

**Summary of Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2010 (FY2009)
(Six Months Ended September 30, 2009)**

Company name: Sanrio Company, Ltd. Listed Stock Exchange: TSE 1st Section
 Stock code: 8136 URL: <http://www.sanrio.co.jp/english/corporate/ir/>
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 Scheduled date of filing of Quarterly Report: November 13, 2009
 Starting date of dividend payment: -

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Second Quarter of FY2009 (April 1, 2009 – September 30, 2009)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Sales		Operating Profit		Ordinary Profit		Net Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Sep. 30, 2009	33,271	(3.5)	2,799	(13.2)	2,174	(29.2)	601	(48.7)
Six months ended Sep. 30, 2008	34,471	-	3,224	-	3,070	-	1,171	-

	Net Profit per Share	Fully-Diluted Net Profit per Share
	Yen	Yen
Six months ended Sep. 30, 2009	4.19	-
Six months ended Sep. 30, 2008	10.61	-

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of Sep. 30, 2009	83,688	27,286	32.6	194.98
As of Mar. 31, 2009	79,087	26,844	33.9	187.08

(Reference) Shareholders' equity (millions of yen) Sep. 30, 2009: 27,257 Mar. 31, 2009: 26,821

2. Dividends

	Dividend per Share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2008	-	0.00	-	10.00	10.00
FY2009	-	0.00			
FY2009 (forecast)			-	10.00	10.00

Notes: 1. Revision of dividend forecast during the period: None

2. The dividend figures above show dividends for common stock. Please refer to "Dividends of classified stock" on page 2 for information on dividends for shares whose rights are different from those of the Company's common stock.

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2010 (April 1, 2009 – March 31, 2010)

(Percentages represent year-on-year changes)

	Sales		Operating Profit		Ordinary Profit		Net Profit		Net Profit per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	68,572	(1.7)	6,097	(7.3)	4,947	(16.9)	2,694	-	25.49

Note: Revision of consolidated forecast during the period: Yes

4. Others

- (1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None
- (2) Application of simplified accounting methods and special accounting methods in the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting principles, procedures and presentation methods, etc. for preparation of quarterly consolidated financial statements
- 1) Changes caused by revision of accounting standards: None
- 2) Other changes: None
- (4) Number of outstanding shares (common stock)
- 1) Number of outstanding shares at the end of period (including treasury stock)
- | | | | |
|----------------|-------------------|----------------|-------------------|
| Sep. 30, 2009: | 88,148,431 shares | Mar. 31, 2009: | 88,148,431 shares |
|----------------|-------------------|----------------|-------------------|
- 2) Number of treasury stock at the end of period
- | | | | |
|----------------|----------------|----------------|----------------|
| Sep. 30, 2009: | 847,344 shares | Mar. 31, 2009: | 847,216 shares |
|----------------|----------------|----------------|----------------|
- 3) Average number of shares outstanding during the period
- | | | | |
|---------------------------------|-------------------|---------------------------------|-------------------|
| Six months ended Sep. 30, 2009: | 87,301,140 shares | Six months ended Sep. 30, 2008: | 87,301,381 shares |
|---------------------------------|-------------------|---------------------------------|-------------------|

*** Cautionary statement with respect to forward-looking statements**

Forecasts regarding future performance in these materials are based on assumptions judged to be valid and information currently available to the Company. Actual results may differ significantly from these forecasts for a number of factors. Please refer to "Qualitative Information and Financial Position, 3. Qualitative information regarding forecasts for consolidated business results" on page 6 for precondition and assumption as the basis of the above forecasts.

Dividends of classified stock

Total dividends and breakdown of dividends for classified stock whose rights are different from those of common stock are shown below.

(Record date)	Dividend per Share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Class B preferred stock					
FY2008	-	0.00	-	489.90	489.90
FY2009	-	0.00			
FY2009 (forecast)			-	469.00	469.00

Qualitative Information and Financial Position (Six Months Ended September 30, 2009)

1. Qualitative information regarding consolidated business results

The global economy as a whole began to rebound in the first six months of the current fiscal year (April 1, 2009 to September 30, 2009), led by high growth in China and other emerging economies, and supported by individual government initiatives to counter falls in demand. The Japanese economy bottomed out in March and began to recover, but price declines for various goods indicate that it is falling into a deflationary trend. This has led to cautious corporate investment and private consumption, inviting further price falls and creating fears of a vicious circle.

