Non-consolidated Financial Results
for the Fiscal Year Ended March 31, 2015 [Japanese GAAP]

April 30, 2015

Company name:	CONEXIO Corporation	Stock exchange listing:		Tokyo Stock Exchange	
Stock code:	9422	URL:	http://www.conexio.co.jp/index.html		
Representative:	(Title) President	(Name)	Hiroo Inoue		
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Scheduled date of annual general meeting of shareholders	June 25, 2015
Scheduled date for filing of annual securities report:	June 25, 2015
Scheduled date of commencement of dividend payment:	June 26, 2015
Availability of supplementary briefing material on annual results:	Available
Schedule of briefing session on annual results:	Scheduled

(Figures are rounded down to the nearest million yen.)

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

(1) Non-consolidated Operating Results (Cumulative) (% are shown as year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2015	282,961	(3.2)	8,592	23.3	8,682	23.1	5,013	25.3
March 31, 2014	292,364	39.7	6,968	18.0	7,050	16.8	4,002	29.4

	Earnings per share (EPS)	Diluted EPS	ROE	ROA	Operating income margin
Fiscal year ended	yen	yen	%	%	%
March 31, 2015	112.07	—	21.3	8.7	3.0
March 31, 2014	82.16	—	16.1	7.6	2.4

(Reference) Equity in net income of affiliates: March 31, 2015: －million yen March 31, 2014: － million yen

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Shareholders' equity per share
As of	million yen	million yen	%	yen
March 31, 2015	102,404	25,731	25.1	575.17
March 31, 2014	98,146	21,443	21.8	479.32

(Reference) Equity: March 31, 2015: 25,731 million yen March 31, 2014: 21,443 million yen

(3)Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
Fiscal year ended	million yen	million yen	million yen	million yen
March 31, 2015	7,266	(1,911)	(5,509)	3,997
March 31, 2014	12,012	(1,178)	(8,542)	4,151

2. Dividends

	Annual dividends					Total amount of dividends	Payout ratio	Dividend on equity
	1Q end	2Q end	3Q end	Year end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
Year ended March 31,2014	—	15.75	—	15.75	31.50	1,409	38.3	6.4
Year ended March 31,2015	—	18.00	—	22.00	40.00	1,789	35.7	7.6
Year ending March 31,2016(Forecast)	—	22.50	—	22.50	45.00		40.0	

3. Financial Forecast for Fiscal Year Ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

(% are shown as year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		EPS
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	285,000	0.7	8,150	(5.1)	8,250	(5.0)	5,030	0.3	112.43

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

Notes

(1) Changes in accounting policies, changes in accounting estimates and restatements

(i)	Changes in accounting policies due to revision of accounting standards, etc.:	Yes
(ii)	Changes in accounting policies other than (i) above:	None
(iii)	Changes in accounting estimates:	None
(iv)	Restatements:	None

(2) Number of shares issued (common stock)

(i) Number of shares issued as of the end of period (including treasury stock)	As of March 31,2015	55,923,000 shares	As of March 31,2014	55,923,000 shares
(ii) Number of shares of treasury stock as of the end of period	As of March 31,2015	11,184,932 shares	As of March 31,2014	11,184,854 shares
(iii) Average number of shares during the period (cumulative)	As of March 31,2015	44,738,097 shares	As of March 31,2014	48,721,703 shares

(Note) For the number of shares used as the basis for the calculation of net income per share, please refer to “Per Share Information” on page 31.

*** Indication of implementation status of securities review procedures**

- This summary financial report is exempt from the audit procedure based on the Financial Instruments and Exchange Act and as of the date of disclosure of this summary financial report, the financial statements audit procedure based on the Financial Instruments and Exchange Act has not been completed.

*** Explanation of appropriate use of financial forecasts and other special notes**

- Financial forecasts and other forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable as at the time of preparing this report. The Company does not guarantee that any forecasts would be met. Actual results may vary significantly from the forecasts due to a wide range of factors. For information on assumptions of the financial forecasts and matters to be heeded upon using the financial forecasts, please refer to “ Analysis of Operating Results and Financial Position (1) Analysis of Operating Results” on page 2 of the Appendix.

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1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

During the fiscal year under review, the Japanese economy was on a moderate recovery trend and saw improvements in corporate earnings particularly among large corporations as well as the employment and household income environment, on the back of the economic policy of the government and the monetary easing by the Bank of Japan. On the other hand, the recovery of personal consumption was slowed down by the consumption tax increase and rising prices and the economic outlook remained uncertain.

In the mobile phone market in which the Company conducts business activities, sales of handsets temporarily dipped in April due to the aftereffects of the last minute surge in demand before the increase in the consumption tax rate, but remained strong thereafter supported by the launch of new products including popular models coupled with the introduction of new billing plans and other services by major telecom carriers, which altogether stimulated the market during the period of high sales in March. In March, two larger companies started to offer optical-fiber broadband services and the competition for market share in fixed-line services has started.

In such a business climate, the Company's sales of handsets have recovered from the temporary dip after the last minute surge in demand at the beginning of this year and the number of units sold was 2,980,000 (down 2.6% year-on-year). Meanwhile, the Company focused on peripheral business related to handset sales to improve profit per customer (individual or corporate) and pushed ahead with cost structure reform aiming to create a management structure that is less dependent on changes in market conditions.

As a result, the Company's financial results for the fiscal year under review were 282,961 million yen in net sales (down 3.2% year-on-year), 8,592 million yen in operating income (up 23.3%), 8,682 million yen in ordinary income (up 23.1%) and 5,013 million yen in net income (up 25.3%).

The financial results of each business segment were as follows.

(Consumer Business)

In this business, the Company focused on the promotion of new billing plans and other services and sales of tablet devices, while relocating and renovating 33 carrier-certified shops aiming to improve customer satisfaction. In addition, the Company made aggressive efforts to expand the sales of mobile-related products such as accessories, which are becoming the necessities for smartphone users, and the sales of contents such as the portal site "nexi." At the same time, the Company promoted productivity improvement on the sales front.

As a result, net sales decreased 4.1% year-on-year to 263,994 million yen and operating income increased 19.1% to 10,131 million yen.

(Corporate Business)

While corporate investment appetite is improving, the competition among telecom carriers is increasing every year. In such an environment, the Company strengthened consulting sales, thereby selling smartphones including tablet devices in particular and acquiring contracts for cloud services, such as "Managed Services," "mobile biz suite," and sales force autmation systems. Moreover, sales of pre-paid cards ("POSA Cards") were also strong. The Company also started a new business initiative in M2M solutions including the commencement of collaboration with a business partner.

As a result, net sales increased 10.3% year-on-year to 18,967 million yen and operating income decreased 3.9% to 2,223 million yen.

・**Outlook for the next term**

Although the Japanese economy is expected to be on a recovery trend as corporate earnings and the employment environment improve with the continued support from the economic policy of the government and the monetary easing by the Bank of Japan, the future outlook of the Japanese economy is expected to remain unforeseeable due to, among others, concerns about the effect on personal consumptions in view of the rising prices under the weaker yen. In the mobile phone market, steady demand exists particularly from stable replacement needs as there are more than 100 million users. In addition, the market is expected to be even more active with the start of the competition for market share in optical-fiber broadband services. Meanwhile, commission paid by telecom carriers tends to decrease are becoming more demanding and the Company needs to make efforts to reduce their impact on its business.

Under such an environment, the Company will aim to successfully capture the opportunities generated by the replacement cycle of mobile phones to further strengthen the package sales with optical-fiber broadband services and the sales of mobile-related products and services and contents. The Company will also work to improve the profitability of the existing business by continuing on the cost structure reform. Meanwhile, the Company will invest in growth and new businesses such as prepaid cards (POSA Cards) and M2M solutions in order to establish new major revenue sources.

The Company's full-year earnings forecasts for the fiscal year ending March 2016 are as follows: Unit sales will be 3.0 million units (up 0.6% year-on-year), net sales 285.0 billion yen (up 0.7%), operating income 8,150 million yen (down 5.1%), ordinary income 8,250 million yen (down 5.0%), and net income 5,030 million yen (up 0.3%). The full-year earnings forecasts above have been prepared in consideration of possible events that are conceivable as of the date of this report. If any event occurs that will have significant impact on the forecasts, it will be promptly disclosed.

