

Consolidated Interim Financial Results for FY ending March 2014

November , 2013



Mobile Telecommunication
Business



Solutions Marketing
Business



Settlement Services &
Other Business

Disclaimer

* 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 2014

Key Points of Interim Financial Results

Net Sales : 333.3 billion yen (YoY 95.4%)

Operating Income : 6.13 billion yen (YoY 113.1%)

< Main factors for decreased net sales >

- Shortage of supply for popular mobile/smart- phones
- Decrease of sales volume due to streamlined sales channel

< Main factors for increased operating income >

- Strengthening of sales for products & services related to smart-phones
- Effect from optimization of sales channel, which we have conducted from the previous fiscal year
- Promotion of structural reorganization such as improvement of operational efficiency

Summary of Interim Financial Results

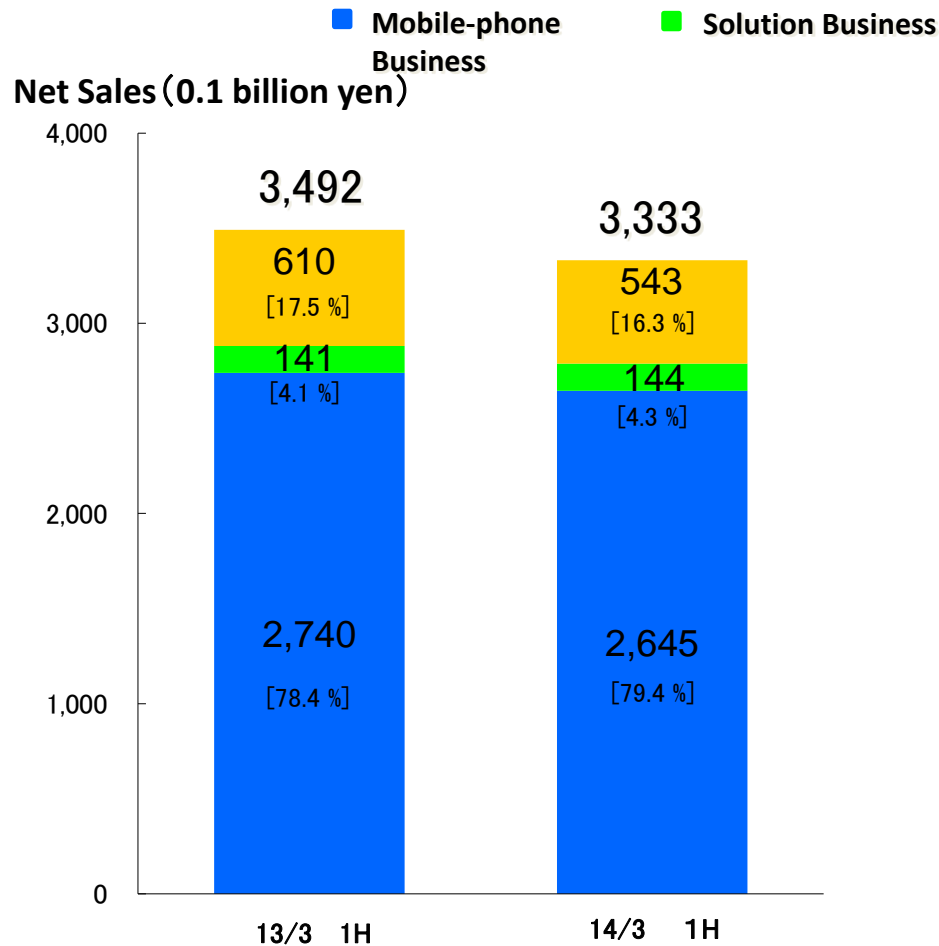
	13/3 1H Results	14/3 1H Results	Increase or Decrease	YoY Change
(Unit: 0.1 billion yen)				
Net Sales	3,492.5	3,333.3	▲ 159.2	95.4%
Gross Margin	329.7	307.6	▲ 22.1	93.3%
(to Net Sales)	9.4%	9.2%	—	—
SGA Expenses	275.4	246.2	▲ 29.2	89.4%
Operating Income	54.2	61.3	7.1	113.1%
(to Net Sales)	1.6%	1.8%	—	—
Ordinary Income	53.6	61.1	7.5	114.0%
(to Net Sales)	1.5%	1.8%	—	—
Net Income	29.8	34.0	4.1	114.0%
(to Net Sales)	0.9%	1.0%	—	—

Interim Financial Results & Achievement Ratio

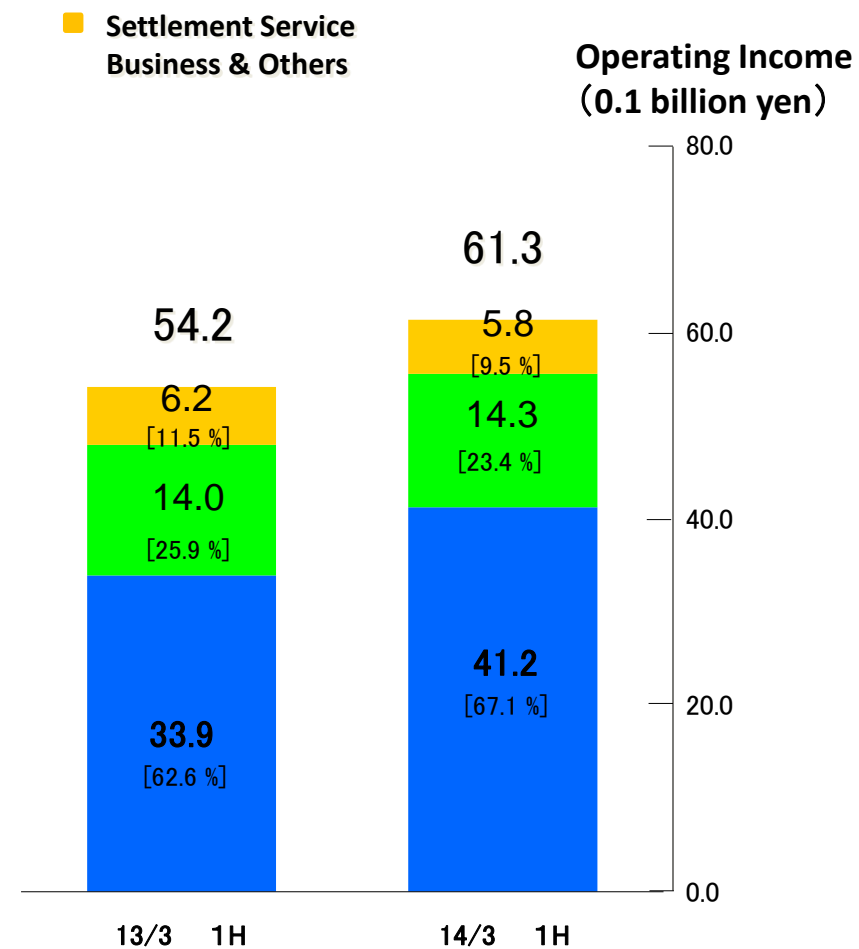
(Unit: 0.1 billion yen)	14/3 1H Results	14/3 1H Forecasts	1H Achievement Ratio	14/3 Full-year Forecasts	Full-year Achievement Ratio
Net Sales	3,333.3	3,400.0	98.0%	7,250.0	46.0%
Gross Margin	307.6	326.0	94.4%	676.0	45.5%
(to Net Sales)	9.2%	9.6%	-	9.3%	-
SGA Expense	246.2	260.0	94.7%	535.0	46.0%
Operating Income	61.3	65.0	94.5%	141.0	43.5%
(to Net Sales)	1.8%	1.9%	-	1.9%	-
Ordinary Income	61.1	63.0	97.1%	138.0	44.3%
(to Net Sales)	1.8%	1.9%	-	1.9%	-
Net Income	34.0	35.0	97.3%	77.5	43.9%
(to Net Sales)	1.0%	1.0%	-	1.1%	-

