

FY2011 Consolidated Financial Results

| | |
|--|---|
| Company Name | : Hikari Tsushin Inc. |
| Stock Exchanges on which the Shares are listed | : Tokyo Stock Exchange - First Section |
| Code Number | : 9435 |
| URL | : http://www.hikari.co.jp/ |
| Representative | : Takeshi Tamamura, President and COO |
| Contact | : Koh Gidoh, Director, Head of Administrative Headquarters Tel. (03) 5951-3718 |

(Amounts are rounded down to the nearest million yen)

1. Consolidated Results for FY2011 (April 1, 2010 through March 31, 2011)

(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 | % |
| FY2011 | 449,050 | 28.6 | 2,594 | (32.6) | 1,159 | (58.9) | (701) | — |
| FY2010 | 349,097 | 4.6 | 3,847 | (82.1) | 2,817 | (86.5) | 755 | — |

| | Net income per share | Diluted net income per share | ROE | ROA | Operating income/Net sales |
|--------|----------------------|------------------------------|-------|-----|----------------------------|
| | Yen | Yen | % | % | % |
| FY2011 | (13.02) | — | (0.7) | 0.5 | 0.6 |
| FY2010 | 13.51 | 13.40 | 0.7 | 1.3 | 1.1 |

*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 |
| FY2011 | 228,885 | 109,411 | 43.7 | 1,879.76 |
| FY2010 | 217,552 | 114,046 | 49.2 | 1,967.93 |

(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 |
| FY2011 | (12,709) | (6,103) | 14,728 | 15,386 |
| FY2010 | 6,688 | 4,785 | (8,357) | 19,651 |

2. Cash Dividends

| (Record date) | Dividends per share | | | | | Total dividend amount (full-year) | Payout ratio (Consolidated) | Ratio of dividend to net assets (consolidated) |
|------------------|---------------------|------|-----|----------|-------------|--------------------------------------|--------------------------------|--|
| | 1Q | 2Q | 3Q | Year-end | Annual year | | | |
| | Yen | Yen | Yen | Yen | Yen | | | |
| | | | | | | Million yen | % | % |
| FY2010 | — | 0.00 | — | 60.00 | 60.00 | 3,264 | 444.0 | 3.2 |
| FY2011 | — | 0.00 | — | 60.00 | 60.00 | 3,191 | — | 3.1 |
| FY2012(forecast) | — | 0.00 | — | 60.00 | 60.00 | | 42.6 | |

3. Forecast of consolidated results for FY2011 (April 1, 2011 through March 31, 2012)

(Percentages change from FY2011)

| | Net sales | | Operating income | | Ordinary income | | Net income | | Net income per share |
|------------|-------------|-----|------------------|-------|-----------------|---------|-------------|---|----------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| First half | 215,000 | 2.4 | 6,000 | — | 5,500 | — | 2,500 | — | 46.99 |
| Full year | 460,000 | 2.4 | 17,000 | 555.2 | 15,500 | 1,237.0 | 7,500 | — | 140.98 |

4. Others

- (1) Changes among significant subsidiaries during FY2011 (Changes among specific subsidiaries resulting in changes in the scope of consolidation) : None

New: None

Exclude: None

- (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: Yes

2. Other changes: None

- (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)

FY2011 58,349,642 shares

FY2010 58,349,642 shares

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

FY2010 5,150,170 shares

FY2009 3,935,167 shares

3. Average number of shares issued and outstanding in each fiscal year

FY2010 53,844,243 shares

FY2009 55,915,862 shares

Reference: Non-consolidated results

1. Non-consolidated results for FY2011 (April 1, 2010 through March 31, 2011)

(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 | % |
| FY2011 | 13,379 | (8.9) | 4,951 | 6.2 | 3,354 | (76.6) | 1,568 | (86.6) |
| FY2010 | 14,689 | (12.3) | 4,663 | (43.3) | 14,346 | (58.0) | 11,739 | (6.8) |

| | Net income per share | Diluted net income per share |
|--------|----------------------|------------------------------|
| | Yen | Yen |
| FY2010 | 29.14 | 29.14 |
| FY2009 | 209.95 | 209.95 |

(2) Non-consolidated financial position

| | Total assets | Net assets | Equity ratio | Net asset per share |
|--------|--------------|-------------|--------------|---------------------|
| | Million yen | Million yen | % | Yen |
| FY2011 | 141,061 | 98,036 | 68.7 | 1,822.83 |
| FY2010 | 148,100 | 102,528 | 68.6 | 1,867.32 |

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.

