Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2011 (Based on J-GAAP)

May 12, 2011

Company Name: T-Gaia Corp. Listing: Tokyo Stock Exchange, First Section
Stock Code: 3738 URL: http://www.t-gaia.co.jp/
Representative: Masaaki Kimura, President & CEO
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Scheduled date of Annual General Meeting of Shareholders: June 23, 2011
Scheduled Commencement Date of Dividend Payout: June 23, 2011
Scheduled date of filing Annual Securities Report: June 23, 2011
Explanatory Documents Supplemental to the Abridged Financial Statements: Yes
Result Briefing: Yes (For Institutional Investors and Analysts)

(All amounts are rounded down to the nearest million yen)

1. Financial Results for the Fiscal Year Ended March 31, 2011 (April 1, 2010 – March 31, 2011)

(1) Results of operations (full-year) (Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2011	595,217	5.2	14,524	(4.4)	14,395	(3.8)	7,554	(7.1)
FY 2010	566,057	31.2	15,193	22.5	14,968	25.1	8,135	27.8

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
FY 2011	14,742.71	14,734.86	22.7	9.6	2.4
FY 2010	15,878.52	15,869.09	28.5	10.1	2.7

Reference: Equity in earnings of affiliates (million yen): FY2011: — FY2010: —

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 2011	153,808	35,640	23.2	69,554.03
FY 2010	147,390	31,061	21.1	60,619.38

Reference: Shareholders' equity (million yen): FY 2011: 35,640 FY 2010: 31,061

(3) Cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY 2011	6,093	(827)	(5,426)	1,304
FY 2010	12,019	(844)	(12,400)	1,465

2. Dividends

	Dividends per share					Total dividends (annual)	Dividend payout ratio	Dividend on equity
	1Q-end	Interim	3Q-end	Yearend	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY 2010	—	3,000.00	—	3,000.00	6,000.00	3,074	37.8	10.8
FY 2011	—	2,750.00	—	2,750.00	5,500.00	2,818	37.3	8.5
FY 2012 (forecasts)	—	3,250.00	—	3,250.00	6,500.00		34.9	

3. Forecasts for the Fiscal Year Ending March 31, 2012 (April 1, 2011 – March 31, 2012)

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First-half	315,000	9.8	6,350	(6.8)	6,250	(7.4)	3,350	(3.8)	7,949.33
Full year	660,000	10.9	14,650	0.9	14,400	0.0	7,850	3.9	18,627.54

4. Others

(1) Changes in significant accounting policies:

1) Changes caused by revision of accounting standards: Yes

2) Other changes: None

(2) Number of shares issued and outstanding (shares of common stock)

1) Number of shares outstanding (including treasury stock) at end of period	FY 2011	512,419 shares	FY 2010	512,395 shares
2) Number of treasury stock at end of period	FY 2011	—	FY 2010	—
3) Average number of shares outstanding during the period	FY 2011	512,405 shares	FY 2010	512,371 shares

* Implementation of audit procedures

This summary of financial statements is not subject to audit procedures pursuant to the Financial Instruments and Exchange Act. At the time of disclosure of this summary of financial statements, the audit procedures of financial statements pursuant to the FIEA are not completed.

* Cautionary statement with respect to forward-looking statements

(Disclaimer on forward-looking statements)

The above forecasts are based on the Company's judgments in accordance with information currently available.

Forecasts therefore embody risks and uncertainties. Actual results may differ from these forecasts for a number of factors, including but not limited to the operating environment. For further information concerning the above forecasts, please refer to "(1) Analysis regarding results of operations" under "1. Results of Operations" on page 2 of the Attachment to the summary of financial statement.

(How to obtain explanatory documents supplemental to the abridged financial statements and information disseminated at the results briefing)

Results briefing of the Company for institutional investors and analysts is scheduled for Tuesday, May 17, 2011.

The explanatory documents to the abridged financial statements used on this occasion will be published on the website of the Company soon after the briefing.

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1. Results of Operations

We would like to convey our deepest sympathy to the victims of the Great East Japan Earthquake along with our sincere wishes for a speedy recovery.

(1) Analysis regarding results of operations

1) Results of operations for the current fiscal year

The Japanese economy in the period under review displayed signs of rebounding as exports and production were spurred by the growth seen in emerging economies centered on Asia, and helped by improvements in industry profits and personal consumption. On the other hand, however, factors such as concerns over stagnation in overseas economies, specifically in Europe, the strong yen and deflationary pressures, a continued weak job market, and the effects of the Great East Japan Earthquake of March 11, 2011, make for an uncertain outlook.

In the Company's business mainstay, the market for mobile phone handsets, sales benefited from new demand fueled by a string of introduction of data communication terminal devices such as smartphones, tablets, and digital photo frames by carriers. As a result, unit sales increased from last year and the market has expanded.

As a result, during the fiscal year under review, net new mobile phone subscriptions for the entire market totaled 7.35 million (56.6% increase year-on-year) and the number of total number of subscriptions reached 119.53 million, a 6.6% increase compared with the end of the previous fiscal year (March 31, 2010). By carrier, the total number of subscriptions as of March 31, 2011 was 58.00 million for NTT DOCOMO, Inc., 32.99 million for KDDI Corporation, 25.40 million for SOFTBANK MOBILE Corp. and 3.11 million for EMOBILE Ltd. (data published by the Telecommunications Carriers Association).

Under this business environment, in the Mobile Telecommunications Business, unit sales including prepaid-type mobile phones increased 7.7 percent on the year to 5.62 million units and it contributed to increases in net sales, thanks to sales of data communication terminal devices such as smart phones, tablets, and digital photo frames and efforts to capture the demand generated by the changeover from old-standard handsets, for which service is scheduled to be terminated, to new-standard handsets.

Despite these improvements, however, operating income slipped. This was due budget-type handsets gaining more ground, price discounting spurred by intensifying competition, and the effects of communications carriers' revised commission rate regimes for shops.

In the Network Communications Business, sales revenue increased, thanks to efforts surrounding sales of FTTH (Fiber To The Home) services and the acquisition of MYLINE service subscribers. However, sales revenue and operating income decreased as MYLINE service market saturation took its toll on marketing efficiency.

In the Prepaid Settlement Services Business and Other Businesses, sales revenue and operating income rose on buoyant electronic-money based merchandise sales using PIN (Personal Identification Number)-based merchandise systems at major convenience store operators.

As a result for the fiscal year under review, net sales were 595,217 million yen (5.2% increase year-on-year), operating income was 14,524 million yen (4.4% decrease year-on-year), and ordinary income was 14,395 million yen (3.8% decrease year-on-year). The Group posted extraordinary loss comprised mainly of 400 million yen related to the first-time application of the Accounting Standard for Asset Retirement Obligations and 188 million yen in financial aid and damage to stores and inventories related to the Great East Japan Earthquake. As a result, net income for the period was 7,554 million yen (a 7.1% decrease year-on-year).

The situation in each business segment is described below.

[Mobile Telecommunications Business]

The Company stayed focused on promoting sales of data communication terminal devices such as smart phones, tablets, and digital photo frames, and on capturing the demand generated by the changeover from old-standard handsets, for which service is scheduled to be terminated, to new-standard handsets. Additionally, corporate sales efforts underwent further strengthening. As a result, unit sales excluding prepaid-type mobile phones increased 7.0 percent on the year to 5.49 million units and sales revenue increased 1.1 percent on the year to 495,707 million yen.

However, operating income fell 3.4 percent on the year to 11,144 million yen. Although the Company optimized existing sales routes and rationalized business processes, the income decline reflects the growth in budget-type handsets and price discounting spurred by intensifying competition, as well as the effects of communications carriers' revised commission rate regimes for shops.

[Network Communications Business]

The Company worked to enhance the quality of sales operations through upgrading of its sales frameworks centered on core shops and by strengthening proposal-based sales and marketing in direct sales. Additionally, the Company sought to promote subscriptions by strengthening alliances with other companies and worked to increase sales of optical fiber line services such as FTTH and the acquisition of MYLINE service subscribers. As a result, sales revenue increased 2.5 percent on the year to 21,036 million yen.

However, operating income decreased 16.8 percent to 2,582 million yen. Main reasons were MYLINE service market saturation, and worsened sales efficiency from the rising cost of subscriber acquisition.

[Prepaid Settlement Services Business and Other Business]

The major convenience store operators posted strong figures for merchandise sales settled with electronic money through PIN-based merchandise sales systems. This was due to consumers' growing familiarity with this settlement method and its increased use for internet-based merchandise purchases and contents purchases related to SNS (Social Networking Services). As a result, sales revenue increased 41.9 percent on the year to 78,473 million yen while operating income rose 44.0 percent to 797 million yen.

2) Outlook for the next fiscal year

The outlook for the Japanese economy is for the recovery trend to continue, albeit with little self-sustaining strength. Additionally, the effects of the Great East Japan Earthquake are a concern. A genuine improvement of the economy is therefore seen to require more time, with the uncertain outlook expected to continue.
The Mobile Telecommunications Business will respond to the market expansion for smart phones and tablet terminals where user needs are strong and continuing growth is expected, and to that end target further improvements in the quality of sales and customer satisfaction and reinforce sales in a diverse range of peripheral merchandise. Proactive efforts will also be made to boost the proposal-based business with corporations and to increase sales of terminals for data communication, and in that way capitalize on the second-device demand stimulus.
The Network Communications Business will based on the strategy of telecommunications carriers geared at the “Hikari no Michi” (New Broadband Super Highway) concept of the Ministry of Internal Affairs and Communications target growth in subscriber acquisition mainly for FTTH services, and create and strengthen sales frameworks capable of addressing diversifying new service offerings associated with proliferating broadband availability and quickly respond to new customer needs. Nonetheless, profitability at the Network Communications Business is expected to decline due to the saturation of the MYLINE service market and worsening business efficiency in the face of rising acquisition costs.
With Prepaid Settlement Services Business and Other Business, competition may intensify due to diversification of electronic settlement services. In the electronic settlement business which uses the personal identification number (PIN) sales system, the Company is aiming to increase products managed and expand convenience store sales outlets.
In addition to these policies, human resources and a variety of sales networks, financial resources, and information resources, etc., will be put to active use toward the continued creation of new businesses and the expansion of operations in overseas markets.

As for earnings estimates for the next fiscal year, the Company projects net sales of 660 billion yen, operating income of 14.65 billion yen, ordinary income of 14.4 billion yen, and net income of 7.85 billion yen.

Notably, should results estimates be expected to be materially affected by the Great East Japan Earthquake such as through supply shortages of mobile phone handsets, blackouts due to electric power shortages, and receding consumer sentiment, etc., timely disclosures will be made.

The factors that will have a material effect on the Company’s results of operations are described in “(4) Business risk” under “1. Results of Operations.”

3) Progress on the Company’s medium-term management plan

For the fiscal year ended March 31, 2011, the Company set targets of net sales of 571 billion yen, operating income of 13.6 billion yen, ordinary income of 13.4 billion yen, and net income of 7.0 billion yen. Actual results were net sales of 595.2 billion yen, operating income of 14.5 billion yen, ordinary income 14.3 billion yen, and net income of 7.5 billion yen, achieving the initial targets.