The Company has decided against the provision of earnings forecasts for the six months ending September 30, 2015 as supplemental information for investment decision as the Company judged that such forecasts would not necessarily be adequate in terms of their reasonableness and usefulness. This is because in the mobile phone market in which the Company conducts business activities, while launches of new products during the fiscal year significantly affect the number of shop visitors and sales volume, it is difficult to specify the timing or the extent of such launches. Therefore, the Company has not prepared earnings forecasts for the six months ending September 30, 2015 and provides full-year earnings forecasts only.

(2) Analysis of Financial Position

① Status of assets, liabilities and net assets

(Current assets)

Current assets increased by 4,718 million yen from the end of the previous fiscal year to 80,041 million yen. This was mainly due to the increase in accounts receivable-trade by 2,579 million yen, the increase in accounts receivable-other by 1,838 million yen, the increase in deferred tax assets by 639 million yen, and the decrease in merchandise and finished goods by 186 million yen.

(Noncurrent assets)

Noncurrent assets decreased by 460 million yen from the end of the previous fiscal year to 22,362 million yen. This was mainly due to the decrease in the right of carrier shop management by 920 million yen, the decrease in goodwill by 94 million yen, the decrease in lease and guarantee deposits by 278 million yen, the acquisition of property, plant and equipment in excess of depreciation (523 million yen), the increase in investment securities by 144 million yen, and the increase in long-term prepaid expenses by 100 million yen.

As a result, total assets increased by 4,257 million yen from the end of the previous fiscal year to 102,404 million yen.

(Current liabilities)

Current liabilities increased by 2,718 million yen from the end of the previous fiscal year to 70,339 million yen. This was mainly due to the increase in current portion of long-term loans payable by 3,000 million yen, the increase in provision for bonuses by 2,256 million yen, the increase in accrued consumption taxes by 1,213 million yen, the increase in accounts payable-other by 1,470 million yen, the decrease in short-term loans payable by 4,000 million yen, and the decrease in accounts payable-trade by 1,027 million yen.

(Noncurrent liabilities)

Noncurrent liabilities decreased by 2,748 million yen from the end of the previous fiscal year to 6,332 million yen. This was mainly due to the decrease in long-term loans payable by 3,000 million yen, the decrease in provision for retirement benefits by 631 million yen, the increase in deferred tax liabilities by 714 million yen.

As a result, total liabilities decreased by 30 million yen from the end of the previous fiscal year to 76,672 million yen.

(Net assets)

Net assets increased by 4,288 million yen from the end of the previous fiscal year to 25,731 million yen. This was mainly due to the increase by 5,013 million yen resulting from the recognition of net income, the increase by 685 million yen resulting from the change in accounting policy for retirement benefits, and the decrease by 1,509 million yen resulting from dividend payments.

As a result, the Company’s equity ratio was 25.1%.

②Status of cash flows

Cash and cash equivalents at the end of fiscal year under review decreased by 154 million yen from the end of the previous fiscal year to 3,997 million yen.

(Cash flows from operating activities)

Cash flows from operating activities resulted in a net inflow of 7,266 million yen. This was attributable mainly to the net effect of the total cash inflow due to the recognition of income before income taxes of 8,244 million yen, depreciation of 2,000 million yen, the increase in provision for bonuses by 2,256 million yen, the increase in accounts payable-other by 1,253 million yen, the increase in accrued consumption taxes by 1,213 million yen, etc., and the total cash outflow due to the increase in notes and accounts receivable-trade by 2,575 million yen, the increase in accounts receivable-other by 1,838 million yen, the decrease in accounts payable-trade by 1,202 million yen, income taxes paid of 4,087 million yen, etc., where the former was greater than the latter.

(Cash flows from investing activities)

Cash flows from investing activities resulted in a net outflow of 1,911 million yen. This was attributable mainly to the net effect of the total cash outflow due to the purchase of property, plant and equipment (1,450 million yen), the purchase of intangible assets (239 million yen), the payments forlease and guarantee deposits (228 million yen), the purchase of long-term prepaid expenses (184 million yen) etc., and the total cash inflow due to the proceeds from collection of lease and guarantee deposits (555 million yen), etc., where the former was greater than the latter.

(Cash flows from financing activities)

Cash flows from financing activities resulted in a net outflow of 5,509 million yen. This was attributable to the repayment of short-term loans payable (4,000 million yen) and the payment of dividend (1,509 million yen).

(Reference) Changes in cash flow related indicators

	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2015
Equity ratio (%)	45.3	40.2	32.4	21.8	25.1
Market-value equity ratio (%)	51.0	47.9	51.4	37.2	47.3
Cash flow to interest-bearing debt ratio (%)	—	—	—	1.0	1.1
Interest coverage ratio (times)	—	—	—	241.6	170.9

(Note) 1. Equity ratio: Equity / total assets

2. Market value equity ratio: market capitalization / total assets

*Market capitalization is calculated by multiplying the stock's closing price at the term end by the number of outstanding shares at term end.

3. Ratio of interest-bearing liabilities to cash flow: Interest bearing liabilities/cash flows from operating activities

4. Interest coverage ratio: Cash flows from operating activities/interest payments

*The Company had no interest-bearing debt prior to the year ended March 31, 2012, and the operating cash flow in the year ended March 31, 2013 was negative. Accordingly, the cash flow to interest-bearing debt ratio and the interest coverage ratio are not stated.

(3) Basic Policy on Profit Allocation, and Dividend Payment for the Current and Next Terms

The Company recognizes the return of profit to shareholders as one of the key issues of management, thus it is vital to improve the satisfaction level of the customers and business partners who support the Company’s operating revenue. In addition, as an entity with social responsibility, investment to ensure the continued creation of value for all stakeholders including shareholders is also important in order to maintain a strong management base on a long-term basis.

Based on the above, a dividend payout ratio of around 40% is the Company’s aim on profit allocation, and the Company endeavors to improve its financial results in order to maintain a steady stream of dividend payments.

Based on this basic policy, for the fiscal year under review, the Company plans to increase the dividend to 40 yen per share (interim at 18 yen, year-end at 22 yen).

For the next fiscal year, the Company plans to further increase the dividend by 5 yen per share to 45 yen per share (interim at 22.5 yen, year-end at 22.5 yen).

Internal reserves will be used to enhance carrier-certified shops and other business development to ensure the expansion and the growth of the business.

(4) Business Risks

Risks that may impact the operating results and the financial condition of the Company are stated below. Items that do not fall under the category of business risks are also included from the viewpoint of proactive disclosure if an item is deemed significant in terms of investment decision-making by investors. The Company recognizes the potential for these risks, and then endeavors to avoid their occurrence, as well as to localize and minimize the impact, should the risks materialize. The decision to invest in the Company, however, must ultimately lie with the measured judgment and self-responsibility of the investor. Items concerning the future in the text below have been recognized by the Company as of the filing date.

<Social, economic and regulatory risks>

① Personal information leakage, etc.

The Company deals with personal information disclosed by users to telecom carriers when contracts are concluded, etc. The Company continues with its efforts to maintain a watertight management system by complying with the strict rules and manuals of the telecom carriers, by endeavoring to train employees and manage business partners, and by obtaining ISO27001 (see note 2) certification for the departments that accumulate personal information (see note 1), among other efforts. However, in the unlikely event that a leak occurs, the Group may be held responsible by its business partners, the Group's reputation may suffer, and the financial results of the Group may be significantly impacted.

(Note) 1. Certified departments: Call Center, Distribution Center, Corporate Sales department (Head Office, branch offices and business centers) and solution-service related departments.

