



Happinet Corporation

Stock Code: 7552

Presentation on First Half Results
for Fiscal Year 2009

November 16, 2009

Overview of First Half Results for FY2009	2
Overview of Each Business in First Half of FY2009	3
Toy business	4
Visual and Music Business	6
Video game business	10
Amusement business	14
Full Year Projections for FY2009	17

Overview of First Half Results for FY2009

Hideo Asatsu

Board Director

CFO and Senior Managing Director

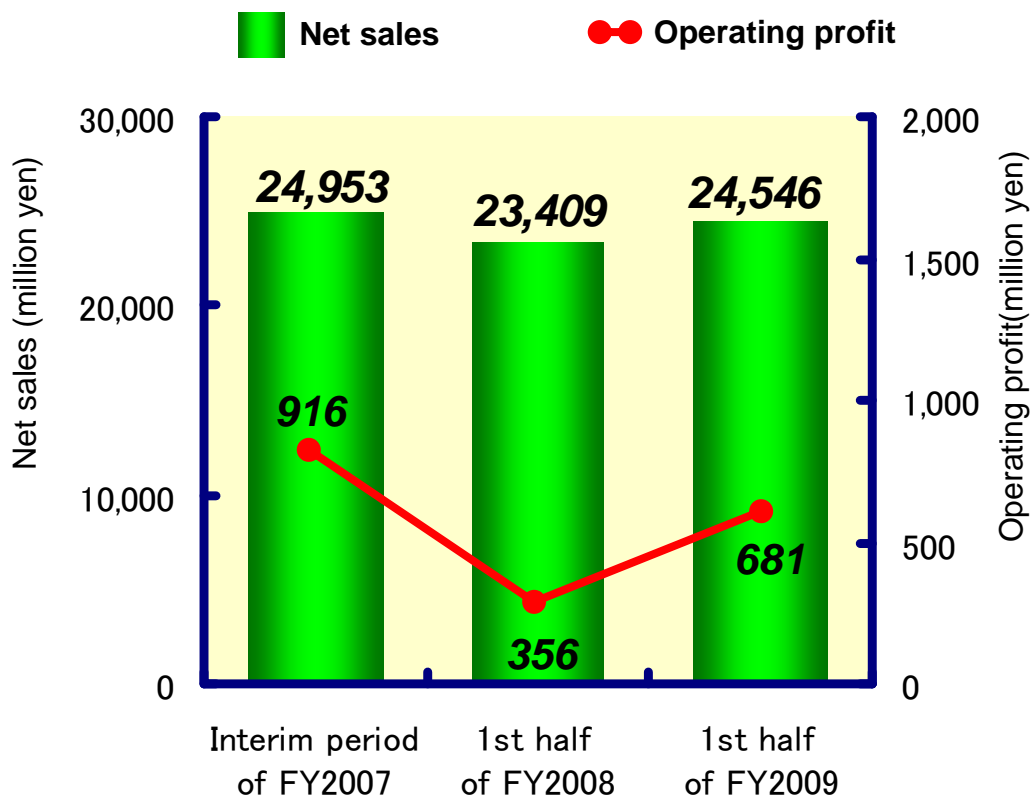
Overview of Each Business for First Half of FY2009

Kazuhiko Note
President and COO

Toy Business (1)

Toy business

Net sales and operating profit



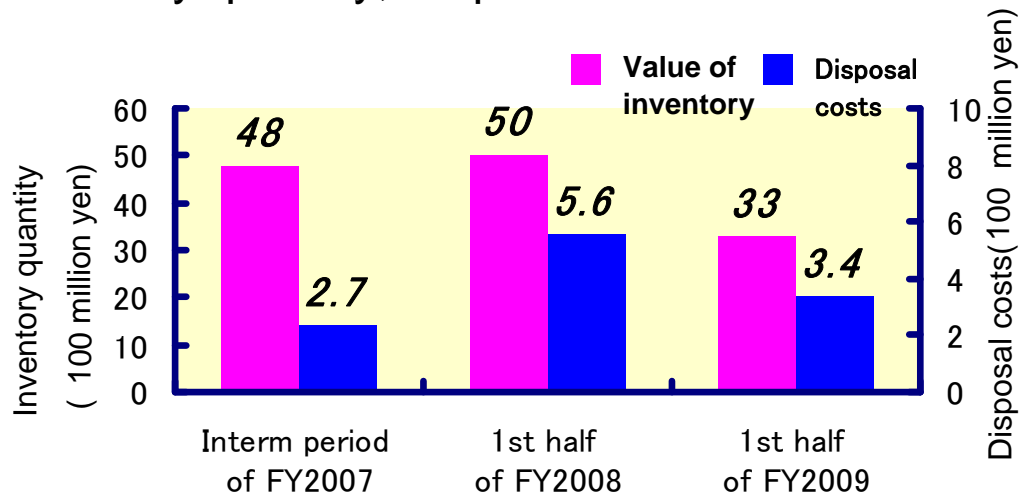
Review of the 2nd quarter

Sales of Bandai character toys were strong.

