

Fiscal Year 2004 Full-Year Results Briefing Document

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May 11, 2005

Happinet Corporation



Estimates of future performance are provided as a reference for investors.
They are based on projections and estimates and should not be construed as an assurance or guarantee of future performance.
When using this information, please keep in mind that final results may vary.

Business Results

	Fiscal Year	FY2000	FY2001	FY2002	FY2003	FY2004	Comments
Consolidated	Sales	thousand yen 126,670,293	140,888,629	122,515,841	122,722,894	140,461,595	
	Recurring profit	thousand yen 2,090,789	1,518,069	1,380,129	1,326,321	3,030,557	
	Net profit/loss	thousand yen 1,080,496	735,100	766,689	-686,818	1,580,783	
	Net assets	thousand yen 16,103,886	16,432,387	16,512,301	16,057,601	16,992,262	
	Total assets	thousand yen 37,140,060	53,698,026	39,975,413	37,034,100	39,829,631	
	Net assets per share	yen 1,339.21	1,366.61	1,408.83	1,336.02	1,413.96	
	EPS	yen 89.86	61.13	64.40	-57.36	131.53	
	No. of employees	468	556	510	505	566	
Non-Consolidated	Sales	thousand yen 101,810,288	89,867,180	39,441,524	31,287,698	138,647,374	
	Recurring profit	thousand yen 922,957	1,360,000	362,764	483,873	3,005,602	
	Net profit/loss	thousand yen 469,903	722,884	306,920	-723,007	1,570,526	
	Net assets per share	yen 1,254.52	1,280.52	1,292.89	1,206.39	1,439.88	
	Dividend per share (Interim dividend)	yen 25.0 (12.50)	25.0 (12.50)	25.0 (12.50)	25.0 (12.50)	22.5 (10.00)	
	EPS	yen 39.08	60.12	25.78	-60.39	130.68	
	Payout ratio	% 63.98	41.59	96.43	-	17.22	
	No. of employees	342	174	174	146	493	

Notes: 1. Sales tax is not included in either the consolidated or non-consolidated sales figures.

2. On March 12, 2004, Happinet Corporation acquired an interest in e-Shopping! Toys Corp., making it a subsidiary.

3. On April 1, 2004, Happinet Corporation merged with Happinet JP Corporation, Happinet Pictures Corporation, and Happinet Robin Corporation.

4. From the full year fiscal period under review, e-Shopping! Toys Corp., Scitron Digital Contents Inc. and Happinet AM Service West Corporation are accounted for as consolidated subsidiaries from the standpoint of significance.

1. Fiscal 2004 Consolidated Results (Profit and Loss Statement)

(Units: million yen, %, persons, yen; rounded down)

	FY2003			FY2004			Comments	(Reference) 4/21 revised figures
	Of total (%)	YoY (%)		Of total (%)	YoY (%)			
Sales	122,722	100.0	0.2	140,461	100.0	14.5		140,000
Cost of sales	107,996	88.0	0.4	123,431	87.9	14.3	Includes inventory disposal loss: current: 3,054 previous term: 2,881	
Gross profit	14,725	12.0	-1.7	17,030	12.1	15.6		
SG&A expenses	13,584	11.1	-1.5	14,063	10.0	3.5		
Personnel costs	3,843	3.1	-4.6	4,278	3.0	11.3		
Subcontracted personnel costs	776	0.6	-21.1	928	0.7	19.6		
Depreciation	518	0.4	-8.1	515	0.4	-0.6		
Operating income	1,141	0.9	-3.2	2,966	2.1	159.9		
Non-operating income	211	0.2	-23.5	100	0.1	-52.5		
Interest and dividends received	14	0.0	24.8	10	0.0	-24.6		
Others	197	0.2	-25.5	89	0.1	-54.6		
Non-operating expenses	27	0.0	-64.3	36	0.0	36.7		
Interest paid	0	0.0	-15.7	1	0.0	316.3		
Others	26	0.0	-64.7	35	0.0	32.0		
Recurring profit	1,326	1.1	-3.9	3,030	2.2	128.5		3,000
Extraordinary profit	38	0.0	-82.6	59	0.0	52.7		
Extraordinary loss	2,433	2.0	1,115.7	169	0.1	-93.1		
Pretax profit/loss	-1,068	-0.9	-176.1	2,921	2.1	373.4		
Enterprise, corporate, and inhabitants' taxes	-381	-0.3	-160.9	1,311	0.9	443.7		
Minority interests	-	-	-	28	0.0	-		
Net income	-686	-0.6	-189.6	1,580	1.1	330.2		1,550
Surplus, opening	11,279	-	4.3	10,278	-	-8.9		
Surplus, increase	-686	-	-189.6	1,580	-	330.2		
Surplus, decrease	314	-	4.8	595	-	89.7		
Surplus, closing	10,278	-	-8.9	11,263	-	9.6		
EPS (yen)	-57.36	-	-263.8	131.53	-	329.3		
Average no. of shares (shares)	11,973,069			12,018,284				
No. of employees at period end	505	-	3.1	566	-	12.1		

Notes: 1. The number of employees includes employees seconded from other companies, and contracted staff members, but excludes employees seconded to other companies and temporary staff members.

