



HAPPINET CORPORATION

Stock Listing :Tokyo Stock Exchange
Code Number :7552

Fiscal Year 2010 Results Briefing

May 17, 2011

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FY2010 Results Summary

Hideo Asatsu

Board Director, CFO

Senior Managing Director

Corporate Management Headquarters

Change of business results



Fiscal period		FY2006	FY2007	FY2008	FY2009	FY2010
Net Sales	¥ million	160,606	168,958	166,778	194,246	190,891
Operating profit	¥ million	2,153	1,451	2,137	2,327	2,855
Recurring profit	¥ million	2,554	1,569	2,322	2,513	3,013
Net profit	¥ million	1,616	-1,490	1,135	1,179	1,376
Comprehensive income	¥ million	—	—	—	—	1,179
Net assets	¥ million	20,602	18,811	18,184	18,962	19,802
Total assets	¥ million	45,801	48,486	54,661	49,050	48,507
Net assets per share	¥	1,714.73	1,566.17	1,599.08	1,692.76	1,767.34
Net profit per share	¥	134.54	-124.11	97.64	104.60	122.56
Dividends per share (Interim dividends)	¥	30.0 (15.00)	40.0 (25.00)	30.0 (15.00)	30.0 (15.00)	30.0 (15.00)
No. of employees	People	743	890	1,008	945	923

- Notes:
1. Consolidated sales figures do not include consumption tax.
 2. Happinet Corporation acquired shares of Sunlink Co., Ltd. and The Apple Corporation on November 30, 2007, making it a subsidiary.
 3. Happinet Corporation established Happinet Marketing Corporation as a wholly owned subsidiary effective February 1, 2008.
 4. Happinet Corporation acquired shares of WINT CORPORATION on March 10, 2009, making it a subsidiary.
 5. The visual and music business of Happinet Corporation are transferred to WINT CORPORATION, and which is renamed Happinet Pictures and Music Corporation on April 1, 2011.
 6. The interim dividends for the FY2007 includes a commemorative dividends of 10 yen to mark our 40th anniversary.

Consolidated results for FY2010 (1) Profit & loss statement

(¥ millions; rounded down, %)

	FY2009			FY2010		
		% of total	YoY		% of total	YoY
Net sales	194,246	100.0	16.5	190,891	100.0	-1.7
Cost of sales*	171,779	88.4	17.0	168,564	88.3	-1.9
Gross profit	22,467	11.6	12.4	22,326	11.7	-0.6
SG&A expenses	20,140	10.4	12.8	19,471	10.2	-3.3
Personnel	7,011	3.6	11.7	6,921	3.6	-1.3
Contract personnel costs	1,668	0.9	-20.5	1,632	0.9	-2.2
Depreciation and amortization	825	0.4	51.1	781	0.4	-5.3
Depreciation and amortization of goodwill	446	0.2	87.4	445	0.2	-0.2
Operating income	2,327	1.2	8.9	2,855	1.5	22.7
Non-operating income	275	0.1	3.8	190	0.1	-30.9
Interest and dividends received	52	0.0	-26.8	43	0.0	-17.3
Other	222	0.1	14.4	147	0.1	-33.8
Non-operating expenses	89	0.0	11.3	33	0.0	-62.9
Interest paid	55	0.0	400.0	19	0.0	-65.5
Other	33	0.0	-51.5	13	0.0	-60.6
Ordinary income	2,513	1.3	8.2	3,013	1.6	19.9
Extraordinary gains	138	0.1	236.6	148	0.1	7.2
Extraordinary losses	576	0.3	51.2	341	0.2	-40.8
Net profit before income taxes	2,074	1.1	4.6	2,820	1.5	36.0
Income taxes	895	0.5	7.4	1,443	0.8	61.2
Income before minority interests	—	—	—	1,376	0.7	—
Minority interests	-0	-0.0	—	-0	-0.0	-1.7
Net income	1,179	0.6	3.9	1,376	0.7	16.7

*Including stock clearances of ¥2,532m in FY2010 and ¥2,321m in FY2009.

Net profit per share (¥)	104.60	—	—	122.56	—	17.2
Average number of shares during period	11,277,363			11,232,958		
No. of employees at end of period* (people)	945	—	-6.3	923	—	-2.3

*The number of employees includes employees temporarily transferred from other companies and contract employees, but excludes employees temporarily transferred to other companies and temporary employees.

Capital expenditures	650	—	-58.9	471	—	-27.4
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Consolidated results for FY2010 (1) Profit & loss statement

① Change by business segment

■ Net sales

(¥ millions; rounded down, %)

Segment \ Period	FY2008			FY2009			FY2010		
		% of total	YoY		% of total	YoY		% of total	YoY
Toy business*	61,813	37.1	-1.7	65,654	33.8	6.2	69,104	36.2	5.3
Other business	7,330	4.4	43.0	7,904	4.1	7.8	7,818	4.1	-1.1
Visual and Music business	36,570	21.9	-5.1	67,838	34.9	85.5	57,759	30.3	-14.9
Video-game business	50,474	30.3	-7.4	44,372	22.9	-12.1	46,447	24.3	4.7
Amusement business	17,919	10.7	38.3	16,381	8.4	-8.6	17,579	9.2	7.3
Total	166,778	100.0	-1.3	194,246	100.0	16.5	#####	100.0	-1.7

* Including "Other business".

■ Segment profit

(¥ millions; rounded down, %)

Segment \ Period	FY2008		FY2009		FY2010	
		YoY		YoY		YoY
Toy business*	996	-24.6	1,865	87.2	2,321	24.4
Other business	101	152.5	232	129.7	118	-48.8
Visual and Music business	1,330	3,494.6	253	-81.0	-656	-358.9
Video-game business	1,221	-7.6	1,035	-15.2	1,156	11.7
Amusement business	-127	—	544	—	1,340	146.4
Eliminations and corporate	-1,283		-1,371		-1,307	
Total	2,137	47.3	2,327	8.9	2,855	22.7

* Including "Other business".

Consolidated results for FY2010 (1) Profit & loss statement

② Sales by channel

(¥ millions; rounded down, %)

Channel	Period	FY2008		FY2009			FY2010			
			% of tota	YoY		% of tota	YoY		% of tota	YoY
Specialty stores*		552	33.1	8.5	639	32.9	15.6	653	34.2	2.3
General merchandise store		270	16.2	-9.5	356	18.4	32.1	367	19.3	3.1
Wholesalers		170	10.2	14.2	215	11.1	26.6	154	8.1	-28.4
E-commerce		288	17.3	-17.6	222	11.5	-22.9	241	12.7	8.5
Convenience stores		141	8.5	11.3	215	11.1	53.0	213	11.2	-1.2
Suburban stores		90	5.4	-33.0	193	9.9	112.9	185	9.7	-4.2
Department stores		16	1.0	-36.9	16	0.9	3.8	13	0.7	-18.3
Other		137	8.3	45.8	82	4.2	-40.2	79	4.1	-3.9
Total		1,667	100.0	-1.3	1,942	100.0	16.5	1,908	100.0	-1.7

* Including consumer electronics and camera stores.

* We made some minor alterations to the figure of FY2009.

Consolidated results for FY2010 (1) Profit & loss statement

③ Main business summary

■ Toy business

(¥100millions; rounded down, %)

Period Manufacturer	FY2008		FY2009		FY2010				
	% of total	YoY	% of total	YoY	% of total	YoY			
Bandai Co., Ltd.	289	46.8	-3.9	327	49.9	13.4	333	48.2	1.7
Tomy Co., Ltd.	48	7.8	-1.1	50	7.7	5.3	44	6.4	-12.8
Happinet originals	12	2.0	-52.3	14	2.2	14.5	14	2.1	1.5
Other manufacturers	195	31.5	-3.4	184	28.1	-5.3	220	32.0	19.6
(Other business*)	73	11.9	43.0	79	12.0	7.8	78	11.3	-1.1
Total	618	100.0	-1.7	656	100.0	6.2	691	100.0	5.3

*"Other business" sell mainly trading cards.

