



HAPPINET CORPORATION

Stock Listing :Tokyo Stock Exchange
Code Number :7552

Fiscal Year 2010 First Half Results Presentation

November 15, 2010

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First Half of FY2010 Results Summary

Hideo Asatsu

Board Director, CFO

Senior Managing Director

Corporate Management Headquarters

Change of business results



Fiscal period		Interim FY2007*	1st half of FY2008	1st half of FY2009	1st half of FY2010	FY2007	FY2008	FY2009
Net Sales	¥ million	69,281	76,052	89,829	85,090	168,958	166,778	194,246
Operating profit	¥ million	1,157	1,226	930	1,240	1,451	2,137	2,327
Recurring profit	¥ million	1,210	1,365	1,059	1,314	1,569	2,322	2,513
Net profit	¥ million	718	618	657	712	-1,490	1,135	1,179
Net assets	¥ million	21,465	18,539	18,445	19,364	18,811	18,184	18,962
Total assets	¥ million	47,397	45,770	49,953	49,339	48,486	54,661	49,050
Net assets per share	¥	1,786.54	1,590.76	1,646.64	1,713.41	1,566.17	1,599.08	1,692.76
Net profit per share	¥	59.83	52.69	57.95	63.63	-124.11	97.64	104.60
Dividends per share (Interim dividends)	¥	(25.00)	(15.00)	(15.00)	(15.00)	40.0 (25.00)	30.0 (15.00)	30.0 (15.00)
No. of employees	People	727	868	978	932	890	1,008	945

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. Happinet Online was acquired by Happinet Corporation on April 1, 2009. (through a simplified merger / short form merger)

6. The interim dividends for the FY2007 includes a commemorative dividends of 10 yen to mark our 40th anniversary.

7. In accordance with change in accounting standards in association with the introduction of the legally defined quarterly results disclosure system, we are announcing results in the first half, starting the current fiscal year.

*Figures in the interim period of FY2006 to FY2007 are shown for reference.

Consolidated results for first half of FY2010

(1) Profit & loss statement



(¥ millions, ¥; rounded down, %, people)

	1st half of FY2009			1st half of FY2010		
		% of total	YoY		% of total	YoY
Net sales	89,829	100.0	18.1	85,090	100.0	-5.3
Cost of sales*	79,146	88.1	20.0	74,685	87.8	-5.6
Gross profit	10,683	11.9	5.9	10,404	12.2	-2.6
SG&A expenses	9,752	10.9	10.1	9,164	10.8	-6.0
Personnel	3,358	3.7	7.2	3,199	3.8	-7.3
Contract personnel costs	830	0.9	-22.3	781	0.9	-5.9
Depreciation and amortization	417	0.5	68.2	384	0.5	-7.8
Depreciation and amortization of goodwill	232	0.3	93.5	222	0.3	-4.3
Operating profit	930	1.0	-24.1	1,240	1.5	33.3
Non-operating income	179	0.2	11.0	97	0.1	-45.8
Interest and dividends received	34	0.0	-23.1	29	0.0	-12.9
Other	145	0.2	24.0	67	0.1	-53.5
Non-operating expenses	51	0.1	118.9	22	0.0	-55.8
Interest paid	32	0.0	473.3	11	0.0	-63.2
Other	19	0.0	8.1	10	0.0	-43.5
Recurring profit	1,059	1.2	-22.4	1,314	1.5	24.2
Extraordinary gains	72	0.1	190.0	35	0.0	-50.9
Extraordinary losses	115	0.1	-3.3	78	0.1	-31.6
Net profit before income taxes	1,016	1.1	-20.0	1,271	1.5	25.1
Income taxes	358	0.4	-43.9	558	0.7	56.0
Minority interests	—	—	—	-0	-0.0	—
Net income	657	0.7	6.3	712	0.8	8.4

*Including stock clearances of ¥930m in 2Q FY2010 and ¥837m in 2Q FY2009.

Net profit per share (¥)	57.95	—	10.0	63.63	—	9.8
Average number of shares during period	11,352,487			11,203,212		
No. of employees at end of period*	978	—	12.7	932	—	-4.7

*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	332	—	-58.0	73	—	-77.8
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① Change by business segment

■ Net sales

(¥ millions; rounded down, %)

Segment \ Period	1st half of FY2009			1st half of FY2010			FY2009		
		% of total	YoY		% of total	YoY		% of total	YoY
Toy business*	28,384	31.6	7.5	30,376	35.7	7.0	65,654	33.8	6.2
Other business	3,838	4.3	28.3	3,912	4.6	1.9	7,904	4.1	7.8
Visual and Music business	33,483	37.3	101.3	27,509	32.3	-17.8	67,838	34.9	85.5
Video-game business	19,395	21.6	-18.1	18,703	22.0	-3.6	44,372	22.9	-12.1
Amusement business	8,565	9.5	-8.3	8,500	10.0	-0.8	16,381	8.4	-8.6
Total	89,829	100.0	18.1	85,090	100.0	-5.3	194,246	100.0	16.5

* Including "Other business".

■ Segment profit

(¥ millions; rounded down, %)

Segment \ Period	1st half of FY2009			1st half of FY2010			FY2009		
		% of total	YoY		% of total	YoY		% of total	YoY
Toy business*	749	80.6	92.4	859	69.3	14.7	1,865	80.2	87.2
Other business	68	7.3	106.1	77	6.2	13.2	232	10.0	129.7
Visual and Music business	-63	-6.8	—	80	6.5	—	253	10.9	-81.0
Video-game business	420	45.2	-35.0	410	33.1	-2.4	1,035	44.5	-15.2
Amusement business	462	49.7	—	502	40.5	8.5	544	23.4	—
Eliminations and corporate	-639	-68.7	—	-613	-49.5	—	-1,371	-58.9	—
Total	930	100.0	-24.1	1,240	100.0	33.3	2,327	100.0	8.9

* Including "Other business".

②Sales by channel

(¥ millions; rounded down, %)

Channel \ Period	1st half of FY2009			1st half of FY2010			FY2009		
		% of total	YoY		% of total	YoY		% of total	YoY
Specialty stores*	294	32.8	25.8	295	34.7	0.2	643	33.1	16.4
General merchandise store	153	17.1	12.7	151	17.9	-1.1	327	16.9	21.4
Wholesalers	109	12.1	40.5	87	10.2	-20.2	244	12.6	43.6
E-commerce	113	12.6	-16.6	105	12.4	-6.6	226	11.6	-21.7
Convenience stores	105	11.8	74.8	95	11.2	-9.7	215	11.1	53.0
Suburban stores	81	9.1	64.0	78	9.3	-3.2	181	9.3	99.7
Department stores	6	0.8	-13.6	6	0.7	-12.1	16	0.9	3.5
Other	33	3.7	-42.5	30	3.6	-9.3	86	4.5	-37.2
Total	898	100.0	18.1	850	100.0	-5.3	1,942	100.0	16.5

* Including consumer electronics and camera stores.