(2) Analysis concerning financial position

1) Assets, liabilities and net assets

The balance of current assets at the end of the fiscal year under review was 136,055 million yen, an increase of 8,047 million yen compared with the end of the previous fiscal year. The main factors were an increase in accounts receivable-trade in conjunction with the increase in net sales and commissions received based on mobile phone sales and PIN sales (3,409 million yen), and the increase in accounts receivable–other resulting from a decline in installments (2,404 million yen).
The balance of fixed assets at end of the fiscal year under review decreased by 1,630 million yen compared with the end of the previous fiscal year to total 17,752 million yen. The main factors were a decrease due to amortization of goodwill (1,519 million yen).
The balance of current liabilities at end of the fiscal year under review increased by 2,503 million yen compared with the end of the previous fiscal year to total 114,240 million yen. The principal factor was an increase in accounts payable, accompanying the increase in accounts payable–other resulting from a decline in installments (3,239 million yen).
The balance of long-term liabilities at end of the fiscal year under review decreased by 666 million yen compared with the end of the previous fiscal year to total 3,927 million yen. The principal factors were a decrease in long-term borrowings (1,604 million yen) and an increase in asset retirement obligations (1,016 million yen).
The balance of net assets at end of the fiscal year under review increased by 4,579 million yen year-over-year to total 35,640 million yen. The main factor was an increase in retained earnings (4,607 million yen).

2) Cash flows

Cash and cash equivalents (“Cash”) at the end of the fiscal year totaled 1,304 million yen, which was 160 million yen less than a year earlier. Main factors were an increase in borrowings, which partly offset a decline in income before tax (down 7.0% year-on-year) to 13,801 million yen.
Cash flows and major components during the fiscal year were as follows.

[Cash flows from operating activities]

Cash flows from operating activities totaled 6,093 million yen. This was principally due to the inclusion of income taxes paid of 5,852 million yen and pretax income of 13,801 million yen.

[Cash flows from investing activities]

Cash flows used in investing activities totaled 827 million yen. This was principally due to the 720 million yen used for the acquisition of tangible fixed assets, 240 million yen used for payment for purchase of software, 200 million yen used for purchase of shares in affiliates, 112 million yen used for payment on leasehold deposits, and 288 million yen in proceeds from the return of leasehold deposits.

[Cash flows from financing activities]

Cash flows used in financing activities totaled 5,426 million yen. This was mainly attributable to a 5,100 million yen increase in short-term borrowings, a 2,000 million yen increase in long-term borrowings, a 9,580 million yen decrease in long-term borrowings, and cash dividends paid of 2,947 million yen.

The following table illustrates the historical movements of certain cash flow indices:

	FY 2008 (consolidated)	FY 2009	FY 2010	FY 2011
Shareholders' equity ratio (%)	20.5	17.5	21.1	23.2
Shareholders' equity ratio based on market prices (%)	35.5	36.0	48.1	45.6
Interest-bearing debt to cash flow ratio (%)	519.3	237.6	192.8	339.6
Interest coverage ratio (times)	38.0	53.2	43.2	33.5

Note 1: Cash flow indices are calculated as follows:

Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio based on market prices: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest payments

2: The Company used figures from consolidated financial statements for FY 2008, and figures from non-consolidated financial statements for other periods.

Market capitalization is calculated by: Closing stock price on the balance sheet date and No. of shares outstanding on the balance sheet date.

Operating cash flow is taken from the statement of cash flows.

Interest-bearing debt includes all the liabilities carried on the balance sheets that incur interest.

Interest payments are based on interest payments reported on the statement of cash flows.

(3) Basic profit allocation policy, and dividends in the current and next fiscal years

It has been a basic policy of the Company to aim at stable dividend payments, targeting a payout ratio of at least 30%, with due consideration of earnings developments and for securing the internal retention necessary for future business initiatives and for a strong management base.

To make the linkage between earnings and dividend more distinct, the Company has of late formulated a basic policy of targeting a payout ratio of at least 30% for earnings returned to shareholders.

As year-end dividend for the period under review, a per-share dividend of 2,750 yen will be paid, which is consistent with the initial projection. Notably, including the interim dividend of 2,750 yen paid last December, annual dividends will total 5,500 yen.

Taking comprehensively into account the following period's earning forecast, payout ratio and other factors, the Company plans an annual dividend of 6,500 yen for the next fiscal year. This is scheduled to be broken down into interim and yearend dividends of 3,250 yen per share, respectively.

The Company does not currently have any plans to revise the recording date or number of dividend payments following implementation of the Company Law. For the time being, we will maintain the current system of paying two dividends, once at the end of the interim period and fiscal year.

We plan to use retained earnings to expand and strengthen our existing business base, as well as to expand into overseas markets and new businesses, train employees, and make strategic investments.

With regard to the further disposition of the treasury stock acquired in April 2011, although a holding policy has yet to be determined, deliberations will be made from the perspective of the continued enhancement of shareholder value.

(4) Business risk

Below we list risk factors that may have impact on our business performance, financial condition, and share price.

1) Commissions from mobile carriers

We receive a commission from mobile phone carriers for each successfully brokered subscription contract. Commissionable service, commission levels, payment period duration, and the proportion of each subscription line's telecommunications charges all depend on the specific mobile carrier and period of the year. As NTT DOCOMO, Inc., KDDI Group, and SOFTBANK MOBILE Corp. introduced a new sales method last year decoupling mobile phone prices and telecommunications charges, a significant change in contract conditions due to a change in policy by any or all of the mobile carriers could materially impact our earnings.

2) Industry competition

The mobile industry, as the increase in penetration rate, new subscriber growth continues to slow. This implies greater competition for capturing subscribers among mobile carriers, and among sales agencies including ourselves. Such a fiercer competition in the mobile phone market could lower our profit margins, and materially impact our earnings.
Broadband technology advances have rekindled competition for customers among fixed-line telecommunications carriers, and competition among sales agencies including ourselves may heat up as a result, just as in the mobile industry. Also, competition in the prepaid settlement service related industry is likely to become more intense in the future accompanying the diversification of electronic settlement services. In this case, as well, fiercer competition could lower our profit margins and materially impact our earnings.

3) Business expansion through acquisitions, etc.

In addition to developing cooperative relationships with small and medium-sized sales agencies, and opening new shops, we may acquire other industry peers going forward to expand our business, and this could impact our financial condition and business performance.
There is no guarantee that the acquisition will produce anticipated benefits due to changes in market trends and the economic environment. A poor performance at companies we acquire could make it difficult for us to recover invested capital, and this would impact our earnings and business plans.

4) Statutory regulations, etc.

The agency operations of mobile telecommunications carriers are the subject of various statutory regulations, such as the Telecommunications Business Act, the Anti-Trust Act (Act concerning Prohibition of Private Monopolization and Maintenance of Fair Trade), the Premiums and Representations Act (Act against Unjustifiable Premiums and Misleading Representations), the Personal Information Protection Act, the Mobile Phone Misuse Prevention Act (Act on Identification, etc. by Mobile Voice Communications Carriers of their Subscribers, etc. and for Prevention of Improper Use of Mobile Voice Communications Services), as well as the Guidelines concerning Personal Information in Telecommunications Business Operations issued by the Ministry of Internal Affairs and Communications and the Ethics Standards for Business Activities of Agencies issued by the Telecommunications Carriers Association.
In order to ensure compliance with the laws and regulations mentioned above, the Company has been strengthening its internal administrative frameworks including employee training and education. However, events such as leakage of personal information data or breach of the laws and regulations mentioned above, would pose the risk of a deterioration in the credibility of the Company, as well as indemnification claims against the Company, termination of agency agreement, and administrative dispositions such as the termination of business operations, with material effects on the operating results of the Company.

5) Relationship with major principal shareholders

The top three shareholders of the Company as of March 31, 2011 were Mitsui & Co., Ltd., Sumitomo Corporation Ltd. and Mitsubishi Corp., each of which owns 22.77%, respectively, of the Company's 512,419 outstanding shares.
However, the sales and brokering of mobile phones, which is the main business sector of the Company, the landline brokering business and prepaid settlement services business, are being managed independently of the Company's major shareholders, and if a change occurs in the equity relationship with the major shareholders, the affect on these businesses is expected to be immaterial.
Notably, based on the Notice of Acquisition of Own Shares and Public Tender for Shares of the Company released on February 28, 2011, the Company acquired 91,000 shares of its own stock in accordance with the Notice of the Result of the Public Tender for Shares of the Company and Conclusion of Share Acquisition released on April 5, 2011. As a result, the percentage of voting rights held by Mitsui & Co., Ltd. in the Company declined from 22.78% to 6.40%. As a consequence, the Company has ceased to be an affiliated company of Mitsui & Co., Ltd.

6) Relationship with major principal shareholders

Depending on movement of the Ministry of Internal Affairs and Communications' plan to revitalize the mobile phone market, including unlocking of the SIM lock, there may be an effect on telecommunications carriers' measures and the entire mobile telephone market, as well as on the Company's business and performance.

7) Revised law and changes in regulations

In the event there is a major revision of the Worker Dispatching Act as well as any changes or amendments to other regulations were implemented, there may be an effect on company performance.

2. Current Conditions of the Corporate Group

As of March 31, 2011, the Group (the Company and affiliates of the Company) is comprised of the Company and one non-consolidated subsidiary (T-Gaia (Shanghai) Corporation), with main business lines (i) in mobile telecommunications centered on sales of mobile phones, etc.; (ii) network communications operations engaged in MYLINE services alongside intermediation operations such as FTTH optical fiber circuit services; and (iii) prepaid settlement services operations engaged in prepaid transactions settlement services using PIN sales systems, and other businesses.

Our main activities are as follows:

(1) Mobile Telecommunications Business

The main activities of the Mobile Telecommunications Business are the brokering of mobile phone and PHS subscription services, and the sale of mobile phones and handsets. We broker communication subscription services for mobile phone carriers (NTT DOCOMO, Inc., KDDI Group, SOFTBANK MOBILE Corp., EMOBILE Ltd., and so on), and receive a commission for each successfully concluded subscription contract based on our sales agent agreement with each carrier. We broker communication services and sell mobile phones to general users through our nationwide distribution channels, which include secondary sales agencies (volume electronics retailers and general sales agencies), directly-managed shops, and direct sales to corporations.

