

**CONSOLIDATED FINANCIAL STATEMENTS**

Nintendo Co., Ltd. and Consolidated Subsidiaries

November 24, 2005



Nintendo Co., Ltd.  
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Japan

**FINANCIAL HIGHLIGHTS****1. Consolidated results for the six months ended September 2004 and 2005, and year ended March 31, 2005**

## (1) Consolidated operating results

(Amounts below one million are rounded down)

	Net Sales		Operating Income		Income before Income Taxes and Extraordinary Items	
	million yen	%	million yen	%	million yen	%
Six months ended Sept. 30, '05	176,364	(6.2)	19,613	(51.0)	56,824	(28.3)
Six months ended Sept. 30, '04	188,009	(11.1)	40,013	39.1	79,218	-
Year ended Mar. 31, '05	515,292		111,522		145,292	

	Net Income		Net Income per Share
	million yen	%	yen
Six months ended Sept. 30, '05	36,625	(21.1)	282.34
Six months ended Sept. 30, '04	46,445	-	349.00
Year ended Mar. 31, '05	87,416		662.96

[Notes] \*Average number of shares outstanding:

Six months ended Sept. 30, '05: 129,722,707 shares, Six months ended Sept. 30, '04: 133,082,949 shares, Year ended Mar. 31, '05: 131,600,201 shares

\*Percentage for net sales, operating income, income before income taxes and extraordinary items, and net income show increase (decrease) from the previous semi-annual accounting period.

## (2) Consolidated financial position

	Total Assets	Shareholders' Equity	Ratio of Net Worth to Total Assets	Shareholders' Equity per Share
	million yen	million yen	%	yen
As of Sept. 30, '05	1,103,618	914,533	82.9	7,149.40
As of Sept. 30, '04	1,089,221	890,999	81.8	6,849.54
As of Mar. 31, '05	1,132,492	921,466	81.4	7,082.68

[Notes] \*Number of shares outstanding (excluding treasury stock):

As of Sept. 30, '05: 127,917,607 shares, As of Sept. 30, '04: 130,081,598 shares, As of Mar. 31, '05: 130,077,389 shares

## (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
Six months ended Sept. 30, '05	(63,523)	(100,382)	(51,150)	603,253
Six months ended Sept. 30, '04	26,361	13,480	(52,292)	744,077
Year ended Mar. 31, '05	116,571	(11,716)	(61,447)	792,727

## (4) Company group information

Consolidated subsidiaries: 18 Non-consolidated company with equity method applied: 1 Affiliates with equity method applied: 7

## (5) Change in scope of consolidation and equity method application

Consolidated subsidiaries: 1 newly added Affiliates with equity method applied: no change

**2. Forecast for the fiscal year ending March 2006 (April 1, 2005 - March 31, 2006)**

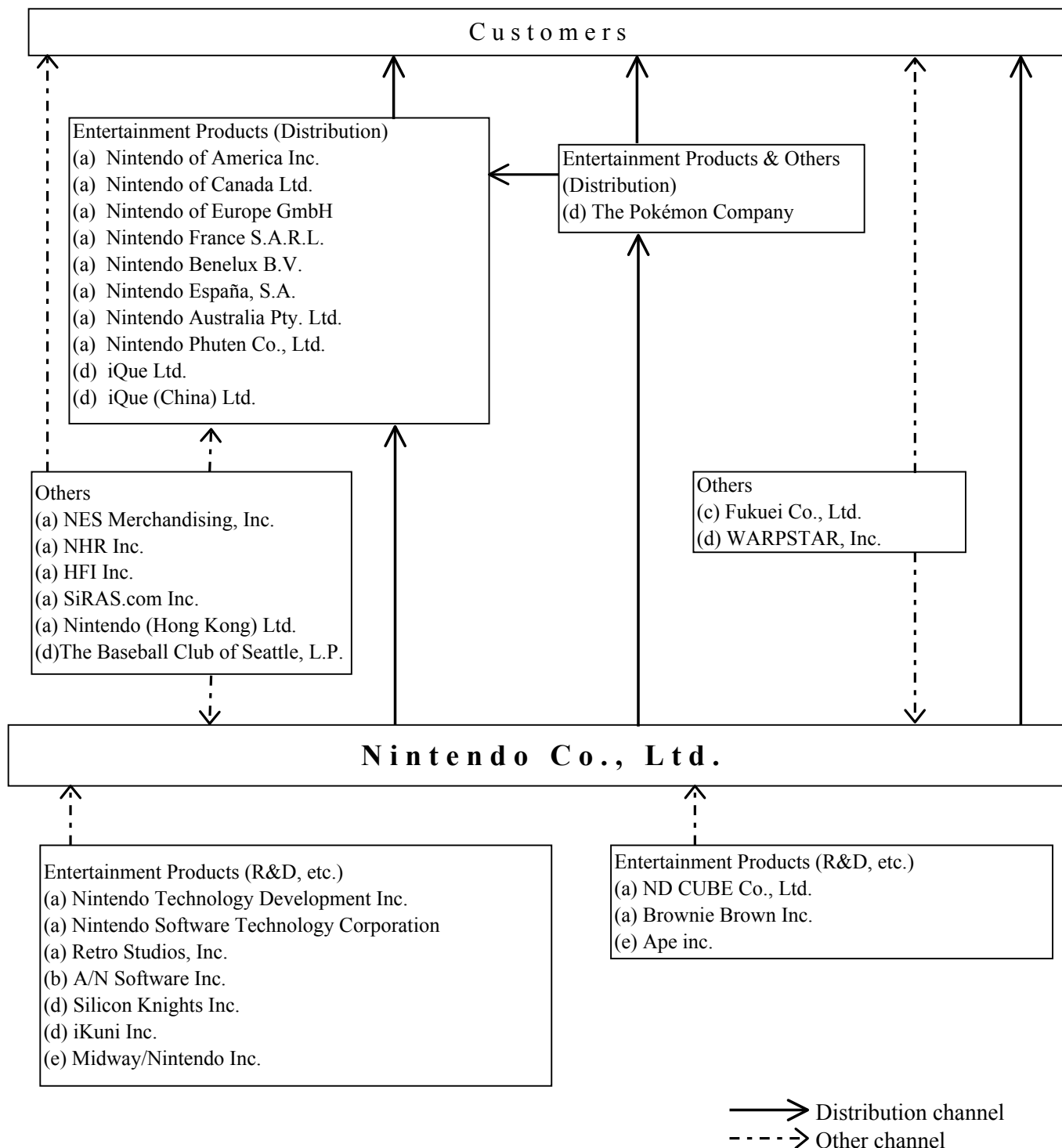
	Net Sales	Income before Income Taxes and Extraordinary Items	Net Income
	million yen	million yen	million yen
Year ending Mar. 31, '06	500,000	125,000	75,000

Estimated annual earnings per share: 580.88 yen

\*With respect to this forecast, please refer to page 4 for the forward-looking conditions and other related matters.

## COMPANY GROUP INFORMATION

Nintendo Co., Ltd. ("the Company") and its related companies, which are composed of the Company, twenty subsidiaries, and nine affiliates as of September 30, 2005, operate manufacturing and distribution of electronic entertainment products as a major business. Chart of business by the Company and its related companies are as follows.



### The number of companies

(a) Consolidated subsidiaries -----	18
(b) Non-consolidated subsidiary with equity method applied -----	1
(c) Non-consolidated subsidiary with equity method non-applied -----	1
(d) Affiliates with equity method applied -----	7
(e) Affiliates with equity method non-applied -----	2

## **MANAGEMENT POLICY**

### 1. Basic management policy

In the field of home entertainment, Nintendo Co., Ltd. ("the Company") and its consolidated subsidiaries (together with the Company, "Nintendo") strive to create new and unique forms of entertainment while maintaining a robust business structure. Nintendo places the highest emphasis on providing customers with a "world of fun", which is both innovative and entertaining with creative elements that have never been experienced.

