

Financial Review

| | |
|---|----|
| Financial Highlights | 48 |
| Common Stock Information | 49 |
| Analysis of Operations and Financial Review | 50 |
| Five-Year Summary | 52 |
| Report of Independent Accountants | 53 |
| Consolidated Balance Sheets | 54 |
| Consolidated Statements of Income | 56 |
| Consolidated Statements of Shareholders' Equity | 57 |
| Consolidated Statements of Cash Flows | 58 |
| Notes to Consolidated Financial Statements | 59 |

Financial Highlights


| | ¥ Japanese Yen in Millions | | \$ U.S. Dollars in Thousands ^A | |
|-----------------------------------|-------------------------------|-----------|--|-------------|
| Years ended March 31, | 2003 | 2002 | 2003 | 2002 |
| Net sales | ¥503,748 | ¥554,413 | \$4,197,900 | \$4,620,110 |
| Net income | 67,267 | 106,445 | 560,560 | 887,041 |
| Total assets | 1,085,519 | 1,156,716 | 9,045,995 | 9,639,297 |
| Shareholders' equity | 890,370 | 935,075 | 7,419,747 | 7,792,295 |
| | | | | |
| | | | | |
| | ¥ Japanese Yen | | \$ U.S. Dollars ^A | |
| Years ended March 31, | 2003 | 2002 | 2003 | 2002 |
| Per share information | | | | |
| Net income^B | ¥482.15 | ¥751.39 | \$4.02 | \$6.26 |
| Cash dividends^C | 140 | 140 | 1.17 | 1.17 |


A: The amounts presented herein are stated in Japanese yen and have been translated into U.S. dollars solely for the convenience of readers outside Japan at the rate of ¥120 to US\$1, the approximate rate of exchange at March 31, 2003.

B: The computations of net income per share of common stock are based on the weighted average number of shares outstanding during each fiscal year.

C: Cash dividends per share represent the amounts applicable to the respective years including dividends to be paid after end of the fiscal year.

Common Stock Information

|  Japanese Yen | | | | |
|---|---------|---------|---------|---------|
| Years ended March 31, | 2003 | | 2002 | |
| | High | Low | High | Low |
| First Quarter | ¥20,750 | ¥15,820 | ¥24,900 | ¥18,300 |
| Second Quarter | 17,760 | 13,330 | 24,540 | 12,970 |
| Third Quarter | 14,100 | 10,160 | 23,650 | 17,000 |
| Fourth Quarter | 11,890 | 8,580 | 23,500 | 18,050 |

|  U.S. Dollars ^A | | | | |
|--|----------|----------|----------|----------|
| Years ended March 31, | 2003 | | 2002 | |
| | High | Low | High | Low |
| First Quarter | \$172.92 | \$131.83 | \$207.50 | \$152.50 |
| Second Quarter | 148.00 | 111.08 | 204.50 | 108.08 |
| Third Quarter | 117.50 | 84.67 | 197.08 | 141.67 |
| Fourth Quarter | 99.08 | 71.50 | 195.83 | 150.42 |

The preceding table sets forth the high and low sale prices during Fiscal 2003 and 2002 for Nintendo Co., Ltd. common stock, as reported on the Osaka Stock Exchange, Section 1. Nintendo's stock is also traded on the Tokyo Stock Exchange, Section 1.

A: The amounts presented herein are stated in Japanese yen and have been translated into U.S. dollars solely for the convenience of readers outside Japan at the rate of ¥120 to US\$1, the approximate rate of exchange at March 31, 2003.

Analysis of Operations and Financial Review

Overview

It has been twenty years since the birth of Nintendo's "Family Computer System" in Japan --- today the video game industry has expanded into a world-wide market. Since that time, hardware capabilities have significantly advanced and in many respects it has become much easier for game creators to present their ideas in software. At the same time, there have been dramatic changes in users' expectations, and new excitement in software is constantly demanded. More recently, hardware manufacturers have engaged in fierce price competition while, at the same time, a larger number of software titles flooded the market, increasing both game development costs and marketing costs. However, a significant portion of recent software sales have been concentrated in only a handful of these titles, resulting into a severe business environment.

Under such circumstances, Nintendo Co., Ltd. (the "Company") and its subsidiaries (together with the Company, "Nintendo") have been striving to provide unprecedented entertainment experiences through its game development "know-how" acquired over the many years of experience in both the home entertainment market as well as the handheld market.

During the fiscal year ended March 31, 2003, Nintendo launched NINTENDO GAMECUBE in Europe, along with GAME BOY ADVANCE SP worldwide, and GAME BOY PLAYER, which enables users to enjoy GAME BOY software on the television screen, in Japan. Captivating software such as POCKET MONSTERS RUBY & SAPPHIRE, SUPER MARIO SUNSHINE, and THE LEGEND OF ZELDA: THE WIND WAKER were also released.

As a result, consolidated net sales for the fiscal year ended March 31, 2003 were ¥503.7 billion (\$4,198 million) which represents a 9% decrease compared with the previous fiscal year. Operating income in Fiscal 2003 decreased by 16% compared with the previous fiscal year to ¥100.3 billion (\$835 million). Net income in Fiscal 2003 decreased by 37% compared with the previous fiscal year to ¥67.3 billion (\$561 million).

Revenue and Expenses

Released in Japan in November 2002, and in the Americas in March 2003, POCKET MONSTERS RUBY & SAPPHIRE gained popularity as the latest POKÉMON software release, which features new characters and new game ideas. Within a short period of time, the game sold more than a combined total of 6.6 million pieces in the Japanese and American markets, which proved that POKÉMON software which is a fundamental and a core product in the POKÉMON business is yet highly regarded. Other GAME BOY ADVANCE software such as YOSHI'S ISLAND: SUPER MARIO ADVANCE 3, KIRBY: NIGHTMARE IN DREAM LAND, THE LEGEND OF ZELDA: A LINK TO THE PAST / FOUR SWORDS also sold strongly.

GAME BOY ADVANCE SP, which is an improved version of GAME BOY ADVANCE, gathered support from a wide range of age groups and got off to a good start in the Japanese, American, and European markets. GAME BOY ADVANCE SP and GAME BOY ADVANCE sold a combined total of 15.65 million units in the fiscal year ended March 31, 2003, with life-to-date unit sales reaching 33.81 million units.

