



FACT BOOK

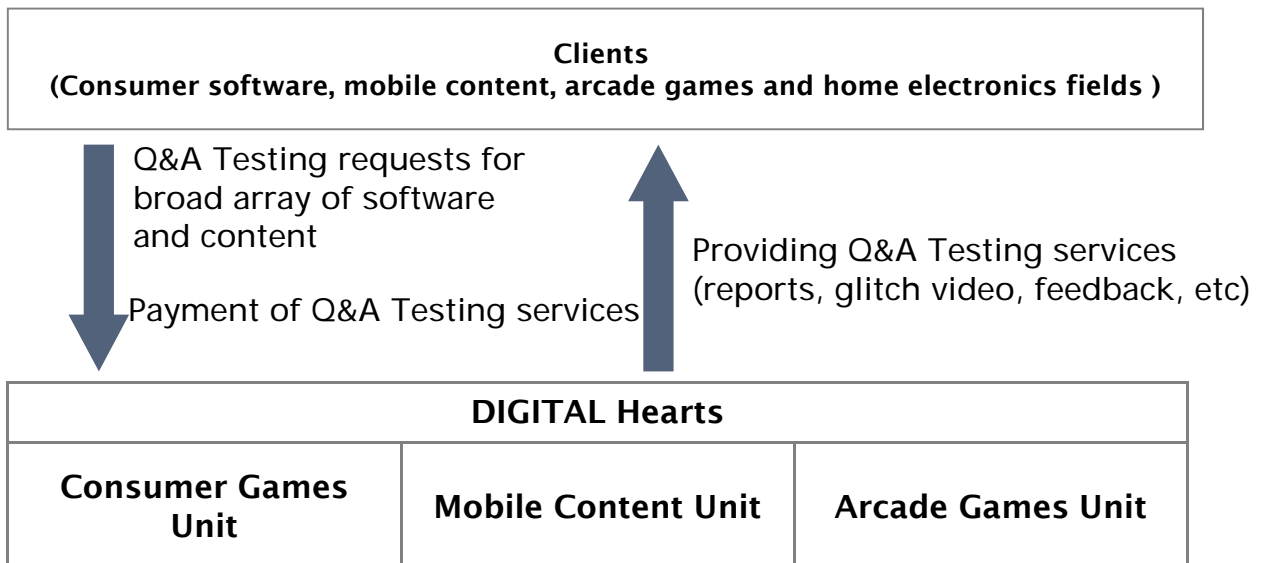
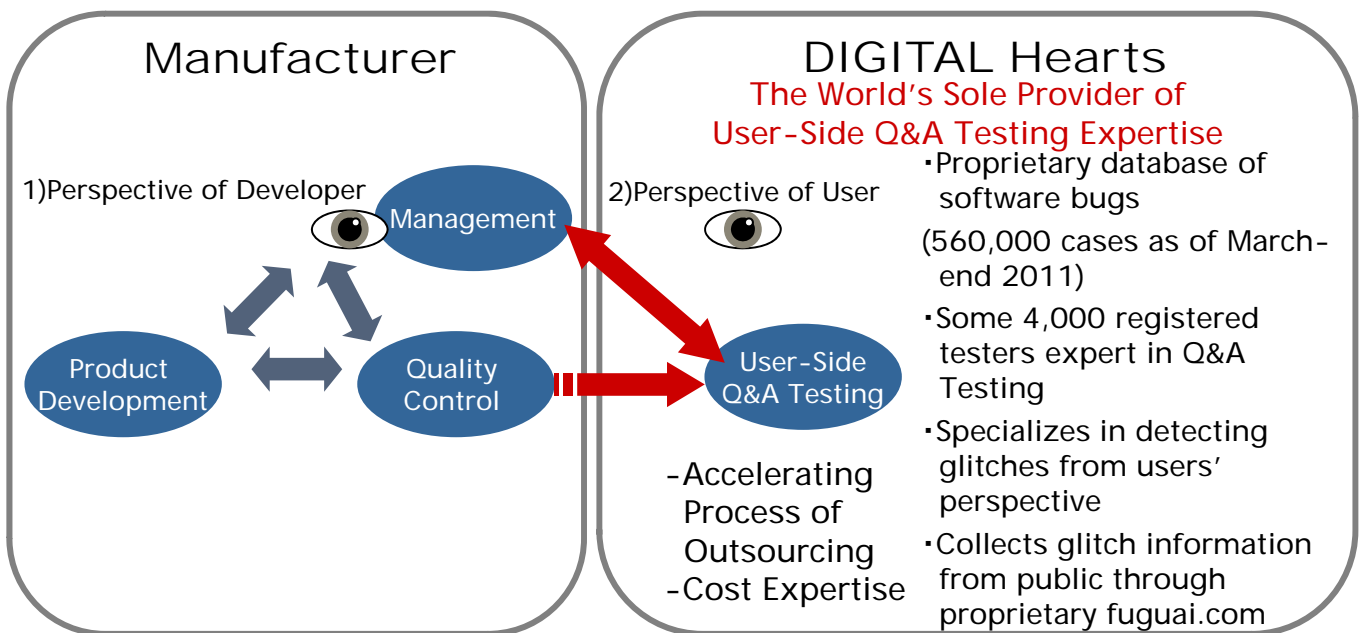
From "Made in Japan" to "Checked by Japan"

(3620)TSE 1st section
DIGITAL Hearts Co., Ltd.

