



Nintendo Co., Ltd.

Kyoto, Japan

## CONSOLIDATED FINANCIAL STATEMENTS

Nintendo Co., Ltd. and Consolidated Subsidiaries

### FINANCIAL HIGHLIGHTS

Six months ended September 30, 2000 and year ended March 31, 2000

The amounts presented herein are rounded down under one million yen except as otherwise denominated.

Numbers in parentheses are negative.

	Yen in Millions	
	<b>Sept. 30</b>	Mar. 31
	<b>2000</b>	2000
<b>Net sales</b> -----	<b>190,634</b>	530,665
Percentage change from previous half year -----	-	
<b>Income from operations</b> -----	<b>39,533</b>	145,030
Percentage change from previous half year -----	-	
<b>Income before income taxes and extraordinary items</b> -----	<b>62,729</b>	108,338
Percentage change from previous half year -----	-	
<b>Net income</b> -----	<b>30,018</b>	56,061
Percentage change from previous half year -----	-	
 Net income per share -----	 <b>¥211.89</b>	 ¥395.73

Since disclosure of interim consolidated financial statements starts in this period, the numbers and percentages of previous interim are left out.

### **Financial position**

Total assets (1) -----	<b>927,534</b>	933,374
Shareholders' equity (2) -----	<b>765,133</b>	757,448
Ratio of net worth to total assets (2) / (1) -----	<b>82.5%</b>	81.2%
 Shareholders' equity per share -----	 <b>¥5,400.89</b>	 ¥5,346.71

### **Cash flows**

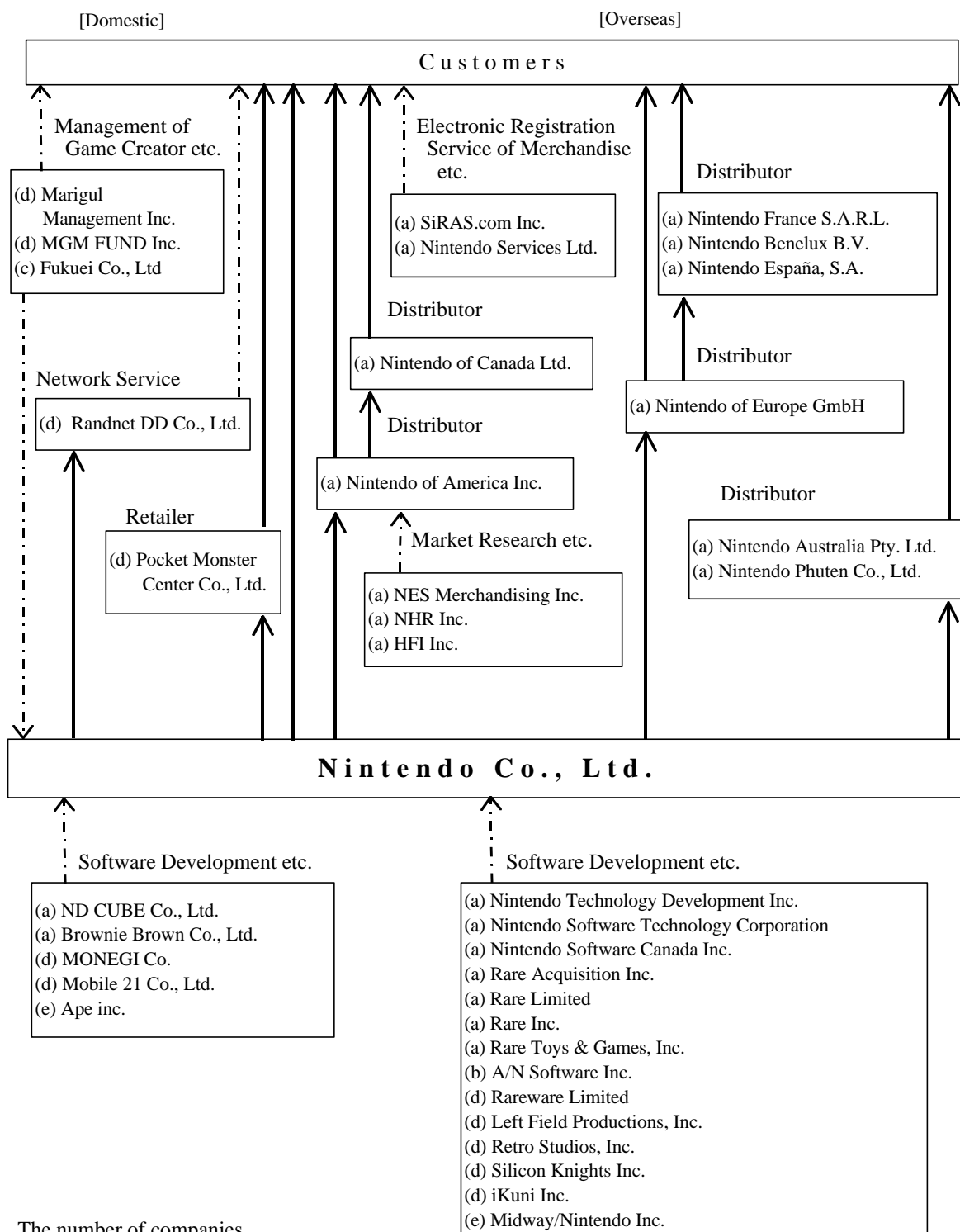
Cash flows from operating activities -----	<b>11,640</b>	93,053
Cash flows from investing activities -----	<b>( 2,578)</b>	( 64,476)
Cash flows from financing activities -----	<b>( 8,456)</b>	( 16,895)
Cash and cash equivalents at the end of year -----	<b>598,675</b>	594,062

### **Scope of consolidation and equity method application**

Consolidated subsidiaries -----	22
( of which, newly added ... 2    excluded ... 0 )	
Non-consolidated subsidiary with equity method applied -----	1
Affiliated companies with equity method applied -----	11
( of which, newly added ... 1    excluded ... 0 )	

**COMPANY GROUP INFORMATION**

Nintendo Co., Ltd. ("the Company") and its related companies, which are composed of the Company, twenty-four subsidiaries, and thirteen affiliated companies as of September 30, 2000, operate manufacturing and sales of "electronic entertainment products" as a major business. Chart of business by the Company and its related companies are as follows.



