

3Q Financial Results for FY ending March 2012

Feb.10, 2012

TSE 3738

CHALLENGE TOMORROW 

Mobile Telecommunication Business



Network Communications Business



Prepaid Settlement Services & Other Business



*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 Non-consolidated 3Q Financial Results for FY ending March 2012 & Our Business Strategy

We began preparing consolidated financial statements starting from the 3Q of the current fiscal year because we had acquired all the outstanding shares of TG Miyazaki Co., Ltd. as of Dec. 1, 2011, and made it a consolidated subsidiary. However, we have not revised our “Consolidated Forecasts” for the FY ending March 2012 since the financial impact resulted from the acquisition may be slight. And this presentation material on 3Q Financial Results has basically been created based on our “Non-consolidated” financial results.

Outline of Non-consolidated 3Q Financial Results for FY ending March 2012

(Unit : million yen)	11/3 3Q Results	12/3 3Q Results	YoY Change (%)
Net Sales	428,295	509,022	118.8%
Gross Margin (to Net Sales)	44,114 (10.3%)	45,774 (9.0%)	103.8%
SGA Expenses	34,392	36,612	106.5%
Operating Income (to Net Sales)	9,721 (2.3%)	9,162 (1.8%)	94.3%
Ordinary Income (to Net Sales)	9,625 (2.2%)	9,129 (1.8%)	94.8%
Net Income (※) (to Net Sales)	5,022 (1.2%)	4,679 (0.9%)	93.2%
Net Income/share (yen)	9,802.53	10,890.87	111.1%
Dividend/share (yen)	2,750.00	3,250.00	–

12/3 Full-year Forecasts	Full-year Achievement Ratio (%)
660,000	77.1%
64,450 (9.8%)	71.0%
49,800	73.5%
14,650 (2.2%)	62.5%
14,400 (2.2%)	63.4%
7,850 (1.2%)	59.6%
18,627.54	–
6,500.00	–

※:Net income totaled 4,679 million. This result reflects the reduced statutory tax rate after the change of the corporate income tax rate, associated with a reversal of deferred tax assets and an increase in deferred income taxes.

Outline of Non-consolidated 3Q Financial Results for FY ending Mar.12 by Quarter

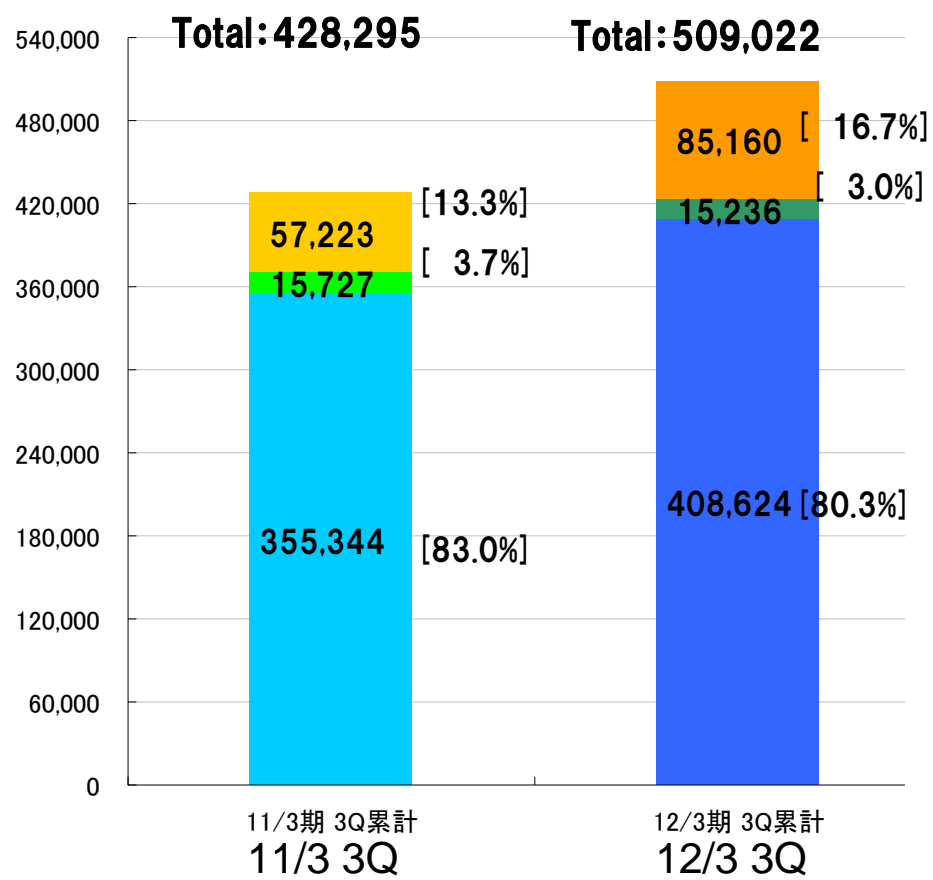
Net Sales	155,516	171,675	181,830	509,022
Gross Margin	14,754	15,915	15,104	45,774
SGA Expenses	11,733	12,393	12,485	36,612
Operating Income	3,021	3,522	2,619	9,162
Ordinary Income	3,005	3,495	2,628	9,129
Net Income	1,630	1,905	1,144	4,679