■ Visual and Music business*

(¥100millions; rounded down, %)

Period Division	FY2008		FY2009		FY2010				
	% of total	YoY	% of total	YoY	% of total	YoY			
Wholesale	291	79.6	-2.6	368	54.3	26.6	344	59.6	-6.6
Exclusive titles	74	20.4	-13.9	57	8.5	-23.2	59	10.2	2.8
Visual	365	100.0	-5.2	425	62.8	16.5	403	69.8	-5.3
Music	—	—	—	252	37.2	—	174	30.2	-30.9
Total	365	100.0	-5.2	678	100.0	85.5	577	100.0	-14.9

*Starting in the FY2009, the name of the "Video-related business" segment was changed to the "Visual and Music business"

Consolidated results for FY2010 (1) Profit & loss statement

③ Main business summary

■ Sales by video game platform

(¥100millions; rounded down, %)

Period	FY2008			FY2009			FY2010		
		% of total	YoY		% of total	YoY		% of total	YoY
PlayStation3(PS3)	38	7.6	21.1	60	13.6	57.4	55	12.0	-7.8
PlayStation2(PS2)	29	5.9	-48.6	9	2.2	-67.1	4	1.0	-50.6
PlayStation Portable(PSP)	103	20.5	10.3	80	18.2	-21.7	116	25.1	44.0
Wii	42	8.5	-52.7	64	14.5	50.0	47	10.2	-26.6
Nintendo 3DS	—	—	—	—	—	—	24	5.2	—
Nintendo DS	96	19.0	-24.6	103	23.2	7.1	75	16.2	-26.9
Other	194	38.5	34.9	125	28.3	-35.4	140	30.3	12.3
Total	504	100.0	-7.5	443	100.0	-12.1	464	100.0	4.7

■ Breakdown of PlayStation sales and sales volume

(¥100millions; rounded down, %)

Item	Period	FY2008			FY2009			FY2010		
			% of total	YoY		% of total	YoY		% of total	YoY
PS3	hardware	17	10.0	-11.6	29	19.8	74.6	24	14.0	-17.0
	units(ten-thousand)	4			9			8		
	software	20	11.9	95.1	28	19.0	40.4	27	15.4	-5.1
	accessories	0	0.4	-59.2	1	1.1	131.5	3	2.0	108.6
PS2	hardware	2	1.2	-40.0	0	0.4	-73.6	0	0.1	-76.2
	units(ten-thousand)	1			0			0		
	software	27	15.8	-49.1	9	6.0	-66.6	4	2.6	-48.8
	accessories	0	0.4	-51.2	0	0.2	-61.5	0	0.1	-59.3
PSP	hardware	59	34.8	1.2	31	21.1	-46.5	30	17.1	-5.0
	units(ten-thousand)	31			18			18		
	software	40	23.6	33.1	47	31.2	16.5	84	47.6	78.7
	accessories	3	1.9	-24.3	1	1.2	-42.0	2	1.1	5.8
Total		171	100.0	-6.5	150	100.0	-12.0	176	100.0	17.2

Consolidated results for FY2010 (2) Balance sheet



(¥ millions; rounded down, %)

		FY2009	FY2010	Change
(Assets)				
	Cash and deposits	6,312	8,220	1,907
	Accounts and notes receivable	22,937	23,206	269
	Inventories	6,750	6,436	-314
	Advances	1,858	1,016	-842
	Deferred tax assets	1,153	939	-213
	Other	1,278	1,296	18
	Allowance for doubtful accounts	-149	-76	73
Current assets		40,140	41,039	898
	Tangible fixed assets	1,668	1,555	-113
	Buildings and structures	472	463	-8
	Land	638	633	-4
	Other	557	458	-99
	Intangible fixed assets	3,836	3,132	-703
	Goodwill	1,322	876	-445
	Other	2,513	2,255	-258
	Investments and other assets	3,405	2,780	-624
	Investment securities	2,083	1,548	-535
	Long-term prepaid expenses	19	5	-14
	Guarantees paid	834	663	-170
	Deferred tax assets	360	416	55
	Other	374	321	-52
	Allowance for doubtful accounts	-267	-175	92
Fixed assets		8,910	7,468	-1,441
Total assets		49,050	48,507	-543

Consolidated results for FY2010 (2) Balance sheet



(¥ millions; rounded down, %)

		FY2009	FY2010	Change
(Liabilities)				
	Accounts and notes payable	19,832	20,204	371
	Short-term Debt	2,460	—	-2,460
	Deferred payments	2,586	3,225	639
	Income tax payable	443	1,038	594
	Bonus reserve	603	314	-289
	Other	1,510	1,054	-455
	Current liabilities	27,436	25,837	-1,599
	Reserve for retirement benefits	1,424	1,630	205
	Long-term Debt	30	—	-30
	Guarantees received	896	1,034	137
	Deferred tax liabilities	19	5	-14
	Negative goodwill	89	51	-37
	Other	190	144	-45
	Fixed liabilities	2,651	2,867	215
	Total liabilities	30,088	28,704	-1,383
(Net assets)				
	Capital	2,751	2,751	—
	Capital reserve	2,776	2,775	-0
	Retained earnings	14,169	15,175	1,006
	Treasury share	-1,117	-1,091	25
	Total shareholders' equity	18,580	19,611	1,031
	Net unrealized gain on securities	381	185	-196
	Deferred gains or losses on hedges	0	0	-0
	Total valuation and translation adjustments	381	185	-196
	Subscription rights to shares	—	5	5
	Minority interests	0	0	-0
	Total Net assets	18,962	19,802	840
	Total liabilities and net assets	49,050	48,507	-543
	Net assets per share (¥)	1,692.76	1,767.34	

Consolidated results for FY2010 (3) Cash-flow statement



(¥ millions; rounded down, %)

	FY2009	FY2010	Change
Cash flows from operating activities			
Net profit before income taxes	2,074	2,820	745
Depreciation and amortization	825	781	-44
Change in provision for Business Structural Reforms	-1,012	-166	845
Change in trade receivables	2,178	-296	-2,475
Change in inventories	2,595	314	-2,281
Change in trade payables	-1,279	371	1,651
Change in other receivables	2	-69	-71
Change in other payables	-692	586	1,278
Other	1,970	1,316	-653
Payment of income taxes	-430	-574	-143
Net cash provided by/used in operating activities	6,232	5,083	-1,149
Cash flows from investing activities			
Payments for purchase of tangible and intangible fixed assets	-1,018	-440	578
Proceeds from sale of tangible and intangible fixed assets	56	8	-47
Proceeds for purchase of share in subsidiaries with change in scope of consolidation	-118	-195	-77
Payments for purchase of share in subsidiaries	55	341	285
Other	633	-29	-662
Net cash provided by/used in investing activities	-391	-315	75
Cash flows from financing activities			
Payments of dividends	-338	-338	0
Proceeds from sale of treasury share	0	102	101
Payments for purchase of treasury share	-216	-109	106
Other*	-3,926	-2,506	1,420
Net cash provided by/used in financing activities	-4,481	-2,852	1,629
Effect of exchange rate changes of cash and equivalent	7	-7	-14
Change in cash and equivalents	1,366	1,907	541
Cash and equivalents at beginning of period	4,945	6,312	1,366
Cash and equivalents at end of period	6,312	8,220	1,907

【Reference】 Full Year Projections for FY2011



(¥ millions; rounded down, %)

	FY2010			FY2011		
		% of total	YoY		% of total	YoY
Net sales	190,891	100.0	-1.7	192,000	100.0	0.6
Cost of sales	168,564	88.3	-1.9	169,500	88.3	0.6
Gross profit	22,326	11.7	-0.6	22,500	11.7	0.8
SG&A expenses	19,471	10.2	-3.3	19,400	10.1	-0.4
Personnel costs	6,921	3.6	-1.3	7,000	3.6	1.1
Contract personnel costs	1,632	0.9	-2.2	1,800	0.9	10.3
Depreciation and amortization	781	0.4	-5.3	570	0.3	-27.0
Depreciation and amortization of goodwill	445	0.2	-0.2	338	0.2	-24.0
Operating income	2,855	1.5	22.7	3,100	1.6	8.6
Non-operating income	190	0.1	-30.9	150	0.1	-21.1
Interest and dividends received	43	0.0	-17.3	50	0.0	16.3
Other	147	0.1	-33.8	100	0.1	-32.0
Non-operating expenses	33	0.0	-62.9	50	0.0	51.5
Interest paid	19	0.0	-65.5	20	0.0	5.3
Other	13	0.0	-60.6	30	0.0	130.8
Ordinary income	3,013	1.6	19.9	3,200	1.7	6.2
Extraordinary gains	148	0.1	7.2	0	—	—
Extraordinary losses	341	0.2	-40.8	0	—	—
Net income before income taxes	2,820	1.5	36.0	3,200	1.7	13.5
Income taxes	1,443	0.8	61.2	1,600	0.8	10.9
Income before minority interests	1,376	0.7	—	1,600	0.8	16.3
Minority interests	-0	-0.0	—	0	—	—
Net income	1,376	0.7	16.7	1,600	0.8	16.2
Net profit per share (¥)	122.56	—	17.2	142.84	—	16.5
Average number of shares during period	11,232,958					
Number of employees at the end of period (people)	923	—	-2.3	923	—	0.0

Note: The number of employees includes employees temporarily transferred from other companies and contract employees, but excludes employees temporarily transferred to other companies and temporary employees.

Capital expenditures	471	—	-27.4	490	—	3.8
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【Reference】 Full Year Projections for FY2011



■ Sales projection by business segment

Segment \ Period	FY2010			FY2011		
		% of total	YoY		% of total	YoY
Toy business*	69,104	36.2	5.3	70,000	36.5	1.3
Other business	7,818	4.1	-1.1	8,000	4.2	2.3
Visual and Music business	57,759	30.3	-14.9	55,000	28.6	-4.8
Video-game business	46,447	24.3	4.7	47,000	24.5	1.2
Amusement business	17,579	9.2	7.3	20,000	10.4	13.8
Total	190,891	100.0	-1.7	192,000	100.0	0.6

* Including "Other business".