### 2. Basic policy of profit distribution

It is the Company's basic policy to internally provide the capital necessary to fund future growth, including capital investments, and to maintain a strong and liquid financial position in preparation for sudden changes in the business environment and intensified competition. The Company pays a dividend, however, profit levels are evaluated in each fiscal period to determine the level of direct profit returns to our shareholders.

For the fiscal year ending March 31, 2006, 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 March 31, 2006 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. Although no maximum level is established, the annual minimum dividend per share is kept at 140 yen.

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

### 3. Targeted management index

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

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

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

More than twenty years have passed since the launch of "Famicom" in 1983. During this time span, the video game industry has shown remarkable growth as one of the few entertainment fields launched and driven by Japan. In recent years, however, the traditional success formula of developing splendid and complex games increasingly has become less productive. Particularly in Japan, it is becoming evident that the market is stagnating due to the "Gamer Drift" phenomenon.

Nintendo's solution to this situation is to broaden the framework or definition of conventional video games. Nintendo will strive to create "games easily accessible to anyone which contain deep and unique content" to expand the market once again. This new generation of video games will attract those who have stopped playing as well as those who have never played a video game before, but will also satisfy veteran game players.

The intuitive, clear and fresh surprise offered by "Nintendo DS", a handheld gaming device launched last year has received high praise from many of our customers due to the innovative nature of this unique product. This same level of excitement and innovation will be provided by a new console-type gaming machine code-named "Revolution" which is planned to launch next year. As an example of the new innovations built into "Revolution", its controller is based upon an unprecedented and unique design concept which will establish a new standard of gaming-input interface.

Nintendo is committed to accepting the innovative ideas of video game developers from around the world, cooperating with them, and, as a result, creating new forms of entertainment. Nintendo will strive to expand its business and increase revenue and profit by introducing a diverse software lineup ranging from simple and less time consuming games to advanced and in-depth games for both handheld and console-type platforms.

## **OPERATING RESULTS**

### 1. Review of operations

During the six-month period ended September 30, 2005, export sales expanded moderately and capital investments increased, indicating that the Japanese economic recovery is likely to continue. Overseas, the U.S. economy showed steady performance due to moderate expansion of domestic demand such as consumer spending and capital investment. The European economy began to show indications of improvement in the business environment as well. Despite the positive signs, economic recovery has just begun and uncertainty remains with concerns about the effect of the steep rise in prices of raw materials such as crude oil.

In the video game industry, the handheld game market performed well. On the other hand, the market for the current generation of console hardware is becoming saturated and is approaching a transitional phase to next generation consoles. As a result, the overall video game market generally showed a declining tendency.

This past spring, Nintendo introduced a software lineup known as "Touch! Generations" for the handheld-type hardware device "Nintendo DS". "Touch! Generations" titles expand the definition of video games and offer an unprecedented gaming experience that is easily accessible to anyone regardless of age or gender. The lineup includes titles that have attracted many female customers such as "Nintendogs", which allows the player to communicate with virtual puppies on the screen. Also, "Brain Training" and "Brain Flex", two titles that formed a new brain training genre, appealed to users of various ages including seniors. These titles each contributed to expanding a new market and drove a significant lift in sales of "Nintendo DS" hardware.

Consolidated net sales for the six-month period ended September 30, 2005 resulted in 176.3 billion yen, including overseas sales of 124.7 billion yen, which accounted for 70.7% of total sales. Income before income taxes and extraordinary items was 56.8 billion yen, which included a foreign exchange gain of 24.1 billion yen as a result of the revaluation of foreign currency assets. Net income was 36.6 billion yen.

With respect to sales by business category, the "Nintendo DS" software title "Nintendogs" sold 2.59 million units worldwide and helped to drive handheld game products in the electronic entertainment products division. The entire "Touch ! Generations" software lineup consisting of five titles (counting three "Nintendogs" titles as one) sold 4.18 million units worldwide. Other "Nintendo DS" software enjoyed favorable sales as well. In addition, "Game Boy Micro", a new smaller and lighter version of "Game Boy Advance", was launched in Japan. "Game Boy Micro" got off to a good start due to the synergy created by the re-release of the classic "Super Mario Brothers" in celebration of the twentieth anniversary of the launch of "Super Mario". In the console business, software titles for "Nintendo GameCube" such as "Mario Superstar Baseball", (a genuine baseball game with simple operation,) and the role playing game "Pokémon XD: Gale of Darkness", gained popularity, however, overall sales declined. In total, net sales in the electronic entertainment products division were 175.4 billion yen, while sales in the other products division (playing cards, karuta, etc.) were 0.9 billion yen.

With respect to geographic segment information, sales in Japan were 179.9 billion yen including inter-segment sales of 125.5 billion yen. Operating income was 28.1 billion yen. Sales in the Americas were 74.6 billion yen including inter-segment sales of 0.8 billion yen. Operating loss was 1.7 billion yen. Sales in Europe were 45.0 billion yen. Operating income was 0.5 billion yen.

## 2. Annual outlook

Nintendo will continue to enhance the "Touch! Generations" initiative which began in Japan this spring, while at the same time expanding this type of software lineup into overseas markets as well. In addition, a completely new approach to online gaming, the "Nintendo Wi-Fi Connection", will kick-off worldwide. "Nintendo Wi-Fi Connection" is a wireless internet service for the Nintendo DS which has three key elements; "easy, safe, and charge-free". Nintendo expects to further expand the Nintendo DS business as customers recognize the outstanding game-play experience.

With regard to consolidated performance forecasts for the fiscal year ending March 31, 2006, net sales are 500.0 billion yen, operating income is 90.0 billion yen, income before income taxes and extraordinary items is 125.0 billion yen, net income is 75.0 billion yen. Estimated exchange rates for the second half of the fiscal year are 110.00 yen to the U.S. dollar and 135.00 yen to the euro.

As for the dividend, based on "2. Basic policy of profit distribution", if the company achieves the current forecast for the fiscal year ending March 31, 2006, the annual cash dividend per share will be 300 yen (70 yen at six-month end, 230 yen at fiscal year-end).

\*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.

## **FINANCIAL POSITION**

Although inventory increased in preparation for the holiday season, total asstes decreased overall by 28.8 billion yen compared to the previous fiscal year-end to 1,103.6 billion yen. The decrease was due in part to reductions in cash and deposits resulting from payments for acquiring treasury stocks. Total liabilities decreased by 21.9 billion yen compared to the previous fiscal year-end primarily due to a decrease in accrued income taxes. Shareholders' equity decreased by 6.9 billion yen compared to the previous fiscal year-end to 914.5 billion yen as the acquisition of treasury stocks and cash dividend payment exceeded net income.

The ending balance of Cash and cash equivalents (collectively, Cash) as of September 30, 2005 was 603.2 billion yen versus 744.0 billion yen as of September 30, 2004. Net increase (decrease) of Cash and contributing factors during the six-month period ended September 30, 2005 are as follows:

### Cash flows from operating activities:

Net Cash used in operating activities was 63.5 billion yen (26.3 billion yen provided during the six-month period ended September 30, 2004) mainly due to payment of 46.4 billion yen for income taxes and other decrease factors such as increases in foreign exchange gain and inventory.

