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Consolidated Financial Report for the Nine Months Ended December 31, 2003

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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 used in the calculation of income and other taxes.

(2) Changes in scope of consolidation and application of equity method (compared with fiscal 2003): Yes

Consolidated subsidiaries New: 0 Excluded: 1 Equity-method Affiliates New: 0 Excluded: 0

2. Consolidated Operating Results for the Nine Months Ended December 31, 2003

(1) Results of Consolidated Operations

Nine-month period ended	(Millions of yen)					
	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
December 31, 2003	134,649	-	14,678	-	13,860	-
December 31, 2002	-	-	-	-	-	-
FYE March 31, 2003	154,777		9,470		8,777	

Nine-month period ended	(Millions of yen)			
	Net income	Percentage change	Net income per share (in yen)	Diluted net income per share (in yen)
December 31, 2003	6,617	-	120.30	117.37
December 31, 2002	-	-	-	-
FYE March 31, 2003	4,115		72.35	70.12

Notes:

- The percentage figures accompanying net sales, operating income, ordinary income, and net income represent year-on-year changes.
- Because the Company only began compiling quarterly financial reports in the current fiscal year, no quarterly results for fiscal 2003 or year-on-year comparisons have been shown.

[Qualitative Data Related to Consolidated Operating Results]

In the first nine months of fiscal 2004 (April 1, 2003 ~ December 31, 2003), there were a number of discernable trends in the entertainment industry. In Japan, the current generation of game consoles approached the end of their business cycle, while some consumer interest shifted away from videogames. However, this trend was balanced by growing expectations for mobile and online games, on the back of developments driving expansion in both these markets. Demand for amusement facility management and coin-operated game machines remained strong, supported by the current tendency among consumers to seek entertainment that is affordable, local and fun.

In this climate, the Group's Coin-Operated Game Machine Business performed well both at home and abroad. Weakness in the domestic market for the Home Videogame Software Business was offset by a robust performance in international markets. The Amusement Facility Operations Business was supported by healthy results at existing facilities in Japan, helped in particular by food theme parks, a genre where Namco can fully capitalize on its entertainment expertise, and which generated publicity and boosted earnings during the period.

As a result of the foregoing, the Namco Group posted consolidated net sales for the first nine months of fiscal 2004 of ¥134,649 million, ordinary income of ¥13,860 million and net income of ¥6,617 million.

Detailed below are operating results by business segment for the third quarter of fiscal 2004 (October 1, 2003 ~ December 31, 2003).

Coin-Operated Game Machines

- Net Sales: ¥22,331 million
- Operating Income: ¥6,467 million

AM Company

Japan

• Sales were robust on the back of the popularity of newly launched multiple player-vs-player battle game *Dragon Chronicle* ; the latest title in the popular musical drumbeat game, *Taiko No Tatsujin 5* ; and existing titles such as *Big Sweet Land* , a prize-crane pusher game; *Ka-Cho-Fu-Getsu* , a photo-seal printing machine; and the *Peter the Shepherd* single-user medal-collecting game. One standout success was *Ka-Cho-Fu-Getsu* , which claimed the top spot in the photo-seal printing market based on solid research of user needs in the upper-teenage girls consumer segment.

Overseas

• Sales were also strong, thanks to the continued popularity of light-gun shooting game *Time Crisis 3* in both the U.S. and Europe; strong demand in the U.S. for a range of titles such as *Ms. Pac-Man/Galaga* and the jointly developed *Flamin' Finger* ; and demand for *Pac-Man Ball* in Europe.

P-7 Company

• This company did not make a significant contribution to third-quarter sales because its major titles generate most sales toward the end of the fiscal year.

Home Videogame Software

- Net Sales: ¥37,530 million
- Operating Income: ¥6,688 million

CT Company

Japan

• New titles *R: RACING REVOLUTION* (PS2, GameCube, Xbox) and *Baten Kaitos Owaranai Tsubasa To Ushinawareta Umi* (GameCube), struggled in the Christmas selling season. But two new titles launched this quarter in the *Taiko No Tatsujin* series for the PS2, *Taiko No Tatsujin Appare San Daimo* and *Taiko No Tatsujin Wakuwaku Anime Matsuri* , helped to lift combined sales in this four-title series to 1.85 million units. There was also strong royalty income from *Donkey Konga* for the GameCube, which the CT Company helped to develop with the publisher, Nintendo.

