

Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2014 (Three Months Ended June 30, 2013) (Based on J-GAAP)

August 9, 2013

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

1. Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2014 (April 1, 2013 – June 30, 2013)

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

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|------------|-------------|-----|------------------|------|-----------------|------|-------------|------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| 1Q FY 2014 | 168,781 | 0.6 | 3,541 | 77.6 | 3,522 | 80.2 | 2,001 | 91.7 |
| 1Q FY 2013 | 167,821 | — | 1,993 | — | 1,955 | — | 1,043 | — |

(Note) Comprehensive income (million yen): FY 2013:6,605 (16.7%) FY 2012:7,928 (—%)

| | Net income per share | Diluted net income per share |
|------------|----------------------|------------------------------|
| | Yen | Yen |
| 1Q FY 2014 | 25.34 | 25.32 |
| 1Q FY 2013 | 12.79 | 12.78 |

(Note) Since the Company started to create consolidated financial statements for the third quarter of fiscal year ended March 31, 2012, year-over-year changes as of the fiscal year ended March 31, 2012 are not stated.

(Note) Dated October 1, 2012, the Company instituted a 200-for-1 stock split. Consolidated net income and diluted net income per share for the period under review have been calculated assuming that the stock split was instituted at the beginning of the current fiscal year.

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| 1Q FY 2014 | 152,015 | 28,808 | 19.0 |
| FY 2013 | 201,238 | 28,177 | 14.0 |

Reference: Shareholders' equity (million yen): 1Q FY 2014: 28,808 FY 2013: 28,177

2. Dividends

| | Annual dividends | | | | |
|---------------------|------------------|----------|--------|---------|--------|
| | 1Q-end | Interim | 3Q-end | Yearend | Annual |
| | Yen | Yen | Yen | Yen | Yen |
| FY 2013 | — | 3,500.00 | — | 17.50 | — |
| FY 2014 | — | — | — | — | — |
| FY 2014 (forecasts) | — | 17.50 | — | 17.50 | 35.00 |

Note: Revisions to the dividend forecast in the current quarter: None

(Note) The stated amount for the prospective year-end dividend for the fiscal year to March 2013 considers the 200-for-1 stock split instituted dated October 1, 2012. Figures for cash dividends per share at the end of fiscal year ended March 31, 2013 were reflected the stock split (pre-split basis).1

3. Consolidated forecasts for the Fiscal Year Ending March 31, 2014 (April 1, 2013 – March 31, 2014)

(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 | 340,000 | (2.7) | 6,500 | 19.8 | 6,300 | 17.4 | 3,500 | 17.2 | 44.33 |
| Full year | 725,000 | (1.6) | 14,100 | 19.4 | 13,800 | 18.0 | 7,750 | 17.7 | 98.15 |

Note: Revisions to the financial forecast in the current quarter: None

Notes

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

New: None (Company name:)
Excluded: None (Company name:)

(2) 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

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

| | | | | |
|---|------------|-------------------|---------|-------------------|
| 1) Number of shares outstanding (including treasury stock) at end of period | 1Q FY 2014 | 78,961,600 shares | FY 2013 | 78,952,800 shares |
| 2) Number of treasury stock at end of period | 1Q FY 2014 | 56 shares | FY 2013 | 43 shares |
| 3) Average number of shares outstanding during the period (nine months) | 1Q FY 2014 | 78,956,133 shares | FY 2013 | 81,614,954 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 “(2) Qualitative information concerning consolidated business performance forecast” under “1. Qualitative Information Concerning the First Quarter Financial Results” on page 3 of the Attachment to the summary of quarterly financial statement.

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1. Qualitative Information Concerning the First Quarter Financial Results

(1) Qualitative information regarding operating performance

The Japanese economy in the period under review (April - June 2013) remained overshadowed by uncertainty amid economic deceleration in China and other emerging economies, but nonetheless continued on a moderate recovery path thanks to aggressive monetary policy and stimulus measures after the inauguration of the new government, which combined with a correction of the strong yen and rising share prices.

In the market for mobile phone handset sales, which forms the business mainstay of the Group (the Company and its consolidated subsidiaries), brisk sales of smartphones continued, reflecting the market diffusion of smartphones gaining full momentum, new model launches, and active sales promotion by telecommunication carriers.