As for NINTENDO GAMECUBE software, creative software such as SUPER MARIO SUNSHINE (a game with plenty of action where Mario freely moves around 3D space), METROID PRIME (a multi-award winning first person adventure game which was highly regarded in Europe and America), and THE LEGEND OF ZELDA: THE WIND WAKER (where users can experience the feel of virtually moving a cartoon character) were released to further enhance the software lineup. Furthermore, in the Americas, ANIMAL CROSSING was released during this fiscal year and received top ratings as a most innovative game. The NINTENDO GAMECUBE wireless game controller WAVEBIRD which enables users to enjoy new freedom was also well received.

However, effected by the impact of price cuts on hardware initiated by the Company's competitors, NINTENDO GAMECUBE hardware resulted in a slowdown in sales.

As a result, consolidated net sales in Fiscal 2003 were ¥503.7 billion (\$4,198 million). Gross margin was ¥195.6 billion (\$1,630 million). The gross margin ratio decreased by 1% compared with the previous fiscal year to 39%. Selling, general and administrative expenses amounted to ¥95.4 billion (\$795 million). Operating income was ¥100.3 billion (\$835 million). The operating income ratio decreased by 2% compared with the previous fiscal year to 20%. Along with interest income of ¥15.9 billion (\$133 million), the Company reported gain on sales of investments in affiliates of ¥19.1 billion (\$159 million). Although, because of the trend of yen appreciation, foreign exchange loss was ¥22.6 billion (\$189 million). Due to such factors, net income was ¥67.3 billion (\$561 million). The net income ratio decreased by 6% compared with the previous fiscal year to 13%.

Cash Flow

At March 31, 2003, Nintendo's cash and cash equivalents were ¥748.6 billion (\$6,238 million).

Net cash used in operating activities was ¥23.6 billion (\$196 million) which was ¥79.8 billion less than the previous fiscal year. The decrease in net income, and the increase of inventories contributed to the overall decrease.

Net cash provided by investing activities was ¥36.1 billion (\$301 million) which was an increase of ¥41.2 billion compared with the previous fiscal year. Proceeds from time deposits and the sale of stock of the Company's affiliates during this period contributed to the overall increase.

Net cash used in financing activities was ¥102.6 billion (\$855 million) which was ¥85.5 billion less than the previous fiscal year due mainly to buyback of treasury stock.

Financial Position

Nintendo's financial position continues to be very strong.

At March 31, 2003 total liabilities were ¥195.0 billion (\$1,625 million), and the current ratio was 5.21:1. The balance of cash and cash equivalents was 3.84 times total liabilities. Working capital was ¥783.3 billion (\$6,527 million). The number of days' sales in receivables increased by 1 day compared with the previous fiscal year to 34 days. Inventories were ¥104.5 billion (\$871 million). The number of days' sales in inventories was 76 days. Liabilities-to-equity ratio was 0.22:1 at March 31, 2003.

Common Stock Activity

During the fiscal year ended March 31, 2003, the Nikkei stock average declined 28% to ¥7,972.71 (\$66.44). The Company's stock price ended the year at ¥9,600 (\$80.00). The Company maintained its annual dividend level at ¥140 (\$1.17) per share for Fiscal 2003. On a consolidated basis, the dividend payout ratio was approximately 29%. Foreign shareholders constituted 30% of total outstanding shares at March 31, 2003.

(Note) The amounts presented herein are stated in Japanese yen and have been translated into U.S. dollars solely for the convenience of readers outside Japan at the rate of ¥120 to US\$1, the approximate rate of exchange at March 31, 2003.

Five-Year Summary

| Years ended March 31, | ¥ Japanese Yen in Millions | | | | |
|--|--|-------------|-------------|-------------|-------------|
| | 2003 | 2002 | 2001 | 2000 | 1999 |
| For the period | | | | | |
| Net sales | ¥503,748 | ¥554,413 | ¥462,196 | ¥530,340 | ¥572,440 |
| Income before income taxes and minority interests | 113,316 | 183,023 | 168,652 | 103,074 | 162,220 |
| Net income | 67,267 | 106,445 | 96,603 | 56,061 | 85,817 |
| At the period-end | | | | | |
| Total assets | 1,085,519 | 1,156,716 | 1,068,568 | 933,374 | 893,374 |
| Property, plant and equipment - net | 59,369 | 66,681 | 64,815 | 63,776 | 62,537 |
| Shareholders' equity | 890,370 | 935,075 | 834,952 | 757,448 | 700,292 |
| | | | | | |
| Years ended March 31, | ¥ Japanese Yen | | | | |
| | 2003 | 2002 | 2001 | 2000 | 1999 |
| Per share information | | | | | |
| Net income^B | ¥482.15 | ¥751.39 | ¥681.90 | ¥395.73 | ¥605.77 |
| Cash dividends^C | 140 | 140 | 120 | 120 | 120 |
| | | | | | |
| Years ended March 31, | \$ U.S. Dollars in Thousands ^A | | | | |
| | 2003 | 2002 | 2001 | 2000 | 1999 |
| For the period | | | | | |
| Net sales | \$4,197,900 | \$4,620,110 | \$3,851,636 | \$4,419,499 | \$4,770,330 |
| Income before income taxes and minority interests | 944,297 | 1,525,197 | 1,405,432 | 858,954 | 1,351,837 |
| Net income | 560,560 | 887,041 | 805,026 | 467,177 | 715,144 |
| At the period-end | | | | | |
| Total assets | 9,045,995 | 9,639,297 | 8,904,736 | 7,778,120 | 7,444,782 |
| Property, plant and equipment - net | 494,743 | 555,677 | 540,128 | 531,464 | 521,144 |
| Shareholders' equity | 7,419,747 | 7,792,295 | 6,957,929 | 6,312,071 | 5,835,771 |
| | | | | | |
| Years ended March 31, | \$ U.S. Dollars ^A | | | | |
| | 2003 | 2002 | 2001 | 2000 | 1999 |
| Per share information | | | | | |
| Net income^B | \$4.02 | \$6.26 | \$5.68 | \$3.30 | \$5.05 |
| Cash dividends^C | 1.17 | 1.17 | 1.00 | 1.00 | 1.00 |

A: The amounts presented herein are stated in Japanese yen and have been translated into U.S. dollars solely for the convenience of readers outside Japan at the rate of ¥120 to US\$1, the approximate rate of exchange at March 31, 2003.

B: The computations of net income per share of common stock are based on the weighted average number of shares outstanding during each fiscal year.

C: Cash dividends per share represent the amounts applicable to the respective years including dividends to be paid after end of the fiscal year.

Report of Independent Accountants

To the Board of Directors and Shareholders of Nintendo Co., Ltd.

We have audited the accompanying consolidated balance sheets of Nintendo Co., Ltd. and its subsidiaries as of March 31, 2003 and 2002, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese Yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nintendo Co., Ltd. and its subsidiaries as of March 31, 2003 and 2002, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan (see Note 1).