### Cash flows from investing activities:

Net Cash used in investing activities was 100.3 billion yen (13.4 billion yen provided during the six-month period ended September 30, 2004) due to increase in payments into time deposits.

### Cash flows from financing activities:

Net Cash used in financing activities was 51.1 billion yen (52.2 billion yen used during the six-month period ended September 30, 2004) due to payment of 25.1 billion yen for acquiring treasury stocks and increase in dividend payment.

Cash flow index trend:

	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Six months ended September 30, 2005
Ratio of net worth to total assets	%	%	%	%	%
	80.8	82.0	88.1	81.4	<b>82.9</b>
Ratio of total market value of stocks to total assets	%	%	%	%	%
	240.8	118.8	139.1	134.4	<b>153.5</b>

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

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

## **RISK FACTORS**

Listed below are the various risks that could significantly affect Nintendo's operating performance, share price, and financial condition. However, unpredictable risks may exist other than the risks set forth herein.

Note that matters pertaining to the future presented herein are determined by Nintendo as of semi-annual consolidated fiscal period ended September 30, 2005.

### (1) Risks around economic environment

#### • Fluctuation in foreign exchange rates

Nintendo distributes its products globally with overseas sales accounting for more than 70% of total sales. The majority of monetary transactions are made in local currencies. In addition, the Company holds a substantial amount of assets including cash deposits denominated in foreign currencies without exchange contracts. Thus, fluctuation in foreign exchange rates would have a direct influence on earnings not only if foreign currencies were converted to Japanese yen but also if revaluated for financial reporting purposes. Japanese yen appreciation against the U.S. dollar or Euro would have a negative impact on Nintendo's profitability.

### (2) Risks around business activities

#### • Fluctuation of and competition in the market

Nintendo is engaged in a business categorized under the massive entertainment industry. Therefore, the availability of other forms of entertainment affects Nintendo's business. If consumer preferences shift to other forms of entertainment, it is possible that the video game market may shrink. The emergence of new competitors resulting from technological innovation could have a detrimental impact as well.

In the video game industry, it may become even more difficult to generate profit as more research and development expenses and marketing expenses are required and as price competition intensifies with giant enterprises entering into the market. As a result, Nintendo may find difficulty in maintaining or expanding its market share as well as sustaining profitability.

#### • Development of new products

Although Nintendo continues to develop innovative and appealing products in the field of computer entertainment, the development process is complicated and includes many uncertainties. Various risks involved are as follows:

Despite the substantial costs and time needed for software development, there is no guarantee that all new products will be accepted by consumers due to ever shifting consumer preferences. As a result, development of certain products may be suspended or aborted.

Hardware requires a long term development span. While technological advancements occur continuously, it is possible that the Company may be unable to acquire the necessary technology which can be utilized in entertainment. Furthermore, in the case of a delayed launch, it is possible that market share could be adversely affected.

Due to the nature of Nintendo products, it may become difficult to sell or develop the products as planned which could lead to significant variances from income projections.

• Product valuation and adequate inventory procurement

Demand for products in the video game industry is significantly impacted by customers' preferences as well as seasonality characterized by short product life cycles and very high demand around the holiday season. Although production is targeted at the equilibrium point of supply and demand, accurate projections are extremely difficult to obtain which may lead to the risk of excessive inventory. In addition, inventory obsolescence could have an adverse effect on Nintendo's operations and financial position.

• Overseas business expansion and international activities

Nintendo engages in business in territories such as The United States, Europe, Australia, and Asia. Expansion of business to these overseas markets involves risks such as unpredicted enforcement or amendments to laws or regulations, emergence of political or economic factors that prove to be a disadvantage, inconsistency of multilateral taxation systems and diversity of tax law interpretation leading to a disadvantaged position, difficulty of recruiting and securing human resources, social disruption resulting from strikes, terrorist attacks, war, and other events.

• Dependency on outside manufacturers

Nintendo commissions a number of certain outside manufacturers to produce key components or assemble finished products. In the event of their commercial failure, these manufacturers may not adequately provide or produce significant components or products. In addition, in periods of high demand, certain manufacturers may not have the capacity to provide the ordered amount of components. A shortage of key components could lead to issues such as margin decline due to higher pricing as well as insufficient product supply, and quality control. This may impair the relationship between Nintendo and its customers.

Furthermore, as there are many production locations overseas used by our suppliers, when production is interfered by events such as riots or natural disasters at the local area, it could have an adverse effect on Nintendo's operations and financial position.

• Business operations affected by seasonal fluctuation

Since a major portion of demand is focused around the holiday season, the demand is influenced by seasonal fluctuations. Should the Company fail to meet the period of high demand in any of its business activities, including but not restricted to the launch of attractive new products and supplying hardware, it would suffer unfavorable operating performance.

(3) Other risks

Other than set forth above, factors such as product liability, limitations of protecting intellectual property, leakage of personal information and confidential information, changes in accounting standards and taxation system, litigation, uncollectibility of trade accounts receivable and notes receivable, failure of financial institutions, and restrictions regarding environmental protection may adversely affect Nintendo's future performance and financial position.

## CONSOLIDATED BALANCE SHEETS

Date Description	As of September 30, 2005		As of September 30, 2004		As of March 31, 2005	
	Amount	%	Amount	%	Amount	%
	million yen		million yen		million yen	
<b>(Assets)</b>						
<b>Current assets</b>						
1 Cash and deposits	711,343		747,403		826,653	
2 Notes and trade accounts receivable	56,284		50,130		51,143	
3 Marketable securities	28,907		31,732		20,485	
4 Inventories	81,858		53,890		49,758	
5 Deferred income taxes	25,026		31,228		19,513	
6 Other current assets	55,006		40,054		28,217	
7 Allowance for doubtful accounts	(1,941)		(1,978)		(1,880)	
<b>Total current assets</b>	<b>956,487</b>	<b>86.7</b>	<b>952,460</b>	<b>87.4</b>	<b>993,891</b>	<b>87.8</b>
<b>Fixed assets</b>						
1 Property, plant, and equipment						
(1) Buildings and structures	18,847		19,574		18,451	
(2) Land	32,327		32,272		32,069	
(3) Other current assets	4,075		3,428		3,898	
Total fixed assets	55,250	5.0	55,274	5.1	54,420	4.8
2 Intangible assets	334	0.0	314	0.0	354	0.0
3 Investments and other assets						
(1) Investments in securities	71,228		70,554		73,393	
(2) Deferred income taxes	8,299		10,276		10,155	
(3) Other investments and other assets	12,049		383		307	
(4) Allowance for doubtful accounts	(30)		(42)		(30)	
Total investments and other assets	91,546	8.3	81,171	7.5	83,825	7.4
<b>Total fixed assets</b>	<b>147,131</b>	<b>13.3</b>	<b>136,760</b>	<b>12.6</b>	<b>138,600</b>	<b>12.2</b>
<b>Total</b>	<b>1,103,618</b>	<b>100.0</b>	<b>1,089,221</b>	<b>100.0</b>	<b>1,132,492</b>	<b>100.0</b>



