



Nintendo Co., Ltd.  
11-1 Kamitoba hokotate-cho,  
Minami-ku, Kyoto 601-8501  
Japan

## CONSOLIDATED FINANCIAL STATEMENTS

Nintendo Co., Ltd. and Consolidated Subsidiaries

### FINANCIAL HIGHLIGHTS

Six months ended September 30, 2002 and 2003, and year ended March 31, 2003

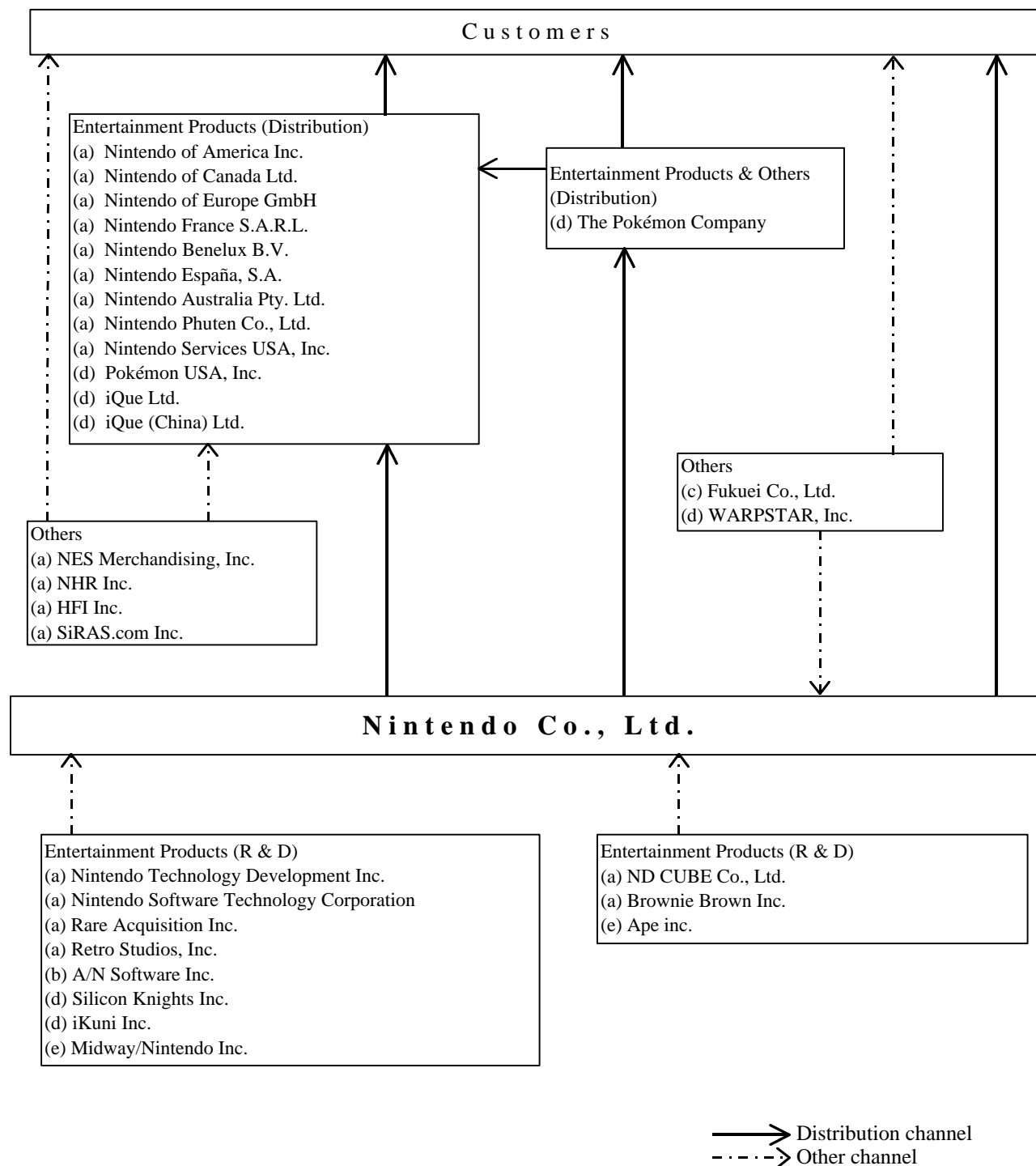
The amounts presented herein are rounded down under one million yen except as otherwise denominated.

Numbers in parentheses are negative.

	Sept. 30 2002	<b>Sept. 30</b> <b>2003</b>	Yen in Millions Mar. 31 2003
<b>Net sales</b>	208,002	<b>211,382</b>	504,135
Percentage change from previous half year	(7.8%)	1.6%	
<b>Operating income</b>	27,924	<b>28,771</b>	100,120
Percentage change from previous half year	(45.5%)	3.0%	
<b>Income (loss) before income taxes and extraordinary items</b>	8,416	<b>(5,849)</b>	95,040
Percentage change from previous half year	(83.7%)	-	
<b>Net income (loss)</b>	18,974	<b>(2,885)</b>	67,267
Percentage change from previous half year	(44.8%)	-	
<b>Net income (loss) per share</b>	¥133.95	<b>(¥21.57)</b>	¥482.15
<hr/>			
<b>Financial position</b>			
Total assets (1)	1,161,847	<b>1,017,651</b>	1,085,519
Shareholders' equity (2)	934,675	<b>867,957</b>	890,369
Ratio of net worth to total assets (2) / (1)	80.4%	<b>85.3%</b>	82.0%
Shareholders' equity per share	¥6,598.18	<b>¥6,492.47</b>	¥6,626.74
<hr/>			
<b>Cash flows</b>			
Cash flows from operating activities	(56,539)	<b>1,662</b>	(23,557)
Cash flows from investing activities	13,174	<b>(36,176)</b>	36,088
Cash flows from financing activities	(11,379)	<b>(14,719)</b>	(102,620)
Cash and cash equivalents - Ending	778,597	<b>660,091</b>	748,600
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<b>Scope of consolidation and equity method application</b>			
Consolidated subsidiaries			19
( of which, newly added ... 0    excluded ... 0 )			
Non-consolidated subsidiary with equity method applied			1
Affiliates with equity method applied			7
( of which, newly added ... 1    excluded ... 1 )			

## COMPANY GROUP INFORMATION

Nintendo Co., Ltd. ("the Company") and its related companies, which are composed of the Company, twenty-one subsidiaries, and nine affiliates as of September 30, 2003, operate manufacturing and distribution 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 -----	19
(b) Non-consolidated subsidiary with equity method applied -----	1
(c) Non-consolidated subsidiary with equity method non-applied -----	1
(d) Affiliates with equity method applied -----	7
(e) Affiliates with equity method non-applied -----	2

## **MANAGEMENT POLICY**

### 1. Basic management policy

Nintendo Co., Ltd. (“the Company”) and its consolidated subsidiaries (together with the Company, “Nintendo”) strive to create new and unique hardware systems and interactive video games, in both the home entertainment and handheld gaming environments while maintaining a robust business structure. Nintendo seeks to provide consumers with a “world of entertainment”, which is both innovative and fun with creative elements they have never experienced.

