



IMAGINEER

FY2011 Full Year Results

May 12, 2011

IMAGINEER Co., Ltd.

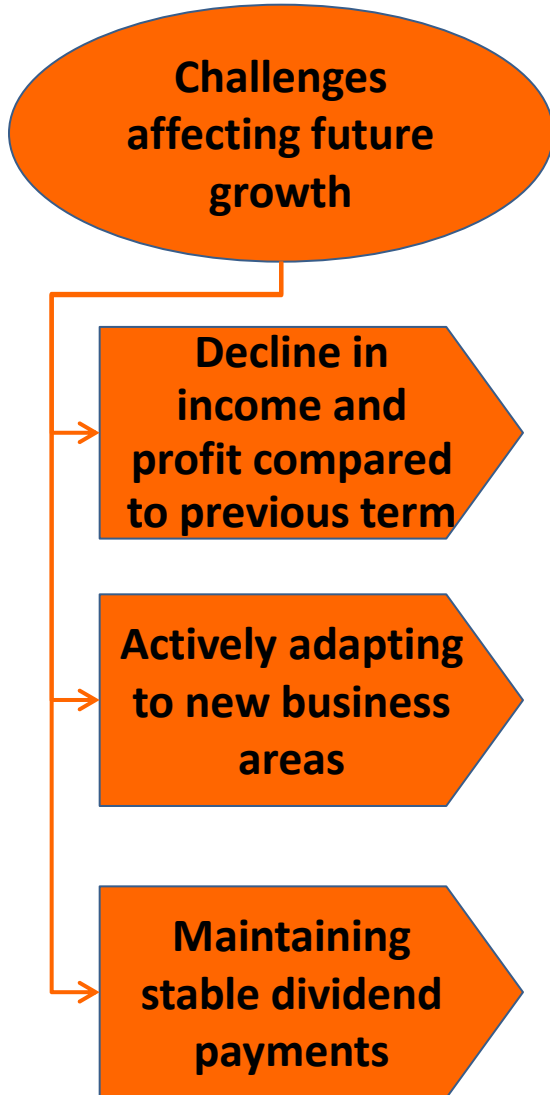
(JASDAQ : 4644)

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1. FY 2011 Full Year Results

Business Highlights



■ **Amidst a dramatically changing business environment, we will actively invest in management resources and develop a mid-term earnings model to complement our existing core businesses.**

- **Sales -4.1%: Decrease in mobile content sales following a reduction in the number of members paying monthly fees.**
- **Operating profit -35.1%: Decrease in profits due mostly to a decline in income, but also because SGA expenses increased following an expansion of our R&D budget.**
- **Entering the social networking and smartphone application market and actively expanding our business in this area . Releasing approximately 140 titles consisting mainly of character-based and educational products.**
- **Responding to the arrival of new platforms. Starting development of software for the Nintendo 3DS.**
- **Cultivating new kinds of businesses. Beginning an investor education business.**
- **Emphasizing the importance of shareholder returns. Continuing to issue the same annual dividend payment as the prior term of 22 yen per share despite the decline in income and profit.**

Consolidated Income Statements

Millions of yen

	FY 2011	FY2010	Y on Y Change		
			JPY	%	Due to
Net Sales	4,851	5,060	△209	△4.1	A decrease in sales in our mobile content business
Operating Income	776	1,196	△420	△35.1	A increase in SGA expenses
Ordinary Income	689	1,199	△510	△42.6	A increase in loss of operation of partnership investments and currency exchange
Net Income	414	674	△260	△38.6	Gain on sales of investment securities Income taxes-deferred