Date Description	As of September 30, 2005		As of September 30, 2004		As of March 31, 2005	
	Amount	%	Amount	%	Amount	%
	million yen		million yen		million yen	
<b>(Liabilities)</b>						
<b>Current liabilities</b>						
1 Notes and trade accounts payable	106,849		91,550		111,045	
2 Accrued income taxes	34,759		45,939		51,951	
3 Reserve for bonuses	1,556		1,648		1,650	
4 Other current liabilities	41,314		51,950		40,801	
<b>Total current liabilities</b>	<b>184,479</b>	<b>16.7</b>	<b>191,089</b>	<b>17.6</b>	<b>205,449</b>	<b>18.1</b>
<b>Non-current liabilities</b>						
1 Non-current accounts payable	990		632		461	
2 Reserve for employee retirement and severance benefits	3,415		4,587		3,074	
3 Reserve for directors' retirement and severance benefits	-		1,744		1,816	
<b>Total non-current liabilities</b>	<b>4,406</b>	<b>0.4</b>	<b>6,965</b>	<b>0.6</b>	<b>5,353</b>	<b>0.5</b>
<b>Total liabilities</b>	<b>188,885</b>	<b>17.1</b>	<b>198,054</b>	<b>18.2</b>	<b>210,802</b>	<b>18.6</b>
<b>(Minority interests)</b>						
<b>Minority interests</b>	<b>198</b>	<b>0.0</b>	<b>167</b>	<b>0.0</b>	<b>222</b>	<b>0.0</b>
<b>(Shareholders' equity)</b>						
<b>Common stock</b>	<b>10,065</b>	<b>0.9</b>	<b>10,065</b>	<b>0.9</b>	<b>10,065</b>	<b>0.9</b>
<b>Additional paid-in capital</b>	<b>11,584</b>	<b>1.0</b>	<b>11,584</b>	<b>1.1</b>	<b>11,584</b>	<b>1.0</b>
<b>Retained earnings</b>	<b>1,043,275</b>	<b>94.5</b>	<b>1,001,442</b>	<b>91.9</b>	<b>1,032,834</b>	<b>91.2</b>
<b>Unrealized gains on other securities</b>	<b>9,558</b>	<b>0.9</b>	<b>6,040</b>	<b>0.6</b>	<b>7,194</b>	<b>0.7</b>
<b>Translation adjustments</b>	<b>(4,890)</b>	<b>(0.4)</b>	<b>(8,288)</b>	<b>(0.8)</b>	<b>(10,315)</b>	<b>(0.9)</b>
<b>Treasury stock, at cost</b>	<b>(155,059)</b>	<b>(14.0)</b>	<b>(129,845)</b>	<b>(11.9)</b>	<b>(129,896)</b>	<b>(11.5)</b>
<b>Total shareholders' equity</b>	<b>914,533</b>	<b>82.9</b>	<b>890,999</b>	<b>81.8</b>	<b>921,466</b>	<b>81.4</b>
<b>Total</b>	<b>1,103,618</b>	<b>100.0</b>	<b>1,089,221</b>	<b>100.0</b>	<b>1,132,492</b>	<b>100.0</b>

**CONSOLIDATED STATEMENTS OF INCOME**

Description	Six Months Ended September 30, 2005		Six Months Ended September 30, 2004		Year Ended March 31, 2005	
	Amount	%	Amount	%	Amount	%
	million yen		million yen		million yen	
Net Sales	176,364	100.0	188,009	100.0	515,292	100.0
Cost of Sales	103,454	58.7	98,454	52.4	298,115	57.9
<b>Gross margin</b>	<b>72,910</b>	<b>41.3</b>	<b>89,554</b>	<b>47.6</b>	<b>217,176</b>	<b>42.1</b>
Selling, general, and administrative expenses	53,297	30.2	49,541	26.3	105,653	20.5
<b>Operating income</b>	<b>19,613</b>	<b>11.1</b>	<b>40,013</b>	<b>21.3</b>	<b>111,522</b>	<b>21.6</b>
Other income	37,342	21.2	42,492	22.6	37,868	7.4
1 Interest income	10,502		5,233		13,510	
2 Foreign exchange gain	24,151		36,102		21,848	
3 Other	2,689		1,156		2,509	
Other expenses	131	0.1	3,287	1.8	4,098	0.8
1 Sales discount	114		100		304	
2 Equity in losses of non-consolidated subsidiary and affiliates	-		3,153		3,512	
3 Other	17		33		281	
<b>Income before income taxes and extraordinary items</b>	<b>56,824</b>	<b>32.2</b>	<b>79,218</b>	<b>42.1</b>	<b>145,292</b>	<b>28.2</b>
Extraordinary income	4,571	2.6	1,478	0.8	1,735	0.3
1 Reversal of allowance for doubtful accounts	44		1,469		1,735	
2 Reversal of loss on investments in securities	1,753		8		-	
3 Gain on sales of fixed assets	6		-		-	
4 Gain on sales of investments in securities	1,530		-		-	
5 Reversal of reserve for directors' retirement and severance benefits	1,236		-		-	
Extraordinary loss	252	0.1	19	0.0	1,625	0.3
1 Loss on disposal of fixed assets	18		19		13	
2 Loss on investments in securities	-		-		1,612	
3 Loss on sales of investments in securities	233		-		-	
<b>Income before income taxes and minority interests</b>	<b>61,144</b>	<b>34.7</b>	<b>80,676</b>	<b>42.9</b>	<b>145,402</b>	<b>28.2</b>
Provision for income taxes and enterprise taxes	29,335	16.6	40,834	21.7	53,766	10.4
Income taxes deferred	(4,793)	(2.7)	(6,537)	(3.5)	4,195	0.8
Minority interests	(23)	(0.0)	(65)	(0.0)	24	0.0
<b>Net income</b>	<b>36,625</b>	<b>20.8</b>	<b>46,445</b>	<b>24.7</b>	<b>87,416</b>	<b>17.0</b>

**CONSOLIDATED STATEMENTS OF SURPLUS**

Description	Period	Six Months Ended September 30, 2005	Six Months Ended September 30, 2004	Year Ended March 31, 2005
	Amount	Amount	Amount	
	million yen	million yen	million yen	
<b>(Additional paid-in capital)</b>				
<b>Additional paid-in capital - Beginning</b>	<b>11,584</b>	<b>11,584</b>	<b>11,584</b>	
<b>Increase</b>	<b>0</b>	<b>0</b>	<b>0</b>	
1 Gain on disposal of treasury stock	0	0	0	
<b>Additional paid-in capital - Ending</b>	<b>11,584</b>	<b>11,584</b>	<b>11,584</b>	
<b>(Retained earnings)</b>				
<b>Retained earnings - Beginning</b>	<b>1,032,834</b>	<b>964,524</b>	<b>964,524</b>	
<b>Increase</b>	<b>36,625</b>	<b>46,445</b>	<b>87,416</b>	
1 Net income	36,625	46,445	87,416	
<b>Decrease</b>	<b>26,185</b>	<b>9,527</b>	<b>19,105</b>	
1 Cash dividends	26,015	9,357	18,463	
2 Directors' bonuses	170	170	170	
3 Decrease in retained earnings due to exclusion of affiliate with equity method applied	-	-	472	
<b>Retained earnings - Ending</b>	<b>1,043,275</b>	<b>1,001,442</b>	<b>1,032,834</b>	

