

August 6, 2003

## Consolidated Financial Report for the Three Months Ended June 30, 2003

For further information contact:

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### 1. Notes on Presentation of Quarterly Operating Results

(1) Changes in accounting treatment from the most-recent consolidated fiscal year: Yes

The simple method has been applied to the calculation of income taxes.

(2) Changes in scope of consolidation and application of equity method: None

### 2. Consolidated Operating Results for the Three Months Ended June 30, 2003

This consolidated financial report has been prepared in accordance with Japanese accounting principles and practices.  
 Figures less than one million yen have been rounded down.

#### (1) Results of Consolidated Operations

Three-month period ended	(Millions of yen)					
	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
<b>June 30, 2003</b>	<b>35,547</b>	-	<b>1,426</b>	-	<b>1,270</b>	-
June 30, 2002	-	-	-	-	-	-
FYE March 31, 2003	154,777		9,470		8,777	

Three-month period ended	(Millions of yen)			
	Net income	Percentage change	Net income per share (in yen)	Diluted net income per share (in yen)
<b>June 30, 2003</b>	<b>591</b>	-	<b>10.73</b>	<b>10.46</b>
June 30, 2002	-	-	-	-
FYE March 31, 2003	4,115		72.35	70.12

Notes:

1. The percentage figures accompanying net sales, operating income, ordinary income, and net income represent year-on-year changes.

2. Because this is the first quarterly financial report for Namco Limited no year-on-year comparisons have been made.

### **[Qualitative Data and Other Information Related to Consolidated Operating Results]**

The first quarter (April 1, 2003 to June 30, 2003) of the fiscal year ending March 31, 2004 started under tumultuous circumstances.

Outside Japan, Namco operations were affected to varying degrees by the Severe Acute Respiratory Syndrome (SARS) outbreak, as well as by the war in Iraq. Domestically, the timing of Japan's traditional "Golden Week" holidays this year, a damaging earthquake in northern Japan and other factors combined to dampen spirits somewhat during the period.

Despite these challenges, Namco posted net sales of ¥35,547 million. On the earnings front, ordinary income was ¥1,270 million and net income was ¥591 million.

#### **Coin-Operated Game Machines**

· Net sales: ¥ 6,834 million

· Operating income: ¥ 1,736 million

In Japan, the AM Company (involved in amusement machines) launched several strong-selling game machines. These included the sale of *Taiko No Tatsujin 4*, the popular musical game in which players beat a Japanese drum in time to their favorite tunes, as well as *Sweet Land Plus*, *WaiWai Clipper: Blue Version*, and *Petter the Shepherd*, new additions to the popular prize crane/pusher game and medal (token-based) game genres. Overseas, the shooting game *Time Crisis 3* performed well, particularly in North America and Europe.

The P-7 Company (comprising pachinko and pachislot graphics processing software) developed a new liquid crystal display (LCD) unit for pachinko machines known as *CR Xevious*. In May 2003, pachinko machine manufacturer Takao Co., Ltd. launched three new CR pachinko machine varieties equipped with P-7 Company's *CR Xevious* displays.

#### **Home Videogame Software**

· Net sales: ¥6,742 million

· Operating income: ¥ 236 million

In Japan, the CT Company (involved in home videogame software) saw favorable sales of PlayStation 2 software, including *Taiko No Tatsujin Doki! Shinkyoku Darake No Harumatsuri*, the latest home version of the coin-operated favorite, and *Nettyu! Pro Baseball 2003*. *Xenosaga* led the way in brisk sales for PlayStation 2 software in North America, closely followed by the value-priced games *Ace Combat 4*, *Pac-Man World 2* and other titles. In Europe, *MotoGP3*, which went on sale in April 2003 for the PlayStation 2, and value-priced titles *Tekken Tag Tournament*, *Pac-Man World 2* and other PlayStation 2 software all turned in admirable sales performances.

The WMC Company (responsible for content targeting mobile devices) successfully attracted new subscribers in Japan, thanks to the popularity of its *Taiko No Tatsujin* site for NTT DoCoMo mobile phone users set up in April 2003, followed by its *Baukko DX* site, launched the following June. As of June 30, 2003, Namco sites had a combined total of around 595,000 subscribers, compared with approximately 550,000 at the previous fiscal year-end. The WMC Company also distributed game content abroad through Namco subsidiaries overseas.

