May 22, 2003

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

CONSOLIDATED FINANCIAL STATEMENTS

Nintendo Co., Ltd. and Consolidated Subsidiaries

FINANCIAL HIGHLIGHTS

Years ended March 31, 2002 and 2003

The amounts presented herein are rounded down under one million yen except as otherwise denominated.

Numbers in parentheses are negative.

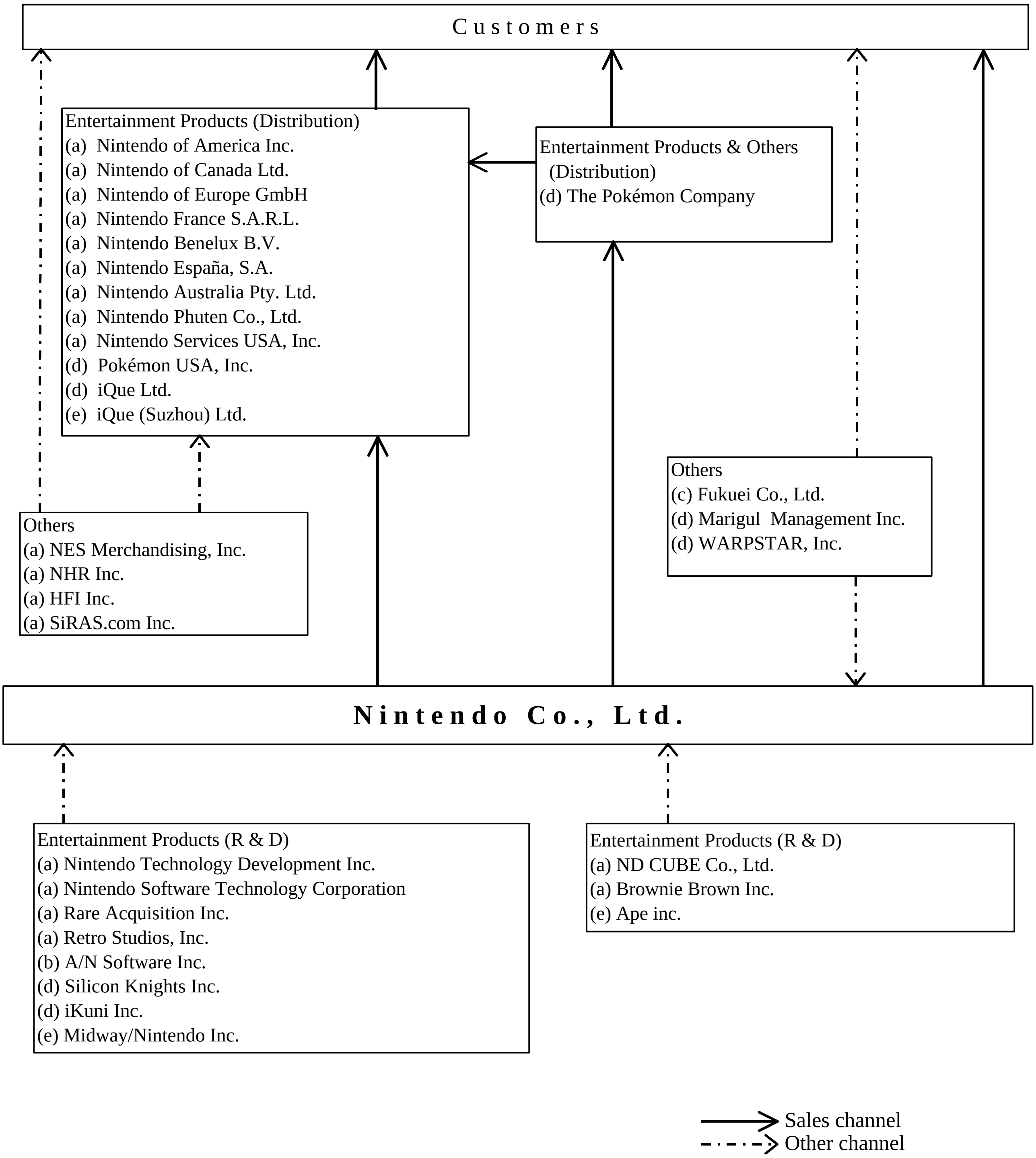
	2002	Yen in Millions **2003**
Net sales	554,886	**504,135**
Percentage change from previous year	20.0%	**(9.1%)**
Operating income	119,151	**100,120**
Percentage change from previous year	40.7%	**(16.0%)**
Income before income taxes and extraordinary items	186,618	**95,040**
Percentage change from previous year	(2.9%)	**(49.1%)**
Net income	106,444	**67,267**
Percentage change from previous year	10.2%	**(36.8%)**
Net income per share	¥751.39	**¥482.15**
Ratio of net income to net worth	12.0%	**7.4%**
Ratio of income before income taxes and extraordinary items to total assets	16.8%	**8.5%**
Ratio of income before income taxes and extraordinary items to net sales	33.6%	**18.9%**
Financial position		
Total assets (1)	1,156,715	**1,085,519**
Shareholders' equity (2)	935,075	**890,369**
Ratio of net worth to total assets (2) / (1)	80.8%	**82.0%**
Shareholders' equity per share	¥6,600.82	**¥6,626.74**
Cash flows		
Cash flows from operating activities	56,234	**(23,557)**
Cash flows from investing activities	(5,117)	**36,088**
Cash flows from financing activities	(17,146)	**(102,620)**
Cash and cash equivalents - Ending	863,116	**748,600**

Scope of consolidation and equity method application

Consolidated subsidiaries	19
（of which, newly added ··· 1 excluded ··· 4）	
Non-consolidated subsidiary with equity method applied	1
Affiliates with equity method applied	7
（of which, newly added ··· 2 excluded ··· 7）	

COMPANY GROUP INFORMATION

Nintendo Co., Ltd. ("the Company") and its related companies, which are composed of the Company, twenty-one subsidiaries, and ten affiliates as of March 31, 2003, operate manufacturing and sales 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	19
(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	3

MANAGEMENT POLICY

1. Basic management policy

Nintendo Co., Ltd. (“the Company”) and its consolidated subsidiaries (together with the Company, “Nintendo”) strive to create new and unique hardware systems and interactive video games, in both the home entertainment and handheld gaming environments while maintaining a robust business structure through proper accounting procedures. Nintendo seeks to provide consumers with a “world of entertainment”, which is both innovative and fun with creative elements they have never 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 while taking into consideration the possibility of changes in the business environment and the threat of intensified competition. From our shareholders' perspective, it is our policy to keep the level of dividends stable for a long period of time.

Retained earnings are maintained for research of new technology and development of new products, capital investments, reinforcement of sales systems, and the possibility of a common stock share buyback.

3. Targeted management index

In the video game industry, it is essential to provide new and entertaining products consistently. In 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 development, and operates amid severe competition, flexible business decisions are made without being constrained by any specific management index.

4. Medium and long term management strategy and challenges

In today's competitive video game market, dramatic improvements have been made in hardware capabilities by utilizing new technologies; however, it is becoming increasingly more difficult to create new and unique games which utilize the full capabilities of the new hardware. Nintendo is focusing more time and more resources on developing a new world of video game entertainment featuring its well-known franchise of characters while creating new characters and game concepts in collaboration with other fields. The Company has expanded and strengthened its R&D functions which include joint development with third parties. Furthermore, expansion in revenue will be realized as the company moves ahead to increase cost competitiveness through overseas production.