Qualitative Information and Financial Statements

1. Qualitative Information about Consolidated Results

<Performance Overview>

A brief review of the domestic economic circumstances for FY2011 (April 1, 2010 – March 31, 2011) goes as follows. Hikari Tsushin met the challenge of expanding its sales networks, and increasing sales per customer by developing and selling new products in a concentrated effort to increase and sustain revenue from stock commission¹, one of Hikari Tsushin's key sources of profit growth. In sales of our own products, initial costs are caused ahead and it still has been increased because of huge improvement number of sales. On the other hands, stock commission has been accumulated by increasing number of retaining customers. However, the commission depends on sales volume fall short of expectations because of effect of voluntary business operations restraint by earthquake disaster. For the business year ended March 31, 2011, the company registered net sales of ¥449,050 million (up to 28.6% Y-o-Y), operating income of ¥2,594 million (down to 32.6% Y-o-Y), ordinary income of ¥1,159 million (down to 58.9% Y-o-Y), net income before tax of ¥1,888 million, and net loss of ¥ 701 million.

| | FY2010 (April 1, 2009 - March 31, 2010) | FY2011 (April 1, 2010 - March 31, 2011) | Increase (decrease) | Increase(decrease) (%) |
|---------------------------------|---|---|---------------------|---------------------------|
| Net sales | 349,097 | 449,050 | 99,952 | 28.6 |
| Operating income | 3,847 | 2,594 | (1,252) | (32.6) |
| Ordinary income | 2,817 | 1,159 | (1,658) | (58.9) |
| Net income before tax (Loss) | 2,504 | 1,888 | (616) | (24.6) |
| Net income (Loss) | 755 | (701) | (1,456) | — |

<Overview by Segments>

Corporate Business

Hikari Tsushin Group's corporate business segment engages in the sales of OA equipment, telecommunication line services, enterprise solution services, and mobile advertising sales. The difficult environment for our main customers, SMEs, continues. In this environment, Hikari Tsushin strove to expand its nationwide sales networks and offer customers ways to increase efficiency and reduce costs by offering many kinds of products and services.

Also, the expansion of broadband services centered on FTTH is accompanied by an ongoing optical access, high-speed data link. This quarter also encouraged Hikari Tsushin to further increase the accumulation of stock commission and expand future sources of revenue. On the other hands, the cost of sales promotion and commission charges for partner has been increased with improving sales of our own products. However, stock commission has been accumulated by increasing number of retaining customers. The commission depends on sales volume fall short of expectations because of effect of voluntary business operations restraint by earthquake disaster.

Corporate business FY2011 financial results were: net sales of ¥184,306 million and operating loss of ¥4,860 million.

SHOP Business

Hikari Tsushin's SHOP business mainly sells mobile phones through its nationwide sales channels. In the mobile phone market, in the midst of longer intervals between phone model changes, we foresee an even greater market expansion of the entire mobile business due to evidence of upward growth in smartphones. Additionally, advances in telecommunications technology, fixed rates for data transfer and the entrance of technology-intensive have

¹Stock commission- income calculated based on subscribers' monthly usage fees over a given time period, received monthly as a handler's fee from carriers, insurance companies.

produced almost any kind of mobile-centered service imaginable and is becoming more and more relevant. Under these circumstances, as a result of expanding sales network, the number of shops increased to 2,357(36.9% up) and also the number of handsets with recurring commission rise to 2.8million (4.1% up). SHOP business FY2011 financial results were: net sales of ¥253,666 million and operating income of ¥9,204 million.

