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CONSOLIDATED FINANCIAL STATEMENTS

Nintendo Co., Ltd. and Consolidated Subsidiaries



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

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FINANCIAL HIGHLIGHTS

1. Consolidated results for the years ended March 31, 2005 and 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	%
Year ended March 31, 2006	509,249	(1.2)	90,349	(19.0)	160,759	10.6	98,378	12.5
Year ended March 31, 2005	515,292	0.1	111,522	3.6	145,292	189.8	87,416	163.3

	Net Income per Share	Return on Equity (ROE)	Income before Income Tax and Extraordinary Items on Total Assets	Income before Income Tax and Extraordinary Items to Sales
	yen	%	%	%
Year ended March 31, 2006	762.28	10.4	14.0	31.6
Year ended March 31, 2005	662.96	9.7	13.6	28.2

[Notes] *Average number of shares outstanding:

Year ended March 31, 2006: 128,821,844 shares, Year ended March 31, 2005: 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 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
Year ended March 31, 2006	1,160,703	974,091	83.9	7,613.79
Year ended March 31, 2005	1,132,492	921,466	81.4	7,082.68

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

As of March 31, 2006: 127,914,104 shares, As of March 31, 2005: 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
Year ended March 31, 2006	46,382	(208,807)	(60,166)	617,139
Year ended March 31, 2005	116,571	(11,716)	(61,447)	792,727

(4) Company group information

Consolidated subsidiaries: 19 Non-consolidated company with equity method applied: 0 Affiliates with equity method applied: 7

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

Consolidated subsidiaries: 2 newly added Affiliates with equity method applied: 1 excluded

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

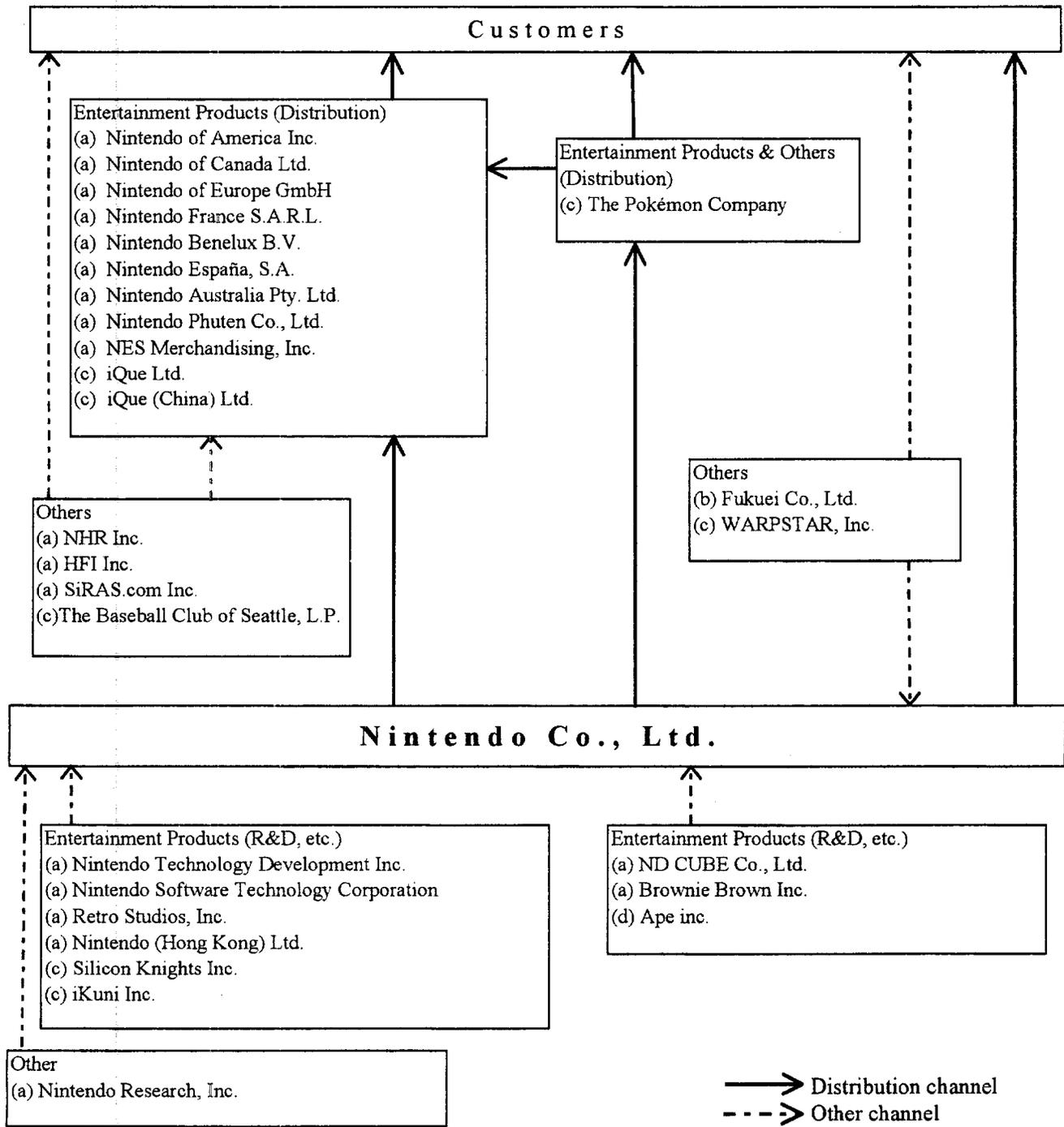
	Net Sales	Income before Income Taxes and Extraordinary Items	Net Income
	million yen	million yen	million yen
Six months ending Sept. 30, '06	220,000	25,000	15,000
Year ending March 31, 2007	600,000	110,000	65,000

Estimated annual earnings per share: 508.15 yen

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

COMPANY GROUP INFORMATION

Among Nintendo Co., Ltd. ("the Company") and its related companies, which are composed of the Company, twenty subsidiaries, and eight affiliates as of March 31, 2006, the main business is manufacturing and distribution of electronic entertainment products. 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 non-applied -----	1
(c) Affiliates with equity method applied -----	7
(d) Affiliate with equity method non-applied -----	1

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.

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 the end of the fiscal year rounded up to the 10 yen digit, and the amount calculated based on the 50% consolidated net income standard rounded up to the 10 yen digit. 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. View and policy of stock trading unit reduction

To expand the number of private investors and to make the Company's common stocks more widely available, the Company changed the number of stock trading units from 1,000 shares to 100 shares in 1991. A further reduction of stock trading units would require a significant amount of cost and will require in-depth consideration from cost-effectiveness and stock liquidity viewpoints.

4. 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.

5. Medium and long term management strategy and challenges

The video game industry has developed as one of the few entertainment fields which was launched and driven by Japan. Throughout the early years, the success of the industry was dependent upon increasingly spectacular graphics and more complex games. In recent years, however, the traditional success formula of developing splendid and complex games has become less productive. High development costs cannot be avoided by pursuing this traditional method and there is a growing perception that further expansion of the market will be difficult. As a result, the industry is now approaching a turning point.

Nintendo will continue the challenge to provide an unprecedented gaming experience. It is essential for our human resources to be even more flexible and positive. By taking advantage of being the only platform holder with a powerful in-house software development team, Nintendo will strive to expand its business and increase revenue and profit by introducing new ideas to gaming that can be enjoyed by anyone, regardless of age, gender, or prior gaming experience. This strategy will lead to increasing the gaming population.

6. Matters pertaining to parent company

Not applicable

OPERATING RESULTS

I. Review of operations

During the fiscal year ended March 31, 2006, despite concerns relating to surging crude oil prices, the Japanese economy continued to show a pattern of recovery due to increased exports and production, and steady consumer spending supported by improvements in the employment environment and household income. Looking overseas, the U.S. economy continued to show steady performance due to favorable consumer spending and capital investment. As for the European economy, the business environment showed indications of improvement even though it was moderate.

In the video game industry, the handheld game market performed well with the launch of new hardware models. On the other hand, the market for consoles showed weak performance.

Nintendo's approach over the past year was to expand the gaming population by introducing "Nintendo DS", a handheld gaming device equipped with a touch screen and microphone port that enables intuitive game play, along with its wireless communication capability. These features have made it possible for new and unprecedented ideas to be introduced that expand the definition of video games. In order to cultivate a new user demographic which include seniors and females, a software lineup known as "Touch! Generations" was introduced. "Touch! Generations" titles offer an entertaining experience that provide a fresh sensation to skilled gamers which is at the same time, easily accessible to those who were not familiar with video games in the past. In addition, "Nintendo Wi-Fi Connection", the wireless internet service for the "Nintendo DS" which has three key elements; "easy, safe, and charge-free" gained popularity and was accepted by a broad range of people.

Consolidated net sales for the fiscal year ended March 31, 2006 resulted in 509.2 billion yen, including overseas sales of 352.6 billion yen, which accounted for 69.2% of total sales. Income before income taxes and extraordinary items was 160.7 billion yen, which included a foreign exchange gain of 45.5 billion yen as a result of the revaluation of foreign currency assets. Net income was 98.3 billion yen.

With respect to sales by business category, handheld game products in the electronic entertainment products division, "Nintendo DS" and its upgraded model "Nintendo DS Lite" sold a total of more than 16 million units on a worldwide basis in just over sixteen months after launch. Especially in Japan, "Nintendo DS" is selling at a faster rate than any other gaming device. "Nintendo DS" software also enjoyed a boost in sales as the "Touch! Generations" titles, aimed at expanding the user base, sold exceptionally well. Among these titles, "Nintendogs", which allows the player to interact with virtual puppies on the screen, sold 6.65 million units worldwide. Also from the lineup, a new brain training genre, "Brain Age: Train Your Brain in Minutes a Day", coupled with its sequel version, and "Big Brain Academy", released only in Japan, brought total unit sales of these three "Touch! Generations" titles during the period to 5.10 million. In addition, "Nintendo Wi-Fi Connection" compatible titles such as "Mario Kart DS", (an action racing game that lets the player compete against other players from around the world) sold 4.22 million units. Also, "Animal Crossing: Wild World", (a game that lets you communicate with friends) sold 3.56 million units. In the console business, software titles for the "Nintendo GameCube" such as "Mario Party 7" (a get-together game that lets up to eight players play simultaneously) and the role playing game "Pokémon XD: Gale of Darkness" each sold more than a million units, however, overall console hardware and software sales declined. In total, net sales in the electronic entertainment products division were 507.0 billion yen, while sales in the other products division (playing cards, karuta, etc.) were 2.1 billion yen.

With respect to geographic segment information, sales in Japan were 411.8 billion yen including inter-segment sales of 249.8 billion yen. Operating income was 81.6 billion yen. Sales in the Americas were 212.4 billion yen including inter-segment sales of 1.9 billion yen. Operating income was 0.4 billion yen. Sales in Europe were 129.8 billion yen. Operating income was 1.1 billion yen.

Furthermore, for the purpose of executing flexible capital policies in response to changes in the business environment, the Company acquired 2.15 million of its own shares, at a cost of 25.1 billion yen in conformity with the board of directors resolution.

2. Annual outlook

Nintendo will continue to develop the "Touch! Generations" initiative which created a new flow in the world of video games while at the same time expanding its software lineup into various new fields. Along with the original "Nintendo DS", Nintendo expects to further increase "Nintendo DS" hardware sales with "Nintendo DS Lite" which launched in March 2006 as the upgraded model of the "Nintendo DS" to meet various consumer preferences.

During the year 2006, a new gaming console "Wii" (pronounced "We") is scheduled for launch. With its innovative controller, "Wii" aims to set a new standard as a video game interface and allows the whole family to relate to it.

With regard to consolidated performance forecasts for the fiscal year ending March 31, 2007, net sales are projected to reach 600.0 billion yen, operating income 110.0 billion yen, income before income taxes and extraordinary items 110.0 billion yen, net income 65.0 billion yen. Estimated exchange rates for the fiscal year are 110.00 yen to the U.S. dollar and 140.00 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, 2007, the annual cash dividend per share will be 290 yen (70 yen at six-month end, 220 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

Total assets increased overall by 28.2 billion yen compared to the previous fiscal year-end to 1,160.7 billion yen. The increase was due in part to an increase in marketable securities. Total liabilities decreased by 24.3 billion yen compared to the previous fiscal year-end primarily due to the decrease in notes and trade accounts payable to 186.4 billion yen. Shareholders' equity increased by 52.6 billion yen compared to the previous fiscal year-end to 974.0 billion yen as net income exceeded acquisition of treasury stocks and cash dividend payment.

The ending balance of Cash and cash equivalents (collectively, Cash) as of March 31, 2006 decreased by 175.5 billion yen compared to the previous fiscal year-end to 617.1 billion yen. Net increase (decrease) of Cash and contributing factors during the fiscal year-ended March 31, 2006 are as follows:

Cash flows from operating activities:

Net Cash provided by operating activities was 46.3 billion yen despite reductions in cash due to a foreign exchange gain resulting from revaluation of Cash in foreign currencies, payment of 74.8 billion yen for income taxes and also due to a decrease in notes and trade accounts payable.

Cash flows from investing activities:

Net Cash used in investing activities was 208.8 billion yen as payments into time deposits exceeded withdrawals.

Cash flows from financing activities:

Net Cash used in financing activities was 60.1 billion yen due to dividend payments and payments for acquiring treasury stocks.

Cash flow index trend:

	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Year ended March 31, 2006
Ratio of net worth to total assets	80.8	82.0	88.1	81.4	83.9
Ratio of total market value of stocks to total assets	240.8	118.8	139.1	134.4	194.0

[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 annual consolidated fiscal period ended March 31, 2006.

(1) Risks around economic environment

• Fluctuation in foreign exchange rates

Nintendo distributes its products globally with overseas sales accounting for approximately 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:

① 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.

② 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.