2. From the full year fiscal period under review, e-Shopping! Toys Corp., Scitron Digital Contents Inc. and Happinet AM Service West Corporation are accounted for as consolidated subsidiaries from the standpoint of significance.

1. Fiscal 2004 Consolidated Results

1. Sales by segment

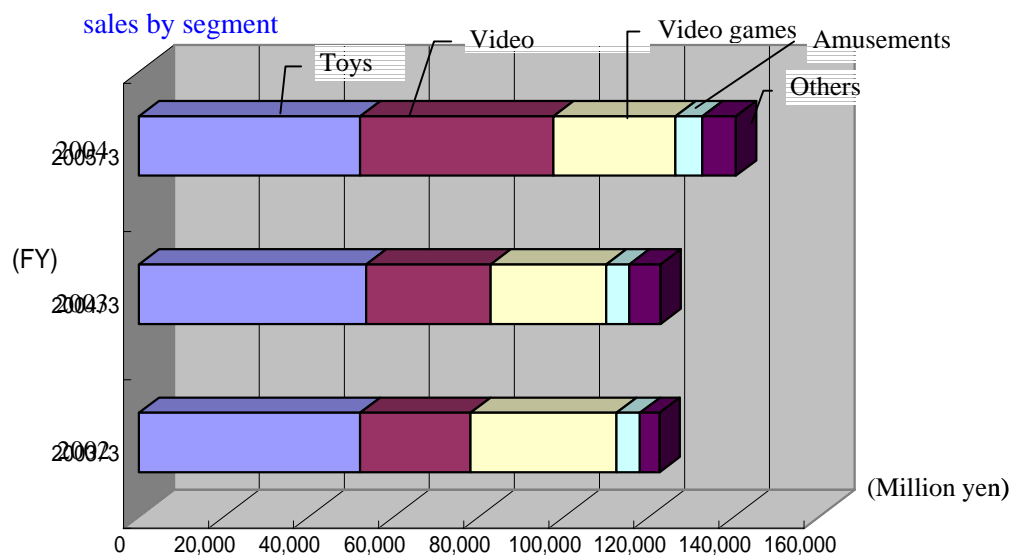
(Units: million yen, %; rounded down)

Product	FY2002		FY2003		FY2004		Comments		
	Of total (%)	YoY (%)	Of total (%)	YoY (%)	Of total (%)	YoY (%)			
Toys	52,031	42.4	27.1	53,468	43.6	2.8	52,066	37.1	-2.6
Video-related	25,963	21.2	15.6	29,261	23.8	12.7	45,457	32.4	55.3
Video games	34,334	28.0	-49.0	27,185	22.2	-20.8	28,696	20.4	5.6
Amusements	5,521	4.5	0.0	5,437	4.4	-1.5	6,318	4.5	16.2
Others	4,665	3.8	11.1	7,370	6.0	183.8	7,921	5.6	7.5
Total	122,515	100.0	-13.0	122,722	100.0	0.2	140,461	100.0	14.5

2. Operating income by segment

(Units: million yen, %; rounded down)

Product	FY2003		FY2004		Comments
	YoY (%)		YoY (%)		
Toys		175		1,735	891.4
Video-related	61.5	1,349	31.6	1,775	
Video games		280		303	8.2
Amusements		133		132	-0.1
Others		375		302	-19.5
Eliminations and corporate losses		-1,172		-1,282	
Total		1,141	-3.2	2,966	159.9

