

**Non-Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2011
(Three Months Ended June 30, 2010) (Based on J-GAAP)**

August 11, 2010

Company name: T-Gaia Corp.

Listing: Tokyo Stock Exchange, First Section

Stock code: 3738

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

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Scheduled commencement date of dividend payout: —

Quarterly earnings supplementary explanatory documents: Yes

Quarterly earnings presentation: None

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

1. Financial Results for the First Quarter of Fiscal Year Ending March 31, 2011 (April 1, 2010 – June 30, 2010)

(1) Results of operations (three months)

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1Q FY 2011	138,812	2.6	3,254	(21.5)	3,229	(20.9)	1,534	(32.4)
1Q FY 2010	135,306	80.2	4,146	134.1	4,081	167.6	2,270	242.1

	Net income per share		Diluted net income per share	
	Yen		Yen	
1Q FY 2011	2,995.33		2,993.68	
1Q FY 2010	4,432.25		4,429.72	

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
1Q FY 2011	126,089	31,035	24.6	60,569.95
FY 2010	147,390	31,061	21.1	60,619.38

Reference: Shareholders' equity (million yen): 1Q FY 2011: 31,035 FY 2010: 31,061

2. Dividends

	Annual dividends				
	1Q-end	Interim	3Q-end	Yearend	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2010	—	3,000.00	—	3,000.00	6,000.00
FY 2011	—				
FY 2011 (forecasts)		2,750.00	—	2,750.00	5,500.00

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

3. Forecasts for the Fiscal Year Ending March 31, 2011 (April 1, 2010 – March 31, 2011)

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	276,000	(1.4)	6,150	(23.7)	6,050	(23.8)	3,000	(31.1)	5,854.86
Full year	571,000	0.9	13,600	(10.5)	13,400	(10.5)	7,000	(14.0)	13,661.34

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

4. Others (For details, refer to “Other Information” on page 4 of the Attachment)

(1) Application of simplified accounting procedures and special accounting procedures: Yes

(Note) This item inquires whether the reporting entity applies simplified accounting treatment and special accounting treatment in the preparation of quarterly financial statements.

(2) Changes in accounting principles, procedures and method of presentation

1) Changes caused by revision of accounting standards: Yes

2) Other changes: None

(Note) Items to be disclosed in “Significant Changes in the Basis of Presenting Quarterly Financial Statements”

(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 2011	512,395 shares	FY 2010	512,395 shares
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2) Number of treasury stock at end of period

1Q FY 2011	—	FY 2010	—
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3) Average number of shares outstanding during the period

1Q FY 2011	512,395 shares	1Q FY 2010	512,367 shares
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*** Implementation of quarterly review procedures**

This summary of quarterly financial statements is not subject to quarterly review procedures pursuant to the Financial Instruments and Exchange Act. At the time of disclosure of this summary of quarterly financial statements, the review procedures of quarterly financial statements pursuant to the FIEA were completed.

*** 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 underlying assumptions and usage of earnings projections refer to the disclaimer in “Qualitative information concerning business performance forecast” on page 3 of the Attachment to the summary of quarterly financial statement.

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1. Qualitative Information Concerning Financial Results

(1) Qualitative information concerning operating results

The Japanese economy in the period under review (April – June 2010) continued on a moderate recovery path, aided by rising exports and production thanks to buoyant emerging economies centered on Asia and attended by improving corporate profits and rebounding personal consumption. The outlook remains uncertain, however, in the light of the European debt crisis, concerns over the U.S. economy, as well as advancing yen appreciation, deflation, and unabated pressure on employment in Japan.

The market for mobile phone handsets, the Company's main business area benefited from rebounding personal consumption with favorable sales of smart phones and data communication terminal devices, despite unchanged difficult market conditions from last year.

Thus, in the Mobile Telecommunications Business, unit sales increased on the year, thanks to sales of smart phones and data communication terminal devices and efforts to capture the demand generated by the changeover from old-standard handsets, for which service is scheduled to be terminated, to new-standard handsets. Even so, due to the growth in budget-type handsets and price discounting spurred by intensifying competition, as well as the effects of communications carriers' revised commission rate regimes for shops, operating income declined.