■ Profit projection by business segment

Segment \ Period	FY2010			FY2011		
		% of total	YoY		% of total	YoY
Toy business*	2,321	81.1	24.4	2,300	74.2	-0.9
Other business	118	4.2	-48.8	100	3.2	-15.3
Visual and Music business	-656	-22.9	-358.9	200	6.4	—
Video-game business	1,156	40.6	11.7	1,000	32.3	-13.5
Amusement business	1,340	47.0	146.4	900	29.0	-32.8
Eliminations and corporate	-1,307	-45.8	—	-1,300	-41.9	—
Total	2,855	100.0	22.7	3,100	100.0	8.6

*Including "Other business".

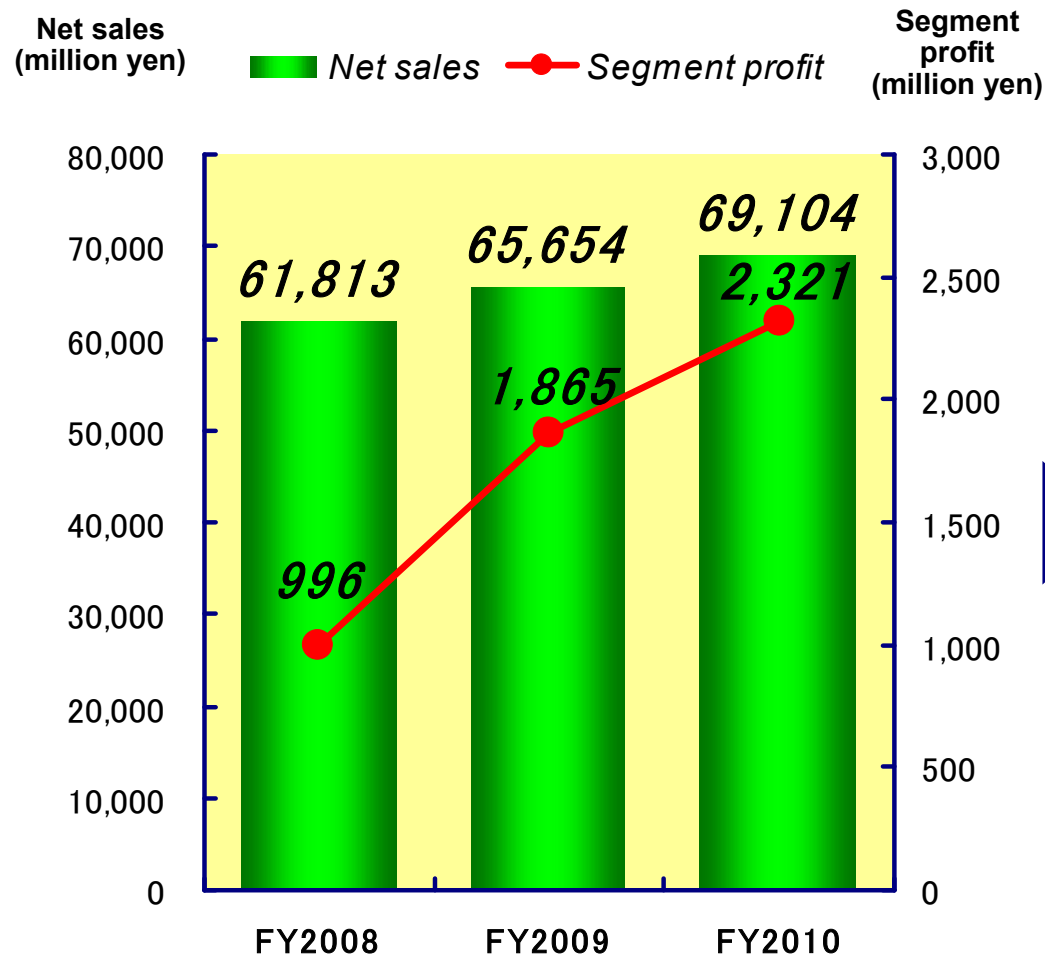
FY2010 Summary for each business

Kazuhiko Note
President and COO

* The figures include those in the other business.

Net sales and segment profit

* Operating profit for FY2008 and FY2009



The first half in review

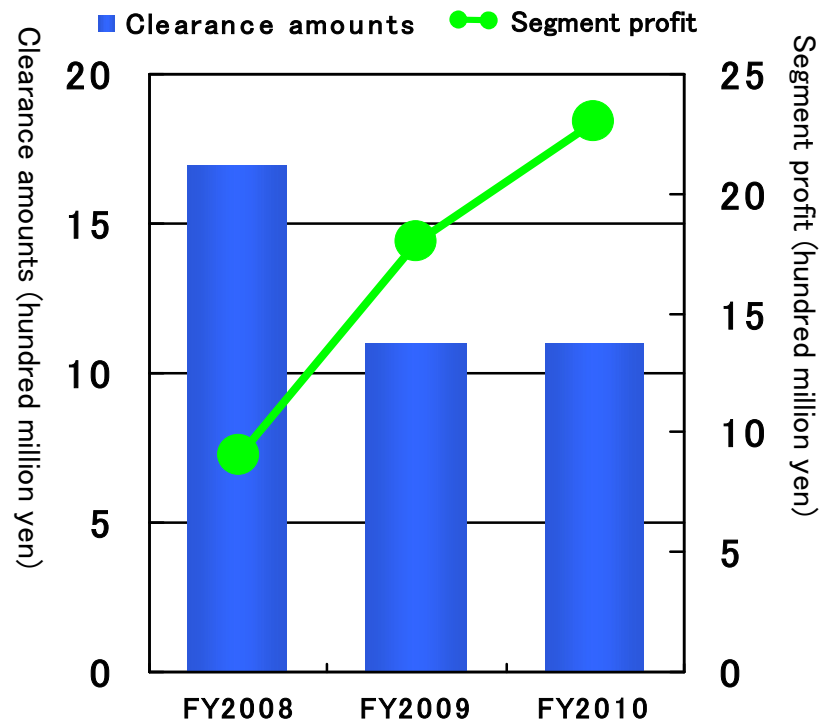
Toys for both male and female children, such as *KAMEN RIDER OOO*, *HYPER YO-YO*, *Tamagotchi ID* and *BAKUGAN*, performed well.

Both net sales and profit exceeded the year-ago level, when the business also performed well.

Benefits of Business Structural Reform

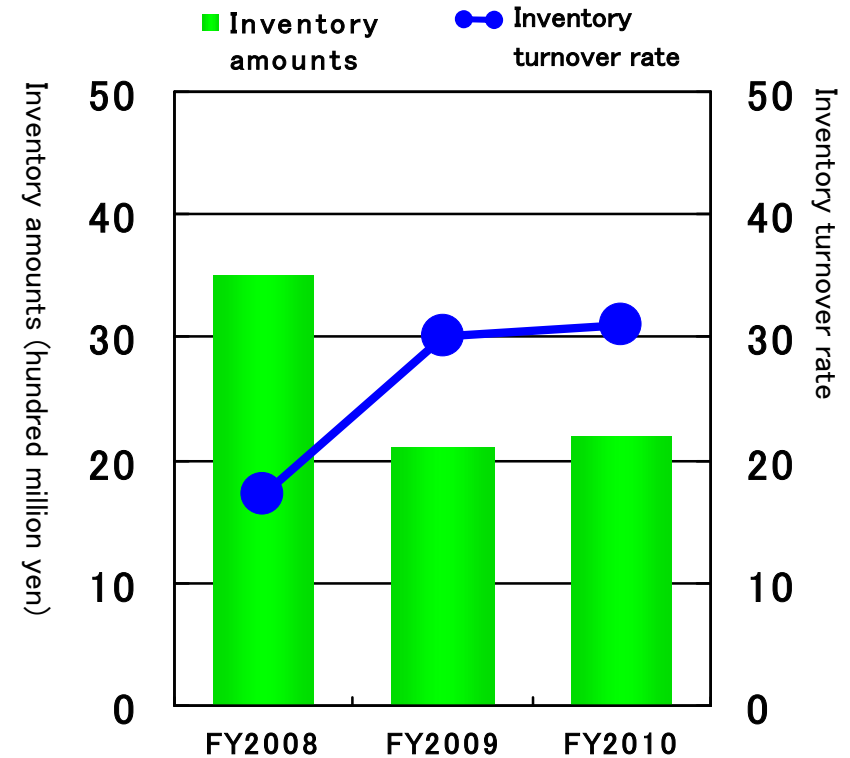
* The figures include those in the other business.

