

FY2009 Consolidated Financial Results

Company name	: Hikari Tsushin Inc.
Stock Exchanges on which the shares are listed	: TSE First Section
Code number	: 9435
URL	: http://www.hikari.co.jp/
Representative	: Yasumitsu Shigeta, Chairman and CEO
Contact person	: Koh Gidoh, Director, Head of Administrative Headquarters Tel. (03) 5951-3718

(Amounts are rounded down to the nearest million yen)

1. Consolidated Results for FY2009 (April 1, 2008 through March 31, 2009)

(1) Consolidated financial results

(Percentage are shown as year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2009	333,663	6.2	21,464	(6.4)	20,902	(11.1)	(1,002)	-
FY 2008	314,135	48.3	22,919	23.5	23,522	15.5	28,01	(84.9)

	Net income per share	Diluted net income per share	ROE	ROA	Operating income/Net sales
	Yen	Yen	%	%	%
FY 2009	(17.55)	-	-	9.3	6.4
FY 2008	48.20	48.17	2.3	10.6	7.3

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net asset per share
	Million yen	Million yen	%	Yen
FY 2009	221,091	116,094	47.2	1,836.39
FY 2008	230,777	135,154	53.7	2,130.50

(Reference) Capital adequacy: FY2009 ¥104,449 million FY2008 ¥123,854 million

(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
FY 2009	16,587	1,645	(15,874)	18,800
FY 2008	3,660	(13,599)	4,745	16,490

2. Dividends

	Dividends per share					Total dividend amount (full-year) Million yen	Payout ratio (consolidated) %	Ratio of dividend to net assets (consolidated) %
	1Q	2Q	3Q	Year-end	Full year			
	Yen	Yen	Yen	Yen	Yen			
FY 2008	—	0.00	—	60.00	60.00	3,488	124.5	2.8
FY 2009	—	0.00	—	60.00	60.00	3,412	—	3.0
FY 2010 (estimate)	—	—	—	60.00	60.00	—	29.7	—

3. Forecast of Consolidated Results for FY2010 (April 1, 2009 through March 31, 2010)

(% of change from FY2009)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	156,000	0.3	6,800	(13.8)	6,500	(22.8)	3,600	-	63.29
Full year	335,000	0.4	22,000	2.5	21,000	0.5	11,500	-	202.19

4. Others

- (1) Changes in significant subsidiaries during the quarter (Changes in specified subsidiaries that caused a change in scope of consolidation): yes
New: 1 (Company name: Pion Co.,Ltd) (Former name: Nexus Co., Ltd)
Elimination: none
- (2) Changes in accounting principles, procedures, and disclosures for quarterly consolidated financial statements
 - (i) Changes by a newly issued accounting pronouncement: yes
 - (ii) Changes other than above: yes
- (3) Number of shares issued and outstanding (common stock)
 - (i) Number of shares issued and outstanding at the end of each period (including treasury stock)
FY2009 58,349,642 FY2008 58,280,942
 - (ii) Number of treasury stock at the end of each period
FY2009 1,472,149 FY2008 147,029

Reference: Non-Consolidated Results

1. Non-Consolidated Results for FY2009 (April 1, 2008 through March 31, 2009)

(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	%
FY 2009	16,754	16.4	8,234	28.5	34,150	173.0	12,594	-
FY 2008	14,392	(15.7)	6,409	2.3	12,507	51.8	(2,006)	-

	Net income per share	Diluted net income per share
	Yen	Yen
FY 2009	220.54	220.53
FY 2008	(34.52)	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net asset per share
	Million yen	Million yen	%	Yen
FY 2009	164,824	88,557	53.3	1,544.72
FY 2008	174,223	94,112	53.8	1,611.73

(Reference) Capital adequacy: FY2009 ¥87,859 million FY2008 ¥93,695 million

Cautionary Statement with Respect to Forward-Looking Statements

The forecasts set out above have been prepared on the basis of information available as of the date on which this document is released. Owing to a variety of factors, actual results may vary from these forecasts. Please note also that the profits (losses) of the investment partnerships that are the Company's consolidated subsidiaries and other investment funds in which the Company invests are heavily dependent on external conditions such as the market environment and the economic situation, and thus are difficult to forecast. In view of this, they have not been reflected in the figures above. 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.

Qualitative Information and Financial Statements

1. Qualitative Information about Consolidated Results

<Overview>

During the year, we continuously followed our corporate philosophy, “quick response” to changing market condition and focused on maximizing our corporate value, providing high quality services for our customers. We worked on the expansion of our business by utilizing our strategies; 1.sales network across Japan and sales know-how 2.with abundant equity capital 3.stable income by recurring monthly commission 4.various services and products 5. accumulated customer database since the company established.