Under such conditions, total sales fell 3.5% year-on-year to 33.2 billion yen. Domestic sales fell 4.6% year-on-year to 23.1 billion yen while overseas sales fell just 0.8% to 10.1 billion yen, despite the appreciating yen, due to strong expansion in the European region. The overseas sales ratio was 30.5%. Operating profit fell 13.2% to 2.7 billion yen, as brisk business overseas reduced the impact of weak performances from theme parks and domestic licensing in the social communication gifts segment.

Ordinary profit fell 29.2% to 2.1 billion yen, due to sluggish corporate profits and falling deposit interest rates reducing interest income and dividend income, and foreign exchange losses from the yen's sharp appreciation exacerbating non-operating profit and loss. Net profit before income taxes and other adjustments fell 28.4% year-on-year to 1.7 billion yen, and net profit fell 48.7% to 0.6 billion yen.

Since the fiscal year-end for all overseas consolidated subsidiaries is December, the first six months under review covers the period from January to June 2009.

Business Results by Segment

(100 millions of yen)

Six months ended	Sales				Operating Profit			
	Sep. 2008	Sep. 2009	Increase/ decrease	Change %	Sep. 2008	Sep. 2009	Increase/ decrease	Change %
Social communication gifts	302	293	(9)	(3.0)	43	37	(5)	(13.7)
Theme parks	29	27	(1)	(5.2)	(5)	(3)	1	-
Other business	12	11	(1)	(10.8)	(1)	(1)	(0)	-
Eliminations and corporate	-	-	-	-	(4)	(3)	0	-
Consolidated	344	332	(12)	(3.5)	32	27	(4)	(13.2)

i. Social communication gifts:

Sales fell 3.0% year-on-year to 29.3 billion yen, and operating profit fell 13.7% to 3.7 billion yen

In the first quarter overseas licensing performed well but sales to department, chain, and convenience stores declined, and domestic licensing suffered from weak sales of toys and gifts sold in limited areas. In the second quarter the launch of products commemorating the 35th anniversary of Hello Kitty helped directly owned stores and directly operated shops within department stores to overcome the harsh retail environment and exceed the sales figures for the previous second quarter, while overseas licensing also performed well. Nevertheless, chain-store bound sales and domestic licensing continued to languish, while the generally strong overseas business was affected by the strong yen, leading to a decline over the first six months. Domestic same-store sales (based on directly owned stores and directly operated shops within department stores) achieved 102.1% of the previous year's level, while sales continued to rise in the thriving European region despite the soaring yen. The fall in profits is mainly due to weak sales of domestic licensing.

On the product and character side, license transactions grew both domestically and internationally, driven by "Hello Kitty." In Japan, especially, the successful focus on collaboration for apparel and bags compensated for the poor performance of gifts sold in limited areas. With domestic product sales, products commemorating Hello Kitty's 35th anniversary permeated each event, contributing strongly to a rise in sales in the second half of the first six months of the fiscal year.

ii. Theme parks:

Sales fell 5.2% year-on-year to 2.7 billion yen, and operating loss stood at 0.3 billion yen, an improvement of 0.1 billion yen

The fall in sales is mainly attributable to the slowdown at Sanrio Puroland in Tama City, Tokyo, in the first and second quarters. Visitor numbers of 374,000 (down 35,000 year-on-year) underperformed expectations, especially during the summer vacation period, which attracts the largest numbers throughout the year. The slowdown occurred despite the launch of a new musical, "Hello Kitty and the Wizard of Oz," playing from April in collaboration with Takarazuka, and the role-playing experiential game, "Black Wonder."

