

CONSOLIDATED FINANCIAL HIGHLIGHTS



July 24, 2006



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Japan

1. Consolidated Results for the Three Months Ended June 2005 and 2006, and Year Ended March 2006

(1) Consolidated operating results

(Amounts below one million are rounded down)

| | Net sales | | Operating income | | Income before income taxes and extraordinary items | | Net income | |
|---------------------------------|-------------|--------|------------------|--------|--|--------|-------------|--------|
| | million yen | % | million yen | % | million yen | % | million yen | % |
| Three months ended Jun. 30, '06 | 130,919 | 85.2 | 28,802 | 667.1 | 32,670 | 52.8 | 15,551 | 10.2 |
| Three months ended Jun. 30, '05 | 70,684 | (14.0) | 3,754 | (78.5) | 21,386 | (41.4) | 14,115 | (37.6) |
| Year ended Mar. 31, '06 | 509,249 | | 90,349 | | 160,759 | | 98,378 | |

| | Net income per share |
|---------------------------------|----------------------|
| | yen |
| Three months ended Jun. 30, '06 | 121.58 |
| Three months ended Jun. 30, '05 | 108.52 |
| Year ended Mar. 31, '06 | 762.28 |

[Note] Percentage for net sales, operating income etc. show increase (decrease) from previous year's first quarter.

In the electronic entertainment division, for the three month period ended June 30, 2006, "Nintendo DS Lite" (a handheld gaming device) enjoyed strong sales following its March launch in Japan. Sales of the product were strong in overseas markets as well, following its June release. Software title, "New Super Mario Bros.," sold a total of 3.82 million units on a worldwide basis and "Touch! Generations" titles such as "Brain Age: Train Your Brain in Minutes a Day!" also had favorable performance in sales.

Sales of both hardware and software in the console business declined compared to figures for the last first quarter.

As a result, net sales were 130.9 billion yen, operating income was 28.8 billion yen, income before income taxes and extraordinary items was 32.6 billion yen, net income was 15.5 billion yen, respectively.

(2) Consolidated financial position

| | Total assets | Net assets | Capital adequacy ratio | Net assets per share |
|--------------------|--------------|-------------|------------------------|----------------------|
| | million yen | million yen | % | yen |
| As of Jun. 30, '06 | 1,131,639 | 945,978 | 83.6 | 7,395.53 |
| As of Jun. 30, '05 | 1,047,917 | 911,286 | 87.0 | 7,005.76 |
| As of Mar. 31, '06 | 1,160,703 | 974,091 | 83.9 | 7,613.79 |

【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 |
| Three months ended Jun. 30, '06 | (25,482) | 65,127 | (36,863) | 617,056 |
| Three months ended Jun. 30, '05 | (66,600) | (13,356) | (23,200) | 703,496 |
| Year ended Mar. 31, '06 | 46,382 | (208,807) | (60,166) | 617,139 |

During the three month period ended June 30, 2006, total assets decreased by 29.0 billion yen compared to the previous fiscal year-end primarily due to the decrease in cash and deposits resulting from the payment of income taxes and cash dividends.

As for consolidated cash flows, net cash from operating activities decreased by 25.4 billion yen mainly due to the payment of income taxes of 43.2 billion yen while income before income taxes and minority interests resulted in 32.5 billion yen. Net cash from investing activities increased by 65.1 billion yen primarily due to a large amount of proceeds from time deposits. Net cash from financing activities decreased by 36.8 billion yen primarily due to the payment of cash dividends. As a result, net cash and cash equivalents during the three month period ended June 30, 2006 decreased slightly to 617.0 billion yen versus the beginning of the reporting period.

