



MEMBERSHIP

April 27, 2016

# CONSOLIDATED FINANCIAL STATEMENTS



Nintendo Co., Ltd.  
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Minami-ku, Kyoto 601-8501  
Japan

## Consolidated Results for the Years Ended March 31, 2015 and 2016

### (1) Consolidated operating results

(Amounts below one million yen are rounded down)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2016	504,459	(8.2)	32,881	32.7	28,790	(59.2)	16,505	(60.6)
Year ended March 31, 2015	549,780	(3.8)	24,770	-	70,530	-	41,843	-

[Note]

Percentages for net sales, operating income etc. show increase (decrease) from the last fiscal year.

	Net income per share	Return on equity	Ordinary income on total assets	Operating income to net sales
	yen	%	%	%
Year ended March 31, 2016	137.40	1.4	2.2	6.5
Year ended March 31, 2015	353.49	3.7	5.3	4.5

### (2) Consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2016	1,296,902	1,160,901	89.5	9,662.73
As of March 31, 2015	1,352,944	1,167,556	86.3	9,862.52

### (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, 2016	55,190	(71,740)	(2,996)	258,095
Year ended March 31, 2015	60,293	(105,394)	(11,916)	281,539

## Dividends

	Dividend per share			Dividends in total (annual)	Dividend payout ratio (consolidated basis)	Dividends on net assets (consolidated basis)
	End of 2nd quarter	Year-end	Annual			
	yen	yen	yen	million yen	%	%
Year ended Mar. 2015	0.00	180.00	180.00	21,306	50.9	1.9
Year ended Mar. 2016	30.00	120.00	150.00	18,019	109.2	1.5
Year ending Mar. 2017 (forecast)	-*	-*	150.00		51.5	

[Note]

\*Dividends are paid twice a year after the end of the second quarter and at the fiscal year-end based on profit levels achieved in each fiscal year as our basic policy. As for the dividend forecast for the fiscal year ending March 31, 2017, only the annual dividend is described because the financial forecast for the year is prepared only on a full fiscal year basis and the dividend cannot be separately forecasted between the interim and the fiscal year-end.

**Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2017**

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ending Mar. 2017	500,000	(0.9)	45,000	36.9	45,000	56.3	35,000	112.1	291.35

[Notes]

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

With respect to this forecast, please refer to page 3 for the forward-looking conditions and other related matters.

**Others**

(1) Changes for important subsidiaries during the fiscal year ended March 31, 2016 : Not applicable

(2) Changes in accounting procedures:

- |  |                  |
|--|------------------|
| 1) Related to accounting standard revisions etc. | : Applicable     |
| 2) Other changes                                 | : Not applicable |
| 3) Changes in accounting estimates               | : Not applicable |
| 4) Modified restatements                         | : Not applicable |

[Notes] Detailed information is listed on page 13.

(3) Outstanding shares (common shares)

- |  |                    |                             |                    |  |
|--|--------------------|-----------------------------|--------------------|--|
| ① Number of shares outstanding (including treasury shares) |                    |                             |                    |  |
| As of March 31, 2016 :                                     | 141,669,000 shares | As of March 31, 2015 :      | 141,669,000 shares |  |
| ② Number of treasury shares                                |                    |                             |                    |  |
| As of March 31, 2016 :                                     | 21,539,677 shares  | As of March 31, 2015 :      | 23,297,005 shares  |  |
| ③ Average number of shares                                 |                    |                             |                    |  |
| Year ended March 31, 2016 :                                | 120,125,446 shares | Year ended March 31, 2015 : | 118,373,089 shares |  |

**(Reference) Non-consolidated Results**

Non-consolidated Results for the Years Ended March 31, 2015 and 2016

(1) Non-consolidated operating results

	Net sales		Operating income		Ordinary income		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2016	379,992	3.6	19,630	(25.9)	10,831	(84.5)	4,516	(89.1)
Year ended March 31, 2015	366,807	(18.2)	26,483	-	69,887	89.8	41,467	77.7

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

	Net income per share
	yen
Year ended March 31, 2016	37.60
Year ended March 31, 2015	350.31

(2) Non-consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2016	962,911	881,203	91.5	7,335.46
As of March 31, 2015	1,012,341	884,195	87.3	7,469.63

[Notes]

1. This earnings release report is not subject to audit procedures based on the Financial Instruments and Exchange Act. At the time of disclosure of this report, the audit procedures for the financial statements are in progress.

