

Bandai

Interim Non-Consolidated Results Financial Summary

(April 1, 2003 to September 30, 2003)

This document has been prepared as a guide to non-Japanese investors and contains forward-looking statements that are based on managements' estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. This document is a translation of the Japanese language original.

November 5, 2003

Financial Statements (Non-Consolidated)

For the interim period ended September 30, 2003

BANDAI CO., LTD.

Stock Exchange: Tokyo Stock Exchange (TSE)

Stock Code: 7967

Head office: Tokyo, Japan

(URL <http://www.bandai.co.jp/>)

Representative:

Takeo Takasu
President and Representative Director

Person to contact:

Hiroshi Kawasaki
General Manager, President's Office

Date of the Meeting of the Board of Directors:

November 5, 2003

Payment of interim dividends:

Yes

Date of interim dividends payment:

December 9, 2003

Adoption of the system of units of shares:

Yes (One unit of shares: 100 shares)

All data in millions of yen, rounded down, except dividends, per-share amounts and percents.

1. Business Results for the Interim Period Ended September 30, 2003 (April 1, 2003 - September 30, 2003)

(1) Non-Consolidated Operating Results

(In millions of yen, rounded down except where noted)

| | Net Sales | | Operating Income | | Recurring Income | |
|-----------------------------------------|-----------|--------|------------------|-------|------------------|-------|
| Interim Period Ended September 30, 2003 | 59,428 | (3.8%) | 5,871 | 2.9% | 6,563 | 3.2% |
| Interim Period Ended September 30, 2002 | 61,803 | 7.5% | 5,708 | 26.9% | 6,362 | 24.9% |
| Fiscal Year Ended March 31, 2003 | 125,217 | | 11,166 | | 11,966 | |

| | Net Income | | Net Income Per Share |
|-----------------------------------------|------------|-------|----------------------|
| Interim Period Ended September 30, 2003 | 4,059 | 15.0% | 82.97 yen |
| Interim Period Ended September 30, 2002 | 3,531 | 44.4% | 72.21 yen |
| Fiscal Year Ended March 31, 2003 | 5,710 | | 114.96 yen |

Notes: 1) Average number of outstanding shares during the interim period (fiscal year):
 Interim period ended September 30, 2003: 48,933,779 shares
 Interim period ended September 30, 2002: 48,904,287 shares
 Fiscal year ended March 31, 2003: 48,903,212 shares

2) Changes in accounting procedure: none

3) All percentages represent changes compared to the prior interim period.

(2) State of Dividends

| | Interim Dividend Per Share | Annual Dividend Per Share |
|-----------------------------------------|----------------------------|---------------------------|
| Interim Period Ended September 30, 2003 | 15.00 yen | - |
| Interim Period Ended September 30, 2002 | 15.00 yen | - |
| Fiscal Year Ended March 31, 2003 | - | 40.00 yen |

**(3) Non-Consolidated Financial Position**

(In millions of yen, rounded down except where noted)

| | Total Assets | Shareholders' Equity | Shareholders' Equity Ratio | Shareholders' Equity Per Share |
|-----------------------------------------|--------------|----------------------|----------------------------|--------------------------------|
| Interim Period Ended September 30, 2003 | 155,741 | 94,939 | 61.0% | 1,937.25 yen |
| Interim Period Ended September 30, 2002 | 132,825 | 90,370 | 68.0% | 1,847.92 yen |
| Fiscal Year Ended March 31, 2003 | 153,916 | 91,342 | 59.3% | 1,866.08 yen |

Notes: 1) Total number of issued shares at the end of the interim period (fiscal year):

Interim period ended September 30, 2003: 49,007,641 shares

Interim period ended September 30, 2002: 48,904,249 shares

Fiscal year ended March 31, 2003: 48,901,676 shares

2) Total number of shares of treasury stock at the end of the interim period (fiscal year):

Interim period ended September 30, 2003: 25,241 shares

Interim period ended September 30, 2002: 18,633 shares

Fiscal year ended March 31, 2003: 24,206 shares

2. Fiscal Year 2004 Full Year Projections (April 1, 2003 - March 31, 2004)

(In millions of yen, rounded down)

| | Net Sales | Recurring Income | Net Income | Year-End Dividend per Share | Annual Dividend per Share |
|-----------------------------------|-----------|------------------|------------|-----------------------------|---------------------------|
| Fiscal Year Ending March 31, 2004 | 130,000 | 12,000 | 7,000 | 7.50 yen | 22.50 yen |

Reference: Projected net income per share for fiscal year 2004 (full year): 70.52 yen

*1 In accordance with the resolution adopted at the meeting of the Board of Directors held on August 5, 2003, the Company plans to split each of the shares of common stock held by the shareholders as of September 30, 2003 into two shares on November 20, 2003. The year-end dividend per share and projected net income per share for fiscal year 2004 (full year) are calculated based on the number of issued shares after the stock split.

