

Bandai

Interim Non-Consolidated Results Financial Summary

(April 1, 2004 to September 30, 2004)

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 10, 2004

Financial Statements (Non-Consolidated)**For the interim period ended September 30, 2004****BANDAI CO., LTD.**

Stock Code: 7967

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

Representative:

Person to contact:

Date of the Meeting of the Board of Directors:

Payment of interim dividends:

Date of interim dividends payment:

Adoption of the system of units of shares:

Stock Exchange: Tokyo Stock Exchange (TSE)

Head office: Tokyo, Japan

Takeo Takasu

President and Representative Director

Hiroshi Kawasaki

General Manager, President Office

November 10, 2004

Yes

December 15, 2004

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, 2004 (April 1, 2004 - September 30, 2004)**(1) Non-Consolidated Operating Results**

(In millions of yen, rounded down except where not ed)

	Net Sales		Operating Income		Recurring Income	
Interim Period Ended September 30, 2004	61,493	3.5%	4,885	(16.8%)	5,897	(10.2%)
Interim Period Ended September 30, 2003	59,428	(3.8%)	5,871	2.9%	6,563	3.2%
Fiscal Year Ended March 31, 2004	128,655		11,370		12,564	

	Net Income		Net Income Per Share	
Interim Period Ended September 30, 2004	2,758	(32.0%)	27.99 yen	
Interim Period Ended September 30, 2003	4,059	15.0%	82.97 yen	
Fiscal Year Ended March 31, 2004	6,986		70.19 yen	

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

Interim period ended September 30, 2004: 98,572,824 shares

Interim period ended September 30, 2003: 48,933,779 shares

Fiscal year ended March 31, 2004: 98,085,868 shares

2) Changes in accounting procedure: yes

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

4) Each share of common stock of the Company was split into two shares as of November 20, 2003. Net income per share for the interim period ended September 30, 2003, calculated as if such stock split were made at the beginning of the prior fiscal year, are 41.48 yen.

(2) State of Dividends

	Interim Dividend Per Share	Annual Dividend Per Share
Interim Period Ended September 30, 2004	7.50 yen	-
Interim Period Ended September 30, 2003	15.00 yen	-
Fiscal Year Ended March 31, 2004	-	22.50 yen

(3) Non-Consolidated Financial Position

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

	Total Assets	Stockholders' Equity	Equity Ratio	Equity Per Share
Interim Period Ended September 30, 2004	143,820	90,878	63.2%	921.41 yen
Interim Period Ended September 30, 2003	155,741	94,939	61.0%	1,937.25 yen
Fiscal Year Ended March 31, 2004	148,467	88,934	59.9%	901.81 yen

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

Interim period ended September 30, 2004: 98,630,170 shares

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

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

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

Interim period ended September 30, 2004: 56,594 shares

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

Fiscal year ended March 31, 2004: 54,613 shares

3) The interim dividend per share and stockholders' equity per share for the interim period ended September 30, 2003, calculated as if such stock split were made at the beginning of the prior fiscal year, are 7.50 yen and 968.62 yen, respectively.

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

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

	Net Sales	Recurring Income	Net Income	Year-End Dividend per Share	Annual Dividend per Share
Fiscal Year Ending March 31, 2005	138,000	13,000	7,200	7.50 yen	15.00 yen

Reference: Projected net income per share for fiscal year 2005 (full year): 71.97 yen

* "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.

1 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, 2004		As of September 30, 2003		As of March 31, 2004	
	Amount	%	Amount	%	Amount	%
(Assets)						
I. CURRENT ASSETS:	69,222	48.1	77,385	49.7	76,787	51.7
Cash and time deposits	28,763		43,595		38,693	
Notes receivable	1,790		2,140		1,667	
Accounts receivable – trade	22,964		18,607		20,553	
Short-term investments.....	2,003		2,003		3,003	
Inventories	2,007		1,797		1,377	
Deferred tax assets – current	1,749		1,856		2,635	
Other current assets.....	10,168		7,502		8,987	
Allowance for doubtful receivables.....	(225)		(117)		(131)	
II. FIXED ASSETS:	74,598	51.9	78,356	50.3	71,680	48.3
1. Property, plant and equipment	26,470	18.4	24,223	15.5	26,128	17.6
Buildings	6,604		4,576		7,745	
Machinery and equipment.....	5,157		4,153		4,400	
Land.....	13,949		12,495		12,627	
Other.....	758		2,997		1,354	
2. Intangible assets.....	793	0.6	919	0.6	878	0.6
3. Investments and other assets	47,334	32.9	53,213	34.2	44,672	30.1
Investment securities.....	4,167		4,356		4,406	
Investment in affiliated companies.....	33,081		32,762		32,095	
Deferred tax assets - non-current	6,738		3,987		5,021	
Deferred tax assets, land revaluation difference	-		8,503		-	
Other investments and assets.....	5,220		4,181		5,065	
Allowance for doubtful receivables	(1,873)		(578)		(1,916)	
TOTAL ASSETS:	143,820	100.0	155,741	100.0	148,467	100.0