5. Corporate governance

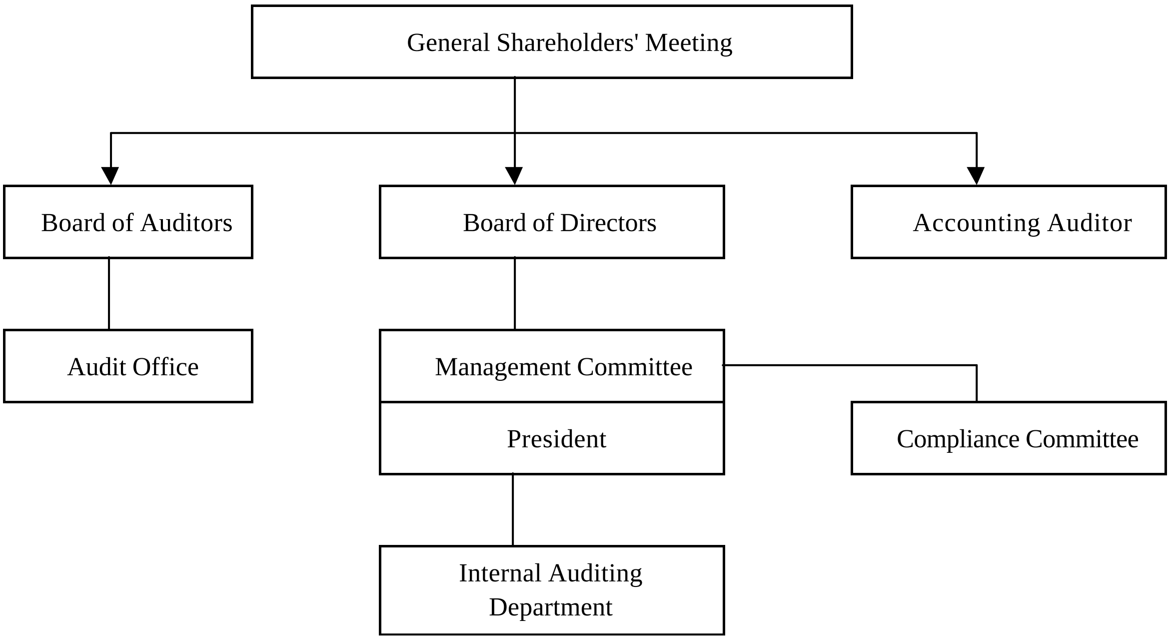
(1) Basic perspective on corporate governance

The Company must be governed sustainably for the long term in a manner that will maximize corporate value, and at the same time take into consideration not only the shareholders' best interests but also the interests of other entities such as customers, business partners, employees, local communities, and other stakeholders.

The Company will strive to operate highly transparently, recognize the sociality of its business, engage in robust and efficient business activities to gain social credit.

(2) Implemented measures

① The chart of corporate governance framework is as follows:



Based on conventional provisions of commercial law, the Board of Auditors serves as an auditing organization, the Management Committee serves as a body to perform operations, and the Board of Directors serves as a decision making body for important matters concerning management policies as well as an auditing organization.

The company engages in a software driven software-hardware combined business which carries unique characteristics. The present system serves the Company more favorably in the sense of business expansion. Therefore, the conventional system will be adopted, although the committee system from revised commercial code is currently under review.

② In order for the company to quickly respond to changes in the business environment, the term of duty for directors has been cut down from 2 years to 1 year as specified in the articles of incorporation, dated June, 2000. As of May, 2002, the Management Committee which is made up of six representative directors has been established, enabling swift decision making.

③ With regard to the Company, two independent outside auditors have been appointed from early on. Moreover, the Audit Office is set under the Board of Auditors, to assist and support auditing operations. Consequently, directors' duty performance and the overall group operations are audited. In order to increase effectiveness, an additional independent outside auditor is scheduled to be appointed (see attached DIRECTOR'S CHANGE). There are no interests involved whatsoever between the Company and the independent outside auditors.

④ In terms of internal auditing, an Internal Auditing Department is established directly under the president's jurisdiction. Its functionality is to plan and enforce auditing on accounting, business operations, and product safety. Its purpose is to valuate overall business operations within the organization and functional status of internal control established by the board of directors. The valuation, coupled with gathered information on efficiency of allocated business resources, is reflected into business management.

⑤ When or if a questionable matter arises when performing business operations, the Company seeks advice from lawyers, accounting auditors, and other specialists according to need.

⑥ As part of risk management, enacting the Compliance Program, an action guideline, the Compliance Committee, a cross sectional organization with the general manager of the General Affairs Division as chairperson has been established. The Compliance Hotline system has been established for the purpose of detecting internal corruption at an early stage and taking necessary correctional action, and furthermore, nurturing a corporate culture in which internal corruption will not be tolerated.

In order to increase consciousness of compliance, professionals in the field are invited from outside the company as lecturers to hold company seminars.

OPERATING RESULT

1. Review of operations

During the fiscal year ended March 31, 2003, the Japanese economy, in the midst of prolonged deflation, was yet generally in a crucial situation because of slow consumer spending, high unemployment rate, and lack of personal income growth, although recovery has been seen in some sectors of business due to improvement in corporate revenue resulting from positive effects of restructuring. As for the U.S. economy, despite the fact that it began to show some pattern of recovery, the momentum seemed to be fading. The European economy faced a setback in consumer confidence due to decrease in exports resulting from the appreciation of the Euro.

In the video game industry, while hardware manufacturers put up a fierce competition, software publishers began to reorganize their business to cope with the business environment that had become even more severe. Software titles had increased, pushing development costs and advertisement costs up, while sales concentrated only around a handful of hit titles.

Under such circumstances, Nintendo launched NINTENDO GAMECUBE (a new home entertainment console) in Europe last May, GAME BOY ADVANCE SP (a new high grade handheld system) in Japan this February and in overseas markets this March, along with making advances in developing new and attractive software.

As a result, consolidated net sales for the fiscal year ended March 31, 2003 were 504.1 billion yen, including overseas sales of 377.2 billion yen, which accounted for 74.8% of sales. Income before income taxes and extraordinary items was 95.0 billion yen because of the trend of yen appreciation. Net income was 67.2 billion yen due to sale of the stock of our affiliates.

With respect to sales by business category, in the electronic entertainment products division, the GAME BOY software title "Pocket Monsters Ruby & Sapphire" sold a record setting total of 6.6 million pieces since its launch in Japan last November and its U.S. launch this March, which came as a reminder that Pokémon is a fundamental and a core product that generates much excitement. As for hardware, GAME BOY ADVANCE SP, with its added functional capabilities such as rechargeable battery and front light, was appreciated by a wide range of users and got off to a good start worldwide. GAME BOY PLAYER, which was launched in Japan in March, has gained popularity, enabling users to play GAME BOY software on the TV screen by connecting to NINTENDO GAMECUBE.

As for console related products, a variety of software such as "Super Mario Sunshine", from the popular action series, and "The Legend of Zelda: The Wind Waker", where users can experience the feel of moving a cartoon character, enjoyed a good reputation. In the U.S., the wireless game controller WAVEBIRD was well received. Even so, sales fell short of the projected level. Total net sales in the electronic entertainment products division were 502.4 billion yen, while sales in other products division (playing cards, karuta, etc.) were 1.7 billion yen.

With respect to geographic segment information, sales in Japan were 482.6 billion yen including inter-segment sales of 350.9 billion yen, operating income was 85.7 billion yen. Sales in the Americas were 248.1 billion yen including inter-segment sales of 2.3 billion yen, operating income was 10.4 billion yen. Sales in Europe were 121.2 billion yen, operating income was 0.2 billion yen.
During the fiscal year ended March 31, 2003, the Company bought back 7,305,600 shares of treasury stocks worth 81.0 billion yen.