Inventories were reduced and profit improved substantially as a result of thorough measures to raise efficiency, including inventory management.

Inventory value; Disposal costs, Inventory quantity

Inventory quantity; Disposal costs



*Reference:
Disposal costs
in 2nd half:

Approx. ¥1.0 billion

Approx. ¥1.2 billion

Inventory quantity

As of end of March 2009

Approx. 15,000 Items



Items not in stock as inventory are shipped directly from the manufacturer upon request

As of end of September 2009

Approx. 10,000 Items

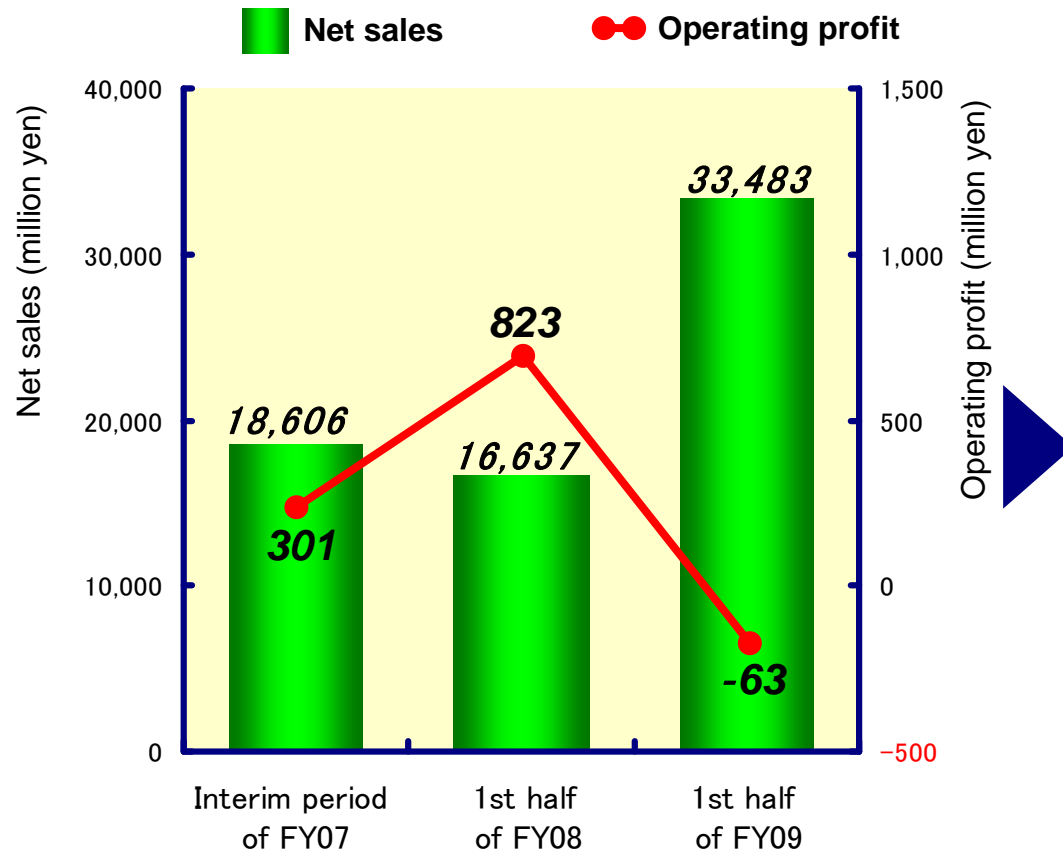
Reduce costs for managing inventory while maintaining service quality (and the quantity of items handled)

Consolidation of Procurement Divisions

Promptly identify and maintain the proper company-wide inventory quantity

Visual and Music business

Net Sales and Operating Profit



Review of the 2nd Quarter

Sales

Happinet substantially increased Income by acquiring the industry-leading Wint Corporation as a subsidiary in March 2009

Profits

Despite the slumping market, profit was bolstered by the Crows Zero II and other video-production products with a high profit margin that are either invested in or exclusively sold by Happinet.

