



Happinet Corporation

Stock Code: 7552

A decorative graphic consisting of several thick, green, curved swooshes that originate from the left side and sweep towards the right, partially overlapping the text.

Fiscal Year 2007 First-Half Results Presentation

November 9, 2007

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Overview of Interim Operating Results



■ Toy business
 ■ Video-related business
 ■ Video game business (VG)
 ■ Amusement business (AM)
 ■ Other business

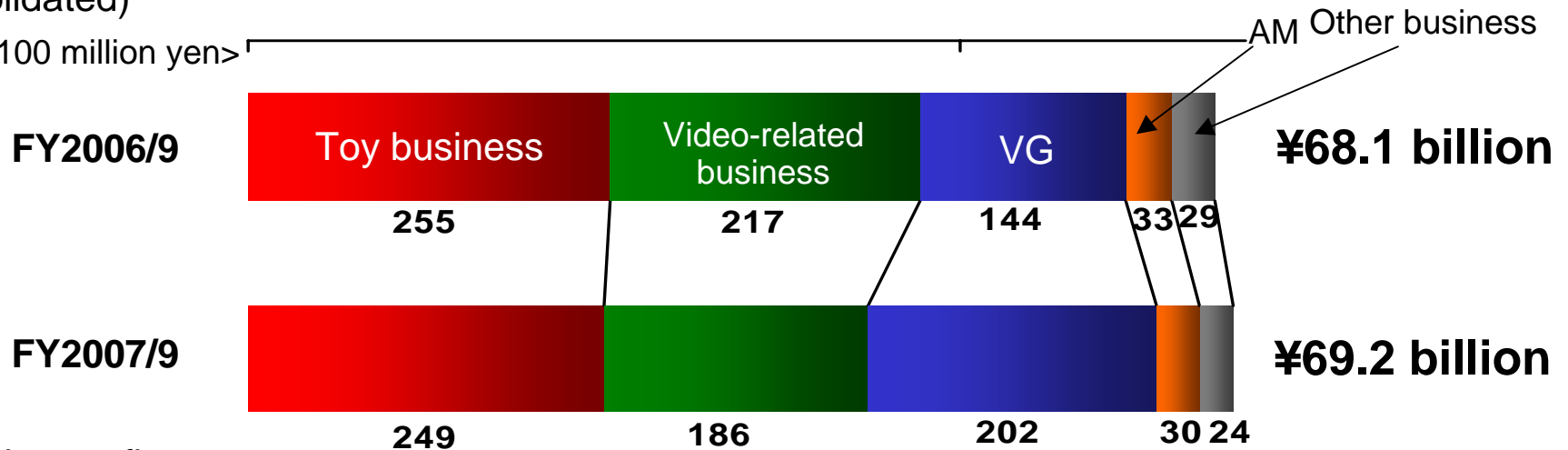
■ Net sales

(consolidated)

0

500

<Unit: 100 million yen>



■ Operating profit

(consolidated)