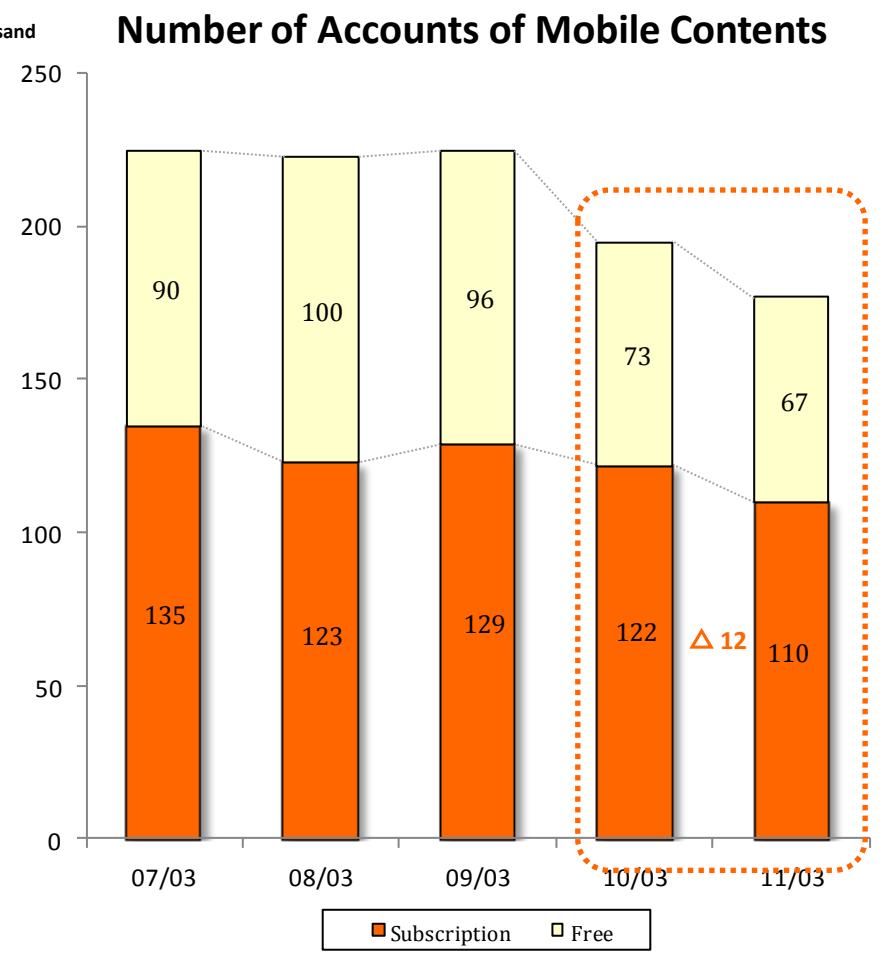
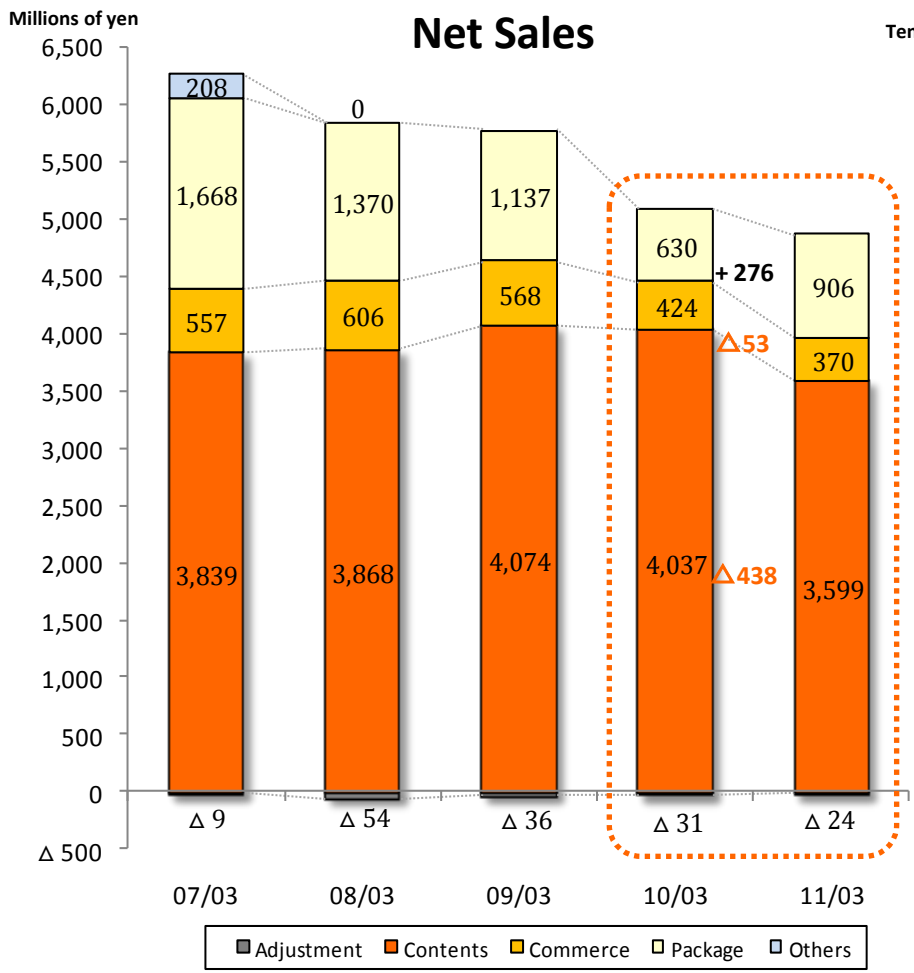
Segment Results

Millions of yen

		FY 2011	FY 2010	Y on Y Change		
				JPY	%	Due to
Mobile Contents	Net Sales	3,599	4,037	△438	△10.8	A reduction in the number of members paying monthly fees for mobile content.
	Operating Income	1,135	1,527	△391	△25.7	A increase in R&D spending
	Operating Income to Sales Ratio	31.5%	37.8	△6.3P	—	
Mobile Commerce	Net Sales	370	424	△53	△12.6	A decrease in Sales of Licensing and SP
	Operating Income	△15	21	△37	—	A increase in Operating expenses
	Operating Income to Sales Ratio	—	5.1	—	—	
Package Software	Net Sales	906	630	+276	+43.8	Strong sales of new software
	Operating Income	116	45	+71	+154.9	A increase in Net sales
	Operating Income to Sales Ratio	12.8%	7.3	+5.5P	—	
Adjustment	Net Sales	△24	△31	+7	—	
	Operating Income	△459	△398	△61	—	Construction of the office renovation was allocated.
Total	Net Sales	4,851	5,060	△209	△4.1	
	Operating Income	776	1,196	△420	△35.1	
	Operating Income to Sales Ratio	16.0%	23.6	△7.6P	—	

