



Consolidated Quarterly Financial Statements

for the 2nd Quarter of the Fiscal Year Ending March 31, 2013

November 9, 2012

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1. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(¥ million)

	Prior Fiscal Year (As of March 31, 2012)	Current Fiscal Year (As of September 30, 2012)
Assets		
Current assets		
Cash and deposits	12,359	10,512
Notes and accounts receivable-trade	26,755	23,398
Inventories	6,168	8,405
Other	3,055	3,068
Allowance for doubtful accounts	△69	△66
Total current assets	48,269	45,318
Noncurrent assets		
Property, plant and equipment	1,392	1,353
Intangible assets		
Goodwill	539	370
Other	1,176	961
Total intangible assets	1,715	1,331
Investments and other assets	2,946	2,999
Total noncurrent assets	6,054	5,685
Total assets	54,323	51,003
Liabilities		
Current liabilities		
Notes and accounts payable-trade	23,042	21,541
Income taxes payable	1,605	376
Provision for bonuses	472	261
Other provision	36	40
Other	4,459	3,719
Total current liabilities	29,617	25,939
Noncurrent liabilities		
Provision for retirement benefits	1,780	1,828
Other	1,129	1,099
Total noncurrent liabilities	2,909	2,927
Total liabilities	32,527	28,867
Net assets		
Shareholders' equity		
Capital stock	2,751	2,751
Capital surplus	2,775	2,775
Retained earnings	17,213	17,559
Treasury stock	△1,091	△1,091
Total shareholders' equity	21,649	21,994
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	128	118
Deferred gains or losses on hedges	0	△1
Total accumulated other comprehensive income	128	117
Subscription rights to shares	17	22
Minority interests	1	1
Total net assets	21,795	22,136
Total liabilities and net assets	54,323	51,003

(2) Consolidated Quarterly Statements of Income and Consolidated quarterly Statements of Comprehensive Income
(Consolidated Quarterly Statements of Income)

(¥ million)

	Prior Fiscal Year (April 1, 2011 - September 30, 2011)	Current Fiscal Year (April 1, 2012 - September 30, 2012)
Net sales	88,508	76,211
Cost of sales	76,634	66,019
Gross profit	11,874	10,192
Selling, general and administrative expenses	9,557	9,185
Operating income	2,316	1,007
Non-operating income		
Interest income	1	1
Dividends income	20	16
Amortization of negative goodwill	18	14
Other	71	38
Total non-operating income	111	70
Non-operating expenses		
Interest expenses	2	2
Foreign exchange losses	0	1
Other	2	0
Total non-operating expenses	5	5
Ordinary income	2,422	1,072
Extraordinary income		
Gain on sales of noncurrent assets	2	0
Gain on sales of investment securities	—	5
Gain on sales of memberships	1	—
Total extraordinary income	3	5
Extraordinary loss		
Loss on sales of noncurrent assets	7	1
Loss on retirement of noncurrent assets	1	1
Loss on sales of investment securities	0	—
Loss on valuation of investment securities	—	31
Impairment loss	—	13
Loss on valuation of membership	0	7
Loss on sales of membership	1	—
Loss on disaster	29	—
Total extraordinary losses	41	55
Income before income taxes and minority interests	2,384	1,022
Income taxes-current	802	371
Income taxes-deferred	55	△59
Total income taxes	857	312
Income before minority interests	1,527	710
Minority interests in income	0	0
Net income	1,526	709

(Consolidated Quarterly statements of comprehensive income)

(¥ million)

	Prior Fiscal Year (April 1, 2011 - September 30, 2011)	Current Fiscal Year (April 1, 2012 - September 30, 2012)
Income before minority interests	1,527	710
Other comprehensive income		
Valuation difference on available-for-sale securities	△112	△9
Deferred gains or losses on hedges	△1	△1
Total other comprehensive income	△113	△11
Comprehensive income	1,413	698
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,412	698
Comprehensive income attributable to minority interests	0	0

