Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (Based on J-GAAP)

May 12, 2017

Company name: T-Gaia Corp.
Listing: Tokyo Stock Exchange, First Section
Stock code: 3738
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Scheduled date of Annual General Meeting of Shareholders: June 21, 2017
Scheduled date of filing Securities Report: June 21, 2017
Scheduled commencement date of dividend payout: June 22, 2017
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, 2017 (April 1, 2016 –March 31, 2017)

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

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2017	551,592	(11.0)	14,271	(8.9)	14,284	(8.6)	9,694	2.1
FY 2016	620,074	(3.4)	15,666	9.5	15,621	10.0	9,498	22.6

(Note) Comprehensive income (million yen): FY 2017: 9,846 (2.9%) FY 2016: 9,564 (20.7%)

	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 2017	172.62	—	29.7	17.7	2.6
FY 2016	138.11	—	29.3	17.8	2.5

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 2017	75,282	29,389	39.0	526.92
FY 2016	85,930	36,018	41.7	520.80

Reference: Shareholders' equity (million yen): FY 2017: 29,364 FY 2016: 35,817

(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 2017	17,988	(2,766)	(16,611)	1,901
FY 2016	14,628	(1,882)	(11,505)	3,314

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 2016	—	26.00	—	26.00	52.00	2,897	30.1	9.9
FY 2017	—	20.50	—	22.50	43.00	2,957	31.1	9.1

3. Consolidated forecasts for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(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	565,000	2.4	15,200	6.5	15,200	6.4	10,150	4.7	182.13

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

	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 2018 (forecasts)	—	27.50	—	27.50	55.00		30.2	

Notes

(1) Changes in significant subsidiaries during the consolidated period (twelve months) under review (changes in subsidiaries accompanying change in the scope of consolidation): Yes

Additions: None (company name); exclusions: 1 company (company name) T-Gaia Shanghai Corporation

(2) Application of simplified accounting procedures and special accounting procedures

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 2017	79,074,000 shares	FY 2016	79,074,000 shares
2) Number of treasury stock at end of period	FY 2017	23,345,796 shares	FY 2016	10,300,357 shares
3) Average number of shares outstanding during the period	FY 2017	56,157,130 shares	FY 2016	68,773,649 shares

* The summary of business results is not subject to audit.

* 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 “(4) Outlook” under “1. Summary of Results of Operations” on page 5 of the Attachment to the summary of quarterly financial statement.

(Concerning financial results supplementary explanatory documents and financial results presentation)

Financial results presentation for institutional investors & analysts will be made on May 17, 2017.

Financial results supplementary explanatory documents will be posted on the English site for Investors of T-Gaia Corp. after the presentation.

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1. Summary of Results of Operations

(1) Summary of results of operations for the current fiscal year

The Japanese economy in the period under review saw employment and household incomes track a moderate recovery path, aided by the effects of public economic stimulus measures and the monetary easing measures implemented by the Bank of Japan. However, the economic outlook remains uncertain due to factors such as slowing growth in emerging economies, including in China, England exiting from the EU, and the direction of US policy under the newly inaugurated Trump administration.

The market for mobile phone handset sales, which forms the business mainstay of the Group (the Company and its consolidated subsidiaries), unit sales decreased as excessive selling competition abated in response to the effects of the "Conditions for mobile service provision and guidelines concerning mobile terminals" issued by the Ministry of Internal Affairs and Communications. Moreover, the enforcement of legislation to revise part of the Telecommunications Business Act brought new consumer protection rules that require greater discernment and attention to detail in the interaction with customers.

In this operating environment, sales of mobile handset of the Group decreased to 4.47 million units, below the level of the year-earlier period, while the percentage of smartphone and tablet sales rose above 80% of the total.

Consolidated results for the period under review marked net sales of 551,592 million yen (-11.0% compared with the year-earlier period), operating income of 14,271 million yen (-8.9% compared with the year-earlier period), and ordinary income of 14,284 million yen (-8.6% compared with the year-earlier period). Notably, including effects from the change in the corporate income tax rate, etc., net income attributable to shareholders of the parent company marked a historical high of 9,694 million yen (+2.1% compared with the year-earlier period).

Consolidated business results by segment in the period under review developed as follows.

[Mobile Telecommunications Business]

The shift in the market environment was due to abating, previously excessive, selling competition, leading to a decrease in unit sales. Tablets, by contrast, unit sales and their percentage of total unit sales was buoyed thanks to efforts at providing customers with specific usage propositions.

Additionally, the Company stepped up efforts to raise customer satisfaction through store enhancements, including store relocations and the adoption of large-store formats, and through sales staff education and training. Along with newly opened large-format stores the Company also established accessory shops and MVNO (Mobile Virtual Network Operator) shops. Moreover, the Company worked to enhance profitability and sustain operating income by advancing proposals adapted to customers' requirements and usage situations surrounding tablets and optical lines as well as smartphone-related products including accessories and by continuously strengthening the capability to offer high-added value propositions. In other areas, the Company implemented "work-style reform" for employees including steps to enhance business process efficiency and to raise employee satisfaction by introducing company-wide variable working hours system and work hour modulation, earning the Company the first prize in the working hour curtailment category of the Second White-Company Award.

As a result of these developments, sales revenues marked 465,014 million yen (-10.8% compared with the year-earlier period) and operating income of 11,080 million yen (-5.4% compared with the year-earlier period).

