

# Non - Consolidated Interim Financial Results for FY ending March 2009

( From April 1 to September 30, 2008 )

November 14, 2008

Outline of Interim Financial Results for FY ending March 2009	P 3
Future Development	P 11

\*This material contains statements about the future performance of T-Gaia, which are based on management's assumptions and beliefs taking information currently available into consideration. Therefore, please be advised that T-Gaia's actual results could differ materially from those described in these forward-looking statements as a result of numerous factors, including general economic conditions in T-Gaia's principal markets as well as other factors detailed from time to time.

# Outline of Interim Financial Results for FY ending March 2009



# Interim Financial Results

Unit : Billion yen	08 / 3 Interim Results	09 / 3 Interim Results	YoY Increase / Decrease	09 / 3 Interim Forecast	09 / 3 Interim Achievement Ratio
Net Sales	179.85	148.52	17.4%	177.00	83.9%
Gross Margin	13.99	16.15	15.4%	16.40	98.5%
SGA Expenses	10.59	12.22	15.4%	14.05	87.0%
Operating Income	3.40	3.92	15.5%	2.35	167.2%
Ordinary Income	3.40	3.61	6.1%	2.30	157.3%
Interim Net Income	1.93	1.63	15.1%	1.05	156.2%
FCF	5.13	9.45	-	1.06	-
Net Income / Share (yen)	5,861.7	5,230.3	10.8%	3,349.3	156.2%
Dividend / Share (yen)	2,500	2,500	-	2,500	-

## Mobile Business

Despite the overall market weakness with total handset sales down by 24% YoY, T-Gaia sold 1.5 million mobile handsets down by 17%.

Unit: Million yen	08 / 3 Interim Results	09 / 3 Interim Results	Change rate (%)
Net Sales	163,805	128,719	21.4
Operating Income	2,104	2,682	27.5

## Network Business

In FTTH (optical fiber) business, expansion of sales channel including acquisition of new sales agents contributed to increase in net sales as well as operating income while “Mylne” business slowed down resulted from the market maturation.

Unit: Million yen	08 / 3 Interim Results	09 / 3 Interim Results	Change rate (%)
Net Sales	5,612	5,952	6.1
Operating Income	1,098	1,030	6.2

## Settlement Service & Other Business

Though net sales increased with launch of “Prepaid Service” (PIN-related business) in collaboration with Seven Eleven Japan, operating income decreased due to the system-related expense.

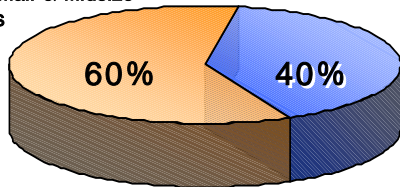
Covering product sales using PIN system and products related to prepaid handsets

Unit: Million yen	08 / 3 Interim Results	09 / 3 Interim Results	Change rate (%)
Net Sales	10,441	13,857	32.7
Operating Income	198	216	9.0

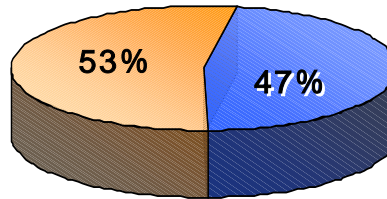
## Accelerating Market Reorganization & Acquisition of Sales Agents via M&A / Grouping