North America

• Although *Soul Calibur II* (PS2, GameCube, Xbox) maintained its momentum in the market, and a new title developed by Namco Hometec Inc. called *Kill Switch* (PS2, Xbox) also got off to a strong start, other games struggled. These included *Spawn Armageddon* (PS2, GameCube, Xbox) and *I-Ninja* (PS2, GameCube).

Europe

• *MotoGP3* (PS2) and *Soul Calibur II* (PS2, GameCube, Xbox) continued to record strong sales, backed up by a robust performance from newly launched *Time Crisis 3* in the Christmas selling season.

WMC Company

WMC Company

Japan

• Following the successful launch of a new *Taiko No Tatsujin* game download site for NTT DoCoMo mobile phone users in April 2003, the WMC Company extended this service to KDDI mobile phone users in November 2003. This helped to drive a significant increase in subscribers to approximately 777,000 by December 31, 2003, compared to 659,000 at the end of the interim period.

Overseas

• Namco is using its overseas subsidiaries to actively push its mobile game content and services to leading mobile phone operators. Benefits are already showing through, with strong sales of *Pac-Man* and *Ms. Pac-Man* in the U.S., and a new deal to begin offering game content distribution for Verizon Communications, the largest carrier in the U.S., from November 2003. In Europe, sales were robust, centered on Vodafone Group Plc., while game content distribution for carriers in the Netherlands and France also got underway in November 2003. With these new deals, Namco now distributes mobile content in 16 markets around the world.

Amusement Facility Operations

- Net Sales: ¥59,443 million
- Operating Income: ¥5,487 million

ET Company

Japan

• Performance at existing facilities was strong, thanks to an appealing mix of machines achieved through initiatives such as special areas featuring only popular games and the introduction of fashionable games produced by non-Namco companies. This was backed up by moves such as *Smile Campaign*, which was rolled out across the entire network of directly managed facilities, designed to offer a new level of friendly and sincere customer service.

• During the third quarter (October 1, 2003 ~ December 31, 2003), Namco opened a total of 11 new facilities. These included *NAMCOLAND Mino* in Osaka; *NAMCOLAND Goshogawara Elm* in Aomori Prefecture; *NAMCOLAND Wajima* in Ishikawa Prefecture; and, *Internet Space Chi Ko Raku Yokohama West Exit* in Kanagawa Prefecture.

• Food theme parks, pioneered by Namco, are attracting attention for their ability to draw in customers and revitalize local economies. Subsequently, inquiries are coming in from a broad range of interested parties. Namco's food theme parks are also performing well, with *Namco Nanja Town* delivering strong results on the back of popular attractions *Ikebukuro Gyoza Stadium* and *Ice Cream City*. Recent openings along a similar food theme included, *Naniwa Men Darake*, in Osaka (October 2003); *Jiyugaoka Sweets Forest* in Tokyo (November 2003); and, *Akashi Ramen Wharf* in Hyogo Prefecture (December 2003). All these new facilities have opened strongly in terms of both customer footfall and operating results.

Overseas

• In North America, Namco has continued to implement a number of measures designed to turnaround profitability at Namco Cyberentertainment Inc. and XS Entertainment Inc. These include increasing the number of facilities operated under revenue-sharing agreements, closing unprofitable locations and other cost savings. In these businesses, the Company is now confident of achieving profitability in the current fiscal year and profit of approximately ¥500 million in fiscal 2005.

• In Europe, Namco terminated its revenue-sharing business in France with the disposal of Namco Operations France S.A. on October 14, 2003.

• In Asia, Namco opened new stores and closed unprofitable locations.

Restaurant Operations

- Net Sales: ¥3,220 million
- Operating Income: ¥112 million
- At Italian Tomato Ltd., Namco continued to expand the *Italian Tomato Café Jr.* restaurant chain with new store openings. These restaurants offer competitively priced pasta dishes and coffee based on a self-service format.

