease (①-②)								(Unit: ¥Mil.)
	Games	Online	Mobile	Commercial Use	Rights	AM	Deletion	Total
Sales	47	452	-7	6	-77	-2		419
Operating Profit	551	235	1	-242	-43	32	128	663
Operating Profit %	12.3%	-7.1%	0.5%	-17.9%	-3.4%	0.7%		5.1%

- Drastic improvement in games business revenue.
- Revenue base established for online games business.

# Games Business

## ◆ Consolidated Sales / Operating Profit

(Unit: ¥Mil.)

	Dec. 2006 Period	Dec. 2007 Period		Change	
	Actual Results	Target	Actual Results	Y-o-Y	Variance from Target
Sales	4,392	5,262	4,439	47	-823
Operating Profit	296	784	847	551	63
Total Shipments	1,450,000	1,770,000	1,350,000	- 100,000	- 420,000

○ “NINJA GAIDEN Σ” released in June14, 2007 contributed to sales and profit.  
(610,000 shipped as of end of Dec. 2007)



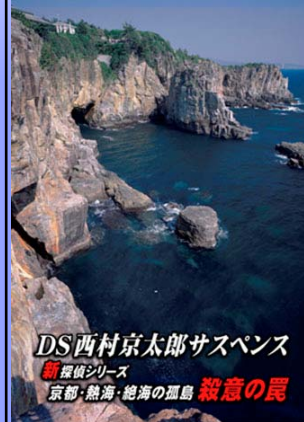
○ “DS Kyotaro Nishimura`s Suspense” released on October 11, 2007 proved to be a smash hit acquiring new women and senior customer groups. (220,000 shipped as of end of Dec. 2007)

● Release of two titles postponed to current period:

NINJA GAIDEN Dragon Sword      2007 release → March 20, 2008

Rygar      2007 release → Spring 2008

# Titles Released in Dec. 2007 Period

Global Strategy Titles				Domestic Strategy Titles	
DEAD OR ALIVE 4 Platinum Hits	PANGYA! Golf with Style	NINJA GAIDEN Σ	Super Swing Golf 2	MONSTER FARM DS	DS Kyotaro Nishimura s Suspense
Xbox360	Wii	PS3	Wii	DS	DS
Japan: released in November 2007 N. America: released in March 2007	Europe: released in June 2007 ※European title of スイングゴルフ パンヤ ※Released in Japan and N. America in 2006	Japan: released in June 2007 N. America : released in July 007 Europe:released in July 2007	Japan: released in November 2007 N. America : released in December 2007	Japan: released in July 2007	Japan: released in October 2007
80,000 shipments	70,000 shipments	610,000 shipments	100,000 shipments	60,000 shipment s	220,000 shipments
Cumulative shipment 1,200,000	Cumulative shipment 300,000	Cumulative shipment 610,000	Cumulative shipment 100,000	Cumulative shipment 60,000	Cumulative shipment 220,000
					

# Online Games Business

## ◆ Consolidated Sales / Operating Profit

(Unit: ¥Mil.)

	Dec. 2006 Period	Dec. 2007 Period		Change	
	Actual Results	Target	Actual Results	Y-o-Y	Variance from Target
Sales	190	1,250	642	452	-608
Operating Profit	118	524	353	235	-171

- Domestic service for “WarRock” started on March 8, 2007.
- Domestic service for “Gallop Racer ONLINE” started on August 29, 2007.
- Domestic service for “MONSTER FARM ONLINE” postponed.  
(Fall 2007 → Service to start in Spring 2008)

# Mobile Games Business

## ◆ Consolidated Sales / Operating Profit

(Unit: ¥Mil.)

	Dec. 2006 Period	Dec. 2007 Period		Change	
	Actual Results	Target	Actual Results	Y-o-Y	Variance from Target
Sales	908	914	900	-7	-14
Operating Profit	253	278	255	1	-23

○ Steady performance of “NET-FUN Mobile” contributed to sales and profit.

5 new Pachislot Appli distributed.

Monthly fee members: 210,000 (as of Dec. 2007)

○ Medal Appli showed brisk sales .

No. of Downloads: 4,120,000 downloads (Jan. ~ Dec. 2007)

OTAKARA Dungeon RPG service started in Sep.2006.





