

May 10, 2005

Financial Statements (Non-Consolidated)

For the Year Ended March 31, 2005

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 10, 2005

Policy of interim dividend payment:

Yes

Date of dividend payment:

June 24, 2005

Date of the Annual Shareholders' Meeting:

June 23, 2005

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, 2005**(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, 2005	132,530	3.0%	11,422	0.4%	13,305	5.9%
Fiscal Year Ended March 31, 2004	128,655	2.7%	11,370	1.8%	12,564	5.0%

	Net Income		Net Income Per Share		Fully Diluted Earnings Per Share	
Fiscal Year Ended March 31, 2005	6,696	(4.1%)	66.91 yen		66.85 yen	
Fiscal Year Ended March 31, 2004	6,986	22.4%	70.19 yen		70.05 yen	

	Return on Equity (ROE)	Return on Assets (ROA)	Return on Sales
Fiscal Year Ended March 31, 2005	7.3%	9.0%	10.0%
Fiscal Year Ended March 31, 2004	7.8%	8.3%	9.8%

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

Fiscal year ended March 31, 2005: 98,611,771 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 fiscal year.

(2) State of Dividends

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

	Interim Dividend Per Share	Year End Dividend Per Share	Annual Dividend Per Share
Fiscal Year Ended March 31, 2005	7.50 yen	22.50 yen	30.00 yen
Fiscal Year Ended March 31, 2004	15.00 yen	7.50 yen	22.50 yen

	Total Dividends	Dividend Payout Ratio	Ratio of Dividends to Shareholders' Equity
Fiscal Year Ended March 31, 2005	2,960	44.8%	3.1%
Fiscal Year Ended March 31, 2004	1,473	21.4%	1.7%

Note: Each share of common stock of the Company was split into two shares as of November 20, 2003. The annual dividend per share for the fiscal year ended March 31, 2004 calculated as if such stock split were made at the beginning of the prior fiscal year is 15.00 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
Fiscal Year Ended March 31, 2005	148,417	94,302	63.5%	954.57 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 fiscal year:
 Fiscal year ended March 31, 2005: 98,687,658 shares
 Fiscal year ended March 31, 2004: 98,505,151 shares
- 2) Total number of treasury stocks at the end of the fiscal year:
 Fiscal year ended March 31, 2005: 58,106 shares
 Fiscal year ended March 31, 2004: 54,613 shares

2. Fiscal Year 2005 Full Year Projections (April 1, 2005 - March 31, 2006)

(In millions of yen, rounded down)

	Net Sales	Recurring Income	Net Income
Interim Period Ending September 30, 2005	70,000	4,000	2,300
Fiscal Year Ending March 31, 2006	145,000	12,500	7,000

Reference: Projected net income per share for fiscal year 2005 (full year): 69.93 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.
- As described on pp.48 – 50, the Company has agreed with NAMCO LIMITED to integrate management by establishing a joint holding company as of September 29, 2005. The above projections represent those of Bandai Co., Ltd. The projections of consolidated operating results of the joint holding company will be publicized hereafter.
 The joint holding company will make cash payments upon the share-for-share exchange in the amounts of 18 yen per share to the shareholders of Bandai and 12 yen per share to the shareholders of Namco who appear on their respective final registers of shareholders as of the day immediately preceding the effective date of the share-for-share exchange, in lieu of interim dividends for the fiscal year ending March 31, 2006.

1. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(In millions of yen, rounded down)

	Current fiscal year (As of March 31, 2005)		Prior fiscal year (As of March 31, 2004)		Change Amount
	Amount	%	Amount	%	
	(Assets)				
I. CURRENT ASSETS:	79,416	53.5	76,787	51.7	2,628
Cash and time deposits.....	38,741		38,693		
Notes receivable.....	1,538		1,667		
Accounts receivable – trade.....	24,558		20,553		
Short-term investments.....	2,004		3,003		
Inventories.....	1,757		1,377		
Advance payments.....	1,711		1,829		
Deposit.....	2,549		2,361		
Prepaid expenses.....	177		210		
Short-term loans receivable.....	3,350		3,465		
Accounts receivable–other.....	1,142		1,098		
Deferred tax assets – current.....	2,281		2,635		
Other current assets.....	34		22		
Allowance for doubtful receivables.....	(429)		(131)		

(In millions of yen, rounded down)

	Current fiscal year (As of March 31, 2005)		Prior fiscal year (As of March 31, 2004)		Change Amount
	Amount	%	Amount	%	
(Assets)					
II. FIXED ASSETS:	69,001	46.5	71,680	48.3	(2,678)
1. Property, plant and equipment	27,224	18.3	26,128	17.6	1,095
Buildings.....	7,068		7,745		
Structures.....	104		127		
Machinery and equipment.....	206		254		
Vehicles.....	9		13		
Tools, equipment and fixtures	5,599		4,400		
Land	13,949		12,627		
Construction in progress	288		958		
2. Intangible Assets	781	0.6	878	0.6	(97)
3. Investments and other assets	40,995	27.6	44,672	30.1	(3,676)
Investment securities	4,281		4,396		
Investment in affiliated companies' stocks	30,558		32,095		
Investment in affiliated companies' bonds	-		10		
Investment	82		82		
Long-term loans	350		-		
Long-term loans to affiliated companies	3,596		3,572		
Bad debt, etc.....	110		622		
Long-term prepaid expenses	27		3		
Deferred tax assets – non-current.....	3,215		5,021		
Other Investments.....	798		785		
Allowance for doubtful receivables	(2,022)		(1,916)		
TOTAL ASSETS	148,417	100.0	148,467	100.0	(49)

(In millions of yen, rounded down)

	Current fiscal year (As of March 31, 2005)		Prior fiscal year (As of March 31, 2004)		Change Amount
	Amount	%	Amount	%	
(Liabilities)					
I. CURRENT LIABILITIES:	37,382	25.2	32,425	21.8	4,957
Notes payable – trade	1,489		1,330		
Accounts payable – trade	14,443		13,271		
Bonds – current portion	10,000		-		
Accounts payable – other	8,017		10,448		
Accrued income taxes	448		4,537		
Accrued consumption taxes	181		30		
Accrued expenses	2,588		2,647		
Deposits received	61		54		
Unearned revenues	52		33		
Other current liabilities	100		72		
II. LONG-TERM LIABILITIES:	16,731	11.3	27,107	18.3	(10,376)
Bonds	15,000		25,000		
Accrued retirement and severance benefits	129		118		
Officers' retirement and severance	-		494		
benefits					
Deferred tax liabilities, land revaluation	898		804		
difference					
Other long-term liabilities	704		689		
TOTAL LIABILITIES:	54,114	36.5	59,533	40.1	(5,418)
(Stockholders' Equity)					
I. Common stock	24,466	16.5	24,292	16.4	173
II. Additional paid-in capital	23,799	16.0	23,625	15.9	173
Capital reserve	23,798		23,625		
III. Retained earnings	66,325	44.7	61,343	41.3	4,981
1. Retained earnings appropriated for legal					
reserves	1,645		1,645		
2. Voluntary reserves	58,001		52,613		
(1) Reserve for deferred income tax on					
fixed assets	238		249		
(2) General reserves	57,763		52,363		
3. Unappropriated retained earnings at the					
end of the period	6,678		7,084		
IV. Land revaluation difference	(21,410)	(14.4)	(21,545)	(14.5)	135
V. Other securities valuation differences	1,240	0.8	1,325	0.9	(85)
VI. Treasury stock	(117)	(0.1)	(108)	(0.1)	(8)
Total Stockholders' Equity	94,302	63.5	88,934	59.9	5,368
Total Liabilities and Stockholders' Equity	148,417	100.0	148,467	100.0	(49)

(2) Non-Consolidated Statements of Income

(In millions of yen, rounded down)

