

Nintendo announces new console but profit dives

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Videogame giant Nintendo Co. said its group net profit for the year to March plunged 66.1 percent on a strong yen and a global sales slump. Net profit fell to 77.6 billion yen (\$942 million), while operating profit slumped 52.0 percent to 171.1 billion yen.

Nintendo said on Monday it would release a new console next year to succeed its popular Wii, as it reported earnings slumped due to the strong yen and its 3D handheld player came too late to give a lift.

The video game giant said the new machine would be showcased at E3 Expo in Los Angeles in June. The move comes as Nintendo has struggled to reverse its sliding fortunes in an increasingly crowded market.

Nintendo said Monday that group net profit for the year to March fell

66.1 percent to 77.6 billion yen (\$942 million), while operating profit slumped 52.0 percent to 171.1 billion yen. Sales eased 29.3 percent to 1.01 trillion yen.

However, the firm did say it expected sales to surge more than 40 percent over the coming 12 months.

The company said it suffered a serious setback as sales of both hardware and software fell in the United States, Europe and Japan.

Nintendo's release in late February of the DS3, the world's first video game console with a 3-D screen that works without special glasses, came too late to lift the results.

The company, which for many gamers is synonymous with its "Super Mario Bros" series, is facing a raft of challenges to its one-time domination of the market.

Traditional gaming rivals such as Sony with its Playstation, and Microsoft whose Xbox has been a global hit, have been joined in the fray by smartphones and tablet computers, including Apple's iPhone and iPad which have taken a chunk of the gaming market.

Next year's new console will replace the popular Wii, which has sold 86 million units since its 2006 debut, but has seen a steady decline in recent years.

Sales of Wii hardware dropped 27 percent to 15.08 million units in the past fiscal year, with software revenue falling 11 percent.



Nintendo has said it would release a new console next year to succeed its popular Wii, as it reported earnings slumped due to the strong yen and its 3D handheld player came too late to give a lift.

It did not elaborate further on the new console.

A strong yen as well as price cuts also hurt earnings, Nintendo said. It lost 49.4 billion yen due to the strong yen as it increased the book value of foreign currency-denominated debts.

Nintendo needs a new boost to its slumping sales.

Global sales of Nintendo DS hardware tumbled 35 percent in the year to March from the previous year to 17.52 million units, excluding the latest 3D models. DS software sales fell 20 percent.

The company said however it expected profit to recover in the coming year.

It forecast net profit to rise 41.7 percent from last year to 110 billion yen. Operating profit is estimated at 175 billion yen, up 2.3 percent, and sales at 1.1 trillion yen, up 8.4 percent.

But Nintendo sounded a note of caution on future consumer spending after the March 11 earthquake that triggered a devastating tsunami along the northeastern coast of Japan.

"The aftermath of the Great East Japan Earthquake is unpredictable," the company said.

The Kyoto-based firm said it avoided direct damage to its factories and production network.

"However, it can be predicted that there will be indirect impact from individual consumption patterns or economic conditions in the future," it said.

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