

FY2012 Third Quarter 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://eng.hikari.co.jp/>
 Representative : Takeshi Tamamura, President and COO
 Contact : Koh Gidoh, Director, Head of Administrative Headquarters
 Tel. +81-(0)3-5951-3718

(Amounts are rounded down to the nearest million yen)

1. Consolidated Results for FY2012 Third Quarter (April 1, 2011 through December 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	%
FY2012 Third Quarter	368,805	13.8	11,468	—	10,760	—	4,701	—
FY2011 Third Quarter	324,132	31.0	(1,677)	—	(2,296)	—	(1,228)	—

	Net Income Per Share	Diluted Net Income Per Share
	Yen	Yen
FY2012 Third Quarter	89.31	89.17
FY2011 Third Quarter	(22.72)	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Asset Per Share
	Million Yen	Million Yen	%	Yen
FY2012 Third Quarter (as of December 31, 2011)	222,817	103,715	42.5	1,819.86
FY2011 (Full Year) (Apr 1 2010-March31, 2011)	228,885	109,411	43.7	1,879.76

2. Cash Dividends

(Term Recorded)	Dividends Per Share				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
	Yen	Yen	Yen	Yen	Yen
FY2011	—	—	—	60.00	60.00
FY2012	—	30.00	—		
FY2012 (Forecast)				40.00	70.00

(Note) Revisions to the Forecast of Cash Dividends in the Current Quarter: None

3. Forecast of Consolidated Results for FY2012 (April 1, 2011 through March 31, 2012)

(% Change from FY2011)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
FY2012 (Full Year)	460,000	2.4	17,000	555.2	15,500	1,237.0	7,500	—	140.98

(Note) Revisions to the Forecast of Consolidated Results in the Current Quarter: None

4. Other

- (1) Changes Among Significant Subsidiaries during the Quarter
(Changes Among Specific Subsidiaries Resulting in Changes in the Scope of Consolidation) : None
New: None
Elimination: None
- (2) Application of special accounting methods for preparation for the consolidated financial statements : None
- (3) Changes in accounting policies, accounting estimates and retrospective restatements in the consolidated financial statements
 - ① Changes due to revisions in accounting standards : Yes
 - ② Changes Other Than (3)-① Above : None
 - ③ Changes in accounting estimates : None
 - ④ Retrospective restatements : None
- (4) Number of Shares Issued and Outstanding (Common Stock)
 - ① Number of Shares Issued and Outstanding at the End of Each Period (Including Treasury Stock)

FY2012 Third Quarter	58,349,642	FY2011	58,349,642
----------------------	------------	--------	------------
 - ② Number of Treasury Stock at the End of Each Period

FY2012 Third Quarter	6,318,823	FY2011	5,150,170
----------------------	-----------	--------	-----------
 - ③ Average Number of Shares Issued and Outstanding in Each Period

FY2012 Third Quarter	52,647,610	FY2011 Third Quarter	54,049,895
----------------------	------------	----------------------	------------

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

Earning forecasts contained in these documents and other forwardlooking 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.

Qualitative Information and Financial Statements

1. Qualitative Information about Consolidated Results

<Performance Overview>

A brief review of the domestic economic circumstances for the third quarter of FY2012 (Apr 1, 2011 –December 31, 2011) goes as follows. An economy fell into a slump following the Great East Japan Earthquake, but it began to recover during the period under review due to the restoration of the damaged supply chain and to improvement in corporate and consumer sentiment. Nonetheless, in addition to the unusual conditions in the global economy and the continued strength of the yen, progressing of falling stock prices have left no clear pictures of sustained recovery. On the other hands, in the mobile communication markets, we foresee an even greater market expansion of the entire mobile business due to evidence of upward growth in smartphones, tablet PC, data communication terminals, mobile WiFi and routers.

In this situation, Hikari Tsushin has been secured the continuing profits by accumulating the stock comission in the future, while we focus on the business that are more efficient and growth potential with selectioin and concentration of business that are needed up-front costs.

For the nine months ended December 31, 2011, the company registered net sales of ¥368,805 million, operating income of ¥11,468 million, ordinary income of ¥10,760 million, net income before tax of ¥11,040 million, and net income of ¥4,701 million.

(Millions of Yen)

	FY2012 Third Quarter Apr 1, 2011 -Dec 31, 2011	FY2011 Third Quarter Apr 1, 2010 - Dec 31, 2010	Change	Change (%)
Net sales	368,805	324,132	44,672	13.8
Operating income (Loss)	11,468	(1,677)	13,146	—
Ordinary income (Loss)	10,760	(2,296)	13,056	—
Net income before tax (Loss)	11,040	(1,364)	12,404	—
Net income (Loss)	4,701	(1,228)	5,930	—

<Overview by Segments>

Corporate Business

Hikari Tsushin Group's corporate business segment engages in the sales of OA equipment, telecommunication line services, and enterprise solution services. 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. In this quarter, Hikari Tsushin has been secured the continuing profits by accumulating the stock commission in the future, while we focus on the business that are more efficient and growth potential with selection and concentration of business that are needed up-front costs. As a result, the revenues rose significantly. Additionally, we try to increase the average sale per customer with sales of data communication terminals.