Segment profit and clearance amounts



Clearance amounts (100 million yen)	17	11	11
Segment profit (100 million yen)	9	18	23

Inventory amounts and inventory turnover rate



Inventory amounts (100 million yen)	35	21	22
Inventory turnover rate	17.2	30.1	31.0

Both the inventory amount and clearance amount were solid, as in the previous fiscal year.

Noteworthy products

KAIZOKU SENTAI GOKAIGER

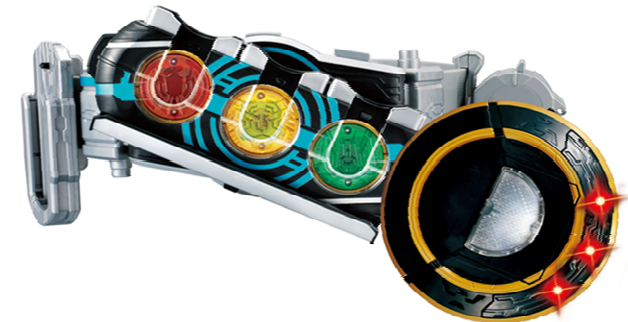


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KAMEN RIDER 000

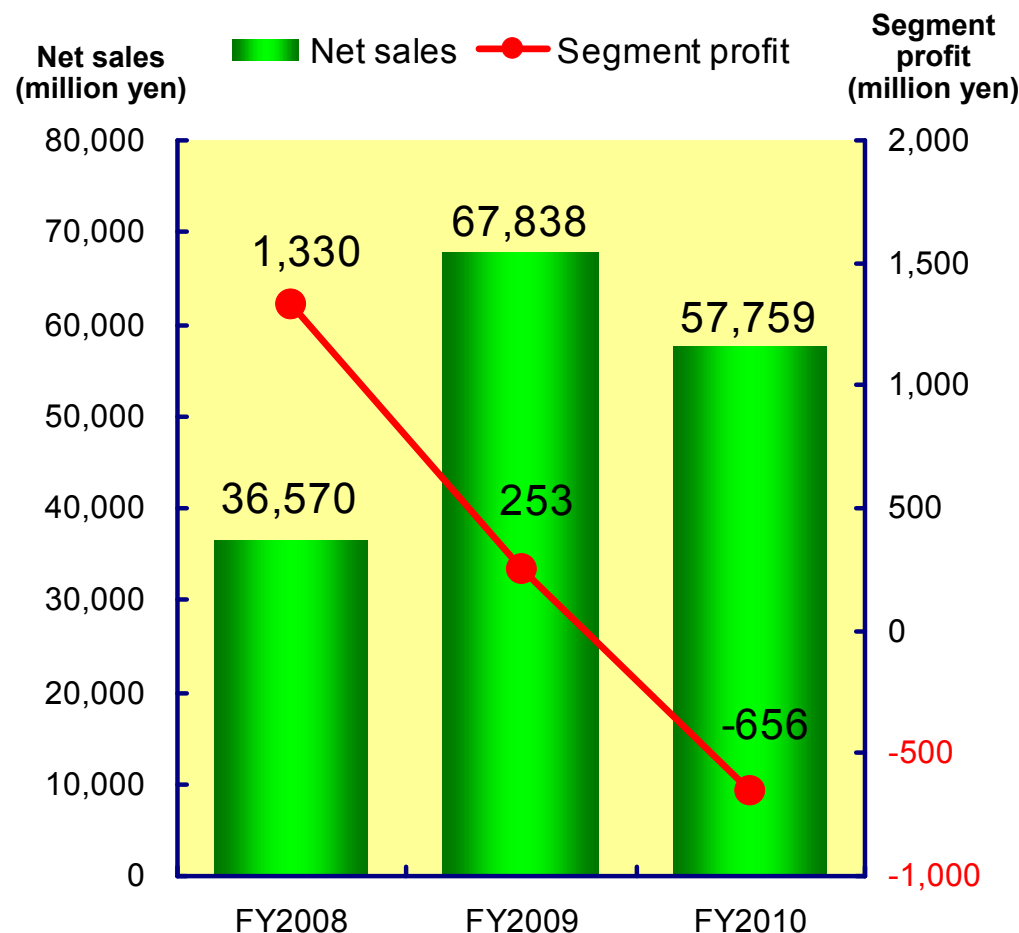


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KAMEN RIDER 000
HENSHIN BELT:
DX OOO DRIVER
Is performed well.

Net sales and segment profit

* Operating income for FY2008 and FY2009



FY2010 in review

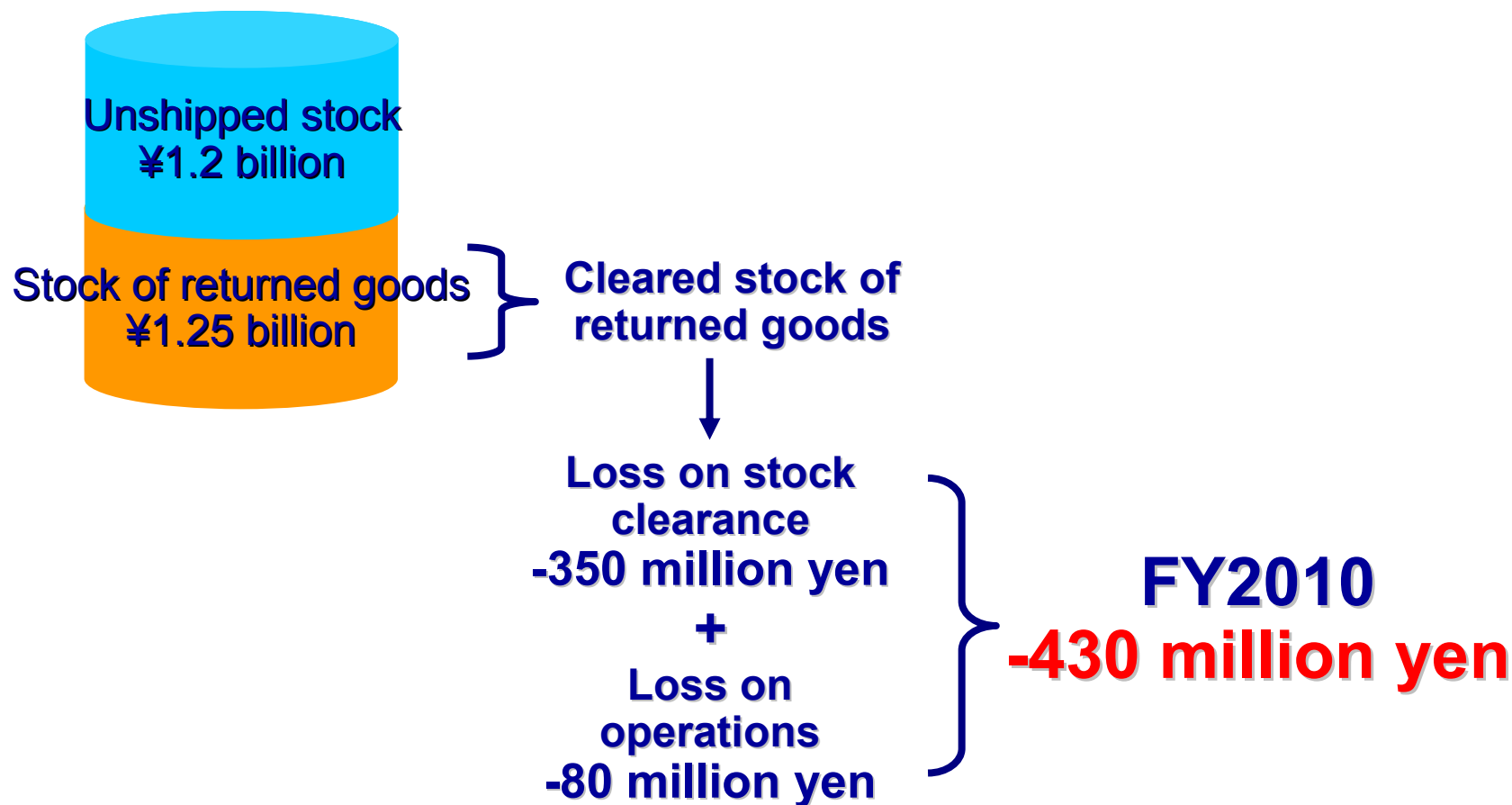
With the rise of Internet-based content distribution, the package market was weak. This created a difficult market environment for the Company.

In addition to the significant decline in sales, there were no hits among videos in which we invested, and no hits among exclusively distributed products, which generally have high margins. We also reviewed the criteria for inventory evaluation. As a result, profit was low. (The loss on valuation and disposal was ¥773 million.)

* FY2009: ¥466 million

**Factors in the losses of WINT CORPORATION
(Now Happinet Pictures & Music Corporation)**

The cost of clearing stocks of returned goods has increased.



* For WINT CORPORATION, stock equivalent to 420 million yen (mainly content produced by the Company) was cleared separately by the visual and music department of Happinet Corporation.

