



Consolidated Financial Statements

for the Fiscal Year Ended March 31, 2015

May 13, 2015

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Consolidated Financial Results
for the Fiscal Year Ended March 31, 2015 [Japanese GAAP]

Company name	HAPPINET CORPORATION		
Stock listing	Tokyo Stock Exchange		
Code No.	7552	URL:	http://www.happinet.co.jp/
Representative	Kazuhiko Note, President and CEO		
Contact	Hideo Asatsu, Board Director and CFO		
Date of general meeting of stockholders:	June 23, 2015		
Scheduled filing date of the annual security report:	June 24, 2015		
Scheduled starting date for dividend payments:	June 24, 2015		
The additional materials of the financial results:	Yes		
The information session of the financial results:	Yes (For Analyst)		

(Figures are in millions of yen, rounded down)

1. Consolidated Results for the Fiscal Year Ended March 31, 2015 (April 1, 2014 - March 31, 2015)**(1) Consolidated Operating Results**

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Fiscal Year Ended March 31, 2015	217,732	5.0	5,056	30.0	5,124	30.8	4,049	64.2
Fiscal Year Ended March 31, 2014	206,867	17.0	3,888	30.8	3,917	27.1	2,466	22.6

Note: Comprehensive income: As of March 31, 2015 4,349million yen [63.9%]
As of March 31, 2014 2,654million yen [27.9%]

	Earnings per share	Earnings per share (diluted)
	¥	¥
Fiscal Year Ended March 31, 2015	178.91	176.16
Fiscal Year Ended March 31, 2014	109.40	108.13

(Reference)

Equity in earning of affiliates: FY2015.3 - million yen FY2014.3 - million yen

	Return on Equity (ROE)	Return on Asset (ROA)	Operating income margin
	%	%	%
Fiscal Year Ended March 31, 2015	14.8	9.0	2.3
Fiscal Year Ended March 31, 2014	10.1	7.3	1.9

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
	¥ million	¥ million	%	¥
Fiscal Year Ended March 31, 2015	59,893	29,580	48.9	1,293.00
Fiscal Year Ended March 31, 2014	53,879	25,694	47.4	1,128.25

(Reference)

Shareholder's equity: As of March 31, 2015 29,269million yen
As of March 31, 2014 25,519million yen

(3) Consolidated Statement of Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at year-end
	¥ million	¥ million	¥ million	¥ million
Fiscal Year Ended March 31, 2015	6,658	(158)	(628)	15,867
Fiscal Year Ended March 31, 2014	2,547	(87)	(2,618)	9,996

2. Dividend

Dividend record dates	Dividend per share					Total dividend payment (Full Year)	Payout Ratio (Consolidated)	Dividend / Net Assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Fiscal Year-end	Total			
	¥	¥	¥	¥	¥	¥ million	%	%
Fiscal Year Ended March 31, 2014	—	11.25	—	13.50	24.75	559	22.6	2.3
Fiscal Year Ended March 31, 2015	—	13.50	—	15.00	28.50	645	15.9	2.4
(Projection) Fiscal Year Ending March 31, 2016	—	15.00	—	15.00	30.00		22.6	

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		Profit attributable to owners of parent		Net income 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) 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
- (3) Number of shares issued (common shares)
- a) Number of shares issued at the end of the period (including treasury shares)
- | | |
|----------------------------------|------------------|
| Fiscal year ended 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
- | | |
|----------------------------------|-----------------|
| Fiscal year ended March 31, 2015 | 1,431,310shares |
| Fiscal year ended March 31, 2014 | 1,431,310shares |
- c) Average number of shares during the period
- | | |
|--|------------------|
| For the fiscal year ended March 31, 2015 | 22,632,442shares |
| For the fiscal year ended March 31, 2014 | 22,546,260shares |

【Reference】 Non-consolidated Financial Statements

Non-consolidated Results for the Fiscal Year Ended March 31, 2015 (April 1, 2014 - March 31, 2015)

