

[TRANSLATION]

October 7, 2005

Earnings Report for Interim Period Ended August 31, 2005 (Non-Consolidated)

Company name: **Bandai Visual Co., Ltd.**

Stock Exchange: Tokyo Stock Exchange 2nd Section

Code number: 4325 (URL <http://www.bandavisual.co.jp/>)

Head Office: Tokyo, Japan

Representative: Kazumi Kawashiro, President & CEO

Person to contact: Masayuki Fujikawa, General Manager, Corporate Planning Department TEL: 03-6252-3377

Meeting of the Board of Directors for approval of results: October 7, 2005 Adoption of interim dividend system: Yes

Date of interim dividends payment: November 16, 2005 Adoption of unit trading system: No

Parent company: NAMCO BANDAI Holdings Inc. (Code number: 7832, 63.2%)

Bandai Co., Ltd. (63.2%)

*Percent figures represent parent's shareholding in company. Please refer to the page 5 for detailed information on parent companies.

1. Financial Results for Interim Period Ended August 31, 2005 (Mar. 1, 2005-Aug. 31, 2005)

(1) Operating Results (Non-consolidated)

Note: Figures less than ¥1 million have been omitted.

	Net sales		Operating income	
	(¥ millions)	%	(¥ millions)	%
Interim period ended Aug. 31, 2005	13,634	(11.9)	2,501	(18.8)
Interim period ended Aug. 31, 2004	12,184	(3.4)	2,104	(17.5)
Year ended Feb. 28, 2005	25,739		4,030	

	Net income		Net income per share	Net income per share (Diluted)
	(¥ millions)	%	(¥)	(¥)
Interim period ended Aug. 31, 2005	1,516	(23.3)	10,529.05	-
Interim period ended Aug. 31, 2004	1,229	(18.3)	8,536.53	-
Year ended Feb. 28, 2005	2,274		15,379.08	-

- (Notes)
- Equity in earnings/losses of affiliates:
 - Interim period ended Aug. 31, 2005: -
 - Interim period ended Aug. 31, 2004: -
 - FY ended Feb. 28, 2005: -
 - Average number of shares during the period:
 - Interim period ended Aug. 31, 2005: 144,000
 - Interim period ended Aug. 31, 2004: 144,000
 - FY ended Feb. 28, 2005: 144,000
 - Changes in accounting policies: None
 - Percent figures for net sales, operation income and net income represent changes compared with the prior interim period.

(2) Dividend

	Interim dividend per share	Annual dividend per share
	(¥)	(¥)
Interim period ended Aug. 31, 2005	1,500.00	-
Interim period ended Aug. 31, 2004	500.00	-
Year ended Feb. 28, 2005	-	2,000.00

(3) Financial Position

Note: Figures less than ¥1 million have been omitted.

	Total assets	Shareholders' equity	Shareholders' equity ratio	Equity per share
	(¥ millions)	(¥ millions)	%	(¥)
Interim period ended Aug. 31, 2005	17,969	11,646	64.8	80,875.59
Interim period ended Aug. 31, 2004	16,188	9,317	57.6	64,701.97
Year ended Feb. 28, 2005	18,364	10,371	56.5	71,609.14

- (Notes)
- Shares issued and outstanding at period end:
 - Interim period ended Aug. 31, 2005: 144,000
 - Interim period ended Aug. 31, 2004: 144,000
 - FY ended Feb. 28, 2005: 144,000
 - Treasury stock:
 - Interim period ended Aug. 31, 2005: -
 - Interim period ended Aug. 31, 2004: -
 - FY ended Feb. 28, 2005: -

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(4) Cash Flows

Note: Figures less than ¥1 million have been omitted.