2. Annual Outlook

Looking ahead to fiscal year ending March, 31 2004, the video game industry is likely to find itself in a harsher situation. Under such circumstance, Nintendo will strive to develop new, creative, and astonishing software by taking advantage of the connectivity mechanism between NINTENDO GAMECUBE and GAME BOY ADVANCE.

FINANCIAL POSITION

Although inventory increased, total assets decreased by 71.1 billion yen compared to the previous fiscal year-end due to decrease in cash and deposits resulting from buyback of treasury stocks and exchange fluctuations. Total liabilities decreased by 23.6 billion yen compared to the previous fiscal year-end due to the disbursement of accounts payable. Shareholders' equity decreased by 44.7 billion yen compared to the previous fiscal year-end due to buyback of treasury stocks.

Cash and cash equivalents (collectively, Cash) as at March 31, 2003 was 748.6 billion yen (as at previous fiscal year-end was 863.1 billion yen). The net increase (decrease) of Cash and the contributing factors during fiscal year ended March 31, 2003 are as follows:

Cash flows from operating activities:

Net Cash used in operating activities was 23.5 billion yen (56.2 billion yen provided by in the previous fiscal year). Factors such as the decrease in income before income taxes and minority interests and the increase of inventory caused the overall decrease.

Cash flows from investing activities:

Net Cash provided by investing activities was 36.0 billion yen (5.1 billion yen used in the previous fiscal year). Income from reimbursement of time deposits and sale of stock of the Company's affiliates during this period were such factors of the increase.

Cash flows from financing activities:

Net Cash used in financing activities was 102.6 billion yen (17.1 billion yen in the previous fiscal year). Buyback of treasury stocks was a major factor.

	Year ended March, 2003	Year ended March, 2002	Year ended March, 2001	Year ended March, 2000	Year ended March,1999
Ratio of net worth to total assets (%)	**82.0**	80.8	78.1	81.2	78.4
Ratio of total market value of stocks to total assets (%)	**118.8**	240.8	271.9	274.0	162.1

Note: Percentage figures are calculated on a consolidated basis.
Total market value of stocks is calculated by multiplying closing price at the end of the period and the number of outstanding stocks (excluding treasury stock) at the end of the period.

CONSOLIDATED BALANCE SHEETS

As of March 31, 2002 and 2003

Yen in Millions

	2002		**2003**		Change
[Assets]					
Current assets:					
Cash and deposits	894,547		**748,650**		(145,896)
Notes and trade accounts receivable	45,861		**49,085**		3,224
Marketable securities	10,108		**8,266**		(1,842)
Inventories	43,868		**104,524**		60,655
Deferred income taxes - current	34,467		**31,158**		(3,308)
Other current assets	15,168		**33,088**		17,919
Allowance for doubtful accounts	(6,251)		**(5,463)**		787
	1,037,770	89.7 %	**969,309**	**89.3 %**	(68,460)
Fixed assets:					
Property, plant and equipment					
Buildings and structures	26,196		**21,959**		(4,236)
Machinery, equipment and automobiles	2,231		**1,804**		(427)
Furniture and fixtures	3,206		**2,463**		(743)
Land	35,045		**33,134**		(1,910)
Construction in progress	1		**7**		5
	66,681	5.8 %	**59,369**	**5.5 %**	(7,312)
Intangible assets					
Software etc.	174	0.0 %	**225**	**0.0 %**	50
Investments and other assets					
Investments in securities	32,589		**38,551**		5,962
Deferred income taxes - non-current	12,496		**14,712**		2,215
Other investments and other assets	7,092		**3,407**		(3,685)
Allowance for doubtful accounts	(89)		**(55)**		33
	52,089	4.5 %	**56,616**	**5.2 %**	4,526
	118,945	10.3 %	**116,210**	**10.7 %**	(2,735)
Total	1,156,715	100.0 %	**1,085,519**	**100.0 %**	(71,196)

As of March 31, 2002 and 2003

Yen in Millions

	2002		**2003**		Change
[Liabilities]					
Current liabilities:					
Notes and trade accounts payable	106,685		**96,475**		(10,209)
Accrued income taxes	30,376		**38,913**		8,536
Reserve for bonuses	1,610		**1,672**		61
Other current liabilities	73,535		**48,988**		(24,547)
	212,208	18.3 %	**186,050**	**17.2 %**	(26,157)
Non-current liabilities:					
Non-current accounts payable	299		**135**		(164)
Reserve for employee retirement and severance benefits	4,416		**7,070**		2,654
Reserve for directors retirement and severance benefits	1,687		**1,740**		53
	6,403	0.6 %	**8,946**	**0.8 %**	2,542
Total liabilities	218,611	18.9 %	**194,996**	**18.0 %**	(23,615)
[Minority interests]					
Minority interests	3,028	0.3 %	**153**	**0.0 %**	(2,875)
[Shareholders' equity]					
Common stock	10,065	0.9 %	**10,065**	**0.9 %**	-
Additional paid-in capital	11,584	1.0 %	**11,584**	**1.1 %**	-
Consolidated retained earnings	904,732	78.2 %	**950,262**	**87.5 %**	45,530
Unrealized gains on other securities	3,848	0.3 %	**2,254**	**0.2 %**	(1,593)
Translation adjustments	5,025	0.4 %	**(2,275)**	**(0.2 %)**	(7,301)
Treasury stock, at cost	(180)	(0.0 %)	**(81,521)**	**(7.5 %)**	(81,340)
Total shareholders' equity	935,075	80.8 %	**890,369**	**82.0 %**	(44,705)
Total	1,156,715	100.0 %	**1,085,519**	**100.0 %**	(71,196)

CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31, 2002 and 2003

Yen in Millions

	2002		**2003**		Change	
Net sales	554,886	100.0 %	**504,135**	**100.0 %**	(50,751)	(9.1 %)
Cost of sales	334,620	60.3 %	**308,525**	**61.2 %**	(26,094)	(7.8 %)
Gross margin	220,266	39.7 %	**195,609**	**38.8 %**	(24,656)	(11.2 %)
Selling, general and administrative expenses	101,114	18.2 %	**95,488**	**18.9 %**	(5,625)	(5.6 %)
Operating income	119,151	21.5 %	**100,120**	**19.9 %**	(19,030)	(16.0 %)
Other income						
Interest income	22,904		**15,942**		(6,962)	
Foreign exchange gain	43,419		**-**		(43,419)	
Other	2,391		**2,340**		(51)	
Total other income	68,715	12.3 %	**18,283**	**3.6 %**	(50,432)	(73.4 %)
Other expenses						
Sales discount	473		**387**		(85)	
Equity in losses of non-consolidated subsidiary and affiliates	127		**77**		(50)	
Foreign exchange loss	-		**22,620**		**22,620**	
Other	647		**278**		(368)	
Total other expenses	1,248	0.2 %	**23,363**	**4.6 %**	22,115	-
Income before income taxes and extraordinary items	186,618	33.6 %	**95,040**	**18.9 %**	(91,578)	(49.1 %)
Extraordinary income	1,284	0.2 %	**19,218**	**3.8 %**	17,933	-
Extraordinary loss	4,879	0.8 %	**943**	**0.2 %**	(3,936)	(80.7 %)
Income before income taxes and minority interests	183,023	33.0 %	**113,315**	**22.5 %**	(69,707)	(38.1 %)
Provision for income taxes and enterprise tax	74,351	13.4 %	**45,018**	**9.0 %**	(29,332)	(39.5 %)
Income taxes deferred	2,445	0.4 %	**954**	**0.2 %**	(1,490)	(61.0 %)
Minority interests	(218)	(0.0 %)	**74**	**0.0 %**	293	(134.3 %)
Net income	106,444	19.2 %	**67,267**	**13.3 %**	(39,177)	(36.8 %)

