

# Consolidated Results of Operations

(For the Fiscal Year ended March 31, 2008)



**Shinjuku GIFT GATE (Reopened in February 2008)**

**Sanrio Company, Ltd.**  
**Investor Relations Division**  
**Tel: 03-3779-8058**  
**May 21, 2008**

1. Results for the Fiscal Year Ended March 31, 2008

2. New Medium-Term Management Plan  
(from March 2009 to March 2011)

3. Results Forecast  
for the Fiscal Year Ending March 31, 2009

4. Explanation by Segment

5. Reference Materials

# Consolidated Income Statement

(Unit: 100 million yen)

	FY3/08 Results	Compared with FY3/07			Compared with Plan		
		FY3/07	Increase (Decrease)	Change	Initial Plan	Increase (Decrease)	Change
Sales	939	966	(27)	(2.8%)	970	(30)	(3.2%)
Gross profit	392	386	6	1.6%	398	(5)	(1.3%)
Selling, general & administrative expenses	326	324	2	0.7%	327	(0)	(0.2%)
Operating profit	66	62	3	6.3%	70	(4)	(6.6%)
Non-operating profit/loss	(13)	(6)	(7)	-	(9)	(3)	-
Ordinary profit	52	55	(3)	(5.6%)	61	(8)	(13.7%)
Extraordinary profit/loss	(10)	3	(14)	-	(5)	(5)	-
Income before income taxes	41	59	(17)	(30.1%)	55	(14)	(25.3%)
Total of income taxes and adjustment for income taxes	30	18	12	69.0%	30	(0)	1.2%
Net profit	11	41	(30)	(73.1%)	25	(14)	(56.2%)
Gross margin	41.8%	40.0%	1.8%	-	41.0%	0.8%	-
Operating profit margin	7.0%	6.4%	0.6%	-	7.3%	(0.3%)	-
Ordinary profit margin	5.6%	5.8%	(0.2%)	-	6.3%	(0.7%)	-

Comparison with FY3/07: Operating profit increased 6.3%, as a 1.8% improvement in gross profit offset the effect of a 2.8% fall in sales.

Net profit declined 73% reflecting extraordinary losses (appropriation of the reserve for retirement benefits for directors and valuation losses on investment securities) and the tax effect.

# Operating Profit by Segment

(Unit: 100 million yen)

		FY3/08 Results	Compared with FY3/07			Compared with Plan		
			FY3/07	Increase (Decrease)	Change	Plan	Increase (Decrease)	Change
Direct operating profit by segment	Domestic product sales	11	11	0	1.6%	10	0	6.1%
	Domestic licensing	74	83	(9)	(11.1%)	81	(7)	(8.9%)
	Theme parks	(8)	2	(11)	—	(5)	(3)	—
	Theme park support costs	(2)	(7)	5	—	(2)	0	—
	Total theme parks	(11)	(5)	(6)	—	(7)	(3)	—
	Overseas	87	54	32	60.1%	82	4	5.1%
	Other	(7)	6	(14)	—	2	(10)	—
HQ Cost Center expenses and others		(87)	(88)	0	—	(99)	11	—
Consolidated operating profit		66	62	3	6.3%	70	(4)	(6.6%)

Comparison with FY3/07: Operating profit increased 300 million yen (6.3%) as a decline in profits in Domestic Licensing, Theme Parks and Other was offset by a significant rise in profit in Overseas. Profit also rose (1.6%) in Domestic Product Sales after a long interval.

1. Results for the Fiscal Year Ended March 31, 2008

2. New Medium-Term Management Plan  
(from March 2009 to March 2011)

3. Results Forecast  
for the Fiscal Year Ending March 31, 2009

4. Explanation by Segment

5. Reference Materials

# Main Features of the New Medium-Term Management Plan (Project2010)

## ➤ Construction of a stable and solid income base

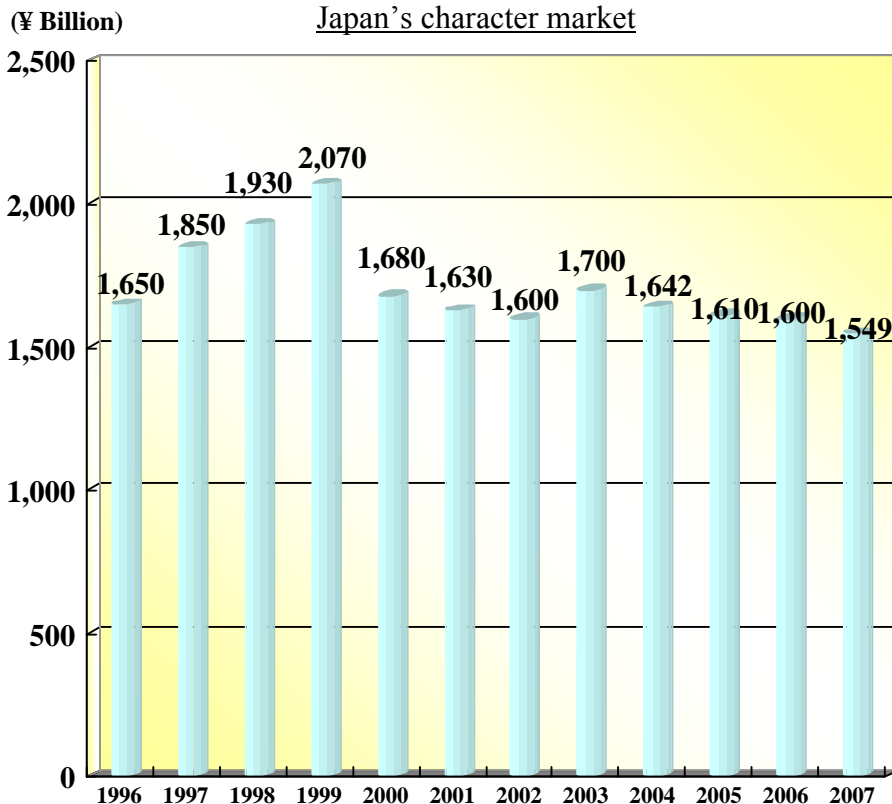
- Improvement in profitability in Domestic Product Sales by reviewing store and product strategies, etc.
- Cost savings through the outsourcing of operations at Headquarters, etc.
- Expand operations Overseas by boosting sales capabilities, etc.
- Income generation at Theme Parks through stronger overseas licensing, etc.

## ➤ Reduction of capital costs

- Acceleration of the speed at which preferred shares are redeemed by reversal of a capital reserve

# Domestic Character Market and Global Licensing Market

## Top 8 in the global retail licensing market in 2007



(Source: Character Data Bank)

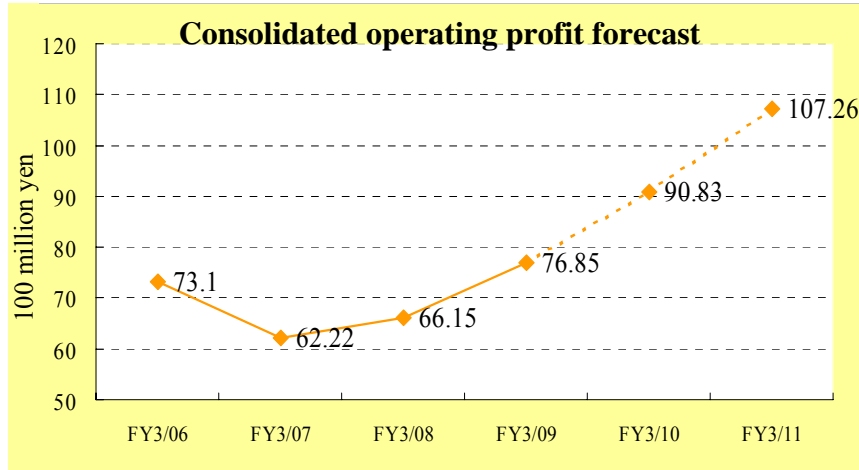
## The world's ranking of licensing sales (retail)

Ranking (2007)	Company	Share (2007)	2006	Ranking (2006)
1	Disney Consumer Products	\$26.00 B	23.6%	\$24.00 B (1)
2	Phillips-Van Heusen	\$6.70 B	6.1%	\$6.70 B (2)
3	WARNER BROS. CONSUMER PRODUCTS	\$6.00 B	5.5%	\$6.00 B (3)
4	ICONIX BRAND GROUP	\$6.00 B	5.5%	— —
5	Marvel Entertainment Inc.	\$5.50 B	5.0%	\$4.80 B (6)
6	NICKELODEON & VIACOM CONSUMER PRODUCTS	\$5.50 B	5.0%	\$5.30 B (4)
7	Major League Baseball	\$5.10 B	4.6%	\$4.70 B (7)
8	<b>Sanrio</b>	<b>\$5.00 B</b>	<b>4.5%</b>	<b>\$5.20 B (5)</b>
9	CHEROKEE GROUP	\$4.00 B	3.6%	— —
10	National Football League	\$3.40 B	3.1%	\$3.20 B (10)
No. 11-30 TOTAL		\$36.75 B	33.4%	\$36.26 B 35.5%
TOTAL		\$109.95 B	100.0%	\$102.16 B 100.0%

(Source: "License!" magazine)

The domestic character market has been showing sluggish growth at a level of 1.6 to 1.7 trillion yen since 2000.  
The growth market in the future will be overseas.

# Overview of the New Medium-Term Management Plan (Project2010)



## Targets

- (1) Operating profit: 10.7 billion yen
- (2) ROE: 18%
- (3) ROA: 13%
- (4) Shareholders' equity ratio: 44%

### Results forecast (consolidated)

(Unit: 100 million yen)

	FY3/08 (Results)	FY3/09 (Plan)	FY3/10 (Plan)	FY3/11 (Plan)	FY3/08-FY3/11 Change
Sales	939	721	761	785	(153)
Gross profit	392	388	410	424	+31
Selling, general & administrative expenses	326	311	319	317	(9)
<b>(1) Operating profit</b>	<b>66</b>	<b>76</b>	<b>90</b>	<b>107</b>	<b>+41</b>
Ordinary profit	52	69	86	103	+50
Net profit	11	37	50	63	+52
Gross margin(%)	42	54	54	54	+12
<b>(2) ROE (%)</b>	<b>3</b>	<b>12</b>	<b>16</b>	<b>18</b>	<b>+15</b>
<b>(3) ROA (%)</b>	<b>6</b>	<b>8</b>	<b>11</b>	<b>13</b>	<b>+7</b>
<b>(4) Equity ratio</b>	<b>37.0%</b>	<b>38.0%</b>	<b>41.0%</b>	<b>44.0%</b>	<b>+7</b>
Total assets	889	816	809	807	(81)
Shareholders' equity	329	311	327	358	+29

We will aim to achieve operating profit of 10.7 billion yen with the growth rate for the first, second and third year being 15%, 18% and 19%, respectively.

The major factor for a decline in sales in FY3/09 is the change of the form of transaction.


