

Fiscal Year 2004 Half-Year Results

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Happinet Corporation



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Business Results

	2002/3	2002/9	2003/3	2003/9	2004/3	2004/9	Comments	
	Full year	Half year	Full year	Half year	Full year	Half year		
Consolidated	Net Sales	thousand yen 140,888,629	55,783,291	122,515,841	52,484,708	122,722,894	59,211,025	
	Recurring profit	thousand yen 1,518,069	657,385	1,380,129	458,454	1,326,321	877,306	
	Net profit/loss	thousand yen 735,100	420,724	766,689	-1,089,168	-686,818	453,227	
	Net assets	thousand yen 16,432,387	16,620,954	16,512,301	15,770,631	16,057,601	16,047,120	
	Total assets	thousand yen 53,698,026	44,400,884	39,975,413	39,069,727	37,034,100	37,830,355	
	Net assets per share	yen 1,366.61	1,390.24	1,408.83	1,312.08	1,336.02	1,335.24	
	EPS	yen 61.13	35.01	64.40	-91.32	-57.36	37.71	
	No. of employees	people 556	543	510	503	505	560	
Parent	Net Sales	thousand yen 89,867,180	17,256,998	39,441,524	11,238,047	31,287,698	58,272,970	
	Recurring profit	thousand yen 1,360,000	120,317	362,764	45,269	483,873	843,848	
	Net profit/loss	thousand yen 722,884	205,127	306,920	-848,963	-723,007	487,847	
	Net assets per share	yen 1,280.52	1,290.71	1,292.89	1,206.42	1,206.39	1,364.89	
	Dividend (Interim dividend)	yen 25.00 (12.50)	(12.50)	25.00 (12.50)	(12.50)	25.00 (12.50)	(10.00)	
	EPS	yen 60.12	17.07	25.78	-71.18	-60.39	40.59	
	Payout ratio	% 41.6	-	96.98	-	-	-	
	No. of employees	people 174	184	174	137	146	488	

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

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

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

4. From the half 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 Half-Year Consolidated Results (Profit and Loss Statement)

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

	2003/9 (Half year)			2004/9 (Half year)			Comments	(Reference) 9/30 revised figures
		Of total (%)	YoY (%)		Of total (%)	YoY (%)		
Net sales	52,484	100.0	-5.9	59,211	100.0	12.8		58,000
Cost of sales	45,666	87.0	-5.4	51,620	87.2	13.0	Includes inventory revaluation loss: current: 973 previous term: 517	
Gross profit	6,818	13.0	-9.0	7,590	12.8	11.3		
SG&A expenses	6,459	12.3	-7.2	6,738	11.4	4.3		
Personnel costs	1,849	3.5	-9.4	1,979	3.3	7.0		
Subcontracted personnel costs	390	0.7	-23.8	452	0.8	15.9		
Depreciation	256	0.5	-7.5	267	0.5	4.3		
Operating profit	358	0.7	-32.9	852	1.4	137.4		
Non-operating profit	105	0.2	-33.8	48	0.1	-54.0		
Interest and dividends received	8	0.0	30.2	6	0.0	-22.3		
Others	96	0.2	-36.5	41	0.1	-56.8		
Non-operating expenses	5	0.0	-84.7	23	0.0	315.6		
Interest paid	0	0.0	11.2	1	0.0	1,640.6		
Others	5	0.0	-84.9	22	0.0	301.2		
Recurring profit	458	0.9	-30.3	877	1.5	91.4		800
Extraordinary profit	8	0.0	-94.9	3	0.0	-56.1		
Extraordinary loss	2,232	4.3	3,630.3	9	0.0	-99.6		
Pretax profit/loss (half year)	-1,765	-3.4	-330.3	871	1.5	149.4		
Enterprise and other taxes	-676	-1.3	-302.2	389	0.7	157.6		
Minority interests	-	0.0	-100.0	28	0.1	-		
Net profit/loss (half year)	-1,089	-2.1	-358.9	453	0.8	141.6		440
Surplus, opening	11,279	-	4.3	10,278	-	-8.9		
Surplus, increase	-1,089	-	-358.9	453	-	141.6		
Surplus, decrease	163	-	-9.0	475	-	190.3		
Surplus, closing (half year)	10,026	-	-9.5	10,255	-	2.3		
EPS (yen) (half year)	-91.32	-	-360.8	37.71	-	141.3		
Average no. of shares (thousands of shares)	11,927			12,019				
No. of employees at period end	503	-	-7.4	560	-	11.3		