③ 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 ① unpredicted enforcement or amendments to laws or regulations, ② emergence of political or economic factors that prove to be a disadvantage, ③ inconsistency of multilateral taxation systems and diversity of tax law interpretation leading to a disadvantaged position, ④ difficulty of recruiting and securing human resources, ⑤ 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 March 31, 2006		As of March 31, 2005		Increase (Decrease)
	Amount	%	Amount	%	Amount
(Assets)	million yen		million yen		million yen
I Current assets					
1 Cash and deposits	812,064		826,653		(14,589)
2 Notes and trade accounts receivable	43,826		51,143		(7,316)
3 Marketable securities	64,287		20,485		43,801
4 Inventories	30,835		49,758		(18,923)
5 Deferred income taxes	24,170		19,513		4,656
6 Other current assets	45,061		28,217		16,844
7 Allowance for doubtful accounts	(1,514)		(1,880)		365
Total current assets	1,018,730	87.8	993,891	87.8	24,839
II Fixed assets					
1 Property, plant and equipment					
(1) Buildings and structures	18,838		18,451		386
(2) Machinery, equipment and automobiles	1,144		1,316		(172)
(3) Furniture and fixtures	3,341		2,171		1,170
(4) Land	32,604		32,069		534
(5) Construction in progress	41		410		(369)
Total property, plant and equipment	55,969	4.8	54,420	4.8	1,549
2 Intangible assets					
(1) Software etc.	319		354		(34)
Total intangible assets	319	0.0	354	0.0	(34)
3 Investments and other assets					
(1) Investments in securities	60,213		73,393		(13,179)
(2) Deferred income taxes	10,314		10,155		158
(3) Other investments and other assets	15,182		307		14,874
(4) Allowance for doubtful accounts	(26)		(30)		4
Total investments and other assets	85,683	7.4	83,825	7.4	1,857
Total fixed assets	141,972	12.2	138,600	12.2	3,371
Total	1,160,703	100.0	1,132,492	100.0	28,211

Date Description	As of March 31, 2006		As of March 31, 2005		Increase (Decrease)
	Amount	%	Amount	%	Amount
	million yen		million yen		million yen
(Liabilities)					
I Current liabilities					
1 Notes and trade accounts payable	83,817		111,045		(27,228)
2 Accrued income taxes	53,040		51,951		1,088
3 Reserve for bonuses	1,732		1,650		81
4 Other current liabilities	43,684		40,801		2,882
Total current liabilities	182,274	15.7	205,449	18.1	(23,175)
II Non-current liabilities					
1 Non-current accounts payable	861		461		400
2 Reserve for employee retirement and severance benefits	3,299		3,074		224
3 Reserve for directors' retirement and severance benefits	-		1,816		(1,816)
Total non-current liabilities	4,161	0.4	5,353	0.5	(1,191)
Total liabilities	186,435	16.1	210,802	18.6	(24,367)
(Minority interests)					
Minority interests	176	0.0	222	0.0	(46)
(Shareholders' equity)					
I Common stock	10,065	0.9	10,065	0.9	-
II Additional paid-in capital	11,585	1.0	11,584	1.0	0
III Retained earnings	1,096,073	94.4	1,032,834	91.2	63,238
IV Unrealized gains on other securities	10,717	0.9	7,194	0.7	3,522
V Translation adjustments	762	0.1	(10,315)	(0.9)	11,078
VI Treasury stock, at cost	(155,112)	(13.4)	(129,896)	(11.5)	(25,215)
Total shareholders' equity	974,091	83.9	921,466	81.4	52,624
Total	1,160,703	100.0	1,132,492	100.0	28,211

CONSOLIDATED STATEMENTS OF INCOME

Description	Year Ended March 31, 2006		Year Ended March 31, 2005		Change	
	Amount	%	Amount	%	Amount	%
	million yen		million yen		million yen	
I Net Sales	509,249	100.0	515,292	100.0	(6,043)	(1.2)
II Cost of Sales	294,133	57.8	298,115	57.9	(3,982)	(1.3)
Gross margin	215,115	42.2	217,176	42.1	(2,061)	(0.9)
III Selling, general, and administrative expenses	124,766	24.5	105,653	20.5	19,112	18.1
Operating income	90,349	17.7	111,522	21.6	(21,173)	(19.0)
IV Other income	70,897	14.0	37,868	7.4	33,029	87.2
1 Interest income	22,497		13,510		8,987	
2 Foreign exchange gain	45,515		21,848		23,667	
3 Other	2,884		2,509		374	
V Other expenses	487	0.1	4,098	0.8	(3,611)	(88.1)
1 Sales discount	422		304		117	
2 Equity in losses of non-consolidated subsidiary and affiliates	-		3,512		(3,512)	
3 Other	65		281		(216)	
Income before income taxes and extraordinary items	160,759	31.6	145,292	28.2	15,466	10.6
VI Extraordinary income	7,360	1.4	1,735	0.3	5,624	324.0
1 Reversal of allowance for doubtful accounts	966		1,735		(769)	
2 Reversal of unrealized loss on investments in securities	1,408		-		1,408	
3 Gain on sales of fixed assets	6		-		6	
4 Gain on sales of investments in securities	3,653		-		3,653	
5 Gain on redemption of investments in securities	82		-		82	
6 Gain on liquidation of investments in affiliate	5		-		5	
7 Reversal of reserve for directors' retirement and severance benefits	1,236		-		1,236	
VII Extraordinary loss	1,648	0.3	1,625	0.3	23	1.4
1 Loss on disposal of fixed assets	31		13		18	
2 Unrealized loss on investments in securities	1,383		1,612		(228)	
3 Loss on sales of investments in securities	233		-		233	
Income before income taxes and minority interests	166,470	32.7	145,402	28.2	21,068	14.5
Provision for income taxes and enterprise taxes	74,431	14.6	53,766	10.4	20,664	38.4
Income taxes deferred	(6,292)	(1.2)	4,195	0.8	(10,487)	(250.0)
Minority interests	(46)	(0.0)	24	0.0	(70)	(289.2)
Net income	98,378	19.3	87,416	17.0	10,962	12.5

CONSOLIDATED STATEMENTS OF SURPLUS

Description	Period	Year Ended March 31, 2006	Year Ended March 31, 2005
		Amount	Amount
		million yen	million yen
(Additional paid-in capital)			
I Additional paid-in capital - Beginning		11,584	11,584
II Increase		0	0
1 Gain on disposal of treasury stock		0	0
III Additional paid-in capital - Ending		11,585	11,584
(Retained earnings)			
I Retained earnings - Beginning		1,032,834	964,524
II Increase		98,378	87,416
1 Net income		98,378	87,416
III Decrease		35,139	19,105
1 Cash dividends		34,969	18,463
2 Directors' bonuses		170	170
3 Decrease in retained earnings due to exclusion of affiliate with equity method applied		-	472
IV Retained earnings - Ending		1,096,073	1,032,834

CONSOLIDATED STATEMENTS OF CASH FLOWS

Description	Period	Year Ended March 31, 2006	Year Ended March 31, 2005
		Amount	Amount
		million yen	million yen
I Cash flows from operating activities:			
Income before income taxes and minority interests		166,470	145,402
Depreciation and amortization		3,591	2,931
Increase (decrease) in allowance for doubtful accounts		(511)	(1,226)
Increase (decrease) in reserve for employee retirement and severance benefits		(42)	(974)
Interest and dividends income		(23,176)	(14,100)
Interest expenses		1	0
Foreign exchange loss (gain)		(46,577)	(27,570)
Gain on sales of investments in securities		(3,653)	-
Unrealized loss on investments in securities		1,383	1,612
Equity in losses (earnings) of non-consolidated subsidiary and affiliates		(267)	3,512
Decrease (increase) in notes and trade accounts receivable		9,140	(21,062)
Decrease (increase) in inventories		21,554	(17,734)
Increase (decrease) in notes and trade accounts payable		(28,679)	48,687
Increase (decrease) in consumption taxes payable		198	189
Directors' bonuses paid		(170)	(170)
Other, net		(1,262)	(2,973)
Sub-total		97,999	116,523
Interest and dividends received		23,237	13,533
Interest paid		(1)	(0)
Income taxes paid		(74,853)	(13,485)
Net cash provided by (used in) operating activities		46,382	116,571
II Cash flows from investing activities:			
Increase in time deposits		(497,914)	(64,830)
Decrease in time deposits		295,452	72,973
Payments for acquisition of marketable securities		(35,989)	(31,560)
Proceeds from sale of marketable securities		27,543	39,963
Payments for acquisition of property, plant and equipment		(4,139)	(2,061)
Proceeds from sale of property, plant and equipment		91	12
Payments for investments in securities		(9,172)	(24,711)
Proceeds from investments in securities		13,940	2,524
Payments for investments in affiliates		(42)	(7,250)
Sales of business entities		-	1,072
Other, net		1,423	2,151
Net cash provided by (used in) investing activities		(208,807)	(11,716)
III Cash flows from financing activities:			
Payments for acquisition of treasury stock		(25,227)	(42,995)
Cash dividends paid		(34,943)	(18,455)
Other, net		3	3
Net cash provided by (used in) financing activities		(60,166)	(61,447)
IV Effect of exchange rate changes on cash and cash equivalents		47,003	29,205
V Net increase (decrease) of cash and cash equivalents		(175,587)	72,613
VI Cash and cash equivalents - Beginning		792,727	720,114
VII Cash and cash equivalents - Ending		617,139	792,727

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.
		Nintendo Phuten Co., Ltd.	Nintendo Technology Development Inc.
		Nintendo Software Technology Corporation	
		SiRAS.com Inc.	Retro Studios, Inc.
		Nintendo (Hong Kong) Ltd.	Nintendo Research, Inc.
		ND CUBE Co., Ltd.	Brownie Brown Inc.

Nintendo (Hong Kong) Ltd. and Nintendo Research, Inc. are newly consolidated because of capital investment.

Non-consolidated subsidiary	1	Fukuei Co., Ltd.	* A/N software was liquidated.
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The subsidiary above is small in size and is excluded from consolidation as it does not have a significant impact on the consolidated financial statements in respect of total assets, sales, net profit, and retained earnings.

2. Scope of equity method companies

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.
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With respect to (equity method applied) affiliates with different year-end from consolidated year-end (i.e., March 31), their financial statements are used either as they are or based on appropriate provisional financial information.

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 or market method, determined by the moving average method

- (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) Important 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 accounting 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.
In addition, because the Company's plan assets exceeded the cost of retirement benefits during the current consolidated accounting period, reserve for employee retirement and severance benefits is booked as "Prepaid plan assets" in "Other investments and other assets".
(Change in accounting procedure)
Effective as of the annual consolidated accounting period ended March, 2006, the Company adopted the partial amendment of "Corporate Accounting Standard No. 3 regarding Employee Retirement and Severance Benefits and its application guidelines No. 7", issued on March 16, 2005. This caused operating income, income before income taxes and extraordinary items, and income before income taxes and minority interests to increase by 2,677 million yen.
- (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 important 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) Important 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. Valuation of assets and liabilities of consolidated subsidiaries

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

6. Amortization of consolidated adjustment account

The amount of consolidated adjustment account is fully amortized in the same fiscal year as incurred.

7. Profit appropriation

The consolidated statements of surplus in respect of profit appropriation of consolidated companies are created based on 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:

	As of March 31, 2006	Yen in millions As of March 31, 2005
Accumulated depreciation of tangible assets	38,693	36,821

Consolidated statements of income information:

	Year Ended March 31, 2006	Yen in millions Year Ended March 31, 2005
Research and development costs	30,596	20,513

Consolidated statements of cash flows information:

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

	As of March 31, 2006	Yen in millions As of March 31, 2005
Cash and deposits account	812,064	826,653
Time deposits (over three months)	(234,618)	(39,784)
Short-term investment due within three months after acquisition	39,693	5,858
<u>Cash and cash equivalents - Ending</u>	<u>617,139</u>	<u>792,727</u>

[1] 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

Year ended March 31, 2006

Yen in millions

	Japan	The Americas	Europe	Other	Total	Eliminations or unallocated assets	Consolidated
Net Sales							
(1) Sales to third parties	161,929	210,493	129,869	6,956	509,249	-	509,249
(2) Inter-segment sales	249,890	1,996	8	77	251,974	(251,974)	-
Total	411,819	212,490	129,878	7,034	761,223	(251,974)	509,249
Cost of sales and selling, general, and administrative expenses	330,148	212,010	128,694	6,930	677,783	(258,883)	418,900
Operating income	81,671	480	1,183	104	83,439	6,909	90,349
II Assets	975,312	145,474	68,729	3,151	1,192,666	(31,963)	1,160,703

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
II Assets	970,681	152,763	72,590	3,966	1,200,001	(67,509)	1,132,492

3. Overseas sales

Year ended March 31, 2006

Yen in millions

	The Americas	Europe	Other	Total
I Overseas sales	211,195	129,884	11,532	352,611
II Consolidated net sales				509,249
III Ratio of overseas sales to consolidated net sales	41.5%	25.5%	2.2%	69.2%

Year ended March 31, 2005

Yen in millions

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

[2] LEASE TRANSACTIONS INFORMATION

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

[3] RELATED PARTY TRANSACTIONS

Not applicable

[4] TAX EFFECT ACCOUNTING INFORMATION**I . Year ended March 31, 2006**

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

Yen in millions

Deferred tax assets:

Research and development costs	12,157
Inventory - write-downs and elimination of unrealized profit	8,513
Other accounts payable and accrued expenses	8,083
Accrued enterprise tax	3,374
Land	2,571
Unrealized loss on investments in securities	2,049
Depreciation	1,398
Reserve for employee retirement and severance benefits	1,187
Other	6,583
Gross deferred tax assets	45,918
Valuation allowance	(731)
Total deferred tax assets	45,186
Deferred tax liabilities:	
Unrealized gains on other securities	(7,324)
Undistributed retained earnings of affiliated companies	(2,111)
Other	(1,267)
Total deferred tax liabilities	(10,703)
Net deferred tax assets	34,483

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

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

II. Year ended March 31, 2005

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

	Yen in millions
Deferred tax assets:	
Inventory - write-downs and elimination of unrealized profit	7,417
Research and development costs	6,998
Other accounts payable and accrued expenses	5,428
Accrued enterprise tax	3,452
Land	2,571
Unrealized loss on investments in securities	1,961
Reserve for employee retirement and severance benefits	1,336
Depreciation	1,059
Other	7,277
Gross deferred tax assets	<u>37,502</u>
Valuation allowance	(429)
Total deferred tax assets	<u>37,073</u>
Deferred tax liabilities:	
Unrealized gains on other securities	(4,917)
Undistributed retained earnings of affiliated companies	(1,769)
Other	(717)
Total deferred tax liabilities	<u>(7,403)</u>
Net deferred tax assets	<u><u>29,669</u></u>

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

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

[5] SECURITIES INFORMATION**As of March 31, 2006**

Yen in millions

1. Marketable other securities

	Acquisition Cost	Book Value	Difference
(for which book value exceeds acquisition cost)			
Stocks	2,765	18,726	15,961
Bonds	26,868	28,948	2,079
Sub-total	29,634	47,675	18,041
(for which book value does not exceed acquisition cost)			
Stocks	6,918	6,529	(388)
Total	36,552	54,204	17,652

2. Sales of marketable other securities during the fiscal year ended March 31, 2006

Proceeds from sales	Gain on sales	Loss on sales
13,940	3,653	233

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

(1) Held-to-maturity bonds	
Commercial paper	46,981
(2) Other securities	
Preferred subscription certificate	10,000
Unlisted bonds	6,873