*2 "Caution Relating to Results Projections"

The above projections are based on the information available to management at the time they were made, and estimates involving uncertain factors thought likely to have an effect on future results. As such, they include various risks and uncertainties. Actual results can differ materially from these projections for a variety of reasons, including changes in business environments, market trends, and exchange rate fluctuations.

I. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(In millions of yen, rounded down)

| | Current interim period | | Prior interim period | | Prior fiscal year | |
|--------------------------------------------------|--------------------------|--------------|--------------------------|--------------|----------------------|--------------|
| | As of September 30, 2003 | | As of September 30, 2002 | | As of March 31, 2003 | |
| | Amount | % | Amount | % | Amount | % |
| (Assets) | | | | | | |
| I CURRENT ASSETS: | 77,385 | 49.7 | 56,104 | 42.2 | 80,703 | 52.4 |
| Cash and time deposits | 43,595 | | 20,424 | | 49,614 | |
| Notes receivable – trade | 2,140 | | 3,519 | | 1,924 | |
| Accounts receivable – trade | 18,607 | | 19,984 | | 16,989 | |
| Marketable securities | 2,003 | | 2,002 | | 2,003 | |
| Inventories | 1,797 | | 2,482 | | 1,500 | |
| Deferred tax assets – current | 1,856 | | 1,761 | | 1,981 | |
| Other current assets | 7,502 | | 6,321 | | 6,796 | |
| Allowance for doubtful receivables..... | (117) | | (392) | | (107) | |
| II. FIXED ASSETS: | 78,356 | 50.3 | 76,721 | 57.8 | 73,212 | 47.6 |
| 1. Tangible Fixed Assets | 24,223 | 15.5 | 24,056 | 18.1 | 22,584 | 14.7 |
| Buildings..... | 4,576 | | 5,451 | | 4,743 | |
| Tools, furniture and fixtures | 4,153 | | 3,723 | | 3,602 | |
| Land | 12,495 | | 13,146 | | 12,402 | |
| Others..... | 2,997 | | 1,734 | | 1,836 | |
| 2. Intangible Fixed Assets | 919 | 0.6 | 1,069 | 0.8 | 1,059 | 0.7 |
| 3. Investments and other assets | 53,213 | 34.2 | 51,595 | 38.9 | 49,568 | 32.2 |
| Investment in securities..... | 4,356 | | 4,571 | | 3,558 | |
| Investment in affiliated companies' stocks | 32,762 | | 32,248 | | 31,446 | |
| Deferred tax assets - non-current..... | 3,987 | | 4,805 | | 4,423 | |
| Deferred tax assets on revaluation | 8,503 | | 8,628 | | 8,503 | |
| Other Investments | 4,181 | | 2,594 | | 2,801 | |
| Allowance for investment losses..... | - | | (824) | | (600) | |
| Allowance for doubtful receivables | (578) | | (427) | | (565) | |
| TOTAL ASSETS | 155,741 | 100.0 | 132,825 | 100.0 | 153,916 | 100.0 |

(In millions of yen, rounded down)