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

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

3. From the half 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 Half-Year Consolidated Results

1. Sales by product area

(Units: 100 million yen, %)

Product	Term	2003/9 (Half year)		2004/3		2004/9 (Half year)				
		Of total (%)	YoY (%)	Of total (%)	YoY (%)	Of total (%)	YoY (%)			
Toys		245	46.7	9.0	535	43.6	2.8	240	40.6	-1.9
Video		126	24.0	-0.1	293	23.8	12.7	198	33.4	57.4
Video games		93	17.6	-38.6	272	22.2	-20.8	86	14.5	-7.0
Amusements		25	4.8	-9.6	54	4.4	-1.5	32	5.3	24.5
Childcare goods		9	1.8	-36.7	17	1.4	-36.4	-	-	-
Others		27	5.1	96.3	57	4.6	183.8	36	6.1	35.2
Total		525	100.0	-5.9	1,227	100.0	0.2	592	100.0	12.8

2. Sales by sales channel

(Units: 100 million yen, %)

Channel	Term	2003/9 (Half year)		2004/3		2004/9 (Half year)				
		Of total (%)	YoY (%)	Of total (%)	YoY (%)	Of total (%)	YoY (%)			
Wholesalers		63	12.1	0.2	154	12.5	20.8	79	13.4	25.2
Specialty stores		138	26.3	-11.1	323	26.3	-1.6	156	26.4	13.1
Department stores		7	1.3	-33.6	16	1.3	-23.6	6	0.9	-21.2
General merchandise stores		108	20.6	-16.7	268	21.9	-11.2	88	14.9	-18.5
Discount stores/home centers		21	4.1	3.6	53	4.3	19.7	22	3.6	0.5
Suburban retail outlets		79	15.1	-9.4	176	14.4	-6.3	75	12.6	-5.8
Others		107	20.4	18.8	238	19.4	10.5	166	28.1	55.1
Total		525	100.0	-5.9	1,227	100.0	0.2	592	100.0	12.8

1. Fiscal 2004 Half-Year Consolidated Results

3. Sales by product line

Toys

(Units: 100 million yen, %)

Item	Term	2003/9 (Half year)		2004/3		2004/9 (Half year)				
		Of total (%)	YoY (%)	Of total (%)	YoY (%)	Of total (%)	YoY (%)			
Bandai		176	71.9	5.2	373	69.7	2.0	171	71.3	-2.7
Other manufacturers		69	28.1	20.0	162	30.3	4.5	69	28.7	-0.0
Total		245	100.0	9.0	535	100.0	2.8	240	100.0	-1.9

[Reference] Top sellers

(Unit: 100 million yen)

	2003/9 (Half year)		2004/9 (Half year)	
	Product	Sales	Product	Sales
Bandai Character	"Abarenja "	35	"Power Rangers S.P.D "	31
	"Masked Rider Series"	30	"Masked Rider Series"	18
	"Gundam "	7	"Pretty Cure"	16
	"Ultraman Series"	6	"Ultraman Series"	9
	"Nadja Applefield"	5	"Gundam "	6
Bandai Playtoys	"Anpanman "	3	Primopuel	3
	Mega Bloks	2	Mega blok	2
	Primopuel	2	"Anpanman "	2
	TECS(Thomas)	1	TECS(Thomas)	1
Other manufacturers	Tomy Tomica Series	2.7	Tomy Tomica Series	2.7
	Tomy Plarail Series	1.8	Tomy Plarail Series	2.0
	Takara Choro-Q Series	1.3	Takara Choro-Q Series	1.5

1. Fiscal 2004 Half-Year Consolidated Results

3. Sales by product line

Video games (sales by product)

(Units: 100 million yen, %)

Item	Term	2003/9 (Half year)		2004/3		2004/9 (Half year)				
		Of total (%)	YoY (%)	Of total (%)	YoY (%)	Of total (%)	YoY (%)			
PlayStation 2		68	73.1	-23.5	191	70.3	-8.1	59	69.2	-12.0
PlayStation		4	4.2	-78.4	5	1.8	-80.1	0	0.4	-91.8
Game Boy Advance		5	5.0	-8.8	33	12.0	106.0	18	21.0	289.0
Game Cube		4	4.2	22.3	8	3.1	-9.2	2	1.8	-59.9
Wonder Swan		2	2.0	-90.2	3	1.2	-88.6	-	-	-
Others		11	11.6	-39.1	32	11.6	-46.2	7	7.7	-38.5
Total		93	100.0	-38.6	272	100.0	-20.8	86	100.0	-7.0