4. Redemption timing for held-to-maturity securities and bonds

	Due in one year or less	Due after one year and within five years
Commercial paper	46,981	-
Government bonds, etc.	17,305	18,516
Total	64,287	18,516

As of March 31, 2005

Yen in millions

1. Marketable other securities

	Acquisition Cost	Book Value	Difference
(for which book value exceeds acquisition cost)			
Stocks	12,954	24,913	11,958
Bonds	8,277	8,430	153
Sub-total	21,231	33,343	12,112
(for which book value does not exceed acquisition cost)			
Stocks	6,754	5,743	(1,010)
Bonds	24,177	23,515	(662)
Sub-total	30,932	29,258	(1,673)
Total	52,163	62,602	10,438

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

(1) Held-to-maturity bonds	
Commercial paper	11,933
(2) Other securities	
Preferred subscription certificate	11,000

3. Redemption timing for held-to-maturity securities and bonds

	Due in one year or less	Due after one year and within five years
Commercial paper	11,933	-
Government bonds, etc.	8,551	24,394
Total	20,485	24,394

[6] DERIVATIVE TRANSACTIONS INFORMATION

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

[7] RETIREMENT AND SEVERANCE BENEFITS INFORMATION

Outline of retirement benefit plan

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

2. Retirement benefit obligation at the end of year

	Yen in millions	
	As of March 31, 2006	As of March 31, 2005
a. Retirement benefit obligation	(20,339)	(17,746)
b. Plan assets	17,718	12,918
c. Unfunded retirement benefit obligation	(2,620)	(4,828)
d. Unrecognized actuarial difference	2,355	1,729
e. Unrecognized prior service cost	63	67
f. Unrecognized plan assets	-	(43)
g. Net pension liability recognized in the consolidated balance sheet	(201)	(3,074)
h. Prepaid pension cost	3,097	-
i. Reserve for employee retirement and severance benefits	(3,299)	(3,074)

3. Retirement benefit cost for the year

	Yen in millions	
	Year Ended March 31, 2006	Year Ended March 31, 2005
a. Service cost	1,333	1,291
b. Interest cost	619	504
c. Expected return on plan assets	(341)	(182)
d. Amortization of actuarial difference	(2,236)	(1,417)
e. Amortization of prior service cost	9	9
f. Retirement benefit cost	(615)	204
g. Other	637	607
h. Total	21	812

4. Basis of calculation for the year

	Year Ended March 31, 2006	Year Ended March 31, 2005
a. Method of attributing benefits to years of service	Straight-line basis	Straight-line basis
b. Discount rate	1.5% to 6.0%	1.3% to 6.0%
c. Expected return rate on plan assets	1.3% to 7.5%	0.0% to 8.0%
d. Amortization years of prior service cost	nine to ten years Mainly fully amortized in the same fiscal year as incurred	one to ten years Mainly fully amortized in the same fiscal year as incurred
e. Amortization years of actuarial difference		

PRODUCTION, ORDERS, AND SALES INFORMATION**Production**

Yen in millions

Business Category	Main Products	Year Ended March 31, 2006		Year Ended March 31, 2005	
		Orders received	Orders in hand	Orders received	Orders in hand
Electronic Entertainment Products	Hardware				
	Handheld	209,519		227,586	
	Console	20,624		48,130	
	Others	12,666		27,100	
	Hardware Total	242,811		302,817	
	Software				
	Handheld	185,611		148,744	
Console	59,206		85,240		
	Software Total	244,817		233,984	
	Total	487,629		536,801	
Other	Playing Cards, Karuta etc.	1,113		1,340	
	Total	488,742		538,142	

Orders

Yen in millions

Business Category	Main Products	Year Ended March 31, 2006		Year Ended March 31, 2005	
		Orders received	Orders in hand	Orders received	Orders in hand
Electronic Entertainment Products	Handheld	52,685	3,198	49,931	2,663
	Console	14,374	351	19,803	113
	Total	67,059	3,549	69,734	2,777

Sales

Yen in millions

Business Category	Main Products	Year Ended March 31, 2006		Year Ended March 31, 2005	
		Orders received	Orders in hand	Orders received	Orders in hand
Electronic Entertainment Products	Hardware				
	Handheld	223,869		206,697	
	Console	24,668		41,989	
	Others	32,947		41,690	
	Hardware Total	281,484		290,378	
	Software				
	Handheld	172,661		145,604	
	Console	50,503		74,429	
	Royalty and content income	2,373		2,671	
	Other	50		0	
	Software Total	225,588		222,705	
	Total	507,072		513,084	
Other	Playing Cards, Karuta etc.	2,176		2,208	
	Total	509,249		515,292	

NON-CONSOLIDATED FINANCIAL STATEMENTS

Nintendo Co., Ltd.



May 25, 2006



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

FINANCIAL HIGHLIGHTS

1. Non-consolidated results for the years ended March 31, 2005 and 2006

(1) Non-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	%
Year ended March 31, 2006	411,770	(7.1)	81,547	(18.1)	149,439	11.4	91,585	14.5
Year ended March 31, 2005	443,044	22.7	99,554	7.6	134,123	323.2	80,005	399.4

	Net Income per Share	Return on Equity (ROE)	Income before Income Tax and Extraordinary Items on Total Assets	Income before Income Tax and Extraordinary Items to Sales
	yen	%	%	%
Year ended March 31, 2006	709.55	10.9	14.9	36.3
Year ended March 31, 2005	606.65	9.8	14.2	30.3

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

(2) Cash dividend

	Annual Cash Dividend per Share			Total Dividend (Annual)	Dividend Payout Ratio	Dividend on Equity Capital
	Interim	Year-End				
Year ended March 31, 2006	yen 390.00	yen 70.00	yen 320.00	million yen 49,886	% 55.0	% 5.8
Year ended March 31, 2005	270.00	70.00	200.00	35,121	44.5	4.3

(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 March 31, 2006	1,003,005	856,501	85.4	6,694.51
As of March 31, 2005	998,208	821,749	82.3	6,316.08

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

	Net Sales	Income before Income Taxes and Extraordinary Items	Net Income	Annual Cash Dividend per Share		
				Interim	Year-End	
Six months ending Sept. 30, '06	million yen 200,000	million yen 23,000	million yen 14,000	yen 70.00	yen -	yen -
Year ending March 31, 2007	500,000	85,000	50,000	-	70.00~	140.00~

Estimated annual earnings per share: 390.89 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 March 31, 2006		As of March 31, 2005		Change
	Amount	%	Amount	%	Amount
(Assets)	million yen		million yen		million yen
I Current assets					
1 Cash and deposits	727,679		717,758		9,921
2 Notes receivable	1,345		1,393		(47)
3 Trade accounts receivable	39,678		69,786		(30,107)
4 Securities	17,305		8,551		8,753
5 Finished goods	2,934		12,879		(9,945)
6 Raw materials	10,437		2,798		7,638
7 Goods in process	95		166		(71)
8 Supplies	210		195		14
9 Deferred income taxes	16,135		12,989		3,146
10 Other current assets	40,417		24,806		15,610
11 Allowance for doubtful accounts	(1)		(65)		63
Total current assets	856,237	85.4	851,259	85.3	4,978
II Fixed assets					
1 Property, plant and equipment					
(1) Buildings	12,951		13,575		(623)
(2) Structures	321		364		(43)
(3) Machinery and equipment	181		197		(16)
(4) Automobiles	20		25		(4)
(5) Furniture and fixtures	1,568		1,139		428
(6) Land	25,182		25,249		(67)
(7) Construction in progress	-		17		(17)
Total Property, plant and equipment	40,225	4.0	40,569	4.1	(344)
2 Intangible assets					
(1) Software	261		283		(22)
(2) Other intangible assets	9		12		(3)
Total intangible assets	270	0.0	296	0.0	(25)
3 Investments and other assets					
(1) Investments in securities	53,949		67,908		(13,958)
(2) Investment securities of affiliates	19,138		18,923		215
(3) Investments in affiliates	10,419		10,419		-
(4) Non-current receivable	2,718		2,648		69
(5) Deferred income taxes	7,685		8,614		(929)
(6) Other investments and other assets	15,077		215		14,861
(7) Allowance for doubtful accounts	(2,717)		(2,647)		(69)
Total investments and other assets	106,271	10.6	106,082	10.6	188
Total fixed assets	146,767	14.6	146,948	14.7	(181)
Total	1,003,005	100.0	998,208	100.0	4,797

Date Description	As of March 31, 2006		As of March 31, 2005		Change
	Amount	%	Amount	%	Amount
(Liabilities)	million yen		million yen		million yen
I Current liabilities					
1 Notes payable	4,140		4,063		77
2 Trade accounts payable	75,932		102,434		(26,501)
3 Other accounts payable	10,900		11,994		(1,094)
4 Accrued income taxes	42,440		44,724		(2,284)
5 Advances received	228		429		(201)
6 Reserve for bonuses	1,732		1,650		81
7 Other current liabilities	10,284		8,883		1,401
Total current liabilities	145,659	14.5	174,180	17.5	(28,521)
II Non-current liabilities					
1 Non-current accounts payable	844		461		382
2 Reserve for directors' retirement and severance benefits	-		1,816		(1,816)
Total non-current liabilities	844	0.1	2,278	0.2	(1,434)
Total liabilities	146,503	14.6	176,459	17.7	(29,955)
(Shareholders' equity)					
I Common stock	10,065	1.0	10,065	1.0	-
II Additional paid-in capital					
1 Capital reserve	11,584		11,584		-
2 Other additional paid-in capital Gain on disposal of treasury stock	0		0		0
Total additional paid-in capital	11,585	1.2	11,584	1.2	0
III Retained earnings					
1 Legal reserve	2,516		2,516		-
2 Optional reserve					
(1) Special reserve	44		46		(2)
(2) General reserve	810,000		760,000		50,000
3 Unappropriated	166,686		160,238		6,447
Total retained earnings	979,247	97.6	922,801	92.4	56,445
IV Unrealized gains on other securities	10,716	1.1	7,194	0.7	3,521
V Treasury stock, at cost	(155,112)	(15.5)	(129,896)	(13.0)	(25,215)
Total shareholders' equity	856,501	85.4	821,749	82.3	34,752
Total	1,003,005	100.0	998,208	100.0	4,797

NON-CONSOLIDATED STATEMENTS OF INCOME

Description	Year Ended March 31, 2006		Year Ended March 31, 2005		Change	
	Amount	%	Amount	%	Amount	%
	million yen		million yen		million yen	
I Net Sales	411,770	100.0	443,044	100.0	(31,274)	(7.1)
II Cost of Sales	261,855	63.6	294,661	66.5	(32,805)	(11.1)
Gross margin	149,914	36.4	148,382	33.5	1,531	1.0
III Selling, general, and administrative expenses	68,366	16.6	48,828	11.0	19,538	40.0
Operating income	81,547	19.8	99,554	22.5	(18,006)	(18.1)
IV Other income	68,472	16.6	34,988	7.9	33,483	95.7
1 Interest income	18,144		10,755		7,388	
2 Dividend income	678		590		88	
3 Foreign exchange gain	47,932		22,118		25,813	
4 Other	1,716		1,524		192	
V Other expenses	580	0.1	419	0.1	161	38.4
1 Sales discount	561		400		160	
2 Other	19		18		1	
Income before income taxes and extraordinary items	149,439	36.3	134,123	30.3	15,315	11.4
VI Extraordinary income	6,468	1.6	1,432	0.3	5,035	351.4
1 Reversal of allowance for doubtful accounts	73		872		(798)	
2 Reversal of loss on investments in securities	1,408		-		1,408	
3 Gain on sales of fixed assets	6		-		6	
4 Gain on sales of investments in securities	3,653		-		3,653	
5 Gain on redemption of investments in securities	82		-		82	
6 Gain on liquidation of affiliates	5		560		(554)	
7 Reversal of reserve for directors' retirement and severance benefits	1,236		-		1,236	
VII Extraordinary loss	1,648	0.4	1,820	0.4	(171)	(9.4)
1 Loss on disposal of fixed assets	31		12		19	
2 Loss on investments in securities	1,383		1,612		(228)	
3 Loss on sales of investments in securities	233		-		233	
4 Loss on liquidation of affiliates	-		195		(195)	
Income before income taxes and minority interests	154,258	37.5	133,736	30.2	20,522	15.3
Provision for income taxes and enterprise taxes	67,297	16.4	47,751	10.8	19,545	40.9
Income taxes deferred	(4,623)	(1.1)	5,979	1.3	(10,602)	(177.3)
Net income	91,585	22.2	80,005	18.1	11,579	14.5
Retained earnings brought forward	84,055		89,338		(5,283)	
Interim cash dividend	8,954		9,105		(151)	
Unappropriated retained earnings	166,686		160,238		6,447	

PROPOSAL OF APPROPRIATION

Description	Period	To be approved on June 29, 2006 at the Annual General Meeting of Shareholders	Approved on June 29, 2005 at the Annual General Meeting of Shareholders
		Amount	Amount
		million yen	million yen
I Unappropriated retained earnings		166,686	160,238
II Reversal of special reserve			
1 Transfer from reserve for deferred fixed assets		2	2
Total		166,688	160,240
Allocation proposed as follows:			
III Allocation			
1 Cash dividends		40,932 (320.00 yen per share)	26,015 (200.00 yen per share)
2 Directors' bonuses		180	170
3 General reserve		50,000	50,000
IV Retained earnings - carried forward		75,576	84,055

The Company paid 8,954 million yen (70 yen per share) as interim dividend on December 9, 2005.

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 or market method, determined by the moving average method

4. 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.

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

(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 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 current fiscal year.

Actuarial calculation difference is processed collectively in the accrued year.

In addition, because the Company's plan assets exceeded the cost of retirement benefits during the current consolidated accounting period, reserve for employee retirement and severance benefits is booked as "Prepaid plan assets" in "Other investments and other assets".

(Change in accounting procedure)

Effective as of the annual consolidated accounting period ended March, 2006, the Company adopted the partial amendment of "Corporate Accounting Standard No. 3 regarding Employee Retirement and Severance Benefits and its application guidelines No. 7", issued on March 16, 2005. This caused operating income, income before income taxes and extraordinary items, and income before income taxes and minority interests to increase by 2,677 million yen.

(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 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".

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 accounted for as operating lease transactions.