On the other hand, the operating cost had increased as we reinforced recruitment activities to expand our business.

As a result, for FY2009 (April 1, 2008 ~ March 31, 2009), company registered net sales of ¥ 333,663 million, operating income of ¥ 21,464 million, ordinary income of ¥ 20,902 million, net income before tax of ¥ 8,225 million and net loss of ¥ 1,002 million.

Also note that we posted impairment loss on investment security of ¥ 17,723 million (accounting period: April 1, 2008 ~ March 31, 2009) as extraordinary losses because of loss on sales of shares of SFCG.

(Millions of yen)

	FY2008 (April 1, 2007 ~ March 31, 2008)	FY2009 (April 1, 2008 ~ March 31, 2009)	Increase (decrease)	Increase (decrease) (%)
Net Sales	314,135	333,663	19,528	6.2
Operating income	22,919	21,464	(1,454)	(6.4)
Ordinary income	23,522	20,902	(2,619)	(11.1)
Net income before tax (loss)	1,264	8,225	6,960	550.7
Net income (loss)	2,801	(1,002)	(3,803)	-

<Overview by Segments>

Corporate Business

The market of copiers and MFP (Multi Function Printer) in Japan is supported by replacement demand, with customers switching from black-and-white to color copiers. During the year, in addition to selling copiers to SME companies, we focused on sales maximization per capita by providing added-value services including total solution services for the office environment.

The sales of copiers in this year were 33,979 (increased by 4.6% year-on-year) while the holding volume was 105,511 (increased by 5.8% year-on-year).

In the telecommunication line market, while many companies have been concerned more about cost cutting as they are facing a worsening business performance through recession, telecommunication carriers are now offering various price plans using FMC (fixed mobile convergence) services. In this market trend, the acquisition of new subscribers for our fixed line services has been increasing again by growing the demand of FMC services. At our consolidated subsidiary e-machitown Co., Ltd. (TSE Mothers Market: Code 4747), the company strives to be “Top Mobile Internet Group for Media and Advertising” supported not only by customers, but also shareholders and employees. As well as enhancing our existing activities such as mobile internet media advertising and a community portal site, the company is now challenging to take on a new business aggressively.

In the specialization strategy division, we continue to focus on providing value-added services and products in the field of “Gourmet, Amusement, Beauty and Medical health care” by business tie-ups with dominant firms in each industry.

As a result of these initiatives, for FY2009 (April 1, 2008 ~ March 31, 2009), net sales of corporate business segment totaled ¥ 151,216 million, while operating income totaled ¥ 14,356 million.

SHOP Business

Our SHOP business segment primarily sells mobile phones using a nationwide network of outlets as its principal sales channel. In the mobile phone market, because of the introduction of installment payment system, weak replacement demand and economic recessions, the number of mobile phone sales continuously decreased from the

previous year and the situation of mobile phone sales agencies also became increasingly severe.

Despite this tough market condition, the company carried on the readjustment of unprofitable outlets and expansion of sales network in agencies. In addition, we engage in both expansion of number of users and increased profits per customer with enhancement of supplementary services and product development.

As a result, for FY2009 (April 1, 2008 ~ March 31, 2009), the company registered net sales of ¥ 169,402 million, operating income of ¥ 4,848 million.

Insurance Business

In the Insurance business segment, by using our sales capabilities and call centers in a nationwide sales network, the company provides insurance policies for customers.

Although the market environment is not necessarily positive, we accomplished to improve profitability; 1. maintenance of appropriate sales personnel and development of human resources 2. productivity improvement by expansion of customer list due to business alliance with a company holding customer base.

For information security, Hikari Tsushin's core business, Newton Financial Consulting Inc., improved a management system with obtainment of international certification ISO 027001 in January.

As a result, for FY2009 (April 1, 2008 ~ March 31, 2009), the company registered net sales of ¥ 16,713 million, operating income of ¥ 3,953 million.

Venture Fund Business

In our venture fund business segment, we manage several venture funds in accordance with the Japanese "Financial Instruments and Exchange Law". Investments are focused in the IT sector, including mobile media and contents. Where appropriate, the company may support portfolio companies of these funds in sales/marketing and overseas expansion. We are interested in clean-tech, consumer products and distribution, and medical / healthcare sectors as well. Portfolio companies are primarily in Japan, but the funds also have investments in the broader Pan-Pacific region, especially in Asia, including China and Korea, and also in Australia.

