

(Translation)

August 5, 2003

BRIEF STATEMENT OF ACCOUNTS
FOR THE FIRST QUARTER OF THE YEAR ENDING MARCH 31, 2004 (CONSOLIDATED)

BANDAI CO., LTD.

Stock Code: 7967

Stock Exchange: Tokyo Stock Exchange (TSE),
First Section(URL: <http://www.bandai.co.jp/>)

Representative:

Takeo Takasu
President and Representative Director

Person to contact:

Hiroshi Kawasaki
General Manager, President's Office
TEL (03) 3847-5005**1. Matters concerning the preparation of the brief quarterly statement of accounts:**

- 1) Differences in the accounting method from the recognition method for the most recent fiscal year on a consolidated basis: Yes.

Tax effect accounting is based on a simplified method.

- 2) Changes in the scope of consolidation and the application of equity method:

Consolidated subsidiaries (inclusion):	3 companies	(Pleasure Cast Co., Ltd., Bandai Channel Co., Ltd., Bandai Korea Co., Ltd.)
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Consolidated subsidiaries (exclusion):	2 companies	(Bandai Automobile Co., Ltd., Bandai Pte. Ltd.)
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Companies subject to equity method (inclusion):	1 company	(Tohato Co., Ltd.)
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- 3) The disclosure of brief quarterly statements of accounts has commenced as from the first quarter of the current fiscal year. Hence, no actual results for the first quarter of the previous fiscal year or no comparison with the actual results for the first quarter of the previous fiscal year is given herein.

2. Summary of the operating results for the first quarter of the year ending March 31, 2004 (from April 1, 2003 to June 30, 2003):

(1) Progress of consolidated operating results

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

	Net Sales		Operating Income		Recurring Income	
First Quarter Ended June 30, 2003	58,119	-%	7,616	-%	7,601	-%
(Reference) Fiscal Year Ended March 31, 2003	244,949		25,868		26,435	

	Net Income		Net Income Per Share		Fully Diluted Earnings Per Share	
First Quarter Ended June 30, 2003	4,009	-%	82.03 yen		81.87 yen	
(Reference) Fiscal Year Ended March 31, 2003	12,667		254.09 yen		253.74 yen	

(2) Movement in the consolidated financial position

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

	Total Assets	Shareholders' Equity	Equity Ratio	Equity Per Share
First Quarter Ended June 30, 2003	218,412	119,223	54.6%	2,439.43 yen
(Reference) Fiscal Year Ended March 31, 2003	225,683	116,116	51.4%	2,370.91 yen

(3) Consolidated statement of cash flows

(In millions of yen, rounded down)

	Net cash provided by operating activities	Net cash provided by investment activities	Net cash provided by financing activities	Cash and cash equivalents at the end of the year
First Quarter Ended June 30, 2003	(3,625)	(5,160)	(2,387)	72,574
(Reference) Fiscal Year Ended March 31, 2003	28,009	(3,967)	14,780	83,326

3. Forecasts of consolidated operating results for the year ending March 31, 2004 (from April 1, 2003 to March 31, 2004)

(In millions of yen, rounded down)

	Net Sales	Recurring Income	Net Income	Net Income per Share
Interim Period Ending September 30, 2003	125,000	13,500	6,800	139.14
Fiscal Year Ending March 31, 2004	255,000	28,000	14,200	285.45

* The above forecasts are based on the information available to management at the time they are publicized, as well as assumptions about uncertain factors thought likely to have an effect on future operating results at the time they are publicized. Hence, actual results may differ materially from these forecasts for a variety of reasons.

4. Qualitative information on the summary of operating results for the first quarter and the forecasts of operating results, etc.

(1) Qualitative information on the progress of consolidated operating results, etc.

For the first quarter of the current fiscal year under review (from April 1, 2003 to June 30, 2003), the Japanese economy still remained sluggish due to such factors as slow private spending, though it showed some signs of recovery as the stock market began to recover.