Movies and Graphics

- Net Sales: ¥7,737 million
- Operating Income: ¥44 million
- Namco continued to implement business rationalization measures at Nikkatsu Corporation designed to boost earnings.
- In September 2003, *Shoronagashi*, a movie produced in-house and directed by Mitsutoshi Tanaka, premiered in Nagasaki Prefecture, the setting for the production. The movie then went on nationwide release. Two overseas movies Nikkatsu has the rights to distribute in Japan, *Ten Minutes Older, The Trumpet* and *Ten Minutes Older, the Cello*, were both given special screenings at The 16th Tokyo International Film Festival (November 1~9, 2003), to popular acclaim.

Others

- Net Sales: ¥4,385 million
- Operating Loss: ¥506 million
- The Incubation Center is currently involved in the trial development of a network gaming business in two locations in Tokyo, including *Led Zone*, a new store format originally launched in Ota Ward, Tokyo. The center also operates *Namco Polo*, a travel-oriented website, and in December 2003, launched *Cooking Island*, an entertainment community site themed around food. And, in response to the growing importance of IT in society and changing user needs, the center released *Talking Aid IT*, a mobile welfare and communications device that incorporates phone and e-mail functions, in November 2003.

(2) Consolidated Financial Position

As of	(Millions of yen)			
	Total assets	Total shareholders' equity	Equity ratio (%)	Shareholders' equity per share (in yen)
December 31, 2003	153,134	100,302	65.5	1,827.69
December 31, 2002	-	-	-	-
FYE March 31, 2003	143,213	96,647	67.5	1,752.09

Note:

Because the Company only began compiling quarterly financial reports in the current fiscal year, no quarterly results for fiscal 2003 or year-on-year comparisons have been shown.

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

End of the third quarter for March 31, 2004: 54,879,400

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
December 31, 2003	6,308	(1,177)	(10,119)	30,556
December 31, 2002	-	-	-	-
FYE March 31, 2003	15,890	(913)	(3,501)	36,078

Note:

Because the Company only began compiling quarterly financial reports in the current fiscal year, no quarterly results for fiscal 2003 or year-on-year comparisons have been shown.

[Qualitative Data Related to Consolidated Financial Position]

As of December 31, 2003, total assets stood at ¥153,134 million, an increase of ¥9,921 million compared to the end of the previous fiscal year. Shareholders' equity totaled ¥100,302 million, ¥3,655 million higher than March 31, 2003. The shareholders' equity ratio was 65.5%.

Major changes in balance sheet items during the period under review included a ¥5,538 million decline in cash and deposits in current assets compared to the end of the previous fiscal year, primarily due to the redemption of the 4th issue of unsecured convertible bonds. Increases in current assets included a ¥9,396 million rise in trade receivables and a ¥6,032 million increase in inventories compared to March 31, 2003.

In current liabilities, trade payables rose ¥5,128 million compared to the end of the previous fiscal year, while the current portion of long-term debt declined ¥7,178 million due to the redemption of unsecured convertible bonds.

Cash Flows

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥6,308 million, primarily due to income before income taxes and minority interests of ¥12,838 million and depreciation and amortization of ¥8,022 million, which outweighed ¥7,334 million for the acquisition of amusement machines and facilities and increases in trade receivables and inventories.

Cash Flows from Investing Activities

Net cash used by investing activities totaled ¥1,177 million, mainly attributable to ¥1,531 million for the acquisition of property, plant and equipment.

Cash Flows from Financing Activities

Net cash used by financing activities totaled ¥10,119 million, primarily reflecting cash outflows for the repayment of short-term bank loans, the redemption of convertible bonds and the payment of cash dividends.

As a result of the foregoing, cash and cash equivalents at the end of the fiscal third quarter stood at ¥30,556 million, a decline of ¥5,522 million compared with 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)
Full year	174,600	14,300	6,600	117.89

[Qualitative Data and Other Information Related to Consolidated Forecasts]

For fiscal 2004 (April 1, 2003 ~ March 31, 2004), the Company is maintaining its full-year consolidated earnings forecasts announced on October 8, 2003, forecasting net sales of ¥174,600 million, ordinary income of ¥14,300 million, and net income of ¥6,600 million. These projections are based on a strong start to the fourth quarter of the current fiscal year by the Coin-Operated Game Machine Business, the Amusement Facility Operations Business, the Web & Mobile Content Business and the Other business segments, despite some uncertainty in the Christmas selling season market for the Home Video Game Software Business. While maintaining its existing earnings forecasts, Namco is wholly committed to further strengthening its performance going forward.

