

Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2013
(Three Months Ended June 30, 2012) (Based on J-GAAP)

August 10, 2012

Company name: T-Gaia Corp.

Listing: Tokyo Stock Exchange, First Section

Stock code: 3738

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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. Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2013
(April 1, 2012 – June 30, 2012)

(1) Consolidated 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 2013	167,821	—	1,993	—	1,955	—	1,043	—
1Q FY 2012	—	—	—	—	—	—	—	—

Note: Comprehensive income (million yen): 1Q FY 2013: 1,036 (—%) 1Q FY 2012: — (—%)

	Net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
1Q FY 2013	2,557.99	—	2,556.35	—
1Q FY 2012	—	—	—	—

Note: Since consolidated financial statements for the first quarter of fiscal year ended March 31, 2012 was not created, figures for the first quarter of fiscal year ended March 31, 2012 and year-over-year changes are not stated.

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen	Million yen	Million yen	Million yen	%	%
1Q FY 2013	148,570	23,968	23,968	23,968	16.1	16.1
FY 2012	208,233	28,050	28,050	28,050	13.5	13.5

Reference: Shareholders' equity (million yen): 1Q for FY ending March 2013: 23,968 FY ended March 2012: 28,050

2. Dividends

	Annual dividends				
	1Q-end	Interim	3Q-end	Yearend	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2012	—	3,250.00	—	3,250.00	6,500.00
FY 2013	—	—	—	—	—
FY 2013 (forecasts)	—	3,500.00	—	17.50	—

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

Note: The Company plans to conduct a 200-for-1 stock split, with an effective date of October 1, 2012. In this context, figure for cash dividends per share for fiscal year ending March 31, 2013 (forecast) are listed in consideration of this planned stock split.

Figures for cash dividends per share at the end of fiscal year ending March 31, 2013 (forecast) and annual cash dividends per share are projected to come to 3,500 yen and 7,000 yen, respectively without reflecting the planned stock split (pre-split basis). For further information, please refer to "Cautionary statement with respect to forward-looking statements."

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2013 (April 1, 2012 – March 31, 2013)

(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 (six months)	365,500	—	6,450	—	6,350	—	3,550	—	44.24
Full year	760,000	6.6	15,300	2.9	15,000	1.1	8,600	8.4	108.09

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

Note 1: Since consolidated financial statements for the first half of fiscal year ended March 31, 2012 was not created, changes compared with the first half (six months) of fiscal year ending March 31, 2013 are not stated.

Note 2: In the forecast for the fiscal year ending March 31, 2013 (forecast) above, figures for net income per share are calculated using the average number of shares outstanding during the period and listed in consideration of this planned stock split.

For further information, please refer to "Cautionary statement with respect to forward-looking statements."

* Notes

- (1) Changes in significant subsidiaries during the consolidated period (three months) under review
(changes in subsidiaries accompanying change in the scope of consolidation): None
New: None (Company name:)
Excluded: None (Company name:)
- (2) Application of simplified accounting procedures and special accounting procedures: None
- (3) Changes in accounting principles, estimates and restatement
1) Changes in accounting principles caused by revision of accounting standards: None
2) Changes in accounting principles other than those mentioned above: None
3) Changes in accounting estimates: None
4) Restatement: None

- (4) Number of shares issued and outstanding (shares of common stock)

1) Number of shares outstanding (including treasury stock) at end of period	1Q FY 2013	394,434 shares	FY 2012	512,419 shares
2) Number of treasury stock at end of period	1Q FY 2013	—	FY 2012	91,000 shares
3) Average number of shares outstanding during the period (three months)	1Q FY 2013	408,075 shares	1Q FY 2012	446, 419 shares

* Implementation of quarterly review procedures

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

* Cautionary statement with respect to forward-looking statements

(Disclaimer on forward-looking statements)

The above forecasts are based on the Company's judgments in accordance with information currently available. Forecasts therefore embody risks and uncertainties.

Actual results may differ from these forecasts for a number of factors, including but not limited to the operating environment.

For further information concerning the above forecasts, please refer to "(3) Qualitative information concerning consolidated business performance forecast" under "1. Qualitative Information Concerning the First Quarter Financial Results" on page 3 of the Attachment to the summary of quarterly financial statement.

(Earnings forecast and dividends after stock split)

The Company determined on May 14, 2012 to carry out the stock split and adopt the share trading unit system, with an effective date of October 1, 2012. Each share of common stock will be split into 200 shares, and the stock will trade in 100-share units.