2012/3 Non-consolidated 3Q Financial Results by Segment

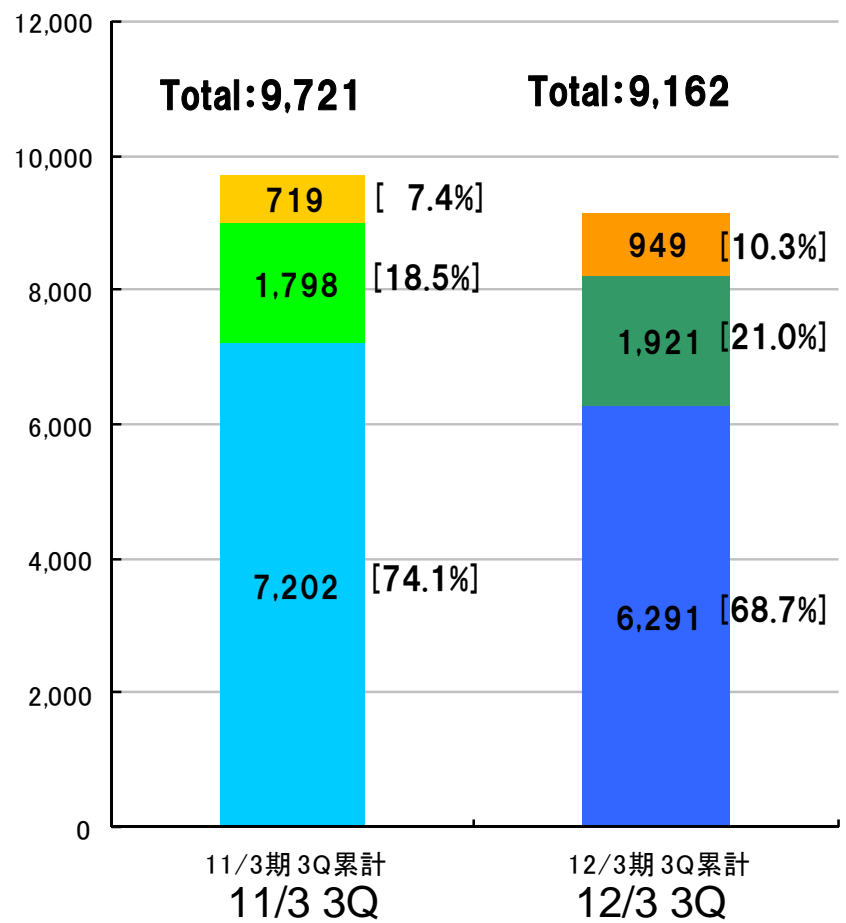
- Prepaid Settlement Service & Others
- Fixed-line Business
- Mobile-phone Business

(Unit : million yen)