2. International Standards for information security management systems

② Laws and regulations

The agency business for the telecom carriers, etc. is subject to various laws and regulations including the Telecommunications Business Act, the Antimonopoly Act (Act on Prohibition of Private Monopolization and Maintenance of Fair Trade), the Act against Unjustifiable Premiums and Misleading Representations , the Act on the Protection of Personal Information, the Act on Identification, etc. by Mobile Voice Communications Carriers of their Subscribers, etc. and for Prevention of Improper Use of Mobile Voice Communications Services, the Act on Establishment of Enhanced Environment for Youth's Safe and Secure Internet Use, the Guidelines on the Protection of Personal Information in the Telecommunications Business, and the Code of Ethics in Sales Activities of Agents prescribed by the Telecommunications Carriers Association. The Company makes efforts to strengthen the internal management system including the employee education to comply with these laws and regulations. However, if there is a violation of these laws and regulations, the Company may be subject to claims for compensation for damages, cancellation of agency contracts, suspension of operation, etc. This may significantly impact the financial results of the Company.

③ Effect of changes in the rules proposed by the Ministry of Internal Affairs and Communications

On December 10, 2014, the Ministry of Internal Affairs and Communications published a “Report of ICT Service Safety and Security Study Group” in which the introduction of “initial contract cancellation rules” was proposed. On December 22, 2014, the Ministry revised the “Guidelines for Unlocking SIM Lock.” Any future amendment of laws and regulations relating these developments may affect the strategies of telecom carriers as well as the entire mobile phone market and may also affect the business and financial results of the Company.

<Risks concerning business strategy>

④ Concentration on mobile phone agency business

The sales of the Company are largely from the mobile phone agency business. As mobile phones are indispensable lifestyle items for more than 100 million customers, steady demand is expected in the mobile phone market, particularly from replacement needs. However, if mobile phone services and products themselves lose their appeal or substitute services/products are commercialized, their sales may significantly contract and this may impact the financial results of the Company.

⑤ Business expansion through business acquisitions, etc.

The Company may, among other things, expand its business or distribution network through business transfer or merger involving other companies in the industry in the future. Goodwill emerging as a result of such merger may impact the financial position and the financial results of the Company. Depending on the market conditions or economic environment, there is no guarantee that such merger, etc. will produce results that had been initially expected and this may impact the financial results of the Company. Similarly, goodwill, etc. resulting from the merger with Panasonic Telecom Co., Ltd. on October 1, 2012 may also impact the financial results of the Company.

< Risks relating to the market and competition >

⑥ Changes in the selling prices of mobile phones, etc.

Mobile phones are sold on installment plans and thus market selling prices are less likely to fluctuate, but effective selling prices (prices actually paid by consumers to purchase handsets) may still change depending on the sales strategies of telecom carriers. The Company receives various commissions from telecom carriers for handling communication service contracts that are associated with the sale of mobile phone handsets. Therefore, even if the conditions for the sale of handsets alone deteriorate, the Company endeavors to secure overall revenue. However, if significant changes occur in the conditions for commission fees with telecom carriers, this may impact the financial results of the Company. As competition between telecom carriers intensifies, competition between sales agents such as the Company will also become more severe. Competition with other agents to obtain and secure sales channels may cause a decrease in the profit ratio, which may result in the fluctuation of the financial results of the Company.

⑦ Impact of telecom carriers' business policies

The Company obtains commissions from telecom carriers for handling new contracts and changes to existing contracts and after-sales service. The commission system is different for each business operator, and the type, unit price, subject period, subject clients and content of the service for commission payment, the ratio against the communications fees paid, etc., may be reviewed accordingly depending on each telecom carrier's performance and sales policy. Furthermore, it is required in the agency contract with the telecom carrier that if a user who has entered into a contract via the Company cancels the contract within a certain period, the Company must return part of the commission which was paid to the Company by the telecom carrier at the time of the contract. Agency contracts with telecom carriers that underline these transactions are usually renewed automatically every year, although the contract can be dissolved either by the telecom carrier or the Company by advance notice. Such business policies and changes in contracts may significantly impact the financial results of the Company.

⑧ Constraints in store development

The Company has carrier-certified shops across the country based on the service agreement which is attached to the agency agreement with the telecom carrier (the Company operates 269 stores in addition to 154 stores for which the Company has a contractual right to agency agreement but which are operated by third parties; the number of stores is as of March 31, 2015), and the Company intends to continue its aggressive opening of new stores and its review of locations from the viewpoint of profitability. However, the entity operating a carrier-certified shop is selected by the telecom carrier, and there are many carrier-certified stores that already exist in the market, with limited room for new stores, and thus things may not go according to plan. In cases where store operation is contracted out to a third party, the management policy of the third party may affect the service quality of the Company's network of stores, as a result of which the financial results of the Company may be affected.

⑨ Concentration of sales and purchases on NTT DOCOMO, INC.

The main business of the Company is the sale of mobile phone handsets and communication services of NTT DOCOMO, INC. is the leading company in the industry with about a 45% share of mobile phone subscribers as of the end of December 2014 (source: Telecommunications Carriers Association). The Company has shared marketing strategies with NTT DOCOMO INC. from the earliest days of the mobile phone market, and has invested management resources in expanding DOCOMO shops and developing strong sales channels such as major mass retailers, which together contribute considerably to the Company's high profitability. However, if a situation occurs where the Company's customer base contracts drastically due, for example, to competition between telecom carriers, this may impact the financial results of the Company.

[Commission income]

	Year ended March 31, 2014		Year ended March 31, 2015	
	Net sales (million yen)	Component ratio (%)	Net sales (million yen)	Component ratio (%)
Commission income (NTT DOCOMO, INC.)	69,380	80.5	59,365	77.7
Total commission income	86,164	100.0	76,390	100.0

[Cost of purchased goods]

	Year ended March 31, 2014		Year ended March 31, 2015	
	Purchase of goods (million yen)	Component ratio (%)	Purchase of goods (million yen)	Component ratio (%)
Cost of purchased goods (NTT DOCOMO, INC.)	188,382	89.9	186,321	89.8
Total cost of purchased goods	209,596	100.0	207,544	100.0

<Risks relating to human resources>

⑩ Securing necessary personnel

The Company regards securing competent sales staff to improve customer satisfaction as an ongoing task, and competition to secure sales staff may occur with other companies in the industry in pursuit of developing sales channels. As the functions of mobile phone handsets are increasingly sophisticated and business processes at the shops are becoming more complex, it is increasingly important to secure skilled sales staff and raise their retention rate. To address this issue, the Company revises employment contracts, for example, to increase the ratio of permanent employees among shop staff, provides ample training, and conducts employee satisfaction surveys on a regular basis. In the light of the fact that the ratio of female employees is high, the Company takes notice of the work-life balance of its employees by improving the maternity leave system. However, if the Company is unable to secure sales staff as planned, this may destabilize the financial results of the Company.

<Risks relating to the parent company>

⑪ Relationship with the parent company

As of the filing date, ITOCHU Corporation is the parent company and owns 60.35% of voting rights of the Company. However, the business and human relationships, etc. are limited. As a result, if the capital relationship with the parent company were to change, the impact on the business would be minor.

2. Corporate Group

The corporate group consists of the Company, CONEXIOWITH Corporation (a wholly-owned subsidiary to promote the employment of people with disabilities, unconsolidated) and ITC Networks USA, Inc. (a wholly-owned subsidiary, unconsolidated). The Group's core business is to serve as a sales agency for mobile phones, which involves acting as an intermediary for concluding mobile phone contracts, providing after-sales services to subscribers, and selling mobile phone handsets, etc.

"Intermediary for concluding contracts" of communication services refers to acting as an intermediary based on agency agreements with telecom carriers (such as NTT DOCOMO Group, KDDI Group, Softbank Mobile Corp.) to conclude contracts of telecommunications services provided by the telecom carrier with regard to consumers and corporate clients. The Company receives commissions from the telecom carrier at the time of conclusion of contract and during certain subsequent periods. The Company also receives commissions relating to various after-sales services for customers at carrier-certified shops (such as DOCOMO shops, au shops and Softbank shops). The "sale of mobile phone handsets" refers to sale of mobile communication terminals such as mobile phones purchased from telecom carriers, etc., to consumer clients and corporate clients.

The Company carries out these business activities at major camera shops, home electronics mass retailers and carrier-certified shops, as well as in the corporate sales departments.