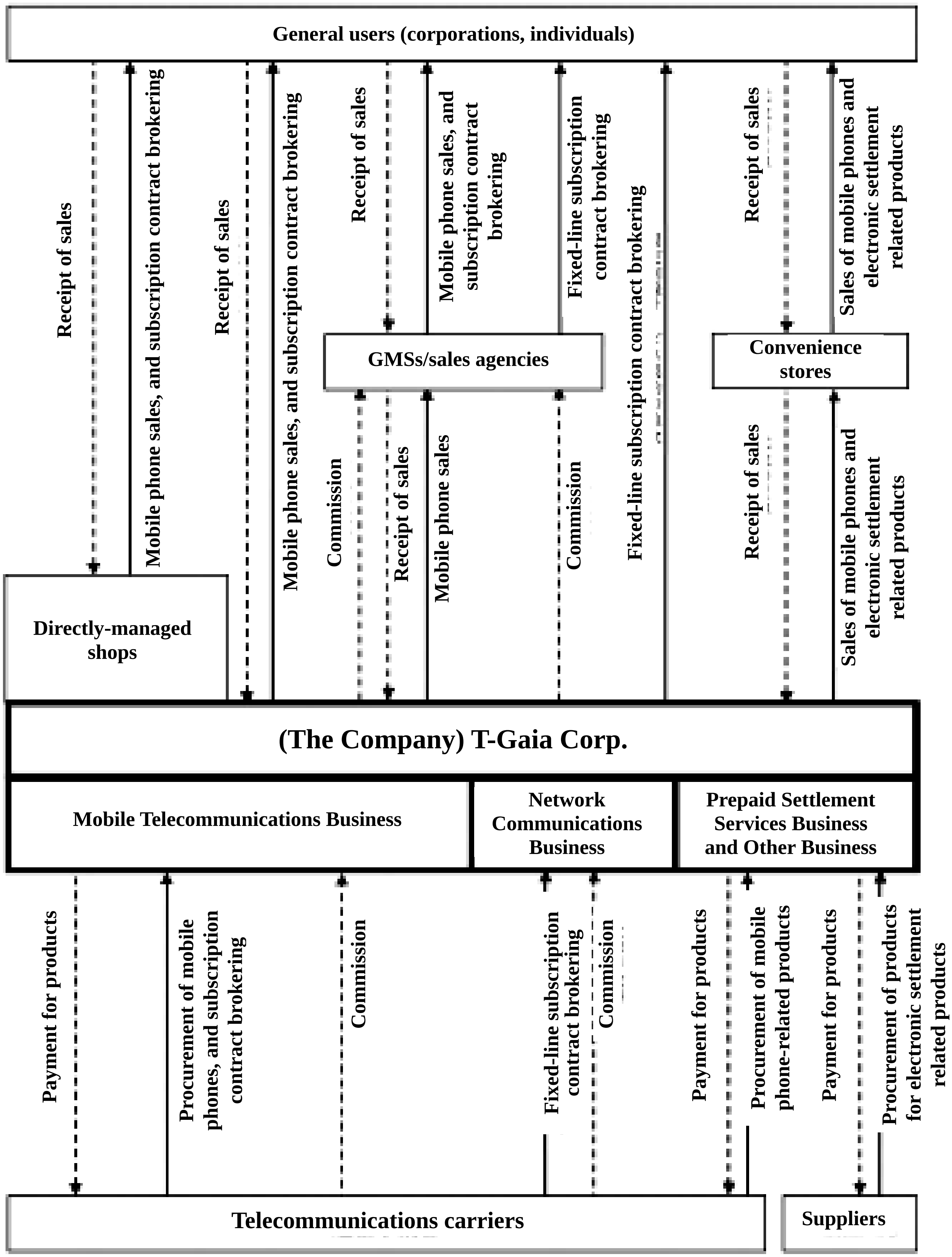
(2) Network Communications Business

The main business activity of the Network Communications Business is the brokering of ‘MYLINE’ and other fixed-line subscription services for individuals and corporations, as well as handling of fiber-optic lines (FTTH, etc.) associated with greater penetration of broadband services. We have concluded sales agent agreements with NTT Group companies NTT East, NTT West, NTT Communications; and KDDI, SOFTBANK TELECOM, FUSION COMMUNICATIONS, and other carriers. Commissions paid to us by telecommunications carriers include broker commissions for each successfully brokered subscription contract, and a running commission based on a fixed proportion of each subscription line’s telecommunications charges (running commissions are paid for a limited period).

(3) Prepaid Settlement Services Business and Other Business

The main activities of the Prepaid Settlement Services Business and Other Business are the sale of electronic settlement-related products that utilize the PIN sales system, such as e-money and overseas telephone calls, and the sale of prepaid-type mobile phones and prepaid cards, through leading convenience stores throughout Japan.

Overview of the business system



3. Management Policies

(1) Basic management policy of the Company

The Company has stated its corporate philosophy as follows.
We will contribute to the realization of society's dreams and prosperity, and continue to "Challenge Tomorrow" with "Integrity."

In order to ensure continued business growth in an operating environment marked by great changes, in addition to increasing efforts and operating efficiency surrounding existing operations, the Group will proactively engage in overseas markets and new business fields, and in this way strengthen the Group's management base. Moreover, the Group will work to increase enterprise value by ensuring management transparency and by meeting the Group's corporate social responsibilities.

(2) Performance targets

For the fiscal year ending March 31, 2012, we target net sales of 660 billion yen, operating income of 14,650 million yen, ordinary income of 14,400 million yen, and net income of 7,850 million yen.

(3) Management strategies of the Company for the medium and long term

In order to ensure continued business growth, the Company will keep strengthening existing operations while aiming to establish new earnings platforms by creating new businesses and overseas operations. To this end, the Company proactively advances a three-directional effort, named "SHINKA(means "Renovation", "Deepening" and/or "Evolution" in Japanese Pronunciation)" addressing newness, depth, and progress, and through the effects aims to achieve business growth over the medium and long term.

1) Renovation: Establishing new business models

The Group will proactively engage in new business fields centered on solution services using devices and applications that are diversifying into new business models. Moreover, the Group aims to establish new earnings platforms by entering overseas markets and launching overseas business initiatives centered on operations in China.

2) Deepening: Increasing the depth of existing business models

With regard to existing operations, the Group will work to increase and strengthen sales networks, enhance the quality of sales, and develop new merchandise resources, and in this way provide services of high added value and maximize customer satisfactions.

3) Evolution: Further progress in the management base

The Group will innovate the internal infrastructure by promoting the development of human resources capable of dealing with new business models and global initiatives, create internal frameworks that spawn further enhanced selling power and a stimulating work climate, and create and introduce the next version of the Group's main system that will contribute to upgraded operating efficiency and speedy decision making.

(4) Issues to be addressed by the Company

The Mobile Telecommunications Business, which accounts for the Company's main operations, has been seeing conspicuous change such a surge in sales of data communication-centered smart phones despite a diffusion rate of over 90% for mobile phones among Japan's population. This changed operating environment is seen to bring new business opportunities including in peripheral fields.
In the Network Communications Business, despite the progressing saturation of the MYLINE services market, the market for services related to optical fiber circuits such as FTTH is expected to expand over the medium term due to the establishment of the "Hikari no Michi" (New Broadband Super Highway) concept of the Ministry of Internal Affairs and Communications.
In addition, in emerging nations, there is a continuing move from second generation mobile phones, which were mainly the prepaid mobile phones, to third generation mobile phones, which are the post-paid type, and telecommunications carriers are projected to expand measures for enclosing customers by focusing on carrier shops, such as those developed in Japan.

In this operating environment, the Company will promote further enhanced operating efficiency and by using the Company's financial resources, organizational resources, and information resources, etc., work at the Company-level to strengthen existing business platforms and engage in new business fields and overseas markets to ensure future business growth.
More specifically, the following activities will be addressed.

1) Existing businesses

The Mobile Telecommunications Business, in order to respond to the expansion of the smart phone market whose growth is expected to continue, will target further improvements in the quality of sales and customer satisfaction, and will work to increase sales in a diverse range of peripheral merchandise. Efforts will also be made to boost the proposal-based business with corporations and to raise sales of terminals for data communication, and in that way capitalize on the second-device demand stimulus.
In addition, the Company will aim to further expand the scale of its business through M&A and other efforts.
The Network Communications Business will, based on the strategy of telecommunications carriers geared at the "Hikari no Michi" (New Broadband Super Highway) concept of the Ministry of Internal Affairs and Communications, target growth in subscriber acquisition mainly for FTTH services, and create and strengthen sales frameworks capable of addressing the diversifying new service offerings associated with proliferating broadband availability, and able to quickly respond to new customer needs.
Also, the Company will make an effort to address solutions businesses only the Company is capable of with its connections to peripheral commercial goods, and the Company will pioneer new commercial materials, for which it can utilize its current sales network.
In the Prepaid Settlement Services Business and Other Business, the Company will actively work on materials other than existing commercial materials as well as aim to expand its product line up with a focus on electronic money and other electronic settlement services utilizing the PIN sales system.

2) Overseas and new businesses

In the fiscal year to March 2011, the Company entered into an operating alliance with China-based telecommunications operator China Unicom and established a local corporation in Shanghai. Notably, through the local corporation a China Unicom shop was opened in September 2010 on ShuiCheng South Road.

The Company will continue to promote business expansion in Asian markets, specifically China, proactively allocate management resources to overseas operations that have the potential to become future profit centers and to new operations that have an affinity to existing businesses, and in this way through overseas operations and new businesses ensure medium and long term earnings.

4. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Million yen)

	FY 2010 (As of March 31, 2010)	FY 2011 (As of March 31, 2011)
Assets		
Current assets		
Cash on hand and in banks	1,465	1,304
Accounts receivable – trade	72,882	76,291
Products	35,363	37,690
Stored products	74	101
Advanced money	17	1
Prepayment expenses	609	487
Deferred tax assets	1,355	1,329
Accounts receivable – other	16,171	18,576
Other current assets	104	285
Allowance for doubtful accounts	(37)	(14)
Total current assets	128,007	136,055
Fixed assets		
Fixed tangible assets		
Buildings	4,772	5,581
Accumulated depreciation	(Note 1) (3,234)	(Note 1) (3,725)
Buildings (Net)	1,537	1,856
Structures	346	335
Accumulated depreciation	(Note 1) (206)	(Note 1) (210)
Structures (Net)	139	124
Transport vehicles and equipments	11	11
Accumulated depreciation	(Note 1) (11)	(Note 1) (11)
Transport vehicles and equipments (Net)	0	0
Tools, furniture, and fixtures	3,715	3,621
Accumulated depreciation	(Note 1) (2,625)	(Note 1) (2,805)
Tools, furniture, and fixtures (Net)	1,090	815
Land	353	353
Total tangible fixed assets	3,121	3,151
Non-tangible fixed assets		
Goodwill	8,824	7,305
Telephone rights	16	16
Land leasehold	28	26
Software	766	624
Others	65	—
Total non-tangible fixed assets	9,702	7,973

(Million yen)

	FY 2010 (As of March 31, 2010)	FY 2011 (As of March 31, 2011)
Investment and other assets		
Investment securities	383	332
Investment in affiliates	—	200
Long-term loans receivable	72	47
Rehabilitation claim	45	41
Long-term prepaid expenses	62	19
Deferred tax assets	1,145	1,389
Leasehold deposits	4,244	4,045
Construction aid	377	325
Others	282	275
Allowance for doubtful accounts	(54)	(49)
Total investments and other assets	6,559	6,628
Total fixed assets	19,383	17,752
Total assets	147,390	153,808
Liabilities		
Current liabilities		
Accounts payable – trade	65,681	65,081
Short-term borrowings	10,500	15,600
Long-term borrowings payable within one year	9,328	3,352
Accounts payable – other	21,553	24,793
Accrued expenses	177	184
Unpaid taxes	2,938	3,501
Deposits received	148	135
Advance received profit	39	39
Reserve of bonuses	1,249	1,271
Allowance for early subscription cancellations	114	150
Provisions for loss from natural disaster	—	129
Other current liabilities	5	1
Total current liabilities	111,736	114,240
Long-term liabilities		
Long-term borrowings	3,344	1,740
Long-term accounts payable	57	20
Accrued employees' retirement benefits	447	438
Asset Retirement Obligations	—	1,016
Others	744	711
Total long-term liabilities	4,593	3,927
Total liabilities	116,329	118,167