| | Current interim period As of September 30, 2003 | | Prior interim period As of September 30, 2002 | | Prior fiscal year As of March 31, 2003 | |
|------------------------------------------------------------------------|-------------------------------------------------------|--------------|-----------------------------------------------------|--------------|-------------------------------------------|--------------|
| | Amount | % | Amount | % | Amount | % |
| (Liabilities) | | | | | | |
| I. CURRENT LIABILITIES: | 34,632 | 22.2 | 31,152 | 23.5 | 36,225 | 23.6 |
| Notes payable – trade | 2,035 | | 2,937 | | 2,181 | |
| Accounts payable– trade | 12,318 | | 12,701 | | 12,379 | |
| Current maturities of long-term debt..... | 10,000 | | 5,000 | | 10,000 | |
| Accounts payable – other | 5,536 | | 5,378 | | 6,263 | |
| Accrued income taxes | 2,231 | | 2,646 | | 2,333 | |
| Accrued consumption tax..... | 217 | | 315 | | 398 | |
| Other current liabilities | 2,292 | | 2,173 | | 2,668 | |
| II. FIXED LIABILITIES: | 26,168 | 16.8 | 11,302 | 8.5 | 26,348 | 17.1 |
| Bonds..... | 25,000 | | 10,000 | | 25,000 | |
| Accrued retirement and severance benefits | 119 | | 161 | | 128 | |
| Officers' retirement allowance reserve | 459 | | 493 | | 535 | |
| Other fixed liabilities | 589 | | 647 | | 684 | |
| TOTAL LIABILITIES: | 60,801 | 39.0 | 42,455 | 32.0 | 62,573 | 40.7 |
| (Shareholders' Equity) | | | | | | |
| I. Common stock | 23,832 | 15.3 | 23,628 | 17.8 | 23,633 | 15.4 |
| II. Capital surplus | 23,165 | 14.9 | 22,961 | 17.3 | 22,966 | 14.9 |
| Earning surplus..... | 23,165 | | 22,961 | | 22,966 | |
| III. Retained earnings appropriated for legal reserve | 59,151 | 38.0 | 54,843 | 41.3 | 56,402 | 36.6 |
| Earned surplus reserves | 1,645 | | 1,645 | | 1,645 | |
| Voluntary reserves..... | 52,613 | | 48,921 | | 48,921 | |
| Unappropriated retained earnings | 4,892 | | 4,276 | | 5,835 | |
| IV. Difference on revaluation of land | (12,237) | (7.8) | (11,915) | (9.0) | (12,237) | (7.9) |
| V. Other valuation differences of securities | 1,124 | 0.7 | 923 | 0.7 | 669 | 0.4 |
| VI. Treasury stock | (98) | (0.1) | (69) | (0.1) | (93) | (0.1) |
| Total Shareholders' Equity: | 94,939 | 61.0 | 90,370 | 68.0 | 91,342 | 59.3 |
| Total Liabilities and Shareholders' Equity: | 155,741 | 100.0 | 132,825 | 100.0 | 153,916 | 100.0 |

(2) Non-Consolidated Statements of Income

(In millions of yen, rounded down)

| | Current Interim Period April 1, 2003 to September 30, 2003 | | Prior Interim Period April 1, 2002 to September 30, 2002 | | Prior Fiscal Year April 1, 2002 to March, 31, 2003 | |
|---------------------------------------------------------------|------------------------------------------------------------------|--------------|----------------------------------------------------------------|--------------|----------------------------------------------------------|--------------|
| | Amount | % | Amount | % | Amount | % |
| I Net Sales | 59,428 | 100.0 | 61,803 | 100.0 | 125,217 | 100.0 |
| II Cost of Sales | 34,845 | 58.6 | 36,476 | 59.0 | 74,383 | 59.4 |
| Gross Profit | 24,582 | 41.4 | 25,327 | 41.0 | 50,834 | 40.6 |
| III Selling, General and Administrative Expenses | 18,711 | 31.5 | 19,619 | 31.8 | 39,668 | 31.7 |
| Operating Income | 5,871 | 9.9 | 5,708 | 9.2 | 11,166 | 8.9 |
| IV Non-Operating Income | 1,038 | 1.7 | 1,089 | 1.8 | 1,617 | 1.3 |
| V Non-Operating Expenses | 346 | 0.6 | 434 | 0.7 | 817 | 0.6 |
| Recurring Income | 6,563 | 11.0 | 6,362 | 10.3 | 11,966 | 9.6 |
| VI Extraordinary Income | 301 | 0.5 | 120 | 0.2 | 200 | 0.1 |
| VII Extraordinary Loss | 131 | 0.2 | 709 | 1.2 | 3,021 | 2.4 |
| Net income before income taxes | 6,734 | 11.3 | 5,773 | 9.3 | 9,144 | 7.3 |
| Corporate income, inhabitant and enterprise taxes | 2,430 | 4.1 | 2,810 | 4.5 | 3,720 | 2.9 |
| Tax adjustments | 244 | 0.4 | (567) | (0.9) | (285) | (0.2) |
| Net income | 4,059 | 6.8 | 3,531 | 5.7 | 5,710 | 4.6 |
| Balance brought forward | 833 | | 744 | | 744 | |
| Reversal of reserve on revaluation differences on land | - | | - | | 114 | |
| Interim cash dividend | - | | - | | 733 | |
| Unappropriated retained earnings | 4,892 | | 4,276 | | 5,835 | |

I. Important Information Constituting the Basis of Preparation of Financial Statements

1. Valuation Basis and Methods for Assets:

(1) Marketable securities:

Bonds to be held to maturity:

Stated at amortized cost (straight-line method)

Shares of subsidiaries and associated companies:

Stated at cost based under the moving average method.