Wint, however, had just embarked on business reforms and was facing a difficult struggle.

Visual and Music Business (2)

Inventory value

	Wint	Happinet	Total
As of end of September 2009	Approx. ¥5.2 billion (reference)	Approx. ¥1.5 billion	Approx. ¥6.7 billion
As of end of September 2009	Approx. ¥1.5 billion	Approx. ¥1.2 billion	Approx. ¥2.7 billion

Approx. ¥4.0 billion reduction

Target for improving Wint's logistics expenditures

Logistics expenditures

Happinet Visual Wholesale
2.2%

Wint
4.5%

Target: Between 3.0 and 3.5%

Shipping costs (million yen)

Return costs (million yen)

Estimates

Current

Net sales	Logistics costs	
	Percentage of net sales	Amount
42,000	3.8%	1,600

Value of overall returns	Logistics Expenses	
	Percentage of net sales	Amount
4,000	7.0%	280

Reduction Effects of Approx. ¥380 million

Reduction Effects of Approx. ¥140 million

Post-improvement

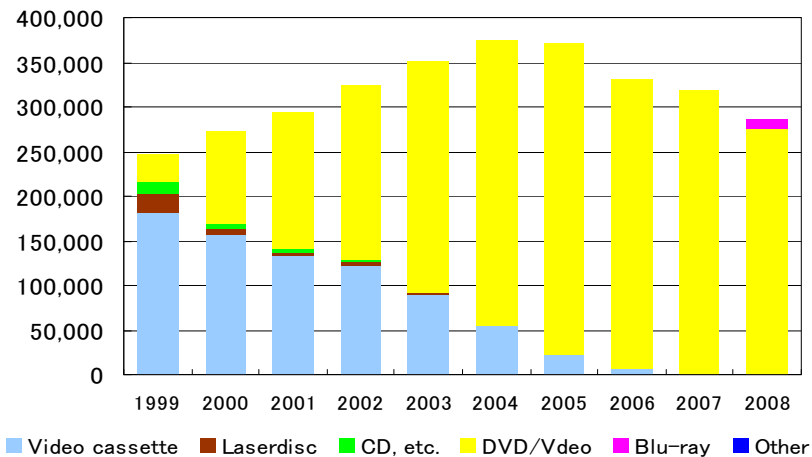
Net sales	Logistics costs	
	Percentage of net sales	Amount
42,000	2.9%	1,220

Value of overall returns	Logistics Expenses	
	Percentage of net sales	Amount
4,000	3.5%	140

Wint to be profitable by the end of the next term

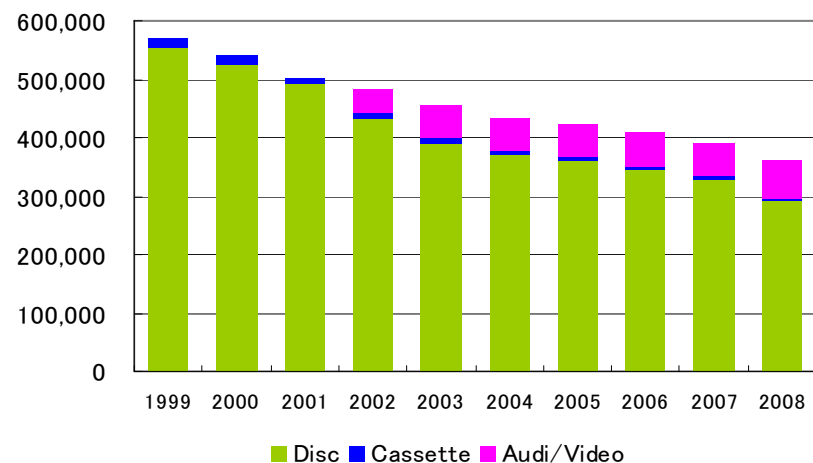
Visual and Music market

Video software sales by product type (million yen)



* Source: Information from the Japan Video Software Association

Production costs by product type (million yen)



* Source: Information from the Recording Industry Association of Japan

Net sales in FY2008 ranked 3rd in the industry, at ¥36.5 billion



Net sales in FY2008 (ended Sep. 30, 2009) ranked 2nd in the industry, at ¥41.9 billion

Happinet will aim for the top market share this term

Featured titles



© Bird Studio /Shueisha,Toei Animation



(C)2009 HIROSHI TAKAHASHI /CROWS2 FILM PARTNERS



(C) "April Bride"Project



© 1985 USA for Africa, 1985 MTV Networks

My Sister's Keeper



© MMIX New Line Productions Inc. All Rights Reserved.