For the Fiscal Year ended March 31, 2011

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Company Name	DIGITAL Hearts Co., Ltd.
URL	http://www.digitalhearts.co.jp/
Head Office	32F Tokyo Opera City Building, 3-20-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo, 163-1432
Capital	272.82 Million Yen (as of March 31, 2011)
Established	April 19, 2001
President & CEO	Eiichi Miyazawa
Number of Employees	4,768 (including temporary staff, as of March 31, 2011)



Nonconsolidated Balance Sheets



(¥ Thousand)	3/2007	3/2008	3/2009	3/2010	3/2011
Assets					
Total assets	686,250	1,410,859	1,868,608	1,949,842	2,343,073
Current assets	506,265	985,229	1,349,892	1,350,174	1,668,513
Cash and deposits	264,967	616,855	912,810	868,569	1,054,725
Notes receivable	4,100	2,696	20,942	7,800	25,379
Accounts receivable-trade	208,027	325,993	361,522	424,135	519,742
Inventories	-	-	-	230	1,815
Advance payments-trade	1	520	642	967	2,402
Prepaid expenses	20,304	22,653	26,048	26,861	29,632
Deferred tax assets	10,114	16,233	27,760	20,925	28,048
Other	83	750	1,159	1,988	8,489
Allowance for doubtful accounts	△ 1,334	△ 475	△ 994	△ 1,304	△ 1,722
Noncurrent assets	179,985	425,630	518,716	599,668	674,560
Property, plant and equipment	32,963	46,723	75,071	94,410	138,028
Buildings	25,397	47,671	69,206	84,987	129,578
Accumulated depreciation	△ 6,771	△ 12,643	△ 18,015	△ 27,438	△ 37,267
Buildings, net	18,625	35,027	51,190	57,548	92,311
Vehicles	5,856	5,856	5,856	5,856	5,856
Accumulated depreciation	△ 1,556	△ 2,928	△ 3,862	△ 4,498	△ 4,931
Vehicles, net	4,299	2,928	1,994	1,357	924
Tools, furniture and fixtures	16,085	19,006	35,663	62,783	88,135
Accumulated depreciation	△ 6,047	△ 10,238	△ 13,776	△ 27,280	△ 45,641
Tools, furniture and fixtures, net	10,038	8,767	21,886	35,503	42,494
Lease assets	-	-	-	-	2,397
Accumulated depreciation	-	-	-	-	△ 99
Lease assets, net	-	-	-	-	2,297
Intangible assets	56,303	70,205	68,272	57,256	58,904
Right of trademark	465	2,015	2,707	2,406	3,045
Software	18,077	47,027	53,870	52,364	44,768
Software in progress	37,433	20,833	9,713	-	-
Lease assets	-	-	-	-	9,535
Other	327	327	1,980	2,485	1,554
Investments and other assets	90,718	308,702	375,372	448,001	477,626
Investment securities	-	99,623	145,899	143,313	138,284
Long-term prepaid expenses	1,200	357	-	-	462
Deferred tax assets	3,994	9,263	8,475	1,982	6,213
Deposits for operation	-	-	-	-	40,000
Lease and guarantee deposits	85,522	99,457	120,996	180,053	162,621
Long-term time deposits	-	100,000	100,000	100,000	100,000
Insurance funds	-	-	-	22,651	30,044

Nonconsolidated Balance Sheets



(¥ Thousand)	3/2007	3/2008	3/2009	3/2010	3/2011
Liabilities					
Total liabilities	314,363	437,310	547,591	351,055	494,857
Current liabilities	264,363	437,310	547,591	351,055	484,234
Current portion of bonds	-	50,000	-	-	-
Lease obligations	-	-	-	-	2,989
Accounts payable-other	20,346	34,667	22,134	20,988	31,372
Accrued expenses	109,396	156,747	187,251	187,516	238,197
Income taxes payable	78,848	109,640	228,710	81,169	122,573
Accrued consumption taxes	30,228	46,377	58,841	23,253	37,589
Advances received	7,063	16,317	19,653	12,580	15,012
Deposits received	12,330	7,579	8,413	8,818	10,161
Provision for bonuses	6,150	15,969	22,586	16,473	25,894
Other	-	10	-	254	443
Noncurrent liabilities	50,000	-	-	-	10,622
Bonds payable	50,000	-	-	-	-
Lease obligations	-	-	-	-	9,129
Asset retirement obligations	-	-	-	-	1,493
Net assets					
Total net assets	371,887	973,549	1,321,017	1,598,786	1,848,216
Shareholders' equity	371,887	973,583	1,321,629	1,599,307	1,849,333
Capital stock	56,416	272,461	272,573	272,677	272,821
Capital surplus	16,416	232,461	232,573	232,677	232,821
Legal capital surplus	16,416	232,461	232,573	232,677	232,821
Retained earnings	299,055	468,660	816,483	1,093,953	1,343,691
Retained earnings brought forward	299,055	468,660	816,483	1,093,953	1,343,691
Total valuation and translation adjustments	-	△ 34	△ 612	△ 521	△ 1,117
Valuation difference on available-for-sale securities	-	△ 34	△ 612	△ 521	△ 1,117
Total liabilities and net assets	686,250	1,410,859	1,868,608	1,949,842	2,343,073