③ Main business summary

■ Toy business

(¥100millions; rounded down, %)

Period Manufacturer	1st half of FY2009			1st half of FY2010			FY2009		
		% of total	YoY		% of total	YoY		% of total	YoY
Bandai Co., Ltd.	138	48.9	8.6	139	45.9	0.4	327	49.8	13.4
Tomy Co., Ltd.	18	6.6	-6.9	20	6.7	11.0	50	7.7	5.3
Happinet originals	7	2.7	10.9	7	2.4	-4.6	14	2.3	14.5
Other manufacturers	80	28.4	1.3	97	32.0	21.2	184	28.0	-5.3
(Other business*)	38	13.5	28.3	39	13.0	1.9	79	12.0	7.8
Total	283	100.0	7.5	303	100.0	7.0	656	100.0	6.2

*"Other business" sell mainly trading cards.

■ Visual and Music business

(¥100millions; rounded down, %)

Period Division	1st half of FY2009			1st half of FY2010			FY2009		
		% of total	YoY		% of total	YoY		% of total	YoY
Wholesale	174	52.0	37.8	152	55.5	-12.3	368	54.3	26.6
Exclusive titles	32	9.7	-18.7	30	11.0	-6.5	57	8.5	-23.2
Visual	206	61.7	24.2	183	66.6	-11.4	425	62.8	16.5
Music	128	38.3	—	91	33.4	-28.2	252	37.2	—
Total	334	100.0	101.3	275	100.0	-17.8	678	100.0	85.5

■ Sales by video game platform

(¥100millions; rounded down, %)

Platform \ Period	1st half of FY2009			1st half of FY2010			FY2009		
		% of total	YoY		% of total	YoY		% of total	YoY
PlayStation 3 (PS3)	19	10.0	38.2	23	12.5	20.4	60	13.6	57.4
PlayStation 2 (PS2)	6	3.5	-61.7	2	1.6	-57.4	9	2.2	-67.1
PlayStation Portable (PSP)	29	15.1	-42.2	31	17.0	8.6	80	18.2	-21.7
Wii	21	11.3	-18.1	21	11.2	-4.4	64	14.5	50.0
Nintendo DS	49	25.3	7.8	43	23.3	-11.0	103	23.2	7.1
Other	67	34.8	-17.8	64	34.4	-4.6	125	28.3	-35.4
Total	193	100.0	-18.1	187	100.0	-3.6	443	100.0	-12.1

■ Breakdown of PlayStation sales and sales volume

(¥100millions; rounded down, %)

Item \ Period	1st half of FY2009			1st half of FY2010			FY2009			
		% of total	YoY		% of total	YoY		% of total	YoY	
PS3	hardware	10	18.5	59.9	9	16.9	-4.7	29	19.8	74.6
	units(ten-thousand)	3.1			3.5			9.6		
	software	8	15.9	20.8	11	20.1	32.3	28	19.0	40.4
	accessories	0	0.7	6.2	1	3.4	420.5	1	1.1	131.5
PS2	hardware	0	0.6	-70.2	0	0.2	-72.0	0	0.4	-73.6
	units(ten-thousand)	0.2			0.0			0.3		
	software	6	11.4	-61.2	2	4.7	-56.7	9	6.0	-66.6
	accessories	0	0.3	-57.4	0	0.1	-51.7	0	0.2	-61.5
PSP	hardware	10	19.7	-65.5	9	16.2	-13.9	31	21.1	-46.5
	units(ten-thousand)	6.1			5.7			18.4		
	software	17	31.5	3.2	21	37.3	23.7	47	31.2	16.5
	accessories	0	1.4	-58.0	0	1.2	-13.2	1	1.2	-42.0
Total		54	100.0	-32.7	57	100.0	4.7	150	100.0	-12.0

(¥ millions; rounded down, %)

	1st half of FY2009	FY2009	1st half of FY2010	
				Change
(Assets)				
Current assets	40,585	40,140	41,210	1,069
Cash and deposits	4,206	6,312	6,601	289
Accounts and notes receivable	25,307	22,937	23,360	423
Inventories	7,736	6,750	8,199	1,448
Advances	1,183	1,858	1,077	-780
Deferred tax assets	1,209	1,153	755	-397
Other	1,360	1,278	1,350	71
Allowance for doubtful accounts	-418	-149	-134	14
Fixed assets	9,368	8,910	8,129	-780
Tangible fixed assets	1,826	1,668	1,581	-86
Buildings and structures	541	472	472	0
Land	701	638	638	—
Other	584	557	470	-86
Intangible fixed assets	4,255	3,836	3,381	-454
Goodwill	1,635	1,322	1,099	-222
Other	2,620	2,513	2,282	-231
Investments and other assets	3,286	3,405	3,165	-239
Investment securities	1,700	2,083	1,686	-396
Long-term prepaid expenses	17	19	18	-1
Guarantees paid	909	834	674	-160
Deferred tax assets	557	360	627	266
Other	357	374	357	-17
Allowance for doubtful accounts	-255	-267	-198	69
Total assets	49,953	49,050	49,339	288

(¥ millions; rounded down, %)

	1st half of FY2009	FY2009	1st half of FY2010	Change
(Liabilities)				
Current liabilities	28,476	27,436	27,243	-193
Accounts and notes payable	20,738	19,832	20,741	908
Short-term Debt	2,650	2,460	2,390	-70
Deferred payments	2,879	2,586	2,671	85
Income tax payable	108	443	268	-174
Bonus reserve	446	603	233	-370
Other	1,653	1,510	939	-571
Fixed liabilities	3,031	2,651	2,730	79
Reserve for retirement benefits	1,410	1,424	1,447	23
Long-term Debt	285	30	—	-30
Guarantees received	902	896	994	97
Deferred tax liabilities	16	19	13	-6
Negative goodwill	109	89	70	-18
Asset retirement obligations	—	—	45	45
Other	307	190	159	-31
Total liabilities	31,508	30,088	29,974	-113
(Net assets)				
Capital	2,751	2,751	2,751	—
Capital reserve	2,776	2,776	2,775	-0
Retained earnings	13,815	14,169	14,681	511
Treasury share	-1,116	-1,117	-981	135
Net unrealized gain on securities	219	381	138	-243
Deferred gains or losses on hedges	-0	0	-0	-1
Subscription rights to shares	—	—	0	0
Minority interests	—	0	0	-0
Total Net assets	18,445	18,962	19,364	402
Total liabilities and net assets	49,953	49,050	49,339	288
Net assets per share (¥)	1,646.64	1,692.76	1,713.41	20.65

(¥ millions; rounded down, %)

	1st half of FY2009	1st half of FY2010	
			Change
Cash flows from operating activities			
Net profit before income taxes	1,016	1,271	255
Depreciation and amortization	417	384	-32
Change in provision for Business Structural Reforms	-813	-77	735
Change in trade receivables	-279	-452	-172
Change in inventories	1,609	-1,448	-3,058
Change in trade payables	-10	908	918
Change in other receivables	255	26	-228
Change in other payables	-354	109	464
Other	1,397	389	-1,008
Payment of income taxes	-420	-450	-30
Net cash provided by/used in operating activities	2,817	660	-2,156
Cash flows from investing activities			
Payments for purchase of tangible and intangible fixed assets	-742	-86	655
Proceeds from sale of tangible and intangible fixed assets	7	5	-1
Proceeds for purchase of share in subsidiaries with change in scope of consolidation	-5	-111	-106
Payments for purchase of share in subsidiaries	54	115	60
Other	578	-112	-690
Net cash provided by/used in investing activities	-108	-190	-81
Cash flows from financing activities			
Payments of dividends	-170	-168	2
Proceeds from sale of treasury share	-	102	102
Payments for purchase of treasury share	-216	-0	216
Other	-3,060	-108	2,952
Net cash provided by/used in financing activities	-3,447	-174	3,272
Effect of exchange rate changes of cash and equivalent	-0	-7	-6
Change in cash and equivalents	-738	289	1,028
Cash and equivalents at beginning of period	4,945	6,312	1,366
Cash and equivalents at end of period	4,206	6,601	2,394