Harmony Land in Oita Prefecture performed well thanks to such factors as cheaper expressway tolls throughout the first six months of the fiscal year, advance ticket discount campaigns at Sanrio stores, and the staging of events. Visitor numbers reached 187,000 (a year-on-year rise of 27,000), despite the sharp fall in group visitors from Taiwan and South Korea due to the impact of the strong yen and swine flu.

iii. Other business:

Sales fell 10.8% year-on-year to 1.1 billion yen, and operating loss fell slightly at 0.1 billion yen

Business mainly comprises restaurants, real estate leasing, and robot production. The operating loss and fall in sales and profits were mainly attributable to a downturn in the robot production business and the effect of special orders acquired the previous year from a campaign in the Kentucky Fried Chicken franchise.

Results by Geographic Segment

(100 millions of yen)

Six months ended	Sales				Operating Profit			
	Sep. 2008	Sep. 2009	Increase/ decrease	Change %	Sep. 2008	Sep. 2009	Increase/ decrease	Change %
Japan	255	239	(15)	(6.1)	17	11	(5)	(32.5)
Europe	45	48	3	6.8	13	14	0	1.1
North America	23	22	(1)	(6.7)	2	3	0	36.9
Other areas	20	22	2	10.0	3	3	(0)	(15.4)
Eliminations and corporate	-	-	-	-	(4)	(3)	0	-
Consolidated	344	332	(12)	(3.5)	32	27	(4)	(13.2)

Since the fiscal year-end for the consolidated subsidiaries in America (including Brazil), Taiwan, and Hong Kong was changed from March to December in the previous fiscal year, the year-on-year comparative figures for regions including North America, Brazil, Taiwan, and Hong Kong compare the April to September 2008 period with the January to June 2009 period, while figures for Europe and other regions compare January to June 2008 with January to June 2009.

i. Japan: Sales fell 6.1% year-on-year to 23.9 billion yen, and operating profit fell 32.5% to 1.1 billion yen

The fall in sales is mainly attributable to the slowdown in the domestic consumer environment, which affected special orders for convenience stores and licensed products (mentioned above). The fall in profit is mainly due to lower sales in the domestic licensing.

ii. Europe: Sales rose 6.8% year-on-year to 4.8 billion yen, and operating profit rose 1.1% to 1.4 billion yen

Product and licensing sales generally continued to perform well in the second quarter, while sales and profits rose despite the yen's sharp appreciation against the euro. The product sales business performed at around the same level as the previous fiscal year, despite battling a listless consumer environment and rising costs deriving from falling currency values in the still-developing East European region. The licensing business also remained strong as the demand from new licensees continued to grow, and the market expanded in the north and east of Europe.

iii. North America: Sales fell 6.7 % year-on-year to 2.2 billion yen, and operating profit rose 36.9% to 0.3 billion yen

The North American consumer environment, influenced by high unemployment, remained flat in the first two quarters. In this environment the continuing review of global licensees begun last year has borne fruit, and the strong performance of licensing over the first six months of the current fiscal year has led to falling sales with rising profits.

iv. Other areas (mainly Brazil and Asia):

Sales rose 10.0% year-on-year to 2.2 billion yen, and operating profit fell 15.4% to 0.3 billion yen

In Brazil, operating profit rose due to cost-cutting measures, while the major impact of currency exchange rates caused sales to fall despite strong performance. In the Asian region, the Sanrio Group posted an operating loss in Taiwan due to the poor performance of the San-Byte Taiwan's movie distribution and copyright agency business for other companies in a generally weak consumer spending. In Hong Kong, sales and profits rose as Europe-bound exports continued to increase over the first two quarters while reducing costs. In South Korea, sales and profits fell despite local joint ventures in the licensing business improving on the previous fiscal year's performances. The falls were due to the strong appreciation of the yen and corresponding depreciation of the won combined with a rise in costs incurred by the staging of events and promotions commemorating the 35th anniversary of Hello Kitty. In China, the consumption slowdown of the previous year continued in the second quarter, and sales and profits fell due to continuing caution over licensee inventory investment.