(Million yen)

	FY 2010 (As of March 31, 2010)	FY 2011 (As of March 31, 2011)
Net Assets		
Shareholders' equity		
Common stock	3,098	3,098
Capital surplus		
Legal capital	5,585	5,585
Total capital surplus	5,585	5,585
Retained earnings		
Earned reserve	17	17
Other retained earnings		
Retained earnings carried forward	22,272	26,880
Total retained earnings	22,290	26,898
Total shareholders' equity	30,974	35,583
Valuation and translation adjustments		
Net unrealized holding gain on securities	86	57
Total valuation and translation adjustments	86	57
Total net assets	31,061	35,640
Total Liabilities and Net Assets	147,390	153,808

(2) Non-Consolidated Statements of Income

(Million yen)

	FY 2010 (from April 1, 2009 to March 31, 2010)	FY 2011 (from April 1, 2010 to March 31, 2011)
Net Sales		
Merchandise sales	310,319	339,552
Received commission	255,737	255,664
Total net sales	566,057	595,217
Cost of Goods Sold		
Merchandise in inventory at start of year	34,669	35,437
Amount of purchase at start of year	336,745	364,833
Total	371,414	400,270
Merchandise in inventories at end of year	35,437	37,781
Cost of merchandise sold	335,977	362,488
Appraisal loss of merchandise	(145)	17
Subtotal of cost of merchandise sold	335,832	362,506
Commission charges	168,335	171,426
Total cost of goods sold	504,167	533,933
Total Income from Sales	61,890	61,284
Selling, General and Administrative Expenses		
Compensation for directors	224	184
Employee’s salary	5,023	5,136
Salary for temporary staffs	12,521	12,787
Provision for employee’s bonuses	1,249	1,271
Dispatch labor costs	3,959	4,998
Carriage charge	595	549
Other selling expenses	3,550	3,619
Rental income	4,224	4,073
Depreciation	2,955	2,944
Agent service fee	1,317	952
Others	11,075	10,241
Total selling, general and administrative expenses	46,697	46,759
Operating Income	15,193	14,524
Non-Operating Income		
Interest income	6	4
Dividend income	3	2
Dividend compensation	9	—
Rent income	8	4
Insurance reimbursement	7	16
Subsidy income	8	5
Others	29	37
Total non-operating income	72	71

(Million yen)

	FY 2010 (from April 1, 2009 to March 31, 2010)	FY 2011 (from April 1, 2010 to March 31, 2011)
Non-Operating Expenses		
Interest expenses	263	170
Penalties for store lease terminations	—	20
Others	33	8
Total non-operating expenses	297	200
Ordinary Income	14,968	14,395
Extraordinary Gains		
Reversal of allowance for doubtful accounts	4	26
Gain from termination of employee retirement benefit plan	12	—
Refund of prior-year consumption taxes	58	—
Gain on sales of fixed assets	(Note 1) 3	(Note 1) 27
Compensation received	—	22
Others	—	3
Total extraordinary gains	77	79
Extraordinary Losses		
Loss on sales of fixed assets	(Note 2) 2	(Note 2) 1
Loss on liquidation of subsidiaries	83	—
Loss on removal of fixed assets	(Note 3) 21	(Note 3) 59
Loss related to the application of the Accounting Standard for Asset Retirement Obligations	—	400
Impairment losses	(Note 4) 87	(Note 4) 21
Loss on revaluation of investment securities	4	2
Loss from natural disaster / Support expenses	—	188
Total extraordinary losses	199	674
Income before Income Taxes	14,847	13,801
Income Taxes – Current	6,482	6,445
Income Taxes – Deferred	229	(199)
Total Income Taxes	6,711	6,246
Net Income	8,135	7,554

(3) Non-Consolidated Statements of Changes in Shareholders' Equity

(Million yen)

	FY 2010 (from April 1, 2009 to March 31, 2010)	FY 2011 (from April 1, 2010 to March 31, 2011)
Shareholders' Equity		
Common stock		
Balance at end of prior-year	3,098	3,098
Changes during the year		
New stock issue expenses	0	0
Total changes during the year	0	0
Balance at end of the year	3,098	3,098
Capital surplus		
Capital reserves		
Balance at end of prior-year	5,584	5,585
Changes during the year		
New stock issue expenses	0	0
Total changes during the year	0	0
Balance at end of the year	5,585	5,585
Total capital surplus		
Balance at end of prior-year	5,584	5,585
Changes during the year		
New stock issue expenses	0	0
Total changes during the year	0	0
Balance at end of the year	5,585	5,585
Retained earnings		
Legal reserves		
Balance at end of prior-year	17	17
Changes during the year		
Total changes during the year	—	—
Balance at end of the year	17	17
Other retained earnings		
Retained earnings carried forward		
Balance at end of prior-year	17,211	22,272
Changes during the year		
Dividend of surplus	(3,074)	(2,946)
Net income	8,135	7,554
Total changes during the year	5,061	4,607
Balance at end of the year	22,272	26,880
Total retained earnings		
Balance at end of prior-year	17,228	22,290
Changes during the year		
Dividend of surplus	(3,074)	(2,946)
Net income	8,135	7,554
Total changes during the year	5,061	4,607
Balance at end of the year	22,290	26,898

(Million yen)

	FY 2010 (from April 1, 2009 to March 31, 2010)	FY 2011 (from April 1, 2010 to March 31, 2011)
Total shareholders' equity		
Balance at end of prior-year	25,912	30,974
Changes during the year		
New stock issue expenses	0	0
Dividend of surplus	(3,074)	(2,946)
Net income	8,135	7,554
Total changes during the year	5,062	4,608
Balance at end of the year	30,974	35,583
Valuation and Translation Adjustments		
Other valuation and translation adjustments		
Balance at end of prior-year	34	86
Changes during the year		
Changes of items other than shareholders' equity during the year (Net)	52	(29)
Total changes during the year	52	(29)
Balance at end of the year	86	57
Total valuation and translation adjustments		
Total changes during the year	34	86
Balance at end of the year		
Changes of items other than shareholders' equity during the year (Net)	52	(29)
Total changes during the year	52	(29)
Balance at end of the year	86	57
Total Net Assets		
Balance at end of prior-year	25,946	31,061
Changes during the year		
New stock issue expenses	0	0
Dividend of surplus	(3,074)	(2,946)
Net income	8,135	7,554
Changes of items other than shareholders' equity during the year (Net)	52	(29)
Total changes during the year	5,114	4,579
Balance at end of the year	31,061	35,640

(4) Non-Consolidated Statements of Cash Flows

(Million yen)

	FY 2010 (from April 1, 2009 to March 31, 2010)	FY 2011 (from April 1, 2010 to March 31, 2011)
Cash Flows from Operating Activities		
Income before income taxes	14,847	13,801
Depreciation	1,424	1,425
Amortization of goodwill	1,531	1,519
Impairment losses	87	21
Loss related to the application of the Accounting Standard for Asset Retirement Obligations	—	400
Increase (decrease) in allowance for doubtful accounts	(32)	(27)
Increase (decrease) in reserve for employees' bonuses	(321)	22
Increase (decrease)in allowance for early subscription cancellations	9	36
Increase (decrease) in accrued employees' retirement benefits	(203)	(9)
Increase in provisions for loss from natural disaster	—	129
Interest and dividend income	(10)	(7)
Interest expenses	263	170
Loss (gain) on sales of fixed assets	(0)	(26)
Loss on removal of fixed assets	21	59
Unrealized loss (gain) from investment securities	4	2
Loss (gain) on liquidation of subsidiaries	83	—
Decrease (increase) in accounts receivable	(3,449)	(3,409)
Decrease (increase) in accounts receivable – other	1,728	(2,410)
Decrease (increase) in inventories	(915)	(2,353)
Increase (decrease) in accounts payable	6,066	(599)
Change in other accounts payable	(1,343)	3,398
Others	283	(21)
Subtotal	20,073	12,120
Interests and dividends received	10	7
Interests paid	(278)	(182)
Income taxes paid	(7,785)	(5,852)
Net cash provided by operating activities	12,019	6,093
Cash Flows from Investing Activities		
Payment for purchase of property, plant and equipment	(1,001)	(720)
Proceeds from sales of property, plant and equipment	19	50
Proceeds from liquidation of subsidiaries	86	—
Payment for purchase of software	(284)	(240)
Payment for purchase of investment securities	(30)	(0)
Payment for purchase of shares in affiliates	—	(200)
Payment for loans receivable	(0)	(3)
Proceeds from collection of loans receivable	115	25
Payment for leasehold deposits	(202)	(112)
Proceeds from return of leasehold deposits	550	288
Others	(95)	83
Net cash used in investing activities	(844)	(827)

(Million yen)

	FY 2010 (from April 1, 2009 to March 31, 2010)	FY 2011 (from April 1, 2010 to March 31, 2011)
Cash Flows from Financing Activities		
Increase (decrease) in short term loans payable	(4,000)	5,100
Proceeds from long-term borrowings	—	2,000
Decrease in long-term borrowings	(5,328)	(9,580)
New stock issue expenses	0	0
Cash dividends paid	(3,073)	(2,947)
Net cash used in financing activities	(12,400)	(5,426)
Increase (Decrease) in Cash and Cash Equivalents	(1,225)	(160)
Cash and Cash Equivalents at Beginning of Period	2,690	1,465
Cash and Cash Equivalents at End of Period	(Note) 1,465	(Note) 1,304

(5) Note Regarding the Premise of a Going Concern

There are no items to report.

(6) Significant Accounting Policies

Item	FY 2010 (from April 1, 2009 to March 31, 2010)	FY 2011 (from April 1, 2010 to March 31, 2011)
1. Valuation standards and methods for securities	(1) Subsidiary stock Subsidiary stock is stated at cost, cost being determined by the moving-average method. (2) Other securities Securities with market quotations: Securities with market quotations are carried at fair value on the balance sheet date. (Changes in unrealized holding gain or loss are included directly in net assets. The cost of securities sold is determined by the moving-average method.) Securities without market quotations: Securities without market quotations are stated at cost being determined by the moving-average method.	(1) Subsidiary stock No changes (2) Other securities Securities with market quotations: No changes Securities without market quotations: No changes
2. Valuation standards and methods for inventories	(1) Merchandise Merchandise is stated at cost, cost being determined by the first-in first-out method (balance sheet value being calculated by reducing book value, based on the decline in profitability). (2) Supplies Supplies are stated at cost, cost being determined by the first-in first-out method.	(1) Merchandise No changes (2) Supplies No changes
3. Depreciation and amortization method of fixed assets	(1) Property, plant and equipment (excluding lease assets) Depreciation of property, plant and equipment is calculated by the declining-balance method, except for buildings (excluding fixtures) acquired on or subsequent to April 1, 1998 on which depreciation is calculated by the straight-line method. Depreciation of equipment, furniture and fixtures of directly-managed shops is calculated by the straight-line method (useful life of 3 years). Useful life of principle assets is as follows: Buildings: 3-20 years Furniture and fixtures: 2-10 years (2) Intangible fixed assets (excluding lease assets) Calculated by the straight-line method. Goodwill: 3 to 10 years Software: 5 years (3) Lease assets Finance leases other than those that are deemed to transfer the ownership of the leased assets to the lessees and which began on or before March 31, 2008, are accounted for by the method similar to that applicable to ordinary operating leases.	(1) Property, plant and equipment (excluding lease assets) Depreciation of property, plant and equipment is calculated by the declining-balance method, except for buildings (excluding fixtures) acquired on or subsequent to April 1, 1998 on which depreciation is calculated by the straight-line method. Depreciation of equipment, furniture and fixtures of directly-managed shops is calculated by the straight-line method (useful life of 3 years). Useful life of principle assets is as follows: Buildings: 3-34 years Furniture and fixtures: 2-20 years (2) Intangible fixed assets (excluding lease assets) No changes (3) Lease assets No changes

