

## FY2008 Consolidated Financial Results

Company name	: Hikari Tsushin Inc.
Stock Exchanges on which the shares are listed	: TSE First Section
Code number	: 9435
URL	: <a href="http://www.hikari.co.jp/">http://www.hikari.co.jp/</a>
Representative	: Yasumitsu Shigeta, Chairman and CEO
Contact person	: Koh Gidoh, Director, Head of Administrative Headquarters
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### 1. Consolidated Results for FY2008 (April 1, 2007 through March 31, 2008)

(1) Consolidated Financial Results (Percentages are shown as year-on-year changes)  
(Amounts are rounded down to the nearest million yen)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2008	314,135	48.3	22,919	23.5	23,522	15.5	2,801	(84.9)
Fiscal year ended March 31, 2007	211,881	9.9	18,558	(32.1)	20,374	(31.9)	18,483	(10.1)

	Net income per share	Diluted net income per share	ROE	ROA	Operating income/Net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2008	48.20	48.17	2.3	10.6	7.3
Fiscal year ended March 31, 2007	318.39	317.40	15.4	10.2	8.8

\*1 ROA: Ordinary income/Total assets×100

Notes: Equity method investment gain (loss)  
 Fiscal year ended March 31, 2008: ¥559million minus  
 Fiscal year ended March 31, 2007: ¥55million

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
	Million yen	Million yen	%	Yen
Fiscal year ended March 31, 2008	230,777	135,154	53.7	2,130.50
Fiscal year ended March 31, 2007	214,191	138,193	57.9	2,134.75

### (3) Consolidated cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financial activities	Cash and cash equivalents at the end of the term
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2008	3,660	(13,599)	4,745	16,490
Fiscal year ended March 31, 2007	10,941	(8,110)	3,978	21,725

## 2 Dividends

	Dividends per share			Total dividend amount (full-year)	Payout ratio (consolidated)	Ratio of dividend to net assets (consolidated)
	End first half	Year-end	Full year			
	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2007	-	40.00	40.00	2,323	12.6	1.9
Fiscal year ended March 31, 2008	-	60.00	60.00	3,488	124.5	2.8
Fiscal year ended March 31, 2009 (estimate)	-	60.00	60.00	-	21.8	-

## 3 Forecast of consolidated results for FY2009 (April 1, 2008 through March 31, 2009)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	150,000	3.8	8,500	10.1	8,500	1.8	5,000	(13.1)	86.01
Full year	335,000	6.6	25,500	11.3	25,500	8.4	16,000	471.2	275.23

## 4 Others

- (1) Changes among significant subsidiaries during FY2008 (Changes among specific subsidiaries resulting in changes in the scope of consolidation) : Yes

New: None

Exclude: 2 companies (Company name; HTC partners, L.P./ HTC partners II, L.P.)

- (2) Changes in principles and practices in the preparation of the consolidated financial statements, or method of presentation (Items to be listed under changes in the basis of presentation of consolidated financial statements)

1. Changes arising from revision of accounting standards: No

2. Other changes: yes

- (3) Number of shares issued and outstanding (common stock)

1. Number of shares issued and outstanding at the end of each fiscal year (including treasury stocks)

FY2008 58,280,942 shares

FY2007 58,226,942 shares

2. Number of shares of treasury stock at the end of each fiscal year

FY2008 147,029 shares

FY2007 146,583 shares

**Reference: Non-consolidated results**

**1. Non-consolidated results for FY2008 (April 1, 2007 through March 31, 2008)**

(1) Non-consolidated financial results (Amounts are rounded down to the nearest million yen)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2008	14,392	(15.7)	6,409	2.3	12,507	51.8	(2,006)	-
Fiscal year ended March 31, 2007	17,076	(34.8)	6,267	(44.6)	8,240	(31.0)	9,083	42.1

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2008	(34.52)	-
Fiscal year ended March 31, 2007	156.47	155.99

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net asset per share
	Million yen	Million yen	%	Yen
Fiscal year ended March 31, 2008	174,223	94,112	53.8	1,611.73
Fiscal year ended March 31, 2007	181,578	98,793	54.3	1,698.74

Note: Explanation concerning appropriate use of the earning forecast, and other matters to note

Earning forecasts contained in these documents and other forward-looking statements are forecast based on the Company's own judgment supported by currently available information. Accordingly, it is possible that, owing to various factors, actual future performance will differ substantially from the forecasts. For the notes on the assumptions on which these forecasts are premised and on the use of results forecast, please see the Analysis of Business Results section on page 4.