# Forecast for Operating Profit by Segment

(Unit: 100 million yen)

		FY3/08 Results	Plan			Increase (Decrease)	Change
			FY3/09	FY3/10	FY3/11	Compared with FY3/08	
Breakdown	Domestic product sales	11	16	17	18	6	59.10%
	Domestic licensing	74	74	75	75	1	2.0%
	Theme parks	(8)	0	1	2	11	-
	Theme park support costs	(2)	(1)	(1)	(1)	0	-
	Total theme parks	(10)	(1)	0	0	11	-
	Overseas	87	90	101	110	23	26.7%
	Other	(7)	(1)	(1)	0	6	-
	HQ Cost Center expenses and others	(87)	(101)	(101)	(97)	(9)	-
Consolidated operating profit		66	76	90	107	41	62.1%

Of a 4.1 billion yen increase in operating profit, Overseas will account for roughly half with 2.3 billion yen, while other Domestic businesses will provide the remainder.

The situation in Overseas does not allow for optimism given the subprime mortgage loan problem and the stronger yen, and we have a cautious year-on-year forecast with a 26% increase in three years. We project a 60% rise in profit for Domestic Product Sales and aim to move into the black in Theme Parks and Other.

- 
1. Results for the Fiscal Year Ended March 31, 2008
  2. New Medium-Term Management Plan  
(from March 2009 to March 2011)
  3. Results Forecast  
for the Fiscal Year Ending March 31, 2009
  4. Explanation by Segment
  5. Reference Materials

# Forecast for the Full Year of FY3/09

(Unit: 100 million yen)

	Forecast for FY3/09				Forecast for 1H of FY3/09			
	Compared with FY3/08			Year-on-year comparison			Change	
	FY3/08 Results	Increase (Decrease)	Change	1H of FY3/08	Increase (Decrease)			
Sales	721	939	(217)	(23.2%)	346	443	(97)	(21.9%)
Gross profit	388	392	(4)	(1.0%)	189	186	3	1.9%
Selling, general & administrative expenses	311	326	(14)	(4.5%)	159	158	1	0.8%
Operating profit	76	66	10	16.2%	30	27	2	7.8%
Non-operating profit/loss	(7)	(13)	5	-	(4)	(4)	0	-
Ordinary profit	69	52	16	31.4%	25	23	2	9.7%
Extraordinary profit/loss	(1)	(10)	9	-	(1)	(4)	3	-
Income before income taxes	67	41	25	61.9%	24	19	5	30.1%
Total of income taxes and adjustment for income taxes	29	30	(0)	(2.4%)	11	11	0	-
Net profit	37	11	26	236.9%	12	7	5	78.2%
Gross margin	53.9%	41.8%	12.1%	-	54.8%	42.0%	12.8%	-
Operating profit margin	10.7%	7.0%	3.7%	-	8.7%	6.3%	2.4%	-
Ordinary profit margin	9.6%	5.6%	4.0%	-	7.5%	5.3%	2.2%	-


We expect sales to decline 23% with the change of transaction formats, etc. (no impact on profit). However, we expect operating profit to rise 16% thanks to the reduction of SG&A expenses, offsetting negative factors such as the nine-month results of overseas subsidiaries and the stronger yen.

# Forecast for FY3/09: Operating Profit by Segment

(Unit: 100 million yen)

		Forecast for FY3/09	Compared with FY3/08			Forecast for 1H of FY3/09	Year-on-year comparison		
			FY3/08 Results	Increase (Decrease)	Change		1H of FY3/08	Increase (Decrease)	Change
Direct operating profit by segment	Domestic product sales	16	11	4	41.5%	4	2	2	104.4%
	Domestic licensing	74	74	(0)	(0.1%)	34	36	(1)	(4.5%)
	Theme parks	0	(8)	9	-	2	(1)	3	-
	Theme park support costs	(1)	(2)	0	-	(0)	(1)	0	-
	Total theme parks	(1)	(11)	9	-	1	(2)	4	-
	Overseas	90	87	3	3.7%	42	39	3	8.8%
	Other	(1)	(7)	6	-	(0)	(3)	3	-
HQ Cost Center expenses and others		(101)	(87)	(13)	-	(52)	(43)	(8)	-
Consolidated operating profit		76	66	10	16.2%	30	27	2	7.8%

We expect operating profit to rise 1 billion yen (16%), as profit should recover in Domestic Products Sales, Theme Parks and Other, although it should slow in Overseas with the nine-month results of subsidiaries in the United States, Hong Kong and Taiwan and the stronger yen.

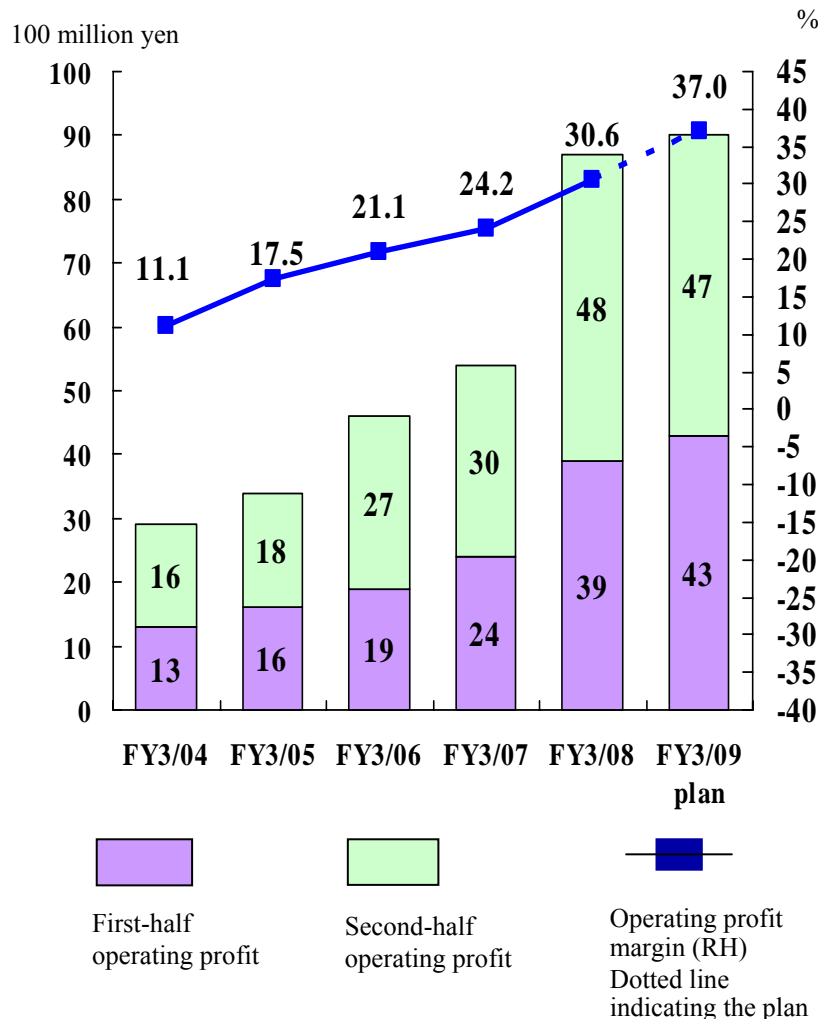
- 
1. Results for the Fiscal Year Ended March 31, 2008
  2. New Medium-Term Management Plan  
(from March 2009 to March 2011)
  3. Results Forecast  
for the Fiscal Year Ending March 31, 2009
  4. Explanation by Segment
  5. Reference Materials

# Review and Outlook by Segment (1)

Overseas

Expand  
Aggressively

## Direct operating profit trends and outlook



## Results in FY3/08

Sales up 26% and profit up 60% year on year

- Sales and profit increased significantly as licensing transactions grew in all regions.
- In Europe, which enjoyed a particularly strong performance, the warehouse function for product sales improved, and the hiring of local high-profile personnel as license sales managers was effective.

## Outlook for FY3/09

Expect sales down 14% and profit up 3.7% year on year

- We expect sales to decline with the nine-month results of subsidiaries in the United States, Hong Kong and Taiwan and the stronger yen, but profit to rise thanks to a firm performance in Europe, a cash cow, and profit increases in other regions.
- We aim to expand large company transactions straddling the United States and Europe by unifying sales systems that have been independent in Europe and the United States, hiring three local personnel as managers to strengthen license sales in Europe and the United States.

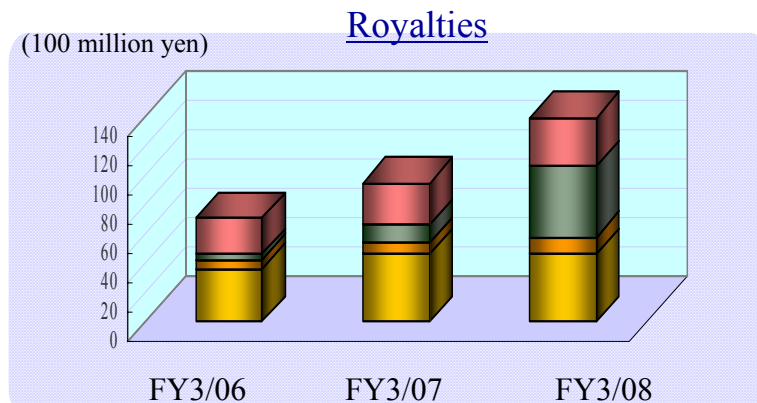
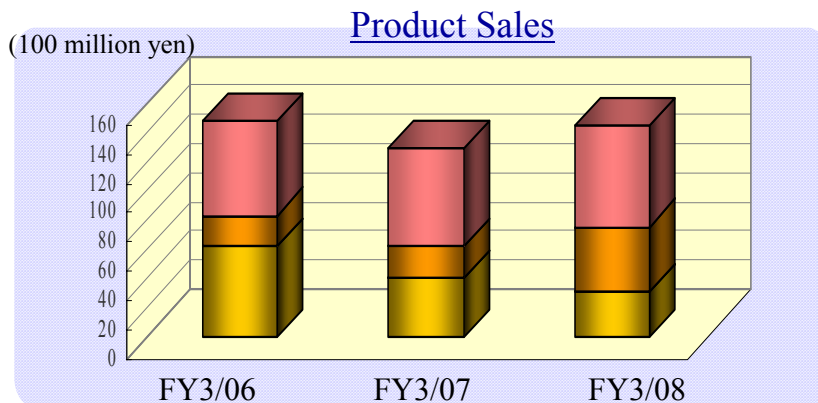
# Performance of the Overseas Business

(Unit: 100 million yen)

	FY3/05	FY3/06	FY3/07	FY3/08	FY3/09 (plan)
<b>Sales</b>	<b>195</b>	<b>221</b>	<b>225</b>	<b>284</b>	<b>244</b>
Y o Y	-	113%	102%	126%	86%
<b>Operating profit</b>	<b>34</b>	<b>47</b>	<b>54</b>	<b>87</b>	<b>90</b>
Y o Y	118%	138%	115%	161%	103%
<b>Overseas sales ratio</b>	<b>15%</b>	<b>17%</b>	<b>18%</b>	<b>24%</b>	<b>24%</b>
<b>Overseas operating profit ratio</b> (before HQ Cost Center expenses and others)	<b>22%</b>	<b>27%</b>	<b>36%</b>	<b>57%</b>	<b>51%</b>

Profit has been increasing in Overseas for the ninth consecutive year, and operating profit in Overseas also accounted for 57% of the total in FY3/08, exceeding 50% for the first time. The operating profit ratio of Overseas is expected to remain above 50% going forward.

