



# CONSOLIDATED FINANCIAL HIGHLIGHTS



Nintendo Co., Ltd.  
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Japan

## Consolidated Results for the Six Months Ended September 2009 and 2010

### (1) Consolidated operating results

(Amounts below one million are rounded down)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended Sept. 30, '10	363,160	(33.7)	54,232	(48.0)	(4,152)	-	(2,011)	-
Six months ended Sept. 30, '09	548,058	(34.5)	104,360	(58.6)	110,613	(53.4)	69,492	(52.0)

  

	Net income per share
	yen
Six months ended Sept. 30, '10	(15.73)
Six months ended Sept. 30, '09	543.40

[Note] Percentages for net sales, operating income etc. show increase (decrease) from the same period of the previous fiscal year.

### (2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	million yen	million yen	%	yen
As of Sept. 30, '10	1,525,925	1,217,555	79.8	9,519.72
As of Mar. 31, '10	1,760,986	1,336,585	75.9	10,450.33

## Dividends

	Dividend per share		
	End of 2nd quarter	Year-end	Annual
	yen	yen	yen
Year ended Mar. 31, '10	270.00	660.00	930.00
Year ending Mar. 31, '11	140.00		
Year ending Mar. 31, '11 (forecast)		410.00	550.00

## Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2011

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ending Mar. '11	1,100,000	(23.3)	210,000	(41.1)	145,000	(60.2)	90,000	(60.6)	703.78

[Note]

Percentages for net sales, operating income etc. show increase (decrease) from previous each period.

## Others

- (1) Changes for important subsidiaries during the three-month period ended Sept. 30, 2010 : Not applicable
- (2) Application of simplified methods for accounting procedures : Applicable  
[Note] Please refer to "3. Other Information" at page 3 for details.
- (3) Changes in accounting procedures
- 1) Related to accounting standard revisions etc. : Applicable
  - 2) Other changes : Not applicable
- [Note] Please refer to "3. Other Information" at page 3 for details.
- (4) Outstanding shares (common shares)
- 1) Number of shares outstanding (including treasury stock)
    - As of Sept. 30, 2010 : 141,669,000 shares
    - As of Mar. 31, 2010 : 141,669,000 shares
  - 2) Number of treasury stock
    - As of Sept. 30, 2010 : 13,788,071 shares
    - As of Mar. 31, 2010 : 13,786,778 shares
  - 3) Average number of shares
    - Six months ended
    - Sept. 30, 2010 : 127,881,407 shares
    - Six months ended
    - Sept. 30, 2009 : 127,884,224 shares

### [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). With respect to this forecast, please refer to page 3 "2. Consolidated Financial Forecast" for further details.

## **1. Consolidated Operating Results**

Nintendo remains focused on its basic strategy of pursuing "Gaming Population Expansion" by offering compelling products that anyone can enjoy, regardless of age, gender or gaming experience.

During the six months ended September 2010, within the handheld device segment of the electronic entertainment products division, "Pokémon Black Version" and "Pokémon White Version" were launched this September in Japan. These titles had a very strong start, reaching sales of 4.07 million units. The new Pokémon titles have not been launched in the U.S. and European markets yet. Overall, a limited number of software titles drove hardware sales and as a result, sales in both hardware and software decreased compared to the six months ended September last fiscal year. Sales were 6.69 million units of "Nintendo DS" hardware and 54.84 million units of "Nintendo DS" software worldwide.

In the console business, an action game featuring Mario's adventures throughout the galaxy, called "Super Mario Galaxy 2" sold 5.1 million units worldwide. In Japan, "Wii Party," a game in which customizable characters called "Mii" become the stars, was released in July and became a million-seller title. Worldwide sales of "Wii" hardware and "Wii" software were 4.97 million units and 65.21 million units respectively.

Due to this sales outcome, as well as the appreciation of the yen, net sales were 363.1 billion yen (of which overseas sales were 295.4 billion yen, or 81.4% of total sales) and operating income was 54.2 billion yen. In addition, reevaluation of assets in foreign currencies generated exchange losses totaling 62.1 billion yen, ordinary loss was 4.1 billion yen, and net loss was 2 billion yen.

## **2. Consolidated Financial Forecast**

As released on September 29, 2010 with the "Notice of Financial Forecast and Dividend Forecast Modifications," the earnings forecast has been modified to reflect stronger than expected yen appreciation, current sales performance, the sales outlook for the holiday season, and the decided release plan for the "Nintendo 3DS." Assumed exchange rates for the second half of the fiscal year and at the end of March, 2011 have been revised to 85 yen per U.S. dollar and 110 yen per euro.