### 2. Basic policy of profit distribution

It is the Company's basic policy to internally provide the capital necessary to fund future growth, including capital investments, and to maintain a strong and liquid financial position while taking into consideration the possibility of changes in the business environment and the threat of intensified competition. From our shareholders' perspective, it is our policy to keep the level of dividends stable for a long period of time.

Retained earnings are maintained for research of new technology and development of new products, capital investments, reinforcement of sales systems, and the possibility of a common stock buyback.

### 3. View and policy of stock trading unit reduction

To assist new investors and to make the Company's common stocks more widely available, the Company changed the number of stock trading units from 1,000 shares to 100 shares in 1991. A further reduction of stock trading units would require a significant amount of cost and will require in-depth consideration from cost-effectiveness and stock liquidity viewpoints.

### 4. Targeted management index

In the video game industry, it is essential to provide new and entertaining products consistently. Upon accomplishing this, the Company aims to improve its corporate value by sustaining robust growth and increasing profit.

Because the Company deals with entertainment products, which by nature hold many uncertainties in terms of development, and operates amid intense competition, flexible business decisions are made without being constrained by any specific management index.

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

It has been twenty years since Nintendo's "Family Computer System" was first introduced in Japan. Today, it has become significantly more difficult than before to develop software that can satisfy demanding users around the world. Nintendo will go back to the basics by developing software which is easily accessible to anyone even without prior experience or knowledge and, at the same time, which includes profound game plays so that all players, regardless of their game skills, can play to their heart's content. To achieve that goal, Nintendo will (1) utilize the wide variety of franchise characters and excellence in development built up over the years, (2) create new concepts of game play based on the idea of connecting the home entertainment console and the handheld system, (3) strengthen the R&D framework by collaborating with third party developers, (4) seek out new talent through the Nintendo Game Seminar, (5) create more unique products that simply cannot be characterized as extensions of previous concepts, and (6) communicate directly with our customers through new methods such as "club.nintendo".

In addition, a new Chinese business model has been launched in order to increase future revenue.

## 6. Corporate governance

### (1) Basic perspective on corporate governance

The Company must be governed continuously for the long term in a manner that will maximize corporate value, and at the same time, take into consideration not only the shareholders' best interests but also the interests of other entities such as customers, business partners, employees, local communities, and other stakeholders.

The Company will strive to establish and/or make enhancements to corporate ethics and the corporate governance system for higher transparency and soundness.

### (2) Implemented measures

The Board of Directors serves as a decision making body for important matters concerning management policies, the Management Committee serves as a body to perform operations, and the Board of Auditors serves as an auditing organization. Currently, thirteen directors and five auditors are in office.

The Company engages in a software driven software-hardware combined business that carries unique characteristics. The present system serves the Company more favorably in terms of business expansion.

In order for the company to quickly respond to changes in the business environment, the term of duty for directors has been cut down from 2 years to 1 year as specified in the articles of incorporation, dated June, 2000. As of May, 2002, the Management Committee which is made up of six representative directors has been established, enabling swift decision making.

With regard to the Company, one independent outside auditor has been appointed during this period, making the total of independent outside auditors three. Their duty is to audit directors' duty performance. The Audit Office is established to assist and support audit operations.

In terms of internal auditing, an Internal Auditing Department is established directly under the president's jurisdiction. It validates the adequacy and effectiveness of the internal management framework of the Company's departments and its consolidated subsidiaries, advises or proposes measures to improve or correct any significant problems that may arise, from a fair and unbiased standpoint that is independent from the operating division. In addition, it adequately accesses the state of improvement as well as audit the outcome of results.

Significant legal issues and events concerning compliance are consulted with lawyers or other professionals in order to conduct necessary review. Furthermore, in addition to ordinary auditing, significant accounting issues are consulted and reviewed with accounting auditors when necessary.

As part of risk management, the Compliance Program, an action guideline is enacted, and the Compliance Committee, an all-hands on organization with the general manager of the General Affairs Division as chairperson, has been established. The Compliance Hotline system has been established for the purpose of detecting internal corruption at an early stage and taking necessary correctional action, and furthermore, nurturing a corporate culture in which internal corruption will not be tolerated. In order to increase consciousness of compliance, professionals in the field are invited from outside the company as lecturers to hold company seminars.

## **OPERATING RESULTS**

### 1. Review of operations

During the six-month period ended September 30, 2003, the business environment in Japan showed some signs of recovery as corporate revenue increased and the stock market showed positive signs of an upturn. However, the economy did not reach the point of entering into an all out recovery phase due to the ongoing high unemployment rate and low consumer spending. In contrast, the U.S. economy began a steady recovery following the confrontation in Iraq. Strong consumer spending was supported by major tax cuts, low interest rates, and recovery of stock prices. In Europe, along with the appreciated Euro, record high temperatures throughout the continent had a negative impact on consumer sales causing the economic downward trend to continue.

During the six-month period, the handheld market expanded in both the hardware and software sectors. As for the console market, hardware sales started to decline as the market began to saturate. With respect to software sales, domestically, there was no sign of a halt to the shrinking software market. Sales in the overseas market increased, though cultural preferences concentrated sales only around sports games and movie-related software titles. Fewer games have the potential of offering new excitement that appeals to people all over the world regardless of culture, age, or sex. Furthermore, price competition has become intense around the globe, leaving the video game business environment in yet another crucial situation.

Under such circumstances, Nintendo has continued to introduce new gaming ideas under the theme “connectivity” by utilizing its home entertainment console NINTENDO GAMECUBE and handheld system GAME BOY ADVANCE, as well as developing software which is easily accessible to anyone around the world.

As a result, consolidated net sales for the six-month period ended September 30, 2003 were 211.3 billion yen, including overseas sales of 156.4 billion yen, which accounted for 74.0% of total sales. Loss before income taxes and extraordinary items was 5.8 billion yen resulting from 40.3 billion yen in foreign exchange loss. Net loss was 2.8 billion yen.

With respect to sales by business category, in the electronic entertainment products division, the GAME BOY software title “Pocket Monsters Ruby & Sapphire” which was released in Europe in July (previously released in the Japanese and the U.S. markets) showed strong sales since its launch. The game became a huge hit reaching cumulative worldwide sales of 10 million units. In Japan, “Made in Wario (Warioware Inc.)” enjoyed lasting success as it was well accepted by a wide range of users for its simplicity and instant fun. As a result, hardware sales expanded mainly around the high grade handheld system GAME BOY ADVANCE SP which was released worldwide during the previous period.

As for console related products, amid intense competition, GAME BOY PLAYER, which allows GAME BOY software to be played on the TV screen, was bundled with the NINTENDO GAMECUBE and distributed with no price change as a means to strengthen sales promotion. While some success was achieved during the summer, sales did not expand as anticipated, therefore, after late September, a worldwide reduction to a more appealing price point was initiated to promote sales.

Total net sales in the electronic entertainment products division were 210.3 billion yen, while sales in the other products division (playing cards, karuta, etc.) were 1.0 billion yen.

With respect to geographic segment information, sales in Japan were 173.2 billion yen including inter-segment sales of 115.2 billion yen. Operating income was 30.5 billion yen. Sales in the Americas were 101.8 billion yen including inter-segment sales of 0.9 billion yen. Operating income was 3.0 billion yen. Sales in Europe were 48.7 billion yen including inter-segment sales of 0.0 billion yen. Operating income was 1.0 billion yen.

