

# CONSOLIDATED FINANCIAL STATEMENTS

Nintendo Co., Ltd. and Consolidated Subsidiaries



April 26, 2007



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

## FINANCIAL HIGHLIGHTS

### 1. Consolidated results for the years ended March 31, 2006 and 2007

(1) Consolidated operating results

(Amounts below one million are rounded down)

	Net sales		Operating income		Income before income taxes and extraordinary items		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2007	966,534	89.8	226,024	150.2	288,839	79.7	174,290	77.2
Year ended March 31, 2006	509,249	(1.2)	90,349	(19.0)	160,759	10.6	98,378	12.5

	Net income per share	Return on equity	Income before income taxes and extraordinary items on total assets	Operating income to net sales
	yen	%	%	%
Year ended March 31, 2007	1,362.61	16.8	21.1	23.4
Year ended March 31, 2006	762.28	10.4	14.0	17.7

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2007	1,575,597	1,102,018	69.9	8,614.97
As of March 31, 2006	1,160,703	974,091	83.9	7,613.79

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents - ending
	million yen	million yen	million yen	million yen
Year ended March 31, 2007	274,634	(174,603)	(50,137)	688,737
Year ended March 31, 2006	46,382	(208,807)	(60,166)	617,139

### 2. Cash dividends

	Dividend per share			Dividends in total (annual)	Dividend payout ratio (consolidated basis)	Dividends on net assets
	Interim	Year-end	Annual			
	yen	yen	yen	million yen	%	%
Year ended Mar. 2006	70.00	320.00	390.00	49,886	51.2	5.3
Year ended Mar. 2007	70.00	620.00	690.00	88,253	50.6	8.5
Year ending Mar. 2008 (forecast)	140.00	560.00	700.00		51.2	

### 3. Forecast for the fiscal year ending March 2008 (April 1, 2007 - March 31, 2008)

	Net sales		Operating income		Income before income taxes and extraordinary items		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Six months ending Sept. 2007	460,000	53.9	85,000	26.7	85,000	(10.2)	50,000	(8.0)	390.92
Year ending Mar. 2008	1,140,000	17.9	270,000	19.5	290,000	0.4	175,000	0.4	1,368.22

[Notes] \*With respect to this forecast, please refer to pages 3 and 4 for the forward-looking conditions and other related matters.

#### 4. Others

##### (1) Changes for important subsidiaries during the fiscal year ended March 31, 2007

Addition: Nintendo of Korea Co., Ltd.

[Note] Please refer to "Company Group Information" at page 5 for details.

##### (2) Changes on the basis of consolidated financial statements preparation

- ① Related to accounting standard revisions etc.                      Applicable  
 ② Other changes    Not applicable

[Note] Please refer to "Changes on the Basis of Consolidated Financial Statements Preparation" at page 12 for details.

##### (3) Outstanding shares (common shares)

###### ① Number of shares outstanding (including treasury stock)

As of Mar. 31, 2007 :                      141,669,000 shares                      As of Mar. 31, 2006 :                      141,669,000 shares

###### ② Number of treasury stock

As of Mar. 31, 2007 :                      13,765,987 shares                      As of Mar. 31, 2006 :                      13,754,896 shares

###### ③ Average number of shares

Year ended Mar. 31, 2007 :                      127,908,919 shares                      Year ended Mar. 31, 2006 :                      128,821,844 shares

#### (Reference) Non-consolidated results

##### 1. Non-consolidated results for the years ended March 31, 2006 and 2007

###### (1) Non-consolidated operating results

	Net sales		Operating income		Income before income taxes and extraordinary items		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2007	898,639	118.2	212,288	160.3	263,403	76.3	142,743	55.9
Year ended March 31, 2006	411,770	(7.1)	81,547	(18.1)	149,439	11.4	91,585	14.5

	Net income per share
	yen
Year ended March 31, 2007	1,115.98
Year ended March 31, 2006	709.55

###### (2) Non-consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2007	1,366,267	947,076	69.3	7,404.64
As of March 31, 2006	1,003,005	856,501	85.4	6,694.51

[Note]

Forecasts announced by the Company referred to above were prepared based on management's assumptions with information available at this time and therefore involve known and unknown risks and uncertainties.

Please note such risks and uncertainties may cause the actual results to be materially different from the forecasts (earnings forecast, dividend forecast, and other forecasts).

## **OPERATING RESULTS**

### **1. Analysis of Operations**

#### (1) Fiscal year ended March 31, 2007

Throughout the fiscal year ended March 31, 2007, the Japanese economy continued to show a pattern of recovery despite concerns over crude oil price trends and rising interest rates. Intensified capital investments due to improvements in corporate earnings, as well as steady consumer spending led by improvements in employment, helped to support the Japanese economy. Looking overseas, in the U.S., the economy continued to show steady performance supported by favorable consumer spending and capital investments despite early signs of an economic slowdown. As for the European economy, the business environment showed indications of moderate improvement.

In the video game industry, the handheld market expansion reversed its long decline, while the console market was approaching to the stage of being reinvigorated with the launch of the new game machines by each hardware developer.

Under such circumstances, Nintendo continuously executed its strategy to expand gaming to the masses and made great progress in cultivating the female and senior demographics. Until now, these demographics have been less interested in games, however, with the launch of “Nintendo DS” and its software lineup known as “Touch! Generations”, Nintendo has successfully expanded the definition of video games in multiple software releases. In addition, Nintendo’s new console, “Wii”, provides intuitive operation and unprecedented playing style using the Wii remote, and is attracting expanded audience demographics as well as conventional gamers following last year’s launch, and consequently is gaining wide-spread popularity. The video game industry is now on a new growth path with strong performance in both “Nintendo DS” and “Wii”. In Japan, the overall game market is expanding.

Consolidated net sales for the fiscal year ended March 31, 2007 resulted in 966.5 billion yen, including overseas sales of 643.0 billion yen, which accounted for 66.5% of total sales. Income before income taxes and extraordinary items was 288.8 billion yen. Net income was 174.2 billion yen.

