

May 11, 2004

Financial Statements (Non-Consolidated)

For the Year Ended March 31, 2004

BANDAI CO., LTD.

Stock Code: 7967

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

Representative:

Person to contact:

Stock Exchange: Tokyo Stock Exchange (TSE)

Head office: Tokyo, Japan

Takeo Takasu

President and Representative Director

Hiroshi Kawasaki

General Manager, President's Office

TEL: 03-3847-5005

Date of the meeting of the Board of Directors for account settlement:

May 11, 2004

Date of the Annual Shareholders' Meeting:

June 24, 2004

Policy of interim dividend payment:

Yes

Adoption of a system of unit 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 Year Ended March 31, 2004**(1) Non-Consolidated Operating Results**

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

	Net Sales		Operating Income		Recurring Income	
Fiscal Year Ended March 31, 2004	128,655	2.7%	11,370	1.8%	12,564	5.0%
Fiscal Year Ended March 31, 2003	125,217	5.7%	11,166	47.7%	11,966	38.6%

	Net Income		Net Income Per Share		Fully Diluted Earnings Per Share	
Fiscal Year Ended March 31, 2004	6,986	22.4%	70.19 yen		70.05 yen	
Fiscal Year Ended March 31, 2003	5,710	32.7%	114.96 yen		114.80 yen	

	Return on Equity (ROE)	Return on Assets (ROA)	Return on Sales
Fiscal Year Ended March 31, 2004	7.8%	8.3%	9.8%
Fiscal Year Ended March 31, 2003	6.4%	8.4%	9.6%

Notes: 1) Average number of outstanding shares during the fiscal year:

Fiscal year ended March 31, 2004: 98,085,868 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 fiscal year.

4) Each share of common stock of the Company was split into two shares as of November 20, 2003. Net income per share and fully diluted earnings per share for the year ended March 31, 2004 are calculated as if such stock split were made at the beginning of the fiscal year.

5) Net income per share and fully diluted earnings per share for the year ended March 31, 2003, calculated as if such stock split were made at the beginning of the prior fiscal year, are 57.48 yen and 57.40 yen, respectively.

(2) State of Dividends

	Interim Dividend Per Share	Year-end Dividend Per Share	Annual Dividend Per Share
Fiscal Year Ended March 31, 2004	15.00 yen	7.50 yen	22.50 yen
Fiscal Year Ended March 31, 2003	15.00 yen	25.00 yen	40.00 yen

	Total Dividends (Million yen)	Dividend Payout Ratio (%)	Ratio of Dividends to Shareholders' Equity
Fiscal Year Ended March 31, 2004	1,473	21.4%	1.7%
Fiscal Year Ended March 31, 2003	1,956	34.8%	2.2%

Note: The annual dividend per share for the year ended March 31, 2004 and the one for the year ended March 31, 2003, calculated as if such stock split were made at the beginning of the prior fiscal year, are 15 yen and 20 yen, respectively.

(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
Fiscal Year Ended March 31, 2004	148,467	88,934	59.9%	901.81 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 fiscal year:

Fiscal year ended March 31, 2004: 98,505,151 shares

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

2) Total number of treasury stocks at the end of the fiscal year:

Fiscal year ended March 31, 2004 54,613 shares

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

3) Shareholders' Equity per share for the year ended March 31, 2003, calculated as if the stock split were made at the beginning of the prior fiscal year, is 933.04.

2. Fiscal Year 2004 Full Year Projections (April 1, 2004 - March 31, 2005)

(In millions of yen, rounded down)

	Net Sales	Recurring Income	Net Income
Interim Period Ending September 30, 2004	65,000	6,000	3,300
Fiscal Year Ending March 31, 2005	138,000	13,000	7,200

	Interim Dividend per Share	Year-end Dividend per Share	Annual Dividend per Share
Interim Period Ending September 30, 2004	7.50 yen	-	-
Fiscal Year Ending March 31, 2005	-	7.50 yen	15.00 yen

Reference: Projected net income per share for fiscal year 2004 (fiscal year ending March 31, 2005): 72.06 yen

※ The above projections are based on the information available to management as of the date hereof, and estimates involving uncertain factors thought likely to have an effect on future results as of the date hereof. Actual results may differ materially from these projections for a variety of factors in the future. With regard to the estimates as grounds for the results projections and the caution relating to the use of such results projections, please refer to page 20 hereof.