**Cost-cutting measures of WINT CORPORATION
(Now Happinet Pictures & Music Corporation) (an example)**

Improvement in rejection rate



The difference in the volume of returned goods is the factor for the increase of stocks



The rejection rate for each company (by dealers) was reset.

FY2010
¥3.8 billion
 (Rejection rate: 12.4%)



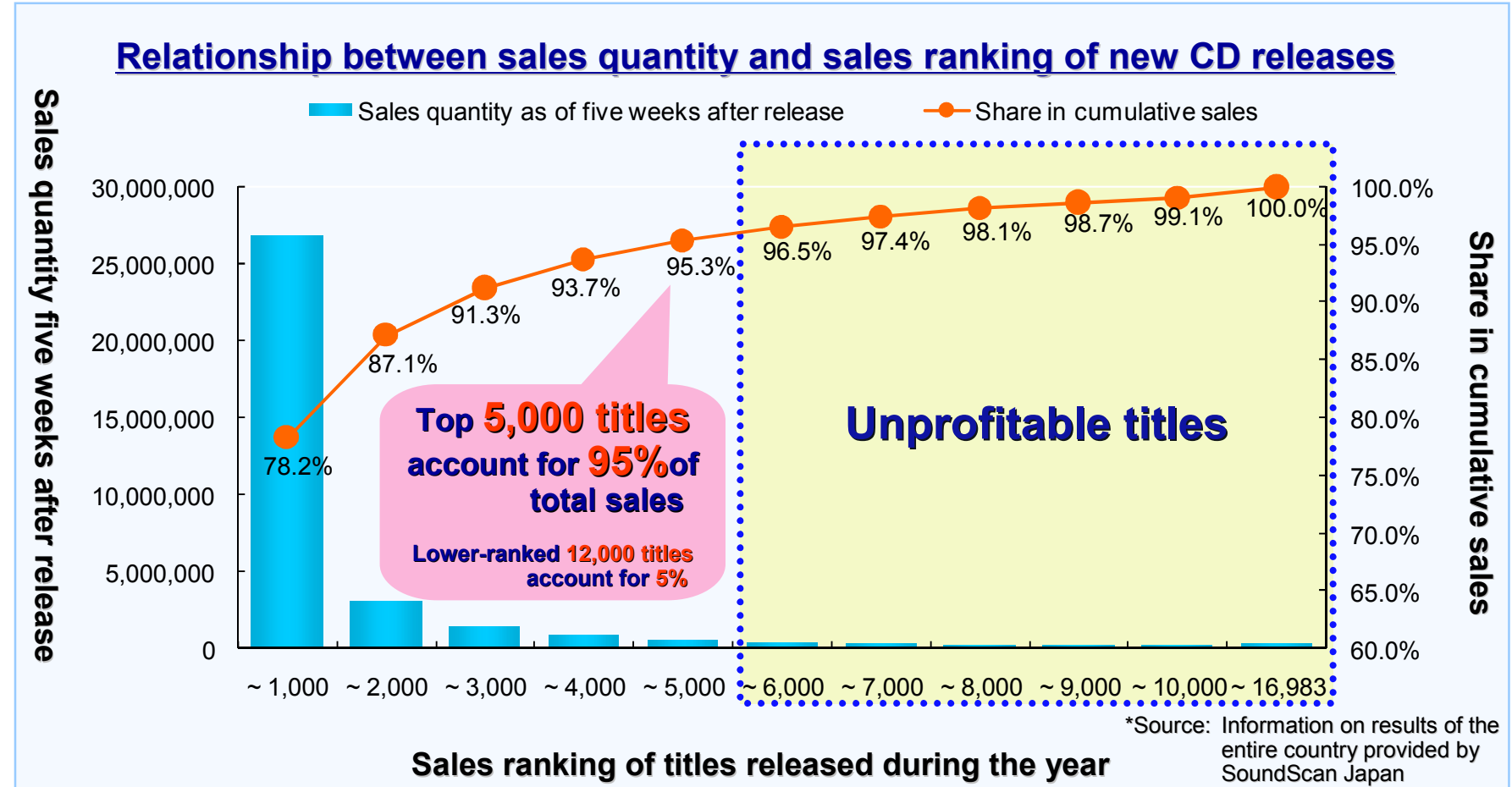
FY2011
¥1.4 billion
 (Rejection rate: 5%)

* Returns of special goods and special promotions are excluded.

Improving the rejection rate to boost the profit margin

**Cost-cutting measures of WINT CORPORATION
(Now Happinet Pictures & Music Corporation) (an example)**

Reduction in number of titles handled



Reducing the number of titles handled to improve profit margins

Noteworthy products

King's speech



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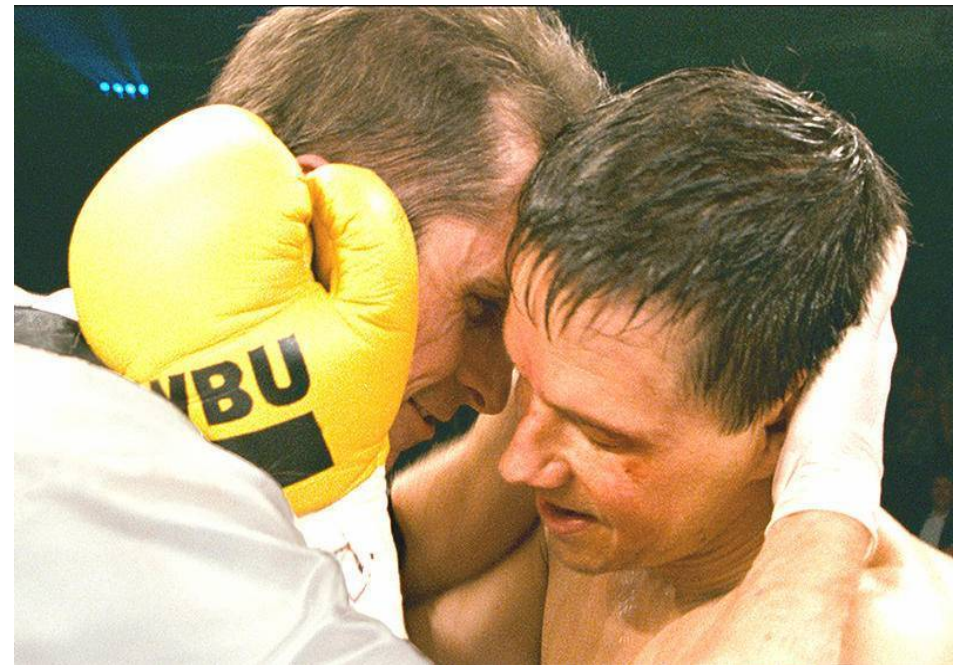
**Winner of four major
83rd ACADEMY AWARDS!**

**[Best Picture, Best Actor,
Best Original Screenplay, and Best Director]**

The true story of British monarch who overcame his weakness.
The most sensational work in 2011, fascinating audiences
around the world!!

Box-office: ¥1.7 billion, Shown at: 250 theaters

The Fighter



© 2010 RELATIVITY MEDIA. ALL RIGHTS RESERVED.

Winner of two 83rd ACADEMY AWARDS!
**[Best Supporting Actor and Best Supporting
Actress]**

From the abyss to the zenith...

A true story of two brothers who overcome ridicule and
disbelief as they struggle to win the world title.

Noteworthy products

High School Debut



©Mitsutoshi Shimabukuro/Shueisha, Fuji Television, Toei Animation
Cast: Junpei Mizobata, Ito Ohno

Bodyguards and Assassins



©2009 Cinema Popular Ltd. All Rights Reserved.
Cast: Donnie Yen, Leon Lai, Nicholas Tse

Mahoro Eki-mae Tada Benri-ken



©2011 Mahoro Eki-mae Tada Benri-ken
Production Committee
Cast: Eita, Ryuhei Matsuda

Toriko



©Mitsutoshi Shimabukuro/Shueisha, Fuji Television, Toei Animation
Serialized in the Weekly Shonen Jump
Televised since April 2010 (Fuji Network System)

Afro Tanaka

(A film organized mainly by Happinet)