TENSHI NO KOI

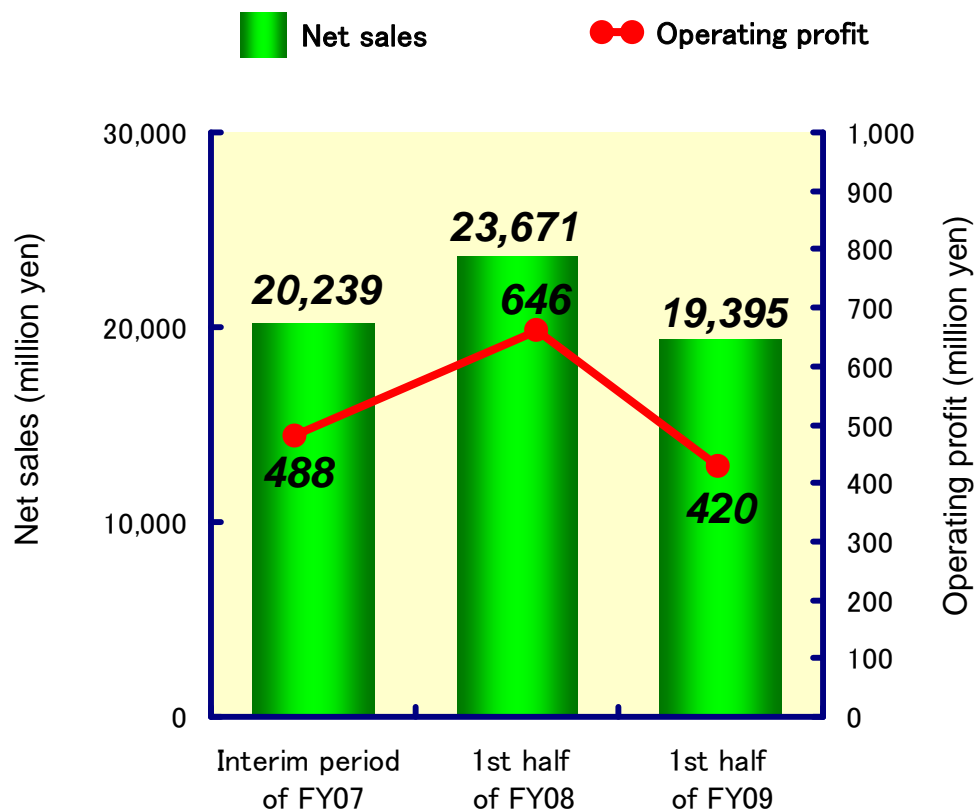


© 2009 "MY RAINY DAYS" Film Partner

Video Game Business (1)