1. Non-Consolidated Financial Statements

Non-Consolidated Balance Sheets

(In millions of yen, rounded down)

	Current fiscal year (As of March 31, 2004)		Prior fiscal year (As of March 31, 2003)		Change Amount
	Amount	%	Amount	%	
	(Assets)				
CURRENT ASSETS:	76,787	51.7	80,703	52.4	(3,916)
Cash and time deposits	38,693		49,614		
Notes receivable – trade	1,667		1,924		
Accounts receivable – trade	20,553		16,989		
Marketable securities	3,003		2,003		
Inventories	1,377		1,500		
Advance payments	1,829		1,311		
Deposit	2,361		2,283		
Prepaid expense	210		206		
Short-term loans receivable.....	3,465		1,525		
Accounts receivable–other	1,098		1,467		
Deferred tax assets – current.....	2,635		1,981		
Other current assets	22		3		
Allowance for doubtful receivables.....	(131)		(107)		

(In millions of yen, rounded down)

	Current fiscal year (As of March 31, 2004)		Prior fiscal year (As of March 31, 2003)		Change Amount
	Amount	%	Amount	%	
(Assets)					
FIXED ASSETS:	71,680	48.3	73,212	47.6	(1,532)
1. Tangible Fixed Assets	26,128	17.6	22,584	14.7	3,544
Buildings.....	7,745		4,743		
Structures.....	127		120		
Machinery and equipment.....	254		171		
Vehicles.....	13		9		
Tools, furniture and fixtures.....	4,400		3,602		
Land.....	12,627		12,402		
Construction in progress.....	958		1,535		
2. Intangible Fixed Assets.....	878	0.6	1,059	0.7	(181)
3. Investments and other assets	44,672	30.1	49,568	32.2	(4,895)
Investment in securities.....	4,396		3,547		
Investment in affiliated companies' stocks	32,095		31,446		
Investment in affiliated companies' bonds	10		10		
Investment.....	82		82		
Long-term loans to affiliated companies.	3,572		1,200		
Claims in bankruptcy.....	622		690		
Long-term prepaid expenses.....	3		5		
Deferred tax assets - non-current.....	5,021		4,423		
Deferred tax assets on revaluation.....	-		8,503		
Other Investments.....	785		823		
Allowance for investment losses.....	-		(600)		
Allowance for doubtful receivables.....	(1,916)		(565)		
TOTAL ASSETS	148,467	100.0	153,916	100.0	(5,448)

(In millions of yen, rounded down)

	Current fiscal year (As of March 31, 2004)		Prior fiscal year (As of March 31, 2003)		Change Amount
	Amount	%	Amount	%	
(Liabilities)					
CURRENT LIABILITIES:	32,425	21.8	36,225	23.6	(3,799)
Notes payable – trade	1,330		2,181		
Accounts payable– trade	13,271		12,379		
Current maturities of bonds	-		10,000		
Accounts payable – other	10,448		6,263		
Accrued income taxes	4,537		2,333		
Accrued consumption taxes.....	30		398		
Accrued expenses.....	2,647		2,535		
Deposits received.....	54		73		
Unearned revenue.....	33		26		
Other current liabilities	72		33		
FIXED LIABILITIES:	27,107	18.3	26,348	17.1	759
Bonds.....	25,000		25,000		
Accrued retirement and severance benefits	118		128		
Officers' retirement allowance reserve	494		535		
Deferred tax liabilities on revaluation.....	804		-		
Other fixed liabilities	689		684		
TOTAL LIABILITIES:	59,533	40.1	62,573	40.7	(3,040)
(Shareholders' Equity)					
Common stock.....	24,292	16.4	23,633	15.4	659
Capital surplus.....	23,625	15.9	22,966	14.9	659
Capital reserve	23,625		22,966		
Earning surplus.....	61,343		56,402	36.6	4,941
Retained earnings appropriated for legal reserves.....	1,645		1,645		
Voluntary reserves	52,613		48,921		
Reserve for deferred income tax on fixed assets	249		258		
General reserves.....	52,363		48,663		
Unappropriated retained earnings at the end of the period	7,084		5,835		
Difference in revaluation	(21,545)	(14.5)	(12,237)	(7.9)	(9,308)
Other valuation differences of securities	1,325	0.9	669	0.4	656
Treasury stocks	(108)	(0.1)	(93)	(0.1)	(15)
Total Shareholders' Equity	88,934	59.9	91,342	59.3	(2,407)
Total Liabilities and Shareholders' Equity	148,467	100.0	153,916	100.0	(5,448)