# Sales by Region (Royalty and Product Sales)



(Unit: 100 million yen)

		FY3/06	FY3/07		FY3/08	
		Results	Results	Y o Y	Results	Y o Y
North America	Royalty	36	46	28%	46	0%
	Product sales	63	41	(35%)	31	(24%)
	<b>Sales</b>	<b>99</b>	<b>88</b>	<b>(11%)</b>	<b>77</b>	<b>(13%)</b>
South America	Royalty	6	8	33%	12	63%
	Product sales	0	0	0%	1	0%
	<b>Sales</b>	<b>7</b>	<b>8</b>	<b>14%</b>	<b>13</b>	<b>63%</b>
Europe	Royalty	4	12	200%	48	300%
	Product sales	21	22	5%	44	100%
	<b>Sales</b>	<b>25</b>	<b>34</b>	<b>36%</b>	<b>92</b>	<b>171%</b>
Asia	Royalty	25	29	16%	33	14%
	Product sales	65	67	3%	70	4%
	<b>Sales</b>	<b>90</b>	<b>95</b>	<b>6%</b>	<b>103</b>	<b>8%</b>
Total Overseas	Royalty	72	95	32%	139	46%
	Product sales	149	130	(13%)	146	12%
	<b>Sales</b>	<b>221</b>	<b>225</b>	<b>2%</b>	<b>285</b>	<b>27%</b>

Although sales increased significantly in Europe and in Asia and South America, they were down in North America, which experienced the subprime mortgage loan problem. Most of the increase in sales in these regions came from licensing transactions.

# Foreign Exchange Risk

## ● Impact of changes in the exchange rate of the yen against the US dollar

### **Operating profit: subsidiary in the United States**

Operating profit in FY3/09 is expected to be approximately 9 million dollars for subsidiaries in the United States.

The internal exchange rate for FY3/09 is set at 100 yen (a 14 yen appreciation of the yen compared with 114 yen for FY3/08).

Therefore, operating profit contracted by 130 million yen in comparison with that in FY3/08.

Also, if the average exchange rate in FY3/09 becomes 104 yen, operating profit will exceed the forecast by 40 million yen.

### **Non-operating profit and loss: exchange gain and loss**

It is difficult to anticipate differences in rates at the time of recording and receiving accounts receivable and accounts payable, etc. as these are changes that took place during the period.

We recorded an exchange loss of 480 million yen in FY3/08, caused by a sharp appreciation in the yen.

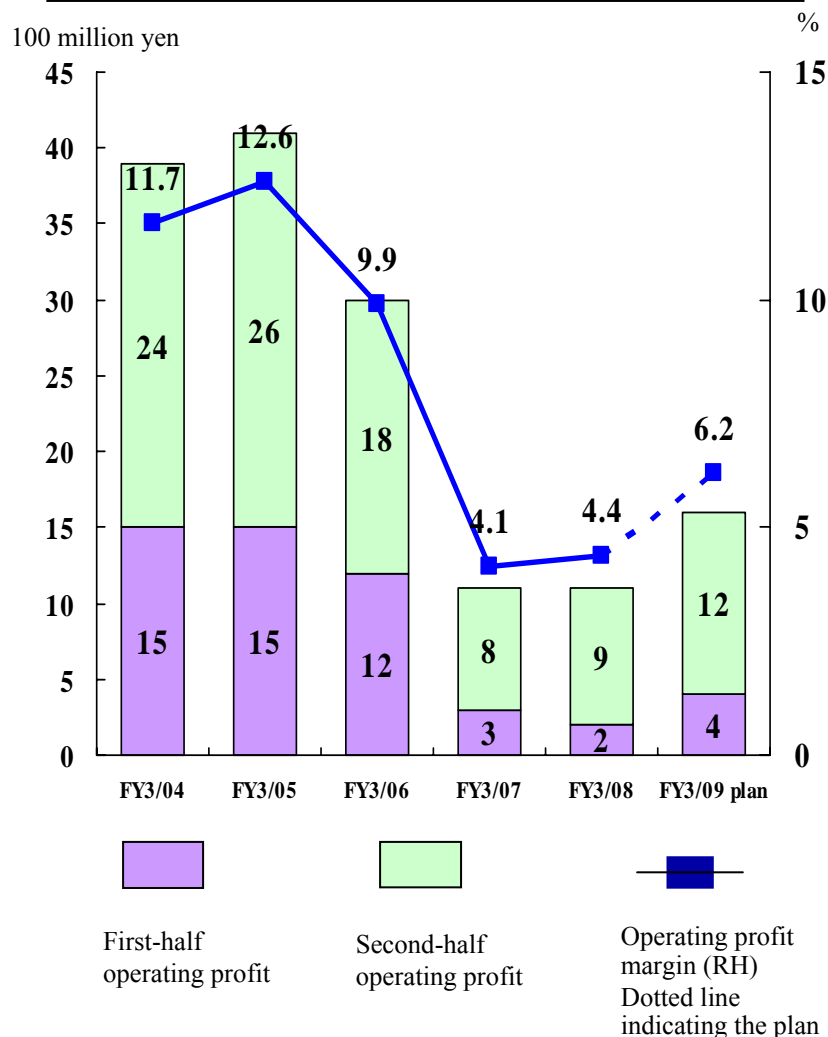
We are currently considering a shift from the dollar to the euro for transactions where this is possible.

# Review and Outlook by Segment (2)

**Domestic  
Product Sales**

**Revamp Sales  
Capability**

## Direct operating profit trends and outlook



## Results in FY3/08

Sales down 4.8% and profit up 1.6% year on year

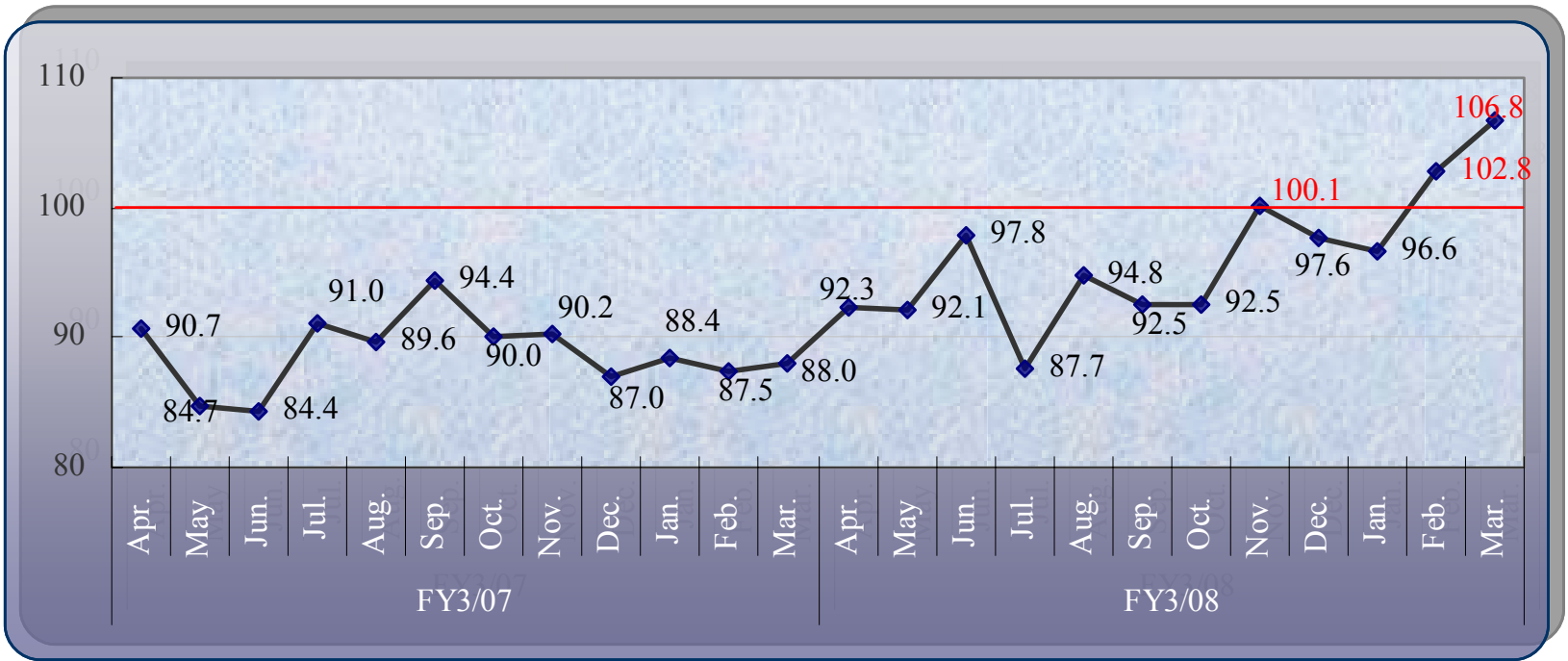
- The consumer market stalled on adverse weather conditions such as a heat wave.
- The year-on-year profit increase in existing stores has topped the year-on-year change in overall profit after a long interval, thanks to improved product planning and the closure of low-margined shops (23).

## Outlook for FY3/09

Expect sales up 0.2% and profit up 41% year on year

- We will continue to reduce costs (200 million yen) through the closure of low-margined shops (11) and the outsourcing of product order operations.
- We expect profit to increase (200 million yen) with the launch of three new characters, collaboration with other companies' brands, and store remodeling.

# Year-on-Year Changes in Existing Stores in Domestic Product Sales



	FY3/06	FY3/07	FY3/08
<i>Number of shops closed</i>	16	19	23

Although results in existing stores have long been short of those in the preceding year, the results are bottoming out, the first year-on-year rise in November 2007 and from February to April 2008 in two and half years.