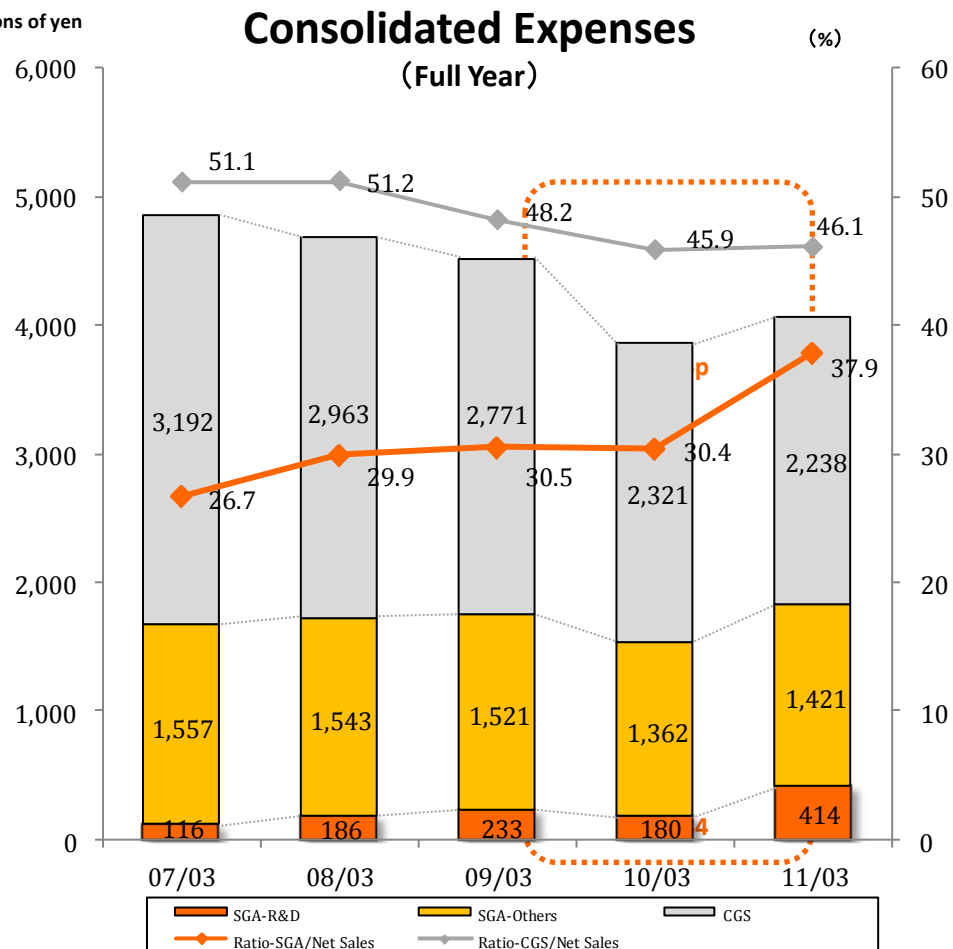
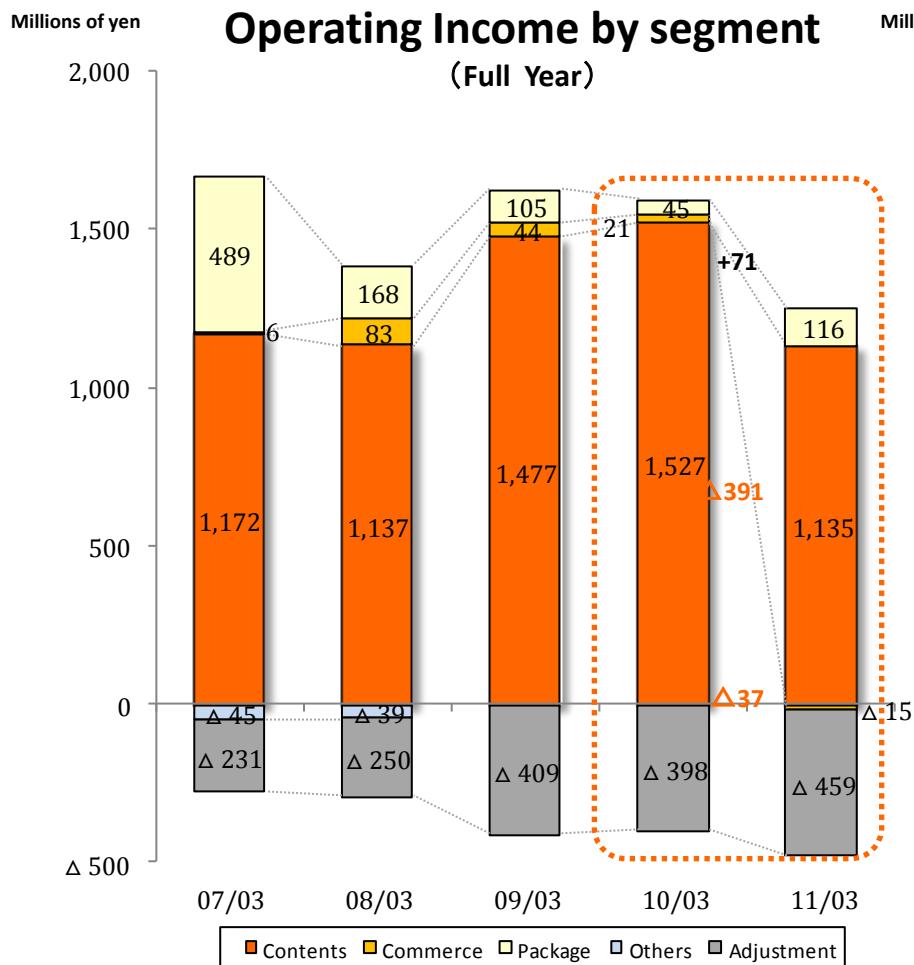
Primary cause of decrease in consolidated sales

Changes in the marketplace have led to a reduction in the number of members paying monthly fees for mobile content. This has decreased sales in our mobile content business.



Primary cause of decrease in consolidated operating profit

- Profits decreased mostly due to a decline in income, but also because SGA expenses increased following an expansion of our R&D budget in order to adapt each operational segment to new areas of business.