#### **Amusement Facility Operations**

· Net sales: ¥17,373 million

· Operating income: ¥870 million

#### **Japan**

The ET Company (engaged in operation of amusement facilities) continued to focus on enacting measures to bolster operations, attract customers and reduce costs at Namco amusement facilities.

Major new facilities that opened during the period included *NAMCOLAND Fukuyama* in Fukuyama City, Hiroshima Prefecture; and *NAMCOLAND Oyumino* in Chiba City, Chiba Prefecture; *WONDERPARK Atsuta*, a multi-function complex featuring a food court and retail shops in Nagoya, Aichi Prefecture; as well as *Internet Space Chi Ko Raku Sakae Hirokouji*, a new amusement facility format centered on use of the Internet. The latter was opened in Nagoya City, Aichi Prefecture. The three *Shima-Shima Town* facilities, operated with Benesse Corporation, turned in strong performances. *Shima-Shima Town Hoshigaoka*, opened in October 2002 in Nagoya, has performed particularly well in its first 6 months of operations, drawing in over 100,000 visitors as of April 2003. In food theme parks, Tokyo's *Namco Namja Town*, which has attracted wide attention in Japan for its various food exhibits, opened a well-received "Pudding Fair" in June 2003.

#### **North America, Europe and Asia**

While the war in Iraq and SARS affected certain aspects of Namco's operations during the first quarter, effects were for the most part limited in scope, as overall operations continued along smoothly. In North America, Namco moved to strengthen management on April 1, 2003 by appointing CEOs from headquarters to Namco Cyberentertainment Inc. and XS Entertainment Inc., two companies involved in the operation of amusement facilities. Namco also pushed ahead with measures to shutter unprofitable facilities, closing a total of eight directly managed locations in the first quarter. The popular shooting game *Time Crisis 3*, meanwhile, continued to draw in new players.

In the European market, operations remained fairly steady throughout the period. In Asian markets, however, the effects of SARS during April and May forced the halt of business at locations in Hong Kong. Despite this inauspicious start, the end of the SARS crisis has since seen performance return to normal.

**Restaurant Operations**

- Net sales: ¥1,056 million
- Operating income: ¥87 million

Italian Tomato Ltd. focused on expanding its network of self-service Italian Tomato Café Jr. restaurants, offering competitively priced pasta dishes, coffee and other food and drinks.

**Movies and Graphics**

- Net sales: ¥2,178 million
- Operating income: ¥91 million

Nikkatsu Corporation

In line with organizational reform measures enacted in the previous year, Nikkatsu started cooperating with Namco and continued ongoing efforts to streamline its operations. Nikkatsu also completed its latest film, *SHARASOUJU*, directed by Naomi Kawase. The film garnered rave reviews at the May 2003 Cannes Film Festival, and advanced showings began in cinemas throughout the Kansai region in June 2003.

**Others**

- Net sales: ¥1,361 million
- Operating loss: ¥279 million

Incubation Center

Significant developments included the opening of *Led Zone*, a new facility format centered on network gaming, in Tokyo's Ota Ward in June 2003. Efforts are currently focused on firmly establishing this new format and building a larger customer base.

**(2) Consolidated Financial Position**

As of	(Millions of yen)			
	Total assets	Total shareholders' equity	Equity ratio (%)	Shareholders' equity per share (in yen)
<b>June 30,2003</b>	<b>143,801</b>	<b>96,632</b>	<b>67.2</b>	<b>1,754.18</b>
June 30,2002	-	-	-	-
March 31,2003	143,213	96,647	67.5	1,752.09

Note:

Because this is the first quarterly financial report for Namco Limited, no year-on-year comparisons have been made.

Number of shares outstanding at year-end (in shares)

End of the first quarter for March 31, 2004 55,086,902

Fiscal year ended March 31, 2003: 55,086,939

**[ Consolidated Cash Flows ]**

Three-month period ended	(Millions of yen)			
	Operating activities	Investing activities	Financing activities	Cash and cash equivalents
<b>June 30,2003</b>	<b>3,082</b>	<b>(370)</b>	<b>(1,912)</b>	<b>36,966</b>
June 30,2002	-	-	-	-
FYE March 31, 2003	15,890	(913)	(3,501)	36,078

Note:

Because this is the first quarterly financial report for Namco Limited, no year-on-year comparisons have been made.