*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 Third-Quarter Consolidated Balance Sheets
- Condensed Third-Quarter Consolidated Statements of Income
- Condensed Third-Quarter Consolidated Statements of Cash Flows
- Segment Information
- Production, Orders and Sales
- Non-Consolidated Financial Highlights
- Condensed Third-Quarter Non-Consolidated Balance Sheets
- Condensed Third-Quarter Non-Consolidated Statements of Income

Third-Quarter Consolidated Financial Statements
Condensed Third-Quarter Consolidated Balance Sheets

	Millions of Yen	
	December 31, 2003	March 31, 2003
ASSETS		
Current Assets:		
Cash	30,680	36,218
Trade receivables	23,650	14,253
Inventories	19,514	13,482
Deferred income taxes-current	936	1,114
Others	4,232	3,398
Allowance for doubtful accounts	(446)	(378)
Total current assets	<u>78,567</u>	<u>68,088</u>
Fixed Assets:		
Tangible fixed assets:		
Buildings and structures	5,063	4,750
Amusement machines and facilities	21,260	21,355
Land	6,855	6,965
Others	2,524	2,583
Net property and equipment	<u>35,704</u>	<u>35,654</u>
Intangible fixed assets:		
Goodwill	3,000	1,027
Consolidation adjustments account	246	338
Others	1,780	1,811
Total intangible fixed assets	<u>5,026</u>	<u>3,177</u>
Investment and others:		
Investment securities	976	798
Long-term prepaid expenses	932	973
Leasehold deposits	25,981	26,087
Deferred income taxes-non current	4,610	4,542
Others	2,339	5,179
Allowance for doubtful accounts	(1,003)	(1,287)
Total investment and others	<u>33,836</u>	<u>36,293</u>
Total fixed assets	<u>74,567</u>	<u>75,124</u>
Total assets	<u><u>153,134</u></u>	<u><u>143,213</u></u>

	Millions of Yen	
	December 31, 2003	March 31, 2003
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Current Liabilities:		
Trade payables	17,045	11,916
Short-term bank loans	4,527	5,944
Convertible bonds due for redemption within one year	-	7,178
Accrued income taxes	7,212	1,653
Others	11,740	9,227
Total current liabilities	<u>40,525</u>	<u>35,920</u>
Long-Term Liabilities:		
Straight bonds	1,000	1,000
Long-term bank loans	1,178	1,059
Allowance for employees' retirement benefits	1,494	1,218
Reserve for directors' retirement benefits	2,231	2,224
Others	3,592	3,390
Total long-term liabilities	<u>9,496</u>	<u>8,893</u>
TOTAL LIABILITIES	<u>50,022</u>	<u>44,813</u>
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES		
Minority interests in consolidated subsidiaries	2,809	1,752
SHAREHOLDERS' EQUITY		
Common stock	27,369	27,369
Capital surplus		
Additional paid-in capital	26,399	26,399
Retained earnings	48,266	43,428
Other securities valuation difference	97	(65)
Foreign currency translation adjustments	(1,415)	(483)
Treasury stock	(415)	(1)
TOTAL SHAREHOLDERS' EQUITY	<u>100,302</u>	<u>96,647</u>
TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	<u>153,134</u>	<u>143,213</u>