	Current fiscal year		Prior fiscal year		Change Amount
	(April 1, 2004 to March 31, 2005)		(April 1, 2003 to March 31, 2004)		
	Amount	%	Amount	%	
I. Net Sales	132,530	100.0	128,655	100.0	3,875
II. Cost of Sales	77,165	58.2	75,531	58.7	1,633
Gross Profit	55,365	41.8	53,123	41.3	2,242
III. Selling, General and Administrative Expenses	43,943	33.2	41,752	32.5	2,190
Operating Income	11,422	8.6	11,370	8.8	51
IV. Non-Operating Income	2,339	1.8	1,724	1.4	614
Interest income	49		44		
Interest on securities.....	7		3		
Dividend income	1,164		823		
Gain on sale of short-term investments	66		22		
Rental income	646		474		
Foreign exchange gain	208		-		
Other non-operating income.....	196		355		
V. Non-Operating Expenses	455	0.4	531	0.4	(75)
Interest on bonds	149		327		
Leased asset expenses	278		158		
Foreign exchange loss.....	-		12		
Other non-operating expenses	28		32		
Recurring Income	13,305	10.0	12,564	9.8	741
VI. Extraordinary Income	1,112	0.9	1,910	1.5	(797)
Gain on sale of investment securities	-		302		
Gain on sale of equities of affiliated companies.....	1,065		1,523		
Reversal of reserve for losses on investments	-		6		
Reversal of allowance for doubtful receivables.....	46		77		

(In millions of yen, rounded down)

	Current fiscal year		Prior fiscal year		Change Amount
	(April 1, 2004 to March 31, 2005)		(April 1, 2003 to March 31, 2004)		
	Amount	%	Amount	%	
VII. Extraordinary Loss	2,908	2.2	2,805	2.2	102
Loss on sale of property, plant and equipment	7		5		
Loss on disposal of property, plant and equipment	174		475		
Loss on impairment of property, plant and equipment.....	1,528		-		
Expense of special depreciation of property, plant and equipment.....	104		-		
Loss on valuation of investments securities ...	40		38		
Loss on valuation of investments in affiliated companies	464		885		
Provision for allowance for doubtful receivables	588		1,400		
Net income before income taxes	11,510	8.7	11,669	9.1	(159)
Corporate income, inhabitant and enterprise taxes	2,500	1.9	6,390	5.0	(3,890)
Tax adjustments	2,313	1.7	(1,707)	(1.3)	4,020
Net income	6,696	5.1	6,986	5.4	(289)
Balance brought forward	855		833		
Reversal of land revaluation difference	(135)		-		
Interim cash dividend	739		735		
Unappropriated retained earnings	6,678		7,084		

(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, 2005 (June 23, 2005) (expected)		Date of Annual Shareholders' Meeting for the prior fiscal year ended March 31, 2004 (June 24, 2004)	
	Amount	%	Amount	%
I. Unappropriated retained earnings			6,678	7,084
II. Reversal of voluntary reserve				
Reversal of reserve for deferred income tax on fixed assets	7		7	11
Total			6,685	7,096
III. To be allocated in the following manner:				
1. Cash dividends	2,220		738	
2. Bonuses to officers	99		101	
(Bonuses to corporate auditors)	(6)		(6)	
3. Voluntary reserve				
General reserve	3,350		5,669	6,240
IV. Unappropriate retained earnings carried forward			1,016	855

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
- Stated at cost based on the moving average method. However, with respect to contributions to limited liability partnerships for investment businesses and similar partnerships, the amount corresponding to the equity holding of the partnership's assets is stated as investment in securities, and the amount corresponding to the profit or loss acquired through the operations of the partnership is stated as profit or loss for the fiscal year.

2. Valuation Basis and Valuation Methods for Delivertive, etc.:

Stated at cost

3. Valuation Basis and Valuation Methods for Inventories:

Stated at cost under the gross average method.

4. 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.

5. 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.