2. Financial Forecast Modifications

(1) Consolidated financial forecast modification

① Forecast of consolidated results for the six months ending September 2006 (April 1, 2006 - September 30, 2006)

| | Net Sales | Income before income taxes and extraordinary items | Net income |
|--|------------------------|---|-----------------------|
| Previous forecast (A) announced on May 25, 2006 | million yen 220,000 | million yen 25,000 | million yen 15,000 |
| Modified forecast (B) | 250,000 | 50,000 | 27,000 |
| Net increase/decrease (B-A) | 30,000 | 25,000 | 12,000 |
| Net increase/decrease percentage | 13.6 % | 100.0 % | 80.0 % |
| Six months ended Sept. 30, 2005 | 176,364 | 56,824 | 36,625 |

② Forecast of consolidated results for the fiscal year ending March 2007 (April 1, 2006 - March 31, 2007)

| | Net Sales | Income before income taxes and extraordinary items | Net income |
|--|------------------------|---|-----------------------|
| Previous forecast (A) announced on May 25, 2006 | million yen 600,000 | million yen 110,000 | million yen 65,000 |
| Modified forecast (B) | 640,000 | 145,000 | 83,000 |
| Net increase/decrease (B-A) | 40,000 | 35,000 | 18,000 |
| Net increase/decrease percentage | 6.7 % | 31.8 % | 27.7 % |
| Year ended Mar. 31, 2006 | 509,249 | 160,759 | 98,378 |

Estimated annual earnings per share: 648.88 yen

(2) Non-consolidated financial forecast modification

① Forecast of non-consolidated results for the six months ending September 2006 (April 1, 2006 - September 30, 2006)

| | Net Sales | Income before income taxes and extraordinary items | Net income |
|--|------------------------|---|-----------------------|
| Previous forecast (A) announced on May 25, 2006 | million yen 200,000 | million yen 23,000 | million yen 14,000 |
| Modified forecast (B) | 220,000 | 45,000 | 10,000 |
| Net increase/decrease (B-A) | 20,000 | 22,000 | (4,000) |
| Net increase/decrease percentage | 10.0 % | 95.7 % | (28.6) % |
| Six months ended Sept. 30, 2005 | 179,919 | 61,651 | 39,607 |

② Forecast of non-consolidated results for the fiscal year ending March 2007 (April 1, 2006 - March 31, 2007)

| | Net Sales | Income before income taxes and extraordinary items | Net income |
|--|------------------------|---|-----------------------|
| Previous forecast (A) announced on May 25, 2006 | million yen 500,000 | million yen 85,000 | million yen 50,000 |
| Modified forecast (B) | 530,000 | 115,000 | 52,000 |
| Net increase/decrease (B-A) | 30,000 | 30,000 | 2,000 |
| Net increase/decrease percentage | 6.0 % | 35.3 % | 4.0 % |
| Year ended Mar. 31, 2006 | 411,770 | 149,439 | 91,585 |

Estimated annual earnings per share: 406.53 yen

【Reason for modification】

Nintendo Co., Ltd. ("the Company") applied the Advance Pricing Agreement (APA) with regard to taxation between the Company and its U.S. based subsidiary from fiscal year ended March 1999 to fiscal year ended March 2003. Based on actual results for the five year period, the Japanese and U.S. tax authorities have officially notified the Company of a reallocation of income between Japan and the U.S. The Company has decided to reflect this adjustment in its forecast. There is no impact on net sales, and income before income taxes and extraordinary items on either consolidated or non-consolidated basis due to this event.

The tax payable in Japan of approximately 17 billion yen will exceed the approximately 14 billion yen of tax refund in the U.S. due to tax rate differences in Japan and the U.S. For the consolidated forecast, the difference of three billion yen is reflected as prior-year income taxes. For the non-consolidated forecast, the approximate amount of 17 billion yen is reflected as prior-year income taxes.

The Company has reviewed its forecast of sales units particularly due to stronger than anticipated sales of Nintendo DS hardware and software on a worldwide basis. Additionally, taking current movements of the foreign exchange rates into account, changes have been made in estimated exchange rates from 110.00 yen to 115.00 yen a dollar and from 140.00 yen to 143.00 yen a euro for the forecast. As a result, consolidated net sales increase by 30 billion yen for the first half of the year and by 40 billion yen for the fiscal year. Income before income taxes and extraordinary items increases by 25 billion yen for the first six month period and by 35 billion yen for the full year due to modifications of sales forecast and estimated foreign exchange rates. For net income forecast, increases of 12 billion yen for the first half through September and of 18 billion yen for the full year are due in part to the impact of the APA matter described above.

