

Fiscal Year 2003 Full-Year Results Briefing Document

1. Fiscal 2003 Full-Year Consolidated Results
2. Fiscal 2003 Full-Year Parent Results
3. Fiscal 2004 Full-Year Consolidated Forecast
4. Fiscal 2004 Full-Year Parent Forecast
5. Group Companies

May 12, 2004

Happinet Corporation



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.

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Business Results

	2000/3	2001/3	2002/3	2003/3	2004/3	Comments	
Consolidated	Sales	thousand yen 100,823,488	126,670,293	140,888,629	122,515,841	122,722,894	
	Recurring profit	thousand yen 2,087,331	2,090,789	1,518,069	1,380,129	1,326,321	
	Net profit	thousand yen 1,232,370	1,080,496	735,100	766,689	-686,818	Decrease in profits due to extraordinary losses
	Net assets	thousand yen 15,128,472	16,103,886	16,432,387	16,512,301	16,057,601	
	Total assets	thousand yen 38,580,005	37,140,060	53,698,026	39,975,413	37,034,100	Decrease due to decrease in inventory and sale of idle assets
	Net assets per share	yen 1,635.51	1,339.21	1,366.61	1,408.83	1,336.02	
	EPS	yen 138.53	89.86	61.13	64.40	-57.36	
	No. of employees	people 445	468	556	510	505	
Non-Consolidated	Sales	thousand yen 94,698,747	101,810,288	89,867,180	39,441,524	31,287,698	
	Recurring profit	thousand yen 2,041,129	922,957	1,360,000	362,764	483,873	
	Net profit	thousand yen 1,125,364	469,903	722,884	306,920	-723,007	
	Net assets per share	yen 1,591.39	1,254.52	1,280.52	1,292.89	1,206.39	
	Dividend (Interim dividend)	yen 28.00 (12.50)	25.00 (12.50)	25.00 (12.50)	25.00 (12.50)	25.00 (12.50)	
	EPS	yen 126.50	39.08	60.12	25.78	-60.39	
	Payout ratio	% 22.46	63.98	41.59	96.98	-	
	No. of employees	people 321	342	174	174	146	Decrease due to transfer to subsidiaries

Notes: 1. Consumption tax is not included in either the consolidated or parent sales figures.

2. The Company increased capital (500,000 shares) through a public offering during the fiscal year ended March 2000.

3. As of March 12, 2004, the Company acquired an interest in e-Shopping! Toys Corp. and established it as a subsidiary.

1. Fiscal 2003 Full-Year Consolidated Results (Profit and Loss Statement)

(Units: million yen, %, yen; figures are rounded)

	2003/3			2004/3			Comments	(Reference) 3/30 revised figures
	Of total (%)	YoY change		Of total (%)	YoY change			
Sales	122,516	100.0	-13.0	122,723	100.0	0.2		122,000
Cost of sales	107,540	87.8	-15.4	107,997	88.0	0.4	Includes inventory disposal loss: current: 2,882, previous term: 1,801	
Gross profit	14,976	12.2	8.6	14,726	12.0	-1.7		
SG&A expenses	13,797	11.3	10.0	13,585	11.1	-1.5		
Personnel costs	4,027	3.3	7.7	3,844	3.1	-4.6		
Subcontracted personnel costs	983	0.8	7.7	776	0.6	-21.1	Decrease in temporary employees	
Depreciation	564	0.5	14.5	518	0.4	-8.1		
Operating income	1,179	1.0	-5.4	1,141	0.9	-3.2		
Non-operating income	277	0.2	-30.2	212	0.2	-23.5		
Interest and dividends received	11	0.0	-2.3	14	0.0	24.8		
Others	265	0.2	-31.1	198	0.2	-25.5		
Non-operating expenses	76	0.1	-39.7	27	0.0	-64.3		
Interest paid	1	0.0	-97.9	0	0.0	-15.7		
Others	75	0.1	-25.5	27	0.0	-64.7		
Recurring profit	1,380	1.1	-9.1	1,326	1.1	-3.9	Loss on sale of property, plant and equipment 403 Long-term securities revaluation loss 377	1,300
Extraordinary profit	224	0.2	351.2	39	0.0	-82.6	Inventory revaluation loss 1,100	
Extraordinary losses	200	0.2	3.4	2,434	2.0	1,115.7	Retirement benefit expenses 256 Provision for doubtful receivables of subsidiaries 146	
Pretax profit	1,404	1.1	2.2	-1,068	-0.9	-176.1		
Enterprise, corporate, and inhabitants' taxes	626	0.5	0.9	-381	-0.3	-160.9		
Minority interests	11	0.0	-39.0	-	0.0	-100.0		
Net income	767	0.6	4.3	-687	-0.6	-189.6		-600
Surplus, opening	10,812	-	4.2	11,279	-	4.3		
Surplus, increase	767	-	4.3	-687	-	-189.6		
Surplus, decrease	300	-	-1.2	314	-	4.8	Decrease due to change in scope of consolidation: 17	
Surplus, closing	11,279	-	4.3	10,278	-	-8.9		
EPS (yen)	64.40	-	-	-57.36	-	-		