(In millions of yen, rounded down)

	Current interim period		Prior interim period		Prior fiscal year	
	As of September 30, 2004		As of September 30, 2003		As of March 31, 2004	
	Amount	%	Amount	%	Amount	%
(Liabilities)						
I. CURRENT LIABILITIES:	26,139	18.2	34,632	22.2	32,425	21.8
Notes payable.....	1,517		2,035		1,330	
Accounts payable– trade	13,233		12,318		13,271	
Current installments of bonds.....	-		10,000		-	
Accounts payable – other	7,219		5,536		10,448	
Accrued income taxes	1,921		2,231		4,537	
Accrued consumption tax	118		217		30	
Other current liabilities.....	2,128		2,292		2,807	
II. LONG-TERM LIABILITIES:	26,802	18.6	26,168	16.8	27,107	18.3
Bonds	25,000		25,000		25,000	
Accrued retirement and severance benefits.....	122		119		118	
Officers' retirement and severance benefits.....	-		459		494	
Deferred tax liabilities, land revaluation difference.....	898		-		804	
Other long-term liabilities	781		589		689	
TOTAL LIABILITIES:	52,941	36.8	60,801	39.0	59,533	40.1
(Shareholders' Equity)						
I. Common Stock.....	24,411	17.0	23,832	15.3	24,292	16.4
II. Additional Paid-in Capital.....	23,744	16.5	23,165	14.9	23,625	15.9
Capital reserve	23,744		23,165		23,625	
III. Retained Earnings	63,126	43.9	59,151	38.0	61,343	41.3
Retained earnings appropriated for legal reserve.....	1,645		1,645		1,645	
Voluntary reserve	58,001		52,613		52,613	
Unappropriated retained earnings	3,479		4,892		7,084	
IV. Land Revaluation Difference	(21,410)	(14.9)	(12,237)	(7.8)	(21,545)	(14.5)
V. Other Securities Valuation Differences..	1,120	0.8	1,124	0.7	1,325	0.9
VI. Treasury Stocks.....	(113)	(0.1)	(98)	(0.1)	(108)	(0.1)
TOTAL STOCKHOLDERS' EQUITY:	90,878	63.2	94,939	61.0	88,934	59.9
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY:	143,820	100.0	155,741	100.0	148,467	100.0

(2) Non-Consolidated Statements of Income

(In millions of yen, rounded down)

	Current Interim Period April 1, 2004 to September 30, 2004		Current Interim Period April 1, 2003 to September 30, 2003		Prior Fiscal Year April 1, 2003 to March, 31, 2004	
	Amount	%	Amount	%	Amount	%
I. Net Sales	61,493	100.0	59,428	100.0	128,655	100.0
II. Cost of Sales	35,961	58.5	34,845	58.6	75,531	58.7
Gross Profit	25,531	41.5	24,582	41.4	53,123	41.3
III. Selling, General and Administrative Expenses	20,646	33.6	18,711	31.5	41,752	32.5
Operating Income	4,885	7.9	5,871	9.9	11,370	8.8
IV. Non-Operating Income	1,291	2.1	1,038	1.7	1,724	1.4
V. Non-Operating Expenses	280	0.4	346	0.6	531	0.4
Recurring Income	5,897	9.6	6,563	11.0	12,564	9.8
VI. Extraordinary Income	10	-	301	0.5	1,910	1.5
VII. Extraordinary Loss	1,744	2.8	131	0.2	2,805	2.2
Net income before income taxes	4,163	6.8	6,734	11.3	11,669	9.1
Income, inhabitant and enterprise taxes.....	2,000	3.3	2,430	4.1	6,390	5.0
Tax adjustments.....	(595)	(1.0)	244	0.4	(1,707)	(1.3)
Net income	2,758	4.5	4,059	6.8	6,986	5.4
Balance brought forward.....	855		833		833	
Reversal of land revaluation differences	(135)		-		-	
Interim cash dividend	-		-		735	
Unappropriated retained earnings	3,479		4,892		7,084	

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 affiliated 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) Property, plant and equipment:

- 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 is 3 to 50 years and useful life of tools, furniture and fixtures is 2 to 20 years.

(2) Intangible 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) 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).

(3) Officers' retirement and severance benefits:

The Company abolished its officers' retirement allowance plan during the interim period under review. Hence, no officers' retirement and severance benefits was maintained as at the end of the interim period under review.

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

(Accounting Standard for Impairment of Fixed Assets)

The Accounting Standard for Impairment of Fixed Assets (the "Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed

Assets" (Business Accounting Council, August 8, 2002)) and the "Guidance on Accounting Standard for Impairment of Fixed Assets" (Guidance on Corporate Accounting Standard No. 6, October 31, 2003) have become applicable to financial statements for the fiscal year ended March 31, 2004. Accordingly, the Company has applied the standard and the guidance, effective from the interim period under review. As a result, net income before income taxes decreased by 1,528 million yen.