CONSOLIDATED STATEMENTS OF SURPLUS

Years ended March 31, 2002 and 2003

Yen in Millions

	2002	**2003**	Change
(Additional paid-in capital)			
Additional paid-in capital - Beginning	11,584	**11,584**	-
Additional paid-in capital - Ending	11,584	**11,584**	-
(Consolidated retained earnings)			
Consolidated retained earnings - Beginning	815,457	**904,732**	89,274
Increase			
Net income	106,444	**67,267**	(39,177)
Total increase	106,444	**67,267**	(39,177)
Decrease			
Cash dividends	17,000	**21,248**	4,248
Directors' bonuses	170	**170**	-
Decrease in consolidated retained earnings due to exclusion of affiliates with equity method applied	-	**318**	318
Total decrease	17,170	**21,737**	4,567
Consolidated retained earnings - Ending	904,732	**950,262**	45,530

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 2002 and 2003

Yen in Millions

	2002	2003
Ⅰ Cash flows from operating activities:		
Income before income taxes and minority interests	183,023	**113,315**
Depreciation and amortization	5,639	**4,712**
Increase in allowance for doubtful accounts	248	**105**
Increase in allowance for employee retirement and severence benefits	213	**2,884**
Interest and dividends income	(23,029)	**(16,352)**
Interest expenses	0	**1**
Foreign exchange loss (gain)	(42,093)	**20,225**
Gain on sales of marketable securities	(5)	**-**
Unrealized loss on investments in securities	4,458	**864**
Equity in losses of non-consolidated subsidiary and affiliates	127	**77**
Gain on sales of investments in affiliates	-	**(19,082)**
Decrease (increase) in notes and trade accounts receivable	10,983	**(4,841)**
Decrease (increase) in inventories	(21,308)	**(58,671)**
Increase (decrease) in notes and trade accounts payable	22,189	**(15,445)**
Increase in consumption taxes payable	498	**592**
Directors' bonuses paid	(170)	**(170)**
Other, net	2,031	**(31,738)**
Sub-total	142,807	**(3,520)**
Interest and dividends received	23,201	**16,500**
Interest paid	(0)	**(1)**
Income taxes paid	(109,773)	**(36,536)**
Net cash provided by (used in) operating activities	56,234	**(23,557)**
Ⅱ Cash flows from investing activities:		
Increase in time deposits	(140,959)	**(161,848)**
Decrease in time deposits	155,057	**190,693**
Payments for acquisition of marketable securities	(59,746)	**(37,300)**
Proceeds from sale of marketable securities	59,202	**38,535**
Payments for acquisition of property, plant and equipment	(13,096)	**(2,138)**
Proceeds from sale of property, plant and equipment	886	**364**
Payments for investments in securities	(24,033)	**(17,527)**
Proceeds from investments in securities	17,968	**8,659**
Sales of business entities	-	**17,265**
Other, net	(396)	**(614)**
Net cash provided by (used in) investing activities	(5,117)	**36,088**
Ⅲ Cash flows from financing activities:		
Proceeds from stock issued to minority interests	5	**-**
Payments for acquisition of treasury stock	(270)	**(81,387)**
Proceeds from sale of treasury stock	113	**-**
Cash dividends paid	(16,994)	**(21,232)**
Net cash provided by (used in) financing activities	(17,146)	**(102,620)**
Ⅳ Effect of exchange rate changes on cash and cash equivalents	43,154	**(24,206)**
Ⅴ Net increase (decrease) of cash and cash equivalents	77,123	**(114,295)**
Ⅵ Cash and cash equivalents - Beginning	785,992	**863,116**
Ⅶ Decrease in cash and cash equivalents due to change in scope of consolidation	-	**(220)**
Ⅷ Cash and cash equivalents - Ending	863,116	**748,600**

BASIS OF CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of consolidation

Consolidated subsidiaries 19

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., Rare Acquisition Inc., Nintendo Phuten Co., Ltd., Nintendo Technology Development Inc., Nintendo Software Technology Corporation, SiRAS.com Inc., Nintendo Services USA, Inc., Retro Studios, Inc., ND CUBE Co., Ltd., Brownie Brown Inc.

Retro Studios, Inc. is newly consolidated (effective with this consolidated accounting period) because of the additional share acquisition. Rare Limited, Rare Inc., and Rare Toys & Games, Inc. are excluded from consolidation as the stock of Rare Limited and Rareware Limited have been sold. WARPSTAR, Inc. is excluded from consolidation as substantial control over the company has not been recognized.

Non-consolidated subsidiaries 2

Fukuei Co., Ltd., A/N Software Inc.

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

Marigul Management Inc., The Pokémon Company, WARPSTAR, Inc., Silicon Knights Inc., iKuni Inc., Pokémon USA, Inc., iQue Ltd.

iQue Ltd., because of capital injection, WARPSTAR, Inc., because it has been excluded from consolidation and has become an affiliate, are included within the scope of equity method affiliates as of this consolidated accounting period.
Retro Studios, Inc., because of becoming a consolidated subsidiary, Rareware Limited and Left Field Productions, Inc., because of sale of the stock, and MONEGI Co., Mobile 21 Co., Ltd., and MGM Fund Inc., because of liquidation, HAL LABORATORY, INC., because it is no longer an affiliate, are excluded from the scope of equity method affiliates.
With respect to (equity method applied) companies with different year-end from consolidated year-end (i.e., March 31), their financial statements are used as they are.

3. Annual consolidated accounting period

Although fiscal year-end of Nintendo Phuten Co., Ltd. and Retro Studios, Inc. is December 31, which is different from consolidated year-end, their financial statements through that period are used for consolidation as the variance of year-end is within three months (so-called three month rule applied). Important transactions between their year-end and March 31 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 fixed assets

(A) Tangible assets

The Company and its domestic consolidated subsidiaries	Declining balance method (Some equipment are 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 probable bad debts. Overseas consolidated subsidiaries are calculating the allowance for each doubtful account with an estimated amount of probable bad debts.

(B) Reserve for bonuses

The Company is calculating the reserve for bonuses with estimated prorated amounts 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 calculated amounts at the end of the consolidated acounting period, on the basis of the cost of retirement benefits and plan assets at the end of the fiscal year.
Actuarial calculation difference is processed collectively mainly in the accrued year.

(D) Reserve for directors retirement and severance benefits

The Company is calculating the reserve for directors retirement and severance benefits with estimated amounts to be paid at the year-end, based on the Company's internal rules.

(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 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 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 permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

(6) Other

(A) Consumption tax

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

(B) Treasury stock and Legal reserves

The provisions of Corporate Accounting Standards No.1 with respect to the financial reporting for Treasury stock and Legal reserves came into effect after April 1, 2002. The company adopted these provisions accordingly from this annual accounting period. The impact due to the adoption is minimal in determining net income for this annual accounting period.
In addition, pursuant to the revision of Financial Statement Regulations, Shareholders' equity section in the balance sheet as of March 31, 2003 is reported in accordance with this revised Regulations. Moreover, in the previous annual accounting period, the representation has been reclassified to match the revised Regulations.

(C) Net income per share

The provisions of Corporate Accounting Standard No. 2 with respect to the financial reporting for net income per share and its application guidelines are applied to financial statements for accounting periods beginning after April 1, 2002. These provisions and guidelines are adopted accordingly from this annual accounting period. The impact to the amount of net income per share for this annual accounting period due to the adoption is minimal.