The number of companies

(a) Consolidated subsidiaries	-----	22	→	Sales channel
(b) Non-consolidated subsidiary with equity method applied	-----	1	→	Other channel
(c) Non-consolidated subsidiary with equity method non-applied	---	1		
(d) Affiliated companies with equity method applied	-----	11		
(e) Affiliated companies with equity method non-applied	-----	2		

## **MANAGEMENT POLICY**

### 1. Basic management policy

Nintendo Co., Ltd. ("the Company") is making every effort to create new and unique games, utilizing computer technology in the home entertainment environment. The principal focus of the Company is providing users with another "world of entertainment", which has both innovative and fun elements they have never experienced.

### 2. Basic policy of profit distribution

It is the Company's basic policy to cover the funds for capital investments etc., necessary for its growth, with its retained earnings while maintaining the strong financial position. To shareholders, it is the basic policy to keep the level of dividends stable for a long period. Retained earnings are maintained for reinforcement of sales system, development of new products, and capital investment for future business activities.

### 3. Medium and long term management strategy and challenges

In the current home video game market, dramatic improvements have been made in hardware capabilities by utilizing new technologies; however, it is becoming more difficult to create unique and fun games utilizing the full capabilities of the new hardware.

The Company is focusing much more time and resources on creative changes in game play, making full use of new technologies, and high-level harmonization of hardware and software to provide users with new and exciting game experiences supported by users continuously.

The Company further strengthens its R&D function to promote these changes. In addition, the Company attempts to achieve expansion of profit, flexibly responding the sharp change of business circumstance such as improving distribution system.

## **OPERATING RESULT**

### 1. Review of operation

During the six months ended September 30, 2000, economic expansion continued in the United States; however, signs of a slowdown started to emerge. The European economy experienced positive growth coupled with the weaker Euro. On the other hand, the economic conditions in Japan slowly continued to recover, supported by private capital investment, particularly in the Information Technology sector, however, slow personal consumption and the severe unemployment situation were not completely improved.

Under these circumstances, the Company provided its customers throughout the world with new and innovative game category which appeals to customers of all over the world. The Company also continued development of new generation hardware.

As a result, the Company reported consolidated net sales of 190,634 million yen, including foreign sales of 150,577 million yen which accounted for 79% of total net sales. Income before income taxes and extraordinary items was 62,729 million yen. In accordance with new market value accounting in this interim fiscal year, as for other securities, valuation method, which charges loss to income, gain to shareholders' equity, was adopted in the wake of the lower of cost or market (i.e., LCM) method in former editions. Under the new method, loss on investment in securities was charged to extraordinary loss (11,536 million yen). Net income for the six months ended September 30, 2000 was 30,018 million yen.

With respect to sales in the electronic entertainment products division, GAME BOY sales continued to grow steadily throughout the world. The life-to-date units of GAME BOY hardware sales reached 100 million; a first in the history of game consoles. "Pocket Monsters" (Pokémon) series software boosted GAME BOY hardware sales throughout the world. "Kirby Tilt 'n' Tumble" was acclaimed as an unprecedented game equipped with a motion recognition sensor which enables game players to completely interact game characters by tilting the game machine up or down.

NINTENDO 64 software was led by "Pokémon Stadium" ("Pokémon Stadium 2" in Japan) in overseas markets, while "Mario Tennis" sold well in Japan.

As a total, net sales in the electronic entertainment product division were 187,941 million yen, while sales in other products divisions (playing cards, karuta, etc.) were 2,693 million yen.

Net cash provided by operating activities was 11,640 million yen. Net cash used by investing activities was 2,578 million yen, which included expenditures for the new head-office construction. Net cash used by financing activities was 8,456 million yen, including the payment of dividends. The interim year-end balance of cash and cash equivalents was 598,675 million yen (4,613 million yen up from the previous fiscal year-end).

With respect to geographic segment information, sales in Europe increased as the popularity of GAME BOY products soared. However, sales in Japan, North America, and South America decreased due to the drop of NINTENDO 64 sales despite the consistent performance of GAME BOY.

The interim dividend is declared of 60 yen per share.

## 2. Annual Outlook

Looking ahead to the second-half of fiscal year ending March 31, 2001, the United States economy could further slow down or drift into a sluggish period while there is a view that the booming economy in Europe will be over. In Japan, more time is needed to realize complete economic recovery, though the recovery is expected to remain gradual. Consequently, it is well expected that the harsh business environment for the Company will continue.

The Company will devote all energies to utilize its long-possessing know-how of electronic entertainment products, and put the new hardware and high-level software played on that system.

**CONSOLIDATED BALANCE SHEETS**

As of September 30, 2000 and March 31, 2000

Yen in Millions

	<b>Sept. 30 2000</b>		<b>Mar. 31 2000</b>	
[Assets]				
<b>Current assets:</b>				
Cash & deposits -----	<b>604,266</b>		592,636	
Notes & trade accounts receivable -----	<b>68,999</b>		75,699	
Marketable securities -----	<b>71,531</b>		79,473	
Inventories -----	<b>35,826</b>		30,330	
Deferred income taxes - current -----	<b>27,606</b>		21,029	
Other current assets -----	<b>16,951</b>		14,546	
Allowance for doubtful accounts -----	<b>( 4,625)</b>		<b>( 3,890)</b>	
	<b>820,556</b>	<b>88.5%</b>	809,826	86.8%
<b>Fixed assets:</b>				
Property, plant & equipment				
Buildings & structures -----	<b>17,003</b>		17,610	
Machinery, equipment & automobiles -----	<b>1,154</b>		1,454	
Furniture & fixtures -----	<b>1,971</b>		1,832	
Land -----	<b>39,454</b>		39,385	
Construction in progress -----	<b>6,045</b>		3,492	
	<b>65,629</b>	<b>7.1%</b>	63,775	6.8%
Intangible assets -----	<b>200</b>	<b>0.0%</b>	211	0.0%
Investments & other assets				
Investments in securities -----	<b>28,988</b>		31,944	
Deferred income taxes - non-current -----	<b>9,577</b>		7,001	
Other investments & other assets -----	<b>2,693</b>		2,807	
Allowance for doubtful accounts -----	<b>( 112)</b>		<b>( 117)</b>	
	<b>41,146</b>	<b>4.4%</b>	41,635	4.5%
	<b>106,977</b>	<b>11.5%</b>	105,623	11.3%
<b>Translation adjustments:</b> -----	<b>-</b>	<b>-</b>	17,925	1.9%
<b>Total</b> -----	<b>927,534</b>	<b>100.0%</b>	933,374	100.0%