Insurance Business

Hikari Tsushin conducts its insurance business primarily by selling insurance policies to customers using telemarketing at its nationwide call centers. In the first quarter of FY2011, because of repair the profit imbalance of the last period, it slightly has been achieved turnaround. For the business year ended March 31, 2011, the company registered net sales of ¥8,637 million, operating income of ¥997 million.

Media Advertising Business

From this quarter, Hikari Tsushin added an internet mobile advertising business as a new segments included corporate business. Media advertising business segments engages in sales and purchase of advertisement based on mobile, and operations of web site. In the sales and purchase of advertisement spot, increased new clients by consolidation of selling system although the big advertisement agency made a full-scale entry. In the site operations, it has been trying to increase the profit by intention of own media with leveraging an advantage of “e-machi town” which is the biggest town information sites, develop 318 area in Japan. Media Advertising business FY2011 financial results were: net sales of ¥5,116 million and operating income of ¥410 million.

Consolidated financial position

| | FY2010 | FY2011 | Change |
|--------------|-------------|-------------|-------------|
| | Million Yen | Million Yen | Million yen |
| Total Assets | 217,552 | 228,885 | 11,333 |
| Liabilities | 103,505 | 119,474 | 15,968 |
| Net Assets | 114,046 | 109,411 | (4,634) |

Total Assets ended in ¥228,885 million, increase ¥11,333 million due to increase inventory and account receivable by bumper sales of mobile phones.

Liabilities increased ¥15,968 million and totaled ¥119,474 million. This mainly reflected the issues of corporate bonds.

Net Assets ended in ¥109,411 million, decreased ¥4,634 million due to purchase of treasury stock and decreasing of valuation difference on available for sale securities.

Consolidated Cash Flows

| | FY2010 | FY2011 |
|---|-------------|-------------|
| | Million Yen | Million Yen |
| Cash Flow from Operations | 6,688 | (12,709) |
| Cash Flow from Investment | 4,785 | (6,103) |
| Cash Flow from Financial Activities | (8,357) | 14,728 |
| Cash (and Equivalents) at the End of the Term | 19,651 | 15,386 |

Cash flow from operations ended in minus ¥12,709 million, due to increase account receivable and payment for income tax.

Cash flow from investment ended in minus ¥6,103 million, payments for purchases of investment in securities.

Cash flow from financial activities ended in ¥14,728 million, as a result of share buy back.

As a result, cash and cash equivalents at the end of the term ended in ¥15,386 million.

Consolidated Financial Statements

Consolidated Balance Sheet

(Millions of yen)

| | FY2010 (As of Mar 31, 2010) | FY2011 (As of Mar 31, 2011) |
|---------------------------------------|--------------------------------|--------------------------------|
| Assets | Amount | Amount |
| Current Assets | | |
| Cash and Bank Deposits | 18,672 | 15,400 |
| Trade Notes and Accounts Receivable | 57,210 | 71,906 |
| Marketable securities | 1,937 | 30 |
| Inventories | 10,050 | 11,255 |
| Account receivable other | 5,910 | 6,313 |
| Deferred Tax Assets | 2,158 | 2,967 |
| Other Current Assets | 10,671 | 5,512 |
| Allowance for Doubtful Accounts | (356) | (360) |
| Total Current Assets | 106,255 | 113,024 |
| Fixed Assets | | |
| Property, plant and equipment | | |
| Building and structure | 6,762 | 7,175 |
| Accumulated depreciation | (2,651) | (2,841) |
| Building and structure | 4,110 | 4,334 |
| Machinery and Vehicles | 22 | 30 |
| Accumulated depreciation | (17) | (21) |
| Machinery and Vehicles | 5 | 9 |
| Tools and Equipment | 3,724 | 3,572 |
| Accumulated depreciation | (2,810) | (2,802) |
| Tools and Equipment | 913 | 769 |
| Land | 2,647 | 3,408 |
| Lease Assets | 934 | 635 |
| Accumulated depreciation | (462) | (448) |
| Lease Assets | 472 | 186 |
| Total property, plants and equipments | 8,149 | 8,708 |
| Intangible Assets | | |
| Goodwill | 3,978 | 5,243 |
| Other Intangible Assets | 810 | 895 |
| Total Intangible Assets | 4,788 | 6,138 |
| Investments and Other Assets | | |
| Investments Securities | 66,429 | 68,085 |
| Long-term loans receivable | 6,339 | 6,482 |
| Lease and guarantee deposits | 5,758 | 4,534 |
| Bankrupt credits | 1,577 | 2,019 |
| Deferred Tax Assets | 17,862 | 17,719 |
| Other Assets | 7,887 | 10,003 |
| Allowance for Doubtful Accounts | (7,494) | (7,831) |
| Total Investments and Other Assets | 98,359 | 101,014 |
| Total Fixed Assets | 111,297 | 115,861 |
| Total Assets | 217,552 | 228,885 |