Business Topics: Mobile Content (1)

- Entering the smart phone and social networking applications market and actively expanding sales
 - Releasing approximately 140 applications consisting mainly of character-based and educational products
 - Smartphone applications will include 100 applications for the iPhone and iPad and 30 for the Android platform.
 - Services will also be unveiled on Japan's three major social networking platforms: Mobage, GREE, and mixi.

Smartphone applications

iPhone



Rilakkuma Touch!



Hello Kitty Calculator



Hello Kitty Wallpaper



Hello Kitty twippa



Yamakawa Nihonshi
Ichimon Ittou



Eiken Pass
Vocabulary/Idioms
Series

Android



Rilakkuma Theme



New TOEIC® Test
English Vocabulary/Idioms Mastery 2000

iPad



Kanken Anata wa Nankyuu?

Social networking applications

Mobage



Mainichi Rilakkuma

GREE



Rilakkuma Decome

mixi



Ramen Walker Collection
(mobile version)



Gotochi Kitty Collection
(mobile version)

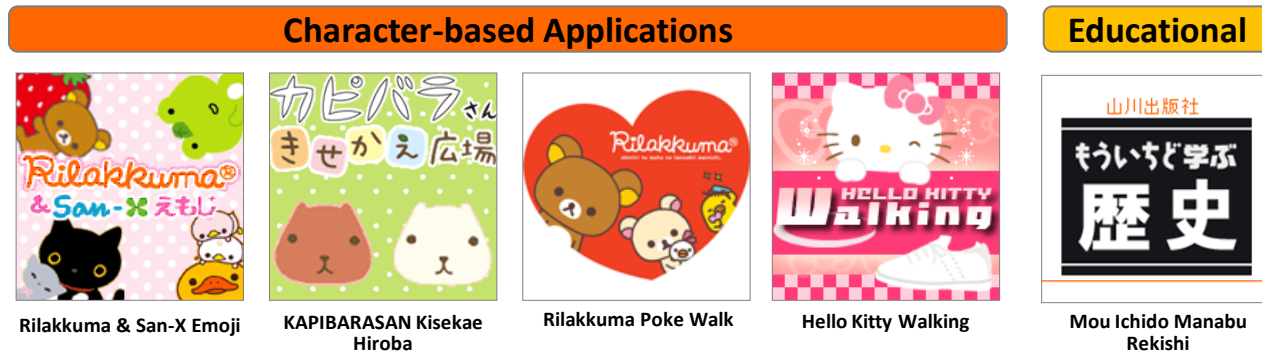
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Business Topics: Mobile Content (2)

■ Specialized strategic promotion directed at feature phone sites charging monthly fees

➤ Closing and opening of new sites

- Six unprofitable sites will be closed.
- A total of nine new sites specializing in character-based and educational applications will be opened.



➤ Strengthening sales of premium content charging pay-per-use fees

- Expanding the use of popular “Itsudemo Rilakkuma” application “Watashi no Oheya” to other Rilakkuma sites “Rilakkuma Decomeru” and “Rilakkuma Kisekai.”



Itsudemo Rilakkuma
“Watashi no Oheya”

Business Topics: Packaged Software

■ Release of titles for video game fans

➤ Release of "Medarot DS" (May 2010)

- The first new title in eight years from our original character series that was a huge hit on the Game Boy.
- Achieved sales of approximately 150,000 units by appealing to devoted fans of the original and successfully attracting new users.



Kabuto Version



Kuwagata Version

■ Expanding our "Enjoy Diet!" health and fitness series

➤ Release of "Shape Boxing 2" (December 2010)

- The sequel to "Shape Boxing," which has sold 700,000 units worldwide. New content adds more game-like appeal through the addition of elements such as Japanese pop songs.
- Enjoying positive repeat sales, helping to promote and establish the series as a whole.



■ Responding to new platforms

➤ Starting development of software for the Nintendo 3DS

- Currently developing two titles with the goal of releasing them by the end of March 2012.

NINTENDO 3DS™

RUNABOUT 3D

Medarot
for Nintendo 3DS

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- DS is a trademark of Nintendo.

- Shape Boxing® is an exercise program offered by Kyohei Boxing at well-known sports clubs.

- Nintendo 3DS and the Nintendo 3DS logo are trademarks of Nintendo.

