

# FACT BOOK

(7552)  
HAPPINET CORPORATION

For the Fiscal Year ended March 31, 2012

■ Corporate Profile	[ 2-5 ]
■ Consolidated Balance Sheets	[ 6-7 ]
■ Consolidated Statements of Income	[ 8 ]
■ Consolidated Statements of Comprehensive Income	[ 9 ]
■ Consolidated Statements of Cash Flows	[ 10 ]
■ Consolidated Statements of Change in Net Assets	[ 11 ]
■ Consolidated Financial Results by Business Segments	[ 12 ]
■ Performance Indicators	[ 13 ]
■ Consolidated Growth/Profitability Indicators	[ 14 ]
■ Consolidated Profitability/Efficiency Indicators	[ 15 ]
■ Consolidated Efficiency/Stability Indicators	[ 16 ]
■ Share Information	[ 17 ]



## Group Vision, Management Stance, Standards of Conduct

### ▶ Group Vision

We are committed to developing Happiness Networking to help build a dream-inspiring society by touching people's hearts with entertainment created in our own unique style.

### ▶ Management Stance

We strive continually to anticipate change and move with the changing times, proactively adjusting our perspective to allow us to develop new business opportunities.

#### **Customers**

We endeavor to build strong relationships with capable partners, which enables us to provide satisfaction to those who matter most--the customers.

#### **Employees**

We value the diversity of individuals in our group and create career opportunities for able people through a challenging yet winning work environment.

#### **Society**

We have a firm moral compass for our business activities so they contribute to the creation of a happy, healthy society.

#### **Shareholders**

We constantly work to enhance management transparency and build shareholder confidence in our corporate governance.

### ▶ Standards of Conduct

We hold that everyone in our group should be self-critical and consider not only what is important but also what is right before taking action.

The overriding objective of the HAPPINET Group is to create added value to enrich the lifestyle of our customers, which we provide through entertainment business activities developed with a broad array of partners—a “Networking” contributing to the “Happiness” of others.

To create meaningful social value by providing people with excitement and entertainment: That is the HAPPINET Group’s raison d’être.

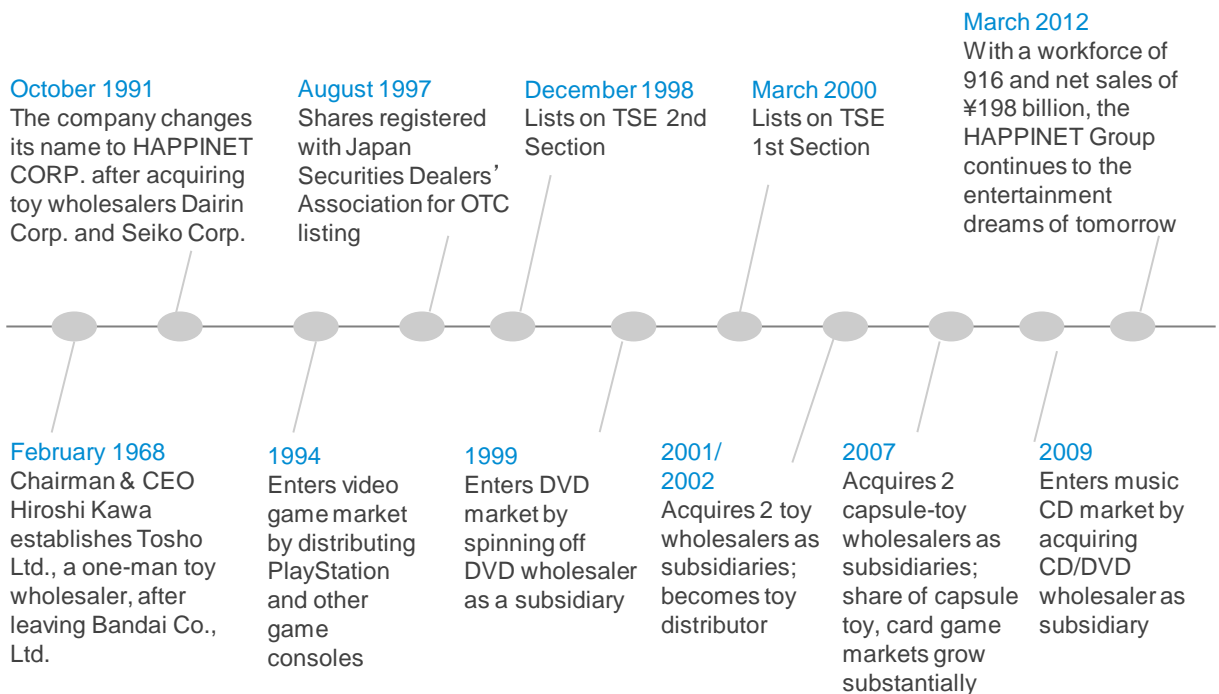


## Corporate Profile

▶ Registered Name	HAPPINET CORPORATION
▶ URL	<a href="http://www.happinet.co.jp/">http://www.happinet.co.jp/</a>
▶ Head Office	Komagata CA Bldg., 2-4-5 Komagata, Taito-ku, Tokyo 111-0043 Japan
▶ Established	June 7, 1969
▶ Representatives	Chairman & CEO Hiroshi Kawai President & COO Kazuhiko Note
▶ Main Business	Planning, manufacture and sales of toys; Planning, development and marketing of audio-visual software; Sales of video game hardware and software; Sales of arcade game equipment; Operation of toy vending machines



## Major Milestones





## Business Segments and Group

Our operations can be divided into the following four segments: the Toy Business; Visual and Music Business; Video-Game Business; and the Amusement Business. For the fiscal year ended in March 2012, sales from each business respectively accounted for 39.0%, 28.1%, 21.6% and 11.3% of our Group total, reflecting a fairly balanced sales mix.

Meanwhile, a breakdown in sales by channel shows that 31.6% of our products were sold through specialty stores, which include consumer electronics and camera stores, 20.4% through volume retailers, 13.3% through convenience stores, 12.7% through e-commerce, 9.7% through suburban stores, and 12.3% sold through other outlets.

The Happinet Group is comprised of the parent company, seven consolidated subsidiaries and one unconsolidated subsidiary.

