Consolidated Financial Results for the Fiscal Year Ended March 31, 2015 (Based on J-GAAP)

May 14, 2015

Company name: T-Gaia Corp.
Listing: Tokyo Stock Exchange, First Section
Stock code: 3738
URL: http://www.t-gaia.co.jp/
Representative: Tetsuro Takeoka, President & CEO
Contact: Michihiro Matano, General Manager, Corporate Planning & Strategy Dept. Tel: +81-3-6409-1010
Scheduled date of Annual General Meeting of Shareholders: June 19, 2015
Scheduled date of filing Securities Report: June 19, 2015
Scheduled commencement date of dividend payout: June 22, 2015
Financial results supplementary explanatory documents: Yes
Financial results presentation: Yes (for institutional investors & analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2015 (April 1, 2014 –March 31, 2015)

(1) Consolidated results of operations (six months) (Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2015	642,095	(9.2)	14,306	12.1	14,194	12.1	7,784	13.3
FY 2014	707,004	(4.1)	12,760	8.1	12,665	8.3	6,835	3.8

(Note) Comprehensive income (million yen): FY 2014:6,894 (4.4%) FY 2013:6,605 (-16.7%)

	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 2015	112.68	—	29.4	14.6	2.2
FY 2014	86.74	86.67	26.4	11.6	1.8

(Note) Since the Company changed the indication method in FY 2015, Ratio of ordinary income to total assets is presented in a reflection of such change. Ratio of ordinary income to total assets was 6.3% before reflecting the change.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 2015	90,080	29,286	32.3	423.19
FY 2014	104,592	23,713	22.6	343.41

Reference: Shareholders' equity (million yen): FY 2015:29,104 FY 2014: 23,594

(Note) Since the Company changed the indication method in FY 2015, Total assets and Equity ratio are also presented in a reflection of such change. Total assets were 199,631 million yen and Equity ratio was 11.8% before reflecting the change.

(3) Consolidated cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash & cash equivalents at the of period
	Million yen	Million yen	Million yen	Million yen
FY 2015	21,896	(2,610)	(20,738)	2,085
FY 2014	19,834	(2,223)	(16,150)	3,490

2. Dividends

	Annual dividends					Total dividend	Dividend payout ratio	Dividend on Equity
	1Q-end	Interim	3Q-end	Yearend	Annual	Annual	Consolidated	Consolidate
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY 2014	—	17.50	—	17.50	35.00	2,584	40.3	10.0
FY 2015	—	17.50	—	20.00	37.50	2,579	33.3	9.8
FY 2016 (forecasts)		20.50	—	20.50	41.00		31.3	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)

(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
Full year	655,000	2.0	15,000	4.8	14,900	5.0	9,000	16.2	130.86

Note: Consolidated forecasts for the First-half year have not been disclosed.

Notes

(1) Changes in significant subsidiaries during the consolidated period (nine months) under review (changes in subsidiaries accompanying change in the scope of consolidation): None

(2) Application of simplified accounting procedures and special accounting procedures: None
Changes in accounting principles, estimates and restatement
1) Changes in accounting principles caused by revision of accounting standards: None
2) Changes in accounting principles other than those mentioned above: None
3) Changes in accounting estimates: None
4) Restatement: None

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

1) Number of shares outstanding (including treasury stock) at end of period	FY 2015	79,074,600 shares	FY 2014	79,005,600 shares
2) Number of treasury stock at end of period	FY 2015	10,300,336 shares	FY 2014	10,300,336 shares
3) Average number of shares outstanding during the period	FY 2015	68,760,534 shares	FY 2014	78,803,864 shares

(Note) Dated October 1, 2012, the Company has instituted a 200-for-1 stock split. The number of shares of common stock issued and outstanding has been calculated assuming that the stock split was instituted on at the beginning of the previous fiscal year.

* Implementation of quarterly review procedures

The consolidated financial statement is not subject to audit procedures pursuant to the Financial Instruments and Exchange Act.
At the time of disclosure of the consolidated financial statement, the audit procedures of consolidated financial statements pursuant to the FIEA are already completed.

* Cautionary statement with respect to forward-looking statements

(Disclaimer on forward-looking statements)

These materials contain forward-looking information including earnings projections based on information currently available to the Company and certain assumptions considered reasonable in the judgment of the Company. Nothing contained in these materials is meant to suggest that the Company promises to attain the said projections. Moreover, due to various factors, actual results may materially differ from projections. Concerning matters to be observed regarding the assumptions underlying earnings projections and concerning the use of earnings projections, please refer to "(3) Qualitative information concerning consolidated business performance forecast" under "1. Qualitative Information Concerning the First Half Financial Results" on page 3 of the Attachment to the summary of quarterly financial statement.

Attachment: Table of Contents

1. Analysis Concerning Results of Operations and Financial Position 2
(1) Analysis regarding results of operations 2
(2) Analysis concerning financial position 3
(3) Basic profit allocation policy, and dividends in the current and next fiscal years 4
(4) Business risk 5
2. Current Conditions of the Corporate Group 7
3. Management Policies 9
(1) Basic management policy of the Group 9
(2) Performance targets 9
(3) Management strategies of the Group for the medium and long term 9
(4) Issues to be addressed by the Group 10
4. Fundamental Concepts Concerning the Choice of Accounting Standards 10
5. Consolidated Financial Statements 11
(1) Consolidated Balance Sheets 11
(2) Consolidated Statements of Income and Consolidated Statement of Comprehensive Income 13
Consolidated Statements of Income 13
Consolidated Statements of Comprehensive Income 13
(3) Consolidated Statements of Changes in Shareholders' Equity 14
(4) Consolidated Statements of Cash Flows 16
(5) Notes to Consolidated Financial Statements 17
(Note Regarding the Premise of a Going Concern) 17
(Significant Accounting Policies in the Preparation of Consolidated Financial Statements) 17
(Changes in Accounting Presentation) 18
(Consolidated Balance Sheets) 19
(Consolidated Statements of Income) 19
(Consolidated Statement of Comprehensive Income) 21
(Consolidated Statements of Changes in Shareholders' Equity) 22
(Consolidated Cash Flow Statements) 23
(Segment Information) 24
(Per Share Information) 28
(Subsequent Events) 28
6. Others 29
Transfers of directors 29

1. Analysis Concerning Results of Operations and Financial Position

(1) Analysis regarding results of operations

1) Results of operations for the current fiscal year

The Japanese economy in the consolidated fiscal year under review displayed a moderate recovery trend with improving corporate profits and employment against the backdrop of the government's fiscal policy and economic stimulus measures. However, the outlook remains uncertain amid factors such as protracted weakness in personal consumption under the impact of the consumption tax rate increase and rising consumer prices lifted by the depreciation of the yen.

The market for mobile phone handset sales, which forms the core business field of the Group (the Company and its consolidated subsidiaries), experienced an episode of depressed sales at the start of the fiscal year under review after the demand rush at the end of the previous fiscal year. Sales rebounded in June, however, buoyed by the introduction of new charge plans released by the major three telecommunications carriers as well as favorable sales launches of new models, specifically iPhone 6.

In this operating environment, Group sales of mobile phone handsets, etc., reached 5.12 million units, with the percentage of smart phone sales a little over 70% of the total.

In the Mobile Telecommunications Business, structural reforms were implemented to increase the efficiency of the store management and to raise the business efficiency at the Company-level, along with efforts to enhance productivity and service quality. Furthermore, in order to make the life of the smart phone customer more satisfying and fulfilling, smart phone accessory shops and tablet propositions were strengthened.

In the Solutions Business, thanks to stepped-up sales of smart phones and tables, support services in mobile solutions for corporate customers performed well but sales of fixed-line related products such as optical fiber languished.

Settlement Services Business and Other Business saw continued efforts surrounding the expansion of new merchandise accompanied by capital expenditure for proactive investments in the development of overseas operations.

As a result, for the consolidated fiscal year under review, net sales totaled 642,095 million yen (9.2% decrease year-on-year), with operating income of 14,306 million yen (12.1% increase year-on-year), ordinary income of 14,194 million yen (12.1% increase year-on-year), and net income totaled 7,748 million (13.3% increase year-on-year).

Results by business segment are described below.

[Mobile Telecommunications Business]

In the consolidated fiscal year under review, sales revenues posted 533,593 million yen (7.4% decrease year-on-year), reflecting the backlash at the start of the fiscal year under review after the demand rush at the end of the previous fiscal year. Other factors were changes in the market environment such as suspended sales promotion measures of telecommunications carriers. However, sales rebounded in June buoyed by the introduction of new charge plans released by the major three telecommunications and favorable sales launches of new models, specifically iPhone 6.

The Group promoted reform measures that include efficient store operations aligned with customer traffic and company-level business efficiency measures, as well as steps to enhance productivity and the quality of operations. Moreover, centered on the TG Academy dedicated training institution, in order to make the life of the smart phone customer more satisfying and fulfilling, sales staff training was stepped up and one-stop service propositions were implemented, resulting in increased sales of tablets and smart phone-related merchandise. Operating income posted 11,123 million yen (26.4% increase year-on-year).