(1) Consumer Business

In the Consumer Business, the Company mainly acts as an intermediary for concluding contracts for mobile phones and other communications services, provides after-sales services and sells handsets, etc., targeted at consumer clients. The Company has two main sales channels: major camera shops/home electronics mass retailers, and carrier-certified shops. The Company does not operate small shops that specialize in the sale of mobile phone handsets without contracted after-sales services. In addition, the Company operates a portal site "nexi" to meet the needs of smartphone users and strengthen the relationship with them.

(2) Corporate Business

In the Corporate Business, the Company acts as an intermediary for concluding contracts for mobile phones and other communication services, provides after-sales services and sells mobile phone handsets, etc., targeted at corporate clients. The Company also offers solution services using smartphones and provides prepaid cards to convenience stores, Internet connection services and M2M solutions (such as technology for the mutual automated collection, management and control of information between networked machines).

3. Management Policy

(1) Basic Company Management Policy

Based on the Company's desire "to be a force to connect wishes of each customer more deeply" and "The company to create a chain of excitement among all people connected with the Company by connecting people and information, thereby increasing the value the Company provides", the philosophy statement of "the Company is to connect people and values", and the Company advocates the basic stance of "being independent-minded, fair and sincere, team players, and bottom-up".

(2) Management Indicators to Target

In addition to increasing net income, which is the ultimate result of corporate activities, the Company also adopts ordinary income as an important management benchmark which indicates the overall earning capacity of its business activities. Therefore, the Company strives to increase income and carry out appropriate investment in order to ensure the continued improvement of these values.

(3) Mid to Long-term Management Strategy

The mobile phone market has developed and grown by continually proposing new life styles to users based on technological advancement. It is expected to grow further in the future as proposals are made to increase the convenience of and fun for the users based on ever-advancing technologies. As mobile phones are indispensable lifestyle items for more than 100 million customers, substantial demand is reasonably expected in the mobile phone market.

Under these market conditions, the Company is endeavoring to increase market share by improving customer service quality and increase sales per customer by providing mobile-related products and services and content that meet customer needs in the Company's two main sales channels: major camera shops/home electronics mass retailers and carrier-certified shops. In addition, the Company will strive to diversify its revenue sources by acquiring optical-fiber broadband services and expanding Internet-related businesses leveraging its strengths of having points of customer contact and real shops.As for the corporate channel, in addition to basic business of acting as an intermediary for concluding contracts and providing after-sales services, in order to deepen customer relationship and thus expand the customer base, the Company intends to support customers in streamlining mobile phone administration and to suggest ideas for using smartphones and tablets for more maneuverable marketing activities and cloud products for visual sales promotion.

In addition to the above, the Company will endeavor to expand new revenue sources in growth areas such as prepaid cards and M2M solutions and to aggressively push ahead with new business developments.

Under the government policy aimed at further market penetration and development of the world-class Japanese ICT platform toward the 2020s based on the "Japan Revitalization Strategy" (Cabinet decision in June 2013), the mobile phone agency industry established National Association of Mobile-phone Distributors in December 2014 based on the renewed recognition of the important role that the industry is expected to play in the further development of the Japanese ICT platform. Taking an important responsibility as a vice chair and managing company of the Association, the Company will vigorously promote efforts to reduce complaints from consumers and improve sales services.

(4) Management Issues Requiring Action

The Company regards, improving the profitability of the existing business and investing in growth and new businesses in order to establish new major revenue sources, in addition to continuing the development of a management structure that is less dependent on changes in the market on which the Company has been working since last year, as challenges for the next fiscal year. The Company will focus on the following activities that are identified as management challenges.

① Improving the profitability of the existing business

The Company will strive to increase profit per customer (individual or corporate) by enhancing the sales of mobile-related products and services, contents, and cloud services targeting corporate customers. In addition, leveraging the strength of real shops, the Company will strive to maximize the acquisition of optical-fiber broadband services and diversify revenue sources in the area of Internet-related businesses. The Company will also continue on the cost structure reform to keep cost at appropriate levels.

② Focusing on growth markets/new businesses

Based on its existing assets such as customer base, sales network, and skilled human resources, the Company will seek opportunities to expand related businesses and strengthen its sales network in growth areas such as prepaid cards. In addition, the Company will aim to secure new major revenue sources by promoting aggressive investments in new businesses.

③ Human resource development/work environment improvement

While revamping the human resource development system to support the growth of employees, the Company will improve the work environment by further enhancing “work style improvement” including the promotion of diversity in work style. The Company will also encourage its employees to align their behavior with the corporate philosophy and strengthen compliance and other controls.

4. Basic Approach to the Selection of Accounting Standards

The Company reports its financial results under Japanese GAAP for the time being as the business of the Company is basically limited to the domestic market with limited overseas activities. However, in preparation for the future adoption of IFRS, the Company is considering the establishment of internal manuals and guidelines and the timing of their application.

5. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Million yen)

	Previous fiscal year (March 31, 2014)	Current fiscal year (March 31, 2015)
Assets		
Current assets		
Cash and deposits	3,914	3,849
Accounts receivable - trade	45,993	48,573
Merchandise and finished goods	8,488	8,301
Raw materials and supplies	89	86
Prepaid expenses	649	649
Deferred tax assets	2,508	3,147
Accounts receivable - other	13,463	15,301
Deposits paid	237	148
Other	0	—
Allowance for doubtful accounts	(21)	(16)
Total current assets	75,322	80,041
Non-current assets		
Property, plant and equipment		
Buildings	3,683	3,932
Accumulated depreciation	(1,713)	(1,788)
Buildings, net	1,969	2,143
Structures	180	192
Accumulated depreciation	(79)	(87)
Structures, net	101	104
Machinery and equipment	9	9
Accumulated depreciation	(0)	(1)
Machinery and equipment, net	8	8
Tools, furniture and fixtures	3,239	3,701
Accumulated depreciation	(1,912)	(2,028)
Tools, furniture and fixtures, net	1,326	1,673
Land	64	64
Construction in progress	0	—
Total property, plant and equipment	3,471	3,995
Intangible assets		
Goodwill	2,018	1,923
Software	470	475
Software in progress	16	76
The right of carrier shop management	12,721	11,800
Other	14	14
Total intangible assets	15,241	14,290
Investments and other assets		
Investment securities	188	333
Shares of subsidiaries and associates	50	50
Long-term prepaid expenses	114	214
Lease and guarantee deposits	3,689	3,410
Other	138	154
Allowance for doubtful accounts	(70)	(86)
Total investments and other assets	4,110	4,077
Total non-current assets	22,823	22,362
Total assets	98,146	102,404

(Million yen)

	Previous fiscal year (March 31, 2014)	Current fiscal year (March 31, 2015)
Liabilities		
Current liabilities		
Accounts payable - trade	27,271	26,244
Accrued agency commission	*1 8,001	*1 7,826
Short-term loans payable	9,000	5,000
Current portion of long-term loans payable	—	3,000
Accounts payable - other	13,544	15,014
Accrued expenses	2,082	2,837
Income taxes payable	2,786	2,255
Accrued consumption taxes	406	1,619
Advances received	10	14
Deposits received	1,462	1,292
Provision for bonuses	2,905	5,162
Provision for directors' bonuses	20	52
Other	129	19
Total current liabilities	67,621	70,339
Non-current liabilities		
Long-term loans payable	3,000	—
Provision for retirement benefits	4,367	3,735
Deferred tax liabilities	1,033	1,747
Asset retirement obligations	407	402
Other	273	446
Total non-current liabilities	9,081	6,332
Total liabilities	76,703	76,672
Net assets		
Shareholders' equity		
Capital stock	2,778	2,778
Capital surplus		
Legal capital surplus	3,180	3,180
Other capital surplus	6,598	6,598
Total capital surpluses	9,779	9,779
Retained earnings		
Legal retained earnings	5	5
Other retained earnings		
General reserve	2,469	2,469
Retained earnings brought forward	15,549	19,739
Total retained earnings	18,024	22,214
Treasury shares	(9,193)	(9,193)
Total shareholders' equity	21,389	25,579
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	54	152
Total valuation and translation adjustments	54	152
Total net assets	21,443	25,731
Total liabilities and net assets	98,146	102,404

(2) Non-consolidated Statements of Income

(Million yen)