## Analysis of Business Results

### <Overview>

Summary of consolidated result		
Net sales	¥314,135 Million	(Up 48.3% year on year)
Operating income	¥22,919 Million	(Up 23.5% year on year)
Ordinary income	¥23,522 Million	(Up 15.5% year on year)
Net income	¥2,801 Million	(Down 84.9% year on year)

Consolidated results for FY 2008 full year (April 1, 2007 through March 31, 2008)

During the quarter, we redoubled our focus on our sales structure to improve profitability.

This initiative generated steady sales in each business segment and favorable growth in the number of mobile phone handsets which generate recurring commissions.

As a result, net sales totaled ¥314,135 million (up 48.3% year on year), with operating income of ¥22,919 million (up 23.5% year on year) and ordinary income of ¥23,522 million (up 15.5% year on year) and net income before taxes and other adjustment totaled ¥1,264 million with net income of ¥2,801 million.

#### Net sales

Net sales totaled of ¥314,135 million, rose 48.3% year on year. This steady result principally reflects favorable growth in the corporate business (up 48.4% year on year) and SHOP business (up 61.0% year on year)

#### Operating expenditure

Cost of sales totaled ¥163,761 million and was up 66.2% year on year. Ratio of cost of sales to net sales was 52.1% (up 5.6points year on year). Because the mobile phone business involves higher purchase costs compared to our other businesses, the healthy result of the SHOP segment pushed up the overall cost to sales ratio.

Selling, and general and administrative expenses rose 34.4% year on year as we expanded recruitment and our sales agency network. Selling, and general and administrative expenses totaled ¥127,454 million.

#### Operating income

Operating income in the insurance business declined 65.3%, but the corporate business and SHOP businesses were strong. As a result, operating income increased 23.5% to ¥22,919 million.

#### Others

We posted dividend income of ¥926 million as non-operating income. We posted impairment loss on investment security ¥22,334 million as extraordinary losses as follow accounting for impaired assets.

#### Net income

Net income totaled ¥2,801 million, decreased 84.9% year on year. Net income per share was ¥48.20 (down ¥270.19 year on year).

<Overview by Segment>

**Corporate Business**

Summary of result in Corporate business		
Net sales	¥122,166 Million	(Up 48.4% year on year)
Operating income	¥13,806 Million	(Up 70.9% year on year)
Steady sales activities in each product throughout the year.		
Solid increase in contract volume, which generate recurring commission.		

< Overview >

Our corporate business segment services principally small and medium enterprises (SMEs), with our activities centering on direct sales, principally of office automation (OA) equipment; the sale of telecommunications line services, including fixed lines and broadband lines; and the planning and sale of Internet advertising. In direct sales of OA equipment, we continued our efforts from the previous term to build an educational system and train sales personnel as a means of improving profitability. As a result, we sold 32,473 copiers (up 9.6% year on year). Sales of telecommunications line services were solid. At our consolidated subsidiary e-machitown Co., Ltd. (TSE Mothers Market: Code 4747), we sought to achieve “Only One Internet media advertising company” which means “high customer satisfaction”, “advertising effectiveness” and “strong identity” to build an earnings model centering on Internet advertising for mobile phone sites. As a result of these activities, the net sales of the corporate business segment totaled ¥122,166 million, while operating income reached ¥13,806 million.

<Quarterly result in Corporate Business>

(Million yen)

	FY 2007				FY 2008			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	18,661	19,746	20,396	23,493	26,784	28,553	31,663	35,166
Operating income	1,218	1,617	2,499	2,744	2,360	3,199	3,204	5,043

**SHOP Business**

Summary of result in SHOP business		
Net sales	¥177,378 Million	(Up 61.0% year on year)
Operating income	¥7,114 Million	(Up 99.9% year on year)
Steady sales of handsets throughout the year.		
Favorable increase in sales of handsets, which generate recurring commission.		

<Overview>

Our SHOP business segment primarily sells mobile phones using a nationwide network of outlets as its principal sales channel. Since the introduction of mobile phone number portability in Japan on October 24, 2006, we focused on expanding our sales network. However, in line with plans made in the second quarter, we shifted our strategy to improve productivity of existing outlets. As a result of these initiatives, net sales in SHOP business totaled ¥177,378 million, while operating income reached ¥7,114 million. The number of handsets in use, included in the scope of recurring commissions, increased to 2.05million (up 2.5millions from the end of March, 2007). We plan to propel readjustment of unprofitable outlets especially for “in-shop” outlets.