Under these circumstances, the Bandai Group, in the first year of its three-year medium-term business plan, has worked for the "expansion of business" placing emphasis on profitability, using "Let's get aggressive, change and make a great changeover!" as its slogan. Specifically, the Group has actively promoted a character-based "business creation strategy" and "business expansion strategy" focusing on further growth in existing businesses, as well as various measures, in order to achieve sales growth rates higher than those achievable heretofore.

During the first quarter under review, game software business showed underperformance as the Group plans to release major titles during the second quarter or thereafter. However, toy and hobby business grew steadily as character toys for boys, such as *Masked Rider 555* and *PowerRangers (Bakuryu Sentai AbaRangers)* series, earned high popularity.

In addition, in animation business, *Mobile Fighter Gundam SEED* gained popularity among viewers over a broad age spectrum, and produced Group synergies as its popularity was leveraged among Bandai Group companies through the commercialization of products in various business domains, including toy and hobby business.

As a result, on a consolidated basis for the first quarter under review, net sales, operating income, recurring income and net income were 58,119 million yen, 7,616 million yen, 7,601 million yen and 4,009 million yen, respectively.

(2) Qualitative information on changes in the consolidated financial status, etc.

1) Summary of assets, liabilities and shareholders' equity at the end of the first quarter of the fiscal year under review:

Total assets (the total liabilities, minority interests and shareholders' equity) decreased by 7,271 million yen, owing to the payment of trade and other accounts payable and corporate income taxes.

Shareholders' equity increased by 3,106 million yen as net income accounted for 4,009 million, which more than offset 1,222 million yen of dividends paid. Consequently, the equity ratio reached 54.6%, up 3.2 points from the end of the previous fiscal year.

2) Summary of cash flows for the first quarter of the fiscal year under review:

Cash flows from operating activities declined by 3,625 million yen due to a decrease of 5,359 million yen in other accounts payable and the payment of 4,979 million yen of corporate income taxes while net income before income taxes amounted to 7,830 million yen.

Cash flows from investing activities declined by 5,160 million yen due to payments of 3,030 million yen for acquisition of tangible fixed assets and payments of 2,136 million yen for acquisition of investments in securities.

Cash flows from financing activities declined by 2,387 million yen due to a decrease of 873 million yen in short-term loans payable and the payment of 1,222 million yen of dividends.

As a result, cash and cash equivalents at the end of the first quarter of the fiscal year under review decreased by 10,751 million yen from the end of the previous fiscal year to 72,574 million yen.

(3) Qualitative information on the forecasts of operating results, etc.

The economic conditions are expected to continue to remain severe. However, in Japan, our business is projected to remain strong as our branded characters, led by *Mobile Fighter Gundam SEED*, *Masked Rider 555* and *PowerRangers (Bakuryu Sentai AbaRangers)* series, are expected to remain popular and we will release major game software titles.

In our overseas markets, we will be following the success of our major series characters, such as *Power Rangers* and *Strawberry Shortcake*.

Hence, no amendment is made to the forecasts of semi-annual and whole-year operating results publicized at the time of the announcement of the financial statements for the previous fiscal year (on May 7, 2003).

[Attachment]

Consolidated Financial Statements for the First Quarter

(1) Summary of Consolidated Balance Sheet for the First Quarter

(In millions of yen, rounded down)