(2) Non-Consolidated Statements of Income

(In millions of yen, rounded down)

	Current fiscal year		Prior fiscal year		Change
	(April 1, 2003 to March 31, 2004)		(April 1, 2002 to March 31, 2003)		
	Amount	%	Amount	%	
I. Net Sales	128,655	100.0	125,217	100.0	3,437
II. Cost of Sales	75,531	58.7	74,383	59.4	1,148
Gross Profit	53,123	41.3	50,834	40.6	2,288
III. Selling, General and Administrative Expenses	41,752	32.5	39,668	31.7	2,084
Operating Income	11,370	8.8	11,166	8.9	204
IV. Non-Operating Income	1,724	1.4	1,617	1.3	107
Interest income	44		31		
Interest on securities.....	3		3		
Dividends received	823		799		
Gain on sale of securities	22		-		
Rental income	474		600		
Miscellaneous income	355		183		
V. Non-Operating Expenses	531	0.4	817	0.6	(286)
Interest expense	-		3		
Interest on bonds	327		321		
Bond issuing expense	-		140		
Loss on sale of securities	-		23		
Leased asset expenses.....	158		162		
Loss from fluctuation of foreign exchange rate	12		124		
Casualty losses.....	32		40		
Recurring Income	12,564	9.8	11,966	9.6	598
VI. Extraordinary Income	1,910	1.5	200	0.1	1,710
Gain on sale of investment in securities.....	302		114		
Gain on sale of affiliated companies' stocks....	1,523		45		
Reversal of reserve for losses on investments	6		-		
Reversal of allowance for doubtful receivables	77		40		

(In millions of yen, rounded down)

	Current fiscal year		Prior fiscal year		Change
	(April 1, 2003 to March 31, 2004)		(April 1, 2002 to March 31, 2003)		
	Amount	%	Amount	%	
VII. Extraordinary Loss	2,805	2.2	3,021	2.4	(215)
Loss on sale of fixed assets.....	5		246		
Loss on disposal of fixed assets.....	475		693		
Loss on special depreciation	-		505		
Loss on sale of affiliated companies' stocks	-		599		
Loss on write-down of investments in securities	38		514		
Loss on write-down of affiliated companies' stocks	885		450		
Loss on write-down of guarantee money deposited.....	-		12		
Provision for allowance for doubtful receivables.....	1,400		-		
Net income before income taxes	11,669	9.1	9,144	7.3	2,524
Corporate income, inhabitant and enterprise taxes	6,390	5.0	3,720	2.9	2,670
Tax adjustments	(1,707)	(1.3)	(285)	(0.2)	(1,422)
Net income	6,986	5.4	5,710	4.6	1,276
Balance brought forward	833		744		
Reversal of reserve on revaluation differences on land	-		114		
Interim cash dividend	735		733		
Unappropriated retained earnings	7,084		5,835		

(3) Proposed Appropriation of Retained Earnings

(In millions of yen, rounded down)

	Date of Annual Shareholders' Meeting for the current fiscal year ended March 31, 2004 (June 24, 2004) (expected)	Date of Annual Shareholders' Meeting for the prior fiscal year ended March 31, 2003 (June 25, 2003)
I. Unappropriated retained earnings	7,084	5,835
II. Reversal of voluntary reserve		
Reversal of reserve for deferred income tax on fixed assets	11	8
Total	7,096	5,843
III. To be allocated in the following manner:		
1. Cash dividends	738	1,222
2. Bonuses to officers	101	88
(Bonuses to corporate auditors)	6	6)
3. Voluntary reserve		
General reserve	5,400	3,700
Unappropriate retained earnings carried forward	855	833

(Note) 4 million yen of reversal of reserve for deferred income tax on fixed assets for the prior fiscal year was offset by a change in tax effect accounting tax rate that accompanied the introduction of proforma standard taxation.