\*In-shop outlet: A temporary outlet located in department store, shopping mall or elsewhere for the purposes of a sales campaign.

<Quarterly result in SHOP Business>

(Million yen)

	FY 2007				FY 2008			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	22,161	22,115	30,275	35,599	36,826	44,035	44,418	52,099
Operating income	789	875	843	1,052	1,412	823	1,601	3,278

## Insurance Business

Summary of result in Insurance business		
Net sales	¥17,913 Million	(Down 14.0% year on year)
Operating income	¥2,212 Million	(Down 65.3% year on year)
Adjustment in the number of telephone operators.		
We expect to record a stable profit in the next term.		

### <Overview>

In the insurance business segment, we use telemarketing methods to provide an insurance agency service and sell insurance policies. During the first half of this fiscal year, we shifted operators from the agency business to direct sales. Meanwhile, recruiting costs and selling, general and administrative expenses increased as we expanded our operations. By the end of this term, profitability in the insurance business had improved as we started in the second half to readjust recruitment, which had put pressure on profits. Consequently, the revenue generated from the insurance business was ¥17,913 million, producing an operating income of ¥2,212 million.

### <Quarterly result in Insurance Business>

(Million yen)

	IFY 2007				FY 2008			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	4,499	4,406	5,563	6,370	5,344	3,967	3,519	5,083
Operating income	1,262	1,065	1,866	2,180	691	(606)	(94)	2,221

## Venture fund Business

Summary of result in Venture fund business		
Net sales	¥1,485 Million	(Down 32.5% year on year)
Operating income	¥445 Million	(Up 31.7% year on year)
Disposal of stocks due to expiring of management period.		

### <Overview>

Our venture fund business segment operates venture funds mainly centering on the telecommunications sector (including the internet contents business for mobile phones), real estate sector, medical and healthcare sector and finance sector. Our investments encompass oversea venture companies, in countries such as the United States, China, South Korea, the Philippines and Australia. During fiscal 2008, the management periods of certain venture capital funds that we operate expired and we sold these holdings. Consequently, net sales in the venture fund business segment were ¥1,485 million, while operating income reached ¥445 million.

### <Quarterly result in Venture fund Business>

(Million yen)

	FY 2007				FY 2008			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	751	919	259	271	309	675	477	24
Operating income	737	153	(138)	(414)	(219)	785	169	(290)

## Business Forecast by Segments

### Corporate Business

Our Corporate business segment is driving a long-term strategy to maintain stable development.

### SHOP Business

We focus on making changes to existing outlets to improve productivity.

We expect a large increase in the number of handsets generating recurring commissions.

### Insurance Business

We are maintaining appropriate recruitment levels and stepping up our focus on personnel training and expanding the customer database.

As a consequence, we forecast consolidated sales during the next term (from April 2008 to March 2009) of ¥335 billion, with operating income of ¥25.5 billion, ordinary income of ¥25.5 billion and net income of ¥16.0 billion. We expect operating income to be ¥8.5 billion in the first half and ¥17.0 billion in the second half. This is because mass hiring in the first half will lower the profit ratio and productivity will improve during the second half as the training program for new personnel takes effect.

Note: Venture fund business is excluded from the consolidated forecast, because we believe that it is useful to show the Group's operating results.

## Qualitative Information about Consolidated Financial Situation

(Cash flow situation)

	FY2007	FY2008	Increase and decrease
	Million yen	Million yen	Million yen
Cash flow from operating activities	10,941	3,660	(7,280)
Cash flow from investing activities	(8,110)	(13,599)	(5,488)
Cash flow from financial activities	3,978	4,745	767
Cash and cash equivalents at the end of the term	21,725	16,490	(5,235)

### Operating activities

Net cash provided operating activities ended March 31, 2008 was ¥3,660 million. This was mainly an increase operating receivables due to expanding sales outlets in corporate business and SHOP business and increased in investment securities by our subsidiaries.

### Investment activities

Net cash used in investment activities ended March 31, 2008 was ¥13,599 million minus. The main factor of outflow was due to acquisition of investment securities and tangible fixed asset.

### Financing activities

Net cash provided by financing activities ended March 31, 2008 was ¥4,745 million due to fund-raising by short-term debt.

As a result, cash and cash equivalents at the end of the term was 16,490 million.