2. Qualitative information regarding consolidated financial position

At the end of the second quarter, total assets stood at 83.6 billion yen, a rise of 4.6 billion yen from the end of the previous fiscal year. The major positive factors included 2.0 billion yen in cash and deposits, 0.9 billion yen in inventories in preparation for the Christmas sales campaign, 0.3 billion yen in investment securities mainly attributable to a recovery in share prices, and 0.8 billion yen in long-term loans. Meanwhile liabilities grew 4.1 billion yen to 56.4 billion yen. The major positive factors included 1.9 billion yen in corporate bonds, 1.0 billion yen in trade notes and accounts payable, 0.3 billion yen in other accounts payable and 0.2 billion yen in accrued income taxes. Net assets rose 0.4 billion yen to 27.2 billion yen due to such factors as a rise of 0.6 billion yen from net profit, a rise of 0.3 billion yen from net unrealized gain on other securities, a rise of 0.8 billion yen from foreign currency translation adjustment, and a 1.3 billion yen fall due to dividends paid. The equity ratio was 32.6%, down 1.3 percentage points from the end of the previous fiscal year.

Cash flows from operating activities amounted to an inflow of 2.2 billion yen (down 1.5 billion yen year-on-year). This is mainly attributable to inflows comprising 2.7 billion yen of operating profit (down 0.4 billion yen year-on-year) and depreciation and provisions of 0.8 billion yen (up slightly year-on-year) set against outflows comprising a 0.5 billion yen increase in working capital (down 2.2 billion yen year-on-year) due to factors such as fluctuations in accounts receivable, accounts payable, and inventories, and 1.0 billion yen (down 0.1 billion yen year-on-year) for interest, income tax, and other payments. In addition, there was a decline in outflows of 1.3 billion yen mainly due to fluctuations in consumption tax payable and other assets and liabilities.

Cash flows from investing activities resulted in an outflow of 0.9 billion yen (down 0.5 billion yen year-on-year). This was mainly attributable to payments of 0.9 billion yen for the purchase of tangible fixed assets. Moreover, the fall in payments for purchase of investment securities and loans receivable resulted in a decline of 0.4 billion yen year-on-year outflow.

Cash flows from financing activities resulted in an inflow of 0.3 billion yen (up 2.8 billion yen year-on-year). This is mainly attributable to an inflow comprising 2.4 billion yen of issuance of corporate bonds set against outflows comprising 1.3 billion yen of dividends paid and 0.5 billion yen of redemption of corporate bonds.

As a result of the above, cash and cash equivalents at the end of the second quarter increased 2.0 billion yen from the end of the previous fiscal year to 15.6 billion yen.

3. Qualitative information regarding forecasts for consolidated business results

In the Japanese economy and elsewhere, government spending on demand-boosting initiatives has taken effect, and numerous indicators have begun to point to a recovery trend. The employment environment continues to deteriorate, however, and the weak consumer environment is predicted to continue.

Under these conditions, the social communication gifts business is anticipated to continue expanding overseas, led by licensing in the European region, while strong domestic product sales are also anticipated. Recovery prospects for domestic licensing are still uncertain, however, due to the slowdown in the department stores and chain stores that provide the bulk of licensed product sales and the strong trend toward low-end products.

The Sanrio Group aims to reduce operating losses in the theme parks business by endeavoring to step up the cost-cutting drive of the first two quarters. We anticipate that the harsh conditions will continue into the third quarter and beyond, however, due to the continuing economy trend influenced by the uncertain employment environment.

In light of the situation above, we have revised the full-year forecasts released on May 14, 2009 (see the table below). Net profit fell sharply over the first two quarters because it was judged that the refund of income taxes-deferred, which was initially anticipated to accompany the reorganization of the theme parks business, would not be approved in the tax plan.

	Sales	Operating Profit	Ordinary Profit	Net Profit	Net Profit per Share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A) (announced on May 14, 2009)	69,977	6,585	5,783	4,798	49.55
Revised forecast (B)	68,572	6,097	4,947	2,694	25.49
Change (B-A)	(1,405)	(488)	(836)	(2,104)	-
Rate of change (%)	(2.0)	(7.4)	(14.5)	(43.9)	-
Results for the previous fiscal year (FY2008)	69,767	6,575	5,954	(1,495)	(22.74)

We are currently working on developing medium-term management plan for the next fiscal year onward, which will mark the 50th anniversary of the founding of the Sanrio Group, using the results in the full-year forecasts above as a starting point. The plan (outlined below) is scheduled for release along with the announcement of the full-year financial statements in May 2010.