### Past Market Share

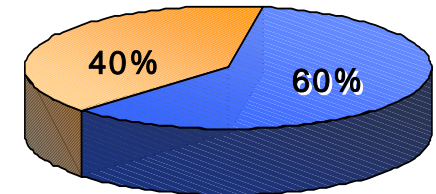
Regional Small & Midsize Distributors



### Current Market Share



### Future Market Share



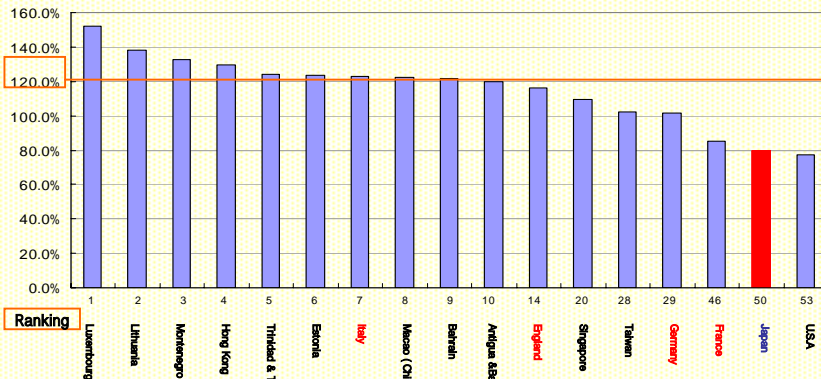
Ten Major Mobile-phone Distributors

\*Based on Total Sales Volume in Japanese Mobile Market

### 2006 Global Mobile - phone Penetration

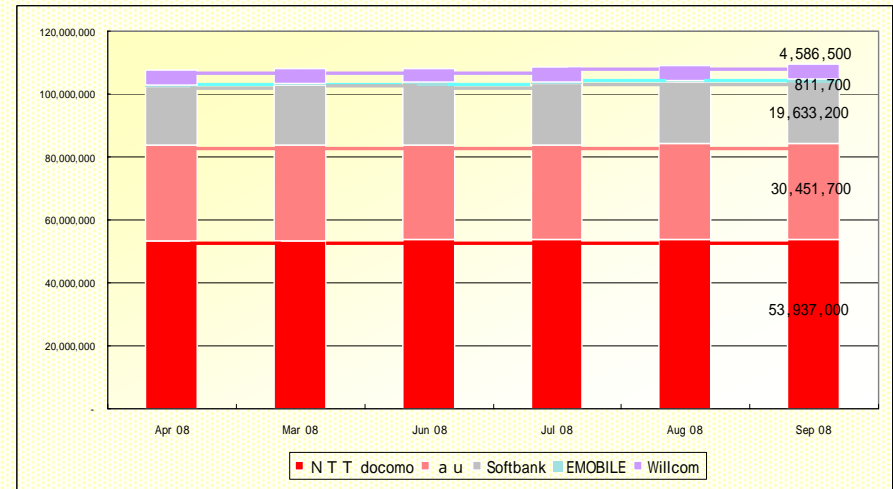
#### Japan Ranks 50th with 80% Penetration Rate

Penetration Rate Exceeding 100% in 20 Countries  
Stimulating Latent Demand for Second Handsets



(Source: UNCTAD)

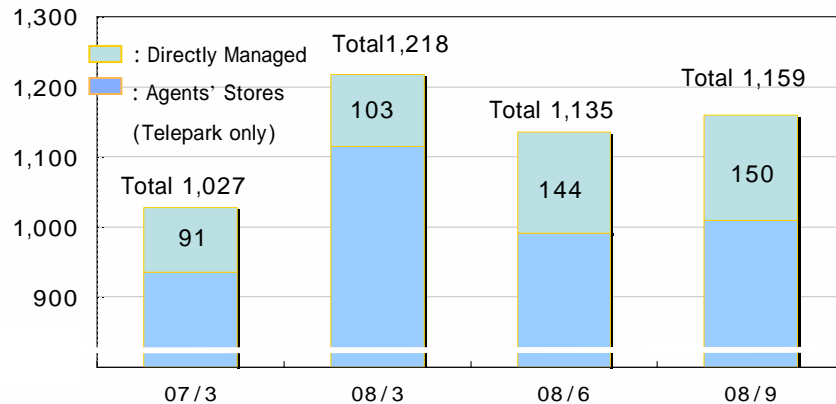
### Development of subscribers in each carriers