In this operating environment, unit sales of hand sets reached 1.31 million, with the percentage of smartphone sales rising to around 70% of the total compared with just under 60% in the year-earlier period.

In the Mobile Telecommunications Business, operating income increased thanks to reinforced sales of smartphones and tablet terminals as well as peripheral products, and aided by efforts to enhance earnings from hitherto unprofitable sales channels as well as cost cutting measures.

In the Solutions Business, although corporate-customer sales of smartphones and tablet terminals as well as solution services continued favorably, operating income declined mainly due to a drop in profit margins of fixed-line related merchandise.

Settlement Services Business and Other Business posted higher operating income as a result of robust merchandise sales based on electronic money with settlement enabled by e-commerce and through applications.

As a result, for the period under review, net sales totaled 168,781 million yen (+0.6% compared with the year-earlier period), with operating income of 3,541 million yen (+77.6% compared with the year-earlier period), ordinary income of 3,522 million yen (+80.2% compared with the year-earlier period), and net income of 2,001 million yen (+91.7% compared with the year-earlier period).

Results by business segment are described below.

(Mobile Telecommunications Business)

In the period under review (April - June 2013), brisk sales of smartphones continued, driven by the market diffusion of smartphones gaining full momentum, new model launches, and active sales promotion by telecommunication carriers. Amid these conditions, even though sales channel optimization caused a fall in unit sales compared with the year-earlier period, the Group posted sales of 132,461 million yen (+2.3% compared with the year-earlier period) as a result of efforts to expand sales of smartphones and tablet terminals.

Operating income was 2,380 million yen (+182.5% compared with the year-earlier period) thanks to efforts to enhance earnings from previously unprofitable sales channels, cost cutting measures, steps to reinforce sales of peripheral merchandise including contents and smartphone accessories, and promotion of earnings source diversification.

(Solutions Business)

In the period under review (April - June 2013), more corporate users continued to introduce smartphones and tablet terminals, resulting in favorable unit sales along with robust demand for support services such as for initial terminal settings at the time of device introduction and subsequent Mobile Device Management (MDM). As a result, sales totaled 7,938 million yen (+5.6% compared with the year-earlier period).

Operating income posted 786 million yen (-7.0% compared with the year-earlier period). Although income rose from sales of terminals and support services to corporate customers, fixed-line related merchandise suffered a decline in profit margins mainly due to intense competition with mobile broadband.

(Settlement Services Business and Other Business)

In the period under review (April - June 2013), merchandise sales based on electronic money with settlement enabled by e-commerce and through applications remained robust. Although sales declined to 28,381 million yen (-7.9% compared with the year-earlier period) mainly due to a shift in the merchandise mix, operating income rose to 374 million yen (+22.9% compared with the year-earlier period).

(2) Qualitative information concerning the consolidated financial position

(Assets)

Consolidated current assets at the end of the period under review were 135,821 million yen, which was 26.5% lower than at the end of the previous fiscal year. This was mainly due to lower accounts receivable, product inventories, and accrued income, which respectively decreased 33,387 million yen, 6,945 million yen, and 7,992 million yen. Non-current assets were 16,193 million yen, which was 1.0% lower than at the end of the previous fiscal year. This was mainly due to a 393 million yen reduction in the value of goodwill.

As a result, consolidated total assets posted 152,015 million yen, which was 24.5% lower than at the end of the previous fiscal year.

(Liabilities)

Consolidated current liabilities at the end of the period under review were 109,845 million yen, which was 26.0% lower than at the end of the previous fiscal year. This was mainly due to lower trade accounts payable and other accounts payable, which respectively decreased 22,916 million yen and 10,182 million yen. Non-current liabilities were 13,361 million yen, which was 45.6% lower than at the end of the previous fiscal year. This was mainly due to a 11,164 million yen reduction in long-term borrowings.

As a result, consolidated total liabilities posted 123,207 million yen, which was 28.8% lower than at the end of the previous fiscal year.