2. Forecasts announced by the Company (Nintendo Co., Ltd.) 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, 2016

During the fiscal year ended March 31, 2016, for Nintendo 3DS, *Animal Crossing: Happy Home Designer* and *Pokémon Super Mystery Dungeon* were released globally and both became hits, selling 3.04 million and 1.22 million units respectively. There were also multiple hit titles from third-party publishers. However, due to the lack of major titles like *Pokémon Omega Ruby/Pokémon Alpha Sapphire* and *Super Smash Bros. for Nintendo 3DS*, which energized the entire 3DS business during the prior fiscal year, the worldwide sales of the Nintendo 3DS hardware and software were 6.79 million and 48.52 million units respectively.

With respect to Wii U, *Splatoon* sold 4.27 million units and *Super Mario Maker* sold 3.52 million units, both becoming blockbusters and contributing to energizing the Wii U platform. In addition, *The Legend of Zelda: Twilight Princess HD*, which was released globally in March, got off to a good start. The global sales of the Wii U hardware and software reached 3.26 million and 27.36 million units respectively.

In addition to the above, amiibo sales continued to maintain momentum and showed strong performance globally. The figure-type and the card-type sold approximately 24.70 million units and approximately 28.90 million units respectively. Furthermore, sales of additional download content for Nintendo 3DS and Wii U increased and total download sales reached 43.9 billion yen. Moreover, our first smart device app, *Miitomo*, was released globally in March and started off well.

As a result, net sales were 504.4 billion yen (of which overseas sales were 368.9 billion yen or 73.1% of the total sales), and operating income was 32.8 billion yen. Due to re-evaluation of assets in foreign currencies, exchange losses totaled 18.3 billion yen. As a result, ordinary income was 28.7 billion yen and profit attributable to owners of parent was 16.5 billion yen.

#### (2) Outlook for fiscal year ending March 31, 2017

For Nintendo 3DS, we will release *Pokémon Sun/Pokémon Moon* globally in winter of 2016 (holiday 2016 in the U.S. and late 2016 in Europe). These are the latest titles from the Pokémon series, which has sold 200 million units worldwide since the first title from the series released 20 years ago. We will also release a number of titles including *Kirby: Planet Robobot* and *Metroid Prime: Federation Force*. Strongly anticipated titles from third-party publishers are also scheduled for release. With the release of these titles, we will re-energize the platform and aim to expand our reach globally to a broad audience, including female and younger consumer demographics.

For our dedicated video game platform business, Nintendo is currently developing a gaming platform codenamed "NX" with a brand-new concept. NX will be launched in March 2017 globally.

As for amiibo, we will continue to expand the product lineup in order to maintain momentum. At the same time, we will aim to further expand sales by offering new gaming experiences with the use of amiibo. For our content download business, we will continue to offer appealing additional download content that enhance the characteristics of each game. We believe this will keep games actively played and maintain their popularity. Also, for our smart device business, following *Miitomo*, we will continuously release new apps in order to expand the revenue base as a business.

Based on these efforts, we project, for the fiscal year ending March 31, 2017, net sales of 500.0 billion yen, an operating income of 45.0 billion yen, an ordinary income of 45.0 billion yen and profit attributable to owners of parent of 35.0 billion yen. Unit sales of the major products used for the forecast are listed on page 15 under the heading of "(5) Consolidated sales units, number of new titles, and sales units forecast" in the "Others" section. Exchange rate assumptions for the major currencies used for the forecasts are 110 yen per U.S. dollar and 125 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

### (1) Situation of assets, liabilities, and net assets

Total assets decreased by 56.0 billion yen compared to the prior fiscal year-end to 1,296.9 billion yen mainly due to a decrease in securities and inventories. Total liabilities decreased by 49.3 billion yen compared to the prior fiscal year-end to 136.0 billion yen mainly due to a decrease in notes and accounts payable-trade. Net assets decreased by 6.6 billion yen compared to the prior fiscal year-end to 1,160.9 billion yen.

### (2) Situation of cash flow

The ending balance of "Cash and cash equivalents" (collectively, "Cash") as of March 31, 2016 was 258.0 billion yen, with a decrease of 23.4 billion yen during the fiscal year. During the prior fiscal year, there was a decrease of 59.7 billion yen. Net increase (decrease) of Cash and contributing factors during the fiscal year ended March 31, 2016 are as follows:

#### Net cash provided by (used in) operating activities:

There were decreasing factors contributing to 27.7 billion yen of income before income taxes and minority interests such as payments of income taxes and various expenses. However, due to increasing factors such as decrease of inventory and collection of trade accounts receivable and notes receivable, net cash resulted in an increase of 55.1 billion yen compared to an increase of 60.2 billion yen during the prior year.

#### Net cash provided by (used in) investing activities:

Net cash from investing activities decreased by 71.7 billion yen compared to a decrease of 105.3 billion yen during the prior year mainly due to payments into time deposits and purchase of securities and investment securities exceeding proceeds from withdrawal of time deposits and sales of securities and investment securities.