[Solutions Business]

In mobile solutions for corporate users, large demand for terminals was scant compared with the year-earlier period, resulting in lower unit sales. Even so, sales and earnings proved resilient thanks to efforts at strengthening propositions for corporate users surrounding smart-device introductions and usage assistance as well as support offerings such as helpdesk services and kitting services. Moreover, the mobile solutions business continued to work to expand its diverse solution service line-up, including solution services catering to individual industries.

Fixed-lined related merchandise saw sales and earnings plunge compared with the year-earlier period as FLET'S transitioned to a wholesale model and with the business model entering a period of transformation. The division has steadily expanded its sales network for its own-brand optical access service "TGhikari" by strengthening sales and sub-wholesales to partnering vendors and has been making forward-looking investments such as upgrading service content and support frameworks.

As a result of these developments, sales revenues marked 22,222 million yen (-13.3% compared with the year-earlier period) and operating income of 1,850 million yen (-21.5% compared with the year-earlier period).

[Settlement Services Business and Other Business]

Settlement service business in Japan saw the merchandise composition continue changing from electronic money based merchandise (with face value amounts equaling sales revenue) to gift cards (with received commissions as the sole revenue source). While divisional revenues declined as a result, sales of gift card have been favorable. Notably, the absence of effects from one-off income recognized in the year-earlier period reflected in a revenue decrease.

In settlement service businesses overseas, the Company divested in December 2016 the entire equity holdings in former consolidated subsidiary T-Gaia Shanghai Corporation. Singapore-based settlement service businesses have been developing favorably.

As a result, sales revenues marked 64,355 million yen (-12.1% compared with the year-earlier period) and operating income of 1,340 million yen (-15.8% compared with the year-earlier period).

(2) Summary of financial position for the current fiscal year

(Assets)

Consolidated current assets at the end of the period under review totaled 61,641 million yen, which was 10,635 million yen lower than at the end of the previous fiscal year. This was mainly due to 1,412 million yen lower cash and deposits, 6,144 million yen lower accounts receivable-trade, 1,723 million yen lower merchandise, and a 1,039 million yen lower accounts receivable-other. Non-current assets totaled 13,641 million yen, which was 11 million yen lower than at the end of the previous fiscal year. This was mainly due to 662 million yen lower goodwill, 316 million yen higher investment securities, and 231 million yen higher lease deposits.

As a result, total assets totaled 75,282 million yen, which was 10,647 million yen lower than at the end of the previous fiscal year.

(Liabilities)

Consolidated current liabilities at the end of the period under review totaled 34,446 million yen, which was 1,491 million yen higher than at the end of the previous fiscal year. This was mainly due to 7,329 million yen higher short-term bank borrowings, 2,625 million yen lower long-term bank borrowings payable within one year, 2,077 million yen lower accounts payable-other, and 1,270 million yen lower income taxes payable. Non-current liabilities totaled 11,446 million yen, which was 5,509 million yen lower than at the end of the previous fiscal year. This was mainly due to 5,503 million yen lower long-term bank borrowings.

As a result, total liabilities totaled 45,892 million yen, which was 4,018 million yen lower than at the end of the previous fiscal year.

(Net assets)

Consolidated net assets at the end of the period under review totaled 29,389 million yen, which was 6,629 million yen lower than at the end of the previous fiscal year. Main factors comprised 462 million yen lower capital surplus due to the acquisition of an additional equity stake in a subsidiary, the of 9,694 million yen in net income attributable to shareholders of the parent company for the period, a 2,996 million yen deduction from retained earnings, and a 12,771 million yen acquisition of treasury stock.

As a result, the equity ratio decreased to 39.0% (It was 41.7% at the end of the previous fiscal year).

(3) Summary of cash flows for the current fiscal year

Consolidated cash and cash equivalents ("Cash") at the end of the period under review were 1,901 million yen, which is 1,412 million yen lower 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 17,988 million yen (+23.0% compared with the year-earlier period). This was mainly due to 14,302 million yen recognized in income before income taxes, a 6,124 million yen decline in accounts receivable, a 1.692 million yen decline in inventories, and 5,766 million yen in expenditure for income tax payments.

(Cash flows from investing activities)

Cash flows used in investing activities totaled 2,766 million yen (+47.0% compared with the year-earlier period). This was mainly due to an expenditure of 1,274 million yen for the acquisition of property, plant, and equipment, an expenditure of 410 million yen for the payment of leasehold deposits, an expenditure of 640 million yen for the acquisition of shares of subsidiaries, an expenditure of 503 million yen for the acquisition of software, and proceeds of 133 million yen from the return of leasehold deposits.

(Cash flows from financing activities)

Cash flows used in financing activities totaled 16,611 million yen (+44.4% compared with the year-earlier period). Main factors were a 7,350 million yen net increase in short-term borrowings, a 8,128 million yen repayment of long-term borrowings, 2,995 million yen in expenditure for the payment of dividends, and an expenditure of 2,771 million yen for the acquisition of treasury stock.

(Reference) Consolidated cash flow indicators

	FY 2013 (consolidated)	FY 2014 (consolidated)	FY 2015 (consolidated)	FY 2016 (consolidated)	FY 2017 (consolidated)
Shareholders' equity ratio (%)	24.7	22.6	32.3	41.7	39.0
Shareholders' equity ratio based on market prices (%)	76.3	61.2	121.3	104.3	141.8
Interest-bearing debt to cash flow ratio (%)	2,056.7	256.8	148.7	163.2	128.3
Interest coverage ratio (times)	11.5	98.8	124.2	111.0	262.6

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
(Note 1) Numbers stated in the consolidated financial statements are used in all cases.
(Note 2) Market capitalization has been calculated based on the number of shares issued and outstanding at the end of the fiscal year after deduction of treasury shares.
(Note 3) Cash flow is taken from the statement of cash flows.
(Note 4) Interest-bearing debt includes all the liabilities carried on the consolidated balance sheets that incur interest.