Net Sales

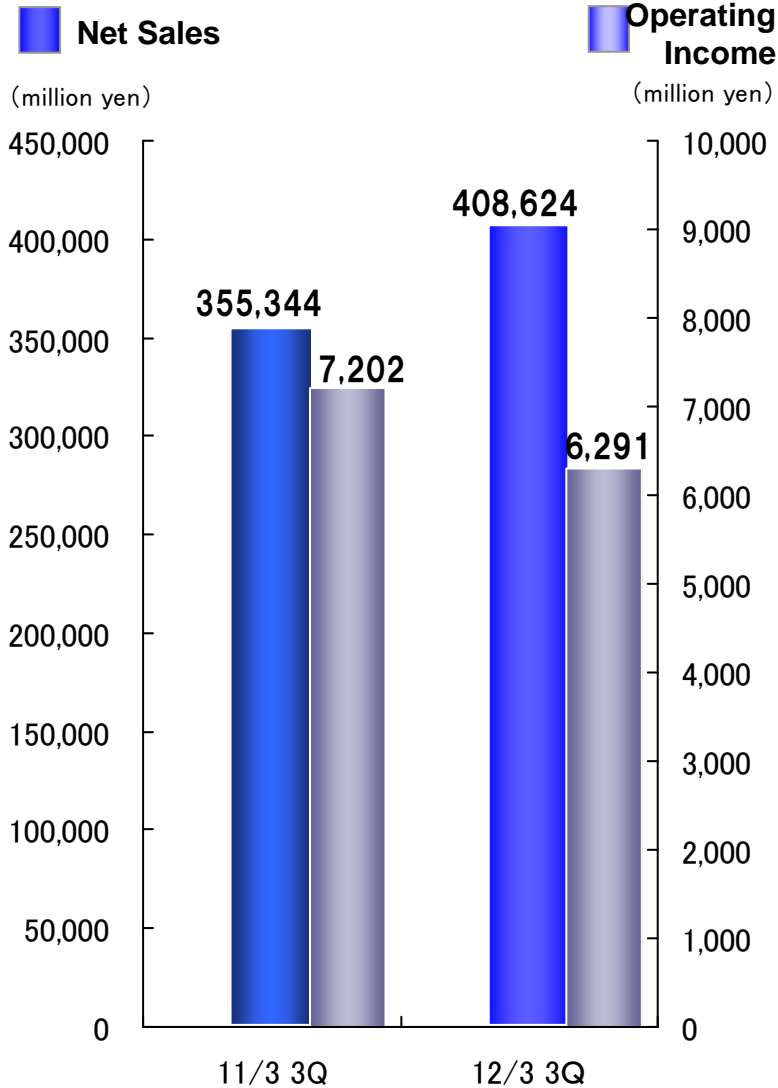


Operating Income

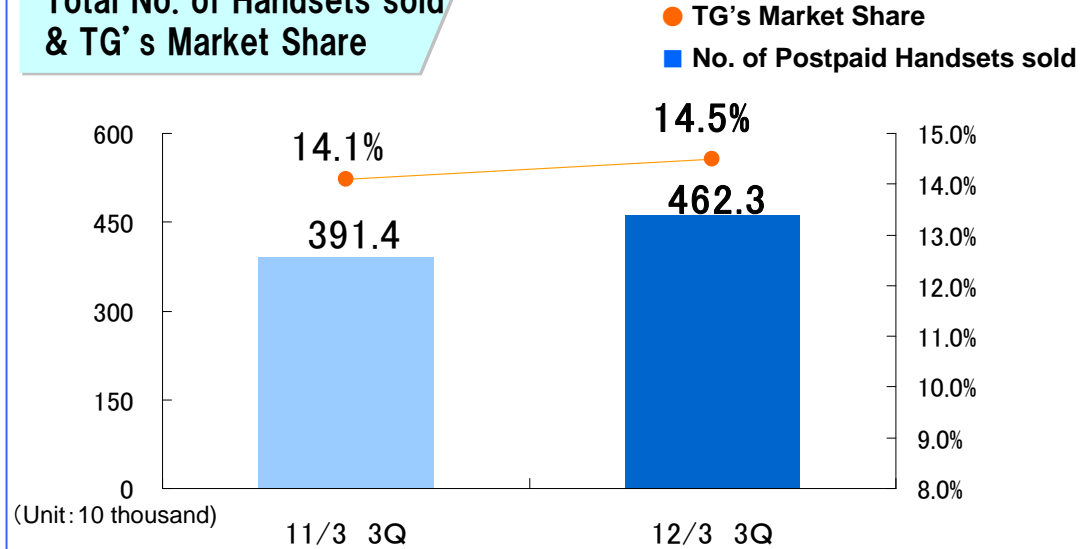




Financial Results

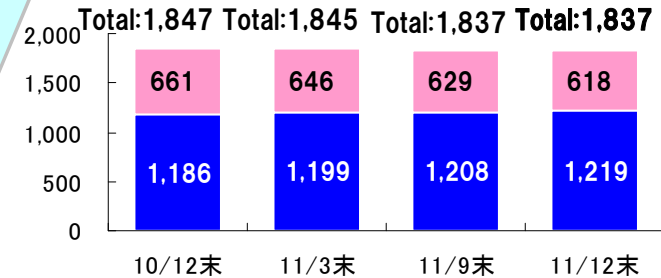


Total No. of Handsets sold & TG's Market Share

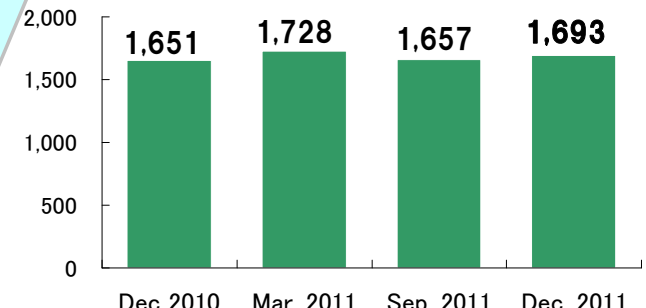


Carrier Shops & Multi Carrier Shops of TG Group in Japan

- Multi-Carrier Shops
- Carrier Shops



Shops in Large Retail Stores & GMS



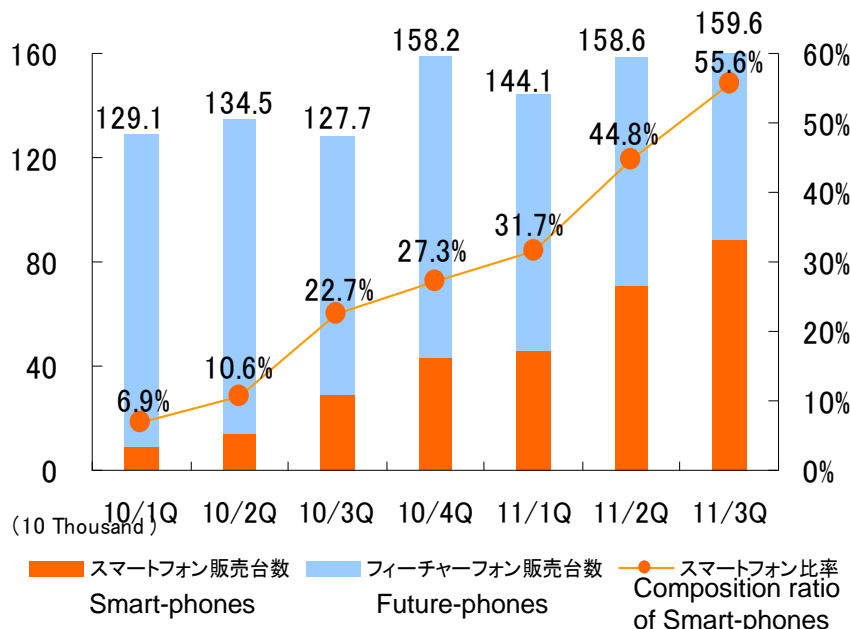


● Strengthen Sale of Smart-phones/Tablets and Related Products

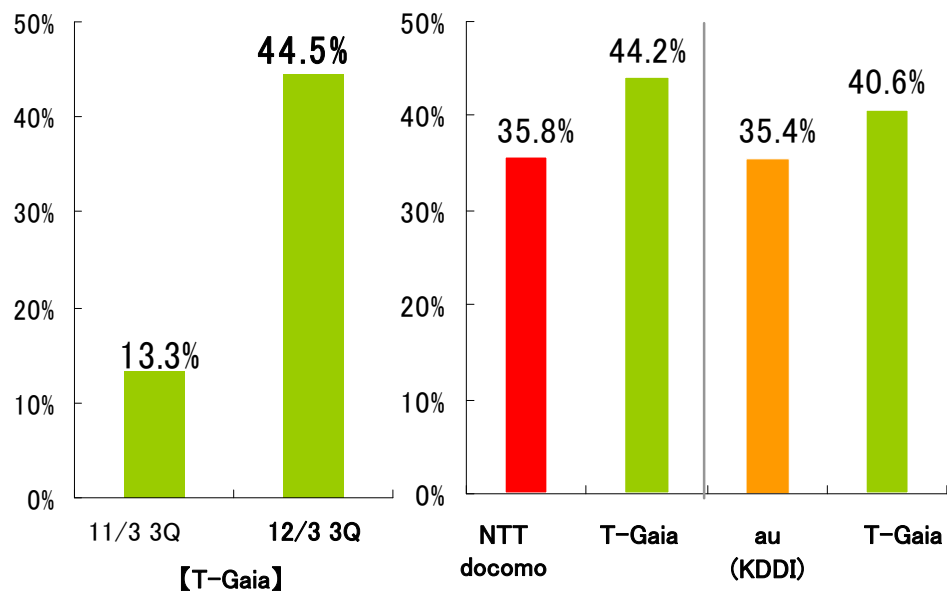
- ☆ Increase the Number of Sales Staff
- ☆ Implement New Construction, Relocation & Renewal of Directly-managed Carrier Shops
- ☆ Expand Sales of Accessory
