

**Non-Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2010
(Three Months Ended June 30, 2009)**

August 13, 2009

Company name: T-Gaia Corporation

Listing: Tokyo Stock Exchange, First Section

Stock code: 3738 URL: <http://www.t-gaia.co.jp/>

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Scheduled date of dividend payout: —

(All amounts are rounded down to the nearest million yen)

1. Financial Results for the First Quarter of Fiscal Year Ending March 31, 2010 (April 1, 2009 – June 30, 2009)

(1) Results of operations (three month)

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1Q FY 2010	135,306	80.2	4,146	134.1	4,081	167.6	2,270	242.1
1Q FY 2009	75,085	—	1,771	—	1,525	—	663	—

	Net income per share	Diluted net income per share
	Yen	Yen
1Q FY 2010	4,432.25	4,429.72
1Q FY 2009	2,014.24	2,012.35

Note: Telepark Corporation has merged with MS Communications Co., Ltd. as of October 1, 2008 and changed the company name to T-Gaia Corporation. Therefore, the results of the first quarter of fiscal year ended March 31, 2009 are results of Telepark Corporation only.

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
1Q FY 2010	125,922	26,712	21.2	52,134.53
FY 2009	148,420	25,946	17.5	50,640.54

Reference: Shareholders' equity (million yen): 1Q FY 2010: 26,712 FY 2009: 25,946

2. Dividends

(Record date)	Dividends per share				
	1Q-end	2Q-end	3Q-end	Yearend	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2009	—	2,500.00	—	3,000.00	5,500.00
FY 2010	—				
FY 2010 (forecasts)		2,500.00	—	2,500.00	5,000.00

Note: Revisions to the dividend forecast in the current quarter: None

Note: The fiscal yearend dividend for the fiscal year ended March 31, 2009 included a regular dividend of ¥2,500 and merger commemorative dividend of ¥500.

3. Forecasts for the Fiscal Year Ending March 31, 2010 (April 1, 2009 – March 31, 2010)

(Percentages represent changes compared with the previous 12-month or 6-month period as applicable)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First-half	274,500	84.8	6,100	55.3	5,900	63.1	3,150	92.2	6,147.94
Full year	562,000	30.3	13,100	5.6	12,750	6.6	6,850	7.6	13,369.32

Note: Revisions to the financial forecast in the current quarter: None

Note: Percentage change compared with the previous fiscal year for the first-half period of the fiscal year ending March 31, 2010 is compared with results of operations for the first-half of the fiscal year ended March 31, 2009 of Telepark Corporation.

4. Others

- (1) Application of simplified accounting procedures and special accounting procedures to the preparation of quarterly financial statements: Yes
- (2) Changes in accounting principles, procedures and method of presentation pertaining to preparation of the quarterly financial statements (recorded as changes to significant items forming the basis for the creation of the financial statements).
 - 1) Changes caused by revision of accounting standards: None
 - 2) Other changes: None
- (3) Number of shares issued and outstanding (shares of common stock)
 - 1) Number of shares outstanding (including treasury stock) at end of period:

1Q FY 2010:	512,367 shares
FY 2009:	512,367 shares
 - 2) Number of treasury stock at end of period:

1QFY 2010:	—
FY 2009:	—
 - 3) Average number of shares issued (during the consolidated three months ended June 30)

Q1 FY 2010:	512,367 shares
Q1 FY 2009:	512,367 shares

* Cautionary statement with respect to forward-looking statements

The forward-looking statements such as the forecasts for the business performance described in this document are based on the judgments made by the Company in accordance with information currently available that is rational. For this reason, actual results may differ from these forecasts due to a number of factors, including but not limited to the operating environment. For the assumptions for the forecast of the business performance, please refer to "3. Qualitative Information Concerning Business Performance Forecasts," in "Qualitative Information and Financial Statements" on page 4.

Qualitative Information and Financial Statements

1. Qualitative Information Concerning Operating Results

The Japanese economy in the first quarter period under review (from April 2009 to June 2009) saw production, exports, and some areas of personal consumption rebound as the government's economic stimulus measures took hold and inventory adjustments centered on large companies abated. Nonetheless, with the global recession since last year causing significant declines in corporate earnings and capital expenditure, and with continuing weakness in employment, the outlook remains uncertain.

In this environment, thanks to contributions from the integration of management (Note 1), results improved at all business segments of the Company compared with a year earlier. In main business line Mobile Telecommunications, sales volumes continued weak from last year. This was due to growing installment sales resulting in higher selling prices, while consumer sentiment remained muted under the impact of the recession. At the same time, the price lift from installment sales also helped stabilize prices. Operating income increased, thanks to growth in maintenance services, enhanced management efficiency, and management integration effects. In Network Communications Business, where sales of FTTH service increased but MYLINE Carrier Selection Service acquisition languished due to the market being saturated, the integration of management contributed to a rise in operating income. In Prepaid Settlement Services Business and Other Business (Note 2), the integration of management added to sales revenue and earnings, further to gains from expanded sales channels to leading convenience store operators since last year.

