



Consolidated Financial Results

for the 3rd Quarter of the Fiscal Year Ending March 31, 2016

February 9, 2016

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DISCLAIMER

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2. Dividend

Dividend record dates	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	Fiscal Year-end	Total
	¥	¥	¥	¥	¥
Fiscal Year Ended March 31, 2015	—	13.50	—	15.00	28.50
Fiscal Year Ended March 31, 2016	—	15.00	—		
(Projection) Fiscal Year Ending March 31, 2016				15.00	30.00

Note: Revision of the last projections we showed: No

3. Consolidated Projections for the Fiscal Year ending March 31, 2016 (April 1, 2015 - March 31, 2016)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full Year	185,000	△ 14.8	3,300	△ 34.7	3,300	△ 35.6	2,150	△ 46.9	94.98

Note: Revision of the last projections we showed: Yes

※ Other Information

- (1) Significant changes in consolidated subsidiaries during the period: No
- (2) Application of special accounting methods for quarterly consolidated financial statements: No
- (3) Changes in accounting principles, accounting estimation change and error correction.
 - a) Changes in accounting principles due to revisions to accounting standards and other regulations: Yes
 - b) Changes in accounting principles due to revisions to other reasons: No
 - c) Changes in accounting estimation: No
 - d) Error correction: No
- (4) Number of shares issued (common shares)
 - a) Number of shares issued at the end of the period (including treasury shares)

3rd quarter of the fiscal year ending March 31, 2016	24,050,000shares
Fiscal year ended March 31, 2015	24,050,000shares
 - b) Number of treasury shares at the end of the period

3rd quarter of the fiscal year ending March 31, 2016	1,367,870shares
Fiscal year ended March 31, 2015	1,413,310shares
 - c) Average number of shares during the period

For the 3rd quarter of the fiscal year ending March 31, 2016	22,668,919shares
For the 3rd quarter of the fiscal year ended March 31, 2015	22,631,051shares

* Information regarding the implementation of quarterly review procedures

This Report was exempt from quarterly review which was based on "Financial Instruments and Exchange Act." At the time of release of this report, the quarterly review procedures based on "Financial Instruments and Exchange Act." have not been completed.

*Proper use of earnings projections, and other special matters

The above projections are based on information available to the Company as of the date of the announcement of these materials. Actual business results may differ from the projections due to a number of factors in the future.

II . Consolidated Quarterly Financial Statements
 (i) Consolidated Quarterly Balance Sheets

(¥ million)

	Prior Fiscal Year (As of Mar. 31, 2015)	Current Fiscal Year (As of Dec.31, 2016)
Assets		
Current assets		
Cash and deposits	15,867	5,071
Notes and accounts receivable - trade	25,682	50,504
Inventories	6,746	8,850
Other	4,154	5,130
Allowance for doubtful accounts	△1	△3
Total current assets	52,449	69,553
Non-current assets		
Property, plant and equipment	688	733
Intangible assets	854	1,054
Investments and other assets	5,900	9,970
Total non-current assets	7,443	11,759
Total assets	59,893	81,313
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,118	38,595
Short-term loans payable	—	3,000
Income taxes payable	1,038	545
Provision for bonuses	775	111
Provision for directors' bonuses	121	—
Other provision	16	13
Other	4,886	4,343
Total current liabilities	26,957	46,609
Non-current liabilities		
Net defined benefit liability	2,528	2,591
Other	826	860
Total non-current liabilities	3,355	3,451
Total liabilities	30,312	50,061
Net assets		
Shareholders' equity		
Capital stock	2,751	2,751
Capital surplus	2,775	2,784
Retained earnings	23,999	25,431
Treasury shares	△936	△906
Total shareholders' equity	28,590	30,061
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	678	794
Deferred gains or losses on hedges	0	△1
Total accumulated other comprehensive income	678	792
Subscription rights to shares	310	398
Total net assets	29,580	31,252
Total liabilities and net assets	59,893	81,313

(ii) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
(Consolidated Quarterly Statements of Income)

(¥ million)

	Prior Fiscal Year (Apr. 1, 2014 - Dec. 31, 2014)	Current Fiscal Year (Apr. 1, 2015 - Dec. 31, 2015)
Net sales	174,327	150,028
Cost of sales	153,609	132,882
Gross profit	20,717	17,145
Selling, general and administrative expenses	15,568	13,931
Operating income	5,149	3,213
Non-operating income		
Interest income	1	2
Dividend income	28	42
Other	48	24
Total non-operating income	78	69
Non-operating expenses		
Interest expenses	1	0
Loss on cancellation of leases	5	—
Provision of allowance for doubtful accounts	0	30
Other	1	0
Total non-operating expenses	8	31
Ordinary income	5,219	3,251
Extraordinary income		
Gain on sales of non-current assets	6	—
Gain on sales of investment securities	4	—
Gain on change of leasehold contracts	—	56
Total extraordinary income	11	56
Extraordinary losses		
Loss on sales of non-current assets	—	4
Loss on retirement of non-current assets	12	2
Loss on sales of investment securities	0	—
Loss on valuation of investment securities	14	—
Impairment loss	125	—
Loss on sales of membership	0	—
Loss on revision of retirement benefit plan	379	—
Total extraordinary losses	532	6
Income before income taxes and minority interests	4,699	3,300
Income taxes - current	1,351	824
Income taxes - deferred	△646	364
Total income taxes	704	1,189
Profit	3,995	2,111
Profit attributable to owners of parent	3,995	2,111

(Consolidated Quarterly Statements of Comprehensive Income)

(¥ million)

	Prior Fiscal Year (Apr. 1, 2014 - Dec. 31, 2014)	Current Fiscal Year (Apr. 1, 2015 - Dec. 31, 2015)
Profit	3,995	2,111
Other comprehensive income		
Valuation difference on available-for-sale securities	149	116
Deferred gains or losses on hedges	0	△2
Total other comprehensive income	149	113
Comprehensive income	4,144	2,225
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,144	2,225

III. Consolidated Quarterly Financial Results by Business Segments

(1) 3rd Quarter of the Fiscal Year Ended March 31, 2015 (April 1, 2014 - December 31, 2014)

(¥ million)

	Segments					Adjustment *1	Consolidated Total *2
	Toy business	Visual and Music business	Video-game business	Amusement business	Total		
Net sales							
To external customers	74,911	32,379	48,571	18,464	174,327	—	174,327
Inter-segment sales and transfers	—	—	—	—	—	—	—
Total	74,911	32,379	48,571	18,464	174,327	—	174,327
Segment income	4,258	27	427	1,475	6,187	△ 1,037	5,149

*1 The △1,037 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) 3rd Quarter of the Fiscal Year Ending March 31, 2016 (April 1, 2015 - December 31, 2015)

(¥ million)

	Segments					Adjustment *1	Consolidated Total *2
	Toy business	Visual and Music business	Video-game business	Amusement business	Total		
Net sales							
To external customers	62,458	28,660	42,116	16,792	150,028	—	150,028
Inter-segment sales and transfers	—	—	—	—	—	—	—
Total	62,458	28,660	42,116	16,792	150,028	—	150,028
Segment income(loss)	2,579	312	23	1,309	4,225	△ 1,011	3,213

*1 The △1,011 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.