5. Valuation of assets and liabilities of consolidated subsidiaries

Valuation of assets and liabilities of consolidated subsidiaries are under market price method.

6. Amortization of investment costs in excess of underlying net assets of consolidated subsidiaries and affiliates acquired

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

7. Profit appropriation

The consolidated statements of surplus in respect of appropriated profit of consolidated companies are created accordingly to appropriated profit which has settled during the annual accounting period.

8. 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;

	2002	2003
		Yen in Millions
Accumulated depreciation of tangible assets	33,530	**34,988**

Consolidated statements of income information;

	2002	2003
		Yen in Millions
Research and development costs	16,791	**14,598**

Consolidated statements of cash flows information;

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

	2002	2003
		Yen in Millions
Cash and deposits account	894,547	**748,650**
Time deposits (over 3 months)	(31,430)	**(50)**
Cash and cash equivalents - Ending	863,116	**748,600**

Lease transaction information;

1. Finance lease

Pro forma information of leased assets under finance leases that do not transfer ownership of the leased assets to the lessee on an "as if capitalized" basis is as follows:

	2002	2003
		Yen in Millions
(1) Acquisition cost and accumulated depreciation		
Acquisition cost	829	**1,033**
Accumulated depreciation	411	**578**
Net leased assets	417	**454**
(2) Obligations under finance leases		
Due within one year	220	**236**
Due after one year	196	**217**
Total	417	**454**
(3) Lease payments and depreciation expense		
Lease payments	214	**268**
Depreciation expense	214	**268**

(4) Calculation method of depreciation expense

Straight-line method over lease period, with zero residual value.

2. Operating lease

The minimum rental commitments under noncancelable operating leases as of the end of each period are as follows:

	2002	2003
Due within one year	459	**621**
Due after one year	4,224	**4,335**
Total	4,683	**4,956**

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

Yen in Millions

Year ended March 31, 2002	Domestic	The Americas	Europe	Other	Total	Eliminations or unallocated assets	Consolidated
1. Net sales and operating income							
Net sales							
(1) Sales to third parties	171,331	283,427	94,259	5,868	554,886	-	554,886
(2) Inter segment sales	275,923	932	3,425	0	280,281	(280,281)	-
Total	447,254	284,360	97,684	5,868	835,167	(280,281)	554,886
Cost of sales and selling, general and administrative expenses	382,489	252,984	92,132	5,768	733,375	(297,640)	435,735
Operating income	64,764	31,375	5,551	100	101,792	17,358	119,151
2. Assets	988,187	176,967	52,597	3,052	1,220,804	(64,088)	1,156,715

Year ended March 31, 2003	Domestic	The Americas	Europe	Other	Total	Eliminations or unallocated assets	Consolidated
1. Net sales and operating income							
Net sales							
(1) Sales to third parties	131,768	245,723	121,188	5,454	504,135	-	504,135
(2) Inter segment sales	350,911	2,397	19	-	353,328	(353,328)	-
Total	482,680	248,120	121,208	5,454	857,463	(353,328)	504,135
Cost of sales and selling, general and administrative expenses	396,929	237,662	120,997	5,885	761,474	(357,459)	404,014
Operating income (loss)	85,750	10,458	211	(431)	95,989	4,131	100,120
2. Assets	924,055	166,493	85,152	3,908	1,179,609	(94,089)	1,085,519

3. Sales to overseas customers

Yen in Millions

Year ended March 31, 2002	The Americas	Europe	Other	Total
Sales to overseas customers	284,521	116,161	10,620	411,304
Consolidated net sales				554,886
Percentage of sales to overseas customers to consolidated net sales	51.3%	20.9%	1.9%	74.1%

Year ended March 31, 2003	The Americas	Europe	Other	Total
Sales to overseas customers	246,879	121,197	9,177	377,254
Consolidated net sales				504,135
Percentage of sales to overseas customers to consolidated net sales	49.0%	24.0%	1.8%	74.8%

TAX EFFECT ACCOUNTING INFORMATION

Ⅰ Year ended March 31, 2002

Yen in Millions

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

	2002
Deferred tax assets:	
Other A/P and accrued expenses	20,383
Inventory - write-downs and elimination of unrealized profit	9,720
Research and development costs	5,458
Unrealized loss on land	2,515
Accrued enterprise tax	2,459
Allowance for doubtful accounts	2,222
Reserve for employee retirement and severance benefits	1,806
Royalty expenses	1,477
Other	7,182
Gross deferred tax assets	53,224
Valuation allowance	(1,667)
Total deferred tax assets	51,556
Deferred tax liabilities:	
Unrealized gains on other securities	(2,786)
Undistributed retained earnings on overseas subsidiaries	(851)
Other	(954)
Total deferred tax liabilities	(4,592)
Net deferred tax assets	46,963

2. Reconciliation of the statutory tax rate and the effective tax rate

This information is excluded, since the difference is not more than five one hundredth of the statutory tax rate.

Ⅱ Year ended March 31, 2003

Yen in Millions

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

	2003
Deferred tax assets:	
Inventory - write-downs and elimination of unrealized profit	11,382
Other A/P and accrued expenses	10,425
Research and development costs	4,110
Accrued enterprise tax	3,417
Reserve for employee retirement and severance benefits	2,769
Unrealized loss on land	2,431
Depreciation	2,289
Allowance for doubtful accounts	1,829
Royalty expenses	1,435
Unrealized loss on investments in securities	1,209
Other	9,039
Gross deferred tax assets	50,342
Valuation allowance	(1,734)
Total deferred tax assets	48,607
Deferred tax liabilities:	
Unrealized gains on other securities	(1,540)
Undistributed retained earnings on overseas subsidiaries	(503)
Other	(705)
Total deferred tax liabilities	(2,750)
Net deferred tax assets	45,857

2. Reconciliation of the statutory tax rate and the effective tax rate

This information is excluded, since the difference is not more than five one hundredth of the statutory tax rate.

3. Legislation No.9 of 2003 which amends a portion of local tax laws was officially announced on March 31, 2003. Based upon this, the statutory tax rate which is used to calculate deferred tax assets/liabilities for this annual accounting period has decreased from 42.0% to 40.6%. This is applicable to deferred tax assets/liabilities that are expected to dissolve after April 1, 2004. The adjustment due to the change is minimal in determining net income for this annual accounting period.

SECURITIES INFORMATION

Ⅰ As of March 31, 2002

Yen in Millions

1. Marketable other securities

	Acquisition Cost	Book Value	Difference
(book value exceeds acquisition cost)			
Stocks	11,975	18,610	6,634
(book value does not exceed acquisition cost)			
Stocks	1,872	1,750	(121)
Total	13,847	20,360	6,512

2. Contents and book value of major non-marketable securities

(1) Held-to-maturity bonds	
Commercial paper	5,443
Unlisted foreign bonds	4,665
(2) Other securities	
Unlisted foreign bonds	6,000
Preferred subscription certificate	5,000

3. Held-to-maturity securities and held-to-maturity bonds

	Due in one year or less	Due after one year through five years
Commercial paper	5,443	-
Unlisted foreign bonds	4,665	1,000
Total	10,108	1,000

Ⅱ As of March 31, 2003

Yen in Millions

1. Marketable other securities

	Acquisition Cost	Book Value	Difference
(book value exceeds acquisition cost)			
Stocks	11,727	15,516	3,789
(book value does not exceed acquisition cost)			
Stocks	1,445	1,138	(306)
Total	13,172	16,654	3,482

2. Contents and book value of major non-marketable securities

(1) Held-to-maturity bonds	
Commercial paper	8,266
(2) Other securities	
Unlisted foreign bonds	6,000
Preferred subscription certificate	11,000

3. Held-to-maturity securities and held-to-maturity bonds

	Due in one year or less	Due after one year through five years
Commercial paper	8,266	-
Unlisted foreign bonds	-	6,000
Total	8,266	6,000

DERIVATIVE TRANSACTIONS INFORMATION

1. Condition of derivative transactions

Year ended March 31, 2002

Only the Company to file consolidated financial statements enters into derivative transactions in the group.
The Company has only foreign exchange forward contracts and currency option contracts within the limits of foreign currency deposits.
The Company enters into derivative transactions for yield improvement of short-term financial assets, to reduce risk of exchange or interest rate fluctuations, but not for speculative purposes. Because the counterparties to these transactions are limited to high confidence level financial institutions and the transactions are short-term only, the Company anticipates practically no risk due to default. Derivative transactions entered into by the Company are made only by Treasury department under approval by president and director who is in charge of these transactions.