0

3

6

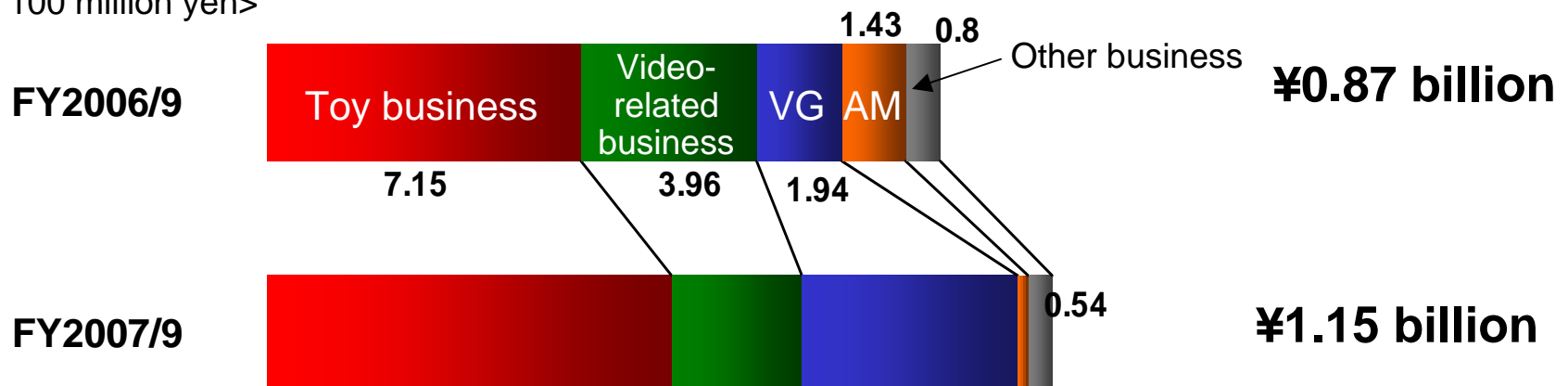
9

12

15

18

<Unit: 100 million yen>



Eliminations and corporate

9.16

3.01

4.88

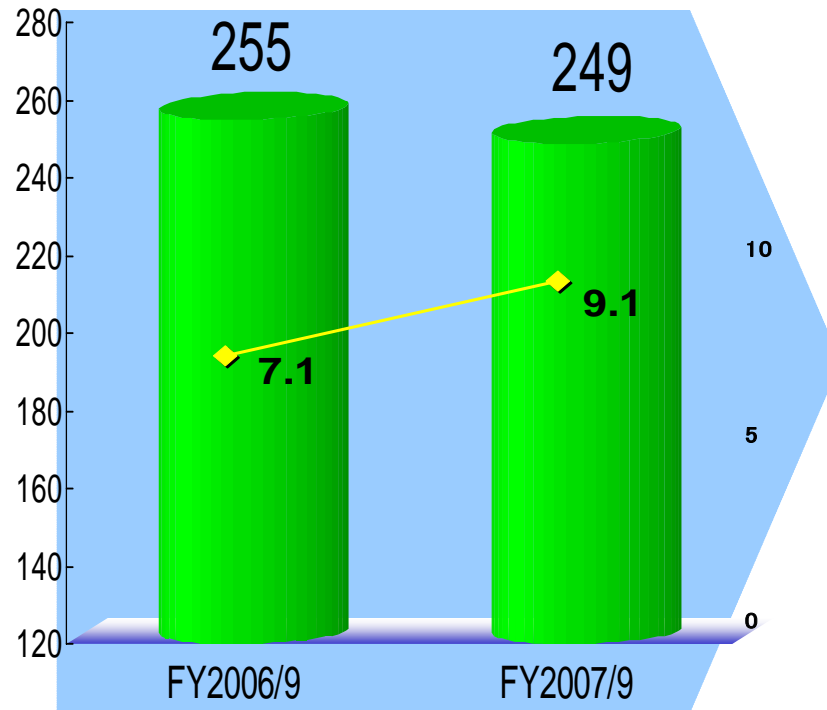
0.21

FY2006/9: ¥0.654 billion, FY2007/9: ¥0.625 billion

2

■ Toy Business results

<Unit: 100 million yen>



Bar chart: Net sales, Line chart: Operating profit

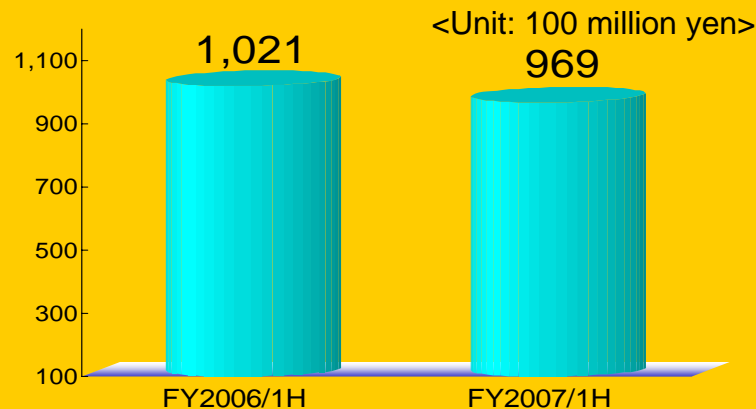
[Major initiatives in the second half]

- Deal with all major convenience store companies as a vendor.
- Further expand business with mass consumer electronics retailers.
- Expand transactions with GMS companies, leveraging our quality logistics with no inspection.