## Mobile Action Plans for FY ending March 09

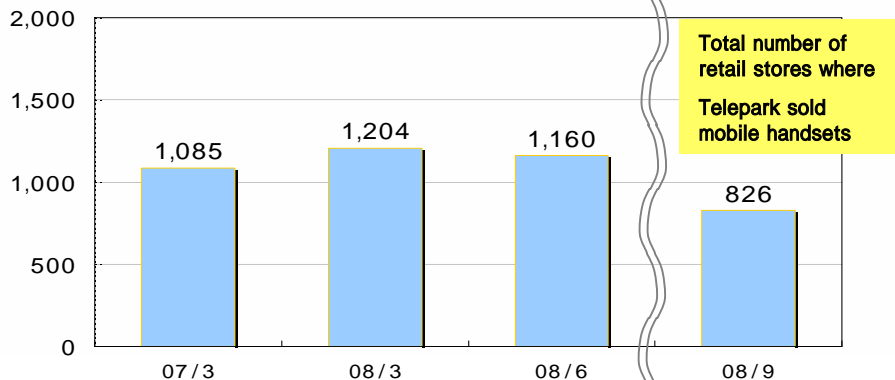
### Streamline Sales Network

#### Strengthen Directly Managed Carrier Shops

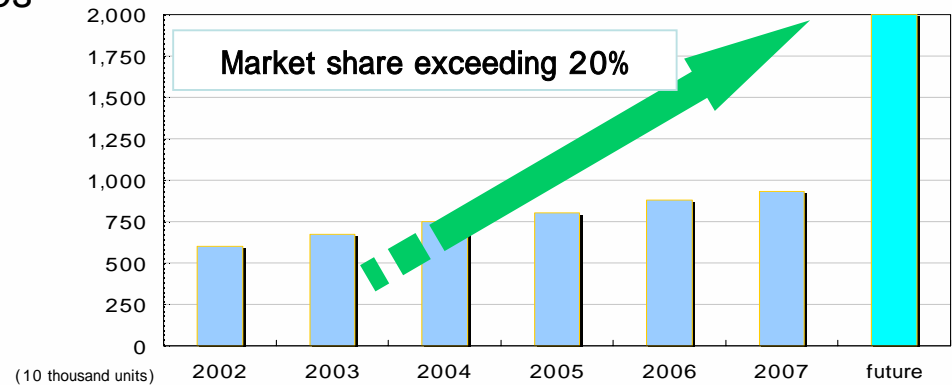


### Business w/ Large Retail Stores

#### Shops in Large Retail Stores



### Rapidly Growing Market for Corporate Clients Reaching 20 million handsets in few years



### [ Strengthening of Sales for Corporate Clients ]

- Increasing number of staff for Corporate Sales Dept. from Current 100 to approx. 280 within a year
- Boosted by stricter compliance with Personal Info. Protection Law & internal control system in addition to MNP effect
- “Consulting Marketing” to propose optimal solutions incl. carries & price plans depending on each company’s needs
- Expanding client base starting with Mitsui, Sumitomo & Mitsubishi Groups
- Providing attractive mobile solutions such as “Mo-Vino”, “MobileStar & MobileStar Secured Services to unify mgmt. of billing & usage for mobile phones to corporate clients
- Marketing for SMEs via sales agents & directly managed stores
- Responding to the needs for smart phones





## 1. Business Strategy

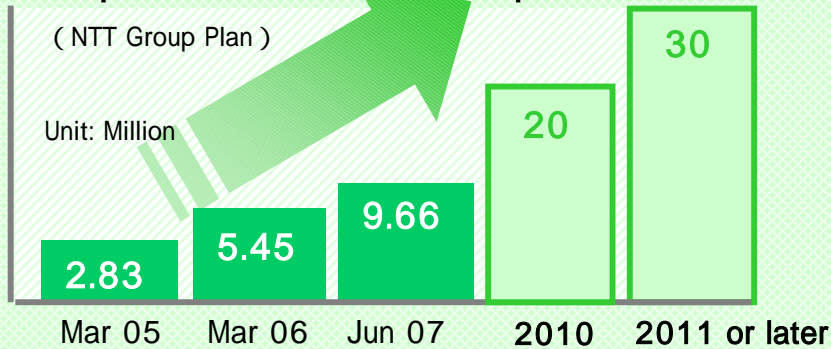
### Business Expansion in FTTH Market

#### 【Market Environment】

Expected Subscribers for Optical Fibers

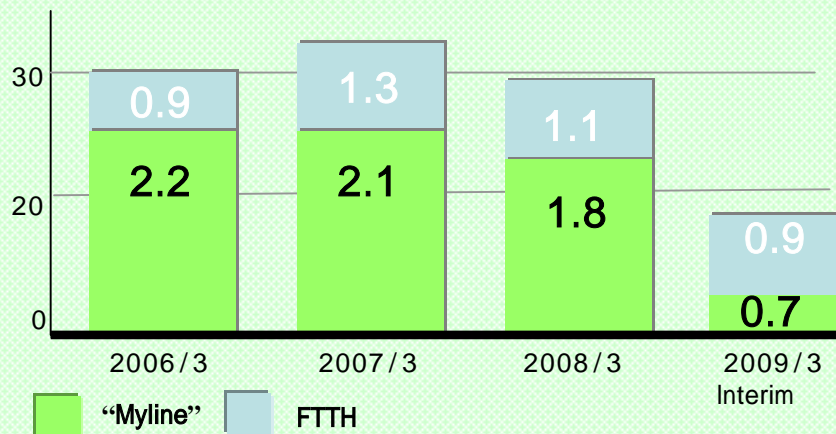
(NTT Group Plan)

Unit: Million



### Gross Margin by Business Category

Unit: Billion yen



## 2. Action Plans

### Expansion of FTTH Business

- Marketing for One Unit Homes
- Shift of Sales Force from “Myline” to FTTH Business
- Acquiring New Sales Agents
- Start Content Service Business such as video picture & IP telephone

### Continuing Traditional “Myline” Business Based on Carriers’ Policy

Profit Contribution with Stable Income



## New Development : Settlement Service

(For Prepaid Mobile Handsets, Overseas Calls, E-money, and Contents, etc.)