#### Net cash provided by (used in) financing activities:

There were increasing factors due to disposal of treasury shares. However, net cash from financing activities decreased by 2.9 billion yen compared to a decrease of 11.9 billion yen during the prior year mainly due to payments of cash dividends.

#### Cash flow index trend

	As of March 31, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Capital adequacy ratio	87.0 %	84.8 %	85.6 %	86.3 %	89.5 %
Capital adequacy ratio at market value	116.3	89.3	111.1	154.6	148.2

[Notes] Capital adequacy ratio: The sum of total "Shareholders' equity" and total "Accumulated other comprehensive income" 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 by the number of shares outstanding (excluding treasury shares) 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 shares, 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.

The end of 2nd quarter (interim) dividend per share is calculated by dividing 33% of consolidated operating income by the total number of outstanding shares, excluding treasury shares, as of the end of the six-month period rounded up to the 10 yen digit.

According to this policy, the dividend for the fiscal year ended March 31, 2016 is calculated to be 100 yen. However, on the basis of our dividends paid in the last several years and improvements in balancing revenue and expenses, the annual dividend per share we will pay is 150 yen (an interim dividend of 30 yen, and a year-end dividend of 120 yen per share).

If the actual consolidated financial results for the fiscal year ending March 31, 2017 are as projected in our forecasts, the annual dividend per share will be 150 yen. The end of 2nd quarter dividends are yet to be determined as there are no interim financial forecasts, but there are no changes to our dividend policy.

Retained earnings are maintained for effective use in research of new technology and development of new products and services, capital investments and securing materials, enhancement of selling power including advertisements, strengthening of network infrastructure, and treasury share buyback whenever deemed appropriate.

### 4. Management Policy

#### (1) Basic management policy

Nintendo strives to create new and unique forms of entertainment while maintaining a robust business structure. Nintendo places the highest emphasis on providing consumers with innovative entertainment that has never been experienced.

#### (2) Targeted management index

It is essential for us to provide new and entertaining products and services consistently. Upon accomplishing this, Nintendo aims to improve its corporate value by sustaining robust growth and increasing profit. Because Nintendo deals with entertainment products, which by nature hold many uncertainties in terms of their research & development, and operates in a market which involves intense competition, flexible business decisions are made without being constrained by any specific management index.

#### (3) Medium and long-term management strategy and challenges

With the belief in our mission to put smiles on people's faces around the world through products and services, we have followed our basic strategy of expanding the gaming population by offering products that can be enjoyed by everyone regardless of age, gender or gaming experience. We now want to take this mission a step further by increasing the number of people who have access to Nintendo's intellectual property (Nintendo IP).

We are actively offering Nintendo IP in a variety of different ways so that not only current players of our video games but all consumers - including those who used to play but currently do not and even those who have never played our video games before - will also come in contact with Nintendo IP.

For our dedicated video game platform business, Nintendo is currently developing a gaming platform codenamed "NX" which is a brand-new concept, and our unique software-led hardware-software integrated business will continue to constitute the core business for Nintendo. For the purpose of maximizing the population that interacts with Nintendo IP, we have entered into the smart device gaming business.

We will aim to create a synergetic effect between the smart device business and Nintendo's dedicated game system business to maximize the Nintendo businesses overall by growing our smart device business so that it is profitable on its own while continuously strengthening our connection with our consumers by enhancing features of our new membership service called My Nintendo.

As for other initiatives to use Nintendo IP actively, we launched a new product called amiibo - Nintendo characters that come in figure or card form that work with our video games. They have been well received by many of our consumers. Furthermore, our endeavors will not be limited to video games. We are planning to offer new attractions at theme parks featuring Nintendo characters. We will also strive to further increase opportunities for consumers to come in contact with Nintendo characters in their daily lives, such as through visual content and merchandising in order to maximize the number of people who come in contact with Nintendo IP.

Nintendo will continue to be flexible and adaptable to the changing times while constantly valuing the spirit of originality based on the belief that the "true value of entertainment lies in its uniqueness" - and will continue to provide products and services that will surprise and delight our consumers.

### 5. Basic Policy on the Selection of Accounting Standards

Nintendo is preparing for mandatory International Financial Reporting Standards adoption by attending seminars held by outside agencies to collect information, and conducting a deliberation on its adoption. However, the effective date has not been determined.