During the six-month period ended September 30, 2003, the Company bought back 645,200 shares of treasury stocks worth 5.3 billion yen.

## 2. Annual Outlook

In the future, “who can acquire the most limited free time of the users” will not just be a matter within the video game industry, but will be a matter concerning other various forms of entertainment. Expansion of the market cannot be hoped for just by pursuing complexity and realistic representation in games.

Under such circumstances, Nintendo will strive to fulfill the expectations of existing users as well as open the door to new users with continuous effort in development and distribution of software which is easily accessible to anyone, based on the Company's medium and long term management strategy and challenges. In addition, “club.nintendo”, an online member's club has been introduced in Japan in October. The aim is to more effectively communicate sales promotion activities directly to users.

## **FINANCIAL POSITION**

Total assets decreased by 67.8 billion yen compared to the previous fiscal year-end due to a decrease in inventory and a decrease in deposits resulting from payment of income taxes and revaluation of foreign currencies. Total liabilities decreased by 45.4 billion yen compared to the previous fiscal year-end due to payment of income taxes and disbursements of notes payable and accounts payable. Shareholders' equity decreased by 22.4 billion yen compared to the previous fiscal year-end due to profit appropriation and buyback of treasury stocks.

The net increase (decrease) of Cash and cash equivalents (collectively, Cash) and the contributing factors during six-month ended September 30, 2003 are as follows:

Cash flows from operating activities:

Net Cash provided by operating activities was 1.6 billion yen (56.5 billion yen used in the previous semi-annual fiscal period). Since the effect of exchange rate changes on Cash was not included and increase factors such as the decrease in inventory exceeded decrease factors such as the decrease in note and trade accounts payable and payment of income taxes, the overall Cash amount was an increase.

Cash flows from investing activities:

Net Cash used in investing activities was 36.1 billion yen (13.1 billion yen provided by in the previous semi-annual fiscal period). Deposits made to time deposits were factors of the decrease.

Cash flows from financing activities:

Net Cash used in financing activities was 14.7 billion yen (11.3 billion yen in the previous semi-annual fiscal year). Dividend payout and buyback of treasury stocks caused the overall decrease.

	Year ended Mar., 2000	Year ended Mar., 2001	Year ended Mar., 2002	Year ended Mar., 2003	<b>Six-month period ended Sep., 2003</b>
Ratio of net worth to total assets	81.2	78.1	80.8	82.0	<b>85.3</b>
Ratio of total market value of stocks to total assets	274.0	271.9	240.8	118.8	<b>123.0</b>

[Notes] \*Percentage figures are calculated on a consolidated basis.

\*Total market value of stocks is calculated by multiplying closing price at the end of the period and number of outstanding stocks (excluding treasury stock) at the end of the period.

\*Since there is no balance in interest-bearing debts, the period of debt redemption [ratio of interest-bearing debts to net cash provided by (used in) operating activities] is not listed above.

In addition, since the amount of interest payment is small, the interest coverage ratio [ratio of net cash provided by (used in) operating activities to interest payment] is not listed above.



**CONSOLIDATED BALANCE SHEETS**

As of September 30, 2002 and 2003, and March 31, 2003

Yen in Millions

	Sept. 30 2002		Sept. 30 2003		Mar. 31 2003
[Assets]					
<b>Current assets:</b>		%		%	
Cash and deposits -----	797,969		<b>696,242</b>		748,650
Notes and trade accounts receivable -----	69,798		<b>45,453</b>		49,085
Marketable securities -----	12,839		<b>1,535</b>		8,266
Inventories -----	100,021		<b>83,362</b>		104,524
Deferred income taxes -----	34,265		<b>37,781</b>		31,158
Other current assets -----	34,509		<b>34,844</b>		33,088
Allowance for doubtful accounts -----	(5,907)		<b>(4,214)</b>		(5,463)
	1,043,495	89.8	<b>895,005</b>	<b>87.9</b>	969,309 89.3
<b>Fixed assets:</b>					
Property, plant and equipment					
Buildings and structures -----	22,916		<b>21,200</b>		21,959
Land -----	33,229		<b>32,616</b>		33,134
Other property, plant and equipment -----	4,935		<b>3,853</b>		4,275
	61,081	5.3	<b>57,670</b>	<b>5.7</b>	59,369 5.5
Intangible assets -----	207	0.0	<b>232</b>	<b>0.0</b>	225 0.0
Investments and other assets					
Investments in securities -----	39,109		<b>50,567</b>		38,551
Deferred income taxes -----	12,502		<b>12,128</b>		14,712
Other investments and other assets -----	5,526		<b>2,104</b>		3,407
Allowance for doubtful accounts -----	(75)		<b>(56)</b>		(55)
	57,062	4.9	<b>64,743</b>	<b>6.4</b>	56,616 5.2
	118,351	10.2	<b>122,646</b>	<b>12.1</b>	116,210 10.7
<b>Total</b> -----	<b>1,161,847</b>	<b>100.0</b>	<b>1,017,651</b>	<b>100.0</b>	<b>1,085,519</b> 100.0

As of September 30, 2002 and 2003, and March 31, 2003

Yen in Millions

	Sept. 30 2002		Sept. 30 2003		Mar. 31 2003	
[Liabilities]						
<b>Current liabilities:</b>		%		%		%
Notes and trade accounts payable -----	137,195		<b>77,706</b>		96,475	
Accrued income taxes -----	13,681		<b>12,829</b>		38,913	
Reserve for bonuses -----	1,557		<b>1,601</b>		1,672	
Other current liabilities -----	68,119		<b>49,185</b>		48,988	
	220,553	19.0	<b>141,322</b>	<b>13.9</b>	186,050	17.2
<b>Non-current liabilities:</b>						
Non-current accounts payable -----	275		<b>125</b>		135	
Reserve for employee retirement and severance benefits -----	4,661		<b>6,434</b>		7,070	
Reserve for directors retirement and severance benefits -----	1,669		<b>1,638</b>		1,740	
	6,605	0.6	<b>8,197</b>	<b>0.8</b>	8,946	0.8
<b>Total liabilities</b> -----	227,159	19.6	<b>149,520</b>	<b>14.7</b>	194,996	18.0
[Minority interests]						
Minority interests -----	11	0.0	<b>174</b>	<b>0.0</b>	153	0.0
[Shareholders' equity]						
Common stock -----	10,065	0.8	<b>10,065</b>	<b>1.0</b>	10,065	0.9
Additional paid-in capital -----	11,584	1.0	<b>11,584</b>	<b>1.1</b>	11,584	1.1
Retained earnings -----	912,204	78.5	<b>937,803</b>	<b>92.2</b>	950,262	87.5
Unrealized gains on other securities -----	3,333	0.3	<b>5,458</b>	<b>0.5</b>	2,254	0.2
Translation adjustments -----	(2,267)	(0.2)	<b>(10,078)</b>	<b>(1.0)</b>	(2,275)	(0.2)
Treasury stock, at cost -----	(245)	(0.0)	<b>(86,875)</b>	<b>(8.5)</b>	(81,521)	(7.5)
<b>Total shareholders' equity</b> -----	934,675	80.4	<b>867,957</b>	<b>85.3</b>	890,369	82.0
<b>Total</b> -----	1,161,847	100.0	<b>1,017,651</b>	<b>100.0</b>	1,085,519	100.0