Nonconsolidated Statements of Income



(¥ Thousand)	3/2007	3/2008	3/2009	3/2010	3/2011
Net sales	1,499,508	2,372,454	3,378,382	3,416,326	3,957,718
Cost of sales	901,762	1,483,328	1,977,527	2,065,248	2,428,837
Gross profit	597,745	889,126	1,400,854	1,351,078	1,528,881
Selling, general and administrative expenses	367,753	553,057	759,592	829,699	1,000,732
Operating income	229,991	336,068	641,261	521,378	528,148
Non-operating income	763	1,660	5,863	8,269	3,651
Interest income	118	512	2,361	732	344
Interest on securities	-	-	468	1,804	1,800
Subsidy income	-	-	-	2,639	-
Subsidy (employment) income	150	-	-	-	-
Compensation income	-	-	1,175	-	-
Other	494	1,148	1,857	3,092	1,506
Non-operating expenses	1,216	18,344	3,217	3,483	36,667
Interest expenses	83	-	-	0	63
Interest on bonds	370	370	92	-	-
Stock issuance cost	762	7,991	-	-	-
Loss on investments in partnership	-	1,021	2,749	2,739	3,022
Foreign exchange losses	-	-	293	177	764
Contribution	-	-	-	-	10,000
Bonds losses	-	-	-	565	1,130
Listing-related expenses	-	-	-	-	21,629
Going public expenses	-	8,791	-	-	-
Other	-	170	82	-	56
Ordinary income	229,538	319,384	643,907	526,164	495,133
Extraordinary income	7,478	794	-	19,178	25,482
Gain on reversal of allowance for doubtful accounts	-	794	-	-	-
Surrender value of insurance	6,016	-	-	19,178	-
Compensation income	-	-	-	-	25,482
Gain on sales of noncurrent assets	1,461	-	-	-	-
Extraordinary loss	191	-	6,275	9,593	25,164
Loss on retirement of noncurrent assets	-	-	1,226	1,627	6,810
Loss on sales of noncurrent assets	191	-	-	-	-
Office transfer expenses	-	-	5,048	2,013	2,616
Head office transfer cost	-	-	-	-	2,512
Penalty for breach of contract	-	-	-	-	4,840
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	-	-	-	8,384
Allowance for prior periods	-	-	-	5,951	-
Income (losse) before income taxes	236,825	320,179	637,632	535,750	495,451
Income taxes-current	109,394	161,938	300,152	216,164	227,769
Income taxes-deferred	△ 9,138	△ 11,364	△ 10,342	13,266	△ 10,944
Total income taxes	100,255	150,573	289,809	229,430	216,824
Net income	136,569	169,605	347,822	306,319	278,626