## Consolidated Balance Sheets

million yen

Description	As of March 31, 2015	As of March 31, 2016
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and deposits	534,706	570,448
Notes and accounts receivable-trade	55,794	38,731
Securities	380,587	338,892
Inventories	76,897	40,433
Deferred tax assets	15,597	6,597
Other	34,466	26,401
Allowance for doubtful accounts	(451)	(369)
<b>Total current assets</b>	<b>1,097,597</b>	<b>1,021,135</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures, net	42,447	39,977
Machinery, equipment and vehicles, net	1,330	1,120
Tools, furniture and fixtures, net	4,770	3,791
Land	42,925	42,553
Construction in progress	14	309
Total property, plant and equipment	91,488	87,752
Intangible assets		
Software	11,190	9,408
Other	1,240	568
Total intangible assets	12,430	9,977
Investments and other assets		
Investment securities	96,294	125,774
Deferred tax assets	30,558	32,195
Net defined benefit asset	9,174	7,092
Other	15,399	12,974
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	151,426	178,037
<b>Total non-current assets</b>	<b>255,346</b>	<b>275,766</b>
<b>Total assets</b>	<b>1,352,944</b>	<b>1,296,902</b>

million yen

Description	As of March 31, 2015	As of March 31, 2016
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	58,464	31,857
Income taxes payable	16,529	1,878
Provision for bonuses	2,220	2,294
Other	67,018	62,407
<b>Total current liabilities</b>	<b>144,232</b>	<b>98,437</b>
<b>Non-current liabilities</b>		
Net defined benefit liability	25,416	23,546
Other	15,739	14,017
<b>Total non-current liabilities</b>	<b>41,155</b>	<b>37,563</b>
<b>Total liabilities</b>	<b>185,387</b>	<b>136,001</b>
<b>(Net assets)</b>		
<b>Shareholders' equity</b>		
Capital stock	10,065	10,065
Capital surplus	11,734	13,256
Retained earnings	1,409,764	1,401,359
Treasury shares	(270,986)	(250,563)
<b>Total shareholders' equity</b>	<b>1,160,578</b>	<b>1,174,118</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	16,671	11,909
Foreign currency translation adjustment	(9,804)	(25,250)
<b>Total accumulated other comprehensive income</b>	<b>6,866</b>	<b>(13,341)</b>
<b>Non-controlling interests</b>	<b>110</b>	<b>124</b>
<b>Total net assets</b>	<b>1,167,556</b>	<b>1,160,901</b>
<b>Total liabilities and net assets</b>	<b>1,352,944</b>	<b>1,296,902</b>

## Consolidated Statements of Income

million yen

Description	Year ended March 31, 2015	Year ended March 31, 2016
Net sales	549,780	504,459
Cost of sales	335,196	283,494
<b>Gross profit</b>	<b>214,584</b>	<b>220,965</b>
Selling, general and administrative expenses	189,814	188,083
<b>Operating income</b>	<b>24,770</b>	<b>32,881</b>
Non-operating income		
Interest income	4,018	4,693
Foreign exchange gains	34,051	-
Gain on redemption of securities	5,233	6,801
Share of profit of entities accounted for using equity method	952	1,887
Other	1,788	1,168
Total non-operating income	46,043	14,550
Non-operating expenses		
Sales discounts	205	106
Foreign exchange losses	-	18,356
Other	77	178
Total non-operating expenses	283	18,641
<b>Ordinary income</b>	<b>70,530</b>	<b>28,790</b>
Extraordinary income		
Gain on sales of non-current assets	47	9
Gain on sales of investment securities	-	398
Gain on sales of shares of subsidiaries	3,689	-
Total extraordinary income	3,737	407
Extraordinary losses		
Loss on disposal of non-current assets	446	351
Restructuring loss	1,729	1,130
Total extraordinary losses	2,176	1,482
<b>Income before income taxes and minority interests</b>	<b>72,091</b>	<b>27,715</b>
Income taxes-current	25,922	2,482
Income taxes-deferred	4,306	8,714
Total income taxes	30,228	11,197
<b>Profit</b>	<b>41,862</b>	<b>16,518</b>
Profit attributable to non-controlling interests	18	13
<b>Profit attributable to owners of parent</b>	<b>41,843</b>	<b>16,505</b>



## Consolidated Statements of Comprehensive Income

million yen

Description	Year ended March 31, 2015	Year ended March 31, 2016
<b>Profit</b>	41,862	16,518
Other comprehensive income		
Valuation difference on available-for-sale securities	2,962	(4,663)
Foreign currency translation adjustment	14,468	(15,446)
Share of other comprehensive income of entities accounted for using equity method	79	(97)
Total other comprehensive income	17,511	(20,208)
<b>Comprehensive income</b>	<b>59,373</b>	<b>(3,689)</b>
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	59,356	(3,703)
Comprehensive income attributable to non-controlling interests	17	13