| | FY2010 (As of Mar 31, 2010) | FY2011 (As of Mar 31, 2011) |
|--|--------------------------------|--------------------------------|
| | Amount | Amount |
| Liabilities | | |
| Current liabilities | | |
| Trade note and account payable | 26,046 | 28,179 |
| Short-term loan payable | 19,793 | 22,579 |
| Current portion of bonds | 456 | 624 |
| Account payable-other | 33,849 | 38,532 |
| Income tax payable | 1,813 | 1,115 |
| Deposits | 11,104 | 3,264 |
| Accrued bonuses | 926 | 752 |
| Accrued bonuses for directors and auditors | 40 | 22 |
| Other current liabilities | 4,297 | 4,025 |
| Total current liabilities | 98,328 | 99,096 |
| Fixed liabilities | | |
| Bonds | 995 | 14,120 |
| Long-term loans payable | 657 | 3,714 |
| Allowance for retirement benefits for directors and auditors | 165 | 181 |
| Deferred tax liabilities | 9 | 50 |
| Other fixed liabilities | 3,348 | 2,309 |
| Total fixed liabilities | 5,176 | 20,377 |
| Total liabilities | 103,505 | 119,474 |
| Net assets | | |
| Shareholders equity | | |
| Capital | 54,259 | 54,259 |
| Additional paid-in capital | 25,293 | 25,293 |
| Retained earning | 34,721 | 30,723 |
| Treasury stock | (9,875) | (11,875) |
| Total shareholders equity | 104,399 | 98,400 |
| Valuation and translation differences | | |
| Net unrealized holding gain on securities | 2,698 | 1,627 |
| Foreign currency translation adjustment | (14) | (25) |
| Total valuation and translation differences | 2,684 | 1,601 |
| Share warrants | 1,089 | 1,281 |
| Minority interests | 5,873 | 8,127 |
| Total net assets | 114,046 | 109,411 |
| Total liabilities and net assets | 217,552 | 228,885 |

Consolidated Income Statement

| | FY2010 (As of Mar 31, 2010) | FY2011 (As of Mar 31, 2011) |
|--|--------------------------------|--------------------------------|
| | Amount | Amount |
| Net Sales | 349,097 | 449,050 |
| Cost of sales | 190,589 | 241,870 |
| Gross profit | 158,508 | 207,179 |
| Selling general and administrative expenses | 154,660 | 204,584 |
| Operating income | 3,847 | 2,594 |
| Non-operating income | | |
| Interest income | 241 | 313 |
| Dividend income | 453 | 630 |
| Gain on sale of investment securities | 250 | — |
| Amortization of negative goodwill | 341 | 315 |
| Other non-operating income | 806 | 785 |
| Total non-operating income | 2,093 | 2,045 |
| Non-operating expense | | |
| Interest expense | 320 | 622 |
| Loss on sales of Investment Securities | — | 90 |
| Equity in net losses of affiliates | 1,399 | 1,022 |
| Loss on investment in VC funds | 144 | 707 |
| Provision for doubtful accounts | 279 | 244 |
| Loss on sales of securities fee paid | 386 | — |
| Fee paid | 83 | 66 |
| Other non-operating expense | 508 | 728 |
| Total non-operating expense | 3,123 | 3,481 |
| Ordinary income | 2,817 | 1,159 |
| Extraordinary income | | |
| Gain on sales of investment securities | 2,700 | 2,009 |
| Gain on sale of shares of subsidiary | 1,172 | 133 |
| Gain on change of affiliates | — | 786 |
| Reversal of doubtful account | 118 | 155 |
| Reversal accrued bonuses | 106 | 55 |
| Transferred of venture fund | 2,264 | 113 |
| Gain on non-current assets | — | 54 |
| Gain on negative goodwill | — | 162 |
| Gain on step acquisitions | — | 98 |
| Total extraordinary income | 6,363 | 3,569 |
| Extraordinary losses | | |
| Loss on disposal and sale of fixed assets | 443 | 399 |
| Impairment loss on investment securities | 2,992 | 854 |
| Loss on sales of investment securities | 1,309 | 138 |
| Loss on sales of shares of subsidiaries | 117 | 467 |
| Loss on change in equity | — | 152 |
| Impairment loss | 880 | 177 |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | — | 197 |
| Loss on business liquidations | 812 | — |
| Loss on cancellation of contract of buildings | 121 | — |
| Loss on disaster | | 119 |

