

**Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2015
(Three Months Ended June 30, 2014) (Based on J-GAAP)**

August 8, 2014

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 Financial results presentation: No

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

1. Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2015 (April 1, 2014 – June 30, 2014)

(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 2015	126,959	(24.8)	2,531	(28.5)	2,531	(28.1)	1,328	(33.6)
1Q FY 2014	168,781	0.6	3,541	77.6	3,522	80.2	2,001	91.7

(Note) Comprehensive income (million yen): 1Q FY 2015:1,327 (33.8%) 1Q FY 2014:2,006 93.6%

	Net income per share	Diluted net income per share
	Yen	Yen
1Q FY 2015	19.32	—
1Q FY 2014	25.34	25.32

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
1Q FY 2015	127,160	23,892	18.7
FY 2014	199,631	23,713	11.8

Reference: Shareholders' equity (million yen): 1Q FY 2015: 23,760 FY 2014: 23,594

2. Dividends

	Annual dividends				
	1Q-end	Interim	3Q-end	Yearend	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2014	—	17.50	—	17.50	35.00
FY 2015	—	—	—	—	—
FY 2015 (forecasts)	—	17.50	—	17.50	35.00

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

3. Consolidated forecasts for the Fiscal Year Ending March 31, 2015 (April 1, 2014 – March 31, 2015)

(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	—	—	—	—	—	—	—	—	—
Full year	720,000	1.8	13,000	1.9	12,800	1.1	7,250	6.1	105.52

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 procedures specific to creation of quarterly consolidated financial statements: None

- (3) 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 2015	79,074,000 shares	FY 2014	79,005,600 shares
2) Number of treasury stock at end of period	1Q FY 2015	10,300,336 shares	FY 2014	10,300,336 shares
3) Average number of shares outstanding during the period (three months)	1Q FY 2015	68,721,000 shares	1Q FY 2014	78,956,132 shares

*** 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 Quarter Financial Results” on page 2 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 (from April - June 2014) experienced a slowdown in personal consumption in a reaction to the earlier demand rush ahead of the consumption tax rate increase. With the effects of the backlash gradually dissipating, a moderate rebound in economic activity followed. Even so, amid concerns over mounting crude oil and raw materials prices as well as deceleration in exports to emerging economies, the outlook remains uncertain.

In the market for mobile phone handset sales, which forms the business mainstay of the Group (the Company and its consolidated subsidiaries), sales stagnated due to the strong backlash after the demand rush at the end of the previous fiscal year. On the other hand, the mobile phone sales market has been on a recovery trend thanks to industry-wide, full-scale rollouts of new call charge plans launched by telecommunications carriers one after another beginning in the second quarter.

In this operating environment, Group sales of mobile phone handsets, etc., totaled 1.01 million units, with the percentage of smartphones just short of 70% of the total.

In the Mobile Telecommunications Business, commission income declined due to lower terminal sales but sales revenues from products and services interlinked with smartphone and tablet sales increased. Additionally, the Company promoted company-level structural reform and worked to establish the foundation for achieving full-scale operational and cost efficiency gains in the time ahead.

In the Solutions Business, income from sales of terminals to corporate customers kept at the level of the year-earlier period, but sales of fixed-line products were depressed.

At Settlement Services Business and Other Businesses, despite a lack of growth in electronic-money based merchandise sales using PIN-sales systems usable for settlement through electronic commerce (EC) and social networking service (SNS) applications, sales of gift cards remained strong, accompanied by proactive overseas business initiatives.

As a result, for the period under review, net sales totaled 126,959 million yen (-24.8% compared with the year-earlier period), with operating income of 2,531 million yen (-28.5% compared with the year-earlier period), ordinary income of 2,531 million yen (-28.1% compared with the year-earlier period), and net income of 1,328 million yen (-33.6% compared with the year-earlier period).

Results by business segment are described below.