Video game business

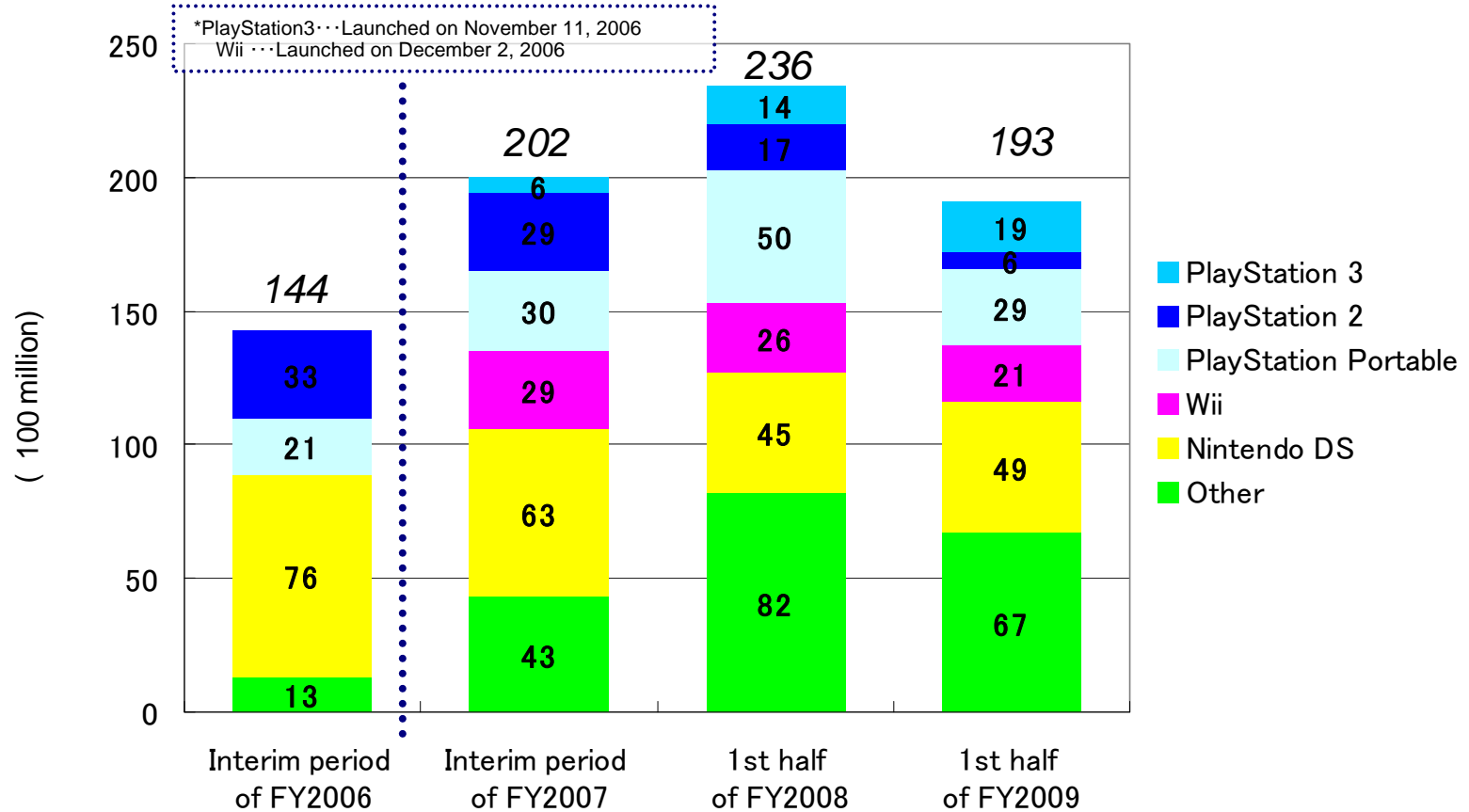
Net sales and operating profit



Review of the 2nd quarter

Results were substantially lower than the same period of the previous fiscal year when the market as a whole was performing well; and the absence of hit products led to a difficult situation.