- (1) Review the profit structure for the high-cost domestic product sales business
 - i. Renew product, store, sales, and media strategies, and integrate and streamline the organization
 - ii. Standardize product lines in Japan, the U.S., and Europe to enhance product appeal and profitability
 - iii. Withdraw less profitable stores (anticipated to include about 90 stores, which is one-third of the stores currently operating in the retail sector)
 - iv. Exploit media strategies to strengthen marketing functions and focus on linking product and store ads
- (2) Strengthen the organization efficiency and sales capabilities of domestic licensing

Introduce sales personnel produced from the streamlining of the product sales business
- (3) Cut costs of unified theme parks business
 - i. Reduce costs by lowering show production expenses and extending the performance runs
 - ii. Re-stage popular productions multiple times
 - iii. Partially outsource restaurants, events, etc.
 - iv. Loan facilities to external events
- (4) Strengthen sales capabilities for the sales and profits growth structure to make the strong overseas licensing business a growth driver
- (5) Overseas subsidiary system and infrastructure maintenance

(Reference) Overseas Sales and Profit for the Past Six-month Periods by Area

(Millions of yen)

Six months ended		Sales to customers					Operating profit				
		Sep. 2007	Sep. 2008	Change (%)	Sep. 2009	Change (%)	Sep. 2007	Sep. 2008	Change (%)	Sep. 2009	Change (%)
North America	U.S.A.	2,934	2,393	(18.5)	2,232	(6.7)	316	221	(29.9)	303	36.9
Latin America	Brazil	446	416	(6.8)	399	(4.0)	191	123	(35.5)	135	10.0
Asia	Hong Kong	1,521	907	(40.3)	1,306	43.9	247	126	(48.7)	148	17.0
	Taiwan	619	414	(33.1)	350	(15.4)	90	24	(73.3)	(6)	-
	Korea	299	118	(60.4)	56	(52.1)	76	39	(48.1)	14	(62.2)
	China	146	211	44.2	162	(23.5)	34	58	68.8	22	(60.9)
Asia subtotal		2,586	1,652	(36.1)	1,875	13.5	448	248	(44.5)	179	(28.0)
Europe	Europe	2,776	4,502	62.2	4,810	6.8	775	1,399	80.4	1,414	1.1
Total		8,743	8,963	2.5	9,317	3.9	1,732	1,993	15.1	2,033	2.0

(Reference) Comparison of equivalent period (January to June) for overseas subsidiaries whose fiscal year-end was changed from March to December

(Millions of yen)

		Sales to customers				Operating profit			
		Jan-Jun 2008	Apr-Sep 2009	Increase/decrease	Change (%)	Jan-Jun 2008	Apr-Sep 2009	Increase/decrease	Change (%)
North America	U.S.A.	2,441	2,232	(208)	(8.6)	311	303	(8)	(2.6)
Latin America	Brazil	364	399	34	9.5	149	135	(13)	(9.1)
Asia	Hong Kong	816	1,306	489	59.9	65	148	83	127.5
	Taiwan	415	350	(64)	(15.6)	(34)	(6)	27	-

4. Others

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation)

Not applicable.

(2) Application of simplified accounting methods and special accounting methods in the preparation of quarterly consolidated financial statements

1) Simplified accounting methods

Not applicable.

2) Special accounting methods in the preparation of quarterly consolidated financial statements

Not applicable.

(3) Changes in accounting principles, procedures and presentation methods, etc. for preparation of quarterly consolidated financial statements

1) Changes caused by revision of accounting standards

Not applicable.

2) Other changes

Not applicable.