Interim Financial Results by Business Segment

<Net Sales>

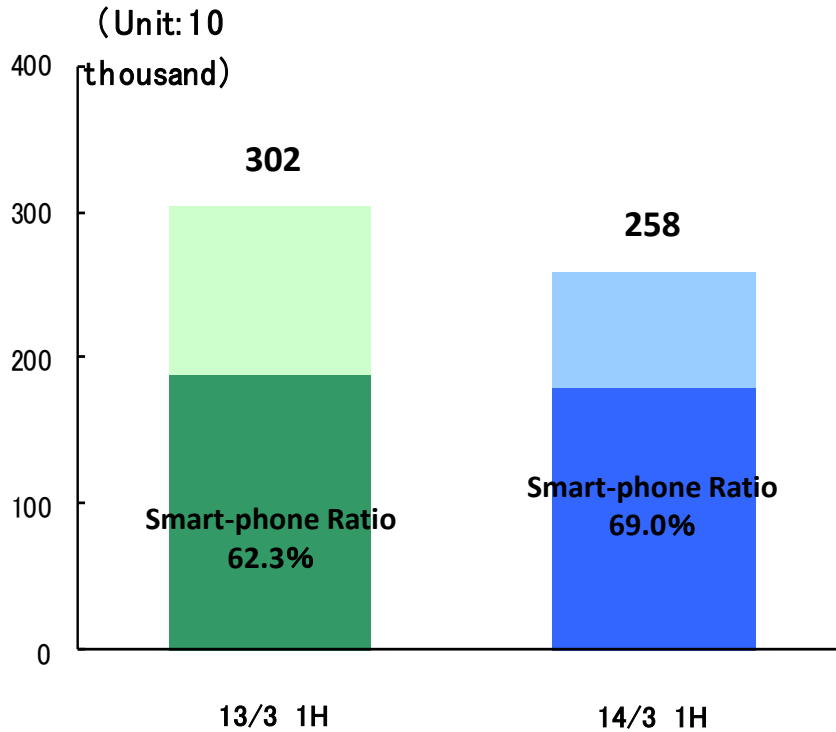


<Operating Income>

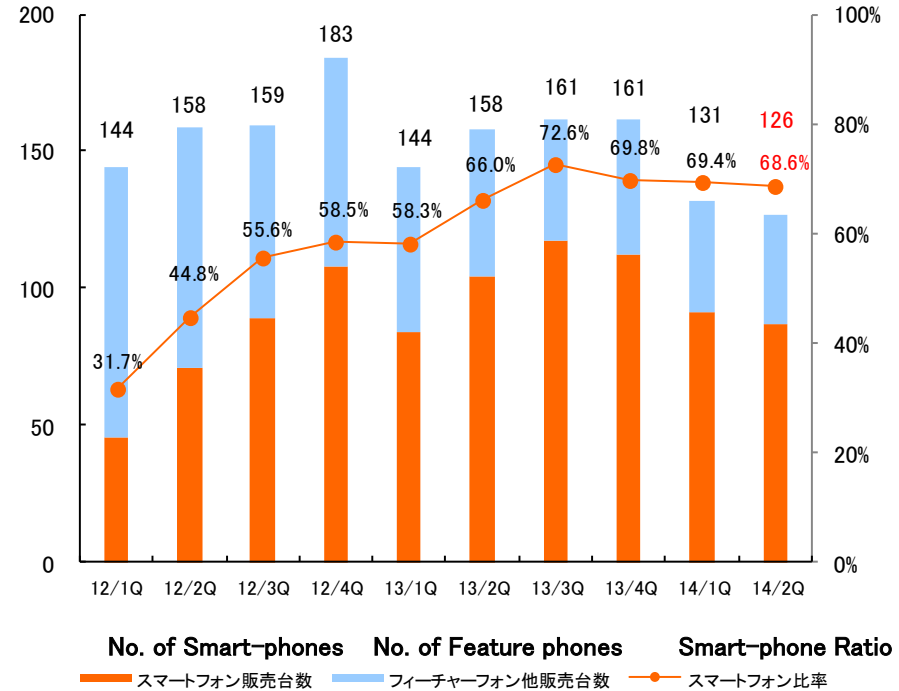


Total No. of Mobile-phones Sold Company-wide

<Total No. of Mobile-phones, etc. Sold in 1H>



<Total No. of Mobile-phones of Three Major Telecom Carriers Sold Company-wide & Smart-phone Ratio on Quarterly basis>
(万台)

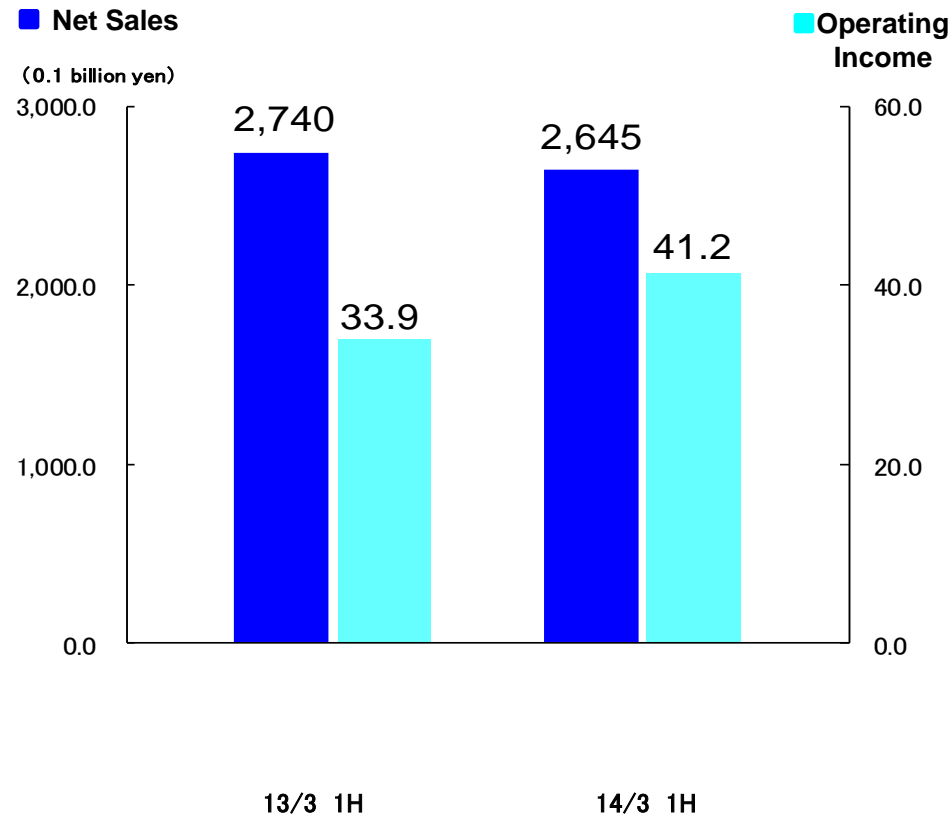


- Sales volume decreased due to shortage of supply for popular models and optimization of Sales Channel
- Smart-phone Ratio has risen from over 60% in 1H of the previous fiscal year to approx. 70%.