With respect to sales by business category within the electronic entertainment products division, “Nintendo DS” and “Nintendo DS Lite” sold a total of more than 23 million units worldwide during the fiscal year (40 million units life-to-date), resulting from continuous robust sales of “Nintendo DS Lite” after its March launch in Japan and strong sales following its June release overseas. In addition, “Nintendo DS” software enjoyed a boost in sales. For instance, “New Super Mario Bros.”, the side-scrolling action game with easy access and user-friendly operation, sold 9.5 million units on a worldwide basis, and “Brain Age: Train Your Brain in Minutes a Day!”, which was released overseas after achieving popularity in Japan, has cultivated a new video game market of brain training overseas. “Brain Age” has sold a total of 8.08 million units worldwide including its sequel version released in Japan (12 million units life-to-date). “Nintendogs” continued to enjoy favorable sales overseas, reaching a total of 6.95 million sales units (13.6 million units life-to-date). “Pokémon Diamond and Pearl”, the latest series of “Pokémon” launched last September in Japan, sold 5.21 million units and has yet to be released overseas. As a result, the number of new software titles and long-term selling titles has increased, generating a significant rise in handheld software sales in the fiscal year.

As for the console business, “Wii” hardware got off to a favorable start with sales of 5.84 million units within the first five months after launch. “Wii” software, such as “The Legend of Zelda: Twilight Princess”, which allows the player to feel the virtual world come alive by handling the Wii remote as swords or bows and arrows, and “Wii Sports”, which consists of five different games simulating real life sports sold extremely well. As a result, net sales in the electronic entertainment products division were 964.3 billion yen, while sales in the other products division (playing cards, karuta, etc.) were 2.1 billion yen.

With respect to results by geographic segment, sales in Japan were 898.7 billion yen including inter-segment sales of 567.3 billion yen. Operating income was 212.2 billion yen. Sales in the Americas were 354.7 billion yen including inter-segment sales of 2.3 billion yen. Operating income was 14.3 billion yen. Sales in Europe were 266.1 billion yen. Operating income was 16.9 billion yen.

#### (2) Outlook for fiscal year ending March 31, 2008

Nintendo will continue pursue expansion of the gaming population, with a diverse software lineup, and through expansion of the definition of video games. Nintendo will offer brand new entertainment that takes root in our daily lives, as has already been achieved with “Touch! Generations” software series. As for “Nintendo DS”, by positioning it as “a machine that enriches the owner’s daily lives”, Nintendo aims to accelerate the current sales momentum of “Nintendo DS” from “must-have for every family” to “must-have for everyone”. Nintendo also has positioned “Wii” as “a machine that puts smiles on surrounding people’s faces”. Specifically, Nintendo will not just enrich the applicable package software lineup for “Wii” but will further intensify Wii’s “Channel” concept which already includes the abilities for the “Wii” owners to create their caricatures, view weather forecasts, news, and surf the web. “Wii” will encourage communication among family members as each of them can feel something relevant to themselves and be motivated to turn on the power everyday in order to enjoy “the new life with ‘Wii’”.

With regard to consolidated performance forecasts for the fiscal year ending March 31, 2008, with anticipations of “Wii”, which contributes to operating performance for the full-year, and further growth of “Nintendo DS”, net sales are projected to reach 1,140 billion yen, operating income 270 billion yen, income before income taxes and extraordinary items 290 billion yen, net income 175 billion yen. Exchange rates used for the forecast are 115 yen per U.S. dollar and 150 yen per Euro. Foreign exchange loss of approximately 20 billion yen is estimated as the exchange rates for the forecast are set at yen-appreciated level as compared with the exchange rates as of the end of March 31, 2007, which are 118.05 yen per U.S. dollar and 157.33 yen per Euro.

[Note] Forecasts announced by the Company referred to above were prepared based on management's assumptions with information available at this time and therefore involve known and unknown risks and uncertainties. Please note such risks and uncertainties may cause the actual results to be materially different from the forecasts (earnings forecast, dividend forecast, and other forecasts).

## 2. Financial Positions

Total assets increased overall by 414.8 billion yen compared to the previous fiscal year-end to 1,575.5 billion yen, due to strong business results. Total liabilities increased by 287.1 billion yen compared to the previous fiscal year-end to 473.5 billion yen mainly due to the increase in notes and trade accounts payable from purchasing materials. Net assets were 1,102.0 billion yen mostly due to increases in retained earnings.

The ending balance of "Cash and cash equivalents" (collectively, Cash) as of March 31, 2007 increased by 71.5 billion yen compared to the previous fiscal year-end to 688.7 billion yen. Net increase (decrease) of Cash and contributing factors during the fiscal period ended March 31, 2007 are as follows.

Cash flows from operating activities:

Net cash from operating activities increased by 274.6 billion yen primarily due to increases in income before income taxes and minority interests and notes and trade accounts payable.

Cash flows from investing activities:

Net cash from investing activities decreased by 174.6 billion yen mainly resulting from the decrease in time deposits exceeding the increase.

Cash flows from financing activities:

Net cash from financing activities decreased by 50.1 billion yen mainly due to payments for cash dividends.

### Cash flow index trend

	As of March 31, 2003	As of March 31, 2004	As of March 31, 2005	As of March 31, 2006	As of March 31, 2007
Capital adequacy ratio	82.0 %	88.1 %	81.4 %	83.9 %	<b>69.9 %</b>
Capital adequacy ratio at market value	118.8	139.1	134.4	194.0	<b>278.0</b>

[Notes] Capital adequacy ratio: Total owners' equity and valuation and translation adjustments divided by Total assets

Capital adequacy ratio at market value: Total market value of stocks divided by Total assets

\*Percentage figures are calculated on a consolidated basis.

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

## 3. Basic Policy of Profit Distribution and Dividends

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 in preparation for changes in the business environment and intensified competition. As for direct profit returns to our shareholders, dividends are paid based on profit levels achieved in each fiscal period.

The annual dividend per share will be established at the higher of the amount calculated by dividing 33% of consolidated operating income by the total number of outstanding shares, excluding treasury stock, as of the end of the fiscal year rounded up to the 10 yen digit, and the amount calculated based on the 50% consolidated net income standard rounded up to the 10 yen digit.