5. Quarterly Consolidated Financial Statements**(1) Consolidated Balance Sheets**

	(Millions of yen)	
	Second quarter of FY2009 (As of Sep. 30, 2009)	FY2008 Summary (As of Mar. 31, 2009)
Assets		
Current assets		
Cash and deposit	15,906	13,891
Trade notes and accounts receivable	9,556	9,431
Merchandise and finished goods	5,533	4,703
Work in process	189	73
Raw materials and supplies	263	240
Other	2,941	2,714
Allowance for doubtful accounts	(83)	(71)
Total current assets	34,306	30,983
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	7,750	7,372
Land	11,357	11,290
Other, net	1,328	1,401
Total tangible fixed assets	20,435	20,063
Intangible fixed assets	567	448
Investments and other assets		
Deferred tax assets	8,518	8,694
Other	20,738	19,726
Allowance for doubtful accounts	(964)	(881)
Total investments and other assets	28,292	27,539
Total fixed assets	49,295	48,052
Deferred assets	86	51
Total assets	83,688	79,087
Liabilities		
Current liabilities		
Trade notes and accounts payable	7,500	6,453
Short-term borrowings	16,967	17,947
Accrued income taxes	951	677
Allowance for bonuses	411	370
Reserve for adjustment of returned goods	97	105
Other	6,560	5,411
Total current liabilities	32,488	30,964
Long-term liabilities		
Corporate bonds	7,066	5,607
Long-term borrowings	8,088	7,127
Reserve for retirement benefits for employees	6,941	6,884
Reserve for retirement benefits for directors	408	457
Other	1,408	1,201
Total long-term liabilities	23,913	21,278
Total liabilities	56,401	52,243

	(Millions of yen)	
	Second quarter of FY2009 (As of Sep. 30, 2009)	FY2008 Summary (As of Mar. 31, 2009)
Net assets		
Shareholders' equity		
Capital	14,999	14,999
Capital surplus	8,732	10,095
Retained earnings	9,790	9,189
Treasury stock	(954)	(954)
Total shareholder's equity	32,568	33,330
Valuation and translation adjustment		
Net unrealized gain (loss) on other securities	(1,529)	(1,893)
Deferred hedge gain (loss)	(57)	(51)
Foreign currency translation adjustments	(3,723)	(4,563)
Total valuation and translation adjustment	(5,311)	(6,508)
Minority interests	29	22
Total net assets	27,286	26,844
Total liabilities and net assets	83,688	79,087

(2) Consolidated Income Statements
(For the Six-month Period)

(Millions of yen)

	First six months of FY2008 (Apr. 1, 2008 – Sep. 30, 2008)	First six months of FY2009 (Apr. 1, 2009 – Sep. 30, 2009)
Sales	34,471	33,271
Cost of sales	15,658	15,058
Gross profit	18,812	18,213
Reversal from reserve for adjustment of returned goods	5	8
Net gross profit on sales	18,817	18,221
Selling, general and administrative expenses	15,593	15,421
Operating profit	3,224	2,799
Non-operating profit		
Interest income	196	136
Other	319	168
Total non-operating profit	515	304
Non-operating expenses		
Interest expense	368	308
Tax and public charges	170	214
Foreign exchange loss	-	287
Other	129	120
Total non-operating expenses	669	930
Ordinary profit	3,070	2,174
Extraordinary gains		
Gain on sales of fixed assets	-	2
Gain on sales of investment securities	-	2
Reversal of allowance for doubtful accounts	59	-
Other	11	-
Total extraordinary gains	71	5
Extraordinary losses		
Valuation loss on investment securities	502	-
Restructuring loss	-	378
Valuation loss on inventories	79	-
Other	69	19
Total extraordinary losses	652	398
Net profit before income taxes and other adjustments	2,488	1,780
Income taxes - current	690	1,009
Income taxes - deferred	617	164
Total income taxes	1,308	1,173
Minority interests in income of consolidated subsidiaries	8	5
Net profit	1,171	601

(3) Consolidated Cash Flow Statements

(Millions of yen)