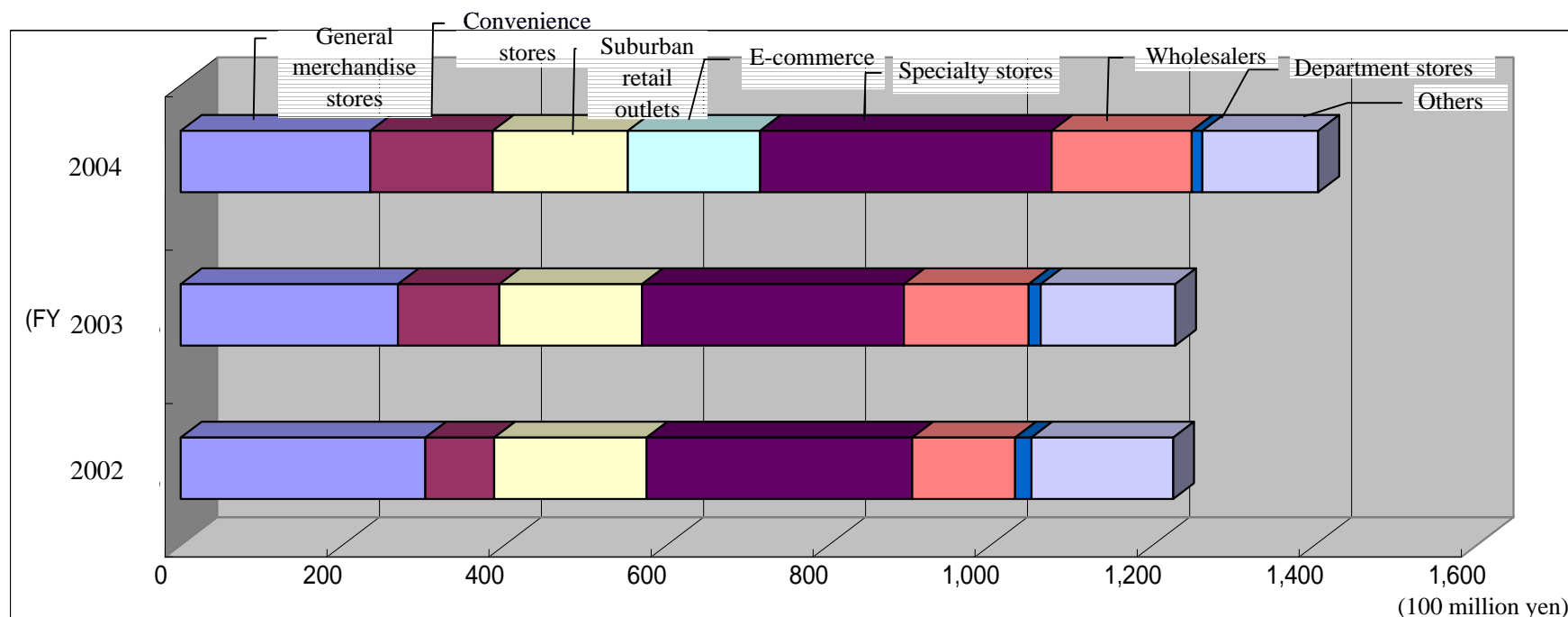


1. Fiscal 2004 Consolidated Results

3. Sales by sales channel

(Units: 100 million yen, %; rounded down)

Channel	FY2002		FY2003		FY2004		Comments			
	Of total (%)	YoY (%)	Of total (%)	YoY (%)	Of total (%)	YoY (%)				
General merchandise stores	302	24.6	-9.3	268	21.9	-11.2	234	16.7	-12.6	Sales from FY2002 and FY2003 are included in "Others"
Convenience stores	85	6.9	-	124	10.1	47.0	150	10.7	21.4	
Suburban retail outlets	188	15.4	-42.4	176	14.4	-6.3	166	11.9	-5.4	
E-commerce	-	-	-	-	-	-	162	11.6	-	
Specialty stores	328	26.8	-11.6	322	26.3	-1.6	359	25.6	11.5	
Wholesalers	127	10.4	-20.5	153	12.5	20.8	172	12.3	12.4	
Department stores	20	1.7	-37.9	15	1.3	-23.6	13	1.0	-11.1	
Others	175	14.3	-5.0	166	13.6	-4.8	143	10.2	-13.9	
Total	1,225	100.0	-13.0	1,227	100.0	0.2	1,404	100.0	14.5	



1. Fiscal 2004 Consolidated Results

4. Sales by product line

Toys (Units: 100 million yen, %; rounded down)

Item	FY2004		Comments
	Of total (%)	YoY (%)	
Bandai	312	60.0	Happinet's original products development division Takara, Sega Toys, etc.
Tomy	25	4.9	
Happinet Robin	26	5.1	
Other manufacturers	156	30.0	
Total	520	100.0	