## Consolidated Financial Statements

Consolidated Balance Sheet		(Million yen)					
		Fiscal year ended March 31, 2007		Fiscal year ended March 31, 2008		Year-on- year	
		Amount	Ratio	Amount	Ratio	Increase and decrease	
<b>ASSETS</b>			%		%		
I Current assets							
1	Cash and bank deposits	21,663		16,588			
2	Trade notes and account receivable	36,876		56,306			
3	Marketable securities	314		418			
4	Operational investment securities	7,028		5,918			
5	Inventories	9,034		14,315			
6	Account receivable-other	3,342		3,424			
7	Deferred tax assets	2,124		3,663			
8	Other current assets	1,726		4,169			
9	Allowance for loss on operational investment	(2,690)		(768)			
10	Allowance for doubtful accounts	(221)		(382)			
	Total current assets	79,199	37.0	103,653	44.9	24,454	
II Fixed assets							
1	Property, plants and equipments						
	(1)Building and structures	5,455		7,280			
	Accumulated depreciation	1,389	4,065	2,161	5,119		
	(2)Machinery and vehicles	42		22			
	Accumulated depreciation	30	12	17	4		
	(3)Tools and equipment	6,037		7,214			
	Accumulated depreciation	2,813	3,223	4,163	3,051		
	(4)Land		2,275		2,275		
	Total property, plants and equipments	9,576	4.5	10,450	4.6	873	
2	Intangible assets						
	(1)Goodwill	1,532		-			
	(2)Other intangible assets	1,122		968			
	Total intangible assets	2,654	1.2	968	0.4	(1,685)	
3	Investments and other assets						
	(1)Investments securities	108,586		90,936			
	(2)Long-term loans receivable	2,859		3,770			
	(3)Lease deposits	5,019		6,012			
	(4)Bankrupt credits	676		495			
	(5)Deferred tax assets	6,664		15,061			
	(6)Other Investments	1,741		2,825			
	(7)Allowance for doubtful accounts	(2,786)		(3,398)			
	Total investments and other assets	122,761	57.3	115,704	50.1	(7,056)	
	Total fixed assets	134,992	63.0	127,124	55.1	(7,868)	
	<b>TOTAL ASSETS</b>	<b>214,191</b>	<b>100.0</b>	<b>230,777</b>	<b>100.0</b>	<b>16,586</b>	

## Consolidated Balance Sheet

(Million yen)

	Fiscal year ended March 31, 2007		Fiscal year ended March 31, 2008		Year- on-year
	Amount	Ratio	Amount	Ratio	Increase and decrease
<b>LIABILITIES</b>		%		%	
<b>I Current liabilities</b>					
1 Trade notes and account payable	20,564		29,671		
2 Short-term loans payable	8,000		17,874		
3 Current portion of bonds	-		10,000		
4 Account payable-other	19,688		23,364		
5 Income tax payable	4,707		4,042		
6 Advances received	3,443		3,097		
7 Accrued bonuses	944		1,023		
8 Accrued bonuses for directors and auditors	347		144		
9 Other current liabilities	3,174		3,178		
Total current Liabilities	60,870	28.4	92,397	40.0	31,527
<b>II Non-current liabilities</b>					
1 Bonds	10,000		-		
2 Long-term loans payable	1		-		
3 Long-term advances received	3,979		1,326		
4 Allowance for retirement benefits for directors and auditors	122		139		
5 Deferred tax liabilities	94		944		
6 Negative goodwill	-		78		
7 Other fixed liabilities	929		735		
8 Total fixed liabilities	15,127	7.1	3,225	1.4	(11,902)
9 <b>TOTAL LIABILITIES</b>	75,997	35.5	95,622	41.4	19,625
Net assets					
<b>I Shareholders equity</b>					
1 Capital	54,122		54,168		
2 Additional paid-in capital	25,156		25,203		
3 Retained earnings	41,314		41,792		
4 Treasury stock	(672)		(674)		
Total shareholders equity	119,921	56.0	120,490	52.2	568
<b>II Valuation and translation differences</b>					
1 Net unrealized holding gain on securities	4,060		3,364		
2 Foreign currency translation adjustment	4		(0)		
Total Valuation and translation differences	4,065	1.9	3,364	1.5	(701)
<b>III Share warrants</b>	153	0.1	484	0.2	331
<b>IV Minority interests</b>	14,053	6.5	10,815	4.7	(3,237)
<b>TOTAL NET ASSETS</b>	138,193	64.5	135,154	58.6	(3,038)
<b>TOTAL LIABILITIES AND NET ASSETS</b>	214,191	100.0	230,777	100.0	16,586

## Consolidated Statement of Income

(Million yen)