Expansion of Business with 40 Thousand Convenience Stores to Secure Sales Channel for Future Growth

【Strengthening of E-settlement business using PIN( \* )】

For mobile handsets : Settlement of calling rate for prepaid & postpaid mobile handsets

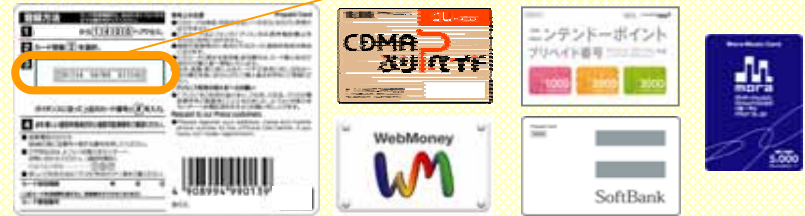
For overseas calls: Settlement of overseas calls

E-money: Convenient & secured general purpose e-money

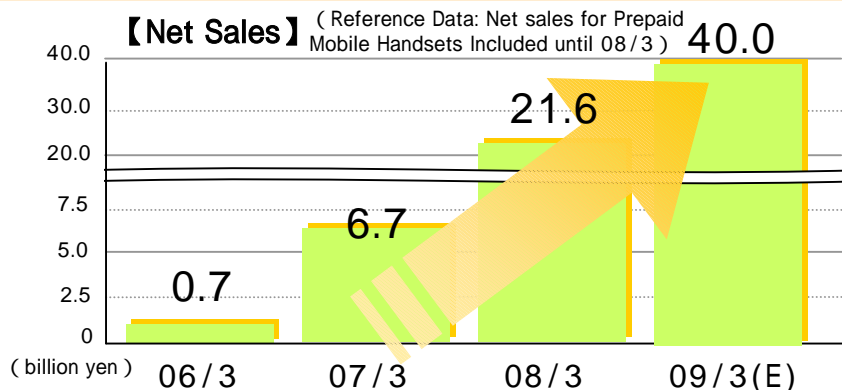
For variety of products: iTunes Card, online shopping & game cards

( \* )PIN : Personal Identification Number

Password accessed by users to utilize the PIN-based services



### Further Growth though Effect of Merger



### Launch of “Prepaid Service” w/ SEJ Stores Nationwide



Telepark & Seven Eleven Japan (SEJ) launched “Prepaid Service” using multi-copy machines to sell PIN Codes at approximately 12,000 SEJ stores nationwide from April 9, 2008.



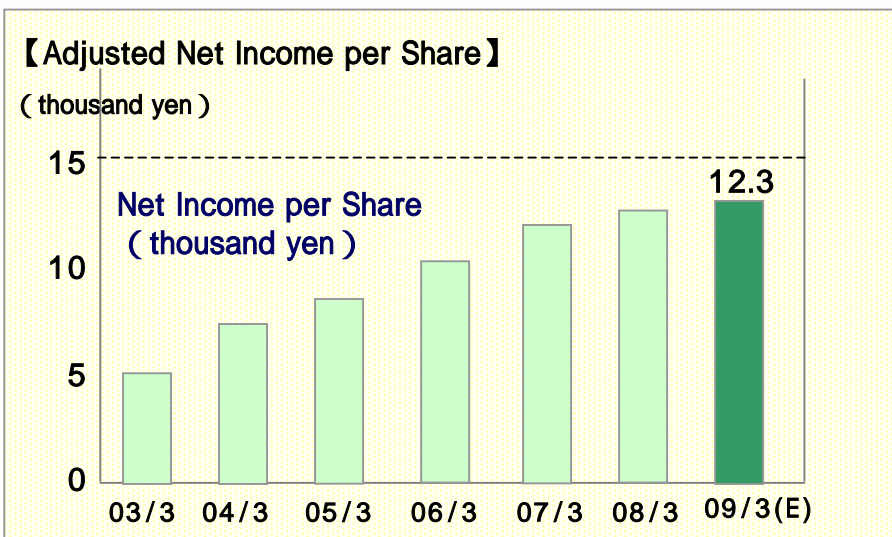
“Prepaid Service” is convenient service, which allows customers to purchase PIN Codes becoming popular as means of settlement in a wide range of areas such as online games, music distribution, and international calls.