Business Lines	Core Operating Companies	Key Characteristics
Toy Business	HAPPINET CORPORATION Hapoinet Marketing Corp.	One of the largest wholesalers in Japan, our Group handles some 80% of the toys produced by blue-chip toy maker Bandai (which, in turn, comprise about 50% of our Group's product lineup)
Visual and Music Business	HAPPINET CORPORATION Happinet Pictures & Music Corp.	We have achieved parity with the wholesaling industry's largest firms. Visual software accounts for slightly less than 70% of total sales, of which 10% plus represents products that were developed and made in-house (the remaining 30% comes from our music product operation centered on CDs).
Video-Game Business	HAPPINET CORPORATION Mori Games Co. Ltd.	We are the only wholesaler in Japan that handles every domestic home game console. The PlayStation series (PS3, PSP,PSVita) account for 45% of all game consoles we handle, while Nintendo products account for 32% and the rest, 23%.
Amusement Business	Happinet Vending Service Corp.	We operate toy vending machines and sell arcade game machines. With a market share of 60%, we are also the largest arcade game vendor in Japan.



## Strengths

### Robust Management Base

Happinet is the leading wholesaler of toys, DVDs, CDs, capsule toys and card games, with some 60% share of a market that spans the operation and sales of capsule toys and card games. It is also the Japanese only wholesaler that handles every home game console available in Japan. Today, with the increasing “graying” of Japanese society, manufacturers and retailers are striving to improve management efficiency, while upgrading products and services, in their respective business fields. Yet Happinet, as an industry powerhouse, maintains strong connections with both fields by capitalizing on an abundant information-gathering base and the marketing capability that leverages this information.

### Optimal Distribution System

The basis of Happinet’s information-gathering ability is its Optimal Distribution System, which links manufacturers and retailers through such media as EDI (Electronic Data Interchange), POS, the Internet and so forth. At the core of the ODS are four logistics centers, with a combined floor space of 77,134 square meters. The system allows for advanced inventory management on a real-time basis, as well as rapid and reliable shipping operations, with a delivery failure rate of less than one in 100,000 items shipped. Through its advanced supply chain management, ODS also supports the optimization of volume production and contributes to the rationalization of logistics operations by streamlining inventory. It should be noted that Happinet Logistics Service, our consolidated subsidiary, operates the four logistics centers.



Logistics Center-West Japan



Second Logistics Center-West Japan



Logistics Center-East Japan



Second Logistics Center-East Japan

Logistics Center-East Japan

Launched in April 2001

Located in Ichikawa City, Chiba Prefecture  
Floor Space: 24,741m<sup>2</sup>

Second Logistics Center-East Japan

Launched in February 2006

Located in Funabashi City, Chiba Prefecture  
Floor Space: 28,151m<sup>2</sup>

Logistics Center-West Japan

Launched in January 2008

Located in Amagasaki City, Hyogo Prefecture  
Floor Space: 11,774m<sup>2</sup>

Second Logistics Center-West Japan

Launched in July 2011

Located in Amagasaki City, Hyogo Prefecture  
Floor Space: 12,468m<sup>2</sup>

# Consolidated Balance Sheets (Assets)



(¥ Million)	FY3/08	FY3/09	FY3/10	FY3/11	FY3/12
<b>Assets</b>					
<b>Total assets</b>	<b>48,486</b>	<b>54,661</b>	<b>49,050</b>	<b>48,507</b>	<b>54,323</b>
<b>Current assets</b>	<b>40,801</b>	<b>44,864</b>	<b>40,140</b>	<b>41,039</b>	<b>48,269</b>
Cash and deposits	5,927	5,463	6,312	8,220	12,359
Notes and accounts receivable-trade	21,330	25,149	22,937	23,206	26,755
Merchandise	7,401	9,325	6,729	6,418	6,149
Supplies	49	20	20	17	19
Advance payments-trade	2,868	2,315	1,858	1,016	634
Deferred tax assets	1,996	1,502	1,153	939	926
Accounts receivable-other	690	932	930	1,000	1,174
Other	701	783	348	296	319
Allowance for doubtful accounts	(166)	(629)	(149)	(76)	(69)
<b>Noncurrent assets</b>	<b>7,685</b>	<b>9,797</b>	<b>8,910</b>	<b>7,468</b>	<b>6,054</b>
<b>Property, plant and equipment</b>	<b>2,218</b>	<b>1,952</b>	<b>1,668</b>	<b>1,555</b>	<b>1,392</b>
Buildings and structures	1,824	1,732	1,590	1,634	1,584
Accumulated depreciation	(1,185)	(1,163)	(1,118)	(1,170)	(1,175)
Buildings and structures. net	638	569	472	463	408
Machinery, equipment and vehicles	919	922	942	965	968
Accumulated depreciation	(653)	(707)	(744)	(784)	(817)
Machinery, equipment and vehicles. net	265	214	198	181	150
Tools, furniture and fixtures	2,643	2,695	1,676	1,473	1,240
Accumulated depreciation	(2,180)	(2,235)	(1,323)	(1,201)	(1,028)
Tools, furniture and fixtures. net	462	459	353	272	212
Land	851	701	638	633	617
Lease assets	-	7	7	7	7
Accumulated depreciation	-	(0)	(1)	(3)	(4)
Lease assets. net	-	7	5	4	2
<b>Intangible assets</b>	<b>2,215</b>	<b>4,488</b>	<b>3,836</b>	<b>3,132</b>	<b>1,715</b>
Goodwill	770	1,868	1,322	876	539
Lease assets	-	60	46	-	-
Other	1,444	2,559	2,467	2,255	1,176
<b>Investments and other assets</b>	<b>3,251</b>	<b>3,355</b>	<b>3,405</b>	<b>2,780</b>	<b>2,946</b>
Investment securities	2,210	1,742	2,083	1,548	1,419
Long-term prepaid expenses	79	9	19	5	5
Guarantee deposits	674	892	834	663	678
Membership	67	47	41	36	26
Long-term loans receivable	-	-	-	50	25
Deferred tax assets	16	542	360	416	711
Other	380	254	333	235	252
Allowance for doubtful accounts	(176)	(133)	(267)	(175)	(173)