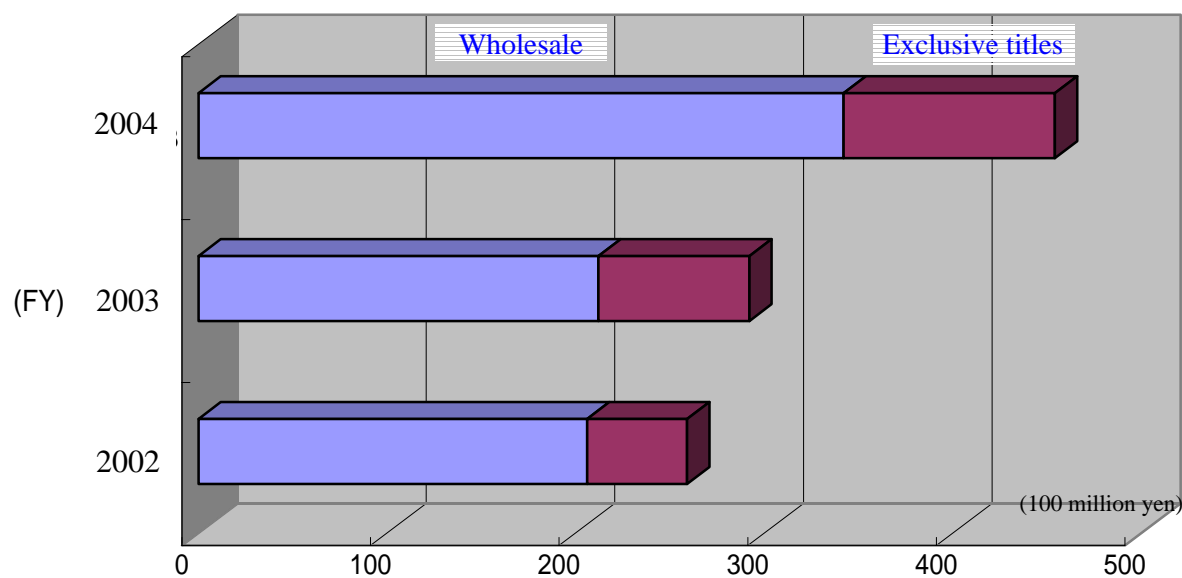
1. Fiscal 2004 Consolidated Results

4. Sales by product line

Composition of sales in the video-related business

(Units: 100 million yen, %; rounded down)

Item	FY2002			FY2003			FY2004			Comments
	Of total (%)	YoY (%)		Of total (%)	YoY (%)		Of total (%)	YoY (%)		
Wholesale	206	79.6	-	212	72.6	2.8	342	75.3	61.2	
Exclusive Titles	53	20.4	-	80	27.4	51.1	112	24.7	39.8	
Total	259	100.0	-	292	100.0	12.7	454	100.0	55.3	



1. Fiscal 2004 Consolidated Results

4. Sales by product line

Video games

(Units: 100 million yen, %; rounded down)

Item	FY2002			FY2003			FY2004			Comments
		Of total (%)	YoY (%)		Of total (%)	YoY (%)		Of total (%)	YoY (%)	
PlayStation 2	208	60.6	-48.0	191	70.3	-8.1	193	67.4	1.1	
PlayStation Portable (PSP)	-			-			27	9.7	-	
PlayStation	23	7.0	-69.3	4	1.8	-80.1	0	0.2	-90.3	
Nintendo DS	-			-			0	0.3	-	
Game Boy Advance	15	4.6	127.0	32	12.0	106.0	33	11.7	3.0	
Game Cube	9	2.7	131.3	8	3.1	-9.2	3	1.2	-58.3	
Wonder Swan	27	8.0	-54.3	3	1.2	-88.6	0	0.0	-100.0	
Others	58	17.1	-52.2	31	11.6	-46.2	27	9.5	-13.2	
Total	343	100.0	-49.0	271	100.0	-20.8	286	100.0	5.6	

1. Fiscal 2004 Consolidated Results

4. Sales by product line

PlayStation products (sales and number of units)

(Units: 100 million yen, %; rounded down)

Item	FY2002			FY2003			FY2004			Comments
		Of total (%)	YoY (%)		Of total (%)	YoY (%)		Of total (%)	YoY (%)	
PS2 hardware	101 (380,000 units)	48.7	-59.5	72 (330,000 units)	37.8	-28.8	48 (260,000 units)	21.9	-32.9	
PS2 software	93	44.9	-20.5	106	55.8	14.3	137	62.1	28.6	
PS2 accessories	13	6.4	-57.4	12	6.4	-8.0	7	3.4	-38.5	
PSP hardware	-			-			21 (90,000 units)	9.5	-	
PSP software	-			-			6	2.8	-	
PSP accessories	-			-			0	0.3	-	
Total	208	100.0		191	100.0		221	100.0	15.6	

1. Fiscal 2004 Results (Consolidated Balance Sheet [1])

(Unit: million yen; rounded down)