【Reference】 Full Year Projections for FY2010



(¥ millions; rounded down, %)

	FY2009			FY2010 projection		
		% of total	YoY		% of total	YoY
Net sales	194,246	100.0	16.5	200,000	100.0	3.0
Cost of sales	171,779	88.4	17.0	176,000	88.0	2.5
Gross profit	22,467	11.6	12.4	24,000	12.0	6.8
SG&A expenses	20,140	10.4	12.8	21,400	10.7	6.3
Personnel costs	7,011	3.6	11.7	7,000	3.5	-0.2
Contract personnel costs	1,668	0.9	-20.5	1,600	0.8	-4.1
Depreciation and amortization	825	0.4	51.1	828	0.4	0.4
Depreciation and amortization of goodwill	446	0.2	87.4	445	0.2	-0.2
Operating profit	2,327	1.2	8.9	2,600	1.3	11.7
Non-operating income	275	0.1	3.8	250	0.1	-9.1
Interest and dividends received	52	0.0	-26.8	50	0.0	-3.8
Other	222	0.1	14.4	200	0.1	-9.9
Non-operating expenses	89	0.0	11.3	50	0.0	-43.8
Interest paid	55	0.0	400.0	20	0.0	-63.6
Other	33	0.0	-51.5	30	0.0	-9.1
Recurring profit	2,513	1.3	8.2	2,800	1.4	11.4
Extraordinary gains	138	0.1	236.6	—	—	—
Extraordinary losses	576	0.3	51.2	—	—	—
Net profit before income taxes	2,074	1.1	4.6	2,800	1.4	35.0
Income taxes	895	0.5	7.4	1,400	0.7	56.4
Minority interests	-0	-0.0	—	0	0.0	—
Net profit	1,179	0.6	3.9	1,400	0.7	18.7
Net profit per share (¥)	104.60	—	7.1	124.98	—	19.5
Average number of shares during period	11,277,363					
Number of employees at the end of period (people)	945	—	-6.3	932	—	-1.4
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	650	—	-58.9	55	—	-91.5

【Reference】 Full Year Projections for FY2010



■ Sales projection by business segment

(¥ millions; rounded down, %)

Segment	Period	1st half of FY2010		FY2009		FY2010 projection				
			% of total	YoY	% of total	YoY		% of total	YoY	
Toy business*		30,376	35.7	7.0	65,654	33.8	6.2	65,000	32.5	-1.0
Other business		3,912	4.6	1.9	7,904	4.1	7.8	7,000	3.5	-11.4
Visual and Music business		27,509	32.3	-17.8	67,838	34.9	85.5	68,000	34.0	0.2
Video-game business		18,703	22.0	-3.6	44,372	22.9	-12.1	50,000	25.0	12.7
Amusement business		8,500	10.0	-0.8	16,381	8.4	-8.6	17,000	8.5	3.8
Total		85,090	100.0	-5.3	194,246	100.0	16.5	200,000	100.0	3.0

*Including "Other business".

■ Profit projection by business segment

(¥ millions; rounded down, %)

Segment	Period	1st half of FY2010		FY2009		FY2010 projection				
			% of total	YoY	% of total	YoY		% of total	YoY	
Toy business*		859	69.3	14.7	1,865	80.2	87.2	1,900	73.1	1.8
Other business		77	6.2	13.2	232	10.0	129.7	200	7.7	-13.8
Visual and Music business		80	6.5	—	253	10.9	-81.0	300	11.5	18.6
Video-game business		410	33.1	-2.4	1,035	44.5	-15.2	1,100	42.3	6.2
Amusement business		502	40.5	8.5	544	23.4	—	700	26.9	28.7
Eliminations and corporate		-613	-49.5		-1,371	-58.9		-1,400	-53.8	
Total		1,240	100.0	33.3	2,327	100.0	8.9	2,600	100.0	11.7

*Including "Other business".

First Half of FY2010 Summary for each business

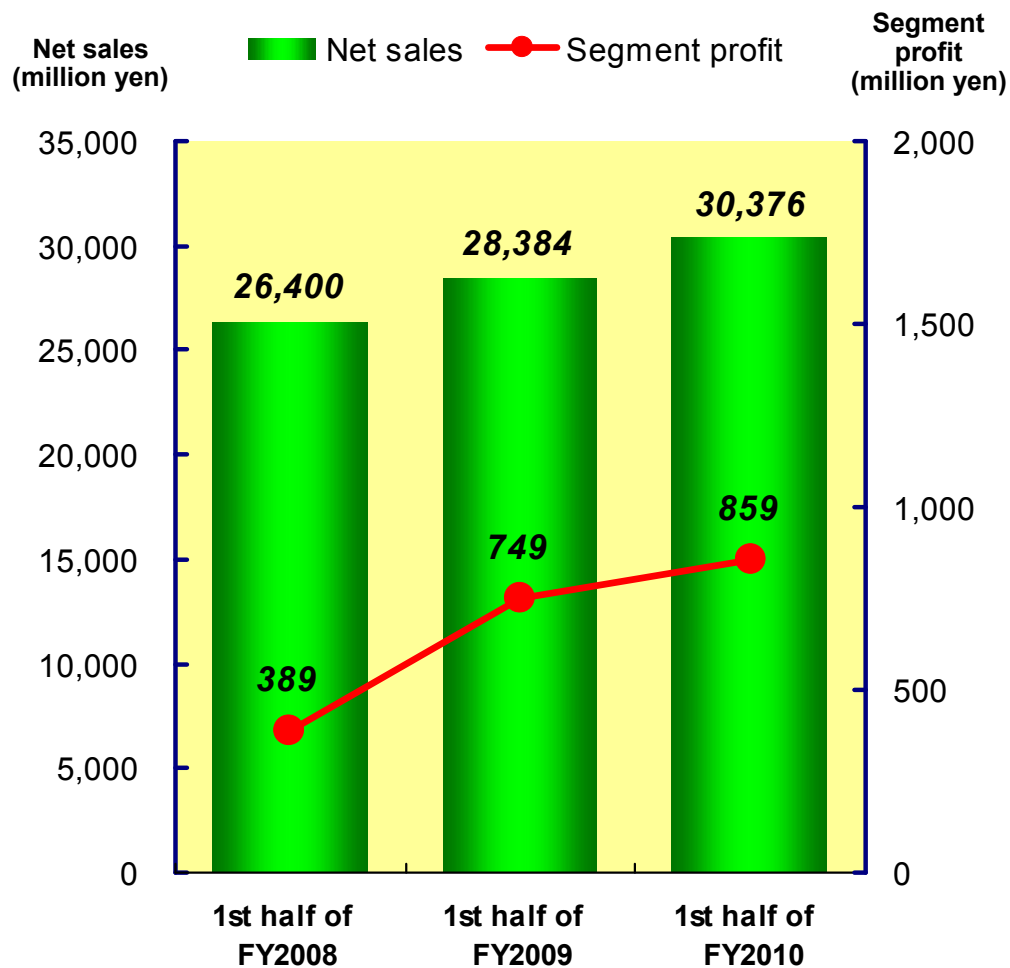
Kazuhiko Note
President and COO

First Half of FY2010 Summary for each business

* The figures include those in the other business.