Year ended March 31, 2003

(1) Transactions

Only the company to file consolidated financial statements enters into foreign exchange forward contracts and currency option contracts.

(2) Policy

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

(3) Purposes

Foreign exchange forward contracts	to reduce risk of exchange rate fluctuations
Currency option contracts	to reduce risk of exchange rate fluctuations and yield improvement of short-term financial assets

(4) Risks

Foreign exchange forward contracts and currency option contracts bear risks resulting from exchange rate fluctuations. Counterparties to derivative transactions are limited to high confidence level financial institutions. The company anticipates practically no risk due to default.

(5) Risk management

Derivative transactions entered into by the Company are made only by Treasury department under approval by president and director who is in charge of these transactions.

2. The fair market value of transactions

Not applicable

RETIREMENT AND SEVERANCE BENEFITS INFORMATION

Outline of retirement benefit plan

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

Ⅰ As of March 31, 2002

Yen in Millions

	2002
1. Retirement benefit obligation at the end of year	
a. Retirement benefit obligation	(15,550)
b. Plan assets	9,931
c. Unfunded retirement benefit obligation	(5,619)
d. No amortization of difference by accounting changes	-
e. Unrecognized actuarial difference	920
f. Unrecognized prior service cost (decrease of obligation)	281
g. Net pension liability recognized in the consolidated balance sheet	(4,416)
h. Prepaid pension cost	-
i. Reserve for employee retirement and severance benefits	(4,416)
2. Retirement benefit cost for the year	
a. Service cost	1,095
b. Interest cost	550
c. Expected return on plan assets	(282)
d. Amortization of difference by accounting changes	-
e. Amortization of actuarial difference	613
f. Amortization of prior service cost	510
g. Retirement benefit cost	2,488

3. Basis of calculation

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

Ⅱ As of March 31, 2003

Yen in Millions

	2003
1. Retirement benefit obligation at the end of year	
a. Retirement benefit obligation	(18,055)
b. Plan assets	9,053
c. Unfunded retirement benefit obligation	(9,002)
d. No amortization of difference by accounting changes	-
e. Unrecognized actuarial difference	1,118
f. Unrecognized prior service cost (decrease of obligation)	812
g. Net pension liability recognized in the consolidated balance sheet	(7,070)
h. Prepaid pension cost	-
i. Reserve for employee retirement and severance benefits	(7,070)
2. Retirement benefit cost for the year	
a. Service cost	1,124
b. Interest cost	547
c. Expected return on plan assets	(255)
d. Amortization of difference by accounting changes	-
e. Amortization of actuarial difference	2,706
f. Amortization of prior service cost	217
g. Retirement benefit cost	4,341

3. Basis of calculation

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

PRODUCTION, ORDER AND SALES INFORMATION

Years ended March 31, 2002 and 2003

Yen in Millions

1. Production

	2002	**2003**
Electronic entertainment products		
(Hardware)		
Handheld	180,707	**128,902**
Console	107,191	**171,730**
Other	28,197	**39,156**
	316,096	**339,789**
(Software)		
Handheld	160,439	**129,830**
Console	63,281	**107,204**
	223,721	**237,034**
Sub-Total	539,817	**576,824**
Other products	1,278	**704**
Total	541,096	**577,528**

2. Order

	2002		**2003**	
	Orders received	Back orders	**Orders received**	**Back orders**
Electronic entertainment products				
Handheld	79,065	3,916	**55,133**	**2,802**
Console	13,266	849	**33,962**	**596**
Total	92,331	4,765	**89,096**	**3,398**

3. Sales

	2002	**2003**
Electronic entertainment products		
(Hardware)		
Handheld	189,753	**132,246**
Console	99,256	**101,554**
Other	26,878	**41,453**
	315,887	**275,254**
(Software)		
Handheld	164,779	**123,369**
Console	63,858	**99,325**
Royalty income and contents income	8,130	**3,978**
Other	130	**476**
	236,898	**227,149**
Sub-Total	552,785	**502,404**
Other Products	2,100	**1,730**
Total	554,886	**504,135**

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

NON-CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL HIGHLIGHTS

Years ended March 31, 2002 and 2003

The amounts presented herein are rounded down under one million yen except as otherwise denominated.
Numbers in parentheses are negative.

Yen in Millions

	2002	**2003**
Net sales	447,101	**482,162**
Percentage change from previous year	27.4%	**7.8%**
Operating income	65,033	**85,578**
Percentage change from previous year	28.2%	**31.6%**
Income before income taxes and extraordinary items	144,788	**97,969**
Percentage change from previous year	(12.0%)	**(32.3%)**
Net income	80,323	**61,157**
Percentage change from previous year	(7.4%)	**(23.9%)**
Net income per share	¥567.00	**¥438.25**
Ratio of net income to net worth	9.8%	**7.4%**
Ratio of income before income taxes and extraordinary items to total assets	14.7%	**9.8%**
Ratio of income before income taxes and extraordinary items to net sales	32.4%	**20.3%**
Total cash dividends per share	¥140.00	**¥140.00**
Interim	¥60.00	**¥70.00**
Year-end	¥80.00	**¥70.00**
Payout ratio	24.7%	**31.9%**
Ratio of dividends to net worth	2.3%	**2.4%**
Financial position		
Total assets (1)	1,026,478	**967,349**
Shareholders' equity (2)	849,919	**806,724**
Ratio of net worth to total assets (2)/(1)	82.8%	**83.4%**
Shareholders' equity per share	¥5,999.69	**¥6,004.07**

[Notes]
Date of Shareholders' Meeting : June 27, 2003
Average number of shares issued and outstanding for year ended March 31, 2003 : 139,161,554 shares
Number of shares issued and outstanding as of March 31, 2003 (excluding treasury stock) : 134,334,552 shares
Number of treasury stocks as of March 31, 2003 : 7,334,448 shares
Stock trading unit : 100 shares
Change of accounting policies : None