- ☆ Start Selling Affiliate Advertizing of Application for Smart-phones



【Total No. Handsets Sold & Composition Ratio of Smart-phones on a Quarterly basis】



【Composition Ratio of Smart-phones for Telecom Carriers & T-Gaia in 12/3 3Q】





Marketing for Corporate Clients

● Retain Corporate Clients Utilizing Mobile-phone Info. Mgmt. Service “movino star” and Other Original Solutions

● Promote Introduction of Smart-phones/Tablets PCs

☆ Meet the needs for stronger security of terminals

• Start selling MDM (Mobile Device Mgmt.) solution “mdport” for Android OS

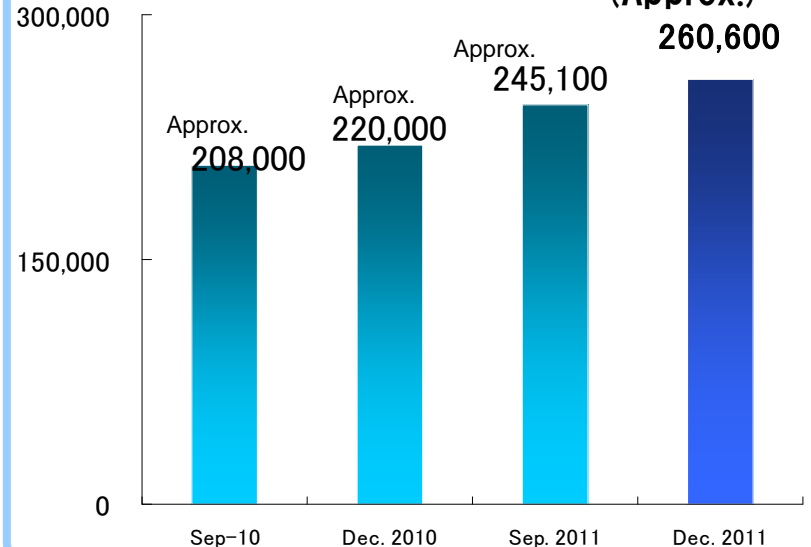
• Upgraded existing mobile-phone information management service intended for corporate clients “mss (movino star secures service)” for smart-phones