[Solutions Business]

In the consolidated fiscal year under review, along with supporting the introduction of smart phones and tablets by corporate users, comprehensive propositions including mobile device management (MDM) services, kitting services, and helpdesk services were strengthened. Thanks to these measures, sales of support services to corporate users in mobile solutions performed favorably. By contrast, sales of fixed-line related products fared poorly amid the intense competition from mobile broadband. As a result, sales revenues posted 26,263 million yen (8.0% decrease year-on-year) with operating income of 2,498 million yen (21.5% decrease year-on-year).

[Settlement Services Business and Other Business]

In the consolidated fiscal year under review, the merchandise composition changed from electronic-money based merchandise (with face value amounts equaling sales revenue) to gift cards (with commission income as the sole revenue source). As a result, sales revenues fell to 82,238 million yen (19.4% decrease year-on-year).

Earnings reflect growth in gift-card merchandise but also lower sales of merchandise payable with electronic-money using PIN sales systems as well as capital expenditure for proactive investment in the development of overseas business in China and Singapore, leaving operating income at 684 million yen (12.0% decrease year-on-year).

2) Outlook for the next fiscal year

The outlook for the Japanese economy is for a sustained recovery trend aided by the government's various policy measures. In this setting, we expect in the market for mobile phones handset sales, along with the proliferation of smart phone and tablets a growing market for sales of smart phone-related merchandise, specifically accessory items, as well as the emergence of new business opportunities from factors such as Mobile Virtual Network Operators (MVNO) and solution services for corporate users. On the other hand, we expect the operating environment to keep changing relentlessly mainly due to policy shifts foreseen at telecommunications carriers, which have been facing an ongoing erosion of unit charges and intense competition in attracting customers.

In the Mobile Telecommunications Business, we expect stable demand for smartphones based on factors such as the trend to high-quality telecommunications. Sales of accessory merchandise related to tablets and smart phones, a growing market, are also expected to remain favorable. Meanwhile, the market penetration of package discounts for optical communication line services such as FTTH combined with mobile telecommunications will serve to make one-stop service a mainstream proposition, which should further increase the importance of store premises.

In the Solutions Business, prospects are for continuing introductions of smart devices by corporate users, pointing to sustained favorable terminal sales. At the same time, demand is anticipated to grow for security measures and helpdesk services, suggesting that solution service offerings will also increase. Moreover, in fixed-line related merchandise, we forecast steady sales based on the diversification in the methods of service provision surrounding optical communications lines such as FTTH.

In the Settlement Services Business and Other Business, demand has been increasing for prepaid transactions settlement in step with rising settlement amounts associated with the use of smart phones. Additionally, we expect that the development of new sales channels and growth in the merchandise base will support favorable sales of gift cards.

The outlook for the fiscal year ending March 31, 2016 is for stable demand for smart devices and diversification of services, as well as for changes in operating environments such as shifts in the policies of telecommunications carriers. Amid these conditions, we expect to broaden our offerings of merchandise related to tables and smart phones, strengthen the provision of solution services, and increase sales of gift cards along with rising settlement amounts. Furthermore, continuing from the period under review, we will advance with company-level structural reform including measures for enhancing business efficiency. We will also invest in store premises, which will become increasingly important, and proactively develop our overseas business.

Based on the foregoing, results projections are for sales of 655,000 million yen (2.0% increase year-on-year), operating income of 15,000 million yen (4.8% increase year-on-year), ordinary income of 14,900 million yen (5.0% increase year-on-year), and net income of 9,000 million yen (16.2% increase year-on-year).

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

At the start of fiscal year ended March 31, 2015, the Company targeted net sales of 720,000 million yen, operating income of 13,000 million yen, ordinary income of 12,800 million yen, and net income of 7,250 million yen. Compared with these projections, actual results were net sales of 642,095 million yen, operating income of 14,306 million yen, ordinary income of 14,194 million yen, and net income of 7,748 million yen, reflecting the attainment of earning targets. Notably, the numbers for the full-year results projections released in the “Notice concerning the Revision of Consolidated Financial Results Forecast” announced on May 8, 2015, were attained in accordance with projections.

(2) Analysis concerning consolidated financial position

Beginning with the fiscal year under review, the method of accounting presentation has been changed. The following analysis entails a comparison of the consolidated numbers from the previous fiscal year. The details are stated in section “(5) Notes to Consolidated Financial Statements (Changes in Accounting Presentation) (Consolidated Balance Sheet) 1.” under “5. Consolidated Financial Statements” on page 18 of the Attachment.

1) Assets, liabilities and net assets

Consolidated current assets at the end of the period under review totaled 75,029 million yen, which was 13,198 million yen lower than at the end of the previous fiscal year. This was mainly due to 3,653 million yen lower accounts receivable – trade, 7,534 million yen lower products, and 645 million yen lower accounts receivable – other. Non-current assets totaled 15,051 million yen, which was 1,313 million yen lower than at the end of the previous fiscal year. This was mainly due to a 1,663 million yen decline in goodwill. As a result, total assets at the end of the consolidated fiscal year under review totaled 90,080 million yen.

Consolidated current liabilities at the end of the period under review totaled 54,243 million yen, which was 14,184 million yen higher than at the end of the previous fiscal year. This was mainly due to 14,185 million yen lower short-term borrowings. Non-current liabilities totaled 6,550 million yen, marking a 5,900 million yen decrease compared with the end of the previous fiscal year. The main factor was 5,893 million yen lower long-term bank borrowings. As a result, the balance of net liabilities at end of the consolidated fiscal year under review totaled 60,794 million yen.

Consolidated net assets at the end of the period under review totaled 29,286 million yen, which was 5,572 million yen lower than at the end of the previous fiscal year. This was mainly due to 7,748 million yen in net earnings for the period added to retained earnings, and a 2,405 million yen deduction from retained earnings for the payment of dividends.

2) Cash flows

Consolidated cash and cash equivalents (“Cash”) at the end of the period under review were 2,085 yen million, which is 1,404 million yen higher compared with the end of the previous fiscal year.

Cash flows and major components during the consolidated fiscal year under review were as follows.

[Cash flows from operating activities]

Cash flows from operating activities totaled 21,896 million yen (compared with a 19,834 million yen increase in Cash in the previous consolidated fiscal year). This was mainly due to 13,850 million yen recognized in income before income taxes, a 3,493 decline in accounts receivable, a 7,589 million yen decline in inventories, and 6,326 million yen in expenditure for income tax payments.

[Cash flows from investing activities]

Cash flows used in investing activities totaled 2,610 million yen (compared with a 2,223 million yen decrease in Cash in the previous consolidated fiscal year). This was mainly due to expenditures of 985 million yen for the acquisition of property, plant, and equipment, 696 million yen for the acquisition of business operations, 260 million yen for the payment of leasehold deposits, 200 million yen for the acquisition of investment securities, and 192 million yen for the acquisition of software.

[Cash flows from financing activities]

Cash flows used in financing activities totaled 20,738 million yen (compared with a 16,150 million yen decrease in Cash in the previous consolidated fiscal year). Main factors were a 14,158 million yen net reduction in short-term borrowings, a 14,725 million yen repayment of long-term borrowings, 10,500 million yen in proceeds from long-term borrowings, and 2,408 million yen in expenditure for the payment of dividends.

Consolidated cash flow indicators of the Group developed as follows.

	FY 2012 (consolidated)	FY 2013 (consolidated)	FY 2014 (consolidated)	FY 2015 (consolidated)
Shareholders’ equity ratio (%)	25.2	24.7	22.6	32.3
Shareholders’ equity ratio based on market prices (%)	52.1	76.3	61.2	121.3
Interest-bearing debt to cash flow ratio (%)	—	2,056.7	256.8	148.7
Interest coverage ratio (times)	—	11.5	98.8	124.2

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: Numbers stated in the consolidated financial statements are used in all cases.
Market capitalization has been calculated by multiplying the share price at the end of the fiscal year with the number of shares issued and outstanding at the end of the fiscal year after deduction of treasury shares.
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: The interest-bearing debt to cash flow ratio and the interest coverage ratio for the fiscal year ended March 31, 2012 have been omitted because operating cash flow was negative.

4: Beginning with the period under review, the method of presentation has been changed. With respect to the fiscal year ended March 31, 2012 through fiscal year ended March 31, 2014, the shareholders’ equity ratio and the shareholders’ equity ratio based on market prices are therefore presented on a restated basis reflecting that change. The details are stated in section “(5) Notes to Consolidated Financial Statements (Changes in Accounting Presentation) (Consolidated Balance Sheet) 1.” under “5. Consolidated Financial Statements” on page 18 of the Attachment.

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

It is a basic policy of the Company to aim for the redistribution of profits, 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.

With respect to the fiscal year-end dividend for the period under review, in light of the fact that net earnings for the period exceeded the Company’s initial results projection, a dividend increased by 2.50 yen per share to 20.00 yen per share is planned. With respect to the annual dividend, including the interim dividend of 17.50 yen per share paid last December, a total of 37.50 yen per share is planned.