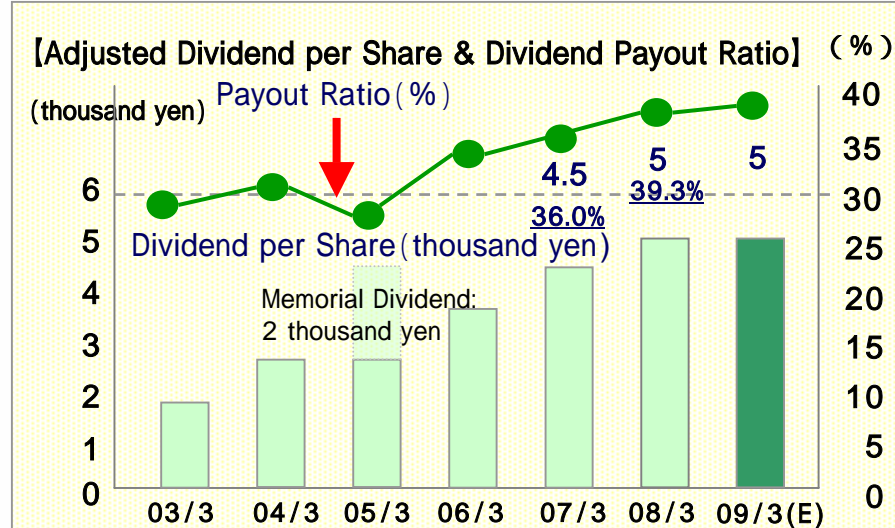
## Financial Strategy & Dividend Policy

( ) Adjusted based on split-ups of stock implemented on 20 Jan 2006

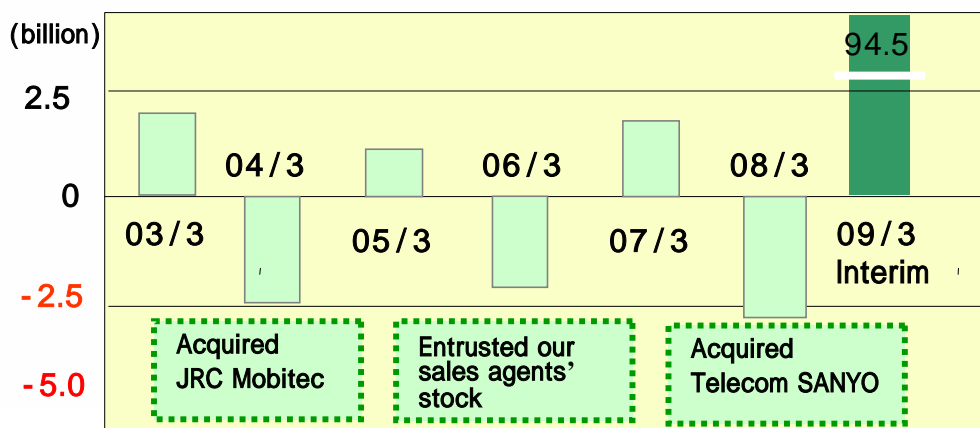
Increasing Net Sales while Securing Asset Efficiency:  
**Increasing Net Income per Share ( )**



Targeting **Dividend Payout Ratio over 30% Level**  
 Dividend per Share ( ) Continuously Increasing



## FCF (Free Cash Flow) & Future Activities



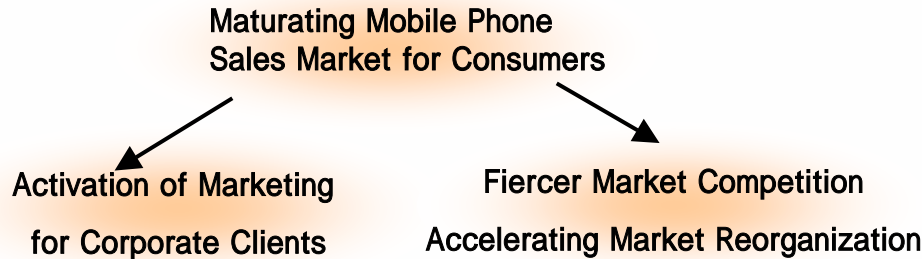
### Future Activities

- Return to shareholders focusing on “High Dividend Payout Ratio”
- New Business Investment