[Future Initiatives]

Aim to build a system able to handle all Bandai domestic products.

■ DVD cell market environment

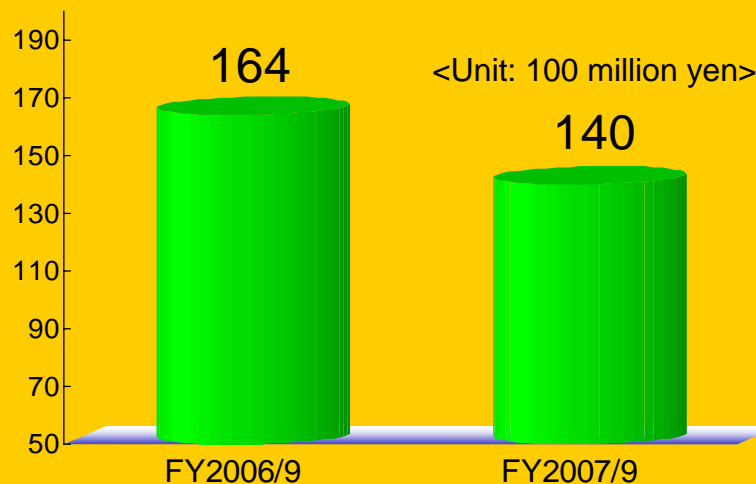


* 1) Prepared based on statistics of the Japan Video Software Association.
 * 2) The first half is from January to June

[Market conditions]

- Sales of DVD cells in the first half of 2007 fell below the year-ago level.
- While sales activities in actual stores become difficult, the sales ratio represented by e-commerce channels increased.

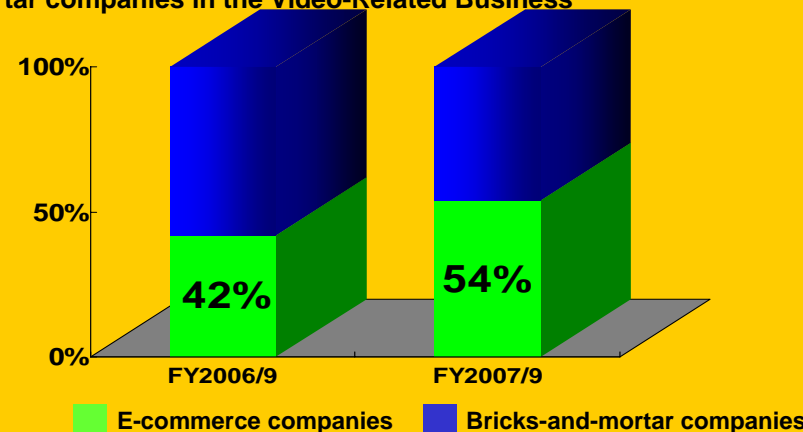
■ Sales in the wholesale segment of the Video-Related Business



Respond to market changes.

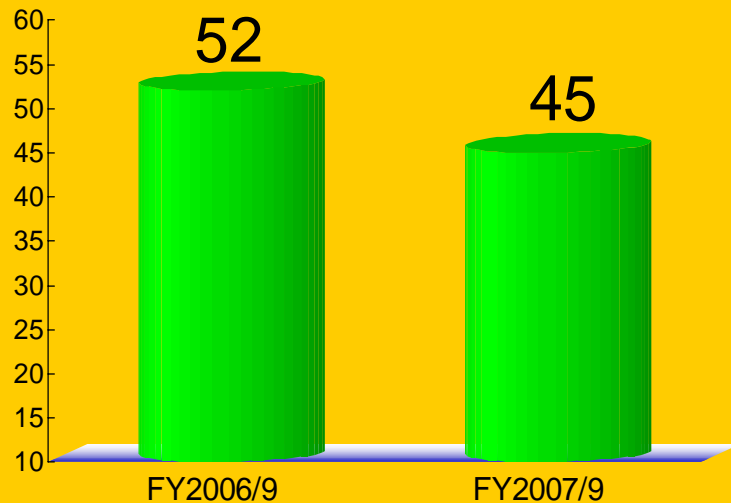
Aggressively promote the development of e-commerce channels.