The annual dividend for the next fiscal year, based on the business results projections for the next fiscal year and the Company’s basic policy for dividend payment, is projected at 41.00 yen per share (comprised of an interim dividend of 20.50 yen and a fiscal year-end dividend of 20.50 yen)

Notably, internal retentions will be used in accordance with the Company’s policies for expanding and strengthening existing business platforms, employee training, strategic investments, new operations, and entry into overseas markets.

(4) Business risk

Below we list risk factors that may have impact on our Group 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. The conditions of these contracts, such as the amount of commission, payment periods, the details of the services that these payments cover, and the percentages of the phone subscription charges that these commissions represent, differ from one telecommunications carrier to another and from time to time. When there are substantial changes to the contract conditions due to the business strategies of the telecommunications carriers, these can have major effects upon the earnings of the Group.

2) Sales agent agreements with telecommunications carriers

The sales and mediation business for mobile phones, etc., which is the core business field of the Group, is conducted by concluding sales agent agreements with the various telecommunications carriers and doing business under the conditions thus specified. The sales agent agreements with the telecommunications carriers are typically of one year's duration and automatically renewed, provided that the carrier and the Company agree to continue the contract. However, the contracts have provisions enabling the telecommunications carrier to cancel the sales agent agreement in the event that one of certain events giving grounds arises in relation to the Company, such as the commencement of bankruptcy, civil rehabilitation or other similar legal proceedings, a deterioration in credit-worthiness, or a suspension of trading or the winding-up of the Company, or in the event that some actions are committed causing a profound loss of mutual trust.

Also, there are provisions allowing the telecommunications carrier to suspend the payment of fees or to dissolve the sales agent agreement in the event that significant changes occur to the Company's shareholding structure or core management, which could potentially impact upon the business results of the Group.

3) Industry competition

In the market for mobile phone handset sales, which is the core business field of the Group, the number of mobile phone contracts is exceeding the population, and the competition among operators to acquire customers is becoming a constant. We believe that competition among sales agents such as the Group will continue, and if we are unable to secure a leading competitive position there is a possibility that the Group's business performance could be affected through declining profit margins due to competition.

4) 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.

5) Statutory regulations and law amendments, etc.

The laws and regulations governing the business of telecommunications carrier sales agencies include 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).

In order to ensure compliance with the laws and regulations mentioned above, the Group has been strengthening its internal administrative frameworks including employee training and education. In addition, if the Group were unable to respond appropriately to amendments to laws or major systemic changes having a significant effect on the Group, the potential exists for an adverse impact on the business results of the Group.

The business results of the Group could also be affected by the promotion of policies or the creation or amendment of guidelines by government agencies, such as the Ministry of Internal Affairs and Communications.

6) Acquisition of sales staff

For the Company to further enhance customer satisfaction and the quality of sales, securing sufficient sales staff is considered a necessity. However, for the mobile phone vendor industry, securing sales staff and raising the staff retention ratio has been a problem. The main reasons are the increased amount of time required for customer interaction and the greater complexity in store operations, both resulting from the diffusion of high-performance smart phones and other terminals as well as the diversification of services. The Group will work hard to secure and retain good sales staff by building an attractive working environment and making a company-wide effort on the training of sales staff, focusing on the Career Design Academy established in a further development of the TG Academy dedicated training institution. Our measures to build an attractive working environment include introducing a personnel system that promotes permanent employment and facilitating good work-life balance.

However, failure to secure sufficient sales staff may affect the business results of the Company.

7) Relationship with major principal shareholders

As of March 31, 2015, Sumitomo Corporation is the leading shareholder in the Company, holding 29.52% of the 79,074,000 shares on issue (including 10,300,336 shares of treasury stock). However, the sales and brokering of mobile phones, which is the main business sector of the Group, the landline brokering business and settlement services business, are being managed independently of Sumitomo Corporation.

8) Overseas business development

The Group is exposed to exchange rate risk through foreign-denominated trading transactions and capital transactions with overseas companies and when financial statements prepared in foreign currency by consolidated overseas subsidiaries are converted into yen. Moreover, the Group is exposed to country risks that may prevent the execution of business operations depending on the political, economic, and social circumstances prevailing in the jurisdictions where overseas consolidated subsidiaries of the Group are domiciled.

9) Litigation risk

The activities of the Group in its business fields are subject to constant litigation risk. In the light of the nature of the origins of litigation, the outcomes of ongoing or potential future litigation cannot be predicted. In the event that ongoing or potential future litigation ends with a ruling against the Group, this may interfere with the Group's business development, damage trust and confidence in the Group, or affect the financial status and business results of the Group.

Notably, on August 3, 2012, InComm Japan KK (main offices: Shinjuku-ku, Tokyo; president and representative director: Takuma Arai; in the following “InComm Japan”), a supplier of merchandise for the gift card business of the Company, petitioned the Tokyo District Court to grant temporary injunctions against the Company (the “Petition”). On June 12, 2013, the Tokyo District Court granted temporary injunctions ordering the Company to suspend the sales of and to recall specified merchandise of the Company (the “Injunction”).

While the Company is taking measures to comply with this decision, on June 28, 2013 the Company lodged in the Tokyo District Court an objection to the temporary restraining order seeking its revocation. On March 4, 2014 the court acknowledged part of the Company’s claims, and handed down a decision on our objection revoking part of the restraining order. The Company and InComm Japan have each expressed dissatisfaction with aspects of the ruling and each has submitted an appeal against the temporary restraining order to the Tokyo High Court.

Concurrent with its Petition, InComm Japan has brought suit against the Company with the Tokyo District Court requesting the court to order the Company to stop selling and to recall specific merchandise and to pay indemnification of damages in the amount of 658 million yen. The Company has made motion to dismiss the suit. With respect to both actions, the Company continues to take steps to have its position accepted.

2. Current Conditions of the Corporate Group

The Group (the Company and affiliates of the Company) at the consolidated fiscal year under review is comprised of T-Gaia and its four consolidated subsidiaries (TG Miyazaki Co., Ltd., T-Gaia (Shanghai) Corporation, WAM!NET Japan K.K. and one other). Main business lines are the Mobile Telecommunications Business centered on sales of mobile phones, etc., for consumers, the Solutions Business engaged in sales of mobile phones for corporate users and intermediation in sales of optical communication line services such as FTTH, and the Settlement Services Business and Other Business engaged in PIN and gift card sales.
The specific operations of the Company are described in below. Our main activities are as follows:

(1) Mobile Telecommunications Business

The main activities of the Mobile Telecommunications Business are the intermediation in sales contracts for mobile phone and PHS services, and the sale of mobile phones and handsets. We broker communication services for mobile phone carriers (NTT DOCOMO, Inc., KDDI Group, and SOFTBANK Group), 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 consumers through our nationwide distribution channels, which include secondary sales agencies (volume electronics retailers and general sales agencies) in addition to directly-managed shops.