As a result of an extremely difficult environment for exit transactions, including a low number of IPOs resulting from the continuing weak performance of the Japanese emerging stock markets, the current global financial crisis, and a more stringent IPO regulatory process, we were unable to generate significant returns through sales of investment holdings.

As a result, for FY2009 (April 1, 2008 ~ March 31, 2009), the venture fund business segment registered net sales of ¥15 million, operating loss of ¥729 million.

<FY2010 of prospect>

Hikari Tsushin would expect to face severe operating climate for FY 2010 as our sales activities are mainly for both corporates and individuals. We would continue to focus on business alliance and expansion of sales network in agencies. In addition, we would work on offering supplementary services in relation to expansion of services and product lineups, accuracy improvement of customer database, and reinforcement of support system for the sustainable relationship with existing customers.

We expect net sales of ¥335,000 million, with operating income of ¥22,000 million. For the first half of FY2010, in response to recruitment of a large number of new employees, the profit rate would fall, expecting ¥6,800 million. For second half of FY2010, profit margin would make a recovery by productivity improvement, expecting operating income to be ¥15,200 million. For FY2010, we expect ordinary income to be ¥21,000 million, net income to be ¥11,500 million

2. Qualitative Information about Consolidated Financial Situation

(Total assets, Liabilities, Net assets)

	FY2008	FY 2009	Increase and decrease
	Million yen	Million yen	Million yen
Total assets	230,777	221,091	(9,686)
Liabilities	95,622	104,996	9,373
Net assets	135,154	116,094	(19,060)

Total assets ended in ¥221,091 million, down ¥9,686 million from ¥230,777 million in FY2008, due to increase in notes and accounts receivable-trade and decrease in investment securities.

Liabilities ended in ¥104,996 million, up ¥9,373 million from ¥95,622 million in FY2008, reflecting loss on redemption of bonds and increase in notes and accounts payable-trade.

Net assets ended in ¥116,094 million, down ¥19,060 million from ¥135,154 million in FY2008, as a result of purchases of treasury stock and impairment loss on investments securities.

(Cash flow)

	FY2008	FY 2009	Increase and decrease
	Million yen	Million yen	Million yen
Cash flow from operating activities	3,660	16,587	12,927
Cash flow from investing activities	(13,599)	1,645	(15,244)
Cash flow from financial activities	4,745	(15,874)	(20,619)
Cash and cash equivalents at the end of the term	16,490	18,800	2,310

Cash flow from operating activities ended in ¥16,587 million, due to strong sales activity of corporate business.

Cash flow from investing activities ended in ¥1,645 million, reflecting sale of subsidiaries' shares and investment securities.

Cash flow from financial activities ended in -¥15,874 million, as a result of purchases of treasury stock and redemption of bonds.

As a result, cash and cash equivalents at the end of the term ended in ¥18,800 million.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	FY2008 (As of March 31, 2008)	FY2009 (As of Mar 31, 2009)
	Amount	Amount
Assets		
Current assets		
Cash and bank deposits	16,588	18,545
Trade note and account receivable	56,306	66,428
Marketable securities	418	—
Operational investment securities	5,918	5,915
Inventories	14,315	15,417
Accrued revenue	3,424	2,982
Deferred tax assets	3,663	3,309
Other current assets	4,169	6,861
Allowance for loss on operational investment	(768)	(859)
Allowance for doubtful accounts	(382)	(308)
Total current assets	103,653	118,292
Fixed assets		
Property, plants and equipments		
Building and structures	7,280	6,701
Accumulated depreciation	(2,161)	(2,557)
Total building and structures	5,119	4,144
Machinery and vehicles	22	23
Accumulated depreciation	(17)	(17)
Total machinery and vehicles	4	5
Tools and equipment	7,214	6,178
Accumulated depreciation	(4,163)	(4,790)
Total tools and equipment	3,051	1,388
Lease asset	—	1,247
Accumulated depreciation	—	(292)
Total lease asset	—	955
Land	2,275	2,153
Total property, plants and equipments	10,450	8,647
Intangible assets		
Goodwill	—	2,343
Other intangible assets	968	1,095
Total intangible assets	968	3,438
Investments and other assets		
Investment securities	90,936	60,159
Long-term loans	3,770	4,464
Lease deposits	6,012	6,058
Bankrupt credits	495	1,602
Deferred tax assets	15,061	18,474
Other investments	2,825	6,194
Allowance for doubtful accounts	(3,398)	(6,242)
Total investments and other assets	115,704	90,711
Total fixed assets	127,124	102,798
Total assets	230,777	221,091

