

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

November 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 Date of Filing Quarterly Securities Report: November 12, 2010

Scheduled Commencement Date of Dividend Payout: December 13, 2010

First-Half Financial Results Presentation Materials: Yes

Explanatory Meeting on First-Half Financial Results: Yes (For Institutional Investors and Analysts)

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

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

(1) Results of operations (six months)

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1H FY 2011	286,828	2.5	6,814	(15.4)	6,746	(15.0)	3,481	(20.0)
1H FY 2010	279,910	88.5	8,058	105.1	7,939	119.5	4,353	165.5

	Net income per share		Diluted net income per share	
	Yen		Yen	
1H FY 2011	6,794.97		6,791.24	
1H FY 2010	8,496.19		8,491.16	

(2) Financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
1H FY 2011	121,408		32,968		27.2		64,342.54	
FY 2010	147,390		31,061		21.1		60,619.38	

Reference: Shareholders' equity (million yen): 1H FY 2011: 32,968 FY 2010: 31,061

2. Dividends

	Annual dividends				
	1Q-end	Interim	3Q-end	Yearend	Annual
	Yen				
FY 2010	—	3,000.00	—	3,000.00	6,000.00
FY 2011	—	2,750.00			
FY 2011 (forecasts)			—	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
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 3 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	1H FY 2011	512,395 shares	FY 2010	512,395 shares
2) Number of treasury stock at end of period	1H FY 2011	—	FY 2010	—
3) Average number of shares outstanding during the period	1H FY 2011	512,395 shares	1H FY 2010	512,367 shares

* 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 – September 2010) displayed rising exports and production thanks to the growth in emerging economies, predominantly in Asia, with improved corporate earnings and rebounding personal consumption. The outlook remained uncertain, however, given concerns over economic prospects abroad, specifically in the U.S., and taking into account continuing yen appreciation, deflationary pressures, and strains on employment.

In the Company's business mainstay, the market for mobile phone handsets, sales benefited from new demand fueled by a string of new product introductions such as smartphones, digital photo frames, and data cards. As a result, unit sales increased from last year in a growing market.

Under this business environment, unit sales including prepaid-type mobile phones increased 7.8 percent on the year to 2.70 million units, 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. Despite these improvements, however, sales revenue and operating income at the Mobile Telecommunications Business slipped. This was due budget-type handsets gaining more ground, price discounting spurred by intensifying competition, and the effects of communications carriers' revised commission rate regimes for shops.

In the Network Communications Business, efforts surrounding sales of FTTH (Fiber To The Home) services and the acquisition of MYLINE service subscribers were blunted as market saturation took its toll on marketing efficiency, sending sales revenue and operating income lower.

In the Prepaid Settlement Services Business and Other Businesses, sales revenue and operating income rose on buoyant electronic-money based merchandise sales using PIN (Personal Identification Number)-based merchandise systems and robust sales of prepaid-type mobile phones at major convenience store operators.

As a result, for the period under review (April – September 2010) sales revenue increased 2.5 percent on the year to 286,828 million yen, but operating income declined 15.4 percent to 6,814 million yen and ordinary income fell 15.0 percent to 6,746 million yen. Moreover, due to an extraordinary loss of 400 million yen in total loss recognized in the first quarter reflecting the Company's first year of adoption of the accounting standard for asset retirement obligations, net income decreased 20.0 percent to 3,481 million yen.

Results by business segment are described below.

(Mobile Telecommunications Business)

In the period under review (April – September 2010), the Company stayed focused on promoting sales of smart phones, digital photo frames, and data communication terminal devices such as data cards, and on capturing the demand generated by the changeover from old-standard handsets, for which service is scheduled to be terminated, to new-standard handsets. Additionally, corporate sales efforts underwent further strengthening. As a result, unit sales excluding prepaid-type mobile phones increased 6.9 percent on the year to 2.63 million units.

However, due to the growth in budget-type handsets and price discounting spurred by intensifying competition, sales revenue slipped 1.3 percent on the year to 240,288 million yen. Operating income fell 14.9 percent on the year to 5,068 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 – September 2010), the Company worked to enhance the quality of sales operations through continued upgrading of its sales frameworks centered on core shops and by strengthening proposal-based sales and marketing in direct sales. Additionally, the Company sought to promote subscriptions by strengthening alliances with other companies and worked to increase sales of optical fiber line services such as FTTH and the acquisition of MYLINE service subscribers. However, despite these efforts, sales revenue fell 3.7 percent on the year to 10,640 million yen and operating income decreased 28.8 percent to 1,319 million yen. Main reasons were the shrinking pool of potential new subscribers due to market saturation, and worsened sales efficiency from the rising cost of subscriber acquisition.