8. 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

Balance sheets information:	Yen in millions	
	As of March 31, 2006	As of March 31, 2005
1. Accumulated depreciation of tangible assets	23,542	23,529
2. Receivable from affiliates		
Trade accounts receivable	29,211	62,783
3. Guaranteed liabilities	3,434	3,377
<US\$ in thousands>	<US\$29,239>	<US\$31,450>
4. Number of authorized shares	400,000	400,000
5. Number of issued and outstanding shares	141,669	141,669
6. The increase of net assets due to the increase of fair value of assets		
Net assets provided in the Implementing Regulations 124-3	10,447	5,990

Statements of income information:

	Yen in millions	
	As of March 31, 2006	As of March 31, 2005
1. Transactions with affiliates		
Net sales	252,490	314,347
2. Research and development costs	31,800	20,742

[1] LEASE TRANSACTIONS INFORMATION

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

[2] SECURITIES INFORMATION

None of shares of subsidiaries or affiliates have market value as of this fiscal year-end and the previous fiscal year-end.

[3] TAX EFFECT ACCOUNTING INFORMATION

Year ended March 31, 2006

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

	Yen in millions
Deferred tax assets:	
Research and development costs	12,130
Accrued enterprise tax	3,374
Other accounts payable and accrued expenses	3,348
Inventory - write-downs	3,077
Land	2,571
Unrealized loss on investments in securities	2,049
Loss on investments in affiliates	1,903
Allowance for doubtful accounts	1,093
Other	2,613
Total deferred tax assets	<u>32,163</u>
Deferred tax liabilities:	
Unrealized gains on other securities	(7,324)
Other	(1,018)
Total deferred tax liabilities	<u>(8,342)</u>
Net deferred tax assets	<u><u>23,820</u></u>

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

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

Year ended March 31, 2005

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

	Yen in millions
Deferred tax assets:	
Research and development costs	6,963
Accrued enterprise tax	3,452
Inventory - write-downs	2,697
Land	2,571
Other accounts payable and accrued expenses	2,558
Loss on investments in affiliates	2,232
Unrealized loss on investments in securities	1,961
Allowance for doubtful accounts	1,059
Other	3,475
Total deferred tax assets	<u>26,971</u>
Deferred tax liabilities:	
Unrealized gains on other securities	(4,917)
Other	(450)
Total deferred tax liabilities	<u>(5,367)</u>
Net deferred tax assets	<u><u>21,604</u></u>

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

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

DIRECTORS' CHANGE

(Scheduled date: June 29, 2006)

1. New director candidate:

Director/General Manager, General Affairs Division

Koji Yoshida (present position: General Manager, General Affairs Division)

1. CONSOLIDATED SALES UNITS, NUMBER OF NEW TITLES, AND FORECAST

			Sales Units in Ten Thousands		Number of New Titles Released	
			Twelve Months	Twelve Months	Life-to-Date	Forecast
			Apr. '05-Mar. '06	Apr. '04-Mar. '05	through Mar. '06	Apr. '06-Mar. '07
Game Boy Advance	Hardware	Japan	100	234	1,655	
		The Americas	472	856	3,810	
		Other	261	449	2,048	
		Total	833	1,540	7,513	250 *1
	of which Game Boy Advance SP	Japan	42	232	642	
		The Americas	426	791	2,095	
		Other	176	440	1,086	
		Total	644	1,464	3,823	
	of which Game Boy Micro	Japan	58	-	58	
		The Americas	47	-	47	
		Other	79	-	79	
		Total	183	-	183	
Software	Japan	728	1,554	6,982		
	The Americas	3,534	5,077	18,258		
	Other	1,674	1,826	7,533		
	Total	5,936	8,457	32,772	3,000	
New Titles	Japan	76	165	770		
	The Americas	170	181	866		
	Other	170	135	795		
Nintendo DS	Hardware	Japan	478	212	691	
		The Americas	292	219	511	
		Other	376	95	471	
		Total	1,146	527	1,673	1,600 *2
	of which Nintendo DS Lite	Japan	58	-	58	
		The Americas	-	-	-	
		Other	-	-	-	
		Total	58	-	58	
	Software	Japan	2,152	382	2,534	
		The Americas	1,608	475	2,083	
		Other	1,235	192	1,427	
		Total	4,995	1,049	6,044	7,000
New Titles	Japan	147	26	173		
	The Americas	97	18	115		
	Other	84	16	100		
Nintendo GameCube	Hardware	Japan	20	34	400	
		The Americas	172	261	1,217	
		Other	44	98	468	
		Total	235	392	2,085	-
	Software	Japan	298	509	2,697	
		The Americas	2,388	3,318	12,164	
		Other	592	1,015	4,046	
		Total	3,279	4,842	18,908	1,500
	New Titles	Japan	37	43	268	
		The Americas	84	99	509	
		Other	67	80	424	
	Wii	Hardware	-	-	-	600
Software		-	-	-	1,700	

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

*1. The forecast is the combined total of Game Boy Advance, Game Boy Advance SP, and Game Boy Micro

*2. The forecast is the combined total of Nintendo DS and Nintendo DS Lite

2. OTHER CONSOLIDATED INFORMATION

			Yen in Millions		
			Twelve Months	Twelve Months	Forecast
			Apr. '05-Mar. '06	Apr. '04-Mar. '05	Apr. '06-Mar. '07
Capital investments			5,597	4,502	7,000
Depreciation expenses of tangible assets			3,442	2,783	4,500
Marketing expenses			55,442	53,756	58,000
Number of Employees			As of Mar. 31, 2006 3,150	As of Mar. 31, 2005 3,013	
Average Exchange Rate			Twelve Months Apr. '05-Mar. '06	Twelve Months Apr. '04-Mar. '05	
US\$1.00 =			¥113.31	¥107.55	¥110.00
EUR1.00 =			¥137.86	¥135.19	¥140.00

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

		U.S. Dollars / Euros in Millions				
		As of Mar. 31, 2006		As of Mar. 31, 2005		U.S. Dollars / Euros in Millions
		Ending balance	Exchange rate	Ending balance	Exchange rate	Est. exchange rate
US\$	Cash and Deposits	2,935	US\$1.00 =	5,168	US\$1.00 =	
	Accounts Receivable	116	¥117.47	345	¥107.39	¥110.00
EUR	Cash and Deposits	807	EUR1.00 =	400	EUR1.00 =	
	Accounts Receivable	106	¥142.81	172	¥138.87	¥140.00

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Nintendo Co., Ltd.
Satoru Iwata
President

Notice of Partial Amendment of the Articles of Incorporation

Upon resolution by the Board of Directors' Meeting held on May 25, 2006, Nintendo Co., Ltd. ("the Company") hereby announces the partial amendment of its Articles of Incorporation, which is to be presented for approval at the 66th annual general meeting of shareholders scheduled for June 29, 2006 as follows:

1. Reasons for the Amendments

- (1) To expand the purpose of the enterprise by preparing for expansion of operations amid the changing business environment associated with the penetration of the Internet.
(Article 2)
- (2) Since the Company Law, Implementation Rules of the Company Law, and Rules on Company Calculation have been taken into effect as of May 1, 2006, the Articles of Incorporation are to be amended for the following reasons:
 - i . To improve public announcement functions and convenience, as well as to reduce expenses, the method of public announcements by the Company will be changed to an electronic basis and some reference material for the general meeting of shareholders will be made available on the Internet. (Articles 5 and 16)
 - ii . To define the rights of shareholders owning odd lot shares as well as to clarify the place of assembly for the general meeting of shareholders and method of exercising voting rights by proxy (Articles 9, 13.2, and 18.1)
 - iii . To provide prompt and expeditious profit returns to our shareholders, distribution of surplus etc. will be decided upon resolution by the Board of Directors' Meeting.
(Article 43)
 - iv . To make resolutions of the Board of Directors in written or electro-magnetic form for the purpose of expeditious and efficient operations of the Board of Directors' meeting (Article 26.2)
 - v . To establish a company organization to establish provisions regarding accounting auditors. (Articles 4, Articles 40 and 41 of Chapter 6)

vi. In addition to the above, the required changes are made such as addition, deletion, modification, and transfer of the provisions necessary for a listed corporation under the Company Law.

(3) In addition to the above, adjustments are to be made throughout the Articles of Incorporation to article numbers and wording.

2. Details of amendments

3. Schedule

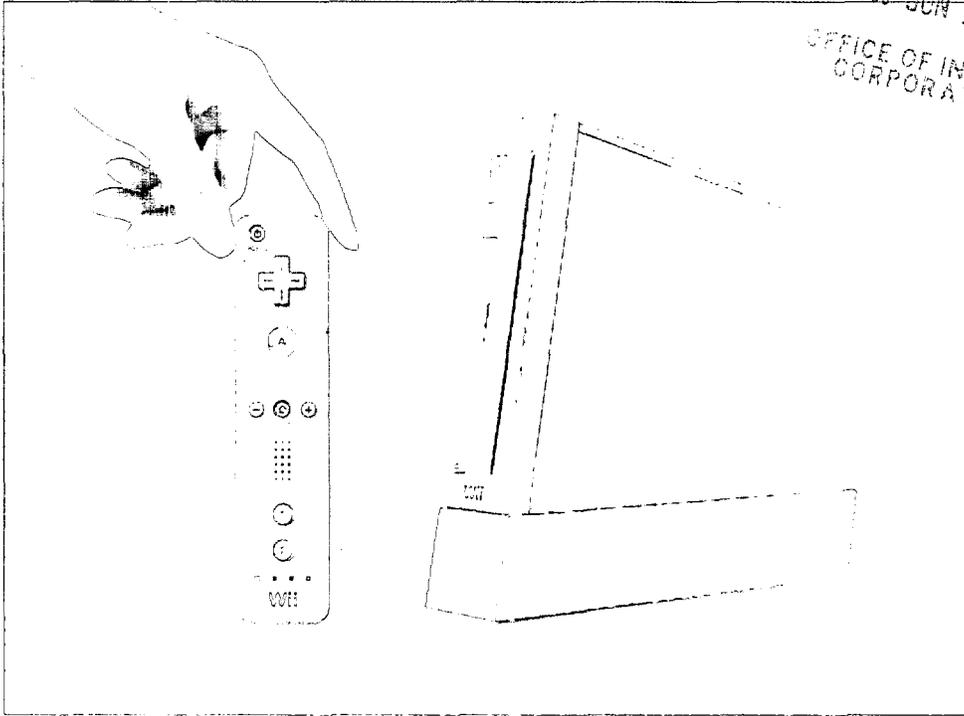
Annual general meeting of shareholders to be held on June 29, 2006

Amendment of the Articles of Incorporation to be effective as of June 29, 2006

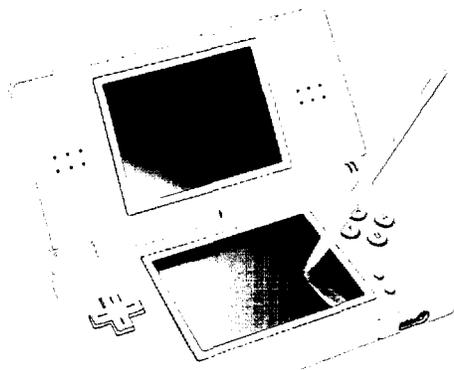
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Financial Result Briefing for the Fiscal Year Ended March 2006 (FY06)



2006/5/26

Nintendo IR Reference Material of the Fiscal Year Ended March 2006 (FY06)

Highlights of the Fiscal Year Ended March 2006

*A software lineup known as "Touch! Generations" was introduced to cultivate a new user demographic which include seniors and females. "Touch! Generation" titles offer an entertaining experience that provide a fresh sensation to skilled gamers which is at the same time easily accessible to those who were not familiar with video games in the past. Among those titles, "Nintendogs", which allows the player to interact with virtual puppies on the screen, sold 6.65 million units worldwide. Also from the lineup, a new brain training genre, "Brain Age: Train Your Brain in Minutes a Day", coupled with its sequel version, and "Big Brain Academy", not yet released outside Japan, reached 5.10 million units of sales in total.

*In addition, free internet access service "Nintendo Wi-Fi Connection" for "Nintendo DS" is favorably accepted by wide audience. The service bears the slogan "EASY, SAFE, FREE", which helped boost the sales of "Mario Kart DS" (an action racing game that lets the player compete against other players from around the world) and "Animal Crossing Wild World" (a game that lets you communicate with friends) to 4.22 million units and 3.56 million units respectively.

*Furthermore, "Nintendo DS Lite", an upgraded model of "Nintendo DS" was launched on March 2, 2006 in Japan. While retaining the unique and various interface from "Nintendo DS", lighter, thinner and handier new "Nintendo DS Lite" obtained 4-grade brightness adjustment function on its dual screens.

*For handheld game products in the electronic entertainment products division, "Nintendo DS" and its upgraded model "Nintendo DS Lite" sold a total of more than 16 million units on a worldwide cumulative basis in just over sixteen months after launch. Especially in Japan, "Nintendo DS" is selling at a faster rate than any gaming device ever.

*The "Game Boy Advance" software title "Pokémon Emerald", which launched in Japan during September 2004, in the United States in May 2005 and in Europe in October 2005, enjoyed extremely favorable sales, totaling 5.19 million units worldwide.

*For console game products in the electronic entertainment products division, "Mario Party 7", "Pokémon XD: Gale of Darkness" and "Super Mario Strikers" each for "Nintendo GameCube" sold fairly well worldwide and exceeded a million unit respectively.