(Net assets)

Consolidated net assets at the end of the period under review were 28,808 million yen, which was 2.2% higher than at the end of the previous fiscal year. This was mainly due to an increase in retained earnings from 2,001 million yen in net income for the quarter and a 1,381 million yen withdrawal from retained earnings for dividend payments.

(3) Qualitative information concerning the consolidated financial forecasts

The earning estimates for first half (April – September 2013) and full-year, released on May 14, 2013, remain unchanged.

Three months (April - June 2013) sales represent 23.3 percent of the full-year estimate released on May 14, 2013, with percentages for operating income, ordinary income, and net income at 25.1 percent, 25.5 percent, and 25.8 percent, respectively.

2. Summary (Notes) Information

(1) Changes in significant subsidiaries during the consolidated quarter under review

Not applicable.

(2) Application of accounting procedures specific to creation of quarterly consolidated financial statement

Not applicable.

(3) Change of accounting policies; change and/or restatement of accounting estimates

Not applicable.

3. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Millions of yen)

| | FY 2013 (As of March 31, 2013) | 1Q FY 2014 (As of June 30, 2013) |
|--|-----------------------------------|-------------------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 1,997 | 1,776 |
| Notes and accounts receivable – trade | 99,719 | 66,331 |
| Products | 49,783 | 42,838 |
| Inventories | 216 | 154 |
| Other accounts receivable | 31,241 | 23,248 |
| Other current assets | 1,934 | 1,485 |
| Allowance for doubtful accounts | (17) | (13) |
| Total current assets | 184,875 | 135,821 |
| Fixed assets | | |
| Tangible fixed assets | 3,160 | 3,070 |
| Intangible assets | | |
| Goodwill | 5,547 | 5,154 |
| Others | 796 | 817 |
| Total intangible assets | 6,344 | 5,971 |
| Investments and other assets | | |
| Leasehold deposits | 4,261 | 4,381 |
| Others | 2,607 | 2,779 |
| Allowance for doubtful accounts | (9) | (9) |
| Total investments and other assets | 6,858 | 7,152 |
| Total fixed assets | 16,362 | 16,193 |
| Total assets | 201,238 | 152,015 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable – trade | 74,213 | 51,296 |
| Short-term borrowings | 30,567 | 15,819 |
| Long-term borrowings payable within one year | 2,555 | 13,026 |
| Accounts payable – other | 37,121 | 26,938 |
| Unpaid taxes | 1,871 | 1,055 |
| Reserve of bonuses | 1,439 | 580 |
| Allowance for early subscription cancellations | 180 | 185 |
| Others | 564 | 944 |
| Total current liabilities | 148,512 | 109,845 |
| Long-term liabilities | | |
| Long-term borrowings | 22,368 | 11,204 |
| Accrued employees' retirement benefits | 421 | 396 |
| Asset Retirement Obligations | 1,115 | 1,117 |
| Others | 643 | 643 |
| Total long-term liabilities | 24,548 | 13,361 |
| Total liabilities | 173,061 | 123,207 |

(Millions of yen)

| | FY 2013 (As of March 31, 2013) | 1Q FY 2014 (As of June 30, 2013) |
|--|-----------------------------------|-------------------------------------|
| Net Assets | | |
| Shareholders' equity | | |
| Capital stock | 3,106 | 3,109 |
| Capital surplus | 5,593 | 5,596 |
| Retained earnings | 19,406 | 20,025 |
| Acquisition of own stock | (0) | (0) |
| Total shareholders' equity | 28,105 | 28,731 |
| Accumulated other comprehensive income | | |
| Net unrealized holding gain on securities | 46 | 40 |
| Foreign currency translation adjustment | 25 | 36 |
| Total accumulated other comprehensive income | 71 | 76 |
| Total net assets | 28,177 | 28,808 |
| Total Liabilities and Net Assets | 201,238 | 152,015 |

(2) **Quarterly consolidated statements of income and Quarterly consolidated statements of comprehensive income**
(Quarterly consolidated statements of income)
(Consolidated first quarter period)

