

HAPPINET CORPORATION

Financial Summary

**Consolidated Financial Results for the 1st Quarter of
the Fiscal Year Ending March 31, 2011**

August 10, 2010

DISCLAIMER

This document is a translation of the cover page of the original “Kessan Tanshin” in Japanese. HAPPINET CORPORATION provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy, the original “Kessan Tanshin” in Japanese shall prevail.
This document contains forward-looking statements that are based on management’s estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectation.

Consolidated Financial Report
for the 1st Quarter of the Fiscal Year Ending March 31, 2011 [Japanese GAAP]

Company name	HAPPINET CORPORATION		
Stock listing	Tokyo Stock Exchange		
Code No.	7552	URL:	http://www.happinet.co.jp/
Representative	Kazuhiko Note, President and COO		
Contact	Hideo Asatsu, Board Director and CFO		
Scheduled filing date of the quarterly report	August 11, 2010		
Scheduled starting date for dividend payments	—		
The additional materials of quarterly results:	No		
Quarterly results presentation:	No		

1. Consolidated Results for the 1st Quarter of the Fiscal Year Ending March 31, 2011
(April 1, 2010 - June 30, 2010)

(1) Consolidated Operating Results (For the three months Ended June 30, 2010)

	Net sales		Operating profit		Recurring profit	
	¥ million	%	¥ million	%	¥ million	%
1st Quarter of the Fiscal Year Ending March 31, 2011	38,955	(2.9)	572	34.3	615	12.5
1 st Quarter of the Fiscal Year Ending March 31, 2010	40,106	11.9	426	(18.2)	546	(12.8)

	Net profit		Net profit per share	Net profit per share (diluted)
	¥ million	%	¥	¥
1st Quarter of the Fiscal Year Ending March 31, 2011	353	(35.7)	31.60	—
1 st Quarter of the Fiscal Year Ending March 31, 2010	550	79.8	48.41	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
	¥ million	¥ million	%	¥
As of June 30, 2010	46,644	19,027	40.8	1,698.59
As of March 31, 2010	49,050	18,962	38.7	1,692.76

(Reference)

Shareholder's equity: 19,026 million yen (As of June 30, 2010), 18,961 million yen (As of March 31, 2010)

2. Dividend

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	Fiscal Year-end	Total
	¥	¥	¥	¥	¥
Fiscal Year Ended March 31, 2010	—	15.00	—	15.00	30.00
Fiscal Year Ending March 31, 2011	—				
(Projection) Fiscal Year Ending March 31, 2011		15.00	—	15.00	30.00

Note: Revision of the projections in the 1st quarter of the fiscal year ending March 31, 2011: No

3. Consolidated Projections for the Fiscal Year ending March 31, 2011 (April 1, 2010 - March 31, 2011)

	Net sales		Operating profit		Recurring Profit		Net profit		Net profit per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Interim Period	90,000	0.2	950	2.2	1,100	3.9	600	(8.7)	53.56
Full Year	200,000	3.0	2,600	11.7	2,800	11.4	1,400	18.7	124.98

Note: Revision of the projections in the 1st quarter of the fiscal year ending March 31, 2011: No

4. Other Information

(1) Significant changes in consolidated subsidiaries during the period: No

Note: Changes in specified subsidiaries affecting the scope of consolidation during the period

(2) Application of simplified accounting methods and special accounting methods: Yes

Note: Application of simplified accounting methods and special accounting methods for presenting quarterly consolidated financial statements.

(3) Changes in accounting principles, procedures, and presentation methods, etc.

a) Changes due to changes in accounting standards: Yes

b) Other changes: No

Note: Changes of accounting principles, procedures and presentation methods, etc. for presenting quarterly consolidated financial statements described in “Changes in the Significant Accounting Policies for the Preparation of Quarterly Consolidated Financial Statements.”

(4) Number of shares issued (common shares)

a) Number of shares issued at the end of the period (including treasury shares)

1st quarter of the fiscal year ending March 31, 2011 12,025,000 shares

Fiscal year ended March 31, 2010 12,025,000 shares

b) Number of treasury shares at the end of the period

1st quarter of the fiscal year ending March 31, 2011 823,415 shares

Fiscal year ended March 31, 2010 823,385 shares

c) Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the 1st quarter of the fiscal year ending March 31, 2011 11,201,587 shares

For the 1st quarter of the fiscal year ended March 31, 2010 11,371,981 shares

* Information regarding the implementation of quarterly review procedures

At the time of release of this report, the quarterly review procedures based on “the Financial Instruments and Exchange Act.” have not been completed.

*Proper use of earnings projections, and other special matters

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