**[Qualitative Data and Other Information Related to Consolidated Financial Position]**

Total assets at the end of the first quarter were ¥143,801 million, ¥588 million higher than at the end of the previous fiscal year. Shareholders' equity, meanwhile, was virtually unchanged from March 31, 2003 at ¥96,632 million, with the equity ratio at 67.2%. In terms of major changes, in current assets, cash and cash equivalents increased ¥886 million, trade receivables and accounts receivable decreased ¥3,567 million and inventories increased ¥2,239 million. In property, plant and equipment, amusement machines and facilities increased ¥433 million. Under current liabilities, trade payables rose ¥621 million, while repayments reduced short-term bank loans by ¥981 million. In long-term liabilities, long-term borrowings decreased ¥343 million.

**Cash Flows**

Cash flow from operating activities

Operating activities provided net cash of ¥3,082 million, the result mainly of income before income taxes of ¥1,318 million and depreciation and amortization of ¥2,474 million.

Cash flow from investing activities

Investing activities used net cash of ¥370 million, largely reflecting a cash outflow of ¥565 million for the acquisition of operations accompanying the establishment of a company specializing in the development of home videogame software.

Cash flow from financing activities

Financing activities used net cash of ¥1,912 million, mainly for loan repayments and dividend payments.

As a result, cash and cash equivalents were ¥36,966 million at the end of the first quarter, an increase of ¥ 888 million from March 31, 2003.

**3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending March 31, 2004**

(April 1, 2003 to March 31, 2004)

(Millions of yen)

	Net sales	Ordinary income	Net income	Net income per share (in yen)
<b>Interim</b>	74,500	3,000	1,500	-
<b>Full year</b>	164,800	10,700	5,800	102.93

**[Qualitative Data and Other Information Related to Consolidated Forecasts]**

While operating results for the first quarter exceeded initial targets, because new commercial- and home-use product launches are concentrated in the second half of the fiscal year, Namco has decided to leave consolidated forecasts for the fiscal year ending March 31, 2004 unchanged.

\*The above forecasts are based on information currently available to management on the date of this financial report. Please be aware that a number of uncertainties may cause actual results to differ materially from those projected.

Supplementary Information

- Condensed First-Quarter Consolidated Balance Sheets
- Condensed First-Quarter Consolidated Statements of Income
- Condensed First-Quarter Consolidated Statements of Cash Flows
- Segment Information
- Production, Orders and Sales
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- Condensed First-Quarter Non-Consolidated Balance Sheets
- Condensed First-Quarter Non-Consolidated Statements of Income

**First-Quarter Consolidated Financial Statements**  
**Condensed First-Quarter Consolidated Balance Sheets**

	Millions of Yen	
	From April 1, 2003 To June 30, 2003	From April 1, 2002 To March 31, 2003
<b>ASSETS</b>		
Current Assets:		
Cash	37,105	36,218
Trade receivables	10,686	14,253
Inventories	15,721	13,482
Deferred income taxes-current	1,052	1,114
Others	4,018	3,398
Allowance for doubtful accounts	(445)	(378)
Total current assets	68,139	68,088
Fixed Assets:		
Tangible fixed assets:		
Buildings and structure	4,664	4,750
Amusement machines and facilities	21,788	21,355
Land	6,965	6,965
Others	2,580	2,583
Net property and equipment	35,998	35,654
Intangible fixed assets:		
Goodwill	3,346	1,027
Consolidation adjustments account	300	338
Others	1,816	1,811
Total intangible fixed assets	5,464	3,177
Investment and others:		
Investment securities	858	798
Long-term prepaid expenses	932	973
Leasehold deposits	25,871	26,087
Deferred income taxes-non current	4,605	4,542
Others	3,151	5,179
Allowance for doubtful accounts	(1,220)	(1,287)
Total investment and others	34,199	36,293
Total fixed assets	75,662	75,124
Total assets	143,801	143,213