## Consolidated Statements of Changes in Equity

Year ended March 31, 2015 (April 1, 2014 - March 31, 2015)

million yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2014	10,065	11,734	1,378,085	(270,958)	1,128,927
Cumulative effects of changes in accounting policies	-	-	1,673	-	1,673
Restated balance as of April 1, 2014	10,065	11,734	1,379,758	(270,958)	1,130,600
Changes of items during period					
Dividends from surplus	-	-	(11,837)	-	(11,837)
Profit attributable to owners of parent	-	-	41,843	-	41,843
Purchase of treasury shares	-	-	-	(27)	(27)
Disposal of treasury shares	-	-	-	-	-
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes of items during period	-	-	30,006	(27)	29,978
Balance as of March 31, 2015	10,065	11,734	1,409,764	(270,986)	1,160,578

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance as of April 1, 2014	13,628	(24,274)	(10,645)	157	1,118,438
Cumulative effects of changes in accounting policies	-	-	-	-	1,673
Restated balance as of April 1, 2014	13,628	(24,274)	(10,645)	157	1,120,112
Changes of items during period					
Dividends from surplus	-	-	-	-	(11,837)
Profit attributable to owners of parent	-	-	-	-	41,843
Purchase of treasury shares	-	-	-	-	(27)
Disposal of treasury shares	-	-	-	-	-
Net changes of items other than shareholders' equity	3,042	14,469	17,512	(46)	17,466
Total changes of items during period	3,042	14,469	17,512	(46)	47,444
Balance as of March 31, 2015	16,671	(9,804)	6,866	110	1,167,556

**Consolidated Statements of Changes in Equity**

Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)

million yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2015	10,065	11,734	1,409,764	(270,986)	1,160,578
Changes of items during period					
Dividends from surplus	-	-	(24,910)	-	(24,910)
Profit attributable to owners of parent	-	-	16,505	-	16,505
Purchase of treasury shares	-	-	-	(42)	(42)
Disposal of treasury shares	-	1,522	-	20,465	21987
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes of items during period	-	1,522	(8,405)	20,422	13,539
Balance as of March 31, 2016	10,065	13,256	1,401,359	(250,563)	1,174,118

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance as of April 1, 2015	16,671	(9,804)	6,866	110	1,167,556
Changes of items during period					
Dividends from surplus	-	-	-	-	(24,910)
Profit attributable to owners of parent	-	-	-	-	16,505
Purchase of treasury shares	-	-	-	-	(42)
Disposal of treasury shares	-	-	-	-	21987
Net changes of items other than shareholders' equity	(4,761)	(15,446)	(20,208)	13	(20,194)
Total changes of items during period	(4,761)	(15,446)	(20,208)	13	(6,655)
Balance as of March 31, 2016	11,909	(25,250)	(13,341)	124	1,160,901

## Consolidated Statements of Cash Flows

million yen

Description	Year Ended March 31, 2015	Year Ended March 31, 2016
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	72,091	27,715
Depreciation	9,011	9,139
Increase (decrease) in allowance for doubtful accounts	310	(55)
Increase (decrease) in net defined benefit liability	3,755	(707)
Interest and dividend income	(4,330)	(5,134)
Foreign exchange losses (gains)	(33,261)	14,527
Share of (profit) loss of entities accounted for using equity method	(952)	(1,887)
Decrease (increase) in notes and accounts receivable-trade	(24,198)	15,444
Decrease (increase) in inventories	88,204	34,501
Increase (decrease) in notes and accounts payable-trade	3,558	(21,556)
Increase (decrease) in accrued consumption taxes	(82)	(95)
Other, net	(36,506)	(5,794)
Sub-total	77,599	66,097
Interest and dividends income received	4,861	5,963
Interest expenses paid	(3)	(0)
Income taxes (paid) refund	(22,164)	(16,869)
<b>Net cash provided by (used in) operating activities</b>	<b>60,293</b>	<b>55,190</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(756,613)	(674,717)
Proceeds from withdrawal of time deposits	651,117	659,857
Purchase of property, plant and equipment and intangible assets	(4,582)	(4,670)
Proceeds from sales of property, plant and equipment and intangible assets	191	1,574
Purchase of short-term and long-term investment securities	(736,367)	(1,072,852)
Proceeds from sales and redemption of short-term and long-term investment securities	740,525	1,019,443
Other, net	334	(374)
<b>Net cash provided by (used in) investing activities</b>	<b>(105,394)</b>	<b>(71,740)</b>
<b>Cash flows from financing activities</b>		
Cash dividends paid	(11,835)	(24,929)
Purchase of treasury shares	(27)	(42)
Proceeds from sales of treasury shares	-	21,987
Other, net	(52)	(12)
<b>Net cash provided by (used in) financing activities</b>	<b>(11,916)</b>	<b>(2,996)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(2,710)</b>	<b>(3,898)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(59,727)</b>	<b>(23,443)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>341,266</b>	<b>281,539</b>
<b>Cash and cash equivalents at end of period</b>	<b>281,539</b>	<b>258,095</b>