(4) Outlook

The outlook for the Japanese economy going forward is for favorable business conditions, as environments for employment and household income keep improving and aided by the effects of the government's economic policies. In this setting, the market for mobile phone handset sales will likely see further efforts to normalize conditions surrounding smartphone sales and charge services. Moreover, the diffusion of telecommunications carrier sub-brands and the proliferation of MVNO are expected to continue, inviting a widening of merchandise and service offerings at stores, including offerings unrelated to telecommunications, marking a major transition phase. With telecommunications carriers' policies and charge plans also expected to change, the business environment surrounding the Company will likely keep changing too.

In the Mobile Telecommunications Business, expectations are for stable demand to continue for smartphones and tablets as well as solid sales of merchandise related to smart devices such as accessories and contents. Moreover, comprehensive added-value propositions becoming mainstream (i.e., combinations of diverse products and services, such as mobile services intertwined with optical line telecommunications services and electric power lines) raise the urgency of strategic investments to expand store functions and enhance customer satisfactions. At the same time, hoped-for sales launches of attractive new models are seen to connect to rising unit sales and higher unit prices, including telecommunication carriers' sub-brands and MVNO.

In the Solutions Business, expectations are for more corporate users to introduce smart devices. In addition to industry-specific solution services, the division expects to see growing demand for support offerings such as kitting services and helpdesk services. Meanwhile, products related to fixed-line telecommunications have been seeing a steady shift from conventional optical line services such as FTTH to optical line collaboration models, raising prospects for sales to remain firm.

In the Settlement Service Business, expectations are for rising settlement amounts driven by smartphone usage in the light of the growth in internet shopping and diverse digital contents including music and electronic publications. Novel settlement tools such as digitals codes, etc., will likely increase and the prepaid settlement market is seen to keep expanding. In other areas, such as convenience stores, existing sales routes have been subject to ongoing reorganization, causing the division to work on expanding into new sales routes and products.

In this environment, the Company has been strengthening sales of new iPhone models along with tablets and MVNO related sales, promoted security supporting products for the safe usage of smart devices, and in this way has been working to enhance earning power. At the same time, the Company has been aiming to increase the number of corporate customers to offer a full range of solutions services and proprietary services while accelerating investment in new store openings and human resources.

Based on these operating conditions, consolidated results projections for the fiscal year ending March 31, 2018 call for sales of 565,000 million yen (+2.4% compared with the year-earlier period), operating income of 15,200 million yen (+6.5% year-on-year), and ordinary income of 15,200 million yen (+6.4% compared with the year-earlier period), with 10,150 million yen (+4.7% compared with the year-earlier period) in net income attributable to shareholders of the parent company.

(5) 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.

In accordance with the initial dividend projection at the start of the term, for the period under review the Company plans to pay a year-end dividend of 26.00 yen per share. The annual dividend, including an interim dividend of 26.00 paid last December, is projected at 52.00 yen per share (reflecting an increase of 9.00 yen per share compared with the year-earlier period).

For the next fiscal year, comprehensively taking into account the Company's results projections and dividend basic policies, it is planned to raise the annual per-share dividend to 55.00 yen (comprised of an interim dividend and a term-end dividend of 27.50 yen each).

Notably, in April 2016, the Company acquired 13,045,400 shares of own stock for an outlay of 12,771 million.

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.

2. 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.

3. Consolidated Financial Statements and Essential Notes

(1) Consolidated Balance Sheets

(Million yen)

	Consolidated Fiscal Year 2016 (As of March 31, 2016)	Consolidated Fiscal Year 2017 (As of March 31, 2017)
Assets		
Current assets		
Cash on hand and in banks	3,314	1,901
Accounts receivable – trade	(Note 1) 19,012	(Note 1) 12,867
Products	35,942	34,218
Stored products	65	80
Deferred tax assets	1,337	1,263
Accounts receivable – other	(Note 1) 11,438	(Note 1) 10,399
Other current assets	1,169	913
Allowance for doubtful accounts	(4)	(4)
Total current assets	72,276	61,641
Fixed assets		
Fixed tangible assets		
Buildings and structures	7,070	7,394
Accumulated depreciation	(Note 2) (5,141)	(Note 2) (5,433)
Buildings and structures (Net)	1,928	1,961
Transport vehicles and equipments	15	7
Accumulated depreciation	(Note 2) (13)	(Note 2) (5)
Transport vehicles and equipments (Net)	1	1
Furniture and fixtures	4,313	4,459
Accumulated depreciation	(Note 2) (3,405)	(Note 2) (3,477)
Furniture and fixtures (Net)	908	981
Land	353	353
Construction in progress	20	23
Total tangible fixed assets	3,212	3,321
Non-tangible fixed assets		
Goodwill	2,510	1,847
Telephone rights	16	16
Land leasehold	26	9
Software	1,108	(Note 2) 1,149
Software suspension account	15	57
Others	1	0
Total non-tangible fixed assets	3,678	3,081
Investment and other assets		
Investment securities	(Note 3) 603	(Note 3) 919
Deferred tax assets	1,563	1,352
Leasehold deposits	4,111	4,342
Others	488	640
Allowance for doubtful accounts	(5)	(17)
Total investments and other assets	6,762	7,238
Total fixed assets	13,653	13,641
Total assets	85,930	75,282