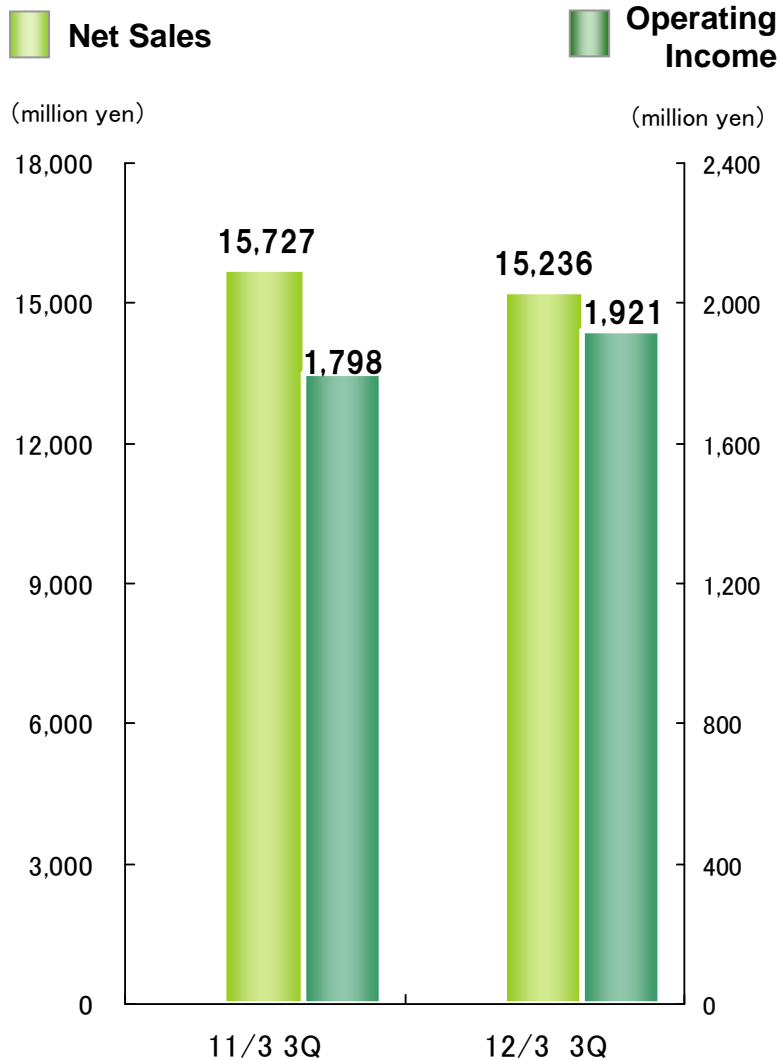
☆ Newly launch the Helpdesk for corporate clients

☆ Strengthen alliance with solution partners

【 Total No. of Subscribers for “movino star” Service 】 (Approx.)