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying consolidated financial statements.



ChuoAoyama Audit Corporation
Kyoto, Japan
June 27, 2003

Consolidated Balance Sheets

| As of March 31, | ¥ Japanese Yen in Millions | | \$ U.S. Dollars in Thousands (Note 1) | |
|--|-------------------------------|-------------------|--|--------------------|
| | 2003 | 2002 | 2003 | 2002 |
| Assets | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | ¥748,600 | ¥863,116 | \$6,238,336 | \$7,192,635 |
| Short-term investments | 8,316 | 41,540 | 69,301 | 346,166 |
| Receivables - | | | | |
| Notes and trade accounts receivable | 49,085 | 45,861 | 409,045 | 382,177 |
| Allowance for doubtful accounts | (5,463) | (6,252) | (45,531) | (52,096) |
| Inventories (Note 5) | 104,525 | 43,869 | 871,039 | 365,573 |
| Deferred income taxes (Note 8) | 31,158 | 34,467 | 259,653 | 287,226 |
| Other current assets | 33,088 | 15,169 | 275,732 | 126,402 |
| Total current assets | 969,309 | 1,037,770 | 8,077,575 | 8,648,083 |
| Property, Plant and Equipment | | | | |
| Land | 33,135 | 35,045 | 276,124 | 292,043 |
| Buildings and structures | 40,138 | 42,888 | 334,487 | 357,399 |
| Machinery, equipment and automobiles | 21,077 | 22,277 | 175,639 | 185,642 |
| Construction in progress | 7 | 1 | 61 | 11 |
| Total | 94,357 | 100,211 | 786,311 | 835,095 |
| Accumulated depreciation | (34,988) | (33,530) | (291,568) | (279,418) |
| Property, plant and equipment - net | 59,369 | 66,681 | 494,743 | 555,677 |
| Investments and Other Assets | | | | |
| Investments in securities (Note 3) | 38,552 | 32,590 | 321,266 | 271,581 |
| Deferred income taxes (Note 8) | 14,712 | 12,497 | 122,602 | 104,141 |
| Other assets | 3,577 | 7,178 | 29,809 | 59,815 |
| Total investments and other assets | 56,841 | 52,265 | 473,677 | 435,537 |
| Total | ¥1,085,519 | ¥1,156,716 | \$9,045,995 | \$9,639,297 |

See notes to consolidated financial statements.

| As of March 31, | ¥ Japanese Yen in Millions | | \$ U.S. Dollars in Thousands (Note 1) | |
|---|-------------------------------|-------------------|--|--------------------|
| | 2003 | 2002 | 2003 | 2002 |
| Liabilities and Shareholders' Equity | | | | |
| Current Liabilities | | | | |
| Notes and trade accounts payable | ¥117,908 | ¥139,340 | \$982,567 | \$1,161,168 |
| Accrued income taxes | 38,913 | 30,377 | 324,280 | 253,139 |
| Other current liabilities | 29,229 | 42,491 | 243,572 | 354,094 |
| Total current liabilities | 186,050 | 212,208 | 1,550,419 | 1,768,401 |
| Non-current Liabilities | | | | |
| Non-current accounts payable | 135 | 300 | 1,127 | 2,498 |
| Reserve for employee retirement and severance benefits (Note 6) | 7,071 | 4,417 | 58,922 | 36,805 |
| Reserve for directors retirement and severance benefits | 1,740 | 1,687 | 14,502 | 14,060 |
| Total non-current liabilities | 8,946 | 6,404 | 74,551 | 53,363 |
| Minority Interests | 153 | 3,029 | 1,278 | 25,238 |
| Shareholders' Equity | | | | |
| Common stock | | | | |
| Authorized - 400,000,000 shares | | | | |
| Issued and outstanding - 141,669,000 shares | 10,065 | 10,065 | 83,878 | 83,878 |
| Additional paid-in capital | 11,584 | 11,584 | 96,536 | 96,536 |
| Retained earnings | 950,263 | 904,733 | 7,918,856 | 7,539,439 |
| Unrealized gains on other securities (Note 3) | 2,254 | 3,848 | 18,787 | 32,068 |
| Translation adjustments | (2,275) | 5,026 | (18,965) | 41,879 |
| Total | 971,891 | 935,256 | 8,099,092 | 7,793,800 |
| Treasury stock, at cost | (81,521) | (181) | (679,345) | (1,505) |
| Total shareholders' equity | 890,370 | 935,075 | 7,419,747 | 7,792,295 |
| Total | ¥1,085,519 | ¥1,156,716 | \$9,045,995 | \$9,639,297 |

See notes to consolidated financial statements.

Consolidated Statements of Income

| Years ended March 31, | ¥ Japanese Yen in Millions | | \$ U.S. Dollars in Thousands (Note 1) | |
|--|-------------------------------|----------|--|-------------|
| | 2003 | 2002 | 2003 | 2002 |
| Net sales | ¥503,748 | ¥554,413 | \$4,197,900 | \$4,620,110 |
| Cost of sales (Notes 5 and 7) | 308,124 | 334,187 | 2,567,701 | 2,784,891 |
| Gross margin | 195,624 | 220,226 | 1,630,199 | 1,835,219 |
| Selling, general and administrative expenses (Note 7) | 95,372 | 100,619 | 794,763 | 838,495 |
| Operating income | 100,252 | 119,607 | 835,436 | 996,724 |
| Other income (expenses) | | | | |
| Interest income | 15,943 | 22,905 | 132,856 | 190,873 |
| Foreign exchange gain (loss) - net | (22,620) | 43,419 | (188,501) | 361,829 |
| Gain on sales of investments in affiliates | 19,082 | - | 159,018 | - |
| Unrealized loss on investments in securities (Note 3) | (865) | (4,458) | (7,207) | (37,152) |
| Other - net | 1,524 | 1,550 | 12,695 | 12,923 |
| Income before income taxes and minority interests | 113,316 | 183,023 | 944,297 | 1,525,197 |
| Income taxes (Note 8) | | | | |
| Current | 45,019 | 74,351 | 375,156 | 619,597 |
| Deferred | 955 | 2,446 | 7,957 | 20,381 |
| Total income taxes | 45,974 | 76,797 | 383,113 | 639,978 |
| Minority interests | 75 | (219) | 624 | (1,822) |
| Net income | ¥67,267 | ¥106,445 | \$560,560 | \$887,041 |
| Per share information | | | | |
| Net income (Note 2M) | ¥482.15 | ¥751.39 | \$4.02 | \$6.26 |
| Cash dividends (Note 2M) | 140 | 140 | 1.17 | 1.17 |