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents (period end)
	(¥ millions)	(¥ millions)	(¥ millions)	(¥ millions)
Interim period ended Aug. 31, 2005	1,260	-272	-216	8,129
Interim period ended Aug. 31, 2004	1,190	-164	-264	6,580
Year ended Feb. 28, 2005	2,468	-592	-336	7,357

2. Forecasts for the Year Ending February 28, 2006 (Mar. 1, 2005-Feb. 28, 2006)

	Net sales	Net income	Annual dividend per share	
			Year-end	
	(¥ millions)	(¥ millions)	(¥)	(¥)
Full year	26,900	2,400	1,500.00	3,000.00

(Reference) Projected net income per share for the period: ¥16,300.00

*The above forecasts were made based on information available as of the date of this release. Actual results could significantly differ from forecasts due to a number of factors. Please refer to the Full-Year Outlook for more information regarding these forecasts.

Overview of Interim Operating Results & Financial Position

a. Operating Results

(1) Interim Overview

During interim period of fiscal year 2006 (March 1, 2005-August 31, 2005), net sales at Bandai Visual exceeded earlier forecasts, driven by a steady stream of new releases, the aggressive promotion of rental-use DVDs ongoing since the previous term, as well as favorable income from all licensing categories in the domestic licensing business.

On the earnings front, efforts to shrink selling, general and administrative (SG&A) expenses, alongside a higher gross profit ratio in the licensing business, led to interim net income that far surpassed initial estimates. As a result, net income rose 11.9% year on year to ¥13,634 million and interim net income rose 23.3% to ¥1,516 million. All earnings figures were record high as interim period results.

Business Results by Segment

Segment	Net Sales	Share of Net Sales
Visual software package business	¥12,774 million	93.7%
Licensing business	¥860 million	6.3%
Total	¥13,634 million	100.0%

Visual Software Package Business

Brisk sales of *MOBILE SUIT GUNDAM SEED DESTINY*, launched in February 2005, made the title a major hit garnering sales of ¥3,016 million and shipping 686,000 copies during the period under review. Other strong contributors to interim period sales included *Ah! My Goddess*, *My-HiME* and a host of other TV anime series, *SUPER ROBOT WARS ORIGINAL GENERATION THE ANIMATION*, *YUKIKAZE* and other original video animation, as well as the animated feature film *STEAMBOY*. Bandai Visual also recorded rental-use DVD sales of ¥3,324 million.

As a result, sales in the visual software package business for the interim period climbed 17.6% year on year to ¥12,774 million.

Licensing Business

Slumping sales in the North American market drove overseas licensing sales down 17.0% year on year to ¥348 million. In contrast, the domestic licensing business, despite initial forecasts of lower sales compared to the enormous sales provided by box-office revenues from *Zatoichi* a year earlier, posted greater-than-expected sales, owing largely to higher income from merchandising licensing sales.

Consequently, licensing business sales fell 34.7% to ¥860 million.

(2) Outlook for the Fiscal Year Ending February 28, 2006

In the second half of the year, Bandai Visual's visual software package business should see continued solid sales of *MOBILE SUIT GUNDAM SEED DESTINY*. Helping to secure sales will also include the software package release of *MOBILE SUIT Z GUNDAM-A New Translation-Heirs to the Stars* in October, an animated feature film released in theaters this past May. Sales from other TV animation and original video animation series are also expected to remain strong. Finally, Bandai Visual will retain the same focus on the sale of rental-use DVDs, including older titles, as it did during the first half of the year.

In the licensing business, while the box-office revenues from the aforementioned *MOBILE SUIT Z GUNDAM -A New Translation-Heirs to the Stars* and others is expected to support steady growth in the domestic licensing business, Bandai Visual plans to reconfigure its overseas licensing business scheme. Overall licensing sales are therefore likely to remain around the same level as in this interim period. Moreover, as previously noted, the contribution by BANDAI VISUAL USA INC. to Bandai Visual operations is expected to begin sometime after 2006.

Due to the substantial uncertainty abounding in both the domestic software package market and overseas markets, particularly North America, Bandai Visual is forecasting a 4.5% year-on-year increase in net sales to ¥26,900 million and a 5.5% increase in net income to ¥2,400 million for the fiscal year ending February 28, 2006. With no changes to these forecasts, Bandai Visual expects to post record earnings for the sixth consecutive fiscal year.

b. Financial Position

(1) Total Assets, Liabilities and Shareholders' Equity as of August 31, 2005

Total assets were ¥17,969 million, down ¥394 million from the previous fiscal year-end. Cash and deposits increased ¥771 million, while accounts receivable declined ¥1,020 million, reflecting both solid earnings and the collection of accounts receivable during the interim period.