I. Information Concerning Accounting Policies

1. Valuation Basis and Methods for Marketable Securities:

- (1) Bonds to be held to maturity:
Stated at amortized cost (straight-line method)
- (2) Shares of subsidiaries and associated companies:
Stated at cost based under the moving average method.
- (3) 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. Valuation Basis and Valuation Methods for Inventories:

Stated at cost under the gross average method.

3. Depreciation Methods for Fixed Assets:

- (1) Tangible fixed assets:
Declining balance method is used. However, for buildings (excluding equipment attached thereto) acquired on or after April 1, 1998, depreciation is determined by the straight-line method. Useful life of buildings and structures 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.

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

Receivables and payables denominated in foreign currencies are translated at spot exchange rates prevailing at fiscal year end

and resulting gains or losses are included in income.

5. Basis for Provisions:

- (1) Allowance for doubtful receivables:
Ordinary receivables:
Historical credit loss ratios are used.

Risky receivables and receivables from companies under bankruptcy or reorganization processes:
Uncollectible amounts are recorded based on individual consideration of the account's potential for collection.
- (2) 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 current fiscal year 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).
- (3) 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 current fiscal year.

6. Accounting Policies for Lease Transactions:

Finance lease transactions other than those in which title to leased property is transferred to lessees are accounted for by applying such accounting treatment as is applicable to ordinary (operating) lease transactions.

7. Accounting treatment of consumption tax:

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

II. Notes

(Notes to Balance Sheets)

	(In millions of yen, rounded down)	
	Current fiscal year (ended March 31, 2004)	Prior fiscal year (ended March 31, 2003)
1. Accumulated Depreciation of Tangible Fixed Assets	23,892	22,091
2. Assets Offered as Security		
Cash and Time Deposits..... (Collateral for payment guarantee)	80	80
3. Authorized Shares	180,000,000 shares of common stock	180,000,000 shares of common stock
<p>When shares are retired in accordance with the Articles of Incorporation, the Company must reduce the number of shares authorized to be issued correspondingly.</p>		
Total number of issued shares	98,559,764 shares of common stock	48,925,882 shares of common stock
4. Guaranteed Obligations		
<p>Debts of the company below are guaranteed:</p>		
Company Name		
BANDAI INDUSTRIAL CO., LTD.	-	378
Total	-	378
5. Assets And Liabilities Relating to Affiliated Companies		
Accounts receivable -trade	3,956	2,778
Short-term loans receivable.....	3,400	1,400

6. Land Revaluation

Land used for business was revaluated in accordance with the Land Revaluation Law (Law No. 34, March 31, 1998) and the difference on revaluation is included in shareholders' equity.

Revaluation method: In order to calculate land values that form the basis of land tax calculations as set forth in Article 16 of the Land Price Tax Law (Law No. 69, May 2, 1991), stipulated by Article 2, item 4 of the Ordinance to Implement the Land Revaluation Law (Cabinet Order No. 119, March 31, 1998), the Company made rational adjustments, such as to prices by distance from road, based upon the procedure stipulated and promulgated by the Director of the National Tax Agency.

Revaluation date: March 31, 2002

As of March 31, 2004, the current market value of property that had been revalued was 1,106 million yen lower than the new post-revaluation book value of this property.

7. Dividend Restrictions

In accordance with Article 124, item 3 of the Regulations for Implementation of the Commercial Code, the increase in net asset values as indicated by current market values was as follows:

(In millions of yen, rounded down)	
Current fiscal year (ended March 31, 2004)	Prior fiscal year (ended March 31, 2003)
1,325	669

8. Change in the Number of Issued Shares during the Current Fiscal Year

Issue method	Stock split (1:2)	Exercise of new share subscription rights (stock options)	
		from April 1, 2003 to September 30, 2003	from October 1 to March 31, 2004
Issue date	November 20, 2003		
Number of issued shares	49,032,882 shares	107,000 shares	494,000 shares
Issue price	-	¥3,724	¥1,862
Amount transferred to capital	-	¥1,862	¥931

(Notes to the Statements of Income)