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

| Years ended March 31, 2003 and 2002 | ¥ Japanese Yen in Millions | | | | | | |
|---|--------------------------------------|--------------|----------------------------|-------------------|--------------------------------------|-------------------------|------------------------|
| | Number of common shares in thousands | Common stock | Additional paid-in capital | Retained earnings | Unrealized gains on other securities | Translation adjustments | Treasury stock at cost |
| Balance, April 1, 2001 | 141,669 | ¥10,065 | ¥11,584 | ¥815,458 | ¥2,438 | ¥(4,576) | ¥(17) |
| Net income | | | | 106,445 | | | |
| Cash dividends | | | | (17,000) | | | |
| Directors' bonuses | | | | (170) | | | |
| Unrealized gains on other securities | | | | | 1,410 | | |
| Translation adjustments | | | | | | 9,602 | |
| Net changes in treasury stock | | | | | | | (164) |
| Balance, March 31, 2002 | 141,669 | 10,065 | 11,584 | 904,733 | 3,848 | 5,026 | (181) |
| Net income | | | | 67,267 | | | |
| Cash dividends | | | | (21,249) | | | |
| Directors' bonuses | | | | (170) | | | |
| Decrease in retained earnings due to exclusion of affiliate with equity method applied | | | | (318) | | | |
| Unrealized gains on other securities | | | | | (1,594) | | |
| Translation adjustments | | | | | | (7,301) | |
| Net changes in treasury stock | | | | | | | (81,340) |
| Balance, March 31, 2003 | 141,669 | ¥10,065 | ¥11,584 | ¥950,263 | ¥2,254 | ¥(2,275) | ¥(81,521) |

| Years ended March 31, 2003 and 2002 | \$ U.S. Dollars in Thousands (Note1) | | | | | | |
|---|---|----------------------------|-------------------|--------------------------------------|-------------------------|------------------------|--|
| | Common stock | Additional paid-in capital | Retained earnings | Unrealized gains on other securities | Translation adjustments | Treasury stock at cost | |
| Balance, April 1, 2001 | \$83,878 | \$96,536 | \$6,795,482 | \$20,320 | \$(38,146) | \$(140) | |
| Net income | | | 887,041 | | | | |
| Cash dividends | | | (141,667) | | | | |
| Directors' bonuses | | | (1,417) | | | | |
| Unrealized gains on other securities | | | | 11,748 | | | |
| Translation adjustments | | | | | 80,025 | | |
| Net changes in treasury stock | | | | | | (1,365) | |
| Balance, March 31, 2002 | 83,878 | 96,536 | 7,539,439 | 32,068 | 41,879 | (1,505) | |
| Net income | | | 560,560 | | | | |
| Cash dividends | | | (177,073) | | | | |
| Directors' bonuses | | | (1,417) | | | | |
| Decrease in retained earnings due to exclusion of affiliate with equity method applied | | | (2,653) | | | | |
| Unrealized gains on other securities | | | | (13,281) | | | |
| Translation adjustments | | | | | (60,844) | | |
| Net changes in treasury stock | | | | | | (677,840) | |
| Balance, March 31, 2003 | \$83,878 | \$96,536 | \$7,918,856 | \$18,787 | \$(18,965) | \$(679,345) | |

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

| Years ended March 31, | ¥ Japanese Yen in Millions | | \$ U.S. Dollars in Thousands (Note 1) | |
|--|---|-----------------|--|--------------------|
| | 2003 | 2002 | 2003 | 2002 |
| | Cash Flows from Operating Activities | | | |
| Net income | ¥67,267 | ¥106,445 | \$560,560 | \$887,041 |
| Depreciation and amortization | 4,712 | 5,639 | 39,271 | 46,992 |
| Increase in allowance for doubtful accounts | 105 | 249 | 879 | 2,072 |
| Increase in reserve for employee retirement and severance benefits | 2,885 | 214 | 24,040 | 1,781 |
| Deferred income taxes | 955 | 2,446 | 7,957 | 20,381 |
| Foreign exchange losses (gains) | 20,226 | (42,093) | 168,547 | (350,779) |
| Unrealized loss on investments in securities | 865 | 4,458 | 7,207 | 37,152 |
| Gain on sales of investments in affiliates | (19,082) | - | (159,018) | - |
| Decrease (increase) in notes and trade accounts receivable | (4,841) | 10,983 | (40,343) | 91,525 |
| Decrease (increase) in inventories | (58,671) | (21,309) | (488,927) | (177,572) |
| Increase (decrease) in notes and trade accounts payable | (15,445) | 22,189 | (128,711) | 184,913 |
| Increase (decrease) in accrued income taxes | 8,483 | (35,422) | 70,688 | (295,182) |
| Other, net | (31,016) | 2,435 | (258,461) | 20,297 |
| Net cash provided by (used in) operating activities | (23,557) | 56,234 | (196,311) | 468,621 |
| Cash Flows from Investing Activities | | | | |
| Payments for short-term investments | (199,149) | (200,706) | (1,659,578) | (1,672,551) |
| Proceeds from short-term investments | 229,229 | 214,259 | 1,910,241 | 1,785,493 |
| Payments for purchase of property, plant and equipment | (2,138) | (13,096) | (17,818) | (109,134) |
| Payments for investments in securities | (17,528) | (24,033) | (146,065) | (200,275) |
| Proceeds from investments in securities | 8,659 | 17,968 | 72,158 | 149,734 |
| Sales of business entities | 17,266 | - | 143,881 | - |
| Other, net | (250) | 490 | (2,080) | 4,084 |
| Net cash provided by (used in) investing activities | 36,089 | (5,118) | 300,739 | (42,649) |
| Cash Flows from Financing Activities | | | | |
| Proceeds from stock issued to minority interests | - | 5 | - | 42 |
| Payments for purchase of treasury stock | (81,388) | (270) | (678,231) | (2,250) |
| Proceeds from sale of treasury stock | - | 113 | - | 943 |
| Cash dividends paid | (21,233) | (16,995) | (176,941) | (141,624) |
| Net cash used in financing activities | (102,621) | (17,147) | (855,172) | (142,889) |
| Effect of exchange rate changes on cash and cash equivalents | (24,207) | 43,155 | (201,719) | 359,617 |
| Net increase (decrease) of cash and cash equivalents | (114,296) | 77,124 | (952,463) | 642,700 |
| Cash and cash equivalents at beginning of year | 863,116 | 785,992 | 7,192,635 | 6,549,935 |
| Decrease in cash and cash equivalents due to change in scope of consolidation | (220) | - | (1,836) | - |
| Cash and cash equivalents at end of year | ¥748,600 | ¥863,116 | \$6,238,336 | \$7,192,635 |
| <hr/> | | | | |
| Years ended March 31, | ¥ Japanese Yen in Millions | | \$ U.S. Dollars in Thousands (Note 1) | |
| | 2003 | 2002 | 2003 | 2002 |
| | Additional Cash Flow Information | | | |
| Interest paid | ¥ 2 | ¥ 0 | \$ 16 | \$ 3 |
| Income taxes paid | 36,536 | 109,774 | 304,468 | 914,780 |