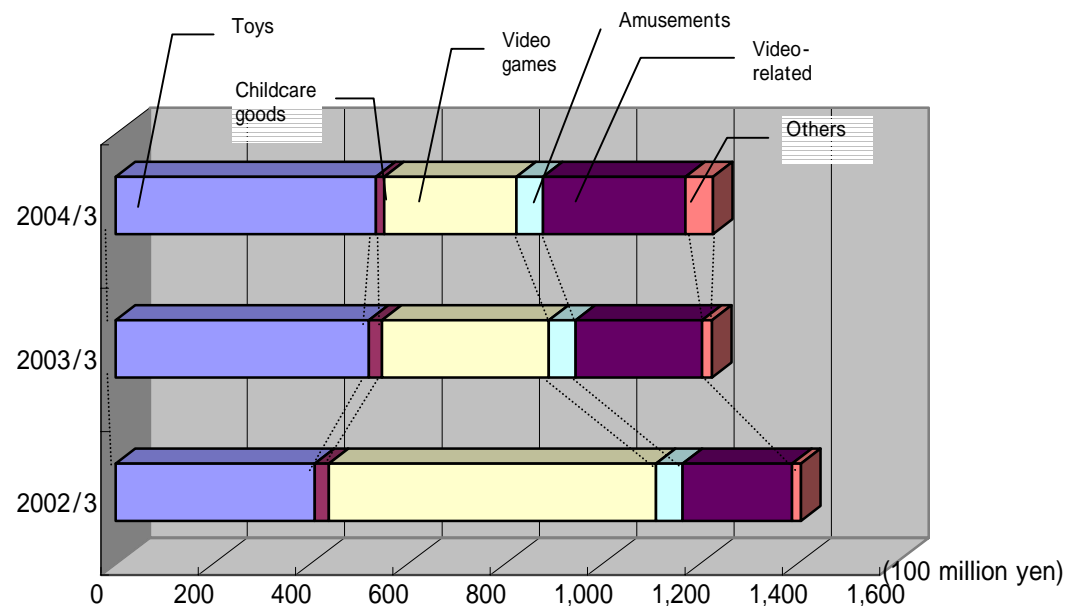
Note: As of March 12, 2004, the Company acquired an interest in e-Shopping! Toys Corp. and established it as a subsidiary.

1. Fiscal 2003 Full-Year Consolidated Results

1. Sales by product area

(Units: 100 million yen, %)

Product	Term	2002/3		2003/3		2004/3		Comments			
		Of total (%)	YoY change	Of total (%)	YoY change	Of total (%)	YoY change				
Toys		409	29.0	14.6	520	42.4	27.1	535	43.6	2.8	
Childcare goods		29	2.1	-19.4	27	2.2	-6.9	17	1.4	-36.4	
Video games		672	47.7	16.3	343	28.0	-49.0	272	22.2	-20.8	
Amusements		55	3.9	-19.1	55	4.5	0.0	54	4.4	-1.5	
Video-related		225	16.0	7.7	260	21.2	15.6	293	23.8	12.7	
Others		18	1.3	0.0	20	1.6	11.1	57	4.6	183.8	
Total		1,408	100.0	11.2	1,225	100.0	-13.0	1,227	100.0	0.2	

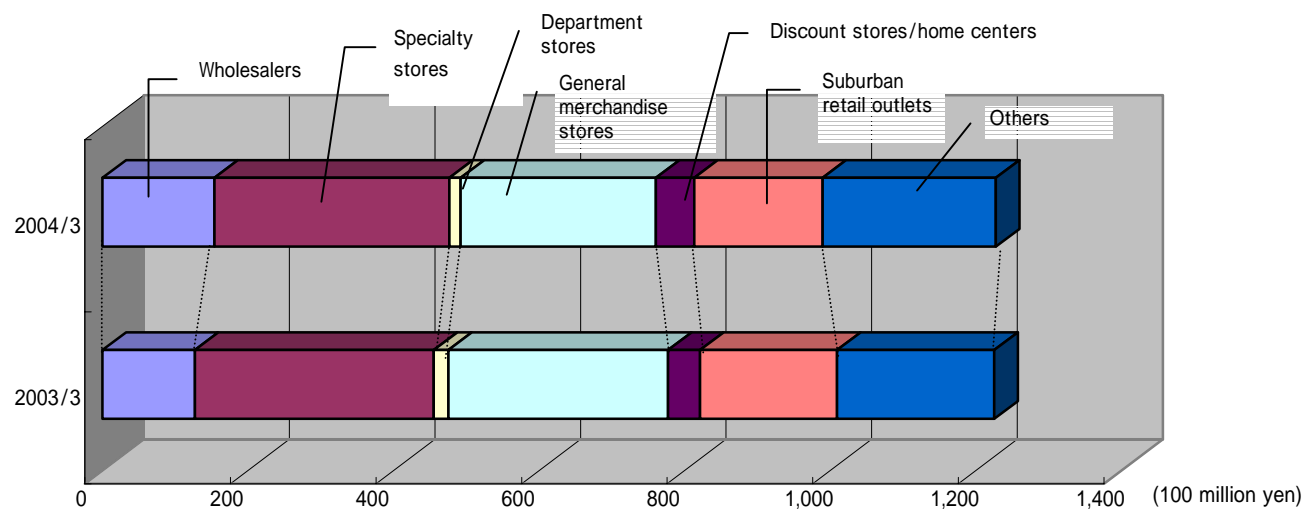


1. Fiscal 2003 Full-Year Consolidated Results

2. Sales by sales channel

(Units: 100 million yen, %)