	FY2003	FY2004	Change	Main reason behind increase or decrease in assets
(Assets)				
(1) Current assets	32,004	36,135	4,130	
1. Cash and deposits	5,844	8,845	3,000	
2. Accounts and bills receivable	18,043	18,502	459	
3. Inventories	4,564	4,429	-134	
4. Advances	1,615	2,403	788	Increase of 600 million yen in video business
5. Deferred tax assets	494	863	368	
6. Others	1,684	1,135	-548	
7. Reserves	-242	-44	197	
(2) Fixed assets	5,029	3,694	-1,335	Disposal and/or sale of idle assets, etc.
1. Tangible assets	1,436	1,201	-235	
Buildings and structures	538	370	-167	
Land	272	233	-38	
Others	625	596	-28	
2. Intangible assets	882	637	-245	
Goodwill	120	181	61	
Others	762	455	-307	
3. Investments and other assets	2,710	1,855	-854	
Long-term securities	1,308	1,043	-265	
Prepaid long-term expenses	12	4	-7	
Guarantees paid	462	471	8	
Deferred tax assets	837	262	-575	
Others	177	166	-11	
Reserves	-87	-92	-4	
Total assets	37,034	39,829	2,795	

Note: From the full year fiscal period under review, Scitron Digital Contents Inc. and Happinet AM Service West Corporation are accounted for as consolidated subsidiaries from the standpoint of significance.

1. Fiscal 2004 Results (Consolidated Balance Sheet [2])

(Unit: million yen; rounded down)

	FY2003	FY2004	Change	Main reason behind increase or decrease in liabilities
(Liabilities)				
(1) Current liabilities	19,597	21,282	1,684	
1. Accounts and bills payable	16,684	17,628	944	
2. Deferred payments	1,424	1,544	119	
3. Enterprise and other taxes owed	392	948	555	
4. Reserves against bonuses	331	491	159	
5. Others	765	669	-95	
(2) Fixed liabilities	1,407	1,555	147	
1. Reserves against severance and past service obligations	686	818	132	
2. Guarantees received	645	704	58	
3. Consolidated adjustment account	18	13	-5	
4. Others	56	18	-37	
Total liabilities	21,005	22,837	1,831	
Minority interests	-28	-	28	
(Shareholders' equity)				
(1) Capital	2,751	2,751	-	
(2) Capital reserves	2,776	2,776	0	
(3) Consolidated surplus	10,278	11,263	984	
(4) Securities valuation account	257	208	-48	
(5) Treasury stock	-5	-7	-1	
Total shareholders' equity	16,057	16,992	934	
Liabilities, minority interests, and shareholders' equity	37,034	39,829	2,795	
Shareholders' equity per share (yen)	1,336.02	1,413.96	77.94	

Term-end no. of shares issued 12,019,000 12,017,540

Note: From the full year fiscal period under review, Scitron Digital Contents Inc. and Happinet AM Service West Corporation are accounted for as consolidated subsidiaries from the standpoint of significance.

1. Fiscal 2004 Results (Consolidated Cash Flow Statement)

(Unit: million yen; rounded down)

	FY2003	FY2004	Change	Comments
(1) Cash flows from operating activities				
Current pretax profit/loss	-1,068	2,921	3,989	
Depreciation and amortization	520	515	-4	
Change in trade receivables	-653	-199	454	
Change in inventories	3,297	408	-2,888	
Change in trade payables	-3,151	646	3,798	
Change in accounts receivable-others	277	-163	-440	
Change in accounts payable-others	-0	-6	-5	
Other	781	-342	-1,123	
Tax paid	-479	-540	-61	
Net cash provided by/used in operating activities	-478	3,239	3,717	
(2) Cash flows from investing activities				
Expenditures on acquisition of tangible and intangible assets	-252	-322	-70	
Proceeds from sale of tangible and intangible assets	735	170	-564	Idle assets sold in the previous term
Expenditure on acquisition of investment securities	-20	-69	-48	
Gains on sale of investment securities	63	35	-27	
Expenditures on loans	-461	-	461	
Other	43	139	96	
Net cash provided by/used in investing activities	107	-45	-153	
(3) Cash flows from financing activities				
Dividends paid	-298	-272	26	
Proceeds from sales of treasury stock	255	0	-254	
Other	-1	-2	-0	
Net cash used in financing activities	-45	-274	-229	
(4) Change in cash and equivalents	-415	2,918	3,334	
(5) Cash and cash equivalents opening balance	6,294	5,844	-450	
(6) Change in cash and cash equivalents resulting from changes in consolidation	-34	81	116	
(7) Cash and cash equivalents closing balance	5,844	8,845	3,000	

Note: From the full year fiscal period under review, Scitron Digital Contents Inc. and Happinet AM Service West Corporation are accounted for as consolidated subsidiaries from the standpoint of significance.