As a result, the dividend for the fiscal year ended March 31, 2007 has been established at 690 yen (interim : 70 yen, year-end : 620 yen) and dividend for the fiscal year ending March 31, 2008 will be 700 yen (interim : 140 yen, year-end : 560 yen) if earnings are in line with the financial forecast herein.

Retained earnings are maintained for effective use in research of new technology and development of new products, capital investments and securing materials, enhancement of selling power including advertisement, and common stock buyback whenever deemed appropriate.

**COMPANY GROUP INFORMATION**

Among Nintendo Co., Ltd. ("the Company") and its related companies, which are composed of the Company, twenty-one subsidiaries, and eight affiliates as of March 31, 2007, the main business is manufacturing and distribution of electronic entertainment products.

The trade name has been changed from "iKuni Inc." to "AiLive Inc." during the consolidated fiscal year ended March 31, 2007. The company listed below has been newly added to the Company group.

Company's name	Address	Capital	Major business	Voting share (%)	Relationship with the Company				
					Number of directors concurred by		Financial support	Business relationship	Leased facilities
					The Company's directors	The Company's employees			
Nintendo of Korea Co., Ltd.	South Korea	25,000 million KRW	Distribution of electronic entertainment products	100	1	5	-	Purchasing the Company's products	-

**MANAGEMENT POLICY**

Management policy is omitted since nothing significant has changed from the one set forth in the financial statements announced on October 26, 2006. Please refer to the following URL for further information.

(Nintendo homepage)

<http://www.nintendo.co.jp/kessan/english.html>

**CONSOLIDATED BALANCE SHEETS**

Date Description	As of March 31, 2006		As of March 31, 2007		Increase (decrease)
	Amount	%	Amount	%	Amount
<b>(Assets)</b>	million yen		million yen		million yen
<b>I Current assets</b>					
1 Cash and deposits	812,064		962,197		150,132
2 Notes and trade accounts receivable	43,826		89,666		45,840
3 Securities	64,287		115,971		51,684
4 Inventories	30,835		88,609		57,774
5 Deferred income taxes	24,170		35,631		11,461
6 Other current assets	45,061		104,483		59,421
7 Allowance for doubtful accounts	(1,514)		(1,886)		(372)
<b>Total current assets</b>	<b>1,018,730</b>	<b>87.8</b>	<b>1,394,673</b>	<b>88.5</b>	<b>375,942</b>
<b>II Fixed assets</b>					
1 Property, plant, and equipment					
(1) Buildings and structures	18,838		18,022		(815)
(2) Machinery, equipment and automobiles	1,144		1,134		(9)
(3) Furniture and fixtures	3,341		5,629		2,287
(4) Land	32,604		32,595		(8)
(5) Construction in progress	41		217		176
Total property, plant, and equipment	55,969	4.8	57,600	3.7	1,630
2 Intangible fixed assets					
(1) Software etc.	319		505		185
Total intangible fixed assets	319	0.0	505	0.0	185
3 Investments and other assets					
(1) Investments in securities	60,213		92,412		32,199
(2) Deferred income taxes	10,314		14,414		4,099
(3) Other investments and other assets	15,182		16,001		819
(4) Allowance for doubtful accounts	(26)		(10)		16
Total investments and other assets	85,683	7.4	122,818	7.8	37,134
<b>Total fixed assets</b>	<b>141,972</b>	<b>12.2</b>	<b>180,924</b>	<b>11.5</b>	<b>38,951</b>
<b>Total assets</b>	<b>1,160,703</b>	<b>100.0</b>	<b>1,575,597</b>	<b>100.0</b>	<b>414,894</b>

Date Description	As of March 31, 2006		As of March 31, 2007		Increase (decrease)
	Amount	%	Amount	%	Amount
	million yen		million yen		million yen
<b>(Liabilities)</b>					
<b>I Current liabilities</b>					
1 Notes and trade accounts payable	83,817		301,080		217,262
2 Accrued income taxes	53,040		90,013		36,972
3 Reserve for bonuses	1,732		1,779		47
4 Other current liabilities	43,684		75,563		31,878
<b>Total current liabilities</b>	<b>182,274</b>	<b>15.7</b>	<b>468,436</b>	<b>29.8</b>	<b>286,161</b>
<b>II Non-current liabilities</b>					
1 Non-current accounts payable	861		698		(163)
2 Reserve for employees' retiremen and severance benefits	3,299		4,443		1,144
<b>Total non-current liabilities</b>	<b>4,161</b>	<b>0.4</b>	<b>5,142</b>	<b>0.3</b>	<b>981</b>
<b>Total liabilities</b>	<b>186,435</b>	<b>16.1</b>	<b>473,578</b>	<b>30.1</b>	<b>287,142</b>
<b>(Minority interests)</b>					
<b>Minority interests</b>	<b>176</b>	<b>0.0</b>	-	-	-
<b>(Shareholders' equity)</b>					
<b>I Common stock</b>	<b>10,065</b>	<b>0.9</b>	-	-	-
<b>II Additional paid-in capital</b>	<b>11,585</b>	<b>1.0</b>	-	-	-
<b>III Retained earnings</b>	<b>1,096,073</b>	<b>94.4</b>	-	-	-
<b>IV Unrealized gains on other securities</b>	<b>10,717</b>	<b>0.9</b>	-	-	-
<b>V Translation adjustments</b>	<b>762</b>	<b>0.1</b>	-	-	-
<b>VI Treasury stock</b>	<b>(155,112)</b>	<b>(13.4)</b>	-	-	-
<b>Total shareholders' equity</b>	<b>974,091</b>	<b>83.9</b>	-	-	-
<b>Total liabilities, minority interests, and shareholders' equity</b>	<b>1,160,703</b>	<b>100.0</b>	-	-	-
<b>(Net assets)</b>					
<b>I Owners' equity</b>					
1 Common stock	-		10,065		-
2 Additional paid-in capital	-		11,586		-
3 Retained earnings	-		1,220,293		-
4 Treasury stock	-		(155,396)		-
<b>Total owners' equity</b>	-	-	<b>1,086,549</b>	<b>69.0</b>	-
<b>II Valuation and translation adjustments</b>					
1 Unrealized gains on other securities	-		8,898		-
2 Translation adjustments	-		6,432		-
<b>Total valuation and translation adjustments</b>	-	-	<b>15,331</b>	<b>0.9</b>	-
<b>III Minority interests</b>	-	-	<b>138</b>	<b>0.0</b>	-
<b>Total net assets</b>	-	-	<b>1,102,018</b>	<b>69.9</b>	-
<b>Total liabilities and net assets</b>	-	-	<b>1,575,597</b>	<b>100.0</b>	-