In this context, the consolidated earnings forecast and dividend forecast for the fiscal year ending March 31, 2013 as calculated prior to consideration of the stock split are as follows.

Figures for net income per share are calculated using the average number of shares outstanding during the period in consideration of 26,985 shares the Company acquired as the treasury stock on May 17, 2012.

1. Consolidated earnings forecast for the fiscal year ending March 31, 2013

Net income per share

First half (six months) 8,848.08 yen
At the end of the fiscal year: 21,617.00 yen

2. Dividend forecast for the fiscal year ending March 31, 2013

Dividends per share

At the end of the first half: 3,500.00 yen (Note 1)
At the end of the fiscal year: 3,500.00 yen (Note 2)

(Note 1) Dividends at the end of the first half will be paid according to the number of shares held prior to the implementation of the stock split.

(Note 2) The amount of the dividend has been calculated on a pre-split basis.

(Note 3) The full-year dividend for fiscal year ending March 31, 2013 (pre-split basis) is projected to come to 7,000 yen, up 500 yen per share from the dividend for fiscal year ending March 31, 2012 of 6,500 yen.

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1. Qualitative Information Concerning the First Quarter Financial Results

(1) Qualitative information concerning the consolidated operating results

The Japanese economy in the period under review (April - June 2012) displayed a moderate rebound aided by the rebuilding effort after the Great East Japan Earthquake, attended by recovering production activity and facility investment in the corporate sector as well as signs of an upturn in personal consumption.

However, with the European debt crisis promoting the long-term appreciation of the yen and with electric power supply constraints in Japan, the outlook remains uncertain.

In the market for mobile phone handsets, the core business field of the Group (the Company and its consolidated subsidiaries), sales developed favorably as the market continues to be buoyed by the full-scale shift to smart phones. In this business environment, the Group has been concentrating on sales activities with the focus on expanding sales of smart phones. As a result, mobile phone sales were largely unchanged from the same period of the year earlier, and smart phone sales accounted for almost 60 percent of the total.

In the Mobile Telecommunications Business, unit sales developed favorably but were overshadowed by growing sales of low-profit non-voice related merchandise and higher selling cost of shops caused by the rising proportion of smart phones among sales of handsets. Additionally, the selling cost of sales channels increased.

In this difficult environment, the Group worked to further expand sales of smart phones and tablet terminals to secure the Group's sales and earnings, and made proactive efforts to strengthen sales of peripheral products including accessories.

In the Solutions Business, sales of handsets and tablet terminals to corporate clients as well as subscriptions for support services and sales of optical communication line services such as FTTH developed favorably.

In the Settlement Services Business and Other Businesses, sales of electronic-money based merchandise which is used to make payments for internet-based merchandise purchases and SNS (Social Networking Service) content purchases remained robust.

As a result, for the period under review (April - June 2012), net sales totaled 167,821 million yen, with operating income of 1,993 million yen, ordinary income of 1,955 million yen, and net income of 1,043 million yen.

Since consolidated financial statements for the first quarter of fiscal year ended March 31, 2012 was not created, comparative results are not presented.

Results by business segment are described below.

Note that, beginning in the consolidated period under review, the Group has applied new business segments, which are "Mobile Telecommunication Business," "Solutions Business," and "Settlement Services Business and Other Business."

The "Network Communications Business" segment was combined with the business of selling mobile phones and handsets for corporate clients, which was included in the "Mobile Telecommunications Business" segment by the fiscal year ended March 31, 2012, and "Solutions Business" segment was set up. Also, the name of "Prepaid Settlement Services Business and Other Business" was changed to "Settlement Services Business and Other Business."

(Mobile Telecommunications Business)

In the period under review (April - June 2012), sales totaled 129,493 million yen as the Group worked to increase sales of handsets with the focus on the full-scale shift to smart phones, and strengthened sales of peripheral products including smart phone accessories.

Earnings posted operating income of 842 million yen, reflecting higher sales of low-profit non-voice related merchandise, increasing selling cost of shops associated with the rising proportion of smart phones among handset sales, climbing selling costs of sales channels, and the cost of store improvement to further enhance customer satisfaction.

(Solutions Business)

In the period under review (April - June 2012), sales totaled 7,518 million yen, with operating income of 846 million yen. This result reflects sales of handsets and tablet terminals to corporate clients and the steady acquisition of subscribers for support services related to the introduction and management of mobile terminals by corporate clients. Moreover, despite the anticipated large decline in new sales of MYLINE services, sales of optical communications lines services such as FTTH performed well.