# Major Characters in Domestic Product Sales

Ranking		Character	Development year	Category	Copyright holder
1		Hello Kitty	1974	Cat	Sanrio
2		Cinnamoroll	2002	Dog	Sanrio
3		Sugar Bunnies	2005	Rabbit	Sanrio
4		My Melody	1974	Rabbit	Sanrio
5		Shinkansen	1999	Train	Sanrio
6		Snoopy	-	Dog	United Feature Syndicate Inc.
7		Charmmy Kitty	2004	Cat	Sanrio
8		Kuromi	2005	Mystery	Sanrio
9		Tenorikuma	2005	Bear	Sanrio
10		Cinnamoangels	2005	Dog	Sanrio

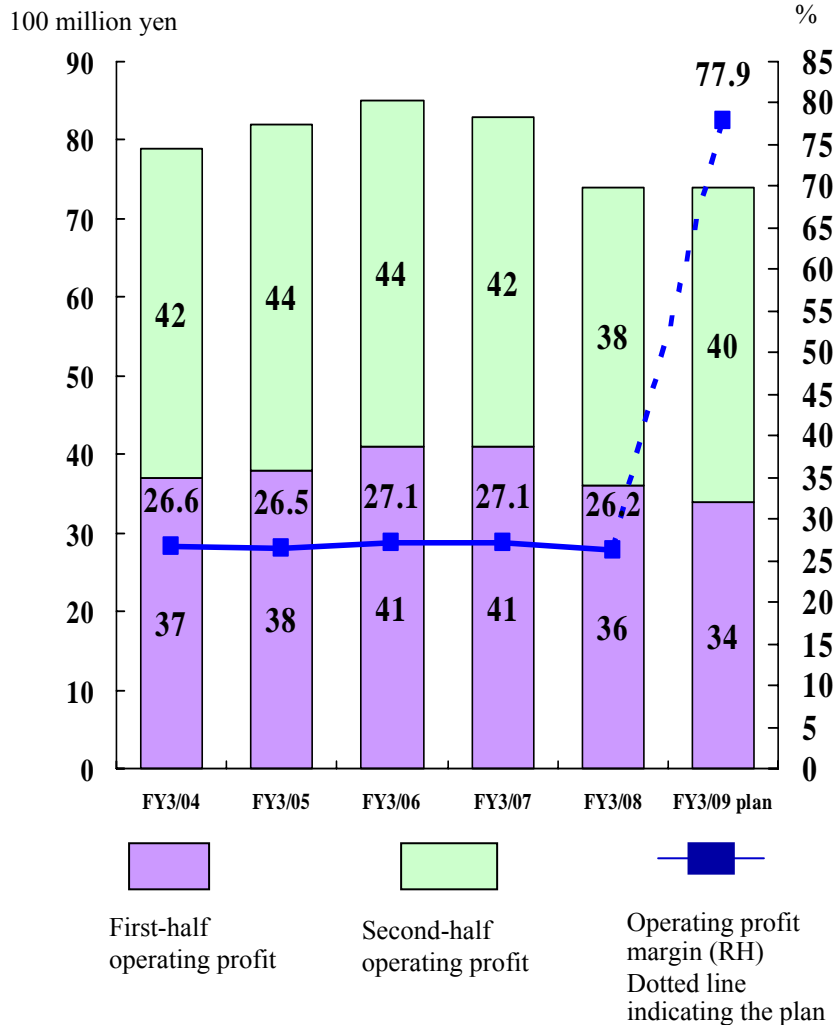
Hello Kitty is popular across broad age brackets, while Cinnamoroll and Sugar Bunnies are surging in popularity among infants. My Melody has regained popularity among teenagers following the broadcasting of TV animation.

# Review and Outlook by Segment (3)

## Domestic Licensing

## Expand Aggressively

### Direct operating profit trends and outlook



### Results in FY3/08

Sales down 8.2% and profit down 11% year on year

- The performance of Domestic Licensing has been lagging behind the trend in Domestic Product Sales. It has yet to bottom out.
- The master license of Sugar Bunnies remained solid.  
(The share within the segment rose from 0% to 4%)






### Outlook for FY3/09

Expect sales down 66% and profit flat

- Collaboration with leading brands of other companies  
(The "VOGUE" magazine and others)
- The decline in sales reflects the change in transaction formats.

# Character Licensing

(Full titles abbreviated)

Character	Development year	Major licensees	
<b>Hello Kitty</b> 	<b>1974</b>	<b>Financial</b>	<b>Fukoku Mutual Life Insurance, Fukokushinrai Life Insurance, Mizuho Bank, OMC Card, Credit Saison</b>
		<b>AV &amp; Home appliances</b>	<b>Softbank Mobile, Fujifilm Imaging</b>
		<b>Health &amp; Cosmenience</b>	<b>Shiseido, Kose</b>
		<b>Apparel/accessories</b>	<b>World, Wacoal, ANNASUI</b>
		<b>Toy &amp; miscellaneous goods</b>	<b>Segatoys, Bridgestone Sports</b>
		<b>Confectionery &amp; food products</b>	<b>Itoham Foods, Kibun Foods, Morinaga, Ezaki Glico, McDonald' Japan</b>
		<b>Vehicles</b>	<b>Mitsubishi Motors</b>
<b>Cinnamoroll</b> 	<b>2002</b>	<b>The Tokyo Tomin Bank, Bandai, Showa Note, Asahi Shimbun, McDonald' Japan</b>	
<b>My Melody (&amp; Kuromi)</b> 	<b>1975</b>  <b>(Kuromi: 2005)</b>	<b>Asahi Corporation, Imagineer, Senshukai, Nichiban, Bandai Networks, Lotteria</b>	
<b>Sugar Bunnies</b> 	<b>2004</b>	<b>Takara Tomy</b>	
<b>Shinkansen</b> 	<b>1999</b>	<b>Asahi Corporation, Sakura Color Products, Fukusuke</b>	

Although the licensing of Sugar Bunnies which is in the third year has been growing lately, Hello Kitty still accounts for 60%.

# Domestic Licensing

## ➤ Collaboration with entertainers

### Yuko Ogura x Little Twin Stars



## ➤ Characters developed jointly with other companies

Debut in fall 2008  
Segatoys x Sanrio

### Jewelpet

Pets of wizards with various jewel eyes.



We will begin offering some products with the retail sales target for the first year being 3 billion in July.

We will offer licensed and Sanrio original products in September.

## ➤ Collaboration with other companies' brands



### - VOGUE x Hello Kitty

Collaboration with the world's leading fashion mode magazine. Kitty transforms into a mode of the Paris Collection on the magazine. Kitty mobile charm as a special supplement.



### - PEACH JOHN x Hello Kitty

## ➤ Development of other companies' characters



### Betty Boop

(First year)  
Expect retail sales of 1 billion  
After April 2008



### JERRY (first year)

Expect retail sales of 1 billion

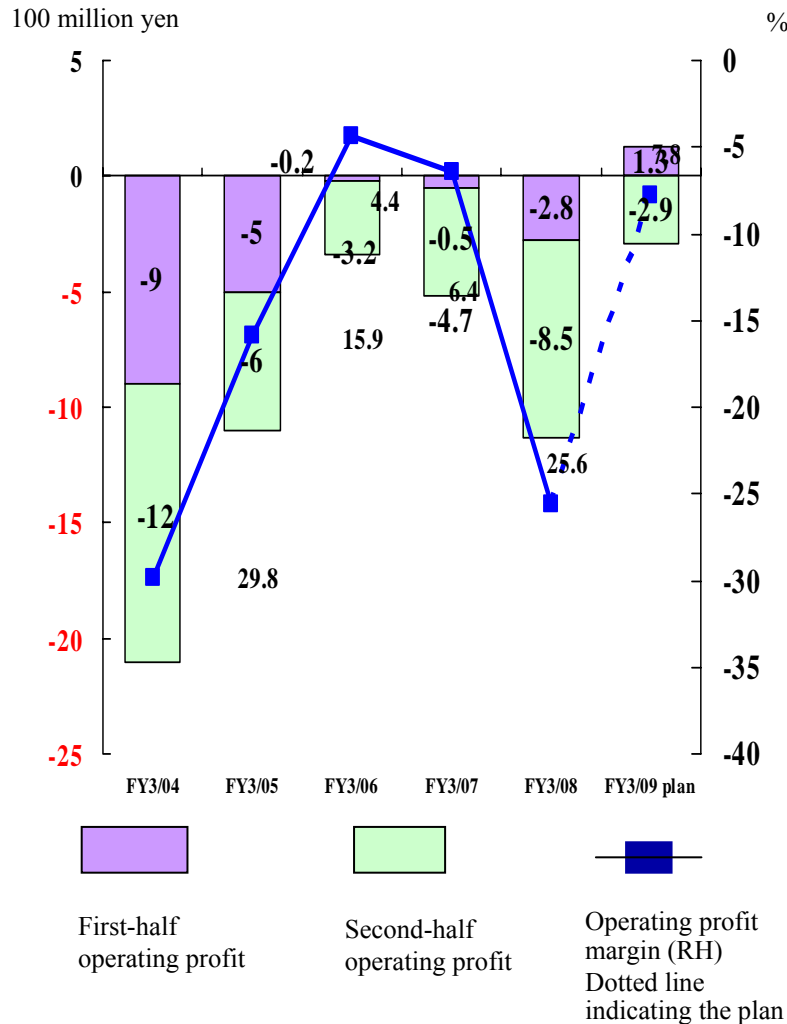
- Sesame Street (fourth year) Expect retail sales of 8 billion
- Pink Panther & Pals (second year) Expect retail sales of 2 billion

# Review and Outlook by Segment (4)

## Theme Parks

## Increase Attractiveness

### Direct operating profit trends and outlook



### Results in FY3/08

Sales down 6.9% and profit down 600 million yen year on year

Visitors	SPL	-11%	OHL	-9%
Average spending per customer	SPL	-4%	OHL	-1%
Sales	SPL	-13%	OHL	-9%
Operating profit	SPL-1 billion yen		OHL-200 million yen	
	HQ+500 million yen			

Although we introduced new full-scale attractions in SPL, a reduction in discounting led to a substantial fall in group visitors. In addition, adverse weather conditions such as a heat wave reduced the number of visitors with infants. (SPL, OHL)

### Forecast for FY3/09

Expect sales up 10% and operating profit up 900 million yen year on year

Visitors	SPL	+6%	OHL	+7%
Average spending per customer	SPL	0%	OHL	+4%
Sales	SPL	+11%	OHL	+10%
Operating profit	SPL +700 million yen		OHL+100 million yen	
Measures				

- (1) Sanrio is united in group sales by using the restoration of discount as leverage (300 million yen)
- (2) Introduction of new attraction May 2008 Cinnamon Town, Fall 2008 Show "Marchen of the Sea"
- (3) Cost reductions through a review of items and the number of programs, etc. (300 million yen)
- (4) Off-site revenues including overseas licensing (China, Taiwan, Korea) (200 million yen)

## Images of Shows



Hello Kitty's Nutcracker, From June 2006 to April 2009



Sanrio heartful parade Believe, From June 2007



Someday II, From June 2005 to May 25, 2008

# Theme Park Content Overseas Licensing (China)

Sawrio



Some 600 performances are scheduled in approximately 40 locations in China for three years, beginning by the Beijing performance on March 21, 2008. May 30 to June 1: Hangzhou, July 18 to July 20: Shanghai performance.