**CONSOLIDATED STATEMENTS OF INCOME**

Description	Year ended March 31, 2006		Year ended March 31, 2007		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
	million yen	%	million yen	%	million yen	%
I Net sales	509,249	100.0	966,534	100.0	457,284	89.8
II Cost of sales	294,133	57.8	568,722	58.8	274,588	93.4
<b>Gross margin</b>	<b>215,115</b>	<b>42.2</b>	<b>397,812</b>	<b>41.2</b>	<b>182,696</b>	<b>84.9</b>
III Selling, general, and administrative expenses	124,766	24.5	171,787	17.8	47,020	37.7
<b>Operating income</b>	<b>90,349</b>	<b>17.7</b>	<b>226,024</b>	<b>23.4</b>	<b>135,675</b>	<b>150.2</b>
IV Other income	70,897	14.0	63,830	6.6	(7,067)	(10.0)
1 Interest income	22,497		33,987		11,489	
2 Foreign exchange gains	45,515		25,741		(19,774)	
3 Other	2,884		4,101		1,217	
V Other expenses	487	0.1	1,015	0.1	528	108.3
1 Sales discount	422		919		497	
2 Other	65		95		30	
<b>Income before income taxes and extraordinary items</b>	<b>160,759</b>	<b>31.6</b>	<b>288,839</b>	<b>29.9</b>	<b>128,080</b>	<b>79.7</b>
VI Extraordinary gains	7,360	1.4	1,482	0.2	(5,877)	(79.9)
1 Reversal of allowance for doubtful accounts	966		338		(627)	
2 Reversal of unrealized losses on investments in securities	1,408		-		(1,408)	
3 Gains on sales of fixed assets	6		252		245	
4 Gains on sales of investments in securities	3,653		891		(2,761)	
5 Gains on redemption of investments in securities	82		-		(82)	
6 Gains on liquidation of affiliates	5		-		(5)	
7 Reversal of reserve for directors' retirement and severance benefits	1,236		-		(1,236)	
VII Extraordinary losses	1,648	0.3	720	0.1	(928)	(56.3)
1 Losses on disposal of fixed assets	31		384		353	
2 Unrealized losses on investments in securities	1,383		335		(1,047)	
3 Losses on sales of investments in securities	233		-		(233)	
<b>Income before income taxes and minority interests</b>	<b>166,470</b>	<b>32.7</b>	<b>289,601</b>	<b>30.0</b>	<b>123,130</b>	<b>74.0</b>
Provision for income taxes and enterprise taxes	74,431	14.6	126,764	13.1	52,333	70.3
Prior year income taxes	-	-	2,379	0.3	2,379	-
Income taxes deferred	(6,292)	(1.2)	(13,796)	(1.4)	(7,504)	119.3
Minority interests	(46)	(0.0)	(37)	(0.0)	9	(19.8)
<b>Net income</b>	<b>98,378</b>	<b>19.3</b>	<b>174,290</b>	<b>18.0</b>	<b>75,911</b>	<b>77.2</b>



**CONSOLIDATED STATEMENT OF SURPLUS**

Description	Period	Year ended March 31, 2006
		Amount
		million yen
<b>(Additional paid-in capital)</b>		
<b>I Additional paid-in capital - Beginning</b>		<b>11,584</b>
<b>II Increase</b>		<b>0</b>
1 Gains on disposal of treasury stock		0
<b>III Additional paid-in capital - Ending</b>		<b>11,585</b>
<b>(Retained earnings)</b>		
<b>I Retained earnings - Beginning</b>		<b>1,032,834</b>
<b>II Increase</b>		<b>98,378</b>
1 Net income		98,378
<b>III Decrease</b>		<b>35,139</b>
1 Cash dividends		34,969
2 Directors' bonuses		170
<b>IV Retained earnings - Ending</b>		<b>1,096,073</b>

**CONSOLIDATED STATEMENT OF NET ASSETS**

Year ended March 31, 2007 (April 1, 2006 - March 31, 2007)

million yen

	Owners' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total owners' equity
Balance as of March 31, 2006	10,065	11,585	1,096,073	(155,112)	962,611
Amount of changes in the fiscal year					
* Dividends from retained earnings	-	-	(40,932)	-	(40,932)
Dividends from retained earnings	-	-	(8,953)	-	(8,953)
* Directors' bonuses	-	-	(185)	-	(185)
Net income	-	-	174,290	-	174,290
Purchase of treasury stock	-	-	-	(284)	(284)
Disposal of treasury stock	-	1	-	1	2
Net amount of changes in the fiscal year other than owners' equity	-	-	-	-	-
Total amount of changes in the fiscal year	-	1	124,219	(283)	123,937
Balance as of March 31, 2007	10,065	11,586	1,220,293	(155,396)	1,086,549

million yen

	Valuation and translation adjustments		Minority interests
	Unrealized gains on other securities	Translation adjustments	
Balance as of March 31, 2006	10,717	762	176
Amount of changes in the fiscal year			
* Dividends from retained earnings	-	-	-
Dividends from retained earnings	-	-	-
* Directors' bonuses	-	-	-
Net income	-	-	-
Purchase of treasury stock	-	-	-
Disposal of treasury stock	-	-	-
Net amount of changes in the fiscal year other than owners' equity	(1,819)	5,670	(37)
Total amount of changes in the fiscal year	(1,819)	5,670	(37)
Balance as of March 31, 2007	8,898	6,432	138