(¥ Million)	FY3/08	FY3/09	FY3/10	FY3/11	FY3/12
<b>Liabilities</b>					
<b>Total liabilities</b>	<b>29,675</b>	<b>36,476</b>	<b>30,088</b>	<b>28,704</b>	<b>32,527</b>
<b>Current liabilities</b>	<b>27,426</b>	<b>33,171</b>	<b>27,436</b>	<b>25,837</b>	<b>29,617</b>
Notes and accounts payable-trade	21,096	20,748	19,832	20,204	23,042
Short-term loans payable	30	5,140	2,350	-	-
Current portion of long-term loans payable	96	380	110	-	-
Lease obligations	-	16	16	1	1
Accounts payable-other	2,494	3,640	2,586	3,225	3,351
Income taxes payable	57	433	443	1,038	1,605
Accrued consumption taxes	235	236	448	286	404
Provision for bonuses	390	445	603	314	472
Provision for point card certificates	11	6	4	5	6
Provision for business structure improvement	2,599	1,189	177	11	-
Provision for sales returns	-	49	40	21	30
Other	414	885	823	729	702
<b>Noncurrent liabilities</b>	<b>2,248</b>	<b>3,305</b>	<b>2,651</b>	<b>2,867</b>	<b>2,909</b>
Long-term loans payable	31	430	30	-	-
Lease obligations	-	51	35	2	1
Provision for retirement benefits	1,135	1,356	1,424	1,630	1,780
Long-term guarantee deposited	689	947	896	1,034	1,008
Deferred tax liabilities	44	1	19	5	3
Asset retirement obligations	-	-	-	45	46
Negative goodwill	94	128	89	51	19
Other	253	388	154	95	48
<b>Net assets</b>					
<b>Total net assets</b>	<b>18,811</b>	<b>18,184</b>	<b>18,962</b>	<b>19,802</b>	<b>21,795</b>
<b>Shareholders' equity</b>	<b>17,832</b>	<b>17,955</b>	<b>18,580</b>	<b>19,611</b>	<b>21,649</b>
Capital stock	2,751	2,751	2,751	2,751	2,751
Capital surplus	2,776	2,776	2,776	2,775	2,775
Retained earnings	12,544	13,328	14,169	15,175	17,213
Treasury stock	(239)	(900)	(1,117)	(1,091)	(1,091)
<b>Accumulated other comprehensive income</b>	<b>725</b>	<b>229</b>	<b>381</b>	<b>185</b>	<b>128</b>
Valuation difference on available-for-sale securities	725	228	381	185	128
Deferred gains or losses on hedges	-	0	0	0	0
Subscription rights to shares	-	-	-	5	17
Minority interests	253	-	0	0	1
<b>Total liabilities and net assets</b>	<b>48,486</b>	<b>54,661</b>	<b>49,050</b>	<b>48,507</b>	<b>54,323</b>

# Consolidated Statements of Income



(¥ Million)	FY3/08	FY3/09	FY3/10	FY3/11	FY3/12
<b>Net sales</b>	<b>168,958</b>	<b>166,778</b>	<b>194,246</b>	<b>190,891</b>	<b>198,021</b>
Cost of sales	150,651	146,787	171,779	168,564	173,013
Gross profit	18,306	19,990	22,467	22,326	25,007
<b>Selling, general and administrative expenses</b>	<b>16,855</b>	<b>17,852</b>	<b>20,140</b>	<b>19,471</b>	<b>20,151</b>
Warehouse deposit expenses	1,301	542	1,636	1,647	1,927
Freightage expenses	2,386	2,310	2,610	2,161	2,219
Promotion expenses	734	808	731	832	915
Directors' compensations, salaries and allowances	6,282	7,241	7,291	7,546	7,496
Bonuses	443	440	437	222	237
Provision for bonuses	393	408	594	288	472
Retirement benefit expenses	225	284	355	495	309
Traveling and transportation expenses	485	531	472	463	487
Communication expenses	172	179	193	151	120
Supplies expenses	424	456	710	667	1,057
Rents	1,170	1,326	1,429	1,351	1,254
Rent expenses	186	187	348	128	105
Depreciation	427	546	825	781	688
Amortization of goodwill	216	238	446	445	337
Provision of allowance for doubtful accounts	62	328	-	-	-
Provision for point card certificates	1	5	4	5	10
Other	1,940	2,015	2,051	2,279	2,508
<b>Operating income</b>	<b>1,451</b>	<b>2,137</b>	<b>2,327</b>	<b>2,855</b>	<b>4,855</b>
<b>Non-operating income</b>	<b>162</b>	<b>265</b>	<b>275</b>	<b>190</b>	<b>186</b>
Interest income	16	12	4	2	2
Dividends income	30	59	47	40	25
Land and house rent received	-	-	-	9	22
Amortization of negative goodwill	13	26	38	37	32
Other	102	167	184	100	103
<b>Non-operating expenses</b>	<b>43</b>	<b>80</b>	<b>89</b>	<b>33</b>	<b>9</b>
Interest expenses	20	11	55	19	5
Foreign exchange losses	4	28	-	7	-
Loss on cancel of lease contracts	-	15	-	-	2
Other	18	24	33	6	1
<b>Ordinary income</b>	<b>1,569</b>	<b>2,322</b>	<b>2,513</b>	<b>3,013</b>	<b>5,032</b>
<b>Extraordinary income</b>	<b>1</b>	<b>41</b>	<b>138</b>	<b>148</b>	<b>3</b>
Gain on sales of noncurrent assets	1	5	5	3	2
Gain on sales of investment securities	0	18	11	93	-
Gain on sales of memberships	-	-	-	-	1
Reversal of allowance for doubtful accounts	-	17	121	50	-
<b>Extraordinary loss</b>	<b>4,029</b>	<b>381</b>	<b>576</b>	<b>341</b>	<b>724</b>
Loss on sales of noncurrent assets	1	21	16	1	8
Loss on retirement of noncurrent assets	26	44	72	57	8
Loss on sales of investment securities	-	9	1	24	1
Loss on valuation of investment securities	66	115	0	129	1
Impairment loss	-	56	49	9	669
Loss on cancellation of lease contracts	-	-	-	9	-
Loss on liquidation of subsidiaries	-	-	-	22	-
Loss on disaster	-	-	-	61	29
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	-	-	27	-
Loss on valuation of membership	-	-	6	-	5
Loss on sales of membership	-	-	-	-	1
Loss on sales of subsidiaries' stocks	-	-	0	-	-
Office transfer expenses	-	-	66	-	-
Loss on prior period adjustment	-	-	363	-	-
Retirement benefit expenses	-	32	-	-	-
Extra retirement payments	-	101	-	-	-
Loss on business structure improvement	3,253	-	-	-	-
Loss on disposal of inventories	525	-	-	-	-
Provision of allowance for doubtful accounts of receivables from subsidiaries	100	-	-	-	-
Loss on closing of qualified retirement pension plan	55	-	-	-	-
<b>Income before income taxes and minority interests</b>	<b>(2,458)</b>	<b>1,983</b>	<b>2,074</b>	<b>2,820</b>	<b>4,311</b>
<b>Total income taxes</b>	<b>(967)</b>	<b>833</b>	<b>895</b>	<b>1,443</b>	<b>1,852</b>
Income taxes-current	378	568	463	1,168	2,062
Income taxes-deferred	(1,346)	264	432	275	(209)
<b>Income before minority interests</b>	<b>(1,490)</b>	<b>1,150</b>	<b>1,179</b>	<b>1,376</b>	<b>2,458</b>
<b>Minority interests in income (loss)</b>	<b>(0)</b>	<b>14</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>
<b>Net income (loss)</b>	<b>(1,490)</b>	<b>1,135</b>	<b>1,179</b>	<b>1,376</b>	<b>2,458</b>