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Description	Period	Six Months Ended September 30, 2005	Six Months Ended September 30, 2004	Year Ended March 31, 2005
		Amount	Amount	Amount
		million yen	million yen	million yen
<b>Cash flows from operating activities:</b>				
Income before income taxes and minority interests		61,144	80,676	145,402
Depreciation and amortization		1,652	1,405	2,931
Increase (decrease) in allowance for doubtful accounts		(19)	(1,195)	(1,226)
Interest and dividends income		(10,945)	(5,516)	(14,100)
Interest expenses		0	0	0
Foreign exchange loss (gain)		(25,516)	(36,035)	(27,570)
Equity in losses (earnings) of non-consolidated subsidiary and affiliates		(1,519)	3,153	3,512
Decrease (increase) in notes and trade accounts receivable		(3,517)	(19,628)	(21,062)
Decrease (increase) in inventories		(29,763)	(21,040)	(17,734)
Increase (decrease) in notes and trade accounts payable		(16,634)	18,111	48,687
Increase (decrease) in consumption taxes payable		(620)	(401)	189
Directors' bonuses paid		(170)	(170)	(170)
Other, net		(2,368)	8,319	(2,335)
Sub-total		(28,276)	27,680	116,523
Interest and dividends received		11,242	5,257	13,533
Interest paid		(0)	(0)	(0)
Income taxes paid		(46,489)	(6,575)	(13,485)
<b>Net cash provided by (used in) operating activities</b>		<b>(63,523)</b>	<b>26,361</b>	<b>116,571</b>
<b>Cash flows from investing activities:</b>				
Increase in time deposits		(170,013)	(30,442)	(64,830)
Decrease in time deposits		63,261	52,216	72,973
Payments for acquisition of marketable securities		(11,558)	(19,144)	(31,560)
Proceeds from sale of marketable securities		16,013	29,848	39,963
Payments for acquisition of property, plant and equipment		(2,373)	(724)	(2,061)
Proceeds from sale of property, plant and equipment		88	4	12
Payments for investments in securities		(2,164)	(12,882)	(24,711)
Proceeds from investments in securities		6,014	-	2,524
Payments for investments in affiliates		-	(7,371)	(7,250)
Sales of business entities		-	1,085	1,072
Other, net		348	890	2,151
<b>Net cash provided by (used in) investing activities</b>		<b>(100,382)</b>	<b>13,480</b>	<b>(11,716)</b>
<b>Cash flows from financing activities:</b>				
Payments for acquisition of treasury stock		(25,165)	(42,944)	(42,995)
Cash dividends paid		(25,986)	(9,350)	(18,455)
Other, net		1	2	3
<b>Net cash provided by (used in) financing activities</b>		<b>(51,150)</b>	<b>(52,292)</b>	<b>(61,447)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>25,583</b>	<b>36,414</b>	<b>29,205</b>
<b>Net increase (decrease) of cash and cash equivalents</b>		<b>(189,473)</b>	<b>23,963</b>	<b>72,613</b>
<b>Cash and cash equivalents - Beginning</b>		<b>792,727</b>	<b>720,114</b>	<b>720,114</b>
<b>Cash and cash equivalents - Ending</b>		<b>603,253</b>	<b>744,077</b>	<b>792,727</b>

## **BASIS OF CONSOLIDATED FINANCIAL STATEMENTS**

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

Consolidated subsidiaries	18	Nintendo of America Inc.	NES Merchandising, Inc.
		NHR Inc.	HFI Inc.
		Nintendo of Canada Ltd.	Nintendo of Europe GmbH
		Nintendo France S.A.R.L.	Nintendo España, S.A.
		Nintendo Benelux B.V.	Nintendo Australia Pty. Ltd.
		Nintendo Phuten Co., Ltd.	Nintendo Technology Development Inc.
		Nintendo Software Technology Corporation	SiRAS.com Inc.
		Retro Studios, Inc.	Nintendo (Hong Kong) Ltd.
		ND CUBE Co., Ltd.	Brownie Brown Inc.

Nintendo (Hong Kong) Ltd. is newly consolidated because of capital investment.

Non-consolidated subsidiaries	2	Fukuei Co., Ltd.	A/N Software Inc.
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Above two subsidiaries are both small in size and are excluded from consolidation as they do not have a significant impact on the consolidated financial statements in respect of combined assets, sales, net profit, and retained earnings.

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

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

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

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

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

### **4. Accounting policies**

(1) A valuation basis and method of important assets

#### (A) Securities

Held-to-maturity bonds	Amortized cost method (by straight-line method)
Other securities	
Marketable other securities	Market price method, based on the market value at balance sheet date (Losses are charged to income, and unrealized gains, net of tax are charged to shareholders' equity.)
Non-marketable other securities	Cost, determined by the moving average method

#### (B) Derivatives

Market price method

#### (C) Inventories

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

(2) Depreciation method for important fixed assets

(A) Tangible assets

The Company and its domestic consolidated subsidiaries

Declining balance method (Some equipment is depreciated over economic useful lives.)

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

Overseas consolidated subsidiaries

Straight-line method over the estimated useful lives of the assets  
Estimated useful lives of the principal assets:

Buildings and structures: 3 to 60 years

(B) Intangible assets

Straight-line method

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

(3) Allowance and reserve

(A) Allowance for doubtful accounts

The Company and its domestic consolidated subsidiaries are calculating the allowance for general accounts receivables with actual percentage of credit losses to provide against losses on bad debts, as well as calculating the allowance for each doubtful account with an estimated amount of potential bad debts. Overseas consolidated subsidiaries are calculating the allowance for each doubtful account with an estimated amount of potential bad debts.

(B) Reserve for bonuses

The Company is calculating the reserve for bonuses with estimated prorated amount to be paid.

(C) Reserve for employee retirement and severance benefits

The Company and certain consolidated subsidiaries are calculating the reserve for employee retirement and severance benefits with actuarially projected amount at the end of the six month period, on the basis of the cost of retirement benefits and plan assets at the end of the current fiscal year.

Actuarial calculation difference are processed collectively, mainly in the accrued year.

(Change in accounting procedure)

As of the semi-annual consolidated accounting period under review, the Company adopted the partial amendment of "Corporate Accounting Standard No. 6 regarding Employee Retirement and Severance Benefits and its application guidelines No. 7", issued on March 16, 2005. The impact on operating income, income before income taxes and extraordinary items, and income before income taxes and minority interests is minor.

(D) Reserve for directors' retirement and severance benefits

In order to prepare for granting retirement allowances to directors and auditors, provisions based on regulations regarding payment of retirement allowances to directors and auditors have been recognized by the reporting company.

At the Annual General Meeting of Shareholders held on June 29, 2005, the discontinuance of the directors and auditors retirement allowance system was approved along with payment of a final allowance to directors and auditors who took office until that time. Since the final allowances are to be paid at the time of retirement based on each director or auditor's tenure as of June 29, 2005, the amount is booked as part of non-current accounts payable.

(4) Translation basis of assets and/or liabilities denominated in foreign currencies

Receivables and/or payables denominated in foreign currencies are translated into Japanese yen by the spot exchange rates at the end of semi-annual fiscal year. Exchange gains or losses are charged to income. With respect to financial statements of overseas consolidated subsidiaries, balance sheets are translated into Japanese yen at exchange rates in effect at the balance sheet date for assets and liabilities. The average exchange rates for the semi-annual fiscal year are used for translation of revenue and expenses. The difference resulting from translation in this manner are shown as Minority Interests and Translation Adjustments in Shareholders' equity.