Channel	Term	2003/3		2004/3		Comments		
		Of total (%)	YoY change	Of total (%)	YoY change			
Wholesalers		127	10.4	-20.6	154	12.5	20.8	
Specialty stores		328	26.8	-11.6	323	26.3	-1.6	
Department stores		20	1.6	-39.4	16	1.3	-23.6	
General merchandise stores		302	24.7	-9.3	268	21.9	-11.2	
Discount stores/home centers		44	3.6	-21.4	53	4.3	19.7	
Suburban retail outlets		188	15.3	-42.5	176	14.4	-6.3	
Others		216	17.6	68.8	238	19.4	10.5	
Total		1,225	100.0	-13.0	1,227	100.0	0.2	



1. Fiscal 2003 Full-Year Consolidated Results

3. Sales by product line

Toys

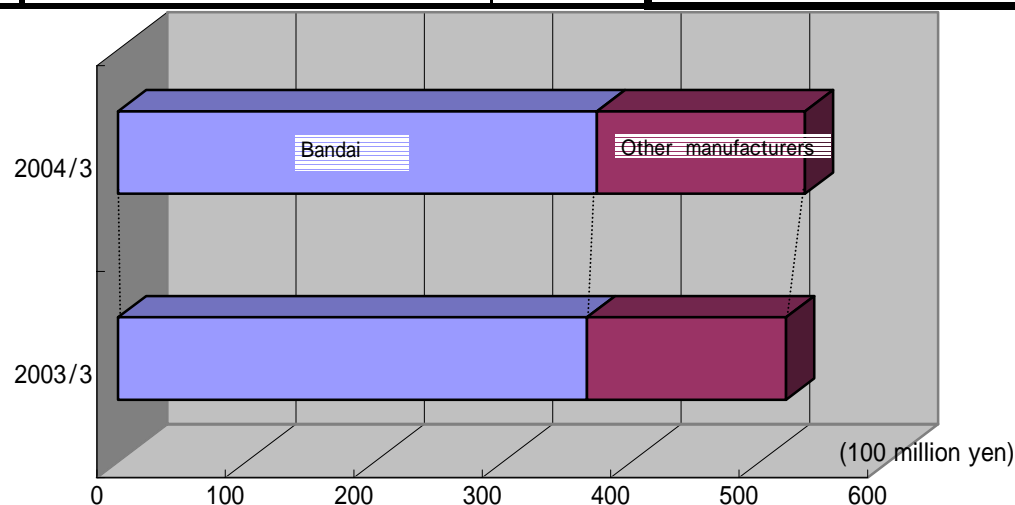
(Units: 100 million yen, %)

Item	Term	2002/3		2003/3		2004/3		Comments			
		Of total (%)	YoY change	Of total (%)	YoY change	Of total (%)					
Bandai		323	79.0	-	365	70.2	13.0	373	69.7	2.0	Tomy, Takara, SEGA TOYS, etc.
Other manufacturers		86	21.0	-	155	29.8	80.2	162	30.3	4.5	
Total		409	100.0	-	520	100.0	27.1	535	100.0	2.8	

[Reference] Top sellers

(Unit: 100 million yen)

	2003/3		2004/3	
	Product	Sales	Product	Sales
Bandai Character	"HURRICANEGER"	56	"POWER RANGERS DINO THUNDER"	55
	"Masked Rider Ryuki"	41	"Masked Rider FAIZ"	45
	"Gekito! Crash Gear Turbo"	19	"Pretty Soldier Sailor Moon"	12
	"Magical Doremi"	13	"TOKUSO SENTAI DEKARANGER"	11
	"DEGIMON"	12	"Masked Rider Blade"	9
	"Ultraman Series"	12		
Bandai Innovative	Hobby products for girls	23	"Anpanman"	9
	"Anpanman"	9	Hobby products for girls	7
	"Super Note Club"	8	"PrimoPuel"	7
	"Pico"	3	"Super Note Club"	6



1. Fiscal 2003 Full-Year Consolidated Results

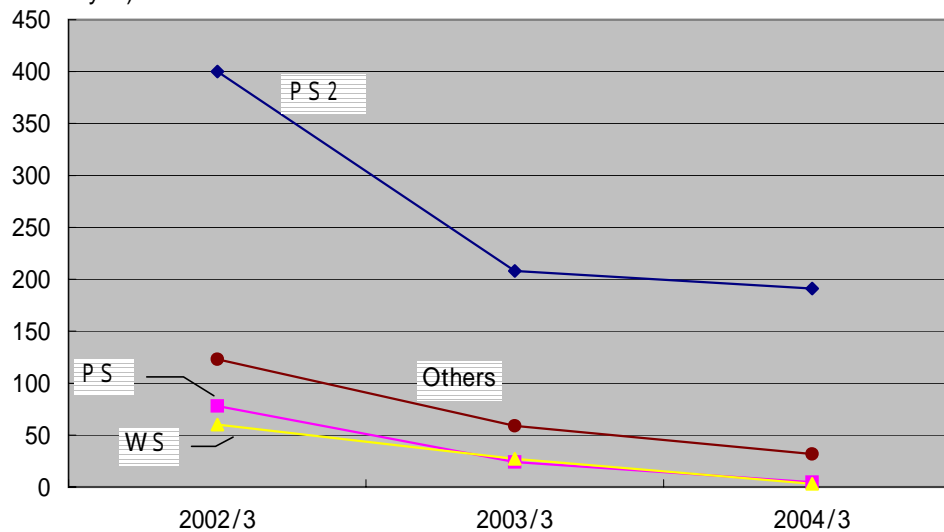
3. Sales by product line

Video games

(Units: 100 million yen, %)