Net sales and segment profit

* Operating profit for FY2008 and FY2009



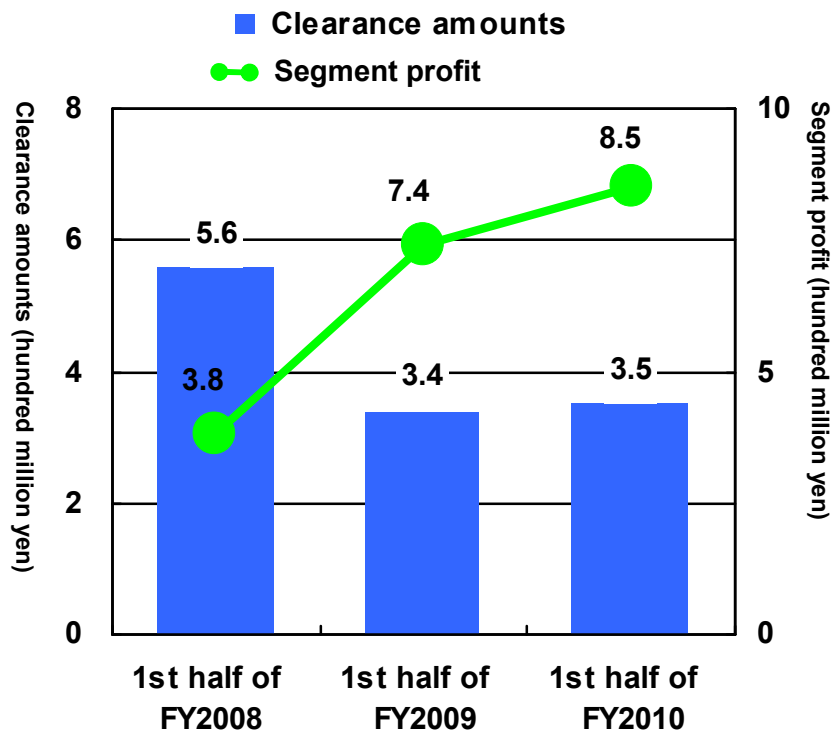
The first half in review

Toys for both male and female children, such as *KAMEN RIDER OOO*, *HYPER YO-YO*, *HEARTCATCH PRECURE!*, and *BEYBLADE*, performed well. Both net sales and profit exceeded the year-ago level, when the business also performed well.

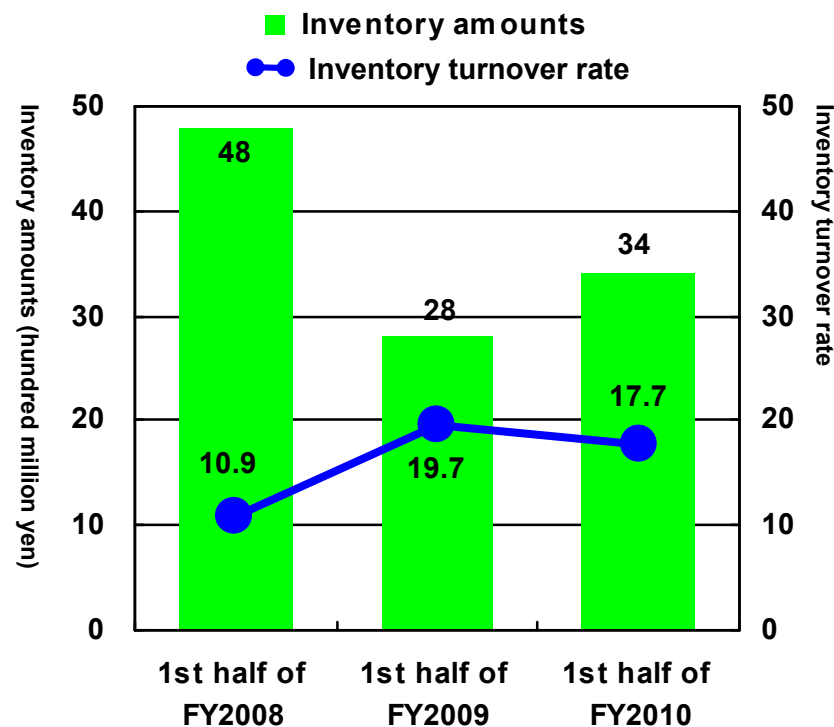
Benefits of Business Structural Reform

* The figures include those in the other business.