(Million yen)

	Consolidated Fiscal Year 2016 (As of March 31, 2016)	Consolidated Fiscal Year 2017 (As of March 31, 2017)
Liabilities		
Current liabilities		
Accounts payable – trade	(Note 1) 7,803	(Note 1) 7,915
Short-term borrowings	1,002	8,332
Long-term borrowings payable within one year	8,128	5,503
Accounts payable – other	(Note 1) 10,523	(Note 1) 8,446
Unpaid taxes	3,116	1,845
Reserve of bonuses	1,696	1,747
Allowance for early subscription cancellations	179	164
Other current liabilities	505	491
Total current liabilities	32,955	34,446
Long-term liabilities		
Long-term borrowings	14,747	9,244
Liabilities relating to retirement benefits	384	374
Asset retirement obligations	1,308	1,388
Others	515	439
Total long-term liabilities	16,956	11,446
Total liabilities	49,911	45,892
Net Assets		
Shareholders’ equity		
Common stock	3,154	3,154
Capital surplus	5,640	5,177
Retained earnings	35,534	42,232
Treasury stock	(8,755)	(21,526)
Total shareholders’ equity	35,573	29,037
Accumulated other comprehensive income		
Net unrealized holding gain on securities	110	321
Foreign currency translation adjustment	133	6
Total accumulated other comprehensive income	243	327
Non-controlling shareholder interest	201	24
Total net assets	36,018	29,389
Total Liabilities and Net Assets	85,930	75,282

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

(Million yen)

	Consolidated Fiscal Year 2016 (from April 1, 2015 to March 31, 2016)	Consolidated Fiscal Year 2017 (from April 1, 2016 to March 31, 2017)
Net Sales	620,074	551,592
Cost of Goods Sold	556,693	489,854
Total Income from Sales	63,381	61,738
Selling, General and Administrative Expenses	(Note 1) 47,714	(Note 1) 47,467
Operating Income	15,666	14,271
Non-Operating Income		
Interest income	1	1
Dividend income	3	5
Equity in earnings of affiliates	—	26
Insurance reimbursement	28	20
Gain on donation of noncurrent assets	8	10
Others	58	40
Total non-operating income	101	105
Non-Operating Expenses		
Interest expenses	127	66
Store lease termination penalties	4	14
Others	14	10
Total non-operating expenses	146	92
Ordinary Income	15,621	14,284
Extraordinary Gains		
Gain on sales of fixed assets	(Note 2) 4	(Note 2) 3
Gain on sales of investment securities	—	118
Gain on sales of shares of subsidiaries	—	41
Total extraordinary gains	4	163
Extraordinary Losses		
Loss on sales of fixed assets	(Note 3) 0	(Note 3) 0
Loss on removal of fixed assets	(Note 4) 39	(Note 4) 68
Impairment losses	(Note 5) 61	(Note 5) 76
Golf club membership valuation loss	4	—
Loss on revaluation of investments in securities	184	—
Total extraordinary losses	289	145
Income before Taxes	15,336	14,302
Income Taxes – Current	5,714	4,348
Income Taxes – Deferred	56	191
Total Income Taxes	5,771	4,539
Net Income	9,564	9,762
Net Income Attributable to Non-controlling Shareholders	65	68
Net Income Attributable to Shareholders of the Parent Company	9,498	9,694

(Consolidated Statements of Comprehensive Income)

(Million yen)

	Consolidated Fiscal Year 2016 (from April 1, 2015 to March 31, 2016)	Consolidated Fiscal Year 2017 (from April 1, 2016 to March 31, 2017)
Net Income	9,564	9,762
Other Comprehensive Income		
Net unrealized holding gain on securities	16	210
Foreign currency translation adjustment	(17)	(127)
Total other comprehensive income	(Note) (0)	(Note) 83
Comprehensive Income	9,564	9,846
(Breakdown)		
Comprehensive income attributable to shareholders of the parent	9,498	9,778
6Comprehensive income attributable to non-controlling shareholders	65	68

(3) Consolidated Statements of Changes in Shareholders' Equity

Consolidated Fiscal Year 2016 (from April 1, 2015 to March 31, 2016)

(Million yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury Stock	Total shareholders' equity
Balance at beginning of current year	3,154	5,640	28,820	(8,755)	28,860
Changes during the year					
Dividend of surplus			(2,785)		(2,785)
Net income attributable to shareholders of the parent company			9,498		9,498
Change of scope of consolidation					
Acquisition of treasury stock				(0)	(0)
Changes of items other than shareholders' equity during the year (Net)					
Total changes during the year	—	—	6,713	(0)	6,713
Balance at end of the year	3,154	5,640	35,534	(8,755)	35,573

	Accumulated Other Comprehensive Income			Equity of non-controlling shareholders	Total Net Assets
	Net unrealized holding gain on securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current year	93	150	244	181	29,286
Changes during the year					
Dividend of surplus					(2,785)
Net income attributable to shareholders of the parent company					9,498
Change of scope of consolidation				16	16
Acquisition of treasury stock					(0)
Changes of items other than shareholders' equity during the year (Net)	16	(17)	(0)	3	3
Total changes during the year	16	(17)	(0)	19	6,732
Balance at end of the year	110	133	243	201	36,018

Consolidated Fiscal Year 2017 (from April 1, 2016 to March 31, 2017)