Item	Term	2002/3			2003/3			2004/3			Comments
			Of total (%)	YoY change		Of total (%)	YoY change		Of total (%)	YoY change	
PlayStation 2		400	59.5	34.7	208	60.6	-48.0	191	70.3	-8.1	Fiscal year ended March 2002 includes half-year results Fiscal year ended March 2002 includes half-year results
PlayStation		78	11.6	-52.7	24	7.0	-69.2	5	1.8	-80.1	
Wonder Swan		60	8.9	-33.3	27	7.9	-55.0	3	1.2	-88.6	
Game Boy Advance		7	1.0	-	16	4.7	128.6	33	12.0	106.0	
Game Cube		4	0.6	-	9	2.6	125.0	8	3.1	-9.2	
Others		123	18.3	623.5	59	17.2	-52.0	32	11.6	-46.2	
Total		672	100.0	18.1	343	100.0	-49.0	272	100.0	-20.8	

(100 million yen)



1. Fiscal 2003 Full-Year Consolidated Results

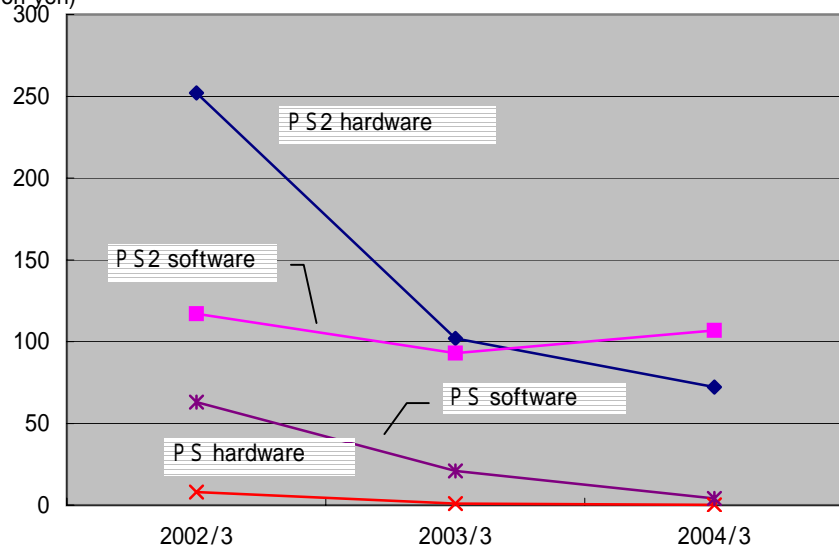
3. Sales by product line

PlayStation products

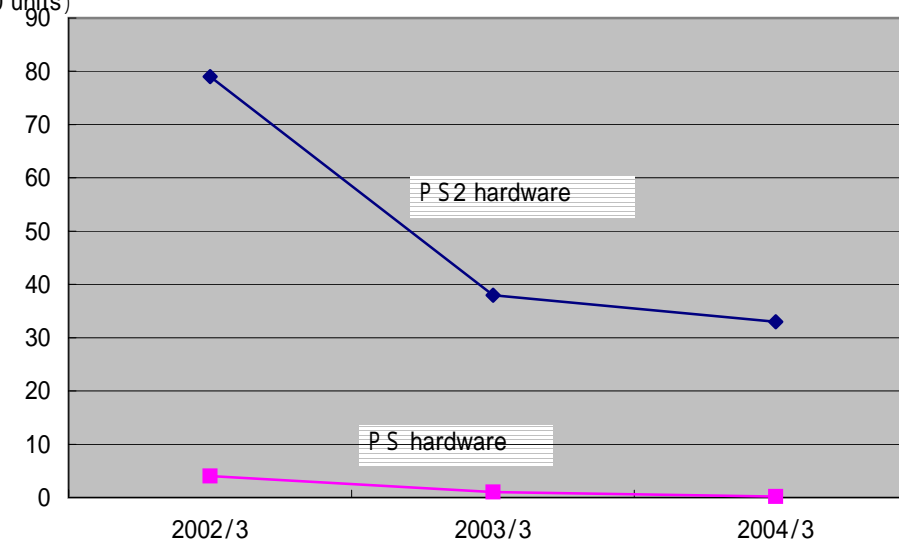
(Units: 100 million yen, %)