As of September 30, 2000 and March 31, 2000

		Yen in Millions			
		Sept. 30 2000		Mar. 31 2000	
[Liabilities]					
<b>Current liabilities:</b>					
Notes & trade accounts payable	-----	73,054		87,716	
Accrued income taxes	-----	22,468		20,821	
Reserve for accrued bonuses	-----	1,388		1,412	
Other current liabilities	-----	59,177		59,264	
		<b>156,089</b>	<b>16.8%</b>	169,215	18.1%
<b>Non-current liabilities:</b>					
Non-current accounts payable	-----	486		1,520	
Reserve for employee retirement and severance benefits	-----	1,299		-	
Reserve for retirement and severance benefits for directors	-----	1,474		1,905	
		<b>3,260</b>	<b>0.4%</b>	3,425	0.4%
<b>Total liabilities</b>	-----	<b>159,349</b>	<b>17.2%</b>	172,640	18.5%
<b>Minority interests in consolidated subsidiaries</b>	-----	<b>3,051</b>	<b>0.3%</b>	3,284	0.3%
[Shareholders' equity]					
Common stock	-----	10,065	1.1%	10,065	1.1%
Additional paid-in capital	-----	11,584	1.2%	11,584	1.2%
Consolidated retained earnings	-----	757,198	81.6%	735,850	78.9%
Unrealized gains of other securities	-----	4,223	0.5%	-	-
Translation adjustments:	-----	( 17,921)	(1.9%)	-	-
Treasury stock, at cost	-----	( 16)	(0.0%)	( 51)	(0.0%)
<b>Total shareholders' equity</b>	-----	<b>765,133</b>	<b>82.5%</b>	757,448	81.2%
<b>Total</b>	-----	<b>927,534</b>	<b>100.0%</b>	933,374	<b>100.0%</b>

**CONSOLIDATED STATEMENTS OF INCOME**

Six months ended September 30, 2000 and year ended March 31, 2000

	Yen in Millions			
	Sept. 30 2000		Mar. 31 2000	
<b>Net sales</b>	<b>190,634</b>	<b>100.0%</b>	530,665	100.0%
Cost of sales	109,356	57.4%	289,925	54.6%
<b>Gross margin</b>	<b>81,278</b>	<b>42.6%</b>	240,740	45.4%
Selling, general & administrative expenses	41,745	21.9%	95,709	18.1%
<b>Income from operations</b>	<b>39,533</b>	<b>20.7%</b>	145,030	27.3%
Other income				
Interest income & dividends	19,688		23,243	
Other	4,050		3,584	
Total other income	23,738	12.5%	26,828	5.1%
Other expenses				
Sales discount	118		325	
Equity in losses of non-consolidated subsidiary and affiliates	81		298	
Other	342		62,895	
Total other expenses	542	0.3%	63,519	12.0%
<b>Income before income taxes and extraordinary items</b>	<b>62,729</b>	<b>32.9%</b>	108,338	20.4%
Extraordinary income	371	0.2%	486	0.1%
Extraordinary loss	14,051	7.4%	5,750	1.1%
<b>Income before income taxes</b>	<b>49,049</b>	<b>25.7%</b>	103,074	19.4%
Provision for income taxes and enterprise tax	30,758	16.1%	43,977	8.2%
Income taxes deferred	( 12,073)	(6.3%)	2,697	0.5%
Minority interests income	346	0.2%	338	0.1%
<b>Net income</b>	<b>30,018</b>	<b>15.7%</b>	56,061	10.6%



**CONSOLIDATED STATEMENTS OF RETAINED EARNINGS**

Six months ended September 30, 2000 and year ended March 31, 2000

Yen in Millions

	<b>Sept. 30 2000</b>	Mar. 31 2000
<b>Consolidated retained earnings at the beginning of period</b> -----	<b>735,850</b>	678,697
Recording deferred income tax assets for previous years -----	-	23,250
Increase		
Retained earnings increased by addition of consolidated subsidiaries -----	-	35
Retained earnings increased by addition of equity method companies -----	-	8
Total increase -----	-	43
Decrease		
Cash dividends -----	<b>8,499</b>	16,999
Directors' bonuses -----	<b>170</b>	170
Retained earnings decreased by addition of consolidated subsidiaries -----	-	3,672
Retained earnings decreased by addition of equity method companies -----	-	1,360
Total decrease -----	<b>8,669</b>	22,202
<b>Net income</b> -----	<b>30,018</b>	56,061
<b>Consolidated retained earnings at the end of period</b> -----	<b>757,198</b>	735,850