	(In millions of yen, rounded down)	
	Current fiscal year	Prior fiscal year
	(ended March 31, 2004)	(ended March 31, 2003)
1. Transactions with affiliated companies		
Net sales.....	14,852	14,135
Dividends received	747	738
Rental income.....	332	323
2. Major components of Selling, General and Administrative Expenses		
Shipping	3,387	3,402
Advertising expense.....	12,516	12,605
Salaries and benefits	5,604	5,918
Increase in accrued retirement and severance benefits.....	411	346
Increase in officers' retirement allowance reserve	74	93
Depreciation expense	674	681
Research and development expense	11,901	9,545
Increase in allowance for doubtful receivables	87	213
3. Total research and development expense (included in selling, general and administrative expenses)	11,901	9,545

(Others)

① Lease Transactions

Descriptions are omitted as information is disclosed via EDINET (Electronic Disclosure for Investors' NETwork).

② Marketable Securities

Shares of Subsidiaries and Affiliated Companies Having Market Values

(In millions of yen, rounded down)

	Current fiscal year (ended March 31, 2004)		
	Balance Sheet	Market Value	Difference
Shares in subsidiaries	3,599	57,496	53,897
Shares in affiliated companies	2,121	5,399	3,278
Total	5,720	62,896	57,175

	Current fiscal year (ended March 31, 2003)		
	Balance Sheet	Market Value	Difference
Shares in subsidiaries	3,149	17,583	14,433
Shares in affiliated companies	1,223	2,177	953
Total	4,373	19,760	15,387

③ Tax Effect Accounting

(In millions of yen, rounded down)

Current fiscal year
(ended March 31,
2004)

1. Significant components of deferred tax assets and liabilities

Deferred tax assets:

Excess depreciation of fixed assets	3,785
Marketable securities valuation loss	1,113
Accrued bonuses	884
Excess allowance for doubtful receivables.....	749
Prepaid research and development expense.....	491
Accrued enterprise tax.....	417
Inventory valuation loss	272
Officers' retirement allowance reserve	202
Deferred excess depreciation of assets	104
Other	721
Total deferred tax assets.....	8,743

Deferred tax liabilities:

Other marketable securities valuation gain.....	(921)
Reserve for deferred income tax on fixed assets.....	(165)
Total deferred tax liabilities	(1,086)
Net deferred tax assets	7,656

In addition to the above, deferred tax assets and liabilities due to land revaluation recorded as "deferred tax liabilities – land revaluation" are as follows:

Deferred tax assets due to land revaluation	9,573
Valuation reserve.....	(9,212)
Total deferred tax assets	360
Deferred tax liabilities due to land revaluation	(1,174)
Total deferred tax liabilities	(813)

2. Principal reasons for significant differences between normal effective statutory tax rate and the actual effective tax rate after application of tax effect accounting:

Effective statutory tax rate	42.0%
(Adjustments)	
Permanent nondeductible expense such as entertainment expense	1.2%
Inhabitants tax lump-sum payments.....	0.2%
Permanently nonrecognizable income such as dividends received	(2.7)%
Tax credit such as special incentive measures for IT investment.....	(1.2)%
Other	0.6%
Actual effective tax rate after application of tax effect accounting	40.1%

2. Changes in officers

(to be effective from June 24, 2004)

1. Changes in Representative Directors

Not applicable

2. Other Changes in Officers

(1) Candidate for Director to be Promoted

New Position: Managing Director, Leader of Game Software Group and President of Video Game Company

Name: Shin Unozawa

Current Position: Director, Leader of Game Software Group and President of Video Game Company

(2) Candidate for New Corporate Auditor

New Position: Part-time Corporate Auditor

Name: Gou Kawada, candidate for an external corporate auditor as provided for in Article 18, paragraph 1 of the "Law for Special Exceptions to the Commercial Code Concerning Audits, Etc. of Stock Corporations" of Japan

(3) Retiring Director

Director: Makoto Yamashina, expected to become Councillor of the Company

(4) Retiring Corporate Auditor

Part-Time

Corporate Auditor: Tasuku Honjo, external corporate auditor as provided for in Article 18, paragraph 1 of the "Law for Special Exceptions to the Commercial Code Concerning Audits, Etc. of Stock Corporations" of Japan