PlayStation products (sales and number of units)

(Units: 100 million yen, %)

Item	Term	2003/9 (Half year)		2004/3		2004/9 (Half year)				
		Of total (%)	YoY (%)	Of total (%)	YoY (%)	Of total (%)	YoY (%)			
PS2 hardware		31	43.5	-35.1	72	36.9	-28.8	12	19.7	-62.2
		(125,000 units)			(330,000 units)			(61,000 units)		
PS2 software		33	45.6	-5.2	107	54.5	14.3	45	74.7	37.0
PS2 accessories		4	5.5	-35.7	12	6.2	-8.0	3	5.1	-21.7
PS hardware		0	0.5	-59.8	0	0.1	-88.7	-	-	-100.0
		(1,000 units)			(2,000 units)			(0.0 units)		
PS software		3	4.8	-78.6	4	2.1	-80.4	0	0.4	-93.6
PS accessories		0	0.2	-89.3	1	0.3	-70.5	0	0.2	-16.7
Total		72	100.0	-32.8	196	100.0	-15.5	60	100.0	-16.3

Amusements

(Units: 100 million yen, %)

Item	Term	2003/9 (Half year)		2004/3		2004/9 (Half year)				
		Of total (%)	YoY (%)	Of total (%)	YoY (%)	Of total (%)	YoY (%)			
Vending machine products		13	51.8	-8.7	30	54.7	11.2	16	49.9	20.2
Vending machine prizes		7	28.2	-16.9	14	26.4	-10.8	6	19.2	-14.9
Vending equipment		0	1.0	-51.9	1	1.5	-72.6	1	2.1	153.8
Others		5	19.0	5.9	10	17.5	0.7	9	28.8	88.8
Total		25	100.0	-9.6	54	100.0	-1.5	32	100.0	24.5

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

(Unit: million yen; rounded down)

	2003/9 (Half year)	2004/3	2004/9 (Half year)		Main reason behind increase or decrease in assets
				Change	
(Assets)					
(1) Current assets	34,245	32,004	33,671	1,667	
1. Cash and deposits	5,238	5,844	6,296	451	
2. Accounts and bills receivable	16,430	18,043	17,611	-432	
3. Inventories	8,180	4,564	5,995	1,431	
4. Advances	1,436	1,615	2,081	465	Increase of 424 million yen in video-related business
5. Deferred tax assets	1,067	494	900	406	
6. Others	1,996	1,684	880	-804	
7. Reserves	-105	-242	-93	149	
(2) Fixed assets	4,824	5,029	4,158	-871	
1. Tangible assets	1,828	1,436	1,397	-38	
Buildings and structures	552	538	530	-7	
Land	596	272	272	-	
Others	679	625	594	-31	
2. Intangible assets	702	882	863	-19	
Goodwill	50	120	214	94	
Others	652	762	649	-113	
3. Investments and other assets	2,293	2,710	1,897	-813	
Long-term securities	1,342	1,308	1,161	-146	
Prepaid long-term expenses	14	12	8	-3	
Guarantees paid	469	462	467	5	
Deferred tax assets	373	837	183	-653	
Others	203	177	171	-6	
Reserves	-110	-87	-95	-7	
Total assets	39,069	37,034	37,830	796	

Notes: 1. On March 12, 2004, Happinet Corporation acquired an interest in e-Shopping! Toys Corp., making it a consolidated subsidiary.

2. From the half 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 Half-Year Results (Consolidated Balance Sheet [2])

(Unit: million yen; rounded down)