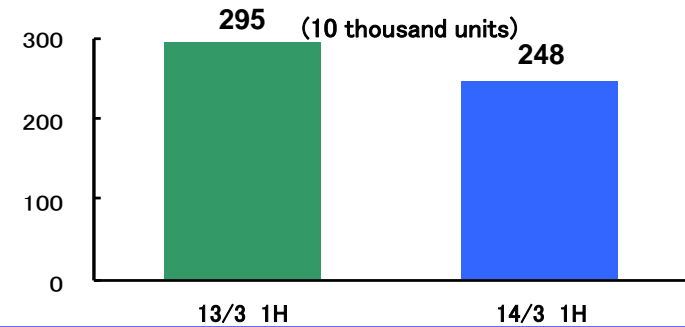
※Including Wi-Fi models

Mobile-phone Business

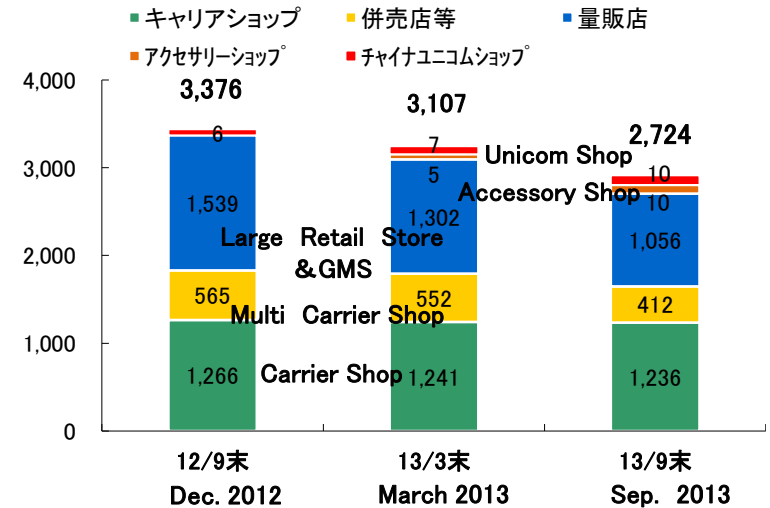
Financial Results Comparison



Total No. of Mobile-phones Sold in the Segment



No. of Sales Base

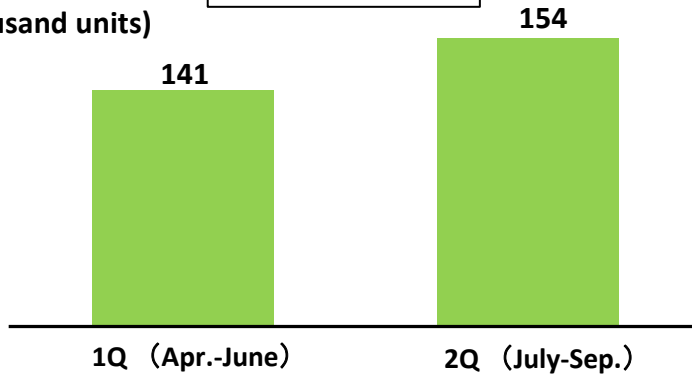


- Net Sales decreased mainly due to decrease of total No. of mobile-phones sold in the segment
- Operating income increased because of optimization of sales channel & promotion of company - wide structural reorganization such as improvement of cost efficiency in addition to increase of sales for products & services related to smart-phones
- Relocated & renovated carrier shops responding to customers' demand for smart-phones

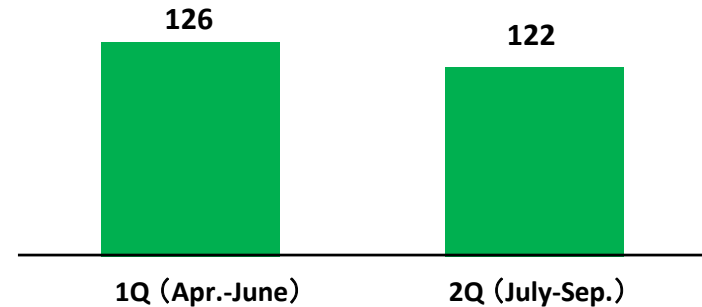
Mobile-phone Business on Quarterly basis

Total No. of Mobile-Phones sold
(10 thousand units)

13/3 1H



14/3 1H

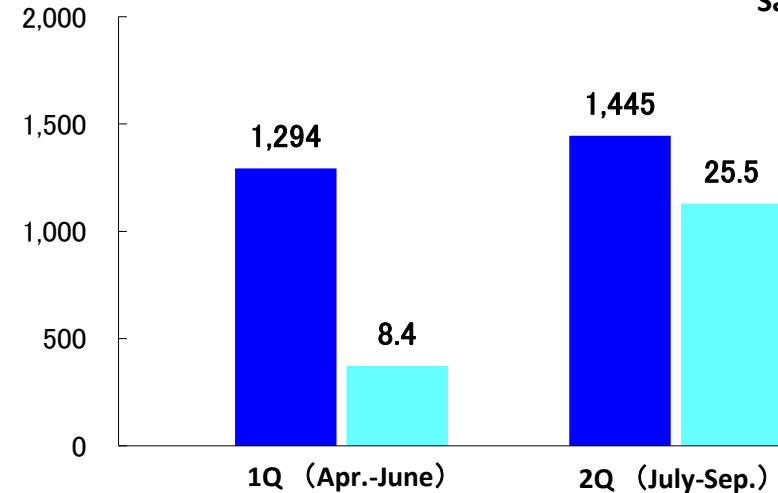


Financial Results Comparison

Net Sales (0.1 billion yen)

13/3 1H

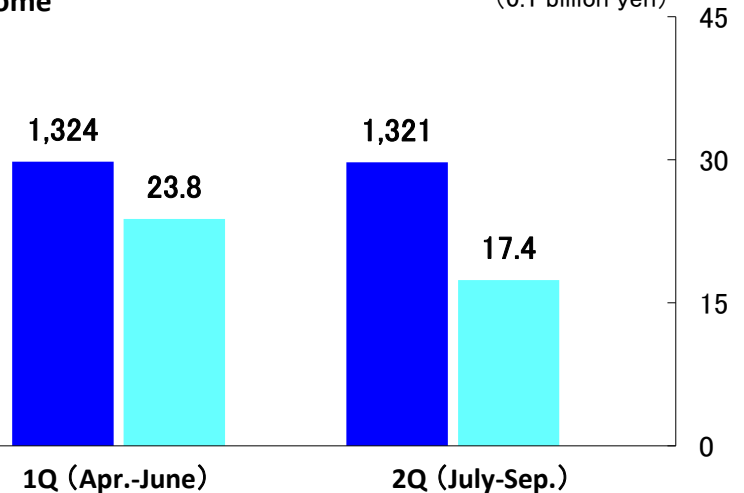
■ Net Sales



■ Operating Income

14/3 1H

Operating Income (0.1 billion yen)