**CONSOLIDATED STATEMENTS OF INCOME**

Six months ended September 30, 2002 and 2003, and year ended March 31, 2003

Yen in Millions

	Sept. 30 2002		Sept. 30 2003		Mar. 31 2003	
		%		%		%
Net sales -----	208,002	100.0	<b>211,382</b>	<b>100.0</b>	504,135	100.0
Cost of sales -----	141,879	68.2	<b>135,722</b>	<b>64.2</b>	308,525	61.2
<b>Gross margin</b> -----	<b>66,123</b>	<b>31.8</b>	<b>75,659</b>	<b>35.8</b>	<b>195,609</b>	<b>38.8</b>
Selling general and administrative expenses -----	38,199	18.4	<b>46,888</b>	<b>22.2</b>	95,488	18.9
<b>Operating income</b> -----	<b>27,924</b>	<b>13.4</b>	<b>28,771</b>	<b>13.6</b>	<b>100,120</b>	<b>19.9</b>
Other income						
Interest income -----	8,756		<b>4,724</b>		15,942	
Other -----	1,221		<b>1,209</b>		2,340	
Total other income -----	9,977	4.8	<b>5,934</b>	<b>2.8</b>	18,283	3.6
Other expenses						
Sales discount -----	96		<b>182</b>		387	
Equity in losses of non-consolidated subsidiary and affiliates -----	223		<b>14</b>		77	
Foreign exchange loss -----	29,105		<b>40,303</b>		22,620	
Other -----	60		<b>54</b>		278	
Total other expenses -----	29,484	14.2	<b>40,555</b>	<b>19.2</b>	23,363	4.6
<b>Income (loss) before income taxes and extraordinary items</b> -----	<b>8,416</b>	<b>4.0</b>	<b>(5,849)</b>	<b>(2.8)</b>	<b>95,040</b>	<b>18.9</b>
Extraordinary income -----	19,248	9.3	<b>2,378</b>	<b>1.1</b>	19,218	3.8
Extraordinary loss -----	186	0.1	<b>68</b>	<b>0.0</b>	943	0.2
<b>Income (loss) before income taxes and minority interests</b> -----	<b>27,478</b>	<b>13.2</b>	<b>(3,539)</b>	<b>(1.7)</b>	<b>113,315</b>	<b>22.5</b>
Provision for income taxes and enterprise taxes -----	9,180	4.4	<b>6,549</b>	<b>3.1</b>	45,018	9.0
Income taxes deferred -----	(598)	(0.3)	<b>(7,224)</b>	<b>(3.4)</b>	954	0.2
Minority interests -----	(78)	(0.0)	<b>20</b>	<b>0.0</b>	74	0.0
<b>Net income (loss)</b> -----	<b>18,974</b>	<b>9.1</b>	<b>(2,885)</b>	<b>(1.4)</b>	<b>67,267</b>	<b>13.3</b>

**CONSOLIDATED STATEMENTS OF SURPLUS**

Six months ended September 30, 2002 and 2003, and year ended March 31, 2003

Yen in Millions

	Sept. 30 2002	<b>Sept. 30 2003</b>	Mar. 31 2003
<b>(Additional paid-in capital)</b>			
<b>Additional paid-in capital - Beginning</b> -----	11,584	<b>11,584</b>	11,584
<b>Additional paid-in capital - Ending</b> -----	11,584	<b>11,584</b>	11,584
<b>(Retained earnings)</b>			
<b>Retained earnings - Beginning</b> -----	904,732	<b>950,262</b>	904,732
<b>Increase</b>			
Net income -----	18,974	-	67,267
Total increase -----	18,974	-	67,267
<b>Decrease</b>			
Cash dividends -----	11,332	<b>9,403</b>	21,248
Directors' bonuses -----	170	<b>170</b>	170
Loss on disposal of treasury stock -----	-	<b>0</b>	-
Net loss -----	-	<b>2,885</b>	-
Decrease in retained earnings due to exclusion of affiliates with equity method applied ----	-	-	318
Total decrease -----	11,502	<b>12,459</b>	21,737
<b>Retained earnings - Ending</b> -----	912,204	<b>937,803</b>	950,262

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Six months ended September 30, 2002 and 2003, and year ended March 31, 2003

	Sept. 30 2002	Sept. 30 2003	Yen in Millions Mar. 31 2003
<b>Cash flows from operating activities:</b>			
Income (loss) before income taxes and minority interests -----	27,478	<b>(3,539)</b>	113,315
Depreciation and amortization -----	2,315	<b>1,612</b>	4,712
Increase (decrease) in allowance for doubtful accounts -----	282	<b>(925)</b>	105
Interest and dividends income -----	(8,958)	<b>(4,985)</b>	(16,352)
Interest expenses -----	1	<b>0</b>	1
Foreign exchange loss (gain) -----	27,782	<b>38,515</b>	20,225
Unrealized loss on investments in securities -----	143	<b>27</b>	864
Equity in losses of non-consolidated subsidiary and affiliates ---	223	<b>14</b>	77
Gain on sales of investments in affiliates -----	(19,177)	-	(19,082)
Decrease (increase) in notes and trade accounts receivable -----	(24,773)	<b>(35)</b>	(4,841)
Decrease (increase) in inventories -----	(56,566)	<b>17,627</b>	(58,671)
Increase (decrease) in notes and trade accounts payable -----	15,119	<b>(21,281)</b>	(15,445)
Increase (decrease) in consumption taxes payable -----	589	<b>(490)</b>	592
Directors' bonuses paid -----	(170)	<b>(170)</b>	(170)
Other, net -----	(4,805)	<b>1,348</b>	(28,854)
Sub-total	(40,514)	<b>27,718</b>	(3,520)
Interest and dividends received -----	8,838	<b>5,034</b>	16,500
Interest paid -----	(1)	<b>(0)</b>	(1)
Income taxes paid -----	(24,861)	<b>(31,090)</b>	(36,536)
Net cash provided by (used in) operating activities	(56,539)	<b>1,662</b>	(23,557)
<b>Cash flows from investing activities:</b>			
Increase in time deposits -----	(27,588)	<b>(38,307)</b>	(161,848)
Decrease in time deposits -----	37,265	-	190,693
Payments for acquisition of marketable securities -----	(25,493)	<b>(2,927)</b>	(37,300)
Proceeds from sale of marketable securities -----	22,220	<b>9,432</b>	38,535
Payments for acquisition of property, plant and equipment -----	(1,545)	<b>(817)</b>	(2,138)
Proceeds from sale of property, plant and equipment -----	347	<b>1,469</b>	364
Payments for investments in securities -----	(17,000)	<b>(6,502)</b>	(17,527)
Proceeds from investments in securities -----	8,659	<b>13</b>	8,659
Sales of business entities -----	17,463	<b>1,052</b>	17,265
Other, net -----	(1,153)	<b>410</b>	(614)
Net cash provided by (used in) investing activities	13,174	<b>(36,176)</b>	36,088
<b>Cash flows from financing activities:</b>			
Payments for acquisition of treasury stock -----	(50)	<b>(5,326)</b>	(81,387)
Cash dividends paid -----	(11,329)	<b>(9,396)</b>	(21,232)
Other, net -----	-	<b>2</b>	-
Net cash provided by (used in) financing activities	(11,379)	<b>(14,719)</b>	(102,620)
<b>Effect of exchange rate changes on cash and cash equivalents</b> -----	(29,774)	<b>(39,274)</b>	(24,206)
<b>Net increase (decrease) of cash and cash equivalents --</b>	(84,519)	<b>(88,508)</b>	(114,295)
<b>Cash and cash equivalents - Beginning</b> -----	863,116	<b>748,600</b>	863,116
<b>Decrease in cash and cash equivalents due to change in scope of consolidation</b> -----	-	-	(220)
<b>Cash and cash equivalents - Ending</b> -----	778,597	<b>660,091</b>	748,600