Total Sales Units of Major Software Titles (Fiscal Year Ended March 2006)

		Sales Units in Ten Thousands
		Worldwide Apr. '05 - Mar. '06
Game Boy Advance	Pokémon Emerald	357
Nintendo DS	Nintendogs	665
	Mario Kart DS	422
Nintendo GameCube	Mario Party 7	186
	Pokémon XD: Gale of Darkness	125

Total Software Sales by Franchise Character

		Sales Units in Ten Thousands
		Worldwide Life-to-Date through Mar. '06
Super Mario Series	Handheld Games (11 Titles)	6,256
	Console Games (10 Titles)	12,247
	Total	18,503
The Legend of Zelda Series	Handheld Games (8 Titles)	1,569
	Console Games (7 Titles)	3,155
	Total	4,724
Donkey Kong Series	Handheld Games (11 Titles)	1,743
	Console Games (13 Titles)	3,046
	Total	4,789
Pokémon Series	Handheld Games (12 Titles)	10,613

Launch Dates of Primary NINTENDO Products by Region (Apr. 2005- Mar. 2006)

Region	Game Boy Advance		Nintendo DS		Nintendo GameCube				
	Category	Title	Launch Date	Title	Launch Date	Launch Date			
Japan	(Hardware)	Game Boy Micro	Sept. 13, '05	Nintendo DS Lite	Mar. 2, '06				
	(Software)	The Tower SP	Apr. 28, '05	Electroplankton	Apr. 7, '05	Fire Emblem: Path of Radiance	Apr. 20, '05		
		Donkey Kong: King of Swing	May 19, '05	Nintendogs Dachshund & Friends	Apr. 21, '05	Metroid Prime 2 Dark Echoes	May 26, '05		
		Nonono Puzzle Chairian	Jun. 16, '05	Nintendogs Chihuahua & Friends	Apr. 21, '05	Chibi-Robo!	Jun. 23, '05		
		Super Mario Brothers (re-release)	Sept. 13, '05	Nintendogs Shiba Inu & Friends	Apr. 21, '05	Dance Dance Revolution with MARIO	Jul. 14, '05		
		Dr. Mario & Puzzle League	Sept. 13, '05	Brain Age: Train Your Brain in Minutes a Day	May 19, '05	Mario Superstar Baseball	Jul. 21, '05		
		Mario Tennis: Power Tour	Sept. 13, '05	DS Rakubikijiten	Jun. 16, '05	Pokémon XD: Gale of Darkness	Aug. 4, '05		
		Drill Dozer	Sept. 22, '05	Advance Wars: Dual Strike	Jun. 23, '05	Battalion Wars	Oct. 27, '05		
		Polarium Micro	Oct. 13, '05	Big Brain Academy	Jun. 30, '05	Mario Party 7	Nov. 10, '05		
		Pokémon Mystery Dungeon Red Rescue Team	Nov. 17, '05	Osu! Tatakae! Oendan!	Jul. 28, '05	Densetsu no Kuizuo Ketteisen	Dec. 8, '05		
		Donkey Kong Country 3	Dec. 1, '05	JUMP SUPER STARS	Aug. 8, '05	Super Mario Strikers	Jan. 19, '06		
				Pokémon Trozei	Oct. 20, '05	Baten Kaitos Origins	Feb. 23, '06		
				Super Princess Peach	Oct. 20, '05				
				Clubhouse Games	Nov. 3, '05				
				True Swing Golf	Nov. 10, '05				
				Pokémon Mystery Dungeon Blue Rescue Team	Nov. 17, '05				
				Animal Crossing: Wild World	Nov. 23, '05				
				Hamtaro NazoNazoQ Kumonoueno? Jo	Dec. 1, '05				
				Mario Kart DS	Dec. 8, '05				
				Mario & Luigi: Partners in Time	Dec. 29, '05				
				Brain Training 2	Dec. 29, '05				
				Metroid Prime Pinball	Jan. 19, '06				
				English Training	Jan. 26, '06				
				Eye Shield 2! Max Devil Power!	Feb. 2, '06				
				Magnetica	Mar. 2, '06				
				Pokémon Ranger	Mar. 23, '06				

		The Americas	(Hardware)	Game Boy Micro	Sept. 19, '05				
			(Software)	Pokémon Emerald	May 1, '05	Polarium	Apr. 18, '05	Donkey Konga 2	May 9, '05
				Fire Emblem: The Sacred Stones	May 23, '05	Kirby: Canvas Curse	Jun. 13, '05	Geist	Aug. 15, '05
				WarioWare: Twisted!	May 23, '05	Meteos	Jun. 27, '05	Mario Superstar Baseball	Aug. 29, '05
				Yoshi Topsy-Turvy	Jun. 13, '05	Advance Wars: Dual Strike	Aug. 22, '05	Battalion Wars	Sept. 19, '05
				Dynasty Warriors Advance	Aug. 29, '05	Nintendogs Dachshund & Friends	Aug. 22, '05	Pokémon XD: Gale of Darkness	Oct. 3, '05
Donkey Kong: King of Swing	Sept. 19, '05			Nintendogs Chihuahua & Friends	Aug. 22, '05	Fire Emblem: Path of Radiance	Oct. 17, '05		
Donkey Kong Country 3	Nov. 7, '05			Nintendogs Lab & Friends	Aug. 22, '05	Dance Dance Revolution with MARIO	Oct. 24, '05		
Dr. Mario & Puzzle League	Nov. 28, '05			Trace Memory	Sept. 26, '05	Mario Party 7	Nov. 7, '05		
Mario Tennis: Power Tour	Dec. 5, '05			Metroid Prime Pinball	Oct. 24, '05	Super Mario Strikers	Dec. 5, '05		
Final Fantasy IV	Dec. 12, '05			Mario Kart DS	Nov. 14, '05	Chibi-Robo	Feb. 6, '06		
Drill Dozer	Feb. 6, '06			Mario & Luigi: Partners in Time	Nov. 28, '05				
Tales of Phantasia	Mar. 6, '06			Animal Crossing: Wild World	Dec. 5, '05				
				Electroplankton	Jan. 9, '06				
				True Swing Golf	Jan. 23, '06				
				Super Princess Peach	Feb. 27, '06				
				Pokémon Trozei	Mar. 6, '06				
				Metroid Prime Hunters	Mar. 20, '06				
				Tetris DS	Mar. 20, '06				

Europe	(Hardware)	Game Boy Micro	Nov. 4, '05						
	(Software)	Yoshi's Universal Gravitation	Apr. 22, '05	Yoshi Touch & Go	May 6, '05	Star Fox Assault	Apr. 29, '05		
		Kingdom Hearts: Chain of Memories	May 6, '05	Ridge Racer DS	Jun. 3, '05	Donkey Konga 2	Jun. 3, '05		
		Mario Party Advance	Jun. 10, '05	Another Code: Two Memories	Jun. 24, '05	Geist	Oct. 7, '05		
		Pokémon Emerald	Oct. 21, '05	Meteos	Sept. 23, '05	Dance Dance Revolution with MARIO	Oct. 28, '05		
		Fire Emblem: The Sacred Stones	Nov. 4, '05	Advance Wars: Dual Strike	Sept. 30, '05	Fire Emblem: Path of Radiance	Nov. 4, '05		
		Donkey Kong Country 3	Nov. 4, '05	Nintendogs Dachshund & Friends	Oct. 7, '05	Mario Superstar Baseball	Nov. 11, '05		
		Dr. Mario & Puzzle League	Nov. 4, '05	Nintendogs Chihuahua & Friends	Oct. 7, '05	Pokémon XD: Gale of Darkness	Nov. 18, '05		
		Mario Power Tennis	Nov. 18, '05	Nintendogs Lab & Friends	Oct. 7, '05	Super Mario Strikers	Nov. 18, '05		
		Dynasty Warriors Advance	Dec. 2, '05	Nintendo Touch Golf: Birdie Challenge	Nov. 25, '05	Battalion Wars	Dec. 9, '05		
		Tales of Phantasia	May 31, '06	Mario Kart DS	Nov. 25, '05	Mario Party 7	Jan. 27, '06		
				Kirby: Power Paintbrush	Nov. 25, '05	Odama	Mar. 31, '06		
				Mario & Luigi: Partners in Time	Jan. 27, '06				
				Animal Crossing: Wild World	Mar. 31, '06				

Notes: Launch dates may be different within the Americas and Europe regions depending on territories or countries.

Launch Schedule of Primary NINTENDO Products by Region (Apr. 2006- Mar. 2007)

Game Boy Advance				Nintendo DS	
Region	Category	Title	Launch Date	Title	Launch Date
Japan	(Software)	Eyeshield 21 Devilbats Devildays	2006/4/6	Densetsu no Stafy 4	2006/4/13
		Earth Bound 3	2006/4/20	Kanji Sonomama DS Rakubiki Jiten	2006/4/13
		Karuchobit	2006/5/18	Tabi no Yubisashi Kaiwacho DS series 1 Thai	2006/4/20
		bit Generations dotstream	2006/7/13	Tabi no Yubisashi Kaiwacho DS series 2 China	2006/4/20
		bit Generations BOUNDISH	2006/7/13	Tabi no Yubisashi Kaiwacho DS series 3 Korea	2006/4/20
		bit Generations DIALHEX	2006/7/13	Tabi no Yubisashi Kaiwacho DS series 4 America	2006/4/27
		bit Generations COLORIS	2006/7/27	Tabi no Yubisashi Kaiwacho DS series 5 Germany	2006/4/27
		bit Generations DIGIDRIVE	2006/7/27	Tetris DS	2006/4/27
		bit Generations ORBITAL	2006/7/27	New Super Mario Brothers	2006/5/25
		bit Generations Soundvoyager	2006/7/27	Mawashite Tsunageru Touch Panic	2006/5/25
		Rhythm Kingdom	2006/8/3	Metroid Prime Hunters	2006/6/1
				Magical Vacation Susuno Hoshiga Narabutoki	2006/6/22
				Project Hacker kakusei	2006/7/13
				Shaberu DS Oryouri Navi	2006/7/20
				Mario Hoops 3on3	2006/7/27
				Star Fox Command	2006/8/3
				Pokémon Diamond	This Fall
				Pokémon Pearl	This Fall
				Jump Super Stars 2 (tentative name)	This Winter
				Hotel Dusk Room 215 (tentative name)	2006
				Custom Robo Arena (tentative name)	2006
				Tinkle RPG (tentative name)	2006
				Kaitou Wario (tentative name)	2006
				ARCHAIC SEALED HEAT	2006
				DS Binoji Training (tentative name)	TBA
				DS AIR (tentative name)	TBA
				Kirby DS (tentative name)	TBA
		The Legend of Zelda Phantom Hourglass (tentative name)	TBA		
		Chibi Robo! DS (tentative name)	TBA		
		DK King of Swing DS (tentative name)	TBA		
		Mario vs Donkey Kong 2: March of the Minis	TBA		
		Yoshi Island 2 (tentative name)	TBA		
The Americas	(Software)	Pokémon Mystery Dungeon Red Rescue Team	2006/9/18	Brain Age: Train Your Brain in Minutes a Day	2006/4/17
		Final Fantasy V	2006/11	New Super Mario Brothers	2006/5/15
		Final Fantasy VI	2007	Big Brain Academy	2006/6/5
				Magnética	2006/6/5
				Sudoku Gridmaster	2006/6/26
				Tenchu DARK SECRET	2006/8/21
				Star Fox Command	2006/8/28
				Mario Hoops 3on3	2006/9/11
				Pokémon Mystery Dungeon Blue Rescue Team	2006/9/18
				Mario vs Donkey Kong 2: March of the Minis	2006/9/25
				Seiken Densetsu DS CHILDREN of MANA	2006/Q4
				Club House Games (tentative name)	2006/Q4
				Custom Robo Arena (tentative name)	2006/Q4
				Diddy Kong Racing DS	2006/Q4
				Elite Beat Agents	2006/Q4
				Hotel Dusk Room 215 (tentative name)	2006/Q4
				Magical Vacation Susunohoshiganarabutoki	2006/Q4
				Pokémon Ranger	2006/Q4
				The Legend of Zelda: Phantom Hourglass	2006/Q4
				Yoshi's Island 2	2006/Q4
		Chibi Robo DS (tentative name)	TBA		
		DS AIR (tentative name)	TBA		
		DK King of Swing DS (tentative name)	TBA		
		Kirby DS (tentative name)	TBA		
		ARCHAIC SEALED HEAT	TBA		
Europe	(Software)	Polarium Advance	2006/4/7	Tetris DS	2006/4/21
		Final Fantasy IV	2006/6/2	Trauma Center	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?	2006/6/9
				New Super Mario Brothers	2006/6/30
				Big Brain Academy	2006/7/7
				Electroplankton	2006/7/7
				Tenchu DARK SECRET	2006/9
				Club House Games	2006/9
				English Training (tentative name)	2006/9

Notes: Launch dates and titles etc. are subject to change.

Notes: Launch dates may be different within the Americas and Europe regions depending on territories or countries.

Launch Schedule of Primary NINTENDO Products by Region (Apr. 2006- Mar. 2007)

		Nintendo GameCube		Wii	
Region	Category	Title	Launch Date	Title	Launch Date
Japan	Software	Odama	2006/4/13	Disaster: Day of Crisis (tentative name)	TBA
		SUPER PAPER MARIO	2006/8/3	Excite Truck (tentative name)	TBA
		DK Bongo Blast	2006/8/10	Fire Emblem (tentative name)	TBA
		Kirby GC (tentative name)	2006	Metroid Prime 3: Corruption (tentative name)	TBA
		The Legend of Zelda: Twilight Princess	2006	Project H.A.M.M.E.R. (tentative name)	TBA
		Eye Shield 21 (tentative name)	TBA	Super Mario Galaxy (tentative name)	TBA
		GEIST	TBA	The Legend of Zelda: Twilight Princess (tentative name)	TBA
				WarioWare: Smooth Moves (tentative name)	TBA
		Wii Sports (tentative name)	TBA		
America	Software	Odama	2006/4/10		
		Baten Kaitos Origins	2006/9/25		
		DK Bongo Blast	2006/Q4		
		SUPER PAPER MARIO	2006/Q4		
		The Legend of Zelda: Twilight Princess	2006/Q4		
Europe	Software	Chibi-Robo!	2006/5/26		

Notes: Launch dates and titles etc. are subject to change.

Notes: Launch dates may be different within the Americas and Europe regions depending on territories or countries.

Upcoming Third-Party Software Lineup

(Japan)			(Overseas)		
Wii			Nintendo GameCube		
Title	Third-Party Publisher	Launch Date	Title	Third-Party Publisher	Launch Date
Trauma Center: Second Opinion (tentative name)	Atlas	TBA	Backyard Baseball 2007	Atari	2006/6
Resident Evil series(tentative name)	Capcom	TBA	Disney/Pixar Cars	THQ	2006/6
Sengoku Action (tentative name)	Koei	TBA	Pac-Man World Rally	Namco Bandai	2006/7
Elebits(tentative name)	Konami Digital Entertainment	TBA	Monster House	THQ	2006/7
DRAGON QUEST SWORDS™ :					
The Masked Queen and the Tower of Mirrors™ (tentative name)	Square Enix	TBA	Madden NFL '07	Electronic Arts	2006/8
FINAL FANTASY(R) CRYSTAL CHRONICLES: Crystal Bearers™(tentative name)	Square Enix	TBA	One Piece: Pirates' Carnival	Namco Bandai	2006/8
Necronesia(tentative name)	Spike	TBA	Super Monkey Ball Adventure	Sega	2006/Q2
Super Monkey Ball Banana Blitz(tentative name)	Sega	TBA	Tomb Raider Legend	Eidos	2006/9
Sonic Wild Fire(tentative name)	Sega	TBA	LEGO Star Wars II: The Original Trilogy	LucasArts	2006/9
Densha de GO ! (tentative name)	Taito	TBA	The Grim & Adventures of Billy & Mandy	Midway	2006/9
Swing Golf Pangya(tentative name)	Tecmo	TBA	Avatar: The Last Airbender	THQ	2006/9
Bomber-man Land(tentative name)	Hudson	TBA	Open Season	Ubisoft	2006/9
Mobilesuits GUNDAM(tentative name)	Bandai Namco Games	TBA	Tom Clancy's Splinter Cell Double Agent	Ubisoft	2006/9
TAMAGOCCHI (tentative name)	Bandai Namco Games	TBA	NARUTO™: CLASH OF NINJA™ 2	TakaraTomy	2006/Q3
Final Halon(tentative name)	Bandai Namco Games	TBA	Dreamworks Flushed Away	D3	2006/10
Harvest Moon Series(tentative name)	Marvelous Interactive	TBA	Bionicle Heroes	Eidos	2006/10
			SpongeBob: Creature from the Krusty Krabb	THQ	2006/10
			The Legend of Spyro: A New Beginning	Vivendi Universal	2006/10
			Backyard Basketball 2007	Atari	2006/11
			Rayman IV	Ubisoft	2006/11
			Wii		
			Title	Third-Party Publisher	Launch Date
			Tony Hawk's Downhill Jam™(tentative name)	Activision	TBA
			Call of Duty(R) 3(tentative name)	Activision	TBA
			Dragon Ball Z Budokai: Tenkaichi 2(tentative name)	Atari	TBA
			Disney's Meet the Robinsons(tentative name)	Buena Vista Games	TBA
			Resident Evil series(tentative name)	Capcom	TBA
			Madden NFL '07(tentative name)	Electronic Arts	TBA
			Elebits(tentative name)	Konami Digital Entertainment	TBA
			The Ant Bully(tentative name)	Midway Games	TBA
			Super Monkey Ball Banana Blitz(tentative name)	SEGA	TBA
			SONIC WILD FIRE(tentative name)	SEGA	TBA
			FINAL FANTASY(R) CRYSTAL CHRONICLES: Crystal Bearers™(tentative name)	Square Enix	TBA
			DRAGON QUEST SWORDS™ :		
			The Masked Queen and the Tower of Mirrors™ (tentative name)	Square Enix	TBA
			SpongeBob SquarePants: Creature from the Krusty Krab(tentative name)	THQ	TBA
			Rayman Raving Rabbids(tentative name)	Ubisoft	TBA
			RED STEEL(tentative name)	Ubisoft	TBA

Notes: Launch dates and titles etc. are subject to change.

