

FY2009 Third Quarter 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 Third Quarter (April 1, 2008 through December 31, 2008)

(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	%
FY2009 third quarter	229,147	-	10,854		11,021	-	(7,269)	-
FY2008 third quarter	223,143	52.1	12,631	(1.9)	13,634	(11.0)	10,041	(30.2)

	Net income per share	Diluted net income per share
	Yen	Yen
FY2009 third quarter	(127.13)	-
FY2008 third quarter	172.80	172.65

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net asset per share
	Million yen	Million yen	%	Yen
FY2009 third quarter	188,739	107,493	51.3	1,702.08
FY2008 (full year)	230,777	135,154	53.7	2,130.50

2. Cash Dividends

(Record date)	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Annual
	Yen	Yen	Yen	Yen	Yen
FY2008 (full year)	—	—	0.00	60.00	60.00
FY2009 (full year)	—	—	0.00	—	—
FY2009 (forecast)	—	—	—	60.00	60.00

(Note) Revisions to the forecast of cash dividends in the current quarter: none

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

(% of change from FY2008)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2009 (full year)	335,000	-	25,500	-	25,500	-	3,000	-	52.75

(Note) Revisions to the forecast of consolidate result in the current quarter: yes

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: Nexus Co., Ltd)
Elimination: none
- (2) Simplified accounting methods and accounting procedures specific to quarterly consolidated financial statements: yes
- (3) 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 (3)-(i) above: yes
- (4) 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 third quarter	58,349,642	FY2008	58,280,942
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 - (ii) Number of treasury stock at the end of each period

FY2009 third quarter	1,473,084	FY2008	147,029
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 - (iii) Average number of shares issued and outstanding in each period

FY2009 third quarter	57,181,526	FY2008 third quarter	58,108,412
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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.

Qualitative Information and Financial Statements

1. Qualitative Information about Consolidated Results

<Overview>

During the third quarter, 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.

As a result, for the three months ended December 31, 2008, the company registered net sales of ¥ 73,582 million, operating income of ¥ 2,962 million, ordinary income of ¥ 2,599 million, net income before tax of ¥ 200 million and net loss of ¥ 1,384 million. For the nine months ended December 31, 2008, the company registered net sales of ¥ 229,147 million, operating income of ¥ 10,854 million, ordinary income of ¥ 11,021 million, net loss before tax of ¥ 2,051 million and net loss of ¥ 7,269 million.

Also note that we posted impairment loss on investment security of ¥ 2,520 million (accounting period: October 1, 2008 ~ December 31, 2008), ¥ 13,215 million (accounting period: from April 1, 2008 ~ December 31, 2008) as extraordinary losses. According to the accounting standard, we booked this impairment loss in its consolidated statement of income because the market value of our holding securities such as SFCG had substantially fallen more than 50% of its book value.

(Millions of yen)

	FY2009 third quarter (October 1, 2008 ~ December 31, 2008)	FY2009 third quarter (April 1, 2008 ~ December 31, 2008)	(Reference) FY2008 third quarter (April 1, 2007 ~ December 31, 2007)
Net Sales	73,582	229,147	223,143
Operating income	2,962	10,854	12,631
Ordinary income	2,599	11,021	13,634
Net income before tax (loss)	200	(2,051)	13,523
Net income (loss)	(1,384)	(7,269)	10,041

<Overview by Segments>

Corporate Business

The market of copiers and MFP (Multi Function Printer) in Japan are supported by replacement demand, with customers switching from black-and-white to color copiers. During the third quarter, 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 during in this term were 25,640 (increased by 6.9% year-on-year) while the holding volume was 103,940 (increased by 5.9% 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 sought to become “Best Mobile Internet Media Advertising Company Group” supported by stakeholders. As well as enhancing our existing activities which are mobile internet media advertising and a community portal site, the company is now challenging to embark on a new business aggressively.

In this third quarter, we established a joint company called “Flash” with PA Co. which operates a mobile site of affiliate program for classified “Seishain JOB”. For the first step, we are planning to recruit high-caliber personnel and reduce recruiting costs in Hikari Tsushin Group. As the second step, we are going to propose this service to other companies.