Dividends

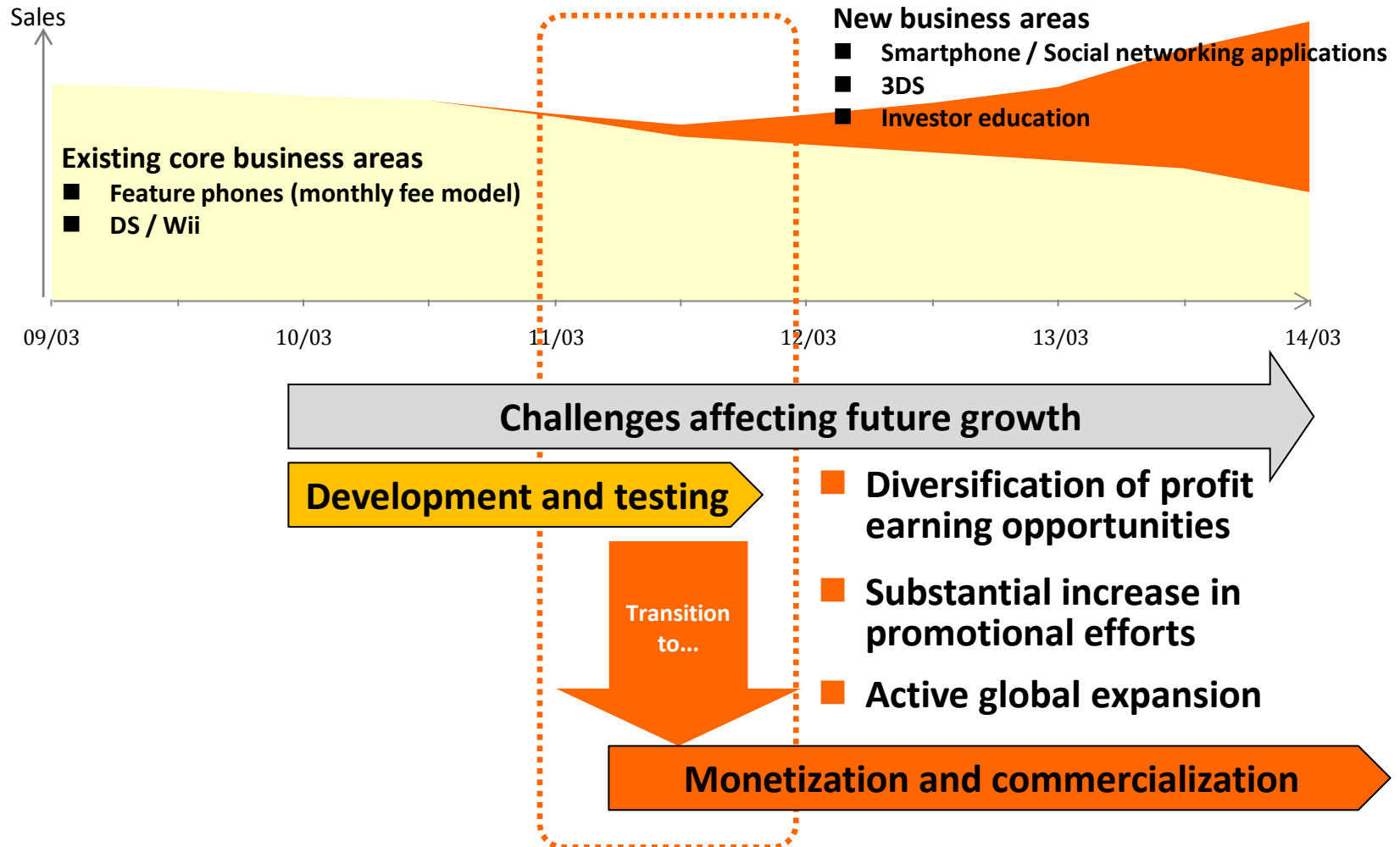
Yen

		FY2011	FY2010
Dividend Per Share	2nd Quarter	10.00	10.00
	Term-End	12.00	12.00
	Full-Year	22.00	22.00
Dividend Payout Ratio %		52.4	32.5

2. FY 2012 Full Year Projections

Overall Business Strategy

- We will move from the development and testing phase that continued until last term into a period of monetization and commercialization.



FY2012 Earnings Forecast (consolidated)

Millions of yen

	FY2012	FY2011	Y on Y Changes		
			JPY	%	Forecast
Net Sales	4,388	4,851	△463	△9.5	A decrease in Sales of Package software and Mobile Contents
Operating Income	624	776	△152	△19.6	A decrease in Net Sales
Ordinary Income	624	689	△64	△9.4	No significant difference in Non-Operating Income and Non-Operating Expenses from FY2011
Net Income	396	414	△18	△4.3	

yen

Dividend Per Share	2nd Quarter	10.00	10.00
	Term End	12.00	12.00
	Full Year	22.00	22.00
Dividend Payout Ratio %		54.7	52.4

Earnings Forecast by Segments

Millions of yen

		FY 2011	FY 2010	Y on Y Changes		
				JPY	%	Forecast
Mobile Contents	Net Sales	3,392	3,599	△207	△5.8	A reduction in the number of members paying monthly fees for mobile content.
	Operating Income	1,034	1,135	△101	△8.9	A decrease in Net Sales
	Operating Income to Sales Ratio	30.5	31.5	△1.0P	—	
Mobile Commerce	Net Sales	427	370	+57	+15.4	A increase in Sales of Mobile Commerce and Licensing & SP
	Operating Income	△5	△15	+10	—	A increase in Net Sales
	Operating Income to Sales Ratio	—	—	—	—	
Package Software	Net Sales	457	906	△448	△49.5	Less sales of package software
	Operating Income	31	116	△85	△72.9	A decrease in Net Sales
	Operating Income to Sales Ratio	6.9	12.8	△5.9P	—	
Investor Education	Net Sales	110	—	—	—	Allocation of Software Fee and Consulting Fee
	Operating Income	△111	—	—	—	Operating Expenses > Operating
	Operating Income to Sales Ratio	—	—	—	—	
Adjustment	Net Sales	—	△24	+24	—	
	Operating Income	△324	△459	+136	—	Transferred the expenses relating Investor Education to new segment
Total	Net Sales	4,388	4,851	△463	△9.5	
	Operating Income	624	776	△152	△19.6	
	Operating Income to Sales Ratio	14.2	16.0	△1.8P	—	

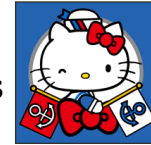
Our Efforts: Mobile Content

■ Advancing our operations in four strategic areas

Smartphone applications

➤ Careful selection of titles that are released

- Anticipating the release of popular games as well as dictionaries and other applications whose sales are expected to follow the long tail principle.



Hello Kitty Flags



Kadokawa Zenyaku Kogo Jiten

Social networking applications

➤ Enrichment and expansion of existing content

- Examining how content can be applied to smartphones and social networking platforms.

Existing official sites for feature phones

➤ Facilitating a smooth transition to smartphones

- Adapting to monthly fee models such as SP Mode.