Notes: Launch dates may be different depending on territories or countries.

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OFFICE OF INTERNATIONAL
CORPORATE FINANCE

Nintendo Co., Ltd.
Satoru Iwata
President

Corporate Governance

I. Basic perspective on corporate governance and capital structure, business attributes, and other fundamental information

1. Basic perspective on corporate governance
2. Capital structure
Major shareholders
3. Business attributes
4. Other extraordinary circumstances that could have a significant impact on corporate governance

II. The corporate governance system regarding the management organization etc. concerning management decisions, execution, and administration

1. Structure of organization and matters pertaining to organizational operation etc.
Board of Directors
Board of Auditors
Incentives
Directors' compensation
Support system for outside directors and outside auditors
2. Matters concerning functions of execution of operations, auditing and administration, appointment, and compensation resolution

III. Policies implemented for the sake of shareholders and other stakeholders

1. Initiatives to make shareholders' meeting more vivid and develop efficient methods of exercising voting rights

2. Investor relations activities

3. Initiatives taken from a stakeholder standpoint

IV. Basic perspective on the internal control system and its current status

V. Others

1. Countermeasures against M&A

2. Other matters pertaining to the corporate governance system

Reference: Chart of the corporate governance system

Appendix to the Notice of the 66th Annual General Meeting of Shareholders

Business Report for the 66th Fiscal Period
(Fiscal year from April 1, 2005 to March 31, 2006)

1. Overview of the Business

(1) Business Progress and Results of the Business Group

During the fiscal year ended March 31, 2006, despite concerns relating to surging crude oil prices, the Japanese economy continued to show a pattern of recovery due to increased exports and production, and steady consumer spending supported by improvements in the employment environment and household income. The U.S. economy continued to show steady performance due to favorable consumer spending and capital investment. As for Europe, the business environment showed indications of improvement even though it was moderate.

In the video game industry, the handheld game market performed well with the launch of new hardware models. On the other hand, the market for consoles showed weak performance.

Nintendo's approach over the past year was to expand the gaming population by introducing "Nintendo DS", a handheld gaming device equipped with a touch screen and microphone port that enables intuitive game play, along with its wireless communication capability. These features have made it possible for new and unprecedented ideas to be introduced that expand the definition of video games. In order to cultivate a new user demographic, which include seniors and females, a software lineup known as "Touch! Generations" was introduced. "Touch! Generations" titles offer an entertaining experience that provide a fresh sensation to skilled gamers which is at the same time, easily accessible to those who were not familiar with video games in the past. In addition, "Nintendo Wi-Fi Connection", the wireless internet service for the "Nintendo DS" which has three key elements; "easy, safe, and charge-free" gained popularity and was accepted by a broad range of people.

Consolidated net sales for the fiscal year ended March 31, 2006 resulted in 509.249 billion yen (previous fiscal year resulted in 515.292 billion yen), recurring profit was 160.759 billion yen (previous fiscal year was 145.292 billion yen) and net income was 98.378 billion yen (previous fiscal year was 87.416 billion yen).

With respect to sales by business category, in the electronic entertainment products division, "Nintendo DS" and its new model "Nintendo DS Lite" sold a total of more than 16 million units on a worldwide basis in just over sixteen months after launch. Especially in Japan, "Nintendo DS" is selling at a faster rate than any other gaming device. Since January of this year, more than anticipated demand for it led to a shortage in supply, causing inconvenience to consumers and retailers. "Nintendo DS" software also enjoyed a boost in sales as the "Touch! Generations" titles, aimed at expanding the user base, sold exceptionally well. Among these titles, "Nintendogs", which allows the player to interact with virtual puppies on the screen sold 6.65 million units worldwide. Also from the lineup, a new brain training genre, "Brain Age: Train Your Brain in Minutes a Day", coupled with its sequel version, and "Big Brain Academy", even though released only in Japan, brought total unit sales of these three "Touch! Generations" titles during the period to 5.10 million. In addition, "Nintendo Wi-Fi Connection" compatible titles such as "Mario Kart DS", (an action racing game that lets the player compete against other players from around the world) sold 4.22 million units. Also, "Animal Crossing: Wild World", (a game that lets you communicate with friends) sold 3.56 million units. As for "Nintendo GameCube", the software titles such as "Mario Party 7" (a get-together game that lets up to eight players play simultaneously) and the role playing game "Pokémon XD: Gale of Darkness" each sold more than a million units, however, overall console hardware and software sales declined.

In total, net sales in the electronic entertainment products division were 507.072 billion yen

(previous fiscal year were 513.084 billion yen), while sales in the other products division (playing cards, karuta, etc.) were 2.176 billion yen (previous fiscal year were 2.208 billion yen). Furthermore, for the purpose of executing flexible capital policies in response to changes in the business environment, the Company acquired 2.15 million of its own shares, at a cost of 25.133 billion yen in conformity with the Board of Directors resolution.

(2) Future Prospects

The video game industry has developed as one of the few entertainment fields, which was launched and driven by Japan. Throughout the early years, the success of the industry was dependent upon increasingly spectacular graphics and more complex games. In recent years, however, the traditional success formula of developing splendid and complex games has become less productive. High development costs cannot be avoided by pursuing this traditional method and there is a growing perception that further expansion of the market will be difficult. As a result, the industry is now approaching a turning point.

Under such circumstances, Nintendo's basic strategy is to expand the gaming population by providing entertainment that anyone can enjoy regardless of age, gender, or gaming experience. In the field of handheld game devices, this strategy applied to "Nintendo DS" is beginning to bear fruit. By increasing the production capacity and thus maintaining the supply for the Japanese domestic market, production of "Nintendo DS Lite" will be enhanced, "Nintendo DS Lite" will also launch overseas and software from the new brain training genre will be introduced as well. In addition, while continuing to provide new ideas with the "Touch! Generations" titles, a diverse software lineup that even passionate gamers can enjoy will be formed in order for a wide range of users to enjoy those games all over the world. Also, during the calendar year 2006, a new gaming console "Wii" (pronounced "We"), which was previously referred to as "Revolution (tentative)", is scheduled for launch. With its unprecedented controller, "Wii" aims to set a new standard as a video game interface which will allow the whole family to relate to it and expand the gaming population in the console arena as well.

Your continued support and cooperation is appreciated.

(3) Financing and Capital Spending

There were no significant financing transactions or capital expenditures during the fiscal year ended March 31, 2006. Total capital spending was 5.597 billion yen; primary investment was for R&D facilities.

(4) Business Results and Financial Condition of the Company and Business Group

① Historical Business Results and Financial Condition of the Business Group

Category	Year ended March 31,			
	2003	2004	2005	2006
Net sales (in millions of yen)	504,135	514,805	515,292	509,249
Recurring profit (in millions of yen)	95,040	50,140	145,292	160,759
Net income (in millions of yen)	67,267	33,194	87,416	98,378
Net income per share (in yen)	482.15	246.93	662.96	762.28
Total assets (in millions of yen)	1,085,519	1,010,031	1,132,492	1,160,703
Net assets (in millions of yen)	890,369	890,247	921,466	974,091
Net assets per share (in yen)	6,626.74	6,658.05	7,082.68	7,613.79
Ratio of net worth to total assets	82.0%	88.1%	81.4%	83.9%

[Fiscal year ended March 31, 2003]

With respect to handheld hardware products, the new hardware "Game Boy Advance SP" was introduced and was very well received. As for software, new releases from the Pokémon series sold extremely well in Japan and the U. S. In the console segment, despite the popularity of new software titles, hardware sales were negatively affected by retail price reductions by competitors, which led to a decrease in total sales. In addition, due to appreciation of the yen at year-end compared with the end of the previous period, foreign exchange loss was incurred. As a result, both recurring profit and net income decreased.

[Fiscal year ended March 31, 2004]

With respect to the handheld segment, new Pokémon titles released in Europe during this period and "Game Boy Advance SP" hardware continued to achieve strong sales results. As for the console segment, favorable sales of software titles such as "Mario Kart: Double Dash!!" contributed to the increase in total sales. Substantial appreciation in the yen compared to the end of the previous period caused foreign exchange loss to increase significantly. As a result both recurring profit and net income decreased.

[Fiscal year ended March 31, 2005]

With respect to the console segment, "Nintendo GameCube" hardware sales decreased. However, total sales increased since sales of the new handheld gaming device "Nintendo DS" were strong worldwide. In addition, foreign exchange gain resulting from depreciation of the yen at year-end compared with the end of the previous period caused both recurring profit and net income to increase.

[Fiscal year ended March 31, 2006]

As described above in (1) Business Progress and Results of the Business Group.

② Historical Business Results and Financial Condition of the Company

Category	Year ended March 31,			
	2003	2004	2005	2006
Net sales (in millions of yen)	482,162	360,961	443,044	411,770
Recurring profit (in millions of yen)	97,969	31,694	134,123	149,439
Net income (in millions of yen)	61,157	16,020	80,005	91,585
Net income per share (in yen)	438.25	118.52	606.65	709.55
Total assets (in millions of yen)	967,349	892,960	998,208	1,003,005
Net assets (in millions of yen)	806,724	802,830	821,749	856,501
Net assets per share (in yen)	6,004.07	6,004.14	6,316.08	6,694.51
Ratio of net worth to total assets	83.4%	89.9%	82.3%	85.4%

[Fiscal year ended March 31, 2003]

Export sales of both handheld and console game products increased, causing growth in total net sales. Both recurring profit and net income decreased primarily due to foreign exchange losses.

[Fiscal year ended March 31, 2004]

Handheld game products continued to sell steadily. However, with regard to console game products, a worldwide retail price reduction on "Nintendo GameCube" hardware was the primary cause of the total sales decrease. In addition, a significant increase in foreign exchange loss versus the previous year caused both recurring profit and net income to decrease.

[Fiscal year ended March 31, 2005]

Strong worldwide sales of handheld game products that included the newly launched "Nintendo DS" contributed to the increase in total sales. In addition, recurring profit and net income significantly increased, primarily due to foreign exchange gain relative to last year.

[Fiscal year ended March 31, 2006]

While the handheld game product "Nintendo DS" sold favorably, the console game product "Nintendo GameCube" sales decreased. The total sales resulted in a decrease. Both recurring profit and net income increased primarily due to foreign exchange gain.

2. Company Overview (as of March 31, 2006)

(1) Principal Business of the Business Group

Nintendo develops, manufactures and distributes electronic entertainment products and other products as a major business. Principal products classified by division are as follows:

- Electronic entertainment products division
Game Boy Advance, Nintendo DS, Nintendo GameCube
- Other products division
Playing Cards, Karuta, etc.

(2) Principal Offices and Plants of the Business Group

• Offices:

Nintendo Co., Ltd.

Corporate Head Office (Kyoto), Tokyo Branch Office (Tokyo), Osaka Branch Office (Osaka), Nagoya Sales Office (Nagoya), Okayama Sales Office (Okayama), Sapporo Sales Office (Sapporo)

Subsidiaries

Nintendo of America Inc. (United States of America), Nintendo of Europe GmbH (Germany), Nintendo France S.A.R.L. (France)

• Plants:

Nintendo Co., Ltd.

Uji Plant (Kyoto), Uji Okubo Plant (Kyoto)

(3) Common Stock Information

- ① Number of shares authorized: 400,000,000
- ② Number of shares outstanding: 141,669,000
- ③ Number of shareholders: 22,663
- ④ Major shareholders

Name	Share ownership (in hundreds)	Voting Ratio (%)	Our investment in major shareholder (in thousands)	Invest- ment Ratio (%)
Hiroshi Yamauchi	141,650	11.09	-	-
Japan Trustee Services Bank, Ltd. (Trust Account)	79,563	6.23	-	-
The Chase Manhattan Bank NA London	68,742	5.38	-	-
The Master Trust Bank of Japan, Ltd. (Trust Account)	65,028	5.09	-	-
The Bank of Kyoto, Ltd.	63,885	5.00	4,542	1.29
The Nomura Trust and Banking Co., Ltd. (The Bank of Tokyo-Mitsubishi UFJ, Ltd. Pension and Severance Payments Trust Account)※2	47,647	3.73	-	-
The State Street Bank and Trust Company	37,028	2.90	-	-

- Notes: 1. The Company holds 13,754,800 treasury stocks but is excluded from the above "Major shareholders".
- ※2. The Bank of Tokyo-Mitsubishi UFJ, Ltd., which is the trustor of The Nomura Trust and Banking Co., Ltd., has reserved appointing rights concerning voting rights. There are 1,623,800 stocks under the name of The Bank of Tokyo-Mitsubishi UFJ, Ltd. In addition, the Company holds 2,000 common stocks (0.02%) of Mitsubishi UFJ Financial Group, Inc.: a complete parent company of The Bank of Tokyo-Mitsubishi UFJ, Ltd.