	2003/9 (Half year)	2004/3	2004/9 (Half year)		Main reason behind increase or decrease in liabilities
				Change	
(Liabilities)					
(1) Current liabilities	21,927	19,597	20,318	720	
1. Accounts and bills payable	19,556	16,684	17,937	1,253	
2. Deferred payments	1,219	1,424	1,346	-77	
3. Enterprise and other taxes owed	221	392	178	-213	
4. Reserves against bonuses	337	331	353	21	
5. Others	592	765	501	-264	
(2) Fixed liabilities	1,371	1,407	1,465	57	
1. Deferred tax liabilities	32	-	-	-	
2. Reserves against severance and past service obligations	657	686	728	41	
3. Guarantees received	650	645	687	42	
4. Consolidated adjustment account	30	18	16	-2	
5. Others	-	56	32	-23	
Total liabilities	23,299	21,005	21,783	777	
Minority interests	-	-28	-	28	
(Shareholders' equity)					
(1) Capital	2,751	2,751	2,751	-	
(2) Capital reserves	2,776	2,776	2,776	-	
(3) Consolidated surplus	10,026	10,278	10,255	-22	
(4) Securities valuation account	221	257	270	12	
(5) Treasury stock	-4	-5	-6	0	
Total shareholders' equity	15,770	16,057	16,047	-10	
Liabilities, minority interests, and shareholders' equity	39,069	37,034	37,830	796	
Shareholders' equity per share (yen)	1,312.08	1,336.02	1,335.24	-0.78	

No. of shares outstanding (thousands of shares) 12,020 12,019 12,018

1. Fiscal 2004 Half-Year Consolidated Cash Flow Statement

(Unit: million yen; rounded down)

	2003/9 (Half year)	2004/9 (Half year)		Comments
			Change	
(1) Cash flows from operating activities				
Current pretax profit/loss (half year)	-1,765	871	2,637	
Depreciation and amortization	258	268	9	
Change in trade receivables	1,032	686	-345	
Change in inventories	-323	-1,157	-833	
Change in trade payables	-203	956	1,159	
Change in accounts receivable-others	-43	95	139	
Change in accounts payable-others	-189	-122	66	
Other	557	-578	-1,135	
Tax paid	-439	-386	52	
Net cash provided by/used in operating activities	-1,116	633	1,750	
(2) Cash flows from investing activities				
Expenditures on acquisition of tangible and intangible assets	-63	-78	-15	
Proceeds from sale of tangible and intangible assets	462	-	-462	Idle assets sold in the previous term
Expenditure on acquisition of investment securities	-15	-64	-48	
Gains on sale of investment securities	8	-	-8	
Expenditures on loans	-402	-	402	
Other	-1	32	33	
Net cash used in investing activities	-11	-111	-100	
(3) Cash flows from financing activities				
Dividends paid	-147	-150	-3	
Proceeds from sales of treasury stock	255	-	-255	
Other	-0	-0	-0	
Net cash provided by/used in financing activities	106	-151	-258	
(4) Change in cash and cash equivalents	-1,021	370	1,391	
(5) Cash and cash equivalents opening balance	6,294	5,844	-450	
(6) Change in cash and cash equivalents resulting from changes in scope of consolidation	-34	81	116	
(7) Cash and cash equivalents closing balance	5,238	6,296	1,057	

Notes: 1. On March 12, 2004, Happinet Corporation acquired an interest in e-Shopping! Toys Corp., making it a consolidated subsidiary.

2. From the half 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 Half-Year Results (Parent Profit and Loss Statement)

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

	2003/9 (Half year)			2004/9 (Half year)			Comments	[Reference] 9/30 revised figures
		Of total (%)	YoY (%)		Of total (%)	YoY (%)		
Net sales	11,238	100.0	-34.9	58,272	100.0	418.5		57,000
Cost of sales	10,473	93.2	-34.4	51,025	87.6	387.2	includes inventory revaluation loss. current term: 973 million yen, prior term:	
Gross profit	764	6.8	-40.3	7,246	12.4	848.4		
SG&A expenses	954	8.5	-34.0	6,439	11.1	574.6		
Personnel costs	624	5.6	-19.7	1,765	3.0	182.8		
Subcontracted personnel costs	102	0.9	-31.4	284	0.5	176.8		
Depreciation	226	2.0	-7.1	238	0.4	5.1		
Operating profit	-190	-1.7	-14.0	807	1.4	524.0		
Non-operating profit	236	2.1	-18.9	56	0.1	-76.2		
Interest and dividends received	170	1.5	9.3	8	0.0	-95.3		
Others	66	0.6	-51.2	48	0.1	-27.1		
Non-operating expenses	0	0.0	-86.5	19	0.0	3,816.5		
Interest paid	0	0.0	-26.7	0	0.0	104.2		
Others	0	0.0	-87.2	19	0.0	4,078.4		
Recurring profit	45	0.4	-62.4	843	1.4	1,764.1		800
Extraordinary profit	13	0.1	-92.9	10	0.0	-17.6		
Extraordinary loss	1,553	13.8	2,875.0	7	0.0	-99.5		
Pretax profit/loss (half year)	-1,495	-13.3	-688.1	847	1.5	156.6		
Enterprise and other taxes	-646	-5.8	-1,414.9	359	0.6	155.6		
Net profit/loss (half year)	-848	-7.6	-513.9	487	0.8	157.5		470
Surplus, opening	9,791	-	0.1	8,771	-	-10.4		
Surplus, increased	-848	-	-513.9	1,953	-	330.1		
Surplus, decreased	146	-	-2.5	150	-	2.5		
Surplus, closing (half year)	8,795	-	-10.6	10,574	-	20.2		
EPS (yen) (half year)	-71.18	-	-517.0	40.59	-	157.0		
Average no. of shares (thousands of shares)	11,927			12,019				
No. of employees at period end	137	-	-25.5	488	-	256.2		