2. Fiscal 2004 Results (Non-Consolidated Profit and Loss Statement)

(Units: million yen, %, persons, yen; rounded down)

	FY2003			FY2004			Comments	[Reference] 4/21 revised figures
	Of total (%)	YoY (%)		Of total (%)	YoY (%)			
Sales	31,287	100.0	-20.7	138,647	100.0	343.1		138,000
Cost of sales	29,331	93.7	-19.6	122,430	88.3	317.4	Includes inventory disposal loss: current term: 3,005 million yen; prior term: 309 million yen	
Gross profit	1,956	6.3	-33.9	16,217	11.7	729.1		
SG&A expenses	1,782	5.7	-40.2	13,297	9.6	646.1		
Personnel costs	1,231	3.9	-18.3	3,812	2.7	209.7		
Subcontracted personnel costs	194	0.6	-25.4	552	0.4	183.5		
Depreciation	442	1.4	-11.1	457	0.3	3.5		
Operating profit/loss	173	0.6	821.0	2,920	2.1	1,580.5		
Non-operating income	312	1.0	-20.8	118	0.1	-62.0		
Interest and dividends received	182	0.6	8.2	14	0.0	-92.3		
Others	129	0.4	-42.5	104	0.1	-19.2		
Non-operating expenses	2	0.0	-68.5	33	0.0	1,310.8		
Interest paid	0	0.0	-21.8	0	0.0	-63.4		
Others	1	0.0	-71.7	33	0.0	1,572.1		
Recurring profit	483	1.5	33.4	3,005	2.2	521.2		3,000
Extraordinary profit	37	0.1	-84.4	66	0.0	77.0		
Extraordinary loss	1,800	5.8	1,099.5	341	0.2	-81.0		
Pretax profit/loss	-1,278	-4.1	-380.9	2,731	2.0	313.6		
Enterprise and other taxes	-555	-1.8	-474.6	1,160	0.8	308.8		
Net profit/loss	-723	-2.3	-335.6	1,570	1.1	317.2		1,550
Surplus, opening	9,791	-	0.1	8,771	-	-10.4		
Surplus, increased	-723	-	-335.6	3,035	-	519.9		
Surplus, decreased	296	-	-1.0	270	-	-8.9		
Surplus, closing	8,771	-	-10.4	11,536	-	31.5		
EPS (yen)	-60.39	-	-334.2	130.68	-	316.4		
Average no. of shares	11,973,069			12,018,284				
Term-end no. of employees	146	-	-19.3	493	-	237.7		

Notes: 1. The number of employees includes employees seconded from other companies, and contracted staff members, but excludes employees seconded to other companies and temporary staff members.

2. On April 1, 2004, Happinet Corporation merged with Happinet JP Corporation, Happinet Pictures Corporation, and Happinet Robin Corporation.

2. Fiscal 2004 Results (Non-Consolidated Balance Sheet [1])

(Unit: million yen; rounded down)

	FY2003	FY2004	Change	Main reason behind increase or decrease in assets
(Assets)				
(1) Current assets	12,577	35,950	23,372	
1. Cash and deposits	3,820	8,380	4,560	
2. Accounts and bills receivable	4,950	18,431	13,481	
3. Inventories	1,532	4,258	2,725	
4. Advances	42	2,414	2,372	
5. Deferred tax assets	227	832	605	
6. Short-term receivables	1,634	595	-1,039	
7. Others	560	1,084	523	
8. Reserves for doubtful accounts	-189	-47	142	
(2) Fixed assets	9,191	3,629	-5,562	
1. Tangible assets	1,419	1,171	-247	
Buildings	527	363	-164	
Land	272	233	-38	
Others	619	574	-44	
2. Intangible assets	485	483	-1	
Goodwill	-	167	167	
Software	469	287	-181	
Others	15	29	13	
3. Investments and other assets	7,287	1,973	-5,313	
Long-term securities	307	696	389	
Securities held in affiliates	5,922	396	-5,525	
Deferred tax assets	557	333	-223	
Others	531	632	100	
Reserve for doubtful accounts	-32	-85	-53	
Total assets	21,769	39,579	17,810	

Note: On April 1, 2004, Happinet Corporation merged with Happinet JP Corporation, Happinet Pictures Corporation, and Happinet Robin Corporation.