■ <Reference> Sales ratios of e-commerce companies and bricks-and-mortar companies in the Video-Related Business



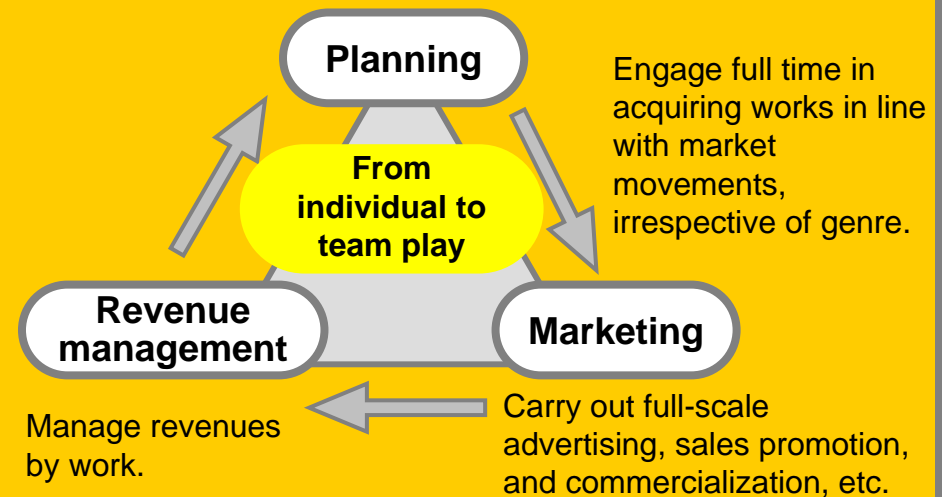
■ Sales in the exclusive titles segment of the Video-Related Business

<Unit: 100 million yen>



Restructuring of earnings profile

The President & Chief Operating Officer will be responsible for the Video-Related Business (Pictures Unit) from October



Continue to promote the construction of networks to acquire quality content.



“Crows Zero”

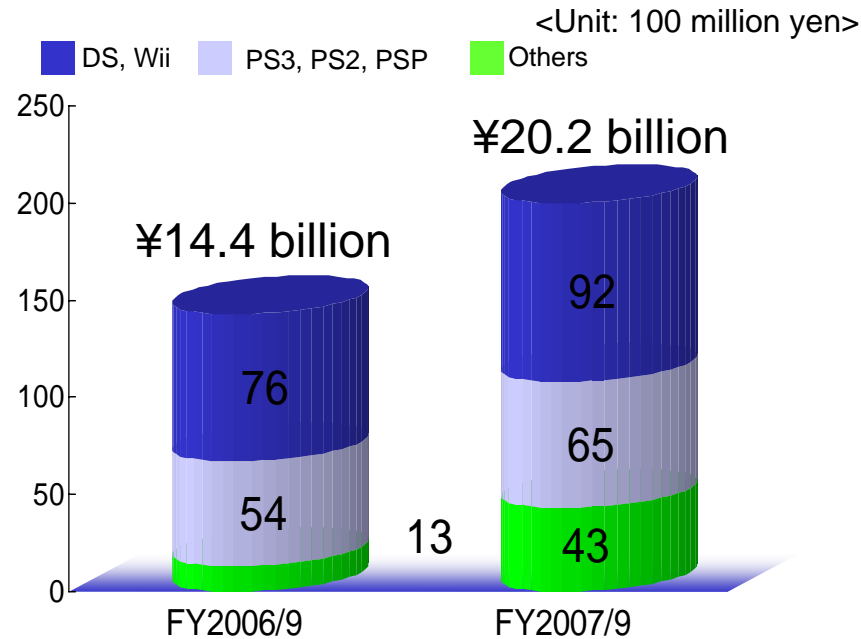
Featuring Shun Oguri and others

Released on October 27 at 260 theaters nationwide!