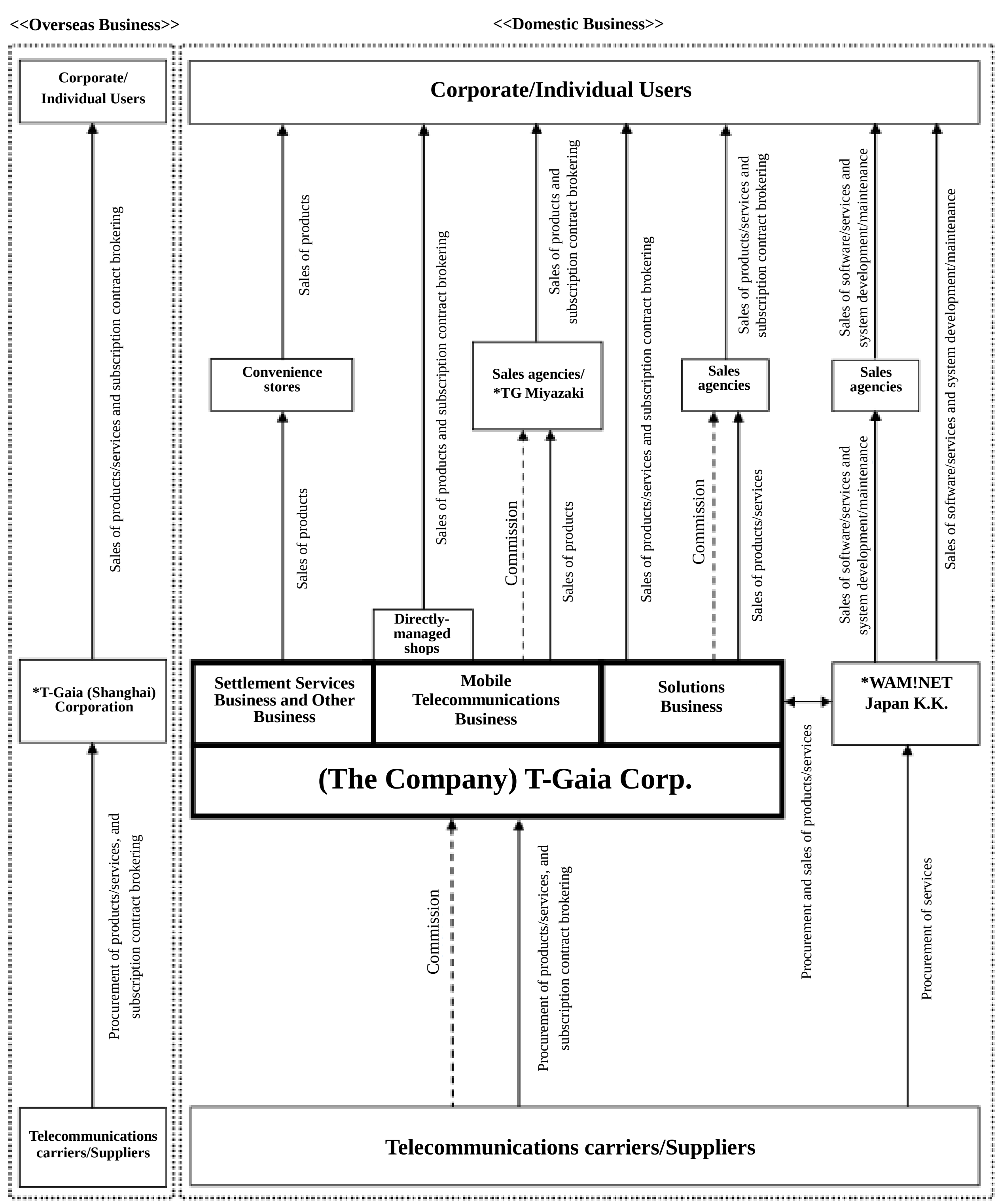
(2) Solutions Business

The main business activities of the Solutions Business are sales of mobile phones and the provision of solution services, such as terminal and line management solution services, for corporate users as well as intermediation in sales of contracts for optical communication line services such as FTTH for corporations and individuals. In addition to the telecommunications carriers at the Mobile Telecommunications Business, the Group acts as intermediary for the conclusion of telecommunication service user agreements (under agency agreements concluded with carriers such as Nippon Telegraph and Telephone East Corporation, Nippon Telegraph and Telephone West Corporation, and NTT Communications Corporation) provided by the individual carriers. Upon the conclusion of a contract, a commission is collected from that carrier as a fee for the contract intermediation.

(3) Settlement Services Business and Other Business

The main activities of the Settlement Services Business and Other Business are the sale of electronic settlement-related products that utilize the PIN sales system, such as electronic money-related merchandise and the gift card business through leading convenience stores throughout Japan.

Overview of the business system



*The Company’s consolidated subsidiaries

(Note) There is one consolidated subsidiary other than the three subsidiaries included in the overview of business system above.

3. Management Policies

(1) Basic management policy of the Group

This information has been omitted due to the absence of material change in the content disclosed in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2014 (disclosure date May 15, 2014).
The above-mentioned consolidated financial results is available for viewing at the following website.
(T-Gaia corporate website)
http://www.t-gaia.co.jp/ir/library/note.html
(Tokyo Stock Exchange website (search page for listed companies))
http://www.jpx.co.jp/listing/co-search/index.html

(2) Performance targets

For the fiscal year ending March 31, 2016, the Group will target net sales of 655 billion yen, operating income of 15,000 million yen, ordinary income of 14,900 million yen, and net income of 9,000 million yen.

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

The mobile phone market is making rapid advances in the speed of communications and the functionality of handsets, as exemplified by smart phones. In the mobile phone handset sales business, the core business field of the Group, while we can expect further steady demand, significant changes in the business environment are forecast. These will include changes in the strategies of the communications carriers and intensifying competition among sales agency stores.
In this operating environment, we aim to achieve continued growth by moving our customers' hearts, providing them with joy and making customers feel safe through suggestions for new ways of communication.
In the Mobile Telecommunications Business, making the life of the smart phone customer more satisfying and fulfilling, the Company will continue to increase sales. Specifically, in mobile phones and tablets in the main, the Company will offer products and services that resonate with customers' individual needs, with a view to play a part in realizing the world-class telecommunications infrastructure proposed under the government's plans to establish Japan by the 2020s as a leading country in ICT. To this end, the Group will take steps to create frameworks consistent with a widened scope of merchandise, strengthen sales staff training, and through this skill level enhancement further increase service content and quality. Moreover, relations will be strengthened not only with stores operated directly by the Company but also with trading counterparties such as partnering associated agencies and mass retailers as a way of raising the comprehensive capabilities of the Group and promoting enhanced customer satisfaction. In addition, while making continuous investments in our stores, we will aim to raise profitability by improving our structures and operational efficiency in response to changes in the market.
In the Solutions Business, we will strive to build and enhance our ongoing commercial relationships with business customers by offering not only mobile phones and Wi-Fi tablets, but total solutions incorporating administrative and protective services such as kitting services for new users and mobile device management (MDM), and other independent T-Gaia services.
In the Solutions Business, we will strive to build and enhance our ongoing commercial relationships with corporate customers by offering not only mobile phones and Wi-Fi tablets, but also total solutions services which incorporate management and maintenance services such as kitting services for new users and mobile device management (MDM), and other independent T-Gaia services.
Our Settlement Service Business and Other Business/overseas businesses have been considered as a part of the diversification of our earnings sources to date. Given our expectations of continuing market growth through increasing volumes of payments through electronic commerce (EC) and applications, we will allocate significant energies to developing new sales channels and products, and continue to invest proactively to further strengthen our revenue-generating power in these areas.

(4) Issues to be addressed by the Group

In the market for mobile phone handset sales, the core business field of the Group, the trend to increasingly high-performance terminals as well as services of growing diversity and complexity continues. The Company considers it the mission of its stores to create environments and arrangements that enable customers to use products and services with confidence and peace of mind. Based on this concept, centered on the Career Design Academy established in a further development of the TG Academy dedicated training institution, the Company has been upgrading store staff training beyond mere customer contact to enhanced skills in explaining products and services and advancing propositions when interacting with customers.

Moreover, providing opportunities where staff can fully demonstrate all sides of their capabilities is an indispensable requirement. In light of this, the Group is taking steps toward diversity management with the establishment of a diversity promotion organization and proactively implementing the furtherance of work-life balancing, the creation of enhanced workplace environments, and the support for female employees, currently around 70% of sales staff, in promoting their careers. Specific examples include the promotion of childcare leave, the widening of regulations for shortened work hours, and the introduction of regulations for the accelerated return to the workplace. Other examples are the establishment of numerical targets for the percentage of female executives and the furtherance of programs for the proactive advancement and training of female employees.

As stated in the foregoing, the effects from the convenience of smart phones and tablets on society are becoming more pronounced day by day. This development coincides with a growing need to appropriately address demands from customers calling for environments enabling convenient and safe usage of their devices as well as complaints and inquiries. In December 2014, this insight gave rise to the establishment of the National Association of Mobile-phone Distributors by the vendor industry. As a leading company in the mobile phone vendor industry, T-Gaia played a central part in the founding. As a core company, T-Gaia will in its activities continue to work for the appropriate diffusion of smart phones and tablets from the perspective of the customer and based on careful and easy-to-understand explanations. In so doing, T-Gaia proposes to play a part in establishing Japan as a leading ICT country in the 2020s by contributing to realizing telecommunications infrastructure at the highest global level.

The Company has identified the following issues and matters of interest at its individual operations.

In the Mobile Telecommunications Business, we believe it is important to build stores that are attractive to our customers and to raise the skills of our sales staff. To this end, measures to enhance customer satisfaction are being constantly taken such as relocations and refurbishments of carrier shops, reductions in waiting times of customers, and promotion of one-stop service propositions including optical communications line services such as FTTH. Furthermore, we will improve convenience for our customers and make the life of the smart phone customer more satisfying and fulfilling by opening more specialty shops for smart phone accessories including e-commerce.

We are also conscious of the issues of reviewing the way we operate our businesses to meet the changes in our market environment, and bringing our costs to appropriate levels through actions to improve the efficiency of our operations.

The Solutions Business provides appropriate products and services sought by corporate customers, offers implementation support for smart phones and tablets, and renders total solution services including “T-Gaia Smart Support,” which has high added-value built on the growing diversity of devices and applications.

Moreover, the trend toward diversification in the provision of FTTH and other optical telecommunications line services means an opportunity for the Company to expand sales routes and appropriately respond to diversifying new customer needs and changes in the business environment.

To this end, while expanding our services we will also strive to enhance the capabilities of our human resources and improve our capacity to generate and adopt new ideas.

In Settlement Service Business and Other Business, efforts will be stepped up to expand sales of electronic settlement services using PIN sales systems, as well as expanding sales routes and the product line-up of gift card operations, and in so doing enhance customer convenience in order to capture the growth of the market.

In overseas business, regarding the Mobile Telecommunications Business in China, we aim to offer high-quality services by leveraging the sales know-how accumulated in Japan and provide customers with total service as a local support base for Japanese-affiliated companies.

Moreover, regarding the Solutions Business in Singapore, we will work to extend the range of merchandise and launch service initiatives as bases for overseas business development centered on Southeast Asia.