In the Network Communications Business, sales of FTTH services and the acquisition of MYLINE service subscribers languished due to market saturation, sending sales revenue and operating income lower.

In the Prepaid Settlement Services Business and Other Business, buoyant electronic-money based merchandise sales at major convenience store operators using PIN (Personal Identification Number)-based merchandise sales systems lifted sales revenue and operating income.

As a result, for the period under review (April – June 2010) sales revenue increased 2.6 percent on the year to 138,812 million yen, but operating income declined 21.5 percent to 3,254 million yen and ordinary income fell 20.9 percent to 3,229 million yen. Moreover, due to an extraordinary loss of 400 million yen in total loss recognized in the period under review reflecting the Company's first year of adoption of the accounting standard for asset retirement obligations, net income decreased 32.4 percent to 1,534 million yen.

Results by business segment are described below.

(Mobile Telecommunications Business)

In the period under review (April – June 2010), the Company focused on promoting sales of popular smart phones as well as data communication terminal devices such as data cards and digital photo frames, and worked to capture the demand generated by the changeover from old-standard handsets, for which service is scheduled to be terminated, to new-standard handsets.

Moreover, due to efforts at strengthening shop-sales marketing and corporate-sales marketing, unit sales of mobile phones increased 9.1 percent on the year to 1.29 million units.

However, due to the growth in budget-type handsets and price discounting spurred by intensifying competition, sales revenue slipped 0.3 percent on the year to 116,205 million yen. Operating income fell 19.2 percent on the year to 2,415 million yen. Although the Company optimized existing sales routes and rationalized business processes in addition to gains from management integration effects, the income decline reflects the aforementioned growth in budget-type handsets and price discounting spurred by intensifying competition, as well as the effects of communications carriers' revised commission rate regimes for shops.

(Network Communications Business)

In the period under review (April – June 2010), the Company continued to upgrade its sales frameworks centered on core shops and in direct sales strengthened its proposal-based sales and marketing, while forging alliances with other companies and implementing measures to promote subscriptions. Despite these efforts, sales revenue fell 2.8 percent on the year to 5,627 million yen and operating income descended 37.3 percent to 635 million yen as sales of optical fiber line such as FTTH services and the acquisition of MYLINE service subscribers languished due to market saturation.

(Prepaid Settlement Services Business and Other Business)

In the period under review (April – June 2010), sales revenue increased 30.6 percent on the year to 16,980 million yen and operating income rose 42.2 percent to 202 million yen thanks to buoyant electronic-money based merchandise sales at major convenience store operators using PIN (Personal Identification Number)-based merchandise sales systems.

(2) Qualitative information concerning financial position

(Assets)

Current assets contracted 16.8 percent since the end of the prior fiscal year to 106,558 million yen. This was mainly due to products increased by 2,407 million yen, and accounts receivable-trade and other accounts receivable, which declined 20,653 million yen and 2,476 million yen, respectively.

Fixed assets rose 0.8 percent compared with the end of the prior fiscal year to 19,530 million yen. This was mainly due to tangible fixed assets increased by 436 million yen and goodwill declined 379 million yen.

As a result, compared with the end of the prior fiscal year, total assets fell 14.5 percent to 126,089 million yen.

(Liabilities)

Current liabilities fell 19.4 percent compared with the end of the prior fiscal year to 90,073 million yen. This was mainly due to declines in accounts payable-trade, short-term loans payable, other accounts payable, and income taxes payable, which decreased by 13,365 million yen, 2,900 million yen, 2,683 million yen, and 1,972 million yen, respectively.

Long-term liabilities rose 8.4 percent compared with the end of the prior fiscal year to 4,980 million yen. This was mainly due to long-term loans payable declined 582 million yen and asset removal obligations increased by 1,005 million yen.

Total liabilities fell 18.3 percent compared with the end of the prior fiscal year to 95,053 million yen.

(Net assets)

Net assets fell 0.1 percent compared with the end of the prior fiscal year to 31,035 million yen.