※No. of medal downloads out of above: 3,990,000 downloads

(KDDI Medal Appli Ranking: Consecutive first place for the period between 2006/11/1~2007/12/1)

OTAKARA Quest RPG service started in Dec. 2007

( KDDI Medal Appli Ranking: <Marked 1<sup>st</sup> place in initial ranking )

# Service Titles for Dec. 2007 Period

Online-games		Mobile games	
<p><b>War Rock</b></p> <p><b>Lievo</b></p> <p>Service launched in Mar. 2007</p> <p>Registered members 310,000</p>	<p><b>Gallop Racer ONLINE</b></p> <p><b>Lievo</b></p> <p>Service launched in Aug. 2007</p> <p>Registered members 50,000</p>	<p><b>OTAKARA Dungeon RPG</b></p> <p><b>au</b> <b>NTTドコモ</b></p> <p>Service launched in Aug. 2007 (NTT Docomo Version)</p> <p>※ For au Version</p> <p>Service launched in Sep. 2006</p> <p>No. of medal downloads 1,860,000 downloads</p> <p>※Cumulative no. of service downloads 2,420,000 downloads</p>	<p><b>OTAKARA Quest RPG</b></p> <p><b>au</b></p> <p>Service launched in Dec. 2007</p> <p>No. of medal downloads 70,000 downloads</p>
			

# Commercial Equipment/Software Business

## ◆ Consolidated Sales / Operating Profit

(Unit: ¥Mil.)

	Dec. 2006 Period	Dec. 2007 Period		Change	
	Actual Results	Target	Actual Results	Y-o-Y	Variance from Target
Sales	1,367	1,404	1,373	6	-31
Operating Profit	972	724	730	-242	6

- Released total of two pachinko titles such as “TENSAIBAKABON CLASSIC”.
- Released total of five pachislot titles such as “RioParadise”.
- Postponed release of one pachislot title to current period.

# Rights Business

## ◆ Consolidated Sales / Operating Profit

(Unit: ¥Mil.)

	Dec. 2006 Period	Dec. 2007 Period		Change	
	Actual Results	Target	Actual Results	Y-o-Y	Variance from Target
Sales	239	270	161	-77	-109
Operating Profit	115	112	72	-43	-40

- TECMO's popular character items ("Rio" and "Kasumi") showed steady performance
- "Rio" figure released in December as tie-up project with magazine series.
- Scheduled release was delayed to next period, pushing down sales and profit figures.

# Amusement Facilities Management

## ◆ Consolidated Sales / Operating Profit

(Unit: ¥Mil.)

	Dec. 2006 Period	Dec. 2007 Period		Change	
	Actual Results	Target	Actual Results	Y-o-Y	Variance from Target
Sales	4,530	4,900	4,528	-2	-372
Operating Profit	284	380	316	32	-64

- Sales figures were similar to previous year's, but there was rise in y-o-y operating profit due to cost-cutting efforts.
- Targeted figures were more or less achieved for the existing stores, except for Toyosu for which both sales and profit targets were not met.

## Dec. 2007 Period Consolidated Balance Sheet

(Unit:¥Mil.)

	Dec. 2006 Period	Dec. 2007 Period	Change
Current Assets	19,554	20,254	699
Fixed Assets	6,284	5,366	-918
<b>Total Assets</b>	<b>25,839</b>	<b>25,620</b>	<b>-218</b>

Current Liabilities	3,453	3,773	320
Fixed Liabilities	1,185	334	-850
<b>Total Liabilities</b>	<b>4,639</b>	<b>4,108</b>	<b>-530</b>
Total Net Assets	21,200	21,512	312
<b>Total Liabilities and Net Assets</b>	<b>25,839</b>	<b>25,620</b>	<b>-218</b>

○ Decrease in Fixed Assets

Decrease as result of TECMOWAVE's "Sales and Leaseback Agreement" for amusement equipment.

○ Decrease in Fixed Liabilities

Decrease due to abolishment of directors retirement benefits and repayment of subsidiary's bank loan.

# Key Points of Dec. 2007 Period Consolidated Balance Sheet

## ◆ Consolidated Balance Sheet Major Changes in Current Assets

(Unit: ¥Mil.)