The Group will continue to push ahead with its settlement services business and its overseas business focusing on Asian markets, while also aiming to further develop the Group through investments in marketable businesses and the development of our human resources.

4. Fundamental Concepts Concerning the Choice of Accounting Standards

As a policy, the Group for the time being will prepare its consolidated financial statements in accordance with Japanese accounting standards to ensure comparability between accounting periods and companies.

However, in the light of changing shareholder percentages of foreign investors and a trend toward applying international accounting standards among domestic competitors, the Company plans to initiate deliberations concerning the application of international accounting standards in future.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	Consolidated Fiscal Year 2014 (As of March 31, 2014)	Consolidated Fiscal Year 2015 (As of March 31, 2015)
Assets		
Current assets		
Cash on hand and in banks	3,490	2,085
Accounts receivable – trade	(Note 1) 26,275	(Note 1) 22,622
Products	45,146	37,612
Stored products	131	71
Deferred tax assets	1,245	1,354
Accounts receivable – other	(Note 1) 11,266	(Note 1) 10,621
Other current assets	687	675
Allowance for doubtful accounts	(16)	(13)
Total current assets	88,227	75,029
Fixed assets		
Fixed tangible assets		
Buildings and structures	6,378	6,710
Accumulated depreciation	(Note 2) (4,361)	(Note 2) (4,721)
Buildings and structures (Net)	2,017	1,989
Transport vehicles and equipments	19	18
Accumulated depreciation	(19)	(16)
Transport vehicles and equipments (Net)	0	1
Furniture and fixtures	4,132	4,251
Accumulated depreciation	(Note 2) (3,350)	(Note 2) (3,468)
Furniture and fixtures (Net)	781	782
Land	353	353
Construction in progress	—	22
Total tangible fixed assets	3,152	3,148
Non-tangible fixed assets		
Goodwill	5,365	3,701
Telephone rights	16	16
Land leasehold	26	26
Software	893	819
Software suspension account	37	462
Others	0	0
Total non-tangible fixed assets	6,339	5,027
Investment and other assets		
Investment securities	401	451
Deferred tax assets	1,642	1,607
Leasehold deposits	4,319	4,313
Others	516	506
Allowance for doubtful accounts	(8)	(5)
Total investments and other assets	6,872	6,874
Total fixed assets	16,364	15,051
Total assets	104,592	90,080

(Million yen)

	Consolidated Fiscal Year 2014 (As of March 31, 2014)	Consolidated Fiscal Year 2015 (As of March 31, 2015)
Liabilities		
Current liabilities		
Accounts payable – trade	(Note 1) 12,371	(Note 1) 10,305
Short-term borrowings	28,566	14,408
Long-term borrowings payable within one year	12,100	13,768
Accounts payable – other	(Note 1) 9,896	(Note 1) 10,313
Unpaid taxes	3,286	3,133
Reserve of bonuses	1,427	1,678
Allowance for early subscription cancellations	218	172
Other current liabilities	560	465
Total current liabilities	68,427	54,243
Long-term liabilities		
Long-term borrowings	10,268	4,375
Liabilities relating to retirement benefits	389	400
Asset retirement obligations	1,178	1,234
Others	614	540
Total long-term liabilities	12,450	6,550
Total liabilities	80,878	60,794
Net Assets		
Shareholders' equity		
Common stock	3,127	3,154
Capital surplus	5,613	5,640
Retained earnings	23,478	28,820
Treasury stock	(8,755)	(8,755)
Total shareholders' equity	23,464	28,860
Accumulated other comprehensive income		
Net unrealized holding gain on securities	57	93
Foreign currency translation adjustment	73	150
Total accumulated other comprehensive income	130	244
Minority interest	119	181
Total net assets	23,713	29,286
Total Liabilities and Net Assets	104,592	90,080

(2) Consolidated Statements of Income and Consolidated Statement of Comprehensive Income
(Consolidated Statements of Income)

(Million yen)

	Consolidated Fiscal Year 2014 (from April 1, 2013 to March 31, 2014)	Consolidated Fiscal Year 2015 (from April 1, 2014 to March 31, 2015)
Net Sales	707,004	642,095
Cost of Goods Sold	643,694	580,111
Total Income from Sales	63,310	61,984
Selling, General and Administrative Expenses	(Note 1) 50,550	(Note 1) 47,677
Operating Income	12,760	14,306
Non-Operating Income		
Interest income	4	3
Dividend income	3	3
Income from damage compensation	47	30
Insurance reimbursement	17	21
Others	50	34
Total non-operating income	122	94
Non-Operating Expenses		
Interest expenses	198	169
Others	18	36
Total non-operating expenses	217	205
Ordinary Income	12,665	14,194
Extraordinary Gains		
Gain on sales of fixed assets	(Note 2) 3	(Note 2) 0
Gain on sale of investment securities	103	—
Gain on sale of golf club membership rights	—	6
Total extraordinary gains	106	6
Extraordinary Losses		
Loss on sales of fixed assets	(Note 3) 0	—
Loss on removal of fixed assets	(Note 4) 47	(Note 4) 87
Impairment losses	(Note 5) 49	(Note 5) 63
Loss on revaluation of investments in securities	24	199
Total extraordinary losses	122	351
Income before Taxes	12,649	13,850
Income Taxes – Current	5,488	6,095
Income Taxes – Deferred	325	(55)
Total Income Taxes	5,813	6,040
Income before Minority Interests	6,835	7,810
Net Income	—	62
Net income (loss) for the period	6,835	7,748

(Consolidated Statement of Comprehensive Income)

(Million yen)

	Consolidated Fiscal Year 2014 (from April 1, 2013 to March 31, 2014)	Consolidated Fiscal Year 2015 (from April 1, 2014 to March 31, 2015)
Income before Minority Interests	6,835	7,810
Other Comprehensive Income		
Net unrealized holding gain on securities	11	36
Foreign currency translation adjustment	47	77
Total other comprehensive income	(Note) 58	(Note) 114
Comprehensive Income	6,894	7,924
(Breakdown)		
Comprehensive income attributable to shareholders of the parent	6,894	7,862
Comprehensive income attributable to minority shareholders	—	62

(3) Consolidated Statements of Changes in Shareholders' Equity

Consolidated Fiscal Year 2014 (from April 1, 2013 to March 31, 2014)

(Million yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury Stock	Total shareholders' equity
Balance at beginning of current year	3,106	5,593	19,406	(0)	28,105
Changes during the year					
New issue of stock	20	20			41
Dividend of surplus			(2,763)		(2,763)
Net income			6,835		6,835
Change of scope of consolidation					
Acquisition of treasury stock				(8,755)	(8,755)
Changes of items other than shareholders' equity during the year (Net)					
Total changes during the year	20	20	4,072	(8,755)	(4,641)
Balance at end of the year	3,127	5,613	23,478	(8,755)	23,464

	Accumulated Other Comprehensive Income			Minority Interest	Total Net Assets
	Net unrealized holding gain on securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current year	46	25	71	－	28,177
Changes during the year					
New issue of stock					41
Dividend of surplus					(2,763)
Net income					6,835
Change of scope of consolidation				119	119
Acquisition of treasury stock					(8,755)
Changes of items other than shareholders' equity during the year (Net)	11	47	58	－	58
Total changes during the year	11	47	58	119	(4,463)
Balance at end of the year	57	73	130	119	23,713

Consolidated Fiscal Year 2015 (from April 1, 2014 to March 31, 2015)

(Million yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury Stock	Total shareholders' equity
Balance at beginning of current year	3,127	5,613	23,478	(8,755)	23,464
Changes during the year					
New issue of stock	26	26			53
Dividend of surplus			(2,405)		(2,405)
Net income			7,748		7,748
Changes of items other than shareholders' equity during the year (Net)					
Total changes during the year	26	26	5,342	−	5,395
Balance at end of the year	3,154	5,640	28,820	(8,755)	28,860

	Accumulated Other Comprehensive Income			Minority Interest	Total Net Assets
	Net unrealized holding gain on securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current year	57	73	130	119	23,713
Changes during the year					
New issue of stock					53
Dividend of surplus					(2,405)
Net income					7,748
Changes of items other than shareholders' equity during the year (Net)	36	77	114	62	176
Total changes during the year	36	77	114	62	5,572
Balance at end of the year	93	150	244	181	29,286

(4) Consolidated Statements of Cash Flows

(Million yen)