Item	Term	2002/3		2003/3		2004/3		Comments			
		Of total (%)	YoY change	Of total (%)	YoY change	Of total (%)	YoY change				
PS2 hardware		252 (790,000 units)	52.7	16.1	102 (380,000 units)	44.0	-59.5	72 (330,000 units)	36.9	-28.8	
PS2 software		117	24.5	77.3	93	40.1	-20.5	107	54.5	14.3	
PS2 accessories		31	6.5	121.4	13	5.6	-58.1	12	6.2	-8.0	
PS hardware		8 (40,000 units)	1.7	-74.2	1 (10,000 units)	0.4	-87.5	0 (2,000 units)	0.1	-88.7	
PS software		63	13.2	-50.4	21	9.1	-66.7	4	2.1	-80.4	
PS accessories		7	1.5	0.0	2	0.9	-71.4	1	0.3	-70.5	
Total		478	100.0	3.5	232	100.0	-51.5	196	100.0	-15.5	

(100 million yen)



(10,000 units)



1. Fiscal 2003 Full-Year Consolidated Results

3. Sales by product line

Amusements

(Units: 100 million yen, %)

Item	Term	2002/3		2003/3		2004/3			Comments		
		Of total (%)	YoY change	Of total (%)	YoY change	Of total (%)	Growth rate				
Vending machine products		29	52.7	-14.7	27	49.1	-6.9	30	54.7	11.2	
Vending machine prizes		17	30.9	-22.7	16	29.1	-5.9	14	26.4	-10.8	
Vending equipment		1	1.8	-75.0	3	5.5	200.0	1	1.5	-72.6	
Others		8	14.5	0.0	9	16.4	12.5	10	17.5	0.7	
Total		55	100.0	-19.1	55	100.0	0.0	54	100.0	-1.5	

1. Fiscal 2003 Full-Year Results (Consolidated Balance Sheet [1])

(Unit: million yen; figures are rounded)

	2003/3	2004/3	Change	Main reason behind increase or decrease in assets
(Assets)				
(1) Current assets	34,417	32,004	-2,413	
1. Cash and deposits	6,295	5,845	-450	
2. Accounts and bills receivable	17,498	18,043	546	
3. Inventories	7,857	4,564	-3,293	Due to decrease related to Xbox (1,620) and disposal of accumulated inventories (2,031)
4. Deferred tax assets	497	494	-3	
5. Others	2,428	3,300	872	Increase in investments in video-related products (706)
6. Reserves	-158	-243	-85	
(2) Fixed assets	5,558	5,030	-529	
1. Tangible assets	2,681	1,437	-1,244	
Buildings and structures	711	539	-173	Decrease due to sale of idle buildings and structures
Land	1,220	273	-947	Decrease due to sale of idle land
Others	750	625	-124	
2. Intangible assets	853	883	30	
Goodwill	60	120	60	
Others	793	763	-30	
3. Investments and other assets	2,024	2,710	686	
Long-term securities	1,199	1,309	110	Increase in gains on valuation of investment securities due to financial instrument accounting
Prepaid long-term expenses	32	12	-20	
Guarantees paid	464	462	-2	
Deferred tax assets	226	837	611	
Others	168	177	9	
Reserves	-66	-88	-22	
Total assets	39,975	37,034	-2,941	

Note: As of March 12, 2004, the Company acquired an interest in e-Shopping! Toys Corp. and established it as a subsidiary.

1. Fiscal 2003 Full-Year Results (Consolidated Balance Sheet [2])

(Unit: million yen; figures are rounded)

	2003/3	2004/3	Change	Main reason behind increase or decrease in liabilities
(Liabilities)				
(1) Current liabilities	22,323	19,598	-2,725	
1. Accounts and bills payable	19,760	16,684	-3,076	Decrease due to payments related to Xbox products
2. Deferred payments	1,420	1,424	4	
3. Enterprise and other taxes owed	406	393	-13	
4. Reserves against bonuses	347	332	-16	
5. Others	390	765	375	
(2) Fixed liabilities	1,140	1,408	267	
1. Reserves against severance and past service obligations	432	687	255	Increase due to one-time amortization of liabilities
2. Deferred tax liabilities	36	-	-36	
3. Guarantees received	630	646	16	
4. Consolidated adjustment account	43	75	32	
Total liabilities	23,463	21,005	-2,458	
Minority interests	-	-29	-29	Due to consolidation of e-Shopping! Toys Corp.
(Shareholders' equity)				
(1) Capital	2,751	2,751	-	
(2) Capital reserves	2,776	2,776	-	
(3) Consolidated surplus	11,279	10,278	-1,001	
(4) Securities valuation account	-36	257	293	Increase in gains on valuation of marketable securities due to financial instrument accounting
(5) Treasury stock	-258	-5	253	Decrease due to sale of treasury stock
Total shareholders' equity	16,512	16,058	-455	
Liabilities, minority interests, and shareholders' equity	39,975	37,034	-2,942	

Note: As of March 12, 2004, the Company acquired an interest in e-Shopping! Toys Corp. and established it as a subsidiary.