**CONSOLIDATED STATEMENT OF CASH FLOWS**

Six months ended September 30, 2000 and year ended March 31, 2000

	Yen in Millions	
	Sept. 30 2000	Mar. 31 2000
<b>Cash flows from operating activities:</b>		
Income before income taxes -----	49,049	103,074
Depreciation and amortization -----	1,850	3,351
Amortization of investments in excess of net assets in subsidiary and affiliate -----	-	5,645
Increase in allowance for doubtful accounts -----	704	2,156
Interest and dividends income -----	( 19,688)	( 23,243)
Interest expenses -----	-	1
Foreign exchange losses (gains) -----	( 4,889)	41,234
Gain on sales of marketable securities -----	( 164)	( 650)
Loss on investment in securities -----	11,536	-
Equity in losses of non-consolidated subsidiary and affiliates -----	81	298
Decrease (Increase) in trade accounts receivables -----	5,621	( 22,017)
Increase in inventories -----	( 5,735)	( 2,298)
Increase (decrease) in accounts payables -----	( 16,129)	4,159
Increase in consumption taxes payables -----	1,113	1,254
Directors' bonuses paid -----	( 170)	( 170)
Other, net -----	( 294)	7,735
Sub-total	22,886	120,531
Interest and dividends received -----	17,766	22,173
Interest paid -----	-	( 1)
Income taxes paid -----	( 29,012)	( 49,649)
Net cash provided by operating activities	11,640	93,053
<b>Cash flows from investing activities:</b>		
Increase in time deposits -----	( 5,800)	-
Payments for short-term investments -----	( 74,506)	( 208,501)
Proceeds from short-term investments -----	79,812	177,087
Payments for purchases of property, plant and equipment ---	( 3,175)	( 4,021)
Proceeds from sales of property, plant and equipment -----	91	536
Payments for investments in securities -----	-	( 26,035)
Payments for purchase of subsidiary's stocks -----	-	( 2,372)
Other, net -----	999	( 1,169)
Net cash used in investing activities	( 2,578)	( 64,476)
<b>Cash flows from financing activities:</b>		
Proceeds from stocks issued to minorities of a subsidiary ----	-	66
Payments for purchases of treasury stocks -----	( 130)	( 385)
Proceeds from sales of treasury stocks -----	169	408
Cash dividends paid -----	( 8,495)	( 16,985)
Net cash used in financing activities	( 8,456)	( 16,895)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>4,007</b>	<b>( 54,602)</b>
<b>Net increase (decrease) of cash and cash equivalents -----</b>	<b>4,613</b>	<b>( 42,921)</b>
<b>Cash and cash equivalents at the beginning of period -----</b>	<b>594,062</b>	<b>636,786</b>
<b>Cash and cash equivalents of new consolidated companies at the beginning of period -----</b>	<b>-</b>	<b>197</b>
<b>Cash and cash equivalents at the end of period</b>	<b>598,675</b>	<b>594,062</b>

## **BASIS OF SIX-MONTHS CONSOLIDATED FINANCIAL STATEMENTS**

### **1. Scope of consolidation**

Consolidated subsidiaries	22	Nintendo of America Inc. SiRAS.com Inc. Nintendo France S.A.R.L. Nintendo Australia Pty. Ltd. Nintendo Software Technology Corporation Nintendo Services Ltd. Rare Toys & Games, Inc. Brownie Brown Co., Ltd.	NES Merchandising Inc. Nintendo of Canada Ltd. Nintendo Benelux B.V. Nintendo Technology Development Inc. Nintendo Software Canada Inc. Rare Acquisition Inc. Nintendo Phuten Co., Ltd.	NHR Inc. Nintendo of Europe GmbH Nintendo España,S.A. Rare Limited ND CUBE Co., Ltd.	HFI Inc. Rare Inc.
Non-consolidated subsidiaries	2	Fukuei Co., Ltd. Above two companies are excluded from consolidation as they are not considered to be significant.	A/N Software Inc.		

### **2. Scope of equity method companies**

Equity method non-consolidated subsidiary	1	A/N Software Inc.			
Equity method affiliated companies	11	Marigul Management Inc. MONEGI Co. Rareware Limited Silicon Knights Inc.	MGM Fund Inc. Randnet DD Co., Ltd. Left Field Productions, Inc. iKuni Inc.	Pocket Monster Co., Ltd. Mobile 21 Co., Ltd. Retro Studios, Inc.	

With respect to (equity method applied) companies with different six months end from consolidated six months end (i.e., September 30), their financial statements are used as they are.

### **3. Fiscal six-month end of consolidated subsidiaries**

Although financial six months end of Nintendo Phuten Co., Ltd., Rare Limited, Rare Inc., and Rare Toys & Games, Inc. are June 30, which is different from consolidated six months end, their financial statements are used for consolidation as the variance of six months end is within three months (so-called three month rule applicable). Important transactions between their six months ends and September 30 are reconciled for consolidation.

### **4. Accounting policies**

#### (1) A valuation basis and method of important assets

##### (A) Inventories

Inventories are stated at the lower of cost, determined by the moving average method, or market.

##### (B) Securities

Held-to-maturity bonds

Amortized cost method

Other securities

Marketable other securities

Market price method, based on the market value at balance sheet date  
(Losses are charged to income, and unrealized gains, net of tax are charged to shareholders' equity.)

Non-marketable other securities

Cost, determined by the moving average method

#### (2) Depreciation method for fixed assets

##### (A) Tangible assets

Company to file consolidated financial statements and domestic consolidated subsidiaries

Declining balance method (some equipments are depreciated over economic useful life.)  
Buildings (exclusive of structures) acquired on or after April 1, 1998 are depreciated using the straight line method.

Overseas consolidated subsidiaries

Straight line method over the estimated useful lives of the assets

##### (B) Intangible assets

Straight line method

#### (3) Allowance and reserve

##### (A) Allowance for doubtful accounts

The company to file consolidated financial statements is calculating the allowance for general accounts receivables with actual percentage of credit losses to provide against losses on bad debt, and calculating that for each doubtful account with an estimated amount of probable bad debts. Consolidated subsidiaries are calculating the allowance for each doubtful account with an estimated amount of probable bad debts.

(B) Reserve for accrued bonuses

The company to file consolidated financial statements is calculating the reserve for accrued bonuses with estimated prorated amounts to be paid.

(C) Reserve for employee retirement and severance benefits

The company to file consolidated financial statements is calculating the reserve for employee retirement and severance benefits with estimated amounts to be required at the end of this interim consolidated fiscal year, based on the amount of the cost of retirement benefit and pension plan assets (at fair value) at the beginning of the consolidated fiscal year. The difference from introduction of the Financial Accounting Standards for Retirement of Japan (563 million yen) is fully amortized in this fiscal year. Therefore, half of the amount (281 million yen) is charged to Other Income in this interim fiscal year.