# Future Development



## Synergy Effect

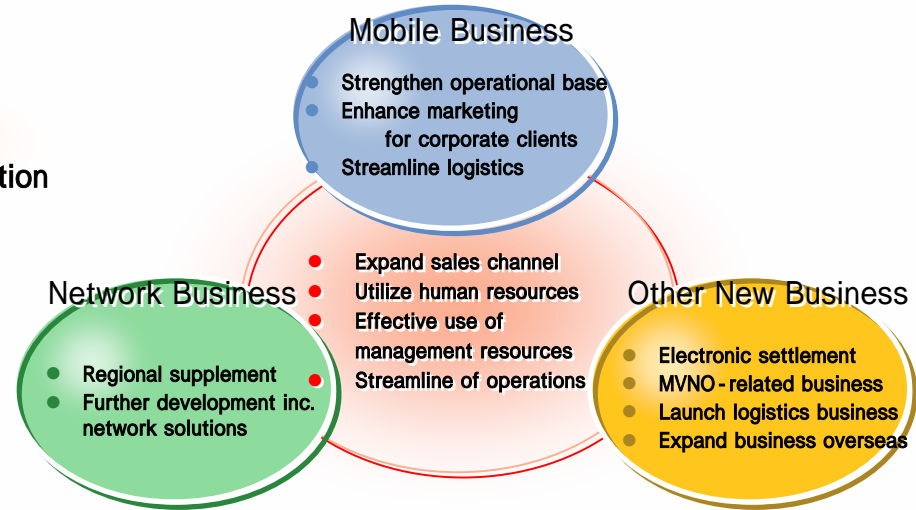


**Establish the Position of Leading Company as Global Information & Telecommunications Firm**

**Strengthening Revenue Base by Expanding Operational Scale**

**Actively Challenge New Business Domains**

## Enjoy the economics of scale



### Strengthening Revenue Base by Expanding Operational Scale

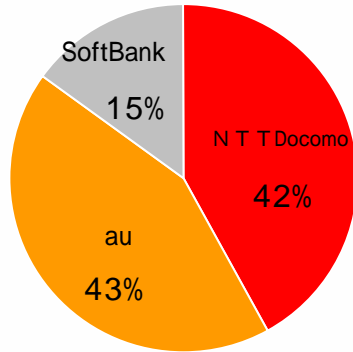
- Secure the position as the industry leader with the combined mkt. share exceeding 15%.
- Expand its customer base and increase its market share, especially in the promising market for corporate clients by utilizing each enterprise group of three major shareholders and enhancing its ability for make proposals, such as for mobile solutions.
- Streamline operations, including centralizing logistics and inventory management and reducing management costs as well as strengthening its revenue base.
- Utilize the human resources of the two companies to a larger extent than before, bringing greater convenience to customers and improving service quality.

### Actively Challenge New Business Domains

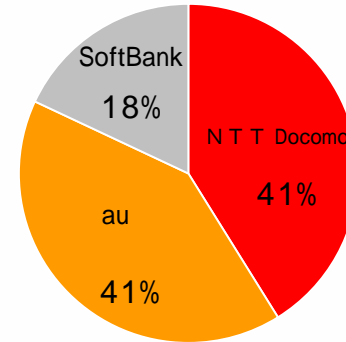
- By diversifying sales network, as well as financial power and planning ability, it will take on new business domains other than the mobile and network communication businesses through effective utilization of its abundant personnel resources.

## Diversified & Well-balanced Marketing Strategy

### By Carrier

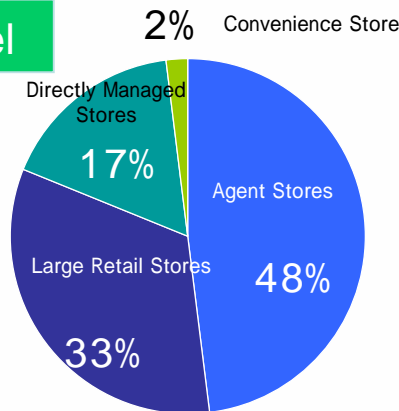


Telepark ( As of Sep. 30, 2008 )