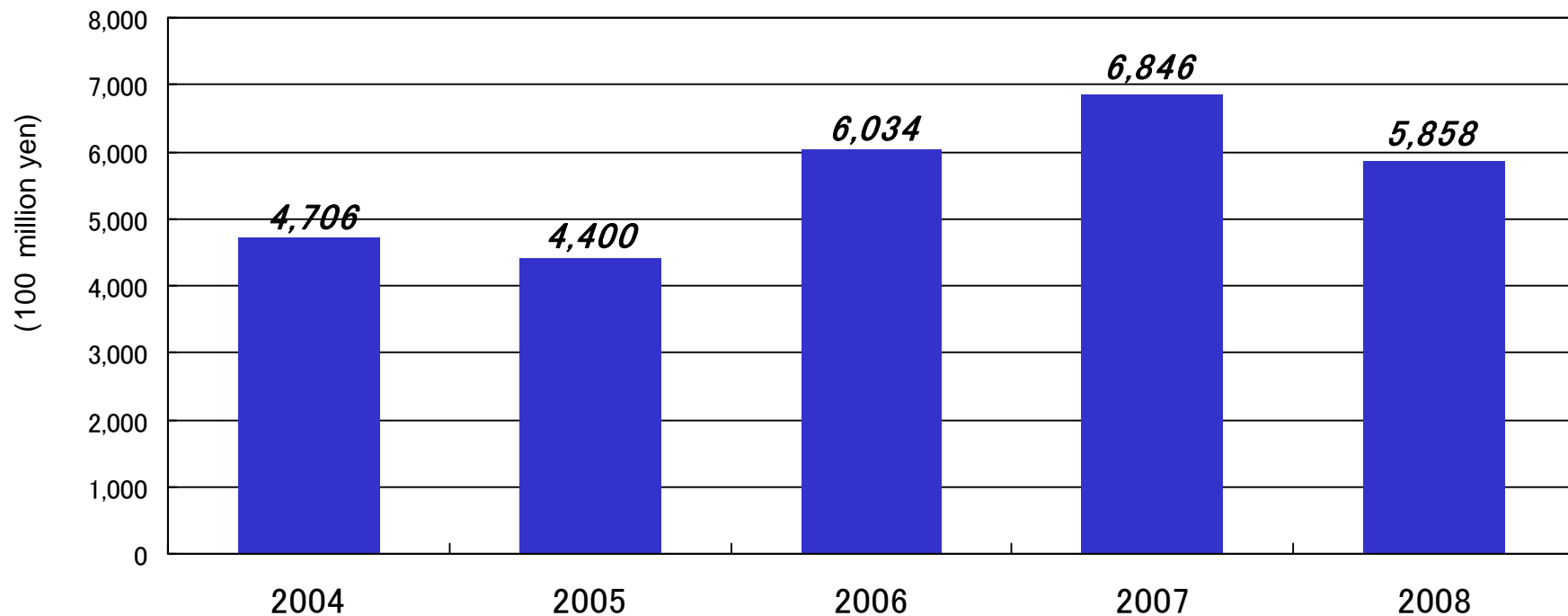
Sales by platform type



Sales and income have been standardized by handling products for all platforms

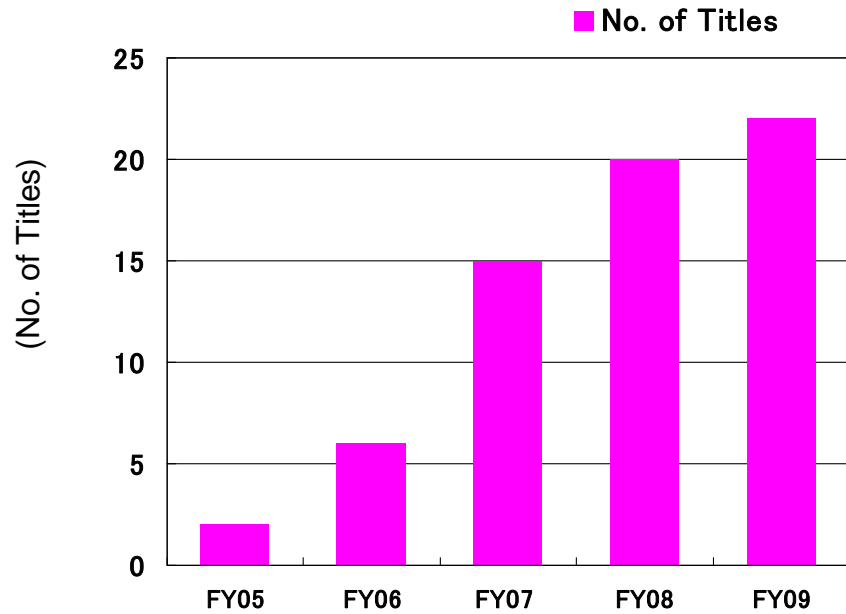
Video Game Business (3)

Domestic video game market



2004	2005	2006	2007	2008
<p>Nintendo DS, PSP launched</p> <p>Popular software:</p> <ul style="list-style-type: none"> •Dragon Quest VIII •Journey of the Cursed King •Dragon Quest V: Hand of the Heavenly Bride •Pokémon Emerald etc.. •World Soccer Winning Eleven 8 	<p>Xbox360 launched</p> <p>Popular software:</p> <ul style="list-style-type: none"> •Animal Crossing: Wild World •Nou wo Kitaeru Otona no DS Training •Big Brain Academy •Dynasty Warriors •Kingdom Hearts II •World Soccer Winning Eleven 9 	<p>Nintendo DS Lite, PlayStation3, Wii launched</p> <p>Popular software:</p> <ul style="list-style-type: none"> •New Super Mario Bros. •Motto Nou wo Kitaeru Otona no DS Training •Pokémon Diamond •Final Fantasy XII 	<p>PSP-2000 Xbox 360 Elite launched</p> <p>Popular software:</p> <ul style="list-style-type: none"> •Wii Sports •Hajimete no Wii Pack •Monster Hunter Freedom •Mario Party DS •New Super Mario Bros. 	<p>Nintendo Dsi PSP-3000 launched</p> <p>Popular software:</p> <ul style="list-style-type: none"> •Monster Hunter Freedom Unite •Pokémon Platinum •Wii Fit •Mario Kart Wii •Super Smash Bros. Brawl

Exclusive distribution products



*Target figures for fiscal 2009

Manufaturers	1 company	3 companies	4 companies	6 companies	8 companies
Titles	2	6	15	20	22

34 titles scheduled for release in FY 2010!