Sales and merchandising

➤ Substantial increase in promotional efforts

- In Japan: Introducing more applications through already released applications.
- Overseas: Create new partnerships and open our business to new media.



Hello Kitty Calendar



Hello Kitty Wallpaper

Responding to Challenges: Mobile Commerce

■ Further expansion of products exclusive to sites (mobile site shopping)

➤ Further increase in number of products from 38 last term to 69 this term

- Plans to develop 25 products for “Rilakkuma Natural” and 44 other site-exclusive products.

Bath Products



Spa bag sets



Multi-basket sets

Organic Cotton Towels



ten-i muhou mini-towel sets

■ Continuation of sales campaigns and expansion of licensed products

(licensing and sales promotions)

- “Rilakkuma Fair” held at convenience store Lawson twice a year in spring and fall
- Increased efforts to acquire new licensees



Pentax K-r camera



Color Sand

Responding to Challenges: Packaged Software

■ Expanding our “Enjoy Diet!” health and fitness series

➤ Release of "Billy's Boot Camp: Wii" (April 2011)

- The hugely popular exercise DVD series which has sold over 1.5 million units domestically has been adapted for the Wii with a wealth of additional features.
- While playing this fun action game, users will suddenly realize that they are moving like Billy. The game nature makes the exercise easy for anyone to keep up with.



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■ Responding to new platforms

➤ Release of "RUNABOUT 3D" (scheduled for 2011)

- 3DS version of popular, best-selling racing action game.
- Realization of the series' dynamic car-based action in 3D.

■ Increased global expansion

➤ Expanding licensing of “RUNABOUT 3D” overseas

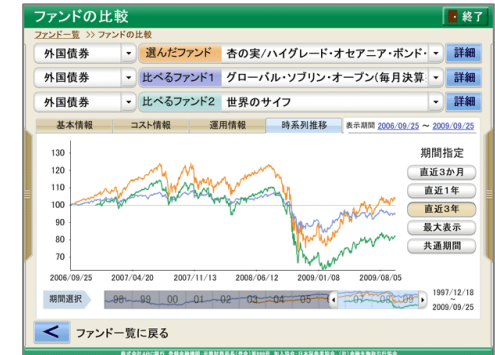
- Currently negotiating and preparing for sales in North America and Europe through leading foreign publishers.
- Aiming to expand sales both domestically and internationally.

Responding to Challenges: Investor Education

■ Maintenance of the financial services industry’s “social common capital”

➤ Development and release of “Investment Trust Proposal Support System”

- Helpful tool providing appropriate, easy-to-understand explanations of customer-oriented investment trust products offered by financial institutions.
- Trial introduction completed at all Resona Bank branches. (from April 2010)
- Planning to gradually introduce system to all Marusan Securities branches and their direct sales offices. (from May 2011)