(Millions of yen)

| | 1Q FY2013 (from April 1, 2012 to June 30, 2012) | 1Q FY2014 (from April 1, 2013 to June 30, 2013) |
|--|---|---|
| Net Sales | 167,821 | 168,781 |
| Cost of Sales | 152,068 | 153,188 |
| Gross Profit | 15,752 | 15,592 |
| Selling, General and Administrative Expenses | 13,758 | 12,051 |
| Operating Income | 1,993 | 3,541 |
| Non-operating Income | | |
| Interest income | 1 | 1 |
| Dividend income | 2 | 2 |
| Insurance income | 1 | 11 |
| Others | 25 | 24 |
| Total non-operating income | 31 | 38 |
| Non-operating Expenses | | |
| Interest expenses | 59 | 52 |
| Others | 10 | 5 |
| Total non-operating expenses | 70 | 58 |
| Ordinary Income | 1,955 | 3,522 |
| Extraordinary Gains | | |
| Gain on sales of fixed assets | 0 | 0 |
| Total extraordinary gains | 0 | 0 |
| Extraordinary Losses | | |
| Loss on removal of fixed assets | 9 | 2 |
| Loss on revaluation of investments in securities | 0 | 24 |
| Total extraordinary losses | 9 | 27 |
| Net income before income taxes | 1,945 | 3,494 |
| Income Taxes – Current | 374 | 993 |
| Income Taxes – Deferred | 528 | 500 |
| Total Income Taxes | 902 | 1,493 |
| Net Income before Minority Interest | 1,043 | 2,001 |
| Net Income | 1,043 | 2,001 |

(Quarterly consolidated statements of comprehensive income)
(Consolidated first quarter period)

(Millions of yen)

| | 1Q FY2013 (from April 1, 2012 to June 30, 2012) | 1Q FY2014 (from April 1, 2013 to June 30, 2013) |
|---|---|---|
| Net Income before Minority Interest | 1,043 | 2,001 |
| Other Comprehensive Income | | |
| Net unrealized holding gain on securities | (24) | (5) |
| Foreign currency translation adjustment | 16 | 11 |
| Total other comprehensive income | (7) | 5 |
| Quarterly Comprehensive Income | 1,036 | 2,006 |
| (Breakdown) | | |
| Comprehensive income attributable to shareholders of the parent | 1,036 | 2,006 |

(3) Notes to quarterly consolidated financial statements

(Notes on the going-concern assumption)

Not applicable.

(Notes on significant changes in shareholders' equity)

Not applicable.

(Segment information)

1Q FY 2013 (from April 1, 2012 to June 30, 2012)

1. Information by reportable segment on sales and income/loss amounts

(Millions of yen)

| | Reportable Segment | | | Total |
|-----------------------------------|------------------------------------|--------------------|---|---------|
| | Mobile Telecommunications Business | Solutions Business | Settlement Services Business and Other Business | |
| Net Sales | 129,493 | 7,518 | 30,808 | 167,821 |
| Segment Income (Operating Income) | 842 | 846 | 304 | 1,993 |

2. Total income or loss of reportable segments, difference to income or loss reported in the consolidated statement of income for the period under review, and main items responsible for the difference (Matters concerning difference adjustment)

Total income of reportable segments is consistent with operating income as stated in the quarterly consolidated statement of income.

3. Matters concerning the change of reportable segments

Not applicable.

1Q FY 2014 (from April 1, 2013 to June 30, 2013)

1. Information by reportable segment on sales and income/loss amounts

(Millions of yen)

| | Reportable Segment | | | Total |
|-----------------------------------|------------------------------------|--------------------|---|---------|
| | Mobile Telecommunications Business | Solutions Business | Settlement Services Business and Other Business | |
| Net Sales | 132,461 | 7,938 | 28,381 | 168,781 |
| Segment Income (Operating Income) | 2,380 | 786 | 374 | 3,541 |

2. Total income or loss of reportable segments, difference to income or loss reported in the consolidated statement of income for the period under review, and main items responsible for the difference (Matters concerning difference adjustment)

Total income of reportable segments is consistent with operating income as stated in the quarterly consolidated statement of income.

3. Matters concerning the change of reportable segments

Not applicable.

4. Other matters

(1) 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"), one of suppliers 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").

The Company has complied with the Injunction but contests its grounds and has on June 28, 2013 filed an objection requesting the removal of the Injunction.

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 180 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.