- Market trend in 1H changed due to shift of summer selling season from 2Q to 1Q
⇒ 1Q exceeded 2Q with regards to both sales volume & financial results

Mobile-phone Business:

Accessory Shop Development with the brand name of Smart Labo



Opened "Smart Labo Aeon Mall Natori" on Sep. 13



Opened "Smart Labo Aeon Lake Town" on Sep. 19



• Operating nine accessory shops incl. the online shop as of the end of Sep. 2013

<Smart Labo Shop List>

- Hiroshima Hondori (Hiroshima)
- Chiba PARCO (Chiba)
- Matsumoto PARCO (Nagano)
- Aeon Mall Natori (Miyagi)
- Yume Town Mitoyo (Kagawa)
- Aeon Lake Town (Saitama)
- Shinsaibashi (Osaka)
- LoveLa2 (Niigata)※
- Okaido Central (Ehime)
- Rakuten Ichiba (Online shop)

※LoveLa2 opened on Nov. 2

Mobile-phone Business :

Accessory Shop Development with the brand name of AppBank Store



▪ August 2, 2013, opened [one of the largest accessory shops](#) for iPhones in Japan in cooperation with AppBank (Store) Co., Ltd.

<Outline of AppBank Store Shinjuku>

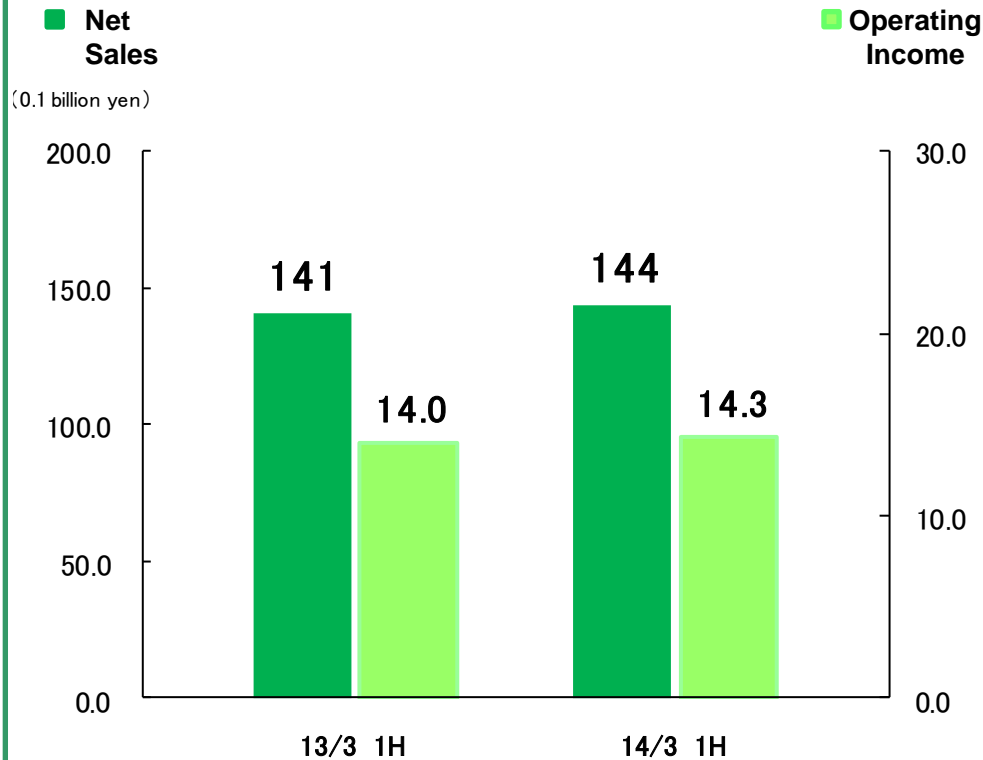
Address : HUMAX Pavillion Shinjuku East 3-28-10,
Shinjuku, Shinjuku-ku, Tokyo

Operating Hours : 11 : 00 – 21 : 00



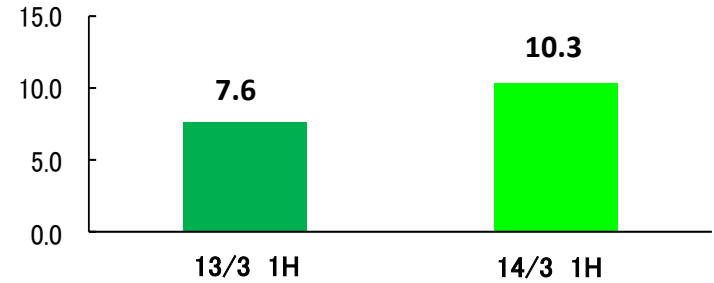
Solution Business

Financial Results Comparison



Total No. of Mobile-phones Sold in the Segment

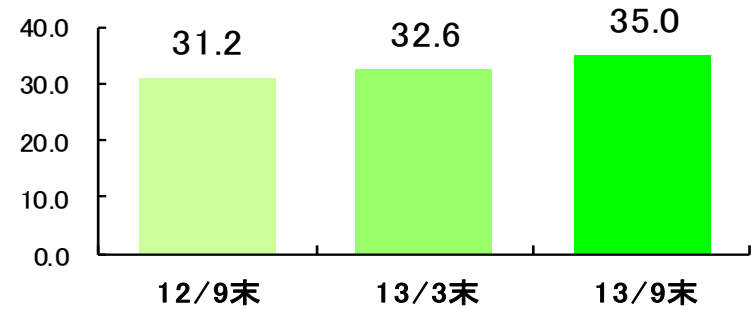
(万台) (10 thousand units)



※Including Wi-Fi models

Total No. of lines subscribing for “movinostar” service

(万回線) (10 thousand lines)