	Consolidated Fiscal Year 2014 (from April 1, 2013 to March 31, 2014)	Consolidated Fiscal Year 2015 (from April 1, 2014 to March 31, 2015)
Cash Flows from Operating Activities		
Income before income taxes and other adjustments	12,649	13,850
Depreciation	1,305	1,502
Impairment losses	49	63
Amortization of goodwill	1,575	1,719
Increase (decrease) in allowance for doubtful accounts	(4)	(6)
Increase (decrease) in reserve for employees' bonuses	(28)	250
Increase (decrease) in allowance for early subscription cancellations	38	(46)
Increase (decrease) in liabilities relating to retirement benefits	(31)	10
Interest and dividend income	(7)	(7)
Interest expenses	198	169
Loss (gain) on sales of fixed assets	(3)	(0)
Loss on removal of fixed assets	47	87
Loss (gain) on sales of investment securities	(103)	—
Loss (gain) on valuation of investment securities	24	199
Loss (gain) on sale of golf club membership rights	—	(6)
Decrease (increase) in accounts receivable	7,865	3,493
Decrease (increase) in accounts receivable – other	(1,418)	596
Decrease (increase) in inventories	4,729	7,589
Increase (decrease) in accounts payable	(810)	(2,012)
Change in other accounts payable	(1,806)	835
Others	(136)	100
Subtotal	24,134	28,392
Interests and dividends received	7	7
Interests paid	(200)	(176)
Income taxes paid	(4,106)	(6,326)
Net cash provided by operating activities	19,834	21,896
Cash Flows from Investing Activities		
Payment for purchase of property, plant and equipment	(988)	(985)
Proceeds from sales of property, plant and equipment	5	0
Payment for purchase of software	(137)	(192)
Payment for purchase of investment securities	(200)	(200)
Proceeds from sale of investment in securities	227	—
Payment for purchase of subsidiary shares resulting in change in scope of consolidation	(1,110)	—
Payment for loans receivable	(10)	(3)
Proceeds from collection of loans receivable	129	4
Payment for leasehold deposits	(342)	(260)
Proceeds from return of leasehold deposits	286	239
Expenditure for the acquisition of business operations	—	(696)
Proceeds from the sale of golf club membership rights	—	15
Others	(83)	(532)
Net cash used in investing activities	(2,223)	(2,610)
Cash Flows from Financing Activities		
Increase (decrease) in short term loans payable	(2,118)	(14,158)
Proceeds from long-term borrowings	—	10,500
Decrease in long-term borrowings	(2,555)	(14,725)
Proceeds from a share issue	41	53
Payments for purchase of treasury stock	(8,755)	—
Cash dividends paid	(2,763)	(2,408)
Net cash used in financing activities	(16,150)	(20,738)
Effect of exchange rate changes on Cash and Cash Equivalents	33	47
Increase (Decrease) in Cash and Cash Equivalents	1,492	(1,404)
Cash and Cash Equivalents at Beginning of Period	1,997	3,490
Cash and Cash Equivalents at End of Period	(Note) 3,490	(Note) 2,085

(5) Notes to Consolidated Financial Statements

(Note Regarding the Premise of a Going Concern)

There are no items to report.

(Significant Accounting Policies in the Preparation of Consolidated Financial Statements)

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 4

Name of primary consolidated subsidiaries: TG Miyazaki Co. Ltd.
T-Gaia (Shanghai) Corporation
WAM!NET Japan K.K.

Notably, TG Contract Co., Ltd., which in the previous fiscal year was reported as a consolidated subsidiary, has ceased to exist following the completion of its liquidation in June 2013 and has therefore been removed from the scope of consolidated financial statements beginning with the period under review.

(2) Company name, etc., of primary non-consolidated subsidiaries

There are no non-consolidated subsidiaries to report.

2. Application of Equity Method

Not applicable as no unconsolidated subsidiaries and affiliates exist.

3. Accounting Period of Consolidated Subsidiaries

Among consolidated subsidiaries, T-GAIA (Shanghai) Corporation and Advanced Star Link Pte. Ltd closes accounts on December 31.

The financial statements of that date are used in the preparation of the consolidated financial statements. Except, however, that with respect to material transactions that occur in the interim until the consolidated balance sheet date, necessary adjustments are made on consolidated accounts.

4. Significant Accounting Policies

(1) Assets valuation basis and valuation method

1) Securities

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, cost being determined by the moving-average method.

2) Inventories

(a) 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).

(b) Supplies

Supplies are stated at cost, cost being determined by the first-in first out method.

(2) Depreciation and amortization method of principal depreciable assets

1) Property, plant and equipment (excluding lease assets)

Depreciation of property, land 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 self-owned shops is calculated by the straight-line method (useful life of 3 years).

Useful life of principle assets is as follows:

Buildings and structures:	2-34 years
Furniture and fixtures:	2-20 years

2) Intangible fixed assets (excluding lease assets)

Calculated by the straight-line method.

Goodwill:	10 years
Software:	5 years

(3) Recognition of significant 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 Company books an allowance for early subscription cancellations based on historical figures, as the Company 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 Group or network of sales agencies cancel their subscriptions within a short period of time.

(4) Accounting policy for retirement benefits

For calculations of liabilities relating to retirement benefits and retirement benefit expenditures, the Company applies a simplified method whereby an amount required for voluntary resignations at the end of the term relating to retirement benefits is treated as retirement benefit liabilities.

(5) Standards for the yen conversion of material foreign denominated assets and liabilities

Assets and liabilities and income and expenditure of foreign subsidiaries are converted into yen at the foreign exchange spot rates prevailing on the balance sheet date. Conversion differences are stated in net assets on the currency translation adjustment account.

(5) Method and period of Amortization for Goodwill

Goodwill is amortized under the straight-line method over the period of occurrence.

(6) 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.

(7) Other significant accounting policies in the preparation of consolidated financial statements

1) Accounting for consumption taxes

The tax exclusion method is applied to consumption taxes and local consumption taxes. Non-deductible national and local consumption taxes in the period under review have been taken to expenses.

(Changes in Accounting Presentation)

(Consolidated Balance Sheet)

1. The Mobile Telecommunications Business, which constitutes the principal business of the Group, acts as the intermediary for consumers who at the Group's directly managed stores and through secondary agencies contract for the use of telecommunication services provided by telecommunications carriers, and engages in the selling of mobile phones procured from telecommunications carriers.

Accounts receivable and accounts payable accrue to the Group in relation to telecommunications carriers through the acquisition of commission fees as a consideration for the intermediation in telecommunications service agreements, the acquisition of installment payments through telecommunications carriers in cases where mobile phone terminals, etc., are sold to consumers on installment sales, as well as from the Group's procurement purchases of mobile phones, etc. Moreover, when these activities are conducted with secondary sales agencies, corresponding accounts payable and accounts receivable accrue.

Regarding these accounts receivable and accounts payable with telecommunications carriers and secondary sales agencies, based on agreement between the parties, historically, monthly settlement has generally been conducted with each counterparty by way of set-off, while the consolidated balance sheet was used to present the total amounts.

However, in recent years, the rising percentage in sales of smart phones, a merchandise category marked by high unit prices, has caused a significant increase in the value of purchases of mobile phones, etc., procured from telecommunications carriers, and in the value of sales of mobile phones, etc., sold to secondary sales agents, leading to strong cumulative growth in the balances of accounts receivable and payable. This development caused significant dissociation from forecasts of future cash flows based on settlement by set-off.

Consequently, centered on the above-mentioned accounts receivable and payable related to the Mobile Telecommunications Business, it has been judged that the financial status of the Company is more fairly represented by a presentation of the set-off amounts of financial assets and financial liabilities that fulfill the requirements stipulated in the Practical Guidelines on Accounting Standards for Financial Instruments (Report No. 14 of the Accounting Practice Committee of the Japanese Institute of Certified Public Accountants), to the effect that beginning with the period under review presentation of set-off balances has been adopted.

Associated with this change in presentation, with respect to account balances of the consolidated balance sheet for the previous fiscal year, “Accounts receivable - trade” was restated from 97,706 million yen to 26,275 million yen; “Accounts receivable - other” from 34,874 million yen to 11,266 million yen ; “Accounts payable - trade” from 82,187 million yen to 12,371 million yen ; “Accounts payable - other” from 35,120 million yen to 9,896 million yen , and total assets from 199,631 million yen to 104,592 million yen.

2. Due to an increase in the significance of the monetary amount of the “Software suspension account” included in “Others” of “Non-tangible fixed assets” in the previous fiscal year, this item is now stated separately beginning with the period under review. In order to reflect this change of presentation, a restatement was made in the consolidated balance sheet for the previous fiscal year.

As a result, on the consolidated balance sheet for the previous fiscal year, 37 million yen presented in “Others” among “Non-tangible fixed assets” has been restated to 37 million yen on the “Software suspension account” and the balance for “Others” has been restated to 0 million yen.

(Consolidated Statement of Cash Flows)

In accordance with the restatement described above in section 1., on the consolidated statement of cash flows “Decrease (increase) in accounts receivable” was restated from 2,159 million yen to 7,865 million yen, “Decrease (increase) in accounts receivable – other” from -3,638 million yen to -1,418 million yen, “Increase (decrease) in accounts payable” from 7,952 million yen to -810 million yen, and “Change in other accounts payable” from -2,644 million yen to -1,806 million yen.

(Consolidated Balance Sheets)

*1) Presentation of set-off of accounts receivable - trade and accounts payable - trade

Out of financial assets and liabilities, those accounts payable and accounts receivable that are fully compliant with the requirements that they must concern the same counterparty, that the set-off is legally effective and that the Company has the ability to set-off, and that the Company is willing to settle by set-off, are presented on the consolidated balance sheets as balances after set-off.