## **BASIS OF CONSOLIDATED FINANCIAL STATEMENTS**

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

Consolidated subsidiaries	19	Nintendo of America Inc. Nintendo of Canada Ltd. Nintendo España, S.A. Rare Acquisition Inc. Nintendo Technology Development Inc. SiRAS.com Inc. ND CUBE Co., Ltd.	NES Merchandising, Inc. Nintendo of Europe GmbH Nintendo Benelux B.V. Nintendo Phuten Co., Ltd. Nintendo Software Technology Corporation Nintendo Services USA, Inc. Brownie Brown Inc.	NHR Inc. Nintendo France S.A.R.L. Nintendo Australia Pty. Ltd. Retro Studios, Inc.	HFI Inc.
Non-consolidated subsidiaries	2	Fukuei Co., Ltd.	A/N Software Inc.	Above two subsidiaries are both small in size and are excluded from consolidation as they do not have a significant impact on the consolidated financial statements in respect of combined assets, sales, net profit, and retained earnings.	

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

Non-consolidated subsidiary with equity method applied	1	A/N Software Inc.			
Affiliates with equity method applied	7	The Pokémon Company iKuni Inc. iQue (China) Ltd.	WARPSTAR, Inc. Pokémon USA, Inc.	Silicon Knights Inc. iQue Ltd.	

iQue (China) Ltd. which was established during the previous fiscal year is included within the scope of equity method affiliates because it has begun operating as of this consolidated accounting period. Marigul Management Inc., because of liquidation, is excluded from the scope of equity method affiliates.

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

### **3. Semi-annual consolidated accounting period**

Although six-month periods of Nintendo Phuten Co., Ltd. and Retro Studios, Inc. end on June 30, which are different from consolidated six-month end, their financial statements through that period are used for consolidation as the variance of six-month end are within three months (so-called three month rule applied). Important transactions between their six-month end and September 30 are reconciled for consolidation.

### **4. Accounting policies**

(1) A valuation basis and method of important assets

(A) Securities

Held-to-maturity bonds	Amortized cost method (by straight-line 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

(B) Derivatives

Market price method

(C) Inventories

Lower of cost, determined by the moving average method, or market

- (2) Depreciation method for fixed assets
- (A) Tangible assets
- The Company and its domestic consolidated subsidiaries Declining balance method (Some equipment are depreciated over economic useful lives.)  
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  
Estimated useful lives of the principal assets:  
Buildings and structures: 3 to 60 years
- (B) Intangible assets Straight-line method  
As for software for the in-house use, straight-line method based on usable period (mainly five years) is applied.
- (3) Allowance and reserve
- (A) Allowance for doubtful accounts  
The Company and its domestic consolidated subsidiaries are calculating the allowance for general accounts receivables with actual percentage of credit losses to provide against losses on bad debts, as well as calculating the allowance for each doubtful account with an estimated amount of probable bad debts. Overseas consolidated subsidiaries are calculating the allowance for each doubtful account with an estimated amount of probable bad debts.
- (B) Reserve for bonuses  
The Company is calculating the reserve for bonuses with estimated prorated amounts to be paid.
- (C) Reserve for employee retirement and severance benefits  
The Company and certain consolidated subsidiaries are calculating the reserve for employee retirement and severance benefits with actuarially calculated amounts at the end of the six month period, on the basis of the cost of retirement benefits and plan assets at the end of the fiscal year.
- (D) Reserve for directors retirement and severance benefits  
The Company is calculating the reserve for directors retirement and severance benefits with estimated amounts to be paid at the end of this six month period, 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 currencies are translated into Japanese yen by the spot exchange rates at the end of semi-annual fiscal year. Exchange gains or losses are charged to income. With respect to financial statements of overseas consolidated 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 semi-annual fiscal year are used for translation of revenue and expenses. The difference resulting from translation in this manner are shown as Minority Interests and Translation Adjustments in Shareholders' equity.
- (5) Lease transactions  
Finance leases that are deemed to transfer ownership of the leased assets to lessees are to be capitalized, while other finance leases are accounted for as operating lease transactions. Other finance leases are disclosed in the notes to Lease transactions information.
- (6) Consumption tax  
The consumption tax and the provincial consumption tax are recorded as asset / liability when they are paid / received.

##### **5. Funds in consolidated statements of cash flows**

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

**NOTES**

**Consolidated balance sheets information;**

	Sept. 30 2002	Sept. 30 2003	Yen in Millions Mar. 31 2003
Accumulated depreciation of tangible assets	33,302	<b>35,679</b>	34,988

**Consolidated statements of cash flows information;**

Reconciliation between cash and cash equivalents - ending and the amount shown on consolidated balance sheets

	Sept. 30 2002	Sept. 30 2003	Yen in Millions Mar. 31 2003
Cash and deposits account	797,969	<b>696,242</b>	748,650
Time deposits (over 3 months)	(19,372)	<b>(36,150)</b>	(50)
Cash and cash equivalents - Ending	778,597	<b>660,091</b>	748,600

**Lease transaction information;**

**1. Finance lease**

Pro forma information of leased assets under finance leases that do not transfer ownership of the leased assets to the lessee on an "as if capitalized" basis is as follows:

	Sept. 30 2002	Sept. 30 2003	Yen in Millions Mar. 31 2003
<b>(1) Acquisition cost and accumulated depreciation</b>			
Acquisition cost	771	<b>790</b>	1,033
Accumulated depreciation	467	<b>398</b>	578
Net leased assets	304	<b>392</b>	454
<b>(2) Obligations under finance leases</b>			
Due within one year	198	<b>200</b>	236
Due after one year	105	<b>192</b>	217
Total	304	<b>392</b>	454
<b>(3) Lease payments and depreciation expense</b>			
Lease payments	115	<b>153</b>	268
Depreciation expense	115	<b>153</b>	268

**(4) Calculation method of depreciation expense**

Straight-line method over lease period, with zero residual value.

**2. Operating lease**

The minimum rental commitments under noncancelable operating leases as of the end of each period are as follows:

Due within one year	540	<b>511</b>	621
Due after one year	3,976	<b>3,814</b>	4,335
Total	4,517	<b>4,325</b>	4,956



## **SEGMENT INFORMATION**

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

Because the company operates predominantly in one industry segment which is accounted for over 90% of total sales, operating income, this information is not applicable to our business.