Accumulated losses on impairment of fixed assets are deducted directly from the amount of each asset pursuant to the Regulations Concerning Interim Financial Statements, as amended.

III. Additional Information

(Corporate size-based taxation)

As a result of the introduction of the corporate size-based taxation system, the value-added portion and capital portion of corporate enterprise taxes accounting for 82 million yen were treated as selling, general and administrative expenses in accordance with the "Practical Solution on Presentation for Corporate Size-Based Aspect of Corporate Enterprise Taxes on Income Statement" (Practical Solution Report No. 12: Accounting Standard Board of Japan, February 13, 2004).

IV. Notes

(Notes to the Balance Sheets)

(In millions of yen, rounded down)

	Current interim period As of September 30, 2004	Prior interim period As of September 30, 2003	Prior fiscal year As of March 31, 2004
1. Accumulated Depreciation of Tangible Fixed Assets.....	25,459	23,207	23,892
2. Assets Offered as Securities			
Cash and Time deposits	80	80	80
(These amounts are offered as security upon acceptance of the guarantees of payments)			
3. Change in number of issued shares during the current interim period (Increase)			
Type of issue:	Exercise of stock acquisition rights (stock options)		
Date of issue:	From April 1, 2004 to September 30, 2004		
Number of issued shares:	127,000 shares		
Issued price:	1,862 yen		
Capitalization of the amount:	931 yen		

(Notes to the Statements of Income)

(In millions of yen, rounded down)

	Current interim period April 1, 2004 to September 30, 2004	Prior interim period April 1, 2003 to September 30, 2003	Prior fiscal year April 1, 2003 to March 31, 2004
1. Major components of Non-Operating Income			
Interest income.....	25	22	47
Dividend income.....	839	661	823
Rental income	300	251	474
2. Major components of Non-Operating Expenses			
Bond interest.....	74	196	327
Leased asset expense	164	103	158
3. Major components of Extraordinary Income			
Gain on sale of investment securities	-	-	302
Gain on sale of investments in affiliated companies	-	248	1,523
Reversal of allowance for investment loss	-	6	6
Reversal of allowance for doubtful receivables.....	10	46	77
4. Major components of Extraordinary Loss			
Loss on sale of fixed assets	7	5	5
Loss on disposal of fixed assets	55	68	475
Loss on impairment of fixed assets.....	1,528	-	-
Expense of special depreciation of fixed assets.....	104	-	-
Loss on write-down of investment securities ..	33	2	38
Loss on write-down of investments in affiliated companies	14	55	885
Transferred to allowance for doubtful receivables.....	-	-	1,400
5. Loss on Impairment of Property, Plant and Equipment			

The Company groups its fixed assets according to the classifications for management accounting based on each business unit, except for important idle assets, assets planned to be disposed of and assets for lease, for the purpose of recognizing the signs of impairment of fixed assets.

To establish a more sound financial base, the Company reduced the book values of the following idle assets and assets planned to be disposed of to the net sale values in the interim fiscal year under review and report the difference as a loss on impairment of fixed assets:

Location	Item	Impairment Loss
Shimo tsuga-gun, Tochigi-ken	Land, Building and Structure	703 million yen
Funabashi-shi, Chiba-ken	Land, Building and Structure	702 million yen
Sendai-shi, Miyagi-ken, etc.	Land, Building and Structure	121 million yen
Total		1,528 million yen

For the purpose of calculating the net sale values, the land, building, etc. planned to be sold are calculated based on third-party appraisals and with regard to other assets, the individual marketable value thereof is estimated based on the appraised value of land facing a thoroughfare, etc.

6. Depreciation

(In millions of yen, rounded down)

	Current interim period	Prior interim period	Prior fiscal year
	April 1, 2004 to September 30, 2004	April 1, 2003 to September 30, 2003	April 1, 2003 to March 31, 2004
Tangible Fixed Assets.....	1,697	1,314	3,100
Intangible Fixed Assets.....	200	185	372

(Others)

Lease transaction

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

? Marketable Securities

Investments in Subsidiaries and Affiliated Companies Having Market Values

(In millions of yen, rounded down)

	Current interim period As of September 30, 2004			Prior interim period As of September 30, 2003			Prior fiscal year As of March 31, 2004		
	Balance Sheet	Market Price	Differ- ence	Balance Sheet	Market Price	Differ- ence	Balance Sheet	Market Price	Differ- ence
Investments in subsidiaries	3,599	60,970	57,371	3,149	22,614	19,465	3,599	57,496	53,897
Investments in affiliated companies	2,121	5,232	3,110	1,908	4,521	2,613	2,121	5,399	3,278
Total	5,720	66,202	60,481	5,057	27,136	22,079	5,720	62,896	57,175

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