	Millions of Yen	
	June 30, 2003	March 31, 2003
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Current Liabilities:		
Trade payables	12,538	11,916
Short-term bank loans	4,963	5,944
Convertible bonds due for redemption within one year	7,178	7,178
Accrued income taxes	1,908	1,653
Others	9,595	9,227
Total current liabilities	<u>36,184</u>	<u>35,920</u>
Long-Term Liabilities:		
Straight bonds	1,000	1,000
Long-term bank loans	715	1,059
Allowance for retirement benefits for employees	1,289	1,218
Reserve for directors' retirement benefit	2,174	2,224
Others	3,401	3,390
Total long-term liabilities	<u>8,581</u>	<u>8,893</u>
<b>TOTAL LIABILITIES</b>	<u>44,766</u>	<u>44,813</u>
<b>MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES</b>		
Minority interests in consolidated subsidiaries	2,403	1,752
<b>SHAREHOLDERS' EQUITY</b>		
Common stock	27,369	27,369
Capital surplus		
Additional paid-in capital	26,399	26,399
Retained earnings	43,063	43,428
Other securities valuation difference	(14)	(65)
Foreign currency translation adjustments	(184)	(483)
Treasury stock	(1)	(1)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<u>96,632</u>	<u>96,647</u>
<b>TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY</b>	<u><u>143,801</u></u>	<u><u>143,213</u></u>

## Condensed First-Quarter Consolidated Statements of Income

	Millions of Yen	
	From April 1, 2003 To June 30, 2003	From April 1, 2002 To March 31, 2003
Net sales	35,547	154,777
Cost of sales	<u>27,127</u>	<u>117,247</u>
Gross profit	8,419	37,529
Selling, general and administrative expenses		
Sales promotion	972	5,562
Salaries	2,244	7,651
Depreciation and amortization	187	875
R&D expenses	1,349	5,710
Others	<u>2,239</u>	<u>8,260</u>
	<u>6,993</u>	<u>28,059</u>
Operating income	1,426	9,470
Non-operating Income:		
Interest income	30	143
Dividends income	1	4
Foreign exchange gain	15	-
Others	<u>74</u>	<u>190</u>
	123	337
Non-operating Expenditure:		
Interest	48	241
Amortization of goodwill	121	24
Amortization of patents	25	178
Loss on disposal of property, plant and equipment	25	160
Foreign exchange loss	-	99
Other expenses	<u>56</u>	<u>325</u>
	<u>278</u>	<u>1,030</u>
Ordinary income	1,270	8,777
Extraordinary Gains:		
Gains on sale of subsidiary's stock	33	-
Gains on sale of investment securities	-	230
Gains on sale of property, plant and equipment	-	185
Store closure compensation	-	135
Others	<u>67</u>	<u>27</u>
	100	578
Extraordinary Loss:		
Revaluation loss on investment securities	26	429
Revaluation loss on property, plant and equipment	-	467
Revaluation loss on inventories	-	347
Provision for prior-year directors' retirement benefits	21	142
Special provision for retirement	-	162
Others	<u>3</u>	<u>90</u>
	<u>52</u>	<u>1,639</u>
Income before income taxes	1,318	7,716
Income taxes	772	3,569
Minority interest in earnings of consolidated subsidiaries	<u>(44)</u>	<u>31</u>
Net income	<u><u>591</u></u>	<u><u>4,115</u></u>

## Condensed First-Quarter Consolidated Statements of Cash Flows

	Millions of Yen	
	From April 1, 2003 To June 30, 2003	From April 1, 2002 To March 31, 2003
<b>Cash Flows from Operating Activities:</b>		
Income before income taxes	1,318	7,716
Depreciation and amortization	2,474	11,226
Amortization of goodwill	16	72
Increase (Decrease) in allowance for doubtful accounts	155	(35)
Gains on sale of investment securities	-	(226)
Revaluation loss on investments	26	429
Revaluation loss on property, plant and equipment	-	467
Loss on disposal of amusement machines and facilities	74	1,425
Foreign exchange gain	(15)	(42)
Decrease in trade receivables	3,648	3,764
Increase in inventories	(2,150)	(1,197)
Investment for amusement machines and facilities establishment	(2,150)	(7,783)
Increase in trade payables	468	692
Increase (Decrease) in accrued payables	(480)	94
Interest and dividends received	31	148
Interest paid	(34)	(252)
Other, net	(301)	(608)
<b>Net cash provided by operating activities</b>	<b>3,082</b>	<b>15,890</b>
<b>Cash Flows from Investing Activities:</b>		
Acquisition of property, plant and equipment	(315)	(1,753)
Proceeds from sale of property, plant and equipment	33	885
Payments for acquisition of software	(149)	(424)
Loans advanced	(34)	(279)
Proceeds from the collection of loans	8	90
Payments in connection with business transfer	(565)	(700)
Payments for guarantee money deposited	(103)	(557)
Proceeds from the recovery of guarantee money deposited	324	1,926
Proceeds from sale of subsidiary's stock	505	-
Other, net	(74)	(102)
<b>Net cash used in investing activities</b>	<b>(370)</b>	<b>(913)</b>
<b>Cash Flows from Financing Activities:</b>		
Net decrease in short-term bank loans	(1,015)	(1,381)
Proceeds from long-term bank loans	-	190
Repayment of long-term debt	(343)	(2,097)
Proceeds from issuance of straight bonds	-	1,000
Cash dividends paid	(826)	(1,762)
Proceeds from liquidation of receivables	-	550
Proceeds from payments by minority shareholders	273	1
Other	(0)	(1)
<b>Net cash used in financing activities</b>	<b>(1,912)</b>	<b>(3,501)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>88</b>	<b>(636)</b>
<b>Net increase in cash and cash equivalents</b>	<b>888</b>	<b>10,838</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>36,078</b>	<b>25,239</b>
<b>Cash and cash equivalents at end of first quarter(end of year)</b>	<b>36,966</b>	<b>36,078</b>