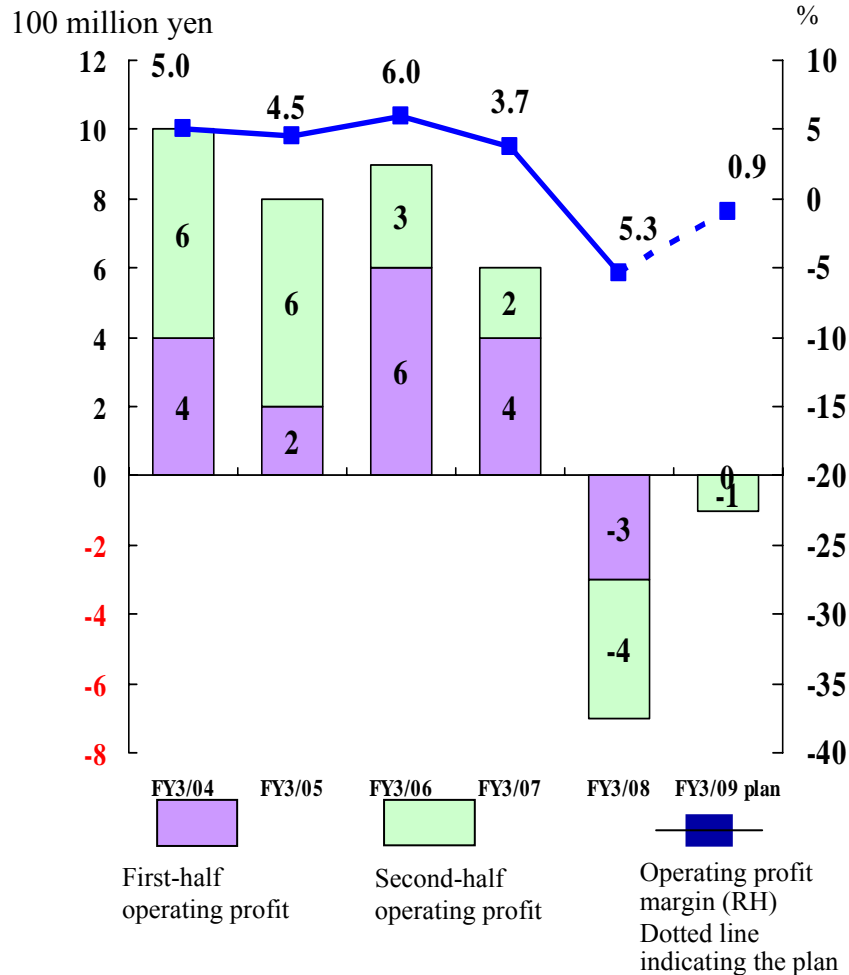
# Review and Outlook by Segment (5)

Other

Efficient Use of Content

Special orders for convenience stores, sales promotion for companies, cards, content, OEM of other companies, robots, vending machines

## Direct operating profit trends and outlook



## Results in FY3/08

Sales down 16% and profit down 1.4 billion yen year on year

- Fall in large CVS transactions and special orders for companies (-700 million yen)
- Film production (-300 million yen)
- Consolidation of Kokoro (-100 million yen)

## Outlook for FY3/09

Expect sales down 1.1% and profit up 600 million yen year on year

- Development of overseas transactions (Dinosaur theme park in Dubai and others) (300 million yen)
- Reduction of film production expenses recorded in FY07 (300 million yen)

# Overseas Transactions of Kokoro (Dubai)



## What is Dubai?

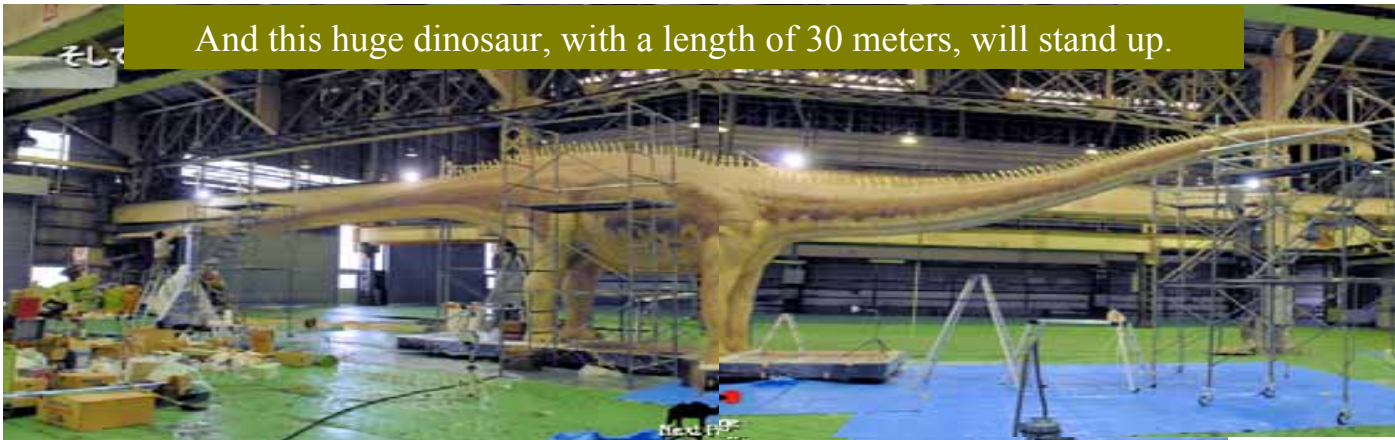
One of the seven emirates (Abu Dhabi, Dubai, Sharjah, Ajman, Umm al-Qiwayn, Ras al-Khaimah and Fujairah) of United Arab Emirates (UAE). Although the capital of UAE is Abu Dhabi, Dubai has been developing as a front entrance of UAE and attracts attention as an Arabian resort.


The world's largest dinosaur theme park.

## Restless Planet



And this huge dinosaur, with a length of 30 meters, will stand up.



- 
1. Results for the Fiscal Year Ended March 31, 2008
  2. New Medium-Term Management Plan  
(from March 2009 to March 2011)
  3. Results Forecast  
for the Fiscal Year Ending March 31, 2009
  4. Explanation by Segment
  5. Reference Materials

# Sales by Segment in FY3/08

(Unit: 100 million yen)

		FY3/08 Results	Compared with FY3/07			Compared with Plan		
			FY3/07 Results	Increase (Decrease)	Change	Plan	Increase (Decrease)	Change
Sales by segment	Domestic product sales	261	275	(13)	(4.8%)	263	(1)	(0.5%)
	Domestic licensing	283	309	(25)	(8.2%)	301	(17)	(5.9%)
	Theme parks	76	82	(5)	(6.9%)	83	(6)	(8.1%)
	Overseas	284	225	59	26.6%	286	(1)	(0.6%)
	Other	146	174	(27)	(16.0%)	172	(25)	(14.7%)
Consolidated cancellations		(115)	(99)	(15)	-	(137)	21	-
Consolidated net sales		939	966	(27)	(2.8%)	970	(30)	(3.2%)

Although sales increased 26% in Overseas, this was unable to offset a fall in sales of other Domestic segments. As a result, consolidated sales declined 2.8% year on year.

# Balance Sheets, Statements of Change in Shareholders' Equity

(Unit: 100 million yen)

	End of FY3/08	End of FY3/07	Increase (Decrease)		End of FY3/08	End of FY3/07	Increase (Decrease)
<b>Current assets</b>	353	395	(42)	<b>Current liabilities</b>	382	383	(0)
Cash and deposit	129	167	(38)	Trade notes and accounts payable	84	116	(31)
Trade notes and accounts receivable	131	128	2	Short-term borrowings / corporate bonds	236	211	25
Inventories	53	56	(3)	<b>Long-term liabilities</b>	327	177	352
Deferred income taxes	25	26	(1)	Long-term debts	35	73	(25)
<b>Tangible/intangible fixed assets</b>	231	236	(5)	Corporate bonds	55	68	(12)
<b>Investments and other assets</b>	304	329	(25)	Provision for retirement benefits	68	65	3
Investments in securities	76	86	(10)	<b>Net assets</b>	329	361	(31)
Deferred income taxes	97	108	(11)	Capital	149	149	-
Guarantees	41	46	(5)	Capital surplus	221	227	(6)
Deferred assets	0	0	(0)	Net unrealized gains on securities	(8)	4	(12)
<b>Total assets</b>	889	962	(72)	Foreign currency translation adjustments	(22)	(10)	(12)
				<b>Total liabilities and net assets</b>	889	962	(72)

	Beginning balance	Dividends from surplus	Net profit	Others	Total change	Ending balance	Details of others
Capital	149	-	-	-	-	149	
Capital surplus	100	-	-	0	0	100	
Retained earnings	126	(13)	11	(4)	(6)	120	
Treasury stock	(9)	-	-	0	0	(9)	
Shareholders' equity	367	(13)	11	(4)	(6)	361	
Net unrealized gains on other securities	4	-	-	(12)	(12)	(8)	
Deferred hedge gain/loss	(0)	-	-	(0)	(0)	(0)	
Foreign currency translation adjustments	(10)	-	-	(12)	(12)	(22)	
Total of valuation and translation adjustments	(6)	-	-	(25)	(25)	(31)	
Minority interests	0	-	-	(0)	(0)	0	
Total net assets	361	(13)	11	(30)	(31)	329	

We reduced interest-bearing debt by 2.5 billion yen.

# Cash Flow Statement

(Unit: 100 million yen)

	FY3/08	FY3/07	Increase (Decrease)
<b>Cash flow from operating activities</b>	<b>38</b>	<b>56</b>	<b>(18)</b>
Net profit before income taxes and adjustments (loss)	41	59	(17)
Depreciation	16	14	1
Increase in allowances	11	4	6
Increase/decrease in inventories, accounts receivable and accounts payable	(32)	(12)	(20)
Proceeds from interest income	4	4	0
Interest expense	(7)	(8)	0
Income taxes paid	(11)	(9)	(2)
<b>Cash flow from investing activities</b>	<b>(23)</b>	<b>(3)</b>	<b>(20)</b>
Net withdrawal from time deposit	6	0	6
Payment for purchase of tangible fixed assets (theme park facilities, store interior)	(14)	(10)	(4)
Net proceeds from sale and acquisition of investment securities	(14)	17	(31)
Net income from collection of loans	(0)	(3)	2
Proceeds from redemption of guarantee	9	10	(0)
<b>Free cash flow</b>	<b>14</b>	<b>53</b>	<b>(38)</b>
<b>Cash flow from financing activities</b>	<b>(38)</b>	<b>(47)</b>	<b>9</b>
Repayment of debt and corporate bonds	(25)	(35)	9
Dividends paid	(13)	(12)	(0)
<b>Cash and cash equivalents at end of period</b>	<b>124</b>	<b>155</b>	<b>(30)</b>

As free cash flow declined to 1.4 billion yen with the purchase of trust beneficiary rights related to the notes payable reduction scheme and a decline in the sale of investment securities, etc., we used cash for the repayment of debt.