(3) Consolidated Quarterly Statements of Cash Flows

(¥ million)

	Prior Fiscal Year (April 1, 2011 - September 30, 2011)	Current Fiscal Year (April 1, 2012 - September 30, 2012)
Consolidated statements of cash flows		
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,384	1,022
Depreciation and amortization	346	323
Impairment loss	—	13
Amortization of goodwill	150	154
Increase (decrease) in allowance for doubtful accounts	△8	△5
Share-based compensation expenses	5	5
Increase (decrease) in provision for bonuses	△78	△211
Increase (decrease) in provision for retirement benefits	66	48
Interest and dividends income	△21	△17
Interest expenses	2	2
Loss (gain) on sales and retirement of noncurrent assets	6	2
Loss (gain) on sales of investment securities	0	△5
Loss (gain) on valuation of investment securities	—	31
Loss on valuation of membership	0	7
Foreign exchange losses (gains)	0	1
Decrease (increase) in notes and accounts receivable-trade	△441	3,357
Decrease (increase) in inventories	△444	△2,236
Increase (decrease) in notes and accounts payable-trade	1,314	△1,501
Other, net	△142	△722
Subtotal	3,142	271
Interest and dividends income received	21	17
Interest expenses paid	△2	△2
Income taxes paid	△1,036	△1,593
Net cash provided by (used in) operating activities	2,124	△1,306
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	△24	△69
Proceeds from sales of property, plant and equipment	32	1
Purchase of intangible assets	△86	△72
Purchase of investment securities	△4	△4
Proceeds from sales of investment securities	2	6
Other, net	16	△34
Net cash provided by (used in) investing activities	△64	△173
Net cash provided by (used in) financing activities		
Proceeds from sales of treasury stock	—	0
Purchase of treasury stock	△0	—
Cash dividends paid	△168	△363
Other, net	△1	△1
Net cash provided by (used in) financing activities	△170	△364
Effect of exchange rate change on cash and cash equivalents	△0	△1
Net increase (decrease) in cash and cash equivalents	1,888	△1,846
Cash and cash equivalents at beginning of period	8,220	12,359
Cash and cash equivalents at end of period	10,109	10,512

2. Consolidated Quarterly Financial Results by Business Segments

(1) 2nd Quarter of the Fiscal Year Ended March 31, 2012 (April 1, 2011 - September 30, 2011)

(¥ million)

	Segments					Adjustment *1	Consolidated Total *2
	Toy business	Visual and Music business	Video-game business	Amusement business	Total		
Net sales							
To external customers	34,092	26,702	16,492	11,220	88,508	—	88,508
Inter-segment sales and transfers	—	—	—	—	—	—	—
Total	34,092	26,702	16,492	11,220	88,508	—	88,508
Segment income	1,249	338	404	989	2,981	△664	2,316

*1 The 664 million yen adjustment to segment income includes unallocated operating expenses.

The expenses cannot be assigned to any particular segment and are mostly administrative expenses incurred by the administration sector of the HAPPINET CORPORATION.

*2 Segment income is adjusted to be consistent with operating income shown on the consolidated quarterly statements of income.

(2) 2nd Quarter of the Fiscal Year Ending March 31, 2013 (April 1, 2012 - September 30, 2012)

(¥ million)

	Segments					Adjustment *1	Consolidated Total *2
	Toy business	Visual and Music business	Video-game business	Amusement business	Total		
Net sales							
To external customers	32,410	20,711	13,127	9,962	76,211	—	76,211
Inter-segment sales and transfers	—	—	—	—	—	—	—
Total	32,410	20,711	13,127	9,962	76,211	—	76,211
Segment income	833	107	98	605	1,644	△637	1,007

*1 The 637 million yen adjustment to segment income includes unallocated operating expenses.

The expenses cannot be assigned to any particular segment and are mostly administrative expenses incurred by the administration sector of the HAPPINET CORPORATION.

*2 Segment income is adjusted to be consistent with operating income shown on the consolidated quarterly statements of income.