## Notes Pertaining to Consolidated Financial Statements

### Changes in accounting procedures

#### Application of accounting standard for business

Effective beginning the fiscal year ended March 31, 2016, Nintendo has adopted the "Revised Accounting Standard for Business Combinations (ASBJ Statement No.21 of September 13, 2013; hereafter the "Business Combinations Accounting Standard")," the "Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22 of September 13, 2013; hereafter the "Consolidation Accounting Standard")," the "Revised Accounting Standard for Business Divestitures (ASBJ Statement No.7 of September 13, 2013; hereafter the "Business Divestitures Accounting Standard)" and other standards. Accordingly, the accounting method was changed to record the difference arising from changes in equity in subsidiaries which Nintendo continues to control as capital surplus, and business acquisition costs as expenses for the fiscal year in which they occurred. Regarding business combinations implemented on or after April 1, 2015, the accounting method was changed to reflect adjustments to the allocation of acquisition cost under provisional accounting treatment on the consolidated financial statements of the fiscal year in which the relevant business combinations became or will become effective. In addition, the changes in the presentation of net income and the changes in the presentation from minority interests to non-controlling interests have been implemented. In connection with the changes in the presentation of the consolidated financial statements, reclassifications have been made on the consolidated financial statements of the fiscal year ended March 31, 2015.

The Business Combinations Accounting Standard and other standards were applied in accordance with the transitional treatments stated in Article 58-2 (4) of the Business Combinations Accounting Standard, Article 44-5 (4) of the Consolidation Accounting Standard and Article 57-4 (4) of the Business Divestitures Accounting Standard from the beginning of the fiscal year ended March 31, 2016.

Changes in description method have been implemented for cash flow statement of the fiscal year ended March 31, 2016, as cash flows related to acquisition or sale of subsidiaries without changes in consolidation scope were provided in the section of cash flows from financing activities while cash flows related to the cost incurred from acquisition or sale of subsidiaries entailing changes in consolidation scope were provided in the section of cash flows from operating activities.

There is no impact on consolidated financial statements or per share information in the fiscal year ended March 31, 2016.

### Additional Information

As "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 15 of 2016) and "Act for Partial Amendment of the Council Tax Act, etc." (Act No. 13 of 2016) were enacted by the Diet on March 29, 2016, the effective statutory tax rate used to measure deferred tax assets and liabilities was changed from 32.2% to 30.8% for temporary differences expected to be eliminated in the fiscal year beginning on April 1, 2016 and on April 1, 2017, and to 30.5% for temporary differences expected to be eliminated in the fiscal year beginning on and after April 1, 2018.

As a result, deferred tax assets after offsetting deferred tax liabilities decreased by 1,972 million yen and valuation difference on available-for-sale securities increased by 267 million yen. Income taxes-deferred increased by 2,240 million yen.

### Notes pertaining to consolidated balance sheets and statements of cash flows

(Consolidated balance sheets information)	million yen	million yen
	As of March 31, 2015	As of March 31, 2016
Accumulated depreciation	68,416	67,211

### (Consolidated statements of cash flows information)

"Cash and cash equivalents at end of period" were reconciled to "Cash and deposits" in the accompanying consolidated balance sheets as of March 31, 2015 and 2016 as

	million yen	million yen
	Year ended March 31, 2015	Year ended March 31, 2016
Cash and deposits	534,706	570,448
Time deposits with maturities of more than three months	(335,217)	(335,174)
Short-term investments with an original	82,050	22,821
Cash and cash equivalents	281,539	258,095

## Others

## (1) Consolidated sales information

million yen

Category	Year ended March 31, 2015	Year ended March 31, 2016
Dedicated video game hardware		
Handheld	149,616	113,239
Home console	105,548	102,404
Other (*1)	38,204	51,986
Total	293,370	267,630
Dedicated video game software		
Handheld	149,941	109,179
Home console	84,742	92,345
Other (*2)	20,589	27,992
Total	255,273	229,517
Smart devices, IP related income, etc. (*3)	-	5,734
Playing cards, Karuta, etc.	1,137	1,577
Total	549,780	504,459

[Note] Download sales:

Year ended March 31, 2015: 31.3 billion yen

Year ended March 31, 2016: 43.9 billion yen

\*1 includes amiibo and accessories.

\*2 includes download-only content.

\*3 includes income for smart-device content and royalty income.

In the fiscal year ended March 31, 2015, royalty income was included in "Other" of "Dedicated video game software."