(Million yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury Stock	Total shareholders' equity
Balance at beginning of current year	3,154	5,640	35,534	(8,755)	35,573
Changes during the year					
Dividend of surplus			(2,996)		(2,996)
Net income attributable to shareholders of the parent company			9,694		9,694
Acquisition of treasury stock					(12,771)
Change in the equity stake of the parent company through transactions with non-controlling shareholders		(462)		(12,771)	(462)
Changes of items other than shareholders' equity during the year (Net)					
Total changes during the year	—	(462)	6,697	(12,771)	(6,536)
Balance at end of the year	3,154	5,177	42,232	(21,526)	29,037

	Accumulated Other Comprehensive Income			Equity of non-controlling shareholders	Total Net Assets
	Net unrealized holding gain on securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current year	110	133	243	201	36,018
Changes during the year					
Dividend of surplus					(2,996)
Net income attributable to shareholders of the parent company					9,694
Acquisition of treasury stock					(12,771)
Change in the equity stake of the parent company through transactions with non-controlling shareholders				(177)	(640)
Changes of items other than shareholders' equity during the year (Net)	210	(127)	83	1	84
Total changes during the year	210	(127)	83	(176)	(6,629)
Balance at end of the year	321	6	327	24	29,389

(4) Consolidated Statements of Cash Flows

(Million yen)

	Consolidated Fiscal Year 2016 (from April 1, 2015 to March 31, 2016)	Consolidated Fiscal Year 2017 (from April 1, 2016 to March 31, 2017)
Cash Flows from Operating Activities		
Income before income taxes and other adjustments	15,336	14,302
Depreciation	1,524	1,583
Impairment losses	61	76
Amortization of goodwill	1,191	662
Increase (decrease) in allowance for doubtful accounts	(8)	12
Increase (decrease) in reserve for employees' bonuses	18	51
Increase (decrease) in allowance for early subscription cancellations	7	(15)
Increase (decrease) in liabilities relating to retirement benefits	(16)	(10)
Interest and dividend income	(5)	(7)
Interest expenses	127	66
Loss (gain) on sales of shares of subsidiaries	—	(41)
Equity in losses (earnings) of affiliates	—	(26)
Loss (gain) on sale of investment securities	—	(118)
Loss (gain) on sales of fixed assets	(4)	(3)
Loss on removal of fixed assets	39	68
Loss (gain) on valuation of investment securities	184	—
Golf club membership valuation loss	4	—
Decrease (increase) in accounts receivable	3,604	6,124
Decrease (increase) in accounts receivable – other	(817)	1,039
Decrease (increase) in inventories	1,674	1,692
Increase (decrease) in accounts payable	(2,499)	126
Change in other accounts payable	407	(2,041)
Others	(239)	264
Subtotal	20,589	23,809
Interests and dividends received	5	14
Interests paid	(131)	(68)
Income taxes paid	(5,834)	(5,766)
Net cash provided by operating activities	14,628	17,988
Cash Flows from Investing Activities		
Payment for purchase of property, plant and equipment	(1,221)	(1,274)
Proceeds from sales of property, plant and equipment	5	3
Payment for purchase of software	(500)	(503)
Payment for purchase of investment securities	(308)	(9)
Proceeds from sales of investments in securities	—	126
Payment for purchase of shares of subsidiaries	—	(640)
Proceeds from sales of shares of subsidiaries associated with a change in the scope of the consolidation	—	19
Payment for loans receivable	(5)	(5)
Proceeds from collection of loans receivable	5	5
Payment for leasehold deposits	(152)	(410)
Proceeds from return of leasehold deposits	355	133
Others	(60)	(212)
Net cash used in investing activities	(1,882)	(2,766)
Cash Flows from Financing Activities		
Increase (decrease) in short term loans payable	(13,405)	7,350
Proceeds from long-term borrowings	18,500	—
Decrease in long-term borrowings	(13,768)	(8,128)
Income from capital paid in by non-controlling shareholders	16	—
Cash dividends paid	(2,786)	(2,995)
Dividends paid to non-controlling shareholders	(62)	(67)
Payments for purchase of treasury stock	(0)	(12,771)
Net cash used in financing activities	(11,505)	(16,611)
Effect of exchange rate changes on Cash and Cash Equivalents	(12)	(22)
Increase (Decrease) in Cash and Cash Equivalents	1,228	(1,412)
Cash and Cash Equivalents at Beginning of Period	2,085	3,314
Cash and Cash Equivalents at End of Period	(Note) 3,314	(Note) 1,901

(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.
WAM!NET Japan K.K.

During the period under review, the Company divested its entire equity stake in T-Gaia (Shanghai) Corporation, which was removed from the scope of the consolidation as a result.

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

There are no non-consolidated subsidiaries to report.

2. Application of Equity Method

Number of companies accounted for under the equity method: 1
Company name: SRJ Co., Ltd.

3. Accounting Period of Consolidated Subsidiaries

Consolidated subsidiaries include foreign entities with account settlement date on December 31. In the preparation of the consolidated financial statements, the financial statements as of that account settlement date are used. However, important transactions that arise in the interim until the consolidated account settlement date are subject to adjustments necessary for the purposes of the consolidation.

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

Property, plant, and equipment are depreciated according to the straight line method and the declining balance method. Buildings, accompanying structures, and furniture and fixtures of directly-managed shops are depreciated using the straight line method over a 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

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.

(6) Method and period of Amortization for Goodwill

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

(7) 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.