	First six months of FY2008 (Apr. 1, 2008 – Sep. 30, 2008)	First six months of FY2009 (Apr. 1, 2009 – Sep. 30, 2009)
Cash flows from operating activities		
Net profit before income taxes and other adjustments	2,488	1,780
Depreciation	828	676
Amortization of long-term prepaid expenses	49	46
Increase (decrease) in allowance for doubtful accounts	(72)	79
Increase (decrease) in reserve for bonuses	26	41
Interest and dividend income	(261)	(167)
Interest expense	368	308
Decrease (increase) in accounts receivable	3,075	(638)
Decrease (increase) in inventories	(534)	(931)
Decrease (increase) in other assets	(130)	(28)
Increase (decrease) in accounts payable	(819)	1,022
Increase (decrease) in consumption tax payable	33	(97)
Increase (decrease) in other liabilities	(823)	583
Other	584	458
Subtotal	4,812	3,133
Interests and dividends received	261	173
Interests paid	(367)	(292)
Income taxes paid	(856)	(753)
Cash flows from operating activities	3,849	2,261
Cash flows from investing activities		
Payments for time deposits	(140)	(145)
Withdrawal of time deposits	324	173
Payments for purchase of tangible fixed assets	(826)	(947)
Payments for purchase of investment securities	(248)	(12)
Proceeds from sale of investment securities	199	47
Payments for loans receivable	(318)	(56)
Collection of guarantees	224	121
Other	(743)	(116)
Cash flows from investing activities	(1,528)	(936)
Cash flows from financing activities		
Increase in short-term borrowings	843	43
Decrease in short-term borrowings	(747)	(528)
Increase in long-term borrowings	4,000	2,200
Decrease in long-term borrowings	(4,480)	(1,737)
Proceeds from issuance of corporate bonds	1,185	2,456
Payment for redemption of corporate bonds	(1,743)	(581)
Dividends paid	(1,348)	(1,359)
Other	(138)	(115)
Cash flows from financing activities	(2,427)	377
Effect of exchange rate changes on cash and cash equivalents	171	330
Increase (decrease) in cash and cash equivalents	65	2,033
Cash and cash equivalents at beginning of period	12,445	13,599
Cash and cash equivalents at end of period	12,510	15,632

(4) Going Concern Assumption

Not applicable.

(5) Segment Information

Business segment information

First six months of FY2008 (Apr. 1, 2008 – Sep. 30, 2008)

(Millions of yen)

	Social communication gifts	Theme parks	Other	Total	Eliminations and corporate	Consolidated
Sales						
(1) Customers	30,267	2,951	1,252	34,471	-	34,471
(2) Inter-segment	382	613	54	1,050	(1,050)	-
Total	30,650	3,565	1,306	35,522	(1,050)	34,471
Operating profit (loss)	4,340	(513)	(167)	3,660	(436)	3,224

Notes: 1. Method of business classification

Business classification is based on categories adopted for purpose of internal management.

2. Main businesses belonging to each category

Segment	Sub-segment	Major businesses
Social communication gifts	Social communication gift products	Stationeries, kitchen and tableware, bathroom goods, interior decorative goods, sundries, portable goods, apparel goods
	Greeting cards	Birthday cards, Christmas cards
	Publications	Gift books, poetries, general publication, magazines
	Movies, videos	Video software sales
	Copyright management	Management of licenses
Theme parks	Theme park services	Attraction facility operation, goods sales, restaurants
	Tie-up commissions	Commissions from collaborating companies
	Dramas	Planning and play of musicals and others
Other	Restaurants	Restaurants, Kentucky Fried Chickens
	Real estate leasing	Real estate rent leasing
	Production and rental of robots	Production and rental of robots
	Film production	Production associations

3. Inventory was computed primarily by the moving-average cost method in prior years, but effective from the first quarter of the fiscal year inventory is valued primarily by the moving-average cost method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins). Given this change, operating profit in the social communication gifts business for the first six months of the fiscal year has decreased by 9 million yen.

First six months of FY2009 (Apr. 1, 2009 – Sep. 30, 2009)

(Millions of yen)

	Social communication gifts	Theme parks	Other	Total	Eliminations and corporate	Consolidated
Sales						
(1) Customers	29,356	2,797	1,117	33,271	-	33,271
(2) Inter-segment	378	680	66	1,126	(1,126)	-
Total	29,735	3,478	1,184	34,397	(1,126)	33,271
Operating profit (loss)	3,744	(384)	(171)	3,187	(387)	2,799

Notes: 1. Method of business classification

Business classification is based on categories adopted for purpose of internal management.