[Note] \* Allocated at the annual general meeting of shareholders' held in June 2006.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Description	Period	Year Ended March 31, 2006	Year Ended March 31, 2007
		Amount	Amount
		million yen	million yen
<b>I Cash flows from operating activities:</b>			
Income before income taxes and minority interests		166,470	289,601
Depreciation and amortization		3,591	5,968
Increase (decrease) in allowance for doubtful accounts		(511)	313
Increase (decrease) in reserve for employees retirement and severance benefit:		(42)	1,089
Interest and dividends income		(23,176)	(34,510)
Interest expenses		1	0
Foreign exchange losses (gains)		(46,577)	(21,375)
Gains on sales of investments in securities		(3,653)	(891)
Unrealized losses on investments in securities		1,383	335
Equity in losses (earnings) of non-consolidated subsidiary and affiliates		(267)	(798)
Decrease (increase) in notes and trade accounts receivable		9,140	(42,687)
Decrease (increase) in inventories		21,554	(54,669)
Increase (decrease) in notes and trade accounts payable		(28,679)	168,070
Increase (decrease) in consumption taxes payable		198	3,416
Directors' bonuses paid		(170)	(185)
Other, net		(1,262)	24,359
Sub-total		97,999	338,037
Interest and dividends received		23,237	32,921
Interest paid		(1)	(0)
Income taxes paid		(74,853)	(96,324)
Net cash provided by (used in) operating activities		46,382	274,634
<b>II Cash flows from investing activities:</b>			
Increase in time deposits		(497,914)	(776,866)
Decrease in time deposits		295,452	651,372
Payments for acquisition of securities		(35,989)	(112,957)
Proceeds from sales and redemption of securities		27,543	117,001
Payments for acquisition of property, plant and equipment		(4,139)	(6,144)
Proceeds from sales of property, plant and equipment		91	372
Payments for investments in securities		(9,172)	(52,069)
Proceeds from sales of investments in securities		13,940	6,173
Payments for investments in affiliates		(42)	-
Other, net		1,423	(1,485)
Net cash provided by (used in) investing activities		(208,807)	(174,603)
<b>III Cash flows from financing activities:</b>			
Payments for acquisition of treasury stock		(25,227)	(282)
Cash dividends paid		(34,943)	(49,857)
Other, net		3	2
Net cash provided by (used in) financing activities		(60,166)	(50,137)
<b>IV Effect of exchange rate changes on cash and cash equivalents</b>		47,003	21,704
<b>V Net increase (decrease) of cash and cash equivalents</b>		(175,587)	71,597
<b>VI Cash and cash equivalents - Beginning</b>		792,727	617,139
<b>VII Cash and cash equivalents - Ending</b>		617,139	688,737

**CHANGES ON THE BASIS OF CONSOLIDATED FINANCIAL STATEMENTS PREPARATION****1. Scope of Consolidation**

Nintendo of Korea Co., Ltd. is newly consolidated as of the consolidated accounting period ended March 31, 2007 due to capital investments.

**(Changes in accounting policies)**

(Accounting standard for directors' bonuses)

Effective as of the consolidated accounting period ended March 31, 2007, Nintendo has adopted the "Corporate Accounting Standard No. 4 regarding directors' bonuses", issued on November 29, 2005. The impact on operating income, income before income taxes and extraordinary items, and income before income taxes and minority interests is minor.

The expense amount incurred as directors' bonuses is booked in other current liabilities as a determinable liability.

(Accounting standard regarding "Net assets" in balance sheets)

Effective as of the consolidated accounting period ended Mar. 31, 2007, Nintendo has adopted the "Corporate Accounting Standard No. 5 regarding statements of net assets in balance sheets and its application guidelines No. 8", both issued on December 9, 2005.

Corresponding amount of previously stated "Shareholders' equity" in total is 1,101,880 million yen.

Statements of "Net assets" in balance sheets as of the annual fiscal year-end are on the basis of revised consolidated financial statement regulations.

**NOTES PERTAINING TO CONSOLIDATED FINANCIAL STATEMENTS****a. Notes pertaining to consolidated balance sheets, statements of income, statements of net assets, and statements of cash flows****(Consolidated balance sheets information)**

	million yen As of March 31, 2006	million yen As of March 31, 2007
Accumulated depreciation of property, plant, and equipment	38,693	43,265

**(Consolidated statements of cash flows information)**

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

	million yen As of March 31, 2006	million yen As of March 31, 2007
Cash and deposits account	812,064	962,197
Time deposits (over 3 months)	(234,618)	(360,838)
Short-term investments due within 3 months after acquisition	39,693	87,378
Cash and cash equivalents - Ending	617,139	688,737

**b. Segment Information****1. Segment Information by Business Categories**

Considering similarities of categories, characteristics, manufacturing method, or sales market of what Nintendo deals in, the electronic entertainment product segment accounts for over 90% of total sales and operating income of all business category segments, with no other segments to be reported on the basis of disclosure rules. Therefore, this information is not applicable to Nintendo's business.

**2. Segment Information by Seller's Location**

Year ended March 31, 2006

million yen

	Japan	The Americas	Europe	Other	Total	Eliminations or corporate	Consolidated
I Net sales							
(1) Sales to third parties	161,929	210,493	129,869	6,956	509,249	-	509,249
(2) Inter-segment sales	249,890	1,996	8	77	251,974	(251,974)	-
Total	411,819	212,490	129,878	7,034	761,223	(251,974)	509,249
Operating expenses	330,148	212,010	128,694	6,930	677,783	(258,883)	418,900
Operating income	81,671	480	1,183	104	83,439	6,909	90,349
II Assets	975,312	145,474	68,729	3,151	1,192,666	(31,963)	1,160,703

Year ended March 31, 2007

million yen

	Japan	The Americas	Europe	Other	Total	Eliminations or corporate	Consolidated
I Net sales							
(1) Sales to third parties	331,385	352,377	266,156	16,614	966,534	-	966,534
(2) Inter-segment sales	567,384	2,345	15	121	569,866	(569,866)	-
Total	898,770	354,723	266,171	16,735	1,536,401	(569,866)	966,534
Operating expenses	686,529	340,345	249,219	16,833	1,292,928	(552,418)	740,509
Operating income (losses)	212,240	14,378	16,952	(98)	243,472	(17,448)	226,024
II Assets	1,335,389	247,508	157,054	15,247	1,755,200	(179,603)	1,575,597