(Cash flows)

Cash flows from operating activities totaled 5,348 million yen (39.1 percent lower than the same period in the previous year). Main factors were 2,863 million yen in income before income taxes, a 20,653 million yen decline in trade receivables, a 13,365 million yen fall in trade payables, and 2,722 million yen in income tax payments.

Cash flows used in investing activities totaled 307 million yen (cash flows from investing activities for the same period in the previous year were 139 million yen). This was mainly due to 289 million yen in payments for purchase of property, plant, and equipment, 68 million yen in payments for purchase of software, and 45 million yen in income from returned leasehold deposits.

Cash flows used in financing activities totaled 5,166 million yen (15.9 percent lower than the same period in the previous year). Main factors were a 2,900 million yen decline in short-term loans payable and a 1,434 million yen in cash dividends paid.

As a result, net cash and cash equivalents at the end of the first quarter accounting period under review totaled 1,340 million yen, which was 124 million yen less than at the end of the previous fiscal year.

(3) Qualitative information concerning business performance forecast

The estimate of half-year and full-year business performance, released on May 13, 2010, remain unchanged. Three months sales represent 24.3 percent of the full-year estimate released on May 13, 2010, with percentages for operating income, ordinary income, and net income at 23.9 percent, 24.1 percent, and 21.9 percent, respectively.

2. Other Information

(1) Summary of simplified and special accounting procedures

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

(2) Summary of changes in accounting principles, procedures, and method of presentation, etc.

(Application of the accounting standard for asset retirement obligations)

Beginning with the period under review, the Company applies the “Accounting Standard for Asset Retirement Obligations” (Business Accounting Standard No. 18; March 31, 2008) and the “Application Guideline for the Accounting Standard for Asset Retirement Obligations (Business Accounting Standard Application Guideline No. 21; March 31, 2008).

This accounting change reduces operating income and ordinary income respectively by 15 million yen and income before income taxes by 415 million yen.

(3) Summary of material matters concerning the going-concern assumption

Not applicable.

3. Quarterly Financial Statements

(1) Quarterly balance sheets

(Millions of yen)

	1Q FY 2011 (As of June 30, 2010)	FY 2010 Summary (As of March 31, 2010)
Assets		
Current assets		
Cash and deposits	1,340	1,465
Accounts receivable – trade	52,228	72,882
Products	37,771	35,363
Inventories	87	74
Other accounts receivable	13,694	16,171
Other current assets	1,443	2,086
Allowance for doubtful accounts	(8)	(37)
Total current assets	106,558	128,007
Fixed assets		
Tangible fixed assets		
	3,557	3,121
Intangible assets		
Goodwill	8,445	8,824
Others	880	877
Total intangible assets	9,325	9,702
Investments and other assets		
Leasehold deposits	4,250	4,244
Others	2,451	2,368
Allowance for doubtful accounts	(54)	(54)
Total investments and other assets	6,647	6,559
Total fixed assets	19,530	19,383
Total assets	126,089	147,390
Liabilities		
Current liabilities		
Accounts payable-trade	52,316	65,681
Short-term loans payable	7,600	10,500
Long-term loans payable within one year	9,078	9,328
Other accounts payable	18,869	21,553
Income taxes payable	966	2,938
Deposits received	498	148
Allowance	595	1,363
Other current liabilities	148	222
Total current liabilities	90,073	111,736
Long-term liabilities		
Long-term loans payable	2,762	3,344
Allowance for employees' retirement benefits	445	447
Asset removal obligations	1,005	—
Others	767	801
Total long-term liabilities	4,980	4,593
Total liabilities	95,053	116,329

	1Q FY 2011 (As of June 30, 2010)	FY 2010 Summary (As of March 31, 2010)
Net Assets		
Shareholders' equity		
Capital stock	3,098	3,098
Capital surplus	5,585	5,585
Retained earnings	22,288	22,290
Total shareholders' equity	30,972	30,974
Valuation and translation adjustments		
Net unrealized holding gain on securities	63	86
Total valuation and translation adjustments	63	86
Total net assets	31,035	31,061
Total Liabilities and Net Assets	126,089	147,390

(2) Statements of income
(Three-month Period)

(Millions of yen)