# Forecast for FY3/09: Sales by Segment

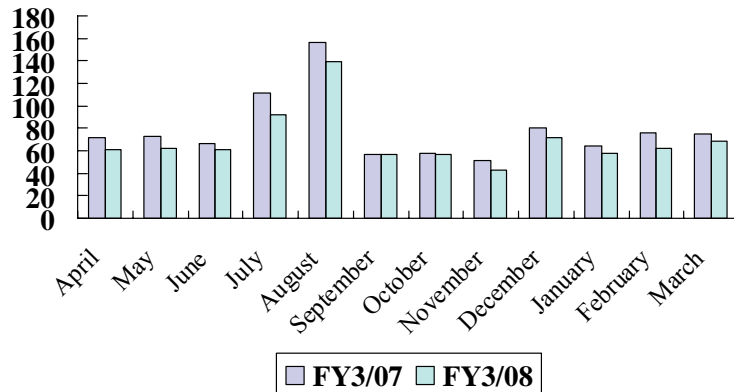
(Unit: 100 million yen)

	Forecast for FY3/09	Compared with FY3/08			Forecast for 1H of FY3/09	Y o Y			
		FY3/08 Results	Increase (Decrease)	Change		Second quarter of FY3/08	Increase (Decrease)	Change	
Sales by segment	Domestic product sales	262	261	0	0.2%	114	114	(0)	(0.2%)
	Domestic licensing	96	283	(187)	(66.1%)	45	138	(93)	(67.4%)
	Theme parks	84	76	7	10.0%	46	43	3	7.2%
	Overseas	244	284	(40)	(14.2%)	127	135	(8)	(6.0%)
	Other	145	146	(1)	(1.1%)	69	67	2	3.3%
Consolidated cancellations		(111)	(115)	3	-	(56)	(55)	(1)	-
Consolidated net sales		721	939	(217)	(23.2%)	346	443	(97)	(21.9%)

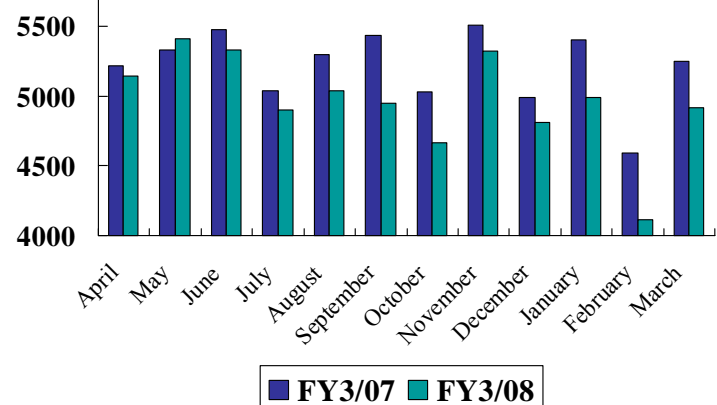
We expect consolidated sales to decline 23% year on year on a significant 66% fall in Domestic Licensing owing to a change in the form of the transaction and a 14% drop in Overseas due to the nine-month results, etc.

# FY3/08 and FY3/09 Puroland (SPL)

Thousand persons **Monthly number of visitors**



6000 Yen **Monthly average spending per customer**



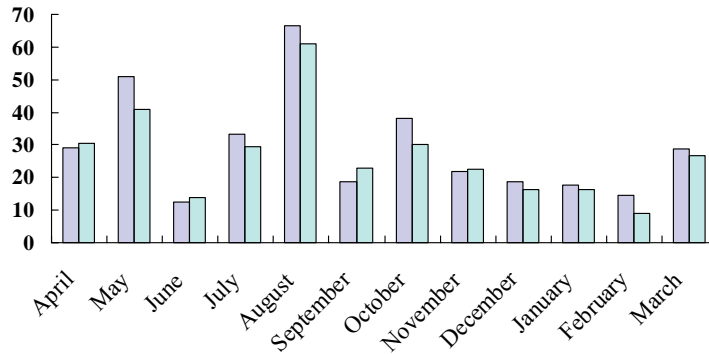
SPL		FY3/08 Results				Forecast for FY3/09	Compared with FY3/08	
			FY3/07 Results	Increase (Decrease)	Change		Increase (Decrease)	Change
Spending per customer	Number of visitors (10 thousand persons)	83.5	94.0	(10.5)	(11.2%)	88.2	4.7	5.6%
	Total spending (yen)	4,959	5,171	(212)	(4.1%)	4,991	32	0.6%
	Entrance fee (yen)	2,188	2,285	(97)	(4.2%)	2,212	24	1.1%
	Product sales (yen)	1,859	1,915	(56)	(2.9%)	1,863	4	0.2%
	Foods, beverage (yen)	912	971	(59)	(6.1%)	916	4	0.4%
In-site revenues (100 million yen)		41.7	48.9	(7.2)	(14.7%)	44.0	2.3	5.6%
Off-site revenues (100 million yen)		14.2	15.1	(0.9)	(6.3%)	17.9	3.7	25.8%
Sales (100 million yen)		55.9	64.0	(8.2)	(12.7%)	61.9	6.0	10.8%
Cost of sales (100 million yen)		19.9	22.9	(3.1)	(13.3%)	21.8	1.9	9.6%
Gross profit (100 million yen)		36.0	41.1	(5.1)	(12.4%)	40.1	4.1	11.5%
SG&A expenses (100 million yen)		43.2	37.9	5.2	13.8%	40.0	(3.2)	(7.3%)
Operating profit (100 million yen)		(7.2)	3.2	(10.4)	-	0.1	7.3	-
Cost rate		35.6%	35.8%	(0.2%)	-	35.2%	(0.4%)	-

Comparison with FY3/08: We expect profit to increase 700 million yen in total because of a 5% increase in the number of visitors, the flattening of average spending per customer, a 150 million yen increase in in-site revenues, a 250 million yen rise in off-site revenues including overseas licensing and a 300 million yen reduction in cost.

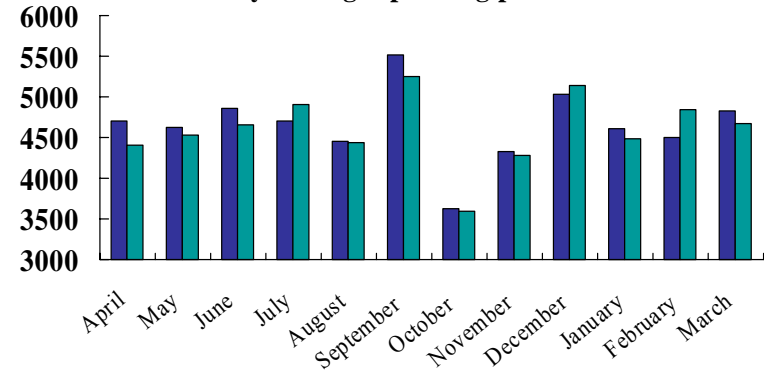
# FY3/08 and FY3/09

## Harmony Land (HL)

Thousand persons Monthly number of visitors



Yen Monthly average spending per customer



□ FY3/07 □ FY3/08

■ FY3/07 ■ FY3/08

HL		FY3/08 Results	Compared with FY3/08			Forecast for FY3/09	
			FY3/07 Results	Increase (Decrease)	Change	Increase (Decrease)	Change
Spending per customer	Number of visitors (10 thousand persons)	31.9	35.1	(3.2)	(9.1%)	34.0	2.1 6.6%
	Total spending (yen)	4,356	4,407	(51)	(1.2%)	4,534	178 4.1%
	Entrance fee (yen)	2,034	2,012	22	1.1%	2,207	173 8.5%
	Product sales (yen)	1,559	1,579	(20)	(1.3%)	1,563	4 0.3%
	Foods, beverage (yen)	763	816	(53)	(6.5%)	765	2 0.3%
In-site revenues (100 million yen)		13.9	15.5	(1.6)	(10.0%)	15.4	1.5 10.9%
Off-site revenues (100 million yen)		2.2	2.3	(0.1)	(3.1%)	2.4	0.2 7.2%
Sales (100 million yen)		16.1	17.8	(1.6)	(9.1%)	17.8	1.7 10.4%
Cost of sales (100 million yen)		4.8	5.4	(0.6)	(10.6%)	5.3	0.5 10.6%
Gross profit (100 million yen)		11.3	12.4	(1.1)	(8.5%)	12.5	1.2 10.3%
SG&A expenses (100 million yen)		13.2	12.4	0.8	6.6%	12.9	(0.3) (2.5%)
Operating profit (100 million yen)		(1.9)	(0.0)	(1.9)	-	(0.4)	1.5 -
Cost rate		29.7%	30.2%	(0.5%)	-	29.8%	0.1% -

We expect profit to increase 150 million yen in total, reflecting a 6% rise in the number of visitors and a 100 million yen increase in in-site revenues associated with a 4% rise in average spending per customer through the integration of entrance tickets into passports and cost reduction.

# Medium-Term Plan: Sales by Segment

(Unit: 100 million yen)

		FY3/08 Results	Year-on-year comparison			Forecast for FY3/11	Compared with FY3/08		
			FY3/07 Results	Increase (Decrease)	Change		FY3/08 Results	Increase (Decrease)	Change
Sales by segment	Domestic product sales	261	275	(13)	(4.8%)	265	261	3	1.2%
	Domestic licensing	283	309	(25)	(8.2%)	98	283	(185)	(65.3%)
	Theme parks	76	82	(5)	(6.9%)	86	76	9	12.3%
	Overseas	284	225	59	26.6%	319	284	34	12.0%
	Other	146	174	(27)	(16.0%)	132	146	(14)	(10.1%)
Consolidated cancellations		(115)	(99)	(15)	-	(115)	(115)	(0)	-
Consolidated net sales		939	966	27	(2.8%)	785	939	(153)	(16.3%)

# Medium-Term Plan: Overseas

Details of the business plan for Overseas (2.3 billion increase in direct operating profit)

	Results for FY3/08 (100 million yen)	Targets for FY3/11 (100 million yen)	Change (100 million yen) %	Major initiatives
Overseas subsidiaries	Sanrio Inc (US)	12.2	14.3 +2.2 17.8%	Actively develop licensees centering on large companies that operate businesses across multiple countries and regions by unifying the sales organizations which have been separated for the United States and Europe.
	Sanrio Honk Kong	2.7	5.7 +3.0 114.3%	Expand the fan base by holding events. Demand related to free gifts is expected to increase.
	Sanrio Taiwan	1.0	3.9 +2.8 273.8%	Enhance the space royalty such as the Kitty Duty Free Shop newly established in an international airport in Taipei and licensing for financial institutions.
	Sanrio Korea	1.6	1.1 (0.5)	Sanrio HQ concluded a contract on the master license right for commercialization in Korea with a Korean company (profit is expected to increase 410 million yen overall with royalties to be recorded by HQ).
	Sanrio Shanghai	0.8	1.6 +0.8 101.3%	The number of Sanrio shops is expected to increase to 120 by the end of December 2008. Expand the fan base through the collaboration with external performances.
	Sanrio Gmbh (Europe)	20.1	30.6 +10.4 51.8%	Character recognition is increasing in Easter Europe, Russia and the Middle East in addition of the countries of Western Europe
Overseas Business Division (HQ)	48.7	53.3 +4.6 9.4%	Wholesaling to Asian regions is increasing License revenues are allocated between overseas subsidiaries and the Overseas Business Division.	
Total	87.1	110.4 +23.3 26.8%		