The unit forecast of the Wii software was increased by 3 million units from the annual forecast announced on September 29, 2010, to 138 million units. However, this increase is due to the addition of software units bundled with hardware sold during the September quarter and does not represent a substantive change in the annual forecast. The forecast on September 29, 2010, did not include software bundled with hardware to be sold during July to September 2010. Since the reported six month software unit sales include the quantity bundled with hardware sold through September 2010, this adjustment for the three months from July to September 2010 was made on Wii software sales annual unit forecast. Please refer to "8. Others" at page 9.

## **3. Other Information**

### **(1) Application of simplified or peculiar method for accounting procedures**

In computing corporate income taxes, only major items are taken into account in terms of additions and deductions for the income and tax credits.

With respect to certain consolidated subsidiaries, corporate income tax amount is calculated by taking the amount of income before income taxes through the six-month period ended September 2010 multiplied by reasonably estimated annual effective tax rate with the effects of deferred taxes reflected.

### **(2) Changes in accounting procedures**

#### **(Application of "Accounting Standard for Equity Method of Accounting for Investments")**

Effective with the quarter ended June 30, 2010, the "Accounting Standard for Equity Method of Accounting for Investments" (Accounting Standards Board of Japan Statement No.16 published on March 10, 2008) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (Practical Issues Task Force" No.24 dated March 10, 2008) have been applied.

There is no impact on ordinary loss and loss before income taxes and minority interests.

#### **(Application of "Accounting Standard for Asset Retirement Obligations")**

Effective with the quarter ended June 30, 2010, the "Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan Statement No. 18 dated March 31, 2008) and the "Implementation Guidance on Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan Statement Guidance No.21 dated March 31, 2008) have been applied.

There is no impact on operating income, ordinary loss, and loss before income taxes and minority interests.

## 4. Consolidated Balance Sheets

million yen

Description	As of Sept. 30,	As of March 31,
	2010	2010
	Amount	Amount
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and deposits	688,472	886,995
Notes and accounts receivable-trade	87,449	131,876
Short-term investment securities	317,306	365,326
Finished goods	156,714	116,055
Work in process	373	90
Raw materials and supplies	8,456	8,528
Other	109,653	83,582
Allowance for doubtful accounts	(657)	(1,067)
<b>Total current assets</b>	<b>1,367,768</b>	<b>1,591,388</b>
<b>Noncurrent assets</b>		
Property, plant and equipment	78,592	79,586
Intangible assets	3,792	4,111
Investments and other assets	75,772	85,899
<b>Total noncurrent assets</b>	<b>158,157</b>	<b>169,598</b>
<b>Total assets</b>	<b>1,525,925</b>	<b>1,760,986</b>
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	206,980	264,613
Income taxes payable	2,195	55,666
Provision	2,114	2,174
Other	81,221	85,082
<b>Total current liabilities</b>	<b>292,511</b>	<b>407,537</b>
<b>Noncurrent liabilities</b>		
Provision	9,531	9,924
Other	6,327	6,939
<b>Total noncurrent liabilities</b>	<b>15,858</b>	<b>16,863</b>
<b>Total liabilities</b>	<b>308,370</b>	<b>424,401</b>
<b>(Net assets)</b>		
<b>Shareholders' equity</b>		
Capital stock	10,065	10,065
Capital surplus	11,733	11,733
Retained earnings	1,440,901	1,527,315
Treasury stock	(156,621)	(156,585)
<b>Total shareholders' equity</b>	<b>1,306,078</b>	<b>1,392,528</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	(1,126)	1,661
Foreign currency translation adjustment	(87,561)	(57,778)
<b>Total valuation and translation adjustments</b>	<b>(88,687)</b>	<b>(56,117)</b>
<b>Minority interests</b>	<b>164</b>	<b>174</b>
<b>Total net assets</b>	<b>1,217,555</b>	<b>1,336,585</b>
<b>Total liabilities and net assets</b>	<b>1,525,925</b>	<b>1,760,986</b>