(1) Non-consolidated Operating Results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Fiscal Year Ended March 31, 2015	162,342	59.7	1,922	667.9	1,983	(50.6)	2,389	(25.2)
Fiscal Year Ended March 31, 2014	101,665	6.0	250	—	4,014	—	3,195	—

	Earnings per share	Earnings per share (diluted)
	¥	¥
Fiscal Year Ended March 31, 2015	105.59	103.97
Fiscal Year Ended March 31, 2014	141.74	140.10

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
	¥ million	¥ million	%	¥
Fiscal Year Ended March 31, 2015	53,947	23,301	42.6	1,015.64
Fiscal Year Ended March 31, 2014	44,903	21,145	46.7	927.09

(Reference)

Shareholder's equity: As of March 31, 2015 22,990million yen
As of March 31, 2014 20,969million yen

* Information regarding the implementation of review procedures

At the time of release of this report, the review procedures based on "the 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.

1. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(¥ million)

	Prior Fiscal Year (As of March 31, 2014)	Current Fiscal Year (As of March 31, 2015)
Assets		
Current assets		
Cash and deposits	9,996	15,867
Notes and accounts receivable - trade	24,104	25,682
Inventories	7,404	6,746
Deferred tax assets	980	1,315
Other	4,552	2,839
Allowance for doubtful accounts	(12)	(1)
Total current assets	47,025	52,449
Non-current assets		
Property, plant and equipment		
Buildings and structures	750	518
Accumulated depreciation	(460)	(356)
Buildings and structures, net	289	162
Machinery, equipment and vehicles	964	960
Accumulated depreciation	(860)	(877)
Machinery, equipment and vehicles, net	104	83
Tools, furniture and fixtures	1,354	1,310
Accumulated depreciation	(1,042)	(1,033)
Tools, furniture and fixtures, net	311	277
Land	632	65
Leased assets	15	10
Accumulated depreciation	(11)	(9)
Leased assets, net	4	0
Construction in progress	-	98
Total property, plant and equipment	1,342	688
Intangible assets	446	854
Investments and other assets		
Investment securities	1,925	2,304
Long-term loans receivable	30	-
Deferred tax assets	749	1,261
Other	2,458	2,402
Allowance for doubtful accounts	(97)	(68)
Total investments and other assets	5,065	5,900
Total non-current assets	6,854	7,443
Total assets	53,879	59,893

1. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(¥ million)

	Prior Fiscal Year (As of March 31, 2014)	Current Fiscal Year (As of March 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,099	20,118
Accounts payable - other	2,545	3,679
Income taxes payable	1,104	1,038
Provision for bonuses	477	775
Provision for directors' bonuses	-	121
Provision for point card certificates	7	5
Provision for sales returns	13	11
Other	788	1,206
Total current liabilities	25,036	26,957
Non-current liabilities		
Deferred tax liabilities	60	0
Provision for directors' retirement benefits	24	-
Net defined benefit liability	2,103	2,528
Asset retirement obligations	50	51
Other	909	774
Total non-current liabilities	3,148	3,355
Total liabilities	28,185	30,312
Net assets		
Shareholders' equity		
Capital stock	2,751	2,751
Capital surplus	2,775	2,775
Retained earnings	20,562	23,999
Treasury shares	(948)	(936)
Total shareholders' equity	25,141	28,590
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	378	678
Deferred gains or losses on hedges	(0)	0
Total accumulated other comprehensive income	378	678
Subscription rights to shares	175	310
Total net assets	25,694	29,580
Total liabilities and net assets	53,879	59,893

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

(¥ million)