Segment profit and clearance amounts



Inventory amounts and inventory turnover rate

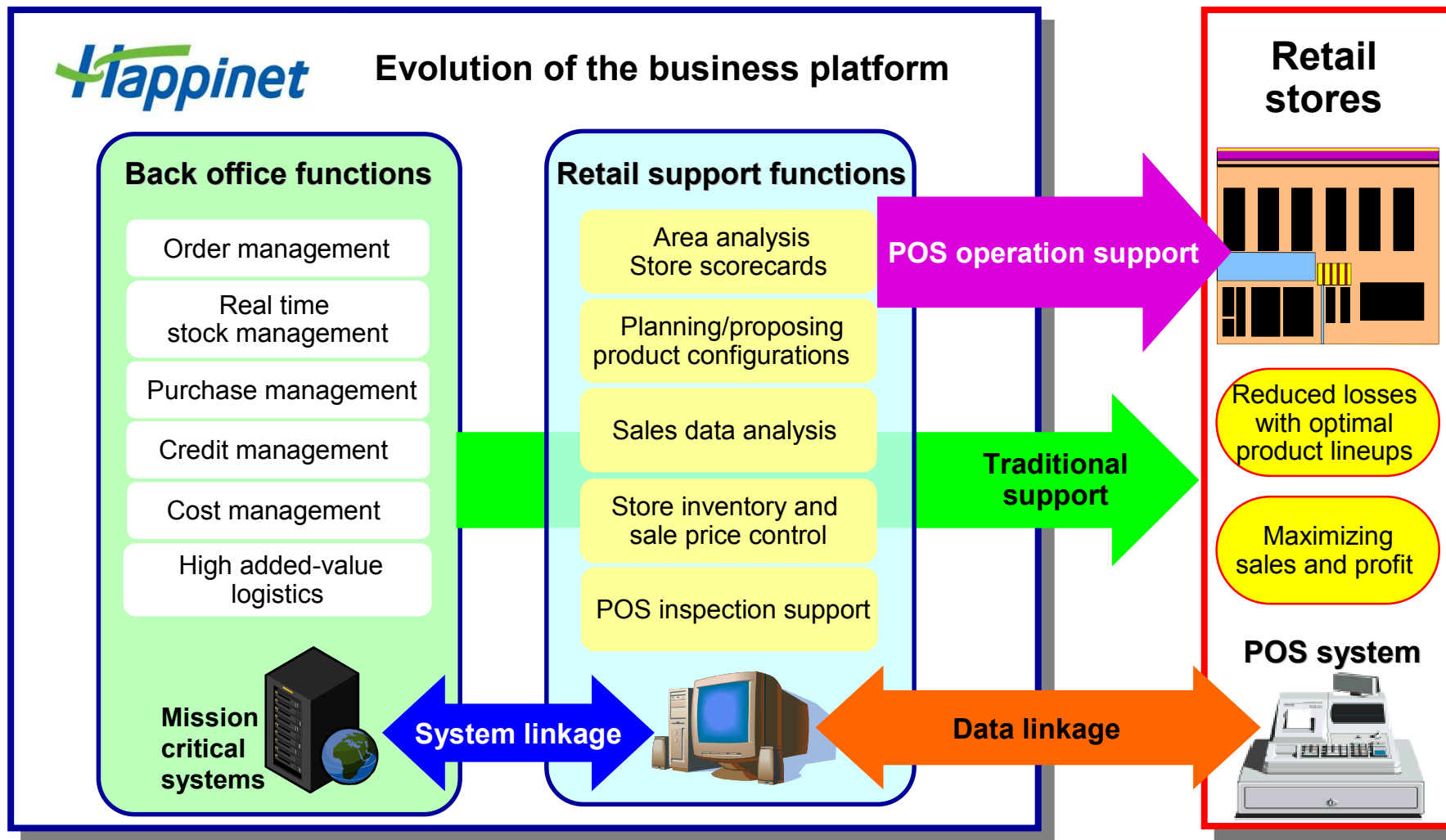


Clearance amounts (100 million yen)	5.6	3.4	3.5
Segment profit (100 million yen)	3.8	7.4	8.5

Inventory amounts (100 million yen)	48	28	34
Inventory turnover rate	10.9	19.7	17.7

Both the inventory amount and clearance amount were solid,
as in the 1st half of the previous fiscal year.

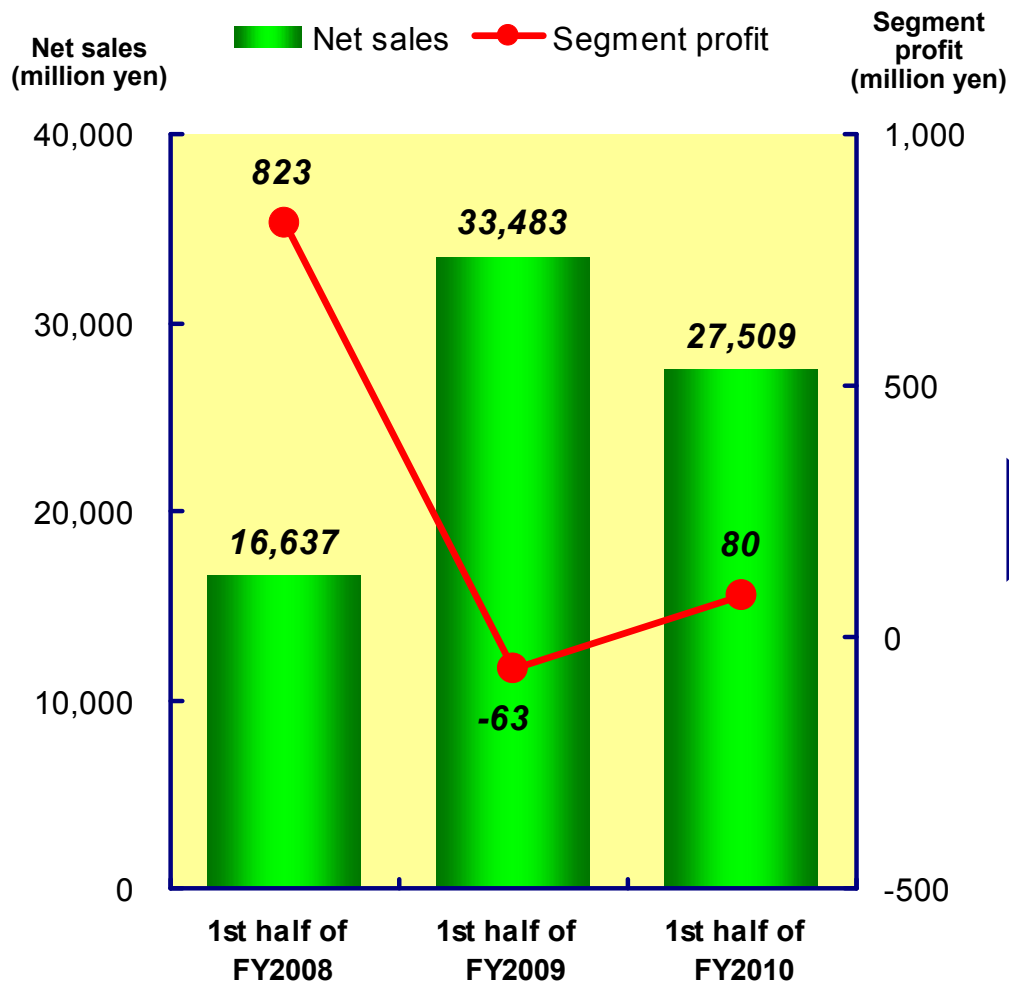
POS operation support system



Aim to expand the toy business by providing POS energizing support to increase retailer sales

Net sales and segment profit

* Operating profit for FY2008 and FY2009



The first half in review

Sales

With the rise of content distribution over the Internet, the package market was weak. In the circumstances, the Company struggled.

Profit

The effect of Business Structural Reforms began to emerge in WINT CORPORATION. However, there were no hits among videos which we produced or in which we invested, and no hits among exclusively distributed products, which have high margins. As a result, profit was low.

Results of WINT CORPORATION

(Unit: 100 million yen)

	1 st half of FY2009	1 st half of FY2010	Improvement	Full-year improvement target
Net sales	179	143	—	—
Recurring profit	-7.3	-0.1	7.2	10

- There is also ¥250 million/year in goodwill payments of WINT CORPORATION

Distribution costs	8.1 (4.5%)	4.8 (3.3%)	3.3	3.7
Fixed costs	7.6 (4.2%)	5.8 (4.0%)	1.8	2.1
Stock clearance	1.9	0.0	1.9	2.7
Subtotal	17.6	10.6	7.0	8.5

Figures in parentheses are ratios to net sales.

Aiming to restore profitability within this fiscal year by utilizing group synergy.