# Consolidated Statements of Comprehensive Income



(¥ Million)	08/3月期	09/3月期	10/3月期	11/3月期	12/3月期
<b>Income before minority interests</b>	-	-	-	1,376	2,458
<b>Other comprehensive income</b>	-	-	-	(196)	(56)
Valuation difference on available-for-sale securities	-	-	-	(196)	(56)
Deferred gains or losses on hedges	-	-	-	0	0
<b>Comprehensive income</b>	-	-	-	1,179	2,402
Comprehensive income attributable to					
Comprehensive income attributable to owners of the parent	-	-	-	1,180	2,401
Comprehensive income attributable to minority interests	-	-	-	(0)	0

# Consolidated Statements of Cash Flows



(¥ Million)	FY3/08	FY3/09	FY3/10	FY3/11	FY3/12
<b>Net cash provided by (used in) operating activities</b>					
<b>Net cash provided by (used in) operating activities</b>	<b>1,691</b>	<b>951</b>	<b>6,232</b>	<b>5,083</b>	<b>4,609</b>
Income (loss) before income taxes and minority interests	(2,458)	1,983	2,074	2,820	4,311
Depreciation and amortization	427	546	825	781	688
Impairment loss	-	56	49	9	669
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	-	-	27	-
Amortization of goodwill	203	212	408	408	305
Increase (decrease) in allowance for doubtful accounts	65	112	(238)	(63)	(4)
Share-based compensation expenses	-	-	-	5	11
Increase (decrease) in provision for bonuses	20	9	158	(289)	158
Increase (decrease) in provision for retirement benefits	77	84	67	205	149
Increase (decrease) in provision for business structure improvement	2,599	(1,409)	(1,012)	(166)	(11)
Interest and dividends income	(47)	(71)	(52)	(43)	(28)
Interest expenses	20	11	55	19	5
Foreign exchange losses (gains)	-	15	(7)	7	(1)
Loss (gain) on sales and retirement of noncurrent assets	26	60	83	54	14
Loss (gain) on sales of investment securities	(0)	(9)	(9)	(69)	1
Loss on liquidation of subsidiaries	-	-	-	22	-
Loss (gain) on valuation of investment securities	66	115	0	129	1
Loss (gain) on sales of membership	-	-	-	-	(0)
Loss on valuation of membership	-	-	6	-	5
Loss (gain) from prior period adjustment	-	-	363	-	-
Decrease (increase) in notes and accounts receivable-trade	2,743	1,478	2,178	(296)	(3,551)
Decrease (increase) in inventories	(305)	252	2,595	314	267
Decrease (increase) in advance payments	755	1,353	457	842	381
Increase (decrease) in notes and accounts payable-trade	(1,039)	(3,436)	(1,279)	371	2,838
Decrease (increase) in accounts receivable-other	96	(42)	2	(69)	(174)
Increase (decrease) in accounts payable-other	(631)	(142)	(692)	586	86
Increase (decrease) in accrued consumption taxes	(24)	(28)	219	(161)	118
Decrease (increase) in other assets	(64)	(91)	216	222	(73)
Increase (decrease) in other liabilities	32	25	195	(32)	(83)
<b>Subtotal</b>	<b>2,566</b>	<b>1,085</b>	<b>6,669</b>	<b>5,635</b>	<b>6,085</b>
Interest and dividends income received	47	71	52	42	28
Interest expenses paid	(20)	(11)	(58)	(20)	(5)
Income taxes paid	(901)	(193)	(430)	(574)	(1,499)
<b>Net cash provided by (used in) investing activities</b>					
<b>Net cash provided by (used in) investing activities</b>	<b>(494)</b>	<b>(851)</b>	<b>(391)</b>	<b>(315)</b>	<b>(50)</b>
Proceeds from withdrawal of time deposits	32	88	517	-	-
Purchase of property, plant and equipment	(261)	(276)	(188)	(139)	(50)
Proceeds from sales of property, plant and equipment	0	141	56	8	30
Purchase of intangible assets	(590)	(843)	(830)	(301)	(68)
Purchase of investment securities	(23)	(221)	(118)	(195)	(8)
Proceeds from sales of investment securities	0	169	55	341	3
Payments of loans receivable	-	-	-	(50)	-
Collection of loans receivable	-	-	-	-	25
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	210	218	-	-	-
Purchase of investments in subsidiaries	-	(232)	-	-	-
Other, net	137	104	115	20	18
<b>Net cash provided by (used in) financing activities</b>					
<b>Net cash provided by (used in) financing activities</b>	<b>(1,655)</b>	<b>(975)</b>	<b>(4,481)</b>	<b>(2,852)</b>	<b>(421)</b>
Decrease in short-term loans payable	(189)	(30)	(2,790)	(2,350)	-
Repayment of current portion of long-term loans payable	(372)	-	-	-	-
Repayment of long-term loans payable	(367)	(127)	(670)	(140)	-
Proceeds from sales of treasury stock	0	0	0	102	-
Purchase of treasury stock	(226)	(660)	(216)	(109)	(0)
Cash dividends paid	(479)	(354)	(338)	(338)	(419)
Other, net	(20)	197	(466)	(16)	(1)
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>-</b>	<b>(15)</b>	<b>7</b>	<b>(7)</b>	<b>1</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(457)</b>	<b>(891)</b>	<b>1,366</b>	<b>1,907</b>	<b>4,138</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>6,252</b>	<b>5,837</b>	<b>4,945</b>	<b>6,312</b>	<b>8,220</b>
<b>Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at end of period</b>	<b>5,837</b>	<b>4,945</b>	<b>6,312</b>	<b>8,220</b>	<b>12,359</b>