Financial Results

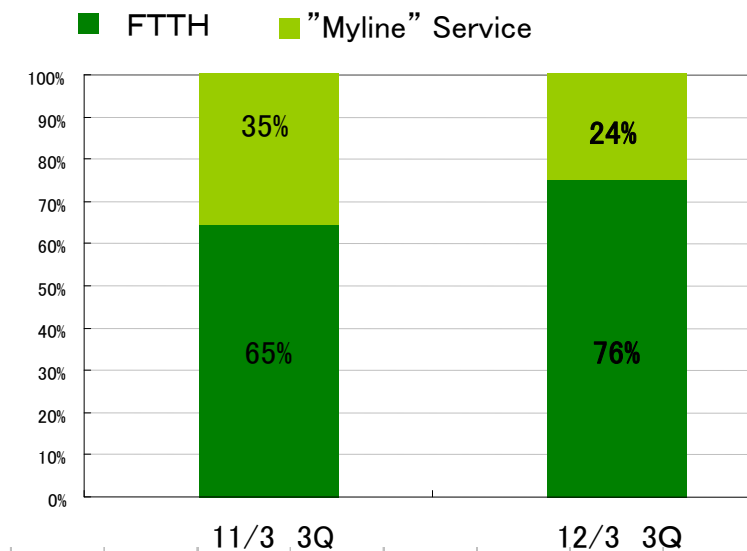


Business Strategy

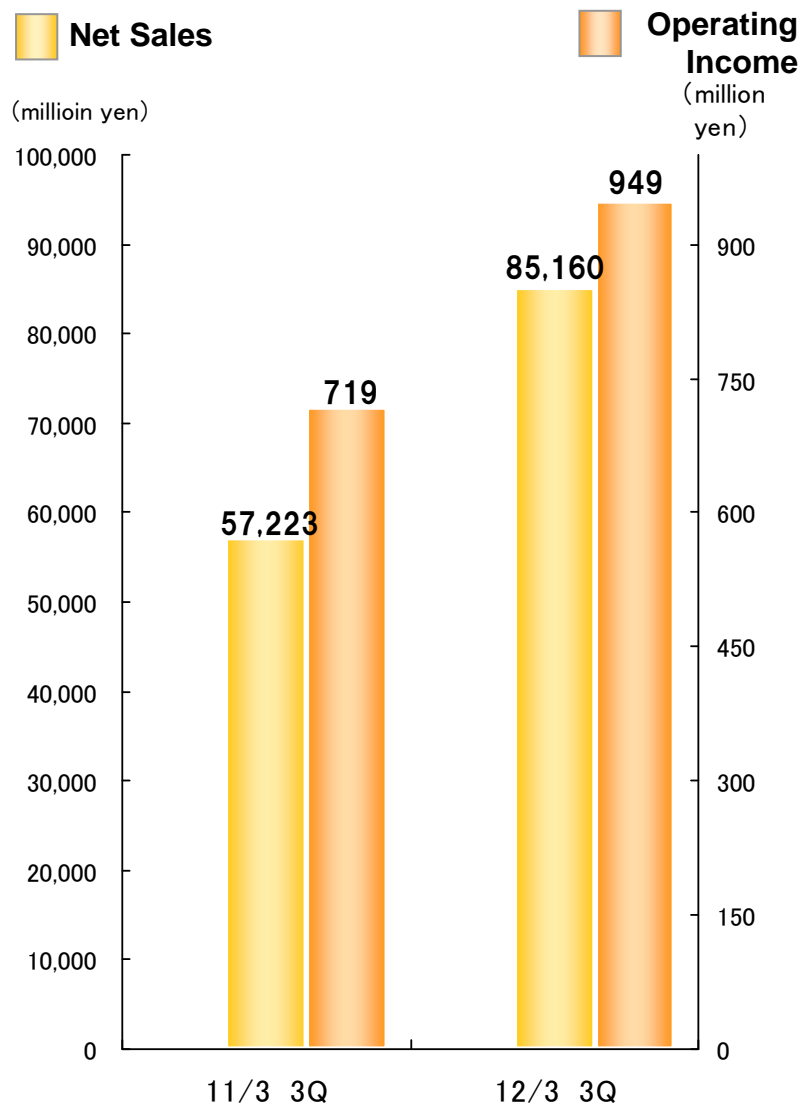
● Strengthen Sale of FTTH & Related Products

- Promote marketing for SOHO with introduction of new rate plan
- Expand sale of related products such as ISP

[Gross Margin by Product Line]



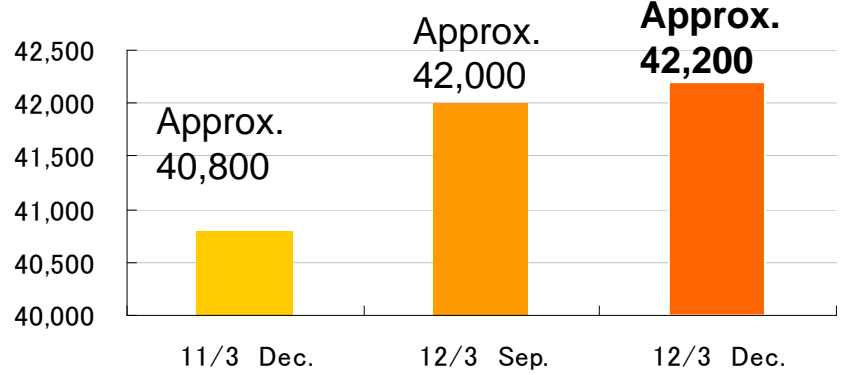
Financial Results



Market Environment & Business Strategy

● Settlement amount is drastically increasing with expansion of e-commerce market including contents for SNS game

[No. of convenience stores dealing PIN]



● Launch “Gift Card Mall” service in major convenience store chain utilizing new type of gift cards & prepaid cards



※iTunes is Trademark of Apple Inc. registered in USA and other countries



※Amazon, Amazon.co.jp and Amazon.co.jp Logo are Trademark of Amazon.com, Inc. and/or its related companies



1 Establishing New Business Model Revolution [Building New Earnings Base]

Mobile-phone Distribution Business in China



<Consumer Segment>

June 29: Opened the Second China Unicom Mobile-phone Shop in Shanghai
Added three shops in Dec. 2011 to increase the total number of shops to Five

<Corporate Client Segment>

Promoting sales and marketing activity mainly targeting the group companies of three major Japanese trading companies, and are building the framework for this segment in China.



“Gift Card Mall” service in major convenience store chain utilizing new type of gift cards & prepaid cards

Added new attractive product in Dec. 2011 to further improve the lineups

2

Increasing Depth of Existing Business Model

Deeping [Maximization of Customer Satisfaction]

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Expansion & Strengthening of Mobile-phone Sales Channel

● Acquired 100% Ownership of “TG Miyazaki” as of Dec. 1, 2011

Outline

Acquired all the stock of “TG Miyazaki” that has been newly established by Company Split from Maemura Corp., which operated Six NTT docomo shops in Kyshu Area as of Dec. 1st, 2011

Reference

Acquired Goodwill : 1,377 million yen (10-year amortization period) ※Provisional amount
Deferred income tax asset : 361 million yen

☆We have not revised our “Consolidated Forecasts” for the FY ending March 2012 since the financial impact resulted from the acquisition may be slight. Therefore, we replaced the our Non-consolidated Forecasts at the beginning of this fiscal year to Consolidated Forecasts when we announced the 3Q Financial Results as of Feb. 10, 2012.