**3. Overseas sales**

Year ended March 31, 2006

million yen

	<u>The Americas</u>	<u>Europe</u>	<u>Other</u>	<u>Total</u>
I Overseas sales .....	211,195	129,884	11,532	352,611
II Consolidated net sales .....				509,249
III Ratio of overseas sales to consolidated net sales .....	41.5%	25.5%	2.2%	69.2%

Year ended March 31, 2007

million yen

	<u>The Americas</u>	<u>Europe</u>	<u>Other</u>	<u>Total</u>
I Overseas sales .....	353,242	266,205	23,602	643,050
II Consolidated net sales .....				966,534
III Ratio of overseas sales to consolidated net sales .....	36.5%	27.5%	2.5%	66.5%

**NON-CONSOLIDATED BALANCE SHEETS**

Date Description	As of March 31, 2006		As of March 31, 2007		Increase (decrease)
	Amount	%	Amount	%	Amount
	million yen		million yen		million yen
<b>(Assets)</b>					
<b>I Current assets</b>					
1 Cash and deposits	727,679		796,140		68,460
2 Notes receivable	1,345		1,517		172
3 Trade accounts receivable	39,678		192,654		152,975
4 Securities	17,305		55,990		38,685
5 Finished goods	2,934		14,256		11,321
6 Raw materials	10,437		5,146		(5,290)
7 Goods in process	95		267		172
8 Supplies	210		563		353
9 Deferred income taxes	16,135		22,002		5,867
10 Other current assets	40,417		92,331		51,914
11 Allowance for doubtful accounts	(1)		(2)		(0)
<b>Total current assets</b>	<b>856,237</b>	<b>85.4</b>	<b>1,180,869</b>	<b>86.4</b>	<b>324,631</b>
<b>II Fixed assets</b>					
1 Property, plant and equipment					
(1) Buildings	12,951		12,631		(320)
(2) Structures	321		283		(37)
(3) Machinery and equipment	181		271		90
(4) Automobiles	20		39		19
(5) Furniture and fixtures	1,568		3,037		1,468
(6) Land	25,182		25,077		(104)
Total property, plant and equipment	40,225	4.0	41,341	3.1	1,115
2 Intangible assets					
(1) Software	261		286		24
(2) Other intangible assets	9		51		41
Total intangible assets	270	0.0	337	0.0	66
3 Investments and other assets					
(1) Investments in securities	53,949		84,992		31,042
(2) Investment securities of affiliates	19,138		22,185		3,046
(3) Investments in affiliates	10,419		10,419		-
(4) Non-current receivable	2,718		10		(2,708)
(5) Deferred income taxes	7,685		10,434		2,749
(6) Other investments and other assets	15,077		15,687		609
(7) Allowance for doubtful accounts	(2,717)		(10)		2,707
Total investments and other assets	106,271	10.6	143,719	10.5	37,448
<b>Total fixed assets</b>	<b>146,767</b>	<b>14.6</b>	<b>185,398</b>	<b>13.6</b>	<b>38,630</b>
<b>Total assets</b>	<b>1,003,005</b>	<b>100.0</b>	<b>1,366,267</b>	<b>100.0</b>	<b>363,262</b>

Date Description	As of March 31, 2006		As of March 31, 2007		Increase (decrease)
	Amount	%	Amount	%	Amount
	million yen		million yen		million yen
<b>(Liabilities)</b>					
<b>I Current liabilities</b>					
1 Notes payable	4,140		8,919		4,778
2 Trade accounts payable	75,932		287,029		211,096
3 Other accounts payable	10,900		21,837		10,937
4 Accrued income taxes	42,440		78,294		35,853
5 Advances received	228		4,591		4,363
6 Reserve for bonuses	1,732		1,779		47
7 Other current liabilities	10,284		16,058		5,774
<b>Total current liabilities</b>	<b>145,659</b>	<b>14.5</b>	<b>418,510</b>	<b>30.6</b>	<b>272,851</b>
<b>II Non-current liabilities</b>					
1 Non-current accounts payable	844		680		(163)
<b>Total non-current liabilities</b>	<b>844</b>	<b>0.1</b>	<b>680</b>	<b>0.1</b>	<b>(163)</b>
<b>Total liabilities</b>	<b>146,503</b>	<b>14.6</b>	<b>419,191</b>	<b>30.7</b>	<b>272,688</b>
<b>(Shareholders' equity)</b>					
<b>I Common stock</b>	<b>10,065</b>	<b>1.0</b>	-	-	-
<b>II Additional paid-in capital</b>					
1 Capital reserve	11,584		-		-
2 Other additional paid-in capital					
(1) Gain on disposal of treasury stock	0		-		-
<b>Total additional paid-in capital</b>	<b>11,585</b>	<b>1.2</b>	-	-	-
<b>III Retained earnings</b>					
1 Legal reserve	2,516		-		-
2 Optional reserve					
(1) Special reserve	44		-		-
(2) General reserve	810,000		-		-
3 Unappropriated	166,686		-		-
<b>Total retained earnings</b>	<b>979,247</b>	<b>97.6</b>	-	-	-
<b>IV Unrealized gains on other securities</b>	<b>10,716</b>	<b>1.1</b>	-	-	-
<b>V Treasury stock, at cost</b>	<b>(155,112)</b>	<b>(15.5)</b>	-	-	-
<b>Total shareholders' equity</b>	<b>856,501</b>	<b>85.4</b>	-	-	-
<b>Total liabilities and shareholders' equity</b>	<b>1,003,005</b>	<b>100.0</b>	-	-	-