(Prepaid Settlement Services Business and Other Business)

In the period under review (April – September 2010), the major convenience store operators posted strong figures for merchandise sales settled with electronic money through PIN-based merchandise sales systems. This was due to consumers' growing familiarity with this settlement method and its increased use for internet-based merchandise purchases and contents purchases related to SNS (Social Networking Services). Additionally, sales of prepaid-type mobile phones increased. As a result, sales revenue increased 40.6 percent on the year to 35,900 million yen while operating income rose 69.4 percent to 426 million yen.

(2) Qualitative information concerning financial position

(Assets)

Current assets fell 20.0 percent compared with the end of the prior fiscal year to 102,356 million yen. This was due to accounts receivable-trade, products, and other accounts receivable, which declined 17,883 million yen, 4,034 million yen, and 3,307 million yen, respectively.

Fixed assets fell 1.7 percent compared with the end of the prior fiscal year to 19,052 million yen. This was due to tangible fixed assets and investments in affiliates, which increased by 290 million yen and 200 million yen, respectively, and goodwill declined 759 million yen.

As a result, compared with the end of the prior fiscal year, total assets fell 17.6 percent to 121,408 million yen.

(Liabilities)

Current liabilities fell 24.8 percent compared with the end of the prior fiscal year to 84,069 million yen. This was due to declines in accounts payable-trade, short-term loans payable, and other accounts payable, which decreased by 19,455 million yen, 4,100 million yen, and 3,511 million yen, respectively.

Long-term liabilities fell 4.9 percent compared with the end of the prior fiscal year to 4,370 million yen. This was due to long-term loans payable declined 1,164 million yen and asset removal obligations increased by 1,010 million yen.

Total liabilities fell 24.0 percent compared with the end of the prior fiscal year to 88,439 million yen.

(Net assets)

Net assets rose 6.1 percent compared with the end of the prior fiscal year to 32,968 million yen.

(Cash flows)

Cash flows from operating activities totaled 7,778 million yen (48.0 percent lower than the same period in the previous year). Main factors were a 6,409 million yen in income before income taxes, a 17,883 million yen decline in trade receivables, a 19,455 million yen fall in trade payables, and a 4,034 million yen decrease in inventories.

Cash flows used in investing activities totaled 672 million yen (195.0 percent higher than the same period in the previous year). This was mainly due to a 461 million yen in payments for purchase of property, plant, and equipment, and a 200 million yen in payments for acquisition of shares in affiliates.

Cash flows used in financing activities totaled 7,297 million yen (54.7 percent lower than the same period in the previous year). Factors for this were a 4,100 million yen decline in short-term loans payable, a 1,664 million yen in payments for repayment of long-term loans payable, and a 1,533 million yen in cash dividends paid.

As a result, net cash and cash equivalents at the end of the first-half accounting period under review totaled 1,273 million yen, which was 191 million yen less than at the end of the previous fiscal year.

(3) Qualitative information concerning business performance forecast

The estimate of full-year business performance, released on May 13, 2010, remain unchanged.

Six months sales represent 50.2 percent of the full-year estimate released on May 13, 2010, with percentages for operating income, ordinary income, and net income at 50.1 percent, 50.3 percent, and 49.7 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 first quarter, 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 for the period under review respectively by 32 million yen and income before income taxes by 432 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)

	1H FY 2011 (As of September 30, 2010)	FY 2010 Summary (As of March 31, 2010)
Assets		
Current assets		
Cash and deposits	1,273	1,465
Accounts receivable – trade	54,998	72,882
Products	31,329	35,363
Inventories	73	74
Other accounts receivable	12,864	16,171
Other current assets	1,824	2,086
Allowance for doubtful accounts	(8)	(37)
Total current assets	102,356	128,007
Fixed assets		
Tangible fixed assets	3,411	3,121
Intangible assets		
Goodwill	8,065	8,824
Others	796	877
Total intangible assets	8,861	9,702
Investments and other assets		
Investments in affiliates	200	—
Leasehold deposits	4,218	4,244
Others	2,412	2,368
Allowance for doubtful accounts	(51)	(54)
Total investments and other assets	6,778	6,559
Total fixed assets	19,052	19,383
Total assets	121,408	147,390
Liabilities		
Current liabilities		
Accounts payable-trade	46,226	65,681
Short-term loans payable	6,400	10,500
Long-term loans payable within one year	8,828	9,328
Other accounts payable	18,041	21,553
Income taxes payable	3,013	2,938
Deposits received	176	148
Allowance for bonus	1,053	1,249
Allowance	120	114
Other current liabilities	211	222
Total current liabilities	84,069	111,736
Long-term liabilities		
Long-term loans payable	2,180	3,344
Allowance for employees' retirement benefits	441	447
Asset removal obligations	1,010	—
Others	738	801
Total long-term liabilities	4,370	4,593
Total liabilities	88,439	116,329