| | | |
|---|---------|-------|
| Other | - | 333 |
| Total extraordinary losses | 6,676 | 2,840 |
| Net income before tax | 2,504 | 1,888 |
| Income and enterprise taxes | 2,046 | 2,291 |
| Income taxes-correction | 824 | (559) |
| Deferred income taxes | (1,128) | (120) |
| Total income taxes | 1,742 | 1,611 |
| Income (loss) before minority interests | — | 276 |
| Minority interests | 6 | 977 |
| Net income (loss) | 755 | (701) |

Comprehensive Income Abstract Statements

| | | |
|---|---|---------|
| Income (loss) before minority interests | — | 276 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | — | (1,097) |
| Foreign currency translation adjustment | — | (5) |
| Share of other comprehensive income of associates accounted for using equity method | — | 0 |
| Other comprehensive income | — | (1,101) |
| Comprehensive income | | (825) |
| Comprehensive income attributable to owners of the parent | — | (1,783) |
| Comprehensive income attributable to minority interests | — | 958 |

Consolidated changes in net assets Statement

| | FY2010 (April 1, 2009 ~ March 31, 2010) | FY2011 (April 1, 2010 ~ March 31, 2011) |
|--|---|---|
| | Amount | Amount |
| Shareholders' equity | | |
| Capital stock | | |
| Balance at the end of previous period | 54,259 | 54,259 |
| Balance at the end of current period | 54,259 | 54,259 |
| Capital surplus | | |
| Balance at the end of previous period | 25,293 | 25,293 |
| Balance at the end of current period | 25,293 | 25,293 |
| Retained Earnings | | |
| Balance at the end of previous period | 37,301 | 34,721 |
| Changes of items during the period | | |
| Dividends from surplus | (3,412) | (3,264) |
| Net income | 755 | (701) |
| Change of scope of consolidation | 77 | (32) |
| Total changes of items during the period | (2,579) | (3,998) |
| Balance at the end of current period | 34,721 | 30,723 |
| Treasury stock | | |
| Balance at the end of previous period | (5,675) | (9,875) |
| Balance at the end of current period | | |
| Purchase of treasury stock | (4,200) | (2,000) |
| Changes of items during the period | (4,200) | (2,000) |
| Balance at the end of current period | (9,875) | (11,875) |