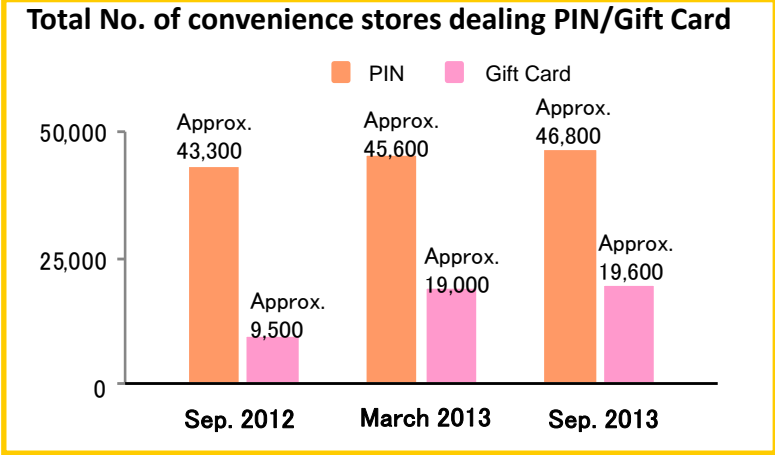
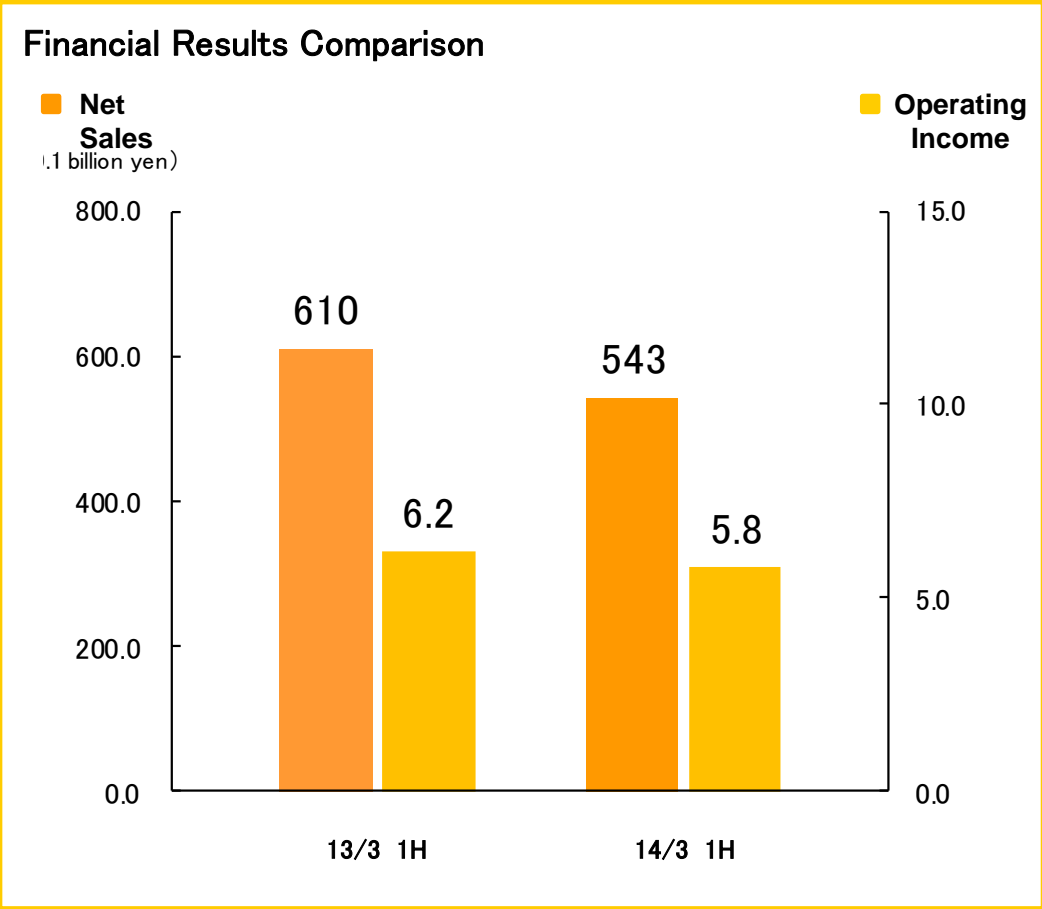
Sep. 2012

March 2013

Sep. 2013

▪ Increase of sales volume of mobile-phones for corporate clients and subscription for various solution service such as kitting & Mobile Device Mgmt. contributed to growth of both net sales & operating income.

Settlement Service & Other Business incl. Overseas Business



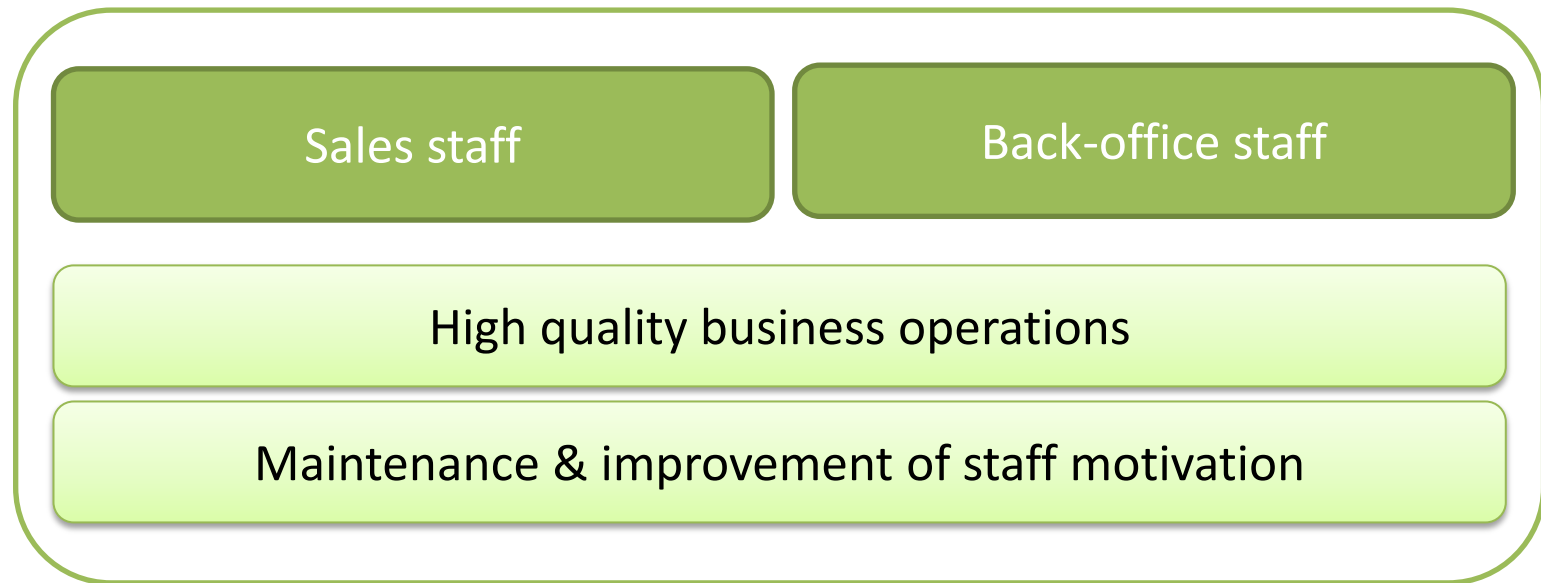
- Operating income decreased mainly due to sluggish sales for e-money related products using PIN system
- Sep. 2013, opened the eleventh China Unicom shop in Shanghai

“Realization of Smart-phone World” through
“Strengthening of Hand-on Approach”