Date Description	As of March 31, 2006		As of March 31, 2007		Increase (decrease)
	Amount	%	Amount	%	Amount
	million yen		million yen		million yen
<b>(Net assets)</b>					
<b>I Owners' equity</b>					
1 Common stock	-		10,065		-
2 Additional paid-in capital					
(1) Capital reserve	-		11,584		-
(2) Other additional paid-in capital	-		2		-
Total additional paid-in capital	-		11,586		-
3 Retained earnings					
(1) Legal reserve	-		2,516		-
(2) Other retained earnings					
Special reserve	-		40		-
General reserve	-		860,000		-
Unappropriated retained earnings	-		209,368		-
Total other retained earnings	-		1,069,408		-
Total retained earnings	-		1,071,925		-
4 Treasury stock	-		(155,396)		-
<b>Total owners' equity</b>	-	-	<b>938,181</b>	<b>68.7</b>	-
<b>II Valuation and translation adjustments</b>					
1 Unrealized gains on other securities	-		8,895		-
Total valuation and translation adjustments	-	-	8,895	0.6	-
<b>Total net assets</b>	-	-	<b>947,076</b>	<b>69.3</b>	-
<b>Total liabilities and net assets</b>	-	-	<b>1,366,267</b>	<b>100.0</b>	-



**NON-CONSOLIDATED STATEMENTS OF INCOME**

Description	Year Ended March 31, 2006		Year Ended March 31, 2007		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
	million yen		million yen		million yen	
I Net sales	411,770	100.0	898,639	100.0	486,869	118.2
II Cost of sales	261,855	63.6	596,507	66.4	334,651	127.8
<b>Gross margin</b>	<b>149,914</b>	<b>36.4</b>	<b>302,132</b>	<b>33.6</b>	<b>152,217</b>	<b>101.5</b>
III Selling, general, and administrative expenses	68,366	16.6	89,843	10.0	21,476	31.4
<b>Operating income</b>	<b>81,547</b>	<b>19.8</b>	<b>212,288</b>	<b>23.6</b>	<b>130,741</b>	<b>160.3</b>
IV Other income	<b>68,472</b>	<b>16.6</b>	<b>52,423</b>	<b>5.8</b>	<b>(16,049)</b>	<b>(23.4)</b>
1 Interest income	18,144		24,055		5,911	
2 Dividend income	678		543		(135)	
3 Foreign exchange gains	47,932		23,131		(24,801)	
4 Other	1,716		4,692		2,975	
V Other expenses	<b>580</b>	<b>0.1</b>	<b>1,308</b>	<b>0.1</b>	<b>728</b>	<b>125.4</b>
1 Sales discount	561		1,233		671	
2 Other	19		75		56	
<b>Income before income taxes and extraordinary items</b>	<b>149,439</b>	<b>36.3</b>	<b>263,403</b>	<b>29.3</b>	<b>113,963</b>	<b>76.3</b>
VI Extraordinary gains	<b>6,468</b>	<b>1.6</b>	<b>4,056</b>	<b>0.4</b>	<b>(2,411)</b>	<b>(37.3)</b>
1 Reversal of allowance for doubtful accounts	73		2,912		2,838	
2 Reversal of unrealized losses on investments in securities	1,408		-		(1,408)	
3 Gains on sales of fixed assets	6		252		245	
4 Gains on sales of investments in securities	3,653		891		(2,761)	
5 Gains on redemption of investments in securities	82		-		(82)	
6 Gains on liquidation of affiliates	5		-		(5)	
7 Reversal of reserve for directors' retirement and severance benefits	1,236		-		(1,236)	
VII Extraordinary losses	<b>1,648</b>	<b>0.4</b>	<b>2,067</b>	<b>0.2</b>	<b>418</b>	<b>25.4</b>
1 Losses on disposal of fixed assets	31		51		20	
2 Unrealized losses on investments in securities	1,383		335		(1,047)	
3 Unrealized losses on investments in affiliates	-		1,679		1,679	
4 Losses on sales of investments in securities	233		-		(233)	
<b>Income before income taxes</b>	<b>154,258</b>	<b>37.5</b>	<b>265,392</b>	<b>29.5</b>	<b>111,133</b>	<b>72.0</b>
Provision for income taxes and enterprise taxes	67,297	16.4	112,221	12.5	44,924	66.8
Prior year income taxes	-	-	17,798	1.9	17,798	-
Income taxes deferred	(4,623)	(1.1)	(7,371)	(0.8)	(2,748)	59.4
<b>Net income</b>	<b>91,585</b>	<b>22.2</b>	<b>142,743</b>	<b>15.9</b>	<b>51,158</b>	<b>55.9</b>
Retained earnings brought forward	84,055		-		-	
Interim cash dividend	8,954		-		-	
<b>Unappropriated retained earnings</b>	<b>166,686</b>		<b>-</b>		<b>-</b>	

**NON-CONSOLIDATED APPROPRIATION STATEMENT**

	Approved on June 29, 2006 at the Annual General Meeting of Shareholders
	Amount
	million yen
<b>I Unappropriated retained earnings</b>	166,686
<b>II Reversal of special reserve</b>	
1 Transfer from reserve for deferred fixed assets	2
Total	166,688
<b>III Allocation</b>	
1 Cash dividends	40,932
2 Directors' bonuses	180
3 Optional reserve	
(1) General reserve	50,000
Total	91,112
<b>IV Retained earnings - carried forward</b>	75,576