(D) Reserve for retirement and severance benefits for directors

The company to file consolidated financial statements is calculating the reserve for retirement and severance benefits for directors with estimated amounts to be paid at the end of interim fiscal year, based on the Company's internal rules.

(4) Translation basis of assets and/or liabilities denominated in foreign currencies

Receivables and/or payables denominated in foreign currency are translated into Japanese yen by the spot exchange rate at the end of this interim fiscal year. Exchange gains or losses are charged to income. With respect to financial statements of overseas subsidiaries, balance sheets are translated into Japanese yen at exchange rates in effect at the balance sheet date for assets and liabilities. The average exchange rates for the fiscal period are used for translation of revenue and expenses. The difference resulting from translation in this manner are shown as Translation Adjustments in Shareholders' equity.

(5) Lease transactions

Except for leases for which the ownership will transfer to the lessee, lease transactions are treated as the operating lease transactions. Part of consolidated companies are treating such transactions pursuant to normal buy-sell transactions.

(6) Consumption tax

The consumption tax and the provincial consumption tax are recorded as asset / liability when it's received / paid.

**5. Funds in consolidated statement of cash flows**

Funds ( cash and cash equivalents ) in consolidated statement of cash flows cover cash in hand, deposit which is able to be withdrawn at any time, and short-time investments which are able to be cashed easily, with little risk of value fluctuation, for which the term of redemption comes within three months from the acquired date.

## **ADDITIONAL INFORMATION**

**Accounting for reserve for employee retirement and severance benefits**

From this interim period, the Company adopted the Financial Accounting Standard on Retirement and Severance Benefits ("Views on Establishment of Accounting Standards for Retirement Benefits," issued by the Business Accounting Deliberation Council on June 16, 1998). The effect on the consolidated financial statements of this application is minor. Accrued charge of the past service under approved pension scheme is included in Reserve for Employee Retirement and Severance Benefits.

**Accounting for financial instruments**

From this interim period, the Company adopted the Financial Accounting Standard on Financial Instruments ("Views on Establishment of Accounting Standards for Retirement Benefits," issued by the Business Accounting Deliberation Council on January 22, 1999). At the beginning of the period, the Company examined its securities holdings, thus bonds redeemable within one year in held-to-maturity bonds are listed as Marketable Securities under Current Assets. Other securities are listed as Investment in Securities. As a result of the accounting change, Marketable Securities under Current Assets declined 572 million yen, while Investment in Securities rose the same amount.

**Financial Accounting Standard on foreign currency transactions**

From this interim period, the Company adopted the Financial Accounting Standard on foreign currency transactions ("Views on Revision of Accounting Standards on Foreign Currency Transactions, etc." issued by the Business Accounting Deliberation Council on October 22, 1999). The effect on the financial statements of this application is minor. In addition, Translation Adjustments, listed under Assets in fiscal 2000, is now included in Shareholders' Equity and Minority Interests.

## **SIGNIFICANT SUBSEQUENT EVENTS**

Not applicable

**NOTES TO SIX MONTHS FINANCIAL STATEMENTS**

**Consolidated balance sheets information;**

	Sept. 30 2000	Yen in Millions Mar. 31 2000
1. Accumulated depreciation of tangible assets	32,129	30,122

**Consolidated statements of income information;**

	Six months ended Sept. 30 2000	Year ended Mar. 31 2000
1. Research & development cost	7,589	16,495
2. Breakdown of extraordinary loss		
Loss on disposal of fixed assets	6	105
Loss on investment in securities	11,536	-
Loss on operational restructuring of affiliated companies	2,508	-
Amortization of investments in excess of net assets in subsidiaries and affiliates	-	5,645

**Consolidated statements of cash flows information;**

	Six months ended Sept. 30 2000	Year ended Mar. 31 2000
1. Cash and cash equivalents at the end of the six month and the year and the amount shown on consolidated balance sheets		
Cash and deposit accounts	604,266	592,636
Bonds etc. due within three months period	-	3,122
Time deposits (over 3 months)	( 5,591)	-
Specified money trusts	-	( 1,696)
Cash and cash equivalents	598,675	594,062

**Lease transaction information;**

**1. Finance lease**

	Six months ended Sept. 30 2000	Year ended Mar. 31 2000
(1) Notional acquisition cost, accumulated depreciation and balance	(Furniture & fixtures and others)	
Acquisition cost	474	613
Accumulated depreciation	240	370
Balance at the end of period	233	243
(2) Future lease payments on non-cancelable finance lease		
Within a year	103	114
Over a year	130	128
Total	233	243
(3) Lease expense and notional depreciation expense		
Lease expense	69	172
Depreciation expense	69	172

[Notes]

- Notional acquisition cost and future lease payments on non-cancelable finance lease include interest paid.
- Notional depreciation expense is calculated by straight-line method.

**2. Operating lease**

**Future lease payments on operating lease**

Within a year	79	54
Over a year	300	281
Total	379	335

## **SEGMENT INFORMATION**

### **1. Segment information by business categories**

Since the company operates predominantly in one industry segment which is accounted for over 90% of total sales, income from operations and assets, this information is left out.

### **2. Segment information by seller's location**

Yen in Millions

<b><u>Six months ended Sept. 30, 2000</u></b>	The				Total	Eliminations or unallocated assets	Consolidated
	Domestic	Americas	Europe	Other			
1. Net sales and income from operations							
Net sales							
(1) Sales to third parties	56,030	88,871	41,486	4,246	190,634	-	190,634
(2) Sales to inter segments	84,030	307	6,686	0	91,024	( 91,024)	-
Total	140,060	89,179	48,172	4,246	281,659	( 91,024)	190,634
Cost of sales and operating expenses	118,541	77,641	41,486	4,121	241,790	( 90,688)	151,101
Income from operations	21,519	11,538	6,686	124	39,869	( 336)	39,533