Item	FY 2010 (from April 1, 2009 to March 31, 2010)	FY 2011 (from April 1, 2010 to March 31, 2011)
4. Recognition of allowances	(1) Allowance for doubtful accounts To prepare for credit losses on accounts receivable and loans receivable etc., allowances equal to the estimated amount of uncollectible receivables are provided for general receivables based on the historical write-off ratio, and bad receivables based on case-by-case determination of collectability. (2) Reserves for employees' bonuses To provide for employees' bonus obligations, the Company designates in the reserve account an amount estimated to have accrued for the current fiscal year. (3) Allowance for early subscription cancellations The Group books an allowance for early subscription cancellations based on historical figures, as the Group must return commissions back to telecom carriers (with which the Company has concluded sales agency agreements) when mobile phone users that have subscribed through the Company or network of sales agencies cancel their subscriptions within a short period of time. (4) Accrued employees' retirement benefits To provide for employees' retirement benefits, an amount required for voluntary resignations at the end of the term is included in accordance with the simplified method as stipulated in the "Practical Guidance for Accounting for Retirement Benefits (Interim Report)" (Accounting System Committee Report No. 13). Through the preceding fiscal year, the Company included accrued employees' retirement benefits by calculating the retirement benefit obligation in accordance with the rule method, but, in the fiscal year under review, following the revision of the Retirement Allowance Regulations and the introduction of a prepaid retirement allowance system, new increases to retirement lump-sum payments are no longer undertaken and a portion of the retirement lump-sum system was shifted to a defined contribution pension system, eliminating the importance of money for retirement benefit obligations, so beginning with the fiscal year under review, accrued employees' retirement benefits are included in accordance with the simplified method. Compared with a case where the same method as before was applied, the result was that the accrued employees' retirement benefits (balance) as well as selling, general and administrative expenses decreased by 10 million yen, and operating income, ordinary income and income before income taxes increased by the same amount. In addition, accompanying the shift to the defined contribution pension system, a 12 million yen retirement benefit system termination profit was included under extraordinary gains. ――――――	(1) Allowance for doubtful accounts No changes (2) Reserves for employees' bonuses No changes (3) Allowance for early subscription cancellations No changes (4) Accrued employees' retirement benefits To provide for employees' retirement benefits, an amount required for voluntary resignations at the end of the term is included in accordance with the simplified method as stipulated in the "Practical Guidance for Accounting for Retirement Benefits (Interim Report)" (Accounting System Committee Report No. 13). (5) Provisions for loss from natural disaster In order to provide for expenditures related to the cost of rebuilding associated with the Great East Japan Earthquake, an estimate amount as of the end of the period under review was recognized.

Item	FY 2010 (from April 1, 2009 to March 31, 2010)	FY 2011 (from April 1, 2010 to March 31, 2011)
5. Scope of cash and cash equivalents on statements of cash flows	Cash and cash equivalents consists of vault cash, deposits that can be withdrawn on demand, and short-term investments, with original maturities of 3 months or less, that are readily convertible known amounts of cash and present insignificant risk of change in value.	No changes
6. Other significant accounting policies in the preparation of financial statements	(1) Accounting for consumption taxes All amounts stated are exclusive of consumption taxes.	(1) Accounting for consumption taxes No changes

(7) Change in Accounting Policies

FY 2010 (from April 1, 2009 to March 31, 2010)	FY 2011 (from April 1, 2010 to March 31, 2011)
―――	Application of the Accounting Standard for Asset Retirement Obligations Beginning with the fiscal year under review, the “Accounting Standard for Asset Retirement Obligations” (Business Accounting Standard No. 18; March 31, 2008) and the “Application Guideline for Accounting for Asset Retirement Obligations” (Business Accounting Standard Application Guideline No. 21; March 31, 2008) have been applied. This accounting change reduces both operating income and ordinary income each by 63 million yen, and reduces income before income taxes by 472 million yen. As of the initial application of the said accounting standard (April 1, 2010), the change due to asset retirement obligations was 998 million yen.

(8) Change in presentation method

FY 2010 (from April 1, 2009 to March 31, 2010)	FY 2011 (from April 1, 2010 to March 31, 2011)
(Statements of income) The category of “Subsidy income,” which was included and listed in “Others” under non-operating income through the preceding period, was inserted as 10/100 of total non-operating income had been exceeded. “Subsidy income” in the preceding period was 4 million yen.	(Statements of income) The category of “Penalties for store lease terminations,” which was included and listed in “Others” under non-operating expenses through the preceding period, was inserted as 10/100 of total non-operating expenses had been exceeded. “Penalties for store lease terminations” in the preceding period was 20 million yen.

(9) Notes to financial statements

(Balance Sheets)

FY 2010 (from April 1, 2009 to March 31, 2010)	FY 2011 (from April 1, 2010 to March 31, 2011)
*1 Figure of accumulated depreciation includes accumulated impairment losses. *2 The Group has current account overdraft agreements with three banks in order to raise funds efficiently. Loans outstanding as of the end of fiscal year under these agreements is as follows: Current account overdraft 1,500 million yen Credit used — million yen Credit available 1,500 million yen	*1 No changes *2 The Group has current account overdraft agreements with three banks in order to raise funds efficiently. Loans outstanding as of the end of fiscal year under these agreements is as follows: Current account overdraft 1,500 million yen Credit used — million yen Credit available 1,500 million yen

(Statements of Income)

FY 2010
(from April 1, 2009
to March 31, 2010)

*1 Gain on sales of fixed assets:

Buildings:	2 million yen
Structures:	0 million yen
Tools, furniture, and fixtures:	1 million yen

*2 Loss on sales of fixed assets:

Buildings:	0 million yen
Structures:	1 million yen
Tools, furniture, and fixtures:	0 million yen

*3 Loss on removal of fixed assets:

Buildings:	8 million yen
Structures:	1 million yen
Tools, furniture, and fixtures:	10 million yen
Software:	0 million yen

*4 Impairment losses:
In the current fiscal year, the Group recognized impairment losses on the following groups of assets.

Location	Usage	Assets	Impairment loss (Million yen)
Stores	Store equipment for directly-managed shops	Buildings, Structures, Tools, furniture, and fixtures, Land, Goodwill	83
Office	Equipment for branch offices	Building, Tools, furniture, and fixtures	3

The Group groups its stores as minimum cash-generating units, and common assets at the branch offices and store level.
The Company examined stores and branch offices with ongoing negative operating cash flow as candidates for asset impairment, and reduced book value to recoverable amounts, booking the difference (87 million yen) as an extraordinary loss. The breakdown of impairment losses was as follows: buildings 25 million yen, structures 9 million yen, tools, furniture, and fixtures 35 million yen, land 15 million yen, and goodwill 1 million yen.
The Company calculated recoverable amounts for stores and branch office assets based on estimated net sales proceeds, which are nil because we believe it will be difficult to sell these assets.

FY 2011
(from April 1, 2010
to March 31, 2011)

*1 Gain on sales of fixed assets:

Buildings:	22 million yen
Structures:	0 million yen
Tools, furniture, and fixtures:	4 million yen

*2 Loss on sales of fixed assets:

Buildings:	1 million yen
Tools, furniture, and fixtures:	0 million yen

*3 Loss on removal of fixed assets:

Buildings:	17 million yen
Structures:	0 million yen
Tools, furniture, and fixtures:	8 million yen
Software:	33 million yen

*4 Impairment losses:
In the current fiscal year, the Group recognized impairment losses on the following groups of assets.

Location	Usage	Assets	Impairment loss (Million yen)
Stores	Store equipment for directly-managed shops	Buildings, Structures, Tools, furniture, and fixtures	21

The Group groups its stores as minimum cash-generating units, and common assets at the branch offices and store level.
The Company examined stores and branch offices with ongoing negative operating cash flow as candidates for asset impairment, and reduced book value to recoverable amounts, booking the difference (21 million yen) as an extraordinary loss. The breakdown of impairment losses was as follows: buildings 13 million yen, structures 0 million yen, and tools, furniture, and fixtures 6 million.
The Company calculated recoverable amounts for stores and branch office assets based on estimated net sales proceeds, which are nil because we believe it will be difficult to sell these assets.

(Statements of Changes in Shareholders' Equity)

FY 2010 (from April 1, 2009 to March 31, 2010)

1. Type and number of outstanding shares

	Number of shares as of March 31, 2009 (shares)	Increase (shares)	Decrease (shares)	Number of shares as of March 31, 2010 (shares)
Outstanding shares				
Common shares	512,367	28	—	512,395
Total	512,367	28	—	512,395

Note: The increase in the number of outstanding common shares is due to the issue of new shares resulting from the exercise of stock options.

2. Dividends

(1) Dividend payment

(Resolution)	Type of share	Total amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Annual general meeting of shareholders on June 25, 2009	Common shares	1,537	3,000	March 31, 2009	June 26, 2009
Board of Directors meeting on November 13, 2009	Common shares	1,537	3,000	September 30, 2009	December 11, 2009

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

(Resolution)	Type of share	Total amount of dividend (million yen)	Source of funds	Dividend per share (yen)	Record date	Effective date
Annual general meeting of shareholders on June 24, 2010	Common shares	1,537	Retained earnings	3,000	March 31, 2010	June 25, 2010

FY 2011 (from April 1, 2010 to March 31, 2011)

1. Type and number of outstanding shares

	Number of shares as of March 31, 2010 (shares)	Increase (shares)	Decrease (shares)	Number of shares as of March 31, 2011 (shares)
Outstanding shares				
Common shares	512,395	24	—	512,419
Total	512,395	24	—	512,419

Note: The increase in the number of outstanding common shares is due to the issue of new shares resulting from the exercise of stock options.

2. Dividends

(1) Dividend payment

(Resolution)	Type of share	Total amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Annual general meeting of shareholders on June 24, 2010	Common shares	1,537	3,000	March 31, 2010	June 25, 2010
Board of Directors meeting on November 11, 2010	Common shares	1,409	2,750	September 30, 2010	December 13, 2010

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

(Resolution)	Type of share	Total amount of dividend (million yen)	Source of funds	Dividend per share (yen)	Record date	Effective date
Annual general meeting of shareholders on June 23, 2011	Common shares	1,409	Retained earnings	2,750	March 31, 2011	June 24, 2011

(Notes to cash flow statements)

FY 2010 (from April 1, 2009 to March 31, 2010)	FY 2011 (from April 1, 2010 to March 31, 2011)
*1 Reconciliation of cash and cash equivalents of the statements of cash flows and account balances of balance sheets for the current fiscal year is made as follows: (As of March 31, 2010) Cash on hand and in banks 1,465 million yen Cash and cash equivalents 1,465 million yen	*1 Reconciliation of cash and cash equivalents of the statements of cash flows and account balances of balance sheets for the current fiscal year is made as follows: (As of March 31, 2011) Cash on hand and in banks 1,304 million yen Cash and cash equivalents 1,304 million yen

(Lease Transactions)

FY 2010 (from April 1, 2009 to March 31, 2010)

*1 Non-transfer-ownership finance lease transactions which started before March 31, 2008 have been accounted for based upon the ordinary method for lease transactions, and the specific details are as follows.