## (2) Geographical sales breakdown

million yen

		Japan	The Americas	Europe	Other	Total
Year ended March 31, 2016	Net Sales	135,461	225,837	126,916	16,243	504,459
	Component ratio	26.9%	44.8%	25.2%	3.1%	100.0%
Year ended March 31, 2015	Net Sales	135,049	241,646	154,338	18,746	549,780
	Component ratio	24.6%	44.0%	28.1%	3.3%	100.0%

## (3) Other consolidated information

million yen

	Year ended March 31, 2015	Year ended March 31, 2016	Year ending March 31, 2017 (Forecast)
Capital investments	11,175	10,414	17,000
Depreciation of property, plant and equipment	6,401	6,180	6,000
Research and development expenses	63,336	69,066	65,000
Advertising expenses	54,834	46,636	50,000
Number of employees (at year-end)	5,120	5,064	-
Average exchange rates			
1 USD =	109.93 yen	120.14 yen	110.00 yen
1 Euro =	138.77 yen	132.58 yen	125.00 yen

Consolidated net sales in U.S. dollars	2.0 billion	1.7 billion	-
Consolidated net sales in Euros	1.1 billion	0.9 billion	-
Non-consolidated purchases in U.S. dollars	0.9 billion	1.1 billion	-

## (4) Balance of major assets and liabilities in foreign currencies (non-consolidated)

million U.S. dollars/euros

		As of March 31, 2015		As of March 31, 2016		As of March 31, 2017
		Balance	Exchange rate	Balance	Exchange rate	Estimated exchange rate
USD	Cash and deposits	2,038		2,196		
	Accounts receivable-trade	233	1 USD=	149	1 USD=	1 USD=
	Accounts payable-trade	159	120.17 yen	66	112.68 yen	110.00 yen
Euro	Cash and deposits	778	1 Euro=	665	1 Euro=	1 Euro=
	Accounts receivable-trade	108	130.32 yen	111	127.70 yen	125.00 yen

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

			Sales Units in Ten Thousands				
			Actual		Number of New Titles Released		
			Apr. '14-Mar. '15	Apr. '15-Mar. '16	Life-to-date Mar. '16	Forecast Apr. '16-Mar. '17	
Nintendo 3DS	Hardware	Japan	307	236	2,132		
		The Americas	293	225	1,976		
		Other	274	218	1,777		
		Total	873	679	5,885	500	
	of which Nintendo 3DS XL	Hardware	Japan	76	3	704	
			The Americas	162	28	663	
			Other	103	20	590	
			Total	341	51	1,958	
	of which Nintendo 2DS	Hardware	Japan	-	10	10	
			The Americas	63	45	222	
			Other	92	62	260	
			Total	155	117	493	
	of which New Nintendo 3DS	Hardware	Japan	59	45	104	
			The Americas	-	11	11	
Other			23	47	70		
Total			82	103	185		
of which New Nintendo 3DS XL	Hardware	Japan	134	158	292		
		The Americas	67	141	208		
		Other	44	85	130		
		Total	245	384	630		
Software	New titles	Japan	2,402	2,034	10,560		
		The Americas	2,131	1,487	9,165		
		Other	1,742	1,331	7,693		
		Total	6,274	4,852	27,418	5,500	
Wii	Hardware	Japan	(0)	-	1,275		
		The Americas	18	(0)	4,864		
		Other	27	11	4,023		
		Total	46	11	10,163	-	
	Software	New titles	Japan	32	27	7,570	
			The Americas	542	318	49,957	
			Other	599	388	33,900	
			Total	1,173	733	91,428	-
	New titles	Hardware	Japan	1	1	463	
			The Americas	8	7	1,261	
			Other	13	12	1,267	
			Total	22	20	7,100	
	Wii U	Hardware	Japan	53	80	313	
			The Americas	185	154	620	
Other			100	91	347		
Total			338	326	1,280	80	
Software		New titles	Japan	333	453	1,348	
			The Americas	1,461	1,479	4,638	
			Other	646	805	2,418	
			Total	2,440	2,736	8,404	1,500
New titles		Hardware	Japan	30	22	102	
			The Americas	25	31	150	
			Other	26	30	140	
			Total	81	83	392	

## [Notes]

- 1 Software sales units and the number of new titles for Nintendo 3DS are those of Nintendo 3DS card software (packaged and downloadable versions).
- 2 Software sales units and the number of new titles for Wii do not include those of Virtual Console and WiiWare.
- 3 Software sales units and the number of new titles for Wii U are those of Wii U disc software (packaged and downloadable versions).
- 4 Actual software sales units of each platform include the quantity bundled with hardware.
- 5 Forecasted software sales units do not include the quantity bundled with hardware.

\* The dedicated video game hardware codenamed "NX" is scheduled for launch in March of 2017. Its estimated hardware and software sales units are reflected in the financial forecast ending March 31, 2017, however, we are not disclosing the specific information as it is provisional.