Condensed Third-Quarter Consolidated Statements of Income

Millions of Yen

	From April 1, 2003 To December 31, 2003	From April 1, 2002 To March 31, 2003
Net sales	134,649	154,777
Cost of sales	<u>95,039</u>	<u>117,247</u>
Gross profit	39,609	37,529
Selling, general and administrative expenses		
Sales promotion	5,650	5,562
Salaries	6,572	7,651
Depreciation and amortization	523	875
R&D expenses	5,106	5,710
Others	<u>7,077</u>	<u>8,260</u>
	<u>24,931</u>	<u>28,059</u>
Operating income	14,678	9,470
Non-operating Income:		
Interest income	97	143
Dividends income	3	4
Gains on sale of buildings and structures	11	6
Others	<u>107</u>	<u>183</u>
	220	337
Non-operating Expenditure:		
Interest	113	241
Amortization of goodwill	363	24
Loss on disposal of buildings and structures	113	160
Transfer to allowance for doubtful receivables	80	135
Foreign exchange loss	264	99
Other expenses	<u>102</u>	<u>368</u>
	<u>1,038</u>	<u>1,030</u>
Ordinary income	13,860	8,777
Extraordinary Gains:		
Gains on sale of buildings and structures	-	185
Store closure compensation	-	135
Reversal of allowance for doubtful receivables	11	24
Gain from discharge of debt	15	-
Gain from changes in equity	22	-
Gains on sale of subsidiaries' stock	79	-
Others	<u>36</u>	<u>233</u>
	165	578
Extraordinary Loss:		
Revaluation loss on investment securities	97	429
Loss on restructuring of overseas business	248	54
Loss on disposal of buildings and structures	116	-
Revaluation loss on buildings and structures	650	467
Revaluation loss on inventories	-	347
Provision for prior-year directors' retirement benefits	21	142
Others	<u>51</u>	<u>198</u>
	<u>1,186</u>	<u>1,639</u>
Income before income taxes	12,838	7,716
Income taxes	6,247	3,569
Minority interest in earnings of consolidated subsidiaries	<u>(26)</u>	<u>31</u>
Net income	<u><u>6,617</u></u>	<u><u>4,115</u></u>

Condensed Third-Quarter Consolidated Statements of Cash Flows

	Millions of Yen	
	From April 1, 2003 To December 31, 2003	From April 1, 2002 To March 31, 2003
Cash Flows from Operating Activities:		
Income before income taxes	12,838	7,716
Depreciation and amortization	8,022	11,226
Amortization of goodwill	52	72
Increase (Decrease) in allowance for doubtful accounts	94	(35)
Gains on sale of investment securities	489	(226)
Revaluation loss on investments	97	429
Gain (Loss) on disposal of buildings and structures	112	(168)
Revaluation loss on buildings and structures	650	467
Loss on disposal of amusement machines and facilities	781	1,425
Foreign exchange gain	19	(42)
Decrease in trade receivables	(9,904)	3,764
Increase in inventories	(6,245)	(1,197)
Investment for amusement machines and facilities establishment	(7,334)	(7,783)
Increase in trade payables	5,293	692
Decrease (Increase) in prepaid expenses	(700)	179
Increase (Decrease) in accrued payables	2,382	94
Loss on restructuring of overseas business	248	54
Interest and dividends received	97	148
Interest paid	(113)	(252)
Other, net	(575)	(673)
Net cash provided by operating activities	6,308	15,890
Cash Flows from Investing Activities:		
Acquisition of buildings and structures	(1,531)	(1,753)
Proceeds from sale of buildings and structures	65	885
Purchase of investment securities	(51)	(11)
Income from sale of investment securities	5	300
Payments for guarantee money deposited	(872)	(557)
Proceeds from the recovery of guarantee money deposited	1,226	1,926
Proceeds from sale of subsidiaries' shares	925	-
Payments for transfer of business	(608)	-
Other, net	(336)	(1,642)
Net cash used in investing activities	(1,177)	(913)
Cash Flows from Financing Activities:		
Proceeds from short-term bank loans	1,549	3,428
Repayment of short-term bank loans	(3,033)	(4,810)
Proceeds from long-term bank loans	1,450	190
Repayment of long-term debt	(1,135)	(2,097)
Redemption of corporate bonds	(7,178)	-
Purchase of treasury stock	(414)	(1)
Cash dividends paid	(1,649)	(1,762)
Proceeds from payments by minority shareholders	291	-
Other	-	1,551
Net cash used in financing activities	(10,119)	(3,501)
Effect of exchange rate changes on cash and cash equivalents	(533)	(636)
Net increase in cash and cash equivalents	(5,522)	10,838
Cash and cash equivalents at beginning of year	36,078	25,239
Cash and cash equivalents at end of third quarter (end of year)	30,556	36,078

(1) Business Segment Information

(Millions of yen)