(Mobile Telecommunications Business)

The period under review saw successive releases of new call charge plans, but plan introductions were still in a transition period without the proactive sales promotion measures implemented by telecommunications carriers in the year-earlier period, and sales stagnated amid the backlash from the demand rush at the end of the previous fiscal year. As a result, sales revenues marked 98,890 million yen (-25.3% compared with the year-earlier period). The Group has been aiming at creating frameworks for greater operating efficiency by promoting company-level structural reform. The effects of these efforts are beginning to show. However, despite earnings improvements from sales routes which the Company has been developing since the last fiscal year along with an increased emphasis on sales of peripheral merchandise surrounding smart devices, accessories, and service propositions, the gains were eclipsed by a drop in commission income from sales of terminals. As a result, operating income posted 1,744 million yen (-26.7% compared with the year-earlier period).

(Solutions Business)

The period under review marked a decline in unit sales due in part to the absence of the large-scale orders from corporate customers seen in the year-earlier period. By contrast, sales of support services for smart devices and kitting services, etc., continued to show strength, enabling income to keep at the level of the year-earlier period. Sales of fixed-line related merchandise were stagnant amid the mounting competition from mobile broadband. As a result, sales posted 6,770 million yen (-14.7% compared with the year-earlier period) with operating income of 702 million yen (-10.8% compared with the year-earlier period).

(Settlement Services Business and Other Business)

In the period under review, the merchandise structure was changed to gift cards which are accounted for according to collected commissions instead of electronic money-based merchandise which are accounted for according to the face value. Additionally, proactive investments in overseas business development in China and Singapore were implemented and expensed. As a result, sales revenues marked 21,298 million yen (-25.0% compared with the year-earlier period) with operating income of 84 million yen (-77.3% 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 110,947 million yen, which was 39.5% 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 49,982 million yen, 10,178 million yen, and 10,602 million yen. Non-current assets were 16,212 million yen, which was 0.9% lower than at the end of the previous fiscal year. This was mainly due to a 373 million yen decline in goodwill and a 208 million yen increase in investment securities.

As a result, consolidated total assets posted 127,160 million yen, which was 36.3% lower than at the end of the previous fiscal year.

(Liabilities)

Consolidated current liabilities at the end of the period under review were 84,070 million yen, which was 48.6% lower than at the end of the previous fiscal year. This was mainly due to lower trade accounts payable, short-term borrowings, and other accounts payable, which respectively decreased 46,132 million yen, 11,046 million yen, and 11,468 million yen. Non-current liabilities were 19,196 million yen, which was 54.2% higher than at the end of the previous fiscal year. This was mainly due to a 6,732 million yen increase in long-term borrowings.

As a result, consolidated total liabilities posted 103,267 million yen, which was 41.3% lower than at the end of the previous fiscal year.

(Net assets)

Consolidated net assets at the end of the period under review were 23,892 million yen, which was 0.8% higher than at the end of the previous fiscal year. This was mainly due to an increase in retained earnings from 1,328 million yen in net income for the quarter and a 1,202 million yen withdrawal from retained earnings for dividend payments.

(3) Qualitative information concerning the consolidated financial forecasts

The earnings estimates for the full year to March 2015 released on May 15, 2014, remain intact.

Three months (April - June 2014) sales represent 17.6 percent of the full-year estimate released on May 15, 2014, with percentages for operating income, ordinary income, and net income at 19.5 percent, 19.8 percent, and 18.3 percent, respectively.

2. Summary (Notes) Information

Not applicable.

3. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Millions of yen)

	FY 2014 (As of March 31, 2014)	1Q FY 2015 (As of June 30, 2014)
Assets		
Current assets		
Cash and deposits	3,490	2,302
Accounts receivable – trade	97,706	47,724
Products	45,146	34,967
Inventories	131	107
Other accounts receivable	34,874	24,271
Other current assets	1,933	1,583
Allowance for doubtful accounts	(16)	(9)
Total current assets	183,266	110,947
Fixed assets		
Tangible fixed assets	3,152	3,095
Intangible assets		
Goodwill	5,365	4,992
Others	973	1,017
Total intangible assets	6,339	6,010
Investments and other assets		
Leasehold deposits	4,319	4,273
Others	2,561	2,841
Allowance for doubtful accounts	(8)	(7)
Total investments and other assets	6,872	7,107
Total fixed assets	16,364	16,212
Total assets	199,631	127,160
Liabilities		
Current liabilities		
Accounts payable – trade	82,187	36,054
Short-term borrowings	28,566	17,520
Long-term borrowings payable within one year	12,100	4,704
Accounts payable – other	35,120	23,651
Unpaid taxes	3,286	552
Reserve of bonuses	1,427	590
Allowance for early subscription cancellations	218	172
Others	560	824
Total current liabilities	163,466	84,070
Long-term liabilities		
Long-term borrowings	10,268	17,000
Retirement benefit liabilities	389	386
Asset Retirement Obligations	1,178	1,203
Others	614	606
Total long-term liabilities	12,450	19,196
Total liabilities	175,917	103,267
Net Assets		
Shareholders' equity		
Capital stock	3,127	3,154
Capital surplus	5,613	5,640
Retained earnings	23,478	23,604
Acquisition of own stock	(8,755)	(8,755)
Total shareholders' equity	23,464	23,643
Accumulated other comprehensive income		
Net unrealized holding gain on securities	57	62
Foreign currency translation adjustment	73	54
Total accumulated other comprehensive income	130	116
Minority interests	119	132
Total net assets	23,713	23,892
Total Liabilities and Net Assets	199,631	127,160

(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 FY2014 (from April 1, 2013 to June 30, 2013)	1Q FY2015 (from April 1, 2014 to June 30, 2014)
Net Sales	168,781	126,959
Cost of Sales	153,188	112,780
Gross Profit	15,592	14,179
Selling, General and Administrative Expenses	12,051	11,647
Operating Income	3,541	2,531
Non-operating Income		
Interest income	1	0
Dividend income	2	3
Insurance income	11	17
Income from indemnity	—	23
Others	24	13
Total non-operating income	38	58
Non-operating Expenses		
Interest expenses	52	53
Others	5	4
Total non-operating expenses	58	58
Ordinary Income	3,522	2,531
Extraordinary Gains		
Gain on sales of fixed assets	0	0
Gain from disposal of golf club membership	—	6
Total extraordinary gains	0	6
Extraordinary Losses		
Loss on removal of fixed assets	2	8
Loss on revaluation of investments in securities	24	—
Total extraordinary losses	27	8
Net income before income taxes	3,494	2,529
Income Taxes – Current	993	847
Income Taxes – Deferred	500	340
Total Income Taxes	1,493	1,188
Net Income before Minority Interest	2,001	1,341
Minority Interest in Income	—	13
Net Income	2,001	1,328

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

	(Millions of yen)	
	1Q FY2014 (from April 1, 2013 to June 30, 2013)	1Q FY2015 (from April 1, 2014 to June 30, 2014)
Net Income before Minority Interest	2,001	1,341
Other Comprehensive Income		
Net unrealized holding gain on securities	(5)	5
Foreign currency translation adjustment	11	(18)
Total other comprehensive income	5	(13)
Quarterly Comprehensive Income	2,006	1,327
(Breakdown)		
Comprehensive income attributable to shareholders of the parent	2,006	1,314
Minority interest in comprehensive income for the quarter	—	13

(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)

Segment Information

I. 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)

	Mobile Telecommunications Business	Solutions Business	Settlement Services Business and Other Business	Total
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.

II. 1Q FY 2015 (from April 1, 2014 to June 30, 2014)

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

(Millions of yen)

	Mobile Telecommunications Business	Solutions Business	Settlement Services Business and Other Business	Total
Net Sales	98,890	6,770	21,298	126,959
Segment Income (Operating Income)	1,744	702	84	2,531

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.