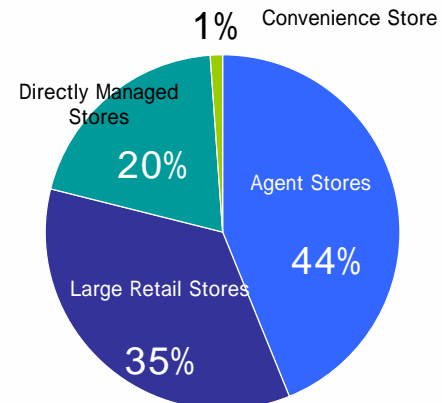


T-Gaia ( As of Oct. 1, 2008 )

### By Sales Channel



Telepark ( As of Sep. 30, 2008 )

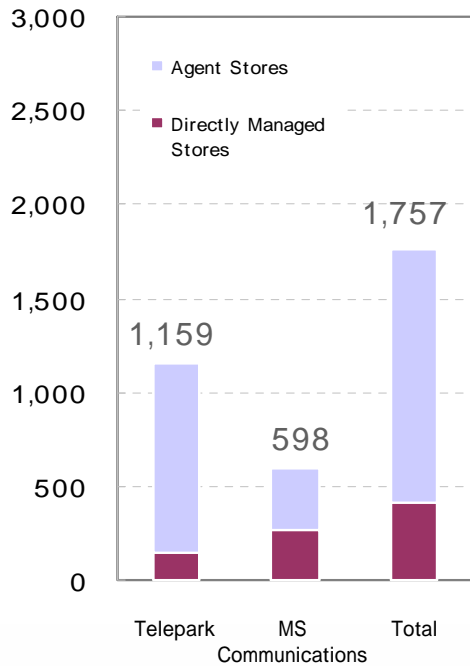


T-Gaia ( As of Oct. 1, 2008 )

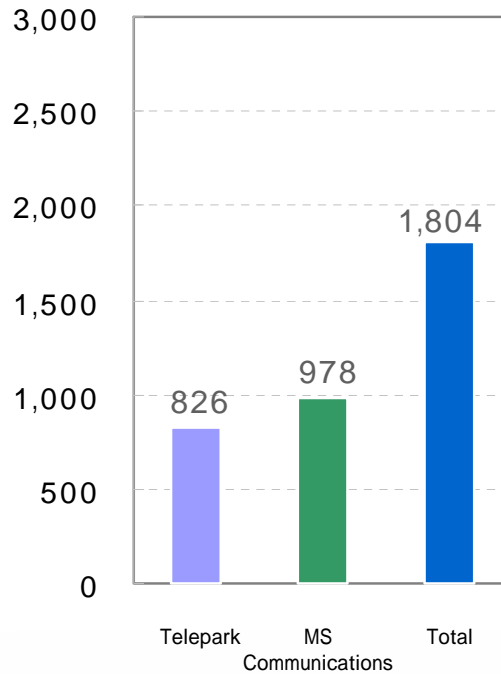
## Significant Expansion of Diversified Sales Channels

( As of Sep. 30, 2008 )

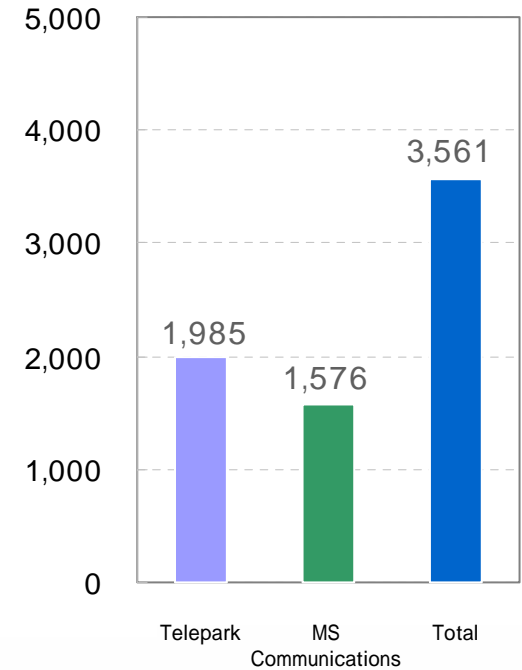
Directly Managed & Agents Stores



Shops in Large Retail Stores



Total No. of such Stores & Shops





Unit: Billion yen	08 / 3 Results	09 / 3 Forecast	Change of amount	Change of rate
<b>Net Sales</b>	375.52	438.40	62.88	16.7%
<b>Gross Margin</b>	31.16	51.70	20.54	65.9%
<b>SGA Margin</b>	23.84	41.60	17.76	74.5%
<b>Operating Income</b>	7.32	10.10	2.78	37.9%
<b>Ordinary Income</b>	7.32	9.80	2.48	33.7%
<b>Net Income</b>	4.02	5.10	1.08	26.6%
<b>FCF</b>	28.7			
<b>Prifit / share (yen)</b>	12,721	12,359	362	2.8%
<b>Dividend / share (yen)</b>	5,000	5000.0		