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years ended March 31, 2003 and 2002

Note 1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements are prepared from the consolidated financial statements issued in Japan for domestic reporting purposes. Nintendo Co., Ltd. (the "Company") and its subsidiaries in Japan maintain their accounts and records in accordance with the provisions set forth in the Japanese Commercial Code and the Securities and Exchange Law, and in conformity with generally accepted accounting principles and practices in Japan, which are different in certain respects from the application and disclosure requirements of International Accounting Standards. Its overseas consolidated subsidiaries maintain their accounts in conformity with the generally accepted accounting principles and practices prevailing in the respective countries of domicile and no adjustment has been made to their financial statements in consolidation, as allowed under accounting principles and practices generally accepted in Japan.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The consolidated financial statements presented herein are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥120 to US\$1, the approximate rate of exchange at March 31, 2003. These translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

Note 2. Significant Accounting Policies

A. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and all subsidiaries (total 21 in 2003 and 24 in 2002) except for two. The equity method of accounting has been applied to one of the non-consolidated subsidiaries and to all affiliates (total 10 in 2003 and 14 in 2002) except for three. The remaining subsidiary and affiliates are immaterial and investments in them are carried at cost in the accompanying consolidated balance sheets.

The principal consolidated subsidiaries and the principal affiliate for which the equity method of accounting was used for the year ended March 31, 2003 were as follows:

| Consolidated subsidiaries | |
|---------------------------|------------------------------|
| Nintendo of America Inc. | Nintendo Australia Pty. Ltd. |
| Nintendo Benelux B.V. | Nintendo of Canada Ltd. |
| Nintendo España, S.A. | Nintendo of Europe GmbH |
| Nintendo France S.A.R.L. | |
| Affiliate | |
| The Pokémon Company | |

Investment costs in excess of underlying net assets of consolidated subsidiaries and affiliates acquired are charged to income for the year as incurred.

All significant intercompany transactions, accounts and unrealized profits have been eliminated in consolidation.

The amounts of certain subsidiaries have been included on the basis of fiscal periods ended within three months prior to March 31.

Notes to Consolidated Financial Statements

Years ended March 31, 2003 and 2002

B. Translation of Foreign Currency Items

In accordance with the Japanese accounting standard, short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate in effect at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the statements of income to the extent that they are not hedged by forward exchange contracts.

With respect to financial statements of overseas subsidiaries, the balance sheet accounts are translated into Japanese yen at the exchange rates in effect at the balance sheet date except for shareholders' equity, which are translated at the historical rates. The average exchange rates for the fiscal period are used for translation of revenue and expenses. The differences resulting from translation in this manner are included in "Minority Interests" and "Translation adjustments" which are listed in Shareholders' Equity in the accompanying consolidated balance sheets.

C. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposit which can be withdrawn on demand, time deposit with an original maturity of three months or less and certain investments. Investments are defined as those that are easily accessible, with little risk of fluctuation in value and the maturity date is within three months of the acquisition date.

D. Financial Instruments

Derivatives

All derivatives are stated at fair value, with changes in fair value included in net profit or loss for the period in which they arise.

Securities

Held-to-maturity debt securities are stated at cost after accounting for premium or discount on acquisition, which is amortized over the period to maturity.

Equity securities of non-consolidated subsidiary and affiliated companies with equity method non-applied are stated at cost.

Other securities for which market quotations are available are stated at fair value. Unrealized gains on other securities are reported as "Unrealized gains on other securities" in Shareholders' Equity at a net-of-tax amount, while unrealized losses on other securities are included in net profit or loss for the period.

Other securities for which market quotations are unavailable are stated at cost, determined by the moving average method except as stated in the paragraph below.

In case where the fair value of held-to-maturity debt securities, equity securities issued by non-consolidated subsidiaries and affiliates, or other securities has declined significantly and such impairment of the value is not deemed temporary, those securities are written down to the fair value and the resulting losses are included in net profit or loss for the period.

Under the Japanese accounting standard, trading securities and debt securities due within one year are presented as "current" and all the other securities are presented as "non-current."

E. Inventories

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

F. Property, Plant and Equipment

Property, plant and equipment are stated at cost. The Company and its consolidated subsidiaries in Japan compute depreciation by the declining balance method over the estimated useful lives. The straight-line method of depreciation is used for buildings, except for structures, acquired on or after April 1, 1998. Overseas consolidated subsidiaries compute depreciation of assets by applying the straight-line method over the period of estimated useful lives. Estimated useful lives of the principal assets are as follows:

Buildings and structures: 3 to 60 years

G. Income Taxes

Deferred income taxes are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

H. Retirement and Severance Benefits and Pension Plan

The Company and certain consolidated subsidiaries are calculating the reserve for employee retirement and severance benefits with actuarially calculated amounts on the basis of the cost of retirement benefit and plan assets at end of fiscal year. Benefits under the plan are generally based on the current rate of base salary, length of service and certain other factors when the termination occurs.

Directors and corporate auditors customarily receive lump-sum payments upon termination of their services subject to shareholders' approval. The Company provides for the reserve for lump-sum severance benefits for directors and corporate auditors at the estimated amount required if all retired at the fiscal year-end.

I. Research and Development and Computer Software

Expenses relating to research and development activities are charged to income as incurred.

Computer software for the internal use included in other assets is amortized using the straight-line method over the estimated useful lives.

J. Leases

All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that are deemed to transfer ownership of the leased assets to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

K. Treasury stock and Legal reserves

From the year ended March 31, 2003, the Company and its subsidiaries in Japan adopted the new Japanese Accounting Standards for Treasury stock and Legal reserves. The effect on net profit or loss of this application is minor.

L. Appropriations of Retained Earnings

Appropriations of retained earnings are reflected in the consolidated financial statements for the following year upon shareholders' approval.