Featured titles



2004,2009 AQUAPLUS (C)

ToHeart2 PORTABLE

ToHeart2: Popular game for the PlayStation 2 featuring beautiful young women was launched, with shipments exceeded 150,000 copies. Game uses revamped PSP® software that incorporates many new elements and beautiful graphics.



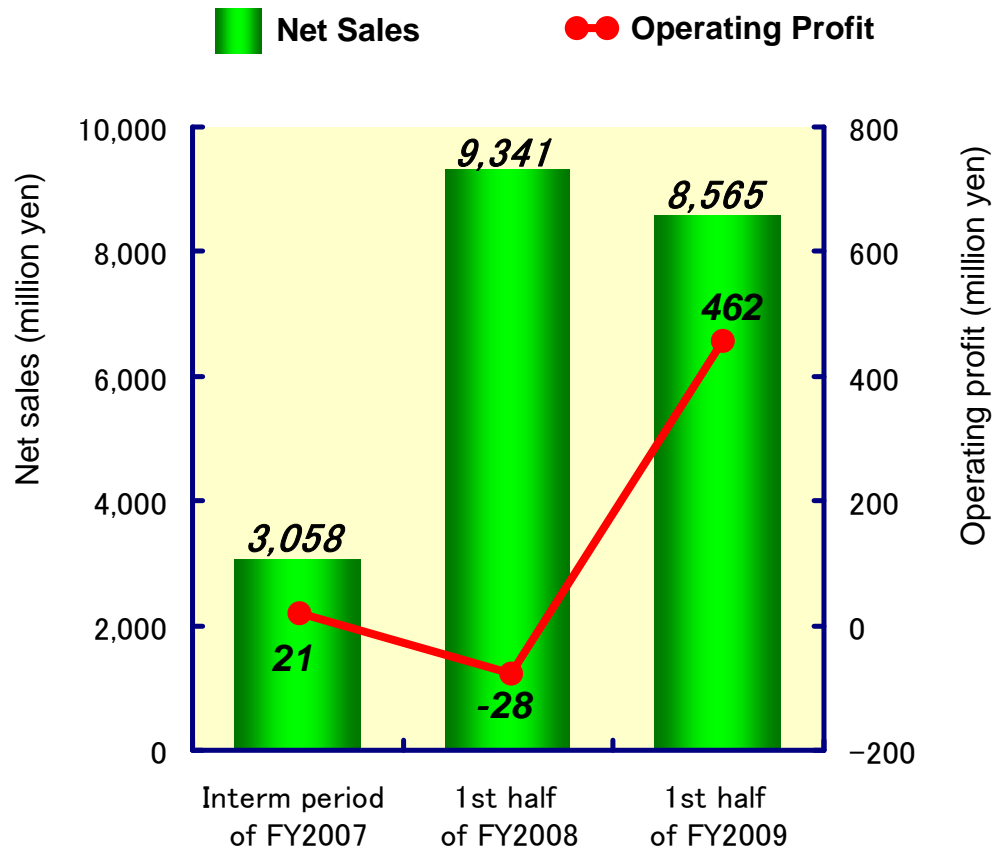
Ryukishi07 07th Expansion/ /Frontier Works Alchemist (C)

Higurashi no Nakukoro ni Kizuna Vol. 3: Rasen

This super-popular third installment in the Nintendo DS series created an impact by combining a variety of media, including comics, TV animation, novels, and live-action film.

Amusement business

Net sales and operating profit



Review of the 2nd quarter

Kids card game units such as Bandai's Kamen Rider Battle Ganbaride sold well and contributed to profit.

In addition, benefits emerged from the structural reform of businesses, leading to more robust performance.