(1) Acquisition cost equivalents, accumulated depreciation equivalents, accumulated impairment losses and year-end balance equivalents of the leased property.

	Acquisition cost equivalents (million yen)	Accumulated depreciation equivalents (million yen)	Accumulated impairment losses (million yen)	Year-end balance equivalents (million yen)
Vehicles and equipment	3	1	—	1
Tools furniture and fixtures	18	17	—	0
Total	21	19	—	2

Note: Acquisition cost equivalents include amounts applicable to interest since the year-end balance of outstanding lease commitments are insignificant in the context of tangible fixed assets.

(2) Year-end balance equivalents of outstanding lease commitments

Within one year	1 million yen
Over one year	0 million yen
Total	2 million yen

Note: Year-end balance equivalents of outstanding lease commitments include amounts applicable to interest since the year-end balance of outstanding lease commitments is insignificant in the context of tangible fixed assets.

(3) Lease payments, reversal from lease asset impairment, and depreciation equivalents

Lease payments	4 million yen
Depreciation equivalents	4 million yen

(4) Calculation method of depreciation equivalents

Depreciation is calculated based on the straight-line method, assuming the lease period to be the useful life and a residual value of zero.

*2 Operating lease transactions

Outstanding lease commitments pertaining to non-cancelable operating lease transactions

Within one year	91 million yen
Over one year	241 million yen
Total	333 million yen

FY 2011 (from April 1, 2010 to March 31, 2011)

*1 Non-transfer-ownership finance lease transactions which started before March 31, 2008 have been accounted for based upon the ordinary method for lease transactions, and the specific details are as follows.

(1) Acquisition cost equivalents, accumulated depreciation equivalents, accumulated impairment losses and year-end balance equivalents of the leased property.

	Acquisition cost equivalents (million yen)	Accumulated depreciation equivalents (million yen)	Accumulated impairment losses (million yen)	Year-end balance equivalents (million yen)
Vehicles and equipment	3	2	—	0
Tools furniture and fixtures	18	18	—	—
Total	21	21	—	0

Note: No changes

(2) Year-end balance equivalents of outstanding lease commitments

Within one year	0 million yen
Over one year	0 million yen
Total	0 million yen

Note: No changes

(3) Lease payments, reversal from lease asset impairment, and depreciation equivalents

Lease payments	1 million yen
Depreciation equivalents	1 million yen

(4) Calculation method of depreciation equivalents

No changes

*2 Operating lease transactions

Outstanding lease commitments pertaining to non-cancelable operating lease transactions

Within one year	94 million yen
Over one year	126 million yen
Total	220 million yen

(Notes to financial instruments)

FY 2010 (from April 1, 2009 to March 31, 2010)

1. Matters concerning the status of financial instruments

(1) Transaction policies concerning financial instruments

The Company uses bank loans for short-term working capital finance. The Company has a policy of not engaging in derivatives transactions.

(2) Content and risk of financial instruments

Claims to receivables from operations are subject to the credit risks posed by transaction counterparties.

Investment securities held mostly in corporations with whom the Company maintains trading relations are subject to price risk from changes in market prices.

Accounts payable from operations have mostly maturities of two months or less.

Long-term loans are mostly funds for M&A transactions, etc., carried out in the previous fiscal year. A portion thereof is subject to interest rate risk.

(3) Risk management frameworks for financial instruments

(i) Credit risk management (risk of counterparty default on contractual obligations)

Receivables from operations are with regard to the financial status of major trading counterparties periodically monitored by the credit and legal divisions in accordance with credit and receivables management regulations. Maturities and outstanding balances are managed by individual counterparty. Measures have been put into place for the early detection of signs of collection risks, such as deterioration in the financial status, and for mitigating collection risks.

(ii) Market risk management (foreign exchange risk and interest rate risk)

Investment securities are periodically monitored for market prices and for the financial status of issuers (transaction counterparties). Investment securities' holding status in the securities portfolio is under continuous review, taking into account market conditions and the Company's relationship with counterparty entities.

(iii) Funding and liquidity risk management (risk of inability to pay at maturity)

In order to ensure sufficient liquidity on hand, financing plans are prepared and revised on a timely basis by the chief accountant and the finance division based on reports provided by divisions.

(4) Supplemental information concerning the fair value, etc., of financial instruments

Prices of financial instruments include instances based on market prices and instances based on reasonably calculated estimates in cases where market prices are not available. Calculated prices incorporate price-changing factors and are therefore subject to change if different assumptions are applied.

2. Matters concerning the fair value, etc., of financial instruments

Carrying values stated on the balance sheet as of March 31, 2010, fair value, and the valuation differentials are as follows. Instances where fair value determination is judged impracticable are not stated (see Note 2 for reference).

(Million yen)

	Balance sheet carrying value	Fair value	Differential
(i) Cash and deposits	1,465	1,465	—
(ii) Accounts receivable-trade	72,882	72,882	—
(iii) Accounts receivable-other	16,171	16,171	—
(iv) Investment securities			
Available-for-sale securities	243	243	—
(v) Lease deposits	4,244	3,081	(1,163)
Assets - Total	95,007	93,844	(1,163)
(i) Accounts payable-trade	65,681	65,681	—
(ii) Short-term loans payable	10,500	10,500	—
(iii) Accounts payable-other	21,553	21,553	—
(iv) Income taxes payable	2,938	2,938	—
(v) Long-term loans payable	12,672	12,681	9
Liabilities - Total	113,345	113,355	9

Note: 1. Matters concerning the method of calculation of the fair value of financial instruments and matters concerning securities

Assets

(i) Cash and deposits, (ii) accounts receivable-trade, and (iii) accounts receivable-other

Due to the short-term maturities of these items, fair value and carrying value are almost at parity. Fair value is therefore stated at carrying value.

(iv) Investment securities

Fair value of investment securities is stated at the market prices noted on a public exchange.

(v) Lease deposits

Fair value is stated at the present value of the future cash flows from lease deposits discounted at the coupon rate of Japanese Government Bonds.

Liabilities

(i) Accounts payable-trade, (ii) short-term loans payable, (iii) accounts payable-other, and (iv) income taxes payable

Due to the short-term maturities of these items, fair value and carrying value are almost at parity. Fair value is therefore stated at carrying value.

(v) Long-term loans payable

Fair value of long-term loans payable is stated at the present value of total of principal and interest discounted at the interest rate assumed applicable to a newly raised identical loan total.

2. Financial instruments whose fair value is judged impracticable to determine

Category	Balance sheet carrying amount (Million yen)
Unlisted stocks	140

For these securities no market prices are available. Since fair value determination is therefore judged impracticable, this item is not included in “(iv) Investment securities.”

3. Proceeds from the settlement of monetary claims and securities with maturities scheduled after the balance sheet date

	Up to one year (Million yen)	Over one year, up to five years (Million yen)	Over five years, up to ten years (Million yen)	Over ten years (Million yen)
Cash and deposits	1,465	—	—	—
Accounts receivable-trade	72,882	—	—	—
Accounts receivable-other	16,171	—	—	—
Total	90,519	—	—	—

4. Settlement amounts of long-term loans payable scheduled after the balance sheet date

	Up to one year (Million yen)	Over one year, up to two years (Million yen)	Over two years, up to three years (Million yen)	Over three years, up to four years (Million yen)	Over four years, up to five years (Million yen)	Over five years (Million yen)
Long-term loans payable	9,328	2,344	1,000	—	—	—

(Supplemental information)

Beginning with the fiscal year under review, the Company applies the “Accounting Standard for Financial Instruments” (Business Accounting Standard No. 10; March 10, 2008) and the “Application Guideline for the Disclosure of Fair Value, etc., of Financial Instruments” (Business Accounting Standard Application Guideline No. 19; March 10, 2008).

FY 2011 (from April 1, 2010 to March 31, 2011)

1. Matters concerning the status of financial instruments

(1) Transaction policies concerning financial instruments

The Company uses bank loans for short-term working capital finance. The Company has a policy of not engaging in derivatives transactions.

(2) Content and risk of financial instruments

Claims to receivables from operations are subject to the credit risks posed by transaction counterparties.

Investment securities held mostly in corporations with whom the Company maintains trading relations are subject to price risk from changes in market prices.

Accounts payable from operations have mostly maturities of two months or less.

Long-term loans are mostly funds for M&A transactions, etc., carried out in the previous fiscal year. A portion thereof is subject to interest rate risk.

(3) Risk management frameworks for financial instruments

(i) Credit risk management (risk of counterparty default on contractual obligations)

Receivables from operations are with regard to the financial status of major trading counterparties periodically monitored by the credit and legal divisions in accordance with credit and receivables management regulations. Maturities and outstanding balances are managed by individual counterparty. Measures have been put into place for the early detection of signs of collection risks, such as deterioration in the financial status, and for mitigating collection risks.

(ii) Market risk management (foreign exchange risk and interest rate risk)

Investment securities are periodically monitored for market prices and for the financial status of issuers (transaction counterparties). Investment securities’ holding status in the securities portfolio is under continuous review, taking into account market conditions and the Company’s relationship with counterparty entities.

(iii) Funding and liquidity risk management (risk of inability to pay at maturity)

In order to ensure sufficient liquidity on hand, financing plans are prepared and revised on a timely basis by the chief accountant and the finance division based on reports provided by divisions.

(4) Supplemental information concerning the fair value, etc., of financial instruments

Prices of financial instruments include instances based on market prices and instances based on reasonably calculated estimates in cases where market prices are not available. Calculated prices incorporate price-changing factors and are therefore subject to change if different assumptions are applied.

2. Matters concerning the fair value, etc., of financial instruments

Carrying values stated on the balance sheet as of March 31, 2011, fair value, and the valuation differentials are as follows. Instances where fair value determination is judged impracticable are not stated (see Note 2 for reference).

(Million yen)

	Balance sheet carrying value	Fair value	Differential
(i) Cash and deposits	1,304	1,304	—
(ii) Accounts receivable-trade	76,291	76,291	—
(iii) Accounts receivable-other	18,576	18,576	—
(iv) Investment securities			
Available-for-sale securities	204	204	—
(v) Lease deposits	4,045	2,995	(1,050)
Assets – Total	100,423	99,373	(1,050)
(i) Accounts payable-trade	65,081	65,081	—
(ii) Short-term loans payable	15,600	15,600	—
(iii) Accounts payable-other	24,793	24,793	—
(iv) Income taxes payable	3,501	3,501	—
(v) Long-term loans payable	5,092	5,097	5
Liabilities – Total	114,067	114,073	5

Note: 1. Matters concerning the method of calculation of the fair value of financial instruments and matters concerning securities

Assets

(i) Cash and deposits, (ii) accounts receivable-trade, and (iii) accounts receivable-other

Due to the short-term maturities of these items, fair value and carrying value are almost at parity. Fair value is therefore stated at carrying value.