M. Per Share Information

The computations of net income per share of common stock are based on the weighted average number of shares outstanding during each fiscal year. The average number of common stock used in the computation for the years ended March 31, 2003 and 2002 were 139,162 thousand and 141,665 thousand, respectively.

From the year ended March 31, 2003, the Company and its consolidated subsidiaries in Japan adopted the new Japanese Accounting Standard for net income per share of common stock. The effect on net income per share of common stock is minor.

Cash dividends per share represent the amounts applicable to the respective years including dividends to be paid after end of the fiscal year.

Notes to Consolidated Financial Statements

Years ended March 31, 2003 and 2002

Note 3. Market Value Information on Securities

Other securities with market value included in Investments in securities as of March 31, 2003 and 2002 were as follows:

| | ¥ Japanese Yen in Millions | | | |
|--------------------------|--|------------------------------|-------------------------------|------------|
| | Cost | Gross unrealized gains | Gross unrealized losses | Fair value |
| As of March 31, 2003 | | | | |
| Equity securities | ¥13,173 | ¥3,789 | ¥307 | ¥16,655 |
| Total | ¥13,173 | ¥3,789 | ¥307 | ¥16,655 |
| | ¥ Japanese Yen in Millions | | | |
| | Cost | Gross unrealized gains | Gross unrealized losses | Fair value |
| As of March 31, 2002 | | | | |
| Equity securities | ¥13,848 | ¥6,635 | ¥122 | ¥20,361 |
| Total | ¥13,848 | ¥6,635 | ¥122 | ¥20,361 |
| | \$ U.S. Dollars in Thousands (Note 1) | | | |
| | Cost | Gross unrealized gains | Gross unrealized losses | Fair value |
| As of March 31, 2003 | | | | |
| Equity securities | \$109,773 | \$31,575 | \$2,558 | \$138,790 |
| Total | \$109,773 | \$31,575 | \$2,558 | \$138,790 |
| | \$ U.S. Dollars in Thousands (Note 1) | | | |
| | Cost | Gross unrealized gains | Gross unrealized losses | Fair value |
| As of March 31, 2002 | | | | |
| Equity securities | \$115,399 | \$55,290 | \$1,016 | \$169,673 |
| Total | \$115,399 | \$55,290 | \$1,016 | \$169,673 |

Note 4. Derivatives

Only the Company enters into foreign exchange forward contracts and currency option contracts.

It is the Company's policy to enter into derivative transactions within the limits of foreign currency deposits, and not for speculative purposes.

The Company has foreign exchange forward contracts to reduce risk of exchange rate fluctuations and currency option contracts to reduce risk of exchange rate fluctuations and yield improvement of short-term financial assets.

Foreign exchange forward contracts and currency option contracts bear risks resulting from exchange rate fluctuations. Counterparties to derivative transactions are limited to high confidence level financial institutions. The Company does not anticipate any risk due to default.

Derivative transactions entered into by the Company are made only by the treasury department under approval by the president and a director in charge of those transactions.

The Company had no derivative contracts outstanding at March 31, 2003 and 2002.

Note 5. Inventories

Losses incurred from the application of the lower of cost or market valuation of inventories have been charged to cost of sales in the accompanying consolidated statements of income. These losses amounted to ¥12,515 million (\$104,290 thousand) and ¥9,878 million (\$82,319 thousand) for the years ended March 31, 2003 and 2002, respectively.

Notes to Consolidated Financial Statements

Years ended March 31, 2003 and 2002

Note 6. Retirement and Severance Benefits and Pension Plan

The Company has a tax approved pension scheme and lump-sum severance payments plan which is a defined benefit plan. It may also pay extra retirement allowance to employees who have distinguished services. Certain overseas consolidated subsidiaries have defined contribution plans as well as defined benefit plans.

Retirement benefit obligations as of March 31, 2003 and 2002 were as follows:

| As of March 31, | ¥ Japanese Yen in Millions | | \$ U.S. Dollars in Thousands (Note 1) | |
|--|-------------------------------|-----------|--|-------------|
| | 2003 | 2002 | 2003 | 2002 |
| a. Retirement benefit obligation | ¥(18,055) | ¥(15,550) | \$(150,460) | \$(129,585) |
| b. Plan assets | 9,053 | 9,931 | 75,443 | 82,760 |
| c. Unfunded retirement benefit obligation | (9,002) | (5,619) | (75,017) | (46,825) |
| d. Unrecognized actuarial difference | 1,118 | 921 | 9,322 | 7,673 |
| e. Unrecognized prior service cost (decrease of obligation) | 813 | 281 | 6,773 | 2,347 |
| f. Reserve for employee retirement and severance benefits | ¥(7,071) | ¥(4,417) | \$(58,922) | \$(36,805) |

Retirement benefit cost for the years ended March 31, 2003 and 2002 were as follows:

| Years ended March 31, | ¥ Japanese Yen in Millions | | \$ U.S. Dollars in Thousands (Note 1) | |
|--|-------------------------------|--------|--|----------|
| | 2003 | 2002 | 2003 | 2002 |
| a. Service cost | ¥1,125 | ¥1,095 | \$9,375 | \$9,126 |
| b. Interest cost | 548 | 551 | 4,567 | 4,591 |
| c. Expected return on plan assets | (255) | (282) | (2,127) | (2,351) |
| d. Amortization of actuarial difference | 2,706 | 613 | 22,551 | 5,112 |
| e. Amortization of prior service cost | 218 | 511 | 1,814 | 4,257 |
| f. Retirement benefit cost | ¥4,342 | ¥2,488 | \$36,180 | \$20,735 |

Basis of calculation:

Year ended March 31, 2003

| | |
|---|---|
| a. Method of attributing benefits to years of service: | Straight-line basis |
| b. Discount rate: | 1.0% to 6.5% |
| c. Expected return rate on plan assets: | 0.0% to 8.0% |
| d. Amortization years of prior service cost: | One to ten years |
| e. Amortization years of actuarial difference: | Mainly fully amortized in the same fiscal year as incurred |

Year ended March 31, 2002

| | |
|---|---|
| a. Method of attributing benefits to years of service: | Straight-line basis |
| b. Discount rate: | 1.5% to 7.0% |
| c. Expected return rate on plan assets: | 1.5% to 8.0% |
| d. Amortization years of prior service cost: | One to ten years |
| e. Amortization years of actuarial difference: | Mainly fully amortized in the same fiscal year as incurred |

Note 7. Research and Development

Research and development costs incurred and charged to cost of sales, and selling, general and administrative expenses were ¥14,599 million (\$121,657 thousand) and ¥16,792 million (\$139,931 thousand) for the years ended March 31, 2003 and 2002, respectively.