## (1) Business Segment Information

(Millions of yen)

	First Quarter Ended June 30, 2003 (From April 1, 2003 to June 30, 2003)								Consolidated
	Coin-Operated Game Machines	Home Videogame Software	Amusement Facility Operations	Restaurant Operations	Movies and Graphics	Other	Total	Elimination or Corporate Items	
Net sales and operating income (loss)									
Net sales									
(1) Net sales to customers	6,834	6,742	17,373	1,056	2,178	1,361	35,547	-	35,547
(2) Intersegment sales	244	30	40	16	45	103	481	(481)	-
Total	7,079	6,772	17,414	1,073	2,224	1,464	36,028	(481)	35,547
Operating expenditure	5,343	6,536	16,543	986	2,132	1,743	33,286	835	34,121
Operating income (loss)	1,736	236	870	87	91	(279)	2,742	(1,316)	1,426

(Millions of yen)

	Fiscal Year Ended March 31, 2003 (April 1, 2002 to March 31, 2003)								Consolidated
	Coin-Operated Game Machines	Home Videogame Software	Amusement Facility Operations	Restaurant Operations	Movies and Graphics	Other	Total	Elimination or Corporate Items	
Net sales and operating income (loss)									
Net sales									
(1) Net sales to customers	16,254	42,475	75,900	3,826	10,131	6,188	154,777	-	154,777
(2) Intersegment sales	353	-	258	167	211	380	1,371	(1,371)	-
Total	16,607	42,475	76,158	3,994	10,343	6,568	156,149	(1,371)	154,777
Operating expenditure	15,427	33,279	71,385	3,960	10,754	7,591	142,397	2,909	145,306
Operating income (loss)	1,180	9,196	4,773	34	(411)	(1,022)	13,751	(4,281)	9,470

## Notes:

1. There have been no changes in the method used to classify business segments.
2. The main products and business lines of each business segment remain unchanged.
3. Unallocated administrative expenses related to administrative divisions, including "Elimination or Corporate Items," were as follows:

First quarter: ¥ 1,191 million

Previous fiscal year: ¥ 4,176 million

## (2) Geographical Segment Information

(Millions of yen)

	First Quarter Ended June 30, 2003 (From April 1, 2003 to June 30, 2003)						
	Japan	North America	Europe	Asia	Total	Elimination or Corporate Items	Consolidated
Net Sales and operating income (loss)							
Net sales							
(1) Net sales to customers	26,234	6,959	2,224	129	35,547	-	35,547
(2) Intersegment sales	1,041	113	0	-	1,154	(1,154)	-
Total net sales	27,275	7,072	2,224	129	36,702	(1,154)	35,547
Operating expenditure	24,866	6,967	1,954	142	33,930	191	34,121
Operating income (loss)	2,409	105	269	(12)	2,772	(1,346)	1,426

(Millions of yen)