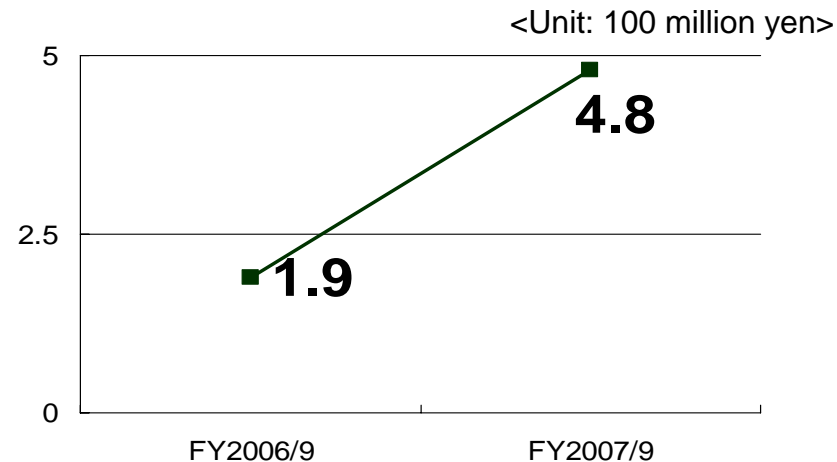
Broke ¥1.2 billion for the first 12 days after the release.

“Crows Zero” Production Committee of Hiroshi Takahashi 2007©

■ Sales by platform in the Video Game Business



■ Operating profit in the Video Game Business



[Situation in the first half]

- Nintendo's products were solid, driven by NintendoDS and the full-year contribution of Wii.
- The lighter and thinner new PSP launched in September was also buoyant.
- Other game products were firm.

[Outlook for the second half]

The market is expected to remain strong in the second half.

- Xbox360

<Hardware>

- Price to be revised on November 1
 - Xbox360 (¥39,795 → ¥34,800)
 - Xbox360 Core System (¥29,800 → ¥27,800)

<Featured software>

- Lost Odyssey (Microsoft, to be released on December 6)
- Ace Combat 6 (Bandai Namco Games, released on November 1)

- PlayStation3

<Hardware>

- New PlayStation 3 (CECHH00 series) released on November 11,
Recommended retail price: ¥39,980
- The price of the current PlayStation 3 has also been revised

<Featured software>

- Gran Turismo 5 Prologue (PS3, Sony Computer Entertainment, to be released on December 13)
- Shin Sangokumusou 5 (PS3, Koei, to be released on November 11)