(iv) Investment securities

Fair value of investment securities is stated at the market prices noted on a public exchange.

(v) Lease deposits

Fair value is stated at the present value of the future cash flows from lease deposits discounted at the coupon rate of Japanese Government Bonds.

Liabilities

(i) Accounts payable-trade, (ii) short-term loans payable, (iii) accounts payable-other, and (iv) income taxes payable

Due to the short-term maturities of these items, fair value and carrying value are almost at parity. Fair value is therefore stated at carrying value.

(v) Long-term loans payable

Fair value of long-term loans payable is stated at the present value of total of principal and interest discounted at the interest rate assumed applicable to a newly raised identical loan total.

2. Financial instruments whose fair value is judged impracticable to determine

Category	Balance sheet carrying amount (Million yen)
Unlisted stocks	328

For these securities no market prices are available. Since fair value determination is therefore judged impracticable, this item is not included in “(iv) Investment securities.”

3. Proceeds from the settlement of monetary claims and securities with maturities scheduled after the balance sheet date

	Up to one year (Million yen)	Over one year, up to five years (Million yen)	Over five years, up to ten years (Million yen)	Over ten years (Million yen)
Cash and deposits	1,304	—	—	—
Accounts receivable-trade	76,291	—	—	—
Accounts receivable-other	18,576	—	—	—
Total	96,172	—	—	—

4. Settlement amounts of long-term loans payable scheduled after the balance sheet date

	Up to one year (Million yen)	Over one year, up to two years (Million yen)	Over two years, up to three years (Million yen)	Over three years, up to four years (Million yen)	Over four years, up to five years (Million yen)	Over five years (Million yen)
Long-term loans payable	3,352	1,740	—	—	—	—

(Securities)

FY 2010 (as of March 31, 2010)

1. Other securities

	Type	Carrying value (million yen)	Acquisition cost (million yen)	Valuation gain (million yen)
Securities with carrying value exceeding acquisition cost	Equity	207	21	185
Securities with carrying value not exceeding acquisition cost	Equity	36	46	(10)
Total		243	67	175

Note: For unlisted stocks (balance sheet carrying amount: 140 million yen) no market prices are available. Since fair value determination is therefore judged impracticable, this item is not included in the table above (“Other securities”).

FY 2011 (as of March 31, 2011)

1. Subsidiary stock

For subsidiary stock (balance sheet carrying amount: 200 million yen) no market prices are available. Since fair value determination is therefore judged impracticable, this item is not listed.

2. Other securities

	Type	Carrying value (million yen)	Acquisition cost (million yen)	Valuation gain (million yen)
Securities with carrying value exceeding acquisition cost	Equity	168	21	146
Securities with carrying value not exceeding acquisition cost	Equity	36	47	(10)
Total		204	68	136

Note: For unlisted stocks (balance sheet carrying amount: 128 million yen) no market prices are available. Since fair value determination is therefore judged impracticable, this item is not included in the table above (“Other securities”).

(Derivatives)

FY 2010 (from April 1, 2009 to March 31, 2010)

Not applicable. The Company was not involved in any derivative transactions.

FY 2011 (from April 1, 2010 to March 31, 2011)

Not applicable. The Company was not involved in any derivative transactions.

(Equity Method Gain or Loss)

FY 2010 (from April 1, 2009 to March 31, 2010)

There are no items to report.

FY 2011 (from April 1, 2010 to March 31, 2011)

There are no items to report.

(Information Concerning Related Parties)

FY 2010 (from April 1, 2009 to March 31, 2010)

There are no items to report.

FY 2011 (from April 1, 2010 to March 31, 2011)

There are no items to report.

(Deferred Tax Accounting)

1. Breakdown of origin of deferred tax assets and liabilities

(Million yen)

	FY 2010 (As of March 31, 2010)	FY 2011 (As of March 31, 2011)
Deferred tax assets		
Reserve for employees' bonuses	627	588
Provision of allowance for doubtful accounts in excess of maximum amount allowed for inclusion in expenses	27	6
Loss on revaluation of inventories	29	36
Accrued enterprise taxes and business office taxes	229	275
Advanced losses on mobile phone sales	28	—
Depreciation in excess of maximum amount	790	843
Asset Retirement Obligations	—	413
Accrued employees' retirement benefits	182	178
Allowance for early subscription cancellations	46	61
Provisions for loss from natural disaster	—	61
Others	599	524
Total deferred tax assets	2,562	2,990
Deferred tax liabilities		
Asset Retirement Obligations	—	(229)
Unrealized holding gain (loss) on other securities	(62)	(42)
Total deferred tax liabilities	(62)	(271)
Net deferred tax assets	2,500	2,719

2. Breakdown of origin of difference between corporate and other tax liabilities as calculated based on the effective tax rate and tax-effect accounting

(%)

	FY 2010 (As of March 31, 2010)	FY 2011 (As of March 31, 2011)
Statutory tax rate	40.7	40.7
(Adjustments)		
Entertainment expenses not deductible for tax purposes	0.7	0.6
Unrecognized amortization of goodwill	3.9	4.2
Residential tax	0.1	0.1
Others	(0.2)	(0.2)
Effective tax rate	45.2	45.3

(Retirement Benefits)

FY 2010 (from April 1, 2009 to March 31, 2010)	FY 2011 (from April 1, 2010 to March 31, 2011)
(1) Summary of the retirement benefits system adopted by the Company For its defined contribution-type system, the Company has adopted a prepaid retirement allowance system and defined contribution pension system. In the fiscal year under review, the Retirement Allowance Regulations were revised and a prepaid retirement allowance system introduced, and it was decided that the retirement money pertaining to the defined benefit-type retirement lump-sum system, which had previously been adopted, would be paid when an employee retires. In addition, a portion of the retirement lump-sum money had been transferred to the defined contribution pension system.	(1) Summary of the retirement benefits system adopted by the Company For its defined contribution-type system, the Company has adopted a prepaid retirement allowance system and defined contribution pension system.
(2) The following table sets forth the funded and accrued status of the plans (As of March 31, 2010) 1) Retirement benefit obligation 447 million yen 2) Accrued employees' retirement benefits 447 million yen Note: In the fiscal year under review, a portion of the retirement lump-sum system has been transferred to a defined contribution pension system, and a difference of 12 million yen between an asset transfer of 41 million yen to the defined contribution pension system and the 53 million yen decrease in accrued employees' retirement benefits was included under extraordinary gains as a retirement benefit system termination profit.	(2) The following table sets forth the funded and accrued status of the plans (As of March 31, 2011) 1) Retirement benefit obligation 438 million yen 2) Accrued employees' retirement benefits 438 million yen
(3) The following table sets forth the components of retirement benefit expenses (From April 1, 2009 to March 31, 2010) 1) Service cost 18 million yen 2) Interest costs 8 million yen 3) Past service liability(Note 1) (139 million yen) 4) Write-downs of actuarial differences (11 million yen) 5) Prepaid retirement allowance(Note 2) 67 million yen 6) Others(Note 3) (10 million yen) 7) Total retirement benefit expenses (66 million yen) Note 1: In the fiscal year under review, there was a past service obligation for the retirement lump-sum system resulting from revision of the Retirement Allowance Regulations, and the entire amount was treated during the fiscal year under review. 2: There was an installment payment to the defined contribution pension and a prepaid retirement allowance payment to employees attributable to the prepaid retirement allowance system. 3: In calculating the retirement benefit obligation, the simplified method was adopted from the end of the current period, resulting in a decrease in accrued employees' retirement benefits.	―――
(4) Calculation method of retirement benefit obligation In calculating the retirement benefit obligation for the retirement lump-sum system, the simplified method has been adopted which recognizes the payment required for voluntary resignations at the end of the term as the retirement benefit obligation.	(3) Calculation method of retirement benefit obligation No changes.

(Stock Options)

FY 2010 (from April 1, 2009 to March 31, 2010)

1. Description, size and changes in stock options

(1) Description of stock options

	Stock options No.1 (issued in 2003)	Stock options No.3 (issued in 2004)	Stock options No.4 (issued in 2005)
Number and qualifications of individuals to be granted	Company's employees 253	Company's directors 6 Company's employees 286	Company's directors 6 Company's employees 296
Number of stock options(Note)	Common shares 1,600	Common shares 2,392	Common shares 2,592
Date of grant	February 28, 2003	August 3, 2004	August 29, 2005
Terms of exercise	Of the person granted the stock options must consistently work with the Company from the date of grant (February 28, 2003) to the date of the establishment of the right of exercise (April 6, 2005).	Of the person granted the stock options must consistently work with the Company from the date of grant (August 3, 2004) to the date of the establishment of the right of exercise (June 24, 2006).	Of the person granted the stock options must consistently work with the Company from the date of grant (August 29, 2005) to the date of the establishment of the right of exercise (June 27, 2007).
Period of service for eligibility	From February 28, 2003 to April 6, 2005	From August 3, 2004 to June 24, 2006	From August 29, 2005 to June 27, 2007
Exercise period	From April 7, 2005 to February 12, 2013. It is still possible to exercise stock options in the exercise period for a director that retires because their term has expired, for an employee that retires because they have reached the mandatory retirement age, or for any other retirees that have left the Company for a legitimate reason.	From June 25, 2006 to June 24, 2014. It is still possible to exercise stock options in the exercise period for a director that retires because their term has expired, for an employee that retires because they have reached the mandatory retirement age, or for any other retirees that have left the Company for a legitimate reason.	From June 28, 2007 to June 27, 2010. It is still possible to exercise stock options in the exercise period for a director that retires because their term has expired, for an employee that retires because they have reached the mandatory retirement age, or for any other retirees that have left the Company for a legitimate reason.

Note: Figures are presented as equivalent number of shares.

(2) Size and changes in stock options

The following statement includes stock options valid during the current fiscal year and is presented as the number of shares resulting from the exercise of the stock options.

1) Number of stock options

	Stock options No. 1 (issued in 2003)	Stock options No. 3 (issued in 2004)	Stock options No. 4 (issued in 2005)
After rights ascertainment (shares)			
End of prior year	400	1,698	2,248
Rights ascertained	—	—	—
Rights exercised	28	—	—
Invalidated	4	20	26
Balance of unexercised rights	368	1,678	2,222

2) Price information

	Stock options No. 1 (issued in 2003)	Stock options No. 3 (issued in 2004)	Stock options No. 4 (issued in 2005)
Exercise price (yen)	32,500	156,838	179,500
Average stock price at the time of exercise (yen)	139,745	—	—

FY 2011 (from April 1, 2010 to March 31, 2011)

1. Description, size and changes in stock options

(1) Description of stock options

	Stock options No.1 (issued in 2003)	Stock options No.3 (issued in 2004)	Stock options No.4 (issued in 2005)
Number and qualifications of individuals to be granted	Company's employees 253	Company's directors 6 Company's employees 286	Company's directors 6 Company's employees 296
Number of stock options(Note)	Common shares 1,600	Common shares 2,392	Common shares 2,592
Date of grant	February 28, 2003	August 3, 2004	August 29, 2005
Terms of exercise	Of the person granted the stock options must consistently work with the Company from the date of grant (February 28, 2003) to the date of the establishment of the right of exercise (April 6, 2005).	Of the person granted the stock options must consistently work with the Company from the date of grant (August 3, 2004) to the date of the establishment of the right of exercise (June 24, 2006).	Of the person granted the stock options must consistently work with the Company from the date of grant (August 29, 2005) to the date of the establishment of the right of exercise (June 27, 2007).
Period of service for eligibility	From February 28, 2003 to April 6, 2005	From August 3, 2004 to June 24, 2006	From August 29, 2005 to June 27, 2007
Exercise period	From April 7, 2005 to February 12, 2013. It is still possible to exercise stock options in the exercise period for a director that retires because their term has expired, for an employee that retires because they have reached the mandatory retirement age, or for any other retirees that have left the Company for a legitimate reason.	From June 25, 2006 to June 24, 2014. It is still possible to exercise stock options in the exercise period for a director that retires because their term has expired, for an employee that retires because they have reached the mandatory retirement age, or for any other retirees that have left the Company for a legitimate reason.	From June 28, 2007 to June 27, 2010. It is still possible to exercise stock options in the exercise period for a director that retires because their term has expired, for an employee that retires because they have reached the mandatory retirement age, or for any other retirees that have left the Company for a legitimate reason.