2. Main businesses belonging to each category

Segment	Sub-segment	Major businesses
Social communication gifts	Social communication gift products	Stationeries, kitchen and tableware, bathroom goods, interior decorative goods, sundries, portable goods, apparel goods
	Greeting cards	Birthday cards, Christmas cards
	Publications	Gift books, poetries, general publication, magazines
	Movies, videos	Video software sales
	Copyright management	Management of licenses
Theme parks	Theme park services	Attraction facility operation, goods sales, restaurants
	Tie-up commissions	Commissions from collaborating companies
	Dramas	Planning and play of musicals and others
Other	Restaurants	Restaurants, Kentucky Fried Chickens
	Real estate leasing	Real estate rent leasing
	Production and rental of robots	Production and rental of robots
	Film production and distribution	Production associations

Geographical segment information

First six months of FY2008 (Apr. 1, 2008 – Sep. 30, 2008)

(Millions of yen)

	Japan	Europe	Other areas	Total	Eliminations and corporate	Consolidated
Sales						
(1) Customers	25,507	4,502	4,461	34,471	-	34,471
(2) Inter-segment	2,263	0	918	3,182	(3,182)	-
Total	27,770	4,503	5,379	37,653	(3,182)	34,471
Operating profit	1,702	1,399	594	3,695	(471)	3,224

Notes: 1. Countries and/or regions are classified by geographical proximity.

2. Major areas included in each segment except for Japan are as follows:

Europe: Italy, France, Spain, Germany, etc.

Other areas: U.S.A., Hong Kong, Taiwan, South Korea, Brazil, China

3. Inventory was computed primarily by the moving-average cost method in prior years, but effective from the first quarter of the fiscal year inventory is valued primarily by the moving-average cost method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins). Given this change, operating profit of "Japan" for the first six months of the fiscal year has decreased by 9 million yen.

First six months of FY2009 (Apr. 1, 2009 – Sep. 30, 2009)

(Millions of yen)

	Japan	Europe	Other areas	Total	Eliminations and corporate	Consolidated
Sales						
(1) Customers	23,953	4,810	4,507	33,271	-	33,271
(2) Inter-segment	2,671	14	920	3,606	(3,606)	-
Total	26,625	4,825	5,428	36,878	(3,606)	33,271
Operating profit	1,149	1,414	618	3,182	(382)	2,799

Notes: 1. Countries and/or regions are classified by geographical proximity.

2. Major areas included in each segment except for Japan are as follows:

Europe: Italy, France, Spain, Germany, etc.

Other areas: U.S.A., Hong Kong, Taiwan, South Korea, Brazil, China

Overseas sales

First six months of FY2008 (Apr. 1, 2008 – Sep. 30, 2008)

(Millions of yen)

	Europe	Other areas	Total
I Overseas sales	4,606	5,626	10,233
II Consolidated sales	-	-	34,471
III Percentage of overseas sales over consolidated sales (%)	13.4	16.3	29.7

Notes: 1. Regions are classified by geographical proximity.

2. Major areas included in each segment are as follows:

Europe: Italy, France, Spain, Germany, etc.

Other areas: U.S.A., Hong Kong, Taiwan, South Korea, Thailand, Brazil, China

3. Overseas sales is a sum of exports of the parent company and domestic consolidated subsidiaries and sales of consolidated subsidiaries based in the U.S.A., Hong Kong, Taiwan, South Korea, Germany, Brazil and China (excluding internal transactions).

First six months of FY2009 (Apr. 1, 2009 – Sep. 30, 2009)

(Millions of yen)

	Europe	Other areas	Total
I Overseas sales	4,823	5,323	10,146
II Consolidated sales	-	-	33,271
III Percentage of overseas sales over consolidated sales (%)	14.5	16.0	30.5

Notes: 1. Regions are classified by geographical proximity.

2. Major areas included in each segment are as follows:

Europe: Italy, France, Spain, Germany, etc.

Other areas: U.S.A., Hong Kong, Taiwan, South Korea, Thailand, Brazil, China

3. Overseas sales is a sum of exports of the parent company and domestic consolidated subsidiaries and sales of consolidated subsidiaries based in the U.S.A., Hong Kong, Taiwan, South Korea, Germany, Brazil and China (excluding internal transactions).

(6) Significant Changes in Shareholders' Equity

Not applicable.

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.