Other securities:

Securities with market values:

- Stated at market value using, among others, market prices on the current period end date (valuation differences are reflected directly in shareholders' equity, and cost of sales is calculated through the moving average method.)

Securities without market values:

- Stated at cost under the moving average method

(2) Inventories:

Stated at cost under the gross average method.

2. Depreciation Methods for Fixed Assets:

(1) Tangible fixed assets:

- Declining balance method is used. Useful life of buildings is 3 to 50 years and useful life of tools, furniture and fixtures is 2 to 20 years.

(2) Intangible fixed assets:

Straight-line method is used. Useful life of software used internally is 5 years.

3. Basis for Provisions:

(1) Allowance for doubtful receivables:

To prepare for potential losses due to bad debts, historical credit loss ratios are used for ordinary receivables.

Uncollectible amounts are recorded based on individual consideration of the account's potential for collection for receivables clearly at risk and receivables from companies under bankruptcy or reorganization processes.

(2) Allowance for investment losses:

To prepare for investment losses from decreased real prices of investments in affiliated companies' stocks not to be recognized as impairment losses, an amount considered to have accrued as of the end of the interim period in accordance with estimated affiliates' performance and asset valuation is recorded based on the Company's guideline.

(3) Accrued retirement and severance benefits:

To prepare for retirement and severance benefits to employees, an amount considered to have accrued as of the end of the interim period in accordance with estimated retirement benefit obligations and pension assets as of the ending date of the current fiscal year is recorded.

Actuarial gain/loss is amortized in equal amounts over 10 years from the following fiscal year (within the average remaining period of service for affected employees).

4) Officers' retirement allowance reserve:

Amounts payable are recorded in accordance with internal rules if all directors and corporate auditors would have retired at the end of the interim period.

4. Accounting Policies for Translation of Assets and Liabilities into Japanese Currency:

Receivables and payables denominated in foreign currencies are translated at spot exchange rates prevailing at each interim period end, and resulting gains or losses are included in income.

5. Accounting Policies for Lease Transactions:

Finance lease transactions other than those in which it is accepted that titles to leased property are transferred to lessees are accounted for by applying such accounting treatment as is applicable to ordinary lease transactions.

6. Other Significant Information Concerning the Preparation of Interim Financial Statements

(1) Accounting treatment of consumption tax:

Consumption tax is accounted for separately and is not included in each account.

Suspense payments of consumption tax and consumption tax withheld, after being setoff, are displayed as accrued consumption tax included in the current liabilities.

(2) Treatment of reduction reserve through appropriation of earnings:

Taxes due and tax adjustments for the consolidated interim period are recorded at amounts based on the estimated use of the reduction reserve through the appropriation of earnings for the period.

II. Additional Information

The Company plans to issue new shares by a stock split pursuant to the resolution adopted at the meeting of the Board of Directors held on August 5, 2003, as described below:

Description

1. Each share of common stock shall be split into two shares as of November 20, 2003.

(1) Method of the stock split:

Two shares shall be allocated to each of the shares of common stock held by the shareholders entered or recorded in the final register of shareholders and the final register of beneficial shareholders as of September 30, 2003.

(2) Number of shares to be increased as a result of the stock split:

Shares of common stock: 49,032,882 shares

2. Dividend accrual date: October 1, 2003

The following figures per shares are shown on the assumption that the stock split were made in the beginning of the prior fiscal year:

| | Current interim period April 1, 2003 to September 30, 2003 | Prior interim period April 1, 2002 to September 30, 2002 | Prior fiscal year April 1, 2002 to March 31, 2003 |
|--------------------------------|------------------------------------------------------------------|----------------------------------------------------------------|---------------------------------------------------------|
| Shareholders' equity per share | 968.62 | 923.96 | 933.04 |
| Net income per share | 41.48 | 36.11 | 57.48 |
| Dividend per share | 7.50 | 7.50 | 20.00 |

(yen)

III. Notes

(Notes to the Balance Sheets)

(In millions of yen, rounded down)

| | Current interim period As of September 30, 2003 | Prior interim period As of September 30, 2002 | Prior fiscal year As of March 31, 2003 |
|-----------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------|----------------------------------------------|
| 1. Accumulated Depreciation of Tangible Fixed Assets..... | 23,207 | 21,075 | 22,091 |
| 2. Assets Offered as Securities | | | |
| Cash and Time Deposits..... | 80 | 80 | 80 |
| (Collateral for payment guarantee) | | | |
| 3. Guaranteed Debts | | | |
| Debts of the companies below are being guaranteed | | | |
| <u>Company Name</u> | | | |
| BANDAI INDUSTRIAL CO., LTD. | - | 406 | 378 |
| Total | - | 406 | 378 |