(Settlement Services Business and Other Business)

In the period under review (April - June 2012), sales posted 30,808 million yen, with operating income of 304 million yen, thanks to continued favorable conditions surrounding sales of electronic-money based merchandise which is used to make payments for internet-based merchandise purchases and SNS (Social Networking Service) content purchases.

(2) Qualitative information concerning the consolidated financial position

(Assets)

Current assets totaled 130,892 million yen. Main items are 65,837 million yen in accounts receivable-trade, 44,384 million yen in products, and 17,397 million yen in other accounts receivable.

Fixed assets totaled 17,677 million yen. Main items are 3,115 million yen in tangible non-current assets and 6,729 million yen in goodwill.

As a result, consolidated total assets at the end of the period under review were 148,570 million yen.

(Liabilities)

Current liabilities totaled 108,692 million yen. Main items are 52,440 million yen in accounts payable-trade, 29,424 million yen in short-term borrowings (including long-term borrowings payable within one year), and 24,904 million yen in other accounts payable.

Long-term liabilities totaled 15,909 million yen. Main items are 13,766 million yen in long-term borrowings, and 1,057 million yen in asset retirement obligations.

As a result, consolidated total liabilities at the end of the period under review were 124,601 million yen.

(Net assets)

Consolidated total net assets at the end of the period under review were 23,968 million yen.

(3) Qualitative information concerning the consolidated financial forecasts

The earning estimates for first half (April – September 2012) and full-year, released on May 14, 2012, remain unchanged.

Three months (April - June 2012) sales represent 22.1 percent of the full-year estimate released on May 14, 2012, with percentages for operating income, ordinary income, and net income at 13.0 percent, 13.0 percent, and 12.1 percent, respectively.

2. Summary (Notes) Information

(1) Changes in significant subsidiaries during the consolidated quarter under review

Beginning with the period under review, consolidated accounts include T-Gaia (Shanghai) Corporation and TG Contract Co., Ltd., whose importance has been increasing.

(2) Application of accounting procedures specific to creation of quarterly consolidated financial statement

Not applicable.

(3) Change of accounting policies; change and/or restatement of accounting estimates

Not applicable.

3. Material Matters Concerning the Going-Concern Assumption

Not applicable.

4. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

	(Millions of yen)	
	FY 2012 (As of March 31, 2012)	1Q FY 2013 (As of June 30, 2012)
Assets		
Current assets		
Cash and deposits	1,766	1,605
Accounts receivable – trade	106,482	65,837
Products	54,304	44,384
Inventories	350	284
Other accounts receivable	25,103	17,397
Other current assets	1,878	1,395
Allowance for doubtful accounts	(17)	(12)
Total current assets	189,867	130,892
Fixed assets		
Tangible fixed assets	3,171	3,115
Intangible assets		
Goodwill	7,135	6,729
Others	863	1,017
Total intangible assets	7,999	7,746
Investments and other assets		
Investments in affiliates	308	—
Leasehold deposits	4,234	4,205
Others	2,671	2,627
Allowance for doubtful accounts	(18)	(18)
Total investments and other assets	7,195	6,814
Total fixed assets	18,366	17,677
Total assets	208,233	148,570
Liabilities		
Current liabilities		
Accounts payable – trade	90,628	52,440
Short-term borrowings	35,100	25,400
Long-term borrowings payable within one year	3,264	4,024
Accounts payable – other	31,458	24,904
Unpaid taxes	3,442	379
Reserve of bonuses	1,344	574
Allowance for early subscription cancellations	137	117
Others	496	851
Total current liabilities	165,871	108,692
Long-term liabilities		
Long-term borrowings	12,159	13,766
Accrued employees' retirement benefits	428	427
Asset Retirement Obligations	1,048	1,057
Others	675	658
Total long-term liabilities	14,311	15,909
Total liabilities	180,183	124,601

	(Millions of yen)	
	FY 2012 (As of March 31, 2012)	1Q FY 2013 (As of June 30, 2012)
Net Assets		
Shareholders' equity		
Capital stock	3,098	3,098
Capital surplus	5,585	5,585
Retained earnings	32,052	15,238
Acquisition of own stock	(12,740)	—
Total shareholders' equity	27,997	23,923
Accumulated other comprehensive income		
Net unrealized holding gain on securities	52	28
Foreign currency translation adjustment	—	16
Total accumulated other comprehensive income	52	45
Total net assets	28,050	23,968
Total Liabilities and Net Assets	208,233	148,570