	Dec. 2006 Period	Dec. 2007 Period	Change
Cash and Deposits	13,337	8,008	-5,329
Securities	0	6,002	6,002
Total	13,337	14,010	673

### (1) Cash and Deposits

- Change in recognition of negotiable deposits “(¥5 billion) to “Securities”

### (2) Securities

- Change in recognition of negotiable deposits (¥5 billion) from “Cash and Deposits”.
- ¥1 billion purchase made by TECMOWAVE LTD. in securities (MMF).

# Outline of TECMO Non-Consolidated Financial Statements for Dec. 2007 Period

(Unit: ¥Mil.)

	Dec. 2006 Period	Dec. 2007 Period		Change	
	Actual Results	Target	Actual Results	Y-o-Y	Variance from Target
Sales	6,542	8,460	6,659	117	-1,801
Operating Profit	1,047	1,800	1,629	582	-171
Ordinary Profit	1,186	2,000	1,698	513	-301
Current Net Profit	791	1,100	947	155	-153

- Increase from previous year in both sales and profit, resulting in large profit increase
- Both sales and profit did not achieve the target figures.

# Dec. 2008 Period Business Plan

# Dec.2008 Period Consolidated Plan

(Unit: ¥Mil.)

	Dec. 2007 Period	Dec. 2008 Period		
	Actual Results	Target	Change	Y-o-Y
Sales	12,047	14,300	2,253	118.7%
Operating Profit	1,886	2,200	314	116.6%
Ordinary Profit	1,975	2,000	25	101.3%
Current Net Profit	991	1,000	9	100.9%
Operating Profit %	15.7%	15.4%	-0.3%	-
Ordinary Profit %	16.4%	14.0%	-2.4%	-

○ Targets 20% increase in sales and 16% increase in operating profit from previous year

○ Exchange rate is estimated at \$1=¥100.

Effect of exchange rate per ¥1 = ¥20,000,000 (Sales/ Operating Profit base)

# Consolidated Sales/Operating Profit Plan, by Segment

① Dec. 2008 Period	Plan							(Unit: ¥Mil.)
	Games	Online	Mobile	Commercial Use	Rights	AM	Deletion	Total
Sales	6,800	850	850	1,000	200	4,600		14,300
Operating Profit	1,450	360	260	500	100	280	-750	2,200
Operating Profit %	21.3%	42.4%	30.6%	50.0%	50.0%	6.1%		15.4%
② Dec. 2007 Period	Actual results							(Unit: ¥Mil.)
	Games	Online	Mobile	Commercial Use	Rights	AM	Deletion	Total
Sales	4,439	642	900	1,373	161	4,528		12,047
Operating Profit	847	353	255	730	72	316	-689	1,886
Operating Profit %	19.1%	55.0%	28.3%	53.2%	44.7%	7.0%		15.7%
③ Y-o-Y Increase/Decrease (①-②)								(Unit: ¥Mil.)
	Games	Online	Mobile	Commercial Use	Rights	AM	Deletion	Total
Sales	2,361	208	-50	-373	39	72		2,253
Operating Profit	603	7	5	-230	28	-36	-61	314
Operating Profit %	2.2%	-12.6%	2.3%	-3.2%	5.3%	-0.9%		-0.3%

○ Games business anticipated to contribute to both sales and profit with release of global titles such as “NINJA GAIDEN Dragon Sword” “NINJA GAIDEN II” “Zero” and “Rygar”.

# Games Business







## ◆ Consolidated Sales / Operating Profit Plan

(Unit: ¥Mil.)

	Dec. 2007 Period	Dec. 2008 Period		
	Actual Results	Target	Change	Y-o-Y
Sales	4,439	6,800	2,361	153.2%
Operating Profit	847	1,450	603	171.2%
Total No. of Shipments	1,350,000	3,000,000	1,650,000	222.2%

- Y-o-Y rise targeted in both sales and profit due to increase in new release titles from 9 (previous period) to 20 (current period)
- Four new global strategy titles are scheduled for release: “NINJA GAIDEN Dragon Sword”(DS)  
 ※ “NINJA GAIDEN II”(Xbox360), “Ryger”(Wii) and ※ “Zero”(Wii).
- “TECMO BOWL” targeting N. America market is scheduled for release (release date undetermined)
- Domestic DS Suspense Series II, “DS Misa Yamamura Suspense” (DS) is scheduled for release.
- Targeting to develop a new client base with scheduled release of “Penelope tete en l'air,” software for preschool children.
- (※) “NINJA GAIDEN II” title is released from Microsoft. “Zero” title is released from Nintendo