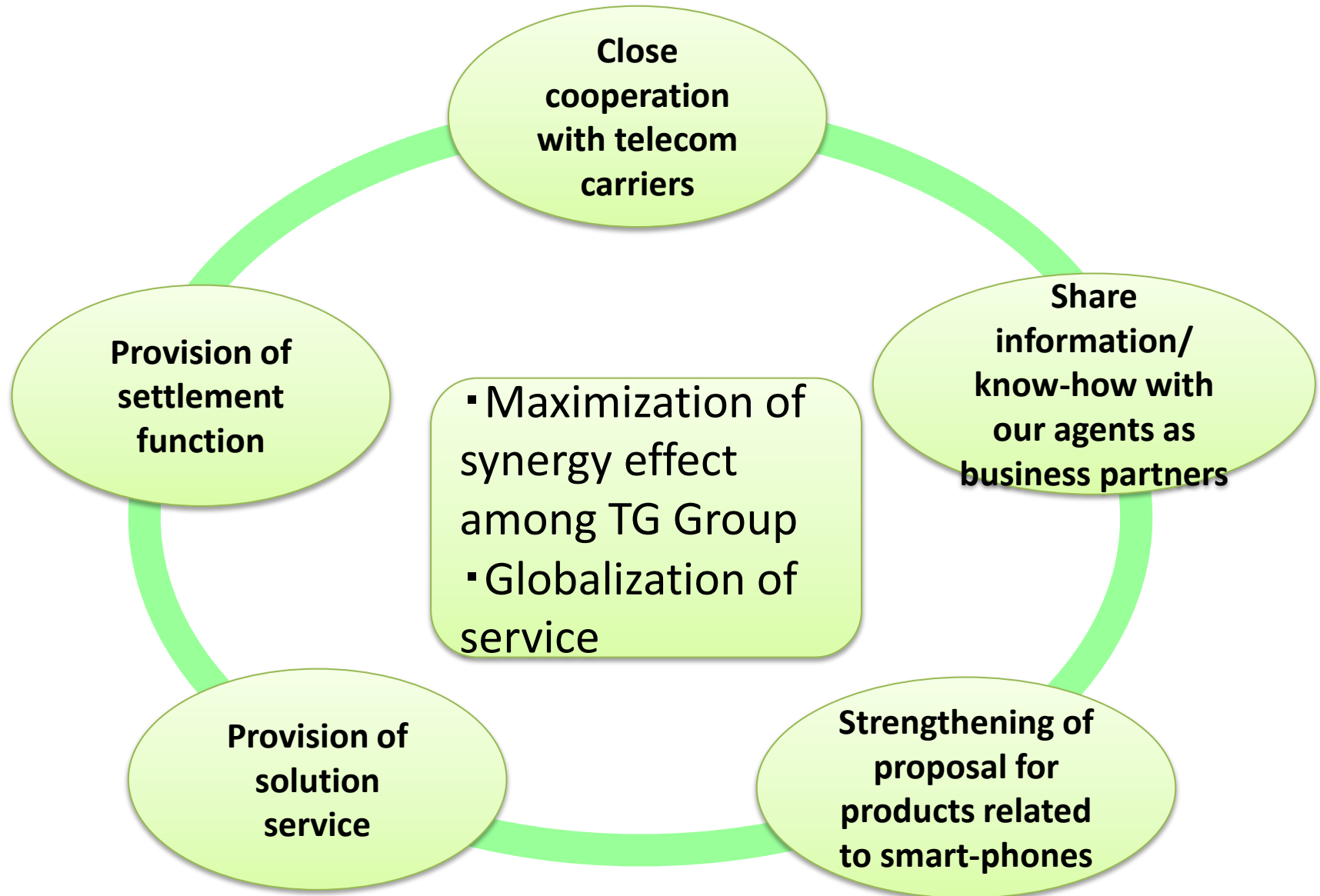
Strengthening of Hand-on Approach

Further improvement of Customer Satisfaction

**Promotion of business restructuring
with Hands-on Approach**



For providing better Smart-phone life with customers



Forecasts for FY ending March 2014

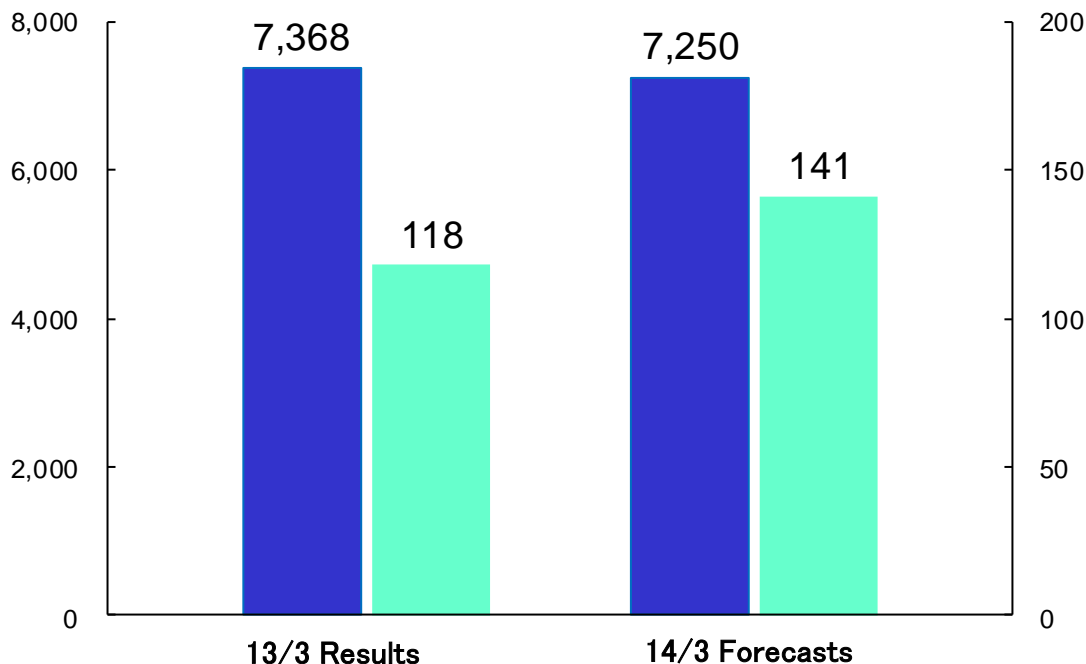
Consolidated Forecasts for All TG Group

< Full-year forecasts for FY ending March 2014 >

Financial Results Forecasts

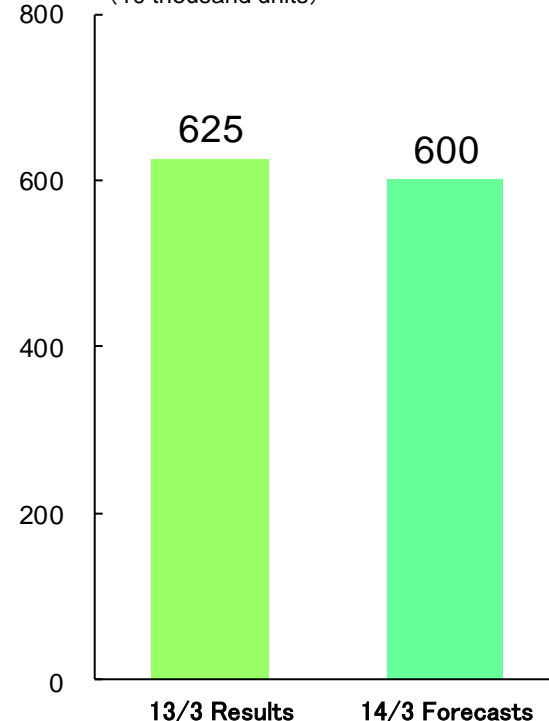
■ Net Sales
(0.1 billion yen)

■ Operating
Income
(0.1 billion yen)



Total No. of Mobile-phones to Sell

(10 thousand units)



< Action Plan in 2H > **Strengthening of Hand-on Approach**

- Increase the supervisors in “TG Academy” & Strengthening staff training here & abroad
- Promotion of Work-Life Balance & structural reorganization incl. cost efficiency improvement
- Strengthening of legal compliance