Consolidated Balance Sheets

(Millions of yen)

	FY2008	FY2009
	(As of March 31, 2008)	(As of Mar 31, 2009)
	Amount	Amount
Liabilities		
Current liabilities		
Trade note and account payable	29,671	37,158
Short-term loan payable	17,874	19,650
Current portion of bonds	10,000	—
Account payable-other	23,364	27,853
Income tax payable	4,042	7,298
Advances received	3,097	2,285
Accrued bonuses	1,023	918
Accrued bonuses for directors and auditors	144	59
Other current liabilities	3,178	5,852
Total current liabilities	92,397	101,076
Fixed liabilities		
Long-term advances received	1,326	1
Allowance for retirement benefits for directors and auditors	139	153
Deferred tax liabilities	944	499
Negative goodwill	78	—
Other fixed liabilities	735	3,265
Total fixed liabilities	3,225	3,919
Total liabilities	95,622	104,996
Net assets		
Shareholders equity		
Capital	54,168	54,259
Additional paid-in capital	25,203	25,293
Retained earning	41,792	37,301
Treasury stock	(674)	(5,675)
Total shareholders equity	120,490	111,179
Valuation and translation differences		
Net unrealized holding gain on securities	3,364	(6,723)
Foreign currency translation adjustment	(0)	(6)
Total valuation and translation differences	3,364	(6,730)
Share warrants	484	812
Minority interests	10,815	10,833
Total net assets	135,154	116,094
Total liabilities and net assets	230,777	221,091

Consolidated Statement of Income

(Millions of yen)

	FY2008 (April 1, 2007~March 31, 2008)	FY2009 (April 1, 2008~March 31, 2009)
	Amount	Amo
Net Sales	314,135	333,663
Cost of sales	163,761	173,824
Gross profit	150,373	159,839
Selling, general and administrative expenses	127,454	138,374
Operating income	22,919	21,464
Non-operating income		
Interest income	164	175
Dividend income	926	1,328
Gain on sale of investment securities	99	—
Amortization of negative goodwill	268	340
Gain on marketable securities	391	—
Other non-operating income	335	800
Total non-operating income	2,186	2,646
Non-operating expense		
Interest expense	428	454
Equity in net losses of affiliates	559	875
Loss on investment in VC funds	11	137
Provision of allowance for doubtful accounts	186	791
Fee paid	41	60
Other non-operating expense	355	888
Total non-operating expense	1,583	3,207
Ordinary income	23,522	20,902
Extraordinary income		
Gain on sales of investment securities	60	309
Gain on sale of shares of subsidiary	3	7,204
Reversal of doubtful account	251	269
Reversal of accrued bonuses	175	85
Reversal of accrued bonuses for directors	—	20
Penalty charges	—	173
Other extraordinary income	16	—
Total extraordinary income	508	8,061
Extraordinary losses		
Loss on disposal and sale of fixed assets	219	752
Impairment loss on investment securities	22,334	2,262
Loss on sale on investment securities	—	17,723
Impairment loss	182	—
Other extraordinary losses	29	—
Total extraordinary losses	22,766	20,738
Net loss before tax	1,264	8,225
Income and enterprise taxes	5,865	10,614
Deferred income taxes	(8,544)	(1,121)
Total income taxes	(2,679)	9,492
Minority interests	1,142	(264)
Net loss	2,801	(1,002)

Consolidated Statement of Cash flow

(Million yen)

	FY2008 (April 1, 2007~ March 31, 2008)	FY2009 (April 1, 2008~ March 31, 2009)
	Amount	Amount
Operating activities		
Income before income tax and minority interest	1,264	8,225
Depreciation and amortization	2,515	2,428
Amortization of goodwill	110	294
Increase (decrease) in allowance for doubtful accounts	796	1,877
Increase (decrease) in allowance for operational investment	(1,925)	152
Interest and dividends income	(1,091)	(1,504)
Interest expenses	428	454
Loss (gain) on sale of shares of subsidiary	(3)	(7,204)
Loss (gain) on sale of investments securities	(160)	17,540
Impairment loss on investments securities	22,334	2,262
Loss (gain) on investment in VC funds	11	137
Equity in net losses(gain) of affiliates	559	875
Loss (gain) on sale and disposal of property and equipment	202	752
Increase (decrease) in notes and accounts receivable-trade	(19,048)	(9,784)
Increase (decrease) in inventories	(5,245)	(1,412)
Increase (decrease) in operational investment in securities	405	(373)
Increase (decrease) in account receivable-other	(950)	(599)
Increase (decrease) in notes and accounts payable-trade	8,902	7,139
Increase (decrease) in account payable-other	4,146	3,672
Increase (decrease) in advances	(2,997)	(2,651)
Increase (decrease) in other current assets	(1,024)	(1,336)
Increase (decrease) in other current liabilities	(52)	259
Other cash flow from operating activities	904	490
Subtotal	10,084	21,696
Interest and dividends received	1,080	1,509
Interest paid	(429)	(481)
Income taxes paid	(7,990)	(10,513)
Income taxes refunded	915	4,376
Net cash provided by operating activities	3,660	16,587