(5) Lease transactions

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

(6) Consumption tax

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

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

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

**NOTES****Consolidated balance sheets information:**

	<b>As of Sept. 30, 2005</b>	As of Sept. 30, 2004	Yen in Millions As of Mar. 31, 2005
Accumulated depreciation of tangible assets	<b>36,429</b>	36,336	36,821

**Consolidated statements of cash flows information:**

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

	<b>As of Sept. 30, 2005</b>	As of Sept. 30, 2004	Yen in Millions As of Mar. 31, 2005
Cash and deposits account	<b>711,343</b>	747,403	826,653
Time deposits (over 3 months)	<b>(136,455)</b>	(27,534)	(39,784)
Short-term investment due within 3 months after acquisition	<b>28,365</b>	24,209	5,858
Cash and cash equivalents - Ending	<b>603,253</b>	744,077	792,727

## SEGMENT INFORMATION

### 1. Segment information by business categories

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

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

Six months ended September 30, 2005

Yen in Millions

	Japan	The Americas	Europe	Other	Total	Eliminations or unallocated assets	Consolidated
Net Sales							
(1) Sales to third parties	54,400	73,764	45,041	3,158	176,364	-	176,364
(2) Inter-segment sales	125,529	878	6	32	126,446	(126,446)	-
Total	179,929	74,642	45,047	3,191	302,811	(126,446)	176,364
Cost of sales and selling, general, and administrative expenses	151,739	76,398	44,450	3,241	275,830	(119,078)	156,751
Operating income (loss)	28,190	(1,755)	596	(50)	26,981	(7,367)	19,613

Six months ended September 30, 2004

Yen in Millions

	Japan	The Americas	Europe	Other	Total	Eliminations or unallocated assets	Consolidated
Net Sales							
(1) Sales to third parties	48,688	96,639	40,415	2,265	188,009	-	188,009
(2) Inter-segment sales	134,346	748	7	63	135,165	(135,165)	-
Total	183,035	97,387	40,422	2,329	323,175	(135,165)	188,009
Cost of sales and selling, general, and administrative expenses	135,924	94,950	39,420	2,580	272,876	(124,880)	147,996
Operating income (loss)	47,111	2,436	1,001	(251)	50,298	(10,285)	40,013

Year ended March 31, 2005

Yen in Millions

	Japan	The Americas	Europe	Other	Total	Eliminations or unallocated assets	Consolidated
Net Sales							
(1) Sales to third parties	131,102	256,119	121,353	6,717	515,292	-	515,292
(2) Inter-segment sales	311,941	1,880	9	99	313,931	(313,931)	-
Total	443,043	257,999	121,363	6,817	829,224	(313,931)	515,292
Cost of sales and selling, general, and administrative expenses	343,430	250,684	117,882	6,867	718,865	(315,095)	403,769
Operating income (loss)	99,613	7,314	3,480	(50)	110,359	1,163	111,522

### 3. Overseas sales

Six months ended September 30, 2005

Yen in Millions

	The Americas	Europe	Other	Total
Overseas sales .....	74,137	45,048	5,548	124,733
Consolidated net sales .....				176,364
Ratio of overseas sales to consolidated net sales .....	42.0%	25.5%	3.2%	70.7%

Six months ended September 30, 2004

Yen in Millions

	The Americas	Europe	Other	Total
Overseas sales .....	97,056	40,424	3,003	140,484
Consolidated net sales .....				188,009
Ratio of overseas sales to consolidated net sales .....	51.6%	21.5%	1.6%	74.7%

Year ended March 31, 2005

Yen in Millions

	The Americas	Europe	Other	Total
Overseas sales .....	256,968	121,371	9,883	388,223
Consolidated net sales .....				515,292
Ratio of overseas sales to consolidated net sales .....	49.9%	23.5%	1.9%	75.3%





## PRODUCTION, ORDERS, AND SALES INFORMATION

### Production

Yen in Millions

Business Category	Main Products	Six Months Ended September 30, 2005	Six Months Ended September 30, 2004	Year Ended March 31, 2005
Electronic Entertainment Products	Hardware			
	Handheld	109,922	88,503	227,586
	Console	10,927	20,687	48,130
	Others	5,232	12,593	27,100
	Hardware Total	126,082	121,784	302,817
	Software			
	Handheld	63,495	69,805	148,744
Console	25,931	33,605	85,240	
	Software Total	89,426	103,410	233,984
	Total	215,509	225,195	536,801
Other	Playing Cards, Karuta etc.	557	739	1,340
	Total	216,066	225,934	538,142

### Orders

Yen in Millions

Business Category	Main Products	Six Months Ended September 30, 2005		Six Months Ended September 30, 2004		Year Ended March 31, 2005	
		Orders received	Orders in hand	Orders received	Orders in hand	Orders received	Orders in hand
Electronic Entertainment Products	Handheld	30,131	11,076	28,681	9,648	49,931	2,663
	Console	6,784	1,464	8,647	1,121	19,803	113
	Total	36,916	12,541	37,329	10,770	69,734	2,777

### Sales

Yen in Millions

Business Category	Main Products	Six Months Ended September 30, 2005	Six Months Ended September 30, 2004	Year Ended March 31, 2005
Electronic Entertainment Products	Hardware			
	Handheld	74,888	61,321	206,697
	Console	8,590	16,145	41,989
	Others	11,043	16,316	41,690
	Hardware Total	94,522	93,783	290,378
	Software			
	Handheld	59,063	65,117	145,604
	Console	20,723	26,750	74,429
	Royalty and content income	1,143	1,310	2,671
	Others	10	0	0
	Software Total	80,940	93,177	222,705
	Total	175,462	186,961	513,084
Other	Playing Cards, Karuta etc.	902	1,048	2,208
	Total	176,364	188,009	515,292

# NON-CONSOLIDATED FINANCIAL STATEMENTS

Nintendo Co., Ltd.



November 24, 2005



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

## FINANCIAL HIGHLIGHTS

### 1. Non-consolidated results for the six months ended September 2004 and 2005, and year ended March 31, 2005

(1) Non-consolidated operating results

(Amounts below one million are rounded down)

	Net Sales		Operating Income		Income before Income Taxes and Extraordinary Items	
	million yen	%	million yen	%	million yen	%
Six months ended Sept. 30, '05	179,919	(1.7)	28,116	(40.5)	61,651	(30.4)
Six months ended Sept. 30, '04	183,035	5.9	47,270	55.3	88,527	-
Year ended Mar. 31, '05	443,044		99,554		134,123	

	Net Income		Net Income per Share
	million yen	%	yen
Six months ended Sept. 30, '05	39,607	(26.1)	305.33
Six months ended Sept. 30, '04	53,608	-	402.82
Year ended Mar. 31, '05	80,005		606.65

[Note] Percentage for net sales, operating income, income before income taxes and extraordinary items, and net income show increase (decrease) from the previous semi-annual accounting period.

(2) Cash dividend

	Interim Cash Dividend per Share	Annual Cash Dividend per Share
	yen	yen
Six months ended Sept. 30, '05	70.00	-
Six months ended Sept. 30, '04	70.00	-
Year ended Mar. 31, '05	-	270.00

(3) Non-consolidated financial position

	Total Assets	Shareholders' Equity	Ratio of Net Worth to Total Assets	Shareholders' Equity per Share
	million yen	million yen	%	yen
As of Sept. 30, '05	964,262	812,372	84.2	6,350.75
As of Sept. 30, '04	959,898	803,355	83.7	6,175.78
As of Mar. 31, '05	998,208	821,749	82.3	6,316.08

### 2. Forecast for the fiscal year ending March 2006 (April 1, 2005 - March 31, 2006)

	Net Sales	Income before Income Taxes and Extraordinary Items	Net Income	Annual Cash Dividend per Share	
				Year-End	Year-End
	million yen	million yen	million yen	yen	yen
Year ending Mar. 31, '06	390,000	95,000	60,000	70.00 ~	140.00 ~

Estimated annual earnings per share: 464.44 yen

\* With respect to this forecast, please refer to page 4 for the forward-looking conditions and other related matters.