As a result, sales revenue for the first quarter period under review (from April 2009 to June 2009) increased 80.2 percent on the year to 135,306 million yen and operating income grew 134.1 percent to 4,146 million yen. Ordinary income rose 167.6 percent to 4,081 million yen, reflecting the absence of 225 million yen charged last year in costs of business integration with MS Communications Co., Ltd the first quarter period under review (from April 2009 to June 2009). Similarly, while last year a valuation loss of 165 million yen was charged for the cancellation of subsidiary equity related to the absorption of former subsidiaries Telecompark Corporation and Mobitec Corporation, no such cost emerged in the first quarter period under review (April 2009 to June 2009), lifting net income for the period by 242.1 percent on the year to 2,270 million yen.

(Note 1)

On October 1, 2008, the Company implemented an integration of management with Telepark Corporation and MS Communications Co., Ltd. and changed its name to T-Gaia Corporation with the objective of expanding operations and increasing enterprise value. Therefore, in the year-on-year comparison for the first quarter period under review, the prior-year (from April 2008 to June 2008) parent data of Telepark Corporation are used.

(Note 2)

During the first quarter period under review, there was a change of name in business segments. Since last fiscal year, settlement services for PIN (Personal Identification Number)-based merchandise sales systems and prepaid mobile phones were grouped as Settlement Services and Other Business, for which a new segment was established. To indicate more clearly the business content, the name was altered to Prepaid Settlement Services Business and Other Business. This change affects only the name and not the scope of the segment.

(Mobile Telecommunications Business)

In the first quarter period under review (from April 2009 to June 2009), volume-based sales languished despite strengthened marketing efforts being made that were geared toward dealer and corporate users and despite sales channels for shops being optimized. This was mainly due to higher selling prices lifted by installment sales gaining ground. Moreover, users satisfied with handsets' increasingly widespread high-performance features such as One-seg functionality and flat formats, and stalling personal consumption in the wake of the recession, served to prolong the repurchase cycle. Nonetheless, partly due also to the business integration, sales revenue increased 77.3 percent on the year to 116,515 million yen, with handset sales of 1.18 million mobile phones and 6,000 PHS units. Moreover, handset installment sales helped stabilize selling prices and thereby enhanced profitability and reduced cancellation penalties. Operating income increased 166.3 percent on the year to 2,989 million yen, reflecting an increase in maintenance service sales, contributions from improved management efficiency, and business integration effects.

(Network Communications Business)

In the first quarter period under review (from April 2009 to June 2009), sales of FTTH services increased thanks to efforts at acquiring new subscribers through improved sales arrangements centered on leading dealers and reinforced proposal-based marketing in direct sales. New acquisitions in MYLINE Carrier Selection Service, however, languished due to the market being saturated. Nonetheless, thanks to expanded operations on the back of the business integration, sales revenue increased 87.2% on the year to 5,787 million yen and operating income gained 78.3% to 1,014 million yen.

(Prepaid Settlement Services Business and Other Business)

In the first quarter period under review (from April 2009 to June 2009), revenue at settlement services for PIN (Personal Identification Number)-based merchandise sales systems increased by 106.9 percent on the year to 13,003 million yen with operating income expanded by 79.5 percent to 142 million yen. After last year's significant expansion in sales channels surrounding the leading convenience store operators, this result was due to increased product recognition at convenience stores using the system, as well as contributions from business integration effects.

2. Qualitative Information Concerning Financial Position

(Assets)

Current assets contracted 17.3 percent since the end of the prior fiscal year to 105,014 million yen. While cash and deposits increased by 2,781 million yen, accounts receivable-trade and other accounts receivable decreased by 20,261 million yen and 3,959 million yen, respectively.

Fixed assets fell 2.7 percent compared with the end of the prior fiscal year to 20,907 million yen. This was mainly due to goodwill and leasehold deposits, which declined 379 million yen and 138 million yen, respectively.

As a result, compared with the end of the prior fiscal year, total assets fell 15.2 percent to 125,922 million yen.

(Liabilities)

Current liabilities fell 21.1 percent compared with the end of the prior fiscal year to 83,930 million yen. This was mainly due to declines in accounts payable-trade and short-term loans payable, which decreased by 10,668 million yen and 3,900 million yen, respectively, and other accounts payable and income taxes payable with respective declines of 4,039 million yen and 3,198 million yen.

Long-term liabilities fell 5.5 percent compared with the end of the prior fiscal year to 15,279 million yen, reflecting a reduction in long-term loans payable by 832 million yen.