(2) Quarterly consolidated statements of income and Quarterly consolidated statements of comprehensive income
(Quarterly consolidated statements of income)
(Consolidated first quarter period)

	(Millions of yen)
	1Q FY2013 (from April 1, 2012 to June 30, 2012)
Net Sales	167,821
Cost of Sales	152,068
Gross Profit	15,752
Selling, General and Administrative Expenses	13,758
Operating Income	1,993
Non-operating Income	
Interest income	1
Dividend income	2
Others	26
Total non-operating income	31
Non-operating Expenses	
Interest expenses	59
Others	10
Total non-operating expenses	70
Ordinary Income	1,955
Extraordinary Gains	
Gain on sales of fixed assets	0
Total extraordinary gains	0
Extraordinary Losses	
Loss on removal of fixed assets	9
Others	0
Total extraordinary losses	9
Net income before income taxes	1,945
Income Taxes – Current	374
Income Taxes – Deferred	528
Total Income Taxes	902
Net Income before Minority Interest	1,043
Net Income	1,043

(Quarterly consolidated statements of comprehensive income)
(Consolidated first quarter period)

	(Millions of yen)
	1Q FY2013
	(from April 1, 2012 to June 30, 2012)
Net Income before Minority Interest	1,043
Other Comprehensive Income	
Net unrealized holding gain on securities	(24)
Foreign currency translation adjustment	16
Total other comprehensive income	(7)
Quarterly Comprehensive Income	1,036
(Breakdown)	
Comprehensive income attributable to shareholders of the parent	1,036

(3) Notes on the going-concern assumption

Not applicable.

(4) Notes on significant changes in shareholders' equity

(Acquisition of own stock)

Based on a resolution passed on May 16, 2012, at the meeting of the board of directors, the Group on May 17, 2012, purchased own stock following a pertinent decision in accordance with the stipulations of Article 156 of the Companies Act applicable pursuant to the mutatis-mutandis provision of Article 165, Article 3, of the Companies Act.

Class of stock acquired:	Common stock
Number of shares of stock acquired:	26,985 shares
Total cost of the shares acquired:	3,680 million yen
Method of acquisition:	Purchase of own stock in off-floor trading on the Tokyo Stock Exchange (ToSTNeT-3)

(Cancellation of own stock)

1) Based on the resolution passed on May 14, 2012, at the meeting of the board of directors, the Group on May 31, 2012, cancelled own stock following a pertinent decision in accordance with the stipulations of Article 178 of the Companies Act. As a result, retained earnings and own stock, respectively, declined 12,740 million yen.

Class of stock cancelled:	Common stock
Number of shares cancelled:	91,000 shares

2) Based on the resolution passed on May 17, 2012, at the meeting of the board of directors, the Group on May 31, 2012, cancelled own stock following a pertinent decision in accordance with the stipulations of Article 178 of the Companies Act. As a result, retained earnings and own stock, respectively, declined 3,680 million yen.

Class of stock cancelled:	Common stock
Number of shares cancelled:	26,985 shares

(5) Segment information

Quarterly consolidated financial statements were first prepared beginning with the third quarter of the fiscal year ended March 31, 2012. Segment information for the first quarter of the fiscal year ended March 31, 2012 is therefore not stated.

1Q FY 2013 (from April 1, 2012 to June 30, 2012)

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

(Millions of yen)

	Reportable Segment			Total
	Mobile Telecommunications Business	Solutions Business	Settlement Services Business and Other Business	
Net Sales	129,493	7,518	30,808	167,821
Segment Income (Operating Income)	842	846	304	1,993

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

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

3. Matters concerning the change of reportable segments

Beginning in the consolidated period under review, the Group has applied new business segments, which are "Mobile Telecommunication Business," "Solutions Business," and "Settlement Services Business and Other Business."

The "Network Communications Business" segment was combined with the business of selling mobile phones and handsets for corporate clients, which was included in the "Mobile Telecommunications Business" segment by the fiscal year ended March 31, 2012, and "Solutions Business" segment was set up. Also, the name of "Prepaid Settlement Services Business and Other Business" was changed to "Settlement Services Business and Other Business."

4. Information by reportable segment on impairment losses on fixed assets or information on goodwill, etc.

Not applicable.

(6) Significant subsequent events

Not applicable.