	Third Quarter Ended December 31, 2003 (From April 1, 2003 to To December 31, 2003)								
	Coin-Operated Game Machines	Home Videogame Software	Amusement Facility Operations	Restaurant Operations	Movies and Graphics	Other	Total	Elimination or Corporate Items	Consolidated
Net sales and operating income (loss)									
Net sales									
(1) Net sales to customers	22,331	37,530	59,443	3,220	7,737	4,385	134,649	-	134,649
(2) Intersegment sales	446	113	179	65	134	395	1,335	(1,335)	-
Total	22,778	37,644	59,623	3,286	7,871	4,780	135,985	(1,335)	134,649
Operating expenditure	16,310	30,955	54,135	3,173	7,827	5,286	117,689	2,281	119,971
Operating income (loss)	6,467	6,688	5,487	112	44	(506)	18,295	(3,617)	14,678

(Millions of yen)

	Fiscal Year Ended March 31, 2003 (April 1, 2002 to March 31, 2003)								
	Coin-Operated Game Machines	Home Videogame Software	Amusement Facility Operations	Restaurant Operations	Movies and Graphics	Other	Total	Elimination or Corporate Items	Consolidated
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:

- There have been no changes in the method used to classify business segments.
- The main products and business lines of each business segment remain unchanged.
- Unallocated administrative expenses related to administrative divisions, including "Elimination or Corporate Items," were as follows:
 - Third quarter: ¥3,556 million
 - Previous fiscal year: ¥4,176 million

(2) Geographical Segment Information

(Millions of yen)

	Third Quarter Ended December 31, 2003 (From April 1, 2003 to To December 31, 2003)						
	Japan	North America	Europe	Asia	Total	Elimination or Corporate	Consolidated
Net Sales and operating income (loss)							
Net sales							
(1) Net sales to customers	98,467	31,052	4,694	435	134,649	-	134,649
(2) Intersegment sales	3,134	168	1	-	3,303	(3,303)	-
Total net sales	101,601	31,220	4,695	435	137,953	(3,303)	134,649
Operating expenditure	87,389	27,291	4,539	426	119,648	322	119,971
Operating income (loss)	14,211	3,928	156	8	18,305	(3,626)	14,678

(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	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:

- There have been no changes in the method used to classify geographical segments.
- The main countries and regions comprising each geographical segment are unchanged.
- Unallocated administrative expenses related to administrative divisions, including "Elimination or Corporate Items," were as follows:
Third quarter: ¥3,556 million
Previous fiscal year: ¥4,176 million

(3) Overseas Sales Information

Third Quarter Ended December 31, 2003 (From April 1, 2003 to To December 31, 2003)				
	North America Latin America	Europe	Asia/Oceania	Total
I Overseas sales (Millions of yen)	31,079	10,996	1,191	43,266
II Net sales (Millions of yen)				134,649
III Percentage of net sales (%)	23.1	8.2	0.9	32.1

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	Third Quarter Ended December 31, 2003 (From April 1, 2003 to December 31, 2003)	Fiscal Year Ended March 31, 2003 (From April 1, 2002 to March 31, 2003)
Coin-Operated Game Machines	10,598	8,695
Home Videogame Software	17,752	21,449
Restaurant Operations	330	437
Movies and Graphics	1,688	1,373
Other	499	282
Total	30,869	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.

February 12, 2004

Non-Consolidated Financial Report for the Nine Months Ended December 31, 2003

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1. Non-Consolidated Operating Results for the Nine Months Ended December 31, 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

Nine-month period ended						(Millions of yen)
	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
December 31, 2003	84,739	-	10,213	-	9,906	-
December 31, 2002	-	-	-	-	-	-
FYE March 31, 2003	95,438		7,314		7,127	

Nine-month period ended				(Millions of yen)
	Net income	Percentage change	Net income per share (in yen)	Diluted net income per share (in yen)
December 31, 2003	5,299	-	96.34	94.07
December 31, 2002	-	-	-	-
FYE March 31, 2003	3,766		66.02	64.05

Notes:

- The percentage figures accompanying net sales, operating income, ordinary income and net income represent year-on-year changes.
- Because the Company only began compiling quarterly financial reports in the current fiscal year, no quarterly results for fiscal 2003 or year-on-year comparisons have been shown