Structural reforms in the first half to enhance profit

(1) Optimal locations

- Shift to partner companies

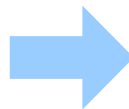
(2) Switch to more popular machines

- Higher sales per store



As of End of March 2009

Approx. ¥100,000
per store



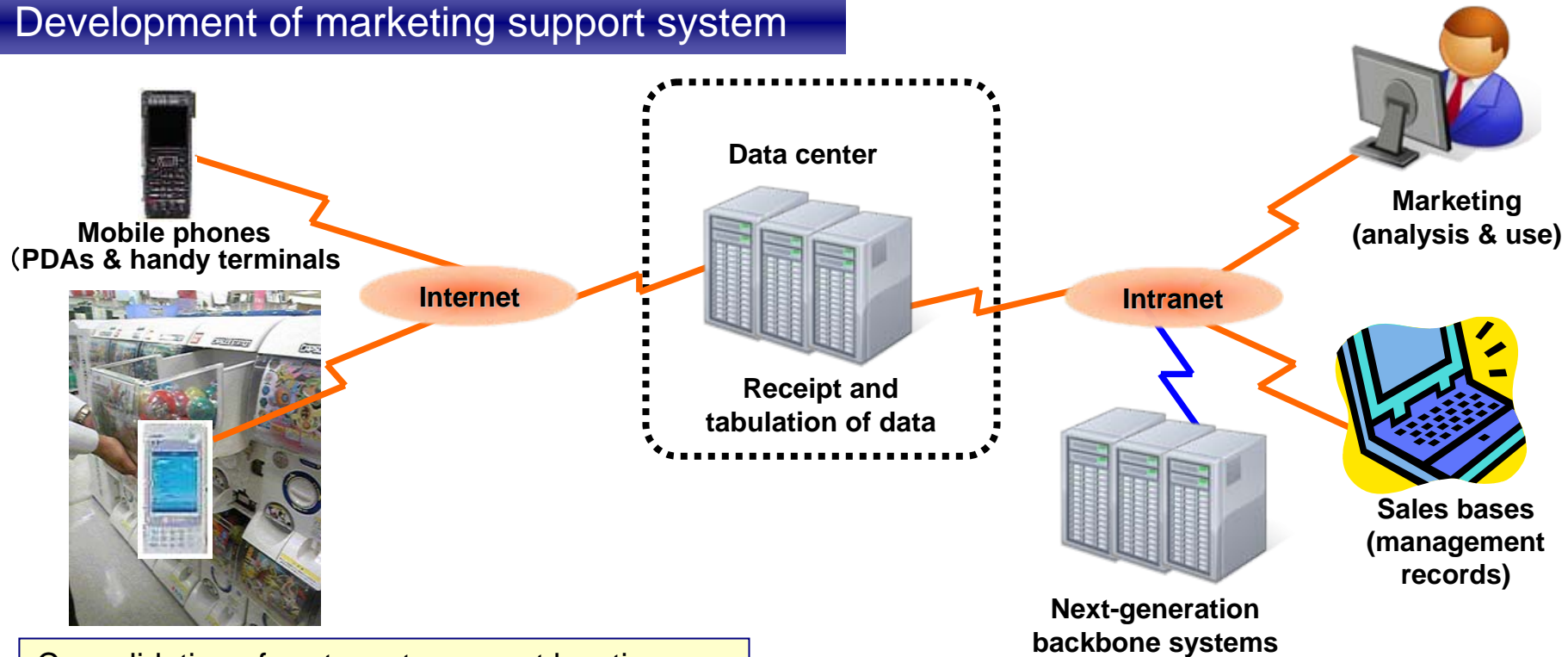
As of End of September 2009

Approx. ¥190,000
per store



Ishimori Production, TV Asahi,
Asatsu-DK, Toei Company (C)
BANDAI 2008,2009 (C)

Development of marketing support system



Consolidation of systems to support location sales

- ◆ Creates simplified system
- ◆ Reduces market inventory and sales losses
- ◆ Standardizes the sales approach

Creation of a new sales system

- ◆ Identifies market trends and forecasts demand based on single-item management
- ◆ Achieves higher operational efficiency through collaboration with next-generation backbone systems

Next-generation backbone systems

- Target performance management (rankings)
- Inventory turnover by store and product
- Consumption rate per product
- Difference between sales theory and actual sales
- Difference between actual store inventory and records
- Machine location management

Full Year Projections for FY2009

Kazuhiko Note
President and COO

Forecasted consolidated results for FY2009

(Unit: 1 billion yen, %)

	FY08	FY09 E	YoY growth
Net Sales	16,677.8	20,000.0	19.9
Operating profit	213.7	230.0	7.6
Recurring profit	232.2	250.0	7.6
Net profit	113.5	130.0	14.4

Forecasted sales by segment for FY2009

(Unit: 1 billion yen, %)

Segment	FY	FY09 E		
	FY08		Breakdown	YoY growth
Toy business	5,448.2	5,200.0	26.0	-4.6
Visual and Music business	3,657.0	7,500.0	37.5	105.1
Video game business	5,047.4	5,000.0	25.0	-0.9
Amusement business	1,791.9	1,800.0	9.0	0.5
Other	733.0	500.0	2.5	-31.8
Total	16,677.8	20,000.0	100.0	19.9

Cautionary Statement

Estimates of future performance are provided as a reference for investors based on projections and estimates, and should not be construed as a guarantee of future performance. Please keep in mind that the final results may diverge from the information presented here.