Due to the same reasons, non-consolidated basis forecast is modified as well. Net sales increase for the first half of the year by 20 billion yen and by 30 billion yen for the fiscal year. Income before income taxes and extraordinary items increases by 22 billion yen for the first six month period and by 30 billion yen for the full year. Net income decreases by four billion yen for the first half through September and increases by two billion yen for the full year.

With regard to cash dividends, consolidated operating income forecast will be 125 billion yen and consolidated net income forecast will be 83 billion yen due to the modification written above. The annual cash dividend per share will be 330 yen (70 yen at six month period end and 260 yen at fiscal year-end) if the Company achieves the modified forecast for the fiscal year ending March 31, 2007.

※ Note with respect to financial forecast

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.

1. Summary of Consolidated Balance Sheets

| Description | As of June 30, | As of March 31, | Increase (Decrease) | | As of June 30, |
|--|------------------|------------------|---------------------|--------------|------------------|
| | 2006 | 2006 | Amount | % | 2005 |
| | Amount | Amount | Amount | % | Amount |
| million yen, % | | | | | |
| (Assets) | | | | | |
| I Current assets | | | | | |
| Cash and deposits | 748,265 | 812,064 | (63,798) | | 742,917 |
| Notes and trade accounts receivable | 69,127 | 43,826 | 25,301 | | 32,156 |
| Inventories | 38,489 | 30,835 | 7,654 | | 63,286 |
| Other current assets | 122,747 | 133,518 | (10,771) | | 75,150 |
| Allowance for doubtful accounts | (1,587) | (1,514) | (73) | | (1,838) |
| Total current assets | 977,042 | 1,018,730 | (41,688) | (4.1) | 911,671 |
| II Fixed assets | | | | | |
| Total fixed assets | 154,597 | 141,972 | 12,624 | 8.9 | 136,245 |
| Total assets | 1,131,639 | 1,160,703 | (29,063) | (2.5) | 1,047,917 |
| (Liabilities) | | | | | |
| I Current liabilities | | | | | |
| Notes and trade accounts payable | 99,001 | 83,817 | 15,183 | | 76,781 |
| Accrued income taxes | 24,397 | 53,040 | (28,642) | | 13,400 |
| Other current liabilities | 57,620 | 45,416 | 12,203 | | 42,205 |
| Total current liabilities | 181,019 | 182,274 | (1,255) | (0.7) | 132,388 |
| II Non-current liabilities | | | | | |
| Total non-current liabilities | 4,641 | 4,161 | 480 | 11.5 | 4,031 |
| Total liabilities | 185,660 | 186,435 | (774) | (0.4) | 136,420 |
| (Minority interests) | | | | | |
| Minority interests | - | 176 | - | - | 211 |
| (Shareholders' equity) | | | | | |
| I Common stock | - | 10,065 | - | - | 10,065 |
| II Additional paid-in capital | - | 11,585 | - | - | 11,584 |
| III Retained earnings | - | 1,096,073 | - | - | 1,020,765 |
| IV Unrealized gains on other securities | - | 10,717 | - | - | 7,293 |
| V Translation adjustments | - | 762 | - | - | (8,516) |
| VI Treasury stock, at cost | - | (155,112) | - | - | (129,906) |
| Total shareholders' equity | - | 974,091 | - | - | 911,286 |
| Total liabilities, minority interests, and shareholders' equity | - | 1,160,703 | - | - | 1,047,917 |
| (Net assets) | | | | | |
| I Owners' equity | | | | | |
| Common stock | 10,065 | - | - | - | - |
| Additional paid-in capital | 11,585 | - | - | - | - |
| Retained earnings | 1,070,507 | - | - | - | - |
| Treasury stock, at cost | (155,145) | - | - | - | - |
| Total owners' equity | 937,012 | - | - | - | - |
| II Valuation and translation adjustments | | | | | |
| Unrealized gains on other securities | 9,105 | - | - | - | - |
| Translation adjustments | (305) | - | - | - | - |
| Total valuation and translation adjustments | 8,800 | - | - | - | - |
| III Minority interests | 165 | - | - | - | - |
| Total net assets | 945,978 | - | - | - | - |
| Total liabilities and net assets | 1,131,639 | - | - | - | - |