3

Further Progress in Mgmt. Base

Evolution [Innovation of Internal Infrastructure]

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Development of “Committee to Innovate Sales & Marketing Promotion Structure”

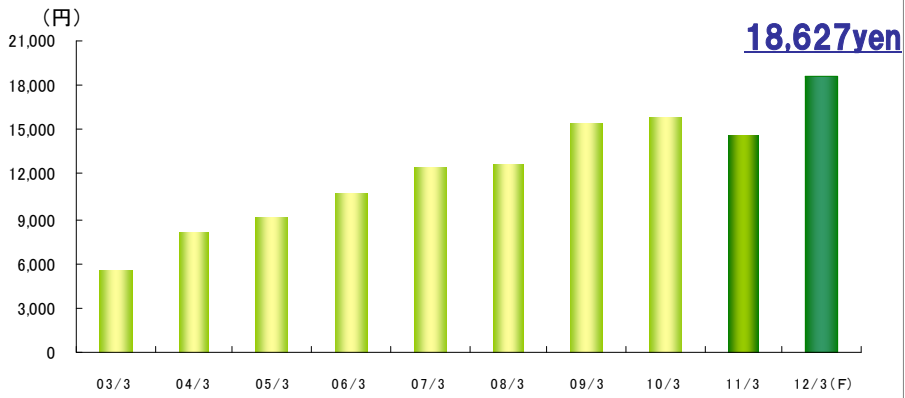
- Promotion of “Customer First” Principle
- Strengthening of Compliance Structure
- Creation of Vibrant & Vigorous Organization

Updated Personnel & Accounting System to Improve Operational Efficiency

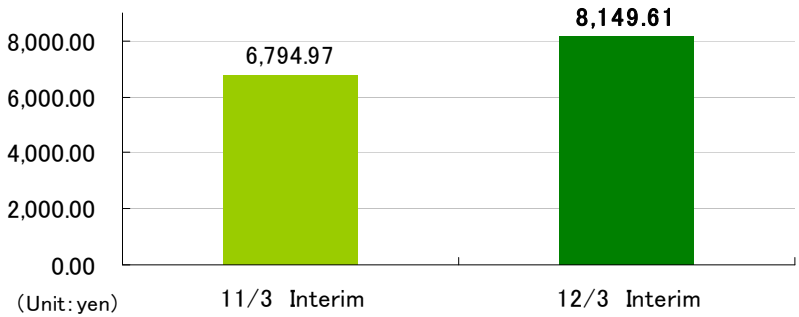
Financial Strategy & Return to Shareholders

Targeting Dividend Payout Ratio over 30% Level based on our Dividend Policy to Strengthen the Future Business Development and the Management Base

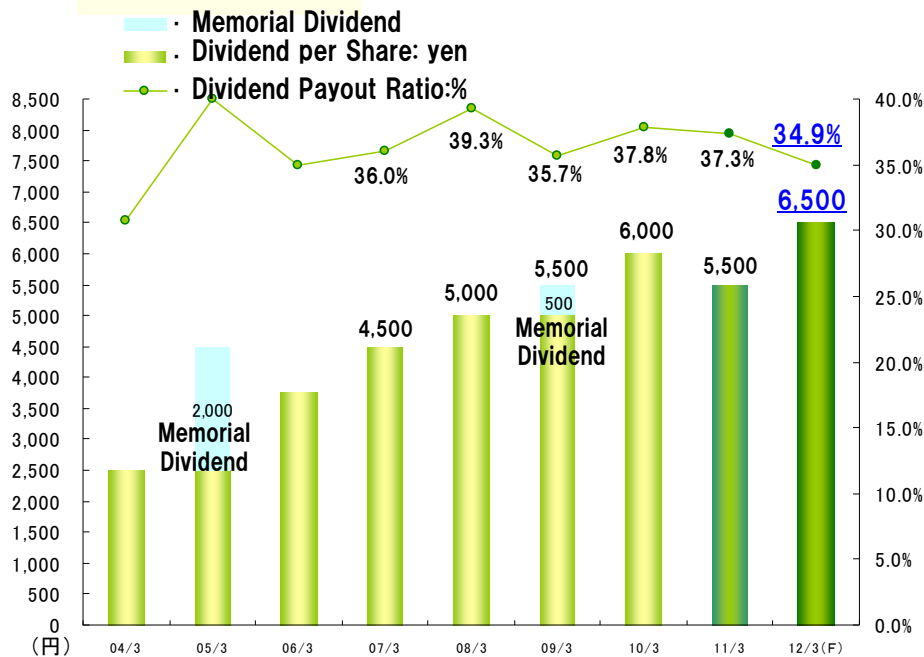
Adjustment Net Income per Share



Net Income per Share



Adjusted Dividend per Share & Payout Ratio



☆ In April 2011

Made TOB for Treasury Stock of 91 thousand shares.

Improved EPS as well as ROE as part of further return to shareholders.