Nonconsolidated Statements of Change in Shareholders' Equity



(¥ Thousand)	3/2010	3/2011	(¥ Thousand)	3/2010	3/2011
Shareholders' equity			Valuation and translation adjustments		
Capital stock			Valuation difference on available-for-sale securities		
Balance at the end of previous year	272,573	272,677	Balance at the end of previous year	△ 612	△ 521
Changes of items during the period			Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	104	144	Net changes of items other than shareholders' equity	90	△ 596
Total changes of items during the period	104	144	Total changes of items during the period	90	△ 596
Balance at the end of current year	272,677	272,821	Balance at the end of current year	△ 521	△ 1,117
Capital surplus			Total valuation and translation adjustments		
Legal capital surplus			Balance at the end of previous year		
Balance at the end of previous year	232,573	232,677		△ 612	△ 521
Changes of items during the period			Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	103	143	Net changes of items other than shareholders' equity	90	△ 596
Total changes of items during the period	103	143	Total changes of items during the period	90	△ 596
Balance at the end of current year	232,677	232,821	Balance at the end of current year	△ 521	△ 1,117
Total Capital surplus			Total net assets		
Balance at the end of previous year	232,573	232,677	Balance at the end of previous year	1,321,017	1,598,786
Changes of items during the period			Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	103	143	Issuance of new shares-exercise of subscription rights to shares	208	288
Total changes of items during the period	103	143	Dividends from surplus	△ 28,849	△ 28,888
Balance at the end of current year	232,677	232,821	Net income	306,319	278,626
Retained earnings			Net changes of items other than shareholders' equity		
Other retained earnings			Total changes of items during the period		
Retained earnings brought forward				277,769	249,429
Balance at the end of previous year	816,483	1,093,953	Balance at the end of current year	1,598,786	1,848,216
Changes of items during the period					
Dividends from surplus	△ 28,849	△ 28,888			
Net income	306,319	278,626			
Total changes of items during the period	277,470	249,737			
Balance at the end of current year	1,093,953	1,343,691			
Total retained earnings					
Retained earnings brought forward					
Balance at the end of previous year	816,483	1,093,953			
Changes of items during the period					
Dividends from surplus	△ 28,849	△ 28,888			
Net income	306,319	278,626			
Total changes of items during the period	277,470	249,737			
Balance at the end of current year	1,093,953	1,343,691			
Total shareholders' equity					
Balance at the end of previous year	1,321,629	1,599,307			
Changes of items during the period					
Issuance of new shares-exercise of subscription rights to shares	208	288			
Dividends from surplus	△ 28,849	△ 28,888			
Net income	306,319	278,626			
Total changes of items during the period	277,678	250,025			
Balance at the end of current year	1,599,307	1,849,333			

Nonconsolidated Statements of Cash Flows



(¥ Thousand)	3/2007	3/2008	3/2009	3/2010	3/2011
Cash flows from operating activities					
Net cash provided by (used in) operating activities	163,738	190,974	466,101	124,395	307,799
Income (losse) before income taxes	236,825	320,179	637,632	535,750	495,451
Depreciation and amortization	9,591	19,381	28,758	41,275	55,799
Amortization of long-term prepaid expenses	485	842	357	-	13
Increase (decrease) in allowance for doubtful accounts	13	△ 858	518	310	417
Increase (decrease) in provision for bonuses	6,150	9,819	6,617	△ 6,112	9,420
Interest and dividends income	△ 118	△ 512	△ 2,361	△ 732	△ 344
Interest on securities	-	-	△ 468	△ 1,804	△ 1,800
Interest expenses	83	-	-	0	63
Interest on bonds	370	370	92	-	-
Foreign exchange losses (gains)	-	10	163	168	85
Stock issuance cost	762	7,991	-	-	-
Loss (gain) on investments in partnership	-	1,021	2,749	2,739	3,022
Loss on retirement of noncurrent assets	-	-	1,226	1,357	6,810
Gain on sales of noncurrent assets	△ 1,461	-	-	-	-
Loss on sales of noncurrent assets	191	-	-	-	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	-	-	-	8,384
Decrease (increase) in notes and accounts receivable-trade	△ 65,316	△ 116,562	△ 53,774	△ 49,470	△ 113,186
Decrease (increase) in inventories	-	-	-	△ 230	△ 1,584
Decrease (increase) in other current assets	△ 3,143	△ 2,982	△ 4,529	△ 1,963	△ 10,707
Increase (decrease) in accounts payable-other	10,392	15,817	△ 20,415	5,773	11,496
Increase (decrease) in accrued expenses	42,101	47,350	30,596	265	50,656
Increase (decrease) in accrued consumption taxes	10,464	16,148	13,133	△ 35,090	14,286
Increase (decrease) in other current liabilities	△ 901	12,736	7,905	△ 6,046	2,474
Subtotal	246,490	330,753	648,202	486,187	530,758
Interest and dividends income received	118	512	2,359	2,534	2,145
Interest expenses paid	△ 441	△ 370	△ 184	△ 0	△ 39
Deposits for operation paid	-	-	-	-	△ 40,000
Income taxes paid	△ 82,429	△ 139,921	△ 184,275	△ 364,326	△ 185,066