| | | |
|---|---------|---------|
| Total shareholders' equity | | |
| Balance at the end of previous period | 111,179 | 104,399 |
| Changes of items during the period | | |
| Dividends from surplus | (3,412) | (3,264) |
| Net income (loss) | 755 | (701) |
| Change of scope of consolidation | 77 | (32) |
| Purchase of treasury stock | (4,200) | (2,000) |
| Total changes of items during the period | (6,779) | (5,998) |
| Balance at the end of current period | 104,399 | 98,400 |
| Total valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | | |
| Balance at the end of previous period | (6,723) | 2,698 |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | 9,422 | (1,071) |
| Total changes of items during the period | 9,422 | (1,071) |
| Balance at the end of current period | 2,698 | 1,627 |
| Foreign currency translation adjustment | | |
| Balance at the end of previous period | (6) | (14) |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | (7) | (11) |
| Total changes of items during the period | (7) | (11) |
| Balance at the end of current period | (14) | (25) |
| Total valuation and translation adjustments | | |
| Balance at the end of previous period | (6,730) | 2,684 |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | 9,414 | (1,082) |
| Total changes of items during the period | 9,414 | (1,082) |
| Balance at the end of current period | 2,684 | 1,601 |
| Treasury subscription rights to shares | | |
| Balance at the end of previous period | 812 | 1,089 |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | 277 | 192 |
| Total changes of items during the period | 277 | 192 |
| Balance at the end of current period | 1,089 | 1,281 |
| Minority interests | | |
| Balance at the end of previous period | 10,833 | 5,873 |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | (4,960) | 2,254 |
| Total changes of items during the period | (4,960) | 2,254 |
| Balance at the end of current period | 5,873 | 8,127 |
| Total net assets | | |
| Balance at the end of previous period | 116,094 | 114,046 |
| Changes of items during the period | | |
| Dividends from surplus | (3,412) | (3,264) |
| Net income (loss) | 755 | (701) |
| Change of scope of consolidation | 77 | (32) |
| Purchase of treasury stock | (4,200) | (2,000) |

| | | |
|--|---------|---------|
| Net changes of items other than shareholders' equity | 4,731 | 1,363 |
| Total changes of items during the period | 2,048 | (4,634) |
| Balance at the end of current period | 114,046 | 109,411 |

Consolidated Statement of Cash flow

(Millions of yen)

| | FY2010 (April 1, 2009 ~ March 31, 2010) | FY2011 (April 1, 2010 ~ March 31, 2011) |
|--|---|---|
| | Amount | Amount |
| Cash Flow from Operating activities | | |
| Net Income Before Tax | 2,504 | 1,888 |
| Depreciation and Amortization | 1,999 | 1,799 |
| Amortization of Goodwill | 499 | 781 |
| Gain on negative goodwill | — | (162) |
| Increase in Allowance for Doubtful Accounts | 1,287 | 591 |
| Decrease in Allowance for Operational Investment | (84) | — |
| Interest and Dividends Income | (694) | (944) |
| Interest Expenses | 320 | 622 |
| Loss on sale of share of subsidiary | (1,055) | 333 |
| Loss (Gain) on Sales of Investment Securities | (1,641) | (1,780) |
| Impairment loss on investment securities | 2,992 | 908 |
| Loss (Gain) on investment in VC funds | 144 | 707 |
| Equity in Net Losses (Gain) of Affiliates | 1,399 | 1,022 |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | — | 197 |
| Gain on step acquisitions | — | (98) |
| Loss on Business Transfer | (2,264) | (113) |
| Impairment Loss | 880 | 177 |
| Loss on disaster | — | 119 |
| Loss on Business Liquidation | 812 | — |
| Loss on cancellation of contract of buildings | 121 | — |
| Loss (Gain) on Sale and Disposal of Property, Equipment and Intangible Assets | 443 | 344 |
| Increase (Decrease) in Notes and Accounts Receivable-Trade | 10,493 | (13,766) |
| Increase (Decrease) in Inventories | 5,594 | (1,291) |
| Increase (Decrease) in Operational Investment in Securities | 116 | — |
| Increase (Decrease) in account receivable-other | (2,727) | (412) |
| Increase (Decrease) in Notes and Accounts Payable-Trade | (11,717) | 1,798 |
| Increase(Decrease) in Accounts Payable Other | 4,300 | 1,981 |
| Increase (Decrease) in Advances | (1,325) | — |
| Increase (Decrease) in other current assets | (1,212) | (2,385) |
| Increase (Decrease) in other current liabilities | (587) | (165) |
| Other Cash Flow from Operating Activities | 173 | (394) |
| Subtotal | 10,773 | (8,241) |
| Interest and dividends received | 915 | 1,083 |
| Interest paid | (309) | (593) |
| Income taxes paid | (13,470) | (12,406) |
| Income taxes refunded | 8,778 | 7,449 |
| Net cash provided by operating activities | 6,688 | (12,709) |