	1H FY 2011 (As of September 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	24,235	22,290
Total shareholders' equity	32,918	30,974
Valuation and translation adjustments		
Net unrealized holding gain on securities	49	86
Total valuation and translation adjustments	49	86
Total net assets	32,968	31,061
Total Liabilities and Net Assets	121,408	147,390

(2) **Statements of income**
(First-half period)

	(Millions of yen)	
	1H FY 2010 (from April 1, 2009 to September 30, 2009)	1H FY 2011 (from April 1, 2010 to September 30, 2010)
Net Sales	279,910	286,828
Cost of Sales	248,678	257,026
Gross Profit	31,232	29,802
Selling, General and Administrative Expenses	23,174	22,987
Operating Income	8,058	6,814
Non-operating Income		
Interest income	3	2
Dividend income	3	1
Rent income	4	2
Insurance reimbursement	6	16
Compensation received	9	—
Others	13	20
Total non-operating income	40	43
Non-operating Expenses		
Interest expenses	149	103
Others	9	7
Total non-operating expenses	159	111
Ordinary Income	7,939	6,746
Extraordinary Gains		
Reversal of allowance for doubtful accounts	7	29
Refund of prior-year consumption taxes, etc.	58	—
Compensation received	—	22
Gain from termination of employee retirement benefit plan	12	—
Gain on sales of fixed assets	1	25
Total extraordinary gains	79	77
Extraordinary Losses		
Change amount attributable to the application of the accounting standard for asset retirement obligations	—	400
Impairment losses	19	—
Loss on revaluation of shares in affiliates	77	—
Loss on removal of fixed assets	5	12
Loss on sales of fixed assets	—	1
Others	0	—
Total extraordinary losses	101	414
Income Before Income Taxes	7,917	6,409
Income Taxes – Current	3,462	2,827
Income Taxes – Deferred	101	100
Total Income Taxes	3,564	2,927
Net Income	4,353	3,481

(Second-quarter period)

(Millions of yen)

	2Q FY 2010 (from July 1, 2009 to September 30, 2009)	2Q FY 2011 (from July 1, 2010 to September 30, 2010)
Net Sales	144,604	148,015
Cost of Sales	128,464	132,788
Gross Profit	16,139	15,227
Selling, General and Administrative Expenses	12,238	11,667
Operating Income	3,900	3,559
Non-operating Income		
Interest income	2	1
Rent income	2	1
Insurance reimbursement	0	0
Compensation received	9	—
Others	8	12
Total non-operating income	23	15
Non-operating Expenses		
Interest expenses	72	51
Others	5	7
Total non-operating expenses	78	58
Ordinary Income	3,845	3,516
Extraordinary Gains		
Reversal of allowance for doubtful accounts	—	0
Refund of prior-year consumption taxes, etc.	58	—
Compensation received	—	22
Gain from termination of employee retirement benefit plan	12	—
Gain on sales of fixed assets	1	13
Total extraordinary gains	72	36
Extraordinary Losses		
Impairment losses	8	—
Loss on revaluation of shares in affiliates	77	—
Loss on removal of fixed assets	3	7
Others	0	—
Total extraordinary losses	88	7
Income Before Income Taxes	3,829	3,545
Income Taxes – Current	2,376	1,996
Income Taxes – Deferred	(629)	(397)
Total Income Taxes	1,746	1,599
Net Income	2,082	1,946

(3) Statements of cash flows

(Millions of yen)