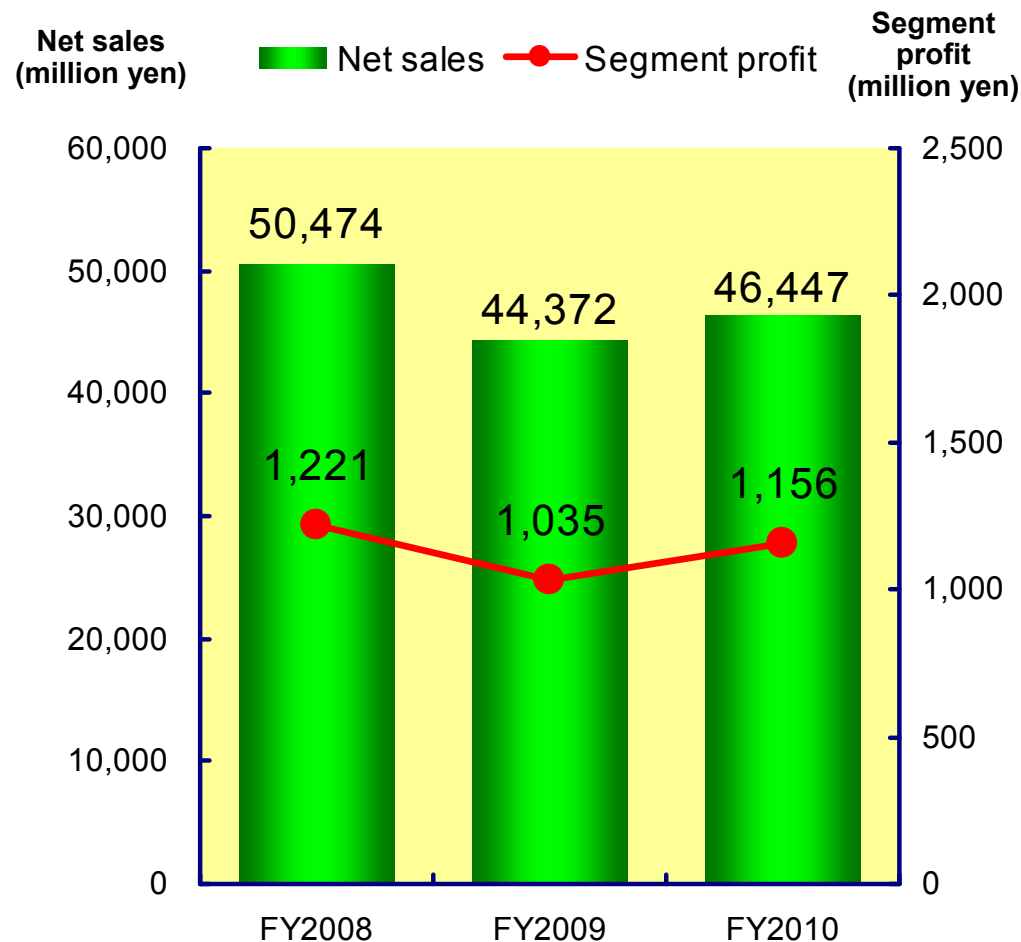
A highly popular comic with a total of over 3.6 million copies is now a film!

Starring: Shota Matsuda, Heroine: Nozomi Sasaki

Net sales and segment profit

* Operating income for FY2008 and FY2009

FY2010 in review



The results were strong thanks to the huge hit of the PSP software “Monster Hunter Portable 3rd,” offsetting the year-on-year decline in sales of hardware.

Hopes raised for new game consoles

Next Generation Portable [Tentative name*]

To be released at the end of 2011. Price: TBD



Features:

High-resolution display, wireless LAN, 3G mobile phone functions, and an array of communication functions, plus a touch panel and camera on the main body

Software is downloaded from the internet or contained in dedicated flush memory disks.

* NGP: Code name of next-generation portable entertainment system

Nintendo 3DS

Released on Feb. 26.
Price: ¥25,000 (SRP including tax)



Wii's successor

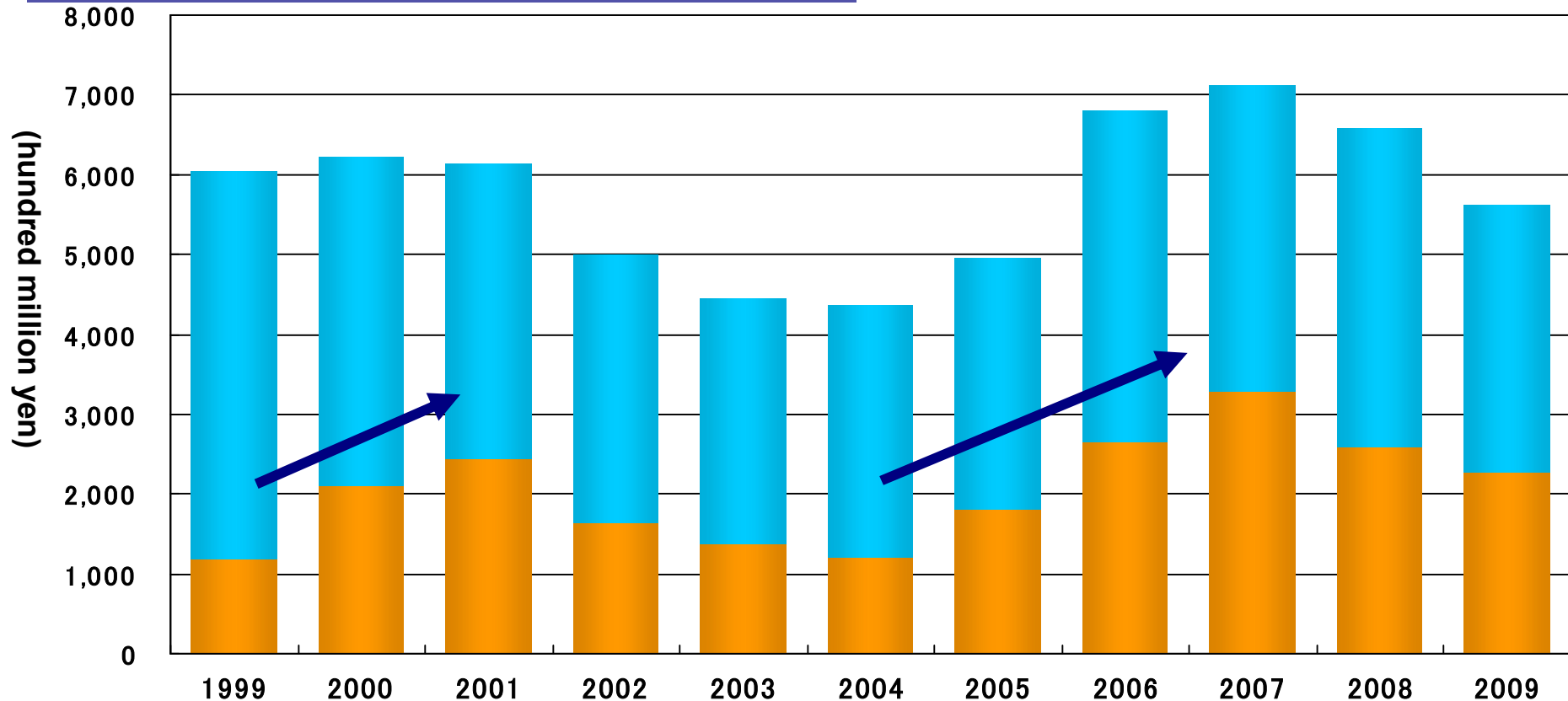
To be released in 2012. Price: TBD

* Details are to be disclosed at the E3 Expo in June 2011

Change of home-use video-game console market in Japan.

Based on COMPUTER ENTERTAINMENT SUPPLIER'S ASSOCIATION. CESA Games White Paper.