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

Yen in Millions

<b><u>Six months ended Sept 30, 2002</u></b>	Domestic	The Americas	Europe	Other	Total	Eliminations or unallocated assets	Consolidated
Net sales and operating income							
Net sales							
(1) Sales to third parties	37,836	100,946	66,027	3,192	208,002	-	208,002
(2) Inter segment sales	186,147	269	17	-	186,435	(186,435)	-
Total	223,984	101,215	66,045	3,192	394,438	(186,435)	208,002
Cost of sales and selling, general and administrative expenses	202,300	91,162	62,863	3,312	359,639	(179,560)	180,078
Operating income (loss)	21,684	10,053	3,181	(120)	34,798	(6,874)	27,924

<b><u>Six months ended Sept 30, 2003</u></b>	Domestic	The Americas	Europe	Other	Total	Eliminations or unallocated assets	Consolidated
Net sales and operating income							
Net sales							
(1) Sales to third parties	58,032	100,953	48,732	3,663	211,382	-	211,382
(2) Inter segment sales	115,253	900	0	-	116,154	(116,154)	-
Total	173,286	101,854	48,733	3,663	327,537	(116,154)	211,382
Cost of sales and selling, general and administrative expenses	142,706	98,840	47,653	3,645	292,845	(110,234)	182,611
Operating income	30,579	3,013	1,080	18	34,692	(5,920)	28,771

<b><u>Year ended March 31, 2003</u></b>	Domestic	The Americas	Europe	Other	Total	Eliminations or unallocated assets	Consolidated
Net sales and operating income							
Net sales							
(1) Sales to third parties	131,768	245,723	121,188	5,454	504,135	-	504,135
(2) Inter segment sales	350,911	2,397	19	-	353,328	(353,328)	-
Total	482,680	248,120	121,208	5,454	857,463	(353,328)	504,135
Cost of sales and selling, general and administrative expenses	396,929	237,662	120,997	5,885	761,474	(357,459)	404,014
Operating income (loss)	85,750	10,458	211	(431)	95,989	4,131	100,120

**3. Sales to overseas customers**

Yen in Millions

**Six months ended Sept 30, 2002**

	The Americas	Europe	Other	Total
Sales to overseas customers	101,440	66,029	5,312	172,782
Consolidated net sales				208,002
Percentage of sales to overseas customers to consolidated net sales	48.8%	31.7%	2.6%	83.1%

**Six months ended Sept 30, 2003**

	The Americas	Europe	Other	Total
Sales to overseas customers	101,444	48,736	6,293	156,475
Consolidated net sales				211,382
Percentage of sales to overseas customers to consolidated net sales	48.0%	23.0%	3.0%	74.0%

**Year ended March 31, 2003**

	The Americas	Europe	Other	Total
Sales to overseas customers	246,879	121,197	9,177	377,254
Consolidated net sales				504,135
Percentage of sales to overseas customers to consolidated net sales	49.0%	24.0%	1.8%	74.8%

## **SECURITIES INFORMATION**

As of September 30, 2002

Yen in Millions

### 1. Marketable other securities

	Acquisition Cost	Book Value	Difference
Stocks	13,721	19,287	5,566
Sub-Total	13,721	19,287	5,566

### 2. Contents and book value of major non-marketable securities

(1) Held-to-maturity bonds			
Commercial paper		12,839	
(2) Other securities			
Unlisted foreign bonds		6,000	
Preferred subscription certificate		11,000	

As of September 30, 2003

Yen in Millions

### 1. Marketable other securities

	Acquisition Cost	Book Value	Difference
Stocks	19,675	28,859	9,183
Sub-Total	19,675	28,859	9,183

### 2. Contents and book value of major non-marketable securities

(1) Held-to-maturity bonds			
Commercial paper		1,535	
(2) Other securities			
Unlisted foreign bonds		6,000	
Preferred subscription certificate		11,000	

As of March 31, 2003

Yen in Millions

### 1. Marketable other securities

	Acquisition Cost	Book Value	Difference
Stocks	13,172	16,654	3,482
Sub-Total	13,172	16,654	3,482

### 2. Contents and book value of major non-marketable securities

(1) Held-to-maturity bonds			
Commercial paper		8,266	
(2) Other securities			
Unlisted foreign bonds		6,000	
Preferred subscription certificate		11,000	

## **DERIVATIVE TRANSACTIONS INFORMATION**

The fair market value of transactions

Not applicable

**PRODUCTION, ORDER AND SALES INFORMATION**

Six months ended September 30, 2002 and 2003, and year ended March 31, 2003

Yen in Millions

**1. Production**

	Sept. 30 2002	Sept. 30 2003	Mar. 31 2003
<b>Electronic entertainment products</b>			
(Hardware)			
Handheld -----	62,324	<b>125,433</b>	128,902
Console -----	98,070	<b>2,487</b>	171,730
Others -----	18,438	<b>11,378</b>	39,156
	178,834	<b>139,298</b>	339,789
(Software)			
Handheld -----	48,397	<b>66,465</b>	129,830
Console -----	51,385	<b>32,252</b>	107,204
	99,783	<b>98,718</b>	237,034
Sub-Total	278,617	<b>238,017</b>	576,824
<b>Other products</b>	259	<b>586</b>	704
Total	278,876	<b>238,604</b>	577,528

**2. Order**

	Sept. 30 2002		Sept. 30 2003		Mar. 31 2003	
	Orders received	Orders in hand	Orders received	Orders in hand	Orders received	Orders in hand
<b>Electronic entertainment products</b>						
Handheld -----	33,560	13,044	<b>28,170</b>	<b>11,336</b>	55,133	2,802
Console -----	16,274	1,414	<b>9,819</b>	<b>1,911</b>	33,962	596
Total	49,834	14,459	<b>37,990</b>	<b>13,247</b>	89,096	3,398

**3. Sales**

	Sept. 30 2002	Sept. 30 2003	Mar. 31 2003
<b>Electronic entertainment products</b>			
(Hardware)			
Handheld -----	47,957	<b>89,304</b>	132,246
Console -----	48,375	<b>9,847</b>	101,554
Others -----	18,614	<b>23,640</b>	41,453
	114,947	<b>122,792</b>	275,254
(Software)			
Handheld -----	43,307	<b>59,210</b>	123,369
Console -----	46,703	<b>26,298</b>	99,325
Royalty income and content income -----	2,362	<b>1,744</b>	3,978
Others -----	29	<b>254</b>	476
	92,403	<b>87,508</b>	227,149
Sub-Total	207,351	<b>210,300</b>	502,404
<b>Other products</b>	651	<b>1,082</b>	1,730
Total	208,002	<b>211,382</b>	504,135

**Nintendo Co., Ltd.**

11-1 Kamitoba hokotate-cho,  
Minami-ku, Kyoto 601-8501  
Japan

**NON-CONSOLIDATED FINANCIAL STATEMENTS****FINANCIAL HIGHLIGHTS**

Six months ended September 30, 2002 and 2003, and year ended March 31, 2003

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

Numbers in parentheses are negative.