Consolidated Statement of Cash flow

(Million yen)

	FY2008 (April 1, 2007~ March 31, 2008)	FY2009 (April 1, 2008~ March 31, 2009)
	Amount	Amount
Investing activities		
Purchases of property, equipment and intangible assets	(4,867)	(1,963)
Proceeds from sale of property, equipment and intangible assets	724	129
Purchases of investment securities	(8,058)	(11,264)
Proceeds from sale of investment securities	2,599	8,854
Purchase of shares in subsidiaries	(539)	(45)
Proceeds from sale of subsidiaries	—	7,502
Proceeds from acquirement of shares in subsidiaries resulting in change of consolidation (expense)	(216)	(794)
Proceeds from acquirement of shares in subsidiaries resulting in change of consolidation (income)	287	106
Proceeds from sale of shares in subsidiaries resulting in change of consolidation (income)	92	614
Proceeds from sales of shares in subsidiaries resulting in change of consolidation (expense)	(731)	(290)
Increase in loans receivable	(4,531)	(3,709)
Decrease in loans receivable	2,652	2,231
Increase in lease deposit	(1,256)	(741)
Decrease in lease deposit	197	865
Other investing activities	47	148
Net cash provided by (used in) investing activities	(13,599)	1,645
Financing activities		
Increase (decrease) in short-term loan	9,482	1,776
Payment of long-term debt	(1)	(54)
Redemption of bonds	—	(10,000)
Proceeds from issuance of common stock	92	181
Proceeds from sale of common stock subsidiaries to minority shareholders	380	380
Purchases of treasury stock	(1)	(5,000)
Payment of dividends	(2,322)	(3,471)
Payment of dividends for minority shareholders	(2,340)	(361)
Payment of lease debt	(543)	(554)
Proceeds from sales and leaseback transactions	—	1,230
Net cash provided by (used in) financing activities	4,745	(15,874)
Translation adjustments on cash and cash equivalents	(42)	(47)
Net increase (decrease) in cash and cash equivalents	(5,235)	2,310
Cash and cash equivalents at beginning of the period	21,725	16,490
Cash and cash equivalents at end of the period	16,490	18,800

Business Segment Information

FY2008 (April 1, 2007~March 31, 2008)

(Millions of yen)

	Corporate Business	SHOP Business	Insurance Business	Venture Fund Business	Combined Total	Elimination or Corporate	Consolidated
Net Sales	122,166	177,378	17,913	1,485	318,944	(4,808)	314,135
Operating Income	13,806	7,114	2,212	445	23,579	(660)	22,919

FY2009 (April 1, 2008~March 31, 2009)

(Millions of yen)

	Corporate Business	SHOP Business	Insurance Business	Venture Fund Business	Combined Total	Elimination or Corporate	Consolidated
Net Sales	151,216	169,402	16,713	15	337,348	(3,684)	333,663
Operating Income	14,356	4,848	3,953	(729)	22,429	(965)	21,464

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.

(Amounts are rounded down to the nearest million yen)

Reference; Consolidated Results for FY2009 (April 1, 2008 through March 31, 2009)

(1) Consolidated financial results

(Percentage are shown as year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2009	334,040	6.5	22,101	(3.9)	21,403	(9.7)	(1,195)	—
FY 2008	313,737	49.6	22,993	26.6	23,700	17.1	3,572	(80.6)

	Net income per share	Diluted net income per share	ROE	ROA	Operating income/ Net sales
	Yen	Yen	%	%	%
FY 2009	(20.93)	—	(1.0)	9.6	6.6
FY 2008	61.48	61.43	2.8	10.8	7.3

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net asset per share
	Million yen	Million yen	%	Yen
FY 2009	215,674	110,656	48.4	1,834.39
FY 2008	228,761	133,845	56.3	2,214.36