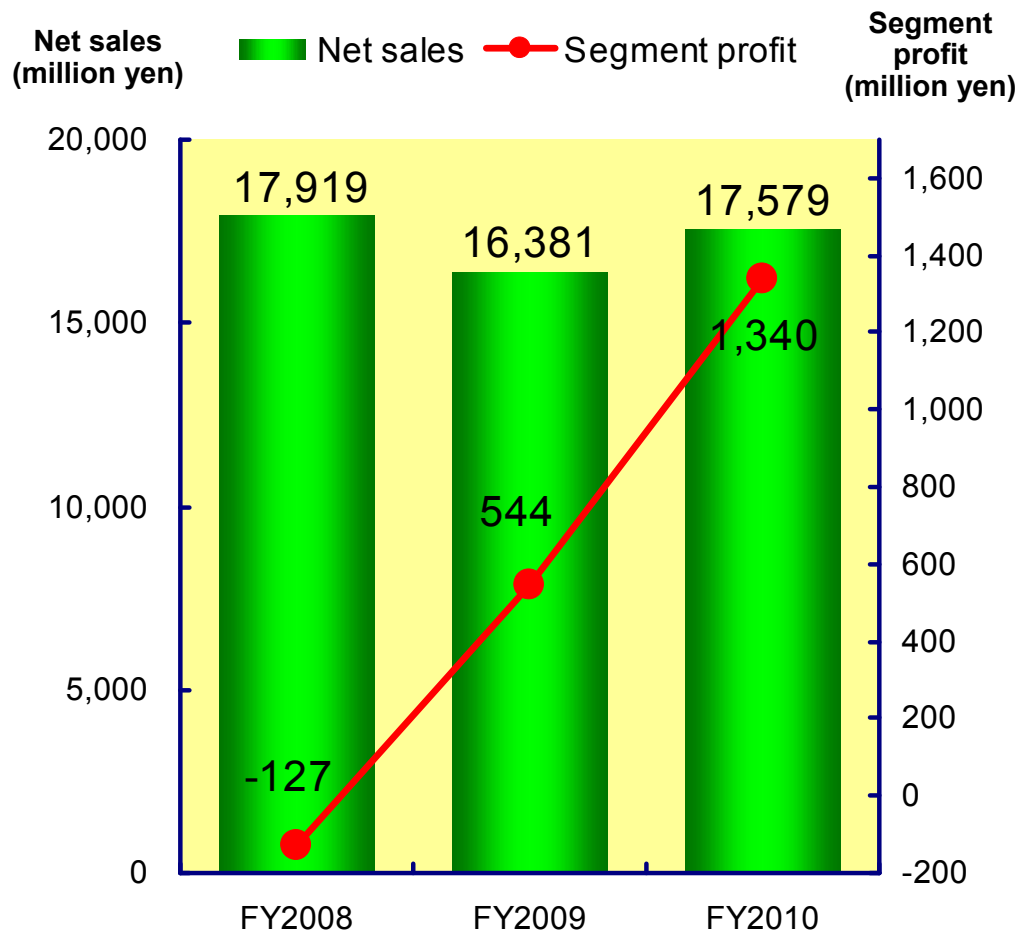
Hardware Software



Mar.4, 2000 PlayStation2	Dec.12, 2004 PSP	Nov.11, 2006 PlayStation3
Mar.21, 2001 Gameboy Advance	Dec.2, 2004 Nintendo DS	Dec. 2, 2006 Wii
Feb.22, 2002 Xbox	Dec.10, 2005 Xbox360	

Net sales and segment profit

* Operating income for FY2008 and FY2009

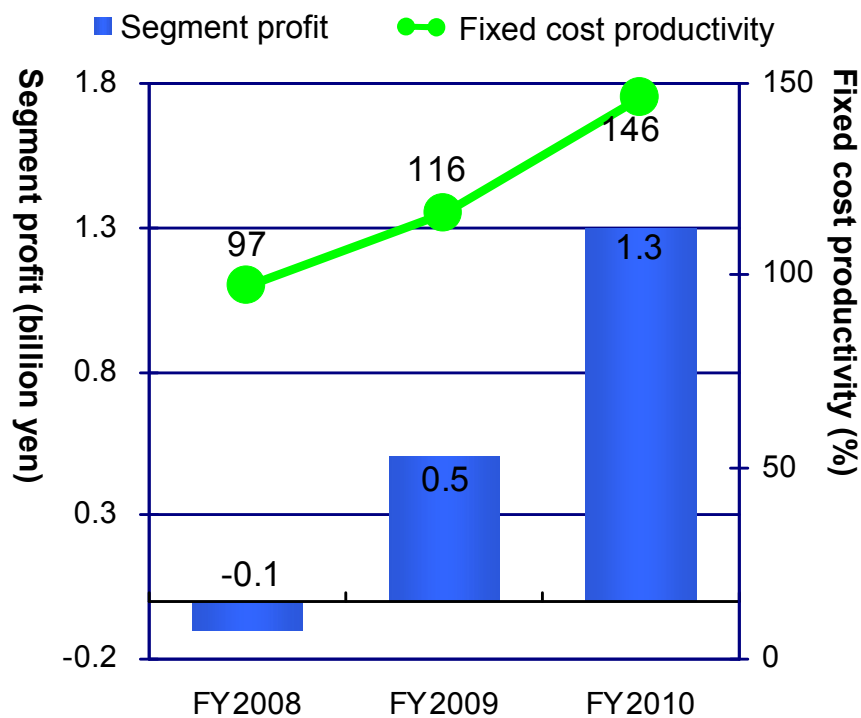


FY2010 in review

Both net sales and segment profit were solid because of the hits of the toy vending machines, including *Kamen Riders* and *One Piece*, and the children's card game machines *Kamen Raiders Battle Ganbaride*, *Onepy Berry Match Double*, among others.

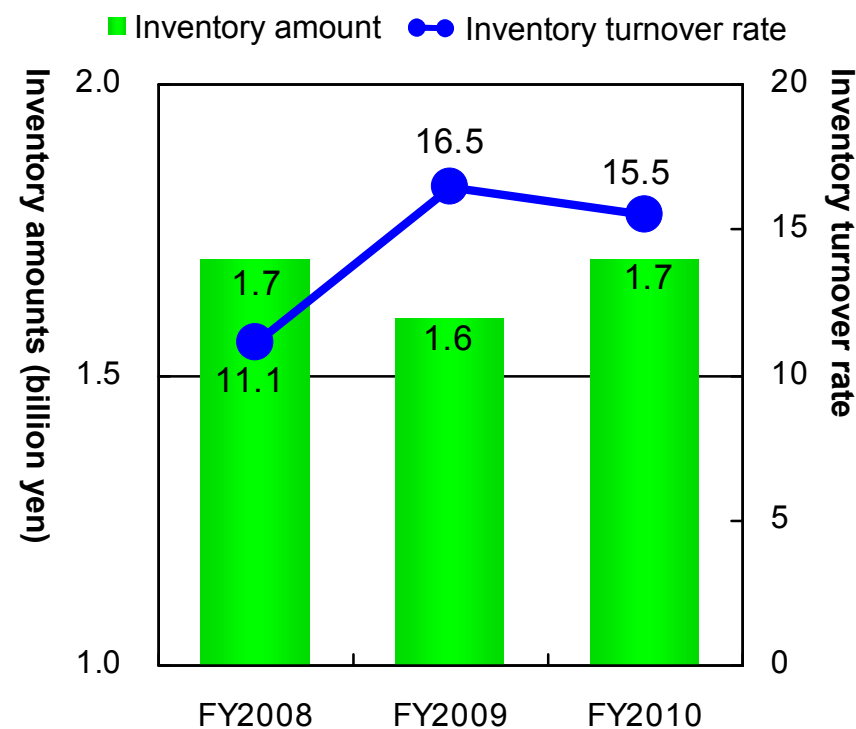
Benefits of the business structural reform

Segment profit and fixed cost productivity



Segment margin	¥0.1 billion	¥0.5 billion	¥1.3 billion
Fixed cost productivity	97%	116%	146%

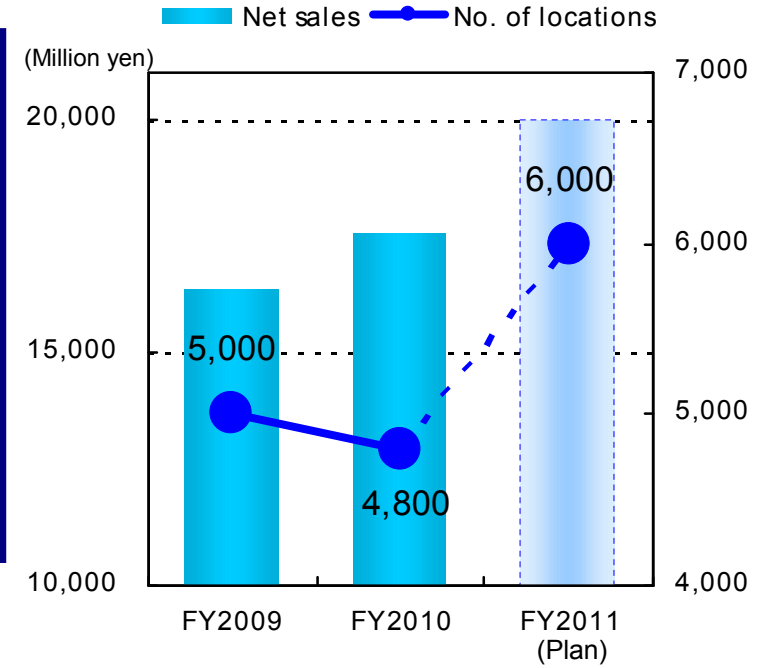
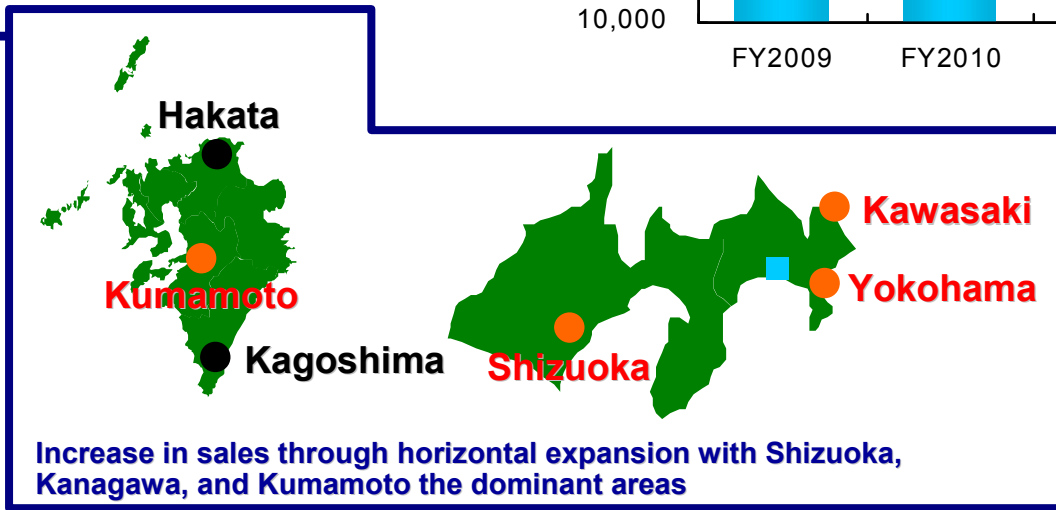
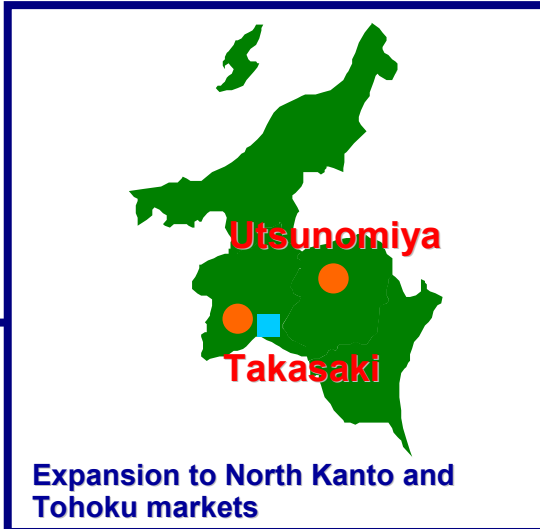
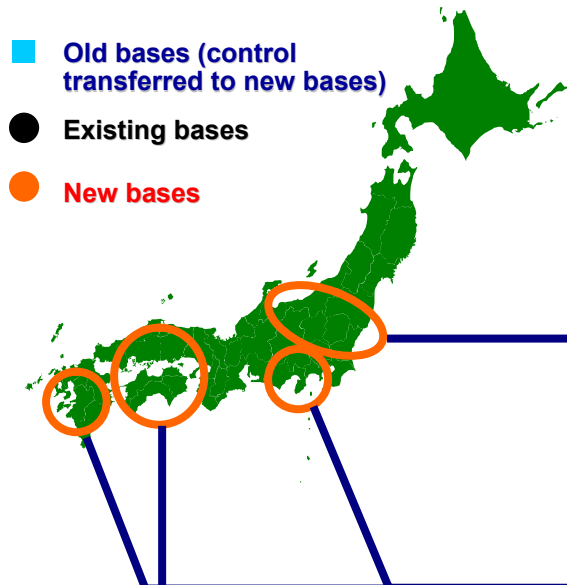
Inventory amount and inventory turnover rate