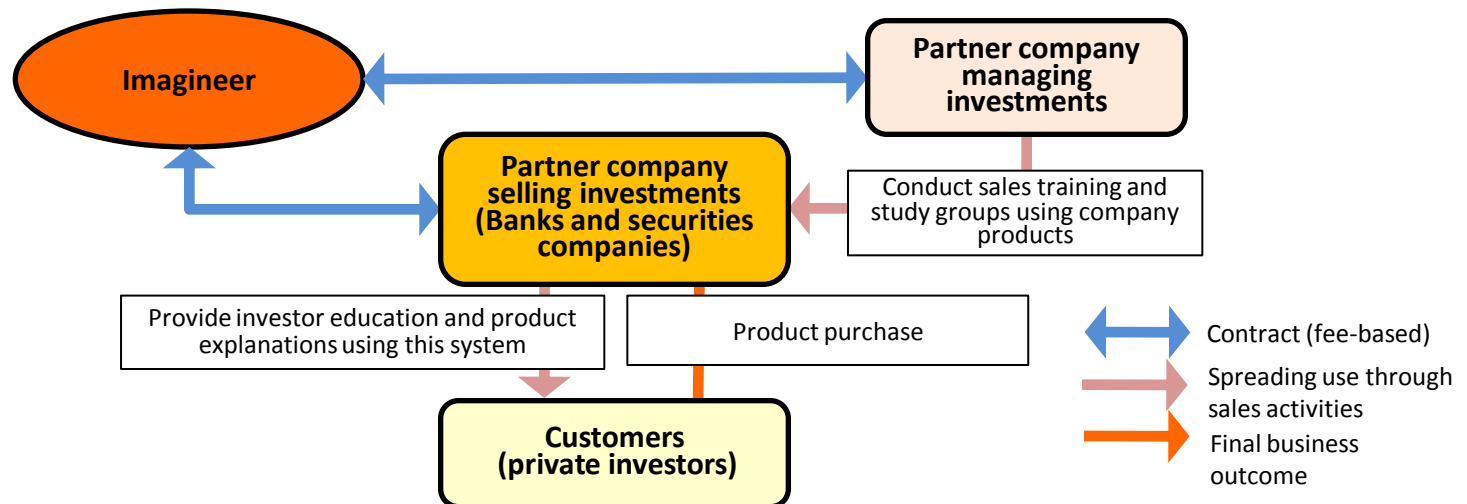


Fund comparison/time-series transition

■ Diversification of profit earning opportunities

➤ Earning fees from companies selling and managing investments

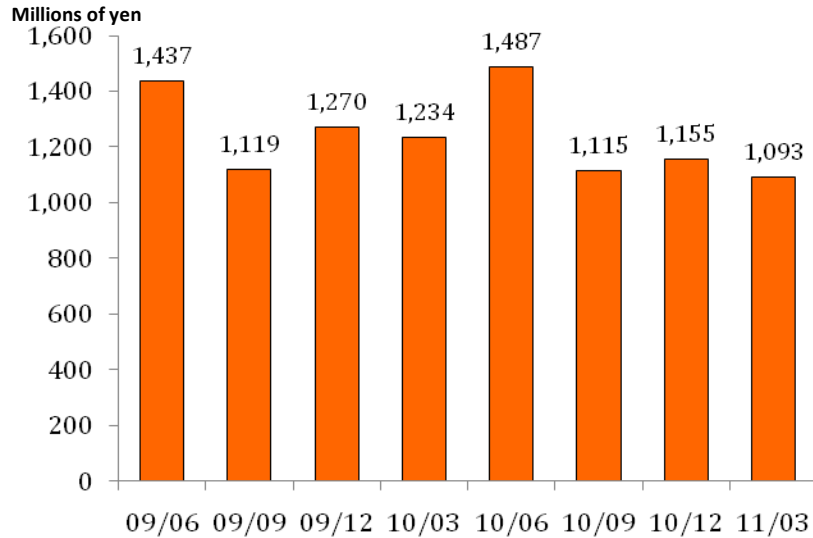
- In addition to receiving system usage fees from partner companies selling investments, we will earn fees by making the system available to companies managing investments.