Noteworthy products

Visual products



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PROD - TF1 FILMS PRODUCTION



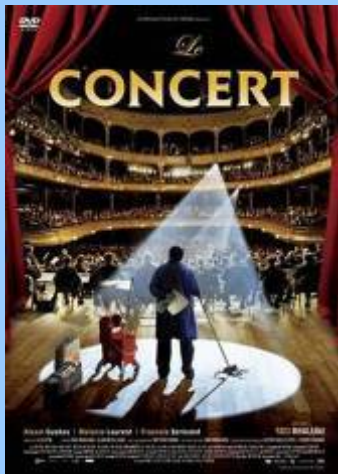
(C)宮西達也/ポプラ社・
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Music products



IMX Inc. c/o Star Empire under licensed to Happinet



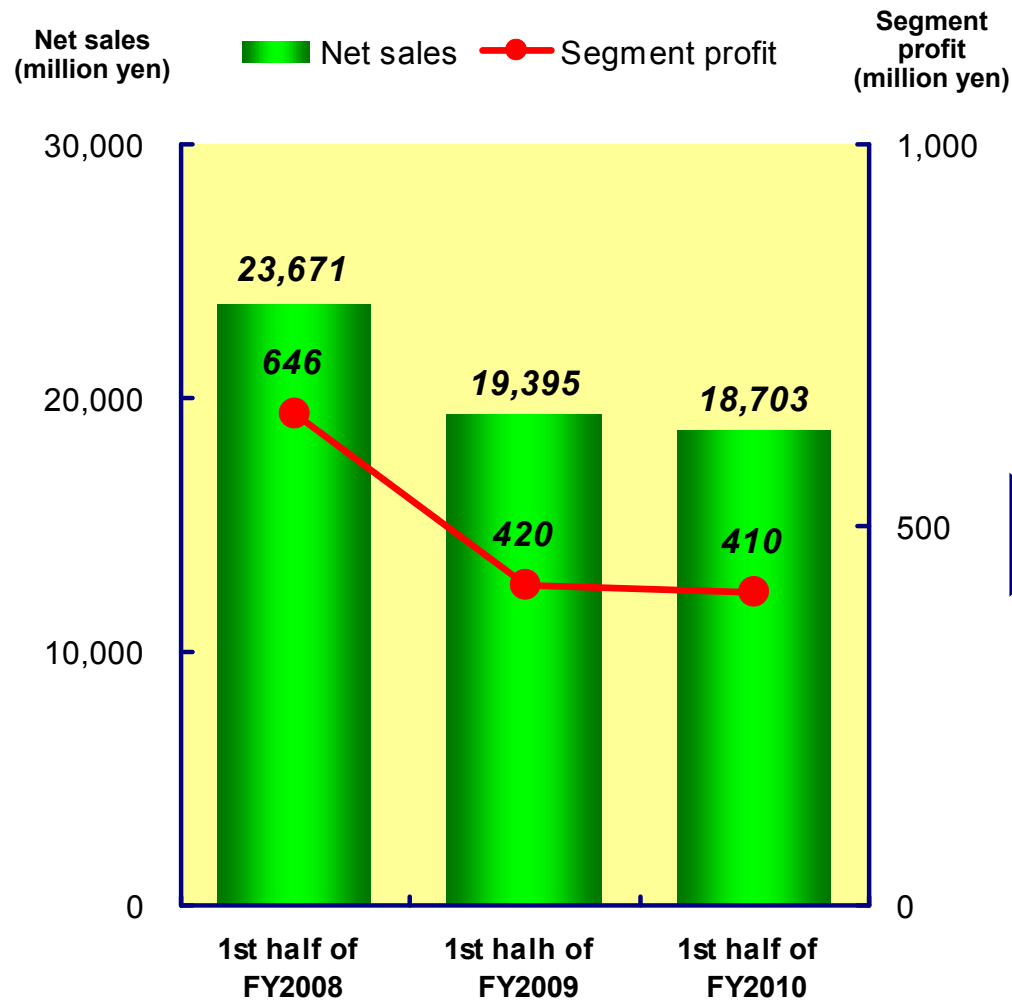
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2010 Soul Train Holdings, LLC

Net sales and segment profit

* Operating profit for FY2008 and FY2009



The first half in review

There were no market-leading hit products with the overall market sluggishness. However, the Group's performance was solid.

Noteworthy products in second half

MONSTER HUNTER PORTABLE 3rd

To be released on December 1, 2010
¥5,800 (recommended retail price including tax)



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Previous work **MONSTER HUNTER PORTABLE 2ndG**

A total of **4 million units** were shipped
(including low-price versions)

Released by CAPCOM on March 31, 2010.

Xbox360 Kinect

To be released on November 20, 2010
¥14,800 (recommended retail price including tax)

- ★ When you stand in front of the sensor, you will become a controller. You can control movements on the screen with gestures as in a science fiction movie. Kinect is a game system that brings you the future today.



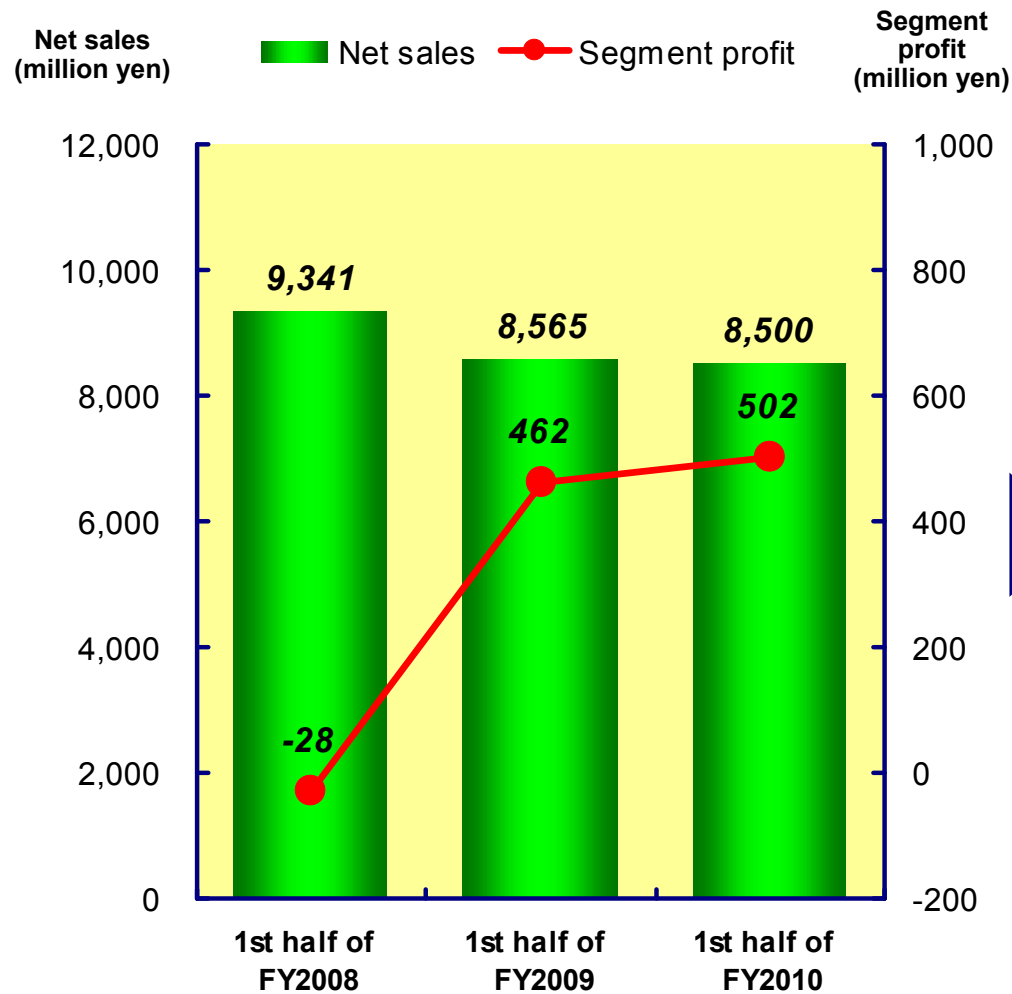
Nintendo 3DS

To be released on February 26, 2011
¥25,000 (recommended retail price including tax)