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

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 the Method of Presentation)

(Consolidated Statements of Income)

"Gain on donation of noncurrent assets," which was in the previous fiscal year included in "Others" of "Non-operating income," exceeded in the period under review 10% of total "Non-operating income" and beginning with the period under review is therefore stated under a separate account title. Prior-year consolidated financial statements have been reclassified in order to reflect this change in the method of presentation.

As a result, 64 million yen stated in the consolidated statement of income for the previous fiscal year in "Others" of "Non-operating income" has been reclassified as 8 million yen in " Gain on donation of noncurrent assets" and 56 million yen in "Others."

"Store lease termination penalties", which was in the previous fiscal year included in "Others" of "Non-operating expenses" exceeded in the period under review 10% of total "Non-operating expenses" and beginning with the period under review is therefore stated under a separate account title. Prior-year consolidated financial statements have been reclassified in order to reflect this change in the method of presentation.

As a result, 19 million yen stated in the consolidated statement of income for the previous fiscal year in "Others" of "Non-operating expenses" has been reclassified as 4 million yen in "Store lease termination penalties" and 14 million yen in "Others."

"Income from damage compensation" of “Non-operating income,” which was in the previous fiscal year stated under a separate account title was in the period under review less than 10% of total "Non-operating income" and is therefore in the period under review included in "Others" of "Non-operating income." Prior-year consolidated financial statements have been reclassified in order to reflect this change in the method of presentation.

As a result, 2 million yen stated in the consolidated statement of income for the previous fiscal year in "Income from damage compensation" in "Non-operating income" has been reclassified as "Others."

(Supplementary Information)

(Application of the Application Guideline concerning the Recoverability of Deferred Tax Assets)

Beginning with the period under review, the Company applies the "Application Guideline concerning the Recoverability of Deferred Tax Assets" (Business Accounting Standard Application Guideline No. 26, March 28, 2016).

(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" 64,139 million yen, "Account receivable - other" 30,960 million yen, "Account payable - trade" 58,557 million yen, and "Accounts payable - other" 29,636 million yen. Amounts at the end of the previous fiscal year prior to set-off were as follows: "Accounts receivable - trade" 68,243 million yen, "Account receivable - other" 34,864 million yen; "Account payable - trade" 56,445 million yen, and "Accounts payable - other" 34,538 million yen.

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

*3) The following items concern affiliated companies.

	Consolidated Fiscal Year 2016 (As of March 31, 2016)	Consolidated Fiscal Year 2017 (As of March 31, 2017)
Investment securities (stock)	315 million yen	334 million yen

4) 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 2016 (As of March 31, 2016)	Consolidated Fiscal Year 2017 (As of March 31, 2017)
Current account overdraft	1,500 million yen	1,500 million yen
Credit used	—	—
Credit available	1,500 million yen	1,500 million yen

5) Contingent Liabilities

InComm Japan Co., Ltd. (Head office: Shinjuku-ku, Tokyo; Representative director and president: Takuma Arai, in the following, "InComm Japan"), a supplier of merchandise to the gift card business of the Company, on August 3, 2012, initiated court action against the Company seeking an order to compel the Company to terminate the sales of and recover certain specified merchandise and to pay damages to InComm Japan in the amount of 680 million yen. In connection with this litigation, the Tokyo District Court in its ruling of September 28, 2016, ordered the Company to pay 174 million yen in compensation for damages while dismissing the other claims of the claimant.

The Company and InComm Japan filed appeals with the Tokyo High Court on grounds of the said ruling being faulty. InComm Japan on December 21, 2016, submitted a filing to the Tokyo High Court asking for the claimed indemnification amount for damages to be changed to 968 million yen.

In its ruling of April 26, 2017, the Tokyo High Court ordered the Company to pay 67 million yen in indemnification while dismissing the other claims of InComm Japan.

On April 28, 2017, the Company paid in accordance with the said court ruling to InComm Japan 67 million yen in indemnification and 11 million yen in late fees on the said indemnification amount.

(Consolidated Statements of Income)

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

	Consolidated Fiscal Year 2016 (from April 1, 2015 to March 31, 2016)	Consolidated Fiscal Year 2017 (from April 1, 2016 to March 31, 2017)
Directors remuneration	207 million yen	247 million yen
Employees' wages	8,708 million yen	8,986 million yen
Temporary staff wages	9,118 million yen	7,812 million yen
Provision of reserves for employees' bonuses	1,677 million yen	1,729 million yen
Dispatched staff wages	3,618 million yen	4,818 million yen
Transportation	324 million yen	324 million yen
Other selling amount	4,512 million yen	3,883 million yen
Rent expenses	4,464 million yen	4,631 million yen
Depreciation expenses	1,392 million yen	1,454 million yen
Amortization of goodwill	1,191 million yen	662 million yen
Outsourcing expenses	691 million yen	681 million yen
Provision of allowance for doubtful accounts	—	12 million yen
Others	11,807 million yen	12,222 million yen

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

	Consolidated Fiscal Year 2016 (from April 1, 2015 to March 31, 2016)	Consolidated Fiscal Year 2017 (from April 1, 2016 to March 31, 2017)
Buildings and structures	3 million yen	1 million yen
Motor vehicles and transport equipment	0 million yen	0 million yen
Furniture and fixtures	0 million yen	1 million yen
Total	4 million yen	3 million yen

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

	Consolidated Fiscal Year 2016 (from April 1, 2015 to March 31, 2016)	Consolidated Fiscal Year 2017 (from April 1, 2016 to March 31, 2017)
Buildings and structures	—	0 million yen
Furniture and fixtures	0 million yen	0 million yen
Total	0 million yen	0 million yen

