



Consolidated Financial Statements

for the 1st Quarter of the Fiscal Year Ending March 31, 2012

August 10, 2011

1. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

2. Consolidated Financial Results by Business Segments

1. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(¥ million)

	Prior Fiscal Year (As of March 31, 2011)	Current Fiscal Year (As of June 30, 2011)
Assets		
Current assets		
Cash and deposits	8,220	10,231
Notes and accounts receivable-trade	23,206	21,501
Merchandise	6,418	7,520
Supplies	17	14
Other	3,252	2,810
Allowance for doubtful accounts	(76)	(72)
Total current assets	41,039	42,006
Noncurrent assets		
Property, plant and equipment	1,555	1,529
Intangible assets		
Goodwill	876	792
Other	2,255	2,150
Total intangible assets	3,132	2,942
Investments and other assets		
Investment securities	1,548	1,436
Other	1,408	1,443
Allowance for doubtful accounts	(175)	(174)
Total investments and other assets	2,780	2,704
Total noncurrent assets	7,468	7,176
Total assets	48,507	49,182
Liabilities		
Current liabilities		
Notes and accounts payable-trade	20,204	21,441
Income taxes payable	1,038	495
Provision for bonuses	314	439
Provision for point card certificates	5	5
Provision for business structure improvement	11	11
Provision for sales returns	21	22
Other	4,242	3,589
Total current liabilities	25,837	26,005
Noncurrent liabilities		
Provision for retirement benefits	1,630	1,664
Asset retirement obligations	45	46
Negative goodwill	51	44
Other	1,139	1,137
Total noncurrent liabilities	2,867	2,893
Total liabilities	28,704	28,898
Net assets		
Shareholders' equity		
Capital stock	2,751	2,751
Capital surplus	2,775	2,775
Retained earnings	15,175	15,721
Treasury stock	(1,091)	(1,091)
Total shareholders' equity	19,611	20,157
Total shareholders' equity		
Valuation difference on available-for-sale securities	185	118
Deferred gains or losses on hedges	0	(0)
Total accumulated other comprehensive income	185	118
Subscription rights to shares	5	8
Minority interests	0	0
Total net assets	19,802	20,284
Total liabilities and net assets	48,507	49,182

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(¥ million)

	Prior Fiscal Year (April 1, 2010 - June 30, 2010)	Current Fiscal Year (April 1, 2011 - June 30, 2011)
Net sales	38,955	42,434
Cost of sales	34,101	36,833
Gross profit	4,854	5,600
Selling, general and administrative expenses	4,281	4,527
Operating income	572	1,072
Non-operating income		
Interest income	0	0
Dividends income	27	20
Amortization of negative goodwill	9	7
Other	19	47
Total non-operating income	56	75
Non-operating expenses		
Interest expenses	6	1
Foreign exchange losses	5	0
Other	1	0
Total non-operating expenses	13	1
Ordinary income	615	1,146
Extraordinary income		
Gain on sales of noncurrent assets	2	0
Gain on sales of investment securities	0	—
Reversal of allowance for doubtful accounts	3	—
Total extraordinary income	5	0
Extraordinary loss		
Loss on sales of noncurrent assets	0	0
Loss on retirement of noncurrent assets	0	0
Loss on valuation of membership	—	0
Loss on disaster	—	29
Loss on liquidation of subsidiaries	22	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	27	—
Total extraordinary losses	50	30
Income before income taxes	570	1,115
Income taxes-current	116	496
Income taxes-deferred	100	(94)
Total income taxes	216	401
Income before minority interests	353	713
Minority interests in income	0	0
Net income	353	713

(Consolidated Statements of Comprehensive Income)

(¥ million)

	Prior Fiscal Year (April 1, 2010 - June 30, 2010)	Current Fiscal Year (April 1, 2011 - June 30, 2011)
Income before minority interests	353	713
Other comprehensive income		
Valuation difference on available-for-sale securities	(119)	(66)
Deferred gains or losses on hedges	(1)	(0)
Total other comprehensive income	(120)	(67)
Comprehensive income	233	646
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	233	646
Comprehensive income attributable to minority interests	(0)	0

2. Consolidated Financial Results by Business Segments

(1) 1st Quarter of the Fiscal Year Ended March 31, 2011 (April 1, 2010 - June 30, 2010)

(¥ million)

	Segments					Adjustment *1	Consolidated Total *2
	Toy business	Visual and Music business	Video-game business	Amusement business	Total		
Net sales							
To external customers	13,894	12,195	8,703	4,161	38,955	—	38,955
Inter-segment sales and transfers	—	—	—	—	—	—	—
Total	13,894	12,195	8,703	4,161	38,955	—	38,955
Segment income(loss)	338	(21)		347	849	(277)	572

*1 The 277 million yen adjustment to segment income includes unallocated operating expenses.

The expenses cannot be assigned to any particular segment and are mostly administrative expenses incurred by the administration sector of the HAPPINET CORPORATION.

*2 Segment income is adjusted to be consistent with operating income shown on the consolidated statements of income.

(2) 1st Quarter of the Fiscal Year Ending March 31, 2012 (April 1, 2011 - June 30, 2011)

(¥ million)

	Segments					Adjustment *1	Consolidated Total *2
	Toy business	Visual and Music business	Video-game business	Amusement business	Total		
Net sales							
To external customers	15,497	14,277	7,574	5,084	42,434	—	42,434
Inter-segment sales and transfers	—	—	—	—	—	—	—
Total	15,497	14,277	7,574	5,084	42,434	—	42,434
Segment income	498	204	106	539	1,349	(276)	1,072

*1 The 276 million yen adjustment to segment income includes unallocated operating expenses.

The expenses cannot be assigned to any particular segment and are mostly administrative expenses incurred by the administration sector of the HAPPINET CORPORATION.

*2 Segment income is adjusted to be consistent with operating income shown on the consolidated statements of income.