- ★ Portable, reverberant, and new every day. The long-awaited Nintendo 3DS will be released.
- ★ 3D video can now be enjoyed without wearing special glasses.
- ★ 3D photos can be taken using two cameras attached to the main body and the photos can be viewed immediately.
- ★ Of course, you can play the existing software for the Nintendo DS series.
- ★ If you have Nintendo 3DS with you, you can enjoy a new gaming world.

Net sales and segment profit

* Operating profit for FY2008 and FY2009



The 1st half in review

Sales

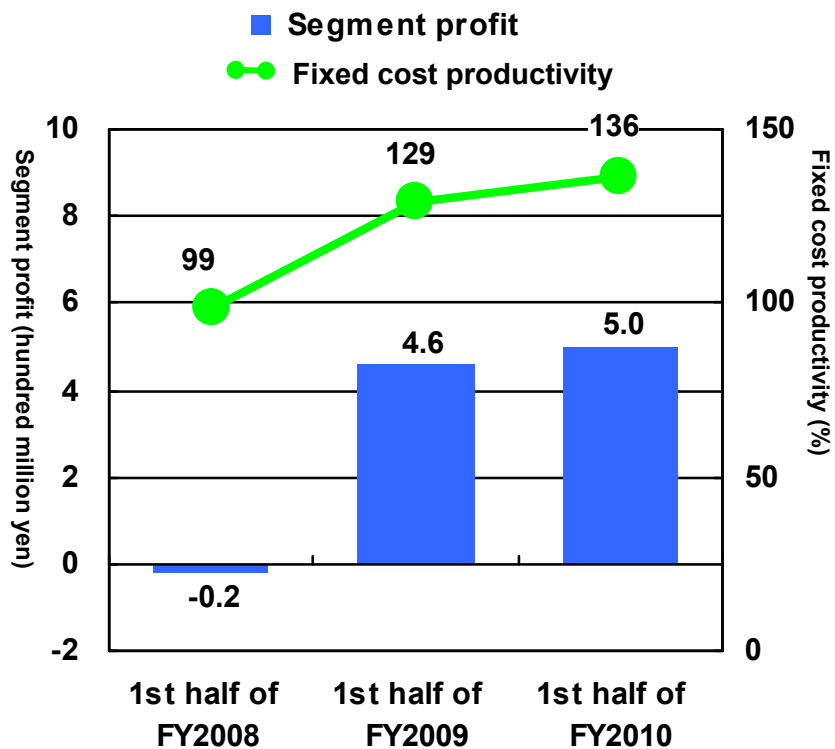
The performance of the toy vending machine *One Piece* and children's card game machines *Kamen Raiders Battle Ganbaride*, *Onepy Berry Match Double*, and *Dragon Quest Monster Battle Road II Legend* was solid.

Profit

Profit remained favorable thanks to Business Structural Reforms.

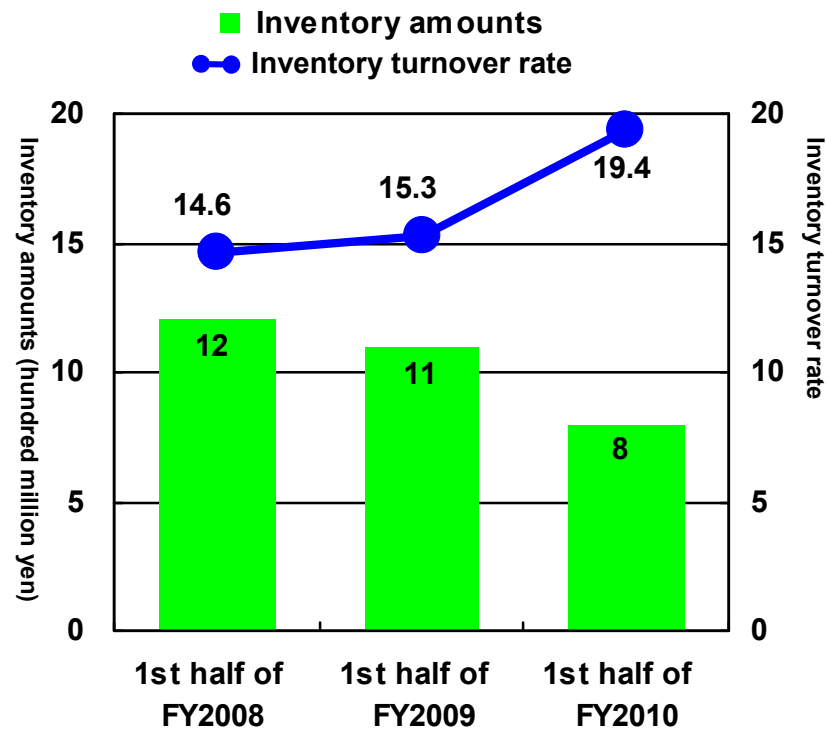
Benefits of Business Structural Reforms

Segment profit and fixed cost productivity



Segment profit (100 million yen)	-0.2	4.6	5.0
Fixed cost productivity	99%	129%	136%

Inventory amounts and inventory turnover rate



Inventory amounts (100 million yen)	12	11	8
Inventory turnover rate	14.6	15.3	19.4

Productivity exceeded the strong year-ago level, thanks to a reduction in inventory.

Kamen Riders Battle Ganbaride



Synergy through
common medals



KAMEN RIDER OOO HENSHIN BELT:
DX OOO DRIVER

Dragon Ball Heroes

1 ドラゴンボールの新型筐体！驚異のスペック！

カードを盤面上で
実際に操作！
フラットパネルリーダー

圧倒的迫力！
**23インチ
ワイド液晶モニター**

プレイヤーの
データを保存！
継続的な遊びを
訴求！！
**ICカード
リーダー&ライター**

筐体サイズ
W:750mm
D:760mm
H:1600mm
フラットパネルサイズ
W:360mm x D:350mm

2 新次元の体感型カードゲームが始まる！

カードを動かして
キャラクターを操作せよ！！

動かす！！

Launched in mid-November 2010

**新型カード筐体で
新たなドラゴンボール伝説が始まる！**

Full Year Projections for FY2010

Kazuhiko Note
President and COO

Full Year Projection for FY2010



Sales projection by business segment

(¥ millions; rounded down, %)

Segment	Period	FY2009		FY2010 projection			
			% of total	YoY		% of total	YoY
Toy business		65,654	33.8	6.2	65,000	32.5	-1.0
Other business		7,904	4.1	7.8	7,000	3.5	-11.4
Visual and Music business		67,838	34.9	85.5	68,000	34.0	0.2
Video game business		44,372	22.9	-12.1	50,000	25.0	12.7
Amusement business		16,381	8.4	-8.6	17,000	8.5	3.8
Total		194,246	100.0	16.5	200,000	100.0	3.0

*Including "Other business".