# Dec.2008 Period Titles Scheduled for Release

Global Strategy Title			Japanese Strategy Title		
NINJA GAIDEN Dragon Sword	NINJA GAIDEN II	※ Zero	アルゴスの戦士 マッスルインパクト	うっかりペネロペ	DS山村美紗 サスペンス
DS	Xbox360	Wii	Wii	DS	DS
Japan To be released on March 20,2008  North America To be released on March 25,2008	To be released in June 2008	To be released in summer 2008	To be released in spring 2008	To be released in spring 2008	To be released in spring 2008
					

(Note) Titles sold by other companies are included ※ “NINJA GAIDEN II” title is released from Microsoft. “Zero” title is released from Nintendo

# Online Games Business

## ◆ Consolidated Sales / Operating Profit

(Unit: ¥Mil.)

	Dec. 2007 Period	Dec. 2008 Period	Change	Y-o-Y
	Actual Results	Target		
Sales	642	850	208	132.4%
Operating Profit	353	360	7	102.0%
Registered members	360,000	3,000,000	2,640,000	833.3%

- “MONSTER FARM ONLINE” service scheduled to start in spring 2008
- “DOA ONLINE” service scheduled to start in China in summer 2008
- We expect that the number of the member will increase to 3 million (360,000 in 2007)

# Mobile Games Business

## ◆ Consolidated Sales / Operating Profit Plan

(Unit: ¥Mil.)

	2007.12 Period	Dec. 2008 Period	Change	Y-o-Y
	Actual Results	Target		
Sales	900	850	-50	94.4%
Operating Profit	255	260	5	102.0%

- Scheduled to start mobile-site service for new titles targeting a wide range of customer base.
- Attempting to increase number of members by renewal of existing sites.

# Commercial Equipment/Software Business

## ◆ Consolidated Sales / Operating Profit Plan

(Unit: ¥Mil.)

	Dec. 2007 Period	Dec. 2008 Period	Change	Y-o-Y
	Actual Results	Target		
Sales	1,373	1,000	-373	72.8%
Operating Profit	730	500	-230	68.5%

○ 3 Pachinko titles and 5 Pachislot titles scheduled for release

# Rights Business

## ◆ Consolidated Sales / Operating Profit Plan

(Unit: ¥Mil.)

	Dec. 2007 Period	Dec. 2008 Period		
	Actual Results	Target	Change	Y-0-Y
Sales	161	200	39	124.2%
Operating Profit	72	100	28	138.9%

○ With the success of “DOA” figures with costume variations released in Dec. 2007 period, there are plans for second and further releases.

# Amusement Facilities Management

## ◆ Consolidated Sales / Operating Profit Plan

(Unit: ¥Mil.)

	Dec. 2007 Period	Dec. 2008 Period		
	Actual Results	Target	Change	Y-o-Y
Sales	4,528	4,600	72	101.6%
Operating Profit	316	280	-36	88.6%

- Scheduled opening of two new stores.
- Aim for strengthening of business in selling amusement equipment and products.