2 . Fiscal 2004 Results (Non-Consolidated Balance Sheet [2])

(Unit: million yen; rounded down)

	FY2003	FY2004	Change	Main reason behind increase or decrease in liabilities
(Liabilities)				
(1) Current liabilities	6,808	20,813	14,004	
1. Accounts and bills payable	5,992	17,509	11,516	
2. Other payables	332	1,396	1,064	
3. Enterprise and other taxes owed	8	913	905	
4. Reserve against bonuses	99	460	360	
5. Reserve for loss on closing of warehouse	81	-	-	
6. Others	294	533	239	
(2) Fixed liabilities	461	1,462	1,001	
1. Reserves against severance and past service obligations	212	758	545	
2. Others	248	704	455	
Total liabilities	7,269	22,275	15,005	
(Shareholders' equity)				
(1) Capital	2,751	2,751	-	
(2) Capital reserve	2,776	2,776	0	
(3) Earned surplus	8,771	11,536	2,765	
1. Earned surplus reserves	176	235	59	
2. Voluntary reserves	9,160	8,693	-467	
3. Unappropriated earned reserves	-565	2,608	3,173	
(4) Securities valuation account	205	246	40	
(5) Treasury stock	-5	-7	-1	
Total shareholders' equity	14,499	17,303	2,804	
Liabilities and shareholders' equity	21,769	39,579	17,810	
Shareholders' equity per share (yen)	1,206.39	1,439.88	233.49	
Term-end no. of shares issued	12,019,000	12,017,540	-1,460	

Note: On April 1, 2004, Happinet Corporation merged with Happinet JP Corporation, Happinet Pictures Corporation, and Happinet Robin Corporation.

3. Fiscal 2005 Forecast (Consolidated Profit and Loss Statement)

(Units: million yen, %, persons, yen; rounded down)

	FY2004			FY2005 (Planned)			Comments
		Of total (%)	YoY (%)		Of total (%)	YoY (%)	
Sales	140,461	100.0	14.5	150,000	100.0	6.8	
Cost of sales	123,431	87.9	14.3	131,700	87.8	6.7	
Gross profit	17,030	12.1	15.6	18,300	12.2	7.5	
SG&A expenses	14,063	10.0	3.5	15,170	10.1	7.9	
Personnel costs	4,278	3.0	11.3	4,395	2.9	2.7	
Subcontracted personnel costs	928	0.7	19.6	1,176	0.8	26.7	
Depreciation	515	0.4	-0.6	418	0.3	-18.9	
Operating profit	2,966	2.1	159.9	3,130	2.1	5.5	
Non-operating profit	100	0.1	-52.5	80	0.1	-20.5	
Interest and dividends received	10	0.0	-24.6	10	0.0	-7.3	
Others	89	0.1	-54.6	70	0.0	-22.1	
Non-operating expenses	36	0.0	36.7	10	0.0	-72.9	
Interest paid	1	0.0	316.3	-	-	-	
Others	35	0.0	32.0	10	0.0	-71.5	
Recurring profit	3,030	2.2	128.5	3,200	2.1	5.6	
Extraordinary profit	59	0.0	52.7	-	-	-	
Extraordinary losses	169	0.1	-93.1	-	-	-	
Pretax profit/loss	2,921	2.1	373.4	3,200	2.1	9.6	
Enterprise and other taxes	1,311	0.9	443.7	1,400	0.9	6.8	
Minority interests	28	0.0	-	-	-	-	
Net profit/loss	1,580	1.1	330.2	1,800	1.2	13.9	
Surplus, opening	10,278	-	-8.9	11,263	-	9.6	
Surplus, increase	1,580	-	330.2	1,800	-	13.9	
Surplus, decrease	595	-	89.7	300	-	-49.6	
Surplus, closing	11,263	-	9.6	12,762	-	13.3	
EPS (yen)	131.53	-	329.3	149.78	-	13.9	
Average no. of shares	12,018,284			12,017,540			
Term-end no. of employees	566	-	12.1	566	-	0.0	
Facility investment amount	214	-	60.3	600	-	179.4	

Notes: 1. The number of employees includes employees seconded from other companies, and contracted staff members, but excludes employees seconded to other companies and temporary staff members.

2. From the full year fiscal period under review, e-Shopping! Toys Corp., Scitron Digital Contents Inc. and Happinet AM Service West Corporation are accounted for as consolidated subsidiaries from the standpoint of significance.