(2) Non-Consolidated Financial Position

As of					(Millions of yen)
	Total assets	Total shareholders' equity	Equity ratio (%)	Shareholders' equity per share (in yen)	
December 31, 2003	121,171	92,678	76.5	1,688.76	
December 31, 2002	-	-	-	-	
FYE March 31, 2003	115,570	89,417	77.4	1,620.85	

Note:

Because the Company only began compiling quarterly financial reports in the current fiscal year, no quarterly results for fiscal 2003 or year-on-year comparisons have been shown

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

End of the third quarter for March 31, 2004:	54,879,400
Fiscal year ended March 31, 2003:	55,086,939

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)	
				Year-end	
Full year	110,500	10,100	5,700	15.00	30.00

(Reference)

Projected net income per share (Full year): ¥101.49

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

Millions of Yen

	<u>December 31, 2003</u>	<u>March 31, 2003</u>
ASSETS		
Current Assets:		
Cash	18,276	23,603
Notes receivables-trade	1,946	1,009
Accounts receivable-trade	12,896	7,890
Inventories	14,460	10,046
Deferred income taxes-current	62	62
Others	1,653	1,427
Allowance for doubtful accounts	(38)	(19)
Total current assets	<u>49,257</u>	<u>44,020</u>
Fixed Assets:		
Tangible fixed assets:		
Buildings and structures	1,257	1,303
Amusement machines and facilities	15,748	14,473
Land	5,251	5,368
Others	1,632	1,571
Net property and equipment	<u>23,889</u>	<u>22,716</u>
Intangible fixed assets:	1,068	732
Investment and others:		
Investment securities	891	720
Investment in affiliated companies	17,211	17,677
Capital Contributions to affiliated companies	200	275
Long-term loans to affiliates	6,867	6,703
Leasehold deposits	19,305	19,549
Deferred income taxes-non current	1,682	2,154
Others	1,268	2,073
Allowance for doubtful accounts	(471)	(780)
Total investment and others	<u>46,956</u>	<u>48,100</u>
Total fixed assets	<u>71,914</u>	<u>71,549</u>
Total assets	<u><u>121,171</u></u>	<u><u>115,570</u></u>

Millions of Yen

	December 31, 2003	March 31, 2003
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Current Liabilities:		
Notes payable-trade	6,424	5,007
Accounts payable-trade	6,732	3,622
Convertible bonds due for redemption within one year	-	7,178
Short-term bank loans	1,127	980
Accrued income taxes	4,368	249
Others	5,219	4,692
Total current liabilities	23,872	21,730
Long-Term Liabilities:		
Long-term bank loans	585	550
Allowance for employees' retirement benefits	946	746
Reserve for directors' retirement benefits	1,983	2,021
Others	1,105	1,104
Total long-term liabilities	4,620	4,422
TOTAL LIABILITIES	28,492	26,152
SHAREHOLDERS' EQUITY		
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	5,340	3,920
Total retained earnings	39,225	35,705
Other securities valuation difference	99	(55)
Treasury stock	(415)	(1)
TOTAL SHAREHOLDERS' EQUITY	92,678	89,417
TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	121,171	115,570

Condensed Third-Quarter Non-Consolidated Statements of Income

Millions of Yen

	From April 1, 2003 To December 31, 2003	From April 1, 2002 To March 31, 2003
Net sales	84,739	95,438
Cost of sales	61,655	73,660
Gross profit	<u>23,084</u>	<u>21,777</u>
Selling, general and administrative expenses	12,870	14,463
Operating income	<u>10,213</u>	<u>7,314</u>
Non-operating Income:	198	253
Non-operating Expenditure:	505	439
Ordinary income	<u>9,906</u>	<u>7,127</u>
Extraordinary Gains:	523	252
Extraordinary Loss:	260	445
Income before income taxes	<u>10,169</u>	<u>6,934</u>
Income taxes: Current	4,870	3,168
Net income	<u>5,299</u>	<u>3,766</u>
Earnings carried forward	864	980
Interim dividends	823	826
Unappropriated earnings	<u><u>5,340</u></u>	<u><u>3,920</u></u>