For the nine months ended December 31, 2011, Corporate business registered net sales of ¥133,974 million and operating income of ¥7,271 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. We actively sold the smartphones with increasing in customer services quality. Under these circumstances, as a result of expanding sales network, the number of handsets with recurring commission rose to 2.90million (4.3% up Y-O-Y).

For the nine months ended December 31, 2011, SHOP business registered net sales of ¥225,557 million, operating income of ¥6,031 million.

Insurance Business

Hikari Tsushin conducts its insurance business primarily by selling insurance policies to customers using telemarketing at its nationwide call centers. In this period, we began to recover the restraining sales activities by the Great East Japan Earthquake, tried to maintenance of appropriate sales personnel and development of human resources and productivity improvement expansion of customer list due to business alliance with a company holding customer base.

For the nine months ended December 31, 2011, Insurance business registered net sales of ¥7,038 million and operating income of ¥713 million.

Media Advertising 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 322 area in Japan.

For the nine months ended December 31, 2011, Media Advertising business registered net sales of ¥4,755 million and operating income of ¥166 million.

Consolidated financial position

	FY2011	FY2012 Third Quarter As of Dec 31, 2011	Change
	Million Yen	Million Yen	Million yen
Total Assets	228,885	222,817	(6,067)
Liabilities	119,474	119,102	(372)
Net Assets	109,411	103,715	(5,695)

Total Assets ended in ¥222,817 million, down ¥6,067 million due to decreases the accounts receivable trade.

Liabilities decreased ¥372 million and totaled ¥119,102 million. This mainly reflected the decreases in Trade Notes and Accounts Payable.

Net Assets ended in ¥103,715 million, decreased ¥5,695 million due to purchase of treasury stock and payment for dividends.

Consolidated Cash Flows

	FY2011 Third Quarter	FY2012 Third Quarter
	Million Yen	Million Yen
Cash Flow from Operations	(8,445)	17,792
Cash Flow from Investment	(4,422)	(3,016)
Cash Flow from Financial Activities	8,204	(12,005)
Cash (and Equivalents) at the End of the Term	14,822	18,077

Cash flow from operations ended in ¥17,792 million, as a result of decreasing the trade notes and account receivable.

Cash flow from investment ended in minus ¥3,016 million as a result of acquiring investment securities and so on.

Cash flow from financial activities ended in minus ¥12,005 million due to payment for dividends and repayment of debt.

As a result, cash and cash equivalents at the end of the term ended in ¥18,077 million.

Quarterly Consolidated Financial Statements

Quarterly Consolidated Balance Sheets

(Millions of Yen)

	FY2011 (As of Mar 31, 2011)	FY2012 Third Quarter (As of December 31, 2011)
	Amount	Amount
Assets		
Current Assets		
Cash and Bank Deposits	15,400	17,403
Trade Notes and Accounts Receivable	71,906	66,739
Marketable securities	30	1,110
Inventories	11,255	14,985
Account Receivable Other	6,313	6,322
Deferred Tax Assets	2,967	4,292
Other Current Assets	5,512	5,661
Allowance for Doubtful Accounts	(360)	(731)
Total Current Assets	113,024	115,783
Fixed Assets		
Property, Plants and Equipments	8,708	9,321
Intangible Assets		
Goodwill	5,243	5,286
Other Intangible Assets	895	1,151
Total Intangible Assets	6,138	6,438
Investments and Other Assets		
Investments Securities	68,085	62,931
Deferred Tax Assets	17,719	13,259
Other Assets	23,040	23,287
Allowance for Doubtful Accounts	(7,831)	(8,204)
Total Investments and Other Assets	101,014	91,274
Total Fixed Assets	115,861	107,034
Total Assets	228,885	222,817

Quarterly Consolidated Balance Sheets

(Millions of Yen)