Amounts at the end of the fiscal year under review prior to set-off were as follows: “Accounts receivable - trade” 83,593 million yen, “Account receivable - other” 32,839 million yen, “Account payable - trade” 69,605 million yen, and “Accounts payable - other” 34,202 million yen. Amounts at the end of the previous fiscal year prior to set-off were as follows: “Accounts receivable - trade” 97,706 million yen, “Account receivable - other” 34,874 million yen; “Account payable - trade” 82,187 million yen, and “Accounts payable - other” 35,120 million yen.

*2) Figure of accumulated depreciation includes accumulated impairment losses.

3) 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 are as follows:

	Consolidated Fiscal Year 2014 (As of March 31, 2014)	Consolidated Fiscal Year 2015 (As of March 31, 2015)
Current account overdraft	1,500 million yen	1,500 million yen
Credit used	—	—
Credit available	1,500 million yen	1,500 million yen

4) Contingent Liabilities

On August 3, 2012, InComm Japan KK (main offices: Shinjuku-ku, Tokyo; president and representative director: Takuma Arai; in the following “InComm Japan”), a supplier of merchandise for the gift card business of the Company, petitioned the Tokyo District Court to grant temporary injunctions against the Company (the “Petition”). On June 12, 2013, the Tokyo District Court granted temporary injunctions ordering the Company to suspend the sales of and to recall specified merchandise of the Company (the “Injunction”).

While the Company is taking measures to comply with this decision, on June 28, 2013 the Company lodged in the Tokyo District Court an objection to the temporary restraining order seeking its revocation. On March 4, 2014 the court acknowledged part of the Company’s claims, and handed down a decision on our objection revoking part of the restraining order. The Company and InComm Japan have each expressed dissatisfaction with aspects of the ruling and each has submitted an appeal against the temporary restraining order to the Tokyo High Court.

Concurrent with its Petition, InComm Japan has brought suit against the Company with the Tokyo District Court requesting the court to order the Company to stop selling and to recall specific merchandise and to pay indemnification of damages in the amount of 658 million yen. The Company has made motion to dismiss the suit. With respect to both actions, the Company continues to take steps to have its position accepted.

(Consolidated Statements of Income)

*1) Major items and figures among Selling, General and Administrative Expenses are as follows.

	Consolidated Fiscal Year 2014 (from April 1, 2013 to March 31, 2013)	Consolidated Fiscal Year 2015 (from April 1, 2014 to March 31, 2015)
Directors remuneration	197 million yen	205 million yen
Employees’ wages	6,723 million yen	8,176 million yen
Temporary staff wages	9,024 million yen	8,772 million yen
Provision of reserves for employees’ bonuses	1,410 million yen	1,660 million yen
Dispatched staff wages	7,206 million yen	4,576 million yen
Transportation	425 million yen	373 million yen
Other selling amount	6,347 million yen	4,152 million yen
Rent expenses	4,313 million yen	4,469 million yen
Depreciation expenses	1,305 million yen	1,371 million yen
Amortization of goodwill	1,575 million yen	1,719 million yen
Outsourcing expenses	1,000 million yen	822 million yen
Others	11,019 million yen	11,378 million yen

*2) Breakdown of gain on sales of fixed assets is as follows.

	Consolidated Fiscal Year 2014 (from April 1, 2013 to March 31, 2014)	Consolidated Fiscal Year 2015 (from April 1, 2014 to March 31, 2015)
Buildings and structures	1 million yen	0 million yen
Motor vehicles and transport equipment	0 million yen	0 million yen
Furniture and fixtures	1 million yen	0 million yen
Other	0 million yen	—
Total	3 million yen	0 million yen

*3) Breakdown of loss on sales of fixed assets is as follows.

	Consolidated Fiscal Year 2014 (from April 1, 2013 to March 31, 2014)	Consolidated Fiscal Year 2015 (from April 1, 2014 to March 31, 2015)
Buildings and structures	0 million yen	—
Motor vehicles and transport equipment	0 million yen	—
Furniture and fixtures	—	—
Total	0 million yen	—

*4) Breakdown of loss on removal of fixed assets is as follows.

	Consolidated Fiscal Year 2014 (from April 1, 2013 to March 31, 2014)	Consolidated Fiscal Year 2015 (from April 1, 2014 to March 31, 2015)
Buildings and structures	32 million yen	77 million yen
Transport vehicles and equipment	0 million yen	—
Furniture and fixtures	12 million yen	9 million yen
Software	3 million yen	0 million yen
Total	47 million yen	87 million yen

*5) Impairment losses

The Group recognized impairment losses on the following group of assets

Consolidated Fiscal Year 2014 (from April 1, 2013 to March 31, 2014)

Location	Usage	Assets
Stores	Store equipment for directly-managed shops	Buildings and structures, Furniture and fixtures

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 (49 million yen) as an extraordinary loss. The breakdown of impairment losses was as follows: buildings and structures 34 million yen, and Furniture and fixtures 15 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.

Consolidated Fiscal Year 2015 (from April 1, 2014 to March 31, 2015)

Location	Usage	Assets
Stores	Store equipment for directly-managed shops	Buildings and structures, Furniture and fixtures

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 (63 million yen) as an extraordinary loss. The breakdown of impairment losses was as follows: buildings and structures 47 million yen, and Furniture and fixtures 15 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.

(Consolidated Statements of Comprehensive Income)

*Other comprehensive income related reclassification adjustments and their tax effect

	Consolidated Fiscal Year 2014 (from April 1, 2013 to March 31, 2014)	Consolidated Fiscal Year 2015 (from April 1, 2014 to March 31, 2015)
Net unrealized holding gain on securities:		
Generated during the fiscal year under review	(2 million yen)	(150 million yen)
Reclassification adjustment	20 million yen	199 million yen
Before tax adjustments	17 million yen	49 million yen
Tax effect	(6 million yen)	(12 million yen)
Net unrealized holding gain on securities	11 million yen	36 million yen
Foreign currency translation adjustment:		
Generated during the fiscal year under review	47 million yen	77 million yen
Reclassification adjustment	—	—
Before tax adjustments	47 million yen	77 million yen
Tax effect	—	—
Foreign currency translation adjustment	47 million yen	77 million yen
Total of other comprehensive income	58 million yen	114 million yen

(Consolidated Statements of Changes in Shareholders' Equity)

Consolidated Fiscal Year 2014 (from April 1, 2013 to March 31, 2014)

1. Type and number of outstanding shares and treasury stock

	Number of shares as of April 1, 2013 (shares)	Increase during consolidated period under review (shares)	Decrease during consolidated period under review (shares)	Number of shares as of March 31, 2014 (shares)
Outstanding shares				
Common shares (Note 1)	78,952,800	52,800	—	79,005,600
Total	78,952,800	52,800	—	79,005,600
Treasury stock				
Common shares (Note2)	43	10,300,293	—	10,300,336
Total	43	10,300,293	—	10,330,336

Note 1: Increases and decreases in the number of shares issued and outstanding were as follows

Period from April 1, 2013 to September 30, 2013

Increase due to the issuance of new shares upon the exercise of warrants (stock options): 15,600 shares

Period from October 1, 2013 to March 31, 2014

Increase due to the issuance of new shares upon the exercise of warrants (stock options): 37,200 shares

Note 2: Increases and decreases in the number of treasury shares were as follows

June 6, 2013	Increase due to the acquisition of treasury shares through buy-backs of odd lot shares: 13 shares
November 14, 2013	Increase due to the acquisition of treasury shares through buy-backs of odd lot shares: 28 shares
January 16, 2014	Increase due to the acquisition of treasury shares through buy-backs of odd lot shares: 52 shares
Mach 26, 2014	Increase due to tender offer bid: 10,300,200 shares

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 20, 2013	Common shares	1,381	17.50	March 31, 2013	June 21, 2013
Board of Directors meeting on November 7, 2013	Common shares	1,381	17.50	September 30, 2013	December 10, 2013

(2) Dividends with a record date in the consolidated fiscal year under review but an effective date in the following consolidated 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 19, 2014	Common shares	1,202	Retained earnings	17.50	March 31, 2014	June 20, 2014

Consolidated Fiscal Year 2015 (from April 1, 2014 to March 31, 2015)

1. Type and number of outstanding shares and treasury stock

	Number of shares as of April 1, 2014 (shares)	Increase during consolidated period under review (shares)	Decrease during consolidated period under review (shares)	Number of shares as of March 31, 2015 (shares)
Outstanding shares				
Common shares (Note)	79,005,600	68,400	—	79,074,000
Total	79,005,600	68,400	—	79,074,000
Treasury stock				
Common shares	10,300,336	—	—	10,300,336
Total	10,300,336	—	—	10,330,336

Note: Increases and decreases in the number of shares issued and outstanding were as follows

Period from April 1, 2014 to June 30, 2014

Increase due to the issuance of new shares upon the exercise of warrants (stock options): 68,400 shares

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 19, 2014	Common shares	1,202	17.50	March 31, 2014	June 20, 2014
Board of Directors meeting on November 11, 2014	Common shares	1,203	17.50	September 30, 2014	December 9, 2014

(2) Dividends with a record date in the consolidated fiscal year under review but an effective date in the following consolidated 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 19, 2015	Common shares	1,375	Retained earnings	20.00	March 31, 2015	June 22, 2015

(Consolidated Cash Flow Statements)

* 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:

	Consolidated Fiscal Year 2014 (from April 1, 2013 to March 31, 2014)	Consolidated Fiscal Year 2015 (from April 1, 2014 to March 31, 2015)
Cash on hand and in banks	3,490 million yen	2,085 million yen
Cash and cash equivalents	3,490 million yen	2,085 million yen

(Segment Information)

Segment information

1. Summary of reportable segments

   Reportable segments of the Group 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 Group forms three reportable segments — Mobile Telecommunications Business, the Solutions Business, and the Settlement Services Business and Other Business — structured by industry segment.