Nonconsolidated Statements of Cash Flows



(¥ Thousand)	3/2007	3/2008	3/2009	3/2010	3/2011
Cash flows from investing activities					
Net cash provided by (used in) investing activities	△ 108,896	△ 263,175	△ 120,106	△ 140,080	△ 92,944
Payments into time deposits	-	△ 100,000	-	-	-
Proceeds from withdrawal of time deposits	-	-	100	-	-
Purchase of property, plant and equipment	△ 29,388	△ 25,194	△ 38,798	△ 50,392	△ 77,282
Proceeds from sales of property, plant and equipment	4,720	-	-	-	-
Purchase of intangible assets	△ 36,431	△ 23,344	△ 9,869	△ 7,980	△ 15,222
Purchase of investment securities	-	△ 100,702	△ 50,000	-	-
Purchase of insurance funds	-	-	-	△ 22,651	△ 7,393
Payments for lease and guarantee deposits	△ 46,983	△ 14,344	△ 31,750	△ 69,546	△ 14,816
Proceeds from collection of lease and guarantee deposits	873	410	10,211	10,489	23,152
Increase of long-term prepaid expenses	△ 1,685	-	-	-	-
Purchase of long-term prepaid expenses	-	-	-	-	△ 476
Other	-	-	-	-	△ 904
Cash flows from financing activities					
Net cash provided by (used in) financing activities	△ 822	424,099	△ 49,775	△ 28,387	△ 28,613
Net increase (decrease) in short-term loans payable	-	-	-	5,000	-
Decrease in short-term loans payable	-	-	-	△ 5,000	-
Decrease in long-term loans payable	△ 29,500	-	-	-	-
Redemption of bonds	-	-	△ 50,000	-	-
Proceeds from issuance of common stock	28,677	424,099	224	208	288
Cash dividends paid	-	-	-	△ 28,595	△ 28,699
Repayments of lease obligations	-	-	-	-	△ 202
Effect of exchange rate change on cash and cash equivalents	-	△ 10	△ 163	△ 168	△ 85
Net increase (decrease) in cash and cash equivalents	54,019	351,887	296,055	△ 44,240	186,156
Cash and cash equivalents, beginning of term	210,847	264,867	616,754	912,810	868,569
Cash and cash equivalents, end of term	264,867	616,754	912,810	868,569	1,054,725

Nonconsolidated Profitability Indicators



(¥ Million)	3/2007	3/2008	3/2009	3/2010	3/2011
Net Sales	1,499	2,372	3,378	3,416	3,957
Gross Profit	597	889	1,400	1,351	1,528
SG&A Expenses	367	553	759	829	1,000
Operating Income	229	336	641	521	528
Ordinary Income	229	319	643	526	495
Net Income	136	169	347	306	278

(%)	3/2007	3/2008	3/2009	3/2010	3/2011
Gross Profit on Sales	39.9%	37.5%	41.5%	39.5%	38.6%
SG&A Expenses Ratio	24.5%	23.3%	22.5%	24.3%	25.3%
Operating Income Margin	15.3%	14.2%	19.0%	15.3%	13.3%
Ordinary Income Margin	15.3%	13.5%	19.1%	15.4%	12.5%
Net Income Margin	9.1%	7.1%	10.3%	9.0%	7.0%

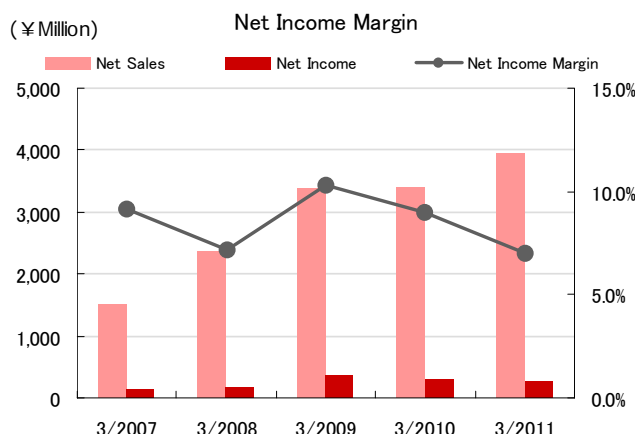
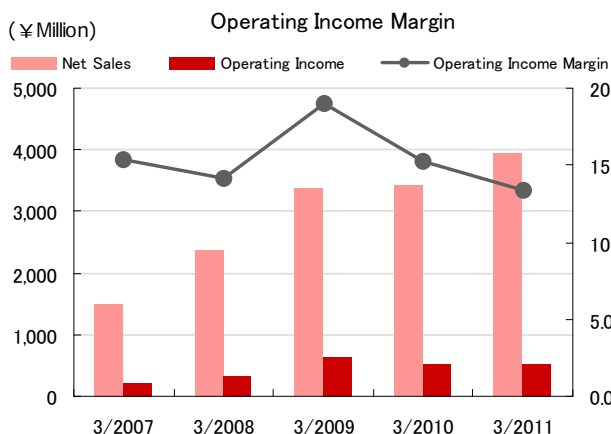
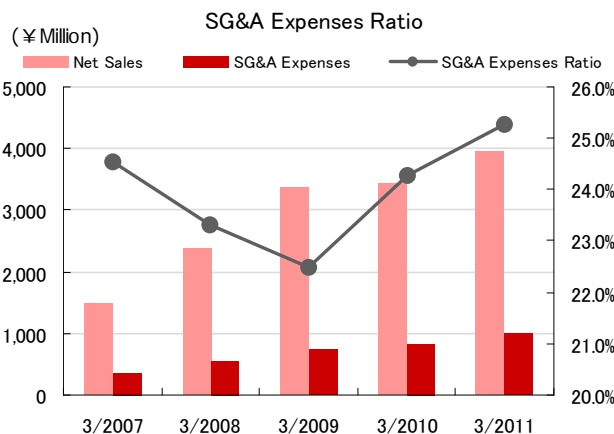
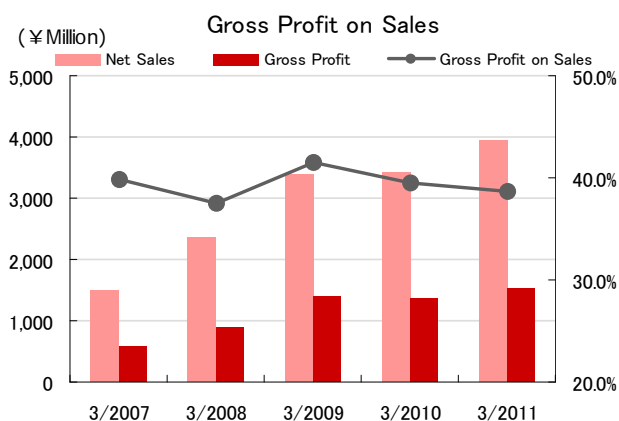
Gross Profit on Sales=Gross Profit/Net Sales