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3. Fiscal 2005 Forecast (Consolidated)

1. Sales by segment

(Units: million yen, %; rounded down)

Item	FY2004		FY2005 (Planned)			Comments	
	Of total (%)	YoY (%)		Of total (%)	YoY (%)		
Toys	52,066	37.1	-2.6	52,800	35.2	1.4	
Video	45,457	32.4	55.3	41,300	27.5	-9.2	
Video games	28,696	20.4	5.6	42,400	28.3	47.8	
Amusements	6,318	4.5	16.2	5,800	3.9	-8.2	
Others	7,921	5.6	7.5	7,700	5.1	-2.8	
Total	140,461	100.0	14.5	150,000	100.0	6.8	

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4. Fiscal 2005 Forecast (Non-Consolidated Profit and Loss Statement)

(Units: million yen, %, persons, yen; rounded down)

	FY2004			FY2005 (Planned)			Comments
		Of total (%)	YoY (%)		Of total (%)	YoY (%)	
Sales	138,647	100.0	343.1	149,000	100.0	7.5	
Cost of sales	122,430	88.3	317.4	131,560	88.3	7.5	
Gross profit	16,217	11.7	729.1	17,440	11.7	7.5	
SG&A expenses	13,297	9.6	646.1	14,310	9.6	7.6	
Personnel costs	3,812	2.7	209.7	3,927	2.6	3.0	
Subcontracted personnel costs	552	0.4	183.5	709	0.5	28.3	
Depreciation	457	0.3	3.5	378	0.3	-17.4	
Operating profit	2,920	2.1	1,580.5	3,130	2.1	7.2	
Non-operating profit	118	0.1	-62.0	80	0.1	-32.7	
Interest and dividends received	14	0.0	-92.3	10	0.0	-28.6	
Others	104	0.1	-19.2	70	0.0	-33.2	
Non-operating expenses	33	0.0	1,310.8	10	0.0	-70.0	
Interest paid	0	0.0	-63.4	-	-	-	
Others	33	0.0	1,572.1	10	0.0	-69.8	
Recurring profit	3,005	2.2	521.2	3,200	2.1	6.5	
Extraordinary profit	66	0.0	77.0	-	-	-	
Extraordinary losses	341	0.2	-81.0	-	-	-	
Pretax profit/loss	2,731	2.0	313.6	3,200	2.1	17.2	
Enterprise and other taxes	1,160	0.8	308.8	1,400	0.9	20.6	
Net profit/loss	1,570	1.1	317.2	1,800	1.2	14.6	
Surplus, opening	8,771	-	-10.4	11,536	-	31.5	
Surplus, increase	3,035	-	519.9	1,800	-	40.7	
Surplus, decrease	270	-	-8.9	300	-	11.1	
Surplus, closing	11,536	-	31.5	13,036	-	13.0	
EPS (yen)	130.68	-	316.4	149.78	-	14.6	
Average no. of shares	12,018,284			12,017,540			
Term-end no. of employees	493	-	237.7	493	-	0.0	

Notes: 1. The number of employees includes employees seconded from other companies, and contracted staff members, but excludes employees seconded to other companies and temporary staff members.

2. On April 1, 2004, Happinet Corporation merged with Happinet JP Corporation, Happinet Pictures Corporation, and Happinet Robin Corporation.

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5. Group Companies

(Units: million yen, %; rounded down)

	Happinet Logistics Services Corporation					
	FY2003		FY2004		FY2005 (Planned)	
		YoY (%)		YoY (%)		YoY (%)
Sales	5,607	1.3	4,975	-11.3	4,800	-3.5
Recurring profit/loss	287	69.4	155	-45.9	30	-80.7
Net profit/loss	165	74.3	92	-44.1	17	-81.7

(Units: million yen, %; rounded down)

	e-Shopping! Toys Corp.					
	FY2003		FY2004		FY2005 (Planned)	
		YoY (%)		YoY (%)		YoY (%)
Sales	1,521	31.9	1,180	-22.4	1,500	27.0
Recurring profit/loss	-112	-	-66	-	30	-
Net profit/loss	-133	-	-126	-	30	-

(Units: million yen, %; rounded down)

	Scitron Digital Contents Inc.					
	FY2003		FY2004		FY2005 (Planned)	
		YoY (%)		YoY (%)		YoY (%)
Sales	583	-	679	16.4	700	3.0
Recurring profit/loss	-70	-	9	-	20	117.3
Net profit/loss	-144	-	10	-	20	84.5

Note: The fiscal year ended March 2004 for Scitron Digital Contents Inc. is a 10-month period from June 2003, due to a change in the settlement date.

The YoY % change is not included, as it is not applicable.

(Units: million yen, %; rounded down)

	Happinet AM Service West Corporation					
	FY2003		FY2004		FY2005 (Planned)	
		YoY (%)		YoY (%)		YoY (%)
Sales	813	48.6	952	17.0	1,000	5.0
Recurring profit/loss	-47	-	0	-	20	-
Net profit/loss	-51	-	0	-	20	-

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