	Fiscal Year Ended March 31, 2003 (April 1, 2002 to March 31, 2003)						
	Japan	North America	Europe	Asia	Total	Elimination or Corporate Items	Consolidated
Net Sales and operating income (loss)							
Net sales							
(1) Net sales to customers	115,343	33,364	5,441	627	154,777	-	154,777
(2) Intersegment sales	2,220	103	6	6	2,337	(2,337)	-
Total net sales	117,564	33,468	5,447	634	157,114	(2,337)	154,777
Operating expenditure	105,566	31,531	5,463	667	143,229	2,077	145,306
Operating income (loss)	11,998	1,936	(16)	(33)	13,885	(4,414)	9,470

## Notes:

1. There have been no changes in the method used to classify geographical segments.
2. The main countries and regions comprising each geographical segment are unchanged.
3. Unallocated administrative expenses related to administrative divisions, including "Elimination or Corporate Items," were as follows:

First quarter: ¥ 1,191 million

Previous fiscal year: ¥ 4,176 million

(3) Overseas Sales Information

First Quarter Ended June 30, 2003 (From April 1, 2003 to June 30, 2003)				
	North America Latin America	Europe	Asia/Oceania	Total
I Overseas sales(Millions of yen)	6,972	3,565	581	11,119
II Net sales(Millions of yen)				35,547
III Percentage of net sales(%)	19.6	10.0	1.6	31.3

Fiscal Year Ended March 31, 2003 (April 1, 2002 to March 31, 2003)				
	North America Latin America	Europe	Asia/Oceania	Total
I Overseas sales(Millions of yen)	33,726	13,884	1,368	48,979
II Net sales(Millions of yen)				154,777
III Percentage of net sales(%)	21.8	9.0	0.9	31.6

Notes:

1. There have been no changes in the method used to classify countries and regions.
2. The main countries and regions comprising each segment are unchanged.
3. Overseas sales are sales by the Company and its consolidated subsidiaries derived in countries or regions outside Japan.

Production, Orders and Sales

(1)Results of Production

Business Segments	First Quarter Ended June 30, 2003 (From April 1, 2003 to June 30, 2003)	Fiscal Year Ended March 31, 2003 (From April 1, 2002 to March 31, 2003)
Coin-Operated Game Machines	3,036	8,695
Home Videogame Software	2,600	21,449
Restaurant Operations	57	437
Movies and Graphics	311	1,373
Other	89	282
Total	6,095	32,237

Notes:

1. Intersegment transactions are eliminated.
2. Monetary amounts are based on manufacturing costs.
3. Monetary amounts above are exclusive of consumption tax.
4. Because this is the first quarterly financial report for Namco Limited, no year-on-year comparisons have been made.

(2)Orders -- No order-based production is conducted by Namco Limited.

(3)Sales -- Details listed under Segment Information.

August 6, 2003

## Non-Consolidated Financial Report for the Three Months Ended June 30, 2003

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### 1. Non-Consolidated Operating Results for the Three Months Ended June 30, 2003

This non-consolidated financial report has been prepared in accordance with Japanese accounting principles and practices. Figures less than one million yen have been rounded down.

#### (1) Results of Non-Consolidated Operations

Three-month period ended

(Millions of yen)

	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
<b>June 30,2003</b>	<b>22,163</b>	-	<b>1,205</b>	-	<b>1,207</b>	-
June 30,2002	-	-	-	-	-	-
FYE March 31, 2003	95,438		7,314		7,127	

Three-month period ended

(Millions of yen)

	Net income	Percentage change	Net income per share (in yen)	Diluted net income per share (in yen)
<b>June 30,2003</b>	<b>802</b>	-	<b>14.56</b>	<b>14.14</b>
June 30,2002	-	-	-	-
FYE March 31, 2003	3,766		66.02	64.05

Notes:

1. The percentage figures accompanying net sales, operating income, ordinary income and net income represent year-on-year changes.

2. Because this is the first quarterly financial report for Namco Limited, no year-on-year comparisons have been made.

#### (2) Non-Consolidated Financial Position

As of

(Millions of yen)

	Total assets	Total shareholders' equity	Equity ratio (%)	Shareholders' equity per share (in yen)
<b>June 30,2003</b>	<b>116,703</b>	<b>89,307</b>	<b>76.5</b>	<b>1,621.21</b>
June 30,2002	-	-	-	-
March 31, 2003	115,570	89,417	77.4	1,620.85

Note:

Because this is the first quarterly financial report for Namco Limited, no year-on-year comparisons have been made.