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

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

2. Fiscal 2004 Half-Year Parent Results (Balance Sheet [1])

(Unit: million yen; rounded down)

	2003/9 (Half year)	2004/3	2004/9 (Half year)		Main reason behind increase or decrease in assets
				Change	
(Assets)					
(1) Current assets	14,027	12,577	33,479	20,901	
1. Cash and deposits	3,655	3,820	5,934	2,114	
2. Accounts and bills receivable	2,924	4,950	17,466	12,516	
3. Inventories	2,200	1,532	5,811	4,278	
4. Advances	4	42	2,079	2,036	
5. Deferred tax assets	650	227	878	651	
6. Short-term receivables	3,810	1,634	620	-1,014	
7. Others	838	560	785	224	
8. Reserve for doubtful accounts	-57	-189	-95	94	
(2) Fixed assets	9,036	9,191	4,181	-5,010	
1. Tangible assets	1,466	1,419	1,378	-40	
Buildings	516	527	520	-6	
Land	272	272	272	0	
Others	676	619	585	-33	
2. Intangible assets	567	485	649	164	
Goodwill	-	-	197	197	
Software	545	469	422	-47	
Others	21	15	29	13	
3. Investments and other assets	7,003	7,287	2,152	-5,134	
Long-term securities	306	307	752	444	
Securities held in affiliates	5,953	5,922	693	-5,229	
Deferred tax assets	237	557	159	-397	
Others	558	531	636	104	
Reserve for doubtful accounts	-51	-32	-89	-56	
Total assets	23,063	21,769	37,660	15,891	

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

2 . Fiscal 2004 Half-Year Parent Results (Balance Sheet [2])

(Unit: million yen; rounded down)

	2003/9 (Half year)	2004/3	2004/9 (Half year)		Main reason behind increase or decrease in liabilities
				Change	
(Liabilities)					
(1) Current liabilities	8,078	6,808	19,906	13,097	
1. Accounts and bills payable	7,283	5,992	17,809	11,816	
2. Other payables	443	332	1,188	856	
3. Enterprise and other taxes owed	4	8	147	139	
4. Reserves against bonuses	102	99	330	231	
5. Reserve against loss on closing of stores	0	-	-	-	
6. Reserve for loss on closing of warehouse	81	81	81	-	
7. Others	161	294	348	54	
(2) Fixed liabilities	484	461	1,350	889	
1. Reserves against severance and past service obligations	228	212	662	450	
2. Others	256	248	687	439	
Total liabilities	8,563	7,269	21,257	13,987	
(Shareholders' equity)					
(1) Capital	2,751	2,751	2,751	-	
(2) Capital reserve	2,776	2,776	2,776	-	
(3) Earned surplus	8,795	8,771	10,574	1,802	
1. Earned surplus reserves	176	176	235	59	
2. Voluntary reserves	9,160	9,160	8,693	-467	
3. Unappropriated earned reserves	-540	-565	1,645	2,210	
(4) Securities valuation account	182	205	307	102	
(5) Treasury stock	-4	-5	-6	0	
Total shareholders' equity	14,500	14,499	16,403	1,903	
Liabilities and shareholders' equity	23,063	21,769	37,660	15,891	
Shareholders' equity per share (yen)	1,206.42	1,206.39	1,364.89	158.50	
No. of shares (thousands of shares)	12,020	12,019	12,018		