	Fiscal year ended March 31, 2007		Fiscal year ended March 31, 2008		Year-on-year	
	Amount	Ratio	Amount	Ratio	Increase and decrease	
I Net Sales	211,881	100.0	314,135	100.0	102,253	
II Cost of sales	98,480	46.5	163,761	52.1	65,281	
Gross profit	113,401	53.5	150,373	47.9	36,972	
III Selling general and administrative expenses	94,842	44.7	127,454	40.6	32,612	
Operating income	18,558	8.8	22,919	7.3	4,360	
IV Non-operating income						
1 Interest income	41		164			
2 Dividend income	743		926			
3 Gain on sale of investment securities	1,457		99			
4 Amortization of negative goodwill	206		268			
5 Equity in net gains of affiliates	55		-			
6 Gain on marketable securities	-		391			
Other non-operating income	551	3,056	335	2,186	0.7	(869)
V Non-operating expense						
1 Interest expense	327		428			
2 Equity in net losses of affiliates	-		559			
3 Loss on investment in VC funds	84		11			
4 Provision for doubtful accounts	80		186			
5 Fee paid	115		41			
6 Other non-operating expense	632	1,240	355	1,583	0.5	342
Ordinary income		20,374		23,522	7.5	3,148
VI Extraordinary income						
1 Gain on sale of investment securities	60		60			
2 Gain on sale of shares of subsidiary	4,389		3			
3 Gain from change of interest in investments in subsidiaries and affiliates	788		-			
4 Reversal of doubtful account	211		251			
5 Reversal accrued bonuses	-		175			
6 Gain from business transfer	301		-			
7 Other extraordinary income	17	5,769	16	508	0.2	(5,261)
VII Extraordinary losses						
1 Loss on disposal and sale of fixed assets	150		219			
2 Impairment loss on investment securities	246		22,334			
3 Loss on sales of investment securities	2		-			
4 Provision for doubtful accounts	820		-			
5 Impairment loss	-		182			
6 Other extraordinary losses	36	1,255	29	22,766	7.2	21,510
Net income before tax		24,887		1,264	0.5	(23,623)
Income and enterprise taxes	5,448		5,868			
Deferred income taxes	886	6,335	(8,544)	(2,679)	(0.9)	(9,014)
Minority interests		68		1,142	0.4	1,073
NET INCOME		18,483	8.7	2,801	1.0	(15,682)

## Consolidated Statement of Cash flow

(Million yen)

	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008	Year-on- Year
	Amount	Amount	Increase and decrease
Operating activities			
Net income before tax	24,887	1,264	
Depreciation and amortization	1,718	2,515	
Amortization of goodwill	171	110	
Increase (decrease) in allowance for doubtful accounts	948	796	
Increase (decrease) in allowance for operational investment	(8,885)	(1,925)	
Interest and dividends income	(785)	(1,091)	
Interest expenses	327	428	
Loss (gain) on sale of shares of subsidiary	(4,353)	(3)	
Loss (gain) on sale of investments securities	(1,514)	(160)	
Impairment loss on investments securities	246	22,334	
Loss (gain) on investment in VC funds	84	11	
Equity in net losses(gain) of affiliates	(55)	559	
Loss (gain) on sale and disposal of property and equipment	150	202	
Increase (decrease) in notes and accounts receivable-trade	(13,942)	(19,048)	
Increase (decrease) in inventories	(5,525)	(5,245)	
Increase (decrease) in operational investment in securities	7,322	405	
Increase (decrease) in account receivable-other	(676)	(950)	
Increase (decrease) in notes and accounts payable-trade	5,871	8,902	
Increase (decrease) in account payable-other	8,987	4,146	
Increase (decrease) in advances	(2,571)	(2,997)	
Increase (decrease) in other current assets	(269)	(1,024)	
Increase (decrease) in other current liabilities	368	(52)	
Other cash flow from operating activities	(461)	904	
Subtotal	12,063	10,084	(1,979)
Interest and dividends received	769	1,080	
Interest paid	(342)	(429)	
Income taxes paid	(2,918)	(7,990)	
Income taxes refunded	1,368	915	
Net cash provided by operating activities	10,941	3,660	(7,280)

## Consolidated Statement of Cash flow

(Million yen)