Notes to Consolidated Financial Statements

Years ended March 31, 2003 and 2002

Note 8. Income Taxes

The Company is subject to several Japanese taxes based on income, which, in the aggregate, result in a normal statutory tax rates of approximately 42% for the years ended March 31, 2003 and 2002.

Significant components of deferred tax assets and liabilities are summarized as follows:

| As of March 31, | ¥ Japanese Yen in Millions | | \$ U.S. Dollars in Thousands (Note 1) | |
|--|-------------------------------|----------------|--|------------------|
| | 2003 | 2002 | 2003 | 2002 |
| Deferred tax assets: | | | | |
| Inventory - write-downs and elimination of unrealized profit | ¥11,383 | ¥9,721 | \$94,858 | \$81,008 |
| Accrued expenses | 10,426 | 20,383 | 86,882 | 169,861 |
| Research and development costs | 4,111 | 5,458 | 34,256 | 45,487 |
| Accrued enterprise tax | 3,417 | 2,459 | 28,478 | 20,493 |
| Reserve for employee retirement and severance benefits | 2,770 | 1,806 | 23,083 | 15,052 |
| Unrealized loss on land | 2,431 | 2,515 | 20,260 | 20,959 |
| Allowance for doubtful accounts | 1,829 | 2,222 | 15,245 | 18,519 |
| Royalty expenses | 1,436 | 1,478 | 11,966 | 12,313 |
| Other | 12,539 | 7,183 | 104,490 | 59,850 |
| Gross deferred tax assets | 50,342 | 53,225 | 419,518 | 443,542 |
| Valuation allowance | (1,735) | (1,668) | (14,458) | (13,900) |
| Total deferred tax assets | 48,607 | 51,557 | 405,060 | 429,642 |
| Deferred tax liabilities: | | | | |
| Unrealized gains on other securities | (1,541) | (2,787) | (12,841) | (23,222) |
| Undistributed retained earnings of an overseas subsidiary | (503) | (852) | (4,194) | (7,100) |
| Other | (706) | (954) | (5,882) | (7,953) |
| Total deferred tax liabilities | (2,750) | (4,593) | (22,917) | (38,275) |
| Net deferred tax assets | ¥45,857 | ¥46,964 | \$382,143 | \$391,367 |

Reconciliation of the statutory tax rate and the effective tax rate for the years ended March 31, 2003 and 2002 are excluded, since the differences are not more than five one-hundredth of the statutory tax rate.

Legislation No.9 of 2003 which amends a portion of local tax laws was officially announced on March 31, 2003. Based upon this, the statutory tax rate which is used to calculate deferred tax assets and liabilities as of March 31, 2003 has decreased from 42.0% to 40.6%. This is applicable to deferred tax assets and liabilities that are expected to dissolve after April 1, 2004. The adjustment due to the change is minor.

Note 9. Leases

The Company and certain consolidated subsidiaries lease computer equipment and other assets. Total lease payments under finance leases not deemed to transfer ownership of the leased assets to the lessee for the years ended March 31, 2003 and 2002 were ¥269 million (\$2,239 thousand) and ¥215 million (\$1,789 thousand), respectively.

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 as of March 31, 2003 and 2002 was as follows:

| As of March 31, | ¥ Japanese Yen in Millions | | \$ U.S. Dollars in Thousands (Note 1) | |
|---------------------------------|-------------------------------|------|--|---------|
| | 2003 | 2002 | 2003 | 2002 |
| Acquisition cost | ¥1,033 | ¥830 | \$8,610 | \$6,912 |
| Accumulated depreciation | 579 | 412 | 4,823 | 3,432 |
| Net leased assets | ¥454 | ¥418 | \$3,787 | \$3,480 |

Pro forma amounts of obligations under finance leases that do not transfer ownership of the leased assets to the lessee on an "as if capitalized" basis as of March 31, 2003 and 2002 were as follows:

| As of March 31, | ¥ Japanese Yen in Millions | | \$ U.S. Dollars in Thousands (Note 1) | |
|----------------------------|-------------------------------|------|--|---------|
| | 2003 | 2002 | 2003 | 2002 |
| Due within one year | ¥237 | ¥221 | \$1,974 | \$1,841 |
| Due after one year | 217 | 197 | 1,813 | 1,639 |
| Total | ¥454 | ¥418 | \$3,787 | \$3,480 |

The minimum rental commitments under noncancelable operating leases at March 31, 2003 and 2002 were as follows:

| As of March 31, | ¥ Japanese Yen in Millions | | \$ U.S. Dollars in Thousands (Note 1) | |
|----------------------------|-------------------------------|--------|--|----------|
| | 2003 | 2002 | 2003 | 2002 |
| Due within one year | ¥621 | ¥459 | \$5,175 | \$3,827 |
| Due after one year | 4,336 | 4,225 | 36,131 | 35,205 |
| Total | ¥4,957 | ¥4,684 | \$41,306 | \$39,032 |

Notes to Consolidated Financial Statements

Years ended March 31, 2003 and 2002

Note 10. Litigation

The Company and its consolidated subsidiaries have been strengthening their compliance with corrective measures. Their past trade practices in Europe were internally investigated and the result of the investigation was reported to Commission of the European Communities in January 1998.

Then the Commission announced to impose a fine of EUR149 million on October 30, 2002 after issuing Statement of Objections in April 2000 referring that the acts fell upon "limitation of competition within the EU common market" which is prohibited by Article 81 in the EU treaty.

The Company and its consolidated subsidiary found this fine to be unjustly high and appealed to the Court of First Instance of the European Communities on January 16, 2003.

Note 11. Subsequent Events

At the annual general meeting held on June 27, 2003, shareholders of the Company approved the year-end cash dividends and directors' bonuses proposed by the Board of Directors of the Company as follows:

| | ¥ Japanese Yen in Millions | \$ U.S. Dollars in Thousands (Note 1) |
|---|-------------------------------|--|
| Year-end cash dividends, ¥70 (\$0.58) per share | ¥9,403 | \$78,362 |
| Directors' bonuses | 170 | 1,417 |

At the same meeting, the Company was authorized to acquire its own shares after June 27, 2003, upon resolution of the Board of Directors, to a maximum of 14,000 thousand shares at the purchase cost of less than ¥110,000 million (\$916,667 thousand).

Note 12. Segment Information

A. Segment Information by Business Categories

Because the Company and its consolidated subsidiaries operate predominantly in one industry segment which accounts for over 90% of total net sales, operating income and assets, this information is not required.