# Consolidated Statements of Change in Net Assets



(¥ Million)	FY3/11	FY3/12
<b>Shareholders' equity</b>		
<b>Capital stock</b>		
Balance at the end of previous period	2,751	2,751
Balance at the end of current period	2,751	2,751
<b>Capital surplus</b>		
Balance at the end of previous period	2,776	2,775
Changes of items during the period		
Disposal of treasury stock	(33)	-
Transfer of loss on disposal of treasury stock	32	-
Total changes of items during the period	(0)	-
Balance at the end of current period	2,775	2,775
<b>Retained earnings</b>		
Balance at the end of previous period	14,169	15,175
Changes of items during the period		
Dividends from surplus	(337)	(420)
Net income	1,376	2,458
Transfer of loss on disposal of treasury stock	(32)	-
Total changes of items during the period	1,006	2,038
Balance at the end of current period	15,175	17,213
<b>Treasury stock</b>		
Balance at the end of previous period	(1,117)	(1,091)
Changes of items during the period		
Purchase of treasury stock	(109)	(0)
Disposal of treasury stock	135	-
Total changes of items during the period	25	(0)
Balance at the end of current period	(1,091)	(1,091)
<b>Total shareholders' equity</b>		
Balance at the end of previous period	18,580	19,611
Changes of items during the period		
Dividends from surplus	(337)	(420)
Net income	1,376	2,458
Purchase of treasury stock	(109)	(0)
Disposal of treasury stock	102	-
Total changes of items during the period	1,031	2,037
Balance at the end of current period	19,611	21,649

(¥ Million)	FY3/11	FY3/12
<b>Accumulated other comprehensive income</b>		
<b>Valuation difference on available-for-sale securities</b>		
Balance at the end of previous period	381	185
Changes of items during the period		
Net changes of items other than shareholders' equity	(196)	(56)
Total changes of items during the period	(196)	(56)
Balance at the end of current period	185	128
<b>Deferred gains or losses on hedges</b>		
Balance at the end of previous period	0	0
Changes of items during the period		
Net changes of items other than shareholders' equity	(0)	0
Total changes of items during the period	(0)	0
Balance at the end of current period	0	0
<b>Total accumulated other comprehensive income</b>		
Balance at the end of previous period	381	185
Changes of items during the period		
Net changes of items other than shareholders' equity	(196)	(56)
Total changes of items during the period	(196)	(56)
Balance at the end of current period	185	128
<b>Subscription rights to shares</b>		
Balance at the end of previous period	-	5
Changes of items during the period		
Net changes of items other than shareholders' equity	5	11
Total changes of items during the period	5	11
Balance at the end of current period	5	17
<b>Minority interests</b>		
Balance at the end of previous period	0	0
Changes of items during the period		
Net changes of items other than shareholders' equity	(0)	0
Total changes of items during the period	(0)	0
Balance at the end of current period	0	1
<b>Total net assets</b>		
Balance at the end of previous period	18,962	19,802
Changes of items during the period		
Dividends from surplus	(337)	(420)
Net income	1,376	2,458
Purchase of treasury stock	(109)	(0)
Disposal of treasury stock	102	-
Net changes of items other than shareholders' equity	(190)	(44)
Total changes of items during the period	840	1,993
Balance at the end of current period	19,802	21,795

# Consolidated Financial Results by Business Segments



( ¥ Million)	FY3/08	FY3/09	FY3/10	FY3/11	FY3/12
<b>Toy Business</b>					
Net Sales	62,910	61,812	65,653	69,104	77,313
To Total Net Sales	37.2%	37.1%	33.8%	36.2%	39.0%
Segment Income/Loss	1,321	995	1,865	2,321	3,009
Segment Assets	14,218	15,494	16,011	16,191	16,482
Depreciation	240	267	542	505	356
<b>Visual and Music Business</b>					
Net Sales	38,554	36,570	67,838	57,759	55,719
To Total Net Sales	22.8%	21.9%	34.9%	30.3%	28.1%
Segment Income/Loss	37	1,330	253	(656)	448
Segment Assets	9,866	17,152	14,944	11,454	12,882
Depreciation	67	71	137	174	202
<b>Video-Game Business</b>					
Net Sales	54,535	50,474	44,372	46,447	42,704
To Total Net Sales	32.3%	30.3%	22.9%	24.3%	21.6%
Segment Income/Loss	1,321	1,221	1,035	1,156	936
Segment Assets	10,387	9,545	7,473	7,799	8,861
Depreciation	49	45	33	24	86
<b>Amusement Business</b>					
Net Sales	12,957	17,919	16,381	17,579	22,282
To Total Net Sales	7.7%	10.7%	8.4%	9.2%	11.3%
Segment Income/Loss	(25)	(127)	544	1,340	1,801
Segment Assets	7,399	7,926	3,962	4,470	4,443
Depreciation	98	160	82	47	24
<b>Adjustments</b>					
Net Sales	-	-	-	-	-
Segment Income/Loss	(1,202)	(1,283)	(1,371)	(1,307)	(1,341)
Segment Assets	6,613	4,542	6,659	8,591	11,654
Depreciation	13	17	26	29	18
<b>Consolidated Total</b>					
Net Sales	168,958	166,778	194,246	190,891	198,021
Segment Income/Loss	1,451	2,137	2,327	2,855	4,855
Segment Assets	48,486	54,661	49,050	48,507	54,323
Depreciation	469	563	822	781	688

	FY3/08	FY3/09	FY3/10	FY3/11	FY3/12
Share Price (¥)	1,530	1,219	1,142	1,094	958
Outstanding Shares Issued (shares)	12,025,000	12,025,000	12,025,000	12,025,000	24,050,000
Treasury Stock (shares)	175,645	653,005	823,385	823,705	1,647,990
Earnings per Share (¥)	(124.11)	97.64	104.60	122.56	109.73
Book Value per Share (¥)	1,566.17	1,599.08	1,692.76	1,767.34	972.13
Free Cash Flow per Share (¥)	99.54	8.32	485.74	396.51	189.56
Dividend per Share	40.00	30.00	30.00	30.00	38.75
EBITDA (¥ million)	1,878	2,684	3,153	3,637	5,543
PER (times)	-	12.5	10.9	8.9	8.7
PBR (times)	1.0	0.8	0.7	0.6	1.0
PCFR (times)	22.8	8.7	14.4	2.1	4.5
EV/EBITDA Ratio (times)	6.7	5.6	3.1	1.4	1.9
Dividend Yield (%)	2.6	2.5	2.6	2.7	4.0