3. Fiscal 2004 Full-Year Forecast (Consolidated Profit and Loss Statement)

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

	2004/3			2005/3 (Planned)			Comments
		Of total (%)	YoY (%)		Of total (%)	YoY (%)	
Net sales	122,722	100.0	0.2	122,000	100.0	-0.6	
Cost of sales	107,996	88.0	0.4	106,300	87.1	-1.6	
Gross profit	14,725	12.0	-1.7	15,700	12.9	6.6	
SG&A expenses	13,584	11.1	-1.5	14,051	11.5	3.4	
Personnel costs	3,843	3.1	-4.6	3,958	3.2	3.0	
Subcontracted personnel costs	776	0.6	-21.1	904	0.7	16.6	
Depreciation	518	0.4	-8.1	535	0.4	3.2	
Operating profit	1,141	0.9	-3.2	1,649	1.4	44.5	
Non-operating profit	211	0.2	-23.5	94	0.1	-55.6	
Interest and dividends received	14	0.0	24.8	6	0.0	-54.7	
Others	197	0.2	-25.5	87	0.1	-55.7	
Non-operating expenses	27	0.0	-64.3	43	0.0	59.6	
Interest paid	0	0.0	-15.7	2	0.0	366.8	
Others	26	0.0	-64.7	41	0.0	54.4	
Recurring profit	1,326	1.1	-3.9	1,700	1.4	28.2	
Extraordinary profit	38	0.0	-82.6	3	0.0	-90.2	
Extraordinary losses	2,433	2.0	1,115.7	26	0.0	-98.9	
Pretax profit	-1,068	-0.9	-176.1	1,677	1.4	257.0	
Enterprise and other taxes	-381	-0.3	-160.9	678	0.6	277.9	
Minority interests	-	-	-	28	0.0	-	
Net profit/loss	-686	-0.6	-189.6	970	0.8	241.2	
Surplus, opening	11,279	-	4.3	10,278	-	-8.9	
Surplus, increase	-686	-	-189.6	970	-	241.2	
Surplus, decrease	314	-	-4.8	595	-	89.7	
Surplus, closing	10,278	-	-8.9	10,652	-	3.6	
EPS (yen)	-57.36	-	-189.1	80.71	-	240.7	
Average no. of shares (thousands of shares)	11,973			12,018			
No. of employees at period end	505	-	-1.0	560	-	10.9	
Facility investment amount	134	-	-22.5	120	-	-10.4	

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

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

3. From the half 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.

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3. Fiscal 2004 Full-Year Forecast (Consolidated)

1. Sales by product area (Planned)

(Units: 100 million yen, %)

Item \ Term	2004/3			2004/9 (Half year)			2005/3 Forecast		
	Of total (%)	YoY (%)		Of total (%)	YoY (%)		Of total (%)	YoY (%)	
Toys	535	43.6	2.8	240	40.6	-1.9	529	43.3	-1.1
Video-related	293	23.8	12.7	198	33.4	57.4	295	24.2	0.9
Video games	272	22.2	-20.8	86	14.5	-7.0	289	23.7	6.3
Amusements	54	4.4	-1.5	32	5.3	24.5	52	4.3	-4.4
Childcare goods	17	1.4	-36.4	-	-	-	-	-	-
Others	57	4.6	183.8	36	6.1	35.2	55	4.5	-3.1
Total	1,227	100.0	0.2	592	100.0	12.8	1,220	100.0	-0.6

2. Sales by product line (Planned)

Toys

(Units: 100 million yen, %)

Item \ Term	2004/3			2004/9 (Half year)			2005/3 Forecast		
	Of total (%)	YoY (%)		Of total (%)	YoY (%)		Of total (%)	YoY (%)	
Bandai	373	69.7	2.0	171	71.3	-2.7	370	70.0	-0.7
Other manufacturers	162	30.3	4.5	69	28.7	-0.0	159	30.0	-2.1
Total	535	100.0	2.8	240	100.0	-1.9	529	100.0	-1.1

Video games

(Units: 100 million yen, %)

Item \ Term	2004/3			2004/9 (Half year)			2005/3 Forecast		
	Of total (%)	YoY (%)		Of total (%)	YoY (%)		Of total (%)	YoY (%)	
PlayStation 2	191	70.3	-8.1	59	69.2	-12.0	201	69.6	5.2
PlayStation	5	1.8	-80.1	0	0.4	-91.8	1	0.5	-70.0
Game Boy Advance	33	12.0	106.0	18	21.0	289.0	36	12.4	9.3
Game Cube	8	3.1	-9.2	2	1.8	-59.9	7	2.3	-22.5
Wonder Swan	3	1.2	-88.6	-	-	-	-	-	-
Others	32	11.6	-46.2	7	7.7	-38.5	44	15.3	39.7
Total	272	100.0	-20.8	86	100.0	-7.0	289	100.0	6.3