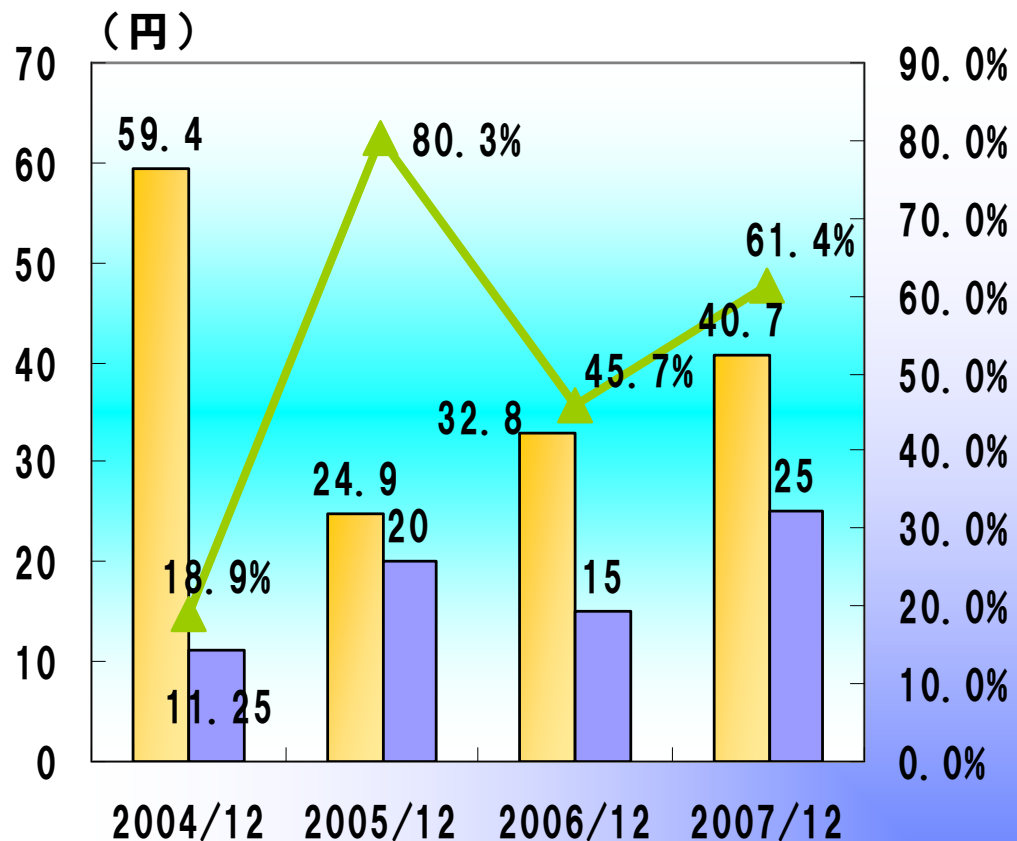
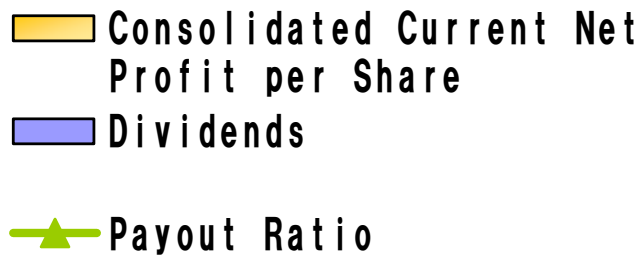
## Dec.2008 Period      TECMO Non-Consolidated Plan

(Unit: ¥Mil.)

	Dec. 2007 Period	Dec. 2008 Period		
	Actual Results	Target	Change	Y-o-Y
Sales	6,659	8,000	1,341	120.1%
Operating Profit	1,629	2,000	371	122.8%
Ordinary Profit	1,698	1,700	1	100.1%
Current Net Profit	947	950	3	100.3%

- Target is to increase both sales and operating profit by 20% over previous year.
- Exchange rate is estimated at \$1=¥100 and the plan contains exchange losses of about 300 million yen.

# Policy on Profit-Return to Shareholders



- Maintain level of stable dividends per share at ¥20.
- Review possibility of raising the dividend level in keeping with the performance trend of the current period.

# (Ref.) No. of Home Console Game Titles Sold, by Hardware

		Dec. 2005 Period				Dec. 2006 Period				Dec. 2007 Period			
Manufacturer	Hardware	Japan	N. America	Eur. & Other Countries	Total	Japan	N. America	Eur. & Others	Total	Japan	N. America	Eur. & Other Countries	Total
Nintendo	Wii	-	-	-	-	1	1	-	2	1	1	1	3
	DS	1	-	-	1	-	-	-	-	2	-	-	2
	Total	1	-	-	1	1	1	-	2	3	1	1	5
Microsoft	Xbox360	1	1	-	2	1	1	2	4	-	-	-	-
	Total	1	1	-	2	1	1	2	4	-	-	-	-
SCE	PS2	5	2	2	9	3	3	1	7	1	-	-	1
	PS3	-	-	-	-	-	-	-	-	1	1	1	3
	PSP	1	1	-	2	-	-	1	1	-	-	-	-
	Total	6	3	2	11	3	3	2	8	2	1	1	4
<b>TOTAL</b>		<b>8</b>	<b>4</b>	<b>2</b>	<b>14</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>14</b>	<b>5</b>	<b>2</b>	<b>2</b>	<b>9</b>