	First quarter ended June 30, 2003 (As of June 30, 2003)		Prior fiscal year ended March 31, 2003 (As of March 31, 2003)	
	Amount	%	Amount	%
(Assets)				
I. CURRENT ASSETS.....	148,580	68.0	158,781	70.4
Cash and time deposits	58,337		81,594	
Notes & accounts receivable – trade	43,271		45,670	
Inventories	9,305		8,115	
Deferred tax assets – current	5,090		5,085	
Other current assets	33,357		19,008	
Allowance for doubtful receivables.....	(782)		(691)	
II. FIXED ASSETS.....	69,831	32.0	66,901	29.6
1. Tangible Fixed Assets	38,764	17.8	37,184	16.5
Buildings and structures	10,909		11,003	
Land.....	16,539		16,598	
Other tangible fixed assets.....	11,315		9,581	
2. Intangible Fixed Assets.....	2,457	1.1	2,577	1.1
3. Investment and Other Assets	28,609	13.1	27,139	12.0
Investment in securities	12,871		10,861	
Deferred tax assets-non-current	4,088		4,369	
Deferred tax assets, land revaluation	8,398		8,398	
Other assets	4,381		4,631	
Allowance for doubtful receivables	(1,130)		(1,121)	
TOTAL ASSETS	218,412	100.0	225,683	100.0

(In millions of yen, rounded down)

	First quarter ended June 30, 2003 (As of June 30, 2003)		Prior fiscal year ended March 31, 2003 (As of March 31, 2003)	
	Amount	%	Amount	%
(Liabilities)				
I. CURRENT LIABILITIES	56,988	26.1	67,215	29.8
Notes and accounts payable – trade.....	25,128		27,057	
Short-term bank loans	577		1,480	
Current maturities of long-term debt	10,000		10,000	
Accounts payable - other.....	11,999		17,231	
Other current liabilities	9,283		11,446	
II. FIXED LIABILITIES.....	27,525	12.6	27,785	12.3
Bonds	25,200		25,200	
Long-term debt	21		69	
Accrued retirement and severance benefits.....	537		549	
Officers' retirement allowance reserve	1,257		1,395	
Other fixed liabilities.....	509		570	
TOTAL LIABILITIES	84,514	38.7	95,000	42.1
(Minority Interests)				
Minority interests	14,674	6.7	14,566	6.5
(Shareholders' Equity)				
I. Common stock.....	23,637	10.8	23,633	10.5
II. Capital surplus	22,970	10.5	22,966	10.2
III. Earned surplus	82,324	37.7	79,734	35.3
IV. Difference on land revaluation.....	(12,085)	(5.5)	(12,085)	(5.4)
V. Other valuation differences of securities.....	1,177	0.6	927	0.4
VI. Foreign currency translation adjustment	1,351	0.6	1,090	0.5
VII. Treasury stock.....	(152)	(0.1)	(151)	(0.1)
Total Shareholders' Equity.....	119,223	54.6	116,116	51.4
Total Liabilities, Minority Interests and Shareholders' Equity.....	218,412	100.0	225,683	100.0

(2) Summary of Consolidated Statement of Income for the First Quarter

(In millions of yen, rounded down)

	First quarter ended June 30, 2003		Prior fiscal year ended March 31, 2003	
	(April 1, 2003 to June 30, 2003)		(April 1, 2002 to March 31, 2003)	
	Amount	%	Amount	%
I. Net Sales	58,119	100.0	244,949	100.0
II. Cost of Sales	31,831	54.8	138,149	56.4
Gross Profit	26,287	45.2	106,800	43.6
III. Selling, General and Administrative Expenses	18,671	32.1	80,932	33.0
Operating Income	7,616	13.1	25,868	10.6
IV. Non-operating Income	358	0.6	1,595	0.7
Interest income	102		439	
Investment income applied by the equity method.....	-		345	
Other	256		810	
V. Non-operating Expenses	373	0.6	1,028	0.5
Interest expense	98		378	
Investment loss applied by the equity method	114		-	
Other non-operating expenses	160		649	
Recurring Income	7,601	13.1	26,435	10.8
VI Extraordinary Income	361	0.6	551	0.2
Gain on sale of fixed assets.....	3		132	
Gain on sale of investments in securities	326		266	
Others.....	31		152	
VII Extraordinary Loss	133	0.2	3,077	1.2
Loss on sale of fixed assets	21		1,453	
Loss on sale of investments in securities.....	12		2	
Loss on valuation of investments in securities	24		773	
Others.....	75		848	
Net Income before Income Taxes	7,830	13.5	23,908	9.8
Corporate Income Taxes, etc.	3,579	6.2	9,888	4.0
Minority Interests	241	0.4	1,353	0.6
Net Income	4,009	6.9	12,667	5.2