<b><u>Year ended Mar. 31, 2000</u></b>	The				Total	Eliminations or unallocated assets	Consolidated
	Domestic	Americas	Europe	Other			
1. Net sales and income from operations							
Net sales							
(1) Sales to third parties	157,862	303,711	57,682	11,408	530,665	-	530,665
(2) Sales to inter segments	256,190	510	6,775	1	263,478	( 263,478)	-
Total	414,053	304,221	64,458	11,409	794,143	( 263,478)	530,665
Cost of sales and operating expenses	309,571	270,948	61,943	11,040	653,503	( 267,868)	385,634
Income from operations	104,481	33,273	2,515	369	140,639	4,390	145,030

### **3. Sales to overseas customers**

Yen in Millions

<b><u>Six months ended Sept. 30, 2000</u></b>	The Americas		Europe	Other	Total
	Sales to overseas customers	89,352		54,210	7,013
Consolidated net sales					190,634
Percentage of sales to overseas customers to consolidated net sales	46.9%		28.4%	3.7%	79.0%
<b><u>Year ended Mar. 31, 2000</u></b>					
Sales to overseas customers	313,590		79,600	13,575	406,767
Consolidated net sales					530,665
Percentage of sales to overseas customers to consolidated net sales	59.1%		15.0%	2.6%	76.7%

**PRODUCTION , ORDER AND SALES INFORMATION**

Six months ended September 30, 2000

Yen in Millions

**1. Production**

	Amount
Electronic entertainment products -----	188,379
Others -----	1,733
<b>Total</b>	<b>190,112</b>

[Note]

Amounts mentioned above are calculated from selling price which is excluding consumption tax.

**2. Order**

	Orders received	Back orders
Electronic entertainment products ----- Software	38,211	20,172
<b>Total</b>	<b>38,211</b>	<b>20,172</b>

**3. Sales**

	Amount
Electronic entertainment products -----	187,941
Others -----	2,693
<b>Total</b>	<b>190,634</b>

[Note]

Amounts mentioned above in 2 and 3 are the ones excluding consumption tax.

## **MARKET VALUE INFORMATION ABOUT SECURITIES**

As of September 30, 2000

Yen in Millions

1. Marketable securities

(1)Held-to-maturity bonds

	Book Value	Market value	Difference
National and Local Government Bonds, etc.	-	-	-
Others	-	-	-
Total	-	-	-

(2)Other securities

	Cost	Book Value	Difference
Stocks	5,062	12,252	7,189 *
Bonds	25,507	14,063	( 11,444)
Total	30,570	26,315	( 4,254)

2. Contents and book value of non-marketable securities

(1)Held-to-maturity bonds

Commercial paper 71,531

(2)Other securities

Unlisted securities <except over-the-counter stock> 1,250

[Note\*]

Since the Company to file consolidated financial statements is adopting the valuation method, which charges loss (compared to market value at the balance sheet date) to income and gain to shareholders' equity for other securities, loss on them (11,536 million yen) is included in Extraordinary loss.

## **DERIVATIVE INFORMATION**

Not applicable





Nintendo Co., Ltd.  
Kyoto, Japan

## NON-CONSOLIDATED FINANCIAL STATEMENTS

### FINANCIAL HIGHLIGHTS

Six months ended September 30, 1999 and 2000 and year ended March 31, 2000

The amounts presented herein are rounded down under one million yen except as otherwise denominated.

Numbers in parentheses are negative.

	Sept. 30 1999	Sept. 30 2000	Yen in Millions Mar. 31 2000
<b>Net sales</b> -----	190,175	<b>140,060</b>	414,053
Percentage change from previous half year -----	(5.0%)	<b>(26.4%)</b>	
<b>Income from operations</b> -----	49,447	<b>21,575</b>	104,486
Percentage change from previous half year -----	8.1%	<b>(56.4%)</b>	
<b>Income before income taxes and extraordinary items</b> --	20,170	<b>51,792</b>	75,478
Percentage change from previous half year -----	(68.0%)	<b>156.8%</b>	
<b>Net income</b> -----	17,168	<b>25,835</b>	49,115
Percentage change from previous half year -----	(45.7%)	<b>50.5%</b>	
Net income per share -----	¥121.18	<b>¥182.37</b>	¥346.69
<b>Cash dividends per share</b> (Interim) -----	¥60.00	<b>¥60.00</b>	-
(Annual) -----	-	-	¥120.00
<b>Financial position</b>			
Total assets (1) -----	795,382	<b>844,449</b>	836,398
Shareholders' equity (2) -----	690,044	<b>734,880</b>	713,490
Ratio of net worth to total assets (2)/(1) -----	86.8%	<b>87.0%</b>	85.3%
Shareholders' equity per share -----	¥4,870.81	<b>¥5,187.30</b>	¥5,036.32

(Reference)

Number of shares outstanding as of September 30, 2000 : 141,669,000 ( stock trading unit : 100 shares )

Average number of shares outstanding in the period : 141,669,000 (stock trading unit : 100 shares)

**NON-CONSOLIDATED BALANCE SHEETS**

As of September 30, 1999 and 2000 and March 31, 2000

	Yen in Millions					
	Sept. 30		Sept. 30		Mar. 31	
	1999		2000		2000	
[Assets]						
<b>Current assets:</b>						
Cash & deposits -----	496,914		<b>568,938</b>		525,386	
Notes receivable -----	2,934		<b>2,875</b>		2,882	
Trade accounts receivable -----	141,803		<b>99,720</b>		145,400	
Marketable securities -----	14,520				4,756	
Inventories -----	13,174		<b>18,189</b>		9,202	
Deferred income taxes - current -----	13,805		<b>14,543</b>		10,267	
Other current assets -----	14,484		<b>14,268</b>		12,353	
Allowance for doubtful accounts -----	(739)		<b>(1,007)</b>		(755)	
Total current assets -----	696,898	87.6%	<b>717,527</b>	<b>85.0%</b>	709,494	84.8%
<b>Fixed assets:</b>						
Property, plant & equipment						
Buildings -----	9,951		<b>9,383</b>		9,719	
Land -----	31,584		<b>31,584</b>		31,584	
Other property, plant & equipment -----	2,604		<b>7,061</b>		4,819	
	44,140	5.6%	<b>48,029</b>	<b>5.7%</b>	46,122	5.5%
Intangible assets -----	202	0.0%	<b>149</b>	<b>0.0%</b>	175	0.0%
Investments & other assets						
Investment in subsidiaries and affiliates --	37,857		<b>39,573</b>		38,792	
Deferred income taxes - non current -----	8,495		<b>9,302</b>		8,184	
Other investments & other assets -----	16,369		<b>35,588</b>		42,192	
Allowance for doubtful accounts -----	(8,583)		<b>(5,720)</b>		(8,563)	
	54,140	6.8%	<b>78,743</b>	<b>9.3%</b>	80,606	9.7%
Total fixed assets -----	98,483	12.4%	<b>126,922</b>	<b>15.0%</b>	126,904	15.2%
<b>Total</b> -----	<b>795,382</b>	<b>100.0%</b>	<b>844,449</b>	<b>100.0%</b>	<b>836,398</b>	<b>100.0%</b>