Total liabilities fell 19.0 percent compared with the end of the prior fiscal year to 99,210 million yen.

(Net assets)

Net assets increased 3.0 percent compared with the end of the prior fiscal year to 26,712 million yen.

(Cash flows)

Cash flows from operating activities totaled 8,788 million yen (54.8 percent higher than the same quarter in the previous year).

Main factors were 4,088 million yen in net income for the quarter before tax, with trade receivables reduced by 20,261 million yen, trade payables by 10,668 million yen, and 4,217 million yen in income taxes paid.

Cash flows from investing activities totaled 139 million yen (compared with 278 million yen used for investment activities for the same quarter in the previous year).

This was mainly due to 158 million yen in payments for purchase of property, plant, and equipment, 98 million yen in payments for purchase of software, and 333 million yen in income from refunded leasehold deposits.

Cash flows from financing activities totaled 6,146 million yen (170.6 percent higher than the same quarter in the previous year).

This was mainly due to short-term loans payable, reduced by 3,900 million yen, and 1,414 million yen in dividend payments.

As a result, net cash and cash equivalents at the end of the first quarter accounting period under review totaled 5,472 million yen, which was 2,781 million yen more than at the end of the previous fiscal year.

3. Qualitative Information Concerning Business Performance Forecast

First-half and full-year estimates released on May 14, 2009, remain unchanged. First-quarter sales represent 24.1% of the full-year estimate released on May 14, 2009, with percentages for operating income, ordinary income, and net income at 31.7 percent, 32.0 percent, and 33.2 percent, respectively.

4. Other Information

(1) Application of simplified accounting procedures and special accounting procedures to the preparation of quarterly financial statements

Only significant taxable and deductible items were considered in the calculation of changes in the amounts of income tax payments.

(2) Changes in accounting principles, procedures, and method of presentation pertaining to preparation of the quarterly financial statements

Not applicable.

5. Quarterly Financial Statements

(1) Quarterly Balance Sheets

(Millions of yen)

	1Q FY2010 (As of June 30, 2009)	FY2009 Summary (As of March 31, 2009)
Assets		
Current assets		
Cash and deposits	5,472	2,690
Notes and accounts receivable-trade	49,171	69,433
Products	34,677	34,450
Inventories	67	71
Other accounts receivable	14,158	18,117
Other current assets	1,504	2,230
Allowance for doubtful accounts	(37)	(56)
Total current assets	105,014	126,938
Fixed assets		
Tangible fixed assets	3,204	3,348
Intangible assets		
Goodwill	9,973	10,353
Others	816	800
Total intangible assets	10,789	11,153
Investments and other assets		
Investments in affiliates	170	170
Leasehold deposits	4,308	4,447
Others	2,502	2,430
Allowance for doubtful accounts	(67)	(67)
Total investments and other assets	6,913	6,980
Total fixed assets	20,907	21,482
Total assets	125,922	148,420
Liabilities		
Current liabilities		
Accounts payable-trade	48,946	59,615
Short-term loans payable	10,600	14,500
Long-term loans payable within one year	3,328	3,328
Other accounts payable	18,446	22,485
Income taxes payable	1,029	4,227
Deposits received	602	208
Allowance	458	1,675
Other current liabilities	519	272
Total current liabilities	83,930	106,313
Long-term liabilities		
Long-term loans payable	13,840	14,672
Allowance for employees' retirement benefits	654	651
Others	784	836
Total long-term liabilities	15,279	16,160

(Millions of yen)

	1Q FY2010 (As of June 30, 2009)	FY2009 Summary (As of March 31, 2009)
Total liabilities	99,210	122,474
Net Assets		
Shareholders' equity		
Capital stock	3,098	3,098
Capital surplus	5,584	5,584
Retained earnings	17,962	17,228
Total shareholders' equity	26,645	25,912
Valuation and translation adjustments		
Net unrealized holding gain on securities	66	34
Total valuation and translation adjustments	66	34
Total net assets	26,712	25,946
Total Liabilities and Net Assets	125,922	148,420

(2) Statements of Income
(Three month ended June 30)