	1H FY 2010 (from April 1, 2009 to September 30, 2009)	1H FY 2011 (from April 1, 2010 to September 30, 2010)
Cash Flows from Operating Activities		
Income before income taxes	7,917	6,409
Depreciation	697	711
Amortization of goodwill	765	759
Impairment losses	19	—
Change amount attributable to the application of the accounting standard for asset retirement obligations	—	400
Increase (decrease) in allowance for doubtful accounts	(24)	(31)
Increase (decrease) in reserve for employees' bonuses	(252)	(196)
Increase (decrease) in allowance for early subscription cancellations	(9)	6
Increase (decrease) in allowance for employees' retirement benefits	(104)	(6)
Interest and dividend income	(6)	(4)
Interest expenses	149	103
Loss (gain) on sales of fixed assets	(1)	(23)
Loss on removal of fixed assets	5	12
Decrease (increase) in trade receivable	15,983	17,883
Decrease (increase) in accounts receivable – other	5,263	3,301
Decrease (increase) in inventories	5,885	4,034
Increase (decrease) in trade payable	(13,387)	(19,455)
Increase (decrease) in other accounts payable	(3,910)	(3,299)
Others	350	(4)
Subtotal	19,339	10,601
Interests and dividends received	6	4
Interests paid	(145)	(106)
Income taxes paid	(4,243)	(2,722)
Net cash provided by operating activities	14,957	7,778
Cash Flows from Investing Activities		
Payment for purchase of property, plant and equipment	(418)	(461)
Proceeds from sales of property, plant and equipment	17	47
Payment for purchase of software	(169)	(176)
Payment for acquisition of shares in affiliates	—	(200)
Payment for loans receivable	—	(2)
Proceeds from collection of loans receivable	94	13
Payment for leasehold deposits	(80)	(72)
Proceeds from return of leasehold deposits	405	99
Others	(76)	80
Net cash used in investing activities	(227)	(672)
Cash Flows from Financing Activities		
Increase (decrease) in short-term loans payable	(12,900)	(4,100)
Expenses for repayment of long-term loans payable	(1,664)	(1,664)
Proceeds from issue of stock	0	—
Cash dividends paid	(1,544)	(1,533)
Net cash used in financing activities	(16,108)	(7,297)
Increase (Decrease) in Cash and Cash Equivalents	(1,378)	(191)
Cash and Cash Equivalents at Beginning of Period	2,690	1,465
Cash and Cash Equivalents at End of Period	1,312	1,273

(4) Notes on going concern assumption

Not applicable.

(5) Segment information

[Segment information by industry segment]

1H FY 2010 (from April 1, 2009 to September 30, 2009)

(Millions of yen)

	Mobile Telecommunications Business	Network Communications Business	Prepaid Settlement Services Business and Other Business	Total
Net Sales	243,334	11,045	25,530	279,910
Operating Income	5,953	1,853	251	8,058

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]

1H FY 2010 (from April 1, 2009 to September 30, 2009)

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

[Overseas sales]

1H FY 2010 (from April 1, 2009 to September 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 forms three reportable segments — Mobile Telecommunications Business, the Network Communications Business, and the Prepaid Settlement Services Business and Other Business — structured by industry segment.

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

1H FY 2011 (from April 1, 2010 to September 30, 2010)

(Millions of yen)

	Mobile Telecommunications Business	Network Communications Business	Prepaid Settlement Services Business and Other Business	Total
Net Sales	240,288	10,640	35,900	286,828
Segment Income (Operating Income)	5,068	1,319	426	6,814

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 first quarter, 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)

1H FY 2011 (from April 1, 2010 to September 30, 2010)

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

	(Millions of yen)
Freight	272
Personnel expenses for leased staff	2,316
Directors' compensations	103
Employees' salaries	2,562
Salaries for temporary personnel	6,454
Provision for bonuses	1,053
Rent expenses on real estates	2,056
Depreciation	711
Business consignment expenses	443
Amortization of goodwill	759
Other expenses	6,254

4. Other Information

(1) Net sales and operating income by business segment

(Millions of yen)

		1H FY 2010 (from April 1, 2009 to September 30, 2009)	1H FY 2011 (from April 1, 2010 to September 30, 2010)	YoY change (%)
Mobile Telecommunications Business	Net sales	243,334	240,288	(1.3)
	Operating income	5,953	5,068	(14.9)
Network Communications Business	Net sales	11,045	10,640	(3.7)
	Operating income	1,853	1,319	(28.8)
Prepaid Settlement Services Business and Other Business	Net sales	25,530	35,900	40.6
	Operating income	251	426	69.4
Total	Net sales	279,910	286,828	2.5
	Operating income	8,058	6,814	(15.4)