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 the three months ended December 31, 2008, net sales of corporate business segment totaled ¥ 34,205 million, while operating income totaled ¥ 2,825 million, For the nine months ended December 31, 2008, net sales was ¥ 100,405 million, operating income totaled ¥ 8,797 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 has continuously decreased from the previous year and the situation of mobile phone sales agencies have also become increasingly severe.

Despite this tough market condition, the company carried on readjustment of unprofitable outlets, expansion of sales network in secondary sales agencies and diversification of sales channels.

As a result, for the three months ended December 31, 2008, the company registered net sales of ¥ 36,976 million, operating income of ¥ 417 million.

For the nine months ended December 31, 2008, the company registered net sales of ¥ 120,139 million, operating income of ¥ 1,724 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. While consumers' concerns on financial products have not wiped out, the group has set up a website (<http://instv.jp/>) with videos to introduce furthermore of insurance policies for customers to familiarize with financial products. For employee's education, the company conducted various training programs to promote compliance on "Financial Instruments and Exchange Law" and "Consumer contracts Law". In addition, the company cautiously managed recruitment activities to keep the balance of productivity.

As a result, for the three months ended December 31, 2008, the company registered net sales of ¥ 3,209 million, operating income of ¥ 67 million.

For the nine months ended December 31, 2008, the company registered net sales of ¥ 10,888 million, operating income of ¥ 1,439 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 the three months ended December 31, 2008, the venture fund business segment registered net sales of ¥4million, with operating loss of ¥100million. For the nine months ended December 31, 2008, the segment registered net sales of ¥27million, with operating loss of ¥446million.

In forth quarter, we intend to focus more on early stage investments with long term investment potential, providing value-added support to our portfolio companies through cooperation with companies within the Hikari Tsushin Group, and investments in Asia, including China, which we believe continues to have relatively high growth potentials. In addition, we will continue to seek exit opportunities such as buyouts and IPO opportunities in overseas markets. We have seen an increase in investment opportunities at lower valuations because of the stock market declines. Going forward, we intend to aggressively seek out companies with strong management and business models.

2. Qualitative Information about Consolidated Financial Situation

(Total assets, Liabilities, Net assets)

	FY2008	FY 2009 third quarter	Increase and decrease
	Million yen	Million yen	Million yen
Total assets	230,777	188,739	(42,037)
Liabilities	95,622	81,246	14,376
Net assets	135,154	107,493	(27,661)

(Cash flow)

	FY2009 third quarter	FY 2008 third quarter
	Million yen	Million yen
Cash flow from operating activities	14,004	(3,535)
Cash flow from investing activities	(5,023)	(11,086)
Cash flow from financial activities	(9,294)	7,911
Cash and cash equivalents at the end of the term	16,130	14,997

Cash flow from operating activities ended in ¥14,004 million, due to refunded corporate tax.

Cash flow from investing activities ended in -¥5,023 million, reflecting the acquisition of investment securities.

Cash flow from financial activities ended in -¥9,294 million, as a result of repayment of short-term debt.

As a result, cash and cash equivalents at the end of the term ended in ¥16,130 million.

Quarterly Consolidated Financial Statements

Quarterly Consolidated Balance Sheets	(Millions of yen)	
	FY2009 third quarter (As of Dec 31, 2008)	FY2008 (As of Mar 31, 2008)
	Amount	Amount
Assets		
Current assets		
Cash and bank deposits	16,031	16,588
Trade note and account receivable	40,518	56,306
Marketable securities	-	418
Operational investment securities	6,000	5,918
Inventories	9,242	14,314
Deferred tax assets	3,704	3,663
Other current assets	10,056	7,593
Allowance for loss on operational investment	(706)	(768)
Allowance for doubtful accounts	(374)	(382)
Total current assets	84,473	103,653
Fixed assets		
Property, plants and equipments	8,957	10,450
Intangible assets		
Goodwill	2,526	-
Other intangible assets	1,103	968
Total intangible assets	3,630	968
Investments and other assets		
Investment securities	64,224	90,936
Deferred tax assets	15,187	15,061
Other investments	17,747	13,104
Allowance for doubtful accounts	(5,479)	(3,398)
Total investments and other assets	91,678	115,704
Total fixed assets	104,266	127,124
Total assets	188,739	230,777

Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY2009 third quarter (As of Dec 31, 2008)	FY2008 (As of Mar 31, 2008)
	Amount	Amount
Liabilities		
Current liabilities		
Trade note and account payable	20,442	29,671
Short-term loan payable	16,150	17,874
Current portion of long-term loans	25	-
Current portion of bonds	10,000	10,000
Account payable-other	20,208	23,364
Income tax payable	2,941	4,042
Accrued bonuses	553	1,023
Accrued bonuses for directors and auditors	117	144
Other current liabilities	7,235	6,275
Total current liabilities	77,673	92,397
Fixed liabilities		
Allowance for retirement benefits for directors and auditors	148	139
Deferred tax liabilities	334	944
Negative goodwill	-	78
Other fixed liabilities	3,089	2,062
Total fixed liabilities	3,572	3,225
Total liabilities	81,246	95,622
Net assets		
Shareholders equity		
Capital	54,259	54,168
Additional paid-in capital	25,293	25,203
Retained earning	31,035	41,792
Treasury stock	(5,675)	(674)
Total shareholders equity	104,912	120,490
Valuation and translation differences		
Net unrealized holding gain on securities	(8,081)	3,364
Foreign currency translation adjustment	(20)	0
Total valuation and translation differences	(8,102)	3,364
Share warrants	727	484
Minority interests	9,956	10,815
Total net assets	107,493	135,154
Total liabilities and net assets	188,739	230,777

Quarterly Consolidated Statement of Income

(Millions of yen)

	FY2009 third quarter (April 1, 2008~December 31, 2008)
	Amount
Net Sales	229,147
Cost of sales	120,480
Gross profit	108,667
Selling, general and administrative expenses	97,812
Operating income	10,854
Non-operating income	
Interest income	134
Dividend income	1,295
Amortization of negative goodwill	252
Other non-operating income	577
Total non-operating income	2,260
Non-operating expense	
Interest expense	350
Loss on sales of investment securities	53
Equity in net losses of affiliates	806
Provision of allowance for doubtful accounts	187
Other non-operating expense	695
Total non-operating expense	2,093
Ordinary income	11,021
Extraordinary income	
Gain on sales of investment securities	101
Gain on sale of shares of subsidiary	67
Reversal of doubtful account	248
Reversal of accrued bonuses	88
Penalty charges	173
Total extraordinary income	680
Extraordinary losses	
Loss on disposal and sale of fixed assets	537
Impairment loss on investment securities	13,215
Total extraordinary losses	13,752
Net loss before tax	(2,051)
Income and enterprise taxes	4,188
Deferred income taxes	1,615
Total income taxes	5,803
Minority interests	(585)
Net loss	(7,269)

Quarterly Consolidated Statement of Income

(Millions of yen)

	FY2009 third quarter (October 1, 2008~December 31, 2008)
	Amount
Net Sales	73,582
Cost of sales	37,559
Gross profit	36,022
Selling, general and administrative expenses	33,059
Operating income	2,962
Non-operating income	
Interest income	46
Dividend income	483
Gain on sales of investment securities	(191)
Amortization of negative goodwill	96
Other non-operating income	175
Total non-operating income	611
Non-operating expense	
Interest expense	121
Loss on sales of investment securities	53
Equity in net losses of affiliates	377
Provision of allowance for doubtful accounts	17
Other non-operating expense	405
Total non-operating expense	974
Ordinary income	2,599
Extraordinary income	
Gain on sales of investment securities	101
Gain on sale of shares of subsidiary	38
Reversal of doubtful account	66
Total extraordinary income	206
Extraordinary losses	
Loss on disposal and sale of fixed assets	85
Impairment loss on investment securities	2,520
Total extraordinary losses	2,605
Net loss before tax	200
Income and enterprise taxes	1,566
Deferred income taxes	368
Total income taxes	1,934
Minority interests	(350)
Net loss	(1,384)

Consolidated Statement of Cash flow

(Millions of yen)