2. Summary of Consolidated Statements of Income

million yen, %

| Description | Three months ended June 30, 2006 | Three months ended June 30, 2005 | Increase (Decrease) | | Year ended March 31, 2006 |
|---|-------------------------------------|-------------------------------------|---------------------|--------------|------------------------------|
| | Amount | Amount | Amount | % | Amount |
| I Net sales | 130,919 | 70,684 | 60,235 | 85.2 | 509,249 |
| II Cost of sales | 67,876 | 41,842 | 26,034 | | 294,133 |
| Gross margin | 63,043 | 28,842 | 34,201 | 118.6 | 215,115 |
| III Selling, general, and administrative expenses | 34,241 | 25,087 | 9,153 | | 124,766 |
| Operating income | 28,802 | 3,754 | 25,047 | 667.1 | 90,349 |
| IV Other income | 7,708 | 17,724 | (10,015) | | 70,897 |
| Foreign exchange gain | - | 11,405 | (11,405) | | 45,515 |
| Other | 7,708 | 6,318 | 1,390 | | 25,381 |
| V Other expenses | 3,840 | 92 | 3,748 | | 487 |
| Foreign exchange loss | 3,462 | - | 3,462 | | - |
| Other | 377 | 92 | 285 | | 487 |
| Income before income taxes and extraordinary items | 32,670 | 21,386 | 11,284 | 52.8 | 160,759 |
| VI Extraordinary gains | 6 | 1,978 | (1,972) | | 7,360 |
| VII Extraordinary losses | 123 | 1 | 121 | | 1,648 |
| Income before income taxes and minority interests | 32,553 | 23,363 | 9,190 | 39.3 | 166,470 |
| Income taxes | 17,012 | 9,258 | 7,753 | | 68,138 |
| Minority interests | (10) | (10) | 0 | | (46) |
| Net income | 15,551 | 14,115 | 1,436 | 10.2 | 98,378 |

3. Summary of Consolidated Statements of Cash Flows

million yen

| | Three months ended June 30, 2006 | Three months ended June 30, 2005 | Year ended March 31, 2006 |
|---|-------------------------------------|-------------------------------------|------------------------------|
| Description | Amount | Amount | Amount |
| I Cash flows from operating activities | | | |
| Income before income taxes and minority interests | 32,553 | 23,363 | 166,470 |
| Foreign exchange loss (gain) | 3,112 | (14,541) | (46,577) |
| Decrease (increase) in notes and trade accounts receivable | (24,392) | 18,568 | 9,140 |
| Decrease (increase) in inventories | (7,776) | (12,916) | 21,554 |
| Increase (decrease) in notes and trade accounts payable | 7,803 | (32,064) | (28,679) |
| Other, net | (39) | (10,596) | (23,909) |
| Sub-total | 11,260 | (28,186) | 97,999 |
| Income taxes paid | (43,296) | (44,165) | (74,853) |
| Other, net | 6,552 | 5,750 | 23,236 |
| Net cash provided by (used in) operating activities | (25,482) | (66,600) | 46,382 |
| II Cash flows from investing activities | | | |
| Proceeds from (payment for) time deposits | 81,762 | (1,272) | (202,461) |
| Proceeds from sale or redemption (payment for acquisition) of marketable securities | 3,198 | 724 | (8,445) |
| Proceeds from (payment for) investments in securities | (19,495) | (1,075) | 4,767 |
| Other, net | (338) | (11,732) | (2,666) |
| Net cash provided by (used in) investing activities | 65,127 | (13,356) | (208,807) |
| III Cash flows from financing activities | | | |
| Cash dividends paid | (36,833) | (23,190) | (34,943) |
| Other, net | (30) | (10) | (25,223) |
| Net cash provided by (used in) financing activities | (36,863) | (23,200) | (60,166) |
| IV Effect of exchange rate changes on cash and cash equivalents | (2,864) | 13,927 | 47,003 |
| V Net increase (decrease) of cash and cash equivalents | (83) | (89,230) | (175,587) |
| VI Cash and cash equivalents - Beginning | 617,139 | 792,727 | 792,727 |
| VII Cash and cash equivalents - Ending | 617,056 | 703,496 | 617,139 |