	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008	Year-on- Year
	Amount	Amount	Increase and decrease
<b>Investing activities</b>			
Purchases of property, equipment and intangible assets	(2,967)	(4,867)	
Proceeds from sale of property, equipment and intangible assets	97	724	
Purchases of investment securities	(15,181)	(8,058)	
Proceeds from sale of investment securities	6,491	2,599	
Purchase of shares in subsidiaries	(118)	(539)	
Proceeds from sale of subsidiaries	1,812	-	
Purchase from acquirement of shares in subsidiaries resulting in change of consolidation	(269)	(216)	
Proceeds from acquirement of shares in subsidiaries resulting in change of consolidation	-	287	
Proceeds from sale of shares in subsidiaries resulting in change of consolidation	2,958	92	
Expenditure for sales of shares in subsidiaries resulting in change of consolidation	(166)	(731)	
Income from business transfer	571	-	
Increase in loans receivable	(846)	(4,531)	
Decrease in loans receivable	515	2,652	
Increase in lease deposit	(1,412)	(1,256)	
Decrease in lease deposit	478	197	
Other investing activities	(73)	47	
<b>Net cash provided by (used in) investing activities</b>	<b>(8,110)</b>	<b>(13,599)</b>	<b>(5,488)</b>
<b>Financing activities</b>			
Increase (decrease) in short-term loan	2,768	9,482	
Payment of long-term debt	(588)	(1)	
Redemption of bonds	(1,600)	-	
Proceeds from issuance of common stock	212	92	
Proceeds from sale of common stock subsidiaries to minority shareholders	7,903	380	
Purchases of treasury stock	(1)	(1)	
Payment of dividends	(2,316)	(2,322)	
Payment of dividends for minority shareholders	(1,963)	(2,340)	
Payment of lease debt	(436)	(543)	
<b>Net cash provided by (used in) financing activities</b>	<b>3,978</b>	<b>4,745</b>	<b>767</b>
Translation adjustments on cash and cash equivalents	0	(42)	(42)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>6,809</b>	<b>(5,235)</b>	<b>(12,044)</b>
Cash and cash equivalents at beginning of the period	14,915	21,725	6,809
Cash and cash equivalents at end of the period	21,725	16,490	(5,235)

**Business segment Information**

Fiscal year ended March 31, 2007

(Million yen)

	Corporate Business	Insurance Business	SHOP Business	Venture Fund Business	Combined Total	Elimination or Corporate	Consolidated
Net Sale							
(1) customer	80,345	20,762	108,572	2,200	211,881	-	211,881
(2) Inter-segment	1,950	75	1,578	-	3,604	(3604)	-
Net Sale total	82,296	20,838	110,150	2,200	215,486	3604	211,881
Operating Expenses	74,217	14,465	106,591	1,861	197,136	(3813)	193,322
Operating Income	8,078	6,373	3,559	338	18,349	209	18,558

Fiscal year ended March 31, 2008

(Million yen)

	Corporate Business	Insurance Business	SHOP Business	Venture Fund Business	Combined Total	Elimination or Corporate	Consolidated
Net Sale							
(1) customer	119,446	17,793	176,003	891	314,135	-	314,135
(2) Inter-segment	2,720	119	1,374	594	4,808	(4,808)	-
Net Sale total	122,166	17,913	177,378	1,485	318,944	(4,808)	314,135
Operating Expenses	108,360	15,700	170,263	1,039	295,365	(4,148)	291,216
Operating Income	13,806	2,212	7,114	445	23,579	(660)	22,919

## Reference Information

Consolidated Financial Statements based on the accounting method in which funds are excluded from the consolidation (Unaudited)

Note: Hikari Tsushin believes that the previous accounting method, in which venture capital funds managed by its subsidiaries were excluded from its consolidated Financial Statements (method with funds unconsolidated), is useful for showing the Group's operating results and financial position, and will therefore continue to use that method to present them.

Reference; Consolidated results for FY2008 (April 1, 2007 through March 31, 2008)

### (1) Consolidated financial results (Percentages are shown as year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2008	313,737	49.6	22,993	26.6	23,700	17.1	3,572	(80.6)
Fiscal year ended March 31, 2007	209,705	15.0	18,166	(15.0)	20,244	(23.1)	18,374	(11.8)

	Net income per share	Diluted net income per share	ROE	ROA	Operating income/Net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2008	61.48	61.43	2.8	10.8	7.3
Fiscal year ended March 31, 2007	316.51	315.52	15.0	10.4	8.7

\*1 ROA: Ordinary income/Total assets×100

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net asset per share
	Million yen	Million yen	%	Yen
Fiscal year ended March 31, 2008	228,761	133,845	56.3	2,214.36
Fiscal year ended March 31, 2007	210,308	134,425	61.2	2,216.32