4. Number of issued shares during the current interim period

| | |
|-------------------------------|--------------------------------------------|
| Type of issue: | Exercise of stock warrants (stock options) |
| Date of issue: | From April 1, 2003 to September 30, 2003 |
| Number of issued shares: | 107,000 shares |
| Issued price: | 398,468,000 yen |
| Capitalization of the amount: | 199,234,000 yen |

(Notes to the Statements of Income)

(In millions of yen, rounded down)

| | Current interim period April 1, 2003 to September 30, 2003 | Prior interim period April 1, 2002 to September 30, 2002 | Prior fiscal year April 1, 2002 to March 31, 2003 |
|------------------------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------|
| 1. Major components of Non-Operating Income | | | |
| Interest income | 22 | 20 | 34 |
| Dividend income | 661 | 654 | 799 |
| Rental income | 251 | 310 | 600 |
| 2. Major components of Non-Operating Expenses | | | |
| Bond interest..... | 196 | 174 | 321 |
| Bond issue expense | - | - | 140 |
| Leased asset expense | 103 | 107 | 162 |
| Foreign exchange loss | 16 | 128 | 124 |
| 3. Major components of Extraordinary Income | | | |
| Gain on sale of investment securities..... | - | 114 | 114 |
| Reversal of reserve for loss on liquidation of affiliates..... | 248 | - | 45 |
| Reversal of allowance for investment loss | 6 | - | - |
| Reversal of allowance for prior service cost.... | 46 | 6 | 40 |
| 4. Major components of Extraordinary Loss | | | |
| Loss on sale of fixed assets..... | 5 | 1 | 246 |
| Loss on retirement of fixed assets | 68 | 475 | 693 |
| Expense of special depreciation of fixed assets..... | - | - | 505 |
| Loss on sale of equities of affiliated companies..... | - | - | 599 |
| Loss on sale of investments in securities..... | 2 | 8 | 514 |
| Loss on write-down of investments in shares of affiliated companies | 55 | - | 450 |
| Loss on valuation of guarantee money deposited | - | - | 12 |
| Transfer to allowance for investment loss | - | 224 | - |
| 5. Depreciation | | | |
| Tangible Fixed Assets | 1,314 | 1,228 | 3,302 |
| Intangible Fixed Assets | 185 | 171 | 354 |

(Others)

① **Marketable Securities**

Shares of Subsidiaries and Associated Companies Having Market Values

(Millions of Yen, rounded down)

| | Current interim period As of September 30, 2003 | | | Prior interim period As of September 30, 2002 | | | Prior fiscal year As of March 31, 2003 | | |
|--------------------------------|----------------------------------------------------|--------------|------------|--------------------------------------------------|--------------|------------|-------------------------------------------|--------------|------------|
| | Balance Sheet | Market Price | Difference | Balance Sheet | Market Price | Difference | Balance Sheet | Market Price | Difference |
| Shares in subsidiaries | 3,149 | 22,614 | 19,465 | 3,149 | 17,153 | 14,004 | 3,149 | 17,583 | 14,433 |
| Shares in associated companies | 1,908 | 4,521 | 2,613 | 1,223 | 2,563 | 1,339 | 1,223 | 2,177 | 953 |
| Total | 5,057 | 27,136 | 22,079 | 4,373 | 19,717 | 15,344 | 4,373 | 19,760 | 15,387 |

② **Material Subsequent Events**

As of November 5, 2003, Japan Securities Dealers Association approved the listing of Bandai Networks Co., Ltd., a subsidiary of the Company, on the JASDAQ market.

Accordingly, the Company plans to sell the shares of the subsidiary held by the Company, as described below:

Description

Number of shares to be sold: 2,500 shares

In addition to the above-mentioned sale, Daiwa Securities SMBC Co., Ltd. will, in consideration of demand conditions, sell the shares of common stock of Bandai Networks Co., Ltd. to be leased from the Company, not exceeding 500 shares, by the method of over-allotment. For that purpose, the Company will grant to Daiwa Securities SMBC Co., Ltd. the right to additionally purchase the shares of common stock of Bandai Networks Co., Ltd., not exceeding 500 shares, from the Company (green shoe option).

The effect of the sale on the statements of income is not displayed as the sales price remains undecided.

Bandai Networks Co., Ltd., at the meeting of its board of directors held on November 5, 2003, determined to issue 3,000 new shares upon the above-mentioned listing.

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