	1Q FY 2010 (from April 1, 2009 to June 30, 2009)	1Q FY 2011 (from April 1, 2010 to June 30, 2010)
Net Sales	135,306	138,812
Cost of Sales	120,213	124,238
Gross Profit	15,093	14,574
Selling, General and Administrative Expenses	10,946	11,319
Operating Income	4,146	3,254
Non-operating Income		
Interest income	1	1
Dividend income	2	1
Rent income	2	1
Insurance reimbursement	5	16
Others	4	7
Total non-operating income	16	27
Non-operating Expenses		
Interest expenses	77	51
Others	3	0
Total non-operating expenses	80	52
Ordinary Income	4,081	3,229
Extraordinary Gains		
Reversal of allowance for doubtful accounts	18	29
Gain on sales of fixed assets	0	11
Total extraordinary gains	18	41
Extraordinary Losses		
Impairment losses	10	—
Loss on removal of fixed assets	1	5
Loss on sales of fixed assets	0	1
Change amount attributable to the application of the accounting standard for asset retirement obligations	—	400
Total extraordinary losses	12	407
Income Before Income Taxes	4,088	2,863
Income Taxes – Current	1,086	831
Income Taxes – Deferred	730	497
Total Income Taxes	1,817	1,328
Net Income	2,270	1,534

(3) Statements of cash flows

(Millions of yen)

	1Q FY 2010 (from April 1, 2009 to June 30, 2009)	1Q FY 2011 (from April 1, 2010 to June 30, 2010)
Cash Flows from Operating Activities		
Income before income taxes	4,088	2,863
Depreciation	347	354
Amortization of goodwill	383	379
Impairment losses	10	—
Change amount attributable to the application of the accounting standard for asset retirement obligations	—	400
Increase (decrease) in allowance for doubtful accounts	(18)	(29)
Increase (decrease) in reserve for employees' bonuses	(1,199)	(741)
Allowance for early subscription cancellations	(17)	(26)
Increase (decrease) in allowance for employees' retirement benefits	2	(2)
Interest and dividend income	(4)	(2)
Interest expenses	77	51
Loss (gain) on removal and sales of fixed assets	1	(5)
Decrease (increase) in trade receivable	20,261	20,653
Decrease (increase) in accounts receivable – other	3,735	2,471
Decrease (increase) in inventories	(222)	(2,420)
Increase (decrease) in trade payable	(10,668)	(13,365)
Increase (decrease) in other accounts payable	(4,156)	(2,906)
Others	457	444
Subtotal	13,076	8,121
Interests and dividends received	4	2
Interests paid	(75)	(53)
Income taxes paid	(4,217)	(2,722)
Net cash provided by operating activities	8,788	5,348
Cash Flows from Investing Activities		
Payment for purchase of property, plant and equipment	(158)	(289)
Proceeds from sales of property, plant and equipment	7	25
Payment for purchase of software	(98)	(68)
Payment for purchase of investment securities	(0)	(0)
Proceeds from collection of loans receivable	82	6
Payment for leasehold deposits	(35)	(46)
Proceeds from return of leasehold deposits	333	45
Others	9	20
Net cash used in investing activities	139	(307)
Cash Flows from Financing Activities		
Increase (decrease) in short-term loans payable	(3,900)	(2,900)
Expenses for repayment of long-term loans payable	(832)	(832)
Cash dividends paid	(1,414)	(1,434)
Net cash used in financing activities	(6,146)	(5,166)
Increase (Decrease) in Cash and Cash Equivalents	2,781	(124)
Cash and Cash Equivalents at Beginning of Period	2,690	1,465
Cash and Cash Equivalents at End of Period	5,472	1,340

(4) Notes on going concern assumption

Not applicable.

(5) Segment information

[Segment information by industry segment]

1Q FY 2010 (from April 1, 2009 to June 30, 2009)

(Millions of yen)

	Mobile Telecommunications Business	Network Communications Business	Prepaid Settlement Services Business and Other Business	Total
Net Sales	116,515	5,787	13,003	135,306
Operating Income	2,989	1,014	142	4,146

Note: 1. The Company categorizes operations based on similarities in areas such as merchandize type and sales methods, earnings totals by category, and related assets.

