



Consolidated Financial Results

for the 1st Quarter of the Fiscal Year Ending March 31, 2015

August 11, 2014

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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, 2014	—	11.25	—	13.50	24.75
Fiscal Year Ended March 31, 2015 (Projection)	—				
Fiscal Year Ending March 31, 2015		13.50	—	13.50	27.00

3. Consolidated Projections for the Fiscal Year ending March 31, 2015 (April 1, 2014 - March 31, 2015)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Interim Year	90,000	3.0	1,600	3.1	1,600	1.3	1,100	(20.0)	48.63
Full Year	210,000	1.5	4,000	2.9	4,000	2.1	2,600	5.4	114.95

※ 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, 2015	24,050,000shares
Fiscal year ended March 31, 2014	24,050,000shares
 - b) Number of treasury shares at the end of the period

1st quarter of the fiscal year ending March 31, 2015	1,420,970shares
Fiscal year ended March 31, 2014	1,431,310shares
 - c) Average number of shares during the period

For the 1st quarter of the fiscal year ending March 31, 2015	22,623,708shares
For the 1st quarter of the fiscal year ended March 31, 2014	22,480,384shares

* 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, 2014)	Current Fiscal Year (As of June 30, 2014)
Assets		
Current assets		
Cash and deposits	9,996	11,053
Notes and accounts receivable - trade	24,104	21,610
Inventories	7,404	8,721
Other	5,533	4,600
Allowance for doubtful accounts	(12)	(8)
Total current assets	47,025	45,977
Non-current assets		
Property, plant and equipment	1,342	1,259
Intangible assets	446	468
Investments and other assets	5,065	5,892
Total non-current assets	6,854	7,620
Total assets	53,879	53,597
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,099	19,891
Income taxes payable	1,104	210
Provision for bonuses	477	509
Other provision	21	19
Other	3,333	3,122
Total current liabilities	25,036	23,753
Non-current liabilities		
Provision for directors' retirement benefits	24	—
Net defined benefit liability	2,103	2,517
Other	1,020	973
Total Non-current liabilities	3,148	3,490
Total liabilities	28,185	27,243
Net assets		
Shareholders' equity		
Capital stock	2,751	2,751
Capital surplus	2,775	2,775
Retained earnings	20,562	21,184
Treasury shares	(948)	(941)
Total shareholders' equity	25,141	25,770
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	378	409
Deferred gains or losses on hedges	(0)	(1)
Total accumulated other comprehensive income	378	408
Subscription rights to shares	175	174
Total net assets	25,694	26,353
Total liabilities and net assets	53,879	53,597

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

(¥ million)

	Prior Fiscal Year (April 1, 2013 - June 30, 2013)	Current Fiscal Year (April 1, 2014 - June 30, 2014)
Net sales	36,172	40,039
Cost of sales	31,151	34,479
Gross profit	5,020	5,559
Selling, general and administrative expenses	4,416	4,728
Operating income	604	831
Non-operating income		
Interest income	0	0
Dividend income	19	19
Amortization of negative goodwill	1	—
Other	14	13
Total non-operating income	35	33
Non-operating expenses		
Interest expenses	0	0
Loss on cancellation of leases	0	0
Provision of allowance for doubtful accounts	24	—
Other	0	0
Total non-operating expenses	25	1
Ordinary income	614	863
Extraordinary income		
Gain on sales of non-current assets	2	0
Gain on sales of investment securities	—	3
Total extraordinary income	2	3
Extraordinary losses		
Loss on sales of non-current assets	0	—
Loss on retirement of non-current assets	0	0
Loss on valuation of investment securities	7	—
Impairment loss	33	46
Loss on revision of retirement benefit plan	—	379
Directors' retirement benefits	110	—
Total extraordinary losses	152	425
Income before income taxes and minority interests	464	441
Income taxes - current	331	212
Income taxes - deferred	(127)	(699)
Total income taxes	203	(487)
Income before minority interests	260	928
Minority interests in income	0	—
Net income	260	928

(Consolidated quarterly statements of comprehensive income)

(¥ million)

	Prior Fiscal Year (April 1, 2013 - June 30, 2013)	Current Fiscal Year (April 1, 2014 - June 30, 2014)
Income before minority interests	260	928
Other comprehensive income		
Valuation difference on available-for-sale securities	23	30
Deferred gains or losses on hedges	(3)	(0)
Total other comprehensive income	19	29
Comprehensive income	280	958
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	280	958
Comprehensive income attributable to minority interests	0	—

III. Consolidated Quarterly Financial Results by Business Segments

(1) 1st Quarter of the Fiscal Year Ended March 31, 2014 (April 1, 2013 - June 30, 2013)

(¥ million)

	Segments					Adjustment *1	Consolidated Total *2
	Toy business	Visual and Music business	Video-game business	Amusement business	Total		
Net sales							
To external customers	14,473	10,028	6,521	5,149	36,172	—	36,172
Inter-segment sales and transfers	—	—	—	—	—	—	—
Total	14,473	10,028	6,521	5,149	36,172	—	36,172
Segment income	229	97	22	547	898	(293)	604

*1 The 293 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.

(2) 1st Quarter of the Fiscal Year Ending March 31, 2015 (April 1, 2014 - June 30, 2014)

(¥ 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(loss)	584	97	(114)	551	1,119	(287)	831

*1 The 287 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.