Supplementary Information

1. Consolidated Sales Information

| | | million yen | |
|-----------------------------------|-----------------------------|-------------------------------------|-------------------------------------|
| Business category | Main products | Three months ended June 30, 2006 | Three months ended June 30, 2005 |
| Electronic entertainment products | Hardware | 72,690 | 35,888 |
| | Software | 57,782 | 34,321 |
| | Sub-total | 130,472 | 70,209 |
| Other | Playing cards, Karuta, etc. | 447 | 474 |
| Total | | 130,919 | 70,684 |

2. Consolidated Sales Units and Number of New Titles

| | | | | sales units in ten thousands | | |
|-------------------|------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|----------|
| | | | | number of new titles released | | |
| | | Three months Apr.-Jun. '06 | Three months Apr.-Jun. '05 | Life-to-date Jun. '06 | Forecast Apr. '06-Mar. '07 | |
| Game Boy Advance | Hardware | Japan | 6 | - | 1,660 | |
| | | The Americas | 35 | - | 3,845 | |
| | | Other | 27 | - | 2,075 | |
| | | Total | 68 | 98 | 7,581 | 250 |
| | of which Game Boy Advance SP | Hardware | Japan | 4 | - | 646 |
| | | | The Americas | 35 | - | 2,130 |
| | | | Other | 22 | - | 1,108 |
| | | | Total | 61 | 97 | 3,884 |
| | of which Game Boy Micro | Hardware | Japan | 2 | - | 59 |
| | | | The Americas | 0 | - | 47 |
| | | | Other | 1 | - | 80 |
| | | | Total | 3 | - | 186 |
| | | Software | Japan | 88 | - | 7,070 |
| The Americas | | | 499 | - | 18,757 | |
| Other | | | 236 | - | 7,769 | |
| Total | | | 823 | 1,167 | 33,596 | 3,000 |
| New titles | Japan | 5 | 16 | 775 | | |
| | The Americas | 18 | 27 | 884 | | |
| | Other | 30 | 41 | 825 | | |
| Nintendo DS | Hardware | Japan | 234 | - | 924 | |
| | | The Americas | 78 | - | 590 | |
| | | Other | 142 | - | 613 | |
| | | Total | 454 | 138 | 2,127 | 1,700 *1 |
| | of which Nintendo DS Lite | Hardware | Japan | 214 | - | 272 |
| | | | The Americas | 68 | - | 68 |
| | | | Other | 76 | - | 76 |
| | | | Total | 358 | - | 415 |
| | | Software | Japan | 908 | - | 3,442 |
| | | | The Americas | 438 | - | 2,521 |
| | | | Other | 489 | - | 1,916 |
| | | | Total | 1,835 | 532 | 7,879 |
| | New titles | Japan | 40 | 22 | 213 | |
| The Americas | | 20 | 12 | 135 | | |
| Other | | 25 | 12 | 125 | | |
| Nintendo GameCube | Hardware | Japan | 1 | - | 401 | |
| | | The Americas | 10 | - | 1,227 | |
| | | Other | 4 | - | 472 | |
| | | Total | 15 | 26 | 2,100 | - |
| | | Software | Japan | 16 | - | 2,713 |
| | | | The Americas | 295 | - | 12,460 |
| | | | Other | 40 | - | 4,087 |
| | | | Total | 352 | 431 | 19,260 |
| | New titles | Japan | 4 | 6 | 272 | |
| | | The Americas | 9 | 7 | 518 | |
| | | Other | 9 | 8 | 433 | |
| | Wii | Hardware | - | - | - | 600 |
| | | Software | - | - | - | 1,700 |

[Note] New titles-Other consist of new titles released in the European and Australian markets