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Net sales		
Net sales of goods	206,199	206,570
Commission income	86,164	76,390
Total net sales	292,364	282,961
Cost of sales		
Beginning goods	9,284	8,488
Cost of purchased goods	209,596	207,544
Total	218,880	216,032
Ending goods	8,525	8,363
Valuation loss on goods	37	61
Cost of goods sold	210,392	207,730
Agent fee	36,792	28,252
Total cost of sales	247,184	235,982
Gross profit	45,179	46,978
Selling, general and administrative expenses		
Directors' compensations	157	164
Salaries and allowances	10,684	9,698
Bonuses	1,053	1,151
Provision for bonuses	2,905	5,162
Provision for directors' bonuses	20	52
Retirement benefit expenses	689	575
Legal welfare expenses	3,159	3,531
Temporary staffing expense	2,587	1,937
Packing and delivery expenses	303	291
Promotion expenses	2,442	1,907
Communication expenses	717	622
Rents	4,135	4,031
Repair and maintenance	935	924
Business consignment expenses	1,111	1,086
Rent expenses	141	145
Depreciation	2,068	2,000
Amortization of goodwill	303	111
Other	*1 4,794	*1 4,993
Total selling, general and administrative expenses	38,211	38,386
Operating income	6,968	8,592

(Million yen)

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Non-operating income		
Interest income	0	0
Interest on securities	—	0
Dividend income	8	3
Income related to sales contest	21	20
Support money of store move etc income	46	86
Interest on refund	17	—
Other	68	63
Total non-operating income	162	173
Non-operating expenses		
Interest expenses	51	41
Commission for purchase of treasury shares	5	0
Provision of allowance for doubtful accounts	—	15
Loss on sales and retirement of non-current assets	*2 13	*2 16
Other	9	10
Total non-operating expenses	79	82
Ordinary income	7,050	8,682
Extraordinary income		
Gain on sales of investment securities	439	—
Gain on sales of non-current assets	*3 0	*3 1
Other	11	—
Total extraordinary income	450	1
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	11	—
Head office transfer cost	101	42
Loss on closing of stores	*4 56	*4 44
Loss on sales and retirement of non-current assets	*5 27	*5 18
Impairment loss	*6 71	*6 326
Other	4	7
Total extraordinary losses	273	439
Income before income taxes	7,228	8,244
Income taxes - current	2,989	3,569
Income taxes - deferred	236	(338)
Total income taxes	3,225	3,230
Net income	4,002	5,013

(3)Statement of Changes in Net Assets

Previous fiscal year (From April 1, 2013 to March 31, 2014)

(Million yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
						Other retained earnings		
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	2,778	3,180	6,598	9,779	5	2,469	12,992	15,467
Changes of items during period								
Dividends of surplus							(1,445)	(1,445)
Net income							4,002	4,002
Purchase of treasury shares								
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	—	—	—	—	2,557	2,557
Balance at end of current period	2,778	3,180	6,598	9,779	5	2,469	15,549	18,024

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(0)	28,025	236	236	28,262
Changes of items during period					
Dividends of surplus		(1,445)			(1,445)
Net income		4,002			4,002
Purchase of treasury shares	(9,193)	(9,193)			(9,193)
Net changes of items other than shareholders' equity			(181)	(181)	(181)
Total changes of items during period	(9,193)	(6,636)	(181)	(181)	(6,818)
Balance at end of current period	(9,193)	21,389	54	54	21,443

Current fiscal year (From April 1, 2014 to March 31, 2015)

(Million yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
						Other retained earnings		
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	2,778	3,180	6,598	9,779	5	2,469	15,549	18,024
Cumulative effects of changes in accounting policies							685	685
Restated balance	2,778	3,180	6,598	9,779	5	2,469	16,235	18,710
Changes of items during period								
Dividends of surplus							(1,509)	(1,509)
Net income							5,013	5,013
Purchase of treasury shares								
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	—	—	—	—	3,503	3,503
Balance at end of current period	2,778	3,180	6,598	9,779	5	2,469	19,739	22,214

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(9,193)	21,389	54	54	21,443
Cumulative effects of changes in accounting policies		685			685
Restated balance	(9,193)	22,075	54	54	22,129
Changes of items during period					
Dividends of surplus		(1,509)			(1,509)
Net income		5,013			5,013
Purchase of treasury shares	(0)	(0)			(0)
Net changes of items other than shareholders' equity			98	98	98
Total changes of items during period	(0)	3,503	98	98	3,602
Balance at end of current period	(9,193)	25,579	152	152	25,731

(4) Non-consolidated Cash Flows

(Million yen)

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Cash flows from operating activities		
Income before income taxes	7,228	8,244
Depreciation	2,068	2,000
Amortization of goodwill	303	111
Impairment loss	71	326
Increase (decrease) in allowance for doubtful accounts	(14)	10
Increase (decrease) in provision for bonuses	320	2,256
Increase (decrease) in provision for directors' bonuses	(4)	32
Increase (decrease) in provision for retirement benefits	612	433
Interest and dividend income	(8)	(3)
Interest expenses	51	41
Loss (gain) on sales of investment securities	(439)	-
Decrease (increase) in notes and accounts receivable - trade	(8,944)	(2,575)
Decrease (increase) in accounts receivable - other	(2,098)	(1,838)
Decrease (increase) in inventories	806	231
Increase (decrease) in notes and accounts payable - trade	10,451	(1,202)
Increase (decrease) in accounts payable - other	1,937	1,253
Increase (decrease) in accrued consumption taxes	37	1,213
Other, net	(649)	863
Subtotal	11,729	11,399
Interest and dividend income received	8	3
Interest expenses paid	(49)	(42)
Income taxes (paid) refund	285	(4,087)
Other, net	38	(5)
Net cash provided by (used in) operating activities	12,012	7,266
Cash flows from investing activities		
Purchase of property, plant and equipment	(938)	(1,450)
Purchase of intangible assets	(150)	(239)
Proceeds from sales of investment securities	459	-
Purchase of investment securities	-	(28)
Purchase of shares of subsidiaries and associates	(16)	-
Proceeds from liquidation of subsidiaries and associates	10	-
Payments for lease and guarantee deposits	(706)	(228)
Proceeds from collection of lease and guarantee deposits	155	555
Purchase of long-term prepaid expenses	(15)	(184)
Payments for transfer of business	-	(126)
Other, net	24	(209)
Net cash provided by (used in) investing activities	(1,178)	(1,911)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(900)	(4,000)
Proceeds from long-term loans payable	3,000	-
Purchase of treasury shares	(9,198)	(0)
Cash dividends paid	(1,443)	(1,509)
Net cash provided by (used in) financing activities	(8,542)	(5,509)
Net increase (decrease) in cash and cash equivalents	2,291	(154)
Cash and cash equivalents at beginning of period	1,860	4,151
Cash and cash equivalents at end of period	4,151	3,997

(5) Notes to Financial Statements

(Notes on premise of going concern)

Not applicable.

(Significant accounting policies)

1. Standards and methods of valuation of securities

(1) Stocks of majority-owned subsidiaries

Stated at cost using the moving-average method

(2) Other securities

Securities with available fair market values

Market value method using market value at year-end

(Unrealized gains and losses are reported in a separate component of equity, and costs of sales are determined by moving average)

Securities with no available fair market value

Stated at cost using the moving-average method

2. Valuation standards and methods for inventory assets

Inventory assets held for ordinary sale purposes

Stated at cost using the moving-average method (The balance sheet amount is calculated by reducing the book value when the contribution of inventories to profitability declines.)

3. Depreciation of noncurrent assets

(1) Property, plant and equipment

Straight-line method

Main useful lives are as follows.

Buildings	2-50 years
Structures	2-20 years
Machinery and equipment	17 years
Tools, furniture and fixtures	2-20 years

(2) Intangible assets

Straight-line method

Main depreciation periods are as follows.

Goodwill	5 years or 20 years
Software	3-5 years
The right of carrier shop management	20 years

4. Accounting standards for reserves

(1) Allowance for doubtful accounts

To provide for possible losses on collection, the estimate amount of irrecoverable debt is set aside.

a. Receivable in general

Historical write-off ratio

b. Doubtful accounts receivable, claims provable in bankruptcy or rehabilitation, etc.