	Yen in Millions		
	Sept. 30 2002	<b>Sept. 30 2003</b>	Mar. 31 2003
<b>Net sales</b> -----	223,933	<b>172,891</b>	482,162
Percentage change from previous half year -----	22.6%	<b>(22.8%)</b>	
<b>Operating income</b> -----	21,769	<b>30,447</b>	85,578
Percentage change from previous half year -----	(32.0%)	<b>39.9%</b>	
<b>Income (loss) before income taxes and extraordinary items</b> -----	19,628	<b>(5,291)</b>	97,969
Percentage change from previous half year -----	(52.6%)	-	
<b>Net income (loss)</b> -----	16,464	<b>(2,922)</b>	61,157
Percentage change from previous half year -----	(45.8%)	-	
<b>Net income (loss) per share</b> -----	¥116.22	<b>(¥21.84)</b>	¥438.25
<b>Cash dividends per share</b>			
Interim -----	¥70.00	<b>¥70.00</b>	-
Annual -----	-	-	¥140.00
<b>Financial position</b>			
Total assets (1) -----	1,038,841	<b>898,925</b>	967,349
Shareholders' equity (2) -----	854,301	<b>792,077</b>	806,724
Ratio of net worth to total assets (2)/(1) -----	82.2%	<b>88.1%</b>	83.4%
Shareholders' equity per share -----	¥6,030.80	<b>¥5,924.88</b>	¥6,004.07

## [Notes]

Average number of shares issued and outstanding for the six months ended September 30, 2003 : 133,795,510 shares

Number of shares issued and outstanding as of September 30, 2003 (excluding treasury stock) : 133,686,793 shares

Number of treasury stocks as of September 30, 2003 : 7,982,207 shares

Stock trading unit : 100 shares

Change of accounting policies : None

**NON-CONSOLIDATED BALANCE SHEETS**

As of September 30, 2002 and 2003, and March 31, 2003

Yen in Millions

	Sept. 30 2002		Sept. 30 2003		Mar. 31 2003
[Assets]					
<b>Current assets:</b>		%		%	
Cash and deposits -----	701,972		<b>584,554</b>		662,810
Notes receivable -----	4,345		<b>1,341</b>		1,606
Trade accounts receivable -----	118,306		<b>60,798</b>		71,271
Inventories -----	24,866		<b>22,773</b>		18,578
Deferred income taxes -----	23,459		<b>27,105</b>		23,597
Other current assets -----	27,858		<b>54,847</b>		50,176
Allowance for doubtful accounts -----	(379)		<b>(205)</b>		(109)
	900,430	86.7	<b>751,215</b>	<b>83.6</b>	827,931
					85.6
<b>Fixed assets:</b>					
Property, plant and equipment					
Buildings -----	15,748		<b>14,697</b>		14,842
Land -----	25,596		<b>25,596</b>		25,596
Other property, plant and equipment -----	1,999		<b>1,608</b>		1,709
	43,344	4.2	<b>41,902</b>	<b>4.7</b>	42,147
					4.4
Intangible assets -----	142	0.0	<b>137</b>	<b>0.0</b>	136
					0.0
Investments and other assets					
Investments in securities -----	38,446		<b>48,306</b>		36,319
Investments in affiliates -----	39,925		<b>44,841</b>		44,319
Deferred income taxes -----	11,196		<b>10,546</b>		13,216
Other investments and other assets -----	10,340		<b>5,330</b>		8,629
Allowance for doubtful accounts -----	(4,984)		<b>(3,355)</b>		(5,350)
	94,924	9.1	<b>105,669</b>	<b>11.7</b>	97,134
					10.0
	138,411	13.3	<b>147,710</b>	<b>16.4</b>	139,418
					14.4
<b>Total</b> -----	<b>1,038,841</b>	<b>100.0</b>	<b>898,925</b>	<b>100.0</b>	<b>967,349</b>
					<b>100.0</b>

As of September 30, 2002 and 2003, and March 31, 2003

Yen in Millions

	Sept. 30 2002		Sept. 30 2003		Mar. 31 2003	
[Liabilities]						
<b>Current liabilities:</b>		%		%		%
Notes payable -----	20,682		<b>6,118</b>		6,922	
Trade accounts payable -----	114,218		<b>68,521</b>		84,920	
Other accounts payable -----	15,776		<b>12,113</b>		13,643	
Accrued income taxes -----	1,021		<b>2,724</b>		31,686	
Reserve for bonuses -----	1,557		<b>1,601</b>		1,672	
Other current liabilities -----	27,992		<b>10,770</b>		16,693	
	181,249	17.5	<b>101,850</b>	11.3	155,538	16.1
<b>Non-current liabilities:</b>						
Non-current accounts payable -----	275		<b>125</b>		135	
Reserve for employee retirement and severance benefits -----	1,345		<b>3,233</b>		3,211	
Reserve for directors retirement and severance benefits -----	1,669		<b>1,638</b>		1,740	
	3,290	0.3	<b>4,997</b>	0.6	5,086	0.5
<b>Total liabilities</b> -----	184,540	17.8	<b>106,848</b>	11.9	160,625	16.6
[Shareholders' equity]						
Common stock -----	10,065	1.0	<b>10,065</b>	1.1	10,065	1.0
Additional paid-in capital -----	11,584	1.1	<b>11,584</b>	1.3	11,584	1.2
Retained earnings -----	829,563	79.8	<b>851,845</b>	94.8	864,341	89.4
Legal reserve -----	2,516		<b>2,516</b>		2,516	
Optional reserve -----	560,050		<b>660,049</b>		560,050	
Unappropriated -----	266,996		<b>189,279</b>		301,774	
Unrealized gains on other securities -----	3,333	0.3	<b>5,458</b>	0.6	2,254	0.2
Treasury stock, at cost -----	(245)	(0.0)	<b>(86,875)</b>	(9.7)	(81,521)	(8.4)
<b>Total shareholders' equity</b> -----	854,301	82.2	<b>792,077</b>	88.1	806,724	83.4
<b>Total</b> -----	1,038,841	100.0	<b>898,925</b>	100.0	967,349	100.0

**NON-CONSOLIDATED STATEMENTS OF INCOME**

Six months ended September 30, 2002 and 2003, and year ended March 31, 2003

Yen in Millions

	Sept. 30 2002		Sept. 30 2003		Mar. 31 2003	
		%		%		%
Net sales -----	223,933	100.0	<b>172,891</b>	<b>100.0</b>	482,162	100.0
Cost of sales -----	186,158	83.1	<b>121,604</b>	<b>70.3</b>	355,485	73.7
<b>Gross margin</b> -----	<b>37,775</b>	<b>16.9</b>	<b>51,286</b>	<b>29.7</b>	126,676	26.3
Selling, general and administrative expenses -----	16,006	7.2	<b>20,839</b>	<b>12.1</b>	41,098	8.6
<b>Operating income</b> -----	<b>21,769</b>	<b>9.7</b>	<b>30,447</b>	<b>17.6</b>	85,578	17.7
Other income -----	26,786	12.0	<b>5,344</b>	<b>3.1</b>	33,919	7.0
Other expenses -----	28,927	12.9	<b>41,083</b>	<b>23.8</b>	21,528	4.4
<b>Income (loss) before income taxes and extraordinary items</b> -----	<b>19,628</b>	<b>8.8</b>	<b>(5,291)</b>	<b>(3.1)</b>	97,969	20.3
Extraordinary income -----	66	0.0	<b>2,109</b>	<b>1.2</b>	126	0.0
Extraordinary loss -----	152	0.1	<b>207</b>	<b>0.1</b>	895	0.1
<b>Income (loss) before income taxes</b> -----	<b>19,541</b>	<b>8.7</b>	<b>(3,389)</b>	<b>(2.0)</b>	97,200	20.2
Provision for income taxes and enterprise tax -----	2,812	1.2	<b>2,560</b>	<b>1.5</b>	37,061	7.7
Income taxes deferred -----	265	0.1	<b>(3,028)</b>	<b>(1.8)</b>	(1,019)	(0.2)
<b>Net income (loss)</b> -----	<b>16,464</b>	<b>7.4</b>	<b>(2,922)</b>	<b>(1.7)</b>	61,157	12.7
Retained earnings brought forward -----	250,532		<b>192,202</b>		250,532	
Interim cash dividends -----	-		-		9,915	
Loss on disposal of treasury stock -----	-		<b>0</b>		-	
<b>Unappropriated retained earnings</b> -----	<b>266,996</b>		<b>189,279</b>		301,774	



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

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

#### (A) Securities

Held-to-maturity bonds	Amortized cost method (by straight-line method)
Securities of subsidiaries and affiliates	Cost, determined by the moving average 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

#### (B) Derivatives

Market price method

#### (C) Inventories

Lower of cost, determined by the moving average method, or market

### **2. Depreciation method of fixed assets**

#### (A) Tangible assets

Declining balance method (Some equipments are depreciated over economic useful lives.)