# (Ref.) Change of Key Management Indicators ①

			Dec. 2004	Dec. 2005.	Dec. 2006	Dec. 2007
Total Return Ratio	Dividends	(¥ Mil.)	277	497	368	606
	Acquisition of Treasury Stocks	(¥ Mil.)	-	-	273	340
	Total		277	497	641	946
	Consolidated Current Net Profit	(¥ Mil.)	1,435	617	814	991
	<b>Total Return Ratio</b>	<b>(%)</b>	<b>19.3%</b>	<b>80.6%</b>	<b>78.7%</b>	<b>95.5%</b>
Dividend Payout Ratio	Consolidated Current Net Profit per Share	(¥/share)	59.4	24.9	32.8	40.7
	Dividends	(¥/ share )	11.25	20	15	25
	<b>Dividend Payout Ratio</b>	<b>(%)</b>	<b>18.9%</b>	<b>80.3%</b>	<b>45.8%</b>	<b>61.4%</b>
ROE	Consolidated Current Net Profit	(¥ Mil.)	1,435	617	814	991
	Net Assets (Shareholders' Equity)	(¥ Mil.)	19,410	19,946	21,200	21,512
	<b>ROE</b>	<b>(%)</b>	<b>7.39%</b>	<b>3.09%</b>	<b>3.84%</b>	<b>4.61%</b>
DOE	<b>DOE=ROE× Dividend Payout Ratio</b>	<b>(%)</b>	<b>1.4%</b>	<b>2.5%</b>	<b>1.8%</b>	<b>2.8%</b>
PER (as of year-end)	Share Price (as of year-end)	(¥/ share )	814	1,111	915	1,309
	Consolidated Current Net Profit per Share	(¥/ share )	59.4	24.9	32.8	40.7
	<b>PER</b>	<b>(times)</b>	<b>13.7</b>	<b>44.6</b>	<b>27.9</b>	<b>32.2</b>
(Ref.)	Average No. of Shares During Period	(Share )	23,651,222	24,787,750	24,841,412	24,378,921

# (Ref.) Change of Key Management Indicators ②

	Mar. 2003	Mar. 2004	Dec. 2004	Dec. 2005	Dec. 2006	Dec. 2007
Sales (¥ Mil.)	10,516	12,156	7,926	12,277	11,628	12,047
Ordinary Profit (¥ Mil.)	1,720	2,590	1,201	1,220	1,363	1,975
Current Net Profit (¥ Mil.)	1,011	1,415	1,434	617	813	991
Net Assets (¥ Mil.)	14,952	16,091	19,410	19,946	21,200	21,512
Total Assets (¥ Mil.)	17,838	19,924	23,512	26,106	25,839	25,620
Net Assets per Share (¥)	876.6	943.6	784.4	802.4	813.8	834.8
Current Net Profit per Share (¥)	57.0	80.8	59.4	24.9	32.8	40.7
Capital Adequacy Ratio (%)	83.82	80.76	82.56	76.40	77.35	79.0
Return on Equity (%)	6.9	9.12	8.08	3.14	4.20	4.93
Price-to-Earnings Ratio (times)	16	14.3	13.71	44.63	27.93	32.18
Cash Flow from Operating Activities (¥Mil.)	1,863	1,034	1,096	477	2,729	1,898
Cash Flow from Investing Activities (¥1,000)	-535	-712	-654	-748	-10,180	-2,840
Cash Flow from Financing Activities (¥Mil.)	-341	-206	3,851	883	-948	-155
Year-End Balance of Cash and Cash Equivalents (¥Mil.)	7,778	7,798	12,030	12,711	4,337	3,232
No. of Employees	346	383	418	446	474	471

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Actual earnings of the Company will possibly differ greatly from the projections because of various elements. They may be worse than the assumptions in this document. Elements that could affect the actual earnings of the Company include the following, but are not limited to them.

1. Changes in the economic environment, which will affect the business of TECMO
2. Fluctuations in exchange rate between the yen and the U.S. dollar (in particular) and the euro
3. TECMO's capability to continue to provide products and services that are accepted by consumers in each field
4. TECMO's capability to successfully expand operations internationally in businesses concerning games, commercial-use software, online games and mobile content
5. Revision of laws and regulations, and TECMO's capability to cope with such revisions

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