Note: Figures are presented as equivalent number of shares.

(2) Size and changes in stock options

The following statement includes stock options valid during the current fiscal year and is presented as the number of shares resulting from the exercise of the stock options.

1) Number of stock options

	Stock options No. 1 (issued in 2003)	Stock options No. 3 (issued in 2004)	Stock options No. 4 (issued in 2005)
After rights ascertainment (shares)			
End of prior year	368	1,678	2,222
Rights ascertained	—	—	—
Rights exercised	24	—	—
Invalidated	4	12	2,222
Balance of unexercised rights	340	1,666	—

2) Price information

	Stock options No. 1 (issued in 2003)	Stock options No. 3 (issued in 2004)	Stock options No. 4 (issued in 2005)
Exercise price (yen)	32,500	156,838	179,500
Average stock price at the time of exercise (yen)	135,765	—	—

(Corporate Combination and Other Relationships)

FY 2010 (from April 1, 2009 to March 31, 2010)
There are no items to report.

FY 2011 (from April 1, 2010 to March 31, 2011)
There are no items to report.

(Asset Retirement Obligations)

Disclosure is omitted as the necessity for such disclosure in the non-consolidated financial results is not considered major.

(Segment Information)

a. Segment information

FY 2011 (from April 1, 2010 to March 31, 2011)

1. Summary of reportable segments

Reportable segments of the Company are structural units of the Company for which segregated financial information is available and which are periodically reviewed to enable directors to take decisions on the allocation of management resources and assess operating performance.
The Company forms three reportable segments — Mobile Telecommunications Business, the Network Communications Business, and the Prepaid Settlement Services Business and Other Business — structured by industry segment.
The Mobile Telecommunications Business segment engages in the business of intermediation for subscriber agreements for communications services such as mobile phones and in the business of selling mobile phones. The Network Communications Business segment engages in the business of intermediation for communications service user agreements for fixed phone lines such as MYLINE services for individuals and corporations and in the business of selling optical fiber line such as FTTH services associated with broadband propagation. The Prepaid Settlement Services Business and Other Business segment engages in the business of selling products related to the electronic settlement of electronic money using PIN (Personal Identification Number)-based merchandise sales systems through major convenience store operators throughout Japan, as well as international telephone calls, and selling of prepaid-type mobile phones and prepaid cards.

2. Method of computation of net sales, income or loss, assets, liabilities, and other items by reported business segments

The accounting treatment applicable to reported business segment information is largely consistent with the descriptions in the “Important accounting policies.”

3. Information by reportable segment on sales and income or loss amounts, assets, liabilities, and other items

(Million yen)

	Mobile Telecommunications Business	Network Communications Business	Prepaid Settlement Services Business and Other Business	Adjustment amounts (Note)	Total
Net sales	495,707	21,036	78,473	—	595,217
Segment income (Operating income)	11,144	2,582	797	—	14,524
Segment assets	33,319	0	4,370	116,117	153,808
Other Items					
Depreciation	1,387	16	21	—	1,425
Amortization of goodwill	1,519	—	—	—	1,519

Note 1: The 116,117 million yen adjustment amount to segment assets includes assets other than merchandise.
2: Depreciation and amortization are allocated based on the segment weightings of divisions accounted for under management accounting.

4. Differentials and content thereof between reported segment totals and amounts stated on the balance sheet

(Matters concerning adjustments of differences)

The reported segment income total is consistent with operating income stated on the statement of income.

b. Related information

FY 2011 (from April 1, 2010 to March 31, 2011)

1. Information by products and services

(Million yen)

	Mobile Telecommunications Business	Network Communications Business	Prepaid Settlement Services Business and Other Business	Total
Net sales	495,707	21,036	78,473	595,217

2. Information by region

Omitted as the Company maintains no branch offices in countries and regions outside Japan.

3. Information by major clients (mobile carriers)

(Million yen)

Name of clients (mobile carriers)	Net sales	Related segment
KDDI Corporation	108,963	Mobile Telecommunications Business
NTT DOCOMO, Inc.	73,954	Mobile Telecommunications Business

c. Information by reportable segment on impairment losses on fixed asset

FY 2011 (from April 1, 2010 to March 31, 2011)

(Million yen)

	Mobile Telecommunications Business	Network Communications Business	Prepaid Settlement Services Business and Other Business	Total
Impairment losses	21	—	—	21

d. Information concerning the amortized and non-amortized goodwill amounts by reported segment

FY 2011 (from April 1, 2010 to March 31, 2011)

(Million yen)

	Mobile Telecommunications Business	Network Communications Business	Prepaid Settlement Services Business and Other Business	Total
Amount amortized in the term under review	1,519	—	—	1,519
Balance at the end of the term under review	7,305	—	—	7,305

e. Information concerning gains from negative goodwill by reported segment

FY 2011 (from April 1, 2010 to March 31, 2011)

There are no items to report.

(Additional Information)

Beginning with this fiscal year, the Company applies the “Accounting Standard for Segment Information Disclosure” (Business Accounting Standard No. 17; March 27, 2009) and the “Application Guideline concerning the Accounting Standard for Segment Information Disclosure” (Business Accounting Standard Application Guideline No. 20; March 21, 2008).

(Per Share Information)

(Yen)

FY 2010 (from April 1, 2009 to March 31, 2010)		FY 2011 (from April 1, 2010 to March 31, 2011)	
Net assets per share	60,619.38	Net assets per share	69,554.03
Net income per share	15,878.52	Net income per share	14,742.71
Diluted net income per share	15,869.09	Diluted net income per share	14,734.86

Note: The following is a reconciliation of net income per share and diluted net income per share

	FY 2010 (from April 1, 2009 to March 31, 2010)	FY 2011 (from April 1, 2010 to March 31, 2011)
Net income per share		
Net income (million yen)	8,135	7,554
Net income not available to common shareholders (million yen)	—	—
Net income available to common shares (million yen)	8,135	7,554
Average number of outstanding during the period (shares)	512,371	512,405
Diluted net income per share		
Increase in the number of common shares (shares)	304	272
(Of which stock acquisition rights (shares))	(304)	(272)
Summary of potential stock not included in the calculation of “diluted net income per share” since there was no dilutive effect in the period.	Stock option No. 3 (issued in 2004) Stock acquisition rights: 839 Common shares: 1,678 shares Stock option No. 4 (issued in 2005) Stock acquisition rights: 1,111 Common shares: 2,222 shares	Stock option No. 3 (issued in 2004) Stock acquisition rights: 833 Common shares: 1,666 shares Stock option No. 4 (issued in 2005) Stock acquisition rights: — Common shares: — shares (Exercise period expired June 27, 2010)

(**Subsequent Events)**

FY 2010 (from April 1, 2009 to March 31, 2010)	FY 2011 (from April 1, 2010 to March 31, 2011)
―――	Acquisition of own stock Pursuant to resolution of the board of directors' meeting convened on February 28, 2011, in accordance with Article 156, Paragraph 1, of the Companies Act applicable mutatis mutandis pursuant to the stipulations of Article 165, Paragraph 3, of the Companies Act, and pursuant to the specific method of acquisition of own stock stipulated in the Articles of Incorporation of the Company, it was resolved to make a public tender offer for own stock ("Public Tender Offer"), which acquisition of own stock was consummated. 1. Purpose of the acquisition of own stock and of the Public Tender Offer The Company received notice from its top shareholder Mitsui & Co., Ltd. of intent to sell part of its 116,727 shares of common stock held in the Company. In light of the effects from such a sale on the market liquidity and market price of the shares of the Company, the Company entered into deliberations to acquire the shares as treasury stock. As a result, it was found that the equity ratio of the Company would improve and that the contemplated acquisition would not affect the investment plans and dividend policy of the Company. It was therefore judged that the acquisition of the said shares as treasury stock would be the best policy. 2. Content of the resolution of the board of directors' meeting concerning the acquisition of treasury stock (i) Classes of shares to be acquired Shares of common stock of the Company (ii) Total number of shares to be acquired 91,000 shares (maximum) (iii) Acquisition period From March 1, 2011, until May 31, 2011 (iv) Total acquisition price 12,740 million yen (maximum) 3. Outline of the Public Tender Offer (i) Duration of the Public Tender Offer From March 1 (Tue), 2011, until April 4 (Mon), 2011 (24 business days) (ii) Date of public notice of the Public Tender Offer March 1 (Tue), 2011 (iii) Offer price 140,000 yen per share of common stock (iv) Basis of calculation of the offer price Relative to the simple average of 154,159 yen (decimals rounded to full yen) observed for the closing prices of the shares of common stock of the Company on the first section on the Tokyo Stock Exchange in trading during the one month before and until February 25, 2011, discounted by 9.5%, and rounded to full units of thousand yen, the resulting price of 140,000 yen was finalized by the meeting of the board of directors' of the Company convened on

	February 28, 2011. (v) Projected number of shares to be acquired 91,000 shares of common stock (vi) Settlement start date April 26 (Tue), 2011 (vii) Financing of the acquisition Bank loans 4. Result of the Public Tender Offer The Company acquired 91,000 shares of own stock (at a total price of 12,740 million yen). As a result, the percentage of shares held in the Company by Mitsui & Co., Ltd. decreased from 116,727 to 26,985 shares.

5. Others

(1) Transfers of directors

In regard to changes in directors, please refer to the "Announcement of Revisions to Board of Directors and Auditors" released on April 5, 2011.

(2) Others

[Operating segment information]

FY 2011 and FY 2010

Segment	Net sales and operating income	FY 2011 (As of March 31, 2011)	FY 2010 (As of March 31, 2010)	YoY change	
		Million yen	Million yen	Million yen	%
Mobile Telecommunications Business	Net sales	495,707	490,217	5,490	1.1
	Operating income	11,144	11,534	(390)	(3.4)
Network Communications Business	Net sales	21,036	20,529	507	2.5
	Operating income	2,582	3,104	(521)	(16.8)
Prepaid Settlement Services Business and Other Business	Net sales	78,473	55,311	23,162	41.9
	Operating income	797	553	243	44.0
Total	Net sales	595,217	566,057	29,159	5.2
	Operating income	14,524	15,193	(668)	(4.4)