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

	Consolidated Fiscal Year 2016 (from April 1, 2015 to March 31, 2016)	Consolidated Fiscal Year 2017 (from April 1, 2016 to March 31, 2017)
Buildings and structures	30 million yen	35 million yen
Motor vehicles and transport equipment	—	0 million yen
Furniture and fixtures	7 million yen	6 million yen
Software	0 million yen	12 million yen
Land leasehold	—	14 million yen
Total	39 million yen	68 million yen

*5) Impairment losses

The Group groups its stores as minimum cash-generating units, and common assets at the branch offices and store level.
Directly-managed stores, branches, and operating sites that continuously generate negative operating cash flows are reviewed for necessary asset impairment recognition and have their book values written down to recoverable amounts. Corresponding write-down amounts are recognized on accounts as impairment losses.
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.
The Group recognized impairment losses on the following group of assets

Consolidated Fiscal Year 2016 (from April 1, 2015 to March 31, 2016)

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

Impairment losses of 61 million yen (52 million yen on buildings and structures and 8 million yen on furniture and fixtures) were recognized in extraordinary losses.

Consolidated Fiscal Year 2017 (from April 1, 2016 to March 31, 2017)

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

Impairment losses of 76 million yen (64 million yen on buildings and structures, 11 million yen on furniture and fixtures, and 0 million yen on software) were recognized in extraordinary losses.

(Consolidated Statements of Comprehensive Income)

*Other comprehensive income related reclassification adjustments and their tax effect

	Consolidated Fiscal Year 2016 (from April 1, 2015 to March 31, 2016)	Consolidated Fiscal Year 2017 (from April 1, 2016 to March 31, 2017)
Net unrealized holding gain on securities:		
Generated during the fiscal year under review	20 million yen	276 million yen
Reclassification adjustment	—	—
Before tax adjustments	20 million yen	304 million yen
Tax effect	(3 million yen)	(93 million yen)
Net unrealized holding gain on securities	16 million yen	210 million yen
Foreign currency translation adjustment:		
Generated during the fiscal year under review	(17 million yen)	(127 million yen)
Reclassification adjustment	—	—
Before tax adjustments	(17 million yen)	(127 million yen)
Tax effect	—	—
Foreign currency translation adjustment	(17 million yen)	(127 million yen)
Total of other comprehensive income	(0 million yen)	83 million yen

(Consolidated Statements of Changes in Shareholders' Equity)

Consolidated Fiscal Year 2016 (from April 1, 2015 to March 31, 2016)

1. Type and number of outstanding shares and treasury stock

	Number of shares as of April 1, 2015 (shares)	Increase during consolidated period under review (shares)	Decrease during consolidated period under review (shares)	Number of shares as of March 31, 2016 (shares)
Outstanding shares				
Common shares	79,074,000	—	—	79,074,000
Total	79,074,000	—	—	79,074,000
Treasury stock (Note)				
Common shares	10,300,336	21	—	10,300,357
Total	10,300,336	21	—	10,330,357

Note: An increase of 21 shares in the number of treasury stock resulted from the buy-back of odd-lot 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, 2015	Common shares	1,375	20.00	March 31, 2015	June 22, 2015
Board of Directors meeting on November 12, 2015	Common shares	1,409	20.50	September 30, 2015	December 8, 2015

(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 22, 2016	Common shares	1,547	Retained earnings	22.50	March 31, 2016	June 23, 2016

Consolidated Fiscal Year 2017 (from April 1, 2016 to March 31, 2017)

1. Type and number of outstanding shares and treasury stock

	Number of shares as of April 1, 2016 (shares)	Increase during consolidated period under review (shares)	Decrease during consolidated period under review (shares)	Number of shares as of March 31, 2017 (shares)
Outstanding shares				
Common shares	79,074,000	—	—	79,074,000
Total	79,074,000	—	—	79,074,000
Treasury stock				
Common shares (Note)	10,300,357	13,045,439	—	23,345,796
Total	10,300,357	13,045,439	—	23,345,796

Note: An increase of 13,045,439 shares in the number of treasury shares resulted from 13,045,400 shares acquired by public tender to purchase own stock pursuant to such resolution of the board of directors and 39 shares acquired by the Company as odd-lot share repurchase from shareholders.

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 22, 2016	Common shares	1,547	22.50	March 31, 2016	June 23, 2016
Board of Directors meeting on November 8, 2016	Common shares	1,448	26.00	September 30, 2016	December 9, 2016

(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 22, 2017	Common shares	1,448	Retained earnings	26.00	March 31, 2017	June 22, 2017

(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 2016 (from April 1, 2015 to March 31, 2016)	Consolidated Fiscal Year 2017 (from April 1, 2016 to March 31, 2017)
Cash on hand and in banks	3,314 million yen	1,901 million yen
Cash and cash equivalents	3,314 million yen	1,901 million yen

(Business Combinations)

（**Transactions under common control**）

Acquisition of additional shares of a subsidiary

(1) Summary of the transaction

1) Name and business line of the party subject to business combination

Name of the party subject to business combination	WAM!NET Japan K.K. ("WAM!NET Japan")
Business lines	Provision of digital-contents network management services; development and marketing of facsimile software

2) Date of the business combination

February 28, 2017

3) Legal form of the business combination

Acquisition of shares from non-controlling shareholders for a cash consideration

4) Name of the party after the business combination

Unchanged.

5) Other matters concerning the transaction summary

The additionally acquired shares represent 34.0% of voting rights.