NON-CONSOLIDATED BALANCE SHEETS

As of March 31, 2002 and 2003

Yen in Millions

	2002		**2003**		Change
[Assets]					
Current assets:					
Cash and deposits	764,274		**662,810**		(101,463)
Notes receivable	2,101		**1,606**		(495)
Trade accounts receivable	69,505		**71,271**		1,765
Marketable securities	4,665		**-**		(4,665)
Inventories	17,552		**18,578**		1,026
Deferred income taxes - current	23,794		**23,597**		(197)
Other accounts receivable	7,072		**12,314**		5,242
Other current assets	4,492		**37,861**		33,369
Allowance for doubtful accounts	(406)		**(109)**		296
	893,052	87.0 %	**827,931**	**85.6 %**	(65,121)
Fixed assets:					
Property, plant and equipment					
Buildings and structures	16,767		**15,328**		(1,439)
Machinery and equipment	121		**101**		(20)
Automobiles	30		**41**		11
Furniture and fixtures	1,634		**1,075**		(559)
Land	25,596		**25,596**		-
Construction in progress	-		**4**		4
	44,149	4.3 %	**42,147**	**4.4 %**	(2,002)
Intangible assets					
Software	83		**104**		20
Other intangible assets	34		**31**		(2)
	117	0.0 %	**136**	**0.0 %**	18
Investments and other assets					
Investments in securities	31,661		**36,319**		4,658
Investments in affiliates	39,817		**44,319**		4,502
Non-current receivable	4,818		**5,349**		530
Deferred income taxes - non-current	10,754		**13,216**		2,462
Other investments and other assets	6,932		**3,280**		(3,651)
Allowance for doubtful accounts	(4,825)		**(5,350)**		(524)
	89,157	8.7 %	**97,134**	**10.0 %**	7,976
	133,425	13.0 %	**139,418**	**14.4 %**	5,992
Total	1,026,478	100.0 %	**967,349**	**100.0 %**	(59,128)

As of March 31, 2002 and 2003

Yen in Millions

	2002		**2003**		Change
[Liabilities]					
Current liabilities:					
Notes payable	20,459		**6,922**		(13,536)
Trade accounts payable	82,433		**84,920**		2,486
Other accounts payable	20,434		**13,643**		(6,791)
Accrued income taxes	22,146		**31,686**		9,540
Advances received	1,071		**628**		(442)
Reserve for bonuses	1,610		**1,672**		61
Other current liabilities	24,739		**16,064**		(8,675)
	172,896	16.8 %	**155,538**	**16.1 %**	(17,357)
Non-current liabilities:					
Non-current accounts payable	299		**135**		(164)
Reserve for employee retirement and severance benefits	1,675		**3,211**		1,535
Reserve for directors retirement and severance benefits	1,687		**1,740**		53
	3,662	0.4 %	**5,086**	**0.5 %**	1,424
Total liabilities	176,558	17.2 %	**160,625**	**16.6 %**	(15,933)
[Shareholders' equity]					
Common stock	10,065	1.0 %	**10,065**	**1.0 %**	-
Additional paid-in capital	11,584	1.1 %	**11,584**	**1.2 %**	-
Retained earnings	824,602	80.3 %	**864,341**	**89.4 %**	39,739
Legal reserve	2,516		**2,516**		-
Optional reserve	660,053		**560,050**		(100,002)
Special reserve	53		**50**		(2)
General reserve	660,000		**560,000**		(100,000)
Unappropriated	162,032		**301,774**		139,741
Unrealized gains on other securities	3,848	0.4 %	**2,254**	**0.2 %**	(1,593)
Treasury stock, at cost	(180)	(0.0 %)	**(81,521)**	**(8.4 %)**	(81,340)
Total shareholders' equity	849,919	82.8 %	**806,724**	**83.4 %**	(43,195)
Total	1,026,478	100.0 %	**967,349**	**100.0 %**	(59,128)

NON-CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31, 2002 and 2003

Yen in Millions

	2002		2003		Change	
Net sales	447,101	100.0 %	**482,162**	**100.0 %**	35,060	7.8 %
Cost of sales	328,194	73.4 %	**355,485**	**73.7 %**	27,290	8.3 %
Gross margin	118,906	26.6 %	**126,676**	**26.3 %**	7,770	6.5 %
Selling, general and administrative expenses	53,873	12.1 %	**41,098**	**8.6 %**	(12,774)	(23.7 %)
Operating income	65,033	14.5 %	**85,578**	**17.7 %**	20,544	31.6 %
Other income	80,752	18.1 %	**33,919**	**7.0 %**	(46,833)	(58.0 %)
Interest income and dividends	31,224		**32,719**		1,494	
Foreign exchange gain	47,832		**-**		(47,832)	
Other	1,695		**1,199**		(495)	
Other expenses	996	0.2 %	**21,528**	**4.4 %**	20,531	-
Sales discount	501		**396**		(105)	
Foreign exchange loss	-		**21,093**		21,093	
Other	494		**38**		(456)	
Income before income taxes and extraordinary items	144,788	32.4 %	**97,969**	**20.3 %**	(46,819)	(32.3 %)
Extraordinary income	1,000	0.2 %	**126**	**0.0 %**	(874)	(87.3 %)
Extraordinary loss	9,249	2.1 %	**895**	**0.1 %**	(8,354)	(90.3 %)
Income before income taxes	136,539	30.5 %	**97,200**	**20.2 %**	(39,339)	(28.8 %)
Provision for income taxes and enterprise tax	58,813	13.1 %	**37,061**	**7.7 %**	(21,751)	(37.0 %)
Income taxes deferred	(2,597)	(0.6 %)	**(1,019)**	**(0.2 %)**	1,577	(60.8 %)
Net income	80,323	18.0 %	**61,157**	**12.7 %**	(19,165)	(23.9 %)
Retained earnings brought forward	90,209		**250,532**		160,323	
Interim cash dividends	8,499		**9,915**		1,416	
Unappropriated retained earnings	162,032		**301,774**		139,741	

PROPOSAL OF APPROPRIATIONS

Years ended March 31, 2002 and 2003

Yen in Millions

	2002	**2003**	Change
Unappropriated retained earnings	162,032	**301,774**	139,741
Reversal of special reserve	2	**2**	(0)
Reversal of general reserve	100,000	**-**	(100,000)
Total	262,035	**301,776**	39,741
Cash dividends	11,332	**9,403**	(1,929)
	(\80.00 per share)	**(\70.00 per share)**	
Directors' bonuses	170	**170**	-
Special reserve	-	**1**	1
General reserve	-	**100,000**	100,000
Retained earnings - carried forward	250,532	**192,202**	(58,330)

[Notes]

Interim cash dividends (9,915 million yen, \70 per share) were paid on December 10, 2002.

BASIS OF NON-CONSOLIDATED FINANCIAL STATEMENTS

1. A valuation basis and method of 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. A valuation basis and method of derivatives

Market price method

3. A valuation basis and method of inventories

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

4. Depreciation method of fixed assets

(A) Tangible assets

Declining balance method (Some equipment are 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

(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.

5. 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 fiscal year. Exchange gains or losses are charged to income.

6. Allowance and reserve

(A) 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. And that for each doubtful account is calculated with an estimated amount of probable bad debt.

(B) Reserve for bonuses

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

(C) Reserve for employee retirement and severance benefits

The reserve for employee retirement and severance benefits is calculated with actuarially calculated amounts at the end of the accounting period, on the basis of the cost of retirement benefits and plan assets at the end of the fiscal year.
Actuarial calculation difference is processed collectively in the accrued year.

(D) Reserve for directors retirement and severance benefits

The reserve for directors retirement and severance benefits is calculated with estimated amounts to be paid at the year-end, based on the Company's internal rules.

7. 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 permitted to be accounted for as operating lease transactions if certain “as if capitalized” information is disclosed in the notes to the lessee's financial statements.

8. Other

(A) Consumption tax

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

(B) Treasury stock and Legal reserves

The provisions of Corporate Accounting Standards No.1 with respect to the financial reporting for Treasury stock and Legal reserves came into effect after April 1, 2002. The company adopted these provisions accordingly from this annual accounting period. The impact due to the adoption is minimal in determining net income for this annual accounting period. In addition, pursuant to the revision of Financial Statement Regulations, Shareholders' equity section in the balance sheet as of March 31, 2003 is reported in accordance with this revised Regulations. Moreover, in the previous annual accounting period, the representation has been reclassified to match the revised Regulations.