( Dividend Payout Ratio : 36.6% )

( \* ) Since MSC's financial results for 1H is factored in 09/3 Combined Forecasts of two companies above, those figures are different from 09/3 Official Forecasts, which are non-consolidated forecasts for the fiscal year ending March 2009, released in the official financial statement of Telepark.



## Mobile Business

Forecast operating income growth of 27.4% YoY taking synergy effect of merger, positive effect of installment plan & improvement of operational efficiency into consideration.

Unit: Million yen	08 / 3 Results	09 / 3 Forecast	Amount change	Change rate
Net Sales	339,092	380,400	41,308	12.2%
Operating Income	5,496	7,000	1,504	27.4%

## Network Business

Plan to increase both in net sales & operating income by mainly focusing on continuity of “Mylene” business and expansion of FTTH business.

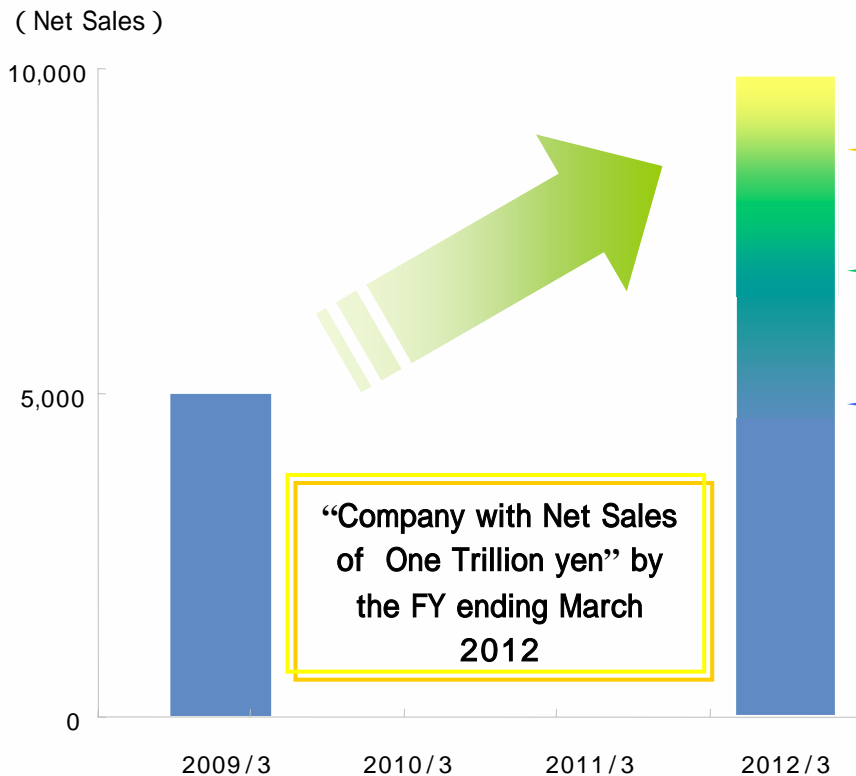
Unit: Million yen	08 / 3 Results	09 / 3 Forecast	Amount change	Change rate
Net Sales	10,408	18,000	7,592	72.9%
Operating Income	1,563	2,500	937	59.9%

## Settlement Service & Other Business

Based on further expansion of sales network using convenience stores including Seven Eleven Japan, forecast net sales of 40,000 million yen for FY ending March 2009. Moreover, improved profitability will drastically increase operating income by 85.7% YoY .

Unit: Million yen	08 / 3 Results	09 / 3 Forecast	Amount change	Change rate
Net Sales	21,676	40,000	18,324	84.5%
Operating Income	323	600	277	85.7%

## Actively Promoting Marketing for Corporate Clients & New Business



### Priority Areas for Each Segment

#### New Business

- ✓ Actively explore & promote new business domains

#### Network Business

- ✓ Business Development taking FMC and/or NGN into consideration

#### Mobile Business

- ✓ Strengthen marketing for corporate clients
- ✓ Stimulate demand for second mobile handset

### Dividend Policy

Dividend Payout Ratio : Continue to be maintained at stable level above 30%