Nintendo Cuts Profit, 3DS Not Ready for Christmas

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CHIBA, Japan (AP) -- Nintendo slashed its earnings forecast by more than half today after announcing that its 3DS game machine, packed with glasses-free 3-D technology, won't be ready to go on sale for Christmas.

Nintendo now expects 90 billion yen ($1 billion) in profit for the year through March 2011, down from an initial projection of 200 billion yen ($2.4 billion) profit.

The 3DS will go on sale in February in Japan, and March in Europe and the U.S., missing the year-end shopping seaon which is a critical time for all game-makers to rake in profits.

Kyoto-based Nintendo Co. had promised the 3DS for sometime before April next year, and so the announcement is not technically a delay. But its forecasts had assumed the machine would on be on sale sooner.

Nintendo said the strong yen, which reduces profits from overseas sales when brought back to Japan, and the timing of the 3DS launch were behind its decision to lower projections for the fiscal year.

For the year through March 2011, Nintendo expects to sell 23.5 million DS machines, including 4 million 3DS, down from its earlier forecast for 30 million. It sold 27 million DS machines the previous fiscal year.

The latest revision shows that even Nintendo, which has stood up fairly well among Japanese exporters in hard times, is getting battered by the surging yen. Nintendo had counted dollar trading near 85 yen. The dollar has recently dived below 85 yen.

Nintendo President Satoru Iwata said 3DS will cost 25,000 yen ($300) in Japan, where it will hit stores Feb. 26. Overseas prices and specific dates will be announced later.

The portable machine looks much like the DS machines now on sale, and has two panels. The top panel shows 3-D imagery, giving players a relatively immediate illusion of virtual reality — such as a puppy licking the screen that appears to live inside the machine.

The 3-D games don't require the special glasses that are needed for 3-D theater movies or 3-D home-console games like rival Sony Corp.'s PlayStation 3. They also don't need 3-D TV sets.

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