	FY2009 third quarter (April 1, 2008~December 31, 2008)
	Amount
Operating activities	
Net income before tax	(2,051)
Depreciation and amortization	1,783
Amortization of goodwill	166
Increase (decrease) in allowance for doubtful accounts	1,019
Increase (decrease) in allowance for operational investment	(0)
Interest and dividends income	(1,429)
Interest expenses	350
Loss (gain) on sale of investment securities	38
Impairment loss (gain) on investment securities	13,215
Equity in net losses (gain) of affiliates	806
Loss (gain) on sale and disposal of property, equipment and tangible assets	537
Decrease (increase) in notes and accounts receivable-trade	16,233
Decrease (increase) in inventories	4,772
Decrease (increase) in operational investment in securities	(409)
Increase (decrease) in notes and accounts payable-trade	(9,550)
Increase (decrease) in account payable-other	(3,144)
Other cash flow from operating activities	(3,110)
Subtotal	19,226
Interest and dividends received	1,436
Interest paid	(291)
Income taxes paid	(10,280)
Income taxes refunded	3,914
Net cash provided by operating activities	14,004

Consolidated Statement of Cash flow

(Millions of yen)

	FY2009 third quarter (April 1, 2008~December 31, 2008)
	Amount
Investing activities	
Purchases of property, equipment and intangible assets	(1,743)
Proceeds from sale of property, equipment and intangible assets	11
Purchases of investment securities	(6,542)
Proceeds from sale of investment securities	5,100
Purchase from acquirement of shares in subsidiaries resulting in change of consolidation	(731)
Proceeds from acquirement of shares in subsidiaries resulting in change of consolidation	106
Proceeds from sale of shares in subsidiaries resulting in change of consolidation	614
Expenditure for sale of shares in subsidiaries resulting in change of consolidation	(289)
Increase in loans receivable	(3,193)
Decrease in loans receivable	1,662
Other investing activities	(20)
Net cash used in investing activities	(5,023)
Financing activities	
Increase (decrease) in short-term loan	(1,724)
Payment of long-term debt	(29)
Proceeds from issuance of common stock	181
Proceeds from minority shareholders	212
Purchases of treasury stock	(5,000)
Payment of dividends	(3,469)
Payment of dividends for minority shareholders	(319)
Payment of lease debt	(375)
Proceeds from sale and lease back transactions	1,230
Net cash provided by (used in) financing activities	(9,294)
Translation adjustments on cash and cash equivalents	(46)
Net increase (decrease) in cash and cash equivalents	(359)
Cash and cash equivalents at beginning of the period	16,490
Cash and cash equivalents at end of the period	16,130

Business Segment Information

FY2009 third quarter (April 1, 2008~December 31, 2008)

(Millions of yen)

	Corporate Business	SHOP Business	Insurance Business	Venture Fund Business	Combined Total	Elimination or Corporate	Consolidated
Net Sales	100,405	120,139	10,888	27	231,460	(2,312)	229,147
Operating Income	8,797	1,724	1,439	(446)	11,514	(660)	10,854

FY2008 third quarter (April 1, 2007~December 31, 2007)

(Millions of yen)

	Corporate Business	SHOP Business	Insurance Business	Venture Fund Business	Combined Total	Elimination or Corporate	Consolidated
Net Sales	87,000	125,279	12,830	1,461	226,572	(3,428)	223,143
Operating Income	8,763	3,836	(9)	735	13,326	(694)	12,631

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)

Fund Unconsolidated Results for FY2009 Third Quarter (April 1, 2008 through December 31, 2008)

(1) Fund unconsolidated 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	%
FY2009 third quarter	229,379	-	11,311	-	11,435	-	(7,231)	-
FY2008 third quarter	221,970	47.6	11,844	(2.4)	13,051	(12.0)	9,699	(32.4)
FY2008 (full year)	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
	Yen	Yen
FY2009 third quarter	(126.46)	-
FY2008 third quarter	166.92	166.78
FY2008 (full year)	61.48	61.43

(2) Fund unconsolidated financial position

	Total assets	Net assets	Equity ratio	Net asset per share
	Million yen	Million yen	%	Yen
FY2009 third quarter	183,546	102,647	53.2	1,715.69
FY2008 third quarter	226,350	140,552	60.1	2,341.02
FY2008 (full year)	228,761	133,845	56.3	2,214.36