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

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. Significant Accounting Policies for Hedging:**(1) Accounting for hedging:**

The Company uses deferred hedge accounting.

The allocation method is used for forward exchange contracts when appropriate. The special method is used for interest rate swaps when appropriate.

(2) Hedging instruments and hedged items:

Hedging instruments:

Forward exchange contracts

Hedged items:

Foreign currency-denominated liabilities and scheduled transactions

(3) Hedging policies:

For the purpose of reducing risks arising from fluctuations in exchange rates and interest rates involved in operational activities.

(4) Method of assessing the effectiveness of hedging:

The effectiveness of a hedging transaction is in principle determined by comparing the cumulative change in the cash flows or market movement of the hedged item and that of the hedging instrument from the start of hedging to the time of assessing the effectiveness thereof.

However, if important conditions are common for the hedging instrument and the hedged asset, liability, or scheduled transaction, no such determination is made because it is apparent that 100% effectiveness in hedging was achieved.

8. Accounting treatment of consumption tax:

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

II. Changes in Accounting Methods

(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 fiscal year 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 Consolidated Financial Statements, as amended.

III. Changes in Display Methods

(Balance Sheet)

Ownership interests for investment business partnerships, etc.

Information on ownership interests for investment business partnership, etc. which was included in "Others" under investment and other assets in the balance sheet until the last business year, is now included in and listed as securities held in investment account, as the ownership interests for investment business partnerships, etc. is now deemed to be securities as so required under the "Law on Partial Amendment of the Securities Exchange Act" (Law No. 97, June 9, 2004).

The ownership interests for investment business partnerships, etc. which was included in "others" under investment and other assets as of the last business year was ¥ 95 million.

IV. 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

169 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).

V. Notes

(Notes to Balance Sheets)

	(In millions of yen, rounded down)	
	Current fiscal year (ended March 31, 2005)	Prior fiscal year (ended March 31, 2004)
1. Accumulated Depreciation of Tangible Fixed Assets	27,135	23,892
2. Assets Offered as Security		
Cash and Time Deposits..... (Collateral for payment guarantee)	80	80
3. Authorized Shares	360,000,000 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	98,745,764 shares of common stock	98,559,764 shares of common stock
4. Assets And Liabilities Relating to Affiliated Companies		
Accounts receivable -trade	10,006	3,956
Short-term loans receivable.....	3,350	3,400
Accounts payable - trade	1,517	-
Accounts payable - other	1,804	-

5. 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, 2005, the current market value of property that had been revalued was 1,209 million yen lower than the new post-revaluation book value of this property.

6. 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, 2005)	Prior fiscal year (ended March 31, 2004)
1,240	1,325

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

Issue method:	Exercise of stock acquisition rights (stock options)
Issue date:	April 1, 2004 to March 31, 2005
Number of issued shares:	186,000 shares
Issue price:	¥1,862
Amount transferred to capital:	¥931

(Notes to the Statements of Income)

		(In millions of yen, rounded down)	
		Current fiscal year (ended March 31, 2005)	Prior fiscal year (ended March 31, 2004)
1.	Transactions with affiliated companies		
	Net sales.....	49,411	14,852
	Dividends received	1,095	747
	Rental income.....	496	332
2.	Major components of selling, general and administrative expenses		
	Shipping.....	3,391	3,387
	Advertising expense.....	13,973	12,516
	Employee salaries and benefits	5,799	5,604
	Provision for employee retirement and severance benefits.....	479	411
	Provision for officers' retirement and severance benefits.....	21	74
	Depreciation expense	1,172	674
	Research and development expense.....	11,818	11,901
	Allowance for doubtful receivables	113	87
3.	Total research and development expense (included in selling, general and administrative expenses)	11,818	11,901

4. 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 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.

5. Special depreciation of fixed assets

Special depreciation of fixed assets is a special depreciation of the balance of the book value of the buildings and structures of the factory of the Company which is planned to shut down in the next fiscal year as a result the construction of a new factory, minus an amount equivalent to depreciation up to the planned removal.