(3) Summary of Consolidated Statement of Cash Flows for the First Quarter

(In millions of yen, rounded down)

	First quarter ended June 30, 2003 (April 1, 2003 to June 30, 2003)	Prior fiscal year ended March 31, 2003 (April 1, 2002 to March 31, 2003)
I. Cash Flows from Operating Activities		
Net income before income taxes	7,830	23,908
Depreciation and amortization of consolidation goodwill.....	1,478	8,560
Increase (decrease) in allowances and reserves.....	(18)	309
Equity in loss (earnings) in non-consolidated subsidiaries and associated companies accounted for by the equity method	114	(345)
Loss (gain) on disposal & sale and valuation of fixed assets	18	1,568
Loss (gain) on sale and write-down of investments in securities.....	(290)	509
Decrease (increase) in notes and accounts receivable—trade.....	2,865	1,933
Decrease (increase) in inventories.....	(1,139)	(501)
Increase (decrease) in notes and accounts payable—trade.....	(2,086)	(1,349)
Increase (decrease) in payable	(5,359)	2,556
Payment of bonus to officers	(277)	(200)
Other	(1,882)	232
Subtotal.....	1,253	37,182
Amount of interest and dividends received.....	229	592
Amount of interest paid	(128)	(397)
Amount of income and other taxes paid.....	(4,979)	(9,368)
Net cash provided by operating activities.....	(3,625)	28,009
II. Cash Flows from Investing Activities		
Decrease (increase) in time deposits	(40)	695
Decrease (increase) in marketable securities	(499)	(475)
Payments for acquisition of property, plant and equipment	(3,030)	(7,505)
Proceeds from sale of property, plant and equipment.....	12	1,510
Payments for acquisition of investments in securities.....	(2,136)	(1,162)
Proceeds from sale of investments in securities.....	716	783
Payments for purchase of consolidated company stock	(1)	(1,052)
Payments for furnishing loans receivable	(152)	(934)
Proceeds from collection of loans receivable.....	53	5,259
Other	(81)	(1,087)
Net cash provided by (used in) investing activities.....	(5,160)	(3,967)

(In millions of yen, rounded down)

	First quarter ended June 30, 2003 (April 1, 2003 to June 30, 2003)	Prior fiscal year ended March 31, 2003 (April 1, 2002 to March 31, 2003)
III. Cash Flows from Financing Activities		
Net increase (decrease) in short-term loans payable.....	(873)	(2,104)
Payments for repayment of long-term loans payable	(80)	(1,165)
Proceeds from issuing of bonds	-	24,859
Payments for redemption of bonds.....	-	(5,000)
Proceeds from issuing of stocks	7	14
Proceeds from minority shareholders' subscription	14	-
Payments for acquisition of treasury stock	(2)	(30)
Amount of cash dividends paid	(1,222)	(1,467)
Amount of cash dividends paid to minority shareholders	(230)	(326)
Net cash provided by (used in) financing activities.....	(2,387)	14,780
IV. Exchange Adjustment for Cash and Cash Equivalents.....	40	(581)
V. Net Increase (Decrease) in Cash and Cash Equivalents.....	(11,132)	38,240
VI. Cash and Cash Equivalents at the Beginning of the Period	83,326	45,005
VII. Increase in Cash and Cash Equivalents Resulting from Inclusion in the Scope of Consolidation	506	80
VIII. Increase in Cash and Cash Equivalents Resulting from Exclusion in the Scope of Consolidation	(125)	-
IX. Cash and Cash Equivalents at the End of the Period	72,574	83,326