Forecasts for FY ending March 2012

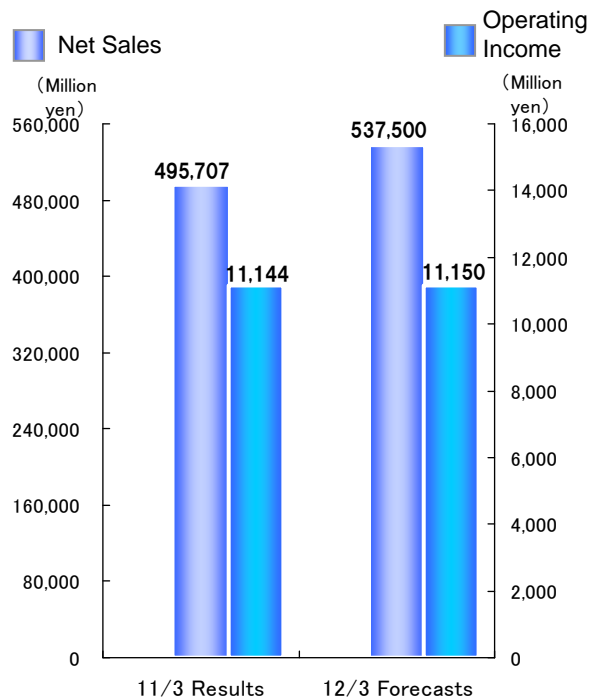
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Consolidated & Non-consolidated Forecasts for FY ending March 2012

(Unit : million yen)	11/3 Full-year Results	12/3 Full-year Forecasts	Change of Amount	Year-on-Year basis (%)
Net Sales	595,217	660,000	64,783	110.9%
Gross Margin	61,284	64,450	3,165	105.2%
SGA Expenses	46,759	49,800	3,040	106.5%
Operating Income	14,524	14,650	125	100.9%
Ordinary Income	14,395	14,400	4	100.0%
Net Income	7,554	7,850	295	103.9%
FCF	5,265	3,100	△2,165	58.9%
Net Income/share (yen)	14,742.70	18,627.54	3,884.83	126.4%
Dividend/share (yen) (Payout Ratio)	5,500 (37.3%)	6,500 (34.9%)	1,000	118.2%

Consolidated & Non-consolidated Forecasts for FY ending March 2012 by Business Segments

Mobile Phone Business



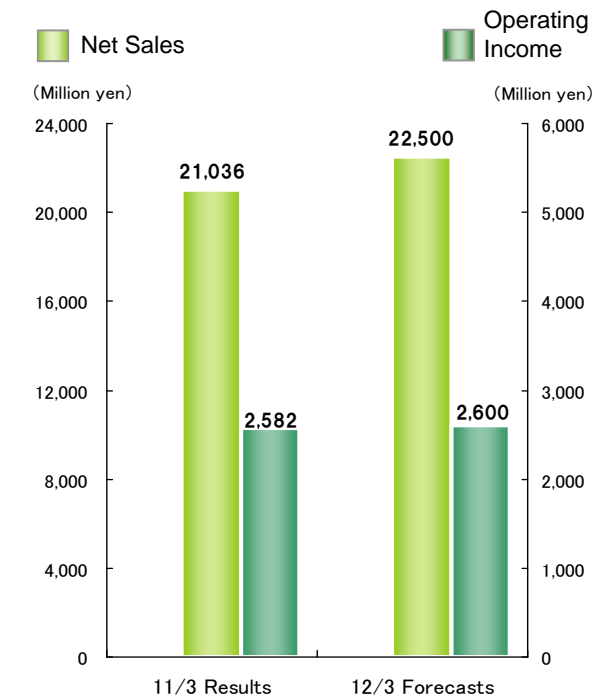
Full-year Forecasts (Mil. yen)

- Net Sales 537,500
- Operating Income 11,150
- No. of handsets sold 6.05 million

<Ref.> 11/3 Results

- Net Sales 495,707
- Operating Income 11,144

Fixed-line Business



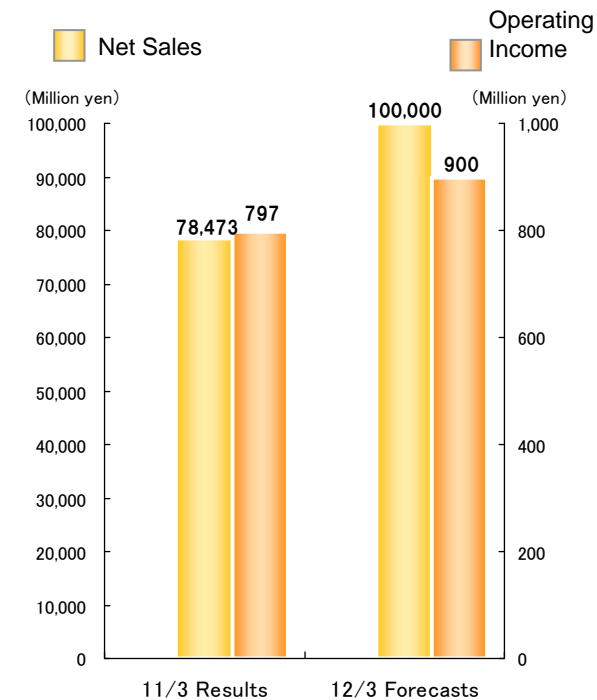
Full-year Forecasts (Mil. yen)

- Net Sales 22,500
- Operating Income 2,600

<Ref.> 11/3 Results

- Net Sales 21,036
- Operating Income 2,582

Prepaid Settlement Service & Other Business



Full-year Forecasts (Mil. yen)

- Net Sales 100,000
- Operating Income 900

<Ref.> 11/3 Results

- Net Sales 78,473
- Operating Income 797