As of September 30, 1999 and 2000 and March 31, 2000

	Yen in Millions					
	Sept. 30 1999		Sept. 30 2000		Mar. 31 2000	
[Liabilities]						
<b>Current liabilities:</b>						
Notes payable -----	41,472		<b>26,546</b>		40,279	
Trade accounts payable -----	45,776		<b>45,759</b>		43,672	
Other accounts payable -----	5,441		<b>5,215</b>		7,132	
Accrued income taxes -----	1,254		<b>16,725</b>		16,686	
Advances received -----	1,166		<b>1,320</b>		1,253	
Accrued bonuses-----	1,334		<b>1,388</b>		1,412	
Other current liabilities -----	4,802		<b>9,353</b>		9,045	
	101,248	12.7%	<b>106,309</b>	<b>12.6%</b>	119,482	14.3%
<b>Non-current liabilities:</b>						
Non-current accounts payable -----	2,240		<b>486</b>		1,520	
Reserve for employee retirement and severance benefits			<b>1,299</b>		-	
Reserve for retirement and severance benefits for directors -----	1,848		<b>1,474</b>		1,905	
	4,089	0.5%	<b>3,260</b>	<b>0.4%</b>	3,425	0.4%
<b>Total liabilities</b> -----	105,338	13.2%	<b>109,569</b>	<b>13.0%</b>	122,908	14.7%
[Shareholders' equity]						
Common stock -----	10,065	1.3%	<b>10,065</b>	<b>1.2%</b>	10,065	1.2%
Additional paid-in capital -----	11,584	1.5%	<b>11,584</b>	<b>1.4%</b>	11,584	1.4%
Legal reserve -----	2,516	0.3%	<b>2,516</b>	<b>0.3%</b>	2,516	0.3%
Retained earnings -----	665,878	83.7%	<b>706,490</b>	<b>83.6%</b>	689,324	82.4%
General reserve -----	605,058		<b>660,055</b>		605,058	
Unappropriated -----	60,819		<b>46,434</b>		84,265	
<Net income> -----	<17,168>		<b>&lt;25,835&gt;</b>		<49,115>	
Unrealized gains of other securities -----	-		<b>4,223</b>	<b>0.5%</b>	-	
<b>Total shareholders' equity</b> -----	690,044	86.8%	<b>734,880</b>	<b>87.0%</b>	713,490	85.3%
<b>Total</b> -----	795,382	100.0%	<b>844,449</b>	<b>100.0%</b>	836,398	100.0%

**NON-CONSOLIDATED STATEMENTS OF INCOME**

Six months ended September 30, 1999 and 2000 and year ended March 31, 2000

	Yen in Millions					
	Sept. 30 1999		Sept. 30 2000		Mar. 31 2000	
<b>Net sales</b> -----	190,175	100.0%	<b>140,060</b>	<b>100.0%</b>	414,053	100.0%
Cost of sales -----	125,379	65.9%	<b>100,912</b>	<b>72.0%</b>	276,082	66.7%
<b>Gross margin</b> -----	64,795	34.1%	<b>39,148</b>	<b>28.0%</b>	137,970	33.3%
Selling, general & administrative expenses -----	15,347	8.1%	<b>17,572</b>	<b>12.6%</b>	33,483	8.1%
<b>Income from operations</b> -----	49,447	26.0%	<b>21,575</b>	<b>15.4%</b>	104,486	25.2%
Other income						
Interest income & dividends -----	21,194		<b>27,291</b>		31,353	
Other -----	1,567		<b>3,393</b>		2,457	
Total other income -----	22,761	12.0%	<b>30,685</b>	<b>21.9%</b>	33,810	8.2%
Other expenses						
Sales discount -----	113		<b>129</b>		339	
Other -----	51,925		<b>338</b>		62,478	
Total other expenses -----	52,038	27.4%	<b>468</b>	<b>0.3%</b>	62,818	15.2%
<b>Income before income taxes and extraordinary items</b>	20,170	10.6%	<b>51,792</b>	<b>37.0%</b>	75,478	18.2%
Extraordinary income -----	455	0.2%	<b>368</b>	<b>0.2%</b>	468	0.1%
Extraordinary loss -----	0	0.0%	<b>14,280</b>	<b>10.2%</b>	9	0.0%
<b>Income before income taxes</b>	20,624	10.8%	<b>37,880</b>	<b>27.0%</b>	75,937	18.3%
Provision for income taxes and enterprise tax -----	3,126	1.6%	<b>20,497</b>	<b>14.6%</b>	22,643	5.4%
Income taxes deferred -----	329	0.2%	<b>( 8,451)</b>	<b>(6.0%)</b>	4,178	1.0%
<b>Net income</b>	17,168	9.0%	<b>25,835</b>	<b>18.4%</b>	49,115	11.9%

	Sept. 30	Sept. 30	Yen in Millions
	1999	2000	Mar. 31
			2000
Retained earnings ----- brought forward	20,977	<b>20,598</b>	20,977
Income taxes deferred ----- for previous years	22,630	-	22,630
Reversal of special reserve ----- due to tax effect accounting	42	-	42
Interim cash dividends -----	-	-	8,500
<b>Unappropriated retained earnings</b>	60,819	<b>46,434</b>	84,265

## **BASIS OF SIX MONTHS NON-CONSOLIDATED FINANCIAL STATEMENTS**

### 1. A valuation basis and method of assets

#### (A) Inventories

Inventories are stated at the lower of cost, determined by the moving average method, or market.