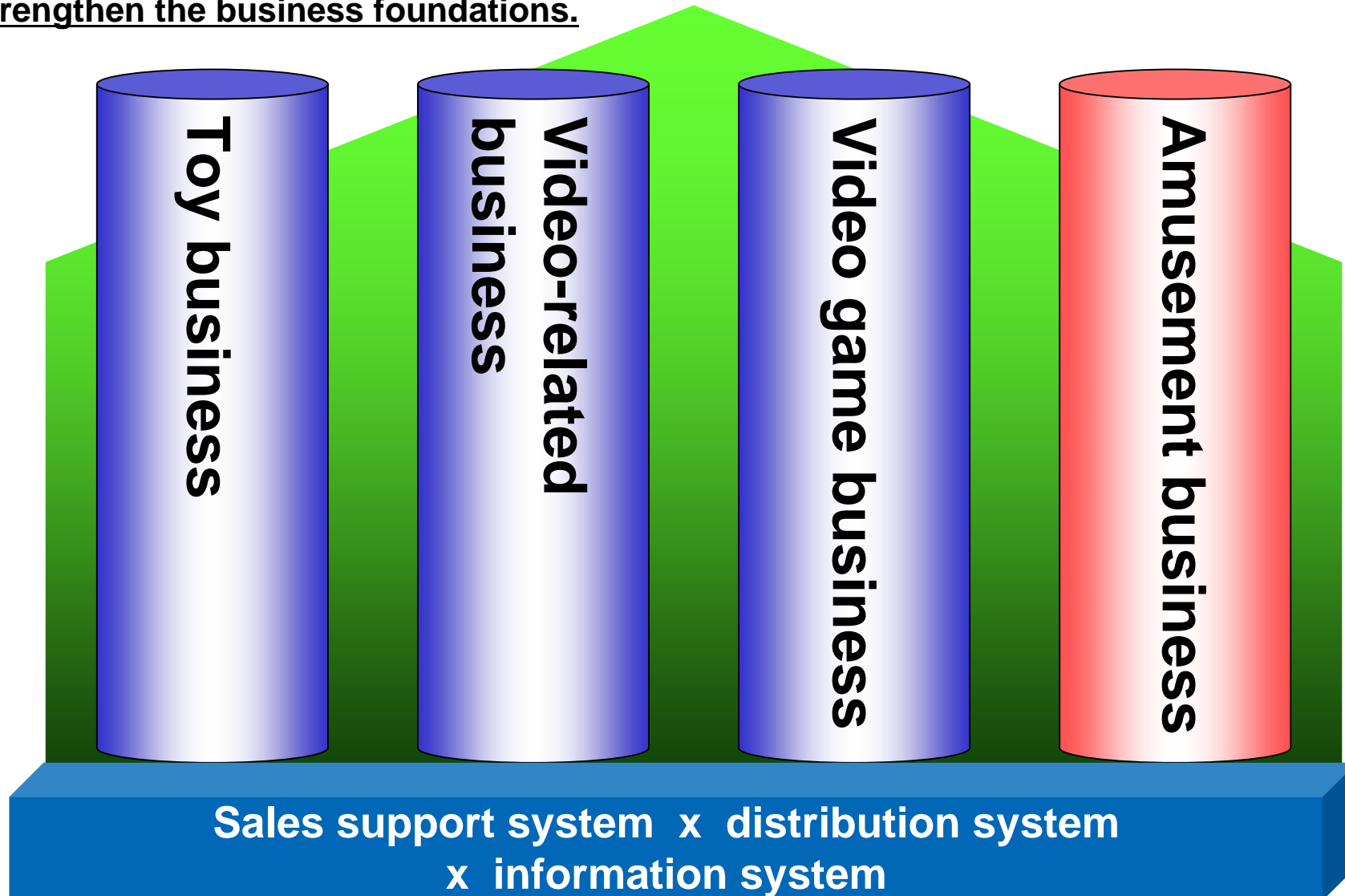
Wii, Nintendo DS

<Featured software>

- Wii Fit (Wii, Nintendo, to be released on December 1)
- Super Mario Galaxy (Wii, Nintendo, released on November 1)
- Mario Party DS (DS, Nintendo, released on November 8)
- Professor Layton and Pandora's Box (DS, Level 5, to be released on November 29)

Fourth Business Mainstay

The Amusement Business will become the fourth business mainstay, joining the three core Toy, Video-Related and Video Game businesses in further development to strengthen the business foundations.