1. Fiscal 2003 Full-Year Consolidated Cash Flow Statement

(Unit: million yen; figures are rounded)

	2003/3	2004/3	Change	Comments
(1) Cash flows from operating activities				
Current pretax profit	1,404	-1,068	-2,473	
Depreciation and amortization	565	521	-44	
Change in allowance	-169	346	515	
Gains and losses on disposal of property, plant and equipment	12	436	424	
Gains and losses on sale of investment securities	-87	-18	69	
Losses on valuation of investment securities	59	378	319	
Gains and losses on other nonfund transactions	14	44	29	
Change in trade receivables	8,451	-654	-9,105	Due to decrease in receivables related to Xbox products
Change in inventories	370	3,297	2,927	Due to decrease in merchandise inventory
Change in trade payables	-10,853	-3,152	7,701	Due to decrease in payables related to Xbox products
Other	-2,332	-142	2,190	
Subtotal	-2,564	-12	2,552	
Interest and dividends received	11	14	3	
Interest paid	-1	-0	0	
Tax paid	-824	-480	344	
Net cash used in operating activities	-3,377	-478	2,899	
(2) Cash flows from investing activities				
Expenditures on acquisition of tangible assets	-61	-71	-11	
Proceeds from sale of tangible assets	83	735	652	
Expenditure on acquisition of intangible assets	-163	-181	-17	
Expenditure on acquisition of investment securities	-225	-21	204	
Gains from sales of investment securities	133	63	-70	
Other	-293	-418	-125	
Net cash provided by/used in investing activities	-525	108	633	
(3) Cash flows from financing activities				
Proceeds from sales of treasury stock	-	255	255	Sell-off of 300,000 shares to Bandai Co., Ltd. in current period
Acquisition of treasury stock	-257	-1	256	Acquisition of 300,000 shares from market in previous period
Dividends paid	-302	-299	4	
Net cash provided by/used in financing activities	-559	-45	514	
(4) Change in cash and equivalents	-4,461	-415	4,046	
(5) Cash and cash equivalents opening balance	10,756	6,295	-4,461	
(6) Decrease in cash and cash equivalents due to changes in the scope of consolidation	-	-35	-35	
(7) Cash and cash equivalents closing balance	6,295	5,845	-450	

Note: As of March 12, 2004, the Company acquired an interest in e-Shopping! Toys Corp. and established it as a subsidiary.

1. Fiscal 2003 Full-Year Results (Parent Profit and Loss Statement)

(Units: million yen, %, yen; figures are rounded)

	2003/3			2004/3			Comments
		Of total (%)	YoY change		Of total (%)	YoY change	
Sales	39,442	100.0	-56.1	31,288	100.0	-20.7	
Cost of sales	36,484	92.5	-56.4	29,332	93.7	-19.6	Includes inventory disposal loss current term (310), prior term (280)
Gross profit	2,958	7.5	-52.8	1,956	6.3	-33.9	
SG&A expenses	2,982	7.6	-45.1	1,782	5.7	-40.2	
Personnel costs	1,506	3.8	-20.5	1,231	3.9	-18.3	
Subcontracted personnel costs	261	0.7	-9.0	195	0.6	-25.4	Decrease in temporary employees
Depreciation	498	1.3	12.1	442	1.4	-11.1	
Operating profit	-24	-0.1	-102.9	174	0.6	925.0	
Non-operating income	394	1.0	-31.4	312	1.0	-20.8	
Interest and dividends received	169	0.4	-22.8	183	0.6	8.2	
Others	226	0.6	-36.7	130	0.4	-42.5	
Non-operating expenses	7	0.0	-82.1	2	0.0	-68.5	
Interest paid	0	0.0	-88.4	0	0.0	-22.0	
Others	7	0.0	-81.4	2	0.0	-71.7	
Recurring profit	363	0.9	-73.3	484	1.5	33.4	
Extraordinary profit	243	0.6	18,007.4	38	0.1	-84.4	
Extraordinary loss	150	0.4	-19.9	1,800	5.8	1,099.5	Loss on sale of property, plant and equipment 144 Long-term securities revaluation loss 124 Inventory revaluation loss 1,100
Pretax profit	455	1.2	-61.2	-1,279	-4.1	-380.9	
Enterprise, corporate, and inhabitants' taxes	148	0.4	-67.1	-556	-1.8	-474.6	Retirement benefit expenses 128
Net income/loss	307	0.8	-57.5	-723	-2.3	-335.6	Provision for doubtful receivables of subsidiaries 146
Surplus, opening	9,784	-	4.3	9,791	-	0.1	
Surplus, increased	307	-	-57.5	-723	-	-335.6	
Surplus, decreased	300	-	-5.1	297	-	-1.0	
Surplus, closing	9,791	-	0.1	8,771	-	-10.4	
EPS (yen)	25.78	-	-	-60.39	-	-	

2. Fiscal 2003 Full-Year Parent Results (Balance Sheet [1])

(Unit: million yen; figures are rounded)

	2003/3	2004/3	Change	Main reason behind increase or decrease in assets
(Assets)				
(1) Current assets	17,024	12,578	-4,446	
1. Cash and deposits	4,660	3,820	-840	
2. Accounts and bills receivable	5,016	4,950	-65	
3. Inventories	3,904	1,529	-2,375	Decrease of Xbox-related products
4. Short-term receivables	2,378	1,634	-744	Loans to subsidiaries
5. Short-term loans to affiliates	228	227	-1	
6. Others	900	607	-293	
7. Reserve for doubtful accounts	-61	-189	-128	Increase in provision for loans to subsidiaries
(2) Fixed assets	9,284	9,192	-92	
1. Tangible assets	1,797	1,419	-377	
Buildings	577	527	-50	Decrease due to sale of idle buildings
Land	473	273	-200	Decrease due to sale of idle land
Others	746	619	-127	
2. Intangible assets	707	485	-222	
Software	683	470	-214	
Others	24	15	-8	
3. Investments and other assets	6,780	7,287	507	
Long-term securities	302	308	6	
Securities held in affiliates	5,885	5,923	37	
Refundable deposits	424	418	-7	
Deferred tax assets	70	558	488	
Others	158	114	-44	
Reserve for doubtful accounts	-59	-32	27	
Total assets	26,308	21,770	-4,539	