PCFR = Share Price/Cash Flows from Operating Activities per Share

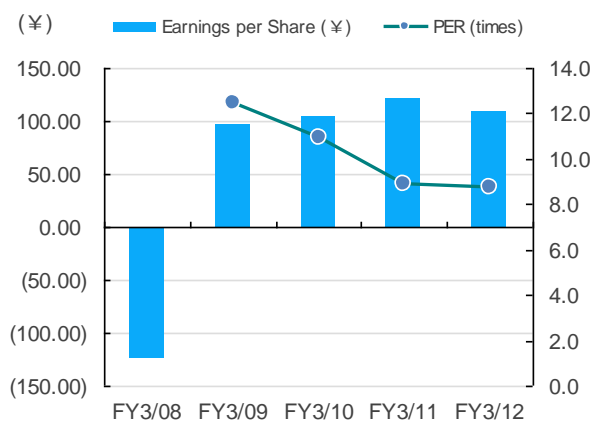
EBITDA = Operating Income+Depreciation

EV/EBITDA Ratio = EV/EBITDA

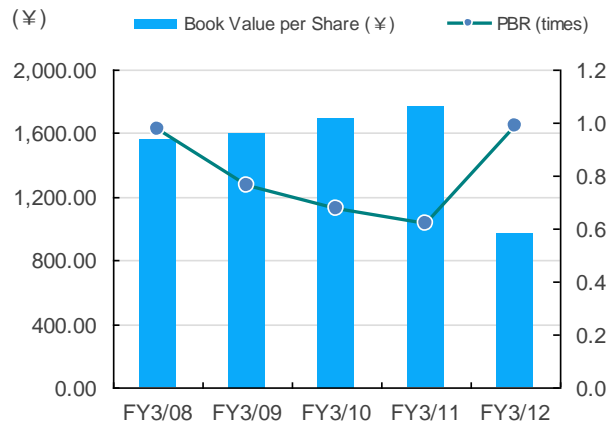
EV =Market Value+Interest-bearing Debt – Liquidity in Hand (Cash & Deposits)

Note : Share splits (1 to 2) on Dec.1. 2011

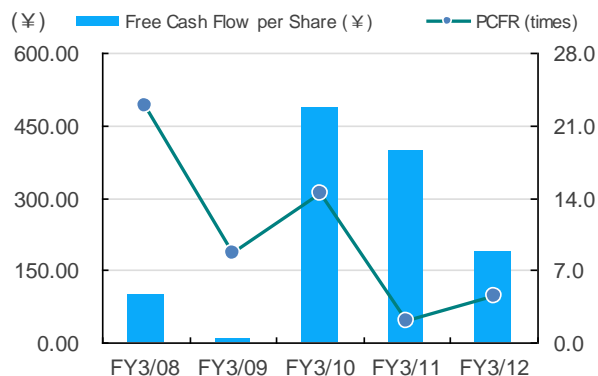
### Earnings per Share • PER



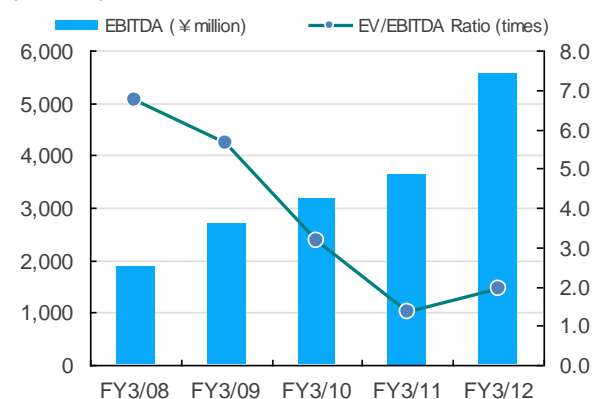
### Book Value per share • PBR



### Cash flow per Share • PCFR



### EBITDA • EV/EBITDA Ratio



(¥ Million)	FY3/08	FY3/09	FY3/10	FY3/11	FY3/12
Net Sales	168,958	166,778	194,246	190,891	198,021
Gross Profit	18,306	19,990	22,467	22,326	25,007
SG&A Expenses	16,855	17,852	20,140	19,471	20,151
Operating Income	1,451	2,137	2,327	2,855	4,855
Ordinary income	1,569	2,322	2,513	3,013	5,032
Net Income	(1,490)	1,135	1,179	1,376	2,458

(%)	FY3/08	FY3/09	FY3/10	FY3/11	FY3/12
Gross Profit Ratio	10.8	12.0	11.6	11.7	12.6
SG&A Expenses Ratio	10.0	10.7	10.4	10.2	10.2
Operating Income Ratio	0.9	1.3	1.2	1.5	2.5
Ordinary Income Ratio	0.9	1.4	1.3	1.6	2.5
Net Income Ratio	(0.9)	0.7	0.6	0.7	1.2

Gross Profit Ratio = Gross Profit/Net Sales

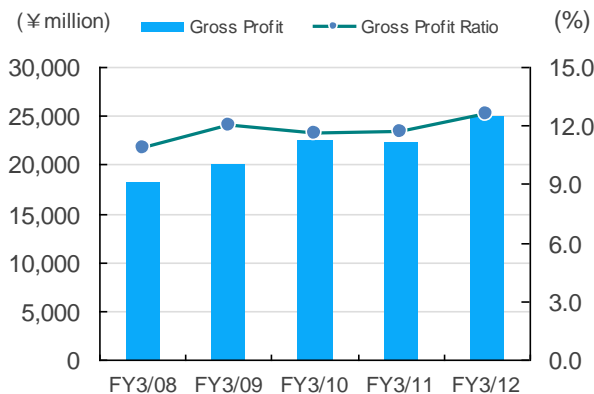
SG&A Expenses Ratio = SG&A Expenses/Net Sales

Operating Income Ratio = Operating Income/Net Sales

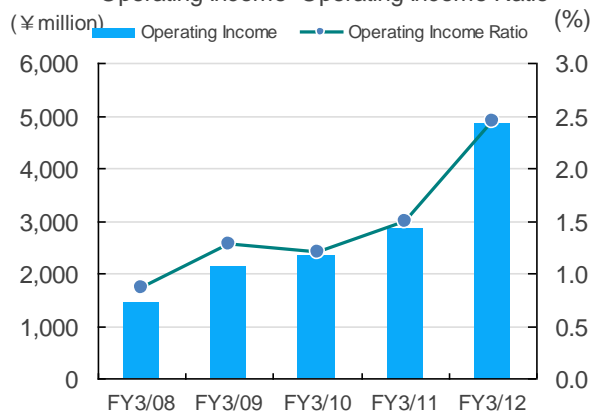
Ordinary Income Ratio = Ordinary Income/Net Sales