(4) Acquisition, disposal and holding of treasury shares

① Acquired shares

Ordinary shares	2,163,555 shares
Total amount for acquisition	25,218 million yen

Of the above, shares acquired after the 65th Annual General Meeting of Shareholders in conformity with the Board of Directors resolution stipulated in the articles of incorporation

Purpose of share acquisition

To execute flexible capital policies in response to changes in the business environment

Ordinary shares	2,157,400 shares
Total amount for acquisition	25,133 million yen

② Disposed shares

Ordinary shares	270 shares
Total amount for disposition	3 million yen

③ Lapsed shares

Not applicable

④ Holdings at the close of the fiscal year

Ordinary shares	13,754,896 shares
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(5) Employees of the Business Group

Number of employees (Increase over the previous year)	3,150 (137)
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(6) Business Affiliation

① Principal subsidiaries

Company name	Capital stock	Voting ratio	Principal business
Nintendo of America Inc.	110,000 (thousands of US\$)	100%	Distribution of electronic Entertainment products, etc.
Nintendo of Europe GmbH	30,000 (thousands of €)	100%	Distribution of electronic Entertainment products
Nintendo France S.A.R.L.	78,000 (thousands of €)	100%	Distribution of electronic Entertainment products

② Scope of consolidation and equity method application

During the fiscal year ended March 31, 2006, 2 subsidiaries were newly added in consolidation. Accordingly, 19 subsidiaries are included within the scope of consolidation. Furthermore, during the fiscal year ended March 31, 2006, 1 affiliate was excluded from the scope of equity method applied affiliates. Accordingly, 7 subsidiaries/affiliates are included within the scope of equity method applied affiliates. Results of corporate consolidation are described in 1. (1) Business Progress and Results of the Business Group.

(7) Directors and Auditors

Position	Name	Major responsibility
President (Representative Director)	Satoru Iwata	
Senior Managing Director (Representative Director)	Yoshihiro Mori	General Manager of Corporate Analysis & Administration Division
	Shinji Hatano	General Manager of Marketing Division
	Genyo Takeda	General Manager of Integrated Research & Development Division
	Shigeru Miyamoto	General Manager of Entertainment Analysis & Development Division
	Nobuo Nagai	General Manager of Research & Engineering Division
Managing Director	Masaharu Matsumoto	General Manager of Finance & Information Systems Division
	Eiichi Suzuki	Head of General Affairs Division General Manager of International Department Head of Business Development Department
Director	Kazuo Kawahara	General Manager of Tokyo Branch Office
	Tatsumi Kimishima	President of Nintendo of America Inc.
	Takao Ohta	General Manager of Manufacturing Division
	Kaoru Takemura	General Manager of Personnel Division
Corporate Auditor	Ichiro Nakaji	
	Minoru Ueda	Certified Public Accountant
	Yoshiro Kitano	Certified Tax Accountant
	Katsuo Yamada	Lawyer & Patent Attorney
	Naoki Mizutani	

- Notes: 1. Yoshiro Kitano, Katsuo Yamada, and Naoki Mizutani are outside corporate auditors as provided in Paragraph 1 of Article 18 of "The Law Concerning Exceptional Measures to the Commercial Code with Respect to Auditing, etc. of Joint Stock Corporations".
2. At the 65th Annual General Shareholders' Meeting held on June 29th, 2005, Takao Ohta and Kaoru Takemura were elected as directors and took their positions. As of the closing of the 65th Annual General Shareholders' Meeting held on June 29th, 2005, Atsushi Asada and Hiroshi Yamauchi retired from the office of directors.
3. As of July 28th, 2005 the post of the following director has been changed.

New post	Name	Previous post
General Manager of General Affairs Division and Head of Business Development Department	Eiichi Suzuki	General Manager of General Affairs Division

As of October 1st, 2005, the posts of the following directors have been changed.

New Post	Name	Previous post
General Manager of Finance & Information Systems Division and Head of General Affairs Division	Masaharu Matsumoto	General Manager of Finance & Information Systems Division
General Manager of International Department and Head of Business Development Department	Eiichi Suzuki	General Manager of General Affairs Division and Head of Business Development Department

(8) Amount of Compensation Payable to Accounting Auditors

- ① Total amount of compensation payable by the Company and its subsidiaries:
51 million yen
- ② Of the total amount mentioned in ① above, total amount payable by the Company and its subsidiaries to the accounting auditors (Article 2 Clause 1 of the Certified Public Accountants Law No. 103 in 1948) for their service (service for certification of audit):
51 million yen
- ③ Of the total amount mentioned in ② above, amount of compensation payable by the Company for the accounting auditors:
48 million yen

Note: Since an agreement between the Company and the accounting auditors does not divide the compensation for the audit under "The Law Concerning Exceptional Measures to the Commercial Code with Respect to Auditing, etc. of Joint Stock Corporations" with the one for the audit under the Security Transaction Law and it is substantially impossible to do so, the amount in ③ above indicates the total amount of those audits.

3. Subsequent Events
Not applicable

Amounts and number of shares presented in this business report are rounded down to each unit set forth. Ratios and others are rounded off to each unit set forth.

CONSOLIDATED BALANCE SHEET (As of March 31, 2006)

Yen in millions

Description	Amount	Description	Amount
Assets		Liabilities	
Current assets:	1,018,730	Current liabilities:	182,274
Cash & deposits	812,064	Notes and trade accounts payable	83,817
Notes and trade accounts receivable	43,826	Accrued income taxes	53,040
Securities	64,287	Reserve for bonuses	1,732
Inventories	30,835	Other current liabilities	43,684
Deferred income taxes	24,170	Non-current liabilities:	4,161
Other current assets	45,061	Non-current accounts payable	861
Allowance for doubtful accounts	- 1,514	Reserve for employee retirement and severance benefits	3,299
Fixed assets:	141,972		
(Property, plant & equipment)	(55,969)	Total liabilities	186,435
Buildings & structures	18,838		
Machinery, equipment & automobiles	1,144	Minority interests	176
Furniture & fixtures	3,341		
Land	32,604	Shareholders' equity	
Construction in progress	41	Common stock	10,065
(Intangible assets)	(319)	Additional paid-in capital	11,585
(Investments & other assets)	(85,683)	Retained earnings	1,096,073
Investments in securities	60,213	Unrealized gains on other securities	10,717
Deferred income taxes	10,314	Translation adjustments	762
Other investments & other assets	15,182	Treasury stock, at cost	- 155,112
Allowance for doubtful accounts	- 26		
		Total shareholders' equity	974,091
Total	1,160,703	Total	1,160,703

CONSOLIDATED STATEMENT OF INCOME (Year ended March 31, 2006)

Yen in millions

Description	Amount	
Net sales		509,249
Cost of sales		294,133
	Gross margin	215,115
Selling, general & administrative expenses		124,766
	Operating income	90,349
Other income		
Interest income	22,497	
Foreign exchange gain	45,515	
Other	2,884	70,897
Other expenses		
Sales discount	422	
Other	65	487
	Recurring profit	160,759
Extraordinary income		
Reversal of allowance for doubtful accounts	966	
Reversal of unrealized loss on investments in securities	1,408	
Gain on sales of fixed assets	6	
Gain on sales of investments in securities	3,653	
Gain on redemption of investments in securities	82	
Gain on liquidation of investments in affiliates	5	
Reversal of reserve for directors' retirement and severance benefits	1,236	7,360
Extraordinary loss		
Loss on disposal of fixed assets	31	
Unrealized loss on investments in securities	1,383	
Loss on sales of investments in securities	233	1,648
	Income before income taxes and minority interests	166,470
Provision for income taxes and enterprise taxes	74,431	
Income taxes deferred	- 6,292	68,138
Minority interests		- 46
	Net income	98,378

Basis of Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries 19
Principal consolidated subsidiaries are as described in (6) Business Affiliation ①
Principal subsidiaries in 2. Company Overview.

Non-consolidated subsidiaries Fukuei Co., Ltd.

The subsidiary above is excluded from consolidation as it is small in size and does not have a significant impact on the consolidated financial statements in respect of combined assets, sales, net profit, and retained earnings etc.

Nintendo Research, Inc. and Nintendo (Hong Kong) Ltd. are newly consolidated because of capital investment.

2. Scope of equity method companies

Number of Affiliates with equity method applied 7

Principal Affiliate with equity method applied The Pokémon Company

Non-consolidated subsidiary with equity method not applied Fukuei Co., Ltd.

Affiliate with equity method not applied Ape inc.

Non-consolidated subsidiaries and affiliates with equity method not applied are excluded from the scope of equity method application since they do not have a significant impact on the consolidated financial statements in respect of net profit and retained earnings etc.

With respect to (equity method applied) companies with different year-end from consolidated year-end (i.e., March 31), their financial statements are used either as they are or based on appropriate provisional financial information.

A/N Software Inc. is excluded from the scope of equity method application because of liquidation.

3. Significant 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 or market method, determined by the moving average method
- (2) Depreciation method for important fixed assets:
- (A) Tangible assets For the Company and its domestic consolidated subsidiaries, declining balance method is applied (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.
For overseas consolidated subsidiaries, straight-line method, over the estimated useful lives of the assets, is applied.
Estimated useful lives of the principal assets are as follows:
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) Important 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 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 projected amount at the end of the consolidated accounting period, on the basis of the cost of retirement benefits and plan assets at the end of the current fiscal year. Actuarial calculation difference is processed collectively, mainly in the accrued

year.

In addition, because the Company's plan assets exceeded the cost of retirement benefits during the current consolidated accounting period, reserve for employee retirement and severance benefits is booked as "Prepaid plan assets" in "Other investments and other assets".

(Change in accounting procedure)

Effective as of the annual consolidated accounting period ended March, 2006, the Company adopted the partial amendment of "Corporate Accounting Standard No. 3 regarding Employee Retirement and Severance Benefits and its application guidelines No. 7", issued on March 16, 2005. This caused operating income, income before income taxes and extraordinary items, and income before income taxes and minority interests to increase by 2,677 million yen.

(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 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 is shown as Minority Interests and Translation Adjustments in Shareholders' equity.

(5) Other significant matters relating to the preparation of consolidated financial statements

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

(6) Valuation of assets and liabilities of consolidated subsidiaries

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

(7) Amortization of consolidated adjustment account

The amount of consolidated adjustment account is fully amortized in the same fiscal year as incurred.

Notes to Balance sheet:

1. All amounts less than one million yen are rounded down.
2. Accumulated depreciation of tangible fixed assets 38,693 million yen
3. Gensaki transactions are included in other current assets.
The market value of marketable securities (held as the collateral)
as of fiscal year-end is 15,939 million yen.

Notes to Income statement:

1. All amounts less than one million yen are rounded down.
2. Net income per share for the period 762.28 yen
(from April 1, 2005 to March 31, 2006)

Certified copy of auditing report on consolidated financial documents by accounting auditors

Auditing Report by Independent Auditors

May 22, 2006

To: Board of Directors
Nintendo Co., Ltd.

ChuoAoyama PricewaterhouseCoopers
Yukihiro Matsunaga, C.P.A. (Seal)
Executive member

Shingo Yamamoto, C.P.A. (Seal)
Executive member

The auditing firm audited the consolidated financial documents of Nintendo Co., Ltd. in the 66th business year from April 1, 2005 through March 31, 2006, that is, consolidated balance sheet and consolidated statement of income in accordance with Article 19,2 Clause 3 of the old "the Law Concerning Exceptional Measures to the Commercial Code with respect to Auditing, etc. of Joint Stock Companies". The responsibilities of preparation of these consolidated financial documents lie to the executives of the Company and the responsibilities of the accounting firm are to express the opinion on the consolidated financial documents from the independent position.

The auditing firm conducted the audit in accordance with the auditing standard generally accepted as fair and reasonable in Japan. The auditing standard demands the auditing firm to secure the reasonable guarantee whether there is any false representation in the consolidated financial documents. The audit was performed on a basis of trial examination that includes review of the representation of the consolidated financial documents as a whole including review of the accounting policy and method of application adopted by the executives as well as estimation by the executives. The accounting firm judges that it has obtained the reasonable basis to express the opinion as a result of the audit. In this connection, the audit includes the auditing procedures that were applied to the subsidiaries as deemed as necessary by the auditing firm.

As a result of the audit, the auditing firm judges that the consolidated financial documents represents correctly the situation of properties and loss and profit of the business group that is comprised of Nintendo Co., Ltd. and its consolidated subsidiaries, etc in accordance with the laws and regulations and the Article of Incorporation.

There exists no stake to be described between the Company and the accounting firm or executive members in accordance with the provisions of the Law on Certified Public Accountant.

Certified copy of auditing report on consolidated financial documents by Board of Corporate Auditors

Audit Report

The Board of Auditors is reported by each corporate auditor in connection with the consolidated financial documents (consolidated balance sheet and consolidated statement of income) during 66th business year from April 1, 2005 to March 31, 2006 and prepares this auditing report and reports as follows upon consultation:

1. Summary of Auditing Method by Corporate Auditors

Adhering to the auditing policy and sharing of the duties, etc. fixed by the board of corporate auditors, each of the auditors was reported and explained by the directors and the accounting auditors regarding the consolidated financial documents. In addition, as-needed basis, reports regarding accounting matters were requested to be submitted by affiliates and consolidated subsidiaries to investigate their operations and property.

2. Results of Auditing

(1) We judge that the auditing method and auditing by ChuoAoyama PricewaterhouseCoopers, the accounting auditors, is reasonable.

(2) We judge that there are no matters regarding consolidated financial documents to be pointed out after investigating affiliates and consolidated subsidiaries.

May 25, 2006

Board of Corporate Auditors

Ichiro Nakaji (Seal)
Full-time Corporate
Auditor

Yoshiro Kitano (Seal)
Corporate Auditor

Minoru Ueda (Seal)
Full-time Corporate
Auditor

Katsuo Yamada (Seal)
Corporate Auditor

Naoki Mizutani (Seal)
Corporate Auditor

Note: Yoshiro Kitano, Katsuo Yamada and Naoki Mizutani are outside corporate auditors as provided in Paragraph 1 of Article 18 of the old "The Law concerning Exceptional Measures to the Commercial Code with Respect to Auditing, etc. of Joint Stock Corporations."