2 . Fiscal 2003 Full-Year Parent Results (Balance Sheet [2])

(Unit: million yen; figures are rounded)

	2003/3	2004/3	Change	Main reason behind increase or decrease in assets
(Liabilities)				
(1) Current liabilities	10,761	6,809	-3,952	
1. Accounts and bills payable	9,433	5,993	-3,440	Decrease due to payments for Xbox-related products
2. Other payables	1,022	332	-690	
3. Enterprise and other taxes owed	7	8	1	
4. Reserves against bonuses	111	100	-11	
5. Others	189	376	188	
(2) Fixed liabilities	394	461	67	
1. Reserves against severance and past service obligations	120	212	93	
2. Deferred tax liabilities	-	-	-	
3. Others	275	249	-26	
Total liabilities	11,155	7,270	-3,885	
(Shareholders' equity)				
(1) Capital	2,751	2,751	-	
(2) Capital reserve	2,776	2,776	-	
(3) Earned surplus	9,791	8,771	-1,020	
1. Earned surplus reserves	176	176	-	
2. Voluntary reserves	9,160	9,160	0	
3. Unappropriated earned reserves	455	-565	-1,020	
(4) Securities valuation account	94	206	112	
(5) Treasury stock	-258	-5	253	
Total shareholders' equity	15,153	14,500	-654	
Liabilities and shareholders' equity	26,308	21,770	-4,539	

3. Fiscal 2004 Forecast (Consolidated Profit and Loss Statement)

(Units: million yen, %, yen; figures are rounded)

	2004/3			2005/3 (Planned)			Comments
		Of total (%)	YoY change		Of total (%)	YoY change	
Sales	122,723	100.0	0.2	122,000	100.0	-0.6	
Cost of sales	107,997	88.0	0.4	106,300	87.1	-1.6	Includes inventory disposal loss: estimate: 1,800, previous term: 2,882
Gross profit	14,726	12.0	-1.7	15,700	12.9	6.6	
SG&A expenses	13,585	11.1	-1.5	14,051	11.5	3.4	
Personnel costs	3,844	3.1	-4.6	4,043	3.3	5.2	Increase due to change in scope of consolidation
Subcontracted personnel costs	776	0.6	-21.1	823	0.7	6.0	Increase due to change in scope of consolidation
Depreciation	518	0.4	-8.1	557	0.5	7.4	Increase due to change in scope of consolidation
Operating profit	1,141	0.9	-3.2	1,649	1.4	44.5	
Non-operating income	212	0.2	-23.5	75	0.1	-64.8	
Interest and dividends received	14	0.0	24.8	16	0.0	14.3	
Others	198	0.2	-25.5	58	0.0	-70.5	
Non-operating expenses	27	0.0	-64.3	24	0.0	-12.3	
Interest paid	0	0.0	-15.7	3	0.0	502.2	
Others	27	0.0	-64.7	21	0.0	-21.0	
Recurring profit	1,326	1.1	-3.9	1,700	1.4	28.2	
Extraordinary profit	39	0.0	-82.6	-	0.0	-100.0	
Extraordinary losses	2,434	2.0	1,115.7	-	0.0	-100.0	
Pretax profit	-1,068	-0.9	-176.1	1,700	1.4	359.2	
Enterprise, corporate, and inhabitants' taxes	-381	-0.3	-160.9	730	0.6	391.6	
Minority interests	-	0.0	-100.0	0	0.0	-	
Net profit	-687	-0.6	-189.6	970	0.8	341.2	
Surplus, opening	11,279	-	4.3	10,278	-	-8.7	
Surplus, increase	-687	-	-189.6	970	-	341.2	
Surplus, decrease	314	-	4.8	270	-	-13.9	
Surplus, closing	10,278	-	-8.9	10,978	-	6.8	
EPS (yen)	-57.36	-	-	80.71	-	-	
Facility investment amount	134	-	-22.5	120	-	-10.4	

Note: As of March 12, 2004, the Company acquired an interest in e-Shopping! Toys Corp. and established it as a subsidiary.