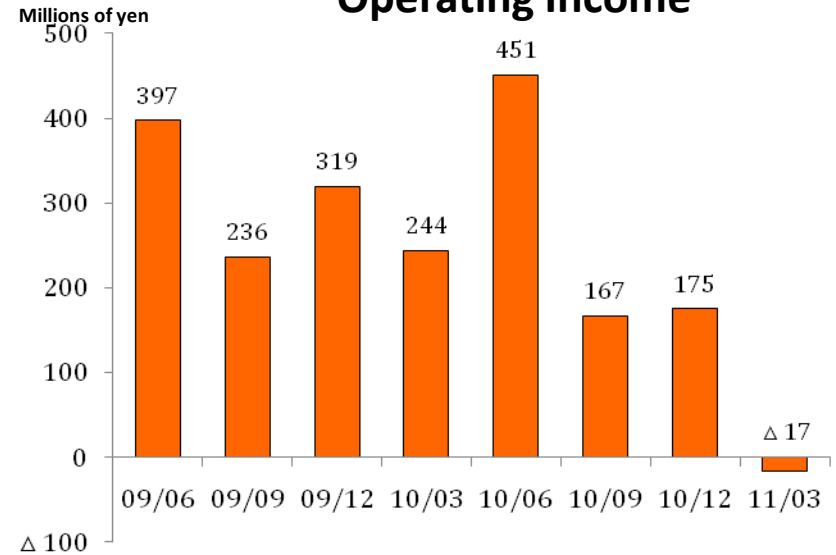
3. Appendix

Consolidated Operating Results

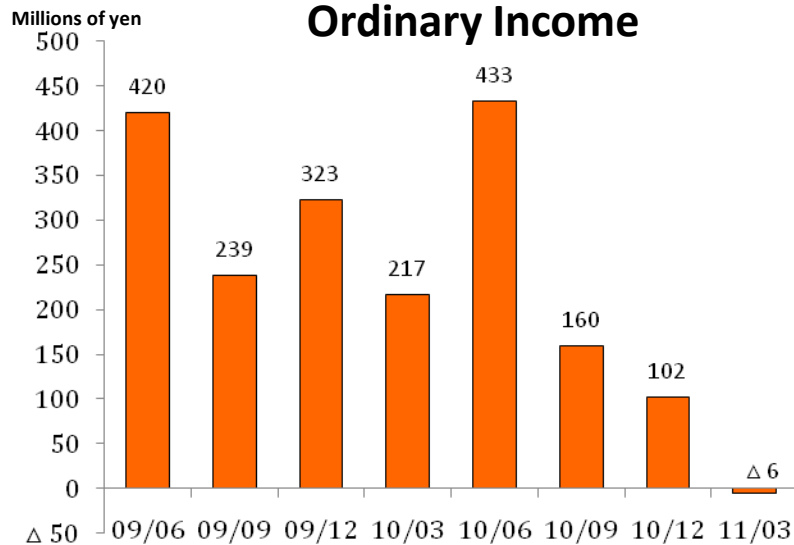
Net Sales



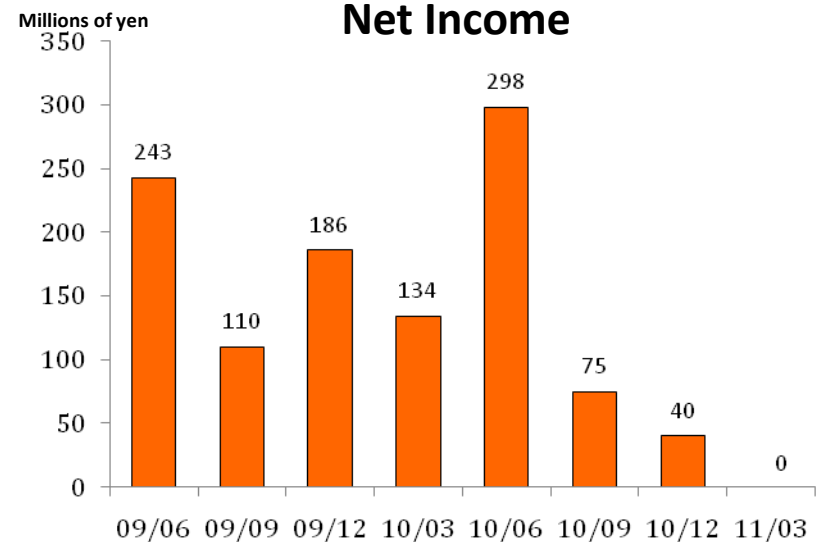
Operating Income



Ordinary Income

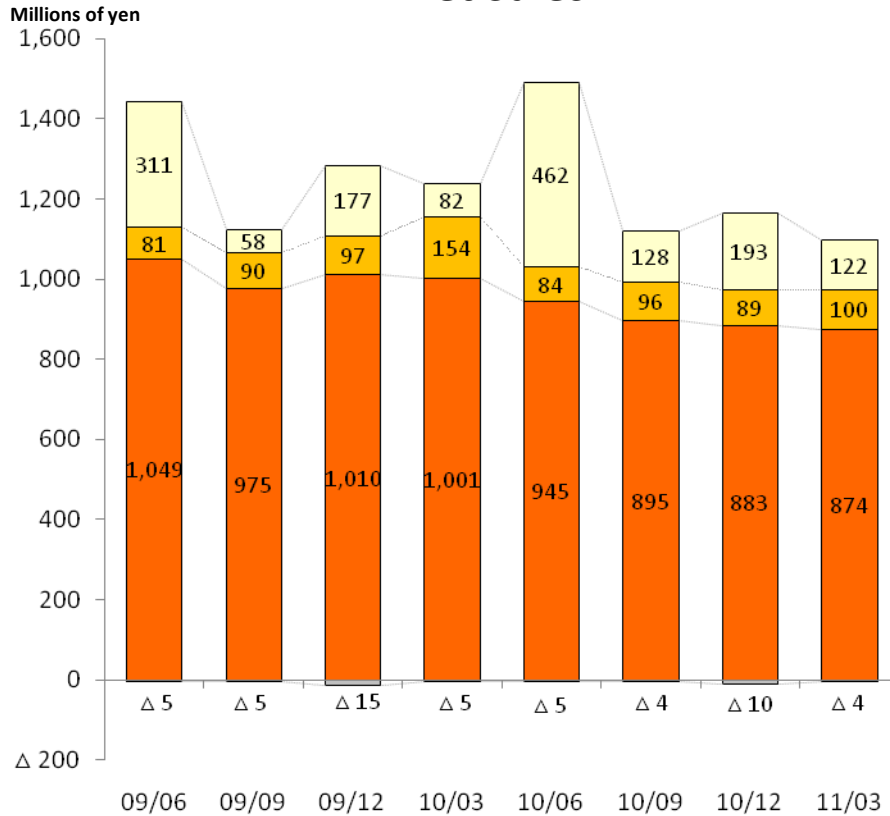


Net Income

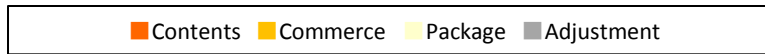
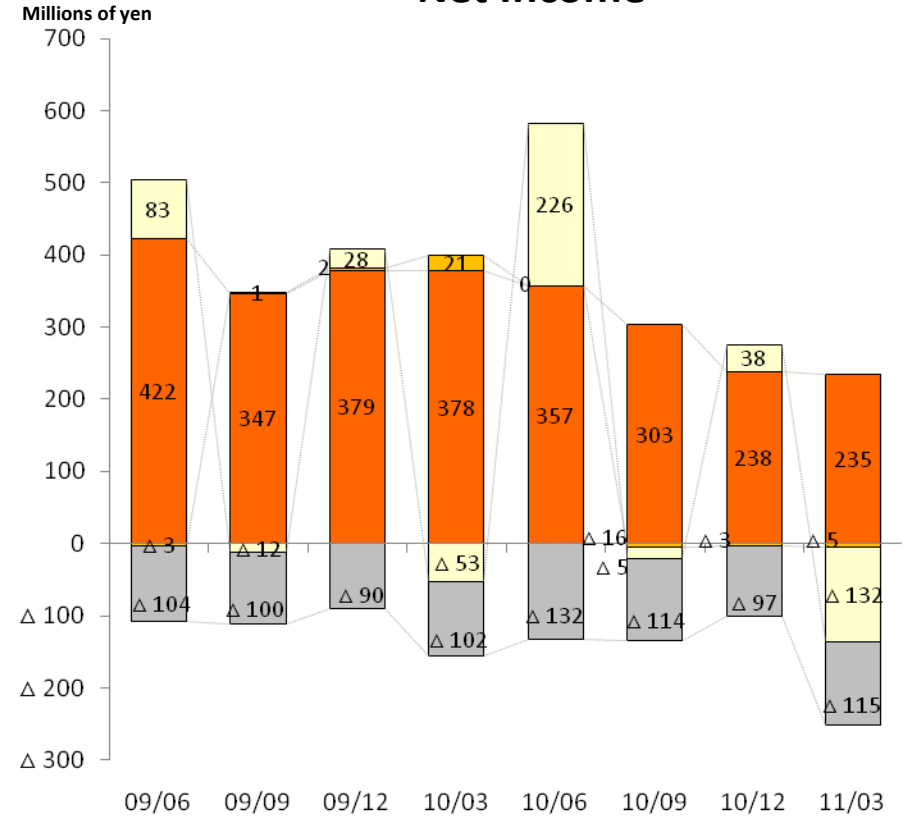


Operating Results by Segments

Net Sales



Net Income





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This document contains statements which predict future events. These remarks were made based on information available to this company at the time this document was written. This does not guarantee the accuracy of this information. Please be aware that actual financial results may differ from the predictions made herein due to changes in a wide range of factors.