By assessment of financial condition

(2) Provision for bonuses

To provide for the expenses of supplying employees with bonuses, the projected amount is set aside.

(3) Provision for directors' bonuses

To provide for expenses of supplying directors with bonuses, the projected amount is set aside.

(4) Provision for retirement benefits

To provide for retirement benefits for employees, the estimated amount based on the retirement benefit obligations at year end is set aside.

① Method of periodical allocation of expected future retirement benefits

To calculate the amount of retirement benefit obligations, expected future retirement benefits are allocated to each period through the balance sheet date of the fiscal year under review based on the benefit formula.

② Method of recognizing actuarial gains and losses and prior service cost in profit or loss

Prior service cost and the actuarial difference is prorated in proportion to a certain number of years (5 years) within the average remaining years of service of employees at the time of occurrence in each year and recorded as expenses in the respective year of occurrence.

5. Scope of funds in the statement of cash flows

In addition to cash on hand and demand deposits, funds are mainly comprised of deposits with Sohgo Security Services Co., Ltd., and short-term investments with maturities of less than 3 months which can easily be converted into cash and bear minimum risk of fluctuation in value.

The deposits with Sohgo Security Services Co., Ltd. arise from the service provided by the company, which collects cash from the cash deposit machines at mobile phone shops by security vehicle.

6. Other significant matters regarding preparation of financial statements

Consumption taxes

Consumption and local consumption taxes are accounted for using the tax exclusion method. Non-deductible consumption and local consumption taxes are accounted for as expenses for the fiscal year under review.

(Changes in accounting policy)

Applying the provisions of the main clause of paragraph 35 of the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012; hereinafter “Retirement Benefits Standard”) and the provisions of the main clause of paragraph 67 of the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015; hereinafter “Retirement Benefits Guidance”) starting from the fiscal year under review, the Company has changed the calculation method of retirement benefit obligations and service cost by changing the method of periodic allocation of expected future retirement benefits from the straight-line basis to the benefit formula basis. The Company also changed the method of determining the discount rate from the use of a discount rate based on years similar to the average remaining service period of employees to the use of a single weighted-average discount rate reflecting the expected future payment periods of retirement benefits and the expected payment amount for each period.

In applying these standards, the Company, in accordance with the transition provisions of Article 37 of the Retirement Benefits Standard, added or subtracted the effect of changes in the calculation method for retirement benefit obligation and service cost to or from retained earnings at the beginning of the fiscal year under review.

As a result, the balance of provision for retirement benefits at the beginning of the fiscal year under review decreased by 1,065 million yen and retained earnings increased by 685 million yen. Operating income, ordinary income, and income before income taxes each increased by 142 million yen.

Net assets per share and net income per share increased by 17.38 yen and 2.05 yen, respectively.

(Accounting standards yet to be adopted)

Not applicable.

(Changes in presentation methods)

(Notes to non-consolidated balance sheet)

"Accrued consumption taxes," which had been included in "Other" in "Current liabilities" has been presented as a separate line item starting from the fiscal year under review as its quantitative significance increased. In order to reflect this change in presentation, the non-consolidated financial statements for the previous fiscal year were reclassified.

As a result, the amount previously presented in "Other" in "Current liabilities" in the non-consolidated balance sheet for the previous fiscal year (535 million yen) has been reclassified to "Accrued consumption taxes" (406 million yen) and "Other" (129 million yen).

(Notes to non-consolidated statement of cash flows)

"Increase (decrease) in accrued consumption taxes," which had been included in "Other, net" above the subtotal in "Cash flows from operating activities" has been presented as a separate line item starting from the fiscal year under review as its quantitative significance increased. In order to reflect this change in presentation, the non-consolidated statement of cash flows for the previous fiscal year was reclassified.

As a result, the amount previously presented in "Other, net" above the subtotal in "Cash flows from operating activities" in the non-consolidated statement of cash flow for the previous fiscal year (-612 million yen) has been reclassified to "Increase (decrease) in accrued consumption taxes" (37 million yen) and "Other, net" (-649 million yen).

"Purchase of long-term prepaid expenses," which had been included in "Other, net" in "Cash flows from investing activities" has been presented as a separate line item starting from the fiscal year under review as its quantitative significance increased. In order to reflect this change in presentation, the non-consolidated statement of cash flows for the previous fiscal year was reclassified.

As a result, the amount previously presented in "Other, net" in "Cash flows from investing activities" in the non-consolidated statement of cash flow for the previous fiscal year (8 million yen) has been reclassified to "Purchase of long-term prepaid expenses" (-15 million yen) and "Other, net" (24 million yen).

(Change in accounting estimates)

Not applicable.

(Additional information)

Not applicable.

(Notes to non-consolidated balance sheets)

*1. Accrued agency commission is the amount of agency commission (cost of sales) the Company has to pay.

(Notes to the non-consolidated statements of income)

*1. The total amount of research and development expenses included in general and administrative expenses is as follows:

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Other, net	8 million yen	―

*2.The details of losses on sales and retirement of noncurrent assets are as follows.

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Buildings	7 million yen	8 million yen
Tools, furniture and fixtures	5 million yen	7 million yen
Other	0 million yen	―
Total	13 million yen	16 million yen

The above losses on sales and retirement of noncurrent assets occur routinely in business activities.

*3.The details of gains on sales of noncurrent assets are as follows.

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Tools, furniture and fixtures	0 million yen	0 million yen
Other	―	0 million yen
Total	0 million yen	1 million yen

*4.The details of losses on closing of stores are as follows.

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Buildings	4 million yen	0 million yen
Structures	2 million yen	0 million yen
Tools, furniture and fixtures	3 million yen	0 million yen
Software	―	0 million yen
Other	1 million yen	―
Sundry expenses	45 million yen	43 million yen
Total	56 million yen	44 million yen

*5. The details of losses on sales and retirement of noncurrent assets are as follows.

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Buildings	6 million yen	3 million yen
Structures	0 million yen	0 million yen
Tools, furniture and fixtures	9 million yen	10 million yen
Software	7 million yen	4 million yen
Other	2 million yen	1 million yen
Total	27 million yen	18 million yen

*6. Impairment loss

Previous fiscal year (From April 1, 2013 to March 31, 2014)

(1) Assets for which impairment loss was recognize

① Consumer Business

Use	Shops
Type	Buildings, structures, tools, furniture and fixtures, and other etc.
Location	Head Office and shops (Hokkaido, Niigata, Saitama, Kanagawa, Tokyo, Aichi, Shizuoka, Okayama, Hiroshima, Tokushima, Fukuoka and Kumamoto)

② Corporate Business

Use	Office
Type	Buildings, tools, furniture and fixtures
Location	Tokyo

(2) Dealing with impairment losses

The prospects of the assets in the consumer business and the Corporate Business fell below the original business plan and the book value of the assets for the particular use was deemed uncollectable, therefore the total amount of the book value was written down.

(3) Details of impairment losses

① Consumer Business

Buildings	41 million yen
Structures	6 million yen
Tools, furniture and fixtures	17 million yen
Other	0 million yen
Total	66 million yen

② Corporate Business

Buildings	2 million yen
Tools, furniture and fixtures	2 million yen
Total	5 million yen

(4) Overview of the asset group for which impairment loss was recognized and the method of grouping the assets

In the consumer business, assets are grouped by each shop and each service business, and the remaining assets are grouped by department. In the Corporate Business, assets are grouped by office and shop, and the remaining assets are grouped by department.

Current fiscal year (From April 1, 2014 to March 31, 2015)

(1) Assets for which impairment loss was recognize

Consumer Business

Use	Shops
Type	Buildings, structures, tools, furniture and fixtures, software, the right of carrier shop management, and long-term prepaid expenses
Location	Shops (Hokkaido, Iwate, Niigata, Tochigi, Ibaraki, Chiba, Tokyo, Toyama, Shizuoka, Aichi, Gifu, Nara, Osaka, Kyoto, Hyogo, Shiga, Okayama, Kochi, Tokushima, Ehime, Hiroshima, Fukuoka, Miyazaki, and Kagoshima)

(2) Dealing with impairment losses

The carrying amount of this asset has been written down to its recoverable amount as the future outlook in the Consumer Business has fallen short of the initial business plan and the earnings potential of the asset as used in this business has declined.