## Medium-Term Plan: Puroland (SPL)

SPL		FY3/08 Results	Forecast for FY3/11	Compared with results in FY3/08	
				Increase (Decrease)	Change
Spending per customer	Number of visitors (10 thousand persons)	83.5	89.8	6.3	7.5%
	Total spending (yen)	4,959	5,018	59	1.2%
	Entrance fee (yen)	2,188	2,220	32	1.5%
	Product sales (yen)	1,859	1,873	14	0.8%
	Foods, beverage (yen)	912	925	13	1.4%
In-site revenues (100 million yen)		41.7	45.1	3.4	8.2%
Off-site revenues (100 million yen)		14.2	18.3	4.1	28.9%
Sales (100 million yen)		55.9	63.4	7.5	13.4%
Cost of sales (100 million yen)		19.9	22.2	2.3	11.6%
Gross profit (100 million yen)		36.0	41.2	5.2	14.4%
SG&A expenses (100 million yen)		43.2	39.4	(3.8)	(8.8%)
Operating profit (100 million yen)		(7.2)	0.2	7.4	(102.8%)
Cost rate		35.6%	35.0%	(0.6)	

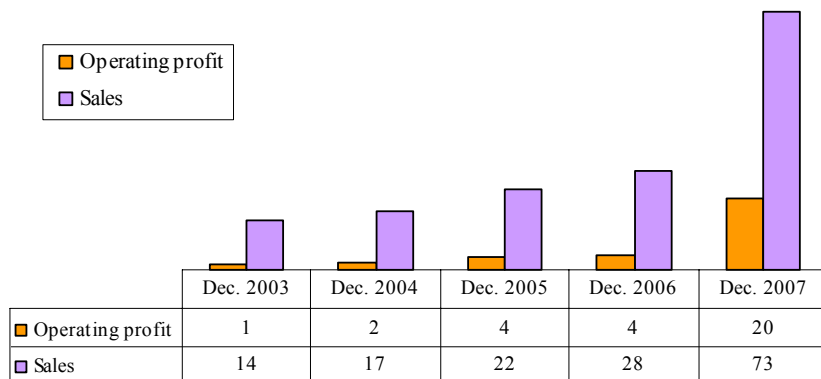
## Medium-Term Plan: Harmony Land (OHL)

OHL		FY3/08 Results	Forecast for FY3/11	Compared with results in FY3/08	
				Increase (Decrease)	Change
Spending per customer	Number of visitors (10 thousand persons)	31.9	34.5	2.6	8.2%
	Total spending (yen)	4,356	4,535	179	4.1%
	Entrance fee (yen)	2,034	2,207	173	8.5%
	Product sales (yen)	1,559	1,563	4	0.3%
	Foods, beverage (yen)	763	765	2	0.3%
In-site revenues (100 million yen)		13.9	15.6	1.7	12.2%
Off-site revenues (100 million yen)		2.2	2.5	0.3	13.6%
Sales (100 million yen)		16.1	18.1	2.0	12.4%
Cost of sales (100 million yen)		4.8	5.3	0.5	10.4%
Gross profit (100 million yen)		11.3	12.8	1.5	13.3%
SG&A expenses (100 million yen)		13.2	12.8	(0.4)	(3.0%)
Operating profit (100 million yen)		(1.9)	0.0	1.9	(100.0%)
Cost rate		29.7%	29.3%	(0.4%)	

# Overseas (Europe)

## Profit and Loss

(Unit: 100 million yen)



Results for FY under review  
 Sales: +162% year on year  
 Profit: +393% year on year

## Sales by country

(Unit: 100 million yen)

Rank	License	Wholesale	
1	Sweden	10	Italy
2	France	5	France
3	Spain	5	Spain
4	Italy (*)	4	Germany
5	United Kingdom	3	Portugal

## Number of shops

	Dec. 2005	Dec. 2006	Dec. 2007	Dec. 2008 (forecast)
Company-operated shops	7	7	7	7
Agency-operated shops (Europe)	16	17	17	20
Agency-operated shops (Middle East)	7	9	* 9	10
Agency-operated shops (Russia)	3	3	3	4
Total	33	36	36	41

\*First Sanrio shop in India was opened at the end of December 2007.  
 We operate owner shops in Russia, in addition to agency-operated shops.

## Licensing transactions

Results for FY under review Number of licensees: 124 (+36)  
 Sales: +372% year on year

Major Clients	Country	Items	Customer information
H&M HENNES & MAURITZ AB	Sweden	Apparel in general	Advances into Japan in 2008
OYSHO ESPANA, SA	Spain	Underwear, pajamas, etc.	Affiliate of ZARA
CARINE SRL	Italy	Apparel in general	
BLUES CLOTHING LTD.	United Kingdom	Apparel in general	
BIP HOLLAND BV	Netherlands	Confectionery, toys	
VICTORIA CASHMERE SARL (*)	France	High-grade fashion products	

(\*1) **H&M** We will operate the licensing business in several countries (Canada, the United States, Hong Kong, Japan, etc.) after the next fiscal year, along with the advancement of H&M. We are considering the operations of characters other than Hello Kitty.

### (\*2) VICTORIA CASHMERE SARL VictoriaCouture

Total fashion brand born from the collaboration with Hello Kitty.  
 Luxury product targeting fashionable females in their late 20s and 30s.  
 We currently operate four specialty shops in Paris and one specialty shop in Cannes.  
 Umeda Head Store of Hankyu Department Stores, "Hello Kitty meets Fashion" with a limited sales period. SANRIO QUESTINA Ginza



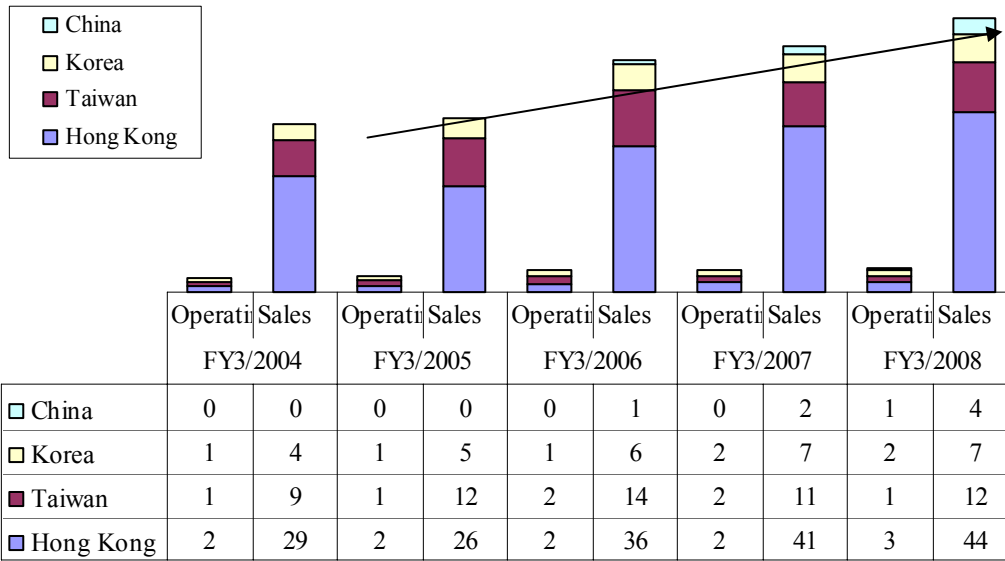
Exterior view of the Head Office in Paris

We will further bolster the Licensing business in the next fiscal year

- The licensing sales systems, which have been independent in Europe and Americas, will be unified.
- Local high-profile personnel will be hired as managers.
- Aim to expand transactions for large companies straddling Europe and the United States.

# Overseas (Asia)

(Unit: 100 million yen)



Results for FY under review

Sales +11.6% year on year

Profit +9.1%

(China has been consolidated since FY3/06)

First Sanrio Shop inside DFS  
opened in August 2007



Taiwan Taoyuan  
International Airport



Broadcasting of animation and  
expansion of DVD sales in Korea

Sanrio

## ◆ Number of shops

	FY3/06	FY3/07	FY3/08	FY3/09 (forecast)
Hong Kong	26	28	28	29
Taiwan	23	26	26	27
Korea	35	38	39	45
China	27	71	107	125
<b>Number of shops</b>	<b>112</b>	<b>163</b>	<b>200</b>	<b>226</b>

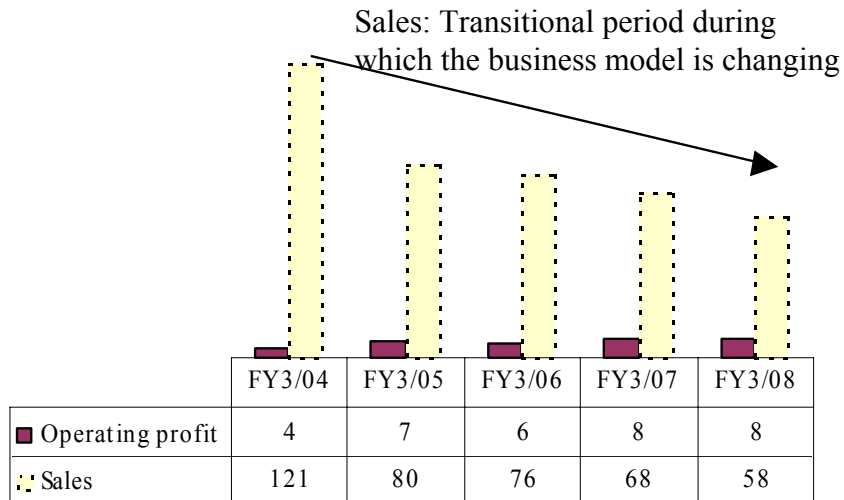
## ◆ Number of licensees: 334 (+71), Sales increased 14% year on year

Country	Major Clients	Items
Hong Kong	MTR Corporation	Free gift of Subway
	The Continuity Company	Free gift of Seven-Eleven
	Dah Sing Bank	Free gift of bank
Taiwan	PRESIDENT CHAIN STORE CO.	Free gift of Seven-Eleven/event
	EVA Airways Corp	JET penting/equipment in an airplane
Korea	SHINHAN CARD (Shinhan Bank)	Credit card, etc.
	SONOKONG	Broadcasting right of My Melody
China	China Merchants Bank	Credit card
	McDonald's	Free gift of McDonald

# Overseas (North America/Latin America)

## North America

(Unit: 100 million yen)



	FY3/06	FY3/07	FY3/08
Company-operated shops	17	5	4
Agency-operated shops	18	31	28
Number of shops	35	36	32

Major Clients	Items
Evy	Apparel
Marino Andriani LLC	Electronic products
Age Group	Nightwear/underwear
NTD Apparel	Apparel
F.A.B.	Bags
American Greetings	Greeting cards/wrappings

Sales: +4.3% year on year, Number of licensees: 160 (+20)

### ◆ Hello Kitty no Teen Fashion 2007

Fashion week in Brazil.

Shows by local budding designers.