Consolidated Statement of Cash flow

(Millions of yen)

| | FY2010 (April 1, 2009 ~ March 31, 2010) | FY2011 (April 1, 2010 ~ March 31, 2011) |
|---|---|---|
| | Amount | Amount |
| Investing activities | | |
| Purchases of property, equipment and intangible assets | (1,409) | (3,596) |
| Proceeds from sale of property, equipment and intangible assets | 123 | 727 |
| Income from business transfer | 3,169 | 776 |
| Purchases of investment securities | (18,452) | (20,983) |
| Proceeds from sale of investment securities | 22,864 | 16,136 |
| Purchase of shares in subsidiaries | (372) | (214) |
| Proceeds from sale of shares in subsidiaries | 79 | 11 |
| Purchase from acquirement of shares in subsidiaries | (298) | (2,043) |
| resulting in change of consolidation | | |
| Proceeds from acquirement of shares in subsidiaries | 753 | 511 |
| resulting in change of consolidation | | |
| Proceeds from sale of shares in subsidiaries | 1,200 | 697 |
| resulting in change of consolidation | | |
| Expenditure for sale of shares in subsidiaries | (1,009) | (429) |
| resulting in change of consolidation | | |
| Decrease in loans receivable | (4,262) | (3,701) |
| Increase in loans receivable | 2,459 | 4,700 |
| Increase in lease deposit | (369) | (457) |
| Decrease in lease deposit | 715 | 818 |
| Other investing activities | (405) | 942 |
| Net cash provided by (used in) investing activities | 4,785 | (6,103) |
| Financing activities | | |
| Increase (decrease) in short-term loan | (1,426) | 2,080 |
| Proceeds from long-term debt | 234 | 5,216 |
| Payment of long-term debt | (18) | (1,297) |
| Proceeds from issuance of bonds | 680 | 13,379 |
| Redemption of bonds | — | (207) |
| Proceeds from sale of common stock subsidiaries to minority shareholders | 486 | 1,477 |
| Purchases of treasury stock | (4,200) | (2,000) |
| Payment of dividends | (3,411) | (3,264) |
| Payment of dividends for minority shareholders | (239) | (164) |
| Payment of lease debt | (464) | (492) |
| Net cash provided by (used in) financing activities | (8,357) | 14,728 |
| Translation adjustments on cash and cash equivalents | 78 | (91) |
| Net increase (decrease) in cash and cash equivalents | 3,194 | (4,175) |
| Cash and cash equivalents at beginning of the period | 18,800 | 19,651 |
| Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation | (2,344) | (89) |
| Cash and cash equivalents at end of the period | 19,651 | 15,386 |

Business Segment Information

FY2011 (Apr 1, 2010~Mar 31, 2011)

| | Corporate Business | SHOP Business | Insurance Business | Media Ads Business | Other | Combined Total | Elimination or Corporate | Consolidated |
|------------------|--------------------|---------------|--------------------|--------------------|-------|----------------|--------------------------|--------------|
| Net Sales | 184,306 | 253,666 | 8,637 | 5,116 | 311 | 452,038 | (2,988) | 449,050 |
| Operating Income | (4,860) | 9,204 | 997 | 410 | (27) | 5,724 | (3,130) | 2,594 |

FY2010 (Apr 1, 2009~Mar 31, 2010)

(Millions of Yen)

| | Corporate Business | SHOP Business | Insurance Business | Venture Fund Business | Combined Total | Elimination or Corporate | Consolidated |
|------------------|--------------------|---------------|--------------------|-----------------------|----------------|--------------------------|--------------|
| Net Sales | 153,543 | 188,429 | 10,241 | 15 | 352,229 | (3,132) | 349,097 |
| Operating Income | 1,540 | 5,416 | (905) | (222) | 5,829 | (1,981) | 3,847 |

Reference Information

Consolidated Financial Statements are 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.