SG&A Expenses Ratio=SG&A Expenses/Net Sales

Operating Income Margin=Operating Income/Net Sales

Ordinary Income Margin=Ordinary Income/Net Sales

Net Income Margin=Net Income/Net Sales



Nonconsolidated Efficiency Indicators



(Times)	3/2007	3/2008	3/2009	3/2010	3/2011
Total Assets Turnover	2.64	2.26	2.06	1.79	1.84
Noncurrent Assets Turnover	11.89	7.83	7.15	6.11	6.21
Current Assets Turnover	3.39	3.18	2.89	2.53	2.62

(Days)	3/2007	3/2008	3/2009	3/2010	3/2011
Accounts Receivable Turnover	51.6	50.6	41.3	46.1	50.3
Accounts Payable Turnover	-	-	-	-	-
Cash and deposits Turnover	64.5	94.9	98.6	92.8	97.3

Total Assets Turnover=Net Sales/Average Total Assets

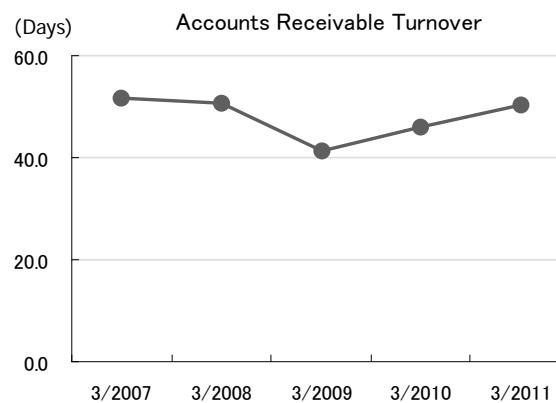
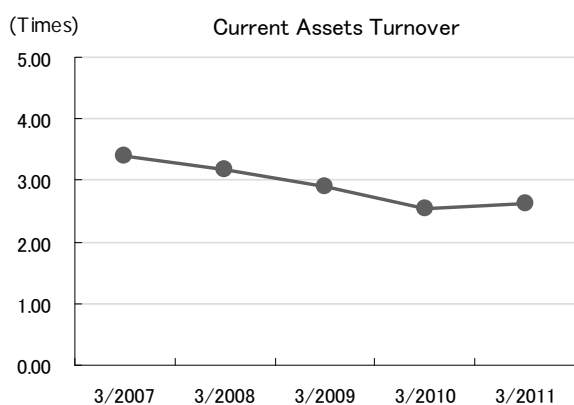
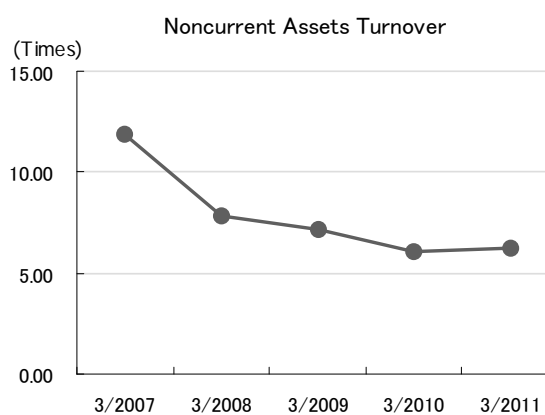
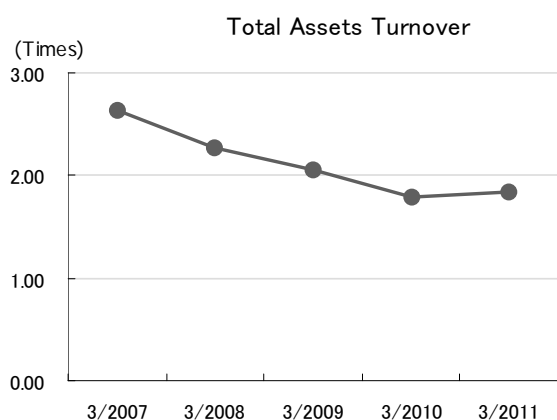
Noncurrent Assets Turnover=Net Sales/Average Noncurrent Assets