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

Estimated useful lives of the principal assets are as follows:

Buildings : 3 to 50 years

#### (B) Intangible assets

Straight-line method

As for software for the in-house use, straight-line method based on usable period (mainly five years) is applied.

### **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 debts, as well as calculating the allowance for each doubtful account with an estimated amount of probable bad debts.

#### (B) Reserve for 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 employee retirement and severance benefits is calculated with actuarially calculated amounts to be required at the end of this six-month period, on the basis of the cost of retirement benefits and plan assets at the end of the fiscal year.

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

The reserve for directors retirement and severance benefits is calculated with estimated amounts to be paid at the end of this six-month period, 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 currencies are translated into Japanese yen by the spot exchange rates at the end of the semi-annual fiscal year. Exchange gains or losses are charged to income.

### **5. Lease transactions**

Finance leases that are deemed to transfer ownership of the leased assets to lessees are to be capitalized, while other finance leases are accounted for as operating lease transactions. Other finance leases are disclosed in the notes to Lease transactions information.

### **6. Other**

Consumption tax

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

**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**

**Balance sheets information;**

Yen in Millions

	Sept. 30 2002	<b>Sept. 30 2003</b>	Mar. 31 2003
1. Accumulated depreciation of tangible assets	21,376	<b>23,279</b>	22,590
2. Guaranteed liabilities <Euro in thousands> <Yen in Millions>	3,000 361	<b>3,000</b> 387	3,000 389

**Statements of income information;**

Yen in Millions

	Sept. 30 2002	<b>Sept. 30 2003</b>	Mar. 31 2003
1. Major items included in other income are as follows:			
Interest income	7,399	<b>4,440</b>	13,794
Dividend income	18,716	<b>261</b>	18,924
2. Major items included in other expenses are as follows:			
Sales discount	100	<b>185</b>	396
Foreign exchange loss	28,817	<b>40,886</b>	21,093
3. Depreciation and amortization			
Tangible assets	1,470	<b>845</b>	3,013
Intangible assets	18	<b>21</b>	67

**Lease transaction information;**

Pro forma information of leased assets under finance leases that do not transfer ownership of the leased assets to the lessee on an "as if capitalized" basis is as follows:

Yen in Millions

	Sept. 30 2002	<b>Sept. 30 2003</b>	Mar. 31 2003
<b>1. Acquisition cost and accumulated depreciation</b>			
Acquisition cost	376	<b>458</b>	453
Accumulated depreciation	202	<b>261</b>	218
Net leased assets	174	<b>196</b>	235
<b>2. Obligations under finance leases</b>			
Due within one year	103	<b>86</b>	104
Due after one year	70	<b>109</b>	130
Total	174	<b>196</b>	235
<b>3. Lease payments and depreciation expense</b>			
Lease payments	55	<b>64</b>	119
Depreciation expense	55	<b>64</b>	119
<b>4. Calculation method of depreciation expense</b>			
Straight-line method over lease period, with zero residual value.			

**Securities information;**

Any securities of subsidiaries and affiliates do not have market value in this six-month period.

**1. CONSOLIDATED ACTUAL SALES UNITS AND NUMBER OF NEW TITLES**

		Sales Units in Ten Thousands Number of New Titles Released				
		Six months Apr.-Sept. '02	Six months Apr.-Sept. '03	Life-to-Date through Sept. '03	Twelve months Apr. '02-Mar. '03	
GAME BOY ADVANCE	Hardware	Domestic	108	166	1,172	408
		The Americas	306	428	1,965	780
		Other	165	240	1,078	377
		Total	578	834	4,215	1,565
	GAME BOY ADVANCE SP within GAME BOY ADVANCE	Domestic	-	151	233	82
		The Americas	-	350	432	83
		Other	-	193	238	46
		Total	-	693	904	211
	Software	Domestic	498	619	3,607	1,693
		The Americas	1,268	1,791	7,195	3,066
Other		378	581	3,079	1,153	
Total		2,144	2,991	13,881	5,912	
New titles	Domestic	95	68	441	205	
	The Americas	94	69	439	221	
	Other	84	66	414	203	
NINTENDO GAMECUBE	Hardware	Domestic	34	20	267	90
		The Americas	101	55	568	291
		Other	154	15	210	194
		Total	288	89	1,045	576
	Software	Domestic	201	322	1,362	633
		The Americas	1,167	808	4,431	2,596
		Other	652	321	1,708	1,385
		Total	2,021	1,450	7,501	4,614
	New titles	Domestic	28	39	138	77
		The Americas	62	50	251	159
Other		66	57	207	150	

[Note] New titles-Other include new titles in the European and Australian markets.

**2. OTHER CONSOLIDATED INFORMATION**

		Yen in Millions		
		Six months Apr.-Sept. '02	Six months Apr.-Sept. '03	Twelve months Apr. '02-Mar. '03
Capital investments		1,587	1,220	2,848
Depreciation expenses of tangible assets		2,270	1,552	4,585
Research and development costs		6,876	7,937	14,598
Marketing expenses		15,211	22,807	46,227
		As of Sept. 30, 2002	As of Sept. 30, 2003	As of Mar. 31, 2003
Number of Employees		2,981	3,015	2,977
		Six months Apr.-Sept. '02	Six months Apr.-Sept. '03	Twelve months Apr. '02-Mar. '03
Average Exchange Rate	US\$1.00 =	¥ 123.14	¥ 118.05	¥ 121.95
	€ 1.00 =	¥ 116.94	¥ 133.46	¥ 121.04

**3. BALANCE OF ASSETS IN MAJOR FOREIGN CURRENCIES****WITHOUT EXCHANGE CONTRACT (NON-CONSOLIDATED)**

		U.S. Dollars / Euros in Millions				
		As of Sept. 30, 2002	As of Sept. 30, 2003	As of Mar. 31, 2003	Exchange rate Mar. 31, 2003	Exchange rate Sept. 30, 2003
US\$	Cash and Deposits	3,775	4,580	4,231	US\$1.00 =	
	Accounts Receivable	483	320	284	¥ 120.20	¥ 111.25
EUR	Cash and Deposits	1,428	339	684	€ 1.00 =	
	Accounts Receivable	404	288	223	¥ 129.83	¥ 129.19