(3) Details of impairment losses

Consumer Business

Buildings	42 million yen
Structures	3 million yen
Tools, furniture and fixtures	43 million yen
Software	0 million yen
The right of carrier shop management	233 million yen
Long-term prepaid expenses	2 million yen
Total	326 million yen

(4) Overview of the asset group for which impairment loss was recognized and the method of grouping the assets

In the Consumer Business, assets are grouped by each shop, each customer group and each service business, and the remaining assets are grouped by department.

(Notes to the non-consolidated statement of changes in net assets)

Previous fiscal year (from April 1, 2013 to March 31, 2014)

1. Notes to number of shares issued

Class of shares	As of beginning of fiscal year	Increase	Decrease	As of end of fiscal year
Common stock	55,923,000	—	—	55,923,000

2. Notes to treasury stock

Class of shares	As of beginning of fiscal year	Increase	Decrease	As of end of fiscal year
Common stock	254	11,184,600	—	11,184,854

(Note)The increase of 11,184,600 shares in the number of treasury stock (common stock) acquired on the basis of the resolution of the Board of Directors held on August 8, 2013.

3. Notes to dividends

(1) Amount of dividends paid

Resolution	Class of shares	Total amount of dividends (million yen)	Dividends per share (yen)	Record date	Effective date
Ordinary general meeting of shareholders held on June 25, 2013	Common stock	740	13.25	March 31, 2013	June 26, 2013
Meeting of Board of Directors held on October 29, 2013	Common stock	704	15.75	September 30, 2013	December 6, 2013

(2) Dividends for which the record date is in the current fiscal year but the effective date is in the following fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends (million yen)	Dividends per share (yen)	Record date	Effective date
Ordinary general meeting of shareholders held on June 24 2014	Common stock	Retained earnings	704	15.75	March 31, 2014	June 25, 2014

Current fiscal year (from April 1, 2014 to March 31, 2015)

1. Notes to number of shares issued

Class of shares	As of beginning of fiscal year	Increase	Decrease	As of end of fiscal year
Common stock	55,923,000	—	—	55,923,000

2. Notes to treasury stock

Class of shares	As of beginning of fiscal year	Increase	Decrease	As of end of fiscal year
Common stock	11,184,854	78	—	11,184,932

(Note) The increase of 78 shares in the number of treasury stock (common stock) was due to the purchase of odd stocks.

3. Notes to dividends

(1) Amount of dividends paid

Resolution	Class of shares	Total amount of dividends (million yen)	Dividends per share (yen)	Record date	Effective date
Ordinary general meeting of shareholders held on June 24, 2014	Common stock	704	15.75	March 31, 2014	June 25, 2014
Meeting of Board of Directors held on October 29, 2014	Common stock	805	18.00	September 30, 2014	December 5, 2014

(2) Dividends for which the record date is in the current fiscal year but the effective date is in the following fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends (million yen)	Dividends per share (yen)	Record date	Effective date
Ordinary general meeting of shareholders held on June 25, 2015	Common stock	Retained earnings	984	22.00	March 31, 2015	June 26, 2015

(Notes to the non-consolidated statement of cash flows)

*1 Cash and cash equivalents at the end of the fiscal year, and the amounts listed on the balance sheet

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Cash and deposits	3,914 million yen	3,849 million yen
Deposit payments	237 million yen	148 million yen
Cash and cash equivalents	4,151 million yen	3,997 million yen

(Lease transactions)

The necessity for disclosure in the summary of financial results is deemed low, therefore disclosure is omitted.

(Financial instruments)

The necessity for disclosure in the summary of financial results is deemed low, therefore disclosure is omitted.

(Investment securities)

The necessity for disclosure in the summary of financial results is deemed low, therefore disclosure is omitted.

(Derivative transactions)

The Company did not engage in any derivative transactions in the previous and current fiscal years.

(Retirement benefit)

The necessity for disclosure in the summary of financial results is deemed low, therefore disclosure is omitted.

(Stock options and other related)

Not applicable.

(Tax effect accounting)

1. The principal items constituting the causes of deferred tax assets and deferred tax liabilities

	Previous fiscal year (March 31, 2014)	Current fiscal year (March 31, 2015)
(Current)		
Deferred tax assets		
Provision for bonuses	1,035 million yen	1,708 million yen
Asset adjustment account	999 million yen	929 million yen
Accrued enterprise tax	206 million yen	164 million yen
Accrued expenses	192 million yen	307 million yen
Valuation loss on goods	6 million yen	2 million yen
Other	67 million yen	34 million yen
Total deferred tax assets	2,508 million yen	3,147 million yen
(Noncurrent)		
Deferred tax assets		
Provision for retirement benefits	1,029 million yen	752 million yen
Asset retirement obligations	259 million yen	204 million yen
Allowance for doubtful accounts	26 million yen	32 million yen
Depreciation	166 million yen	82 million yen
Impairment loss	59 million yen	111 million yen
Asset adjustment account	1,998 million yen	909 million yen
Other	41 million yen	109 million yen
Subtotal of deferred tax assets	3,581 million yen	2,202 million yen
Valuation reserve	-50 million yen	-55 million yen
Total deferred tax assets	3,530 million yen	2,147 million yen
Deferred tax liabilities		
The right of carrier shop management	-4,533 million yen	-3,821 million yen
Valuation difference on available-for-sale securities	-30 million yen	-72 million yen
Total deferred tax liabilities	-4,564 million yen	-3,894 million yen
Balance: Net deferred tax assets ('-' refers to liabilities)	-1,033 million yen	-1,747 million yen

2. The principal items which comprise the difference between effective statutory tax rate and the burden ratio of income taxes after tax effect accounting

	Previous fiscal year (March 31, 2014)	Current fiscal year (March 31, 2015)
Normal effective statutory tax rate	38.0%	35.6%
(Adjustment)		
Items that will never be included in the amount of deductible expense	0.6%	0.6%
Inhabitants tax on per capita basis	1.6%	1.4%
Amortization of goodwill	1.6%	0.5%
Changes in valuation reserve	-0.1%	0.1%
Decrease in deferred tax assets at year end due to change in tax rate	2.2%	0.9%
Other	0.7%	0.1%
Income tax burden ratio after application of tax effect accounting	44.6%	39.2%

3. Adjustment to the amount of deferred tax assets due to changes in the income tax rate

The "Act for Partial Revision of the Income Tax Act, Etc." (Act No. 9 of 2015) and the "Act for Partial Revision of the Local Tax Act, Etc." (Act No. 2 of 2015) were promulgated on March 31, 2015 and the rates of corporate and other taxes have been changed from the fiscal year starting on or after April 1, 2015.

Following these changes, the statutory effective tax rate used in the calculation of deferred tax assets and deferred tax liabilities has been changed from 35.6% to 33.1% with regard to the temporary differences expected to reverse in the fiscal year starting on April 1, 2015 and to 32.3% with regard to the temporary differences expected to reverse in the fiscal years starting on or after April 1, 2016.

As a result, the amount of deferred tax assets (current assets) and the amount of deferred tax liabilities (non-current liabilities) (net of the amount of deferred tax assets) decreased by 241 million yen and 175 million yen, respectively, while the amount of income taxes-deferred and the amount of valuation difference on available-for-sale securities increased by 73 million yen and 7 million yen, respectively.

(Business combination, etc.)

The necessity for disclosure in the summary of financial results is deemed low, therefore disclosure is omitted.

(Asset retirement obligations)

The necessity for disclosure in the summary of financial results is deemed low, therefore disclosure is omitted.

(Investment and rental property)

The necessity for disclosure in the summary of financial results is deemed low, therefore disclosure is omitted.

(Segment Information)

[Segment Information]

1. Overview of reporting segments

Reporting segments of the Company are the constituent units of the Company for which separate financial statements are available and subject to periodic examination by the Board of Directors for the purpose of determining the allocation of management resources and evaluating business performance.