Consolidated Forecasts for FY ending March 2014

(Unit : 0.1 billion yen)	13/3 Full-year Results	14/3 Full-year Forecasts	Change of Amount	Year-on-Year basis (%)
Net Sales	7,368.5	7,250.0	▲ 118.5	98.4%
Grosss Margin	666.8	676.0	9.2	101.4%
SGA Expenses	548.7	535.0	▲ 13.7	97.5%
Operating Income	118.0	141.0	23.0	119.4%
Orginary Income	116.9	138.0	21.1	118.0%
Net Income	65.8	77.5	11.7	117.7%
Net Income/Share (yen) [※]	82.77	98.15	15.38	118.6%
Dividend /Share (yen) [※]	35.00	35.00	0.00	100.0%
Dividend Payout Ratio (%)	42.3%	35.7%	-	-

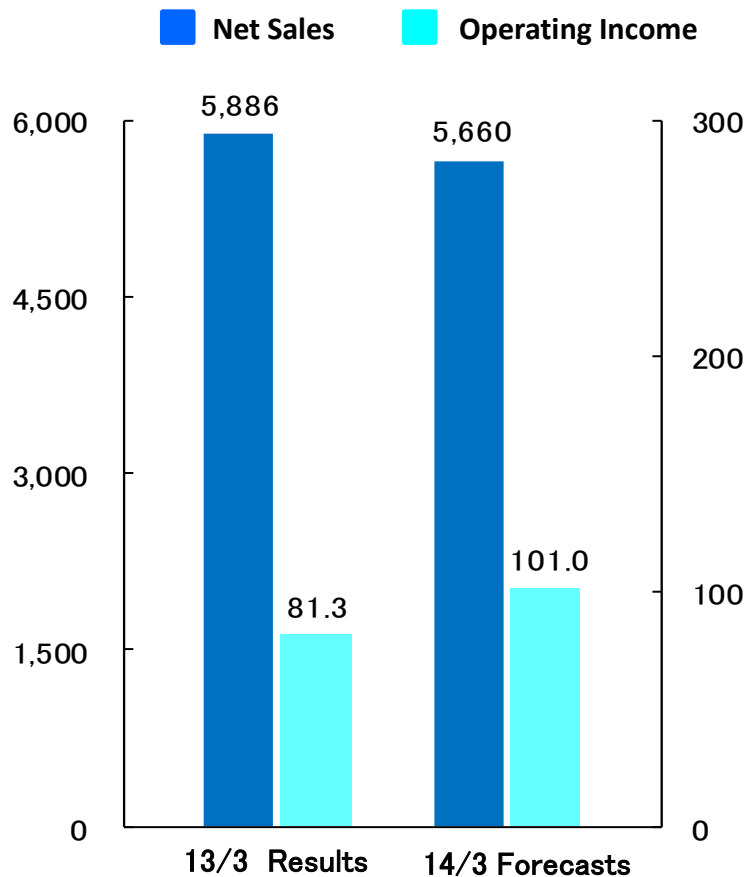
Consolidated Forecasts for FY ending March 2014 by Segment

		2013/3 Results	2014/3 Forecasts	
		Amount	Amount	YoY basis (%)
(Unit: 0.1 billion yen)				
Mobile-phone Business	Net Sales	5,886.7	5,660.0	96.1%
	Operating Income	81.3	101.0	124.2%
Solution Business	Net Sales	270.4	260.0	96.2%
	Operating Income	25.6	28.5	111.3%
Settlement Service Business & Others	Net Sales	1,211.3	1,330.0	109.8%
	Operating Income	11.0	11.5	104.5%
Total	Net Sales	7,368.5	7,250.0	98.4%
	Operating Income	118.0	141.0	119.4%

Mobile-phone Business : Full-year Forecasts & Action Plan in 2H

Full-year

Forecasts (0.1 billion yen)



**Total No. of Mobile-phones sold/to sell
From 6.10 million units to 5.84 million units**

In order to “Realize the Smart-phone World”
Provide affluent Smart-phone Life to customers

- Proposal of not only mobile terminals but also related products & services responding to customers’ needs
- Expansion of trial corner & space for accessory by relocation & renovation of carrier shops
- Strengthening of education & training for sales staff to improve Customer Satisfaction

Promote sales for Smart-phone related products

- In addition to carrier shops, promote development of shops specialized in smart-phone accessory

Support Smart-phone Life for customers through diversified sales channel incl. e-Commerce

Smart Labo

APPBANK STORE

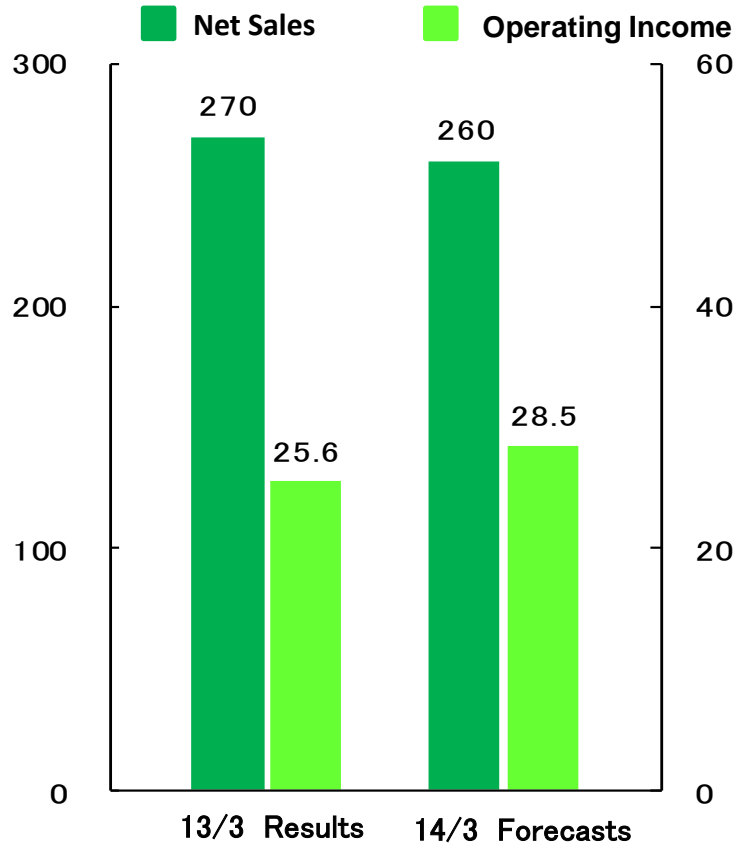
※AppBank Store ® is registered trademark of AppBank (Store) Co., Ltd.