Current Assets Turnover=Net Sales/Average Current Assets

Accounts Receivable Turnover=Average Accounts Receivable/Net Sales*365

Accounts Payable Turnover=Average Accounts Payable/Net Sales*365

Cash and deposits Turnover=Cash and deposits/Net Sales*365



(¥Million)	3/2007	3/2008	3/2009	3/2010	3/2011
Equity	371	973	1,321	1,598	1,848
Total Assets	686	1,410	1,868	1,949	2,343
Noncurrent Assets	179	425	518	599	674
Current Assets	506	985	1,349	1,350	1,668
Current Liabilities	264	437	547	351	484
Interest-Bearing Debt	50	50	-	-	12

(%)	3/2007	3/2008	3/2009	3/2010	3/2011
Equity Ratio	54.2%	69.0%	70.7%	82.0%	78.9%
D/E Ratio	13.4%	5.1%	-	-	0.7%
Fixed Ratio	48.4%	43.7%	39.3%	37.5%	36.5%
Current Ratio	191.5%	225.3%	246.5%	384.6%	344.6%
Return on Equity (ROE)	47.3%	25.2%	30.3%	21.0%	16.2%
Return on Total Assets (ROA)	19.9%	12.0%	18.6%	15.7%	11.9%

Equity Ratio=Equity/Total Assets

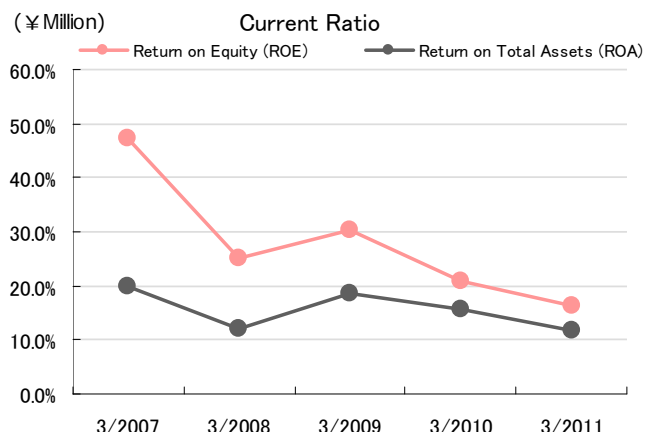
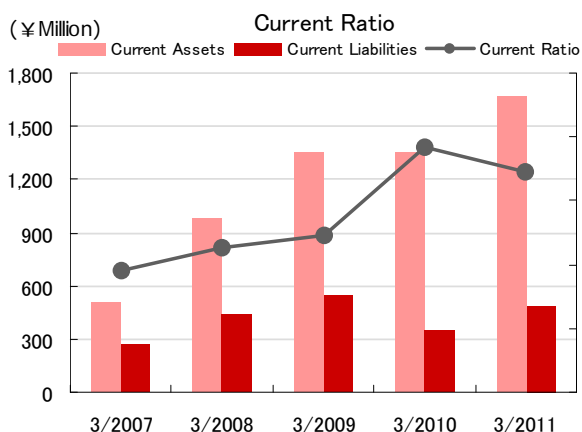
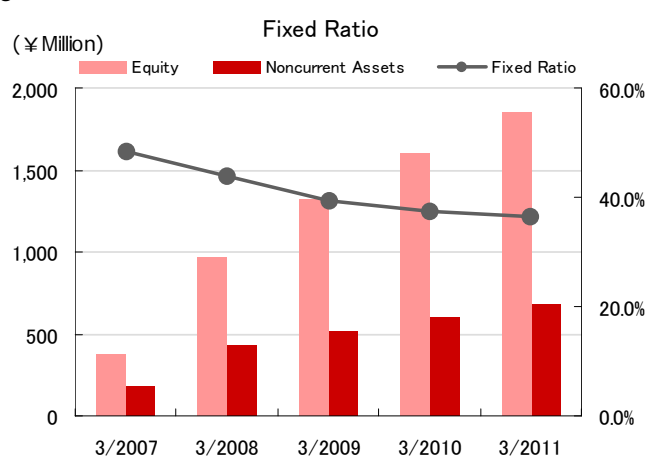
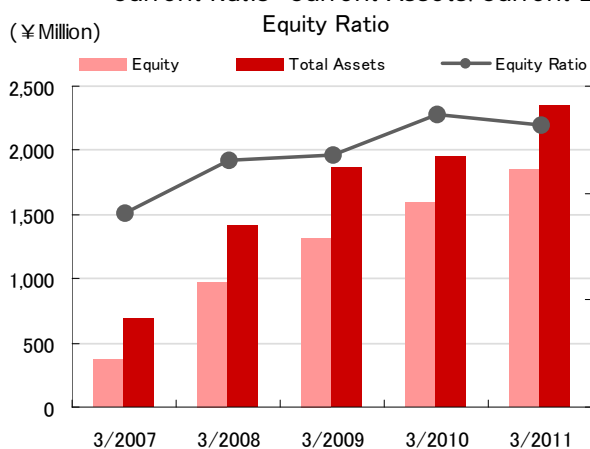
ROE=Net Income/Equity