The Company's core business is to serve as a sales agency for mobile phones, which involves acting as an intermediary for concluding mobile phone contracts and contracts for other communication services, providing after-sales services to subscribers, and selling handsets, etc.

Accordingly, the reporting segments of the Company are "Consumer Business" and "Corporate Business," based on the attributes of the customers to whom merchandise is sold and services are provided.

In the "Consumer Business," the Company acts as an intermediary for concluding contracts for mobile phones and other communications services targeted at consumers, provides after-sales services, operates a portal site "nexi" to meet the needs of smartphone users and strengthen the relationship with them.

In the "Corporate Business," the Company mainly acts as an intermediary for concluding contracts of mobile phones and other communication services, provides after-sales services and sells mobile phone handsets, etc. targeted at corporate customers, while also offering solutions using smartphones, providing prepaid cards to convenience stores, providing Internet connection services and offering M2M solutions.

2. Method of calculating the amount of net sales, income or loss, assets, liabilities and other items of each reporting segment

Accounting procedures for reported business segments are generally the same as those stated in "Significant Accounting Policies."

As noted in the "Changes in accounting policy" section, the Company changed the calculation method of retirement benefit obligations and service cost starting from the fiscal year under review. As a result, the Company also changed the calculation method of retirement benefit obligations and service cost by operating segment.

As a result, segment income of the Consumer Business for the fiscal year under review increased by 109 million yen and segment income of the Corporate Business increased by 23 million yen as compared with those that would have been reported under the old method."

3. Information on amount of net sales, income or loss, assets, liabilities and other items of each reporting segment

Previous fiscal year (from April 1, 2013 to March 31, 2014)

(Million yen)

	Reporting segment			Adjustments ※ Note(1)	Financial statement carrying amounts ※ Note(2)
	Consumer Business	Corporate Business	Total		
Net sales					
Net sales to external customers	275,170	17,193	292,364	—	292,364
Internal sales and transfers between segments	—	—	—	—	—
Total	275,170	17,193	292,364	—	292,364
Segment income	8,506	2,313	10,820	(3,851)	6,968
Segment assets	82,235	9,162	91,397	6,749	98,146
Other items					
Depreciation	1,560	50	1,610	458	2,068
Amortization of goodwill	228	75	303	—	303
Impairment loss	66	5	71	—	71
Unamortized balance of goodwill	1,813	204	2,018	—	2,018
Increase in tangible noncurrent assets and intangible noncurrent assets	818	31	850	178	1,028

(Note) 1. Adjustments are as follows.

(1) Adjustments to segment income in the amount of -3,851 million yen correspond to Company-wide expenses that have not been allocated to each reporting segment. Company-wide expenses are primarily general and administrative expenses that are not attributable to the reporting segments.

(2) Adjustments to segment assets in the amount of 6,749 million yen correspond to Company-wide assets that have not been allocated to each reporting segment. Company-wide assets are primarily surplus operating funds and assets that are not attributable to the reporting segments.

(3) Adjustments to depreciation in the amount of 458 million yen are Company-wide depreciation that has not been allocated to each reporting segment.

(4) Adjustments to the increase in tangible noncurrent assets and intangible noncurrent assets in the amount of 178 million yen are the amount of Company-wide capital investment that has not been allocated to each reporting segment.

2. Segment income had been adjusted with respect to operating income in the non-consolidated statement of income.

Current fiscal year (from April 1, 2014 to March 31, 2015)

(Million yen)

	Reporting segment			Adjustments ※ Note(1)	Financial statement carrying amounts ※ Note(2)
	Consumer Business	Corporate Business	Total		
Net sales					
Net sales to external customers	263,994	18,967	282,961	—	282,961
Internal sales and transfers between segments	—	—	—	—	—
Total	263,994	18,967	282,961	—	282,961
Segment income	10,131	2,223	12,354	(3,762)	8,592
Segment assets	81,440	13,523	94,963	7,440	102,404
Other items					
Depreciation	1,602	45	1,647	352	2,000
Amortization of goodwill	100	11	111	—	111
Impairment loss	326	—	326	—	326
Unamortized balance of goodwill	1,729	193	1,923	—	1,923
Increase in tangible noncurrent assets and intangible noncurrent assets	1,347	32	1,380	575	1,955

(Note) 1. Adjustments are as follows.

(1) Adjustments to segment income in the amount of -3,762 million yen correspond to Company-wide expenses that have not been allocated to each reporting segment. Company-wide expenses are primarily general and administrative expenses that are not attributable to the reporting segments.

(2) Adjustments to segment assets in the amount of 7,440 million yen correspond to Company-wide assets that have not been allocated to each reporting segment. Company-wide assets are primarily surplus operating funds and assets that are not attributable to the reporting segments.

(3) Adjustments to depreciation in the amount of 352 million yen are Company-wide depreciation that has not been allocated to each reporting segment.

(4) Adjustments to the increase in tangible noncurrent assets and intangible noncurrent assets in the amount of 575 million yen are the amount of Company-wide capital investment that has not been allocated to each reporting segment.

2. Segment income had been adjusted with respect to operating income in the non-consolidated statement of income.

(Equity method gains or losses, etc.)

The Company did not have affiliated companies or special purpose companies subject to disclosure in the previous and current fiscal year.

(Information on related parties)

Previous fiscal year (from April 1, 2013 to March 31, 2014)

Transactions between the company submitting financial statements and related parties

Company submitting financial statements and its major shareholders (limited to companies, etc.)

Type	Name of the company, etc.	Location	Amount of capital or contribution (million yen)	Description of business or occupation	Percentage of the voting rights, etc., held by the Company (or the percentage of the voting rights of the Company held)(%)	Nature of the relationship with the related party	Description of transaction	Transaction amount (million yen)	Account name	Ending balance (million yen)
Other subsidiaries and affiliates	Panasonic Mobile Communications Co., Ltd.	Yokohama-shi, Kanagawa Prefecture	350	Planning, manufacturing and, sales of mobile phone handsets	(Voting rights held) Direct: 20.0	Purchase of treasury stock	Purchase of treasury stock (Note)	9,193	—	—

(Note) Treasury stock was purchased through off-auction own share repurchase transactions (TosNet-3) at the Tokyo Stock Exchange

Current fiscal year (from April 1, 2014 to March 31, 2015)

Not applicable.

(Per share information)

	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Net assets per share	479.32 yen	575.17 yen
Net income per share	82.16 yen	112.07 yen

(Note) 1. Diluted net income per share is not presented as there are no potential shares.

2. The basis for the calculation of net income per share is shown in the following table.

Item	Previous fiscal year (From April 1, 2013 to March 31, 2014)	Current fiscal year (From April 1, 2014 to March 31, 2015)
Net income (million yen)	4,002	5,013
Amount not attributed to common shareholders (million yen)	—	—
Net income available to common shareholders (million yen)	4,002	5,013
Average number of shares (common stock) during the period	48,721,703	44,738,097

3. The basis for the calculation of net assets per share is shown in the following table.

Item	Previous fiscal year (March 31, 2014)	Current fiscal year (March 31, 2015)
Total net assets (million yen)	21,443	25,731
Amount deducted from the total net assets (million yen)	—	—
Amount of net assets at year end relating to common stock (million yen)	21,443	25,731
Number of shares of common stock at year end used to calculate the amount of net assets per share	44,738,146	44,738,068

(Significant subsequent events)

Not applicable.

6. Other

(1) Sales Information

When shown in each segment sales during the financial year are as follows.

(Million yen, %)

		Previous fiscal year (March 31, 2014)	Current fiscal year (March 31, 2015)	Rate of change
Consumer Business	Net sales	275,170	263,994	(4.1)
	Operating income	8,506	10,131	19.1
Corporate Business	Net sales	17,193	18,967	10.3
	Operating income	2,313	2,223	(3.9)
Adjustments	Company-wide expenses	3,851	3,762	(2.3)
Amount recorded in quarterly non-consolidated statement of income	Net sales	292,364	282,961	(3.2)
	Operating income	6,968	8,592	23.3

(2) Transfer of Officers

Please refer to the “Notice of Changes regarding Officers,” which was announced on April 30, 2015.