*1: Previous forecast announced on May 25, 2006: 16 million units

*2: Previous forecast announced on May 25, 2006: 70 million units

3. Balance of Assets in Major Foreign Currencies without Exchange Contract (Non-Consolidated)

| | | million U.S. dollars/euros | | | |
|------|---------------------|--------------------------------------|-------------------------------------|-------------------------------------|---|
| | | Ending balance as of June 30, '06 | Ave. exchange rate Apr.-Jun. '06 | Exchange Rate as of June 30, '06 | Est. exchange rate as of Mar 31, '07 |
| US\$ | Cash and deposits | 3,015 | US\$1.00= | US\$1.00= | US\$1.00= |
| | Accounts receivable | 190 | 114.50 | 115.24 | 115.00 |
| EUR | Cash and deposits | 928 | EUR1.00= | EUR1.00= | EUR1.00= |
| | Accounts receivable | 219 | 143.78 | 146.00 | 143.00 |

4. Launch Dates of Primary NINTENDO Products by Region (April 1, 2006 - June 30, 2006)

| Game Boy Advance | | | | Nintendo DS | | Nintendo GameCube | |
|------------------|------------|----------------------------------|-------------|--|-------------|-------------------|-------------|
| Region | Category | Title | Launch date | Title | Launch date | Title | Launch date |
| Japan | (Hardware) | | | | | | |
| | (Software) | Eyeshield 21 DEVILBATS DEVILDAYS | 2006/4/6 | Densetsu no Stafy 4 | 2006/4/13 | Odama | 2006/4/13 |
| | | Earthbound 3 | 2006/4/20 | Kanji Sonomama DS Rakubiki Jiten | 2006/4/13 | | |
| | | Karuchobit | 2006/5/18 | Tabi no Yubisashi KaiwachoDS DS series1 Thai | 2006/4/20 | | |
| | | | | Tabi no Yubisashi KaiwachoDS DS series2 China | 2006/4/20 | | |
| | | | | Tabi no Yubisashi KaiwachoDS DS series3 Korea | 2006/4/20 | | |
| | | | | Tabi no Yubisashi KaiwachoDS DS series4 America | 2006/4/27 | | |
| | | | | Tabi no Yubisashi KaiwachoDS DS series5 Germany | 2006/4/27 | | |
| | | | | Tetris DS | 2006/4/27 | | |
| | | | | New Super Mario Bros. | 2006/5/25 | | |
| | | | | Mawashite Tsunageru Touch Panic | 2006/5/25 | | |
| | | | | Metroid Prime Hunters | 2006/6/1 | | |
| | | | | Magical Starsign | 2006/6/22 | | |
| U.S.A. | (Hardware) | | | Nintendo DS Lite | 2006/6/11 | | |
| | (Software) | | | Brain Age: Train Your Brain in Minutes a Day! | 2006/4/17 | Odama | 2006/4/10 |
| | | | | New Super Mario Bros. | 2006/5/15 | | |
| | | | | Big Brain Academy | 2006/6/5 | | |
| | | | | Magnetica | 2006/6/5 | | |
| | | | | Sudoku Gridmaster | 2006/6/26 | | |
| | | | | | | | |
| Europe | (Hardware) | | | Nintendo DS Lite | 2006/6/23 | | |
| | (Software) | Polarium Advance | 2006/4/7 | Tetris DS | 2006/4/21 | Chibi-Robo! | 2006/5/26 |
| | | Final Fantasy IV Advance | 2006/6/2 | Trauma Center: Under the Knife | 2006/4/28 | | |
| | | | | Pokémon Link! | 2006/5/5 | | |
| | | | | Metroid Prime Hunters | 2006/5/5 | | |
| | | | | Super Princess Peach | 2006/5/26 | | |
| | | | | Dr. Kawashima's Brain Training: How Old Is Your Brain? | 2006/6/6 | | |
| | | | | Nintendogs Dalmatian&Friends | 2006/6/16 | | |
| | | | | New Super Mario Bros. | 2006/6/30 | | |
| | | | | | | | |

[Note] Launch dates may be different within the U.S. and European regions depending on territories or countries.