



# Consolidated Financial Results

for the 1st Quarter of the Fiscal Year Ending March 31, 2016

August 11, 2015

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## DISCLAIMER

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**Consolidated Financial Results**  
**for the 1st Quarter of the Fiscal Year Ending March 31, 2016 [Japanese GAAP]**

Company name HAPPINET CORPORATION  
 Stock listing Tokyo Stock Exchange  
 Code No. 7552 URL: <http://www.happinet.co.jp/>  
 Representative Tetsuo Ishikawa, President and Representative Director  
 Contact Toru Shibata, Executive Officer, Head of Corporate Management Division  
 Scheduled filing date of the quarterly report August 12, 2015  
 Scheduled starting date for dividend payments: -  
 The additional materials of the financial results: No  
 The information session of the financial results: No

(Figures are in millions of yen, rounded down)

**1. Consolidated Results for the 1st Quarter of the Fiscal Year Ending March 31, 2016**  
**(April 1, 2015 - June 30, 2015)**

**(1) Consolidated Operating Results (For the three months Ended June 30, 2015)**

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
<b>1st Quarter of the Fiscal Year Ending March 31, 2016</b>	37,300	(6.8)	779	(6.3)	794	(8.0)	471	(49.2)
1st Quarter of the Fiscal Year Ended March 31, 2015	40,039	10.7	831	37.7	863	40.6	928	256.7

Note: Comprehensive income: As of June 30, 2016 608million yen [(36.5)%]  
 As of June 30, 2015 958million yen [241.7%]

	Earnings per share	Earnings per share (diluted)
	¥	¥
<b>1st Quarter of the Fiscal Year Ending March 31, 2016</b>	20.83	20.55
1st Quarter of the Fiscal Year Ended March 31, 2015	41.04	40.56

**(2) Consolidated Financial Position**

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
<b>As of June 30, 2015</b>	56,330	29,851	52.5
As of March 31, 2015	59,893	29,580	48.9

(Reference)

Shareholder's equity: As of June 30, 2016 29,577million yen  
 As of March 31, 2015 29,269million yen

## 2. Dividend

Dividend record dates	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	Fiscal Year-end	Total
	¥	¥	¥	¥	¥
Fiscal Year Ended March 31, 2015	—	13.50	—	15.00	28.50
Fiscal Year Ended March 31, 2016 (Projection)	—				
Fiscal Year Ending March 31, 2016		15.00	—	15.00	30.00

## 3. Consolidated Projections for the Fiscal Year ending March 31, 2016 (April 1, 2015 - March 31, 2016)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Interim Year	87,000	(6.9)	2,000	(15.4)	2,000	(17.1)	1,300	(28.4)	57.43
Full Year	200,000	(7.9)	4,500	(11.0)	4,500	(12.2)	3,000	(25.9)	132.53

### ※ Other Information

- (1) Significant changes in consolidated subsidiaries during the period: No
- (2) Application of special accounting methods for quarterly consolidated financial statements: No
- (3) Changes in accounting principles, accounting estimation change and error correction.
  - a) Changes in accounting principles due to revisions to accounting standards and other regulations: Yes
  - b) Changes in accounting principles due to revisions to other reasons: No
  - c) Changes in accounting estimation: No
  - d) Error correction: No
- (4) Number of shares issued (common shares)
  - a) Number of shares issued at the end of the period (including treasury shares)

1st quarter of the fiscal year ending March 31, 2016	24,050,000shares
Fiscal year ended March 31, 2015	24,050,000shares
  - b) Number of treasury shares at the end of the period

1st quarter of the fiscal year ending March 31, 2016	1,367,810shares
Fiscal year ended March 31, 2015	1,413,310shares
  - c) Average number of shares during the period

For the 1st quarter of the fiscal year ending March 31, 2016	22,642,113shares
For the 1st quarter of the fiscal year ended March 31, 2015	22,623,708shares

\* Information regarding the implementation of quarterly review procedures

This Report was exempt from quarterly review which was based on "Financial Instruments and Exchange Act." At the time of release of this report, the quarterly review procedures based on "Financial Instruments and Exchange Act." have not been completed.

\*Proper use of earnings projections, and other special matters

The above projections are based on information available to the Company as of the date of the announcement of these materials. Actual business results may differ from the projections due to a number of factors in the future.