**NON-CONSOLIDATED STATEMENT OF NET ASSETS**

Year ended March 2007 (April 1, 2006 - March 31, 2007)

million yen

	Owners' equity		
	Common stock	Additional paid-in capital	
		Capital reserve	Other additional paid-in capital
Balance as of March 31, 2006	10,065	11,584	0
Amount of changes in the fiscal year			
* Reversal of special reserve	-	-	-
Reversal of special reserve	-	-	-
* Dividends from retained earnings	-	-	-
Dividends from retained earnings	-	-	-
* Directors' bonuses	-	-	-
* General reserve	-	-	-
Net income	-	-	-
Purchase of treasury stock	-	-	-
Disposal of treasury stock	-	-	1
Net amount of changes in the fiscal year other than owners' equity	-	-	-
Total amount of changes in the fiscal year	-	-	1
Balance as of March 31, 2007	10,065	11,584	2

million yen

	Owners' equity					Valuation and translation adjustments	
	Retained earnings				Treasury stock	Total owners' equity	Unrealized gains on other securities
	Legal reserve	Other retained earnings					
		Special reserve	General reserve	Unappropriated retained earnings			
Balance as of March 31, 2006	2,516	44	810,000	166,686	(155,112)	845,785	10,716
Amount of changes in the fiscal year							
* Reversal of special reserve	-	(2)	-	2	-	-	-
Reversal of special reserve	-	(2)	-	2	-	-	-
* Dividends from retained earnings	-	-	-	(40,932)	-	(40,932)	-
Dividends from retained earnings	-	-	-	(8,953)	-	(8,953)	-
* Directors' bonuses	-	-	-	(180)	-	(180)	-
* General reserve	-	-	50,000	(50,000)	-	-	-
Net income	-	-	-	142,743	-	142,743	-
Purchase of treasury stock	-	-	-	-	(284)	(284)	-
Disposal of treasury stock	-	-	-	-	1	2	-
Net amount of changes in the fiscal year other than owners' equity	-	-	-	-	-	-	(1,821)
Total amount of changes in the fiscal year	-	(4)	50,000	42,681	(283)	92,395	(1,821)
Balance as of March 31, 2007	2,516	40	860,000	209,368	(155,396)	938,181	8,895

[Note] \*Allocated at the annual general meeting of shareholders' held in June 2006.

**Others**(1) Consolidated sales information million yen

Business category	Main products	Year ended March 31, 2006	Year ended March 31, 2007
Electronic entertainment products	Hardware		
	Handheld	223,869	374,063
	Console	24,668	156,478
	Others	32,947	54,258
	Hardware total	281,484	584,800
	Software		
	Handheld	172,661	291,916
Console	50,503	82,361	
Royalty, content income, etc.	2,423	5,301	
Software total	225,588	379,578	
Electronic entertainment products total		507,072	964,379
Other	Playing cards, Karuta, etc.	2,176	2,154
	Total	509,249	966,534

(2) Other consolidated information million yen

	Year ended March 31, 2006	Year ended March 31, 2007	Year ending March 31, 2008
Capital investments	5,597	11,232	10,000
Depreciation expenses of tangible assets	3,442	5,093	6,500
Research and development expenses	30,596	37,725	45,000
Marketing expenses	55,442	82,339	90,000
Foreign exchange gains	45,515	25,741	-
Foreign exchange losses	-	-	20,000
Number of employees (At year-end)	3,150	3,373	-
Average exchange rates			
1 US \$ =	113.31 yen	117.02 yen	115.00 yen
1 Euro =	137.86 yen	150.09 yen	150.00 yen

(3) Balance of assets in major foreign currencies without exchange contracts (Non-consolidated) million U.S. dollars / euros

		As of March 31, 2006		As of March 31, 2007		As of March 31, 2008
		Balance	Exchange rate	Balance	Exchange rate	Estimated exchange rates
US \$	Cash and deposits	2,935	1 US \$ =	2,940	1 US \$ =	1 US \$ =
	Trade accounts receivable	116	117.47 yen	779	118.05 yen	115.00 yen
Euro	Cash and deposits	807	1 Euro =	693	1 Euro =	1 Euro =
	Trade accounts receivable	106	142.81 yen	522	157.33 yen	150.00 yen

(Note) Trade accounts payable as of March 31, 2007 : 238 million U.S. dollars.

(4) Consolidated sales units, number of new titles, and sales unit forecast

			Sales Units in Ten Thousands			
			Year ended		Number of New Titles Released	
			Apr.-Mar. '06	Apr.-Mar. '07	Life-to-date Mar. '07	Forecast Apr. '07-Mar. '08
Game Boy Advance	Hardware	Japan	100	11	1,666	
		The Americas	472	300	4,110	
		Other	261	122	2,171	
		Total	833	434	7,946	-
	of which Game Boy Advance SP	Japan	42	8	650	
		The Americas	426	252	2,347	
		Other	176	109	1,195	
		Total	644	369	4,192	
	of which Game Boy Micro	Japan	58	3	61	
		The Americas	47	48	95	
		Other	79	8	87	
		Total	183	59	242	
	Software	Japan	728	255	7,236	
The Americas		3,534	2,599	20,857		
Other		1,674	999	8,532		
Total		5,936	3,853	36,625	800	
New titles	Japan	76	16	786		
	The Americas	170	126	992		
	Other	170	109	904		
Nintendo DS	Hardware	Japan	478	912	1,602	
		The Americas	292	663	1,174	
		Other	376	781	1,252	
		Total	1,146	2,356	4,029	2,200
	of which Nintendo DS Lite	Japan	58	890	948	
		The Americas	-	641	641	
		Other	-	596	596	
		Total	58	2,128	2,185	
	Software	Japan	2,152	4,977	7,511	
		The Americas	1,608	3,720	5,803	
		Other	1,235	3,658	5,085	
		Total	4,995	12,355	18,398	13,000
	New titles	Japan	147	272	445	
The Americas		97	157	272		
Other		84	162	262		
Nintendo GameCube	Hardware	Japan	20	2	402	
		The Americas	172	63	1,281	
		Other	44	8	476	
		Total	235	73	2,159	-
	Software	Japan	298	44	2,741	
		The Americas	2,388	1,448	13,613	
		Other	592	188	4,234	
		Total	3,279	1,680	20,588	350
	New titles	Japan	37	7	275	
		The Americas	84	40	549	
Other		67	28	452		
Wii	Hardware	Japan	-	200	200	
		The Americas	-	237	237	
		Other	-	147	147	
		Total	-	584	584	1,400
	Software	Japan	-	612	612	
		The Americas	-	1,449	1,449	
		Other	-	823	823	
		Total	-	2,884	2,884	5,500
	New titles	Japan	-	38	38	
		The Americas	-	47	47	
Other		-	45	45		

[Notes]

\*1 New titles-Other include new titles in the European and Australian markets.

\*2 The software forecast figures do not include quantity bundled with hardware.