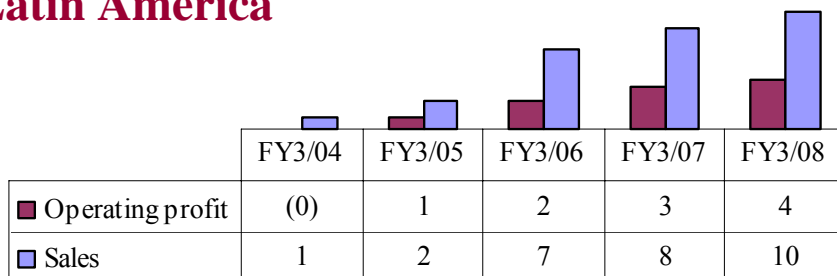


Sales: +3.6% year on year, Number of licensees: 65 (+6)

Major Clients	Items
GRENDENE S/A	Shoes
KRAFT FOODS BRASIL S.A.	Easter Eggs
CHOICE BAG COMERCIAL LTDA.	Bags / BackPack
CADERBRAS BICO INTERNACIONAL LTDA	Notebook
TEX COTTON INDUSTRIA DE CONFECÇOES LTDA	T-Shirts

## Latin America

(Unit: 100 million yen)



	FY3/06	FY3/07	FY3/08
Number of wholesale trading shops	63	60	48

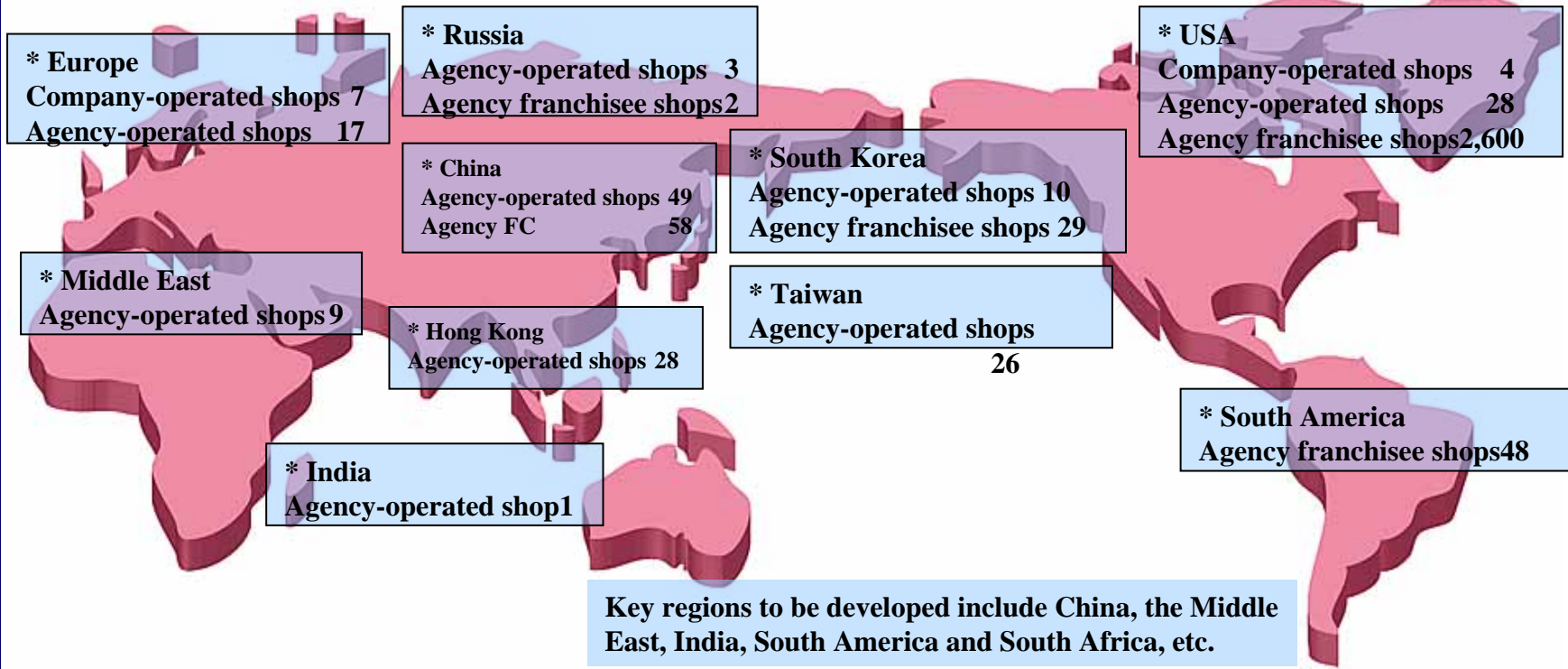
# Overseas Shops

## Number of shops

	Mar. 2006	Mar. 2007	Mar. 2008	Increase/ decrease
Company-operated shops	25	12	11	-1
Agency-operated shops	131	195	171	-24
Agency franchisee shops	3,585	2,588	2,737	149
<b>Total</b>	<b>3,741</b>	<b>2,795</b>	<b>2,919</b>	<b>124</b>

\* These are figures available to the Company and agencies. Many other stores handle our products. A decline in agency-operated shops reflects their change to agency franchisee shops in some areas.

Sawrio



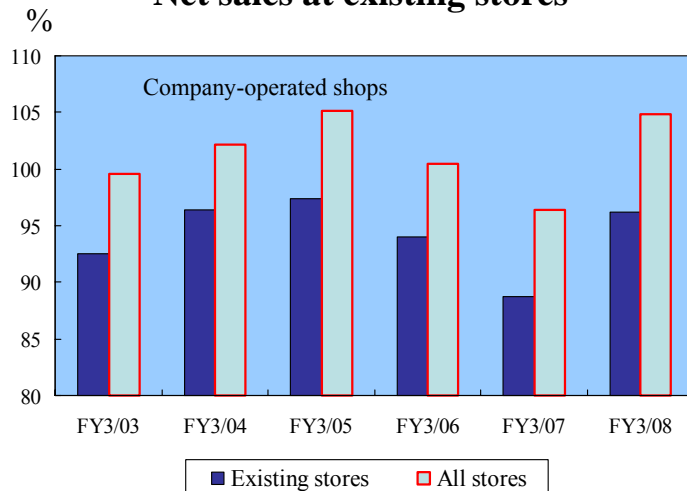
# Domestic Stores

## Number of stores

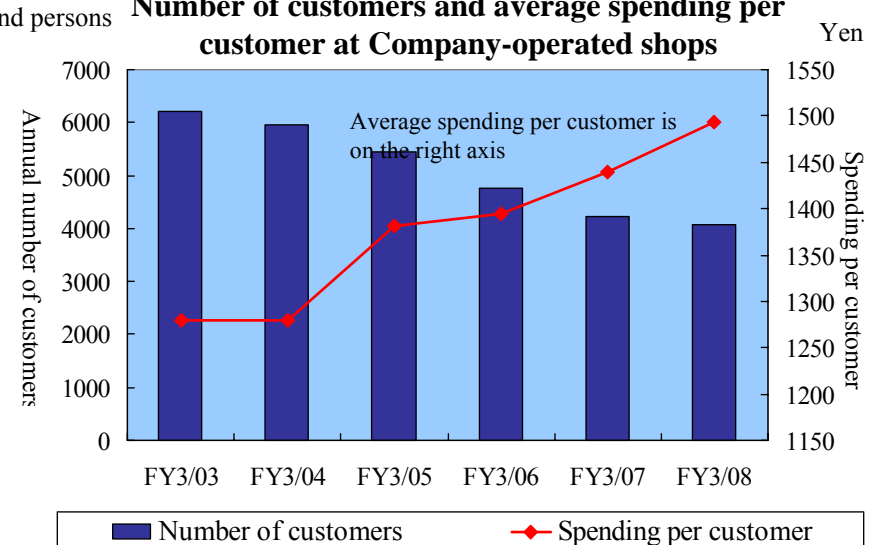
	FY3/08	Compared with Sep. 2007
GIFTGATE (Company-operated shops)	147	0
Department stores (Company-operated shops)	124	+2
Department stores (inventory basis)	56	0
Chain stores	1,004	+3
Specialty stores	85	0
Total	1,416	+5

Note: Comparison with September 2007 as the classification standards were changed during the previous year.

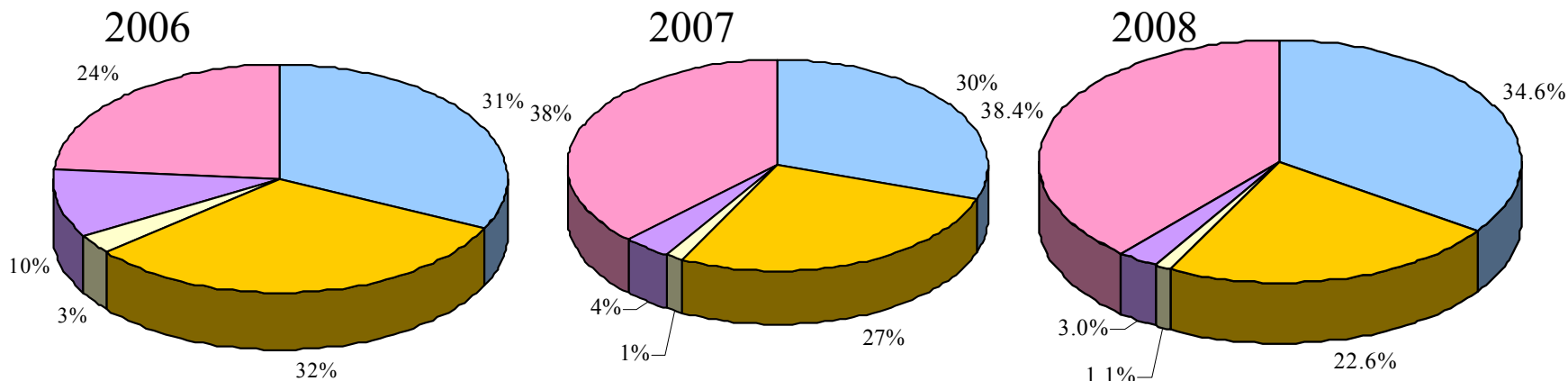
## Net sales at existing stores



## Number of customers and average spending per customer at Company-operated shops



# Shareholders



	March 31, 2006			March 31, 2007			March 31, 2008		
	Number of shareholders	Number of shares held (thousand shares)	Shareholding ratio (%)	Number of shareholders	Number of shares held (thousand shares)	Shareholding ratio (%)	Number of shareholders	Number of shares held (thousand shares)	Shareholding ratio (%)
Individuals and others	39,554	28,314	32.1%	39,462	26,705	30.3%	50,617	30,562	34.6%
Financial institutions	55	28,000	31.8%	52	23,933	27.2%	42	19,990	22.6%
Securities companies	61	2,555	2.9%	42	1,181	1.3%	39	991	1.1%
Foreign companies and individuals	96	8,490	9.6%	112	3,263	3.7%	134	2,690	3.0%
Other corporations	330	20,789	23.6%	311	33,066	37.5%	310	33,915	38.4%
Total	40,096	88,148	100.0%	39,979	88,148	100.0%	51,142	88,148	100.0%

The number of individual shareholders increased by a significant 28.2% year on year.

### **Disclaimer on forward-looking statements and other matters:**

This material is prepared for the purpose of providing information to investors only and is not designed to solicit investment.

Forward-looking statements contained in this material are based on plans and forecasts and the Company does not guarantee their accuracy or certainty. When using this material, please keep in mind that actual results could differ materially from any forecasts herein. Statements on industries and others are based on reliable data but the Company does not guarantee their accuracy or certainty.

This material is presented on the premise that users will take full responsibility for the final decision regarding investment on their own and the Company will not be liable for their decisions in any case.