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4. Fiscal 2004 Full-Year Parent Forecast (Profit and Loss Statement)

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

	2004/3			2005/3 (Planned)			Comments
		Of total (%)	YoY (%)		Of total (%)	YoY (%)	
Net sales	31,287	100.0	-20.7	120,000	100.0	283.5	
Cost of sales	29,331	93.7	-19.6	104,320	86.9	255.7	
Gross profit	1,956	6.3	-33.9	15,680	13.1	701.6	
SG&A expenses	1,782	5.7	-40.2	14,047	11.7	688.1	
Personnel costs	1,231	3.9	-18.3	3,530	2.9	186.7	
Subcontracted personnel costs	194	0.6	-25.4	568	0.5	191.6	
Depreciation	442	1.4	-11.1	476	0.4	7.8	
Operating profit	173	0.6	821.0	1,633	1.4	839.7	
Non-operating profit	312	1.0	-20.8	91	0.1	-70.6	
Interest and dividends received	182	0.6	8.2	8	0.0	-95.3	
Others	129	0.4	-42.5	83	0.1	-35.8	
Non-operating expenses	2	0.0	-68.5	24	0.0	952.9	
Interest paid	0	0.0	-21.8	0	0.0	-62.8	
Others	1	0.0	-71.7	24	0.0	1,146.0	
Recurring profit	483	1.5	33.4	1,700	1.4	251.3	
Extraordinary profit	37	0.1	-84.4	10	0.0	-71.1	
Extraordinary loss	1,800	5.8	1,099.5	24	0.0	-98.6	
Pretax profit/loss	-1,278	-4.1	-380.9	1,686	1.4	231.9	
Enterprise and other taxes	-555	-1.8	-474.6	716	0.6	228.9	
Net profit/loss	-723	-2.3	-335.6	970	0.8	234.2	
Surplus, opening	9,791	-	0.1	8,771	-	-10.4	
Surplus, increase	-723	-	-335.6	2,435	-	436.8	
Surplus, decrease	296	-	-1.0	270	-	-8.9	
Surplus, closing	8,771	-	-10.4	10,936	-	24.7	
EPS (yen)	-60.39	-	-334.3	80.71	-	233.6	
Average no. of shares (thousands of shares)	11,973			12,018			
No. of employees at period end	146	-	-16.1	488	-	234.2	

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

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

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5. Group Companies

	(Units: million yen, %)							(Units: million yen, %)						
	Happinet Logistics Services Corporation							e-Shopping! Toys Corp.						
	2003/9 (Half year)	2004/3		2004/9 (Half)		2005/3 (est.)		2003/9 (Half year)	2004/3		2004/9 (Half)		2005/3 (est.)	
		YoY (%)		YoY (%)		YoY (%)			YoY (%)		YoY (%)		YoY (%)	
Net sales	2,731	5,607	1.3	2,354	-13.8	5,000	-10.8	820	1,521	31.9	467	-43.0	1,800	18.3
Recurring profit/loss	235	287	69.4	92	-60.5	0	-100.0	-44	-112	-15.9	-39	11.5	0	100.0
Net profit/loss	135	165	74.3	55	-59.0	0	-100.0	-44	-133	-39.7	-39	11.2	0	100.0

	(Units: million yen, %)							(Units: million yen, %)						
	Scitron Digital Contents Inc.							Happinet AM Service West Corporation						
	2003/11 (Half year)	2004/3		2004/9 (Half)		2005/3 (est.)		2003/9 (Half year)	2004/3		2004/9 (Half)		2005/3 (est.)	
		YoY (%)		YoY (%)		YoY (%)			YoY (%)		YoY (%)		YoY (%)	
Net sales	333	583	-	349	-	770	-	376	813	48.6	483	28.2	952	17.1
Recurring profit/loss	-37	-70	-	8	-	29	-	-17	-47	-156.0	3	117.6	12	126.7
Net profit/loss	-22	-144	-	9	-	29	-	-17	-51	-181.3	2	112.6	12	124.1

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.

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