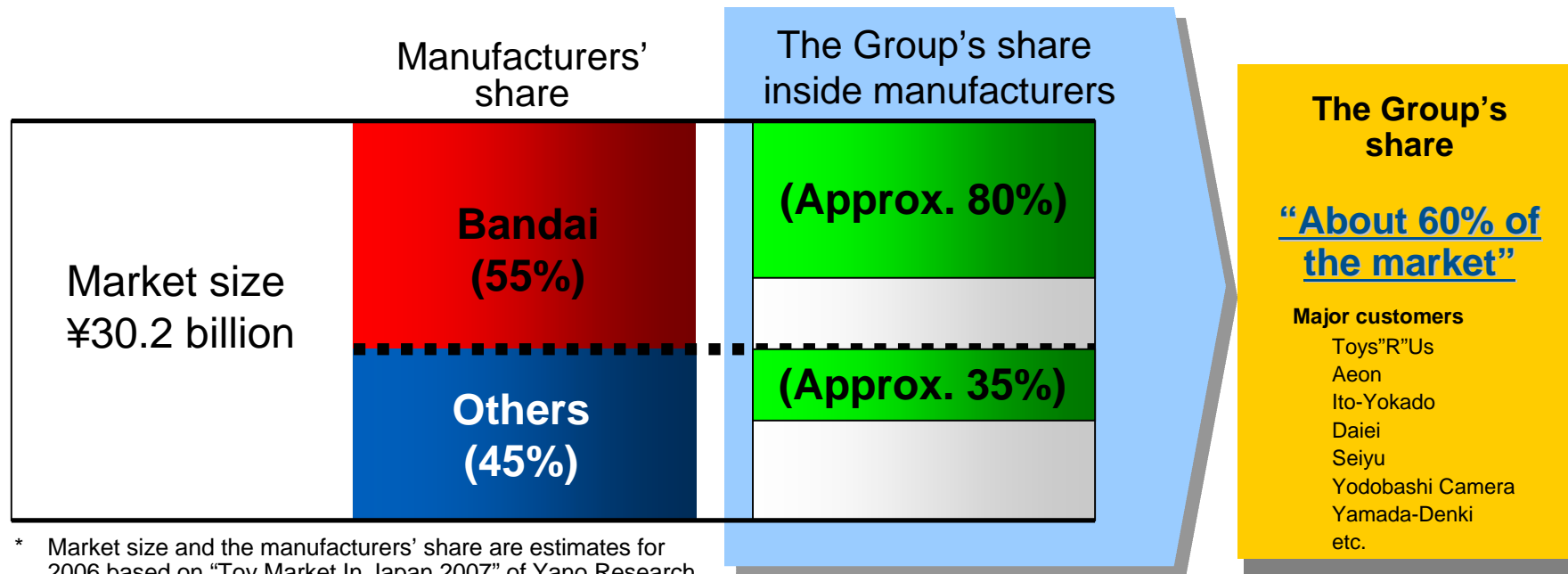


Two operation companies dealing with capsule toys, etc. will become our subsidiaries

SUNLINK Co., Ltd
 Net sales: ¥11,269 million
 Operating profit: ¥5 million
 (As of February 2007)

THE APPLE CRPORATION
 Net sales: ¥4,940 million
 Operating profit: ¥91 million
 (As of March 2007)

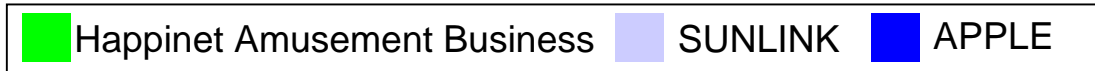
Reference: Estimate of the total share of Happinet, SUNLINK and Apple in the capsule toy market



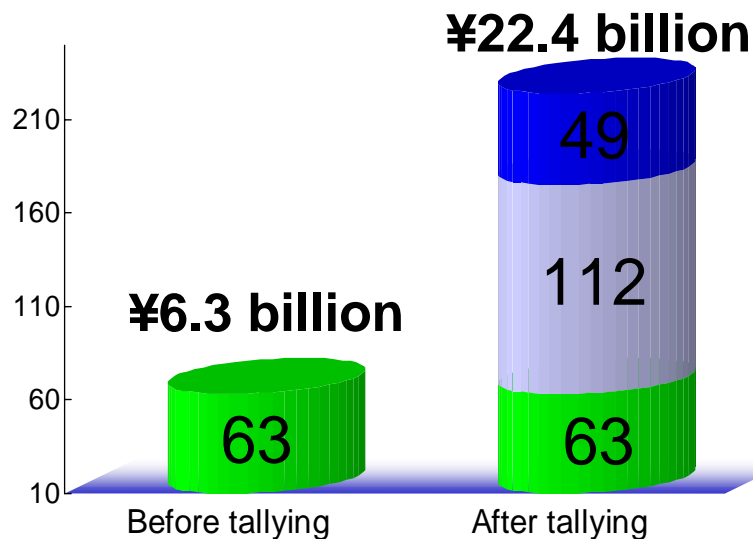
* Market size and the manufacturers' share are estimates for 2006 based on "Toy Market In Japan 2007" of Yano Research Institute

Establish a position as the leading company

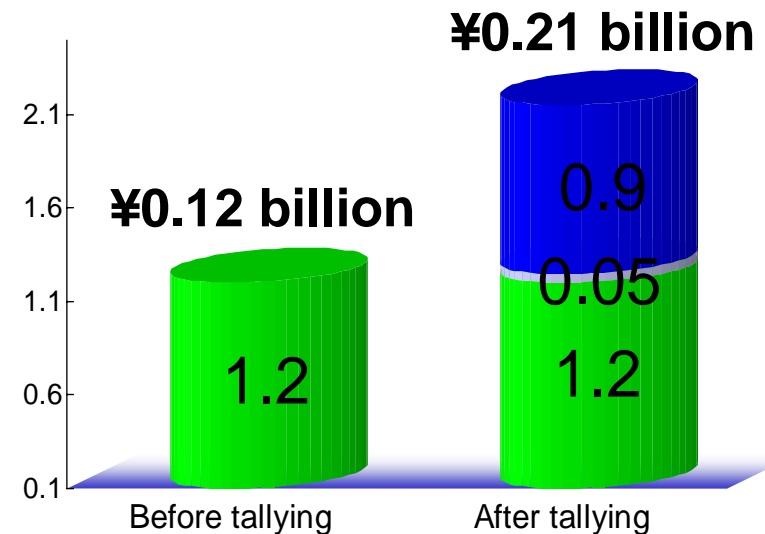
Simple tally (on a full-year basis in 2006)