Profit projection by business segment

(¥ millions; rounded down, %)

Segment	Period	FY2009		FY2010 projection			
			% of total	YoY		% of total	YoY
Toy business		1,865	80.2	87.2	1,900	73.1	1.8
Other business		232	10.0	129.7	200	7.7	-13.8
Visual and Music business		253	10.9	-81.0	300	11.5	18.6
Video game business		1,035	44.5	-15.2	1,100	42.3	6.2
Amusement business		544	23.4	—	700	26.9	28.7
Eliminations and corporate		-1,371	-58.9		-1,400	-53.8	
Total		2,327	100.0	8.9	2,600	100.0	11.7

Full Year Projection for FY2010



Consolidated Projection for FY2010

(¥ millions; rounded down, %)

	FY2009	FY2010 projection	YoY
Net sales	194,246	200,000	3.0
Operating profit	2,327	2,600	11.7
Recurring profit	2,513	2,800	11.4
Net profit	1,179	1,400	18.7

Xbox360 Kinect

Seiichi Enomoto

Board Director

Managing Executive Officer

Director of Video Game Division

Launch of Xbox360 Kinect

Launch date

Will launch on November 20, 2010

Products to be launched

Xbox 360 Kinect Sensor: ¥14,800

Xbox 360 4GB + Kinect: ¥29,800

Xbox 360 250GB + Kinect: ¥39,800

★All sets will include Kinect Adventure.



Outline of promotion

◆Produced and Directed by Akimoto Yasushi◆

Matsui Jurina and Matsui Rena, members of popular girls' idol group SKE48, will form a new duo called Kinect.

- Pair were ranked 10th and 11th in popularity rankings of idol group AKB48
- CD on sale November 17
- SKE48 DVD to be released by HAPPINET on December 22

Consolidation of Sales Divisions of Visual and Music Business

Haruo Kawashima

Board Director

Senior Managing Director

Visual and Music Business

and

President of WINT CORPORATION

Consolidation of sales divisions in April 2011

New business name

Happinet Pictures & Music Corporation

Purpose of consolidation

- Will consolidate distribution and system functions and accounts, will streamline the organization, and will pursue synergy through business expansion.
- Will compete with the market leader in the visual and music intermediate distribution industry.
- With the business name, including the name Happinet, we will seek to increase the profile of the Happinet Group in the music business.

Scale of operation after consolidation



Sales division of
Visual and Music business

Sales: ¥31.5 billion
(Year ended March 2010)



Sales: ¥36.2 billion
(Year ended March 2010)

Sales: ¥67.8 billion, almost No. 1 in market share

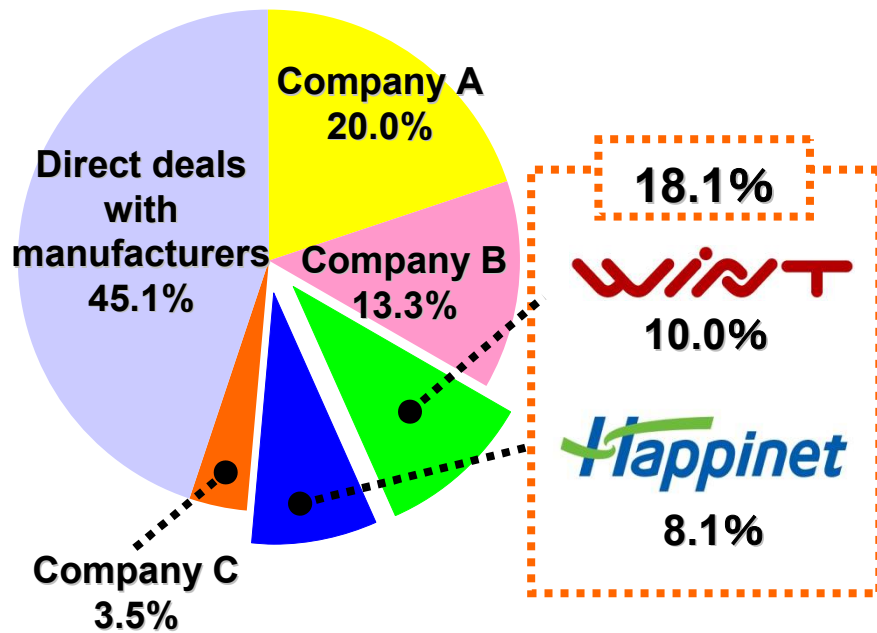
Consolidation of Sales Divisions of Visual and Music Business



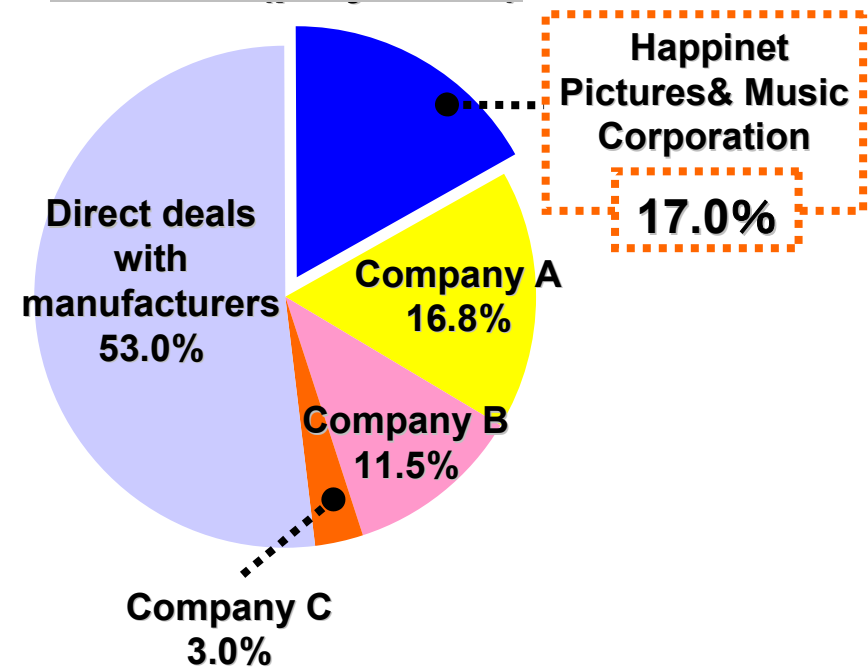
Increased sales in the DVD/CD market

The figures include only those of products for sale (do not include rental products).

FY2009



FY 2010 (projection)



Will bolster store support.
(Will promote a basic inventory project.)

Will be commissioned by manufacturers to sell products.
Results: Nikkatsu Corporation, BANDAI VISUAL Co., Ltd

The Happinet Group aims to become number one in the intermediate distribution industry.

Happinet