Management Changes (as of June 29, 2016)

(1) Anticipated New Directors

① Director (excluding a Director as an Audit and Supervisory Committee member)

Director Shuntaro Furukawa (Current: General Manager, Corporate Planning Department)

② Directors as Audit and Supervisory Committee members

Director Naoki Noguchi (Current: Deputy General Manager, Human Resources Division)

Director Naoki Mizutani (Current: Outside Director)  
(Current: Director, Mizutani Law and Patent Office)

Director Yoshimi Mitamura (Current: Outside Auditor)  
(Current: Director, Yoshimi Mitamura Certified Tax Accountant Office)

Director Katsuhiko Umeyama (Current: Outside Auditor)  
(Current: Director, Umeyama Certified Public Accountant Office)  
(Current: Representative Partner, Umeyama Certified Tax Accountant LLC)  
(Current: Outside Auditor, KURAUDIA Co., Ltd.)  
(Current: Inspector (part-time), Shiga University of Medical Science)

\* Messrs. Naoki Mizutani, Yoshimi Mitamura, and Katsuhiko Umeyama are candidates for Outside Directors.

(2) Retiring Directors

Director Shigeyuki Takahashi (Current: Director  
General Manager, Finance Administration Division  
Supervisor of General Affairs Division  
In charge of Quality Assurance Department)

Director Satoshi Yamato (Current: Director  
General Manager, Marketing Division  
In charge of Advertising Department)

Director Susumu Tanaka (Current: Director  
General Manager, Licensing Division)

Director Hirokazu Shinshi (Current: Director  
General Manager, Manufacturing Division)



(3) Retiring Auditors

Auditor Minoru Ueda (Current: Full-time Auditor)  
 Auditor Ken Toyoda (Current: Full-time Auditor)

\* Mr. Ken Toyoda will resign from the office of Auditor as of April 30, 2016.

(4) Anticipated New Executive Officers

Managing Executive Officer	Shinya Takahashi	(Current: Director General Manager, Entertainment Planning & Development Division Supervisor of Business Development Division, Development Administration & Support Division)
Managing Executive Officer	Shuntaro Furukawa	(Current: General Manager, Corporate Planning Department)
Senior Executive Officer	Shigeyuki Takahashi	(Current: Director General Manager, Finance Administration Division Supervisor of General Affairs Division In charge of Quality Assurance Department)
Senior Executive Officer	Satoshi Yamato	(Current: Director General Manager, Marketing Division In charge of Advertising Department)
Senior Executive Officer	Susumu Tanaka	(Current: Director General Manager, Licensing Division)
Senior Executive Officer	Hirokazu Shinshi	(Current: Director General Manager, Manufacturing Division)
Executive Officer	Ko Shiota	(Current: General Manager, Platform Technology Development Division)
Executive Officer	Satoru Shibata	(Current: President, Nintendo of Europe GmbH)
Executive Officer	Reginald Fils-Aimé	(Current: President, Nintendo of America Inc.)

(5) Reference (Directors and Executive Officers as of June 29, 2016)

Representative Director, President	Tatsumi Kimishima	
Representative Technology Fellow	Director, Genyo Takeda	
Representative Director, Creative Fellow	Shigeru Miyamoto	
Director, Managing Officer	Executive Shinya Takahashi	(General Manager, Entertainment Planning & Development Division Supervisor of Business Development Division, Development Administration & Support Division)
Director, Managing Officer	Executive Shuntaro Furukawa	(General Manager, Corporate Planning Department In charge of Corporate Analysis & Administration Division)
Director as an Audit and Supervisory Committee member	Naoki Noguchi	
Outside Director as an Audit and Supervisory Committee member	Naoki Mizutani	
Outside Director as an Audit and Supervisory Committee member	Yoshimi Mitamura	
Outside Director as an Audit and Supervisory Committee member	Katsuhiro Umeyama	
Senior Executive Officer	Shigeyuki Takahashi	(General Manager, Finance Administration Division Supervisor of General Affairs Division In charge of Quality Assurance Department)
Senior Executive Officer	Satoshi Yamato	(General Manager, Marketing Division In charge of Advertising Department)
Senior Executive Officer	Susumu Tanaka	(General Manager, Licensing Division)
Senior Executive Officer	Hirokazu Shinshi	(General Manager, Manufacturing Division)
Executive Officer	Ko Shiota	(General Manager, Platform Technology Development Division)
Executive Officer	Satoru Shibata	(President, Nintendo of Europe GmbH)
Executive Officer	Reginald Fils-Aimé	(President, Nintendo of America Inc.)

\* The management changes will be effective upon approvals for the required amendments to the Articles of Incorporation required for the transition to a Company with Audit and Supervisory Committee and the proposed election of directors at the 76th Annual General Meeting of Shareholders scheduled to be held on June 29, 2016, and the required resolutions at the meeting of the Board of Directors to be held after the conclusion of the Meeting.