## 5. Consolidated Statements of Income

million yen

Description	Six months ended Sept. 30, 2009	Six months ended Sept. 30, 2010
	Amount	Amount
Net sales	548,058	363,160
Cost of sales	341,759	214,369
<b>Gross profit</b>	<b>206,298</b>	<b>148,791</b>
Selling, general and administrative expenses		
Advertising expenses	43,737	38,010
Research and development expenses	22,104	25,475
Other	36,095	31,073
Total selling, general and administrative expenses	101,937	94,558
<b>Operating income</b>	<b>104,360</b>	<b>54,232</b>
Non-operating income		
Interest income	5,579	3,289
Other	2,410	1,559
Total non-operating income	7,990	4,849
Non-operating expenses		
Sales discounts	198	178
Foreign exchange losses	664	62,175
Other	873	881
Total non-operating expenses	1,737	63,234
<b>Ordinary income (loss)</b>	<b>110,613</b>	<b>(4,152)</b>
Extraordinary income		
Reversal of allowance for doubtful accounts	245	173
Gain on sales of noncurrent assets	-	1
Gain on sales of investment securities	-	15
Gain on prior periods adjustment	4,065	-
Total extraordinary income	4,311	190
Extraordinary loss		
Loss on disposal of noncurrent assets	80	1
Loss on valuation of investment securities	-	17
Loss on prior periods adjustment	2,225	-
Total extraordinary loss	2,306	18
<b>Income (loss) before income taxes and minority interests</b>	<b>112,618</b>	<b>(3,981)</b>
Income taxes-current	63,172	1,229
Income taxes-deferred	(20,064)	(3,189)
Total income taxes	43,107	(1,960)
<b>Income (loss) before minority interests</b>	<b>-</b>	<b>(2,020)</b>
Minority interests in income (loss)	18	(9)
<b>Net income (loss)</b>	<b>69,492</b>	<b>(2,011)</b>

6. Consolidated Statements of Cash Flows

million yen

Description	Period	Six months Ended Sept. 30, 2009	Six months Ended Sept. 30, 2010
		Amount	Amount
<b>I Net cash provided by (used in) operating activities</b>			
Income (loss) before income taxes and minority interests		112,618	(3,981)
Depreciation and amortization		3,694	3,123
Interest and dividends income		(5,728)	(3,433)
Foreign exchange losses (gains)		1,248	61,474
Decrease (increase) in notes and accounts receivable-trade		(2,140)	35,573
Decrease (increase) in inventories		(82,231)	(56,642)
Increase (decrease) in notes and accounts payable-trade		(62,957)	(69,966)
Increase (decrease) in accrued consumption taxes		(924)	(2,702)
Other, net		(5,361)	(2,421)
Sub-total		(41,781)	(38,975)
Interest and dividends income received		6,472	3,887
Interest expenses paid		(1)	(1)
Income taxes paid		(89,980)	(57,964)
<b>Net cash provided by (used in) operating activities</b>		<b>(125,290)</b>	<b>(93,054)</b>
<b>II Net cash provided by (used in) investing activities</b>			
Payments into time deposits		(105,443)	(165,737)
Proceeds from withdrawal of time deposits		212,095	215,889
Purchase of short-term investment securities		(264,938)	(204,677)
Proceeds from sales and redemption of securities		262,482	228,019
Purchase of property, plant and equipment		(9,752)	(3,911)
Purchase of investment securities		(1,075)	(6,800)
Other, net		(325)	(176)
<b>Net cash provided by (used in) investing activities</b>		<b>93,041</b>	<b>62,606</b>
<b>III Net cash provided by (used in) financing activities</b>			
Cash dividends paid		(99,600)	(84,367)
Other, net		209	(79)
<b>Net cash provided by (used in) financing activities</b>		<b>(99,391)</b>	<b>(84,447)</b>
<b>IV Effect of exchange rate change on cash and cash equivalents</b>		<b>5,378</b>	<b>(51,712)</b>
<b>V Net increase (decrease) in cash and cash equivalents</b>		<b>(126,261)</b>	<b>(166,609)</b>
<b>VI Cash and cash equivalents at beginning of period</b>		<b>894,129</b>	<b>931,333</b>
<b>VII Cash and cash equivalents at end of period</b>		<b>767,867</b>	<b>764,724</b>

## 7. Segment Information

(1) Six months ended September 30, 2009

(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 categories, with no other categories to be reported on the basis of disclosure rules. Therefore, this information is not applicable to Nintendo's business.

(Segment Information by Seller's Location)

	Japan	The Americas	Europe	Other	Total	Eliminations or corporate	Consolidated
Net sales							
(1) Sales to third parties	92,071	228,938	186,630	40,418	548,058	-	548,058
(2) Inter-segment sales	494,709	1,114	11	143	495,979	(495,979)	-
Total	586,780	230,053	186,642	40,562	1,044,038	(495,979)	548,058
Operating income	126,991	6,161	2,084	2,046	137,283	(32,922)	104,360

(2) Six months ended September 30, 2010

The main business of Nintendo (Nintendo Co., Ltd. (the "Company") and its consolidated subsidiaries) is developing, manufacturing, and distributing handheld and console hardware machines and related software. Development and manufacturing of products for worldwide use are primarily done by the Company. The Company distributes products in Japan while distribution in overseas markets is done by each local subsidiary.