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3. Fiscal 2004 Forecast (Consolidated)

1. Sales by product area (Planned)

(Units: 100 million yen, %)

Item	Term	2004/3		2005/3 Forecast			Comments	
		Of total (%)	YoY change	Of total (%)	YoY change	YoY change		
Toys		535	43.6	2.8	529	43.3	-1.1	Withdrawn from childcare goods
Childcare goods		17	1.4	-36.4	0	0.0	-	
Video games		272	22.2	-20.8	289	23.7	6.3	
Amusements		54	4.4	-1.5	52	4.3	-4.4	
Video-related		293	23.8	12.7	295	24.2	0.9	
Others		57	4.6	183.8	55	4.5	-3.1	
Total		1,227	100.0	0.2	1,220	100.0	-0.6	

2. Sales by product line (Planned)

Toys

(Units: 100 million yen, %)

Item	Term	2004/3		2005/3 Forecast			Comments	
		Of total (%)	YoY change	Of total (%)	YoY change	YoY change		
Bandai		373	69.7	2.0	370	70.0	-0.7	
Other manufacturers		162	30.3	4.5	159	30.0	-2.1	
Total		535	100.0	2.8	529	100.0	-1.1	

Video games

(Units: 100 million yen, %)

Item	Term	2004/3		2005/3 Forecast			Comments	
		Of total (%)	YoY change	Of total (%)	YoY change	YoY change		
PlayStation 2		191	70.3	-8.1	201	69.6	5.2	Due to production stoppage
PlayStation		5	1.8	-80.1	1	0.5	-70.0	
Wonder Swan		3	1.2	-88.6	-	-	-	
Game Boy Advance		33	12.0	106.0	36	12.4	9.3	
Game Cube		8	3.1	-9.2	7	2.3	-22.5	
Others		32	11.6	-46.2	44	15.3	39.7	
Total		272	100.0	-20.8	289	100.0	6.3	

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4. Fiscal 2004 Parent Forecast (Profit and Loss Statement)

(Units: million yen, %, yen; figures are rounded)

	2004/3			2005/3 (Planned)			Comments
		Of total (%)	YoY change		Of total (%)	YoY change	
Sales	31,288	100.0	-20.7	120,000	100.0	283.5	Increase due to merger
Cost of sales	29,332	93.7	-19.6	104,402	87.0	255.9	Loss on disposal of inventory including estimated disposal of 1,800 (310 for the current period)
Gross profit	1,956	6.3	-33.9	15,598	13.0	697.4	
SG&A expenses	1,782	5.7	-40.2	13,971	11.6	683.9	
Personnel costs	1,231	3.9	-18.3	3,702	3.1	200.7	
Subcontracted personnel costs	195	0.6	-25.4	572	0.5	193.2	
Depreciation	442	1.4	-11.1	486	0.4	9.9	
Operating profit	174	0.6	925.0	1,627	1.4	836.3	
Non-operating profit	312	1.0	-20.8	75	0.1	-76.1	
Interest and dividends received	183	0.6	8.2	16	0.0	-91.1	
Others	130	0.4	-42.5	58	0.0	-55.0	
Non-operating expenses	2	0.0	-68.5	2	0.0	-28.8	
Interest paid	0	0.0	-22.0	2	0.0	346.8	
Others	2	0.0	-71.7	0	0.0	-100.0	
Recurring profit	484	1.5	33.4	1,700	1.4	251.3	
Extraordinary profit	38	0.1	-84.4	0	0.0	-100.0	
Extraordinary losses	1,800	5.8	1,099.5	0	0.0	-100.0	
Enterprise, corporate, and inhabitants' taxes	-1,279	-4.1	-380.9	1,700	1.4	332.9	
Minority interests	-556	-1.8	-474.6	730	0.6	331.3	
Net profit	-723	-2.3	-335.6	970	0.8	334.2	
Surplus, opening	9,791	-	0.1	8,771	-	-10.4	
Surplus, increase	-723	-	-335.6	970	-	334.2	
Surplus, decrease	297	-	-1.0	270	-	-8.9	
Surplus, closing	8,771	-	-10.4	9,471	-	8.0	
EPS (yen)	-60.39	-	-	80.71	-	-	

Note: As of April 1, 2004, the Company merged Happinet JP Corporation, Happinet Pictures Corporation and Happinet Robin Corporation with Happinet Corporation.

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5. Group Companies

(Units: million yen, %)

	Happinet JP Corporation				Happinet Pictures Corporation			
	2003/3		2004/3		2003/3		2004/3	
		YoY change		YoY change		YoY change		YoY change
Sales	61,767	87	65,861	6.6	25,539	9.2	28,949	13.4
Recurring profit	472	77	-221	-146.8	386	9.3	752	94.8
Net profit	248	43	-291	-217.3	236	16.8	412	74.6

(Units: million yen, %)

	Happinet Logistics Services Corporation						Happinet Robin Corporation			
	2003/3		2004/3		2005/3 (est.)		2003/3		2004/3	
		YoY change		YoY change		YoY change		YoY change		YoY change
Sales	5,535	38	5,607	1.3	5,000	-10.8	2,736	17.4	2,641	-3.5
Recurring profit	169	-	287	69.8	0	-100.0	84	211.1	133	58.3
Net profit	95	-	165	73.7	0	-100.0	36	125.0	72	100.0

(Units: million yen, %)

	e-Shopping! Toys Corp.					
	2003/3		2004/3		2005/3 (est.)	
		YoY change		YoY change		YoY change
Sales	1,101	170	1,526	38.6	1,800	18.0
Recurring profit	-96	-	-103	-7.3	0	100.0
Net profit	-95	-	-122	-28.4	0	100.0

Notes: 1. As of March 12, 2004, the Company acquired an interest in e-Shopping! Toys Corp. and established it as a subsidiary.

2. As of April 1, 2004, the Company merged Happinet JP Corporation, Happinet Pictures Corporation and Happinet Robin Corporation with Happinet Corporation.

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