#### (B) Securities

Securities of subsidiaries and affiliates

Cost method

Other securities

Marketable other securities

Market price method, based on the market value at balance sheet date  
(Loss is charged to income, and gain is charged to shareholders' equity.)

Non-marketable other securities

Cost, determined by the moving average method

### 2. Depreciation method for fixed assets

#### (A) Tangible assets

Declining balance method (some equipments are depreciated over economic useful life.)

Buildings (exclusive of structures) acquired on or after April 1,1998 are depreciated using the straight line method.

#### (B) Intangible assets

Straight line method

### 3. Allowance and reserve

#### (A) Allowance for doubtful accounts

The allowance for general accounts receivables is calculated with actual percentage of credit losses to provide against losses on bad debt. And that for each doubtful account is calculated with an estimated amount of probable bad debts.

#### (B) Reserve for accrued bonuses

The reserve for bonuses is calculated with estimated prorated amounts to be paid.

#### (C) Reserve for employee retirement and severance benefits

The reserve for retirement and severance benefits is calculated with an estimated amount to be paid at the end of this interim fiscal year, based on the amount of the cost of retirement benefit and pension plan assets (at fair value) at the end of the previous fiscal year. The difference from introduction of the Financial Accounting Standards for Retirement of Japan (563 million yen) is fully amortized in this fiscal year. Therefore, half of the amount (281 million yen) is charged to Other Income in this interim fiscal year.

#### (D) Reserve for retirement and severance benefits for directors

The reserve for retirement and severance benefits for directors is calculated with an estimated amount to be paid at the end of interim fiscal year, based on the Company's internal rules.

### 4. Translation basis of assets and/or liabilities denominated in foreign currencies

Receivables and/or payables denominated in foreign currency are translated into Japanese yen at the exchange rates in effect at the balance sheet for assets and liabilities. Exchange gains or losses are charged to income.

### 5. Lease transactions

Except for leases for which the ownership will transfer to the lessee, lease transactions are treated as the operating lease transactions.

### 6. Consumption tax

The consumption tax and the provincial consumption tax are recorded as asset / liability when it's received / paid.

## ADDITIONAL INFORMATION

### Accounting for reserve for employee retirement and severance benefits

From this interim period, the Company adopted the Financial Accounting Standard on Retirement and Severance Benefits ("Views on Establishment of Accounting Standards for Retirement Benefits," issued by the Business Accounting Deliberation Council on June 16, 1998). The effect on the consolidated financial statements of this application is minor. Accrued charge of the past service under approved pension scheme is included in reserve for employee retirement and severance benefits.

### Accounting for financial instruments

From this interim period, the Company adopted the Financial Accounting Standard on Financial Instruments ("Views on Establishment of Accounting Standards for Retirement Benefits," issued by the Business Accounting Deliberation Council on January 22, 1999). At the beginning of the period, the Company examined its securities holdings. Bonds redeemable within one year in held-to-maturity bonds are listed as Marketable Securities under Current Assets. Other securities are listed as Investment in Securities. As a result of the accounting change, Marketable Securities under Current Assets declined 572 million yen, while Investment in Securities rose the same amount.

### Financial Accounting Standard on foreign currency transactions

From this interim period, the Company adopted the Financial Accounting Standard on foreign currency transactions ("Views on Revision of Accounting Standards on Accounting Standards on Foreign Currency Transactions, etc." issued by the Business Accounting Deliberation Council on October 22, 1999). The effect on the financial statements of this application is minor. In addition, Translation Adjustments, listed under Assets in fiscal 2000, is now included in Shareholders' Equity and Minority Interests.

## NOTES TO SIX-MONTHS NON-CONSOLIDATED FINANCIAL STATEMENTS

### Balance sheets information;

	Sept. 30 1999	Sept. 30 2000	Yen in Millions Mar. 31 2000
1 Accumulated depreciation of tangible assets	19,139	<b>20,523</b>	19,662
2 Guaranteed liabilities	290	<b>242</b>	261
<i>&lt;DM in thousands&gt;</i>	<i>&lt;DM 5,000&gt;</i>	<i>&lt;DM 5,000&gt;</i>	<i>&lt;DM 5,000&gt;</i>

## SIGNIFICANT SUBSEQUENT EVENTS

Not applicable

**CONSOLIDATED ACTUAL SALES UNITS, NUMBER OF NEW TITLES  
AND SALES AMOUNT**

	Sales Units in Ten Thousands Number of New Titles Released			Yen in a Hundred Millions		
	Sales Units			Sales Amount		
	Mar. 31, 2000	Sept. 30, 2000	Life-to-Date	Mar. 31, 2000	Sept. 30, 2000	
	twelve months	six months		twelve months	six months	
<b>Domestic</b>						
NINTENDO 64	Hardware	94	6	536	102	7
	Software	810	375	3,523	333	167
	Title	47	15	182		
GAME BOY	Hardware	418	139	2,953	205	70
	Software	1,938	543	13,952	403	98
	Title	169	79	1,068		
Others					193	57
Sub-Total					1,238	400
<b>Overseas</b>						
NINTENDO 64	Hardware	555	73	2,501	602	77
	Software	4,856	1,050	15,962	1,385	349
	Title	107	27	258		
GAME BOY	Hardware	1,327	877	7,549	921	544
	Software	4,833	2,289	26,628	814	357
	Title	159	73	735		
Others					343	176
Sub-Total					4,067	1,505
<b>Total</b>						
NINTENDO 64	Hardware	649	80	3,037	704	84
	Software	5,666	1,425	19,485	1,719	517
GAME BOY	Hardware	1,745	1,016	10,503	1,127	615
	Software	6,771	2,832	40,580	1,217	455
Others					537	233
Total					5,306	1,906

(Notes) Overseas titles include solely new titles in the United States market.

Domestic titles of "GAME BOY" include titles of "NINTENDO POWER".