B. Segment Information by Seller's Location

| Year ended March 31, 2003 | <div style="text-align: center;"> ¥ Japanese Yen in Millions </div> | | | | | | Eliminations or unallocated assets | Consolidated |
|---|--|--------------|-------------|-----------|-------------|---------------|------------------------------------|--------------|
| | Japan | The Americas | Europe | Other | Total | | | |
| Net sales and operating income | | | | | | | | |
| Net sales | | | | | | | | |
| Sales to third parties | ¥131,398 | ¥245,724 | ¥121,172 | ¥5,454 | ¥503,748 | - | ¥503,748 | |
| Inter segment sales | 350,886 | 2,397 | 20 | - | 353,303 | ¥(353,303) | - | |
| Total net sales | 482,284 | 248,121 | 121,192 | 5,454 | 857,051 | (353,303) | 503,748 | |
| Cost of sales and selling, general and administrative expenses | 396,412 | 237,662 | 120,990 | 5,878 | 760,942 | (357,446) | 403,496 | |
| Operating income | ¥85,872 | ¥10,459 | ¥202 | ¥(424) | ¥96,109 | ¥4,143 | ¥100,252 | |
| Assets | ¥924,056 | ¥166,493 | ¥85,153 | ¥3,907 | ¥1,179,609 | ¥(94,090) | ¥1,085,519 | |
| | | | | | | | | |
| Year ended March 31, 2003 | <div style="text-align: center;"> \$ U.S. Dollars in Thousands (Note 1) </div> | | | | | | Eliminations or unallocated assets | Consolidated |
| | Japan | The Americas | Europe | Other | Total | | | |
| Net sales and operating income | | | | | | | | |
| Net sales | | | | | | | | |
| Sales to third parties | \$1,094,979 | \$2,047,696 | \$1,009,772 | \$45,453 | \$4,197,900 | - | \$4,197,900 | |
| Inter segment sales | 2,924,053 | 19,978 | 164 | - | 2,944,195 | \$(2,944,195) | - | |
| Total net sales | 4,019,032 | 2,067,674 | 1,009,936 | 45,453 | 7,142,095 | (2,944,195) | 4,197,900 | |
| Cost of sales and selling, general and administrative expenses | 3,303,431 | 1,980,517 | 1,008,249 | 48,990 | 6,341,187 | (2,978,723) | 3,362,464 | |
| Operating income | \$715,601 | \$87,157 | \$1,687 | \$(3,537) | \$800,908 | \$34,528 | \$835,436 | |
| Assets | \$7,700,462 | \$1,387,444 | \$709,605 | \$32,567 | \$9,830,078 | \$(784,083) | \$9,045,995 | |

Notes to Consolidated Financial Statements

Years ended March 31, 2003 and 2002

| Year ended March 31, 2002 | ¥ Japanese Yen in Millions | | | | | | Eliminations or unallocated assets | Consolidated |
|---|--|--------------|-----------|----------|--------------|---------------|------------------------------------|--------------|
| | Japan | The Americas | Europe | Other | Total | | | |
| Net sales and operating income | | | | | | | | |
| Net sales | | | | | | | | |
| Sales to third parties | ¥170,867 | ¥283,425 | ¥94,253 | ¥5,868 | ¥554,413 | - | ¥554,413 | |
| Inter segment sales | 275,886 | 932 | 3,425 | 1 | 280,244 | ¥(280,244) | - | |
| Total net sales | 446,753 | 284,357 | 97,678 | 5,869 | 834,657 | (280,244) | 554,413 | |
| Cost of sales and selling, general and administrative expenses | 381,563 | 252,984 | 92,120 | 5,756 | 732,423 | (297,617) | 434,806 | |
| Operating income | ¥65,190 | ¥31,373 | ¥5,558 | ¥113 | ¥102,234 | ¥17,373 | ¥119,607 | |
| Assets | ¥988,187 | ¥176,967 | ¥52,598 | ¥3,053 | ¥1,220,805 | ¥(64,089) | ¥1,156,716 | |
| | | | | | | | | |
| Year ended March 31, 2002 | \$ U.S. Dollars in Thousands (Note 1) | | | | | | Eliminations or unallocated assets | Consolidated |
| | Japan | The Americas | Europe | Other | Total | | | |
| Net sales and operating income | | | | | | | | |
| Net sales | | | | | | | | |
| Sales to third parties | \$1,423,894 | \$2,361,872 | \$785,442 | \$48,902 | \$4,620,110 | - | \$4,620,110 | |
| Inter segment sales | 2,299,044 | 7,769 | 28,542 | 6 | 2,335,361 | \$(2,335,361) | - | |
| Total net sales | 3,722,938 | 2,369,641 | 813,984 | 48,908 | 6,955,471 | (2,335,361) | 4,620,110 | |
| Cost of sales and selling, general and administrative expenses | 3,179,692 | 2,108,204 | 767,666 | 47,963 | 6,103,525 | (2,480,139) | 3,623,386 | |
| Operating income | \$543,246 | \$261,437 | \$46,318 | \$945 | \$851,946 | \$144,778 | \$996,724 | |
| Assets | \$8,234,892 | \$1,474,725 | \$438,317 | \$25,437 | \$10,173,371 | \$(534,074) | \$9,639,297 | |

C. Sales for Overseas Customers

| | ¥ Japanese Yen in Millions | | | |
|-------------------------------------|--|-------------|----------|-------------|
| | The Americas | Europe | Other | Total |
| Year ended March 31, 2003 | | | | |
| Sales for overseas customers | ¥246,879 | ¥121,181 | ¥9,178 | ¥377,238 |
| Consolidated net sales | | | | ¥503,748 |
| | | | | |
| | ¥ Japanese Yen in Millions | | | |
| | The Americas | Europe | Other | Total |
| Year ended March 31, 2002 | | | | |
| Sales for overseas customers | ¥284,518 | ¥116,155 | ¥10,621 | ¥411,294 |
| Consolidated net sales | | | | ¥554,413 |
| | | | | |
| | \$ U.S. Dollars in Thousands (Note 1) | | | |
| | The Americas | Europe | Other | Total |
| Year ended March 31, 2003 | | | | |
| Sales for overseas customers | \$2,057,329 | \$1,009,843 | \$76,482 | \$3,143,654 |
| Consolidated net sales | | | | \$4,197,900 |
| | | | | |
| | \$ U.S. Dollars in Thousands (Note 1) | | | |
| | The Americas | Europe | Other | Total |
| Year ended March 31, 2002 | | | | |
| Sales for overseas customers | \$2,370,984 | \$967,962 | \$88,508 | \$3,427,454 |
| Consolidated net sales | | | | \$4,620,110 |