	Prior Fiscal Year (April 1, 2013 - March 31, 2014)	Current Fiscal Year (April 1, 2014 - March 31, 2015)
Net sales	206,867	217,232
Cost of sales	182,828	191,080
Gross profit	24,039	26,152
Selling, general and administrative expenses		
Warehouse deposit expenses	1,472	1,325
Freightage expenses	2,497	2,689
Promotion expenses	1,111	1,246
Directors' compensations, salaries and allowances	7,575	7,689
Provision for bonuses	462	774
Provision for directors' bonuses	-	121
Retirement benefit expenses	488	859
Supplies expenses	1,060	989
Rents	1,313	1,438
Depreciation	573	342
Amortization of goodwill	246	-
Provision for point card certificates	7	5
Other	3,340	3,611
Total selling, general and administrative expenses	20,150	21,095
Operating income	3,888	5,056
Non-operating income		
Interest income	1	2
Dividend income	28	28
Amortization of negative goodwill	1	-
Other	45	46
Total non-operating income	77	78
Non-operating expenses		
Interest expenses	21	2
Loss on cancellation of leases	1	5
Provision of allowance for doubtful accounts	24	-
Other	1	2
Total non-operating expenses	49	10
Ordinary income	3,917	5,124
Extraordinary income		
Gain on sales of non-current assets	8	2
Gain on sales of investment securities	0	4
Gain on bargain purchase	409	-
Total extraordinary income	417	7
Extraordinary losses		
Loss on sales of non-current assets	1	18
Loss on retirement of non-current assets	6	23
Loss on valuation of investment securities	53	14
Impairment loss	154	126
Special retirement expenses	120	60
Loss on revision of retirement benefit plan	-	379
Directors' retirement benefits	110	-
loss on withdrawal from pension fund	166	-
Other	13	0
Total extraordinary losses	628	623
Income before income taxes and minority interests	3,706	4,508
Income taxes - current	1,322	1,469
Income taxes - deferred	(83)	(1,009)
Total income taxes	1,238	459
Income before minority interests	2,467	4,049
Minority interests in income	0	-
Net income	2,466	4,049

(Consolidated statements of comprehensive income)

(¥ million)

	Prior Fiscal Year (April 1, 2013 - March 31, 2014)	Current Fiscal Year (April 1, 2014 - March 31, 2015)
Income before minority interests	2,467	4,049
Other comprehensive income		
Valuation difference on available-for-sale securities	189	299
Deferred gains or losses on hedges	(2)	0
Total other comprehensive income	187	300
Comprehensive income	2,654	4,349
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,653	4,349
Comprehensive income attributable to minority interests	0	-

(3) Consolidated statements of changes in net assets

Prior Fiscal Year(April 1, 2013 - March 31, 2014) (¥ million)

	shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,751	2,775	18,607	(1,055)	23,078
Changes of items during period					
Dividends of surplus			(506)		(506)
Net income			2,466		2,466
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(5)		107	102
Transfer of loss on disposal of treasury shares		5	(5)		-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,954	107	2,062
Balance at end of current period	2,751	2,775	20,562	(948)	25,141

	accumulated other comprehensive income			Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income			
Balance at beginning of current period	189	1	191	17	1	23,289
Changes of items during period						
Dividends of surplus						(506)
Net income						2,466
Purchase of treasury shares						(0)
Disposal of treasury shares						102
Transfer of loss on disposal of treasury shares						-
Net changes of items other than shareholders' equity	189	(2)	187	157	(1)	343
Total changes of items during period	189	(2)	187	157	(1)	2,405
Balance at end of current period	378	(0)	378	175	-	25,694

(3) Consolidated statements of changes in net assets

Current Fiscal Year(April 1, 2014 - March 31, 2015) (¥ million)

	shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,751	2,775	20,562	(948)	25,141
Changes of items during period					
Dividends of surplus			(610)		(610)
Net income			4,049		4,049
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(0)		12	11
Transfer of loss on disposal of treasury shares		0	(0)		-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	3,437	11	3,449
Balance at end of current period	2,751	2,775	23,999	(936)	28,590

	accumulated other comprehensive income			Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income			
Balance at beginning of current period	378	(0)	378	175	-	25,694
Changes of items during period						
Dividends of surplus						(610)
Net income						4,049
Purchase of treasury shares						(0)
Disposal of treasury shares						11
Transfer of loss on disposal of treasury shares						-
Net changes of items other than shareholders' equity	299	0	300	135	-	435
Total changes of items during period	299	0	300	135	-	3,885
Balance at end of current period	678	0	678	310	-	29,580