	(Millions of yen)	
	1Q FY2009 (from April 1, 2008 to June 30, 2008)	1Q FY2010 (from April 1, 2009 to June 30, 2009)
Net Sales	75,085	135,306
Cost of Sales	67,069	120,213
Gross Profit	8,016	15,093
Selling, General and Administrative Expenses	6,245	10,946
Operating Income	1,771	4,146
Non-Operating Income		
Interest income	0	1
Dividend income	1	2
Rent income	4	2
Insurance reimbursement	3	5
Others	1	4
Total non-operating income	11	16
Non-Operating Expenses		
Interest expenses	31	77
Merger expenses	225	—
Stock issuance expenses	0	—
Others	—	3
Total non-operating expenses	257	80
Ordinary Income	1,525	4,081
Extraordinary Gains		
Reversal of allowance for doubtful accounts	6	18
Gain on sales of fixed assets	1	0
Total extraordinary gains	8	18
Extraordinary Losses		
Loss on extinguishment of tie-in shares	165	—
Impairment losses	12	10
Loss on removal of fixed assets	4	1
Loss on valuation of golf club memberships	2	—
Loss on sale of fixed assets	—	0
Others	1	—
Total extraordinary losses	187	12
Income Before Income Taxes	1,345	4,088
Income Taxes –Current	397	1,086
Income Taxes –Deferred	284	730
Total Income Taxes	681	1,817
Net Income	663	2,270

(3) Statements of Cash Flows

(Millions of yen)

	1Q FY2009 (from April 1, 2008 to June 30, 2008)	1Q FY2010 (from April 1, 2009 to June 30, 2009)
Cash Flows from Operating Activities		
Income before income taxes	1,345	4,088
Depreciation	143	347
Amortization of goodwill	130	383
Impairment losses	12	10
Loss (gain) on extinguishment of tie-in shares	165	—
Stock issuance expenses	0	—
Increase (decrease) in allowance for doubtful accounts	(6)	(18)
Increase (decrease) in reserve for employees' bonuses	195	(1,199)
Increase (decrease) in allowance for early subscription cancellations	(52)	(17)
Increase (decrease) in allowance for employees' retirement benefits	(5)	2
Interest and dividend income	(1)	(4)
Interest expenses	31	77
Loss (gain) on sales or removal of fixed assets	3	1
Loss on valuation of golf club memberships	2	—
Decrease (increase) in trade receivable	25,077	20,261
Decrease (increase) in accounts receivable -other	—	3,735
Decrease (increase) in inventories	(50)	(222)
Increase (decrease) in trade payable	(20,039)	(10,668)
Increase (decrease) in other accounts payable	—	(4,156)
Others	233	457
Subtotal	7,185	13,076
Interests and dividends received	3	4
Interests paid	(31)	(75)
Income taxes paid	(1,480)	(4,217)
Net cash provided by operating activities	5,677	8,788
Cash Flows from Investing Activities		
Payment for purchase of property, plant and equipment	(105)	(158)
Proceeds from sales of property, plant and equipment	7	7
Payment for purchase of software	(6)	(98)
Payment for purchase of investment securities	(0)	(0)
Payment for loans receivable	(53)	—
Proceeds from collection of loans receivable	7	82
Payment for loans to affiliates	10	—
Payment for leasehold deposits	(16)	(35)
Proceeds from return of leasehold deposits	52	333
Others	(173)	9
Net cash used in investing activities	(278)	139

	(Millions of yen)	
	1Q FY2009 (from April 1, 2008 to June 30, 2008)	1Q FY2010 (from April 1, 2009 to June 30, 2009)
Cash Flows from Financing Activities		
Increase (decrease) in short-term loans payable	(1,600)	(3,900)
Expenses for repayment of long-term loans payable	—	(832)
Expenses for new stock issue	(0)	—
Proceeds from issue of stock	0	—
Cash dividends paid	(671)	(1,414)
Net cash used in financing activities	(2,271)	(6,146)
Increase (Decrease) in Cash and Cash Equivalents	3,128	2,781
Cash and Cash Equivalents at Beginning of Period	1,089	2,690
Increase in Cash and Cash Equivalents Resulting from Merger	366	—
Cash and Cash Equivalents at End of Period	4,584	5,472

(4) Notes on Going Concern Assumption

Not applicable.

(5) Notes on Significant Changes in Shareholders' Equity

Not applicable.

(6) Other Information

(1) Net sales and operating income by business segment

(Millions of yen)

		1Q FY2009 (from April 1, 2008 to June 30, 2008)	1Q FY2010 (from April 1, 2009 to June. 30, 2009)	YoY change (%)
Mobile Telecommunications Business	Net sales	65,709	116,515	77.3
	Operating income	1,122	2,989	166.3
Network Communications Business	Net sales	3,091	5,787	87.2
	Operating income	568	1,014	78.3
Prepaid Settlement Services Business and Other Business	Net sales	6,284	13,003	106.9
	Operating income	79	142	79.5
Total	Net sales	75,085	135,306	80.2
	Operating income	1,771	4,146	134.1

Note: During the first quarter period under review, there was a change of name in business segments. Since last fiscal year, settlement services for PIN (Personal Identification Number)-based merchandise sales systems and prepaid mobile phones were grouped as Settlement Services and Other Business, for which a new segment was established. To indicate more clearly the business content, the name was altered to Prepaid Settlement Services Business and Other Business. This change affects only the name and not the scope of the segment.