II . Consolidated Quarterly Financial Statements

( i ) Consolidated Quarterly Balance Sheets

( ¥ million)

	Prior Fiscal Year (As of March 31, 2015)	Current Fiscal Year (As of June 30, 2015)
<b>Assets</b>		
Current assets		
Cash and deposits	15,867	16,684
Notes and accounts receivable - trade	25,682	20,354
Inventories	6,746	8,176
Other	4,154	3,506
Allowance for doubtful accounts	(1)	(0)
Total current assets	52,449	48,721
Non-current assets		
Property, plant and equipment	688	654
Intangible assets	854	907
Investments and other assets	5,900	6,047
Total non-current assets	7,443	7,609
Total assets	59,893	56,330
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	20,118	19,670
Income taxes payable	1,038	54
Provision for bonuses	775	378
Provision for directors' bonuses	121	—
Other provision	16	15
Other	4,886	3,055
Total current liabilities	26,957	23,174
Non-current liabilities		
Net defined benefit liability	2,528	2,510
Other	826	793
Total Non-current liabilities	3,355	3,303
Total liabilities	30,312	26,478
<b>Net assets</b>		
Shareholders' equity		
Capital stock	2,751	2,751
Capital surplus	2,775	2,784
Retained earnings	23,999	24,131
Treasury shares	(936)	(906)
Total shareholders' equity	28,590	28,761
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	678	815
Deferred gains or losses on hedges	0	0
Total accumulated other comprehensive income	678	816
Subscription rights to shares	310	274
Total net assets	25,580	29,851
Total liabilities and net assets	59,893	56,330

( ii ) Consolidated Quarterly Statements of Income and Consolidated quarterly Statements of Comprehensive Income  
(Consolidated Quarterly Statements of Income)

(¥ million)

	Prior Fiscal Year (April 1, 2014 - June 30, 2014)	Current Fiscal Year (April 1, 2015 - June 30, 2015)
Net sales	40,039	37,300
Cost of sales	34,479	32,264
Gross profit	5,559	5,035
Selling, general and administrative expenses	4,728	4,256
Operating income	831	779
Non-operating income		
Interest income	0	0
Dividend income	19	30
Other	13	14
Total non-operating income	33	46
Non-operating expenses		
Interest expenses	0	0
Loss on cancellation of leases	0	—
Provision of allowance for doubtful accounts	—	30
Other	0	0
Total non-operating expenses	1	30
Ordinary income	863	794
Extraordinary income		
Gain on sales of non-current assets	0	—
Gain on sales of investment securities	3	—
Total extraordinary income	3	—
Extraordinary losses		
Loss on sales of non-current assets	—	0
Loss on retirement of non-current assets	0	0
Impairment loss	46	—
Loss on revision of retirement benefit plan	379	—
Total extraordinary losses	425	0
Income before income taxes and minority interests	441	793
Income taxes - current	212	48
Income taxes - deferred	(699)	273
Total income taxes	(487)	322
Profit	928	471
Profit attributable to owners of parent	928	471

(Consolidated quarterly statements of comprehensive income)

(¥ million)

	Prior Fiscal Year (April 1, 2014 - June 30, 2014)	Current Fiscal Year (April 1, 2015 - June 30, 2015)
Profit	928	471
Other comprehensive income		
Valuation difference on available-for-sale securities	30	137
Deferred gains or losses on hedges	(0)	(0)
Total other comprehensive income	<u>29</u>	<u>137</u>
Comprehensive income	<u>958</u>	<u>608</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	958	608

### III. Consolidated Quarterly Financial Results by Business Segments

(1) 1st Quarter of the Fiscal Year Ended March 31, 2016 (April 1, 2015 - June 30, 2015)

(¥ million)

	Segments					Adjustment *1	Consolidated Total *2
	Toy business	Visual and Music business	Video-game business	Amusement business	Total		
Net sales							
To external customers	16,411	10,454	7,094	6,079	40,039	—	40,039
Inter-segment sales and transfers	—	—	—	—	—	—	—
Total	16,411	10,454	7,094	6,079	40,039	—	40,039
Segment income	584	97	(114)	551	1,119	(287)	831

\*1 The 287million 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 quarterly statements of income.

(2) 1st Quarter of the Fiscal Year Ending March 31, 2016 (April 1, 2015 - June 30, 2015)

(¥ million)

	Segments					Adjustment *1	Consolidated Total *2
	Toy business	Visual and Music business	Video-game business	Amusement business	Total		
Net sales							
To external customers	15,219	8,601	8,018	5,459	37,300	—	37,300
Inter-segment sales and transfers	—	—	—	—	—	—	—
Total	15,219	8,601	8,018	5,459	37,300	—	37,300
Segment income(loss)	532	23	(58)	573	1,071	(292)	779

\*1 The 292 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 quarterly statements of income.