Net sales <Unit: 100 million yen>



Operating profit <Unit: 100 million yen>



Develop strategies based on strength

Aim to bolster profit by improving efficiency through a review of the distribution scheme and the introduction of systems

Forecasts for Fiscal Year 2007



*** The impact of making SUNLINK CO.,LTD. and THE APPLE CORPORATION our subsidiaries will be informed as soon as it becomes clear. Consequently, the full-year forecast remains unchanged.**

Forecast consolidated results for fiscal 2007

(Unit: 100 million yen, %)

	FY2007/3	FY2008/3E	YoY growth
Net sales	1,606	1,650	2.7
Operating profit	21	23	6.8
Recurring profit	25	27	5.7
Net profit	16	17	5.2

Sales forecasts for fiscal 2007 by segment

(Unit: 100 million yen, %)

Segment	FY	FY2008/3E		
	FY2007/3		Breakdown	YoY growth
Toy business	572	600	36.4	4.9
Video-related business	461	440	26.7	-4.7
Video game business	450	480	29.1	6.5
Amusement business	63	70	4.2	10.3
Other business	58	60	3.6	3.3
Total	1606	1,650	100	2.7

Happinet Logistics Center West Established



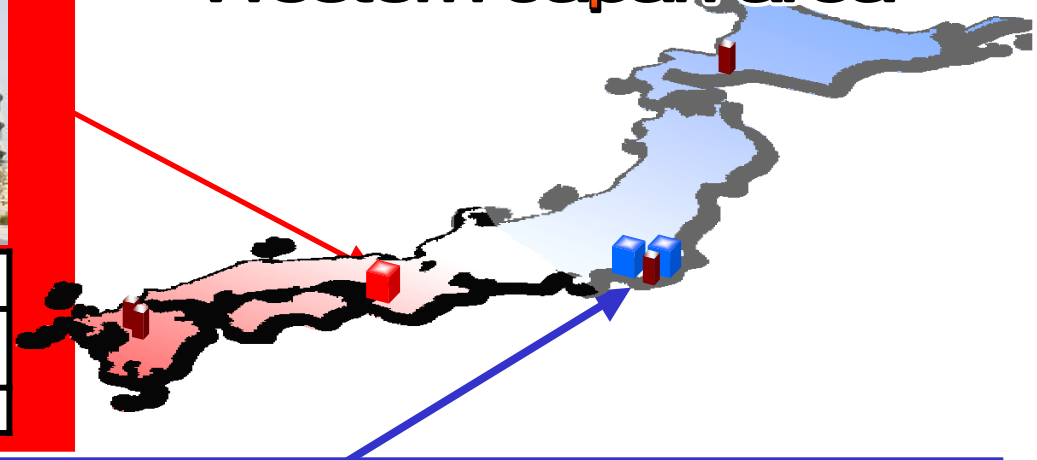
Multiple logistics bases dispersing in the Western Japan will be integrated into the fifth floor of ProLogis Parc Amagasaki



Happinet Logistics Center-West (to operate in January 2008)

Address	Prologis Parc Amagasaki 5F, 231-2 Nishimukojima, Amagasaki-city, Hyogo
Total Floor Area	11,774 m ²

Core logistics base in the Western Japan area



Happinet Logistics Center-East (operated October 2001)

Address	17-18 Futamata-Shinmachi, Ichikawa-shi, Chiba
Total Floor Area	24,741 m ²



Happinet Second Logistics Center-East (operated February 2006)

Address	3-10-4 Nishiura, Funabashi-shi, Chiba
Total Floor Area	28,151 m ²

Cautionary Statement

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.