Solution Business : Full-year Forecasts & Action Plan in 2H

Full-year Forecasts

(0.1 billion yen)



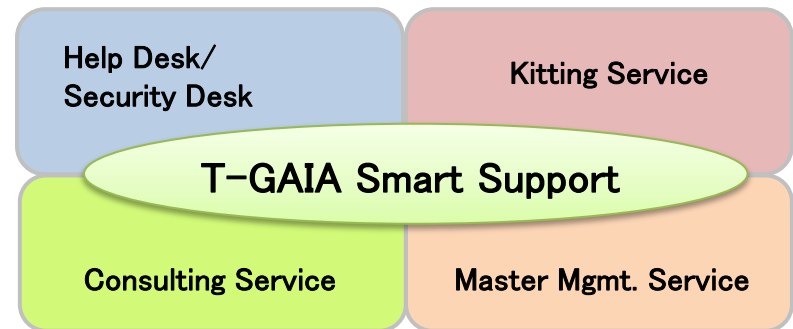
**Total No. of Mobile-phones sold/to sell
From 153 thousand to 160 thousand units**

Sales & Marketing for Corporate Clients

- Promotion of introduction of smart-phones/tablets for corporate clients
- Retention of corporate lines utilizing “movinostar”



- Provision of customer-friendly solution service such as “TG Smart Support” service



Fixed-line Business

- Improvement of sales efficiency
- Strengthening of related products
- Provision of service in response to change of business environment

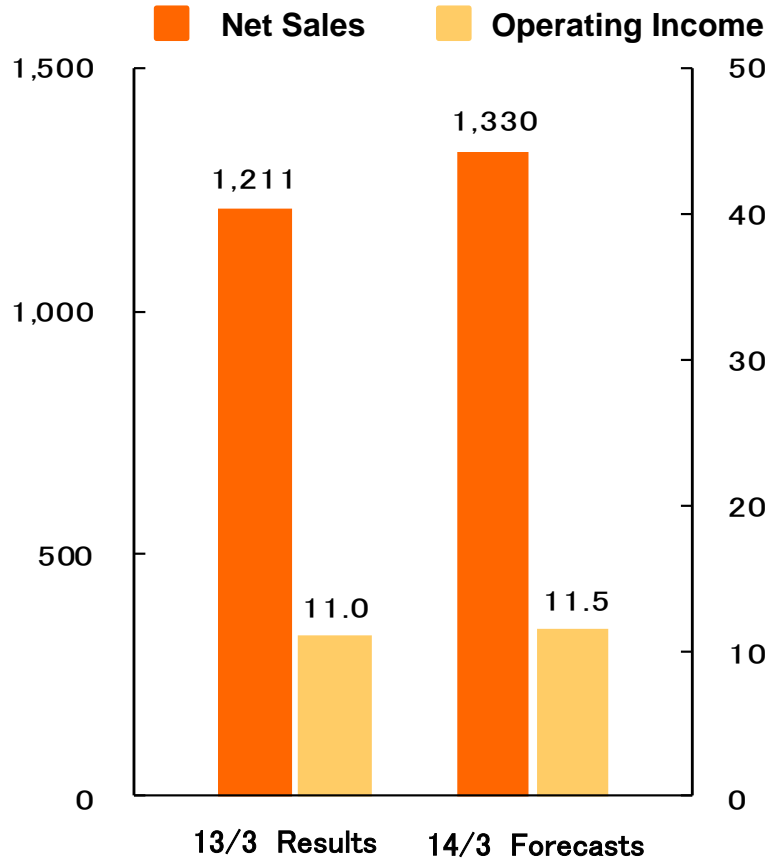
Settlement Service Business & Others :

Full-year Forecasts & Action Plan in 2H

Full-year

Forecasts

(0.1 billion yen)



Settlement Service Business

- Diversification of products both in PIN & Gift Card business and increase of customer recognition

Overseas Business in China

< Mobile-phone distribution for consumers >

- Improvement of quality of operations by providing Japanese-style quality service
 - Increase both Customer Satisfaction & Recognition through multi-shop strategy
- < Sales & marketing for corporate clients
- Provision of mobile solution service & support for Japanese-affiliated companies



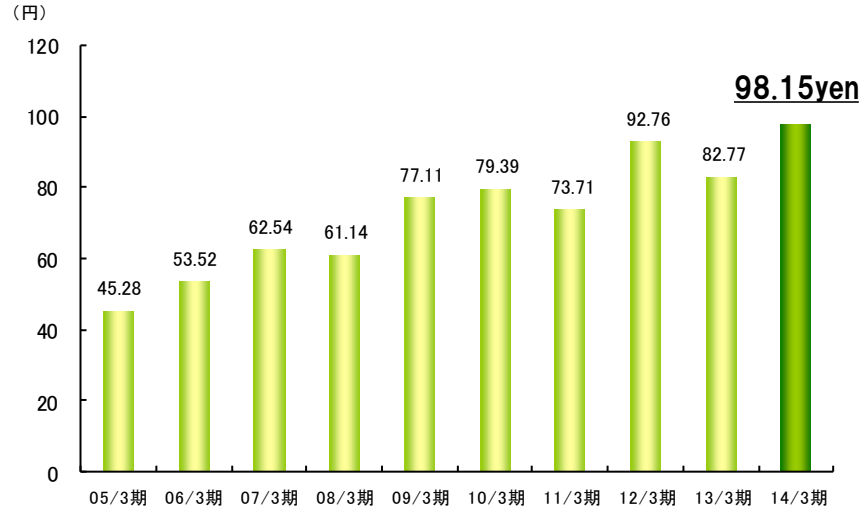
Opened Twelfth China Unicom Shop in November 2013

Return to Shareholders: Dividend Policy

[Basic Dividend Policy]

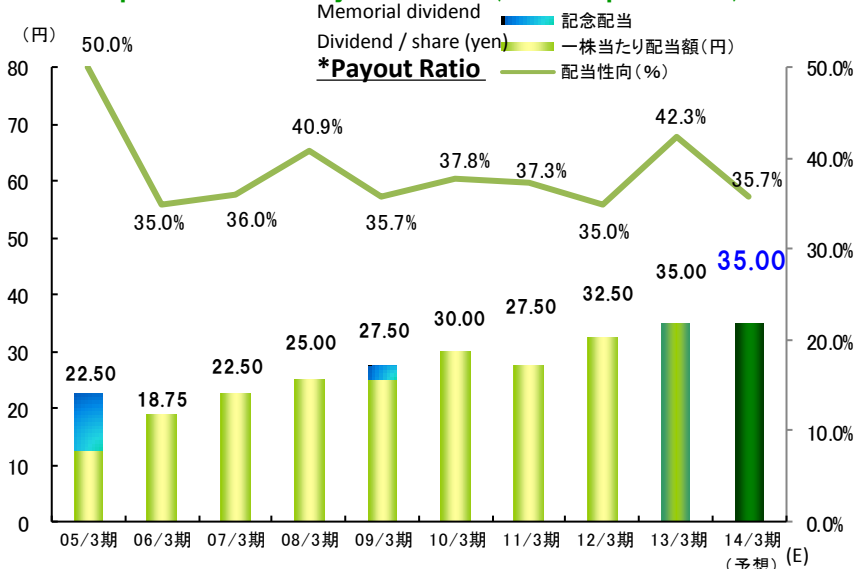
- Targeting and maintaining Dividend Payout Ratio over 30% Level

Net Income per Share (After-split basis)



※Amount for 2014/3 (Forecast) is calculated based on the average number of shares outstanding during the period. (予想) (E)

Dividend per Share & Payout Ratio (After-split basis)



※Dividend Payout Ratio for 2014/3 (Forecast) is calculated based on the average number of shares outstanding during the period. (予想) (E)

[Year-end Dividend per Share for FY ending March 2014 (Forecast)]

35 yen/share (Interim dividend : 17.5 yen / Year-end dividend :17.5 yen)

⇒ Same level as the annual dividend in the FY ended March 2013