**2. Forecasts of Non-Consolidated Operating Results for the Fiscal Year Ending March 31, 2004**  
**(April 1, 2003 to March 31, 2004)**

(Millions of yen)

	Net sales	Ordinary income	Net income	Net income per share (in yen)	
				Interim	Year-end
<b>Interim</b>	46,100	2,600	1,400	15.00	-
Full year	102,900	7,300	4,000	-	15.00
					30.00

(Reference)

Net income per share: ¥70.25

\*The above forecasts are based on information currently available to management on the date of this financial report. Please be aware that a number of uncertainties may cause actual results to differ materially from those projected.

**Condensed First-Quarter Non-Consolidated Financial Statements**  
**Condensed First-Quarter Non-Consolidated Balance Sheets**

	Millions of Yen	
	From April 1, 2003 To June 30, 2003	From April 1, 2002 To March 31, 2003
<b>ASSETS</b>		
Current Assets:		
Cash	23,973	23,603
Notes receivables-trade	1,332	1,009
Accounts receivable-trade	5,357	7,890
Inventories	12,229	10,046
Deferred income taxes-current	62	62
Others	1,518	1,427
Allowance for doubtful accounts	(20)	(19)
Total current assets	<u>44,453</u>	<u>44,020</u>
Fixed Assets:		
Tangible fixed assets:		
Buildings and structure	1,301	1,303
Amusement machines and facilities	15,022	14,473
Land	5,368	5,368
Others	1,618	1,571
Net property and equipment	<u>23,310</u>	<u>22,716</u>
Intangible fixed assets:	789	732
Investment and others:		
Investment securities	769	720
Investment in affiliated companies	17,441	17,677
Long-term loans to affiliates	7,188	6,703
Leasehold deposits	19,377	19,549
Deferred income taxes-non current	2,123	2,154
Others	1,967	2,073
Allowance for doubtful accounts	(718)	(780)
Total investment and others	<u>48,149</u>	<u>48,100</u>
Total fixed assets	<u>72,250</u>	<u>71,549</u>
Total assets	<u><u>116,703</u></u>	<u><u>115,570</u></u>

Millions of Yen

	From April 1, 2003 To June 30, 2003	From April 1, 2002 To March 31, 2003
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Current Liabilities:		
Notes payable-trade	5,388	5,007
Accounts payable-trade	3,954	3,622
Convertible bonds due for redemption within one year	7,178	7,178
Short-term bank loans	980	980
Accrued income taxes	670	249
Others	5,125	4,692
Total current liabilities	23,296	21,730
Long-Term Liabilities:		
Long-term bank loans	305	550
Allowance for retirement benefits for employees	767	746
Reserve for directors' retirement benefit	1,943	2,021
Others	1,084	1,104
Total long-term liabilities	4,100	4,422
<b>TOTAL LIABILITIES</b>	<b>27,396</b>	<b>26,152</b>
<b>SHAREHOLDERS' EQUITY</b>		
Common stock	27,369	27,369
Capital surplus		
Additional paid-in capital	26,399	26,399
Retained earnings		
Legal reserve	1,435	1,435
Voluntary reserve	32,450	30,350
Unappropriated earnings	1,666	3,920
Total retained earnings	35,551	35,705
Other securities valuation difference	(11)	(55)
Treasury stock	(1)	(1)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>89,307</b>	<b>89,417</b>
<b>TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY</b>	<b>116,703</b>	<b>115,570</b>

## Condensed First-Quarter Non-Consolidated Statements of Income

	Millions of Yen	
	From April 1, 2003 To June 30, 2003	From April 1, 2002 To March 31, 2003
Net sales	22,163	95,438
Cost of sales	16,812	73,660
Gross profit	<u>5,351</u>	<u>21,777</u>
Selling, general and administrative expenses	4,146	14,463
Operating income	<u>1,205</u>	<u>7,314</u>
Non-operating Income:	79	253
Non-operating Expenditure:	76	439
Ordinary income	<u>1,207</u>	<u>7,127</u>
Extraordinary Gains:	282	252
Extraordinary Loss:	28	445
Income before income taxes	<u>1,460</u>	<u>6,934</u>
Income taxes: Current	658	3,168
Net income	<u>802</u>	<u>3,766</u>
Earnings carried forward	864	980
Interim dividends	-	826
Unappropriated earnings	<u><u>1,666</u></u>	<u><u>3,920</u></u>