(C) Net income per share

The provisions of Corporate Accounting Standard No. 2 with respect to the financial reporting for net income per share and its application guidelines are applied to financial statements for accounting periods beginning after April 1, 2002. These provisions and guidelines are adopted accordingly from this annual accounting period. The impact to the amount of net income per share for this annual accounting period due to the adoption is minimal.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

Yen in Millions
Shares in thousands

Balance sheets information;

	2002	**2003**
1. Accumulated depreciation of tangible assets	21,406	**22,590**
2. Receivable from affiliates		
Trade accounts receivable	59,140	**64,028**
3. Guaranteed liabilities	348	**389**
<EUR in thousands>	*<EUR3,000>*	***<EUR3,000>***
4. Number of authorized shares	400,000	**400,000**
Number of issued and outstanding shares	141,669	**141,669**

Statements of income information;

Yen in Millions

	2002	**2003**
1. Research and development costs	13,145	**14,556**
2. Transactions with affiliates		
Net sales	279,730	**352,091**
Dividend income	15,876	**18,527**

Lease transaction information;

Yen in Millions

Pro forma information of leased assets under finance leases that do not transfer ownership of the leased assets to the lessee on an "as if capitalized" basis is as follows:

	2002	**2003**
1. Acquisition cost and accumulated depreciation		
Acquisition cost	374	**453**
Accumulated depreciation	160	**218**
Net leased assets	214	**235**
2. Obligations under finance leases		
Due within one year	104	**104**
Due after one year	109	**130**
Total	214	**235**
3. Lease payments and depreciation expense		
Lease payments	110	**119**
Depreciation expense	110	**119**

4. Calculation method of depreciation expense
   Straight-line method over lease period, with zero residual value.

Securities information;

Any securities of subsidiaries and affiliates do not have market value in this fiscal year and the previous fiscal year.

Tax effect accounting information;

Year ended March 31, 2002

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

	Yen in Millions
	2002
Deferred tax assets:	
Other A/P and accrued expenses	10,934
Research and development costs	4,862
Inventory - write-downs	4,156
Unrealized loss on land	2,515
Accrued enterprise tax	2,459
Allowance for doubtful accounts	2,080
Loss on investments in affiliates	1,704
Unrealized loss on investment in securities	1,590
Royalty expenses	1,477
Depreciation	1,405
Other	4,613
Total deferred tax assets	37,799
Deferred tax liabilities:	
Unrealized gains on other securities	(2,786)
Other	(463)
Total deferred tax liabilities	(3,250)
Net deferred tax assets	34,548

2. Reconciliation of the statutory tax rate and the effective tax rate

This information is excluded, since the difference is not more than five one hundredth of the statutory tax rate.

Year ended March 31, 2003

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

	Yen in Millions
	2003
Deferred tax assets:	
Other A/P and accrued expenses	8,220
Inventory - write-downs	5,745
Research and development costs	4,054
Accrued enterprise tax	3,417
Unrealized loss on land	2,431
Loss on investments in affiliates	2,144
Allowance for doubtful accounts	2,141
Unrealized loss on investment in securities	1,704
Depreciation	1,689
Royalty expenses	1,535
Reserve for employee retirement and severance benefits	1,303
Other	4,428
Total deferred tax assets	38,815
Deferred tax liabilities:	
Unrealized gains on other securities	(1,540)
Other	(461)
Total deferred tax liabilities	(2,002)
Net deferred tax assets	36,813

2. Reconciliation of the statutory tax rate and the effective tax rate

Statutory tax rate	42.0%
Increase (reduction) in taxes resulting from:	
Expenses not deductible for tax purposes	0.8%
Indirect foreign tax credit on dividends from affiliates	(5.4%)
Other	(0.3%)
Effective tax rate	37.1%

3. Legislation No.9 of 2003 which amends a portion of local tax laws was officially announced on March 31, 2003. Based upon this, the statutory tax rate which is used to calculate deferred tax assets/liabilities for this annual accounting period has decreased from 42.0% to 40.6%. This is applicable to deferred tax assets/liabilities that are expected to dissolve after April 1, 2004. The adjustment due to the change is minimal in determining net income for this annual accounting period.

DIRECTORS' CHANGE

(Scheduled date: June 27, 2003)

1. Director to be retired:

Executive Adviser

Akio Tsuji	(present position: Director/Executive Adviser)

2. New auditor candidates:

Statutory auditor

Ichiro Nakaji	(present position: General Manager, Osaka Branch Office)

Outside auditor (temporary)

Katsuo Yamada	(present position: Certified Tax Attorney)

Outside auditor (temporary)

Naoki Mizutani	(present position: Lawyer, Patent Attorney)

3. Auditors to be retired:

Minoru Inaba	(present position: Outside auditor)
Kimiyoshi Fukui	(present position: Statutory auditor)

1. CONSOLIDATED ACTUAL SALES UNITS AND NUMBER OF NEW TITLES

Sales Units in Ten Thousands
Number of New Titles Released

			2002	2003	Life-to-Date
GAME BOY ADVANCE	Hardware	Domestic	492	408	1,006
		The Americas	757	780	1,537
		Other	460	377	838
		Total	1,709	1,565	3,381
	GAME BOY ADVANCE SP within GAME BOY ADVANCE	Domestic	-	82	82
		The Americas	-	83	83
		Other	-	46	46
		Total	-	211	211
	Software	Domestic	1,024	1,693	2,988
		The Americas	2,338	3,066	5,404
		Other	1,343	1,153	2,498
		Total	4,705	5,912	10,890
	New titles	Domestic	143	205	373
		The Americas	149	221	370
		Other	145	203	348
NINTENDO GAMECUBE	Hardware	Domestic	157	90	247
		The Americas	222	291	513
		Other	1	194	195
		Total	380	576	955
	Software	Domestic	406	633	1,039
		The Americas	1,027	2,596	3,624
		Other	3	1,385	1,387
		Total	1,437	4,614	6,051
	New titles	Domestic	22	77	99
		The Americas	42	159	201
		Other	-	150	150

[Note 1] New titles-Other include new titles in the European and Australian markets.
[Note 2] Additionally, preceding models of GAME BOY hardware (FY2002-470 / FY2003-27) and software (FY2002-3,440 / FY2003-1,081) were sold (worldwide sales units in ten thousands).

2. OTHER CONSOLIDATED INFORMATION

Yen in Millions

	2002	2003
Capital investments	9,220	2,848
Depreciation expenses of tangible assets	5,078	4,585
Marketing expenses	42,320	46,227

	As of Mar 31, 2002	As of Mar 31, 2003
Number of Employees	3,073	2,977

	2002	2003
Average Exchange Rate		
US$1.00＝	￥125.14	￥121.95
€1.00＝	￥110.57	￥121.04

3. BALANCE OF ASSETS IN MAJOR FOREIGN CURRENCIES WITHOUT EXCHANGE CONTRACT (NON-CONSOLIDATED)

U.S. Dollars / Euros in Millions

		As of Mar 31, 2002	As of Mar 31, 2003		Exchange rate Mar 31, 2002	Exchange rate Mar 31, 2003
US$	Cash and Deposits	3,057	4,231	US$1.00＝		
	Accounts Receivable	337	284		￥133.25	￥120.20
EUR	Cash and Deposits	1,637	684	€1.00＝		
	Accounts Receivable	134	223		￥116.14	￥129.83