**NON-CONSOLIDATED BALANCE SHEETS**

Date Description	As of September 30, 2005		As of September 30, 2004		As of March 31, 2005	
	Amount	%	Amount	%	Amount	%
	million yen		million yen		million yen	
<b>(Assets)</b>						
<b>Current assets</b>						
1 Cash and deposits	624,706		650,178		717,758	
2 Notes receivable	113		616		1,393	
3 Trade accounts receivable	84,988		80,899		69,786	
4 Inventories	21,717		13,195		16,039	
5 Deferred income taxes	15,049		19,448		12,989	
6 Other current assets	65,463		39,279		33,358	
7 Allowance for doubtful accounts	(85)		(136)		(65)	
<b>Total current assets</b>	<b>811,953</b>	<b>84.2</b>	<b>803,480</b>	<b>83.7</b>	<b>851,259</b>	<b>85.3</b>
<b>Fixed assets</b>						
1 Property, plant and equipment						
(1) Buildings and structures	13,254		13,893		13,575	
(2) Land	25,182		25,249		25,249	
(3) Other current assets	1,721		1,457		1,744	
Total fixed assets	40,158	4.2	40,600	4.2	40,569	4.1
2 Intangible assets	285	0.0	241	0.0	296	0.0
3 Investments and other assets						
(1) Investments in securities	63,883		63,961		67,908	
(2) Investments in affiliates	29,440		39,788		29,342	
(3) Deferred income taxes	6,623		11,553		8,614	
(4) Other investments and other assets	14,513		2,897		2,864	
(5) Allowance for doubtful accounts	(2,596)		(2,625)		(2,647)	
Total investments and other assets	111,864	11.6	115,575	12.1	106,082	10.6
<b>Total fixed assets</b>	<b>152,308</b>	<b>15.8</b>	<b>156,418</b>	<b>16.3</b>	<b>146,948</b>	<b>14.7</b>
<b>Total</b>	<b>964,262</b>	<b>100.0</b>	<b>959,898</b>	<b>100.0</b>	<b>998,208</b>	<b>100.0</b>

Date Description	As of September 30, 2005		As of September 30, 2004		As of March 31, 2005	
	Amount	%	Amount	%	Amount	%
	million yen		million yen		million yen	
<b>(Liabilities)</b>						
<b>Current liabilities</b>						
1 Notes payable	2,748		7,926		4,063	
2 Trade accounts payable	101,250		81,345		102,434	
3 Other accounts payable	10,909		10,082		11,994	
4 Accrued income taxes	27,545		38,899		44,724	
5 Reserve for bonuses	1,556		1,648		1,650	
6 Other current liabilities	6,889		12,666		9,312	
<b>Total current liabilities</b>	<b>150,899</b>	<b>15.7</b>	<b>152,567</b>	<b>15.9</b>	<b>174,180</b>	<b>17.5</b>
<b>Non-current liabilities</b>						
1 Non-current accounts payable	990		632		461	
2 Reserve for employee retirement and severance benefits	-		1,597		-	
3 Reserve for directors' retirement and severance benefits	-		1,744		1,816	
<b>Total non-current liabilities</b>	<b>990</b>	<b>0.1</b>	<b>3,975</b>	<b>0.4</b>	<b>2,278</b>	<b>0.2</b>
<b>Total liabilities</b>	<b>151,889</b>	<b>15.8</b>	<b>156,542</b>	<b>16.3</b>	<b>176,459</b>	<b>17.7</b>
<b>(Shareholders' equity)</b>						
<b>Common stock</b>	<b>10,065</b>	<b>1.0</b>	<b>10,065</b>	<b>1.1</b>	<b>10,065</b>	<b>1.0</b>
<b>Additional paid-in capital</b>						
1 Capital reserve	11,584		11,584		11,584	
2 Other additional paid-in capital	0		0		0	
<b>Total additional paid-in capital</b>	<b>11,584</b>	<b>1.2</b>	<b>11,584</b>	<b>1.2</b>	<b>11,584</b>	<b>1.2</b>
<b>Retained earnings</b>						
1 Legal reserve	2,516		2,516		2,516	
2 Optional reserve	810,044		760,046		760,046	
3 Unappropriated	123,662		142,947		160,238	
<b>Total retained earnings</b>	<b>936,223</b>	<b>97.1</b>	<b>905,510</b>	<b>94.3</b>	<b>922,801</b>	<b>92.4</b>
<b>Unrealized gains on other securities</b>	<b>9,557</b>	<b>1.0</b>	<b>6,040</b>	<b>0.6</b>	<b>7,194</b>	<b>0.7</b>
<b>Treasury stock, at cost</b>	<b>(155,059)</b>	<b>(16.1)</b>	<b>(129,845)</b>	<b>(13.5)</b>	<b>(129,896)</b>	<b>(13.0)</b>
<b>Total shareholders' equity</b>	<b>812,372</b>	<b>84.2</b>	<b>803,355</b>	<b>83.7</b>	<b>821,749</b>	<b>82.3</b>
<b>Total</b>	<b>964,262</b>	<b>100.0</b>	<b>959,898</b>	<b>100.0</b>	<b>998,208</b>	<b>100.0</b>

**NON-CONSOLIDATED STATEMENTS OF INCOME**

Description	Six Months Ended September 30, 2005		Six Months Ended September 30, 2004		Year Ended March 31, 2005	
	Amount	%	Amount	%	Amount	%
	million yen		million yen		million yen	
Net Sales	179,919	100.0	183,035	100.0	443,044	100.0
Cost of Sales	122,027	67.8	111,225	60.8	294,661	66.5
<b>Gross margin</b>	<b>57,892</b>	<b>32.2</b>	<b>71,810</b>	<b>39.2</b>	<b>148,382</b>	<b>33.5</b>
Selling, general, and administrative expenses	29,775	16.6	24,539	13.4	48,828	11.0
<b>Operating income</b>	<b>28,116</b>	<b>15.6</b>	<b>47,270</b>	<b>25.8</b>	<b>99,554</b>	<b>22.5</b>
Other income	33,717	18.8	41,387	22.6	34,988	7.9
1 Interest income	8,584		4,086		10,755	
2 Foreign exchange gain	23,817		36,301		22,118	
3 Other	1,316		999		2,114	
Other expenses	182	0.1	131	0.0	419	0.1
1 Sales discount	171		125		400	
2 Other	11		5		18	
<b>Income before income taxes and extraordinary items</b>	<b>61,651</b>	<b>34.3</b>	<b>88,527</b>	<b>48.4</b>	<b>134,123</b>	<b>30.3</b>
Extraordinary income	4,527	2.5	871	0.4	1,432	0.3
Extraordinary loss	252	0.2	-	-	1,820	0.4
<b>Income before income taxes and minority interests</b>	<b>65,926</b>	<b>36.6</b>	<b>89,398</b>	<b>48.8</b>	<b>133,736</b>	<b>30.2</b>
Provision for income taxes and enterprise taxes	28,003	15.6	38,418	21.0	47,751	10.8
Income taxes deferred	(1,683)	(1.0)	(2,629)	(1.5)	5,979	1.3
<b>Net income</b>	<b>39,607</b>	<b>22.0</b>	<b>53,608</b>	<b>29.3</b>	<b>80,005</b>	<b>18.1</b>
Retained earnings brought forward	84,055		89,338		89,338	
Interim dividend	-		-		9,105	
<b>Unappropriated retained earnings</b>	<b>123,662</b>		<b>142,947</b>		<b>160,238</b>	

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

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

#### (1) Securities

Held-to-maturity bonds	Amortized cost method (by straight-line method)
Securities of subsidiaries and affiliates	Cost, determined by the moving average method
Other securities	
Marketable other securities	Market price method, based on the market value at balance sheet date (Losses are charged to income, and unrealized gains, net of tax are charged to shareholders' equity.)
Non-marketable other securities	Cost, determined by the moving average method

#### (2) Derivatives

Market price method

#### (3) Inventories

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

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

#### (1) Tangible assets

Declining balance method (Some equipment is depreciated over economic useful lives.)