	FY2011 (As of Mar 31, 2011)	FY2012 Third Quarter (As of December 31, 2011)
	Amount	Amount
Liabilities		
Current liabilities		
Trade Notes and Accounts Payable	28,179	34,928
Short-Term Loans Payable	22,579	20,157
Current Portion of Bonds	624	8,255
Account Payable-Other	38,532	35,750
Income Tax Payable	1,115	836
Accrued Bonuses	752	770
Other Current Liabilities	7,312	5,478
Total Current Liabilities	99,096	106,177
Fixed Liabilities		
Long-term Loans Payable	3,714	4,218
Bonds	14,120	5,955
Provision for directors' retirement benefits	181	192
Other Fixed Liabilities	2,359	2,558
Total Fixed Liabilities	20,377	12,924
Total Liabilities	119,474	119,102
Net Assets		
Shareholders Equity		
Capital	54,259	54,259
Additional Paid-In Capital	25,293	25,293
Retained Earnings	30,723	30,706
Treasury Stock	(11,875)	(14,135)
Total Shareholders Equity	98,400	96,123
Accumulated other comprehensive income		
Net Unrealized Holding Gains on Securities	1,627	(1,402)
Foreign Currency Translation Adjustment	(25)	(32)
Total Accumulated other comprehensive income	1,601	(1,435)
Share Warrants	1,281	1,216
Minority Interests	8,127	7,810
Total Net Assets	109,411	103,715
Total Liabilities and Net Assets	228,885	222,817

Quarterly Consolidated statements of Income

(Millions of Yen)

	FY2011 Third Quarter (As of December 31, 2010)	FY2012 Third Quarter (As of December 31, 2011)
	Amount	Amount
Net Sales	324,132	368,805
Cost of Sales	176,375	207,143
Gross Profit	147,756	161,661
Selling General and Administrative Expenses	149,434	150,193
Operating Income	(1,677)	11,468
Non-Operating Income		
Interest Income	232	226
Dividend Income	498	673
Gain on Sale of Investment Securities	9	-
Amortization of Negative Goodwill	236	220
Other Non-Operating Income	519	803
Total Non-Operating Income	1,496	1,924
Non-Operating Expense		
Interest Expenses	446	579
Equity in Net Losses of Affiliates	471	1,293
Loss on investment in VC funds	660	266
Provision of allowance for doubtful accounts	45	143
Other Non-Operating Expenses	490	350
Total Non-Operating Expenses	2,115	2,632
Ordinary Income	(2,296)	10,760
Extraordinary Income		
Gain on Sales of Investment Securities	1,337	537
Gain on Sales of Shares of Subsidiaries	84	123
Gain from change of interest in investments in affiliates	355	312
Reversal of Subscription rights to shares	-	166
Gain on Step Acquisitions	98	-
Gain on Negative Goodwill	162	-
Other extraordinary income	326	-
Total Extraordinary Income	2,364	1,139
Extraordinary Losses		
Loss on Disposal and Sale of Fixed Assets	209	345
Impairment Loss on Investment Securities	37	149
Loss on Sale of Investment Securities	66	12
Loss on Sale of Shares of Subsidiaries	457	32
Impairment Loss	68	137
Loss on changes in equity	152	10
Provision of allowance for doubtful accounts	-	170
Loss on Adjustment for Changes of Accounting Standard for Asset Retirement Obligations	197	-
Other extraordinary Losses	241	-
Total Extraordinary Losses	1,432	859
Net Income Before Tax	(1,364)	11,040
Income and Enterprise Taxes	1,493	933
Refund Tax by claim and decision	(487)	-
Deferred Income Taxes	(1,873)	5,245
Total Income Taxes	(867)	6,178

Income Before Minority Interest	(496)	4,861
Minority Interests	731	159
Net Income	(1,228)	4,701

Comprehensive Income Abstract Statements

	FY2011 Third Quarter (As of December 31, 2010)	FY2012 Third Quarter (As of December 31, 2011)
	Amount	Amount
Income (loss) before minority interests	(496)	4,861
Other comprehensive income		
Valuation difference on available-for-sale securities	(851)	(3,083)
Foreign currency translation adjustment	(7)	(2)
Share of other comprehensive income of associates accounted for using equity method	(1)	(10)
Other comprehensive income	(861)	(3,096)
Comprehensive income	(1,358)	1,765
Comprehensive income attributable to owners of the parent	(2,064)	1,665
Comprehensive income attributable to minority interests	706	99

Business Segment Information

FY2011 Third Quarter (Apr 1, 2010 - December 31, 2010)

(Millions of Yen)

	Corporate Business	SHOP Business	Insurance Business	Media Advertising Business	Combined Total	Elimination or Corporate	Consolidated
Net Sales	131,763	184,093	6,569	3,882	326,309	(2,178)	324,132
Operating Income	(6,131)	5,732	952	329	882	(2,560)	(1,677)

FY2012 Third Quarter (Apr 1, 2011~December 31, 2011)

(Millions of Yen)

	Corporate Business	SHOP Business	Insurance Business	Media Advertising Business	Combined Total	Elimination or Corporate	Consolidated
Net Sales	133,974	225,557	7,038	4,755	371,327	(2,522)	368,805
Operating Income	7,271	6,031	713	166	14,183	(2,714)	11,468

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.