NON-CONSOLIDATED BALANCE SHEET (As of March 31, 2006)

Yen in millions

Description	Amount	Description	Amount
Assets		Liabilities	
Current assets:	856,237	Current liabilities:	145,659
Cash & deposits	727,679	Notes payable	4,140
Notes receivable	1,345	Trade accounts payable	75,932
Trade accounts receivable	39,678	Other accounts payable	10,900
Securities	17,305	Accrued income taxes	42,440
Finished goods	2,934	Advances received	228
Raw materials	10,437	Reserve for bonuses	1,732
Work in progress	95	Other current liabilities	10,284
Supplies	210	Non-current liabilities:	844
Deferred income taxes	16,135	Non-current accounts payable	844
Other current assets	40,417		
Allowance for doubtful accounts	- 1		
Fixed assets:	146,767	Total liabilities	146,503
(Property, plant & equipment)	(40,225)	Shareholders' equity	
Buildings	12,951	Common stock	10,065
Structures	321	Additional paid-in capital	11,585
Machinery & equipment	181	Capital reserve	11,584
Automobiles	20	Other additional paid-in capital	0
Furniture & fixtures	1,568	Gain on disposal of treasury stock	0
Land	25,182	Retained earnings	979,247
(Intangible assets)	(270)	Legal reserve	2,516
Software	261	Optional reserve	810,044
Other intangible assets	9	Special reserve	44
(Investments & other assets)	(106,271)	General reserve	810,000
Investments in securities	53,949	Unappropriated	166,686
Investment securities of affiliates	19,138	Unrealized gains on other securities	10,716
Investments in affiliates	10,419	Treasury stock, at cost	- 155,112
Non-current receivable	2,718		
Deferred income taxes	7,685	Total shareholders' equity	856,501
Other investments & other assets	15,077		
Allowance for doubtful accounts	- 2,717		
Total	1,003,005	Total	1,003,005

NON-CONSOLIDATED STATEMENT OF INCOME (Year ended March 31, 2006)

Yen in millions

Description	Amount	
Net sales		411,770
Cost of sales		261,855
	Gross margin	149,914
Selling, general & administrative expenses		68,366
	Operating income	81,547
Other income		
Interest income	18,144	
Dividend income	678	
Foreign exchange gain	47,932	
Other	1,716	68,472
Other expenses		
Sales discount	561	
Other	19	580
	Recurring profit	149,439
Extraordinary income		
Reversal of allowance for doubtful accounts	73	
Reversal of unrealized loss on investments in securities	1,408	
Gain on sales of fixed assets	6	
Gain on sales of investments in securities	3,653	
Gain on redemption of investments in securities	82	
Gain on liquidation of affiliates	5	
Reversal of reserve for directors' retirement and severance benefits	1,236	6,468
Extraordinary loss		
Loss on disposal of fixed assets	31	
Unrealized loss on investments in securities	1,383	
Loss on sales of investments in securities	233	1,648
	Income before income taxes	154,258
Provision for income taxes and enterprise taxes	67,297	
Income taxes deferred	- 4,623	62,673
	Net income	91,585
Retained earnings brought forward		84,055
Interim cash dividend		8,954
	Unappropriated retained earnings	166,686

6. Provision of allowances and reserves

(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 Company is calculating the reserve for bonuses with estimated prorated amounts to be paid.

(3) Reserve for employee retirement and severance benefits

The reserve for employee retirement and severance benefits is calculated with actuarially projected 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 current fiscal year.

Actuarial calculation difference is processed collectively in the accrued year.

In addition, because the Company's plan assets exceeded the cost of retirement benefits during the current consolidated accounting period, reserve for employee retirement and severance benefits is booked as "Prepaid plan assets" in "Other investments and other assets".

(Change in accounting procedure)

Effective as of the annual consolidated accounting period ended March 31, 2006, the Company adopted the partial amendment of "Corporate Accounting Standard No. 3 regarding Employee Retirement and Severance Benefits and its application guidelines No. 7", issued on March 16, 2005. This caused operating income, income before income taxes and extraordinary items, and income before income taxes to increase by 2,677 million yen.

(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 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".

7. Consumption tax

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

Notes to Balance sheet:

1. All amounts less than one million yen are rounded down.
2. Receivables and payables with affiliates

Short-term receivables	30,407 million yen
Long-term receivables	2,691 million yen
Short-term payables	1,681 million yen
3. Accumulated depreciation of tangible fixed assets 23,542 million yen
4. Guaranteed liability 3,434 million yen
5. Total amount of net assets 10,447 million yen
stipulated in Commercial Code, Enforcement
Rule Article 124, Provision 3.
6. Gensaki transactions are included in other current assets.
The market value of marketable securities (held as the collateral)
as of fiscal year-end is 15,939 million yen.

Notes to Income statement:

1. All amounts less than one million yen are rounded down.
2. Transactions with affiliates

Sales	252,490 million yen
Operating expenses	11,610 million yen
Turnover with affiliates other than operating activities	526 million yen
3. Net income per share for the period 709.55yen
(from April 1, 2005 to March 31, 2006)

PROPOSAL OF APPROPRIATION

Yen

Unappropriated retained earnings	166,686,375,769
Reversal of special reserve	2,163,713
Total	166,688,539,482
Allocation proposed as follows:	
Cash dividends (320.00 yen per share)	40,932,513,280
Directors' bonuses	180,000,000
General reserve	50,000,000,000
Retained earnings carried forward	75,576,026,202

Note: The Company paid 8,954,232,490 yen (70 yen per share) as interim dividend on December 9, 2005.

Certified copy of auditing report by accounting auditors

Auditing Report of Independent Auditors

May 22, 2006

To: Board of Directors
Nintendo Co., Ltd.

ChuoAoyama PricewaterhouseCoopers
Yukihiro Matsunaga, C.P.A. (Seal)
Executive member

Shingo Yamamoto, C.P.A. (Seal)
Executive member

The auditing firm audited the financial documents of Nintendo Co., Ltd. in the 66th business year from April 1, 2005 through March 31, 2006, that is, balance sheet, statement of income, business report (limited to a portion of the accounting) and proposal of profit as well as annexed particulars (limited to a portion of the accounting) in accordance with Article 2.1 of the old "the Law Concerning Exceptional Measures to the Commercial Code with respect to Auditing, etc. of Joint Stock Companies". A portion relating to the accounting of the business report and annexed particulars covered by the audit is the one described in accordance with the accounting book among the matters described in the business report and annexed particulars. The responsibilities of preparation of these financial documents and annexed particulars lie to the executives of the Company and the responsibilities of the accounting firm are to express the opinion on the financial documents and annexed particulars from the independent position.

The auditing firm conducted the audit in accordance with the auditing standard generally accepted as fair and reasonable in Japan. The auditing standard demands the auditing firm to secure the reasonable guarantee whether there is any false representation in the financial documents and annexed particulars. The audit was performed on a basis of trial examination that includes review of the representation of the financial documents and annexed particulars as a whole including review of the accounting policy and method of application adopted by the executives as well as estimation by the executives. The accounting firm judges that it has obtained the reasonable basis to express the opinion as a result of the audit. In this connection, the audit includes the auditing procedures that were applied to the subsidiaries as deemed as necessary by the auditing firm.

As a result of the audit, the opinion of the accounting firm is as follows:

- (1) We judge that the balance sheet and statement of income represent correctly the situation of the properties and loss and income of the Company in accordance with the laws and regulations and the Articles of Incorporation.
- (2) We judge that the business report (limited to a portion of the accounting) represents correctly the situation of the Company in accordance with the laws and regulations and the Articles of Incorporation.
- (3) We judged that the proposal on disposition of profits conforms to the laws and regulations and the Articles of Incorporation.
- (4) We judge that there is no matter in the annexed particulars (limited to a portion of the accounting) to be pointed out in view of the provisions of the old Commercial Code.

There exists no stake to be described between the Company and the accounting firm or executive members in accordance with the provisions of the Law on Certified Public Accountant.

Certified copy of auditing report by Board of Corporate Auditors

Audit Report

The Board of Corporate Auditors, having received a report from each corporate auditor on the method and results of his audit on the performance of duties of directors during the 66th fiscal period from April 1, 2005 to March 31, 2006 and, as a result of discussion, does hereby report the results of audit as follows:

1. Method of Audit

Each corporate auditor has attended the meetings of the Board of Directors' and other important meetings of the Company, received reports on the operations of the Company from directors and internal auditing division, perused important documents including those subject to executive approval, conducted examination of conditions of business and assets at the head office and other major business offices, regularly requested reports on the operations of the subsidiaries, and conducted examination of conditions of business and assets of major subsidiaries. Each corporate auditor has also received from accounting auditors reports concerning accounting audit and their opinions and conducted examinations of accounting documents and supplemented schedules thereof.

With respect to the directors' engaging in competing transactions, transactions involving conflict of interest between the Company and directors, providing by the Company of a benefit without compensation, unusual transactions between the Company and its subsidiary or shareholder and acquisition and disposition by the Company of its own shares, each corporate auditor has, in addition to the audit procedures described above, requested reports from directors and other parties and conducted investigation and examination as deemed necessary.

2. Results of Audit

The Board of Corporate Auditors hereby renders our opinion as follows:

- (1) The method of audit employed by ChuoAoyama PricewaterhouseCoopers and the result thereof are proper and fair.
- (2) The contents of the business report present fairly the position of the Company pursuant to the laws and regulations and the Articles of Incorporation.
- (3) The proposed allocation of profits contains nothing particular to be commented on in the light of the condition of assets of the Company and other circumstances.
- (4) The supplemental schedules present fairly the matters to be described therein and contain nothing to be commented on.
- (5) With respect to the directors' execution of their duties including in subsidiaries, no unfair conduct, nor any material breach of the laws and regulations or the Articles of Incorporation has been found. Moreover, with regard to the directors' engaging in competing transactions, transactions involving conflict of interest between the Company and directors, providing by the Company of a benefit without compensation, unusual transactions between the Company and its subsidiary or shareholder and acquisition and disposition by the Company of its own shares, no violation of duties by any directors has been found.

May 25, 2006

Board of Corporate Auditors

Ichiro Nakaji (Seal)
Full-time Corporate
Auditor

Minoru Ueda (Seal)
Full-time Corporate
Auditor

Yoshiro Kitano (Seal)
Corporate Auditor

Katsuo Yamada (Seal)
Corporate Auditor

Naoki Mizutani (Seal)
Corporate Auditor

Note: Yoshiro Kitano, Katsuo Yamada and Naoki Mizutani are outside corporate auditors as provided in Paragraph 1 of Article 18 of the old "The Law concerning Exceptional Measures to the Commercial Code with Respect to Auditing, etc. of Joint Stock Corporations."

[Reference Material for General Meeting of Shareholders]

Proposal No. 1: To approve the proposed appropriation of profits with respect to the 66th fiscal period

It is proposed that the appropriation of profits shall be made as shown in detail on Page 19.

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. Annual dividend per share will be established at the higher of the amount calculated based on 33% of consolidated operating income and the amount calculated based on the 50% consolidated net income standard. The annual minimum dividend per share is kept at 140 yen.

Based on this policy, the annual dividend per share will increase by 120 yen compared to the previous fiscal year to 390 yen. Since the interim dividend of 70 yen per share has been already paid, dividend of the current period will be 320 yen per share, which is an increase of 120 yen compared to the previous period.

In addition, bonuses for the 12 directors is to be 180 million yen in total, taking into consideration the business performance of the fiscal year ended March 31, 2006 etc.

Proposal No. 2: To approve the proposed amendment of the Articles of Incorporation

1. Reasons for the Amendments

- (1) To expand the purpose of the enterprise by preparing for expansion of operations amid the changing business environment associated with the penetration of the Internet. (Article 2)
- (2) Since the Company Law, Implementation Rules of the Company Law, and Rules on Company Calculation have been taken into effect as of May 1, 2006, the Articles of Incorporation are to be amended for the following reasons:
 - i. To improve public announcement functions and convenience, as well as to reduce expenses, the method of public announcements by the Company will be changed to an electronic basis and some reference material for the general meeting of shareholders will be made available on the Internet. (Articles 5 and 16)
 - ii. To define the rights of shareholders owning odd lot shares as well as to clarify the place of assembly for the general meeting of shareholders and method of exercising voting rights by proxy (Articles 9, 13.2, and 18.1)
 - iii. To provide prompt and expeditious profit returns to our shareholders, distribution of surplus etc. will be decided upon resolution by the Board of Directors' Meeting. (Article 43)
 - iv. To make resolutions of the Board of Directors in written or electro-magnetic form for the purpose of expeditious and efficient operations of the Board of Directors' meeting (Article 26.2)
 - v. To establish a company organization to establish provisions regarding accounting auditors. (Articles 4, Articles 40 and 41 of Chapter 6)
 - vi. In addition to the above, the required changes are made such as addition, deletion, modification, and transfer of the provisions necessary for a listed corporation under the Company Law.
- (3) In addition to the above, adjustments are to be made throughout the Articles of Incorporation to article numbers and wording.

Proposal No. 3: To elect thirteen directors

At the close of this Annual General Meeting of Shareholders, all twelve directors' (Satoru Iwata, Yoshihiro Mori, Shinji Hatano, Genyo Takeda, Shigeru Miyamoto, Nobuo Nagai, Masaharu Matsumoto, Eiichi Suzuki, Kazuo Kawahara, Tatsumi Kimishima, Takao Ohta, and Kaoru Takemura) terms of office expire. And the Company asks for approval to elect thirteen directors.

The candidates are as follows:

	Name
1	Satoru Iwata
2	Yoshihiro Mori
3	Shinji Hatano
4	Genyo Takeda
5	Shigeru Miyamoto
6	Nobuo Nagai
7	Masaharu Matsumoto
8	Eiichi Suzuki
9	Kazuo Kawahara
10	Tatsumi Kimishima
11	Takao Ohta
12	Kaoru Takemura
13	Koji Yoshida

Note: No conflict of interest exists between the Company and any above candidates.

Proposal No. 4: To approve the proposed revision of directors' compensation

Total annual compensation to the Company's directors is presently within 500 million yen as previously approved at the 62nd Annual General Meeting of Shareholders held on June 27, 2002. Directors' retirement allowance system has been discontinued as of last year as part of the Company's management reforms and bonuses have been classified as compensation due to the enforcement of Company Law. Based on Corporate Accounting Standard No. 4 regarding Directors' Bonuses, bonuses are to be processed as expense as is the compensation. Associated with these factors, directors' compensation is to be unified and considering other circumstances, the proposed total annual compensation to directors is within 800 million yen. In addition, as previously established, employee wage is not included in directors' compensation for directors who have positions as an employee.

Assuming that Proposal No. 3 is approved, thirteen directors (increase of one director) have the right to receive directors' compensation.

Proposal No. 5: To approve the proposed revision of auditors' compensation

Total annual compensation to the Company's corporate auditors is presently within 80 million yen as previously approved at the 60th Annual General Meeting of Shareholders held on June 29, 2000. Corporate auditors' retirement allowance system has been discontinued as of last year as part of the Company's management reforms and considering other circumstances, the proposed total annual compensation to corporate auditors is within 100 million yen.

Five corporate auditors have the right to receive corporate auditors' compensation.