(Others)

Lease Transactions

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

Marketable Securities

Shares of Subsidiaries and Affiliated Companies Having Market Values

(In millions of yen, rounded down)

	Current fiscal year (ended March 31, 2005)		
	Balance Sheet	Market Value	Difference
Shares in subsidiaries	3,532	57,796	54,264
Shares in affiliated companies	2,121	7,359	5,238
Total	5,653	65,156	59,502

	Prior 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

Tax Effect Accounting

(In millions of yen, rounded down)

Current fiscal year
(ended March 31,
2005)

1. Significant components of deferred tax assets and liabilities

Deferred tax assets:

Excess depreciation of fixed assets	1,923
Securities valuation losses	1,304
Accrued employee bonuses	845
Loss impairment of property, plant and equipment	702
Excess allowance for doubtful receivables	619
Research and development expense	372
Inventory valuation loss	249
Loss on evaluation of guaranty money deposited	111
Accrued enterprise taxes, etc.	81
Other	803
Sub total deferred tax assets	7,014
Valuation allowance	(498)
Total deferred tax assets	6,515

Deferred tax liabilities:

Other securities valuation difference	(861)
Reserve for deferred income tax on fixed assets	(157)
Total deferred tax liabilities	(1,019)

Net deferred tax assets..... 5,496

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	9,520
Valuation allowance	(9,308)
Total deferred tax assets	212
Deferred tax liabilities due to land revaluation	(1,110)
Total deferred tax liabilities	(898)

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	41.0%
(Adjustments)	
Increase in valuation allowance related to deferred tax assets	4.3%
Permanent nondeductible expense such as entertainment expense	1.4%
Inhabitants tax lump-sum payments	0.2%
Permanent nonrecognizable income such as dividends received	(3.6)%
Tax credit such as special incentive measures for IT investment	(1.0)%
Other	(0.5)%
Actual effective tax rate after application of tax effect accounting	41.8%

(Important subsequent event)

Management Integration Through Establishment of a Joint Holding Company

Bandai Co., Ltd. and NAMCO LIMITED resolved at the meetings of their respective Boards of Directors held on May 2, 2005, to establish NAMCO BANDAI Holdings Inc. as a joint holding company through a share-for-share exchange (*kabushiki-iten*), subject to approvals thereof at their respective general meetings of shareholders and other required formalities, and entered into a share-for-share exchange agreement.

The details are described on p.p.52-55.

2. Changes in officers

(to be effective from June 23, 2005)

1. Changes in Representative Directors

New Position: Chairman and Representative Director of the Company

Name: Takeo Takasu

Current Position: President and Representative Director of the Company

New Position: President and Representative Director of the Company

Name: Kazunori Ueno

Current Position: Managing Director of the Company

New Position: Director (responsible for overseas operations) of the Company and Chairman and Representative Director of BANDAI AMERICA INC.

Name: Ryohei Tsunoda

Current Position: Vice President and Representative Director of the Company

2. Other Changes in Officers

(1) Candidates for Directors

New Position: Managing Director of the Company

Name: Makoto Shibasaki

Current Position: Managing Director of Tohato Inc.

New Position: Director of the Company

Name: Kazuo Ichijo (candidate for an external Director as provided for in Article 188, paragraph 2, item 7-2 of the Commercial Code of Japan)

Current Position: Professor, Graduate school of Hitotsubashi University

(2) Candidate for Corporate Auditor

New Position: Full-time Corporate Auditor of the Company

Name: Katsuhiko Koutari (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)

Current Position: Certified Public Accountant, Chuo Aoyama & Co.

(3) Retiring Directors

Director: Satoshi Higashi Expected to assume the office of Managing Director of Tohato Co., Ltd.

Director: Masaaki Tsuji (current) President and Representative Director of BANDAI AMERICA INC.

(4) Retiring Corporate Auditor

Full-Time Corporate Auditor: Shinya Takagi