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

Estimated useful lives of the principal assets are as follows:

Buildings : 3 to 50 years

#### (2) Intangible assets

Straight-line method

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

### **3. Allowance and reserve**

#### (1) Allowance for doubtful accounts

The allowance for general accounts receivables is calculated with actual percentage of credit losses to provide against losses on bad debts, as well as calculating the allowance for each doubtful account with an estimated amount of potential bad debts.

#### (2) Reserve for bonuses

The reserve for bonuses is calculated with estimated prorated amount to be paid.

#### (3) Reserve for employee retirement and severance benefits

The reserve for employee retirement and severance benefits is calculated with actuarially projected amount at the end of the six-month period, on the basis of the cost of retirement benefits and plan assets at the end of the current fiscal year.

Actuarial calculation difference are processed collectively, mainly in the accrued year.

(Change in accounting procedure)

As of the semi-annual consolidated accounting period under review, the Company adopted the partial amendment of Corporate Accounting Standard No. 6 regarding Employee Retirement and Severance Benefits and its application guidelines No. 7, issued on March 16, 2005. The impact on operating income, income before income taxes and extraordinary items, and income before income taxes and minority interests is minor.

#### (4) Reserve for directors' retirement and severance benefits

In order to prepare for granting retirement allowances to directors and auditors, provisions based on regulations regarding payment of retirement allowances to directors and auditors have been recognized. At the Annual General Meeting of Shareholders held on June 29, 2005, the discontinuance of the directors and auditors retirement allowance system was approved along with payment of a final allowance to directors and auditors who took office until that time. Since the final allowances are to be paid at the time of retirement based on each director or auditor's tenure as of June 29, 2005, the amount is booked as part of non-current accounts payable.

### **4. Translation basis of assets and/or liabilities denominated in foreign currencies**

Receivables and/or payables denominated in foreign currencies are translated into Japanese yen by the spot exchange rates at the end of the semi-annual fiscal year. Exchange gains or losses are charged to income.

## 5. Lease transactions

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

## 6. Other

Consumption tax

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

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

Yen in Millions

### Balance sheets information:

	<u>As of Sept. 30 2005</u>	<u>As of Sept. 30 2004</u>	<u>As of Mar. 31 2005</u>
Accumulated depreciation of tangible assets	22,631	22,853	23,529
Guaranteed liabilities <US\$ in thousands>	3,413 <US\$30,155>	-	3,377 <US\$31,450>

### Statements of income information:

Yen in Millions

	<u>Six Months Ended Sep. 30, 2005</u>	<u>Six Months Ended Sep. 30, 2004</u>	<u>Year Ended Mar. 31, 2005</u>
Depreciation and amortization			
Tangible assets	924	656	1,518
Intangible assets	42	32	69

## LEASE TRANSACTIONS INFORMATION

This information is omitted, since it is disclosed on EDINET.

## SECURITIES INFORMATION

None of shares of subsidiaries or affiliates have market value as of September 30, 2004 and 2005 and year ended March 31, 2005.



## SUPPLEMENTARY INFORMATION

*Nintendo Co., Ltd.*

### 1. Consolidated Sales Information

Consolidated sales units, number of new titles, and forecast

			Sales Units in Ten Thousands Number of New Titles Released					
			Six Months Apr.-Sept. '05	Six Months Apr.-Sept. '04	Twelve Months Apr. '04-Mar. '05	Life-to-Date Sept. '05	Forecast Apr. '05-Mar. '06	
Game Boy Advance	Hardware	Japan	57	135	234	1,612		
		The Americas	168	380	856	3,505		
		Other	100	158	449	1,887		
		<b>Total</b>	<b>325</b>	<b>673</b>	<b>1,540</b>	<b>7,004</b>	<b>1,100</b> *	
	of which Game Boy Advance SP	Japan	16	134	232	616		
		The Americas	139	368	791	1,808		
		Other	98	151	440	1,008		
		<b>Total</b>	<b>253</b>	<b>653</b>	<b>1,464</b>	<b>3,432</b>		
	of which Game Boy Micro	Japan	41	-	-	41		
		The Americas	29	-	-	29		
		Other	0	-	-	0		
		<b>Total</b>	<b>70</b>	<b>-</b>	<b>-</b>	<b>70</b>		
		Software	Japan	353	920	1,554	6,607	
The Americas			1,758	2,179	5,077	16,482		
Other			665	691	1,826	6,524		
<b>Total</b>			<b>2,776</b>	<b>3,790</b>	<b>8,457</b>	<b>29,612</b>	<b>5,500</b>	
New Titles		Japan	38	86	165	732		
		The Americas	90	103	181	786		
		Other	83	52	135	708		
Nintendo DS		Hardware	Japan	150	-	212	363	
			The Americas	68	-	219	287	
			Other	139	-	95	234	
	<b>Total</b>		<b>357</b>	<b>-</b>	<b>527</b>	<b>883</b>	<b>1,200</b>	
	Software	Japan	531	-	382	913		
		The Americas	456	-	475	932		
		Other	343	-	192	535		
		<b>Total</b>	<b>1,330</b>	<b>-</b>	<b>1,049</b>	<b>2,380</b>	<b>4,000</b>	
	New Titles	Japan	45	-	26	71		
		The Americas	34	-	18	52		
		Other	26	-	16	42		
	Nintendo GameCube	Hardware	Japan	4	14	34	384	
			The Americas	63	99	261	1,109	
Other			14	26	98	438		
<b>Total</b>			<b>81</b>	<b>140</b>	<b>392</b>	<b>1,931</b>	<b>240</b>	
Software		Japan	134	204	509	2,532		
		The Americas	975	1,243	3,318	10,752		
		Other	213	362	1,015	3,667		
		<b>Total</b>	<b>1,322</b>	<b>1,809</b>	<b>4,842</b>	<b>16,951</b>	<b>3,000</b>	
New Titles		Japan	16	16	43	247		
		The Americas	40	50	99	465		
		Other	25	33	80	382		

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

\* This forecast is the combined total of Game Boy Advance, Game Boy Advance SP, and Game Boy Micro.

### 2. Other Consolidated Information

				Yen in Millions			
				Six Months Apr.-Sept. '05	Six Months Apr.-Sept. '04	Twelve Months Apr. '04-Mar. '05	Forecast Apr. '05-Mar. '06
Capital investments				2,447	1,454	4,502	6,300
Depreciation expenses of tangible assets				1,577	1,335	2,783	3,700
Research and development costs				14,815	10,882	20,513	33,000
Marketing expenses				21,171	22,532	53,756	54,000
Number of employees				3,151	3,018	3,013	
Average exchange rate				US\$1.00=	¥109.48	¥109.86	¥107.55
				EUR1.00=	¥135.64	¥133.32	¥135.19

### 3. Balance of assets in major foreign currencies without exchange contract (non-consolidated)

				U.S. Dollars/Euros in Millions			
				Sept. 30, '05 Ending Balance	Sept. 30, '04 Ending Balance	Mar. 31, '05 Ending Balance	
US\$	Cash and Deposits			2,887	4,191	5,168	
	Accounts Receivable			460	492	345	
EUR	Cash and Deposits			728	565	400	
	Accounts Receivable			165	155	172	
							Mar. 31, 2006
							Est. exchange rate
Exchange rate at end of period				US\$1.00=	¥113.19	¥111.05	¥107.39
				EUR1.00=	¥136.13	¥137.04	¥138.87
							¥110.00
							¥135.00