2. Principal merchandise by business operation

1) Mobile Telecommunications Business: mobile phones, PHS

2) Network Communications Business: MYLINE, FTTH

3) Prepaid Settlement Services Business and Other Business: mobile prepaid cards, electronic money, contents

[Segment information by region]

1Q FY 2010 (from April 1, 2009 to June 30, 2009)

Omitted as the Company maintains no branch offices in countries and regions outside Japan.

[Overseas sales]

1Q FY 2010 (from April 1, 2009 to June 30, 2009)

Omitted as the Company has no overseas sales.

1. Summary of reportable segments

Reportable segments of the Company are structural units of the Company for which segregated financial information is available and which are periodically reviewed to enable directors to take decisions on the allocation of management resources and assess operating performance.

The Company maintains head office divisions by merchandise and service that formulate comprehensive strategies for the merchandise and services handled and engage in business activities.

As a result, the Company forms three reportable segments — Mobile Telecommunications Business, the Network Communications Business, and the Prepaid Settlement Services Business and Other Business — structured by products and services based on head office business divisions.

The Mobile Telecommunications Business segment engages in the business of intermediation for subscriber agreements for communications services such as mobile phones and in the business of selling mobile phones. The Network Communications Business segment engages in the business of intermediation for communications service user agreements for fixed phone lines such as MYLINE services for individuals and corporations and in the business of selling optical fiber line such as FTTH services associated with broadband propagation. The Prepaid Settlement Services Business and Other Business segment engages in the business of selling products related to the electronic settlement of electronic money using PIN (Personal Identification Number)-based merchandise sales systems through major convenience store operators throughout Japan, as well as international telephone calls, and selling of prepaid-type mobile phones and prepaid cards.

2. Information by reportable segment on sales and income/loss amounts

1Q FY 2011 (from April 1, 2010 to June 30, 2010)

(Millions of yen)

	Mobile Telecommunications Business	Network Communications Business	Prepaid Settlement Services Business and Other Business	Total
Net Sales	116,205	5,627	16,980	138,812
Segment Income (Operating Income)	2,415	635	202	3,254

3. Total income or loss of reportable segments, difference to income or loss reported in the statement of income for the period under review, and main items responsible for the difference (Matters concerning difference adjustment)

The aggregated income of reportable segments is consistent with the operating income reported in the statement of income.

4. Information by reportable segment on impairment losses on fixed assets or information on goodwill, etc.
Not applicable.

(Additional information)

Beginning with the period under review, the Company applies the “Accounting Standard for Segment Information Disclosure” (Business Accounting Standard No. 17; March 27, 2009) and the “Application Guideline concerning the Accounting Standard for Segment Information Disclosure” (Business Accounting Standard Application Guideline No. 20; March 21, 2008).

(6) Notes on significant changes in shareholders’ equity

Not applicable.

(7) Other notes

(Concerning the statement of income)

1Q FY 2011 (from April 1, 2010 to June 30, 2010)

Selling, general and administrative expenses and corresponding amounts are as follows.

	(Millions of yen)
Freight	140
Personnel expenses for leased staff	1,115
Directors' compensations	63
Employees' salaries	1,272
Salaries for temporary personnel	3,226
Provision for bonuses	507
Rent expenses on real estates	1,029
Depreciation	354
Business consignment expenses	231
Amortization of goodwill	379
Other expenses	2,997

4. Other Information

(1) Net sales and operating income by business segment

(Millions of yen)

		1Q FY 2010 (from April 1, 2009 to June 30, 2009)	1Q FY 2011 (from April 1, 2010 to June 30, 2010)	YoY change (%)
Mobile Telecommunications Business	Net sales	116,515	116,205	(0.3)
	Operating income	2,989	2,415	(19.2)
Network Communications Business	Net sales	5,787	5,627	(2.8)
	Operating income	1,014	635	(37.3)
Prepaid Settlement Services Business and Other Business	Net sales	13,003	16,980	30.6
	Operating income	142	202	42.2
Total	Net sales	135,306	138,812	2.6
	Operating income	4,146	3,254	(21.5)