Net IncomeRatio = Net Income/Net Sales

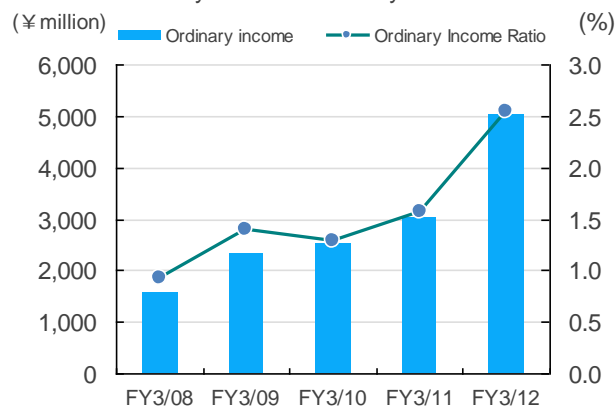
Gross Profit · Gross Profit Ratio



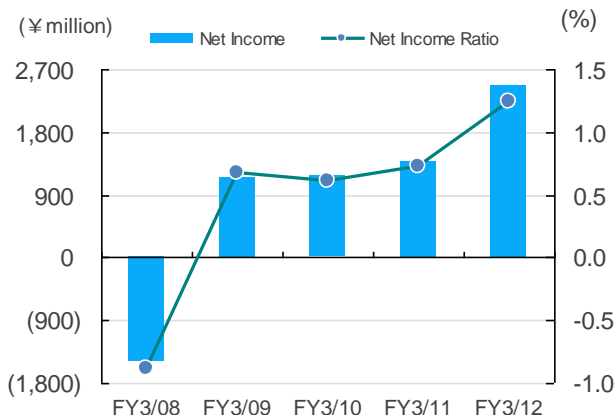
Operating Income · Operating Income Ratio



Ordinary Income · Ordinary Income Ratio



Net Income · Net Income Ratio



# Consolidated Profitability/Efficiency Indicators



(Times)	FY3/08	FY3/09	FY3/10	FY3/11	FY3/12
Total Assets Turnover	7.1	6.5	7.5	7.8	7.7
Equity Turnover	17.3	18.2	20.9	19.7	19.1
Noncurrent Assets Turnover	46.2	38.2	41.5	46.6	58.6
Current Assets Turnover	8.4	7.8	9.1	9.4	8.9

(%)	FY3/08	FY3/09	FY3/10	FY3/11	FY3/12
ROA	(3.1)	2.2	2.3	2.8	4.8
ROE	(7.6)	6.2	6.4	7.1	11.8

Total Assets Turnover = Net Sales\*2/Average Total Assets

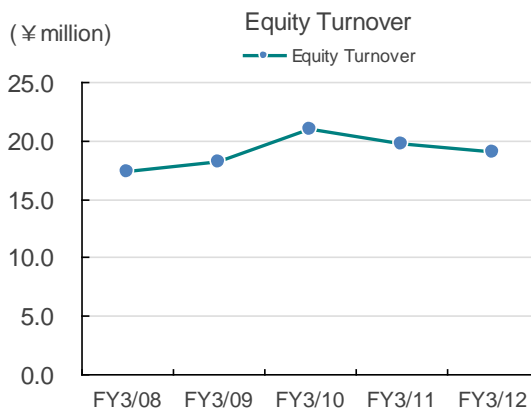
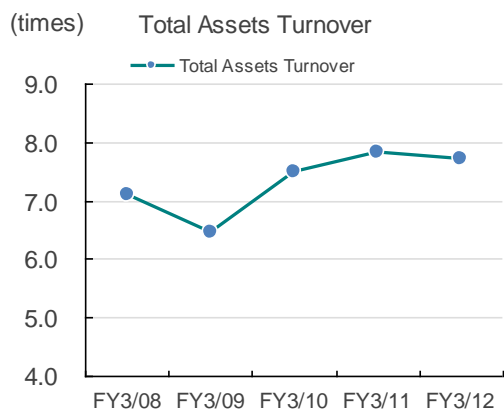
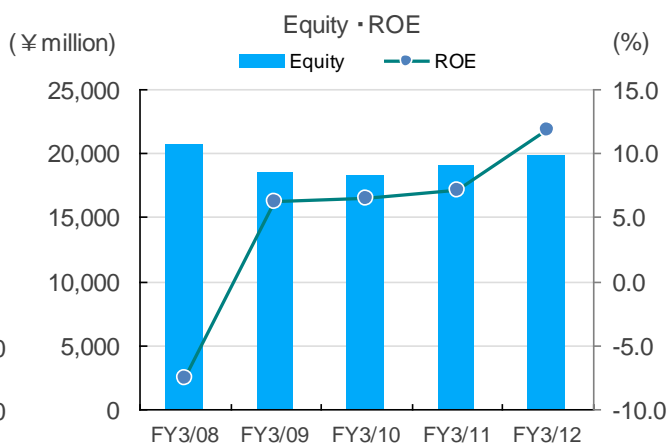
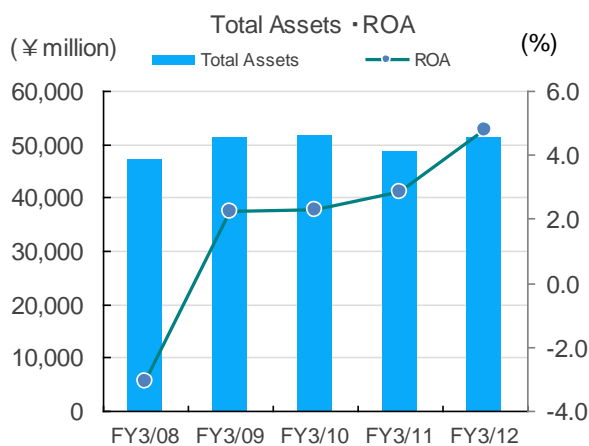
Equity Turnover = Net Sales\*2/Average Equity

Noncurrent Assets Turnover = Net Sales\*2/Average Noncurrent Assets

Current Assets Turnover = Net Sales\*2/Average Current Assets

ROA = Net income/Average Total Assets

ROE = Net income/Average Equity



# Consolidated Efficiency/Stability Indicators



(¥ Million)	FY3/08	FY3/09	FY3/10	FY3/11	FY3/12
Equity	18,558	18,184	18,961	19,796	21,777
Total Assets	48,486	54,661	49,050	48,507	54,323
Noncurrent Assets	7,685	9,797	8,910	7,468	6,054
Noncurrent Liabilities	2,248	3,305	2,651	2,867	2,909
Current Assets	40,801	44,864	40,140	41,039	48,269
Current Liabilities	27,426	33,171	27,436	25,837	29,617
Total net assets	18,811	18,184	18,962	19,802	21,795
Interest-bearing Debt	157	5,950	2,490	0	0