D/E Ratio=Interest-Bearing Debt/Equity

ROA=Net Income/Total Assets

Fixed Ratio=Noncurrent Assets/Equity

Current Ratio=Current Assets/Current Liabilities



Stock Information

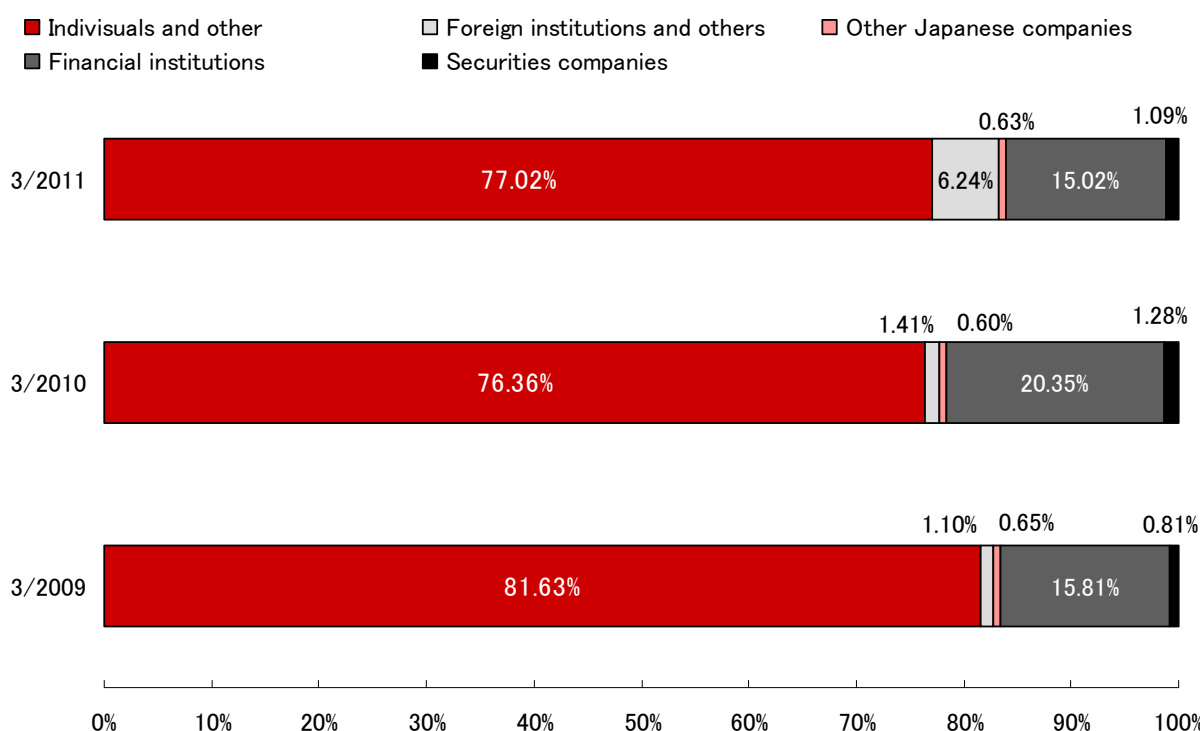


(¥)	3/2007	3/2008	3/2009	3/2010	3/2011
Share price at term-end	-	304,000	166,000	150,600	161,700
Net income per share	8,255.93	9,942.30	6,035.86	5,303.32	4,820.11
Net income per share (fully diluted)	-	9,560.64	5,828.90	5,132.10	4,669.61
Net assets per share	22,295.39	50,692.49	22,894.98	27,671.68	31,929.10
Dividend per share	0.00	0.00	500.00	500.00	750.00

As of March 31, 2011

Major Shareholders (Top 10)	Number of Shares (Share)	Shareholding Ratio(%)
Miyazawa, Eiichi	34,200	59.08%
The Master Trust Bank of Japan, Ltd. (trust account)	3,881	6.70%
Trust & Custody Services Bank, Ltd. (trust account)	1,966	3.39%
State Street Bank and Trust Company	1,400	2.41%
The Nomura Trust and Banking Co., Ltd. (investment account)	1,000	1.72%
Bank of New York GCM Client Account JPRD ISG FEAC	724	1.25%
Kawaguchi, Kenichiro	600	1.03%
Wakasa, Yasuyuki	600	1.03%
Morgan Stanley and Company International PLC	600	1.03%
Nippon Life Insurance Company	570	0.98%

Composition of Shareholders by Category



Contact

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