Inventory amounts	¥1.7 billion	¥1.6 billion	¥1.7 billion
Inventory turnover rate	11.1	16.5	15.5

Profit exceeded the year-ago level, thanks to productivity improvement.

Action for market expansion



Reallocation of bases to fit the business volume and characteristics of each trade area

Some of the noteworthy products we handle

Kaizoku Sentai Gokaisha Ranger Key series



Combination
with the toy

Toriko



©Mitsutoshi Shimabukuro/Shueisha,
Fuji Television, Toei Animation

Serialized in *Weekly Shonen Jump* and highly acclaimed

Televised since **April 2010**
(Fuji Network System)

Aiming for synergy through combination with toys, etc.

Happinet Second Logistics Center–West Japan (provisional name)

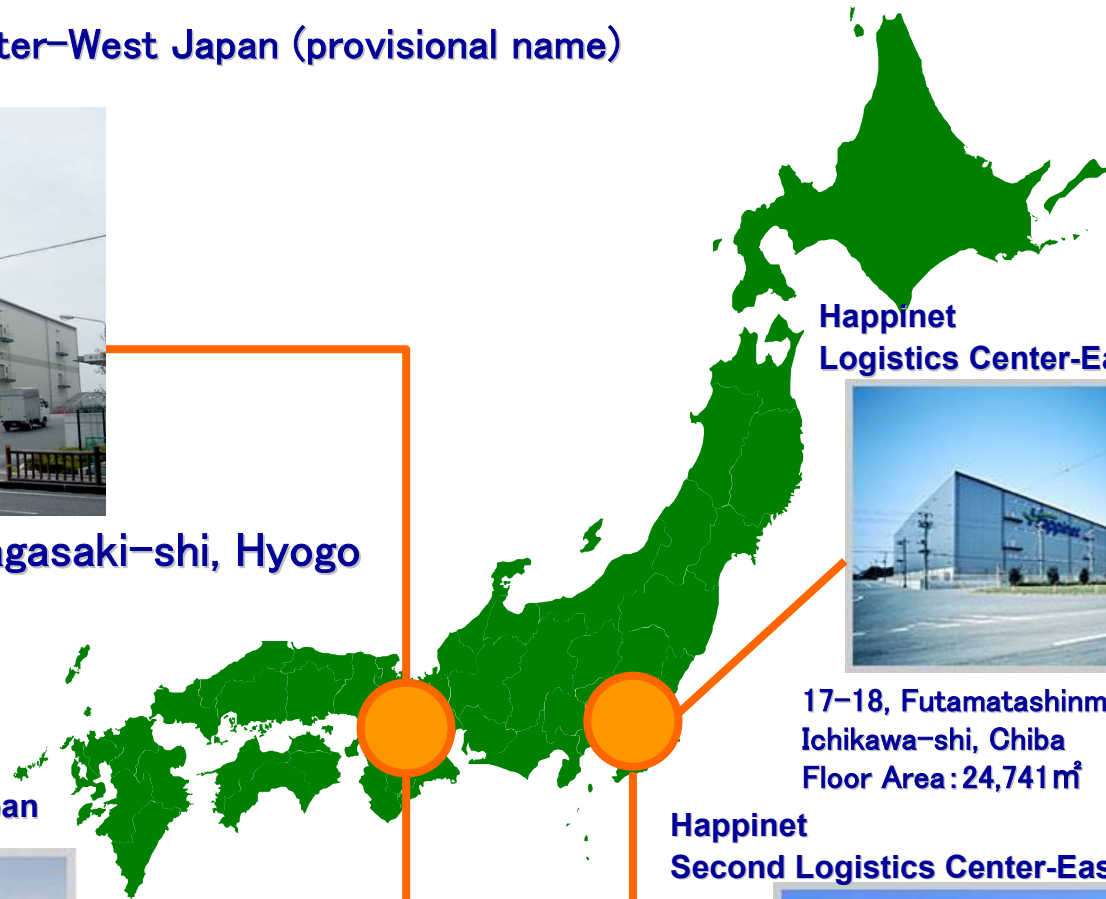


30–7 Nishitakasucho, Amagasaki–shi, Hyogo
Floor Area: 12,468m²

Happinet
Logistics Center-West Japan



231–2 Nishimukojimacho Amagasaki–shi, Hyogo
GLP Amagasaki 5Floor
Floor Area: 11,774m²



Happinet
Logistics Center-East Japan



17–18, Futamatashinmachi,
Ichikawa–shi, Chiba
Floor Area: 24,741m²

Happinet
Second Logistics Center-East Japan



3–10–4 Nishiura, Funabashi–shi, Chiba
Floor Area: 28,151m²

Full Year Projections for FY2011

Kazuhiko Note
President and COO

Full Year Projections for FY2011



Sales projection by business segment

(¥ millions; rounded down, %)

Segment	Period	FY2010		FY2011			
			% of total	YoY		% of total	YoY
Toy business*		69,104	36.2	5.3	70,000	36.5	1.3
Other business		7,818	4.1	-1.1	8,000	4.2	2.3
Visual and Music business		57,759	30.3	-14.9	55,000	28.6	-4.8
Video-game business		46,447	24.3	4.7	47,000	24.5	1.2
Amusement business		17,579	9.2	7.3	20,000	10.4	13.8
Total		190,891	100.0	-1.7	192,000	100.0	0.6

Profit projection by business segment

(¥ millions; rounded down, %)

Segment	Period	FY2010		FY2011			
			% of total	YoY		% of total	YoY
Toy business*		2,321	81.1	24.4	2,300	74.2	-0.9
Other business		118	4.2	-48.8	100	3.2	-15.3
Visual and Music business		-656	-22.9	-358.9	200	6.4	—
Video-game business		1,156	40.6	11.7	1,000	32.3	-13.5
Amusement business		1,340	47.0	146.4	900	29.0	-32.8
Eliminations and corporate		-1,307	-45.8	—	-1,300	-41.9	—
Total		2,855	100.0	22.7	3,100	100.0	8.6

*Including "Other business".

Consolidated Projection for FY2010

(¥ millions; rounded down, %)

	FY2010	FY2011 projection	YOY
Net sales	190,891	192,000	0.6
Operating income	2,855	3,100	8.6
Ordinary income	3,013	3,200	6.2
Net income	1,376	1,600	16.2

Happinet