   The Mobile Telecommunications Business undertakes contract mediation for mobile phones and other telecommunications services and sells mobile phone handsets and related merchandise. The Solutions Business engages in sales of mobile phone handsets and other products to corporate customers, and contract mediation for fixed-line services such as FTTH to both corporations and individuals. The Settlement Services Business and Other Business engages in the distribution of electronic settlement-related products such as electronic money that utilize PIN sales systems via major convenience store operators throughout Japan, the gift card business, and overseas business.

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

   The accounting treatment applicable to reported business segment information is largely consistent with the descriptions in the “Significant Accounting Policies in the Preparation of Consolidated Financial Statements,” and income of each reportable segment indicates operating income of the segment.

   As stated in section “(5) Notes to Consolidated Financial Statements (Changes in Accounting Presentation) (Consolidated Balance Sheet) 1” under “5. Consolidated Financial Statements,” beginning with the period under review, accounts such as receivable - trade and accounts payable - trade that fulfill the requirements stipulated in the Practical Guidelines on Accounting Standards for Financial Instruments (Report No. 14 of the Accounting Practice Committee of the Japanese Institute of Certified Public Accountants) are presented on a set-off basis. Associated with this change in presentation, “Adjustment amounts (Note 1)” and “Amount recorded in the consolidated financial statements” reported in segment assets for the previous fiscal year decreased by 95,038 million yen.

3. Information by reportable segment on sales and income or loss amounts, assets, liabilities, and other items
Consolidated Fiscal Year 2014 (from April 1, 2013 to March 31, 2014)

(Million yen)

	Mobile Telecommunications Business	Solutions Business (Note 3)	Settlement Services Business and Other Business	Adjustment amounts (Note 1)	Amount recorded in the consolidated financial statements
Net sales	576,439	28,549	102,014	—	707,004
Segment income (Operating income)	8,799	3,182	778	—	12,760
Segment assets	41,151	1,186	8,173	54,080	104,592
Other Items					
Depreciation (Note 2)	1,190	61	53	—	1,305
Amortization of goodwill	1,575	—	—	—	1,575

Note 1: The 54,080 million yen adjustment amount to segment assets includes assets which are not allocated to each reported segment other than merchandise and goodwill.
2: Fixed tangible assets and non-tangible fixed assets (excluding goodwill) are not allocated to each reported segment. However, depreciation and amortization are allocated based on the segment weightings of divisions accounted for under management accounting.
3: Segment assets of the Solutions Business include WAM!NET Japan K.K. which at the end of the fiscal year under review was newly included in the scope of consolidation, limited to the balance sheet.

Consolidated Fiscal Year 2015 (from April 1, 2014 to March 31, 2015)

(Million yen)

	Mobile Telecommunications Business	Solutions Business	Settlement Services Business and Other Business	Adjustment amounts (Note 1)	Amount recorded in the consolidated financial statements
Net sales	533,593	26,263	82,238	—	642,095
Segment income (Operating income)	11,123	2,498	684	—	14,306
Segment assets	36,839	1,428	3,046	48,766	90,080
Other Items					
Depreciation (Note 2)	1,231	60	79	—	1,371
Amortization of goodwill	1,618	101	—	—	1,719

Note 1: The 48,766 million yen adjustment amount to segment assets includes assets which are not allocated to each reported segment other than merchandise and goodwill.
2: Fixed tangible assets and non-tangible fixed assets (excluding goodwill) are not allocated to each reported segment. However, depreciation and amortization are allocated based on the segment weightings of divisions accounted for under management accounting.

Related information

Consolidated Fiscal Year 2014 (from April 1, 2013 to March 31, 2014)

1. Information by products and services

(Million yen)

	Mobile Telecommunications Business	Solutions Business	Settlement Services Business and Other Business	Total
Net sales for outside customers	576,439	28,549	102,014	707,004

2. Information by region

(1) Net Sales

Omitted as the Company's net sales for external customers in Japan exceed 90% of net sales listed in the Consolidated Statements of Income.

(2) Fixed tangible assets

Omitted as the amount of fixed tangible assets in Japan exceed the amount of fixed tangible assets listed in the Consolidated Balance Sheets.

3. Information by major clients (mobile carriers)

(Million yen)

Name of clients (mobile carriers)	Net sales	Related segment
KDDI Corporation	109,536	Mobile Telecommunications Business, Solutions Business
NTT DOCOMO, Inc.	75,462	Mobile Telecommunications Business, Solutions Business

Consolidated Fiscal Year 2015 (from April 1, 2014 to March 31, 2015)

1. Information by products and services

(Million yen)

	Mobile Telecommunications Business	Solutions Business	Settlement Services Business and Other Business	Total
Net sales for outside customers	533,593	26,263	82,238	642,095

2. Information by region

(1) Net Sales

Omitted as the Company's net sales for external customers in Japan exceed 90% of net sales listed in the Consolidated Statements of Income.

(2) Fixed tangible assets

Omitted as the amount of fixed tangible assets in Japan exceed the amount of fixed tangible assets listed in the Consolidated Balance Sheets.

3. Information by major clients (mobile carriers)

(Million yen)

Name of clients (mobile carriers)	Net sales	Related segment
KDDI Corporation	95,624	Mobile Telecommunications Business, Solutions Business
NTT DOCOMO, Inc.	66,981	Mobile Telecommunications Business, Solutions Business

Information by reportable segment on impairment losses on fixed asset

Consolidated Fiscal Year 2014 (from April 1, 2013 to March 31, 2014)

(Million yen)

	Mobile Telecommunications Business	Solutions Business	Settlement Services Business and Other Business	Total
Impairment losses	49	—	—	49

(Note) Fixed tangible assets and non-tangible fixed assets (excluding goodwill) are not allocated to each reported segment. However, impairment losses are allocated to the Mobile Telecommunications Business since the losses are due to store equipment for directly-managed shops.

Consolidated Fiscal Year 2015 (from April 1, 2014 to March 31, 2015)

(Million yen)

	Mobile Telecommunications Business	Solution Business	Settlement Services Business and Other Business	Total
Impairment losses	63	—	—	63

(Note) Fixed tangible assets and non-tangible fixed assets (excluding goodwill) are not allocated to each reported segment. However, impairment losses are allocated to the Mobile Telecommunications Business since the losses are due to store equipment for directly-managed shops.

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

Consolidated Fiscal Year 2014 (from April 1, 2013 to March 31, 2014)

(Million yen)

	Mobile Telecommunications Business	Solutions Business	Settlement Services Business and Other Business	Total
Amount amortized in the term under review	1,575	—	—	1,575
Balance at the end of the term under review	4,353	1,011	—	5,365

Consolidated Fiscal Year 2015 (from April 1, 2014 to March 31, 2015)

(Million yen)

	Mobile Telecommunications Business	Solution Business	Settlement Services Business and Other Business	Total
Amount amortized in the term under review	1,618	101	—	1,719
Balance at the end of the term under review	2,791	910	—	3,701

Information concerning gains from negative goodwill by reported segment

Not applicable.

(Per Share Information)

(Yen)

	Consolidated Fiscal Year 2014 (from April 1, 2013 to March 31, 2014)	Consolidated Fiscal Year 2015 (from April 1, 2014 to March 31, 2015)
Net assets per share	343.41	423.19
Amount of net income per share	86.74	112.68
Amount of diluted net income per share	86.67	—

Note 1: Data for fully diluted consolidated earnings per share for the period under review has been omitted as no dilutive instruments are in existence.

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

	Consolidated Fiscal Year 2014 (from April 1, 2013 to March 31, 2014)	Consolidated Fiscal Year 2015 (from April 1, 2014 to March 31, 2013)
Amount of net income per share		
Net income (million yen)	6,835	7,748
Net income not available to common shareholders (million yen)	—	—
Net income available to common shares (million yen)	6,835	7,748
Average number of common shares outstanding during the period (shares)	78,803,864	68,760,534
Amount of diluted net income per share		
Increase in the number of common shares (shares)	63,840	—
(Of which stock acquisition rights (shares))	(63,840)	(—)
Summary of potential stock not included in the calculation of “amount of diluted net income per share” since there was no dilutive effect in the period.	—	—

(Subsequent Events)

Not applicable.

6. Others

Transfers of directors

In regard to changes in directors, please refer to the “Announcement Regarding Transfer of Directors and Changes in Organization” and “Announcement Regarding the Transfer of Directors” respectively released on February 26, 2015, and March 30, 2015, should be referenced.