Total liabilities stood at ¥6,323 million, down ¥1,669 million year on year, largely due to declines in accounts payable and income taxes payable of ¥1,100 million and ¥226 million, respectively.

Shareholders' equity was ¥11,646 million, up ¥1,274 million from the end of the previous fiscal year, as interim net income of ¥1,516 million and other factors outweighed appropriations of ¥275 million from earnings in the previous fiscal year. The shareholders' equity ratio increased from 56.5% at the previous fiscal year-end to 64.8%.

(2) Cash Flows

Cash and cash equivalents totaled ¥8,129 million as of August 31, 2005, an increase of ¥1,549 million compared to the end of previous interim period, and 23.5% higher than the previous interim period.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥1,260 million, an increase of 5.9% from a year earlier. The principal sources of cash were a relatively high level of income before income taxes of ¥2,562 million and a decline of ¥1,020 million in accounts receivable. The main uses of cash were a ¥1,100 million in accounts payable and income taxes paid of ¥1,066 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥272 million, an increase of 65.8% from a year ago, and mainly comprised ¥151 million in the purchase of fixed assets and ¥120 million in the purchase of investment securities.

(Cash flows from financing activities)

Net cash used in financing activities was ¥216 million, a decrease of 18.2% from a year earlier. This was due to the payment of dividends.

(3) Full-year Outlook of Cash Flows

Cash and cash equivalents for fiscal 2006 is expected to drop year on year. Although a moderate increase in income before income taxes is expected, net cash provided by operating activities is projected to drop, due to higher investment in new visual content and income taxes paid. Both net cash used in investment and financing activities are also likely to decrease somewhat.

c. Parent Company Information

(1) Parent Company Names

Parent Companies	Relationship	Parent Company Voting Rights Pct.	Stock Market Where Parent Company Shares Listed
NAMCO BANDAI Holdings Inc.	Parent Company	63.2% (63.2%)	Tokyo Stock Exchange, First Section
Bandai Co., Ltd.	Parent Company	63.2% (0.8%)	-

*Figures in parenthesis under "Parent Company Voting Rights Pct." reflect the percentage of indirect shareholdings.

(2) Role of the Listed Company in the Parent Company Corporate Groups and Other Ties Between the Listed Company and Parent Companies

Bandai Visual is a subsidiary of Bandai Co., Ltd., which holds 63.2% of voting rights (including indirect shareholdings) in Bandai Visual. Bandai Visual is part of the corporate group centered on Bandai parent company NAMCO BANDAI Holdings Inc.

Through a joint share-for-share exchange on September 29, 2005, Bandai and NAMCO LIMITED, established NAMCO BANDAI Holdings as a holding company responsible for integrating the operations of the two corporate groups. In line with this change, NAMCO BANDAI Holdings effectively became the parent company of Bandai Visual. Within the NAMCO BANDAI group, Bandai Visual is part of the strategic business unit for visual and music content, and primarily responsible for the creation of visual content. Pursuant to this business integration, Bandai de-listed its shares from the First Section of the Tokyo Stock Exchange on September 22, 2005, followed by the new listing of NAMCO BANDAI Holdings shares on the First Section of the exchange on September 29.

Furthermore, due to the partial transfer of Bandai's affiliate stock management operations to NAMCO BANDAI Holdings through a spin-off and absorption, shares in Bandai Visual currently held by Bandai will come under the ownership of NAMCO BANDAI Holdings on December 1, 2005.

Bandai Visual will continue to operate on an autonomous basis.

Cautionary Statement

The aforementioned forecasts are based on information currently available to management, and as such are subject to certain inherent risks and uncertainties. Changes in consumer trends and the prevailing economic environment, among other factors, may cause actual results to differ from those projected.

[ATTENTION]

This information is English translation of the original and official documents in Japanese.

Please be aware that all financial statements have been prepared in accordance with Japanese GAAP.