The acquisition of shares raises the percentage of voting rights held in WAM!NET Japan from 63.5% to 97.5%.

The acquisition of additional shares occurred in order to increase synergy effects by enabling deeper management integration.

(2) Summary of the accounting treatment implemented

The acquisition is treated as a transaction with non-controlling shareholders with regard to transactions under common control pursuant to the "Accounting Standard for Business Combinations" (Business Accounting Standard No. 21; September 13, 2013) and the “Application Guidelines for the Accounting Standard for Business Combinations and the Accounting Standard for Business Divestitures” (Business Accounting Standard Application Guideline No. 10; September 13, 2013).

(3) Matters concerning the acquisition of additional shares of a subsidiary

Breakdown of the acquisition cost and the consideration paid per class of shares

Consideration paid for the acquisition	640 million yen
Acquisition cost	640 million yen

(4) Matters concerning changes in the equity of the Company in connection with the transaction with non-controlling shareholders

1) Main factors of a change in retained earnings

Acquisition of additional shares of a subsidiary

2) Amount of reduction in retained earnings due to the transaction with non-controlling shareholders

462 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 the business of contract intermediation and sales of mobile phone handsets and solutions services for corporate customers as well as contract intermediation and provider operations for fixed-line telecommunications such as FTTH for corporations and consumers. The Settlement Services Business engages in the business of selling through the major convenience store chains nationwide in Japan electronic money-related products and gift cards using PIN sales systems. The division maintains also overseas operations.

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.

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

Consolidated Fiscal Year 2016 (from April 1, 2015 to March 31, 2016)

(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	521,221	25,618	73,234	—	620,074
Segment income (Operating income)	11,718	2,357	1,591	—	15,666
Segment assets	34,449	1,157	2,846	47,477	85,930
Other Items					
Depreciation (Note 2)	1,243	226	53	—	1,524
Amortization of goodwill	1,090	101	—	—	1,191

Note 1: The 47,477 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.

Consolidated Fiscal Year 2017 (from April 1, 2016 to March 31, 2017)

(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	465,014	22,222	64,355	—	551,592
Segment income (Operating income)	11,080	1,850	1,340	—	14,271
Segment assets	32,944	1,002	2,119	39,215	75,282
Other Items					
Depreciation (Note 2)	1,282	254	46	—	1,583
Amortization of goodwill	561	101	—	—	662

Note 1: The 39,215 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. With respect to the "Settlement Services Business and Other Businesses," dated December 31, 2016, the Company divested its entire equity interest in the former consolidated subsidiary T-Gaia (Shanghai) Corporation. The said entity has therefore been removed from the consolidation beginning with the period under review.

Related information

Consolidated Fiscal Year 2016 (from April 1, 2015 to March 31, 2016)

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	521,221	25,618	73,234	620,074

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	97,168	Mobile Telecommunications Business, Solutions Business
NTT DOCOMO, Inc.	59,472	Mobile Telecommunications Business, Solutions Business

Consolidated Fiscal Year 2017 (from April 1, 2016 to March 31, 2017)

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	465,014	22,222	64,355	551,592

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	77,062	Mobile Telecommunications Business, Solutions Business
NTT DOCOMO, Inc.	53,075	Mobile Telecommunications Business, Solutions Business

Information by reportable segment on impairment losses on fixed asset

Consolidated Fiscal Year 2016 (from April 1, 2015 to March 31, 2016)

(Million yen)

	Mobile Telecommunications Business	Solution Business	Settlement Services Business and Other Business	Total
Impairment losses	61	—	—	61

(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 2017 (from April 1, 2016 to March 31, 2017)

(Million yen)

	Mobile Telecommunications Business	Solution Business	Settlement Services Business and Other Business	Total
Impairment losses	76	—	—	76

(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 2016 (from April 1, 2015 to March 31, 2016)

(Million yen)

	Mobile Telecommunications Business	Solution Business	Settlement Services Business and Other Business	Total
Amount amortized in the term under review	1,090	101	—	1,191
Balance at the end of the term under review	1,700	809	—	2,510

Consolidated Fiscal Year 2017 (from April 1, 2016 to March 31, 2017)

(Million yen)

	Mobile Telecommunications Business	Solution Business	Settlement Services Business and Other Business	Total
Amount amortized in the term under review	561	101	—	662
Balance at the end of the term under review	1,139	708	—	1,847

Information concerning gains from negative goodwill by reported segment

Not applicable.

(Per Share Information)

(Yen)

	Consolidated Fiscal Year 2016 (from April 1, 2015 to March 31, 2016)	Consolidated Fiscal Year 2017 (from April 1, 2016 to March 31, 2017)
Net assets per share	520.80	526.92
Amount of net income per share	138.11	172.62

Note 1: Information on diluted earnings per share has been omitted as no dilutive shares are in existence.

2: The basis of calculation of net income per share is shown below.

	Consolidated Fiscal Year 2016 (from April 1, 2015 to March 31, 2016)	Consolidated Fiscal Year 2017 (from April 1, 2016 to March 31, 2017)
Net income attributable to shareholders of the parent company (million yen)	9,498	9,694
Net income not available to common shareholders (million yen)	—	—
Net income attributable to common shareholders of the parent company (million yen)	9,498	9,694
Average number of shares during the term (shares)	68,773,649	56,157,130

(Subsequent Events)

Not applicable.

4. Others

Transfers of directors

In regard to changes in directors, please refer to the "Announcement Regarding Transfer of Directors and Changes in Organization" released on February 23, 2017.