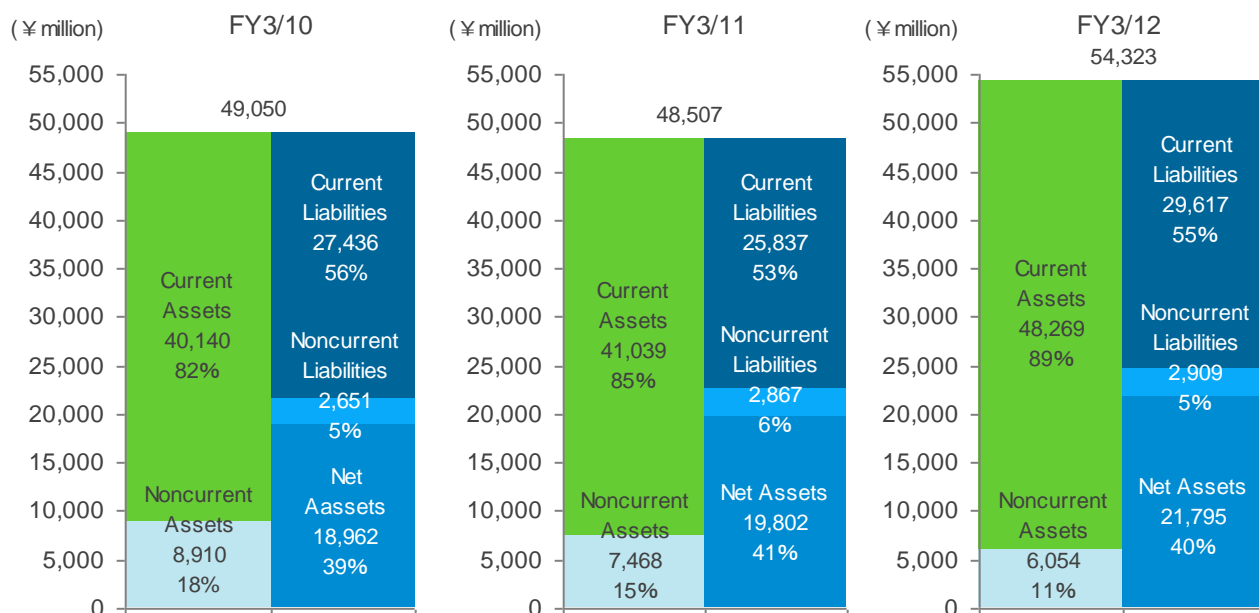
(%)	FY3/08	FY3/09	FY3/10	FY3/11	FY3/12
Equity Ratio	38.3	33.3	38.7	40.8	40.1
D/E Ratio	0.9	32.7	13.1	-	-
Fixed Ratio	41.4	53.9	47.0	37.7	27.8
Current Ratio	148.8	135.2	146.3	158.8	163.0

Equity Ratio = Equity/Average Total Assets

D/E Ratio = Interest-bearing Debt/Equity

Fixed Ratio = Noncurrent Assets/Equity

Current Ratio = Current Assets/Current Liabilities



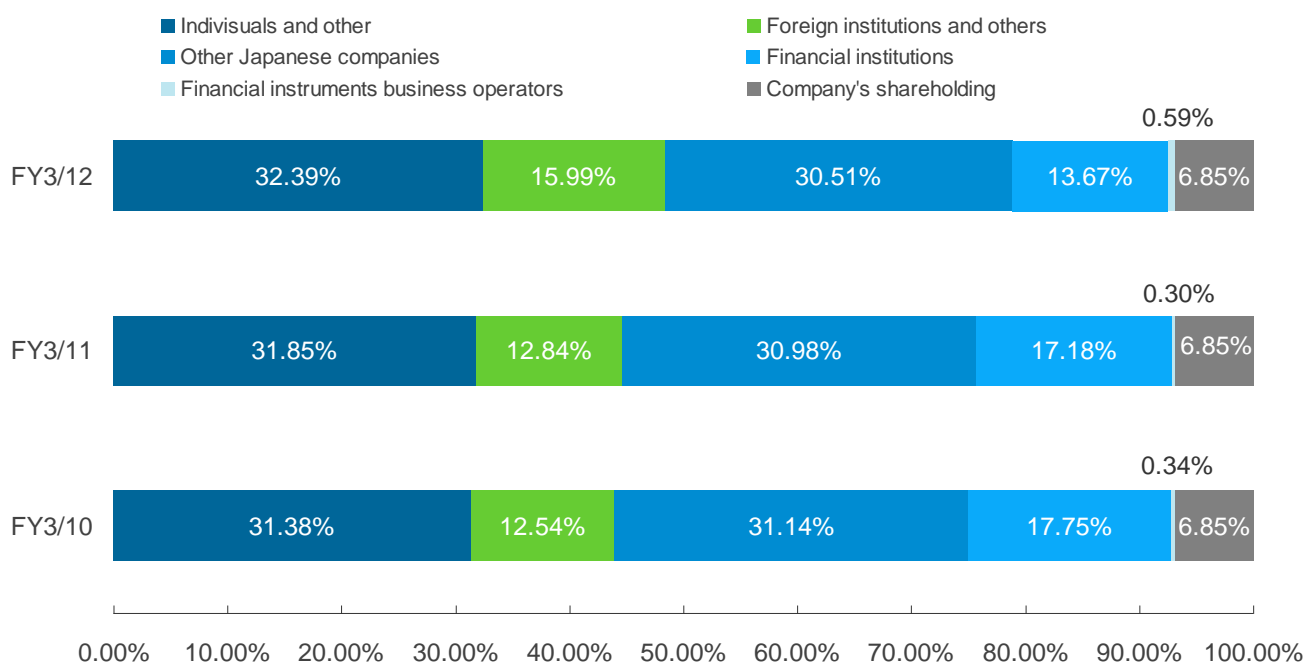


As of March 31, 2012

Top 10 Shareholders	Number of Shares	Shareholding Ratio(%)
NAMCO BANDAI Holdings Inc.	5,883,408	24.46
Ichigo Trust	2,337,200	9.71
Japan Trustee Services Bank, Ltd. (trust account)	1,316,100	5.47
Yasuhiko Idaira	763,000	3.17
Hiroshi Kawai	701,000	2.91
Japan Trustee Services Bank, Ltd. (trust account for Chuo Mitsui Asset Trust and Banking Company, Limited and employee retirement benefit of Sumitomo Mitsui Banking Corporation)	676,000	2.81
Kayo Kawai	541,800	2.25
Employees' Stockholding	420,440	1.74
Orient YK	400,000	1.66
The Master Trust Bank of Japan (trust account)	337,800	1.40

※In addition to the above, HAPPINET CORPORATION holds 1,647 thousands shares.

### Breakdown of Type of Shareholder





## HAPPINET CORPORATION

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Corporate Management Division, Corporate Management  
Department, Corporate Communication Team  
Komagata CA Bldg., 2-4-5 Komagata, Taito-ku, Tokyo  
TEL: (03)3847-0410 (Japanese Only) FAX: (03)3847 -0420  
E-mail: keiki\_koho@HSN.happinet.co.jp

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