Nintendo operates as a single business segment with each major geographic subsidiary solely responsible for distributing handheld and console hardware machines and related software to its local market and there is no difference by product in terms of distribution channels or markets. While analysis of product sales results is made by product category or by region, decision for allocation of the management resources and evaluation of business results are made on a company-wide basis, not based on a product category or region basis. Therefore, this information is omitted.

## 8. Others

(1) Consolidated sales information million yen

Category		Six months ended Sept. 30, 2009	Six months ended Sept. 30, 2010
Electronic entertainment products	Hardware	312,556	194,448
	Software	234,187	167,923
Electronic entertainment products total		546,743	362,372
Other	Playing cards, Karuta, etc.	1,315	787
Total		548,058	363,160

(2) Geographical sales breakdown million yen

		Japan	The Americas	Europe	Other	Total
Six months ended Sept. 30, 2009	Net Sales	90,817	229,700	185,243	42,296	548,058
	Component ratio	16.6%	41.9%	33.8%	7.7%	100.0%
Six months ended Sept. 30, 2010	Net Sales	67,701	159,816	108,358	27,283	363,160
	Component ratio	18.6%	44.0%	29.8%	7.6%	100.0%

(3) Other consolidated information million yen

	Six months ended Sept. 30, 2009	Six months ended Sept. 30, 2010
Depreciation expenses of property, plant and equipment	3,321	2,648
Research and development expenses	22,114	25,534
Number of employees (at period end)	4,365	4,640
Consolidated Net Sales in U.S. Dollars	US\$ 2.1 billion	US\$ 1.6 billion
Consolidated Net Sales in Euros	€1.4 billion	€0.9 billion
Non-Consolidated Purchases in U.S. Dollars	US \$ 1.2 billion	US \$ 0.8 billion

(4) Balance of assets and liabilities in major foreign currencies without exchange contracts (non-consolidated)

		million U.S. dollars/euros			Estimated exchange rate as of Mar.31, 2011
		Balance as of Sept. 30, 2010	Ave. exchange rate Apr.-Sept. 2010	Exchange rate as of Sept. 30, 2010	
US\$	Cash and deposits	2,668	US\$1.00=	US\$1.00=	US\$1.00=
US\$	Accounts receivable-trade	1,003	¥88.95	¥83.82	¥85.00
US\$	Accounts payable-trade	274			
EUR	Cash and deposits	2,131	EUR1.00=	EUR1.00=	EUR1.00=
EUR	Accounts receivable-trade	596	¥113.85	¥114.24	¥110.00



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

			Actual		Sales Units in Ten Thousands		
			Apr.-Sept. '09	Apr.-Sept. '10	Number of New Titles Released		
					Life-to-date	Forecast	
					Sept. '10	Apr. '10-Mar. '11	
Nintendo DS	Hardware	Japan	173	115	3,155		
		The Americas	489	253	4,928		
		Other	508	301	5,475		
		Total	1,170	669	13,558	2,350	
	of which Nintendo DSi	Japan	151	46	522		
		The Americas	294	75	772		
		Other	269	105	715		
	of which Nintendo DSi XL	Total	715	226	2,009		
		Japan	-	59	162		
		The Americas	-	118	160		
Other		-	144	207			
Wii	Hardware	Japan	1,574	1,251	19,000		
		The Americas	3,212	2,806	30,662		
		Other	2,329	1,427	27,673		
		Total	7,115	5,484	77,334	12,500	
	New titles	Japan	122	88	1,681		
		The Americas	189	143	1,432		
		Other	278	146	1,761		
	Wii	Hardware	Japan	72	45	1,079	
			The Americas	245	251	3,591	
			Other	259	201	2,920	
Total			575	497	7,590	1,750	
Software		Japan	523	460	5,367		
		The Americas	4,140	3,716	33,445		
		Other	2,958	2,346	22,192		
New titles	Total	7,621	6,521	61,004	13,800		
	Japan	38	27	386			
	The Americas	160	116	917			
	Other	154	120	903			

[Notes]

- 1 New titles-Other include new titles in the European and Australian markets.
- 2 Sales units, number of new titles figures for Nintendo DS do not include quantity of the Nintendo DSiWare titles.
- 3 Sales units, number of new titles figures for Wii do not include quantity of the Virtual Console and the WiiWare titles.
- 4 Actual sales units of software include quantity bundled with hardware.
- 5 Software sales unit forecast includes units bundled with hardware until September 30, 2010.  
However, the forecast does not include units to be bundled with hardware in and after October 2010.
- 6 Hardware and software sales unit forecast for Nintendo DS include forecast units for Nintendo 3DS.  
Forecast units for Nintendo 3DS hardware are 4 million units.  
Forecast units for Nintendo 3DS software are 15 million units.